From:	Mike Manning
To:	"LEE John -TREASURY"
Cc:	Mike Manning
Subject:	Change of Law agreements
Date:	Monday, December 04, 2017 3:28:37 PM
Attachments:	23239360-v22-Change of Law Protection Agreement.docx 23239361-v19-Change of Law - Process Agreement.docx Protection - BL v Torys draft (Nov 24).pdf Process - BL v Torys draft (Nov 24).pdf DBRS responses - Comments.pdf

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As discussed, please find attached revised versions of the Protection Agreement and the Process Agreement.

We have tried to address all of the issues raised in the November 24th mark-up from Torys. In some cases, we have further simplified the arrangements, such as deleting the specific assumption option in favour of the Province previously included in the Protection Agreement. The Province recognizes that it is not practical, given the constraints and timelines, to build these rights into the agreements at the present time. In addition, revisions have been made to s. 2.01(a)iv to address the Province's subrogation entitlements following payment in full of the Approved Obligations. This is somewhat complicated by the possibility of unguaranteed obligations existing at the time the Province has fulfilled all of its payment obligations under the limited guarantee, and so we have suggested a simplified approach to address the priorities of those remaining cash amounts when they arise (see s. 2.01(a)ivD).

We have revised the Process Agreement back to reflect the previous version as the purpose of the Process Agreement is to support sufficient meaningful information going to the Province with respect to obligations to be incurred. Although the Province was satisfied with removing some of the details and obligations contained in the certificate under the Protection Agreement in order to address the Dealers' concerns under the Protection Agreement, the same concerns and principles do not apply to the Process Agreement between the Province and OPG as FSM. In addition, we do not think it is appropriate from a timing perspective to move certain deliveries into recitals at this point as the Process Agreement already sets out a clear process.

The Province has carefully considered all of the issues and suggestions raised by OPG and the Dealers in these drafts of the agreements. We do not believe that any further business issues with these agreements should be raised unless they are important to the financeability of the Trust. Having said that, our legal folks will make themselves available to address issues this afternoon.

It would be appreciated if you could forward the agreements to your dealers and lawyers.

Regards, Mike

Draft: December 4, 2017

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE[1]

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

[1] Explanatory Note: Logistics of closing are under consideration by the Province.

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust under the laws of the Province of Ontario (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council dated as of 1981/2017 (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Primary Obligations that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred. This Agreement sets out the terms and conditions of such protections and assurances.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 Intentionally Deleted

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture as of the date of this Agreement.

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 2.01 or Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee, the Financing Entity, the Financing Entity Trustee, the Manager or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the “Change of Law Protection Agreement” referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or

release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee shall (unless the Rating Agency Condition has been satisfied with respect to a demand not being made as a result of the Protection Event), deliver a written demand, substantially in the form attached as Exhibit A (a "**Payment Demand**"), to the Province requiring the Province to make payments in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in this Agreement. From and after such delivery of a Payment Demand, the Province shall make the following payments in respect of the Approved Obligations (the "**Limited Guarantee**"), and the Financing Entity shall pay, and the Province shall be entitled to be paid, the Subrogation Entitlements specified below:

i. Not less than 3 Business Days prior to each day when any payment or payments are to be made in respect of one or more Approved Obligations occurring after such delivery of a Payment Demand (each such day, a "**Guarantee Payment Date**"), the Manager shall deliver a written statement setting forth the Aggregate Approved Obligations Amount, if any, in respect of the Approved Obligations that are due and payable on such Guarantee Payment Date, together with a detailed description identifying such Approved Obligations and the nature and amount of payments due and payable thereunder on the Guarantee Payment Date, the aggregate outstanding amount payable by the Financing Entity under such Approved Obligations as of the date of such written statement, and details regarding any default in performance by any party obligated thereunder.

ii. On each such Guarantee Payment Date, the Province shall deposit the Aggregate Approved Obligations Amount into the Protection Account.

iii. On each such Guarantee Payment Date, the Financing Entity and the Indenture Trustee shall ensure that the amounts on deposit in the Protection Account are applied to pay each Beneficiary to whom an amount is due and payable under an Approved Obligation on the Guarantee Payment Date the Approved Obligation Amount for such Beneficiary in respect of such Approved Obligation on such Guarantee Payment Date; provided that if the amount deposited pursuant to clause 2.01(a)ii is insufficient to pay all such Approved Obligation Amounts in full, the amount on deposit in the Protection Account on the Guarantee Payment Date shall be applied to pay Beneficiaries in the order of priority in which such Approved Obligations are payable under the payment provisions of the Trust Indenture applicable to the making of such payments on the Guarantee Payment Date (each, a "**Beneficiary Payee**" and each payment made to a Beneficiary Payee on a Guarantee Payment Date, a "**Guarantee Payment**").

iv. On any Guarantee Payment Date on which an amount is paid by the Province pursuant to clause 2.01(a)ii, the applicable payment provisions of the Trust Indenture shall, notwithstanding the express terms of such provisions set forth in the Trust Indenture, be applied and operate on the following basis:

(A) [2]the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available under

[2] Explanatory Note: In a particular period, the cash available from CEAs may exceed the aggregate Finance Amounts payable - for example, as a result of the "true-up" under the Act, which will determine the actual amount of cash available. The basic structure is that the Province will pay all Approved Obligation Amounts, and will be entitled to receive all cash flows available to the Beneficiary Payees. Limiting the subrogation amounts to the lesser of such available cash and the Guarantee Payments could result in leakage of the cash that the Province looks to under this arrangement.

such payment provisions on such Guarantee Payment Date shall be reduced by the amount of the Guarantee Payment paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on such Guarantee Payment Date;

(B) the Province shall be paid the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available to pay the Beneficiary Payee under such payment provisions on the Guarantee Payment Date, determined without regard to the Guarantee Payment paid on such Guarantee Payment Date and the corresponding reduction of the amount owing to the Beneficiary Payee pursuant to subclause 2.01(a)iv(A) (each such amount payable to the Province being a "**Subrogation Amount**");

(C) no Beneficiary having a right to be paid an amount in respect of an Approved Obligation, and no other Person entitled under an Obligation Secured, in each case that ranks equal with or subordinate to an Approved Obligation in respect of which a Subrogation Amount is payable to the Province under subclause 2.01(a)iv(B), shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under such subclause (including any right of reimbursement, contribution or indemnity) and no such Beneficiary or other Person shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of any such Subrogation Amount;

(D) [3]on the first day when any payment or payments are to be made in respect of Obligations Secured that occurs on or after the date on which all amounts payable under all Approved Obligations have been paid in full, the Province shall be entitled to be paid from amounts available to pay Obligations Secured on such day (and thereafter on each subsequent day when any payment or payments are to be made in respect of Obligations Secured, until paid in full), in each case in accordance with the applicable payment provisions of the Trust Indenture on such day, the

[3] Explanatory Note: The Province will be entitled to receive subrogation cash flows after satisfaction of all Approved Obligations. This provision provides how that these amounts will be payable from available cash flows, based on priorities that address cash entitlements opposite non-guaranteed obligations secured (e.g., after a suspension event). Conforming changes will need to be made to the Trust Indenture once these mechanics have been settled.

following amounts (each, a "**Final Subrogation Amount**"), in each case in the priorities specified below:

(I) as an amount ranking equally with [Senior Obligations][4], the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including such day in respect of Approved Obligations ranking equally with or prior to [Senior Obligations], plus (y) the sum of amounts determined in respect of interest on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount is paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related[5], exceeds (2) the sum of all Subrogation Amounts paid to the Province up to and including such day;

(II) as an amount ranking equally with [Subordinated Obligations], the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including such day in respect of Approved Obligations ranking equally with or prior to [Subordinated Obligations], plus (y) the sum of amounts determined in respect of interest on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount is paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of (x) all Subrogation Amounts paid to the Province up to and including such day, plus (y) the amount determined under (I); and

[4] Explanatory Note: Nomenclature to be conformed, once the corresponding provisions of the Trust Indenture have been settled.

[5] Explanatory Note: Nomenclature to be conformed, once the corresponding provisions of the Trust Indenture have been settled.

(III) as an amount ranking equally with [Junior Obligations], the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including such day in respect of Approved Obligations ranking equally with or prior to [Junior Obligations], plus (y) the sum of amounts determined in respect of interest on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount is paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of (x) all Subrogation Amounts paid to the Province up to and including such day, plus (y) the sum of the amounts determined under (I) plus (z) the sum of the amounts determined under (II); and

(E) no Person entitled under an Obligation Secured that ranks equal with or subordinate to a Final Subrogation Amount shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province in respect of such Final Subrogation Amount and no such Person shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of any such Final Subrogation Amount.

v. On any Guarantee Payment Date, the Indenture Trustee shall release and pay to the Province free and clear of any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay Guarantee Payments to Beneficiary Payees on the Guarantee Payment Date in accordance with clause 2.01(a)iii.

vi. In preparing any payment instructions under the Trust Indenture, the Manager shall reflect the amounts payable under Section 2.01(a).

(b) The Province shall, as a payee of Subrogation Amounts under clause 2.01(a)(iv)(B), as a payee of each Final Subrogation Amount under clause 2.01(a)(iv)(B) and as a payee of any amounts payable under clause 2.01(a)(v), be a “Specified Creditor” under the Trust Indenture and have the benefit of the Collateral thereunder.

(c) For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the Approved Obligation Amounts, if any, for payment to Beneficiary Payees and will be subject to the priorities and to the Province's rights to Subrogation Entitlements, set forth in Section 2.01(a).

(d) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(e) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation by their terms.

(f) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under and in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any amount due and payable to a Beneficiary Payee under the Limited Guarantee.

2.02 Intentionally Deleted.

2.03 <u>Absence of Set-off</u>

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 <u>Payment into Protection Account in Satisfaction</u>

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period,

not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account" for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section **[7.03]** of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Financing Entity and the Indenture Trustee shall ensure that all amounts paid by the Province into the Protection Account on a Guarantee Payment Date in respect of an Approved Obligation are applied to pay the amounts due and payable to the Beneficiaries as and to the extent provided for in Section 2.01(a). Upon a payment having been made by or on behalf of the Province into the Protection Account, the amounts so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiaries as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such Beneficiaries in respect of the applicable Approved Obligations, whereupon an affected Beneficiary shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid. For greater certainty, the obligations arising in respect of an applicable Approved Obligation shall not be reduced by such payment as the Province shall become entitled to be paid related Subrogation Entitlements and the rights contemplated under Section 2.01(a) and Section 5.01 in relation to such continuing obligations.

2.05 <u>Certain Waivers</u>

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations in accordance with Section 8.01.

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

A Primary Obligation shall constitute an Approved Obligation if (i) the Adherence Conditions applicable thereto have been satisfied at the time the Primary Obligation was incurred, or (ii) the Province, in its sole discretion, designates in writing that it is an Approved Obligation.

4.02 Adherence Conditions

The following shall be the Adherence Conditions applicable in relation to each Certified Primary Obligation:

(a) the Certified Primary Obligation when incurred is an Obligation Secured under the Trust Indenture; and

(b) OPG, as FSM, delivers a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee, on or before the incurrence of a Certified Primary Obligation (provided that delivery may not be more than 5 Business Days before the incurrence of the Certified Primary Obligation), confirming that OPG has delivered to the Province a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by

such officers in their capacity as officers of OPG acting in its capacity as FSM) confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation; and

(c) in respect of a Certified Primary Obligation other than a Refinancing of a Primary Obligation in respect of which the Adherence Conditions had been satisfied, the Province has not provided a Suspension Notice to the Indenture Trustee, OPG and the Financing Entity.

For greater certainty, (y) satisfaction of the Adherence Conditions for a Certified Primary Obligation shall be deemed satisfaction of the Adherence Conditions in respect of all principal, interest and other amounts owing under the Certified Primary Obligation, as such Certified Primary Obligation may be amended, restated, supplemented or otherwise modified from time to time, and (z) there shall be no Adherence Conditions applicable in relation to a Primary Obligation that is not a Certified Primary Obligation.

4.03 Evidence of Satisfaction

A closing certificate delivered in accordance with Section 4.02(b) in connection with an incurrence of a Certified Primary Obligation shall be determinative as to whether the applicable Adherence Conditions with respect thereto have been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same. A closing certificate that purports on its face to be signed by officers specified in Section 4.02(b) may be relied upon by any addressee without further enquiry or evidence as to the incumbency or signatures of such officers. If a closing certificate is not delivered in accordance with the timing requirements of Section 4.02(b) in respect of a Certified Primary Obligation, such certificate may be delivered at a later date, and be effective as if it had been delivered in accordance with the timing requirement of Section 4.02(b), if at the time such certificate was required to be delivered OPG had delivered to the Province all certifications required by the Province in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation.

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, including (i) the right and entitlement to be paid and receive the related Subrogation Entitlements, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all

rights and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including **[Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 7.12 (Payments Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Section 8.14 (Limited Recourse), Article IX (The Indenture Trustee), including all limitations of liability thereunder, Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition)]**; (ii) consents, requests and authorizes the Issuer and the Indenture Trustee to (x) add the Province to the register of Specified Creditors described in subsection **[13.13(b)]** of the Trust Indenture and (y) disseminate the notice details of the Province to other Specified Creditors for the purposes set out in subsection **[9.14(b)]** of the Trust Indenture, and (iii) confirms that it will execute and deliver, or cause to be executed and delivered, all such further agreements, documents and instruments in connection with this Section 5.01 as the Indenture Trustee may request from time to time for the purpose of giving effect to the terms of this Section 5.01.

5.02 <u>Priorities</u>

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation shall rank equally with the rights, interests and entitlements of a Beneficiary to whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the

extent of the priorities established in relation to the Approved Obligation under the Trust Indenture in the manner and to the extent contemplated in Section 7.10(d) of the Trust Indenture.

5.03 Intentionally Deleted

5.04 Representations and Warranties

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
INDENTURE TRUSTEE MATTERS

6.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

6.02 Not Responsible for Recitals

The recitals contained herein will be taken as the statements of the Province, the Financing Entity and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

6.03 Representations and Covenants of the Indenture Trustee[6]

The Indenture Trustee represents, warrants and covenants that:

[6] Explanatory Note: The Province is content to receive the same representations as are provided by the Indenture Trustee should be under the Trust Indenture. Please conform.

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada; and

(b) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada.

ARTICLE VII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

7.01 Suspension Notice

Upon:

(a) a Program Breach;

(b) a default in the performance, or breach, of any covenants of OPG, as FSM, or OPG, in its corporate capacity, in each case to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the provision of the Limited Guarantee, which continues for thirty (30) days after written notice by the Province to OPG of such default or breach;

(c) a representation or warranty made by OPG or a certification made by one or more officers of OPG, in each case whether as FSM or in its corporate capacity, to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the provision of the Limited Guarantee, proves to be incorrect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation; or

(d) the FSM no longer being the Manager or actions having been taken by or on behalf of the Indenture Trustee to remove the FSM as the Manager,

the Province may declare that the Limited Guarantee under this Agreement shall not apply to any Primary Obligations incurred on or after such declaration, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied (provided that the Refinancing is an Approved Obligation), by delivering a written notice in the form of Exhibit B (a "**Suspension Notice**") to the Indenture Trustee, the FSM and the Financing Entity.

The Limited Guarantee shall apply to any Certified Primary Obligation incurred after a Suspension Event on the basis that it is a Refinancing (provided that such Refinancing is an Approved Obligation) only if the FSM certifies to the Province in writing prior to the incurrence that the proceeds of such incurrence will be used solely for the purposes of repaying one or more Certified Primary Obligations incurred prior to the Suspension Event and to which the Limited Guarantee adhered as of the time the Suspension Event occurred, and the delivery of such written

certification by the FSM to the Province shall be determinative for the purposes of concluding that such incurrence is a Refinancing for the purposes of Sections 7.01, 7.02 and 7.03.

7.02 Suspension

If a Suspension Notice has been provided under Section 7.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of any Primary Obligation incurred or amended on or after the time such Suspension Notice is delivered, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied (provided that the Refinancing is an Approved Obligation).

7.03 No Impact on Adherence

For greater certainty, the occurrence of a Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event or in respect of any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied (provided that the Refinancing is an Approved Obligation).

ARTICLE VIII
MISCELLANEOUS

8.01 Term of Agreement

This Agreement will continue until the date that no amount is or may become due and payable by the Province under the Limited Guarantee.

8.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: Manager, Corporate Trust
Fax: (416) 981-9777
Email: corporatetrust.toronto@computershare.com

(b) if to the FSM:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

(c) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 8.02.

8.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section 8.03 shall be null and void.

8.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

8.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

8.07 Notice to Rating Agencies

OPG, as FSM, shall deliver prompt written notice to the Rating Agencies on occurrence of (i) a Protection Event; (ii) receipt of a Suspension Notice delivered by the Province pursuant to Section 7.01; and (iii) an assignment of this Agreement by any party pursuant to Section 8.03.

8.08 Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their benefits hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

8.09 <u>Delivery of Executed Copies</u>

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, IN ITS CAPACITY AS TRUSTEE OF FAIR HYDRO TRUST, AS ISSUER, BY ONTARIO POWER GENERATION INC., NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Action**" has the meaning ascribed thereto under the Trust Indenture.

"**Adherence Conditions**", means, in respect of a Certified Primary Obligation, the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of a Guarantee Payment Date, the aggregate of the Approved Obligation Amounts for such Guarantee Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, for a Beneficiary in respect of an Approved Obligation under which an amount is due and payable on a Guarantee Payment Date:

(a) if no Acceleration has occurred in respect of any Obligation Secured on or before the Guarantee Payment Date, the amount due and payable to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation (for greater certainty, determined on the assumption that there are adequate amounts available under the applicable payment provisions of the Trust Indenture to pay in full all amounts referred to in such payment provisions that are due and payable on the Guarantee Payment Date); and

(b) if an Acceleration has occurred in respect of any Obligations Secured on or before the Guarantee Payment Date, the amount that would be available to be paid to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation under the applicable payment provisions of the Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with such applicable payment provisions of the Trust Indenture in respect of each relevant month during each Reference Period is equal to the estimated Finance Amount determined in respect of such Reference Period for purposes of section 15(1) of the Act (in effect on the date hereof), including section 6.1 of the General Regulation (in effect on the date hereof), divided by the number of months in such Reference Period.

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Beneficiary Payee**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Certified Primary Obligations**" means Primary Obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest or to repay payment obligations that were incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest,[7] (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not each individual trade confirmation, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and aggregate payments by the Financing Entity thereunder during the term of such contract is in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).

"**Change of Law Protection Agreement**" means this Agreement.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Eligible Deposit Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Eligible Institution**" has the meaning ascribed thereto in the Trust Indenture.

"**Executive Officer**" has the meaning ascribed to the term "executive officer" in National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators.

"**Final Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(D).

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[7] Explanatory Note: Province requires a Process Certificate for each monthly draw.

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the first paragraph of this Agreement until a successor Financing Entity Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and the Declaration of Trust, and thereafter "Financing Entity Trustee" means and includes such Person.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Guarantee Payment**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Guarantee Payment Date**" has the meaning ascribed thereto in Section 2.01(a)i.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Issuer Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Issuer Funding Obligation**" has the meaning ascribed thereto in the Trust Indenture.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Lien**" has the meaning ascribed thereto in the Trust Indenture.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(a).

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity, as amended, supplemented, restated or otherwise modified from time to time.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Agreement**" means an agreement in the form of an ISDA Master Agreement as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, as amended, supplemented, restated or otherwise modified from time to time.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account or Finance Reserve Account or required to be held in the Collection Account after the application of amounts under the applicable payment provision of the Trust Indenture on an applicable payment date[8]; and (ii) any obligation to pay the Financing Entity or on the Financing Entity's direction any remaining amounts in the Collection Account pursuant to the Trust Indenture.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

[8] Explanatory Note: The Trust Indenture states that if extra cash is available in the Collections Account, it can be held until a subsequent Payment Date.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event[9], termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that materially and adversely affects (a) the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured, or (b) this Agreement or any of the agreements under which Obligations Secured arise; or

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that materially and adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Obligations Secured that have become due and payable.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

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[9] Explanatory Note: Early amortization events may be included in a supplemental indenture, so retaining that concept makes sense.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency Condition" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Reference Period**" has the meaning ascribed thereto in the Act.

"**Refinancing**"[10] has the meaning ascribed to the term "refinancing" in the Act as of the date hereof, as more particularly described and given meaning in the General Regulation as of the date hereof.[11]

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Subrogation Entitlement**" means each Subrogation Amount and each Final Subrogation Amount.

"**Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(B).

"**Supplemental Indenture**" has the meaning ascribed in the Trust Indenture.

"**Supplemental Reserve Account**" has the meaning ascribed in the Trust Indenture.

"**Suspension Event**" has the meaning ascribed thereto in Section 7.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 7.01.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

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[10] Explanatory Note: This relates to a refinancing of an existing debt obligation; not an undrawn commitment to fund.

[11] Explanatory Note: The General Regulation provides that debt can be considered a "Refinancing" when incurred within the 6 months prior to the maturity date of a funding obligation. The Act/Regulation's definition doesn't require that "Refinancings" be simultaneous with the repayment of existing Approved Obligations. We have added a certificate mechanic in 7.01 by which there can be certainty when an obligation is incurred that if the obligation is intended to be a refinancing, it will be covered by the guarantee.

EXHIBIT A
FORM OF PAYMENT DEMAND

TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Pursuant to and in accordance with section 2.01(a) of the Change of the Law Protection Agreement, the Indenture Trustee hereby demands payment from the Province in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in the Change of Law Protection Agreement.

DATED as of the [■] day of [■], [■].

BNY TRUST COMPANY OF CANADA

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT B
SUSPENSION NOTICE

TO: Ontario Power Generation Inc., in its capacity as Financial Services Manager

AND TO: Fair Hydro Trust

AND TO: Computershare Trust Company of Canada, in its capacity as trustee of Fair Hydro Trust

AND TO: BNY Trust Company of Canada, as Indenture Trustee

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement. All references in this Suspension Notice to "Articles" or "Sections" refer to Articles or Sections of the Change of Law Protection Agreement.

The Province has a reasonable basis for concluding that an event described in Section 7.01 has occurred. Pursuant to Section 7.01, the Province hereby declares that the Limited Guarantee shall not apply in respect of any Primary Obligation incurred or amended on or after the delivery of this Suspension Notice, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied, in accordance with the terms and conditions in Article VII.

The Limited Guarantee shall hereby not apply in respect of any Primary Obligation incurred or amended on or after delivery of this Suspension Notice, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied.

This Suspension Notice is hereby delivered to the FSM, the Financing Entity and the Indenture Trustee in accordance with Section 8.02 of the Change of Law Protection Agreement.

* * * *

DATED as of the [■] day of [■], [■].

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

Draft: December 4, 2017

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.

CHANGE OF LAW PROCESS AGREEMENT[1]

Dated as of [■], 2017

[1] Explanatory Note: Closing mechanics under consideration by the Province.

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**") is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.

Pursuant to a Declaration of Trust dated as of [■], 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions.

Prior to entering into this Agreement, OPG provided the Province with the proposed forms of certain of the Transaction Documents, and the Province has not objected to such forms.

This Agreement sets out the obligations OPG has agreed to perform and assurances OPG has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the Adherence Conditions have been satisfied, maintaining information related to the Program Agreements and the Approved Obligations, and ensuring that the Province's assumption rights pursuant to Article VI of the Change of Law Protection Agreement may be exercised without impediment on the terms and conditions contemplated in this Agreement and the Change of Law Protection Agreement.

All things necessary to make this Agreement a valid and legally binding agreement of OPG and the Province, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall"; the word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed; the words "herein", "hereof" and "hereunder" and other words of similar import refer to this

Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 References to the Financing Entity

For greater certainty, each reference to the Financing Entity shall be construed as a reference to the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 Effect of Headings

The Article and Section headings herein and are for convenience only and will not affect the construction hereof.

1.04 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.06 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF OPG

2.01 Deliveries to the Province

(a) Not less than 15 Business Days, or such lesser period as the Province may agree to in writing, prior to the initial issuance of any Funding Obligation by the Financing Entity, OPG shall deliver to the Province a copy of the initial Financing Plan. Thereafter, OPG shall promptly deliver to the Province a copy of any proposed change to or replacement of the Financing Plan.

(b) Not less than 10 Business Days, or such lesser period as the Province may agree to in writing, prior to (i) any proposed change or supplement to a previously provided Transaction Document becoming effective or otherwise being used, (ii) any additional or replacement Transaction Document becoming effective or otherwise being used, OPG shall deliver to the Province a copy of such proposed change or supplement to the Transaction Document and any such additional or replacement Transaction Document.

(c) Promptly following (i) any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor being made, (ii) any new, additional or replacement instruments, documents, agreements or security being used or granted in connection with all or any part of the Approved Obligations, or (iii) any waiver, release, reconveyance, termination, abandonment, subordination, exchange, substitution, transfer, compound, compromise, liquidation or enforcement of all or any part of the Approved Obligations or any security or guarantee therefor being effected, OPG shall deliver to the Province a detailed description of such event and the reasons for it together with any related documents, agreements and instruments.

(d) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, OPG shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations (including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(e) Promptly upon request, OPG shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

2.02 <u>Covenants</u>

(a) OPG shall use commercially reasonable efforts to cause the Financing Entity to:

(i) punctually perform and observe all of the Financing Entity's obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not (unless waived in writing by the Province):

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement or replacement or waiver or consent could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any change in particular financial terms, rates and levels;

(B) extend, renew, compromise, novate, replace, suspend, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, liquidate or enforce the terms of all or any part of the Approved Obligations or any Collateral, if any such action could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to the extent that only particular financial terms, rates and levels are affected;

(C) permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired; or

(D) allow the Financing Entity to enter into any Supplemental Indenture or Loan Agreement where any penalty or make-whole payment, or any requirement for further consent, approval or agreement, of the Specified Creditor party thereto would be required for the Province to assume the Obligations Secured thereunder.

(b) OPG shall:

(i) comply, and shall use commercially reasonable efforts to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

(ii) punctually perform and observe all of its (including as the FSM and as Manager) obligations and agreements contained in the Program Agreements;

(iii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation; and

(iv) after the occurrence of any Protection Event (or any event known to OPG that with the passage of time or the giving of notice would be a Protection Event), not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.

(c) Nothing in this Agreement shall limit the obligations of the Province under the Indemnity Agreement by the Province in favour of OPG dated June 1, 2017 (as amended, the "**Indemnity Agreement**") and to the extent of any conflict between this Agreement and such Indemnity Agreement, in respect of any matter relating to the Province's obligations to indemnify OPG, the Indemnity Agreement shall prevail.

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate

OPG shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Province, on or before the incurrence or any amendment of a Funding Obligation, other than any Funding Obligation under which not more than **$[5,000,000]** in the aggregate may become payable by the Financing Entity (provided that delivery may not be more than 5 Business Days before the incurrence or amendment of the Funding Obligation), setting out the following with respect to such Funding Obligation:

(a) the material terms of the Funding Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a Derivative Agreement, the notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

(b) if an existing Funding Obligation is proposed to be amended, material details respecting such amendment, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

(c) a statement to the effect that: (i) the Funding Obligation to be incurred or amended (1) will arise under terms and conditions that are Substantially in the

Form of the Reference Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reference Documentation;

(d) a statement confirming that any disclosure made in respect of the Funding Obligation (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to the Funding Obligation) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement has been made available to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made;

(e) a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and

(f) confirmation that, at the time the Funding Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Funding Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the Protection Agreement Maximum applicable on the date that the Process Certificate is delivered; for clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be determined on the date the Process Certificate is delivered hereunder in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

3.02 Acknowledgement regarding delivery of certificate under Change of Law protection Agreement

The Province acknowledges and agrees that, concurrent with the delivery of the Process Certificate pursuant to Section 3.01 of this Agreement, the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be

provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) are authorized to deliver the certificate referred to in Subsection 4.02(b) of the Change of Law Protection Agreement to the Indenture Trustee confirming that OPG has delivered all required certifications to the Province in connection with adherence of the Limited Guarantee to the incurrence of the Certified Primary Obligations in respect of which the certificate in Subsection 4.02(b) of the Change of Law Protection Agreement is being delivered; provided that, upon receipt of a Suspension Notice under the Change of Law Protection Agreement, OPG covenants not to deliver any further certificates to the Indenture Trustee under Subsection 4.02(b) of the Change of Law Protection Agreement other than in connection with a Refinancing of a Primary Obligation in respect of which the Adherence Conditions had been satisfied at the time such Primary Obligation was incurred.

3.03 Acknowledgement regarding delivery of Suspension Notice

The parties acknowledge and agree that the Province is entitled to deliver a Suspension Notice under Section 7.01 of the Change of Law Protection Agreement if a Program Breach or Breach Event has occurred. The Province agrees not to deliver a Suspension Notice pursuant to Section 7.01 of the Change of Law Protection Agreement unless a Program Breach or a Breach Event has occurred.

3.04 Meaning of "Reference Documentation"

For the purposes of Subsection 3.01(c), the term "Reference Documentation" shall mean each Transaction Document (including any change, addition or supplement thereto) that, at the relevant time:

(a) is a Transaction Document provided to, and not objected to by, the Province prior to the making of this Agreement, as contemplated in the fifth recital to this Agreement; or

(b) is a Transaction Document provided to the Province in accordance with Subsection 2.01(b) that has not been objected to by the Province, by delivery of an objection notice in writing delivered to OPG, within 10 Business Days after it is provided to the Province.

3.05 Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(c), the term "Substantially in the Form" shall mean:

(a) with respect to the Reference Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such Reference Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation, including regarding the timing of or circumstances under which related payments are or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that would affect the Province's rights of subrogation or assignment (including

pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation; provided, however, that the foregoing does not apply to any variable terms to be set forth in the proposed documents as are reasonably contemplated in the Reference Documentation, including the particular financial terms, rates and levels set forth in the proposed documents other than to the extent that the forms of Reference Documentation themselves specify specific requirements, limitations or parameters with respect to such financial terms, rates, levels and parameters; and

(b) with respect to the Reference Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum

(a) Not less than 15 Business Days, or such lesser period as the Province may agree to in writing, prior to the proposed incurrence of the first Funding Obligation, OPG shall, as the FSM, deliver to the Province: (i) a forecast setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the next following 24 month period (the "**Initial Forecast Period**"), which expectations shall be consistent with the Financing Plan (the "**Initial Forecast**"); and (ii) notice of the initial Protection Agreement Maximum, which may not exceed the Initial Forecast.

(b) Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of the Initial Forecast and notice of the initial Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province may disagree with the Initial Forecast and the initial Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or the Initial Forecast, (ii) the Initial Forecast is inconsistent with the Financing Plan, or (iii) the initial Protection Agreement Maximum is more than the Initial Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the initial Protection Agreement Maximum will be revised accordingly and confirmed by an amended notice to the Province.

(c) Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Approved Obligations that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast shall be further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum, which may not exceed such Forecast.

(d) Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of any further Forecast and notice of the revised Protection Agreement Maximum from OPG pursuant to Section 4.01(c), the Province may disagree with such further Forecast or revised Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or such further Forecast, (ii) the further Forecast is inconsistent with the Financing Plan, or (iii) the revised Protection Agreement Maximum is more than the further Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the revised Protection Agreement Maximum will be further revised accordingly and confirmed by an amended notice to the Province.

(e) For clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be valued at the time to be determined for the purposes of this Section 4.01 in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of OPG

OPG represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, may cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario and has the power and authority to enter into and perform its obligations under this Agreement and all instruments and agreements delivered pursuant hereto.

(c) OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Financing Entity or in the ability of the Financing Entity to perform its obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

5.02 Representations and Warranties of the Province

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
BREACH EVENTS

6.01 Breach Events

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

(a) a default in the performance, or breach, of any covenants of OPG under this Agreement, which continues for thirty (30) days after written notice by the Province to OPG of such default or breach;

(b) any representation or warranty made by OPG in this Agreement, any certification made in a Process Certificate, or any certification made in a certificate

contemplated by Subsection 4.02(b) of the Change of Law Protection Agreement, proves to be incorrect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation; or

(c) OPG is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the Manager.

ARTICLE VII
MISCELLANEOUS

7.01 Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

7.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to OPG:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

(b) if to the Province:

Ministry of Finance
[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 7.02.

7.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 7.03 shall be null and void.

7.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

7.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

7.06 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

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

By: _____

Name:
Title:

By: _____

Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Conditions**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Approved Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Beneficiaries**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Breach Event**" has the meaning ascribed thereto in Section 6.01.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Certified Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the FSM on behalf of the Financing Entity and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

"**Executive Officer**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Financing Entity**" means Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(c).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Indenture Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Initial Forecast**" has the meaning ascribed thereto in Section 4.01(a)

"**Initial Forecast Period**" has the meaning ascribed thereto in Section 4.01(a)

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Limited Guarantee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Loan Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**Management Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Manager**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Program Breach**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Protection Agreement Maximum**" means the dollar amount referenced as the Program Agreement Maximum and determined in accordance with Article IV.

"**Protection Event**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture.

"**Reference Documentation**" has the meaning ascribed thereto in Section 3.04.

"**Repayment**" has the meaning ascribed to the term "repayment" in the General Regulation as of the date of this Agreement.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Substantially in the Form**" has the meaning ascribed thereto in Section 3.05.

"**Suspension Notice**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement; (vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that affects the Province's subrogation rights and/or subrogee interests, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE[1]

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST~~[2]~~

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

[1] ~~This Agreement and the Process Agreement will need to be effective on closing but signed and held in escrow as soon as they are settled and prior to pricing of the term deal~~Explanatory Note: Logistics of closing are under consideration by the Province.

~~[2] Please advise if there are any further issues with the Manager signing the Protection Agreement on behalf of the Trust? If so, can you please explain the issue. The Manager is currently signing all Program Agreements on behalf of the Trust and has authority to do so. We would like the Manager to sign this Agreement on behalf of the Trust.~~

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust under the laws of the Province of Ontario (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council dated as of ■1981/2017 (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust[3] dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Primary Obligations that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred. This Agreement sets out the terms and conditions of such protections and assurances.

[3] We are comfortable on this point because OPG has retained Computershare as issuer trustee. The recitals of the Declaration of Trust provide that Computershare has established the Trust at the request of the FSM. We can also provide you with a copy of the Computershare engagement letter upon request.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other

subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 ~~Proof of Approved Obligations~~Intentionally Deleted

~~The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Indenture Trustee deems to be sufficient.~~

~~Any statement of account prepared by the Indenture Trustee as regards the Primary Obligations shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and the Province hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Indenture Trustee agrees to provide the Province with the computations and calculations used by the Indenture Trustee to prepare each such statement of account promptly following a request therefor.~~

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture as of the date of this Agreement.

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 2.01 or Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a

Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee, the Financing Entity, the Financing Entity Trustee, the Manager or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee ~~may~~shall (unless the Rating Agency Condition has been satisfied with respect to a demand not being made as a result of the Protection Event), deliver a written demand, substantially in the form attached as Exhibit A (a "**Payment Demand**"), to the Province requiring the Province to make payments in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in this Agreement. From and after such delivery of a Payment Demand, the Province shall make the following payments in respect of the Approved Obligations (the "**Limited Guarantee**"), and the Financing Entity shall pay, and the Province shall be entitled to be paid, the Subrogation ~~Amounts~~Entitlements specified below~~, on the specified Guarantee Payment Date~~:

i. Not less than 3 Business Days prior to each day when any payment or payments are to be made in respect of one or more Approved Obligations occurring after such delivery of a Payment Demand ~~and prior to the Assumption Effective Date, if any, (~~(each such day, a "**Guarantee Payment Date**"), the Manager shall deliver a written statement setting forth the Aggregate Approved Obligations Amount, if any, in respect of the Approved Obligations that are due and payable on such Guarantee Payment Date, together with a detailed description identifying such Approved Obligations and the nature and amount of payments due and payable thereunder on the Guarantee Payment Date, the aggregate outstanding amount payable by the Financing Entity under such Approved Obligations as of the date of ~~the Guarantor Settlement Statement~~such written statement, and details regarding any default in performance by any party obligated thereunder~~ (a "**Guarantor Settlement Statement**")~~[4].

ii. On each such Guarantee Payment Date, the Province shall deposit the Aggregate Approved Obligations Amount into the Protection Account.

iii. On each such Guarantee Payment Date, the Financing Entity and the Indenture Trustee shall ensure that the amounts on deposit in the Protection Account are applied to pay each Beneficiary to whom an amount is due and payable under an Approved Obligation on the Guarantee Payment Date the Approved

[4] ~~Given timing, we would appreciate if the parties did not negotiate this form now.~~

Obligation Amount for such Beneficiary in respect of such Approved Obligation on such Guarantee Payment Date; provided that if the amount deposited pursuant to clause 2.01(a)ii is insufficient to pay all such Approved Obligation Amounts in full, the amount on deposit in the Protection Account on the Guarantee Payment Date shall be applied to pay Beneficiaries in the order of priority in which such Approved Obligations are payable under the payment provisions of the Trust Indenture applicable to the making of such payments on the Guarantee Payment Date (each, a "**Beneficiary Payee**" and each payment made to a Beneficiary Payee on a Guarantee Payment Date, a "**Guarantee Payment**").

iv. On any Guarantee Payment Date on which an amount is paid by the Province pursuant to clause 2.01(a)ii, the applicable payment provisions of the Trust Indenture shall, notwithstanding the express terms of such provisions set forth in the Trust Indenture, be applied and operate on the following basis:

(A) [2]the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available under such payment provisions on such Guarantee Payment Date shall be reduced by the amount of the Guarantee Payment paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on such Guarantee Payment Date;

(B) the Province shall be paid the ~~lesser of (x) the~~ amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available to pay the Beneficiary Payee under such payment provisions on the Guarantee Payment Date, determined without regard to ~~subclause 2.01(a)iv(A), and (y) the amount paid~~the Guarantee Payment paid on such Guarantee Payment Date and the corresponding reduction of the amount owing to the Beneficiary Payee pursuant to ~~clause 2.01(a)iii in respect of such Approved Obligation on the Guarantee Payment Date (such payments~~subclause 2.01(a)iv(A) (each such amount payable to the

[2] Explanatory Note: In a particular period, the cash available from CEAs may exceed the aggregate Finance Amounts payable - for example, as a result of the "true-up" under the Act, which will determine the actual amount of cash available. The basic structure is that the Province will pay all Approved Obligation Amounts, and will be entitled to receive all cash flows available to the Beneficiary Payees. Limiting the subrogation amounts to the lesser of such available cash and the Guarantee Payments could result in leakage of the cash that the Province looks to under this arrangement.

Province being a "**Subrogation ~~Amounts~~Amount**");~~ and~~[5]

(C) no Beneficiary having a right to be paid an amount in respect of an Approved Obligation, and no other Person entitled under an Obligation Secured, in each case that ranks equal with or subordinate to an Approved Obligation in respect of which ~~an amount~~a Subrogation Amount is payable to the Province under subclause 2.01(a)iv(B), shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under such subclause (including any right ~~or~~of reimbursement, contribution or indemnity) and no such Beneficiary or other Person shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of any such ~~amounts.~~Subrogation Amount;

(D) [3]on the first day when any payment or payments are to be made in respect of Obligations Secured that occurs on or after the date on which all amounts payable under all Approved Obligations have been paid in full, the Province shall be entitled to be paid from amounts available to pay Obligations Secured on such day (and thereafter on each subsequent day when any payment or payments are to be made in respect of Obligations Secured, until paid in full), in each case in accordance with the applicable payment provisions of the Trust Indenture on such day, the following amounts (each, a "**Final Subrogation Amount**"), in each case in the priorities specified below:

(I) as an amount ranking equally with [Senior Obligations][4], the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including such day in respect of Approved Obligations ranking equally with or prior to [Senior Obligations],

[5] ~~We thought this section required tweaking to reflect the intention of the parties.~~

[3] Explanatory Note: The Province will be entitled to receive subrogation cash flows after satisfaction of all Approved Obligations. This provision provides how that these amounts will be payable from available cash flows, based on priorities that address cash entitlements opposite non-guaranteed obligations secured (e.g., after a suspension event). Conforming changes will need to be made to the Trust Indenture once these mechanics have been settled.

[4] Explanatory Note: Nomenclature to be conformed, once the corresponding provisions of the Trust Indenture have been settled.

plus (y) the sum of amounts determined in respect of interest on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount is paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related[5], exceeds (2) the sum of all Subrogation Amounts paid to the Province up to and including such day;

(II) as an amount ranking equally with [Subordinated Obligations], the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including such day in respect of Approved Obligations ranking equally with or prior to [Subordinated Obligations], plus (y) the sum of amounts determined in respect of interest on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount is paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of (x) all Subrogation Amounts paid to the Province up to and including such day, plus (y) the amount determined under (I); and

(III) as an amount ranking equally with [Junior Obligations], the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including such day in respect of Approved Obligations ranking equally with or prior to [Junior Obligations],

[5] Explanatory Note: Nomenclature to be conformed, once the corresponding provisions of the Trust Indenture have been settled.

plus (y) the sum of amounts determined in respect of interest on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount is paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of (x) all Subrogation Amounts paid to the Province up to and including such day, plus (y) the sum of the amounts determined under (I) plus (z) the sum of the amounts determined under (II); and

(E) no Person entitled under an Obligation Secured that ranks equal with or subordinate to a Final Subrogation Amount shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province in respect of such Final Subrogation Amount and no such Person shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of any such Final Subrogation Amount.

v. On any Guarantee Payment Date, the Indenture Trustee shall release and pay to the Province free and clear of any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay Guarantee Payments to Beneficiary Payees on the Guarantee Payment Date in accordance with clause 2.01(a)iii.

vi. In preparing any payment instructions under the Trust Indenture, the Manager shall reflect the amounts payable for the Guarantee Payment Date under Section 2.01(a).

(b) The Province shall, as a payee of Subrogation Amounts and under clause 2.01(a)(iv)(B), as a payee of each Final Subrogation Amount under clause 2.01(a)(iv)(B) and as a payee of any amounts payable under clause 2.01(a)(iv)(Bv), be a “Specified Creditor” under the Trust Indenture and have the benefit of the Collateral thereunder.

(c) For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the Approved Obligation Amounts, if any, for payment to Beneficiary Payees and will be subject to the priorities and to the Province's rights to Subrogation ~~Amounts~~Entitlements, set forth in Section 2.01(a).

(d) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(e) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation by their terms.

(f) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under and in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any amount due and payable to a Beneficiary Payee under the Limited Guarantee.

2.02 Intentionally Deleted.

2.03 Absence of Set-off

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 Payment into Protection Account in Satisfaction

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection

Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account" for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section **[7.03]** of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Financing Entity and the Indenture Trustee shall ensure that all amounts paid by the Province into the Protection Account on a Guarantee Payment Date in respect of an Approved Obligation are applied to pay the amounts due and payable to the Beneficiaries as and to the extent provided for in Section 2.01(a). Upon a payment having been made by or on behalf of the Province into the Protection Account, the amounts so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiaries as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such Beneficiaries in respect of the applicable Approved Obligations, whereupon an affected Beneficiary shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid. For greater certainty, the obligations arising in respect of an applicable Approved Obligation shall not be reduced by such payment as the Province shall become entitled to be paid related Subrogation ~~Amounts~~Entitlements and the rights contemplated under Section 2.01(a) and Section 5.01 in relation to such continuing obligations.

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations in accordance with Section ~~9.01~~8.01.[6]

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of

[6] ~~We made this change to be consistent with the termination clause in section 9.01.~~

sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

A Primary Obligation shall constitute an Approved Obligation if (i) the Adherence Conditions applicable thereto have been satisfied at the time the Primary Obligation was incurred, or (ii) the Province, in its sole discretion, ~~agrees~~designates in writing that it is an Approved Obligation.

4.02 Adherence Conditions[7]

The following shall be the Adherence Conditions applicable in relation to each Certified Primary Obligation:

(a) the Certified Primary Obligation when incurred is an Obligation Secured under the Trust Indenture; and

(b) OPG, as FSM, delivers a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for

[7] ~~We would propose that the certification in section 4.02(b) of the Protection Agreement track the requirements of section 3.01 of the Process Agreement to ensure that the two sections are consistent. Accordingly, we have revised section 4.02(b) of the Protection Agreement to state the certificate delivered to the Indenture Trustee under this section should confirm that all certifications to the Province required in connection with the incurrence of such Certified Primary Obligations have been delivered to the Province.~~

clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee, on or before the incurrence of a Certified Primary Obligation[8] (provided that delivery may not be more than 5 Business Days before the incurrence of the Certified Primary Obligation), confirming that OPG has provided to the Province all certifications required bydelivered to the Province a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with the incurrence of suchadherence of the Limited Guarantee to the Certified Primary Obligation; and

(c) in respect of a Certified Primary Obligation other than a Refinancing of a Primary Obligation in respect of which the Adherence Conditions had been satisfied, the Province has not provided a Suspension Notice to the Indenture Trustee, OPG and the Financing Entity.

For greater certainty, (y) satisfaction of the Adherence Conditions for a Certified Primary Obligation shall be deemed satisfaction of the Adherence Conditions in respect of all principal, interest and other amounts owing under the Certified Primary Obligation, as such Certified Primary Obligation may be amended, restated, supplemented or otherwise modified from time to time, and (z) there shall be no Adherence Conditions applicable in relation to a Primary Obligation that is not a Certified Primary Obligation.

4.03 Evidence of Satisfaction

A closing certificate delivered in accordance with Section 4.02(b) in connection with an incurrence of a Certified Primary Obligation shall be determinative as to whether the applicable Adherence Conditions with respect thereto have been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same. A closing certificate that purports on its face to be signed by officers specified in Section 4.02(b) may be relied upon by any addressee without further enquiry or evidence as to the incumbency or signatures of such officers. If a closing certificate is not delivered in accordance with the timing requirements of Section 4.02(b) in respect of a Certified Primary Obligation, such certificate may be delivered at a later date, and be effective as if it had been delivered in accordance with the timing requirement of Section 4.02(b), if at the time such certificate was required to be delivered OPG had delivered to the Province all certifications required by the Province in connection with the incurrence of aadherence of the Limited Guarantee to the Certified Primary Obligation.[9]

[8] We tried to address all parties concerns expressed at our last meeting by this language. The Province can be assured that no certificate earlier than 5 Business Days prior to incurring the Certified Primary Obligation is delivered and the dealers have comfort that the clause is not too prescriptive.

[9] This additional language was added to address the concerns of the dealers and Oslers discussed at our last meeting.

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, including (i) the right and entitlement to be paid and receive the related Subrogation ~~Amounts~~Entitlements, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including **[Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 7.12 (Payments Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Section 8.14 (Limited Recourse), Article IX (The Indenture Trustee), including all limitations of liability thereunder, Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition)]**; (ii) consents, requests and authorizes

the Issuer and the Indenture Trustee to (x) add the Province to the register of Specified Creditors described in subsection **[13.13(b)]** of the Trust Indenture and (y) disseminate the notice details of the Province to other Specified Creditors for the purposes set out in subsection **[9.14(b)]** of the Trust Indenture, and (iii) confirms that it will execute and deliver, or cause to be executed and delivered, all such further agreements, documents and instruments in connection with this Section 5.01 as the Indenture Trustee shall send notices to the Province, in its capacity as a Specified Creditor, in accordance with Section 9.02.[10]may request from time to time for the purpose of giving effect to the terms of this Section 5.01.

5.02 Priorities

For greater certainty, the rights, interests and entitlements of the Province as an assignee orand subrogee, as applicable, of and with respect to an Approved Obligation shall rank equally with the rights, interests and entitlements of a Beneficiary to whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture in the manner and to the extent contemplated in Section 2.01.7.10(d) of the Trust Indenture.

5.03 Intentionally Deleted

5.04 Representations and Warranties

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

[10] These changes were made to conform to the latest draft of the Trust Indenture, a copy of which will be circulated soon.

ARTICLE VI
NOTICE OF ASSUMPTION OF CERTAIN OBLIGATIONS SECURED[11]

6.01 Delivery of Assumption Notice

Following the occurrence of a Protection Event, the Province may (but shall not be obligated to) provide notice (in the form of Exhibit B) to the Indenture Trustee that the Province has elected to assume the Financing Entity's obligations in respect of all Obligations Secured permitted to be assumed by their terms (the "**Assumption Notice**"). The Assumption Notice shall specify the date on which the assignment and assumption of such Obligations Secured will be effective (each such date being an "**Assumption Closing Date**").[12]

6.02 Cooperation to Implement the Assignment and Assumption

The Indenture Trustee, the FSM, the Financing Entity and the Province will cooperate and use best efforts to complete the assignment and assumption of the Obligations Secured referenced in Section 6.01 by and from the Financing Entity to and by the Province by the applicable Assumption Closing Date.

6.03 Effect of Assignment and Assumption

On the date that the assignment and assumption of the Obligations Secured referenced in Section 6.01 by and from the Financing Entity to and by the Province becomes effective (the "**Assumption Effective Date**"), the Province shall no longer be required to provide and perform the Limited Guarantee but will instead become a primary obligor under such Obligations Secured assumed pursuant to and in accordance with an applicable Assumption Agreement. For greater certainty, the obligations of the Province so assumed will not be secured obligations of the Province and the obligees thereof will have no right, interest or claim to or in respect of the Collateral or any proceeds therefrom.

6.04 Interim Period

Until the effective time of the assignment and assumption of the Obligations Secured referenced in Section 6.01 by and from the Financing Entity to and by the Province on the Assumption Effective Date, the Province shall continue to perform and be obligated under the Limited Guarantee with respect to those Obligations Secured.

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[11] Please see Torys' cover email to explain changes made in this Article and the related Article in the Process Agreement. Section 6.05 was deleted since it was not applicable in a context where only some of the Obligations Secured would be assumed.

[12] It is not realistic to think that the assumptions of Secured Obligations will all occur on one day. We think it has to happen on a contract by contract basis. As a Secured Obligation is assumed, the Limited Guarantee falls away with respect to it (it becomes a "zero" item in the waterfalls).

ARTICLE VI~~ARTICLE VII~~
INDENTURE TRUSTEE MATTERS

6.01 ~~7.01~~ Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

6.02 ~~7.02~~ Not Responsible for Recitals

The recitals contained herein will be taken as the statements of the Province, the Financing Entity and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

6.03 ~~7.03~~ Representations and Covenants of the Indenture Trustee~~13~~[6]

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada; and

(b) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada.

ARTICLE VII~~ARTICLE VIII~~
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

7.01 ~~8.01~~ Suspension Notice

Upon:

(a) a Program Breach;~~ or~~

(b) a default in the performance, or breach, of any covenants ~~or representations of the FSM~~of OPG, as FSM, or OPG, in its corporate capacity, in each case to the Province in connection with ~~an incurrence or amendment of Primary~~

~~13 The Indenture Trustee asked us to delete these representations. They will not provide these types of representations without attaining a legal opinion from outside counsel. To avoid delay, we would ask that the parties agree to this deletion~~[6] Explanatory Note: The Province is content to receive the same representations as are provided by the Indenture Trustee should be under the Trust Indenture. Please conform.

~~Obligations~~its obligations to the Province pursuant to internal requirements and processes in connection with the provision of the Limited Guarantee, which continues for thirty (30) days after written notice by the Province to ~~the FSM~~OPG of such default or breach;

(c) a representation or warranty made by OPG or a certification made by one or more officers of OPG, in each case whether as FSM or in its corporate capacity, to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the provision of the Limited Guarantee, proves to be incorrect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation; or

(d) ~~(c)~~ the FSM no longer being the Manager or actions having been taken by or on behalf of the Indenture Trustee to remove the FSM as the Manager,

the Province may declare that the Limited Guarantee under this Agreement shall not apply to any Primary Obligations incurred[14] on or after such declaration, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied (provided that the Refinancing is an Approved Obligation), by delivering a written notice in the form of Exhibit ~~C~~B (a "**Suspension Notice**") ~~to the Province~~ to the Indenture Trustee, the FSM and the Financing Entity.[15]

The Limited Guarantee shall apply to any Certified Primary Obligation incurred after a Suspension Event on the basis that it is a Refinancing (provided that such Refinancing is an Approved Obligation) only if the FSM certifies to the Province in writing prior to the incurrence that the proceeds of such incurrence will be used solely for the purposes of repaying one or more Certified Primary Obligations incurred prior to the Suspension Event and to which the Limited Guarantee adhered as of the time the Suspension Event occurred, and the delivery of such written certification by the FSM to the Province shall be determinative for the purposes of concluding that such incurrence is a Refinancing for the purposes of Sections 7.01, 7.02 and 7.03.

7.02 ~~8.02~~ Suspension

If a Suspension Notice has been provided under Section ~~8.01~~7.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of any Primary Obligation incurred[16] or amended on or after the time such Suspension Notice is delivered, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied~~. For greater certainty, the rights of the Province under~~

[14] ~~We will need the ability to amend the Primary Obligations after a Suspension Notice to deal with the Suspension Notice itself.~~

[15] ~~OPG has confirmed that it is problematic from an accounting perspective to give the Province a broad right to suspend at any time. As discussed in the meeting, we therefore reintroduced the concept of the Program Breach and Breach Event but we made the breach event generic to ensure we do not have to reference the Process Agreement in this document.~~

[16] ~~We will need the ability to amend the Primary Obligations after a Suspension Notice to deal with the Suspension Notice itself.~~

~~Article VI shall apply in respect of the Obligations Secured referenced in Section 6.01, including if incurred on or after the time such Suspension Notice is delivered.~~[17] (provided that the Refinancing is an Approved Obligation).

7.03 ~~8.03~~ No Impact on Adherence

For greater certainty, the occurrence of a Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event or in respect of any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied~~, nor will it in any way impact the Obligations Secured which are assumed by the Province in accordance with ARTICLE VI~~ (provided that the Refinancing is an Approved Obligation).

ARTICLE VIII~~ARTICLE IX~~
MISCELLANEOUS

8.01 ~~9.01~~ Term of Agreement

This Agreement will continue until the date that no amount is or may become due and payable by the Province under the Limited Guarantee.

8.02 ~~9.02~~ Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust

700 University Avenue

~~[17] We have deleted the concept of the termination notice since it no longer serves a purpose and is potentially confusing to the reader.~~

Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: Manager, Corporate Trust
Fax: (416) 981-9777
Email: corporatetrust.toronto@computershare.com

(b) if to the FSM:

Ontario Power Generation Inc.

700 University Avenue

Toronto, Ontario M5G 1X6

Attention: General Counsel
Fax: (416) 592-4189

(c) if to the Province:

Ministry of Finance

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section ~~9.02~~8.02.

8.03 ~~9.03~~ Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section ~~9.03~~8.03 shall be null and void.

8.04 ~~9.04~~ Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

8.05 ~~9.05~~ FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 ~~9.06~~ No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

~~9.07~~ ~~Intentionally Deleted~~

8.07 Notice to Rating Agencies

OPG, as FSM, shall deliver prompt written notice to the Rating Agencies on occurrence of (i) a Protection Event; (ii) receipt of a Suspension Notice delivered by the Province pursuant to Section 7.01; and (iii) an assignment of this Agreement by any party pursuant to Section 8.03.

8.08 ~~9.08~~ Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their benefits hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

8.09 ~~9.09~~ Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, IN ITS CAPACITY AS TRUSTEE OF FAIR HYDRO TRUST, AS ISSUER, BY ONTARIO POWER GENERATION INC., NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Action**" has the meaning ascribed thereto under the Trust Indenture.

"**Adherence Conditions**", means, in respect of ~~the~~a Certified Primary ~~Obligations~~Obligation, the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of a Guarantee Payment Date, the aggregate of the Approved Obligation Amounts for such Guarantee Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, for a Beneficiary in respect of an Approved Obligation under which an amount is due and payable on a Guarantee Payment Date:

(a) if no Acceleration has occurred in respect of any Obligation Secured on or before the Guarantee Payment Date, the amount due and payable to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation (for greater certainty, determined on the assumption that there are adequate amounts available under the applicable payment provisions of the Trust Indenture to pay in full all amounts referred to in such payment provisions that are due and payable on the Guarantee Payment Date); and

(b) if an Acceleration has occurred in respect of any Obligations Secured on or before the Guarantee Payment Date, the amount that would be available to be paid to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation under the applicable payment provisions of the Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with such applicable payment provisions of the Trust Indenture in respect of each relevant month during each Reference Period is equal to the estimated Finance Amount determined in respect of such Reference Period for purposes of section 15(1) of the Act (in effect on the date hereof), including section 6.1 of the General Regulation (in effect on the date hereof)~~,~~ divided by the number of months in such Reference Period.

~~"**Assumption Agreement**" means the agreement among the Province, the Indenture Trustee, the Financing Entity and any other person that is party to the applicable Supplemental Indenture or Loan Agreement affected by the assignment and assumption contemplated under Article VI,~~

~~which agreement shall be in substantially the form of assumption agreement set forth in the applicable Supplemental Indenture or Loan Agreement.~~

~~"**Assumption Effective Date**" has the meaning ascribed thereto in Section 6.03.~~

~~"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.01.~~

~~"**Assumption Notice**" has the meaning ascribed thereto in Section 6.01.~~

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Beneficiary Payee**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Certified Primary Obligations**" means Primary Obligations that ~~are payment obligations that~~ are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest or to repay payment obligations that were incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest,~~[18]~~[7] (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not each individual trade confirmation, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and aggregate payments by the Financing Entity thereunder during the term of such contract is in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).~~[19]~~

"**Change of Law Protection Agreement**" means this Agreement.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency

~~[18] Query: For a warehouse facility, does the~~[7] Explanatory Note: Province ~~want a~~requires a Process Certificate for each monthly draw~~?~~.

~~[19] This concept reflects what Primary Obligations the parties agreed to be subject to the adherence conditions.~~

option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Eligible Deposit Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Eligible Institution**" has the meaning ascribed thereto in the Trust Indenture.

"**Executive Officer**" has the meaning ascribed ~~thereto in the *Securities Act* (Ontario).~~ to the term "executive officer" in National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators.

"**Final Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(D).

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the first paragraph of this Agreement until a successor Financing Entity Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and the Declaration of Trust, and thereafter "Financing Entity Trustee" means and includes such Person.[~~20~~]

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Guarantee Payment**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Guarantee Payment Date**" has the meaning ascribed thereto in Section 2.01(a)i.

~~"**Guarantor Settlement Statement**" has the meaning ascribed thereto in Section 2.01(a).~~

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other

[~~20~~] ~~We are merely conforming this definition to the definition of Indenture Trustee.~~

instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Issuer Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Issuer Funding Obligation**" has the meaning ascribed thereto in the Trust Indenture.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Lien**" has the meaning ascribed thereto in the Trust Indenture.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(a).

~~"**Loan Agreement**" has the meaning ascribed thereto in the Trust Indenture.~~

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity, as amended, supplemented, restated or otherwise modified from time to time.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Agreement**" means an agreement in the form of ~~a 1992~~an ISDA Master Agreement ~~(Multi-Currency – Cross-Border)~~ as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, as amended, supplemented, restated or otherwise modified from time to time.

~~21~~

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

~~21 The definition of Notes is not used in the Agreement.~~

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account or Finance Reserve Account or required to be held in the Collection Account after the application of amounts under the applicable payment provision of the Trust Indenture on an applicable payment date[8]; and (ii) any obligation to pay the Financing Entity or on the Financing Entity's direction any remaining amounts in the Collection Account pursuant to the Trust Indenture.[22]

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event[9], termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.[23]

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

[8] Explanatory Note: The Trust Indenture states that if extra cash is available in the Collections Account, it can be held until a subsequent Payment Date.

[22] These changes were made to conform to the most current version of the Trust Indenture, a copy of which will be circulated soon. Additionally, money in the Collection Account is required to flow through the waterfall and is not required to be held in the Collection Account otherwise.

[9] Explanatory Note: Early amortization events may be included in a supplemental indenture, so retaining that concept makes sense.

[23] We deleted early amortization events because that is no longer a concept used in the Trust Indenture.

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that materially and adversely affects (a) the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured, or (b) this Agreement or any of the agreements under which Obligations Secured arise; or

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that materially and adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Obligations Secured that have become due and payable.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency Condition" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Reference Period**" has the meaning ascribed thereto in the Act.

"**Refinancing**" ~~means the incurrence of debt where at the time of issuance the use of the proceeds thereof are identified by the Issuer as to be used to repay an existing Approved Obligation.~~[24][10] has the meaning ascribed to the term "refinancing" in the Act as of the date

[10] Explanatory Note: This relates to a refinancing of an existing debt obligation; not an undrawn commitment to fund.

hereof, as more particularly described and given meaning in the General Regulation as of the date hereof.[11]

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Subrogation ~~Amounts~~Entitlement**" means each Subrogation Amount and each Final Subrogation Amount.

"**Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(~~ii~~B).

"**Supplemental Indenture**" has the meaning ascribed in the Trust Indenture.

"**Supplemental Reserve Account**" has the meaning ascribed in the Trust Indenture.

"**Suspension Event**" has the meaning ascribed thereto in Section ~~8.02~~7.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section ~~8.01~~7.01.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

[24] ~~Refinancings can occur up to six months prior to the application of the refinancing proceeds to the existing obligation. The regulations provide that if the refinancing proceeds are not applied to repay the intended funding obligation, then it is not a Refinancing. Accordingly, we have revised the definition to ensure~~[11] Explanatory Note: The General Regulation provides that debt can be considered a "Refinancing" when incurred within the 6 months prior to the maturity date of a funding obligation. The Act/Regulation's definition doesn't require that "Refinancings ~~do not have to~~" be simultaneous with the repayment of ~~the existing Approved Obligation (we understand from the dealers that in most circumstances they will not be)~~existing Approved Obligations. We have added a certificate mechanic in 7.01 by which there can be certainty when an obligation is incurred that if the obligation is intended to be a refinancing, it will be covered by the guarantee.

EXHIBIT A
FORM OF PAYMENT DEMAND

TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Pursuant to and in accordance with section 2.01(a) of the Change of the Law Protection Agreement, the Indenture Trustee hereby demands payment from the Province in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in the Change of Law Protection Agreement.

DATED as of the [■] day of [■], [■].

BNY TRUST COMPANY OF CANADA

By:
Name:
Title:

By:
Name:
Title:

EXHIBIT B
~~ASSUMPTION~~SUSPENSION NOTICE

~~[NTD: Blakes to provide draft]~~

~~EXHIBIT C~~
~~SUSPENSION NOTICE~~

~~**[NTD: Blakes to provide draft]**~~

TO:	Ontario Power Generation Inc., in its capacity as Financial Services Manager
AND TO:	Fair Hydro Trust
AND TO:	Computershare Trust Company of Canada, in its capacity as trustee of Fair Hydro Trust
AND TO:	BNY Trust Company of Canada, as Indenture Trustee

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement. All references in this Suspension Notice to "Articles" or "Sections" refer to Articles or Sections of the Change of Law Protection Agreement.

The Province has a reasonable basis for concluding that an event described in Section 7.01 has occurred. Pursuant to Section 7.01, the Province hereby declares that the Limited Guarantee shall not apply in respect of any Primary Obligation incurred or amended on or after the delivery of this Suspension Notice, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied, in accordance with the terms and conditions in Article VII.

The Limited Guarantee shall hereby not apply in respect of any Primary Obligation incurred or amended on or after delivery of this Suspension Notice, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied.

This Suspension Notice is hereby delivered to the FSM, the Financing Entity and the Indenture Trustee in accordance with Section 8.02 of the Change of Law Protection Agreement.

* * * *

DATED as of the [■] day of [■], [■].

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

Document comparison by Workshare Compare on Monday, December 04, 2017 11:55:46 AM

Input:	
Document 1 ID	PowerDocs://TOR_2528/23239360/18
Description	TOR_2528-#23239360-v18-Change_of_Law_Protection_Agreement
Document 2 ID	PowerDocs://TOR_2528/23239360/22
Description	TOR_2528-#23239360-v22-Change_of_Law_Protection_Agreement
Rendering set	Standard

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

Statistics:	
	Count
Insertions	159
Deletions	170
Moved from	2
Moved to	2
Style change	0
Format changed	0
Total changes	333

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.

CHANGE OF LAW PROCESS AGREEMENT[1]

Dated as of [■], 2017

[1] ~~This Agreement and the Protection Agreement will need to be effective on closing but signed and held in escrow as soon as they are settled and prior to pricing of the term deal.~~Explanatory Note: Closing mechanics under consideration by the Province.

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**") is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.

Pursuant to a Declaration of Trust dated as of [■], 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.[2]

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of ~~Primary~~ Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions.

Prior to entering into this Agreement, OPG provided the Province with the proposed forms of certain of the Transaction Documents ~~listed on Exhibit "A"~~, and the Province has not objected to such forms ~~and has confirmed to OPG that such Transaction Documents constitute "Reference Documentation" for purposes of this Agreement~~.

~~Prior to entering into this Agreement, OPG, as the FSM, provided the Province with the initial Financing Plan attached hereto as Exhibit "B" (the "**Initial Financing Plan**"), and the Province has not objected to such Initial Financing Plan.~~

~~Prior to entering into this Agreement, OPG, as the FSM, provided to the Province (i) the initial forecast attached hereto as Exhibit "C" (the "**Initial Forecast**") setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the 24 month period following the date hereof (the "**Initial Forecast Period**"); and (ii) notice of the initial Protection Agreement Maximum of C$■ (the "**Initial Protection Agreement Maximum**").~~[3]

[2] ~~We are comfortable on this point because OPG has retained Computershare as issuer trustee. The recitals of the Declaration of Trust provide that Computershare has established the Trust at the request of the FSM. We can also provide you with a copy of the Computershare engagement letter upon request.~~

[3] ~~Given that this Agreement would now be delivered on or immediately prior to closing, we thought it would be acceptable to reference these initial items as delivered versus as future deliverables. Please note that OPG is working with the Province to deliver the initial financing plan and the initial forecast and to confirm the initial protection agreement maximum.~~

~~The Province has not objected to the Initial Forecast and the Initial Protection Agreement Maximum on the basis that (i) there does not appear to be inaccuracies in the Initial Financing Plan or the Initial Forecast, (ii) the Initial Forecast is consistent with the Initial Financing Plan, and (iii) the Initial Protection Agreement Maximum is less than the Initial Forecast.~~

This Agreement sets out the obligations OPG has agreed to perform and assurances OPG has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the Adherence Conditions have been satisfied, maintaining information related to the Program Agreements and the Approved Obligations, and ensuring that the Province's assumption rights pursuant to Article VI of the Change of Law Protection Agreement may be exercised without impediment on the terms and conditions contemplated in this Agreement and the Change of Law Protection Agreement.

All things necessary to make this Agreement a valid and legally binding agreement of OPG and the Province, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect,

including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall"~~. The~~; the word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed~~. The~~; the words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 References to the Financing Entity

For greater certainty, each reference to the Financing Entity shall be construed as a reference to the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 Effect of Headings

The Article and Section headings herein and are for convenience only and will not affect the construction hereof.

1.04 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof.

To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.06 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise

expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF OPG

2.01 Deliveries to the Province

(a) Not less than 15 Business Days, or such lesser period as the Province may agree to in writing, prior to the initial issuance of any Funding Obligation by the Financing Entity, OPG shall deliver to the Province a copy of the initial Financing Plan. Thereafter, OPG shall promptly deliver to the Province a copy of any proposed change to or replacement of the ~~Initial~~ Financing Plan.

(b) Not less than 10 Business Days, or such lesser period as the Province may agree to in writing, prior to (i) any proposed change or supplement to a previously provided Transaction Document becoming effective or otherwise being used, (ii) any additional or replacement Transaction Document becoming effective or otherwise being used, OPG shall deliver to the Province a copy of such proposed change or supplement to the Transaction Document and any such additional or replacement Transaction Document.

(c) Promptly following (i) any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor being made, (ii) any new, additional or replacement instruments, documents, agreements or security being used or granted in connection with all or any part of the Approved Obligations, or (iii) any waiver, release, reconveyance, termination, abandonment, subordination, exchange, substitution, transfer, compound, compromise, liquidation or enforcement of all or any part of the Approved Obligations or any security or guarantee therefor being effected, OPG shall deliver to the Province a detailed description of such event and the reasons for it together with any related documents, agreements and instruments.

(d) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, OPG shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations (including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(e) Promptly upon request, OPG shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

2.02 Covenants

(a) OPG shall use commercially reasonable efforts to cause the Financing Entity to:

(i) punctually perform and observe all of the Financing Entity's obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not (unless waived in writing by the Province):

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement or replacement or waiver or consent could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any change in particular financial terms, rates and levels;

(B) extend, renew, compromise, novate, replace, suspend, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, liquidate or enforce the terms of all or any part of the Approved Obligations or any Collateral, if any such action could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to the extent that only particular financial terms, rates and levels are affected;

(C) permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired; or

(D) allow the Financing Entity to enter into any Supplemental Indenture or Loan Agreement where any penalty or make-whole payment, or any requirement for further consent, approval or agreement, of the Specified Creditor party thereto would be required for the Province to assume the Obligations Secured thereunder.[4]

(b) OPG shall:

(i) comply, and shall use commercially reasonable efforts to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

(ii) punctually perform and observe all of its (including as the FSM and as Manager) obligations and agreements contained in the Program Agreements;

(iii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation; and

(iv) after the occurrence of any Protection Event[5] (or any event known to OPG that with the passage of time or the giving of notice would be a Protection Event), not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.

~~(c) For greater certainty, the parties hereto acknowledge and agree that OPG's obligations under this Agreement are subject to (i) OPG's obligations as FSM under the Act, and (ii) OPG's obligations under the Management Agreement.[6]~~

(c) ~~(d)~~ Nothing in this Agreement ~~nor in the Change of Law Protection Agreement[7]~~ shall limit the obligations of the Province under the Indemnity Agreement by the

~~[4] Please see our cover note regarding the proposed assumption by the Province. Lawyers to discuss if appropriate mechanics for the first two deals are possible given timing.~~

~~[5] OPG is not in a position to be aware of events that may lead to a Protection Event.~~

~~[6] We would like to ensure that there is an acknowledgement that OPG has certain obligations under the Act and the Management Agreement.~~

~~[7] This language has extra-contractual implications and so its meaning as between only 2 of the parties to the Protection Agreement is uncertain. Torys to explain intention. Torys: This provision is intended to clarify that neither the Protection Agreement nor the Process Agreement supersedes or otherwise amends the Province's obligations under the Provincial Indemnity Agreement. It is effectively an acknowledgment by the Province in favour of OPG and does not involve the other parties to the Protection Agreement and so we are comfortable including it here only. However, we do not have an issue with putting an equivalent clause in the Protection Agreement if that is preferable from your perspective.~~

Province in favour of OPG dated June 1, 2017 (as amended, the "**Indemnity Agreement**") and to the extent of any conflict between this Agreement~~, the Change of Law Protection Agreement~~ and such Indemnity Agreement, in respect of any matter relating to the Province's obligations to indemnify OPG, the Indemnity Agreement shall prevail.

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate[8]

OPG shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Province, on or before the incurrence or any amendment of a ~~Certified Primary Obligation~~Funding Obligation, other than any Funding Obligation under which not more than $**[5,000,000]** in the aggregate may become payable by the Financing Entity (provided that delivery may not be more than 5 Business Days before the incurrence or amendment of the ~~Certified Primary~~Funding Obligation), setting out the following with respect to such ~~Certified Primary~~Funding Obligation:

(a) the material terms of the ~~Certified Primary~~Funding Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a ~~Master~~Derivative Agreement[9]~~, events of default, termination events and any amendment to the standard terms of the Master Agreement relating to the calculation of termination amounts (and, for greater certainty, it shall not be necessary to set out the terms of any trade confirmation)~~, the notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

(b) if an existing Funding Obligation is proposed to be amended, material details respecting such amendment, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

(c) ~~(b)~~ a statement to the effect that: (i) the ~~Certified Primary~~Funding Obligation to be incurred or amended (1) will arise under terms and conditions that are

[8] ~~The Process Certificate conforms to the certificate delivered under the Change of Law Protection Agreement including the changes to ensure that the Process Certificate is only provided here when a concurrent certificate is required to be delivered by OPG under the Protection Agreement. Without this consistency, the obligations can become confusing and the intent of the parties of when Primary Obligations are subject to the adherence conditions may not be clear.~~

[9] ~~Since we agreed at our meeting that OPG only needs to provide a certificate under section 4.02 of the Change of Law Protection Agreement when they enter into a Master Agreement (and not the broader concept of the Derivative Agreement), we had to revise the language here to conform to what would be expected to be found in a Master Agreement.~~

Substantially in the Form of the Reference Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reference Documentation;

(d) ~~(c)~~ a statement confirming that any disclosure made in respect of the ~~Certified Primary~~Funding Obligation (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to the ~~Certified Primary~~Funding Obligation) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement has been made available to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made;

(e) ~~(d)~~ a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and

(f) ~~(e)~~ confirmation that, at the time the ~~Certified Primary~~Funding Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the ~~Certified Primary~~Funding Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the ~~then applicable~~ Protection Agreement Maximum applicable on the date that the Process Certificate is delivered; for clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be determined on the date the Process Certificate is delivered hereunder in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

3.02 Acknowledgement[10] regarding delivery of certificate under Change of Law protection Agreement

The Province acknowledges and agrees that, concurrent with the delivery of the Process Certificate pursuant to Section 3.01 of this Agreement, the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) are authorized to deliver the certificate referred to in Subsection [4.02(b)] of the Change of Law Protection Agreement to the Indenture Trustee confirming that OPG has delivered all required certifications to the Province in connection with adherence of the Limited Guarantee to the incurrence of the Certified Primary Obligations in respect of which the certificate in Subsection [4.02(b)] of the Change of Law Protection Agreement is being delivered; provided that, upon receipt of a Suspension Notice under the Change of Law Protection Agreement, OPG covenants not to deliver any further certificates to the Indenture Trustee under Subsection [4.02(b)] of the Change of Law Protection Agreement other than in connection with a Refinancing of a Primary Obligation in respect of which the Adherence Conditions had been satisfied at the time such Primary Obligation was incurred.[11]

3.03 Acknowledgement regarding delivery of Suspension Notice

The parties acknowledge and agree that the Province is entitled to deliver a Suspension Notice under Section 7.01 of the Change of Law Protection Agreement if a Program Breach or Breach Event has occurred. The Province agrees not to deliver a Suspension Notice pursuant to Section 7.01 of the Change of Law Protection Agreement unless a Program Breach or a Breach Event has occurred.

3.04 3.03 Meaning of "Reference Documentation"

For the purposes of Subsection 3.01(bc), the term "Reference Documentation" shall mean each Transaction Document (including any change, addition or supplement thereto) that, at the relevant time:

(a) is a Transaction Document provided to, and not objected to by, the Province prior to the making of this Agreement, as contemplated in the fifth recital to this Agreement; or

(b) is a Transaction Document provided to the Province in accordance with Subsection 2.01(b) that has not been objected to by the Province, by delivery of an objection notice in writing delivered to OPG, within 10 Business Days after it is provided to the Province.

[10] OPG needs certainty on the conditions in which it is permitted to deliver the certificate under the Change of Law adherence conditions.

[11] Since OPG receives a Suspension Notice under the Change of Law Protection Agreement, we removed the concept of such notice here other than to provide the covenant above.

3.05 3.04 Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(bc), the term "Substantially in the Form" shall mean:

(a) with respect to the Reference Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such Reference Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation, including regarding the timing of or circumstances under which related payments are or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that would affect the Province's rights of subrogation or assignment (including pursuant to **[Section**Sections 1.05, 2.01 or 5.01 **or Article VI]** of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation or upon the assumption of obligations in accordance with **[Article VI]** of the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any variable terms to be set forth in the proposed documents as are reasonably contemplated in the Reference Documentation, including the particular financial terms, rates and levels set forth in the proposed documents other than to the extent that the forms of Reference Documentation themselves specify specific requirements, limitations or parameters with respect to such financial terms, rates, levels and parameters; and

(b) with respect to the Reference Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum[12]

(a) Not less than 15 Business Days, or such lesser period as the Province may agree to in writing, prior to the proposed incurrence of the first Funding Obligation, OPG shall, as the FSM, deliver to the Province: (i) a forecast setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the next following 24 month period (the "**Initial Forecast Period**"), which expectations shall be consistent with the Financing Plan (the "**Initial Forecast**"); and (ii) notice

[12] Per an earlier footnote, the items in previous draft (a) and (b) were moved to the recitals.

of the initial Protection Agreement Maximum, which may not exceed the Initial Forecast.

(b) Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of the Initial Forecast and notice of the initial Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province may disagree with the Initial Forecast and the initial Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or the Initial Forecast, (ii) the Initial Forecast is inconsistent with the Financing Plan, or (iii) the initial Protection Agreement Maximum is more than the Initial Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the initial Protection Agreement Maximum will be revised accordingly and confirmed by an amended notice to the Province.

(c) ~~(a)~~ Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Approved Obligations that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast shall be further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum, which may not exceed such Forecast.

(d) ~~(b)~~ Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of any further Forecast and notice of the revised Protection Agreement Maximum from OPG pursuant to Section 4.01(~~a~~c), the Province may disagree with such further Forecast or revised Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or such further Forecast, (ii) the further Forecast is inconsistent with the Financing Plan, or (iii) the revised Protection Agreement Maximum is more than the further Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the revised Protection Agreement Maximum will be further revised accordingly and confirmed by an amended notice to the Province.

(e) ~~(c)~~ For clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be valued at the time to be determined for the purposes of this Section 4.01 in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of OPG

OPG represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, may cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario and has the power and authority to enter into and perform its obligations under this Agreement and all instruments and agreements delivered pursuant hereto.

(c) OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Financing Entity or in the ability of the Financing Entity to perform its obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

5.02 <u>Representations and Warranties of the Province</u>

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
PROCESS FOR ELECTION TO ASSUME APPROVED OBLIGATIONS[13]BREACH EVENTS

6.01 Election by the ProvinceBreach Events

Pursuant to Section 6.01 of the Change of Law Protection Agreement, at any time following the occurrence of a Protection Event, the Province may (but shall not be obligated) elect to assume the Financing Entity's obligations in respect of all Obligations Secured permitted to be assumed by their terms as obligor and debtor by giving notice to the Indenture Trustee. Prior to determining whether or not to exercise its election, the Province may deliver to OPG a notice in the form of Exhibit "D" (an "**Election Information Notice**"). The Election Information Notice shall, among other things, specify the date or dates on which the Province proposes to assume the Obligations Secured referred to in this Section 6.01, which date or dates shall be no earlier than 60 days[14] following delivery of the Election Information Notice to OPG (with respect to each such Obligation Secured, the "**Proposed Assumption Date**").

6.02 Details regarding Obligations Secured

Within 10 Business Days following the delivery of the Election Information Notice to OPG, OPG shall provide the following information and documentation to the Province:

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

(a) a summary of the amounts that will be owing under the Obligations Secured referred to in Section 6.01 as of the Proposed Assumption Date, together with a detailed schedule setting out the dates on which such amounts will become due and payable under such Obligations Secured;a default in the performance, or breach, of any covenants of OPG under this Agreement, which continues for thirty (30) days after written notice by the Province to OPG of such default or breach;

(b) a summary of the rights arising under the Obligations Secured referred to in Section 6.01 that permit the Province to assume such Obligations Secured, including details regarding any conditions precedent to such assignment and the related assumption becoming effective and any notices, filings, consents or other actions that will be required in order to implement and effect such assignment and assumption;any representation or warranty made by OPG in this Agreement, any

[13] Please see Torys' cover email to explain changes made in this Article and the related Article in the Protection Agreement. Section 6.05 was deleted and moved up as a covenant in section 2.02(a)(v)(D).

[14] This process will take time and require appropriate notice to holders of the applicable Obligations Secured.

certification made in a Process Certificate, or any certification made in a certificate contemplated by Subsection 4.02(b) of the Change of Law Protection Agreement, proves to be incorrect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation; or

(c) ~~current versions of all documentation under which the Obligations Secured referred to in Section 6.01 arise;~~OPG is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the Manager.

~~(d) copies of all correspondence exchanged between OPG, as the FSM, or the Financing Entity, on the one hand, and any Specified Creditor, Rating Agency or the Indenture Trustee, on the other hand, in each case that may reasonably be considered to be material to the assumption and performance of the Obligations Secured referred to in Section 6.01 by the Province; and~~

~~(e) all income tax returns and assessments, financial statements and notices of proceedings of or pertaining to the Financing Entity or its business and any documentation related thereto, including any pleadings, appeals, objections, qualifications or other similar materials in respect of the Financing Entity or any Program Agreement.~~

~~**6.03 Settlement of Terms**~~

~~Following receipt and consideration by the Province of the information and documentation to be provided under Section 6.02, the Province shall confirm in writing whether or not it expects to proceed with the assignment and assumption of the Obligations Secured referred to in Section 6.01 and, if it will be proceeding with the assignment and assumption, the date on which the Province expects that assignment and assumption will be effected. If it will be proceeding with such assignment and assumption, the Province will deliver an Assumption Notice as contemplated under Section **[6.01]** of the Change of Law Protection Agreement. A decision not to proceed with an election at any time will not limit the Province from proceeding with an election at a later date, including by issuing a further Election Information Notice, and Article VI of this Agreement shall continue to apply unaffected.~~

~~**6.04 Cooperation to Implement the Assignment and Assumption**~~

~~OPG shall cooperate with the Province and, as FSM, shall use commercially reasonable efforts to cause the Financing Entity to cooperate, and shall use its commercially reasonable efforts, to complete the assignment and assumption of the Obligations Secured referred to in Section 6.01 by and from the Financing Entity to and by the Province, by the applicable Assumption Closing Date.~~

ARTICLE VII[15]
MISCELLANEOUS

7.01 Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

7.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to OPG:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

(b) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]

[15] Breach events not required to be listed since OPG receives a Suspension Notice under the Change of Law Protection Agreement. See also the proviso in section 3.02.

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 7.02.

7.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 7.03 shall be null and void.

7.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

7.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

7.06 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

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

By: _____

Name:
Title:

By: _____

Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Conditions**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Approved Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

~~"**Assumption Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.~~

~~"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.03.~~

"**Beneficiaries**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Breach Event**" ~~means the occurrence of an event described~~has the meaning ascribed thereto in Section ~~**[8.01(b) or (c)]** of the Change of Law Protection Agreement.~~ 6.01.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Certified Primary Obligations**" ~~means Primary Obligations that are payment obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest or to repay payment obligations that were incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest,[16] (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not each individual trade confirmation, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and aggregate payments by the Financing Entity thereunder during the term of such contract is in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).[17]~~has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the FSM on behalf of the Financing Entity and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

~~[16] Query: For a warehouse facility, does the Province want a Certificate for each monthly draw?~~
~~[17] This concept reflects what Primary Obligations the parties agreed to be subject to the adherence conditions.~~

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

~~"**Election Information Notice**" has the meaning ascribed thereto in Section 6.01.~~

"**Executive Officer**" has the meaning ascribed thereto in the ~~*Securities Act* (Ontario)~~Change of Law Protection Agreement.

"**Financing Entity**" means Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(~~a~~c).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other

instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Indenture Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

~~"**Initial Financing Plan**" has the meaning ascribed thereto in the recitals of this Agreement.~~

"**Initial Forecast**" has the meaning ascribed thereto in ~~the recitals of this Agreement.~~Section 4.01(a)

"**Initial Forecast Period**" has the meaning ascribed thereto in ~~the recitals of this Agreement.~~Section 4.01(a)

~~"**Initial Protection Agreement Maximum**" has the meaning ascribed thereto in the recitals of this Agreement.~~

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

~~18~~

"**Limited Guarantee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Loan Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**Management Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Manager**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

~~"**Master Agreement**" means an agreement in the form of a 1992 ISDA Master Agreement (Multi-Currency – Cross Border) as published by ISDA or any replacement or substitute or functional equivalent of such agreement.~~

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

~~18 Definition of Legislature not used here.~~

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Proposed Assumption Date**Program Breach" has the meaning ascribed thereto in Section 6.01the Change of Law Protection Agreement.

"**Protection Agreement Maximum**" means the dollar amount referenced as the Program Agreement Maximum and determined in accordance with Article IV.

"**Protection Event**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture.

"**Reference Documentation**" has the meaning ascribed thereto in Section 3.033.04.

"**Repayment**" has the meaning ascribed to the term "repayment" in the General Regulation as of the date of this Agreement.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Substantially in the Form**" has the meaning ascribed thereto in Section 3.043.05.

"**Suspension Notice**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement;

(vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to aan ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that affects the Province's subrogation rights and/or subrogee interests, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

EXHIBIT "A"
INITIAL REFERENCE DOCUMENTATION

- Declaration of Trust;
- Management Agreement;
- Master Transfer and Servicing Agreement;
- Acknowledgement and indemnity agreement dated as of [■], 2017 made by IESO in favour of the Indenture Trustee;
- Security agreement made by IESO in favour of the Financing Entity to secure certain of its obligations under the Master Transfer and Servicing Agreement;
- Trust Indenture;
- Term Senior Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;
- Term Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;
- Term Junior Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;
- Warehouse Senior Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;
- Warehouse Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;
- Warehouse Junior Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;
- Schedule to the ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time;
- Confidential shelf offering memorandum of the Financing Entity dated as of [■], 2017, including the term sheet incorporated by reference therein; and

- ~~Agency agreement between the Financing Entity, CIBC World Markets Inc., RBC Dominion Securities Inc., Goldman Sachs Canada Inc. and the other agents named therein dated as of [■], 2017.~~

~~[NTD: List above to be confirmed.]~~

~~EXHIBIT "B"~~
~~INITIAL FINANCING PLAN~~

~~(see attached)~~

~~EXHIBIT "C"~~
~~INITIAL FORECAST~~

~~(see attached)~~

~~EXHIBIT "D"~~
~~FORM OF ELECTION INFORMATION NOTICE~~

~~[NTD: Blakes to provide draft.]~~

Document comparison by Workshare Compare on Monday, December 04, 2017 11:56:43 AM

Input:	
Document 1 ID	PowerDocs://TOR_2528/23239361/15
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Document 2 ID	PowerDocs://TOR_2528/23239361/19
Description	TOR_2528-#23239361-v19-Change_of_Law_-_Process_Agreement
Rendering set	Standard

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

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Insertions	72
Deletions	157
Moved from	4
Moved to	4
Style change	0
Format changed	0
Total changes	237

DBRS Comments on Change of Law Protection Agreement

Below are DBRS comments on the draft Change of Law Protection Agreement sent to DBRS on November 22. Our responses are noted below each comment.

(1) Will there be a legal opinion addressing the binding nature and enforceability of the Protection Agreement on its terms?

> ***Torys Response***: Yes, legal opinions regarding the enforceability of the Change of Law Protection Agreement will be delivered on closing (subject to ~~customary~~appropriate limitations for enforceability opinions delivered in respect of contracts executed by the Province).[1]

(2) Section 1.15: DBRS expects any material amendment or material waiver to the agreement to be subject to a RAC and prompt notice of any other amendments/waivers/consents.

> ***Torys Response***: ~~We will make these changes.~~The Change of Law Protection Agreement is a Program Agreement under the Trust Indenture. As such, material amendments are covered off by section 13.18 of the Trust Indenture, which states that unless the Rating Agency Condition is satisfied, the Issuer will not amend any Program Agreement (other than the Trust Indenture, Derivative Agreements and the Declaration of Trust) if any such amendment could reasonably be considered to be materially prejudicial to the rights or interests of [any] [the relevant] Specified Creditor(s), except as expressly permitted by such Specified Creditor.

(3) Section 2.01: Please provide DBRS prompt written notice of a Protection Event.

> ***Torys Response***: ~~We will make this~~This change has been made.

(4) Section 2.01 (a): "Payment Date" is not defined in this Agreement. Is the reference to the Guarantee Payment Date?

> ***Torys Response***: This was a typo. The reference to "Payment Date" ~~will be~~has been changed to "Guarantee Payment Date".

(5) Section 2.01 (a)(iv)(ii): Subrogated Amounts: this calculation is confusing and seems to missing the next prong "y". Is the subrogated amount the amount that has been actually paid to the Beneficiary by the Province in relation to the amounts payable from amounts available?

> ***Torys Response***: ~~This will be revised to refer to the lesser of (x) and (y).~~The "Subrogation Amounts" to which the Province are entitled are the amounts that would otherwise be payable to Beneficiary Payees in respect of an Approved Obligation from amounts available (from Clean Energy Adjustments collected) to pay such Beneficiary Payees. These Subrogation Amounts are determined without regard to the payments from

[1] **Note to Torys:** Please confirm that opinions to include opinions in respect of Protection Agreement against Fair Hydro Trust, and that those opinions will be available for review by the Province at closing. Note that "customary" (in "customary limitations") is not accurate given the unique nature of these arrangements.

the Province to Beneficiary Payees (now defined as "Guarantee Payments") in performing on the guarantee.

In circumstances where (i) a Protection Event has occurred; and (ii) all amounts payable under Approved Obligations are paid in full, the Province will also be entitled to receive a "Final Subrogation Amount", which is the amount by which Guarantee Payments exceed the sum of all Subrogation Amounts paid to the Province. These Final Subrogation Amounts are subject to priorities and pro rata sharing with non-guaranteed obligations (if any).

(6) To the extent the amounts paid by the Province into the Protection Account exceed the amounts payable to Beneficiary from amounts available – is that excess the subrogation amount or is that excess just returned to the Province?

Torys Response: Any excess of amounts paid by the Province into the Protection Account over amounts paid to Beneficiary Payees would be returned to the Province. Please note that the amounts paid to Beneficiary Payees is determined without reference to amounts available from Clean Energy Adjustment collections (as the "Protection Event" trigger would itself have impaired collection of Clean Energy Adjustments).

Any excess ~~amount~~over the amounts paid to Beneficiary Payees would be returned to the Province.

(7) As a general comment: With respect to subrogation amounts owing to the Province - the Province seems to maintain a subrogated claim against the Financing Entity that has the same ranking as the Beneficiary obligation that has been paid by the Province and that subrogated claim is to be paid on the same date the amounts on deposit in the Protection Account are paid to the Beneficiary (i.e. the Province's subrogated claim becomes a Specified Creditor under the Trust Indenture and potentially ranks in priority or pari passu to all other securityholders claims depending on applicable Beneficiary's obligation's respective ranking within the trust indenture waterfall). How will this subrogated claim be satisfied – from what resources? Why has the right of subrogation of the guarantor (the Province) not been postponed until after all the rated obligations have been paid in full?

Torys Response: Prior to a Protection Event, payments owing to Specified Creditors are satisfied through collection of the Clean Energy Adjustment amounts. Upon the occurrence of a Protection Event and delivery of a Payment Demand, the Province will be required to make all payments under Approved Obligations (i.e. Specified Creditors will be looking to the Province to make payments when due, instead of relying on the collection of Clean Energy Adjustment amounts). However, notwithstanding the occurrence of a Protection Event triggering the Limited Guarantee, the Fair Hydro program ~~may~~will remain in place and Clean Energy Adjustments may continue to be billed and collected. In such a circumstance, while the Province will be required to make payments under ~~all~~ Approved Obligations as they come due in amounts determined by reference to the "Approved Obligation Amounts", applied in accordance with the applicable payment waterfall priorities, the Province (in place of Specified Creditors) would be entitled to receive any Clean Energy Adjustment amounts that are billed and

collected i.e. the Clean Energy Adjustment amounts collected constitute ~~the Subrogated~~Subrogation Amounts.

(8) Section 4.02: Adherence Obligations: With respect to Funding Obligations under a certain amount that do not need to meet the Adherence Conditions, what would those Funding Obligations consist of? Are these limited amounts still treated as Primary Obligations pursuant to which the guarantee obligation applies?

Torys Response: All Funding Obligations (and all other finance amounts) constitute Primary Obligations pursuant to which the Change of Law Protection Agreement applies; however, there is a subset of Funding Obligations for which the Adherence Conditions must be satisfied.

The Agreement will be revised to make clear that there are no Adherence Conditions applicable to Funding Obligations that are not "Certified Primary Obligations". "Certified Primary Obligations" will mean Primary Obligations that are payment obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest or to repay payment obligations that were incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest, (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not each individual trade confirmation, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and aggregate payments by the Financing Entity thereunder during the term of such contract is in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).

(9) Section 4.03: Is 4.02(b)(x) a typo? There is no "x" in 4.02(b)?

Torys Response: This is a typo and ~~will be~~has been corrected.

(10) Section 5.01 (a): As per the question above on section 2.01(a)(iv)(ii), please clarify how the Subrogation Amount is calculated (if not based on the actual amount paid by the Province in respect of amounts payable).

Torys Response: Please see the response to ~~question (7) above.~~Question 5.

(11) Section 6.01: Why is it at the Province's election to provide the Indenture Trustee notice of the Province's election to assume the Financing Entity's Obligations Secured? Under what circumstances would the Province decide not to provide the Indenture Trustee notice of its election to assume? In any event, DBRS expects to receive prompt written notice of an election to assume and copy of any such Assumption Notice.

Torys Response: ~~As described in response to question (7), upon the occurrence of a Protection Event and delivery of a Payment Demand, the Limited Guarantee is triggered and the Province is obligated to make all payments in respect of Approved Obligations. However, notwithstanding the Limited Guarantee taking effect, the Financing Entity will~~

~~continue to exist and the entire program structure may stay in place (and Clean Energy Adjustment amounts may continue to be billed and collected). The assumption right of the Province has been included to provide the Province with the flexibility to wind-up the Financing Entity and dismantle the program by assuming all of the Obligations Secured. In either case, following the occurrence of a Protection Event, the Province will be obligated to make all payments in respect of Approved Obligations.~~The Assumption Election has been removed from the Agreement.

~~We will add a rating agency notice requirement and a covenant to deliver to the rating agencies a copy of the Assumption Notice as requested.~~

(12) Section 6.04: How long can the Interim Period be in effect during the implementation and completion of the assumption terms? Are the securityholders and Indenture Trustee stayed from accelerating and enforcing if there is an Event of Default under the rated notes during the Interim Period? Are there any other restrictions on the SPV Financing Entity and/or the securityholders during the Interim Period?

Torys Response: The ~~details of any assignment and assumption by the Province will be addressed in the supplemental indenture relating to a particular issuance of Funding Obligations. Securityholders and the Indenture Trustee will not be stayed from accelerating and enforcing if there is an Event of Default under the rated notes during the interim period.~~Assumption Election has been removed from the Agreement.

~~While there are no restrictions on the Financing Entity during the interim period, under a process agreement between OPG and the Province, after the occurrence of any Protection Event, OPG has agreed that it shall not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.~~

(13) Section 8.01: Under this section the Province may declare at any time for any reason that the guarantee shall not apply to any Obligation Secured incurred on after the date of such declaration (other than the refinancing of a previously incurred funding obligation) by delivering a "Suspension Notice" to the Indenture Trustee/OPG/SPV.

Please provide DBRS with prompt written notice of any such Suspension Notice.

Torys Response: ~~We will make this change.~~This change has been made. Please note that we have revised the Change of Law Protection Agreement such that the Province may deliver a Suspension Notice in certain specified circumstances (but no longer "at any time for any reason").

Please confirm how the Suspension Notice would apply with respect to refinancing, increases or issuances up the program limits under the Warehouse Supplement. For example if a suspension notice is issued does the suspension apply to any issuance of notes for the purposes of refinancing outstanding ABCP? Or does this type of refinancing fall within the carve-out from a

suspension notice, "Refinancing of a Primary Obligation" noted in this section 8.01?" Further, will issuances after the Suspension Notice but up to the program limit or already permitted increases be subject to a Suspension Notice?

> ***Torys Response***: Any debt issued on a refinancing of a Primary Obligation in respect of which the Adherence Conditions had been satisfied prior to delivery of the Suspension Notice (which will include the debt ~~issuable~~already issued under the Warehouse Supplement) will continue to have the benefit of the Limited Guarantee following the delivery of the Suspension Notice. In other words, any debt issued on the refinancing of "protected debt" will continue to be "protected debt" following the Suspension Notice (provided that the Adherence Conditions are satisified in respect of debt issued on the refinancing). Except for refinancing of protected debt, no other Primary Obligations incurred after the delivery of a Suspension Notice will have the benefit of the Limited Guarantee.

(16) Section 8.03: Please provide DBRS with prompt written notice of any such Termination Notice.

> ***Torys Response***: We ~~will make this change.~~have revised the Change of Law Protection Agreement to remove the concept of a "Termination Notice".

(17) Section 9.03: Please provide DBRS with prompt written notice of any assignment.

> ***Torys Response***: ~~We will make this~~This change has been made.

(18) Definitions: Approved Obligation Amount (subsection (b)): Where an acceleration has occurred, how will this calculation address circumstances under which the CEA is no longer able to be charged or collected? Where amounts that would be available to be paid is compromised in some way and acceleration has occurred, could the Approved Obligation Amount be nil?

> ***Torys Response***: Subsection (b) of the definition of an Approved Obligation Amount provides that this amount is to be determined on the assumption that the amount available for allocation to Specified Creditors is equal to the estimated finance amount determined in respect of such reference period divided by the number of months in the reference period. In other words, the amount payable under the Limited Guarantee following a Protection Event would be determined in the same way that the amount payable through ~~CEA~~Clean Energy Adjustment collections would have been determined prior to the Protection Event (except determined without a "true-up"). The Approved Obligation Amount is by definition a positive amount payable in respect of an Approved Obligation to a beneficiary payee based on the priorities in the applicable waterfall and could therefore not be a nil amount.

Document comparison by Workshare Compare on Monday, December 04, 2017 11:57:56 AM

Input:	
Document 1 ID	PowerDocs://TOR_2528/23263869/1
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Document 2 ID	PowerDocs://TOR_2528/23263869/2
Description	TOR_2528-#23263869-v2-DBRS_Comments_(Change_of_Law_Protection_Agreement)
Rendering set	Standard

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

Statistics:	
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Insertions	35
Deletions	26
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Moved to	0
Style change	0
Format changed	0
Total changes	61

From:	Mike Manning
To:	Ken Kandeepan
Subject:	1:00
Date:	Friday, December 08, 2017 11:33:21 AM

Hi Ken:
Still some Fair Hydro Issues to consider. Aer you available for 1:00 today for a discussion with our lawyers? Responding to the peter Milligan comments.

Mike

From:	Mike Manning
To:	"tessa.wilkie@globalcapital.com"
Cc:	Mike Manning
Subject:	A few tweaks
Date:	Tuesday, December 05, 2017 9:45:27 AM
Attachments:	Manning_Canada public sector roundtable.docx

Hi Tessa:

Good to see you last week. I've made a few small changes in the attached.

Regards, Mike

GlobalCapital Review of the Year 2017 and Outlook 2018: Canadian Public Sector Roundtable

Participants in this roundtable were

Alex Caridia, managing director, government finance DCM,
RBC Capital Markets

Mark Chandler, managing director, head of Canadian fixed income and currency research, RBC Capital Markets

Renaud de Jaham, treasurer, PSP Investments

Susan Love, vice president and treasurer, Export Development Canada

Kevin Martin, director, government finance DCM, RBC Capital Markets

Mike Manning, executive director & chief investment officer, capital markets, Ontario Financing Authority

Nic Moreau, director, funds management division, financial sector policy branch, Department of Finance

Guillaume Pichard, director, capital markets, ministry of finance, Quebec

Jigme Shingsar, managing director, US debt capital markets,
RBC Capital Markets

Garry Steski, assistant deputy minister, Province of Manitoba

Louise Stevens, treasurer, Canada Mortgage and Housing Corporation

Stephen Thompson, executive director, capital markets, Treasury Board and Finance, Province of Alberta

Tessa Wilkie, moderator, GlobalCapital

GlobalCapital: What is the outlook for the Canadian economy and those of its provinces in 2018?

Mark Chandler, RBC Capital Markets: In 2017 the Canadian economy had above potential growth in real GDP of close to 3%, leading the Bank of Canada to raise rates twice. There will be more balanced growth this year as consumer spending, which was responsible for almost two-thirds of the 3% growth in 2017, will slow. More moderate growth in the range of 2% is still a very good rate and above potential.

Nic Moreau, Department of Finance: We share this view. Over the four quarters to the end of September 2017 the Canadian economy has had an average growth rate of 2.7%. This is the fastest pace of growth since 2006. Part of this rebound is explained by Alberta, where we have seen a revaluation of oil prices, and also by the housing market, supported by monetary policy and Federal fiscal actions.

The economy cannot sustain that pace of growth through 2018: there is less slack in Alberta than there was a year ago and the housing market in Ontario slowed in the last quarter of 2017. Higher

interest rates, following Bank of Canada's rate rises in 2017, will dampen consumption and housing markets.

Growth will be more in line with potential GDP — so around 2% — for 2018.

GlobalCapital: I would like to turn to Alberta, which was downgraded by DBRS in November.

Stephen Thompson, Province of Alberta: Thank you for bringing that up. The story in Alberta is one of slow growth out of recession. We do not expect to achieve the same levels of economic activity prior to the recession until around 2019. We are forecasting moderate GDP growth —by Alberta standards — of about 2.5% through that period.

We did have a high rate of economic growth — about 4% — in 2017 because of increased production in oil and gas. That surprised us and we do not think that rate is sustainable. We are seeing some pressures on pipeline supply and that is muting the revenue impact of increased production.

The labour record is improving: we have recovered about 41,000 of 62,000 jobs lost to the recession, and we expect that growth to continue.

Oil prices have also helped us. The West Texas Intermediate (WTI) oil price forecasts moved towards our forecast level over 2017.

GlobalCapital: Do you have any comments on rising debt levels that DBRS cited in its decision to downgrade?

Thompson, Alberta: Alberta was in a net asset position before the collapse of global oil prices in 2014. Our debt to GDP is sitting around the 3.5% range. We expect that to about 11% by the end of the 2020 fiscal year — on March 31, 2020. Our debt to GDP is at an attractive level compared to other provinces. When we speak to investors — or any financial professionals — globally, we often find that they are quite envious of our debt to GDP level. In Alberta, though, it is shocking and horrifying to people who are not used to being indebted.

The speed at which we have accumulated that debt is largely what has affected our ratings and our cost of funds. We will run deficits of about 10% a year for the next few years. Our borrowing programme has increased substantially: we expect to add $60bn to our debt stock over the next three to four years. We have managed the process in the capital markets: we have diversified our investor base and we have had increased interest from international investors. Alberta is still an attractive product. It is a credit in transition.

Garry Steski, Province of Manitoba: We expect Manitoba's real GDP growth rate to remain steady at a level it has held for many years: it was 1.9% in 2016, about 2.3% in 2017 and we expect 2% in 2018. The labour market in Manitoba is good and exports are strong. Everything is going well.

Mike Manning, Ontario Financing Authority: Although there are challenges, we are cautiously optimistic for 2018.

Ontario's economy has been one of the stronger provincial economies over the last three years. We have benefited from a competitive Canadian dollar, low oil prices and supportive US economic growth. For 2017, our real GDP forecast is about 2.8%.

Growth will be solid but moderate a little in 2018: we expect a growth rate of about 2.1%. Over the next three to four years, we expect business investment, residential investment and household spending to increase. That will boost growth further.

Guillaume Pichard, Quebec: In 2018, we expect a bit of a slowdown — in line with the rest of Canada. Our forecast is about 1.8% growth in GDP.

For Quebec 2017 is going to be very hard year to beat. Our GDP growth expectation for 2017 is 2.6%. We are on pace to create over 2% of jobs in Quebec in 2017, whereas in a normal year we might expect to get 1% — around 40,000 jobs.

We hope that these conditions will last forever but we are realistic on the outlook for 2018.

GlobalCapital: Mark, you mentioned Bank of Canada's rate rises in 2017. What are your thoughts on 2018? There was a bit of a surprise rate rise in September, when Bank of Canada seemed to be departing away from the US Federal Reserve's path.

Chandler, RBC CM: As we are hearing from around the table, many people were surprised at the strength of the Canadian economy this year: the Bank of Canada was one of them.

Even though we see growth slowing next year, we expect it to be just slightly above trend pace. We are also still quite a bit below an equilibrium interest rate so we expect Bank of Canada to follow through with more rate increases in 2018. Our forecast is for three rate hikes to take the overnight repo rate to 175bp by the end of 2018.

We expect the US Federal Reserve to hike rates steadily through 2018. Bank of Canada may be cautious early on in the year — as it waits to see how regulatory changes affect the housing market and how the North American Free Trade Agreement (NAFTA) re-negotiations go — but it will end up delivering.

GlobalCapital: You mentioned NAFTA. Is there a real chance that NAFTA will be scrapped?

Chandler, RBC CM: The threat of that is increasing. There are a number of contentious issues to resolve. A bad outcome would be if we return to WTO type tariff duties — that is an increase of about 4% — and it might be worth something like 1% off GDP for Canada. That is a big number, but the impact on GDP will be spread out — probably over a period of five to 10 years.

The uncertainty is depressing capital spending.

GlobalCapital: Susan, how has this been affecting EDC? Is it a concern for you looking at 2018?

Susan Love, Export Development Canada: We are optimistic that the negotiators on NAFTA will come to agreement, but, as Mark said, the uncertainty is taking its toll.

What EDC is saying to exporters is: look at your business model, look at what it would mean to your business if NAFTA is torn up. Sort out what you might need to do if that happens. There are opportunities to diversify away from the US. We encourage exporters and help them if they want to do business into these other countries.

The US is Canada's biggest trading partner — approximately 75% of Canada's exports go to the US. That varies from region to region. Since 2002, most provinces — except for New Brunswick — have reduced their export exposure to the US. For example a quarter of British Columbia's exports go to emerging markets, and just over 50% to the US.

EDC has 19 offices outside Canada, and none in the US to date. Our offices are in Asia and South America. We want to encourage exporters to go beyond the US into some of these markets. But they may not know the language, they may not know the banking sector, they may not have contacts with businesses in those particular countries.

I am very encouraged by agreements such as CETA [the Canada-European Union Comprehensive Economic and Trade Agreement], that will also provide a lot of opportunity for Canadian exporters.

GlobalCapital: I'd like to move on to the housing market. In late November Bank of Canada's Financial System Review raised — not for the first time — housing market imbalances and household indebtedness as potential problems for the financial sector. Louise, how much of an issue is this for CMHC and your mortgage bond programme?

Louise Stevens, Canada Mortgage and Housing Corporation: CMHC publishes a housing market assessment quarterly. It is intended to message to market participants where there might be vulnerabilities in the markets, so those participants can make informed decisions and adjust their activities accordingly. Our most recent publication identifies a high degree of vulnerability for Canada as a whole, and that reflects the over-valuation and some price acceleration in Toronto, Vancouver and their surrounding markets. We are keeping a very close eye on that.

All levels of government have taken steps to address some of these vulnerabilities in the housing market — in particular, the stress testing that has been applied first to insured mortgage applicants, in 2016, and then extended to federally regulated uninsured mortgage applicants at the beginning of 2018. We are watching to see what effect that has on the housing market.

We do not expect the housing market to have a big impact on the Canadian Mortgage Bond programme. Those bonds carry a guarantee from CMHC that reflects a direct and unconditional obligation of Canada. Investors in that programme are not exposed to the mortgages that are purchased with the proceeds or the broader housing markets.

GlobalCapital: You mentioned various initiatives aimed at tackling the problems in the housing market. Do you think they have gone far enough?

Stevens, CMHC: Many of them are new and we have not seen the impact yet. It is hard to say whether it is enough or not.

Pichard, Quebec: The housing market in Quebec is balanced. The growth rate of prices in Montreal have risen, but that is the only place in Quebec where has happened. Quebec's market conditions are nowhere near those of Toronto and Vancouver. Housing in Quebec is still affordable and housing starts are strong.

We are keeping an eye on housing, though, and we have looked at what our neighbours have done to tackle overheating housing markets, in case it is something we need to deal with.

Chandler, RBC CM: We expect new home building and housing starts to slow in 2018 across Canada. The housing market is tied to the level of interest rates and to broader labour market conditions.

We expect the employment rate to improve from 6.2% to 6.3% as we go through 2018. We expect monthly employment gains to average 10,000 to 12,000.

A well-functioning employment market does help to keep mortgage delinquencies low — which they are. We do not expect an outright collapse of the housing market. We will see a modest drag coming from declining residential constructions — maybe 20% off the growth overall from that source.

Stevens, CMHC: In addition to that improvement in labour market conditions we expect to see high growth in net migration, which will be supportive of the housing markets.

In Toronto and Vancouver there is not enough supply. As a result a large portion of home prices are tied to the land value. In Toronto and Vancouver, about 80% of the property price is tied to the actual land, versus say in Montreal where it is around 30%. We expect to see a shift in the composition of housing away from single detached homes towards condominiums.

GlobalCapital: The government announced the Canada Infrastructure Bank in 2016 and said that it would be operational towards the end of 2017. When will it get there?

Moreau, Department of Finance: The Canada Infrastructure Bank Act is in place. The CIB headquarters are being established. Over the coming months the CIB will begin to work with partners to bring new investment to Canadian infrastructure.

Thompson, Alberta: I would be interested to see what projects come out of the establishment of the CIB. We have a robust capital programme in Alberta — it was one of the reasons we began borrowing in earnest in the capital markets — and what we have found in Alberta is that projects do not proceed as quickly as we had thought. I am curious to see what sort of crowding in is going to happen with CIB projects.

Manning, Ontario: Some of the gains are going to be long term. In infrastructure, the productivity enhancing gains are the most important. A study by the Centre for Spatial Economics found that every $1 spent on infrastructure in Ontario can lead to a $6 enhancement of future GDP. CIB will also drive a short term pick-up in construction activity, which is welcomed by all provinces in helping the economy.

Pichard, Quebec: I agree. You have to look at the long term impact. Quebec has a $90bn information infrastructure plan for implementation over the next 10 years. If ever the Canadian Infrastructure Bank want to get involved in any of our infrastructure projects — we always welcome any partnership with the Federal government

GlobalCapital: I would like to open this next question up to everyone: what are you most worried about for 2018? What is keeping you up at night?

Alex Caridia, RBC Capital Markets: Geopolitical risk is what will be keeping me up at night in 2018 — be that in Asia — in North Korea, in the Middle East or even in eastern Europe. We find we are watching developments in those regions more and more closely as we are deciding on issue timings and advising borrowers on their issuance programmes.

Love, EDC: That is a worry. What worries me more is threats on the technology side. Cyber terrorism is a real concern, especially when I think about how reliant on technology we all are. The difference in our trading room versus five years ago is marked — how little the phones ring because everything is done electronically.

There are safeguards but technology is moving so quickly that it is hard to keep your organisation truly protected. You cannot underestimate that risk, given how quickly this area is developing.

Chandler, RBC CM: Around the table we have a group of very large government issuers. Some of the biggest purchasers government debt have been central banks, and there is at least one central bank globally that is starting to pare back its purchases. Another is scheduled to begin paring back in September 2018 — although we believe the European Central Bank may extend its purchasing programme beyond that.

This will not impact Canadian public sector borrowers directly but it will indirectly. We have a lot of happy buyers — some new and some longstanding — of Canadian Federal and provincial debt that

are doing so because central banks are buying government debt elsewhere in the world. That is a threat to think about as we head into 2018, particularly as we move into a rising yields environment.

Pichard, Quebec: I am concerned about the NAFTA situation. Quebec and Canada have been enjoying favourable economic conditions and we have put a lot of work in to get growth going. It would be so sad to have problems with NAFTA rain on our parade, particularly because as a province it is something we have very little control over.

Moreau, Department of Finance: For the first time in a long time, there is also upside risk. Economies in Europe and the US have been growing at a higher than expected pace over the past year. Maybe that recovery is more sustainable than we have been expecting. That could be positive for Canada.

Renaud de Jaham, PSP Investments: The biggest risk for the Canadian economy today is a failure to renegotiate NAFTA. The uncertainty around that process is terrifying.

Thompson, Alberta: I work in the financial markets but 90% of what comes out of my mouth is about oil. That is our biggest worry in Alberta.

We have had a big pick-up in oil production in Alberta. We are expecting 750,000 more barrels a day to come online over the next few years, taking our total production to about 4m barrels a day. We have the third largest reserves in the world. Our economy has always been the engine of growth for Canada. Another global collapse in oil prices would be devastating.

One issue we are facing is getting that oil out to market and to new markets. A failure of our pipeline projects would have a direct impact on the price of heavy oil — that would have almost as big an impact on our budget as the WTI price.

We have had a bit of a lift from Mr Trump — of all people — because the Keystone XL pipeline project was dead under the Obama administration and that seems to be clearing its final hurdles. That pipeline would get our products to the US Gulf Coast refineries that want it so badly. Then of course our pipelines to BC would get our oil to tide water for the first time and open up new markets.

The trade environment between Canada and the US could sour and so far we have avoided including energy in that discussion. I'm worried about the potential for energy to be dragged into it.

Steski, Manitoba: From a treasury management perspective our concern is access to markets and the issues around liquidity. We are also keeping an eye on potential changes in the regulatory environment. We rely very heavily on the use of derivatives and we are worried that we do not have much steer or certainty on what rules may come along.

GlobalCapital: Moving on to domestic markets: when you speak to investors how concerned are they about market liquidity?

de Jaham, PSP Investments: Liquidity is of paramount importance to investors so they like to see broad syndicates when borrowers issue. We do not have a big issuance programme but we know we have to reach out to as many investors as possible. Whenever we can we print in benchmark size. We also work together with our dealers to monitor secondary markets.

Thompson, Alberta: Over the past two years we have met a lot of investors globally. Our issuance programme ramped up very quickly and we had to introduce the credit to global markets. In those meetings the investors have been more focused on liquidity than on credit.

Credit is something that they can understand, that their analysts can very finely tune, but liquidity is something that is a little more tenuous. We structure our programme to try to achieve the maximum liquidity for issues — we do that by printing large issues with broad distributions and doing nothing off the run, nothing fancy.

GlobalCapital: So the issuers here are printing fewer bonds but bigger bonds to ensure liquidity?

Manning, Ontario: Liquidity has been a prime concern of ours for years now. We aim to do this in part by building a curve of large benchmark bonds across the domestic bond market.

Pichard, Quebec: Quebec has been doing the same thing: providing very deep and liquid benchmarks in the Canadian and international markets.

The liquidity issue faded away a bit in 2017 as it was a very good year for funding and the investors were very receptive to issuance. Liquidity is always a concern for investors so we kept it in the back of our minds when executing deals. We print in benchmark size to make sure investors can always get a fair price on our bonds.

Stevens, CMHC: Liquidity has improved over the last year but it is still key for investors. The Canada Mortgage Bond programme has issued liquid, benchmark size deals since its inception. We will continue to offer those large, liquid benchmarks. It is what investors are looking for.

We do investor surveys and we speak to investors to ensure that they are receiving the liquidity they want. Generally speaking, we get very positive feedback about our programme's liquidity. Many investors view the liquidity in CMB issues as comparable to off the run Government of Canada bonds.

Jigme Shingsar, RBC Capital Markets: Investors have always been concerned about liquidity. It has been less of an issue over the past year or so — perhaps due to issuers' efforts in structuring their programmes to ensure decent liquidity.

There were concerns about the impact of regulation on banks' ability to devote a lot of balance sheet to secondary market trading. For the most part liquidity in the Canadian market has been robust. If anything offer side liquidity has been the bigger problem because there has been such strong demand for Canadian paper.

At the back of investors' minds, there is the concern that if everyone is going the same way then the banks' ability to stand in and buy bonds is potentially not the same as it used to be. But for now liquidity is strong.

Love, EDC: The trick is to be nimble: you have got to listen to what investors want and try to adapt your programme so that it works for you and your investors.

For example, we typically issue a dollar global benchmark at the $1bn mark. But we began to hear from investors that they would like to see more liquidity so we printed two globals in 2017 of $1.25bn.

It has been the same with our green bonds programme. We started issuing $300m green bonds. Investors said they would like the liquidity that comes with a bigger size so we increased our issues to $500m.

In the other markets where you open a line at a lower size we have a commitment to tap an issue so that it moves up to the benchmark size.

Shingsar, RBC CM: You cannot create liquidity artificially. The best guarantee of it is a broad distribution. That is why issuers spend so much time on investor relations these days.

Stevens, CMHC : Having a broad, diverse investor base has been key to the maintaining liquidity in our bond programme.

Love, EDC: We have noticed a decline in demand for private placements — especially in the last year. Investors want club style deals so that they can have a bigger size.

Caridia, RBC CM: Demand for private placements has been declining for some time — particularly for structured products and some of the more esoteric currencies.

The Canadian provincial bond sector is small in terms of total issuance size compared with other sectors globally. But it is much more liquid, there is much more secondary turnover and bid/offer spreads are much tighter than other sectors you might compare it with. That is probably also a reflection of the health of the banking system in Canada.

GlobalCapital: We have had an unprecedented run of very low interest rates over the past several years. It looks like that soon end. How does that affect your borrowing plans for the next year? Are you tempted to look at pre-funding or is the cost of carry too painful?

Steski, Manitoba: We have used pre-funding for the last four or five fiscal years. We aim to end a fiscal year with about three months of the new fiscal year's cash flow funded — plus to have funded any refinancings needed through that period. It is not a hard and fast rule but we do it to the extent that we can.

Manning, Ontario: We have done more pre-funding in 2017 than ever. That is not because of our outlook on spreads or interest rates but because of elevated geopolitical risk. We also have an election scheduled for 2018 and we are aware that it could impact market access. We have essentially completed our C$25.8 bn programme for this fiscal year. We are about 30% ahead of pace and we will continue borrowing in the first quarter of 2018.

Thompson, Alberta: In Alberta we try to be three to six months ahead of our funding requirements — although we view our funding needs over a three year budget period rather than annually.

Alberta does not have the cash reserves that it used to. In better times we had a contingency account as a reserve to survive financial crises or just to draw down funds when money was expensive or difficult to raise. We do not have that luxury anymore so it is more critical than ever that we be well ahead of our requirements at all times.

Pichard, Quebec: We have pre-funded for many years and we have never regretted that strategy. It allows you to take advantage of bull market conditions and it helps you to manage the size of the borrowing programme you have planned for the next year — particularly because our borrowing programmes vary a lot. For example in 2017 we had a C$10.3bn programme but in 2018 it will be over C$20bn. We need to keep ahead.

Investors view you more favourably if they know you can pre-fund. The choice to pre-fund has never been about rates or spreads — it has always been a strategic approach to be able to borrow when market conditions are favourable.

Kevin Martin, RBC Capital Markets: Not just Quebec, but Ontario and Alberta as well are forecasting larger borrowing programmes in 2018. That should be a consideration for all issuers here.

Stevens, CMHC: We get our authorisation on how much we can borrower annually from the Minister of Finance. It's C$40bn for 2017 and we will not go beyond that.

However, about 18 months ago we introduced sizing language in our benchmark issues that allows us to be more flexible on size to better reflect investor demand on a particular deal.

One of the key aims of the CMB programme is to be very consistent and transparent in our approach to the market. We do not look to deviate too far from our standard sizing. That new language gives us a bit of flexibility to strike when the iron is hot — but it does not allow us to get too dramatically ahead of pace.

Love, EDC: EDC is in the same position: the minister authorises our borrowing target based on our requirements. This allows us to be as transparent as we can with investors on what we are planning to borrow in a calendar year. There is some flexibility — if we are getting towards the end of a year and we expect that some opportunities may not be there in early January, for example for black-out purposes, there is a little bit of flexibility on pre-funding. But it is not a big part of our funding strategy.

***GlobalCapital*:** Kevin, what is the outlook for the domestic market? Are you seeing more interest from investors?

Martin, RBC CM: The theme for 2017 has been compressing spreads. The provinces did a lot of offshore funding in 2017 — that partly explains that spread compression.

We have also seen a pick-up in demand from domestic investors and I don't see anything changing as we move into the first quarter of 2018. Our call right now is for spreads to remain steady and perhaps even move a bit tighter as we move through 2018.

GlobalCapital: For the issuers here what other problems or queries do investors — particularly investors looking to participate in the domestic market — bring up when you meet them?

Thompson, Alberta: It is difficult for international investors to buy public sector issues in the Canadian primary markets. That is because of the way we transact. I have not come up with a good solution to that problem.

Stevens, CMHC: CMBs are a little different to provincial issues in that we have a 24 hour marketing period. That allows international investors to participate. Roughly 30% to 35% of our issuance is placed outside Canada for a solely Canadian dollar programme.

de Jaham, PSP Investments: We have gone from having zero foreign investors to very decent participation from foreign investors in our bonds. We did that by reviewing the issuing process — we made sure it was a 24 to 48 hour process with a mandate announcement. Then we make sure that the books are open at least 24 hours so that Asian accounts and European accounts have time to come into the deal.

Manning, Ontario: It is challenging for international investors in different time zones to get into the primary provincial market. Leaving orders with dealers could be a solution. It would require investors to accept some volatility around spreads and outright levels, but the pricing level where the issue is actually priced is very transparent and it would be easy for foreign investors to confirm the pricing that they got was fair.

Thompson, Alberta: Have you tried that?

Manning, Ontario: We have talked to investors about it.

Caridia, RBC CM: We have seen that work a few times. We've seen some investors — particularly those based in Asia — able to participate in domestic provincial offerings. These investors do not have much opportunity to buy a public sector Canadian dollar-denominated issue away from s the federal issues. We are seeing more and more interest from international investors in the currency and in the issuers based here.

Pichard, Quebec: I am surprised no one has mentioned carve-outs. We used carve-outs initially so that foreign investors could access our bonds. That is one tool all the provinces are doing now to get international investors playing in the Canadian market.

Caridia, RBC CM: International interest in the secondary market is increasing — particularly from investors based in North Asia. It is still hard for them to participate in some of the primary issues. The good thing about the provincial market is that there is so much liquidity that international investors can easily participate in the secondary market.

We have also seen interest from international investors for Canadian issues denominated in euros. The overall interest rates are so low in euros that investors buying Canadian paper can pick up a decent spread versus some of the European sub-sovereigns.

GlobalCapital: Speaking of other currencies, I'd like to ask the borrowers here what your plans are for international issuance next year. We have just had a bumper year for Canadian issuers in euros, dollars and sterling. Which is looking most attractive for 2018?

Thompson, Alberta: We aim to issue 30% to 40% of Alberta's programme in foreign denominated currencies in the 2017 fiscal year. We are a little behind on that — at about 25% — but we have some room before the fiscal year ends on March 31, 2018.

We issue internationally to diversify the investor base. Alberta bonds were not easy to come by until a couple of years ago. Canada is not as large a market as we like to think it is. Our domestic spreads have tightened as we have moved and more issuance offshore.

Our dollar issuance strategy is similar to that of our domestic programme. We do large liquid issues of $1bn minimum size, with benchmark terms, and tenors of three, five or 10 years.

We thought that euros would be our third currency of choice as it is the deepest market. We have had a hard time getting the arbitrage of a euro benchmark to work. The regulations make it difficult. The marketing is difficult.

The opportunity to print a debut sterling issue in 2017 just came to us. It is cold in Alberta in February so we went to London. Our debut was a screamer of a deal and we were delighted with it. We were particularly pleased with the number of investors buying it that had never purchased Alberta bonds before or had never bought a Canadian provincial bond before.

It turns out the sterling market is a bit finicky — we had a fantastic deal in February but a few months later we went to the same market and had a less stellar performance. We still got bonds away but it does not seem that the sterling market has the depth of, say, the euro market.

GlobalCapital: Is a euro deal something you are looking at for 2018?

Thompson, Alberta: Absolutely. We have loosened our arbitrage target. Traditionally if a foreign issue would swap back at a level through Canadian break-evens, then we would print it. We have softened our arbitrage targets because our programme has grown in size and because we are trying to access new markets. So we will pay up for size.

For example with a dollar issue, if dollars are weak and we print $1bn — that is about C$1.3bn. It would be difficult for us to do a Canadian issue of that size so we are willing to pay up a little bit to get the programme done. But we do not pay up so much that it would be unfair to our domestic investor base. Euros is something we are looking at, but in 2017 the pricing was too far off for us.

GlobalCapital: Quebec had a good year in euros in 2017

Pichard, Quebec: In 2017 we printed our biggest ever euro deal — a €2.25bn benchmark. Proceeds were nearly C$3.5bn. In Canadian dollars our benchmark size is $500m so the one euro deal was close to seven in the Canadian market.

Our 2017 issuance in euros has been very cost effective but if the arbitrage moved away we would pay up. We have paid up in the past. We view euros as a core market.

We want to do a benchmark in either dollars or euros every year. We want to be active in those markets, build a curve and keep the Quebec name in investors' minds.

In dollars we have been offering shorter dated floating rate notes in addition to five and 10 year fixed rate benchmarks. We have reached new investors — new central banks — through those issues. As a province you cannot rely on the Canadian market to fund your whole programme year after year.

Love, EDC : EDC's funding needs are primarily in dollars. Over the last three years between 70% and just over 80% of our funding has been in dollars.

That said, we have needs in many other currencies. We have issued in nine other currencies in the last three years to try to match up our funding with the currency of our assets. We have issued in euros, we have a commitment to issue in the Australian dollar market and sterling as well.

We met with sterling investors in June 2017 and they mentioned to us that they would be interested in a floating rate sterling deal from us — all our previous sterling prints had been fixed rate. In October we issued our first floating-rate sterling deal. It was really well received: we printed over £700m.

We have a commitment to print in emerging market currencies — even if we do not have assets in that currency — because of the nature of our business. We have issued dim sum bonds in anticipation of future business in China in renminbi. It takes a while to establish a presence in a market and so our dim sum issuance is part of our strategy to open ourselves up to new markets.

Steski, Manitoba: We do not target international funding but we take advantage of it whenever it works for us. In 2017 just over 50% of our funding came from international markets. Not euros — we have done US dollars, we have done sterling and we have done some Australian dollar one-offs. We will access any of those products as long as it remains cost-effective for us.

de Jaham, PSP Investments: Our biggest currency exposure is dollars. We are about to establish a global debt programme in dollars. It is quite a heavy process as we have to review some processes internally. In 2018, we expect to issue our term debt in the domestic market but you can probably expect an inaugural dollar global in 2019.

As we are a new issuer in dollars we first established programmes at the short end of the curve. We have a US Commercial Paper programme. The arbitrage works very well at that part of the curve.

Manning, Ontario: Ontario did 35% of its borrowing in international markets in 2017. That is the highest proportion of international issuance for us in about seven years. In 2017 we were able to return to the sterling market for the first time in six years.

We did two Swiss franc deals in 2017. That was the first time we have issued in that currency in seven years. We also did our first euro deal in 2.5 years, as well as printing in dollars and Australian dollars. We do not target too precisely how much we are going to issue internationally but we think a range of 25% to 35% makes sense.

GlobalCapital: That is a lot of markets to have returned to after several years' absence. What is behind it?

Manning, Ontario: The cost-effectiveness of a lot of these markets has improved. The euro market, for example, is a great market but sometimes it is very expensive for us.

Moreau, Department of Finance: Canada in 2017 issued internationally for the first time since 2015. We did a $3bn five year global. We only borrowed for our foreign reserves since all our programme needs are covered domestically for the domestic debt.

GlobalCapital: Are you planning to issue internationally in 2018?

Moreau, Department of Finance: We will look at our financial needs.

Martin, RBC CM: 2017 was a banner year for international issuance. The provinces have printed C$29bn offshore. That is a record. We had very heavy issuance in the May–August period and then not too much since. It is a function of what is happening in spreads and the swap market.

GlobalCapital: Will 2018 be another bumper year?

Martin, RBC CM: If the conditions are right we could have the same amount of international issuance. But I suspect 2017 may be an outlier.

Caridia, RBC CM: About 35% of provincial borrowing was in offshore markets this year. That is high compared to the last five or six years. What we are hearing around the table is that there has been a lot of focus on the dollar market. I expect that to carry through to 2018. Dollars is deemed a strategic currency and out of that C$29bn of international issuance, around C$18bn-C$19bn was in dollars. I would not be surprised to see that number again in dollars by the end of 2018. For the other currencies — euros, Australian dollars, sterling — it really depends on the arbitrage.

Shingsar, RBC CM: Doing such a range of currencies has allowed the borrowers here to engage a broader group of investors than we have ever seen. Some investors, particularly Asian investors, start out buying an issuer's paper in the Australian dollar market, but then go on to buy it in the dollar market or the domestic market too.

Some large investors are returning. These investors used to be very active in the Canadian domestic market and in Canadian offshore issuance but have been in hibernation for some time. There is a fundamental shift in the demand patterns.

GlobalCapital: Why has the demand changed?

Shingsar, RBC CM: Investors are looking for alternatives because of low yields in some parts of the world or the need to diversify out of some areas because of geopolitical risk.

GlobalCapital: Do you expect that trend to continue into 2018?

Shingsar, RBC CM: It is hard to say that things will increase, since we are already at a high, but we do not expect that trend to reverse in a big way.

GlobalCapital: What are issuers here planning for green bond issuance in 2018?

Pichard, Quebec: We issued our first green bond in February 2017. It was a very successful issue in Canadian dollars in global format. We piggy-backed on Ontario's experience, so thanks for that, Mike.

Manning, Ontario: We did the same with EDC's experience which was helpful for our first green bond.

Pichard, Quebec: Green bonds is a fun market but it is a lot of work. We worked for close to two years to set something up that would reach the necessary high standards. You do not want to do a green bond and then embarrass the minister of finance because your programme fell short of those very high standards.

You also need projects to fund. You cannot borrow the money, put it in a designated account and wait for projects.

Thompson, Alberta: I have a fundamental issue with green bonds and with the SRI sector. As a treasury professional, I do not see where social policy belongs in my mandate and I have yet to see a project funded by a green bond that could not have otherwise been funded.

Green issuance affects liquidity and we will avoid them on those grounds alone. It also affects pricing.

To Guillaume's point, there is a tremendous amount of work to prove that the project you are funding — which you could have easily funded with a conventional bond — is green.

In Alberta, we had a political shift with the election of the last government and that government has, as part of its mandate, social agendas. Those are being rolled out and funded with our conventional bonds.

GlobalCapital: On Stephen's point about pricing: there has been a lot of discussion about whether green bonds will eventually price through issuers' conventional curves. Is anybody seeing that level of demand yet or do you expect to see it in the near future? Alex is nodding.

Caridia, RBC CM: There has been debate for several years over the premium green bonds should command — for investors and issuers. Issuers would say: "I'm going to have to put a lot of work in to print this issue so I would like to save some money because I've had to put a lot of processes in place." Investors would say: "Well, I'm buying a less-liquid asset so I want to be compensated for it."

Over the last year we have seen, for the first time, some issues that were priced through issuers' non-green curves. Whether that is enough to compensate issuers for the amount of additional work and processes they have to go through — you can argue either way. The trend is of pricing going tighter for green bonds.

GlobalCapital: Stephen, would you ever see enough of a pick-up to persuade you to look at issuing green bonds?

Thompson, Alberta: I will always make rational financial decisions. That has been my pledge to our minister. The day that it is a more effective financing vehicle in my analytical mind, I would have no issue with printing a green bond.

Love, EDC: I am very encouraged by the development of the market. We have been committed to this market since 2014 when we issued our first bond. Our green bonds have sparked a lot of demand from new investors for us — some existing but some new — that really wanted to put their funds into green investments.

We are starting to see green bonds price through our curve. It was sporadic at first and certainly not in the first year, but in the last year or two it has been consistent.

We issued a C$500m green bond in Canada in 2017. It was our first Canadian dollar-denominated bond in 10 years. It was priced through where we would have printed a conventional bond and the book was over C$1.3bn. Most green bond issuers are seeing that the demand is far outstripping the supply

It is a growing market with more and more investors interested in it.

Manning, Ontario: We expect to issue our fourth green bond later this fiscal year, possibly in January. It is likely to be denominated in Canadian dollars. We are always careful about managing our expectations but the trend will be towards favourable pricing for these issues. I am not 100% certain that we are there yet but we will eventually get there.

GlobalCapital: How much liquidity comes from pure SRI investors in Canada?

Love, EDC: With our Canadian dollar deal we found that there are plenty of true green investors in the Canadian market. One of our reasons for doing the bond was to bring some international attention to the Canadian green bond market.

Pichard, Quebec: We found demand from some new investors that were pure green. But also investors that buy our regular bonds asked us to do a green bond. There are few issuers that fit the criteria for green funds. Those regular investors can take greater exposure to Quebec because of our green bond.

Manning, Ontario: We do get some new investors through our Canadian dollar green bonds. We have used re-openings to increase liquidity and we monitor our dealer trading of green bonds. Many green investors are buy and hold but liquidity is pretty good.

Steski, Manitoba: We don't have any plans to issue. Our programme is small compared to most of the other issuers here and our green bond project portfolio will be shrinking in the next few years as we complete our hydro projects.

GlobalCapital: How are we seeing the investor base in green bonds change? Is it becoming greener?

Love, EDC: We give preference in allocations to pure green investors. Our traditional investors are also starting to look at this market.

Several years ago, we did not have any central banks participating in green issues and now we are seeing the central banks participate through the portion of their portfolio that they want to allocate to green.

de Jaham, PSP Investments: We are a signatory of the United Nations Principles of Responsible Investing. Green bonds fit perfectly in our investment strategy. We intend to support the green bond markets in Canada despite there being less liquidity in those bonds. However there is not enough supply to have a bucket dedicated to green bond investment. This is a challenge in the Canadian market — supply versus demand.

From:	Hanslep, Malle (MOF)
To:	Mike Manning
Subject:	Automatic reply: Fair Hydro -- Revised Program Agreements
Date:	Monday, December 18, 2017 1:40:09 PM

I will be out of the office on Monday December 18th. If you need immediate assistance please contact Mark Osbaldeston, Deputy Director at 326-7157 or my assistant Feriel Ali at 325-1453 or call our general number at 325-1455. Thank you.

From:	VINER, JON
To:	Gadi Mayman; Anna Strathy; Ken Kandeepan; Ronald Kwan; Mike Manning; John Kim; Thouin, Alena (ENERGY); McKinlay, Tom (ENERGY); Malle Hanslep (MOF); Tobias P. Whitfield (MOF); Steen Hume (CAB); Hilary Cox (ENE); Tim Christie (ENERGY); Daniel Cayley (ENERGY); John Psinas
Cc:	ASHBOURNE, STEPHEN; JACKSON, ADAM; PALMER, AARON; PRESTAGE, JA
Subject:	Change of Law agreements
Date:	Monday, December 04, 2017 12:06:24 PM
Attachments:	23239360-v22-Change of Law Protection Agreement.DOCX 23263869-v2-DBRS Comments (Change of Law Protection Agreement).DOCX 23239361-v19-Change of Law - Process Agreement.DOCX DBRS responses - Comments.pdf Protection - BL v Dec 3 draft.pdf Process - BL v Dec 3 draft.pdf Protection - BL v Torys draft (Nov 24).pdf Process - BL v Torys draft (Nov 24).pdf

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All,

Please find attached clean and blacklined copies of the Change of Law Protection and Process Agreements that can be circulated to OPG.

I've attached blacklines against: (i) the OPG/Torys November 24 draft (for circulation to OPG/Torys); and (ii) yesterday's December 3 draft (for your review).

I have also attached our comments on Torys' proposed responses to DBRS. You may wish to send this with the revised Change of Law agreements, or alternatively, we can circulate this to Torys.

Kind regards,

Jon

Jon Viner
Associate
jon.viner@blakes.com
Dir: 416-863-2499

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Blake, Cassels & Graydon LLP | Barristers & Solicitors | Patent & Trade-mark Agents
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Draft: December 4, 2017

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE[1]

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

[1] Explanatory Note: Logistics of closing are under consideration by the Province.

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust under the laws of the Province of Ontario (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council dated as of 1981/2017 (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Primary Obligations that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred. This Agreement sets out the terms and conditions of such protections and assurances.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 Intentionally Deleted

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture as of the date of this Agreement.

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 2.01 or Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee, the Financing Entity, the Financing Entity Trustee, the Manager or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the “Change of Law Protection Agreement” referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or

release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee shall (unless the Rating Agency Condition has been satisfied with respect to a demand not being made as a result of the Protection Event), deliver a written demand, substantially in the form attached as Exhibit A (a "**Payment Demand**"), to the Province requiring the Province to make payments in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in this Agreement. From and after such delivery of a Payment Demand, the Province shall make the following payments in respect of the Approved Obligations (the "**Limited Guarantee**"), and the Financing Entity shall pay, and the Province shall be entitled to be paid, the Subrogation Entitlements specified below:

i. Not less than 3 Business Days prior to each day when any payment or payments are to be made in respect of one or more Approved Obligations occurring after such delivery of a Payment Demand (each such day, a "**Guarantee Payment Date**"), the Manager shall deliver a written statement setting forth the Aggregate Approved Obligations Amount, if any, in respect of the Approved Obligations that are due and payable on such Guarantee Payment Date, together with a detailed description identifying such Approved Obligations and the nature and amount of payments due and payable thereunder on the Guarantee Payment Date, the aggregate outstanding amount payable by the Financing Entity under such Approved Obligations as of the date of such written statement, and details regarding any default in performance by any party obligated thereunder.

ii. On each such Guarantee Payment Date, the Province shall deposit the Aggregate Approved Obligations Amount into the Protection Account.

iii. On each such Guarantee Payment Date, the Financing Entity and the Indenture Trustee shall ensure that the amounts on deposit in the Protection Account are applied to pay each Beneficiary to whom an amount is due and payable under an Approved Obligation on the Guarantee Payment Date the Approved Obligation Amount for such Beneficiary in respect of such Approved Obligation on such Guarantee Payment Date; provided that if the amount deposited pursuant to clause 2.01(a)ii is insufficient to pay all such Approved Obligation Amounts in full, the amount on deposit in the Protection Account on the Guarantee Payment Date shall be applied to pay Beneficiaries in the order of priority in which such Approved Obligations are payable under the payment provisions of the Trust Indenture applicable to the making of such payments on the Guarantee Payment Date (each, a "**Beneficiary Payee**" and each payment made to a Beneficiary Payee on a Guarantee Payment Date, a "**Guarantee Payment**").

iv. On any Guarantee Payment Date on which an amount is paid by the Province pursuant to clause 2.01(a)ii, the applicable payment provisions of the Trust Indenture shall, notwithstanding the express terms of such provisions set forth in the Trust Indenture, be applied and operate on the following basis:

(A) [2]the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available under

[2] Explanatory Note: In a particular period, the cash available from CEAs may exceed the aggregate Finance Amounts payable - for example, as a result of the "true-up" under the Act, which will determine the actual amount of cash available. The basic structure is that the Province will pay all Approved Obligation Amounts, and will be entitled to receive all cash flows available to the Beneficiary Payees. Limiting the subrogation amounts to the lesser of such available cash and the Guarantee Payments could result in leakage of the cash that the Province looks to under this arrangement.

such payment provisions on such Guarantee Payment Date shall be reduced by the amount of the Guarantee Payment paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on such Guarantee Payment Date;

(B) the Province shall be paid the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available to pay the Beneficiary Payee under such payment provisions on the Guarantee Payment Date, determined without regard to the Guarantee Payment paid on such Guarantee Payment Date and the corresponding reduction of the amount owing to the Beneficiary Payee pursuant to subclause 2.01(a)iv(A) (each such amount payable to the Province being a "**Subrogation Amount**");

(C) no Beneficiary having a right to be paid an amount in respect of an Approved Obligation, and no other Person entitled under an Obligation Secured, in each case that ranks equal with or subordinate to an Approved Obligation in respect of which a Subrogation Amount is payable to the Province under subclause 2.01(a)iv(B), shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under such subclause (including any right of reimbursement, contribution or indemnity) and no such Beneficiary or other Person shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of any such Subrogation Amount;

(D) [3]on the first day when any payment or payments are to be made in respect of Obligations Secured that occurs on or after the date on which all amounts payable under all Approved Obligations have been paid in full, the Province shall be entitled to be paid from amounts available to pay Obligations Secured on such day (and thereafter on each subsequent day when any payment or payments are to be made in respect of Obligations Secured, until paid in full), in each case in accordance with the applicable payment provisions of the Trust Indenture on such day, the

[3] Explanatory Note: The Province will be entitled to receive subrogation cash flows after satisfaction of all Approved Obligations. This provision provides how that these amounts will be payable from available cash flows, based on priorities that address cash entitlements opposite non-guaranteed obligations secured (e.g., after a suspension event). Conforming changes will need to be made to the Trust Indenture once these mechanics have been settled.

following amounts (each, a "**Final Subrogation Amount**"), in each case in the priorities specified below:

(I) as an amount ranking equally with [Senior Obligations][4], the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including such day in respect of Approved Obligations ranking equally with or prior to [Senior Obligations], plus (y) the sum of amounts determined in respect of interest on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount is paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related[5], exceeds (2) the sum of all Subrogation Amounts paid to the Province up to and including such day;

(II) as an amount ranking equally with [Subordinated Obligations], the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including such day in respect of Approved Obligations ranking equally with or prior to [Subordinated Obligations], plus (y) the sum of amounts determined in respect of interest on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount is paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of (x) all Subrogation Amounts paid to the Province up to and including such day, plus (y) the amount determined under (I); and

[4] Explanatory Note: Nomenclature to be conformed, once the corresponding provisions of the Trust Indenture have been settled.

[5] Explanatory Note: Nomenclature to be conformed, once the corresponding provisions of the Trust Indenture have been settled.

(III) as an amount ranking equally with [Junior Obligations], the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including such day in respect of Approved Obligations ranking equally with or prior to [Junior Obligations], plus (y) the sum of amounts determined in respect of interest on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount is paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of (x) all Subrogation Amounts paid to the Province up to and including such day, plus (y) the sum of the amounts determined under (I) plus (z) the sum of the amounts determined under (II); and

(E) no Person entitled under an Obligation Secured that ranks equal with or subordinate to a Final Subrogation Amount shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province in respect of such Final Subrogation Amount and no such Person shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of any such Final Subrogation Amount.

v. On any Guarantee Payment Date, the Indenture Trustee shall release and pay to the Province free and clear of any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay Guarantee Payments to Beneficiary Payees on the Guarantee Payment Date in accordance with clause 2.01(a)iii.

vi. In preparing any payment instructions under the Trust Indenture, the Manager shall reflect the amounts payable under Section 2.01(a).

(b) The Province shall, as a payee of Subrogation Amounts under clause 2.01(a)(iv)(B), as a payee of each Final Subrogation Amount under clause 2.01(a)(iv)(B) and as a payee of any amounts payable under clause 2.01(a)(v), be a “Specified Creditor” under the Trust Indenture and have the benefit of the Collateral thereunder.

(c) For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the Approved Obligation Amounts, if any, for payment to Beneficiary Payees and will be subject to the priorities and to the Province's rights to Subrogation Entitlements, set forth in Section 2.01(a).

(d) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(e) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation by their terms.

(f) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under and in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any amount due and payable to a Beneficiary Payee under the Limited Guarantee.

2.02 Intentionally Deleted.

2.03 <u>Absence of Set-off</u>

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 <u>Payment into Protection Account in Satisfaction</u>

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period,

not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account" for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section **[7.03]** of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Financing Entity and the Indenture Trustee shall ensure that all amounts paid by the Province into the Protection Account on a Guarantee Payment Date in respect of an Approved Obligation are applied to pay the amounts due and payable to the Beneficiaries as and to the extent provided for in Section 2.01(a). Upon a payment having been made by or on behalf of the Province into the Protection Account, the amounts so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiaries as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such Beneficiaries in respect of the applicable Approved Obligations, whereupon an affected Beneficiary shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid. For greater certainty, the obligations arising in respect of an applicable Approved Obligation shall not be reduced by such payment as the Province shall become entitled to be paid related Subrogation Entitlements and the rights contemplated under Section 2.01(a) and Section 5.01 in relation to such continuing obligations.

2.05 <u>Certain Waivers</u>

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations in accordance with Section 8.01.

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

A Primary Obligation shall constitute an Approved Obligation if (i) the Adherence Conditions applicable thereto have been satisfied at the time the Primary Obligation was incurred, or (ii) the Province, in its sole discretion, designates in writing that it is an Approved Obligation.

4.02 Adherence Conditions

The following shall be the Adherence Conditions applicable in relation to each Certified Primary Obligation:

(a) the Certified Primary Obligation when incurred is an Obligation Secured under the Trust Indenture; and

(b) OPG, as FSM, delivers a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee, on or before the incurrence of a Certified Primary Obligation (provided that delivery may not be more than 5 Business Days before the incurrence of the Certified Primary Obligation), confirming that OPG has delivered to the Province a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by

such officers in their capacity as officers of OPG acting in its capacity as FSM) confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation; and

(c) in respect of a Certified Primary Obligation other than a Refinancing of a Primary Obligation in respect of which the Adherence Conditions had been satisfied, the Province has not provided a Suspension Notice to the Indenture Trustee, OPG and the Financing Entity.

For greater certainty, (y) satisfaction of the Adherence Conditions for a Certified Primary Obligation shall be deemed satisfaction of the Adherence Conditions in respect of all principal, interest and other amounts owing under the Certified Primary Obligation, as such Certified Primary Obligation may be amended, restated, supplemented or otherwise modified from time to time, and (z) there shall be no Adherence Conditions applicable in relation to a Primary Obligation that is not a Certified Primary Obligation.

4.03 Evidence of Satisfaction

A closing certificate delivered in accordance with Section 4.02(b) in connection with an incurrence of a Certified Primary Obligation shall be determinative as to whether the applicable Adherence Conditions with respect thereto have been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same. A closing certificate that purports on its face to be signed by officers specified in Section 4.02(b) may be relied upon by any addressee without further enquiry or evidence as to the incumbency or signatures of such officers. If a closing certificate is not delivered in accordance with the timing requirements of Section 4.02(b) in respect of a Certified Primary Obligation, such certificate may be delivered at a later date, and be effective as if it had been delivered in accordance with the timing requirement of Section 4.02(b), if at the time such certificate was required to be delivered OPG had delivered to the Province all certifications required by the Province in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation.

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, including (i) the right and entitlement to be paid and receive the related Subrogation Entitlements, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all

rights and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including **[Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 7.12 (Payments Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Section 8.14 (Limited Recourse), Article IX (The Indenture Trustee), including all limitations of liability thereunder, Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition)]**; (ii) consents, requests and authorizes the Issuer and the Indenture Trustee to (x) add the Province to the register of Specified Creditors described in subsection **[13.13(b)]** of the Trust Indenture and (y) disseminate the notice details of the Province to other Specified Creditors for the purposes set out in subsection **[9.14(b)]** of the Trust Indenture, and (iii) confirms that it will execute and deliver, or cause to be executed and delivered, all such further agreements, documents and instruments in connection with this Section 5.01 as the Indenture Trustee may request from time to time for the purpose of giving effect to the terms of this Section 5.01.

5.02 <u>Priorities</u>

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation shall rank equally with the rights, interests and entitlements of a Beneficiary to whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the

extent of the priorities established in relation to the Approved Obligation under the Trust Indenture in the manner and to the extent contemplated in Section 7.10(d) of the Trust Indenture.

5.03 Intentionally Deleted

5.04 Representations and Warranties

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
INDENTURE TRUSTEE MATTERS

6.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

6.02 Not Responsible for Recitals

The recitals contained herein will be taken as the statements of the Province, the Financing Entity and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

6.03 Representations and Covenants of the Indenture Trustee[6]

The Indenture Trustee represents, warrants and covenants that:

[6] Explanatory Note: The Province is content to receive the same representations as are provided by the Indenture Trustee should be under the Trust Indenture. Please conform.

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada; and

(b) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada.

ARTICLE VII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

7.01 Suspension Notice

Upon:

(a) a Program Breach;

(b) a default in the performance, or breach, of any covenants of OPG, as FSM, or OPG, in its corporate capacity, in each case to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the provision of the Limited Guarantee, which continues for thirty (30) days after written notice by the Province to OPG of such default or breach;

(c) a representation or warranty made by OPG or a certification made by one or more officers of OPG, in each case whether as FSM or in its corporate capacity, to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the provision of the Limited Guarantee, proves to be incorrect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation; or

(d) the FSM no longer being the Manager or actions having been taken by or on behalf of the Indenture Trustee to remove the FSM as the Manager,

the Province may declare that the Limited Guarantee under this Agreement shall not apply to any Primary Obligations incurred on or after such declaration, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied (provided that the Refinancing is an Approved Obligation), by delivering a written notice in the form of Exhibit B (a "**Suspension Notice**") to the Indenture Trustee, the FSM and the Financing Entity.

The Limited Guarantee shall apply to any Certified Primary Obligation incurred after a Suspension Event on the basis that it is a Refinancing (provided that such Refinancing is an Approved Obligation) only if the FSM certifies to the Province in writing prior to the incurrence that the proceeds of such incurrence will be used solely for the purposes of repaying one or more Certified Primary Obligations incurred prior to the Suspension Event and to which the Limited Guarantee adhered as of the time the Suspension Event occurred, and the delivery of such written

certification by the FSM to the Province shall be determinative for the purposes of concluding that such incurrence is a Refinancing for the purposes of Sections 7.01, 7.02 and 7.03.

7.02 Suspension

If a Suspension Notice has been provided under Section 7.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of any Primary Obligation incurred or amended on or after the time such Suspension Notice is delivered, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied (provided that the Refinancing is an Approved Obligation).

7.03 No Impact on Adherence

For greater certainty, the occurrence of a Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event or in respect of any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied (provided that the Refinancing is an Approved Obligation).

ARTICLE VIII
MISCELLANEOUS

8.01 Term of Agreement

This Agreement will continue until the date that no amount is or may become due and payable by the Province under the Limited Guarantee.

8.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: Manager, Corporate Trust
Fax: (416) 981-9777
Email: corporatetrust.toronto@computershare.com

(b) if to the FSM:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

(c) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 8.02.

8.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section 8.03 shall be null and void.

8.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

8.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

8.07 Notice to Rating Agencies

OPG, as FSM, shall deliver prompt written notice to the Rating Agencies on occurrence of (i) a Protection Event; (ii) receipt of a Suspension Notice delivered by the Province pursuant to Section 7.01; and (iii) an assignment of this Agreement by any party pursuant to Section 8.03.

8.08 Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their benefits hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

8.09 <u>Delivery of Executed Copies</u>

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, IN ITS CAPACITY AS TRUSTEE OF FAIR HYDRO TRUST, AS ISSUER, BY ONTARIO POWER GENERATION INC., NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Action**" has the meaning ascribed thereto under the Trust Indenture.

"**Adherence Conditions**", means, in respect of a Certified Primary Obligation, the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of a Guarantee Payment Date, the aggregate of the Approved Obligation Amounts for such Guarantee Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, for a Beneficiary in respect of an Approved Obligation under which an amount is due and payable on a Guarantee Payment Date:

(a) if no Acceleration has occurred in respect of any Obligation Secured on or before the Guarantee Payment Date, the amount due and payable to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation (for greater certainty, determined on the assumption that there are adequate amounts available under the applicable payment provisions of the Trust Indenture to pay in full all amounts referred to in such payment provisions that are due and payable on the Guarantee Payment Date); and

(b) if an Acceleration has occurred in respect of any Obligations Secured on or before the Guarantee Payment Date, the amount that would be available to be paid to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation under the applicable payment provisions of the Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with such applicable payment provisions of the Trust Indenture in respect of each relevant month during each Reference Period is equal to the estimated Finance Amount determined in respect of such Reference Period for purposes of section 15(1) of the Act (in effect on the date hereof), including section 6.1 of the General Regulation (in effect on the date hereof), divided by the number of months in such Reference Period.

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Beneficiary Payee**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Certified Primary Obligations**" means Primary Obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest or to repay payment obligations that were incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest,[7] (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not each individual trade confirmation, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and aggregate payments by the Financing Entity thereunder during the term of such contract is in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).

"**Change of Law Protection Agreement**" means this Agreement.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Eligible Deposit Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Eligible Institution**" has the meaning ascribed thereto in the Trust Indenture.

"**Executive Officer**" has the meaning ascribed to the term "executive officer" in National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators.

"**Final Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(D).

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[7] Explanatory Note: Province requires a Process Certificate for each monthly draw.

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the first paragraph of this Agreement until a successor Financing Entity Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and the Declaration of Trust, and thereafter "Financing Entity Trustee" means and includes such Person.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Guarantee Payment**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Guarantee Payment Date**" has the meaning ascribed thereto in Section 2.01(a)i.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Issuer Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Issuer Funding Obligation**" has the meaning ascribed thereto in the Trust Indenture.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Lien**" has the meaning ascribed thereto in the Trust Indenture.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(a).

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity, as amended, supplemented, restated or otherwise modified from time to time.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Agreement**" means an agreement in the form of an ISDA Master Agreement as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, as amended, supplemented, restated or otherwise modified from time to time.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account or Finance Reserve Account or required to be held in the Collection Account after the application of amounts under the applicable payment provision of the Trust Indenture on an applicable payment date[8]; and (ii) any obligation to pay the Financing Entity or on the Financing Entity's direction any remaining amounts in the Collection Account pursuant to the Trust Indenture.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

[8] Explanatory Note: The Trust Indenture states that if extra cash is available in the Collections Account, it can be held until a subsequent Payment Date.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event[9], termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that materially and adversely affects (a) the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured, or (b) this Agreement or any of the agreements under which Obligations Secured arise; or

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that materially and adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Obligations Secured that have become due and payable.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

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[9] Explanatory Note: Early amortization events may be included in a supplemental indenture, so retaining that concept makes sense.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency Condition" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Reference Period**" has the meaning ascribed thereto in the Act.

"**Refinancing**"[10] has the meaning ascribed to the term "refinancing" in the Act as of the date hereof, as more particularly described and given meaning in the General Regulation as of the date hereof.[11]

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Subrogation Entitlement**" means each Subrogation Amount and each Final Subrogation Amount.

"**Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(B).

"**Supplemental Indenture**" has the meaning ascribed in the Trust Indenture.

"**Supplemental Reserve Account**" has the meaning ascribed in the Trust Indenture.

"**Suspension Event**" has the meaning ascribed thereto in Section 7.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 7.01.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

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[10] Explanatory Note: This relates to a refinancing of an existing debt obligation; not an undrawn commitment to fund.

[11] Explanatory Note: The General Regulation provides that debt can be considered a "Refinancing" when incurred within the 6 months prior to the maturity date of a funding obligation. The Act/Regulation's definition doesn't require that "Refinancings" be simultaneous with the repayment of existing Approved Obligations. We have added a certificate mechanic in 7.01 by which there can be certainty when an obligation is incurred that if the obligation is intended to be a refinancing, it will be covered by the guarantee.

EXHIBIT A
FORM OF PAYMENT DEMAND

TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Pursuant to and in accordance with section 2.01(a) of the Change of the Law Protection Agreement, the Indenture Trustee hereby demands payment from the Province in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in the Change of Law Protection Agreement.

DATED as of the [■] day of [■], [■].

BNY TRUST COMPANY OF CANADA

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT B
SUSPENSION NOTICE

TO: Ontario Power Generation Inc., in its capacity as Financial Services Manager

AND TO: Fair Hydro Trust

AND TO: Computershare Trust Company of Canada, in its capacity as trustee of Fair Hydro Trust

AND TO: BNY Trust Company of Canada, as Indenture Trustee

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement. All references in this Suspension Notice to "Articles" or "Sections" refer to Articles or Sections of the Change of Law Protection Agreement.

The Province has a reasonable basis for concluding that an event described in Section 7.01 has occurred. Pursuant to Section 7.01, the Province hereby declares that the Limited Guarantee shall not apply in respect of any Primary Obligation incurred or amended on or after the delivery of this Suspension Notice, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied, in accordance with the terms and conditions in Article VII.

The Limited Guarantee shall hereby not apply in respect of any Primary Obligation incurred or amended on or after delivery of this Suspension Notice, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied.

This Suspension Notice is hereby delivered to the FSM, the Financing Entity and the Indenture Trustee in accordance with Section 8.02 of the Change of Law Protection Agreement.

* * * *

DATED as of the [■] day of [■], [■].

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

DBRS Comments on Change of Law Protection Agreement

Below are DBRS comments on the draft Change of Law Protection Agreement sent to DBRS on November 22. Our responses are noted below each comment.

(1) Will there be a legal opinion addressing the binding nature and enforceability of the Protection Agreement on its terms?

> ***Torys Response***: Yes, legal opinions regarding the enforceability of the Change of Law Protection Agreement will be delivered on closing (subject to appropriate limitations for enforceability opinions delivered in respect of contracts executed by the Province).[1]

(2) Section 1.15: DBRS expects any material amendment or material waiver to the agreement to be subject to a RAC and prompt notice of any other amendments/waivers/consents.

> ***Torys Response***: The Change of Law Protection Agreement is a Program Agreement under the Trust Indenture. As such, material amendments are covered off by section 13.18 of the Trust Indenture, which states that unless the Rating Agency Condition is satisfied, the Issuer will not amend any Program Agreement (other than the Trust Indenture, Derivative Agreements and the Declaration of Trust) if any such amendment could reasonably be considered to be materially prejudicial to the rights or interests of [any] [the relevant] Specified Creditor(s), except as expressly permitted by such Specified Creditor.

(3) Section 2.01: Please provide DBRS prompt written notice of a Protection Event.

> ***Torys Response***: This change has been made.

(4) Section 2.01 (a): "Payment Date" is not defined in this Agreement. Is the reference to the Guarantee Payment Date?

> ***Torys Response***: This was a typo. The reference to "Payment Date" has been changed to "Guarantee Payment Date".

(5) Section 2.01 (a)(iv)(ii): Subrogated Amounts: this calculation is confusing and seems to missing the next prong "y". Is the subrogated amount the amount that has been actually paid to the Beneficiary by the Province in relation to the amounts payable from amounts available?

> ***Torys Response***: The "Subrogation Amounts" to which the Province are entitled are the amounts that would otherwise be payable to Beneficiary Payees in respect of an Approved Obligation from amounts available (from Clean Energy Adjustments collected) to pay such Beneficiary Payees. These Subrogation Amounts are determined without regard to the payments from the Province to Beneficiary Payees (now defined as "Guarantee Payments") in performing on the guarantee.

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[1] **Note to Torys:** Please confirm that opinions to include opinions in respect of Protection Agreement against Fair Hydro Trust, and that those opinions will be available for review by the Province at closing. Note that "customary" (in "customary limitations") is not accurate given the unique nature of these arrangements.

In circumstances where (i) a Protection Event has occurred; and (ii) all amounts payable under Approved Obligations are paid in full, the Province will also be entitled to receive a "Final Subrogation Amount", which is the amount by which Guarantee Payments exceed the sum of all Subrogation Amounts paid to the Province. These Final Subrogation Amounts are subject to priorities and pro rata sharing with non-guaranteed obligations (if any).

(6) To the extent the amounts paid by the Province into the Protection Account exceed the amounts payable to Beneficiary from amounts available – is that excess the subrogation amount or is that excess just returned to the Province?

Torys Response: Any excess of amounts paid by the Province into the Protection Account over amounts paid to Beneficiary Payees would be returned to the Province. Please note that the amounts paid to Beneficiary Payees is determined without reference to amounts available from Clean Energy Adjustment collections (as the "Protection Event" trigger would itself have impaired collection of Clean Energy Adjustments).

Any excess over the amounts paid to Beneficiary Payees would be returned to the Province.

(7) As a general comment: With respect to subrogation amounts owing to the Province - the Province seems to maintain a subrogated claim against the Financing Entity that has the same ranking as the Beneficiary obligation that has been paid by the Province and that subrogated claim is to be paid on the same date the amounts on deposit in the Protection Account are paid to the Beneficiary (i.e. the Province's subrogated claim becomes a Specified Creditor under the Trust Indenture and potentially ranks in priority or pari passu to all other securityholders claims depending on applicable Beneficiary's obligation's respective ranking within the trust indenture waterfall). How will this subrogated claim be satisfied – from what resources? Why has the right of subrogation of the guarantor (the Province) not been postponed until after all the rated obligations have been paid in full?

Torys Response: Prior to a Protection Event, payments owing to Specified Creditors are satisfied through collection of the Clean Energy Adjustment amounts. Upon the occurrence of a Protection Event and delivery of a Payment Demand, the Province will be required to make all payments under Approved Obligations (i.e. Specified Creditors will be looking to the Province to make payments when due, instead of relying on the collection of Clean Energy Adjustment amounts). However, notwithstanding the occurrence of a Protection Event triggering the Limited Guarantee, the Fair Hydro program will remain in place and Clean Energy Adjustments may continue to be billed and collected. In such a circumstance, while the Province will be required to make payments under Approved Obligations as they come due in amounts determined by reference to the "Approved Obligation Amounts", applied in accordance with the applicable payment waterfall priorities, the Province (in place of Specified Creditors) would be entitled to receive any Clean Energy Adjustment amounts that are billed and collected i.e. the Clean Energy Adjustment amounts collected constitute Subrogation Amounts.

(8) Section 4.02: Adherence Obligations: With respect to Funding Obligations under a certain amount that do not need to meet the Adherence Conditions, what would those Funding Obligations consist of? Are these limited amounts still treated as Primary Obligations pursuant to which the guarantee obligation applies?

> ***Torys Response***: All Funding Obligations (and all other finance amounts) constitute Primary Obligations pursuant to which the Change of Law Protection Agreement applies; however, there is a subset of Funding Obligations for which the Adherence Conditions must be satisfied.
>
> The Agreement will be revised to make clear that there are no Adherence Conditions applicable to Funding Obligations that are not "Certified Primary Obligations". "Certified Primary Obligations" will mean Primary Obligations that are payment obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest or to repay payment obligations that were incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest, (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not each individual trade confirmation, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and aggregate payments by the Financing Entity thereunder during the term of such contract is in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).

(9) Section 4.03: Is 4.02(b)(x) a typo? There is no "x" in 4.02(b)?

> ***Torys Response***: This is a typo and has been corrected.

(10) Section 5.01 (a): As per the question above on section 2.01(a)(iv)(ii), please clarify how the Subrogation Amount is calculated (if not based on the actual amount paid by the Province in respect of amounts payable).

> ***Torys Response***: Please see the response to Question 5.

(11) Section 6.01: Why is it at the Province's election to provide the Indenture Trustee notice of the Province's election to assume the Financing Entity's Obligations Secured? Under what circumstances would the Province decide not to provide the Indenture Trustee notice of its election to assume? In any event, DBRS expects to receive prompt written notice of an election to assume and copy of any such Assumption Notice.

> ***Torys Response***: The Assumption Election has been removed from the Agreement.

(12) Section 6.04: How long can the Interim Period be in effect during the implementation and completion of the assumption terms? Are the securityholders and Indenture Trustee stayed from accelerating and enforcing if there is an Event of Default under the rated notes during the Interim Period? Are there any other restrictions on the SPV Financing Entity and/or the securityholders during the Interim Period?

Torys Response: The Assumption Election has been removed from the Agreement.

(13) Section 8.01: Under this section the Province may declare at any time for any reason that the guarantee shall not apply to any Obligation Secured incurred on after the date of such declaration (other than the refinancing of a previously incurred funding obligation) by delivering a "Suspension Notice" to the Indenture Trustee/OPG/SPV.

Please provide DBRS with prompt written notice of any such Suspension Notice.

Torys Response: This change has been made. Please note that we have revised the Change of Law Protection Agreement such that the Province may deliver a Suspension Notice in certain specified circumstances (but no longer "at any time for any reason").

Please confirm how the Suspension Notice would apply with respect to refinancing, increases or issuances up the program limits under the Warehouse Supplement. For example if a suspension notice is issued does the suspension apply to any issuance of notes for the purposes of refinancing outstanding ABCP? Or does this type of refinancing fall within the carve-out from a suspension notice, "Refinancing of a Primary Obligation" noted in this section 8.01?" Further, will issuances after the Suspension Notice but up to the program limit or already permitted increases be subject to a Suspension Notice?

Torys Response: Any debt issued on a refinancing of a Primary Obligation in respect of which the Adherence Conditions had been satisfied prior to delivery of the Suspension Notice (which will include the debt already issued under the Warehouse Supplement) will continue to have the benefit of the Limited Guarantee following the delivery of the Suspension Notice. In other words, any debt issued on the refinancing of "protected debt" will continue to be "protected debt" following the Suspension Notice (provided that the Adherence Conditions are satisified in respect of debt issued on the refinancing). Except for refinancing of protected debt, no other Primary Obligations incurred after the delivery of a Suspension Notice will have the benefit of the Limited Guarantee.

(16) Section 8.03: Please provide DBRS with prompt written notice of any such Termination Notice.

Torys Response: We have revised the Change of Law Protection Agreement to remove the concept of a "Termination Notice".

(17) Section 9.03: Please provide DBRS with prompt written notice of any assignment.

Torys Response: This change has been made.

(18) Definitions: Approved Obligation Amount (subsection (b)): Where an acceleration has occurred, how will this calculation address circumstances under which the CEA is no longer able to be charged or collected? Where amounts that would be available to be paid is compromised in some way and acceleration has occurred, could the Approved Obligation Amount be nil?

Torys Response: Subsection (b) of the definition of an Approved Obligation Amount provides that this amount is to be determined on the assumption that the amount available

for allocation to Specified Creditors is equal to the estimated finance amount determined in respect of such reference period divided by the number of months in the reference period. In other words, the amount payable under the Limited Guarantee following a Protection Event would be determined in the same way that the amount payable through Clean Energy Adjustment collections would have been determined prior to the Protection Event (except determined without a “true-up”). The Approved Obligation Amount is by definition a positive amount payable in respect of an Approved Obligation to a beneficiary payee based on the priorities in the applicable waterfall and could therefore not be a nil amount.

Draft: December 4, 2017

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.

CHANGE OF LAW PROCESS AGREEMENT[1]

Dated as of [■], 2017

[1] Explanatory Note: Closing mechanics under consideration by the Province.

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**") is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.

Pursuant to a Declaration of Trust dated as of [■], 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions.

Prior to entering into this Agreement, OPG provided the Province with the proposed forms of certain of the Transaction Documents, and the Province has not objected to such forms.

This Agreement sets out the obligations OPG has agreed to perform and assurances OPG has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the Adherence Conditions have been satisfied, maintaining information related to the Program Agreements and the Approved Obligations, and ensuring that the Province's assumption rights pursuant to Article VI of the Change of Law Protection Agreement may be exercised without impediment on the terms and conditions contemplated in this Agreement and the Change of Law Protection Agreement.

All things necessary to make this Agreement a valid and legally binding agreement of OPG and the Province, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall"; the word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed; the words "herein", "hereof" and "hereunder" and other words of similar import refer to this

Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 References to the Financing Entity

For greater certainty, each reference to the Financing Entity shall be construed as a reference to the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 Effect of Headings

The Article and Section headings herein and are for convenience only and will not affect the construction hereof.

1.04 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.06 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF OPG

2.01 Deliveries to the Province

(a) Not less than 15 Business Days, or such lesser period as the Province may agree to in writing, prior to the initial issuance of any Funding Obligation by the Financing Entity, OPG shall deliver to the Province a copy of the initial Financing Plan. Thereafter, OPG shall promptly deliver to the Province a copy of any proposed change to or replacement of the Financing Plan.

(b) Not less than 10 Business Days, or such lesser period as the Province may agree to in writing, prior to (i) any proposed change or supplement to a previously provided Transaction Document becoming effective or otherwise being used, (ii) any additional or replacement Transaction Document becoming effective or otherwise being used, OPG shall deliver to the Province a copy of such proposed change or supplement to the Transaction Document and any such additional or replacement Transaction Document.

(c) Promptly following (i) any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor being made, (ii) any new, additional or replacement instruments, documents, agreements or security being used or granted in connection with all or any part of the Approved Obligations, or (iii) any waiver, release, reconveyance, termination, abandonment, subordination, exchange, substitution, transfer, compound, compromise, liquidation or enforcement of all or any part of the Approved Obligations or any security or guarantee therefor being effected, OPG shall deliver to the Province a detailed description of such event and the reasons for it together with any related documents, agreements and instruments.

(d) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, OPG shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations (including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(e) Promptly upon request, OPG shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

2.02 <u>Covenants</u>

(a) OPG shall use commercially reasonable efforts to cause the Financing Entity to:

(i) punctually perform and observe all of the Financing Entity's obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not (unless waived in writing by the Province):

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement or replacement or waiver or consent could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any change in particular financial terms, rates and levels;

(B) extend, renew, compromise, novate, replace, suspend, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, liquidate or enforce the terms of all or any part of the Approved Obligations or any Collateral, if any such action could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to the extent that only particular financial terms, rates and levels are affected;

(C) permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired; or

(D) allow the Financing Entity to enter into any Supplemental Indenture or Loan Agreement where any penalty or make-whole payment, or any requirement for further consent, approval or agreement, of the Specified Creditor party thereto would be required for the Province to assume the Obligations Secured thereunder.

(b) OPG shall:

(i) comply, and shall use commercially reasonable efforts to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

(ii) punctually perform and observe all of its (including as the FSM and as Manager) obligations and agreements contained in the Program Agreements;

(iii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation; and

(iv) after the occurrence of any Protection Event (or any event known to OPG that with the passage of time or the giving of notice would be a Protection Event), not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.

(c) Nothing in this Agreement shall limit the obligations of the Province under the Indemnity Agreement by the Province in favour of OPG dated June 1, 2017 (as amended, the "**Indemnity Agreement**") and to the extent of any conflict between this Agreement and such Indemnity Agreement, in respect of any matter relating to the Province's obligations to indemnify OPG, the Indemnity Agreement shall prevail.

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate

OPG shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Province, on or before the incurrence or any amendment of a Funding Obligation, other than any Funding Obligation under which not more than **$[5,000,000]** in the aggregate may become payable by the Financing Entity (provided that delivery may not be more than 5 Business Days before the incurrence or amendment of the Funding Obligation), setting out the following with respect to such Funding Obligation:

(a) the material terms of the Funding Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a Derivative Agreement, the notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

(b) if an existing Funding Obligation is proposed to be amended, material details respecting such amendment, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

(c) a statement to the effect that: (i) the Funding Obligation to be incurred or amended (1) will arise under terms and conditions that are Substantially in the

Form of the Reference Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reference Documentation;

(d) a statement confirming that any disclosure made in respect of the Funding Obligation (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to the Funding Obligation) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement has been made available to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made;

(e) a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and

(f) confirmation that, at the time the Funding Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Funding Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the Protection Agreement Maximum applicable on the date that the Process Certificate is delivered; for clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be determined on the date the Process Certificate is delivered hereunder in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

3.02 Acknowledgement regarding delivery of certificate under Change of Law protection Agreement

The Province acknowledges and agrees that, concurrent with the delivery of the Process Certificate pursuant to Section 3.01 of this Agreement, the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be

provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) are authorized to deliver the certificate referred to in Subsection 4.02(b) of the Change of Law Protection Agreement to the Indenture Trustee confirming that OPG has delivered all required certifications to the Province in connection with adherence of the Limited Guarantee to the incurrence of the Certified Primary Obligations in respect of which the certificate in Subsection 4.02(b) of the Change of Law Protection Agreement is being delivered; provided that, upon receipt of a Suspension Notice under the Change of Law Protection Agreement, OPG covenants not to deliver any further certificates to the Indenture Trustee under Subsection 4.02(b) of the Change of Law Protection Agreement other than in connection with a Refinancing of a Primary Obligation in respect of which the Adherence Conditions had been satisfied at the time such Primary Obligation was incurred.

3.03 Acknowledgement regarding delivery of Suspension Notice

The parties acknowledge and agree that the Province is entitled to deliver a Suspension Notice under Section 7.01 of the Change of Law Protection Agreement if a Program Breach or Breach Event has occurred. The Province agrees not to deliver a Suspension Notice pursuant to Section 7.01 of the Change of Law Protection Agreement unless a Program Breach or a Breach Event has occurred.

3.04 Meaning of "Reference Documentation"

For the purposes of Subsection 3.01(c), the term "Reference Documentation" shall mean each Transaction Document (including any change, addition or supplement thereto) that, at the relevant time:

(a) is a Transaction Document provided to, and not objected to by, the Province prior to the making of this Agreement, as contemplated in the fifth recital to this Agreement; or

(b) is a Transaction Document provided to the Province in accordance with Subsection 2.01(b) that has not been objected to by the Province, by delivery of an objection notice in writing delivered to OPG, within 10 Business Days after it is provided to the Province.

3.05 Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(c), the term "Substantially in the Form" shall mean:

(a) with respect to the Reference Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such Reference Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation, including regarding the timing of or circumstances under which related payments are or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that would affect the Province's rights of subrogation or assignment (including

pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation; provided, however, that the foregoing does not apply to any variable terms to be set forth in the proposed documents as are reasonably contemplated in the Reference Documentation, including the particular financial terms, rates and levels set forth in the proposed documents other than to the extent that the forms of Reference Documentation themselves specify specific requirements, limitations or parameters with respect to such financial terms, rates, levels and parameters; and

(b) with respect to the Reference Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum

(a) Not less than 15 Business Days, or such lesser period as the Province may agree to in writing, prior to the proposed incurrence of the first Funding Obligation, OPG shall, as the FSM, deliver to the Province: (i) a forecast setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the next following 24 month period (the "**Initial Forecast Period**"), which expectations shall be consistent with the Financing Plan (the "**Initial Forecast**"); and (ii) notice of the initial Protection Agreement Maximum, which may not exceed the Initial Forecast.

(b) Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of the Initial Forecast and notice of the initial Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province may disagree with the Initial Forecast and the initial Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or the Initial Forecast, (ii) the Initial Forecast is inconsistent with the Financing Plan, or (iii) the initial Protection Agreement Maximum is more than the Initial Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the initial Protection Agreement Maximum will be revised accordingly and confirmed by an amended notice to the Province.

(c) Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Approved Obligations that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast shall be further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum, which may not exceed such Forecast.

(d) Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of any further Forecast and notice of the revised Protection Agreement Maximum from OPG pursuant to Section 4.01(c), the Province may disagree with such further Forecast or revised Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or such further Forecast, (ii) the further Forecast is inconsistent with the Financing Plan, or (iii) the revised Protection Agreement Maximum is more than the further Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the revised Protection Agreement Maximum will be further revised accordingly and confirmed by an amended notice to the Province.

(e) For clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be valued at the time to be determined for the purposes of this Section 4.01 in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of OPG

OPG represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, may cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario and has the power and authority to enter into and perform its obligations under this Agreement and all instruments and agreements delivered pursuant hereto.

(c) OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Financing Entity or in the ability of the Financing Entity to perform its obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

5.02 Representations and Warranties of the Province

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
BREACH EVENTS

6.01 Breach Events

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

(a) a default in the performance, or breach, of any covenants of OPG under this Agreement, which continues for thirty (30) days after written notice by the Province to OPG of such default or breach;

(b) any representation or warranty made by OPG in this Agreement, any certification made in a Process Certificate, or any certification made in a certificate

contemplated by Subsection 4.02(b) of the Change of Law Protection Agreement, proves to be incorrect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation; or

(c) OPG is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the Manager.

ARTICLE VII
MISCELLANEOUS

7.01 Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

7.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to OPG:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

(b) if to the Province:

Ministry of Finance
[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 7.02.

7.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 7.03 shall be null and void.

7.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

7.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

7.06 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

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

By: _____

Name:
Title:

By: _____

Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Conditions**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Approved Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Beneficiaries**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Breach Event**" has the meaning ascribed thereto in Section 6.01.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Certified Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the FSM on behalf of the Financing Entity and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

"**Executive Officer**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Financing Entity**" means Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(c).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Indenture Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Initial Forecast**" has the meaning ascribed thereto in Section 4.01(a)

"**Initial Forecast Period**" has the meaning ascribed thereto in Section 4.01(a)

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Limited Guarantee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Loan Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**Management Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Manager**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Program Breach**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Protection Agreement Maximum**" means the dollar amount referenced as the Program Agreement Maximum and determined in accordance with Article IV.

"**Protection Event**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture.

"**Reference Documentation**" has the meaning ascribed thereto in Section 3.04.

"**Repayment**" has the meaning ascribed to the term "repayment" in the General Regulation as of the date of this Agreement.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Substantially in the Form**" has the meaning ascribed thereto in Section 3.05.

"**Suspension Notice**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement; (vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that affects the Province's subrogation rights and/or subrogee interests, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

DBRS Comments on Change of Law Protection Agreement

Below are DBRS comments on the draft Change of Law Protection Agreement sent to DBRS on November 22. Our responses are noted below each comment.

(1) Will there be a legal opinion addressing the binding nature and enforceability of the Protection Agreement on its terms?

> ***Torys Response***: Yes, legal opinions regarding the enforceability of the Change of Law Protection Agreement will be delivered on closing (subject to ~~customary~~appropriate limitations for enforceability opinions delivered in respect of contracts executed by the Province).[1]

(2) Section 1.15: DBRS expects any material amendment or material waiver to the agreement to be subject to a RAC and prompt notice of any other amendments/waivers/consents.

> ***Torys Response***: ~~We will make these changes.~~The Change of Law Protection Agreement is a Program Agreement under the Trust Indenture. As such, material amendments are covered off by section 13.18 of the Trust Indenture, which states that unless the Rating Agency Condition is satisfied, the Issuer will not amend any Program Agreement (other than the Trust Indenture, Derivative Agreements and the Declaration of Trust) if any such amendment could reasonably be considered to be materially prejudicial to the rights or interests of [any] [the relevant] Specified Creditor(s), except as expressly permitted by such Specified Creditor.

(3) Section 2.01: Please provide DBRS prompt written notice of a Protection Event.

> ***Torys Response***: ~~We will make this~~This change has been made.

(4) Section 2.01 (a): "Payment Date" is not defined in this Agreement. Is the reference to the Guarantee Payment Date?

> ***Torys Response***: This was a typo. The reference to "Payment Date" ~~will be~~has been changed to "Guarantee Payment Date".

(5) Section 2.01 (a)(iv)(ii): Subrogated Amounts: this calculation is confusing and seems to missing the next prong "y". Is the subrogated amount the amount that has been actually paid to the Beneficiary by the Province in relation to the amounts payable from amounts available?

> ***Torys Response***: ~~This will be revised to refer to the lesser of (x) and (y).~~The "Subrogation Amounts" to which the Province are entitled are the amounts that would otherwise be payable to Beneficiary Payees in respect of an Approved Obligation from amounts available (from Clean Energy Adjustments collected) to pay such Beneficiary Payees. These Subrogation Amounts are determined without regard to the payments from

[1] **Note to Torys:** Please confirm that opinions to include opinions in respect of Protection Agreement against Fair Hydro Trust, and that those opinions will be available for review by the Province at closing. Note that "customary" (in "customary limitations") is not accurate given the unique nature of these arrangements.

the Province to Beneficiary Payees (now defined as "Guarantee Payments") in performing on the guarantee.

In circumstances where (i) a Protection Event has occurred; and (ii) all amounts payable under Approved Obligations are paid in full, the Province will also be entitled to receive a "Final Subrogation Amount", which is the amount by which Guarantee Payments exceed the sum of all Subrogation Amounts paid to the Province. These Final Subrogation Amounts are subject to priorities and pro rata sharing with non-guaranteed obligations (if any).

(6) To the extent the amounts paid by the Province into the Protection Account exceed the amounts payable to Beneficiary from amounts available – is that excess the subrogation amount or is that excess just returned to the Province?

Torys Response: Any excess of amounts paid by the Province into the Protection Account over amounts paid to Beneficiary Payees would be returned to the Province. Please note that the amounts paid to Beneficiary Payees is determined without reference to amounts available from Clean Energy Adjustment collections (as the "Protection Event" trigger would itself have impaired collection of Clean Energy Adjustments).

Any excess ~~amount~~over the amounts paid to Beneficiary Payees would be returned to the Province.

(7) As a general comment: With respect to subrogation amounts owing to the Province - the Province seems to maintain a subrogated claim against the Financing Entity that has the same ranking as the Beneficiary obligation that has been paid by the Province and that subrogated claim is to be paid on the same date the amounts on deposit in the Protection Account are paid to the Beneficiary (i.e. the Province's subrogated claim becomes a Specified Creditor under the Trust Indenture and potentially ranks in priority or pari passu to all other securityholders claims depending on applicable Beneficiary's obligation's respective ranking within the trust indenture waterfall). How will this subrogated claim be satisfied – from what resources? Why has the right of subrogation of the guarantor (the Province) not been postponed until after all the rated obligations have been paid in full?

Torys Response: Prior to a Protection Event, payments owing to Specified Creditors are satisfied through collection of the Clean Energy Adjustment amounts. Upon the occurrence of a Protection Event and delivery of a Payment Demand, the Province will be required to make all payments under Approved Obligations (i.e. Specified Creditors will be looking to the Province to make payments when due, instead of relying on the collection of Clean Energy Adjustment amounts). However, notwithstanding the occurrence of a Protection Event triggering the Limited Guarantee, the Fair Hydro program ~~may~~will remain in place and Clean Energy Adjustments may continue to be billed and collected. In such a circumstance, while the Province will be required to make payments under ~~all~~ Approved Obligations as they come due in amounts determined by reference to the "Approved Obligation Amounts", applied in accordance with the applicable payment waterfall priorities, the Province (in place of Specified Creditors) would be entitled to receive any Clean Energy Adjustment amounts that are billed and

collected i.e. the Clean Energy Adjustment amounts collected constitute ~~the Subrogated~~Subrogation Amounts.

(8) Section 4.02: Adherence Obligations: With respect to Funding Obligations under a certain amount that do not need to meet the Adherence Conditions, what would those Funding Obligations consist of? Are these limited amounts still treated as Primary Obligations pursuant to which the guarantee obligation applies?

Torys Response: All Funding Obligations (and all other finance amounts) constitute Primary Obligations pursuant to which the Change of Law Protection Agreement applies; however, there is a subset of Funding Obligations for which the Adherence Conditions must be satisfied.

The Agreement will be revised to make clear that there are no Adherence Conditions applicable to Funding Obligations that are not "Certified Primary Obligations". "Certified Primary Obligations" will mean Primary Obligations that are payment obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest or to repay payment obligations that were incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest, (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not each individual trade confirmation, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and aggregate payments by the Financing Entity thereunder during the term of such contract is in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).

(9) Section 4.03: Is 4.02(b)(x) a typo? There is no "x" in 4.02(b)?

Torys Response: This is a typo and ~~will be~~has been corrected.

(10) Section 5.01 (a): As per the question above on section 2.01(a)(iv)(ii), please clarify how the Subrogation Amount is calculated (if not based on the actual amount paid by the Province in respect of amounts payable).

Torys Response: Please see the response to ~~question (7) above.~~Question 5.

(11) Section 6.01: Why is it at the Province's election to provide the Indenture Trustee notice of the Province's election to assume the Financing Entity's Obligations Secured? Under what circumstances would the Province decide not to provide the Indenture Trustee notice of its election to assume? In any event, DBRS expects to receive prompt written notice of an election to assume and copy of any such Assumption Notice.

Torys Response: ~~As described in response to question (7), upon the occurrence of a Protection Event and delivery of a Payment Demand, the Limited Guarantee is triggered and the Province is obligated to make all payments in respect of Approved Obligations. However, notwithstanding the Limited Guarantee taking effect, the Financing Entity will~~

~~continue to exist and the entire program structure may stay in place (and Clean Energy Adjustment amounts may continue to be billed and collected). The assumption right of the Province has been included to provide the Province with the flexibility to wind-up the Financing Entity and dismantle the program by assuming all of the Obligations Secured. In either case, following the occurrence of a Protection Event, the Province will be obligated to make all payments in respect of Approved Obligations.~~The Assumption Election has been removed from the Agreement.

~~We will add a rating agency notice requirement and a covenant to deliver to the rating agencies a copy of the Assumption Notice as requested.~~

(12) Section 6.04: How long can the Interim Period be in effect during the implementation and completion of the assumption terms? Are the securityholders and Indenture Trustee stayed from accelerating and enforcing if there is an Event of Default under the rated notes during the Interim Period? Are there any other restrictions on the SPV Financing Entity and/or the securityholders during the Interim Period?

Torys Response: The ~~details of any assignment and assumption by the Province will be addressed in the supplemental indenture relating to a particular issuance of Funding Obligations. Securityholders and the Indenture Trustee will not be stayed from accelerating and enforcing if there is an Event of Default under the rated notes during the interim period.~~Assumption Election has been removed from the Agreement.

~~While there are no restrictions on the Financing Entity during the interim period, under a process agreement between OPG and the Province, after the occurrence of any Protection Event, OPG has agreed that it shall not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.~~

(13) Section 8.01: Under this section the Province may declare at any time for any reason that the guarantee shall not apply to any Obligation Secured incurred on after the date of such declaration (other than the refinancing of a previously incurred funding obligation) by delivering a "Suspension Notice" to the Indenture Trustee/OPG/SPV.

Please provide DBRS with prompt written notice of any such Suspension Notice.

Torys Response: ~~We will make this change.~~This change has been made. Please note that we have revised the Change of Law Protection Agreement such that the Province may deliver a Suspension Notice in certain specified circumstances (but no longer "at any time for any reason").

Please confirm how the Suspension Notice would apply with respect to refinancing, increases or issuances up the program limits under the Warehouse Supplement. For example if a suspension notice is issued does the suspension apply to any issuance of notes for the purposes of refinancing outstanding ABCP? Or does this type of refinancing fall within the carve-out from a

suspension notice, "Refinancing of a Primary Obligation" noted in this section 8.01?" Further, will issuances after the Suspension Notice but up to the program limit or already permitted increases be subject to a Suspension Notice?

> ***Torys Response***: Any debt issued on a refinancing of a Primary Obligation in respect of which the Adherence Conditions had been satisfied prior to delivery of the Suspension Notice (which will include the debt ~~issuable~~already issued under the Warehouse Supplement) will continue to have the benefit of the Limited Guarantee following the delivery of the Suspension Notice. In other words, any debt issued on the refinancing of "protected debt" will continue to be "protected debt" following the Suspension Notice (provided that the Adherence Conditions are satisified in respect of debt issued on the refinancing). Except for refinancing of protected debt, no other Primary Obligations incurred after the delivery of a Suspension Notice will have the benefit of the Limited Guarantee.

(16) Section 8.03: Please provide DBRS with prompt written notice of any such Termination Notice.

> ***Torys Response***: We ~~will make this change.~~have revised the Change of Law Protection Agreement to remove the concept of a "Termination Notice".

(17) Section 9.03: Please provide DBRS with prompt written notice of any assignment.

> ***Torys Response***: ~~We will make this~~This change has been made.

(18) Definitions: Approved Obligation Amount (subsection (b)): Where an acceleration has occurred, how will this calculation address circumstances under which the CEA is no longer able to be charged or collected? Where amounts that would be available to be paid is compromised in some way and acceleration has occurred, could the Approved Obligation Amount be nil?

> ***Torys Response***: Subsection (b) of the definition of an Approved Obligation Amount provides that this amount is to be determined on the assumption that the amount available for allocation to Specified Creditors is equal to the estimated finance amount determined in respect of such reference period divided by the number of months in the reference period. In other words, the amount payable under the Limited Guarantee following a Protection Event would be determined in the same way that the amount payable through ~~CEA~~Clean Energy Adjustment collections would have been determined prior to the Protection Event (except determined without a "true-up"). The Approved Obligation Amount is by definition a positive amount payable in respect of an Approved Obligation to a beneficiary payee based on the priorities in the applicable waterfall and could therefore not be a nil amount.

Document comparison by Workshare Compare on Monday, December 04, 2017 11:57:56 AM

Input:	
Document 1 ID	PowerDocs://TOR_2528/23263869/1
Description	TOR_2528-#23263869-v1-DBRS_Comments_(Change_of_Law_Protection_Agreement)
Document 2 ID	PowerDocs://TOR_2528/23263869/2
Description	TOR_2528-#23263869-v2-DBRS_Comments_(Change_of_Law_Protection_Agreement)
Rendering set	Standard

Legend:	
Insertion	
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Style change	
Format change	
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Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	35
Deletions	26
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	61

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE[1]

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST[2]

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

[1] ~~This Agreement and the Process Agreement will need to be effective on closing but signed and held in escrow as soon as they are settled. **Note to Torys**~~Explanatory Note: Logistics of closing are under consideration by the Province.

[2] ~~**Torys Note:** Please advise if there are any further issues with the Manager signing the Protection Agreement on behalf of the Trust? If so, can you please explain the issue. The Manager is currently signing all Program Agreements on behalf of the Trust and has authority to do so. We would like the Manager to sign this Agreement on behalf of the Trust. **Note to Torys:** Manager derives authority under the Management Agreement to sign Program Agreements. Management Agreement powers determined by reference to the Program Agreements, so authority is circular. Ultimately, Province will accept the opinion of Torys on due execution point.~~

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust under the laws of the Province of Ontario (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council dated as of 1981/2017 (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust[3] dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Primary Obligations that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred. This Agreement sets out the terms and conditions of such protections and assurances.

[3] ~~**Torys Note:** We are comfortable on this point because OPG has retained Computershare as issuer trustee. The recitals of the Declaration of Trust provide that Computershare has established the Trust at the request of the FSM. We can also provide you with a copy of the Computershare engagement letter upon request. **Note to Torys:** The Province will accept authorities opinion regarding the Trust from Torys.~~

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other

subdivisions of this Agreement as originally executed. The words “herein”, “hereof” and “hereunder” and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) “including” and words of similar import will be deemed to be followed by “without limitation”; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word “from” means “from and including” and the words “to” and “until” each mean “to but excluding”.

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 Intentionally Deleted

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture as of the date of this Agreement.

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province’s rights as an assignee, subrogee or pursuant to Section 2.01 or Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee, the Financing Entity, the Financing Entity Trustee, the Manager or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant,

representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee shall (~~absent~~unless the Rating Agency Condition ~~being~~has been satisfied with respect to a demand not being made as a result of the Protection Event~~ not occurring~~), deliver a written demand, substantially in the form attached

as Exhibit A (a "**Payment Demand**"), to the Province requiring the Province to make payments in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in this Agreement. From and after such delivery of a Payment Demand, the Province shall make the following payments in respect of the Approved Obligations (the "**Limited Guarantee**"), and the Financing Entity shall pay, and the Province shall be entitled to be paid, the Subrogation ~~Amounts~~Entitlements specified below~~, on the specified Guarantee Payment Date~~:

i. Not less than 3 Business Days prior to each day when any payment or payments are to be made in respect of one or more Approved Obligations occurring after such delivery of a Payment Demand (each such day, a "**Guarantee Payment Date**"), the Manager shall deliver a written statement setting forth the Aggregate Approved Obligations Amount, if any, in respect of the Approved Obligations that are due and payable on such Guarantee Payment Date, together with a detailed description identifying such Approved Obligations and the nature and amount of payments due and payable thereunder on the Guarantee Payment Date, the aggregate outstanding amount payable by the Financing Entity under such Approved Obligations as of the date of such written statement, and details regarding any default in performance by any party obligated thereunder.

ii. On each such Guarantee Payment Date, the Province shall deposit the Aggregate Approved Obligations Amount into the Protection Account.

iii. On each such Guarantee Payment Date, the Financing Entity and the Indenture Trustee shall ensure that the amounts on deposit in the Protection Account are applied to pay each Beneficiary to whom an amount is due and payable under an Approved Obligation on the Guarantee Payment Date the Approved Obligation Amount for such Beneficiary in respect of such Approved Obligation on such Guarantee Payment Date; provided that if the amount deposited pursuant to clause 2.01(a)ii is insufficient to pay all such Approved Obligation Amounts in full, the amount on deposit in the Protection Account on the Guarantee Payment Date shall be applied to pay Beneficiaries in the order of priority in which such Approved Obligations are payable under the payment provisions of the Trust Indenture applicable to the making of such payments on the Guarantee Payment Date (each, a "**Beneficiary Payee**" and each payment made to a Beneficiary Payee on a Guarantee Payment Date, a "**Guarantee Payment**").

iv. On any Guarantee Payment Date on which an amount is paid by the Province pursuant to clause 2.01(a)ii, the applicable payment provisions of the Trust Indenture shall, notwithstanding the express terms of such provisions set forth in the Trust Indenture, be applied and operate on the following basis:

(A) [2]the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available under such payment provisions on such Guarantee Payment Date shall be reduced by the amount of the Guarantee Payment paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on such Guarantee Payment Date;

(B) the Province shall be paid the ~~lesser of (x) the~~ amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available to pay the Beneficiary Payee under such payment provisions on the Guarantee Payment Date, determined without regard to ~~subclause 2.01(a)iv(A), and (y) the amount paid~~the Guarantee Payment paid on such Guarantee Payment Date and the corresponding reduction of the amount owing to the Beneficiary Payee pursuant to ~~clause 2.01(a)iii in respect of such Approved Obligation on the Guarantee Payment Date (such amounts paid to Beneficiary Payees being "**Subrogation Amounts**~~subclause 2.01(a)iv(A) (each such amount payable to the Province being a "**Subrogation Amount**");~~ and~~[4]

(C) no Beneficiary having a right to be paid an amount in respect of an Approved Obligation, and no other Person entitled under an Obligation Secured, in

[2] Explanatory Note: In a particular period, the cash available from CEAs may exceed the aggregate Finance Amounts payable - for example, as a result of the "true-up" under the Act, which will determine the actual amount of cash available. The basic structure is that the Province will pay all Approved Obligation Amounts, and will be entitled to receive all cash flows available to the Beneficiary Payees. Limiting the subrogation amounts to the lesser of such available cash and the Guarantee Payments could result in leakage of the cash that the Province looks to under this arrangement.

[4] ~~**Note:** The Province will be entitled to receive cash flows that would have been required to pay Approved Obligations remaining under the payment waterfalls after satisfaction of all Approved Obligations. Further consideration is required in order to ensure these amounts are paid to the Province, despite those amounts not being paid on a "Guarantee Payment Date" (ie. no amount is paid by the Province under the Limited Guarantee on those later Payment Dates, so currently not covered as not arising on a Guarantee Payment Date). Those residual entitlements must be included as "Subrogation Amounts".~~

each case that ranks equal with or subordinate to an Approved Obligation in respect of which ~~an amount~~a Subrogation Amount is payable to the Province under subclause 2.01(a)iv(B), shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under such subclause (including any right ~~or~~of reimbursement, contribution or indemnity) and no such Beneficiary or other Person shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of any such ~~amounts.~~Subrogation Amount;

(D) [3]on the first day when any payment or payments are to be made in respect of Obligations Secured that occurs on or after the date on which all amounts payable under all Approved Obligations have been paid in full, the Province shall be entitled to be paid from amounts available to pay Obligations Secured on such day (and thereafter on each subsequent day when any payment or payments are to be made in respect of Obligations Secured, until paid in full), in each case in accordance with the applicable payment provisions of the Trust Indenture on such day, the following amounts (each, a "**Final Subrogation Amount**"), in each case in the priorities specified below:

(I) as an amount ranking equally with [Senior Obligations][4], the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including such day in respect of Approved Obligations ranking equally with or prior to [Senior Obligations], plus (y) the sum of amounts determined in respect of interest on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount is paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee

[3] Explanatory Note: The Province will be entitled to receive subrogation cash flows after satisfaction of all Approved Obligations. This provision provides how that these amounts will be payable from available cash flows, based on priorities that address cash entitlements opposite non-guaranteed obligations secured (e.g., after a suspension event). Conforming changes will need to be made to the Trust Indenture once these mechanics have been settled.

[4] Explanatory Note: Nomenclature to be conformed, once the corresponding provisions of the Trust Indenture have been settled.

Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related[5], exceeds (2) the sum of all Subrogation Amounts paid to the Province up to and including such day;

(II) as an amount ranking equally with [Subordinated Obligations], the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including such day in respect of Approved Obligations ranking equally with or prior to [Subordinated Obligations], plus (y) the sum of amounts determined in respect of interest on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount is paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of (x) all Subrogation Amounts paid to the Province up to and including such day, plus (y) the amount determined under (I); and

(III) as an amount ranking equally with [Junior Obligations], the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including such day in respect of Approved Obligations ranking equally with or prior to [Junior Obligations], plus (y) the sum of amounts determined in respect of interest on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount is paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee

[5] Explanatory Note: Nomenclature to be conformed, once the corresponding provisions of the Trust Indenture have been settled.

Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of (x) all Subrogation Amounts paid to the Province up to and including such day, plus (y) the sum of the amounts determined under (I) plus (z) the sum of the amounts determined under (II); and

(E) no Person entitled under an Obligation Secured that ranks equal with or subordinate to a Final Subrogation Amount shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province in respect of such Final Subrogation Amount and no such Person shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of any such Final Subrogation Amount.

v. On any Guarantee Payment Date, the Indenture Trustee shall release and pay to the Province free and clear of any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay Guarantee Payments to Beneficiary Payees on the Guarantee Payment Date in accordance with clause 2.01(a)iii.

vi. In preparing any payment instructions under the Trust Indenture, the Manager shall reflect the amounts payable for the Guarantee Payment Date under Section 2.01(a).

(b) The Province shall, as a payee of Subrogation Amounts under clause 2.01(a)(iv)(B) and, as a payee of each Final Subrogation Amount under clause 2.01(a)(iv)(B) and as a payee of any amounts payable under clause 2.01(a)(v), be a "Specified Creditor" under the Trust Indenture and have the benefit of the Collateral thereunder.

(c) For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the Approved Obligation Amounts, if any, for payment to Beneficiary Payees and will be subject to the priorities and to the Province's rights to Subrogation AmountsEntitlements, set forth in Section 2.01(a).

(d) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(e) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation by their terms.

(f) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under and in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any amount due and payable to a Beneficiary Payee under the Limited Guarantee.

2.02 Intentionally Deleted.

2.03 Absence of Set-off

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 Payment into Protection Account in Satisfaction

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is

established, it shall be the "Protection Account" for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section **[7.03]** of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Financing Entity and the Indenture Trustee shall ensure that all amounts paid by the Province into the Protection Account on a Guarantee Payment Date in respect of an Approved Obligation are applied to pay the amounts due and payable to the Beneficiaries as and to the extent provided for in Section 2.01(a). Upon a payment having been made by or on behalf of the Province into the Protection Account, the amounts so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiaries as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such Beneficiaries in respect of the applicable Approved Obligations, whereupon an affected Beneficiary shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid. For greater certainty, the obligations arising in respect of an applicable Approved Obligation shall not be reduced by such payment as the Province shall become entitled to be paid related Subrogation ~~Amounts~~Entitlements and the rights contemplated under Section 2.01(a) and Section 5.01 in relation to such continuing obligations.

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations in accordance with Section 8.01.

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

A Primary Obligation shall constitute an Approved Obligation if (i) the Adherence Conditions applicable thereto have been satisfied at the time the Primary Obligation was incurred, or (ii) the Province, in its sole discretion, designates in writing that it is an Approved Obligation.

4.02 Adherence Conditions

The following shall be the Adherence Conditions applicable in relation to each Certified Primary Obligation:

(a) the Certified Primary Obligation when incurred is an Obligation Secured under the Trust Indenture; and

(b) OPG, as FSM, delivers a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee, on or before the incurrence of a Certified Primary Obligation (provided that delivery may not be more than 5 Business Days before the incurrence of the Certified Primary Obligation), confirming that OPG has delivered to the Province a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers

of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation; and

(c) in respect of a Certified Primary Obligation other than a Refinancing of a Primary Obligation in respect of which the Adherence Conditions had been satisfied, the Province has not provided a Suspension Notice to the Indenture Trustee, OPG and the Financing Entity.

For greater certainty, (y) satisfaction of the Adherence Conditions for a Certified Primary Obligation shall be deemed satisfaction of the Adherence Conditions in respect of all principal, interest and other amounts owing under the Certified Primary Obligation, as such Certified Primary Obligation may be amended, restated, supplemented or otherwise modified from time to time, and (z) there shall be no Adherence Conditions applicable in relation to a Primary Obligation that is not a Certified Primary Obligation.

4.03 Evidence of Satisfaction

A closing certificate delivered in accordance with Section 4.02(b) in connection with an incurrence of a Certified Primary Obligation shall be determinative as to whether the applicable Adherence Conditions with respect thereto have been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same. A closing certificate that purports on its face to be signed by officers specified in Section 4.02(b) may be relied upon by any addressee without further enquiry or evidence as to the incumbency or signatures of such officers. If a closing certificate is not delivered in accordance with the timing requirements of Section 4.02(b) in respect of a Certified Primary Obligation, such certificate may be delivered at a later date, and be effective as if it had been delivered in accordance with the timing requirement of Section 4.02(b), if at the time such certificate was required to be delivered OPG had delivered to the Province all certifications required by the Province in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation.

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, including (i) the right and entitlement to be paid and receive the related Subrogation

~~Amounts~~Entitlements, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including **[Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 7.12 (Payments Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Section 8.14 (Limited Recourse), Article IX (The Indenture Trustee), including all limitations of liability thereunder, Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition)]**; (ii) consents, requests and authorizes the Issuer and the Indenture Trustee to (x) add the Province to the register of Specified Creditors described in subsection **[13.13(b)]** of the Trust Indenture and (y) disseminate the notice details of the Province to other Specified Creditors for the purposes set out in subsection **[9.14(b)]** of the Trust Indenture, and (iii) confirms that it will execute and deliver, or cause to be executed and delivered, all such further agreements, documents and instruments in connection with this Section 5.01 as the Indenture Trustee may request from time to time for the purpose of giving effect to the terms of this Section 5.01.

5.02 Priorities

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation shall rank equally with the rights, interests and entitlements of a Beneficiary to whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture in the manner and to the extent contemplated in Section 7.10(d) of the Trust Indenture.

5.03 Intentionally Deleted

5.04 Representations and Warranties

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
INDENTURE TRUSTEE MATTERS

6.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

6.02 Not Responsible for Recitals

The recitals contained herein will be taken as the statements of the Province, the Financing Entity and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

6.03 Representations and Covenants of the Indenture Trustee[5][6]

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada; and

(b) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada.

ARTICLE VII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

7.01 Suspension Notice

Upon:

(a) a Program Breach;

(b) a default in the performance, or breach, of any covenants of OPG, as FSM, or OPG, in its corporate capacity, in each case to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the provision of the Limited Guarantee, which continues for thirty (30) days after written notice by the Province to OPG of such default or breach;

(c) a representation or warranty made by OPG or a certification made by one or more officers of OPG, in each case whether as FSM or in its corporate capacity, to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the provision of the Limited Guarantee, proves to be incorrect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation; or

(d) the FSM no longer being the Manager or actions having been taken by or on behalf of the Indenture Trustee to remove the FSM as the Manager,

the Province may declare that the Limited Guarantee under this Agreement shall not apply to any Primary Obligations incurred on or after such declaration, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied (provided that the Refinancing is an Approved Obligation), by delivering a written notice in the

[5] **Torys Note:** The Indenture Trustee asked us to delete these representations. They will not provide these types of representations without attaining a legal opinion from outside counsel. To avoid delay, we would ask that the parties agree to this deletion. **Note to Torys:** The[6] Explanatory Note: The Province is content to receive the same representations as are provided by the Indenture Trustee should be consistent with those inunder the Trust Indenture. Please conform.

form of Exhibit B (a "**Suspension Notice**") to the Indenture Trustee, the FSM and the Financing Entity.

The Limited Guarantee shall apply to any Certified Primary Obligation incurred after a Suspension Event on the basis that it is a Refinancing (provided that such Refinancing is an Approved Obligation) only if the FSM certifies to the Province in writing prior to the incurrence that the proceeds of such incurrence will be used solely for the purposes of repaying one or more Certified Primary Obligations incurred prior to the Suspension Event and to which the Limited Guarantee adhered as of the time the Suspension Event occurred, and the delivery of such written certification by the FSM to the Province shall be determinative for the purposes of concluding that such incurrence is a Refinancing for the purposes of Sections 7.01, 7.02 and 7.03.

7.02 Suspension

If a Suspension Notice has been provided under Section 7.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of any Primary Obligation incurred or amended on or after the time such Suspension Notice is delivered, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied (provided that the Refinancing is an Approved Obligation).

7.03 No Impact on Adherence

For greater certainty, the occurrence of a Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event or in respect of any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied (provided that the Refinancing is an Approved Obligation).

ARTICLE VIII
MISCELLANEOUS

8.01 Term of Agreement

This Agreement will continue until the date that no amount is or may become due and payable by the Province under the Limited Guarantee.

8.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business

Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust

700 University Avenue

Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: Manager, Corporate Trust
Fax: (416) 981-9777
Email: corporatetrust.toronto@computershare.com

(b) if to the FSM:

Ontario Power Generation Inc.

700 University Avenue

Toronto, Ontario M5G 1X6

Attention: General Counsel
Fax: (416) 592-4189

(c) if to the Province:

Ministry of Finance

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 8.02.

8.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section 8.03 shall be null and void.

8.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

8.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

8.07 Notice to Rating Agencies

OPG, as FSM, shall deliver prompt written notice to the Rating Agencies on occurrence of (i) a Protection Event; (ii) receipt of a Suspension Notice delivered by the Province pursuant to Section 7.01; and (iii) an assignment of this Agreement by any party pursuant to Section 8.03.

8.08 Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their benefits hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

8.09 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, IN ITS CAPACITY AS TRUSTEE OF FAIR HYDRO TRUST, AS ISSUER, BY ONTARIO POWER GENERATION INC., NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Action**" has the meaning ascribed thereto under the Trust Indenture.

"**Adherence Conditions**", means, in respect of a Certified Primary Obligation, the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of a Guarantee Payment Date, the aggregate of the Approved Obligation Amounts for such Guarantee Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, for a Beneficiary in respect of an Approved Obligation under which an amount is due and payable on a Guarantee Payment Date:

(a) if no Acceleration has occurred in respect of any Obligation Secured on or before the Guarantee Payment Date, the amount due and payable to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation (for greater certainty, determined on the assumption that there are adequate amounts available under the applicable payment provisions of the Trust Indenture to pay in full all amounts referred to in such payment provisions that are due and payable on the Guarantee Payment Date); and

(b) if an Acceleration has occurred in respect of any Obligations Secured on or before the Guarantee Payment Date, the amount that would be available to be paid to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation under the applicable payment provisions of the Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with such applicable payment provisions of the Trust Indenture in respect of each relevant month during each Reference Period is equal to the estimated Finance Amount determined in respect of such Reference Period for purposes of section 15(1) of the Act (in effect on the date hereof), including section 6.1 of the General Regulation (in effect on the date hereof), divided by the number of months in such Reference Period.

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Beneficiary Payee**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Certified Primary Obligations**" means Primary Obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest or to repay payment obligations that were incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest,[6][7] (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not each individual trade confirmation, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and aggregate payments by the Financing Entity thereunder during the term of such contract is in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).[7]

"**Change of Law Protection Agreement**" means this Agreement.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Eligible Deposit Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Eligible Institution**" has the meaning ascribed thereto in the Trust Indenture.

"**Executive Officer**" has the meaning ascribed to the term "executive officer" in National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators.

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[6] **Torys Query**: For a warehouse facility, does the[7] Explanatory Note: Province want arequires a Process Certificate for each monthly draw? **Note to Torys:** Yes.

[7] **Note to Province**: Torys suggests that this concept reflects what Primary Obligations the parties agreed to be subject to the adherence conditions. Province to confirm that this is their understanding from meeting on Tuesday, November 21, particularly prongs (ii) and (iii) of the definition.

"**Final Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(D).

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the first paragraph of this Agreement until a successor Financing Entity Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and the Declaration of Trust, and thereafter "Financing Entity Trustee" means and includes such Person.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Guarantee Payment**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Guarantee Payment Date**" has the meaning ascribed thereto in Section 2.01(a)i.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Issuer Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Issuer Funding Obligation**" has the meaning ascribed thereto in the Trust Indenture.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Lien**" has the meaning ascribed thereto in the Trust Indenture.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(a).

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity, as amended, supplemented, restated or otherwise modified from time to time.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Agreement**" means an agreement in the form of an ISDA Master Agreement as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, as amended, supplemented, restated or otherwise modified from time to time.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account or Finance Reserve Account or required to be held in the Collection Account after the application of amounts under the applicable payment provision of the Trust Indenture on an applicable payment date[8]; and (ii) any obligation to pay the

[8] Explanatory Note: The Trust Indenture states that if extra cash is available in the Collections Account, it can be held until a subsequent Payment Date.

Financing Entity or on the Financing Entity's direction any remaining amounts in the Collection Account pursuant to the Trust Indenture.[8]

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event[9], termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.[9]

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that materially and adversely affects (a) the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay

[8] ~~**Torys Note:** These changes were made to conform to the most current version of the Trust Indenture, a copy of which will be circulated soon. Additionally, money in the Collection Account is required to flow through the waterfall and is not required to be held in the Collection Account otherwise. **Note to Torys:** Please confirm. The Trust Indenture states that if extra cash is available in the Collections Account, it can be held until a subsequent Payment Date.~~

[9] Explanatory Note: Early amortization events may be included in a supplemental indenture, so retaining that concept makes sense.

[9] ~~**Torys Note:** We deleted early amortization events because that is no longer a concept used in the Trust Indenture. **Note to Torys:** Early amortization events may be included in a supplemental indenture so we think retaining that reference makes sense.~~

Obligations Secured, or (b) this Agreement or any of the agreements under which Obligations Secured arise; or

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that materially and adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Obligations Secured that have become due and payable.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency Condition" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Reference Period**" has the meaning ascribed thereto in the Act.

"**Refinancing**"[10] has the meaning ascribed to the term "refinancing" in the Act as of the date hereof, as more particularly described and given meaning in the General Regulation as of the date hereof.[10][11]

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Subrogation** **Amounts**Entitlement" means each Subrogation Amount and each Final Subrogation Amount.

[10] Explanatory Note: This relates to a refinancing of an existing debt obligation; not an undrawn commitment to fund.

[10] **Torys Note:** Refinancings can occur up to six months prior to the application of the refinancing proceeds to the existing obligation. The regulations provide that if the refinancing proceeds are not applied to repay the intended f unding obligation, then it is not a Refinancing. Accordingly, we have revised the definition to ensure that Refinancings do not have to be simultaneous with repayment of the existing Approved Obligation (we understand from the dealers that in most circumstances they will not be). **Note to Torys**[11] Explanatory Note: The General Regulation specifically provides that debt can be considered a "Refinancing" when incurred within the 6 months prior to the maturity date of a funding obligation. The Act/Regulation's definition doesn't require that "Refinancings" arebe simultaneous with the repayment of existing Approved Obligations. We have added a certificate mechanic in 7.01 by which there can be certainty when an obligation is incurred that if the obligation is intended to be a refinancing, it will be covered by the guarantee.

"**Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(B).

"**Supplemental Indenture**" has the meaning ascribed in the Trust Indenture.

"**Supplemental Reserve Account**" has the meaning ascribed in the Trust Indenture.

"**Suspension Event**" has the meaning ascribed thereto in Section 7.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 7.01.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

EXHIBIT A
FORM OF PAYMENT DEMAND

TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Pursuant to and in accordance with section 2.01(a) of the Change of the Law Protection Agreement, the Indenture Trustee hereby demands payment from the Province in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in the Change of Law Protection Agreement.

DATED as of the [■] day of [■], [■].

BNY TRUST COMPANY OF CANADA

By:
Name:
Title:

By:
Name:
Title:

EXHIBIT B
SUSPENSION NOTICE

TO: Ontario Power Generation Inc., in its capacity as Financial Services Manager

AND TO: Fair Hydro Trust

AND TO: Computershare Trust Company of Canada, in its capacity as trustee of Fair Hydro Trust

AND TO: BNY Trust Company of Canada, as Indenture Trustee

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement. All references in this Suspension Notice to "Articles" or "Sections" refer to Articles or Sections of the Change of Law Protection Agreement.

The Province has a reasonable basis for concluding that an event described in Section 7.01 has occurred. Pursuant to Section 7.01, the Province hereby declares that the Limited Guarantee shall not apply in respect of any Primary Obligation incurred or amended on or after the delivery of this Suspension Notice, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied, in accordance with the terms and conditions in Article VII.

The Limited Guarantee shall hereby not apply in respect of any Primary Obligation incurred or amended on or after delivery of this Suspension Notice, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied.

This Suspension Notice is hereby delivered to the FSM, the Financing Entity and the Indenture Trustee in accordance with Section 8.02 of the Change of Law Protection Agreement.

* * * *

DATED as of the [■] day of [■], [■].

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

Document comparison by Workshare Compare on Monday, December 04, 2017 11:54:21 AM

Input:	
Document 1 ID	PowerDocs://TOR_2528/23239360/21
Description	TOR_2528-#23239360-v21-Change_of_Law_Protection_Agreement
Document 2 ID	PowerDocs://TOR_2528/23239360/22
Description	TOR_2528-#23239360-v22-Change_of_Law_Protection_Agreement
Rendering set	standard

Legend:	
Insertion	
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Moved to	
Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	82
Deletions	60
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	142

Draft: December ~~3,~~4, 2017

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.

CHANGE OF LAW PROCESS AGREEMENT[1]

Dated as of [■], 2017

[1] ~~This Agreement and the Protection Agreement will need to be effective on closing but signed and held in escrow as soon as they are settled. **Note to Torys**~~Explanatory Note: Closing mechanics under consideration by the Province.

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**") is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.

Pursuant to a Declaration of Trust dated as of [■], 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions.

Prior to entering into this Agreement, OPG provided the Province with the proposed forms of certain of the Transaction Documents, and the Province has not objected to such forms.

This Agreement sets out the obligations OPG has agreed to perform and assurances OPG has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the Adherence Conditions have been satisfied, maintaining information related to the Program Agreements and the Approved Obligations, and ensuring that the Province's assumption rights pursuant to Article VI of the Change of Law Protection Agreement may be exercised without impediment on the terms and conditions contemplated in this Agreement and the Change of Law Protection Agreement.

All things necessary to make this Agreement a valid and legally binding agreement of OPG and the Province, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall"~~. The~~; the word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed~~. The~~; the words "herein", "hereof" and "hereunder" and other words of similar import refer to this

Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 References to the Financing Entity

For greater certainty, each reference to the Financing Entity shall be construed as a reference to the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 Effect of Headings

The Article and Section headings herein and are for convenience only and will not affect the construction hereof.

1.04 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.06 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF OPG

2.01 Deliveries to the Province

(a) Not less than 15 Business Days, or such lesser period as the Province may agree to in writing, prior to the initial issuance of any Funding Obligation by the Financing Entity, OPG shall deliver to the Province a copy of the initial Financing Plan. Thereafter, OPG shall promptly deliver to the Province a copy of any proposed change to or replacement of the Financing Plan.

(b) Not less than 10 Business Days, or such lesser period as the Province may agree to in writing, prior to (i) any proposed change or supplement to a previously provided Transaction Document becoming effective or otherwise being used, (ii) any additional or replacement Transaction Document becoming effective or otherwise being used, OPG shall deliver to the Province a copy of such proposed change or supplement to the Transaction Document and any such additional or replacement Transaction Document.

(c) Promptly following (i) any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor being made, (ii) any new, additional or replacement instruments, documents, agreements or security being used or granted in connection with all or any part of the Approved Obligations, or (iii) any waiver, release, reconveyance, termination, abandonment, subordination, exchange, substitution, transfer, compound, compromise, liquidation or enforcement of all or any part of the Approved Obligations or any security or guarantee therefor being effected, OPG shall deliver to the Province a detailed description of such event and the reasons for it together with any related documents, agreements and instruments.

(d) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, OPG shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations (including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(e) Promptly upon request, OPG shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

2.02 <u>Covenants</u>

(a) OPG shall use commercially reasonable efforts to cause the Financing Entity to:

(i) punctually perform and observe all of the Financing Entity's obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not (unless waived in writing by the Province):

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement or replacement or waiver or consent could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any change in particular financial terms, rates and levels;

(B) extend, renew, compromise, novate, replace, suspend, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, liquidate or enforce the terms of all or any part of the Approved Obligations or any Collateral, if any such action could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to the extent that only particular financial terms, rates and levels are affected;

(C) permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired; or

(D) allow the Financing Entity to enter into any Supplemental Indenture or Loan Agreement where any penalty or make-whole payment, or any requirement for further consent, approval or agreement, of the Specified Creditor party thereto would be required for the Province to assume the Obligations Secured thereunder.

(b) OPG shall:

(i) comply, and shall use commercially reasonable efforts to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

(ii) punctually perform and observe all of its (including as the FSM and as Manager) obligations and agreements contained in the Program Agreements;

(iii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation; and

(iv) after the occurrence of any Protection Event (or any event known to OPG that with the passage of time or the giving of notice would be a Protection Event), not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.

(c) Nothing in this Agreement shall limit the obligations of the Province under the Indemnity Agreement by the Province in favour of OPG dated June 1, 2017 (as amended, the "**Indemnity Agreement**") and to the extent of any conflict between this Agreement and such Indemnity Agreement, in respect of any matter relating to the Province's obligations to indemnify OPG, the Indemnity Agreement shall prevail.

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate

OPG shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Province, on or before the incurrence or any amendment of a Funding Obligation, other than any Funding Obligation under which not more than **$[5,000,000]** in the aggregate may become payable by the Financing Entity (provided that delivery may not be more than 5 Business Days before the incurrence or amendment of the Funding Obligation), setting out the following with respect to such Funding Obligation:

(a) the material terms of the Funding Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a Derivative Agreement, the notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

(b) if an existing Funding Obligation is proposed to be amended, material details respecting such amendment, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

(c) a statement to the effect that: (i) the Funding Obligation to be incurred or amended (1) will arise under terms and conditions that are Substantially in the

Form of the Reference Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reference Documentation;

(d) a statement confirming that any disclosure made in respect of the Funding Obligation (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to the Funding Obligation) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement has been made available to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made;

(e) a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and

(f) confirmation that, at the time the Funding Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Funding Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the Protection Agreement Maximum applicable on the date that the Process Certificate is delivered;[2] for clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be determined on the date the Process Certificate is delivered hereunder in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

[2] ~~**Note to Torys:** We believe the revision makes clear that OPG is only certifying as to the Protection Agreement Maximum as at the date the Process Certificate is delivered.~~

3.02 Acknowledgement regarding delivery of certificate under Change of Law protection Agreement

The Province acknowledges and agrees that, concurrent with the delivery of the Process Certificate pursuant to Section 3.01 of this Agreement, the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) are authorized to deliver the certificate referred to in ~~[~~Subsection 4.02(b)~~]~~ of the Change of Law Protection Agreement to the Indenture Trustee confirming that OPG has delivered all required certifications to the Province in connection with adherence of the Limited Guarantee to the incurrence of the Certified Primary Obligations in respect of which the certificate in ~~[~~Subsection 4.02(b)~~]~~ of the Change of Law Protection Agreement is being delivered; provided that, upon receipt of a Suspension Notice under the Change of Law Protection Agreement, OPG covenants not to deliver any further certificates to the Indenture Trustee under ~~[~~Subsection 4.02(b)~~]~~ of the Change of Law Protection Agreement other than in connection with a Refinancing of a Primary Obligation in respect of which the Adherence Conditions had been satisfied at the time such Primary Obligation was incurred.

3.03 Acknowledgement regarding delivery of Suspension Notice

The parties acknowledge and agree that the Province is entitled to deliver a Suspension Notice under ~~[~~Section 7.01~~]~~ of the Change of Law Protection Agreement if a Program Breach or Breach Event has occurred. The Province agrees not to deliver a Suspension Notice pursuant to ~~[~~Section 7.01~~]~~ of the Change of Law Protection Agreement unless a Program Breach or a Breach Event has occurred.

3.04 Meaning of "Reference Documentation"

For the purposes of Subsection 3.01(c), the term "Reference Documentation" shall mean each Transaction Document (including any change, addition or supplement thereto) that, at the relevant time:

(a) is a Transaction Document provided to, and not objected to by, the Province prior to the making of this Agreement, as contemplated in the fifth recital to this Agreement; or

(b) is a Transaction Document provided to the Province in accordance with Subsection 2.01(b) that has not been objected to by the Province, by delivery of an objection notice in writing delivered to OPG, within 10 Business Days after it is provided to the Province.

3.05 Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(c), the term "Substantially in the Form" shall mean:

(a) with respect to the Reference Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between

the proposed documents and such Reference Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation, including regarding the timing of or circumstances under which related payments are or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that would affect the Province's rights of subrogation or assignment (including pursuant to ~~[Section~~Sections 1.05, 2.01 or 5.01~~]~~ of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation; provided, however, that the foregoing does not apply to any variable terms to be set forth in the proposed documents as are reasonably contemplated in the Reference Documentation, including the particular financial terms, rates and levels set forth in the proposed documents other than to the extent that the forms of Reference Documentation themselves specify specific requirements, limitations or parameters with respect to such financial terms, rates, levels and parameters; and

(b) with respect to the Reference Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum

(a) Not less than 15 Business Days, or such lesser period as the Province may agree to in writing, prior to the proposed incurrence of the first Funding Obligation, OPG shall, as the FSM, deliver to the Province: (i) a forecast setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the next following 24 month period (the "**Initial Forecast Period**"), which expectations shall be consistent with the Financing Plan (the "**Initial Forecast**"); and (ii) notice of the initial Protection Agreement Maximum, which may not exceed the Initial Forecast.

(b) Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of the Initial Forecast and notice of the initial Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province may disagree with the Initial Forecast and the initial Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or the Initial Forecast, (ii) the Initial Forecast is inconsistent with the Financing Plan, or (iii) the initial Protection Agreement Maximum is more

than the Initial Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the initial Protection Agreement Maximum will be revised accordingly and confirmed by an amended notice to the Province.

(c) Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Approved Obligations that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast shall be further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum, which may not exceed such Forecast.

(d) Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of any further Forecast and notice of the revised Protection Agreement Maximum from OPG pursuant to Section 4.01(c), the Province may disagree with such further Forecast or revised Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or such further Forecast, (ii) the further Forecast is inconsistent with the Financing Plan, or (iii) the revised Protection Agreement Maximum is more than the further Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the revised Protection Agreement Maximum will be further revised accordingly and confirmed by an amended notice to the Province.

(e) For clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be valued at the time to be determined for the purposes of this Section 4.01 in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of OPG

OPG represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, may cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario and has the power and authority to enter into and perform its obligations under this Agreement and all instruments and agreements delivered pursuant hereto.

(c) OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Financing Entity or in the ability of the Financing Entity to perform its obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

5.02 Representations and Warranties of the Province

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
BREACH EVENTS

6.01 Breach Events

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

(a) a default in the performance, or breach, of any covenants of OPG under this Agreement, which continues for thirty (30) days after written notice by the Province to OPG of such default or breach;

(b) any representation or warranty made by OPG in this Agreement, any certification made in a Process Certificate, or any certification made in a certificate contemplated by ~~Section [~~Subsection 4.02~~]~~(b) of the Change of Law Protection Agreement, proves to be incorrect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation; or

(c) OPG is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the Manager.

ARTICLE VII
MISCELLANEOUS

7.01 Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

7.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to OPG:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

(b) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 7.02.

7.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 7.03 shall be null and void.

7.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

7.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

7.06 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

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

By: _____

Name:
Title:

By: _____

Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Conditions**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Approved Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Beneficiaries**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Breach Event**" has the meaning ascribed thereto in Section 6.01.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Certified Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the FSM on behalf of the Financing Entity and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes,

bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

"**Executive Officer**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Financing Entity**" means Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(c).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Indenture Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Initial Forecast**" has the meaning ascribed thereto in Section 4.01(a)

"**Initial Forecast Period**" has the meaning ascribed thereto in Section 4.01(a)

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Limited Guarantee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Loan Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**Management Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Manager**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Program Breach**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Protection Agreement Maximum**" means the dollar amount referenced as the Program Agreement Maximum and determined in accordance with Article IV.

"**Protection Event**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture.

"**Reference Documentation**" has the meaning ascribed thereto in Section 3.04.

"**Repayment**" has the meaning ascribed to the term "repayment" in the General Regulation as of the date of this Agreement.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Substantially in the Form**" has the meaning ascribed thereto in Section 3.05.

"**Suspension Notice**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement; (vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that affects the Province's subrogation rights and/or subrogee interests, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

Document comparison by Workshare Compare on Monday, December 04, 2017 11:57:19 AM

Input:	
Document 1 ID	PowerDocs://TOR_2528/23239361/18
Description	TOR_2528-#23239361-v18-Change_of_Law_-_Process_Agreement
Document 2 ID	PowerDocs://TOR_2528/23239361/19
Description	TOR_2528-#23239361-v19-Change_of_Law_-_Process_Agreement
Rendering set	Standard

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

Statistics:	
	Count
Insertions	15
Deletions	29
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	44

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE[1]

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST~~[2]~~

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

[1] ~~This Agreement and the Process Agreement will need to be effective on closing but signed and held in escrow as soon as they are settled and prior to pricing of the term deal~~Explanatory Note: Logistics of closing are under consideration by the Province.

~~[2] Please advise if there are any further issues with the Manager signing the Protection Agreement on behalf of the Trust? If so, can you please explain the issue. The Manager is currently signing all Program Agreements on behalf of the Trust and has authority to do so. We would like the Manager to sign this Agreement on behalf of the Trust.~~

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust under the laws of the Province of Ontario (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council dated as of ■1981/2017 (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust[3] dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Primary Obligations that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred. This Agreement sets out the terms and conditions of such protections and assurances.

[3] We are comfortable on this point because OPG has retained Computershare as issuer trustee. The recitals of the Declaration of Trust provide that Computershare has established the Trust at the request of the FSM. We can also provide you with a copy of the Computershare engagement letter upon request.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other

subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 ~~Proof of Approved Obligations~~Intentionally Deleted

~~The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Indenture Trustee deems to be sufficient.~~

~~Any statement of account prepared by the Indenture Trustee as regards the Primary Obligations shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and the Province hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Indenture Trustee agrees to provide the Province with the computations and calculations used by the Indenture Trustee to prepare each such statement of account promptly following a request therefor.~~

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture as of the date of this Agreement.

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 2.01 or Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a

Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee, the Financing Entity, the Financing Entity Trustee, the Manager or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee ~~may~~shall (unless the Rating Agency Condition has been satisfied with respect to a demand not being made as a result of the Protection Event), deliver a written demand, substantially in the form attached as Exhibit A (a "**Payment Demand**"), to the Province requiring the Province to make payments in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in this Agreement. From and after such delivery of a Payment Demand, the Province shall make the following payments in respect of the Approved Obligations (the "**Limited Guarantee**"), and the Financing Entity shall pay, and the Province shall be entitled to be paid, the Subrogation ~~Amounts~~Entitlements specified below~~, on the specified Guarantee Payment Date~~:

i. Not less than 3 Business Days prior to each day when any payment or payments are to be made in respect of one or more Approved Obligations occurring after such delivery of a Payment Demand ~~and prior to the Assumption Effective Date, if any, (~~(each such day, a "**Guarantee Payment Date**"), the Manager shall deliver a written statement setting forth the Aggregate Approved Obligations Amount, if any, in respect of the Approved Obligations that are due and payable on such Guarantee Payment Date, together with a detailed description identifying such Approved Obligations and the nature and amount of payments due and payable thereunder on the Guarantee Payment Date, the aggregate outstanding amount payable by the Financing Entity under such Approved Obligations as of the date of ~~the Guarantor Settlement Statement~~such written statement, and details regarding any default in performance by any party obligated thereunder~~ (a "**Guarantor Settlement Statement**")~~[4].

ii. On each such Guarantee Payment Date, the Province shall deposit the Aggregate Approved Obligations Amount into the Protection Account.

iii. On each such Guarantee Payment Date, the Financing Entity and the Indenture Trustee shall ensure that the amounts on deposit in the Protection Account are applied to pay each Beneficiary to whom an amount is due and payable under an Approved Obligation on the Guarantee Payment Date the Approved

[4] ~~Given timing, we would appreciate if the parties did not negotiate this form now.~~

Obligation Amount for such Beneficiary in respect of such Approved Obligation on such Guarantee Payment Date; provided that if the amount deposited pursuant to clause 2.01(a)ii is insufficient to pay all such Approved Obligation Amounts in full, the amount on deposit in the Protection Account on the Guarantee Payment Date shall be applied to pay Beneficiaries in the order of priority in which such Approved Obligations are payable under the payment provisions of the Trust Indenture applicable to the making of such payments on the Guarantee Payment Date (each, a "**Beneficiary Payee**" and each payment made to a Beneficiary Payee on a Guarantee Payment Date, a "**Guarantee Payment**").

iv. On any Guarantee Payment Date on which an amount is paid by the Province pursuant to clause 2.01(a)ii, the applicable payment provisions of the Trust Indenture shall, notwithstanding the express terms of such provisions set forth in the Trust Indenture, be applied and operate on the following basis:

(A) [2]the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available under such payment provisions on such Guarantee Payment Date shall be reduced by the amount of the Guarantee Payment paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on such Guarantee Payment Date;

(B) the Province shall be paid the ~~lesser of (x) the~~ amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available to pay the Beneficiary Payee under such payment provisions on the Guarantee Payment Date, determined without regard to ~~subclause 2.01(a)iv(A), and (y) the amount paid~~the Guarantee Payment paid on such Guarantee Payment Date and the corresponding reduction of the amount owing to the Beneficiary Payee pursuant to ~~clause 2.01(a)iii in respect of such Approved Obligation on the Guarantee Payment Date (such payments~~subclause 2.01(a)iv(A) (each such amount payable to the

[2] Explanatory Note: In a particular period, the cash available from CEAs may exceed the aggregate Finance Amounts payable - for example, as a result of the "true-up" under the Act, which will determine the actual amount of cash available. The basic structure is that the Province will pay all Approved Obligation Amounts, and will be entitled to receive all cash flows available to the Beneficiary Payees. Limiting the subrogation amounts to the lesser of such available cash and the Guarantee Payments could result in leakage of the cash that the Province looks to under this arrangement.

Province being a "**Subrogation ~~Amounts~~Amount**");~~ and~~[5]

(C) no Beneficiary having a right to be paid an amount in respect of an Approved Obligation, and no other Person entitled under an Obligation Secured, in each case that ranks equal with or subordinate to an Approved Obligation in respect of which ~~an amount~~a Subrogation Amount is payable to the Province under subclause 2.01(a)iv(B), shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under such subclause (including any right ~~or~~of reimbursement, contribution or indemnity) and no such Beneficiary or other Person shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of any such ~~amounts.~~Subrogation Amount;

(D) [3]on the first day when any payment or payments are to be made in respect of Obligations Secured that occurs on or after the date on which all amounts payable under all Approved Obligations have been paid in full, the Province shall be entitled to be paid from amounts available to pay Obligations Secured on such day (and thereafter on each subsequent day when any payment or payments are to be made in respect of Obligations Secured, until paid in full), in each case in accordance with the applicable payment provisions of the Trust Indenture on such day, the following amounts (each, a "**Final Subrogation Amount**"), in each case in the priorities specified below:

(I) as an amount ranking equally with [Senior Obligations][4], the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including such day in respect of Approved Obligations ranking equally with or prior to [Senior Obligations],

[5] ~~We thought this section required tweaking to reflect the intention of the parties.~~

[3] Explanatory Note: The Province will be entitled to receive subrogation cash flows after satisfaction of all Approved Obligations. This provision provides how that these amounts will be payable from available cash flows, based on priorities that address cash entitlements opposite non-guaranteed obligations secured (e.g., after a suspension event). Conforming changes will need to be made to the Trust Indenture once these mechanics have been settled.

[4] Explanatory Note: Nomenclature to be conformed, once the corresponding provisions of the Trust Indenture have been settled.

plus (y) the sum of amounts determined in respect of interest on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount is paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related[5], exceeds (2) the sum of all Subrogation Amounts paid to the Province up to and including such day;

(II) as an amount ranking equally with [Subordinated Obligations], the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including such day in respect of Approved Obligations ranking equally with or prior to [Subordinated Obligations], plus (y) the sum of amounts determined in respect of interest on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount is paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of (x) all Subrogation Amounts paid to the Province up to and including such day, plus (y) the amount determined under (I); and

(III) as an amount ranking equally with [Junior Obligations], the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including such day in respect of Approved Obligations ranking equally with or prior to [Junior Obligations],

[5] Explanatory Note: Nomenclature to be conformed, once the corresponding provisions of the Trust Indenture have been settled.

plus (y) the sum of amounts determined in respect of interest on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount is paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of (x) all Subrogation Amounts paid to the Province up to and including such day, plus (y) the sum of the amounts determined under (I) plus (z) the sum of the amounts determined under (II); and

(E) no Person entitled under an Obligation Secured that ranks equal with or subordinate to a Final Subrogation Amount shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province in respect of such Final Subrogation Amount and no such Person shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of any such Final Subrogation Amount.

v. On any Guarantee Payment Date, the Indenture Trustee shall release and pay to the Province free and clear of any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay Guarantee Payments to Beneficiary Payees on the Guarantee Payment Date in accordance with clause 2.01(a)iii.

vi. In preparing any payment instructions under the Trust Indenture, the Manager shall reflect the amounts payable for the Guarantee Payment Date under Section 2.01(a).

(b) The Province shall, as a payee of Subrogation Amounts and under clause 2.01(a)(iv)(B), as a payee of each Final Subrogation Amount under clause 2.01(a)(iv)(B) and as a payee of any amounts payable under clause 2.01(a)(iv)(Bv), be a “Specified Creditor” under the Trust Indenture and have the benefit of the Collateral thereunder.

(c) For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the Approved Obligation Amounts, if any, for payment to Beneficiary Payees and will be subject to the priorities and to the Province's rights to Subrogation ~~Amounts~~Entitlements, set forth in Section 2.01(a).

(d) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(e) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation by their terms.

(f) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under and in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any amount due and payable to a Beneficiary Payee under the Limited Guarantee.

2.02 Intentionally Deleted.

2.03 Absence of Set-off

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 Payment into Protection Account in Satisfaction

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection

Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account" for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section **[7.03]** of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Financing Entity and the Indenture Trustee shall ensure that all amounts paid by the Province into the Protection Account on a Guarantee Payment Date in respect of an Approved Obligation are applied to pay the amounts due and payable to the Beneficiaries as and to the extent provided for in Section 2.01(a). Upon a payment having been made by or on behalf of the Province into the Protection Account, the amounts so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiaries as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such Beneficiaries in respect of the applicable Approved Obligations, whereupon an affected Beneficiary shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid. For greater certainty, the obligations arising in respect of an applicable Approved Obligation shall not be reduced by such payment as the Province shall become entitled to be paid related Subrogation ~~Amounts~~Entitlements and the rights contemplated under Section 2.01(a) and Section 5.01 in relation to such continuing obligations.

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations in accordance with Section ~~9.01~~8.01.[6]

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of

[6] ~~We made this change to be consistent with the termination clause in section 9.01.~~

sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

A Primary Obligation shall constitute an Approved Obligation if (i) the Adherence Conditions applicable thereto have been satisfied at the time the Primary Obligation was incurred, or (ii) the Province, in its sole discretion, ~~agrees~~designates in writing that it is an Approved Obligation.

4.02 Adherence Conditions[7]

The following shall be the Adherence Conditions applicable in relation to each Certified Primary Obligation:

(a) the Certified Primary Obligation when incurred is an Obligation Secured under the Trust Indenture; and

(b) OPG, as FSM, delivers a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for

[7] ~~We would propose that the certification in section 4.02(b) of the Protection Agreement track the requirements of section 3.01 of the Process Agreement to ensure that the two sections are consistent. Accordingly, we have revised section 4.02(b) of the Protection Agreement to state the certificate delivered to the Indenture Trustee under this section should confirm that all certifications to the Province required in connection with the incurrence of such Certified Primary Obligations have been delivered to the Province.~~

clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee, on or before the incurrence of a Certified Primary Obligation[8] (provided that delivery may not be more than 5 Business Days before the incurrence of the Certified Primary Obligation), confirming that OPG has provided to the Province all certifications required bydelivered to the Province a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with the incurrence of suchadherence of the Limited Guarantee to the Certified Primary Obligation; and

(c) in respect of a Certified Primary Obligation other than a Refinancing of a Primary Obligation in respect of which the Adherence Conditions had been satisfied, the Province has not provided a Suspension Notice to the Indenture Trustee, OPG and the Financing Entity.

For greater certainty, (y) satisfaction of the Adherence Conditions for a Certified Primary Obligation shall be deemed satisfaction of the Adherence Conditions in respect of all principal, interest and other amounts owing under the Certified Primary Obligation, as such Certified Primary Obligation may be amended, restated, supplemented or otherwise modified from time to time, and (z) there shall be no Adherence Conditions applicable in relation to a Primary Obligation that is not a Certified Primary Obligation.

4.03 Evidence of Satisfaction

A closing certificate delivered in accordance with Section 4.02(b) in connection with an incurrence of a Certified Primary Obligation shall be determinative as to whether the applicable Adherence Conditions with respect thereto have been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same. A closing certificate that purports on its face to be signed by officers specified in Section 4.02(b) may be relied upon by any addressee without further enquiry or evidence as to the incumbency or signatures of such officers. If a closing certificate is not delivered in accordance with the timing requirements of Section 4.02(b) in respect of a Certified Primary Obligation, such certificate may be delivered at a later date, and be effective as if it had been delivered in accordance with the timing requirement of Section 4.02(b), if at the time such certificate was required to be delivered OPG had delivered to the Province all certifications required by the Province in connection with the incurrence of aadherence of the Limited Guarantee to the Certified Primary Obligation.[9]

[8] We tried to address all parties concerns expressed at our last meeting by this language. The Province can be assured that no certificate earlier than 5 Business Days prior to incurring the Certified Primary Obligation is delivered and the dealers have comfort that the clause is not too prescriptive.

[9] This additional language was added to address the concerns of the dealers and Oslers discussed at our last meeting.

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, including (i) the right and entitlement to be paid and receive the related Subrogation ~~Amounts~~Entitlements, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including **[Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 7.12 (Payments Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Section 8.14 (Limited Recourse), Article IX (The Indenture Trustee), including all limitations of liability thereunder, Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition)]**; (ii) consents, requests and authorizes

the Issuer and the Indenture Trustee to (x) add the Province to the register of Specified Creditors described in subsection **[13.13(b)]** of the Trust Indenture and (y) disseminate the notice details of the Province to other Specified Creditors for the purposes set out in subsection **[9.14(b)]** of the Trust Indenture, and (iii) confirms that it will execute and deliver, or cause to be executed and delivered, all such further agreements, documents and instruments in connection with this Section 5.01 as the Indenture Trustee shall send notices to the Province, in its capacity as a Specified Creditor, in accordance with Section 9.02.[10]may request from time to time for the purpose of giving effect to the terms of this Section 5.01.

5.02 Priorities

For greater certainty, the rights, interests and entitlements of the Province as an assignee orand subrogee, as applicable, of and with respect to an Approved Obligation shall rank equally with the rights, interests and entitlements of a Beneficiary to whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture in the manner and to the extent contemplated in Section 2.01.7.10(d) of the Trust Indenture.

5.03 Intentionally Deleted

5.04 Representations and Warranties

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

[10] These changes were made to conform to the latest draft of the Trust Indenture, a copy of which will be circulated soon.

ARTICLE VI
NOTICE OF ASSUMPTION OF CERTAIN OBLIGATIONS SECURED[11]

6.01 Delivery of Assumption Notice

Following the occurrence of a Protection Event, the Province may (but shall not be obligated to) provide notice (in the form of Exhibit B) to the Indenture Trustee that the Province has elected to assume the Financing Entity's obligations in respect of all Obligations Secured permitted to be assumed by their terms (the "**Assumption Notice**"). The Assumption Notice shall specify the date on which the assignment and assumption of such Obligations Secured will be effective (each such date being an "**Assumption Closing Date**").[12]

6.02 Cooperation to Implement the Assignment and Assumption

The Indenture Trustee, the FSM, the Financing Entity and the Province will cooperate and use best efforts to complete the assignment and assumption of the Obligations Secured referenced in Section 6.01 by and from the Financing Entity to and by the Province by the applicable Assumption Closing Date.

6.03 Effect of Assignment and Assumption

On the date that the assignment and assumption of the Obligations Secured referenced in Section 6.01 by and from the Financing Entity to and by the Province becomes effective (the "**Assumption Effective Date**"), the Province shall no longer be required to provide and perform the Limited Guarantee but will instead become a primary obligor under such Obligations Secured assumed pursuant to and in accordance with an applicable Assumption Agreement. For greater certainty, the obligations of the Province so assumed will not be secured obligations of the Province and the obligees thereof will have no right, interest or claim to or in respect of the Collateral or any proceeds therefrom.

6.04 Interim Period

Until the effective time of the assignment and assumption of the Obligations Secured referenced in Section 6.01 by and from the Financing Entity to and by the Province on the Assumption Effective Date, the Province shall continue to perform and be obligated under the Limited Guarantee with respect to those Obligations Secured.

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[11] Please see Torys' cover email to explain changes made in this Article and the related Article in the Process Agreement. Section 6.05 was deleted since it was not applicable in a context where only some of the Obligations Secured would be assumed.

[12] It is not realistic to think that the assumptions of Secured Obligations will all occur on one day. We think it has to happen on a contract by contract basis. As a Secured Obligation is assumed, the Limited Guarantee falls away with respect to it (it becomes a "zero" item in the waterfalls).

ARTICLE VI~~ARTICLE VII~~
INDENTURE TRUSTEE MATTERS

6.01 ~~7.01~~ Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

6.02 ~~7.02~~ Not Responsible for Recitals

The recitals contained herein will be taken as the statements of the Province, the Financing Entity and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

6.03 ~~7.03~~ Representations and Covenants of the Indenture Trustee~~13~~[6]

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada; and

(b) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada.

ARTICLE VII~~ARTICLE VIII~~
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

7.01 ~~8.01~~ Suspension Notice

Upon:

(a) a Program Breach;~~ or~~

(b) a default in the performance, or breach, of any covenants ~~or representations of the FSM~~of OPG, as FSM, or OPG, in its corporate capacity, in each case to the Province in connection with ~~an incurrence or amendment of Primary~~

~~13 The Indenture Trustee asked us to delete these representations. They will not provide these types of representations without attaining a legal opinion from outside counsel. To avoid delay, we would ask that the parties agree to this deletion~~[6] Explanatory Note: The Province is content to receive the same representations as are provided by the Indenture Trustee should be under the Trust Indenture. Please conform.

~~Obligations~~its obligations to the Province pursuant to internal requirements and processes in connection with the provision of the Limited Guarantee, which continues for thirty (30) days after written notice by the Province to ~~the FSM~~OPG of such default or breach;

(c) a representation or warranty made by OPG or a certification made by one or more officers of OPG, in each case whether as FSM or in its corporate capacity, to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the provision of the Limited Guarantee, proves to be incorrect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation; or

(d) ~~(c)~~ the FSM no longer being the Manager or actions having been taken by or on behalf of the Indenture Trustee to remove the FSM as the Manager,

the Province may declare that the Limited Guarantee under this Agreement shall not apply to any Primary Obligations incurred[14] on or after such declaration, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied (provided that the Refinancing is an Approved Obligation), by delivering a written notice in the form of Exhibit ~~C~~B (a "**Suspension Notice**") ~~to the Province~~ to the Indenture Trustee, the FSM and the Financing Entity.[15]

The Limited Guarantee shall apply to any Certified Primary Obligation incurred after a Suspension Event on the basis that it is a Refinancing (provided that such Refinancing is an Approved Obligation) only if the FSM certifies to the Province in writing prior to the incurrence that the proceeds of such incurrence will be used solely for the purposes of repaying one or more Certified Primary Obligations incurred prior to the Suspension Event and to which the Limited Guarantee adhered as of the time the Suspension Event occurred, and the delivery of such written certification by the FSM to the Province shall be determinative for the purposes of concluding that such incurrence is a Refinancing for the purposes of Sections 7.01, 7.02 and 7.03.

7.02 ~~8.02~~ Suspension

If a Suspension Notice has been provided under Section ~~8.01~~7.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of any Primary Obligation incurred[16] or amended on or after the time such Suspension Notice is delivered, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied~~. For greater certainty, the rights of the Province under~~

[14] ~~We will need the ability to amend the Primary Obligations after a Suspension Notice to deal with the Suspension Notice itself.~~

[15] ~~OPG has confirmed that it is problematic from an accounting perspective to give the Province a broad right to suspend at any time. As discussed in the meeting, we therefore reintroduced the concept of the Program Breach and Breach Event but we made the breach event generic to ensure we do not have to reference the Process Agreement in this document.~~

[16] ~~We will need the ability to amend the Primary Obligations after a Suspension Notice to deal with the Suspension Notice itself.~~

~~Article VI shall apply in respect of the Obligations Secured referenced in Section 6.01, including if incurred on or after the time such Suspension Notice is delivered.~~[17] (provided that the Refinancing is an Approved Obligation).

7.03 ~~8.03~~ No Impact on Adherence

For greater certainty, the occurrence of a Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event or in respect of any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied~~, nor will it in any way impact the Obligations Secured which are assumed by the Province in accordance with ARTICLE VI~~ (provided that the Refinancing is an Approved Obligation).

ARTICLE VIII~~ARTICLE IX~~
MISCELLANEOUS

8.01 ~~9.01~~ Term of Agreement

This Agreement will continue until the date that no amount is or may become due and payable by the Province under the Limited Guarantee.

8.02 ~~9.02~~ Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust

700 University Avenue

~~[17] We have deleted the concept of the termination notice since it no longer serves a purpose and is potentially confusing to the reader.~~

Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: Manager, Corporate Trust
Fax: (416) 981-9777
Email: corporatetrust.toronto@computershare.com

(b) if to the FSM:

Ontario Power Generation Inc.

700 University Avenue

Toronto, Ontario M5G 1X6

Attention: General Counsel
Fax: (416) 592-4189

(c) if to the Province:

Ministry of Finance

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section ~~9.02~~8.02.

8.03 ~~9.03~~ Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section ~~9.03~~8.03 shall be null and void.

8.04 ~~9.04~~ Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

8.05 ~~9.05~~ FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 ~~9.06~~ No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

~~9.07~~ ~~Intentionally Deleted~~

8.07 Notice to Rating Agencies

OPG, as FSM, shall deliver prompt written notice to the Rating Agencies on occurrence of (i) a Protection Event; (ii) receipt of a Suspension Notice delivered by the Province pursuant to Section 7.01; and (iii) an assignment of this Agreement by any party pursuant to Section 8.03.

8.08 ~~9.08~~ Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their benefits hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

8.09 ~~9.09~~ Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, IN ITS CAPACITY AS TRUSTEE OF FAIR HYDRO TRUST, AS ISSUER, BY ONTARIO POWER GENERATION INC., NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Action**" has the meaning ascribed thereto under the Trust Indenture.

"**Adherence Conditions**", means, in respect of ~~the~~a Certified Primary ~~Obligations~~Obligation, the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of a Guarantee Payment Date, the aggregate of the Approved Obligation Amounts for such Guarantee Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, for a Beneficiary in respect of an Approved Obligation under which an amount is due and payable on a Guarantee Payment Date:

(a) if no Acceleration has occurred in respect of any Obligation Secured on or before the Guarantee Payment Date, the amount due and payable to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation (for greater certainty, determined on the assumption that there are adequate amounts available under the applicable payment provisions of the Trust Indenture to pay in full all amounts referred to in such payment provisions that are due and payable on the Guarantee Payment Date); and

(b) if an Acceleration has occurred in respect of any Obligations Secured on or before the Guarantee Payment Date, the amount that would be available to be paid to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation under the applicable payment provisions of the Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with such applicable payment provisions of the Trust Indenture in respect of each relevant month during each Reference Period is equal to the estimated Finance Amount determined in respect of such Reference Period for purposes of section 15(1) of the Act (in effect on the date hereof), including section 6.1 of the General Regulation (in effect on the date hereof)~~,~~ divided by the number of months in such Reference Period.

~~"**Assumption Agreement**" means the agreement among the Province, the Indenture Trustee, the Financing Entity and any other person that is party to the applicable Supplemental Indenture or Loan Agreement affected by the assignment and assumption contemplated under Article VI,~~

~~which agreement shall be in substantially the form of assumption agreement set forth in the applicable Supplemental Indenture or Loan Agreement.~~

~~"**Assumption Effective Date**" has the meaning ascribed thereto in Section 6.03.~~

~~"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.01.~~

~~"**Assumption Notice**" has the meaning ascribed thereto in Section 6.01.~~

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Beneficiary Payee**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Certified Primary Obligations**" means Primary Obligations that ~~are payment obligations that~~ are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest or to repay payment obligations that were incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest,~~[18]~~[7] (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not each individual trade confirmation, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and aggregate payments by the Financing Entity thereunder during the term of such contract is in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).~~[19]~~

"**Change of Law Protection Agreement**" means this Agreement.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency

~~[18] Query: For a warehouse facility, does the~~[7] Explanatory Note: Province ~~want a~~requires a Process Certificate for each monthly draw~~?~~.

~~[19] This concept reflects what Primary Obligations the parties agreed to be subject to the adherence conditions.~~

option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Eligible Deposit Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Eligible Institution**" has the meaning ascribed thereto in the Trust Indenture.

"**Executive Officer**" has the meaning ascribed ~~thereto in the *Securities Act* (Ontario).~~ to the term "executive officer" in National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators.

"**Final Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(D).

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the first paragraph of this Agreement until a successor Financing Entity Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and the Declaration of Trust, and thereafter "Financing Entity Trustee" means and includes such Person.[~~20~~]

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Guarantee Payment**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Guarantee Payment Date**" has the meaning ascribed thereto in Section 2.01(a)i.

~~"**Guarantor Settlement Statement**" has the meaning ascribed thereto in Section 2.01(a).~~

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other

[~~20~~] ~~We are merely conforming this definition to the definition of Indenture Trustee.~~

instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Issuer Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Issuer Funding Obligation**" has the meaning ascribed thereto in the Trust Indenture.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Lien**" has the meaning ascribed thereto in the Trust Indenture.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(a).

~~"**Loan Agreement**" has the meaning ascribed thereto in the Trust Indenture.~~

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity, as amended, supplemented, restated or otherwise modified from time to time.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Agreement**" means an agreement in the form of ~~a 1992~~an ISDA Master Agreement ~~(Multi-Currency – Cross-Border)~~ as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, as amended, supplemented, restated or otherwise modified from time to time.

~~21~~

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

~~21 The definition of Notes is not used in the Agreement.~~

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account or Finance Reserve Account or required to be held in the Collection Account after the application of amounts under the applicable payment provision of the Trust Indenture on an applicable payment date[8]; and (ii) any obligation to pay the Financing Entity or on the Financing Entity's direction any remaining amounts in the Collection Account pursuant to the Trust Indenture.[22]

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event[9], termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.[23]

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

[8] Explanatory Note: The Trust Indenture states that if extra cash is available in the Collections Account, it can be held until a subsequent Payment Date.

[22] These changes were made to conform to the most current version of the Trust Indenture, a copy of which will be circulated soon. Additionally, money in the Collection Account is required to flow through the waterfall and is not required to be held in the Collection Account otherwise.

[9] Explanatory Note: Early amortization events may be included in a supplemental indenture, so retaining that concept makes sense.

[23] We deleted early amortization events because that is no longer a concept used in the Trust Indenture.

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that materially and adversely affects (a) the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured, or (b) this Agreement or any of the agreements under which Obligations Secured arise; or

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that materially and adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Obligations Secured that have become due and payable.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency Condition" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Reference Period**" has the meaning ascribed thereto in the Act.

"**Refinancing**" ~~means the incurrence of debt where at the time of issuance the use of the proceeds thereof are identified by the Issuer as to be used to repay an existing Approved Obligation.~~[24][10] has the meaning ascribed to the term "refinancing" in the Act as of the date

[10] Explanatory Note: This relates to a refinancing of an existing debt obligation; not an undrawn commitment to fund.

hereof, as more particularly described and given meaning in the General Regulation as of the date hereof.[11]

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Subrogation ~~Amounts~~Entitlement**" means each Subrogation Amount and each Final Subrogation Amount.

"**Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(~~ii~~B).

"**Supplemental Indenture**" has the meaning ascribed in the Trust Indenture.

"**Supplemental Reserve Account**" has the meaning ascribed in the Trust Indenture.

"**Suspension Event**" has the meaning ascribed thereto in Section ~~8.02~~7.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section ~~8.01~~7.01.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

[24] ~~Refinancings can occur up to six months prior to the application of the refinancing proceeds to the existing obligation. The regulations provide that if the refinancing proceeds are not applied to repay the intended funding obligation, then it is not a Refinancing. Accordingly, we have revised the definition to ensure~~[11] Explanatory Note: The General Regulation provides that debt can be considered a "Refinancing" when incurred within the 6 months prior to the maturity date of a funding obligation. The Act/Regulation's definition doesn't require that "Refinancings ~~do not have to~~" be simultaneous with the repayment of ~~the existing Approved Obligation (we understand from the dealers that in most circumstances they will not be)~~existing Approved Obligations. We have added a certificate mechanic in 7.01 by which there can be certainty when an obligation is incurred that if the obligation is intended to be a refinancing, it will be covered by the guarantee.

EXHIBIT A
FORM OF PAYMENT DEMAND

TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Pursuant to and in accordance with section 2.01(a) of the Change of the Law Protection Agreement, the Indenture Trustee hereby demands payment from the Province in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in the Change of Law Protection Agreement.

DATED as of the [■] day of [■], [■].

BNY TRUST COMPANY OF CANADA

By:
Name:
Title:

By:
Name:
Title:

EXHIBIT B
~~ASSUMPTION~~SUSPENSION NOTICE

~~[NTD: Blakes to provide draft]~~

~~EXHIBIT C~~
~~SUSPENSION NOTICE~~

~~**[NTD: Blakes to provide draft]**~~

TO:	Ontario Power Generation Inc., in its capacity as Financial Services Manager
AND TO:	Fair Hydro Trust
AND TO:	Computershare Trust Company of Canada, in its capacity as trustee of Fair Hydro Trust
AND TO:	BNY Trust Company of Canada, as Indenture Trustee

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement. All references in this Suspension Notice to "Articles" or "Sections" refer to Articles or Sections of the Change of Law Protection Agreement.

The Province has a reasonable basis for concluding that an event described in Section 7.01 has occurred. Pursuant to Section 7.01, the Province hereby declares that the Limited Guarantee shall not apply in respect of any Primary Obligation incurred or amended on or after the delivery of this Suspension Notice, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied, in accordance with the terms and conditions in Article VII.

The Limited Guarantee shall hereby not apply in respect of any Primary Obligation incurred or amended on or after delivery of this Suspension Notice, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied.

This Suspension Notice is hereby delivered to the FSM, the Financing Entity and the Indenture Trustee in accordance with Section 8.02 of the Change of Law Protection Agreement.

* * * *

DATED as of the [■] day of [■], [■].

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

Document comparison by Workshare Compare on Monday, December 04, 2017 11:55:46 AM

Input:	
Document 1 ID	PowerDocs://TOR_2528/23239360/18
Description	TOR_2528-#23239360-v18-Change_of_Law_Protection_Agreement
Document 2 ID	PowerDocs://TOR_2528/23239360/22
Description	TOR_2528-#23239360-v22-Change_of_Law_Protection_Agreement
Rendering set	Standard

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

Statistics:	
	Count
Insertions	159
Deletions	170
Moved from	2
Moved to	2
Style change	0
Format changed	0
Total changes	333

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.

CHANGE OF LAW PROCESS AGREEMENT[1]

Dated as of [■], 2017

[1] ~~This Agreement and the Protection Agreement will need to be effective on closing but signed and held in escrow as soon as they are settled and prior to pricing of the term deal.~~Explanatory Note: Closing mechanics under consideration by the Province.

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**") is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.

Pursuant to a Declaration of Trust dated as of [■], 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.[2]

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of ~~Primary~~ Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions.

Prior to entering into this Agreement, OPG provided the Province with the proposed forms of certain of the Transaction Documents ~~listed on Exhibit "A"~~, and the Province has not objected to such forms ~~and has confirmed to OPG that such Transaction Documents constitute "Reference Documentation" for purposes of this Agreement~~.

~~Prior to entering into this Agreement, OPG, as the FSM, provided the Province with the initial Financing Plan attached hereto as Exhibit "B" (the "**Initial Financing Plan**"), and the Province has not objected to such Initial Financing Plan.~~

~~Prior to entering into this Agreement, OPG, as the FSM, provided to the Province (i) the initial forecast attached hereto as Exhibit "C" (the "**Initial Forecast**") setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the 24 month period following the date hereof (the "**Initial Forecast Period**"); and (ii) notice of the initial Protection Agreement Maximum of C$■ (the "**Initial Protection Agreement Maximum**").~~[3]

[2] ~~We are comfortable on this point because OPG has retained Computershare as issuer trustee. The recitals of the Declaration of Trust provide that Computershare has established the Trust at the request of the FSM. We can also provide you with a copy of the Computershare engagement letter upon request.~~

[3] ~~Given that this Agreement would now be delivered on or immediately prior to closing, we thought it would be acceptable to reference these initial items as delivered versus as future deliverables. Please note that OPG is working with the Province to deliver the initial financing plan and the initial forecast and to confirm the initial protection agreement maximum.~~

~~The Province has not objected to the Initial Forecast and the Initial Protection Agreement Maximum on the basis that (i) there does not appear to be inaccuracies in the Initial Financing Plan or the Initial Forecast, (ii) the Initial Forecast is consistent with the Initial Financing Plan, and (iii) the Initial Protection Agreement Maximum is less than the Initial Forecast.~~

This Agreement sets out the obligations OPG has agreed to perform and assurances OPG has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the Adherence Conditions have been satisfied, maintaining information related to the Program Agreements and the Approved Obligations, and ensuring that the Province's assumption rights pursuant to Article VI of the Change of Law Protection Agreement may be exercised without impediment on the terms and conditions contemplated in this Agreement and the Change of Law Protection Agreement.

All things necessary to make this Agreement a valid and legally binding agreement of OPG and the Province, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect,

including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall"~~. The~~; the word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed~~. The~~; the words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 References to the Financing Entity

For greater certainty, each reference to the Financing Entity shall be construed as a reference to the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 Effect of Headings

The Article and Section headings herein and are for convenience only and will not affect the construction hereof.

1.04 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof.

To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.06 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise

expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF OPG

2.01 Deliveries to the Province

(a) Not less than 15 Business Days, or such lesser period as the Province may agree to in writing, prior to the initial issuance of any Funding Obligation by the Financing Entity, OPG shall deliver to the Province a copy of the initial Financing Plan. Thereafter, OPG shall promptly deliver to the Province a copy of any proposed change to or replacement of the ~~Initial~~ Financing Plan.

(b) Not less than 10 Business Days, or such lesser period as the Province may agree to in writing, prior to (i) any proposed change or supplement to a previously provided Transaction Document becoming effective or otherwise being used, (ii) any additional or replacement Transaction Document becoming effective or otherwise being used, OPG shall deliver to the Province a copy of such proposed change or supplement to the Transaction Document and any such additional or replacement Transaction Document.

(c) Promptly following (i) any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor being made, (ii) any new, additional or replacement instruments, documents, agreements or security being used or granted in connection with all or any part of the Approved Obligations, or (iii) any waiver, release, reconveyance, termination, abandonment, subordination, exchange, substitution, transfer, compound, compromise, liquidation or enforcement of all or any part of the Approved Obligations or any security or guarantee therefor being effected, OPG shall deliver to the Province a detailed description of such event and the reasons for it together with any related documents, agreements and instruments.

(d) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, OPG shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations (including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(e) Promptly upon request, OPG shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

2.02 Covenants

(a) OPG shall use commercially reasonable efforts to cause the Financing Entity to:

(i) punctually perform and observe all of the Financing Entity's obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not (unless waived in writing by the Province):

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement or replacement or waiver or consent could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any change in particular financial terms, rates and levels;

(B) extend, renew, compromise, novate, replace, suspend, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, liquidate or enforce the terms of all or any part of the Approved Obligations or any Collateral, if any such action could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to the extent that only particular financial terms, rates and levels are affected;

(C) permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired; or

(D) allow the Financing Entity to enter into any Supplemental Indenture or Loan Agreement where any penalty or make-whole payment, or any requirement for further consent, approval or agreement, of the Specified Creditor party thereto would be required for the Province to assume the Obligations Secured thereunder.[4]

(b) OPG shall:

(i) comply, and shall use commercially reasonable efforts to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

(ii) punctually perform and observe all of its (including as the FSM and as Manager) obligations and agreements contained in the Program Agreements;

(iii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation; and

(iv) after the occurrence of any Protection Event[5] (or any event known to OPG that with the passage of time or the giving of notice would be a Protection Event), not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.

~~(c) For greater certainty, the parties hereto acknowledge and agree that OPG's obligations under this Agreement are subject to (i) OPG's obligations as FSM under the Act, and (ii) OPG's obligations under the Management Agreement.[6]~~

(c) ~~(d)~~ Nothing in this Agreement ~~nor in the Change of Law Protection Agreement[7]~~ shall limit the obligations of the Province under the Indemnity Agreement by the

~~[4] Please see our cover note regarding the proposed assumption by the Province. Lawyers to discuss if appropriate mechanics for the first two deals are possible given timing.~~

~~[5] OPG is not in a position to be aware of events that may lead to a Protection Event.~~

~~[6] We would like to ensure that there is an acknowledgement that OPG has certain obligations under the Act and the Management Agreement.~~

~~[7] This language has extra-contractual implications and so its meaning as between only 2 of the parties to the Protection Agreement is uncertain. Torys to explain intention. Torys: This provision is intended to clarify that neither the Protection Agreement nor the Process Agreement supersedes or otherwise amends the Province's obligations under the Provincial Indemnity Agreement. It is effectively an acknowledgment by the Province in favour of OPG and does not involve the other parties to the Protection Agreement and so we are comfortable including it here only. However, we do not have an issue with putting an equivalent clause in the Protection Agreement if that is preferable from your perspective.~~

Province in favour of OPG dated June 1, 2017 (as amended, the "**Indemnity Agreement**") and to the extent of any conflict between this Agreement~~, the Change of Law Protection Agreement~~ and such Indemnity Agreement, in respect of any matter relating to the Province's obligations to indemnify OPG, the Indemnity Agreement shall prevail.

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate[8]

OPG shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Province, on or before the incurrence or any amendment of a ~~Certified Primary Obligation~~Funding Obligation, other than any Funding Obligation under which not more than $**[5,000,000]** in the aggregate may become payable by the Financing Entity (provided that delivery may not be more than 5 Business Days before the incurrence or amendment of the ~~Certified Primary~~Funding Obligation), setting out the following with respect to such ~~Certified Primary~~Funding Obligation:

(a) the material terms of the ~~Certified Primary~~Funding Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a ~~Master~~Derivative Agreement[9]~~, events of default, termination events and any amendment to the standard terms of the Master Agreement relating to the calculation of termination amounts (and, for greater certainty, it shall not be necessary to set out the terms of any trade confirmation)~~, the notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

(b) if an existing Funding Obligation is proposed to be amended, material details respecting such amendment, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

(c) ~~(b)~~ a statement to the effect that: (i) the ~~Certified Primary~~Funding Obligation to be incurred or amended (1) will arise under terms and conditions that are

[8] ~~The Process Certificate conforms to the certificate delivered under the Change of Law Protection Agreement including the changes to ensure that the Process Certificate is only provided here when a concurrent certificate is required to be delivered by OPG under the Protection Agreement. Without this consistency, the obligations can become confusing and the intent of the parties of when Primary Obligations are subject to the adherence conditions may not be clear.~~

[9] ~~Since we agreed at our meeting that OPG only needs to provide a certificate under section 4.02 of the Change of Law Protection Agreement when they enter into a Master Agreement (and not the broader concept of the Derivative Agreement), we had to revise the language here to conform to what would be expected to be found in a Master Agreement.~~

Substantially in the Form of the Reference Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reference Documentation;

(d) ~~(c)~~ a statement confirming that any disclosure made in respect of the ~~Certified Primary~~Funding Obligation (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to the ~~Certified Primary~~Funding Obligation) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement has been made available to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made;

(e) ~~(d)~~ a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and

(f) ~~(e)~~ confirmation that, at the time the ~~Certified Primary~~Funding Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the ~~Certified Primary~~Funding Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the ~~then applicable~~ Protection Agreement Maximum applicable on the date that the Process Certificate is delivered; for clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be determined on the date the Process Certificate is delivered hereunder in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

3.02 Acknowledgement[10] regarding delivery of certificate under Change of Law protection Agreement

The Province acknowledges and agrees that, concurrent with the delivery of the Process Certificate pursuant to Section 3.01 of this Agreement, the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) are authorized to deliver the certificate referred to in Subsection [4.02(b)] of the Change of Law Protection Agreement to the Indenture Trustee confirming that OPG has delivered all required certifications to the Province in connection with adherence of the Limited Guarantee to the incurrence of the Certified Primary Obligations in respect of which the certificate in Subsection [4.02(b)] of the Change of Law Protection Agreement is being delivered; provided that, upon receipt of a Suspension Notice under the Change of Law Protection Agreement, OPG covenants not to deliver any further certificates to the Indenture Trustee under Subsection [4.02(b)] of the Change of Law Protection Agreement other than in connection with a Refinancing of a Primary Obligation in respect of which the Adherence Conditions had been satisfied at the time such Primary Obligation was incurred.[11]

3.03 Acknowledgement regarding delivery of Suspension Notice

The parties acknowledge and agree that the Province is entitled to deliver a Suspension Notice under Section 7.01 of the Change of Law Protection Agreement if a Program Breach or Breach Event has occurred. The Province agrees not to deliver a Suspension Notice pursuant to Section 7.01 of the Change of Law Protection Agreement unless a Program Breach or a Breach Event has occurred.

3.04 3.03 Meaning of "Reference Documentation"

For the purposes of Subsection 3.01(bc), the term "Reference Documentation" shall mean each Transaction Document (including any change, addition or supplement thereto) that, at the relevant time:

(a) is a Transaction Document provided to, and not objected to by, the Province prior to the making of this Agreement, as contemplated in the fifth recital to this Agreement; or

(b) is a Transaction Document provided to the Province in accordance with Subsection 2.01(b) that has not been objected to by the Province, by delivery of an objection notice in writing delivered to OPG, within 10 Business Days after it is provided to the Province.

[10] OPG needs certainty on the conditions in which it is permitted to deliver the certificate under the Change of Law adherence conditions.

[11] Since OPG receives a Suspension Notice under the Change of Law Protection Agreement, we removed the concept of such notice here other than to provide the covenant above.

3.05 3.04 Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(bc), the term "Substantially in the Form" shall mean:

(a) with respect to the Reference Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such Reference Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation, including regarding the timing of or circumstances under which related payments are or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that would affect the Province's rights of subrogation or assignment (including pursuant to **[Section**Sections 1.05, 2.01 or 5.01 **or Article VI]** of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation or upon the assumption of obligations in accordance with **[Article VI]** of the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any variable terms to be set forth in the proposed documents as are reasonably contemplated in the Reference Documentation, including the particular financial terms, rates and levels set forth in the proposed documents other than to the extent that the forms of Reference Documentation themselves specify specific requirements, limitations or parameters with respect to such financial terms, rates, levels and parameters; and

(b) with respect to the Reference Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum[12]

(a) Not less than 15 Business Days, or such lesser period as the Province may agree to in writing, prior to the proposed incurrence of the first Funding Obligation, OPG shall, as the FSM, deliver to the Province: (i) a forecast setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the next following 24 month period (the "**Initial Forecast Period**"), which expectations shall be consistent with the Financing Plan (the "**Initial Forecast**"); and (ii) notice

[12] Per an earlier footnote, the items in previous draft (a) and (b) were moved to the recitals.

of the initial Protection Agreement Maximum, which may not exceed the Initial Forecast.

(b) Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of the Initial Forecast and notice of the initial Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province may disagree with the Initial Forecast and the initial Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or the Initial Forecast, (ii) the Initial Forecast is inconsistent with the Financing Plan, or (iii) the initial Protection Agreement Maximum is more than the Initial Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the initial Protection Agreement Maximum will be revised accordingly and confirmed by an amended notice to the Province.

(c) ~~(a)~~ Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Approved Obligations that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast shall be further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum, which may not exceed such Forecast.

(d) ~~(b)~~ Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of any further Forecast and notice of the revised Protection Agreement Maximum from OPG pursuant to Section 4.01(~~a~~c), the Province may disagree with such further Forecast or revised Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or such further Forecast, (ii) the further Forecast is inconsistent with the Financing Plan, or (iii) the revised Protection Agreement Maximum is more than the further Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the revised Protection Agreement Maximum will be further revised accordingly and confirmed by an amended notice to the Province.

(e) ~~(c)~~ For clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be valued at the time to be determined for the purposes of this Section 4.01 in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of OPG

OPG represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, may cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario and has the power and authority to enter into and perform its obligations under this Agreement and all instruments and agreements delivered pursuant hereto.

(c) OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Financing Entity or in the ability of the Financing Entity to perform its obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

5.02 <u>Representations and Warranties of the Province</u>

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
PROCESS FOR ELECTION TO ASSUME APPROVED OBLIGATIONS[13]BREACH EVENTS

6.01 Election by the ProvinceBreach Events

Pursuant to Section 6.01 of the Change of Law Protection Agreement, at any time following the occurrence of a Protection Event, the Province may (but shall not be obligated) elect to assume the Financing Entity's obligations in respect of all Obligations Secured permitted to be assumed by their terms as obligor and debtor by giving notice to the Indenture Trustee. Prior to determining whether or not to exercise its election, the Province may deliver to OPG a notice in the form of Exhibit "D" (an "**Election Information Notice**"). The Election Information Notice shall, among other things, specify the date or dates on which the Province proposes to assume the Obligations Secured referred to in this Section 6.01, which date or dates shall be no earlier than 60 days[14] following delivery of the Election Information Notice to OPG (with respect to each such Obligation Secured, the "**Proposed Assumption Date**").

6.02 Details regarding Obligations Secured

Within 10 Business Days following the delivery of the Election Information Notice to OPG, OPG shall provide the following information and documentation to the Province:

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

(a) a summary of the amounts that will be owing under the Obligations Secured referred to in Section 6.01 as of the Proposed Assumption Date, together with a detailed schedule setting out the dates on which such amounts will become due and payable under such Obligations Secured;a default in the performance, or breach, of any covenants of OPG under this Agreement, which continues for thirty (30) days after written notice by the Province to OPG of such default or breach;

(b) a summary of the rights arising under the Obligations Secured referred to in Section 6.01 that permit the Province to assume such Obligations Secured, including details regarding any conditions precedent to such assignment and the related assumption becoming effective and any notices, filings, consents or other actions that will be required in order to implement and effect such assignment and assumption;any representation or warranty made by OPG in this Agreement, any

[13] Please see Torys' cover email to explain changes made in this Article and the related Article in the Protection Agreement. Section 6.05 was deleted and moved up as a covenant in section 2.02(a)(v)(D).

[14] This process will take time and require appropriate notice to holders of the applicable Obligations Secured.

certification made in a Process Certificate, or any certification made in a certificate contemplated by Subsection 4.02(b) of the Change of Law Protection Agreement, proves to be incorrect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation; or

(c) ~~current versions of all documentation under which the Obligations Secured referred to in Section 6.01 arise;~~OPG is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the Manager.

~~(d) copies of all correspondence exchanged between OPG, as the FSM, or the Financing Entity, on the one hand, and any Specified Creditor, Rating Agency or the Indenture Trustee, on the other hand, in each case that may reasonably be considered to be material to the assumption and performance of the Obligations Secured referred to in Section 6.01 by the Province; and~~

~~(e) all income tax returns and assessments, financial statements and notices of proceedings of or pertaining to the Financing Entity or its business and any documentation related thereto, including any pleadings, appeals, objections, qualifications or other similar materials in respect of the Financing Entity or any Program Agreement.~~

~~**6.03 Settlement of Terms**~~

~~Following receipt and consideration by the Province of the information and documentation to be provided under Section 6.02, the Province shall confirm in writing whether or not it expects to proceed with the assignment and assumption of the Obligations Secured referred to in Section 6.01 and, if it will be proceeding with the assignment and assumption, the date on which the Province expects that assignment and assumption will be effected. If it will be proceeding with such assignment and assumption, the Province will deliver an Assumption Notice as contemplated under Section **[6.01]** of the Change of Law Protection Agreement. A decision not to proceed with an election at any time will not limit the Province from proceeding with an election at a later date, including by issuing a further Election Information Notice, and Article VI of this Agreement shall continue to apply unaffected.~~

~~**6.04 Cooperation to Implement the Assignment and Assumption**~~

~~OPG shall cooperate with the Province and, as FSM, shall use commercially reasonable efforts to cause the Financing Entity to cooperate, and shall use its commercially reasonable efforts, to complete the assignment and assumption of the Obligations Secured referred to in Section 6.01 by and from the Financing Entity to and by the Province, by the applicable Assumption Closing Date.~~

ARTICLE VII[15]
MISCELLANEOUS

7.01 Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

7.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to OPG:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

(b) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]

[15] Breach events not required to be listed since OPG receives a Suspension Notice under the Change of Law Protection Agreement. See also the proviso in section 3.02.

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 7.02.

7.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 7.03 shall be null and void.

7.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

7.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

7.06 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

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

By: _____

Name:
Title:

By: _____

Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Conditions**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Approved Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

~~"**Assumption Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.~~

~~"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.03.~~

"**Beneficiaries**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Breach Event**" ~~means the occurrence of an event described~~has the meaning ascribed thereto in Section ~~**[8.01(b) or (c)]** of the Change of Law Protection Agreement.~~ 6.01.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Certified Primary Obligations**" ~~means Primary Obligations that are payment obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest or to repay payment obligations that were incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest,[16] (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not each individual trade confirmation, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and aggregate payments by the Financing Entity thereunder during the term of such contract is in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).[17]~~has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the FSM on behalf of the Financing Entity and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

~~[16] Query: For a warehouse facility, does the Province want a Certificate for each monthly draw?~~
~~[17] This concept reflects what Primary Obligations the parties agreed to be subject to the adherence conditions.~~

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

~~"**Election Information Notice**" has the meaning ascribed thereto in Section 6.01.~~

"**Executive Officer**" has the meaning ascribed thereto in the ~~*Securities Act* (Ontario)~~Change of Law Protection Agreement.

"**Financing Entity**" means Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(~~a~~c).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other

instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Indenture Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

~~"**Initial Financing Plan**" has the meaning ascribed thereto in the recitals of this Agreement.~~

"**Initial Forecast**" has the meaning ascribed thereto in ~~the recitals of this Agreement.~~Section 4.01(a)

"**Initial Forecast Period**" has the meaning ascribed thereto in ~~the recitals of this Agreement.~~Section 4.01(a)

~~"**Initial Protection Agreement Maximum**" has the meaning ascribed thereto in the recitals of this Agreement.~~

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

~~18~~

"**Limited Guarantee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Loan Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**Management Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Manager**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

~~"**Master Agreement**" means an agreement in the form of a 1992 ISDA Master Agreement (Multi-Currency – Cross Border) as published by ISDA or any replacement or substitute or functional equivalent of such agreement.~~

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

~~18 Definition of Legislature not used here.~~

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Proposed Assumption Date**Program Breach" has the meaning ascribed thereto in Section 6.01the Change of Law Protection Agreement.

"**Protection Agreement Maximum**" means the dollar amount referenced as the Program Agreement Maximum and determined in accordance with Article IV.

"**Protection Event**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture.

"**Reference Documentation**" has the meaning ascribed thereto in Section 3.033.04.

"**Repayment**" has the meaning ascribed to the term "repayment" in the General Regulation as of the date of this Agreement.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Substantially in the Form**" has the meaning ascribed thereto in Section 3.043.05.

"**Suspension Notice**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement;

(vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to aan ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that affects the Province's subrogation rights and/or subrogee interests, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

EXHIBIT "A"
INITIAL REFERENCE DOCUMENTATION

- Declaration of Trust;
- Management Agreement;
- Master Transfer and Servicing Agreement;
- Acknowledgement and indemnity agreement dated as of [■], 2017 made by IESO in favour of the Indenture Trustee;
- Security agreement made by IESO in favour of the Financing Entity to secure certain of its obligations under the Master Transfer and Servicing Agreement;
- Trust Indenture;
- Term Senior Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;
- Term Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;
- Term Junior Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;
- Warehouse Senior Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;
- Warehouse Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;
- Warehouse Junior Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;
- Schedule to the ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time;
- Confidential shelf offering memorandum of the Financing Entity dated as of [■], 2017, including the term sheet incorporated by reference therein; and

- ~~Agency agreement between the Financing Entity, CIBC World Markets Inc., RBC Dominion Securities Inc., Goldman Sachs Canada Inc. and the other agents named therein dated as of [■], 2017.~~

~~[NTD: List above to be confirmed.]~~

~~EXHIBIT "B"~~
~~INITIAL FINANCING PLAN~~

~~(see attached)~~

~~EXHIBIT "C"~~
~~INITIAL FORECAST~~

~~(see attached)~~

~~EXHIBIT "D"~~
~~FORM OF ELECTION INFORMATION NOTICE~~

~~[NTD: Blakes to provide draft.]~~

Document comparison by Workshare Compare on Monday, December 04, 2017 11:56:43 AM

Input:	
Document 1 ID	PowerDocs://TOR_2528/23239361/15
Description	TOR_2528-#23239361-v15-Change_of_Law_-_Process_Agreement
Document 2 ID	PowerDocs://TOR_2528/23239361/19
Description	TOR_2528-#23239361-v19-Change_of_Law_-_Process_Agreement
Rendering set	Standard

Legend:	
Insertion	
~~Deletion~~	
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Moved to	
Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	72
Deletions	157
Moved from	4
Moved to	4
Style change	0
Format changed	0
Total changes	237

From:	Mike Manning
To:	"LEE John -TREASURY"
Cc:	Mike Manning
Subject:	Change of Law agreements
Date:	Monday, December 04, 2017 3:28:39 PM
Attachments:	23239360-v22-Change of Law Protection Agreement.docx 23239361-v19-Change of Law - Process Agreement.docx Protection - BL v Torys draft (Nov 24).pdf Process - BL v Torys draft (Nov 24).pdf DBRS responses - Comments.pdf

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As discussed, please find attached revised versions of the Protection Agreement and the Process Agreement.

We have tried to address all of the issues raised in the November 24th mark-up from Torys. In some cases, we have further simplified the arrangements, such as deleting the specific assumption option in favour of the Province previously included in the Protection Agreement. The Province recognizes that it is not practical, given the constraints and timelines, to build these rights into the agreements at the present time. In addition, revisions have been made to s. 2.01(a)iv to address the Province's subrogation entitlements following payment in full of the Approved Obligations. This is somewhat complicated by the possibility of unguaranteed obligations existing at the time the Province has fulfilled all of its payment obligations under the limited guarantee, and so we have suggested a simplified approach to address the priorities of those remaining cash amounts when they arise (see s. 2.01(a)ivD).

We have revised the Process Agreement back to reflect the previous version as the purpose of the Process Agreement is to support sufficient meaningful information going to the Province with respect to obligations to be incurred. Although the Province was satisfied with removing some of the details and obligations contained in the certificate under the Protection Agreement in order to address the Dealers' concerns under the Protection Agreement, the same concerns and principles do not apply to the Process Agreement between the Province and OPG as FSM. In addition, we do not think it is appropriate from a timing perspective to move certain deliveries into recitals at this point as the Process Agreement already sets out a clear process.

The Province has carefully considered all of the issues and suggestions raised by OPG and the Dealers in these drafts of the agreements. We do not believe that any further business issues with these agreements should be raised unless they are important to the financeability of the Trust. Having said that, our legal folks will make themselves available to address issues this afternoon.

It would be appreciated if you could forward the agreements to your dealers and lawyers.

Regards, Mike

Draft: December 4, 2017

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE[1]

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

[1] Explanatory Note: Logistics of closing are under consideration by the Province.

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust under the laws of the Province of Ontario (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council dated as of 1981/2017 (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Primary Obligations that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred. This Agreement sets out the terms and conditions of such protections and assurances.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 Intentionally Deleted

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture as of the date of this Agreement.

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 2.01 or Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee, the Financing Entity, the Financing Entity Trustee, the Manager or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the “Change of Law Protection Agreement” referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or

release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee shall (unless the Rating Agency Condition has been satisfied with respect to a demand not being made as a result of the Protection Event), deliver a written demand, substantially in the form attached as Exhibit A (a "**Payment Demand**"), to the Province requiring the Province to make payments in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in this Agreement. From and after such delivery of a Payment Demand, the Province shall make the following payments in respect of the Approved Obligations (the "**Limited Guarantee**"), and the Financing Entity shall pay, and the Province shall be entitled to be paid, the Subrogation Entitlements specified below:

i. Not less than 3 Business Days prior to each day when any payment or payments are to be made in respect of one or more Approved Obligations occurring after such delivery of a Payment Demand (each such day, a "**Guarantee Payment Date**"), the Manager shall deliver a written statement setting forth the Aggregate Approved Obligations Amount, if any, in respect of the Approved Obligations that are due and payable on such Guarantee Payment Date, together with a detailed description identifying such Approved Obligations and the nature and amount of payments due and payable thereunder on the Guarantee Payment Date, the aggregate outstanding amount payable by the Financing Entity under such Approved Obligations as of the date of such written statement, and details regarding any default in performance by any party obligated thereunder.

ii. On each such Guarantee Payment Date, the Province shall deposit the Aggregate Approved Obligations Amount into the Protection Account.

iii. On each such Guarantee Payment Date, the Financing Entity and the Indenture Trustee shall ensure that the amounts on deposit in the Protection Account are applied to pay each Beneficiary to whom an amount is due and payable under an Approved Obligation on the Guarantee Payment Date the Approved Obligation Amount for such Beneficiary in respect of such Approved Obligation on such Guarantee Payment Date; provided that if the amount deposited pursuant to clause 2.01(a)ii is insufficient to pay all such Approved Obligation Amounts in full, the amount on deposit in the Protection Account on the Guarantee Payment Date shall be applied to pay Beneficiaries in the order of priority in which such Approved Obligations are payable under the payment provisions of the Trust Indenture applicable to the making of such payments on the Guarantee Payment Date (each, a "**Beneficiary Payee**" and each payment made to a Beneficiary Payee on a Guarantee Payment Date, a "**Guarantee Payment**").

iv. On any Guarantee Payment Date on which an amount is paid by the Province pursuant to clause 2.01(a)ii, the applicable payment provisions of the Trust Indenture shall, notwithstanding the express terms of such provisions set forth in the Trust Indenture, be applied and operate on the following basis:

(A) [2]the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available under

[2] Explanatory Note: In a particular period, the cash available from CEAs may exceed the aggregate Finance Amounts payable - for example, as a result of the "true-up" under the Act, which will determine the actual amount of cash available. The basic structure is that the Province will pay all Approved Obligation Amounts, and will be entitled to receive all cash flows available to the Beneficiary Payees. Limiting the subrogation amounts to the lesser of such available cash and the Guarantee Payments could result in leakage of the cash that the Province looks to under this arrangement.

such payment provisions on such Guarantee Payment Date shall be reduced by the amount of the Guarantee Payment paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on such Guarantee Payment Date;

(B) the Province shall be paid the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available to pay the Beneficiary Payee under such payment provisions on the Guarantee Payment Date, determined without regard to the Guarantee Payment paid on such Guarantee Payment Date and the corresponding reduction of the amount owing to the Beneficiary Payee pursuant to subclause 2.01(a)iv(A) (each such amount payable to the Province being a "**Subrogation Amount**");

(C) no Beneficiary having a right to be paid an amount in respect of an Approved Obligation, and no other Person entitled under an Obligation Secured, in each case that ranks equal with or subordinate to an Approved Obligation in respect of which a Subrogation Amount is payable to the Province under subclause 2.01(a)iv(B), shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under such subclause (including any right of reimbursement, contribution or indemnity) and no such Beneficiary or other Person shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of any such Subrogation Amount;

(D) [3]on the first day when any payment or payments are to be made in respect of Obligations Secured that occurs on or after the date on which all amounts payable under all Approved Obligations have been paid in full, the Province shall be entitled to be paid from amounts available to pay Obligations Secured on such day (and thereafter on each subsequent day when any payment or payments are to be made in respect of Obligations Secured, until paid in full), in each case in accordance with the applicable payment provisions of the Trust Indenture on such day, the

[3] Explanatory Note: The Province will be entitled to receive subrogation cash flows after satisfaction of all Approved Obligations. This provision provides how that these amounts will be payable from available cash flows, based on priorities that address cash entitlements opposite non-guaranteed obligations secured (e.g., after a suspension event). Conforming changes will need to be made to the Trust Indenture once these mechanics have been settled.

following amounts (each, a "**Final Subrogation Amount**"), in each case in the priorities specified below:

(I) as an amount ranking equally with [Senior Obligations][4], the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including such day in respect of Approved Obligations ranking equally with or prior to [Senior Obligations], plus (y) the sum of amounts determined in respect of interest on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount is paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related[5], exceeds (2) the sum of all Subrogation Amounts paid to the Province up to and including such day;

(II) as an amount ranking equally with [Subordinated Obligations], the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including such day in respect of Approved Obligations ranking equally with or prior to [Subordinated Obligations], plus (y) the sum of amounts determined in respect of interest on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount is paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of (x) all Subrogation Amounts paid to the Province up to and including such day, plus (y) the amount determined under (I); and

[4] Explanatory Note: Nomenclature to be conformed, once the corresponding provisions of the Trust Indenture have been settled.

[5] Explanatory Note: Nomenclature to be conformed, once the corresponding provisions of the Trust Indenture have been settled.

(III) as an amount ranking equally with [Junior Obligations], the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including such day in respect of Approved Obligations ranking equally with or prior to [Junior Obligations], plus (y) the sum of amounts determined in respect of interest on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount is paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of (x) all Subrogation Amounts paid to the Province up to and including such day, plus (y) the sum of the amounts determined under (I) plus (z) the sum of the amounts determined under (II); and

(E) no Person entitled under an Obligation Secured that ranks equal with or subordinate to a Final Subrogation Amount shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province in respect of such Final Subrogation Amount and no such Person shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of any such Final Subrogation Amount.

v. On any Guarantee Payment Date, the Indenture Trustee shall release and pay to the Province free and clear of any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay Guarantee Payments to Beneficiary Payees on the Guarantee Payment Date in accordance with clause 2.01(a)iii.

vi. In preparing any payment instructions under the Trust Indenture, the Manager shall reflect the amounts payable under Section 2.01(a).

(b) The Province shall, as a payee of Subrogation Amounts under clause 2.01(a)(iv)(B), as a payee of each Final Subrogation Amount under clause 2.01(a)(iv)(B) and as a payee of any amounts payable under clause 2.01(a)(v), be a “Specified Creditor” under the Trust Indenture and have the benefit of the Collateral thereunder.

(c) For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the Approved Obligation Amounts, if any, for payment to Beneficiary Payees and will be subject to the priorities and to the Province's rights to Subrogation Entitlements, set forth in Section 2.01(a).

(d) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(e) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation by their terms.

(f) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under and in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any amount due and payable to a Beneficiary Payee under the Limited Guarantee.

2.02 Intentionally Deleted.

2.03 <u>Absence of Set-off</u>

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 <u>Payment into Protection Account in Satisfaction</u>

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period,

not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account" for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section **[7.03]** of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Financing Entity and the Indenture Trustee shall ensure that all amounts paid by the Province into the Protection Account on a Guarantee Payment Date in respect of an Approved Obligation are applied to pay the amounts due and payable to the Beneficiaries as and to the extent provided for in Section 2.01(a). Upon a payment having been made by or on behalf of the Province into the Protection Account, the amounts so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiaries as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such Beneficiaries in respect of the applicable Approved Obligations, whereupon an affected Beneficiary shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid. For greater certainty, the obligations arising in respect of an applicable Approved Obligation shall not be reduced by such payment as the Province shall become entitled to be paid related Subrogation Entitlements and the rights contemplated under Section 2.01(a) and Section 5.01 in relation to such continuing obligations.

2.05 <u>Certain Waivers</u>

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations in accordance with Section 8.01.

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

A Primary Obligation shall constitute an Approved Obligation if (i) the Adherence Conditions applicable thereto have been satisfied at the time the Primary Obligation was incurred, or (ii) the Province, in its sole discretion, designates in writing that it is an Approved Obligation.

4.02 Adherence Conditions

The following shall be the Adherence Conditions applicable in relation to each Certified Primary Obligation:

(a) the Certified Primary Obligation when incurred is an Obligation Secured under the Trust Indenture; and

(b) OPG, as FSM, delivers a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee, on or before the incurrence of a Certified Primary Obligation (provided that delivery may not be more than 5 Business Days before the incurrence of the Certified Primary Obligation), confirming that OPG has delivered to the Province a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by

such officers in their capacity as officers of OPG acting in its capacity as FSM) confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation; and

(c) in respect of a Certified Primary Obligation other than a Refinancing of a Primary Obligation in respect of which the Adherence Conditions had been satisfied, the Province has not provided a Suspension Notice to the Indenture Trustee, OPG and the Financing Entity.

For greater certainty, (y) satisfaction of the Adherence Conditions for a Certified Primary Obligation shall be deemed satisfaction of the Adherence Conditions in respect of all principal, interest and other amounts owing under the Certified Primary Obligation, as such Certified Primary Obligation may be amended, restated, supplemented or otherwise modified from time to time, and (z) there shall be no Adherence Conditions applicable in relation to a Primary Obligation that is not a Certified Primary Obligation.

4.03 Evidence of Satisfaction

A closing certificate delivered in accordance with Section 4.02(b) in connection with an incurrence of a Certified Primary Obligation shall be determinative as to whether the applicable Adherence Conditions with respect thereto have been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same. A closing certificate that purports on its face to be signed by officers specified in Section 4.02(b) may be relied upon by any addressee without further enquiry or evidence as to the incumbency or signatures of such officers. If a closing certificate is not delivered in accordance with the timing requirements of Section 4.02(b) in respect of a Certified Primary Obligation, such certificate may be delivered at a later date, and be effective as if it had been delivered in accordance with the timing requirement of Section 4.02(b), if at the time such certificate was required to be delivered OPG had delivered to the Province all certifications required by the Province in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation.

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, including (i) the right and entitlement to be paid and receive the related Subrogation Entitlements, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all

rights and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including **[Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 7.12 (Payments Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Section 8.14 (Limited Recourse), Article IX (The Indenture Trustee), including all limitations of liability thereunder, Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition)]**; (ii) consents, requests and authorizes the Issuer and the Indenture Trustee to (x) add the Province to the register of Specified Creditors described in subsection **[13.13(b)]** of the Trust Indenture and (y) disseminate the notice details of the Province to other Specified Creditors for the purposes set out in subsection **[9.14(b)]** of the Trust Indenture, and (iii) confirms that it will execute and deliver, or cause to be executed and delivered, all such further agreements, documents and instruments in connection with this Section 5.01 as the Indenture Trustee may request from time to time for the purpose of giving effect to the terms of this Section 5.01.

5.02 <u>Priorities</u>

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation shall rank equally with the rights, interests and entitlements of a Beneficiary to whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the

extent of the priorities established in relation to the Approved Obligation under the Trust Indenture in the manner and to the extent contemplated in Section 7.10(d) of the Trust Indenture.

5.03 Intentionally Deleted

5.04 Representations and Warranties

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
INDENTURE TRUSTEE MATTERS

6.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

6.02 Not Responsible for Recitals

The recitals contained herein will be taken as the statements of the Province, the Financing Entity and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

6.03 Representations and Covenants of the Indenture Trustee[6]

The Indenture Trustee represents, warrants and covenants that:

[6] Explanatory Note: The Province is content to receive the same representations as are provided by the Indenture Trustee should be under the Trust Indenture. Please conform.

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada; and

(b) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada.

ARTICLE VII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

7.01 Suspension Notice

Upon:

(a) a Program Breach;

(b) a default in the performance, or breach, of any covenants of OPG, as FSM, or OPG, in its corporate capacity, in each case to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the provision of the Limited Guarantee, which continues for thirty (30) days after written notice by the Province to OPG of such default or breach;

(c) a representation or warranty made by OPG or a certification made by one or more officers of OPG, in each case whether as FSM or in its corporate capacity, to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the provision of the Limited Guarantee, proves to be incorrect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation; or

(d) the FSM no longer being the Manager or actions having been taken by or on behalf of the Indenture Trustee to remove the FSM as the Manager,

the Province may declare that the Limited Guarantee under this Agreement shall not apply to any Primary Obligations incurred on or after such declaration, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied (provided that the Refinancing is an Approved Obligation), by delivering a written notice in the form of Exhibit B (a "**Suspension Notice**") to the Indenture Trustee, the FSM and the Financing Entity.

The Limited Guarantee shall apply to any Certified Primary Obligation incurred after a Suspension Event on the basis that it is a Refinancing (provided that such Refinancing is an Approved Obligation) only if the FSM certifies to the Province in writing prior to the incurrence that the proceeds of such incurrence will be used solely for the purposes of repaying one or more Certified Primary Obligations incurred prior to the Suspension Event and to which the Limited Guarantee adhered as of the time the Suspension Event occurred, and the delivery of such written

certification by the FSM to the Province shall be determinative for the purposes of concluding that such incurrence is a Refinancing for the purposes of Sections 7.01, 7.02 and 7.03.

7.02 Suspension

If a Suspension Notice has been provided under Section 7.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of any Primary Obligation incurred or amended on or after the time such Suspension Notice is delivered, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied (provided that the Refinancing is an Approved Obligation).

7.03 No Impact on Adherence

For greater certainty, the occurrence of a Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event or in respect of any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied (provided that the Refinancing is an Approved Obligation).

ARTICLE VIII
MISCELLANEOUS

8.01 Term of Agreement

This Agreement will continue until the date that no amount is or may become due and payable by the Province under the Limited Guarantee.

8.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: Manager, Corporate Trust
Fax: (416) 981-9777
Email: corporatetrust.toronto@computershare.com

(b) if to the FSM:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

(c) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 8.02.

8.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section 8.03 shall be null and void.

8.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

8.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

8.07 Notice to Rating Agencies

OPG, as FSM, shall deliver prompt written notice to the Rating Agencies on occurrence of (i) a Protection Event; (ii) receipt of a Suspension Notice delivered by the Province pursuant to Section 7.01; and (iii) an assignment of this Agreement by any party pursuant to Section 8.03.

8.08 Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their benefits hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

8.09 <u>Delivery of Executed Copies</u>

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, IN ITS CAPACITY AS TRUSTEE OF FAIR HYDRO TRUST, AS ISSUER, BY ONTARIO POWER GENERATION INC., NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Action**" has the meaning ascribed thereto under the Trust Indenture.

"**Adherence Conditions**", means, in respect of a Certified Primary Obligation, the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of a Guarantee Payment Date, the aggregate of the Approved Obligation Amounts for such Guarantee Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, for a Beneficiary in respect of an Approved Obligation under which an amount is due and payable on a Guarantee Payment Date:

(a) if no Acceleration has occurred in respect of any Obligation Secured on or before the Guarantee Payment Date, the amount due and payable to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation (for greater certainty, determined on the assumption that there are adequate amounts available under the applicable payment provisions of the Trust Indenture to pay in full all amounts referred to in such payment provisions that are due and payable on the Guarantee Payment Date); and

(b) if an Acceleration has occurred in respect of any Obligations Secured on or before the Guarantee Payment Date, the amount that would be available to be paid to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation under the applicable payment provisions of the Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with such applicable payment provisions of the Trust Indenture in respect of each relevant month during each Reference Period is equal to the estimated Finance Amount determined in respect of such Reference Period for purposes of section 15(1) of the Act (in effect on the date hereof), including section 6.1 of the General Regulation (in effect on the date hereof), divided by the number of months in such Reference Period.

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Beneficiary Payee**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Certified Primary Obligations**" means Primary Obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest or to repay payment obligations that were incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest,[7] (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not each individual trade confirmation, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and aggregate payments by the Financing Entity thereunder during the term of such contract is in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).

"**Change of Law Protection Agreement**" means this Agreement.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Eligible Deposit Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Eligible Institution**" has the meaning ascribed thereto in the Trust Indenture.

"**Executive Officer**" has the meaning ascribed to the term "executive officer" in National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators.

"**Final Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(D).

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[7] Explanatory Note: Province requires a Process Certificate for each monthly draw.

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the first paragraph of this Agreement until a successor Financing Entity Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and the Declaration of Trust, and thereafter "Financing Entity Trustee" means and includes such Person.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Guarantee Payment**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Guarantee Payment Date**" has the meaning ascribed thereto in Section 2.01(a)i.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Issuer Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Issuer Funding Obligation**" has the meaning ascribed thereto in the Trust Indenture.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Lien**" has the meaning ascribed thereto in the Trust Indenture.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(a).

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity, as amended, supplemented, restated or otherwise modified from time to time.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Agreement**" means an agreement in the form of an ISDA Master Agreement as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, as amended, supplemented, restated or otherwise modified from time to time.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account or Finance Reserve Account or required to be held in the Collection Account after the application of amounts under the applicable payment provision of the Trust Indenture on an applicable payment date[8]; and (ii) any obligation to pay the Financing Entity or on the Financing Entity's direction any remaining amounts in the Collection Account pursuant to the Trust Indenture.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

[8] Explanatory Note: The Trust Indenture states that if extra cash is available in the Collections Account, it can be held until a subsequent Payment Date.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event[9], termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that materially and adversely affects (a) the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured, or (b) this Agreement or any of the agreements under which Obligations Secured arise; or

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that materially and adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Obligations Secured that have become due and payable.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

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[9] Explanatory Note: Early amortization events may be included in a supplemental indenture, so retaining that concept makes sense.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency Condition" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Reference Period**" has the meaning ascribed thereto in the Act.

"**Refinancing**"[10] has the meaning ascribed to the term "refinancing" in the Act as of the date hereof, as more particularly described and given meaning in the General Regulation as of the date hereof.[11]

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Subrogation Entitlement**" means each Subrogation Amount and each Final Subrogation Amount.

"**Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(B).

"**Supplemental Indenture**" has the meaning ascribed in the Trust Indenture.

"**Supplemental Reserve Account**" has the meaning ascribed in the Trust Indenture.

"**Suspension Event**" has the meaning ascribed thereto in Section 7.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 7.01.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

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[10] Explanatory Note: This relates to a refinancing of an existing debt obligation; not an undrawn commitment to fund.

[11] Explanatory Note: The General Regulation provides that debt can be considered a "Refinancing" when incurred within the 6 months prior to the maturity date of a funding obligation. The Act/Regulation's definition doesn't require that "Refinancings" be simultaneous with the repayment of existing Approved Obligations. We have added a certificate mechanic in 7.01 by which there can be certainty when an obligation is incurred that if the obligation is intended to be a refinancing, it will be covered by the guarantee.

EXHIBIT A
FORM OF PAYMENT DEMAND

TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Pursuant to and in accordance with section 2.01(a) of the Change of the Law Protection Agreement, the Indenture Trustee hereby demands payment from the Province in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in the Change of Law Protection Agreement.

DATED as of the [■] day of [■], [■].

BNY TRUST COMPANY OF CANADA

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT B
SUSPENSION NOTICE

TO: Ontario Power Generation Inc., in its capacity as Financial Services Manager

AND TO: Fair Hydro Trust

AND TO: Computershare Trust Company of Canada, in its capacity as trustee of Fair Hydro Trust

AND TO: BNY Trust Company of Canada, as Indenture Trustee

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement. All references in this Suspension Notice to "Articles" or "Sections" refer to Articles or Sections of the Change of Law Protection Agreement.

The Province has a reasonable basis for concluding that an event described in Section 7.01 has occurred. Pursuant to Section 7.01, the Province hereby declares that the Limited Guarantee shall not apply in respect of any Primary Obligation incurred or amended on or after the delivery of this Suspension Notice, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied, in accordance with the terms and conditions in Article VII.

The Limited Guarantee shall hereby not apply in respect of any Primary Obligation incurred or amended on or after delivery of this Suspension Notice, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied.

This Suspension Notice is hereby delivered to the FSM, the Financing Entity and the Indenture Trustee in accordance with Section 8.02 of the Change of Law Protection Agreement.

* * * *

DATED as of the [■] day of [■], [■].

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

Draft: December 4, 2017

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.

CHANGE OF LAW PROCESS AGREEMENT[1]

Dated as of [■], 2017

[1] Explanatory Note: Closing mechanics under consideration by the Province.

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**") is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.

Pursuant to a Declaration of Trust dated as of [■], 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions.

Prior to entering into this Agreement, OPG provided the Province with the proposed forms of certain of the Transaction Documents, and the Province has not objected to such forms.

This Agreement sets out the obligations OPG has agreed to perform and assurances OPG has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the Adherence Conditions have been satisfied, maintaining information related to the Program Agreements and the Approved Obligations, and ensuring that the Province's assumption rights pursuant to Article VI of the Change of Law Protection Agreement may be exercised without impediment on the terms and conditions contemplated in this Agreement and the Change of Law Protection Agreement.

All things necessary to make this Agreement a valid and legally binding agreement of OPG and the Province, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall"; the word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed; the words "herein", "hereof" and "hereunder" and other words of similar import refer to this

Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 References to the Financing Entity

For greater certainty, each reference to the Financing Entity shall be construed as a reference to the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 Effect of Headings

The Article and Section headings herein and are for convenience only and will not affect the construction hereof.

1.04 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.06 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF OPG

2.01 Deliveries to the Province

(a) Not less than 15 Business Days, or such lesser period as the Province may agree to in writing, prior to the initial issuance of any Funding Obligation by the Financing Entity, OPG shall deliver to the Province a copy of the initial Financing Plan. Thereafter, OPG shall promptly deliver to the Province a copy of any proposed change to or replacement of the Financing Plan.

(b) Not less than 10 Business Days, or such lesser period as the Province may agree to in writing, prior to (i) any proposed change or supplement to a previously provided Transaction Document becoming effective or otherwise being used, (ii) any additional or replacement Transaction Document becoming effective or otherwise being used, OPG shall deliver to the Province a copy of such proposed change or supplement to the Transaction Document and any such additional or replacement Transaction Document.

(c) Promptly following (i) any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor being made, (ii) any new, additional or replacement instruments, documents, agreements or security being used or granted in connection with all or any part of the Approved Obligations, or (iii) any waiver, release, reconveyance, termination, abandonment, subordination, exchange, substitution, transfer, compound, compromise, liquidation or enforcement of all or any part of the Approved Obligations or any security or guarantee therefor being effected, OPG shall deliver to the Province a detailed description of such event and the reasons for it together with any related documents, agreements and instruments.

(d) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, OPG shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations (including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(e) Promptly upon request, OPG shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

2.02 <u>Covenants</u>

(a) OPG shall use commercially reasonable efforts to cause the Financing Entity to:

(i) punctually perform and observe all of the Financing Entity's obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not (unless waived in writing by the Province):

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement or replacement or waiver or consent could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any change in particular financial terms, rates and levels;

(B) extend, renew, compromise, novate, replace, suspend, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, liquidate or enforce the terms of all or any part of the Approved Obligations or any Collateral, if any such action could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to the extent that only particular financial terms, rates and levels are affected;

(C) permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired; or

(D) allow the Financing Entity to enter into any Supplemental Indenture or Loan Agreement where any penalty or make-whole payment, or any requirement for further consent, approval or agreement, of the Specified Creditor party thereto would be required for the Province to assume the Obligations Secured thereunder.

(b) OPG shall:

(i) comply, and shall use commercially reasonable efforts to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

(ii) punctually perform and observe all of its (including as the FSM and as Manager) obligations and agreements contained in the Program Agreements;

(iii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation; and

(iv) after the occurrence of any Protection Event (or any event known to OPG that with the passage of time or the giving of notice would be a Protection Event), not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.

(c) Nothing in this Agreement shall limit the obligations of the Province under the Indemnity Agreement by the Province in favour of OPG dated June 1, 2017 (as amended, the "**Indemnity Agreement**") and to the extent of any conflict between this Agreement and such Indemnity Agreement, in respect of any matter relating to the Province's obligations to indemnify OPG, the Indemnity Agreement shall prevail.

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate

OPG shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Province, on or before the incurrence or any amendment of a Funding Obligation, other than any Funding Obligation under which not more than **$[5,000,000]** in the aggregate may become payable by the Financing Entity (provided that delivery may not be more than 5 Business Days before the incurrence or amendment of the Funding Obligation), setting out the following with respect to such Funding Obligation:

(a) the material terms of the Funding Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a Derivative Agreement, the notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

(b) if an existing Funding Obligation is proposed to be amended, material details respecting such amendment, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

(c) a statement to the effect that: (i) the Funding Obligation to be incurred or amended (1) will arise under terms and conditions that are Substantially in the

Form of the Reference Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reference Documentation;

(d) a statement confirming that any disclosure made in respect of the Funding Obligation (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to the Funding Obligation) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement has been made available to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made;

(e) a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and

(f) confirmation that, at the time the Funding Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Funding Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the Protection Agreement Maximum applicable on the date that the Process Certificate is delivered; for clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be determined on the date the Process Certificate is delivered hereunder in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

3.02 Acknowledgement regarding delivery of certificate under Change of Law protection Agreement

The Province acknowledges and agrees that, concurrent with the delivery of the Process Certificate pursuant to Section 3.01 of this Agreement, the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be

provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) are authorized to deliver the certificate referred to in Subsection 4.02(b) of the Change of Law Protection Agreement to the Indenture Trustee confirming that OPG has delivered all required certifications to the Province in connection with adherence of the Limited Guarantee to the incurrence of the Certified Primary Obligations in respect of which the certificate in Subsection 4.02(b) of the Change of Law Protection Agreement is being delivered; provided that, upon receipt of a Suspension Notice under the Change of Law Protection Agreement, OPG covenants not to deliver any further certificates to the Indenture Trustee under Subsection 4.02(b) of the Change of Law Protection Agreement other than in connection with a Refinancing of a Primary Obligation in respect of which the Adherence Conditions had been satisfied at the time such Primary Obligation was incurred.

3.03 Acknowledgement regarding delivery of Suspension Notice

The parties acknowledge and agree that the Province is entitled to deliver a Suspension Notice under Section 7.01 of the Change of Law Protection Agreement if a Program Breach or Breach Event has occurred. The Province agrees not to deliver a Suspension Notice pursuant to Section 7.01 of the Change of Law Protection Agreement unless a Program Breach or a Breach Event has occurred.

3.04 Meaning of "Reference Documentation"

For the purposes of Subsection 3.01(c), the term "Reference Documentation" shall mean each Transaction Document (including any change, addition or supplement thereto) that, at the relevant time:

(a) is a Transaction Document provided to, and not objected to by, the Province prior to the making of this Agreement, as contemplated in the fifth recital to this Agreement; or

(b) is a Transaction Document provided to the Province in accordance with Subsection 2.01(b) that has not been objected to by the Province, by delivery of an objection notice in writing delivered to OPG, within 10 Business Days after it is provided to the Province.

3.05 Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(c), the term "Substantially in the Form" shall mean:

(a) with respect to the Reference Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such Reference Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation, including regarding the timing of or circumstances under which related payments are or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that would affect the Province's rights of subrogation or assignment (including

pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation; provided, however, that the foregoing does not apply to any variable terms to be set forth in the proposed documents as are reasonably contemplated in the Reference Documentation, including the particular financial terms, rates and levels set forth in the proposed documents other than to the extent that the forms of Reference Documentation themselves specify specific requirements, limitations or parameters with respect to such financial terms, rates, levels and parameters; and

(b) with respect to the Reference Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum

(a) Not less than 15 Business Days, or such lesser period as the Province may agree to in writing, prior to the proposed incurrence of the first Funding Obligation, OPG shall, as the FSM, deliver to the Province: (i) a forecast setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the next following 24 month period (the "**Initial Forecast Period**"), which expectations shall be consistent with the Financing Plan (the "**Initial Forecast**"); and (ii) notice of the initial Protection Agreement Maximum, which may not exceed the Initial Forecast.

(b) Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of the Initial Forecast and notice of the initial Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province may disagree with the Initial Forecast and the initial Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or the Initial Forecast, (ii) the Initial Forecast is inconsistent with the Financing Plan, or (iii) the initial Protection Agreement Maximum is more than the Initial Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the initial Protection Agreement Maximum will be revised accordingly and confirmed by an amended notice to the Province.

(c) Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Approved Obligations that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast shall be further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum, which may not exceed such Forecast.

(d) Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of any further Forecast and notice of the revised Protection Agreement Maximum from OPG pursuant to Section 4.01(c), the Province may disagree with such further Forecast or revised Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or such further Forecast, (ii) the further Forecast is inconsistent with the Financing Plan, or (iii) the revised Protection Agreement Maximum is more than the further Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the revised Protection Agreement Maximum will be further revised accordingly and confirmed by an amended notice to the Province.

(e) For clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be valued at the time to be determined for the purposes of this Section 4.01 in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of OPG

OPG represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, may cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario and has the power and authority to enter into and perform its obligations under this Agreement and all instruments and agreements delivered pursuant hereto.

(c) OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Financing Entity or in the ability of the Financing Entity to perform its obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

5.02 Representations and Warranties of the Province

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
BREACH EVENTS

6.01 Breach Events

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

(a) a default in the performance, or breach, of any covenants of OPG under this Agreement, which continues for thirty (30) days after written notice by the Province to OPG of such default or breach;

(b) any representation or warranty made by OPG in this Agreement, any certification made in a Process Certificate, or any certification made in a certificate

contemplated by Subsection 4.02(b) of the Change of Law Protection Agreement, proves to be incorrect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation; or

(c) OPG is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the Manager.

ARTICLE VII
MISCELLANEOUS

7.01 Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

7.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to OPG:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

(b) if to the Province:

Ministry of Finance
[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 7.02.

7.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 7.03 shall be null and void.

7.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

7.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

7.06 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

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

By: _____

Name:
Title:

By: _____

Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Conditions**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Approved Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Beneficiaries**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Breach Event**" has the meaning ascribed thereto in Section 6.01.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Certified Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the FSM on behalf of the Financing Entity and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

"**Executive Officer**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Financing Entity**" means Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(c).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Indenture Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Initial Forecast**" has the meaning ascribed thereto in Section 4.01(a)

"**Initial Forecast Period**" has the meaning ascribed thereto in Section 4.01(a)

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Limited Guarantee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Loan Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**Management Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Manager**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Program Breach**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Protection Agreement Maximum**" means the dollar amount referenced as the Program Agreement Maximum and determined in accordance with Article IV.

"**Protection Event**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture.

"**Reference Documentation**" has the meaning ascribed thereto in Section 3.04.

"**Repayment**" has the meaning ascribed to the term "repayment" in the General Regulation as of the date of this Agreement.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Substantially in the Form**" has the meaning ascribed thereto in Section 3.05.

"**Suspension Notice**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement; (vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that affects the Province's subrogation rights and/or subrogee interests, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE[1]

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST~~[2]~~

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

[1] ~~This Agreement and the Process Agreement will need to be effective on closing but signed and held in escrow as soon as they are settled and prior to pricing of the term deal~~Explanatory Note: Logistics of closing are under consideration by the Province.

~~[2] Please advise if there are any further issues with the Manager signing the Protection Agreement on behalf of the Trust? If so, can you please explain the issue. The Manager is currently signing all Program Agreements on behalf of the Trust and has authority to do so. We would like the Manager to sign this Agreement on behalf of the Trust.~~

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust under the laws of the Province of Ontario (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council dated as of ■1981/2017 (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust[3] dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Primary Obligations that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred. This Agreement sets out the terms and conditions of such protections and assurances.

[3] We are comfortable on this point because OPG has retained Computershare as issuer trustee. The recitals of the Declaration of Trust provide that Computershare has established the Trust at the request of the FSM. We can also provide you with a copy of the Computershare engagement letter upon request.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other

subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 ~~Proof of Approved Obligations~~Intentionally Deleted

~~The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Indenture Trustee deems to be sufficient.~~

~~Any statement of account prepared by the Indenture Trustee as regards the Primary Obligations shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and the Province hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Indenture Trustee agrees to provide the Province with the computations and calculations used by the Indenture Trustee to prepare each such statement of account promptly following a request therefor.~~

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture as of the date of this Agreement.

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 2.01 or Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a

Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee, the Financing Entity, the Financing Entity Trustee, the Manager or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee ~~may~~shall (unless the Rating Agency Condition has been satisfied with respect to a demand not being made as a result of the Protection Event), deliver a written demand, substantially in the form attached as Exhibit A (a "**Payment Demand**"), to the Province requiring the Province to make payments in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in this Agreement. From and after such delivery of a Payment Demand, the Province shall make the following payments in respect of the Approved Obligations (the "**Limited Guarantee**"), and the Financing Entity shall pay, and the Province shall be entitled to be paid, the Subrogation ~~Amounts~~Entitlements specified below~~, on the specified Guarantee Payment Date~~:

i. Not less than 3 Business Days prior to each day when any payment or payments are to be made in respect of one or more Approved Obligations occurring after such delivery of a Payment Demand ~~and prior to the Assumption Effective Date, if any, (~~(each such day, a "**Guarantee Payment Date**"), the Manager shall deliver a written statement setting forth the Aggregate Approved Obligations Amount, if any, in respect of the Approved Obligations that are due and payable on such Guarantee Payment Date, together with a detailed description identifying such Approved Obligations and the nature and amount of payments due and payable thereunder on the Guarantee Payment Date, the aggregate outstanding amount payable by the Financing Entity under such Approved Obligations as of the date of ~~the Guarantor Settlement Statement~~such written statement, and details regarding any default in performance by any party obligated thereunder~~ (a "**Guarantor Settlement Statement**")~~[4].

ii. On each such Guarantee Payment Date, the Province shall deposit the Aggregate Approved Obligations Amount into the Protection Account.

iii. On each such Guarantee Payment Date, the Financing Entity and the Indenture Trustee shall ensure that the amounts on deposit in the Protection Account are applied to pay each Beneficiary to whom an amount is due and payable under an Approved Obligation on the Guarantee Payment Date the Approved

[4] ~~Given timing, we would appreciate if the parties did not negotiate this form now.~~

Obligation Amount for such Beneficiary in respect of such Approved Obligation on such Guarantee Payment Date; provided that if the amount deposited pursuant to clause 2.01(a)ii is insufficient to pay all such Approved Obligation Amounts in full, the amount on deposit in the Protection Account on the Guarantee Payment Date shall be applied to pay Beneficiaries in the order of priority in which such Approved Obligations are payable under the payment provisions of the Trust Indenture applicable to the making of such payments on the Guarantee Payment Date (each, a "**Beneficiary Payee**" and each payment made to a Beneficiary Payee on a Guarantee Payment Date, a "**Guarantee Payment**").

iv. On any Guarantee Payment Date on which an amount is paid by the Province pursuant to clause 2.01(a)ii, the applicable payment provisions of the Trust Indenture shall, notwithstanding the express terms of such provisions set forth in the Trust Indenture, be applied and operate on the following basis:

(A) [2]the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available under such payment provisions on such Guarantee Payment Date shall be reduced by the amount of the Guarantee Payment paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on such Guarantee Payment Date;

(B) the Province shall be paid the ~~lesser of (x) the~~ amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available to pay the Beneficiary Payee under such payment provisions on the Guarantee Payment Date, determined without regard to ~~subclause 2.01(a)iv(A), and (y) the amount paid~~the Guarantee Payment paid on such Guarantee Payment Date and the corresponding reduction of the amount owing to the Beneficiary Payee pursuant to ~~clause 2.01(a)iii in respect of such Approved Obligation on the Guarantee Payment Date (such payments~~subclause 2.01(a)iv(A) (each such amount payable to the

[2] Explanatory Note: In a particular period, the cash available from CEAs may exceed the aggregate Finance Amounts payable - for example, as a result of the "true-up" under the Act, which will determine the actual amount of cash available. The basic structure is that the Province will pay all Approved Obligation Amounts, and will be entitled to receive all cash flows available to the Beneficiary Payees. Limiting the subrogation amounts to the lesser of such available cash and the Guarantee Payments could result in leakage of the cash that the Province looks to under this arrangement.

Province being a "**Subrogation ~~Amounts~~Amount**");~~ and~~[5]

(C) no Beneficiary having a right to be paid an amount in respect of an Approved Obligation, and no other Person entitled under an Obligation Secured, in each case that ranks equal with or subordinate to an Approved Obligation in respect of which ~~an amount~~a Subrogation Amount is payable to the Province under subclause 2.01(a)iv(B), shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under such subclause (including any right ~~or~~of reimbursement, contribution or indemnity) and no such Beneficiary or other Person shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of any such ~~amounts.~~Subrogation Amount;

(D) [3]on the first day when any payment or payments are to be made in respect of Obligations Secured that occurs on or after the date on which all amounts payable under all Approved Obligations have been paid in full, the Province shall be entitled to be paid from amounts available to pay Obligations Secured on such day (and thereafter on each subsequent day when any payment or payments are to be made in respect of Obligations Secured, until paid in full), in each case in accordance with the applicable payment provisions of the Trust Indenture on such day, the following amounts (each, a "**Final Subrogation Amount**"), in each case in the priorities specified below:

(I) as an amount ranking equally with [Senior Obligations][4], the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including such day in respect of Approved Obligations ranking equally with or prior to [Senior Obligations],

[5] ~~We thought this section required tweaking to reflect the intention of the parties.~~

[3] Explanatory Note: The Province will be entitled to receive subrogation cash flows after satisfaction of all Approved Obligations. This provision provides how that these amounts will be payable from available cash flows, based on priorities that address cash entitlements opposite non-guaranteed obligations secured (e.g., after a suspension event). Conforming changes will need to be made to the Trust Indenture once these mechanics have been settled.

[4] Explanatory Note: Nomenclature to be conformed, once the corresponding provisions of the Trust Indenture have been settled.

plus (y) the sum of amounts determined in respect of interest on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount is paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related[5], exceeds (2) the sum of all Subrogation Amounts paid to the Province up to and including such day;

(II) as an amount ranking equally with [Subordinated Obligations], the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including such day in respect of Approved Obligations ranking equally with or prior to [Subordinated Obligations], plus (y) the sum of amounts determined in respect of interest on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount is paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of (x) all Subrogation Amounts paid to the Province up to and including such day, plus (y) the amount determined under (I); and

(III) as an amount ranking equally with [Junior Obligations], the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including such day in respect of Approved Obligations ranking equally with or prior to [Junior Obligations],

[5] Explanatory Note: Nomenclature to be conformed, once the corresponding provisions of the Trust Indenture have been settled.

plus (y) the sum of amounts determined in respect of interest on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount is paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of (x) all Subrogation Amounts paid to the Province up to and including such day, plus (y) the sum of the amounts determined under (I) plus (z) the sum of the amounts determined under (II); and

(E) no Person entitled under an Obligation Secured that ranks equal with or subordinate to a Final Subrogation Amount shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province in respect of such Final Subrogation Amount and no such Person shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of any such Final Subrogation Amount.

v. On any Guarantee Payment Date, the Indenture Trustee shall release and pay to the Province free and clear of any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay Guarantee Payments to Beneficiary Payees on the Guarantee Payment Date in accordance with clause 2.01(a)iii.

vi. In preparing any payment instructions under the Trust Indenture, the Manager shall reflect the amounts payable for the Guarantee Payment Date under Section 2.01(a).

(b) The Province shall, as a payee of Subrogation Amounts and under clause 2.01(a)(iv)(B), as a payee of each Final Subrogation Amount under clause 2.01(a)(iv)(B) and as a payee of any amounts payable under clause 2.01(a)(iv)(Bv), be a “Specified Creditor” under the Trust Indenture and have the benefit of the Collateral thereunder.

(c) For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the Approved Obligation Amounts, if any, for payment to Beneficiary Payees and will be subject to the priorities and to the Province's rights to Subrogation ~~Amounts~~Entitlements, set forth in Section 2.01(a).

(d) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(e) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation by their terms.

(f) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under and in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any amount due and payable to a Beneficiary Payee under the Limited Guarantee.

2.02 Intentionally Deleted.

2.03 Absence of Set-off

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 Payment into Protection Account in Satisfaction

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection

Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account" for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section **[7.03]** of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Financing Entity and the Indenture Trustee shall ensure that all amounts paid by the Province into the Protection Account on a Guarantee Payment Date in respect of an Approved Obligation are applied to pay the amounts due and payable to the Beneficiaries as and to the extent provided for in Section 2.01(a). Upon a payment having been made by or on behalf of the Province into the Protection Account, the amounts so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiaries as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such Beneficiaries in respect of the applicable Approved Obligations, whereupon an affected Beneficiary shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid. For greater certainty, the obligations arising in respect of an applicable Approved Obligation shall not be reduced by such payment as the Province shall become entitled to be paid related Subrogation ~~Amounts~~Entitlements and the rights contemplated under Section 2.01(a) and Section 5.01 in relation to such continuing obligations.

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations in accordance with Section ~~9.01~~8.01.[6]

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of

[6] ~~We made this change to be consistent with the termination clause in section 9.01.~~

sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

A Primary Obligation shall constitute an Approved Obligation if (i) the Adherence Conditions applicable thereto have been satisfied at the time the Primary Obligation was incurred, or (ii) the Province, in its sole discretion, ~~agrees~~designates in writing that it is an Approved Obligation.

4.02 Adherence Conditions[7]

The following shall be the Adherence Conditions applicable in relation to each Certified Primary Obligation:

(a) the Certified Primary Obligation when incurred is an Obligation Secured under the Trust Indenture; and

(b) OPG, as FSM, delivers a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for

[7] ~~We would propose that the certification in section 4.02(b) of the Protection Agreement track the requirements of section 3.01 of the Process Agreement to ensure that the two sections are consistent. Accordingly, we have revised section 4.02(b) of the Protection Agreement to state the certificate delivered to the Indenture Trustee under this section should confirm that all certifications to the Province required in connection with the incurrence of such Certified Primary Obligations have been delivered to the Province.~~

clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee, on or before the incurrence of a Certified Primary Obligation[8] (provided that delivery may not be more than 5 Business Days before the incurrence of the Certified Primary Obligation), confirming that OPG has provided to the Province all certifications required bydelivered to the Province a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with the incurrence of suchadherence of the Limited Guarantee to the Certified Primary Obligation; and

(c) in respect of a Certified Primary Obligation other than a Refinancing of a Primary Obligation in respect of which the Adherence Conditions had been satisfied, the Province has not provided a Suspension Notice to the Indenture Trustee, OPG and the Financing Entity.

For greater certainty, (y) satisfaction of the Adherence Conditions for a Certified Primary Obligation shall be deemed satisfaction of the Adherence Conditions in respect of all principal, interest and other amounts owing under the Certified Primary Obligation, as such Certified Primary Obligation may be amended, restated, supplemented or otherwise modified from time to time, and (z) there shall be no Adherence Conditions applicable in relation to a Primary Obligation that is not a Certified Primary Obligation.

4.03 Evidence of Satisfaction

A closing certificate delivered in accordance with Section 4.02(b) in connection with an incurrence of a Certified Primary Obligation shall be determinative as to whether the applicable Adherence Conditions with respect thereto have been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same. A closing certificate that purports on its face to be signed by officers specified in Section 4.02(b) may be relied upon by any addressee without further enquiry or evidence as to the incumbency or signatures of such officers. If a closing certificate is not delivered in accordance with the timing requirements of Section 4.02(b) in respect of a Certified Primary Obligation, such certificate may be delivered at a later date, and be effective as if it had been delivered in accordance with the timing requirement of Section 4.02(b), if at the time such certificate was required to be delivered OPG had delivered to the Province all certifications required by the Province in connection with the incurrence of aadherence of the Limited Guarantee to the Certified Primary Obligation.[9]

[8] We tried to address all parties concerns expressed at our last meeting by this language. The Province can be assured that no certificate earlier than 5 Business Days prior to incurring the Certified Primary Obligation is delivered and the dealers have comfort that the clause is not too prescriptive.

[9] This additional language was added to address the concerns of the dealers and Oslers discussed at our last meeting.

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, including (i) the right and entitlement to be paid and receive the related Subrogation ~~Amounts~~Entitlements, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including **[Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 7.12 (Payments Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Section 8.14 (Limited Recourse), Article IX (The Indenture Trustee), including all limitations of liability thereunder, Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition)]**; (ii) consents, requests and authorizes

the Issuer and the Indenture Trustee to (x) add the Province to the register of Specified Creditors described in subsection **[13.13(b)]** of the Trust Indenture and (y) disseminate the notice details of the Province to other Specified Creditors for the purposes set out in subsection **[9.14(b)]** of the Trust Indenture, and (iii) confirms that it will execute and deliver, or cause to be executed and delivered, all such further agreements, documents and instruments in connection with this Section 5.01 as the Indenture Trustee shall send notices to the Province, in its capacity as a Specified Creditor, in accordance with Section 9.02.[10]may request from time to time for the purpose of giving effect to the terms of this Section 5.01.

5.02 Priorities

For greater certainty, the rights, interests and entitlements of the Province as an assignee orand subrogee, as applicable, of and with respect to an Approved Obligation shall rank equally with the rights, interests and entitlements of a Beneficiary to whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture in the manner and to the extent contemplated in Section 2.01.7.10(d) of the Trust Indenture.

5.03 Intentionally Deleted

5.04 Representations and Warranties

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

[10] These changes were made to conform to the latest draft of the Trust Indenture, a copy of which will be circulated soon.

ARTICLE VI
NOTICE OF ASSUMPTION OF CERTAIN OBLIGATIONS SECURED[11]

6.01 Delivery of Assumption Notice

Following the occurrence of a Protection Event, the Province may (but shall not be obligated to) provide notice (in the form of Exhibit B) to the Indenture Trustee that the Province has elected to assume the Financing Entity's obligations in respect of all Obligations Secured permitted to be assumed by their terms (the "**Assumption Notice**"). The Assumption Notice shall specify the date on which the assignment and assumption of such Obligations Secured will be effective (each such date being an "**Assumption Closing Date**").[12]

6.02 Cooperation to Implement the Assignment and Assumption

The Indenture Trustee, the FSM, the Financing Entity and the Province will cooperate and use best efforts to complete the assignment and assumption of the Obligations Secured referenced in Section 6.01 by and from the Financing Entity to and by the Province by the applicable Assumption Closing Date.

6.03 Effect of Assignment and Assumption

On the date that the assignment and assumption of the Obligations Secured referenced in Section 6.01 by and from the Financing Entity to and by the Province becomes effective (the "**Assumption Effective Date**"), the Province shall no longer be required to provide and perform the Limited Guarantee but will instead become a primary obligor under such Obligations Secured assumed pursuant to and in accordance with an applicable Assumption Agreement. For greater certainty, the obligations of the Province so assumed will not be secured obligations of the Province and the obligees thereof will have no right, interest or claim to or in respect of the Collateral or any proceeds therefrom.

6.04 Interim Period

Until the effective time of the assignment and assumption of the Obligations Secured referenced in Section 6.01 by and from the Financing Entity to and by the Province on the Assumption Effective Date, the Province shall continue to perform and be obligated under the Limited Guarantee with respect to those Obligations Secured.

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[11] Please see Torys' cover email to explain changes made in this Article and the related Article in the Process Agreement. Section 6.05 was deleted since it was not applicable in a context where only some of the Obligations Secured would be assumed.

[12] It is not realistic to think that the assumptions of Secured Obligations will all occur on one day. We think it has to happen on a contract by contract basis. As a Secured Obligation is assumed, the Limited Guarantee falls away with respect to it (it becomes a "zero" item in the waterfalls).

ARTICLE VI~~ARTICLE VII~~
INDENTURE TRUSTEE MATTERS

6.01 ~~7.01~~ Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

6.02 ~~7.02~~ Not Responsible for Recitals

The recitals contained herein will be taken as the statements of the Province, the Financing Entity and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

6.03 ~~7.03~~ Representations and Covenants of the Indenture Trustee~~13~~[6]

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada; and

(b) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada.

ARTICLE VII~~ARTICLE VIII~~
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

7.01 ~~8.01~~ Suspension Notice

Upon:

(a) a Program Breach;~~ or~~

(b) a default in the performance, or breach, of any covenants ~~or representations of the FSM~~of OPG, as FSM, or OPG, in its corporate capacity, in each case to the Province in connection with ~~an incurrence or amendment of Primary~~

~~13 The Indenture Trustee asked us to delete these representations. They will not provide these types of representations without attaining a legal opinion from outside counsel. To avoid delay, we would ask that the parties agree to this deletion~~[6] Explanatory Note: The Province is content to receive the same representations as are provided by the Indenture Trustee should be under the Trust Indenture. Please conform.

~~Obligations~~its obligations to the Province pursuant to internal requirements and processes in connection with the provision of the Limited Guarantee, which continues for thirty (30) days after written notice by the Province to ~~the FSM~~OPG of such default or breach;

(c) a representation or warranty made by OPG or a certification made by one or more officers of OPG, in each case whether as FSM or in its corporate capacity, to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the provision of the Limited Guarantee, proves to be incorrect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation; or

(d) ~~(c)~~ the FSM no longer being the Manager or actions having been taken by or on behalf of the Indenture Trustee to remove the FSM as the Manager,

the Province may declare that the Limited Guarantee under this Agreement shall not apply to any Primary Obligations incurred[14] on or after such declaration, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied (provided that the Refinancing is an Approved Obligation), by delivering a written notice in the form of Exhibit ~~C~~B (a "**Suspension Notice**") ~~to the Province~~ to the Indenture Trustee, the FSM and the Financing Entity.[15]

The Limited Guarantee shall apply to any Certified Primary Obligation incurred after a Suspension Event on the basis that it is a Refinancing (provided that such Refinancing is an Approved Obligation) only if the FSM certifies to the Province in writing prior to the incurrence that the proceeds of such incurrence will be used solely for the purposes of repaying one or more Certified Primary Obligations incurred prior to the Suspension Event and to which the Limited Guarantee adhered as of the time the Suspension Event occurred, and the delivery of such written certification by the FSM to the Province shall be determinative for the purposes of concluding that such incurrence is a Refinancing for the purposes of Sections 7.01, 7.02 and 7.03.

7.02 ~~8.02~~ Suspension

If a Suspension Notice has been provided under Section ~~8.01~~7.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of any Primary Obligation incurred[16] or amended on or after the time such Suspension Notice is delivered, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied~~. For greater certainty, the rights of the Province under~~

[14] ~~We will need the ability to amend the Primary Obligations after a Suspension Notice to deal with the Suspension Notice itself.~~

[15] ~~OPG has confirmed that it is problematic from an accounting perspective to give the Province a broad right to suspend at any time. As discussed in the meeting, we therefore reintroduced the concept of the Program Breach and Breach Event but we made the breach event generic to ensure we do not have to reference the Process Agreement in this document.~~

[16] ~~We will need the ability to amend the Primary Obligations after a Suspension Notice to deal with the Suspension Notice itself.~~

~~Article VI shall apply in respect of the Obligations Secured referenced in Section 6.01, including if incurred on or after the time such Suspension Notice is delivered.~~[17] (provided that the Refinancing is an Approved Obligation).

7.03 ~~8.03~~ No Impact on Adherence

For greater certainty, the occurrence of a Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event or in respect of any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied~~, nor will it in any way impact the Obligations Secured which are assumed by the Province in accordance with ARTICLE VI~~ (provided that the Refinancing is an Approved Obligation).

ARTICLE VIII~~ARTICLE IX~~
MISCELLANEOUS

8.01 ~~9.01~~ Term of Agreement

This Agreement will continue until the date that no amount is or may become due and payable by the Province under the Limited Guarantee.

8.02 ~~9.02~~ Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust

700 University Avenue

~~[17] We have deleted the concept of the termination notice since it no longer serves a purpose and is potentially confusing to the reader.~~

Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: Manager, Corporate Trust
Fax: (416) 981-9777
Email: corporatetrust.toronto@computershare.com

(b) if to the FSM:

Ontario Power Generation Inc.

700 University Avenue

Toronto, Ontario M5G 1X6

Attention: General Counsel
Fax: (416) 592-4189

(c) if to the Province:

Ministry of Finance

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section ~~9.02~~8.02.

8.03 ~~9.03~~ Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section ~~9.03~~8.03 shall be null and void.

8.04 ~~9.04~~ Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

8.05 ~~9.05~~ FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 ~~9.06~~ No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

~~9.07~~ ~~Intentionally Deleted~~

8.07 Notice to Rating Agencies

OPG, as FSM, shall deliver prompt written notice to the Rating Agencies on occurrence of (i) a Protection Event; (ii) receipt of a Suspension Notice delivered by the Province pursuant to Section 7.01; and (iii) an assignment of this Agreement by any party pursuant to Section 8.03.

8.08 ~~9.08~~ Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their benefits hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

8.09 ~~9.09~~ Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, IN ITS CAPACITY AS TRUSTEE OF FAIR HYDRO TRUST, AS ISSUER, BY ONTARIO POWER GENERATION INC., NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Action**" has the meaning ascribed thereto under the Trust Indenture.

"**Adherence Conditions**", means, in respect of ~~the~~a Certified Primary ~~Obligations~~Obligation, the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of a Guarantee Payment Date, the aggregate of the Approved Obligation Amounts for such Guarantee Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, for a Beneficiary in respect of an Approved Obligation under which an amount is due and payable on a Guarantee Payment Date:

(a) if no Acceleration has occurred in respect of any Obligation Secured on or before the Guarantee Payment Date, the amount due and payable to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation (for greater certainty, determined on the assumption that there are adequate amounts available under the applicable payment provisions of the Trust Indenture to pay in full all amounts referred to in such payment provisions that are due and payable on the Guarantee Payment Date); and

(b) if an Acceleration has occurred in respect of any Obligations Secured on or before the Guarantee Payment Date, the amount that would be available to be paid to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation under the applicable payment provisions of the Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with such applicable payment provisions of the Trust Indenture in respect of each relevant month during each Reference Period is equal to the estimated Finance Amount determined in respect of such Reference Period for purposes of section 15(1) of the Act (in effect on the date hereof), including section 6.1 of the General Regulation (in effect on the date hereof)~~,~~ divided by the number of months in such Reference Period.

~~"**Assumption Agreement**" means the agreement among the Province, the Indenture Trustee, the Financing Entity and any other person that is party to the applicable Supplemental Indenture or Loan Agreement affected by the assignment and assumption contemplated under Article VI,~~

~~which agreement shall be in substantially the form of assumption agreement set forth in the applicable Supplemental Indenture or Loan Agreement.~~

~~"**Assumption Effective Date**" has the meaning ascribed thereto in Section 6.03.~~

~~"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.01.~~

~~"**Assumption Notice**" has the meaning ascribed thereto in Section 6.01.~~

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Beneficiary Payee**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Certified Primary Obligations**" means Primary Obligations that ~~are payment obligations that~~ are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest or to repay payment obligations that were incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest,~~[18]~~[7] (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not each individual trade confirmation, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and aggregate payments by the Financing Entity thereunder during the term of such contract is in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).~~[19]~~

"**Change of Law Protection Agreement**" means this Agreement.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency

~~[18] Query: For a warehouse facility, does the~~[7] Explanatory Note: Province ~~want a~~requires a Process Certificate for each monthly draw~~?~~.

~~[19] This concept reflects what Primary Obligations the parties agreed to be subject to the adherence conditions.~~

option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Eligible Deposit Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Eligible Institution**" has the meaning ascribed thereto in the Trust Indenture.

"**Executive Officer**" has the meaning ascribed ~~thereto in the *Securities Act* (Ontario).~~ to the term "executive officer" in National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators.

"**Final Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(D).

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the first paragraph of this Agreement until a successor Financing Entity Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and the Declaration of Trust, and thereafter "Financing Entity Trustee" means and includes such Person.[~~20~~]

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Guarantee Payment**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Guarantee Payment Date**" has the meaning ascribed thereto in Section 2.01(a)i.

~~"**Guarantor Settlement Statement**" has the meaning ascribed thereto in Section 2.01(a).~~

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other

[~~20~~] ~~We are merely conforming this definition to the definition of Indenture Trustee.~~

instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Issuer Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Issuer Funding Obligation**" has the meaning ascribed thereto in the Trust Indenture.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Lien**" has the meaning ascribed thereto in the Trust Indenture.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(a).

~~"**Loan Agreement**" has the meaning ascribed thereto in the Trust Indenture.~~

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity, as amended, supplemented, restated or otherwise modified from time to time.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Agreement**" means an agreement in the form of ~~a 1992~~an ISDA Master Agreement ~~(Multi-Currency – Cross-Border)~~ as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, as amended, supplemented, restated or otherwise modified from time to time.

~~21~~

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

~~21 The definition of Notes is not used in the Agreement.~~

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account or Finance Reserve Account or required to be held in the Collection Account after the application of amounts under the applicable payment provision of the Trust Indenture on an applicable payment date[8]; and (ii) any obligation to pay the Financing Entity or on the Financing Entity's direction any remaining amounts in the Collection Account pursuant to the Trust Indenture.[22]

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event[9], termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.[23]

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

[8] Explanatory Note: The Trust Indenture states that if extra cash is available in the Collections Account, it can be held until a subsequent Payment Date.

[22] These changes were made to conform to the most current version of the Trust Indenture, a copy of which will be circulated soon. Additionally, money in the Collection Account is required to flow through the waterfall and is not required to be held in the Collection Account otherwise.

[9] Explanatory Note: Early amortization events may be included in a supplemental indenture, so retaining that concept makes sense.

[23] We deleted early amortization events because that is no longer a concept used in the Trust Indenture.

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that materially and adversely affects (a) the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured, or (b) this Agreement or any of the agreements under which Obligations Secured arise; or

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that materially and adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Obligations Secured that have become due and payable.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency Condition" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Reference Period**" has the meaning ascribed thereto in the Act.

"**Refinancing**" ~~means the incurrence of debt where at the time of issuance the use of the proceeds thereof are identified by the Issuer as to be used to repay an existing Approved Obligation.~~[24][10] has the meaning ascribed to the term "refinancing" in the Act as of the date

[10] Explanatory Note: This relates to a refinancing of an existing debt obligation; not an undrawn commitment to fund.

hereof, as more particularly described and given meaning in the General Regulation as of the date hereof.[11]

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Subrogation ~~Amounts~~Entitlement**" means each Subrogation Amount and each Final Subrogation Amount.

"**Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(~~ii~~B).

"**Supplemental Indenture**" has the meaning ascribed in the Trust Indenture.

"**Supplemental Reserve Account**" has the meaning ascribed in the Trust Indenture.

"**Suspension Event**" has the meaning ascribed thereto in Section ~~8.02~~7.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section ~~8.01~~7.01.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

[24] ~~Refinancings can occur up to six months prior to the application of the refinancing proceeds to the existing obligation. The regulations provide that if the refinancing proceeds are not applied to repay the intended funding obligation, then it is not a Refinancing. Accordingly, we have revised the definition to ensure~~[11] Explanatory Note: The General Regulation provides that debt can be considered a "Refinancing" when incurred within the 6 months prior to the maturity date of a funding obligation. The Act/Regulation's definition doesn't require that "Refinancings ~~do not have to~~" be simultaneous with the repayment of ~~the existing Approved Obligation (we understand from the dealers that in most circumstances they will not be)~~existing Approved Obligations. We have added a certificate mechanic in 7.01 by which there can be certainty when an obligation is incurred that if the obligation is intended to be a refinancing, it will be covered by the guarantee.

EXHIBIT A
FORM OF PAYMENT DEMAND

TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Pursuant to and in accordance with section 2.01(a) of the Change of the Law Protection Agreement, the Indenture Trustee hereby demands payment from the Province in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in the Change of Law Protection Agreement.

DATED as of the [■] day of [■], [■].

BNY TRUST COMPANY OF CANADA

By:
Name:
Title:

By:
Name:
Title:

EXHIBIT B
~~ASSUMPTION~~SUSPENSION NOTICE

~~[NTD: Blakes to provide draft]~~

~~EXHIBIT C~~
~~SUSPENSION NOTICE~~

~~**[NTD: Blakes to provide draft]**~~

TO:	Ontario Power Generation Inc., in its capacity as Financial Services Manager
AND TO:	Fair Hydro Trust
AND TO:	Computershare Trust Company of Canada, in its capacity as trustee of Fair Hydro Trust
AND TO:	BNY Trust Company of Canada, as Indenture Trustee

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement. All references in this Suspension Notice to "Articles" or "Sections" refer to Articles or Sections of the Change of Law Protection Agreement.

The Province has a reasonable basis for concluding that an event described in Section 7.01 has occurred. Pursuant to Section 7.01, the Province hereby declares that the Limited Guarantee shall not apply in respect of any Primary Obligation incurred or amended on or after the delivery of this Suspension Notice, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied, in accordance with the terms and conditions in Article VII.

The Limited Guarantee shall hereby not apply in respect of any Primary Obligation incurred or amended on or after delivery of this Suspension Notice, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied.

This Suspension Notice is hereby delivered to the FSM, the Financing Entity and the Indenture Trustee in accordance with Section 8.02 of the Change of Law Protection Agreement.

* * * *

DATED as of the [■] day of [■], [■].

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

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Document 1 ID	PowerDocs://TOR_2528/23239360/18
Description	TOR_2528-#23239360-v18-Change_of_Law_Protection_Agreement
Document 2 ID	PowerDocs://TOR_2528/23239360/22
Description	TOR_2528-#23239360-v22-Change_of_Law_Protection_Agreement
Rendering set	Standard

Legend:	
Insertion	
~~Deletion~~	
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Style change	
Format change	
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Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	159
Deletions	170
Moved from	2
Moved to	2
Style change	0
Format changed	0
Total changes	333

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.

CHANGE OF LAW PROCESS AGREEMENT[1]

Dated as of [■], 2017

[1] ~~This Agreement and the Protection Agreement will need to be effective on closing but signed and held in escrow as soon as they are settled and prior to pricing of the term deal.~~Explanatory Note: Closing mechanics under consideration by the Province.

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**") is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.

Pursuant to a Declaration of Trust dated as of [■], 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.[2]

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of ~~Primary~~ Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions.

Prior to entering into this Agreement, OPG provided the Province with the proposed forms of certain of the Transaction Documents ~~listed on Exhibit "A"~~, and the Province has not objected to such forms ~~and has confirmed to OPG that such Transaction Documents constitute "Reference Documentation" for purposes of this Agreement~~.

~~Prior to entering into this Agreement, OPG, as the FSM, provided the Province with the initial Financing Plan attached hereto as Exhibit "B" (the "**Initial Financing Plan**"), and the Province has not objected to such Initial Financing Plan.~~

~~Prior to entering into this Agreement, OPG, as the FSM, provided to the Province (i) the initial forecast attached hereto as Exhibit "C" (the "**Initial Forecast**") setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the 24 month period following the date hereof (the "**Initial Forecast Period**"); and (ii) notice of the initial Protection Agreement Maximum of C$■ (the "**Initial Protection Agreement Maximum**").~~[3]

[2] ~~We are comfortable on this point because OPG has retained Computershare as issuer trustee. The recitals of the Declaration of Trust provide that Computershare has established the Trust at the request of the FSM. We can also provide you with a copy of the Computershare engagement letter upon request.~~

[3] ~~Given that this Agreement would now be delivered on or immediately prior to closing, we thought it would be acceptable to reference these initial items as delivered versus as future deliverables. Please note that OPG is working with the Province to deliver the initial financing plan and the initial forecast and to confirm the initial protection agreement maximum.~~

~~The Province has not objected to the Initial Forecast and the Initial Protection Agreement Maximum on the basis that (i) there does not appear to be inaccuracies in the Initial Financing Plan or the Initial Forecast, (ii) the Initial Forecast is consistent with the Initial Financing Plan, and (iii) the Initial Protection Agreement Maximum is less than the Initial Forecast.~~

This Agreement sets out the obligations OPG has agreed to perform and assurances OPG has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the Adherence Conditions have been satisfied, maintaining information related to the Program Agreements and the Approved Obligations, and ensuring that the Province's assumption rights pursuant to Article VI of the Change of Law Protection Agreement may be exercised without impediment on the terms and conditions contemplated in this Agreement and the Change of Law Protection Agreement.

All things necessary to make this Agreement a valid and legally binding agreement of OPG and the Province, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect,

including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall"~~. The~~; the word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed~~. The~~; the words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 References to the Financing Entity

For greater certainty, each reference to the Financing Entity shall be construed as a reference to the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 Effect of Headings

The Article and Section headings herein and are for convenience only and will not affect the construction hereof.

1.04 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof.

To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.06 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise

expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF OPG

2.01 Deliveries to the Province

(a) Not less than 15 Business Days, or such lesser period as the Province may agree to in writing, prior to the initial issuance of any Funding Obligation by the Financing Entity, OPG shall deliver to the Province a copy of the initial Financing Plan. Thereafter, OPG shall promptly deliver to the Province a copy of any proposed change to or replacement of the ~~Initial~~ Financing Plan.

(b) Not less than 10 Business Days, or such lesser period as the Province may agree to in writing, prior to (i) any proposed change or supplement to a previously provided Transaction Document becoming effective or otherwise being used, (ii) any additional or replacement Transaction Document becoming effective or otherwise being used, OPG shall deliver to the Province a copy of such proposed change or supplement to the Transaction Document and any such additional or replacement Transaction Document.

(c) Promptly following (i) any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor being made, (ii) any new, additional or replacement instruments, documents, agreements or security being used or granted in connection with all or any part of the Approved Obligations, or (iii) any waiver, release, reconveyance, termination, abandonment, subordination, exchange, substitution, transfer, compound, compromise, liquidation or enforcement of all or any part of the Approved Obligations or any security or guarantee therefor being effected, OPG shall deliver to the Province a detailed description of such event and the reasons for it together with any related documents, agreements and instruments.

(d) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, OPG shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations (including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(e) Promptly upon request, OPG shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

2.02 Covenants

(a) OPG shall use commercially reasonable efforts to cause the Financing Entity to:

(i) punctually perform and observe all of the Financing Entity's obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not (unless waived in writing by the Province):

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement or replacement or waiver or consent could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any change in particular financial terms, rates and levels;

(B) extend, renew, compromise, novate, replace, suspend, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, liquidate or enforce the terms of all or any part of the Approved Obligations or any Collateral, if any such action could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to the extent that only particular financial terms, rates and levels are affected;

(C) permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired; or

(D) allow the Financing Entity to enter into any Supplemental Indenture or Loan Agreement where any penalty or make-whole payment, or any requirement for further consent, approval or agreement, of the Specified Creditor party thereto would be required for the Province to assume the Obligations Secured thereunder.[4]

(b) OPG shall:

(i) comply, and shall use commercially reasonable efforts to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

(ii) punctually perform and observe all of its (including as the FSM and as Manager) obligations and agreements contained in the Program Agreements;

(iii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation; and

(iv) after the occurrence of any Protection Event[5] (or any event known to OPG that with the passage of time or the giving of notice would be a Protection Event), not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.

~~(c) For greater certainty, the parties hereto acknowledge and agree that OPG's obligations under this Agreement are subject to (i) OPG's obligations as FSM under the Act, and (ii) OPG's obligations under the Management Agreement.[6]~~

(c) ~~(d)~~ Nothing in this Agreement ~~nor in the Change of Law Protection Agreement[7]~~ shall limit the obligations of the Province under the Indemnity Agreement by the

~~[4] Please see our cover note regarding the proposed assumption by the Province. Lawyers to discuss if appropriate mechanics for the first two deals are possible given timing.~~

~~[5] OPG is not in a position to be aware of events that may lead to a Protection Event.~~

~~[6] We would like to ensure that there is an acknowledgement that OPG has certain obligations under the Act and the Management Agreement.~~

~~[7] This language has extra-contractual implications and so its meaning as between only 2 of the parties to the Protection Agreement is uncertain. Torys to explain intention. Torys: This provision is intended to clarify that neither the Protection Agreement nor the Process Agreement supersedes or otherwise amends the Province's obligations under the Provincial Indemnity Agreement. It is effectively an acknowledgment by the Province in favour of OPG and does not involve the other parties to the Protection Agreement and so we are comfortable including it here only. However, we do not have an issue with putting an equivalent clause in the Protection Agreement if that is preferable from your perspective.~~

Province in favour of OPG dated June 1, 2017 (as amended, the "**Indemnity Agreement**") and to the extent of any conflict between this Agreement~~, the Change of Law Protection Agreement~~ and such Indemnity Agreement, in respect of any matter relating to the Province's obligations to indemnify OPG, the Indemnity Agreement shall prevail.

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate[8]

OPG shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Province, on or before the incurrence or any amendment of a ~~Certified Primary Obligation~~Funding Obligation, other than any Funding Obligation under which not more than $**[5,000,000]** in the aggregate may become payable by the Financing Entity (provided that delivery may not be more than 5 Business Days before the incurrence or amendment of the ~~Certified Primary~~Funding Obligation), setting out the following with respect to such ~~Certified Primary~~Funding Obligation:

(a) the material terms of the ~~Certified Primary~~Funding Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a ~~Master~~Derivative Agreement[9]~~, events of default, termination events and any amendment to the standard terms of the Master Agreement relating to the calculation of termination amounts (and, for greater certainty, it shall not be necessary to set out the terms of any trade confirmation)~~, the notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

(b) if an existing Funding Obligation is proposed to be amended, material details respecting such amendment, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

(c) ~~(b)~~ a statement to the effect that: (i) the ~~Certified Primary~~Funding Obligation to be incurred or amended (1) will arise under terms and conditions that are

[8] ~~The Process Certificate conforms to the certificate delivered under the Change of Law Protection Agreement including the changes to ensure that the Process Certificate is only provided here when a concurrent certificate is required to be delivered by OPG under the Protection Agreement. Without this consistency, the obligations can become confusing and the intent of the parties of when Primary Obligations are subject to the adherence conditions may not be clear.~~

[9] ~~Since we agreed at our meeting that OPG only needs to provide a certificate under section 4.02 of the Change of Law Protection Agreement when they enter into a Master Agreement (and not the broader concept of the Derivative Agreement), we had to revise the language here to conform to what would be expected to be found in a Master Agreement.~~

Substantially in the Form of the Reference Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reference Documentation;

(d) ~~(c)~~ a statement confirming that any disclosure made in respect of the ~~Certified Primary~~Funding Obligation (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to the ~~Certified Primary~~Funding Obligation) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement has been made available to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made;

(e) ~~(d)~~ a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and

(f) ~~(e)~~ confirmation that, at the time the ~~Certified Primary~~Funding Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the ~~Certified Primary~~Funding Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the ~~then applicable~~ Protection Agreement Maximum applicable on the date that the Process Certificate is delivered; for clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be determined on the date the Process Certificate is delivered hereunder in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

3.02 Acknowledgement[10] regarding delivery of certificate under Change of Law protection Agreement

The Province acknowledges and agrees that, concurrent with the delivery of the Process Certificate pursuant to Section 3.01 of this Agreement, the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) are authorized to deliver the certificate referred to in Subsection [4.02(b)] of the Change of Law Protection Agreement to the Indenture Trustee confirming that OPG has delivered all required certifications to the Province in connection with adherence of the Limited Guarantee to the incurrence of the Certified Primary Obligations in respect of which the certificate in Subsection [4.02(b)] of the Change of Law Protection Agreement is being delivered; provided that, upon receipt of a Suspension Notice under the Change of Law Protection Agreement, OPG covenants not to deliver any further certificates to the Indenture Trustee under Subsection [4.02(b)] of the Change of Law Protection Agreement other than in connection with a Refinancing of a Primary Obligation in respect of which the Adherence Conditions had been satisfied at the time such Primary Obligation was incurred.[11]

3.03 Acknowledgement regarding delivery of Suspension Notice

The parties acknowledge and agree that the Province is entitled to deliver a Suspension Notice under Section 7.01 of the Change of Law Protection Agreement if a Program Breach or Breach Event has occurred. The Province agrees not to deliver a Suspension Notice pursuant to Section 7.01 of the Change of Law Protection Agreement unless a Program Breach or a Breach Event has occurred.

3.04 3.03 Meaning of "Reference Documentation"

For the purposes of Subsection 3.01(bc), the term "Reference Documentation" shall mean each Transaction Document (including any change, addition or supplement thereto) that, at the relevant time:

(a) is a Transaction Document provided to, and not objected to by, the Province prior to the making of this Agreement, as contemplated in the fifth recital to this Agreement; or

(b) is a Transaction Document provided to the Province in accordance with Subsection 2.01(b) that has not been objected to by the Province, by delivery of an objection notice in writing delivered to OPG, within 10 Business Days after it is provided to the Province.

[10] OPG needs certainty on the conditions in which it is permitted to deliver the certificate under the Change of Law adherence conditions.

[11] Since OPG receives a Suspension Notice under the Change of Law Protection Agreement, we removed the concept of such notice here other than to provide the covenant above.

3.05 3.04 Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(bc), the term "Substantially in the Form" shall mean:

(a) with respect to the Reference Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such Reference Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation, including regarding the timing of or circumstances under which related payments are or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that would affect the Province's rights of subrogation or assignment (including pursuant to **[Section**Sections 1.05, 2.01 or 5.01 **or Article VI]** of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation or upon the assumption of obligations in accordance with **[Article VI]** of the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any variable terms to be set forth in the proposed documents as are reasonably contemplated in the Reference Documentation, including the particular financial terms, rates and levels set forth in the proposed documents other than to the extent that the forms of Reference Documentation themselves specify specific requirements, limitations or parameters with respect to such financial terms, rates, levels and parameters; and

(b) with respect to the Reference Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum[12]

(a) Not less than 15 Business Days, or such lesser period as the Province may agree to in writing, prior to the proposed incurrence of the first Funding Obligation, OPG shall, as the FSM, deliver to the Province: (i) a forecast setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the next following 24 month period (the "**Initial Forecast Period**"), which expectations shall be consistent with the Financing Plan (the "**Initial Forecast**"); and (ii) notice

[12] Per an earlier footnote, the items in previous draft (a) and (b) were moved to the recitals.

of the initial Protection Agreement Maximum, which may not exceed the Initial Forecast.

(b) Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of the Initial Forecast and notice of the initial Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province may disagree with the Initial Forecast and the initial Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or the Initial Forecast, (ii) the Initial Forecast is inconsistent with the Financing Plan, or (iii) the initial Protection Agreement Maximum is more than the Initial Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the initial Protection Agreement Maximum will be revised accordingly and confirmed by an amended notice to the Province.

(c) ~~(a)~~ Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Approved Obligations that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast shall be further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum, which may not exceed such Forecast.

(d) ~~(b)~~ Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of any further Forecast and notice of the revised Protection Agreement Maximum from OPG pursuant to Section 4.01(~~a~~c), the Province may disagree with such further Forecast or revised Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or such further Forecast, (ii) the further Forecast is inconsistent with the Financing Plan, or (iii) the revised Protection Agreement Maximum is more than the further Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the revised Protection Agreement Maximum will be further revised accordingly and confirmed by an amended notice to the Province.

(e) ~~(c)~~ For clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be valued at the time to be determined for the purposes of this Section 4.01 in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of OPG

OPG represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, may cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario and has the power and authority to enter into and perform its obligations under this Agreement and all instruments and agreements delivered pursuant hereto.

(c) OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Financing Entity or in the ability of the Financing Entity to perform its obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

5.02 <u>Representations and Warranties of the Province</u>

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
PROCESS FOR ELECTION TO ASSUME APPROVED OBLIGATIONS[13]BREACH EVENTS

6.01 Election by the ProvinceBreach Events

Pursuant to Section 6.01 of the Change of Law Protection Agreement, at any time following the occurrence of a Protection Event, the Province may (but shall not be obligated) elect to assume the Financing Entity's obligations in respect of all Obligations Secured permitted to be assumed by their terms as obligor and debtor by giving notice to the Indenture Trustee. Prior to determining whether or not to exercise its election, the Province may deliver to OPG a notice in the form of Exhibit "D" (an "**Election Information Notice**"). The Election Information Notice shall, among other things, specify the date or dates on which the Province proposes to assume the Obligations Secured referred to in this Section 6.01, which date or dates shall be no earlier than 60 days[14] following delivery of the Election Information Notice to OPG (with respect to each such Obligation Secured, the "**Proposed Assumption Date**").

6.02 Details regarding Obligations Secured

Within 10 Business Days following the delivery of the Election Information Notice to OPG, OPG shall provide the following information and documentation to the Province:

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

(a) a summary of the amounts that will be owing under the Obligations Secured referred to in Section 6.01 as of the Proposed Assumption Date, together with a detailed schedule setting out the dates on which such amounts will become due and payable under such Obligations Secured;a default in the performance, or breach, of any covenants of OPG under this Agreement, which continues for thirty (30) days after written notice by the Province to OPG of such default or breach;

(b) a summary of the rights arising under the Obligations Secured referred to in Section 6.01 that permit the Province to assume such Obligations Secured, including details regarding any conditions precedent to such assignment and the related assumption becoming effective and any notices, filings, consents or other actions that will be required in order to implement and effect such assignment and assumption;any representation or warranty made by OPG in this Agreement, any

[13] Please see Torys' cover email to explain changes made in this Article and the related Article in the Protection Agreement. Section 6.05 was deleted and moved up as a covenant in section 2.02(a)(v)(D).

[14] This process will take time and require appropriate notice to holders of the applicable Obligations Secured.

certification made in a Process Certificate, or any certification made in a certificate contemplated by Subsection 4.02(b) of the Change of Law Protection Agreement, proves to be incorrect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation; or

(c) ~~current versions of all documentation under which the Obligations Secured referred to in Section 6.01 arise;~~OPG is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the Manager.

~~(d) copies of all correspondence exchanged between OPG, as the FSM, or the Financing Entity, on the one hand, and any Specified Creditor, Rating Agency or the Indenture Trustee, on the other hand, in each case that may reasonably be considered to be material to the assumption and performance of the Obligations Secured referred to in Section 6.01 by the Province; and~~

~~(e) all income tax returns and assessments, financial statements and notices of proceedings of or pertaining to the Financing Entity or its business and any documentation related thereto, including any pleadings, appeals, objections, qualifications or other similar materials in respect of the Financing Entity or any Program Agreement.~~

~~**6.03 Settlement of Terms**~~

~~Following receipt and consideration by the Province of the information and documentation to be provided under Section 6.02, the Province shall confirm in writing whether or not it expects to proceed with the assignment and assumption of the Obligations Secured referred to in Section 6.01 and, if it will be proceeding with the assignment and assumption, the date on which the Province expects that assignment and assumption will be effected. If it will be proceeding with such assignment and assumption, the Province will deliver an Assumption Notice as contemplated under Section **[6.01]** of the Change of Law Protection Agreement. A decision not to proceed with an election at any time will not limit the Province from proceeding with an election at a later date, including by issuing a further Election Information Notice, and Article VI of this Agreement shall continue to apply unaffected.~~

~~**6.04 Cooperation to Implement the Assignment and Assumption**~~

~~OPG shall cooperate with the Province and, as FSM, shall use commercially reasonable efforts to cause the Financing Entity to cooperate, and shall use its commercially reasonable efforts, to complete the assignment and assumption of the Obligations Secured referred to in Section 6.01 by and from the Financing Entity to and by the Province, by the applicable Assumption Closing Date.~~

ARTICLE VII[15]
MISCELLANEOUS

7.01 Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

7.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to OPG:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

(b) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]

[15] Breach events not required to be listed since OPG receives a Suspension Notice under the Change of Law Protection Agreement. See also the proviso in section 3.02.

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 7.02.

7.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 7.03 shall be null and void.

7.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

7.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

7.06 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

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

By: _____

Name:
Title:

By: _____

Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Conditions**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Approved Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

~~"**Assumption Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.~~

~~"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.03.~~

"**Beneficiaries**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Breach Event**" ~~means the occurrence of an event described~~has the meaning ascribed thereto in Section ~~**[8.01(b) or (c)]** of the Change of Law Protection Agreement.~~ 6.01.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Certified Primary Obligations**" ~~means Primary Obligations that are payment obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest or to repay payment obligations that were incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest,[16] (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not each individual trade confirmation, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and aggregate payments by the Financing Entity thereunder during the term of such contract is in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).[17]~~has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the FSM on behalf of the Financing Entity and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

~~[16] Query: For a warehouse facility, does the Province want a Certificate for each monthly draw?~~
~~[17] This concept reflects what Primary Obligations the parties agreed to be subject to the adherence conditions.~~

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

~~"**Election Information Notice**" has the meaning ascribed thereto in Section 6.01.~~

"**Executive Officer**" has the meaning ascribed thereto in the ~~*Securities Act* (Ontario)~~Change of Law Protection Agreement.

"**Financing Entity**" means Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(~~a~~c).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other

instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Indenture Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

~~"**Initial Financing Plan**" has the meaning ascribed thereto in the recitals of this Agreement.~~

"**Initial Forecast**" has the meaning ascribed thereto in ~~the recitals of this Agreement.~~Section 4.01(a)

"**Initial Forecast Period**" has the meaning ascribed thereto in ~~the recitals of this Agreement.~~Section 4.01(a)

~~"**Initial Protection Agreement Maximum**" has the meaning ascribed thereto in the recitals of this Agreement.~~

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

~~18~~

"**Limited Guarantee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Loan Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**Management Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Manager**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

~~"**Master Agreement**" means an agreement in the form of a 1992 ISDA Master Agreement (Multi-Currency – Cross Border) as published by ISDA or any replacement or substitute or functional equivalent of such agreement.~~

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

~~18 Definition of Legislature not used here.~~

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Proposed Assumption Date**Program Breach" has the meaning ascribed thereto in Section 6.01the Change of Law Protection Agreement.

"**Protection Agreement Maximum**" means the dollar amount referenced as the Program Agreement Maximum and determined in accordance with Article IV.

"**Protection Event**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture.

"**Reference Documentation**" has the meaning ascribed thereto in Section 3.033.04.

"**Repayment**" has the meaning ascribed to the term "repayment" in the General Regulation as of the date of this Agreement.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Substantially in the Form**" has the meaning ascribed thereto in Section 3.043.05.

"**Suspension Notice**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement;

(vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to aan ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that affects the Province's subrogation rights and/or subrogee interests, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

EXHIBIT "A"
INITIAL REFERENCE DOCUMENTATION

- Declaration of Trust;
- Management Agreement;
- Master Transfer and Servicing Agreement;
- Acknowledgement and indemnity agreement dated as of [■], 2017 made by IESO in favour of the Indenture Trustee;
- Security agreement made by IESO in favour of the Financing Entity to secure certain of its obligations under the Master Transfer and Servicing Agreement;
- Trust Indenture;
- Term Senior Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;
- Term Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;
- Term Junior Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;
- Warehouse Senior Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;
- Warehouse Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;
- Warehouse Junior Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;
- Schedule to the ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time;
- Confidential shelf offering memorandum of the Financing Entity dated as of [■], 2017, including the term sheet incorporated by reference therein; and

- ~~Agency agreement between the Financing Entity, CIBC World Markets Inc., RBC Dominion Securities Inc., Goldman Sachs Canada Inc. and the other agents named therein dated as of [■], 2017.~~

~~[NTD: List above to be confirmed.]~~

~~EXHIBIT "B"~~
~~INITIAL FINANCING PLAN~~

~~(see attached)~~

~~EXHIBIT "C"~~
~~INITIAL FORECAST~~

~~(see attached)~~

~~EXHIBIT "D"~~
~~FORM OF ELECTION INFORMATION NOTICE~~

~~[NTD: Blakes to provide draft.]~~

Document comparison by Workshare Compare on Monday, December 04, 2017 11:56:43 AM

Input:	
Document 1 ID	PowerDocs://TOR_2528/23239361/15
Description	TOR_2528-#23239361-v15-Change_of_Law_-_Process_Agreement
Document 2 ID	PowerDocs://TOR_2528/23239361/19
Description	TOR_2528-#23239361-v19-Change_of_Law_-_Process_Agreement
Rendering set	Standard

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

Statistics:	
	Count
Insertions	72
Deletions	157
Moved from	4
Moved to	4
Style change	0
Format changed	0
Total changes	237

DBRS Comments on Change of Law Protection Agreement

Below are DBRS comments on the draft Change of Law Protection Agreement sent to DBRS on November 22. Our responses are noted below each comment.

(1) Will there be a legal opinion addressing the binding nature and enforceability of the Protection Agreement on its terms?

> ***Torys Response***: Yes, legal opinions regarding the enforceability of the Change of Law Protection Agreement will be delivered on closing (subject to ~~customary~~appropriate limitations for enforceability opinions delivered in respect of contracts executed by the Province).[1]

(2) Section 1.15: DBRS expects any material amendment or material waiver to the agreement to be subject to a RAC and prompt notice of any other amendments/waivers/consents.

> ***Torys Response***: ~~We will make these changes.~~The Change of Law Protection Agreement is a Program Agreement under the Trust Indenture. As such, material amendments are covered off by section 13.18 of the Trust Indenture, which states that unless the Rating Agency Condition is satisfied, the Issuer will not amend any Program Agreement (other than the Trust Indenture, Derivative Agreements and the Declaration of Trust) if any such amendment could reasonably be considered to be materially prejudicial to the rights or interests of [any] [the relevant] Specified Creditor(s), except as expressly permitted by such Specified Creditor.

(3) Section 2.01: Please provide DBRS prompt written notice of a Protection Event.

> ***Torys Response***: ~~We will make this~~This change has been made.

(4) Section 2.01 (a): "Payment Date" is not defined in this Agreement. Is the reference to the Guarantee Payment Date?

> ***Torys Response***: This was a typo. The reference to "Payment Date" ~~will be~~has been changed to "Guarantee Payment Date".

(5) Section 2.01 (a)(iv)(ii): Subrogated Amounts: this calculation is confusing and seems to missing the next prong "y". Is the subrogated amount the amount that has been actually paid to the Beneficiary by the Province in relation to the amounts payable from amounts available?

> ***Torys Response***: ~~This will be revised to refer to the lesser of (x) and (y).~~The "Subrogation Amounts" to which the Province are entitled are the amounts that would otherwise be payable to Beneficiary Payees in respect of an Approved Obligation from amounts available (from Clean Energy Adjustments collected) to pay such Beneficiary Payees. These Subrogation Amounts are determined without regard to the payments from

[1] **Note to Torys:** Please confirm that opinions to include opinions in respect of Protection Agreement against Fair Hydro Trust, and that those opinions will be available for review by the Province at closing. Note that "customary" (in "customary limitations") is not accurate given the unique nature of these arrangements.

the Province to Beneficiary Payees (now defined as "Guarantee Payments") in performing on the guarantee.

In circumstances where (i) a Protection Event has occurred; and (ii) all amounts payable under Approved Obligations are paid in full, the Province will also be entitled to receive a "Final Subrogation Amount", which is the amount by which Guarantee Payments exceed the sum of all Subrogation Amounts paid to the Province. These Final Subrogation Amounts are subject to priorities and pro rata sharing with non-guaranteed obligations (if any).

(6) To the extent the amounts paid by the Province into the Protection Account exceed the amounts payable to Beneficiary from amounts available – is that excess the subrogation amount or is that excess just returned to the Province?

Torys Response: Any excess of amounts paid by the Province into the Protection Account over amounts paid to Beneficiary Payees would be returned to the Province. Please note that the amounts paid to Beneficiary Payees is determined without reference to amounts available from Clean Energy Adjustment collections (as the "Protection Event" trigger would itself have impaired collection of Clean Energy Adjustments).

Any excess ~~amount~~over the amounts paid to Beneficiary Payees would be returned to the Province.

(7) As a general comment: With respect to subrogation amounts owing to the Province - the Province seems to maintain a subrogated claim against the Financing Entity that has the same ranking as the Beneficiary obligation that has been paid by the Province and that subrogated claim is to be paid on the same date the amounts on deposit in the Protection Account are paid to the Beneficiary (i.e. the Province's subrogated claim becomes a Specified Creditor under the Trust Indenture and potentially ranks in priority or pari passu to all other securityholders claims depending on applicable Beneficiary's obligation's respective ranking within the trust indenture waterfall). How will this subrogated claim be satisfied – from what resources? Why has the right of subrogation of the guarantor (the Province) not been postponed until after all the rated obligations have been paid in full?

Torys Response: Prior to a Protection Event, payments owing to Specified Creditors are satisfied through collection of the Clean Energy Adjustment amounts. Upon the occurrence of a Protection Event and delivery of a Payment Demand, the Province will be required to make all payments under Approved Obligations (i.e. Specified Creditors will be looking to the Province to make payments when due, instead of relying on the collection of Clean Energy Adjustment amounts). However, notwithstanding the occurrence of a Protection Event triggering the Limited Guarantee, the Fair Hydro program ~~may~~will remain in place and Clean Energy Adjustments may continue to be billed and collected. In such a circumstance, while the Province will be required to make payments under ~~all~~ Approved Obligations as they come due in amounts determined by reference to the "Approved Obligation Amounts", applied in accordance with the applicable payment waterfall priorities, the Province (in place of Specified Creditors) would be entitled to receive any Clean Energy Adjustment amounts that are billed and

collected i.e. the Clean Energy Adjustment amounts collected constitute ~~the Subrogated~~Subrogation Amounts.

(8) Section 4.02: Adherence Obligations: With respect to Funding Obligations under a certain amount that do not need to meet the Adherence Conditions, what would those Funding Obligations consist of? Are these limited amounts still treated as Primary Obligations pursuant to which the guarantee obligation applies?

Torys Response: All Funding Obligations (and all other finance amounts) constitute Primary Obligations pursuant to which the Change of Law Protection Agreement applies; however, there is a subset of Funding Obligations for which the Adherence Conditions must be satisfied.

The Agreement will be revised to make clear that there are no Adherence Conditions applicable to Funding Obligations that are not "Certified Primary Obligations". "Certified Primary Obligations" will mean Primary Obligations that are payment obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest or to repay payment obligations that were incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest, (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not each individual trade confirmation, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and aggregate payments by the Financing Entity thereunder during the term of such contract is in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).

(9) Section 4.03: Is 4.02(b)(x) a typo? There is no "x" in 4.02(b)?

Torys Response: This is a typo and ~~will be~~has been corrected.

(10) Section 5.01 (a): As per the question above on section 2.01(a)(iv)(ii), please clarify how the Subrogation Amount is calculated (if not based on the actual amount paid by the Province in respect of amounts payable).

Torys Response: Please see the response to ~~question (7) above.~~Question 5.

(11) Section 6.01: Why is it at the Province's election to provide the Indenture Trustee notice of the Province's election to assume the Financing Entity's Obligations Secured? Under what circumstances would the Province decide not to provide the Indenture Trustee notice of its election to assume? In any event, DBRS expects to receive prompt written notice of an election to assume and copy of any such Assumption Notice.

Torys Response: ~~As described in response to question (7), upon the occurrence of a Protection Event and delivery of a Payment Demand, the Limited Guarantee is triggered and the Province is obligated to make all payments in respect of Approved Obligations. However, notwithstanding the Limited Guarantee taking effect, the Financing Entity will~~

~~continue to exist and the entire program structure may stay in place (and Clean Energy Adjustment amounts may continue to be billed and collected). The assumption right of the Province has been included to provide the Province with the flexibility to wind-up the Financing Entity and dismantle the program by assuming all of the Obligations Secured. In either case, following the occurrence of a Protection Event, the Province will be obligated to make all payments in respect of Approved Obligations.~~The Assumption Election has been removed from the Agreement.

~~We will add a rating agency notice requirement and a covenant to deliver to the rating agencies a copy of the Assumption Notice as requested.~~

(12) Section 6.04: How long can the Interim Period be in effect during the implementation and completion of the assumption terms? Are the securityholders and Indenture Trustee stayed from accelerating and enforcing if there is an Event of Default under the rated notes during the Interim Period? Are there any other restrictions on the SPV Financing Entity and/or the securityholders during the Interim Period?

Torys Response: The ~~details of any assignment and assumption by the Province will be addressed in the supplemental indenture relating to a particular issuance of Funding Obligations. Securityholders and the Indenture Trustee will not be stayed from accelerating and enforcing if there is an Event of Default under the rated notes during the interim period.~~Assumption Election has been removed from the Agreement.

~~While there are no restrictions on the Financing Entity during the interim period, under a process agreement between OPG and the Province, after the occurrence of any Protection Event, OPG has agreed that it shall not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.~~

(13) Section 8.01: Under this section the Province may declare at any time for any reason that the guarantee shall not apply to any Obligation Secured incurred on after the date of such declaration (other than the refinancing of a previously incurred funding obligation) by delivering a "Suspension Notice" to the Indenture Trustee/OPG/SPV.

Please provide DBRS with prompt written notice of any such Suspension Notice.

Torys Response: ~~We will make this change.~~This change has been made. Please note that we have revised the Change of Law Protection Agreement such that the Province may deliver a Suspension Notice in certain specified circumstances (but no longer "at any time for any reason").

Please confirm how the Suspension Notice would apply with respect to refinancing, increases or issuances up the program limits under the Warehouse Supplement. For example if a suspension notice is issued does the suspension apply to any issuance of notes for the purposes of refinancing outstanding ABCP? Or does this type of refinancing fall within the carve-out from a

suspension notice, "Refinancing of a Primary Obligation" noted in this section 8.01?" Further, will issuances after the Suspension Notice but up to the program limit or already permitted increases be subject to a Suspension Notice?

> ***Torys Response***: Any debt issued on a refinancing of a Primary Obligation in respect of which the Adherence Conditions had been satisfied prior to delivery of the Suspension Notice (which will include the debt ~~issuable~~already issued under the Warehouse Supplement) will continue to have the benefit of the Limited Guarantee following the delivery of the Suspension Notice. In other words, any debt issued on the refinancing of "protected debt" will continue to be "protected debt" following the Suspension Notice (provided that the Adherence Conditions are satisified in respect of debt issued on the refinancing). Except for refinancing of protected debt, no other Primary Obligations incurred after the delivery of a Suspension Notice will have the benefit of the Limited Guarantee.

(16) Section 8.03: Please provide DBRS with prompt written notice of any such Termination Notice.

> ***Torys Response***: We ~~will make this change.~~have revised the Change of Law Protection Agreement to remove the concept of a "Termination Notice".

(17) Section 9.03: Please provide DBRS with prompt written notice of any assignment.

> ***Torys Response***: ~~We will make this~~This change has been made.

(18) Definitions: Approved Obligation Amount (subsection (b)): Where an acceleration has occurred, how will this calculation address circumstances under which the CEA is no longer able to be charged or collected? Where amounts that would be available to be paid is compromised in some way and acceleration has occurred, could the Approved Obligation Amount be nil?

> ***Torys Response***: Subsection (b) of the definition of an Approved Obligation Amount provides that this amount is to be determined on the assumption that the amount available for allocation to Specified Creditors is equal to the estimated finance amount determined in respect of such reference period divided by the number of months in the reference period. In other words, the amount payable under the Limited Guarantee following a Protection Event would be determined in the same way that the amount payable through ~~CEA~~Clean Energy Adjustment collections would have been determined prior to the Protection Event (except determined without a "true-up"). The Approved Obligation Amount is by definition a positive amount payable in respect of an Approved Obligation to a beneficiary payee based on the priorities in the applicable waterfall and could therefore not be a nil amount.

Document comparison by Workshare Compare on Monday, December 04, 2017 11:57:56 AM

Input:	
Document 1 ID	PowerDocs://TOR_2528/23263869/1
Description	TOR_2528-#23263869-v1-DBRS_Comments_(Change_of_Law_Protection_Agreement)
Document 2 ID	PowerDocs://TOR_2528/23263869/2
Description	TOR_2528-#23263869-v2-DBRS_Comments_(Change_of_Law_Protection_Agreement)
Rendering set	Standard

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

Statistics:	
	Count
Insertions	35
Deletions	26
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	61

From:	Mansoori, Nina
To:	"dup-john.s.lee@opg.com"; "leslie.wong@opg.com"; Gadi Mayman; Hunter, Rosalind; Malle Hanslep (MOF); ASHBOURNE, STEPHEN; Tobias P. Whitfield (MOF); Ken Kandeepan; Mike Manning; Ronald Kwan; Thouin, Alena (ENERGY); Tom McKinlay (MAG); VINER, JON; PRESTAGE, JA; Daniel Cayley (ENERGY); "sheen.liu@opg.com"; "tyler.mcauley@opg.com"; "clara.greco@opg.com"; "matthew.go@opg.com"; "anthea.yao@opg.com"; "jenny.jorda@opg.com"; "stuart.preston@opg.com"; "john.drewniak@opg.com"; "j.hahnparker@opg.com"; "Alvi, Shariq"; Innes, Michael; "Stoddart, Jesse - Debt Capital Markets"; "Rix, Lindsey - Legal"; "Hume, Tyler"; "Daou, Hadi"; "Persad, Nicole"; "mfitzpatrick@hunton.com"; "aobrian@hunton.com"; Smith, Elliot; King, Richard; Royer, Kate; Hughes, Timothy; "Adalja, Sunil"; "Persaud, Donnie - Debt Capital Markets"; Sebastiano, Rocco; "Maciel, Andrew"; "Benaiah, Ian"; "Khan, Nur"; ""Niehaus, Katrina" (Katrina.Niehaus@gs.com)"; "Delaney, Brian (Brian.Delaney@gs.com)"; "Conner, Robbin"; "Milligan, Peter"; Sebastiano, Rocco; Fullerton, Rick; "Lively, Pamela"; Adam, Ahmad; Krowles, Geralyn; Morris, Eleonore; Peter Hamilton; Michael Boll; Anthony Martinello (Anthony.Martinello@ieso.ca); Jeannette Briggs (jeannette.briggs@ieso.ca); kim.marshall@ieso.ca
Cc:	Feldman, Michael; Ramchandani, Rima; Emes, Aaron; Olusoga, Yinka; Saulnier, Brett; Prado, Melissa; Dost, Mitchell; Mansoori, Nina
Subject:	Closing Mechanics - Fair Hydro
Date:	Tuesday, December 19, 2017 4:52:59 PM
Attachments:	Global Direction and Receipt.docx
Importance:	High

Dear all,

As you know we are closing the warehouse financing this coming Thursday, December 21 at 9 am. We have set out below the pre-closing and closing mechanics to ensure all parties know what to expect. Please let us know as soon as possible if you have any questions. Thank you.

Wednesday, December 20, 2017

- **by 10 am**, all legal counsel to deliver their client's signature pages and all signed legal opinions in escrow to Torys
- **by 10 am**, the Trust will be formed and Torys will provide the IESO with the necessary documentation to wire the carrying costs
- **by noon**, IESO will wire C$6,000,000 representing the carrying costs to the Collection Account and circulate a wire confirmation to this group
- Oslers, Stikemans and Blakes are welcome to attend the closing room at Torys from 1 pm onwards to review applicable documentation (or request that documentation by email)
- by close of business, Oslers, Stikemans, Blakes and Torys to confirm to their respective clients that the applicable documents are in satisfactory form and Oslers to confirm to lenders that all CPs to closing are satisfied (subject to OPG's funding of the subordinated debt and payment of lender fees)

Thursday, December 21, 2017

- this group will hold a call at 9 am so that each counsel can confirm release of their clients' signature pages from escrow (Torys to send a calendar invite with call-in details)
- OPG will wire C$117,900,000 representing the Junior Subordinated Debt proceeds to the IESO and circulate a wire confirmation to this group
- OPG will wire C$459,810,000 representing the Subordinated Debt proceeds to the IESO and circulate a wire confirmation to this group
- BNY will wire C$650,000 (for fees) to CIBC per the wire details on Schedule B of the attached global direction and circulate a wire confirmation to this group
- BNY will wire C$650,000 (for fees) to RBC per the wire details on Schedule B of the

attached global direction and circulate a wire confirmation to this group

- BNY will wire C$300,000 (for fees) to Goldman per the wire details on Schedule B of the attached global direction and circulate a wire confirmation to this group
- Upon receipt of the tracking numbers for the two OPG wires and three BNY wires above:
    - CIBC will transfer C$244,274,062.50 to IESO per the wire details on Schedule A of the attached global direction
    - RBC will transfer C$244,274,062.50 to IESO per the wire details on Schedule A of the attached global direction
    - Goldman will transfer C$112,741,875.00 to IESO per the wire details on Schedule A of the attached global direction
- IESO to confirm to this group receipt of all wires sent to them above
- CIBC, RBC and Goldman to confirm to this group receipt of all fees wired above
- Oslers to circulate email to this group confirming closing of warehouse financing

Nina Mansoori
P. 416.865.7332

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
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TORYS LLP[torys.com]

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GLOBAL DIRECTION AND RECEIPT

December 21, 2017

Reference is made to the trust indenture made as of December 21, 2017 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "**Trust Indenture**") between Computershare Trust Company of Canada, in its capacity as trustee of Fair Hydro Trust, as issuer (the "**Issuer**"), and BNY Trust Company of Canada, as indenture trustee. Capitalized terms used but not defined in this global direction and receipt have their respective meanings as set forth in the Trust Indenture.

I. Introduction

On the date hereof, the Issuer intends to purchase an Investment Interest by means of the Transfer of a regulatory asset (as defined in the Act) from the Independent Electricity System Operator (the "**IESO**") to the Issuer in the amount of $1,179,000,000 pursuant to a Transfer Notice dated December 21, 2017 (the "**December 2017 Investment Interest**").

On the date hereof, the Issuer intends to issue C$601,290,000 aggregate principal amount of Floating Rate Variable Funding Senior Notes, Series 2017-1 (the "**Senior Notes, Series 2017-1**"), C$459,810,000 aggregate principal amount of Floating Rate Variable Funding Subordinated Notes, Series 2017-1 (the "**Subordinated Notes, Series 2017-1**"), and C$117,900,000 aggregate principal amount Floating Rate Variable Funding Junior Subordinated Notes, Series 2017-1 (the "**Junior Subordinated Notes, Series 2017-1**" and together with the Senior Notes, Series 2017-1 and the Subordinated Notes, Series 2017-1, the "**Notes**") for aggregate gross proceeds of C$1,179,000,000 pursuant to Supplemental Indentures dated the date hereof.

The Issuer intends to use the proceeds of the issuance of the Notes to purchase the December 2017 Investment Interest.

The IESO has deposited C$6,000,000 in the Collection Account on account of Carrying Costs expected to be to be due and payable in the month of December, 2017. In connection with the issuance of the Senior Notes, Series 2017-1, the Issuer has agreed to pay certain fees to Canadian Imperial Bank of Commerce, Royal Bank of Canada and Goldman Sachs Bank USA (and/or affiliates thereof) pursuant to a fee letter dated December 21, 2017.

Each of the Issuer, the IESO, Royal Bank of Canada and Canadian Imperial Bank of Commerce (collectively, the "**Funding Agents**"), Goldman Sachs Bank USA (the "**Non-Conduit Purchaser**" and together with the Funding Agents, the "**Senior Warehouse Lenders**") and Ontario Power Generation Inc. ("**OPG**") hereby acknowledge and agree that this global direction and receipt describes the agreed upon payments and contains all directions and receipts in connection with the transactions described above.

II. Directions

The applicable parties hereby irrevocably and unconditionally direct the following:

A. Purchase of Investment Asset

1. The IESO directs the Issuer to transfer $1,179,000,000, representing the purchase price payable by the Issuer to the IESO in connection with the purchase of the December 2017 Investment Interest in accordance with the wire instructions in Schedule A.

B. Payment of Purchase Price

The following payments shall be made in the following order:

Issuance of Junior Subordinated Notes (Warehouse)

2. In partial satisfaction of the payment described in paragraph 1 above, the Issuer directs OPG to transfer C$117,900,000, representing the proceeds from the issuance of the Junior Subordinated Notes, Series 2017-1 (the "**Warehouse Junior Subordinated Note Proceeds**"), to the IESO in accordance with the wire instructions in Schedule A.

Issuance of Subordinated Notes (Warehouse)

3. In partial satisfaction of the payment described in paragraph 1 above, the Issuer directs OPG to transfer C$459,810,000, representing the proceeds from the issuance of the Subordinated Notes, Series 2017-1 (the "**Warehouse Subordinated Note Proceeds**"), to the IESO in accordance with the wire instructions in Schedule A.

Issuance of Senior Notes (Warehouse)

Following confirmation that the wire transfers in 2 and 3 have been sent:

4. Each Senior Warehouse Lender, on behalf of its respective Purchaser Group (as defined in the Supplemental Indenture in respect of the Senior Notes, Series 2017-1), directs the Issuer to transfer such Purchaser Group's portion (in accordance with its Commitment Percentage) of C$1,600,000, representing the aggregate closing fees payable by the Issuer in connection with the issuance of the Senior Notes, Series 2017-1 (the "**Closing Fees**"), to such Senior Warehouse Lender on behalf of its respective Purchaser Group in accordance with the wire instructions in Schedule B.

5. In satisfaction of the payment described in paragraph 4 above, the Issuer directs BNY Trust Company of Canada, acting in its capacity as the Paying Agent, to transfer the Closing Fees from the Collection Account to the Senior Warehouse Lenders, on behalf of their respective Purchaser Groups, in accordance with the wire instructions in Schedule B.

Following confirmation that the wire transfers in 5 have been sent:

6. In partial satisfaction of the payment described in paragraph 1 above, the Issuer directs each of the Senior Warehouse Lenders, on behalf of its respective Purchaser Group, to transfer the amount set out opposite to such Senior Warehouse Lender's Purchaser Group (such amounts totaling C$601,290,000 and representing the proceeds from the issuance of the Warehouse Notes, the "**Warehouse Senior Note Proceeds**") to the IESO in accordance with the wire instructions in Schedule A:

Purchaser Group	**Amount**
Canadian Imperial Bank of Commerce	C$244,274,062.50
Royal Bank of Canada	C$244,274,062.50
Goldman Sachs Bank USA	C$112,741,875.00
Total	**C$601,290,000.00**

III. Receipts

7. The IESO hereby acknowledges receipt of the Warehouse Senior Note Proceeds, Warehouse Subordinated Note Proceeds and Warehouse Junior Subordinated Note Proceeds in full satisfaction of the purchase price of the December 2017 Investment Interest.

8. Each of the Senior Warehouse Lenders hereby acknowledges receipt of their percentage interest of the Closing Fees.

[Remainder of the page intentionally left blank]

IN WITNESS HEREOF the parties have executed this global direction and receipt as of this _____ day of December, 2017.

ONTARIO POWER GENERATION INC., as manager of FAIR HYDRO TRUST

By: _____
Name:
Title:

By: _____
Name:
Title:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

Name:
Title:

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

CANADIAN IMPERIAL BANK OF COMMERCE

By: _____
Name:
Title:

By: _____
Name:
Title:

ROYAL BANK OF CANADA

By: _____
Name:
Title:

By: _____
Name:
Title:

GOLDMAN SACHS BANK USA

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A

Bank Account Name: Independent Electricity System Operator
Beneficiary Address: 1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Bank: TD Bank
Bank Address: 55 King Street West, Toronto, ON, M5K 1A2
Bank ID: 0004
Transit: 10202
Account: 5509622
Swift: TDOMCATTTOR

SCHEDULE B

Canadian Imperial Bank of Commerce **(as to C$650,000)** Bank: Canadian Imperial Bank of Commerce Bank Number: 00010 SWIFT Code: CIBCCATT Transit: 00002 Branch address: 199 Bay Street, Toronto, ON M5L 1G9 Credit to: CIBC Securitization CDN $ Account Account: #24-66813 (CAD) Beneficiary Address: Brookfield Place, 161, Bay Street, 9th Floor, Toronto, ON M5J 2S8 Bank address: 199 Bay Street, Toronto, ON, M5L 1G9
Royal Bank of Canada **(as to C$650,000)** Bank #0003 Transit #00002 Account #: 102-683-0 Swift: ROYCCAT2 Address: Royal Bank of Canada, Main Branch, 200 Bay Street, Toronto, Ontario M5K 1J7 Beneficiary account name: Global Loans Administration Beneficiary Address: Royal Bank of Canada, Main Branch, 200 Bay Street, Toronto, Ontario M5K 1J7
Goldman Sachs Bank USA **(as to C$300,000)** Bank #0003 Transit #09591 Swift: ROYCCAT2 Address: TORONTO Beneficiary Account Name: GOLDMAN SACHS BANK USA Beneficiary Account Number: 095911028125

From:	HAHN PARKER Janet -TREASURY
To:	LEE John -TREASURY; WONG Leslie -LAWDIV; Mike Manning; Malle Hanslep (MOF); stephen.ashbourne@blakes.com; Ken Kandeepan; Tobias P. Whitfield (MOF); Anna Strathy; nmansoori@torys.com; LAURETA LAPIRA May -TREASURY; Ramchandani, Rima
Subject:	Conference Call / Province and Blakes - Change of Law Protection and Process Agreements

John Lee is the Moderator

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From:	Hanslep, Malle (MOF)
To:	ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com); Mike Manning; Ken Kandeepan; Tobias P. Whitfield (MOF)
Cc:	Gadi Mayman; Anna Strathy
Subject:	Conference Call
Date:	Tuesday, December 05, 2017 1:35:50 PM

I understand from OPG that there are some accounting concerns about certain provisions of the process agreement. Possibly the “object to” wording. OPG would like to have a call with us to identify those provisions to us. Please let us know if you are available for call at 2:30 or later. I think Mike is available from 2:30 on.

Thanks,

Malle

From:	Hanslep, Malle (MOF)
To:	LEE John -TREASURY; "WONG Leslie -LAWDIV" (leslie.wong@opg.com)
Cc:	Tobias P. Whitfield (MOF); ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com); Ken Kandeepan; Mike Manning; Anna Strathy
Subject:	Conference Call
Date:	Tuesday, December 05, 2017 2:01:27 PM

Hi John, Les,

A call at 2:30 works for us. Would you be able to send a conference call number?

Thanks,

Malle

Malle Hanslep
Deputy Director
Ministry of the Attorney General
Ministry of Finance Legal Services Branch
Telephone: 416-325-1457

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From:	Hanslep, Malle (MOF)
To:	Mike Manning; ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com); Tobias P. Whitfield (MOF); VINER, JON (JON.VINER@blakes.com)
Subject:	DRAFT email
Date:	Monday, December 04, 2017 1:28:58 PM

Here is a draft for review and editing.

As discussed, please find attached revised versions of the Protection Agreement and Process Agreement.

We have deleted Article VI and the assumption provisions of the Protection Agreement. The Province recognizes that it is not practical, given the constraints and timelines, to build these rights into the agreements at the present time. In addition, revisions have been made to s. 2.01(iv) to take into account the possibility of unguaranteed obligations existing at the time the Province is required to make payments under the limited guarantee.

We have revised the Process Agreement back to reflect the previous version as the purpose of the Process Agreement is to support sufficient meaningful information going to the Province with respect to obligations to be incurred. Although the Province was satisfied with removing some of the details and obligations contained in the certificate under the Protection Agreement in order to address the Dealers' concerns under the Protection Agreement, the same concerns and principles do not apply to the Process Agreement between the Province and OPG as FSM. In addition, we do not think it is appropriate from a timing perspective to move certain deliveries into recitals at this point as the process agreement already set out a clear process.

The Province has carefully considered all of the issues and suggestions raised by OPG and the Dealers in this draft of the agreements. We do not believe that any further business issues with these agreements should be raised unless they are important to the financeability [marketability?] of the Trust.

From:	VINER, JON
To:	Gadi Mayman; Mike Manning; Ken Kandeepan; Anna Strathy
Cc:	Malle Hanslep (MOF); Tobias P. Whitfield (MOF); ASHBOURNE, STEPHEN
Subject:	Defeasance Scenario
Date:	Thursday, November 23, 2017 3:32:39 PM
Attachments:	12922051-v2-Defeasance Scenario (OPG Trust).DOCX

All,

Please find attached a revised copy of the Defeasance Proposal to send to OPG and the dealers for their consideration. As discussed this afternoon, we believe the Province should send this proposal and request that OPG and the dealers provide their thoughts/comments as soon as possible.

Kind regards,

Jon

Jon Viner
Associate
jon.viner@blakes.com
Dir: 416-863-2499

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Further to the meeting on Tuesday night, we would like to discuss the following proposal with you, which we believe addresses issues raised during our discussions in connection with the Province's "assumption" option.

We are continuing to review the proposal internally, but in the interests of time, wanted to share it with you as we expect it will require some further thought and discussion.

Proposal: In lieu of the current "assumption" option, we would provide for the following:

- The Trust would have a "defeasance option" with respect to all notes and bonds, but exercisable only following a Payment Demand (i.e., demand after a Protection Event)

- The Trust would agree with the Province to exercise the defeasance option and specified termination rights upon a direction by the Province and in no other circumstances

- OPG would ensure that all other Trust obligations (i.e., not notes or bonds) are cancellable at the option of the Trust (similar concept to current Process Agreement, section 6.05)

- If the defeasance option is exercised by the Trust:

    - Province would deliver Provincial obligations with maturities, interest rates and payment terms identical to and corresponding with the specified terms of the Trust's outstanding notes and bonds

    - In full satisfaction and discharge of the Limited Guarantee in respect of the Trust's outstanding notes and bonds, Province would irrevocably deposit such Provincial Obligations into a defeasance account for the benefit of the bond/noteholders[1], sufficient to pay all principal and interest owing under notes and bonds as and when they become due and payable in accordance with their respective terms

    - The defeasance account would become collateral under the Trust Indenture for the purpose of paying bonds and notes, and Province would be subrogated to the position of existing note/bondholders whose note and bonds have been defeased

    - Note/bondholders would be entitled to receive, solely from the defeasance account, payments in respect of the principal of and any interest on their notes and bonds when payments become due

---

[1] Sample language: "Government Obligations (including the proceeds thereof) deposited with the Indenture Trustee in respect of any securities shall be held in trust and applied by the Indenture Trustee, in accordance with the provisions of such securities and the Trust Indenture, to the payment, either directly or through any such Paying Agent (including the Trust acting as its own Paying Agent) as the Indenture Trustee may determine, to the holders of such securities, of all sums due and to become due thereon in respect of principal and any premium and interest, but money so held in trust need not be segregated from other funds except to the extent required by law. Government Obligations (and the proceeds thereof) held pursuant to this Section for the benefit of the holders of subordinated securities shall not be subject to the subordination provisions established with respect to such Securities pursuant to the Trust Indenture."

  - The Trust's obligations with respect to outstanding notes and bonds, and the on-going responsibilities of the Indenture Trustee related to the notes and bonds, would be limited to specified matters, such as the provision of certificates; the mechanics to pass-through funds from the defesance account to pay notes and bonds when due; and the rights, powers, trusts, duties and immunities of the Indenture Trustee

- Province would have the right to require the Trust to exercise termination rights under other Trust obligations, provided that Province pays Trust all applicable related termination amounts and charges, whereupon such obligations will be satisfied and the Province's obligations under the Limited Guarantee with respect to such other Trust obligations would be discharged and the Province would be subrogated to the collateral entitlement (if any) of the obligee

Possible Advantages:

- Defeasance is a familiar market convention, and so should be relatively easy to digest by investors and rating agencies in these circumstances, based on market precedents

- Since the notes and bonds are technically still outstanding, and since the defeasance condition is not an "exchange", identified issues (e.g., taxes on disposition under an exchange) may not arise or be lessened

- With Trust continuing (albeit hollowed out), the technical issue of a change in investor and rating agency treatment of the outstanding notes and bonds may be much less of a concern

- 'All or nothing' approach to termination of all Trust obligations need not be achieved

Other Considerations:

- Accounting implications

- Governance and authorization considerations

From:	Hresa Gavaris
To:	Gadi Mayman; Ken Kandeepan; Mike Manning; Ronald Kwan; Malle Hanslep (MOF); Tobias P. Whitfield (MOF); "stephen.ashbourne@blakes.com"; Anna Strathy
Subject:	Discuss status before 10:00 Fair Hydro Call

Local dial-in number: 416-212-8011 Conference ID: 4717656

From:	WONG Leslie -LAWDIV
To:	rramchandani@torys.com; Andrew.Maciel@cibc.com; brian.bolster@gs.com; Brian.Delaney@gs.com; david.dalbello@rbccm.com; Donnie.Persaud@cibc.com; Gadi Mayman; geoffrey.reeves@cibc.com; ian.benaiah@rbccm.com; LEE John -TREASURY; Katrina.Niehaus@gs.com; HARTWICK Ken -FINANCE; Ken Kandeepan; Malle Hanslep (MOF); mfeldman@torys.com; Mike Manning; nmansoori@torys.com; PMilligan@osler.com; RSebastiano@osler.com; Salina.Sabri@gs.com; STEPHEN.ASHBOURNE@blakes.com; Sunil.Adalja@cibc.com; Tobias P. Whitfield (MOF)
Subject:	EXTERNAL – Fair Hydro -- Change of Law Agreements (All Hands Meeting with Counsel)
Date:	Monday, December 11, 2017 12:14:16 PM

For the external counsel, can you please hold off calling in. The business discussion is still ongoing. We will send out an email noting when that discussion is over and the all hands discussion will happen.

Organizer: Ramchandani, Rima
When: 12:15 PM - 2:00 PM December 11, 2017
Subject: EXTERNAL – Fair Hydro -- Change of Law Agreements (All Hands Meeting with Counsel)
Location: 79 Wellington Street West, 33rd Floor

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From: LEE John -TREASURY
To: Gadi Mayman
Cc: Mike Manning; Ken Kandeepan; WONG Leslie -LAWDIV; RYFA Ken -TREASURY; LADAK Lubna -TREASURY
Subject: Enforcement of Protection event
Date: Wednesday, December 20, 2017 1:13:44 PM

Gadi:
See compromise solution from Dealers below:

- Any warehouse lender can instruct the Indenture trustee to enforcement a protection event
- All other bondholders would be required to have an ordinary resolution (>50%) to instruct the Indenture trustee to enforce a protection event.

I believe this addresses the primary concern of leaving the Province exposed to individual bond holders "tripping" the structure. In the interest of time I will instruct the Dealers to run this by the rating agencies to confirm that this does not change their rating assessment.
If you have any concerns please let me know or if you would like to discuss.
John

From: Sebastiano, Rocco [mailto:RSebastiano@osler.com]
Sent: December-20-17 12:33 PM
To: 'john.s.lee@opg.com' <john.s.lee@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>
Cc: Feldman, Michael <mfeldman@torys.com>; Mansoori, Nina <nmansoori@torys.com>
Subject: FW: Fair Hydro -- Revised Program Agreements
John, as requested, here is the email that I just sent to Michael.
From: Sebastiano, Rocco
Sent: Wednesday, December 20, 2017 12:29 PM
To: 'Feldman, Michael' <mfeldman@torys.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>
Cc: Ramchandani, Rima <rramchandani@torys.com>; Mansoori, Nina <nmansoori@torys.com>; Olusoga, Yinka <yolusoga@torys.com>
Subject: RE: Fair Hydro -- Revised Program Agreements
I just got off the phone with the Dealers. Here is our compromise position which has been discussed with John.
In the first instance, any warehouse lender can instruct the Indenture Trustee. With all of other Controlling Class Creditors, they would require an Ordinary Resolution to instruct the Indenture Trustee. If the indenture Trustee does not act per the instructions, any warehouse lender or any Controlling Class Creditor can take action to enforce.
Even if the Province were to agree, we need to run this down with the Rating Agencies.
And yes, I agree that we should add a notwithstanding clause in the lead-in to section 13.12.
Regards, Rocco
From: Feldman, Michael [mailto:mfeldman@torys.com]
Sent: Wednesday, December 20, 2017 11:12 AM
To: Sebastiano, Rocco <RSebastiano@osler.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>
Cc: Ramchandani, Rima <rramchandani@torys.com>; Mansoori, Nina <nmansoori@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Feldman, Michael <mfeldman@torys.com>
Subject: RE: Fair Hydro -- Revised Program Agreements
Rocco, Peter and Rick,
A couple of technical observations:
1. Section 13.12(c) does not dovetail well with section 8.12 (the section that limits the rights of Specified Creditors to take

their own actions). I think the second sentence of 13.12(c) should have added to it a "notwithstanding section 8.12", whether the first sentence of 13.12(c) requires an Ordinary Resolution or not. Once the required authorization is obtained under the first sentence of 13.12(c), in order to permit any Controlling Class Creditor to act if the indenture Trustee does not (for example, if the Indenture Trustee does not receive an acceptable indemnity as per 8.12(c)), if the intention is that the Controlling Class Creditor can make the demand without waiting the 60 days required by 8.12(d) then we need the "notwithstanding" clause.

2. It may be worth noting that certain Events of Default require (those in 8.01 (c), (d) and (g)) require approval by holders of at least 25% of the Controlling Class Obligations. It is impossible to tell if this is better or worse for individual Controlling Class Creditors than an Ordinary Resolution would be. It would be a much lower threshold if the desire is to act by written instrument (as a written instrument for an Ordinary Resolution requires 50%) but whether it ends up being a higher or lower threshold if the question goes to a meeting depends on how many creditors show up at the meeting or send proxies.

3. The Province has made it clear that there will be no deal if any individual Controlling Class Creditor is to have the right to assert that a Protection Event has occurred so in order to go forward some form of compromise will be needed. Where do things stand with the Dealers right now ?

Michael K. Feldman
P. 416.865.7513 | F. 416.865.7380 | 1.800.505.8679

From: Feldman, Michael
Sent: December-20-17 9:18 AM
To: Sebastiano, Rocco <RSebastiano@osler.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>
Cc: John Lee <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Leslie Wong <leslie.wong@opg.com>; Ramchandani, Rima <rramchandani@torys.com>; Mansoori, Nina <nmansoori@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Feldman, Michael <mfeldman@torys.com>
Subject: RE: Fair Hydro -- Revised Program Agreements

Rocco,
I completely understand the Dealer's position but we have this issue to deal with today.
See Ashbourne's email from a few minutes ago (attached). He does make a suggestion that I hope will be acceptable to the Dealers or at least some variation of it that we can go back to the Province with. Even if we can get the Dealers and the Province to reach an agreement we need to advise the Rating Agencies.
I think next step would be for you to convene a call with the Dealers to get instructions.

Michael K. Feldman
P. 416.865.7513

From: Sebastiano, Rocco [mailto:RSebastiano@osler.com]
Sent: December-20-17 9:12 AM
To: Feldman, Michael <mfeldman@torys.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>
Cc: John Lee <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Leslie Wong <leslie.wong@opg.com>; Ramchandani, Rima <rramchandani@torys.com>; Mansoori, Nina <nmansoori@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Feldman, Michael <mfeldman@torys.com>
Subject: Re: Fair Hydro -- Revised Program Agreements

To be clear, this is not a new issues raised a concern quite some time ago about the rights of creditors to require the Indenture Trustee to enforce the Limited Guarantee given that the Change of Law Protection Agreement restricts the rights of beneficiaries to e action against the Province. We discussed this with the Dealers and received instructions to amend section 13.12(c) as we did. We did discuss this with Nina. This is not a negotiable position from the Dealer's perspective, especially not the day before closing.

Rocco

Sent from my BlackBerry - the most secure mobile device - via the Rogers Network

From: mfeldman@torys.com
Sent: December 20, 2017 8:46 AM
To: PMilligan@osler.com; RSebastiano@osler.com; RFullerton@osler.com
Cc: john.s.lee@opg.com; ken.ryfa@opg.com; leslie.wong@opg.com; rramchandani@torys.com;

nmansoori@torys.com; yolusoga@torys.com; mfeldman@torys.com
Subject: FW: Fair Hydro -- Revised Program Agreements

Peter, Rocco and Rick,
Please see below from Stephen Ashbourne.
As I read this email, he does not yet have instructions from the Province on this point but I think we need to be ready in case he does.
This change came from Oslers and so I do not know whether or not this is a lawyer's comment or a Dealer's comment. Having said that, it did not strike me as unreasonable given the importance of the Protection Agreement to each investor, but I do understand Stephen's perspective that, until this change all actions in the Trust Indenture required at least Ordinary Resolution of Controlling Class Creditors. And I do think that Stephen has accurately characterized the incentives.
This may go away but in case it doesn't I think it would be helpful to get instructions in advance from the Dealers. I think this is strictly an issue between the Dealers and the Province but we will do whatever we can to help resolve.
Michael K. Feldman
P. 416.865.7513 | F. 416.865.7380 | 1.800.505.8679

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: December-20-17 8:32 AM
To: Feldman, Michael <mfeldman@torys.com>
Cc: PALMER, AARON <AARON.PALMER@blakes.com>
Subject: FW: Fair Hydro -- Revised Program Agreements
Michael, FYI, I am seeking instructions from the Province as to whether the following proposed change is acceptable:
Trust Indenture (s. 13.12(c)):

> Upon the occurrence of a Protection Event, if a request has been made by the Issuer or any Controlling Class Creditor, the Indenture Trustee shall deliver a written demand to the Province requiring the Province to make payments on Obligations Secured pursuant to and in accordance with the Change of Law Protection Agreement. If, following such request, the Indenture Trustee does not deliver such written demand to the Province within 10 days of such request, any Controlling Class Creditor shall be entitled to deliver such written demand to the Province.

I see this as an exception to the general approach in the Trust Indenture, which allows the "Controlling Class Creditors" by ordinary resolution (>50%) to direct the Indenture Trustee to act (see s.8.11 of the Trust Indenture). Allowing any senior noteholder to trigger the Limited Guarantee represents a significant change from the Province's standpoint.
I will let you know once I have had a chance to discuss this with the Province. In the meantime, any color you can share regarding why this is being raised now (and by whom) would be helpful. Among other issues, I think this could muddle the incentives among the senior investors themselves, since the change would allow any one senior noteholder to trigger the Limited Guarantee despite not being supported by the others.
Regards, Steve

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From: Saulnier, Brett [mailto:bsaulnier@torys.com]
Sent: Tuesday, December 19, 2017 6:32 PM
To: Alena.Thouin@ontario.ca; Malle.Hanslep@ontario.ca; Tobias.Whitfield@ontario.ca; Tom.McKinlay@ontario.ca; ASHBOURNE, STEPHEN; VINER, JON; PRESTAGE, JA; PALMER, AARON
Cc: 'leslie.wong@opg.com'; dup-john.s.lee@opg.com; 'ken.ryfa@opg.com'; Feldman, Michael; Ramchandani, Rima; Mansoori, Nina; Olusoga, Yinka
Subject: Fair Hydro -- Revised Program Agreements
All,

Please find attached the latest drafts of the following documents, together with blacklines against the versions last circulated:

1. **Management Agreement**
2. **Declaration of Trust**
3. **MTSA**
4. **IESO Security Agreement**
5. **OPG Indemnity**
6. **IESO Indemnity**
7. **Change of Law Protection Agreement**
8. **Change of Law Process Agreement**
9. **Master Trust Indenture**
10. **Warehouse Senior Supplemental Indenture**
11. **Warehouse Subordinated Supplemental Indenture**
12. **Warehouse Junior Subordinated Supplemental Indenture**

Thanks,
Brett

Brett Saulnier
P. 416.865.8148 | F. 416.865.7380 | 1.800.505.8679
79 Wellington[maps.google.com] St.[maps.google.com] W.,[maps.google.com] 30th[maps.google.com] Floor[maps.google.com], Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com[torys.com]

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From:	ASHBOURNE, STEPHEN
To:	Anna Strathy; Gadi Mayman; Mike Manning; Malle Hanslep (MOF); Tobias P. Whitfield (MOF); Ken Kandeepan; Hresa Gavaris
Subject:	FOR CONSIDERATION DURING Pre-Brief for 11am meeting with Torys/Oslers/OPG/Dealers (please see attached)
Date:	Monday, December 11, 2017 10:28:46 AM
Attachments:	12924007-vpdf-Response to Goldman (Dec 11).PDF 12924007-v2-Response to Goldman (Dec 11).DOCX

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086
-----Original Appointment-----
From: Anna Strathy [mailto:Anna.Strathy@ofina.on.ca]
Sent: Monday, December 11, 2017 10:24 AM
To: Anna Strathy; Gadi Mayman; Mike Manning; Malle Hanslep (MOF); Tobias P. Whitfield (MOF); Ken Kandeepan; Hresa Gavaris
Cc: ASHBOURNE, STEPHEN
Subject: Pre-Brief for 11am meeting with Torys/Oslers/OPG/Dealers
When: Monday, December 11, 2017 10:30 AM-10:45 AM (UTC-05:00) Eastern Time (US & Canada).
Where: Teleconference 1-866-602-5461 or 416-212-8011 | Conference ID: 4717656
Anna to moderate

Blake, Cassels & Graydon LLP
199 Bay Street, Suite 4000, Toronto ON M5L 1A9
Tel: 416-863-2400 Fax: 416-863-2653
blakes.com[blakes.com] | **Twitter**[twitter.com] | **Unsubscribe**[blakes.com]
Blake, Cassels & Graydon LLP | Barristers & Solicitors | Patent & Trade-mark Agents
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Blakes Feedback

Issue 1: Conditions on Refinancings

With respect to the Adherence Conditions, the Dealers have been consistent with our concerns that there should not be trips or traps that could prevent the ability of a Primary Obligation to become an Approved Obligation. Background: The approach to Adherence Conditions had basically been settled for some time, until the Dealers December 7th mark-up which proposed that no constraints would apply to Refinancings.

Furthermore, we have stressed the importance of the Adherence Conditions not preventing the ability to effect a Refinancing of an Approved Obligation. Our strong preference has been all along that there be no Adherence Conditions; however, in light of the Province's insistence that it needed a level of control that went beyond the protections set out in the Change of Law Process Agreement, we agreed to consider the existence of straightforward Adherence Conditions. Background: The adherence conditions for Refinancings are the same as for other incurrences(straightforward), except an accommodation to let the underlying conditions be based on the terms of the Process Agreement at the time the initial obligation was entered into (i.e., Province and OPG cannot change the rules in a way that would make a refinancing more difficult).

The draft of the Adherence Conditions and Adherence Compliance Certificates which were reflect in our draft of the Change of Law Protection Agreement of Thursday evening is as far as the Dealers are prepared to accept under the circumstances. Background: The dealer proposal would eliminate all limitations so that the Limited Guarantee would apply regardless of the terms of the ultimate refinancing (i.e., the Province would be obligated without any right to object to the terms of the guaranteed obligations). This would undermine the protective arrangements designed to allow the Province a measure of influence on the terms and conditions of guaranteed obligations.

As relates to the Province's right to object to a Transaction Document under the Process Agreement in connection with a Refinancing, that should remain an issue as between the Province and the FSM and should not be a risk passed on to the Dealers under the Change or Law Protection Agreement. Background: The dealers new request would undermine the Province's position, built to support that the Province is not prepared to entirely delegate to OPG to the extent that the effect is that OPG can bind the Province to terms without the Province's ability to object.

To be clear, the concern with the Province's ability to object to a Refinancing is not simply one which arises following the occurrence of a suspension event. Background: This issue surfaced for the first time in the dealer mark-up on December 7th. It would be illogical to allow unconstrained refinancings given that incurrences have conditions. What is the dealers' rationale for this point?

The Dealers have included a step-up in market pricing to deal with a market disruption event which causes a delay in the timing of the Refinancing, but the Dealers are not in a position to accept the risk that a Refinancing cannot proceed, for example, because the rating agencies have determined that there needs to be a change to the Program Agreements. Background: There seems to be a presumption that any refinancing would need to be rated, which is not accurate. For example, OPG could get funds from investors at higher rates (which the Province would not be able to prevent) on an unrated basis.

Furthermore, the requirements relating to a Refinancing need to apply equally to any Refinancing, including the refinancing of any term debt. Background: Again, this is new and undermines the Province's protections.

Possible Approach: Consider adding language to cushion the dealers' confidence concerns. Perhaps:

"In considering whether to object to a Transaction Document for the purposes of subsection 3.04(a) of the Change of Law Process Agreement, in connection with the Province's consideration of a proposed Transaction Document that has been provided in connection with a proposed [Refinancing] [Approved Refinancing (i.e., after a Protection Event)], the Province shall act in a commercially reasonable fashion having regard to any limitations on the availability at the time of alternative financing sources and financing terms, and if those sources and terms are significantly constrained such that the sources and terms contemplated by the proposed Transaction Document are essentially the only economically viable way for the Financing Entity to complete a Refinancing, then the Province will not object unless the consequences of objecting would be materially prejudicial to the fundamental rights and interests of the Province under the Protection Agreement."

Issue 2: "Materially and Adversely" in relation to Protection Event

As relates to Protection Events, we need a clear and objective standard to determine what would satisfy a "materially and adversely" threshold. To be clear, this is not simply an issue raised by the rating agencies. The Dealers have been concerned with this issue dating back to our review of the Province's term sheet. Background: Correct. This was included as one of the specific items that the Dealers were concerned about as summarized in the email from Osler to the Province back in September and we expressly asked that it be deleted from the term sheet. Notwithstanding our stated position on this issue, we agreed to permit the "materially and adversely" threshold to remain in the definition provided that there is an objective standard [Background: Rating decisions may be subjective] to be able to satisfy this threshold condition which is reflected in our draft "for clarity" language in the definition. Without an objective standard, we would be faced with the potential of a drawn out dispute with the Province before the Province would be obligated to honor its obligations under the Limited Guarantee; for example, would a $10 million impact of the warehouse or another tranche of debt be "material" in the context of $8 to $10 billion in debt at the end of the moratorium period? Background: Perhaps we can pursue the idea of a reserve account that will cover off delays in cash flows resulting from indirect regulatory changes (e.g., OEB orders that slow payment). The hazard in pursuing this is the "slippery slope" discussion, but perhaps we are already there. This is not a risk which the Dealers can take in the face of a Protection Event. The Province must stand behind the Limited Guarantee if there is a downgrade or other negative impact on the rating of such debt which arises because of an event contemplated in the definition of Protection Event.

Possible Approach: Consider adding language to cushion the dealers' confidence concerns. Perhaps:

"For purposes of determining whether a material and adverse effect has occurred for the foregoing purposes, a public announcement by [any][each] Rating Agency [that has been engaged by the Manager to provide a rating and] that is then rating any Senior Funding Obligation to the effect that, as a direct result of the circumstances described above by reference to the words "materially and adversely affects" having occurred, such Rating Agency intends to withdraw its rating of such Approved Obligation or intends to reduce its rating of such Approved Obligation by at least [two notches], unless a Payment

Demand is delivered to the Province in accordance with Subsection 2.01, shall be sufficient evidence to establish that the required "materially and adversely" threshold has been reached."

Issue 3: Subrogation Language and related logistics concerns

As relates to section 2.01 of the Friday draft (or the Monday draft), we do not understand why the Limited Guarantee has to include any provisions to deal with the "theoretical" possibility that the Province's subrogation rights to collect on amounts paid under Approved Obligations would compete with then-existing Primary Obligations which are not Approved Obligations. Background: The documentation to which the Province is a party permits non-guaranteed obligations. If they are a possibility, the subrogation mechanics would need reflect them.

The Program Agreements already contemplate a restriction on the FSM issuing Certified Primary Obligations which are not Approved Obligations. Background: Even if the Management Agreement restricts non-guaranteed obligations being incurred, the remedy is ineffective for the Province and could be waived by Noteholders without the Province's consent in any event. As a separate point, it is unclear why OPG would accept this sort of restriction as it would handcuff a future financing if the Act was impugned.

The changes to section 2.01 (as set out in Section 2.01 (a)iv(D) and then further expended by the Province in Friday's draft under Section 2.01(a)v) proposed by the Province to address this "theoretical" possibility would undermine this approach and would require us to explain to the Rating Agencies [Background: The real issue is making changes to the Trust Indenture, as explained by Torys on Friday evening] why the MTI needs extensive revisions to address something which is not supposed to happen.

The implications of this would most certainly result in a delay in the rating agency process and would jeopardize the ability to close the warehouse financing before December 31. This is not acceptable and we require that these concepts be abandoned. Background: Province should not agree to abandon its subrogation rights.

As a side note, we have been advised that Blakes today proposed a revised draft of Section 2.01(a) which is somewhat consistent with a proposed draft of Section 2.01(a) which Torys and Osler jointly prepared last Tuesday/Wednesday which Blakes completely dismissed at that time. If this revised draft can be implemented with minimal revisions to the MTI, then we may be prepared to move forward on that basis; however, given that we no longer have any luxury of time, we need Torys and Osler to advise us by the latest midday on Monday as to whether this alternate approach is feasible under the current constraints.

Possible Approach: We shared a simplified approach with Torys on Sunday morning. I think they are considering it.

Negotiation: Province should see all of the dealers issues on the table before horse trading. Dealers should agree that no more issues to be raised.

Document comparison by Workshare Compare on Monday, December 11, 2017 10:26:15 AM

Input:	
Document 1 ID	PowerDocs://TOR_2024/12924007/1
Description	TOR_2024-#12924007-v1-Response_to_Goldman_(Dec_11)
Document 2 ID	PowerDocs://TOR_2024/12924007/2
Description	TOR_2024-#12924007-v2-Response_to_Goldman_(Dec_11)
Rendering set	Standard

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

Statistics:	
	Count
Insertions	27
Deletions	3
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	30

Blakes Feedback

Issue 1: Conditions on Refinancings

With respect to the Adherence Conditions, the Dealers have been consistent with our concerns that there should not be trips or traps that could prevent the ability of a Primary Obligation to become an Approved Obligation. Background: The approach to Adherence Conditions had basically been settled for some time, until the Dealers December 7th mark-up which proposed that no constraints would apply to Refinancings.

Furthermore, we have stressed the importance of the Adherence Conditions not preventing the ability to effect a Refinancing of an Approved Obligation. Our strong preference has been all along that there be no Adherence Conditions; however, in light of the Province's insistence that it needed a level of control that went beyond the protections set out in the Change of Law Process Agreement, we agreed to consider the existence of straightforward Adherence Conditions. Background: The adherence conditions for Refinancings are the same as for other incurrences(straightforward), except an accommodation to let the underlying conditions be based on the terms of the Process Agreement at the time the initial obligation was entered into (i.e., Province and OPG cannot change the rules in a way that would make a refinancing more difficult).

The draft of the Adherence Conditions and Adherence Compliance Certificates which were reflect in our draft of the Change of Law Protection Agreement of Thursday evening is as far as the Dealers are prepared to accept under the circumstances. Background: The dealer proposal would eliminate all limitations so that the Limited Guarantee would apply regardless of the terms of the ultimate refinancing (i.e., the Province would be obligated without any right to object to the terms of the guaranteed obligations). This would undermine the protective arrangements designed to allow the Province a measure of influence on the terms and conditions of guaranteed obligations.

As relates to the Province's right to object to a Transaction Document under the Process Agreement in connection with a Refinancing, that should remain an issue as between the Province and the FSM and should not be a risk passed on to the Dealers under the Change or Law Protection Agreement. Background: The dealers new request would undermine the Province's position, built to support that the Province is not prepared to entirely delegate to OPG to the extent that the effect is that OPG can bind the Province to terms without the Province's ability to object.

To be clear, the concern with the Province's ability to object to a Refinancing is not simply one which arises following the occurrence of a suspension event. Background: This issue surfaced for the first time in the dealer mark-up on December 7th. It would be illogical to allow unconstrained refinancings given that incurrences have conditions. What is the dealers' rationale for this point?

The Dealers have included a step-up in market pricing to deal with a market disruption event which causes a delay in the timing of the Refinancing, but the Dealers are not in a position to accept the risk that a Refinancing cannot proceed, for example, because the rating agencies have determined that there needs to be a change to the Program Agreements. Background: There seems to be a presumption that any refinancing would need to be rated, which is not accurate. For example, OPG could get funds from investors at higher rates (which the Province would not be able to prevent) on an unrated basis.

Furthermore, the requirements relating to a Refinancing need to apply equally to any Refinancing, including the refinancing of any term debt. Background: Again, this is new and undermines the Province's protections.

Possible Approach: Consider adding language to cushion the dealers' confidence concerns. Perhaps:

"In considering whether to object to a Transaction Document for the purposes of subsection 3.04(a) of the Change of Law Process Agreement, in connection with the Province's consideration of a proposed Transaction Document that has been provided in connection with a proposed [Refinancing] [Approved Refinancing (i.e., after a Protection Event)], the Province shall act in a commercially reasonable fashion having regard to any limitations on the availability at the time of alternative financing sources and financing terms, and if those sources and terms are significantly constrained such that the sources and terms contemplated by the proposed Transaction Document are essentially the only economically viable way for the Financing Entity to complete a Refinancing, then the Province will not object unless the consequences of objecting would be materially prejudicial to the fundamental rights and interests of the Province under the Protection Agreement."

Issue 2: "Materially and Adversely" in relation to Protection Event

As relates to Protection Events, we need a clear and objective standard to determine what would satisfy a "materially and adversely" threshold. To be clear, this is not simply an issue raised by the rating agencies. The Dealers have been concerned with this issue dating back to our review of the Province's term sheet. Background: Correct. This was included as one of the specific items that the Dealers were concerned about as summarized in the email from Osler to the Province back in September and we expressly asked that it be deleted from the term sheet. Notwithstanding our stated position on this issue, we agreed to permit the "materially and adversely" threshold to remain in the definition provided that there is an objective standard [Background: Rating decisions may be subjective] to be able to satisfy this threshold condition which is reflected in our draft "for clarity" language in the definition. Without an objective standard, we would be faced with the potential of a drawn out dispute with the Province before the Province would be obligated to honor its obligations under the Limited Guarantee; for example, would a $10 million impact of the warehouse or another tranche of debt be "material" in the context of $8 to $10 billion in debt at the end of the moratorium period? Background: Perhaps we can pursue the idea of a reserve account that will cover off delays in cash flows resulting from indirect regulatory changes (e.g., OEB orders that slow payment). The hazard in pursuing this is the "slippery slope" discussion, but perhaps we are already there. This is not a risk which the Dealers can take in the face of a Protection Event. The Province must stand behind the Limited Guarantee if there is a downgrade or other negative impact on the rating of such debt which arises because of an event contemplated in the definition of Protection Event.

Possible Approach: Consider adding language to cushion the dealers' confidence concerns. Perhaps:

"For purposes of determining whether a material and adverse effect has occurred for the foregoing purposes, a public announcement by [any][each] Rating Agency [that has been engaged by the Manager to provide a rating and] that is then rating any Senior Funding Obligation to the effect that, as a direct result of the circumstances described above by reference to the words "materially and adversely affects" having occurred, such Rating Agency intends to withdraw its rating of such Approved Obligation or intends to reduce its rating of such Approved Obligation by at least [two notches], unless a Payment

Demand is delivered to the Province in accordance with Subsection 2.01, shall be sufficient evidence to establish that the required "materially and adversely" threshold has been reached."

Issue 3: Subrogation Language and related logistics concerns

As relates to section 2.01 of the Friday draft (or the Monday draft), we do not understand why the Limited Guarantee has to include any provisions to deal with the "theoretical" possibility that the Province's subrogation rights to collect on amounts paid under Approved Obligations would compete with then-existing Primary Obligations which are not Approved Obligations. Background: The documentation to which the Province is a party permits non-guaranteed obligations. If they are a possibility, the subrogation mechanics would need reflect them.

The Program Agreements already contemplate a restriction on the FSM issuing Certified Primary Obligations which are not Approved Obligations. Background: Even if the Management Agreement restricts non-guaranteed obligations being incurred, the remedy is ineffective for the Province and could be waived by Noteholders without the Province's consent in any event. As a separate point, it is unclear why OPG would accept this sort of restriction as it would handcuff a future financing if the Act was impugned.

The changes to section 2.01 (as set out in Section 2.01 (a)iv(D) and then further expended by the Province in Friday's draft under Section 2.01(a)v) proposed by the Province to address this "theoretical" possibility would undermine this approach and would require us to explain to the Rating Agencies [Background: The real issue is making changes to the Trust Indenture, as explained by Torys on Friday evening] why the MTI needs extensive revisions to address something which is not supposed to happen.

The implications of this would most certainly result in a delay in the rating agency process and would jeopardize the ability to close the warehouse financing before December 31. This is not acceptable and we require that these concepts be abandoned. Background: Province should not agree to abandon its subrogation rights.

As a side note, we have been advised that Blakes today proposed a revised draft of Section 2.01(a) which is somewhat consistent with a proposed draft of Section 2.01(a) which Torys and Osler jointly prepared last Tuesday/Wednesday which Blakes completely dismissed at that time. If this revised draft can be implemented with minimal revisions to the MTI, then we may be prepared to move forward on that basis; however, given that we no longer have any luxury of time, we need Torys and Osler to advise us by the latest midday on Monday as to whether this alternate approach is feasible under the current constraints.

Possible Approach: We shared a simplified approach with Torys on Sunday morning. I think they are considering it.

Negotiation: Province should see all of the dealers issues on the table before horse trading. Dealers should agree that no more issues to be raised.

From:	Anna Strathy
To:	Gadi Mayman
Cc:	Ken Kandeepan; Mike Manning; Ronald Kwan
Subject:	FW: 23254960-v4-Province Limited Guarantee - Briefing Deck.pptx
Date:	Tuesday, November 28, 2017 11:32:48 AM
Attachments:	23254960-v4-Province Limited Guarantee - Briefing Deck.pptx

Hi Gadi,

Attached is a draft deck prepared by Blakes/MOF legal to be used at the Ministers' briefing tomorrow at noon. I'm about to send this around to OPCD and Energy for input, but Malle has raised two points:

- Consider deleting the accounting considerations slide?
  - I'd like to recommend leaving the inclusion/exclusion to OPCD to decide
- Consider deleting the risks slide since OPG will be in the room
  - I'd like to recommend Energy provide additional input on the risks slide (10) to incorporate risks both the Province's and OPG's perspectives – rather than removing it altogether.

If you're ok with my recommendations above, I'll proceed.

Anna

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: Tuesday, November 28, 2017 11:28 AM

To: Anna Strathy

Cc: Tobias P. Whitfield (MOF)

Subject: 23254960-v4-Province Limited Guarantee - Briefing Deck.pptx

Hi Anna,

I made a few small changes to this in red. I think you could circulate this version to others at OFA. I would suggest deleting the last 2 pages Accounting and Risks subject to views of OFA and others. Certainly Accounting page is dependent on OPCD and whether we are including anything in this briefing so suggest delete. Risks page also doesn't seem appropriate for a briefing where OPG attends. However, maybe part of this page could be retained but this is subject to Gadi's and others views.

Should we discuss at some point?

I am going to send this version to Alena (Energy Legal) and Blakes as well to show them what changes have been made but think Energy and OFA should discuss inclusion of Accounting and Risks.

Thanks.

Malle

Ontario Fair Hydro Plan

Limited Guarantee from the Province

[Date]Appropriate cover page to be inserted

Context – should be reviewed and updated as required

- Ontario Fair Hydro Plan Act ("**Act**") permits debt financings through one or more [special purpose] financing entities, to be managed by OPG
  - Proceeds of financings are used to acquire portions of the Fair Hydro regulatory asset ("**Investment Interests**") from IESO
  - Amounts owing will be serviced from "clean energy adjustments" ("**CEAs**") collected from "specified consumers"
- Hydro Trust [will be] established to facilitate the first financing transactions
  - Some combination of short-term "warehouse financings" and long-term notes will be issued
  - OPG, funded by the Province, will acquire subordinated debt issued by Hydro Trust
  - Proceeds raised before December 31st are expected to be $•M ($•M from external investors)
  - Future issuances will follow the same pattern (51% external/senior; 49% OPG/subordinated)
- Payment obligations will be owed to noteholders, lenders, credit enhancers, derivative counterparties, service providers, etc.
  - Payment obligations will be governed under a Trust Indenture
  - Hydro Trust payment obligations under the Trust Indenture are "Obligations Secured"
- Limited Guarantee from the Province of obligations payable by Hydro Trust when due
  - Province pays only upon a "Protection Event"
  - Limited Guarantee applies to almost all Obligations Secured
  - Certain "**Adherence Conditions**" to be satisfied before Limited Guarantee willy apply to material obligations
- Two relevant agreements:
  i. Change of Law Protection Agreement ("**Protection Agreement**")
  ii. Change of Law Process Agreement ("**Process Agreement**")

Limited Guarantee from the Province

- Triggered by a "**Protection Event**": Either:
  - There is a change of law (by the Legislature, LGIC, Ministers, government officials, government appointed boards, etc.) or implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or and entity controlled by the Province that materially and adversely affects either (1) the ability of Hydro Trust to receive CEA cash flows or (2) the Protection Agreement or any Obligation Secured
  - A court of competent jurisdiction determines that any part of the OFHPA or the related regulations are *ultra vires* or invalid in a way that materially and adversely affects the ability of Hydro Trust to receive CEA cash flows and that in fact results in a deficiency such that Hydro Trust cannot pay Obligations Secured when they become due

- **Not covered by the Limited Guarantee:**
  - Amounts required to be deposited into collateral or reserve accounts established under the Hydro Trust program to credit enhance or provide liquidity for ultimate payment of Obligations Secured
  - Certain residual payments to OPG under the "payment waterfall"

- **Term:** Until all applicable Obligations Secured are paid in full

Adherence Conditions

- Certain minimal conditions will apply before the Limited Guarantee will attach to applicable Obligations Secured:
  - **Incurrence of indebtedness to fund ownership of an Investment Interest**
  - **Entry into ISDA master agreements**
  - **Entry into service contracts with term > 3 years and aggregate payments >$5M that are not terminable on giving 3 years notice or less**

- Those conditions are:
  - Must be an Obligation Secured under the Trust Indenture
  - Delivery of officer's certificate by OPG to Indenture Trustee confirming compliance with internal processes as between OPG and the Province in connection the Limited Guarantee (under the Process Agreement)
  - Province has not delivered a "Suspension Notice"

Process between Province and OPG

- Process Agreement between Province and OPG
  - Sets out informational requirements and supporting affirmations regarding incurrence or amendment of Obligations Secured
  - Contemplates some (limited) rights of Province to comment on disclosure and terms of Obligations Secured
  - Provides for OPG executive officer affirmation regarding certain matters (in a "**Process Certificate**")

- Delivery of Process Certificate by OPG executive officers to the Province setting out:
  - Material terms of obligations (incurrence or amendment)
  - Confirmation that terms are "**Substantially in the Form**" of the "**Reference Documentation**"
  - Confirmation that the offering document is "**Substantially in the Form**" of the "**Reference Documentation**"
  - Confirmation that no breach of the Process Agreement has occurred
  - Confirmation that the maximum payment amounts due in the future under the obligation plus other outstanding amounts will not exceed the "**Protection Agreement Maximum**"
  - Confirmation that any disclosure referring to the Protection Agreement or Process Agreement was made available to the Province
  - Confirmation as to reasonableness, arm's length terms and conditions, and compliance with the Act and the Financing Plan

- Suspension Right
  - Uncured breach of Process Agreement or breach by any party of other program agreements allows Province to suspend Limited Guarantee for new obligations, other than for refinancings
  - Exercise of suspension right does not impact prior Hydro Trust obligations covered under the Limited Guarantee

Obligation of Province on Protection Event

- Make payments on Limited Guarantee
- Payments replicate stream of CEAs to pay amounts due and payable by Hydro Trust
- In event of an acceleration of any Obligation Secured, Province would pay acceleration amounts, capped at scheduled payment amounts (without acceleration) plus an additional amount up to the “fair allocation” in the aggregate [should this reference regulation?]
- Province will be subrogated to rights of the creditors of Hydro Trust to the extent of performance under the Limited Guarantee

Obligations of OPG

- Process Agreement obligates OPG, but without limiting protections under existing indemnity agreement
  - Province has indemnified OPG, its subsidiaries, and each of their respective directors, officers and employees from liability resulting from activities under the Act and activities of Hydro Trust pursuant to an Indemnity Agreement
- If there is any conflict between the Process Agreement, the Protection Agreement and the existing Indemnity Agreement in respect of any matter relating to the Province's indemnification obligations in favour of OPG, the Indemnity Agreement is paramount

Provincial Approval Process

- Authorization under Section 5(3) of OFHPA
  - Section 5(3) provides that LGIC may by order authorize the Minister of Energy and Minister of Finance, acting together on behalf of the Province, to agree to guarantee or indemnify obligations associated with an Investment Interest
- Order in Council 1981/2017 made pursuant to subsection 5(3) of the OFHPA
  - The OIC authorizes the Minister of Energy and the Minister of Finance, acting together on behalf of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of a financing entity established under the OFHPA associated with investment interests acquired by a financing entity.
- [Should TB approval be included here?]
- Approval under section 28 of *Financial Administration Act* will be required prior to entry into the Protection Agreement and the Process Agreement by the Minister of Finance and the Minister of Energy.

Accounting Implications

- [Please complete. Please describe absence of lump-sum recognition and other disclosure/notes that would be required in Province's financial statements.]

- [Please also complete following slide in respect of accounting risks.]

Risks

- Accounting
  - [Please add a sub-bullet on accounting risks (e.g., control limitations; loss of off-balance sheet treatment if a Protection Event occurs)]
- Province dependent on OPG in relation to most key matters relating to the Limited Guarantee
  - Less power/information than would typically be afforded to a guarantor
  - Significant reliance on OPG to deliver timely, accurate information
  - Province has no say on financing decisions if permitted by the Financing Plan **[, except in narrow circumstances]**
- Even without a change of law by the Legislature, a court determination may trigger a Protection Event
- Possible criticism for wholesale delegation to OPG; although accounting considerations and the Act itself lead to this outcome
- Possible opportunistic litigation by Hydro Trust creditors incentivized by spread differentials to trigger a Protection Event

From:	Hanslep, Malle (MOF)
To:	Gadi Mayman; Mike Manning; Ronald Kwan; Ken Kandeepan; Veinot, Cindy (TBS); Mark Donaldson (MOF); Steen Hume (CAB); Daniel Cayley (ENERGY); Anna Strathy; Scott Nelms (ENERGY); James Devine; Carlos Yep; Keley Katona (ENERGY); Usman Zahid; Anis Hirani; John Kim; John Psinas
Cc:	Tobias P. Whitfield (MOF); Thouin, Alena (ENERGY); McKinlay, Tom (ENERGY)
Subject:	FW: Blakes comments on Torys/Osler 11/20 mark-ups of the Protection and Process Agreements
Date:	Tuesday, November 21, 2017 9:17:57 AM
Attachments:	23239360-v17-CLPA - Protection Agreement.DOCX 23239360-vpdf-CLPA - Protection Agreement.PDF 23239361-v14-CLPA - Process Agreement.DOCX 23239361-vpdf-CLPA - Process Agreement.PDF

Please find attached mark-ups sent to us for our review by Blakes this morning.

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: November 21, 2017 8:57 AM
To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Thouin, Alena (ENERGY); McKinlay, Tom (MAG)
Cc: VINER, JON; PRESTAGE, JA
Subject: Blakes comments on Torys/Osler 11/20 mark-ups of the Protection and Process Agreements

Hi. Here are my comments on the mark-ups forwarded to us by Torys yesterday afternoon. These blacklines show changes from the Torys/Osler 11/20 versions. I have colour coded the open items (gray points require client input; yellow are items for discussion/resolution among the lawyers). I suggest that we meet with the MOE and OFA clients this morning if possible to try to sort out these remaining issues – assuming that OPG needs these matters resolved before submitting the agreements to its Board tomorrow morning. Regards, Steve

Stephen R. Ashbourne
Partner
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Draft (SRA): November 21, 2017

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST[1]

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

[1] Torys and Blakes to discuss signatory on behalf of the Trust. The Manager is currently signing all Program Agreements on behalf of the Trust and has authority to do so. We would propose to do the same on the change of law agreement.

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust under the laws of the Province of Ontario (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council dated as of ■ (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust[2] dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred or amended. This Agreement sets out the terms and conditions of such protections and assurances.[3]

---

[2] Torys to confirm that Trust is a "financing entity" under OFHPA. Under definition, FSM to establish or cause to be established. DofT indicates Computershare declares trust. Need to have this confirmed for purposes of authority under OFHPA 5(3), among other things.

[3] OPG/Dealers are contemplating a complete purging of "Process Agreement" connections. Needs to be discussed.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to

any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 Proof of Approved Obligations

The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Indenture Trustee deems to be sufficient.

Any statement of account prepared by the Indenture Trustee as regards the Primary Obligations shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and the Province hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Indenture Trustee agrees to provide the Province with the computations and calculations used by the Indenture Trustee to prepare each such statement of account promptly following a request therefor.

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture as of the date of this Agreement.

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 2.01 or Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of [the Province][4], the Indenture Trustee, the Financing Entity, the Financing Entity Trustee, the Manager or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect. [**The parties will engage in good faith negotiations to replace any provision which is declared invalid or unenforceable with a valid and enforceable provision, the economic effect of which comes as close as possible to that of the invalid or unenforceable provision which it replaces.**] [**NTD: this is unusual. Why is it necessary in this Agreement?**][5]

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT.

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS

[4] Province to consider limitations on these sorts of forward-looking provisions.

[5] This language came from Torys' (Nina) first suggestion regarding the Process Agreement on October 20th (10:23am).

AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee may deliver a written demand, substantially in the form attached as Exhibit A (a "**Payment Demand**"), to the Province requiring the Province to make payments in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in this Agreement. From and after such delivery of a Payment Demand, the Province shall make the following payments in respect of the Approved Obligations (the "**Limited Guarantee**"), and the Financing Entity shall pay, and the Province shall be entitled to be paid, the Subrogation Amounts specified below, on the specified Payment Date:

i. Not less than [3] Business Days prior to each day when any payment or payments are to be made in respect of one or more Approved Obligations occurring after such delivery of a Payment Demand and prior to the Assumption Effective Date, if any, (a "**Guarantee Payment Date**"),[6][7] the Manager shall deliver a written statement, substantially in the form attached as Exhibit A.1 (a "**Guarantor Settlement Statement**") setting forth the Aggregate Approved Obligations Amount, if any, in respect of the Approved Obligations that are due and payable on such Guarantee Payment Date, together with a detailed description identifying such Approved Obligations and the nature and amount of payments due and payable thereunder on the Guarantee Payment Date.[8]

ii. On each such Guarantee Payment Date, the Province shall pay the Aggregate Approved Obligations Amount [to the Indenture Trustee][9] and the [Indenture Trustee shall deposit] such amount to the Protection Account.

iii. On each such Guarantee Payment Date, the [Indenture Trustee][10] shall apply all amounts on deposit in the Protection Account to pay each Beneficiary to whom an amount is due and payable under an Approved Obligation on the Guarantee Payment Date the Approved Obligation Amount for such Beneficiary in respect of such Approved Obligation on such Guarantee Payment Date; provided that if the amount deposited

[6] PM: Interest Payment Dates and Principal Payment Dates are set in the supplements. While the present intention is to set them on Payment Dates, there is no guarantee that will always be the case.

[7] Province to consider timing of payments. The effect of the requested change is to make payments less predictable in terms of frequency.

[8] Province to consider what information it needs. We had suggested (1) aggregate outstanding amount and (2) details regarding any default – but these information requirements were deleted.

[9] Province to consider whether amounts should be directly deposited or paid through the Indenture Trustee.

[10] Province to consider payment mechanics and consequences of relying on a covenant of the Indenture Trustee, alone.

pursuant to clause 2.01(a)ii is insufficient to pay all such Approved Obligation Amounts in full, the amount on deposit in the Protection Account on the Guarantee Payment Date shall be applied to pay Beneficiaries in the order of priority in which such Approved Obligations are payable under the payment provisions of the Trust Indenture applicable to the making of such payments on the Guarantee Payment Date (each, a "**Beneficiary Payee**").

iv. On any Guarantee Payment Date on which an amount is paid by the Province pursuant to clause 2.01(a)ii, the applicable payment provisions of the Trust Indenture shall, notwithstanding the express terms of such provisions set forth in the Trust Indenture, be applied and operate on the following basis:

(i) the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available under such payment provisions on such Guarantee Payment Date shall be reduced by the amount paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on such Guarantee Payment Date;

(ii) the Province shall be paid the amount by which (x) the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available to pay the Beneficiary Payee under such payment provisions on the Guarantee Payment Date, determined without regard to subclause 2.01(a)iv(i), exceeds the amount paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on the Guarantee Payment Date (such payments to the Province being "**Subrogation Amounts**"); and

(iii) no Beneficiary having a right to be paid an amount in respect of an Approved Obligation that ranks equal with or subordinate to an Approved Obligation in respect of which an amount is payable to the Province under subclause 2.01(a)iv(ii) shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under such subclause (including any right or reimbursement, contribution or indemnity) and no such Beneficiary shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of such amounts.

v. On any Guarantee Payment Date, the Indenture Trustee shall release and pay to the Province free and clear of any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay Beneficiary Payees on the Guarantee Payment Date in accordance with clause 2.01(a)iii.

vi. In preparing any payment instructions under the Trust Indenture, the Manager shall reflect the amounts payable for the Guarantee Payment Date under Section 2.01(a).

(b) The Province shall, as a payee of Subrogation Amounts and any amounts payable under clause 2.01(a)v, be a "Specified Creditor" under the Trust Indenture and have the benefit of the Collateral thereunder.

(c) For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the Approved Obligation Amounts, if any, for payment to Beneficiary Payees and will be subject to the priorities and to the Province's rights to Subrogation Amounts, set forth in Section 2.01(a).

(d) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(e) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation.

(f) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any amount due and payable to a Beneficiary Payee under the Limited Guarantee.

2.02 Intentionally Deleted.

2.03 <u>Absence of Set-off</u>

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 Payment into Protection Account[11] in Satisfaction

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account" for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section 7.03 of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the [Indenture Trustee][12] shall apply all amounts paid by the Province into the Protection Account on a Guarantee Payment Date in respect of an Approved Obligation to pay the amounts due and payable to the Beneficiaries as and to the extent provided for in Section 2.01(a). Upon a payment having been made by or on behalf of the Province into the Protection Account, the amounts so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiaries as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such Beneficiaries in respect of the applicable Approved Obligations, whereupon an affected Beneficiary shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid[13]. For greater certainty, the obligations arising in respect of an applicable Approved Obligation shall not be reduced by such payment as the Province shall become entitled to be paid related Subrogation Amounts and the rights contemplated under Section 2.01(a) and Section 5.01 in relation to such continuing obligations.

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[11] Use of Protection Account to be considered by Province after required modifications to Trust Indenture have been provided.

[12] Confirm.

[13] A corresponding provision needs to be added to the Trust Indenture and each other Funding Obligation Agreement under which the Obligation Secured arises, so that the Beneficiaries are bound by these applications and the agreement of the Indenture Trustee under this Agreement.

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations, or until the Province is no longer required to provide and perform the Limited Guarantee in accordance with Section 6.03 or Section 8.02.

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

A Primary Obligation shall constitute an Approved Obligation if the Adherence Conditions applicable thereto have been satisfied at the time the Primary Obligation was incurred.

4.02 Adherence Conditions[14]

There shall be [no Adherence Conditions applicable in relation to: (i) a Primary Obligation that is not a Funding Obligation or (ii) a Primary Obligation that (x) arises under a Derivative Agreement, or (x) is a Funding Obligation that does not provide for the advance of more than $■ to the Financing Entity.] The following shall be the Adherence Conditions applicable in relation to a Primary Obligation [that is a Funding Obligation that does provide for the advance of more than $■ to the Financing Entity]:

(a) the Primary Obligation when incurred is an Obligation Secured under the Trust Indenture; and

(b) either (x) OPG delivers an officer's certificate[15] addressed to the Indenture Trustee, prior to the entering into of the related Funding Obligation Agreement, confirming that OPG has complied with its obligations to the Province in connection with the Primary Obligation, or (y) OPG has in fact complied with its obligations to the Province in connection with the Primary Obligation; and

(c) the Province has not provided a Suspension Notice to the Indenture Trustee, the FSM and the Financing Entity in accordance with the terms of this Agreement.

For greater certainty, satisfaction of the Adherence Conditions for a Funding Obligation shall be deemed satisfaction of the Adherence Conditions in respect of all principal, interest and other amounts owing under, or in respect of, the Funding Obligation and the related Funding Obligation Agreement as such agreement may be amended, restated, supplemented or otherwise modified from time to time.

4.03 Evidence of Satisfaction

A closing certificate delivered in accordance with Section 4.02(b)(x) in connection with an incurrence of a Primary Obligation shall be determinative as to whether the applicable Adherence Conditions with respect thereto have been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same.

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[14] Dealers to explain how the current structure requiring satisfaction of the adherence conditions in the Protection Agreement is more onerous than ordinary adherence conditions applicable to government guaranteed bonds and to estimate the quantum impact on the marketability of the transaction and explain what uncertainty an ordinary closing condition of this type poses for investors. Note to Province: OPG/Dealers is asking to discuss moving the adherence conditions to the Process Agreement while preserving Province's oversight of its obligations under the Protection Agreement.

[15] Province: OPG deleted the specific reference to the CFO/Treasurer. Other drafting issues include (1) removal of reference to the earlier of pricing or closing (2) tying to the "Funding Obligation Agreement", which may permit future incurrences without any additional documentation (meaning that the incurrence test would not apply to those further obligations (3) references to OPG having "complied with its obligations to the Province", which is an ineffective reference since external parties will have no sense of what these are and the fact that there are no relevant obligations owed to the Province under the Protection Agreement and (4) there is a circular concept that refers to actual compliance being sufficient for adherence in lieu of the external purpose of the certificate delivery requirement. Each of these issues raises potential issues for the Province, which should be discussed.

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, including (i) the right and entitlement to be paid and receive the related Subrogation Amounts, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including **[Section 7.11 (Payments Held in Trust), Section 8.12 (Limitation on Suits), Sections 7.04 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse) and Section 16.01 (No Petition) thereof]** and (ii) confirms that the Indenture Trustee shall send notices to the Province, in its capacity as a Specified Creditor, in accordance with Section 9.02.[16]

[16] Section to be updated to conform with section in the Trust Indenture once settled.

5.02 Priorities

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation shall rank equally with the rights, interests and entitlements of a Beneficiary to whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture in the manner and to the extent contemplated in Section 2.01.

5.03 Province May Perform Other Program Agreement Covenants.[17]

If the Financing Entity fails to perform any covenant under any Program Agreement, the Province may (but, except as expressly provided for under this Agreement, shall not be obligated to) perform such covenant on behalf of the Financing Entity. If the Province performs such a covenant on behalf of the Financing Entity, all sums expended or advanced by the Province in so performing the covenant will bear interest at the rate of interest determined by the Province to reflect market terms and conditions for a borrowing made by the Province at the relevant time from the date of expenditure until repayment by the Financing Entity and will (together with such interest) be paid by the Financing Entity upon demand and will until paid form part of the Obligations Secured subject to Sections **[7.04 and 8.13]** of the Trust Indenture and constitute a Finance Amount.[18]

5.04 Representations and Warranties

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

[17] Note to Province: OPG is advising that desired accounting treatment will be lost if this covenant leads to use in the future. Should this be deleted for simplicity – it was originally included by Blakes to provide the Province with a different level of optionality, but it probably not worth any further struggle based on feedback from OPG and perhaps bade optics to have included in the first place.

[18] Payments to be addressed in the Trust Indenture like servicer advances under the waterfall provisions.

ARTICLE VI
NOTICE OF ASSUMPTION OF OBLIGATIONS SECURED

6.01 Delivery of Assumption Notice

Following the occurrence of a Protection Event, the Province may (but shall not be obligated to) provide notice (in the form of Exhibit B) to the Indenture Trustee that the Province has elected to assume the Financing Entity's obligations in respect of all Obligations Secured, as obligor and debtor (the "**Assumption Notice**"). The Assumption Notice shall specify the date on which the assignment and assumption of the Obligations Secured will be effective (the "**Assumption Closing Date**").

6.02 Cooperation to Implement the Assignment and Assumption

The Indenture Trustee, the FSM, the Financing Entity and the Province will cooperate and use best efforts to complete the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province, by the Assumption Closing Date.[19]

6.03 Effect of Assumption

On the date that the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province becomes effective (the "**Assumption Effective Date**"), the Province shall no longer be required to provide and perform the Limited Guarantee but will instead become a primary obligor under the Obligations Secured assumed pursuant to and in accordance with an applicable Assumption Agreement. For greater certainty, the obligations of the Province so assumed will not be secured obligations of the Province and the obligees thereof will have no right, interest or claim to or in respect of the Collateral or any proceeds therefrom. **[NTD: the forms of assumption agreement(s) need to be settled before this agreement is finalized.]**

6.04 Interim Period

Until the effective time of the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province on the Assumption Effective Date, the Province shall continue to perform and be obligated under the Limited Guarantee.

6.05 Rights in respect of the Assets Comprising the Collateral

Upon assuming the Financing Entity's obligations in respect of all Obligations Secured under Article VI, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the Financing Entity's rights and interests under and in respect of the assets, property and undertaking comprising the Collateral and all proceeds therefrom, free and clear of any liens, encumbrances or restrictions arising under or as a result of the Trust Indenture. The Province shall have and be entitled to enforce all such rights and interests as an absolute assignee of the Financing Entity, with effect from and after the time of such assumption, without any further requirement for notice to or acceptance by

[19] Further details regarding obtaining of third party consents and rating agency approvals to be provided by OPG.

the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing to the Financing Entity and unaffected by any other rights, interests or equities that arise thereafter in respect of the assets, property and undertaking comprising the Collateral as between the Beneficiaries and the Financing Entity. The Indenture Trustee and the Beneficiaries shall thereupon recognize the Province as the absolute owner of the assets, property and undertaking comprising the Collateral.

ARTICLE VII
INDENTURE TRUSTEE MATTERS

7.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

7.02 Not Responsible for Recitals or Issuance of Notes

The recitals contained herein will be taken as the statements of the Province, the Financing Entity and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

7.03 Representations and Covenants of the Indenture Trustee

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Agreement and has taken all necessary action to authorize the execution, delivery and performance by it of this Agreement and other documents to which it is a party;

(c) each of this Agreement and the other documents to which it is a party has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada.

ARTICLE VIII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

8.01 Suspension Notice

A written notice in the form of Exhibit C (a "**Suspension Notice**") may be provided by the Province to the Indenture Trustee, the FSM and the Financing Entity in any of the following circumstances:

(a) following the Province becoming aware of the occurrence of a Program Breach; and

(b) following the occurrence of a Breach Event that has not been waived in writing by the Province.

[…may be provided by the Province to the Indenture Trustee, [the FSM and the Financing Entity following the Province becoming aware of the occurrence of a Program Breach.]

[NTD: the concept of Breach Event has been removed from Protection Agreement and replaced by provisions in the Process Agreement providing that upon notice of a Breach Event to OPG in the Process Agreement, OPG will not be permitted to deliver the certificate required to satisfy the Adherence Conditions. This was done to cleanse the Protection Agreement of any references to the Process Agreement but leave the Province in the same position of being able to (indirectly) suspend application of the change of law agreement to future issuances upon a Breach Event.][20]

8.02 Suspension

If a Suspension Notice has been provided under Section 8.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of any Obligation Secured incurred or amended on or after the time such Suspension Notice is delivered. For greater certainty, the rights of the Province under Article VI shall apply in respect of all Obligations Secured, including if incurred or amended on or after the time such Suspension Notice is delivered.

8.03 Termination Notice

On (a) the occurrence of a Suspension Event or (b) the Assumption Effective Date, the Province may provide to the Indenture Trustee, the FSM and the Financing Entity a notice in the form of Exhibit D (a "**Termination Notice**").

[20] This is the OPG/Dealers proposal. Blakes recommends that this delinkage not be accepted by the Province. Further colour on this point is included in the mark-up of the relevant provisions of the Process Agreement.

8.04 No Impact on Adherence

For greater certainty, the occurrence of Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event, nor will it in any way impact the Obligations Secured which are assumed by the Province in accordance with Article VI.

ARTICLE IX
MISCELLANEOUS

9.01 Term of Agreement

This Agreement will continue until the later of:

(a) the date that no amount is or may become due and payable by the Province under the Limited Guarantee; and

(b) the date that a Termination Notice delivered in accordance with Section 8.03 is received by the Indenture Trustee, the FSM and the Financing Entity.

9.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: [■]
Fax: (416) [■]
Email: [■]

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: [■]
Fax: (416) [■]
Email: [■]

[■]

(b) if to the FSM:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: [■]
Fax: (416) [■]
Email: [■]

(c) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 9.02.

9.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section 9.03 shall be null and void.

(c) [Notwithstanding Section 9.03(a), assignments and participations of the rights and obligations of the Indenture Trustee and Specified Creditors (other than the Province) in accordance with the terms of the Trust Indenture may also assign the rights and obligations of the Indenture Trustee and Specified Creditors under this Agreement.][21]

9.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

9.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

9.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

9.07 Intentionally Deleted

9.08 Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their benefits hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

9.09 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[21] The scope of this provision needs to be explained to the Province. Any further step of this sort raises important new issues and so should be subject to Province consent. Blakes recommends that this not be accepted by the Province without detailed consideration as to its impact and breadth/scope of impact.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, IN ITS CAPACITY AS TRUSTEE OF FAIR HYDRO TRUST, AS ISSUER, [BY ONTARIO POWER GENERATION INC., NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS MANAGER][22]

By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS

[22] To be discussed.

INDIVIDUAL CAPACITY

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Action**" has the meaning ascribed thereto under the Trust Indenture.

"**Adherence Conditions**", in respect of a Primary Obligation, means the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of a Guarantee Payment Date, the aggregate of the Approved Obligation Amounts for such Guarantee Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, for a Beneficiary in respect of an Approved Obligation under which an amount is due and payable on a Guarantee Payment Date:

(a) if no Acceleration has occurred in respect of any Obligation Secured on or before the Guarantee Payment Date, the amount due and payable to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation (for greater certainty, determined on the assumption that there are adequate amounts available under the applicable payment provisions of the Trust Indenture to pay in full all amounts referred to in such payment provisions that are due and payable on the Guarantee Payment Date); and

(b) if an Acceleration has occurred in respect of any Obligations Secured on or before the Guarantee Payment Date, the amount that would be available to be paid to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation under the applicable payment provisions of the Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with such applicable payment provisions of the Trust Indenture in respect of each relevant month [during each Reference Period from and after May, 2021][23] is equal to [the Finance Amount in respect of such Reference Period][24] divided by the number of months in such Reference Period.[25]

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[23] What about earlier periods? Are they covered at all, or are they determined without regard to the acceleration mechanics of the Regulation?

[24] Tying to the Finance Amount (1) creates ambiguity regarding whether the amounts payable are limited by acceleration and (2) does not allow for the forward looking estimates and true ups that are envisioned in the Regulation. Province to consider in detail since critical.

[25] PM: the challenge is that the permitted acceleration amount is determined under the Regulations but in a post-change of law environment, we don't know what provisions of the Regulation remain [But the test is 'what would

"**Assumption Agreement**" means the agreement among the Province, the Indenture Trustee, the Financing Entity and any other person that is party to the Funding Obligation Agreement affected by the assignment and assumption contemplated under Article VI, which agreement shall be in substantially the form of the form of assumption agreement set forth in Exhibit E.

"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.01.

"**Assumption Effective Date**" has the meaning ascribed thereto in Section 6.03.

"**Assumption Notice**" has the meaning ascribed thereto in Section 6.01.

"**Available Collections**" has the meaning ascribed thereto in the Trust Indenture.

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Beneficiary Payee**" has the meaning ascribed thereto in Section 2.01(a)iii.

[DELETION OF "BREACH EVENT" TO BE CONSIDERED BY THE PROVINCE]

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Change of Law Protection Agreement**" means this Agreement.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Eligible Deposit Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Eligible Institution**" has the meaning ascribed thereto in the Trust Indenture.

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have happened' and the reference to Regulation for this purpose can be tied back to the date of the Agreement]. By going to "Finance Amount", we are using a defined term that is frozen at the date of this agreement.

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Financing Entity at such time.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**Guarantee Payment Date**" has the meaning ascribed thereto in Section 2.01(a).

"**Guarantor Settlement Statement**" has the meaning ascribed thereto in Section 2.01(a).

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Issuer Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(a).

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity, as amended, supplemented, restated or otherwise modified from time to time.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, as amended, supplemented, restated or otherwise modified from time to time.

"**Note**" or "**Notes**" has the meaning ascribed thereto under the Trust Indenture.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Paying Agent**" has the meaning ascribed thereto in the Trust Indenture.

[DELETION OF PAYMENT DATE (15TH OF MONTH) UNDER CONSIDERATION BY THE PROVINCE]

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account, Finance Reserve Account, or Supplemental Reserve Account; (ii) any amounts that would be remaining amounts of Available Collections required by the to be held in the Collection Account for distribution on a succeeding Payment Date pursuant to the Trust Indenture; and (iii) any obligation to pay the Trust or on the Trust's direction any remaining amounts of Available Collections.

[DEFINITION OF SPECIFIC TERMS LINKED TO THE PROCESS AGREEMENT ARE UNDER CONSIDERATION BY THE PROVINCE]

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party

under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the [Crown], an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that materially and adversely affects (a) the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured, or (b) this Agreement or any of the agreements under which Obligations Secured arise, [other than if the Indenture Trustee has confirmed in writing that the effect under such agreements is otherwise acceptable][26]; or

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that materially and adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Obligations Secured that have become due and payable.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture.

"**Repayment**" has the meaning ascribed thereto in the General Regulation.

[26] Drafting under consideration. Could this be negating of the materiality condition, rather than an exception as intended.

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Subrogation Amounts**" has the meaning ascribed thereto in subclause 2.01(a)iv(ii).

"**Supplemental Reserve Account**" has the meaning ascribed in the Trust Indenture.

"**Suspension Event**" has the meaning ascribed thereto in Section 8.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 8.01.

"**Termination Notice**" has the meaning ascribed thereto in Section 8.03.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

EXHIBIT A
FORM OF PAYMENT DEMAND

EXHIBIT A.1
FORM OF GUARANTOR SETTLEMENT STATEMENT

EXHIBIT B
ASSUMPTION NOTICE

EXHIBIT C
SUSPENSION NOTICE

EXHIBIT D
TERMINATION NOTICE

EXHIBIT E

FORM OF ASSUMPTION AGREEMENT

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST[1]

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

[1] Torys and Blakes to discuss signatory on behalf of the Trust. The Manager is currently signing all Program Agreements on behalf of the Trust and has authority to do so. We would propose to do the same on the change of law agreement.

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust under the laws of the Province of Ontario (the "**Financing Entity**")[2], Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council dated as of ■ (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust[32] dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred or amended. This Agreement sets out the terms and conditions of such protections and assurances.[3]

[2] Province needs the Trust as a party to be assured of its rights of subrogation, step-in, etc.

[32] Torys to confirm that Trust is a "financing entity" under OFHPA. Under definition, FSM to establish or cause to be established. DofT indicates Computershare declares trust. Need to have this confirmed for purposes of authority under OFHPA 5(3), among other things.

[3] OPG/Dealers are contemplating a complete purging of "Process Agreement" connections. Needs to be discussed.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein",

"hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 Proof of Approved Obligations

The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Indenture Trustee deems to be sufficient.

Any statement of account prepared by the Indenture Trustee as regards the Primary Obligations shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and the Province hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Indenture Trustee agrees to provide the Province with the computations and calculations used by the Indenture Trustee to prepare each such statement of account promptly following a request therefor.

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture[4] as of the date of this Agreement.

[4] ~~With respect to the possibility of unsanctioned amendments, the OPG proposal would allow amendments to be made in favour of bondholders to permit individual bondholders to sue the Province under this agreement. This is one circumstance that demonstrates why the Province needs the right to know about and consider all underlying amendments.~~

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 2.01 or Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of [the Province][4], the Indenture Trustee, the Financing Entity, the Financing Entity Trustee, the Manager or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect. **[The parties will engage in good faith negotiations to replace any provision which is declared invalid or unenforceable with a valid and enforceable provision, the economic effect of which comes as close as possible to that of the invalid or unenforceable provision which it replaces.] [NTD: this is unusual. Why is it necessary in this Agreement?]**[5]

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

[4] Province to consider limitations on these sorts of forward-looking provisions.

[5] This language came from Torys' (Nina) first suggestion regarding the Process Agreement on October 20th (10:23am).

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT.

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the

Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee may deliver a written demand, substantially in the form attached as Exhibit A (a "**Payment Demand**"), to the Province requiring the Province to make payments in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in this Agreement. From and after such delivery of a Payment Demand, the Province shall make the following payments in respect of the Approved Obligations (the "**Limited Guarantee**"), and the Financing Entity shall pay, and the Province shall be entitled to be paid, the Subrogation Amounts specified below, on the specified Payment Date:

i. Not less than [3] Business Days prior to each day when any payment or payments are to be made in respect of one or more Approved Obligations occurring after such delivery of a Payment Demand and prior to the Assumption Effective Date, if any, (a "**Guarantee Payment Date**")[5] [6], ~~if any,~~[7] the Manager shall deliver a written statement, substantially in the form attached as Exhibit A.1 (a "**Guarantor Settlement Statement**") setting forth the Aggregate Approved Obligations Amount, if any, in respect of the Approved Obligations that are due and payable on such Guarantee Payment Date, together with a detailed description identifying such Approved Obligations and the nature and amount of payments due and payable thereunder on the Guarantee Payment Date.[8]

[5] [6] PM: Interest Payment Dates and Principal Payment Dates are set in the supplements. While the present intention is to set them on Payment Dates, there is no guarantee that will always be the case.

[7] Province to consider timing of payments. The effect of the requested change is to make payments less predictable in terms of frequency.

[8] Province to consider what information it needs. We had suggested (1) aggregate outstanding amount and (2) details regarding any default – but these information requirements were deleted.

ii. On each such Guarantee Payment Date, the Province shall pay the Aggregate Approved Obligations Amount [to the Indenture Trustee][9] and the [Indenture Trustee shall deposit] such amount to the Protection Account.

iii. On each such Guarantee Payment Date, the [Indenture Trustee][10] shall apply all amounts on deposit in the Protection Account to pay each Beneficiary to whom an amount is due and payable under an Approved Obligation on the Guarantee Payment Date the Approved Obligation Amount for such Beneficiary in respect of such Approved Obligation on such Guarantee Payment Date; provided that if the amount deposited pursuant to clause 2.01(a)ii is insufficient to pay all such Approved Obligation Amounts in full, the amount on deposit in the Protection Account on the Guarantee Payment Date shall be applied to pay Beneficiaries in the order of priority in which such Approved Obligations are payable under the payment provisions of the Trust Indenture applicable to the making of such payments on the Guarantee Payment Date (each, a "**Beneficiary Payee**")[6].

iv. On any Guarantee Payment Date on which an amount is paid by the Province pursuant to clause 2.01(a)ii, the applicable payment provisions of the Trust Indenture shall, notwithstanding the express terms of such provisions set forth in the Trust Indenture, be applied and operate on the following basis:

(i) the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available under such payment provisions on such Guarantee Payment Date shall be reduced by the amount paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on such Guarantee Payment Date;

(ii) the Province shall be paid the amount by which (x) the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available to pay the Beneficiary Payee under such payment provisions on the Guarantee Payment Date, determined without regard to subclause 2.01(a)iv(i), exceeds the amount paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on the Guarantee Payment Date (such payments to the Province being "**Subrogation Amounts**"); and

[9] Province to consider whether amounts should be directly deposited or paid through the Indenture Trustee.

[10] Province to consider payment mechanics and consequences of relying on a covenant of the Indenture Trustee, alone.

[6] ~~For example, the effect of this is that senior notes will receive cash earmarked for sub notes based on the scheduled amounts payable for sub notes. Confirm that is the intention.~~

(iii) no Beneficiary having a right to be paid an amount in respect of an Approved Obligation that ranks equal with or subordinate to an Approved Obligation in respect of which an amount is payable to the Province under subclause 2.01(a)iv(ii) shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under such subclause (including any right or reimbursement, contribution or indemnity) and no such Beneficiary shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of such amounts.

v. On any Guarantee Payment Date, the Indenture Trustee shall release and pay to the Province free and clear of any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay Beneficiary Payees on the Guarantee Payment Date in accordance with clause 2.01(a)iii.

vi. In preparing any payment instructions under the Trust Indenture, the Manager shall reflect the amounts payable for the Guarantee Payment Date under Section 2.01(a).

(b) The Province shall, as a payee of Subrogation Amounts and any amounts payable under clause 2.01(a)v, be a "Specified Creditor" under the Trust Indenture and have the benefit of the Collateral thereunder.

(c) For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the Approved Obligation Amounts, if any, for payment to Beneficiary Payees and will be subject to the priorities and to the Province's rights to Subrogation Amounts, set forth in Section 2.01(a).

(d) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(e) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation.

(f) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the

Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any amount due and payable to a Beneficiary Payee under the Limited Guarantee.

2.02 Intentionally Deleted.

2.03 Absence of Set-off

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 Payment into Protection Account[7][11] in Satisfaction

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account" for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section 7.03 of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the [Indenture Trustee][8][12] shall apply all amounts paid by the Province into the Protection Account on a Guarantee Payment Date in respect of an Approved Obligation to pay the amounts due and payable to the Beneficiaries as and to the extent provided for in Section 2.01(a)[9]. Upon a payment having been made by or on behalf of the Province into the Protection Account, the amounts so paid shall for all purposes be considered to have been applied to pay the applicable

[7][11] Use of Protection Account to be considered by Province after required modifications to Trust Indenture have been provided.

[8] Conform[12] Confirm.

[9] For example, amounts payable in respect of subnotes will not get the amounts payable to them based on scheduled payments since senior notes will preempt them under the acceleration waterfall.

Beneficiaries as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such Beneficiaries in respect of the applicable Approved Obligations, whereupon an affected Beneficiary shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid[~~10~~13]. For greater certainty, the obligations arising in respect of an applicable Approved Obligation shall not be reduced by such payment as the Province shall become entitled to be paid related Subrogation Amounts and the rights contemplated under Section 2.01(a) and Section 5.01 in relation to such continuing obligations.

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the

[~~10~~13] A corresponding provision needs to be added to the Trust Indenture and each other ~~contract~~Funding Obligation Agreement under which the Obligation Secured arises, so that the Beneficiaries are bound by these applications and the agreement of the Indenture Trustee under this Agreement.

account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations, or until the Province is no longer required to provide and perform the Limited Guarantee in accordance with Section 6.03 or Section 8.02.

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements[11] and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the

[11] ~~The deletion of the earlier proviso in this draft is based on the understanding that the Province will receive adequate notices of these event under the Trust Indenture. OPG will agree not to allow any of these events without confirming to the Province under the Process Certificate that the changes are within the agreed scope of the Reviewed Documents, etc.~~

Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

A Primary Obligation shall constitute an Approved Obligation if the Adherence Conditions applicable thereto have been satisfied at the time the Primary Obligation was incurred.

4.02 Adherence Conditions[12][14]

There shall be [no Adherence Conditions applicable in relation to: (i) a Primary Obligation that is not a Funding Obligation or (ii) a Primary Obligation that (x) arises under a Derivative Agreement, or (x) is a Funding Obligation that does not provide for the advance of more than $■ to the Financing Entity.] The following shall be the Adherence Conditions applicable in relation to a Primary Obligation [that is a Funding Obligation that does provide for the advance of more than $■ to the Financing Entity]:

(a) the Primary Obligation when incurred will beis an Obligation Secured under the Trust Indenture; and

(b) either (x) OPG delivers an officer's certificate[15] addressed to the Indenture Trustee, prior to the entering into of the related Funding Obligation Agreement, confirming that OPG has complied with its obligations to the Province in connection with the Primary Obligation, or (y) OPG has in fact

[12] The[14] Dealers to explain how the current structure requiring satisfaction of the adherence conditions in the Protection Agreement impactsis more onerous than ordinary adherence conditions applicable to government guaranteed bonds and to estimate the quantum impact on the marketability of the transaction and createsexplain what uncertainty an ordinary closing condition of this type poses for investors. Note to Province/: OPG/Dealers is asking to discuss moving the adherence conditions to the Process Agreement while preserving Province's oversight of its obligations under the Protection Agreement.

[15] Province: OPG deleted the specific reference to the CFO/Treasurer. Other drafting issues include (1) removal of reference to the earlier of pricing or closing (2) tying to the "Funding Obligation Agreement", which may permit future incurrences without any additional documentation (meaning that the incurrence test would not apply to those further obligations (3) references to OPG having "complied with its obligations to the Province", which is an ineffective reference since external parties will have no sense of what these are and the fact that there are no relevant obligations owed to the Province under the Protection Agreement and (4) there is a circular concept that refers to actual compliance being sufficient for adherence in lieu of the external purpose of the certificate delivery requirement. Each of these issues raises potential issues for the Province, which should be discussed.

complied with its obligations to the Province in connection with the Primary Obligation; and

(c) the Province has not provided a Suspension Notice to the Indenture Trustee, the FSM and the Financing Entity in accordance with the terms of this Agreement.

For greater certainty, satisfaction of the Adherence Conditions for ~~any~~a Funding Obligation shall be deemed satisfaction of the Adherence Conditions in respect of all principal, interest and other amounts owing under, or in respect of, the Funding Obligation and the related Funding Obligation Agreement as such agreement may be amended, restated, supplemented or otherwise modified from time to time.[13]

4.03 Evidence of Satisfaction

A closing certificate delivered in accordance with Section 4.02(b)(x) in connection with an incurrence of a Primary Obligation shall be determinative as to whether the applicable Adherence Conditions with respect thereto have been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same.

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, including (i) the right and entitlement to be paid and receive the related Subrogation Amounts, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of

[13] ~~This language was added to track Section 2(2) of the regs and ensure that there is no obligation to satisfy the Adherence Conditions every time interest is incurred in respect of a Funding Obligation for which the Adherence Conditions have already been satisfied.~~

payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including **[Section 7.11 (Payments Held in Trust), Section 8.12 (Limitation on Suits), Sections 7.04 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse) and Section 16.01 (No Petition) thereof]** and (ii) confirms that the Indenture Trustee shall send notices to the Province, in its capacity as a Specified Creditor, in accordance with Section 9.02.[14][16]

5.02 Priorities

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation shall rank equally with the rights, interests and entitlements of a Beneficiary to whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture in the manner and to the extent contemplated in Section 2.01.

5.03 Province May Perform Other Program Agreement Covenants.[15][17]

If the Financing Entity fails to perform any covenant under any Program Agreement, the Province may (but, except as expressly provided for under this Agreement, shall not be obligated to) perform such covenant on behalf of the Financing Entity. If the Province performs such a covenant on behalf of the Financing Entity, all sums expended or advanced by the Province in so performing the covenant will bear interest at the rate of interest determined by the Province to reflect market terms and conditions for a borrowing made by the Province at the relevant time

[14][16] Section to be updated to conform with section in the Trust Indenture once settled.

[15] To be confirmed this covenant is only meant to apply following a Payment Demand? Note that once the[17] Note to Province exercises this right, ,the: OPG is advising that desired accounting treatment will be lost if this covenant leads to use in the future. Should this be deleted for simplicity – it was originally included by Blakes to provide the Province with a different level of optionality, but it probably not worth any further struggle based on feedback from OPG and perhaps bade optics to have included in the first place.

from the date of expenditure until repayment by the Financing Entity and will (together with such interest) be paid by the Financing Entity upon demand and will until paid form part of the Obligations Secured subject to Sections **[7.04 and 8.13]** of the Trust Indenture and constitute a Finance Amount.[16][18]

5.04 Representations and Warranties

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
NOTICE OF ASSUMPTION OF OBLIGATIONS SECURED

6.01 Delivery of Assumption Notice

Following the occurrence of a Protection Event, the Province may (but shall not be obligated to) provide notice (in the form of Exhibit B) to the Indenture Trustee that the Province has elected to assume the Financing Entity's obligations in respect of all Obligations Secured, as obligor and debtor (the "**Assumption Notice**"). The Assumption Notice shall specify the date on which the assignment and assumption of the Obligations Secured will be effective (the "**Assumption Closing Date**").

6.02 Cooperation to Implement the Assignment and Assumption

The Indenture Trustee, the FSM, the Financing Entity and the Province will cooperate and use best efforts to complete the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province, by the Assumption Closing Date.[17][19]

6.03 Effect of Assumption

On the date that the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province becomes effective (the "**Assumption Effective Date**"), the Province shall no longer be required to provide and perform the Limited Guarantee but will instead become a primary obligor under the Obligations Secured assumed pursuant to and in accordance with an applicable Assumption Agreement. For greater certainty, the obligations of the Province so assumed will not be secured obligations of the Province and the obligees thereof will have no right, interest or claim to or in respect of the Collateral or any

[16][18] Payments to be addressed in the Trust Indenture like servicer advances under the waterfall provisions.

[17][19] Further details regarding obtaining of third party consents and rating agency approvals to be provided by OPG.

proceeds therefrom. **[NTD: the forms of assumption agreement(s) need to be settled before this agreement is finalized.]**

6.04 Interim Period

Until the effective time of the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province on the Assumption Effective Date, the Province shall continue to perform and be obligated under the Limited Guarantee.

6.05 Rights in respect of the Assets Comprising the Collateral

Upon assuming the Financing Entity's obligations in respect of all Obligations Secured under Article VI, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the Financing Entity's rights and interests under and in respect of the assets, property and undertaking comprising the Collateral and all proceeds therefrom, free and clear of any liens, encumbrances or restrictions arising under or as a result of the Trust Indenture. The Province shall have and be entitled to enforce all such rights and interests as an absolute assignee of the Financing Entity, with effect from and after the time of such assumption, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing to the Financing Entity and unaffected by any other rights, interests or equities that arise thereafter in respect of the assets, property and undertaking comprising the Collateral as between the Beneficiaries and the Financing Entity. The Indenture Trustee and the Beneficiaries shall thereupon recognize the Province as the absolute owner of the assets, property and undertaking comprising the Collateral.

ARTICLE VII
INDENTURE TRUSTEE MATTERS

7.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

7.02 Not Responsible for Recitals or Issuance of Notes

The recitals contained herein will be taken as the statements of the Province, the Financing Entity and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

7.03 Representations and Covenants of the Indenture Trustee

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Agreement and has taken all necessary action to authorize the execution, delivery and performance by it of this Agreement and other documents to which it is a party;

(c) each of this Agreement and the other documents to which it is a party has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada.

ARTICLE VIII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

8.01 Suspension Notice

A written notice in the form of Exhibit C (a "**Suspension Notice**") may be provided by the Province to the Indenture Trustee, the FSM and the Financing Entity in any of the following circumstances:

(a) following the Province becoming aware of the occurrence of a Program Breach; and

(b) following the occurrence of a Breach Event that has not been waived in writing by the Province.

[…may be provided by the Province to the Indenture Trustee, [the FSM and the Financing Entity following the Province becoming aware of the occurrence of a Program Breach.]

[NTD: the concept of Breach Event has been removed from Protection Agreement and replaced by provisions in the Process Agreement providing that upon notice of a Breach Event to OPG in the Process Agreement, OPG will not be permitted to deliver the certificate required to satisfy the Adherence Conditions. This was done to cleanse the Protection Agreement of any references to the Process Agreement but leave the Province in the same position of being able to (indirectly) suspend application of the change of law agreement to future issuances upon a Breach Event.][20]

[20] This is the OPG/Dealers proposal. Blakes recommends that this delinkage not be accepted by the Province. Further colour on this point is included in the mark-up of the relevant provisions of the Process Agreement.

8.02 Suspension

If a Suspension Notice has been provided under Section 8.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of any Obligation Secured incurred or amended on or after the time such Suspension Notice is delivered. For greater certainty, the rights of the Province under Article VI shall apply in respect of all Obligations Secured, including if incurred or amended on or after the time such Suspension Notice is delivered[18].

8.03 Termination Notice

On (a) the occurrence of a Suspension Event or (b) the Assumption Effective Date, the Province may provide to the Indenture Trustee, the FSM and the Financing Entity a notice in the form of Exhibit D (a "**Termination Notice**").

8.04 No Impact on Adherence

For greater certainty, the occurrence of Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event, nor will it in any way impact the Obligations Secured which are assumed by the Province in accordance with Article VI.

ARTICLE IX
MISCELLANEOUS

9.01 Term of Agreement

This Agreement will continue until the later of:

(a) the date that no amount is or may become due and payable by the Province under the Limited Guarantee; and

(b) the date that a Termination Notice delivered in accordance with Section 8.03 is received by the Indenture Trustee, the FSM and the Financing Entity.

9.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the

[18] ~~This will be affected by the resolution of the "amendments" point.~~

time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust

700 University Avenue

Toronto, Ontario M5G 1X6
Attention: [■]
Fax: (416) [■]
Email: [■]

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: [■]
Fax: (416) [■]
Email: [■]

[■]

(b) if to the FSM:

Ontario Power Generation Inc.

700 University Avenue

Toronto, Ontario M5G 1X6

Attention: [■]

Fax: (416) [■]

Email: [■]

(c) if to the Province:

Ministry of Finance

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 9.02.

9.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section 9.03 shall be null and void.

(c) [Notwithstanding Section 9.03(a), assignments and participations of the rights and obligations of the Indenture Trustee and Specified Creditors (other than the Province) in accordance with the terms of the Trust Indenture may also assign the rights and obligations of the Indenture Trustee and Specified Creditors under this Agreement.][21]

9.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

[21] The scope of this provision needs to be explained to the Province. Any further step of this sort raises important new issues and so should be subject to Province consent. Blakes recommends that this not be accepted by the Province without detailed consideration as to its impact and breadth/scope of impact.

9.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

9.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

9.07 Intentionally Deleted

9.08 Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their benefits hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

9.09 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, IN ITS CAPACITY AS TRUSTEE OF FAIR HYDRO TRUST, AS ISSUER, [BY ONTARIO POWER GENERATION INC., NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS MANAGER][22]

By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

[22] To be discussed.

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS[19]

"**Acceleration**" has the meaning ascribed to the term "acceleration" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Action**" has the meaning ascribed thereto under the Trust Indenture.

"**Adherence Conditions**", in respect of a Primary Obligation, means the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of a Guarantee Payment Date, the aggregate of the Approved Obligation Amounts for such Guarantee Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, for a Beneficiary in respect of an Approved Obligation under which an amount is due and payable on a Guarantee Payment Date:

(a) if no Acceleration has occurred in respect of any Obligation Secured on or before the Guarantee Payment Date, the amount due and payable to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation (for greater certainty, determined on the assumption that there are adequate amounts available under the applicable payment provisions of the Trust Indenture to pay in full all amounts referred to in such payment provisions that are due and payable on the Guarantee Payment Date); and

(b) if an Acceleration has occurred in respect of any Obligations Secured on or before the Guarantee Payment Date, the amount that would be available to be paid to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation under the applicable payment provisions of the Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with the terms such applicable payment provisions of the Trust Indenture in respect of each relevant month [during each Reference Period from and after May, 2021][23] is equal to [the Finance Amount in respect of such

[19] If Province is satisfied that it will receive notice of any amendments, waivers, etc. under the various agreements, and corresponding rights under the trust indenture, Province will not require veto rights over changes to the defined terms in the MTI. All of this is predicated on Province receiving comfort from OPG that no changes, amendments, waivers, etc. will be made if outside the pre-agreed scope of the reviewed documents.

[23] What about earlier periods? Are they covered at all, or are they determined without regard to the acceleration mechanics of the Regulation?

Reference Period][24] divided by the number of months in such Reference Period.[20][25]

"**Assumption Agreement**" means the agreement among the Province, the Indenture Trustee, the Financing Entity and any other person that is party to the Funding Obligation Agreement affected by the assignment and assumption contemplated under Article VI, which agreement shall be in substantially the form of the form of assumption agreement set forth in Exhibit E.

"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.01.

"**Assumption Effective Date**" has the meaning ascribed thereto in Section 6.03.

"**Assumption Notice**" has the meaning ascribed thereto in Section 6.01.

"**Available Collections**" has the meaning ascribed thereto in the Trust Indenture.

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Beneficiary Payee**" has the meaning ascribed thereto in Section 2.01(a)iii.

[DELETION OF "BREACH EVENT" TO BE CONSIDERED BY THE PROVINCE]

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Change of Law Protection Agreement**" means this Agreement.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar

[24] Tying to the Finance Amount (1) creates ambiguity regarding whether the amounts payable are limited by acceleration and (2) does not allow for the forward looking estimates and true ups that are envisioned in the Regulation. Province to consider in detail since critical.

[20][25] PM: the challenge is that the permitted acceleration amount is determined under the Regulations but in a post-change of law environment, we don't know what provisions of the Regulation remain [But the test is 'what would have happened' and the reference to Regulation for this purpose can be tied back to the date of the Agreement]. By going to "Finance Amount", we are using a defined term that is frozen at the date of this agreement.

transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Eligible Deposit Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Eligible Institution**" has the meaning ascribed thereto in the Trust Indenture.

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Financing Entity at such time.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**Guarantee Payment Date**" has the meaning ascribed thereto in Section 2.01(a).

"**Guarantor Settlement Statement**" has the meaning ascribed thereto in Section 2.01(a).

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Issuer Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(a).

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity, as amended, supplemented, restated or otherwise modified from time to time.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, as amended, supplemented, restated or otherwise modified from time to time.

"**Note**" or "**Notes**" has the meaning ascribed thereto under the Trust Indenture.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Paying Agent**" has the meaning ascribed thereto in the Trust Indenture.

[DELETION OF PAYMENT DATE (15TH OF MONTH) UNDER CONSIDERATION BY THE PROVINCE]

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account, Finance Reserve Account, or Supplemental Reserve Account; (ii) any amounts that would be remaining amounts of Available Collections required by the to be held in the Collection Account for distribution on a succeeding Payment Date pursuant to the Trust Indenture; and (iii) any obligation to pay the Trust or on the Trust's direction any remaining amounts of Available Collections.

[DEFINITION OF SPECIFIC TERMS LINKED TO THE PROCESS AGREEMENT ARE UNDER CONSIDERATION BY THE PROVINCE]

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the [Crown], an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that materially and adversely affects (a) the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured, or (b) this Agreement or any of the agreements under which Obligations Secured arise, [other than if the Indenture Trustee has confirmed in writing that the effect under such agreements is otherwise acceptable][26]; or

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that materially and adversely affects the ability of the Financing Entity to receive amounts in respect of its

[26] Drafting under consideration. Could this be negating of the materiality condition, rather than an exception as intended.

Investment Interest so that it can pay Obligations Secured and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Obligations Secured that have become due and payable.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture.

"**Repayment**" has the meaning ascribed thereto in the General Regulation.

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Subrogation Amounts**" has the meaning ascribed thereto in subclause 2.01(a)iv(ii).

"**Supplemental Reserve Account**" has the meaning ascribed in the Trust Indenture.

"**Suspension Event**" has the meaning ascribed thereto in Section 8.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 8.01.

"**Termination Notice**" has the meaning ascribed thereto in Section 8.03.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

EXHIBIT A
FORM OF PAYMENT DEMAND

EXHIBIT A.1
FORM OF GUARANTOR SETTLEMENT STATEMENT

EXHIBIT B
ASSUMPTION NOTICE

EXHIBIT C
SUSPENSION NOTICE

EXHIBIT D
TERMINATION NOTICE

EXHIBIT E

FORM OF ASSUMPTION AGREEMENT

Document comparison by Workshare Compare on Tuesday, November 21, 2017 8:49:08 AM

Input:	
Document 1 ID	PowerDocs://TOR_2528/23239360/16
Description	TOR_2528-#23239360-v16-CLPA_-_Protection_Agreement
Document 2 ID	PowerDocs://TOR_2528/23239360/17
Description	TOR_2528-#23239360-v17-CLPA_-_Protection_Agreement
Rendering set	Standard

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

Statistics:	
	Count
Insertions	107
Deletions	65
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	172

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.

CHANGE OF LAW PROCESS AGREEMENT

Dated as of [■], 2017

This **CHANGE OF LAW PROCESS AGREEMENT**[1], between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**") is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.[2]

Pursuant to a Declaration of Trust dated as of [■], 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.[3]

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions.

Prior to entering into this Agreement, OPG provided the Province with copies of certain of the Transaction Documents, and the Province has confirmed by a notice delivered to OPG that the reviewed forms (as further described in such notice) shall be Reviewed Documentation for the purposes of this Agreement.[4]

This Agreement sets out the obligations OPG has agreed to perform and assurances OPG has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the Adherence Conditions have been satisfied, maintaining information related to the Program Agreements and the Approved Obligations, and ensuring that the Province's assumption rights pursuant to Article VI of the Change of Law Protection Agreement may be exercised without

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[1] Province to confirm whether closing opinions from OPG's counsel will be required in relation to the Process Agreement.

[2] Blakes suggests that it be made clear in the Declaration of Trust that OPG is establishing the Trust. Blakes would appreciate the benefit of Torys analysis as to how the Trust is an "entity" under the OFHPA, as opposed to the trustee. Clearly OPG has not established Computershare. Blakes and Torys to discuss.

[3] Lawyers to discuss.

[4] Once agreements are settled, Province to provide draft notice. Province: Consider timing and sequencing of document sign-off: (1) Minister review in "substantially the form" (2) marketing, including changes of terms, offering documents, etc – to be reviewed (3) once settled, notice as contemplated here and (4) Ministers to sign at closing?

impediment on the terms and conditions contemplated in this Agreement and the Change of Law Protection Agreement.

All things necessary to make this Agreement a valid and legally binding agreement of OPG and the Province, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 <u>References to the Financing Entity</u>

For greater certainty, each reference to the Financing Entity shall be construed as a reference to the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 <u>Effect of Headings</u>

The Article and Section headings herein and are for convenience only and will not affect the construction hereof.

1.04 <u>Successors and Assigns</u>

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 <u>Severability</u>

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect. [The parties will engage in good faith negotiations to replace any provision which is declared invalid or unenforceable with a valid and enforceable provision, the economic effect of which comes as close as possible to that of the invalid or unenforceable provision which it replaces.][5]

1.06 <u>Governing Law</u>

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL

[5] Torys original language. Noted to be unusual. Province is fine deleting, provided is consistent with the approach taken in the Protection Agreement.

LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT.

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF OPG

2.01 Deliveries to the Province

(a) Not less than 15 Business Days, or such lesser period as the Province may agree to in writing, prior to the initial issuance of any Funding Obligation by the Financing Entity, OPG shall deliver to the Province a copy of the initial Financing Plan. Thereafter, OPG shall promptly deliver to the Province a copy of any proposed change to or replacement of the Financing Plan.

(b) Not less than 10 Business Days, or such lesser period as the Province may agree to in writing, prior to (i) any proposed change or supplement to a previously provided Transaction Document becoming effective or otherwise being used, (ii) any additional or replacement Transaction Document becoming effective or otherwise being used, OPG shall deliver to the Province a copy of such proposed change or supplement to the Transaction Document and any such additional or replacement Transaction Document.

(c) Promptly following (i) any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor being made, (ii) any new, additional or replacement instruments, documents, agreements or security being used or granted in connection with all or any part of the Approved Obligations, or (iii) any waiver, release, reconveyance, termination, abandonment, subordination, exchange, substitution, transfer, compound, compromise, liquidation or enforcement of all or any part of the Approved Obligations or any security or guarantee therefor being effected, OPG shall deliver to the Province a detailed description of such event and the reasons for it together with any related documents, agreements and instruments.

(d) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, OPG shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations (including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(e) Promptly upon request, OPG shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

2.02 Covenants

(a) OPG shall use commercially reasonable efforts to cause the Financing Entity to:

(i) punctually perform and observe all of the Financing Entity's obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not:

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement or replacement or waiver or consent could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any change in particular financial terms, rates and levels;

(B) extend, renew, compromise, novate, replace, suspend, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, liquidation or enforce the terms of all or any part of the Approved Obligations or any Collateral, if any such action could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to the extent that only particular financial terms, rates and levels are affected[6];

(C) permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired.

(b) OPG shall:

[6] Added to address the scenarios contemplated in 2.01(c).

(i) comply, and shall use commercially reasonable efforts to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

(ii) punctually perform and observe all of its (including as the FSM and as Manager) obligations and agreements contained in the Program Agreements;

(iii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation; and

(iv) after the occurrence of any Protection Event (or any event that with the passage of time or the giving of notice would be a Protection Event) [the delivery of a Payment Demand[7]], not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.

(c) [For greater certainty, nothing in this Agreement is intended to derogate from OPG's obligations as FSM and Manager.] [8]

(d) Nothing in this Agreement [nor in the Change of Law Protection Agreement][9] shall limit the obligations of the Province under the Indemnity Agreement by the Province in favour of OPG dated June 1, 2017 (as amended, the "**Indemnity Agreement**") and to the extent of any conflict between this Agreement, the Change of Law Protection Agreement and such Indemnity Agreement, in respect of any matter relating to the Province's obligations to indemnify OPG, the Indemnity Agreement shall prevail.

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[7] OPG/Dealers have said that "Given that delivery of a Payment Demand is the trigger for the Limited Guarantee, the delivery of the Payment Demand is the more appropriate milestone." Note to Province: The Payment Demand is in 3rd party hands. Province wants to crystalize at the earliest time that the Province may be called upon (i.e., Protection Event).

[8] This is a provision could effectively override the Process Agreement if there is any incongruence between the OPG obligations to the Province and the broad (basically unconstrained) powers on behalf of the Trust. OPG should not be able to excuse non-performance under the Process Agreement by creating a conflict through the exercise of those broad powers under the Management Agreement. Blakes recommends that this change not be accepted.

[9] This language has extra-contractual implications and so its meaning as between only 2 of the parties to the Protection Agreement is uncertain. Torys to explain intention.

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate[10]

OPG shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of OPG (or their respective designees, provided that such designees are also executive officers of OPG) and addressed to the Province, on the earlier of (i) one Business Day prior to the incurrence or any amendment of a Funding Obligation[11] [(other than a Funding Obligation that (x) arises under a Derivative Agreement, or (y) is a Funding Obligation that does not provide for the advance of more than $■ to the Financing Entity),] and (ii) on the Business Day on which the financial terms of such Funding Obligation are definitively determined (including the interest or discount rate applicable to any notes, bonds or other securities), setting out the following with respect to such Funding Obligation:[12]

(a) the material terms of the Funding Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a Derivative Agreement, the notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

(b) if an existing Funding Obligation is proposed to be amended, material details respecting such amendment, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

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[10] OPG/Dealers have indicated that "The current structure requiring satisfaction of the adherence conditions in the Protection Agreement impacts the marketability of the transaction and creates uncertainty for investors. Province/OPG/Dealers to discuss moving the adherence conditions to the Process Agreement while preserving Province's oversight of its obligations under the Protection Agreement." Province has asked Dealers to explain how the current structure requiring satisfaction of the adherence conditions in the Protection Agreement is more onerous than ordinary adherence conditions applicable to government guaranteed bonds and to estimate the quantum impact on the marketability of the transaction and explain what uncertainty an ordinary closing condition of this type poses for investors. Blakes recommends that this change not be accepted.

[11] OPG has asked the Province to discuss circumstances in which a certificate will be required under this Section, and has proposed that the incurrence requirements not apply to derivatives or non-borrowing obligations below a yet-to-be set materiality level. It is unclear why OPG believes that these limitations are justified – further discussion required. Blakes recommends that this limitation not be accepted.

[12] Note from OPG/Dealers: We have revised this section so as to allow the Process Agreement to be cleansed from the Change of Law Protection Agreement. [Note to Province: This proposal to totally delink needs to be discussed. The suggested approach leaves OPG in the position of self-policing its own conduct and therefore significantly weakens the existing failsafe mechanism (i.e., Province can give notice directly to Indenture Trustee to cut-off future guarantees). Blakes recommends that the Province reject the complete delinkage of the 2 agreements and preserve for itself the right to give a notice to the Indenture Trustee (under the Protection Agreement) to cut-off future obligations under the Limited Guarantee.] In addition to all the deliverables under section 2.01 of this Agreement, the Province will receive the certifications in section 3.01 in the case of an incurrence of funding obligations and an amendment to funding obligations.

(c) a statement to the effect that: (i) the Funding Obligation to be incurred or amended (1) will arise under terms and conditions that are Substantially in the Form of the Reviewed Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reviewed Documentation;

(d) a statement confirming that any disclosure made in respect of the Funding Obligation (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to the Funding Obligation) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement has been made available for review to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made;

(e) a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and[13]

(f) confirmation that, at the time the Funding Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Funding Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the Protection Agreement Maximum; for clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be determined on the date the Process Certificate is delivered hereunder in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

[13] OPG/Dealers propose to completely delink the Protection Agreement from the Process Agreement and the related concept of the Breach Event. OPG/Dealers are suggesting that the Province should take comfort from this language in the process certificate, contemplating that a breach event has not occurred at the time of delivery of the certificate, and that the absence of a breach under the Process Agreement is now specifically contemplated in section 3.02. As noted, Blakes recommends that this be rejected by the Province. The ability to exercise the suspension right directly against the Indenture Trustee is fundamental and the only way left for the Province to mitigate future damage following an OPG non-compliance scenario (other than seeking an injunction against new issuances under the Protection Agreement on the basis that OPG's actions under the Protection Agreement are inconsistent with the Process Agreement – the consequences of an application for injunctive relief being very uncertain in this context where detrimental reliance occurs to Beneficiaries who would not have any notice of the terms or intended effect of the Process Agreement).

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

3.02 Acknowledgement

The Province acknowledges and agrees that, concurrent with the delivery of the Process Certificate pursuant to Section 3.01 of this Agreement, any two senior officers of OPG[14] are authorized to deliver the certificate referred to in Subsection 4.02(b) of the Change of Law Protection Agreement to the Indenture Trustee confirming that OPG has complied with its obligations to the Province in connection with the incurrence of the Funding Obligations in respect of which such certificate is delivered; provided that, for greater certainty, following delivery of a Breach Event Suspension Notice OPG shall not deliver the certificate referred to in Subsection 4.02(b) of the Change of Law Protection Agreement to the Indenture Trustee.

3.03 <u>Meaning of "Reviewed Documentation"</u>

For the purposes of Subsection 3.01(c), the term "Reviewed Documentation" shall mean each Transaction Document (including any change, addition or supplement thereto) that, at the relevant time:

(a) is a Transaction Document provided to the Province prior to the making of this Agreement and in respect of which the notice contemplated in the fifth recital to this Agreement has been delivered by the Province to OPG; or

(b) is a Transaction Document provided to the Province in accordance with Subsection 2.01(b) that has been accepted by the Province, as confirmed by way of a written notice of acceptance from the Province delivered to OPG.

3.04 <u>Meaning of "Substantially in the Form"</u>

For the purposes of Subsection 3.01(c), the term "Substantially in the Form" shall mean:

(a) with respect to the Reviewed Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such Reviewed Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation, including regarding the timing of or circumstances under which related payments are or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that would affect the Province's rights of subrogation or assignment (including pursuant to **[Section 5.01 or Article VI]** of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation or upon the assumption of obligations in accordance with **[Article VI]**

[14] Province to consider if these officers should this be the same 2 as referred to in 3.01?

of the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any variable terms to be set forth in the proposed documents as are reasonably contemplated in the Reviewed Documentation, including the particular financial terms, rates and levels set forth in the proposed documents other than to the extent that the forms of Reviewed Documentation themselves specify specific requirements, limitations or parameters with respect to such financial terms, rates, levels and parameters; and

(b) with respect to the Reviewed Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum

(a) Not less than 15 Business Days, or such lesser period as the Province may agree to in writing, prior to the proposed incurrence of the first Funding Obligation, OPG shall, as the FSM, deliver to the Province: (i) a forecast setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the next following 24 month period (the "**Initial Forecast Period**"), which expectations shall be consistent with the Financing Plan (the "**Initial Forecast**"); and (ii) notice of the initial Protection Agreement Maximum, which may not exceed the Initial Forecast.

(b) Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of the Initial Forecast and notice of the initial Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province may disagree with the Initial Forecast and the initial Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or the Initial Forecast, (ii) the Initial Forecast is inconsistent with the Financing Plan, or (iii) the initial Protection Agreement Maximum is not less than the Initial Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the initial Protection Agreement Maximum will be revised accordingly and confirmed by an amended notice to the Province.

(c) Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Approved Obligations that are then outstanding and (2) OPG's

expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast shall be further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum, which may not exceed such Forecast.

(d) Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of any further Forecast and notice of the revised Protection Agreement Maximum from OPG pursuant to Section 4.01(c), the Province may disagree with such further Forecast or revised Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or such further Forecast, (ii) the further Forecast is inconsistent with the Financing Plan, or (iii) the revised Protection Agreement Maximum is not less than the further Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the revised Protection Agreement Maximum will be further revised accordingly and confirmed by an amended notice to the Province.

(e) For clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be valued at the time to be determined for the purposes of this Section 4.01 in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of OPG

OPG represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, may cause it to perform pursuant to this

Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario and has the power and authority to enter into and perform its obligations under this Agreement and all instruments and agreements delivered pursuant hereto.

(c) OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Financing Entity or in the ability of the Financing Entity to perform its obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any

of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

5.02 Representations and Warranties of the Province

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
PROCESS FOR ELECTION TO ASSUME APPROVED OBLIGATIONS[15]

6.01 Election by the Province

Pursuant to Section 6.01 of the Change of Law Protection Agreement, at any time following the occurrence of a Protection Event, the Province may (but shall not be obligated) elect to assume the Financing Entity's obligations in respect of all Obligations Secured, as obligor and debtor by giving notice to the Indenture Trustee. Prior to determining whether or not to exercise its election, the Province may deliver to OPG a notice in the form of Exhibit A (an "**Election Information Notice**"). The Election Information Notice shall, among other things, specify the date on which the Province proposes to assume the Obligations Secured, which date shall be no earlier than 20 Business Days following delivery of the Election Information Notice to OPG (the "**Proposed Assumption Date**").

[15] Note: Lawyers to discuss assumption mechanics.

6.02 Details regarding Obligations Secured

Promptly following the delivery of the Election Information Notice to OPG, OPG shall provide the following information and documentation to the Province:

(a) a summary of the amounts that will be owing under all Obligations Secured as of the Proposed Assumption Date, together with a detailed schedule setting out the dates on which such amounts will become due and payable under the Obligations Secured;

(b) a summary of the rights arising under the Obligations Secured that permit the Financing Entity to assign the Obligations Secured to the Province, including details regarding any conditions precedent to such assignment and the related assumption becoming effective and any notices, filings, consents or other actions that will be required in order to implement and effect such assignment and assumption;

(c) current versions of all documentation under which the Obligations Secured arise;

(d) copies of all correspondence exchanged between OPG, as the FSM, or the Financing Entity, on the one hand, and any Specified Creditor, Rating Agency or the Indenture Trustee, on the other hand, in each case that may reasonably be considered to be material to the assumption and performance of the Obligations Secured by the Province; and

(e) all income tax returns and assessments, financial statements and notices of proceedings of or pertaining to the Financing Entity or its business and any documentation related thereto, including any pleadings, appeals, objections, qualifications or other similar materials in respect of the Financing Entity or any Program Agreement.

6.03 Settlement of Terms

Following receipt and review by the Province of the information and documentation to be provided under Section 6.02, the Province shall confirm in writing whether or not it expects to proceed with the assignment and assumption of the Obligations Secured and, if it will be proceeding with the assignment and assumption, the date on which the Province expects that assignment and assumption will be effected. If it will be proceeding with such assignment and assumption, the Province will deliver an Assumption Notice as contemplated under Section 6.01 of the Change of Law Protection Agreement. A decision not to proceed with an election at any time will not limit the Province from proceeding with an election at a later date, including by issuing a further Election Information Notice, and Article VI of this Agreement shall continue to apply unaffected.

6.04 Cooperation to Implement the Assignment and Assumption

OPG shall cooperate with the Province and, as FSM, shall use commercially reasonable efforts to cause the Financing Entity to cooperate, and shall use its commercially reasonable

efforts, to complete the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province, by the applicable Assumption Closing Date.

6.05 Terms of Obligations Secured

In order to permit the Province to assume the Obligations Secured in the circumstances contemplated herein, OPG, as FSM, shall cause the Financing Entity to use commercially reasonable efforts to ensure that all Obligations Secured permit such an assignment to and assumption by the Province substantially in accordance with the terms and on the basis contemplated in the Assumption Agreement, without any penalty or make-whole payment, or any requirement for further consent, approval or agreement, or alternatively, in the case of any Obligations Secured entered into by or on behalf of the Financing Entity for the provision of on-going services to the Financing Entity permitting the satisfaction and termination of such Obligations Secured on or prior to the effective time of such assumption without any acceleration of future fees, profits or other like amounts, other than to the extent of payment obligations that arise under market standard mark-to-market payment terms and conditions included on a commercially reasonable basis under a Derivative Agreement.[16]

ARTICLE VII
BREACH EVENTS

7.01 Breach Events

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

(a) a default in the performance, or breach, of any covenants of OPG under this Agreement, which continues for thirty (30) days after written notice by the Province to OPG of such default or breach;

(b) any representation or warranty made by OPG in this Agreement, any certification made in a Process Certificate, or any certification made in a certificate contemplated by Section **[4.02]** of the Change of Law Protection Agreement, proves to be incorrect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation; or

(c) OPG is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the Manager.

[16] The Trust Indenture will need to be revised to ensure that the Province's assignment and assumption right is fully contemplated and may be implemented without any requirement for further Specified Creditor or other third party consents. Among other changes, it is contemplated that Torys will add the following to the MTI to address this requirement: (i) Specified Creditors (including in the applicable Funding Obligation Agreement) will be required to acknowledge the rights of the Province to assume the Obligations Secured on the basis contemplated in the form of assumption agreement, and (ii) the Indenture Trustee will be permitted to enter into and give effect to the global Assumption Agreement without the consent of Specified Creditors or any other third parties.

7.02 Notice on Breach Event

If any Breach Event shall have occurred and not been waived in writing by the Province, the Province shall have the right at its option, and in addition to and not in substitution for any other remedies available hereunder at law or equity, to provide a written notice in the form of Exhibit B (a "**Breach Event Suspension Notice**") to the Indenture Trustee, OPG and the Financing Entity in accordance with the terms of the Change of Law Protection Agreement.

ARTICLE VIII
MISCELLANEOUS

8.01 Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

8.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to OPG:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: [■]
Fax: (416) [■]
Email: [■]

(b) if to the Province:

Ministry of Finance
[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 8.02.

8.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 8.03 shall be null and void.

8.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

8.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

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

By: _____

Name:
Title:

By: _____

Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Conditions**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Approved Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Assumption Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.03.

"**Beneficiaries**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Breach Event**" has the meaning ascribed thereto in Section 7.01.

"**Breach Event Suspension Notice**" has the meaning ascribed thereto in Section 7.02.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the FSM on behalf of the Financing Entity and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

"**Election Information Notice**" has the meaning ascribed thereto in Section 6.01.

"**Financing Entity**" means Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Entity Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Financing Entity at such time.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(c).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Indenture Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Initial Forecast**" has the meaning ascribed thereto in Section 4.01(a).

"**Initial Forecast Period**" has the meaning ascribed thereto in Section 4.01(a).

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Limited Guarantee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Management Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Manager**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Proposed Assumption Date**" has the meaning ascribed thereto in Section 6.01.

"**Protection Agreement Maximum**" means the dollar amount referenced as the Program Agreement Maximum and determined in accordance with Article IV.

"**Protection Event**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture.

"**Reviewed Documentation**" has the meaning ascribed thereto in Section 3.03.

"**Repayment**" has the meaning ascribed to the term "repayment" in the General Regulation as of the date of this Agreement.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Substantially in the Form**" has the meaning ascribed thereto in Section 3.04.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or

servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement; (vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that affects the Province's subrogation rights and/or subrogee interests, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

EXHIBIT A
FORM OF ELECTION INFORMATION NOTICE

EXHIBIT B
FORM OF BREACH EVENT SUSPENSION NOTICE

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.

CHANGE OF LAW PROCESS AGREEMENT

Dated as of [■], 2017

This **CHANGE OF LAW PROCESS AGREEMENT**[1], between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**") is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.[~~1~~2]

Pursuant to a Declaration of Trust dated as of [■], 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.[3]

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions.

Prior to entering into this Agreement, OPG provided the Province with copies of certain of the Transaction Documents, and the Province has confirmed by a notice delivered to OPG that the reviewed forms (as further described in such notice) shall be Reviewed Documentation for the purposes of this Agreement.[~~2~~4]

This Agreement sets out the obligations OPG has agreed to perform and assurances OPG has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the Adherence Conditions have been satisfied, maintaining information related to the Program Agreements and the Approved Obligations, and ensuring that the Province's assumption rights pursuant to Article VI of the Change of Law Protection Agreement may be exercised without impediment on the terms and conditions contemplated in this Agreement and the Change of Law Protection Agreement.

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[1] Province to confirm whether closing opinions from OPG's counsel will be required in relation to the Process Agreement.

[~~1~~2] Blakes suggests that it be made clear in the Declaration of Trust that OPG is establishing the Trust. Blakes would appreciate the benefit of Torys analysis as to how the Trust is an "entity" under the OFHPA, as opposed to the trustee. Clearly OPG has not established Computershare. Blakes and Torys to discuss.

[3] Lawyers to discuss.

[~~2~~4] Once agreements are settled, Province to provide draft notice. Province: Consider timing and sequencing of document sign-off: (1) Minister review in "substantially the form" (2) marketing, including changes of terms, offering documents, etc – to be reviewed (3) once settled, notice as contemplated here and (4) Ministers to sign at closing?

All things necessary to make this Agreement a valid and legally binding agreement of OPG and the Province, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other

subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 References to the Financing Entity

For greater certainty, each reference to the Financing Entity shall be construed as a reference to the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 Effect of Headings

The Article and Section headings herein and are for convenience only and will not affect the construction hereof.

1.04 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect. [The parties will engage in good faith negotiations to replace any provision which is declared invalid or unenforceable with a valid and enforceable provision, the economic effect of which comes as close as possible to that of the invalid or unenforceable provision which it replaces.][5]

1.06 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

[5] Torys original language. Noted to be unusual. Province is fine deleting, provided is consistent with the approach taken in the Protection Agreement.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT.

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF OPG

2.01 Deliveries to the Province

(a) Not less than [15 Business Days], or such lesser period as the Province may agree to in writing, prior to the initial issuance of any Funding Obligation by the Financing Entity, OPG shall deliver to the Province a copy of the initial Financing Plan. Thereafter, OPG shall promptly deliver to the Province a copy of any proposed change to or replacement of the Financing Plan.

(b) Not less than 10 Business Days, or such lesser period as the Province may agree to in writing, prior to (i) any proposed change or supplement to a previously provided Transaction Document becoming effective or otherwise being used, (ii) any additional or replacement Transaction Document becoming effective or otherwise being used, OPG shall deliver to the Province a copy of such proposed change or supplement to the Transaction Document and any such additional or replacement Transaction Document.

(c) Promptly following[3] (i) any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor being made, (ii) any new, additional or replacement instruments, documents, agreements or security being used or granted in connection with all or any part of the Approved Obligations, or (iii) any waiver, release, reconveyance, termination, abandonment, subordination, exchange, substitution, transfer, compound, compromise, liquidation or enforcement of all or any part of the Approved Obligations or any security or guarantee therefor being effected, OPG shall deliver to the Province a detailed description of such event and the reasons for it together with any related documents, agreements and instruments.

(d) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, OPG shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations (including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(e) Promptly upon request, OPG shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

2.02 Covenants

(a) OPG shall use commercially reasonable efforts to cause the Financing Entity to:

[3] This change was made due to accounting.

(i) punctually perform and observe all of the Financing Entity's obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not:

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement or replacement or waiver or consent could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any change in particular financial terms, rates and levels; ~~or~~

(B) [4]extend, renew, compromise, novate, replace, suspend, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, liquidation or enforce the terms of all or any part of the Approved Obligations or any Collateral, if any such action could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to the extent that only particular financial terms, rates and levels are affected[6];

(C) permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired.

(b) OPG shall:

(i) comply, and shall use commercially reasonable efforts to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

[4] ~~As discussed in the meeting, this causes an accounting issue. Additionally, OPG is not permitted to resign under the Management Agreement~~[6] Added to address the scenarios contemplated in 2.01(c).

(ii) punctually perform and observe all of its (including as the FSM and as Manager) obligations and agreements contained in the Program Agreements;

(iii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation; and

(iv) after the occurrence of any Protection Event (or any event that with the passage of time or the giving of notice would be a Protection Event) [the delivery of a Payment Demand[5][7]], not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.

(c) [For greater certainty, nothing in this Agreement is intended to derogate from OPG's obligations as FSM and Manager.][8]

(d) Nothing in this Agreement [nor in the Change of Law Protection Agreement][9] shall limit the obligations of the Province under the Indemnity Agreement by the Province in favour of OPG dated June 1, 2017 (as amended, the "**Indemnity Agreement**") and to the extent of any conflict between this Agreement, the Change of Law Protection Agreement and such Indemnity Agreement, in respect of any matter relating to the Province's obligations to indemnify OPG, the Indemnity Agreement shall prevail.

[5] [7] OPG/Dealers have said that "Given that delivery of a Payment Demand is the trigger for the Limited Guarantee, the delivery of the Payment Demand is the more appropriate milestone." Note to Province: The Payment Demand is in 3rd party hands. Province wants to crystalize at the earliest time that the Province may be called upon (i.e., Protection Event).

[8] This is a provision could effectively override the Process Agreement if there is any incongruence between the OPG obligations to the Province and the broad (basically unconstrained) powers on behalf of the Trust. OPG should not be able to excuse non-performance under the Process Agreement by creating a conflict through the exercise of those broad powers under the Management Agreement. Blakes recommends that this change not be accepted.

[9] This language has extra-contractual implications and so its meaning as between only 2 of the parties to the Protection Agreement is uncertain. Torys to explain intention.

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate[6][10]

OPG shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of OPG (or their respective designees, provided that such designees are also executive officers of OPG) and addressed to the Province, on the earlier of (i) one Business Day prior to the incurrence or any amendment of a Funding Obligation[7][11] [(other than a Funding Obligation that (x) arises under a Derivative Agreement, or (y) is a Funding Obligation that does not provide for the advance of more than $■ to the Financing Entity),] and (ii) on the Business Day on which the financial terms of such Funding Obligation are definitively determined (including the interest or discount rate applicable to any notes, bonds or other securities), setting out the following with respect to such Funding Obligation:[8][12]

(a) the material terms of the Funding Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a Derivative Agreement, the notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

(b) if an existing Funding Obligation is proposed to be amended, material details respecting such amendment, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

(c) a statement to the effect that: (i) the Funding Obligation to be incurred or amended (1) will arise under terms and conditions that are Substantially in the Form of the Reviewed Documentation applicable thereto; (2) in the opinion of the

[6][10] OPG/Dealers have indicated that "The current structure requiring satisfaction of the adherence conditions in the Protection Agreement impacts the marketability of the transaction and creates uncertainty for investors. Province/OPG/Dealers to discuss moving the adherence conditions to the Process Agreement while preserving Province's oversight of its obligations under the Protection Agreement." Province has asked Dealers to explain how the current structure requiring satisfaction of the adherence conditions in the Protection Agreement is more onerous than ordinary adherence conditions applicable to government guaranteed bonds and to estimate the quantum impact on the marketability of the transaction and explain what uncertainty an ordinary closing condition of this type poses for investors. Blakes recommends that this change not be accepted.

[7][11] OPG/ has asked the Province to discuss circumstances in which a certificate will be required under this Section, and has proposed that the incurrence requirements not apply to derivatives or non-borrowing obligations below a yet-to-be set materiality level. It is unclear why OPG believes that these limitations are justified – further discussion required. Blakes recommends that this limitation not be accepted.

[8][12] Note to Province from OPG/Dealers: We have revised this section so as to allow the Process Agreement to be cleansed from the Change of Law Protection Agreement. [Note to Province: This proposal to totally delink needs to be discussed. The suggested approach leaves OPG in the position of self-policing its own conduct and therefore significantly weakens the existing failsafe mechanism (i.e., Province can give notice directly to Indenture Trustee to cut-off future guarantees). Blakes recommends that the Province reject the complete delinkage of the 2 agreements and preserve for itself the right to give a notice to the Indenture Trustee (under the Protection Agreement) to cut-off future obligations under the Limited Guarantee.] In addition to all the deliverables under section 2.01 of this Agreement, the Province will receive the certifications in section 3.01 in the case of an incurrence of funding obligations and an amendment to funding obligations.

signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reviewed Documentation;

(d) a statement confirming that any disclosure made in respect of the Funding Obligation (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to the Funding Obligation) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement has been made available for review to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made;

(e) a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and[9][13]

(f) confirmation that, at the time the Funding Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Funding Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the Protection Agreement Maximum; for clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be determined on the date the Process Certificate is delivered hereunder in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on

[9] We have cleansed[13] OPG/Dealers propose to completely delink the Protection Agreement of the concept offrom the Process Agreement and the related concept of the Breach Event. TheOPG/Dealers are suggesting that the Province should take comfort from this language in the process certificate already contemplates, contemplating that a breach event has not occurred at the time of delivery of the certificate but we have also provided the added comfort of the covenant below, and that the absence of a breach under the Process Agreement is now specifically contemplated in section 3.02. As noted, Blakes recommends that this be rejected by the Province. The ability to exercise the suspension right directly against the Indenture Trustee is fundamental and the only way left for the Province to mitigate future damage following an OPG non-compliance scenario (other than seeking an injunction against new issuances under the Protection Agreement on the basis that OPG's actions under the Protection Agreement are inconsistent with the Process Agreement – the consequences of an application for injunctive relief being very uncertain in this context where detrimental reliance occurs to Beneficiaries who would not have any notice of the terms or intended effect of the Process Agreement).

the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

3.02 Acknowledgement

The Province acknowledges and agrees that, concurrent with the delivery of the Process Certificate pursuant to Section 3.01 of this Agreement, any two senior officers of OPG[14] are authorized to deliver the certificate referred to in Subsection 4.02(b) of the Change of Law Protection Agreement to the Indenture Trustee confirming that OPG has complied with its obligations to the Province in connection with the incurrence of the Funding Obligations in respect of which such certificate is delivered; provided that, upon receiptfor greater certainty, following delivery of a Breach Event Suspension Notice, OPG covenantsshall not to deliver the certificate referred to in Subsection 4.02(b) of the Change of Law Protection Agreement to the Indenture Trustee.[10]

3.03 Meaning of "Reviewed Documentation"

For the purposes of Subsection 3.01(c), the term "Reviewed Documentation" shall mean each Transaction Document (including any change, addition or supplement thereto) that, at the relevant time:

(a) is a Transaction Document provided to the Province prior to the making of this Agreement and in respect of which the notice contemplated in the fifth recital to this Agreement has been delivered by the Province to OPG; or

(b) is a Transaction Document provided to the Province in accordance with Subsection 2.01(b) that has been accepted by the Province, as confirmed by way of a written notice of acceptance from the Province delivered to OPG.

3.04 Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(c), the term "Substantially in the Form" shall mean:

(a) with respect to the Reviewed Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such Reviewed Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation, including regarding the timing of or circumstances under which related payments are or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that would affect the Province's rights of subrogation or assignment (including pursuant to **[Section 5.01 or Article VI]** of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation or upon the assumption of obligations in accordance with **[Article VI]**

[14] Province to consider if these officers should this be the same 2 as referred to in 3.01?
[10] OPG needs the authority to provide this certification.

of the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any variable terms to be set forth in the proposed documents as are reasonably contemplated in the Reviewed Documentation, including the particular financial terms, rates and levels set forth in the proposed documents other than to the extent that the forms of Reviewed Documentation themselves specify specific requirements, limitations or parameters with respect to such financial terms, rates, levels and parameters; and

(b) with respect to the Reviewed Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum

(a) Not less than 15 Business Days, or such lesser period as the Province may agree to in writing, prior to the proposed incurrence of the first Funding Obligation, OPG shall, as the FSM, deliver to the Province: (i) a forecast setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the next following 24 month period (the "**Initial Forecast Period**"), which expectations shall be consistent with the Financing Plan (the "**Initial Forecast**"); and (ii) notice of the initial Protection Agreement Maximum, which may not exceed the Initial Forecast.

(b) Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of the Initial Forecast and notice of the initial Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province may disagree with the Initial Forecast and the initial Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or the Initial Forecast, (ii) the Initial Forecast is inconsistent with the Financing Plan, or (iii) the initial Protection Agreement Maximum is not less than the Initial Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG,[11] and the initial Protection Agreement Maximum will be revised accordingly and confirmed by an amended notice to the Province.

(c) Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the

[11] This is an accounting comment.

future under Approved Obligations that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast shall be further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum, which may not exceed such Forecast.

(d) Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of any further Forecast and notice of the revised Protection Agreement Maximum from OPG pursuant to Section 4.01(c), the Province may disagree with such further Forecast or revised Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or such further Forecast, (ii) the further Forecast is inconsistent with the Financing Plan, or (iii) the revised Protection Agreement Maximum is not less than the further Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG,[12] and the revised Protection Agreement Maximum will be further revised accordingly and confirmed by an amended notice to the Province.

(e) For clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be valued at the time to be determined for the purposes of this Section 4.01 in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of OPG

OPG represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

[12] This is an accounting comment.

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, may cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario and has the power and authority to enter into and perform its obligations under this Agreement and all instruments and agreements delivered pursuant hereto.

(c) OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Financing Entity or in the ability of the Financing Entity to perform its obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

5.02 Representations and Warranties of the Province

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
PROCESS FOR ELECTION TO ASSUME APPROVED OBLIGATIONS[13][15]

6.01 Election by the Province

Pursuant to Section 6.01 of the Change of Law Protection Agreement, at any time following the occurrence of a Protection Event, the Province may (but shall not be obligated) elect to assume the Financing Entity's obligations in respect of all Obligations Secured, as obligor and debtor by giving notice to the Indenture Trustee. Prior to determining whether or not to exercise its election, the Province may deliver to OPG a notice in the form of Exhibit A (an "**Election Information Notice**"). The Election Information Notice shall, among other things, specify the date on which the Province proposes to assume the Obligations Secured, which date

[13][15] Note: Lawyers to discuss assumption mechanics.

shall be no earlier than 20 Business Days following delivery of the Election Information Notice to OPG (the "**Proposed Assumption Date**").

6.02 Details regarding Obligations Secured

Promptly following the delivery of the Election Information Notice to OPG, OPG shall provide the following information and documentation to the Province:

(a) a summary of the amounts that will be owing under all Obligations Secured as of the Proposed Assumption Date, together with a detailed schedule setting out the dates on which such amounts will become due and payable under the Obligations Secured;

(b) a summary of the rights arising under the Obligations Secured that permit the Financing Entity to assign the Obligations Secured to the Province, including details regarding any conditions precedent to such assignment and the related assumption becoming effective and any notices, filings, consents or other actions that will be required in order to implement and effect such assignment and assumption;

(c) current versions of all documentation under which the Obligations Secured arise;

(d) copies of all correspondence exchanged between OPG, as the FSM, or the Financing Entity, on the one hand, and any Specified Creditor, Rating Agency or the Indenture Trustee, on the other hand, in each case that may reasonably be considered to be material to the assumption and performance of the Obligations Secured by the Province; and

(e) all income tax returns and assessments, financial statements and notices of proceedings of or pertaining to the Financing Entity or its business and any documentation related thereto, including any pleadings, appeals, objections, qualifications or other similar materials in respect of the Financing Entity or any Program Agreement.

6.03 Settlement of Terms

Following receipt and review by the Province of the information and documentation to be provided under Section 6.02, the Province shall confirm in writing whether or not it expects to proceed with the assignment and assumption of the Obligations Secured and, if it will be proceeding with the assignment and assumption, the date on which the Province expects that assignment and assumption will be effected. If it will be proceeding with such assignment and assumption, the Province will deliver an Assumption Notice as contemplated under Section 6.01 of the Change of Law Protection Agreement. A decision not to proceed with an election at any time will not limit the Province from proceeding with an election at a later date, including by issuing a further Election Information Notice, and Article VI of this Agreement shall ~~continues~~continue to apply unaffected.

6.04 Cooperation to Implement the Assignment and Assumption

OPG shall cooperate with the Province and, as FSM, ~~will~~shall use commercially reasonable efforts to cause the Financing Entity to cooperate, and shall use its commercially reasonable efforts, to complete the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province, by the applicable Assumption Closing Date.

6.05 Terms of Obligations Secured

In order to permit the Province to assume the Obligations Secured in the circumstances contemplated herein, OPG, as FSM, shall cause the Financing Entity to use commercially reasonable efforts to ensure that all Obligations Secured permit such an assignment to and assumption by the Province substantially in accordance with the terms and on the basis contemplated in the Assumption Agreement, without any penalty or make-whole payment, or any requirement for further consent, approval or agreement, or alternatively, in the case of any Obligations Secured entered into by or on behalf of the Financing Entity for the provision of on-going services to the Financing Entity permitting the satisfaction and termination of such Obligations Secured on or prior to the effective time of such assumption without any acceleration of future fees, profits or other like amounts, other than to the extent of payment obligations that arise under market standard mark-to-market payment terms and conditions included on a commercially reasonable basis under a Derivative Agreement.[~~14~~16]

ARTICLE VII
BREACH EVENTS

7.01 Breach Events

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

(a) a default in the performance, or breach, of any covenants of OPG under this Agreement, which continues for thirty (30) days after written notice by the Province to OPG of such default or breach;

(b) any representation or warranty made by OPG in this Agreement, any certification made in a Process Certificate, or any certification made in a certificate contemplated by Section **[4.02]** of the Change of Law Protection Agreement, proves to be incorrect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation; or

[~~14~~16] The Trust Indenture will need to be revised to ensure that the Province's assignment and assumption right is fully contemplated and may be implemented without any requirement for further Specified Creditor or other third party consents. Among other changes, it is contemplated that Torys will add the following to the MTI to address this requirement: (i) Specified Creditors (including in the applicable Funding Obligation Agreement) will be required to acknowledge the rights of the Province to assume the Obligations Secured on the basis contemplated in the form of assumption agreement, and (ii) the Indenture Trustee will be permitted to enter into and give effect to the global Assumption Agreement without the consent of Specified Creditors or any other third parties.

(c) OPG is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the Manager.

7.02 Notice on Breach Event

If any Breach Event shall have occurred and not been waived in writing by the Province, the Province shall have the right at its option, and in addition to and not in substitution for any other remedies available hereunder at law or equity, to provide a written notice in the form of Exhibit ■B (a "**Breach Event Suspension Notice**") to ~~OPG~~the Indenture Trustee, OPG and the Financing Entity in accordance with the terms of the Change of Law Protection Agreement.

ARTICLE VIII
MISCELLANEOUS

8.01 Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

8.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to OPG:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: [■]
Fax: (416) [■]
Email: [■]

(b) if to the Province:

Ministry of Finance

[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 8.02.

8.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 8.03 shall be null and void.

8.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

8.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

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

By: _____

Name:
Title:

By: _____

Name:
Title:

SCHEDULE A
DEFINED TERMS[15]

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Conditions**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Approved Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Assumption Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.03.

"**Beneficiaries**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Breach Event**" has the meaning ascribed thereto in Section 7.01.

"**Breach Event Suspension Notice**" has the meaning ascribed thereto in Section 7.02.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the FSM on behalf of the Financing Entity and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar

[15] If Province is satisfied that it will receive notice of any amendments, waivers, etc. under the various agreements, and corresponding rights under the trust indenture as a secured creditor, Province will not require veto rights over changes to the defined terms in the MTI. All of this is predicated on Province receiving comfort from OPG that no changes, amendments, waivers, etc. will be made if outside the pre-agreed scope of the reviewed documents.

transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

"**Election Information Notice**" has the meaning ascribed thereto in Section 6.01.

"**Financing Entity**" means Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Entity Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Financing Entity at such time.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(c).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Indenture Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Initial Forecast**" has the meaning ascribed thereto in Section 4.01(a).

"**Initial Forecast Period**" has the meaning ascribed thereto in Section 4.01(a).

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Limited Guarantee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Management Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Manager**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Proposed Assumption Date**" has the meaning ascribed thereto in Section 6.01.

"**Protection Agreement Maximum**" means the dollar amount referenced as the Program Agreement Maximum and determined in accordance with Article IV.

"**Protection Event**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture.

"**Reviewed Documentation**" has the meaning ascribed thereto in Section 3.03.

"**Repayment**" has the meaning ascribed to the term "repayment" in the General Regulation as of the date of this Agreement.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Substantially in the Form**" has the meaning ascribed thereto in Section 3.04.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement; (vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that affects the Province's subrogation rights and/or subrogee interests, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

EXHIBIT A
FORM OF ELECTION INFORMATION NOTICE

EXHIBIT B
FORM OF BREACH EVENT SUSPENSION NOTICE

Document comparison by Workshare Compare on Tuesday, November 21, 2017 8:48:06 AM

Input:	
Document 1 ID	PowerDocs://TOR_2528/23239361/13
Description	TOR_2528-#23239361-v13-CLPA_-_Process_Agreement
Document 2 ID	PowerDocs://TOR_2528/23239361/14
Description	TOR_2528-#23239361-v14-CLPA_-_Process_Agreement
Rendering set	Standard

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

Statistics:	
	Count
Insertions	81
Deletions	59
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	140

From:	ASHBOURNE, STEPHEN
To:	Ramchandani, Rima (rramchandani@torys.com); Milligan, Peter; RSebastiano@osler.com
Cc:	Mansoori, Nina (nmansoori@torys.com); Malle Hanslep (MOF); Mike Manning; Tobias P. Whitfield (MOF)
Subject:	FW: Change of Law Protection Agreement
Date:	Tuesday, December 12, 2017 3:01:05 PM
Attachments:	23239360v30_Change of Law Protection Agreement - 23239360v31_Change of Law Protection Agreement.pdf 23239360-v31-Change of Law Protection Agreement.DOCX

Here are the clean-ups I just described.

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

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Draft: December 12, 2017

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust organized under the laws of the Province of Ontario (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council 1981/2017 (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Primary Obligations that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred. This Agreement sets out the terms and conditions of such protections and assurances.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A, and any other capitalized terms not defined herein shall have the meanings assigned to them in the Trust Indenture;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this

Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 Proof of Approved Obligations

The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Manager deems to be sufficient.

Each statement delivered by the Manager under Section 2.01(a)i shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and each of the parties hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Manager shall act diligently in the preparation of each such statement and shall provide the Indenture Trustee and the Province with all supporting computations and calculations used by the Manager to prepare each such statement promptly following a request therefor made by the Indenture Trustee or the Province.

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture as of the date of this Agreement.

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 2.01 or Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a

related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee, the Financing Entity, the Financing Entity Trustee, the Manager or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee may deliver a written demand, substantially in the form attached as **[Exhibit A]** (a "**Payment Demand**"), to the Province requiring the Province to make payments in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in this Agreement. From and after such delivery of a Payment Demand, the Province shall make the following payments in respect of the Approved Obligations (the "**Limited Guarantee**"), the Financing Entity shall pay, and the Province shall be entitled to be paid, the Subrogation Amounts specified below, and the following terms shall apply:

i. Not less than three (3) Business Days prior to each day when any payment or payments are to be made in respect of one or more Approved Obligations occurring after such delivery of a Payment Demand (each such day, a "**Guarantee Payment Date**"), the Manager shall deliver a written statement setting forth the Aggregate Approved Obligations Amount, if any, in respect of the Approved Obligations that are due and payable on such Guarantee Payment Date, together with a detailed description identifying such Approved Obligations and the nature and amount of payments due and payable thereunder on the Guarantee Payment Date, the aggregate outstanding amount payable by the Financing Entity under such Approved Obligations as of the date of such written statement, and details regarding any default in performance by any party obligated thereunder.

ii. On each such Guarantee Payment Date, the Province shall deposit the Aggregate Approved Obligations Amount into the Protection Account.

iii. On each such Guarantee Payment Date, the Financing Entity and the Indenture Trustee shall ensure that the amounts on deposit in the Protection Account are applied to pay each Beneficiary to whom an amount is due and payable under an Approved Obligation on the Guarantee Payment Date the Approved Obligation Amount for such Beneficiary in respect of such Approved Obligation on such Guarantee Payment Date; provided that if the amount deposited pursuant to clause 2.01(a)ii is insufficient to pay all such Approved Obligation Amounts in full, the amount on deposit in the Protection Account on the Guarantee Payment Date shall be applied to pay Beneficiaries in the order of priority in which such Approved Obligations are payable under the

payment provisions of the Trust Indenture applicable to the making of such payments on the Guarantee Payment Date (each, a "**Beneficiary Payee**" and each payment made to a Beneficiary Payee on a Guarantee Payment Date, a "**Guarantee Payment**").

iv. On the first Guarantee Payment Date and on each subsequent Guarantee Payment Date, Payment Date or other day on which any amount is required to be paid in respect of any Obligations Secured under the Trust Indenture (a "**Subrogation Payment Date**"), the Issuer and the Indenture Trustee shall ensure that the applicable payment provisions of the Trust Indenture shall be applied and operate on the following basis[1]:

(A) If such day is a Guarantee Payment Date, then for each Approved Obligation for which amounts are paid to a Beneficiary Payee on such day pursuant to clause 2.01(a)iii in respect of principal, interest or any other amounts ("**Payable Approved Amounts**"), the amounts payable by the Financing Entity in respect of such amounts for such Approved Obligation shall be reduced by the respective amounts of such payments to the Beneficiary Payee, and equivalent amounts shall be payable by the Financing Entity to the Province as "**Subrogation Amounts**" in respect of such Approved Obligations, such Subrogation Amounts being payable in the same order of priority and with the same entitlements accruing to the Province as applied in respect of the related Payable Approved Amounts which were previously owing to the Beneficiary Payee, and to reflect this subrogation the payments set out in clause 2.01(a)iv(B) below shall be made by the Financing Entity.

(B) If the Province has made all deposits required to be made by it on each Guarantee Payment Date occurring on or before such day in accordance with clause 2.01(a)ii (or the related Approved Obligation Amounts have otherwise all been paid in full), then in respect of each Approved Obligation for which any related Subrogation Amounts have not yet been paid in full to the Province, the Financing Entity shall pay to the Province from amounts available under the Trust Indenture payment provisions and in accordance with the priority of payment provisions in

[1] Explanatory Note: The deletion of the paramountcy provision is acceptable as long as section 2.01 if fully reflected in the Trust Indenture. To be confirmed.

the Trust Indenture the amount that would be payable on such date in satisfaction of the relevant Payable Approved Amounts, as determined without regard to any Guarantee Payment paid on any Guarantee Payment Date and also without regard to the corresponding reduction of the amounts owing to present and former Beneficiary Payees pursuant to subclause 2.01(a)iv(A) up to the amount of the unpaid related Subrogation Amounts.

(C) No Beneficiary having a right to be paid an amount in respect of an Approved Obligation, and no other Person entitled under an Obligation Secured, in each case that ranks equal with or subordinate to the Payable Approved Amount in respect of which a Subrogation Amount is payable to the Province under subclause 2.01(a)iv(B), shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under such subclause (including any right of set-off, offset, reimbursement, contribution or indemnity) and no such Beneficiary or other Person shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of any such Subrogation Amount.

(D) For greater certainty, the entitlements of the Province in respect of Subrogation Amounts arising in respect of Payable Approved Obligations that are interest and principal obligations on Notes shall be treated for all purposes of the Trust Indenture as interest and principal obligations, respectively, arising under Notes having the same priority as and any applicable voting rights[2] under the related Approved Obligations, and accordingly the Province (and any successor, assignee or transferee of such entitlements) shall be entitled to all of the rights, entitlements, interests and privileges of a Holder of such a Notes in accordance with the Trust Indenture, as supplemented by the Supplemental Indenture or other indenture document under which the related Approved Obligations were issued.

[2] Explanatory Note: As discussed, the Province understands that voting rights may be muted by the "outstanding" language in the Trust Indenture. Nevertheless, if voting rights would arise under the Trust Indenture they should be available to the Province.

(b) On each Guarantee Payment Date and upon demand by the Province, the Indenture Trustee shall release and pay to the Province free and clear of any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay Guarantee Payments to Beneficiary Payees on the Guarantee Payment Date in accordance with clause 2.01(a)iii or that otherwise remains on deposit in the Protection Account on the relevant date.

(c) In preparing any payment instructions under the Trust Indenture, the Manager shall reflect the amounts payable under Section 2.01(a), if applicable.

(d) The Province shall, as a payee of Subrogation Amounts under clause 2.01(a)iv(B) and as a payee of any amounts payable under clause 2.01(a)v, be a "Specified Creditor" under the Trust Indenture and have the benefit of the Collateral thereunder.

(e) For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the Approved Obligation Amounts, if any, for payment to Beneficiary Payees and will be subject to the priorities and to the Province's rights to Subrogation Amounts, set forth in Section 2.01(a).

(f) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(g) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation by their terms.

(h) Any amount payable to the Province in respect of a Subrogation Amount shall bear interest from and including the date of payment by the Province of the related Guarantee Payment to but excluding the date of payment of the Subrogation Amount to the Province, such interest to accrue at the rate equivalent to the applicable interest rate borne by the related Approved Obligation, and such interest amounts shall be added to their respective Subrogated Amounts and shall consequently be payable in the same priority as the relevant Subrogated Amount under clause 2.01(a)iv(B), all such accruing interest amounts to be calculated and added to the Subrogation Amounts by the Manager in its discretion acting in a commercially reasonable fashion.

(i) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under and in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any amount due and payable to a Beneficiary Payee under the Limited Guarantee.

2.02 Intentionally Deleted.

2.03 Absence of Set-off

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 Payment into Protection Account in Satisfaction

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account" for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section **[7.03]** of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Financing Entity and the Indenture Trustee shall ensure that all amounts paid by the Province into the Protection Account on a Guarantee Payment Date in respect of an Approved Obligation are applied to pay the amounts due and payable to the Beneficiary Payee as and to the extent provided for in Section 2.01(a). Upon a

payment having been made by or on behalf of the Province into the Protection Account, the amounts so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiary Payee as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such Beneficiary Payee in respect of the applicable Approved Obligations, whereupon an affected Beneficiary Payee shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid. For greater certainty, the obligations arising in respect of an applicable Approved Obligation shall not be reduced by such payment as the Province shall become entitled to be paid related Subrogation Amounts and the rights contemplated under Section 2.01(a) and Section 5.01 in relation to such continuing obligations.

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the

account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations in accordance with Section 8.01.

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

Except as provided in Section ~~7.02,~~7.02 in respect of any Primary Obligation to which the Limited Guarantee will not apply on or after a Suspension Notice is delivered, a Primary Obligation that is not a Certified Primary Obligation shall be an Approved Obligation. A Certified Primary Obligation shall constitute an Approved Obligation if (i) the Adherence Conditions applicable thereto have been satisfied at the time the Primary Obligation was incurred or (ii) the Province, in its sole discretion, designates in writing that it is an Approved Obligation.

4.02 Adherence Conditions

(a) The following shall be the Adherence Conditions applicable in relation to each Certified Primary Obligation:

i. the Certified Primary Obligation when incurred is an Obligation Secured under the Trust Indenture; and

ii. OPG, as FSM, delivers an Adherence Compliance Certificate in the form attached hereto as Exhibit B signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee, on or before the incurrence of the Certified Primary Obligation (provided that delivery may not be more than 5 Business Days before the incurrence of the Certified Primary Obligation); and

iii. the Province has not provided a Suspension Notice to the Indenture Trustee, OPG and the Financing Entity.

(b) Without limiting any obligations of OPG to the Province arising other than pursuant to this Agreement, satisfaction of the Adherence Conditions for a Certified Primary Obligation shall be deemed satisfaction of the Adherence Conditions in respect of all principal, interest and other amounts owing under the Certified Primary Obligation, as such Certified Primary Obligation may be amended, restated, supplemented or modified from time to time.

(c) For greater certainty, there shall be no Adherence Conditions applicable in relation to a Primary Obligation that is not a Certified Primary Obligation.

4.03 Evidence of Satisfaction

An Adherence Compliance Certificate delivered in accordance with clause 4.02(a)ii shall be determinative as to whether the applicable Adherence Condition with respect thereto has been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same. An Adherence Compliance Certificate that purports on its face to be signed by officers specified in clause 4.02(a)ii may be relied upon by any addressee without further enquiry or evidence as to the incumbency or signatures of such officers. If an Adherence Compliance Certificate is not delivered in accordance with the timing requirements of clause 4.02(a)ii such certificate may be delivered at a later date, and be effective as if it had been delivered in accordance with the timing requirement of clause 4.02(a)ii if at the time such certificate was otherwise required to be delivered OPG had delivered to the Province all certifications required by the Province in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation.

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, and shall be entitled to (i) the right and entitlement to be paid and receive the related Subrogation Amounts, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a

Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including Sections **[7.04]** through **[7.11]** and **[8.13]** (Payment Priorities), Section **[7.12]** (Payments Held in Trust), Section **[8.11]** (Control by Controlling Class Creditors), Section **[8.12]** (Limitation on Suits), Section **[8.14]** (Limited Recourse), Article IX (The Indenture Trustee), including all limitations of liability thereunder, Section **[9.14]** (Communications to Specified Creditors) and Section **[16.01]** (No Petition); (ii) consents, requests and authorizes the Issuer and the Indenture Trustee to (x) add the Province to the register of Specified Creditors described in subsection **[13.13(b)]** of the Trust Indenture and (y) disseminate the notice details of the Province to other Specified Creditors for the purposes set out in subsection **[9.14(b)]** of the Trust Indenture, and (iii) confirms that it will execute and deliver, or cause to be executed and delivered, all such further agreements, documents and instruments in connection with this Section 5.01 as the Indenture Trustee may request from time to time for the purpose of giving effect to the terms of this Section 5.01.

5.02 Priorities

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation and the Payable Approved Amounts thereunder shall rank equally with the rights, interests and entitlements of a Beneficiary to whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture in the manner and to the extent contemplated in Section **[7.10]** of the Trust Indenture.

5.03 Intentionally Deleted

5.04 Representations and Warranties

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
INDENTURE TRUSTEE MATTERS

6.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

6.02 Not Responsible for Recitals

The recitals contained herein will be taken as the statements of the Province, the Financing Entity and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

6.03 Representations and Covenants of the Indenture Trustee

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Agreement and has taken all necessary action to authorize the execution, delivery and performance by it of this Agreement;

(c) this Agreement has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada. If, notwithstanding the provisions of this subsection 6.03(d), the Indenture Trustee ceases to be so authorized to carry on business, the validity and enforceability of this Agreement shall not be affected in any manner whatsoever by reason only of such event.

ARTICLE VII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

7.01 Suspension Notice

Upon:

(a) a Program Breach;

(b) a default in the performance, or breach, of any covenants of OPG, as FSM, or OPG, in its corporate capacity, in each case to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligation and the expiration of any applicable cure period;

(c) a representation or warranty made by OPG or a certification made by one or more officers of OPG, in each case whether as FSM or in its corporate capacity, to the Province in connection with its obligations to the Province and its internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligations, proves to be incorrect in any material respect on the date made and the expiration of any applicable cure period; or

(d) the FSM no longer being the Manager or actions having been taken by or on behalf of the Indenture Trustee to remove the FSM as the Manager;

the Province may declare that the Limited Guarantee under this Agreement shall not apply to any Primary Obligations incurred on or after such declaration, excluding Post-Suspension Refinancings or Pre-Approved Refinancings, by delivering a written notice in the form of Exhibit C (a "**Suspension Notice**") to the Indenture Trustee, the FSM and the Financing Entity.

7.02 Suspension

If a Suspension Notice has been provided under Section 7.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of: (i) any Primary Obligation incurred, excluding Post-Suspension Refinancings, or (ii) any amendment of any Primary Obligation that has a Material Effect, unless otherwise agreed to by the Province, in each case, on or after the time such Suspension Notice is delivered.

7.03 Additional Right of the Province Regarding Post-Suspension Refinancings

Following the occurrence of a Suspension Event, the Limited Guarantee shall continue to apply in respect of any Post-Suspension Refinancing (for greater certainty, without regard to the satisfaction of any Adherence Conditions); provided that prior to the Financing Entity incurring any Primary Obligation constituting a Post-Suspension Refinancing, the Manager shall provide the Province with at least 30 days' notice of its intention to seek a Post-Suspension Refinancing and prior to incurrence, which notice shall describe the material covenants, events of default, representations and warranties and indemnities of the Financing Entity and other material terms, excluding financial terms, rates and levels, and that shall be in respect of the full amount of the amount becoming due and payable in respect of the applicable Primary Obligation less amounts otherwise available to the Financing Entity from other available or committed sources (the "**Proposal**"), and during such 30 day period the Province may, but is not obligated to, offer to fund such Post-Suspension Refinancing or arrange for another Person to fund such Post-Suspension Refinancing on the same terms as set out in the Proposal or on such other terms as may be considered by the Province to be not more onerous on the Financing Entity and that are acceptable on that basis to the Financing Entity, acting reasonably. If, within such 30-day period, the Province elects to offer to fund such Post-Suspension Refinancing as provided in the preceding sentence, the Manager shall accept such offer; however, if the Province does not elect to offer to fund such Post-Suspension Refinancing, the Manager shall cause the Financing Entity to incur Primary Obligations constituting such a Post-Suspension Refinancing on substantially the same terms as than those set out in the Proposal if the Post-Suspension Refinancing can be completed by the Financing Entity in compliance with the Act, or on such other terms as would not have a Material Effect.

7.04 No Impact on Adherence

For greater certainty, the occurrence of a Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event or in respect of any Post-Suspension Refinancing.

ARTICLE VIII
MISCELLANEOUS

8.01 Term of Agreement

This Agreement will continue until the later of: (a) the date that no amount is or may become due and payable by the Province under the Limited Guarantee and (b) the date that no amount is or may become due and payable to the Province in respect of any Subrogation Amount.

8.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic

communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust

700 University Avenue

Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: Manager, Corporate Trust
Fax: (416) 981-9777
Email: corporatetrust.toronto@computershare.com

(b) if to the FSM:

Ontario Power Generation Inc.

700 University Avenue

Toronto, Ontario M5G 1X6

Attention: General Counsel
Fax: (416) 592-4189

(c) if to the Province:

Minister of Finance

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

and

Minister of Energy

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

With copies to:

Deputy Minister of Finance

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

and

Deputy Minister of Energy

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 8.02.

8.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section 8.03 shall be null and void.

8.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

8.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

8.07 Notice to Rating Agencies

OPG, as FSM, shall deliver prompt written notice to the Rating Agencies of the occurrence of (i) a Protection Event; (ii) receipt of a Suspension Notice delivered by the Province pursuant to Section 7.01; and (iii) an assignment of this Agreement by any party pursuant to Section 8.03.

8.08 Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their benefits hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

8.09 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, IN ITS CAPACITY AS TRUSTEE OF FAIR HYDRO TRUST, AS ISSUER, BY ONTARIO POWER GENERATION INC., NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration of a funding obligation" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Compliance Certificate**" means a certificate in the form attached hereto as Exhibit B delivered by the FSM in accordance with Section 4.02(a)ii.

"**Adherence Conditions**", means, in respect of a Certified Primary Obligation, the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of a Guarantee Payment Date, the aggregate of the Approved Obligation Amounts for such Guarantee Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, for a Beneficiary in respect of an Approved Obligation under which an amount is due and payable on a Guarantee Payment Date:

(a) if no Acceleration has occurred in respect of any Obligation Secured on or before the Guarantee Payment Date, the amount due and payable to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation (for greater certainty, determined on the assumption that there are adequate amounts available under the applicable payment provisions of the Trust Indenture to pay in full all amounts referred to in such payment provisions that are due and payable on the Guarantee Payment Date); and

(b) if an Acceleration has occurred in respect of any Obligations Secured on or before the Guarantee Payment Date, the amount that would be available to be paid to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation under the applicable payment provisions of the Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with such applicable payment provisions of the Trust Indenture in respect of each relevant month during each Reference Period is equal to the estimated Finance Amount determined in respect of such Reference Period for purposes of section 15(1) of the Act (in effect on the date hereof), including section 6.1 of the General Regulation (in effect on the date hereof), divided by the number of months in such Reference Period.

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Beneficiary Payee**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Certified Primary Obligations**" means Primary Obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest, including any Refinancing, other than a Post-Suspension Refinancing or a Pre-Approved Refinancing, of such a Primary Obligation (for greater certainty, including, in the case of any Certified Primary Obligation permitting funding transactions pursuant to a Funding Obligation Agreement applicable to the Certified Primary Obligation, each individual borrowing or funding utilization thereunder), (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not any individual trade confirmation other than a trade confirmation that modifies or purports to override the express terms or conditions of the related Master Agreement, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and expected (as determined by the Manager, acting reasonably) aggregate payments by the Financing Entity thereunder during the term of such contract are or would be in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).

"**Change of Law Protection Agreement**" means this Agreement.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Executive Officer**" has the meaning ascribed to the term "executive officer" in National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators.

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the first paragraph of this Agreement until a successor Financing Entity Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and the Declaration of Trust, and thereafter "Financing Entity Trustee" means and includes such Person.

"**Financing Plan**" has the meaning ascribed to the term "Financing Plan" in the Act.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Guarantee Payment**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Guarantee Payment Date**" has the meaning ascribed thereto in Section 2.01(a)i.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**Holder**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Liens**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(a).

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity, as amended, supplemented, restated or otherwise modified from time to time.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Agreement**" means an agreement in the form of a Master Agreement as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, as amended, supplemented, restated or otherwise modified from time to time.

"**Material Effect**" means a material effect on the obligations (including as a result of a change in the nature, scope or extent of the Primary Obligation and the effect on the Province's obligations therefor under the Limited Guarantee) or the rights of the Province under the Limited Guarantee that could reasonably be expected to affect (i) the timing of or circumstances under which Primary Obligations would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization); (ii) the appointment, obligations or duties of OPG as the Manager; (iii) the existence, powers or authority of the Financing Entity or the Financing Entity Trustee; (iv) the obligations of the Indenture Trustee to or in respect of the Province as a Specified Creditor; (v) the limitations and requirements otherwise applicable to the capital structure of the Financing Entity under any existing Program Agreement; (vi) the payment provisions and associated priorities set forth in the Trust Indenture; (vii) the obligations or liability of the Financing Entity to pay any tax, (viii) compliance by the FSM with the then applicable Financing Plan; (ix) the circumstances in which a Protection Event could arise; (x) compliance by the FSM, the Financing Entity or IESO with the Act or the General Regulation; (xi) the nature or character of the payment obligations (but, subject to compliance with the Financing Plan, irrespective of the amount payable thereunder) that could become payable under the Limited Guarantee; or (xii) the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of this Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation.

"**Notes**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Payable Approved Amounts**" has the meaning ascribed thereto in 2.01(a).

"**Payment Date**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, unlimited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Post-Suspension Refinancing**" means a Funding Obligation that is an Obligation Secured and that is incurred on or after the occurrence of a Suspension Event in compliance with the requirements of Section 7.03, as a Refinancing of one or more Series of Approved Obligations (including any Pre-Approved Refinancing that is authorized to be incurred on or after the occurrence of a Suspension Event), in each case the proceeds of which, together with any other funds that may be available, are used solely for the purpose of paying in full such Series of Approved Obligations.

"**Pre-Approved Refinancing**" means a Refinancing of a Certified Primary Obligation in respect of which the Province has, prior to the incurrence of such Certified Primary Obligation, further agreed shall not be a Certified Primary Obligation, subject to compliance with such conditions and requirements as may be specified in such further agreement.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account or Finance Reserve Account; and (ii) any obligation to pay the Financing Entity or on the Financing Entity's direction any remaining amounts in the Collection Account pursuant to the Trust Indenture.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that (X) adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any Finance Reserve Account, Capital Account or collateral posting account applicable under a Derivative Agreement, (ii) the availability of any credit enhancement agreement to which the Financing Entity is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in any of clauses (i) to (v) of this paragraph (a), or (Y) adversely affects the enforceability of, or adversely changes, the terms and conditions of this Agreement or of any of the agreements under which Approved Obligations arise; or

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Approved Obligations that have become due and payable, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any Finance Reserve Account, Capital Account or collateral posting account applicable under a Derivative Agreement, (ii) the availability of any credit enhancement agreement to which the Financing Entity is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in paragraph (b).

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency Condition" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Reference Period**" has the meaning ascribed to the term "reference period" in the Act.

"**Refinancing**" has the meaning ascribed to the term "refinancing" in the Act as of the date hereof, as more particularly described and given meaning in the General Regulation as of the date hereof.

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Specified Creditor**" has the meaning ascribed thereto in the Trust Indenture on the date hereof.

"**Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(B).

"**Subrogation Payment Date**" has the meaning ascribed thereto in clause 2.01(a)iv.

"**Suspension Event**" has the meaning ascribed thereto in Section 7.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 7.01.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**True-up Amount**" has the meaning ascribed to the term "true up amount" in the Act as of the date hereof.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

EXHIBIT A
FORM OF PAYMENT DEMAND

TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Pursuant to and in accordance with section 2.01(a) of the Change of the Law Protection Agreement, the Indenture Trustee hereby demands payment from the Province in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in the Change of Law Protection Agreement.

DATED as of the [■] day of [■], [■].

BNY TRUST COMPANY OF CANADA

By:
Name:
Title:

By:
Name:
Title:

EXHIBIT B
FORM OF ADHERENCE COMPLIANCE CERTIFICATE UNDER SECTION 4.02(a)

TO: **BNY TRUST COMPANY OF CANADA**, in its capacity as Indenture Trustee (the "**Indenture Trustee**") under the Master Trust Indenture dated as of December ●, 2017 between Fair Hydro Trust and the Indenture Trustee (the "**Master Trust Indenture**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province of Ontario, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust, Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Each of the undersigned, being the ● and ● of OPG acting in its capacity as FSM and holding the offices set forth under their names and signatures below, pursuant to and accordance with clause 4.02(a)ii of the Change of Law Protection Agreement, hereby certifies for and on behalf of OPG, in its capacity as Financial Services Manager, and not in such officer's personal capacity and intending that this certificate may be relied on by the addressees hereof without independent inquiry, that:

1. I have read and understand the provisions of the Change of Law Protection Agreement, the Master Trust Indenture and all other documents and materials necessary to enable me to deliver this certificate.
2. If the Certified Primary Obligation is a Refinancing, the proceeds of the Refinancing will be used solely for the purpose of repaying one or more Certified Primary Obligations in respect of which the Adherence Conditions in Subsection 4.02(a) of the Change of Law Protection Agreement had been satisfied, including one or more other Refinancings in respect of which the Adherence Conditions in Subsection 4.02(a) of the Change of Law Protection Agreement had been satisfied.
3. OPG has delivered to the Province a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate was provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation.

DATED as of the [■] day of [■], [■].

Name: [3]	Name:
Office:	Office:

[3] This certificate must be signed by two officers of OPG being either (i) the Chief Financial Officer and the Treasurer, or (ii) any two Executive Officers (as defined in the Change of Law Protection Agreement) of OPG.

EXHIBIT C
SUSPENSION NOTICE

TO: Ontario Power Generation Inc., in its capacity as Financial Services Manager

AND TO: Fair Hydro Trust

AND TO: Computershare Trust Company of Canada, in its capacity as trustee of Fair Hydro Trust

AND TO: BNY Trust Company of Canada, as Indenture Trustee

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement. All references in this Suspension Notice to "Articles" or "Sections" refer to Articles or Sections of the Change of Law Protection Agreement.

The Province has a reasonable basis for concluding that an event described in clauses (a) to (d) of Section 7.01 has occurred. Pursuant to Section 7.01, the Province hereby declares that the Limited Guarantee shall hereby not apply in respect of (i) any Primary Obligation incurred, excluding Post-Suspension Refinancings or Pre-Approved Refinancings or (ii) any amendment of any Primary Obligation that has a Material Effect, unless otherwise agreed to by the Province, in each case, on or after delivery of this Suspension Notice.

This Suspension Notice is hereby delivered to the FSM, the Financing Entity and the Indenture Trustee in accordance with Section 8.02 of the Change of Law Protection Agreement.

* * * *

DATED as of the [■] day of [■], [■].

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

Document comparison by Workshare Compare on Tuesday, December 12, 2017 2:56:24 PM

Input:	
Document 1 ID	PowerDocs://TOR_2528/23239360/30
Description	TOR_2528-#23239360-v30-Change_of_Law_Protection_Agreement
Document 2 ID	PowerDocs://TOR_2528/23239360/31
Description	TOR_2528-#23239360-v31-Change_of_Law_Protection_Agreement
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Legend:	
Insertion	
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Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	22
Deletions	20
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	42

Draft: December 12, 2017

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust organized under the laws of the Province of Ontario (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council 1981/2017 (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Primary Obligations that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred. This Agreement sets out the terms and conditions of such protections and assurances.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A, and any other capitalized terms not defined herein shall have the meanings assigned to them in the Trust Indenture;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 Proof of Approved Obligations

The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Manager deems to be sufficient.

Each statement delivered by the Manager under Section 2.01(a)i shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and each of the parties hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Manager shall act diligently in the preparation of each such statement and shall provide the Indenture Trustee and the Province with all supporting computations and calculations used by the Manager to prepare each such statement promptly following a request therefor made by the Indenture Trustee or the Province.

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture as of the date of this Agreement.

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 2.01 or Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee, the Financing Entity, the Financing Entity Trustee, the Manager or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by

electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the

Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 <u>Judgment Currency</u>

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 <u>Limited Guarantee</u>

(a) Upon the occurrence of a Protection Event, the Indenture Trustee may deliver a written demand, substantially in the form attached as **[Exhibit A]** (a "**Payment Demand**"), to the Province requiring the Province to make payments in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in this Agreement. From and after such delivery of a

Payment Demand, the Province shall make the following payments in respect of the Approved Obligations (the "**Limited Guarantee**"), the Financing Entity shall pay, and the Province shall be entitled to be paid, the Subrogation Amounts specified below, and the following terms shall apply:

i. Not less than three (3) Business Days prior to each day when any payment or payments are to be made in respect of one or more Approved Obligations occurring after such delivery of a Payment Demand (each such day, a "**Guarantee Payment Date**"), the Manager shall deliver a written statement setting forth the Aggregate Approved Obligations Amount, if any, in respect of the Approved Obligations that are due and payable on such Guarantee Payment Date, together with a detailed description identifying such Approved Obligations and the nature and amount of payments due and payable thereunder on the Guarantee Payment Date, the aggregate outstanding amount payable by the Financing Entity under such Approved Obligations as of the date of such written statement, and details regarding any default in performance by any party obligated thereunder.

ii. On each such Guarantee Payment Date, the Province shall deposit the Aggregate Approved Obligations Amount into the Protection Account.

iii. On each such Guarantee Payment Date, the Financing Entity and the Indenture Trustee shall ensure that the amounts on deposit in the Protection Account are applied to pay each Beneficiary to whom an amount is due and payable under an Approved Obligation on the Guarantee Payment Date the Approved Obligation Amount for such Beneficiary in respect of such Approved Obligation on such Guarantee Payment Date; provided that if the amount deposited pursuant to clause 2.01(a)ii is insufficient to pay all such Approved Obligation Amounts in full, the amount on deposit in the Protection Account on the Guarantee Payment Date shall be applied to pay Beneficiaries in the order of priority in which such Approved Obligations are payable under the payment provisions of the Trust Indenture applicable to the making of such payments on the Guarantee Payment Date (each, a "**Beneficiary Payee**" and each payment made to a Beneficiary Payee on a Guarantee Payment Date, a "**Guarantee Payment**").

iv. On the first Guarantee Payment Date and on each subsequent Guarantee Payment Date, Payment Date or other day on which any amount is required to be paid in respect of any Obligations Secured under the Trust Indenture (a "**Subrogation Payment Date**"), the Issuer and the Indenture

Trustee shall ensure that the applicable payment provisions of the Trust Indenture shall be applied and operate on the following basis[1]:

(A) If such day is a Guarantee Payment Date, then for each Approved Obligation for which amounts are paid to a Beneficiary Payee on such day pursuant to clause 2.01(a)iii in respect of principal, interest or any other amounts ("**Payable Approved Amounts**"), the amounts payable by the Financing Entity in respect of such amounts for such Approved Obligation shall be reduced by the respective amounts of such payments to the Beneficiary Payee, and equivalent amounts shall be payable by the Financing Entity to the Province as "**Subrogation Amounts**" in respect of such Approved Obligations, such Subrogation Amounts being payable in the same order of priority and with the same entitlements accruing to the Province as applied in respect of the related Payable Approved Amounts which were previously owing to the Beneficiary Payee, and to reflect this subrogation the payments set out in clause 2.01(a)iv(B) below shall be made by the Financing Entity.

(B) If the Province has made all deposits required to be made by it on each Guarantee Payment Date occurring on or before such day in accordance with clause 2.01(a)ii (or the related Approved Obligation Amounts have otherwise all been paid in full), then in respect of each Approved Obligation for which any related Subrogation Amounts have not yet been paid in full to the Province, the Financing Entity shall pay to the Province from amounts available under the Trust Indenture payment provisions and in accordance with the priority of payment provisions in the Trust Indenture the amount that would be payable on such date in satisfaction of the relevant Payable Approved Amounts, as determined without regard to any Guarantee Payment paid on any Guarantee Payment Date and also without regard to the corresponding reduction of the amounts owing to present and former Beneficiary Payees pursuant to subclause 2.01(a)iv(A) up to the amount of the unpaid related Subrogation Amounts.

(C) No Beneficiary having a right to be paid an amount in respect of an Approved Obligation, and no other Person entitled under an Obligation Secured, in each case that

[1] Explanatory Note: The deletion of the paramountcy provision is acceptable as long as section 2.01 if fully reflected in the Trust Indenture. To be confirmed.

ranks equal with or subordinate to the Payable Approved Amount in respect of which a Subrogation Amount is payable to the Province under subclause 2.01(a)iv(B), shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under such subclause (including any right of set-off, offset, reimbursement, contribution or indemnity) and no such Beneficiary or other Person shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of any such Subrogation Amount.

(D) For greater certainty, the entitlements of the Province in respect of Subrogation Amounts arising in respect of Payable Approved Obligations that are interest and principal obligations on Notes shall be treated for all purposes of the Trust Indenture as interest and principal obligations, respectively, arising under Notes having the same priority as and any applicable voting rights[2] under the related Approved Obligations, and accordingly the Province (and any successor, assignee or transferee of such entitlements) shall be entitled to all of the rights, entitlements, interests and privileges of a Holder of such a Notes in accordance with the Trust Indenture, as supplemented by the Supplemental Indenture or other indenture document under which the related Approved Obligations were issued.

(b) On each Guarantee Payment Date and upon demand by the Province, the Indenture Trustee shall release and pay to the Province free and clear of any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay Guarantee Payments to Beneficiary Payees on the Guarantee Payment Date in accordance with clause 2.01(a)iii or that otherwise remains on deposit in the Protection Account on the relevant date.

(c) In preparing any payment instructions under the Trust Indenture, the Manager shall reflect the amounts payable under Section 2.01(a), if applicable.

(d) The Province shall, as a payee of Subrogation Amounts under clause 2.01(a)iv(B) and as a payee of any amounts payable under clause 2.01(a)v, be a "Specified Creditor" under the Trust Indenture and have the benefit of the Collateral thereunder.

[2] Explanatory Note: As discussed, the Province understands that voting rights may be muted by the "outstanding" language in the Trust Indenture. Nevertheless, if voting rights would arise under the Trust Indenture they should be available to the Province.

(e) For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the Approved Obligation Amounts, if any, for payment to Beneficiary Payees and will be subject to the priorities and to the Province's rights to Subrogation Amounts, set forth in Section 2.01(a).

(f) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(g) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation by their terms.

(h) Any amount payable to the Province in respect of a Subrogation Amount shall bear interest from and including the date of payment by the Province of the related Guarantee Payment to but excluding the date of payment of the Subrogation Amount to the Province, such interest to accrue at the rate equivalent to the applicable interest rate borne by the related Approved Obligation, and such interest amounts shall be added to their respective Subrogated Amounts and shall consequently be payable in the same priority as the relevant Subrogated Amount under clause 2.01(a)iv(B), all such accruing interest amounts to be calculated and added to the Subrogation Amounts by the Manager in its discretion acting in a commercially reasonable fashion.

(i) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under and in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any amount due and payable to a Beneficiary Payee under the Limited Guarantee.

2.02 Intentionally Deleted.

2.03 <u>Absence of Set-off</u>

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 Payment into Protection Account in Satisfaction

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account" for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section **[7.03]** of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Financing Entity and the Indenture Trustee shall ensure that all amounts paid by the Province into the Protection Account on a Guarantee Payment Date in respect of an Approved Obligation are applied to pay the amounts due and payable to the Beneficiary Payee as and to the extent provided for in Section 2.01(a). Upon a payment having been made by or on behalf of the Province into the Protection Account, the amounts so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiary Payee as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such Beneficiary Payee in respect of the applicable Approved Obligations, whereupon an affected Beneficiary Payee shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid. For greater certainty, the obligations arising in respect of an applicable Approved Obligation shall not be reduced by such payment as the Province shall become entitled to be paid related Subrogation Amounts and the rights contemplated under Section 2.01(a) and Section 5.01 in relation to such continuing obligations.

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations in accordance with Section 8.01.

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

Except as provided in Section 7.02 in respect of any Primary Obligation to which the Limited Guarantee will not apply on or after a Suspension Notice is delivered, a Primary Obligation that is not a Certified Primary Obligation shall be an Approved Obligation. A Certified Primary Obligation shall constitute an Approved Obligation if (i) the Adherence Conditions applicable thereto have been satisfied at the time the Primary Obligation was incurred or (ii) the Province, in its sole discretion, designates in writing that it is an Approved Obligation.

4.02 Adherence Conditions

(a) The following shall be the Adherence Conditions applicable in relation to each Certified Primary Obligation:

i. the Certified Primary Obligation when incurred is an Obligation Secured under the Trust Indenture; and

ii. OPG, as FSM, delivers an Adherence Compliance Certificate in the form attached hereto as Exhibit B signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee, on or before the incurrence of the Certified Primary Obligation (provided that delivery may not be more than 5 Business Days before the incurrence of the Certified Primary Obligation); and

iii. the Province has not provided a Suspension Notice to the Indenture Trustee, OPG and the Financing Entity.

(b) Without limiting any obligations of OPG to the Province arising other than pursuant to this Agreement, satisfaction of the Adherence Conditions for a Certified Primary Obligation shall be deemed satisfaction of the Adherence Conditions in respect of all principal, interest and other amounts owing under the Certified Primary Obligation, as such Certified Primary Obligation may be amended, restated, supplemented or modified from time to time.

(c) For greater certainty, there shall be no Adherence Conditions applicable in relation to a Primary Obligation that is not a Certified Primary Obligation.

4.03 <u>Evidence of Satisfaction</u>

An Adherence Compliance Certificate delivered in accordance with clause 4.02(a)ii shall be determinative as to whether the applicable Adherence Condition with respect thereto has been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same. An Adherence Compliance Certificate that purports on its face to be signed by officers specified in clause 4.02(a)ii may be relied upon by any addressee without further enquiry or evidence as to the incumbency or signatures of such officers. If an Adherence Compliance Certificate is not delivered in accordance with the timing requirements of clause 4.02(a)ii such certificate may be delivered at a later date, and be effective as if it had been delivered in accordance with the timing requirement of clause 4.02(a)ii if at the time such certificate was otherwise required to be delivered OPG had delivered to the Province all certifications required by the Province in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation.

ARTICLE V
PROVINCE MATTERS

5.01 <u>Assignment and Subrogation</u>

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's

rights and interests under and in respect of the Approved Obligation to the extent of such payment, and shall be entitled to (i) the right and entitlement to be paid and receive the related Subrogation Amounts, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including Sections **[7.04]** through **[7.11]** and **[8.13]** (Payment Priorities), Section **[7.12]** (Payments Held in Trust), Section **[8.11]** (Control by Controlling Class Creditors), Section **[8.12]** (Limitation on Suits), Section **[8.14]** (Limited Recourse), Article IX (The Indenture Trustee), including all limitations of liability thereunder, Section **[9.14]** (Communications to Specified Creditors) and Section **[16.01]** (No Petition); (ii) consents, requests and authorizes the Issuer and the Indenture Trustee to (x) add the Province to the register of Specified Creditors described in subsection **[13.13(b)]** of the Trust Indenture and (y) disseminate the notice details of the Province to other Specified Creditors for the purposes set out in subsection **[9.14(b)]** of the Trust Indenture, and (iii) confirms that it will execute and deliver, or cause to be executed and delivered, all such further agreements, documents and instruments in connection with this Section 5.01 as the Indenture Trustee may request from time to time for the purpose of giving effect to the terms of this Section 5.01.

5.02 <u>Priorities</u>

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation and the Payable Approved Amounts

thereunder shall rank equally with the rights, interests and entitlements of a Beneficiary to whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture in the manner and to the extent contemplated in Section **[7.10]** of the Trust Indenture.

5.03 Intentionally Deleted

5.04 Representations and Warranties

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
INDENTURE TRUSTEE MATTERS

6.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

6.02 Not Responsible for Recitals

The recitals contained herein will be taken as the statements of the Province, the Financing Entity and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

6.03 Representations and Covenants of the Indenture Trustee

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Agreement and has taken all necessary action to authorize the execution, delivery and performance by it of this Agreement;

(c) this Agreement has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada. If, notwithstanding the provisions of this subsection 6.03(d), the Indenture Trustee ceases to be so authorized to carry on business, the validity and enforceability of this Agreement shall not be affected in any manner whatsoever by reason only of such event.

ARTICLE VII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

7.01 Suspension Notice

Upon:

(a) a Program Breach;

(b) a default in the performance, or breach, of any covenants of OPG, as FSM, or OPG, in its corporate capacity, in each case to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligation and the expiration of any applicable cure period;

(c) a representation or warranty made by OPG or a certification made by one or more officers of OPG, in each case whether as FSM or in its corporate capacity, to the Province in connection with its obligations to the Province and its internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligations, proves to be incorrect in any material respect on the date made and the expiration of any applicable cure period; or

(d) the FSM no longer being the Manager or actions having been taken by or on behalf of the Indenture Trustee to remove the FSM as the Manager;

the Province may declare that the Limited Guarantee under this Agreement shall not apply to any Primary Obligations incurred on or after such declaration, excluding Post-Suspension Refinancings or Pre-Approved Refinancings, by delivering a written notice in

the form of Exhibit C (a "**Suspension Notice**") to the Indenture Trustee, the FSM and the Financing Entity.

7.02 Suspension

If a Suspension Notice has been provided under Section 7.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of: (i) any Primary Obligation incurred, excluding Post-Suspension Refinancings, or (ii) any amendment of any Primary Obligation that has a Material Effect, unless otherwise agreed to by the Province, in each case, on or after the time such Suspension Notice is delivered.

7.03 Additional Right of the Province Regarding Post-Suspension Refinancings

Following the occurrence of a Suspension Event, the Limited Guarantee shall continue to apply in respect of any Post-Suspension Refinancing (for greater certainty, without regard to the satisfaction of any Adherence Conditions); provided that prior to the Financing Entity incurring any Primary Obligation constituting a Post-Suspension Refinancing, the Manager shall provide the Province with at least 30 days' notice of its intention to seek a Post-Suspension Refinancing and prior to incurrence, which notice shall describe the material covenants, events of default, representations and warranties and indemnities of the Financing Entity and other material terms, excluding financial terms, rates and levels, and that shall be in respect of the full amount of the amount becoming due and payable in respect of the applicable Primary Obligation less amounts otherwise available to the Financing Entity from other available or committed sources (the "**Proposal**"), and during such 30 day period the Province may, but is not obligated to, offer to fund such Post-Suspension Refinancing or arrange for another Person to fund such Post-Suspension Refinancing on the same terms as set out in the Proposal or on such other terms as may be considered by the Province to be not more onerous on the Financing Entity and that are acceptable on that basis to the Financing Entity, acting reasonably. If, within such 30-day period, the Province elects to offer to fund such Post-Suspension Refinancing as provided in the preceding sentence, the Manager shall accept such offer; however, if the Province does not elect to offer to fund such Post-Suspension Refinancing, the Manager shall cause the Financing Entity to incur Primary Obligations constituting such a Post-Suspension Refinancing on substantially the same terms as than those set out in the Proposal if the Post-Suspension Refinancing can be completed by the Financing Entity in compliance with the Act, or on such other terms as would not have a Material Effect.

7.04 No Impact on Adherence

For greater certainty, the occurrence of a Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event or in respect of any Post-Suspension Refinancing.

ARTICLE VIII
MISCELLANEOUS

8.01 Term of Agreement

This Agreement will continue until the later of: (a) the date that no amount is or may become due and payable by the Province under the Limited Guarantee and (b) the date that no amount is or may become due and payable to the Province in respect of any Subrogation Amount.

8.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: Manager, Corporate Trust
Fax: (416) 981-9777
Email: corporatetrust.toronto@computershare.com

(b) if to the FSM:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

(c) if to the Province:

Minister of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Minister of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

With copies to:

Deputy Minister of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Deputy Minister of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 8.02.

8.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section 8.03 shall be null and void.

8.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

8.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

8.07 Notice to Rating Agencies

OPG, as FSM, shall deliver prompt written notice to the Rating Agencies of the occurrence of (i) a Protection Event; (ii) receipt of a Suspension Notice delivered by the Province pursuant to Section 7.01; and (iii) an assignment of this Agreement by any party pursuant to Section 8.03.

8.08 Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their benefits hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

8.09 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, IN ITS CAPACITY AS TRUSTEE OF FAIR HYDRO TRUST, AS ISSUER, BY ONTARIO POWER GENERATION INC., NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration of a funding obligation" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Compliance Certificate**" means a certificate in the form attached hereto as Exhibit B delivered by the FSM in accordance with Section 4.02(a)ii.

"**Adherence Conditions**", means, in respect of a Certified Primary Obligation, the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of a Guarantee Payment Date, the aggregate of the Approved Obligation Amounts for such Guarantee Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, for a Beneficiary in respect of an Approved Obligation under which an amount is due and payable on a Guarantee Payment Date:

(a) if no Acceleration has occurred in respect of any Obligation Secured on or before the Guarantee Payment Date, the amount due and payable to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation (for greater certainty, determined on the assumption that there are adequate amounts available under the applicable payment provisions of the Trust Indenture to pay in full all amounts referred to in such payment provisions that are due and payable on the Guarantee Payment Date); and

(b) if an Acceleration has occurred in respect of any Obligations Secured on or before the Guarantee Payment Date, the amount that would be available to be paid to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation under the applicable payment provisions of the Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with such applicable payment provisions of the Trust Indenture in respect of each relevant month during each Reference Period is equal to the estimated Finance Amount determined in respect of such Reference Period for purposes of section 15(1) of the Act (in effect on the date hereof), including section 6.1 of the General Regulation (in effect on the date hereof), divided by the number of months in such Reference Period.

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Beneficiary Payee**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Certified Primary Obligations**" means Primary Obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest, including any Refinancing, other than a Post-Suspension Refinancing or a Pre-Approved Refinancing, of such a Primary Obligation (for greater certainty, including, in the case of any Certified Primary Obligation permitting funding transactions pursuant to a Funding Obligation Agreement applicable to the Certified Primary Obligation, each individual borrowing or funding utilization thereunder), (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not any individual trade confirmation other than a trade confirmation that modifies or purports to override the express terms or conditions of the related Master Agreement, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and expected (as determined by the Manager, acting reasonably) aggregate payments by the Financing Entity thereunder during the term of such contract are or would be in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).

"**Change of Law Protection Agreement**" means this Agreement.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Executive Officer**" has the meaning ascribed to the term "executive officer" in National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators.

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the first paragraph of this Agreement until a successor Financing Entity Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and the Declaration of Trust, and thereafter "Financing Entity Trustee" means and includes such Person.

"**Financing Plan**" has the meaning ascribed to the term "Financing Plan" in the Act.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Guarantee Payment**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Guarantee Payment Date**" has the meaning ascribed thereto in Section 2.01(a)i.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**Holder**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Liens**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(a).

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity, as amended, supplemented, restated or otherwise modified from time to time.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Agreement**" means an agreement in the form of a Master Agreement as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, as amended, supplemented, restated or otherwise modified from time to time.

"**Material Effect**" means a material effect on the obligations (including as a result of a change in the nature, scope or extent of the Primary Obligation and the effect on the Province's obligations therefor under the Limited Guarantee) or the rights of the Province under the Limited Guarantee that could reasonably be expected to affect (i) the timing of or circumstances under which Primary Obligations would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization); (ii) the appointment, obligations or duties of OPG as the Manager; (iii) the existence, powers or authority of the Financing Entity or the Financing Entity Trustee; (iv) the obligations of the Indenture Trustee to or in respect of the Province as a Specified Creditor; (v) the limitations and requirements otherwise applicable to the capital structure of the Financing Entity under any existing Program Agreement; (vi) the payment provisions and associated priorities set forth in the Trust Indenture; (vii) the obligations or liability of the Financing Entity to pay any tax, (viii) compliance by the FSM with the then applicable Financing Plan; (ix) the circumstances in which a Protection Event could arise; (x) compliance by the FSM, the Financing Entity or IESO with the Act or the General Regulation; (xi) the nature or character of the payment obligations (but, subject to compliance with the Financing Plan, irrespective of the amount payable thereunder) that could become payable under the Limited Guarantee; or (xii) the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of this Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation.

"**Notes**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Payable Approved Amounts**" has the meaning ascribed thereto in 2.01(a).

"**Payment Date**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, unlimited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Post-Suspension Refinancing**" means a Funding Obligation that is an Obligation Secured and that is incurred on or after the occurrence of a Suspension Event in compliance with the requirements of Section 7.03, as a Refinancing of one or more Series of Approved Obligations (including any Pre-Approved Refinancing that is authorized to be incurred on or after the occurrence of a Suspension Event), in each case the proceeds of which, together with any other funds that may be available, are used solely for the purpose of paying in full such Series of Approved Obligations.

"**Pre-Approved Refinancing**" means a Refinancing of a Certified Primary Obligation in respect of which the Province has, prior to the incurrence of such Certified Primary Obligation, further agreed shall not be a Certified Primary Obligation, subject to compliance with such conditions and requirements as may be specified in such further agreement.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account or Finance Reserve Account; and (ii) any obligation to pay the Financing Entity or on the Financing Entity's direction any remaining amounts in the Collection Account pursuant to the Trust Indenture.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that (X) adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any Finance Reserve Account, Capital Account or collateral posting account applicable under a Derivative Agreement, (ii) the availability of any credit enhancement agreement to which the Financing Entity is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in any of clauses (i) to (v) of this paragraph (a), or (Y) adversely affects the enforceability of, or adversely changes, the terms and conditions of this Agreement or of any of the agreements under which Approved Obligations arise; or

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Approved Obligations that have become due and payable, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any Finance Reserve Account, Capital Account or collateral posting account applicable under a Derivative Agreement, (ii) the availability of any credit enhancement agreement to which the Financing Entity is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in paragraph (b).

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency Condition" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Reference Period**" has the meaning ascribed to the term "reference period" in the Act.

"**Refinancing**" has the meaning ascribed to the term "refinancing" in the Act as of the date hereof, as more particularly described and given meaning in the General Regulation as of the date hereof.

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Specified Creditor**" has the meaning ascribed thereto in the Trust Indenture on the date hereof.

"**Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(B).

"**Subrogation Payment Date**" has the meaning ascribed thereto in clause 2.01(a)iv.

"**Suspension Event**" has the meaning ascribed thereto in Section 7.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 7.01.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**True-up Amount**" has the meaning ascribed to the term "true up amount" in the Act as of the date hereof.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

EXHIBIT A
FORM OF PAYMENT DEMAND

TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Pursuant to and in accordance with section 2.01(a) of the Change of the Law Protection Agreement, the Indenture Trustee hereby demands payment from the Province in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in the Change of Law Protection Agreement.

DATED as of the [■] day of [■], [■].

BNY TRUST COMPANY OF CANADA

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT B
FORM OF ADHERENCE COMPLIANCE CERTIFICATE UNDER SECTION 4.02(a)

TO: **BNY TRUST COMPANY OF CANADA**, in its capacity as Indenture Trustee (the "**Indenture Trustee**") under the Master Trust Indenture dated as of December ●, 2017 between Fair Hydro Trust and the Indenture Trustee (the "**Master Trust Indenture**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province of Ontario, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust, Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Each of the undersigned, being the ● and ● of OPG acting in its capacity as FSM and holding the offices set forth under their names and signatures below, pursuant to and accordance with clause 4.02(a)ii of the Change of Law Protection Agreement, hereby certifies for and on behalf of OPG, in its capacity as Financial Services Manager, and not in such officer's personal capacity and intending that this certificate may be relied on by the addressees hereof without independent inquiry, that:

1. I have read and understand the provisions of the Change of Law Protection Agreement, the Master Trust Indenture and all other documents and materials necessary to enable me to deliver this certificate.
2. If the Certified Primary Obligation is a Refinancing, the proceeds of the Refinancing will be used solely for the purpose of repaying one or more Certified Primary Obligations in respect of which the Adherence Conditions in Subsection 4.02(a) of the Change of Law Protection Agreement had been satisfied, including one or more other Refinancings in respect of which the Adherence Conditions in Subsection 4.02(a) of the Change of Law Protection Agreement had been satisfied.
3. OPG has delivered to the Province a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate was provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation.

DATED as of the [■] day of [■], [■].

Name: [3]	Name:
Office:	Office:

[3] This certificate must be signed by two officers of OPG being either (i) the Chief Financial Officer and the Treasurer, or (ii) any two Executive Officers (as defined in the Change of Law Protection Agreement) of OPG.

EXHIBIT C
SUSPENSION NOTICE

TO: Ontario Power Generation Inc., in its capacity as Financial Services Manager

AND TO: Fair Hydro Trust

AND TO: Computershare Trust Company of Canada, in its capacity as trustee of Fair Hydro Trust

AND TO: BNY Trust Company of Canada, as Indenture Trustee

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement. All references in this Suspension Notice to "Articles" or "Sections" refer to Articles or Sections of the Change of Law Protection Agreement.

The Province has a reasonable basis for concluding that an event described in clauses (a) to (d) of Section 7.01 has occurred. Pursuant to Section 7.01, the Province hereby declares that the Limited Guarantee shall hereby not apply in respect of (i) any Primary Obligation incurred, excluding Post-Suspension Refinancings or Pre-Approved Refinancings or (ii) any amendment of any Primary Obligation that has a Material Effect, unless otherwise agreed to by the Province, in each case, on or after delivery of this Suspension Notice.

This Suspension Notice is hereby delivered to the FSM, the Financing Entity and the Indenture Trustee in accordance with Section 8.02 of the Change of Law Protection Agreement.

* * * *

DATED as of the [■] day of [■], [■].

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

From:	Hanslep, Malle (MOF)
To:	Gadi Mayman; Anna Strathy
Cc:	Ken Kandeepan; Mike Manning; Tobias P. Whitfield (MOF)
Subject:	FW: Change of Law Protection Agreement
Date:	Tuesday, December 12, 2017 5:31:37 PM

Some of you were already copied but making sure everyone is in the loop on this.

From: Hanslep, Malle (MOF)
Sent: December-12-17 5:29 PM
To: 'ASHBOURNE, STEPHEN'; Sebastiano, Rocco; Ramchandani, Rima (rramchandani@torys.com); Milligan, Peter
Cc: Mansoori, Nina (nmansoori@torys.com); Manning, Mike (OFA); Whitfield, Tobias P. (MOF)
Subject: RE: Change of Law Protection Agreement

Hi all

This is to confirm that the Province agrees with Steve's email and we do not agree to any change on this point. It is an important one for the Province and we do not agree to any modifications on this.

Malle

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: December-12-17 5:03 PM
To: Sebastiano, Rocco; Ramchandani, Rima (rramchandani@torys.com); Milligan, Peter
Cc: Mansoori, Nina (nmansoori@torys.com); Hanslep, Malle (MOF); Manning, Mike (OFA); Whitfield, Tobias P. (MOF)
Subject: RE: Change of Law Protection Agreement

No, that is not how we left it. The Province can suspend if OPG fails in relation to any matter contemplated in the Process Agreement. The "provision" is to cover items that do not directly relate to adherence conditions, such as notice of changes to documents, etc.

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From: Sebastiano, Rocco [mailto:RSebastiano@osler.com]
Sent: Tuesday, December 12, 2017 4:59 PM
To: ASHBOURNE, STEPHEN; Ramchandani, Rima (rramchandani@torys.com); Milligan, Peter
Cc: Mansoori, Nina (nmansoori@torys.com); Hanslep, Malle (MOF) (Malle.Hanslep@ontario.ca); 'Manning, Mike (OFA)'; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca)
Subject: RE: Change of Law Protection Agreement

In section 7.01(b) and 7.01(b), I thought that we agreed last night to delete the words "provision of" such that it would read in both instances:

"in connection with the adherence of the Limited Guarantee to the Certified Primary Obligations"

Please make that change and it can go to the rating agencies on the understanding that it remains subject to final review by the Dealers.

Thanks, Rocco

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: Tuesday, December 12, 2017 3:16 PM
To: Sebastiano, Rocco <RSebastiano@osler.com>; Ramchandani, Rima (rramchandani@torys.com) <rramchandani@torys.com>; Milligan, Peter <PMilligan@osler.com>
Cc: Mansoori, Nina (nmansoori@torys.com) <nmansoori@torys.com>; Hanslep, Malle (MOF) (Malle.Hanslep@ontario.ca) <Malle.Hanslep@ontario.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>
Subject: RE: Change of Law Protection Agreement

Agreed, that's better. Thanks.

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From: Sebastiano, Rocco [mailto:RSebastiano@osler.com]
Sent: Tuesday, December 12, 2017 3:15 PM
To: ASHBOURNE, STEPHEN; Ramchandani, Rima (rramchandani@torys.com); Milligan, Peter
Cc: Mansoori, Nina (nmansoori@torys.com); Hanslep, Malle (MOF) (Malle.Hanslep@ontario.ca); 'Manning, Mike (OFA)'; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca)
Subject: RE: Change of Law Protection Agreement

May I suggest a slight modification to the lead-in language to section 4.01 as follows:

Except ~~as provided in Section 7.02,~~7.02 in respect of any Primary Obligation to which the Limited Guarantee will not apply on or after a Suspension Notice is delivered in accordance with Section 7.02,

---

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: Tuesday, December 12, 2017 3:01 PM
To: Ramchandani, Rima (rramchandani@torys.com) <rramchandani@torys.com>; Milligan, Peter <PMilligan@osler.com>; Sebastiano, Rocco <RSebastiano@osler.com>
Cc: Mansoori, Nina (nmansoori@torys.com) <nmansoori@torys.com>; Hanslep, Malle (MOF) (Malle.Hanslep@ontario.ca) <Malle.Hanslep@ontario.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>
Subject: FW: Change of Law Protection Agreement

Here are the clean-ups I just described.

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

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****

From:	Hanslep, Malle (MOF)
To:	Gadi Mayman; Ken Kandeepan; Ronald Kwan; Mike Manning; Anna Strathy; John Kim
Cc:	Tobias P. Whitfield (MOF)
Subject:	FW: Change of Law Protection and Process Agreements
Date:	Tuesday, November 28, 2017 11:03:35 AM
Attachments:	Process Agreement - BL v Torys draft.pdf Protection - BL v previous Province draft.pdf Process Agreement - BL v previous Province draft.pdf Protection Agreement - BL v Torys draft.pdf 23239361-v17-Change of Law - Process Agreement.DOCX 23239360-v20-Change of Law Protection Agreement.DOCX

Hi,

In the interests of time, I am passing on these revised drafts to you. We will be reviewing these.

Thanks.

Malle

From: VINER, JON [mailto:JON.VINER@blakes.com]

Sent: November 28, 2017 10:55 AM

To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); McKinlay, Tom (ENERGY); Thouin, Alena (ENERGY)

Cc: ASHBOURNE, STEPHEN; JACKSON, ADAM; PRESTAGE, JA; PALMER, AARON

Subject: Change of Law Protection and Process Agreements

All,

Please find attached clean and blacklined copies of the updated Change of Law agreements. The agreements reflect yesterday's discussions and Malle's update note to Blakes following discussions with Gadi.

For assistance in your review, I have attached blacklines against (i) Torys' drafts sent over on November 24th; and (ii) the previous drafts of the Province prior to Torys' mark-up (dated November 21st). I would recommend to review against the previous Province drafts as this would allow you to ignore the distractions and re-opened points that were inserted into the November 24th drafts.

While we have cut down on the internal footnotes, you will notice a handful of points for your specific consideration, including the following:

1. **Definition of Certified Primary Obligation (Footnote 7 in the Protection Agreement)**
   - Please confirm that you are satisfied with the scope of Certified Primary Obligations, particularly prong (ii) (pertaining to ISDA Master Agreements, but not trade confirmations) and prong (iii) (pertaining to contracts that must (A) have a term > 3 years; (B) have aggregate payments >$5M; and (C) not be terminable on 3 years notice or less, before they are considered "Certified Primary Obligations")
2. **Definition of "Executive Officer" (Footnote 8 in the Protection Agreement)**
   - Please confirm that you are satisfied with the definition of "Executive Officer". Executive Officers would sign the Process Certificate (under the Process Agreement) as well as the adherence certificate (under the Protection Agreement).
3. **Monetary threshold for funding obligations to require a Process Certificate (Section 3.01 of the Process Agreement)**
   - The Province's previous draft of the Process Agreement (dated November 21) required a Process Certificate to be delivered on the incurrence or amendment of a Funding Obligation, other than a Funding Obligation that does not exceed a certain dollar threshold amount.
   - As we have reverted to this drafting in the attached, please consider the dollar threshold amount for delivery of a Process Certificate.

Once you have had a chance to review, please let us know if you would like to discuss these drafts.

Kind regards,

Jon

Jon Viner

Associate

jon.viner@blakes.com

Dir: 416-863-2499

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HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.

CHANGE OF LAW PROCESS AGREEMENT[1]

Dated as of [■], 2017

[1] This Agreement and the Protection Agreement will need to be effective on closing but signed and held in escrow as soon as they are settled and prior to pricing of the term deal. **Note to Torys:** Closing mechanics under consideration by the Province.

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**") is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.

Pursuant to a Declaration of Trust dated as of [■], 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.[2]

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of ~~Primary~~ Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions.

Prior to entering into this Agreement, OPG provided the Province with the proposed forms of certain of the Transaction Documents ~~listed on Exhibit "A"~~, and the Province has not objected to such forms ~~and has confirmed to OPG that such Transaction Documents constitute "Reference Documentation" for purposes of this Agreement~~.

~~Prior to entering into this Agreement, OPG, as the FSM, provided the Province with the initial Financing Plan attached hereto as Exhibit "B" (the "**Initial Financing Plan**"), and the Province has not objected to such Initial Financing Plan.~~

~~Prior to entering into this Agreement, OPG, as the FSM, provided to the Province (i) the initial forecast attached hereto as Exhibit "C" (the "**Initial Forecast**") setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the 24 month period following the date hereof (the "**Initial Forecast Period**"); and (ii) notice of the initial Protection Agreement Maximum of C$■ (the "**Initial Protection Agreement Maximum**").~~[3]

[2] ~~We are comfortable on this point because OPG has retained Computershare as issuer trustee. The recitals of the Declaration of Trust provide that Computershare has established the Trust at the request of the FSM. We can also provide you with a copy of the Computershare engagement letter upon request.~~

[3] ~~Given that this Agreement would now be delivered on or immediately prior to closing, we thought it would be acceptable to reference these initial items as delivered versus as future deliverables. Please note that OPG is working with the Province to deliver the initial financing plan and the initial forecast and to confirm the initial protection agreement maximum.~~

~~The Province has not objected to the Initial Forecast and the Initial Protection Agreement Maximum on the basis that (i) there does not appear to be inaccuracies in the Initial Financing Plan or the Initial Forecast, (ii) the Initial Forecast is consistent with the Initial Financing Plan, and (iii) the Initial Protection Agreement Maximum is less than the Initial Forecast.~~

This Agreement sets out the obligations OPG has agreed to perform and assurances OPG has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the Adherence Conditions have been satisfied, maintaining information related to the Program Agreements and the Approved Obligations, and ensuring that the Province's assumption rights pursuant to Article VI of the Change of Law Protection Agreement may be exercised without impediment on the terms and conditions contemplated in this Agreement and the Change of Law Protection Agreement.

All things necessary to make this Agreement a valid and legally binding agreement of OPG and the Province, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect,

including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 References to the Financing Entity

For greater certainty, each reference to the Financing Entity shall be construed as a reference to the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 Effect of Headings

The Article and Section headings herein and are for convenience only and will not affect the construction hereof.

1.04 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof.

To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.06 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise

expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF OPG

2.01 Deliveries to the Province

(a) Not less than 15 Business Days, or such lesser period as the Province may agree to in writing, prior to the initial issuance of any Funding Obligation by the Financing Entity, OPG shall deliver to the Province a copy of the initial Financing Plan. Thereafter, OPG shall promptly deliver to the Province a copy of any proposed change to or replacement of the ~~Initial~~ Financing Plan.

(b) Not less than 10 Business Days, or such lesser period as the Province may agree to in writing, prior to (i) any proposed change or supplement to a previously provided Transaction Document becoming effective or otherwise being used, (ii) any additional or replacement Transaction Document becoming effective or otherwise being used, OPG shall deliver to the Province a copy of such proposed change or supplement to the Transaction Document and any such additional or replacement Transaction Document.

(c) Promptly following (i) any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor being made, (ii) any new, additional or replacement instruments, documents, agreements or security being used or granted in connection with all or any part of the Approved Obligations, or (iii) any waiver, release, reconveyance, termination, abandonment, subordination, exchange, substitution, transfer, compound, compromise, liquidation or enforcement of all or any part of the Approved Obligations or any security or guarantee therefor being effected, OPG shall deliver to the Province a detailed description of such event and the reasons for it together with any related documents, agreements and instruments.

(d) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, OPG shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations (including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(e) Promptly upon request, OPG shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

2.02 Covenants

(a) OPG shall use commercially reasonable efforts to cause the Financing Entity to:

(i) punctually perform and observe all of the Financing Entity's obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not (unless waived in writing by the Province):

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement or replacement or waiver or consent could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any change in particular financial terms, rates and levels;

(B) extend, renew, compromise, novate, replace, suspend, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, liquidate or enforce the terms of all or any part of the Approved Obligations or any Collateral, if any such action could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to the extent that only particular financial terms, rates and levels are affected;

(C) permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired; or

(D) allow the Financing Entity to enter into any Supplemental Indenture or Loan Agreement where any penalty or make-whole payment, or any requirement for further consent, approval or agreement, of the Specified Creditor party thereto would be required for the Province to assume the Obligations Secured thereunder.[4]

(b) OPG shall:

(i) comply, and shall use commercially reasonable efforts to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

(ii) punctually perform and observe all of its (including as the FSM and as Manager) obligations and agreements contained in the Program Agreements;

(iii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation; and

(iv) after the occurrence of any Protection Event[5] (or any event known to OPG that with the passage of time or the giving of notice would be a Protection Event), not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.

~~(c) For greater certainty, the parties hereto acknowledge and agree that OPG's obligations under this Agreement are subject to (i) OPG's obligations as FSM under the Act, and (ii) OPG's obligations under the Management Agreement.~~[6]

(c) ~~(d)~~ Nothing in this Agreement ~~nor in the Change of Law Protection Agreement~~[7] shall limit the obligations of the Province under the Indemnity Agreement by the

[4] ~~Please see our cover note regarding the proposed assumption by the Province. Lawyers to discuss if appropriate mechanics for the first two deals are possible given timing.~~

[5] ~~OPG is not in a position to be aware of events that may lead to a Protection Event.~~

[6] ~~We would like to ensure that there is an acknowledgement that OPG has certain obligations under the Act and the Management Agreement.~~

[7] ~~This language has extra-contractual implications and so its meaning as between only 2 of the parties to the Protection Agreement is uncertain. Torys to explain intention. Torys: This provision is intended to clarify that neither the Protection Agreement nor the Process Agreement supersedes or otherwise amends the Province's obligations under the Provincial Indemnity Agreement. It is effectively an acknowledgment by the Province in favour of OPG and does not involve the other parties to the Protection Agreement and so we are comfortable including it here only. However, we do not have an issue with putting an equivalent clause in the Protection Agreement if that is preferable from your perspective.~~

Province in favour of OPG dated June 1, 2017 (as amended, the "**Indemnity Agreement**") and to the extent of any conflict between this Agreement~~, the Change of Law Protection Agreement~~ and such Indemnity Agreement, in respect of any matter relating to the Province's obligations to indemnify OPG, the Indemnity Agreement shall prevail.

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate[8]

OPG shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Province, on or before the incurrence or any amendment[2] of a ~~Certified Primary Obligation~~Funding Obligation, other than any Funding Obligation under which not more than $• in the aggregate may become payable by the Financing Entity (provided that delivery may not be more than 5 Business Days before the incurrence or amendment of the ~~Certified Primary~~Funding Obligation), setting out the following with respect to such ~~Certified Primary~~Funding Obligation:

(a) the material terms of the ~~Certified Primary~~Funding Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a ~~Master~~Derivative Agreement[9]~~, events of default, termination events and any amendment to the standard terms of the Master Agreement relating to the calculation of termination amounts (and, for greater certainty, it shall not be necessary to set out the terms of any trade confirmation)~~, the notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

(b) if an existing Funding Obligation is proposed to be amended, material details respecting such amendment, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

[8] ~~The Process Certificate conforms to the certificate delivered under the Change of Law Protection Agreement including the changes to ensure that the Process Certificate is only provided here when a concurrent certificate is required to be delivered by OPG under the Protection Agreement. Without this consistency, the obligations can become confusing and the intent of the parties of when Primary Obligations are subject to the adherence conditions may not be clear.~~

[2] **Note to Province:** Please confirm that the timing of the delivery of the Process Certificate is satisfactory to you. The Process Certificate is delivered "on or before" incurrence or amendment. If preferable, we can revert back to the prior timing, which was delivery on the earlier of incurrence/ amendment, or pricing.

[9] ~~Since we agreed at our meeting that OPG only needs to provide a certificate under section 4.02 of the Change of Law Protection Agreement when they enter into a Master Agreement (and not the broader concept of the Derivative Agreement), we had to revise the language here to conform to what would be expected to be found in a Master Agreement.~~

(c) ~~(b)~~ a statement to the effect that: (i) the ~~Certified Primary~~Funding Obligation to be incurred or amended (1) will arise under terms and conditions that are Substantially in the Form of the Reference Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reference Documentation;

(d) ~~(c)~~ a statement confirming that any disclosure made in respect of the ~~Certified Primary~~Funding Obligation (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to the ~~Certified Primary~~Funding Obligation) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement has been made available to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made;

(e) ~~(d)~~ a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and

(f) ~~(e)~~ confirmation that, at the time the ~~Certified Primary~~Funding Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the ~~Certified Primary~~Funding Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the then applicable Protection Agreement Maximum; for clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be determined on the date the Process Certificate is delivered hereunder in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

3.02 Acknowledgement[10] regarding delivery of certificate under Change of Law protection Agreement

The Province acknowledges and agrees that, concurrent with the delivery of the Process Certificate pursuant to Section 3.01 of this Agreement, the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) are authorized to deliver the certificate referred to in **[Subsection [4.02(b)]** of the Change of Law Protection Agreement to the Indenture Trustee confirming that OPG has delivered all required certifications to the Province in connection with adherence of the Limited Guarantee to the incurrence of the Certified Primary Obligations in respect of which the certificate in **[Subsection [4.02(b)]** of the Change of Law Protection Agreement is being delivered; provided that, upon receipt of a Suspension Notice under the Change of Law Protection Agreement, OPG covenants not to deliver any further certificates to the Indenture Trustee under **[Subsection [4.02(b)]** of the Change of Law Protection Agreement other than in connection with a Refinancing of a Primary Obligation in respect of which the Adherence Conditions had been satisfied at the time such Primary Obligation was incurred.[11]

3.03 Acknowledgement regarding delivery of Suspension Notice

The parties acknowledge and agree that the Province is entitled to deliver a Suspension Notice under **[Section 7.01]** of the Change of Law Protection Agreement if a Program Breach or Breach Event has occurred. The Province agrees not to deliver a Suspension Notice pursuant to **[Section 7.01]** of the Change of Law Protection Agreement unless a Program Breach or a Breach Event has occurred.

3.04 3.03 Meaning of "Reference Documentation"

For the purposes of Subsection 3.01(b c), the term "Reference Documentation" shall mean each Transaction Document (including any change, addition or supplement thereto) that, at the relevant time:

(a) is a Transaction Document provided to, and not objected to by, the Province prior to the making of this Agreement, as contemplated in the fifth recital to this Agreement; or

(b) is a Transaction Document provided to the Province in accordance with Subsection 2.01(b) that has not been objected to by the Province, by delivery of an objection notice in writing delivered to OPG, within 10 Business Days after it is provided to the Province.

[10] OPG needs certainty on the conditions in which it is permitted to deliver the certificate under the Change of Law adherence conditions.

[11] Since OPG receives a Suspension Notice under the Change of Law Protection Agreement, we removed the concept of such notice here other than to provide the covenant above.

3.05 3.04 Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(bc), the term "Substantially in the Form" shall mean:

(a) with respect to the Reference Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such Reference Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation, including regarding the timing of or circumstances under which related payments are or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that would affect the Province's rights of subrogation or assignment (including pursuant to **[Section 5.01 or Article VI]** of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation or upon the assumption of obligations in accordance with **[Article VI]** of the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any variable terms to be set forth in the proposed documents as are reasonably contemplated in the Reference Documentation, including the particular financial terms, rates and levels set forth in the proposed documents other than to the extent that the forms of Reference Documentation themselves specify specific requirements, limitations or parameters with respect to such financial terms, rates, levels and parameters; and

(b) with respect to the Reference Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum[12]

(a) Not less than 15 Business Days, or such lesser period as the Province may agree to in writing, prior to the proposed incurrence of the first Funding Obligation, OPG shall, as the FSM, deliver to the Province: (i) a forecast setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the next following 24 month period (the "**Initial Forecast Period**"), which expectations shall be consistent with the Financing Plan (the "**Initial Forecast**"); and (ii) notice of the initial Protection Agreement Maximum, which may not exceed the Initial Forecast.

[12] Per an earlier footnote, the items in previous draft (a) and (b) were moved to the recitals.

(b) Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of the Initial Forecast and notice of the initial Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province may disagree with the Initial Forecast and the initial Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or the Initial Forecast, (ii) the Initial Forecast is inconsistent with the Financing Plan, or (iii) the initial Protection Agreement Maximum is more than the Initial Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the initial Protection Agreement Maximum will be revised accordingly and confirmed by an amended notice to the Province.

(c) ~~(a)~~ Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Approved Obligations that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast shall be further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum, which may not exceed such Forecast.

(d) ~~(b)~~ Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of any further Forecast and notice of the revised Protection Agreement Maximum from OPG pursuant to Section 4.01(~~a~~c), the Province may disagree with such further Forecast or revised Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or such further Forecast, (ii) the further Forecast is inconsistent with the Financing Plan, or (iii) the revised Protection Agreement Maximum is more than the further Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the revised Protection Agreement Maximum will be further revised accordingly and confirmed by an amended notice to the Province.

(e) ~~(c)~~ For clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be valued at the time to be determined for the purposes of this Section 4.01 in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of OPG

OPG represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, may cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario and has the power and authority to enter into and perform its obligations under this Agreement and all instruments and agreements delivered pursuant hereto.

(c) OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Financing Entity or in

the ability of the Financing Entity to perform its obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

5.02 <u>Representations and Warranties of the Province</u>

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
~~PROCESS FOR ELECTION TO ASSUME APPROVED OBLIGATIONS[13]~~BREACH EVENTS

6.01 ~~Election by the Province~~Breach Events

~~Pursuant to Section 6.01 of the Change of Law Protection Agreement, at any time following the occurrence of a Protection Event, the Province may (but shall not be obligated) elect to assume the Financing Entity's obligations in respect of all Obligations Secured permitted to be assumed by their terms as obligor and debtor by giving notice to the Indenture Trustee. Prior to determining whether or not to exercise its election, the Province may deliver to OPG a notice in the form of Exhibit "D" (an "**Election Information Notice**"). The Election Information Notice shall, among other things, specify the date or dates on which the Province proposes to assume the Obligations Secured referred to in this Section 6.01, which date or dates shall be no earlier than 60 days[14] following delivery of the Election Information Notice to OPG (with respect to each such Obligation Secured, the "**Proposed Assumption Date**").~~

~~6.02 Details regarding Obligations Secured~~

~~Within 10 Business Days following the delivery of the Election Information Notice to OPG, OPG shall provide the following information and documentation to the Province:~~

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

(a) ~~a summary of the amounts that will be owing under the Obligations Secured referred to in Section 6.01 as of the Proposed Assumption Date, together with a detailed schedule setting out the dates on which such amounts will become due and payable under such Obligations Secured;~~a default in the performance, or breach, of any covenants of OPG under this Agreement, which continues for thirty (30) days after written notice by the Province to OPG of such default or breach;

~~(b) a summary of the rights arising under the Obligations Secured referred to in Section 6.01 that permit the Province to assume such Obligations Secured, including details regarding any conditions precedent to such assignment and the related assumption becoming effective and any notices, filings, consents or other actions that will be required in order to implement and effect such assignment and assumption;~~

~~(c) current versions of all documentation under which the Obligations Secured referred to in Section 6.01 arise;~~

~~[13] Please see Torys' cover email to explain changes made in this Article and the related Article in the Protection Agreement. Section 6.05 was deleted and moved up as a covenant in section 2.02(a)(v)(D).~~

~~[14] This process will take time and require appropriate notice to holders of the applicable Obligations Secured.~~

~~(d) copies of all correspondence exchanged between OPG, as the FSM, or the Financing Entity, on the one hand, and any Specified Creditor, Rating Agency or the Indenture Trustee, on the other hand, in each case that may reasonably be considered to be material to the assumption and performance of the Obligations Secured referred to in Section 6.01 by the Province; and~~

~~(e) all income tax returns and assessments, financial statements and notices of proceedings of or pertaining to the Financing Entity or its business and any documentation related thereto, including any pleadings, appeals, objections, qualifications or other similar materials in respect of the Financing Entity or any Program Agreement.~~

~~**6.03 Settlement of Terms**~~

(b) ~~Following receipt and consideration by the Province of the information and documentation to be provided under Section 6.02, the Province shall confirm in writing whether or not it expects to proceed with the assignment and assumption of the Obligations Secured referred to in Section 6.01 and, if it will be proceeding with the assignment and assumption, the date on which the Province expects that assignment and assumption will be effected. If it will be proceeding with such assignment and assumption, the Province will deliver an Assumption Notice as contemplated under Section **[6.01]** of the Change of Law Protection Agreement. A decision not to proceed with an election at any time will not limit the Province from proceeding with an election at a later date, including by issuing a further Election Information Notice, and Article VI of this Agreement shall continue to apply unaffected.~~any representation or warranty made by OPG in this Agreement, any certification made in a Process Certificate, or any certification made in a certificate contemplated by Section **[4.02]** of the Change of Law Protection Agreement, proves to be incorrect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation; or

~~**6.04 Cooperation to Implement the Assignment and Assumption**~~

(c) OPG ~~shall cooperate with the Province and, as FSM, shall use commercially reasonable efforts to cause the Financing Entity to cooperate, and shall use its commercially reasonable efforts, to complete the assignment and assumption of the Obligations Secured referred to in Section 6.01 by and from the Financing Entity to and by the Province, by the applicable Assumption Closing Date.~~is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the Manager.

ARTICLE VII[15]
MISCELLANEOUS

7.01 Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

7.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to OPG:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

(b) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]

[15] Breach events not required to be listed since OPG receives a Suspension Notice under the Change of Law Protection Agreement. See also the proviso in section 3.02.

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 7.02.

7.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 7.03 shall be null and void.

7.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

7.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

7.06 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

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

By: _____

Name:
Title:

By: _____

Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Conditions**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Approved Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

~~"**Assumption Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.~~

~~"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.03.~~

"**Beneficiaries**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Breach Event**" ~~means the occurrence of an event described~~has the meaning ascribed thereto in Section ~~**[8.01(b) or (c)]** of the Change of Law Protection Agreement.~~ 6.01.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Certified Primary Obligations**" ~~means Primary Obligations that are payment obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest or to repay payment obligations that were incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest,[16] (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not each individual trade confirmation, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and aggregate payments by the Financing Entity thereunder during the term of such contract is in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).[17]~~has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the FSM on behalf of the Financing Entity and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

~~[16] Query: For a warehouse facility, does the Province want a Certificate for each monthly draw?~~
~~[17] This concept reflects what Primary Obligations the parties agreed to be subject to the adherence conditions.~~

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

~~"**Election Information Notice**" has the meaning ascribed thereto in Section 6.01.~~

"**Executive Officer**" has the meaning ascribed thereto in the ~~*Securities Act* (Ontario)~~Change of Law Protection Agreement.

"**Financing Entity**" means Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(~~a~~c).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other

instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Indenture Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

~~"**Initial Financing Plan**" has the meaning ascribed thereto in the recitals of this Agreement.~~

"**Initial Forecast**" has the meaning ascribed thereto in ~~the recitals of this Agreement.~~Section 4.01(a)

"**Initial Forecast Period**" has the meaning ascribed thereto in ~~the recitals of this Agreement.~~Section 4.01(a)

~~"**Initial Protection Agreement Maximum**" has the meaning ascribed thereto in the recitals of this Agreement.~~

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

~~18~~

"**Limited Guarantee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Loan Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**Management Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Manager**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

~~"**Master Agreement**" means an agreement in the form of a 1992 ISDA Master Agreement (Multi-Currency – Cross Border) as published by ISDA or any replacement or substitute or functional equivalent of such agreement.~~

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

~~18 Definition of Legislature not used here.~~

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"~~**Proposed Assumption Date**~~**Program Breach**" has the meaning ascribed thereto in ~~Section 6.01~~the Change of Law Protection Agreement.

"**Protection Agreement Maximum**" means the dollar amount referenced as the Program Agreement Maximum and determined in accordance with Article IV.

"**Protection Event**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture.

"**Reference Documentation**" has the meaning ascribed thereto in Section ~~3.03~~3.04.

"**Repayment**" has the meaning ascribed to the term "repayment" in the General Regulation as of the date of this Agreement.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Substantially in the Form**" has the meaning ascribed thereto in Section ~~3.04~~3.05.

"**Suspension Notice**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement;

(vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to ~~a~~an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that affects the Province's subrogation rights and/or subrogee interests, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

~~**EXHIBIT "A"**~~
~~**INITIAL REFERENCE DOCUMENTATION**~~

- ~~Declaration of Trust;~~
- ~~Management Agreement;~~
- ~~Master Transfer and Servicing Agreement;~~
- ~~Acknowledgement and indemnity agreement dated as of [■], 2017 made by IESO in favour of the Indenture Trustee;~~
- ~~Security agreement made by IESO in favour of the Financing Entity to secure certain of its obligations under the Master Transfer and Servicing Agreement;~~
- ~~Trust Indenture;~~
- ~~Term Senior Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;~~
- ~~Term Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;~~
- ~~Term Junior Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;~~
- ~~Warehouse Senior Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;~~
- ~~Warehouse Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;~~
- ~~Warehouse Junior Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;~~
- ~~Schedule to the ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time;~~
- ~~Confidential shelf offering memorandum of the Financing Entity dated as of [■], 2017, including the term sheet incorporated by reference therein; and~~

- ~~Agency agreement between the Financing Entity, CIBC World Markets Inc., RBC Dominion Securities Inc., Goldman Sachs Canada Inc. and the other agents named therein dated as of [■], 2017.~~

~~**[NTD: List above to be confirmed.]**~~

~~EXHIBIT "B"~~
~~INITIAL FINANCING PLAN~~

~~(see attached)~~

~~EXHIBIT "C"~~
~~INITIAL FORECAST~~

~~(see attached)~~

~~EXHIBIT "D"~~
~~FORM OF ELECTION INFORMATION NOTICE~~

~~[NTD: Blakes to provide draft.]~~

Document comparison by Workshare Compare on Tuesday, November 28, 2017 10:34:22 AM

Input:	
Document 1 ID	PowerDocs://TOR_2528/23239361/15
Description	TOR_2528-#23239361-v15-Change_of_Law_-_Process_Agreement
Document 2 ID	PowerDocs://TOR_2528/23239361/17
Description	TOR_2528-#23239361-v17-Change_of_Law_-_Process_Agreement
Rendering set	Standard

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

Statistics:	
	Count
Insertions	72
Deletions	153
Moved from	5
Moved to	5
Style change	0
Format changed	0
Total changes	235

Draft: November ~~21,~~28, 2017

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE[1]

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST[~~1~~2]

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

[1] This Agreement and the Process Agreement will need to be effective on closing but signed and held in escrow as soon as they are settled and prior to pricing of the term deal. **Note to Torys:** Logistics of closing are under consideration.

~~[1] Torys and Blakes to discuss signatory~~[2] **Torys Note:** Please advise if there are any further issues with the Manager signing the Protection Agreement on behalf of the Trust? If so, can you please explain the issue. The Manager is currently signing all Program Agreements on behalf of the Trust and has authority to do so. We would ~~propose to do the same on the change of law agreement~~like the Manager to sign this Agreement on behalf of the Trust. **Note to Torys:** Manager derives authority under the Management Agreement to sign Program Agreements. Management Agreement powers determined by reference to the Program Agreements, so authority is circular. Ultimately, Province will accept the opinion of Torys on due execution point.

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust under the laws of the Province of Ontario (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council dated as of ■ (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust[~~2~~3] dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Primary Obligations ~~Secured~~ that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence

[~~2~~] ~~Torys to confirm that Trust is a "financing entity" under OFHPA. Under definition, FSM to establish or cause to be established. DofT indicates Computershare declares trust. Need to have this confirmed for purposes of authority under OFHPA 5(3), among other things~~[3] **Torys Note:** We are comfortable on this point because OPG has retained Computershare as issuer trustee. The recitals of the Declaration of Trust provide that Computershare has established the Trust at the request of the FSM. We can also provide you with a copy of the Computershare engagement letter upon request. **Note to Torys:** The Province will accept authorities opinion regarding the Trust from Torys.

Conditions at the time the Approved Obligation is incurred~~ or amended~~. This Agreement sets out the terms and conditions of such protections and assurances.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 Proof of Approved Obligations

The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Indenture Trustee deems to be sufficient.

Any statement of account prepared by the Indenture Trustee as regards the Primary Obligations shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and the Province hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Indenture Trustee agrees to provide the Province with the computations and calculations used by the Indenture Trustee to prepare each such statement of account promptly following a request therefor.

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture as of the date of this Agreement.

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 2.01 or Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee, the Financing Entity, the Financing Entity Trustee, the Manager or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR

OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest

calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able

on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee may deliver a written demand, substantially in the form attached as Exhibit A (a "**Payment Demand**"), to the Province requiring the Province to make payments in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in this Agreement. From and after such delivery of a Payment Demand, the Province shall make the following payments in respect of the Approved Obligations (the "**Limited Guarantee**"), and the Financing Entity shall pay, and the Province shall be entitled to be paid, the Subrogation Amounts specified below, on the specified Guarantee Payment Date:

i. Not less than ~~[~~3~~]~~ Business Days prior to each day when any payment or payments are to be made in respect of one or more Approved Obligations occurring after such delivery of a Payment Demand and prior to the Assumption Effective Date, if any, (a "**Guarantee Payment Date**"), the Manager shall deliver a written statement~~, substantially in the form attached as Exhibit A.1 (a "**Guarantor Settlement Statement**")~~ setting forth the Aggregate Approved Obligations Amount, if any, in respect of the Approved Obligations that are due and payable on such Guarantee Payment Date, together with a detailed description identifying such Approved Obligations and the nature and amount of payments due and payable thereunder on the Guarantee Payment Date, the aggregate outstanding amount payable by the Financing Entity under such Approved Obligations as of the date of ~~the Guarantor Settlement Statement~~such written statement, and details regarding any default in performance by any party obligated thereunder.

ii. On each such Guarantee Payment Date, the Province shall deposit the Aggregate Approved Obligations Amount into the Protection Account.

iii. On each such Guarantee Payment Date, the Financing Entity and the Indenture Trustee shall ensure that the amounts on deposit in the Protection Account are applied to pay each Beneficiary to whom an amount is due and payable under an Approved Obligation on the Guarantee Payment Date the Approved

Obligation Amount for such Beneficiary in respect of such Approved Obligation on such Guarantee Payment Date; provided that if the amount deposited pursuant to clause 2.01(a)ii is insufficient to pay all such Approved Obligation Amounts in full, the amount on deposit in the Protection Account on the Guarantee Payment Date shall be applied to pay Beneficiaries in the order of priority in which such Approved Obligations are payable under the payment provisions of the Trust Indenture applicable to the making of such payments on the Guarantee Payment Date (each, a "**Beneficiary Payee**").

iv. On any Guarantee Payment Date on which an amount is paid by the Province pursuant to clause 2.01(a)ii, the applicable payment provisions of the Trust Indenture shall, notwithstanding the express terms of such provisions set forth in the Trust Indenture, be applied and operate on the following basis:

(A) ~~(i)~~ the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available under such payment provisions on such Guarantee Payment Date shall be reduced by the amount paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on such Guarantee Payment Date;

(B) ~~(ii)~~ the Province shall be paid the ~~amount by which~~lesser of (x) the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available to pay the Beneficiary Payee under such payment provisions on the Guarantee Payment Date, determined without regard to subclause 2.01(a)iv(~~i~~A), ~~exceeds~~and (y) the amount paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on the Guarantee Payment Date (such payments to the Province being "**Subrogation Amounts**"); and

(C) ~~(iii)~~ no Beneficiary having a right to be paid an amount in respect of an Approved Obligation that ranks equal with or subordinate to an Approved Obligation in respect of which an amount is payable to the Province under subclause 2.01(a)iv(~~ii~~B) shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under such subclause (including any right or

reimbursement, contribution or indemnity) and no such Beneficiary shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of such amounts.

v. On any Guarantee Payment Date, the Indenture Trustee shall release and pay to the Province free and clear of any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay Beneficiary Payees on the Guarantee Payment Date in accordance with clause 2.01(a)iii.

vi. In preparing any payment instructions under the Trust Indenture, the Manager shall reflect the amounts payable for the Guarantee Payment Date under Section 2.01(a).

(b) The Province shall, as a payee of Subrogation Amounts under clause 2.01(a)(iv)(B) and any amounts payable under clause 2.01(a)(v)**,** be a "Specified Creditor" under the Trust Indenture and have the benefit of the Collateral thereunder.

(c) For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the Approved Obligation Amounts, if any, for payment to Beneficiary Payees and will be subject to the priorities and to the Province's rights to Subrogation Amounts, set forth in Section 2.01(a).

(d) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(e) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation by their terms.

(f) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under and in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any

amount due and payable to a Beneficiary Payee under the Limited Guarantee.

2.02 Intentionally Deleted.

2.03 Absence of Set-off

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 Payment into Protection Account[3] in Satisfaction

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account" for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section **[7.03]** of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Financing Entity and the Indenture Trustee shall ensure that all amounts paid by the Province into the Protection Account on a Guarantee Payment Date in respect of an Approved Obligation are applied to pay the amounts due and payable to the Beneficiaries as and to the extent provided for in Section 2.01(a). Upon a payment having been made by or on behalf of the Province into the Protection Account, the amounts so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiaries as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such Beneficiaries in respect of the applicable Approved Obligations, whereupon an affected Beneficiary shall have no continuing rights, interests or entitlements (including rights as a secured party) in

[3] ~~Mechanics of Protection Account to be considered by Province after required modifications to Trust Indenture have been provided.~~

respect of the Approved Obligation to the extent so paid[4]. For greater certainty, the obligations arising in respect of an applicable Approved Obligation shall not be reduced by such payment as the Province shall become entitled to be paid related Subrogation Amounts and the rights contemplated under Section 2.01(a) and Section 5.01 in relation to such continuing obligations.

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment,

[4] [redacted]

decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations~~, or until the Province is no longer required to provide and perform the Limited Guarantee~~ in accordance with Section ~~6.03 or Section 8.02.~~8.01.

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

A Primary Obligation shall constitute an Approved Obligation if (i) the Adherence Conditions applicable thereto have been satisfied at the time the Primary Obligation was incurred, or (ii) the Province, in its sole discretion, designates in writing that it is an Approved Obligation.

4.02 Adherence Conditions[5]

The following shall be the Adherence Conditions applicable in relation to each Certified Primary Obligation other than any Funding Obligation under which not more than $■ in the aggregate may become payable by the Financing Entity:

(a) the Certified Primary Obligation when incurred is an Obligation Secured under the Trust Indenture; and

(b) OPG, as FSM, delivers a certificate signed by the Chief Financial Officer and the Treasurer of OPG (or their respective designees, provided that such designees are executive officers of OPG and, , or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee, one Business Day prior to the Financing Entity entering into or becoming bound by the related Funding Obligation Agreementon or before the incurrence of a Certified Primary Obligation (provided that delivery may not be more than 5 Business Days before the incurrence of the Certified Primary Obligation), confirming that OPG has delivered to the Province a certificate signed by the Chief Financial Officer and the Treasurer of OPG, (or their respective designees, provided that such designees are executive officers of OPG and, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in

[5] Dealers to explain how the current structure requiring satisfaction of the adherence conditions in the Protection Agreement is more onerous than ordinary adherence conditions applicable to government guaranteed bonds and to estimate the quantum impact on the marketability of the transaction and explain what uncertainty an ordinary closing condition of this type poses for investors.

connection with the adherence of the Limited Guarantee to the Certified Primary Obligation; and

(c) in respect of a Certified Primary Obligation other than a Refinancing of a Primary Obligation in respect of which the Adherence Conditions had been satisfied, the Province has not provided a Suspension Notice to the Indenture Trustee, OPG and the Financing Entity.

For greater certainty, (y) satisfaction of the Adherence Conditions for a ~~Funding~~Certified Primary Obligation shall be deemed satisfaction of the Adherence Conditions in respect of all principal, interest and other amounts owing under the ~~Funding~~Certified Primary Obligation, as such ~~Funding~~Certified Primary Obligation may be amended, restated, supplemented or otherwise modified from time to time, and (z) there shall be no Adherence Conditions applicable in relation to a Primary Obligation that is not a Certified Primary Obligation.

4.03 Evidence of Satisfaction

A closing certificate delivered in accordance with Section 4.02(b~~)(x~~) in connection with an incurrence of a Certified Primary Obligation shall be determinative as to whether the applicable Adherence Conditions with respect thereto have been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same. A closing certificate that purports on its face to be signed by officers specified in Section 4.02(b) may be relied upon by any addressee without further enquiry or evidence as to the incumbency or signatures of such officers. If a closing certificate is not delivered in accordance with the timing requirements of Section 4.02(b) in respect of a Certified Primary Obligation, such certificate may be delivered at a later date, and be effective as if it had been delivered in accordance with the timing requirement of Section 4.02(b), if at the time such certificate was required to be delivered OPG had delivered to the Province all certifications required by the Province in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation.

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, including (i) the right and entitlement to be paid and receive the related Subrogation Amounts, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests

(including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including **[Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section ~~7.11~~7.12 (Payments Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), ~~Sections 7.04 and 8.13 (Payment Priorities),~~ Section 8.14 (Limited Recourse), Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition)~~ thereof]~~ and (ii]**; (ii) consents, requests and authorizes the Issuer and the Indenture Trustee to (x) add the Province to the register of Specified Creditors described in subsection **[13.13(b)]** of the Trust Indenture and (y) disseminate the notice details of the Province to other Specified Creditors for the purposes set out in subsection **[9.14(b)]** of the Trust Indenture, and (iii) confirms that the Indenture Trustee shall send notices to the Province, in its capacity as a Specified Creditor, in accordance with Section ~~9.02~~8.02.[6]

5.02 Priorities

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation shall rank equally with the rights, interests and entitlements of a Beneficiary to whom a Limited Guarantee payment is made in

[6] ~~Section to be updated to conform with section in the Trust Indenture once settled.~~

respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture in the manner and to the extent contemplated in Section ~~2.01.~~7.1(d) of the Trust Indenture.

5.03 Intentionally Deleted

5.04 Representations and Warranties

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

~~**ARTICLE VI**~~
~~**NOTICE OF ASSUMPTION OF OBLIGATIONS SECURED**~~

~~**6.01 Delivery of Assumption Notice**~~

~~Following the occurrence of a Protection Event, the Province may (but shall not be obligated to) provide notice (in the form of Exhibit B) to the Indenture Trustee that the Province has elected to assume the Financing Entity's obligations in respect of all Obligations Secured, as obligor and debtor (the "**Assumption Notice**"). The Assumption Notice shall specify the date on which the assignment and assumption of the Obligations Secured will be effective (the "**Assumption Closing Date**").~~

~~**6.02 Cooperation to Implement the Assignment and Assumption**~~

~~The Indenture Trustee, the FSM, the Financing Entity and the Province will cooperate and use best efforts to complete the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province, by the Assumption Closing Date.~~[7]

~~**6.03 Effect of Assumption**~~

~~On the date that the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province becomes effective (the "**Assumption Effective Date**"), the Province shall no longer be required to provide and perform the Limited Guarantee but will instead become a primary obligor under the Obligations Secured assumed pursuant to~~

[7] ~~Further details regarding obtaining of third party consents and rating agency approvals to be provided by OPG.~~

~~and in accordance with an applicable Assumption Agreement. For greater certainty, the obligations of the Province so assumed will not be secured obligations of the Province and the obligees thereof will have no right, interest or claim to or in respect of the Collateral or any proceeds therefrom. **[NTD: the forms of assumption agreement(s) need to be settled before this agreement is finalized.]**~~

~~6.04 Interim Period~~

~~Until the effective time of the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province on the Assumption Effective Date, the Province shall continue to perform and be obligated under the Limited Guarantee.~~

~~6.05 Rights in respect of the Assets Comprising the Collateral~~

~~Upon assuming the Financing Entity's obligations in respect of all Obligations Secured under Article VI, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the Financing Entity's rights and interests under and in respect of the assets, property and undertaking comprising the Collateral and all proceeds therefrom, free and clear of any liens, encumbrances or restrictions arising under or as a result of the Trust Indenture. The Province shall have and be entitled to enforce all such rights and interests as an absolute assignee of the Financing Entity, with effect from and after the time of such assumption, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing to the Financing Entity and unaffected by any other rights, interests or equities that arise thereafter in respect of the assets, property and undertaking comprising the Collateral as between the Beneficiaries and the Financing Entity. The Indenture Trustee and the Beneficiaries shall thereupon recognize the Province as the absolute owner of the assets, property and undertaking comprising the Collateral.~~

ARTICLE VI~~ARTICLE VII~~
INDENTURE TRUSTEE MATTERS

6.01 ~~7.01~~ Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

6.02 ~~7.02~~ Not Responsible for Recitals ~~or Issuance of Notes~~

The recitals contained herein will be taken as the statements of the Province, the Financing Entity and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

6.03 ~~7.03~~ Representations and Covenants of the Indenture Trustee[4]

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada; and

~~(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Agreement and has taken all necessary action to authorize the execution, delivery and performance by it of this Agreement and other documents to which it is a party;~~

~~(c) each of this Agreement and the other documents to which it is a party has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and~~

(b) ~~(d)~~ the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada.

ARTICLE VII~~ARTICLE VIII~~
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

7.01 ~~8.01~~ Suspension Notice

Upon:

(a) a Program Breach;

(b) a default in the performance, or breach, of any covenants of OPG, as FSM, or OPG, in its corporate capacity, in each case to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the adherence of the Limited Guarantee, which continues for thirty (30) days after written notice by the Province to OPG of such default or breach;

[4] **Torys Note:** The Indenture Trustee asked us to delete these representations. They will not provide these types of representations without attaining a legal opinion from outside counsel. To avoid delay, we would ask that the parties agree to this deletion. **Note to Torys:** The representations provided by the Indenture Trustee should be consistent with those in the Trust Indenture.

(c) a representation or warranty made by OPG or a certification made by one or more officers of OPG, in each case whether as FSM or in its corporate capacity, to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the adherence of the Limited Guarantee, proves to be incorrect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation; or

(d) the FSM no longer being the Manager or actions having been taken by or on behalf of the Indenture Trustee to remove the FSM as the Manager,

~~The~~the Province may~~, at any time and for any reason,~~ declare that the Limited Guarantee under this Agreement shall not apply to any ~~Obligation Secured~~Primary Obligations incurred on or after such declaration, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied, by delivering a written notice in the form of Exhibit ~~C~~B (a "**Suspension Notice**")~~ to the Province~~ to the Indenture Trustee, the FSM and the Financing Entity.

The Limited Guarantee shall apply to any Certified Primary Obligation incurred after a Suspension Event on the basis that it is a Refinancing only if the FSM certifies to the Province in writing prior to the incurrence that the proceeds of such incurrence will be used solely for the purposes of repaying one or more Certified Primary Obligations incurred prior to the Suspension Event and to which the Limited Guarantee adhered as of the time the Suspension Event occurred, and the delivery of such written certification by the FSM to the Province shall be determinative for the purposes of concluding that such incurrence is a Refinancing for the purposes of Sections 7.01, 7.02 and 7.03.

7.02 ~~8.02~~ Suspension

If a Suspension Notice has been provided under Section ~~8.01~~7.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of any Primary Obligation~~ Secured~~ incurred or amended on or after the time such Suspension Notice is delivered, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied. ~~For greater certainty, the rights of the Province under Article VI shall apply in respect of all Obligations Secured, including if incurred or amended on or after the time such Suspension Notice is delivered.~~

~~8.03 Termination Notice~~

~~On (a) the occurrence of a Suspension Event or (b) the Assumption Effective Date, the Province may provide to the Indenture Trustee, the FSM and the Financing Entity a notice in the form of Exhibit D (a "**Termination Notice**").~~

7.03 ~~8.04~~ No Impact on Adherence

For greater certainty, the occurrence of Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish

the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event or in respect of any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied~~, nor will it in any way impact the Obligations Secured which are assumed by the Province in accordance with Article VI~~.

ARTICLE VIII~~ARTICLE IX~~
MISCELLANEOUS

8.01 ~~9.01~~ Term of Agreement

~~This Agreement will continue until the later of:~~

~~(a)~~ ~~the~~ This Agreement will continue until the date that no amount is or may become due and payable by the Province under the Limited Guarantee~~; and~~.

~~(b) the date that a Termination Notice delivered in accordance with Section 8.03 is received by the Indenture Trustee, the FSM and the Financing Entity.~~

8.02 ~~9.02~~ Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust

700 University Avenue

Toronto, Ontario M5G 1X6
Attention: ~~[■]~~General Counsel
Fax: (416) ~~[■]~~

~~Email: [■]~~592-4189

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: ~~[■]~~Manager, Corporate Trust
Fax: (416) ~~[■]~~981-9777
Email: ~~[■]~~corporatetrust.toronto@computershare.com

~~[■]~~

(b) if to the FSM:

Ontario Power Generation Inc.

700 University Avenue

Toronto, Ontario M5G 1X6

Attention: ~~[■]~~General Counsel
Fax: (416) ~~[■]~~592-4189

~~Email: [■]~~

(c) if to the Province:

Ministry of Finance

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section ~~9.02~~8.02.

8.03 ~~9.03~~ Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section ~~9.03~~8.03 shall be null and void.

8.04 ~~9.04~~ Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

8.05 ~~9.05~~ FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 ~~9.06~~ No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

8.07 ~~9.07~~ Intentionally Deleted

8.08 ~~9.08~~ Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their benefits hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

8.09 ~~9.09~~ Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, IN ITS CAPACITY AS TRUSTEE OF FAIR HYDRO TRUST, AS ISSUER, ~~[~~BY ONTARIO POWER GENERATION INC., NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS MANAGER~~]~~[8]

By: _____
Name:
Title:
By: _____
Name:
Title:

~~[8] To be discussed.~~

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Action**" has the meaning ascribed thereto under the Trust Indenture.

"**Adherence Conditions**", means, in respect of a Certified Primary Obligation, means the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of a Guarantee Payment Date, the aggregate of the Approved Obligation Amounts for such Guarantee Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, for a Beneficiary in respect of an Approved Obligation under which an amount is due and payable on a Guarantee Payment Date:

(a) if no Acceleration has occurred in respect of any Obligation Secured on or before the Guarantee Payment Date, the amount due and payable to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation (for greater certainty, determined on the assumption that there are adequate amounts available under the applicable payment provisions of the Trust Indenture to pay in full all amounts referred to in such payment provisions that are due and payable on the Guarantee Payment Date); and

(b) if an Acceleration has occurred in respect of any Obligations Secured on or before the Guarantee Payment Date, the amount that would be available to be paid to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation under the applicable payment provisions of the Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with such applicable payment provisions of the Trust Indenture in respect of each relevant month [during each Reference Period from and after May, 2021][9] is equal to the [estimated finance amountFinance Amount determined in respect of such Reference Period pursuant tofor purposes of section •15(1) of the General Regulation (as set forthAct (in effect on

[9] What about earlier periods? Are the earlier periods covered at all, or is the intention that they would be determined without regard to the acceleration mechanics of the Regulation?

the date hereof)~~]~~[10][5] divided by the number of months in such Reference Period.

~~"**Assumption Agreement**" means the agreement among the Province, the Indenture Trustee, the Financing Entity and any other person that is party to the Funding Obligation Agreement affected by the assignment and assumption contemplated under Article VI, which agreement shall be in substantially the form of the form of assumption agreement set forth in Exhibit E.~~

~~"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.01.~~

~~"**Assumption Effective Date**" has the meaning ascribed thereto in Section 6.03.~~

~~"**Assumption Notice**" has the meaning ascribed thereto in Section 6.01.~~

~~"**Available Collections**" has the meaning ascribed thereto in the Trust Indenture.~~

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Beneficiary Payee**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Certified Primary Obligations**" means Primary Obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest or to repay payment obligations that were incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest,[6] (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not each individual trade confirmation, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and aggregate payments

~~[10] This needs to tie into the "estimated finance amount" determined under the General Regulation applicable during the Reference Period~~[5] **Note to Province**: MOE should confirm that this captures the limitations contemplated in connection with any "acceleration" under the revised Regulation. Consider whether it is necessary to refer specifically to the Regulation to avoid any disconnect, and to tie-in specifically to the context of the acceleration scenario applicable at the time.

[6] **Torys Query**: For a warehouse facility, does the Province want a Certificate for each monthly draw? **Note to Province:** Please advise. We may respond that to extent the draw is a Certified Primary Obligation, we would like to maintain the process set out in this Agreement.

by the Financing Entity thereunder during the term of such contract is in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).[7]

"**Change of Law Protection Agreement**" means this Agreement.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Eligible Deposit Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Eligible Institution**" has the meaning ascribed thereto in the Trust Indenture.

"**Executive Officer**" has the meaning ascribed thereto in National Instrument 51-102 – *Continuous Disclosure Obligations*.[8]

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" ~~means, at any time, the Person who is, in accordance with~~has the meaning ascribed thereto in the first paragraph of this Agreement until a successor Financing

[7] **Note to Province**: Torys suggests that this concept reflects what Primary Obligations the parties agreed to be subject to the adherence conditions. Province to confirm that this is their understanding from meeting on Tuesday, November 21, particularly prongs (ii) and (iii) of the definition.

[8] **Note to Torys:** We have used the definition from NI 51-102 as there is only a definition of "officer" (but not "executive officer") in the OSA. **Note to Province:** Province to confirm that scope is acceptable. In NI 51-102, "Executive officer" means an individual who is (a) a chair, vice-chair or president; (a.1) a chief executive officer or chief financial officer; (b) a vice-president in charge of a principal business unit, division or function including sales, finance or production; or (c) performing a policy-making function in respect of the issuer". If you prefer, we may use the definition of "officer" from the *Securities Act*. "Officer" means (a) a chair or vice-chair of the board of directors, a chief executive officer, a chief operating officer, a chief financial officer, a president, a vice-president, a secretary, an assistant secretary, a treasurer, an assistant treasurer and a general manager; (b) every individual who is designated as an officer under a by-law or similar authority of the registrant or issuer, and (c) every individual who performs functions similar to those normally performed by an individual referred to in clause (a) or (b).

Entity Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and the Declaration of Trust, ~~the trustee of the~~ and thereafter "Financing Entity ~~at~~Trustee" means and includes such ~~time~~Person.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Guarantee Payment Date**" has the meaning ascribed thereto in Section 2.01(a)i.

~~"**Guarantor Settlement Statement**" has the meaning ascribed thereto in Section 2.01(a).~~

~~"**General Regulation**" means O. Reg. 206/17 made under the Act.~~

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Issuer Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Lien**" has the meaning ascribed thereto in the Trust Indenture.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(a).

"**Loan Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity, as amended, supplemented, restated or otherwise modified from time to time.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Agreement**" means an agreement in the form of an ISDA Master Agreement as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, as amended, supplemented, restated or otherwise modified from time to time.

~~"**Note**" or "**Notes**" has the meaning ascribed thereto under the Trust Indenture.~~

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

~~"**Paying Agent**" has the meaning ascribed thereto in the Trust Indenture.~~

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account~~,~~ or Finance Reserve Account~~, or Supplemental Reserve Account~~; and (ii) any ~~amounts that would be remaining amounts of Available Collections required by the to be held in the Collection Account for distribution on a succeeding Payment Date pursuant to the Trust Indenture; and (iii) any obligation to pay the Trust~~obligation to pay the Financing Entity or on the ~~Trust~~Financing Entity's direction any remaining amounts ~~of Available Collections.~~in the Collection Account pursuant to the Trust Indenture.[9]

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

[9] **Torys Note:** These changes were made to conform to the most current version of the Trust Indenture, a copy of which will be circulated soon. Additionally, money in the Collection Account is required to flow through the waterfall and is not required to be held in the Collection Account otherwise. **Note to Torys:** Please confirm. The Trust Indenture states that if extra cash is available in the Collections Account, it can be held until a subsequent Payment Date.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.[10]

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the ~~[~~Crown~~]~~, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that materially and adversely affects (a) the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured, or (b) this Agreement or any of the agreements under which Obligations Secured arise; or

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that materially and adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Obligations Secured that have become due and payable.

[10] **Torys Note:** We deleted early amortization events because that is no longer a concept used in the Trust Indenture. **Note to Torys:** Early amortization events may be included in a supplemental indenture so we think retaining that reference makes sense.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture.

"**Reference Period**" has the meaning ascribed thereto in the Act.

"**Refinancing**" has the meaning ascribed to the term "refinancing" in the Act as of the date hereof, as more particularly described and given meaning in ~~in~~ the General Regulation as of the date hereof.[11]

~~"**Repayment**" has the meaning ascribed thereto in the General Regulation.~~

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Subrogation Amounts**" has the meaning ascribed thereto in subclause 2.01(a)iv(~~ii~~B).

"**Supplemental Indenture**" has the meaning ascribed in the Trust Indenture.

"**Supplemental Reserve Account**" has the meaning ascribed in the Trust Indenture.

"**Suspension Event**" has the meaning ascribed thereto in Section ~~8.02~~7.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section ~~8.01~~7.01.

~~"**Termination Notice**" has the meaning ascribed thereto in Section 8.03.~~

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

[11] **Torys Note:** Refinancings can occur up to six months prior to the application of the refinancing proceeds to the existing obligation. The regulations provide that if the refinancing proceeds are not applied to repay the intended f unding obligation, then it is not a Refinancing. Accordingly, we have revised the definition to ensure that Refinancings do not have to be simultaneous with repayment of the existing Approved Obligation (we understand from the dealers that in most circumstances they will not be). **Note to Province**: The General Regulation specifically provides that debt can be considered a "Refinancing" when incurred within the 6 months prior to the maturity date of a funding obligation. The Act/Regulation's definition doesn't require that "Refinancings" are simultaneous with the repayment of existing Approved Obligations. Consider if further discussion is required and MOE to specifically confirm understanding of the Regulation on this point.

EXHIBIT A
FORM OF PAYMENT DEMAND

TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Pursuant to and in accordance with section 2.01(a) of the Change of the Law Protection Agreement, the Indenture Trustee hereby demands payment from the Province in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in the Change of Law Protection Agreement.

DATED as of the [■] day of [■], [■].

BNY TRUST COMPANY OF CANADA

By:
Name:
Title:

By:
Name:
Title:

~~EXHIBIT A.1~~
~~FORM OF GUARANTOR SETTLEMENT STATEMENT~~

EXHIBIT B
~~ASSUMPTION~~SUSPENSION NOTICE

TO:	Ontario Power Generation Inc., in its capacity as Financial Services Manager
AND TO:	Fair Hydro Trust
AND TO:	Computershare Trust Company of Canada, in its capacity as trustee of Fair Hydro Trust
AND TO:	BNY Trust Company of Canada, as Indenture Trustee

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement. All references in this Suspension Notice to "Articles" or "Sections" refer to Articles or Sections of the Change of Law Protection Agreement.

The Province has a reasonable basis for concluding that an event described in Section 7.01 has occurred. Pursuant to Section 7.01, the Province hereby declares that the Limited Guarantee shall not apply in respect of any Primary Obligation incurred or amended on or after the delivery of this Suspension Notice, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied, in accordance with the terms and conditions in Article VII.

The Limited Guarantee shall hereby not apply in respect of any Primary Obligation incurred or amended on or after delivery of this Suspension Notice, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied.

This Suspension Notice is hereby delivered to the FSM, the Financing Entity and the Indenture Trustee in accordance with Section 8.02 of the Change of Law Protection Agreement.

* * * *

~~**EXHIBIT C**~~
~~**SUSPENSION NOTICE**~~**DATED** as of the [■] day of [■], [■].

~~EXHIBIT D~~
~~TERMINATION NOTICE~~

~~EXHIBIT E~~

~~FORM OF ASSUMPTION AGREEMENT~~

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

Document comparison by Workshare Compare on Tuesday, November 28, 2017 10:35:57 AM

Input:	
Document 1 ID	PowerDocs://TOR_2528/23239360/17
Description	TOR_2528-#23239360-v17-Change_of_Law_Protection_Agreement
Document 2 ID	PowerDocs://TOR_2528/23239360/20
Description	TOR_2528-#23239360-v20-Change_of_Law_Protection_Agreement
Rendering set	Standard

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

Statistics:	
	Count
Insertions	176
Deletions	180
Moved from	5
Moved to	5
Style change	0
Format changed	0
Total changes	366

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.

CHANGE OF LAW PROCESS AGREEMENT[1]

Dated as of [■], 2017

[1] This Agreement and the Protection Agreement will need to be effective on closing but signed and held in escrow as soon as they are settled and prior to pricing of the term deal. **Note to Torys:** Closing mechanics under consideration by the Province.

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**") is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.[1]

Pursuant to a Declaration of Trust dated as of [■], 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.[2]

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions.

Prior to entering into this Agreement, OPG provided the Province with the proposed forms of certain of the Transaction Documents, and the Province has not objected to such forms.

This Agreement sets out the obligations OPG has agreed to perform and assurances OPG has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the Adherence Conditions have been satisfied, maintaining information related to the Program Agreements and the Approved Obligations, and ensuring that the Province's assumption rights pursuant to Article VI of the Change of Law Protection Agreement may be exercised without impediment on the terms and conditions contemplated in this Agreement and the Change of Law Protection Agreement.

All things necessary to make this Agreement a valid and legally binding agreement of OPG and the Province, have been done.

---

[1] ~~[redacted]~~

[2] ~~[redacted]~~

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this

Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 References to the Financing Entity

For greater certainty, each reference to the Financing Entity shall be construed as a reference to the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 Effect of Headings

The Article and Section headings herein and are for convenience only and will not affect the construction hereof.

1.04 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.06 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF OPG

2.01 Deliveries to the Province

(a) Not less than 15 Business Days, or such lesser period as the Province may agree to in writing, prior to the initial issuance of any Funding Obligation by the Financing Entity, OPG shall deliver to the Province a copy of the initial Financing Plan. Thereafter, OPG shall promptly deliver to the Province a copy of any proposed change to or replacement of the Financing Plan.

(b) Not less than 10 Business Days, or such lesser period as the Province may agree to in writing, prior to (i) any proposed change or supplement to a previously provided Transaction Document becoming effective or otherwise being used, (ii) any additional or replacement Transaction Document becoming effective or otherwise being used, OPG shall deliver to the Province a copy of such proposed change or supplement to the Transaction Document and any such additional or replacement Transaction Document.

(c) Promptly following (i) any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor being made, (ii) any new, additional or replacement instruments, documents, agreements or security being used or granted in connection with all or any part of the Approved Obligations, or (iii) any waiver, release, reconveyance, termination, abandonment, subordination, exchange, substitution, transfer, compound, compromise, liquidation or enforcement of all or any part of the Approved Obligations or any security or guarantee therefor being effected, OPG shall deliver to the Province a detailed description of such event and the reasons for it together with any related documents, agreements and instruments.

(d) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, OPG shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations (including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(e) Promptly upon request, OPG shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

2.02 <u>Covenants</u>

(a) OPG shall use commercially reasonable efforts to cause the Financing Entity to:

(i) punctually perform and observe all of the Financing Entity's obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not (unless waived in writing by the Province):

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement or replacement or waiver or consent could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any change in particular financial terms, rates and levels;

(B) extend, renew, compromise, novate, replace, suspend, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, liquidate or enforce the terms of all or any part of the Approved Obligations or any Collateral, if any such action could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to the extent that only particular financial terms, rates and levels are affected[3];

(C) permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired; or

(D) allow the Financing Entity to enter into any Supplemental Indenture or Loan Agreement where any penalty or make-whole payment, or any requirement for further consent, approval or agreement, of the Specified Creditor party thereto would be required for the Province to assume the Obligations Secured thereunder.

(b) OPG shall:

(i) comply, and shall use commercially reasonable efforts to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

(ii) punctually perform and observe all of its (including as the FSM and as Manager) obligations and agreements contained in the Program Agreements;

[3] [redacted]

(iii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation; and

(iv) after the occurrence of any Protection Event (or any event known to OPG that with the passage of time or the giving of notice would be a Protection Event), not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.

(c) Nothing in this Agreement [nor in the Change of Law Protection Agreement][4] shall limit the obligations of the Province under the Indemnity Agreement by the Province in favour of OPG dated June 1, 2017 (as amended, the "**Indemnity Agreement**") and to the extent of any conflict between this Agreement, the Change of Law Protection Agreement and such Indemnity Agreement, in respect of any matter relating to the Province's obligations to indemnify OPG, the Indemnity Agreement shall prevail.

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate[5]

OPG shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of OPG (or their respective designees, provided that such designees are also executiveor any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Province, on the earlier of (i) one Business Day prior toor before the incurrence or any amendment[2] of a Funding Obligation, (other than any Funding Obligation under which not more than $[redacted]• in the aggregate may become payable by the Financing Entity), and (ii) on the Business Day on which the financial terms of such Funding Obligation are definitively determined (including the interest or discount rate applicable to any notes, bonds or other securities (provided that delivery may not be more than 5 Business Days before the incurrence or

[4] This language has extra-contractual implications and so its meaning as between only 2 of the parties to the Protection Agreement is uncertain. Torys to explain intention.

[5] OPG/Dealers have indicated that "The current structure requiring satisfaction of the adherence conditions in the Protection Agreement impacts the marketability of the transaction and creates uncertainty for investors. Province has asked Dealers to explain how the current structure requiring satisfaction of the adherence conditions in the Protection Agreement is more onerous than ordinary adherence conditions applicable to government guaranteed bonds and to estimate the quantum impact on the marketability of the transaction and explain what uncertainty an ordinary closing condition of this type poses for investors.

[2] **Note to Province:** Please confirm that the timing of the delivery of the Process Certificate is satisfactory to you. The Process Certificate is delivered "on or before" incurrence or amendment. If preferable, we can revert back to the prior timing, which was delivery on the earlier of incurrence/ amendment, or pricing.

amendment of the Funding Obligation), setting out the following with respect to such Funding Obligation:

(a) the material terms of the Funding Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a Derivative Agreement, the notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

(b) if an existing Funding Obligation is proposed to be amended, material details respecting such amendment, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

(c) a statement to the effect that: (i) the Funding Obligation to be incurred or amended (1) will arise under terms and conditions that are Substantially in the Form of the Reference Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reference Documentation;

(d) a statement confirming that any disclosure made in respect of the Funding Obligation (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to the Funding Obligation) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement has been made available to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made;

(e) a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and

(f) confirmation that, at the time the Funding Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Funding Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the then applicable Protection Agreement Maximum; for clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be determined on

the date the Process Certificate is delivered hereunder in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

3.02 ~~Delivery of a Suspension Notice~~ Acknowledgement regarding delivery of certificate under Change of Law protection Agreement

The Province acknowledges and agrees that, concurrent with the delivery of the Process Certificate pursuant to Section ~~8.01~~3.01 of this Agreement, the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) are authorized to deliver the certificate referred to in **[Subsection 4.02(b)]** of the Change of Law Protection Agreement~~,~~ to the Indenture Trustee confirming that OPG has delivered all required certifications to the Province in connection with adherence of the Limited Guarantee to the incurrence of the Certified Primary Obligations in respect of which the certificate in **[Subsection 4.02(b)]** of the Change of Law Protection Agreement is being delivered; provided that, upon receipt of a Suspension Notice under the Change of Law Protection Agreement, OPG covenants not to deliver any further certificates to the Indenture Trustee under **[Subsection 4.02(b)]** of the Change of Law Protection Agreement other than in connection with a Refinancing of a Primary Obligation in respect of which the Adherence Conditions had been satisfied at the time such Primary Obligation was incurred.

3.03 Acknowledgement regarding delivery of Suspension Notice

The parties acknowledge and agree that the Province is entitled to deliver a Suspension Notice under **[Section 7.01]** of the Change of Law Protection Agreement if a Program Breach or Breach Event has occurred. The Province agrees not to deliver a Suspension Notice pursuant to **[Section** ~~8.01~~**7.01]** of the Change of Law Protection Agreement unless ~~any of the following circumstances~~a Program Breach or a Breach Event has occurred~~:~~.

~~(a) a Program Breach; and~~

~~(b) a Breach Event.~~

3.04 ~~3.03~~ Meaning of "Reference Documentation"

For the purposes of Subsection 3.01(c), the term "Reference Documentation" shall mean each Transaction Document (including any change, addition or supplement thereto) that, at the relevant time:

(a) is a Transaction Document provided to, and not objected to by, the Province prior to the making of this Agreement, as contemplated in the fifth recital to this Agreement; or

(b) is a Transaction Document provided to the Province in accordance with Subsection 2.01(b) that has not been objected to by the Province, by delivery of an objection notice in writing delivered to OPG, within 10 Business Days after it is provided to the Province.

3.05 ~~3.04~~ Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(c), the term "Substantially in the Form" shall mean:

(a) with respect to the Reference Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such Reference Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation, including regarding the timing of or circumstances under which related payments are or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that would affect the Province's rights of subrogation or assignment (including pursuant to **[Section 5.01~~ or Article VI~~]** of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation~~ or upon the assumption of obligations in accordance with **[Article VI]** of the Change of Law Protection Agreement~~; provided, however, that the foregoing does not apply to any variable terms to be set forth in the proposed documents as are reasonably contemplated in the Reference Documentation, including the particular financial terms, rates and levels set forth in the proposed documents other than to the extent that the forms of Reference Documentation themselves specify specific requirements, limitations or parameters with respect to such financial terms, rates, levels and parameters; and

(b) with respect to the Reference Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum

(a) Not less than 15 Business Days, or such lesser period as the Province may agree to in writing, prior to the proposed incurrence of the first Funding Obligation, OPG

shall, as the FSM, deliver to the Province: (i) a forecast setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the next following 24 month period (the "**Initial Forecast Period**"), which expectations shall be consistent with the Financing Plan (the "**Initial Forecast**"); and (ii) notice of the initial Protection Agreement Maximum, which may not exceed the Initial Forecast.

(b) Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of the Initial Forecast and notice of the initial Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province may disagree with the Initial Forecast and the initial Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or the Initial Forecast, (ii) the Initial Forecast is inconsistent with the Financing Plan, or (iii) the initial Protection Agreement Maximum is ~~not less~~more than the Initial Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the initial Protection Agreement Maximum will be revised accordingly and confirmed by an amended notice to the Province.

(c) Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Approved Obligations that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast shall be further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum, which may not exceed such Forecast.

(d) Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of any further Forecast and notice of the revised Protection Agreement Maximum from OPG pursuant to Section 4.01(c), the Province may disagree with such further Forecast or revised Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or such further Forecast, (ii) the further Forecast is inconsistent with the Financing Plan, or (iii) the revised Protection Agreement Maximum is ~~not less~~more than the further Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the revised Protection

Agreement Maximum will be further revised accordingly and confirmed by an amended notice to the Province.

(e) For clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be valued at the time to be determined for the purposes of this Section 4.01 in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of OPG

OPG represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, may cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario and has the power and authority to enter into and perform its obligations under this Agreement and all instruments and agreements delivered pursuant hereto.

(c) OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may

limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Financing Entity or in the ability of the Financing Entity to perform its obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

5.02 <u>Representations and Warranties of the Province</u>

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

~~ARTICLE VI~~
~~PROCESS FOR ELECTION TO ASSUME APPROVED OBLIGATIONS~~[6]

~~6.01 Election by the Province~~

~~Pursuant to Section 6.01 of the Change of Law Protection Agreement, at any time following the occurrence of a Protection Event, the Province may (but shall not be obligated) elect to assume the Financing Entity's obligations in respect of all Obligations Secured, as obligor and debtor by giving notice to the Indenture Trustee. Prior to determining whether or not to exercise its election, the Province may deliver to OPG a notice in the form of Exhibit A (an "**Election Information Notice**"). The Election Information Notice shall, among other things, specify the date on which the Province proposes to assume the Obligations Secured, which date shall be no earlier than 20 Business Days following delivery of the Election Information Notice to OPG (the "**Proposed Assumption Date**").~~

~~6.02 Details regarding Obligations Secured~~

~~Promptly following the delivery of the Election Information Notice to OPG, OPG shall provide the following information and documentation to the Province:~~

~~(a) a summary of the amounts that will be owing under all Obligations Secured as of the Proposed Assumption Date, together with a detailed schedule setting out the dates on which such amounts will become due and payable under the Obligations Secured;~~

~~(b) a summary of the rights arising under the Obligations Secured that permit the Financing Entity to assign the Obligations Secured to the Province, including details regarding any conditions precedent to such assignment and the related assumption becoming effective and any notices, filings, consents or other actions that will be required in order to implement and effect such assignment and assumption;~~

~~(c) current versions of all documentation under which the Obligations Secured arise;~~

~~(d) copies of all correspondence exchanged between OPG, as the FSM, or the Financing Entity, on the one hand, and any Specified Creditor, Rating Agency or~~

[6] ~~Note: Lawyers to discuss assumption mechanics.~~

~~the Indenture Trustee, on the other hand, in each case that may reasonably be considered to be material to the assumption and performance of the Obligations Secured by the Province; and~~

~~(e) all income tax returns and assessments, financial statements and notices of proceedings of or pertaining to the Financing Entity or its business and any documentation related thereto, including any pleadings, appeals, objections, qualifications or other similar materials in respect of the Financing Entity or any Program Agreement.~~

~~6.03 Settlement of Terms~~

~~Following receipt and consideration by the Province of the information and documentation to be provided under Section 6.02, the Province shall confirm in writing whether or not it expects to proceed with the assignment and assumption of the Obligations Secured and, if it will be proceeding with the assignment and assumption, the date on which the Province expects that assignment and assumption will be effected. If it will be proceeding with such assignment and assumption, the Province will deliver an Assumption Notice as contemplated under Section 6.01 of the Change of Law Protection Agreement. A decision not to proceed with an election at any time will not limit the Province from proceeding with an election at a later date, including by issuing a further Election Information Notice, and Article VI of this Agreement shall continue to apply unaffected.~~

~~6.04 Cooperation to Implement the Assignment and Assumption~~

~~OPG shall cooperate with the Province and, as FSM, shall use commercially reasonable efforts to cause the Financing Entity to cooperate, and shall use its commercially reasonable efforts, to complete the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province, by the applicable Assumption Closing Date.~~

~~6.05 Terms of Obligations Secured~~

~~In order to permit the Province to assume the Obligations Secured in the circumstances contemplated herein, OPG, as FSM, shall cause the Financing Entity to use commercially reasonable efforts to ensure that all Obligations Secured permit such an assignment to and assumption by the Province substantially in accordance with the terms and on the basis contemplated in the Assumption Agreement, without any penalty or make-whole payment, or any requirement for further consent, approval or agreement, or alternatively, in the case of any Obligations Secured entered into by or on behalf of the Financing Entity for the provision of on-going services to the Financing Entity permitting the satisfaction and termination of such Obligations Secured on or prior to the effective time of such assumption without any acceleration of future fees, profits or other like amounts, other than to the extent of payment obligations that~~

~~arise under market standard mark-to-market payment terms and conditions included on a commercially reasonable basis under a Derivative Agreement.~~[7]

ARTICLE VI~~ARTICLE VII~~
BREACH EVENTS

6.01 ~~7.01~~ Breach Events

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

(a) a default in the performance, or breach, of any covenants of OPG under this Agreement, which continues for thirty (30) days after written notice by the Province to OPG of such default or breach;

(b) any representation or warranty made by OPG in this Agreement, any certification made in a Process Certificate, or any certification made in a certificate contemplated by Section **[4.02]** of the Change of Law Protection Agreement, proves to be incorrect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation; or

(c) OPG is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the Manager.

ARTICLE VII~~ARTICLE VIII~~
MISCELLANEOUS

7.01 ~~8.01~~ Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

7.02 ~~8.02~~ Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business

[7] ~~The Trust Indenture will need to be revised to ensure that the Province's assignment and assumption right is fully contemplated and may be implemented without any requirement for further Specified Creditor or other third party consents. Among other changes, it is contemplated that Torys will add the following to the MTI to address this requirement: (i) Specified Creditors (including in the applicable Funding Obligation Agreement) will be required to acknowledge the rights of the Province to assume the Obligations Secured on the basis contemplated in the form of assumption agreement, and (ii) the Indenture Trustee will be permitted to enter into and give effect to the global Assumption Agreement without the consent of Specified Creditors or any other third parties.~~

Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to OPG:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: ~~[■]~~General Counsel
Fax: (416) ~~[■]~~592-4189
~~Email: [■]~~

(b) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section ~~8.02~~7.02.

7.03 ~~8.03~~ Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section ~~8.03~~7.03 shall be null and void.

7.04 ~~8.04~~ Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

7.05 ~~8.05~~ FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

7.06 ~~8.06~~ Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

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

By: _____

Name:
Title:

By: _____

Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Conditions**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Approved Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

~~"**Assumption Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.~~

~~"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.03.~~

"**Beneficiaries**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Breach Event**" ~~means the occurrence or existence of any one or more of the following: (a) a default in the performance, or breach, of any covenants of the FSM under this Agreement; or (b) any representation or warranty made by the FSM, any certification made by the FSM under this Agreement, or any certification made by the FSM in a certificate contemplated by Section 4.03 of the Change of Law Protection Agreement, proves to be incorrect in any material respect on the date made; or (c) OPG is no longer the FSM or the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the FSM or the Manager.~~has the meaning ascribed thereto in Section 6.01.

~~has the meaning ascribed thereto in Section 7.01.~~

~~"**Breach Event Suspension Notice**" has the meaning ascribed thereto in Section 7.02.~~

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Certified Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the FSM on behalf of the Financing Entity and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

"**~~Election Information Notice~~Executive Officer**" has the meaning ascribed thereto in ~~Section 6.01~~the Change of Law Protection Agreement.

"**Financing Entity**" means Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Entity Trustee**" ~~means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Financing Entity at such time~~has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(c).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Indenture Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Initial Forecast**" has the meaning ascribed thereto in Section 4.01(a).

"**Initial Forecast Period**" has the meaning ascribed thereto in Section 4.01(a).

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Limited Guarantee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Loan Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**Management Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Manager**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.has the meaning ascribed thereto in the Change of Law Protection Agreement.

~~"**Proposed Assumption Date**" has the meaning ascribed thereto in Section 6.01.~~

"**Protection Agreement Maximum**" means the dollar amount referenced as the Program Agreement Maximum and determined in accordance with Article IV.

"**Protection Event**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture.

"**Reference Documentation**" has the meaning ascribed thereto in Section ~~3.03.~~3.04.

"**Repayment**" has the meaning ascribed to the term "repayment" in the General Regulation as of the date of this Agreement.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Substantially in the Form**" has the meaning ascribed thereto in Section ~~3.04.~~3.05.

"**Suspension Notice**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement; (vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that affects the Province's subrogation rights and/or subrogee interests, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons

having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

EXHIBIT A
FORM OF ELECTION INFORMATION NOTICE

EXHIBIT B
FORM OF BREACH EVENT SUSPENSION NOTICE

Document comparison by Workshare Compare on Tuesday, November 28, 2017 10:32:18 AM

Input:	
Document 1 ID	PowerDocs://TOR_2528/23239361/14
Description	TOR_2528-#23239361-v14-Change_of_Law_-_Process_Agreement
Document 2 ID	PowerDocs://TOR_2528/23239361/17
Description	TOR_2528-#23239361-v17-Change_of_Law_-_Process_Agreement
Rendering set	Standard

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

Statistics:	
	Count
Insertions	55
Deletions	103
Moved from	1
Moved to	1
Style change	0
Format changed	0
Total changes	160

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE[1]

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST[2]

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

[1] This Agreement and the Process Agreement will need to be effective on closing but signed and held in escrow as soon as they are settled and prior to pricing of the term deal. **Note to Torys:** Logistics of closing are under consideration.

[2] **Torys Note:** Please advise if there are any further issues with the Manager signing the Protection Agreement on behalf of the Trust? If so, can you please explain the issue. The Manager is currently signing all Program Agreements on behalf of the Trust and has authority to do so. We would like the Manager to sign this Agreement on behalf of the Trust. **Note to Torys:** Manager derives authority under the Management Agreement to sign Program Agreements. Management Agreement powers determined by reference to the Program Agreements, so authority is circular. Ultimately, Province will accept the opinion of Torys on due execution point.

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust under the laws of the Province of Ontario (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council dated as of ■ (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust[3] dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Primary Obligations that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred. This Agreement sets out the terms and conditions of such protections and assurances.

[3] **Torys Note:** We are comfortable on this point because OPG has retained Computershare as issuer trustee. The recitals of the Declaration of Trust provide that Computershare has established the Trust at the request of the FSM. We can also provide you with a copy of the Computershare engagement letter upon request. **Note to Torys:** The Province will accept authorities opinion regarding the Trust from Torys.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other

subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 Proof of Approved Obligations

The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Indenture Trustee deems to be sufficient.

Any statement of account prepared by the Indenture Trustee as regards the Primary Obligations shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and the Province hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Indenture Trustee agrees to provide the Province with the computations and calculations used by the Indenture Trustee to prepare each such statement of account promptly following a request therefor.

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture as of the date of this Agreement.

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 2.01 or Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a

Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee, the Financing Entity, the Financing Entity Trustee, the Manager or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee may deliver a written demand, substantially in the form attached as Exhibit A (a "**Payment Demand**"), to the Province requiring the Province to make payments in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in this Agreement. From and after such delivery of a Payment Demand, the Province shall make the following payments in respect of the Approved Obligations (the "**Limited Guarantee**"), and the Financing Entity shall pay, and the Province shall be entitled to be paid, the Subrogation Amounts specified below, on the specified Guarantee Payment Date:

i. Not less than 3 Business Days prior to each day when any payment or payments are to be made in respect of one or more Approved Obligations occurring after such delivery of a Payment Demand and prior to the Assumption Effective Date, if any, (a "**Guarantee Payment Date**"), the Manager shall deliver a written statement setting forth the Aggregate Approved Obligations Amount, if any, in respect of the Approved Obligations that are due and payable on such Guarantee Payment Date, together with a detailed description identifying such Approved Obligations and the nature and amount of payments due and payable thereunder on the Guarantee Payment Date, the aggregate outstanding amount payable by the Financing Entity under such Approved Obligations as of the date of ~~the Guarantor Settlement Statement~~such written statement, and details regarding any default in performance by any party obligated thereunder~~ (a "**Guarantor Settlement Statement**")~~[4] .

ii. On each such Guarantee Payment Date, the Province shall deposit the Aggregate Approved Obligations Amount into the Protection Account.

iii. On each such Guarantee Payment Date, the Financing Entity and the Indenture Trustee shall ensure that the amounts on deposit in the Protection Account are applied to pay each Beneficiary to whom an amount is due and payable under an Approved Obligation on the Guarantee Payment Date the Approved Obligation Amount for such Beneficiary in respect of such Approved Obligation on such Guarantee Payment Date; provided that if the amount deposited pursuant to clause 2.01(a)ii is

[4] ~~Given timing, we would appreciate if the parties did not negotiate this form now.~~

insufficient to pay all such Approved Obligation Amounts in full, the amount on deposit in the Protection Account on the Guarantee Payment Date shall be applied to pay Beneficiaries in the order of priority in which such Approved Obligations are payable under the payment provisions of the Trust Indenture applicable to the making of such payments on the Guarantee Payment Date (each, a "**Beneficiary Payee**").

iv. On any Guarantee Payment Date on which an amount is paid by the Province pursuant to clause 2.01(a)ii, the applicable payment provisions of the Trust Indenture shall, notwithstanding the express terms of such provisions set forth in the Trust Indenture, be applied and operate on the following basis:

(A) the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available under such payment provisions on such Guarantee Payment Date shall be reduced by the amount paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on such Guarantee Payment Date;

(B) the Province shall be paid the lesser of (x) the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available to pay the Beneficiary Payee under such payment provisions on the Guarantee Payment Date, determined without regard to subclause 2.01(a)iv(A), and (y) the amount paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on the Guarantee Payment Date (such payments to the Province being "**Subrogation Amounts**"); and[5]

(C) no Beneficiary having a right to be paid an amount in respect of an Approved Obligation that ranks equal with or subordinate to an Approved Obligation in respect of which an amount is payable to the Province under subclause 2.01(a)iv(B) shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under such subclause (including any right or reimbursement, contribution or indemnity) and no such Beneficiary shall have any right or interest in,

[5] ~~We thought this section required tweaking to reflect the intention of the parties.~~

to or under the Collateral or any proceeds therefrom in respect of such amounts.

v. On any Guarantee Payment Date, the Indenture Trustee shall release and pay to the Province free and clear of any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay Beneficiary Payees on the Guarantee Payment Date in accordance with clause 2.01(a)iii.

vi. In preparing any payment instructions under the Trust Indenture, the Manager shall reflect the amounts payable for the Guarantee Payment Date under Section 2.01(a).

(b) The Province shall, as a payee of Subrogation Amounts under clause 2.01(a)(iv)(B) and any amounts payable under clause 2.01(a)(~~iv)(B~~v)**,** be a "Specified Creditor" under the Trust Indenture and have the benefit of the Collateral thereunder.

(c) For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the Approved Obligation Amounts, if any, for payment to Beneficiary Payees and will be subject to the priorities and to the Province's rights to Subrogation Amounts, set forth in Section 2.01(a).

(d) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(e) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation by their terms.

(f) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under and in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any amount due and payable to a Beneficiary Payee under the Limited Guarantee.

2.02 Intentionally Deleted.

2.03 Absence of Set-off

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 Payment into Protection Account in Satisfaction

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account" for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section **[7.03]** of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Financing Entity and the Indenture Trustee shall ensure that all amounts paid by the Province into the Protection Account on a Guarantee Payment Date in respect of an Approved Obligation are applied to pay the amounts due and payable to the Beneficiaries as and to the extent provided for in Section 2.01(a). Upon a payment having been made by or on behalf of the Province into the Protection Account, the amounts so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiaries as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such Beneficiaries in respect of the applicable Approved Obligations, whereupon an affected Beneficiary shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid. For greater certainty, the obligations arising in respect of an applicable Approved Obligation shall not be reduced by such payment as the Province shall become entitled to be paid related Subrogation Amounts and the rights contemplated under Section 2.01(a) and Section 5.01 in relation to such continuing obligations.

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations in accordance with Section ~~9.01~~8.01.[6]

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

[6] ~~We made this change to be consistent with the termination clause in section 9.01.~~

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

A Primary Obligation shall constitute an Approved Obligation if (i) the Adherence Conditions applicable thereto have been satisfied at the time the Primary Obligation was incurred, or (ii) the Province, in its sole discretion, ~~agrees~~designates in writing that it is an Approved Obligation.

4.02 Adherence Conditions[7]

The following shall be the Adherence Conditions applicable in relation to each Certified Primary Obligation:

(a) the Certified Primary Obligation when incurred is an Obligation Secured under the Trust Indenture; and

(b) OPG, as FSM, delivers a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee, on or before the incurrence of a Certified Primary Obligation[8] (provided that delivery may not be more than 5 Business Days before the incurrence of the Certified Primary Obligation), confirming that OPG has ~~provided to the Province all certifications required by~~delivered to the Province a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with the ~~incurrence of such~~adherence of the Limited Guarantee to the Certified Primary Obligation; and

(c) in respect of a Certified Primary Obligation other than a Refinancing of a Primary Obligation in respect of which the Adherence Conditions had been satisfied, the Province has not provided a Suspension Notice to the Indenture Trustee, OPG and the Financing Entity.

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[7] ~~We would propose that the certification in section 4.02(b) of the Protection Agreement track the requirements of section 3.01 of the Process Agreement to ensure that the two sections are consistent. Accordingly, we have revised section 4.02(b) of the Protection Agreement to state the certificate delivered to the Indenture Trustee under this section should confirm that all certifications to the Province required in connection with the incurrence of such Certified Primary Obligations have been delivered to the Province.~~

[8] ~~We tried to address all parties concerns expressed at our last meeting by this language. The Province can be assured that no certificate earlier than 5 Business Days prior to incurring the Certified Primary Obligation is delivered and the dealers have comfort that the clause is not too prescriptive.~~

For greater certainty, (y) satisfaction of the Adherence Conditions for a Certified Primary Obligation shall be deemed satisfaction of the Adherence Conditions in respect of all principal, interest and other amounts owing under the Certified Primary Obligation, as such Certified Primary Obligation may be amended, restated, supplemented or otherwise modified from time to time, and (z) there shall be no Adherence Conditions applicable in relation to a Primary Obligation that is not a Certified Primary Obligation.

4.03 Evidence of Satisfaction

A closing certificate delivered in accordance with Section 4.02(b) in connection with an incurrence of a Certified Primary Obligation shall be determinative as to whether the applicable Adherence Conditions with respect thereto have been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same. A closing certificate that purports on its face to be signed by officers specified in Section 4.02(b) may be relied upon by any addressee without further enquiry or evidence as to the incumbency or signatures of such officers. If a closing certificate is not delivered in accordance with the timing requirements of Section 4.02(b) in respect of a Certified Primary Obligation, such certificate may be delivered at a later date, and be effective as if it had been delivered in accordance with the timing requirement of Section 4.02(b), if at the time such certificate was required to be delivered OPG had delivered to the Province all certifications required by the Province in connection with the ~~incurrence of a~~adherence of the Limited Guarantee to the Certified Primary Obligation.[9]

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, including (i) the right and entitlement to be paid and receive the related Subrogation Amounts, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or

[9] ~~This additional language was added to address the concerns of the dealers and Oslers discussed at our last meeting.~~

counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including **[Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 7.12 (Payments Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Section 8.14 (Limited Recourse), Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition)]**; (ii) consents, requests and authorizes the Issuer and the Indenture Trustee to (x) add the Province to the register of Specified Creditors described in subsection **[13.13(b)]** of the Trust Indenture and (y) disseminate the notice details of the Province to other Specified Creditors for the purposes set out in subsection **[9.14(b)]** of the Trust Indenture, and (iii) confirms that the Indenture Trustee shall send notices to the Province, in its capacity as a Specified Creditor, in accordance with Section ~~9.02.~~[10]8.02.

5.02 Priorities

For greater certainty, the rights, interests and entitlements of the Province as an assignee ~~or~~and subrogee~~, as applicable,~~ of and with respect to an Approved Obligation shall rank equally with the rights, interests and entitlements of a Beneficiary to whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture in the manner and to the extent contemplated in Section ~~2.01.~~7.1(d) of the Trust Indenture.

~~[10] These changes were made to conform to the latest draft of the Trust Indenture, a copy of which will be circulated soon.~~

5.03 Intentionally Deleted

5.04 Representations and Warranties

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

~~**ARTICLE VI**~~
~~**NOTICE OF ASSUMPTION OF CERTAIN OBLIGATIONS SECURED**[11]~~

~~**6.01 Delivery of Assumption Notice**~~

~~Following the occurrence of a Protection Event, the Province may (but shall not be obligated to) provide notice (in the form of Exhibit B) to the Indenture Trustee that the Province has elected to assume the Financing Entity's obligations in respect of all Obligations Secured permitted to be assumed by their terms (the "**Assumption Notice**"). The Assumption Notice shall specify the date on which the assignment and assumption of such Obligations Secured will be effective (each such date being an "**Assumption Closing Date**").~~[12]

~~**6.02 Cooperation to Implement the Assignment and Assumption**~~

~~The Indenture Trustee, the FSM, the Financing Entity and the Province will cooperate and use best efforts to complete the assignment and assumption of the Obligations Secured referenced in Section 6.01 by and from the Financing Entity to and by the Province by the applicable Assumption Closing Date.~~

~~**6.03 Effect of Assignment and Assumption**~~

~~On the date that the assignment and assumption of the Obligations Secured referenced in Section 6.01 by and from the Financing Entity to and by the Province becomes effective (the "**Assumption Effective Date**"), the Province shall no longer be required to provide and perform the Limited Guarantee but will instead become a primary obligor under such Obligations Secured assumed pursuant to and in accordance with an applicable Assumption Agreement. For greater~~

[11] ~~Please see Torys' cover email to explain changes made in this Article and the related Article in the Process Agreement. Section 6.05 was deleted since it was not applicable in a context where only some of the Obligations Secured would be assumed.~~

[12] ~~It is not realistic to think that the assumptions of Secured Obligations will all occur on one day. We think it has to happen on a contract by contract basis. As a Secured Obligation is assumed, the Limited Guarantee falls away with respect to it (it becomes a "zero" item in the waterfalls).~~

~~certainty, the obligations of the Province so assumed will not be secured obligations of the Province and the obligees thereof will have no right, interest or claim to or in respect of the Collateral or any proceeds therefrom.~~

~~**6.04 Interim Period**~~

~~Until the effective time of the assignment and assumption of the Obligations Secured referenced in Section 6.01 by and from the Financing Entity to and by the Province on the Assumption Effective Date, the Province shall continue to perform and be obligated under the Limited Guarantee with respect to those Obligations Secured.~~

ARTICLE VI~~ARTICLE VII~~
INDENTURE TRUSTEE MATTERS

6.01 ~~7.01~~ Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

6.02 ~~7.02~~ Not Responsible for Recitals

The recitals contained herein will be taken as the statements of the Province, the Financing Entity and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

6.03 ~~7.03~~ Representations and Covenants of the Indenture Trustee~~13~~[4]

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada; and

(b) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada.

~~13~~[4] **Torys Note:** The Indenture Trustee asked us to delete these representations. They will not provide these types of representations without attaining a legal opinion from outside counsel. To avoid delay, we would ask that the parties agree to this deletion. **Note to Torys:** The representations provided by the Indenture Trustee should be consistent with those in the Trust Indenture.

ARTICLE VIIARTICLE VIII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

7.01 8.01 Suspension Notice

Upon:

(a) a Program Breach; or

(b) a default in the performance, or breach, of any covenants or representations of the FSMof OPG, as FSM, or OPG, in its corporate capacity, in each case to the Province in connection with an incurrence or amendment of Primary Obligationsits obligations to the Province pursuant to internal requirements and processes in connection with the adherence of the Limited Guarantee, which continues for thirty (30) days after written notice by the Province to the FSMOPG of such default or breach;

(c) a representation or warranty made by OPG or a certification made by one or more officers of OPG, in each case whether as FSM or in its corporate capacity, to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the adherence of the Limited Guarantee, proves to be incorrect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation; or

(d) (c) the FSM no longer being the Manager or actions having been taken by or on behalf of the Indenture Trustee to remove the FSM as the Manager,

the Province may declare that the Limited Guarantee under this Agreement shall not apply to any Primary Obligations incurred[14] on or after such declaration, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied, by delivering a written notice in the form of Exhibit CB (a "**Suspension Notice**") to the Province to the Indenture Trustee, the FSM and the Financing Entity.[15]

The Limited Guarantee shall apply to any Certified Primary Obligation incurred after a Suspension Event on the basis that it is a Refinancing only if the FSM certifies to the Province in writing prior to the incurrence that the proceeds of such incurrence will be used solely for the purposes of repaying one or more Certified Primary Obligations incurred prior to the Suspension Event and to which the Limited Guarantee adhered as of the time the Suspension Event occurred, and the delivery of such written certification by the FSM to the Province shall be determinative

[14] We will need the ability to amend the Primary Obligations after a Suspension Notice to deal with the Suspension Notice itself.

[15] OPG has confirmed that it is problematic from an accounting perspective to give the Province a broad right to suspend at any time. As discussed in the meeting, we therefore reintroduced the concept of the Program Breach and Breach Event but we made the breach event generic to ensure we do not have to reference the Process Agreement in this document.

for the purposes of concluding that such incurrence is a Refinancing for the purposes of Sections 7.01, 7.02 and 7.03.

7.02 ~~8.02~~ Suspension

If a Suspension Notice has been provided under Section ~~8.01~~7.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of any Primary Obligation incurred~~[16]~~ or amended on or after the time such Suspension Notice is delivered, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied. ~~For greater certainty, the rights of the Province under Article VI shall apply in respect of the Obligations Secured referenced in Section 6.01, including if incurred on or after the time such Suspension Notice is delivered.[17]~~

7.03 ~~8.03~~ No Impact on Adherence

For greater certainty, the occurrence of Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event or in respect of any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied~~, nor will it in any way impact the Obligations Secured which are assumed by the Province in accordance with ARTICLE VI~~.

ARTICLE VIII~~ARTICLE IX~~
MISCELLANEOUS

8.01 ~~9.01~~ Term of Agreement

This Agreement will continue until the date that no amount is or may become due and payable by the Province under the Limited Guarantee.

8.02 ~~9.02~~ Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf

~~[16] We will need the ability to amend the Primary Obligations after a Suspension Notice to deal with the Suspension Notice itself.~~

~~[17] We have deleted the concept of the termination notice since it no longer serves a purpose and is potentially confusing to the reader.~~

of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust

700 University Avenue

Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: Manager, Corporate Trust
Fax: (416) 981-9777
Email: corporatetrust.toronto@computershare.com

(b) if to the FSM:

Ontario Power Generation Inc.

700 University Avenue

Toronto, Ontario M5G 1X6

Attention: General Counsel
Fax: (416) 592-4189

(c) if to the Province:

Ministry of Finance

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section ~~9.02~~8.02.

8.03 ~~9.03~~ Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section ~~9.03~~8.03 shall be null and void.

8.04 ~~9.04~~ Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

8.05 ~~9.05~~ FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 ~~9.06~~ No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

8.07 ~~9.07~~ Intentionally Deleted

8.08 ~~9.08~~ Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their benefits hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

8.09 ~~9.09~~ Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, IN ITS CAPACITY AS TRUSTEE OF FAIR HYDRO TRUST, AS ISSUER, BY ONTARIO POWER GENERATION INC., NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Action**" has the meaning ascribed thereto under the Trust Indenture.

"**Adherence Conditions**", means, in respect of ~~the~~a Certified Primary ~~Obligations~~Obligation, the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of a Guarantee Payment Date, the aggregate of the Approved Obligation Amounts for such Guarantee Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, for a Beneficiary in respect of an Approved Obligation under which an amount is due and payable on a Guarantee Payment Date:

(a) if no Acceleration has occurred in respect of any Obligation Secured on or before the Guarantee Payment Date, the amount due and payable to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation (for greater certainty, determined on the assumption that there are adequate amounts available under the applicable payment provisions of the Trust Indenture to pay in full all amounts referred to in such payment provisions that are due and payable on the Guarantee Payment Date); and

(b) if an Acceleration has occurred in respect of any Obligations Secured on or before the Guarantee Payment Date, the amount that would be available to be paid to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation under the applicable payment provisions of the Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with such applicable payment provisions of the Trust Indenture in respect of each relevant month during each Reference Period is equal to the estimated Finance Amount determined in respect of such Reference Period for purposes of section 15(1) of the Act (in effect on the date hereof)[5] divided by the number of months in such Reference Period.

[5] **Note to Province**: MOE should confirm that this captures the limitations contemplated in connection with any "acceleration" under the revised Regulation. Consider whether it is necessary to refer specifically to the Regulation to avoid any disconnect, and to tie-in specifically to the context of the acceleration scenario applicable at the time.

~~"**Assumption Agreement**" means the agreement among the Province, the Indenture Trustee, the Financing Entity and any other person that is party to the applicable Supplemental Indenture or Loan Agreement affected by the assignment and assumption contemplated under Article VI, which agreement shall be in substantially the form of assumption agreement set forth in the applicable Supplemental Indenture or Loan Agreement.~~

~~"**Assumption Effective Date**" has the meaning ascribed thereto in Section 6.03.~~

~~"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.01.~~

~~"**Assumption Notice**" has the meaning ascribed thereto in Section 6.01.~~

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Beneficiary Payee**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Certified Primary Obligations**" means Primary Obligations that ~~are payment obligations that~~ are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest or to repay payment obligations that were incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest,[~~18~~6] (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not each individual trade confirmation, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and aggregate payments by the Financing Entity thereunder during the term of such contract is in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).[~~19~~7]

"**Change of Law Protection Agreement**" means this Agreement.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

[~~18~~6] **Torys Query**: For a warehouse facility, does the Province want a Certificate for each monthly draw? **Note to Province:** Please advise. We may respond that to extent the draw is a Certified Primary Obligation, we would like to maintain the process set out in this Agreement.

[~~19~~ ~~This~~7] **Note to Province**: Torys suggests that this concept reflects what Primary Obligations the parties agreed to be subject to the adherence conditions. Province to confirm that this is their understanding from meeting on Tuesday, November 21, particularly prongs (ii) and (iii) of the definition.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Eligible Deposit Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Eligible Institution**" has the meaning ascribed thereto in the Trust Indenture.

"**Executive Officer**" has the meaning ascribed thereto in ~~the *Securities Act* (Ontario).~~National Instrument 51-102 – *Continuous Disclosure Obligations*.[8]

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the first paragraph of this Agreement until a successor Financing Entity Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and the Declaration of Trust, and thereafter "Financing Entity Trustee" means and includes such Person.[~~20~~]

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

[8] **Note to Torys:** We have used the definition from NI 51-102 as there is only a definition of "officer" (but not "executive officer") in the OSA. **Note to Province:** Province to confirm that scope is acceptable. In NI 51-102, "Executive officer" means an individual who is (a) a chair, vice-chair or president; (a.1) a chief executive officer or chief financial officer; (b) a vice-president in charge of a principal business unit, division or function including sales, finance or production; or (c) performing a policy-making function in respect of the issuer". If you prefer, we may use the definition of "officer" from the *Securities Act*. "Officer" means (a) a chair or vice-chair of the board of directors, a chief executive officer, a chief operating officer, a chief financial officer, a president, a vice-president, a secretary, an assistant secretary, a treasurer, an assistant treasurer and a general manager; (b) every individual who is designated as an officer under a by-law or similar authority of the registrant or issuer, and (c) every individual who performs functions similar to those normally performed by an individual referred to in clause (a) or (b).

[~~20~~] ~~We are merely conforming this definition to the definition of Indenture Trustee.~~

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Guarantee Payment Date**" has the meaning ascribed thereto in Section 2.01(a)i.

~~"**Guarantor Settlement Statement**" has the meaning ascribed thereto in Section 2.01(a).~~

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Issuer Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Lien**" has the meaning ascribed thereto in the Trust Indenture.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(a).

"**Loan Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity, as amended, supplemented, restated or otherwise modified from time to time.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Agreement**" means an agreement in the form of ~~a 1992~~an ISDA Master Agreement ~~(Multi-Currency – Cross Border)~~ as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, as amended, supplemented, restated or otherwise modified from time to time.

21

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account or Finance Reserve Account; and (ii) any obligation to pay the Financing Entity or on the Financing Entity's direction any remaining amounts in the Collection Account pursuant to the Trust Indenture.[22][9]

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.[23][10]

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

---

[21] The definition of Notes is not used in the Agreement.

[22][9] **Torys Note:** These changes were made to conform to the most current version of the Trust Indenture, a copy of which will be circulated soon. Additionally, money in the Collection Account is required to flow through the wate rfall and is not required to be held in the Collection Account otherwise. **Note to Torys:** Please confirm. The Trust Indenture states that if extra cash is available in the Collections Account, it can be held until a subsequent Payment Date.

[23][10] **Torys Note:** We deleted early amortization events because that is no longer a concept used in the Trust Indenture. **Note to Torys:** Early amortization events may be included in a supplemental indenture so we think retaining that reference makes sense.

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that materially and adversely affects (a) the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured, or (b) this Agreement or any of the agreements under which Obligations Secured arise; or

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that materially and adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Obligations Secured that have become due and payable.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture.

"**Reference Period**" has the meaning ascribed thereto in the Act.

"**Refinancing**" ~~means the incurrence of debt where at the time of issuance the use of the proceeds thereof are identified by the Issuer as to be used to repay an existing Approved Obligation.~~[24]has the meaning ascribed to the term "refinancing" in the Act as of the date hereof,

as more particularly described and given meaning in the General Regulation as of the date hereof.[11]

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Subrogation Amounts**" has the meaning ascribed thereto in subclause 2.01(a)iv(~~ii~~B).

"**Supplemental Indenture**" has the meaning ascribed in the Trust Indenture.

"**Supplemental Reserve Account**" has the meaning ascribed in the Trust Indenture.

"**Suspension Event**" has the meaning ascribed thereto in Section ~~8.02~~7.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section ~~8.01~~7.01.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

~~24~~11 **Torys Note:** Refinancings can occur up to six months prior to the application of the refinancing proceeds to the existing obligation. The regulations provide that if the refinancing proceeds are not applied to repay the intended funding obligation, then it is not a Refinancing. Accordingly, we have revised the definition to ensure that Refinancings do not have to be simultaneous with repayment of the existing Approved Obligation (we understand from the dealers that in most circumstances they will not be). **Note to Province**: The General Regulation specifically provides that debt can be considered a "Refinancing" when incurred within the 6 months prior to the maturity date of a funding obligation. The Act/Regulation's definition doesn't require that "Refinancings" are simultaneous with the repayment of existing Approved Obligations. Consider if further discussion is required and MOE to specifically confirm understanding of the Regulation on this point.

EXHIBIT A
FORM OF PAYMENT DEMAND

TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Pursuant to and in accordance with section 2.01(a) of the Change of the Law Protection Agreement, the Indenture Trustee hereby demands payment from the Province in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in the Change of Law Protection Agreement.

DATED as of the [■] day of [■], [■].

BNY TRUST COMPANY OF CANADA

By:
Name:
Title:

By:
Name:
Title:

EXHIBIT B
~~ASSUMPTION~~SUSPENSION NOTICE

~~[NTD: Blakes to provide draft]~~

~~EXHIBIT C~~
~~SUSPENSION NOTICE~~

~~**[NTD: Blakes to provide draft]**~~

TO:	Ontario Power Generation Inc., in its capacity as Financial Services Manager
AND TO:	Fair Hydro Trust
AND TO:	Computershare Trust Company of Canada, in its capacity as trustee of Fair Hydro Trust
AND TO:	BNY Trust Company of Canada, as Indenture Trustee

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement. All references in this Suspension Notice to "Articles" or "Sections" refer to Articles or Sections of the Change of Law Protection Agreement.

The Province has a reasonable basis for concluding that an event described in Section 7.01 has occurred. Pursuant to Section 7.01, the Province hereby declares that the Limited Guarantee shall not apply in respect of any Primary Obligation incurred or amended on or after the delivery of this Suspension Notice, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied, in accordance with the terms and conditions in Article VII.

The Limited Guarantee shall hereby not apply in respect of any Primary Obligation incurred or amended on or after delivery of this Suspension Notice, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied.

This Suspension Notice is hereby delivered to the FSM, the Financing Entity and the Indenture Trustee in accordance with Section 8.02 of the Change of Law Protection Agreement.

* * * *

DATED as of the [■] day of [■], [■].

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

Document comparison by Workshare Compare on Tuesday, November 28, 2017 10:35:06 AM

Input:	
Document 1 ID	PowerDocs://TOR_2528/23239360/18
Description	TOR_2528-#23239360-v18-Change_of_Law_Protection_Agreement
Document 2 ID	PowerDocs://TOR_2528/23239360/20
Description	TOR_2528-#23239360-v20-Change_of_Law_Protection_Agreement
Rendering set	Standard

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

Statistics:	
	Count
Insertions	106
Deletions	136
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	242

Draft: November 28, 2017

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.

CHANGE OF LAW PROCESS AGREEMENT[1]

Dated as of [■], 2017

[1] This Agreement and the Protection Agreement will need to be effective on closing but signed and held in escrow as soon as they are settled and prior to pricing of the term deal. **Note to Torys:** Closing mechanics under consideration by the Province.

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**") is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.

Pursuant to a Declaration of Trust dated as of [■], 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions.

Prior to entering into this Agreement, OPG provided the Province with the proposed forms of certain of the Transaction Documents, and the Province has not objected to such forms.

This Agreement sets out the obligations OPG has agreed to perform and assurances OPG has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the Adherence Conditions have been satisfied, maintaining information related to the Program Agreements and the Approved Obligations, and ensuring that the Province's assumption rights pursuant to Article VI of the Change of Law Protection Agreement may be exercised without impediment on the terms and conditions contemplated in this Agreement and the Change of Law Protection Agreement.

All things necessary to make this Agreement a valid and legally binding agreement of OPG and the Province, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this

Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 References to the Financing Entity

For greater certainty, each reference to the Financing Entity shall be construed as a reference to the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 Effect of Headings

The Article and Section headings herein and are for convenience only and will not affect the construction hereof.

1.04 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.06 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF OPG

2.01 Deliveries to the Province

(a) Not less than 15 Business Days, or such lesser period as the Province may agree to in writing, prior to the initial issuance of any Funding Obligation by the Financing Entity, OPG shall deliver to the Province a copy of the initial Financing Plan. Thereafter, OPG shall promptly deliver to the Province a copy of any proposed change to or replacement of the Financing Plan.

(b) Not less than 10 Business Days, or such lesser period as the Province may agree to in writing, prior to (i) any proposed change or supplement to a previously provided Transaction Document becoming effective or otherwise being used, (ii) any additional or replacement Transaction Document becoming effective or otherwise being used, OPG shall deliver to the Province a copy of such proposed change or supplement to the Transaction Document and any such additional or replacement Transaction Document.

(c) Promptly following (i) any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor being made, (ii) any new, additional or replacement instruments, documents, agreements or security being used or granted in connection with all or any part of the Approved Obligations, or (iii) any waiver, release, reconveyance, termination, abandonment, subordination, exchange, substitution, transfer, compound, compromise, liquidation or enforcement of all or any part of the Approved Obligations or any security or guarantee therefor being effected, OPG shall deliver to the Province a detailed description of such event and the reasons for it together with any related documents, agreements and instruments.

(d) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, OPG shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations (including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(e) Promptly upon request, OPG shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

2.02 <u>Covenants</u>

(a) OPG shall use commercially reasonable efforts to cause the Financing Entity to:

(i) punctually perform and observe all of the Financing Entity's obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not (unless waived in writing by the Province):

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement or replacement or waiver or consent could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any change in particular financial terms, rates and levels;

(B) extend, renew, compromise, novate, replace, suspend, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, liquidate or enforce the terms of all or any part of the Approved Obligations or any Collateral, if any such action could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to the extent that only particular financial terms, rates and levels are affected;

(C) permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired; or

(D) allow the Financing Entity to enter into any Supplemental Indenture or Loan Agreement where any penalty or make-whole payment, or any requirement for further consent, approval or agreement, of the Specified Creditor party thereto would be required for the Province to assume the Obligations Secured thereunder.

(b) OPG shall:

(i) comply, and shall use commercially reasonable efforts to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

(ii) punctually perform and observe all of its (including as the FSM and as Manager) obligations and agreements contained in the Program Agreements;

(iii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation; and

(iv) after the occurrence of any Protection Event (or any event known to OPG that with the passage of time or the giving of notice would be a Protection Event), not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.

(c) Nothing in this Agreement shall limit the obligations of the Province under the Indemnity Agreement by the Province in favour of OPG dated June 1, 2017 (as amended, the "**Indemnity Agreement**") and to the extent of any conflict between this Agreement and such Indemnity Agreement, in respect of any matter relating to the Province's obligations to indemnify OPG, the Indemnity Agreement shall prevail.

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate

OPG shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Province, on or before the incurrence or any amendment[2] of a Funding Obligation, other than any Funding Obligation under which not more than $• in the aggregate may become payable by the Financing Entity (provided that delivery may not be more than 5 Business Days before the incurrence or amendment of the Funding Obligation), setting out the following with respect to such Funding Obligation:

(a) the material terms of the Funding Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a Derivative Agreement, the notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

[2] **Note to Province:** Please confirm that the timing of the delivery of the Process Certificate is satisfactory to you. The Process Certificate is delivered "on or before" incurrence or amendment. If preferable, we can revert back to the prior timing, which was delivery on the earlier of incurrence/ amendment, or pricing.

(b) if an existing Funding Obligation is proposed to be amended, material details respecting such amendment, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

(c) a statement to the effect that: (i) the Funding Obligation to be incurred or amended (1) will arise under terms and conditions that are Substantially in the Form of the Reference Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reference Documentation;

(d) a statement confirming that any disclosure made in respect of the Funding Obligation (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to the Funding Obligation) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement has been made available to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made;

(e) a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and

(f) confirmation that, at the time the Funding Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Funding Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the then applicable Protection Agreement Maximum; for clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be determined on the date the Process Certificate is delivered hereunder in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

3.02 Acknowledgement regarding delivery of certificate under Change of Law protection Agreement

The Province acknowledges and agrees that, concurrent with the delivery of the Process Certificate pursuant to Section 3.01 of this Agreement, the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) are authorized to deliver the certificate referred to in **[Subsection 4.02(b)]** of the Change of Law Protection Agreement to the Indenture Trustee confirming that OPG has delivered all required certifications to the Province in connection with adherence of the Limited Guarantee to the incurrence of the Certified Primary Obligations in respect of which the certificate in **[Subsection 4.02(b)]** of the Change of Law Protection Agreement is being delivered; provided that, upon receipt of a Suspension Notice under the Change of Law Protection Agreement, OPG covenants not to deliver any further certificates to the Indenture Trustee under **[Subsection 4.02(b)]** of the Change of Law Protection Agreement other than in connection with a Refinancing of a Primary Obligation in respect of which the Adherence Conditions had been satisfied at the time such Primary Obligation was incurred.

3.03 Acknowledgement regarding delivery of Suspension Notice

The parties acknowledge and agree that the Province is entitled to deliver a Suspension Notice under **[Section 7.01]** of the Change of Law Protection Agreement if a Program Breach or Breach Event has occurred. The Province agrees not to deliver a Suspension Notice pursuant to **[Section 7.01]** of the Change of Law Protection Agreement unless a Program Breach or a Breach Event has occurred.

3.04 <u>Meaning of "Reference Documentation"</u>

For the purposes of Subsection 3.01(c), the term "Reference Documentation" shall mean each Transaction Document (including any change, addition or supplement thereto) that, at the relevant time:

(a) is a Transaction Document provided to, and not objected to by, the Province prior to the making of this Agreement, as contemplated in the fifth recital to this Agreement; or

(b) is a Transaction Document provided to the Province in accordance with Subsection 2.01(b) that has not been objected to by the Province, by delivery of an objection notice in writing delivered to OPG, within 10 Business Days after it is provided to the Province.

3.05 <u>Meaning of "Substantially in the Form"</u>

For the purposes of Subsection 3.01(c), the term "Substantially in the Form" shall mean:

(a) with respect to the Reference Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between

the proposed documents and such Reference Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation, including regarding the timing of or circumstances under which related payments are or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that would affect the Province's rights of subrogation or assignment (including pursuant to **[Section 5.01]** of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation; provided, however, that the foregoing does not apply to any variable terms to be set forth in the proposed documents as are reasonably contemplated in the Reference Documentation, including the particular financial terms, rates and levels set forth in the proposed documents other than to the extent that the forms of Reference Documentation themselves specify specific requirements, limitations or parameters with respect to such financial terms, rates, levels and parameters; and

(b) with respect to the Reference Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum

(a) Not less than 15 Business Days, or such lesser period as the Province may agree to in writing, prior to the proposed incurrence of the first Funding Obligation, OPG shall, as the FSM, deliver to the Province: (i) a forecast setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the next following 24 month period (the "**Initial Forecast Period**"), which expectations shall be consistent with the Financing Plan (the "**Initial Forecast**"); and (ii) notice of the initial Protection Agreement Maximum, which may not exceed the Initial Forecast.

(b) Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of the Initial Forecast and notice of the initial Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province may disagree with the Initial Forecast and the initial Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or the Initial Forecast, (ii) the Initial Forecast is inconsistent with the Financing Plan, or (iii) the initial Protection Agreement Maximum is more than the Initial Forecast. If the Province disagrees, OPG shall discuss any

discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the initial Protection Agreement Maximum will be revised accordingly and confirmed by an amended notice to the Province.

(c) Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Approved Obligations that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast shall be further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum, which may not exceed such Forecast.

(d) Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of any further Forecast and notice of the revised Protection Agreement Maximum from OPG pursuant to Section 4.01(c), the Province may disagree with such further Forecast or revised Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or such further Forecast, (ii) the further Forecast is inconsistent with the Financing Plan, or (iii) the revised Protection Agreement Maximum is more than the further Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the revised Protection Agreement Maximum will be further revised accordingly and confirmed by an amended notice to the Province.

(e) For clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be valued at the time to be determined for the purposes of this Section 4.01 in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of OPG

OPG represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, may cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario and has the power and authority to enter into and perform its obligations under this Agreement and all instruments and agreements delivered pursuant hereto.

(c) OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Financing Entity or in the ability of the Financing Entity to perform its obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

5.02 Representations and Warranties of the Province

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
BREACH EVENTS

6.01 Breach Events

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

(a) a default in the performance, or breach, of any covenants of OPG under this Agreement, which continues for thirty (30) days after written notice by the Province to OPG of such default or breach;

(b) any representation or warranty made by OPG in this Agreement, any certification made in a Process Certificate, or any certification made in a certificate contemplated by Section **[4.02]** of the Change of Law Protection Agreement, proves to be incorrect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation; or

(c) OPG is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the Manager.

ARTICLE VII
MISCELLANEOUS

7.01 Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

7.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to OPG:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

(b) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 7.02.

7.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 7.03 shall be null and void.

7.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

7.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

7.06 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

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

By: _____

Name:
Title:

By: _____

Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Conditions**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Approved Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Beneficiaries**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Breach Event**" has the meaning ascribed thereto in Section 6.01.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Certified Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the FSM on behalf of the Financing Entity and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

"**Executive Officer**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Financing Entity**" means Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(c).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Indenture Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Initial Forecast**" has the meaning ascribed thereto in Section 4.01(a)

"**Initial Forecast Period**" has the meaning ascribed thereto in Section 4.01(a)

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Limited Guarantee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Loan Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**Management Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Manager**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Program Breach**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Protection Agreement Maximum**" means the dollar amount referenced as the Program Agreement Maximum and determined in accordance with Article IV.

"**Protection Event**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture.

"**Reference Documentation**" has the meaning ascribed thereto in Section 3.04.

"**Repayment**" has the meaning ascribed to the term "repayment" in the General Regulation as of the date of this Agreement.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Substantially in the Form**" has the meaning ascribed thereto in Section 3.05.

"**Suspension Notice**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement; (vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that affects the Province's subrogation rights and/or subrogee interests, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

Draft: November 28, 2017

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE[1]

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST[2]

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

[1] This Agreement and the Process Agreement will need to be effective on closing but signed and held in escrow as soon as they are settled and prior to pricing of the term deal. **Note to Torys:** Logistics of closing are under consideration.

[2] **Torys Note:** Please advise if there are any further issues with the Manager signing the Protection Agreement on behalf of the Trust? If so, can you please explain the issue. The Manager is currently signing all Program Agreements on behalf of the Trust and has authority to do so. We would like the Manager to sign this Agreement on behalf of the Trust. **Note to Torys:** Manager derives authority under the Management Agreement to sign Program Agreements. Management Agreement powers determined by reference to the Program Agreements, so authority is circular. Ultimately, Province will accept the opinion of Torys on due execution point.

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust under the laws of the Province of Ontario (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council dated as of ■ (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust[3] dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Primary Obligations that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred. This Agreement sets out the terms and conditions of such protections and assurances.

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[3] **Torys Note:** We are comfortable on this point because OPG has retained Computershare as issuer trustee. The recitals of the Declaration of Trust provide that Computershare has established the Trust at the request of the FSM. We can also provide you with a copy of the Computershare engagement letter upon request. **Note to Torys:** The Province will accept authorities opinion regarding the Trust from Torys.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder"

and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 Proof of Approved Obligations

The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Indenture Trustee deems to be sufficient.

Any statement of account prepared by the Indenture Trustee as regards the Primary Obligations shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and the Province hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Indenture Trustee agrees to provide the Province with the computations and calculations used by the Indenture Trustee to prepare each such statement of account promptly following a request therefor.

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture as of the date of this Agreement.

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 2.01 or Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a

related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee, the Financing Entity, the Financing Entity Trustee, the Manager or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee may deliver a written demand, substantially in the form attached as Exhibit A (a "**Payment Demand**"), to the Province requiring the Province to make payments in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in this Agreement. From and after such delivery of a Payment Demand, the Province shall make the following payments in respect of the Approved Obligations (the "**Limited Guarantee**"), and the Financing Entity shall pay, and the Province shall be entitled to be paid, the Subrogation Amounts specified below, on the specified Guarantee Payment Date:

i. Not less than 3 Business Days prior to each day when any payment or payments are to be made in respect of one or more Approved Obligations occurring after such delivery of a Payment Demand and prior to the Assumption Effective Date, if any, (a "**Guarantee Payment Date**"), the Manager shall deliver a written statement setting forth the Aggregate Approved Obligations Amount, if any, in respect of the Approved Obligations that are due and payable on such Guarantee Payment Date, together with a detailed description identifying such Approved Obligations and the nature and amount of payments due and payable thereunder on the Guarantee Payment Date, the aggregate outstanding amount payable by the Financing Entity under such Approved Obligations as of the date of such written statement, and details regarding any default in performance by any party obligated thereunder.

ii. On each such Guarantee Payment Date, the Province shall deposit the Aggregate Approved Obligations Amount into the Protection Account.

iii. On each such Guarantee Payment Date, the Financing Entity and the Indenture Trustee shall ensure that the amounts on deposit in the Protection Account are applied to pay each Beneficiary to whom an amount is due and payable under an Approved Obligation on the Guarantee Payment Date the Approved Obligation Amount for such Beneficiary in respect of such Approved Obligation on such Guarantee Payment Date; provided that if the amount deposited pursuant to clause 2.01(a)ii is insufficient to pay all such Approved Obligation Amounts in full, the amount on deposit in the Protection Account on the Guarantee Payment Date shall be applied to pay Beneficiaries in the order of priority in which such Approved Obligations are payable under the payment provisions of the Trust Indenture applicable to the making of such payments on the Guarantee Payment Date (each, a "**Beneficiary Payee**").

iv. On any Guarantee Payment Date on which an amount is paid by the Province pursuant to clause 2.01(a)ii, the applicable payment provisions of the Trust Indenture shall, notwithstanding the express terms of such provisions set forth in the Trust Indenture, be applied and operate on the following basis:

(A) the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available under such payment provisions on such Guarantee Payment Date shall be reduced by the amount paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on such Guarantee Payment Date;

(B) the Province shall be paid the lesser of (x) the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available to pay the Beneficiary Payee under such payment provisions on the Guarantee Payment Date, determined without regard to subclause 2.01(a)iv(A), and (y) the amount paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on the Guarantee Payment Date (such payments to the Province being "**Subrogation Amounts**"); and

(C) no Beneficiary having a right to be paid an amount in respect of an Approved Obligation that ranks equal with or subordinate to an Approved Obligation in respect of which an amount is payable to the Province under subclause 2.01(a)iv(B) shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under such subclause (including any right or reimbursement, contribution or indemnity) and no such Beneficiary shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of such amounts.

v. On any Guarantee Payment Date, the Indenture Trustee shall release and pay to the Province free and clear of any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay Beneficiary Payees on the Guarantee Payment Date in accordance with clause 2.01(a)iii.

vi. In preparing any payment instructions under the Trust Indenture, the Manager shall reflect the amounts payable for the Guarantee Payment Date under Section 2.01(a).

(b) The Province shall, as a payee of Subrogation Amounts under clause 2.01(a)(iv)(B) and any amounts payable under clause 2.01(a)(v)**,** be a "Specified Creditor" under the Trust Indenture and have the benefit of the Collateral thereunder.

(c) For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the Approved Obligation Amounts, if any, for payment to Beneficiary Payees and will be subject to the priorities and to the Province's rights to Subrogation Amounts, set forth in Section 2.01(a).

(d) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(e) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation by their terms.

(f) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under and in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any amount due and payable to a Beneficiary Payee under the Limited Guarantee.

2.02 Intentionally Deleted.

2.03 <u>Absence of Set-off</u>

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 <u>Payment into Protection Account in Satisfaction</u>

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The

Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account" for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section **[7.03]** of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Financing Entity and the Indenture Trustee shall ensure that all amounts paid by the Province into the Protection Account on a Guarantee Payment Date in respect of an Approved Obligation are applied to pay the amounts due and payable to the Beneficiaries as and to the extent provided for in Section 2.01(a). Upon a payment having been made by or on behalf of the Province into the Protection Account, the amounts so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiaries as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such Beneficiaries in respect of the applicable Approved Obligations, whereupon an affected Beneficiary shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid. For greater certainty, the obligations arising in respect of an applicable Approved Obligation shall not be reduced by such payment as the Province shall become entitled to be paid related Subrogation Amounts and the rights contemplated under Section 2.01(a) and Section 5.01 in relation to such continuing obligations.

2.05 <u>Certain Waivers</u>

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or

extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations in accordance with Section 8.01.

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such

security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

A Primary Obligation shall constitute an Approved Obligation if (i) the Adherence Conditions applicable thereto have been satisfied at the time the Primary Obligation was incurred, or (ii) the Province, in its sole discretion, designates in writing that it is an Approved Obligation.

4.02 Adherence Conditions

The following shall be the Adherence Conditions applicable in relation to each Certified Primary Obligation:

(a) the Certified Primary Obligation when incurred is an Obligation Secured under the Trust Indenture; and

(b) OPG, as FSM, delivers a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee, on or before the incurrence of a Certified Primary Obligation (provided that delivery may not be more than 5 Business Days before the incurrence of the Certified

Primary Obligation), confirming that OPG has delivered to the Province a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation; and

(c) in respect of a Certified Primary Obligation other than a Refinancing of a Primary Obligation in respect of which the Adherence Conditions had been satisfied, the Province has not provided a Suspension Notice to the Indenture Trustee, OPG and the Financing Entity.

For greater certainty, (y) satisfaction of the Adherence Conditions for a Certified Primary Obligation shall be deemed satisfaction of the Adherence Conditions in respect of all principal, interest and other amounts owing under the Certified Primary Obligation, as such Certified Primary Obligation may be amended, restated, supplemented or otherwise modified from time to time, and (z) there shall be no Adherence Conditions applicable in relation to a Primary Obligation that is not a Certified Primary Obligation.

4.03 Evidence of Satisfaction

A closing certificate delivered in accordance with Section 4.02(b) in connection with an incurrence of a Certified Primary Obligation shall be determinative as to whether the applicable Adherence Conditions with respect thereto have been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same. A closing certificate that purports on its face to be signed by officers specified in Section 4.02(b) may be relied upon by any addressee without further enquiry or evidence as to the incumbency or signatures of such officers. If a closing certificate is not delivered in accordance with the timing requirements of Section 4.02(b) in respect of a Certified Primary Obligation, such certificate may be delivered at a later date, and be effective as if it had been delivered in accordance with the timing requirement of Section 4.02(b), if at the time such certificate was required to be delivered OPG had delivered to the Province all certifications required by the Province in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation.

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent

of such payment, including (i) the right and entitlement to be paid and receive the related Subrogation Amounts, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including **[Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 7.12 (Payments Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Section 8.14 (Limited Recourse), Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition)]**; (ii) consents, requests and authorizes the Issuer and the Indenture Trustee to (x) add the Province to the register of Specified Creditors described in subsection **[13.13(b)]** of the Trust Indenture and (y) disseminate the notice details of the Province to other Specified Creditors for the purposes set out in subsection **[9.14(b)]** of the Trust Indenture, and (iii) confirms that the Indenture Trustee shall send notices to the Province, in its capacity as a Specified Creditor, in accordance with Section 8.02.

5.02 <u>Priorities</u>

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation shall rank equally with the rights, interests and entitlements of a Beneficiary to whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the

extent of the priorities established in relation to the Approved Obligation under the Trust Indenture in the manner and to the extent contemplated in Section 7.1(d) of the Trust Indenture.

5.03 Intentionally Deleted

5.04 Representations and Warranties

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
INDENTURE TRUSTEE MATTERS

6.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

6.02 Not Responsible for Recitals

The recitals contained herein will be taken as the statements of the Province, the Financing Entity and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

6.03 Representations and Covenants of the Indenture Trustee[4]

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada; and

(b) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada.

ARTICLE VII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

7.01 Suspension Notice

Upon:

(a) a Program Breach;

(b) a default in the performance, or breach, of any covenants of OPG, as FSM, or OPG, in its corporate capacity, in each case to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the adherence of the Limited Guarantee, which continues for thirty (30) days after written notice by the Province to OPG of such default or breach;

(c) a representation or warranty made by OPG or a certification made by one or more officers of OPG, in each case whether as FSM or in its corporate capacity, to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the adherence of the Limited Guarantee, proves to be incorrect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation; or

(d) the FSM no longer being the Manager or actions having been taken by or on behalf of the Indenture Trustee to remove the FSM as the Manager,

the Province may declare that the Limited Guarantee under this Agreement shall not apply to any Primary Obligations incurred on or after such declaration, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied, by delivering a written notice in the form of Exhibit B (a "**Suspension Notice**") to the Indenture Trustee, the FSM and the Financing Entity.

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[4] **Torys Note:** The Indenture Trustee asked us to delete these representations. They will not provide these types of representations without attaining a legal opinion from outside counsel. To avoid delay, we would ask that the parties agree to this deletion. **Note to Torys:** The representations provided by the Indenture Trustee should be consistent with those in the Trust Indenture.

The Limited Guarantee shall apply to any Certified Primary Obligation incurred after a Suspension Event on the basis that it is a Refinancing only if the FSM certifies to the Province in writing prior to the incurrence that the proceeds of such incurrence will be used solely for the purposes of repaying one or more Certified Primary Obligations incurred prior to the Suspension Event and to which the Limited Guarantee adhered as of the time the Suspension Event occurred, and the delivery of such written certification by the FSM to the Province shall be determinative for the purposes of concluding that such incurrence is a Refinancing for the purposes of Sections 7.01, 7.02 and 7.03.

7.02 Suspension

If a Suspension Notice has been provided under Section 7.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of any Primary Obligation incurred or amended on or after the time such Suspension Notice is delivered, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied.

7.03 No Impact on Adherence

For greater certainty, the occurrence of Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event or in respect of any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied.

ARTICLE VIII
MISCELLANEOUS

8.01 Term of Agreement

This Agreement will continue until the date that no amount is or may become due and payable by the Province under the Limited Guarantee.

8.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other

communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: Manager, Corporate Trust
Fax: (416) 981-9777
Email: corporatetrust.toronto@computershare.com

(b) if to the FSM:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

(c) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 8.02.

8.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section 8.03 shall be null and void.

8.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

8.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

8.07 Intentionally Deleted

8.08 Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their benefits hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

8.09 <u>Delivery of Executed Copies</u>

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, IN ITS CAPACITY AS TRUSTEE OF FAIR HYDRO TRUST, AS ISSUER, BY ONTARIO POWER GENERATION INC., NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Action**" has the meaning ascribed thereto under the Trust Indenture.

"**Adherence Conditions**", means, in respect of a Certified Primary Obligation, the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of a Guarantee Payment Date, the aggregate of the Approved Obligation Amounts for such Guarantee Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, for a Beneficiary in respect of an Approved Obligation under which an amount is due and payable on a Guarantee Payment Date:

(a) if no Acceleration has occurred in respect of any Obligation Secured on or before the Guarantee Payment Date, the amount due and payable to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation (for greater certainty, determined on the assumption that there are adequate amounts available under the applicable payment provisions of the Trust Indenture to pay in full all amounts referred to in such payment provisions that are due and payable on the Guarantee Payment Date); and

(b) if an Acceleration has occurred in respect of any Obligations Secured on or before the Guarantee Payment Date, the amount that would be available to be paid to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation under the applicable payment provisions of the Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with such applicable payment provisions of the Trust Indenture in respect of each relevant month during each Reference Period is equal to the estimated Finance Amount determined in respect of such Reference Period for purposes of section 15(1) of the Act (in effect on the date hereof)[5] divided by the number of months in such Reference Period.

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

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[5] **Note to Province**: MOE should confirm that this captures the limitations contemplated in connection with any "acceleration" under the revised Regulation. Consider whether it is necessary to refer specifically to the Regulation to avoid any disconnect, and to tie-in specifically to the context of the acceleration scenario applicable at the time.

"**Beneficiary Payee**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Certified Primary Obligations**" means Primary Obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest or to repay payment obligations that were incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest,[6] (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not each individual trade confirmation, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and aggregate payments by the Financing Entity thereunder during the term of such contract is in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).[7]

"**Change of Law Protection Agreement**" means this Agreement.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Eligible Deposit Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Eligible Institution**" has the meaning ascribed thereto in the Trust Indenture.

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[6] **Torys Query**: For a warehouse facility, does the Province want a Certificate for each monthly draw? **Note to Province:** Please advise. We may respond that to extent the draw is a Certified Primary Obligation, we would like to maintain the process set out in this Agreement.

[7] **Note to Province**: Torys suggests that this concept reflects what Primary Obligations the parties agreed to be subject to the adherence conditions. Province to confirm that this is their understanding from meeting on Tuesday, November 21, particularly prongs (ii) and (iii) of the definition.

"**Executive Officer**" has the meaning ascribed thereto in National Instrument 51-102 – *Continuous Disclosure Obligations*.[8]

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the first paragraph of this Agreement until a successor Financing Entity Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and the Declaration of Trust, and thereafter "Financing Entity Trustee" means and includes such Person.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Guarantee Payment Date**" has the meaning ascribed thereto in Section 2.01(a)i.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

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[8] **Note to Torys:** We have used the definition from NI 51-102 as there is only a definition of "officer" (but not "executive officer") in the OSA. **Note to Province:** Province to confirm that scope is acceptable. In NI 51-102, "Executive officer" means an individual who is (a) a chair, vice-chair or president; (a.1) a chief executive officer or chief financial officer; (b) a vice-president in charge of a principal business unit, division or function including sales, finance or production; or (c) performing a policy-making function in respect of the issuer". If you prefer, we may use the definition of "officer" from the *Securities Act*. "Officer" means (a) a chair or vice-chair of the board of directors, a chief executive officer, a chief operating officer, a chief financial officer, a president, a vice-president, a secretary, an assistant secretary, a treasurer, an assistant treasurer and a general manager; (b) every individual who is designated as an officer under a by-law or similar authority of the registrant or issuer, and (c) every individual who performs functions similar to those normally performed by an individual referred to in clause (a) or (b).

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Issuer Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Lien**" has the meaning ascribed thereto in the Trust Indenture.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(a).

"**Loan Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity, as amended, supplemented, restated or otherwise modified from time to time.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Agreement**" means an agreement in the form of an ISDA Master Agreement as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, as amended, supplemented, restated or otherwise modified from time to time.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account or Finance Reserve Account; and (ii) any obligation

to pay the Financing Entity or on the Financing Entity's direction any remaining amounts in the Collection Account pursuant to the Trust Indenture.[9]

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.[10]

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that materially and adversely affects (a) the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured, or (b) this Agreement or any of the agreements under which Obligations Secured arise; or

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[9] **Torys Note:** These changes were made to conform to the most current version of the Trust Indenture, a copy of which will be circulated soon. Additionally, money in the Collection Account is required to flow through the waterfall and is not required to be held in the Collection Account otherwise. **Note to Torys:** Please confirm. The Trust Indenture states that if extra cash is available in the Collections Account, it can be held until a subsequent Payment Date.

[10] **Torys Note:** We deleted early amortization events because that is no longer a concept used in the Trust Indenture. **Note to Torys:** Early amortization events may be included in a supplemental indenture so we think retaining that reference makes sense.

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that materially and adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Obligations Secured that have become due and payable.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture.

"**Reference Period**" has the meaning ascribed thereto in the Act.

"**Refinancing**" has the meaning ascribed to the term "refinancing" in the Act as of the date hereof, as more particularly described and given meaning in the General Regulation as of the date hereof.[11]

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Subrogation Amounts**" has the meaning ascribed thereto in subclause 2.01(a)iv(B).

"**Supplemental Indenture**" has the meaning ascribed in the Trust Indenture.

"**Supplemental Reserve Account**" has the meaning ascribed in the Trust Indenture.

"**Suspension Event**" has the meaning ascribed thereto in Section 7.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 7.01.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

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[11] **Torys Note:** Refinancings can occur up to six months prior to the application of the refinancing proceeds to the existing obligation. The regulations provide that if the refinancing proceeds are not applied to repay the intended funding obligation, then it is not a Refinancing. Accordingly, we have revised the definition to ensure that Refinancings do not have to be simultaneous with repayment of the existing Approved Obligation (we understand from the dealers that in most circumstances they will not be). **Note to Province**: The General Regulation specifically provides that debt can be considered a "Refinancing" when incurred within the 6 months prior to the maturity date of a funding obligation. The Act/Regulation's definition doesn't require that "Refinancings" are simultaneous with the repayment of existing Approved Obligations. Consider if further discussion is required and MOE to specifically confirm understanding of the Regulation on this point.

EXHIBIT A
FORM OF PAYMENT DEMAND

TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Pursuant to and in accordance with section 2.01(a) of the Change of the Law Protection Agreement, the Indenture Trustee hereby demands payment from the Province in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in the Change of Law Protection Agreement.

DATED as of the [■] day of [■], [■].

BNY TRUST COMPANY OF CANADA

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT B
SUSPENSION NOTICE

TO: Ontario Power Generation Inc., in its capacity as Financial Services Manager

AND TO: Fair Hydro Trust

AND TO: Computershare Trust Company of Canada, in its capacity as trustee of Fair Hydro Trust

AND TO: BNY Trust Company of Canada, as Indenture Trustee

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement. All references in this Suspension Notice to "Articles" or "Sections" refer to Articles or Sections of the Change of Law Protection Agreement.

The Province has a reasonable basis for concluding that an event described in Section 7.01 has occurred. Pursuant to Section 7.01, the Province hereby declares that the Limited Guarantee shall not apply in respect of any Primary Obligation incurred or amended on or after the delivery of this Suspension Notice, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied, in accordance with the terms and conditions in Article VII.

The Limited Guarantee shall hereby not apply in respect of any Primary Obligation incurred or amended on or after delivery of this Suspension Notice, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied.

This Suspension Notice is hereby delivered to the FSM, the Financing Entity and the Indenture Trustee in accordance with Section 8.02 of the Change of Law Protection Agreement.

* * * *

DATED as of the [■] day of [■], [■].

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

From:	Mike Manning
To:	Malle Hanslep (MOF); Tobias P. Whitfield (MOF); Anna Strathy; Ken Kandeepan; ASHBOURNE, STEPHEN
Cc:	Gadi Mayman
Subject:	FW: Change of Law agreements
Date:	Monday, December 04, 2017 3:36:14 PM
Attachments:	23239360-v22-Change of Law Protection Agreement.docx 23239361-v19-Change of Law - Process Agreement.docx Protection - BL v Torys draft (Nov 24).pdf Process - BL v Torys draft (Nov 24).pdf DBRS responses - Comments.pdf

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From: Mike Manning
Sent: Monday, December 04, 2017 3:29 PM
To: 'LEE John -TREASURY' <john.s.lee@opg.com>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>
Subject: Change of Law agreements

As discussed, please find attached revised versions of the Protection Agreement and the Process Agreement.

We have tried to address all of the issues raised in the November 24th mark-up from Torys. In some cases, we have further simplified the arrangements, such as deleting the specific assumption option in favour of the Province previously included in the Protection Agreement. The Province recognizes that it is not practical, given the constraints and timelines, to build these rights into the agreements at the present time. In addition, revisions have been made to s. 2.01(a)iv to address the Province's subrogation entitlements following payment in full of the Approved Obligations. This is somewhat complicated by the possibility of unguaranteed obligations existing at the time the Province has fulfilled all of its payment obligations under the limited guarantee, and so we have suggested a simplified approach to address the priorities of those remaining cash amounts when they arise (see s. 2.01(a)ivD).

We have revised the Process Agreement back to reflect the previous version as the purpose of the Process Agreement is to support sufficient meaningful information going to the Province with respect to obligations to be incurred. Although the Province was satisfied with removing some of the details and obligations contained in the certificate under the Protection Agreement in order to address the Dealers' concerns under the Protection Agreement, the same concerns and principles do not apply to the Process Agreement between the Province and OPG as FSM. In addition, we do not think it is appropriate from a timing perspective to move certain deliveries into recitals at this point as the Process Agreement already sets out a clear process.

The Province has carefully considered all of the issues and suggestions raised by OPG and the Dealers in these drafts of the agreements. We do not believe that any further business issues with these agreements should be raised unless they are important to the financeability of the Trust. Having said that, our legal folks will make themselves available to address issues this afternoon.

It would be appreciated if you could forward the agreements to your dealers and lawyers.

Regards, Mike

Draft: December 4, 2017

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE[1]

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

[1] Explanatory Note: Logistics of closing are under consideration by the Province.

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust under the laws of the Province of Ontario (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council dated as of 1981/2017 (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Primary Obligations that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred. This Agreement sets out the terms and conditions of such protections and assurances.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 Intentionally Deleted

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture as of the date of this Agreement.

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 2.01 or Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee, the Financing Entity, the Financing Entity Trustee, the Manager or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the “Change of Law Protection Agreement” referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or

release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee shall (unless the Rating Agency Condition has been satisfied with respect to a demand not being made as a result of the Protection Event), deliver a written demand, substantially in the form attached as Exhibit A (a "**Payment Demand**"), to the Province requiring the Province to make payments in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in this Agreement. From and after such delivery of a Payment Demand, the Province shall make the following payments in respect of the Approved Obligations (the "**Limited Guarantee**"), and the Financing Entity shall pay, and the Province shall be entitled to be paid, the Subrogation Entitlements specified below:

i. Not less than 3 Business Days prior to each day when any payment or payments are to be made in respect of one or more Approved Obligations occurring after such delivery of a Payment Demand (each such day, a "**Guarantee Payment Date**"), the Manager shall deliver a written statement setting forth the Aggregate Approved Obligations Amount, if any, in respect of the Approved Obligations that are due and payable on such Guarantee Payment Date, together with a detailed description identifying such Approved Obligations and the nature and amount of payments due and payable thereunder on the Guarantee Payment Date, the aggregate outstanding amount payable by the Financing Entity under such Approved Obligations as of the date of such written statement, and details regarding any default in performance by any party obligated thereunder.

ii. On each such Guarantee Payment Date, the Province shall deposit the Aggregate Approved Obligations Amount into the Protection Account.

iii. On each such Guarantee Payment Date, the Financing Entity and the Indenture Trustee shall ensure that the amounts on deposit in the Protection Account are applied to pay each Beneficiary to whom an amount is due and payable under an Approved Obligation on the Guarantee Payment Date the Approved Obligation Amount for such Beneficiary in respect of such Approved Obligation on such Guarantee Payment Date; provided that if the amount deposited pursuant to clause 2.01(a)ii is insufficient to pay all such Approved Obligation Amounts in full, the amount on deposit in the Protection Account on the Guarantee Payment Date shall be applied to pay Beneficiaries in the order of priority in which such Approved Obligations are payable under the payment provisions of the Trust Indenture applicable to the making of such payments on the Guarantee Payment Date (each, a "**Beneficiary Payee**" and each payment made to a Beneficiary Payee on a Guarantee Payment Date, a "**Guarantee Payment**").

iv. On any Guarantee Payment Date on which an amount is paid by the Province pursuant to clause 2.01(a)ii, the applicable payment provisions of the Trust Indenture shall, notwithstanding the express terms of such provisions set forth in the Trust Indenture, be applied and operate on the following basis:

(A) [2]the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available under

[2] Explanatory Note: In a particular period, the cash available from CEAs may exceed the aggregate Finance Amounts payable - for example, as a result of the "true-up" under the Act, which will determine the actual amount of cash available. The basic structure is that the Province will pay all Approved Obligation Amounts, and will be entitled to receive all cash flows available to the Beneficiary Payees. Limiting the subrogation amounts to the lesser of such available cash and the Guarantee Payments could result in leakage of the cash that the Province looks to under this arrangement.

such payment provisions on such Guarantee Payment Date shall be reduced by the amount of the Guarantee Payment paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on such Guarantee Payment Date;

(B) the Province shall be paid the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available to pay the Beneficiary Payee under such payment provisions on the Guarantee Payment Date, determined without regard to the Guarantee Payment paid on such Guarantee Payment Date and the corresponding reduction of the amount owing to the Beneficiary Payee pursuant to subclause 2.01(a)iv(A) (each such amount payable to the Province being a "**Subrogation Amount**");

(C) no Beneficiary having a right to be paid an amount in respect of an Approved Obligation, and no other Person entitled under an Obligation Secured, in each case that ranks equal with or subordinate to an Approved Obligation in respect of which a Subrogation Amount is payable to the Province under subclause 2.01(a)iv(B), shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under such subclause (including any right of reimbursement, contribution or indemnity) and no such Beneficiary or other Person shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of any such Subrogation Amount;

(D) [3]on the first day when any payment or payments are to be made in respect of Obligations Secured that occurs on or after the date on which all amounts payable under all Approved Obligations have been paid in full, the Province shall be entitled to be paid from amounts available to pay Obligations Secured on such day (and thereafter on each subsequent day when any payment or payments are to be made in respect of Obligations Secured, until paid in full), in each case in accordance with the applicable payment provisions of the Trust Indenture on such day, the

[3] Explanatory Note: The Province will be entitled to receive subrogation cash flows after satisfaction of all Approved Obligations. This provision provides how that these amounts will be payable from available cash flows, based on priorities that address cash entitlements opposite non-guaranteed obligations secured (e.g., after a suspension event). Conforming changes will need to be made to the Trust Indenture once these mechanics have been settled.

following amounts (each, a "**Final Subrogation Amount**"), in each case in the priorities specified below:

(I) as an amount ranking equally with [Senior Obligations][4], the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including such day in respect of Approved Obligations ranking equally with or prior to [Senior Obligations], plus (y) the sum of amounts determined in respect of interest on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount is paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related[5], exceeds (2) the sum of all Subrogation Amounts paid to the Province up to and including such day;

(II) as an amount ranking equally with [Subordinated Obligations], the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including such day in respect of Approved Obligations ranking equally with or prior to [Subordinated Obligations], plus (y) the sum of amounts determined in respect of interest on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount is paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of (x) all Subrogation Amounts paid to the Province up to and including such day, plus (y) the amount determined under (I); and

[4] Explanatory Note: Nomenclature to be conformed, once the corresponding provisions of the Trust Indenture have been settled.

[5] Explanatory Note: Nomenclature to be conformed, once the corresponding provisions of the Trust Indenture have been settled.

(III) as an amount ranking equally with [Junior Obligations], the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including such day in respect of Approved Obligations ranking equally with or prior to [Junior Obligations], plus (y) the sum of amounts determined in respect of interest on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount is paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of (x) all Subrogation Amounts paid to the Province up to and including such day, plus (y) the sum of the amounts determined under (I) plus (z) the sum of the amounts determined under (II); and

(E) no Person entitled under an Obligation Secured that ranks equal with or subordinate to a Final Subrogation Amount shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province in respect of such Final Subrogation Amount and no such Person shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of any such Final Subrogation Amount.

v. On any Guarantee Payment Date, the Indenture Trustee shall release and pay to the Province free and clear of any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay Guarantee Payments to Beneficiary Payees on the Guarantee Payment Date in accordance with clause 2.01(a)iii.

vi. In preparing any payment instructions under the Trust Indenture, the Manager shall reflect the amounts payable under Section 2.01(a).

(b) The Province shall, as a payee of Subrogation Amounts under clause 2.01(a)(iv)(B), as a payee of each Final Subrogation Amount under clause 2.01(a)(iv)(B) and as a payee of any amounts payable under clause 2.01(a)(v), be a “Specified Creditor” under the Trust Indenture and have the benefit of the Collateral thereunder.

(c) For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the Approved Obligation Amounts, if any, for payment to Beneficiary Payees and will be subject to the priorities and to the Province's rights to Subrogation Entitlements, set forth in Section 2.01(a).

(d) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(e) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation by their terms.

(f) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under and in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any amount due and payable to a Beneficiary Payee under the Limited Guarantee.

2.02 Intentionally Deleted.

2.03 <u>Absence of Set-off</u>

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 <u>Payment into Protection Account in Satisfaction</u>

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period,

not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account" for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section **[7.03]** of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Financing Entity and the Indenture Trustee shall ensure that all amounts paid by the Province into the Protection Account on a Guarantee Payment Date in respect of an Approved Obligation are applied to pay the amounts due and payable to the Beneficiaries as and to the extent provided for in Section 2.01(a). Upon a payment having been made by or on behalf of the Province into the Protection Account, the amounts so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiaries as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such Beneficiaries in respect of the applicable Approved Obligations, whereupon an affected Beneficiary shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid. For greater certainty, the obligations arising in respect of an applicable Approved Obligation shall not be reduced by such payment as the Province shall become entitled to be paid related Subrogation Entitlements and the rights contemplated under Section 2.01(a) and Section 5.01 in relation to such continuing obligations.

2.05 <u>Certain Waivers</u>

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations in accordance with Section 8.01.

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

A Primary Obligation shall constitute an Approved Obligation if (i) the Adherence Conditions applicable thereto have been satisfied at the time the Primary Obligation was incurred, or (ii) the Province, in its sole discretion, designates in writing that it is an Approved Obligation.

4.02 Adherence Conditions

The following shall be the Adherence Conditions applicable in relation to each Certified Primary Obligation:

(a) the Certified Primary Obligation when incurred is an Obligation Secured under the Trust Indenture; and

(b) OPG, as FSM, delivers a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee, on or before the incurrence of a Certified Primary Obligation (provided that delivery may not be more than 5 Business Days before the incurrence of the Certified Primary Obligation), confirming that OPG has delivered to the Province a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by

such officers in their capacity as officers of OPG acting in its capacity as FSM) confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation; and

(c) in respect of a Certified Primary Obligation other than a Refinancing of a Primary Obligation in respect of which the Adherence Conditions had been satisfied, the Province has not provided a Suspension Notice to the Indenture Trustee, OPG and the Financing Entity.

For greater certainty, (y) satisfaction of the Adherence Conditions for a Certified Primary Obligation shall be deemed satisfaction of the Adherence Conditions in respect of all principal, interest and other amounts owing under the Certified Primary Obligation, as such Certified Primary Obligation may be amended, restated, supplemented or otherwise modified from time to time, and (z) there shall be no Adherence Conditions applicable in relation to a Primary Obligation that is not a Certified Primary Obligation.

4.03 Evidence of Satisfaction

A closing certificate delivered in accordance with Section 4.02(b) in connection with an incurrence of a Certified Primary Obligation shall be determinative as to whether the applicable Adherence Conditions with respect thereto have been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same. A closing certificate that purports on its face to be signed by officers specified in Section 4.02(b) may be relied upon by any addressee without further enquiry or evidence as to the incumbency or signatures of such officers. If a closing certificate is not delivered in accordance with the timing requirements of Section 4.02(b) in respect of a Certified Primary Obligation, such certificate may be delivered at a later date, and be effective as if it had been delivered in accordance with the timing requirement of Section 4.02(b), if at the time such certificate was required to be delivered OPG had delivered to the Province all certifications required by the Province in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation.

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, including (i) the right and entitlement to be paid and receive the related Subrogation Entitlements, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all

rights and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including **[Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 7.12 (Payments Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Section 8.14 (Limited Recourse), Article IX (The Indenture Trustee), including all limitations of liability thereunder, Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition)]**; (ii) consents, requests and authorizes the Issuer and the Indenture Trustee to (x) add the Province to the register of Specified Creditors described in subsection **[13.13(b)]** of the Trust Indenture and (y) disseminate the notice details of the Province to other Specified Creditors for the purposes set out in subsection **[9.14(b)]** of the Trust Indenture, and (iii) confirms that it will execute and deliver, or cause to be executed and delivered, all such further agreements, documents and instruments in connection with this Section 5.01 as the Indenture Trustee may request from time to time for the purpose of giving effect to the terms of this Section 5.01.

5.02 <u>Priorities</u>

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation shall rank equally with the rights, interests and entitlements of a Beneficiary to whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the

extent of the priorities established in relation to the Approved Obligation under the Trust Indenture in the manner and to the extent contemplated in Section 7.10(d) of the Trust Indenture.

5.03 Intentionally Deleted

5.04 Representations and Warranties

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
INDENTURE TRUSTEE MATTERS

6.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

6.02 Not Responsible for Recitals

The recitals contained herein will be taken as the statements of the Province, the Financing Entity and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

6.03 Representations and Covenants of the Indenture Trustee[6]

The Indenture Trustee represents, warrants and covenants that:

[6] Explanatory Note: The Province is content to receive the same representations as are provided by the Indenture Trustee should be under the Trust Indenture. Please conform.

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada; and

(b) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada.

ARTICLE VII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

7.01 Suspension Notice

Upon:

(a) a Program Breach;

(b) a default in the performance, or breach, of any covenants of OPG, as FSM, or OPG, in its corporate capacity, in each case to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the provision of the Limited Guarantee, which continues for thirty (30) days after written notice by the Province to OPG of such default or breach;

(c) a representation or warranty made by OPG or a certification made by one or more officers of OPG, in each case whether as FSM or in its corporate capacity, to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the provision of the Limited Guarantee, proves to be incorrect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation; or

(d) the FSM no longer being the Manager or actions having been taken by or on behalf of the Indenture Trustee to remove the FSM as the Manager,

the Province may declare that the Limited Guarantee under this Agreement shall not apply to any Primary Obligations incurred on or after such declaration, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied (provided that the Refinancing is an Approved Obligation), by delivering a written notice in the form of Exhibit B (a "**Suspension Notice**") to the Indenture Trustee, the FSM and the Financing Entity.

The Limited Guarantee shall apply to any Certified Primary Obligation incurred after a Suspension Event on the basis that it is a Refinancing (provided that such Refinancing is an Approved Obligation) only if the FSM certifies to the Province in writing prior to the incurrence that the proceeds of such incurrence will be used solely for the purposes of repaying one or more Certified Primary Obligations incurred prior to the Suspension Event and to which the Limited Guarantee adhered as of the time the Suspension Event occurred, and the delivery of such written

certification by the FSM to the Province shall be determinative for the purposes of concluding that such incurrence is a Refinancing for the purposes of Sections 7.01, 7.02 and 7.03.

7.02 Suspension

If a Suspension Notice has been provided under Section 7.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of any Primary Obligation incurred or amended on or after the time such Suspension Notice is delivered, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied (provided that the Refinancing is an Approved Obligation).

7.03 No Impact on Adherence

For greater certainty, the occurrence of a Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event or in respect of any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied (provided that the Refinancing is an Approved Obligation).

ARTICLE VIII
MISCELLANEOUS

8.01 Term of Agreement

This Agreement will continue until the date that no amount is or may become due and payable by the Province under the Limited Guarantee.

8.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: Manager, Corporate Trust
Fax: (416) 981-9777
Email: corporatetrust.toronto@computershare.com

(b) if to the FSM:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

(c) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 8.02.

8.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section 8.03 shall be null and void.

8.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

8.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

8.07 Notice to Rating Agencies

OPG, as FSM, shall deliver prompt written notice to the Rating Agencies on occurrence of (i) a Protection Event; (ii) receipt of a Suspension Notice delivered by the Province pursuant to Section 7.01; and (iii) an assignment of this Agreement by any party pursuant to Section 8.03.

8.08 Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their benefits hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

8.09 <u>Delivery of Executed Copies</u>

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, IN ITS CAPACITY AS TRUSTEE OF FAIR HYDRO TRUST, AS ISSUER, BY ONTARIO POWER GENERATION INC., NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Action**" has the meaning ascribed thereto under the Trust Indenture.

"**Adherence Conditions**", means, in respect of a Certified Primary Obligation, the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of a Guarantee Payment Date, the aggregate of the Approved Obligation Amounts for such Guarantee Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, for a Beneficiary in respect of an Approved Obligation under which an amount is due and payable on a Guarantee Payment Date:

(a) if no Acceleration has occurred in respect of any Obligation Secured on or before the Guarantee Payment Date, the amount due and payable to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation (for greater certainty, determined on the assumption that there are adequate amounts available under the applicable payment provisions of the Trust Indenture to pay in full all amounts referred to in such payment provisions that are due and payable on the Guarantee Payment Date); and

(b) if an Acceleration has occurred in respect of any Obligations Secured on or before the Guarantee Payment Date, the amount that would be available to be paid to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation under the applicable payment provisions of the Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with such applicable payment provisions of the Trust Indenture in respect of each relevant month during each Reference Period is equal to the estimated Finance Amount determined in respect of such Reference Period for purposes of section 15(1) of the Act (in effect on the date hereof), including section 6.1 of the General Regulation (in effect on the date hereof), divided by the number of months in such Reference Period.

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Beneficiary Payee**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Certified Primary Obligations**" means Primary Obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest or to repay payment obligations that were incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest,[7] (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not each individual trade confirmation, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and aggregate payments by the Financing Entity thereunder during the term of such contract is in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).

"**Change of Law Protection Agreement**" means this Agreement.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Eligible Deposit Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Eligible Institution**" has the meaning ascribed thereto in the Trust Indenture.

"**Executive Officer**" has the meaning ascribed to the term "executive officer" in National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators.

"**Final Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(D).

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[7] Explanatory Note: Province requires a Process Certificate for each monthly draw.

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the first paragraph of this Agreement until a successor Financing Entity Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and the Declaration of Trust, and thereafter "Financing Entity Trustee" means and includes such Person.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Guarantee Payment**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Guarantee Payment Date**" has the meaning ascribed thereto in Section 2.01(a)i.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Issuer Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Issuer Funding Obligation**" has the meaning ascribed thereto in the Trust Indenture.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Lien**" has the meaning ascribed thereto in the Trust Indenture.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(a).

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity, as amended, supplemented, restated or otherwise modified from time to time.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Agreement**" means an agreement in the form of an ISDA Master Agreement as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, as amended, supplemented, restated or otherwise modified from time to time.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account or Finance Reserve Account or required to be held in the Collection Account after the application of amounts under the applicable payment provision of the Trust Indenture on an applicable payment date[8]; and (ii) any obligation to pay the Financing Entity or on the Financing Entity's direction any remaining amounts in the Collection Account pursuant to the Trust Indenture.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

[8] Explanatory Note: The Trust Indenture states that if extra cash is available in the Collections Account, it can be held until a subsequent Payment Date.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event[9], termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that materially and adversely affects (a) the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured, or (b) this Agreement or any of the agreements under which Obligations Secured arise; or

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that materially and adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Obligations Secured that have become due and payable.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

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[9] Explanatory Note: Early amortization events may be included in a supplemental indenture, so retaining that concept makes sense.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency Condition" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Reference Period**" has the meaning ascribed thereto in the Act.

"**Refinancing**"[10] has the meaning ascribed to the term "refinancing" in the Act as of the date hereof, as more particularly described and given meaning in the General Regulation as of the date hereof.[11]

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Subrogation Entitlement**" means each Subrogation Amount and each Final Subrogation Amount.

"**Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(B).

"**Supplemental Indenture**" has the meaning ascribed in the Trust Indenture.

"**Supplemental Reserve Account**" has the meaning ascribed in the Trust Indenture.

"**Suspension Event**" has the meaning ascribed thereto in Section 7.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 7.01.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

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[10] Explanatory Note: This relates to a refinancing of an existing debt obligation; not an undrawn commitment to fund.

[11] Explanatory Note: The General Regulation provides that debt can be considered a "Refinancing" when incurred within the 6 months prior to the maturity date of a funding obligation. The Act/Regulation's definition doesn't require that "Refinancings" be simultaneous with the repayment of existing Approved Obligations. We have added a certificate mechanic in 7.01 by which there can be certainty when an obligation is incurred that if the obligation is intended to be a refinancing, it will be covered by the guarantee.

EXHIBIT A
FORM OF PAYMENT DEMAND

TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Pursuant to and in accordance with section 2.01(a) of the Change of the Law Protection Agreement, the Indenture Trustee hereby demands payment from the Province in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in the Change of Law Protection Agreement.

DATED as of the [■] day of [■], [■].

BNY TRUST COMPANY OF CANADA

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT B
SUSPENSION NOTICE

TO: Ontario Power Generation Inc., in its capacity as Financial Services Manager

AND TO: Fair Hydro Trust

AND TO: Computershare Trust Company of Canada, in its capacity as trustee of Fair Hydro Trust

AND TO: BNY Trust Company of Canada, as Indenture Trustee

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement. All references in this Suspension Notice to "Articles" or "Sections" refer to Articles or Sections of the Change of Law Protection Agreement.

The Province has a reasonable basis for concluding that an event described in Section 7.01 has occurred. Pursuant to Section 7.01, the Province hereby declares that the Limited Guarantee shall not apply in respect of any Primary Obligation incurred or amended on or after the delivery of this Suspension Notice, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied, in accordance with the terms and conditions in Article VII.

The Limited Guarantee shall hereby not apply in respect of any Primary Obligation incurred or amended on or after delivery of this Suspension Notice, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied.

This Suspension Notice is hereby delivered to the FSM, the Financing Entity and the Indenture Trustee in accordance with Section 8.02 of the Change of Law Protection Agreement.

* * * *

DATED as of the [■] day of [■], [■].

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

Draft: December 4, 2017

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.

CHANGE OF LAW PROCESS AGREEMENT[1]

Dated as of [■], 2017

[1] Explanatory Note: Closing mechanics under consideration by the Province.

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**") is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.

Pursuant to a Declaration of Trust dated as of [■], 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions.

Prior to entering into this Agreement, OPG provided the Province with the proposed forms of certain of the Transaction Documents, and the Province has not objected to such forms.

This Agreement sets out the obligations OPG has agreed to perform and assurances OPG has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the Adherence Conditions have been satisfied, maintaining information related to the Program Agreements and the Approved Obligations, and ensuring that the Province's assumption rights pursuant to Article VI of the Change of Law Protection Agreement may be exercised without impediment on the terms and conditions contemplated in this Agreement and the Change of Law Protection Agreement.

All things necessary to make this Agreement a valid and legally binding agreement of OPG and the Province, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall"; the word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed; the words "herein", "hereof" and "hereunder" and other words of similar import refer to this

Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 References to the Financing Entity

For greater certainty, each reference to the Financing Entity shall be construed as a reference to the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 Effect of Headings

The Article and Section headings herein and are for convenience only and will not affect the construction hereof.

1.04 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.06 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF OPG

2.01 Deliveries to the Province

(a) Not less than 15 Business Days, or such lesser period as the Province may agree to in writing, prior to the initial issuance of any Funding Obligation by the Financing Entity, OPG shall deliver to the Province a copy of the initial Financing Plan. Thereafter, OPG shall promptly deliver to the Province a copy of any proposed change to or replacement of the Financing Plan.

(b) Not less than 10 Business Days, or such lesser period as the Province may agree to in writing, prior to (i) any proposed change or supplement to a previously provided Transaction Document becoming effective or otherwise being used, (ii) any additional or replacement Transaction Document becoming effective or otherwise being used, OPG shall deliver to the Province a copy of such proposed change or supplement to the Transaction Document and any such additional or replacement Transaction Document.

(c) Promptly following (i) any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor being made, (ii) any new, additional or replacement instruments, documents, agreements or security being used or granted in connection with all or any part of the Approved Obligations, or (iii) any waiver, release, reconveyance, termination, abandonment, subordination, exchange, substitution, transfer, compound, compromise, liquidation or enforcement of all or any part of the Approved Obligations or any security or guarantee therefor being effected, OPG shall deliver to the Province a detailed description of such event and the reasons for it together with any related documents, agreements and instruments.

(d) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, OPG shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations (including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(e) Promptly upon request, OPG shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

2.02 <u>Covenants</u>

(a) OPG shall use commercially reasonable efforts to cause the Financing Entity to:

(i) punctually perform and observe all of the Financing Entity's obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not (unless waived in writing by the Province):

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement or replacement or waiver or consent could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any change in particular financial terms, rates and levels;

(B) extend, renew, compromise, novate, replace, suspend, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, liquidate or enforce the terms of all or any part of the Approved Obligations or any Collateral, if any such action could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to the extent that only particular financial terms, rates and levels are affected;

(C) permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired; or

(D) allow the Financing Entity to enter into any Supplemental Indenture or Loan Agreement where any penalty or make-whole payment, or any requirement for further consent, approval or agreement, of the Specified Creditor party thereto would be required for the Province to assume the Obligations Secured thereunder.

(b) OPG shall:

(i) comply, and shall use commercially reasonable efforts to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

(ii) punctually perform and observe all of its (including as the FSM and as Manager) obligations and agreements contained in the Program Agreements;

(iii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation; and

(iv) after the occurrence of any Protection Event (or any event known to OPG that with the passage of time or the giving of notice would be a Protection Event), not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.

(c) Nothing in this Agreement shall limit the obligations of the Province under the Indemnity Agreement by the Province in favour of OPG dated June 1, 2017 (as amended, the "**Indemnity Agreement**") and to the extent of any conflict between this Agreement and such Indemnity Agreement, in respect of any matter relating to the Province's obligations to indemnify OPG, the Indemnity Agreement shall prevail.

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate

OPG shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Province, on or before the incurrence or any amendment of a Funding Obligation, other than any Funding Obligation under which not more than **$[5,000,000]** in the aggregate may become payable by the Financing Entity (provided that delivery may not be more than 5 Business Days before the incurrence or amendment of the Funding Obligation), setting out the following with respect to such Funding Obligation:

(a) the material terms of the Funding Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a Derivative Agreement, the notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

(b) if an existing Funding Obligation is proposed to be amended, material details respecting such amendment, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

(c) a statement to the effect that: (i) the Funding Obligation to be incurred or amended (1) will arise under terms and conditions that are Substantially in the

Form of the Reference Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reference Documentation;

(d) a statement confirming that any disclosure made in respect of the Funding Obligation (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to the Funding Obligation) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement has been made available to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made;

(e) a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and

(f) confirmation that, at the time the Funding Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Funding Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the Protection Agreement Maximum applicable on the date that the Process Certificate is delivered; for clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be determined on the date the Process Certificate is delivered hereunder in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

3.02 Acknowledgement regarding delivery of certificate under Change of Law protection Agreement

The Province acknowledges and agrees that, concurrent with the delivery of the Process Certificate pursuant to Section 3.01 of this Agreement, the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be

provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) are authorized to deliver the certificate referred to in Subsection 4.02(b) of the Change of Law Protection Agreement to the Indenture Trustee confirming that OPG has delivered all required certifications to the Province in connection with adherence of the Limited Guarantee to the incurrence of the Certified Primary Obligations in respect of which the certificate in Subsection 4.02(b) of the Change of Law Protection Agreement is being delivered; provided that, upon receipt of a Suspension Notice under the Change of Law Protection Agreement, OPG covenants not to deliver any further certificates to the Indenture Trustee under Subsection 4.02(b) of the Change of Law Protection Agreement other than in connection with a Refinancing of a Primary Obligation in respect of which the Adherence Conditions had been satisfied at the time such Primary Obligation was incurred.

3.03 Acknowledgement regarding delivery of Suspension Notice

The parties acknowledge and agree that the Province is entitled to deliver a Suspension Notice under Section 7.01 of the Change of Law Protection Agreement if a Program Breach or Breach Event has occurred. The Province agrees not to deliver a Suspension Notice pursuant to Section 7.01 of the Change of Law Protection Agreement unless a Program Breach or a Breach Event has occurred.

3.04 Meaning of "Reference Documentation"

For the purposes of Subsection 3.01(c), the term "Reference Documentation" shall mean each Transaction Document (including any change, addition or supplement thereto) that, at the relevant time:

(a) is a Transaction Document provided to, and not objected to by, the Province prior to the making of this Agreement, as contemplated in the fifth recital to this Agreement; or

(b) is a Transaction Document provided to the Province in accordance with Subsection 2.01(b) that has not been objected to by the Province, by delivery of an objection notice in writing delivered to OPG, within 10 Business Days after it is provided to the Province.

3.05 Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(c), the term "Substantially in the Form" shall mean:

(a) with respect to the Reference Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such Reference Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation, including regarding the timing of or circumstances under which related payments are or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that would affect the Province's rights of subrogation or assignment (including

pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation; provided, however, that the foregoing does not apply to any variable terms to be set forth in the proposed documents as are reasonably contemplated in the Reference Documentation, including the particular financial terms, rates and levels set forth in the proposed documents other than to the extent that the forms of Reference Documentation themselves specify specific requirements, limitations or parameters with respect to such financial terms, rates, levels and parameters; and

(b) with respect to the Reference Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum

(a) Not less than 15 Business Days, or such lesser period as the Province may agree to in writing, prior to the proposed incurrence of the first Funding Obligation, OPG shall, as the FSM, deliver to the Province: (i) a forecast setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the next following 24 month period (the "**Initial Forecast Period**"), which expectations shall be consistent with the Financing Plan (the "**Initial Forecast**"); and (ii) notice of the initial Protection Agreement Maximum, which may not exceed the Initial Forecast.

(b) Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of the Initial Forecast and notice of the initial Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province may disagree with the Initial Forecast and the initial Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or the Initial Forecast, (ii) the Initial Forecast is inconsistent with the Financing Plan, or (iii) the initial Protection Agreement Maximum is more than the Initial Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the initial Protection Agreement Maximum will be revised accordingly and confirmed by an amended notice to the Province.

(c) Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Approved Obligations that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast shall be further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum, which may not exceed such Forecast.

(d) Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of any further Forecast and notice of the revised Protection Agreement Maximum from OPG pursuant to Section 4.01(c), the Province may disagree with such further Forecast or revised Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or such further Forecast, (ii) the further Forecast is inconsistent with the Financing Plan, or (iii) the revised Protection Agreement Maximum is more than the further Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the revised Protection Agreement Maximum will be further revised accordingly and confirmed by an amended notice to the Province.

(e) For clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be valued at the time to be determined for the purposes of this Section 4.01 in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of OPG

OPG represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, may cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario and has the power and authority to enter into and perform its obligations under this Agreement and all instruments and agreements delivered pursuant hereto.

(c) OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Financing Entity or in the ability of the Financing Entity to perform its obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

5.02 Representations and Warranties of the Province

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
BREACH EVENTS

6.01 Breach Events

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

(a) a default in the performance, or breach, of any covenants of OPG under this Agreement, which continues for thirty (30) days after written notice by the Province to OPG of such default or breach;

(b) any representation or warranty made by OPG in this Agreement, any certification made in a Process Certificate, or any certification made in a certificate

contemplated by Subsection 4.02(b) of the Change of Law Protection Agreement, proves to be incorrect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation; or

(c) OPG is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the Manager.

ARTICLE VII
MISCELLANEOUS

7.01 Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

7.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to OPG:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

(b) if to the Province:

Ministry of Finance
[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 7.02.

7.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 7.03 shall be null and void.

7.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

7.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

7.06 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

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

By: _____

Name:
Title:

By: _____

Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Conditions**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Approved Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Beneficiaries**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Breach Event**" has the meaning ascribed thereto in Section 6.01.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Certified Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the FSM on behalf of the Financing Entity and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

"**Executive Officer**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Financing Entity**" means Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(c).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Indenture Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Initial Forecast**" has the meaning ascribed thereto in Section 4.01(a)

"**Initial Forecast Period**" has the meaning ascribed thereto in Section 4.01(a)

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Limited Guarantee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Loan Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**Management Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Manager**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Program Breach**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Protection Agreement Maximum**" means the dollar amount referenced as the Program Agreement Maximum and determined in accordance with Article IV.

"**Protection Event**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture.

"**Reference Documentation**" has the meaning ascribed thereto in Section 3.04.

"**Repayment**" has the meaning ascribed to the term "repayment" in the General Regulation as of the date of this Agreement.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Substantially in the Form**" has the meaning ascribed thereto in Section 3.05.

"**Suspension Notice**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement; (vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that affects the Province's subrogation rights and/or subrogee interests, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE[1]

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST~~[2]~~

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

[1] ~~This Agreement and the Process Agreement will need to be effective on closing but signed and held in escrow as soon as they are settled and prior to pricing of the term deal~~Explanatory Note: Logistics of closing are under consideration by the Province.

~~[2] Please advise if there are any further issues with the Manager signing the Protection Agreement on behalf of the Trust? If so, can you please explain the issue. The Manager is currently signing all Program Agreements on behalf of the Trust and has authority to do so. We would like the Manager to sign this Agreement on behalf of the Trust.~~

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust under the laws of the Province of Ontario (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council dated as of ■1981/2017 (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust[3] dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Primary Obligations that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred. This Agreement sets out the terms and conditions of such protections and assurances.

[3] We are comfortable on this point because OPG has retained Computershare as issuer trustee. The recitals of the Declaration of Trust provide that Computershare has established the Trust at the request of the FSM. We can also provide you with a copy of the Computershare engagement letter upon request.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other

subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 ~~Proof of Approved Obligations~~Intentionally Deleted

~~The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Indenture Trustee deems to be sufficient.~~

~~Any statement of account prepared by the Indenture Trustee as regards the Primary Obligations shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and the Province hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Indenture Trustee agrees to provide the Province with the computations and calculations used by the Indenture Trustee to prepare each such statement of account promptly following a request therefor.~~

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture as of the date of this Agreement.

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 2.01 or Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a

Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee, the Financing Entity, the Financing Entity Trustee, the Manager or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee ~~may~~shall (unless the Rating Agency Condition has been satisfied with respect to a demand not being made as a result of the Protection Event), deliver a written demand, substantially in the form attached as Exhibit A (a "**Payment Demand**"), to the Province requiring the Province to make payments in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in this Agreement. From and after such delivery of a Payment Demand, the Province shall make the following payments in respect of the Approved Obligations (the "**Limited Guarantee**"), and the Financing Entity shall pay, and the Province shall be entitled to be paid, the Subrogation ~~Amounts~~Entitlements specified below~~, on the specified Guarantee Payment Date~~:

i. Not less than 3 Business Days prior to each day when any payment or payments are to be made in respect of one or more Approved Obligations occurring after such delivery of a Payment Demand ~~and prior to the Assumption Effective Date, if any, (~~(each such day, a "**Guarantee Payment Date**"), the Manager shall deliver a written statement setting forth the Aggregate Approved Obligations Amount, if any, in respect of the Approved Obligations that are due and payable on such Guarantee Payment Date, together with a detailed description identifying such Approved Obligations and the nature and amount of payments due and payable thereunder on the Guarantee Payment Date, the aggregate outstanding amount payable by the Financing Entity under such Approved Obligations as of the date of ~~the Guarantor Settlement Statement~~such written statement, and details regarding any default in performance by any party obligated thereunder~~ (a "**Guarantor Settlement Statement**")~~[4].

ii. On each such Guarantee Payment Date, the Province shall deposit the Aggregate Approved Obligations Amount into the Protection Account.

iii. On each such Guarantee Payment Date, the Financing Entity and the Indenture Trustee shall ensure that the amounts on deposit in the Protection Account are applied to pay each Beneficiary to whom an amount is due and payable under an Approved Obligation on the Guarantee Payment Date the Approved

[4] ~~Given timing, we would appreciate if the parties did not negotiate this form now.~~

Obligation Amount for such Beneficiary in respect of such Approved Obligation on such Guarantee Payment Date; provided that if the amount deposited pursuant to clause 2.01(a)ii is insufficient to pay all such Approved Obligation Amounts in full, the amount on deposit in the Protection Account on the Guarantee Payment Date shall be applied to pay Beneficiaries in the order of priority in which such Approved Obligations are payable under the payment provisions of the Trust Indenture applicable to the making of such payments on the Guarantee Payment Date (each, a "**Beneficiary Payee**" and each payment made to a Beneficiary Payee on a Guarantee Payment Date, a "**Guarantee Payment**").

iv. On any Guarantee Payment Date on which an amount is paid by the Province pursuant to clause 2.01(a)ii, the applicable payment provisions of the Trust Indenture shall, notwithstanding the express terms of such provisions set forth in the Trust Indenture, be applied and operate on the following basis:

(A) [2]the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available under such payment provisions on such Guarantee Payment Date shall be reduced by the amount of the Guarantee Payment paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on such Guarantee Payment Date;

(B) the Province shall be paid the ~~lesser of (x) the~~ amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available to pay the Beneficiary Payee under such payment provisions on the Guarantee Payment Date, determined without regard to ~~subclause 2.01(a)iv(A), and (y) the amount paid~~the Guarantee Payment paid on such Guarantee Payment Date and the corresponding reduction of the amount owing to the Beneficiary Payee pursuant to ~~clause 2.01(a)iii in respect of such Approved Obligation on the Guarantee Payment Date (such payments~~subclause 2.01(a)iv(A) (each such amount payable to the

[2] Explanatory Note: In a particular period, the cash available from CEAs may exceed the aggregate Finance Amounts payable - for example, as a result of the "true-up" under the Act, which will determine the actual amount of cash available. The basic structure is that the Province will pay all Approved Obligation Amounts, and will be entitled to receive all cash flows available to the Beneficiary Payees. Limiting the subrogation amounts to the lesser of such available cash and the Guarantee Payments could result in leakage of the cash that the Province looks to under this arrangement.

Province being a "**Subrogation ~~Amounts~~Amount**");~~ and~~[5]

(C) no Beneficiary having a right to be paid an amount in respect of an Approved Obligation, and no other Person entitled under an Obligation Secured, in each case that ranks equal with or subordinate to an Approved Obligation in respect of which ~~an amount~~a Subrogation Amount is payable to the Province under subclause 2.01(a)iv(B), shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under such subclause (including any right ~~or~~of reimbursement, contribution or indemnity) and no such Beneficiary or other Person shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of any such ~~amounts.~~Subrogation Amount;

(D) [3]on the first day when any payment or payments are to be made in respect of Obligations Secured that occurs on or after the date on which all amounts payable under all Approved Obligations have been paid in full, the Province shall be entitled to be paid from amounts available to pay Obligations Secured on such day (and thereafter on each subsequent day when any payment or payments are to be made in respect of Obligations Secured, until paid in full), in each case in accordance with the applicable payment provisions of the Trust Indenture on such day, the following amounts (each, a "**Final Subrogation Amount**"), in each case in the priorities specified below:

(I) as an amount ranking equally with [Senior Obligations][4], the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including such day in respect of Approved Obligations ranking equally with or prior to [Senior Obligations],

[5] ~~We thought this section required tweaking to reflect the intention of the parties.~~

[3] Explanatory Note: The Province will be entitled to receive subrogation cash flows after satisfaction of all Approved Obligations. This provision provides how that these amounts will be payable from available cash flows, based on priorities that address cash entitlements opposite non-guaranteed obligations secured (e.g., after a suspension event). Conforming changes will need to be made to the Trust Indenture once these mechanics have been settled.

[4] Explanatory Note: Nomenclature to be conformed, once the corresponding provisions of the Trust Indenture have been settled.

plus (y) the sum of amounts determined in respect of interest on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount is paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related[5], exceeds (2) the sum of all Subrogation Amounts paid to the Province up to and including such day;

(II) as an amount ranking equally with [Subordinated Obligations], the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including such day in respect of Approved Obligations ranking equally with or prior to [Subordinated Obligations], plus (y) the sum of amounts determined in respect of interest on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount is paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of (x) all Subrogation Amounts paid to the Province up to and including such day, plus (y) the amount determined under (I); and

(III) as an amount ranking equally with [Junior Obligations], the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including such day in respect of Approved Obligations ranking equally with or prior to [Junior Obligations],

[5] Explanatory Note: Nomenclature to be conformed, once the corresponding provisions of the Trust Indenture have been settled.

plus (y) the sum of amounts determined in respect of interest on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount is paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of (x) all Subrogation Amounts paid to the Province up to and including such day, plus (y) the sum of the amounts determined under (I) plus (z) the sum of the amounts determined under (II); and

(E) no Person entitled under an Obligation Secured that ranks equal with or subordinate to a Final Subrogation Amount shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province in respect of such Final Subrogation Amount and no such Person shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of any such Final Subrogation Amount.

v. On any Guarantee Payment Date, the Indenture Trustee shall release and pay to the Province free and clear of any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay Guarantee Payments to Beneficiary Payees on the Guarantee Payment Date in accordance with clause 2.01(a)iii.

vi. In preparing any payment instructions under the Trust Indenture, the Manager shall reflect the amounts payable for the Guarantee Payment Date under Section 2.01(a).

(b) The Province shall, as a payee of Subrogation Amounts and under clause 2.01(a)(iv)(B), as a payee of each Final Subrogation Amount under clause 2.01(a)(iv)(B) and as a payee of any amounts payable under clause 2.01(a)(iv)(Bv), be a “Specified Creditor” under the Trust Indenture and have the benefit of the Collateral thereunder.

(c) For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the Approved Obligation Amounts, if any, for payment to Beneficiary Payees and will be subject to the priorities and to the Province's rights to Subrogation ~~Amounts~~Entitlements, set forth in Section 2.01(a).

(d) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(e) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation by their terms.

(f) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under and in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any amount due and payable to a Beneficiary Payee under the Limited Guarantee.

2.02 Intentionally Deleted.

2.03 Absence of Set-off

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 Payment into Protection Account in Satisfaction

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection

Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account" for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section **[7.03]** of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Financing Entity and the Indenture Trustee shall ensure that all amounts paid by the Province into the Protection Account on a Guarantee Payment Date in respect of an Approved Obligation are applied to pay the amounts due and payable to the Beneficiaries as and to the extent provided for in Section 2.01(a). Upon a payment having been made by or on behalf of the Province into the Protection Account, the amounts so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiaries as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such Beneficiaries in respect of the applicable Approved Obligations, whereupon an affected Beneficiary shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid. For greater certainty, the obligations arising in respect of an applicable Approved Obligation shall not be reduced by such payment as the Province shall become entitled to be paid related Subrogation ~~Amounts~~Entitlements and the rights contemplated under Section 2.01(a) and Section 5.01 in relation to such continuing obligations.

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations in accordance with Section ~~9.01~~8.01.[6]

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of

[6] ~~We made this change to be consistent with the termination clause in section 9.01.~~

sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

A Primary Obligation shall constitute an Approved Obligation if (i) the Adherence Conditions applicable thereto have been satisfied at the time the Primary Obligation was incurred, or (ii) the Province, in its sole discretion, ~~agrees~~designates in writing that it is an Approved Obligation.

4.02 Adherence Conditions[7]

The following shall be the Adherence Conditions applicable in relation to each Certified Primary Obligation:

(a) the Certified Primary Obligation when incurred is an Obligation Secured under the Trust Indenture; and

(b) OPG, as FSM, delivers a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for

[7] ~~We would propose that the certification in section 4.02(b) of the Protection Agreement track the requirements of section 3.01 of the Process Agreement to ensure that the two sections are consistent. Accordingly, we have revised section 4.02(b) of the Protection Agreement to state the certificate delivered to the Indenture Trustee under this section should confirm that all certifications to the Province required in connection with the incurrence of such Certified Primary Obligations have been delivered to the Province.~~

clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee, on or before the incurrence of a Certified Primary Obligation[8] (provided that delivery may not be more than 5 Business Days before the incurrence of the Certified Primary Obligation), confirming that OPG has provided to the Province all certifications required bydelivered to the Province a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with the incurrence of suchadherence of the Limited Guarantee to the Certified Primary Obligation; and

(c) in respect of a Certified Primary Obligation other than a Refinancing of a Primary Obligation in respect of which the Adherence Conditions had been satisfied, the Province has not provided a Suspension Notice to the Indenture Trustee, OPG and the Financing Entity.

For greater certainty, (y) satisfaction of the Adherence Conditions for a Certified Primary Obligation shall be deemed satisfaction of the Adherence Conditions in respect of all principal, interest and other amounts owing under the Certified Primary Obligation, as such Certified Primary Obligation may be amended, restated, supplemented or otherwise modified from time to time, and (z) there shall be no Adherence Conditions applicable in relation to a Primary Obligation that is not a Certified Primary Obligation.

4.03 Evidence of Satisfaction

A closing certificate delivered in accordance with Section 4.02(b) in connection with an incurrence of a Certified Primary Obligation shall be determinative as to whether the applicable Adherence Conditions with respect thereto have been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same. A closing certificate that purports on its face to be signed by officers specified in Section 4.02(b) may be relied upon by any addressee without further enquiry or evidence as to the incumbency or signatures of such officers. If a closing certificate is not delivered in accordance with the timing requirements of Section 4.02(b) in respect of a Certified Primary Obligation, such certificate may be delivered at a later date, and be effective as if it had been delivered in accordance with the timing requirement of Section 4.02(b), if at the time such certificate was required to be delivered OPG had delivered to the Province all certifications required by the Province in connection with the incurrence of aadherence of the Limited Guarantee to the Certified Primary Obligation.[9]

[8] We tried to address all parties concerns expressed at our last meeting by this language. The Province can be assured that no certificate earlier than 5 Business Days prior to incurring the Certified Primary Obligation is delivered and the dealers have comfort that the clause is not too prescriptive.

[9] This additional language was added to address the concerns of the dealers and Oslers discussed at our last meeting.

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, including (i) the right and entitlement to be paid and receive the related Subrogation ~~Amounts~~Entitlements, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including **[Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 7.12 (Payments Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Section 8.14 (Limited Recourse), Article IX (The Indenture Trustee), including all limitations of liability thereunder, Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition)]**; (ii) consents, requests and authorizes

the Issuer and the Indenture Trustee to (x) add the Province to the register of Specified Creditors described in subsection **[13.13(b)]** of the Trust Indenture and (y) disseminate the notice details of the Province to other Specified Creditors for the purposes set out in subsection **[9.14(b)]** of the Trust Indenture, and (iii) confirms that it will execute and deliver, or cause to be executed and delivered, all such further agreements, documents and instruments in connection with this Section 5.01 as the Indenture Trustee shall send notices to the Province, in its capacity as a Specified Creditor, in accordance with Section 9.02.[10]may request from time to time for the purpose of giving effect to the terms of this Section 5.01.

5.02 Priorities

For greater certainty, the rights, interests and entitlements of the Province as an assignee orand subrogee, as applicable, of and with respect to an Approved Obligation shall rank equally with the rights, interests and entitlements of a Beneficiary to whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture in the manner and to the extent contemplated in Section 2.01.7.10(d) of the Trust Indenture.

5.03 Intentionally Deleted

5.04 Representations and Warranties

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

[10] These changes were made to conform to the latest draft of the Trust Indenture, a copy of which will be circulated soon.

ARTICLE VI
NOTICE OF ASSUMPTION OF CERTAIN OBLIGATIONS SECURED[11]

6.01 Delivery of Assumption Notice

Following the occurrence of a Protection Event, the Province may (but shall not be obligated to) provide notice (in the form of Exhibit B) to the Indenture Trustee that the Province has elected to assume the Financing Entity's obligations in respect of all Obligations Secured permitted to be assumed by their terms (the "**Assumption Notice**"). The Assumption Notice shall specify the date on which the assignment and assumption of such Obligations Secured will be effective (each such date being an "**Assumption Closing Date**").[12]

6.02 Cooperation to Implement the Assignment and Assumption

The Indenture Trustee, the FSM, the Financing Entity and the Province will cooperate and use best efforts to complete the assignment and assumption of the Obligations Secured referenced in Section 6.01 by and from the Financing Entity to and by the Province by the applicable Assumption Closing Date.

6.03 Effect of Assignment and Assumption

On the date that the assignment and assumption of the Obligations Secured referenced in Section 6.01 by and from the Financing Entity to and by the Province becomes effective (the "**Assumption Effective Date**"), the Province shall no longer be required to provide and perform the Limited Guarantee but will instead become a primary obligor under such Obligations Secured assumed pursuant to and in accordance with an applicable Assumption Agreement. For greater certainty, the obligations of the Province so assumed will not be secured obligations of the Province and the obligees thereof will have no right, interest or claim to or in respect of the Collateral or any proceeds therefrom.

6.04 Interim Period

Until the effective time of the assignment and assumption of the Obligations Secured referenced in Section 6.01 by and from the Financing Entity to and by the Province on the Assumption Effective Date, the Province shall continue to perform and be obligated under the Limited Guarantee with respect to those Obligations Secured.

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[11] Please see Torys' cover email to explain changes made in this Article and the related Article in the Process Agreement. Section 6.05 was deleted since it was not applicable in a context where only some of the Obligations Secured would be assumed.

[12] It is not realistic to think that the assumptions of Secured Obligations will all occur on one day. We think it has to happen on a contract by contract basis. As a Secured Obligation is assumed, the Limited Guarantee falls away with respect to it (it becomes a "zero" item in the waterfalls).

ARTICLE VI~~ARTICLE VII~~
INDENTURE TRUSTEE MATTERS

6.01 ~~7.01~~ Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

6.02 ~~7.02~~ Not Responsible for Recitals

The recitals contained herein will be taken as the statements of the Province, the Financing Entity and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

6.03 ~~7.03~~ Representations and Covenants of the Indenture Trustee~~13~~[6]

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada; and

(b) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada.

ARTICLE VII~~ARTICLE VIII~~
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

7.01 ~~8.01~~ Suspension Notice

Upon:

(a) a Program Breach;~~ or~~

(b) a default in the performance, or breach, of any covenants ~~or representations of the FSM~~of OPG, as FSM, or OPG, in its corporate capacity, in each case to the Province in connection with ~~an incurrence or amendment of Primary~~

~~13 The Indenture Trustee asked us to delete these representations. They will not provide these types of representations without attaining a legal opinion from outside counsel. To avoid delay, we would ask that the parties agree to this deletion~~[6] Explanatory Note: The Province is content to receive the same representations as are provided by the Indenture Trustee should be under the Trust Indenture. Please conform.

~~Obligations~~its obligations to the Province pursuant to internal requirements and processes in connection with the provision of the Limited Guarantee, which continues for thirty (30) days after written notice by the Province to ~~the FSM~~OPG of such default or breach;

(c) a representation or warranty made by OPG or a certification made by one or more officers of OPG, in each case whether as FSM or in its corporate capacity, to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the provision of the Limited Guarantee, proves to be incorrect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation; or

(d) ~~(c)~~ the FSM no longer being the Manager or actions having been taken by or on behalf of the Indenture Trustee to remove the FSM as the Manager,

the Province may declare that the Limited Guarantee under this Agreement shall not apply to any Primary Obligations incurred[14] on or after such declaration, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied (provided that the Refinancing is an Approved Obligation), by delivering a written notice in the form of Exhibit ~~C~~B (a "**Suspension Notice**") ~~to the Province~~ to the Indenture Trustee, the FSM and the Financing Entity.[15]

The Limited Guarantee shall apply to any Certified Primary Obligation incurred after a Suspension Event on the basis that it is a Refinancing (provided that such Refinancing is an Approved Obligation) only if the FSM certifies to the Province in writing prior to the incurrence that the proceeds of such incurrence will be used solely for the purposes of repaying one or more Certified Primary Obligations incurred prior to the Suspension Event and to which the Limited Guarantee adhered as of the time the Suspension Event occurred, and the delivery of such written certification by the FSM to the Province shall be determinative for the purposes of concluding that such incurrence is a Refinancing for the purposes of Sections 7.01, 7.02 and 7.03.

7.02 ~~8.02~~ Suspension

If a Suspension Notice has been provided under Section ~~8.01~~7.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of any Primary Obligation incurred[16] or amended on or after the time such Suspension Notice is delivered, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied~~. For greater certainty, the rights of the Province under~~

[14] ~~We will need the ability to amend the Primary Obligations after a Suspension Notice to deal with the Suspension Notice itself.~~

[15] ~~OPG has confirmed that it is problematic from an accounting perspective to give the Province a broad right to suspend at any time. As discussed in the meeting, we therefore reintroduced the concept of the Program Breach and Breach Event but we made the breach event generic to ensure we do not have to reference the Process Agreement in this document.~~

[16] ~~We will need the ability to amend the Primary Obligations after a Suspension Notice to deal with the Suspension Notice itself.~~

~~Article VI shall apply in respect of the Obligations Secured referenced in Section 6.01, including if incurred on or after the time such Suspension Notice is delivered.~~[17] (provided that the Refinancing is an Approved Obligation).

7.03 ~~8.03~~ No Impact on Adherence

For greater certainty, the occurrence of a Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event or in respect of any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied~~, nor will it in any way impact the Obligations Secured which are assumed by the Province in accordance with ARTICLE VI~~ (provided that the Refinancing is an Approved Obligation).

ARTICLE VIII~~ARTICLE IX~~
MISCELLANEOUS

8.01 ~~9.01~~ Term of Agreement

This Agreement will continue until the date that no amount is or may become due and payable by the Province under the Limited Guarantee.

8.02 ~~9.02~~ Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust

700 University Avenue

~~[17] We have deleted the concept of the termination notice since it no longer serves a purpose and is potentially confusing to the reader.~~

Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: Manager, Corporate Trust
Fax: (416) 981-9777
Email: corporatetrust.toronto@computershare.com

(b) if to the FSM:

Ontario Power Generation Inc.

700 University Avenue

Toronto, Ontario M5G 1X6

Attention: General Counsel
Fax: (416) 592-4189

(c) if to the Province:

Ministry of Finance

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section ~~9.02~~8.02.

8.03 ~~9.03~~ Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section ~~9.03~~8.03 shall be null and void.

8.04 ~~9.04~~ Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

8.05 ~~9.05~~ FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 ~~9.06~~ No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

~~9.07~~ ~~Intentionally Deleted~~

8.07 Notice to Rating Agencies

OPG, as FSM, shall deliver prompt written notice to the Rating Agencies on occurrence of (i) a Protection Event; (ii) receipt of a Suspension Notice delivered by the Province pursuant to Section 7.01; and (iii) an assignment of this Agreement by any party pursuant to Section 8.03.

8.08 ~~9.08~~ Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their benefits hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

8.09 ~~9.09~~ Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, IN ITS CAPACITY AS TRUSTEE OF FAIR HYDRO TRUST, AS ISSUER, BY ONTARIO POWER GENERATION INC., NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Action**" has the meaning ascribed thereto under the Trust Indenture.

"**Adherence Conditions**", means, in respect of ~~the~~a Certified Primary ~~Obligations~~Obligation, the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of a Guarantee Payment Date, the aggregate of the Approved Obligation Amounts for such Guarantee Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, for a Beneficiary in respect of an Approved Obligation under which an amount is due and payable on a Guarantee Payment Date:

(a) if no Acceleration has occurred in respect of any Obligation Secured on or before the Guarantee Payment Date, the amount due and payable to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation (for greater certainty, determined on the assumption that there are adequate amounts available under the applicable payment provisions of the Trust Indenture to pay in full all amounts referred to in such payment provisions that are due and payable on the Guarantee Payment Date); and

(b) if an Acceleration has occurred in respect of any Obligations Secured on or before the Guarantee Payment Date, the amount that would be available to be paid to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation under the applicable payment provisions of the Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with such applicable payment provisions of the Trust Indenture in respect of each relevant month during each Reference Period is equal to the estimated Finance Amount determined in respect of such Reference Period for purposes of section 15(1) of the Act (in effect on the date hereof), including section 6.1 of the General Regulation (in effect on the date hereof)~~,~~ divided by the number of months in such Reference Period.

~~"**Assumption Agreement**" means the agreement among the Province, the Indenture Trustee, the Financing Entity and any other person that is party to the applicable Supplemental Indenture or Loan Agreement affected by the assignment and assumption contemplated under Article VI,~~

~~which agreement shall be in substantially the form of assumption agreement set forth in the applicable Supplemental Indenture or Loan Agreement.~~

~~"**Assumption Effective Date**" has the meaning ascribed thereto in Section 6.03.~~

~~"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.01.~~

~~"**Assumption Notice**" has the meaning ascribed thereto in Section 6.01.~~

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Beneficiary Payee**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Certified Primary Obligations**" means Primary Obligations that ~~are payment obligations that~~ are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest or to repay payment obligations that were incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest,~~[18]~~[7] (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not each individual trade confirmation, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and aggregate payments by the Financing Entity thereunder during the term of such contract is in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).~~[19]~~

"**Change of Law Protection Agreement**" means this Agreement.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency

~~[18] Query: For a warehouse facility, does the~~[7] Explanatory Note: Province ~~want a~~requires a Process Certificate for each monthly draw~~?~~.

~~[19] This concept reflects what Primary Obligations the parties agreed to be subject to the adherence conditions.~~

option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Eligible Deposit Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Eligible Institution**" has the meaning ascribed thereto in the Trust Indenture.

"**Executive Officer**" has the meaning ascribed ~~thereto in the *Securities Act* (Ontario).~~ to the term "executive officer" in National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators.

"**Final Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(D).

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the first paragraph of this Agreement until a successor Financing Entity Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and the Declaration of Trust, and thereafter "Financing Entity Trustee" means and includes such Person.[~~20~~]

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Guarantee Payment**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Guarantee Payment Date**" has the meaning ascribed thereto in Section 2.01(a)i.

~~"**Guarantor Settlement Statement**" has the meaning ascribed thereto in Section 2.01(a).~~

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other

[~~20~~] ~~We are merely conforming this definition to the definition of Indenture Trustee.~~

instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Issuer Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Issuer Funding Obligation**" has the meaning ascribed thereto in the Trust Indenture.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Lien**" has the meaning ascribed thereto in the Trust Indenture.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(a).

~~"**Loan Agreement**" has the meaning ascribed thereto in the Trust Indenture.~~

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity, as amended, supplemented, restated or otherwise modified from time to time.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Agreement**" means an agreement in the form of ~~a 1992~~an ISDA Master Agreement ~~(Multi-Currency – Cross-Border)~~ as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, as amended, supplemented, restated or otherwise modified from time to time.

~~21~~

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

~~21 The definition of Notes is not used in the Agreement.~~

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account or Finance Reserve Account or required to be held in the Collection Account after the application of amounts under the applicable payment provision of the Trust Indenture on an applicable payment date[8]; and (ii) any obligation to pay the Financing Entity or on the Financing Entity's direction any remaining amounts in the Collection Account pursuant to the Trust Indenture.[22]

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event[9], termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.[23]

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

[8] Explanatory Note: The Trust Indenture states that if extra cash is available in the Collections Account, it can be held until a subsequent Payment Date.

[22] These changes were made to conform to the most current version of the Trust Indenture, a copy of which will be circulated soon. Additionally, money in the Collection Account is required to flow through the waterfall and is not required to be held in the Collection Account otherwise.

[9] Explanatory Note: Early amortization events may be included in a supplemental indenture, so retaining that concept makes sense.

[23] We deleted early amortization events because that is no longer a concept used in the Trust Indenture.

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that materially and adversely affects (a) the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured, or (b) this Agreement or any of the agreements under which Obligations Secured arise; or

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that materially and adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Obligations Secured that have become due and payable.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency Condition" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Reference Period**" has the meaning ascribed thereto in the Act.

"**Refinancing**" ~~means the incurrence of debt where at the time of issuance the use of the proceeds thereof are identified by the Issuer as to be used to repay an existing Approved Obligation.~~[24][10] has the meaning ascribed to the term "refinancing" in the Act as of the date

[10] Explanatory Note: This relates to a refinancing of an existing debt obligation; not an undrawn commitment to fund.

hereof, as more particularly described and given meaning in the General Regulation as of the date hereof.[11]

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Subrogation ~~Amounts~~Entitlement**" means each Subrogation Amount and each Final Subrogation Amount.

"**Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(~~ii~~B).

"**Supplemental Indenture**" has the meaning ascribed in the Trust Indenture.

"**Supplemental Reserve Account**" has the meaning ascribed in the Trust Indenture.

"**Suspension Event**" has the meaning ascribed thereto in Section ~~8.02~~7.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section ~~8.01~~7.01.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

[24] ~~Refinancings can occur up to six months prior to the application of the refinancing proceeds to the existing obligation. The regulations provide that if the refinancing proceeds are not applied to repay the intended funding obligation, then it is not a Refinancing. Accordingly, we have revised the definition to ensure~~[11] Explanatory Note: The General Regulation provides that debt can be considered a "Refinancing" when incurred within the 6 months prior to the maturity date of a funding obligation. The Act/Regulation's definition doesn't require that "Refinancings ~~do not have to~~" be simultaneous with the repayment of ~~the existing Approved Obligation (we understand from the dealers that in most circumstances they will not be)~~existing Approved Obligations. We have added a certificate mechanic in 7.01 by which there can be certainty when an obligation is incurred that if the obligation is intended to be a refinancing, it will be covered by the guarantee.

EXHIBIT A
FORM OF PAYMENT DEMAND

TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Pursuant to and in accordance with section 2.01(a) of the Change of the Law Protection Agreement, the Indenture Trustee hereby demands payment from the Province in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in the Change of Law Protection Agreement.

DATED as of the [■] day of [■], [■].

BNY TRUST COMPANY OF CANADA

By:
Name:
Title:

By:
Name:
Title:

EXHIBIT B
~~ASSUMPTION~~SUSPENSION NOTICE

~~[NTD: Blakes to provide draft]~~

~~EXHIBIT C~~
~~SUSPENSION NOTICE~~

~~**[NTD: Blakes to provide draft]**~~

TO:	Ontario Power Generation Inc., in its capacity as Financial Services Manager
AND TO:	Fair Hydro Trust
AND TO:	Computershare Trust Company of Canada, in its capacity as trustee of Fair Hydro Trust
AND TO:	BNY Trust Company of Canada, as Indenture Trustee

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement. All references in this Suspension Notice to "Articles" or "Sections" refer to Articles or Sections of the Change of Law Protection Agreement.

The Province has a reasonable basis for concluding that an event described in Section 7.01 has occurred. Pursuant to Section 7.01, the Province hereby declares that the Limited Guarantee shall not apply in respect of any Primary Obligation incurred or amended on or after the delivery of this Suspension Notice, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied, in accordance with the terms and conditions in Article VII.

The Limited Guarantee shall hereby not apply in respect of any Primary Obligation incurred or amended on or after delivery of this Suspension Notice, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied.

This Suspension Notice is hereby delivered to the FSM, the Financing Entity and the Indenture Trustee in accordance with Section 8.02 of the Change of Law Protection Agreement.

* * * *

DATED as of the [■] day of [■], [■].

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

Document comparison by Workshare Compare on Monday, December 04, 2017 11:55:46 AM

Input:	
Document 1 ID	PowerDocs://TOR_2528/23239360/18
Description	TOR_2528-#23239360-v18-Change_of_Law_Protection_Agreement
Document 2 ID	PowerDocs://TOR_2528/23239360/22
Description	TOR_2528-#23239360-v22-Change_of_Law_Protection_Agreement
Rendering set	Standard

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

Statistics:	
	Count
Insertions	159
Deletions	170
Moved from	2
Moved to	2
Style change	0
Format changed	0
Total changes	333

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.

CHANGE OF LAW PROCESS AGREEMENT[1]

Dated as of [■], 2017

[1] ~~This Agreement and the Protection Agreement will need to be effective on closing but signed and held in escrow as soon as they are settled and prior to pricing of the term deal.~~Explanatory Note: Closing mechanics under consideration by the Province.

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**") is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.

Pursuant to a Declaration of Trust dated as of [■], 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.[2]

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of ~~Primary~~ Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions.

Prior to entering into this Agreement, OPG provided the Province with the proposed forms of certain of the Transaction Documents ~~listed on Exhibit "A"~~, and the Province has not objected to such forms ~~and has confirmed to OPG that such Transaction Documents constitute "Reference Documentation" for purposes of this Agreement~~.

~~Prior to entering into this Agreement, OPG, as the FSM, provided the Province with the initial Financing Plan attached hereto as Exhibit "B" (the "**Initial Financing Plan**"), and the Province has not objected to such Initial Financing Plan.~~

~~Prior to entering into this Agreement, OPG, as the FSM, provided to the Province (i) the initial forecast attached hereto as Exhibit "C" (the "**Initial Forecast**") setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the 24 month period following the date hereof (the "**Initial Forecast Period**"); and (ii) notice of the initial Protection Agreement Maximum of C$■ (the "**Initial Protection Agreement Maximum**").~~[3]

[2] ~~We are comfortable on this point because OPG has retained Computershare as issuer trustee. The recitals of the Declaration of Trust provide that Computershare has established the Trust at the request of the FSM. We can also provide you with a copy of the Computershare engagement letter upon request.~~

[3] ~~Given that this Agreement would now be delivered on or immediately prior to closing, we thought it would be acceptable to reference these initial items as delivered versus as future deliverables. Please note that OPG is working with the Province to deliver the initial financing plan and the initial forecast and to confirm the initial protection agreement maximum.~~

~~The Province has not objected to the Initial Forecast and the Initial Protection Agreement Maximum on the basis that (i) there does not appear to be inaccuracies in the Initial Financing Plan or the Initial Forecast, (ii) the Initial Forecast is consistent with the Initial Financing Plan, and (iii) the Initial Protection Agreement Maximum is less than the Initial Forecast.~~

This Agreement sets out the obligations OPG has agreed to perform and assurances OPG has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the Adherence Conditions have been satisfied, maintaining information related to the Program Agreements and the Approved Obligations, and ensuring that the Province's assumption rights pursuant to Article VI of the Change of Law Protection Agreement may be exercised without impediment on the terms and conditions contemplated in this Agreement and the Change of Law Protection Agreement.

All things necessary to make this Agreement a valid and legally binding agreement of OPG and the Province, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect,

including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall"~~. The~~; the word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed~~. The~~; the words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 References to the Financing Entity

For greater certainty, each reference to the Financing Entity shall be construed as a reference to the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 Effect of Headings

The Article and Section headings herein and are for convenience only and will not affect the construction hereof.

1.04 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof.

To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.06 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise

expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF OPG

2.01 Deliveries to the Province

(a) Not less than 15 Business Days, or such lesser period as the Province may agree to in writing, prior to the initial issuance of any Funding Obligation by the Financing Entity, OPG shall deliver to the Province a copy of the initial Financing Plan. Thereafter, OPG shall promptly deliver to the Province a copy of any proposed change to or replacement of the ~~Initial~~ Financing Plan.

(b) Not less than 10 Business Days, or such lesser period as the Province may agree to in writing, prior to (i) any proposed change or supplement to a previously provided Transaction Document becoming effective or otherwise being used, (ii) any additional or replacement Transaction Document becoming effective or otherwise being used, OPG shall deliver to the Province a copy of such proposed change or supplement to the Transaction Document and any such additional or replacement Transaction Document.

(c) Promptly following (i) any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor being made, (ii) any new, additional or replacement instruments, documents, agreements or security being used or granted in connection with all or any part of the Approved Obligations, or (iii) any waiver, release, reconveyance, termination, abandonment, subordination, exchange, substitution, transfer, compound, compromise, liquidation or enforcement of all or any part of the Approved Obligations or any security or guarantee therefor being effected, OPG shall deliver to the Province a detailed description of such event and the reasons for it together with any related documents, agreements and instruments.

(d) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, OPG shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations (including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(e) Promptly upon request, OPG shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

2.02 Covenants

(a) OPG shall use commercially reasonable efforts to cause the Financing Entity to:

(i) punctually perform and observe all of the Financing Entity's obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not (unless waived in writing by the Province):

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement or replacement or waiver or consent could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any change in particular financial terms, rates and levels;

(B) extend, renew, compromise, novate, replace, suspend, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, liquidate or enforce the terms of all or any part of the Approved Obligations or any Collateral, if any such action could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to the extent that only particular financial terms, rates and levels are affected;

(C) permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired; or

(D) allow the Financing Entity to enter into any Supplemental Indenture or Loan Agreement where any penalty or make-whole payment, or any requirement for further consent, approval or agreement, of the Specified Creditor party thereto would be required for the Province to assume the Obligations Secured thereunder.[4]

(b) OPG shall:

(i) comply, and shall use commercially reasonable efforts to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

(ii) punctually perform and observe all of its (including as the FSM and as Manager) obligations and agreements contained in the Program Agreements;

(iii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation; and

(iv) after the occurrence of any Protection Event[5] (or any event known to OPG that with the passage of time or the giving of notice would be a Protection Event), not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.

~~(c) For greater certainty, the parties hereto acknowledge and agree that OPG's obligations under this Agreement are subject to (i) OPG's obligations as FSM under the Act, and (ii) OPG's obligations under the Management Agreement.[6]~~

(c) ~~(d)~~ Nothing in this Agreement ~~nor in the Change of Law Protection Agreement[7]~~ shall limit the obligations of the Province under the Indemnity Agreement by the

~~[4] Please see our cover note regarding the proposed assumption by the Province. Lawyers to discuss if appropriate mechanics for the first two deals are possible given timing.~~

~~[5] OPG is not in a position to be aware of events that may lead to a Protection Event.~~

~~[6] We would like to ensure that there is an acknowledgement that OPG has certain obligations under the Act and the Management Agreement.~~

~~[7] This language has extra-contractual implications and so its meaning as between only 2 of the parties to the Protection Agreement is uncertain. Torys to explain intention. Torys: This provision is intended to clarify that neither the Protection Agreement nor the Process Agreement supersedes or otherwise amends the Province's obligations under the Provincial Indemnity Agreement. It is effectively an acknowledgment by the Province in favour of OPG and does not involve the other parties to the Protection Agreement and so we are comfortable including it here only. However, we do not have an issue with putting an equivalent clause in the Protection Agreement if that is preferable from your perspective.~~

Province in favour of OPG dated June 1, 2017 (as amended, the "**Indemnity Agreement**") and to the extent of any conflict between this Agreement~~, the Change of Law Protection Agreement~~ and such Indemnity Agreement, in respect of any matter relating to the Province's obligations to indemnify OPG, the Indemnity Agreement shall prevail.

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate[8]

OPG shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Province, on or before the incurrence or any amendment of a ~~Certified Primary Obligation~~Funding Obligation, other than any Funding Obligation under which not more than $**[5,000,000]** in the aggregate may become payable by the Financing Entity (provided that delivery may not be more than 5 Business Days before the incurrence or amendment of the ~~Certified Primary~~Funding Obligation), setting out the following with respect to such ~~Certified Primary~~Funding Obligation:

(a) the material terms of the ~~Certified Primary~~Funding Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a ~~Master~~Derivative Agreement[9]~~, events of default, termination events and any amendment to the standard terms of the Master Agreement relating to the calculation of termination amounts (and, for greater certainty, it shall not be necessary to set out the terms of any trade confirmation)~~, the notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

(b) if an existing Funding Obligation is proposed to be amended, material details respecting such amendment, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

(c) ~~(b)~~ a statement to the effect that: (i) the ~~Certified Primary~~Funding Obligation to be incurred or amended (1) will arise under terms and conditions that are

[8] ~~The Process Certificate conforms to the certificate delivered under the Change of Law Protection Agreement including the changes to ensure that the Process Certificate is only provided here when a concurrent certificate is required to be delivered by OPG under the Protection Agreement. Without this consistency, the obligations can become confusing and the intent of the parties of when Primary Obligations are subject to the adherence conditions may not be clear.~~

[9] ~~Since we agreed at our meeting that OPG only needs to provide a certificate under section 4.02 of the Change of Law Protection Agreement when they enter into a Master Agreement (and not the broader concept of the Derivative Agreement), we had to revise the language here to conform to what would be expected to be found in a Master Agreement.~~

Substantially in the Form of the Reference Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reference Documentation;

(d) ~~(c)~~ a statement confirming that any disclosure made in respect of the ~~Certified Primary~~Funding Obligation (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to the ~~Certified Primary~~Funding Obligation) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement has been made available to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made;

(e) ~~(d)~~ a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and

(f) ~~(e)~~ confirmation that, at the time the ~~Certified Primary~~Funding Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the ~~Certified Primary~~Funding Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the ~~then applicable~~ Protection Agreement Maximum applicable on the date that the Process Certificate is delivered; for clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be determined on the date the Process Certificate is delivered hereunder in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

3.02 Acknowledgement[10] regarding delivery of certificate under Change of Law protection Agreement

The Province acknowledges and agrees that, concurrent with the delivery of the Process Certificate pursuant to Section 3.01 of this Agreement, the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) are authorized to deliver the certificate referred to in Subsection [4.02(b)] of the Change of Law Protection Agreement to the Indenture Trustee confirming that OPG has delivered all required certifications to the Province in connection with adherence of the Limited Guarantee to the incurrence of the Certified Primary Obligations in respect of which the certificate in Subsection [4.02(b)] of the Change of Law Protection Agreement is being delivered; provided that, upon receipt of a Suspension Notice under the Change of Law Protection Agreement, OPG covenants not to deliver any further certificates to the Indenture Trustee under Subsection [4.02(b)] of the Change of Law Protection Agreement other than in connection with a Refinancing of a Primary Obligation in respect of which the Adherence Conditions had been satisfied at the time such Primary Obligation was incurred.[11]

3.03 Acknowledgement regarding delivery of Suspension Notice

The parties acknowledge and agree that the Province is entitled to deliver a Suspension Notice under Section 7.01 of the Change of Law Protection Agreement if a Program Breach or Breach Event has occurred. The Province agrees not to deliver a Suspension Notice pursuant to Section 7.01 of the Change of Law Protection Agreement unless a Program Breach or a Breach Event has occurred.

3.04 3.03 Meaning of "Reference Documentation"

For the purposes of Subsection 3.01(bc), the term "Reference Documentation" shall mean each Transaction Document (including any change, addition or supplement thereto) that, at the relevant time:

(a) is a Transaction Document provided to, and not objected to by, the Province prior to the making of this Agreement, as contemplated in the fifth recital to this Agreement; or

(b) is a Transaction Document provided to the Province in accordance with Subsection 2.01(b) that has not been objected to by the Province, by delivery of an objection notice in writing delivered to OPG, within 10 Business Days after it is provided to the Province.

[10] OPG needs certainty on the conditions in which it is permitted to deliver the certificate under the Change of Law adherence conditions.

[11] Since OPG receives a Suspension Notice under the Change of Law Protection Agreement, we removed the concept of such notice here other than to provide the covenant above.

3.05 3.04 Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(bc), the term "Substantially in the Form" shall mean:

(a) with respect to the Reference Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such Reference Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation, including regarding the timing of or circumstances under which related payments are or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that would affect the Province's rights of subrogation or assignment (including pursuant to **[Section**Sections 1.05, 2.01 or 5.01 **or Article VI]** of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation or upon the assumption of obligations in accordance with **[Article VI]** of the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any variable terms to be set forth in the proposed documents as are reasonably contemplated in the Reference Documentation, including the particular financial terms, rates and levels set forth in the proposed documents other than to the extent that the forms of Reference Documentation themselves specify specific requirements, limitations or parameters with respect to such financial terms, rates, levels and parameters; and

(b) with respect to the Reference Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum[12]

(a) Not less than 15 Business Days, or such lesser period as the Province may agree to in writing, prior to the proposed incurrence of the first Funding Obligation, OPG shall, as the FSM, deliver to the Province: (i) a forecast setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the next following 24 month period (the "**Initial Forecast Period**"), which expectations shall be consistent with the Financing Plan (the "**Initial Forecast**"); and (ii) notice

[12] Per an earlier footnote, the items in previous draft (a) and (b) were moved to the recitals.

of the initial Protection Agreement Maximum, which may not exceed the Initial Forecast.

(b) Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of the Initial Forecast and notice of the initial Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province may disagree with the Initial Forecast and the initial Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or the Initial Forecast, (ii) the Initial Forecast is inconsistent with the Financing Plan, or (iii) the initial Protection Agreement Maximum is more than the Initial Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the initial Protection Agreement Maximum will be revised accordingly and confirmed by an amended notice to the Province.

(c) ~~(a)~~ Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Approved Obligations that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast shall be further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum, which may not exceed such Forecast.

(d) ~~(b)~~ Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of any further Forecast and notice of the revised Protection Agreement Maximum from OPG pursuant to Section 4.01(~~a~~c), the Province may disagree with such further Forecast or revised Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or such further Forecast, (ii) the further Forecast is inconsistent with the Financing Plan, or (iii) the revised Protection Agreement Maximum is more than the further Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the revised Protection Agreement Maximum will be further revised accordingly and confirmed by an amended notice to the Province.

(e) ~~(c)~~ For clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be valued at the time to be determined for the purposes of this Section 4.01 in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of OPG

OPG represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, may cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario and has the power and authority to enter into and perform its obligations under this Agreement and all instruments and agreements delivered pursuant hereto.

(c) OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Financing Entity or in the ability of the Financing Entity to perform its obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

5.02 <u>Representations and Warranties of the Province</u>

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
PROCESS FOR ELECTION TO ASSUME APPROVED OBLIGATIONS[13]BREACH EVENTS

6.01 Election by the ProvinceBreach Events

Pursuant to Section 6.01 of the Change of Law Protection Agreement, at any time following the occurrence of a Protection Event, the Province may (but shall not be obligated) elect to assume the Financing Entity's obligations in respect of all Obligations Secured permitted to be assumed by their terms as obligor and debtor by giving notice to the Indenture Trustee. Prior to determining whether or not to exercise its election, the Province may deliver to OPG a notice in the form of Exhibit "D" (an "**Election Information Notice**"). The Election Information Notice shall, among other things, specify the date or dates on which the Province proposes to assume the Obligations Secured referred to in this Section 6.01, which date or dates shall be no earlier than 60 days[14] following delivery of the Election Information Notice to OPG (with respect to each such Obligation Secured, the "**Proposed Assumption Date**").

6.02 Details regarding Obligations Secured

Within 10 Business Days following the delivery of the Election Information Notice to OPG, OPG shall provide the following information and documentation to the Province:

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

(a) a summary of the amounts that will be owing under the Obligations Secured referred to in Section 6.01 as of the Proposed Assumption Date, together with a detailed schedule setting out the dates on which such amounts will become due and payable under such Obligations Secured;a default in the performance, or breach, of any covenants of OPG under this Agreement, which continues for thirty (30) days after written notice by the Province to OPG of such default or breach;

(b) a summary of the rights arising under the Obligations Secured referred to in Section 6.01 that permit the Province to assume such Obligations Secured, including details regarding any conditions precedent to such assignment and the related assumption becoming effective and any notices, filings, consents or other actions that will be required in order to implement and effect such assignment and assumption;any representation or warranty made by OPG in this Agreement, any

[13] Please see Torys' cover email to explain changes made in this Article and the related Article in the Protection Agreement. Section 6.05 was deleted and moved up as a covenant in section 2.02(a)(v)(D).

[14] This process will take time and require appropriate notice to holders of the applicable Obligations Secured.

certification made in a Process Certificate, or any certification made in a certificate contemplated by Subsection 4.02(b) of the Change of Law Protection Agreement, proves to be incorrect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation; or

(c) ~~current versions of all documentation under which the Obligations Secured referred to in Section 6.01 arise;~~OPG is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the Manager.

~~(d) copies of all correspondence exchanged between OPG, as the FSM, or the Financing Entity, on the one hand, and any Specified Creditor, Rating Agency or the Indenture Trustee, on the other hand, in each case that may reasonably be considered to be material to the assumption and performance of the Obligations Secured referred to in Section 6.01 by the Province; and~~

~~(e) all income tax returns and assessments, financial statements and notices of proceedings of or pertaining to the Financing Entity or its business and any documentation related thereto, including any pleadings, appeals, objections, qualifications or other similar materials in respect of the Financing Entity or any Program Agreement.~~

~~**6.03 Settlement of Terms**~~

~~Following receipt and consideration by the Province of the information and documentation to be provided under Section 6.02, the Province shall confirm in writing whether or not it expects to proceed with the assignment and assumption of the Obligations Secured referred to in Section 6.01 and, if it will be proceeding with the assignment and assumption, the date on which the Province expects that assignment and assumption will be effected. If it will be proceeding with such assignment and assumption, the Province will deliver an Assumption Notice as contemplated under Section **[6.01]** of the Change of Law Protection Agreement. A decision not to proceed with an election at any time will not limit the Province from proceeding with an election at a later date, including by issuing a further Election Information Notice, and Article VI of this Agreement shall continue to apply unaffected.~~

~~**6.04 Cooperation to Implement the Assignment and Assumption**~~

~~OPG shall cooperate with the Province and, as FSM, shall use commercially reasonable efforts to cause the Financing Entity to cooperate, and shall use its commercially reasonable efforts, to complete the assignment and assumption of the Obligations Secured referred to in Section 6.01 by and from the Financing Entity to and by the Province, by the applicable Assumption Closing Date.~~

ARTICLE VII[15]
MISCELLANEOUS

7.01 Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

7.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to OPG:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

(b) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]

[15] Breach events not required to be listed since OPG receives a Suspension Notice under the Change of Law Protection Agreement. See also the proviso in section 3.02.

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 7.02.

7.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 7.03 shall be null and void.

7.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

7.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

7.06 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

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

By: _____

Name:
Title:

By: _____

Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Conditions**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Approved Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

~~"**Assumption Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.~~

~~"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.03.~~

"**Beneficiaries**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Breach Event**" ~~means the occurrence of an event described~~has the meaning ascribed thereto in Section ~~**[8.01(b) or (c)]** of the Change of Law Protection Agreement.~~ 6.01.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Certified Primary Obligations**" ~~means Primary Obligations that are payment obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest or to repay payment obligations that were incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest,[16] (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not each individual trade confirmation, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and aggregate payments by the Financing Entity thereunder during the term of such contract is in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).[17]~~has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the FSM on behalf of the Financing Entity and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

~~[16] Query: For a warehouse facility, does the Province want a Certificate for each monthly draw?~~
~~[17] This concept reflects what Primary Obligations the parties agreed to be subject to the adherence conditions.~~

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

~~"**Election Information Notice**" has the meaning ascribed thereto in Section 6.01.~~

"**Executive Officer**" has the meaning ascribed thereto in the ~~*Securities Act* (Ontario)~~Change of Law Protection Agreement.

"**Financing Entity**" means Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(~~a~~c).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other

instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Indenture Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

~~"**Initial Financing Plan**" has the meaning ascribed thereto in the recitals of this Agreement.~~

"**Initial Forecast**" has the meaning ascribed thereto in ~~the recitals of this Agreement.~~Section 4.01(a)

"**Initial Forecast Period**" has the meaning ascribed thereto in ~~the recitals of this Agreement.~~Section 4.01(a)

~~"**Initial Protection Agreement Maximum**" has the meaning ascribed thereto in the recitals of this Agreement.~~

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

~~18~~

"**Limited Guarantee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Loan Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**Management Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Manager**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

~~"**Master Agreement**" means an agreement in the form of a 1992 ISDA Master Agreement (Multi-Currency – Cross Border) as published by ISDA or any replacement or substitute or functional equivalent of such agreement.~~

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

~~18 Definition of Legislature not used here.~~

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Proposed Assumption Date**Program Breach" has the meaning ascribed thereto in Section 6.01the Change of Law Protection Agreement.

"**Protection Agreement Maximum**" means the dollar amount referenced as the Program Agreement Maximum and determined in accordance with Article IV.

"**Protection Event**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture.

"**Reference Documentation**" has the meaning ascribed thereto in Section 3.033.04.

"**Repayment**" has the meaning ascribed to the term "repayment" in the General Regulation as of the date of this Agreement.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Substantially in the Form**" has the meaning ascribed thereto in Section 3.043.05.

"**Suspension Notice**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement;

(vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to aan ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that affects the Province's subrogation rights and/or subrogee interests, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

EXHIBIT "A"
INITIAL REFERENCE DOCUMENTATION

- Declaration of Trust;
- Management Agreement;
- Master Transfer and Servicing Agreement;
- Acknowledgement and indemnity agreement dated as of [■], 2017 made by IESO in favour of the Indenture Trustee;
- Security agreement made by IESO in favour of the Financing Entity to secure certain of its obligations under the Master Transfer and Servicing Agreement;
- Trust Indenture;
- Term Senior Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;
- Term Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;
- Term Junior Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;
- Warehouse Senior Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;
- Warehouse Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;
- Warehouse Junior Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;
- Schedule to the ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time;
- Confidential shelf offering memorandum of the Financing Entity dated as of [■], 2017, including the term sheet incorporated by reference therein; and

- ~~Agency agreement between the Financing Entity, CIBC World Markets Inc., RBC Dominion Securities Inc., Goldman Sachs Canada Inc. and the other agents named therein dated as of [■], 2017.~~

~~[NTD: List above to be confirmed.]~~

~~EXHIBIT "B"~~
~~INITIAL FINANCING PLAN~~

~~(see attached)~~

~~EXHIBIT "C"~~
~~INITIAL FORECAST~~

~~(see attached)~~

~~EXHIBIT "D"~~
~~FORM OF ELECTION INFORMATION NOTICE~~

~~[NTD: Blakes to provide draft.]~~

Document comparison by Workshare Compare on Monday, December 04, 2017 11:56:43 AM

Input:	
Document 1 ID	PowerDocs://TOR_2528/23239361/15
Description	TOR_2528-#23239361-v15-Change_of_Law_-_Process_Agreement
Document 2 ID	PowerDocs://TOR_2528/23239361/19
Description	TOR_2528-#23239361-v19-Change_of_Law_-_Process_Agreement
Rendering set	Standard

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

Statistics:	
	Count
Insertions	72
Deletions	157
Moved from	4
Moved to	4
Style change	0
Format changed	0
Total changes	237

DBRS Comments on Change of Law Protection Agreement

Below are DBRS comments on the draft Change of Law Protection Agreement sent to DBRS on November 22. Our responses are noted below each comment.

(1) Will there be a legal opinion addressing the binding nature and enforceability of the Protection Agreement on its terms?

> ***Torys Response***: Yes, legal opinions regarding the enforceability of the Change of Law Protection Agreement will be delivered on closing (subject to ~~customary~~appropriate limitations for enforceability opinions delivered in respect of contracts executed by the Province).[1]

(2) Section 1.15: DBRS expects any material amendment or material waiver to the agreement to be subject to a RAC and prompt notice of any other amendments/waivers/consents.

> ***Torys Response***: ~~We will make these changes.~~The Change of Law Protection Agreement is a Program Agreement under the Trust Indenture. As such, material amendments are covered off by section 13.18 of the Trust Indenture, which states that unless the Rating Agency Condition is satisfied, the Issuer will not amend any Program Agreement (other than the Trust Indenture, Derivative Agreements and the Declaration of Trust) if any such amendment could reasonably be considered to be materially prejudicial to the rights or interests of [any] [the relevant] Specified Creditor(s), except as expressly permitted by such Specified Creditor.

(3) Section 2.01: Please provide DBRS prompt written notice of a Protection Event.

> ***Torys Response***: ~~We will make this~~This change has been made.

(4) Section 2.01 (a): "Payment Date" is not defined in this Agreement. Is the reference to the Guarantee Payment Date?

> ***Torys Response***: This was a typo. The reference to "Payment Date" ~~will be~~has been changed to "Guarantee Payment Date".

(5) Section 2.01 (a)(iv)(ii): Subrogated Amounts: this calculation is confusing and seems to missing the next prong "y". Is the subrogated amount the amount that has been actually paid to the Beneficiary by the Province in relation to the amounts payable from amounts available?

> ***Torys Response***: ~~This will be revised to refer to the lesser of (x) and (y).~~The "Subrogation Amounts" to which the Province are entitled are the amounts that would otherwise be payable to Beneficiary Payees in respect of an Approved Obligation from amounts available (from Clean Energy Adjustments collected) to pay such Beneficiary Payees. These Subrogation Amounts are determined without regard to the payments from

[1] **Note to Torys:** Please confirm that opinions to include opinions in respect of Protection Agreement against Fair Hydro Trust, and that those opinions will be available for review by the Province at closing. Note that "customary" (in "customary limitations") is not accurate given the unique nature of these arrangements.

the Province to Beneficiary Payees (now defined as "Guarantee Payments") in performing on the guarantee.

In circumstances where (i) a Protection Event has occurred; and (ii) all amounts payable under Approved Obligations are paid in full, the Province will also be entitled to receive a "Final Subrogation Amount", which is the amount by which Guarantee Payments exceed the sum of all Subrogation Amounts paid to the Province. These Final Subrogation Amounts are subject to priorities and pro rata sharing with non-guaranteed obligations (if any).

(6) To the extent the amounts paid by the Province into the Protection Account exceed the amounts payable to Beneficiary from amounts available – is that excess the subrogation amount or is that excess just returned to the Province?

Torys Response: Any excess of amounts paid by the Province into the Protection Account over amounts paid to Beneficiary Payees would be returned to the Province. Please note that the amounts paid to Beneficiary Payees is determined without reference to amounts available from Clean Energy Adjustment collections (as the "Protection Event" trigger would itself have impaired collection of Clean Energy Adjustments).

Any excess ~~amount~~over the amounts paid to Beneficiary Payees would be returned to the Province.

(7) As a general comment: With respect to subrogation amounts owing to the Province - the Province seems to maintain a subrogated claim against the Financing Entity that has the same ranking as the Beneficiary obligation that has been paid by the Province and that subrogated claim is to be paid on the same date the amounts on deposit in the Protection Account are paid to the Beneficiary (i.e. the Province's subrogated claim becomes a Specified Creditor under the Trust Indenture and potentially ranks in priority or pari passu to all other securityholders claims depending on applicable Beneficiary's obligation's respective ranking within the trust indenture waterfall). How will this subrogated claim be satisfied – from what resources? Why has the right of subrogation of the guarantor (the Province) not been postponed until after all the rated obligations have been paid in full?

Torys Response: Prior to a Protection Event, payments owing to Specified Creditors are satisfied through collection of the Clean Energy Adjustment amounts. Upon the occurrence of a Protection Event and delivery of a Payment Demand, the Province will be required to make all payments under Approved Obligations (i.e. Specified Creditors will be looking to the Province to make payments when due, instead of relying on the collection of Clean Energy Adjustment amounts). However, notwithstanding the occurrence of a Protection Event triggering the Limited Guarantee, the Fair Hydro program ~~may~~will remain in place and Clean Energy Adjustments may continue to be billed and collected. In such a circumstance, while the Province will be required to make payments under ~~all~~ Approved Obligations as they come due in amounts determined by reference to the "Approved Obligation Amounts", applied in accordance with the applicable payment waterfall priorities, the Province (in place of Specified Creditors) would be entitled to receive any Clean Energy Adjustment amounts that are billed and

collected i.e. the Clean Energy Adjustment amounts collected constitute ~~the Subrogated~~Subrogation Amounts.

(8) Section 4.02: Adherence Obligations: With respect to Funding Obligations under a certain amount that do not need to meet the Adherence Conditions, what would those Funding Obligations consist of? Are these limited amounts still treated as Primary Obligations pursuant to which the guarantee obligation applies?

Torys Response: All Funding Obligations (and all other finance amounts) constitute Primary Obligations pursuant to which the Change of Law Protection Agreement applies; however, there is a subset of Funding Obligations for which the Adherence Conditions must be satisfied.

The Agreement will be revised to make clear that there are no Adherence Conditions applicable to Funding Obligations that are not "Certified Primary Obligations". "Certified Primary Obligations" will mean Primary Obligations that are payment obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest or to repay payment obligations that were incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest, (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not each individual trade confirmation, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and aggregate payments by the Financing Entity thereunder during the term of such contract is in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).

(9) Section 4.03: Is 4.02(b)(x) a typo? There is no "x" in 4.02(b)?

Torys Response: This is a typo and ~~will be~~has been corrected.

(10) Section 5.01 (a): As per the question above on section 2.01(a)(iv)(ii), please clarify how the Subrogation Amount is calculated (if not based on the actual amount paid by the Province in respect of amounts payable).

Torys Response: Please see the response to ~~question (7) above.~~Question 5.

(11) Section 6.01: Why is it at the Province's election to provide the Indenture Trustee notice of the Province's election to assume the Financing Entity's Obligations Secured? Under what circumstances would the Province decide not to provide the Indenture Trustee notice of its election to assume? In any event, DBRS expects to receive prompt written notice of an election to assume and copy of any such Assumption Notice.

Torys Response: ~~As described in response to question (7), upon the occurrence of a Protection Event and delivery of a Payment Demand, the Limited Guarantee is triggered and the Province is obligated to make all payments in respect of Approved Obligations. However, notwithstanding the Limited Guarantee taking effect, the Financing Entity will~~

~~continue to exist and the entire program structure may stay in place (and Clean Energy Adjustment amounts may continue to be billed and collected). The assumption right of the Province has been included to provide the Province with the flexibility to wind-up the Financing Entity and dismantle the program by assuming all of the Obligations Secured. In either case, following the occurrence of a Protection Event, the Province will be obligated to make all payments in respect of Approved Obligations.~~The Assumption Election has been removed from the Agreement.

~~We will add a rating agency notice requirement and a covenant to deliver to the rating agencies a copy of the Assumption Notice as requested.~~

(12) Section 6.04: How long can the Interim Period be in effect during the implementation and completion of the assumption terms? Are the securityholders and Indenture Trustee stayed from accelerating and enforcing if there is an Event of Default under the rated notes during the Interim Period? Are there any other restrictions on the SPV Financing Entity and/or the securityholders during the Interim Period?

Torys Response: The ~~details of any assignment and assumption by the Province will be addressed in the supplemental indenture relating to a particular issuance of Funding Obligations. Securityholders and the Indenture Trustee will not be stayed from accelerating and enforcing if there is an Event of Default under the rated notes during the interim period.~~Assumption Election has been removed from the Agreement.

~~While there are no restrictions on the Financing Entity during the interim period, under a process agreement between OPG and the Province, after the occurrence of any Protection Event, OPG has agreed that it shall not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.~~

(13) Section 8.01: Under this section the Province may declare at any time for any reason that the guarantee shall not apply to any Obligation Secured incurred on after the date of such declaration (other than the refinancing of a previously incurred funding obligation) by delivering a "Suspension Notice" to the Indenture Trustee/OPG/SPV.

Please provide DBRS with prompt written notice of any such Suspension Notice.

Torys Response: ~~We will make this change.~~This change has been made. Please note that we have revised the Change of Law Protection Agreement such that the Province may deliver a Suspension Notice in certain specified circumstances (but no longer "at any time for any reason").

Please confirm how the Suspension Notice would apply with respect to refinancing, increases or issuances up the program limits under the Warehouse Supplement. For example if a suspension notice is issued does the suspension apply to any issuance of notes for the purposes of refinancing outstanding ABCP? Or does this type of refinancing fall within the carve-out from a

suspension notice, "Refinancing of a Primary Obligation" noted in this section 8.01?" Further, will issuances after the Suspension Notice but up to the program limit or already permitted increases be subject to a Suspension Notice?

> ***Torys Response***: Any debt issued on a refinancing of a Primary Obligation in respect of which the Adherence Conditions had been satisfied prior to delivery of the Suspension Notice (which will include the debt ~~issuable~~already issued under the Warehouse Supplement) will continue to have the benefit of the Limited Guarantee following the delivery of the Suspension Notice. In other words, any debt issued on the refinancing of "protected debt" will continue to be "protected debt" following the Suspension Notice (provided that the Adherence Conditions are satisified in respect of debt issued on the refinancing). Except for refinancing of protected debt, no other Primary Obligations incurred after the delivery of a Suspension Notice will have the benefit of the Limited Guarantee.

(16) Section 8.03: Please provide DBRS with prompt written notice of any such Termination Notice.

> ***Torys Response***: We ~~will make this change.~~have revised the Change of Law Protection Agreement to remove the concept of a "Termination Notice".

(17) Section 9.03: Please provide DBRS with prompt written notice of any assignment.

> ***Torys Response***: ~~We will make this~~This change has been made.

(18) Definitions: Approved Obligation Amount (subsection (b)): Where an acceleration has occurred, how will this calculation address circumstances under which the CEA is no longer able to be charged or collected? Where amounts that would be available to be paid is compromised in some way and acceleration has occurred, could the Approved Obligation Amount be nil?

> ***Torys Response***: Subsection (b) of the definition of an Approved Obligation Amount provides that this amount is to be determined on the assumption that the amount available for allocation to Specified Creditors is equal to the estimated finance amount determined in respect of such reference period divided by the number of months in the reference period. In other words, the amount payable under the Limited Guarantee following a Protection Event would be determined in the same way that the amount payable through ~~CEA~~Clean Energy Adjustment collections would have been determined prior to the Protection Event (except determined without a "true-up"). The Approved Obligation Amount is by definition a positive amount payable in respect of an Approved Obligation to a beneficiary payee based on the priorities in the applicable waterfall and could therefore not be a nil amount.

Document comparison by Workshare Compare on Monday, December 04, 2017 11:57:56 AM

Input:	
Document 1 ID	PowerDocs://TOR_2528/23263869/1
Description	TOR_2528-#23263869-v1-DBRS_Comments_(Change_of_Law_Protection_Agreement)
Document 2 ID	PowerDocs://TOR_2528/23263869/2
Description	TOR_2528-#23263869-v2-DBRS_Comments_(Change_of_Law_Protection_Agreement)
Rendering set	Standard

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

Statistics:	
	Count
Insertions	35
Deletions	26
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	61

From:	Ken Kandeepan
To:	LEE John -TREASURY
Cc:	Mike Manning; John Psinas
Subject:	FW: Closing Mechanics - Fair Hydro
Date:	Wednesday, December 20, 2017 9:08:02 AM
Attachments:	Global Direction and Receipt.docx
Importance:	High

Hi John
I left you a VM on this issue. When I add up the wires to IESO from the three dealers it corresponds with the 51% and the Province's wire this AM for $518,760,000.00 equates to 44%. So quick question is OPG directly wiring the 5% to IESO?
Thanks
Ken k

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: Tuesday, December 19, 2017 4:52 PM
To: 'dup-john.s.lee@opg.com' ; 'leslie.wong@opg.com' ; Gadi Mayman ; Hunter, Rosalind ; Malle Hanslep (MOF) ; ASHBOURNE, STEPHEN ; Tobias P. Whitfield (MOF) ; Ken Kandeepan ; Mike Manning ; Ronald Kwan ; Thouin, Alena (ENERGY) ; Tom McKinlay (MAG) ; VINER, JON ; PRESTAGE, JA ; Daniel Cayley (ENERGY) ; 'sheen.liu@opg.com' ; 'tyler.mcauley@opg.com' ; 'clara.greco@opg.com' ; 'matthew.go@opg.com' ; 'anthea.yao@opg.com' ; 'jenny.jorda@opg.com' ; 'stuart.preston@opg.com' ; 'john.drewniak@opg.com' ; 'j.hahnparker@opg.com' ; 'Alvi, Shariq' ; Innes, Michael ; 'Stoddart, Jesse - Debt Capital Markets' ; 'Rix, Lindsey - Legal' ; 'Hume, Tyler' ; 'Daou, Hadi' ; 'Persad, Nicole' ; 'mfitzpatrick@hunton.com' ; 'aobrian@hunton.com' ; Smith, Elliot ; King, Richard ; Royer, Kate ; Hughes, Timothy ; 'Adalja, Sunil' ; 'Persaud, Donnie - Debt Capital Markets' ; Sebastiano, Rocco ; 'Maciel, Andrew' ; 'Benaiah, Ian' ; 'Khan, Nur' ; ''Niehaus, Katrina' (Katrina.Niehaus@gs.com)' ; 'Delaney, Brian (Brian.Delaney@gs.com)' ; 'Conner, Robbin' ; 'Milligan, Peter' ; Sebastiano, Rocco ; Fullerton, Rick ; 'Lively, Pamela' ; Adam, Ahmad ; Krowles, Geralyn ; Morris, Eleonore ; Peter Hamilton ; Michael Boll ; Anthony Martinello (Anthony.Martinello@ieso.ca) ; Jeannette Briggs (jeannette.briggs@ieso.ca) ; kim.marshall@ieso.ca
Cc: Feldman, Michael ; Ramchandani, Rima ; Emes, Aaron ; Olusoga, Yinka ; Saulnier, Brett ; Prado, Melissa ; Dost, Mitchell ; Mansoori, Nina
Subject: Closing Mechanics - Fair Hydro
Importance: High

Dear all,
As you know we are closing the warehouse financing this coming Thursday, December 21 at 9 am. We have set out below the pre-closing and closing mechanics to ensure all parties know what to expect. Please let us know as soon as possible if you have any questions. Thank you.
Wednesday, December 20, 2017

- **by 10 am**, all legal counsel to deliver their client's signature pages and all signed legal opinions in escrow to Torys
- **by 10 am**, the Trust will be formed and Torys will provide the IESO with the necessary documentation to wire the carrying costs
- **by noon**, IESO will wire C$6,000,000 representing the carrying costs to the Collection Account and circulate a wire confirmation to this group
- Oslers, Stikemans and Blakes are welcome to attend the closing room at Torys from 1 pm onwards to review applicable documentation (or request that documentation by email)

- by close of business, Oslers, Stikemans, Blakes and Torys to confirm to their respective clients that the applicable documents are in satisfactory form and Oslers to confirm to lenders that all CPs to closing are satisfied (subject to OPG's funding of the subordinated debt and payment of lender fees)

Thursday, December 21, 2017

- this group will hold a call at 9 am so that each counsel can confirm release of their clients' signature pages from escrow (Torys to send a calendar invite with call-in details)
- OPG will wire C$117,900,000 representing the Junior Subordinated Debt proceeds to the IESO and circulate a wire confirmation to this group
- OPG will wire C$459,810,000 representing the Subordinated Debt proceeds to the IESO and circulate a wire confirmation to this group
- BNY will wire C$650,000 (for fees) to CIBC per the wire details on Schedule B of the attached global direction and circulate a wire confirmation to this group
- BNY will wire C$650,000 (for fees) to RBC per the wire details on Schedule B of the attached global direction and circulate a wire confirmation to this group
- BNY will wire C$300,000 (for fees) to Goldman per the wire details on Schedule B of the attached global direction and circulate a wire confirmation to this group
- Upon receipt of the tracking numbers for the two OPG wires and three BNY wires above:
    - CIBC will transfer C$244,274,062.50 to IESO per the wire details on Schedule A of the attached global direction
    - RBC will transfer C$244,274,062.50 to IESO per the wire details on Schedule A of the attached global direction
    - Goldman will transfer C$112,741,875.00 to IESO per the wire details on Schedule A of the attached global direction
- IESO to confirm to this group receipt of all wires sent to them above
- CIBC, RBC and Goldman to confirm to this group receipt of all fees wired above
- Oslers to circulate email to this group confirming closing of warehouse financing

Nina Mansoori
P. 416.865.7332

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com[torys.com]

TORYS LLP[torys.com]

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GLOBAL DIRECTION AND RECEIPT

December 21, 2017

Reference is made to the trust indenture made as of December 21, 2017 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "**Trust Indenture**") between Computershare Trust Company of Canada, in its capacity as trustee of Fair Hydro Trust, as issuer (the "**Issuer**"), and BNY Trust Company of Canada, as indenture trustee. Capitalized terms used but not defined in this global direction and receipt have their respective meanings as set forth in the Trust Indenture.

I. Introduction

On the date hereof, the Issuer intends to purchase an Investment Interest by means of the Transfer of a regulatory asset (as defined in the Act) from the Independent Electricity System Operator (the "**IESO**") to the Issuer in the amount of $1,179,000,000 pursuant to a Transfer Notice dated December 21, 2017 (the "**December 2017 Investment Interest**").

On the date hereof, the Issuer intends to issue C$601,290,000 aggregate principal amount of Floating Rate Variable Funding Senior Notes, Series 2017-1 (the "**Senior Notes, Series 2017-1**"), C$459,810,000 aggregate principal amount of Floating Rate Variable Funding Subordinated Notes, Series 2017-1 (the "**Subordinated Notes, Series 2017-1**"), and C$117,900,000 aggregate principal amount Floating Rate Variable Funding Junior Subordinated Notes, Series 2017-1 (the "**Junior Subordinated Notes, Series 2017-1**" and together with the Senior Notes, Series 2017-1 and the Subordinated Notes, Series 2017-1, the "**Notes**") for aggregate gross proceeds of C$1,179,000,000 pursuant to Supplemental Indentures dated the date hereof.

The Issuer intends to use the proceeds of the issuance of the Notes to purchase the December 2017 Investment Interest.

The IESO has deposited C$6,000,000 in the Collection Account on account of Carrying Costs expected to be to be due and payable in the month of December, 2017. In connection with the issuance of the Senior Notes, Series 2017-1, the Issuer has agreed to pay certain fees to Canadian Imperial Bank of Commerce, Royal Bank of Canada and Goldman Sachs Bank USA (and/or affiliates thereof) pursuant to a fee letter dated December 21, 2017.

Each of the Issuer, the IESO, Royal Bank of Canada and Canadian Imperial Bank of Commerce (collectively, the "**Funding Agents**"), Goldman Sachs Bank USA (the "**Non-Conduit Purchaser**" and together with the Funding Agents, the "**Senior Warehouse Lenders**") and Ontario Power Generation Inc. ("**OPG**") hereby acknowledge and agree that this global direction and receipt describes the agreed upon payments and contains all directions and receipts in connection with the transactions described above.

II. Directions

The applicable parties hereby irrevocably and unconditionally direct the following:

A. Purchase of Investment Asset

1. The IESO directs the Issuer to transfer $1,179,000,000, representing the purchase price payable by the Issuer to the IESO in connection with the purchase of the December 2017 Investment Interest in accordance with the wire instructions in Schedule A.

B. Payment of Purchase Price

The following payments shall be made in the following order:

Issuance of Junior Subordinated Notes (Warehouse)

2. In partial satisfaction of the payment described in paragraph 1 above, the Issuer directs OPG to transfer C$117,900,000, representing the proceeds from the issuance of the Junior Subordinated Notes, Series 2017-1 (the "**Warehouse Junior Subordinated Note Proceeds**"), to the IESO in accordance with the wire instructions in Schedule A.

Issuance of Subordinated Notes (Warehouse)

3. In partial satisfaction of the payment described in paragraph 1 above, the Issuer directs OPG to transfer C$459,810,000, representing the proceeds from the issuance of the Subordinated Notes, Series 2017-1 (the "**Warehouse Subordinated Note Proceeds**"), to the IESO in accordance with the wire instructions in Schedule A.

Issuance of Senior Notes (Warehouse)

Following confirmation that the wire transfers in 2 and 3 have been sent:

4. Each Senior Warehouse Lender, on behalf of its respective Purchaser Group (as defined in the Supplemental Indenture in respect of the Senior Notes, Series 2017-1), directs the Issuer to transfer such Purchaser Group's portion (in accordance with its Commitment Percentage) of C$1,600,000, representing the aggregate closing fees payable by the Issuer in connection with the issuance of the Senior Notes, Series 2017-1 (the "**Closing Fees**"), to such Senior Warehouse Lender on behalf of its respective Purchaser Group in accordance with the wire instructions in Schedule B.

5. In satisfaction of the payment described in paragraph 4 above, the Issuer directs BNY Trust Company of Canada, acting in its capacity as the Paying Agent, to transfer the Closing Fees from the Collection Account to the Senior Warehouse Lenders, on behalf of their respective Purchaser Groups, in accordance with the wire instructions in Schedule B.

Following confirmation that the wire transfers in 5 have been sent:

6. In partial satisfaction of the payment described in paragraph 1 above, the Issuer directs each of the Senior Warehouse Lenders, on behalf of its respective Purchaser Group, to transfer the amount set out opposite to such Senior Warehouse Lender's Purchaser Group (such amounts totaling C$601,290,000 and representing the proceeds from the issuance of the Warehouse Notes, the "**Warehouse Senior Note Proceeds**") to the IESO in accordance with the wire instructions in Schedule A:

Purchaser Group	**Amount**
Canadian Imperial Bank of Commerce	C$244,274,062.50
Royal Bank of Canada	C$244,274,062.50
Goldman Sachs Bank USA	C$112,741,875.00
Total	**C$601,290,000.00**

III. Receipts

7. The IESO hereby acknowledges receipt of the Warehouse Senior Note Proceeds, Warehouse Subordinated Note Proceeds and Warehouse Junior Subordinated Note Proceeds in full satisfaction of the purchase price of the December 2017 Investment Interest.

8. Each of the Senior Warehouse Lenders hereby acknowledges receipt of their percentage interest of the Closing Fees.

[Remainder of the page intentionally left blank]

IN WITNESS HEREOF the parties have executed this global direction and receipt as of this _____ day of December, 2017.

ONTARIO POWER GENERATION INC., as manager of FAIR HYDRO TRUST

By: _____
Name:
Title:

By: _____
Name:
Title:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

Name:
Title:

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

CANADIAN IMPERIAL BANK OF COMMERCE

By: _____
Name:
Title:

By: _____
Name:
Title:

ROYAL BANK OF CANADA

By: _____
Name:
Title:

By: _____
Name:
Title:

GOLDMAN SACHS BANK USA

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A

Bank Account Name: Independent Electricity System Operator
Beneficiary Address: 1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Bank: TD Bank
Bank Address: 55 King Street West, Toronto, ON, M5K 1A2
Bank ID: 0004
Transit: 10202
Account: 5509622
Swift: TDOMCATTTOR

SCHEDULE B

Canadian Imperial Bank of Commerce **(as to C$650,000)** Bank: Canadian Imperial Bank of Commerce Bank Number: 00010 SWIFT Code: CIBCCATT Transit: 00002 Branch address: 199 Bay Street, Toronto, ON M5L 1G9 Credit to: CIBC Securitization CDN $ Account Account: #24-66813 (CAD) Beneficiary Address: Brookfield Place, 161, Bay Street, 9th Floor, Toronto, ON M5J 2S8 Bank address: 199 Bay Street, Toronto, ON, M5L 1G9
Royal Bank of Canada **(as to C$650,000)** Bank #0003 Transit #00002 Account #: 102-683-0 Swift: ROYCCAT2 Address: Royal Bank of Canada, Main Branch, 200 Bay Street, Toronto, Ontario M5K 1J7 Beneficiary account name: Global Loans Administration Beneficiary Address: Royal Bank of Canada, Main Branch, 200 Bay Street, Toronto, Ontario M5K 1J7
Goldman Sachs Bank USA **(as to C$300,000)** Bank #0003 Transit #09591 Swift: ROYCCAT2 Address: TORONTO Beneficiary Account Name: GOLDMAN SACHS BANK USA Beneficiary Account Number: 095911028125

From: Hanslep, Malle (MOF)
To: Gadi Mayman; Ken Kandeepan; Mike Manning; Ronald Kwan
Cc: Tobias P. Whitfield (MOF); Anna Strathy
Subject: FW: Draft Documents
Date: Monday, November 27, 2017 6:40:51 PM

We let Energy Legal know of the direction.

From: Thouin, Alena (ENERGY)
Sent: November 27, 2017 4:33 PM
To: Hanslep, Malle (MOF); McKinlay, Tom (MAG)
Cc: Whitfield, Tobias P. (MOF)
Subject: RE: Draft Documents

Thanks Malle

I will relay to clients and let you know if there is anything.

Please proceed with Blakes

From: Hanslep, Malle (MOF)
Sent: November 27, 2017 4:31 PM
To: Thouin, Alena (ENERGY); McKinlay, Tom (MAG)
Cc: Whitfield, Tobias P. (MOF)
Subject: Draft Documents

Hi

We had a call with OFA staff regarding some of the business points just now and the direction is to remove the assumption right, revert to the previous version of the process agreement (for the most part) and include a clearer suspension right in both.

We wanted to let you know this so that you can relay to Energy clients but in the interests of time would like to ask Blakes to revise the drafts accordingly for tomorrow morning. (given Ministers' briefing scheduled for Wednesday).

If you would like to discuss this, please give me a call at 416-325-1457 but if I don't hear I should go ahead and ask Blakes to review based on this approach.

Thanks.

Malle

From: Mike Manning
To: Ken Kandeepan; Malle Hanslep (MOF); Tobias P. Whitfield (MOF); ASHBOURNE, STEPHEN; Ronald Kwan
Subject: FW: EXTERNAL - Fwd: financing plan
Date: Thursday, December 07, 2017 11:29:32 AM

For your info.
Mike

-----Original Message-----
From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: Thursday, December 07, 2017 10:53 AM
To: Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: EXTERNAL - Fwd: financing plan

We will finalize next week once Guarantee is in final form as it is critical document. Also need to confirm with Moodys on any structural elements this week.

-----Original Message-----
From: Mike Manning [mailto:Mike.Manning@ofina.on.ca]
Sent: Thursday, December 07, 2017 10:44 AM
To: LEE John -TREASURY <john.s.lee@opg.com>
Subject: RE: EXTERNAL - Fwd: financing plan

Hi John:
When do you think the financing plan will be finalized, as opposed to in draft form? Just wondering as could impact meeting with the Ministers scheduled for next week.

Mike

-----Original Message-----
From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: Wednesday, December 06, 2017 1:30 PM
To: Mike Manning <Mike.Manning@ofina.on.ca>
Subject: FW: EXTERNAL - Fwd: financing plan

As requested.

-----Original Message-----
From: LEE John -TREASURY
Sent: Tuesday, December 05, 2017 8:48 AM
To: 'Christie, Tim (ENERGY)' <Tim.Christie@ontario.ca>
Cc: LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; LIU Sheen -TREASURY <sheen.liu@opg.com>
Subject: RE: EXTERNAL - Fwd: financing plan

Attached is the most current version.

-----Original Message-----
From: Christie, Tim (ENERGY) [mailto:Tim.Christie@ontario.ca]
Sent: Tuesday, December 05, 2017 8:44 AM
To: LEE John -TREASURY <john.s.lee@opg.com>
Subject: EXTERNAL - Fwd: financing plan

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senders or unexpected email. *** _____

John, see below. Is there a more recent draft?

_____
From: Hume, Steen (ENERGY) <steen.hume@ontario.ca>
Sent: Tuesday, December 5, 2017 8:37 AM
Subject: RE: financing plan
To: Christie, Tim (ENERGY) <tim.christie@ontario.ca>
Cc: Cox, Hilary (ENERGY) <hilary.cox@ontario.ca>

Thanks Tim. Next week seems fine to finalize the report, but can we have another opportunity to review and comment? Would like to give DM and MO an opportunity to weigh in before we finalize.

Is it possible to get another draft this week from OPG, minus the final commentary from the rating agencies. Something we could send up to for Thursday?

Steen

From: Christie, Tim (ENERGY)
Sent: December 4, 2017 4:59 PM
To: Hume, Steen (ENERGY)
Cc: Cox, Hilary (ENERGY)
Subject: financing plan

Steen, I spoke to John L this afternoon about the timing for the final financing plan. I think early next week is the best option as it will allow the plan to incorporate any information coming out of the rating agency process, which is expected to conclude this week. Let me know if you agree with that timing.

Tim

_____

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intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

From:	LEE John -TREASURY
To:	Mike Manning
Subject:	FW: EXTERNAL - Fwd: financing plan
Date:	Wednesday, December 06, 2017 1:30:32 PM
Attachments:	FHP Financing Plan and Execution Plan - Dec 1 clean.docx

---

As requested.

-----Original Message-----
From: LEE John -TREASURY
Sent: Tuesday, December 05, 2017 8:48 AM
To: 'Christie, Tim (ENERGY)' <Tim.Christie@ontario.ca>
Cc: LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; LIU Sheen -TREASURY <sheen.liu@opg.com>
Subject: RE: EXTERNAL - Fwd: financing plan

Attached is the most current version.

-----Original Message-----
From: Christie, Tim (ENERGY) [mailto:Tim.Christie@ontario.ca]
Sent: Tuesday, December 05, 2017 8:44 AM
To: LEE John -TREASURY <john.s.lee@opg.com>
Subject: EXTERNAL - Fwd: financing plan

*** Exercise caution. This is an EXTERNAL email. DO NOT open attachments or click links from unknown senders or unexpected email. *** _____

John, see below. Is there a more recent draft?

_____
From: Hume, Steen (ENERGY) <steen.hume@ontario.ca>
Sent: Tuesday, December 5, 2017 8:37 AM
Subject: RE: financing plan
To: Christie, Tim (ENERGY) <tim.christie@ontario.ca>
Cc: Cox, Hilary (ENERGY) <hilary.cox@ontario.ca>

Thanks Tim. Next week seems fine to finalize the report, but can we have another opportunity to review and comment? Would like to give DM and MO an opportunity to weigh in before we finalize.

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From: Christie, Tim (ENERGY)
Sent: December 4, 2017 4:59 PM
To: Hume, Steen (ENERGY)
Cc: Cox, Hilary (ENERGY)
Subject: financing plan

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Tim

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FAIR HYDRO TRUST
FINANCING PLAN

[December] 2017

DRAFT

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DRAFT

A. Background

In June 2017, the Province enacted the *Ontario Fair Hydro Plan Act, 2017* (the **Act**), to establish a framework under which the costs and benefits associated with the Government of Ontario's (the **Province**) Clean Energy Initiatives are to be fairly allocated between present and future consumers of electricity under Ontario's Fair Hydro Plan (Fair Hydro Plan or FHP). The Act requires the Ontario Energy Board (**OEB**) to set rates that reduce average electricity bills for specified consumers by 25 percent commencing on July 1, 2017. The total bill reduction of 25 percent is comprised of an 8 percent reduction of the Provincial portion of the harmonized sales tax, with the remaining 17 percent achieved by decreasing energy rates for specified consumers paying the Regulated Price Plan rate and providing a global adjustment reduction credit for other specified consumers. The reduction in electricity bills will result in a shortfall in the Independent Electricity System Operator's (**IESO**) collections, which will need to be financed in order to pay the underlying global adjustment costs (**GAC**). The objective of the Fair Hydro Plan Program (**FHP Program**) is to refinance a portion of the deferred GAC over a longer period.

Under the Act, OPG is appointed as the Financial Services Manager (**FSM**) and is given the authority to, among other things, establish and manage one or more financing entities to raise debt financing (referred to as "Funding Obligations") for the purposes of the Act. The Act requires the Minister of Energy (**MOE**) to calculate the Fair Allocation Amount and for the FSM to incur Funding Obligations that, subject to refinancing, reasonably align with the Fair Allocation Amount, as adjusted by any readjustment amount.

The following attendant regulations were enacted in support of the Act:

- *Ontario Regulation 206/17 General* (**General Regulation**) provides details on specific requirements of the Act, in particular, the requirements for the Financing Plan.
- *Ontario Regulation 195/17 Fair Adjustment* provides details on rate reductions up to April 30, 2019 for specified consumers under the Act.
- *Ontario Regulation 196/17 Invoicing Requirements* provides details on information to be included with the invoice for specified consumers under the Act.

Under sections 21(1) and 21(2) of the Act, OPG, as FSM, has an obligation to prepare a Financing Plan in accordance with the Act and regulations, and to deliver it to the Minister of Energy. Under section 21(6) of the Act, the FSM has the right to amend the Financing Plan from time to time, without affecting any Clean Energy Adjustment that has already been determined or any Funding Obligations that have already been incurred before the amendment.

This Financing Plan was prepared based on the information available to, and the views of, OPG at the time this Financing Plan was prepared (or amended, as applicable). This Financing Plan also includes forward-looking information, which is subject to change. Actual outcomes and results may differ materially from what is expressed, implied or forecasted due to, but not limited to, changes in underlying assumptions relating to the Fair Allocation Amount, interest rates, investor interest, market capacity, market conditions, and credit rating assessments. References made to the "current Fair Allocation Amount" pertains to the Fair Allocation Amount received by OPG from the MOE at the end of September 2017. Terms that are capitalized and not defined herein have meanings ascribed to the same terms as in the Act or in the General Regulation. All amounts presented are in Canadian dollars.

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1. Financing Entity – Fair Hydro Trust

Trustees

In December 2017, OPG as FSM, appointed Computershare Trust Company of Canada to act as the third party issuer trustee (Computershare or **Issuer Trustee**). Following its appointment, the Fair Hydro Trust (the **Trust**) was established as a financing entity contemplated in the Act through a declaration of trust. The Trust is structured to be bankruptcy remote from OPG. The Issuer Trustee is empowered under the declaration of trust to appoint, employ or contract with any person for the transaction of the Trust's activities. Under the Management Agreement between the Trust (by the Issuer Trustee) and OPG, the Trust appointed OPG as its agent to provide services and perform duties for the Trust in planning, implementing and administering the debt financing for the FHP Program.

In December 2017, OPG as FSM, appointed BNY Trust Company of Canada, as the third party indenture trustee (BNY or **Indenture Trustee**). The Indenture Trustee will be acting on behalf of all specified creditors, who are all persons who may have contractual claims against the Trust under the FHP Program agreements contemplated by the Master Trust Indenture (**MTI**) governing the debt issued by the Trust.

Unitholders

The Trust will carry on activities for the benefit of its unitholders outlined below:

Table 1: Fair Hydro Trust Unitholders

Unitholder	Number of Units Held
FHP2017 Inc., a wholly-owned subsidiary of OPG	1,000,000
BNY, as Indenture Trustee	1
Total Units Outstanding	**1,000,001**

Trust Capitalization Structure

The Trust will be 100 percent debt financed and the contemplated source of funding is summarized in Table 2.

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Table 2: Type and Source of Debt Funding

Tranche and Debt Type	Source of Funding	% of Total Funding Requirement
Tranche A Senior Debt	Capital Markets	51%
Tranche B Subordinated Debt	OPG via Province	39%
Tranche C Junior Subordinated Debt	OPG via Province	5%
	OPG via Capital Markets	5%

The Trust will issue senior debt in the capital markets to finance 51 percent of the total funding requirement related to the deferred GAC (Tranche A). The financing platform was developed to allow the Trust access to both the Canadian and United States (**US**) markets in order to optimize pricing, provide flexibility, and market capacity. Further details on the types of financing that can be utilized are outlined under the heading *Current Funding Options*.

Through periodic equity injections in OPG, the Province is expected to provide 44 percent of the total funding requirement throughout the duration of the FHP Program. OPG will invest the proceeds from the equity injections into the Trust, with 39 percent in Tranche B as subordinated debt and five percent in Tranche C as junior subordinated debt.

OPG will invest the remaining five percent of the total funding requirement in Tranche C as junior subordinated debt, using internally generated funds or proceeds raised from debt issuances from the public markets.

2. OPG's Duties and Responsibilities

Financial Services Manager under the Act

OPG, as FSM, will perform its duties and responsibilities under the Act and its attendant regulations. These include, but are not limited to, the following:

- Establish one or more financing entities to incur Funding Obligations for the FHP Program
- Prepare a written Financing Plan to be used by OPG to evaluate the incurrence of Funding Obligations to acquire and finance a portion of the GAC deferral
- Ensure that Funding Obligations are incurred in a manner that is consistent with the Financing Plan
- Forecast the cash flow requirements of the financing entities
- Determine the monthly Clean Energy Adjustment for a particular Reference Period
- Administer the Investment Asset on behalf of the financing entities
- Establish and charge fees to the financing entities to recover costs and expenditures and to earn a return

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- Seek the best terms available at the time of incurrence of a Funding Obligation, having regard to other financing transactions of similar size and type
- Apply debt proceeds to purchase an Investment Interest or repay or redeem outstanding debt
- Consider the interests of specified consumers with respect to stable and predictable electricity rates
- Deal with related parties on arm's length terms
- Fulfil various reporting requirements to stakeholders

Manager under the Management Agreement

OPG has also entered into a management agreement with the Issuer Trustee, on behalf of the Trust, whereby all of the powers and duties of managing the Trust have been delegated to OPG as the manager. The duties and responsibilities associated with this role includes:

- Determining whether to incur Funding Obligations to acquire an Investment Interest or to refinance existing Funding Obligations;
- Negotiating and entering into program agreements;
- Maintaining accounts and banking records;
- Preparing any offering documents furnished by the Trust to prospective purchasers of Funding Obligations; and
- Preparing financial statements and tax filings on behalf of the Trust.

OPG's entitlement to fees, as FSM, is subject to the payment priorities outlined in the MTI and summarized in Section C, *Application of Recovery Amounts to Funding Obligations,* Figure 5. The FSM is not entitled to resign from its duties or terminate the management agreement as long as Funding Obligations remain outstanding. OPG may be terminated by the Issuer Trustee, with the consent of the Indenture Trustee, or by the Indenture Trustee in accordance with the MTI.

3. Fair Allocation Amount and the Financing Plan

The Fair Allocation Amount, including the readjustment amount where applicable, is an amount calculated under the Act and the regulations by the MOE for every Reference Period over the term of the FHP Program. It is intended to allocate the estimated Clean Energy Costs and Clean Energy Benefits fairly among specified consumers.

The FSM is required to prepare a Financing Plan under the Act to evaluate whether Funding Obligations should be incurred by the Trust. OPG is to have regard to certain prescribed principles (outlined in detail in Section B below), including that Funding Obligations should be incurred so that the estimated Finance Amount that would become due and payable during a Reference Period will, subject to refinancing, reasonably align with the Fair Allocation Amount determined in respect of such Reference Period, as adjusted by a readjustment amount where applicable. In other words, the Financing Plan should contemplate the issuance of Funding Obligations from time to time, with terms that would result in Clean Energy Adjustments being payable by specified consumers to ensure that they are bearing their fair share of the costs of providing Clean Energy Benefits. The Act also provides that each Funding Obligation is deemed

to be consistent with the Financing Plan and to provide for the reasonable alignment of the estimated Finance Amount with the Fair Allocation Amount.

Figures 1 and 2 illustrate the FHP Program's financing profile over the next 30-year period.

Figure 1: Fair Hydro Trust Debt Balance

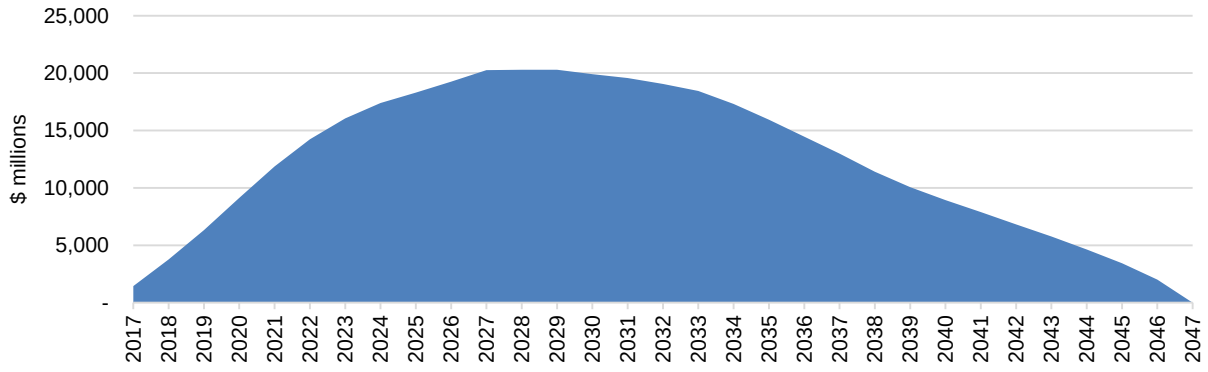

Figure 2: Fair Hydro Trust Borrowing and Repayment Profile

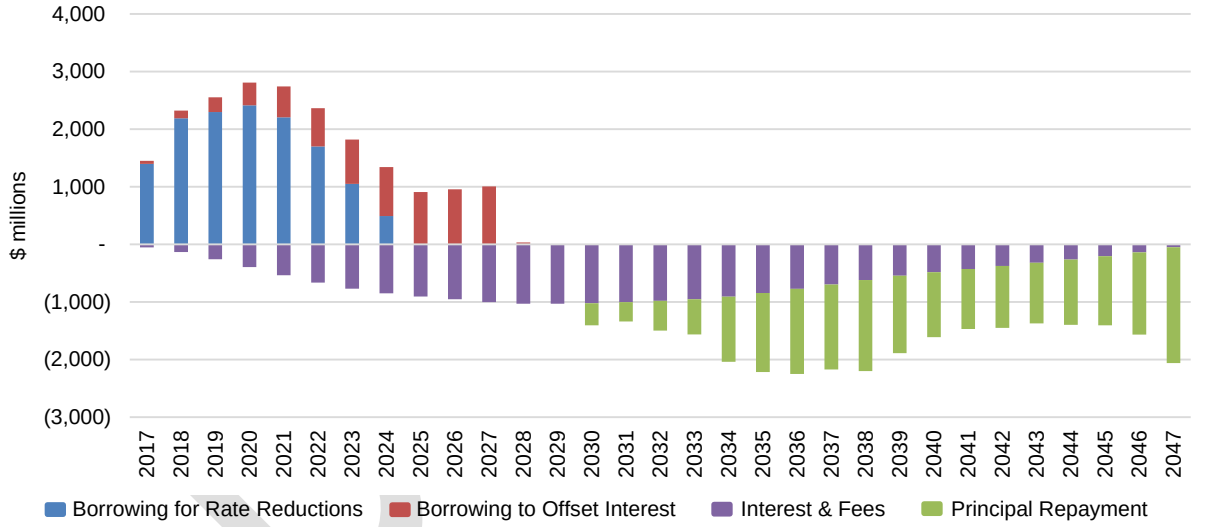

The Fair Allocation Amount is a net amount, either positive or negative, equal to the difference between the following:

1) estimated costs of Clean Energy Initiatives without adjustment; and
2) a re-profiling of the costs in item 1) plus:
    a. the estimated operating and financing costs of the FHP Program, and
    b. the repayment of the readjustment amount.

A negative Fair Allocation Amount in any Reference Period generally represents a period of borrowing, and a positive Fair Allocation Amount generally represents a period of principal repayment.

In a Reference Period when the Fair Allocation Amount is negative, the operating and financing costs of the FHP Program are shown in the Fair Allocation Amount calculation as an increase in the debt of the FHP Program. This treatment is equivalent to increasing the amount of the deferred GAC. The repayment of the related debt is included in the Fair Allocation Amount calculation to establish that all debt will be repaid by the end of the FHP Program. During these periods, operating and financing costs of the FHP Program are considered to align with the Fair Allocation Amount as long as these costs do not exceed the corresponding components in the Fair Allocation Amount calculation in any Reference Period by more than +/- 15 percent. If these costs exceed the corresponding components of the Fair Allocation Amount by more than +/- 15 percent, the FSM will take reasonable actions in accordance with the Act and regulations to align to the Fair Allocation Amount. Variability in costs is expected throughout the FHP Program as the Fair Allocation Amount was calculated on a forecast basis. Accordingly, any variability that is less than +/-
15 percent is deemed to be within an acceptable range.

Assessment for Reasonable Alignment

The Act stipulates that the Financing Plan must reasonably align with Fair Allocation Amount. This requirement is expected to be achieved through the consistent application of the following methodology, guidelines, and steps throughout the term of the FHP Program:

- Maintain a financial model that captures the Funding Obligations requirements of the Trust. Translate the funding requirements into expected cash flows by determining the related interest amounts, reserve requirements, fees, principal repayment, and the Trust's operating costs. This exercise will be performed for each Reference Period over the term of the program.
- Determine and assess the following:
    - For Reference Periods when the Fair Allocation Amount is negative, determine whether the forecast cash flow requirements is less than or equal to the financing and operating costs reflected in the Fair Allocation Amount as additional debt of the Trust. If the forecast cash flow requirements exceed the addition to the debt in the Fair Allocation Amount by more than +/- 15 percent, determine the cause of the variance. In these situations, the FSM will take reasonable actions in accordance with the Act and regulations to align to the Fair Allocation Amount.
    - For Reference Periods when the Fair Allocation Amount is positive, determine whether the forecast cash flow requirements is less than or equal to the Fair Allocation Amount. If the forecast cash flow requirements exceed the Fair Allocation Amount by more than +/- 15 percent, determine the cause of the variance. In these situations, the FSM will take reasonable actions in accordance with the Act and regulations to align to the Fair Allocation Amount.
- Due to the timing of the collection of cash flows, the General Regulation contemplates the use of reserve accounts. Provisions for reserves are excluded from the reasonable alignment assessment as these amounts are required to allow the Trust to incur the Funding Obligations. In addition, the reserve balances will be credited to specified consumers at the end of the term through the true-up mechanism if they are not required to satisfy terms of any Funding Obligation agreements pursuant to the MTI. Refer to *Financing Reserve and Capital Accounts* for more information on reserve accounts.
- Utilize and apply an accrual methodology when determining costs of the program, except for debt issuance costs, principal repayments, and reserve requirements.

The FSM will establish a methodology for assessing reasonable alignment at such time when a new Fair Allocation Amount letter is received from the MOE.

B. Principles and Assumptions of the Financing Plan

This section outlines the various principles and assumptions that guided the development of this Financing Plan in accordance with the Act and section 14 of the General Regulation. The same principles and assumptions will apply to all subsequent revisions of the Financing Plan, if required.

The FSM is required to make reasonable assumptions regarding the following matters:

1. IESO Deferral for Future Months

The FSM will base its expectation of the IESO deferrals on the most current version of the Fair Allocation Amount and readjustment amounts provided by the MOE. Actual IESO deferrals and forecasts of near term deferrals, if available, will be used to guide forecast deferrals over the next quarter.

2. Future Transfers of Portions of the IESO's Regulatory Asset

The Trust anticipates periodic purchases of Investment Assets from the IESO when the cumulative balance of its regulatory assets is large enough to be financed and when effective financing options are available to the Trust. The market capacity for both long-term and short-term debt financing will also be key elements to consider when determining the most cost efficient option.

3. Term to Maturity of Funding Obligations

<u>Initial Debt Tranche – 2017 Borrowing</u>

The forecast debt profile for the Trust based on the current Fair Allocation Amount received from the Province at the end of September 2017 indicates that principal repayments can commence in 2030 (see Figure 3). However, the principal repayment amount for this year is expected to be relatively small at approximately $400 million for the year or about $200 million for each six-month Reference Period. Accordingly, principal repayment of the 2017 debt tranche is expected to commence in 2032 when the cumulative principal repayment amount reaches approximately $1 billion, which indicates a minimum term for the initial debt issuance of 15 years (i.e. 2017 to 2032). This offering is expected to include $500 million of senior notes, which is a sizeable amount to ensure sufficient liquidity and marketability. Subsequently, principal repayment increases to approximately $1.5 billion annually or $0.75 billion for each Reference Period by around 2035 allowing for larger single maturities.

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Figure 3: Principal Repayment Profile Based on Current Fair Allocation Amount

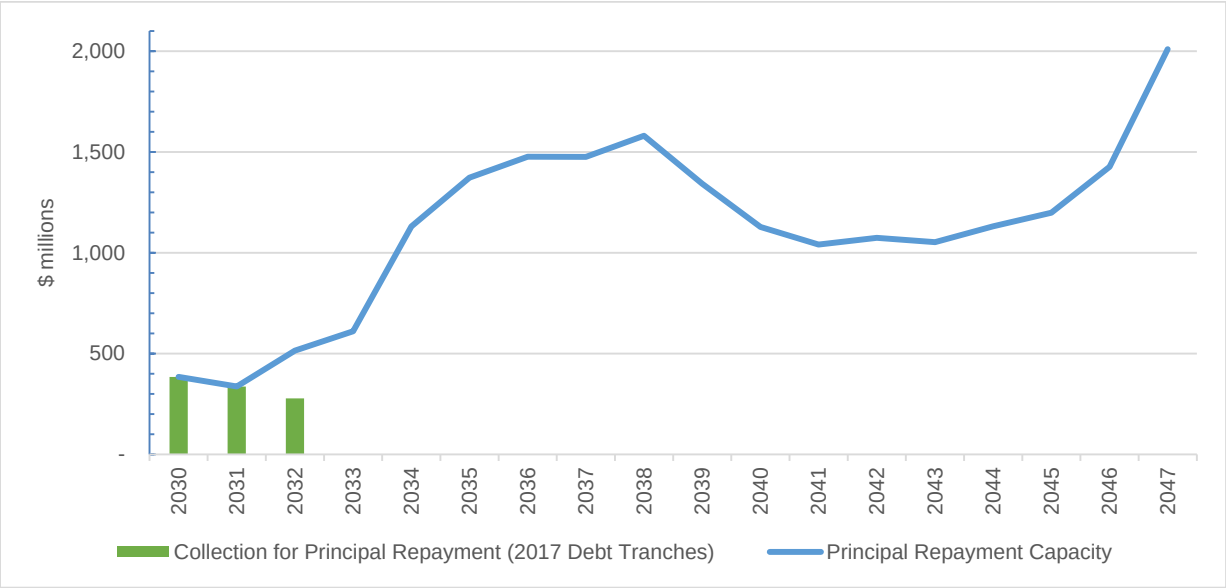

This length of term for an asset-backed security (**ABS**) has no precedence in the Canadian market where terms are typically 10 years or less. Therefore, it is expected that a higher premium will be required to attract investors. Refer to Table 3 under the heading *Interest Rates* for the indicative current pricing range for all debt tranches, including senior debt.

For a new issuer such as the Trust offering a unique program, a strategy of issuing a 15-year term paper may not provide an optimal initial pricing given the absence of a specific credit curve for the Trust. It is expected that at program inception, the Trust will issue debt to cover both short and long-term exposures. The terms of maturities will be staggered, up to year 30, with maturities capped at the projected Fair Allocation Amount and readjustment amount, during each six-month Reference Period. In addition, consideration for a combination of characteristics established by the Fair Allocation Amount curve and investor interest will drive the term of a Funding Obligation.

Indicative Debt Maturities for Post-2017 Borrowings

Using the current Fair Allocation Amount, the forecast debt maturities over the life of the FHP Program was derived in Figure 4 for illustrative purposes only and is current as of the date of this Financing Plan. Actual debt maturities may differ materially from what is illustrated in Figure 4 primarily due, but not limited to, future changes in the Fair Allocation Amount.

Figure 4: Indicative Debt Maturities Using Current Fair Allocation Amount

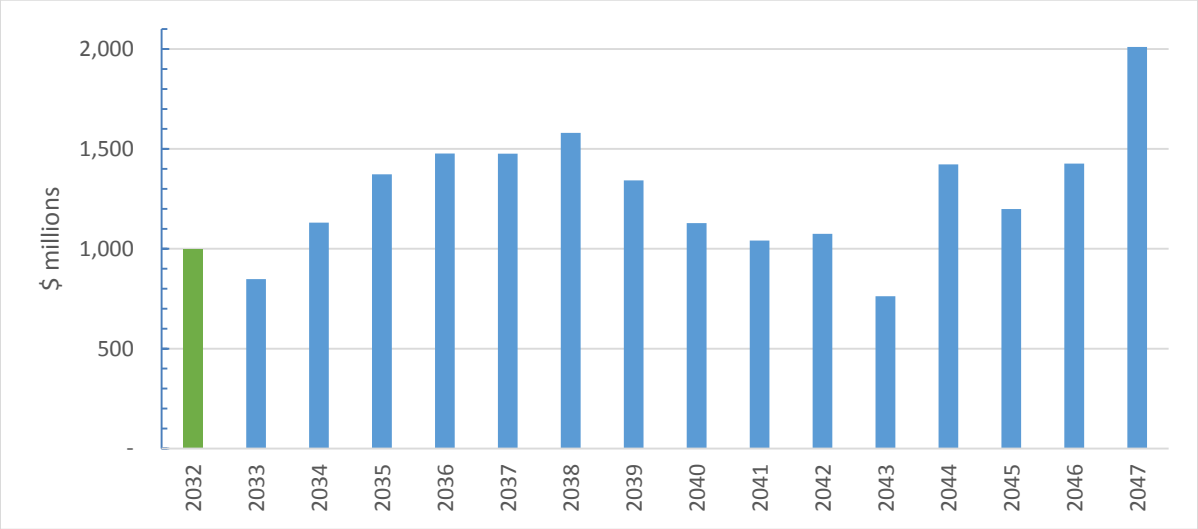

The key objective when determining the indicative debt maturities in Figure 4 is to align the annual amount of debt maturities with the principal repayment capacity under the Fair Allocation Amount curve. In years where the principal repayment capacity is less than $500 million, the debt maturities will fall in subsequent years where the cumulative maturities do not exceed the cumulative principal repayment capacity. This type of decision will be made along with other considerations such as size of each issuance to ensure liquidity (and thus, cost efficiency). As this schedule is based on the current Fair Allocation Amount curve and its underlying assumptions, a shift in the curve and/or any changes in the assumptions will result in changes to this indicative debt maturity schedule.

4. Refinancing

The MTI requires the Trust to establish and maintain a deposit account in the name of the Indenture Trustee for a refinancing account held for the benefit of the Indenture Trustee and specified creditors. All proceeds arising from notes and borrowings related to refinancing shall be deposited to this refinancing account.

Debt refinancing may occur under the following scenarios:

- When original financing is incurred, the short end of the yield curve is more cost efficient than the long end, on a relative basis;
- The Fair Allocation Amount or readjustment amount is updated; and
- In line with the provisions of the Act, no Clean Energy Adjustments will be collected from specified consumers between July 1, 2017 and April 30, 2021. Accordingly, any debt maturities during this period will need to be refinanced.

Refinancing decisions will be guided by the Trust's ability to secure cost efficient long-term financing from investors and the maximum principal repayment profile dictated by the Fair Allocation Amount curve. Given the current Fair Allocation Amount, the FSM expects that debt issuances during the moratorium period will be a minimum of 15-year terms.

However, if market conditions are such that short-term notes (e.g. 5-year notes), along with hedging the refinancing of these notes after 5 years, could be more cost effective than issuing longer term notes, the FSM may consider such a strategy instead of issuing 15-year notes. In the event of an update to the Fair Allocation Amount or the readjustment amount that leads to a significant change in the profile whereby collections of CEAs could start earlier, short-term notes could also be issued.

5. Cash Flow Requirements

The Trust's cash flow requirements to meet its contractual obligations include, but are not limited to, the following:

- Payment of taxes, if any
- Reimbursing the FSM for costs and expenditures outlined in sections 10.2 (3) and 10.13 (3) of the General Regulation and summarized under the heading *Fair Hydro Trust Costs and Expenditures*
- Interest and fees on all outstanding borrowings
- Scheduled principal repayments
- Deposits or transfers to reserve accounts required by the MTI and summarized under the heading *Financing Reserve and Capital Accounts*
- OPG's fees as FSM as summarized under the heading *Financial Services Manager's Fees*
- Termination payments to defaulting derivative counterparties, if applicable

Refer to Figure 5 in Section C, *Application of Recovery Amounts to Funding Obligations* for the cash flow receipts' payment priority.

6. Current Funding Options and Related Terms and Conditions

To achieve cost efficiencies, the following funding vehicles could be utilized in either the Canadian or US markets (except for the subordinated debt), from time to time, depending on the financing requirement, as well as market capacity and relative pricing at the time of issuance:

- **Short Term**: asset-backed commercial paper (**ABCP**) conduit and revolving bank lines of credit in the Canadian market
- **Medium to Long-Term**: term ABS and privately placed debt securities in either the Canadian or US markets
- **Subordinated Debt**: to be provided by OPG

<u>Syndicated Short-Term Warehousing Facility</u>

Short-term notes will be issued by the Trust to fund short-term borrowing requirements. The amount outstanding will be periodically refinanced and repaid by long-term funding from the capital markets once the cumulative amount of the Investment Asset available to be purchased is approximately $300 million to $500 million. This warehouse facility is expected to be utilized on a monthly basis to fund the Investment Asset purchases from the IESO.

The Trust will be securing a warehouse facility agreement with a bank syndicate comprising of CIBC, RBC, and Goldman Sachs for $800 million under a 2-year committed term, which would be primarily funded through their ABCP conduit.

Revolving Bank Lines of Credit

This type of funding option provides the Trust with a warehouse facility under which principal amounts can be advanced, repaid and again advanced during a committed revolving period. This bank funding option will be utilized when it is more cost effective than short-term notes.

Term ABS

ABS are notes that will be backed by the Trust's Investment Asset and issued under the MTI. The specific terms and conditions of each series, class or tranche of notes will be set forth in a supplemental indenture and, if applicable, a terms document authorizing that series, class or tranche.

To minimize financing costs, term ABS bullet bonds will be used rather than amortizing bonds, which require an additional premium by investors. The current intent is to issue term ABS notes in the 15 to 25 year term to fill out the yield curve based on the Fair Allocation Amount and investor demand.

Subordinated Debt

Concurrent with every issuance of senior debt by the Trust, it is expected that OPG will acquire subordinated debt in an amount not to exceed 49 percent of all outstanding debt of the Trust at any time. The subordination of OPG's debt investment plays an important credit enhancement role, which is expected to minimize the cost of senior debt tranches in the external market by garnering a higher rating through some differentiation. The subordinated debt will assume substantially all of the liquidity and deferral risk for the structure. Accordingly, the cash flow payment waterfall in Figure 5 reflects this subordination structure.

The credit rating for the subordinated debt will be dependent on the rating agency assessment and evaluation of the stress credit scenarios. It is expected that there will be a minimum of one rating category differential between each debt tranche.

The interest rate applicable to subordinated debt is expected to be the aggregate of:

- The applicable base rate, which is the relevant senior debt rate, plus
- The applicable spread, which represents the additional interest, in basis points, over the base rate that will apply to the relevant subordinated debt. This rate will be established by OPG through an annual survey of market spreads from a syndicate of banks.

The subordinated debt will maintain a minimum of one rating to allow for appropriate benchmarking/pricing. A simple average of the market spreads will determine the rate, excluding the highest and lowest rates in the survey sample. The terms of the subordinated debt will be finalized prior to the initial debt issuance.

For the short-term subordinated debt lending facility, the banking syndicate will provide OPG with short-term lending spreads for comparables on committed bank credit facilities on an annual basis (i.e. ratings based on a pricing grid). A simple average of the market spreads will determine the rate, excluding the highest and lowest rates in the survey sample.

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The process will be consistent with the Subordinated Debt Pricing Protocol Agreement between the Trust and the Ontario Financing Authority.

7. Currency and Interest Rate Hedging Programs

As the FHP Program develops over time, the Trust will consider interest rate and currency swaps and other hedging instruments, as required. Refer to the Section C, *Risk Mitigation Strategies* for further details on hedging and other instruments that could be used by the Trust.

8. Fair Hydro Trust Costs and Expenditures

The costs and expenditures incurred by OPG as FSM on behalf of the Trust will be in accordance with sections 10.2 (3) and 10.13 (3) of the General Regulation as amended in November 2017.

Specifically, the costs and expenditures incurred by the FSM include, but are not limited to, the following:

1. Underwriters or selling agents for Funding Obligations.
2. Banking fees, including but not limited to structuring fees or work fees.
3. Fees of issuing and paying agents for Funding Obligations.
4. Fees of trustees.
5. Fees incurred in the preparation of financial statements, financial reports, compliance certificates and tax returns.
6. Fees of legal counsel.
7. Rating agency fees.
8. Filing or registration fees.
9. Direct costs of OPG for employees whose work consists exclusively of the provision of services to the Trust in relation to prescribed matters.
10. Costs and expenditures incurred on behalf of any financing entity in connection with OPG's duties under the Act in relation to the financing entity.
11. Costs and expenditures incurred in relation to a management agreement between OPG as FSM and any financing entity, where the agreement provides for the reimbursement of the costs and expenditures.

The costs and expenditures incurred directly by the Trust, as well as the fees of the FSM and the costs and expenditures incurred by the FSM on behalf of the Trust, are Finance Amounts that can be recovered by the Trust (as carrying costs) from the IESO until July 2021 and thereafter through Clean Energy Adjustments charged to specified consumers.

9. Interest Rates

As the FHP Program is expected to last until 2047, it is appropriate to assume that long-term debt rates are the primary components of the financing costs for the overall program. In estimating indicative interest rates for each tranche and debt type, the following key considerations and assumptions were utilized:

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- The base case credit rating assumptions are as follows:
  - Target of "AAA" for Tranche A – Senior Debt,
  - "A" for Tranche B – Subordinated Debt which is dependent on the senior debt credit rating, and
  - "BBB" for Tranche C – Junior Subordinated Debt
- Using the projected Province of Ontario long bond rate of 4 percent plus a 25 basis points premium to reflect the securitization structure, the estimated indicative pricing over the life of Tranche A – Senior Debt is 4.25 percent
- For comparative purposes, the current pricing using the Province of Ontario long bond rate of 3.0 percent plus the same 25 basis points premium was included to reflect the current low interest rate environment
- A higher return on the subordinated debt is required to compensate for incremental risks assuming:
  - Rating agencies attribute a lower rating to the subordinated debt relative to the senior debt due to the lower priority in the cash flow waterfall (refer to Figure 5 in Section C, *Application of Recovery Amounts to Funding Obligations*)
  - Senior debt's rating needs to be credit enhanced to address collection and liquidity risks

To achieve cost efficiencies, the Trust was established with a tiered debt structure to achieve a higher credit rating for the senior debt and to maximize market capacity by accessing the AAA market to achieve cheaper financing costs overall. The following table summarizes the indicative pricing range by debt tranche:

Table 3: Indicative Pricing by Debt Tranche

Tranche and Debt Type	Risk Profile	Source	% of Total Funding Requirement	Rating Category Estimate	Current Pricing	Potential Rating Range	Price Based on Rating Range
Tranche A Senior Debt	Lowest Risk	Capital Market	51%	AAA	3.25%	AAA – AA	3.25% – 3.75%
Tranche B Subordinated Debt	Medium Risk	OPG via Province	39%	A	4.5%	AA – A	4.0% – 4.5%
Tranche C Junior Subordinated Debt	Highest Risk	OPG via Province	5%	BBB	5.5%	A – BBB	5.0% – 5.75%
		OPG via Capital Markets	5%				
Weighted Average					**4.0%**		**3.75% – 4.5%**

The credit range for each debt tranche will be determined by the overall credit strength of the financing structure and its resilience under various credit stress scenarios. The rating agencies' assessment of the guarantee to bondholders provided by the Change of Law Protection Agreement, discussed under the heading *Indemnifications*, is one of the major factors that will

influence the final ratings of each debt tranche. In addition, in assessing credit stress, the following factors, among others, will be considered: (i) declining energy usage throughout the securitization period, (ii) forecast collections in peak months not materializing, and (iii) declining consumption equal to the largest absolute annual forecast error. The market capacity for securitization notes is predominantly available for AAA-rated notes, limited for AA-rated notes, and not tested or developed for A-rated or lower. The pricing estimates provided in Table 3 reflect these credit and liquidity factors. Debt pricing will be finalized at the time of the initial issuance.

10. Financing Reserve and Capital Accounts [MONITOR]

Section 5(1) of the General Regulation stipulates that the Finance Amount shall include any amounts the Trust deposits into capital or finance reserve accounts as required under the governing documents of the Funding Obligations (i.e. the MTI). The accounts also act as a credit enhancement feature in support of the Trust borrowings. Any unused balance in the segregated trust accounts at the end of the term will be credited to specified consumers. Refer to Figure 5 in Section C, *Application of Recovery Amounts to Funding Obligations*, for the priority order of deposits into the reserve accounts.

The MTI between the Trust and the Indenture Trustee specifies the establishment and maintenance of the following key reserve accounts:

<u>Finance Reserve Accounts</u>

Program Cash Reserve Account

The Trust shall establish and maintain a Program Cash Reserve Account, a deposit account in the name of the Indenture Trustee with an eligible institution. This finance reserve account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the specified creditors. Available collections not required to be paid to specified creditors at such time will be credited to a capital reserve account in accordance with the terms of any applicable Funding Obligation agreement. The Funding Obligation agreement for a series, class or tranche of Funding Obligations will specify whether such series, class or tranche has the benefit of a capital reserve account.

Series Finance Reserve Account

From time to time, the Trust may establish a Series Finance Reserve Account, a deposit account in the name of the Indenture Trustee with an eligible institution. This finance reserve account may be established for the purpose of allowing the Trust to reserve funds to pay finance charges (including, without limitation, interest and payments under derivative agreements) for a series of issuer Funding Obligations. Payments of available collections shall be credited to this account, to the extent that there is a requirement for such funds, in accordance with the terms of the applicable Funding Obligation agreement and the MTI. Each Series Finance Reserve Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the applicable specified creditors.

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Capital Reserve Account

Series Capital Reserve Account

From time to time, the Trust may establish a Series Capital Reserve Account, a deposit account in the name of the Indenture Trustee with an eligible institution. This capital reserve account may be established for the sole purpose of allowing the Trust to accumulate funds to be used to make repayments in respect of Funding Obligations. Details of any period of accumulation and the amounts to be accumulated shall be specified in the related Funding Obligation agreement. Payments of available collections shall be credited to this account, to the extent that there is a requirement for such funds, in accordance with the terms of the applicable Funding Obligation agreement and the MTI. Each Series Capital Reserve Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the applicable specified creditors.

11. Indemnifications

The following forms of indemnities are expected to be issued for the FHP Program:

Change of Law Protection Agreement **[MONITOR]**

The Change of Law Protection Agreement provides bondholders a conditional guarantee in the event of a protection event and acts as a credit enhancement for the Trust's senior debt. The guarantee will be triggered if:

i. the Province changes the Fair Hydro legislation/regulations or passes other legislation/regulation that materially adversely affects the ability of the Trust to service interest or principal payments on its debt, or

ii. the Act is declared invalid/unconstitutional.

Upon a protection event, the Province is required to either, at its election: (i) pay the specified claims consisting of all Finance Amounts, excluding ■ **[update],** owing by the Trust as they become due and payable, or (ii) assume the Trust's obligations as primary obligor, **[**in each case**]**, without acceleration of the specified claims.

Change of Law Process Agreement

Pursuant to the Change of Law Process Agreement, OPG as FSM is required to provide the Province with an initial forecast setting out OPG's expectations regarding the aggregate maximum amount of debt to be incurred during the initial 24-month forecast period. Once approved by the Province, the forecast amount is designated as the "Initial Protection Agreement Maximum". This amount, combined with such future amounts approved by the Province, will be the Protection Agreement Maximum.

Table 4 provides the expected debt issuance amounts for the next 24-month period as consistent with the Financing Plan and submitted to the Province pursuant to the agreement.

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Table 4: Initial Protection Agreement Maximum

Forecast Period Start Date	Forecast Period End Date	Expected Amount of Debt Issuance ($M)
December 1, 2017	December 31, 2017	$1,200
January 1, 2018	December 31, 2018	$2,570
January 1, 2019	November 30, 2019	$2,553
Initial Protection Agreement Maximum:		**$6,323**

Issuer Trustee **[MONITOR]**

Each of the Issuer Trustee and its related parties will be indemnified out of the trust property from and against all liabilities, obligations, losses, damages, penalties, taxes, claims, actions, investigations, proceedings, costs, expenses or disbursements of any kind arising out of, among other things, the declaration of trust or any other program agreement, the administration of the Trust's assets or the action or inaction of the Issuer Trustee's agents, except for its own fraud, willful misconduct, bad faith or negligence.

Limited Recourse **[MONITOR]**

The obligation of the Trust to pay principal and interest on the Funding Obligations is subject to the allocation and payment provisions in the MTI and the applicable Funding Obligation agreement and limited to amounts available from the collateral. Neither the Indenture Trustee, OPG nor the Issuer Trustee in its individual capacity will be personally liable for the payment of the principal or interest on the notes or any other Funding Obligation, or for the Trust's covenants and agreements contained in the MTI.

12. Financial Services Manager's Fees

All fees charged by OPG to the Trust will be in accordance with the provisions of the General Regulation.

Subject to OEB approval, OPG is entitled to the following:

- For 2017, OPG will receive $3.1 million and an amount to cover up-front costs incurred between June 1 and December 31, 2017 by OPG on behalf of the Trust (e.g. legal fees, rating agency fees, trustee fees). The $3.1 million includes a $600,000 fee and $2.5 million to cover costs incurred prior to June 1, 2017. The expenses between June 1 and December 31, 2017 will also include direct costs of OPG employees who are dedicated exclusively to Fair Hydro matters.
- For January 2018 to March 2019, OPG will receive a general fee consisting of (i) a monthly base fee equal to 7.5 basis points, divided by 12, multiplied by the average outstanding debt of the Trust, calculated on a monthly basis, (ii) a variable fee that is calculated based on how the interest rate for external funding tranches for that period compare to forecast interest rates for the period (and which fee is limited to ± 2% of 5%

of the total external funding tranches issued in the period), and (iii) third-party expenses and direct employee costs of dedicated Fair Hydro employees.

- For April 2019 to March 2020, and every 12-month period thereafter, OPG will make submissions to the OEB on the base fee, variable fee and expenses. The base fee will be based on comparable fees charged by full-service managers of securitization vehicles (and other similar funds). The variable fee will be calculated in the same manner noted above, but with a refresh of forecast interest rates for the relevant period. For 2019 onward, the expenses will include direct employee costs of dedicated Fair Hydro employees only if the fees of comparable managers also include such direct costs.

A written confirmation from OPG's external auditor or another external auditor is required to accompany each submission to the OEB for the recovery of expenditures incurred by OPG on behalf of the Trust. The report shall confirm the accuracy of the costs and expenditures charged to the Trust, that such amounts were incurred by OPG, and the amounts were paid to third parties (with the exception of direct employee costs).

C. Other Considerations

1. Market

The FHP Program's financing platform was developed to allow for access to both the Canadian and US markets in order to have the best pricing and flexibility options. To the extent that the Canadian market has sufficient capacity and provides cost efficiency, priority will be given to the domestic market. However, there is no precedence in the Canadian market for term ABS notes longer than 10 years, nor the size of funding required by the FHP Program. Due to this, the ability to access the US market provides the program additional financing capacity in the event that the Canadian market cannot support the financing requirement. The FSM will make its decision on which market to access on a deal-by-deal basis.

For the initial debt issuance in 2017, it is anticipated that a term ABS funding will be sourced from the Canadian market as it is expected to be more cost efficient given current market conditions.

2. Application of Recovery Amounts to Funding Obligations [MONITOR]

Section 7.04(e) of the MTI outlines the payment priorities for the Trust's receipt of cash flows. Figure 5 below summarizes the significant components of the waterfall.

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Figure 5: Waterfall for Fair Hydro Trust Cash Collection

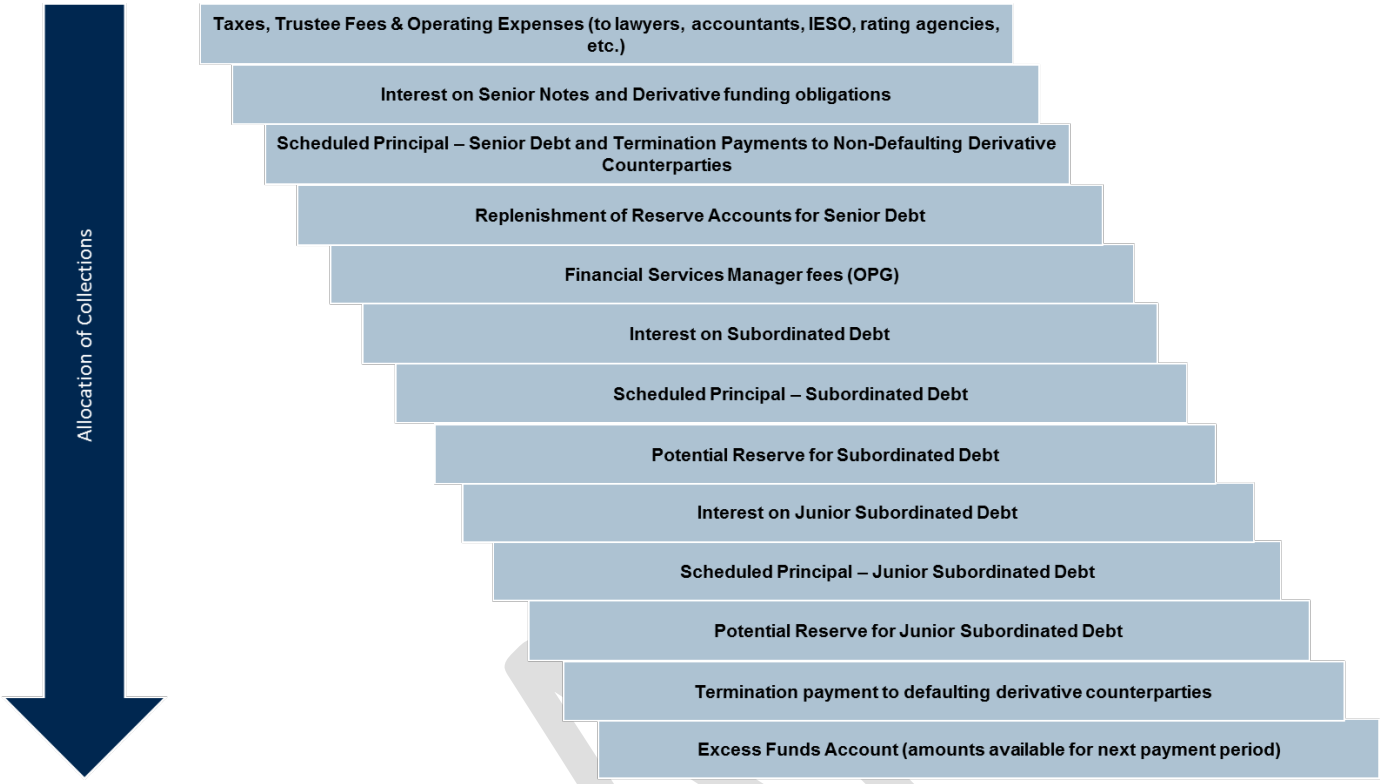

Payment Priorities

On each payment date, all amounts on deposit in the collection account will be paid out in the following order of priority:

1. to pay (A) all taxes exigible for which a governmental authority is given priority over the specified creditors under the laws of the applicable jurisdiction, and then (B) fees, expenses and reimbursements owing to the Issuer Trustee and the Indenture Trustee up to a maximum aggregate amount of **[**■ percent**]** of the outstanding principal amount of all Funding Obligations at such time;
2. to pay (A) interest, fees and other amounts owing in respect of senior debt and (B) amounts payable to derivative counterparties other than termination payments;
3. to pay (A) principal owing in respect of senior debt to the extent required to satisfy any payment of principal; and (B) termination payments owing to derivative counterparties where the derivative counterparty is not the defaulting party or the sole affected party;
4. to deposit or transfer to any reserve account in respect of senior debt, the amount required pursuant to the applicable Funding Obligation agreement;
5. to pay fees, expenses, reimbursement and indemnity amounts owing to OPG;
6. to pay interest, fees and other amounts owing in respect of subordinated debt;
7. to pay principal owing in respect of subordinated debt to the extent required to satisfy any payment of principal;

8. to deposit or transfer to any reserve account related solely to subordinated debt the amount required pursuant to the applicable Funding Obligation agreement;
9. to pay interest, fees and other amounts owing in respect of junior subordinated debt;
10. to pay principal owing in respect of junior subordinated debt to the extent required to satisfy any payment of principal;
11. to deposit or transfer to any reserve account related solely to junior subordinated debt the amount required pursuant to the applicable Funding Obligation agreement;
12. to pay termination payments owing to derivative counterparties where the derivative counterparty is the defaulting party or the sole affected party; and
13. to be held in the collection account for distribution in the above order of priority on the next payment date; or (ii) after all Funding Obligations have been paid and discharged, and all other amounts have been paid in full, to pay to the Trust.

3. Risk Mitigation Strategies

Currency Risk

If the Canadian market cannot support the financing capacity of the FHP Program in the future and/or it is less cost efficient than the US market at the time of each subsequent debt issuance, the Trust will access the US market for long-term financing.

Under this scenario, hedges will be considered to mitigate currency exposure. For the initial debt issuance in 2017, it is anticipated that funding will be sourced from the Canadian market only as it is expected to be more cost efficient and there is sufficient market capacity.

Interest Rate and Refinancing Risk

The FHP Program is expected to span over a 30-year period until 2047 with various series of notes expected to be issued at various maturity dates. Given the long-term timeline of the program, it is subject to interest rate and refinancing risk.

Interest rate hedges, including bond forwards and/or forward start interest rate swaps, will be considered in the future to mitigate potential interest rate risk and/or refinancing risk in a cost-efficient manner.

Legal and Political Risk

Given the long-term nature of the FHP Program and the potential for changes in provincial policy, the lenders requires that changes to any legislation (including the Act and its attendant regulations) that would **[**materially**]** and adversely affect the ability of the Trust to service interest or principal payments on its debt would be addressed by the Province.

As discussed in Section B, *11. Indemnifications*, the Change of Law Protection Agreement provides bondholders a conditional guarantee that the Province will cover the debt obligations of the Trust if the guarantee is triggered.

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4. Tax Minimization Strategies

Beneficiary – FHP2017 Inc.

The majority unitholder and beneficiary of the Trust is exempt from federal tax under section 149 of the *Income Tax Act, Canada* and from Ontario tax under section 27 of the *Ontario Taxation Act, 2007*.

The beneficiary is subject to payments in lieu of federal and provincial income taxes (**PILs**). In order to minimize the tax associated with the Fair Hydro Plan, an exemption from PILs payable on income from the Trust has been requested for the beneficiary. This will result in a reduction in the income tax costs related to the Financing Plan.

Fair Hydro Trust

Trust income will be fully distributed to unitholders to ensure that there is no tax payable by the Trust.

D. Execution Plan for First Investment Asset Purchase

The regulatory asset balance available to be purchased from the IESO is expected to be approximately $1.2 billion, representing accumulated GAC deferrals up to the end of November 2017. Given there will be better market access in January 2018 compared to December 2017, the short-term warehouse facility will be utilized to fund the senior debt tranche of the funding requirement for the first transaction expected on December 18, 2017. Accordingly, the size of the short-term funding is approximately $610 million, representing 51 percent of the funding structure allocation from capital markets. OPG will purchase subordinated and junior subordinated debt issued by the Trust for approximately $590 million, representing the remaining 49 percent of the total funding requirement.

Key Activities

The following table outlines the key activities for funding the first purchase of the Investment Asset **[MONITOR]**:

Activity	2017/2018 Timeline
Term Debt Rating Agencies' Preliminary Assessment	Week of December 11, 2017
Province's Equity Contribution and Warehouse Facility Closing & Funding to Purchase Investment Asset	December 18, 2017
Term Debt Rating Agencies' Confirmation of Ratings	Week of January 8, 2018

Marketing & Roadshow	Week of January 15, 2018
Term Debt Pricing	Week of January 22, 2018
Term Debt Closing & Funding	T+5 of Pricing Date

E. Glossary of Terms

In this Financing Plan, the capitalized terms used have the following meanings from the Act:

"**Clean Energy Adjustment**" means the amount determined under section 15 and payable by specified consumers

"**Clean Energy Benefits**" means the value of the benefits determined to be derived by or accruing to specified consumers as a result of the clean energy initiative, including as a result of clean energy costs

"**Clean Energy Costs**" means the value of the costs allocated to specified consumers as a result of the clean energy initiative, including as a result of past, present and expected costs incurred in respect of,

a) the amounts to be paid or reflected by the IESO in adjustments made under section 25.33 of the Electricity Act, 1998 or any provision that is the successor to that provision, which relate to contracts or amounts for,
    (i) renewable energy generation or capacity,
    (ii) conservation and demand management,
    (iii) energy storage,
    (iv) energy efficiency,
    (v) natural gas generation and capacity, excluding contracts relating to amounts payable by the IESO under section 78.2 of the Ontario Energy Board Act, 1998 and excluding such other contracts as may be prescribed,
b) payments made or expected to be made under section 78.5 of the *Ontario Energy Board Act, 1998*, and
c) such other costs or estimated costs as may be prescribed

"**Clean Energy Initiative**" means the policies of the Government of Ontario related to,

a) eliminating coal generation and fostering the growth of and investment in clean, modern and reliable energy sources and technologies,
b) removing barriers to and promoting opportunities for clean and renewable energy sources and technologies,
c) promoting conservation, demand management and energy efficiency, and
d) investing in energy infrastructure to ensure a clean, modern and reliable system

"**Fair Allocation Amount**" means an amount calculated under section 20 of the Act

"**Finance Amount**" means the finance amount determined in accordance with the regulations

"**Funding Obligation**" means a payment obligation incurred by or on behalf of an investment interest owner to fund its ownership of an investment interest or a payment obligation that meets such other criteria as may be prescribed

"**Investment Asset**" means the rights and interests described in section 29 of the Act

"**Investment Interest**" means,

a) an ownership interest in the investment asset, and
b) in circumstances where the ownership interest is transferred, the rights and benefits specified in the agreement under which the interest is transferred

"**Reference Period**" means,

a) the period beginning on July 1, 2017 and ending on October 31, 2017, and
b) during the period beginning on November 1, 2017 and ending on either April 30, 2047 or such later day as may be prescribed,
   (i) every six-month period following the period mentioned in clause (a), or
   (ii) any period shorter than six months, as may be prescribed

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From:	Mike Manning
To:	Ken Kandeepan
Subject:	FW: EXTERNAL - Fwd: financing plan
Date:	Wednesday, December 20, 2017 8:55:31 AM
Attachments:	FHP Financing Plan and Execution Plan - Dec 1 clean.docx

---

As discussed.
Mike

-----Original Message-----
From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: Wednesday, December 06, 2017 1:30 PM
To: Mike Manning <Mike.Manning@ofina.on.ca>
Subject: FW: EXTERNAL - Fwd: financing plan

As requested.

-----Original Message-----
From: LEE John -TREASURY
Sent: Tuesday, December 05, 2017 8:48 AM
To: 'Christie, Tim (ENERGY)' <Tim.Christie@ontario.ca>
Cc: LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; LIU Sheen -TREASURY <sheen.liu@opg.com>
Subject: RE: EXTERNAL - Fwd: financing plan

Attached is the most current version.

-----Original Message-----
From: Christie, Tim (ENERGY) [mailto:Tim.Christie@ontario.ca]
Sent: Tuesday, December 05, 2017 8:44 AM
To: LEE John -TREASURY <john.s.lee@opg.com>
Subject: EXTERNAL - Fwd: financing plan

*** Exercise caution. This is an EXTERNAL email. DO NOT open attachments or click links from unknown senders or unexpected email. *** _____

John, see below. Is there a more recent draft?

_____
From: Hume, Steen (ENERGY) <steen.hume@ontario.ca>
Sent: Tuesday, December 5, 2017 8:37 AM
Subject: RE: financing plan
To: Christie, Tim (ENERGY) <tim.christie@ontario.ca>
Cc: Cox, Hilary (ENERGY) <hilary.cox@ontario.ca>

Thanks Tim. Next week seems fine to finalize the report, but can we have another opportunity to review and comment? Would like to give DM and MO an opportunity to weigh in before we finalize.

Is it possible to get another draft this week from OPG, minus the final commentary from the rating agencies. Something we could send up to for Thursday?

Steen

From: Christie, Tim (ENERGY)
Sent: December 4, 2017 4:59 PM
To: Hume, Steen (ENERGY)
Cc: Cox, Hilary (ENERGY)
Subject: financing plan

Steen, I spoke to John L this afternoon about the timing for the final financing plan. I think early next week is the best option as it will allow the plan to incorporate any information coming out of the rating agency process, which is expected to conclude this week. Let me know if you agree with that timing.

Tim

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FAIR HYDRO TRUST
FINANCING PLAN

[December] 2017

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A. Background

In June 2017, the Province enacted the *Ontario Fair Hydro Plan Act, 2017* (the **Act**), to establish a framework under which the costs and benefits associated with the Government of Ontario's (the **Province**) Clean Energy Initiatives are to be fairly allocated between present and future consumers of electricity under Ontario's Fair Hydro Plan (Fair Hydro Plan or FHP). The Act requires the Ontario Energy Board (**OEB**) to set rates that reduce average electricity bills for specified consumers by 25 percent commencing on July 1, 2017. The total bill reduction of 25 percent is comprised of an 8 percent reduction of the Provincial portion of the harmonized sales tax, with the remaining 17 percent achieved by decreasing energy rates for specified consumers paying the Regulated Price Plan rate and providing a global adjustment reduction credit for other specified consumers. The reduction in electricity bills will result in a shortfall in the Independent Electricity System Operator's (**IESO**) collections, which will need to be financed in order to pay the underlying global adjustment costs (**GAC**). The objective of the Fair Hydro Plan Program (**FHP Program**) is to refinance a portion of the deferred GAC over a longer period.

Under the Act, OPG is appointed as the Financial Services Manager (**FSM**) and is given the authority to, among other things, establish and manage one or more financing entities to raise debt financing (referred to as "Funding Obligations") for the purposes of the Act. The Act requires the Minister of Energy (**MOE**) to calculate the Fair Allocation Amount and for the FSM to incur Funding Obligations that, subject to refinancing, reasonably align with the Fair Allocation Amount, as adjusted by any readjustment amount.

The following attendant regulations were enacted in support of the Act:

- *Ontario Regulation 206/17 General* (**General Regulation**) provides details on specific requirements of the Act, in particular, the requirements for the Financing Plan.
- *Ontario Regulation 195/17 Fair Adjustment* provides details on rate reductions up to April 30, 2019 for specified consumers under the Act.
- *Ontario Regulation 196/17 Invoicing Requirements* provides details on information to be included with the invoice for specified consumers under the Act.

Under sections 21(1) and 21(2) of the Act, OPG, as FSM, has an obligation to prepare a Financing Plan in accordance with the Act and regulations, and to deliver it to the Minister of Energy. Under section 21(6) of the Act, the FSM has the right to amend the Financing Plan from time to time, without affecting any Clean Energy Adjustment that has already been determined or any Funding Obligations that have already been incurred before the amendment.

This Financing Plan was prepared based on the information available to, and the views of, OPG at the time this Financing Plan was prepared (or amended, as applicable). This Financing Plan also includes forward-looking information, which is subject to change. Actual outcomes and results may differ materially from what is expressed, implied or forecasted due to, but not limited to, changes in underlying assumptions relating to the Fair Allocation Amount, interest rates, investor interest, market capacity, market conditions, and credit rating assessments. References made to the "current Fair Allocation Amount" pertains to the Fair Allocation Amount received by OPG from the MOE at the end of September 2017. Terms that are capitalized and not defined herein have meanings ascribed to the same terms as in the Act or in the General Regulation. All amounts presented are in Canadian dollars.

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1. Financing Entity – Fair Hydro Trust

Trustees

In December 2017, OPG as FSM, appointed Computershare Trust Company of Canada to act as the third party issuer trustee (Computershare or **Issuer Trustee**). Following its appointment, the Fair Hydro Trust (the **Trust**) was established as a financing entity contemplated in the Act through a declaration of trust. The Trust is structured to be bankruptcy remote from OPG. The Issuer Trustee is empowered under the declaration of trust to appoint, employ or contract with any person for the transaction of the Trust's activities. Under the Management Agreement between the Trust (by the Issuer Trustee) and OPG, the Trust appointed OPG as its agent to provide services and perform duties for the Trust in planning, implementing and administering the debt financing for the FHP Program.

In December 2017, OPG as FSM, appointed BNY Trust Company of Canada, as the third party indenture trustee (BNY or **Indenture Trustee**). The Indenture Trustee will be acting on behalf of all specified creditors, who are all persons who may have contractual claims against the Trust under the FHP Program agreements contemplated by the Master Trust Indenture (**MTI**) governing the debt issued by the Trust.

Unitholders

The Trust will carry on activities for the benefit of its unitholders outlined below:

Table 1: Fair Hydro Trust Unitholders

Unitholder	Number of Units Held
FHP2017 Inc., a wholly-owned subsidiary of OPG	1,000,000
BNY, as Indenture Trustee	1
Total Units Outstanding	**1,000,001**

Trust Capitalization Structure

The Trust will be 100 percent debt financed and the contemplated source of funding is summarized in Table 2.

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Table 2: Type and Source of Debt Funding

Tranche and Debt Type	Source of Funding	% of Total Funding Requirement
Tranche A Senior Debt	Capital Markets	51%
Tranche B Subordinated Debt	OPG via Province	39%
Tranche C Junior Subordinated Debt	OPG via Province	5%
	OPG via Capital Markets	5%

The Trust will issue senior debt in the capital markets to finance 51 percent of the total funding requirement related to the deferred GAC (Tranche A). The financing platform was developed to allow the Trust access to both the Canadian and United States (**US**) markets in order to optimize pricing, provide flexibility, and market capacity. Further details on the types of financing that can be utilized are outlined under the heading *Current Funding Options*.

Through periodic equity injections in OPG, the Province is expected to provide 44 percent of the total funding requirement throughout the duration of the FHP Program. OPG will invest the proceeds from the equity injections into the Trust, with 39 percent in Tranche B as subordinated debt and five percent in Tranche C as junior subordinated debt.

OPG will invest the remaining five percent of the total funding requirement in Tranche C as junior subordinated debt, using internally generated funds or proceeds raised from debt issuances from the public markets.

2. OPG's Duties and Responsibilities

Financial Services Manager under the Act

OPG, as FSM, will perform its duties and responsibilities under the Act and its attendant regulations. These include, but are not limited to, the following:

- Establish one or more financing entities to incur Funding Obligations for the FHP Program
- Prepare a written Financing Plan to be used by OPG to evaluate the incurrence of Funding Obligations to acquire and finance a portion of the GAC deferral
- Ensure that Funding Obligations are incurred in a manner that is consistent with the Financing Plan
- Forecast the cash flow requirements of the financing entities
- Determine the monthly Clean Energy Adjustment for a particular Reference Period
- Administer the Investment Asset on behalf of the financing entities
- Establish and charge fees to the financing entities to recover costs and expenditures and to earn a return

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- Seek the best terms available at the time of incurrence of a Funding Obligation, having regard to other financing transactions of similar size and type
- Apply debt proceeds to purchase an Investment Interest or repay or redeem outstanding debt
- Consider the interests of specified consumers with respect to stable and predictable electricity rates
- Deal with related parties on arm's length terms
- Fulfil various reporting requirements to stakeholders

Manager under the Management Agreement

OPG has also entered into a management agreement with the Issuer Trustee, on behalf of the Trust, whereby all of the powers and duties of managing the Trust have been delegated to OPG as the manager. The duties and responsibilities associated with this role includes:

- Determining whether to incur Funding Obligations to acquire an Investment Interest or to refinance existing Funding Obligations;
- Negotiating and entering into program agreements;
- Maintaining accounts and banking records;
- Preparing any offering documents furnished by the Trust to prospective purchasers of Funding Obligations; and
- Preparing financial statements and tax filings on behalf of the Trust.

OPG's entitlement to fees, as FSM, is subject to the payment priorities outlined in the MTI and summarized in Section C, *Application of Recovery Amounts to Funding Obligations,* Figure 5. The FSM is not entitled to resign from its duties or terminate the management agreement as long as Funding Obligations remain outstanding. OPG may be terminated by the Issuer Trustee, with the consent of the Indenture Trustee, or by the Indenture Trustee in accordance with the MTI.

3. Fair Allocation Amount and the Financing Plan

The Fair Allocation Amount, including the readjustment amount where applicable, is an amount calculated under the Act and the regulations by the MOE for every Reference Period over the term of the FHP Program. It is intended to allocate the estimated Clean Energy Costs and Clean Energy Benefits fairly among specified consumers.

The FSM is required to prepare a Financing Plan under the Act to evaluate whether Funding Obligations should be incurred by the Trust. OPG is to have regard to certain prescribed principles (outlined in detail in Section B below), including that Funding Obligations should be incurred so that the estimated Finance Amount that would become due and payable during a Reference Period will, subject to refinancing, reasonably align with the Fair Allocation Amount determined in respect of such Reference Period, as adjusted by a readjustment amount where applicable. In other words, the Financing Plan should contemplate the issuance of Funding Obligations from time to time, with terms that would result in Clean Energy Adjustments being payable by specified consumers to ensure that they are bearing their fair share of the costs of providing Clean Energy Benefits. The Act also provides that each Funding Obligation is deemed

to be consistent with the Financing Plan and to provide for the reasonable alignment of the estimated Finance Amount with the Fair Allocation Amount.

Figures 1 and 2 illustrate the FHP Program's financing profile over the next 30-year period.

Figure 1: Fair Hydro Trust Debt Balance

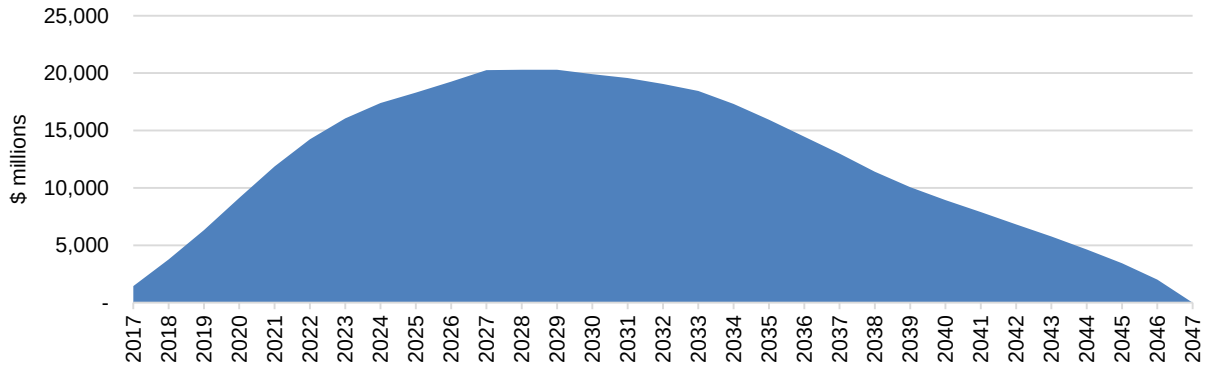

Figure 2: Fair Hydro Trust Borrowing and Repayment Profile

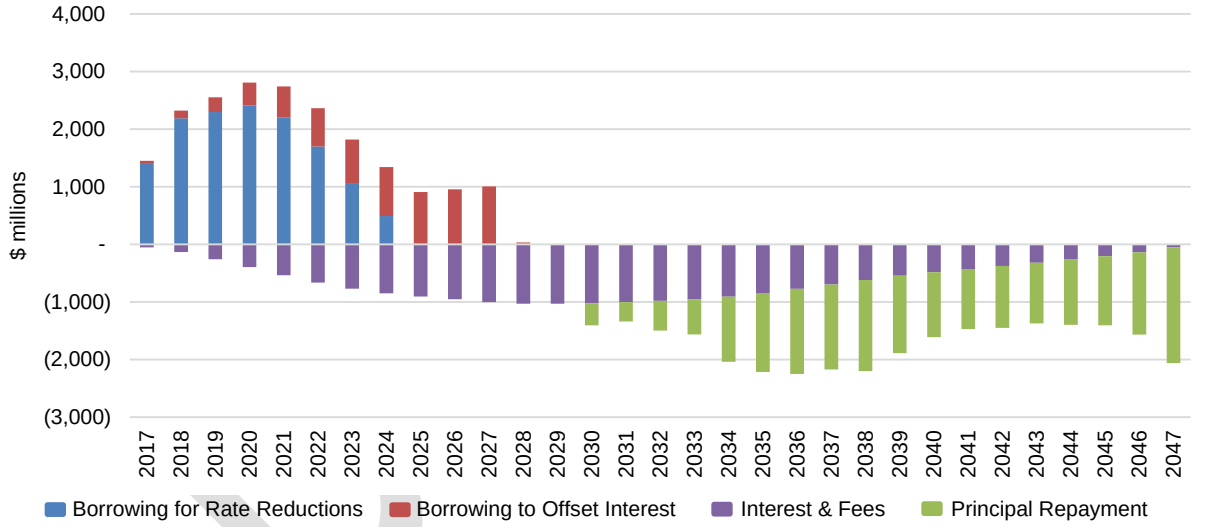

The Fair Allocation Amount is a net amount, either positive or negative, equal to the difference between the following:

1) estimated costs of Clean Energy Initiatives without adjustment; and
2) a re-profiling of the costs in item 1) plus:
    a. the estimated operating and financing costs of the FHP Program, and
    b. the repayment of the readjustment amount.

A negative Fair Allocation Amount in any Reference Period generally represents a period of borrowing, and a positive Fair Allocation Amount generally represents a period of principal repayment.

In a Reference Period when the Fair Allocation Amount is negative, the operating and financing costs of the FHP Program are shown in the Fair Allocation Amount calculation as an increase in the debt of the FHP Program. This treatment is equivalent to increasing the amount of the deferred GAC. The repayment of the related debt is included in the Fair Allocation Amount calculation to establish that all debt will be repaid by the end of the FHP Program. During these periods, operating and financing costs of the FHP Program are considered to align with the Fair Allocation Amount as long as these costs do not exceed the corresponding components in the Fair Allocation Amount calculation in any Reference Period by more than +/- 15 percent. If these costs exceed the corresponding components of the Fair Allocation Amount by more than +/- 15 percent, the FSM will take reasonable actions in accordance with the Act and regulations to align to the Fair Allocation Amount. Variability in costs is expected throughout the FHP Program as the Fair Allocation Amount was calculated on a forecast basis. Accordingly, any variability that is less than +/-
15 percent is deemed to be within an acceptable range.

Assessment for Reasonable Alignment

The Act stipulates that the Financing Plan must reasonably align with Fair Allocation Amount. This requirement is expected to be achieved through the consistent application of the following methodology, guidelines, and steps throughout the term of the FHP Program:

- Maintain a financial model that captures the Funding Obligations requirements of the Trust. Translate the funding requirements into expected cash flows by determining the related interest amounts, reserve requirements, fees, principal repayment, and the Trust's operating costs. This exercise will be performed for each Reference Period over the term of the program.
- Determine and assess the following:
    - For Reference Periods when the Fair Allocation Amount is negative, determine whether the forecast cash flow requirements is less than or equal to the financing and operating costs reflected in the Fair Allocation Amount as additional debt of the Trust. If the forecast cash flow requirements exceed the addition to the debt in the Fair Allocation Amount by more than +/- 15 percent, determine the cause of the variance. In these situations, the FSM will take reasonable actions in accordance with the Act and regulations to align to the Fair Allocation Amount.
    - For Reference Periods when the Fair Allocation Amount is positive, determine whether the forecast cash flow requirements is less than or equal to the Fair Allocation Amount. If the forecast cash flow requirements exceed the Fair Allocation Amount by more than +/- 15 percent, determine the cause of the variance. In these situations, the FSM will take reasonable actions in accordance with the Act and regulations to align to the Fair Allocation Amount.
- Due to the timing of the collection of cash flows, the General Regulation contemplates the use of reserve accounts. Provisions for reserves are excluded from the reasonable alignment assessment as these amounts are required to allow the Trust to incur the Funding Obligations. In addition, the reserve balances will be credited to specified consumers at the end of the term through the true-up mechanism if they are not required to satisfy terms of any Funding Obligation agreements pursuant to the MTI. Refer to *Financing Reserve and Capital Accounts* for more information on reserve accounts.
- Utilize and apply an accrual methodology when determining costs of the program, except for debt issuance costs, principal repayments, and reserve requirements.

The FSM will establish a methodology for assessing reasonable alignment at such time when a new Fair Allocation Amount letter is received from the MOE.

B. Principles and Assumptions of the Financing Plan

This section outlines the various principles and assumptions that guided the development of this Financing Plan in accordance with the Act and section 14 of the General Regulation. The same principles and assumptions will apply to all subsequent revisions of the Financing Plan, if required.

The FSM is required to make reasonable assumptions regarding the following matters:

1. IESO Deferral for Future Months

The FSM will base its expectation of the IESO deferrals on the most current version of the Fair Allocation Amount and readjustment amounts provided by the MOE. Actual IESO deferrals and forecasts of near term deferrals, if available, will be used to guide forecast deferrals over the next quarter.

2. Future Transfers of Portions of the IESO's Regulatory Asset

The Trust anticipates periodic purchases of Investment Assets from the IESO when the cumulative balance of its regulatory assets is large enough to be financed and when effective financing options are available to the Trust. The market capacity for both long-term and short-term debt financing will also be key elements to consider when determining the most cost efficient option.

3. Term to Maturity of Funding Obligations

<u>Initial Debt Tranche – 2017 Borrowing</u>

The forecast debt profile for the Trust based on the current Fair Allocation Amount received from the Province at the end of September 2017 indicates that principal repayments can commence in 2030 (see Figure 3). However, the principal repayment amount for this year is expected to be relatively small at approximately $400 million for the year or about $200 million for each six-month Reference Period. Accordingly, principal repayment of the 2017 debt tranche is expected to commence in 2032 when the cumulative principal repayment amount reaches approximately $1 billion, which indicates a minimum term for the initial debt issuance of 15 years (i.e. 2017 to 2032). This offering is expected to include $500 million of senior notes, which is a sizeable amount to ensure sufficient liquidity and marketability. Subsequently, principal repayment increases to approximately $1.5 billion annually or $0.75 billion for each Reference Period by around 2035 allowing for larger single maturities.

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Figure 3: Principal Repayment Profile Based on Current Fair Allocation Amount

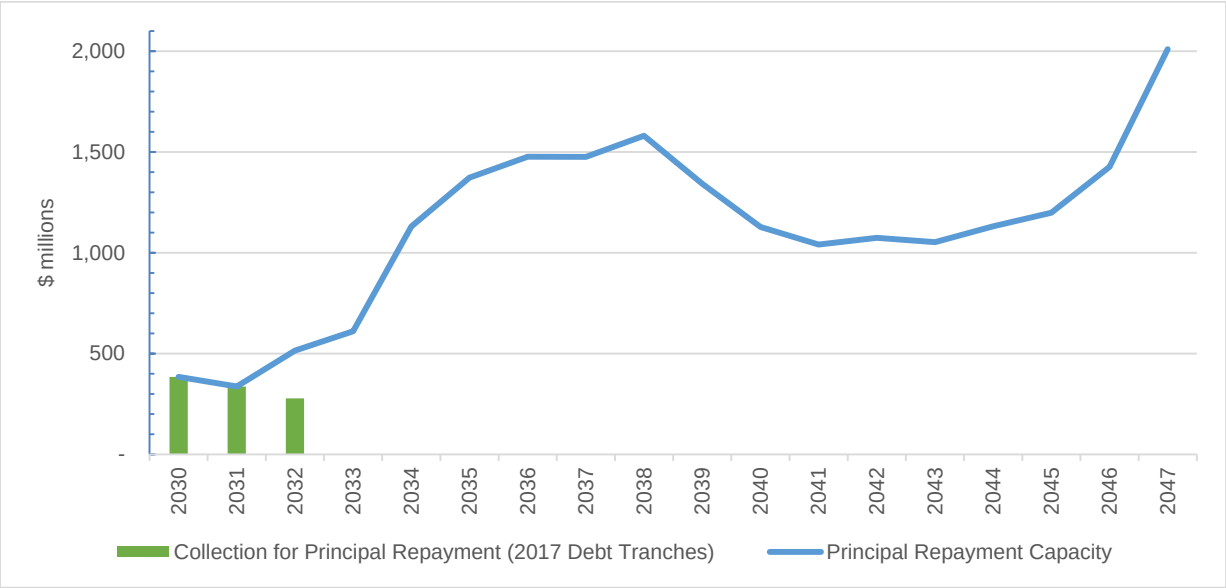

This length of term for an asset-backed security (**ABS**) has no precedence in the Canadian market where terms are typically 10 years or less. Therefore, it is expected that a higher premium will be required to attract investors. Refer to Table 3 under the heading *Interest Rates* for the indicative current pricing range for all debt tranches, including senior debt.

For a new issuer such as the Trust offering a unique program, a strategy of issuing a 15-year term paper may not provide an optimal initial pricing given the absence of a specific credit curve for the Trust. It is expected that at program inception, the Trust will issue debt to cover both short and long-term exposures. The terms of maturities will be staggered, up to year 30, with maturities capped at the projected Fair Allocation Amount and readjustment amount, during each six-month Reference Period. In addition, consideration for a combination of characteristics established by the Fair Allocation Amount curve and investor interest will drive the term of a Funding Obligation.

Indicative Debt Maturities for Post-2017 Borrowings

Using the current Fair Allocation Amount, the forecast debt maturities over the life of the FHP Program was derived in Figure 4 for illustrative purposes only and is current as of the date of this Financing Plan. Actual debt maturities may differ materially from what is illustrated in Figure 4 primarily due, but not limited to, future changes in the Fair Allocation Amount.

Figure 4: Indicative Debt Maturities Using Current Fair Allocation Amount

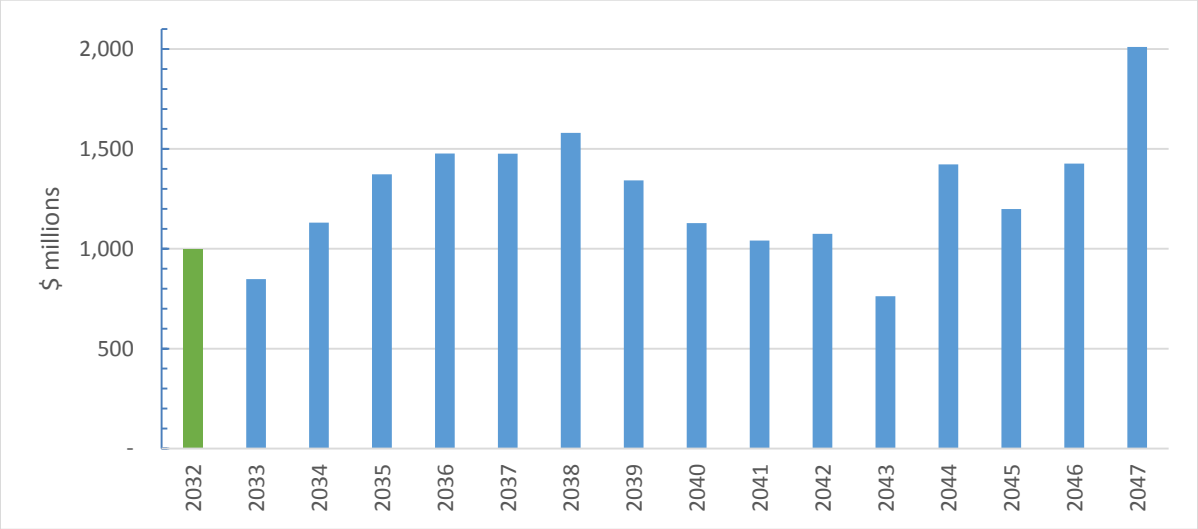

The key objective when determining the indicative debt maturities in Figure 4 is to align the annual amount of debt maturities with the principal repayment capacity under the Fair Allocation Amount curve. In years where the principal repayment capacity is less than $500 million, the debt maturities will fall in subsequent years where the cumulative maturities do not exceed the cumulative principal repayment capacity. This type of decision will be made along with other considerations such as size of each issuance to ensure liquidity (and thus, cost efficiency). As this schedule is based on the current Fair Allocation Amount curve and its underlying assumptions, a shift in the curve and/or any changes in the assumptions will result in changes to this indicative debt maturity schedule.

4. Refinancing

The MTI requires the Trust to establish and maintain a deposit account in the name of the Indenture Trustee for a refinancing account held for the benefit of the Indenture Trustee and specified creditors. All proceeds arising from notes and borrowings related to refinancing shall be deposited to this refinancing account.

Debt refinancing may occur under the following scenarios:

- When original financing is incurred, the short end of the yield curve is more cost efficient than the long end, on a relative basis;
- The Fair Allocation Amount or readjustment amount is updated; and
- In line with the provisions of the Act, no Clean Energy Adjustments will be collected from specified consumers between July 1, 2017 and April 30, 2021. Accordingly, any debt maturities during this period will need to be refinanced.

Refinancing decisions will be guided by the Trust's ability to secure cost efficient long-term financing from investors and the maximum principal repayment profile dictated by the Fair Allocation Amount curve. Given the current Fair Allocation Amount, the FSM expects that debt issuances during the moratorium period will be a minimum of 15-year terms.

However, if market conditions are such that short-term notes (e.g. 5-year notes), along with hedging the refinancing of these notes after 5 years, could be more cost effective than issuing longer term notes, the FSM may consider such a strategy instead of issuing 15-year notes. In the event of an update to the Fair Allocation Amount or the readjustment amount that leads to a significant change in the profile whereby collections of CEAs could start earlier, short-term notes could also be issued.

5. Cash Flow Requirements

The Trust's cash flow requirements to meet its contractual obligations include, but are not limited to, the following:

- Payment of taxes, if any
- Reimbursing the FSM for costs and expenditures outlined in sections 10.2 (3) and 10.13 (3) of the General Regulation and summarized under the heading *Fair Hydro Trust Costs and Expenditures*
- Interest and fees on all outstanding borrowings
- Scheduled principal repayments
- Deposits or transfers to reserve accounts required by the MTI and summarized under the heading *Financing Reserve and Capital Accounts*
- OPG's fees as FSM as summarized under the heading *Financial Services Manager's Fees*
- Termination payments to defaulting derivative counterparties, if applicable

Refer to Figure 5 in Section C, *Application of Recovery Amounts to Funding Obligations* for the cash flow receipts' payment priority.

6. Current Funding Options and Related Terms and Conditions

To achieve cost efficiencies, the following funding vehicles could be utilized in either the Canadian or US markets (except for the subordinated debt), from time to time, depending on the financing requirement, as well as market capacity and relative pricing at the time of issuance:

- **Short Term**: asset-backed commercial paper (**ABCP**) conduit and revolving bank lines of credit in the Canadian market
- **Medium to Long-Term**: term ABS and privately placed debt securities in either the Canadian or US markets
- **Subordinated Debt**: to be provided by OPG

<u>Syndicated Short-Term Warehousing Facility</u>

Short-term notes will be issued by the Trust to fund short-term borrowing requirements. The amount outstanding will be periodically refinanced and repaid by long-term funding from the capital markets once the cumulative amount of the Investment Asset available to be purchased is approximately $300 million to $500 million. This warehouse facility is expected to be utilized on a monthly basis to fund the Investment Asset purchases from the IESO.

The Trust will be securing a warehouse facility agreement with a bank syndicate comprising of CIBC, RBC, and Goldman Sachs for $800 million under a 2-year committed term, which would be primarily funded through their ABCP conduit.

Revolving Bank Lines of Credit

This type of funding option provides the Trust with a warehouse facility under which principal amounts can be advanced, repaid and again advanced during a committed revolving period. This bank funding option will be utilized when it is more cost effective than short-term notes.

Term ABS

ABS are notes that will be backed by the Trust's Investment Asset and issued under the MTI. The specific terms and conditions of each series, class or tranche of notes will be set forth in a supplemental indenture and, if applicable, a terms document authorizing that series, class or tranche.

To minimize financing costs, term ABS bullet bonds will be used rather than amortizing bonds, which require an additional premium by investors. The current intent is to issue term ABS notes in the 15 to 25 year term to fill out the yield curve based on the Fair Allocation Amount and investor demand.

Subordinated Debt

Concurrent with every issuance of senior debt by the Trust, it is expected that OPG will acquire subordinated debt in an amount not to exceed 49 percent of all outstanding debt of the Trust at any time. The subordination of OPG's debt investment plays an important credit enhancement role, which is expected to minimize the cost of senior debt tranches in the external market by garnering a higher rating through some differentiation. The subordinated debt will assume substantially all of the liquidity and deferral risk for the structure. Accordingly, the cash flow payment waterfall in Figure 5 reflects this subordination structure.

The credit rating for the subordinated debt will be dependent on the rating agency assessment and evaluation of the stress credit scenarios. It is expected that there will be a minimum of one rating category differential between each debt tranche.

The interest rate applicable to subordinated debt is expected to be the aggregate of:

- The applicable base rate, which is the relevant senior debt rate, plus
- The applicable spread, which represents the additional interest, in basis points, over the base rate that will apply to the relevant subordinated debt. This rate will be established by OPG through an annual survey of market spreads from a syndicate of banks.

The subordinated debt will maintain a minimum of one rating to allow for appropriate benchmarking/pricing. A simple average of the market spreads will determine the rate, excluding the highest and lowest rates in the survey sample. The terms of the subordinated debt will be finalized prior to the initial debt issuance.

For the short-term subordinated debt lending facility, the banking syndicate will provide OPG with short-term lending spreads for comparables on committed bank credit facilities on an annual basis (i.e. ratings based on a pricing grid). A simple average of the market spreads will determine the rate, excluding the highest and lowest rates in the survey sample.

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The process will be consistent with the Subordinated Debt Pricing Protocol Agreement between the Trust and the Ontario Financing Authority.

7. Currency and Interest Rate Hedging Programs

As the FHP Program develops over time, the Trust will consider interest rate and currency swaps and other hedging instruments, as required. Refer to the Section C, *Risk Mitigation Strategies* for further details on hedging and other instruments that could be used by the Trust.

8. Fair Hydro Trust Costs and Expenditures

The costs and expenditures incurred by OPG as FSM on behalf of the Trust will be in accordance with sections 10.2 (3) and 10.13 (3) of the General Regulation as amended in November 2017.

Specifically, the costs and expenditures incurred by the FSM include, but are not limited to, the following:

1. Underwriters or selling agents for Funding Obligations.
2. Banking fees, including but not limited to structuring fees or work fees.
3. Fees of issuing and paying agents for Funding Obligations.
4. Fees of trustees.
5. Fees incurred in the preparation of financial statements, financial reports, compliance certificates and tax returns.
6. Fees of legal counsel.
7. Rating agency fees.
8. Filing or registration fees.
9. Direct costs of OPG for employees whose work consists exclusively of the provision of services to the Trust in relation to prescribed matters.
10. Costs and expenditures incurred on behalf of any financing entity in connection with OPG's duties under the Act in relation to the financing entity.
11. Costs and expenditures incurred in relation to a management agreement between OPG as FSM and any financing entity, where the agreement provides for the reimbursement of the costs and expenditures.

The costs and expenditures incurred directly by the Trust, as well as the fees of the FSM and the costs and expenditures incurred by the FSM on behalf of the Trust, are Finance Amounts that can be recovered by the Trust (as carrying costs) from the IESO until July 2021 and thereafter through Clean Energy Adjustments charged to specified consumers.

9. Interest Rates

As the FHP Program is expected to last until 2047, it is appropriate to assume that long-term debt rates are the primary components of the financing costs for the overall program. In estimating indicative interest rates for each tranche and debt type, the following key considerations and assumptions were utilized:

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- The base case credit rating assumptions are as follows:
  - Target of "AAA" for Tranche A – Senior Debt,
  - "A" for Tranche B – Subordinated Debt which is dependent on the senior debt credit rating, and
  - "BBB" for Tranche C – Junior Subordinated Debt
- Using the projected Province of Ontario long bond rate of 4 percent plus a 25 basis points premium to reflect the securitization structure, the estimated indicative pricing over the life of Tranche A – Senior Debt is 4.25 percent
- For comparative purposes, the current pricing using the Province of Ontario long bond rate of 3.0 percent plus the same 25 basis points premium was included to reflect the current low interest rate environment
- A higher return on the subordinated debt is required to compensate for incremental risks assuming:
  - Rating agencies attribute a lower rating to the subordinated debt relative to the senior debt due to the lower priority in the cash flow waterfall (refer to Figure 5 in Section C, *Application of Recovery Amounts to Funding Obligations*)
  - Senior debt's rating needs to be credit enhanced to address collection and liquidity risks

To achieve cost efficiencies, the Trust was established with a tiered debt structure to achieve a higher credit rating for the senior debt and to maximize market capacity by accessing the AAA market to achieve cheaper financing costs overall. The following table summarizes the indicative pricing range by debt tranche:

Table 3: Indicative Pricing by Debt Tranche

Tranche and Debt Type	Risk Profile	Source	% of Total Funding Requirement	Rating Category Estimate	Current Pricing	Potential Rating Range	Price Based on Rating Range
Tranche A Senior Debt	Lowest Risk	Capital Market	51%	AAA	3.25%	AAA – AA	3.25% – 3.75%
Tranche B Subordinated Debt	Medium Risk	OPG via Province	39%	A	4.5%	AA – A	4.0% – 4.5%
Tranche C Junior Subordinated Debt	Highest Risk	OPG via Province	5%	BBB	5.5%	A – BBB	5.0% – 5.75%
		OPG via Capital Markets	5%				
Weighted Average					**4.0%**		**3.75% – 4.5%**

The credit range for each debt tranche will be determined by the overall credit strength of the financing structure and its resilience under various credit stress scenarios. The rating agencies' assessment of the guarantee to bondholders provided by the Change of Law Protection Agreement, discussed under the heading *Indemnifications*, is one of the major factors that will

influence the final ratings of each debt tranche. In addition, in assessing credit stress, the following factors, among others, will be considered: (i) declining energy usage throughout the securitization period, (ii) forecast collections in peak months not materializing, and (iii) declining consumption equal to the largest absolute annual forecast error. The market capacity for securitization notes is predominantly available for AAA-rated notes, limited for AA-rated notes, and not tested or developed for A-rated or lower. The pricing estimates provided in Table 3 reflect these credit and liquidity factors. Debt pricing will be finalized at the time of the initial issuance.

10. Financing Reserve and Capital Accounts [MONITOR]

Section 5(1) of the General Regulation stipulates that the Finance Amount shall include any amounts the Trust deposits into capital or finance reserve accounts as required under the governing documents of the Funding Obligations (i.e. the MTI). The accounts also act as a credit enhancement feature in support of the Trust borrowings. Any unused balance in the segregated trust accounts at the end of the term will be credited to specified consumers. Refer to Figure 5 in Section C, *Application of Recovery Amounts to Funding Obligations*, for the priority order of deposits into the reserve accounts.

The MTI between the Trust and the Indenture Trustee specifies the establishment and maintenance of the following key reserve accounts:

<u>Finance Reserve Accounts</u>

Program Cash Reserve Account

The Trust shall establish and maintain a Program Cash Reserve Account, a deposit account in the name of the Indenture Trustee with an eligible institution. This finance reserve account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the specified creditors. Available collections not required to be paid to specified creditors at such time will be credited to a capital reserve account in accordance with the terms of any applicable Funding Obligation agreement. The Funding Obligation agreement for a series, class or tranche of Funding Obligations will specify whether such series, class or tranche has the benefit of a capital reserve account.

Series Finance Reserve Account

From time to time, the Trust may establish a Series Finance Reserve Account, a deposit account in the name of the Indenture Trustee with an eligible institution. This finance reserve account may be established for the purpose of allowing the Trust to reserve funds to pay finance charges (including, without limitation, interest and payments under derivative agreements) for a series of issuer Funding Obligations. Payments of available collections shall be credited to this account, to the extent that there is a requirement for such funds, in accordance with the terms of the applicable Funding Obligation agreement and the MTI. Each Series Finance Reserve Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the applicable specified creditors.

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Capital Reserve Account

Series Capital Reserve Account

From time to time, the Trust may establish a Series Capital Reserve Account, a deposit account in the name of the Indenture Trustee with an eligible institution. This capital reserve account may be established for the sole purpose of allowing the Trust to accumulate funds to be used to make repayments in respect of Funding Obligations. Details of any period of accumulation and the amounts to be accumulated shall be specified in the related Funding Obligation agreement. Payments of available collections shall be credited to this account, to the extent that there is a requirement for such funds, in accordance with the terms of the applicable Funding Obligation agreement and the MTI. Each Series Capital Reserve Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the applicable specified creditors.

11. Indemnifications

The following forms of indemnities are expected to be issued for the FHP Program:

Change of Law Protection Agreement **[MONITOR]**

The Change of Law Protection Agreement provides bondholders a conditional guarantee in the event of a protection event and acts as a credit enhancement for the Trust's senior debt. The guarantee will be triggered if:

i. the Province changes the Fair Hydro legislation/regulations or passes other legislation/regulation that materially adversely affects the ability of the Trust to service interest or principal payments on its debt, or

ii. the Act is declared invalid/unconstitutional.

Upon a protection event, the Province is required to either, at its election: (i) pay the specified claims consisting of all Finance Amounts, excluding ■ **[update],** owing by the Trust as they become due and payable, or (ii) assume the Trust's obligations as primary obligor, **[**in each case**]**, without acceleration of the specified claims.

Change of Law Process Agreement

Pursuant to the Change of Law Process Agreement, OPG as FSM is required to provide the Province with an initial forecast setting out OPG's expectations regarding the aggregate maximum amount of debt to be incurred during the initial 24-month forecast period. Once approved by the Province, the forecast amount is designated as the "Initial Protection Agreement Maximum". This amount, combined with such future amounts approved by the Province, will be the Protection Agreement Maximum.

Table 4 provides the expected debt issuance amounts for the next 24-month period as consistent with the Financing Plan and submitted to the Province pursuant to the agreement.

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Table 4: Initial Protection Agreement Maximum

Forecast Period Start Date	Forecast Period End Date	Expected Amount of Debt Issuance ($M)
December 1, 2017	December 31, 2017	$1,200
January 1, 2018	December 31, 2018	$2,570
January 1, 2019	November 30, 2019	$2,553
Initial Protection Agreement Maximum:		**$6,323**

Issuer Trustee **[MONITOR]**

Each of the Issuer Trustee and its related parties will be indemnified out of the trust property from and against all liabilities, obligations, losses, damages, penalties, taxes, claims, actions, investigations, proceedings, costs, expenses or disbursements of any kind arising out of, among other things, the declaration of trust or any other program agreement, the administration of the Trust's assets or the action or inaction of the Issuer Trustee's agents, except for its own fraud, willful misconduct, bad faith or negligence.

Limited Recourse **[MONITOR]**

The obligation of the Trust to pay principal and interest on the Funding Obligations is subject to the allocation and payment provisions in the MTI and the applicable Funding Obligation agreement and limited to amounts available from the collateral. Neither the Indenture Trustee, OPG nor the Issuer Trustee in its individual capacity will be personally liable for the payment of the principal or interest on the notes or any other Funding Obligation, or for the Trust's covenants and agreements contained in the MTI.

12. Financial Services Manager's Fees

All fees charged by OPG to the Trust will be in accordance with the provisions of the General Regulation.

Subject to OEB approval, OPG is entitled to the following:

- For 2017, OPG will receive $3.1 million and an amount to cover up-front costs incurred between June 1 and December 31, 2017 by OPG on behalf of the Trust (e.g. legal fees, rating agency fees, trustee fees). The $3.1 million includes a $600,000 fee and $2.5 million to cover costs incurred prior to June 1, 2017. The expenses between June 1 and December 31, 2017 will also include direct costs of OPG employees who are dedicated exclusively to Fair Hydro matters.
- For January 2018 to March 2019, OPG will receive a general fee consisting of (i) a monthly base fee equal to 7.5 basis points, divided by 12, multiplied by the average outstanding debt of the Trust, calculated on a monthly basis, (ii) a variable fee that is calculated based on how the interest rate for external funding tranches for that period compare to forecast interest rates for the period (and which fee is limited to ± 2% of 5%

of the total external funding tranches issued in the period), and (iii) third-party expenses and direct employee costs of dedicated Fair Hydro employees.

- For April 2019 to March 2020, and every 12-month period thereafter, OPG will make submissions to the OEB on the base fee, variable fee and expenses. The base fee will be based on comparable fees charged by full-service managers of securitization vehicles (and other similar funds). The variable fee will be calculated in the same manner noted above, but with a refresh of forecast interest rates for the relevant period. For 2019 onward, the expenses will include direct employee costs of dedicated Fair Hydro employees only if the fees of comparable managers also include such direct costs.

A written confirmation from OPG's external auditor or another external auditor is required to accompany each submission to the OEB for the recovery of expenditures incurred by OPG on behalf of the Trust. The report shall confirm the accuracy of the costs and expenditures charged to the Trust, that such amounts were incurred by OPG, and the amounts were paid to third parties (with the exception of direct employee costs).

C. Other Considerations

1. Market

The FHP Program's financing platform was developed to allow for access to both the Canadian and US markets in order to have the best pricing and flexibility options. To the extent that the Canadian market has sufficient capacity and provides cost efficiency, priority will be given to the domestic market. However, there is no precedence in the Canadian market for term ABS notes longer than 10 years, nor the size of funding required by the FHP Program. Due to this, the ability to access the US market provides the program additional financing capacity in the event that the Canadian market cannot support the financing requirement. The FSM will make its decision on which market to access on a deal-by-deal basis.

For the initial debt issuance in 2017, it is anticipated that a term ABS funding will be sourced from the Canadian market as it is expected to be more cost efficient given current market conditions.

2. Application of Recovery Amounts to Funding Obligations [MONITOR]

Section 7.04(e) of the MTI outlines the payment priorities for the Trust's receipt of cash flows. Figure 5 below summarizes the significant components of the waterfall.

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Figure 5: Waterfall for Fair Hydro Trust Cash Collection

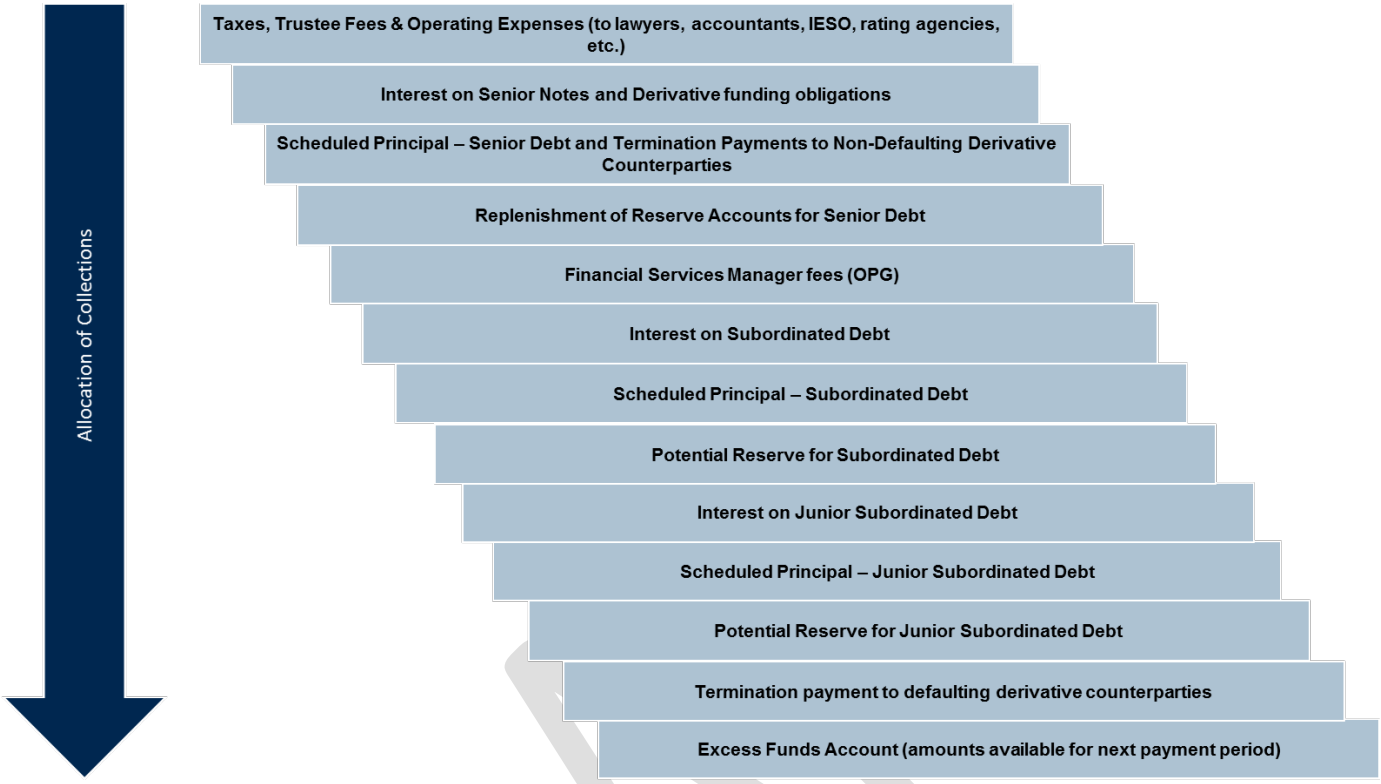

Payment Priorities

On each payment date, all amounts on deposit in the collection account will be paid out in the following order of priority:

1. to pay (A) all taxes exigible for which a governmental authority is given priority over the specified creditors under the laws of the applicable jurisdiction, and then (B) fees, expenses and reimbursements owing to the Issuer Trustee and the Indenture Trustee up to a maximum aggregate amount of **[**■ percent**]** of the outstanding principal amount of all Funding Obligations at such time;
2. to pay (A) interest, fees and other amounts owing in respect of senior debt and (B) amounts payable to derivative counterparties other than termination payments;
3. to pay (A) principal owing in respect of senior debt to the extent required to satisfy any payment of principal; and (B) termination payments owing to derivative counterparties where the derivative counterparty is not the defaulting party or the sole affected party;
4. to deposit or transfer to any reserve account in respect of senior debt, the amount required pursuant to the applicable Funding Obligation agreement;
5. to pay fees, expenses, reimbursement and indemnity amounts owing to OPG;
6. to pay interest, fees and other amounts owing in respect of subordinated debt;
7. to pay principal owing in respect of subordinated debt to the extent required to satisfy any payment of principal;

8. to deposit or transfer to any reserve account related solely to subordinated debt the amount required pursuant to the applicable Funding Obligation agreement;
9. to pay interest, fees and other amounts owing in respect of junior subordinated debt;
10. to pay principal owing in respect of junior subordinated debt to the extent required to satisfy any payment of principal;
11. to deposit or transfer to any reserve account related solely to junior subordinated debt the amount required pursuant to the applicable Funding Obligation agreement;
12. to pay termination payments owing to derivative counterparties where the derivative counterparty is the defaulting party or the sole affected party; and
13. to be held in the collection account for distribution in the above order of priority on the next payment date; or (ii) after all Funding Obligations have been paid and discharged, and all other amounts have been paid in full, to pay to the Trust.

3. Risk Mitigation Strategies

Currency Risk

If the Canadian market cannot support the financing capacity of the FHP Program in the future and/or it is less cost efficient than the US market at the time of each subsequent debt issuance, the Trust will access the US market for long-term financing.

Under this scenario, hedges will be considered to mitigate currency exposure. For the initial debt issuance in 2017, it is anticipated that funding will be sourced from the Canadian market only as it is expected to be more cost efficient and there is sufficient market capacity.

Interest Rate and Refinancing Risk

The FHP Program is expected to span over a 30-year period until 2047 with various series of notes expected to be issued at various maturity dates. Given the long-term timeline of the program, it is subject to interest rate and refinancing risk.

Interest rate hedges, including bond forwards and/or forward start interest rate swaps, will be considered in the future to mitigate potential interest rate risk and/or refinancing risk in a cost-efficient manner.

Legal and Political Risk

Given the long-term nature of the FHP Program and the potential for changes in provincial policy, the lenders requires that changes to any legislation (including the Act and its attendant regulations) that would **[**materially**]** and adversely affect the ability of the Trust to service interest or principal payments on its debt would be addressed by the Province.

As discussed in Section B, *11. Indemnifications*, the Change of Law Protection Agreement provides bondholders a conditional guarantee that the Province will cover the debt obligations of the Trust if the guarantee is triggered.

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4. Tax Minimization Strategies

Beneficiary – FHP2017 Inc.

The majority unitholder and beneficiary of the Trust is exempt from federal tax under section 149 of the *Income Tax Act, Canada* and from Ontario tax under section 27 of the *Ontario Taxation Act, 2007*.

The beneficiary is subject to payments in lieu of federal and provincial income taxes (**PILs**). In order to minimize the tax associated with the Fair Hydro Plan, an exemption from PILs payable on income from the Trust has been requested for the beneficiary. This will result in a reduction in the income tax costs related to the Financing Plan.

Fair Hydro Trust

Trust income will be fully distributed to unitholders to ensure that there is no tax payable by the Trust.

D. Execution Plan for First Investment Asset Purchase

The regulatory asset balance available to be purchased from the IESO is expected to be approximately $1.2 billion, representing accumulated GAC deferrals up to the end of November 2017. Given there will be better market access in January 2018 compared to December 2017, the short-term warehouse facility will be utilized to fund the senior debt tranche of the funding requirement for the first transaction expected on December 18, 2017. Accordingly, the size of the short-term funding is approximately $610 million, representing 51 percent of the funding structure allocation from capital markets. OPG will purchase subordinated and junior subordinated debt issued by the Trust for approximately $590 million, representing the remaining 49 percent of the total funding requirement.

Key Activities

The following table outlines the key activities for funding the first purchase of the Investment Asset **[MONITOR]**:

Activity	2017/2018 Timeline
Term Debt Rating Agencies' Preliminary Assessment	Week of December 11, 2017
Province's Equity Contribution and Warehouse Facility Closing & Funding to Purchase Investment Asset	December 18, 2017
Term Debt Rating Agencies' Confirmation of Ratings	Week of January 8, 2018

Marketing & Roadshow	Week of January 15, 2018
Term Debt Pricing	Week of January 22, 2018
Term Debt Closing & Funding	T+5 of Pricing Date

E. Glossary of Terms

In this Financing Plan, the capitalized terms used have the following meanings from the Act:

"**Clean Energy Adjustment**" means the amount determined under section 15 and payable by specified consumers

"**Clean Energy Benefits**" means the value of the benefits determined to be derived by or accruing to specified consumers as a result of the clean energy initiative, including as a result of clean energy costs

"**Clean Energy Costs**" means the value of the costs allocated to specified consumers as a result of the clean energy initiative, including as a result of past, present and expected costs incurred in respect of,

a) the amounts to be paid or reflected by the IESO in adjustments made under section 25.33 of the Electricity Act, 1998 or any provision that is the successor to that provision, which relate to contracts or amounts for,
    (i) renewable energy generation or capacity,
    (ii) conservation and demand management,
    (iii) energy storage,
    (iv) energy efficiency,
    (v) natural gas generation and capacity, excluding contracts relating to amounts payable by the IESO under section 78.2 of the Ontario Energy Board Act, 1998 and excluding such other contracts as may be prescribed,
b) payments made or expected to be made under section 78.5 of the *Ontario Energy Board Act, 1998*, and
c) such other costs or estimated costs as may be prescribed

"**Clean Energy Initiative**" means the policies of the Government of Ontario related to,

a) eliminating coal generation and fostering the growth of and investment in clean, modern and reliable energy sources and technologies,
b) removing barriers to and promoting opportunities for clean and renewable energy sources and technologies,
c) promoting conservation, demand management and energy efficiency, and
d) investing in energy infrastructure to ensure a clean, modern and reliable system

"**Fair Allocation Amount**" means an amount calculated under section 20 of the Act

"**Finance Amount**" means the finance amount determined in accordance with the regulations

"**Funding Obligation**" means a payment obligation incurred by or on behalf of an investment interest owner to fund its ownership of an investment interest or a payment obligation that meets such other criteria as may be prescribed

"**Investment Asset**" means the rights and interests described in section 29 of the Act

"**Investment Interest**" means,

a) an ownership interest in the investment asset, and
b) in circumstances where the ownership interest is transferred, the rights and benefits specified in the agreement under which the interest is transferred

"**Reference Period**" means,

a) the period beginning on July 1, 2017 and ending on October 31, 2017, and
b) during the period beginning on November 1, 2017 and ending on either April 30, 2047 or such later day as may be prescribed,
   (i) every six-month period following the period mentioned in clause (a), or
   (ii) any period shorter than six months, as may be prescribed

DRAFT

From: LEE John -TREASURY
To: Mike Manning
Subject: FW: EXTERNAL – FW: Fair Hydro - Protection Agreement
Date: Friday, December 08, 2017 12:07:19 PM

From: Milligan, Peter [mailto:PMilligan@osler.com]
Sent: Friday, December 08, 2017 11:18 AM
To: Feldman, Michael ; Ramchandani, Rima ; Sebastiano, Rocco ; Mansoori, Nina
Cc: 'Persaud, Donnie - Debt Capital Markets' ; LEE John -TREASURY
Subject: EXTERNAL – FW: Fair Hydro - Protection Agreement
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FYI. Intention of the Province is to deliver are further revised draft later this afternoon.
Peter

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: Friday, December 08, 2017 11:03 AM
To: Milligan, Peter <PMilligan@osler.com>
Cc: Hanslep, Malle (MOF) (Malle.Hanslep@ontario.ca) <Malle.Hanslep@ontario.ca>
Subject: RE: Fair Hydro - Protection Agreement
Hi Peter. I am just working through it now. We have a call scheduled with the Province at 1ET, so hopefully around 3 to get you a revised version. Steve
Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

Blake, Cassels & Graydon LLP
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Blake, Cassels & Graydon LLP | Barristers & Solicitors | Patent & Trade-mark Agents
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From: Milligan, Peter [mailto:PMilligan@osler.com]
Sent: Friday, December 08, 2017 11:00 AM
To: ASHBOURNE, STEPHEN
Cc: Feldman, Michael; Sebastiano, Rocco; Ramchandani, Rima; Mansoori, Nina
Subject: Fair Hydro - Protection Agreement

Stephen,
Do you have a sense of when you will be able to respond to the comment draft we provided yesterday? The dealers and OPG want to settle this agreement as soon as possible. We are available to discuss anytime at your convenience. Let us know.
Thanks,
Peter

OSLER

Peter Milligan
416.862.6634 DIRECT
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****

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From:	LEE John -TREASURY
To:	Tim Christie (ENERGY)
Cc:	WONG Leslie -LAWDIV; LADAK Lubna -TREASURY; Mike Manning; LAURETA LAPIRA May -TREASURY; RYFA Ken -TREASURY; LIU Sheen -TREASURY; PRESTON Stuart -TREASURY
Subject:	FW: EXTERNAL – Fair Hydro -- Draft Offering Memorandum
Date:	Wednesday, November 22, 2017 9:38:31 AM
Attachments:	_Fair Hydro Trust - Preliminary Confidential Offering Memorandum.docx

Tim:

As requested, attached is the current draft of the OM. Please note that there have been a number of recent changes which will be reflected in the next turn of the document.

John

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

This confidential shelf offering memorandum constitutes an offering of these securities only in those jurisdictions and to those persons where and to whom they may be lawfully offered for sale. This confidential shelf offering memorandum is not, and in no circumstances is to be construed as, a prospectus or advertisement or public offering of these securities. ***No securities commission or similar authority in Canada or in any other jurisdiction has reviewed this material or in any way passed upon the merits of the securities offered hereunder and any representation to the contrary is an offence.*** *Persons who acquire securities pursuant to this confidential shelf offering memorandum will not have the benefit of the review of this material by any securities commission or similar authority. The information contained in this confidential shelf offering memorandum has been furnished or supplied by the Issuer based on the most accurate information available as at the date hereof and there is no representation or warranty by the Agents as to the accuracy or completeness of such information. These securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**") or any state securities laws and may not be offered or sold within the United States or to, or for the account of, U.S. persons (within the meaning of Regulation S under the U.S. Securities Act) unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available. See "Plan of Distribution". This confidential shelf offering memorandum is confidential and contains certain information not publicly disclosed. No one is authorized to make any representation or give any warranty on behalf of the Issuer other than those representations and warranties made or referred to in this confidential shelf offering memorandum.*

The information contained in this confidential shelf offering memorandum and delivered in connection with the private placement of the Notes by the Issuer is confidential, is for the confidential use of only those persons to whom it is delivered in connection with the offering solely for the purpose of considering the purchase of the Notes and its use for any other purpose is prohibited. By accepting this confidential shelf offering memorandum, each prospective purchaser agrees that it will not transmit, reproduce or make available to anyone, other than their respective advisors (so long as they advise such advisors of the confidential nature of such document), this confidential shelf offering memorandum (including any Term Sheets) or any information contained herein, and will not use such information (or permit its advisors to use such information) for any purpose other than to evaluate an investment in the Notes pursuant to an Offering.

CONFIDENTIAL SHELF OFFERING MEMORANDUM

New Issue By Way of Private Placement ■, 2017

FAIR HYDRO TRUST
Senior Secured Notes

Fair Hydro Trust (the "**Issuer**"), a special purpose trust established under the laws of the Province of Ontario by Computershare Trust Company of Canada, acting as trustee of the Issuer, has created a program providing for the offering and issuance of senior secured notes (the "**Notes**"), in one or several offerings. The Issuer was established in connection with the *Ontario Fair Hydro Plan Act, 2017* (the "**FHPA**"), legislation that reallocates certain electricity infrastructure costs over time and provides immediate rate relief to Specified Consumers (a category of consumers that generally is comprised of residential consumers, small businesses and farms). Under the FHPA, Ontario Power Generation Inc. ("**OPG**") is appointed as Financial Services Manager and is given the authority to, among other things, establish, or cause to be established, and manage one or more Financing Entities to raise debt financing (referred to as "**Funding Obligations**") for the purposes of the FHPA. The Issuer is a Financing Entity under the FHPA and the Notes are Funding Obligations being offered for the purposes of the FHPA.

The Notes do not constitute a debt, liability or other obligation of, or interest in, OPG or any of its other affiliates (other than the Issuer). The Notes are not a debt or general obligation of the Province of Ontario or any of its political subdivisions, agencies or instrumentalities. The Notes will not be insured or guaranteed by the Province of Ontario, OPG or any of their respective affiliates or any other person or entity. The Notes will be nonrecourse obligations, secured only by the collateral described in this confidential shelf offering memorandum. See *"Risk Factors"*.

The specific terms of any offering of Notes, including, without limitation, the aggregate principal amount of Notes being offered, the currency of the Notes, the issue price (at par, at a discount or at a premium), the issue, delivery and maturity dates, any redemption or repayment provisions, the interest (either fixed or floating and the circumstances, if any, under which the rate may be adjusted), the interest rate basis and interest payment dates, will be established by the Issuer and set forth in a term sheet (a "**Term Sheet**") that will accompany, be incorporated by reference in and form an integral part of this confidential shelf offering memorandum. Unless otherwise specified in a Term Sheet, the Notes will not be listed on any securities exchange.

The offering of Notes from time to time (each, an "**Offering**") will be made pursuant to exemptions from the prospectus requirements of applicable securities laws in each of the provinces [and territories] ***[NTD: Dealers to advise if Notes may be offered in the territories.]*** of Canada only to "accredited investors" (as such term is defined in National Instrument 45-106 – *Prospectus Exemptions* ("**NI 45-106**") and, in the case of a purchaser resident in Ontario, section 73.3(1) of the *Securities Act* (Ontario)) that are purchasing the Notes as principal and that are not individuals unless those individuals are also "permitted clients" (as such term is defined in National Instrument 31-103 – *Registration Requirements, Exemptions and Ongoing Registrant Obligations* ("**NI 31-103**")). Purchasers of Notes will be obliged to establish their qualification to invest in accordance with the requirements of the securities laws of the

jurisdiction in which they reside. See *"Representations and Agreements of Purchasers"*. As each Offering will be made pursuant to exemptions from prospectus requirements of applicable securities laws, there will be restrictions on the resale of the Notes. See *"Risk Factors"* and *"Restrictions on Resale"*.

The Notes may be sold by the Issuer directly pursuant to applicable statutory exemptions or through agents designated by the Issuer from time to time (the "**Agents**"). See *"Plan of Distribution"*. Each Term Sheet will identify the Agents engaged in connection with the applicable Offering of Notes and will also set forth the terms of such Offering of Notes, including the net proceeds to the Issuer and, to the extent applicable, any fees payable to the Agents.

Subscriptions for the Notes will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. The Notes will be delivered and recorded in book-entry form through CDS Clearing and Depository Services Inc. ("**CDS**") or another depository selected by the Issuer in accordance with the master trust indenture governing the Notes. The Notes will be represented by fully registered book-entry notes held by, or on behalf of, such depository, or a successor thereof, as the custodian of the book-entry notes, in its name or the name of its nominee.

The Notes will be issued under and will be entitled to the benefits of a master trust indenture dated the date of the closing of the first Offering between the Issuer, as issuer, and BNY Trust Company of Canada, as indenture trustee, as supplemented by supplemental indentures thereto.

In making an investment decision, prospective investors acknowledge that they have not relied on the Agents or any person affiliated with the Agents for investment or other advice and are relying on their own examination of the terms of an Offering, including the merits and risks involved and creditworthiness of the Issuer. Prospective investors are not to construe the contents of this document as legal, tax, accounting or investment advice. Prior to investing in the Notes, prospective investors should consult with their legal, tax, accounting and investment advisors to determine the consequences of an investment in the Notes. See *"Risk Factors"* for a discussion of certain factors that should be considered by prospective purchasers of Notes.

The Issuer is not a "reporting issuer" (as such term is defined under applicable Canadian securities laws) in any jurisdiction. The Issuer will only distribute the Notes in Canada under exemptions from the prospectus requirements of the securities laws of the provinces [and territories] where they are sold. The Notes may only be traded in Canada under exemptions from the prospectus requirements of the securities laws of the provinces [and territories] in which they are traded. See "Restrictions on Resale".

There is currently no secondary market for the Notes. There can be no assurance that a secondary market will develop or, if a secondary market does develop, that it will provide holders of Notes with liquidity for their investment or that it will continue for the term of the applicable Notes. Accordingly, purchasers of the Notes may be required to bear the financial risk of investing in such Notes until the maturity date of such Notes.

No person is authorized to give any information or make any representation other than those contained in this confidential shelf offering memorandum in connection with an Offering and any decision to purchase Notes should be based solely on the information contained herein. The Term Sheet applicable to such Offering and the investor presentation (the "**Investor Presentation**"), attached hereto as Exhibit [1], is included in, and forms an integral part of, this confidential shelf offering memorandum. The information contained in the Investor Presentation is current only as of the date thereof. The Investor Presentation may be updated and replaced by the Issuer in connection with an Offering and such updated Investor Presentation will be attached as Exhibit [1], and will be included in, and form an integral part of, this confidential shelf offering memorandum delivered in respect of such Offering.

This confidential shelf offering memorandum, including the Investor Presentation attached hereto, and any Term Sheets, are provided on a confidential basis to prospective investors for informational use solely in connection with their consideration of the purchase of Notes. Use for any other purpose is not authorized. Each Offering will be made solely on the basis of the information contained herein or incorporated by reference which has been furnished by the Issuer. No Agent makes any representation or warranty, express or implied, as to the accuracy, adequacy or completeness of such information. Furthermore, no Agent has independently verified the information in this confidential shelf offering memorandum and has no responsibility for the accuracy, adequacy or completeness of any such information.

This confidential shelf offering memorandum does not contain all of the information that would normally appear in a prospectus qualified under applicable Canadian securities laws. Neither the delivery of this confidential shelf offering memorandum, at any time, nor any sales made pursuant hereto, will imply that the information contained herein is correct as of any time subsequent to the date set forth on the face page hereof and the Issuer and the Agents will not update such information except as may be required by applicable law.

All figures in this confidential shelf offering memorandum are in Canadian dollars unless otherwise noted.

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CAUTION REGARDING FORWARD-LOOKING INFORMATION

Some of the statements contained in this confidential shelf offering memorandum, including those relating to the Issuer's expectations, forecasts, strategic and other statements, are forward-looking information within the meaning of securities laws. Forward-looking information is contained [in the summary and the sections titled "■", "■", "■"]and "Risk Factors" of this confidential shelf offering memorandum. The forward-looking statements contained in this confidential shelf offering memorandum are presented for the purposes of assisting potential purchasers in making an investment decision regarding the Notes and may not be appropriate for other circumstances.

Often, but not always, forward-looking information can be identified by the use of forward-looking terminology such as "may", "will", "expect", "believe", "estimate", "plan", "could", "should", "would", "outlook", "forecast", "anticipate", "foresee", "continue" or the negative of these terms or variations of them or similar terminology. Forward-looking information is based on the reasonable assumptions, estimates, analysis and opinions of management of the Issuer made in light of its experience and perception of trends, current conditions and expected developments, as well as other factors that the Issuer believes to be relevant and reasonable at the date that such statements are made. A variety of factors, many of which are beyond the Issuer's control, may cause actual results to differ materially from the expectations expressed in the forward-looking statements. These factors include, but are not limited to, the following risks: ■. Please also see *"Risk Factors"*. ***[NTD: Update once risk factors are settled.]***

The Issuer does not intend, or assume any obligation, to update any forward-looking information except as may be required by applicable law.

[CONFIDENTIALITY

PRIOR TO RECEIVING THIS CONFIDENTIAL SHELF OFFERING MEMORANDUM, EACH PROSPECTIVE PURCHASER MUST HAVE ENTERED INTO A CONFIDENTIALITY UNDERTAKING WITH THE ISSUER (IN A FORM ACCEPTABLE TO THE ISSUER) WHICH PROVIDES THAT BY ACCEPTING A COPY OF THIS CONFIDENTIAL SHELF OFFERING MEMORANDUM, EACH PROSPECTIVE PURCHASER AGREES THAT ALL INFORMATION CONTAINED HEREIN, ALL DOCUMENTS DELIVERED IN CONNECTION HEREWITH AND ALL OTHER INFORMATION OBTAINED BY PROSPECTIVE PURCHASERS IN RELATION TO THE ISSUER (COLLECTIVELY, THE "**CONFIDENTIAL INFORMATION**") IS CONFIDENTIAL, THAT NONE OF THE CONFIDENTIAL INFORMATION WILL BE COPIED, TRANSCRIBED, RECORDED OR TRANSMITTED BY THE RECIPIENT FOR ANY REASON OR USED FOR ANY PURPOSE OTHER THAN EVALUATING AN INVESTMENT IN THE NOTES, AND THAT THE RECIPIENT WILL HOLD ALL OF THE CONFIDENTIAL INFORMATION IN CONFIDENCE AND WILL NOT PROVIDE ANY OF IT TO ANY THIRD PARTIES OTHER THAN PERSONS RETAINED TO ADVISE THE RECIPIENT WITH RESPECT TO THE PURCHASE OF THE NOTES (SO LONG AS THEY ADVISE SUCH PERSONS OF THE CONFIDENTIAL NATURE OF SUCH CONFIDENTIAL INFORMATION), WITHOUT THE PRIOR WRITTEN CONSENT OF THE ISSUER.] ***[NTD: Dealers to confirm how the OM will be delivered to prospective purchasers, i.e. will electronic distribution be subject to prospective purchasers clicking on a confidentiality undertaking before being given access?]***

DOCUMENTS INCORPORATED BY REFERENCE

A Term Sheet containing the specific variable terms in respect of an Offering will be delivered to prospective purchasers of Notes together with this confidential shelf offering memorandum and will be deemed to be incorporated into this confidential shelf offering memorandum as of the date of such Term Sheet, solely for the purposes of the Notes issued under such Term Sheet.

[MARKET AND INDUSTRY DATA

Certain of the information contained herein concerning the electricity industry in Ontario is based upon or derived from information provided by [third party consultants and] other industry sources. Neither the Issuer nor the Agents guarantee the accuracy of such information or has independently verified the assumptions upon which projections of future trends and performance are based. This information and data is subject to change and cannot

always be verified with complete certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in any statistical survey of market or industry data. As a result, prospective purchasers should be aware that the information and data set forth herein, and estimates and beliefs based on such information and data, may not be reliable.] ***[NTD: Revise as appropriate once OM disclosure is substantially settled.]***

SUMMARY

This summary does not contain all the information prospective purchasers should consider before investing in the Notes. Prospective purchasers should read this entire confidential shelf offering memorandum carefully, including the section entitled "Risk Factors". Capitalized terms used and not otherwise defined in this summary have the meanings ascribed to them in the glossary starting on page [55] of this confidential shelf offering memorandum.

[NTD: Working group to consider whether it would be useful to reproduce or pull forward any charts included in the body.]

Issuer:	Fair Hydro Trust, a special purpose trust established under the laws of the Province of Ontario.
Manager:	Ontario Power Generation Inc. ("**OPG**").
Summary of the Program:	The program provides for the offering and issuance by the Issuer of Notes, in any number of series (each a "**Series**"), in one or several offerings (each, an "**Offering**"). A Term Sheet will describe particulars of the terms of each Series of Notes and will be incorporated by reference and form an integral part of this confidential shelf offering memorandum. Each Series of Notes will be issued under the master trust indenture dated the date of the closing of the first Offering (the "**Master Trust Indenture**") between the Issuer, as issuer, and BNY Trust Company of Canada, as indenture trustee (the "**Indenture Trustee**"), and a supplemental indenture dated the date of the issuance of such Series between the Issuer and the Indenture Trustee (a "**Supplemental Indenture**" and collectively with the Master Trust Indenture, the "**Indenture**") authorizing that Series.
Ontario's Fair Hydro Plan:	On June 1, 2017, the Ontario government passed the *Ontario Fair Hydro Plan Act, 2017* (the "**FHPA**"), legislation that reallocates certain electricity infrastructure costs over time and provides immediate rate relief to Specified Consumers (a category of consumers that generally is comprised of residential consumers, small businesses and farms). Under the FHPA, OPG is appointed as Financial Services Manager and is given the authority to, among other things, establish, or cause to be established, and manage one or more Financing Entities to raise debt financing (referred to as "**Funding Obligations**") for the purposes of the FHPA. The Issuer is a Financing Entity under the FHPA and the Notes are Funding Obligations being offered for the purposes of the FHPA. See *"Ontario's Fair Hydro Plan — Background"*.
Transferor and Servicer:	The Independent Electricity System Operator (the "**IESO**") is a not-for-profit corporation established under the *Electricity Act, 1998*. The IESO manages the operation and reliability of Ontario's bulk power system and administers the wholesale electricity market.
Investment Interest:	Each month, the IESO will determine the shortfall resulting from the rate reduction mandated by the FHPA and record the amount in a variance account (such amount, the "**Regulatory Asset**"). The IESO may transfer a specified portion of the Regulatory Asset to the Issuer pursuant to a master transfer and servicing agreement dated the date of the closing of the first Offering between the Issuer and the IESO (the "**Master Transfer and Servicing Agreement**"). Upon the transfer of a specified portion of the Regulatory Asset to the Issuer, the Issuer will acquire an Investment Interest in the Investment Asset, which is a

current and irrevocable property right consisting of the right to impose, invoice, collect, receive and recover the Clean Energy Adjustment from Specified Consumers in accordance with the FHPA. See *"Ontario's Fair Hydro Plan — Regulatory Asset"*, *"Ontario's Fair Hydro Plan — Investment Interest"* and *"The Transferor and Servicer"*.

Clean Energy Adjustment:

The FHPA imposes an irrevocable and non-bypassable charge referred to as the Clean Energy Adjustment that will be determined by the Financial Services Manager and will be converted by the Ontario Energy Board (the "**OEB**") into a $/kWh rate and added to the electricity invoices sent to Specified Consumers. See *"— Statutory Duties of the OEB"* below.

The Clean Energy Adjustment is an amount determined by the Financial Services Manager for each month in a Reference Period (which is generally a six-month period, subject to more frequent determinations in certain circumstances) and consists of the sum of: (i) the estimated Finance Amount in respect of the Reference Period, which includes all financing and other expenses of the Issuer for such Reference Period, and (ii) the True-up Amount for such Reference Period, all divided by the number of months in the applicable Reference Period.

The "**True-up Amount**" is comprised of any Finance Amounts not previously recovered through the Clean Energy Adjustment during preceding Reference Periods plus other anticipated shortfalls. The True-up Amount accounts for historical and reasonably foreseeable differences between amounts invoiced and amounts collected due to various factors, including applicable taxes, consumer defaults and delays, billing lags and write-offs, variations in billings due to variations in electricity consumption and amounts resulting from a default of Specified Consumers, an Electricity Vendor or the IESO, whether in its capacity as an Electricity Vendor or its activities as agent or otherwise under the FHPA. The Financial Services Manager is obligated to calculate the True-up Amount in respect of each Reference Period so long as all Funding Obligations and other Finance Amounts have not be paid in full. The Financial Services Manager may also, at any time during a Reference Period, determine an interim True-up Amount if it reasonably forecasts that the collection of the Clean Energy Adjustment will be insufficient to pay the estimated Finance Amount for such Reference Period.

Commencing May 1, 2021, the Clean Energy Adjustment will be included on invoices sent to Specified Consumers, and collected and remitted to the Issuer to pay amounts owing on the Notes and all other administrative and other financing expenses of the Issuer. From July 1, 2017 until April 30, 2021 (the "**Moratorium Period**"), no Clean Energy Adjustment amounts are permitted to be collected from Specified Consumers. During the Moratorium Period, the sole source of funds for payment on the Notes, and the Issuer's other carrying costs, will be the IESO. See *"— Financing of Carrying Costs During Moratorium Period"* below.

Acceleration of Indebtedness:

If all or any portion of the principal amount of any indebtedness of the Issuer (including one or more Series of Notes) becomes due and payable before its scheduled payment date, maturity date or redemption date,

then the estimated Finance Amount used by the Financial Services Manager to determine the Clean Energy Adjustment after such time shall be determined without regard to the fact that such amount has become immediately due and payable, unless and only to the extent that the amount of the Clean Energy Adjustment is capable of being increased based on the Fair Allocation Amount for such period. See *"— Fair Allocation Amount and Financing Plan"* below. However, upon such acceleration, the priority of payments to creditors of the Issuer will change so that all accelerated Notes will be repaid in full before any further payments are made to holders of subordinated indebtedness, including the subordinated debt held by OPG. See *"— Subordinated Debt"* below.

Statutory Duties of the OEB:

The OEB is an independent public regulatory agency established under the *Ontario Energy Board Act, 1998*. The *Ontario Energy Board Act, 1998* provides the OEB with the authority to regulate Ontario's electricity market, including the activities of transmitters and distributors.

Under the FHPA and the regulations promulgated thereunder (the "**Regulations**"), the OEB is responsible for determining the rates at which Specified Consumers are invoiced to recover the Clean Energy Adjustment. The rates are expressed in $/kWh and determined by the OEB by dividing (i) the aggregate Clean Energy Adjustment in respect of the relevant period of time as determined by the Financial Services Manager by (ii) the forecast provided by the IESO of electricity consumption of Specified Consumers in respect of such period. See *"— Statutory and Servicing Duties of the IESO"* below.

Statutory Duties of Electricity Vendors:

Electricity is distributed to almost all Specified Consumers in Ontario through a network of local distributors. These local distributors include approximately 65 ***[NTD: Figure based on IESO presentation. To be confirmed.]*** municipal electricity distributors, including a few privately owned electricity distributors and Hydro One Inc. These local distributors, together with the licensed retailers and the IESO in circumstances where it directly invoices a Specified Consumer are referred to as the "**Electricity Vendors**". [Approximately 60% of the electricity distribution to Ontario's approximate 5.1 million consumers is supplied by only three Electricity Vendors.] ***[NTD: To be confirmed.] [NTD: What percentage of these consumers are "Specified Consumers"? If this data is relatively static, include in base shelf OM. If not, consider including in Investor Presentation only.]***

The FHPA and the Regulations require Electricity Vendors to invoice Specified Consumers for the Clean Energy Adjustment commencing May 1, 2021, as determined by applying the rate set by the OEB, which is required to be included as a separate line item on each invoice sent to Specified Consumers. Electricity Vendors are also required to collect, as agent of the Issuer, amounts in respect of the Clean Energy Adjustment, deposit such amounts into a segregated account established for the purpose of receiving those amounts, hold such amounts in trust for the benefit of the Issuer until deposited with the IESO and remit such amounts to the IESO for the benefit of the Issuer. If an Electricity Vendor does not receive payment in full of an invoice issued to a Specified Consumer, the Electricity Vendor shall allocate

the payment received on a *pro rata* basis to the Clean Energy Adjustment and the other amounts payable under the particular invoice. It is a deemed condition of their license that Electricity Vendors comply with the FHPA.

As security for the obligations of Electricity Vendors under the FHPA, the IESO will, if requested by the Issuer once the Clean Energy Adjustment is being invoiced to Specified Consumers, provide the Issuer with a letter of credit in an amount equal to $■, representing approximately one month of Clean Energy Adjustment amounts to be collected by all non-investment grade-rated Electricity Vendors. Alternatively, if acceptable to the Issuer, the IESO may provide an equivalent performance guarantee instead of a letter of credit.

Non-bypassability:

The FHPA mandates that an amount in respect of the Clean Energy Adjustment shown on an invoice issued to a Specified Consumer is determinative of the amount of the consumer's indebtedness resulting from the Clean Energy Adjustment, and is irrevocable on invoicing such Specified Consumer and may not be set off or bypassed. See *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"*.

Management Duties of OPG:

OPG has entered into a management agreement (the "**Management Agreement**") with the Issuer pursuant to which the Issuer has delegated to OPG, as manager (the "**Manager**"), all of the powers and duties of managing the Issuer, including determining whether to incur Funding Obligations (including Offerings of Notes) to acquire an Investment Interest or refinance existing Funding Obligations, negotiating and entering into Program Agreements, maintaining accounts and banking records, preparing any offering documents to be furnished by the Issuer to prospective purchasers of Funding Obligations (including the Notes) and preparing financial statements and tax filings on behalf of the Issuer.

In addition to the powers and duties delegated to the Manager under the Management Agreement, OPG is also required to comply with its duties as Financial Services Manager under the FHPA, including preparing the Financing Plan to evaluate whether potential Funding Obligations should be incurred for the purposes of Financing Entities acquiring and financing an Investment Interest, determining the amount of the Clean Energy Adjustment inclusive of any True-up Amount, notifying the OEB of the Clean Energy Adjustment inclusive of any True-up Amount and ensuring that Funding Obligations are incurred in a manner consistent with the Financing Plan. OPG may also administer the Investment Interest of behalf of the Issuer and any other Financing Entities. Subject to OEB approval, OPG is also entitled to charge the Issuer a fee to earn a return and to recover costs and expenditures incurred by OPG in relation to the establishment, management and administration of the Issuer and its Investment Interest. See *"The Manager"*.

Statutory and Servicing Duties of the IESO:

The IESO is required, as agent of the Issuer, to receive Clean Energy Adjustment amounts paid to it from Electricity Vendors, deposit such amounts promptly into a segregated account established for the purpose of receiving the Clean Energy Adjustment, hold such amounts in trust on behalf of the Issuer and remit such amounts to the Issuer on a monthly basis, subject to daily remittance being required in certain

limited circumstances. In addition, the IESO provides certain reporting and other servicing duties in favour of the Issuer, including providing forecasts of electricity consumption by Specified Consumers to the OEB and the Financial Services Manager, using commercially reasonable efforts to cause Electricity Vendors to establish segregated accounts into which Clean Energy Adjustment amounts are deposited, remitting such amounts to the Issuer and fulfilling certain additional reporting requirements. Generally, all servicing duties provided by the IESO to the Issuer are provided at no cost to the Issuer. However, the Issuer will reimburse the IESO for its direct costs for the provision of any services to the Issuer that are not required to be performed by the FHPA or the Regulations and that are otherwise not recovered or recoverable by the IESO under the *Electricity Act.* ***[NTD: Subject to finalization of MTSA]*** See *"The Transferor and Servicer."*

Financing of Carrying Costs during the Moratorium Period:

During the Moratorium Period and ending on July 31, 2021, the IESO is required under the Regulations to pay and remit to the Issuer any amounts charged to the IESO by the Issuer in respect of its "carrying costs". "Carrying costs" include all funding costs (such as interest on the Notes) and other expenses of the Issuer, other than repayment of principal on any debt obligations of the Issuer (including repayment of principal on the Notes).

Pursuant to the Master Transfer and Servicing Agreement, on or before the fourth business day of each calendar month, the Issuer will submit a carrying costs statement to the IESO certifying the amount of carrying costs estimated to be incurred by the Issuer in the following month. On or before the [14th] business day [of each calendar month/following receipt of the Issuer's statement], the IESO is required to deliver the amount specified to the Issuer in the carrying costs statement. See *"The Transferor and Servicer"*. The IESO has a $2 billion unsecured credit facility provided by the Ontario Electricity Financial Corporation, expiring ■, 20■, available for the purposes of paying the Issuer's carrying costs.

As security for the performance of its obligation under the Regulations to pay the Issuer's carrying costs, the IESO has granted the Issuer a first-priority security interest in all of its accounts receivable[, which includes the global adjustment charge]. ***[NTD: To be confirmed and subject to finalization of IESO security agreement.]*** See *"The Transferor and Servicer"*.

Change of Law Protection Agreement:

[NTD: Subject to finalization of agreement.] Pursuant to the Change of Law Protection Agreement in favour of the Issuer and the Indenture Trustee, upon a Protection Event, the Province of Ontario is required to either, at its election: (i) pay the Notes as they become due and payable, or (ii) assume the Notes as primary obligor. ***[NTD: Drafted to assume we will only ever use this OM for an issuance of Notes that we know will constitute an "Approved Obligation" under the Change of Law Protection Agreement.]*** The occurrence of a Protection Event in and of itself will not result in the acceleration of the Notes. ***[NTD: Consider additional disclosure regarding assumption mechanics and consequences]***

Each of the following constitutes a "**Protection Event**":

(a) the Ontario legislature repeals, and does not replace on an equivalent basis, or amends, the FHPA, in whole or in part, as in effect on the date hereof;

(b) the Ontario legislature enacts or amends any other statute;

(c) the Lieutenant Governor in Council repeals, and does not replace on an equivalent basis, the regulations made under or in connection with, the FHPA, in whole or in part, as in effect on the date hereof;

(d) the Lieutenant Governor in Council, a minister of the Province, an official of the government or board or commission appointed by the Lieutenant Governor in Council makes or amends any regulation; or

(e) there is a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or any entity controlled by the Province,

in each case, that materially and adversely affects the ability of the Issuer to receive amounts on its Investment Interest so that it can pay the Notes in accordance with their terms or the Change of Law Protection Agreement or any of the agreements under which the Notes arise, other than if the Indenture Trustee has confirmed in writing that the effect under such agreements is otherwise acceptable, or

(f) a court determines that all or a portion of the FHPA or the Regulations, as in effect on the date hereof, is *ultra vires* or invalid in a way that materially and adversely affects the ability of the Issuer to receive amounts on its Investment Interest so that it can pay Obligations Secured (including the Notes) that has the effect of the Issuer not having sufficient funds to pay Obligations Secured (including the Notes) that have become due and payable.

[As a condition to any Offering of Notes, OPG will be required to deliver a certification to the Agents confirming that the Change of Law Protection Agreement applies in respect of the particular Series of Notes offered.]

See *"Change of Law Protection Agreement"*.

Fair Allocation Amount & Financing Plan:

The Fair Allocation Amount is an amount calculated under the FHPA and the Regulations by the Minister of Energy in respect of each Reference Period and which, among other things, allocates the estimated Clean Energy Costs in proportion to the relative attribution of Clean Energy Benefits among Specified Consumers.

The Financial Services Manager is required to prepare a Financing Plan under the FHPA to evaluate whether Funding Obligations should be incurred by the Issuer or other Financing Entities and having regard to certain principles, including that Funding Obligations should be incurred so that the estimated Finance Amount that would become due

and payable during a Reference Period will reasonably align with the Fair Allocation Amount determined in respect of such Reference Period. In other words, the Financing Plan should contemplate the issuance of Funding Obligations from time to time, with terms that would result in Clean Energy Adjustments being payable by Specified Consumers that align with the purposes of the FHPA, namely, to ensure that present and future Specified Consumers are bearing their share of the costs of providing Clean Energy Benefits. Notwithstanding the above, the FHPA provides that each Funding Obligation is deemed to be consistent with the Financing Plan and to provide for the reasonable alignment of the estimated Finance Amount with the Fair Allocation Amount.

Currently, the Clean Energy Costs have been determined to exceed the Clean Energy Benefits, with the result that the Fair Allocation Amount is negative. This means that the Minister of Energy has determined that current Specified Consumers have borne more than their fair share of Clean Energy Costs (with the consequent rate reduction for current Specified Consumers). The Fair Allocation Amount is expected to be negative until at least May 2024. Accordingly, any Notes maturing at a time when the Fair Allocation Amount is negative are expected to be refinanced through the issuance of another Series of Notes. If Notes cannot be refinanced on or before maturity, holders of such Notes will have the ability to accelerate their Notes resulting in Clean Energy Adjustments that would otherwise be used to pay holders of Subordinated Notes being used to pay holders of accelerated Notes.

[The Financing Plan accommodates the issuance of a variety of corporate debt instruments and borrowings, including term bank debt, revolving bank lines of credit, publicly issued and privately placed debt securities (such as the Notes), commercial paper, medium-term notes, interest rate and currency swaps and other hedging instruments. Based on the Fair Allocation Amounts and subject to the availability of debt financing, it is expected that the Issuer (or other Financing Entities) may incur up to approximately $■ of indebtedness annually over the next ■ years, comprised of approximately $■ of senior debt (including the Notes) and approximately $■ of subordinated debt.] ***[NTD: Consider what we will need to say about the Issuer's plans to raise additional debt, including the use of the short-term warehousing facility. Will investors expect to see a copy of the Fair Allocation Curve?]***

Subordinated Debt:

Concurrent with every issuance of senior debt by the Issuer, including any Offering of Notes, it is expected that OPG will subscribe for subordinated debt of the Issuer in an amount not to exceed 49% of all outstanding debt of the Issuer at any time. OPG expects to fund approximately 44% of the subscription price for the Issuer's subordinated debt through equity investments in OPG by the Province of Ontario, with the remaining approximately 5% being funded from OPG's available funds, including all or a portion of the proceeds of any offerings by OPG of medium term notes.

Under the Master Trust Indenture, the Issuer will be required at all times to ensure that the aggregate outstanding principal amount of all subordinated debt not be less than ■% of the aggregate outstanding principal amount of all of the Issuer's Funding Obligations. ***[NTD: Term sheet will include a pro forma cap table which will show the sub***

	debt issued on each closing. Discuss whether any additional disclosure regarding financial or other terms of sub debt are relevant to holders of senior Notes.]
Use of Proceeds:	The proceeds from each Offering may be used to (i) acquire an Investment Interest from the IESO pursuant to the Master Transfer and Servicing Agreement, (ii) refinance indebtedness of the Issuer (including other Series of Notes), (iii) pay Offering and related costs of the Issuer and (iv) fund specific reserve accounts. The Term Sheet for each Offering of Notes will identify the amount of proceeds that will be used for such specified purposes.
Interest Rate:	Fixed, floating or otherwise, as determined by the Issuer and as set out in the Term Sheet applicable to such Offering.
Interest Payment Dates:	As determined from time to time by the Issuer and as set out in the Term Sheet applicable to such Offering.
Scheduled Final Payment Dates: ***[NTD: Term to conform to MTI]***	As determined from time to time by the Issuer and as set out in the Term Sheet applicable to such Offering.
Maturities:	As determined from time to time by the Issuer and as set out in the Term Sheet applicable to such Offering.
Ranking:	The Notes will be direct, secured and unsubordinated obligations of the Issuer, and will at all times rank equally and proportionately with each other and all other senior indebtedness issued by the Issuer from time to time pursuant to the Indenture, without discrimination or preference. ***[NTD: Subject to priority ranking of warehouse facilities.]***
Redemption:	Notes may be subject to redemption prior to maturity at the times and redemption price set out in the Term Sheet applicable to such Offering.
Priority of Payments:	■. ***[NTD: To be drafted based on settled MTI.]***
Security:	■. ***[NTD: To be drafted based on settled MTI.]***
Currency:	Notes may be denominated in any currency. The currency for a particular Series of Notes will be set out in the Term Sheet applicable to such Offering.
Minimum Subscription:	Minimum principal amount of $150,000 for any purchase of Notes in denominations having an integral multiple of $1,000. The minimum subscription and denomination of the Notes may be varied as set out in the Term Sheet applicable to such Offering.
Purchase for Cancellation:	The Issuer may, at any time, purchase at any price all or any of the Notes in the market or by invitation for tenders or by private contract. Any Notes so purchased shall be cancelled.
Credit Rating:	The Term Sheet for each Offering will identify the rating of the Notes at the time of such Offering. It will be a condition of closing of each Series of Notes that final ratings as identified in the Term Sheet

applicable to such Offering will be obtained. ***[NTD: To consider whether a minimum credit rating will be assigned.]***

Distribution Method: The Notes may be offered and sold by the Issuer on a private placement basis in Canada to "accredited investors" (as such term is defined in NI 45-106 and, in the case of a purchaser resident in Ontario, section 73.3(1) of the *Securities Act* (Ontario)) who purchase the Notes as principal and that are not individuals unless those individuals are also "permitted clients" (as such term is defined in NI 31-103).

By purchasing Notes and accepting a purchase confirmation in respect thereof, a purchaser will be agreeing with and representing to the Issuer and any Agent participating in the trade that the purchaser is an accredited investor purchasing as principal along with certain other matters. See *"Representations and Agreements of Purchasers"*.

Book-Entry Form: The Notes will be delivered and recorded in book-entry form only through CDS or another depository selected by the Issuer in accordance with the Master Trust Indenture. Each Series of Notes will be evidenced by a global note held by such depository, registered in its name or the name of its nominee, on behalf of all holders of such Series of Notes. See *"Depository Services"*.

Resale Restrictions: Resale of the Notes will be subject to restrictions under applicable securities legislation which vary depending on the relevant jurisdictions. **The Notes may only be sold on a basis that is exempt from the prospectus requirements of applicable securities legislation through an appropriately registered dealer or pursuant to an exemption from the registration requirements of applicable securities legislation.** See *"Restrictions on Resale"*.

Risk Factors: The purchase of the Notes is subject to risks. Prospective investors should carefully consider the risk factors and other information in this confidential shelf offering memorandum and the Term Sheet for each Offering before purchasing Notes, including the discussion set forth under "Risk Factors", and any additional disclosure set out in the Term Sheet for each Offering.

Indenture Trustee: BNY Trust Company of Canada.

Issuer Trustee: Computershare Trust Company of Canada.

THE ELECTRICITY INDUSTRY IN ONTARIO

General Overview

The Ontario electricity industry is principally comprised of three components:

- *Generation*: the production of electricity from other forms of energy, such as wind, solar, hydropower, natural gas and nuclear;
- *Transmission*: the transfer of electricity across high-voltage power lines from generating facilities to local areas; and
- *Distribution*: the delivery of electricity within local areas to homes and businesses using lower voltage power lines.

Ontario currently has more than 36,000 megawatts ("**MW**") of electricity generating capacity built in the province and supplied by generators connected to the high-voltage transmission grid. An additional 3,200 MW of electricity generating capacity comes from smaller scale generators that are connected to distribution grids. According to the Independent Electricity System Operator ("**IESO**"), approximately 35% of Ontario's electricity capacity comes from renewable resources such as wind, solar, water and biofuel.

The structure of Ontario's electricity industry underwent significant changes in the late 1990s and early 2000s. Prior to April 1, 1999, Ontario Hydro, a Crown corporation, supplied most of Ontario's electricity generation and transmission needs. Consistent with initiatives taken in other electricity markets in North America at the time, the electricity industry was restructured in order to encourage greater competition. Ontario's competitive electricity market was opened by the IESO on May 1, 2002 and the market is used to administer the purchase and sale of wholesale electricity in Ontario. According to the IESO's 2016 Annual Report, approximately $17 billion flows through Ontario's wholesale electricity market each year. The following diagram depicts a simplified flow of funds between the key industry participants:

[NTD: Terminology in charts to be updated. Dealers to provide editable versions.]

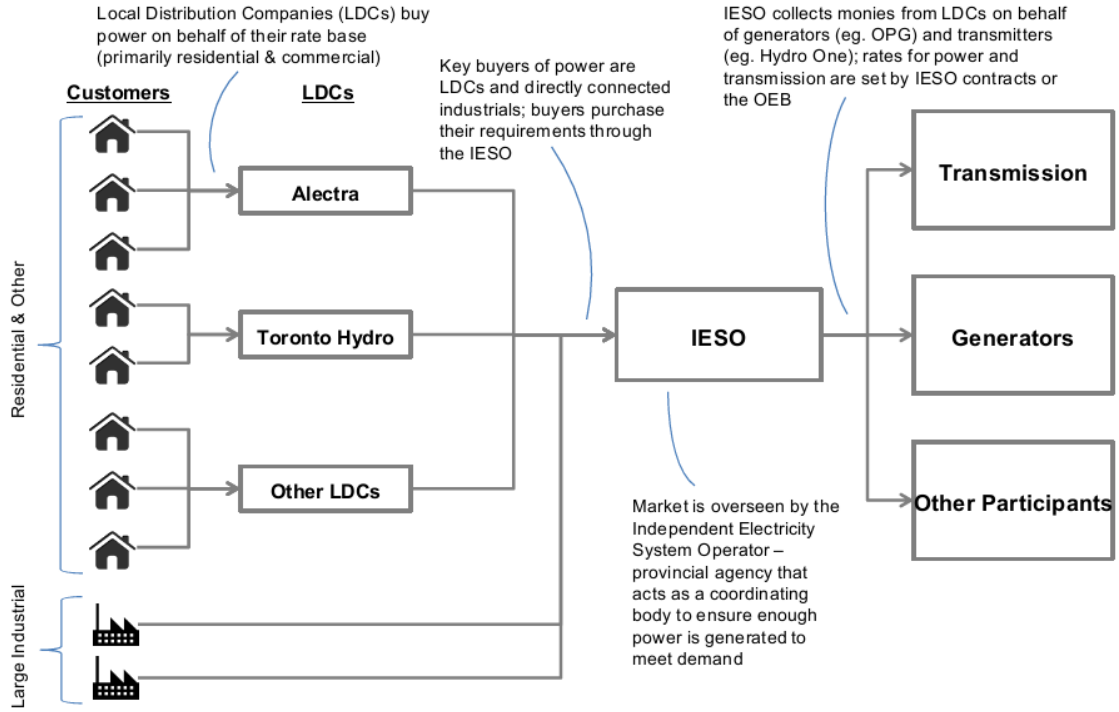

Since the opening of the competitive market, Ontario's power supply mix has experienced significant change. As a result of provincial government policy, coal-fired generation, which at its peak accounted for approximately 6,500 MW of capacity, has been eliminated. In addition, a significant amount of new capacity has been added. New natural gas powered capacity of approximately 5,000 MW as of the end of 2016 has largely replaced the peaking capacity previously provided by coal-fired generation, while the return to service of Units 1 and 2 at the Bruce A nuclear generating station in 2012 added approximately 1,500 MW of baseload nuclear generation. New wind and solar capacity of over 6,700 MW has also been added as of the end of 2016. These changes have resulted in significantly increased costs of electricity to consumers in Ontario.

[While electricity supply in Ontario has increased, the province's electricity demand as reported by the IESO has fallen[, by approximately 9 percent over the last decade,] largely due to changes in economic conditions and conservation measures. Moreover, the addition of small scale solar generation embedded in the distribution system has reduced the level of demand that is supplied by transmission-connected generation. Reducing electricity demand by encouraging conservation and demand management has been a key part of the Government of Ontario's plan to reduce greenhouse gas emissions from the province's electricity sector. Shorter-term fluctuations in electricity demand are impacted by variations in seasonal weather conditions. The IESO reported that Ontario's electricity demand was 137.0 TWh in 2016, excluding electricity exports out of the province.] ***[NTD: Consider whether to include disclosure regarding electricity supply and demand in shelf OM or only the Investor Presentation. If included, update to refer to the 2017 Long-Term Energy Plan released on October 26, 2017.]***

Real-time energy supply needs are met through the wholesale electricity market administered by the IESO. Generators offer their generation into this real-time energy market, or "spot market", to be dispatched by the IESO. The IESO receives hourly offers from electricity generators and importers to provide energy, along with bids to withdraw energy from a few flexible loads and exporters, and then schedules the lowest-cost offers and bids needed to meet demand. Virtually all generators in Ontario also have bilateral contracts with the IESO that provide for payments in addition to the market price of electricity that is paid to generators.

Key Industry Participants

Ontario Power Generation Inc.

Ontario Power Generation Inc. ("**OPG**") is a corporation formed under the *Business Corporation Act* (Ontario), whose sole shareholder is the Province of Ontario. In 1999, when Ontario Hydro was split up in anticipation of deregulation, OPG was formed to hold all of the generation assets. OPG has divested itself of certain of those assets, but remains the largest generator in Ontario. The Province is the sole shareholder of OPG.

OPG is Ontario's largest clean energy generator. As at December 31, 2016, OPG operated two nuclear generating stations, three thermal generating stations, 65 hydroelectric generating stations and one wind power turbine. OPG's mission is to provide low cost power in a safe, clean, reliable and sustainable manner for the benefit of its customers and its sole shareholder, the Province of Ontario. For the year ended December 31, 2016, OPG's electricity generation accounted for over 50 percent of the total energy generated and injected into Ontario's electricity transmission system, as reported by the IESO. OPG is one of the most experienced and largest generating companies in Canada with a broad set of relationships and capabilities. OPG is also experienced in successful complex financing arrangements of large capital projects, including the recently completed Lower Mattagami project.

Additional information about OPG is available at www.opg.com.

The IESO

The IESO is a non-share capital corporation created under the *Electricity Act, 1998* (Ontario). It was created as an amalgamation of two predecessor entities, one of which was also called the IESO ("**Predecessor IESO**") and the other of which was called the Ontario Power Authority ("**OPA**"). Predecessor IESO was responsible for operating the real-time electricity markets in Ontario, as well as administering the market rules. The OPA was the counterparty that entered into bilateral power purchase contracts with generators. These two entities were merged statutorily on January 1, 2015 into the IESO, which now carries out all of these functions. As a non-share capital corporation, the

IESO does not have any shareholders or owners, but it is governed by an independent Board of Directors whose chair and directors are appointed by the Minister of Energy.

Additional information about the IESO is available at www.ieso.ca.

The Ontario Energy Board

The Ontario Energy Board ("**OEB**") is a non-share capital corporation created under the *Ontario Energy Board Act, 1998*. The OEB is an independent and impartial public regulatory agency. The *Ontario Energy Board Act* provides the OEB with the authority to regulate Ontario's electricity market, including the activities of Electricity Vendors.

The OEB has the following objectives in relation to the electricity industry:

(a) to protect the interests of consumers with respect to prices and the adequacy, reliability and quality of electricity service;

(b) to promote the education of consumers;

(c) to promote economic efficiency and cost effectiveness in the generation, transmission, distribution, sale and demand management of electricity and to facilitate the maintenance of a financially viable electricity industry;

(d) to promote electricity conservation and demand management in a manner consistent with the policies of the Province, including having regard to the consumer's economic circumstances;

(e) to facilitate the implementation of a smart grid in Ontario; and

(f) to promote the use and generation of electricity from renewable energy sources in a manner consistent with the policies of the government of Ontario, including the timely expansion or reinforcement of transmission systems and distribution systems to accommodate the connection of renewable energy generation facilities.

The OEB is responsible for, among other things, approving transmission and distribution rates in Ontario, as well as payment amounts for OPG's nuclear and hydroelectric generation. It also approves the construction, expansion, or reinforcement of transmission lines greater than two kilometres in length, as well as mergers, acquisitions, amalgamations and divestitures involving distributors, transmitters and other entities which it licenses. The activities of transmitters and distributors are subject to the conditions of their licenses, which require compliance with a number of industry codes issued by the OEB, as well as with the market rules that are administered by the IESO. These codes and other requirements prescribe minimum standards of conduct and service for licensed participants in the electricity market.

Electricity Vendors

As part of the restructuring of Ontario's electricity industry, the province's municipally-owned electricity distributors were reorganized into separate business corporations. These distributors are typically referred to in Ontario as local distribution companies, or "**LDCs**". A number of these distributors were sold by their municipal owners, who benefitted from time-limited exemptions from the transfer tax that applies to certain transfers that they would otherwise have had to pay on the fair market value of the utility. This led initially to a significant reduction in the number of local distribution companies in Ontario. As at [October 31, 2017], approximately [65] LDCs provided electricity to approximately five million customers in Ontario. ***[NTD: To be confirmed and updated.]*** The distribution industry in Ontario is fragmented, with the 15 largest local distribution companies accounting for approximately 78% of Ontario's electricity customers. ***[NTD: To be confirmed.]*** An LDC is responsible for distributing electricity to customers in its OEB-licensed service territory, and in some cases to other distributors. A service territory may cover large portions of all of a particular municipality, or an otherwise-defined geographic area. Distribution customers include residential, commercial and industrial end-users, such as governments, schools and hospitals. At multi-unit

buildings within an LDC's service territory, there may be a unit sub-metering service provider that metering services for each individual unit. These sub-metering service providers are also licensed by the OEB.

Electricity Prices

There are two main components that make up the commodity cost of electricity in Ontario, the hourly Ontario energy price ("**HOEP**") and the global adjustment charge.

- HOEP is set by the IESO on an hourly basis based on bids and offers in the real-time energy market that is administered by the IESO.

- The global adjustment charge is also paid by loads. It is established monthly by the IESO in accordance with regulations and is used to collect funds used by the IESO to pay certain "out of market" costs that are not compensated by HOEP, including the cost of energy supply contracts with generators and payments made to certain generators, namely OPG, that are entitled to a regulated rate of return based on OEB-established payment amounts. For all loads with a peak demand under 500 kW (in other words, all Specified Consumers as defined below under "- *Ontario's Fair Hydro Plan*"), the global adjustment charge is based on electricity usage on a per unit basis.

Prior to the FHPA being passed, the amount collected by the IESO on account of HOEP and global adjustment was approximately equal to the IESO's liabilities, subject to certain periodic true-ups and adjustments to keep the IESO whole.

At the request of the Minister of Energy in 2004, the OEB created the "**Regulated Price Plan**" or "**RPP**", which establishes time-of-use and tiered prices for residential and small commercial customers. Prior to the introduction of the FHPA, the RPP prices were reviewed and changed every six months based on an updated forecast and any accumulated differences between the amounts collected from RPP consumers and the amount paid to generators in the previous period. RPP prices are now established in accordance with the FHPA. Most Specified Consumers are billed for electricity based on the Regulated Price Plan, although some Specified Consumers may be invoiced HOEP and the global adjustment charge by their LDC for electricity they have consumed. [The IESO has also stated that there is one Specified Consumer connected directly to the transmission system and settled by the IESO, not an LDC.] ***[NTD: Is this material?]***

While most residential and small commercial consumers in Ontario choose to purchase their electricity under the RPP, consumers in Ontario may instead choose to buy their electricity from a licensed retailer pursuant to a retail contract that provides a fixed rate for electricity over a specified period. These customers are also required to pay the global adjustment in addition to the rate under their retail contract.

In addition to HOEP and global adjustment charges, or RPP, as the case may be, electricity consumers pay a number of other uplifts and charges, such as transmission and distribution tariffs.

[NTD: Can we give an indication of how many of the 5.1 million consumers are "Specified Consumers" and the percentage that this group contributes to overall electricity demand and rate collection?]

[NTD: Consider disclosing the percentage of total charges that the Clean Energy Adjustment will represent.]

ONTARIO'S FAIR HYDRO PLAN

Background

On June 1, 2017, the Ontario government passed the *Ontario Fair Hydro Plan Act, 2017* (the "**FHPA**"), legislation that reallocates certain electricity infrastructure costs over time and provides immediate rate relief to consumers. From July 1, 2017 until April 30, 2018, electricity rates payable by Specified Consumers (a category of consumers that generally is comprised of residential consumers, small businesses and farms) will in effect be the rate

that would result in a representative consumer being charged an invoice amount that is 25%[1] less than the rate that would otherwise have been determined by the Ontario Energy Board ("**OEB**") for that period (the "**Fair Adjustment**").

Under the FHPA, a "**Specified Consumer**" is:

(a) a person who has an account with an Electricity Vendor for the supply of electricity in the Province of Ontario and meets any one of the following criteria:

(i) the person has a demand for electricity of 50 kilowatts or less, or such other amount as may be prescribed by the Regulations;

(ii) the person annually uses not more than 250,000 kilowatt hours of electricity, or such other amount as may be prescribed by the Regulations;

(iii) the person carries on a business that is a farming business for the purposes of the *Farm Registration and Farm Organizations Funding Act, 1993* and either holds a valid registration number assigned under that Act or has had the obligation to file a farming business registration form waived pursuant to an order made under subsection 22(6) of that Act;

(iv) the person's account with the Electricity Vendor relates to

(A) a dwelling;

(B) a property within the meaning of the *Condominium Act, 1998*;

(C) a residential complex within the meaning of subsection 2(1) of the *Residential Tenancies Act, 2006*, without regard to section 5 of that Act; or

(D) a property that includes one of more housing units and that is owned or leased by a co-operative within the meaning of the *Co-operative Corporations Act*; or

(v) the person satisfies such criteria as may be prescribed by the Regulations; or

(b) such other person as may be prescribed by the Regulations.

Electricity bills for Specified Consumers for the period between May 1, 2018 and April 30, 2019 are to increase by the rate of inflation (or remain unchanged in the event inflation is negative). Permitted increases after April 30, 2019 will be determined by the Ontario government through additional regulations, though the Ontario government has indicated that rate increases will be held to the rate of inflation until 2021.

Under the FHPA, Ontario Power Generation Inc. ("**OPG**") is appointed as "Financial Services Manager" ("**Financial Services Manager**") and given the authority to, among other things, establish, or cause to be established, and manage one or more financing entities (each, a "**Financing Entity**") to incur payment obligations to fund the acquisition of an Investment Interest (such obligations, "**Funding Obligations**"). The Issuer is a Financing Entity under the FHPA and the Notes are Funding Obligations under the FHPA.

Regulatory Asset

Under the FHPA, each month the IESO determines the shortfall that results from the Fair Adjustment as compared to what the IESO would have been entitled to receive without the Fair Adjustment and records this amount, together with the costs of financing the shortfall, in a variance account. The IESO has the right to recover the balance

[1] The 25% reduction includes an 8% rebate in the provincial portion of the HST previously granted by the Ontario government.

recorded in the variance account from Specified Consumers (such right, the "**Regulatory Asset**"). The IESO may transfer a specified portion of the Regulatory Asset to a Financing Entity for a cash purchase price equal to the amount recorded in the variance account in respect of such specified portion of the Regulatory Asset. Upon receipt by the IESO of payment by the Financing Entity, the IESO retains no further right, title or interest in the corresponding Investment Interest (as defined below).

Investment Interest

By acquiring an Investment Interest, the Financing Entity is financing a portion of the shortfall that results from the Fair Adjustment and, as an owner of the Investment Interest, will be entitled to recover all its costs of such financing. While a Financing Entity may choose to acquire an Investment Interest from the IESO, it is under no obligation to do so.

If the IESO and a Financing Entity agree to the transfer of a specified portion of the Regulatory Asset from the IESO, such transfer results in the creation of a current and irrevocable property right that is immediately vested in the Financing Entity, free and clear of any adverse claim (such right, an "**Investment Interest**"). The Investment Interest consists of, among other things:

(a) the right and interest to impose, invoice, collect receive and recover the Clean Energy Adjustment from Specified Consumers, including the right to determine the Clean Energy Adjustment in accordance with the FHPA;

(b) the right to receive, collect and recover the Clean Energy Adjustment that is imposed, invoiced and recoverable under the FHPA, including any amounts in respect of the Clean Energy Adjustment that are held by Electricity Vendors or the IESO;

(c) the right to enforce the duties and obligations under the FHPA of each Electricity Vendor to impose, attribute, charge and invoice for the Clean Energy Adjustment;

(d) the right to enforce the duties and obligations under the FHPA of each Electricity Vendor and the IESO to collect, receive and remit amounts received by it in respect of the Clean Energy Adjustment, including all collections and the proceeds of any enforcement action undertaken by any Electricity Vendor to recover payment of the Clean Energy Adjustment;

(e) all rights of any kind related to any of the other property rights or interests that comprise the Investment Interest, including any rights to receive a payment obligation incurred by the IESO as part of the transfer of the Regulatory Asset; and

(f) all revenue, collections, claims, payments, money and proceeds of or derived from the rights described in paragraphs (a) to (e), regardless of whether it is invoiced, collected and maintained together with or commingled with other revenue, collections, claims, payments, money and proceeds.

Clean Energy Adjustment

The "**Clean Energy Adjustment**" is the amount payable by Specified Consumers to cover the cost of financing the shortfall that results from the Fair Adjustment. The Financial Services Manager will determine the amount of the Clean Energy Adjustment payable by Specified Consumers for each month of a Reference Period. The Clean Energy Adjustment is based on an estimate of the amount payable by a Financing Entity in a Reference Period in respect of the Finance Amount. The "**Finance Amount**" for a Reference Period is an amount determined by the Financial Services Manager as follows:

(a) after eliminating any duplication in the following amounts, calculating the sum of the following amounts:

(i) amounts paid or payable during the Reference Period in respect of the payment by or on behalf of the Issuer or the provision by or on behalf of the Issuer for the payment of all or a portion of the principal amount advanced to the Issuer under a Funding Obligation;

(ii) interest, commitment fees or other similar costs payable by or on behalf of the Issuer in respect of Funding Obligations that are paid or payable during the Reference Period;

(iii) amounts payable by or on behalf of the Issuer to redeem, prepay or repurchase Funding Obligations incurred by or on behalf of the Issuer that are paid or payable during the Reference Period;

(iv) payments required to be made in respect of any derivative agreements during the Reference Period;

(v) amounts deposited, as required under the governing documents of Funding Obligations, into capital accounts or finance reserve accounts during the Reference Period;

(vi) fees, including fees charged by the Financial Services Manager, charges, costs, indemnities, reimbursements and other amounts incurred or committed to by or on behalf of the Issuer as a result of an activity authorized or permitted under the FHPA that are paid or payable during the Reference Period; and

(vii) taxes paid or payable by the Issuer as a result of any activity, undertaking, transaction or event authorized or permitted under the FHPA that are paid or payable during the Reference Period;

(b) after eliminating any duplication in the following amounts, calculating the sum of the following amounts:

(i) amounts withdrawn, as required under the governing documents of Funding Obligations, from capital accounts or finance reserve accounts during the Reference Period;

(ii) amounts received during the Reference Period in respect of funding rebates;

(iii) the aggregate of all amounts received by or on behalf of the Issuer in respect of Funding Obligations during the Reference Period;

(iv) the principal amount of Funding Obligations incurred by the Issuer that are applied to refinance existing Funding Obligation during the Reference Period;

(v) any payments received in connection with a derivative agreement, including ordinary course receipts, payments received on termination and payments received in connection with margining or collateral arrangements, in each case during the Reference Period;

(vi) amounts received by the Issuer as a refund of tax during the Reference Period; and

(c) subtracting the sum calculated under (a) from the sum calculated under (b).

The Financial Services Manager must notify the OEB of the Clean Energy Adjustment for each Reference Period. The OEB must accept this amount and will determine the rates at which Specified Consumers are to be invoiced to recover the Clean Energy Adjustment. The rates are expressed as a $/kWh amount and determined by the OEB by dividing (i) the Clean Energy Adjustment in respect of the relevant period of time provided by the Financial Services Manager by (ii) the forecast electricity consumption provided by the IESO of Specified Consumers in respect of the period. Electricity Vendors are required to invoice Specified Consumers for the Clean Energy Adjustment, as determined by applying the rate set by the OEB, which is required to be included as a separate line item on each invoice. Electricity Vendors are required to collect, as agent of the Issuer, amounts in respect of the Clean Energy

Adjustment, deposit such amounts into a segregated account established for the purpose of receiving those amounts, hold such amounts in trust for the benefit of the Issuer until deposited with the IESO and remit such amounts to the IESO for the benefit of the Issuer. If an Electricity Vendor does not receive payment in full of an invoice issued to a Specified Consumer, the Electricity Vendor shall allocate the payment received on a *pro rata* basis to the Clean Energy Adjustment and the other amounts payable under the particular invoice. It is a deemed condition of their licenses that Electricity Vendors comply with their obligations under the FHPA.

An amount in respect of the Clean Energy Adjustment shown on an invoice issued to a Specified Consumer is determinative of the amount of the consumer's indebtedness resulting from the Clean Energy Adjustment and is irrevocable upon invoicing and may not be set off or bypassed, except to the extent that the invoice reflects a clerical, typographical or calculation-related error. Commencing May 1, 2021, the Clean Energy Adjustment will be included on invoices sent to Specified Consumers , and collected and remitted to the Issuer to pay amounts owing on the Notes and all other administrative and other financing expenses of the Issuer. From July 1, 2017 until April 31, 2021 (the "**Moratorium Period**"), no Clean Energy Adjustments are permitted to be collected from Specified Consumers. During the Moratorium Period, the sole source of funds for payment on the Notes, and the Issuer's other carrying costs, will be the IESO. See *"— IESO Payment of Carrying Costs"* below. Once it starts being included on such invoices, the Clean Energy Adjustment will be collected until all outstanding Funding Obligations have been repaid in full. Subject to the FHPA, the Clean Energy Adjustment will be collected and remitted to the Issuer to pay the Finance Amount, including the principal and interest on the Notes and all other administrative and other financing expenses of the Issuer.

True-up Amount

The Clean Energy Adjustment also takes into account a true-up comprised of any Finance Amounts not previously recovered through the Clean Energy Adjustment plus other anticipated shortfalls (the "**True-up Amount**"). The True-up Amount accounts for historical and reasonably foreseeable differences between amounts invoiced and amounts collected due to various factors, including applicable taxes, consumer defaults and delays, billing lags and write-offs, variations in billings due to variations in electricity consumption and amounts resulting from a default of Specified Consumers, an Electricity Vendor or the IESO, whether in its capacity as and amounts resulting from a default of Specified Consumers, an Electricity Vendor or the IESO, whether in its capacity as an Electricity Vendor or its activities as agent or otherwise under the FHPA an Electricity Vendor or its activities as agent or otherwise under the FHPA. The Regulations obligate the Financial Services Manager to calculate the True-up Amount in respect of each Reference Period so long as all Funding Obligations and other Finance Amounts have not been paid in full. The Financial Services Manager may also at any time during a Reference Period determine an interim True-up Amount if it reasonably forecasts that the collection of the Clean Energy Adjustment will be insufficient to pay the estimated Finance Amount for a Reference Period.

The following diagram illustrates the flow of funds under the Fair Hydro Plan.

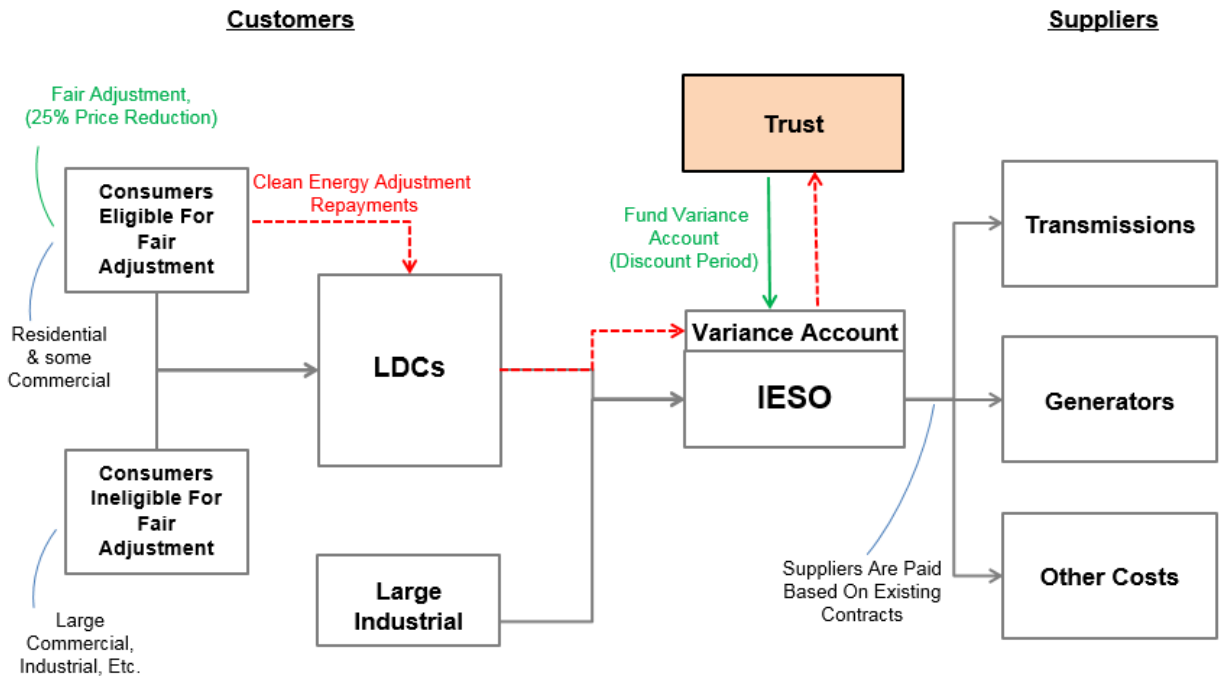

Fair Allocation Amount and Financing Plan

The FHPA was enacted to: (i) ensure that Clean Energy Costs and Clean Energy Benefits are fairly allocated among present and future Specified Consumers; (ii) recognize that Clean Energy Benefits have accrued and will accrue over time and will continue to benefit present and future electricity consumers in Ontario; and (iii) align Clean Energy Costs with Clean Energy Benefits, in order to provide fairness for Specified Consumers over time. Under the FHPA, the Minister of Energy calculates a "**Fair Allocation Amount**", which is an amount for every Reference Period that, among other things, allocates the estimated Clean Energy Costs in proportion to the relative attribution of Clean Energy Benefits among Specified Consumers.

OPG, as financial services manager under the FHPA (in such capacity, the "**Financial Services Manager**"), is required to prepare a Financing Plan to evaluate whether and when Funding Obligations should be incurred by the Financing Entity to acquire Investment Interests. The Financial Services Manager is required to prepare the Financing Plan having regard to certain prescribed principles, including that Funding Obligations should be incurred so that the estimated Finance Amount that would become due and payable during a Reference Period will reasonably align with the Fair Allocation Amount determined in respect of such Reference Period. In other words, the Financing Plan should contemplate the issuance of Funding Obligations from time to time, with terms that would result in Clean Energy Adjustments being payable by Specified Consumers that align with the purposes of the FHPA, namely, to ensure that present and future Specified Consumers are bearing their share of the costs of providing Clean Energy Benefits. Notwithstanding the above, the FHPA provides that each Funding Obligation is deemed to be consistent with the Financing Plan and to provide for the reasonable alignment of the estimated Finance Amount with the Fair Allocation Amount.

Currently, the Clean Energy Costs have been determined to exceed the Clean Energy Benefits, with the result that the Fair Allocation Amount is negative. This means that the Minister of Energy has determined that current Specified Consumers have borne more than their fair share of Clean Energy Costs (with the consequent rate reduction for current Specified Consumers). The Fair Allocation Amount is expected to be negative until at least May 2024. Accordingly, any Notes maturing at a time when the Fair Allocation Amount is negative are expected to be refinanced through the issuance of another Series of Notes. If Notes cannot be refinanced on or before maturity, holders of such Notes will have the ability, on a Series by Series basis, to accelerate their Notes resulting in Clean Energy Adjustments that would otherwise be used to pay holders of Subordinated Notes being used to pay holders of accelerated Notes.

[The Financing Plan accommodates the issuance of a variety of corporate debt instruments and borrowings, including term bank debt, revolving bank lines of credit, publicly issued and privately placed debt securities (such as the Notes), commercial paper, medium-term notes, interest rate and currency swaps and other hedging instruments. Based on the Fair Allocation Amounts and subject to the availability of debt financing, it is expected that the Issuer (or other Financing Entities) may incur up to approximately $■ of indebtedness annually over the next ■ years, comprised of approximately $■ of senior debt (including the Notes) and approximately $■ of subordinated debt.] ***[NTD: Consider what we will need to say about the Issuer's plans to raise additional debt, including the use of the short-term warehousing facility. Will investors expect to see a copy of the Fair Allocation Curve?]***

IESO Payment of Carrying Costs

Commencing May 1, 2021, the Clean Energy Adjustment will be included on invoices sent to Specified Consumers, and collected and remitted to the Issuer to pay amounts owing on the Notes and all other administrative and financing expenses of the Issuer. During the Moratorium Period and ending on July 31, 2021, the IESO is required under the Regulations to pay and remit to the Issuer amounts charged to the IESO by the Issuer in respect of its "carrying costs". "Carrying costs" include all funding costs (such as interest on the Notes) and other expenses of the Issuer, other than repayment of principal on any debt obligations of the Issuer (including repayment of principal on the Notes).

Pursuant to the Master Transfer and Servicing Agreement, on or before the fourth business day of each calendar, the Issuer will submit a carrying costs statement to the IESO certifying the amount of carrying costs estimated to be incurred by the Issuer in the following month. On or before the [14th] business day [of each calendar month/following receipt of the Issuer's statement], the IESO is required to deliver the amount specified in the carrying costs statement to the Issuer. See *"The Transferor and Servicer"*. The IESO has a $2 billion unsecured credit facility provided by the Ontario Electricity Financial Corporation, expiring ■, 20■, available for the purposes of paying the Issuer's carrying costs. As security for the performance of its obligations under the Regulations to pay the Issuer's carrying costs, the IESO has granted the Issuer a first-priority security interest in all of its accounts receivable[, which includes the global adjustment charge]. ***[NTD: To be confirmed and subject to finalization of IESO security agreement.]*** As authorized under the Regulations, the IESO has granted security to the Financing Entity for the performance of its obligations to pay these "carrying costs". See *"The Transferor and Servicer"*.

Other Statutory Protections

The FHPA provides certain protection and assurances in respect of the obligations of Specified Consumers to pay amounts in respect of the Clean Energy Adjustment. Generally, no action or omission by the OEB, the Minister of Energy or the government of Ontario, and no regulation under the FHPA, will be effective to reduce, impair, postpone or terminate the obligations of Specified Consumers to pay amounts in respect of Clean Energy Adjustments or to impair or postpone the invoicing, collection or remittance of the Clean Energy Adjustment. If an Electricity Vendor, the IESO or the Financial Services Manager, has failed, or will fail, to comply with the FHPA or the Regulations, the Issuer may apply to an Ontario court to make an order directing such party to comply and requiring compensation to be provided to the Issuer by such non-compliant party. Additional contractual protections are provided in the Change of Law Protection Agreement described below.

CHANGE OF LAW PROTECTION AGREEMENT

[NTD: Subject to finalization of Change of Law Protection Agreement.]

The following brief summary of certain provisions of the Change of Law Protection Agreement does not purport to be comprehensive or definitive. All references in this confidential shelf offering memorandum to the Change of Law Protection Agreement are qualified in their entirety by reference to the Change of Law Protection Agreement for the detailed provisions thereof. ***[NTD: To be confirmed with Province that there will be a carve-out from any confidentiality restrictions for the Indenture Trustee to share a copy of the Change of Law Protection Agreement with any Note purchasers who may ask for a copy.]***

Pursuant to the Change of Law Protection Agreement in favour of the Issuer and the Indenture Trustee, upon a Protection Event, the Province of Ontario is required to either, at its election: (i) pay the Notes as they become due

and payable, or (ii) assume the Notes as primary obligor. ***[NTD: Drafted to assume we will only ever use this OM for an issuance of Notes that we know will constitute an "Approved Obligation" under the Change of Law Protection Agreement.]*** The occurrence of a Protection Event in and of itself will not result in the acceleration of the Notes. ***[NTD: Consider additional disclosure regarding assumption mechanics and consequences.]***

Each of the following constitutes a "**Protection Event**":

(a) the Ontario legislature repeals, and does not replace on an equivalent basis, or amends the FHPA in whole or in part, as in effect on the date hereof;

(b) the Ontario legislature enacts or amends any other statute;

(c) the Lieutenant Governor in Council repeals, and does not replace on an equivalent basis, the regulations made under or in connection with the FHPA in whole or in part, as in effect on the date hereof;

(d) the Lieutenant Governor in Council, a minister of the Province, an official of the government or board or commission appointed by the Lieutenant Governor in Council makes or amends any regulation; or

(e) there is a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or any entity controlled by the Province,

in each case, that materially and adversely affects the ability of the Issuer to receive amounts on its Investment Interests so that it can pay the Notes in accordance with their terms or the Change of Law Protection Agreement or any of the agreements under which the Notes arise, other than if the Indenture Trustee has confirmed in writing that the effect under such agreements is otherwise acceptable, or

(f) a court determines that all or a portion of the FHPA or the Regulations, as in effect on the date hereof, is *ultra vires* or invalid in a way that materially and adversely affects the ability of the Issuer to receive amounts on its Investment Interests so that it can pay Obligations Secured (including the Notes) that has the effect of the Issuer not having sufficient funds to pay Obligations Secured (including the Notes) that have become due and payable.

The Change of Law Protection Agreement will remain in full force and effect for as long as any Notes remain outstanding. The priority of payments made by the Province under the Change of Law Protection Agreement is governed by the Master Trust Indenture. Upon paying the Notes, the Province will have a right of subrogation that includes the entitlement to all rights and interests under and in respect of such Notes, including the security interest in each related Investment Interest and any related property of the Issuer.

THE ISSUER

The Issuer is an unincorporated open-ended unit trust established under the laws of the Province of Ontario pursuant to a declaration of trust dated ■, 2017 (the "**Declaration of Trust**"). Computershare Trust Company of Canada (the "**Issuer Trustee**") is the sole trustee of the Issuer, which is a Financing Entity established to incur Funding Obligations for the purposes of acquiring Investment Interests pursuant to the FHPA. The principal business address and head office of the Issuer is in Ontario, in the care of the Issuer Trustee at the following address: ■.

The following brief summary of certain provisions of the Declaration of Trust does not purport to be comprehensive or definitive. All references in this confidential shelf offering memorandum to the Declaration of Trust are qualified in their entirety by reference to the Declaration of Trust for the detailed provisions thereof.

The Declaration of Trust establishes the Issuer to carry on activities for the benefit of its beneficiary unitholders, ■, a wholly-owned subsidiary of OPG, and BNY Trust Company of Canada, the Indenture Trustee under the Master Trust Indenture (collectively, the "**Unitholders**"). The beneficial interest and rights generally of the

Unitholders in the Issuer are limited to the right to participate in distributions when and as declared by the Issuer Trustee and distributions upon the termination of the Issuer. The legal ownership of the trust property and the right to conduct the activities of the Issuer are vested exclusively in the Issuer Trustee and no Unitholder has any right of ownership in any of the trust property. Except in limited circumstances provided in the Declaration of Trust, no Unitholder is entitled to interfere with or give any direction to the Issuer Trustee with respect to the affairs of the Issuer or in connection with the exercise of any powers or authorities conferred upon the Issuer Trustee. The Issuer Trustee will generally have, free from any power or control on the part of the Unitholders, full authority over the trust property and the activities of the Issuer to the same extent as if the Issuer Trustee were the sole and absolute owner thereof. The Unitholders will also not be subject to any liability arising out of the activities of the Issuer.

The permitted activities of the Issuer are limited to:

(a) negotiating, executing and delivering the Program Agreements and performing the obligations of the Issuer under such agreements;

(b) acquiring and holding Investment Interests, along with related assets;

(c) issuing Funding Obligations in one or more series in order to acquire the Investment Interests;

(d) incurring other contractual liabilities to service providers and trade creditors in connection with the permitted activities of the Issuer described here;

(e) pledging its interest in the Investment Interests and related assets to the Indenture Trustee;

(f) making payments on the Funding Obligations and its other contractual liabilities; and

(g) such other activities that are necessary to enable the Issuer to perform the functions of a Financing Entity under the FHPA and its obligations under the Program Agreements.

The Issuer Trustee may amend the Declaration of Trust without the consent of the Unitholders or the Specified Creditors so long as the amendment (i) does not materially adversely affect the interest of any Unitholder, (ii) does not and will not have an Adverse Effect, and (iii) is otherwise consistent and in compliance with the Program Agreements. In addition, in the case of an amendment that does or will have an Adverse Effect, the Issuer Trustee may amend the Declaration of Trust if the holders of not less than a majority of the aggregate outstanding dollar principal amount of the Funding Obligations affected by such amendment consent to such amendment.

The consent of the Indenture Trustee, in addition to all other Unitholders, will be required to wind up the Issuer or voluntarily institute or consent to insolvency proceedings against the Issuer.

Each of the Issuer Trustee and its related directors, officers, agents, representatives and employees will be indemnified against [all penalties, taxes, claims, actions, investigations, proceedings, costs, expenses or disbursements of any kind] arising out of, among other things, the Declaration of Trust or any other Program Agreement (or the enforcement thereof), the administration of the Issuer's assets or the action or inaction of the Issuer Trustee's agents, except for its own fraud, wilful misconduct, bad faith or negligence.

The Issuer Trustee may be removed by the Unitholders on 90 days' prior written notice. The Issuer Trustee may also be removed as Issuer Trustee with no prior written notice if it becomes insolvent or it is unable to exercise its duties under the Declaration of Trust. The Issuer Trustee may also resign on 120 days' prior written notice to the Unitholders, the Indenture Trustee and the Rating Agencies. In all such circumstances, a successor issuer trustee acceptable to the Unitholders and which satisfies the Rating Agency Condition must be appointed.

The Issuer Trustee, on behalf of the Issuer, has entered into a management agreement with OPG, as manager (the "**Manager**"), whereby all of the powers and duties of managing the Issuer have been delegated to the Manager. See *"The Manager."*

The following diagram illustrates the structure of the Issuer and its affiliates.

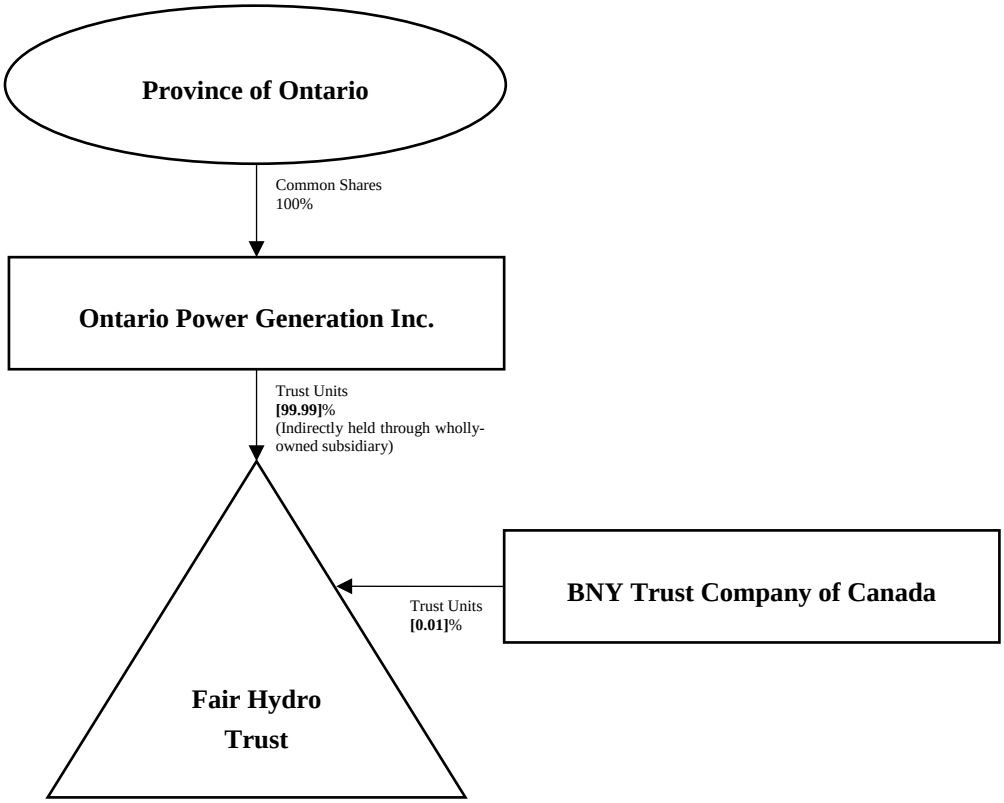

THE MANAGER

OPG has entered into a management agreement with the Issuer dated ■, 2017 (the "**Management Agreement**") pursuant to which the Issuer has delegated to OPG, as manager (in such capacity, the "**Manager**"), all of the powers and duties of managing the Issuer. The following brief summary of certain provisions of the Management Agreement does not purport to be comprehensive or definitive. All references in this confidential shelf offering memorandum to the Management Agreement are qualified in their entirety by reference to the Management Agreement for the detailed provisions thereof.

The powers and duties delegated to the Manager under the Management Agreement include, among others:

(a) negotiating and entering into the Program Agreements;

(b) maintaining accounts and banking records;

(c) preparing, in accordance with applicable securities laws, any offering documents to be furnished by the Issuer to prospective purchasers of Funding Obligations, including the Notes;

(d) arranging for compliance by the Issuer with any continuous disclosure obligations;

(e) arranging for the retention of legal counsel, accountants and an auditor for the Issuer;

(f) preparing financial statements and paying taxes on behalf of the Issuer;

(g) enforcing the rights of the Issuer under the Program Agreements and the FHPA; and

(h) determining when to incur Funding Obligations to acquire an Investment Interest or to refinance existing Funding Obligations.

The Manager is obligated to perform its duties diligently and in conformity with the Issuer's obligations under each of the Program Agreements.

In addition to the powers and duties delegated to OPG pursuant to the Management Agreement, OPG has also agreed to comply with its duties under the FHPA in its capacity as Financial Services Manager, including:

(a) preparing the Financing Plan to evaluate whether potential Funding Obligations should be incurred by Financing Entities for the purposes of acquiring Investment Interests;

(b) determining the amounts of the Clean Energy Adjustment, inclusive of any True-up Amount;

(c) notifying the OEB of the Clean Energy Adjustment, inclusive of any True-up Amount;

(d) administering the Investment Interests on behalf of the Financing Entities;

(e) ensuring that Funding Obligations are incurred in a manner that is consistent with the Financing Plan; and

(f) establishing and charging fees for the services provided under the Management Agreement.

[Subject to OEB approval, OPG is entitled to charge the Issuer a fee to earn a return and to recover costs and expenditures incurred by OPG on behalf of the Issuer or in relation to the establishment, management and administration of the Issuer and its Investment Interest (the "**Reimbursable Issuer Expenditures**"). For 2017, OPG expects to receive a flat fee of $3.1 million plus an amount equal to $■, representing the Reimbursable Issuer Expenditures. For 2018 and years thereafter, subject to OEB review, OPG expects to receive a base fee and a variable fee. The base fee proposed by OPG is to be calculated as a percentage of the average monthly Funding Obligations outstanding, having regard to base fees charged by market comparable service providers. For 2018, the proposed base fee is 0.00625% of the average monthly Funding Obligations for each month. The variable fee proposed by OPG is to be based on the difference between forecast interest rates and actual interest rates for Funding Obligations issued every year. The variable component of OPG's proposed fee is capped at $1 million and may result in a payment by, or to, the Issuer. In addition, subject to OEB review, OPG will be entitled to recover any Reimbursable Issuer Expenditures.]

The priority of the Manager's entitlement to fees is subject to the payment priorities set forth in the Master Trust Indenture. The Manager is not entitled to resign from its duties or terminate the Management Agreement as long as Funding Obligations remain outstanding. The Manager may be terminated by the Issuer Trustee, with the consent of the Indenture Trustee, or by the Indenture Trustee in accordance with the Master Trust Indenture.

SUBORDINATED DEBT

Concurrent with every issuance of senior debt by the Issuer, including any Offering of Notes, it is expected that OPG will subscribe for subordinated debt of the Issuer in an amount not to exceed 49% of all outstanding debt of the Issuer at any time. OPG expects to fund a significant portion (approximately 44%) of the subscription price for the Issuer's subordinated debt through equity investments in OPG by the Province of Ontario. The remainder (approximately 5%) will be funded from OPG's available funds, including all or a portion of the proceeds of any offerings of medium term notes pursuant to OPG's short form base shelf prospectus dated September 12, 2017. Under the Master Trust Indenture, the Issuer will be required at all times to ensure that the aggregate outstanding principal amount of all subordinated debt not be less than ■% of the aggregate outstanding principal amount of all of the Issuer's Funding Obligations.

The Issuer is structured to be bankruptcy remote from OPG insofar as none of OPG, its subsidiaries or holders of its indebtedness will have any recourse whatsoever against the Issuer or its assets other than OPG's rights and remedies as a holder of subordinated debt of the Issuer in accordance with the provisions of that indebtedness. [From an accounting perspective, however, the Issuer will be consolidated with OPG.]

The following diagram illustrates the expected structure of OPG's investments in subordinated debt of the Issuer. ***[NTD: Is this chart useful? Consider deleting or collapsing it with the Issuer org chart above.]***

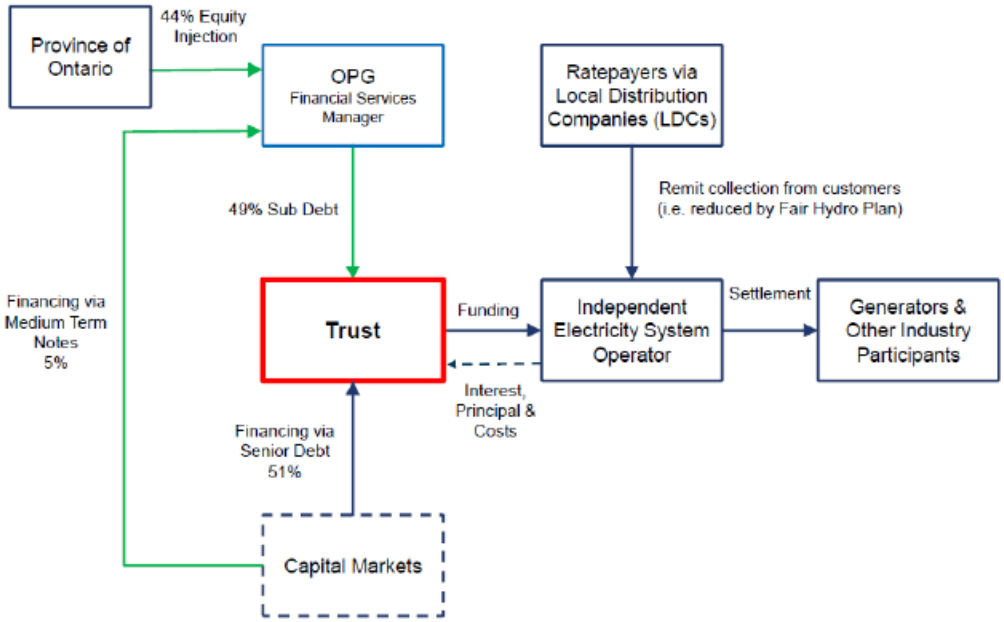

[1] It is expected that OPG will acquire up to 49% of the Issuer's outstanding debt in the form of subordinated debt

THE TRANSFEROR AND SERVICER

The IESO will enter into a master transfer and servicing agreement with the Issuer dated the date of the closing of the first Offering (the "**Master Transfer and Servicing Agreement**") pursuant to which the IESO will periodically transfer specified portions of the Regulatory Asset to the Issuer. Further information about the IESO is available at www.ieso.ca. The following brief summary of certain provisions of the Master Transfer and Servicing Agreement does not purport to be comprehensive or definitive. All references in this confidential shelf offering memorandum to the Master Transfer and Servicing Agreement are qualified in their entirety by reference to the Master Transfer and Servicing Agreement for the detailed provisions thereof.

Under the Master Transfer and Servicing Agreement, the IESO may offer, no more frequently than monthly, to transfer to the Issuer its right, title and interest in, to and under a specified portion of the Regulatory Asset. The Issuer has the right, but not the obligation, to accept the IESO's offer. The IESO is responsible for servicing the Issuer's Investment Interest in accordance with the Regulations and the Master Transfer and Servicing Agreement. Its responsibilities including, among others:

(a) establishing a segregated account to be used for the sole purpose of collecting the Clean Energy Adjustment in respect of the Issuer's Investment Interest and making commercially reasonable efforts to cause Electricity Vendors to do the same;

(b) establishing procedures for the invoicing of amounts by Electricity Vendors in respect of the Clean Energy Adjustment;

(c) responding to inquiries by Electricity Vendors with respect to the Clean Energy Adjustment;

(d) reviewing reports submitted to the IESO by Electricity Vendors regarding the collection of Clean Energy Adjustment amounts for material manifest discrepancies and contacting Electricity Vendors on the occurrence of certain events;

(e) remitting to the Issuer on a monthly basis amounts collected in respect of the Clean Energy Adjustment, subject to daily remittance being required in certain limited circumstances;

(f) providing all information received by Electricity Vendors with respect to Clean Energy Adjustments billed and collected; and

(g) forecasting electricity consumption of Specified Consumers and providing such forecast to the OEB and the Issuer.

Generally, all servicing duties provided by the IESO to the Issuer are provided at no cost to the Issuer. However, the Issuer will reimburse the IESO for its direct costs for the provision of any services to the Issuer that are not required to be performed by the FHPA or the Regulations and that are otherwise not recovered or recoverable by the IESO under the *Electricity Act, 1998*. While the IESO does not guarantee that collections of the Clean Energy Adjustment from Electricity Vendors will equal amounts invoiced, the IESO must follow standards, policies and procedures in performing its servicing duties that are customary for an electricity market operator and administrator that regularly performs settlement services.

During the Moratorium Period and ending on July 31, 2017, the IESO is required under the Regulations to pay and remit to the Issuer amounts charged to the IESO by the Issuer in respect of its "carrying costs". Carrying costs include all funding costs (such as interest on the Notes) and other expenses of the Issuer, other than repayment of principal on any debt obligations of the Issuer (including repayment of principal on the Notes). Pursuant to the Master Transfer and Servicing Agreement, on or before the fourth business day of each calendar month, the Issuer will submit a carrying costs statement to the IESO certifying the amount of carrying costs estimated to be incurred by the Issuer in the following month. On or before the [14th] business day [of each calendar month/following receipt of the Issuer's statement], the IESO is required to deliver the amount specified to the Issuer in the carrying costs statement. The IESO has a $2 billion unsecured credit facility provided by the Ontario Electricity Financial Corporation, expiring ■, 20■, available for the purposes of paying the Issuer's carrying costs.

As security for the performance of its obligation under the Regulations to pay the Issuer's carrying costs, the IESO has granted the Issuer a first-priority security interest in all of its accounts receivable[, which includes the global adjustment charge.] ***[NTD: Subject to finalization of IESO security agreement.]*** The amounts paid by the IESO to fund these carrying costs will form part of the Regulatory Asset, which will either be transferred to the Issuer in a subsequent period and become part of its Investment Interest [or form part of the Global Adjustment].

As security for the obligations of Electricity Vendors under the FHPA, the IESO will, if requested by the Issuer once the Clean Energy Adjustment is being invoiced to Specified Consumers, provide the Issuer with a letter of credit in an amount equal to $■, representing approximately one month of Clean Energy Adjustment amounts to be collected by all non-investment grade-rated Electricity Vendors. Alternatively, if acceptable to the Issuer, the IESO may provide an equivalent performance guarantee instead of a letter of credit.

The Master Transfer and Servicing Agreement sets out specific servicer defaults. Upon the occurrence of a servicer default, the Issuer will be entitled to appoint a replacement servicer that will perform the IESO's duties as servicer under the Master Transfer and Servicing Agreement.

CREDIT RATINGS

Credit ratings are intended to provide investors with an independent measure of the credit quality of securities. The credit ratings accorded to the Notes are not recommendations to purchase, hold or sell such securities inasmuch as such ratings are not a comment upon the market price of the securities or their suitability for a particular investor. There is no assurance that any rating will remain in effect for any given period of time or that any rating will not be revised or withdrawn entirely by a rating agency in the future if, in its judgment, circumstances so warrant.

The Term Sheet for each Offering will identify the rating of the applicable Notes at the time of such Offering.

RATING AGENCY CONDITION

[NTD: RAC section to be conformed to final definition in MTI.]

The Program Agreements provide that certain actions are subject to the "**Rating Agency Condition**". In each such case, satisfaction of the Rating Agency Condition requires: (a) that the Issuer has delivered written notice of the proposed action to the Rating Agencies at least ten business days prior to the effective date of such action; and (b) that the Rating Agencies shall not have informed the Issuer prior to the effective date of such action that such action will result in the reduction or withdrawal of the rating in effect with respect to the Notes immediately before the taking of such action.

CAPITAL MARKETS PLATFORM

[NTD: Summary prepared based on the August 23 draft of the Master Trust Indenture. To be conformed to final terms of MTI.]

The Financial Services Manager has developed a Financing Plan for the Issuer which encompasses an ongoing program capable of accommodating a variety of corporate debt instruments and borrowings, including term bank debt, revolving bank lines of credit, publicly issued and privately placed debt securities, commercial paper, medium-term notes, interest rate and currency swaps and other hedging instruments.

The Master Trust Indenture establishes common security and a set of common covenants given by the Issuer for the benefit of all of its creditors. Notes are issued under supplemental indentures and in certain cases, terms documents. Borrowings are incurred pursuant to liquidity agreements or loan agreements. Notes and borrowings are Funding Obligations and may include one or more series, classes and tranches. A class designation determines the relative seniority for receipt of cash flows. See *"— Subordination Provisions"*. Tranches of Funding Obligations may differ from each other as to the interest rate, maturity and the timing, sequential order and amount of payments of principal or interest, or both.

The following summary of the principal provisions contained in the Master Trust Indenture is qualified in its entirety by reference to the Master Trust Indenture. This overview summarizes certain provisions of the Indenture and omits descriptions of many provisions which may be considered to be of a customary nature. For full particulars of the obligations of the Issuer and the rights of the holders of Notes under the Master Trust Indenture, potential investors should refer to the Master Trust Indenture.

Conditions Precedent to Incurrence of Obligations Secured

There is no limit on the aggregate amount of indebtedness or other obligations which may be secured under the Master Trust Indenture. However, the Issuer will not be permitted to issue any Funding Obligations or other obligations unless the Issuer meets the following described below under *"—Funding Obligations"* and *"—Other Obligations Secured"*.

Funding Obligations

The Issuer may not issue any series, class or tranche of Funding Obligations unless the conditions described below are met on or prior to the date that the Issuer enters into a definitive agreement in respect of such Funding Obligations:

(a) the Issuer gives the Indenture Trustee and each Rating Agency notice of the new issuance;

(b) the Issuer delivers to the Indenture Trustee and each Rating Agency a certificate to the effect that:

(i) the Issuer reasonably believes that the new issuance will not have an Adverse Effect;

(ii) all instruments furnished to the Indenture Trustee conform to the requirements of the Master Trust Indenture and constitute sufficient authority under the Master Trust Indenture for the Indenture Trustee to (i) in the case of an issuance of Notes only, authenticate and deliver such Notes, and (ii) in the case of all other Funding Obligations, execute and deliver the applicable Funding Obligation Agreement;

(iii) in the case of an issuance of Notes only, the form and terms of the Notes have been established in conformity with the provisions of the Master Trust Indenture;

(iv) the incurrence of such Funding Obligation is consistent in all material respects with the financing plan; see *"Ontario's Fair Hydro Plan — Fair Allocation Amount and Financing Plan"*;

(v) after giving effect to the incurrence of such Funding Obligation, the estimated Finance Amount that would become due and payable during the applicable reference period is reasonably expected to align with the Fair Allocation Amount determined in respect of such reference period; see *"Ontario's Fair Hydro Plan — Fair Allocation Amount and Financing Plan"*; and

(vi) the Issuer shall have satisfied such other matters as the Indenture Trustee may reasonably request;

(c) the representations and warranties of the Issuer in the Master Trust Indenture are true and correct in all material respects;

(d) on or prior to the date that the new issuance is to occur, the Rating Agency Condition is satisfied with respect to such incurrence;

(e) the Issuer delivers to the Indenture Trustee copies of the applicable Funding Obligation Agreement, including in the case of Notes, a supplemental indenture relating to the applicable series, class or

tranche of Notes and, if applicable, a terms document relating to the applicable class or tranche of Notes;

(f) each Debtholder (or an authorized agent on their behalf) shall (i) have acknowledged and agreed in favour of the Indenture Trustee that it is a specified creditor under the Master Trust Indenture and that its entitlements as a specified creditor are subject to the provisions applicable to specified creditors under the Master Trust Indenture; see *"— Payment Priorities"*, *"— Acceleration and Remedies — Rights of Specified Creditors"*, *"— Acceleration and Remedies — Limited Recourse"*, *"— Acceleration and Remedies — Limited Recourse"* and *"— Events of Default — Payment Waterfall Upon Event of Default"*, (ii) irrevocably authorize and direct the Indenture Trustee on its behalf to take such action as may be necessary or appropriate to further assure the priority arrangements provided for in the Master Trust Indenture, (iii) appoint the Indenture Trustee as its agent for any and all such purposes, and (iv) provide the Indenture Trustee with its notice details;

(g) the conditions precedent, if any, specified in the applicable Funding Obligation Agreement are satisfied; and

(h) in the case of an issuance of Notes only:

(i) the Indenture Trustee has received a certificate for the certification and delivery of the Notes and specifying the particulars relating to such Notes;

(ii) in the case of Notes that are "registration required obligations" as described in section 163(f)(2)(A) of the Internal Revenue Code, such Notes shall be issued in registered form for U.S. federal income tax purposes or shall be issued in accordance with section 4701(b)(1)(B) of the Internal Revenue Code; and

(iii) in the case of foreign currency Notes, the Issuer appoints one or more paying agents in the appropriate countries, if requested by the Indenture Trustee.

The Issuer and the Indenture Trustee are not required to provide prior notice to or obtain the consent of any Debtholder or any other specified creditor to issue any series, class or tranche of Funding Obligations.

Other Obligations Secured

The Issuer may incur other obligations so long as the counterparty to any such agreement giving rise to such obligations makes the acknowledgements and agreements referred to in paragraph (f) under *"— Funding Obligations"* above.

Subordination Provisions

Under the Master Trust Indenture, the Issuer can issue the following classes of Funding Obligations: "senior" Funding Obligations, "subordinated" Funding Obligations or "junior subordinated" Funding Obligations. The payment of the subordinated Funding Obligations of any series shall be subordinate and rank junior to the payment of senior Funding Obligations and the payment of the subordinated junior Funding Obligations of any series shall be subordinate and rank junior to the payment of senior Funding Obligations and subordinated Funding Obligations, in each case, to the extent and in the manner set forth in the Master Trust Indenture and described under *"— Payment Priorities"* and *"— Events of Default — Payment Waterfall Upon Event of Default"*.

Security

To secure the payment of all obligations secured, including principal of and interest on the Funding Obligations, the Issuer has granted to the Indenture Trustee a security interest in all of its right, title and interest (whether now owned or hereafter acquired or arising) in and to the following property: (i) the Issuer's Investment Interest; (ii) the collection account, each finance reserve account, each capital reserve account and each supplemental reserve account; (iii) all eligible investments and all investment property, money and other property held in any of the

foregoing accounts; (iv) all rights, benefits and powers of the Issuer under any Program Agreement; (v) all present and future claims, demands, causes of and choses in action in respect of any of the foregoing and all interest, principal, payments and distributions of any nature or type on any of the foregoing; (vi) all accounts, general intangibles, chattel paper, instruments, documents, goods, money, investment property, deposit accounts, letters of credit and letter-of-credit rights consisting of, arising from, or relating to any of the foregoing; (vii) all debts, accounts, claims, monies and choses in action due or to become due with respect to all of the foregoing and also all securities, bills, Notes, evidences of deposits of money, and other documents now held or owned or which may be hereafter taken, held or owned by the Issuer, or anyone on behalf of the Issuer, and all renewals thereof, accretions thereto, substitutions therefor and all interest, income and revenue arising therefrom or by virtue thereof; (viii) all amounts received with respect to all of the foregoing; (ix) all of the property, assets and undertaking now owned or hereafter acquired by the Issuer; and (x) all proceeds of the foregoing (collectively, the "**collateral**").

Issuer Accounts

Collection Account

Pursuant to the Master Trust Indenture, the Issuer will establish a segregated trust account in the name of the Indenture Trustee with an eligible institution (the "**collection account**"). The collection account will be under the sole dominion and exclusive control of the Indenture Trustee. The Indenture Trustee will hold the collection account for the benefit of the specified creditors. All available collections received by the Issuer will be credited to the collection account. Available collections includes (i) all amounts received by the Servicer from Electricity Vendors in respect of Clean Energy Adjustments from Specified Consumers (including amounts paid directly to the IESO as an electricity vendor), (ii) Funding Rebates, (iii) all investment earnings allocable to amounts in deposit in any finance reserve account or capital reserve account and (iv) any other amounts to be treated as available collections. See *"Ontario Fair Hydro Plan"* and *"The Transferor and Servicer"*.

Capital Reserve Account

In connection with the creation of a series, class or tranche of Funding Obligations, the Issuer may establish a segregated trust account in the name of the Indenture Trustee with an eligible institution (a "**capital reserve account**"). The capital reserve account will be under the sole dominion and exclusive control of the Indenture Trustee. The Indenture Trustee will hold the capital reserve account for the benefit of the applicable specified creditors. Available collections not required to be paid to specified creditors at such time will be credited to a capital reserve account in accordance with the terms of any applicable Funding Obligation Agreement. The Funding Obligation Agreement for a series, class or tranche of Funding Obligations will specify whether such series, class or tranche has the benefit of a capital reserve account.

Finance Reserve Account

In connection with the creation of a series, class or tranche of Funding Obligations, the Issuer may establish a segregated trust account in the name of the Indenture Trustee with an eligible institution (a "**finance reserve account**"). The finance reserve account will be under the sole dominion and exclusive control of the Indenture Trustee. The Indenture Trustee will hold the finance reserve account for the benefit of the applicable specified creditors. Available collections not required to be paid to specified creditors or a capital reserve account at such time will be credited to a finance reserve account in accordance with the terms of any applicable Funding Obligation Agreement. The Funding Obligation Agreement for a series, class or tranche of Funding Obligations will specify whether such series, class or tranche has the benefit of a finance reserve account.

Supplemental Reserve Account

In connection with the creation of a series, class or tranche of Funding Obligations, the Issuer may establish a segregated trust account in the name of the Indenture Trustee with an eligible institution (a "**supplemental reserve account**"). The supplemental reserve account will be under the sole dominion and exclusive control of the Indenture Trustee. The Indenture Trustee will hold the supplemental reserve account for the benefit of the applicable specified creditors. Available collections not required to be paid to specified creditors, a capital reserve account or a finance reserve account at such time will be credited to a supplemental reserve account in accordance with the terms of any

applicable Funding Obligation Agreement. The Funding Obligation Agreement for a series, class or tranche of Funding Obligations will specify whether such series, class or tranche has the benefit of a supplemental reserve account.

Supplemental Security

Derivative Agreements

A series, class or tranche of Funding Obligations may have the benefit of one or more derivative agreements, which would consist of a currency swap or interest rate swap, a cap (obligating a derivative counterparty to make payments if a reference rate is greater than a specified rate), a floor (obligating a derivative counterparty to make payments if a reference rate is less than a specified rate), or a collar (obligating a derivative counterparty to make payments if a reference rate is greater than a specified rate and entitling the derivative counterparty to receive payments if the same reference rate is less than a lower specified rate), with various counterparties. In general, the Issuer will receive payments from counterparties to the derivative agreements in exchange for the Issuer's payments to them, to the extent required under the derivative agreements. Whether a series, class or tranche of Funding Obligations has the benefit of a derivative agreement, including how any payments made pursuant to such agreement will be applied, will be set out in the applicable Funding Obligation Agreement.

Credit Enhancement Agreements and Liquidity Agreements

A series, class or tranche of Funding Obligations may have the benefit of one or more additional forms of credit enhancement—referred to herein as supplemental credit enhancement agreements—such as a letter of credit, surety bond or loan facility. In addition, a series, class or tranche of Notes may have the benefit of one or more forms of supplemental liquidity agreements—referred to herein as liquidity agreements—such as a liquidity facility. Whether a series, class or tranche of Funding Obligations has the benefit of a credit enhancement agreement or a liquidity agreement, including how any payments made pursuant to such agreement will be applied, will be set out in the applicable Funding Obligation Agreement.

Payment Priorities

On each payment date, a paying agent selected by the Issuer will pay or allocate, at the direction of the Manager, all amounts on deposit in the collection account in the following order of priority (*pro rata* in proportion to the claims represented by each paragraph below except as otherwise noted):

(a) first, to pay (A) the allocated amount of taxes for which a governmental authority is given priority over the specified creditors under the laws of Canada or any province or territory thereof, and then (B) fees, expenses and reimbursement amounts owing to the Issuer Trustee and the Indenture Trustee up to a maximum aggregate amount of ■%[2] of the outstanding principal amount of all Funding Obligations at such time;

(b) second, to pay (A) interest, fees and other amounts owing in respect of senior Funding Obligations and (B) amounts payable to derivative counterparties other than termination payments;

(c) third, to pay (A) principal owing in respect of senior Funding Obligations to the extent required to satisfy any payment of principal or to accumulate amounts in a capital reserve account pursuant to the applicable Funding Obligation Agreement; and (B) termination payments owing to derivative counterparties where the derivative counterparty is not the defaulting party or the sole affected party;

(d) fourth, to transfer to any Issuer account (other than any Issuer account related solely to subordinated Funding Obligations or subordinated junior Funding Obligations) the amount required pursuant to the applicable Funding Obligation Agreement;

[2] To be confirmed.

(e) fifth, to pay fees, expenses, reimbursement and indemnity amounts owing to the Manager;

(f) sixth, to pay taxes not previously paid pursuant to paragraph (a);

(g) seventh, to pay (A) fees, expenses and reimbursement amounts owing to the Issuer Trustee and the Indenture Trustee not previously paid pursuant to paragraph (a), and then (B) fees, expenses and reimbursement amounts owing to other service providers;

(h) eight, to pay interest, fees and other amounts owing in respect of subordinated Funding Obligations;

(i) ninth, to pay principal owing in respect of subordinated Funding Obligations to the extent required to satisfy any payment of principal or to accumulate amounts in a capital reserve account pursuant to the applicable Funding Obligation Agreement;

(j) tenth, to transfer to any Issuer account related solely to subordinated Funding Obligations the amount required pursuant to the applicable Funding Obligation Agreement;

(k) eleventh, to pay interest, fees and other amounts owing in respect of subordinated junior Funding Obligations;

(l) twelfth, to pay principal owing in respect of subordinated junior Funding Obligations to the extent required to satisfy any payment of principal or to accumulate amounts in a capital reserve account pursuant to the applicable Funding Obligation Agreement;

(m) thirteenth, to transfer to any Issuer account related solely to subordinated junior Funding Obligations the amount required pursuant to the applicable Funding Obligation Agreement;

(n) fourteenth, to pay termination payments owing to derivative counterparties where the derivative counterparty is the defaulting party or the sole affected party;

(o) fifteenth, to pay the amount required pursuant to the Declaration of Trust to the Issuer Trustee for the account of the beneficiary, provided that such amount will not be less than $100; and

(p) sixteenth, (i) to be held in the collection account for distribution in the above order of priority on the next payment date; or (ii) after all Funding Obligations have been paid and discharged, and all other amounts have been paid in full, to pay to the Issuer.

If the amounts in the collection account are not sufficient to make all required payments and applications as described above: (i) amounts on deposit in any other Issuer account (other than Issuer accounts related solely to subordinated Funding Obligations or subordinated junior Funding Obligations) may be withdrawn from such Issuer account and allocated to those specified creditors required to be paid pursuant to paragraph (a) through (c) above; (ii) amounts on deposit in any Issuer account related solely to subordinated Funding Obligations may be withdrawn from such Issuer account and allocated to those specified creditors required to be paid pursuant to paragraph (a) through (i) above; and (iii) amounts on deposit in any Issuer account related solely to subordinated junior Funding Obligations may be withdrawn from such Issuer account and allocated to those specified creditors required to be paid pursuant to paragraph (a) through (l) above. Notwithstanding the foregoing, amounts on deposit in an Issuer account established solely for the benefit of one or more series, class or tranche of Funding Obligations may only be withdrawn from such Issuer account for the purpose for which such Issuer account was established and allocated only to those specified creditors for whom such Issuer account was established.

Covenants of the Issuer

Positive Covenants

Incurrence of Funding Obligations

The Issuer will ensure that all indebtedness is incurred pursuant to and in accordance with the provisions of the Master Trust Indenture, as described under "*Conditions Precedent to Incurrence of Funding Obligations*". The Issuer will use the proceeds of such indebtedness solely for: (i) the acquisition by the Issuer of an Investment Interest; (ii) the refinancing of any existing Funding Obligations; and (iii) the payment of transaction fees and expenses in connection with the incurrence of Funding Obligations.

Payment of Principal and Interest

The Issuer will duly and punctually pay the principal of and interest due on the Funding Obligations in the manner specified in the Master Trust Indenture and any related Funding Obligation Agreement.

Other Covenants

In addition to the covenants contained in any supplemental indenture to the Master Trust Indenture (a "**Supplemental Indenture**") and the other covenants described in this section, the Issuer agrees that it will:

- do or cause to be done all things necessary to preserve its existence and maintain its status as a Financing Entity;
- take all reasonable steps to maintain its identity as a distinct entity with assets and liabilities distinct from those of the Manager and any of their respective affiliates;
- perform and observe all of its obligations and agreements contained in the Master Trust Indenture, the Declaration of Trust, the Master Sale and Servicing Agreement and in the other instruments and agreements relating to the collateral;
- give the Indenture Trustee and each Rating Agency prompt written notice of each event of default under the Master Trust Indenture and each breach on the part of the Issuer or the Servicer of its respective obligations under the Master Transfer and Servicing Agreement; and
- use reasonable commercial efforts, upon the written request of the Indenture Trustee, following any (i) termination or resignation of the Servicer, the Manager or the Paying Agent, or (ii) termination, non-renewal or expiry of a liquidity agreement or a credit enhancement agreement, to appoint and enter into an agreement with a successor to such Servicer, Manager or Paying Agent, or replace or renew such liquidity agreement or credit enhancement agreement, in form and substance the same as the previously existing Program Agreement.

Negative Covenants

Consolidation; Sale of Assets

The Issuer may not consolidate with or merge into any other person, or sell, convey, exchange, transfer or otherwise dispose of any of its properties or assets included in the collateral to any person (each, a "**transaction**"), unless:

(a) the entity formed by or surviving the consolidation or merger (if other than the Issuer) or the entity that acquires by conveyance or transfer formed by or surviving the consolidation or merger, by conveyance or transfer, as applicable: (i) is a financing entity; (ii) is organized under the laws of Canada or any province or territory thereof; (iii) is not a non-resident for purposes of the *Income*

Tax Act (Canada); (iv) is not subject to regulation as an "investment company" under the Investment Company Act, (v) expressly assumes, pursuant to an assignment and assumption agreement or supplement, the performance or observance of all of the Issuer's agreements and covenants under each of the Program Agreements to which the Issuer is a party; and (vi) in the case of a conveyance or transfer only, such person expressly agrees, pursuant to such assignment and assumption agreement or supplement, (A) that all right, title and interest conveyed or transferred is subject and subordinate to the security interest of the Indenture Trustee and (B) that it will make all filings with the Securities and Exchange Commission as required by the Securities Exchange Act of 1934 in connection with any Notes;

(b) no event of default or early amortization event under the Master Trust Indenture has occurred and is continuing immediately after the transaction;

(c) the Issuer has delivered to the Indenture Trustee an officer's certificate and an opinion of counsel of external counsel, each stating that (i) the transaction and the agreements delivered in connection with such transaction comply with the terms and conditions in the Master Trust Indenture, (ii) all conditions precedent in the Master Trust Indenture relating to the transaction have been complied with, and (iii) in the case the agreements delivered in connection with the transaction have been duly authorized, executed and delivered, and are valid, binding and enforceable against the surviving entity or transferee, as applicable;

(d) the Rating Agency Condition has been satisfied with respect to the transaction; and

(e) any action as is necessary to maintain the first priority perfected security interest in the collateral has been taken.

Borrowings, Guarantees, etc.

The Issuer will not issue, incur, assume, guarantee or otherwise become liable for any indebtedness except for the Funding Obligations. Additionally, the Issuer will not, except as contemplated by the Program Agreements, make any loan or advance or credit to, or guarantee, endorse or otherwise become contingently liable in connection with the obligations of, or own, purchase or acquire any stock, obligations, assets or securities of, or any other interest in, or make any capital contribution to, any other person.

Amendments to Program Agreements

The Issuer will not:

(a) amend, supplement, modify, restate or replace, or waive or consent to a postponement of compliance with the terms and conditions on the part of the other party to any of the Program Agreements (other than the Master Trust Indenture and the Declaration of Trust) if any such amendment, supplement, modification, restatement or replacement, or waiver or consent could reasonably be considered to be materially prejudicial to the rights or interests of any specified creditor, except as expressly permitted by such specified creditor, and unless the Rating Agency Condition is satisfied;

(b) consent, if consent is required, to the resignation of the Manager under the Management Agreement unless the Rating Agency Condition is satisfied; and

(c) amend the Declaration of Trust for the purpose of adding, changing or eliminating any provisions of the Declaration of Trust or modifying the rights of Debtholders unless the Debtholders affected by such amendment consent to the same.

Security Matters

The Issuer will not (i) permit any lien, charge, excise, claim, security interest, mortgage or other encumbrance (other than the lien in favor of the Indenture Trustee created by the Master Trust Indenture) to be created on or extend

to the collateral, (ii) release any security or guarantee in respect of the collateral, or (iii) change its name, jurisdiction of formation or type of organization, unless it makes all filings and takes all actions necessary to continue and maintain the Indenture Trustee's first priority security interest in the collateral.

Other Covenants

In addition to the covenants contained in any Supplemental Indenture and the other covenants described in this section, the Issuer agrees that it will not:

- engage in any activity other than the activities set forth in the Declaration of Trust or the other Program Agreements, the material provisions of which are described in this offering memorandum under "The Issuer".
- claim any credit on or make any deduction from the principal and interest payable on the Funding Obligations, other than amounts withheld in good faith from such payments under the Income Tax Act or other applicable tax law (including foreign withholding),
- voluntarily dissolve or liquidate;
- make any payments, distributions, dividends or redemptions to any holder of its equity interests in respect of that interest except in accordance with the Master Trust Indenture;
- sell, transfer, exchange or otherwise dispose of any of the collateral; or
- take any action that would cause it to be treated as engaged in a "trade or business within the United States" for U.S. federal income tax purposes.

Reporting Requirements

The Issuer will deliver, or cause to be delivered:

(a) to the Indenture Trustee and the Paying Agent on a monthly basis, a report with respect to the payments to be made on the following Payment Date and setting forth [(i) the amount of the payment to Noteholders (including a breakdown of principal and interest), (ii) the aggregate outstanding principal of the Notes before and after giving effect to the payments in (i) above, (iii) any other transfers and payments to be made on such payment date, including amounts paid to the Indenture Trustee, the Issuer Trustee and the Manager, and (iv) the amounts on deposit in the Issuer Accounts after giving effect to the foregoing payments.][3]

(b) to the Indenture Trustee within 90 days after the end of each fiscal quarter (other than the last fiscal quarter of each fiscal year), unaudited financial statements of the Issuer;

(c) to the Indenture Trustee within 140 days after the end of each fiscal year, audited financial statements of the Issuer;

(d) to the Indenture Trustee and the Rating Agencies on an annual basis, a written statement concerning compliance with the covenants, agreements or conditions contained in the Trust Indenture as well as the presence or absence of material defaults thereunder; and

(e) to the Rating Agencies, a copy of any amendment to the Master Trust Indenture or a Supplemental Indenture.

[3] **Note to draft:** To be included in next turn of Master Trust Indenture.

Amendments to Master Trust Indenture

Amendments not Requiring Consent of specified creditors

The Issuer and the Indenture Trustee may amend, supplement or otherwise modify the Master Trust Indenture or any Supplemental Indenture without the consent of any specified creditor upon prior notice to each Rating Agency and delivery by the Issuer to the Indenture Trustee of an officer's certificate to the effect that the Issuer reasonably believes that such amendment will not and is not reasonably expected to have an Adverse Effect. Such amendments to the Master Trust Indenture or any Supplemental Indenture may:

- evidence the succession or successive successions of another Financing Entity to the Issuer, and the assumption by such successor of the covenants of the Issuer in the Master Trust Indenture and the Notes;
- add to the covenants of the Issuer, or have the Issuer surrender any of its rights or powers under the Master Trust Indenture (or any Supplemental Indenture), for the benefit of the Debtholders of any or all series, classes or tranches;
- cure any ambiguity, correct or supplement any provision in the Master Trust Indenture which may be inconsistent with any other provision in the Master Trust Indenture (or any Supplemental Indenture), or make any other provisions for matters or questions arising under the Master Trust Indenture;
- establish any form of Note, or to add to the rights of the Noteholders of any series, class or tranche;
- provide for the acceptance of a successor indenture trustee under the Master Trust Indenture;
- add any additional early amortization events or events of default relating to any or all series, classes or tranches of Funding Obligations;
- provide for the consolidation of any financing entity and the Issuer into a single entity or the transfer of assets in any financing entity to the Issuer;
- if the IESO is replaced under the Master Transfer and Servicing Agreement, make any necessary changes to the Master Trust Indenture;
- add assets to the Issuer;
- provide for additional or alternative forms of credit enhancement for any series, class or tranche of Funding Obligations;
- comply with any regulatory, accounting or tax laws, or changes to any ratings criteria;
- enable the Issuer to file a registration statement for the offering of securities registered under the Securities Act and to comply with Regulation AB thereunder; or
- qualify for sale treatment under generally accepted accounting principles.

The Master Trust Indenture or any Supplemental Indenture may also be amended by the Issuer and the Indenture Trustee without the consent of any specified creditor in the following circumstances, provided that the Issuer delivers to the Indenture Trustee an officer's certificate to the effect that: (i) the Issuer reasonably believes that such amendment will not have an Adverse Effect and (ii) such amendment is required to comply with law, or to conform or be consistent with the statements contained in this offering memorandum:

- to facilitate compliance with changes in laws or regulations applicable to the Issuer or the transactions governed by the Program Agreements; or

- to cause the provisions of the Master Trust Indenture to conform to or be consistent with or in furtherance of the statements made in this offering memorandum with respect to the Master Trust Indenture or any Supplemental Indenture

Additionally, the Master Trust Indenture or any Supplemental Indenture may also be amended by the Issuer and the Indenture Trustee without the consent of any specified creditor in the following circumstances, provided that (i) the Issuer delivers to the Indenture Trustee an officer's certificate to the effect that the Issuer reasonably believes that such amendment will not and is not reasonably expected to have an Adverse Effect and (ii) the Rating Agency Condition is satisfied with respect to such amendment:

- to add provisions to, or change in any manner or eliminate any of the provisions of, the Master Trust Indenture or any Supplemental Indenture;

- to modify in any manner the rights of the specified creditors under the Master Trust Indenture or any Supplemental Indenture; or

- to provide for those changes necessary for compliance with securities law requirements or banking laws or regulations.

The Indenture Trustee may, but is not obligated to, enter into any amendment which adversely affects its rights, duties, benefits, protections, privileges or immunities under the Master Trust Indenture (or any Supplemental Indenture).

Amendments Requiring Consent of Debtholders

The Issuer and the Indenture Trustee may amend, supplement or otherwise modify and amend the Master Trust Indenture or any Supplemental Indenture for reasons other than those stated in the prior section (*"—Amendments Not Requiring Consent of Specified Creditors"*), with prior notice to each Rating Agency and the consent of holders of not less than 50% of the outstanding principal amount of each series, class or tranche of Funding Obligations affected by that amendment, supplement or other modification. However, if the amendment, supplement or other modification would result in any of the following events occurring, it may be made only with the consent of the holders of 100% of each outstanding series, class or tranche of Funding Obligations affected thereby:

- a change in any date scheduled for the payment of interest on any Funding Obligation or the scheduled final payment date or legal maturity date of any Funding Obligation;

- a reduction in the principal amount of, or interest rate on, any Note, or a change in the method of computing the outstanding dollar principal amount, the outstanding currency specific dollar principal amount or the adjusted outstanding dollar principal amount in a manner that is adverse to any Debtholder;

- a reduction in the amount of a discount note payable upon the occurrence of an early amortization event or other optional or mandatory redemption or upon the acceleration of its legal maturity date;

- an impairment of the right to institute suit for the enforcement of any payment on any Funding Obligation;

- a reduction in the percentage in outstanding principal amount of Funding Obligations of any series, the consent of whose holders is required for modification or amendment of the Master Trust Indenture, any Supplemental Indenture or any related agreement or for waiver of compliance with provisions of the Master Trust Indenture or for waiver of defaults and their consequences provided for in the Master Trust Indenture;

- a modification of any of the provisions governing the amendment of the Master Trust Indenture or any Supplemental Indenture, or waivers of past defaults, except to increase any percentage of Debtholders required to consent to any such amendment or waiver, or to provide that certain other provisions of the

Master Trust Indenture cannot be modified or waived without the consent of each Debtholder affected by such modification;

- permission being given to create any lien or other encumbrance on the collateral ranking senior to the lien of the Master Trust Indenture;

- a change in the city or political subdivision so designated with respect to any series, class or tranche of Notes where any principal of, or interest on, any Note is payable;

- a change in the method of computing the amount of principal of, or interest on, any Note on any date.

Debtholder Approvals and Meetings

Access to Debtholder Lists

The Indenture Trustee will preserve the names and addresses of all specified creditors. Three or more Debtholders, each of whom has owned a Funding Obligation for at least six months, may, upon written request to the Indenture Trustee, obtain access to the current list of Debtholders for purposes of communicating with other Debtholders concerning their rights under the Master Trust Indenture (or any Supplemental Indenture) or the Funding Obligations.

Debtholder Meetings

The Master Trust Indenture sets out the mechanics for meetings of Debtholders. The Indenture Trustee will call a meeting upon request of the Issuer or the holders of at least **[25%]**[4] in aggregate outstanding principal amount of Funding Obligations of the applicable series, class or tranche of Funding Obligations, or of all Funding Obligations. If the Indenture Trustee fails to convene such a meeting after 30 days, the Issuer or those Debtholders may convene the meeting. The Indenture Trustee may call a meeting of holders of a series, class or tranche of Funding Obligations, or of all Funding Obligations, at any time for any purpose. The quorum for any meeting is two or more persons holding (personally or as proxies) not less than **[25%]**[5] of the outstanding principal amount of the series, class or tranche of Funding Obligations, or of all Funding Obligations, as the case may be, entitled to vote at such meeting. Each Debtholder who is present, whether in person or by proxy, will have one vote for every $1,000 of outstanding principal amount of Funding Obligations of which he or she shall be the holder.

Every question submitted to a meeting, except those requiring an Extraordinary Resolution, shall be decided by a majority of the votes. Any matter requiring an Extraordinary Resolution shall be decided by the affirmative vote of the holders of not less than 66⅔% of the aggregate outstanding principal amount of all Funding Obligations. Such matters include:

- authorizing the Indenture Trustee to accept, in satisfaction or partial satisfaction, all or any part of the collateral;

- sanctioning the selling of the collateral or any part thereof or interest therein;

- authorizing the Indenture Trustee or any other Person to bid or tender at any sale of the collateral or any part thereof and take such actions in connection with such sale as it determines to be in the best interests of all Debtholders;

- consenting to any compromise or arrangement by the Issuer with any creditor, creditors or class or classes of creditors or with the holders of any securities of the Issuer whose claims are payable from the collateral;

[4] To be confirmed.

[5] To be confirmed.

- restraining any Debtholder from taking or instituting any suit, action or proceeding for the purpose of realizing on the collateral or for the execution of any trust or power hereunder or for the appointment of a liquidator, receiver or trustee in bankruptcy or to have the Issuer liquidated or for any other remedy hereunder and to direct such Debtholder to waive any Event of Default on which any suit or proceeding is founded;

- requiring the Indenture Trustee (subject to receipt by the Indenture Trustee of reasonable funding and indemnity) to exercise or refrain from exercising any other powers conferred upon it by the Master Trust Indenture of general application to all series of Funding Obligations, including the exercise of any rights of the Issuer under any of the Program Agreements upon the occurrence and during the continuance of an event of default, or to waive any event of default and/or cancel any declaration made pursuant to the Master Trust Indenture upon such terms and/or conditions as may be decided; and

- authorizing the Indenture Trustee, for and on behalf of all specified creditors, to file and prove a claim or debt against the Issuer or its property for an amount equivalent to the aggregate amount which may be payable in respect of all Funding Obligations, to value the collateral, and to vote such claim or debt at meetings of creditors and generally act for and on behalf of all Debtholders in such proceedings as such Extraordinary Resolution may provide.

Any resolution or instrument signed by the requisite number of Debtholders shall have the same force and effect as a resolution duly passed at a meeting of such Debtholders.

Any action or vote taken at any meeting (including by way of written instrument) of Debtholders duly held in accordance with the Master Trust Indenture will be binding on all holders of the applicable series, class or tranche of Funding Obligations or of all Funding Obligations, as the case may be.

In determining whether of Debtholders of the requisite principal amount have taken any action under the Master Trust Indenture, Funding Obligations owned by the Issuer, OPG or any affiliate of either of them will be disregarded and deemed not to be outstanding. In determining whether the Indenture Trustee will be protected in relying upon any such action, only Funding Obligations which a responsible officer of the Indenture Trustee knows to be owned by the Issuer, OPG or any affiliate of either of them will be so disregarded.

Early Amortization

Upon the occurrence of an early amortization event with respect to a series, class or tranche of Funding Obligations (to the extent that funds are available for such purpose pursuant to the payment priorities set out in the Master Trust Indenture), the Issuer will be required to repay the outstanding principal amount of such affected Funding Obligations, together with any accrued, past due or additional interest.

Early amortization events include:

(a) for any series, class or tranche of Funding Obligations, the occurrence of the scheduled final payment date of such series, class or tranche of Funding Obligations;

(b) the Issuer becoming an “investment company” within the meaning of the Investment Company Act of 1940, as amended; and

(c) the occurrence of certain events of bankruptcy or insolvency in relation to the Servicer or the Manager.

Additional early amortization events in respect of any series, class or tranche of Funding Obligations may be set forth in the related Funding Obligation Agreement.

In the case of any event described in (b) or (c) above, an early amortization event will occur with respect to all outstanding series, class or tranche of Funding Obligations without any notice or other action on the part of the Indenture Trustee or any Debtholders immediately upon the occurrence of such event.

If the amount of Available Collections, together with funds on deposit in the applicable Issuer Accounts and any amounts payable to the Issuer under any applicable derivative agreement, credit enhancement agreement or liquidity agreement are insufficient to repay such amount in full on the next Payment Date after giving effect to the payment priorities set out in the Master Trust Indenture, monthly payments on those Funding Obligations will continue to be made on each Payment Date until the principal amount of those Funding Obligations, plus any accrued, past due and additional interest, is paid in full, or the legal maturity date of those Funding Obligations occurs, whichever is earlier. See *"— Payment Priorities" and "— Events of Default — Payment Waterfall Upon Event of Default"* for a description of the payment priorities applicable to such payments.

Events of Default

General

Each of the following events is an event of default for any affected series, class or tranche of Funding Obligations:

(a) the Issuer's failure, for a period of **[65]**[6] days, to pay interest on such series, class or tranche of Funding Obligations when such interest becomes due and payable;

(b) the Issuer's failure to pay the principal amount of such series, class or tranche of Funding Obligations on the applicable legal maturity date;

(c) any representation or warranty in the Master Trust Indenture proves to be incorrect in any material respect when made and if capable of remedy, such incorrect representation or warranty is not remedied for a period of 90 days after the Indenture Trustee or the holders of at least **[25%]**[7] of the aggregate outstanding dollar principal amount of the outstanding Funding Obligations of any affected series, class or tranche has provided written notice requesting remedy of that default and stating that as a result of such default, the interests of the related Debtholders are materially and adversely affected and continue to be materially and adversely affected during the 90-day period;

(d) the Issuer's default in the performance, or breach, of any other of its covenants or warranties in the Master Trust Indenture, for a period of 90 days after the Indenture Trustee or the holders of at least **[25%]**[8] of the aggregate outstanding dollar principal amount of the outstanding Funding Obligations of any affected series, class or tranche has provided written notice requesting remedy of that default and stating that as a result of such default, the interests of the related Debtholders are materially and adversely affected and continue to be materially and adversely affected during the 90-day period;

(e) certain events of bankruptcy or insolvency of the Issuer;

(f) the Issuer's default in the performance, or breach, of any covenant or agreement contained in any Funding Obligation Agreement which causes or entitles and the holders of such Funding Obligations to cause acceleration of the maturity thereof;

(g) the Change of Law Assumption Agreement ceases to be in full force and effect against the Province and the Province does not, within **[90]**[9] days after the Indenture Trustee has provided written notice to the Province of such unenforceability, cause such agreement to be in full force and effect or

[6] To be confirmed.

[7] To be confirmed.

[8] To be confirmed.

[9] To be confirmed.

replace such agreement with a new agreement that is in form and substance satisfactory to the Debtholders, acting reasonably; or

(h) the Change of Law Assumption Agreement or the applicability thereof to the Province or the Funding Obligations is disaffirmed by the Province.

Additional events of default in respect of any series, class or tranche of Funding Obligations may be set forth in the related Funding Obligation Agreement.

Payment Waterfall Upon Event of Default

Upon the occurrence and during the continuance of an event of default, any money or other property standing to the credit of an Issuer Account (except as set out below) or otherwise collected by the Indenture Trustee will be applied in the following priority:

(a) first, to pay (A) the allocated amount of taxes for which a governmental authority is given prior over the specified creditors under the laws of Canada or any province or territory thereof, and then (B) fees, expenses and reimbursement amounts owing to the Issuer Trustee and the Indenture Trustee up to a maximum aggregate amount of ■%[10] of the outstanding dollar principal amount of all Funding Obligations at such time;

(b) second, to pay (A) interest, fees and other amounts owing in respect of Senior Funding Obligations and (B) amounts payable to derivative counterparties other than termination payments;

(c) third, to pay (A) principal owing in respect of Senior Funding Obligations and (B) termination payments owing to derivative counterparties where the derivative counterparty is not the defaulting party or the sole affected party;

(d) fourth, to pay fees, expenses, reimbursement and indemnity amounts owing to the Manager;

(e) fifth, to pay taxes not previously paid pursuant to the first bullet;

(f) sixth, to pay (A) fees, expenses and reimbursement amounts owing to the Issuer Trustee and the Indenture Trustee not previously paid pursuant to the first bullet, and then (B) fees, expenses and reimbursement amounts owing to other service providers;

(g) seventh, to pay interest, fees and other amounts owing in respect of subordinated Funding Obligations;

(h) eight, to pay principal owing in respect of subordinated Funding Obligations;

(i) ninth, to pay interest, fees and other amounts owing in respect of subordinated junior Funding Obligations;

(j) tenth, to pay principal owing in respect of subordinated junior Funding Obligations;

(k) eleventh, to pay termination payments owing to derivative counterparties where the derivative counterparty is the defaulting party or the sole affected party; and

(l) twelfth, to pay any remaining amounts to the Issuer.

However, amounts on deposit in an Issuer Account established solely for the benefit of one series, class or tranche of Funding Obligations will first be used to satisfy all obligations owing to the Debtholders for whom such

[10] To be confirmed.

Issuer Account was established. Thereafter, such amounts will be applied in accordance with the priorities set out above.

Waiver of Default

Except as described in the following sentence, an Extraordinary Resolution is required to waive any past default under the Master Trust Indenture or any Supplemental Indenture. The consent of all Debtholders is required to waive any past default in the payment of principal of, or interest on, any Funding Obligation.

Acceleration and Remedies

General

If an event of default described in paragraph (c) or (d) occurs with respect to all series of Funding Obligations or an event of default described in paragraph (g) or (h) occurs, either the Indenture Trustee or the holders of not less than 50% of the outstanding principal amount of all Funding Obligations (treated as one class) may declare the principal of all outstanding Funding Obligations to be immediately due and payable. If other events of default occur (other than an event of default described in paragraph (e)), either the Indenture Trustee or the holders of not less than 50% of the outstanding principal amount of Funding Obligations affected thereby (each series acting as a separate class) may declare the principal of the applicable Funding Obligations to be immediately due and payable. The occurrence of an event of default involving the bankruptcy or insolvency of the Issuer results in an automatic acceleration of all Funding Obligations.

A declaration of acceleration or an automatic acceleration may be rescinded by Extraordinary Resolution if the Issuer has paid all overdue interest, principal that has become due (other by reason of acceleration) and other amounts set out in the Master Trust Indenture.

If an event of default occurs and any Funding Obligations are accelerated, the Indenture Trustee may amongst other things, (i) apply to a court for an order of sequestration and payment of amounts in respect of Clean Energy Adjustments in accordance with the FHPA, (ii) take possession of the collateral, (iii) appoint a receiver with respect to the collateral, (iv) initiate proceedings in any court for the appointment of a receiver or for sale or foreclosure, (v) exercise rights, remedies, powers, privileges and claims under any Program Agreement, including the right to terminate and replace the Manager or the Servicer, or (vi) take any other action, suit, remedy or proceeding authorized or permitted by the Master Trust Indenture or by applicable law. The Indenture Trustee is not obligated to exercise any of its rights or powers under the Master Trust Indenture unless the holders of affected Funding Obligations offer the Indenture Trustee a reasonable indemnity.

See "*Risk Factors — ■*".

Rights of Specified Creditors

The Indenture Trustee has agreed, and each specified creditor will be deemed to agree, that it will not at any time commence, or join in commencing, bankruptcy, insolvency or similar proceedings against the Issuer. No Debtholder will have the right to institute any proceeding, judicial or otherwise, with respect to the Master Trust Indenture, or for the appointment of a receiver or trustee or similar official, or for any other remedy under the Master Trust Indenture, unless:

(a) the Issuer or a Debtholder has previously given to the Indenture Trustee written notice of a continuing event of default;

(b) Debtholders, by Extraordinary Resolution, have made written request of the Indenture Trustee to institute the proceeding in its own name as Indenture Trustee;

(c) Debtholders have offered the Indenture Trustee a satisfactory indemnity; and

(d) the Indenture Trustee has, for 60 days, failed to institute the proceeding.

Subject to certain powers which may only be exercised by Extraordinary Resolution, Debtholders of not less than 50% of the outstanding principal amount of any accelerated series, class or tranche of Funding Obligations have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Indenture Trustee, or exercising any trust or power conferred on the Indenture Trustee with respect to such series, class or tranche. However, the Indenture Trustee may decline to follow such direction if it determines (based on advice from counsel) that such direction (i) conflicts with applicable law or the Master Trust Indenture, (ii) has a substantial likelihood of involving the Indenture Trustee in personal liability or (iii) is unjustly prejudicial to Debtholders not taking part such direction. See *"Debtholder Approvals and Meetings—Debtholder Meetings"* for a description of certain powers which may only be exercised by Extraordinary Resolution.

Limited Recourse

The obligation of the Issuer to pay principal of and interest on the Funding Obligations or any other amount payable to any Debtholder is subject to the allocation and payment provisions in the Master Trust Indenture and the applicable Funding Obligation Agreement and limited to amounts available from the collateral. Neither the Indenture Trustee, the Manager nor the Issuer Trustee in its individual capacity, nor any holder of any ownership interest in the Issuer, nor any of their respective owners, beneficiaries, agents, officers, directors, employees, successors or assigns will, in the absence of an express agreement to the contrary, be personally liable for the payment of the principal of or interest on the Notes or any other Funding Obligation, or for the Issuer's covenants and agreements contained in the Master Trust Indenture.

Satisfaction and Discharge of Indenture

The Master Trust Indenture will cease to be of further effect with respect to any series, class or tranche of Notes and the Indenture Trustee, on the written demand and at the expense of the Issuer, will execute instruments acknowledging such satisfaction and discharge with respect to that series, class or tranche of Notes, when:

(a) all Notes of that series, class or tranche which have already been authenticated or delivered, with certain exceptions set forth in the Master Trust Indenture, have been delivered to the Indenture Trustee for cancellation,

(b) the Issuer has paid all other sums payable by it under the Master Trust Indenture with respect to that series, class or tranche of Notes, and

(c) the Issuer has delivered to the Indenture Trustee an officer's certificate and an opinion of external counsel each stating that the conditions precedent in the Master Trust Indenture relating to the satisfaction and discharge have been complied with.

DESCRIPTION OF NOTES

The following description of the Notes is a summary of certain of their material attributes and characteristics, and does not purport to be complete. The terms and conditions set forth in this "Description of the Notes" section will apply to each Note unless otherwise specified in the applicable Term Sheet. For further particulars, reference should be made to the Master Trust Indenture and the Supplemental Indenture and Terms Document, if any, relating to the particular series, class or tranche of Notes.

General

The Notes will be issued under the Master Trust Indenture and will be Funding Obligations issued in connection with the financing program described under the heading "Capital Markets Platform". The specific terms and conditions of each series, class or tranche of Notes are to be set forth in a Supplemental Indenture and, if applicable, a terms document (a "**Terms Document**") authorizing that series, class or tranche.

Under the Master Trust Indenture, the Issuer may issue an unlimited principal amount of Notes. See *"—Conditions Precedent to Issuance of Obligations Secured"*. The Notes will be direct obligations of the Issuer and secured in the manner provided for under the Master Trust Indenture. See *"Capital Markets Platform—Security"*.

The Supplemental Indenture or Terms Document will describe the following terms of the Notes:

- stated principal amount of the Notes;
- whether such Notes are of a particular class of Notes or a tranche of Notes;
- the currency or currencies in which such Notes will be denominated and in which payments of principal of, and interest on, such Notes will or may be payable;
- the price at which such series, class or tranche of Notes will be issued;
- the times at which such series, class or tranche of Notes may, pursuant to any optional or mandatory redemption provisions, be redeemed, and the other terms and provisions of any such redemption;
- the rate per annum at which such series, class or tranche of Notes will bear interest, if any, or the formula or index on which such rate will be determined;
- the initial dollar principal amount or the initial currency specific dollar principal amount of such Notes, and the means for calculating the outstanding dollar principal amount or the outstanding currency specific dollar principal amount of such Notes;
- each payment date, the scheduled final payment date and the legal maturity date;
- any events of default or early amortization events with respect to such series, class or tranche of Notes if not set forth in the Master Trust Indenture, and any additions deletions or other changes to the events of default or early amortization events set forth in the Master Trust Indenture with respect to such series, class or tranche of Notes;
- if such series, class or tranche of Notes will be issues in whole or in part in the form of a global note, the terms and conditions, if any, upon such global note may be exchanged for other individual Notes, and the depository for such global note;
- if such series, class or tranche of Notes will be issued in whole or in part as registered Notes, bearer Notes or both, and if such Notes will be issued with or without coupons;
- if such series, class or tranche will have the benefit of a derivative agreement, credit enhancement agreement or liquidity agreement, and the terms and provisions of the applicable agreement;
- the subordination of such series, class or tranche of Notes to any other indebtedness of the Issuer, including the Notes of any other series, class or tranche;
- the record date for any payment date of such series, class or tranche of Notes, if different from the last of the month before the related payment; and
- the details of any amortization period or accumulation period for such series, class or tranche of Notes and the amount scheduled to be deposited in any applicable Issuer account on each payment date during such period.

Payments of Principal and Interest

Unless otherwise specified in a Term Sheet, the Issuer has designated [OPG] as its paying agent for all Notes having a place of payment in Toronto, Ontario.

Interest will accrue on the principal balance of each Note at the interest rate specified in the Term Sheet. Unless otherwise specified in the Term Sheet, interest will be payable on the [15th] day of each calendar month (each,

a "**payment date**"). Principal of the Notes of each series, class or tranche will be payable in the amounts and on the payment dates specified in the Term Sheet. The Term Sheet will also set out the scheduled final payment of the series, class or tranche of Notes, which is the date that the Issuer expects to pay the stated principal amount of such Notes, and the legal maturity date. On each payment date, the paying agent will pay to Noteholders principal and interest then due on the Notes using available collections and amounts available in certain other Issuer accounts. Please read "Payment Priorities". However, you may receive principal payments earlier if an early amortization period begins or later if the payment rate deteriorates or insufficient available collections are accumulated in the collection account and the other Issuer accounts. In addition, principal of a note may be paid earlier than its scheduled final payment date if an optional or mandatory redemption occurs. It is not an event of default if the stated principal amount of a series, class or tranche of Notes is not paid in full on its scheduled final payment date. However, if the stated principal amount of a series, class or tranche of note is not paid in full on its scheduled final payment date, an early amortization event will occur. See *"Capital Markets Platform—Early Amortization Events"*. If the stated principal amount of a note is not paid in full by its legal maturity date, an event of default will occur. See *"Capital Markets Platform—Events of Default"*.

See *"Risk Factors"* for a discussion of factors that may affect the timing of principal payments on a series, class or tranche of Notes.

DEPOSITORY SERVICES

Except as otherwise provided below, the Notes will be issued in "book-entry only" form and must be purchased, transferred, redeemed or exchanged through participants ("**Participants**") in the depository service of a depository chosen by the Issuer (the "**depository**") or its nominee, which include securities brokers and dealers, banks and trust companies. On the closing date of an Offering, the Issuer will cause a global certificate representing the Notes to be delivered to, and registered in the name of, the depository or its nominee. Except as described below, no purchaser of Notes will be entitled to a certificate or other instrument from the Issuer or the depository evidencing that purchaser's ownership thereof, and no purchaser will be shown on the records maintained by the depository except through a book-entry account of a Participant acting on behalf of such purchaser. Each purchaser of Notes will typically receive a customer confirmation of purchase from the registered dealer from which the Notes are purchased in accordance with the practices and procedures of that registered dealer. The practices of registered dealers may vary, but generally, customer confirmations are issued promptly after execution of a customer order. The depository will be responsible for establishing and maintaining book-entry accounts for its Participants having interests in the Notes.

Neither the Issuer, the Indenture Trustee nor the Agents will assume any liability for: (i) any aspect of the records relating to the beneficial ownership of the Notes held by the depository or the payments relating thereto; (ii) maintaining, supervising or reviewing any records relating to the Notes; or (iii) any advice or representation made by or with respect to the depository or those contained in this confidential shelf offering memorandum and relating to the rules governing the depository or any action to be taken by the depository or at the direction of its Participants. The rules governing the depository provide that it acts as the agent and depository for the Participants. As a result, Participants must look solely to the depository and persons, other than Participants, having an interest in the Notes must look solely to Participants for payments made by or on behalf of the Issuer to the depository in respect of the Notes.

If: (i) required by applicable law; (ii) the depository notifies the Issuer in writing that the depository is no longer willing or able to discharge properly the responsibilities of a depository with respect to the Notes and the Issuer is unable to locate a qualified successor; (iii) the Issuer determines; (iv) an event of default has occurred and Noteholders holding more than 50% of the outstanding principal amount of the applicable Notes determine such book-entry system is no longer in their best interests; then certificates representing the Notes will be issued to the beneficial owners of Notes or their nominees; or (v) the book-entry system is terminated. ***[NTD: Conform to Indenture when settled.]***

Manner of Effecting Transfer or Redemption

A transfer or redemption of Notes held in "book-entry form" only will be effected through records maintained by the depository or its nominee with respect to interests of Participants, and on the records of Participants with respect

to interests of persons other than Participants. Purchasers of such Notes who are not Participants, but who desire to purchase, sell or otherwise transfer ownership of or other interests in the Notes, may do so only through Participants.

DTC, Euroclear and Clearstream, Luxembourg

Where CDS acts as depository for a series of Notes, to the extent the Issuer makes such series of Notes eligible with The Depositary Trust Company ("**DTC**"), Euroclear Bank S.A./N.V., as operator of the Euroclear System ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**"), and the Issuer specifies as such in the Term Sheet with respect to the particular series of Notes, holders may hold such series of Notes through the accounts maintained by DTC, Euroclear or Clearstream, Luxembourg, as applicable, as participants in CDS only if they are participants of those systems, or indirectly through organizations which are participants of those systems.

In such case, DTC, Euroclear and Clearstream, Luxembourg will hold omnibus book-entry positions on behalf of their participants through customers' securities accounts in their respective depositaries which in turn will hold such positions in customers' securities accounts in the names of the nominees of the depositaries on the books of CDS. All securities in DTC, Euroclear and Clearstream, Luxembourg are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts.

Transfers of such Notes by persons holding through Euroclear or Clearstream, Luxembourg participants, as applicable, will be effected through CDS, in accordance with CDS rules, on behalf of the relevant European international clearing system by its depositaries; however, such transactions will require delivery of transfer instructions to the relevant European international clearing system by the participant in such system in accordance with its rules and procedures and within its established deadlines (European time). The relevant European international clearing system will, if the transfer meets its requirements, deliver instructions to its depositaries to take action to effect the transfer of the Notes on its behalf by delivering Notes through CDS and receiving payment in accordance with its normal procedures for next-day funds settlement. Payments with respect to the Notes held through Euroclear or Clearstream, Luxembourg will be credited to the cash accounts of Euroclear participants or Clearstream, Luxembourg participants in accordance with the relevant system's rules and procedures, to the extent received by its depositaries.

All information in this confidential shelf offering memorandum concerning CDS, DTC, Euroclear and Clearstream, Luxembourg, reflects the Issuer's understanding of the policies of such organizations which may change at any time without notice.

PLAN OF DISTRIBUTION

The Notes may be sold by the Issuer directly pursuant to applicable statutory exemptions or through agents designated by the Issuer from time to time (the "**Agents**"). Each Term Sheet will identify the Agents engaged in connection with the applicable Offering of Notes and will also set forth the terms of the Offering of Notes, including the net proceeds to the Issuer and, to the extent applicable, any fees payable to the Agents. The Agents will conditionally offer the Notes for sale on a "best efforts" basis, if, as and when issued and delivered by the Issuer in accordance with the conditions contained in an agency agreement (the "**Agency Agreement**") between the Issuer and the Agents to be entered into on or about the date of each Term Sheet. The Agents will be paid a fee for their services rendered to the Issuer in connection with the offering, issue and sale of the Notes. The obligations of the Agents under the Agency Agreement may be terminated upon the occurrence of certain stated events. The Agents may over-allot or effect transactions which stabilize or maintain the market price of the Notes at a level different than that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time.

The Notes may not be offered or sold, directly or indirectly, in Canada or to or for the account of any Canadian resident except, in the case of sales made in any province [or territory] of Canada, pursuant to an exemption from the prospectus requirements in Section 2.3 of NI 45-106 and, in the case of a purchaser resident in Ontario, section 73.3(2) of the *Securities Act* (Ontario), also known as the "accredited investor" exemption. In addition, Notes will not be offered or sold, directly or indirectly, to individuals unless those individuals are also "permitted clients" within the meaning of NI 31-103.

Resale of the Notes will be subject to restrictions under applicable securities legislation which vary depending on the relevant jurisdictions. **The Notes may only be sold on a basis that is exempt from the prospectus requirements of applicable securities legislation through an appropriately registered dealer or pursuant to an exemption from the registration requirements of applicable securities legislation**. See *"Restrictions on Resale"*.

This confidential shelf offering memorandum does not constitute an offer to sell or a solicitation of an offer to buy any of the Notes in the United States. The Notes have not been and will not be registered under the U.S. Securities Act or any state securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as such term is defined in Regulation S under the U.S. Securities Act) unless the Notes are registered under the U.S. Securities Act and applicable state securities laws or an exemption therefrom is available. In addition, until 40 days after the commencement of an Offering, any offer or sale of the Notes within the United States by any dealer (whether or not participating in an Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with an exemption from the registration requirements of the U.S. Securities Act. Each Agent has agreed that, except as permitted by an Agency Agreement, it will not offer or sell the Notes as part of the distribution of the Notes at any time within the United States or to, or for the account or benefit of, U.S. persons.

RISK FACTORS

Prospective investors in the Notes should carefully consider all the information included in this confidential shelf offering memorandum, including the risks described below, before deciding to invest in the Notes.

Judicial, Legislative or Regulatory Risks

Future legal action might challenge or invalidate the FHPA or the Regulations and materially adversely affect a holder's investment in the Notes.

The Investment Asset is a creation of the FHPA, which became effective on June 1, 2017. The Issuer will be the first Financing Entity under the FHPA to issue Funding Obligations as contemplated under the FHPA. The FHPA, the Regulations or any provisions thereof might be directly contested in courts or otherwise become the subject of litigation. The FHPA is novel legislation in Canada and therefore there are no precedents to rely on to support the validity of the FHPA or the Regulations.

As of the date of this confidential shelf offering memorandum, no such litigation has arisen; however, there can be no assurance that a lawsuit challenging the validity of some portion or all of the FHPA or the Regulations will not be filed in the future or that, if filed, such lawsuit will not be successful. If such a lawsuit were successful, it would likely be a Protection Event and the provisions of the Change of Law Protection Agreement would apply. See *"Change of Law Protection Agreement"*. If such successful lawsuit was not, however, a Protection Event, and an invalidation of any relevant underlying legislative or regulatory provision were to result, a holder of Notes may lose some or all of their investment in the Notes or experience significant delays in recovering their investment in the Notes.

Future legislative action to change the FHPA or the Change of Law Protection Agreement might materially adversely affect a holder's investment in the Notes.

The FHPA provides that no act or omission of the Province of Ontario shall be effective to reduce, impair, postpone or terminate the obligations of Specified Consumers to pay amounts in respect of the Clean Energy Adjustment or to impair or postpone the invoicing, collection or remittance of the Clean Energy Adjustment. Ontario does not have a referendum or initiative process by which the FHPA may be amended or revoked. Therefore, the only way for such provisions of the FHPA to be amended or revoked would be through a subsequent legislative action by the Province of Ontario. Any such action that materially and adversely effects the ability of the Issuer to receive amounts in respect of the Investment Interest would likely be subject to the Change of Law Protection Agreement. See *"Change of Law Protection Agreement"*. However, future legislative action by the Province of Ontario could also be taken that would have the effect of voiding or otherwise rendering invalid the Change of Law Protection Agreement.

Canada does not have any constitutional protection of property rights. While an adverse impact of statutory measures on private property has, in some circumstances, been judicially held to entitle property owners to compensation, such

entitlements themselves can also be extinguished by legislation. Accordingly, if the provisions of the FHPA referenced in the previous paragraph were amended or revoked through subsequent legislative action of the Province of Ontario and future legislative action was also taken by the Province of Ontario that had the effect of voiding or otherwise rendering invalid the Change of Law Protection Agreement, a holder of Notes may lose some or all of their investment in the Notes or experience significant delays in recovering their investment in the Notes.

Future judicial action could reduce the value of a holder's investment in the Notes.

The Investment Asset is the creation of the FHPA. There is uncertainty associated with investing in Notes payable from an asset that depends for its existence on legislation because there is no juridical or regulatory experience implementing and interpreting the legislation or similar legislation in Canada. Because the Investment Asset is a creation of the FHPA, any judicial determination interpreting the FHPA or the Investment Asset might have an adverse effect on a holder of Notes' investment in the Notes.

Potential difficulties in enforcing civil liabilities against the Province of Ontario may arise.

Under the *Proceedings Against the Crown Act* (Ontario), the remedies of injunction and specific performance are not available against the Province of Ontario, although the remedy of damages is available. As a result, if the Province of Ontario fails to comply with the Change of Law Protection Agreement, the Indenture Trustee's ability to obtain an effective remedy against the Province of Ontario is limited.

Risks Associated with the Unusual Nature of the Investment Asset

Clean Energy Adjustments will not be payable until May 1, 2021 and until such time the IESO will be the sole source of funds for payment on the Notes.

During the Moratorium Period, no Clean Energy Adjustments are permitted to be collected from Specified Consumers. During the Moratorium Period, a holder of Notes must rely for payment of interest on the Notes, and the Issuer must rely for payment of all of its other carrying costs, solely upon the IESO who is obligated under the Regulations to pay these carrying costs. The IESO has granted the Issuer a first-priority security interest in all its accounts receivable from Electricity Vendors[, which includes the global adjustment charge], ***[NTD: To be confirmed]*** as security for the performance of its regulatory obligation to pay the Issuer's carrying costs. The IESO also has a [$2 billion] unsecured credit facility agreement with the [Ontario Financing Authority], expiring ■, 20■, available for the purposes of paying the Issuer's carrying costs. ***[NTD: IESO credit facility description to be confirmed.]*** There can be no assurance that the IESO will continue to have sufficient funds available to pay interest on the Notes or to pay the Issuer's other carrying costs during the Moratorium Period. If the Issuer enforces the security granted to the Issuer by the IESO during this period, there can be no assurance that the IESO's accounts receivable from Electricity Vendors will be sufficient to pay interest on the Notes or the Issuer's other carrying costs. ***[NTD: Consider additional disclosure regarding the IESO's other creditors.]***

Under various Canadian bankruptcy, insolvency and restructuring statutes or Canadian federal or provincial receivership laws, including the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada), the *Canada Business Corporations Act*, the *Winding-up and Restructuring Act*, and various provincial corporate statutes (collectively, "**Canadian Insolvency and Restructuring Laws**"), the Issuer's ability to enforce security granted by the IESO may be significantly impaired or delayed. In view of the broad discretionary powers of courts under Canadian Insolvency and Restructuring Laws, it is impossible to predict how long payments under the Master Transfer and Servicing Agreement could be delayed following commencement of a proceeding under Canadian Insolvency and Restructuring Laws by the IESO or whether or when the Issuer would be able to repossess or dispose of the assets over which it holds a security interest.

Canadian Insolvency and Restructuring Laws also contain provisions enabling an obligor to prepare and file a proposal or a plan of arrangement or reorganization for consideration by all or some of its creditors, to be voted on by the various classes of creditors affected thereby. Such a restructuring proposal or plan of arrangement or reorganization, if accepted by the requisite majority of each class of affected creditors and if approved by the relevant Canadian court, would be binding on all creditors of the applicable obligor within the affected classes, including the Issuer. Such a

proposal or plan of arrangement or reorganization may have the effect of compromising certain rights available to the Issuer under the Master Transfer and Servicing Agreement.

A holder of Notes may experience material payment delays because the source of funds for payment after the Moratorium Period is limited.

A holder of Notes may suffer material payment delays on the Notes if the collateral securing the Notes is insufficient to pay the accrued interest on and the principal amount of those Notes in full. After the Moratorium Period, the only source of funds for payments of interest on and principal of the Notes will be the collateral. The collateral for the Notes will be limited to:

- the Investment Interest, including the right to impose, bill, collect and receive Clean Energy Adjustment amounts, inclusive of the True-up Amount;
- the cash and investments on deposit in the accounts held by the Indenture Trustee; and
- the Issuer's rights under various contracts described in this confidential shelf offering memorandum and under the FHPA and Regulations.

The Notes will not be insured or guaranteed by the Province of Ontario, the IESO, OPG or any of their respective affiliates, the Indenture Trustee or any other person or entity. The Notes will be nonrecourse obligations, secured only by the collateral. Delays in payment on the Notes might result in a reduction in the market value of the Notes and, therefore, the value of a holder's investment in the Notes.

The Notes do not constitute a debt, liability or other obligation of, or interest in, OPG or any of its other affiliates (other than the Issuer). The Notes are not a debt or general obligation of the Province of Ontario or any of its political subdivisions, agencies or instrumentalities. However, insofar as the Province of Ontario or any such political subdivision, agency or instrumentality is a Specified Consumer, such governmental entity will be obligated, in its capacity as a Specified Consumer, to pay Clean Energy Adjustment amounts that will be collected and remitted to the Issuer in respect of its Investment Interest securing the Notes.

A holder of Notes must rely for payment of principal of and interest on the Notes solely upon the FHPA and the Regulations, rights to enforcement of the FHPA, the Regulations and of various contracts described in this confidential shelf offering memorandum, collections of Clean Energy Adjustment amounts and cash and investments on deposit in the related accounts held pursuant to the Master Trust Indenture.

The credit ratings of the IESO and OPG might affect the market value of the Notes.

Although neither the IESO nor OPG is an obligor in respect of the Notes, a downgrading of the current credit ratings of the IESO or OPG might have an adverse effect on the market value of the Notes, particularly during the Moratorium Period when no Clean Energy Adjustments are permitted to be collected from Specified Consumers. Credit ratings might change at any time. A rating agency has the authority to revise or withdraw its rating based solely upon its own judgment.

Foreclosure of the Indenture Trustee's lien on the Investment Interest securing the Notes might not be practical and acceleration of the Notes before maturity might have little practical effect.

Under the Master Trust Indenture, the Indenture Trustee on behalf of the holders of Notes and other creditors has the right to foreclose or otherwise enforce the lien granted to the Indenture Trustee by the Issuer on the collateral securing the Notes. However, in the event of foreclosure, there is likely to be a limited market, if any, for the collateral. Therefore, foreclosure might not be a realistic or practical remedy. Moreover, although principal of the Notes will be due and payable upon acceleration of the Notes before maturity, under the Regulations, the amount of the Clean Energy Adjustment may not be increased to take into account such acceleration (subject to limited exceptions depending on the Fair Allocation Amount at the time). As a result, this limitation on increases to the Clean Energy Adjustment at the time of any acceleration of the Notes prior to maturity will result in principal of the Notes being paid on acceleration as funds become available. However, upon such acceleration, the priority of payments to creditors

of the Issuer will result in all accelerated Notes being repaid in full before any further payments are made to holders of subordinated indebtedness of the Issuer.

The Issuer may have a co-ownership interest in the Investment Asset with other Financing Entities.

The FHPA authorizes the establishment of one or more Financing Entities that may incur Funding Obligations for the purpose of acquiring an Investment Interest. The Master Trust Indenture does not contain any restrictions on the establishment of other Financing Entities or any restrictions on the transfer by the IESO of a specified portion of the Regulatory Asset to other Financing Entities. If additional Funding Obligations are incurred by other Financing Entities to acquire an Investment Interest, Clean Energy Adjustment amounts collected by or for the benefit of the Issuer will be prorated among all Investment Interest owners based on the respective amounts of Clean Energy Adjustment amounts invoiced and not yet paid. Any issuance of Funding Obligations by other Financing Entities could cause reductions or delays in payment on the Notes.

The Issuer may issue multiple Series of Notes secured by the Investment Interest and some decisions affecting holders of Notes may require the approval of all Series.

The Issuer may issue multiple Series of Notes all of which will be secured by the collateral securing the Notes. The Issuer may not issue additional Series of Notes if the issuance would not satisfy the Rating Agency Condition and certain other conditions precedent in the Master Trust Indenture. See *"Master Trust Indenture"*. If additional Series of Notes are issued, Clean Energy Adjustment amounts collected by or for the benefit of the Issuer will be prorated among the Series of Notes based on the respective amounts of interest and principal due and payable or required to be accumulated in respect of each Series of Notes. Any issuance of additional Series of Notes by the Issuer could cause reductions or delays in payment on the Notes. In addition, some matters relating to the Notes issued by us may require the vote of the holders of all Series of Notes. The interests of holders of a particular Series of Notes in these votes might conflict with the interests of the holders of another Series of Notes. Thus, these votes could result in an outcome that is materially unfavorable to holders of a particular Series of Notes.

The Master Trust Indenture contains Events of Default (other than those pertaining to the insolvency of the Issuer or invalidity of the Change of Law Protection Agreement) that can only be declared by Debtholders who hold at least 25% of the outstanding Controlling Class Obligations. Upon such Events of Default, Debtholders who hold at least 50% of the outstanding Controlling Class Obligations may accelerate all Issuer Funding Obligations (other than Derivative Funding Obligations). However, it is possible for individual Series of Notes to have their own Acceleration Events such that those individual Series of Notes may be accelerated while other Series of Issuer Funding Obligations would not be accelerated. See *"Master Trust Indenture"*. In such a case, (i) the allocation of Available Collections to the holders of accelerated Series of Issuer Funding Obligations in a Class would be higher relative to the non-accelerated Series of Issuer Funding Obligations of that Class than it would otherwise be, and (ii) after payment in full of accelerated Senior Notes and other Senior Funding Obligations and once all amounts due and payable on non-accelerated Senior Notes and other Senior Funding Obligations have been satisfied on any principal payment date, amounts remaining for payment of principal would be allocated to the repayment of principal on both accelerated and non-accelerated subordinated debt, as applicable. See *"Master Trust Indenture"*.

If the Clean Energy Adjustment amounts and other funds held in the Issuer Accounts results in investment losses or the investments become illiquid, a holder of Notes might receive payment of principal of and interest on the Notes later than expected.

Funds held in the Issuer Accounts will be invested in eligible investments. Eligible investments include money market funds having a rating in the highest investment category from both DBRS and Moody's. Although investments in these money market funds have traditionally been viewed as highly liquid with a low probability of principal loss, illiquidity and principal losses have been experienced by investors in certain of these funds as a result of disruptions in the financial markets in recent years. If investment losses or illiquidity are experienced, a holder of Notes might experience a delay in payments of principal and interest and a decrease in the value of their investment in the Notes.

The credit ratings are not an indication of the expected rate of payment of principal on the Notes.

The Notes will be rated by one or more established rating agencies. A rating is not a recommendation to buy, sell or hold the Notes. The ratings merely analyze the probability that the Issuer will repay the total principal amount of each series of Notes at its Principal Payment Default Date (which is later than the Principal Payment Date(s)) and will make timely interest payments. The ratings are not an indication that the rating agencies believe that principal payments are likely to be paid on time according to any expected sinking fund schedule. Thus, the Issuer might repay the principal of a holder of Notes later than expected, which might materially reduce the value of a holder's investment in the Notes.

If the ratings on the Notes are withdrawn or revised, the value of a holder's investment in the Notes may be adversely affected.

The ratings on the Notes may be withdrawn or revised, which may have an adverse effect on the market price of the Notes. A rating is not a recommendation to buy, sell or hold the Notes. The ratings are assessments by the respective rating agencies of the likelihood that interest and principal on the Notes will be paid on a timely basis. Ratings on the Notes may be lowered, qualified or withdrawn at any time without notice.

The absence of a secondary market for the Notes might limit the ability to resell the Notes.

The Agents might assist in resales of the Notes, but they are not required to do so. A secondary market for the Notes might not develop. If a secondary market does develop, it might not continue or it might not be sufficiently liquid to allow a holder of Notes to resell any of its Notes.

Servicing, Operating and Consumer Risks

Payments on the Notes depends on the performance of Electricity Vendors and the IESO.

The Issuer's receipt of Clean Energy Adjustment amounts, which will be used to make payments on the Notes, will depend in part on the skill and diligence of Electricity Vendors and the IESO and their respective successors in performing their respective duties under the FHPA, the Regulations and, with respect to the IESO, the Master Transfer and Servicing Agreement.

If an Electricity Vendor ceases to perform, or inadequately performs, the billing and collection functions pursuant to the terms of the FHPA and the Regulations, it might be difficult for the Issuer to enforce these obligations against an Electricity Vendor on a timely basis.

If the IESO ceases to perform, or inadequately performs, its collection, remittance, forecasting and other functions under the terms of the FHPA, the Regulations and the Master Transfer and Servicing Agreement, it might be difficult to enforce these obligations against the IESO. While the Indenture Trustee has the right to replace the IESO, as servicer, on an Event of Default upon receipt of an Ordinary Resolution, it might be difficult to find a replacement for the IESO or a successor servicer. Also, any successor servicer might have less experience and ability than the IESO and might experience difficulties in collecting Clean Energy Adjustment amounts or forecasting consumption, resulting in delays or disruptions to the setting and collection of the Clean Energy Adjustment. Any successor servicer would likely charge fees for the provision of such services and such fees could be material.

If an Electricity Vendor or the IESO fails to collect or remit sufficient Clean Energy Adjustment amounts for any reason, then the IESO's payments to the Issuer in respect of the Clean Energy Adjustments might be delayed or reduced. In that event, payments on the Notes might be delayed or reduced. In addition, any person into which the IESO may be merged, converted or amalgamated or that may succeed to the properties and assets of the IESO substantially as a whole will assume the role of servicer under the Master Transfer and Servicing Agreement, subject only to the satisfaction of the conditions set forth therein. These conditions do not include either the consent of holders of Notes or satisfaction of the Rating Agency Condition.

Payments on the Notes depends on the performance of OPG as Financial Services Manager and Manager of the Issuer.

If OPG, as Financial Services Manager, ceases to perform, or inadequately performs, its statutory duties under the FHPA and the Regulations, including determining the Clean Energy Adjustment (inclusive of the True-Up Amount), the Indenture Trustee will have no right to replace OPG as Financial Services Manager. If OPG ceases to perform, or inadequately performs, its management duties under the Management Agreement, the Indenture Trustee has the right to replace the Manager on an Event of Default upon receipt of an Ordinary Resolution but it might be difficult to find a replacement for OPG or a successor manager. Also, any successor manager might have less experience and ability than OPG, resulting in delays or disruptions to the setting and collection of the Clean Energy Adjustment. Any successor manager would likely charge fees for the provision of such services and such fees could be materially higher than the fees charged by OPG.

Inaccurate consumption forecasting or unanticipated delinquencies or write-offs might reduce scheduled payments on the Notes.

Clean Energy Adjustment amounts are calculated based upon forecasted Specified Consumer usage, including the effect of delinquencies and write-offs. Under the FHPA, the IESO is required to forecast electricity consumption of Specified Consumers. The amount and the rate of the Clean Energy Adjustment will depend in part on actual electricity usage and the amount of collections and write-offs for Specified Consumers. If the IESO or a successor inaccurately forecasts electricity consumption or if OPG uses inaccurate consumer delinquency or write-off data when setting or adjusting the Clean Energy Adjustment, there could be a shortfall or material delay in collections, which might result in missed or delayed payments of principal and interest and lengthened weighted average lives of the Notes.

Inaccurate forecasting of electricity consumption by the IESO might result from, among other things unanticipated weather, resulting in less electricity consumption than forecast; general economic conditions being worse than expected, causing Specified Consumers to reduce their electricity consumption; the occurrence of a natural disaster, such as a hurricane, wind storm or an act of terrorism, cyber-attack or other catastrophic event unexpectedly disrupting electrical service and reducing electricity consumption; unanticipated changes in the market structure of the electric industry; large Specified Consumers unexpectedly ceasing business or departing from the Province of Ontario; dramatic and unexpected changes in energy prices resulting in decreased electricity consumption; Specified Consumers consuming less electricity than anticipated because of increased energy prices, unanticipated increases in conservation efforts or unanticipated increases in electric consumption efficiency; differences or changes in forecasting methodology; or large Specified Consumers switching to alternative sources of energy, including self-generation or co-generation of electric power in some cases without using Ontario's transmission or distribution system. Self-generators that receive no transmission or distribution service from the Province of Ontario are not liable for the Clean Energy Adjustment. Neither the FHPA nor the Regulations provide for exit fees to be charged to any Specified Consumers that might leave the grid to self-generate.

Inaccurate forecasting of delinquencies or write-offs by OPG could result from, among other things unexpected deterioration of the economy, the occurrence of a natural disaster, an act of war or terrorism or other catastrophic events causing greater write-offs than expected or forcing Electricity Vendors to grant additional payment relief to more consumers; the failure of Electricity Vendors to submit accurate and timely information to the IESO regarding their collections and write-offs; an unexpected change in law that makes it more difficult for Electricity Vendors to terminate service to nonpaying Specified Consumers, or that requires Electricity Vendors to apply more lenient credit standards for Specified Consumers.

Changes to billing and collection practices may reduce the amount of funds available for payments on the Notes.

The methodology for determining the amount of the Clean Energy Adjustment invoiced to each Specified Consumer is specified in FHPA and the Regulations. None of OPG, the IESO or any Electricity Vendor, as it performs its billing and collection functions on the Issuer's behalf, may change this methodology. However, subject to applicable law, tariff and regulatory requirements, billing and collection arrangements with each Specified Consumer may be changed in a manner that delays or reduces the payments to the Issuer in respect of the Clean Energy Adjustment. For example, an Electricity Vendor's conditions of service may permit it to offer equal monthly billing plans to its consumers thereby delaying payments from one month to the next during the year or to enter into arrangements for the payment

of arrears. In that event, collection of the Clean Energy Adjustment may be delayed or reduced until an adjustment is made.

Limits on rights to terminate service to Specified Consumers might make it more difficult to collect the Clean Energy Adjustment.

To the extent that Specified Consumers do not pay for their electricity service, Electricity Vendors will not be able to collect the Clean Energy Adjustment from these Specified Consumers. Electricity Vendors have the ability to terminate service for non-payment subject to the terms of their conditions of service, which conditions must be consistent with the OEB's rules regarding disconnection. Under OEB rules, electricity vendors are prohibited from disconnecting or threatening to disconnect homes for non-payment during the winter from November 15 to April 30 every year. Historical rates of non-payment are included in the calculations of the Clean Energy Adjustment, but increases in the rates of non-payment would reduce the Clean Energy Adjustment until it is adjusted through the True-up Amount in a subsequent Reference Period.

It might be difficult for the Issuer to collect the Clean Energy Adjustment from Specified Consumers

Under the FHPA, the Issuer may bring an action against a Specified Consumer for non-payment of the Clean Energy Adjustment, but only an Electricity Vendor may terminate service for failure to pay the Clean Energy Adjustment. The FHPA provides that partial payment of electricity invoices shall be allocated pro rata among the Clean Energy Adjustment and other charges on the invoice. Since the Issuer does not have the threat of termination of service available to enforce payment of the Clean Energy Adjustment, it would need to rely on the Electricity Vendor to threaten to terminate service for nonpayment of other portions of the electricity invoice. This inability might reduce the value of a holder's investment in the Notes.

Indemnification obligations of OPG and the IESO are limited and might not be sufficient to protect the investments in the Notes.

OPG will be obligated under the Management Agreement to indemnify the Issuer and the Indenture Trustee, for itself and on behalf of the holders of Notes and other creditors, only in specified circumstances. Likewise, the IESO will be obligated under the Master Transfer and Servicing Agreement and the Acknowledgement and Indemnity Agreement to indemnify the Issuer and the Indenture Trustee, for itself and on behalf of the holders of Notes and other creditors, only in specified circumstances. ***[NTD: Subject to finalization of indemnities.]***

Furthermore, neither OPG nor the IESO may have sufficient funds available to satisfy its indemnification obligations, and the amount of any indemnification paid by OPG or the IESO, as applicable, might not be sufficient for holders of Notes to recover all of their investment in the Notes. In addition, if OPG or the IESO becomes obligated to indemnify holders of Notes, the ratings on the Notes might be downgraded as a result of the circumstances causing the breach and the fact that holders of Notes will be unsecured creditors of OPG or, after the Moratorium Period, the IESO, as applicable, with respect to any of these indemnification amounts. Neither OPG nor the IESO will indemnify any person for any loss, damages, liability, obligation, claim, action, suit or payment resulting solely from a downgrade in the ratings on the Notes, or for any consequential damages, including any loss of market value of the Notes resulting from a default or a downgrade of the ratings of the Notes.

Delinquent or partial payments of electricity bills may make principal payments on the Notes occur later than expected.

The amount and the rate of collection of the Clean Energy Adjustment, including the True-up Amount, will impact whether there is a delay in the scheduled repayments of principal on the Notes. If the Clean Energy Adjustment amounts are collected at a slower rate than expected, OPG might have to make adjustments to the Clean Energy Adjustment for a subsequent Reference Period through the True-Up Amount. If those adjustments are not timely and accurate, there may be a delay in payments of principal and interest and a decrease in the value of the Notes.

Power outages could impair payment of the Notes.

Ontario experiences seasonal conditions typical of southeastern Canada. Summers are usually hot with high temperatures in excess of 20°C. Winters include snow and icing conditions that can be damaging to overhead power lines. Transmission and/or distribution and generation facilities could be damaged depending on weather conditions and usage of electricity could be interrupted temporarily or for long periods of time, reducing the Clean Energy Adjustment amounts collected in one or more Reference Periods.

Technological change might make alternative energy sources more attractive in the future.

Technological developments and/or tax or other economic incentives might result in the introduction of economically attractive, more fuel-efficient, more environmentally-friendly and/or more cost-effective alternatives to purchasing electricity through Electricity Vendors for increasing numbers of Specified Consumers. Manufacturers of self-generation facilities may develop smaller-scale, more fuel-efficient on-site generating and/or storage units that can be cost-effective options for a greater number of Specified Consumers. Moreover, an increase in self-service power may result if extreme weather conditions result in regular shortages of grid-supplied energy or if other factors cause grid-supplied energy to be less reliable. Specified Consumers who self-generate their electricity may use it to offset, or eliminate, their consumption from the grid thereby reducing, or eliminating, the Clean Energy Adjustment amounts payable by such Specified Consumers. Technological developments might allow greater numbers of Specified Consumers to reduce or even altogether avoid the payment of Clean Energy Adjustment amount under such provisions through on-site generation, including where coupled with on-site storage capacity. This might reduce the kilowatt-hours of electric energy delivered to Specified Consumers by means of an Electricity Vendor's system, thereby causing Clean Energy Adjustment charges to the remaining Specified Consumers to increase. Such increases may reduce the collectability of the Clean Energy Adjustment. ***[NTD: Consider inclusion of any other factors that may reduce the number of Specified Consumers i.e. due to population changes, as a result of people moving or Electricity Vendor failures?]***

Bankruptcy-Related Risks Relating to the Issuer

Ordinarily, the interests of the Issuer as transferee of the Investment Interest may be subordinate to statutory deemed trusts and other non-consensual liens, trusts and claims created or imposed by statute or rule of law on the property of the IESO arising prior to the time an Investment Interest is transferred to the Issuer, which could reduce the amounts that may be available to the Issuer and, consequently, the holders of Notes. Section 27(3) of the FHPA provides that at the time of the transfer to a Financing Entity, such transfer shall be deemed to have been perfected, vested, valid and binding against the IESO and all other persons who have claims of any kind against the IESO. Section 27(4) of the FHPA provides that section 27(3) applies regardless of whether the persons who have claims have received notice of the transfer and the property rights and interests acquired by the transferee shall have priority over any liens in favour of those persons. However, in the event that the IESO becomes insolvent its insolvency would be subject to federal bankruptcy and insolvency legislation and the effect of these provisions of the FHPA in such circumstances is untested. The IESO will treat the transactions described herein as a transfer of its regulatory asset to the Issuer. Such transfers will be made in accordance with Section 26 of the FHPA. Section 27(1) of the FHPA provides that a transfer of a specified portion of the IESO's regulatory asset under section 26 constitutes a valid and enforceable absolute assignment, conveyance and sale of the corresponding Investment Interest to the transferee. As a transfer, the Investment Interest would not form part of the assets of the IESO and would not be available to the creditors of the IESO. However, with respect to certain insolvency events relating to the IESO, it is possible that an insolvency administrator or a creditor of the IESO may attempt to argue that the transactions between the IESO and the Issuer are not true sales of the Investment Interest. This position, if accepted by a court applying federal bankruptcy and insolvency laws, could prevent timely or ultimate payment of amounts due to the Issuer and, consequently, due from the Issuer to holders of Notes.

Also, in the case of the insolvency of the Issuer Trustee, it is possible that the creditors of the Issuer Trustee may attempt to argue that the assets of the Issuer are held by the Issuer Trustee in its personal capacity (and not as trustee of the Issuer) and are to be available to the creditors of the Issuer Trustee. Assuming that the Issuer Trustee deals with the assets of the Issuer in accordance with the provisions of the Declaration of Trust, the assets of the Issuer would not constitute property of the Issuer Trustee available for distribution to the creditors of the Issuer Trustee. An insolvency administrator appointed with respect to the Issuer Trustee may be able to recover from the property of the

Issuer a portion of its costs that are incurred until a replacement for the Issuer Trustee, as trustee of the Issuer, is appointed or pending any proceeding in respect of the property of the Issuer. Such costs may exceed the compensation provided for in the Declaration of Trust.

The application to a Specified Consumer of Canadian Insolvency and Restructuring Laws and related provincial laws could also affect the ability to collect the Clean Energy Adjustments. Federal bankruptcy laws generally discharge bankrupt Specified Consumers of their obligation to pay Clean Energy Adjustment amounts.

Amounts that are on deposit from time to time in the Issuer Accounts for any Series may be invested in eligible investments. If insolvency proceedings were to be commenced by or against any entity with which an eligible investment is made or which is an issuer, obligor or guarantee of any eligible investment, the ability of the Indenture Trustee to enforce its rights in respect of any such eligible investment and the ability of the Issuer to make payments to holders of Notes in a timely manner may be adversely affected. In order to reduce this risk, the eligible investments must satisfy certain ratings criteria. See "■".

Bankruptcy-Related Risks Relating to the IESO

While the IESO is the servicer under the Master Transfer and Servicing Agreement, collections held by the IESO are to be held by the IESO in a segregated account. If the IESO fails to do so then, to the extent that funds are commingled and used for the benefit of the IESO prior to making required deposits, in the event of the liquidation, insolvency, receivership or administration of the IESO, the ability of the Issuer to enforce its rights to the collections in a timely manner may be adversely affected and collections that have been commingled may be unrecoverable. In the event of the insolvency of the IESO, the right of the Issuer under the Master Transfer and Servicing Agreement to appoint a replacement servicer may be stayed or prevented. Until Clean Energy Adjustments are remitted to the IESO by Electricity Vendors, amounts collected by the Electricity Vendors are to be held by Electricity Vendors in segregated accounts. If any Electricity Vendor fails to do so then, to the extent that funds are commingled and used for the bIn the event of the liquidation, insolvency, receivership or administration of the Manager, the ability of the Issuer to enforce certain of its other rights in and to the Investment Interest in a timely manner may also be adversely affected. Such affected rights may include the right to appoint a replacement Manager.

Bankruptcy-Related Risks Relating to OPG

Section 53.1 of the *Electricity Act, 1998*, as amended by the FHPA, provides that, regardless of whether a Financing Entity is or is not a subsidiary of OPG: (a) the assets and liabilities of the Financing Entity shall not form part of the assets and liabilities of OPG or any of its subsidiaries (excluding the Financing Entity if it is a subsidiary); and (b) the assets and liabilities of OPG or any of its subsidiaries (excluding the Financing Entity if it is a subsidiary) shall not form part of the assets and liabilities of the Financing Entity. However, in the event that either of OPG or the Issuer becomes insolvent, its insolvency would be subject to federal bankruptcy and insolvency legislation and the effect of these provisions of the *Electricity Act, 1998*, as amended by the FHPA, in such circumstances is untested. In particular, in the event of the liquidation, insolvency, receivership or administration of OPG, the ability of the Issuer to enforce certain of its rights in and to the Investment Interest in a timely manner may be adversely affected. Such affected rights may include the right to appoint a replacement Manager. It is possible that the creditors of OPG may attempt to substantively consolidate the assets and liabilities of OPG and the Issuer. The Issuer and OPG have taken steps to minimize this risk. However, no assurance can be given that, in the case of the insolvency of OPG, a court would not order that the Issuer's assets and liabilities be substantively consolidated with those of OPG. Such substantive consolidation could cause payment of the claims of the beneficial owners of the Notes to be subject to substantial delay and to adjustment in timing and amount.

REPRESENTATIONS AND AGREEMENTS OF PURCHASERS

The distribution of the Notes in Canada is being made on a private placement basis. By purchasing Notes and accepting a purchase confirmation in respect thereof, a purchaser in Canada will be deemed to have represented to the Issuer and the Agents that, as at the date of such purchaser's purchase of Notes:

(a) none of the Issuer, the Agents or any person representing the Issuer or the Agents has made any representations to it (written or oral) with respect to the Issuer, any Offering or sale of the Notes,

other than the information contained in this confidential shelf offering memorandum which has been delivered to it;

(b) it is resident in a province [or territory] of Canada (each an "**Offering Jurisdiction**") and is entitled under applicable securities laws of such Offering Jurisdiction to purchase the Notes without the benefit of a prospectus qualified under those securities laws and any act, solicitation, conduct or negotiation directly or indirectly in furtherance of such purchase and sale has occurred only in one of the provinces [or territories] of Canada;

(c) the purchaser has been provided the opportunity to receive a copy of the Master Trust Indenture and each of the Supplemental Indentures;

(d) the purchaser has reviewed and acknowledges the terms referred to below under the section entitled "Restrictions on Resale";

(e) it is basing its investment decision solely on this confidential shelf offering memorandum and not on any other information or statement concerning the Issuer or any Offering and it has not become aware of any advertisement in printed media of general and regular paid circulation (or other printed public media), radio, television or telecommunications or other form of advertisement (including electronic display) with respect to the distribution of the Notes;

(f) it has been independently advised as to restrictions with respect to trading in the Notes imposed by applicable securities laws in the jurisdiction in which it resides, confirms that no representation (written or oral) has been made to it by or on behalf of the Issuer or an Agent with respect thereto, acknowledges that it is aware of the characteristics of the Notes, the risks relating to an investment in the Notes and of the fact that it may not be able to resell the Notes except in accordance with limited exemptions under applicable securities legislation and regulatory policy and compliance with the other requirements of applicable law; and it agrees that any certificates representing the Notes will bear a legend indicating that the resale of such Notes is restricted; the purchaser further acknowledges that it has been advised to consult its own legal counsel in its jurisdiction of residence for full particulars of the resale restrictions applicable to it and has reviewed and acknowledges the terms referred to under the heading "Restrictions on Resale"; and the purchaser further acknowledges that if it resells the Notes in compliance with applicable law it will give notice to the subsequent transferee during the restricted period noted under the heading "Restrictions on Resale" of such restrictions;

(g) it acknowledges the risks relating to an investment in the Notes and it has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of its prospective investment in the Notes, it and any accounts for which it is acting have the ability to bear the economic risks of the prospective investment and can afford the complete loss of such investment and it acknowledges that it and any accounts for which it is acting may be required to bear the financial risks of this investment for an indefinite period of time;

(h) it acknowledges that: (i) no securities commission or similar regulatory authority has reviewed or passed on the merits of the Notes; and (ii) there is no government or other insurance covering the Notes;

(i) it acknowledges that no person has made any oral or written representation to it that any person will re-sell or re-purchase the Notes, or refund any part or all of the purchase price of the Notes, or that the Notes will be listed on any exchange or quoted on any quotation and trade reporting system, or that any application has been or will be made to list the Notes on any exchange or quote the notes on any quotation and trade reporting system, and no person has given any undertaking to such purchaser relating to the future value or price of the Notes;

(j) none of the funds being used to purchase the Notes are, to the best of the purchaser's knowledge, (i) proceeds obtained by or derived, directly or indirectly, as a result of illegal activities, or (ii) being tendered on behalf of a person or entity who has not been identified to the purchaser;

(k) the funds being used to purchase the Notes and advanced by or on behalf of the purchaser to the Agents do not represent proceeds of crime for the purposes of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada);

(l) the purchaser is responsible to obtain independent investment, legal and tax advice with respect to its purchase of the Notes and accordingly has had the opportunity to acquire an understanding of the transaction described in this confidential shelf offering memorandum and the meanings of all the terms contained herein relevant to such purchase for the purpose of giving acknowledgements, representations and agreements under this confidential shelf offering memorandum;

(m) it (i) is an "accredited investor" (as such term is defined in NI 45-106 and, in the case of a purchaser resident in Ontario, section 73.3(1) of the *Securities Act* (Ontario)) that is not an individual, unless such individual is also a "permitted client" (as such term is defined in NI 31-103); (ii) is either (A) purchasing the Notes as principal, (B) a trust company or trust corporation registered or authorized to carry on business under the *Trust and Loan Companies Act* (Canada) or under comparable legislation of a jurisdiction of Canada (other than a trust company or trust corporation registered solely under the laws of the Province of Prince Edward Island) or a foreign jurisdiction, acting on behalf of a fully managed account managed by the trust company or trust corporation, as the case may be, or (C) a person acting on behalf of a fully managed account managed by that person, if that person is registered or authorized to carry on business as an adviser or the equivalent under the securities legislation of a jurisdiction of Canada or foreign jurisdiction; and (iii) was not created or used solely to purchase or hold securities as an accredited investor as described in paragraph (m) of the definition of "accredited investor" in NI 45-106;

(n) the purchaser has provided applicable certifications and/or other information or documentation to the Agents and the Issuer to evidence its status and criteria for compliance with the relevant category of "accredited investor," understands that the Agents and the Issuer may be required to verify that the purchaser satisfies such criteria, and that the purchaser may be required to provide additional information or documentation to the Agents and the Issuer to evidence such compliance;

(o) the purchaser, if resident in the Province of Québec, has agreed that all documents relating to such purchase be in English only, as more particularly described under the heading "Language of Documents". *L'acquéreur, s'il réside dans la Province de Québec, accepte que tous les documents liés à son acquisition soient en langue anglaise uniquement, tel qu'il est plus amplement décrit sous la rubrique «Langue des documents»*;

(p) it will execute, deliver and file such reports, undertakings and other documents relating to his, her or its purchase of the Notes as may be required by applicable securities laws, regulations and rules, or assist the Issuer and the Agents, as applicable, in obtaining and filing such reports, undertakings and other documents;

(q) it is not a U.S. person (as such term is defined in Regulation S under the U.S. Securities Act), none of the Notes are being or will be acquired, directly or indirectly, for the account or benefit of a U.S. person, the purchaser was not offered any of the Notes in the United States, the purchaser did not execute or deliver any agreement in connection herewith in the United States, and the purchaser is aware that the Notes have not been and will not be registered under the U.S. Securities Act or the securities laws of any State of the United States and that the Notes may not be offered or sold in the United States without registration under the U.S. Securities Act or except in compliance with the requirements of an exemption from registration;

(r) if the purchaser is acquiring any Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and that it has full

power to make the acknowledgements, representations and agreements contained herein on behalf of each such account;

(s) the offer and sale of the Notes is conditional upon the offer and sale being exempt from the prospectus filing requirements of applicable securities law;

(t) the purchaser acknowledges that the Issuer may be required to disclose to applicable securities regulatory authorities the identity of the purchaser and any person with a beneficial interest in the Notes;

(u) except for any rating reports that may have been issued by ■ and ■, no agency, governmental authority, regulatory body, stock exchange or other entity has made any finding or determination as to the merit for investment of, nor have any such agencies or governmental authorities, regulatory bodies, stock exchanges or other entities made any recommendation or endorsement with respect to the Notes;

(v) if the purchaser is:

(i) a corporation, it is duly incorporated and is validly subsisting under the laws of its jurisdiction of incorporation and has all requisite legal and corporate power and authority to purchase the Notes and to make such representations and agreements as contemplated herein and has obtained all necessary approvals in respect thereof;

(ii) a partnership, syndicate or other form of unincorporated organization, it has the necessary legal capacity and authority to purchase the Notes and to make such representations and agreements as contemplated herein and has obtained all necessary approvals in respect thereof; or

(iii) an individual, he or she is of the full age of majority, is a "permitted client" as such term is defined in NI 31-103 and is legally competent to purchase the Notes and to make such representations and agreements as contemplated herein;

(w) the purchaser is not an "insider" of the Issuer (within the meaning of Canadian securities laws) and is not registered or required to be registered as a dealer, adviser or otherwise under the securities laws of any province [or territory] of Canada (unless in either case it has specifically provided written advice to the contrary to the Issuer and to the Agents);

(x) it will, if requested by the Issuer or the Agent from whom the purchase confirmation is received, provide evidence of the basis of its above representations; and

(y) the Issuer, the Agents and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and it agrees that if any of the acknowledgements, representations or agreements deemed to have been made by its purchase of the Notes are no longer accurate, it shall promptly notify the Issuer and the Agents for the applicable Offering of Notes.

In addition, each purchaser of Notes, by purchasing Notes and accepting a purchase confirmation in respect thereof, represents to the Issuer and the Agents for the applicable Offering of Notes that the purchaser:

(a) has been notified by the Issuer:

(i) that the Issuer is required to provide information pertaining to the purchaser of Notes required to be disclosed in Schedule 1 of Form 45-106F1 under NI 45-l06 (including its name, address, telephone number and the number and value of securities purchased), which Form 45-106F1 the Issuer is required to file under NI 45-106;

(ii) that such personal information will be delivered to the applicable Canadian securities regulatory authorities (the "**Commissions**") in accordance with NI 45-106;

(iii) that such personal information is being collected indirectly by the applicable Commission under the authority granted to it in securities legislation;

(iv) that such personal information is being collected for the purposes of the administration and enforcement of securities legislation; and

(v) that the public official in the provinces of Canada who can answer questions about the indirect collection of such personal information is set out in Schedule A of this confidential shelf offering memorandum, and

(b) has authorized the indirect collection of the personal information by the applicable Commission.

By purchasing Notes, the purchaser also acknowledges that its name and other specified information, including the number of Notes it has purchased, may be disclosed to other Canadian securities regulatory authorities and become available to the public in accordance with the requirements of applicable laws and consents to the disclosure of that information. Furthermore, by purchasing the Notes, the purchaser acknowledges that certain information as to its status as an "accredited investor" that the purchaser may have provided to any Agent involved in the trade may be required to be delivered by such Agent to the Issuer under the terms of an Agency Agreement between the Issuer and the Agents referred to under "Plan of Distribution". By purchasing the Notes, the purchaser consents to the disclosure of such information.

LANGUAGE OF DOCUMENTS

Upon receipt of this confidential shelf offering memorandum, each purchaser hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the Notes described herein (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. *En recevant le présent document, chaque acquéreur confirme par les présentes qu'il a expressément demandé que tous les documents qui attestent la vente des débentures décrites dans les présentes ou qui s'y rapportent de quelque manière que ce soit (y compris, plus particulièrement, une confirmation d'achat ou un avis) soient rédigés en langue anglais seulement.*

RESTRICTIONS ON RESALE

The distribution of the Notes in the provinces **[and territories]** of Canada is being made on a private placement basis and is therefore exempt from the requirement that the Issuer prepare and file a prospectus with the relevant Canadian securities regulatory authorities. Accordingly, any resale of the Notes must be made: (a) through an appropriately registered dealer or pursuant to an exemption from the dealer registration requirements of applicable provincial **[and territorial]** securities laws; and (b) in accordance with, or pursuant to an exemption from, the prospectus requirements of applicable provincial **[and territorial]** securities laws. These resale restrictions may in some circumstances apply to resales made outside of Canada. Purchasers are advised to seek legal advice prior to any resale of the Notes.

Purchasers are advised that the Issuer does not intend to file a prospectus or similar document with any securities regulatory authority in Canada qualifying the resale of the Notes to the public in any province [or territory] of Canada in connection with any Offering.

Furthermore, each purchaser of Notes, by its purchase thereof, will be deemed to have represented, acknowledged or confirmed, as the case may be, to the Issuer and any dealer who is involved in the sale of the Notes to such purchaser that such purchaser understands that the Notes are subject to transfer and resale restrictions in Canada and that the certificates representing the Notes (or the relevant ownership statement under a direct registration system or other book-entry system) or other applicable document or notice (including this document) will bear or will notify the purchaser of the following legend:

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

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

The Issuer is not and does not intend to become a reporting issuer.

There is currently no secondary market for the Notes. There can be no assurance that a secondary market will develop or, if a secondary market does develop, that it will provide holders of such Series of Notes with liquidity for their investment or that it will continue for the life of such Notes. Accordingly, purchasers of the Notes may be required to bear the financial risk of investing in the Notes until the maturity date.

REPORTING REQUIREMENTS

The Issuer is not a reporting issuer or the equivalent thereof under the securities legislation in any jurisdiction. Accordingly, the Issuer is not subject to the continuous reporting and disclosure requirements prescribed by such securities legislation. Therefore, there is no requirement that the Issuer comply with such requirements, including, without limitation, the requirements to provide prompt notification of material changes by way of press releases, to formally file disclosure documents with applicable securities regulatory authorities or to prepare and file annual audited financial statements or quarterly unaudited financial statements. However, the Issuer will provide audited annual financial statements and unaudited quarterly financial statements in accordance with the terms of the Master Trust Indenture. See *"Description of Notes — Reporting Requirements of Notes"*.

STATUTORY RIGHTS OF ACTION

Securities legislation in certain of the provinces **[and territories]** of Canada provides purchasers, in addition to any other rights they may have at law, with a remedy for rescission or damages where an offering memorandum or any amendment to it, and in some cases, advertising and sales literature used in connection therewith, contains a misrepresentation. These remedies, or notice with respect thereto, must be exercised or delivered, as the case may be, by the purchaser within the time limit prescribed, and are subject to the defences contained, in the applicable securities legislation. Purchasers should refer to the applicable provisions of the securities legislation of their province for the particulars of these rights or consult with a legal advisor. The following is a summary of the rights of rescission or rights to damages available to purchasers of the Notes.

Rights for Purchasers in Ontario

Section 5.2 of Ontario Securities Commission Rule 45-501 — *Ontario Prospectus and Registration Exemptions* provides that when an offering memorandum, such as this confidential shelf offering memorandum, is delivered to an investor to whom securities are distributed in reliance upon the "accredited investor" prospectus exemption in section 73.3 of the *Securities Act* (Ontario) or a predecessor exemption to section 73.3 of the *Securities Act* (Ontario) the right of action referred to in section 130.1 of the *Securities Act* (Ontario) ("**Section 130.1**") is applicable, unless the prospective purchaser is:

(a) an association governed by the *Cooperative Credit Associations Act* (Canada) or a central cooperative credit society for which an order has been made under section 473(1) of that Act;

(b) a bank, loan corporation, trust company, trust corporation, insurance company, treasury branch, credit union, caisse populaire, financial services cooperative, or league that, in each case, is authorized by an enactment of Canada or a jurisdiction of Canada to carry on business in Canada or a jurisdiction of Canada;

(c) a Schedule III bank, meaning an authorized foreign bank named in Schedule III of the *Bank Act* (Canada);

(d) the Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada); or

(e) a subsidiary of any person referred to in paragraphs (a), (b), (c) or (d), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by the directors of the subsidiary.

Section 130.1(1) provides such investors who purchase securities offered by an offering memorandum with a statutory right of action against the Issuer of securities for rescission or damages in the event that the offering memorandum and any amendment to it contains a "misrepresentation". The term "misrepresentation" is defined to mean an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make any statement not misleading in the light of the circumstances in which it was made. These remedies, or notice with respect to these remedies, must be exercised or delivered, as the case may be, by the purchaser within the time limits prescribed by applicable securities laws.

Where this confidential shelf offering memorandum is delivered to a prospective purchaser of Notes in connection with a trade made in reliance on section 73.3 of the *Securities Act* (Ontario), and this document contains a misrepresentation, the purchaser will have, without regard to whether the purchaser relied on the misrepresentation, a statutory right of action against the Issuer for damages or, while still the owner of Notes, for rescission, in which case, if the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages, provided that the right of action for rescission will be exercisable by the purchaser only if the purchaser commences the action not more than 180 days after the date of the transaction that gave rise to the cause of action; or, in the case of any action other than an action for rescission, the earlier of: (i) 180 days after the plaintiff first had knowledge of the facts giving rise to the cause of action, or (ii) three years after the date of the transaction that gave rise to the cause of action.

The Issuer will not be liable for a misrepresentation if it proves that the purchaser purchased the Notes with knowledge of the misrepresentation.

In an action for damages, the Issuer will not be liable for all or any portion of the damages that the Issuer proves do not represent the depreciation in value of the Notes as a result of the misrepresentation relied upon.

In no case will the amount recoverable for the misrepresentation exceed the price at which the Notes were offered.

The liability of all persons and companies referred to above is joint and several. The Issuer, however, shall not be liable where it is not receiving any proceeds from the distribution of the securities being distributed and the misrepresentation was not based on information provided by the Issuer, unless the misrepresentation, (a) was based on information that was previously publicly disclosed by the Issuer, (b) was a misrepresentation at the time of its previous public disclosure and (c) was not subsequently publicly corrected or superseded by the Issuer prior to the completion of the distribution of the securities being distributed.

The foregoing statutory right of action for rescission or damages conferred is in addition to and without derogation from any other right the purchaser may have at law.

This summary is subject to the express provisions of the *Securities Act* (Ontario) and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions.

Rights for Purchasers in Saskatchewan

Section 138 of *The Securities Act, 1988* (Saskatchewan), as amended (the "**Saskatchewan Act**") provides that where an offering memorandum (such as this confidential shelf offering memorandum) or any amendment to it is sent or delivered to a purchaser and it contains a misrepresentation (as defined in the Saskatchewan Act), a purchaser who purchases a security covered by the offering memorandum or any amendment to it has, without regard to whether the purchaser relied on the misrepresentation, a right of action for rescission against the Issuer or a selling security holder on whose behalf the distribution is made or has a right of action for damages against:

(a) the Issuer or a selling security holder on whose behalf the distribution is made;

(b) every promoter and trustee of the Issuer or the selling security holder, as the case may be, at the time the offering memorandum or any amendment to it was sent or delivered;

(c) every person or company whose consent has been filed respecting the offering, but only with respect to reports, opinions or statements that have been made by them;

(d) every person who or company that, in addition to the persons or companies mentioned in (a) to (c) above, signed the offering memorandum or the amendment to the offering memorandum; and

(e) every person who or company that sells securities on behalf of the Issuer or selling security holder under the offering memorandum or amendment to the offering memorandum.

Such rights of rescission and damages are subject to certain limitations including the following:

(a) if the purchaser elects to exercise its right of rescission against the Issuer or selling security holder, it will have no right of action for damages against that party;

(b) in an action for damages, a defendant will not be liable for all or any portion of the damages that he, she or it proves do not represent the depreciation in value of the securities resulting from the misrepresentation relied on;

(c) no person or company, other than the Issuer or a selling security holder, will be liable for any part of the offering memorandum or any amendment to it not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company failed to conduct a reasonable investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation or believed that there had been a misrepresentation;

(d) in no case will the amount recoverable exceed the price at which the securities were offered; and

(e) no person or company is liable in an action for rescission or damages if that person or company proves that the purchaser purchased the securities with knowledge of the misrepresentation.

In addition, no person or company, other than the Issuer or selling security holder, will be liable if the person or company proves that:

(a) the offering memorandum or any amendment to it was sent or delivered without the person's or company's knowledge or consent and that, on becoming aware of it being sent or delivered, that person or company immediately gave reasonable general notice that it was so sent or delivered; or

(b) with respect to any part of the offering memorandum or any amendment to it purporting to be made on the authority of an expert, or purporting to be a copy of, or an extract from, a report, an opinion or a statement of an expert, that person or company had no reasonable grounds to believe and did not believe that: (i) there had been a misrepresentation, or (ii) the part of the offering memorandum

or any amendment to it did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert.

Not all defences upon which the Issuer or others may rely are described herein. Please refer to the full text of the Saskatchewan Act for a complete listing.

The liability of all persons and companies referred to above is joint and several.

Similar rights of action for damages and rescission are provided in section 138.1 of the Saskatchewan Act in respect of a misrepresentation in advertising and sales literature disseminated in connection with an offering of securities.

Section 138.2 of the Saskatchewan Act also provides that, subject to certain limitations and defences, where an individual makes a verbal statement to a purchaser that contains a misrepresentation relating to the security purchased and the verbal statement is made either before or contemporaneously with the purchase of the security, the purchaser has, without regard to whether the purchaser relied on the misrepresentation, a right of action for damages against the individual who made the verbal statement.

Section 141(1) of the Saskatchewan Act provides a purchaser with the right to void the purchase agreement and to recover all money and other consideration paid by the purchaser for the securities if the securities are sold in contravention of the Saskatchewan Act, the regulations to the Saskatchewan Act or a decision of the Saskatchewan Financial Services Commission.

Section 141(2) of the Saskatchewan Act also provides a right of action for rescission or damages to a purchaser of securities to whom an offering memorandum or any amendment to it was not sent or delivered prior to or at the same time as the purchaser enters into an agreement to purchase the securities, as required by Section 80.1 of the Saskatchewan Act.

The rights of action for damages or rescission under the Saskatchewan Act are in addition to and do not derogate from any other right which a purchaser may have at law.

Section 147 of the Saskatchewan Act provides that no action will be commenced to enforce any of the foregoing rights more than:

(a) in the case of an action for rescission or cancellation, 180 days after the date of the transaction that gave rise to the cause of action; or

(b) in the case of any other action, other than an action for rescission or cancellation, the earlier of:

  (i) one year after the plaintiff first had knowledge of the facts giving rise to the cause of action; or

  (ii) six years after the date of the transaction that gave rise to the cause of action.

The Saskatchewan Act also provides that a purchaser who has received an amended offering memorandum delivered in accordance with subsection 80.1(3) of the Saskatchewan Act has a right to withdraw from the agreement to purchase the securities by delivering a notice to the person who or company that is selling the securities, indicating the purchaser's intention not to be bound by the purchase agreement, provided such notice is delivered by the purchaser within two business days of receiving the amended offering memorandum.

This summary is subject to the express provisions of the Saskatchewan Act and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions.

Rights for Purchasers in Nova Scotia

The right of action for rescission or damages described herein is conferred by section 138 of the *Securities Act* (Nova Scotia). Section 138 provides, in the relevant part, that in the event that this confidential shelf offering memorandum, together with any amendments hereto, or any advertising or sales literature (as defined in the *Securities Act* (Nova Scotia)) contains an untrue statement of material fact or omits to state a material fact that is required to be stated or that is necessary in order to make any statements contained herein or therein not misleading in light of the circumstances in which it was made (a "**misrepresentation**"), a purchaser of Notes is deemed to have relied upon such misrepresentation if it was a misrepresentation at the time of purchase and has, subject to certain limitations and defences, a statutory right of action for damages against the Issuer, its trustees, any person who signed this confidential shelf offering memorandum, any selling security holder and the directors of any such selling security holder at the date of this confidential shelf offering memorandum or, alternatively, while still the owner of the Notes, may elect instead to exercise a statutory right of rescission against the Issuer, in which case the purchaser will have no right of action for damages against any person listed above, including the Issuer, provided that, among other limitations:

(a) no action will be commenced to enforce the right of action for rescission or damages by a purchaser resident in Nova Scotia under Section 138 later than 120 days after the date payment was made for the Notes (or after the date on which initial payment was made for the Notes where payments subsequent to the initial payment are made pursuant to a contractual commitment assumed prior to, or concurrently with, the initial payment);

(b) no person will be liable if it proves that the purchaser purchased the Notes with knowledge of the misrepresentation;

(c) no person or company, other than the Issuer, is liable under Section 138 if the person or company proves that:

(i) this confidential shelf offering memorandum, or any amendment hereto, was sent or delivered to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its delivery, the person or company gave reasonable general notice that it was delivered without the person's or company's knowledge or consent;

(ii) after delivery of this confidential shelf offering memorandum, or the amendment hereto, and before the purchase of the Notes by the purchaser, on becoming aware of any misrepresentation in this confidential shelf offering memorandum, or the amendment hereto, or any record incorporated or deemed incorporated by reference therein, the person or company withdrew the person's or company's consent to this confidential shelf offering memorandum, or amendment hereto, or such record, and gave reasonable general notice of the withdrawal and the reason for it; or

(iii) with respect to any part of this confidential shelf offering memorandum, or amendment hereto, or any record incorporated or deemed to be incorporated by reference therein, purporting to be made on the authority of an expert, or to be a copy of, or an extract from a report, an opinion or a statement of an expert, the person or company had no reasonable grounds to believe and did not believe that there had been a misrepresentation, or that the relevant part of this confidential shelf offering memorandum, or amendment hereto, or such record, did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or extract from, the report, opinion or statement of the expert;

(d) no person or company, other than the Issuer, is liable under Section 138 with respect to any part of this confidential shelf offering memorandum, or amendment hereto, or any record incorporated or deemed incorporated by reference therein, not purporting to be made on the authority of an expert, or to be a copy of or an extract from, a report, opinion or statement of an expert, unless the person or company failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation, or believed that there had been a misrepresentation;

(e) in the case of an action for damages, no person will be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the Notes resulting from the misrepresentation; and

(f) in no case will the amount recoverable under Section 138 in any action exceed the price at which the Notes were offered to the purchaser.

The liability of all persons or companies referred to above is joint and several with respect to the same cause of action. A defendant who is found liable to pay a sum in damages may recover a contribution, in whole or in part, from a person or company who is jointly and severally liable to make the same payment in the same cause of action unless, in all the circumstances of the case, the court is satisfied that it would not be just and equitable.

The foregoing statutory right of action for rescission or damages conferred by Section 138 of the Securities Act (Nova Scotia) is in addition to and without derogation from any other right or remedy available at law or otherwise to the purchaser. This summary is subject to the express provisions of the *Securities Act* (Nova Scotia) and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions may have at law.

Rights for Purchasers in New Brunswick

Section 2.1 of New Brunswick Securities Commission Rule 45-802 provides that the statutory rights of action in rescission or damages referred to in Section 150 of the *Securities Act* (New Brunswick) ("**Section 150**") apply to information relating to an offering memorandum, such as this confidential shelf offering memorandum, that is provided to a purchaser of securities in connection with a distribution made in reliance on the "accredited investor" prospectus exemption in Section 2.3 of NI 45-106. Section 150 provides investors who purchase securities offered for sale in reliance on an exemption from the prospectus requirements of the *Securities Act* (New Brunswick) with a statutory right of action for damages against (i) the Issuer; (ii) the selling security holder on whose behalf the distribution was made; (iii) every person who was a director of the Issuer as at the date of the offering memorandum; and (iv) every person who signed the offering memorandum in the event that an offering memorandum provided to such investor contains a "misrepresentation". Alternatively, if the investor purchased the securities from a person referred to in (i) or (ii) above, an investor may elect a right of rescission, in which case the investor shall have no right of action for damages. "Misrepresentation" means an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.

Where this confidential shelf offering memorandum is delivered to a prospective purchaser of Notes in connection with a trade made in reliance on Section 2.3 of NI 45-106, and this document (including any documentation incorporated or deemed to be incorporated by reference) contains a misrepresentation, a purchaser who purchases the securities will be deemed to have relied on the misrepresentation and will have, subject to certain limitations and defences, a statutory right of action against the Issuer for damages or, while still the owner of Notes, for rescission. If the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages. The right of action for rescission will be exercisable by the purchaser only if the purchaser commences the action against the defendant, not more than 180 days after the date of the transaction that gave rise to the cause of action; or, in the case of any action other than an action for rescission, the earlier of: (i) one year after the plaintiff first had knowledge of the facts giving rise to the cause of action, or (ii) six years after the date of the transaction that gave rise to the cause of action.

No person other than the Issuer or the selling security holder is liable under Section 150 if the person proves that:

(a) the offering memorandum was delivered to the purchaser without the person's knowledge or consent and that, on becoming aware of its delivery, the person gave written notice to the Issuer that it was delivered without the person's knowledge or consent;

(b) upon becoming aware of a misrepresentation in the offering memorandum the person withdrew the person's consent to the offering memorandum and gave written notice to the Issuer of the withdrawal and the reason for the withdrawal; or

(c) with respect to any part of the offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, the person had no reasonable grounds to believe and did not believe there had been a misrepresentation or that the relevant part of the offering memorandum did not fairly represent the report, opinion or statement of the expert or was not a fair copy of, or extract from, the report, opinion or statement of the expert.

In addition, no person other than the Issuer or the selling security holder is liable under Section 150 with respect to any part of an offering memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert unless (i) the person failed to conduct such reasonable investigations as to provide reasonable grounds for a belief that there had been no misrepresentation or (ii) the person believed that there had been misrepresentation.

The defendant will not be liable for a misrepresentation if it proves that the purchaser purchased the Notes with knowledge of the misrepresentation.

In an action for damages, the defendant will not be liable for all or any portion of the damages that the defendant proves do not represent the depreciation in value of the Notes as a result of the misrepresentation relied upon.

In no case will the amount recoverable for the misrepresentation exceed the price at which the Notes were offered.

The liability of all persons referred to above is joint and several.

The foregoing statutory right of action for rescission or damages conferred is in addition to and without derogation from any other right the purchaser may have at law.

This summary is subject to the express provisions of the Securities Act (New Brunswick) and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions.

Rights for Purchasers in Prince Edward Island

The right of action for rescission or damages described herein is conferred by Section 112 of the *Securities Act* (Prince Edward Island). Section 112 provides, that in the event that this confidential shelf offering memorandum contains a "misrepresentation", a purchaser who purchased the Notes during the period of distribution, without regard to whether the purchaser relied upon such misrepresentation, has a statutory right of action for damages against the Issuer, the selling security holder on whose behalf the distribution was made, every trustee of the Issuer as at the date of the confidential shelf offering memorandum, and every person who signed the confidential shelf offering memorandum. Alternatively, the purchaser while still the owner of the Notes may elect to exercise a statutory right of action for rescission against the Issuer. "Misrepresentation" means an untrue statement of material fact, or an omission to state a material fact that is required to be stated by the *Securities Act* (Prince Edward Island), or an omission to state a material fact that needs to be stated so that a statement is not false or misleading in light of the circumstances in which it is made. Statutory rights of action for rescission or damages by a purchaser are subject to the following limitations:

(a) no action will be commenced to enforce the right of action for rescission by a purchaser, resident in Prince Edward Island, later than 180 days after the date of the transaction that gave rise to the cause of action;

(b) in the case of any action other than an action for rescission, the earlier of;

(i) 180 days after the purchaser first had knowledge of the facts given rise to the cause of action; or

(ii) three years after the date of the transaction giving rise to the cause of action;

(c) no person will be liable if the person proves that the purchaser purchased the security with knowledge of the misrepresentation;

(d) no person other than the Issuer will be liable if the person proves that

(i) the confidential shelf offering memorandum was sent to the purchaser without the person's knowledge or consent and that, on becoming aware of it being sent, the person had promptly given reasonable notice to the Issuer that it had been sent without the knowledge and consent of the person;

(ii) the person, on becoming aware of the misrepresentation in the confidential shelf offering memorandum, had withdrawn the person's consent to the confidential shelf offering memorandum and had given reasonable notice to the Issuer of the withdrawal and the reason for it; or

(iii) with respect to any part of the confidential shelf offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, statement or opinion of an expert, the person had no reasonable grounds to believe, and did not believe that;

(A) there had been a misrepresentation; or

(B) the relevant part of the confidential shelf offering memorandum:

a. did not fairly represent the report, statement or opinion of the expert, or

b. was not a fair copy of, or an extract from, the report, statement, or opinion of the expert.

Not all defences upon which the Issuer or others may rely are described herein. Please refer to the full text of the *Securities Act* (Prince Edward Island) for a complete listing.

If the purchaser elects to exercise a right of action for rescission, the purchaser will have no right of action for damages.

In no case will the amount recoverable in any action exceed the price at which the Notes were offered to the purchaser.

In an action for damages, the defendant will not be liable for any damages that the defendant proves do not represent the depreciation in value of the Notes as a result of the misrepresentation.

The foregoing statutory right of action for rescission or damages conferred is in addition to and without derogation from any other right the purchaser may have at law.

This summary is subject to the express conditions of the *Securities Act* (Prince Edward Island) and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions.

Rights for Purchasers in Manitoba

Pursuant to section 141.1(1) of *The Securities Act* (Manitoba) (the "**Manitoba Act**"), where this confidential shelf offering memorandum, or any amendment to this confidential shelf offering memorandum, is sent or delivered to a purchaser in the Province of Manitoba and such document contains a misrepresentation, a purchaser who purchases Notes offered by this confidential shelf offering memorandum or any amendment to this confidential shelf offering memorandum is deemed to have relied on that misrepresentation, if it was a misrepresentation at the time of purchase and, subject to the defenses described in the Manitoba Act, has:

(a) a right of action for damages against:

(i) the Issuer;

(ii) each of its trustees at the date of this confidential shelf offering memorandum or any amendment to this confidential shelf offering memorandum; and

(iii) every person or company who signed this confidential shelf offering memorandum or any amendment to this confidential shelf offering memorandum; and

(b) a right of rescission against the Issuer;

provided that:

(c) no person or company is liable if the person or company proves that the purchaser purchased the Notes with knowledge of the misrepresentation;

(d) in an action for damages, the defendant is not liable for all or any portion of the damages that he, she or it proves do not represent the depreciation in value of the Notes resulting from the misrepresentation relied on; and

(e) in no case will the amount recovered exceed the price at which the Notes were offered to the public.

Where a purchaser elects to exercise a right of rescission against the Issuer, the purchaser will have no right of action for damages against the Issuer or against a person or company referred to in (a)(ii) or (iii) above.

No person or company other than the Issuer is liable:

(a) if the person or company proves that this confidential shelf offering memorandum or any amendment to this confidential shelf offering memorandum was sent without the person's or company's knowledge or consent and that, after becoming aware of its being sent, the person or company promptly gave reasonable notice to the Issuer that it was so sent;

(b) if the person or company proves that after becoming aware of any misrepresentation in this confidential shelf offering memorandum or any amendment to this confidential shelf offering memorandum, the person or company withdrew the person's or company's consent to it and gave reasonable notice to the Issuer of the person's or company's withdrawal and the reason for it;

(c) if the person or company proves that with respect to any part of this confidential shelf offering memorandum or of any amendment to this confidential shelf offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of or an extract from a report, opinion or statement of an expert, the person or company had no reasonable grounds to believe and did not believe that:

(i) there had been a misrepresentation; or

(ii) the relevant part of this confidential shelf offering memorandum or of the amendment to this confidential shelf offering memorandum:

(A) did not fairly represent the report, opinion or statement of the expert; or

(B) was not a fair copy of or extract from the report, opinion or statement of the expert; or

(d) with respect to any part of this confidential shelf offering memorandum or of the amendment to this confidential shelf offering memorandum not purporting to be made on an expert's authority and not purporting to be a copy of, or an extract from, the expert's report, opinion or statement, unless the person or company:

(i) did not conduct an investigation, sufficient to provide reasonable grounds for a belief that there had been no misrepresentation; or

(ii) believed that there had been a misrepresentation.

Pursuant to section 141.4 of the Manitoba Act, but subject to the other provisions thereof, no action shall be commenced to enforce any of the foregoing rights more than:

(a) in the case of an action for rescission, 180 days from the date of the transaction that gave rise to the cause of action, or

(b) in the case of an action for damages, the earlier of:

(i) 180 days after the date that the plaintiff first had knowledge of the facts giving rise to the cause of action, or

(ii) two years after the date of the transaction that gave rise to the cause of action.

In an action for damages, the Issuer will not be liable for all or any part of the damages that the Issuer proves do not represent the depreciation in value of the Notes as a result of the misrepresentation relied upon.

The rights of action for rescission or damages under the Manitoba Act are in addition to and do not derogate from any other right that the purchaser may have at law.

This summary is subject to the express provisions of the Manitoba Act and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions.

Rights for purchasers in Newfoundland and Labrador

In accordance with section 130.1 of the *Securities Act* (Newfoundland and Labrador, hereinafter the "**NL Act**"), in the event this confidential shelf offering memorandum contains a misrepresentation, a purchaser who purchases Notes shall be deemed to have relied upon such misrepresentation if it was a misrepresentation at the time of purchase, in which event the purchaser has, subject to the defences and limitations set out in the NL Act: (a) a right of action for damages against the Issuer and, every trustee of the Issuer at the date of this confidential shelf offering memorandum and every person or company who has signed this confidential shelf offering memorandum; and (b) a right of rescission against the Issuer. Where a right of rescission is exercised, a purchaser shall have no right of action for damages against any other person or company.

For the purposes of the NL Act "misrepresentation" means: (a) an untrue statement of material fact, or (b) an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.

A person or company is not liable under section 130.1 of the NL Act: (a) if the person or company proves the purchaser had knowledge of the misrepresentation; or (b) in an action for damages, for all or any portion of the damages that the person or company proves do not represent the depreciation in value of the security as a result of the misrepresentation. Additionally, in an action for damages, the amount recoverable under the right of action shall not exceed the purchase price at which the security was offered.

In addition no person or company, other than the Issuer, is liable under section 130.1 of the NL Act if:

(a) the person or company proves that this confidential shelf offering memorandum was sent to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its being sent, the person or company promptly gave reasonable notice to the Issuer that it was sent without the person's or company's knowledge or consent;

(b) the person or company proves that on becoming aware of any misrepresentation in this confidential shelf offering memorandum, the person or company withdrew the person's or company's consent to this confidential shelf offering memorandum, and gave reasonable notice to the Issuer of the withdrawal and the reason for it;

(c) with respect to any part of this confidential shelf offering memorandum purporting to be made on the authority of an expert (or purporting to be a copy of or an extract from a report, opinion or statement of an expert), the person or company proves they had no reasonable grounds to believe and did not believe that: (i) there had been a misrepresentation; or (ii) the relevant part of this confidential shelf offering memorandum did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert; or

(d) with respect to any part of this confidential shelf offering memorandum not purporting to be made on the authority of an expert (and not purporting to be a copy of or an extract from a report, opinion or statement of an expert), unless the person or company: (i) did not conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation; (ii) or believed there had been a misrepresentation.

If a misrepresentation is contained in a record incorporated by reference in, or deemed incorporated into this confidential shelf offering memorandum, the misrepresentation is deemed to be contained in this confidential shelf offering memorandum.

The foregoing statutory right of action for rescission or damages conferred is in addition to and without derogation from any other right the purchaser may have at law. The liability of all persons and companies referred to above is joint and several.

Pursuant to section 138 of the NL Act, no action shall be commenced to enforce the rights conferred by section 130.1 thereof unless commenced:

(a) in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or

(b) in the case of an action, other than an action for rescission, the earlier of:

    (i) 180 days after the plaintiff first had knowledge of the facts giving rise to the cause of action; or

    (ii) three years after the date of the transaction that gave rise to the cause of action.

Rights for Purchasers in Alberta, British Columbia, and Québec

By purchasing Notes hereunder, purchasers in Alberta, British Columbia and Québec not entitled to the statutory rights described above, in consideration of their purchase of Notes and upon accepting a purchase confirmation in respect thereof, are hereby granted a contractual right of action for damages or rescission that is the same as the statutory right of action, if any, provided to residents of Ontario who purchase Notes.

General

The foregoing summaries are subject to the express provisions of the applicable securities law of each jurisdiction, and the regulations, rules and policy statements thereunder and reference is made thereto for the complete text of such provisions.

The rights of action described in this confidential shelf offering memorandum are in addition to and without derogation from any other right or remedy that the purchaser may have at law.

INDENTURE TRUSTEE

The Indenture Trustee, BNY Trust Company of Canada, will be the registrar for the Notes, and the register for the transfer of Notes will be kept at its principal office in Toronto, Ontario.

LEGAL MATTERS

Certain Canadian legal matters in connection with the offering of Notes will be passed upon by Torys LLP on behalf of the Issuer and by Osler, Hoskin & Harcourt LLP on behalf of the Agents.

GLOSSARY

The following glossary contains definitions of certain terms that are used throughout this confidential shelf offering memorandum.

"**Adverse Effect**" means ■.

"**Agency Agreement**" has the meaning set out under *"Plan of Distribution"*.

"**Agents**" means the agents designated by the Issuer from time to time and identified in the Term Sheet applicable to such Offering to sell the Notes as described under *"Plan of Distribution"*.

"**Available Collections**" means ■.

"**capital reserve account**" has the meaning set out under *"Capital Markets Platform — Issuer Accounts — Capital Reserve Account"*.

"**CDS**" means CDS Clearing and Depository Services Inc.

"**Change of Law Protection Agreement**" means the change of law protection agreement to be dated on or about ■, 2017 between the Issuer, the Indenture Trustee and Her Majesty in Right of the Province of Ontario, as represented by the Minister of Energy and the Minister of Finance.

"**Clean Energy Adjustment**" has the meaning set out under *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"*.

"**Clean Energy Benefits**" means the value of the benefits determined to be derived by or accruing to Specified Consumers as a result of the Clean Energy Initiative, including as a result of Clean Energy Costs.

"**Clean Energy Costs**" means the value of the costs allocated to Specified Consumers as a result of the Clean Energy Initiative, including as a result of past, present and expected costs incurred in respect of

(a) the amounts to be paid or reflected by the IESO in adjustments made under section 25.33 of the *Electricity Act, 1998* or any provision that is the successor to that provision, which relate to contracts or amounts for

(i) renewable energy generation or capacity;

(ii) conservation and demand management;

(iii) energy storage;

(iv) energy efficiency; and

(v) natural gas generation and capacity, excluding contracts relating to amounts payable by the IESO under section 78.2 of the *Ontario Energy Board Act, 1998* and excluding such other contracts as may be prescribed;

(b) payments made or expected to be made under section 78.5 of the *Ontario Energy Board Act, 1998*; and

(c) such other costs or estimated costs as may be prescribed by the Regulations.

"**Clean Energy Initiative**" means the policies of the Ontario government related to

(a) eliminating coal generation and fostering the growth of and investment in clean, modern and reliable energy sources and technologies;

(b) removing barriers to and promoting opportunities for clean and renewable energy sources and technologies;

(c) promoting conservation, demand management and energy efficiency; and

(d) investing in energy infrastructure to ensure a clean, modern and reliable system.

"**Clearstream, Luxembourg**" means Clearstream Banking, société anonyme.

"**collateral**" has the meaning set out under *"Capital Markets Platform — Security"*.

"**collection account**" has the meaning set out under *"Capital Markets Platform — Issuer Accounts — Collection Account"*.

"**Commission**" has the meaning set out under *"Representations and Agreements of Purchasers"*.

"**Confidential Information**" has the meaning set out under *"Confidentiality"*.

"**Co-Owner Agreement**" has the meaning set out in the Master Trust Indenture.

"**Credit Enhancement Agreement**" has the meaning set out in the Master Trust Indenture.

"**DBRS**" means DBRS Limited and its successors.

"**Debtholder**" means ■.

"**Declaration of Trust**" has the meaning set out under *"The Issuer"*.

"**depository**" has the meaning set out under *"Depository Services"*.

"**Derivative Agreement**" has the meaning set out in the Master Trust Indenture.

"**DTC**" means The Depositary Trust Company.

"**Electricity Vendor**" means

(a) a person licensed under Part V of the *Ontario Energy Board Act, 1998* to own or operate a "distribution system" within the meaning of that Act;

(b) a person licensed under Part V of the *Ontario Energy Board Act, 1998* to retail electricity;

(c) the IESO in circumstances where it directly invoices a Specified Consumer for electricity used in Ontario; or

(d) such other person as may be prescribed by the Regulations.

"**Euroclear**" means Euroclear Bank S.A./N.V., as operator of the Euroclear System.

"**Event of Default**" means ■.

"**Extraordinary Resolution**" means ■.

"**Fair Adjustment**" has the meaning set out under *"Ontario's Fair Hydro Plan — Background"*.

"**Fair Allocation Amount**" has the meaning set out under *"Ontario's Fair Hydro Plan — Fair Allocation Amount and Financing Plan"*.

"**FHPA**" means the *Ontario Fair Hydro Plan Act, 2017*.

"**Finance Amount**" has the meaning set out under *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"*.

"**finance reserve account**" has the meaning set out under *"Capital Markets Platform — Issuer Accounts — Finance Reserve Account"*.

"**Financial Services Manager**" means OPG, in its capacity as financial services manager appointed under the FHPA to perform the duties assigned to it thereunder.

"**Financing Entity**" has the meaning set out under *"Ontario's Fair Hydro Plan — Background"*.

"**Financing Plan**" means the written plan entitled "Financing Plan" prepared by the Financial Services Manager as required under the FHPA to be used by the Financial Services Manager to evaluate whether Funding Obligations should be incurred for the purposes of acquiring Investment Interests, including any amendments thereto.

"**Funding Obligation Agreement**" means ■.

"**Funding Obligation**" has the meaning set out under *"Ontario's Fair Hydro Plan — Background"*.

"**Funding Rebates**" means ■.

"**Global Adjustment**" means ■.

"**IESO**" means the Independent Electricity System Operator.

"**Indenture Trustee**" means BNY Trust Company of Canada and its successors.

"**Indenture**" means the Master Trust Indenture, as supplemented by any Supplemental Indenture.

"**Internal Revenue Code**" means ■.

"**Investment Interest**" has the meaning set out under *"Ontario's Fair Hydro Plan — Investment Interest"*.

"**Investor Presentation**" has the meaning set out on the face page of this confidential shelf offering memorandum.

"**Issuer Account**" means ■.

"**Issuer Trustee**" means Computershare Trust Company of Canada.

"**Issuer**" means Fair Hydro Trust, a special purpose trust established under the laws of the Province of Ontario.

"**Liquidity Agreement**" has the meaning set out in the Master Trust Indenture.

"**Loan Agreement**" has the meaning set out in the Master Trust Indenture.

"**Management Agreement**" has the meaning set out under *"The Manager"*.

"**Manager**" means OPG, as manager of the Issuer appointed under the Management Agreement.

"**Manitoba Act**" means *The Securities Act* (Manitoba).

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement to be dated the date of the closing of the first Offering between the Issuer, the Indenture Trustee and the IESO.

"**Master Trust Indenture**" means the master trust indenture to be dated the date of the closing of the first Offering, between the Issuer, as issuer, and the Indenture Trustee.

"**Moody's**" means Moody's Investors Service, Inc. and its successors.

"**NERC**" means the North American Electric Reliability Corporation.

"**NI 31-103**" means National Instrument 31-103 — *Registration Requirements, Exemptions and Ongoing Registrant Obligations*.

"**NI 45-106**" means National Instrument 45-106 — *Prospectus Exemptions*.

"**NL Act**" means the *Securities Act* (Newfoundland and Labrador).

"**Note Purchase Agreement**" has the meaning set out in the Master Trust Indenture.

"**Noteholders**" means ■.

"**Notes**" has the meaning set out on the face page of this confidential shelf offering memorandum.

"**NPCC**" means Northeast Power Coordinating Council.

"**OEB**" means the Ontario Energy Board.

"**Offering Jurisdiction**" means each of the provinces [and territories] of Canada.

"**Offering**" means an offering of Notes pursuant to this confidential shelf offering memorandum and the related Term Sheet as described under *"Plan of Distribution"*.

"**OPG**" means Ontario Power Generation Inc.

"**Participants**" has the meaning set out under *"Depository Services"*.

"**Paying Agent**" means ■.

"**Payment Date**" means ■.

"**Program Agreements**" means the Master Trust Indenture, each Supplemental Indenture, the Declaration of Trust, the Management Agreement, the Master Transfer and Servicing Agreement, each Transfer Notice, any Co-Owner Agreements, the Change of Law Protection Agreement, the Notes, any Derivative Agreements, Credit Enhancement Agreements, Liquidity Agreements, Loan Agreements, Underwriting Agreements, Agency Agreements and Note Purchase Agreements in effect at such time and all other documents and certificates delivered in connection therewith.

"**Protection Event**" has the meaning set out under *"Change of Law Protection Agreement"*.

"**Province**" has the meaning set out under *"Change of Law Protection Agreement"*.

"**Rating Agency Condition**" has the meaning set out under *"Rating Agency Condition"*.

"**Rating Agency**" means ■.

"**Reference Period**" means

(a) the period beginning on July 1, 2017 and ending on October 31, 2017; and

(b) during the period beginning on November 1, 2017 and ending on either April 30, 2047 or such later day as may be prescribed by the Regulations

(i) every six-month period following the period mentioned in (a);

(ii) any period shorter than six months, as may be prescribed by the Regulations.

"**Regulations**" means the regulations promulgated under the FHPA.

"**Regulatory Asset**" has the meaning set out under *"Ontario's Fair Hydro Plan — Regulatory Asset"*.

"**Reimbursable Issuer Expenditures**" has the meaning set out under *"The Manager"*.

"**Saskatchewan Act**" means *The Securities Act, 1988* (Saskatchewan).

"**Section 130.1**" means section 130.1 of the *Securities Act* (Ontario).

"**Section 150**" means section 150 of the *Securities Act* (New Brunswick).

"**Senior Funding Obligation**" means ■.

"**Servicer**" means the IESO, as servicer under the Master Transfer and Servicing Agreement.

"**Specified Claims**" has the meaning set out under *"Change of Law Protection Agreement"*.

"**Specified Consumer**" has the meaning set out under *"Ontario's Fair Hydro Plan — Background"*.

"**Specified Creditors**" has the meaning set out in the Master Trust Indenture.

"**Supplemental Indenture**" means a supplemental indenture to the Master Trust Indenture between the Issuer and the Indenture Trustee.

"**supplemental reserve account**" has the meaning set out under *"Capital Markets Platform — Issuer Accounts — Supplemental Reserve Account"*.

"**Term Sheet**" has the meaning set out on the face page of this confidential shelf offering memorandum.

"**Terms Document**" has the meaning set out under *"Description of Notes — General"*.

"**transaction**" has the meaning set out under *"Capital Markets Platform — Covenants of the Issuer — Negative Covenants — Consolidation; Sale of Assets"*.

"**Transfer Notice**" has the meaning set out in the Master Trust Indenture.

"**True-up Amount**" has the meaning set out under *"Ontario's Fair Hydro Plan — True-up Amount"*.

"**Unitholders**" means ■, a wholly-owned subsidiary of OPG, and the Indenture Trustee.

SCHEDULE A – CANADIAN PROVINCIAL [AND TERRITORIAL] SECURITIES REGULATORY AUTHORITIES

Alberta Securities Commission
Suite 600, 250 – 5th Street SW
Calgary, Alberta T2P 0R4
Telephone: (403) 297-6454
Toll free in Canada: 1-877-355-0585
Facsimile: (403) 297-2082
Public official contact regarding indirect collection of information: FOIP Coordinator

British Columbia Securities Commission
P.O. Box 10142, Pacific Centre
701 West Georgia Street
Vancouver, British Columbia V7Y 1L2
Inquiries: (604) 899-6854
Toll free in Canada: 1-800-373-6393
Facsimile: (604) 899-6581
Email: FOI-privacy@bcsc.bc.ca
Public official contact regarding indirect collection of information: FOI Inquiries

The Manitoba Securities Commission
500 – 400 St. Mary Avenue
Winnipeg, Manitoba R3C 4K5
Telephone: (204) 945-2561
Toll free in Manitoba 1-800-655-5244
Facsimile: (204) 945-0330
Public official contact regarding indirect collection of information: Director

Financial and Consumer Services Commission (New Brunswick)
85 Charlotte Street, Suite 300
Saint John, New Brunswick E2L 2J2
Telephone: (506) 658-3060
Toll free in Canada: 1-866-933-2222
Facsimile: (506) 658-3059
Email: info@fcnb.ca
Public official contact regarding indirect collection of information: Chief Executive Officer and Privacy Officer

Government of Newfoundland and Labrador
Financial Services Regulation Division
P.O. Box 8700
Confederation Building
2nd Floor, West Block
Prince Philip Drive
St. John's, Newfoundland and Labrador A1B 4J6
Attention: Director of Securities
Telephone: (709) 729-4189
Facsimile: (709) 729-6187
Public official contact regarding indirect collection of information: Superintendent of Securities

[Government of the Northwest Territories
Office of the Superintendent of Securities
P.O. Box 1320
Yellowknife, Northwest Territories X1A 2L9
Telephone: (867) 767-9305
Facsimile: (867) 873-0243
Public official contact regarding indirect collection of information: Superintendent of Securities]

Nova Scotia Securities Commission
Suite 400, 5251 Duke Street
Duke Tower
P.O. Box 458
Halifax, Nova Scotia B3J 2P8
Telephone: (902) 424-7768
Facsimile: (902) 424-4625
Public official contact regarding indirect collection of information: Executive Director

[Government of Nunavut
Department of Justice
Legal Registries Division
P.O. Box 1000, Station 570
1st Floor, Brown Building
Iqaluit, Nunavut X0A 0H0
Telephone: (867) 975-6590
Facsimile: (867) 975-6594
Public official contact regarding indirect collection of information: Superintendent of Securities]

Ontario Securities Commission
20 Queen Street West, 22nd Floor
Toronto, Ontario M5H 3S8
Telephone: (416) 593-8314
Toll free in Canada: 1-877-785-1555
Facsimile: (416) 593-8122
Email: exemptmarketfilings@osc.gov.on.ca
Public official contact regarding indirect collection of information: Inquiries Officer

Prince Edward Island Securities Office
95 Rochford Street, 4th Floor Shaw Building
P.O. Box 2000
Charlottetown, Prince Edward Island C1A 7N8
Telephone: (902) 368-4569
Facsimile: (902) 368-5283
Public official contact regarding indirect collection of information: Superintendent of Securities

Autorité des marchés financiers
800, Square Victoria, 22e étage
C.P. 246, Tour de la Bourse
Montréal, Québec H4Z 1G3
Telephone: (514) 395-0337 or 1-877-525-0337
Facsimile: (514) 873-6155 (For filing purposes only)
Facsimile: (514) 864-6381 (For privacy requests only)
Email: financementdessocietes@lautorite.qc.ca (For corporate finance issuers)
Public official contact regarding indirect collection of information: Corporate Secretary

Financial and Consumer Affairs Authority of Saskatchewan
Suite 601 - 1919 Saskatchewan Drive
Regina, Saskatchewan S4P 4H2
Telephone: (306) 787-5842
Facsimile: (306) 787-5899
Public official contact regarding indirect collection of information: Director

[Office of the Superintendent of Securities
Government of Yukon
Department of Community Services
307 Black Street, 1st Floor
P.O. Box 2703, C-6
Whitehorse, Yukon Y1A 2C6
Telephone: (867) 667-5466
Facsimile: (867) 393-6251
Email: securities@gov.yk.ca
Public official contact regarding indirect collection of information: Superintendent of Securities]

EXHIBIT 1 – INVESTOR PRESENTATION

(See attached.)

From:	Mike Manning
To:	Malle Hanslep (MOF); Tobias P. Whitfield (MOF); stephen.ashbourne@blakes.com
Subject:	FW: EXTERNAL – Fair Hydro -- Draft Offering Memorandum
Date:	Wednesday, November 22, 2017 1:20:10 PM
Attachments:	_Fair Hydro Trust - Preliminary Confidential Offering Memorandum.docx

I expect you've received already, but passing along in case you haven't.
Regards, Mike

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: Wednesday, November 22, 2017 9:38 AM
To: Tim Christie (ENERGY) <Tim.Christie@ontario.ca>
Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; LIU Sheen -TREASURY <sheen.liu@opg.com>; PRESTON Stuart -TREASURY <stuart.preston@opg.com>
Subject: FW: EXTERNAL – Fair Hydro -- Draft Offering Memorandum

Tim:

As requested, attached is the current draft of the OM. Please note that there have been a number of recent changes which will be reflected in the next turn of the document.

John

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

This confidential shelf offering memorandum constitutes an offering of these securities only in those jurisdictions and to those persons where and to whom they may be lawfully offered for sale. This confidential shelf offering memorandum is not, and in no circumstances is to be construed as, a prospectus or advertisement or public offering of these securities. ***No securities commission or similar authority in Canada or in any other jurisdiction has reviewed this material or in any way passed upon the merits of the securities offered hereunder and any representation to the contrary is an offence.*** *Persons who acquire securities pursuant to this confidential shelf offering memorandum will not have the benefit of the review of this material by any securities commission or similar authority. The information contained in this confidential shelf offering memorandum has been furnished or supplied by the Issuer based on the most accurate information available as at the date hereof and there is no representation or warranty by the Agents as to the accuracy or completeness of such information. These securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**") or any state securities laws and may not be offered or sold within the United States or to, or for the account of, U.S. persons (within the meaning of Regulation S under the U.S. Securities Act) unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available. See "Plan of Distribution". This confidential shelf offering memorandum is confidential and contains certain information not publicly disclosed. No one is authorized to make any representation or give any warranty on behalf of the Issuer other than those representations and warranties made or referred to in this confidential shelf offering memorandum.*

The information contained in this confidential shelf offering memorandum and delivered in connection with the private placement of the Notes by the Issuer is confidential, is for the confidential use of only those persons to whom it is delivered in connection with the offering solely for the purpose of considering the purchase of the Notes and its use for any other purpose is prohibited. By accepting this confidential shelf offering memorandum, each prospective purchaser agrees that it will not transmit, reproduce or make available to anyone, other than their respective advisors (so long as they advise such advisors of the confidential nature of such document), this confidential shelf offering memorandum (including any Term Sheets) or any information contained herein, and will not use such information (or permit its advisors to use such information) for any purpose other than to evaluate an investment in the Notes pursuant to an Offering.

CONFIDENTIAL SHELF OFFERING MEMORANDUM

New Issue By Way of Private Placement ■, 2017

FAIR HYDRO TRUST
Senior Secured Notes

Fair Hydro Trust (the "**Issuer**"), a special purpose trust established under the laws of the Province of Ontario by Computershare Trust Company of Canada, acting as trustee of the Issuer, has created a program providing for the offering and issuance of senior secured notes (the "**Notes**"), in one or several offerings. The Issuer was established in connection with the *Ontario Fair Hydro Plan Act, 2017* (the "**FHPA**"), legislation that reallocates certain electricity infrastructure costs over time and provides immediate rate relief to Specified Consumers (a category of consumers that generally is comprised of residential consumers, small businesses and farms). Under the FHPA, Ontario Power Generation Inc. ("**OPG**") is appointed as Financial Services Manager and is given the authority to, among other things, establish, or cause to be established, and manage one or more Financing Entities to raise debt financing (referred to as "**Funding Obligations**") for the purposes of the FHPA. The Issuer is a Financing Entity under the FHPA and the Notes are Funding Obligations being offered for the purposes of the FHPA.

The Notes do not constitute a debt, liability or other obligation of, or interest in, OPG or any of its other affiliates (other than the Issuer). The Notes are not a debt or general obligation of the Province of Ontario or any of its political subdivisions, agencies or instrumentalities. The Notes will not be insured or guaranteed by the Province of Ontario, OPG or any of their respective affiliates or any other person or entity. The Notes will be nonrecourse obligations, secured only by the collateral described in this confidential shelf offering memorandum. See *"Risk Factors"*.

The specific terms of any offering of Notes, including, without limitation, the aggregate principal amount of Notes being offered, the currency of the Notes, the issue price (at par, at a discount or at a premium), the issue, delivery and maturity dates, any redemption or repayment provisions, the interest (either fixed or floating and the circumstances, if any, under which the rate may be adjusted), the interest rate basis and interest payment dates, will be established by the Issuer and set forth in a term sheet (a "**Term Sheet**") that will accompany, be incorporated by reference in and form an integral part of this confidential shelf offering memorandum. Unless otherwise specified in a Term Sheet, the Notes will not be listed on any securities exchange.

The offering of Notes from time to time (each, an "**Offering**") will be made pursuant to exemptions from the prospectus requirements of applicable securities laws in each of the provinces [and territories] ***[NTD: Dealers to advise if Notes may be offered in the territories.]*** of Canada only to "accredited investors" (as such term is defined in National Instrument 45-106 – *Prospectus Exemptions* ("**NI 45-106**") and, in the case of a purchaser resident in Ontario, section 73.3(1) of the *Securities Act* (Ontario)) that are purchasing the Notes as principal and that are not individuals unless those individuals are also "permitted clients" (as such term is defined in National Instrument 31-103 – *Registration Requirements, Exemptions and Ongoing Registrant Obligations* ("**NI 31-103**")). Purchasers of Notes will be obliged to establish their qualification to invest in accordance with the requirements of the securities laws of the

jurisdiction in which they reside. See *"Representations and Agreements of Purchasers"*. As each Offering will be made pursuant to exemptions from prospectus requirements of applicable securities laws, there will be restrictions on the resale of the Notes. See *"Risk Factors"* and *"Restrictions on Resale"*.

The Notes may be sold by the Issuer directly pursuant to applicable statutory exemptions or through agents designated by the Issuer from time to time (the "**Agents**"). See *"Plan of Distribution"*. Each Term Sheet will identify the Agents engaged in connection with the applicable Offering of Notes and will also set forth the terms of such Offering of Notes, including the net proceeds to the Issuer and, to the extent applicable, any fees payable to the Agents.

Subscriptions for the Notes will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. The Notes will be delivered and recorded in book-entry form through CDS Clearing and Depository Services Inc. ("**CDS**") or another depository selected by the Issuer in accordance with the master trust indenture governing the Notes. The Notes will be represented by fully registered book-entry notes held by, or on behalf of, such depository, or a successor thereof, as the custodian of the book-entry notes, in its name or the name of its nominee.

The Notes will be issued under and will be entitled to the benefits of a master trust indenture dated the date of the closing of the first Offering between the Issuer, as issuer, and BNY Trust Company of Canada, as indenture trustee, as supplemented by supplemental indentures thereto.

In making an investment decision, prospective investors acknowledge that they have not relied on the Agents or any person affiliated with the Agents for investment or other advice and are relying on their own examination of the terms of an Offering, including the merits and risks involved and creditworthiness of the Issuer. Prospective investors are not to construe the contents of this document as legal, tax, accounting or investment advice. Prior to investing in the Notes, prospective investors should consult with their legal, tax, accounting and investment advisors to determine the consequences of an investment in the Notes. See *"Risk Factors"* for a discussion of certain factors that should be considered by prospective purchasers of Notes.

The Issuer is not a "reporting issuer" (as such term is defined under applicable Canadian securities laws) in any jurisdiction. The Issuer will only distribute the Notes in Canada under exemptions from the prospectus requirements of the securities laws of the provinces [and territories] where they are sold. The Notes may only be traded in Canada under exemptions from the prospectus requirements of the securities laws of the provinces [and territories] in which they are traded. See "Restrictions on Resale".

There is currently no secondary market for the Notes. There can be no assurance that a secondary market will develop or, if a secondary market does develop, that it will provide holders of Notes with liquidity for their investment or that it will continue for the term of the applicable Notes. Accordingly, purchasers of the Notes may be required to bear the financial risk of investing in such Notes until the maturity date of such Notes.

No person is authorized to give any information or make any representation other than those contained in this confidential shelf offering memorandum in connection with an Offering and any decision to purchase Notes should be based solely on the information contained herein. The Term Sheet applicable to such Offering and the investor presentation (the "**Investor Presentation**"), attached hereto as Exhibit [1], is included in, and forms an integral part of, this confidential shelf offering memorandum. The information contained in the Investor Presentation is current only as of the date thereof. The Investor Presentation may be updated and replaced by the Issuer in connection with an Offering and such updated Investor Presentation will be attached as Exhibit [1], and will be included in, and form an integral part of, this confidential shelf offering memorandum delivered in respect of such Offering.

This confidential shelf offering memorandum, including the Investor Presentation attached hereto, and any Term Sheets, are provided on a confidential basis to prospective investors for informational use solely in connection with their consideration of the purchase of Notes. Use for any other purpose is not authorized. Each Offering will be made solely on the basis of the information contained herein or incorporated by reference which has been furnished by the Issuer. No Agent makes any representation or warranty, express or implied, as to the accuracy, adequacy or completeness of such information. Furthermore, no Agent has independently verified the information in this confidential shelf offering memorandum and has no responsibility for the accuracy, adequacy or completeness of any such information.

This confidential shelf offering memorandum does not contain all of the information that would normally appear in a prospectus qualified under applicable Canadian securities laws. Neither the delivery of this confidential shelf offering memorandum, at any time, nor any sales made pursuant hereto, will imply that the information contained herein is correct as of any time subsequent to the date set forth on the face page hereof and the Issuer and the Agents will not update such information except as may be required by applicable law.

All figures in this confidential shelf offering memorandum are in Canadian dollars unless otherwise noted.

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CAUTION REGARDING FORWARD-LOOKING INFORMATION

Some of the statements contained in this confidential shelf offering memorandum, including those relating to the Issuer's expectations, forecasts, strategic and other statements, are forward-looking information within the meaning of securities laws. Forward-looking information is contained [in the summary and the sections titled "■", "■", "■"]and "Risk Factors" of this confidential shelf offering memorandum. The forward-looking statements contained in this confidential shelf offering memorandum are presented for the purposes of assisting potential purchasers in making an investment decision regarding the Notes and may not be appropriate for other circumstances.

Often, but not always, forward-looking information can be identified by the use of forward-looking terminology such as "may", "will", "expect", "believe", "estimate", "plan", "could", "should", "would", "outlook", "forecast", "anticipate", "foresee", "continue" or the negative of these terms or variations of them or similar terminology. Forward-looking information is based on the reasonable assumptions, estimates, analysis and opinions of management of the Issuer made in light of its experience and perception of trends, current conditions and expected developments, as well as other factors that the Issuer believes to be relevant and reasonable at the date that such statements are made. A variety of factors, many of which are beyond the Issuer's control, may cause actual results to differ materially from the expectations expressed in the forward-looking statements. These factors include, but are not limited to, the following risks: ■. Please also see *"Risk Factors"*. ***[NTD: Update once risk factors are settled.]***

The Issuer does not intend, or assume any obligation, to update any forward-looking information except as may be required by applicable law.

[CONFIDENTIALITY

PRIOR TO RECEIVING THIS CONFIDENTIAL SHELF OFFERING MEMORANDUM, EACH PROSPECTIVE PURCHASER MUST HAVE ENTERED INTO A CONFIDENTIALITY UNDERTAKING WITH THE ISSUER (IN A FORM ACCEPTABLE TO THE ISSUER) WHICH PROVIDES THAT BY ACCEPTING A COPY OF THIS CONFIDENTIAL SHELF OFFERING MEMORANDUM, EACH PROSPECTIVE PURCHASER AGREES THAT ALL INFORMATION CONTAINED HEREIN, ALL DOCUMENTS DELIVERED IN CONNECTION HEREWITH AND ALL OTHER INFORMATION OBTAINED BY PROSPECTIVE PURCHASERS IN RELATION TO THE ISSUER (COLLECTIVELY, THE "**CONFIDENTIAL INFORMATION**") IS CONFIDENTIAL, THAT NONE OF THE CONFIDENTIAL INFORMATION WILL BE COPIED, TRANSCRIBED, RECORDED OR TRANSMITTED BY THE RECIPIENT FOR ANY REASON OR USED FOR ANY PURPOSE OTHER THAN EVALUATING AN INVESTMENT IN THE NOTES, AND THAT THE RECIPIENT WILL HOLD ALL OF THE CONFIDENTIAL INFORMATION IN CONFIDENCE AND WILL NOT PROVIDE ANY OF IT TO ANY THIRD PARTIES OTHER THAN PERSONS RETAINED TO ADVISE THE RECIPIENT WITH RESPECT TO THE PURCHASE OF THE NOTES (SO LONG AS THEY ADVISE SUCH PERSONS OF THE CONFIDENTIAL NATURE OF SUCH CONFIDENTIAL INFORMATION), WITHOUT THE PRIOR WRITTEN CONSENT OF THE ISSUER.] ***[NTD: Dealers to confirm how the OM will be delivered to prospective purchasers, i.e. will electronic distribution be subject to prospective purchasers clicking on a confidentiality undertaking before being given access?]***

DOCUMENTS INCORPORATED BY REFERENCE

A Term Sheet containing the specific variable terms in respect of an Offering will be delivered to prospective purchasers of Notes together with this confidential shelf offering memorandum and will be deemed to be incorporated into this confidential shelf offering memorandum as of the date of such Term Sheet, solely for the purposes of the Notes issued under such Term Sheet.

[MARKET AND INDUSTRY DATA

Certain of the information contained herein concerning the electricity industry in Ontario is based upon or derived from information provided by [third party consultants and] other industry sources. Neither the Issuer nor the Agents guarantee the accuracy of such information or has independently verified the assumptions upon which projections of future trends and performance are based. This information and data is subject to change and cannot

always be verified with complete certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in any statistical survey of market or industry data. As a result, prospective purchasers should be aware that the information and data set forth herein, and estimates and beliefs based on such information and data, may not be reliable.] ***[NTD: Revise as appropriate once OM disclosure is substantially settled.]***

SUMMARY

This summary does not contain all the information prospective purchasers should consider before investing in the Notes. Prospective purchasers should read this entire confidential shelf offering memorandum carefully, including the section entitled "Risk Factors". Capitalized terms used and not otherwise defined in this summary have the meanings ascribed to them in the glossary starting on page [55] of this confidential shelf offering memorandum.

[NTD: Working group to consider whether it would be useful to reproduce or pull forward any charts included in the body.]

Issuer:	Fair Hydro Trust, a special purpose trust established under the laws of the Province of Ontario.
Manager:	Ontario Power Generation Inc. ("**OPG**").
Summary of the Program:	The program provides for the offering and issuance by the Issuer of Notes, in any number of series (each a "**Series**"), in one or several offerings (each, an "**Offering**"). A Term Sheet will describe particulars of the terms of each Series of Notes and will be incorporated by reference and form an integral part of this confidential shelf offering memorandum. Each Series of Notes will be issued under the master trust indenture dated the date of the closing of the first Offering (the "**Master Trust Indenture**") between the Issuer, as issuer, and BNY Trust Company of Canada, as indenture trustee (the "**Indenture Trustee**"), and a supplemental indenture dated the date of the issuance of such Series between the Issuer and the Indenture Trustee (a "**Supplemental Indenture**" and collectively with the Master Trust Indenture, the "**Indenture**") authorizing that Series.
Ontario's Fair Hydro Plan:	On June 1, 2017, the Ontario government passed the *Ontario Fair Hydro Plan Act, 2017* (the "**FHPA**"), legislation that reallocates certain electricity infrastructure costs over time and provides immediate rate relief to Specified Consumers (a category of consumers that generally is comprised of residential consumers, small businesses and farms). Under the FHPA, OPG is appointed as Financial Services Manager and is given the authority to, among other things, establish, or cause to be established, and manage one or more Financing Entities to raise debt financing (referred to as "**Funding Obligations**") for the purposes of the FHPA. The Issuer is a Financing Entity under the FHPA and the Notes are Funding Obligations being offered for the purposes of the FHPA. See *"Ontario's Fair Hydro Plan — Background"*.
Transferor and Servicer:	The Independent Electricity System Operator (the "**IESO**") is a not-for-profit corporation established under the *Electricity Act, 1998*. The IESO manages the operation and reliability of Ontario's bulk power system and administers the wholesale electricity market.
Investment Interest:	Each month, the IESO will determine the shortfall resulting from the rate reduction mandated by the FHPA and record the amount in a variance account (such amount, the "**Regulatory Asset**"). The IESO may transfer a specified portion of the Regulatory Asset to the Issuer pursuant to a master transfer and servicing agreement dated the date of the closing of the first Offering between the Issuer and the IESO (the "**Master Transfer and Servicing Agreement**"). Upon the transfer of a specified portion of the Regulatory Asset to the Issuer, the Issuer will acquire an Investment Interest in the Investment Asset, which is a

current and irrevocable property right consisting of the right to impose, invoice, collect, receive and recover the Clean Energy Adjustment from Specified Consumers in accordance with the FHPA. See *"Ontario's Fair Hydro Plan — Regulatory Asset"*, *"Ontario's Fair Hydro Plan — Investment Interest"* and *"The Transferor and Servicer"*.

Clean Energy Adjustment:

The FHPA imposes an irrevocable and non-bypassable charge referred to as the Clean Energy Adjustment that will be determined by the Financial Services Manager and will be converted by the Ontario Energy Board (the "**OEB**") into a $/kWh rate and added to the electricity invoices sent to Specified Consumers. See *"— Statutory Duties of the OEB"* below.

The Clean Energy Adjustment is an amount determined by the Financial Services Manager for each month in a Reference Period (which is generally a six-month period, subject to more frequent determinations in certain circumstances) and consists of the sum of: (i) the estimated Finance Amount in respect of the Reference Period, which includes all financing and other expenses of the Issuer for such Reference Period, and (ii) the True-up Amount for such Reference Period, all divided by the number of months in the applicable Reference Period.

The "**True-up Amount**" is comprised of any Finance Amounts not previously recovered through the Clean Energy Adjustment during preceding Reference Periods plus other anticipated shortfalls. The True-up Amount accounts for historical and reasonably foreseeable differences between amounts invoiced and amounts collected due to various factors, including applicable taxes, consumer defaults and delays, billing lags and write-offs, variations in billings due to variations in electricity consumption and amounts resulting from a default of Specified Consumers, an Electricity Vendor or the IESO, whether in its capacity as an Electricity Vendor or its activities as agent or otherwise under the FHPA. The Financial Services Manager is obligated to calculate the True-up Amount in respect of each Reference Period so long as all Funding Obligations and other Finance Amounts have not be paid in full. The Financial Services Manager may also, at any time during a Reference Period, determine an interim True-up Amount if it reasonably forecasts that the collection of the Clean Energy Adjustment will be insufficient to pay the estimated Finance Amount for such Reference Period.

Commencing May 1, 2021, the Clean Energy Adjustment will be included on invoices sent to Specified Consumers, and collected and remitted to the Issuer to pay amounts owing on the Notes and all other administrative and other financing expenses of the Issuer. From July 1, 2017 until April 30, 2021 (the "**Moratorium Period**"), no Clean Energy Adjustment amounts are permitted to be collected from Specified Consumers. During the Moratorium Period, the sole source of funds for payment on the Notes, and the Issuer's other carrying costs, will be the IESO. See *"— Financing of Carrying Costs During Moratorium Period"* below.

Acceleration of Indebtedness:

If all or any portion of the principal amount of any indebtedness of the Issuer (including one or more Series of Notes) becomes due and payable before its scheduled payment date, maturity date or redemption date,

then the estimated Finance Amount used by the Financial Services Manager to determine the Clean Energy Adjustment after such time shall be determined without regard to the fact that such amount has become immediately due and payable, unless and only to the extent that the amount of the Clean Energy Adjustment is capable of being increased based on the Fair Allocation Amount for such period. See *"— Fair Allocation Amount and Financing Plan"* below. However, upon such acceleration, the priority of payments to creditors of the Issuer will change so that all accelerated Notes will be repaid in full before any further payments are made to holders of subordinated indebtedness, including the subordinated debt held by OPG. See *"— Subordinated Debt"* below.

Statutory Duties of the OEB:

The OEB is an independent public regulatory agency established under the *Ontario Energy Board Act, 1998*. The *Ontario Energy Board Act, 1998* provides the OEB with the authority to regulate Ontario's electricity market, including the activities of transmitters and distributors.

Under the FHPA and the regulations promulgated thereunder (the "**Regulations**"), the OEB is responsible for determining the rates at which Specified Consumers are invoiced to recover the Clean Energy Adjustment. The rates are expressed in $/kWh and determined by the OEB by dividing (i) the aggregate Clean Energy Adjustment in respect of the relevant period of time as determined by the Financial Services Manager by (ii) the forecast provided by the IESO of electricity consumption of Specified Consumers in respect of such period. See *"— Statutory and Servicing Duties of the IESO"* below.

Statutory Duties of Electricity Vendors:

Electricity is distributed to almost all Specified Consumers in Ontario through a network of local distributors. These local distributors include approximately 65 ***[NTD: Figure based on IESO presentation. To be confirmed.]*** municipal electricity distributors, including a few privately owned electricity distributors and Hydro One Inc. These local distributors, together with the licensed retailers and the IESO in circumstances where it directly invoices a Specified Consumer are referred to as the "**Electricity Vendors**". [Approximately 60% of the electricity distribution to Ontario's approximate 5.1 million consumers is supplied by only three Electricity Vendors.] ***[NTD: To be confirmed.] [NTD: What percentage of these consumers are "Specified Consumers"? If this data is relatively static, include in base shelf OM. If not, consider including in Investor Presentation only.]***

The FHPA and the Regulations require Electricity Vendors to invoice Specified Consumers for the Clean Energy Adjustment commencing May 1, 2021, as determined by applying the rate set by the OEB, which is required to be included as a separate line item on each invoice sent to Specified Consumers. Electricity Vendors are also required to collect, as agent of the Issuer, amounts in respect of the Clean Energy Adjustment, deposit such amounts into a segregated account established for the purpose of receiving those amounts, hold such amounts in trust for the benefit of the Issuer until deposited with the IESO and remit such amounts to the IESO for the benefit of the Issuer. If an Electricity Vendor does not receive payment in full of an invoice issued to a Specified Consumer, the Electricity Vendor shall allocate

the payment received on a *pro rata* basis to the Clean Energy Adjustment and the other amounts payable under the particular invoice. It is a deemed condition of their license that Electricity Vendors comply with the FHPA.

As security for the obligations of Electricity Vendors under the FHPA, the IESO will, if requested by the Issuer once the Clean Energy Adjustment is being invoiced to Specified Consumers, provide the Issuer with a letter of credit in an amount equal to $■, representing approximately one month of Clean Energy Adjustment amounts to be collected by all non-investment grade-rated Electricity Vendors. Alternatively, if acceptable to the Issuer, the IESO may provide an equivalent performance guarantee instead of a letter of credit.

Non-bypassability:

The FHPA mandates that an amount in respect of the Clean Energy Adjustment shown on an invoice issued to a Specified Consumer is determinative of the amount of the consumer's indebtedness resulting from the Clean Energy Adjustment, and is irrevocable on invoicing such Specified Consumer and may not be set off or bypassed. See *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"*.

Management Duties of OPG:

OPG has entered into a management agreement (the "**Management Agreement**") with the Issuer pursuant to which the Issuer has delegated to OPG, as manager (the "**Manager**"), all of the powers and duties of managing the Issuer, including determining whether to incur Funding Obligations (including Offerings of Notes) to acquire an Investment Interest or refinance existing Funding Obligations, negotiating and entering into Program Agreements, maintaining accounts and banking records, preparing any offering documents to be furnished by the Issuer to prospective purchasers of Funding Obligations (including the Notes) and preparing financial statements and tax filings on behalf of the Issuer.

In addition to the powers and duties delegated to the Manager under the Management Agreement, OPG is also required to comply with its duties as Financial Services Manager under the FHPA, including preparing the Financing Plan to evaluate whether potential Funding Obligations should be incurred for the purposes of Financing Entities acquiring and financing an Investment Interest, determining the amount of the Clean Energy Adjustment inclusive of any True-up Amount, notifying the OEB of the Clean Energy Adjustment inclusive of any True-up Amount and ensuring that Funding Obligations are incurred in a manner consistent with the Financing Plan. OPG may also administer the Investment Interest of behalf of the Issuer and any other Financing Entities. Subject to OEB approval, OPG is also entitled to charge the Issuer a fee to earn a return and to recover costs and expenditures incurred by OPG in relation to the establishment, management and administration of the Issuer and its Investment Interest. See *"The Manager"*.

Statutory and Servicing Duties of the IESO:

The IESO is required, as agent of the Issuer, to receive Clean Energy Adjustment amounts paid to it from Electricity Vendors, deposit such amounts promptly into a segregated account established for the purpose of receiving the Clean Energy Adjustment, hold such amounts in trust on behalf of the Issuer and remit such amounts to the Issuer on a monthly basis, subject to daily remittance being required in certain

limited circumstances. In addition, the IESO provides certain reporting and other servicing duties in favour of the Issuer, including providing forecasts of electricity consumption by Specified Consumers to the OEB and the Financial Services Manager, using commercially reasonable efforts to cause Electricity Vendors to establish segregated accounts into which Clean Energy Adjustment amounts are deposited, remitting such amounts to the Issuer and fulfilling certain additional reporting requirements. Generally, all servicing duties provided by the IESO to the Issuer are provided at no cost to the Issuer. However, the Issuer will reimburse the IESO for its direct costs for the provision of any services to the Issuer that are not required to be performed by the FHPA or the Regulations and that are otherwise not recovered or recoverable by the IESO under the *Electricity Act.* ***[NTD: Subject to finalization of MTSA]*** See *"The Transferor and Servicer."*

Financing of Carrying Costs during the Moratorium Period:

During the Moratorium Period and ending on July 31, 2021, the IESO is required under the Regulations to pay and remit to the Issuer any amounts charged to the IESO by the Issuer in respect of its "carrying costs". "Carrying costs" include all funding costs (such as interest on the Notes) and other expenses of the Issuer, other than repayment of principal on any debt obligations of the Issuer (including repayment of principal on the Notes).

Pursuant to the Master Transfer and Servicing Agreement, on or before the fourth business day of each calendar month, the Issuer will submit a carrying costs statement to the IESO certifying the amount of carrying costs estimated to be incurred by the Issuer in the following month. On or before the [14th] business day [of each calendar month/following receipt of the Issuer's statement], the IESO is required to deliver the amount specified to the Issuer in the carrying costs statement. See *"The Transferor and Servicer"*. The IESO has a $2 billion unsecured credit facility provided by the Ontario Electricity Financial Corporation, expiring ■, 20■, available for the purposes of paying the Issuer's carrying costs.

As security for the performance of its obligation under the Regulations to pay the Issuer's carrying costs, the IESO has granted the Issuer a first-priority security interest in all of its accounts receivable[, which includes the global adjustment charge]. ***[NTD: To be confirmed and subject to finalization of IESO security agreement.]*** See *"The Transferor and Servicer"*.

Change of Law Protection Agreement:

[NTD: Subject to finalization of agreement.] Pursuant to the Change of Law Protection Agreement in favour of the Issuer and the Indenture Trustee, upon a Protection Event, the Province of Ontario is required to either, at its election: (i) pay the Notes as they become due and payable, or (ii) assume the Notes as primary obligor. ***[NTD: Drafted to assume we will only ever use this OM for an issuance of Notes that we know will constitute an "Approved Obligation" under the Change of Law Protection Agreement.]*** The occurrence of a Protection Event in and of itself will not result in the acceleration of the Notes. ***[NTD: Consider additional disclosure regarding assumption mechanics and consequences]***

Each of the following constitutes a "**Protection Event**":

(a) the Ontario legislature repeals, and does not replace on an equivalent basis, or amends, the FHPA, in whole or in part, as in effect on the date hereof;

(b) the Ontario legislature enacts or amends any other statute;

(c) the Lieutenant Governor in Council repeals, and does not replace on an equivalent basis, the regulations made under or in connection with, the FHPA, in whole or in part, as in effect on the date hereof;

(d) the Lieutenant Governor in Council, a minister of the Province, an official of the government or board or commission appointed by the Lieutenant Governor in Council makes or amends any regulation; or

(e) there is a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or any entity controlled by the Province,

in each case, that materially and adversely affects the ability of the Issuer to receive amounts on its Investment Interest so that it can pay the Notes in accordance with their terms or the Change of Law Protection Agreement or any of the agreements under which the Notes arise, other than if the Indenture Trustee has confirmed in writing that the effect under such agreements is otherwise acceptable, or

(f) a court determines that all or a portion of the FHPA or the Regulations, as in effect on the date hereof, is *ultra vires* or invalid in a way that materially and adversely affects the ability of the Issuer to receive amounts on its Investment Interest so that it can pay Obligations Secured (including the Notes) that has the effect of the Issuer not having sufficient funds to pay Obligations Secured (including the Notes) that have become due and payable.

[As a condition to any Offering of Notes, OPG will be required to deliver a certification to the Agents confirming that the Change of Law Protection Agreement applies in respect of the particular Series of Notes offered.]

See *"Change of Law Protection Agreement"*.

Fair Allocation Amount & Financing Plan:

The Fair Allocation Amount is an amount calculated under the FHPA and the Regulations by the Minister of Energy in respect of each Reference Period and which, among other things, allocates the estimated Clean Energy Costs in proportion to the relative attribution of Clean Energy Benefits among Specified Consumers.

The Financial Services Manager is required to prepare a Financing Plan under the FHPA to evaluate whether Funding Obligations should be incurred by the Issuer or other Financing Entities and having regard to certain principles, including that Funding Obligations should be incurred so that the estimated Finance Amount that would become due

and payable during a Reference Period will reasonably align with the Fair Allocation Amount determined in respect of such Reference Period. In other words, the Financing Plan should contemplate the issuance of Funding Obligations from time to time, with terms that would result in Clean Energy Adjustments being payable by Specified Consumers that align with the purposes of the FHPA, namely, to ensure that present and future Specified Consumers are bearing their share of the costs of providing Clean Energy Benefits. Notwithstanding the above, the FHPA provides that each Funding Obligation is deemed to be consistent with the Financing Plan and to provide for the reasonable alignment of the estimated Finance Amount with the Fair Allocation Amount.

Currently, the Clean Energy Costs have been determined to exceed the Clean Energy Benefits, with the result that the Fair Allocation Amount is negative. This means that the Minister of Energy has determined that current Specified Consumers have borne more than their fair share of Clean Energy Costs (with the consequent rate reduction for current Specified Consumers). The Fair Allocation Amount is expected to be negative until at least May 2024. Accordingly, any Notes maturing at a time when the Fair Allocation Amount is negative are expected to be refinanced through the issuance of another Series of Notes. If Notes cannot be refinanced on or before maturity, holders of such Notes will have the ability to accelerate their Notes resulting in Clean Energy Adjustments that would otherwise be used to pay holders of Subordinated Notes being used to pay holders of accelerated Notes.

[The Financing Plan accommodates the issuance of a variety of corporate debt instruments and borrowings, including term bank debt, revolving bank lines of credit, publicly issued and privately placed debt securities (such as the Notes), commercial paper, medium-term notes, interest rate and currency swaps and other hedging instruments. Based on the Fair Allocation Amounts and subject to the availability of debt financing, it is expected that the Issuer (or other Financing Entities) may incur up to approximately $■ of indebtedness annually over the next ■ years, comprised of approximately $■ of senior debt (including the Notes) and approximately $■ of subordinated debt.] ***[NTD: Consider what we will need to say about the Issuer's plans to raise additional debt, including the use of the short-term warehousing facility. Will investors expect to see a copy of the Fair Allocation Curve?]***

Subordinated Debt:

Concurrent with every issuance of senior debt by the Issuer, including any Offering of Notes, it is expected that OPG will subscribe for subordinated debt of the Issuer in an amount not to exceed 49% of all outstanding debt of the Issuer at any time. OPG expects to fund approximately 44% of the subscription price for the Issuer's subordinated debt through equity investments in OPG by the Province of Ontario, with the remaining approximately 5% being funded from OPG's available funds, including all or a portion of the proceeds of any offerings by OPG of medium term notes.

Under the Master Trust Indenture, the Issuer will be required at all times to ensure that the aggregate outstanding principal amount of all subordinated debt not be less than ■% of the aggregate outstanding principal amount of all of the Issuer's Funding Obligations. ***[NTD: Term sheet will include a pro forma cap table which will show the sub***

	debt issued on each closing. Discuss whether any additional disclosure regarding financial or other terms of sub debt are relevant to holders of senior Notes.]
Use of Proceeds:	The proceeds from each Offering may be used to (i) acquire an Investment Interest from the IESO pursuant to the Master Transfer and Servicing Agreement, (ii) refinance indebtedness of the Issuer (including other Series of Notes), (iii) pay Offering and related costs of the Issuer and (iv) fund specific reserve accounts. The Term Sheet for each Offering of Notes will identify the amount of proceeds that will be used for such specified purposes.
Interest Rate:	Fixed, floating or otherwise, as determined by the Issuer and as set out in the Term Sheet applicable to such Offering.
Interest Payment Dates:	As determined from time to time by the Issuer and as set out in the Term Sheet applicable to such Offering.
Scheduled Final Payment Dates: ***[NTD: Term to conform to MTI]***	As determined from time to time by the Issuer and as set out in the Term Sheet applicable to such Offering.
Maturities:	As determined from time to time by the Issuer and as set out in the Term Sheet applicable to such Offering.
Ranking:	The Notes will be direct, secured and unsubordinated obligations of the Issuer, and will at all times rank equally and proportionately with each other and all other senior indebtedness issued by the Issuer from time to time pursuant to the Indenture, without discrimination or preference. ***[NTD: Subject to priority ranking of warehouse facilities.]***
Redemption:	Notes may be subject to redemption prior to maturity at the times and redemption price set out in the Term Sheet applicable to such Offering.
Priority of Payments:	■. ***[NTD: To be drafted based on settled MTI.]***
Security:	■. ***[NTD: To be drafted based on settled MTI.]***
Currency:	Notes may be denominated in any currency. The currency for a particular Series of Notes will be set out in the Term Sheet applicable to such Offering.
Minimum Subscription:	Minimum principal amount of $150,000 for any purchase of Notes in denominations having an integral multiple of $1,000. The minimum subscription and denomination of the Notes may be varied as set out in the Term Sheet applicable to such Offering.
Purchase for Cancellation:	The Issuer may, at any time, purchase at any price all or any of the Notes in the market or by invitation for tenders or by private contract. Any Notes so purchased shall be cancelled.
Credit Rating:	The Term Sheet for each Offering will identify the rating of the Notes at the time of such Offering. It will be a condition of closing of each Series of Notes that final ratings as identified in the Term Sheet

applicable to such Offering will be obtained. ***[NTD: To consider whether a minimum credit rating will be assigned.]***

Distribution Method: The Notes may be offered and sold by the Issuer on a private placement basis in Canada to "accredited investors" (as such term is defined in NI 45-106 and, in the case of a purchaser resident in Ontario, section 73.3(1) of the *Securities Act* (Ontario)) who purchase the Notes as principal and that are not individuals unless those individuals are also "permitted clients" (as such term is defined in NI 31-103).

By purchasing Notes and accepting a purchase confirmation in respect thereof, a purchaser will be agreeing with and representing to the Issuer and any Agent participating in the trade that the purchaser is an accredited investor purchasing as principal along with certain other matters. See *"Representations and Agreements of Purchasers"*.

Book-Entry Form: The Notes will be delivered and recorded in book-entry form only through CDS or another depository selected by the Issuer in accordance with the Master Trust Indenture. Each Series of Notes will be evidenced by a global note held by such depository, registered in its name or the name of its nominee, on behalf of all holders of such Series of Notes. See *"Depository Services"*.

Resale Restrictions: Resale of the Notes will be subject to restrictions under applicable securities legislation which vary depending on the relevant jurisdictions. **The Notes may only be sold on a basis that is exempt from the prospectus requirements of applicable securities legislation through an appropriately registered dealer or pursuant to an exemption from the registration requirements of applicable securities legislation.** See *"Restrictions on Resale"*.

Risk Factors: The purchase of the Notes is subject to risks. Prospective investors should carefully consider the risk factors and other information in this confidential shelf offering memorandum and the Term Sheet for each Offering before purchasing Notes, including the discussion set forth under "Risk Factors", and any additional disclosure set out in the Term Sheet for each Offering.

Indenture Trustee: BNY Trust Company of Canada.

Issuer Trustee: Computershare Trust Company of Canada.

THE ELECTRICITY INDUSTRY IN ONTARIO

General Overview

The Ontario electricity industry is principally comprised of three components:

- *Generation*: the production of electricity from other forms of energy, such as wind, solar, hydropower, natural gas and nuclear;
- *Transmission*: the transfer of electricity across high-voltage power lines from generating facilities to local areas; and
- *Distribution*: the delivery of electricity within local areas to homes and businesses using lower voltage power lines.

Ontario currently has more than 36,000 megawatts ("**MW**") of electricity generating capacity built in the province and supplied by generators connected to the high-voltage transmission grid. An additional 3,200 MW of electricity generating capacity comes from smaller scale generators that are connected to distribution grids. According to the Independent Electricity System Operator ("**IESO**"), approximately 35% of Ontario's electricity capacity comes from renewable resources such as wind, solar, water and biofuel.

The structure of Ontario's electricity industry underwent significant changes in the late 1990s and early 2000s. Prior to April 1, 1999, Ontario Hydro, a Crown corporation, supplied most of Ontario's electricity generation and transmission needs. Consistent with initiatives taken in other electricity markets in North America at the time, the electricity industry was restructured in order to encourage greater competition. Ontario's competitive electricity market was opened by the IESO on May 1, 2002 and the market is used to administer the purchase and sale of wholesale electricity in Ontario. According to the IESO's 2016 Annual Report, approximately $17 billion flows through Ontario's wholesale electricity market each year. The following diagram depicts a simplified flow of funds between the key industry participants:

[NTD: Terminology in charts to be updated. Dealers to provide editable versions.]

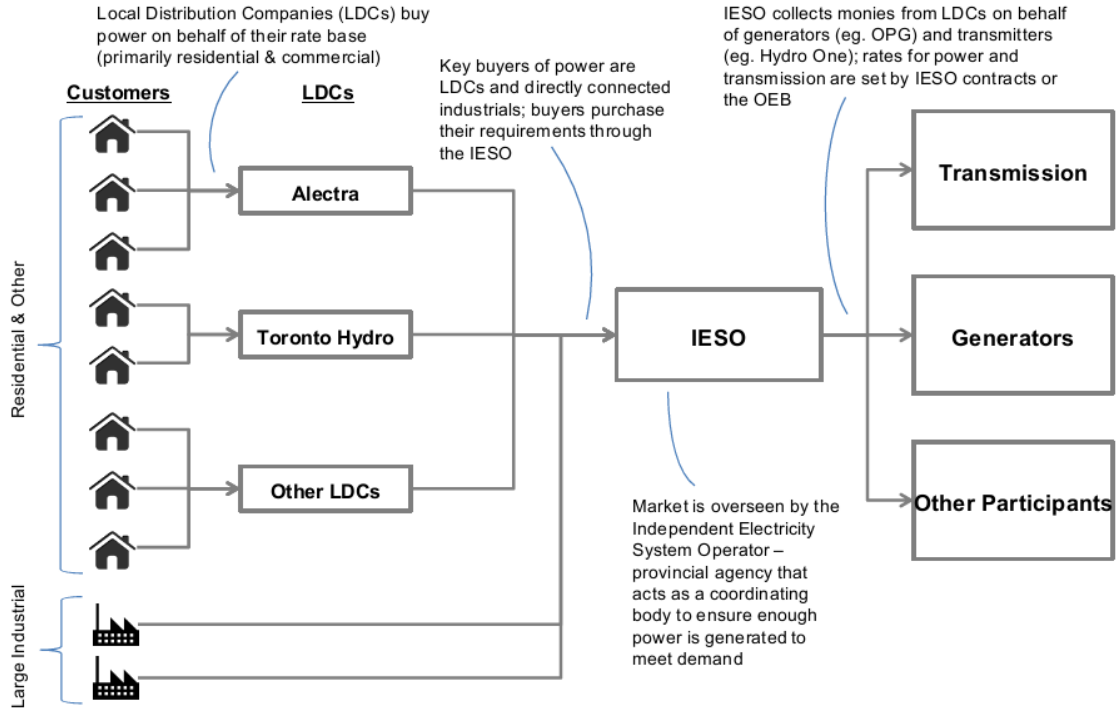

Since the opening of the competitive market, Ontario's power supply mix has experienced significant change. As a result of provincial government policy, coal-fired generation, which at its peak accounted for approximately 6,500 MW of capacity, has been eliminated. In addition, a significant amount of new capacity has been added. New natural gas powered capacity of approximately 5,000 MW as of the end of 2016 has largely replaced the peaking capacity previously provided by coal-fired generation, while the return to service of Units 1 and 2 at the Bruce A nuclear generating station in 2012 added approximately 1,500 MW of baseload nuclear generation. New wind and solar capacity of over 6,700 MW has also been added as of the end of 2016. These changes have resulted in significantly increased costs of electricity to consumers in Ontario.

[While electricity supply in Ontario has increased, the province's electricity demand as reported by the IESO has fallen[, by approximately 9 percent over the last decade,] largely due to changes in economic conditions and conservation measures. Moreover, the addition of small scale solar generation embedded in the distribution system has reduced the level of demand that is supplied by transmission-connected generation. Reducing electricity demand by encouraging conservation and demand management has been a key part of the Government of Ontario's plan to reduce greenhouse gas emissions from the province's electricity sector. Shorter-term fluctuations in electricity demand are impacted by variations in seasonal weather conditions. The IESO reported that Ontario's electricity demand was 137.0 TWh in 2016, excluding electricity exports out of the province.] ***[NTD: Consider whether to include disclosure regarding electricity supply and demand in shelf OM or only the Investor Presentation. If included, update to refer to the 2017 Long-Term Energy Plan released on October 26, 2017.]***

Real-time energy supply needs are met through the wholesale electricity market administered by the IESO. Generators offer their generation into this real-time energy market, or "spot market", to be dispatched by the IESO. The IESO receives hourly offers from electricity generators and importers to provide energy, along with bids to withdraw energy from a few flexible loads and exporters, and then schedules the lowest-cost offers and bids needed to meet demand. Virtually all generators in Ontario also have bilateral contracts with the IESO that provide for payments in addition to the market price of electricity that is paid to generators.

Key Industry Participants

Ontario Power Generation Inc.

Ontario Power Generation Inc. ("**OPG**") is a corporation formed under the *Business Corporation Act* (Ontario), whose sole shareholder is the Province of Ontario. In 1999, when Ontario Hydro was split up in anticipation of deregulation, OPG was formed to hold all of the generation assets. OPG has divested itself of certain of those assets, but remains the largest generator in Ontario. The Province is the sole shareholder of OPG.

OPG is Ontario's largest clean energy generator. As at December 31, 2016, OPG operated two nuclear generating stations, three thermal generating stations, 65 hydroelectric generating stations and one wind power turbine. OPG's mission is to provide low cost power in a safe, clean, reliable and sustainable manner for the benefit of its customers and its sole shareholder, the Province of Ontario. For the year ended December 31, 2016, OPG's electricity generation accounted for over 50 percent of the total energy generated and injected into Ontario's electricity transmission system, as reported by the IESO. OPG is one of the most experienced and largest generating companies in Canada with a broad set of relationships and capabilities. OPG is also experienced in successful complex financing arrangements of large capital projects, including the recently completed Lower Mattagami project.

Additional information about OPG is available at www.opg.com.

The IESO

The IESO is a non-share capital corporation created under the *Electricity Act, 1998* (Ontario). It was created as an amalgamation of two predecessor entities, one of which was also called the IESO ("**Predecessor IESO**") and the other of which was called the Ontario Power Authority ("**OPA**"). Predecessor IESO was responsible for operating the real-time electricity markets in Ontario, as well as administering the market rules. The OPA was the counterparty that entered into bilateral power purchase contracts with generators. These two entities were merged statutorily on January 1, 2015 into the IESO, which now carries out all of these functions. As a non-share capital corporation, the

IESO does not have any shareholders or owners, but it is governed by an independent Board of Directors whose chair and directors are appointed by the Minister of Energy.

Additional information about the IESO is available at www.ieso.ca.

The Ontario Energy Board

The Ontario Energy Board ("**OEB**") is a non-share capital corporation created under the *Ontario Energy Board Act, 1998*. The OEB is an independent and impartial public regulatory agency. The *Ontario Energy Board Act* provides the OEB with the authority to regulate Ontario's electricity market, including the activities of Electricity Vendors.

The OEB has the following objectives in relation to the electricity industry:

(a) to protect the interests of consumers with respect to prices and the adequacy, reliability and quality of electricity service;

(b) to promote the education of consumers;

(c) to promote economic efficiency and cost effectiveness in the generation, transmission, distribution, sale and demand management of electricity and to facilitate the maintenance of a financially viable electricity industry;

(d) to promote electricity conservation and demand management in a manner consistent with the policies of the Province, including having regard to the consumer's economic circumstances;

(e) to facilitate the implementation of a smart grid in Ontario; and

(f) to promote the use and generation of electricity from renewable energy sources in a manner consistent with the policies of the government of Ontario, including the timely expansion or reinforcement of transmission systems and distribution systems to accommodate the connection of renewable energy generation facilities.

The OEB is responsible for, among other things, approving transmission and distribution rates in Ontario, as well as payment amounts for OPG's nuclear and hydroelectric generation. It also approves the construction, expansion, or reinforcement of transmission lines greater than two kilometres in length, as well as mergers, acquisitions, amalgamations and divestitures involving distributors, transmitters and other entities which it licenses. The activities of transmitters and distributors are subject to the conditions of their licenses, which require compliance with a number of industry codes issued by the OEB, as well as with the market rules that are administered by the IESO. These codes and other requirements prescribe minimum standards of conduct and service for licensed participants in the electricity market.

Electricity Vendors

As part of the restructuring of Ontario's electricity industry, the province's municipally-owned electricity distributors were reorganized into separate business corporations. These distributors are typically referred to in Ontario as local distribution companies, or "**LDCs**". A number of these distributors were sold by their municipal owners, who benefitted from time-limited exemptions from the transfer tax that applies to certain transfers that they would otherwise have had to pay on the fair market value of the utility. This led initially to a significant reduction in the number of local distribution companies in Ontario. As at [October 31, 2017], approximately [65] LDCs provided electricity to approximately five million customers in Ontario. ***[NTD: To be confirmed and updated.]*** The distribution industry in Ontario is fragmented, with the 15 largest local distribution companies accounting for approximately 78% of Ontario's electricity customers. ***[NTD: To be confirmed.]*** An LDC is responsible for distributing electricity to customers in its OEB-licensed service territory, and in some cases to other distributors. A service territory may cover large portions of all of a particular municipality, or an otherwise-defined geographic area. Distribution customers include residential, commercial and industrial end-users, such as governments, schools and hospitals. At multi-unit

buildings within an LDC's service territory, there may be a unit sub-metering service provider that metering services for each individual unit. These sub-metering service providers are also licensed by the OEB.

Electricity Prices

There are two main components that make up the commodity cost of electricity in Ontario, the hourly Ontario energy price ("**HOEP**") and the global adjustment charge.

- HOEP is set by the IESO on an hourly basis based on bids and offers in the real-time energy market that is administered by the IESO.

- The global adjustment charge is also paid by loads. It is established monthly by the IESO in accordance with regulations and is used to collect funds used by the IESO to pay certain "out of market" costs that are not compensated by HOEP, including the cost of energy supply contracts with generators and payments made to certain generators, namely OPG, that are entitled to a regulated rate of return based on OEB-established payment amounts. For all loads with a peak demand under 500 kW (in other words, all Specified Consumers as defined below under "- *Ontario's Fair Hydro Plan*"), the global adjustment charge is based on electricity usage on a per unit basis.

Prior to the FHPA being passed, the amount collected by the IESO on account of HOEP and global adjustment was approximately equal to the IESO's liabilities, subject to certain periodic true-ups and adjustments to keep the IESO whole.

At the request of the Minister of Energy in 2004, the OEB created the "**Regulated Price Plan**" or "**RPP**", which establishes time-of-use and tiered prices for residential and small commercial customers. Prior to the introduction of the FHPA, the RPP prices were reviewed and changed every six months based on an updated forecast and any accumulated differences between the amounts collected from RPP consumers and the amount paid to generators in the previous period. RPP prices are now established in accordance with the FHPA. Most Specified Consumers are billed for electricity based on the Regulated Price Plan, although some Specified Consumers may be invoiced HOEP and the global adjustment charge by their LDC for electricity they have consumed. [The IESO has also stated that there is one Specified Consumer connected directly to the transmission system and settled by the IESO, not an LDC.] ***[NTD: Is this material?]***

While most residential and small commercial consumers in Ontario choose to purchase their electricity under the RPP, consumers in Ontario may instead choose to buy their electricity from a licensed retailer pursuant to a retail contract that provides a fixed rate for electricity over a specified period. These customers are also required to pay the global adjustment in addition to the rate under their retail contract.

In addition to HOEP and global adjustment charges, or RPP, as the case may be, electricity consumers pay a number of other uplifts and charges, such as transmission and distribution tariffs.

[NTD: Can we give an indication of how many of the 5.1 million consumers are "Specified Consumers" and the percentage that this group contributes to overall electricity demand and rate collection?]

[NTD: Consider disclosing the percentage of total charges that the Clean Energy Adjustment will represent.]

ONTARIO'S FAIR HYDRO PLAN

Background

On June 1, 2017, the Ontario government passed the *Ontario Fair Hydro Plan Act, 2017* (the "**FHPA**"), legislation that reallocates certain electricity infrastructure costs over time and provides immediate rate relief to consumers. From July 1, 2017 until April 30, 2018, electricity rates payable by Specified Consumers (a category of consumers that generally is comprised of residential consumers, small businesses and farms) will in effect be the rate

that would result in a representative consumer being charged an invoice amount that is 25%[1] less than the rate that would otherwise have been determined by the Ontario Energy Board ("**OEB**") for that period (the "**Fair Adjustment**").

Under the FHPA, a "**Specified Consumer**" is:

(a) a person who has an account with an Electricity Vendor for the supply of electricity in the Province of Ontario and meets any one of the following criteria:

(i) the person has a demand for electricity of 50 kilowatts or less, or such other amount as may be prescribed by the Regulations;

(ii) the person annually uses not more than 250,000 kilowatt hours of electricity, or such other amount as may be prescribed by the Regulations;

(iii) the person carries on a business that is a farming business for the purposes of the *Farm Registration and Farm Organizations Funding Act, 1993* and either holds a valid registration number assigned under that Act or has had the obligation to file a farming business registration form waived pursuant to an order made under subsection 22(6) of that Act;

(iv) the person's account with the Electricity Vendor relates to

(A) a dwelling;

(B) a property within the meaning of the *Condominium Act, 1998*;

(C) a residential complex within the meaning of subsection 2(1) of the *Residential Tenancies Act, 2006*, without regard to section 5 of that Act; or

(D) a property that includes one of more housing units and that is owned or leased by a co-operative within the meaning of the *Co-operative Corporations Act*; or

(v) the person satisfies such criteria as may be prescribed by the Regulations; or

(b) such other person as may be prescribed by the Regulations.

Electricity bills for Specified Consumers for the period between May 1, 2018 and April 30, 2019 are to increase by the rate of inflation (or remain unchanged in the event inflation is negative). Permitted increases after April 30, 2019 will be determined by the Ontario government through additional regulations, though the Ontario government has indicated that rate increases will be held to the rate of inflation until 2021.

Under the FHPA, Ontario Power Generation Inc. ("**OPG**") is appointed as "Financial Services Manager" ("**Financial Services Manager**") and given the authority to, among other things, establish, or cause to be established, and manage one or more financing entities (each, a "**Financing Entity**") to incur payment obligations to fund the acquisition of an Investment Interest (such obligations, "**Funding Obligations**"). The Issuer is a Financing Entity under the FHPA and the Notes are Funding Obligations under the FHPA.

Regulatory Asset

Under the FHPA, each month the IESO determines the shortfall that results from the Fair Adjustment as compared to what the IESO would have been entitled to receive without the Fair Adjustment and records this amount, together with the costs of financing the shortfall, in a variance account. The IESO has the right to recover the balance

[1] The 25% reduction includes an 8% rebate in the provincial portion of the HST previously granted by the Ontario government.

recorded in the variance account from Specified Consumers (such right, the "**Regulatory Asset**"). The IESO may transfer a specified portion of the Regulatory Asset to a Financing Entity for a cash purchase price equal to the amount recorded in the variance account in respect of such specified portion of the Regulatory Asset. Upon receipt by the IESO of payment by the Financing Entity, the IESO retains no further right, title or interest in the corresponding Investment Interest (as defined below).

Investment Interest

By acquiring an Investment Interest, the Financing Entity is financing a portion of the shortfall that results from the Fair Adjustment and, as an owner of the Investment Interest, will be entitled to recover all its costs of such financing. While a Financing Entity may choose to acquire an Investment Interest from the IESO, it is under no obligation to do so.

If the IESO and a Financing Entity agree to the transfer of a specified portion of the Regulatory Asset from the IESO, such transfer results in the creation of a current and irrevocable property right that is immediately vested in the Financing Entity, free and clear of any adverse claim (such right, an "**Investment Interest**"). The Investment Interest consists of, among other things:

(a) the right and interest to impose, invoice, collect receive and recover the Clean Energy Adjustment from Specified Consumers, including the right to determine the Clean Energy Adjustment in accordance with the FHPA;

(b) the right to receive, collect and recover the Clean Energy Adjustment that is imposed, invoiced and recoverable under the FHPA, including any amounts in respect of the Clean Energy Adjustment that are held by Electricity Vendors or the IESO;

(c) the right to enforce the duties and obligations under the FHPA of each Electricity Vendor to impose, attribute, charge and invoice for the Clean Energy Adjustment;

(d) the right to enforce the duties and obligations under the FHPA of each Electricity Vendor and the IESO to collect, receive and remit amounts received by it in respect of the Clean Energy Adjustment, including all collections and the proceeds of any enforcement action undertaken by any Electricity Vendor to recover payment of the Clean Energy Adjustment;

(e) all rights of any kind related to any of the other property rights or interests that comprise the Investment Interest, including any rights to receive a payment obligation incurred by the IESO as part of the transfer of the Regulatory Asset; and

(f) all revenue, collections, claims, payments, money and proceeds of or derived from the rights described in paragraphs (a) to (e), regardless of whether it is invoiced, collected and maintained together with or commingled with other revenue, collections, claims, payments, money and proceeds.

Clean Energy Adjustment

The "**Clean Energy Adjustment**" is the amount payable by Specified Consumers to cover the cost of financing the shortfall that results from the Fair Adjustment. The Financial Services Manager will determine the amount of the Clean Energy Adjustment payable by Specified Consumers for each month of a Reference Period. The Clean Energy Adjustment is based on an estimate of the amount payable by a Financing Entity in a Reference Period in respect of the Finance Amount. The "**Finance Amount**" for a Reference Period is an amount determined by the Financial Services Manager as follows:

(a) after eliminating any duplication in the following amounts, calculating the sum of the following amounts:

(i) amounts paid or payable during the Reference Period in respect of the payment by or on behalf of the Issuer or the provision by or on behalf of the Issuer for the payment of all or a portion of the principal amount advanced to the Issuer under a Funding Obligation;

(ii) interest, commitment fees or other similar costs payable by or on behalf of the Issuer in respect of Funding Obligations that are paid or payable during the Reference Period;

(iii) amounts payable by or on behalf of the Issuer to redeem, prepay or repurchase Funding Obligations incurred by or on behalf of the Issuer that are paid or payable during the Reference Period;

(iv) payments required to be made in respect of any derivative agreements during the Reference Period;

(v) amounts deposited, as required under the governing documents of Funding Obligations, into capital accounts or finance reserve accounts during the Reference Period;

(vi) fees, including fees charged by the Financial Services Manager, charges, costs, indemnities, reimbursements and other amounts incurred or committed to by or on behalf of the Issuer as a result of an activity authorized or permitted under the FHPA that are paid or payable during the Reference Period; and

(vii) taxes paid or payable by the Issuer as a result of any activity, undertaking, transaction or event authorized or permitted under the FHPA that are paid or payable during the Reference Period;

(b) after eliminating any duplication in the following amounts, calculating the sum of the following amounts:

(i) amounts withdrawn, as required under the governing documents of Funding Obligations, from capital accounts or finance reserve accounts during the Reference Period;

(ii) amounts received during the Reference Period in respect of funding rebates;

(iii) the aggregate of all amounts received by or on behalf of the Issuer in respect of Funding Obligations during the Reference Period;

(iv) the principal amount of Funding Obligations incurred by the Issuer that are applied to refinance existing Funding Obligation during the Reference Period;

(v) any payments received in connection with a derivative agreement, including ordinary course receipts, payments received on termination and payments received in connection with margining or collateral arrangements, in each case during the Reference Period;

(vi) amounts received by the Issuer as a refund of tax during the Reference Period; and

(c) subtracting the sum calculated under (a) from the sum calculated under (b).

The Financial Services Manager must notify the OEB of the Clean Energy Adjustment for each Reference Period. The OEB must accept this amount and will determine the rates at which Specified Consumers are to be invoiced to recover the Clean Energy Adjustment. The rates are expressed as a $/kWh amount and determined by the OEB by dividing (i) the Clean Energy Adjustment in respect of the relevant period of time provided by the Financial Services Manager by (ii) the forecast electricity consumption provided by the IESO of Specified Consumers in respect of the period. Electricity Vendors are required to invoice Specified Consumers for the Clean Energy Adjustment, as determined by applying the rate set by the OEB, which is required to be included as a separate line item on each invoice. Electricity Vendors are required to collect, as agent of the Issuer, amounts in respect of the Clean Energy

Adjustment, deposit such amounts into a segregated account established for the purpose of receiving those amounts, hold such amounts in trust for the benefit of the Issuer until deposited with the IESO and remit such amounts to the IESO for the benefit of the Issuer. If an Electricity Vendor does not receive payment in full of an invoice issued to a Specified Consumer, the Electricity Vendor shall allocate the payment received on a *pro rata* basis to the Clean Energy Adjustment and the other amounts payable under the particular invoice. It is a deemed condition of their licenses that Electricity Vendors comply with their obligations under the FHPA.

An amount in respect of the Clean Energy Adjustment shown on an invoice issued to a Specified Consumer is determinative of the amount of the consumer's indebtedness resulting from the Clean Energy Adjustment and is irrevocable upon invoicing and may not be set off or bypassed, except to the extent that the invoice reflects a clerical, typographical or calculation-related error. Commencing May 1, 2021, the Clean Energy Adjustment will be included on invoices sent to Specified Consumers , and collected and remitted to the Issuer to pay amounts owing on the Notes and all other administrative and other financing expenses of the Issuer. From July 1, 2017 until April 31, 2021 (the "**Moratorium Period**"), no Clean Energy Adjustments are permitted to be collected from Specified Consumers. During the Moratorium Period, the sole source of funds for payment on the Notes, and the Issuer's other carrying costs, will be the IESO. See *"— IESO Payment of Carrying Costs"* below. Once it starts being included on such invoices, the Clean Energy Adjustment will be collected until all outstanding Funding Obligations have been repaid in full. Subject to the FHPA, the Clean Energy Adjustment will be collected and remitted to the Issuer to pay the Finance Amount, including the principal and interest on the Notes and all other administrative and other financing expenses of the Issuer.

True-up Amount

The Clean Energy Adjustment also takes into account a true-up comprised of any Finance Amounts not previously recovered through the Clean Energy Adjustment plus other anticipated shortfalls (the "**True-up Amount**"). The True-up Amount accounts for historical and reasonably foreseeable differences between amounts invoiced and amounts collected due to various factors, including applicable taxes, consumer defaults and delays, billing lags and write-offs, variations in billings due to variations in electricity consumption and amounts resulting from a default of Specified Consumers, an Electricity Vendor or the IESO, whether in its capacity as and amounts resulting from a default of Specified Consumers, an Electricity Vendor or the IESO, whether in its capacity as an Electricity Vendor or its activities as agent or otherwise under the FHPA an Electricity Vendor or its activities as agent or otherwise under the FHPA. The Regulations obligate the Financial Services Manager to calculate the True-up Amount in respect of each Reference Period so long as all Funding Obligations and other Finance Amounts have not been paid in full. The Financial Services Manager may also at any time during a Reference Period determine an interim True-up Amount if it reasonably forecasts that the collection of the Clean Energy Adjustment will be insufficient to pay the estimated Finance Amount for a Reference Period.

The following diagram illustrates the flow of funds under the Fair Hydro Plan.

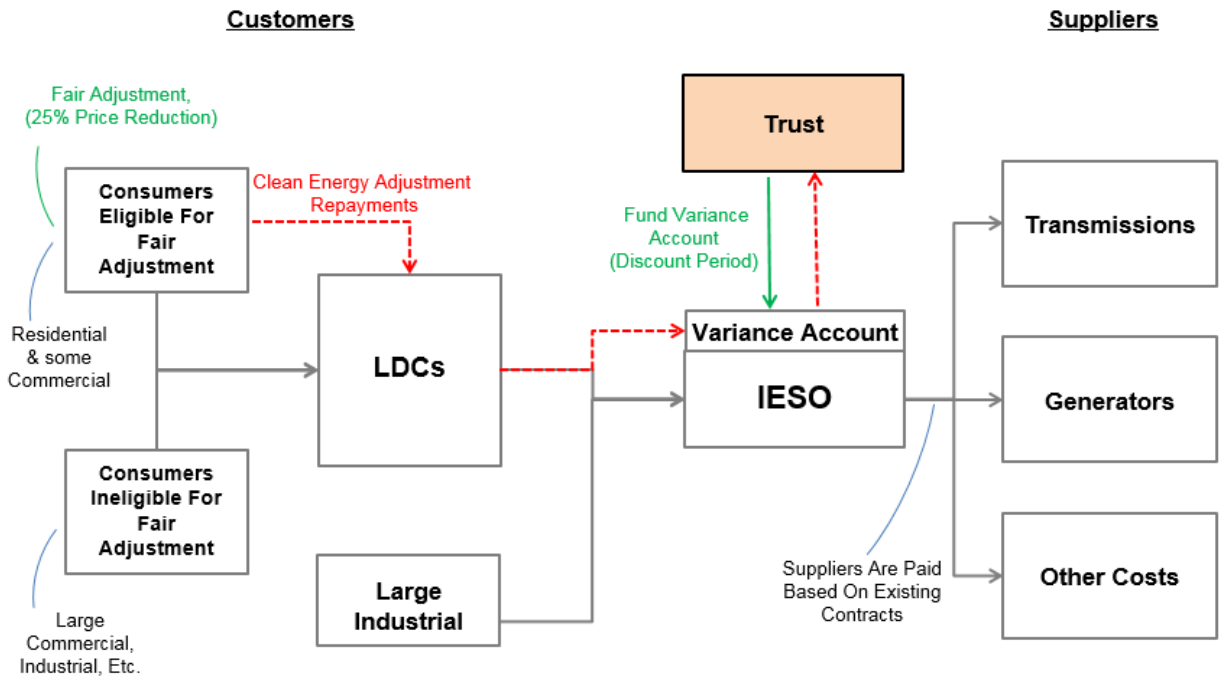

Fair Allocation Amount and Financing Plan

The FHPA was enacted to: (i) ensure that Clean Energy Costs and Clean Energy Benefits are fairly allocated among present and future Specified Consumers; (ii) recognize that Clean Energy Benefits have accrued and will accrue over time and will continue to benefit present and future electricity consumers in Ontario; and (iii) align Clean Energy Costs with Clean Energy Benefits, in order to provide fairness for Specified Consumers over time. Under the FHPA, the Minister of Energy calculates a "**Fair Allocation Amount**", which is an amount for every Reference Period that, among other things, allocates the estimated Clean Energy Costs in proportion to the relative attribution of Clean Energy Benefits among Specified Consumers.

OPG, as financial services manager under the FHPA (in such capacity, the "**Financial Services Manager**"), is required to prepare a Financing Plan to evaluate whether and when Funding Obligations should be incurred by the Financing Entity to acquire Investment Interests. The Financial Services Manager is required to prepare the Financing Plan having regard to certain prescribed principles, including that Funding Obligations should be incurred so that the estimated Finance Amount that would become due and payable during a Reference Period will reasonably align with the Fair Allocation Amount determined in respect of such Reference Period. In other words, the Financing Plan should contemplate the issuance of Funding Obligations from time to time, with terms that would result in Clean Energy Adjustments being payable by Specified Consumers that align with the purposes of the FHPA, namely, to ensure that present and future Specified Consumers are bearing their share of the costs of providing Clean Energy Benefits. Notwithstanding the above, the FHPA provides that each Funding Obligation is deemed to be consistent with the Financing Plan and to provide for the reasonable alignment of the estimated Finance Amount with the Fair Allocation Amount.

Currently, the Clean Energy Costs have been determined to exceed the Clean Energy Benefits, with the result that the Fair Allocation Amount is negative. This means that the Minister of Energy has determined that current Specified Consumers have borne more than their fair share of Clean Energy Costs (with the consequent rate reduction for current Specified Consumers). The Fair Allocation Amount is expected to be negative until at least May 2024. Accordingly, any Notes maturing at a time when the Fair Allocation Amount is negative are expected to be refinanced through the issuance of another Series of Notes. If Notes cannot be refinanced on or before maturity, holders of such Notes will have the ability, on a Series by Series basis, to accelerate their Notes resulting in Clean Energy Adjustments that would otherwise be used to pay holders of Subordinated Notes being used to pay holders of accelerated Notes.

[The Financing Plan accommodates the issuance of a variety of corporate debt instruments and borrowings, including term bank debt, revolving bank lines of credit, publicly issued and privately placed debt securities (such as the Notes), commercial paper, medium-term notes, interest rate and currency swaps and other hedging instruments. Based on the Fair Allocation Amounts and subject to the availability of debt financing, it is expected that the Issuer (or other Financing Entities) may incur up to approximately $■ of indebtedness annually over the next ■ years, comprised of approximately $■ of senior debt (including the Notes) and approximately $■ of subordinated debt.] ***[NTD: Consider what we will need to say about the Issuer's plans to raise additional debt, including the use of the short-term warehousing facility. Will investors expect to see a copy of the Fair Allocation Curve?]***

IESO Payment of Carrying Costs

Commencing May 1, 2021, the Clean Energy Adjustment will be included on invoices sent to Specified Consumers, and collected and remitted to the Issuer to pay amounts owing on the Notes and all other administrative and financing expenses of the Issuer. During the Moratorium Period and ending on July 31, 2021, the IESO is required under the Regulations to pay and remit to the Issuer amounts charged to the IESO by the Issuer in respect of its "carrying costs". "Carrying costs" include all funding costs (such as interest on the Notes) and other expenses of the Issuer, other than repayment of principal on any debt obligations of the Issuer (including repayment of principal on the Notes).

Pursuant to the Master Transfer and Servicing Agreement, on or before the fourth business day of each calendar, the Issuer will submit a carrying costs statement to the IESO certifying the amount of carrying costs estimated to be incurred by the Issuer in the following month. On or before the [14th] business day [of each calendar month/following receipt of the Issuer's statement], the IESO is required to deliver the amount specified in the carrying costs statement to the Issuer. See *"The Transferor and Servicer"*. The IESO has a $2 billion unsecured credit facility provided by the Ontario Electricity Financial Corporation, expiring ■, 20■, available for the purposes of paying the Issuer's carrying costs. As security for the performance of its obligations under the Regulations to pay the Issuer's carrying costs, the IESO has granted the Issuer a first-priority security interest in all of its accounts receivable[, which includes the global adjustment charge]. ***[NTD: To be confirmed and subject to finalization of IESO security agreement.]*** As authorized under the Regulations, the IESO has granted security to the Financing Entity for the performance of its obligations to pay these "carrying costs". See *"The Transferor and Servicer"*.

Other Statutory Protections

The FHPA provides certain protection and assurances in respect of the obligations of Specified Consumers to pay amounts in respect of the Clean Energy Adjustment. Generally, no action or omission by the OEB, the Minister of Energy or the government of Ontario, and no regulation under the FHPA, will be effective to reduce, impair, postpone or terminate the obligations of Specified Consumers to pay amounts in respect of Clean Energy Adjustments or to impair or postpone the invoicing, collection or remittance of the Clean Energy Adjustment. If an Electricity Vendor, the IESO or the Financial Services Manager, has failed, or will fail, to comply with the FHPA or the Regulations, the Issuer may apply to an Ontario court to make an order directing such party to comply and requiring compensation to be provided to the Issuer by such non-compliant party. Additional contractual protections are provided in the Change of Law Protection Agreement described below.

CHANGE OF LAW PROTECTION AGREEMENT

[NTD: Subject to finalization of Change of Law Protection Agreement.]

The following brief summary of certain provisions of the Change of Law Protection Agreement does not purport to be comprehensive or definitive. All references in this confidential shelf offering memorandum to the Change of Law Protection Agreement are qualified in their entirety by reference to the Change of Law Protection Agreement for the detailed provisions thereof. ***[NTD: To be confirmed with Province that there will be a carve-out from any confidentiality restrictions for the Indenture Trustee to share a copy of the Change of Law Protection Agreement with any Note purchasers who may ask for a copy.]***

Pursuant to the Change of Law Protection Agreement in favour of the Issuer and the Indenture Trustee, upon a Protection Event, the Province of Ontario is required to either, at its election: (i) pay the Notes as they become due

and payable, or (ii) assume the Notes as primary obligor. ***[NTD: Drafted to assume we will only ever use this OM for an issuance of Notes that we know will constitute an "Approved Obligation" under the Change of Law Protection Agreement.]*** The occurrence of a Protection Event in and of itself will not result in the acceleration of the Notes. ***[NTD: Consider additional disclosure regarding assumption mechanics and consequences.]***

Each of the following constitutes a "**Protection Event**":

(a) the Ontario legislature repeals, and does not replace on an equivalent basis, or amends the FHPA in whole or in part, as in effect on the date hereof;

(b) the Ontario legislature enacts or amends any other statute;

(c) the Lieutenant Governor in Council repeals, and does not replace on an equivalent basis, the regulations made under or in connection with the FHPA in whole or in part, as in effect on the date hereof;

(d) the Lieutenant Governor in Council, a minister of the Province, an official of the government or board or commission appointed by the Lieutenant Governor in Council makes or amends any regulation; or

(e) there is a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or any entity controlled by the Province,

in each case, that materially and adversely affects the ability of the Issuer to receive amounts on its Investment Interests so that it can pay the Notes in accordance with their terms or the Change of Law Protection Agreement or any of the agreements under which the Notes arise, other than if the Indenture Trustee has confirmed in writing that the effect under such agreements is otherwise acceptable, or

(f) a court determines that all or a portion of the FHPA or the Regulations, as in effect on the date hereof, is *ultra vires* or invalid in a way that materially and adversely affects the ability of the Issuer to receive amounts on its Investment Interests so that it can pay Obligations Secured (including the Notes) that has the effect of the Issuer not having sufficient funds to pay Obligations Secured (including the Notes) that have become due and payable.

The Change of Law Protection Agreement will remain in full force and effect for as long as any Notes remain outstanding. The priority of payments made by the Province under the Change of Law Protection Agreement is governed by the Master Trust Indenture. Upon paying the Notes, the Province will have a right of subrogation that includes the entitlement to all rights and interests under and in respect of such Notes, including the security interest in each related Investment Interest and any related property of the Issuer.

THE ISSUER

The Issuer is an unincorporated open-ended unit trust established under the laws of the Province of Ontario pursuant to a declaration of trust dated ■, 2017 (the "**Declaration of Trust**"). Computershare Trust Company of Canada (the "**Issuer Trustee**") is the sole trustee of the Issuer, which is a Financing Entity established to incur Funding Obligations for the purposes of acquiring Investment Interests pursuant to the FHPA. The principal business address and head office of the Issuer is in Ontario, in the care of the Issuer Trustee at the following address: ■.

The following brief summary of certain provisions of the Declaration of Trust does not purport to be comprehensive or definitive. All references in this confidential shelf offering memorandum to the Declaration of Trust are qualified in their entirety by reference to the Declaration of Trust for the detailed provisions thereof.

The Declaration of Trust establishes the Issuer to carry on activities for the benefit of its beneficiary unitholders, ■, a wholly-owned subsidiary of OPG, and BNY Trust Company of Canada, the Indenture Trustee under the Master Trust Indenture (collectively, the "**Unitholders**"). The beneficial interest and rights generally of the

Unitholders in the Issuer are limited to the right to participate in distributions when and as declared by the Issuer Trustee and distributions upon the termination of the Issuer. The legal ownership of the trust property and the right to conduct the activities of the Issuer are vested exclusively in the Issuer Trustee and no Unitholder has any right of ownership in any of the trust property. Except in limited circumstances provided in the Declaration of Trust, no Unitholder is entitled to interfere with or give any direction to the Issuer Trustee with respect to the affairs of the Issuer or in connection with the exercise of any powers or authorities conferred upon the Issuer Trustee. The Issuer Trustee will generally have, free from any power or control on the part of the Unitholders, full authority over the trust property and the activities of the Issuer to the same extent as if the Issuer Trustee were the sole and absolute owner thereof. The Unitholders will also not be subject to any liability arising out of the activities of the Issuer.

The permitted activities of the Issuer are limited to:

(a) negotiating, executing and delivering the Program Agreements and performing the obligations of the Issuer under such agreements;

(b) acquiring and holding Investment Interests, along with related assets;

(c) issuing Funding Obligations in one or more series in order to acquire the Investment Interests;

(d) incurring other contractual liabilities to service providers and trade creditors in connection with the permitted activities of the Issuer described here;

(e) pledging its interest in the Investment Interests and related assets to the Indenture Trustee;

(f) making payments on the Funding Obligations and its other contractual liabilities; and

(g) such other activities that are necessary to enable the Issuer to perform the functions of a Financing Entity under the FHPA and its obligations under the Program Agreements.

The Issuer Trustee may amend the Declaration of Trust without the consent of the Unitholders or the Specified Creditors so long as the amendment (i) does not materially adversely affect the interest of any Unitholder, (ii) does not and will not have an Adverse Effect, and (iii) is otherwise consistent and in compliance with the Program Agreements. In addition, in the case of an amendment that does or will have an Adverse Effect, the Issuer Trustee may amend the Declaration of Trust if the holders of not less than a majority of the aggregate outstanding dollar principal amount of the Funding Obligations affected by such amendment consent to such amendment.

The consent of the Indenture Trustee, in addition to all other Unitholders, will be required to wind up the Issuer or voluntarily institute or consent to insolvency proceedings against the Issuer.

Each of the Issuer Trustee and its related directors, officers, agents, representatives and employees will be indemnified against [all penalties, taxes, claims, actions, investigations, proceedings, costs, expenses or disbursements of any kind] arising out of, among other things, the Declaration of Trust or any other Program Agreement (or the enforcement thereof), the administration of the Issuer's assets or the action or inaction of the Issuer Trustee's agents, except for its own fraud, wilful misconduct, bad faith or negligence.

The Issuer Trustee may be removed by the Unitholders on 90 days' prior written notice. The Issuer Trustee may also be removed as Issuer Trustee with no prior written notice if it becomes insolvent or it is unable to exercise its duties under the Declaration of Trust. The Issuer Trustee may also resign on 120 days' prior written notice to the Unitholders, the Indenture Trustee and the Rating Agencies. In all such circumstances, a successor issuer trustee acceptable to the Unitholders and which satisfies the Rating Agency Condition must be appointed.

The Issuer Trustee, on behalf of the Issuer, has entered into a management agreement with OPG, as manager (the "**Manager**"), whereby all of the powers and duties of managing the Issuer have been delegated to the Manager. See *"The Manager."*

The following diagram illustrates the structure of the Issuer and its affiliates.

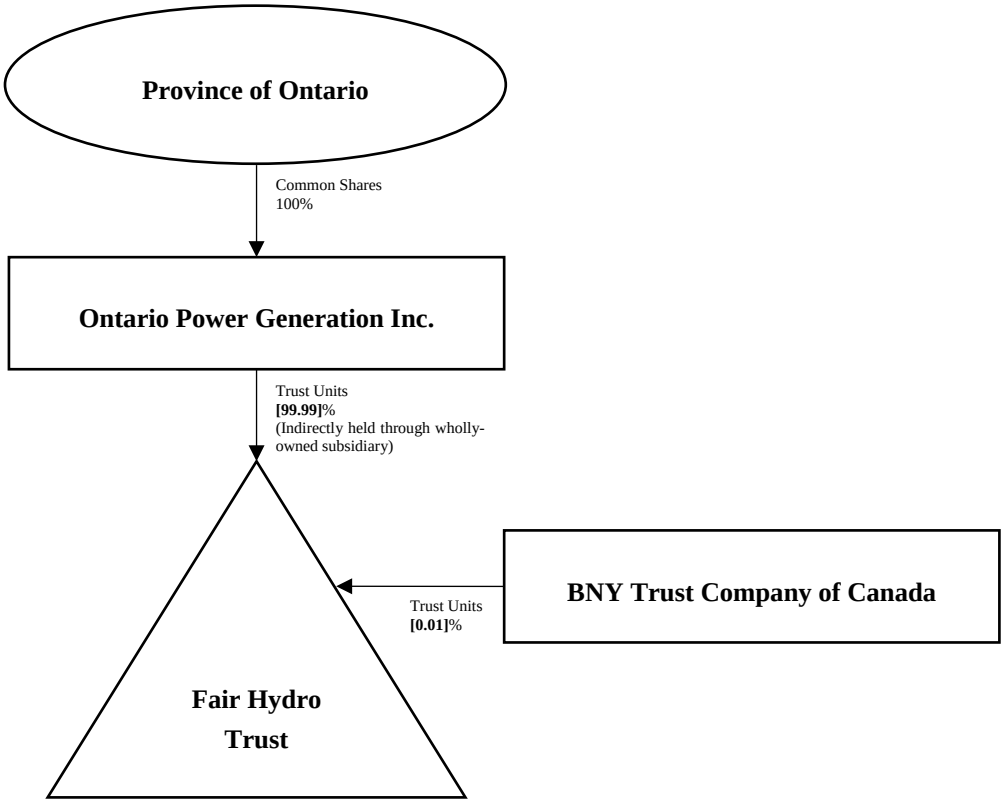

THE MANAGER

OPG has entered into a management agreement with the Issuer dated ■, 2017 (the "**Management Agreement**") pursuant to which the Issuer has delegated to OPG, as manager (in such capacity, the "**Manager**"), all of the powers and duties of managing the Issuer. The following brief summary of certain provisions of the Management Agreement does not purport to be comprehensive or definitive. All references in this confidential shelf offering memorandum to the Management Agreement are qualified in their entirety by reference to the Management Agreement for the detailed provisions thereof.

The powers and duties delegated to the Manager under the Management Agreement include, among others:

(a) negotiating and entering into the Program Agreements;

(b) maintaining accounts and banking records;

(c) preparing, in accordance with applicable securities laws, any offering documents to be furnished by the Issuer to prospective purchasers of Funding Obligations, including the Notes;

(d) arranging for compliance by the Issuer with any continuous disclosure obligations;

(e) arranging for the retention of legal counsel, accountants and an auditor for the Issuer;

(f) preparing financial statements and paying taxes on behalf of the Issuer;

(g) enforcing the rights of the Issuer under the Program Agreements and the FHPA; and

(h) determining when to incur Funding Obligations to acquire an Investment Interest or to refinance existing Funding Obligations.

The Manager is obligated to perform its duties diligently and in conformity with the Issuer's obligations under each of the Program Agreements.

In addition to the powers and duties delegated to OPG pursuant to the Management Agreement, OPG has also agreed to comply with its duties under the FHPA in its capacity as Financial Services Manager, including:

(a) preparing the Financing Plan to evaluate whether potential Funding Obligations should be incurred by Financing Entities for the purposes of acquiring Investment Interests;

(b) determining the amounts of the Clean Energy Adjustment, inclusive of any True-up Amount;

(c) notifying the OEB of the Clean Energy Adjustment, inclusive of any True-up Amount;

(d) administering the Investment Interests on behalf of the Financing Entities;

(e) ensuring that Funding Obligations are incurred in a manner that is consistent with the Financing Plan; and

(f) establishing and charging fees for the services provided under the Management Agreement.

[Subject to OEB approval, OPG is entitled to charge the Issuer a fee to earn a return and to recover costs and expenditures incurred by OPG on behalf of the Issuer or in relation to the establishment, management and administration of the Issuer and its Investment Interest (the "**Reimbursable Issuer Expenditures**"). For 2017, OPG expects to receive a flat fee of $3.1 million plus an amount equal to $■, representing the Reimbursable Issuer Expenditures. For 2018 and years thereafter, subject to OEB review, OPG expects to receive a base fee and a variable fee. The base fee proposed by OPG is to be calculated as a percentage of the average monthly Funding Obligations outstanding, having regard to base fees charged by market comparable service providers. For 2018, the proposed base fee is 0.00625% of the average monthly Funding Obligations for each month. The variable fee proposed by OPG is to be based on the difference between forecast interest rates and actual interest rates for Funding Obligations issued every year. The variable component of OPG's proposed fee is capped at $1 million and may result in a payment by, or to, the Issuer. In addition, subject to OEB review, OPG will be entitled to recover any Reimbursable Issuer Expenditures.]

The priority of the Manager's entitlement to fees is subject to the payment priorities set forth in the Master Trust Indenture. The Manager is not entitled to resign from its duties or terminate the Management Agreement as long as Funding Obligations remain outstanding. The Manager may be terminated by the Issuer Trustee, with the consent of the Indenture Trustee, or by the Indenture Trustee in accordance with the Master Trust Indenture.

SUBORDINATED DEBT

Concurrent with every issuance of senior debt by the Issuer, including any Offering of Notes, it is expected that OPG will subscribe for subordinated debt of the Issuer in an amount not to exceed 49% of all outstanding debt of the Issuer at any time. OPG expects to fund a significant portion (approximately 44%) of the subscription price for the Issuer's subordinated debt through equity investments in OPG by the Province of Ontario. The remainder (approximately 5%) will be funded from OPG's available funds, including all or a portion of the proceeds of any offerings of medium term notes pursuant to OPG's short form base shelf prospectus dated September 12, 2017. Under the Master Trust Indenture, the Issuer will be required at all times to ensure that the aggregate outstanding principal amount of all subordinated debt not be less than ■% of the aggregate outstanding principal amount of all of the Issuer's Funding Obligations.

The Issuer is structured to be bankruptcy remote from OPG insofar as none of OPG, its subsidiaries or holders of its indebtedness will have any recourse whatsoever against the Issuer or its assets other than OPG's rights and remedies as a holder of subordinated debt of the Issuer in accordance with the provisions of that indebtedness. [From an accounting perspective, however, the Issuer will be consolidated with OPG.]

The following diagram illustrates the expected structure of OPG's investments in subordinated debt of the Issuer. ***[NTD: Is this chart useful? Consider deleting or collapsing it with the Issuer org chart above.]***

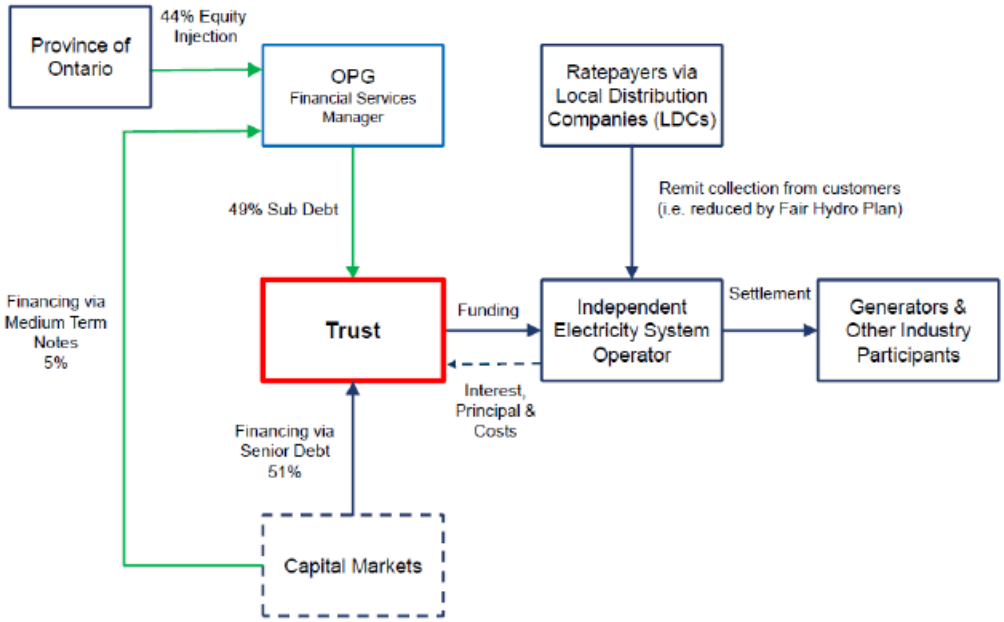

[1] It is expected that OPG will acquire up to 49% of the Issuer's outstanding debt in the form of subordinated debt

THE TRANSFEROR AND SERVICER

The IESO will enter into a master transfer and servicing agreement with the Issuer dated the date of the closing of the first Offering (the "**Master Transfer and Servicing Agreement**") pursuant to which the IESO will periodically transfer specified portions of the Regulatory Asset to the Issuer. Further information about the IESO is available at www.ieso.ca. The following brief summary of certain provisions of the Master Transfer and Servicing Agreement does not purport to be comprehensive or definitive. All references in this confidential shelf offering memorandum to the Master Transfer and Servicing Agreement are qualified in their entirety by reference to the Master Transfer and Servicing Agreement for the detailed provisions thereof.

Under the Master Transfer and Servicing Agreement, the IESO may offer, no more frequently than monthly, to transfer to the Issuer its right, title and interest in, to and under a specified portion of the Regulatory Asset. The Issuer has the right, but not the obligation, to accept the IESO's offer. The IESO is responsible for servicing the Issuer's Investment Interest in accordance with the Regulations and the Master Transfer and Servicing Agreement. Its responsibilities including, among others:

(a) establishing a segregated account to be used for the sole purpose of collecting the Clean Energy Adjustment in respect of the Issuer's Investment Interest and making commercially reasonable efforts to cause Electricity Vendors to do the same;

(b) establishing procedures for the invoicing of amounts by Electricity Vendors in respect of the Clean Energy Adjustment;

(c) responding to inquiries by Electricity Vendors with respect to the Clean Energy Adjustment;

(d) reviewing reports submitted to the IESO by Electricity Vendors regarding the collection of Clean Energy Adjustment amounts for material manifest discrepancies and contacting Electricity Vendors on the occurrence of certain events;

(e) remitting to the Issuer on a monthly basis amounts collected in respect of the Clean Energy Adjustment, subject to daily remittance being required in certain limited circumstances;

(f) providing all information received by Electricity Vendors with respect to Clean Energy Adjustments billed and collected; and

(g) forecasting electricity consumption of Specified Consumers and providing such forecast to the OEB and the Issuer.

Generally, all servicing duties provided by the IESO to the Issuer are provided at no cost to the Issuer. However, the Issuer will reimburse the IESO for its direct costs for the provision of any services to the Issuer that are not required to be performed by the FHPA or the Regulations and that are otherwise not recovered or recoverable by the IESO under the *Electricity Act, 1998*. While the IESO does not guarantee that collections of the Clean Energy Adjustment from Electricity Vendors will equal amounts invoiced, the IESO must follow standards, policies and procedures in performing its servicing duties that are customary for an electricity market operator and administrator that regularly performs settlement services.

During the Moratorium Period and ending on July 31, 2017, the IESO is required under the Regulations to pay and remit to the Issuer amounts charged to the IESO by the Issuer in respect of its "carrying costs". Carrying costs include all funding costs (such as interest on the Notes) and other expenses of the Issuer, other than repayment of principal on any debt obligations of the Issuer (including repayment of principal on the Notes). Pursuant to the Master Transfer and Servicing Agreement, on or before the fourth business day of each calendar month, the Issuer will submit a carrying costs statement to the IESO certifying the amount of carrying costs estimated to be incurred by the Issuer in the following month. On or before the [14th] business day [of each calendar month/following receipt of the Issuer's statement], the IESO is required to deliver the amount specified to the Issuer in the carrying costs statement. The IESO has a $2 billion unsecured credit facility provided by the Ontario Electricity Financial Corporation, expiring ■, 20■, available for the purposes of paying the Issuer's carrying costs.

As security for the performance of its obligation under the Regulations to pay the Issuer's carrying costs, the IESO has granted the Issuer a first-priority security interest in all of its accounts receivable[, which includes the global adjustment charge.] ***[NTD: Subject to finalization of IESO security agreement.]*** The amounts paid by the IESO to fund these carrying costs will form part of the Regulatory Asset, which will either be transferred to the Issuer in a subsequent period and become part of its Investment Interest [or form part of the Global Adjustment].

As security for the obligations of Electricity Vendors under the FHPA, the IESO will, if requested by the Issuer once the Clean Energy Adjustment is being invoiced to Specified Consumers, provide the Issuer with a letter of credit in an amount equal to $■, representing approximately one month of Clean Energy Adjustment amounts to be collected by all non-investment grade-rated Electricity Vendors. Alternatively, if acceptable to the Issuer, the IESO may provide an equivalent performance guarantee instead of a letter of credit.

The Master Transfer and Servicing Agreement sets out specific servicer defaults. Upon the occurrence of a servicer default, the Issuer will be entitled to appoint a replacement servicer that will perform the IESO's duties as servicer under the Master Transfer and Servicing Agreement.

CREDIT RATINGS

Credit ratings are intended to provide investors with an independent measure of the credit quality of securities. The credit ratings accorded to the Notes are not recommendations to purchase, hold or sell such securities inasmuch as such ratings are not a comment upon the market price of the securities or their suitability for a particular investor. There is no assurance that any rating will remain in effect for any given period of time or that any rating will not be revised or withdrawn entirely by a rating agency in the future if, in its judgment, circumstances so warrant.

The Term Sheet for each Offering will identify the rating of the applicable Notes at the time of such Offering.

RATING AGENCY CONDITION

[NTD: RAC section to be conformed to final definition in MTI.]

The Program Agreements provide that certain actions are subject to the "**Rating Agency Condition**". In each such case, satisfaction of the Rating Agency Condition requires: (a) that the Issuer has delivered written notice of the proposed action to the Rating Agencies at least ten business days prior to the effective date of such action; and (b) that the Rating Agencies shall not have informed the Issuer prior to the effective date of such action that such action will result in the reduction or withdrawal of the rating in effect with respect to the Notes immediately before the taking of such action.

CAPITAL MARKETS PLATFORM

[NTD: Summary prepared based on the August 23 draft of the Master Trust Indenture. To be conformed to final terms of MTI.]

The Financial Services Manager has developed a Financing Plan for the Issuer which encompasses an ongoing program capable of accommodating a variety of corporate debt instruments and borrowings, including term bank debt, revolving bank lines of credit, publicly issued and privately placed debt securities, commercial paper, medium-term notes, interest rate and currency swaps and other hedging instruments.

The Master Trust Indenture establishes common security and a set of common covenants given by the Issuer for the benefit of all of its creditors. Notes are issued under supplemental indentures and in certain cases, terms documents. Borrowings are incurred pursuant to liquidity agreements or loan agreements. Notes and borrowings are Funding Obligations and may include one or more series, classes and tranches. A class designation determines the relative seniority for receipt of cash flows. See *"— Subordination Provisions"*. Tranches of Funding Obligations may differ from each other as to the interest rate, maturity and the timing, sequential order and amount of payments of principal or interest, or both.

The following summary of the principal provisions contained in the Master Trust Indenture is qualified in its entirety by reference to the Master Trust Indenture. This overview summarizes certain provisions of the Indenture and omits descriptions of many provisions which may be considered to be of a customary nature. For full particulars of the obligations of the Issuer and the rights of the holders of Notes under the Master Trust Indenture, potential investors should refer to the Master Trust Indenture.

Conditions Precedent to Incurrence of Obligations Secured

There is no limit on the aggregate amount of indebtedness or other obligations which may be secured under the Master Trust Indenture. However, the Issuer will not be permitted to issue any Funding Obligations or other obligations unless the Issuer meets the following described below under *"—Funding Obligations"* and *"—Other Obligations Secured"*.

Funding Obligations

The Issuer may not issue any series, class or tranche of Funding Obligations unless the conditions described below are met on or prior to the date that the Issuer enters into a definitive agreement in respect of such Funding Obligations:

(a) the Issuer gives the Indenture Trustee and each Rating Agency notice of the new issuance;

(b) the Issuer delivers to the Indenture Trustee and each Rating Agency a certificate to the effect that:

(i) the Issuer reasonably believes that the new issuance will not have an Adverse Effect;

(ii) all instruments furnished to the Indenture Trustee conform to the requirements of the Master Trust Indenture and constitute sufficient authority under the Master Trust Indenture for the Indenture Trustee to (i) in the case of an issuance of Notes only, authenticate and deliver such Notes, and (ii) in the case of all other Funding Obligations, execute and deliver the applicable Funding Obligation Agreement;

(iii) in the case of an issuance of Notes only, the form and terms of the Notes have been established in conformity with the provisions of the Master Trust Indenture;

(iv) the incurrence of such Funding Obligation is consistent in all material respects with the financing plan; see *"Ontario's Fair Hydro Plan — Fair Allocation Amount and Financing Plan"*;

(v) after giving effect to the incurrence of such Funding Obligation, the estimated Finance Amount that would become due and payable during the applicable reference period is reasonably expected to align with the Fair Allocation Amount determined in respect of such reference period; see *"Ontario's Fair Hydro Plan — Fair Allocation Amount and Financing Plan"*; and

(vi) the Issuer shall have satisfied such other matters as the Indenture Trustee may reasonably request;

(c) the representations and warranties of the Issuer in the Master Trust Indenture are true and correct in all material respects;

(d) on or prior to the date that the new issuance is to occur, the Rating Agency Condition is satisfied with respect to such incurrence;

(e) the Issuer delivers to the Indenture Trustee copies of the applicable Funding Obligation Agreement, including in the case of Notes, a supplemental indenture relating to the applicable series, class or

tranche of Notes and, if applicable, a terms document relating to the applicable class or tranche of Notes;

(f) each Debtholder (or an authorized agent on their behalf) shall (i) have acknowledged and agreed in favour of the Indenture Trustee that it is a specified creditor under the Master Trust Indenture and that its entitlements as a specified creditor are subject to the provisions applicable to specified creditors under the Master Trust Indenture; see *"— Payment Priorities"*, *"— Acceleration and Remedies — Rights of Specified Creditors"*, *"— Acceleration and Remedies — Limited Recourse"*, *"— Acceleration and Remedies — Limited Recourse"* and *"— Events of Default — Payment Waterfall Upon Event of Default"*, (ii) irrevocably authorize and direct the Indenture Trustee on its behalf to take such action as may be necessary or appropriate to further assure the priority arrangements provided for in the Master Trust Indenture, (iii) appoint the Indenture Trustee as its agent for any and all such purposes, and (iv) provide the Indenture Trustee with its notice details;

(g) the conditions precedent, if any, specified in the applicable Funding Obligation Agreement are satisfied; and

(h) in the case of an issuance of Notes only:

(i) the Indenture Trustee has received a certificate for the certification and delivery of the Notes and specifying the particulars relating to such Notes;

(ii) in the case of Notes that are "registration required obligations" as described in section 163(f)(2)(A) of the Internal Revenue Code, such Notes shall be issued in registered form for U.S. federal income tax purposes or shall be issued in accordance with section 4701(b)(1)(B) of the Internal Revenue Code; and

(iii) in the case of foreign currency Notes, the Issuer appoints one or more paying agents in the appropriate countries, if requested by the Indenture Trustee.

The Issuer and the Indenture Trustee are not required to provide prior notice to or obtain the consent of any Debtholder or any other specified creditor to issue any series, class or tranche of Funding Obligations.

Other Obligations Secured

The Issuer may incur other obligations so long as the counterparty to any such agreement giving rise to such obligations makes the acknowledgements and agreements referred to in paragraph (f) under *"— Funding Obligations"* above.

Subordination Provisions

Under the Master Trust Indenture, the Issuer can issue the following classes of Funding Obligations: "senior" Funding Obligations, "subordinated" Funding Obligations or "junior subordinated" Funding Obligations. The payment of the subordinated Funding Obligations of any series shall be subordinate and rank junior to the payment of senior Funding Obligations and the payment of the subordinated junior Funding Obligations of any series shall be subordinate and rank junior to the payment of senior Funding Obligations and subordinated Funding Obligations, in each case, to the extent and in the manner set forth in the Master Trust Indenture and described under *"— Payment Priorities"* and *"— Events of Default — Payment Waterfall Upon Event of Default"*.

Security

To secure the payment of all obligations secured, including principal of and interest on the Funding Obligations, the Issuer has granted to the Indenture Trustee a security interest in all of its right, title and interest (whether now owned or hereafter acquired or arising) in and to the following property: (i) the Issuer's Investment Interest; (ii) the collection account, each finance reserve account, each capital reserve account and each supplemental reserve account; (iii) all eligible investments and all investment property, money and other property held in any of the

foregoing accounts; (iv) all rights, benefits and powers of the Issuer under any Program Agreement; (v) all present and future claims, demands, causes of and choses in action in respect of any of the foregoing and all interest, principal, payments and distributions of any nature or type on any of the foregoing; (vi) all accounts, general intangibles, chattel paper, instruments, documents, goods, money, investment property, deposit accounts, letters of credit and letter-of-credit rights consisting of, arising from, or relating to any of the foregoing; (vii) all debts, accounts, claims, monies and choses in action due or to become due with respect to all of the foregoing and also all securities, bills, Notes, evidences of deposits of money, and other documents now held or owned or which may be hereafter taken, held or owned by the Issuer, or anyone on behalf of the Issuer, and all renewals thereof, accretions thereto, substitutions therefor and all interest, income and revenue arising therefrom or by virtue thereof; (viii) all amounts received with respect to all of the foregoing; (ix) all of the property, assets and undertaking now owned or hereafter acquired by the Issuer; and (x) all proceeds of the foregoing (collectively, the "**collateral**").

Issuer Accounts

Collection Account

Pursuant to the Master Trust Indenture, the Issuer will establish a segregated trust account in the name of the Indenture Trustee with an eligible institution (the "**collection account**"). The collection account will be under the sole dominion and exclusive control of the Indenture Trustee. The Indenture Trustee will hold the collection account for the benefit of the specified creditors. All available collections received by the Issuer will be credited to the collection account. Available collections includes (i) all amounts received by the Servicer from Electricity Vendors in respect of Clean Energy Adjustments from Specified Consumers (including amounts paid directly to the IESO as an electricity vendor), (ii) Funding Rebates, (iii) all investment earnings allocable to amounts in deposit in any finance reserve account or capital reserve account and (iv) any other amounts to be treated as available collections. See *"Ontario Fair Hydro Plan"* and *"The Transferor and Servicer"*.

Capital Reserve Account

In connection with the creation of a series, class or tranche of Funding Obligations, the Issuer may establish a segregated trust account in the name of the Indenture Trustee with an eligible institution (a "**capital reserve account**"). The capital reserve account will be under the sole dominion and exclusive control of the Indenture Trustee. The Indenture Trustee will hold the capital reserve account for the benefit of the applicable specified creditors. Available collections not required to be paid to specified creditors at such time will be credited to a capital reserve account in accordance with the terms of any applicable Funding Obligation Agreement. The Funding Obligation Agreement for a series, class or tranche of Funding Obligations will specify whether such series, class or tranche has the benefit of a capital reserve account.

Finance Reserve Account

In connection with the creation of a series, class or tranche of Funding Obligations, the Issuer may establish a segregated trust account in the name of the Indenture Trustee with an eligible institution (a "**finance reserve account**"). The finance reserve account will be under the sole dominion and exclusive control of the Indenture Trustee. The Indenture Trustee will hold the finance reserve account for the benefit of the applicable specified creditors. Available collections not required to be paid to specified creditors or a capital reserve account at such time will be credited to a finance reserve account in accordance with the terms of any applicable Funding Obligation Agreement. The Funding Obligation Agreement for a series, class or tranche of Funding Obligations will specify whether such series, class or tranche has the benefit of a finance reserve account.

Supplemental Reserve Account

In connection with the creation of a series, class or tranche of Funding Obligations, the Issuer may establish a segregated trust account in the name of the Indenture Trustee with an eligible institution (a "**supplemental reserve account**"). The supplemental reserve account will be under the sole dominion and exclusive control of the Indenture Trustee. The Indenture Trustee will hold the supplemental reserve account for the benefit of the applicable specified creditors. Available collections not required to be paid to specified creditors, a capital reserve account or a finance reserve account at such time will be credited to a supplemental reserve account in accordance with the terms of any

applicable Funding Obligation Agreement. The Funding Obligation Agreement for a series, class or tranche of Funding Obligations will specify whether such series, class or tranche has the benefit of a supplemental reserve account.

Supplemental Security

Derivative Agreements

A series, class or tranche of Funding Obligations may have the benefit of one or more derivative agreements, which would consist of a currency swap or interest rate swap, a cap (obligating a derivative counterparty to make payments if a reference rate is greater than a specified rate), a floor (obligating a derivative counterparty to make payments if a reference rate is less than a specified rate), or a collar (obligating a derivative counterparty to make payments if a reference rate is greater than a specified rate and entitling the derivative counterparty to receive payments if the same reference rate is less than a lower specified rate), with various counterparties. In general, the Issuer will receive payments from counterparties to the derivative agreements in exchange for the Issuer's payments to them, to the extent required under the derivative agreements. Whether a series, class or tranche of Funding Obligations has the benefit of a derivative agreement, including how any payments made pursuant to such agreement will be applied, will be set out in the applicable Funding Obligation Agreement.

Credit Enhancement Agreements and Liquidity Agreements

A series, class or tranche of Funding Obligations may have the benefit of one or more additional forms of credit enhancement—referred to herein as supplemental credit enhancement agreements—such as a letter of credit, surety bond or loan facility. In addition, a series, class or tranche of Notes may have the benefit of one or more forms of supplemental liquidity agreements—referred to herein as liquidity agreements—such as a liquidity facility. Whether a series, class or tranche of Funding Obligations has the benefit of a credit enhancement agreement or a liquidity agreement, including how any payments made pursuant to such agreement will be applied, will be set out in the applicable Funding Obligation Agreement.

Payment Priorities

On each payment date, a paying agent selected by the Issuer will pay or allocate, at the direction of the Manager, all amounts on deposit in the collection account in the following order of priority (*pro rata* in proportion to the claims represented by each paragraph below except as otherwise noted):

(a) first, to pay (A) the allocated amount of taxes for which a governmental authority is given priority over the specified creditors under the laws of Canada or any province or territory thereof, and then (B) fees, expenses and reimbursement amounts owing to the Issuer Trustee and the Indenture Trustee up to a maximum aggregate amount of ■%[2] of the outstanding principal amount of all Funding Obligations at such time;

(b) second, to pay (A) interest, fees and other amounts owing in respect of senior Funding Obligations and (B) amounts payable to derivative counterparties other than termination payments;

(c) third, to pay (A) principal owing in respect of senior Funding Obligations to the extent required to satisfy any payment of principal or to accumulate amounts in a capital reserve account pursuant to the applicable Funding Obligation Agreement; and (B) termination payments owing to derivative counterparties where the derivative counterparty is not the defaulting party or the sole affected party;

(d) fourth, to transfer to any Issuer account (other than any Issuer account related solely to subordinated Funding Obligations or subordinated junior Funding Obligations) the amount required pursuant to the applicable Funding Obligation Agreement;

[2] To be confirmed.

(e) fifth, to pay fees, expenses, reimbursement and indemnity amounts owing to the Manager;

(f) sixth, to pay taxes not previously paid pursuant to paragraph (a);

(g) seventh, to pay (A) fees, expenses and reimbursement amounts owing to the Issuer Trustee and the Indenture Trustee not previously paid pursuant to paragraph (a), and then (B) fees, expenses and reimbursement amounts owing to other service providers;

(h) eight, to pay interest, fees and other amounts owing in respect of subordinated Funding Obligations;

(i) ninth, to pay principal owing in respect of subordinated Funding Obligations to the extent required to satisfy any payment of principal or to accumulate amounts in a capital reserve account pursuant to the applicable Funding Obligation Agreement;

(j) tenth, to transfer to any Issuer account related solely to subordinated Funding Obligations the amount required pursuant to the applicable Funding Obligation Agreement;

(k) eleventh, to pay interest, fees and other amounts owing in respect of subordinated junior Funding Obligations;

(l) twelfth, to pay principal owing in respect of subordinated junior Funding Obligations to the extent required to satisfy any payment of principal or to accumulate amounts in a capital reserve account pursuant to the applicable Funding Obligation Agreement;

(m) thirteenth, to transfer to any Issuer account related solely to subordinated junior Funding Obligations the amount required pursuant to the applicable Funding Obligation Agreement;

(n) fourteenth, to pay termination payments owing to derivative counterparties where the derivative counterparty is the defaulting party or the sole affected party;

(o) fifteenth, to pay the amount required pursuant to the Declaration of Trust to the Issuer Trustee for the account of the beneficiary, provided that such amount will not be less than $100; and

(p) sixteenth, (i) to be held in the collection account for distribution in the above order of priority on the next payment date; or (ii) after all Funding Obligations have been paid and discharged, and all other amounts have been paid in full, to pay to the Issuer.

If the amounts in the collection account are not sufficient to make all required payments and applications as described above: (i) amounts on deposit in any other Issuer account (other than Issuer accounts related solely to subordinated Funding Obligations or subordinated junior Funding Obligations) may be withdrawn from such Issuer account and allocated to those specified creditors required to be paid pursuant to paragraph (a) through (c) above; (ii) amounts on deposit in any Issuer account related solely to subordinated Funding Obligations may be withdrawn from such Issuer account and allocated to those specified creditors required to be paid pursuant to paragraph (a) through (i) above; and (iii) amounts on deposit in any Issuer account related solely to subordinated junior Funding Obligations may be withdrawn from such Issuer account and allocated to those specified creditors required to be paid pursuant to paragraph (a) through (l) above. Notwithstanding the foregoing, amounts on deposit in an Issuer account established solely for the benefit of one or more series, class or tranche of Funding Obligations may only be withdrawn from such Issuer account for the purpose for which such Issuer account was established and allocated only to those specified creditors for whom such Issuer account was established.

Covenants of the Issuer

Positive Covenants

Incurrence of Funding Obligations

The Issuer will ensure that all indebtedness is incurred pursuant to and in accordance with the provisions of the Master Trust Indenture, as described under "*Conditions Precedent to Incurrence of Funding Obligations*". The Issuer will use the proceeds of such indebtedness solely for: (i) the acquisition by the Issuer of an Investment Interest; (ii) the refinancing of any existing Funding Obligations; and (iii) the payment of transaction fees and expenses in connection with the incurrence of Funding Obligations.

Payment of Principal and Interest

The Issuer will duly and punctually pay the principal of and interest due on the Funding Obligations in the manner specified in the Master Trust Indenture and any related Funding Obligation Agreement.

Other Covenants

In addition to the covenants contained in any supplemental indenture to the Master Trust Indenture (a "**Supplemental Indenture**") and the other covenants described in this section, the Issuer agrees that it will:

- do or cause to be done all things necessary to preserve its existence and maintain its status as a Financing Entity;
- take all reasonable steps to maintain its identity as a distinct entity with assets and liabilities distinct from those of the Manager and any of their respective affiliates;
- perform and observe all of its obligations and agreements contained in the Master Trust Indenture, the Declaration of Trust, the Master Sale and Servicing Agreement and in the other instruments and agreements relating to the collateral;
- give the Indenture Trustee and each Rating Agency prompt written notice of each event of default under the Master Trust Indenture and each breach on the part of the Issuer or the Servicer of its respective obligations under the Master Transfer and Servicing Agreement; and
- use reasonable commercial efforts, upon the written request of the Indenture Trustee, following any (i) termination or resignation of the Servicer, the Manager or the Paying Agent, or (ii) termination, non-renewal or expiry of a liquidity agreement or a credit enhancement agreement, to appoint and enter into an agreement with a successor to such Servicer, Manager or Paying Agent, or replace or renew such liquidity agreement or credit enhancement agreement, in form and substance the same as the previously existing Program Agreement.

Negative Covenants

Consolidation; Sale of Assets

The Issuer may not consolidate with or merge into any other person, or sell, convey, exchange, transfer or otherwise dispose of any of its properties or assets included in the collateral to any person (each, a "**transaction**"), unless:

(a) the entity formed by or surviving the consolidation or merger (if other than the Issuer) or the entity that acquires by conveyance or transfer formed by or surviving the consolidation or merger, by conveyance or transfer, as applicable: (i) is a financing entity; (ii) is organized under the laws of Canada or any province or territory thereof; (iii) is not a non-resident for purposes of the *Income*

Tax Act (Canada); (iv) is not subject to regulation as an "investment company" under the Investment Company Act, (v) expressly assumes, pursuant to an assignment and assumption agreement or supplement, the performance or observance of all of the Issuer's agreements and covenants under each of the Program Agreements to which the Issuer is a party; and (vi) in the case of a conveyance or transfer only, such person expressly agrees, pursuant to such assignment and assumption agreement or supplement, (A) that all right, title and interest conveyed or transferred is subject and subordinate to the security interest of the Indenture Trustee and (B) that it will make all filings with the Securities and Exchange Commission as required by the Securities Exchange Act of 1934 in connection with any Notes;

(b) no event of default or early amortization event under the Master Trust Indenture has occurred and is continuing immediately after the transaction;

(c) the Issuer has delivered to the Indenture Trustee an officer's certificate and an opinion of counsel of external counsel, each stating that (i) the transaction and the agreements delivered in connection with such transaction comply with the terms and conditions in the Master Trust Indenture, (ii) all conditions precedent in the Master Trust Indenture relating to the transaction have been complied with, and (iii) in the case the agreements delivered in connection with the transaction have been duly authorized, executed and delivered, and are valid, binding and enforceable against the surviving entity or transferee, as applicable;

(d) the Rating Agency Condition has been satisfied with respect to the transaction; and

(e) any action as is necessary to maintain the first priority perfected security interest in the collateral has been taken.

Borrowings, Guarantees, etc.

The Issuer will not issue, incur, assume, guarantee or otherwise become liable for any indebtedness except for the Funding Obligations. Additionally, the Issuer will not, except as contemplated by the Program Agreements, make any loan or advance or credit to, or guarantee, endorse or otherwise become contingently liable in connection with the obligations of, or own, purchase or acquire any stock, obligations, assets or securities of, or any other interest in, or make any capital contribution to, any other person.

Amendments to Program Agreements

The Issuer will not:

(a) amend, supplement, modify, restate or replace, or waive or consent to a postponement of compliance with the terms and conditions on the part of the other party to any of the Program Agreements (other than the Master Trust Indenture and the Declaration of Trust) if any such amendment, supplement, modification, restatement or replacement, or waiver or consent could reasonably be considered to be materially prejudicial to the rights or interests of any specified creditor, except as expressly permitted by such specified creditor, and unless the Rating Agency Condition is satisfied;

(b) consent, if consent is required, to the resignation of the Manager under the Management Agreement unless the Rating Agency Condition is satisfied; and

(c) amend the Declaration of Trust for the purpose of adding, changing or eliminating any provisions of the Declaration of Trust or modifying the rights of Debtholders unless the Debtholders affected by such amendment consent to the same.

Security Matters

The Issuer will not (i) permit any lien, charge, excise, claim, security interest, mortgage or other encumbrance (other than the lien in favor of the Indenture Trustee created by the Master Trust Indenture) to be created on or extend

to the collateral, (ii) release any security or guarantee in respect of the collateral, or (iii) change its name, jurisdiction of formation or type of organization, unless it makes all filings and takes all actions necessary to continue and maintain the Indenture Trustee's first priority security interest in the collateral.

Other Covenants

In addition to the covenants contained in any Supplemental Indenture and the other covenants described in this section, the Issuer agrees that it will not:

- engage in any activity other than the activities set forth in the Declaration of Trust or the other Program Agreements, the material provisions of which are described in this offering memorandum under "The Issuer".
- claim any credit on or make any deduction from the principal and interest payable on the Funding Obligations, other than amounts withheld in good faith from such payments under the Income Tax Act or other applicable tax law (including foreign withholding),
- voluntarily dissolve or liquidate;
- make any payments, distributions, dividends or redemptions to any holder of its equity interests in respect of that interest except in accordance with the Master Trust Indenture;
- sell, transfer, exchange or otherwise dispose of any of the collateral; or
- take any action that would cause it to be treated as engaged in a "trade or business within the United States" for U.S. federal income tax purposes.

Reporting Requirements

The Issuer will deliver, or cause to be delivered:

(a) to the Indenture Trustee and the Paying Agent on a monthly basis, a report with respect to the payments to be made on the following Payment Date and setting forth [(i) the amount of the payment to Noteholders (including a breakdown of principal and interest), (ii) the aggregate outstanding principal of the Notes before and after giving effect to the payments in (i) above, (iii) any other transfers and payments to be made on such payment date, including amounts paid to the Indenture Trustee, the Issuer Trustee and the Manager, and (iv) the amounts on deposit in the Issuer Accounts after giving effect to the foregoing payments.][3]

(b) to the Indenture Trustee within 90 days after the end of each fiscal quarter (other than the last fiscal quarter of each fiscal year), unaudited financial statements of the Issuer;

(c) to the Indenture Trustee within 140 days after the end of each fiscal year, audited financial statements of the Issuer;

(d) to the Indenture Trustee and the Rating Agencies on an annual basis, a written statement concerning compliance with the covenants, agreements or conditions contained in the Trust Indenture as well as the presence or absence of material defaults thereunder; and

(e) to the Rating Agencies, a copy of any amendment to the Master Trust Indenture or a Supplemental Indenture.

[3] **Note to draft:** To be included in next turn of Master Trust Indenture.

Amendments to Master Trust Indenture

Amendments not Requiring Consent of specified creditors

The Issuer and the Indenture Trustee may amend, supplement or otherwise modify the Master Trust Indenture or any Supplemental Indenture without the consent of any specified creditor upon prior notice to each Rating Agency and delivery by the Issuer to the Indenture Trustee of an officer's certificate to the effect that the Issuer reasonably believes that such amendment will not and is not reasonably expected to have an Adverse Effect. Such amendments to the Master Trust Indenture or any Supplemental Indenture may:

- evidence the succession or successive successions of another Financing Entity to the Issuer, and the assumption by such successor of the covenants of the Issuer in the Master Trust Indenture and the Notes;
- add to the covenants of the Issuer, or have the Issuer surrender any of its rights or powers under the Master Trust Indenture (or any Supplemental Indenture), for the benefit of the Debtholders of any or all series, classes or tranches;
- cure any ambiguity, correct or supplement any provision in the Master Trust Indenture which may be inconsistent with any other provision in the Master Trust Indenture (or any Supplemental Indenture), or make any other provisions for matters or questions arising under the Master Trust Indenture;
- establish any form of Note, or to add to the rights of the Noteholders of any series, class or tranche;
- provide for the acceptance of a successor indenture trustee under the Master Trust Indenture;
- add any additional early amortization events or events of default relating to any or all series, classes or tranches of Funding Obligations;
- provide for the consolidation of any financing entity and the Issuer into a single entity or the transfer of assets in any financing entity to the Issuer;
- if the IESO is replaced under the Master Transfer and Servicing Agreement, make any necessary changes to the Master Trust Indenture;
- add assets to the Issuer;
- provide for additional or alternative forms of credit enhancement for any series, class or tranche of Funding Obligations;
- comply with any regulatory, accounting or tax laws, or changes to any ratings criteria;
- enable the Issuer to file a registration statement for the offering of securities registered under the Securities Act and to comply with Regulation AB thereunder; or
- qualify for sale treatment under generally accepted accounting principles.

The Master Trust Indenture or any Supplemental Indenture may also be amended by the Issuer and the Indenture Trustee without the consent of any specified creditor in the following circumstances, provided that the Issuer delivers to the Indenture Trustee an officer's certificate to the effect that: (i) the Issuer reasonably believes that such amendment will not have an Adverse Effect and (ii) such amendment is required to comply with law, or to conform or be consistent with the statements contained in this offering memorandum:

- to facilitate compliance with changes in laws or regulations applicable to the Issuer or the transactions governed by the Program Agreements; or

- to cause the provisions of the Master Trust Indenture to conform to or be consistent with or in furtherance of the statements made in this offering memorandum with respect to the Master Trust Indenture or any Supplemental Indenture

Additionally, the Master Trust Indenture or any Supplemental Indenture may also be amended by the Issuer and the Indenture Trustee without the consent of any specified creditor in the following circumstances, provided that (i) the Issuer delivers to the Indenture Trustee an officer's certificate to the effect that the Issuer reasonably believes that such amendment will not and is not reasonably expected to have an Adverse Effect and (ii) the Rating Agency Condition is satisfied with respect to such amendment:

- to add provisions to, or change in any manner or eliminate any of the provisions of, the Master Trust Indenture or any Supplemental Indenture;

- to modify in any manner the rights of the specified creditors under the Master Trust Indenture or any Supplemental Indenture; or

- to provide for those changes necessary for compliance with securities law requirements or banking laws or regulations.

The Indenture Trustee may, but is not obligated to, enter into any amendment which adversely affects its rights, duties, benefits, protections, privileges or immunities under the Master Trust Indenture (or any Supplemental Indenture).

Amendments Requiring Consent of Debtholders

The Issuer and the Indenture Trustee may amend, supplement or otherwise modify and amend the Master Trust Indenture or any Supplemental Indenture for reasons other than those stated in the prior section (*"—Amendments Not Requiring Consent of Specified Creditors"*), with prior notice to each Rating Agency and the consent of holders of not less than 50% of the outstanding principal amount of each series, class or tranche of Funding Obligations affected by that amendment, supplement or other modification. However, if the amendment, supplement or other modification would result in any of the following events occurring, it may be made only with the consent of the holders of 100% of each outstanding series, class or tranche of Funding Obligations affected thereby:

- a change in any date scheduled for the payment of interest on any Funding Obligation or the scheduled final payment date or legal maturity date of any Funding Obligation;

- a reduction in the principal amount of, or interest rate on, any Note, or a change in the method of computing the outstanding dollar principal amount, the outstanding currency specific dollar principal amount or the adjusted outstanding dollar principal amount in a manner that is adverse to any Debtholder;

- a reduction in the amount of a discount note payable upon the occurrence of an early amortization event or other optional or mandatory redemption or upon the acceleration of its legal maturity date;

- an impairment of the right to institute suit for the enforcement of any payment on any Funding Obligation;

- a reduction in the percentage in outstanding principal amount of Funding Obligations of any series, the consent of whose holders is required for modification or amendment of the Master Trust Indenture, any Supplemental Indenture or any related agreement or for waiver of compliance with provisions of the Master Trust Indenture or for waiver of defaults and their consequences provided for in the Master Trust Indenture;

- a modification of any of the provisions governing the amendment of the Master Trust Indenture or any Supplemental Indenture, or waivers of past defaults, except to increase any percentage of Debtholders required to consent to any such amendment or waiver, or to provide that certain other provisions of the

Master Trust Indenture cannot be modified or waived without the consent of each Debtholder affected by such modification;

- permission being given to create any lien or other encumbrance on the collateral ranking senior to the lien of the Master Trust Indenture;

- a change in the city or political subdivision so designated with respect to any series, class or tranche of Notes where any principal of, or interest on, any Note is payable;

- a change in the method of computing the amount of principal of, or interest on, any Note on any date.

Debtholder Approvals and Meetings

Access to Debtholder Lists

The Indenture Trustee will preserve the names and addresses of all specified creditors. Three or more Debtholders, each of whom has owned a Funding Obligation for at least six months, may, upon written request to the Indenture Trustee, obtain access to the current list of Debtholders for purposes of communicating with other Debtholders concerning their rights under the Master Trust Indenture (or any Supplemental Indenture) or the Funding Obligations.

Debtholder Meetings

The Master Trust Indenture sets out the mechanics for meetings of Debtholders. The Indenture Trustee will call a meeting upon request of the Issuer or the holders of at least **[25%]**[4] in aggregate outstanding principal amount of Funding Obligations of the applicable series, class or tranche of Funding Obligations, or of all Funding Obligations. If the Indenture Trustee fails to convene such a meeting after 30 days, the Issuer or those Debtholders may convene the meeting. The Indenture Trustee may call a meeting of holders of a series, class or tranche of Funding Obligations, or of all Funding Obligations, at any time for any purpose. The quorum for any meeting is two or more persons holding (personally or as proxies) not less than **[25%]**[5] of the outstanding principal amount of the series, class or tranche of Funding Obligations, or of all Funding Obligations, as the case may be, entitled to vote at such meeting. Each Debtholder who is present, whether in person or by proxy, will have one vote for every $1,000 of outstanding principal amount of Funding Obligations of which he or she shall be the holder.

Every question submitted to a meeting, except those requiring an Extraordinary Resolution, shall be decided by a majority of the votes. Any matter requiring an Extraordinary Resolution shall be decided by the affirmative vote of the holders of not less than 66⅔% of the aggregate outstanding principal amount of all Funding Obligations. Such matters include:

- authorizing the Indenture Trustee to accept, in satisfaction or partial satisfaction, all or any part of the collateral;

- sanctioning the selling of the collateral or any part thereof or interest therein;

- authorizing the Indenture Trustee or any other Person to bid or tender at any sale of the collateral or any part thereof and take such actions in connection with such sale as it determines to be in the best interests of all Debtholders;

- consenting to any compromise or arrangement by the Issuer with any creditor, creditors or class or classes of creditors or with the holders of any securities of the Issuer whose claims are payable from the collateral;

[4] To be confirmed.

[5] To be confirmed.

- restraining any Debtholder from taking or instituting any suit, action or proceeding for the purpose of realizing on the collateral or for the execution of any trust or power hereunder or for the appointment of a liquidator, receiver or trustee in bankruptcy or to have the Issuer liquidated or for any other remedy hereunder and to direct such Debtholder to waive any Event of Default on which any suit or proceeding is founded;

- requiring the Indenture Trustee (subject to receipt by the Indenture Trustee of reasonable funding and indemnity) to exercise or refrain from exercising any other powers conferred upon it by the Master Trust Indenture of general application to all series of Funding Obligations, including the exercise of any rights of the Issuer under any of the Program Agreements upon the occurrence and during the continuance of an event of default, or to waive any event of default and/or cancel any declaration made pursuant to the Master Trust Indenture upon such terms and/or conditions as may be decided; and

- authorizing the Indenture Trustee, for and on behalf of all specified creditors, to file and prove a claim or debt against the Issuer or its property for an amount equivalent to the aggregate amount which may be payable in respect of all Funding Obligations, to value the collateral, and to vote such claim or debt at meetings of creditors and generally act for and on behalf of all Debtholders in such proceedings as such Extraordinary Resolution may provide.

Any resolution or instrument signed by the requisite number of Debtholders shall have the same force and effect as a resolution duly passed at a meeting of such Debtholders.

Any action or vote taken at any meeting (including by way of written instrument) of Debtholders duly held in accordance with the Master Trust Indenture will be binding on all holders of the applicable series, class or tranche of Funding Obligations or of all Funding Obligations, as the case may be.

In determining whether of Debtholders of the requisite principal amount have taken any action under the Master Trust Indenture, Funding Obligations owned by the Issuer, OPG or any affiliate of either of them will be disregarded and deemed not to be outstanding. In determining whether the Indenture Trustee will be protected in relying upon any such action, only Funding Obligations which a responsible officer of the Indenture Trustee knows to be owned by the Issuer, OPG or any affiliate of either of them will be so disregarded.

Early Amortization

Upon the occurrence of an early amortization event with respect to a series, class or tranche of Funding Obligations (to the extent that funds are available for such purpose pursuant to the payment priorities set out in the Master Trust Indenture), the Issuer will be required to repay the outstanding principal amount of such affected Funding Obligations, together with any accrued, past due or additional interest.

Early amortization events include:

(a) for any series, class or tranche of Funding Obligations, the occurrence of the scheduled final payment date of such series, class or tranche of Funding Obligations;

(b) the Issuer becoming an “investment company” within the meaning of the Investment Company Act of 1940, as amended; and

(c) the occurrence of certain events of bankruptcy or insolvency in relation to the Servicer or the Manager.

Additional early amortization events in respect of any series, class or tranche of Funding Obligations may be set forth in the related Funding Obligation Agreement.

In the case of any event described in (b) or (c) above, an early amortization event will occur with respect to all outstanding series, class or tranche of Funding Obligations without any notice or other action on the part of the Indenture Trustee or any Debtholders immediately upon the occurrence of such event.

If the amount of Available Collections, together with funds on deposit in the applicable Issuer Accounts and any amounts payable to the Issuer under any applicable derivative agreement, credit enhancement agreement or liquidity agreement are insufficient to repay such amount in full on the next Payment Date after giving effect to the payment priorities set out in the Master Trust Indenture, monthly payments on those Funding Obligations will continue to be made on each Payment Date until the principal amount of those Funding Obligations, plus any accrued, past due and additional interest, is paid in full, or the legal maturity date of those Funding Obligations occurs, whichever is earlier. See *"— Payment Priorities" and "— Events of Default — Payment Waterfall Upon Event of Default"* for a description of the payment priorities applicable to such payments.

Events of Default

General

Each of the following events is an event of default for any affected series, class or tranche of Funding Obligations:

(a) the Issuer's failure, for a period of **[65]**[6] days, to pay interest on such series, class or tranche of Funding Obligations when such interest becomes due and payable;

(b) the Issuer's failure to pay the principal amount of such series, class or tranche of Funding Obligations on the applicable legal maturity date;

(c) any representation or warranty in the Master Trust Indenture proves to be incorrect in any material respect when made and if capable of remedy, such incorrect representation or warranty is not remedied for a period of 90 days after the Indenture Trustee or the holders of at least **[25%]**[7] of the aggregate outstanding dollar principal amount of the outstanding Funding Obligations of any affected series, class or tranche has provided written notice requesting remedy of that default and stating that as a result of such default, the interests of the related Debtholders are materially and adversely affected and continue to be materially and adversely affected during the 90-day period;

(d) the Issuer's default in the performance, or breach, of any other of its covenants or warranties in the Master Trust Indenture, for a period of 90 days after the Indenture Trustee or the holders of at least **[25%]**[8] of the aggregate outstanding dollar principal amount of the outstanding Funding Obligations of any affected series, class or tranche has provided written notice requesting remedy of that default and stating that as a result of such default, the interests of the related Debtholders are materially and adversely affected and continue to be materially and adversely affected during the 90-day period;

(e) certain events of bankruptcy or insolvency of the Issuer;

(f) the Issuer's default in the performance, or breach, of any covenant or agreement contained in any Funding Obligation Agreement which causes or entitles and the holders of such Funding Obligations to cause acceleration of the maturity thereof;

(g) the Change of Law Assumption Agreement ceases to be in full force and effect against the Province and the Province does not, within **[90]**[9] days after the Indenture Trustee has provided written notice to the Province of such unenforceability, cause such agreement to be in full force and effect or

[6] To be confirmed.

[7] To be confirmed.

[8] To be confirmed.

[9] To be confirmed.

replace such agreement with a new agreement that is in form and substance satisfactory to the Debtholders, acting reasonably; or

(h) the Change of Law Assumption Agreement or the applicability thereof to the Province or the Funding Obligations is disaffirmed by the Province.

Additional events of default in respect of any series, class or tranche of Funding Obligations may be set forth in the related Funding Obligation Agreement.

Payment Waterfall Upon Event of Default

Upon the occurrence and during the continuance of an event of default, any money or other property standing to the credit of an Issuer Account (except as set out below) or otherwise collected by the Indenture Trustee will be applied in the following priority:

(a) first, to pay (A) the allocated amount of taxes for which a governmental authority is given prior over the specified creditors under the laws of Canada or any province or territory thereof, and then (B) fees, expenses and reimbursement amounts owing to the Issuer Trustee and the Indenture Trustee up to a maximum aggregate amount of ■%[10] of the outstanding dollar principal amount of all Funding Obligations at such time;

(b) second, to pay (A) interest, fees and other amounts owing in respect of Senior Funding Obligations and (B) amounts payable to derivative counterparties other than termination payments;

(c) third, to pay (A) principal owing in respect of Senior Funding Obligations and (B) termination payments owing to derivative counterparties where the derivative counterparty is not the defaulting party or the sole affected party;

(d) fourth, to pay fees, expenses, reimbursement and indemnity amounts owing to the Manager;

(e) fifth, to pay taxes not previously paid pursuant to the first bullet;

(f) sixth, to pay (A) fees, expenses and reimbursement amounts owing to the Issuer Trustee and the Indenture Trustee not previously paid pursuant to the first bullet, and then (B) fees, expenses and reimbursement amounts owing to other service providers;

(g) seventh, to pay interest, fees and other amounts owing in respect of subordinated Funding Obligations;

(h) eight, to pay principal owing in respect of subordinated Funding Obligations;

(i) ninth, to pay interest, fees and other amounts owing in respect of subordinated junior Funding Obligations;

(j) tenth, to pay principal owing in respect of subordinated junior Funding Obligations;

(k) eleventh, to pay termination payments owing to derivative counterparties where the derivative counterparty is the defaulting party or the sole affected party; and

(l) twelfth, to pay any remaining amounts to the Issuer.

However, amounts on deposit in an Issuer Account established solely for the benefit of one series, class or tranche of Funding Obligations will first be used to satisfy all obligations owing to the Debtholders for whom such

[10] To be confirmed.

Issuer Account was established. Thereafter, such amounts will be applied in accordance with the priorities set out above.

Waiver of Default

Except as described in the following sentence, an Extraordinary Resolution is required to waive any past default under the Master Trust Indenture or any Supplemental Indenture. The consent of all Debtholders is required to waive any past default in the payment of principal of, or interest on, any Funding Obligation.

Acceleration and Remedies

General

If an event of default described in paragraph (c) or (d) occurs with respect to all series of Funding Obligations or an event of default described in paragraph (g) or (h) occurs, either the Indenture Trustee or the holders of not less than 50% of the outstanding principal amount of all Funding Obligations (treated as one class) may declare the principal of all outstanding Funding Obligations to be immediately due and payable. If other events of default occur (other than an event of default described in paragraph (e)), either the Indenture Trustee or the holders of not less than 50% of the outstanding principal amount of Funding Obligations affected thereby (each series acting as a separate class) may declare the principal of the applicable Funding Obligations to be immediately due and payable. The occurrence of an event of default involving the bankruptcy or insolvency of the Issuer results in an automatic acceleration of all Funding Obligations.

A declaration of acceleration or an automatic acceleration may be rescinded by Extraordinary Resolution if the Issuer has paid all overdue interest, principal that has become due (other by reason of acceleration) and other amounts set out in the Master Trust Indenture.

If an event of default occurs and any Funding Obligations are accelerated, the Indenture Trustee may amongst other things, (i) apply to a court for an order of sequestration and payment of amounts in respect of Clean Energy Adjustments in accordance with the FHPA, (ii) take possession of the collateral, (iii) appoint a receiver with respect to the collateral, (iv) initiate proceedings in any court for the appointment of a receiver or for sale or foreclosure, (v) exercise rights, remedies, powers, privileges and claims under any Program Agreement, including the right to terminate and replace the Manager or the Servicer, or (vi) take any other action, suit, remedy or proceeding authorized or permitted by the Master Trust Indenture or by applicable law. The Indenture Trustee is not obligated to exercise any of its rights or powers under the Master Trust Indenture unless the holders of affected Funding Obligations offer the Indenture Trustee a reasonable indemnity.

See "*Risk Factors — ■*".

Rights of Specified Creditors

The Indenture Trustee has agreed, and each specified creditor will be deemed to agree, that it will not at any time commence, or join in commencing, bankruptcy, insolvency or similar proceedings against the Issuer. No Debtholder will have the right to institute any proceeding, judicial or otherwise, with respect to the Master Trust Indenture, or for the appointment of a receiver or trustee or similar official, or for any other remedy under the Master Trust Indenture, unless:

(a) the Issuer or a Debtholder has previously given to the Indenture Trustee written notice of a continuing event of default;

(b) Debtholders, by Extraordinary Resolution, have made written request of the Indenture Trustee to institute the proceeding in its own name as Indenture Trustee;

(c) Debtholders have offered the Indenture Trustee a satisfactory indemnity; and

(d) the Indenture Trustee has, for 60 days, failed to institute the proceeding.

Subject to certain powers which may only be exercised by Extraordinary Resolution, Debtholders of not less than 50% of the outstanding principal amount of any accelerated series, class or tranche of Funding Obligations have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Indenture Trustee, or exercising any trust or power conferred on the Indenture Trustee with respect to such series, class or tranche. However, the Indenture Trustee may decline to follow such direction if it determines (based on advice from counsel) that such direction (i) conflicts with applicable law or the Master Trust Indenture, (ii) has a substantial likelihood of involving the Indenture Trustee in personal liability or (iii) is unjustly prejudicial to Debtholders not taking part such direction. See *"Debtholder Approvals and Meetings—Debtholder Meetings"* for a description of certain powers which may only be exercised by Extraordinary Resolution.

Limited Recourse

The obligation of the Issuer to pay principal of and interest on the Funding Obligations or any other amount payable to any Debtholder is subject to the allocation and payment provisions in the Master Trust Indenture and the applicable Funding Obligation Agreement and limited to amounts available from the collateral. Neither the Indenture Trustee, the Manager nor the Issuer Trustee in its individual capacity, nor any holder of any ownership interest in the Issuer, nor any of their respective owners, beneficiaries, agents, officers, directors, employees, successors or assigns will, in the absence of an express agreement to the contrary, be personally liable for the payment of the principal of or interest on the Notes or any other Funding Obligation, or for the Issuer's covenants and agreements contained in the Master Trust Indenture.

Satisfaction and Discharge of Indenture

The Master Trust Indenture will cease to be of further effect with respect to any series, class or tranche of Notes and the Indenture Trustee, on the written demand and at the expense of the Issuer, will execute instruments acknowledging such satisfaction and discharge with respect to that series, class or tranche of Notes, when:

(a) all Notes of that series, class or tranche which have already been authenticated or delivered, with certain exceptions set forth in the Master Trust Indenture, have been delivered to the Indenture Trustee for cancellation,

(b) the Issuer has paid all other sums payable by it under the Master Trust Indenture with respect to that series, class or tranche of Notes, and

(c) the Issuer has delivered to the Indenture Trustee an officer's certificate and an opinion of external counsel each stating that the conditions precedent in the Master Trust Indenture relating to the satisfaction and discharge have been complied with.

DESCRIPTION OF NOTES

The following description of the Notes is a summary of certain of their material attributes and characteristics, and does not purport to be complete. The terms and conditions set forth in this "Description of the Notes" section will apply to each Note unless otherwise specified in the applicable Term Sheet. For further particulars, reference should be made to the Master Trust Indenture and the Supplemental Indenture and Terms Document, if any, relating to the particular series, class or tranche of Notes.

General

The Notes will be issued under the Master Trust Indenture and will be Funding Obligations issued in connection with the financing program described under the heading "Capital Markets Platform". The specific terms and conditions of each series, class or tranche of Notes are to be set forth in a Supplemental Indenture and, if applicable, a terms document (a "**Terms Document**") authorizing that series, class or tranche.

Under the Master Trust Indenture, the Issuer may issue an unlimited principal amount of Notes. See *"—Conditions Precedent to Issuance of Obligations Secured"*. The Notes will be direct obligations of the Issuer and secured in the manner provided for under the Master Trust Indenture. See *"Capital Markets Platform—Security"*.

The Supplemental Indenture or Terms Document will describe the following terms of the Notes:

- stated principal amount of the Notes;
- whether such Notes are of a particular class of Notes or a tranche of Notes;
- the currency or currencies in which such Notes will be denominated and in which payments of principal of, and interest on, such Notes will or may be payable;
- the price at which such series, class or tranche of Notes will be issued;
- the times at which such series, class or tranche of Notes may, pursuant to any optional or mandatory redemption provisions, be redeemed, and the other terms and provisions of any such redemption;
- the rate per annum at which such series, class or tranche of Notes will bear interest, if any, or the formula or index on which such rate will be determined;
- the initial dollar principal amount or the initial currency specific dollar principal amount of such Notes, and the means for calculating the outstanding dollar principal amount or the outstanding currency specific dollar principal amount of such Notes;
- each payment date, the scheduled final payment date and the legal maturity date;
- any events of default or early amortization events with respect to such series, class or tranche of Notes if not set forth in the Master Trust Indenture, and any additions deletions or other changes to the events of default or early amortization events set forth in the Master Trust Indenture with respect to such series, class or tranche of Notes;
- if such series, class or tranche of Notes will be issues in whole or in part in the form of a global note, the terms and conditions, if any, upon such global note may be exchanged for other individual Notes, and the depository for such global note;
- if such series, class or tranche of Notes will be issued in whole or in part as registered Notes, bearer Notes or both, and if such Notes will be issued with or without coupons;
- if such series, class or tranche will have the benefit of a derivative agreement, credit enhancement agreement or liquidity agreement, and the terms and provisions of the applicable agreement;
- the subordination of such series, class or tranche of Notes to any other indebtedness of the Issuer, including the Notes of any other series, class or tranche;
- the record date for any payment date of such series, class or tranche of Notes, if different from the last of the month before the related payment; and
- the details of any amortization period or accumulation period for such series, class or tranche of Notes and the amount scheduled to be deposited in any applicable Issuer account on each payment date during such period.

Payments of Principal and Interest

Unless otherwise specified in a Term Sheet, the Issuer has designated [OPG] as its paying agent for all Notes having a place of payment in Toronto, Ontario.

Interest will accrue on the principal balance of each Note at the interest rate specified in the Term Sheet. Unless otherwise specified in the Term Sheet, interest will be payable on the [15th] day of each calendar month (each,

a "**payment date**"). Principal of the Notes of each series, class or tranche will be payable in the amounts and on the payment dates specified in the Term Sheet. The Term Sheet will also set out the scheduled final payment of the series, class or tranche of Notes, which is the date that the Issuer expects to pay the stated principal amount of such Notes, and the legal maturity date. On each payment date, the paying agent will pay to Noteholders principal and interest then due on the Notes using available collections and amounts available in certain other Issuer accounts. Please read "Payment Priorities". However, you may receive principal payments earlier if an early amortization period begins or later if the payment rate deteriorates or insufficient available collections are accumulated in the collection account and the other Issuer accounts. In addition, principal of a note may be paid earlier than its scheduled final payment date if an optional or mandatory redemption occurs. It is not an event of default if the stated principal amount of a series, class or tranche of Notes is not paid in full on its scheduled final payment date. However, if the stated principal amount of a series, class or tranche of note is not paid in full on its scheduled final payment date, an early amortization event will occur. See *"Capital Markets Platform—Early Amortization Events"*. If the stated principal amount of a note is not paid in full by its legal maturity date, an event of default will occur. See *"Capital Markets Platform—Events of Default"*.

See *"Risk Factors"* for a discussion of factors that may affect the timing of principal payments on a series, class or tranche of Notes.

DEPOSITORY SERVICES

Except as otherwise provided below, the Notes will be issued in "book-entry only" form and must be purchased, transferred, redeemed or exchanged through participants ("**Participants**") in the depository service of a depository chosen by the Issuer (the "**depository**") or its nominee, which include securities brokers and dealers, banks and trust companies. On the closing date of an Offering, the Issuer will cause a global certificate representing the Notes to be delivered to, and registered in the name of, the depository or its nominee. Except as described below, no purchaser of Notes will be entitled to a certificate or other instrument from the Issuer or the depository evidencing that purchaser's ownership thereof, and no purchaser will be shown on the records maintained by the depository except through a book-entry account of a Participant acting on behalf of such purchaser. Each purchaser of Notes will typically receive a customer confirmation of purchase from the registered dealer from which the Notes are purchased in accordance with the practices and procedures of that registered dealer. The practices of registered dealers may vary, but generally, customer confirmations are issued promptly after execution of a customer order. The depository will be responsible for establishing and maintaining book-entry accounts for its Participants having interests in the Notes.

Neither the Issuer, the Indenture Trustee nor the Agents will assume any liability for: (i) any aspect of the records relating to the beneficial ownership of the Notes held by the depository or the payments relating thereto; (ii) maintaining, supervising or reviewing any records relating to the Notes; or (iii) any advice or representation made by or with respect to the depository or those contained in this confidential shelf offering memorandum and relating to the rules governing the depository or any action to be taken by the depository or at the direction of its Participants. The rules governing the depository provide that it acts as the agent and depository for the Participants. As a result, Participants must look solely to the depository and persons, other than Participants, having an interest in the Notes must look solely to Participants for payments made by or on behalf of the Issuer to the depository in respect of the Notes.

If: (i) required by applicable law; (ii) the depository notifies the Issuer in writing that the depository is no longer willing or able to discharge properly the responsibilities of a depository with respect to the Notes and the Issuer is unable to locate a qualified successor; (iii) the Issuer determines; (iv) an event of default has occurred and Noteholders holding more than 50% of the outstanding principal amount of the applicable Notes determine such book-entry system is no longer in their best interests; then certificates representing the Notes will be issued to the beneficial owners of Notes or their nominees; or (v) the book-entry system is terminated. ***[NTD: Conform to Indenture when settled.]***

Manner of Effecting Transfer or Redemption

A transfer or redemption of Notes held in "book-entry form" only will be effected through records maintained by the depository or its nominee with respect to interests of Participants, and on the records of Participants with respect

to interests of persons other than Participants. Purchasers of such Notes who are not Participants, but who desire to purchase, sell or otherwise transfer ownership of or other interests in the Notes, may do so only through Participants.

DTC, Euroclear and Clearstream, Luxembourg

Where CDS acts as depository for a series of Notes, to the extent the Issuer makes such series of Notes eligible with The Depositary Trust Company ("**DTC**"), Euroclear Bank S.A./N.V., as operator of the Euroclear System ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**"), and the Issuer specifies as such in the Term Sheet with respect to the particular series of Notes, holders may hold such series of Notes through the accounts maintained by DTC, Euroclear or Clearstream, Luxembourg, as applicable, as participants in CDS only if they are participants of those systems, or indirectly through organizations which are participants of those systems.

In such case, DTC, Euroclear and Clearstream, Luxembourg will hold omnibus book-entry positions on behalf of their participants through customers' securities accounts in their respective depositaries which in turn will hold such positions in customers' securities accounts in the names of the nominees of the depositaries on the books of CDS. All securities in DTC, Euroclear and Clearstream, Luxembourg are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts.

Transfers of such Notes by persons holding through Euroclear or Clearstream, Luxembourg participants, as applicable, will be effected through CDS, in accordance with CDS rules, on behalf of the relevant European international clearing system by its depositaries; however, such transactions will require delivery of transfer instructions to the relevant European international clearing system by the participant in such system in accordance with its rules and procedures and within its established deadlines (European time). The relevant European international clearing system will, if the transfer meets its requirements, deliver instructions to its depositaries to take action to effect the transfer of the Notes on its behalf by delivering Notes through CDS and receiving payment in accordance with its normal procedures for next-day funds settlement. Payments with respect to the Notes held through Euroclear or Clearstream, Luxembourg will be credited to the cash accounts of Euroclear participants or Clearstream, Luxembourg participants in accordance with the relevant system's rules and procedures, to the extent received by its depositaries.

All information in this confidential shelf offering memorandum concerning CDS, DTC, Euroclear and Clearstream, Luxembourg, reflects the Issuer's understanding of the policies of such organizations which may change at any time without notice.

PLAN OF DISTRIBUTION

The Notes may be sold by the Issuer directly pursuant to applicable statutory exemptions or through agents designated by the Issuer from time to time (the "**Agents**"). Each Term Sheet will identify the Agents engaged in connection with the applicable Offering of Notes and will also set forth the terms of the Offering of Notes, including the net proceeds to the Issuer and, to the extent applicable, any fees payable to the Agents. The Agents will conditionally offer the Notes for sale on a "best efforts" basis, if, as and when issued and delivered by the Issuer in accordance with the conditions contained in an agency agreement (the "**Agency Agreement**") between the Issuer and the Agents to be entered into on or about the date of each Term Sheet. The Agents will be paid a fee for their services rendered to the Issuer in connection with the offering, issue and sale of the Notes. The obligations of the Agents under the Agency Agreement may be terminated upon the occurrence of certain stated events. The Agents may over-allot or effect transactions which stabilize or maintain the market price of the Notes at a level different than that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time.

The Notes may not be offered or sold, directly or indirectly, in Canada or to or for the account of any Canadian resident except, in the case of sales made in any province [or territory] of Canada, pursuant to an exemption from the prospectus requirements in Section 2.3 of NI 45-106 and, in the case of a purchaser resident in Ontario, section 73.3(2) of the *Securities Act* (Ontario), also known as the "accredited investor" exemption. In addition, Notes will not be offered or sold, directly or indirectly, to individuals unless those individuals are also "permitted clients" within the meaning of NI 31-103.

Resale of the Notes will be subject to restrictions under applicable securities legislation which vary depending on the relevant jurisdictions. **The Notes may only be sold on a basis that is exempt from the prospectus requirements of applicable securities legislation through an appropriately registered dealer or pursuant to an exemption from the registration requirements of applicable securities legislation**. See *"Restrictions on Resale"*.

This confidential shelf offering memorandum does not constitute an offer to sell or a solicitation of an offer to buy any of the Notes in the United States. The Notes have not been and will not be registered under the U.S. Securities Act or any state securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as such term is defined in Regulation S under the U.S. Securities Act) unless the Notes are registered under the U.S. Securities Act and applicable state securities laws or an exemption therefrom is available. In addition, until 40 days after the commencement of an Offering, any offer or sale of the Notes within the United States by any dealer (whether or not participating in an Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with an exemption from the registration requirements of the U.S. Securities Act. Each Agent has agreed that, except as permitted by an Agency Agreement, it will not offer or sell the Notes as part of the distribution of the Notes at any time within the United States or to, or for the account or benefit of, U.S. persons.

RISK FACTORS

Prospective investors in the Notes should carefully consider all the information included in this confidential shelf offering memorandum, including the risks described below, before deciding to invest in the Notes.

Judicial, Legislative or Regulatory Risks

Future legal action might challenge or invalidate the FHPA or the Regulations and materially adversely affect a holder's investment in the Notes.

The Investment Asset is a creation of the FHPA, which became effective on June 1, 2017. The Issuer will be the first Financing Entity under the FHPA to issue Funding Obligations as contemplated under the FHPA. The FHPA, the Regulations or any provisions thereof might be directly contested in courts or otherwise become the subject of litigation. The FHPA is novel legislation in Canada and therefore there are no precedents to rely on to support the validity of the FHPA or the Regulations.

As of the date of this confidential shelf offering memorandum, no such litigation has arisen; however, there can be no assurance that a lawsuit challenging the validity of some portion or all of the FHPA or the Regulations will not be filed in the future or that, if filed, such lawsuit will not be successful. If such a lawsuit were successful, it would likely be a Protection Event and the provisions of the Change of Law Protection Agreement would apply. See *"Change of Law Protection Agreement"*. If such successful lawsuit was not, however, a Protection Event, and an invalidation of any relevant underlying legislative or regulatory provision were to result, a holder of Notes may lose some or all of their investment in the Notes or experience significant delays in recovering their investment in the Notes.

Future legislative action to change the FHPA or the Change of Law Protection Agreement might materially adversely affect a holder's investment in the Notes.

The FHPA provides that no act or omission of the Province of Ontario shall be effective to reduce, impair, postpone or terminate the obligations of Specified Consumers to pay amounts in respect of the Clean Energy Adjustment or to impair or postpone the invoicing, collection or remittance of the Clean Energy Adjustment. Ontario does not have a referendum or initiative process by which the FHPA may be amended or revoked. Therefore, the only way for such provisions of the FHPA to be amended or revoked would be through a subsequent legislative action by the Province of Ontario. Any such action that materially and adversely effects the ability of the Issuer to receive amounts in respect of the Investment Interest would likely be subject to the Change of Law Protection Agreement. See *"Change of Law Protection Agreement"*. However, future legislative action by the Province of Ontario could also be taken that would have the effect of voiding or otherwise rendering invalid the Change of Law Protection Agreement.

Canada does not have any constitutional protection of property rights. While an adverse impact of statutory measures on private property has, in some circumstances, been judicially held to entitle property owners to compensation, such

entitlements themselves can also be extinguished by legislation. Accordingly, if the provisions of the FHPA referenced in the previous paragraph were amended or revoked through subsequent legislative action of the Province of Ontario and future legislative action was also taken by the Province of Ontario that had the effect of voiding or otherwise rendering invalid the Change of Law Protection Agreement, a holder of Notes may lose some or all of their investment in the Notes or experience significant delays in recovering their investment in the Notes.

Future judicial action could reduce the value of a holder's investment in the Notes.

The Investment Asset is the creation of the FHPA. There is uncertainty associated with investing in Notes payable from an asset that depends for its existence on legislation because there is no juridical or regulatory experience implementing and interpreting the legislation or similar legislation in Canada. Because the Investment Asset is a creation of the FHPA, any judicial determination interpreting the FHPA or the Investment Asset might have an adverse effect on a holder of Notes' investment in the Notes.

Potential difficulties in enforcing civil liabilities against the Province of Ontario may arise.

Under the *Proceedings Against the Crown Act* (Ontario), the remedies of injunction and specific performance are not available against the Province of Ontario, although the remedy of damages is available. As a result, if the Province of Ontario fails to comply with the Change of Law Protection Agreement, the Indenture Trustee's ability to obtain an effective remedy against the Province of Ontario is limited.

Risks Associated with the Unusual Nature of the Investment Asset

Clean Energy Adjustments will not be payable until May 1, 2021 and until such time the IESO will be the sole source of funds for payment on the Notes.

During the Moratorium Period, no Clean Energy Adjustments are permitted to be collected from Specified Consumers. During the Moratorium Period, a holder of Notes must rely for payment of interest on the Notes, and the Issuer must rely for payment of all of its other carrying costs, solely upon the IESO who is obligated under the Regulations to pay these carrying costs. The IESO has granted the Issuer a first-priority security interest in all its accounts receivable from Electricity Vendors[, which includes the global adjustment charge], ***[NTD: To be confirmed]*** as security for the performance of its regulatory obligation to pay the Issuer's carrying costs. The IESO also has a [$2 billion] unsecured credit facility agreement with the [Ontario Financing Authority], expiring ■, 20■, available for the purposes of paying the Issuer's carrying costs. ***[NTD: IESO credit facility description to be confirmed.]*** There can be no assurance that the IESO will continue to have sufficient funds available to pay interest on the Notes or to pay the Issuer's other carrying costs during the Moratorium Period. If the Issuer enforces the security granted to the Issuer by the IESO during this period, there can be no assurance that the IESO's accounts receivable from Electricity Vendors will be sufficient to pay interest on the Notes or the Issuer's other carrying costs. ***[NTD: Consider additional disclosure regarding the IESO's other creditors.]***

Under various Canadian bankruptcy, insolvency and restructuring statutes or Canadian federal or provincial receivership laws, including the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada), the *Canada Business Corporations Act*, the *Winding-up and Restructuring Act*, and various provincial corporate statutes (collectively, "**Canadian Insolvency and Restructuring Laws**"), the Issuer's ability to enforce security granted by the IESO may be significantly impaired or delayed. In view of the broad discretionary powers of courts under Canadian Insolvency and Restructuring Laws, it is impossible to predict how long payments under the Master Transfer and Servicing Agreement could be delayed following commencement of a proceeding under Canadian Insolvency and Restructuring Laws by the IESO or whether or when the Issuer would be able to repossess or dispose of the assets over which it holds a security interest.

Canadian Insolvency and Restructuring Laws also contain provisions enabling an obligor to prepare and file a proposal or a plan of arrangement or reorganization for consideration by all or some of its creditors, to be voted on by the various classes of creditors affected thereby. Such a restructuring proposal or plan of arrangement or reorganization, if accepted by the requisite majority of each class of affected creditors and if approved by the relevant Canadian court, would be binding on all creditors of the applicable obligor within the affected classes, including the Issuer. Such a

proposal or plan of arrangement or reorganization may have the effect of compromising certain rights available to the Issuer under the Master Transfer and Servicing Agreement.

A holder of Notes may experience material payment delays because the source of funds for payment after the Moratorium Period is limited.

A holder of Notes may suffer material payment delays on the Notes if the collateral securing the Notes is insufficient to pay the accrued interest on and the principal amount of those Notes in full. After the Moratorium Period, the only source of funds for payments of interest on and principal of the Notes will be the collateral. The collateral for the Notes will be limited to:

- the Investment Interest, including the right to impose, bill, collect and receive Clean Energy Adjustment amounts, inclusive of the True-up Amount;
- the cash and investments on deposit in the accounts held by the Indenture Trustee; and
- the Issuer's rights under various contracts described in this confidential shelf offering memorandum and under the FHPA and Regulations.

The Notes will not be insured or guaranteed by the Province of Ontario, the IESO, OPG or any of their respective affiliates, the Indenture Trustee or any other person or entity. The Notes will be nonrecourse obligations, secured only by the collateral. Delays in payment on the Notes might result in a reduction in the market value of the Notes and, therefore, the value of a holder's investment in the Notes.

The Notes do not constitute a debt, liability or other obligation of, or interest in, OPG or any of its other affiliates (other than the Issuer). The Notes are not a debt or general obligation of the Province of Ontario or any of its political subdivisions, agencies or instrumentalities. However, insofar as the Province of Ontario or any such political subdivision, agency or instrumentality is a Specified Consumer, such governmental entity will be obligated, in its capacity as a Specified Consumer, to pay Clean Energy Adjustment amounts that will be collected and remitted to the Issuer in respect of its Investment Interest securing the Notes.

A holder of Notes must rely for payment of principal of and interest on the Notes solely upon the FHPA and the Regulations, rights to enforcement of the FHPA, the Regulations and of various contracts described in this confidential shelf offering memorandum, collections of Clean Energy Adjustment amounts and cash and investments on deposit in the related accounts held pursuant to the Master Trust Indenture.

The credit ratings of the IESO and OPG might affect the market value of the Notes.

Although neither the IESO nor OPG is an obligor in respect of the Notes, a downgrading of the current credit ratings of the IESO or OPG might have an adverse effect on the market value of the Notes, particularly during the Moratorium Period when no Clean Energy Adjustments are permitted to be collected from Specified Consumers. Credit ratings might change at any time. A rating agency has the authority to revise or withdraw its rating based solely upon its own judgment.

Foreclosure of the Indenture Trustee's lien on the Investment Interest securing the Notes might not be practical and acceleration of the Notes before maturity might have little practical effect.

Under the Master Trust Indenture, the Indenture Trustee on behalf of the holders of Notes and other creditors has the right to foreclose or otherwise enforce the lien granted to the Indenture Trustee by the Issuer on the collateral securing the Notes. However, in the event of foreclosure, there is likely to be a limited market, if any, for the collateral. Therefore, foreclosure might not be a realistic or practical remedy. Moreover, although principal of the Notes will be due and payable upon acceleration of the Notes before maturity, under the Regulations, the amount of the Clean Energy Adjustment may not be increased to take into account such acceleration (subject to limited exceptions depending on the Fair Allocation Amount at the time). As a result, this limitation on increases to the Clean Energy Adjustment at the time of any acceleration of the Notes prior to maturity will result in principal of the Notes being paid on acceleration as funds become available. However, upon such acceleration, the priority of payments to creditors

of the Issuer will result in all accelerated Notes being repaid in full before any further payments are made to holders of subordinated indebtedness of the Issuer.

The Issuer may have a co-ownership interest in the Investment Asset with other Financing Entities.

The FHPA authorizes the establishment of one or more Financing Entities that may incur Funding Obligations for the purpose of acquiring an Investment Interest. The Master Trust Indenture does not contain any restrictions on the establishment of other Financing Entities or any restrictions on the transfer by the IESO of a specified portion of the Regulatory Asset to other Financing Entities. If additional Funding Obligations are incurred by other Financing Entities to acquire an Investment Interest, Clean Energy Adjustment amounts collected by or for the benefit of the Issuer will be prorated among all Investment Interest owners based on the respective amounts of Clean Energy Adjustment amounts invoiced and not yet paid. Any issuance of Funding Obligations by other Financing Entities could cause reductions or delays in payment on the Notes.

The Issuer may issue multiple Series of Notes secured by the Investment Interest and some decisions affecting holders of Notes may require the approval of all Series.

The Issuer may issue multiple Series of Notes all of which will be secured by the collateral securing the Notes. The Issuer may not issue additional Series of Notes if the issuance would not satisfy the Rating Agency Condition and certain other conditions precedent in the Master Trust Indenture. See *"Master Trust Indenture"*. If additional Series of Notes are issued, Clean Energy Adjustment amounts collected by or for the benefit of the Issuer will be prorated among the Series of Notes based on the respective amounts of interest and principal due and payable or required to be accumulated in respect of each Series of Notes. Any issuance of additional Series of Notes by the Issuer could cause reductions or delays in payment on the Notes. In addition, some matters relating to the Notes issued by us may require the vote of the holders of all Series of Notes. The interests of holders of a particular Series of Notes in these votes might conflict with the interests of the holders of another Series of Notes. Thus, these votes could result in an outcome that is materially unfavorable to holders of a particular Series of Notes.

The Master Trust Indenture contains Events of Default (other than those pertaining to the insolvency of the Issuer or invalidity of the Change of Law Protection Agreement) that can only be declared by Debtholders who hold at least 25% of the outstanding Controlling Class Obligations. Upon such Events of Default, Debtholders who hold at least 50% of the outstanding Controlling Class Obligations may accelerate all Issuer Funding Obligations (other than Derivative Funding Obligations). However, it is possible for individual Series of Notes to have their own Acceleration Events such that those individual Series of Notes may be accelerated while other Series of Issuer Funding Obligations would not be accelerated. See *"Master Trust Indenture"*. In such a case, (i) the allocation of Available Collections to the holders of accelerated Series of Issuer Funding Obligations in a Class would be higher relative to the non-accelerated Series of Issuer Funding Obligations of that Class than it would otherwise be, and (ii) after payment in full of accelerated Senior Notes and other Senior Funding Obligations and once all amounts due and payable on non-accelerated Senior Notes and other Senior Funding Obligations have been satisfied on any principal payment date, amounts remaining for payment of principal would be allocated to the repayment of principal on both accelerated and non-accelerated subordinated debt, as applicable. See *"Master Trust Indenture"*.

If the Clean Energy Adjustment amounts and other funds held in the Issuer Accounts results in investment losses or the investments become illiquid, a holder of Notes might receive payment of principal of and interest on the Notes later than expected.

Funds held in the Issuer Accounts will be invested in eligible investments. Eligible investments include money market funds having a rating in the highest investment category from both DBRS and Moody's. Although investments in these money market funds have traditionally been viewed as highly liquid with a low probability of principal loss, illiquidity and principal losses have been experienced by investors in certain of these funds as a result of disruptions in the financial markets in recent years. If investment losses or illiquidity are experienced, a holder of Notes might experience a delay in payments of principal and interest and a decrease in the value of their investment in the Notes.

The credit ratings are not an indication of the expected rate of payment of principal on the Notes.

The Notes will be rated by one or more established rating agencies. A rating is not a recommendation to buy, sell or hold the Notes. The ratings merely analyze the probability that the Issuer will repay the total principal amount of each series of Notes at its Principal Payment Default Date (which is later than the Principal Payment Date(s)) and will make timely interest payments. The ratings are not an indication that the rating agencies believe that principal payments are likely to be paid on time according to any expected sinking fund schedule. Thus, the Issuer might repay the principal of a holder of Notes later than expected, which might materially reduce the value of a holder's investment in the Notes.

If the ratings on the Notes are withdrawn or revised, the value of a holder's investment in the Notes may be adversely affected.

The ratings on the Notes may be withdrawn or revised, which may have an adverse effect on the market price of the Notes. A rating is not a recommendation to buy, sell or hold the Notes. The ratings are assessments by the respective rating agencies of the likelihood that interest and principal on the Notes will be paid on a timely basis. Ratings on the Notes may be lowered, qualified or withdrawn at any time without notice.

The absence of a secondary market for the Notes might limit the ability to resell the Notes.

The Agents might assist in resales of the Notes, but they are not required to do so. A secondary market for the Notes might not develop. If a secondary market does develop, it might not continue or it might not be sufficiently liquid to allow a holder of Notes to resell any of its Notes.

Servicing, Operating and Consumer Risks

Payments on the Notes depends on the performance of Electricity Vendors and the IESO.

The Issuer's receipt of Clean Energy Adjustment amounts, which will be used to make payments on the Notes, will depend in part on the skill and diligence of Electricity Vendors and the IESO and their respective successors in performing their respective duties under the FHPA, the Regulations and, with respect to the IESO, the Master Transfer and Servicing Agreement.

If an Electricity Vendor ceases to perform, or inadequately performs, the billing and collection functions pursuant to the terms of the FHPA and the Regulations, it might be difficult for the Issuer to enforce these obligations against an Electricity Vendor on a timely basis.

If the IESO ceases to perform, or inadequately performs, its collection, remittance, forecasting and other functions under the terms of the FHPA, the Regulations and the Master Transfer and Servicing Agreement, it might be difficult to enforce these obligations against the IESO. While the Indenture Trustee has the right to replace the IESO, as servicer, on an Event of Default upon receipt of an Ordinary Resolution, it might be difficult to find a replacement for the IESO or a successor servicer. Also, any successor servicer might have less experience and ability than the IESO and might experience difficulties in collecting Clean Energy Adjustment amounts or forecasting consumption, resulting in delays or disruptions to the setting and collection of the Clean Energy Adjustment. Any successor servicer would likely charge fees for the provision of such services and such fees could be material.

If an Electricity Vendor or the IESO fails to collect or remit sufficient Clean Energy Adjustment amounts for any reason, then the IESO's payments to the Issuer in respect of the Clean Energy Adjustments might be delayed or reduced. In that event, payments on the Notes might be delayed or reduced. In addition, any person into which the IESO may be merged, converted or amalgamated or that may succeed to the properties and assets of the IESO substantially as a whole will assume the role of servicer under the Master Transfer and Servicing Agreement, subject only to the satisfaction of the conditions set forth therein. These conditions do not include either the consent of holders of Notes or satisfaction of the Rating Agency Condition.

Payments on the Notes depends on the performance of OPG as Financial Services Manager and Manager of the Issuer.

If OPG, as Financial Services Manager, ceases to perform, or inadequately performs, its statutory duties under the FHPA and the Regulations, including determining the Clean Energy Adjustment (inclusive of the True-Up Amount), the Indenture Trustee will have no right to replace OPG as Financial Services Manager. If OPG ceases to perform, or inadequately performs, its management duties under the Management Agreement, the Indenture Trustee has the right to replace the Manager on an Event of Default upon receipt of an Ordinary Resolution but it might be difficult to find a replacement for OPG or a successor manager. Also, any successor manager might have less experience and ability than OPG, resulting in delays or disruptions to the setting and collection of the Clean Energy Adjustment. Any successor manager would likely charge fees for the provision of such services and such fees could be materially higher than the fees charged by OPG.

Inaccurate consumption forecasting or unanticipated delinquencies or write-offs might reduce scheduled payments on the Notes.

Clean Energy Adjustment amounts are calculated based upon forecasted Specified Consumer usage, including the effect of delinquencies and write-offs. Under the FHPA, the IESO is required to forecast electricity consumption of Specified Consumers. The amount and the rate of the Clean Energy Adjustment will depend in part on actual electricity usage and the amount of collections and write-offs for Specified Consumers. If the IESO or a successor inaccurately forecasts electricity consumption or if OPG uses inaccurate consumer delinquency or write-off data when setting or adjusting the Clean Energy Adjustment, there could be a shortfall or material delay in collections, which might result in missed or delayed payments of principal and interest and lengthened weighted average lives of the Notes.

Inaccurate forecasting of electricity consumption by the IESO might result from, among other things unanticipated weather, resulting in less electricity consumption than forecast; general economic conditions being worse than expected, causing Specified Consumers to reduce their electricity consumption; the occurrence of a natural disaster, such as a hurricane, wind storm or an act of terrorism, cyber-attack or other catastrophic event unexpectedly disrupting electrical service and reducing electricity consumption; unanticipated changes in the market structure of the electric industry; large Specified Consumers unexpectedly ceasing business or departing from the Province of Ontario; dramatic and unexpected changes in energy prices resulting in decreased electricity consumption; Specified Consumers consuming less electricity than anticipated because of increased energy prices, unanticipated increases in conservation efforts or unanticipated increases in electric consumption efficiency; differences or changes in forecasting methodology; or large Specified Consumers switching to alternative sources of energy, including self-generation or co-generation of electric power in some cases without using Ontario's transmission or distribution system. Self-generators that receive no transmission or distribution service from the Province of Ontario are not liable for the Clean Energy Adjustment. Neither the FHPA nor the Regulations provide for exit fees to be charged to any Specified Consumers that might leave the grid to self-generate.

Inaccurate forecasting of delinquencies or write-offs by OPG could result from, among other things unexpected deterioration of the economy, the occurrence of a natural disaster, an act of war or terrorism or other catastrophic events causing greater write-offs than expected or forcing Electricity Vendors to grant additional payment relief to more consumers; the failure of Electricity Vendors to submit accurate and timely information to the IESO regarding their collections and write-offs; an unexpected change in law that makes it more difficult for Electricity Vendors to terminate service to nonpaying Specified Consumers, or that requires Electricity Vendors to apply more lenient credit standards for Specified Consumers.

Changes to billing and collection practices may reduce the amount of funds available for payments on the Notes.

The methodology for determining the amount of the Clean Energy Adjustment invoiced to each Specified Consumer is specified in FHPA and the Regulations. None of OPG, the IESO or any Electricity Vendor, as it performs its billing and collection functions on the Issuer's behalf, may change this methodology. However, subject to applicable law, tariff and regulatory requirements, billing and collection arrangements with each Specified Consumer may be changed in a manner that delays or reduces the payments to the Issuer in respect of the Clean Energy Adjustment. For example, an Electricity Vendor's conditions of service may permit it to offer equal monthly billing plans to its consumers thereby delaying payments from one month to the next during the year or to enter into arrangements for the payment

of arrears. In that event, collection of the Clean Energy Adjustment may be delayed or reduced until an adjustment is made.

Limits on rights to terminate service to Specified Consumers might make it more difficult to collect the Clean Energy Adjustment.

To the extent that Specified Consumers do not pay for their electricity service, Electricity Vendors will not be able to collect the Clean Energy Adjustment from these Specified Consumers. Electricity Vendors have the ability to terminate service for non-payment subject to the terms of their conditions of service, which conditions must be consistent with the OEB's rules regarding disconnection. Under OEB rules, electricity vendors are prohibited from disconnecting or threatening to disconnect homes for non-payment during the winter from November 15 to April 30 every year. Historical rates of non-payment are included in the calculations of the Clean Energy Adjustment, but increases in the rates of non-payment would reduce the Clean Energy Adjustment until it is adjusted through the True-up Amount in a subsequent Reference Period.

It might be difficult for the Issuer to collect the Clean Energy Adjustment from Specified Consumers

Under the FHPA, the Issuer may bring an action against a Specified Consumer for non-payment of the Clean Energy Adjustment, but only an Electricity Vendor may terminate service for failure to pay the Clean Energy Adjustment. The FHPA provides that partial payment of electricity invoices shall be allocated pro rata among the Clean Energy Adjustment and other charges on the invoice. Since the Issuer does not have the threat of termination of service available to enforce payment of the Clean Energy Adjustment, it would need to rely on the Electricity Vendor to threaten to terminate service for nonpayment of other portions of the electricity invoice. This inability might reduce the value of a holder's investment in the Notes.

Indemnification obligations of OPG and the IESO are limited and might not be sufficient to protect the investments in the Notes.

OPG will be obligated under the Management Agreement to indemnify the Issuer and the Indenture Trustee, for itself and on behalf of the holders of Notes and other creditors, only in specified circumstances. Likewise, the IESO will be obligated under the Master Transfer and Servicing Agreement and the Acknowledgement and Indemnity Agreement to indemnify the Issuer and the Indenture Trustee, for itself and on behalf of the holders of Notes and other creditors, only in specified circumstances. ***[NTD: Subject to finalization of indemnities.]***

Furthermore, neither OPG nor the IESO may have sufficient funds available to satisfy its indemnification obligations, and the amount of any indemnification paid by OPG or the IESO, as applicable, might not be sufficient for holders of Notes to recover all of their investment in the Notes. In addition, if OPG or the IESO becomes obligated to indemnify holders of Notes, the ratings on the Notes might be downgraded as a result of the circumstances causing the breach and the fact that holders of Notes will be unsecured creditors of OPG or, after the Moratorium Period, the IESO, as applicable, with respect to any of these indemnification amounts. Neither OPG nor the IESO will indemnify any person for any loss, damages, liability, obligation, claim, action, suit or payment resulting solely from a downgrade in the ratings on the Notes, or for any consequential damages, including any loss of market value of the Notes resulting from a default or a downgrade of the ratings of the Notes.

Delinquent or partial payments of electricity bills may make principal payments on the Notes occur later than expected.

The amount and the rate of collection of the Clean Energy Adjustment, including the True-up Amount, will impact whether there is a delay in the scheduled repayments of principal on the Notes. If the Clean Energy Adjustment amounts are collected at a slower rate than expected, OPG might have to make adjustments to the Clean Energy Adjustment for a subsequent Reference Period through the True-Up Amount. If those adjustments are not timely and accurate, there may be a delay in payments of principal and interest and a decrease in the value of the Notes.

Power outages could impair payment of the Notes.

Ontario experiences seasonal conditions typical of southeastern Canada. Summers are usually hot with high temperatures in excess of 20°C. Winters include snow and icing conditions that can be damaging to overhead power lines. Transmission and/or distribution and generation facilities could be damaged depending on weather conditions and usage of electricity could be interrupted temporarily or for long periods of time, reducing the Clean Energy Adjustment amounts collected in one or more Reference Periods.

Technological change might make alternative energy sources more attractive in the future.

Technological developments and/or tax or other economic incentives might result in the introduction of economically attractive, more fuel-efficient, more environmentally-friendly and/or more cost-effective alternatives to purchasing electricity through Electricity Vendors for increasing numbers of Specified Consumers. Manufacturers of self-generation facilities may develop smaller-scale, more fuel-efficient on-site generating and/or storage units that can be cost-effective options for a greater number of Specified Consumers. Moreover, an increase in self-service power may result if extreme weather conditions result in regular shortages of grid-supplied energy or if other factors cause grid-supplied energy to be less reliable. Specified Consumers who self-generate their electricity may use it to offset, or eliminate, their consumption from the grid thereby reducing, or eliminating, the Clean Energy Adjustment amounts payable by such Specified Consumers. Technological developments might allow greater numbers of Specified Consumers to reduce or even altogether avoid the payment of Clean Energy Adjustment amount under such provisions through on-site generation, including where coupled with on-site storage capacity. This might reduce the kilowatt-hours of electric energy delivered to Specified Consumers by means of an Electricity Vendor's system, thereby causing Clean Energy Adjustment charges to the remaining Specified Consumers to increase. Such increases may reduce the collectability of the Clean Energy Adjustment. ***[NTD: Consider inclusion of any other factors that may reduce the number of Specified Consumers i.e. due to population changes, as a result of people moving or Electricity Vendor failures?]***

Bankruptcy-Related Risks Relating to the Issuer

Ordinarily, the interests of the Issuer as transferee of the Investment Interest may be subordinate to statutory deemed trusts and other non-consensual liens, trusts and claims created or imposed by statute or rule of law on the property of the IESO arising prior to the time an Investment Interest is transferred to the Issuer, which could reduce the amounts that may be available to the Issuer and, consequently, the holders of Notes. Section 27(3) of the FHPA provides that at the time of the transfer to a Financing Entity, such transfer shall be deemed to have been perfected, vested, valid and binding against the IESO and all other persons who have claims of any kind against the IESO. Section 27(4) of the FHPA provides that section 27(3) applies regardless of whether the persons who have claims have received notice of the transfer and the property rights and interests acquired by the transferee shall have priority over any liens in favour of those persons. However, in the event that the IESO becomes insolvent its insolvency would be subject to federal bankruptcy and insolvency legislation and the effect of these provisions of the FHPA in such circumstances is untested. The IESO will treat the transactions described herein as a transfer of its regulatory asset to the Issuer. Such transfers will be made in accordance with Section 26 of the FHPA. Section 27(1) of the FHPA provides that a transfer of a specified portion of the IESO's regulatory asset under section 26 constitutes a valid and enforceable absolute assignment, conveyance and sale of the corresponding Investment Interest to the transferee. As a transfer, the Investment Interest would not form part of the assets of the IESO and would not be available to the creditors of the IESO. However, with respect to certain insolvency events relating to the IESO, it is possible that an insolvency administrator or a creditor of the IESO may attempt to argue that the transactions between the IESO and the Issuer are not true sales of the Investment Interest. This position, if accepted by a court applying federal bankruptcy and insolvency laws, could prevent timely or ultimate payment of amounts due to the Issuer and, consequently, due from the Issuer to holders of Notes.

Also, in the case of the insolvency of the Issuer Trustee, it is possible that the creditors of the Issuer Trustee may attempt to argue that the assets of the Issuer are held by the Issuer Trustee in its personal capacity (and not as trustee of the Issuer) and are to be available to the creditors of the Issuer Trustee. Assuming that the Issuer Trustee deals with the assets of the Issuer in accordance with the provisions of the Declaration of Trust, the assets of the Issuer would not constitute property of the Issuer Trustee available for distribution to the creditors of the Issuer Trustee. An insolvency administrator appointed with respect to the Issuer Trustee may be able to recover from the property of the

Issuer a portion of its costs that are incurred until a replacement for the Issuer Trustee, as trustee of the Issuer, is appointed or pending any proceeding in respect of the property of the Issuer. Such costs may exceed the compensation provided for in the Declaration of Trust.

The application to a Specified Consumer of Canadian Insolvency and Restructuring Laws and related provincial laws could also affect the ability to collect the Clean Energy Adjustments. Federal bankruptcy laws generally discharge bankrupt Specified Consumers of their obligation to pay Clean Energy Adjustment amounts.

Amounts that are on deposit from time to time in the Issuer Accounts for any Series may be invested in eligible investments. If insolvency proceedings were to be commenced by or against any entity with which an eligible investment is made or which is an issuer, obligor or guarantee of any eligible investment, the ability of the Indenture Trustee to enforce its rights in respect of any such eligible investment and the ability of the Issuer to make payments to holders of Notes in a timely manner may be adversely affected. In order to reduce this risk, the eligible investments must satisfy certain ratings criteria. See "■".

Bankruptcy-Related Risks Relating to the IESO

While the IESO is the servicer under the Master Transfer and Servicing Agreement, collections held by the IESO are to be held by the IESO in a segregated account. If the IESO fails to do so then, to the extent that funds are commingled and used for the benefit of the IESO prior to making required deposits, in the event of the liquidation, insolvency, receivership or administration of the IESO, the ability of the Issuer to enforce its rights to the collections in a timely manner may be adversely affected and collections that have been commingled may be unrecoverable. In the event of the insolvency of the IESO, the right of the Issuer under the Master Transfer and Servicing Agreement to appoint a replacement servicer may be stayed or prevented. Until Clean Energy Adjustments are remitted to the IESO by Electricity Vendors, amounts collected by the Electricity Vendors are to be held by Electricity Vendors in segregated accounts. If any Electricity Vendor fails to do so then, to the extent that funds are commingled and used for the bIn the event of the liquidation, insolvency, receivership or administration of the Manager, the ability of the Issuer to enforce certain of its other rights in and to the Investment Interest in a timely manner may also be adversely affected. Such affected rights may include the right to appoint a replacement Manager.

Bankruptcy-Related Risks Relating to OPG

Section 53.1 of the *Electricity Act, 1998*, as amended by the FHPA, provides that, regardless of whether a Financing Entity is or is not a subsidiary of OPG: (a) the assets and liabilities of the Financing Entity shall not form part of the assets and liabilities of OPG or any of its subsidiaries (excluding the Financing Entity if it is a subsidiary); and (b) the assets and liabilities of OPG or any of its subsidiaries (excluding the Financing Entity if it is a subsidiary) shall not form part of the assets and liabilities of the Financing Entity. However, in the event that either of OPG or the Issuer becomes insolvent, its insolvency would be subject to federal bankruptcy and insolvency legislation and the effect of these provisions of the *Electricity Act, 1998*, as amended by the FHPA, in such circumstances is untested. In particular, in the event of the liquidation, insolvency, receivership or administration of OPG, the ability of the Issuer to enforce certain of its rights in and to the Investment Interest in a timely manner may be adversely affected. Such affected rights may include the right to appoint a replacement Manager. It is possible that the creditors of OPG may attempt to substantively consolidate the assets and liabilities of OPG and the Issuer. The Issuer and OPG have taken steps to minimize this risk. However, no assurance can be given that, in the case of the insolvency of OPG, a court would not order that the Issuer's assets and liabilities be substantively consolidated with those of OPG. Such substantive consolidation could cause payment of the claims of the beneficial owners of the Notes to be subject to substantial delay and to adjustment in timing and amount.

REPRESENTATIONS AND AGREEMENTS OF PURCHASERS

The distribution of the Notes in Canada is being made on a private placement basis. By purchasing Notes and accepting a purchase confirmation in respect thereof, a purchaser in Canada will be deemed to have represented to the Issuer and the Agents that, as at the date of such purchaser's purchase of Notes:

(a) none of the Issuer, the Agents or any person representing the Issuer or the Agents has made any representations to it (written or oral) with respect to the Issuer, any Offering or sale of the Notes,

other than the information contained in this confidential shelf offering memorandum which has been delivered to it;

(b) it is resident in a province [or territory] of Canada (each an "**Offering Jurisdiction**") and is entitled under applicable securities laws of such Offering Jurisdiction to purchase the Notes without the benefit of a prospectus qualified under those securities laws and any act, solicitation, conduct or negotiation directly or indirectly in furtherance of such purchase and sale has occurred only in one of the provinces [or territories] of Canada;

(c) the purchaser has been provided the opportunity to receive a copy of the Master Trust Indenture and each of the Supplemental Indentures;

(d) the purchaser has reviewed and acknowledges the terms referred to below under the section entitled "Restrictions on Resale";

(e) it is basing its investment decision solely on this confidential shelf offering memorandum and not on any other information or statement concerning the Issuer or any Offering and it has not become aware of any advertisement in printed media of general and regular paid circulation (or other printed public media), radio, television or telecommunications or other form of advertisement (including electronic display) with respect to the distribution of the Notes;

(f) it has been independently advised as to restrictions with respect to trading in the Notes imposed by applicable securities laws in the jurisdiction in which it resides, confirms that no representation (written or oral) has been made to it by or on behalf of the Issuer or an Agent with respect thereto, acknowledges that it is aware of the characteristics of the Notes, the risks relating to an investment in the Notes and of the fact that it may not be able to resell the Notes except in accordance with limited exemptions under applicable securities legislation and regulatory policy and compliance with the other requirements of applicable law; and it agrees that any certificates representing the Notes will bear a legend indicating that the resale of such Notes is restricted; the purchaser further acknowledges that it has been advised to consult its own legal counsel in its jurisdiction of residence for full particulars of the resale restrictions applicable to it and has reviewed and acknowledges the terms referred to under the heading "Restrictions on Resale"; and the purchaser further acknowledges that if it resells the Notes in compliance with applicable law it will give notice to the subsequent transferee during the restricted period noted under the heading "Restrictions on Resale" of such restrictions;

(g) it acknowledges the risks relating to an investment in the Notes and it has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of its prospective investment in the Notes, it and any accounts for which it is acting have the ability to bear the economic risks of the prospective investment and can afford the complete loss of such investment and it acknowledges that it and any accounts for which it is acting may be required to bear the financial risks of this investment for an indefinite period of time;

(h) it acknowledges that: (i) no securities commission or similar regulatory authority has reviewed or passed on the merits of the Notes; and (ii) there is no government or other insurance covering the Notes;

(i) it acknowledges that no person has made any oral or written representation to it that any person will re-sell or re-purchase the Notes, or refund any part or all of the purchase price of the Notes, or that the Notes will be listed on any exchange or quoted on any quotation and trade reporting system, or that any application has been or will be made to list the Notes on any exchange or quote the notes on any quotation and trade reporting system, and no person has given any undertaking to such purchaser relating to the future value or price of the Notes;

(j) none of the funds being used to purchase the Notes are, to the best of the purchaser's knowledge, (i) proceeds obtained by or derived, directly or indirectly, as a result of illegal activities, or (ii) being tendered on behalf of a person or entity who has not been identified to the purchaser;

(k) the funds being used to purchase the Notes and advanced by or on behalf of the purchaser to the Agents do not represent proceeds of crime for the purposes of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada);

(l) the purchaser is responsible to obtain independent investment, legal and tax advice with respect to its purchase of the Notes and accordingly has had the opportunity to acquire an understanding of the transaction described in this confidential shelf offering memorandum and the meanings of all the terms contained herein relevant to such purchase for the purpose of giving acknowledgements, representations and agreements under this confidential shelf offering memorandum;

(m) it (i) is an "accredited investor" (as such term is defined in NI 45-106 and, in the case of a purchaser resident in Ontario, section 73.3(1) of the *Securities Act* (Ontario)) that is not an individual, unless such individual is also a "permitted client" (as such term is defined in NI 31-103); (ii) is either (A) purchasing the Notes as principal, (B) a trust company or trust corporation registered or authorized to carry on business under the *Trust and Loan Companies Act* (Canada) or under comparable legislation of a jurisdiction of Canada (other than a trust company or trust corporation registered solely under the laws of the Province of Prince Edward Island) or a foreign jurisdiction, acting on behalf of a fully managed account managed by the trust company or trust corporation, as the case may be, or (C) a person acting on behalf of a fully managed account managed by that person, if that person is registered or authorized to carry on business as an adviser or the equivalent under the securities legislation of a jurisdiction of Canada or foreign jurisdiction; and (iii) was not created or used solely to purchase or hold securities as an accredited investor as described in paragraph (m) of the definition of "accredited investor" in NI 45-106;

(n) the purchaser has provided applicable certifications and/or other information or documentation to the Agents and the Issuer to evidence its status and criteria for compliance with the relevant category of "accredited investor," understands that the Agents and the Issuer may be required to verify that the purchaser satisfies such criteria, and that the purchaser may be required to provide additional information or documentation to the Agents and the Issuer to evidence such compliance;

(o) the purchaser, if resident in the Province of Québec, has agreed that all documents relating to such purchase be in English only, as more particularly described under the heading "Language of Documents". *L'acquéreur, s'il réside dans la Province de Québec, accepte que tous les documents liés à son acquisition soient en langue anglaise uniquement, tel qu'il est plus amplement décrit sous la rubrique «Langue des documents»*;

(p) it will execute, deliver and file such reports, undertakings and other documents relating to his, her or its purchase of the Notes as may be required by applicable securities laws, regulations and rules, or assist the Issuer and the Agents, as applicable, in obtaining and filing such reports, undertakings and other documents;

(q) it is not a U.S. person (as such term is defined in Regulation S under the U.S. Securities Act), none of the Notes are being or will be acquired, directly or indirectly, for the account or benefit of a U.S. person, the purchaser was not offered any of the Notes in the United States, the purchaser did not execute or deliver any agreement in connection herewith in the United States, and the purchaser is aware that the Notes have not been and will not be registered under the U.S. Securities Act or the securities laws of any State of the United States and that the Notes may not be offered or sold in the United States without registration under the U.S. Securities Act or except in compliance with the requirements of an exemption from registration;

(r) if the purchaser is acquiring any Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and that it has full

power to make the acknowledgements, representations and agreements contained herein on behalf of each such account;

(s) the offer and sale of the Notes is conditional upon the offer and sale being exempt from the prospectus filing requirements of applicable securities law;

(t) the purchaser acknowledges that the Issuer may be required to disclose to applicable securities regulatory authorities the identity of the purchaser and any person with a beneficial interest in the Notes;

(u) except for any rating reports that may have been issued by ■ and ■, no agency, governmental authority, regulatory body, stock exchange or other entity has made any finding or determination as to the merit for investment of, nor have any such agencies or governmental authorities, regulatory bodies, stock exchanges or other entities made any recommendation or endorsement with respect to the Notes;

(v) if the purchaser is:

(i) a corporation, it is duly incorporated and is validly subsisting under the laws of its jurisdiction of incorporation and has all requisite legal and corporate power and authority to purchase the Notes and to make such representations and agreements as contemplated herein and has obtained all necessary approvals in respect thereof;

(ii) a partnership, syndicate or other form of unincorporated organization, it has the necessary legal capacity and authority to purchase the Notes and to make such representations and agreements as contemplated herein and has obtained all necessary approvals in respect thereof; or

(iii) an individual, he or she is of the full age of majority, is a "permitted client" as such term is defined in NI 31-103 and is legally competent to purchase the Notes and to make such representations and agreements as contemplated herein;

(w) the purchaser is not an "insider" of the Issuer (within the meaning of Canadian securities laws) and is not registered or required to be registered as a dealer, adviser or otherwise under the securities laws of any province [or territory] of Canada (unless in either case it has specifically provided written advice to the contrary to the Issuer and to the Agents);

(x) it will, if requested by the Issuer or the Agent from whom the purchase confirmation is received, provide evidence of the basis of its above representations; and

(y) the Issuer, the Agents and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and it agrees that if any of the acknowledgements, representations or agreements deemed to have been made by its purchase of the Notes are no longer accurate, it shall promptly notify the Issuer and the Agents for the applicable Offering of Notes.

In addition, each purchaser of Notes, by purchasing Notes and accepting a purchase confirmation in respect thereof, represents to the Issuer and the Agents for the applicable Offering of Notes that the purchaser:

(a) has been notified by the Issuer:

(i) that the Issuer is required to provide information pertaining to the purchaser of Notes required to be disclosed in Schedule 1 of Form 45-106F1 under NI 45-l06 (including its name, address, telephone number and the number and value of securities purchased), which Form 45-106F1 the Issuer is required to file under NI 45-106;

(ii) that such personal information will be delivered to the applicable Canadian securities regulatory authorities (the "**Commissions**") in accordance with NI 45-106;

(iii) that such personal information is being collected indirectly by the applicable Commission under the authority granted to it in securities legislation;

(iv) that such personal information is being collected for the purposes of the administration and enforcement of securities legislation; and

(v) that the public official in the provinces of Canada who can answer questions about the indirect collection of such personal information is set out in Schedule A of this confidential shelf offering memorandum, and

(b) has authorized the indirect collection of the personal information by the applicable Commission.

By purchasing Notes, the purchaser also acknowledges that its name and other specified information, including the number of Notes it has purchased, may be disclosed to other Canadian securities regulatory authorities and become available to the public in accordance with the requirements of applicable laws and consents to the disclosure of that information. Furthermore, by purchasing the Notes, the purchaser acknowledges that certain information as to its status as an "accredited investor" that the purchaser may have provided to any Agent involved in the trade may be required to be delivered by such Agent to the Issuer under the terms of an Agency Agreement between the Issuer and the Agents referred to under "Plan of Distribution". By purchasing the Notes, the purchaser consents to the disclosure of such information.

LANGUAGE OF DOCUMENTS

Upon receipt of this confidential shelf offering memorandum, each purchaser hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the Notes described herein (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. *En recevant le présent document, chaque acquéreur confirme par les présentes qu'il a expressément demandé que tous les documents qui attestent la vente des débentures décrites dans les présentes ou qui s'y rapportent de quelque manière que ce soit (y compris, plus particulièrement, une confirmation d'achat ou un avis) soient rédigés en langue anglais seulement.*

RESTRICTIONS ON RESALE

The distribution of the Notes in the provinces **[and territories]** of Canada is being made on a private placement basis and is therefore exempt from the requirement that the Issuer prepare and file a prospectus with the relevant Canadian securities regulatory authorities. Accordingly, any resale of the Notes must be made: (a) through an appropriately registered dealer or pursuant to an exemption from the dealer registration requirements of applicable provincial **[and territorial]** securities laws; and (b) in accordance with, or pursuant to an exemption from, the prospectus requirements of applicable provincial **[and territorial]** securities laws. These resale restrictions may in some circumstances apply to resales made outside of Canada. Purchasers are advised to seek legal advice prior to any resale of the Notes.

Purchasers are advised that the Issuer does not intend to file a prospectus or similar document with any securities regulatory authority in Canada qualifying the resale of the Notes to the public in any province [or territory] of Canada in connection with any Offering.

Furthermore, each purchaser of Notes, by its purchase thereof, will be deemed to have represented, acknowledged or confirmed, as the case may be, to the Issuer and any dealer who is involved in the sale of the Notes to such purchaser that such purchaser understands that the Notes are subject to transfer and resale restrictions in Canada and that the certificates representing the Notes (or the relevant ownership statement under a direct registration system or other book-entry system) or other applicable document or notice (including this document) will bear or will notify the purchaser of the following legend:

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

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

The Issuer is not and does not intend to become a reporting issuer.

There is currently no secondary market for the Notes. There can be no assurance that a secondary market will develop or, if a secondary market does develop, that it will provide holders of such Series of Notes with liquidity for their investment or that it will continue for the life of such Notes. Accordingly, purchasers of the Notes may be required to bear the financial risk of investing in the Notes until the maturity date.

REPORTING REQUIREMENTS

The Issuer is not a reporting issuer or the equivalent thereof under the securities legislation in any jurisdiction. Accordingly, the Issuer is not subject to the continuous reporting and disclosure requirements prescribed by such securities legislation. Therefore, there is no requirement that the Issuer comply with such requirements, including, without limitation, the requirements to provide prompt notification of material changes by way of press releases, to formally file disclosure documents with applicable securities regulatory authorities or to prepare and file annual audited financial statements or quarterly unaudited financial statements. However, the Issuer will provide audited annual financial statements and unaudited quarterly financial statements in accordance with the terms of the Master Trust Indenture. See *"Description of Notes — Reporting Requirements of Notes"*.

STATUTORY RIGHTS OF ACTION

Securities legislation in certain of the provinces **[and territories]** of Canada provides purchasers, in addition to any other rights they may have at law, with a remedy for rescission or damages where an offering memorandum or any amendment to it, and in some cases, advertising and sales literature used in connection therewith, contains a misrepresentation. These remedies, or notice with respect thereto, must be exercised or delivered, as the case may be, by the purchaser within the time limit prescribed, and are subject to the defences contained, in the applicable securities legislation. Purchasers should refer to the applicable provisions of the securities legislation of their province for the particulars of these rights or consult with a legal advisor. The following is a summary of the rights of rescission or rights to damages available to purchasers of the Notes.

Rights for Purchasers in Ontario

Section 5.2 of Ontario Securities Commission Rule 45-501 — *Ontario Prospectus and Registration Exemptions* provides that when an offering memorandum, such as this confidential shelf offering memorandum, is delivered to an investor to whom securities are distributed in reliance upon the "accredited investor" prospectus exemption in section 73.3 of the *Securities Act* (Ontario) or a predecessor exemption to section 73.3 of the *Securities Act* (Ontario) the right of action referred to in section 130.1 of the *Securities Act* (Ontario) ("**Section 130.1**") is applicable, unless the prospective purchaser is:

(a) an association governed by the *Cooperative Credit Associations Act* (Canada) or a central cooperative credit society for which an order has been made under section 473(1) of that Act;

(b) a bank, loan corporation, trust company, trust corporation, insurance company, treasury branch, credit union, caisse populaire, financial services cooperative, or league that, in each case, is authorized by an enactment of Canada or a jurisdiction of Canada to carry on business in Canada or a jurisdiction of Canada;

(c) a Schedule III bank, meaning an authorized foreign bank named in Schedule III of the *Bank Act* (Canada);

(d) the Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada); or

(e) a subsidiary of any person referred to in paragraphs (a), (b), (c) or (d), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by the directors of the subsidiary.

Section 130.1(1) provides such investors who purchase securities offered by an offering memorandum with a statutory right of action against the Issuer of securities for rescission or damages in the event that the offering memorandum and any amendment to it contains a "misrepresentation". The term "misrepresentation" is defined to mean an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make any statement not misleading in the light of the circumstances in which it was made. These remedies, or notice with respect to these remedies, must be exercised or delivered, as the case may be, by the purchaser within the time limits prescribed by applicable securities laws.

Where this confidential shelf offering memorandum is delivered to a prospective purchaser of Notes in connection with a trade made in reliance on section 73.3 of the *Securities Act* (Ontario), and this document contains a misrepresentation, the purchaser will have, without regard to whether the purchaser relied on the misrepresentation, a statutory right of action against the Issuer for damages or, while still the owner of Notes, for rescission, in which case, if the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages, provided that the right of action for rescission will be exercisable by the purchaser only if the purchaser commences the action not more than 180 days after the date of the transaction that gave rise to the cause of action; or, in the case of any action other than an action for rescission, the earlier of: (i) 180 days after the plaintiff first had knowledge of the facts giving rise to the cause of action, or (ii) three years after the date of the transaction that gave rise to the cause of action.

The Issuer will not be liable for a misrepresentation if it proves that the purchaser purchased the Notes with knowledge of the misrepresentation.

In an action for damages, the Issuer will not be liable for all or any portion of the damages that the Issuer proves do not represent the depreciation in value of the Notes as a result of the misrepresentation relied upon.

In no case will the amount recoverable for the misrepresentation exceed the price at which the Notes were offered.

The liability of all persons and companies referred to above is joint and several. The Issuer, however, shall not be liable where it is not receiving any proceeds from the distribution of the securities being distributed and the misrepresentation was not based on information provided by the Issuer, unless the misrepresentation, (a) was based on information that was previously publicly disclosed by the Issuer, (b) was a misrepresentation at the time of its previous public disclosure and (c) was not subsequently publicly corrected or superseded by the Issuer prior to the completion of the distribution of the securities being distributed.

The foregoing statutory right of action for rescission or damages conferred is in addition to and without derogation from any other right the purchaser may have at law.

This summary is subject to the express provisions of the *Securities Act* (Ontario) and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions.

Rights for Purchasers in Saskatchewan

Section 138 of *The Securities Act, 1988* (Saskatchewan), as amended (the "**Saskatchewan Act**") provides that where an offering memorandum (such as this confidential shelf offering memorandum) or any amendment to it is sent or delivered to a purchaser and it contains a misrepresentation (as defined in the Saskatchewan Act), a purchaser who purchases a security covered by the offering memorandum or any amendment to it has, without regard to whether the purchaser relied on the misrepresentation, a right of action for rescission against the Issuer or a selling security holder on whose behalf the distribution is made or has a right of action for damages against:

(a) the Issuer or a selling security holder on whose behalf the distribution is made;

(b) every promoter and trustee of the Issuer or the selling security holder, as the case may be, at the time the offering memorandum or any amendment to it was sent or delivered;

(c) every person or company whose consent has been filed respecting the offering, but only with respect to reports, opinions or statements that have been made by them;

(d) every person who or company that, in addition to the persons or companies mentioned in (a) to (c) above, signed the offering memorandum or the amendment to the offering memorandum; and

(e) every person who or company that sells securities on behalf of the Issuer or selling security holder under the offering memorandum or amendment to the offering memorandum.

Such rights of rescission and damages are subject to certain limitations including the following:

(a) if the purchaser elects to exercise its right of rescission against the Issuer or selling security holder, it will have no right of action for damages against that party;

(b) in an action for damages, a defendant will not be liable for all or any portion of the damages that he, she or it proves do not represent the depreciation in value of the securities resulting from the misrepresentation relied on;

(c) no person or company, other than the Issuer or a selling security holder, will be liable for any part of the offering memorandum or any amendment to it not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company failed to conduct a reasonable investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation or believed that there had been a misrepresentation;

(d) in no case will the amount recoverable exceed the price at which the securities were offered; and

(e) no person or company is liable in an action for rescission or damages if that person or company proves that the purchaser purchased the securities with knowledge of the misrepresentation.

In addition, no person or company, other than the Issuer or selling security holder, will be liable if the person or company proves that:

(a) the offering memorandum or any amendment to it was sent or delivered without the person's or company's knowledge or consent and that, on becoming aware of it being sent or delivered, that person or company immediately gave reasonable general notice that it was so sent or delivered; or

(b) with respect to any part of the offering memorandum or any amendment to it purporting to be made on the authority of an expert, or purporting to be a copy of, or an extract from, a report, an opinion or a statement of an expert, that person or company had no reasonable grounds to believe and did not believe that: (i) there had been a misrepresentation, or (ii) the part of the offering memorandum

or any amendment to it did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert.

Not all defences upon which the Issuer or others may rely are described herein. Please refer to the full text of the Saskatchewan Act for a complete listing.

The liability of all persons and companies referred to above is joint and several.

Similar rights of action for damages and rescission are provided in section 138.1 of the Saskatchewan Act in respect of a misrepresentation in advertising and sales literature disseminated in connection with an offering of securities.

Section 138.2 of the Saskatchewan Act also provides that, subject to certain limitations and defences, where an individual makes a verbal statement to a purchaser that contains a misrepresentation relating to the security purchased and the verbal statement is made either before or contemporaneously with the purchase of the security, the purchaser has, without regard to whether the purchaser relied on the misrepresentation, a right of action for damages against the individual who made the verbal statement.

Section 141(1) of the Saskatchewan Act provides a purchaser with the right to void the purchase agreement and to recover all money and other consideration paid by the purchaser for the securities if the securities are sold in contravention of the Saskatchewan Act, the regulations to the Saskatchewan Act or a decision of the Saskatchewan Financial Services Commission.

Section 141(2) of the Saskatchewan Act also provides a right of action for rescission or damages to a purchaser of securities to whom an offering memorandum or any amendment to it was not sent or delivered prior to or at the same time as the purchaser enters into an agreement to purchase the securities, as required by Section 80.1 of the Saskatchewan Act.

The rights of action for damages or rescission under the Saskatchewan Act are in addition to and do not derogate from any other right which a purchaser may have at law.

Section 147 of the Saskatchewan Act provides that no action will be commenced to enforce any of the foregoing rights more than:

(a) in the case of an action for rescission or cancellation, 180 days after the date of the transaction that gave rise to the cause of action; or

(b) in the case of any other action, other than an action for rescission or cancellation, the earlier of:

  (i) one year after the plaintiff first had knowledge of the facts giving rise to the cause of action; or

  (ii) six years after the date of the transaction that gave rise to the cause of action.

The Saskatchewan Act also provides that a purchaser who has received an amended offering memorandum delivered in accordance with subsection 80.1(3) of the Saskatchewan Act has a right to withdraw from the agreement to purchase the securities by delivering a notice to the person who or company that is selling the securities, indicating the purchaser's intention not to be bound by the purchase agreement, provided such notice is delivered by the purchaser within two business days of receiving the amended offering memorandum.

This summary is subject to the express provisions of the Saskatchewan Act and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions.

Rights for Purchasers in Nova Scotia

The right of action for rescission or damages described herein is conferred by section 138 of the *Securities Act* (Nova Scotia). Section 138 provides, in the relevant part, that in the event that this confidential shelf offering memorandum, together with any amendments hereto, or any advertising or sales literature (as defined in the *Securities Act* (Nova Scotia)) contains an untrue statement of material fact or omits to state a material fact that is required to be stated or that is necessary in order to make any statements contained herein or therein not misleading in light of the circumstances in which it was made (a "**misrepresentation**"), a purchaser of Notes is deemed to have relied upon such misrepresentation if it was a misrepresentation at the time of purchase and has, subject to certain limitations and defences, a statutory right of action for damages against the Issuer, its trustees, any person who signed this confidential shelf offering memorandum, any selling security holder and the directors of any such selling security holder at the date of this confidential shelf offering memorandum or, alternatively, while still the owner of the Notes, may elect instead to exercise a statutory right of rescission against the Issuer, in which case the purchaser will have no right of action for damages against any person listed above, including the Issuer, provided that, among other limitations:

(a) no action will be commenced to enforce the right of action for rescission or damages by a purchaser resident in Nova Scotia under Section 138 later than 120 days after the date payment was made for the Notes (or after the date on which initial payment was made for the Notes where payments subsequent to the initial payment are made pursuant to a contractual commitment assumed prior to, or concurrently with, the initial payment);

(b) no person will be liable if it proves that the purchaser purchased the Notes with knowledge of the misrepresentation;

(c) no person or company, other than the Issuer, is liable under Section 138 if the person or company proves that:

(i) this confidential shelf offering memorandum, or any amendment hereto, was sent or delivered to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its delivery, the person or company gave reasonable general notice that it was delivered without the person's or company's knowledge or consent;

(ii) after delivery of this confidential shelf offering memorandum, or the amendment hereto, and before the purchase of the Notes by the purchaser, on becoming aware of any misrepresentation in this confidential shelf offering memorandum, or the amendment hereto, or any record incorporated or deemed incorporated by reference therein, the person or company withdrew the person's or company's consent to this confidential shelf offering memorandum, or amendment hereto, or such record, and gave reasonable general notice of the withdrawal and the reason for it; or

(iii) with respect to any part of this confidential shelf offering memorandum, or amendment hereto, or any record incorporated or deemed to be incorporated by reference therein, purporting to be made on the authority of an expert, or to be a copy of, or an extract from a report, an opinion or a statement of an expert, the person or company had no reasonable grounds to believe and did not believe that there had been a misrepresentation, or that the relevant part of this confidential shelf offering memorandum, or amendment hereto, or such record, did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or extract from, the report, opinion or statement of the expert;

(d) no person or company, other than the Issuer, is liable under Section 138 with respect to any part of this confidential shelf offering memorandum, or amendment hereto, or any record incorporated or deemed incorporated by reference therein, not purporting to be made on the authority of an expert, or to be a copy of or an extract from, a report, opinion or statement of an expert, unless the person or company failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation, or believed that there had been a misrepresentation;

(e) in the case of an action for damages, no person will be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the Notes resulting from the misrepresentation; and

(f) in no case will the amount recoverable under Section 138 in any action exceed the price at which the Notes were offered to the purchaser.

The liability of all persons or companies referred to above is joint and several with respect to the same cause of action. A defendant who is found liable to pay a sum in damages may recover a contribution, in whole or in part, from a person or company who is jointly and severally liable to make the same payment in the same cause of action unless, in all the circumstances of the case, the court is satisfied that it would not be just and equitable.

The foregoing statutory right of action for rescission or damages conferred by Section 138 of the Securities Act (Nova Scotia) is in addition to and without derogation from any other right or remedy available at law or otherwise to the purchaser. This summary is subject to the express provisions of the *Securities Act* (Nova Scotia) and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions may have at law.

Rights for Purchasers in New Brunswick

Section 2.1 of New Brunswick Securities Commission Rule 45-802 provides that the statutory rights of action in rescission or damages referred to in Section 150 of the *Securities Act* (New Brunswick) ("**Section 150**") apply to information relating to an offering memorandum, such as this confidential shelf offering memorandum, that is provided to a purchaser of securities in connection with a distribution made in reliance on the "accredited investor" prospectus exemption in Section 2.3 of NI 45-106. Section 150 provides investors who purchase securities offered for sale in reliance on an exemption from the prospectus requirements of the *Securities Act* (New Brunswick) with a statutory right of action for damages against (i) the Issuer; (ii) the selling security holder on whose behalf the distribution was made; (iii) every person who was a director of the Issuer as at the date of the offering memorandum; and (iv) every person who signed the offering memorandum in the event that an offering memorandum provided to such investor contains a "misrepresentation". Alternatively, if the investor purchased the securities from a person referred to in (i) or (ii) above, an investor may elect a right of rescission, in which case the investor shall have no right of action for damages. "Misrepresentation" means an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.

Where this confidential shelf offering memorandum is delivered to a prospective purchaser of Notes in connection with a trade made in reliance on Section 2.3 of NI 45-106, and this document (including any documentation incorporated or deemed to be incorporated by reference) contains a misrepresentation, a purchaser who purchases the securities will be deemed to have relied on the misrepresentation and will have, subject to certain limitations and defences, a statutory right of action against the Issuer for damages or, while still the owner of Notes, for rescission. If the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages. The right of action for rescission will be exercisable by the purchaser only if the purchaser commences the action against the defendant, not more than 180 days after the date of the transaction that gave rise to the cause of action; or, in the case of any action other than an action for rescission, the earlier of: (i) one year after the plaintiff first had knowledge of the facts giving rise to the cause of action, or (ii) six years after the date of the transaction that gave rise to the cause of action.

No person other than the Issuer or the selling security holder is liable under Section 150 if the person proves that:

(a) the offering memorandum was delivered to the purchaser without the person's knowledge or consent and that, on becoming aware of its delivery, the person gave written notice to the Issuer that it was delivered without the person's knowledge or consent;

(b) upon becoming aware of a misrepresentation in the offering memorandum the person withdrew the person's consent to the offering memorandum and gave written notice to the Issuer of the withdrawal and the reason for the withdrawal; or

(c) with respect to any part of the offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, the person had no reasonable grounds to believe and did not believe there had been a misrepresentation or that the relevant part of the offering memorandum did not fairly represent the report, opinion or statement of the expert or was not a fair copy of, or extract from, the report, opinion or statement of the expert.

In addition, no person other than the Issuer or the selling security holder is liable under Section 150 with respect to any part of an offering memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert unless (i) the person failed to conduct such reasonable investigations as to provide reasonable grounds for a belief that there had been no misrepresentation or (ii) the person believed that there had been misrepresentation.

The defendant will not be liable for a misrepresentation if it proves that the purchaser purchased the Notes with knowledge of the misrepresentation.

In an action for damages, the defendant will not be liable for all or any portion of the damages that the defendant proves do not represent the depreciation in value of the Notes as a result of the misrepresentation relied upon.

In no case will the amount recoverable for the misrepresentation exceed the price at which the Notes were offered.

The liability of all persons referred to above is joint and several.

The foregoing statutory right of action for rescission or damages conferred is in addition to and without derogation from any other right the purchaser may have at law.

This summary is subject to the express provisions of the Securities Act (New Brunswick) and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions.

Rights for Purchasers in Prince Edward Island

The right of action for rescission or damages described herein is conferred by Section 112 of the *Securities Act* (Prince Edward Island). Section 112 provides, that in the event that this confidential shelf offering memorandum contains a "misrepresentation", a purchaser who purchased the Notes during the period of distribution, without regard to whether the purchaser relied upon such misrepresentation, has a statutory right of action for damages against the Issuer, the selling security holder on whose behalf the distribution was made, every trustee of the Issuer as at the date of the confidential shelf offering memorandum, and every person who signed the confidential shelf offering memorandum. Alternatively, the purchaser while still the owner of the Notes may elect to exercise a statutory right of action for rescission against the Issuer. "Misrepresentation" means an untrue statement of material fact, or an omission to state a material fact that is required to be stated by the *Securities Act* (Prince Edward Island), or an omission to state a material fact that needs to be stated so that a statement is not false or misleading in light of the circumstances in which it is made. Statutory rights of action for rescission or damages by a purchaser are subject to the following limitations:

(a) no action will be commenced to enforce the right of action for rescission by a purchaser, resident in Prince Edward Island, later than 180 days after the date of the transaction that gave rise to the cause of action;

(b) in the case of any action other than an action for rescission, the earlier of;

(i) 180 days after the purchaser first had knowledge of the facts given rise to the cause of action; or

(ii) three years after the date of the transaction giving rise to the cause of action;

(c) no person will be liable if the person proves that the purchaser purchased the security with knowledge of the misrepresentation;

(d) no person other than the Issuer will be liable if the person proves that

(i) the confidential shelf offering memorandum was sent to the purchaser without the person's knowledge or consent and that, on becoming aware of it being sent, the person had promptly given reasonable notice to the Issuer that it had been sent without the knowledge and consent of the person;

(ii) the person, on becoming aware of the misrepresentation in the confidential shelf offering memorandum, had withdrawn the person's consent to the confidential shelf offering memorandum and had given reasonable notice to the Issuer of the withdrawal and the reason for it; or

(iii) with respect to any part of the confidential shelf offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, statement or opinion of an expert, the person had no reasonable grounds to believe, and did not believe that;

(A) there had been a misrepresentation; or

(B) the relevant part of the confidential shelf offering memorandum:

a. did not fairly represent the report, statement or opinion of the expert, or

b. was not a fair copy of, or an extract from, the report, statement, or opinion of the expert.

Not all defences upon which the Issuer or others may rely are described herein. Please refer to the full text of the *Securities Act* (Prince Edward Island) for a complete listing.

If the purchaser elects to exercise a right of action for rescission, the purchaser will have no right of action for damages.

In no case will the amount recoverable in any action exceed the price at which the Notes were offered to the purchaser.

In an action for damages, the defendant will not be liable for any damages that the defendant proves do not represent the depreciation in value of the Notes as a result of the misrepresentation.

The foregoing statutory right of action for rescission or damages conferred is in addition to and without derogation from any other right the purchaser may have at law.

This summary is subject to the express conditions of the *Securities Act* (Prince Edward Island) and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions.

Rights for Purchasers in Manitoba

Pursuant to section 141.1(1) of *The Securities Act* (Manitoba) (the "**Manitoba Act**"), where this confidential shelf offering memorandum, or any amendment to this confidential shelf offering memorandum, is sent or delivered to a purchaser in the Province of Manitoba and such document contains a misrepresentation, a purchaser who purchases Notes offered by this confidential shelf offering memorandum or any amendment to this confidential shelf offering memorandum is deemed to have relied on that misrepresentation, if it was a misrepresentation at the time of purchase and, subject to the defenses described in the Manitoba Act, has:

(a) a right of action for damages against:

(i) the Issuer;

(ii) each of its trustees at the date of this confidential shelf offering memorandum or any amendment to this confidential shelf offering memorandum; and

(iii) every person or company who signed this confidential shelf offering memorandum or any amendment to this confidential shelf offering memorandum; and

(b) a right of rescission against the Issuer;

provided that:

(c) no person or company is liable if the person or company proves that the purchaser purchased the Notes with knowledge of the misrepresentation;

(d) in an action for damages, the defendant is not liable for all or any portion of the damages that he, she or it proves do not represent the depreciation in value of the Notes resulting from the misrepresentation relied on; and

(e) in no case will the amount recovered exceed the price at which the Notes were offered to the public.

Where a purchaser elects to exercise a right of rescission against the Issuer, the purchaser will have no right of action for damages against the Issuer or against a person or company referred to in (a)(ii) or (iii) above.

No person or company other than the Issuer is liable:

(a) if the person or company proves that this confidential shelf offering memorandum or any amendment to this confidential shelf offering memorandum was sent without the person's or company's knowledge or consent and that, after becoming aware of its being sent, the person or company promptly gave reasonable notice to the Issuer that it was so sent;

(b) if the person or company proves that after becoming aware of any misrepresentation in this confidential shelf offering memorandum or any amendment to this confidential shelf offering memorandum, the person or company withdrew the person's or company's consent to it and gave reasonable notice to the Issuer of the person's or company's withdrawal and the reason for it;

(c) if the person or company proves that with respect to any part of this confidential shelf offering memorandum or of any amendment to this confidential shelf offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of or an extract from a report, opinion or statement of an expert, the person or company had no reasonable grounds to believe and did not believe that:

(i) there had been a misrepresentation; or

(ii) the relevant part of this confidential shelf offering memorandum or of the amendment to this confidential shelf offering memorandum:

(A) did not fairly represent the report, opinion or statement of the expert; or

(B) was not a fair copy of or extract from the report, opinion or statement of the expert; or

(d) with respect to any part of this confidential shelf offering memorandum or of the amendment to this confidential shelf offering memorandum not purporting to be made on an expert's authority and not purporting to be a copy of, or an extract from, the expert's report, opinion or statement, unless the person or company:

(i) did not conduct an investigation, sufficient to provide reasonable grounds for a belief that there had been no misrepresentation; or

(ii) believed that there had been a misrepresentation.

Pursuant to section 141.4 of the Manitoba Act, but subject to the other provisions thereof, no action shall be commenced to enforce any of the foregoing rights more than:

(a) in the case of an action for rescission, 180 days from the date of the transaction that gave rise to the cause of action, or

(b) in the case of an action for damages, the earlier of:

(i) 180 days after the date that the plaintiff first had knowledge of the facts giving rise to the cause of action, or

(ii) two years after the date of the transaction that gave rise to the cause of action.

In an action for damages, the Issuer will not be liable for all or any part of the damages that the Issuer proves do not represent the depreciation in value of the Notes as a result of the misrepresentation relied upon.

The rights of action for rescission or damages under the Manitoba Act are in addition to and do not derogate from any other right that the purchaser may have at law.

This summary is subject to the express provisions of the Manitoba Act and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions.

Rights for purchasers in Newfoundland and Labrador

In accordance with section 130.1 of the *Securities Act* (Newfoundland and Labrador, hereinafter the "**NL Act**"), in the event this confidential shelf offering memorandum contains a misrepresentation, a purchaser who purchases Notes shall be deemed to have relied upon such misrepresentation if it was a misrepresentation at the time of purchase, in which event the purchaser has, subject to the defences and limitations set out in the NL Act: (a) a right of action for damages against the Issuer and, every trustee of the Issuer at the date of this confidential shelf offering memorandum and every person or company who has signed this confidential shelf offering memorandum; and (b) a right of rescission against the Issuer. Where a right of rescission is exercised, a purchaser shall have no right of action for damages against any other person or company.

For the purposes of the NL Act "misrepresentation" means: (a) an untrue statement of material fact, or (b) an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.

A person or company is not liable under section 130.1 of the NL Act: (a) if the person or company proves the purchaser had knowledge of the misrepresentation; or (b) in an action for damages, for all or any portion of the damages that the person or company proves do not represent the depreciation in value of the security as a result of the misrepresentation. Additionally, in an action for damages, the amount recoverable under the right of action shall not exceed the purchase price at which the security was offered.

In addition no person or company, other than the Issuer, is liable under section 130.1 of the NL Act if:

(a) the person or company proves that this confidential shelf offering memorandum was sent to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its being sent, the person or company promptly gave reasonable notice to the Issuer that it was sent without the person's or company's knowledge or consent;

(b) the person or company proves that on becoming aware of any misrepresentation in this confidential shelf offering memorandum, the person or company withdrew the person's or company's consent to this confidential shelf offering memorandum, and gave reasonable notice to the Issuer of the withdrawal and the reason for it;

(c) with respect to any part of this confidential shelf offering memorandum purporting to be made on the authority of an expert (or purporting to be a copy of or an extract from a report, opinion or statement of an expert), the person or company proves they had no reasonable grounds to believe and did not believe that: (i) there had been a misrepresentation; or (ii) the relevant part of this confidential shelf offering memorandum did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert; or

(d) with respect to any part of this confidential shelf offering memorandum not purporting to be made on the authority of an expert (and not purporting to be a copy of or an extract from a report, opinion or statement of an expert), unless the person or company: (i) did not conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation; (ii) or believed there had been a misrepresentation.

If a misrepresentation is contained in a record incorporated by reference in, or deemed incorporated into this confidential shelf offering memorandum, the misrepresentation is deemed to be contained in this confidential shelf offering memorandum.

The foregoing statutory right of action for rescission or damages conferred is in addition to and without derogation from any other right the purchaser may have at law. The liability of all persons and companies referred to above is joint and several.

Pursuant to section 138 of the NL Act, no action shall be commenced to enforce the rights conferred by section 130.1 thereof unless commenced:

(a) in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or

(b) in the case of an action, other than an action for rescission, the earlier of:

    (i) 180 days after the plaintiff first had knowledge of the facts giving rise to the cause of action; or

    (ii) three years after the date of the transaction that gave rise to the cause of action.

Rights for Purchasers in Alberta, British Columbia, and Québec

By purchasing Notes hereunder, purchasers in Alberta, British Columbia and Québec not entitled to the statutory rights described above, in consideration of their purchase of Notes and upon accepting a purchase confirmation in respect thereof, are hereby granted a contractual right of action for damages or rescission that is the same as the statutory right of action, if any, provided to residents of Ontario who purchase Notes.

General

The foregoing summaries are subject to the express provisions of the applicable securities law of each jurisdiction, and the regulations, rules and policy statements thereunder and reference is made thereto for the complete text of such provisions.

The rights of action described in this confidential shelf offering memorandum are in addition to and without derogation from any other right or remedy that the purchaser may have at law.

INDENTURE TRUSTEE

The Indenture Trustee, BNY Trust Company of Canada, will be the registrar for the Notes, and the register for the transfer of Notes will be kept at its principal office in Toronto, Ontario.

LEGAL MATTERS

Certain Canadian legal matters in connection with the offering of Notes will be passed upon by Torys LLP on behalf of the Issuer and by Osler, Hoskin & Harcourt LLP on behalf of the Agents.

GLOSSARY

The following glossary contains definitions of certain terms that are used throughout this confidential shelf offering memorandum.

"**Adverse Effect**" means ■.

"**Agency Agreement**" has the meaning set out under *"Plan of Distribution"*.

"**Agents**" means the agents designated by the Issuer from time to time and identified in the Term Sheet applicable to such Offering to sell the Notes as described under *"Plan of Distribution"*.

"**Available Collections**" means ■.

"**capital reserve account**" has the meaning set out under *"Capital Markets Platform — Issuer Accounts — Capital Reserve Account"*.

"**CDS**" means CDS Clearing and Depository Services Inc.

"**Change of Law Protection Agreement**" means the change of law protection agreement to be dated on or about ■, 2017 between the Issuer, the Indenture Trustee and Her Majesty in Right of the Province of Ontario, as represented by the Minister of Energy and the Minister of Finance.

"**Clean Energy Adjustment**" has the meaning set out under *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"*.

"**Clean Energy Benefits**" means the value of the benefits determined to be derived by or accruing to Specified Consumers as a result of the Clean Energy Initiative, including as a result of Clean Energy Costs.

"**Clean Energy Costs**" means the value of the costs allocated to Specified Consumers as a result of the Clean Energy Initiative, including as a result of past, present and expected costs incurred in respect of

(a) the amounts to be paid or reflected by the IESO in adjustments made under section 25.33 of the *Electricity Act, 1998* or any provision that is the successor to that provision, which relate to contracts or amounts for

(i) renewable energy generation or capacity;

(ii) conservation and demand management;

(iii) energy storage;

(iv) energy efficiency; and

(v) natural gas generation and capacity, excluding contracts relating to amounts payable by the IESO under section 78.2 of the *Ontario Energy Board Act, 1998* and excluding such other contracts as may be prescribed;

(b) payments made or expected to be made under section 78.5 of the *Ontario Energy Board Act, 1998*; and

(c) such other costs or estimated costs as may be prescribed by the Regulations.

"**Clean Energy Initiative**" means the policies of the Ontario government related to

(a) eliminating coal generation and fostering the growth of and investment in clean, modern and reliable energy sources and technologies;

(b) removing barriers to and promoting opportunities for clean and renewable energy sources and technologies;

(c) promoting conservation, demand management and energy efficiency; and

(d) investing in energy infrastructure to ensure a clean, modern and reliable system.

"**Clearstream, Luxembourg**" means Clearstream Banking, société anonyme.

"**collateral**" has the meaning set out under *"Capital Markets Platform — Security"*.

"**collection account**" has the meaning set out under *"Capital Markets Platform — Issuer Accounts — Collection Account"*.

"**Commission**" has the meaning set out under *"Representations and Agreements of Purchasers"*.

"**Confidential Information**" has the meaning set out under *"Confidentiality"*.

"**Co-Owner Agreement**" has the meaning set out in the Master Trust Indenture.

"**Credit Enhancement Agreement**" has the meaning set out in the Master Trust Indenture.

"**DBRS**" means DBRS Limited and its successors.

"**Debtholder**" means ■.

"**Declaration of Trust**" has the meaning set out under *"The Issuer"*.

"**depository**" has the meaning set out under *"Depository Services"*.

"**Derivative Agreement**" has the meaning set out in the Master Trust Indenture.

"**DTC**" means The Depositary Trust Company.

"**Electricity Vendor**" means

(a) a person licensed under Part V of the *Ontario Energy Board Act, 1998* to own or operate a "distribution system" within the meaning of that Act;

(b) a person licensed under Part V of the *Ontario Energy Board Act, 1998* to retail electricity;

(c) the IESO in circumstances where it directly invoices a Specified Consumer for electricity used in Ontario; or

(d) such other person as may be prescribed by the Regulations.

"**Euroclear**" means Euroclear Bank S.A./N.V., as operator of the Euroclear System.

"**Event of Default**" means ■.

"**Extraordinary Resolution**" means ■.

"**Fair Adjustment**" has the meaning set out under *"Ontario's Fair Hydro Plan — Background"*.

"**Fair Allocation Amount**" has the meaning set out under *"Ontario's Fair Hydro Plan — Fair Allocation Amount and Financing Plan"*.

"**FHPA**" means the *Ontario Fair Hydro Plan Act, 2017*.

"**Finance Amount**" has the meaning set out under *"Ontario's Fair Hydro Plan — Clean Energy Adjustment"*.

"**finance reserve account**" has the meaning set out under *"Capital Markets Platform — Issuer Accounts — Finance Reserve Account"*.

"**Financial Services Manager**" means OPG, in its capacity as financial services manager appointed under the FHPA to perform the duties assigned to it thereunder.

"**Financing Entity**" has the meaning set out under *"Ontario's Fair Hydro Plan — Background"*.

"**Financing Plan**" means the written plan entitled "Financing Plan" prepared by the Financial Services Manager as required under the FHPA to be used by the Financial Services Manager to evaluate whether Funding Obligations should be incurred for the purposes of acquiring Investment Interests, including any amendments thereto.

"**Funding Obligation Agreement**" means ■.

"**Funding Obligation**" has the meaning set out under *"Ontario's Fair Hydro Plan — Background"*.

"**Funding Rebates**" means ■.

"**Global Adjustment**" means ■.

"**IESO**" means the Independent Electricity System Operator.

"**Indenture Trustee**" means BNY Trust Company of Canada and its successors.

"**Indenture**" means the Master Trust Indenture, as supplemented by any Supplemental Indenture.

"**Internal Revenue Code**" means ■.

"**Investment Interest**" has the meaning set out under *"Ontario's Fair Hydro Plan — Investment Interest"*.

"**Investor Presentation**" has the meaning set out on the face page of this confidential shelf offering memorandum.

"**Issuer Account**" means ■.

"**Issuer Trustee**" means Computershare Trust Company of Canada.

"**Issuer**" means Fair Hydro Trust, a special purpose trust established under the laws of the Province of Ontario.

"**Liquidity Agreement**" has the meaning set out in the Master Trust Indenture.

"**Loan Agreement**" has the meaning set out in the Master Trust Indenture.

"**Management Agreement**" has the meaning set out under *"The Manager"*.

"**Manager**" means OPG, as manager of the Issuer appointed under the Management Agreement.

"**Manitoba Act**" means *The Securities Act* (Manitoba).

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement to be dated the date of the closing of the first Offering between the Issuer, the Indenture Trustee and the IESO.

"**Master Trust Indenture**" means the master trust indenture to be dated the date of the closing of the first Offering, between the Issuer, as issuer, and the Indenture Trustee.

"**Moody's**" means Moody's Investors Service, Inc. and its successors.

"**NERC**" means the North American Electric Reliability Corporation.

"**NI 31-103**" means National Instrument 31-103 — *Registration Requirements, Exemptions and Ongoing Registrant Obligations*.

"**NI 45-106**" means National Instrument 45-106 — *Prospectus Exemptions*.

"**NL Act**" means the *Securities Act* (Newfoundland and Labrador).

"**Note Purchase Agreement**" has the meaning set out in the Master Trust Indenture.

"**Noteholders**" means ■.

"**Notes**" has the meaning set out on the face page of this confidential shelf offering memorandum.

"**NPCC**" means Northeast Power Coordinating Council.

"**OEB**" means the Ontario Energy Board.

"**Offering Jurisdiction**" means each of the provinces [and territories] of Canada.

"**Offering**" means an offering of Notes pursuant to this confidential shelf offering memorandum and the related Term Sheet as described under *"Plan of Distribution"*.

"**OPG**" means Ontario Power Generation Inc.

"**Participants**" has the meaning set out under *"Depository Services"*.

"**Paying Agent**" means ■.

"**Payment Date**" means ■.

"**Program Agreements**" means the Master Trust Indenture, each Supplemental Indenture, the Declaration of Trust, the Management Agreement, the Master Transfer and Servicing Agreement, each Transfer Notice, any Co-Owner Agreements, the Change of Law Protection Agreement, the Notes, any Derivative Agreements, Credit Enhancement Agreements, Liquidity Agreements, Loan Agreements, Underwriting Agreements, Agency Agreements and Note Purchase Agreements in effect at such time and all other documents and certificates delivered in connection therewith.

"**Protection Event**" has the meaning set out under *"Change of Law Protection Agreement"*.

"**Province**" has the meaning set out under *"Change of Law Protection Agreement"*.

"**Rating Agency Condition**" has the meaning set out under *"Rating Agency Condition"*.

"**Rating Agency**" means ■.

"**Reference Period**" means

(a) the period beginning on July 1, 2017 and ending on October 31, 2017; and

(b) during the period beginning on November 1, 2017 and ending on either April 30, 2047 or such later day as may be prescribed by the Regulations

(i) every six-month period following the period mentioned in (a);

(ii) any period shorter than six months, as may be prescribed by the Regulations.

"**Regulations**" means the regulations promulgated under the FHPA.

"**Regulatory Asset**" has the meaning set out under *"Ontario's Fair Hydro Plan — Regulatory Asset"*.

"**Reimbursable Issuer Expenditures**" has the meaning set out under *"The Manager"*.

"**Saskatchewan Act**" means *The Securities Act, 1988* (Saskatchewan).

"**Section 130.1**" means section 130.1 of the *Securities Act* (Ontario).

"**Section 150**" means section 150 of the *Securities Act* (New Brunswick).

"**Senior Funding Obligation**" means ■.

"**Servicer**" means the IESO, as servicer under the Master Transfer and Servicing Agreement.

"**Specified Claims**" has the meaning set out under *"Change of Law Protection Agreement"*.

"**Specified Consumer**" has the meaning set out under *"Ontario's Fair Hydro Plan — Background"*.

"**Specified Creditors**" has the meaning set out in the Master Trust Indenture.

"**Supplemental Indenture**" means a supplemental indenture to the Master Trust Indenture between the Issuer and the Indenture Trustee.

"**supplemental reserve account**" has the meaning set out under *"Capital Markets Platform — Issuer Accounts — Supplemental Reserve Account"*.

"**Term Sheet**" has the meaning set out on the face page of this confidential shelf offering memorandum.

"**Terms Document**" has the meaning set out under *"Description of Notes — General"*.

"**transaction**" has the meaning set out under *"Capital Markets Platform — Covenants of the Issuer — Negative Covenants — Consolidation; Sale of Assets"*.

"**Transfer Notice**" has the meaning set out in the Master Trust Indenture.

"**True-up Amount**" has the meaning set out under *"Ontario's Fair Hydro Plan — True-up Amount"*.

"**Unitholders**" means ■, a wholly-owned subsidiary of OPG, and the Indenture Trustee.

SCHEDULE A – CANADIAN PROVINCIAL [AND TERRITORIAL] SECURITIES REGULATORY AUTHORITIES

Alberta Securities Commission
Suite 600, 250 – 5th Street SW
Calgary, Alberta T2P 0R4
Telephone: (403) 297-6454
Toll free in Canada: 1-877-355-0585
Facsimile: (403) 297-2082
Public official contact regarding indirect collection of information: FOIP Coordinator

British Columbia Securities Commission
P.O. Box 10142, Pacific Centre
701 West Georgia Street
Vancouver, British Columbia V7Y 1L2
Inquiries: (604) 899-6854
Toll free in Canada: 1-800-373-6393
Facsimile: (604) 899-6581
Email: FOI-privacy@bcsc.bc.ca
Public official contact regarding indirect collection of information: FOI Inquiries

The Manitoba Securities Commission
500 – 400 St. Mary Avenue
Winnipeg, Manitoba R3C 4K5
Telephone: (204) 945-2561
Toll free in Manitoba 1-800-655-5244
Facsimile: (204) 945-0330
Public official contact regarding indirect collection of information: Director

Financial and Consumer Services Commission (New Brunswick)
85 Charlotte Street, Suite 300
Saint John, New Brunswick E2L 2J2
Telephone: (506) 658-3060
Toll free in Canada: 1-866-933-2222
Facsimile: (506) 658-3059
Email: info@fcnb.ca
Public official contact regarding indirect collection of information: Chief Executive Officer and Privacy Officer

Government of Newfoundland and Labrador
Financial Services Regulation Division
P.O. Box 8700
Confederation Building
2nd Floor, West Block
Prince Philip Drive
St. John's, Newfoundland and Labrador A1B 4J6
Attention: Director of Securities
Telephone: (709) 729-4189
Facsimile: (709) 729-6187
Public official contact regarding indirect collection of information: Superintendent of Securities

[Government of the Northwest Territories
Office of the Superintendent of Securities
P.O. Box 1320
Yellowknife, Northwest Territories X1A 2L9
Telephone: (867) 767-9305
Facsimile: (867) 873-0243
Public official contact regarding indirect collection of information: Superintendent of Securities]

Nova Scotia Securities Commission
Suite 400, 5251 Duke Street
Duke Tower
P.O. Box 458
Halifax, Nova Scotia B3J 2P8
Telephone: (902) 424-7768
Facsimile: (902) 424-4625
Public official contact regarding indirect collection of information: Executive Director

[Government of Nunavut
Department of Justice
Legal Registries Division
P.O. Box 1000, Station 570
1st Floor, Brown Building
Iqaluit, Nunavut X0A 0H0
Telephone: (867) 975-6590
Facsimile: (867) 975-6594
Public official contact regarding indirect collection of information: Superintendent of Securities]

Ontario Securities Commission
20 Queen Street West, 22nd Floor
Toronto, Ontario M5H 3S8
Telephone: (416) 593-8314
Toll free in Canada: 1-877-785-1555
Facsimile: (416) 593-8122
Email: exemptmarketfilings@osc.gov.on.ca
Public official contact regarding indirect collection of information: Inquiries Officer

Prince Edward Island Securities Office
95 Rochford Street, 4th Floor Shaw Building
P.O. Box 2000
Charlottetown, Prince Edward Island C1A 7N8
Telephone: (902) 368-4569
Facsimile: (902) 368-5283
Public official contact regarding indirect collection of information: Superintendent of Securities

Autorité des marchés financiers
800, Square Victoria, 22e étage
C.P. 246, Tour de la Bourse
Montréal, Québec H4Z 1G3
Telephone: (514) 395-0337 or 1-877-525-0337
Facsimile: (514) 873-6155 (For filing purposes only)
Facsimile: (514) 864-6381 (For privacy requests only)
Email: financementdessocietes@lautorite.qc.ca (For corporate finance issuers)
Public official contact regarding indirect collection of information: Corporate Secretary

Financial and Consumer Affairs Authority of Saskatchewan
Suite 601 - 1919 Saskatchewan Drive
Regina, Saskatchewan S4P 4H2
Telephone: (306) 787-5842
Facsimile: (306) 787-5899
Public official contact regarding indirect collection of information: Director

[Office of the Superintendent of Securities
Government of Yukon
Department of Community Services
307 Black Street, 1st Floor
P.O. Box 2703, C-6
Whitehorse, Yukon Y1A 2C6
Telephone: (867) 667-5466
Facsimile: (867) 393-6251
Email: securities@gov.yk.ca
Public official contact regarding indirect collection of information: Superintendent of Securities]

EXHIBIT 1 – INVESTOR PRESENTATION

(See attached.)

From:	LEE John -TREASURY
To:	Mike Manning
Cc:	WONG Leslie -LAWDIV; LADAK Lubna -TREASURY; RYFA Ken -TREASURY
Subject:	FW: EXTERNAL – Fair Hydro -- Protection Event Definition
Date:	Friday, December 01, 2017 9:09:11 AM
Attachments:	#24564826v2_TorysAtWork_ - Protection Event Definition.docx Blackline_24564826v1 - 24564826v2.pdf

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Mike:
See some thoughts from Tory's. If you believe it has some traction we should discuss how best to run this by the dealers as this has not been floated by them.
John

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: Wednesday, November 29, 2017 10:31 PM
To: LEE John -TREASURY <john.s.lee@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>
Cc: Feldman, Michael <mfeldman@torys.com>; Mansoori, Nina <nmansoori@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Ramchandani, Rima <rramchandani@torys.com>
Subject: EXTERNAL – Fair Hydro -- Protection Event Definition
*** Exercise caution. This is an EXTERNAL email. DO NOT open attachments or click links from unknown senders or unexpected email. ***

John and Les, further to our discussion earlier today about the change of law protection agreement and the rating agency/dealer/Osler request to delete the word "materially" from the change of law triggering events – attached is a revised draft of the definition of a Protection Event that removes the word materially while addressing the Province's concern that they don't want a change in some unrelated law or reg to trigger the guarantee (we just moved down some of the general change in law triggers so they only trigger the guarantee if the change actually results in the FE not having sufficient funds to pay obligations when due (so if conservation legislation was passed, that would only trigger a protection event if that law prevented the FE from collecting enough CEA amounts to pay its obligations when due).

As we mentioned on our call, if you want to float an alternative to try and bridge the gap on this point, you could send this to the Province and let them raise it with Osler/the dealers/the rating agencies in their revised draft of the change of law protection agreement as a compromise position. However, as we discussed, I think if some sort of compromise is going to be suggested, it is best coming directly from the Province.

Let us know if you have any questions.

Rima

The following files have been attached to this mail by Workshare Compare...

#24564826v2_TorysAtWork_ - Protection Event Definition.DOCX (WORDX)
Blackline_24564826v1 - 24564826v2.pdf (Adobe Acrobat File)

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com[na01.safelinks.protection.outlook.com]

TORYS LLP[na01.safelinks.protection.outlook.com]

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"Protection Event" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof; or

(ii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof;

in each case, that adversely affects (a) the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured, or (b) this Agreement or any of the agreements under which Obligations Secured arise; or

(b) (i) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is ultra vires or invalid in a way;

(ii) the Legislature enacts or amends any statute, other than the Act;

(iii) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the Legislation Act, 2006) as in effect on the date hereof, other than the regulations made under the Act; or

(iv) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Obligations Secured that have become due and payable.

"Protection Event" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof; **or**

~~(ii) the Legislature enacts or amends any other statute;~~

(~~iii~~**ii**) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; ~~or~~

in each case, that adversely affects (a) the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured, or (b) this Agreement or any of the agreements under which Obligations Secured arise; or

(b) **(i)** a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is ultra vires or **invalid in a way;**

(ii) the Legislature enacts or amends any **statute, other than the Act;**

(~~iv~~**iii**) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the Legislation Act, 2006) as in effect on the date hereof~~;~~**, other than the regulations made under the Act; or**

(~~v~~**iv**) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that ~~materially and adversely affects (a) the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured, or (b) this Agreement or any of the agreements under which Obligations Secured arise; or(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is ultra vires or invalid in a way that materially and~~ adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Obligations Secured that have become due and payable.

Document comparison by Workshare Compare on November-29-17 10:09:57 PM

Input:	
Document 1 ID	interwovenSite://INVENTORYS1/TorysAtWork/24564826/1
Description	#24564826v1<TorysAtWork> - Protection Event Definition
Document 2 ID	interwovenSite://INVENTORYS1/TorysAtWork/24564826/2
Description	#24564826v2<TorysAtWork> - Protection Event Definition
Rendering set	Firm_Standard

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

Statistics:	
	Count
Insertions	9
Deletions	8
Moved from	5
Moved to	5
Style change	0
Format changed	0
Total changes	27

From:	Mike Manning
To:	Malle Hanslep (MOF); Tobias P. Whitfield (MOF); ASHBOURNE, STEPHEN; Ken Kandeepan; Anna Strathy; Gadi Mayman; Ronald Kwan
Subject:	FW: EXTERNAL – Fair Hydro -- Protection Event Definition
Date:	Friday, December 01, 2017 9:20:19 AM
Attachments:	#24564826v2_TorysAtWork_ - Protection Event Definition.docx Blackline_24564826v1 - 24564826v2.pdf

For discussion.

Thanks, Mike

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: Friday, December 01, 2017 9:09 AM
To: Mike Manning <Mike.Manning@ofina.on.ca>
Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>
Subject: FW: EXTERNAL – Fair Hydro -- Protection Event Definition

Mike:
See some thoughts from Tory's. If you believe it has some traction we should discuss how best to run this by the dealers as this has not been floated by them.

John

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: Wednesday, November 29, 2017 10:31 PM
To: LEE John -TREASURY <john.s.lee@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>
Cc: Feldman, Michael <mfeldman@torys.com>; Mansoori, Nina <nmansoori@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Ramchandani, Rima <rramchandani@torys.com>
Subject: EXTERNAL – Fair Hydro -- Protection Event Definition

*** Exercise caution. This is an EXTERNAL email. DO NOT open attachments or click links from unknown senders or unexpected email. ***

John and Les, further to our discussion earlier today about the change of law protection agreement and the rating agency/dealer/Osler request to delete the word "materially" from the change of law triggering events – attached is a revised draft of the definition of a Protection Event that removes the word materially while addressing the Province's concern that they don't want a change in some unrelated law or reg to trigger the guarantee (we just moved down some of the general change in law triggers so they only trigger the guarantee if the change actually results in the FE not having sufficient funds to pay obligations when due (so if conservation legislation was passed, that would only trigger a protection event if that law prevented the FE from collecting enough CEA amounts to pay its obligations when due).

As we mentioned on our call, if you want to float an alternative to try and bridge the gap on this point, you could send this to the Province and let them raise it with Osler/the dealers/the rating agencies in their revised draft of the change of law protection agreement as a compromise position. However, as we discussed, I think if some sort of compromise is going to be suggested, it is best coming directly from the Province.

Let us know if you have any questions.

Rima

The following files have been attached to this mail by Workshare Compare...

#24564826v2_TorysAtWork_ - Protection Event Definition.DOCX (WORDX)
Blackline_24564826v1 - 24564826v2.pdf (Adobe Acrobat File)

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com[na01.safelinks.protection.outlook.com]

TORYS LLP[na01.safelinks.protection.outlook.com]

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"Protection Event" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof; or

(ii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof;

in each case, that adversely affects (a) the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured, or (b) this Agreement or any of the agreements under which Obligations Secured arise; or

(b) (i) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is ultra vires or invalid in a way;

(ii) the Legislature enacts or amends any statute, other than the Act;

(iii) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the Legislation Act, 2006) as in effect on the date hereof, other than the regulations made under the Act; or

(iv) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Obligations Secured that have become due and payable.

"Protection Event" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof; **or**

~~(ii) the Legislature enacts or amends any other statute;~~

(~~iii~~**ii**) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; ~~or~~

in each case, that adversely affects (a) the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured, or (b) this Agreement or any of the agreements under which Obligations Secured arise; or

(b) **(i)** a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is ultra vires or **invalid in a way;**

(ii) the Legislature enacts or amends any **statute, other than the Act;**

(~~iv~~**iii**) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the Legislation Act, 2006) as in effect on the date hereof~~;~~**, other than the regulations made under the Act; or**

(~~v~~**iv**) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that ~~materially and adversely affects (a) the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured, or (b) this Agreement or any of the agreements under which Obligations Secured arise; or(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is ultra vires or invalid in a way that materially and~~ adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Obligations Secured that have become due and payable.

Document comparison by Workshare Compare on November-29-17 10:09:57 PM

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Document 1 ID	interwovenSite://INVENTORYS1/TorysAtWork/24564826/1
Description	#24564826v1<TorysAtWork> - Protection Event Definition
Document 2 ID	interwovenSite://INVENTORYS1/TorysAtWork/24564826/2
Description	#24564826v2<TorysAtWork> - Protection Event Definition
Rendering set	Firm_Standard

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

Statistics:	
	Count
Insertions	9
Deletions	8
Moved from	5
Moved to	5
Style change	0
Format changed	0
Total changes	27

From:	LEE John -TREASURY
To:	Ken Kandeepan
Cc:	Mike Manning
Subject:	FW: EXTERNAL – Fair Hydro Plan Financing Program
Date:	Wednesday, December 13, 2017 8:38:25 AM
Attachments:	Change of Law Protection Agreement.docx Blackline__Change of Law Protection Agreement.pdf

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Ken:
Confirming that the Protection Agreement has been sent by separate emails to each respective Rating Agency.
Process agreement hopefully can get signoff this morning.
John

From: Taylor, Brent R [mailto:brent.r.taylor@rbccm.com]
Sent: Tuesday, December 12, 2017 6:18 PM
To: Richard.Hunt@moodys.com; Andrew.Butville@moodys.com; Simba.Murahwi@moodys.com; Aliya.Ehmar@moodys.com; Zulaikha.Khurram@moodys.com; Harry.Hendrix@moodys.com; Gavin.Macfarlane@moodys.com
Cc: Benaiah, Ian <ian.benaiah@rbccm.com>; Khan, Nur <nur.khan@rbccm.com>; Donnie Persaud (Donnie.Persaud@cibc.com) (Donnie.Persaud@cibc.com) <Donnie.Persaud@cibc.com>; andrew.maciel@cibc.com; sunil.adalja@cibc.com; Katrina Niehaus (Katrina.Niehaus@gs.com) (Katrina.Niehaus@gs.com) <Katrina.Niehaus@gs.com>; Delaney, Brian (Brian.Delaney@gs.com) <Brian.Delaney@gs.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; LEE John -TREASURY <john.s.lee@opg.com>
Subject: EXTERNAL – Fair Hydro Plan Financing Program
*** Exercise caution. This is an EXTERNAL email. DO NOT open attachments or click links from unknown senders or unexpected email. ***

Moody's Team,
In connection with the Fair Hydro Plan Financing Program please find attached;
Change of Law Protection Agreement – Clean / Blackline to December 4
Please let us know if you have any questions
Brent R Taylor | Analyst, Securitization Finance | **RBC Capital Markets** | 200 Bay Street, 2nd Floor, Toronto, ON M5J 2W7 | T. 416-842-7284 | C. 647-632-6169 | brent.r.taylor@rbccm.com

---

From: Taylor, Brent R
Sent: December 6, 17 5:03 PM
To: Richard.Hunt@moodys.com; Andrew.Butville@moodys.com; 'Simba.Murahwi@moodys.com'; 'Aliya.Ehmar@moodys.com'; 'Zulaikha.Khurram@moodys.com'; 'Harry.Hendrix@moodys.com'; 'Gavin.Macfarlane@moodys.com'
Cc: Benaiah, Ian; Khan, Nur; Donnie Persaud (Donnie.Persaud@cibc.com) (Donnie.Persaud@cibc.com); 'andrew.maciel@cibc.com'; 'sunil.adalja@cibc.com'; Katrina Niehaus (Katrina.Niehaus@gs.com) (Katrina.Niehaus@gs.com); Delaney, Brian (Brian.Delaney@gs.com); RYFA Ken -TREASURY (ken.ryfa@opg.com); LEE John -TREASURY (john.s.lee@opg.com)
Subject: Fair Hydro Plan Financing Program
Moody's Team,
In connection with the Fair Hydro Plan Financing Program please find the below documents attached:

- Warehouse Subordinated Supplemental Indenture – Clean / Blackline to the Warehouse Senior Supplemental Indenture
- Warehouse Junior Subordinated Supplemental Indenture– Clean/ Blackline to the Warehouse Subordinated Supplemental Indenture
- Term Subordinated Supplemental Indenture – Clean/ Blackline to the Term Senior Supplemental Indenture

'erm Junior Subordinated Supplemental Indenture– Clean/ Blackline to the Term Subordinated Supplemental Indenture

<< File: Warehouse Subordinated Supplemental Indenture.DOCX >> << File: Warehouse Junior Subordinated Supplemental Indenture.DOCX >> << File: Blackline_Warehouse Subordinated Supplemental Indenture.pdf >> << File: Term Subordinated Supplemental Indenture.DOCX >> << File: Blackline_Term Junior Subordinated Supplemental Indenture.pdf >> << File: Blackline_Term Subordinated Supplemental Indenture.pdf >> << File: Term Junior Subordinated Supplemental Indenture.DOCX >> << File: Blackline_Warehouse Junior Subordinated Supplemental Indenture.pdf >>

We hope you will find these documents helpful in your analysis.

Brent R Taylor | Analyst, Securitization Finance | **RBC Capital Markets** | 200 Bay Street, 2nd Floor, Toronto, ON M5J 2W7 | T. 416-842-7284 | C. 647-632-6169 | brent.r.taylor@rbccm.com

---

From: Taylor, Brent R
Sent: December 5, 17 3:37 PM
To: Richard.Hunt@moodys.com; Andrew.Butville@moodys.com; 'Simba.Murahwi@moodys.com'; 'Aliya.Ehmar@moodys.com'; 'Zulaikha.Khurram@moodys.com'; 'Harry.Hendrix@moodys.com'; 'Gavin.Macfarlane@moodys.com'
Cc: Benaiah, Ian; Khan, Nur; Donnie Persaud (Donnie.Persaud@cibc.com) (Donnie.Persaud@cibc.com); 'andrew.maciel@cibc.com'; 'sunil.adalja@cibc.com'; Katrina Niehaus (Katrina.Niehaus@gs.com) (Katrina.Niehaus@gs.com); Delaney, Brian (Brian.Delaney@gs.com); RYFA Ken -TREASURY (ken.ryfa@opg.com); LEE John -TREASURY (john.s.lee@opg.com)
Subject: Fair Hydro Plan Financing Program

Moody's Team,

Attached is a December 5 draft of Change of Law Protection Agreement. This draft was provided by the Province and has not been commented on by OPG or the Dealers. The Dealers and OPG do expect to have comments.

You will note that there is a new Section 2.01(a)(iv)(D). This new Section only applies in the situation where all Approved Obligations (that is, obligations with the benefit of the Protection Agreement) have been repaid in full and there are still subrogation amounts owing to the Province. As we don't expect there will be any rated debt issued that is not an Approved Obligation, we don't think these provisions should be of significant concern to the rating agencies.

You will also note that the provisions allowing for the province to assume the obligations of Fair Hydro Trust have been dropped. The implementation of this proposal had a number of challenges so the decision was made to abandon it. As it was at the option of the Province and not a right of the noteholders, we do not consider this adverse.

Please let us know if you have any questions

<< File: Change of Law Protection Agreement.DOCX >> << File: Blackline_Change of Law Protection Agreement.pdf >>

Brent R Taylor | Analyst, Securitization Finance | **RBC Capital Markets** | 200 Bay Street, 2nd Floor, Toronto, ON M5J 2W7 | T. 416-842-7284 | C. 647-632-6169 | brent.r.taylor@rbccm.com

---

From: Taylor, Brent R
Sent: December 4, 17 4:07 PM
To: Richard.Hunt@moodys.com; Andrew.Butville@moodys.com; 'Simba.Murahwi@moodys.com'; 'Aliya.Ehmar@moodys.com'; 'Zulaikha.Khurram@moodys.com'; 'Harry.Hendrix@moodys.com'; 'Gavin.Macfarlane@moodys.com'
Cc: Benaiah, Ian; Khan, Nur; Donnie Persaud (Donnie.Persaud@cibc.com) (Donnie.Persaud@cibc.com); 'andrew.maciel@cibc.com'; 'sunil.adalja@cibc.com'; Katrina Niehaus (Katrina.Niehaus@gs.com) (Katrina.Niehaus@gs.com); Delaney, Brian (Brian.Delaney@gs.com); RYFA Ken -TREASURY (ken.ryfa@opg.com); LEE John -TREASURY (john.s.lee@opg.com)

Subject: Fair Hydro Plan Financing Program

Moody's Team,

In connection with the Fair Hydro Plan Financing Program please find the below documents attached:

Master Trust Indenture – Clean / Blackline to November 7

Senior Term Supplement – Clean/ Blackline to November 15

Senior Warehouse Supplement – Clean/ Blackline to November 15

<< File: Blackline_Master Trust Indenture.pdf >> << File: Blackline_Senior Term Supplement.pdf >> << File: Blackline_Senior Warehouse Supplement.pdf >> << File: Master Trust Indenture.docx >> << File: Senior Term Supplement.docx >> << File: Senior Warehouse Supplement.docx >>

We hope you will find these documents helpful in your analysis.

Brent R Taylor | Analyst, Securitization Finance | **RBC Capital Markets** | 200 Bay Street, 2nd Floor, Toronto, ON M5J 2W7 | T. 416-842-7284 | C. 647-632-6169 | brent.r.taylor@rbccm.com

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From: Taylor, Brent R
Sent: December 1, 17 6:40 PM
To: Richard.Hunt@moodys.com; Andrew.Butville@moodys.com; 'Simba.Murahwi@moodys.com'; 'Aliya.Ehmar@moodys.com'; 'Zulaikha.Khurram@moodys.com'; 'Harry.Hendrix@moodys.com'; 'Gavin.Macfarlane@moodys.com'
Cc: Benaiah, Ian; Khan, Nur; Donnie Persaud (Donnie.Persaud@cibc.com) (Donnie.Persaud@cibc.com); 'andrew.maciel@cibc.com'; 'sunil.adalja@cibc.com'; Katrina Niehaus (Katrina.Niehaus@gs.com) (Katrina.Niehaus@gs.com); Delaney, Brian (Brian.Delaney@gs.com); RYFA Ken -TREASURY (ken.ryfa@opg.com); LEE John -TREASURY (john.s.lee@opg.com)
Subject: Fair Hydro Plan Financing Program

Moody's Team,

In connection with the Fair Hydro Plan Financing Program please find the below documents attached:

OPG Indemnity Agreement

IESO Acknowledgement and Indemnity Agreement

Declaration of Trust - Clean / Blackline to October 12

Management Agreement - Clean / Blackline to October 12

IESO Security Agreement - Clean / Blackline to November 7

Master Transfer and Servicing Agreement - Clean / Blackline to November 7

<< File: Blackline - Declaration of Trust.pdf >> << File: Blackline - IESO Security Agreement.pdf >> << File: Blackline - Management Agreement.pdf >> << File: Blackline - Master Transfer and Servicing Agreement.pdf >> << File: Declaration of Trust.docx >> << File: IESO Acknowledgement and Indemnity Agreement.DOC >> << File: IESO Security Agreement.DOCX >> << File: Management Agreement.DOCX >> << File: Master Transfer and Servicing Agreement.DOCX >> << File: OPG Indemnity Agreement.DOC >>

We are expecting to send the revised Master Trust Indenture and Senior Warehouse Supplement early next week.

As always, please let us know if you have any questions.

Brent R Taylor | Analyst, Securitization Finance | **RBC Capital Markets** | 200 Bay Street, 2nd Floor, Toronto, ON M5J 2W7 | T. 416-842-7284 | C. 647-632-6169 | brent.r.taylor@rbccm.com

---

From: Taylor, Brent R
Sent: November 22, 17 9:56 AM
To: Richard.Hunt@moodys.com; Andrew.Butville@moodys.com; 'Simba.Murahwi@moodys.com'; 'Aliya.Ehmar@moodys.com'; 'Zulaikha.Khurram@moodys.com'; 'Harry.Hendrix@moodys.com'; 'Gavin.Macfarlane@moodys.com'
Cc: Benaiah, Ian; Khan, Nur; Donnie Persaud (Donnie.Persaud@cibc.com) (Donnie.Persaud@cibc.com); 'andrew.maciel@cibc.com'; 'sunil.adalja@cibc.com'; Katrina Niehaus (Katrina.Niehaus@gs.com) (Katrina.Niehaus@gs.com); Delaney, Brian (Brian.Delaney@gs.com); RYFA Ken -TREASURY (ken.ryfa@opg.com); LEE John -TREASURY (john.s.lee@opg.com)

Subject: Fair Hydro Program: Change of Law Protection Agreement

Moody's Team,

In connection with the Fair Hydro Program please find attached;

:hange of Law Protection Agreement

We hope you will find this document helpful in your analysis.

<< File: Change of Law Protection Agreement.docx >>

Brent R Taylor | Analyst, Securitization Finance | **RBC Capital Markets** | 200 Bay Street, 2nd Floor, Toronto, ON M5J 2W7 | T. 416-842-7284 | C. 647-632-6169 | brent.r.taylor@rbccm.com

---

From: Taylor, Brent R
Sent: November 19, 17 2:12 PM
To: Richard.Hunt@moodys.com; Andrew.Butville@moodys.com; 'Simba.Murahwi@moodys.com'; 'Aliya.Ehmar@moodys.com'; 'Zulaikha.Khurram@moodys.com'; 'Harry.Hendrix@moodys.com'; 'Gavin.Macfarlane@moodys.com'
Cc: Benaiah, Ian; Khan, Nur; Donnie Persaud (Donnie.Persaud@cibc.com) (Donnie.Persaud@cibc.com); 'andrew.maciel@cibc.com'; 'sunil.adalja@cibc.com'; Katrina Niehaus (Katrina.Niehaus@gs.com) (Katrina.Niehaus@gs.com); Delaney, Brian (Brian.Delaney@gs.com); RYFA Ken -TREASURY (ken.ryfa@opg.com); LEE John -TREASURY (john.s.lee@opg.com)
Subject: Fair Hydro Preliminary Draft Offering Memorandum

Moody's Team,

We have attached a preliminary draft of the Offering Memorandum. Typically we would not share the current form of the OM at this early stage, but we ⍰Žthink it may help to advance your process by offering a high-level summary of the market, roles of the various participants and structure. It is worth noting that the OM is not synchronized with the most recent versions of the underlying documents.

As always, please let us know if you have any questions.

<< File: _Fair Hydro Trust - Preliminary Confidential Offering Memorandum.docx >>

Brent R Taylor | Analyst, Securitization Finance | **RBC Capital Markets** | 200 Bay Street, 2nd Floor, Toronto, ON M5J 2W7 | T. 416-842-7284 | C. 647-632-6169 | brent.r.taylor@rbccm.com

---

From: Taylor, Brent R
Sent: November 16, 17 9:45 AM
To: Richard.Hunt@moodys.com; Andrew.Butville@moodys.com; 'Simba.Murahwi@moodys.com'; 'Aliya.Ehmar@moodys.com'; 'Zulaikha.Khurram@moodys.com'; 'Harry.Hendrix@moodys.com'; 'Gavin.Macfarlane@moodys.com'
Cc: Benaiah, Ian; Khan, Nur; Donnie Persaud (Donnie.Persaud@cibc.com) (Donnie.Persaud@cibc.com); 'andrew.maciel@cibc.com'; 'sunil.adalja@cibc.com'; Katrina Niehaus (Katrina.Niehaus@gs.com) (Katrina.Niehaus@gs.com); Delaney, Brian (Brian.Delaney@gs.com); RYFA Ken -TREASURY (ken.ryfa@opg.com); LEE John -TREASURY (john.s.lee@opg.com)
Subject: RE: Fair Hydro Draft Agreements

Moody's Team,

In connection with the Fair Hydro Program please find attached;

enior Term Supplement - Nov 15

enior Warehouse Supplement - Nov 15

We hope you will find these documents helpful in your analysis. Additionally, we are happy to discuss any follow-up requests you may have regarding the financial model.

<< File: Senior Term Supplement - Nov 15.DOC >> << File: Senior Warehouse Supplement - Nov 15.DOCX >>

Brent R Taylor | Analyst, Securitization Finance | **RBC Capital Markets** | 200 Bay Street, 2nd Floor, Toronto, ON M5J 2W7 | T. 416-842-7284 | C. 647-632-6169 | brent.r.taylor@rbccm.com

---

From: Taylor, Brent R
Sent: November 7, 17 3:12 PM
To: Richard.Hunt@moodys.com; Andrew.Butville@moodys.com; 'Simba.Murahwi@moodys.com'; 'Aliya.Ehmar@moodys.com'; 'Zulaikha.Khurram@moodys.com'; 'Harry.Hendrix@moodys.com';

'Gavin.Macfarlane@moodys.com'
Cc: Benaiah, Ian; Khan, Nur; Donnie Persaud (Donnie.Persaud@cibc.com) (Donnie.Persaud@cibc.com); 'andrew.maciel@cibc.com'; 'sunil.adalja@cibc.com'; Katrina Niehaus (Katrina.Niehaus@gs.com) (Katrina.Niehaus@gs.com); Delaney, Brian (Brian.Delaney@gs.com); RYFA Ken -TREASURY (ken.ryfa@opg.com); LEE John -TREASURY (john.s.lee@opg.com)
Subject: Fair Hydro Draft Agreements

Moody's Team,

In connection with the Fair Hydro Program please find attached;

Master Trust Indenture (November 7th Rating Agency Draft)
MTSA (November 7th Rating Agency Draft)
IESO Security Agreement (November 7th Rating Agency Draft)

We hope you will find these documents helpful in your analysis. We will organize a call tomorrow to discuss next steps.

<< File: MTSA (November 7th Rating Agency Draft).DOCX >> << File: IESO Security Agreement (November 7th Rating Agency Draft).DOCX >> << File: Master Trust Indenture (November 7th Rating Agency Draft).DOCX >>

Regards,

Brent R Taylor | Analyst, Securitization Finance | **RBC Capital Markets** | 200 Bay Street, 2nd Floor, Toronto, ON M5J 2W7 | T. 416-842-7284 | C. 647-632-6169 | brent.r.taylor@rbccm.com

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From: Taylor, Brent R
Sent: October 13, 17 6:23 PM
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Cc: Benaiah, Ian; Khan, Nur; Donnie Persaud (Donnie.Persaud@cibc.com) (Donnie.Persaud@cibc.com); 'andrew.maciel@cibc.com'; 'sunil.adalja@cibc.com'; Katrina Niehaus (Katrina.Niehaus@gs.com) (Katrina.Niehaus@gs.com); Delaney, Brian (Brian.Delaney@gs.com); RYFA Ken -TREASURY (ken.ryfa@opg.com); LEE John -TREASURY (john.s.lee@opg.com)
Subject: Fair Hydro Materials

Moody's Team,

Further to our kick-off meeting on October 3rd, I have attached a comprehensive presentation which contains information about the Ontario Electricity Market, Transaction Overview, Key Agreements and other information that we hope you will find helpful in your understanding and analysis.

In addition I have attached drafts of the Declaration of Trust and Management Agreement. The Declaration of Trust establishes a trust for the purpose of carrying on the activities of a financing entity as defined in the Ontario Fair Hydro Act, 2017. The Management Agreement delegates to OPG all powers and duties of managing the financing entity.

Please let us know if you would like us to arrange a call to walk you through these materials and provide context. Alternatively as you are going through the materials please reach-out with any questions you have.

<< File: Fair Hydro Plan Financing Program 2017-10-13.pdf >> << File: Fair Hydro - Management Agreement (DRAFT).pdf >> << File: Fair Hydro - Declaration of Trust (DRAFT).pdf >>

Regards,

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Draft: December 12, 2017

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust organized under the laws of the Province of Ontario (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council 1981/2017 (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Primary Obligations that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred. This Agreement sets out the terms and conditions of such protections and assurances.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A, and any other capitalized terms not defined herein shall have the meanings assigned to them in the Trust Indenture;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 Proof of Approved Obligations

The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Manager deems to be sufficient.

Each statement delivered by the Manager under Section 2.01(a)i shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and each of the parties hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Manager shall act diligently in the preparation of each such statement and shall provide the Indenture Trustee and the Province with all supporting computations and calculations used by the Manager to prepare each such statement promptly following a request therefor made by the Indenture Trustee or the Province.

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture as of the date of this Agreement.

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 2.01 or Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee, the Financing Entity, the Financing Entity Trustee, the Manager or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one

and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee may deliver a written demand, substantially in the form attached as **[Exhibit A]** (a "**Payment Demand**"), to the Province requiring the Province to make payments in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in this Agreement. From and after such delivery of a Payment Demand, the Province shall make the following payments in respect of the Approved Obligations (the "**Limited Guarantee**"), the Financing Entity shall pay, and the Province shall be entitled to be paid, the Subrogation Amounts specified below, and the following terms shall apply:

i. Not less than three (3) Business Days prior to each day when any payment or payments are to be made in respect of one or more Approved Obligations occurring after such delivery of a Payment Demand (each such day, a "**Guarantee Payment Date**"), the Manager shall deliver a written statement setting forth the Aggregate Approved Obligations Amount, if any, in respect of the Approved Obligations that are due and payable on such Guarantee Payment Date, together with a detailed description identifying such Approved Obligations and the nature and amount of payments due and payable thereunder on the Guarantee Payment Date, the aggregate outstanding amount payable by the Financing Entity under such Approved Obligations as of the date of such written statement, and details regarding any default in performance by any party obligated thereunder.

ii. On each such Guarantee Payment Date, the Province shall deposit the Aggregate Approved Obligations Amount into the Protection Account.

iii. On each such Guarantee Payment Date, the Financing Entity and the Indenture Trustee shall ensure that the amounts on deposit in the Protection Account are applied to pay each Beneficiary to whom an amount is due and payable under an Approved Obligation on the Guarantee Payment Date the Approved Obligation Amount for such Beneficiary in respect of such Approved Obligation on such Guarantee Payment Date; provided that if the amount deposited pursuant to clause 2.01(a)ii is insufficient to pay all such Approved Obligation Amounts in full, the amount on deposit in the Protection Account on the Guarantee Payment Date shall be applied to pay Beneficiaries in the order of priority in which such Approved Obligations are payable under the payment provisions of the Trust Indenture applicable to the making of such payments on the Guarantee Payment Date (each, a "**Beneficiary Payee**"

and each payment made to a Beneficiary Payee on a Guarantee Payment Date, a "**Guarantee Payment**").

iv. On the first Guarantee Payment Date and on each subsequent Guarantee Payment Date, Payment Date or other day on which any amount is required to be paid in respect of any Obligations Secured under the Trust Indenture (a "**Subrogation Payment Date**"), the Issuer and the Indenture Trustee shall ensure that the applicable payment provisions of the Trust Indenture shall be applied and operate on the following basis:

(A) If such day is a Guarantee Payment Date, then for each Approved Obligation for which amounts are paid to a Beneficiary Payee on such day pursuant to clause 2.01(a)iii in respect of principal, interest or any other amounts ("**Payable Approved Amounts**"), the amounts payable by the Financing Entity in respect of such amounts for such Approved Obligation shall be reduced by the respective amounts of such payments to the Beneficiary Payee, and equivalent amounts shall be payable by the Financing Entity to the Province as "**Subrogation Amounts**" in respect of such Approved Obligations, such Subrogation Amounts being payable in the same order of priority and with the same entitlements accruing to the Province as applied in respect of the related Payable Approved Amounts which were previously owing to the Beneficiary Payee, and to reflect this subrogation the payments set out in clause 2.01(a)iv(B) below shall be made by the Financing Entity.

(B) If the Province has made all deposits required to be made by it on each Guarantee Payment Date occurring on or before such day in accordance with clause 2.01(a)ii (or the related Approved Obligation Amounts have otherwise all been paid in full), then in respect of each Approved Obligation for which any related Subrogation Amounts have not yet been paid in full to the Province, the Financing Entity shall pay to the Province from amounts available under the Trust Indenture payment provisions and in accordance with the priority of payment provisions in the Trust Indenture the amount that would be payable on such date in satisfaction of the relevant Payable Approved Amounts, as determined without regard to any Guarantee Payment paid on any Guarantee Payment Date and also without regard to the corresponding reduction of the amounts owing to present and former Beneficiary

Payees pursuant to subclause 2.01(a)iv(A) up to the amount of the unpaid related Subrogation Amounts.

(C) No Beneficiary having a right to be paid an amount in respect of an Approved Obligation, and no other Person entitled under an Obligation Secured, in each case that ranks equal with or subordinate to the Payable Approved Amount in respect of which a Subrogation Amount is payable to the Province under subclause 2.01(a)iv(B), shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under such subclause (including any right of set-off, offset, reimbursement, contribution or indemnity) and no such Beneficiary or other Person shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of any such Subrogation Amount.

(D) For greater certainty, the entitlements of the Province in respect of Subrogation Amounts arising in respect of Payable Approved Obligations that are interest and principal obligations on Notes shall be treated for all purposes of the Trust Indenture as interest and principal obligations, respectively, arising under Notes having the same priority as and any applicable voting rights under the related Approved Obligations, and accordingly the Province (and any successor, assignee or transferee of such entitlements) shall be entitled to all of the rights, entitlements, interests and privileges of a Holder of such a Notes in accordance with the Trust Indenture, as supplemented by the Supplemental Indenture or other indenture document under which the related Approved Obligations were issued.

(b) On each Guarantee Payment Date and upon demand by the Province, the Indenture Trustee shall release and pay to the Province free and clear of any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay Guarantee Payments to Beneficiary Payees on the Guarantee Payment Date in accordance with clause 2.01(a)iii or that otherwise remains on deposit in the Protection Account on the relevant date.

(c) In preparing any payment instructions under the Trust Indenture, the Manager shall reflect the amounts payable under Section 2.01(a), if applicable.

(d) The Province shall, as a payee of Subrogation Amounts under clause 2.01(a)iv(B) and as a payee of any amounts payable under clause 2.01(b), be a “Specified

Creditor" under the Trust Indenture and have the benefit of the Collateral thereunder.

(e) For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the Approved Obligation Amounts, if any, for payment to Beneficiary Payees and will be subject to the priorities and to the Province's rights to Subrogation Amounts, set forth in Section 2.01(a).

(f) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(g) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation by their terms.

(h) Any amount payable to the Province in respect of a Subrogation Amount shall bear interest from and including the date of payment by the Province of the related Guarantee Payment to but excluding the date of payment of the Subrogation Amount to the Province, such interest to accrue at the rate equivalent to the applicable interest rate borne by the related Approved Obligation, and such interest amounts shall be added to their respective Subrogated Amounts and shall consequently be payable in the same priority as the relevant Subrogated Amount under clause 2.01(a)iv(B), all such accruing interest amounts to be calculated and added to the Subrogation Amounts by the Manager in its discretion acting in a commercially reasonable fashion.

(i) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under and in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any amount due and payable to a Beneficiary Payee under the Limited Guarantee.

2.02 Intentionally Deleted.

2.03 <u>Absence of Set-off</u>

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required

in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 Payment into Protection Account in Satisfaction

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account" for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section **[7.03]** of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Financing Entity and the Indenture Trustee shall ensure that all amounts paid by the Province into the Protection Account on a Guarantee Payment Date in respect of an Approved Obligation are applied to pay the amounts due and payable to the Beneficiary Payee as and to the extent provided for in Section 2.01(a). Upon a payment having been made by or on behalf of the Province into the Protection Account, the amounts so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiary Payee as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such Beneficiary Payee in respect of the applicable Approved Obligations, whereupon an affected Beneficiary Payee shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid. For greater certainty, the obligations arising in respect of an applicable Approved Obligation shall not be reduced by such payment as the Province shall become entitled to be paid related Subrogation Amounts and the rights contemplated under Section 2.01(a) and Section 5.01 in relation to such continuing obligations.

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations in accordance with Section 8.01.

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

Except in respect of any Primary Obligation to which the Limited Guarantee will not apply on or after a Suspension Notice is delivered in accordance with Section 7.02, a Primary Obligation that is not a Certified Primary Obligation shall be an Approved Obligation. A Certified Primary Obligation shall constitute an Approved Obligation if (i) the Adherence

Conditions applicable thereto have been satisfied at the time the Primary Obligation was incurred or (ii) the Province, in its sole discretion, designates in writing that it is an Approved Obligation.

4.02 <u>Adherence Conditions</u>

(a) The following shall be the Adherence Conditions applicable in relation to each Certified Primary Obligation:

i. the Certified Primary Obligation when incurred is an Obligation Secured under the Trust Indenture; and

ii. OPG, as FSM, delivers an Adherence Compliance Certificate in the form attached hereto as Exhibit B signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee, on or before the incurrence of the Certified Primary Obligation (provided that delivery may not be more than 5 Business Days before the incurrence of the Certified Primary Obligation); and

iii. the Province has not provided a Suspension Notice to the Indenture Trustee, OPG and the Financing Entity.

(b) Without limiting any obligations of OPG to the Province arising other than pursuant to this Agreement, satisfaction of the Adherence Conditions for a Certified Primary Obligation shall be deemed satisfaction of the Adherence Conditions in respect of all principal, interest and other amounts owing under the Certified Primary Obligation, as such Certified Primary Obligation may be amended, restated, supplemented or modified from time to time.

(c) For greater certainty, there shall be no Adherence Conditions applicable in relation to a Primary Obligation that is not a Certified Primary Obligation.

4.03 <u>Evidence of Satisfaction</u>

An Adherence Compliance Certificate delivered in accordance with clause 4.02(a)ii shall be determinative as to whether the applicable Adherence Condition with respect thereto has been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same. An Adherence Compliance Certificate that purports on its face to be signed by officers specified in clause 4.02(a)ii may be relied upon by any addressee without further enquiry or evidence as to the incumbency or signatures of such officers. If an Adherence Compliance Certificate is not delivered in accordance with the timing requirements of clause 4.02(a)ii such certificate may be delivered at a later date, and be effective as if it had been delivered in accordance with the timing requirement of clause 4.02(a)ii if at the time such certificate was otherwise required to be delivered OPG had delivered to the Province

all certifications required by the Province in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation.

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, and shall be entitled to (i) the right and entitlement to be paid and receive the related Subrogation Amounts, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including Sections **[7.04]** through **[7.11]** and **[8.13]** (Payment Priorities), Section **[7.12]** (Payments Held in Trust), Section **[8.11]** (Control by Controlling Class Creditors), Section **[8.12]** (Limitation on Suits), Section **[8.14]** (Limited Recourse), Article IX (The Indenture Trustee), including all limitations of liability thereunder, Section **[9.14]** (Communications to Specified Creditors) and Section **[16.01]** (No Petition); (ii) consents, requests and authorizes the Issuer

and the Indenture Trustee to (x) add the Province to the register of Specified Creditors described in subsection **[13.13(b)]** of the Trust Indenture and (y) disseminate the notice details of the Province to other Specified Creditors for the purposes set out in subsection **[9.14(b)]** of the Trust Indenture, and (iii) confirms that it will execute and deliver, or cause to be executed and delivered, all such further agreements, documents and instruments in connection with this Section 5.01 as the Indenture Trustee may request from time to time for the purpose of giving effect to the terms of this Section 5.01.

5.02 Priorities

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation and the Payable Approved Amounts thereunder shall rank equally with the rights, interests and entitlements of a Beneficiary to whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture in the manner and to the extent contemplated in Section **[7.10]** of the Trust Indenture.

5.03 Intentionally Deleted

5.04 Representations and Warranties

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
INDENTURE TRUSTEE MATTERS

6.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing

Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

6.02 Not Responsible for Recitals

The recitals contained herein will be taken as the statements of the Province, the Financing Entity and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

6.03 Representations and Covenants of the Indenture Trustee

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Agreement and has taken all necessary action to authorize the execution, delivery and performance by it of this Agreement;

(c) this Agreement has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada. If, notwithstanding the provisions of this subsection 6.03(d), the Indenture Trustee ceases to be so authorized to carry on business, the validity and enforceability of this Agreement shall not be affected in any manner whatsoever by reason only of such event.

ARTICLE VII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

7.01 Suspension Notice

Upon:

(a) a Program Breach;

(b) a default in the performance, or breach, of any covenants of OPG, as FSM, or OPG, in its corporate capacity, in each case to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligation and the expiration of any applicable cure period;

(c) a representation or warranty made by OPG or a certification made by one or more officers of OPG, in each case whether as FSM or in its corporate capacity, to the Province in connection with its obligations to the Province and its internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligations, proves to be incorrect in any material respect on the date made and the expiration of any applicable cure period; or

(d) the FSM no longer being the Manager or actions having been taken by or on behalf of the Indenture Trustee to remove the FSM as the Manager;

the Province may deliver a written notice in the form of Exhibit C (a "**Suspension Notice**") to the Indenture Trustee, the FSM and the Financing Entity.

7.02 Suspension

If a Suspension Notice has been provided under Section 7.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of: (i) any Primary Obligation incurred, excluding Post-Suspension Refinancings, or (ii) any amendment of any Primary Obligation that has a Material Effect, unless otherwise agreed to by the Province, in each case, on or after the time such Suspension Notice is delivered.

7.03 Additional Right of the Province Regarding Post-Suspension Refinancings

Following the occurrence of a Suspension Event, the Limited Guarantee shall continue to apply in respect of any Post-Suspension Refinancing (for greater certainty, without regard to the satisfaction of any Adherence Conditions); provided that prior to the Financing Entity incurring any Primary Obligation constituting a Post-Suspension Refinancing, the Manager shall provide the Province with at least 30 days' notice of its intention to seek a Post-Suspension Refinancing and prior to incurrence, which notice shall describe the material covenants, events of default, representations and warranties and indemnities of the Financing Entity and other material terms, excluding financial terms, rates and levels, and that shall be in respect of the full amount of the amount becoming due and payable in respect of the applicable Primary Obligation less amounts otherwise available to the Financing Entity from other available or committed sources (the "**Proposal**"), and during such 30 day period the Province may, but is not obligated to, offer to fund such Post-Suspension Refinancing or arrange for another Person to fund such Post-Suspension Refinancing on the same terms as set out in the Proposal or on such other terms as may be considered by the Province to be not more onerous on the Financing Entity and that are acceptable on that basis to the Financing Entity, acting reasonably. If, within such 30-day period, the Province elects to offer to fund such Post-Suspension Refinancing as provided in the preceding sentence, the Manager shall accept such offer; however, if the Province does not elect to offer to fund such Post-Suspension Refinancing, the Manager shall cause the Financing Entity to incur Primary Obligations constituting such a Post-Suspension Refinancing on substantially the same terms (excluding, for greater certainty, any financial terms, rates or levels) as those set out in the Proposal if the Post-Suspension Refinancing can be completed by the Financing Entity

in compliance with the Act, or on such other terms as would not have a Material Effect, without taking into account any financial terms, rates or levels.

7.04 No Impact on Adherence

For greater certainty, the occurrence of a Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event or in respect of any Post-Suspension Refinancing.

ARTICLE VIII
MISCELLANEOUS

8.01 Term of Agreement

This Agreement will continue until the later of: (a) the date that no amount is or may become due and payable by the Province under the Limited Guarantee and (b) the date that no amount is or may become due and payable to the Province in respect of any Subrogation Amount.

8.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: Manager, Corporate Trust
Fax: (416) 981-9777
Email: corporatetrust.toronto@computershare.com

(b) if to the FSM:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

(c) if to the Province:

Minister of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Minister of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

With copies to:

Deputy Minister of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Deputy Minister of Energy
[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 8.02.

8.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section 8.03 shall be null and void.

8.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

8.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

8.07 Notice to Rating Agencies

OPG, as FSM, shall deliver prompt written notice to the Rating Agencies of the occurrence of (i) a Protection Event; (ii) receipt of a Suspension Notice delivered by the Province pursuant to Section 7.01; and (iii) an assignment of this Agreement by any party pursuant to Section 8.03.

8.08 Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their benefits hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

8.09 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, IN ITS CAPACITY AS TRUSTEE OF FAIR HYDRO TRUST, AS ISSUER, BY ONTARIO POWER GENERATION INC., NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration of a funding obligation" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Compliance Certificate**" means a certificate in the form attached hereto as Exhibit B delivered by the FSM in accordance with Section 4.02(a)ii.

"**Adherence Conditions**", means, in respect of a Certified Primary Obligation, the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of a Guarantee Payment Date, the aggregate of the Approved Obligation Amounts for such Guarantee Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, for a Beneficiary in respect of an Approved Obligation under which an amount is due and payable on a Guarantee Payment Date:

(a) if no Acceleration has occurred in respect of any Obligation Secured on or before the Guarantee Payment Date, the amount due and payable to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation (for greater certainty, determined on the assumption that there are adequate amounts available under the applicable payment provisions of the Trust Indenture to pay in full all amounts referred to in such payment provisions that are due and payable on the Guarantee Payment Date); and

(b) if an Acceleration has occurred in respect of any Obligations Secured on or before the Guarantee Payment Date, the amount that would be available to be paid to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation under the applicable payment provisions of the Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with such applicable payment provisions of the Trust Indenture in respect of each relevant month during each Reference Period is equal to the estimated Finance Amount determined in respect of such Reference Period for purposes of section 15(1) of the Act (in effect on the date hereof), including section 6.1 of the General Regulation (in effect on the date hereof), divided by the number of months in such Reference Period.

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Beneficiary Payee**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Certified Primary Obligations**" means Primary Obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest, including any Refinancing, other than a Post-Suspension Refinancing or a Pre-Approved Refinancing, of such a Primary Obligation (for greater certainty, including, in the case of any Certified Primary Obligation permitting funding transactions pursuant to a Funding Obligation Agreement applicable to the Certified Primary Obligation, each individual borrowing or funding utilization thereunder), (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not any individual trade confirmation other than a trade confirmation that modifies or purports to override the express terms or conditions of the related Master Agreement, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and expected (as determined by the Manager, acting reasonably) aggregate payments by the Financing Entity thereunder during the term of such contract are or would be in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).

"**Change of Law Protection Agreement**" means this Agreement.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Executive Officer**" has the meaning ascribed to the term "executive officer" in National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators.

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the first paragraph of this Agreement until a successor Financing Entity Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and the Declaration of Trust, and thereafter "Financing Entity Trustee" means and includes such Person.

"**Financing Plan**" has the meaning ascribed to the term "Financing Plan" in the Act as of the date of this Agreement.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Guarantee Payment**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Guarantee Payment Date**" has the meaning ascribed thereto in Section 2.01(a)i.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**Holder**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Liens**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(a).

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity, as amended, supplemented, restated or otherwise modified from time to time.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Agreement**" means an agreement in the form of a Master Agreement as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, as amended, supplemented, restated or otherwise modified from time to time.

["**Material Effect**" means a material effect on the obligations (including as a result of a change in the nature, scope or extent of the Primary Obligation and the effect on the Province's obligations therefor under the Limited Guarantee) or the rights of the Province under the Limited Guarantee that could reasonably be expected to affect (i) the timing of or circumstances under which Primary Obligations would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization); (ii) the appointment, obligations or duties of OPG as the Manager; (iii) the existence, powers or authority of the Financing Entity or the Financing Entity Trustee; (iv) the obligations of the Indenture Trustee to or in respect of the Province as a Specified Creditor; (v) the limitations and requirements otherwise applicable to the capital structure of the Financing Entity under any existing Program Agreement; (vi) the payment provisions and associated priorities set forth in the Trust Indenture; (vii) the obligations or liability of the Financing Entity to pay any tax, (viii) compliance by the FSM with the then applicable Financing Plan; (ix) the circumstances in which a Protection Event could arise; (x) compliance by the FSM, the Financing Entity or IESO with the Act or the General Regulation; (xi) the nature or character of the payment obligations (but, subject to compliance with the Financing Plan, irrespective of the amount payable thereunder) that could become payable under the Limited Guarantee; or (xii) the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of this Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation.] **[NTD: Under review by accountants and subject to sign off by all parties.]**

"**Notes**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Payable Approved Amounts**" has the meaning ascribed thereto in 2.01(a).

"**Payment Date**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, unlimited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Post-Suspension Refinancing**" means a Funding Obligation that is an Obligation Secured and that is incurred on or after the occurrence of a Suspension Event in compliance with the requirements of Section 7.03, as a Refinancing of one or more Series of Approved Obligations (including any Pre-Approved Refinancing incurred on or after the occurrence of a Suspension Event), in each case the proceeds of which, together with any other funds that may be available, are used solely for the purpose of paying in full such Series of Approved Obligations.

"**Pre-Approved Refinancing**" means a Refinancing of a Certified Primary Obligation in respect of which the Province has, prior to the incurrence of such Certified Primary Obligation, agreed shall be an Approved Obligation, subject to compliance with such conditions and requirements as may be specified in such agreement.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account or Finance Reserve Account; and (ii) any obligation to pay the Financing Entity or on the Financing Entity's direction any remaining amounts in the Collection Account pursuant to the Trust Indenture.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that (X) adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any Finance Reserve Account, Capital Account or collateral posting account applicable under a Derivative Agreement, (ii) the availability of any credit enhancement agreement to which the Financing Entity is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in any of clauses (i) to (v) of this paragraph (a), or (Y) adversely affects the enforceability of, or adversely changes, the terms and conditions of this Agreement or of any of the agreements under which Approved Obligations arise; or

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Approved Obligations that have become due and payable, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any Finance Reserve Account, Capital Account or collateral posting account applicable under a Derivative Agreement, (ii) the availability of any credit enhancement agreement to which the Financing Entity is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in paragraph (b).

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency Condition" in

the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Reference Period**" has the meaning ascribed to the term "reference period" in the Act as of the date of this Agreement.

"**Refinancing**" has the meaning ascribed to the term "refinancing" in the Act as of the date of this Agreement, as more particularly described and given meaning in the General Regulation as of the date of this Agreement.

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Specified Creditor**" has the meaning ascribed thereto in the Trust Indenture on the date hereof.

"**Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(B).

"**Subrogation Payment Date**" has the meaning ascribed thereto in clause 2.01(a)iv.

"**Suspension Event**" has the meaning ascribed thereto in Section 7.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 7.01.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**True-up Amount**" has the meaning ascribed to the term "true up amount" in the Act as of the date of this Agreement.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

EXHIBIT A
FORM OF PAYMENT DEMAND

TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Pursuant to and in accordance with section 2.01(a) of the Change of the Law Protection Agreement, the Indenture Trustee hereby demands payment from the Province in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in the Change of Law Protection Agreement.

DATED as of the [■] day of [■], [■].

BNY TRUST COMPANY OF CANADA

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT B
FORM OF ADHERENCE COMPLIANCE CERTIFICATE UNDER SECTION 4.02(a)

TO: **BNY TRUST COMPANY OF CANADA**, in its capacity as Indenture Trustee (the "**Indenture Trustee**") under the Master Trust Indenture dated as of December ●, 2017 between Fair Hydro Trust and the Indenture Trustee (the "**Master Trust Indenture**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province of Ontario, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust, Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Each of the undersigned, being the ● and ● of OPG acting in its capacity as FSM and holding the offices set forth under their names and signatures below, pursuant to and accordance with clause 4.02(a)ii of the Change of Law Protection Agreement, hereby certifies for and on behalf of OPG, in its capacity as Financial Services Manager, and not in such officer's personal capacity and intending that this certificate may be relied on by the addressees hereof without independent inquiry, that:

1. I have read and understand the provisions of the Change of Law Protection Agreement, the Master Trust Indenture and all other documents and materials necessary to enable me to deliver this certificate.
2. If the Certified Primary Obligation is a Refinancing, the proceeds of the Refinancing will be used solely for the purpose of repaying one or more Certified Primary Obligations in respect of which the Adherence Conditions in Subsection 4.02(a) of the Change of Law Protection Agreement had been satisfied, including one or more other Refinancings in respect of which the Adherence Conditions in Subsection 4.02(a) of the Change of Law Protection Agreement had been satisfied.
3. OPG has delivered to the Province a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate was provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation.

DATED as of the [■] day of [■], [■].

Name: [1]	Name:
Office:	Office:

[1] This certificate must be signed by two officers of OPG being either (i) the Chief Financial Officer and the Treasurer, or (ii) any two Executive Officers (as defined in the Change of Law Protection Agreement) of OPG.

EXHIBIT C
SUSPENSION NOTICE

TO: Ontario Power Generation Inc., in its capacity as Financial Services Manager

AND TO: Fair Hydro Trust

AND TO: Computershare Trust Company of Canada, in its capacity as trustee of Fair Hydro Trust

AND TO: BNY Trust Company of Canada, as Indenture Trustee

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement. All references in this Suspension Notice to "Articles" or "Sections" refer to Articles or Sections of the Change of Law Protection Agreement.

The Province has a reasonable basis for concluding that an event described in clauses (a) to (d) of Section 7.01 has occurred. Pursuant to Section 7.01, the Province hereby declares that the Limited Guarantee shall hereby not apply in respect of (i) any Primary Obligation incurred, excluding Post-Suspension Refinancings or Pre-Approved Refinancings or (ii) any amendment of any Primary Obligation that has a Material Effect, unless otherwise agreed to by the Province, in each case, on or after delivery of this Suspension Notice.

This Suspension Notice is hereby delivered to the FSM, the Financing Entity and the Indenture Trustee in accordance with Section 8.02 of the Change of Law Protection Agreement.

* * * *

DATED as of the [■] day of [■], [■].

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE[1]

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

[1] ~~Explanatory Note: Logistics of closing are under consideration by the Province.~~

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust **organized** under the laws of the Province of Ontario (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council ~~dated as of~~ 1981/2017 (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Primary Obligations that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred. This Agreement sets out the terms and conditions of such protections and assurances.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A**, and any other capitalized terms not defined herein shall have the meanings assigned to them in the Trust Indenture**;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this

Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 ~~Intentionally Deleted~~Proof of Approved Obligations

The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Manager deems to be sufficient.

Each statement delivered by the Manager under Section 2.01(a)i shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and each of the parties hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Manager shall act diligently in the preparation of each such statement and shall provide the Indenture Trustee and the Province with all supporting computations and calculations used by the Manager to prepare each such statement promptly following a request therefor made by the Indenture Trustee or the Province.

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture as of the date of this Agreement.

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 2.01 or Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a

Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee, the Financing Entity, the Financing Entity Trustee, the Manager or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee may deliver a written demand, substantially in the form attached as **[Exhibit A]** (a "**Payment Demand**"), to the Province requiring the Province to make payments in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in this Agreement. From and after such delivery of a Payment Demand, the Province shall make the following payments in respect of the Approved Obligations (the "**Limited Guarantee**"), ~~and~~ the Financing Entity shall pay, and the Province shall be entitled to be paid, the Subrogation ~~Entitlements~~**Amounts** specified below**, and the following terms shall apply**:

i. Not less than **three (**3**)** Business Days prior to each day when any payment or payments are to be made in respect of one or more Approved Obligations occurring after such delivery of a Payment Demand (each such day, a "**Guarantee Payment Date**"), the Manager shall deliver a written statement setting forth the Aggregate Approved Obligations Amount, if any, in respect of the Approved Obligations that are due and payable on such Guarantee Payment Date, together with a detailed description identifying such Approved Obligations and the nature and amount of payments due and payable thereunder on the Guarantee Payment Date, the aggregate outstanding amount payable by the Financing Entity under such Approved Obligations as of the date of such written statement, and details regarding any default in performance by any party obligated thereunder.

ii. On each such Guarantee Payment Date, the Province shall deposit the Aggregate Approved Obligations Amount into the Protection Account.

iii. On each such Guarantee Payment Date, the Financing Entity and the Indenture Trustee shall ensure that the amounts on deposit in the Protection Account are applied to pay each Beneficiary to whom an amount is due and payable under an Approved Obligation on the Guarantee Payment Date the Approved Obligation Amount for such Beneficiary in respect of such Approved Obligation on such Guarantee Payment Date; provided that if the amount deposited pursuant to clause 2.01(a)ii is insufficient to pay all such Approved Obligation Amounts in full, the amount on deposit in the Protection Account on the Guarantee

Payment Date shall be applied to pay Beneficiaries in the order of priority in which such Approved Obligations are payable under the payment provisions of the Trust Indenture applicable to the making of such payments on the Guarantee Payment Date (each, a "**Beneficiary Payee**" and each payment made to a Beneficiary Payee on a Guarantee Payment Date, a "**Guarantee Payment**").

iv. On ~~any~~**the first** Guarantee Payment Date**, and on each subsequent Guarantee Payment Date, Payment Date or other day** on which ~~an amount is paid by the Province pursuant to clause 2.01(a)ii~~**any amount is required to be paid in respect of any Obligations Secured under the Trust Indenture (a "Subrogation Payment Date"), the Issuer and the Indenture Trustee shall ensure that** the applicable payment provisions of the Trust Indenture shall~~, notwithstanding the express terms of such provisions set forth in the Trust Indenture,~~ be applied and operate on the following basis:

(A) ~~[2]the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available under such payment provisions on such Guarantee Payment Date~~**If such day is a Guarantee Payment Date, then for each Approved Obligation for which amounts are paid to a Beneficiary Payee on such day pursuant to clause 2.01(a)iii in respect of principal, interest or any other amounts ("Payable Approved Amounts"), the amounts payable by the Financing Entity in respect of such amounts for such Approved Obligation** shall be reduced by the ~~amount of the Guarantee Payment paid~~**respective amounts of such payments** to the Beneficiary Payee~~ pursuant to clause 2.01(a)iii in respect of such Approved Obligation on such Guarantee Payment Date;~~**, and equivalent amounts shall be payable by the Financing Entity to the Province as "Subrogation Amounts" in respect of such Approved Obligations, such Subrogation Amounts being payable in the same order of priority and with the same entitlements accruing**

~~[2] Explanatory Note: In a particular period, the cash available from CEAs may exceed the aggregate Finance Amounts payable - for example, as a result of the "true-up" under the Act, which will determine the actual amount of cash available. The basic structure is that the Province will pay all Approved Obligation Amounts, and will be entitled to receive all cash flows available to the Beneficiary Payees. Limiting the subrogation amounts to the lesser of such available cash and the Guarantee Payments could result in leakage of the cash that the Province looks to under this arrangement.~~

to the Province as applied in respect of the related Payable Approved Amounts which were previously owing to the Beneficiary Payee, and to reflect this subrogation the payments set out in clause 2.01(a)iv(B) below shall be made by the Financing Entity.

(B) ~~the Province shall be paid the amount payable to a Beneficiary Payee in respect of an Approved Obligation~~**If the Province has made all deposits required to be made by it on each Guarantee Payment Date occurring on or before such day in accordance with clause 2.01(a)ii (or the related Approved Obligation Amounts have otherwise all been paid in full), then in respect of each Approved Obligation for which any related Subrogation Amounts have not yet been paid in full to the Province, the Financing Entity shall pay to the Province** from amounts available ~~to pay the Beneficiary Payee~~ under ~~such payment provisions on the Guarantee Payment Date,~~**the Trust Indenture payment provisions and in accordance with the priority of payment provisions in the Trust Indenture the amount that would be payable on such date in satisfaction of the relevant Payable Approved Amounts, as** determined without regard to ~~the~~**any** Guarantee Payment paid on ~~such~~**any** Guarantee Payment Date and **also without regard to** the corresponding reduction of the ~~amount~~**amounts** owing to ~~the~~**present and former** Beneficiary ~~Payee~~**Payees** pursuant to subclause 2.01(a)iv(A) ~~(each such~~**up to the** amount ~~payable to~~**of** the ~~Province being a "~~**unpaid related** Subrogation ~~**Amount**"~~);**Amounts.**

(C) ~~no~~**No** Beneficiary having a right to be paid an amount in respect of an Approved Obligation, and no other Person entitled under an Obligation Secured, in each case that ranks equal with or subordinate to ~~an~~**the Payable** Approved ~~Obligation~~**Amount** in respect of which a Subrogation Amount is payable to the Province under subclause 2.01(a)iv(B), shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under such subclause (including any right of **set-off, offset,** reimbursement, contribution

or indemnity) and no such Beneficiary or other Person shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of any such Subrogation Amount~~;~~

~~(D)~~ ~~[3]on the first day when any payment or payments are to be made in respect of Obligations Secured that occurs on or after the date on which all amounts payable under all Approved Obligations have been paid in full, the Province shall be entitled to be paid from amounts available to pay Obligations Secured on such day (and thereafter on each subsequent day when any payment or payments are to be made in respect of Obligations Secured, until paid in full), in each case in accordance with the applicable payment provisions of the Trust Indenture on such day, the following amounts (each, a "**Final Subrogation Amount**"), in each case in the priorities specified below:~~

~~(I) as an amount ranking equally with [Senior Obligations][4], the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including such day in respect of Approved Obligations ranking equally with or prior to [Senior Obligations], plus (y) the sum of amounts determined in respect of interest on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount is paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related[5], exceeds (2)~~

~~[3] Explanatory Note: The Province will be entitled to receive subrogation cash flows after satisfaction of all Approved Obligations. This provision provides how that these amounts will be payable from available cash flows, based on priorities that address cash entitlements opposite non-guaranteed obligations secured (e.g., after a suspension event). Conforming changes will need to be made to the Trust Indenture once these mechanics have been settled.~~

~~[4] Explanatory Note: Nomenclature to be conformed, once the corresponding provisions of the Trust Indenture have been settled.~~

~~[5] Explanatory Note: Nomenclature to be conformed, once the corresponding provisions of the Trust Indenture have been settled.~~

~~the sum of all Subrogation Amounts paid to the Province up to and including such day;~~

~~(II) as an amount ranking equally with [Subordinated Obligations], the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including such day in respect of Approved Obligations ranking equally with or prior to [Subordinated Obligations], plus (y) the sum of amounts determined in respect of interest on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount is paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of (x) all Subrogation Amounts paid to the Province up to and including such day, plus (y) the amount determined under (I); and~~

~~(III) as an amount ranking equally with [Junior Obligations], the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including such day in respect of Approved Obligations ranking equally with or prior to [Junior Obligations], plus (y) the sum of amounts determined in respect of interest on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount is paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of (x) all Subrogation Amounts paid to the Province up to and including such~~

~~day, plus (y) the sum of the amounts determined under (I) plus (z) the sum of the amounts determined under (II); and(E)~~

~~no Person entitled under an Obligation Secured that ranks equal with or subordinate to a Final Subrogation Amount shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province in respect of such Final Subrogation Amount and no such Person shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of any such Final Subrogation Amount~~.

(D) **For greater certainty, the entitlements of the Province in respect of Subrogation Amounts arising in respect of Payable Approved Obligations that are interest and principal obligations on Notes shall be treated for all purposes of the Trust Indenture as interest and principal obligations, respectively, arising under Notes having the same priority as and any applicable voting rights under the related Approved Obligations, and accordingly the Province (and any successor, assignee or transferee of such entitlements) shall be entitled to all of the rights, entitlements, interests and privileges of a Holder of such a Notes in accordance with the Trust Indenture, as supplemented by the Supplemental Indenture or other indenture document under which the related Approved Obligations were issued.**

(b) ~~v.~~ On ~~any~~**each** Guarantee Payment Date **and upon demand by the Province**, the Indenture Trustee shall release and pay to the Province free and clear of any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay Guarantee Payments to Beneficiary Payees on the Guarantee Payment Date in accordance with clause 2.01(a)~~iii.~~ **iii or that otherwise remains on deposit in the Protection Account on the relevant date.**

(c) ~~vi.~~ In preparing any payment instructions under the Trust Indenture, the Manager shall reflect the amounts payable under Section 2.01(a)**, if applicable**.

(d) ~~(b)~~ The Province shall, as a payee of Subrogation Amounts under clause 2.01(a)~~(iv)(B), as a payee of each Final Subrogation Amount under clause 2.01(a)(iv)~~**iv**(B) and as a payee of any amounts payable under clause 2.01(~~a)(v~~**b**), be a "Specified Creditor" under the Trust Indenture and have the benefit of the Collateral thereunder.

(e) ~~(c)~~ For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the Approved Obligation Amounts, if any, for payment to Beneficiary Payees and will be subject to the priorities and to the Province's rights to Subrogation ~~Entitlements~~**Amounts**, set forth in Section 2.01(a).

(f) ~~(d)~~ Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(g) ~~(e)~~ Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation by their terms.

(h) **Any amount payable to the Province in respect of a Subrogation Amount shall bear interest from and including the date of payment by the Province of the related Guarantee Payment to but excluding the date of payment of the Subrogation Amount to the Province, such interest to accrue at the rate equivalent to the applicable interest rate borne by the related Approved Obligation, and such interest amounts shall be added to their respective Subrogated Amounts and shall consequently be payable in the same priority as the relevant Subrogated Amount under clause 2.01(a)iv(B), all such accruing interest amounts to be calculated and added to the Subrogation Amounts by the Manager in its discretion acting in a commercially reasonable fashion.**

(i) ~~(f)~~ The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under and in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any

amount due and payable to a Beneficiary Payee under the Limited Guarantee.

2.02 Intentionally Deleted.

2.03 Absence of Set-off

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 Payment into Protection Account in Satisfaction

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account" for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section **[7.03]** of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Financing Entity and the Indenture Trustee shall ensure that all amounts paid by the Province into the Protection Account on a Guarantee Payment Date in respect of an Approved Obligation are applied to pay the amounts due and payable to the ~~Beneficiaries~~**Beneficiary Payee** as and to the extent provided for in Section 2.01(a). Upon a payment having been made by or on behalf of the Province into the Protection Account, the amounts so paid shall for all purposes be considered to have been applied to pay the applicable ~~Beneficiaries~~**Beneficiary Payee** as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such ~~Beneficiaries~~**Beneficiary Payee** in respect of the applicable Approved Obligations, whereupon an affected Beneficiary **Payee** shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid. For greater certainty, the

obligations arising in respect of an applicable Approved Obligation shall not be reduced by such payment as the Province shall become entitled to be paid related Subrogation ~~Entitlements~~**Amounts** and the rights contemplated under Section 2.01(a) and Section 5.01 in relation to such continuing obligations.

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations in accordance with Section 8.01.

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

~~A~~**Except in respect of any Primary Obligation to which the Limited Guarantee will not apply on or after a Suspension Notice is delivered in accordance with Section 7.02, a Primary Obligation that is not a Certified Primary Obligation shall be an Approved Obligation. A Certified** Primary Obligation shall constitute an Approved Obligation if (i) the Adherence Conditions applicable thereto have been satisfied at the time the Primary Obligation was incurred~~,~~ or (ii) the Province, in its sole discretion, designates in writing that it is an Approved Obligation.

4.02 Adherence Conditions

(a) The following shall be the Adherence Conditions applicable in relation to each Certified Primary Obligation:

i. ~~(a)~~ the Certified Primary Obligation when incurred is an Obligation Secured under the Trust Indenture; and

ii. ~~(b)~~ OPG, as FSM, delivers ~~a certificate~~**an Adherence Compliance Certificate in the form attached hereto as Exhibit B** signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee, on or before the incurrence of ~~a~~**the** Certified Primary Obligation (provided that delivery may not be more than 5 Business Days before the incurrence of the Certified Primary Obligation)~~, confirming that OPG has delivered to the Province a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation~~; and

iii. ~~(c) in respect of a Certified Primary Obligation other than a Refinancing of a Primary Obligation in respect of which the Adherence Conditions had been satisfied,~~ the Province has not provided a Suspension Notice to the Indenture Trustee, OPG and the Financing Entity.

(b) ~~For greater certainty, (y)~~**Without limiting any obligations of OPG to the Province arising other than pursuant to this Agreement,** satisfaction of

the Adherence Conditions for a Certified Primary Obligation shall be deemed satisfaction of the Adherence Conditions in respect of all principal, interest and other amounts owing under the Certified Primary Obligation, as such Certified Primary Obligation may be amended, restated, supplemented or otherwise modified from time to time.

(c) For greater certainty, and (z) there shall be no Adherence Conditions applicable in relation to a Primary Obligation that is not a Certified Primary Obligation.

4.03 Evidence of Satisfaction

A closing certificateAn Adherence Compliance Certificate delivered in accordance with Sectionclause 4.02(b) in connection with an incurrence of a Certified Primary Obligationa)ii shall be determinative as to whether the applicable Adherence ConditionsCondition with respect thereto havehas been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same. A closing certificateAn Adherence Compliance Certificate that purports on its face to be signed by officers specified in Sectionclause 4.02(ba) ii may be relied upon by any addressee without further enquiry or evidence as to the incumbency or signatures of such officers. If a closing certificatean Adherence Compliance Certificate is not delivered in accordance with the timing requirements of Sectionclause 4.02(b) in respect of a Certified Primary Obligation,a)ii such certificate may be delivered at a later date, and be effective as if it had been delivered in accordance with the timing requirement of Sectionclause 4.02(ba),ii if at the time such certificate was otherwise required to be delivered OPG had delivered to the Province all certifications required by the Province in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation.

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, includingand shall be entitled to (i) the right and entitlement to be paid and receive the related Subrogation EntitlementsAmounts, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent

of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including ~~(~~Sections **[7.04]** through **[7.11]** and **[8.13]** (Payment Priorities), Section **[7.12]** (Payments Held in Trust), Section **[8.11]** (Control by Controlling Class Creditors), Section **[8.12]** (Limitation on Suits), Section **[8.14]** (Limited Recourse), Article IX (The Indenture Trustee), including all limitations of liability thereunder, Section **[9.14]** (Communications to Specified Creditors) and Section **[16.01]** (No Petition)~~)~~; (ii) consents, requests and authorizes the Issuer and the Indenture Trustee to (x) add the Province to the register of Specified Creditors described in subsection **[13.13(b)]** of the Trust Indenture and (y) disseminate the notice details of the Province to other Specified Creditors for the purposes set out in subsection **[9.14(b)]** of the Trust Indenture, and (iii) confirms that it will execute and deliver, or cause to be executed and delivered, all such further agreements, documents and instruments in connection with this Section 5.01 as the Indenture Trustee may request from time to time for the purpose of giving effect to the terms of this Section ~~5.01.~~**5.01.**

5.02 Priorities

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation **and the Payable Approved Amounts thereunder** shall rank equally with the rights, interests and entitlements of a Beneficiary to whom a Limited Guarantee payment is made in respect of, and to the extent of the

payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture in the manner and to the extent contemplated in Section [**7.10**~~(d)~~] of the Trust Indenture.

5.03 Intentionally Deleted

5.04 Representations and Warranties

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
INDENTURE TRUSTEE MATTERS

6.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

6.02 Not Responsible for Recitals

The recitals contained herein will be taken as the statements of the Province, the Financing Entity and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

6.03 Representations and Covenants of the Indenture Trustee[6]

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Agreement and has taken all necessary action to authorize the execution, delivery and performance by it of this Agreement;

(c) this Agreement has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) ~~(b)~~ the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada. **If, notwithstanding the provisions of this subsection 6.03(d), the Indenture Trustee ceases to be so authorized to carry on business, the validity and enforceability of this Agreement shall not be affected in any manner whatsoever by reason only of such event.**

ARTICLE VII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

7.01 Suspension Notice

Upon:

(a) a Program Breach;

(b) a default in the performance, or breach, of any covenants of OPG, as FSM, or OPG, in its corporate capacity, in each case to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the provision **or adherence** of the Limited Guarantee~~, which continues for thirty (30) days after written notice by the Province to OPG of such default or breach~~ **to or in respect of** any Certified Primary Obligation **and the expiration of any applicable cure period**;

(c) a representation or warranty made by OPG or a certification made by one or more officers of OPG, in each case whether as FSM or in its corporate capacity, to the Province in connection with its obligations to the Province ~~pursuant to~~**and its** internal requirements and processes in connection with the provision **or adherence** of the Limited Guarantee **to or in respect of any Certified Primary**

[6] ~~Explanatory Note: The Province is content to receive the same representations as are provided by the Indenture Trustee should be under the Trust Indenture. Please conform.~~

Obligations, proves to be incorrect **in any material respect** on the date made and~~, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation~~ **the expiration of any applicable cure period**; or

(d) the FSM no longer being the Manager or actions having been taken by or on behalf of the Indenture Trustee to remove the FSM as the Manager~~,~~**;**

the Province may ~~declare that the Limited Guarantee under this Agreement shall not apply to any Primary Obligations incurred on or after such declaration, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied (provided that the Refinancing is an Approved Obligation), by delivering~~**deliver** a written notice in the form of Exhibit ~~B~~**C** (a "**Suspension Notice**") to the Indenture Trustee, the FSM and the Financing Entity.

~~The Limited Guarantee shall apply to any Certified Primary Obligation incurred after a Suspension Event on the basis that it is a Refinancing (provided that such Refinancing is an Approved Obligation) only if the FSM certifies to the Province in writing prior to the incurrence that the proceeds of such incurrence will be used solely for the purposes of repaying one or more Certified Primary Obligations incurred prior to the Suspension Event and to which the Limited Guarantee adhered as of the time the Suspension Event occurred, and the delivery of such written certification by the FSM to the Province shall be determinative for the purposes of concluding that such incurrence is a Refinancing for the purposes of Sections 7.01, 7.02 and 7.03.~~

7.02 Suspension

If a Suspension Notice has been provided under Section 7.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of**: (i)** any Primary Obligation incurred~~ or amended~~**, excluding Post-Suspension Refinancings, or (ii) any amendment of any Primary Obligation that has a Material Effect, unless otherwise agreed to by the Province, in each case,** on or after the time such Suspension Notice is delivered~~, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied (provided that the Refinancing is an Approved Obligation).~~ **.**

7.03 Additional Right of the Province Regarding Post-Suspension Refinancings

Following the occurrence of a Suspension Event, the Limited Guarantee shall continue to apply in respect of any Post-Suspension Refinancing (for greater certainty, without regard to the satisfaction of any Adherence Conditions); provided that prior to the Financing Entity incurring any Primary Obligation constituting a Post-Suspension Refinancing, the Manager shall provide the Province with at least 30 days' notice of its intention to seek a Post-Suspension Refinancing and prior to incurrence, which notice shall describe the material covenants, events of default, representations and warranties and indemnities of the Financing Entity and other material terms, excluding financial terms, rates and levels, and that shall be in respect of the full amount of the amount becoming due and payable in respect of the applicable Primary Obligation less amounts otherwise

available to the Financing Entity from other available or committed sources (the "Proposal"), and during such 30 day period the Province may, but is not obligated to, offer to fund such Post-Suspension Refinancing or arrange for another Person to fund such Post-Suspension Refinancing on the same terms as set out in the Proposal or on such other terms as may be considered by the Province to be not more onerous on the Financing Entity and that are acceptable on that basis to the Financing Entity, acting reasonably. If, within such 30-day period, the Province elects to offer to fund such Post-Suspension Refinancing as provided in the preceding sentence, the Manager shall accept such offer; however, if the Province does not elect to offer to fund such Post-Suspension Refinancing, the Manager shall cause the Financing Entity to incur Primary Obligations constituting such a Post-Suspension Refinancing on substantially the same terms (excluding, for greater certainty, any financial terms, rates or levels) as those set out in the Proposal if the Post-Suspension Refinancing can be completed by the Financing Entity in compliance with the Act, or on such other terms as would not have a Material Effect, without taking into account any financial terms, rates or levels.

7.04 ~~7.03~~ No Impact on Adherence

For greater certainty, the occurrence of a Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event or in respect of any **Post-Suspension** Refinancing**.** ~~of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied (provided that the Refinancing is an Approved Obligation).~~

ARTICLE VIII
MISCELLANEOUS

8.01 Term of Agreement

This Agreement will continue until the **later of: (a) the** date that no amount is or may become due and payable by the Province under the Limited Guarantee **and (b) the date that no amount is or may become due and payable to the Province in respect of any Subrogation Amount**.

8.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the

time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust

700 University Avenue

Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: Manager, Corporate Trust
Fax: (416) 981-9777
Email: corporatetrust.toronto@computershare.com

(b) if to the FSM:

Ontario Power Generation Inc.

700 University Avenue

Toronto, Ontario M5G 1X6

Attention: General Counsel
Fax: (416) 592-4189

(c) if to the Province:

~~Ministry~~**Minister** of Finance

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

and

~~Ministry~~**Minister** of Energy

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

With copies to:

Deputy Minister of Finance

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

and

Deputy Minister of Energy

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 8.02.

8.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section 8.03 shall be null and void.

8.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

8.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

8.07 Notice to Rating Agencies

OPG, as FSM, shall deliver prompt written notice to the Rating Agencies ~~on~~**of the** occurrence of (i) a Protection Event; (ii) receipt of a Suspension Notice delivered by the Province pursuant to Section 7.01; and (iii) an assignment of this Agreement by any party pursuant to Section 8.03.

8.08 Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their benefits hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

8.09 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, IN ITS CAPACITY AS TRUSTEE OF FAIR HYDRO TRUST, AS ISSUER, BY ONTARIO POWER GENERATION INC., NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration **of a funding obligation**" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"~~**Action**" has the meaning ascribed thereto under the Trust Indenture.~~**Adherence Compliance Certificate" means a certificate in the form attached hereto as Exhibit B delivered by the FSM in accordance with Section 4.02(a)ii.**

"**Adherence Conditions**", means, in respect of a Certified Primary Obligation, the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of a Guarantee Payment Date, the aggregate of the Approved Obligation Amounts for such Guarantee Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, for a Beneficiary in respect of an Approved Obligation under which an amount is due and payable on a Guarantee Payment Date:

(a) if no Acceleration has occurred in respect of any Obligation Secured on or before the Guarantee Payment Date, the amount due and payable to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation (for greater certainty, determined on the assumption that there are adequate amounts available under the applicable payment provisions of the Trust Indenture to pay in full all amounts referred to in such payment provisions that are due and payable on the Guarantee Payment Date); and

(b) if an Acceleration has occurred in respect of any Obligations Secured on or before the Guarantee Payment Date, the amount that would be available to be paid to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation under the applicable payment provisions of the Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with such applicable payment provisions of the Trust Indenture in respect of each relevant month during each Reference Period is equal to the estimated Finance Amount determined in respect of such Reference Period for purposes of section 15(1) of the Act (in effect on the date hereof), including section 6.1 of the General Regulation (in effect on the date hereof), divided by the number of months in such Reference Period.

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Beneficiary Payee**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Certified Primary Obligations**" means Primary Obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest~~ or to repay payment obligations that were incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest,[7]~~**, including any Refinancing, other than a Post-Suspension Refinancing or a Pre-Approved Refinancing, of such a Primary Obligation (for greater certainty, including, in the case of any Certified Primary Obligation permitting funding transactions pursuant to a Funding Obligation Agreement applicable to the Certified Primary Obligation, each individual borrowing or funding utilization thereunder),** (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not ~~each~~**any** individual trade confirmation**, other than a trade confirmation that modifies or purports to override the express terms or conditions of the related Master Agreement**, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and **expected (as determined by the Manager, acting reasonably)** aggregate payments by the Financing Entity thereunder during the term of such contract ~~is~~**are or would be** in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).

"**Change of Law Protection Agreement**" means this Agreement.

~~"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.~~

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

~~[7] Explanatory Note: Province requires a Process Certificate for each monthly draw.~~

~~"**Eligible Deposit Account**" has the meaning ascribed thereto in the Trust Indenture.~~

~~"**Eligible Institution**" has the meaning ascribed thereto in the Trust Indenture.~~

"**Executive Officer**" has the meaning ascribed to the term "executive officer" in National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators.

~~"**Final Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(D).~~

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the first paragraph of this Agreement until a successor Financing Entity Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and the Declaration of Trust, and thereafter "Financing Entity Trustee" means and includes such Person.

"Financing Plan" has the meaning ascribed to the term "Financing Plan" in the Act as of the date of this Agreement.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Guarantee Payment**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Guarantee Payment Date**" has the meaning ascribed thereto in Section 2.01(a)i.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"Holder" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**IESO**" has the meaning ascribed thereto in the Act **as of the date of this Agreement**.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

~~"**Issuer Account**" has the meaning ascribed thereto in the Trust Indenture.~~

~~"**Issuer Funding Obligation**" has the meaning ascribed thereto in the Trust Indenture.~~

"**Legislature**" means the Legislature of the Province of Ontario.

"~~**Lien**~~**Liens**" has the meaning ascribed thereto in the Trust Indenture **as of the date hereof**.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(a).

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity, as amended, supplemented, restated or otherwise modified from time to time.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Agreement**" means an agreement in the form of ~~an ISDA~~**a** Master Agreement as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, as amended, supplemented, restated or otherwise modified from time to time.

["Material Effect" means a material effect on the obligations (including as a result of a change in the nature, scope or extent of the Primary Obligation and the effect on the Province's obligations therefor under the Limited Guarantee) or the rights of the Province under the Limited Guarantee that could reasonably be expected to affect (i) the timing of or circumstances under which Primary Obligations would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization); (ii) the appointment, obligations or duties of OPG as the Manager; (iii) the existence, powers or authority of the Financing Entity or the Financing Entity Trustee; (iv) the obligations of the Indenture Trustee to or in respect of the Province as a Specified Creditor; (v) the limitations and requirements otherwise applicable to the capital structure of the Financing Entity under any existing Program Agreement; (vi) the payment provisions and associated priorities set forth in the Trust Indenture; (vii) the obligations or liability of the Financing Entity to pay any tax, (viii) compliance by the FSM with the then applicable Financing Plan; (ix) the circumstances in which a Protection Event could arise; (x) compliance by the FSM, the Financing Entity or IESO with the Act or the General

Regulation; (xi) the nature or character of the payment obligations (but, subject to compliance with the Financing Plan, irrespective of the amount payable thereunder) that could become payable under the Limited Guarantee; or (xii) the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of this Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation.] [NTD: Under review by accountants and subject to sign off by all parties.]

"~~**Obligations Secured**~~**Notes**" has the meaning ascribed thereto in the Trust Indenture **as of the date hereof**.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"Payable Approved Amounts" has the meaning ascribed thereto in 2.01(a).

"Payment Date" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, **unlimited liability company,** estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"Post-Suspension Refinancing" means a Funding Obligation that is an Obligation Secured and that is incurred on or after the occurrence of a Suspension Event in compliance with the requirements of Section 7.03, as a Refinancing of one or more Series of Approved Obligations (including any Pre-Approved Refinancing incurred on or after the occurrence of a Suspension Event), in each case the proceeds of which, together with any other funds that may be available, are used solely for the purpose of paying in full such Series of Approved Obligations.

"Pre-Approved Refinancing" means a Refinancing of a Certified Primary Obligation in respect of which the Province has, prior to the incurrence of such Certified Primary Obligation, agreed shall be an Approved Obligation, subject to compliance with such conditions and requirements as may be specified in such agreement.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account or Finance Reserve Account~~ or required to be held in~~

~~the Collection Account after the application of amounts under the applicable payment provision of the Trust Indenture on an applicable payment date~~[8]; and (ii) any obligation to pay the Financing Entity or on the Financing Entity's direction any remaining amounts~~ in the Collection Account pursuant to the Trust Indenture.~~"~~**Program Agreements**~~" has the meaning ascribed thereto~~ in the **Collection Account pursuant to the** Trust Indenture.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event[9], termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that ~~materially and~~**(X)** adversely affects ~~(a)~~ the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay **Approved** Obligations~~ Secured, or (b) this Agreement or~~**, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any Finance Reserve Account, Capital Account or collateral posting account**

[8] ~~Explanatory Note: The Trust Indenture states that if extra cash is available in the Collections Account, it can be held until a subsequent Payment Date.~~

[9] ~~Explanatory Note: Early amortization events may be included in a supplemental indenture, so retaining that concept makes sense.~~

applicable under a Derivative Agreement, (ii) the availability of any credit enhancement agreement to which the Financing Entity is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in any of clauses (i) to (v) of this paragraph (a), or (Y) adversely affects the enforceability of, or adversely changes, the terms and conditions of this Agreement or of any of the agreements under which **Approved** Obligations~~ Secured~~ arise; or

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that~~ materially and~~ adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay **Approved** Obligations~~ Secured~~ and that has the effect of the Financing Entity not in fact having sufficient funds to pay such **Approved** Obligations~~ Secured~~ that have become due and payable**, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any Finance Reserve Account, Capital Account or collateral posting account applicable under a Derivative Agreement, (ii) the availability of any credit enhancement agreement to which the Financing Entity is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in paragraph (b)**.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency Condition" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Reference Period**" has the meaning ascribed ~~thereto~~**to the term "reference period"** in the Act**, as of the date of this Agreement**.

"**Refinancing**"[10] has the meaning ascribed to the term "refinancing" in the Act as of the date ~~hereof~~**of this Agreement**, as more particularly described and given meaning in the General Regulation as of the date ~~hereof.~~[11]**of this Agreement.**

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Specified ~~Creditors~~Creditor**" has the meaning ascribed thereto in the Trust Indenture **on the date hereof**.

~~"**Subrogation Entitlement**" means each Subrogation Amount and each Final Subrogation Amount.~~

"**Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(B).

"~~**Supplemental Indenture**~~**Subrogation Payment Date**" has the meaning ascribed ~~in the Trust Indenture.~~**thereto in clause 2.01(a)iv.**

~~"**Supplemental Reserve Account**" has the meaning ascribed in the Trust Indenture.~~

"**Suspension Event**" has the meaning ascribed thereto in Section 7.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 7.01.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"True-up Amount" has the meaning ascribed to the term "true up amount" in the Act as of the date of this Agreement.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

~~[10] Explanatory Note: This relates to a refinancing of an existing debt obligation; not an undrawn commitment to fund.~~

~~[11] Explanatory Note: The General Regulation provides that debt can be considered a "Refinancing" when incurred within the 6 months prior to the maturity date of a funding obligation. The Act/Regulation's definition doesn't require that "Refinancings" be simultaneous with the repayment of existing Approved Obligations. We have added a certificate mechanic in 7.01 by which there can be certainty when an obligation is incurred that if the obligation is intended to be a refinancing, it will be covered by the guarantee.~~

EXHIBIT A
FORM OF PAYMENT DEMAND

TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Pursuant to and in accordance with section 2.01(a) of the Change of the Law Protection Agreement, the Indenture Trustee hereby demands payment from the Province in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in the Change of Law Protection Agreement.

DATED as of the [■] day of [■], [■].

BNY TRUST COMPANY OF CANADA

By:
Name:
Title:

By:
Name:
Title:

EXHIBIT B

FORM OF ADHERENCE COMPLIANCE CERTIFICATE UNDER SECTION 4.02(a)

TO:	**BNY TRUST COMPANY OF CANADA, in its capacity as Indenture Trustee (the "Indenture Trustee") under the Master Trust Indenture dated as of December ●, 2017 between Fair Hydro Trust and the Indenture Trustee (the "Master Trust Indenture")**

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province of Ontario, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust, Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "Change of Law Protection Agreement"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Each of the undersigned, being the ● and ● of OPG acting in its capacity as FSM and holding the offices set forth under their names and signatures below, pursuant to and accordance with clause 4.02(a)ii of the Change of Law Protection Agreement, hereby certifies for and on behalf of OPG, in its capacity as Financial Services Manager, and not in such officer's personal capacity and intending that this certificate may be relied on by the addressees hereof without independent inquiry, that:

1. **I have read and understand the provisions of the Change of Law Protection Agreement, the Master Trust Indenture and all other documents and materials necessary to enable me to deliver this certificate.**
2. **If the Certified Primary Obligation is a Refinancing, the proceeds of the Refinancing will be used solely for the purpose of repaying one or more Certified Primary Obligations in respect of which the Adherence Conditions in Subsection 4.02(a) of the Change of Law Protection Agreement had been satisfied, including one or more other Refinancings in respect of which the Adherence Conditions in Subsection 4.02(a) of the Change of Law Protection Agreement had been satisfied.**
3. OPG has delivered to the Province a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate **was** provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation**.**

DATED as of the [■] day of [■], [■].

Name: [1]	**Name:**
Office:	**Office:**

[1] **This certificate must be signed by two officers of OPG being either (i) the Chief Financial Officer and the Treasurer, or (ii) any two Executive Officers (as defined in the Change of Law Protection Agreement) of OPG.**

EXHIBIT C
SUSPENSION NOTICE

TO: Ontario Power Generation Inc., in its capacity as Financial Services Manager

AND TO: Fair Hydro Trust

AND TO: Computershare Trust Company of Canada, in its capacity as trustee of Fair Hydro Trust

BNY Trust Company of Canada, as Indenture Trustee

AND TO:

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement. All references in this Suspension Notice to "Articles" or "Sections" refer to Articles or Sections of the Change of Law Protection Agreement.

The Province has a reasonable basis for concluding that an event described in **clauses (a) to (d) of** Section 7.01 has occurred. Pursuant to Section ~~7.01,~~**7.01,** the Province hereby declares that the Limited Guarantee shall ~~not apply in respect of any Primary Obligation incurred or amended on or after the delivery of this Suspension Notice, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied, in accordance with the terms and conditions in Article VII.The Limited Guarantee shall~~ hereby not apply in respect of **(i)** any Primary Obligation incurred~~ or amended~~**, excluding Post-Suspension Refinancings or Pre-Approved Refinancings or (ii) any amendment of any Primary Obligation that has a Material Effect, unless otherwise agreed to by the Province, in each case,** on or after delivery of this Suspension Notice~~, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied~~.

This Suspension Notice is hereby delivered to the FSM, the Financing Entity and the Indenture Trustee in accordance with Section 8.02 of the Change of Law Protection Agreement.

* * * *

DATED as of the [■] day of [■], [■].

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

Document comparison by Workshare Compare on December-12-17 4:33:16 PM

Input:	
Document 1 ID	file://C:\Users\bsaulnie\Desktop_Fair Hydro -- Change of Law Protection Agreement (Rating Agency Version).DOCX
Description	_Fair Hydro -- Change of Law Protection Agreement (Rating Agency Version)
Document 2 ID	file://C:\Users\bsaulnie\Desktop\#24626868v1_TorysAtWork_ - Change of Law Protection Agreement.docx
Description	#24626868v1_TorysAtWork_ - Change of Law Protection Agreement
Rendering set	Firm_Standard

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

Statistics:	
	Count
Insertions	238
Deletions	170
Moved from	3
Moved to	3
Style change	0
Format changed	0
Total changes	414

From: Ken Kandeepan
To: Malle Hanslep (MOF); Tobias P. Whitfield (MOF); "ASHBOURNE, STEPHEN"
Cc: Mike Manning; Gadi Mayman; Ronald Kwan; Anna Strathy
Subject: FW: EXTERNAL – Fair Hydro Plan Financing Program
Date: Wednesday, December 13, 2017 8:40:44 AM
Attachments: Change of Law Protection Agreement.docx
Blackline__Change of Law Protection Agreement.pdf

Hi
This is what I just received from John
Thanks
Ken k

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: Wednesday, December 13, 2017 8:38 AM
To: Ken Kandeepan
Cc: Mike Manning
Subject: FW: EXTERNAL – Fair Hydro Plan Financing Program
Ken:
Confirming that the Protection Agreement has been sent by separate emails to each respective Rating Agency.
Process agreement hopefully can get signoff this morning.
John

From: Taylor, Brent R [mailto:brent.r.taylor@rbccm.com]
Sent: Tuesday, December 12, 2017 6:18 PM
To: Richard.Hunt@moodys.com; Andrew.Butville@moodys.com; Simba.Murahwi@moodys.com; Aliya.Ehmar@moodys.com; Zulaikha.Khurram@moodys.com; Harry.Hendrix@moodys.com; Gavin.Macfarlane@moodys.com
Cc: Benaiah, Ian <ian.benaiah@rbccm.com>; Khan, Nur <nur.khan@rbccm.com>; Donnie Persaud (Donnie.Persaud@cibc.com) (Donnie.Persaud@cibc.com) <Donnie.Persaud@cibc.com>; andrew.maciel@cibc.com; sunil.adalja@cibc.com; Katrina Niehaus (Katrina.Niehaus@gs.com) (Katrina.Niehaus@gs.com) <Katrina.Niehaus@gs.com>; Delaney, Brian (Brian.Delaney@gs.com) <Brian.Delaney@gs.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; LEE John -TREASURY <john.s.lee@opg.com>
Subject: EXTERNAL – Fair Hydro Plan Financing Program
*** Exercise caution. This is an EXTERNAL email. DO NOT open attachments or click links from unknown senders or unexpected email. ***

Moody's Team,
In connection with the Fair Hydro Plan Financing Program please find attached;
Change of Law Protection Agreement – Clean / Blackline to December 4
Please let us know if you have any questions
Brent R Taylor | Analyst, Securitization Finance | **RBC Capital Markets** | 200 Bay Street, 2nd Floor, Toronto, ON M5J 2W7 | T. 416-842-7284 | C. 647-632-6169 | brent.r.taylor@rbccm.com

---

From: Taylor, Brent R
Sent: December 6, 17 5:03 PM
To: Richard.Hunt@moodys.com; Andrew.Butville@moodys.com; 'Simba.Murahwi@moodys.com'; 'Aliya.Ehmar@moodys.com'; 'Zulaikha.Khurram@moodys.com'; 'Harry.Hendrix@moodys.com';

'Gavin.Macfarlane@moodys.com'
Cc: Benaiah, Ian; Khan, Nur; Donnie Persaud (Donnie.Persaud@cibc.com) (Donnie.Persaud@cibc.com); 'andrew.maciel@cibc.com'; 'sunil.adalja@cibc.com'; Katrina Niehaus (Katrina.Niehaus@gs.com) (Katrina.Niehaus@gs.com); Delaney, Brian (Brian.Delaney@gs.com); RYFA Ken -TREASURY (ken.ryfa@opg.com); LEE John -TREASURY (john.s.lee@opg.com)
Subject: Fair Hydro Plan Financing Program

Moody's Team,

In connection with the Fair Hydro Plan Financing Program please find the below documents attached:

Varehouse Subordinated Supplemental Indenture – Clean / Blackline to the Warehouse Senior Supplemental Indenture

Varehouse Junior Subordinated Supplemental Indenture– Clean/ Blackline to the Warehouse Subordinated Supplemental Indenture

erm Subordinated Supplemental Indenture – Clean/ Blackline to the Term Senior Supplemental Indenture

erm Junior Subordinated Supplemental Indenture– Clean/ Blackline to the Term Subordinated Supplemental Indenture

<< File: Warehouse Subordinated Supplemental Indenture.DOCX >> << File: Warehouse Junior Subordinated Supplemental Indenture.DOCX >> << File: Blackline_Warehouse Subordinated Supplemental Indenture.pdf >> << File: Term Subordinated Supplemental Indenture.DOCX >> << File: Blackline_Term Junior Subordinated Supplemental Indenture.pdf >> << File: Blackline_Term Subordinated Supplemental Indenture.pdf >> << File: Term Junior Subordinated Supplemental Indenture.DOCX >> << File: Blackline_Warehouse Junior Subordinated Supplemental Indenture.pdf >>

We hope you will find these documents helpful in your analysis.

Brent R Taylor | Analyst, Securitization Finance | **RBC Capital Markets** | 200 Bay Street, 2nd Floor, Toronto, ON M5J 2W7 | T. 416-842-7284 | C. 647-632-6169 | brent.r.taylor@rbccm.com

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From: Taylor, Brent R
Sent: December 5, 17 3:37 PM
To: Richard.Hunt@moodys.com; Andrew.Butville@moodys.com; 'Simba.Murahwi@moodys.com'; 'Aliya.Ehmar@moodys.com'; 'Zulaikha.Khurram@moodys.com'; 'Harry.Hendrix@moodys.com'; 'Gavin.Macfarlane@moodys.com'
Cc: Benaiah, Ian; Khan, Nur; Donnie Persaud (Donnie.Persaud@cibc.com) (Donnie.Persaud@cibc.com); 'andrew.maciel@cibc.com'; 'sunil.adalja@cibc.com'; Katrina Niehaus (Katrina.Niehaus@gs.com) (Katrina.Niehaus@gs.com); Delaney, Brian (Brian.Delaney@gs.com); RYFA Ken -TREASURY (ken.ryfa@opg.com); LEE John -TREASURY (john.s.lee@opg.com)
Subject: Fair Hydro Plan Financing Program

Moody's Team,

Attached is a December 5 draft of Change of Law Protection Agreement. This draft was provided by the Province and has not been commented on by OPG or the Dealers. The Dealers and OPG do expect to have comments.

You will note that there is a new Section 2.01(a)(iv)(D). This new Section only applies in the situation where all Approved Obligations (that is, obligations with the benefit of the Protection Agreement) have been repaid in full and there are still subrogation amounts owing to the Province. As we don't expect there will be any rated debt issued that is not an Approved Obligation, we don't think these provisions should be of significant concern to the rating agencies.

You will also note that the provisions allowing for the province to assume the obligations of Fair

Hydro Trust have been dropped. The implementation of this proposal had a number of challenges so the decision was made to abandon it. As it was at the option of the Province and not a right of the noteholders, we do not consider this adverse.

Please let us know if you have any questions

<< File: Change of Law Protection Agreement.DOCX >> << File: Blackline_Change of Law Protection Agreement.pdf >>

Brent R Taylor | Analyst, Securitization Finance | **RBC Capital Markets** | 200 Bay Street, 2nd Floor, Toronto, ON M5J 2W7 | T. 416-842-7284 | C. 647-632-6169 | brent.r.taylor@rbccm.com

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From: Taylor, Brent R
Sent: December 4, 17 4:07 PM
To: Richard.Hunt@moodys.com; Andrew.Butville@moodys.com; 'Simba.Murahwi@moodys.com'; 'Aliya.Ehmar@moodys.com'; 'Zulaikha.Khurram@moodys.com'; 'Harry.Hendrix@moodys.com'; 'Gavin.Macfarlane@moodys.com'
Cc: Benaiah, Ian; Khan, Nur; Donnie Persaud (Donnie.Persaud@cibc.com) (Donnie.Persaud@cibc.com); 'andrew.maciel@cibc.com'; 'sunil.adalja@cibc.com'; Katrina Niehaus (Katrina.Niehaus@gs.com) (Katrina.Niehaus@gs.com); Delaney, Brian (Brian.Delaney@gs.com); RYFA Ken -TREASURY (ken.ryfa@opg.com); LEE John -TREASURY (john.s.lee@opg.com)
Subject: Fair Hydro Plan Financing Program

Moody's Team,

In connection with the Fair Hydro Plan Financing Program please find the below documents attached:

Master Trust Indenture – Clean / Blackline to November 7

Senior Term Supplement – Clean/ Blackline to November 15

Senior Warehouse Supplement – Clean/ Blackline to November 15

<< File: Blackline_Master Trust Indenture.pdf >> << File: Blackline_Senior Term Supplement.pdf >> << File: Blackline_Senior Warehouse Supplement.pdf >> << File: Master Trust Indenture.docx >> << File: Senior Term Supplement.docx >> << File: Senior Warehouse Supplement.docx >>

We hope you will find these documents helpful in your analysis.

Brent R Taylor | Analyst, Securitization Finance | **RBC Capital Markets** | 200 Bay Street, 2nd Floor, Toronto, ON M5J 2W7 | T. 416-842-7284 | C. 647-632-6169 | brent.r.taylor@rbccm.com

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From: Taylor, Brent R
Sent: December 1, 17 6:40 PM
To: Richard.Hunt@moodys.com; Andrew.Butville@moodys.com; 'Simba.Murahwi@moodys.com'; 'Aliya.Ehmar@moodys.com'; 'Zulaikha.Khurram@moodys.com'; 'Harry.Hendrix@moodys.com'; 'Gavin.Macfarlane@moodys.com'
Cc: Benaiah, Ian; Khan, Nur; Donnie Persaud (Donnie.Persaud@cibc.com) (Donnie.Persaud@cibc.com); 'andrew.maciel@cibc.com'; 'sunil.adalja@cibc.com'; Katrina Niehaus (Katrina.Niehaus@gs.com) (Katrina.Niehaus@gs.com); Delaney, Brian (Brian.Delaney@gs.com); RYFA Ken -TREASURY (ken.ryfa@opg.com); LEE John -TREASURY (john.s.lee@opg.com)
Subject: Fair Hydro Plan Financing Program

Moody's Team,

In connection with the Fair Hydro Plan Financing Program please find the below documents attached:

OPG Indemnity Agreement

ESO Acknowledgement and Indemnity Agreement

Declaration of Trust - Clean / Blackline to October 12

Management Agreement - Clean / Blackline to October 12

ESO Security Agreement - Clean / Blackline to November 7

Master Transfer and Servicing Agreement - Clean / Blackline to November 7

<< File: Blackline - Declaration of Trust.pdf >> << File: Blackline - IESO Security Agreement.pdf >> << File: Blackline - Management Agreement.pdf >> << File: Blackline - Master Transfer and Servicing Agreement.pdf >> << File: Declaration of Trust.docx >> << File: IESO Acknowledgement and Indemnity Agreement.DOC >> << File: IESO Security Agreement.DOCX >> << File: Management Agreement.DOCX >> << File: Master Transfer and Servicing Agreement.DOCX >> << File: OPG Indemnity Agreement.DOC >>

We are expecting to send the revised Master Trust Indenture and Senior Warehouse Supplement early next week.

As always, please let us know if you have any questions.

Brent R Taylor | Analyst, Securitization Finance | **RBC Capital Markets** | 200 Bay Street, 2nd Floor, Toronto, ON M5J 2W7 | T. 416-842-7284 | C. 647-632-6169 | brent.r.taylor@rbccm.com

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From: Taylor, Brent R
Sent: November 22, 17 9:56 AM
To: Richard.Hunt@moodys.com; Andrew.Butville@moodys.com; 'Simba.Murahwi@moodys.com'; 'Aliya.Ehmar@moodys.com'; 'Zulaikha.Khurram@moodys.com'; 'Harry.Hendrix@moodys.com'; 'Gavin.Macfarlane@moodys.com'
Cc: Benaiah, Ian; Khan, Nur; Donnie Persaud (Donnie.Persaud@cibc.com) (Donnie.Persaud@cibc.com); 'andrew.maciel@cibc.com'; 'sunil.adalja@cibc.com'; Katrina Niehaus (Katrina.Niehaus@gs.com) (Katrina.Niehaus@gs.com); Delaney, Brian (Brian.Delaney@gs.com); RYFA Ken -TREASURY (ken.ryfa@opg.com); LEE John -TREASURY (john.s.lee@opg.com)
Subject: Fair Hydro Program: Change of Law Protection Agreement

Moody's Team,

In connection with the Fair Hydro Program please find attached;

hange of Law Protection Agreement

We hope you will find this document helpful in your analysis.

<< File: Change of Law Protection Agreement.docx >>

Brent R Taylor | Analyst, Securitization Finance | **RBC Capital Markets** | 200 Bay Street, 2nd Floor, Toronto, ON M5J 2W7 | T. 416-842-7284 | C. 647-632-6169 | brent.r.taylor@rbccm.com

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From: Taylor, Brent R
Sent: November 19, 17 2:12 PM
To: Richard.Hunt@moodys.com; Andrew.Butville@moodys.com; 'Simba.Murahwi@moodys.com'; 'Aliya.Ehmar@moodys.com'; 'Zulaikha.Khurram@moodys.com'; 'Harry.Hendrix@moodys.com'; 'Gavin.Macfarlane@moodys.com'
Cc: Benaiah, Ian; Khan, Nur; Donnie Persaud (Donnie.Persaud@cibc.com) (Donnie.Persaud@cibc.com); 'andrew.maciel@cibc.com'; 'sunil.adalja@cibc.com'; Katrina Niehaus (Katrina.Niehaus@gs.com) (Katrina.Niehaus@gs.com); Delaney, Brian (Brian.Delaney@gs.com); RYFA Ken -TREASURY (ken.ryfa@opg.com); LEE John -TREASURY (john.s.lee@opg.com)
Subject: Fair Hydro Preliminary Draft Offering Memorandum

Moody's Team,

We have attached a preliminary draft of the Offering Memorandum. Typically we would not share the current form of the OM at this early stage, but we ŽŽthink it may help to advance your process by offering a high-level summary of the market, roles of the various participants and structure. It is worth noting that the OM is not synchronized with the most recent versions of the underlying documents.

As always, please let us know if you have any questions.

<< File: _Fair Hydro Trust - Preliminary Confidential Offering Memorandum.docx >>

Brent R Taylor | Analyst, Securitization Finance | **RBC Capital Markets** | 200 Bay Street, 2nd Floor, Toronto, ON M5J 2W7 | T. 416-842-7284 | C. 647-632-6169 | brent.r.taylor@rbccm.com

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From: Taylor, Brent R
Sent: November 16, 17 9:45 AM
To: Richard.Hunt@moodys.com; Andrew.Butville@moodys.com; 'Simba.Murahwi@moodys.com'; 'Aliya.Ehmar@moodys.com'; 'Zulaikha.Khurram@moodys.com'; 'Harry.Hendrix@moodys.com'; 'Gavin.Macfarlane@moodys.com'
Cc: Benaiah, Ian; Khan, Nur; Donnie Persaud (Donnie.Persaud@cibc.com) (Donnie.Persaud@cibc.com); 'andrew.maciel@cibc.com'; 'sunil.adalja@cibc.com'; Katrina Niehaus (Katrina.Niehaus@gs.com) (Katrina.Niehaus@gs.com); Delaney, Brian (Brian.Delaney@gs.com); RYFA Ken -TREASURY (ken.ryfa@opg.com); LEE John -TREASURY (john.s.lee@opg.com)
Subject: RE: Fair Hydro Draft Agreements

Moody's Team,

In connection with the Fair Hydro Program please find attached;

enior Term Supplement - Nov 15

enior Warehouse Supplement - Nov 15

We hope you will find these documents helpful in your analysis. Additionally, we are happy to discuss any follow-up requests you may have regarding the financial model.

<< File: Senior Term Supplement - Nov 15.DOC >> << File: Senior Warehouse Supplement - Nov 15.DOCX >>

Brent R Taylor | Analyst, Securitization Finance | **RBC Capital Markets** | 200 Bay Street, 2nd Floor, Toronto, ON M5J 2W7 | T. 416-842-7284 | C. 647-632-6169 | brent.r.taylor@rbccm.com

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From: Taylor, Brent R
Sent: November 7, 17 3:12 PM
To: Richard.Hunt@moodys.com; Andrew.Butville@moodys.com; 'Simba.Murahwi@moodys.com'; 'Aliya.Ehmar@moodys.com'; 'Zulaikha.Khurram@moodys.com'; 'Harry.Hendrix@moodys.com'; 'Gavin.Macfarlane@moodys.com'
Cc: Benaiah, Ian; Khan, Nur; Donnie Persaud (Donnie.Persaud@cibc.com) (Donnie.Persaud@cibc.com); 'andrew.maciel@cibc.com'; 'sunil.adalja@cibc.com'; Katrina Niehaus (Katrina.Niehaus@gs.com) (Katrina.Niehaus@gs.com); Delaney, Brian (Brian.Delaney@gs.com); RYFA Ken -TREASURY (ken.ryfa@opg.com); LEE John -TREASURY (john.s.lee@opg.com)
Subject: Fair Hydro Draft Agreements

Moody's Team,

In connection with the Fair Hydro Program please find attached;

Master Trust Indenture (November 7th Rating Agency Draft)

MTSA (November 7th Rating Agency Draft)

ESO Security Agreement (November 7th Rating Agency Draft)

We hope you will find these documents helpful in your analysis. We will organize a call tomorrow to discuss next steps.

<< File: MTSA (November 7th Rating Agency Draft).DOCX >> << File: IESO Security Agreement (November 7th Rating Agency Draft).DOCX >> << File: Master Trust Indenture (November 7th Rating Agency Draft).DOCX >>

Regards,

Brent R Taylor | Analyst, Securitization Finance | **RBC Capital Markets** | 200 Bay Street, 2nd Floor, Toronto, ON M5J 2W7 | T. 416-842-7284 | C. 647-632-6169 | brent.r.taylor@rbccm.com

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From: Taylor, Brent R
Sent: October 13, 17 6:23 PM
To: Richard.Hunt@moodys.com; Andrew.Butville@moodys.com; 'Simba.Murahwi@moodys.com'; 'Aliya.Ehmar@moodys.com'; 'Zulaikha.Khurram@moodys.com'; 'Harry.Hendrix@moodys.com'; 'Gavin.Macfarlane@moodys.com'
Cc: Benaiah, Ian; Khan, Nur; Donnie Persaud (Donnie.Persaud@cibc.com) (Donnie.Persaud@cibc.com); 'andrew.maciel@cibc.com'; 'sunil.adalja@cibc.com'; Katrina Niehaus (Katrina.Niehaus@gs.com) (Katrina.Niehaus@gs.com); Delaney, Brian (Brian.Delaney@gs.com); RYFA Ken -TREASURY (ken.ryfa@opg.com); LEE John -TREASURY (john.s.lee@opg.com)

Subject: Fair Hydro Materials

Moody's Team,

Further to our kick-off meeting on October 3rd, I have attached a comprehensive presentation which contains information about the Ontario Electricity Market, Transaction Overview, Key Agreements and other information that we hope you will find helpful in your understanding and analysis.

In addition I have attached drafts of the Declaration of Trust and Management Agreement. The Declaration of Trust establishes a trust for the purpose of carrying on the activities of a financing entity as defined in the Ontario Fair Hydro Act, 2017. The Management Agreement delegates to OPG all powers and duties of managing the financing entity.

Please let us know if you would like us to arrange a call to walk you through these materials and provide context. Alternatively as you are going through the materials please reach-out with any questions you have.

<< File: Fair Hydro Plan Financing Program 2017-10-13.pdf >> << File: Fair Hydro - Management Agreement (DRAFT).pdf >> << File: Fair Hydro - Declaration of Trust (DRAFT).pdf >>

Regards,

Brent R Taylor | Analyst, Securitization Finance | **RBC Capital Markets** | 200 Bay Street, 2nd Floor, Toronto, ON M5J 2W7 | T. 416-842-7284 | C. 647-632-6169 | brent.r.taylor@rbccm.com

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Draft: December 12, 2017

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust organized under the laws of the Province of Ontario (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council 1981/2017 (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Primary Obligations that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred. This Agreement sets out the terms and conditions of such protections and assurances.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A, and any other capitalized terms not defined herein shall have the meanings assigned to them in the Trust Indenture;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 Proof of Approved Obligations

The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Manager deems to be sufficient.

Each statement delivered by the Manager under Section 2.01(a)i shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and each of the parties hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Manager shall act diligently in the preparation of each such statement and shall provide the Indenture Trustee and the Province with all supporting computations and calculations used by the Manager to prepare each such statement promptly following a request therefor made by the Indenture Trustee or the Province.

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture as of the date of this Agreement.

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 2.01 or Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee, the Financing Entity, the Financing Entity Trustee, the Manager or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one

and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee may deliver a written demand, substantially in the form attached as **[Exhibit A]** (a "**Payment Demand**"), to the Province requiring the Province to make payments in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in this Agreement. From and after such delivery of a Payment Demand, the Province shall make the following payments in respect of the Approved Obligations (the "**Limited Guarantee**"), the Financing Entity shall pay, and the Province shall be entitled to be paid, the Subrogation Amounts specified below, and the following terms shall apply:

i. Not less than three (3) Business Days prior to each day when any payment or payments are to be made in respect of one or more Approved Obligations occurring after such delivery of a Payment Demand (each such day, a "**Guarantee Payment Date**"), the Manager shall deliver a written statement setting forth the Aggregate Approved Obligations Amount, if any, in respect of the Approved Obligations that are due and payable on such Guarantee Payment Date, together with a detailed description identifying such Approved Obligations and the nature and amount of payments due and payable thereunder on the Guarantee Payment Date, the aggregate outstanding amount payable by the Financing Entity under such Approved Obligations as of the date of such written statement, and details regarding any default in performance by any party obligated thereunder.

ii. On each such Guarantee Payment Date, the Province shall deposit the Aggregate Approved Obligations Amount into the Protection Account.

iii. On each such Guarantee Payment Date, the Financing Entity and the Indenture Trustee shall ensure that the amounts on deposit in the Protection Account are applied to pay each Beneficiary to whom an amount is due and payable under an Approved Obligation on the Guarantee Payment Date the Approved Obligation Amount for such Beneficiary in respect of such Approved Obligation on such Guarantee Payment Date; provided that if the amount deposited pursuant to clause 2.01(a)ii is insufficient to pay all such Approved Obligation Amounts in full, the amount on deposit in the Protection Account on the Guarantee Payment Date shall be applied to pay Beneficiaries in the order of priority in which such Approved Obligations are payable under the payment provisions of the Trust Indenture applicable to the making of such payments on the Guarantee Payment Date (each, a "**Beneficiary Payee**"

and each payment made to a Beneficiary Payee on a Guarantee Payment Date, a "**Guarantee Payment**").

iv. On the first Guarantee Payment Date and on each subsequent Guarantee Payment Date, Payment Date or other day on which any amount is required to be paid in respect of any Obligations Secured under the Trust Indenture (a "**Subrogation Payment Date**"), the Issuer and the Indenture Trustee shall ensure that the applicable payment provisions of the Trust Indenture shall be applied and operate on the following basis:

(A) If such day is a Guarantee Payment Date, then for each Approved Obligation for which amounts are paid to a Beneficiary Payee on such day pursuant to clause 2.01(a)iii in respect of principal, interest or any other amounts ("**Payable Approved Amounts**"), the amounts payable by the Financing Entity in respect of such amounts for such Approved Obligation shall be reduced by the respective amounts of such payments to the Beneficiary Payee, and equivalent amounts shall be payable by the Financing Entity to the Province as "**Subrogation Amounts**" in respect of such Approved Obligations, such Subrogation Amounts being payable in the same order of priority and with the same entitlements accruing to the Province as applied in respect of the related Payable Approved Amounts which were previously owing to the Beneficiary Payee, and to reflect this subrogation the payments set out in clause 2.01(a)iv(B) below shall be made by the Financing Entity.

(B) If the Province has made all deposits required to be made by it on each Guarantee Payment Date occurring on or before such day in accordance with clause 2.01(a)ii (or the related Approved Obligation Amounts have otherwise all been paid in full), then in respect of each Approved Obligation for which any related Subrogation Amounts have not yet been paid in full to the Province, the Financing Entity shall pay to the Province from amounts available under the Trust Indenture payment provisions and in accordance with the priority of payment provisions in the Trust Indenture the amount that would be payable on such date in satisfaction of the relevant Payable Approved Amounts, as determined without regard to any Guarantee Payment paid on any Guarantee Payment Date and also without regard to the corresponding reduction of the amounts owing to present and former Beneficiary

Payees pursuant to subclause 2.01(a)iv(A) up to the amount of the unpaid related Subrogation Amounts.

(C) No Beneficiary having a right to be paid an amount in respect of an Approved Obligation, and no other Person entitled under an Obligation Secured, in each case that ranks equal with or subordinate to the Payable Approved Amount in respect of which a Subrogation Amount is payable to the Province under subclause 2.01(a)iv(B), shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under such subclause (including any right of set-off, offset, reimbursement, contribution or indemnity) and no such Beneficiary or other Person shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of any such Subrogation Amount.

(D) For greater certainty, the entitlements of the Province in respect of Subrogation Amounts arising in respect of Payable Approved Obligations that are interest and principal obligations on Notes shall be treated for all purposes of the Trust Indenture as interest and principal obligations, respectively, arising under Notes having the same priority as and any applicable voting rights under the related Approved Obligations, and accordingly the Province (and any successor, assignee or transferee of such entitlements) shall be entitled to all of the rights, entitlements, interests and privileges of a Holder of such a Notes in accordance with the Trust Indenture, as supplemented by the Supplemental Indenture or other indenture document under which the related Approved Obligations were issued.

(b) On each Guarantee Payment Date and upon demand by the Province, the Indenture Trustee shall release and pay to the Province free and clear of any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay Guarantee Payments to Beneficiary Payees on the Guarantee Payment Date in accordance with clause 2.01(a)iii or that otherwise remains on deposit in the Protection Account on the relevant date.

(c) In preparing any payment instructions under the Trust Indenture, the Manager shall reflect the amounts payable under Section 2.01(a), if applicable.

(d) The Province shall, as a payee of Subrogation Amounts under clause 2.01(a)iv(B) and as a payee of any amounts payable under clause 2.01(b), be a “Specified

Creditor" under the Trust Indenture and have the benefit of the Collateral thereunder.

(e) For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the Approved Obligation Amounts, if any, for payment to Beneficiary Payees and will be subject to the priorities and to the Province's rights to Subrogation Amounts, set forth in Section 2.01(a).

(f) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(g) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation by their terms.

(h) Any amount payable to the Province in respect of a Subrogation Amount shall bear interest from and including the date of payment by the Province of the related Guarantee Payment to but excluding the date of payment of the Subrogation Amount to the Province, such interest to accrue at the rate equivalent to the applicable interest rate borne by the related Approved Obligation, and such interest amounts shall be added to their respective Subrogated Amounts and shall consequently be payable in the same priority as the relevant Subrogated Amount under clause 2.01(a)iv(B), all such accruing interest amounts to be calculated and added to the Subrogation Amounts by the Manager in its discretion acting in a commercially reasonable fashion.

(i) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under and in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any amount due and payable to a Beneficiary Payee under the Limited Guarantee.

2.02 Intentionally Deleted.

2.03 <u>Absence of Set-off</u>

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required

in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 Payment into Protection Account in Satisfaction

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account" for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section **[7.03]** of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Financing Entity and the Indenture Trustee shall ensure that all amounts paid by the Province into the Protection Account on a Guarantee Payment Date in respect of an Approved Obligation are applied to pay the amounts due and payable to the Beneficiary Payee as and to the extent provided for in Section 2.01(a). Upon a payment having been made by or on behalf of the Province into the Protection Account, the amounts so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiary Payee as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such Beneficiary Payee in respect of the applicable Approved Obligations, whereupon an affected Beneficiary Payee shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid. For greater certainty, the obligations arising in respect of an applicable Approved Obligation shall not be reduced by such payment as the Province shall become entitled to be paid related Subrogation Amounts and the rights contemplated under Section 2.01(a) and Section 5.01 in relation to such continuing obligations.

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations in accordance with Section 8.01.

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

Except in respect of any Primary Obligation to which the Limited Guarantee will not apply on or after a Suspension Notice is delivered in accordance with Section 7.02, a Primary Obligation that is not a Certified Primary Obligation shall be an Approved Obligation. A Certified Primary Obligation shall constitute an Approved Obligation if (i) the Adherence

Conditions applicable thereto have been satisfied at the time the Primary Obligation was incurred or (ii) the Province, in its sole discretion, designates in writing that it is an Approved Obligation.

4.02 <u>Adherence Conditions</u>

(a) The following shall be the Adherence Conditions applicable in relation to each Certified Primary Obligation:

i. the Certified Primary Obligation when incurred is an Obligation Secured under the Trust Indenture; and

ii. OPG, as FSM, delivers an Adherence Compliance Certificate in the form attached hereto as Exhibit B signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee, on or before the incurrence of the Certified Primary Obligation (provided that delivery may not be more than 5 Business Days before the incurrence of the Certified Primary Obligation); and

iii. the Province has not provided a Suspension Notice to the Indenture Trustee, OPG and the Financing Entity.

(b) Without limiting any obligations of OPG to the Province arising other than pursuant to this Agreement, satisfaction of the Adherence Conditions for a Certified Primary Obligation shall be deemed satisfaction of the Adherence Conditions in respect of all principal, interest and other amounts owing under the Certified Primary Obligation, as such Certified Primary Obligation may be amended, restated, supplemented or modified from time to time.

(c) For greater certainty, there shall be no Adherence Conditions applicable in relation to a Primary Obligation that is not a Certified Primary Obligation.

4.03 <u>Evidence of Satisfaction</u>

An Adherence Compliance Certificate delivered in accordance with clause 4.02(a)ii shall be determinative as to whether the applicable Adherence Condition with respect thereto has been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same. An Adherence Compliance Certificate that purports on its face to be signed by officers specified in clause 4.02(a)ii may be relied upon by any addressee without further enquiry or evidence as to the incumbency or signatures of such officers. If an Adherence Compliance Certificate is not delivered in accordance with the timing requirements of clause 4.02(a)ii such certificate may be delivered at a later date, and be effective as if it had been delivered in accordance with the timing requirement of clause 4.02(a)ii if at the time such certificate was otherwise required to be delivered OPG had delivered to the Province

all certifications required by the Province in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation.

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, and shall be entitled to (i) the right and entitlement to be paid and receive the related Subrogation Amounts, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including Sections **[7.04]** through **[7.11]** and **[8.13]** (Payment Priorities), Section **[7.12]** (Payments Held in Trust), Section **[8.11]** (Control by Controlling Class Creditors), Section **[8.12]** (Limitation on Suits), Section **[8.14]** (Limited Recourse), Article IX (The Indenture Trustee), including all limitations of liability thereunder, Section **[9.14]** (Communications to Specified Creditors) and Section **[16.01]** (No Petition); (ii) consents, requests and authorizes the Issuer

and the Indenture Trustee to (x) add the Province to the register of Specified Creditors described in subsection **[13.13(b)]** of the Trust Indenture and (y) disseminate the notice details of the Province to other Specified Creditors for the purposes set out in subsection **[9.14(b)]** of the Trust Indenture, and (iii) confirms that it will execute and deliver, or cause to be executed and delivered, all such further agreements, documents and instruments in connection with this Section 5.01 as the Indenture Trustee may request from time to time for the purpose of giving effect to the terms of this Section 5.01.

5.02 Priorities

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation and the Payable Approved Amounts thereunder shall rank equally with the rights, interests and entitlements of a Beneficiary to whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture in the manner and to the extent contemplated in Section **[7.10]** of the Trust Indenture.

5.03 Intentionally Deleted

5.04 Representations and Warranties

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
INDENTURE TRUSTEE MATTERS

6.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing

Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

6.02 Not Responsible for Recitals

The recitals contained herein will be taken as the statements of the Province, the Financing Entity and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

6.03 Representations and Covenants of the Indenture Trustee

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Agreement and has taken all necessary action to authorize the execution, delivery and performance by it of this Agreement;

(c) this Agreement has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada. If, notwithstanding the provisions of this subsection 6.03(d), the Indenture Trustee ceases to be so authorized to carry on business, the validity and enforceability of this Agreement shall not be affected in any manner whatsoever by reason only of such event.

ARTICLE VII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

7.01 Suspension Notice

Upon:

(a) a Program Breach;

(b) a default in the performance, or breach, of any covenants of OPG, as FSM, or OPG, in its corporate capacity, in each case to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligation and the expiration of any applicable cure period;

(c) a representation or warranty made by OPG or a certification made by one or more officers of OPG, in each case whether as FSM or in its corporate capacity, to the Province in connection with its obligations to the Province and its internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligations, proves to be incorrect in any material respect on the date made and the expiration of any applicable cure period; or

(d) the FSM no longer being the Manager or actions having been taken by or on behalf of the Indenture Trustee to remove the FSM as the Manager;

the Province may deliver a written notice in the form of Exhibit C (a "**Suspension Notice**") to the Indenture Trustee, the FSM and the Financing Entity.

7.02 Suspension

If a Suspension Notice has been provided under Section 7.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of: (i) any Primary Obligation incurred, excluding Post-Suspension Refinancings, or (ii) any amendment of any Primary Obligation that has a Material Effect, unless otherwise agreed to by the Province, in each case, on or after the time such Suspension Notice is delivered.

7.03 Additional Right of the Province Regarding Post-Suspension Refinancings

Following the occurrence of a Suspension Event, the Limited Guarantee shall continue to apply in respect of any Post-Suspension Refinancing (for greater certainty, without regard to the satisfaction of any Adherence Conditions); provided that prior to the Financing Entity incurring any Primary Obligation constituting a Post-Suspension Refinancing, the Manager shall provide the Province with at least 30 days' notice of its intention to seek a Post-Suspension Refinancing and prior to incurrence, which notice shall describe the material covenants, events of default, representations and warranties and indemnities of the Financing Entity and other material terms, excluding financial terms, rates and levels, and that shall be in respect of the full amount of the amount becoming due and payable in respect of the applicable Primary Obligation less amounts otherwise available to the Financing Entity from other available or committed sources (the "**Proposal**"), and during such 30 day period the Province may, but is not obligated to, offer to fund such Post-Suspension Refinancing or arrange for another Person to fund such Post-Suspension Refinancing on the same terms as set out in the Proposal or on such other terms as may be considered by the Province to be not more onerous on the Financing Entity and that are acceptable on that basis to the Financing Entity, acting reasonably. If, within such 30-day period, the Province elects to offer to fund such Post-Suspension Refinancing as provided in the preceding sentence, the Manager shall accept such offer; however, if the Province does not elect to offer to fund such Post-Suspension Refinancing, the Manager shall cause the Financing Entity to incur Primary Obligations constituting such a Post-Suspension Refinancing on substantially the same terms (excluding, for greater certainty, any financial terms, rates or levels) as those set out in the Proposal if the Post-Suspension Refinancing can be completed by the Financing Entity

in compliance with the Act, or on such other terms as would not have a Material Effect, without taking into account any financial terms, rates or levels.

7.04 No Impact on Adherence

For greater certainty, the occurrence of a Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event or in respect of any Post-Suspension Refinancing.

ARTICLE VIII
MISCELLANEOUS

8.01 Term of Agreement

This Agreement will continue until the later of: (a) the date that no amount is or may become due and payable by the Province under the Limited Guarantee and (b) the date that no amount is or may become due and payable to the Province in respect of any Subrogation Amount.

8.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: Manager, Corporate Trust
Fax: (416) 981-9777
Email: corporatetrust.toronto@computershare.com

(b) if to the FSM:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

(c) if to the Province:

Minister of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Minister of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

With copies to:

Deputy Minister of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Deputy Minister of Energy
[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 8.02.

8.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section 8.03 shall be null and void.

8.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

8.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

8.07 Notice to Rating Agencies

OPG, as FSM, shall deliver prompt written notice to the Rating Agencies of the occurrence of (i) a Protection Event; (ii) receipt of a Suspension Notice delivered by the Province pursuant to Section 7.01; and (iii) an assignment of this Agreement by any party pursuant to Section 8.03.

8.08 Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their benefits hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

8.09 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, IN ITS CAPACITY AS TRUSTEE OF FAIR HYDRO TRUST, AS ISSUER, BY ONTARIO POWER GENERATION INC., NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration of a funding obligation" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Compliance Certificate**" means a certificate in the form attached hereto as Exhibit B delivered by the FSM in accordance with Section 4.02(a)ii.

"**Adherence Conditions**", means, in respect of a Certified Primary Obligation, the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of a Guarantee Payment Date, the aggregate of the Approved Obligation Amounts for such Guarantee Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, for a Beneficiary in respect of an Approved Obligation under which an amount is due and payable on a Guarantee Payment Date:

(a) if no Acceleration has occurred in respect of any Obligation Secured on or before the Guarantee Payment Date, the amount due and payable to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation (for greater certainty, determined on the assumption that there are adequate amounts available under the applicable payment provisions of the Trust Indenture to pay in full all amounts referred to in such payment provisions that are due and payable on the Guarantee Payment Date); and

(b) if an Acceleration has occurred in respect of any Obligations Secured on or before the Guarantee Payment Date, the amount that would be available to be paid to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation under the applicable payment provisions of the Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with such applicable payment provisions of the Trust Indenture in respect of each relevant month during each Reference Period is equal to the estimated Finance Amount determined in respect of such Reference Period for purposes of section 15(1) of the Act (in effect on the date hereof), including section 6.1 of the General Regulation (in effect on the date hereof), divided by the number of months in such Reference Period.

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Beneficiary Payee**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Certified Primary Obligations**" means Primary Obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest, including any Refinancing, other than a Post-Suspension Refinancing or a Pre-Approved Refinancing, of such a Primary Obligation (for greater certainty, including, in the case of any Certified Primary Obligation permitting funding transactions pursuant to a Funding Obligation Agreement applicable to the Certified Primary Obligation, each individual borrowing or funding utilization thereunder), (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not any individual trade confirmation other than a trade confirmation that modifies or purports to override the express terms or conditions of the related Master Agreement, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and expected (as determined by the Manager, acting reasonably) aggregate payments by the Financing Entity thereunder during the term of such contract are or would be in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).

"**Change of Law Protection Agreement**" means this Agreement.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Executive Officer**" has the meaning ascribed to the term "executive officer" in National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators.

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the first paragraph of this Agreement until a successor Financing Entity Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and the Declaration of Trust, and thereafter "Financing Entity Trustee" means and includes such Person.

"**Financing Plan**" has the meaning ascribed to the term "Financing Plan" in the Act as of the date of this Agreement.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Guarantee Payment**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Guarantee Payment Date**" has the meaning ascribed thereto in Section 2.01(a)i.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**Holder**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Liens**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(a).

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity, as amended, supplemented, restated or otherwise modified from time to time.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Agreement**" means an agreement in the form of a Master Agreement as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, as amended, supplemented, restated or otherwise modified from time to time.

["**Material Effect**" means a material effect on the obligations (including as a result of a change in the nature, scope or extent of the Primary Obligation and the effect on the Province's obligations therefor under the Limited Guarantee) or the rights of the Province under the Limited Guarantee that could reasonably be expected to affect (i) the timing of or circumstances under which Primary Obligations would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization); (ii) the appointment, obligations or duties of OPG as the Manager; (iii) the existence, powers or authority of the Financing Entity or the Financing Entity Trustee; (iv) the obligations of the Indenture Trustee to or in respect of the Province as a Specified Creditor; (v) the limitations and requirements otherwise applicable to the capital structure of the Financing Entity under any existing Program Agreement; (vi) the payment provisions and associated priorities set forth in the Trust Indenture; (vii) the obligations or liability of the Financing Entity to pay any tax, (viii) compliance by the FSM with the then applicable Financing Plan; (ix) the circumstances in which a Protection Event could arise; (x) compliance by the FSM, the Financing Entity or IESO with the Act or the General Regulation; (xi) the nature or character of the payment obligations (but, subject to compliance with the Financing Plan, irrespective of the amount payable thereunder) that could become payable under the Limited Guarantee; or (xii) the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of this Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation.] **[NTD: Under review by accountants and subject to sign off by all parties.]**

"**Notes**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Payable Approved Amounts**" has the meaning ascribed thereto in 2.01(a).

"**Payment Date**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, unlimited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Post-Suspension Refinancing**" means a Funding Obligation that is an Obligation Secured and that is incurred on or after the occurrence of a Suspension Event in compliance with the requirements of Section 7.03, as a Refinancing of one or more Series of Approved Obligations (including any Pre-Approved Refinancing incurred on or after the occurrence of a Suspension Event), in each case the proceeds of which, together with any other funds that may be available, are used solely for the purpose of paying in full such Series of Approved Obligations.

"**Pre-Approved Refinancing**" means a Refinancing of a Certified Primary Obligation in respect of which the Province has, prior to the incurrence of such Certified Primary Obligation, agreed shall be an Approved Obligation, subject to compliance with such conditions and requirements as may be specified in such agreement.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account or Finance Reserve Account; and (ii) any obligation to pay the Financing Entity or on the Financing Entity's direction any remaining amounts in the Collection Account pursuant to the Trust Indenture.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that (X) adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any Finance Reserve Account, Capital Account or collateral posting account applicable under a Derivative Agreement, (ii) the availability of any credit enhancement agreement to which the Financing Entity is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in any of clauses (i) to (v) of this paragraph (a), or (Y) adversely affects the enforceability of, or adversely changes, the terms and conditions of this Agreement or of any of the agreements under which Approved Obligations arise; or

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Approved Obligations that have become due and payable, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any Finance Reserve Account, Capital Account or collateral posting account applicable under a Derivative Agreement, (ii) the availability of any credit enhancement agreement to which the Financing Entity is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in paragraph (b).

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency Condition" in

the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Reference Period**" has the meaning ascribed to the term "reference period" in the Act as of the date of this Agreement.

"**Refinancing**" has the meaning ascribed to the term "refinancing" in the Act as of the date of this Agreement, as more particularly described and given meaning in the General Regulation as of the date of this Agreement.

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Specified Creditor**" has the meaning ascribed thereto in the Trust Indenture on the date hereof.

"**Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(B).

"**Subrogation Payment Date**" has the meaning ascribed thereto in clause 2.01(a)iv.

"**Suspension Event**" has the meaning ascribed thereto in Section 7.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 7.01.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**True-up Amount**" has the meaning ascribed to the term "true up amount" in the Act as of the date of this Agreement.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

EXHIBIT A
FORM OF PAYMENT DEMAND

TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Pursuant to and in accordance with section 2.01(a) of the Change of the Law Protection Agreement, the Indenture Trustee hereby demands payment from the Province in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in the Change of Law Protection Agreement.

DATED as of the [■] day of [■], [■].

BNY TRUST COMPANY OF CANADA

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT B
FORM OF ADHERENCE COMPLIANCE CERTIFICATE UNDER SECTION 4.02(a)

TO: **BNY TRUST COMPANY OF CANADA**, in its capacity as Indenture Trustee (the "**Indenture Trustee**") under the Master Trust Indenture dated as of December ●, 2017 between Fair Hydro Trust and the Indenture Trustee (the "**Master Trust Indenture**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province of Ontario, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust, Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Each of the undersigned, being the ● and ● of OPG acting in its capacity as FSM and holding the offices set forth under their names and signatures below, pursuant to and accordance with clause 4.02(a)ii of the Change of Law Protection Agreement, hereby certifies for and on behalf of OPG, in its capacity as Financial Services Manager, and not in such officer's personal capacity and intending that this certificate may be relied on by the addressees hereof without independent inquiry, that:

1. I have read and understand the provisions of the Change of Law Protection Agreement, the Master Trust Indenture and all other documents and materials necessary to enable me to deliver this certificate.
2. If the Certified Primary Obligation is a Refinancing, the proceeds of the Refinancing will be used solely for the purpose of repaying one or more Certified Primary Obligations in respect of which the Adherence Conditions in Subsection 4.02(a) of the Change of Law Protection Agreement had been satisfied, including one or more other Refinancings in respect of which the Adherence Conditions in Subsection 4.02(a) of the Change of Law Protection Agreement had been satisfied.
3. OPG has delivered to the Province a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate was provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation.

DATED as of the [■] day of [■], [■].

Name: [1]	Name:
Office:	Office:

[1] This certificate must be signed by two officers of OPG being either (i) the Chief Financial Officer and the Treasurer, or (ii) any two Executive Officers (as defined in the Change of Law Protection Agreement) of OPG.

EXHIBIT C
SUSPENSION NOTICE

TO: Ontario Power Generation Inc., in its capacity as Financial Services Manager

AND TO: Fair Hydro Trust

AND TO: Computershare Trust Company of Canada, in its capacity as trustee of Fair Hydro Trust

AND TO: BNY Trust Company of Canada, as Indenture Trustee

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement. All references in this Suspension Notice to "Articles" or "Sections" refer to Articles or Sections of the Change of Law Protection Agreement.

The Province has a reasonable basis for concluding that an event described in clauses (a) to (d) of Section 7.01 has occurred. Pursuant to Section 7.01, the Province hereby declares that the Limited Guarantee shall hereby not apply in respect of (i) any Primary Obligation incurred, excluding Post-Suspension Refinancings or Pre-Approved Refinancings or (ii) any amendment of any Primary Obligation that has a Material Effect, unless otherwise agreed to by the Province, in each case, on or after delivery of this Suspension Notice.

This Suspension Notice is hereby delivered to the FSM, the Financing Entity and the Indenture Trustee in accordance with Section 8.02 of the Change of Law Protection Agreement.

* * * *

DATED as of the [■] day of [■], [■].

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE[1]

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

[1] ~~Explanatory Note: Logistics of closing are under consideration by the Province.~~

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust **organized** under the laws of the Province of Ontario (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council ~~dated as of~~ 1981/2017 (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Primary Obligations that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred. This Agreement sets out the terms and conditions of such protections and assurances.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A**, and any other capitalized terms not defined herein shall have the meanings assigned to them in the Trust Indenture**;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this

Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 ~~Intentionally Deleted~~Proof of Approved Obligations

The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Manager deems to be sufficient.

Each statement delivered by the Manager under Section 2.01(a)i shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and each of the parties hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Manager shall act diligently in the preparation of each such statement and shall provide the Indenture Trustee and the Province with all supporting computations and calculations used by the Manager to prepare each such statement promptly following a request therefor made by the Indenture Trustee or the Province.

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture as of the date of this Agreement.

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 2.01 or Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a

Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee, the Financing Entity, the Financing Entity Trustee, the Manager or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee may deliver a written demand, substantially in the form attached as **[Exhibit A]** (a "**Payment Demand**"), to the Province requiring the Province to make payments in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in this Agreement. From and after such delivery of a Payment Demand, the Province shall make the following payments in respect of the Approved Obligations (the "**Limited Guarantee**"), ~~and~~ the Financing Entity shall pay, and the Province shall be entitled to be paid, the Subrogation ~~Entitlements~~**Amounts** specified below**, and the following terms shall apply**:

i. Not less than **three (**3**)** Business Days prior to each day when any payment or payments are to be made in respect of one or more Approved Obligations occurring after such delivery of a Payment Demand (each such day, a "**Guarantee Payment Date**"), the Manager shall deliver a written statement setting forth the Aggregate Approved Obligations Amount, if any, in respect of the Approved Obligations that are due and payable on such Guarantee Payment Date, together with a detailed description identifying such Approved Obligations and the nature and amount of payments due and payable thereunder on the Guarantee Payment Date, the aggregate outstanding amount payable by the Financing Entity under such Approved Obligations as of the date of such written statement, and details regarding any default in performance by any party obligated thereunder.

ii. On each such Guarantee Payment Date, the Province shall deposit the Aggregate Approved Obligations Amount into the Protection Account.

iii. On each such Guarantee Payment Date, the Financing Entity and the Indenture Trustee shall ensure that the amounts on deposit in the Protection Account are applied to pay each Beneficiary to whom an amount is due and payable under an Approved Obligation on the Guarantee Payment Date the Approved Obligation Amount for such Beneficiary in respect of such Approved Obligation on such Guarantee Payment Date; provided that if the amount deposited pursuant to clause 2.01(a)ii is insufficient to pay all such Approved Obligation Amounts in full, the amount on deposit in the Protection Account on the Guarantee

Payment Date shall be applied to pay Beneficiaries in the order of priority in which such Approved Obligations are payable under the payment provisions of the Trust Indenture applicable to the making of such payments on the Guarantee Payment Date (each, a "**Beneficiary Payee**" and each payment made to a Beneficiary Payee on a Guarantee Payment Date, a "**Guarantee Payment**").

iv. On ~~any~~**the first** Guarantee Payment Date**, and on each subsequent Guarantee Payment Date, Payment Date or other day** on which ~~an amount is paid by the Province pursuant to clause 2.01(a)ii~~**any amount is required to be paid in respect of any Obligations Secured under the Trust Indenture (a "Subrogation Payment Date"), the Issuer and the Indenture Trustee shall ensure that** the applicable payment provisions of the Trust Indenture shall~~, notwithstanding the express terms of such provisions set forth in the Trust Indenture,~~ be applied and operate on the following basis:

(A) ~~[2]the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available under such payment provisions on such Guarantee Payment Date~~**If such day is a Guarantee Payment Date, then for each Approved Obligation for which amounts are paid to a Beneficiary Payee on such day pursuant to clause 2.01(a)iii in respect of principal, interest or any other amounts ("Payable Approved Amounts"), the amounts payable by the Financing Entity in respect of such amounts for such Approved Obligation** shall be reduced by the ~~amount of the Guarantee Payment paid~~**respective amounts of such payments** to the Beneficiary Payee~~ pursuant to clause 2.01(a)iii in respect of such Approved Obligation on such Guarantee Payment Date;~~**, and equivalent amounts shall be payable by the Financing Entity to the Province as "Subrogation Amounts" in respect of such Approved Obligations, such Subrogation Amounts being payable in the same order of priority and with the same entitlements accruing**

~~[2] Explanatory Note: In a particular period, the cash available from CEAs may exceed the aggregate Finance Amounts payable - for example, as a result of the "true-up" under the Act, which will determine the actual amount of cash available. The basic structure is that the Province will pay all Approved Obligation Amounts, and will be entitled to receive all cash flows available to the Beneficiary Payees. Limiting the subrogation amounts to the lesser of such available cash and the Guarantee Payments could result in leakage of the cash that the Province looks to under this arrangement.~~

to the Province as applied in respect of the related Payable Approved Amounts which were previously owing to the Beneficiary Payee, and to reflect this subrogation the payments set out in clause 2.01(a)iv(B) below shall be made by the Financing Entity.

(B) ~~the Province shall be paid the amount payable to a Beneficiary Payee in respect of an Approved Obligation~~**If the Province has made all deposits required to be made by it on each Guarantee Payment Date occurring on or before such day in accordance with clause 2.01(a)ii (or the related Approved Obligation Amounts have otherwise all been paid in full), then in respect of each Approved Obligation for which any related Subrogation Amounts have not yet been paid in full to the Province, the Financing Entity shall pay to the Province** from amounts available ~~to pay the Beneficiary Payee~~ under ~~such payment provisions on the Guarantee Payment Date,~~**the Trust Indenture payment provisions and in accordance with the priority of payment provisions in the Trust Indenture the amount that would be payable on such date in satisfaction of the relevant Payable Approved Amounts, as** determined without regard to ~~the~~**any** Guarantee Payment paid on ~~such~~**any** Guarantee Payment Date and **also without regard to** the corresponding reduction of the ~~amount~~**amounts** owing to ~~the~~**present and former** Beneficiary ~~Payee~~**Payees** pursuant to subclause 2.01(a)iv(A) ~~(each such~~**up to the** amount ~~payable to~~**of** the ~~Province being a "~~**unpaid related** Subrogation ~~**Amount**"~~);**Amounts.**

(C) ~~no~~**No** Beneficiary having a right to be paid an amount in respect of an Approved Obligation, and no other Person entitled under an Obligation Secured, in each case that ranks equal with or subordinate to ~~an~~**the Payable** Approved ~~Obligation~~**Amount** in respect of which a Subrogation Amount is payable to the Province under subclause 2.01(a)iv(B), shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under such subclause (including any right of **set-off, offset,** reimbursement, contribution

or indemnity) and no such Beneficiary or other Person shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of any such Subrogation Amount~~;~~

~~(D)~~ ~~[3]on the first day when any payment or payments are to be made in respect of Obligations Secured that occurs on or after the date on which all amounts payable under all Approved Obligations have been paid in full, the Province shall be entitled to be paid from amounts available to pay Obligations Secured on such day (and thereafter on each subsequent day when any payment or payments are to be made in respect of Obligations Secured, until paid in full), in each case in accordance with the applicable payment provisions of the Trust Indenture on such day, the following amounts (each, a "**Final Subrogation Amount**"), in each case in the priorities specified below:~~

~~(I) as an amount ranking equally with [Senior Obligations][4], the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including such day in respect of Approved Obligations ranking equally with or prior to [Senior Obligations], plus (y) the sum of amounts determined in respect of interest on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount is paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related[5], exceeds (2)~~

~~[3] Explanatory Note: The Province will be entitled to receive subrogation cash flows after satisfaction of all Approved Obligations. This provision provides how that these amounts will be payable from available cash flows, based on priorities that address cash entitlements opposite non-guaranteed obligations secured (e.g., after a suspension event). Conforming changes will need to be made to the Trust Indenture once these mechanics have been settled.~~

~~[4] Explanatory Note: Nomenclature to be conformed, once the corresponding provisions of the Trust Indenture have been settled.~~

~~[5] Explanatory Note: Nomenclature to be conformed, once the corresponding provisions of the Trust Indenture have been settled.~~

~~the sum of all Subrogation Amounts paid to the Province up to and including such day;~~

~~(II) as an amount ranking equally with [Subordinated Obligations], the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including such day in respect of Approved Obligations ranking equally with or prior to [Subordinated Obligations], plus (y) the sum of amounts determined in respect of interest on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount is paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of (x) all Subrogation Amounts paid to the Province up to and including such day, plus (y) the amount determined under (I); and~~

~~(III) as an amount ranking equally with [Junior Obligations], the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including such day in respect of Approved Obligations ranking equally with or prior to [Junior Obligations], plus (y) the sum of amounts determined in respect of interest on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount is paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of (x) all Subrogation Amounts paid to the Province up to and including such~~

~~day, plus (y) the sum of the amounts determined under (I) plus (z) the sum of the amounts determined under (II); and(E)~~

~~no Person entitled under an Obligation Secured that ranks equal with or subordinate to a Final Subrogation Amount shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province in respect of such Final Subrogation Amount and no such Person shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of any such Final Subrogation Amount~~.

(D) **For greater certainty, the entitlements of the Province in respect of Subrogation Amounts arising in respect of Payable Approved Obligations that are interest and principal obligations on Notes shall be treated for all purposes of the Trust Indenture as interest and principal obligations, respectively, arising under Notes having the same priority as and any applicable voting rights under the related Approved Obligations, and accordingly the Province (and any successor, assignee or transferee of such entitlements) shall be entitled to all of the rights, entitlements, interests and privileges of a Holder of such a Notes in accordance with the Trust Indenture, as supplemented by the Supplemental Indenture or other indenture document under which the related Approved Obligations were issued.**

(b) ~~v.~~ On ~~any~~**each** Guarantee Payment Date **and upon demand by the Province**, the Indenture Trustee shall release and pay to the Province free and clear of any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay Guarantee Payments to Beneficiary Payees on the Guarantee Payment Date in accordance with clause 2.01(a)~~iii.~~ **iii or that otherwise remains on deposit in the Protection Account on the relevant date.**

(c) ~~vi.~~ In preparing any payment instructions under the Trust Indenture, the Manager shall reflect the amounts payable under Section 2.01(a)**, if applicable**.

(d) ~~(b)~~ The Province shall, as a payee of Subrogation Amounts under clause 2.01(a)~~(iv)(B), as a payee of each Final Subrogation Amount under clause 2.01(a)(iv)~~**iv**(B) and as a payee of any amounts payable under clause 2.01(~~a)(v~~**b**), be a "Specified Creditor" under the Trust Indenture and have the benefit of the Collateral thereunder.

(e) ~~(c)~~ For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the Approved Obligation Amounts, if any, for payment to Beneficiary Payees and will be subject to the priorities and to the Province's rights to Subrogation ~~Entitlements~~**Amounts**, set forth in Section 2.01(a).

(f) ~~(d)~~ Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(g) ~~(e)~~ Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation by their terms.

(h) **Any amount payable to the Province in respect of a Subrogation Amount shall bear interest from and including the date of payment by the Province of the related Guarantee Payment to but excluding the date of payment of the Subrogation Amount to the Province, such interest to accrue at the rate equivalent to the applicable interest rate borne by the related Approved Obligation, and such interest amounts shall be added to their respective Subrogated Amounts and shall consequently be payable in the same priority as the relevant Subrogated Amount under clause 2.01(a)iv(B), all such accruing interest amounts to be calculated and added to the Subrogation Amounts by the Manager in its discretion acting in a commercially reasonable fashion.**

(i) ~~(f)~~ The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under and in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any

amount due and payable to a Beneficiary Payee under the Limited Guarantee.

2.02 Intentionally Deleted.

2.03 Absence of Set-off

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 Payment into Protection Account in Satisfaction

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account" for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section **[7.03]** of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Financing Entity and the Indenture Trustee shall ensure that all amounts paid by the Province into the Protection Account on a Guarantee Payment Date in respect of an Approved Obligation are applied to pay the amounts due and payable to the ~~Beneficiaries~~**Beneficiary Payee** as and to the extent provided for in Section 2.01(a). Upon a payment having been made by or on behalf of the Province into the Protection Account, the amounts so paid shall for all purposes be considered to have been applied to pay the applicable ~~Beneficiaries~~**Beneficiary Payee** as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such ~~Beneficiaries~~**Beneficiary Payee** in respect of the applicable Approved Obligations, whereupon an affected Beneficiary **Payee** shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid. For greater certainty, the

obligations arising in respect of an applicable Approved Obligation shall not be reduced by such payment as the Province shall become entitled to be paid related Subrogation ~~Entitlements~~**Amounts** and the rights contemplated under Section 2.01(a) and Section 5.01 in relation to such continuing obligations.

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations in accordance with Section 8.01.

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

~~A~~**Except in respect of any Primary Obligation to which the Limited Guarantee will not apply on or after a Suspension Notice is delivered in accordance with Section 7.02, a Primary Obligation that is not a Certified Primary Obligation shall be an Approved Obligation. A Certified** Primary Obligation shall constitute an Approved Obligation if (i) the Adherence Conditions applicable thereto have been satisfied at the time the Primary Obligation was incurred~~,~~ or (ii) the Province, in its sole discretion, designates in writing that it is an Approved Obligation.

4.02 Adherence Conditions

(a) The following shall be the Adherence Conditions applicable in relation to each Certified Primary Obligation:

i. ~~(a)~~ the Certified Primary Obligation when incurred is an Obligation Secured under the Trust Indenture; and

ii. ~~(b)~~ OPG, as FSM, delivers ~~a certificate~~**an Adherence Compliance Certificate in the form attached hereto as Exhibit B** signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee, on or before the incurrence of ~~a~~**the** Certified Primary Obligation (provided that delivery may not be more than 5 Business Days before the incurrence of the Certified Primary Obligation)~~, confirming that OPG has delivered to the Province a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation~~; and

iii. ~~(c) in respect of a Certified Primary Obligation other than a Refinancing of a Primary Obligation in respect of which the Adherence Conditions had been satisfied,~~ the Province has not provided a Suspension Notice to the Indenture Trustee, OPG and the Financing Entity.

(b) ~~For greater certainty, (y)~~**Without limiting any obligations of OPG to the Province arising other than pursuant to this Agreement,** satisfaction of

the Adherence Conditions for a Certified Primary Obligation shall be deemed satisfaction of the Adherence Conditions in respect of all principal, interest and other amounts owing under the Certified Primary Obligation, as such Certified Primary Obligation may be amended, restated, supplemented or otherwise modified from time to time.

(c) For greater certainty, and (z) there shall be no Adherence Conditions applicable in relation to a Primary Obligation that is not a Certified Primary Obligation.

4.03 Evidence of Satisfaction

A closing certificateAn Adherence Compliance Certificate delivered in accordance with Sectionclause 4.02(b) in connection with an incurrence of a Certified Primary Obligationa)ii shall be determinative as to whether the applicable Adherence ConditionsCondition with respect thereto havehas been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same. A closing certificateAn Adherence Compliance Certificate that purports on its face to be signed by officers specified in Sectionclause 4.02(ba) ii may be relied upon by any addressee without further enquiry or evidence as to the incumbency or signatures of such officers. If a closing certificatean Adherence Compliance Certificate is not delivered in accordance with the timing requirements of Sectionclause 4.02(b) in respect of a Certified Primary Obligation,a)ii such certificate may be delivered at a later date, and be effective as if it had been delivered in accordance with the timing requirement of Sectionclause 4.02(ba),ii if at the time such certificate was otherwise required to be delivered OPG had delivered to the Province all certifications required by the Province in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation.

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, includingand shall be entitled to (i) the right and entitlement to be paid and receive the related Subrogation EntitlementsAmounts, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent

of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including ~~(~~Sections **[7.04]** through **[7.11]** and **[8.13]** (Payment Priorities), Section **[7.12]** (Payments Held in Trust), Section **[8.11]** (Control by Controlling Class Creditors), Section **[8.12]** (Limitation on Suits), Section **[8.14]** (Limited Recourse), Article IX (The Indenture Trustee), including all limitations of liability thereunder, Section **[9.14]** (Communications to Specified Creditors) and Section **[16.01]** (No Petition)~~)~~; (ii) consents, requests and authorizes the Issuer and the Indenture Trustee to (x) add the Province to the register of Specified Creditors described in subsection **[13.13(b)]** of the Trust Indenture and (y) disseminate the notice details of the Province to other Specified Creditors for the purposes set out in subsection **[9.14(b)]** of the Trust Indenture, and (iii) confirms that it will execute and deliver, or cause to be executed and delivered, all such further agreements, documents and instruments in connection with this Section 5.01 as the Indenture Trustee may request from time to time for the purpose of giving effect to the terms of this Section ~~5.01.~~**5.01.**

5.02 Priorities

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation **and the Payable Approved Amounts thereunder** shall rank equally with the rights, interests and entitlements of a Beneficiary to whom a Limited Guarantee payment is made in respect of, and to the extent of the

payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture in the manner and to the extent contemplated in Section [**7.10**~~(d)~~] of the Trust Indenture.

5.03 Intentionally Deleted

5.04 Representations and Warranties

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
INDENTURE TRUSTEE MATTERS

6.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

6.02 Not Responsible for Recitals

The recitals contained herein will be taken as the statements of the Province, the Financing Entity and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

6.03 Representations and Covenants of the Indenture Trustee[6]

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Agreement and has taken all necessary action to authorize the execution, delivery and performance by it of this Agreement;

(c) this Agreement has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) ~~(b)~~ the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada. **If, notwithstanding the provisions of this subsection 6.03(d), the Indenture Trustee ceases to be so authorized to carry on business, the validity and enforceability of this Agreement shall not be affected in any manner whatsoever by reason only of such event.**

ARTICLE VII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

7.01 Suspension Notice

Upon:

(a) a Program Breach;

(b) a default in the performance, or breach, of any covenants of OPG, as FSM, or OPG, in its corporate capacity, in each case to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the provision **or adherence** of the Limited Guarantee~~, which continues for thirty (30) days after written notice by the Province to OPG of such default or breach~~ **to or in respect of** any Certified Primary Obligation **and the expiration of any applicable cure period**;

(c) a representation or warranty made by OPG or a certification made by one or more officers of OPG, in each case whether as FSM or in its corporate capacity, to the Province in connection with its obligations to the Province ~~pursuant to~~**and its** internal requirements and processes in connection with the provision **or adherence** of the Limited Guarantee **to or in respect of any Certified Primary**

[6] ~~Explanatory Note: The Province is content to receive the same representations as are provided by the Indenture Trustee should be under the Trust Indenture. Please conform.~~

Obligations, proves to be incorrect **in any material respect** on the date made and~~, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation~~ **the expiration of any applicable cure period**; or

(d) the FSM no longer being the Manager or actions having been taken by or on behalf of the Indenture Trustee to remove the FSM as the Manager~~,~~**;**

the Province may ~~declare that the Limited Guarantee under this Agreement shall not apply to any Primary Obligations incurred on or after such declaration, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied (provided that the Refinancing is an Approved Obligation), by delivering~~**deliver** a written notice in the form of Exhibit ~~B~~**C** (a "**Suspension Notice**") to the Indenture Trustee, the FSM and the Financing Entity.

~~The Limited Guarantee shall apply to any Certified Primary Obligation incurred after a Suspension Event on the basis that it is a Refinancing (provided that such Refinancing is an Approved Obligation) only if the FSM certifies to the Province in writing prior to the incurrence that the proceeds of such incurrence will be used solely for the purposes of repaying one or more Certified Primary Obligations incurred prior to the Suspension Event and to which the Limited Guarantee adhered as of the time the Suspension Event occurred, and the delivery of such written certification by the FSM to the Province shall be determinative for the purposes of concluding that such incurrence is a Refinancing for the purposes of Sections 7.01, 7.02 and 7.03.~~

7.02 Suspension

If a Suspension Notice has been provided under Section 7.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of**: (i)** any Primary Obligation incurred~~ or amended~~**, excluding Post-Suspension Refinancings, or (ii) any amendment of any Primary Obligation that has a Material Effect, unless otherwise agreed to by the Province, in each case,** on or after the time such Suspension Notice is delivered~~, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied (provided that the Refinancing is an Approved Obligation).~~ **.**

7.03 Additional Right of the Province Regarding Post-Suspension Refinancings

Following the occurrence of a Suspension Event, the Limited Guarantee shall continue to apply in respect of any Post-Suspension Refinancing (for greater certainty, without regard to the satisfaction of any Adherence Conditions); provided that prior to the Financing Entity incurring any Primary Obligation constituting a Post-Suspension Refinancing, the Manager shall provide the Province with at least 30 days' notice of its intention to seek a Post-Suspension Refinancing and prior to incurrence, which notice shall describe the material covenants, events of default, representations and warranties and indemnities of the Financing Entity and other material terms, excluding financial terms, rates and levels, and that shall be in respect of the full amount of the amount becoming due and payable in respect of the applicable Primary Obligation less amounts otherwise

available to the Financing Entity from other available or committed sources (the "Proposal"), and during such 30 day period the Province may, but is not obligated to, offer to fund such Post-Suspension Refinancing or arrange for another Person to fund such Post-Suspension Refinancing on the same terms as set out in the Proposal or on such other terms as may be considered by the Province to be not more onerous on the Financing Entity and that are acceptable on that basis to the Financing Entity, acting reasonably. If, within such 30-day period, the Province elects to offer to fund such Post-Suspension Refinancing as provided in the preceding sentence, the Manager shall accept such offer; however, if the Province does not elect to offer to fund such Post-Suspension Refinancing, the Manager shall cause the Financing Entity to incur Primary Obligations constituting such a Post-Suspension Refinancing on substantially the same terms (excluding, for greater certainty, any financial terms, rates or levels) as those set out in the Proposal if the Post-Suspension Refinancing can be completed by the Financing Entity in compliance with the Act, or on such other terms as would not have a Material Effect, without taking into account any financial terms, rates or levels.

7.04 ~~7.03~~ No Impact on Adherence

For greater certainty, the occurrence of a Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event or in respect of any **Post-Suspension** Refinancing**.** ~~of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied (provided that the Refinancing is an Approved Obligation).~~

ARTICLE VIII
MISCELLANEOUS

8.01 Term of Agreement

This Agreement will continue until the **later of: (a) the** date that no amount is or may become due and payable by the Province under the Limited Guarantee **and (b) the date that no amount is or may become due and payable to the Province in respect of any Subrogation Amount**.

8.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the

time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust

700 University Avenue

Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: Manager, Corporate Trust
Fax: (416) 981-9777
Email: corporatetrust.toronto@computershare.com

(b) if to the FSM:

Ontario Power Generation Inc.

700 University Avenue

Toronto, Ontario M5G 1X6

Attention: General Counsel
Fax: (416) 592-4189

(c) if to the Province:

~~Ministry~~**Minister** of Finance

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

and

~~Ministry~~**Minister** of Energy

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

With copies to:

Deputy Minister of Finance

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

and

Deputy Minister of Energy

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 8.02.

8.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section 8.03 shall be null and void.

8.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

8.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

8.07 Notice to Rating Agencies

OPG, as FSM, shall deliver prompt written notice to the Rating Agencies ~~on~~**of the** occurrence of (i) a Protection Event; (ii) receipt of a Suspension Notice delivered by the Province pursuant to Section 7.01; and (iii) an assignment of this Agreement by any party pursuant to Section 8.03.

8.08 Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their benefits hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

8.09 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, IN ITS CAPACITY AS TRUSTEE OF FAIR HYDRO TRUST, AS ISSUER, BY ONTARIO POWER GENERATION INC., NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration **of a funding obligation**" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"~~**Action**" has the meaning ascribed thereto under the Trust Indenture.~~**Adherence Compliance Certificate" means a certificate in the form attached hereto as Exhibit B delivered by the FSM in accordance with Section 4.02(a)ii.**

"**Adherence Conditions**", means, in respect of a Certified Primary Obligation, the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of a Guarantee Payment Date, the aggregate of the Approved Obligation Amounts for such Guarantee Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, for a Beneficiary in respect of an Approved Obligation under which an amount is due and payable on a Guarantee Payment Date:

(a) if no Acceleration has occurred in respect of any Obligation Secured on or before the Guarantee Payment Date, the amount due and payable to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation (for greater certainty, determined on the assumption that there are adequate amounts available under the applicable payment provisions of the Trust Indenture to pay in full all amounts referred to in such payment provisions that are due and payable on the Guarantee Payment Date); and

(b) if an Acceleration has occurred in respect of any Obligations Secured on or before the Guarantee Payment Date, the amount that would be available to be paid to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation under the applicable payment provisions of the Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with such applicable payment provisions of the Trust Indenture in respect of each relevant month during each Reference Period is equal to the estimated Finance Amount determined in respect of such Reference Period for purposes of section 15(1) of the Act (in effect on the date hereof), including section 6.1 of the General Regulation (in effect on the date hereof), divided by the number of months in such Reference Period.

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Beneficiary Payee**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Certified Primary Obligations**" means Primary Obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest~~ or to repay payment obligations that were incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest,[7]~~**, including any Refinancing, other than a Post-Suspension Refinancing or a Pre-Approved Refinancing, of such a Primary Obligation (for greater certainty, including, in the case of any Certified Primary Obligation permitting funding transactions pursuant to a Funding Obligation Agreement applicable to the Certified Primary Obligation, each individual borrowing or funding utilization thereunder),** (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not ~~each~~**any** individual trade confirmation**, other than a trade confirmation that modifies or purports to override the express terms or conditions of the related Master Agreement**, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and **expected (as determined by the Manager, acting reasonably)** aggregate payments by the Financing Entity thereunder during the term of such contract ~~is~~**are or would be** in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).

"**Change of Law Protection Agreement**" means this Agreement.

~~"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.~~

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

~~[7] Explanatory Note: Province requires a Process Certificate for each monthly draw.~~

~~"**Eligible Deposit Account**" has the meaning ascribed thereto in the Trust Indenture.~~

~~"**Eligible Institution**" has the meaning ascribed thereto in the Trust Indenture.~~

"**Executive Officer**" has the meaning ascribed to the term "executive officer" in National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators.

~~"**Final Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(D).~~

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the first paragraph of this Agreement until a successor Financing Entity Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and the Declaration of Trust, and thereafter "Financing Entity Trustee" means and includes such Person.

"Financing Plan" has the meaning ascribed to the term "Financing Plan" in the Act as of the date of this Agreement.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Guarantee Payment**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Guarantee Payment Date**" has the meaning ascribed thereto in Section 2.01(a)i.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"Holder" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**IESO**" has the meaning ascribed thereto in the Act **as of the date of this Agreement**.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

~~"**Issuer Account**" has the meaning ascribed thereto in the Trust Indenture.~~

~~"**Issuer Funding Obligation**" has the meaning ascribed thereto in the Trust Indenture.~~

"**Legislature**" means the Legislature of the Province of Ontario.

"~~**Lien**~~**Liens**" has the meaning ascribed thereto in the Trust Indenture **as of the date hereof**.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(a).

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity, as amended, supplemented, restated or otherwise modified from time to time.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Agreement**" means an agreement in the form of ~~an ISDA~~**a** Master Agreement as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, as amended, supplemented, restated or otherwise modified from time to time.

["Material Effect" means a material effect on the obligations (including as a result of a change in the nature, scope or extent of the Primary Obligation and the effect on the Province's obligations therefor under the Limited Guarantee) or the rights of the Province under the Limited Guarantee that could reasonably be expected to affect (i) the timing of or circumstances under which Primary Obligations would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization); (ii) the appointment, obligations or duties of OPG as the Manager; (iii) the existence, powers or authority of the Financing Entity or the Financing Entity Trustee; (iv) the obligations of the Indenture Trustee to or in respect of the Province as a Specified Creditor; (v) the limitations and requirements otherwise applicable to the capital structure of the Financing Entity under any existing Program Agreement; (vi) the payment provisions and associated priorities set forth in the Trust Indenture; (vii) the obligations or liability of the Financing Entity to pay any tax, (viii) compliance by the FSM with the then applicable Financing Plan; (ix) the circumstances in which a Protection Event could arise; (x) compliance by the FSM, the Financing Entity or IESO with the Act or the General

Regulation; (xi) the nature or character of the payment obligations (but, subject to compliance with the Financing Plan, irrespective of the amount payable thereunder) that could become payable under the Limited Guarantee; or (xii) the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of this Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation.] [NTD: Under review by accountants and subject to sign off by all parties.]

"~~**Obligations Secured**~~**Notes**" has the meaning ascribed thereto in the Trust Indenture **as of the date hereof**.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"Payable Approved Amounts" has the meaning ascribed thereto in 2.01(a).

"Payment Date" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, **unlimited liability company,** estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"Post-Suspension Refinancing" means a Funding Obligation that is an Obligation Secured and that is incurred on or after the occurrence of a Suspension Event in compliance with the requirements of Section 7.03, as a Refinancing of one or more Series of Approved Obligations (including any Pre-Approved Refinancing incurred on or after the occurrence of a Suspension Event), in each case the proceeds of which, together with any other funds that may be available, are used solely for the purpose of paying in full such Series of Approved Obligations.

"Pre-Approved Refinancing" means a Refinancing of a Certified Primary Obligation in respect of which the Province has, prior to the incurrence of such Certified Primary Obligation, agreed shall be an Approved Obligation, subject to compliance with such conditions and requirements as may be specified in such agreement.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account or Finance Reserve Account~~ or required to be held in~~

~~the Collection Account after the application of amounts under the applicable payment provision of the Trust Indenture on an applicable payment date~~[8]; and (ii) any obligation to pay the Financing Entity or on the Financing Entity's direction any remaining amounts~~ in the Collection Account pursuant to the Trust Indenture.~~"~~**Program Agreements**~~" has the meaning ascribed thereto~~ in the **Collection Account pursuant to the** Trust Indenture.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event[9], termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that ~~materially and~~**(X)** adversely affects ~~(a)~~ the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay **Approved** Obligations~~ Secured, or (b) this Agreement or~~**, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any Finance Reserve Account, Capital Account or collateral posting account**

[8] ~~Explanatory Note: The Trust Indenture states that if extra cash is available in the Collections Account, it can be held until a subsequent Payment Date.~~

[9] ~~Explanatory Note: Early amortization events may be included in a supplemental indenture, so retaining that concept makes sense.~~

applicable under a Derivative Agreement, (ii) the availability of any credit enhancement agreement to which the Financing Entity is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in any of clauses (i) to (v) of this paragraph (a), or (Y) adversely affects the enforceability of, or adversely changes, the terms and conditions of this Agreement or of any of the agreements under which **Approved** Obligations~~ Secured~~ arise; or

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that~~ materially and~~ adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay **Approved** Obligations~~ Secured~~ and that has the effect of the Financing Entity not in fact having sufficient funds to pay such **Approved** Obligations~~ Secured~~ that have become due and payable**, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any Finance Reserve Account, Capital Account or collateral posting account applicable under a Derivative Agreement, (ii) the availability of any credit enhancement agreement to which the Financing Entity is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in paragraph (b)**.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency Condition" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Reference Period**" has the meaning ascribed ~~thereto~~**to the term "reference period"** in the Act**, as of the date of this Agreement**.

"**Refinancing**"[10] has the meaning ascribed to the term "refinancing" in the Act as of the date ~~hereof~~**of this Agreement**, as more particularly described and given meaning in the General Regulation as of the date ~~hereof.~~[11]**of this Agreement.**

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Specified ~~Creditors~~Creditor**" has the meaning ascribed thereto in the Trust Indenture **on the date hereof**.

~~"**Subrogation Entitlement**" means each Subrogation Amount and each Final Subrogation Amount.~~

"**Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(B).

"~~**Supplemental Indenture**~~**Subrogation Payment Date**" has the meaning ascribed ~~in the Trust Indenture.~~**thereto in clause 2.01(a)iv.**

~~"**Supplemental Reserve Account**" has the meaning ascribed in the Trust Indenture.~~

"**Suspension Event**" has the meaning ascribed thereto in Section 7.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 7.01.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"True-up Amount" has the meaning ascribed to the term "true up amount" in the Act as of the date of this Agreement.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

~~[10] Explanatory Note: This relates to a refinancing of an existing debt obligation; not an undrawn commitment to fund.~~

~~[11] Explanatory Note: The General Regulation provides that debt can be considered a "Refinancing" when incurred within the 6 months prior to the maturity date of a funding obligation. The Act/Regulation's definition doesn't require that "Refinancings" be simultaneous with the repayment of existing Approved Obligations. We have added a certificate mechanic in 7.01 by which there can be certainty when an obligation is incurred that if the obligation is intended to be a refinancing, it will be covered by the guarantee.~~

EXHIBIT A
FORM OF PAYMENT DEMAND

TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Pursuant to and in accordance with section 2.01(a) of the Change of the Law Protection Agreement, the Indenture Trustee hereby demands payment from the Province in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in the Change of Law Protection Agreement.

DATED as of the [■] day of [■], [■].

BNY TRUST COMPANY OF CANADA

By:
Name:
Title:

By:
Name:
Title:

EXHIBIT B

FORM OF ADHERENCE COMPLIANCE CERTIFICATE UNDER SECTION 4.02(a)

TO:	**BNY TRUST COMPANY OF CANADA, in its capacity as Indenture Trustee (the "Indenture Trustee") under the Master Trust Indenture dated as of December ●, 2017 between Fair Hydro Trust and the Indenture Trustee (the "Master Trust Indenture")**

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province of Ontario, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust, Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "Change of Law Protection Agreement"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Each of the undersigned, being the ● and ● of OPG acting in its capacity as FSM and holding the offices set forth under their names and signatures below, pursuant to and accordance with clause 4.02(a)ii of the Change of Law Protection Agreement, hereby certifies for and on behalf of OPG, in its capacity as Financial Services Manager, and not in such officer's personal capacity and intending that this certificate may be relied on by the addressees hereof without independent inquiry, that:

1. **I have read and understand the provisions of the Change of Law Protection Agreement, the Master Trust Indenture and all other documents and materials necessary to enable me to deliver this certificate.**
2. **If the Certified Primary Obligation is a Refinancing, the proceeds of the Refinancing will be used solely for the purpose of repaying one or more Certified Primary Obligations in respect of which the Adherence Conditions in Subsection 4.02(a) of the Change of Law Protection Agreement had been satisfied, including one or more other Refinancings in respect of which the Adherence Conditions in Subsection 4.02(a) of the Change of Law Protection Agreement had been satisfied.**
3. OPG has delivered to the Province a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate **was** provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation**.**

DATED as of the [■] day of [■], [■].

Name: [1]	**Name:**
Office:	**Office:**

[1] **This certificate must be signed by two officers of OPG being either (i) the Chief Financial Officer and the Treasurer, or (ii) any two Executive Officers (as defined in the Change of Law Protection Agreement) of OPG.**

EXHIBIT C
SUSPENSION NOTICE

TO: Ontario Power Generation Inc., in its capacity as Financial Services Manager

AND TO: Fair Hydro Trust

AND TO: Computershare Trust Company of Canada, in its capacity as trustee of Fair Hydro Trust

BNY Trust Company of Canada, as Indenture Trustee

AND TO:

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement. All references in this Suspension Notice to "Articles" or "Sections" refer to Articles or Sections of the Change of Law Protection Agreement.

The Province has a reasonable basis for concluding that an event described in **clauses (a) to (d) of** Section 7.01 has occurred. Pursuant to Section ~~7.01,~~**7.01,** the Province hereby declares that the Limited Guarantee shall ~~not apply in respect of any Primary Obligation incurred or amended on or after the delivery of this Suspension Notice, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied, in accordance with the terms and conditions in Article VII.The Limited Guarantee shall~~ hereby not apply in respect of **(i)** any Primary Obligation incurred~~ or amended~~**, excluding Post-Suspension Refinancings or Pre-Approved Refinancings or (ii) any amendment of any Primary Obligation that has a Material Effect, unless otherwise agreed to by the Province, in each case,** on or after delivery of this Suspension Notice~~, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied~~.

This Suspension Notice is hereby delivered to the FSM, the Financing Entity and the Indenture Trustee in accordance with Section 8.02 of the Change of Law Protection Agreement.

* * * *

DATED as of the [■] day of [■], [■].

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

Document comparison by Workshare Compare on December-12-17 4:33:16 PM

Input:	
Document 1 ID	file://C:\Users\bsaulnie\Desktop_Fair Hydro -- Change of Law Protection Agreement (Rating Agency Version).DOCX
Description	_Fair Hydro -- Change of Law Protection Agreement (Rating Agency Version)
Document 2 ID	file://C:\Users\bsaulnie\Desktop\#24626868v1_TorysAtWork_ - Change of Law Protection Agreement.docx
Description	#24626868v1_TorysAtWork_ - Change of Law Protection Agreement
Rendering set	Firm_Standard

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

Statistics:	
	Count
Insertions	238
Deletions	170
Moved from	3
Moved to	3
Style change	0
Format changed	0
Total changes	414

From: Hanslep, Malle (MOF)
To: Gadi Mayman; Mike Manning; Ken Kandeepan; Anna Strathy
Cc: Tobias P. Whitfield (MOF)
Subject: FW: EXTERNAL – Issues relating to the Process/Protection Agreements
Date: Friday, December 15, 2017 4:47:16 PM

Hi Gadi,
We had a call with Les on the points and he asked us to put it in writing so he could send to Torys for review. Please let us know if you have any questions on the points.
Malle

From: WONG Leslie -LAWDIV [mailto:leslie.wong@opg.com]
Sent: December 15, 2017 4:38 PM
To: LEE John -TREASURY; Ramchandani, Rima
Cc: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

John – Regarding the first two points, please advise on how you'd like us to proceed.
Rima - Regarding the third point, can you please check the cross-reference and, if it needs correction, please correct the cross-reference.
Regards,
Les

Leslie Wong
Senior Counsel
Ontario Power Generation Inc.
700 University Avenue, H18 G26.1, Toronto, ON M5G 1X6
T: (416) 592-3110 **|** E: leslie.wong@opg.com

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Friday, December 15, 2017 3:51 PM
To: WONG Leslie -LAWDIV <leslie.wong@opg.com>
Cc: Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>
Subject: EXTERNAL – Issues relating to the Process/Protection Agreements
*** Exercise caution. This is an EXTERNAL email. DO NOT open attachments or click links from unknown senders or unexpected email. ***

Les,
Further to our phone call, there are three issues that are priority issues for the Province, and we would like to understand what the thinking is behind them, or understand what the scope is for amending them.

1. With respect to the use of the definitions and references that now require defining the Process Agreement in the Protection Agreement, what is the reasoning behind making this change in this way? We had discussed whether a Rating Agency Condition could be included for any amendments to the Process Agreement, but we would also like to understand why it is necessary to import the Process Agreement into the Protection Agreement. We are concerned that this means that any amendments to the Process Agreement will be subject to bondholder approval or other processes that are a consequence of becoming a Program Agreement under the Master Trust Indenture.
2. We are concerned about the changes to the Material Effect definition in the Process

Agreement which has had the effect of significantly undermining the rights of the Province, particularly under the Breach Events provisions 6.01 (b) and (c) because the definition of "Material Effect" as now revised does not apply to those types of breaches. For instance, it is not clear that the failure to perform or breach of a covenant in 6.01(b) is capable of being qualified by the definition of "Material Effect" in a coherent way, thus potentially rendering that provision meaningless. The purpose of the changes to the Material Effect definition was with reference to s. 3.04(b).

3. There is a cross referencing error in the Process Agreement that is the result of the introduction of a new 2.02(b) in the Torys December 12 draft, which results in the reference in 6.01(a) being mistakenly to 2.02(b)(iv), when it should be 2.02(c)(iv) as a result of the new numbering.

Please let us know if we can provide further explanation of these items.

Thanks

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
777 Bay Street, 11th Floor
Toronto, ON, M5G 2C8
tobias.whitfield@ontario.ca
Phone: 416-325-1456

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From: Whitfield, Tobias P. (MOF)
To: stephen.ashbourne@blakes.com; Mike Manning; Anna Strathy; Ken Kandeepan; Gadi Mayman
Cc: Malle Hanslep (MOF)
Subject: FW: EXTERNAL – Issues relating to the Process/Protection Agreements
Date: Monday, December 18, 2017 1:48:46 PM
Attachments: Process Agreement - Changed Pages.pdf

Torys has sent us this updated draft, which includes taking some of our comments on the Breach Events provisions so that they are now more meaningful.

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: December 18, 2017 1:03 PM
To: Hanslep, Malle (MOF); LEE John -TREASURY; WONG Leslie -LAWDIV
Cc: Whitfield, Tobias P. (MOF); Saulnier, Brett; Kandeepan, Ken (OFA); Saulnier, Brett; Ramchandani, Rima
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Hi Malle, we discussed your second point below with the accountants and with Osler and they have both confirmed they are comfortable with making the changes reflected in the attached definition of a Breach Event in the process agreement (FYI, the drafting is based on the words proposed by Steve in his last comments provided on the process agreement, with only one change to reference the Province's interests under the process agreement or the protection agreement). Please also note that DBRS has required that all material waivers of the Process Agreement (in addition to material amendments) be subject to satisfaction of the Rating Agency Condition – so that change is also reflected in the attached.

Thanks,

Rima

Rima Ramchandani
P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: December-15-17 5:51 PM
To: LEE John -TREASURY <john.s.lee@opg.com>; Ramchandani, Rima <rramchandani@torys.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>
Cc: Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Hi John,

On the second point, we understand that to be case but it had an unintended indirect effect on the 2 subsections mentioned in addition to the provision that we understand that it is targeted to, i.e. s. 3.04(b). We don't need to use the defined term in 6.01(b) and (c).

Thanks,

Malle

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]

Sent: December 15, 2017 5:21 PM
To: Ramchandani, Rima; WONG Leslie -LAWDIV
Cc: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Saulnier, Brett; Kandeepan, Ken (OFA)
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Toby/Les:

With respect to the first point, the process agreement can be amended without Bond holder consent but will require Rating Agency confirmation if the changes are material.

On point #2 definition of Material effect was drafted to enable accounting signoff.

John

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: Friday, December 15, 2017 5:01 PM
To: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LEE John -TREASURY <john.s.lee@opg.com>
Cc: Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Ramchandani, Rima <rramchandani@torys.com>
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Hi Les, I agree with Toby that the cross-reference to 2.02(b)(iv) should be fixed and should refer to 2.02(c)(iv) – Toby, that comes up in 6.01(a) and 6.01(b). We will do a good scrub of the agreements on Monday to make sure we pick up any nits like this. Thanks,

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com[na01.safelinks.protection.outlook.com]

TORYS LLP[na01.safelinks.protection.outlook.com]

From: WONG Leslie -LAWDIV [mailto:leslie.wong@opg.com] .
Sent: December-15-17 4:38 PM
To: LEE John -TREASURY <john.s.lee@opg.com>; Ramchandani, Rima <rramchandani@torys.com>
Cc: Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

John – Regarding the first two points, please advise on how you'd like us to proceed.

Rima - Regarding the third point, can you please check the cross-reference and, if it needs correction, please correct the cross-reference.

Regards,

Les

Leslie Wong
Senior Counsel
Ontario Power Generation Inc.
700 University Avenue, H18 G26.1, Toronto, ON M5G 1X6
T: (416) 592-3110 **|** E: leslie.wong@opg.com

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Friday, December 15, 2017 3:51 PM
To: WONG Leslie -LAWDIV <leslie.wong@opg.com>
Cc: Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>

Subject: EXTERNAL – Issues relating to the Process/Protection Agreements

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Les,

Further to our phone call, there are three issues that are priority issues for the Province, and we would like to understand what the thinking is behind them, or understand what the scope is for amending them.

1. With respect to the use of the definitions and references that now require defining the Process Agreement in the Protection Agreement, what is the reasoning behind making this change in this way? We had discussed whether a Rating Agency Condition could be included for any amendments to the Process Agreement, but we would also like to understand why it is necessary to import the Process Agreement into the Protection Agreement. We are concerned that this means that any amendments to the Process Agreement will be subject to bondholder approval or other processes that are a consequence of becoming a Program Agreement under the Master Trust Indenture.
2. We are concerned about the changes to the Material Effect definition in the Process Agreement which has had the effect of significantly undermining the rights of the Province, particularly under the Breach Events provisions 6.01 (b) and (c) because the definition of "Material Effect" as now revised does not apply to those types of breaches. For instance, it is not clear that the failure to perform or breach of a covenant in 6.01(b) is capable of being qualified by the definition of "Material Effect" in a coherent way, thus potentially rendering that provision meaningless. The purpose of the changes to the Material Effect definition was with reference to s. 3.04(b).
3. There is a cross referencing error in the Process Agreement that is the result of the introduction of a new 2.02(b) in the Torys December 12 draft, which results in the reference in 6.01(a) being mistakenly to 2.02(b)(iv), when it should be 2.02(c)(iv) as a result of the new numbering.

Please let us know if we can provide further explanation of these items.

Thanks

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
777 Bay Street, 11th Floor
Toronto, ON, M5G 2C8
tobias.whitfield@ontario.ca
Phone: 416-325-1456

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Inc.

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HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.

CHANGE OF LAW PROCESS AGREEMENT

Dated as of [■], 2017

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby, and any material amendment **or waiver** of this Agreement will only be binding if the Rating Agency Condition has been satisfied. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

5.02 Representations and Warranties of the Province

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
BREACH EVENTS

6.01 Breach Events

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

(a) a default in the performance, or breach, by OPG of Section 2.01(b)(i), Section 2.02(~~b~~**c**)(iv) or Section 3.01;

(b) a default in the performance, or breach, of any other covenants of OPG under this Agreement (excluding Section 2.01(b)(i), Section 2.02(~~b~~**c**)(iv) and Section 3.01), which, if curable in a way such that the default or breach would not have or have had a ~~Material Effect~~**material adverse effect on the rights or interests of the Province under this Agreement or the Change of Law Protection Agreement**, is not so cured within thirty (30) days;

(c) any representation or warranty made by OPG in this Agreement, any certification made in a Process Certificate, or any certification made in a certificate contemplated by Subsection 4.02 of the Change of Law Protection Agreement, proves to be incorrect in a material respect on the date made and which, if curable in a way such that the incorrect representation or warranty may be remedied without ~~any Material Effect having occurred~~**having or having had a material**

adverse effect on the rights or interests of the Province under this Agreement or the Change of Law Protection Agreement as a result of the Province's reliance thereon, is not so cured within thirty (30) days; or

(d) OPG is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the Manager.

ARTICLE VII
MISCELLANEOUS

7.01 Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

7.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to OPG:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

(b) if to the Province:

Deputy Minister of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

From: Ken Kandeepan
To: "LEE John -TREASURY"; "RYFA Ken -TREASURY"
Cc: John Psinas; Mike Manning
Subject: FW: EXTERNAL – Process Certificate
Date: Wednesday, December 20, 2017 12:32:14 PM
Attachments: Process Certificate of the CFO and Treasurer of OPG re section 3.01 of t....docx
Blackline_24668830v1 - 24546313v5.pdf

Hi John and Ken
The attached process certificate revises the amounts to the maximum face amounts as opposed to the actual drawn, to me the latter is more reflective of the intent behind OPG issuing the certificate to the Province, since it certifies the amount the Province is on the hook for if a Protection Event were to occur next week.
So my preference would be to revert back to the numbers reflecting the actual asset purchase for tomorrow.
Thanks
Ken k

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Wednesday, December 20, 2017 12:07 PM
To: Mike Manning ; Ken Kandeepan ; Ronald Kwan
Cc: Anna Strathy ; Gadi Mayman ; Tobias P. Whitfield (MOF)
Subject: FW: EXTERNAL – Process Certificate
Please find attached a slightly revised Process Certificate to be delivered to the Province under the Process Agreement. Please review and consider whether this is a sufficient level of detail on the various points respecting the material terms of the notes comparing it to the warehouse supplement. Since this is the first process certificate, if we would like a bit more detail, it would be good to ask now. I'm not sure when the interest is paid on these notes based on the summary. Extracted below is the s. 3.01(a) of the Process Agreement.

(a) the material terms of the Funding Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a Derivative Agreement, OPG's best estimate of the expected notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: December 20, 2017 11:16 AM
To: Hanslep, Malle (MOF); Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF)
Cc: 'LEE John -TREASURY'; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'MCAULEY Tyler -LAWDIV'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Prado, Melissa; Feldman, Michael; Ramchandani, Rima; Olusoga, Yinka; Saulnier, Brett; Dost, Mitchell; 'VINER, JON'; 'ASHBOURNE, STEPHEN'; Mansoori, Nina
Subject: RE: EXTERNAL – Process Certificate
Malle/Alena/Toby – please find attached a further revised process certificate. The only change made was to revise the note amounts to reflect the maximum face amount of each note at closing (versus the initial amounts being drawn under each such note at closing). The signed process certificate and all signed reference documentation will be delivered to you by end of day. Thanks,
Nina Mansoori
P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679

From: Mansoori, Nina
Sent: December-19-17 9:31 PM
To: 'Malle.Hanslep@ontario.ca' <Malle.Hanslep@ontario.ca>; 'Thouin, Alena (ENERGY)' <Alena.Thouin@ontario.ca>; 'Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca)' <Tobias.Whitfield@ontario.ca>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; 'MCAULEY Tyler -LAWDIV' <tyler.mcauley@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; Prado, Melissa <mprado@torys.com>; Feldman, Michael <mfeldman@torys.com>; Ramchandani, Rima <rramchandani@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Dost, Mitchell <mdost@torys.com>; 'VINER, JON' <JON.VINER@blakes.com>; 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>; Mansoori, Nina <nmansoori@torys.com>
Subject: RE: EXTERNAL – Process Certificate

Malle/Alena/Toby – further to my email below, please find attached the process certificate which will be delivered to you along with all signed reference documentation by tomorrow. Please let me know if you have any questions.

Many thanks,
Nina

Nina Mansoori

From: Mansoori, Nina
Sent: December-19-17 1:22 PM
To: 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>
Cc: VINER, JON <JON.VINER@blakes.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; Feldman, Michael <mfeldman@torys.com>; Ramchandani, Rima <rramchandani@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Prado, Melissa <mprado@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Dost, Mitchell <mdost@torys.com>; Mansoori, Nina <nmansoori@torys.com>
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Thanks for your voicemail, Steve. I will wait to hear back from you or Toby on the Province's process for delivery of their signature pages in escrow. Given timing, I'd appreciate if you could get back to us soon so that we can send out our pre-closing and closing memo to the wider group this afternoon.

We discussed the list of addressees for the Blakes' opinion with Oslers; please find attached a revised list above. Can you please circulate a revised draft of your opinion as we'll need to provide all drafts to the rating agencies as soon as possible today.

We'll send along a draft of the Process Certificate later today.

Lastly, please find attached blacklines of the most current versions of the Process Agreement and the Protection Agreement to the drafts circulated last Thursday.

Best Regards,
Nina

Nina Mansoori

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: December-19-17 11:01 AM
To: Mansoori, Nina <nmansoori@torys.com>
Cc: VINER, JON <JON.VINER@blakes.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>

Subject: FW: EXTERNAL – Issues relating to the Process/Protection Agreements

Nina, here are the signature page versions I understand were sent for signature to the Ministers. Toby has also confirmed that the Province can table signatures as part of the overall escrow closing, without the extra considerations I mentioned earlier. Once you confirm the opinion addressees, we will send the Blakes opinion to be held in escrow. Thanks, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

———————————

Blake, Cassels & Graydon LLP
199 Bay Street, Suite 4000, Toronto ON M5L 1A9
Tel: 416-863-2400 Fax: 416-863-2653
blakes.com[blakes.com] | **Twitter**[twitter.com] | **Unsubscribe**[blakes.com]

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From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Tuesday, December 19, 2017 10:24 AM
To: ASHBOURNE, STEPHEN
Subject: FW: EXTERNAL – Issues relating to the Process/Protection Agreements

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Whitfield, Tobias P. (MOF)
Sent: December 18, 2017 4:39 PM
To: 'Ramchandani, Rima'; Hanslep, Malle (MOF); LEE John -TREASURY; WONG Leslie -LAWDIV
Cc: Saulnier, Brett; Kandeepan, Ken (OFA); Saulnier, Brett; Dost, Mitchell
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Rima – we have provided forms of signature pages in the form attached for the Ministers to sign (although without the page numbers as on the attached). They will be signing those pages and we will hold them in escrow.

Thanks

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: December 18, 2017 1:16 PM
To: Whitfield, Tobias P. (MOF); Hanslep, Malle (MOF); LEE John -TREASURY; WONG Leslie -LAWDIV

Cc: Saulnier, Brett; Kandeepan, Ken (OFA); Saulnier, Brett; Dost, Mitchell
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Hi Toby, I understand from OPG that the Minister(s) are actually signed the agreements today – do you want us to send you execution versions in Word reflecting the change I sent across below and filling in the notice provisions as per your email below?

Rima

Rima Ramchandani
P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: December-18-17 1:08 PM
To: Ramchandani, Rima <rramchandani@torys.com>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; LEE John -TREASURY <john.s.lee@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>
Cc: Saulnier, Brett <bsaulnier@torys.com>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Saulnier, Brett <bsaulnier@torys.com>; Dost, Mitchell <mdost@torys.com>
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Rima – I will ask the Ministry of Energy to provide their notice information. For the Minister/Deputy Minister of Finance it is:

Minister of Finance
Ministry of Finance
7 Queen's Park Crescent, 7th Floor
Toronto, ON M7A 1Y7
Fax No.: (416) 325-0374
- and -
Deputy Minister of Finance
Ministry of Finance
7 Queen's Park Crescent, 7th Floor
Toronto, ON M7A 1Y7
Fax No.: (416) 325-1595

Thanks
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: December 18, 2017 1:05 PM
To: Hanslep, Malle (MOF); LEE John -TREASURY; WONG Leslie -LAWDIV
Cc: Whitfield, Tobias P. (MOF); Saulnier, Brett; Kandeepan, Ken (OFA); Saulnier, Brett
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Sorry Malle, can you also please provide us with the notice information for the Province so we can finalize those sections of both the process and protection agreements? Thanks,

Rima Ramchandani
P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

From: Ramchandani, Rima
Sent: December-18-17 1:03 PM
To: 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; LEE John -TREASURY

<john.s.lee@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>

Cc: Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Saulnier, Brett <bsaulnier@torys.com>; Ramchandani, Rima <rramchandani@torys.com>

Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Hi Malle, we discussed your second point below with the accountants and with Osler and they have both confirmed they are comfortable with making the changes reflected in the attached definition of a Breach Event in the process agreement (FYI, the drafting is based on the words proposed by Steve in his last comments provided on the process agreement, with only one change to reference the Province's interests under the process agreement or the protection agreement). Please also note that DBRS has required that all material waivers of the Process Agreement (in addition to material amendments) be subject to satisfaction of the Rating Agency Condition – so that change is also reflected in the attached.

Thanks,

Rima

Rima Ramchandani

P. 416.865.7666

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: December-15-17 5:51 PM

To: LEE John -TREASURY <john.s.lee@opg.com>; Ramchandani, Rima <rramchandani@torys.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>

Cc: Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>

Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Hi John,

On the second point, we understand that to be case but it had an unintended indirect effect on the 2 subsections mentioned in addition to the provision that we understand that it is targeted to, i.e. s. 3.04(b). We don't need to use the defined term in 6.01(b) and (c).

Thanks,

Malle

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]

Sent: December 15, 2017 5:21 PM

To: Ramchandani, Rima; WONG Leslie -LAWDIV

Cc: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Saulnier, Brett; Kandeepan, Ken (OFA)

Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Toby/Les:

With respect to the first point, the process agreement can be amended without Bond holder consent but will require Rating Agency confirmation if the changes are material.

On point #2 definition of Material effect was drafted to enable accounting signoff.

John

From: Ramchandani, Rima [mailto:rramchandani@torys.com]

Sent: Friday, December 15, 2017 5:01 PM

To: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LEE John -TREASURY <john.s.lee@opg.com>

Cc: Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Ramchandani, Rima <rramchandani@torys.com>

Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Hi Les, I agree with Toby that the cross-reference to 2.02(b)(iv) should be fixed and should refer to 2.02(c)(iv) – Toby, that comes up in 6.01(a) and 6.01(b). We will do a good scrub of the agreements on Monday to make sure we pick up any nits like this. Thanks,

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com[na01.safelinks.protection.outlook.com]

TORYS LLP[na01.safelinks.protection.outlook.com]

From: WONG Leslie -LAWDIV [mailto:leslie.wong@opg.com] .
Sent: December-15-17 4:38 PM
To: LEE John -TREASURY <john.s.lee@opg.com>; Ramchandani, Rima <rramchandani@torys.com>
Cc: Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

John – Regarding the first two points, please advise on how you'd like us to proceed.

Rima - Regarding the third point, can you please check the cross-reference and, if it needs correction, please correct the cross-reference.

Regards,
Les

Leslie Wong
Senior Counsel
Ontario Power Generation Inc.
700 University Avenue, H18 G26.1, Toronto, ON M5G 1X6
T: (416) 592-3110 **|** E: leslie.wong@opg.com

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Friday, December 15, 2017 3:51 PM
To: WONG Leslie -LAWDIV <leslie.wong@opg.com>
Cc: Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>
Subject: EXTERNAL – Issues relating to the Process/Protection Agreements

*** Exercise caution. This is an EXTERNAL email. DO NOT open attachments or click links from unknown senders or unexpected email. ***

Les,
Further to our phone call, there are three issues that are priority issues for the Province, and we would like to understand what the thinking is behind them, or understand what the scope is for amending them.

1. With respect to the use of the definitions and references that now require defining the Process Agreement in the Protection Agreement, what is the reasoning behind making this change in this way? We had discussed whether a Rating Agency Condition could be included for any amendments to the Process Agreement, but we would also like to understand why it is necessary to import the Process Agreement into the Protection Agreement. We are concerned that this means that any amendments to the Process Agreement will be subject to bondholder approval or other processes that are a consequence of becoming a Program Agreement under the Master Trust Indenture.
2. We are concerned about the changes to the Material Effect definition in the Process

Agreement which has had the effect of significantly undermining the rights of the Province, particularly under the Breach Events provisions 6.01 (b) and (c) because the definition of "Material Effect" as now revised does not apply to those types of breaches. For instance, it is not clear that the failure to perform or breach of a covenant in 6.01(b) is capable of being qualified by the definition of "Material Effect" in a coherent way, thus potentially rendering that provision meaningless. The purpose of the changes to the Material Effect definition was with reference to s. 3.04(b).

3. There is a cross referencing error in the Process Agreement that is the result of the introduction of a new 2.02(b) in the Torys December 12 draft, which results in the reference in 6.01(a) being mistakenly to 2.02(b)(iv), when it should be 2.02(c)(iv) as a result of the new numbering.

Please let us know if we can provide further explanation of these items.

Thanks

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
777 Bay Street, 11th Floor
Toronto, ON, M5G 2C8
tobias.whitfield@ontario.ca
Phone: 416-325-1456

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Le présent courriel et les documents qui y sont joints sont exclusivement réservés à l'utilisation des destinataires concernés et peuvent être de nature privilégiée ou confidentielle. Toute distribution, impression ou autre utilisation est interdite aux autres personnes. Si vous ne faites pas partie des destinataires concernés, veuillez en informer immédiatement l'expéditeur, ainsi que supprimer ce courriel et les documents joints de manière permanente.

ONTARIO POWER GENERATION INC.,
in its capacity as FSM

PROCESS CERTIFICATE

Certificate of the CFO and Treasurer pursuant to section 3.01
of the Change of Law Process Agreement

TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

RE: C$800,000,000 aggregate principal amount of Floating Rate Variable Funding Senior Notes, Series 2017-1 (the "**Series 2017-1 Senior Notes**")

AND RE: C$611,764,705.88 principal amount of Floating Rate Variable Funding Subordinated Notes, Series 2017-1 (the "**Series 2017-1 Subordinated Notes**")

AND RE: C$156,862,745.10 principal amount Floating Rate Variable Funding Junior Subordinated Notes, Series 2017-1 (the "**Series 2017-1 Junior Subordinated Notes**" and, together with the Series 2017-1 Senior Notes and the Series 2017-1 Subordinated Notes, the "**Funding Obligations**")

AND RE: Fee letter in respect of the Series 2017-1 Senior Notes among Ontario Power Generation Inc., in its capacity as FSM, Royal Bank of Canada, as Administrative Agent, certain CP Conduit Purchasers, the Non-Conduit Purchaser, and certain Group Banks, each as defined therein (the "**Fee Letter**", the terms of which are incorporated by reference in the Reference Documentation relating to the Series 2017-1 Senior Notes)

Reference is made to the Change of Law Process Agreement dated December 21, 2017 among the Province of Ontario and Ontario Power Generation Inc. (the "**Change of Law Process Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Process Agreement.

Each of the undersigned, being the Chief Financial Officer and Treasurer of OPG acting in its capacity as FSM and holding the offices set forth under their names and signatures below, pursuant to and accordance with clause 3.01 of the Change of Law Process Agreement, hereby certifies for and on behalf of OPG, in its capacity as Financial Services Manager, and not in such officer's personal capacity and intending that this certificate may be relied on by the addressees hereof without independent inquiry, that:

1. I have read and understand the provisions of the Change of Law Process Agreement and all other documents and materials necessary to enable me to deliver this certificate.

2. The material terms of the Series 2017-1 Senior Notes are set forth in Schedule A.

3. The material terms of the Series 2017-1 Subordinated Notes are set forth in Schedule B.

4. The material terms of the Series 2017-1 Junior Subordinated Notes are set forth in Schedule C.

5. The material terms of the Fee Letter are set forth in Schedule D.

6. The Funding Obligations:

   (a) will arise under terms and conditions that are Substantially in the Form of the Reference Documentation applicable thereto;

   (b) in my opinion, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the Financing Plan;

   (c) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and

   (d) reflect, in all material respects, arm's length terms and conditions.

7. No Disclosure Document was used in connection with the offering and sale of the Funding Obligations.

8. Any disclosure made in respect of any of the Funding Obligations (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to any of the Funding Obligations) that refers to or describes the terms, effect or adherence of or to the Change of Law Process Agreement or the Change of Law Protection Agreement has been made available to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made.

9. No Breach Event has occurred on or prior to the date hereof, unless such Breach Event has been waived by the Province in writing.

10. At the time the Funding Obligations are incurred, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Funding Obligations, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not exceed the Protection Agreement Maximum applicable on the date hereof.

[Remainder of page intentionally left blank.]

DATED the ____ day of December, 2017.

_____

Name:
Title:

_____

Name:
Title:

SCHEDULE A

SERIES 2017-1 SENIOR NOTES TERM SHEET	
Principal Amount	Aggregate maximum principal amount of C$800,000,000
Interest Rate	Variable rate based on ABCP cost of funds or CDOR, as applicable, plus the Applicable Margin (as defined on Schedule D)
Discount	N/A
Fees	See Schedule D
Term to Maturity	Initial 2 year term
Amortization	N/A
Redemption	N/A
Extension	May only be extended with the prior written consent of the Administrative Agent, each Non-Conduit Purchaser and each Funding Agent, and satisfaction of the Rating Agency Condition (each as defined in the Supplemental Indenture creating the Series 2017-1 Senior Notes)
Coupon Payments	N/A

SCHEDULE B

SERIES 2017-1 SUBORDINATED NOTES	
Principal Amount	Maximum principal amount of C$611,764,705.88
Interest Rate	For any payment date, the amount of interest and fees payable to the holders of the Series 2017-1 Senior Notes on such date, expressed as a rate per annum on the weighted average outstanding principal amount of the Series 2017-1 Senior Notes from the preceding payment date to such payment date, plus 0.10% per annum
Discount	N/A
Fees	N/A
Term to Maturity	Initial 2 year term
Amortization	N/A
Redemption	N/A
Extension	Automatic extension upon extension of Series 2017-1 Senior Notes
Coupon Payments	N/A

SCHEDULE C

SERIES 2017-1 JUNIOR SUBORDINATED NOTES	
Principal Amount	Maximum principal amount of C$156,862,745.10
Interest Rate	For any payment date, the amount of interest and fees payable to the holders of the Series 2017-1 Senior Notes on such date, expressed as a rate per annum on the weighted average outstanding principal amount of the Series 2017-1 Senior Notes from the preceding payment date to such payment date, plus 0.10% per annum
Discount	N/A
Fees	N/A
Term to Maturity	Initial 2 year term
Amortization	N/A
Redemption	N/A
Extension	Automatic extension upon extension of Series 2017-1 Senior Notes
Coupon Payments	N/A

SCHEDULE D

FEE LETTER	
Upfront Fee:	An "Upfront Fee" of 20 bps per annum
Applicable Margin:	An "Applicable Margin" of 90 basis points (0.90%); provided that (i) for the period commencing on December 21, 2019 and ending on the payment date in May, 2021 (the "**Initial Step-up Period**"), the Applicable Margin shall be equal to 290 basis points (2.90%) (the "**Step-up Applicable Margin**"), and (ii) with respect to each of the six-payment date periods following the Initial Step-up Period (from the day following the payment date in May to the payment date in November or from the day following the payment date in November to the payment date in May, as applicable), the Applicable Margin shall continue to increase by an additional 50 basis points (0.50%) over the Applicable Margin for the Initial Step-up Period or immediately preceding six-payment date period, as applicable, subject to a maximum Applicable Margin of 590 basis points (5.90%)
Commitment Fees:	The "Commitment Fee Rate" is based on weighted average monthly utilization and will be payable monthly in arrears on each interest payment date as follows with respect to the preceding interest period based on the rate below and the unutilized amount of the commitment: • A daily rate of 40 bps per annum if utilization on such day is >66.67% • A daily rate of 55 bps per annum if utilization on such day is >33.33% and </= 66.67% • A daily rate of 70 bps per annum if utilization on such day </= 33.33%
Other Fees/Expenses:	Reasonable Fees incurred for any professional or other services which include, but are not limited to, reasonable fees of legal counsel, rating agency fees, accountant fees, and any reasonable out-of-pocket expenses (including without limitation, travel, meals etc.), so long as each such reimbursement complies with Ontario Power Generation Inc.'s Standard Form Business Expense Schedule, as amended from time to time.

ONTARIO POWER GENERATION INC.,
in its capacity as FSM

PROCESS CERTIFICATE

Certificate of the CFO and Treasurer pursuant to section 3.01 of the Change of Law Process Agreement

TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

RE: C$~~601,290,000~~**800,000,000** aggregate principal amount of Floating Rate Variable Funding Senior Notes, Series 2017-1 (the "**Series 2017-1 Senior Notes**")

AND RE: C$~~459,810,000 aggregate~~**611,764,705.88** principal amount of Floating Rate Variable Funding Subordinated Notes, Series 2017-1 (the "**Series 2017-1 Subordinated Notes**")

AND RE: C$~~117,900,000 aggregate~~**156,862,745.10** principal amount Floating Rate Variable Funding Junior Subordinated Notes, Series 2017-1 (the "**Series 2017-1 Junior Subordinated Notes**" and, together with the Series 2017-1 Senior Notes and the Series 2017-1 Subordinated Notes, the "**Funding Obligations**")

AND RE: Fee letter in respect of the Series 2017-1 Senior Notes among Ontario Power Generation Inc., in its capacity as FSM, Royal Bank of Canada, as Administrative Agent, certain CP Conduit Purchasers, the Non-Conduit Purchaser, and certain Group Banks, each as defined therein (the "**Fee Letter**", the terms of which are incorporated by reference in the Reference Documentation relating to the Series 2017-1 Senior Notes)

Reference is made to the Change of Law Process Agreement dated December 21, 2017 among the Province of Ontario and Ontario Power Generation Inc. (the "**Change of Law Process Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Process Agreement.

Each of the undersigned, being the Chief Financial Officer and Treasurer of OPG acting in its capacity as FSM and holding the offices set forth under their names and signatures below, pursuant to and accordance with clause 3.01 of the Change of Law Process Agreement, hereby certifies for and on behalf of OPG, in its capacity as Financial Services Manager, and not in such officer's personal capacity and intending that this certificate may be relied on by the addressees hereof without independent inquiry, that:

1. I have read and understand the provisions of the Change of Law Process Agreement and all other documents and materials necessary to enable me to deliver this certificate.

2. The material terms of the Series 2017-1 Senior Notes are set forth in Schedule A.
3. The material terms of the Series 2017-1 Subordinated Notes are set forth in Schedule B.
4. The material terms of the Series 2017-1 Junior Subordinated Notes are set forth in Schedule C.
5. The material terms of the Fee Letter are set forth in Schedule D.
6. The Funding Obligations:
   (a) will arise under terms and conditions that are Substantially in the Form of the Reference Documentation applicable thereto;
   (b) in my opinion, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the Financing Plan;
   (c) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and
   (d) reflect, in all material respects, arm's length terms and conditions.
7. No Disclosure Document was used in connection with the offering and sale of the Funding Obligations.
8. Any disclosure made in respect of any of the Funding Obligations (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to any of the Funding Obligations) that refers to or describes the terms, effect or adherence of or to the Change of Law Process Agreement or the Change of Law Protection Agreement has been made available to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made.
9. No Breach Event has occurred on or prior to the date hereof, unless such Breach Event has been waived by the Province in writing.
10. At the time the Funding Obligations are incurred, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Funding Obligations, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not exceed the Protection Agreement Maximum applicable on the date hereof.

[Remainder of page intentionally left blank.]

DATED the ____ day of December, 2017.

_____
Name:
Title:

_____
Name:
Title:

SCHEDULE A

SERIES 2017-1 SENIOR NOTES TERM SHEET	
Principal Amount	**Aggregate maximum principal amount of** C$~~601,290,000~~**800,000,000**
Interest Rate	Variable rate based on ABCP cost of funds or CDOR, as applicable, plus the Applicable Margin (as defined on Schedule D)
Discount	N/A
Fees	See Schedule D
Term to Maturity	Initial 2 year term
Amortization	N/A
Redemption	N/A
Extension	May only be extended with the prior written consent of the Administrative Agent, each Non-Conduit Purchaser and each Funding Agent, and satisfaction of the Rating Agency Condition (each as defined in the Supplemental Indenture creating the Series 2017-1 Senior Notes)
Coupon Payments	N/A

SCHEDULE B

SERIES 2017-1 SUBORDINATED NOTES	
Principal Amount	**Maximum principal amount of** C$~~459,810,000~~**611,764,705.88**
Interest Rate	For any payment date, the amount of interest and fees payable to the holders of the Series 2017-1 Senior Notes on such date, expressed as a rate per annum on the weighted average outstanding principal amount of the Series 2017-1 Senior Notes from the preceding payment date to such payment date, plus 0.10% per annum
Discount	N/A
Fees	N/A
Term to Maturity	Initial 2 year term
Amortization	N/A
Redemption	N/A
Extension	Automatic extension upon extension of Series 2017-1 Senior Notes
Coupon Payments	N/A

SCHEDULE C

SERIES 2017-1 ~~SENIOR~~JUNIOR SUBORDINATED NOTES ~~TERM SHEET~~	
Principal Amount	**Maximum principal amount of** C$~~117,900,000~~**156,862,745.10**
Interest Rate	For any payment date, the amount of interest and fees payable to the holders of the Series 2017-1 Senior Notes on such date, expressed as a rate per annum on the weighted average outstanding principal amount of the Series 2017-1 Senior Notes from the preceding payment date to such payment date, plus 0.10% per annum
Discount	N/A
Fees	N/A
Term to Maturity	Initial 2 year term
Amortization	N/A
Redemption	N/A
Extension	Automatic extension upon extension of Series 2017-1 Senior Notes
Coupon Payments	N/A

SCHEDULE D

FEE LETTER	
Upfront Fee:	An "Upfront Fee" of 20 bps per annum
Applicable Margin:	An "Applicable Margin" of 90 basis points (0.90%); provided that (i) for the period commencing on December 21, 2019 and ending on the payment date in May, 2021 (the "**Initial Step-up Period**"), the Applicable Margin shall be equal to 290 basis points (2.90%) (the "**Step-up Applicable Margin**"), and (ii) with respect to each of the six- payment date periods following the Initial Step-up Period (from the day following the payment date in May to the payment date in November or from the day following the payment date in November to the payment date in May, as applicable), the Applicable Margin shall continue to increase by an additional 50 basis points (0.50%) over the Applicable Margin for the Initial Step-up Period or immediately preceding six- payment date period, as applicable, subject to a maximum Applicable Margin of 590 basis points (5.90%)
Commitment Fees:	The "Commitment Fee Rate" is based on weighted average monthly utilization and will be payable monthly in arrears on each interest payment date as follows with respect to the preceding interest period based on the rate below and the unutilized amount of the commitment: A daily rate of 40 bps per annum if utilization on such day is >66.67% A daily rate of 55 bps per annum if utilization on such day is >33.33% and </= 66.67% A daily rate of 70 bps per annum if utilization on such day </= 33.33%
Other Fees/Expenses:	Reasonable Fees incurred for any professional or other services which include, but are not limited to, reasonable fees of legal counsel, rating agency fees, accountant fees, and any reasonable out-of-pocket expenses (including without limitation, travel, meals etc.), so long as each such reimbursement complies with Ontario Power Generation Inc.'s Standard Form Business Expense Schedule, as amended from time to time.

Document comparison by Workshare Compare on December-20-17 10:52:18 AM

Input:	
Document 1 ID	interwovenSite://INVENTORYS1/TorysAtWork/24668830/1
Description	#24668830v1<TorysAtWork> - ignore
Document 2 ID	interwovenSite://INVENTORYS1/TorysAtWork/24546313/5
Description	#24546313v5<TorysAtWork> - Process Certificate of the CFO and Treasurer of OPG re section 3.01 of the CLPA
Rendering set	strikeout-colour

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

Statistics:	
	Count
Insertions	18
Deletions	15
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	33

From: Hanslep, Malle (MOF)
To: Mike Manning; Ken Kandeepan; Ronald Kwan
Cc: Anna Strathy; Gadi Mayman; Tobias P. Whitfield (MOF)
Subject: FW: EXTERNAL – Process Certificate
Date: Wednesday, December 20, 2017 12:06:57 PM
Attachments: Process Certificate of the CFO and Treasurer of OPG re section 3.01 of t....docx
Blackline_24668830v1 - 24546313v5.pdf

Please find attached a slightly revised Process Certificate to be delivered to the Province under the Process Agreement. Please review and consider whether this is a sufficient level of detail on the various points respecting the material terms of the notes comparing it to the warehouse supplement. Since this is the first process certificate, if we would like a bit more detail, it would be good to ask now. I'm not sure when the interest is paid on these notes based on the summary. Extracted below is the s. 3.01(a) of the Process Agreement.

> (a) the material terms of the Funding Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a Derivative Agreement, OPG's best estimate of the expected notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: December 20, 2017 11:16 AM
To: Hanslep, Malle (MOF); Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF)
Cc: 'LEE John -TREASURY'; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'MCAULEY Tyler -LAWDIV'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Prado, Melissa; Feldman, Michael; Ramchandani, Rima; Olusoga, Yinka; Saulnier, Brett; Dost, Mitchell; 'VINER, JON'; 'ASHBOURNE, STEPHEN'; Mansoori, Nina
Subject: RE: EXTERNAL – Process Certificate

Malle/Alena/Toby – please find attached a further revised process certificate. The only change made was to revise the note amounts to reflect the maximum face amount of each note at closing (versus the initial amounts being drawn under each such note at closing). The signed process certificate and all signed reference documentation will be delivered to you by end of day. Thanks,

Nina Mansoori

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679

From: Mansoori, Nina
Sent: December-19-17 9:31 PM
To: 'Malle.Hanslep@ontario.ca' <Malle.Hanslep@ontario.ca>; 'Thouin, Alena (ENERGY)' <Alena.Thouin@ontario.ca>; 'Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca)' <Tobias.Whitfield@ontario.ca>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; 'MCAULEY Tyler -LAWDIV' <tyler.mcauley@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; Prado, Melissa <mprado@torys.com>; Feldman, Michael <mfeldman@torys.com>; Ramchandani, Rima <rramchandani@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Dost, Mitchell <mdost@torys.com>; 'VINER, JON' <JON.VINER@blakes.com>; 'ASHBOURNE, STEPHEN'

<STEPHEN.ASHBOURNE@blakes.com>; Mansoori, Nina <nmansoori@torys.com>
Subject: RE: EXTERNAL – Process Certificate
Malle/Alena/Toby – further to my email below, please find attached the process certificate which will be delivered to you along with all signed reference documentation by tomorrow. Please let me know if you have any questions.
Many thanks,
Nina
Nina Mansoori

From: Mansoori, Nina
Sent: December-19-17 1:22 PM
To: 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>
Cc: VINER, JON <JON.VINER@blakes.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; Feldman, Michael <mfeldman@torys.com>; Ramchandani, Rima <rramchandani@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Prado, Melissa <mprado@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Dost, Mitchell <mdost@torys.com>; Mansoori, Nina <nmansoori@torys.com>
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements
Thanks for your voicemail, Steve. I will wait to hear back from you or Toby on the Province's process for delivery of their signature pages in escrow. Given timing, I'd appreciate if you could get back to us soon so that we can send out our pre-closing and closing memo to the wider group this afternoon.
We discussed the list of addressees for the Blakes' opinion with Oslers; please find attached a revised list above. Can you please circulate a revised draft of your opinion as we'll need to provide all drafts to the rating agencies as soon as possible today.
We'll send along a draft of the Process Certificate later today.
Lastly, please find attached blacklines of the most current versions of the Process Agreement and the Protection Agreement to the drafts circulated last Thursday.
Best Regards,
Nina
Nina Mansoori

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: December-19-17 11:01 AM
To: Mansoori, Nina <nmansoori@torys.com>
Cc: VINER, JON <JON.VINER@blakes.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>
Subject: FW: EXTERNAL – Issues relating to the Process/Protection Agreements
Nina, here are the signature page versions I understand were sent for signature to the Ministers. Toby has also confirmed that the Province can table signatures as part of the overall escrow closing, without the extra considerations I mentioned earlier. Once you confirm the opinion addressees, we will send the Blakes opinion to be held in escrow. Thanks, Steve
Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

Blake, Cassels & Graydon LLP
199 Bay Street, Suite 4000, Toronto ON M5L 1A9
Tel: 416-863-2400 Fax: 416-863-2653
blakes.com[blakes.com] | **Twitter**[twitter.com] | **Unsubscribe**[blakes.com]

Blake, Cassels & Graydon LLP | Barristers & Solicitors | Patent & Trade-mark Agents
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From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Tuesday, December 19, 2017 10:24 AM
To: ASHBOURNE, STEPHEN
Subject: FW: EXTERNAL – Issues relating to the Process/Protection Agreements

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Whitfield, Tobias P. (MOF)
Sent: December 18, 2017 4:39 PM
To: 'Ramchandani, Rima'; Hanslep, Malle (MOF); LEE John -TREASURY; WONG Leslie -LAWDIV
Cc: Saulnier, Brett; Kandeepan, Ken (OFA); Saulnier, Brett; Dost, Mitchell
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Rima – we have provided forms of signature pages in the form attached for the Ministers to sign (although without the page numbers as on the attached). They will be signing those pages and we will hold them in escrow.

Thanks

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: December 18, 2017 1:16 PM
To: Whitfield, Tobias P. (MOF); Hanslep, Malle (MOF); LEE John -TREASURY; WONG Leslie -LAWDIV
Cc: Saulnier, Brett; Kandeepan, Ken (OFA); Saulnier, Brett; Dost, Mitchell
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Hi Toby, I understand from OPG that the Minister(s) are actually signed the agreements today – do you want us to send you execution versions in Word reflecting the change I sent across below and filling in the notice provisions as per your email below?

Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: December-18-17 1:08 PM
To: Ramchandani, Rima <rramchandani@torys.com>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; LEE John -TREASURY <john.s.lee@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>
Cc: Saulnier, Brett <bsaulnier@torys.com>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Saulnier, Brett <bsaulnier@torys.com>; Dost, Mitchell <mdost@torys.com>
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Rima – I will ask the Ministry of Energy to provide their notice information. For the Minister/Deputy Minister of Finance it is:

Minister of Finance
Ministry of Finance
7 Queen's Park Crescent, 7th Floor
Toronto, ON M7A 1Y7
Fax No.: (416) 325-0374
- and -
Deputy Minister of Finance
Ministry of Finance
7 Queen's Park Crescent, 7th Floor
Toronto, ON M7A 1Y7
Fax No.: (416) 325-1595

Thanks

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: December 18, 2017 1:05 PM
To: Hanslep, Malle (MOF); LEE John -TREASURY; WONG Leslie -LAWDIV
Cc: Whitfield, Tobias P. (MOF); Saulnier, Brett; Kandeepan, Ken (OFA); Saulnier, Brett
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Sorry Malle, can you also please provide us with the notice information for the Province so we can finalize those sections of both the process and protection agreements? Thanks,

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

From: Ramchandani, Rima
Sent: December-18-17 1:03 PM
To: 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; LEE John -TREASURY <john.s.lee@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>
Cc: Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>; Saulnier, Brett

<bsaulnier@torys.com>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Saulnier, Brett <bsaulnier@torys.com>; Ramchandani, Rima <rramchandani@torys.com>
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements
Hi Malle, we discussed your second point below with the accountants and with Osler and they have both confirmed they are comfortable with making the changes reflected in the attached definition of a Breach Event in the process agreement (FYI, the drafting is based on the words proposed by Steve in his last comments provided on the process agreement, with only one change to reference the Province's interests under the process agreement or the protection agreement). Please also note that DBRS has required that all material waivers of the Process Agreement (in addition to material amendments) be subject to satisfaction of the Rating Agency Condition – so that change is also reflected in the attached.
Thanks,
Rima
Rima Ramchandani
P. 416.865.7666

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: December-15-17 5:51 PM
To: LEE John -TREASURY <john.s.lee@opg.com>; Ramchandani, Rima <rramchandani@torys.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>
Cc: Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements
Hi John,
On the second point, we understand that to be case but it had an unintended indirect effect on the 2 subsections mentioned in addition to the provision that we understand that it is targeted to, i.e. s. 3.04(b). We don't need to use the defined term in 6.01(b) and (c).
Thanks,
Malle

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: December 15, 2017 5:21 PM
To: Ramchandani, Rima; WONG Leslie -LAWDIV
Cc: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Saulnier, Brett; Kandeepan, Ken (OFA)
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements
Toby/Les:
With respect to the first point, the process agreement can be amended without Bond holder consent but will require Rating Agency confirmation if the changes are material.
On point #2 definition of Material effect was drafted to enable accounting signoff.
John

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: Friday, December 15, 2017 5:01 PM
To: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LEE John -TREASURY <john.s.lee@opg.com>
Cc: Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Ramchandani, Rima <rramchandani@torys.com>

Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Hi Les, I agree with Toby that the cross-reference to 2.02(b)(iv) should be fixed and should refer to 2.02(c)(iv) – Toby, that comes up in 6.01(a) and 6.01(b). We will do a good scrub of the agreements on Monday to make sure we pick up any nits like this. Thanks,

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com[na01.safelinks.protection.outlook.com]

TORYS LLP[na01.safelinks.protection.outlook.com]

From: WONG Leslie -LAWDIV [mailto:leslie.wong@opg.com] .
Sent: December-15-17 4:38 PM
To: LEE John -TREASURY <john.s.lee@opg.com>; Ramchandani, Rima <rramchandani@torys.com>
Cc: Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

John – Regarding the first two points, please advise on how you'd like us to proceed.

Rima - Regarding the third point, can you please check the cross-reference and, if it needs correction, please correct the cross-reference.

Regards,

Les

Leslie Wong
Senior Counsel
Ontario Power Generation Inc.
700 University Avenue, H18 G26.1, Toronto, ON M5G 1X6
T: (416) 592-3110 **|** E: leslie.wong@opg.com

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Friday, December 15, 2017 3:51 PM
To: WONG Leslie -LAWDIV <leslie.wong@opg.com>
Cc: Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>
Subject: EXTERNAL – Issues relating to the Process/Protection Agreements

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Les,

Further to our phone call, there are three issues that are priority issues for the Province, and we would like to understand what the thinking is behind them, or understand what the scope is for amending them.

1. With respect to the use of the definitions and references that now require defining the Process Agreement in the Protection Agreement, what is the reasoning behind making this change in this way? We had discussed whether a Rating Agency Condition could be included for any amendments to the Process Agreement, but we would also like to understand why it is necessary to import the Process Agreement into the Protection Agreement. We are concerned that this means that any amendments to the Process Agreement will be subject to bondholder approval or other processes that are a consequence of becoming a Program

Agreement under the Master Trust Indenture.

2. We are concerned about the changes to the Material Effect definition in the Process Agreement which has had the effect of significantly undermining the rights of the Province, particularly under the Breach Events provisions 6.01 (b) and (c) because the definition of "Material Effect" as now revised does not apply to those types of breaches. For instance, it is not clear that the failure to perform or breach of a covenant in 6.01(b) is capable of being qualified by the definition of "Material Effect" in a coherent way, thus potentially rendering that provision meaningless. The purpose of the changes to the Material Effect definition was with reference to s. 3.04(b).
3. There is a cross referencing error in the Process Agreement that is the result of the introduction of a new 2.02(b) in the Torys December 12 draft, which results in the reference in 6.01(a) being mistakenly to 2.02(b)(iv), when it should be 2.02(c)(iv) as a result of the new numbering.

Please let us know if we can provide further explanation of these items.

Thanks

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
777 Bay Street, 11th Floor
Toronto, ON, M5G 2C8
tobias.whitfield@ontario.ca
Phone: 416-325-1456

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ONTARIO POWER GENERATION INC.,
in its capacity as FSM

PROCESS CERTIFICATE

Certificate of the CFO and Treasurer pursuant to section 3.01
of the Change of Law Process Agreement

TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

RE: C$800,000,000 aggregate principal amount of Floating Rate Variable Funding Senior Notes, Series 2017-1 (the "**Series 2017-1 Senior Notes**")

AND RE: C$611,764,705.88 principal amount of Floating Rate Variable Funding Subordinated Notes, Series 2017-1 (the "**Series 2017-1 Subordinated Notes**")

AND RE: C$156,862,745.10 principal amount Floating Rate Variable Funding Junior Subordinated Notes, Series 2017-1 (the "**Series 2017-1 Junior Subordinated Notes**" and, together with the Series 2017-1 Senior Notes and the Series 2017-1 Subordinated Notes, the "**Funding Obligations**")

AND RE: Fee letter in respect of the Series 2017-1 Senior Notes among Ontario Power Generation Inc., in its capacity as FSM, Royal Bank of Canada, as Administrative Agent, certain CP Conduit Purchasers, the Non-Conduit Purchaser, and certain Group Banks, each as defined therein (the "**Fee Letter**", the terms of which are incorporated by reference in the Reference Documentation relating to the Series 2017-1 Senior Notes)

Reference is made to the Change of Law Process Agreement dated December 21, 2017 among the Province of Ontario and Ontario Power Generation Inc. (the "**Change of Law Process Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Process Agreement.

Each of the undersigned, being the Chief Financial Officer and Treasurer of OPG acting in its capacity as FSM and holding the offices set forth under their names and signatures below, pursuant to and accordance with clause 3.01 of the Change of Law Process Agreement, hereby certifies for and on behalf of OPG, in its capacity as Financial Services Manager, and not in such officer's personal capacity and intending that this certificate may be relied on by the addressees hereof without independent inquiry, that:

1. I have read and understand the provisions of the Change of Law Process Agreement and all other documents and materials necessary to enable me to deliver this certificate.

2. The material terms of the Series 2017-1 Senior Notes are set forth in Schedule A.

3. The material terms of the Series 2017-1 Subordinated Notes are set forth in Schedule B.

4. The material terms of the Series 2017-1 Junior Subordinated Notes are set forth in Schedule C.

5. The material terms of the Fee Letter are set forth in Schedule D.

6. The Funding Obligations:

   (a) will arise under terms and conditions that are Substantially in the Form of the Reference Documentation applicable thereto;

   (b) in my opinion, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the Financing Plan;

   (c) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and

   (d) reflect, in all material respects, arm's length terms and conditions.

7. No Disclosure Document was used in connection with the offering and sale of the Funding Obligations.

8. Any disclosure made in respect of any of the Funding Obligations (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to any of the Funding Obligations) that refers to or describes the terms, effect or adherence of or to the Change of Law Process Agreement or the Change of Law Protection Agreement has been made available to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made.

9. No Breach Event has occurred on or prior to the date hereof, unless such Breach Event has been waived by the Province in writing.

10. At the time the Funding Obligations are incurred, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Funding Obligations, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not exceed the Protection Agreement Maximum applicable on the date hereof.

[Remainder of page intentionally left blank.]

DATED the ____ day of December, 2017.

_____

Name:
Title:

_____

Name:
Title:

SCHEDULE A

SERIES 2017-1 SENIOR NOTES TERM SHEET	
Principal Amount	Aggregate maximum principal amount of C$800,000,000
Interest Rate	Variable rate based on ABCP cost of funds or CDOR, as applicable, plus the Applicable Margin (as defined on Schedule D)
Discount	N/A
Fees	See Schedule D
Term to Maturity	Initial 2 year term
Amortization	N/A
Redemption	N/A
Extension	May only be extended with the prior written consent of the Administrative Agent, each Non-Conduit Purchaser and each Funding Agent, and satisfaction of the Rating Agency Condition (each as defined in the Supplemental Indenture creating the Series 2017-1 Senior Notes)
Coupon Payments	N/A

SCHEDULE B

SERIES 2017-1 SUBORDINATED NOTES	
Principal Amount	Maximum principal amount of C$611,764,705.88
Interest Rate	For any payment date, the amount of interest and fees payable to the holders of the Series 2017-1 Senior Notes on such date, expressed as a rate per annum on the weighted average outstanding principal amount of the Series 2017-1 Senior Notes from the preceding payment date to such payment date, plus 0.10% per annum
Discount	N/A
Fees	N/A
Term to Maturity	Initial 2 year term
Amortization	N/A
Redemption	N/A
Extension	Automatic extension upon extension of Series 2017-1 Senior Notes
Coupon Payments	N/A

SCHEDULE C

SERIES 2017-1 JUNIOR SUBORDINATED NOTES	
Principal Amount	Maximum principal amount of C$156,862,745.10
Interest Rate	For any payment date, the amount of interest and fees payable to the holders of the Series 2017-1 Senior Notes on such date, expressed as a rate per annum on the weighted average outstanding principal amount of the Series 2017-1 Senior Notes from the preceding payment date to such payment date, plus 0.10% per annum
Discount	N/A
Fees	N/A
Term to Maturity	Initial 2 year term
Amortization	N/A
Redemption	N/A
Extension	Automatic extension upon extension of Series 2017-1 Senior Notes
Coupon Payments	N/A

SCHEDULE D

FEE LETTER	
Upfront Fee:	An "Upfront Fee" of 20 bps per annum
Applicable Margin:	An "Applicable Margin" of 90 basis points (0.90%); provided that (i) for the period commencing on December 21, 2019 and ending on the payment date in May, 2021 (the "**Initial Step-up Period**"), the Applicable Margin shall be equal to 290 basis points (2.90%) (the "**Step-up Applicable Margin**"), and (ii) with respect to each of the six-payment date periods following the Initial Step-up Period (from the day following the payment date in May to the payment date in November or from the day following the payment date in November to the payment date in May, as applicable), the Applicable Margin shall continue to increase by an additional 50 basis points (0.50%) over the Applicable Margin for the Initial Step-up Period or immediately preceding six-payment date period, as applicable, subject to a maximum Applicable Margin of 590 basis points (5.90%)
Commitment Fees:	The "Commitment Fee Rate" is based on weighted average monthly utilization and will be payable monthly in arrears on each interest payment date as follows with respect to the preceding interest period based on the rate below and the unutilized amount of the commitment: • A daily rate of 40 bps per annum if utilization on such day is >66.67% • A daily rate of 55 bps per annum if utilization on such day is >33.33% and </= 66.67% • A daily rate of 70 bps per annum if utilization on such day </= 33.33%
Other Fees/Expenses:	Reasonable Fees incurred for any professional or other services which include, but are not limited to, reasonable fees of legal counsel, rating agency fees, accountant fees, and any reasonable out-of-pocket expenses (including without limitation, travel, meals etc.), so long as each such reimbursement complies with Ontario Power Generation Inc.'s Standard Form Business Expense Schedule, as amended from time to time.

ONTARIO POWER GENERATION INC.,
in its capacity as FSM

PROCESS CERTIFICATE

Certificate of the CFO and Treasurer pursuant to section 3.01 of the Change of Law Process Agreement

TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

RE: C$~~601,290,000~~**800,000,000** aggregate principal amount of Floating Rate Variable Funding Senior Notes, Series 2017-1 (the "**Series 2017-1 Senior Notes**")

AND RE: C$~~459,810,000 aggregate~~**611,764,705.88** principal amount of Floating Rate Variable Funding Subordinated Notes, Series 2017-1 (the "**Series 2017-1 Subordinated Notes**")

AND RE: C$~~117,900,000 aggregate~~**156,862,745.10** principal amount Floating Rate Variable Funding Junior Subordinated Notes, Series 2017-1 (the "**Series 2017-1 Junior Subordinated Notes**" and, together with the Series 2017-1 Senior Notes and the Series 2017-1 Subordinated Notes, the "**Funding Obligations**")

AND RE: Fee letter in respect of the Series 2017-1 Senior Notes among Ontario Power Generation Inc., in its capacity as FSM, Royal Bank of Canada, as Administrative Agent, certain CP Conduit Purchasers, the Non-Conduit Purchaser, and certain Group Banks, each as defined therein (the "**Fee Letter**", the terms of which are incorporated by reference in the Reference Documentation relating to the Series 2017-1 Senior Notes)

Reference is made to the Change of Law Process Agreement dated December 21, 2017 among the Province of Ontario and Ontario Power Generation Inc. (the "**Change of Law Process Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Process Agreement.

Each of the undersigned, being the Chief Financial Officer and Treasurer of OPG acting in its capacity as FSM and holding the offices set forth under their names and signatures below, pursuant to and accordance with clause 3.01 of the Change of Law Process Agreement, hereby certifies for and on behalf of OPG, in its capacity as Financial Services Manager, and not in such officer's personal capacity and intending that this certificate may be relied on by the addressees hereof without independent inquiry, that:

1. I have read and understand the provisions of the Change of Law Process Agreement and all other documents and materials necessary to enable me to deliver this certificate.

2. The material terms of the Series 2017-1 Senior Notes are set forth in Schedule A.
3. The material terms of the Series 2017-1 Subordinated Notes are set forth in Schedule B.
4. The material terms of the Series 2017-1 Junior Subordinated Notes are set forth in Schedule C.
5. The material terms of the Fee Letter are set forth in Schedule D.
6. The Funding Obligations:
   (a) will arise under terms and conditions that are Substantially in the Form of the Reference Documentation applicable thereto;
   (b) in my opinion, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the Financing Plan;
   (c) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and
   (d) reflect, in all material respects, arm's length terms and conditions.
7. No Disclosure Document was used in connection with the offering and sale of the Funding Obligations.
8. Any disclosure made in respect of any of the Funding Obligations (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to any of the Funding Obligations) that refers to or describes the terms, effect or adherence of or to the Change of Law Process Agreement or the Change of Law Protection Agreement has been made available to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made.
9. No Breach Event has occurred on or prior to the date hereof, unless such Breach Event has been waived by the Province in writing.
10. At the time the Funding Obligations are incurred, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Funding Obligations, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not exceed the Protection Agreement Maximum applicable on the date hereof.

[Remainder of page intentionally left blank.]

DATED the ____ day of December, 2017.

_____
Name:
Title:

_____
Name:
Title:

SCHEDULE A

SERIES 2017-1 SENIOR NOTES TERM SHEET	
Principal Amount	**Aggregate maximum principal amount of** C$~~601,290,000~~**800,000,000**
Interest Rate	Variable rate based on ABCP cost of funds or CDOR, as applicable, plus the Applicable Margin (as defined on Schedule D)
Discount	N/A
Fees	See Schedule D
Term to Maturity	Initial 2 year term
Amortization	N/A
Redemption	N/A
Extension	May only be extended with the prior written consent of the Administrative Agent, each Non-Conduit Purchaser and each Funding Agent, and satisfaction of the Rating Agency Condition (each as defined in the Supplemental Indenture creating the Series 2017-1 Senior Notes)
Coupon Payments	N/A

SCHEDULE B

SERIES 2017-1 SUBORDINATED NOTES	
Principal Amount	**Maximum principal amount of** C$~~459,810,000~~**611,764,705.88**
Interest Rate	For any payment date, the amount of interest and fees payable to the holders of the Series 2017-1 Senior Notes on such date, expressed as a rate per annum on the weighted average outstanding principal amount of the Series 2017-1 Senior Notes from the preceding payment date to such payment date, plus 0.10% per annum
Discount	N/A
Fees	N/A
Term to Maturity	Initial 2 year term
Amortization	N/A
Redemption	N/A
Extension	Automatic extension upon extension of Series 2017-1 Senior Notes
Coupon Payments	N/A

SCHEDULE C

SERIES 2017-1 ~~SENIOR~~JUNIOR SUBORDINATED NOTES ~~TERM SHEET~~	
Principal Amount	**Maximum principal amount of** C$~~117,900,000~~**156,862,745.10**
Interest Rate	For any payment date, the amount of interest and fees payable to the holders of the Series 2017-1 Senior Notes on such date, expressed as a rate per annum on the weighted average outstanding principal amount of the Series 2017-1 Senior Notes from the preceding payment date to such payment date, plus 0.10% per annum
Discount	N/A
Fees	N/A
Term to Maturity	Initial 2 year term
Amortization	N/A
Redemption	N/A
Extension	Automatic extension upon extension of Series 2017-1 Senior Notes
Coupon Payments	N/A

SCHEDULE D

FEE LETTER	
Upfront Fee:	An "Upfront Fee" of 20 bps per annum
Applicable Margin:	An "Applicable Margin" of 90 basis points (0.90%); provided that (i) for the period commencing on December 21, 2019 and ending on the payment date in May, 2021 (the "**Initial Step-up Period**"), the Applicable Margin shall be equal to 290 basis points (2.90%) (the "**Step-up Applicable Margin**"), and (ii) with respect to each of the six- payment date periods following the Initial Step-up Period (from the day following the payment date in May to the payment date in November or from the day following the payment date in November to the payment date in May, as applicable), the Applicable Margin shall continue to increase by an additional 50 basis points (0.50%) over the Applicable Margin for the Initial Step-up Period or immediately preceding six- payment date period, as applicable, subject to a maximum Applicable Margin of 590 basis points (5.90%)
Commitment Fees:	The "Commitment Fee Rate" is based on weighted average monthly utilization and will be payable monthly in arrears on each interest payment date as follows with respect to the preceding interest period based on the rate below and the unutilized amount of the commitment: A daily rate of 40 bps per annum if utilization on such day is >66.67% A daily rate of 55 bps per annum if utilization on such day is >33.33% and </= 66.67% A daily rate of 70 bps per annum if utilization on such day </= 33.33%
Other Fees/Expenses:	Reasonable Fees incurred for any professional or other services which include, but are not limited to, reasonable fees of legal counsel, rating agency fees, accountant fees, and any reasonable out-of-pocket expenses (including without limitation, travel, meals etc.), so long as each such reimbursement complies with Ontario Power Generation Inc.'s Standard Form Business Expense Schedule, as amended from time to time.

Document comparison by Workshare Compare on December-20-17 10:52:18 AM

Input:	
Document 1 ID	interwovenSite://INVENTORYS1/TorysAtWork/24668830/1
Description	#24668830v1<TorysAtWork> - ignore
Document 2 ID	interwovenSite://INVENTORYS1/TorysAtWork/24546313/5
Description	#24546313v5<TorysAtWork> - Process Certificate of the CFO and Treasurer of OPG re section 3.01 of the CLPA
Rendering set	strikeout-colour

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

Statistics:	
	Count
Insertions	18
Deletions	15
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	33

From:	Whitfield, Tobias P. (MOF)
To:	Mike Manning; Ken Kandeepan; Ronald Kwan; Anna Strathy
Cc:	Malle Hanslep (MOF)
Subject:	FW: EXTERNAL – Process Certificate
Date:	Wednesday, December 20, 2017 9:44:00 AM
Attachments:	Process Certificate of the CFO and Treasurer of OPG re section 3.01 of the CLPA (2).DOCX

Please see attached a draft of the process certificate with respect to the initial funding.

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: December 19, 2017 9:31 PM
To: Hanslep, Malle (MOF); Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF)
Cc: LEE John -TREASURY; WONG Leslie -LAWDIV; RYFA Ken -TREASURY; 'MCAULEY Tyler -LAWDIV'; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; Prado, Melissa; Feldman, Michael; Ramchandani, Rima; Olusoga, Yinka; Saulnier, Brett; Dost, Mitchell; 'VINER, JON'; 'ASHBOURNE, STEPHEN'; Mansoori, Nina
Subject: RE: EXTERNAL – Process Certificate

Malle/Alena/Toby – further to my email below, please find attached the process certificate which will be delivered to you along with all signed reference documentation by tomorrow. Please let me know if you have any questions.

Many thanks,

Nina

Nina Mansoori
P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679

From: Mansoori, Nina
Sent: December-19-17 1:22 PM
To: 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>
Cc: VINER, JON <JON.VINER@blakes.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; Feldman, Michael <mfeldman@torys.com>; Ramchandani, Rima <rramchandani@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Prado, Melissa <mprado@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Dost, Mitchell <mdost@torys.com>; Mansoori, Nina <nmansoori@torys.com>
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Thanks for your voicemail, Steve. I will wait to hear back from you or Toby on the Province's process for delivery of their signature pages in escrow. Given timing, I'd appreciate if you could get back to us soon so that we can send out our pre-closing and closing memo to the wider group this afternoon.

We discussed the list of addressees for the Blakes' opinion with Oslers; please find attached a revised list above. Can you please circulate a revised draft of your opinion as we'll need to provide all drafts to the rating agencies as soon as possible today.

We'll send along a draft of the Process Certificate later today.

Lastly, please find attached blacklines of the most current versions of the Process Agreement

and the Protection Agreement to the drafts circulated last Thursday.
Best Regards,
Nina
Nina Mansoori

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: December-19-17 11:01 AM
To: Mansoori, Nina <nmansoori@torys.com>
Cc: VINER, JON <JON.VINER@blakes.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>
Subject: FW: EXTERNAL – Issues relating to the Process/Protection Agreements

Nina, here are the signature page versions I understand were sent for signature to the Ministers. Toby has also confirmed that the Province can table signatures as part of the overall escrow closing, without the extra considerations I mentioned earlier. Once you confirm the opinion addressees, we will send the Blakes opinion to be held in escrow. Thanks, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

Blake, Cassels & Graydon LLP
199 Bay Street, Suite 4000, Toronto ON M5L 1A9
Tel: 416-863-2400 Fax: 416-863-2653
blakes.com[blakes.com] | **Twitter**[twitter.com] | **Unsubscribe**[blakes.com]

Blake, Cassels & Graydon LLP | Barristers & Solicitors | Patent & Trade-mark Agents
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From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Tuesday, December 19, 2017 10:24 AM
To: ASHBOURNE, STEPHEN
Subject: FW: EXTERNAL – Issues relating to the Process/Protection Agreements

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Whitfield, Tobias P. (MOF)
Sent: December 18, 2017 4:39 PM
To: 'Ramchandani, Rima'; Hanslep, Malle (MOF); LEE John -TREASURY; WONG Leslie -LAWDIV
Cc: Saulnier, Brett; Kandeepan, Ken (OFA); Saulnier, Brett; Dost, Mitchell
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Rima – we have provided forms of signature pages in the form attached for the Ministers to sign (although without the page numbers as on the attached). They will be signing those pages and we will hold them in escrow.
Thanks
Toby
Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: December 18, 2017 1:16 PM
To: Whitfield, Tobias P. (MOF); Hanslep, Malle (MOF); LEE John -TREASURY; WONG Leslie -LAWDIV
Cc: Saulnier, Brett; Kandeepan, Ken (OFA); Saulnier, Brett; Dost, Mitchell
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Hi Toby, I understand from OPG that the Minister(s) are actually signed the agreements today – do you want us to send you execution versions in Word reflecting the change I sent across below and filling in the notice provisions as per your email below?
Rima
Rima Ramchandani
P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: December-18-17 1:08 PM
To: Ramchandani, Rima <rramchandani@torys.com>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; LEE John -TREASURY <john.s.lee@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>
Cc: Saulnier, Brett <bsaulnier@torys.com>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Saulnier, Brett <bsaulnier@torys.com>; Dost, Mitchell <mdost@torys.com>
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Rima – I will ask the Ministry of Energy to provide their notice information. For the Minister/Deputy Minister of Finance it is:
Minister of Finance
Ministry of Finance
7 Queen's Park Crescent, 7th Floor
Toronto, ON M7A 1Y7
Fax No.: (416) 325-0374
- and -
Deputy Minister of Finance
Ministry of Finance
7 Queen's Park Crescent, 7th Floor
Toronto, ON M7A 1Y7
Fax No.: (416) 325-1595
Thanks
Toby
Tobias Whitfield
Counsel, Legal Services Branch

Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: December 18, 2017 1:05 PM
To: Hanslep, Malle (MOF); LEE John -TREASURY; WONG Leslie -LAWDIV
Cc: Whitfield, Tobias P. (MOF); Saulnier, Brett; Kandeepan, Ken (OFA); Saulnier, Brett
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Sorry Malle, can you also please provide us with the notice information for the Province so we can finalize those sections of both the process and protection agreements? Thanks,

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

From: Ramchandani, Rima
Sent: December-18-17 1:03 PM
To: 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; LEE John -TREASURY <john.s.lee@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>
Cc: Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Saulnier, Brett <bsaulnier@torys.com>; Ramchandani, Rima <rramchandani@torys.com>
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Hi Malle, we discussed your second point below with the accountants and with Osler and they have both confirmed they are comfortable with making the changes reflected in the attached definition of a Breach Event in the process agreement (FYI, the drafting is based on the words proposed by Steve in his last comments provided on the process agreement, with only one change to reference the Province's interests under the process agreement or the protection agreement). Please also note that DBRS has required that all material waivers of the Process Agreement (in addition to material amendments) be subject to satisfaction of the Rating Agency Condition – so that change is also reflected in the attached.

Thanks,

Rima

Rima Ramchandani

P. 416.865.7666

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: December-15-17 5:51 PM
To: LEE John -TREASURY <john.s.lee@opg.com>; Ramchandani, Rima <rramchandani@torys.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>
Cc: Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Hi John,

On the second point, we understand that to be case but it had an unintended indirect effect on the 2 subsections mentioned in addition to the provision that we understand that it is targeted to, i.e. s. 3.04(b). We don't need to use the defined term in 6.01(b) and (c).

Thanks,

Malle

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: December 15, 2017 5:21 PM
To: Ramchandani, Rima; WONG Leslie -LAWDIV
Cc: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Saulnier, Brett; Kandeepan, Ken (OFA)
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Toby/Les:

With respect to the first point, the process agreement can be amended without Bond holder consent but will require Rating Agency confirmation if the changes are material.

On point #2 definition of Material effect was drafted to enable accounting signoff.

John

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: Friday, December 15, 2017 5:01 PM
To: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LEE John -TREASURY <john.s.lee@opg.com>
Cc: Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Ramchandani, Rima <rramchandani@torys.com>
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Hi Les, I agree with Toby that the cross-reference to 2.02(b)(iv) should be fixed and should refer to 2.02(c)(iv) – Toby, that comes up in 6.01(a) and 6.01(b). We will do a good scrub of the agreements on Monday to make sure we pick up any nits like this. Thanks,

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com[na01.safelinks.protection.outlook.com]

TORYS LLP[na01.safelinks.protection.outlook.com]

From: WONG Leslie -LAWDIV [mailto:leslie.wong@opg.com] .
Sent: December-15-17 4:38 PM
To: LEE John -TREASURY <john.s.lee@opg.com>; Ramchandani, Rima <rramchandani@torys.com>
Cc: Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

John – Regarding the first two points, please advise on how you'd like us to proceed.

Rima - Regarding the third point, can you please check the cross-reference and, if it needs correction, please correct the cross-reference.

Regards,

Les

Leslie Wong
Senior Counsel
Ontario Power Generation Inc.
700 University Avenue, H18 G26.1, Toronto, ON M5G 1X6
T: (416) 592-3110 **|** E: leslie.wong@opg.com

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Friday, December 15, 2017 3:51 PM

To: WONG Leslie -LAWDIV <leslie.wong@opg.com>
Cc: Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>
Subject: EXTERNAL – Issues relating to the Process/Protection Agreements
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Les,
Further to our phone call, there are three issues that are priority issues for the Province, and we would like to understand what the thinking is behind them, or understand what the scope is for amending them.

1. With respect to the use of the definitions and references that now require defining the Process Agreement in the Protection Agreement, what is the reasoning behind making this change in this way? We had discussed whether a Rating Agency Condition could be included for any amendments to the Process Agreement, but we would also like to understand why it is necessary to import the Process Agreement into the Protection Agreement. We are concerned that this means that any amendments to the Process Agreement will be subject to bondholder approval or other processes that are a consequence of becoming a Program Agreement under the Master Trust Indenture.
2. We are concerned about the changes to the Material Effect definition in the Process Agreement which has had the effect of significantly undermining the rights of the Province, particularly under the Breach Events provisions 6.01 (b) and (c) because the definition of "Material Effect" as now revised does not apply to those types of breaches. For instance, it is not clear that the failure to perform or breach of a covenant in 6.01(b) is capable of being qualified by the definition of "Material Effect" in a coherent way, thus potentially rendering that provision meaningless. The purpose of the changes to the Material Effect definition was with reference to s. 3.04(b).
3. There is a cross referencing error in the Process Agreement that is the result of the introduction of a new 2.02(b) in the Torys December 12 draft, which results in the reference in 6.01(a) being mistakenly to 2.02(b)(iv), when it should be 2.02(c)(iv) as a result of the new numbering.

Please let us know if we can provide further explanation of these items.
Thanks
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
777 Bay Street, 11th Floor
Toronto, ON, M5G 2C8
tobias.whitfield@ontario.ca
Phone: 416-325-1456

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ONTARIO POWER GENERATION INC.,
in its capacity as FSM

PROCESS CERTIFICATE

Certificate of the CFO and Treasurer pursuant to section 3.01
of the Change of Law Process Agreement

TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

RE: C$601,290,000 aggregate principal amount of Floating Rate Variable Funding Senior Notes, Series 2017-1 (the "**Series 2017-1 Senior Notes**")

AND RE: C$459,810,000 aggregate principal amount of Floating Rate Variable Funding Subordinated Notes, Series 2017-1 (the "**Series 2017-1 Subordinated Notes**")

AND RE: C$117,900,000 aggregate principal amount Floating Rate Variable Funding Junior Subordinated Notes, Series 2017-1 (the "**Series 2017-1 Junior Subordinated Notes**" and, together with the Series 2017-1 Senior Notes and the Series 2017-1 Subordinated Notes, the "**Funding Obligations**")

AND RE: Fee letter in respect of the Series 2017-1 Senior Notes among Ontario Power Generation Inc., in its capacity as FSM, Royal Bank of Canada, as Administrative Agent, certain CP Conduit Purchasers, the Non-Conduit Purchaser, and certain Group Banks, each as defined therein (the "**Fee Letter**", the terms of which are incorporated by reference in the Reference Documentation relating to the Series 2017-1 Senior Notes)

Reference is made to the Change of Law Process Agreement dated December 21, 2017 among the Province of Ontario and Ontario Power Generation Inc. (the "**Change of Law Process Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Process Agreement.

Each of the undersigned, being the Chief Financial Officer and Treasurer of OPG acting in its capacity as FSM and holding the offices set forth under their names and signatures below, pursuant to and accordance with clause 3.01 of the Change of Law Process Agreement, hereby certifies for and on behalf of OPG, in its capacity as Financial Services Manager, and not in such officer's personal capacity and intending that this certificate may be relied on by the addressees hereof without independent inquiry, that:

1. I have read and understand the provisions of the Change of Law Process Agreement and all other documents and materials necessary to enable me to deliver this certificate.

2. The material terms of the Series 2017-1 Senior Notes are set forth in Schedule A.

3. The material terms of the Series 2017-1 Subordinated Notes are set forth in Schedule B.

4. The material terms of the Series 2017-1 Junior Subordinated Notes are set forth in Schedule C.

5. The material terms of the Fee Letter are set forth in Schedule D.

6. The Funding Obligations:

   (a) will arise under terms and conditions that are Substantially in the Form of the Reference Documentation applicable thereto;

   (b) in my opinion, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the Financing Plan;

   (c) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and

   (d) reflect, in all material respects, arm's length terms and conditions.

7. No Disclosure Document was used in connection with the offering and sale of the Funding Obligations.

8. Any disclosure made in respect of any of the Funding Obligations (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to any of the Funding Obligations) that refers to or describes the terms, effect or adherence of or to the Change of Law Process Agreement or the Change of Law Protection Agreement has been made available to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made.

9. No Breach Event has occurred on or prior to the date hereof, unless such Breach Event has been waived by the Province in writing.

10. At the time the Funding Obligations are incurred, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Funding Obligations, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not exceed the Protection Agreement Maximum applicable on the date hereof.

[Remainder of page intentionally left blank.]

DATED the ____ day of December, 2017.

_____

Name:
Title:

_____

Name:
Title:

SCHEDULE A

SERIES 2017-1 SENIOR NOTES TERM SHEET	
Principal Amount	C$601,290,000
Interest Rate	Variable rate based on ABCP cost of funds or CDOR, as applicable, plus the Applicable Margin (as defined on Schedule D)
Discount	N/A
Fees	See Schedule D
Term to Maturity	Initial 2 year term
Amortization	N/A
Redemption	N/A
Extension	May only be extended with the prior written consent of the Administrative Agent, each Non-Conduit Purchaser and each Funding Agent, and satisfaction of the Rating Agency Condition (each as defined in the Supplemental Indenture creating the Series 2017-1 Senior Notes)
Coupon Payments	N/A

SCHEDULE B

SERIES 2017-1 SUBORDINATED NOTES	
Principal Amount	C$459,810,000
Interest Rate	For any payment date, the amount of interest and fees payable to the holders of the Series 2017-1 Senior Notes on such date, expressed as a rate per annum on the weighted average outstanding principal amount of the Series 2017-1 Senior Notes from the preceding payment date to such payment date, plus 0.10% per annum
Discount	N/A
Fees	N/A
Term to Maturity	Initial 2 year term
Amortization	N/A
Redemption	N/A
Extension	Automatic extension upon extension of Series 2017-1 Senior Notes
Coupon Payments	N/A

SCHEDULE C

SERIES 2017-1 SENIOR NOTES TERM SHEET	
Principal Amount	C$117,900,000
Interest Rate	For any payment date, the amount of interest and fees payable to the holders of the Series 2017-1 Senior Notes on such date, expressed as a rate per annum on the weighted average outstanding principal amount of the Series 2017-1 Senior Notes from the preceding payment date to such payment date, plus 0.10% per annum
Discount	N/A
Fees	N/A
Term to Maturity	Initial 2 year term
Amortization	N/A
Redemption	N/A
Extension	Automatic extension upon extension of Series 2017-1 Senior Notes
Coupon Payments	N/A

SCHEDULE D

FEE LETTER	
Upfront Fee:	An "Upfront Fee" of 20 bps per annum
Applicable Margin:	An "Applicable Margin" of 90 basis points (0.90%); provided that (i) for the period commencing on December 21, 2019 and ending on the payment date in May, 2021 (the "**Initial Step-up Period**"), the Applicable Margin shall be equal to 290 basis points (2.90%) (the "**Step-up Applicable Margin**"), and (ii) with respect to each of the six-payment date periods following the Initial Step-up Period (from the day following the payment date in May to the payment date in November or from the day following the payment date in November to the payment date in May, as applicable), the Applicable Margin shall continue to increase by an additional 50 basis points (0.50%) over the Applicable Margin for the Initial Step-up Period or immediately preceding six-payment date period, as applicable, subject to a maximum Applicable Margin of 590 basis points (5.90%)
Commitment Fees:	The "Commitment Fee Rate" is based on weighted average monthly utilization and will be payable monthly in arrears on each interest payment date as follows with respect to the preceding interest period based on the rate below and the unutilized amount of the commitment: • A daily rate of 40 bps per annum if utilization on such day is >66.67% • A daily rate of 55 bps per annum if utilization on such day is >33.33% and </= 66.67% • A daily rate of 70 bps per annum if utilization on such day </= 33.33%
Other Fees/Expenses:	Reasonable Fees incurred for any professional or other services which include, but are not limited to, reasonable fees of legal counsel, rating agency fees, accountant fees, and any reasonable out-of-pocket expenses (including without limitation, travel, meals etc.), so long as each such reimbursement complies with Ontario Power Generation Inc.'s Standard Form Business Expense Schedule, as amended from time to time.

From:	Hanslep, Malle (MOF)
To:	Ken Kandeepan; Tobias P. Whitfield (MOF); Mike Manning; Thouin, Alena (ENERGY)
Subject:	FW: EXTERNAL – Process Certificate
Date:	Wednesday, December 20, 2017 1:55:17 PM
Attachments:	Blackline_24671204v1 - 24546313v5.pdf Process Certificate of the CFO and Treasurer of OPG re section 3.01 of the CLPA (5).DOCX

This look ok except it should say "will be" not "has been" because this must be delivered before the borrowing is done. Before the funding obligation is incurred.
Please let me know if you have any further comments.

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: December 20, 2017 1:47 PM
To: Hanslep, Malle (MOF)
Cc: John Psinas; Manning, Mike (OFA); Ramchandani, Rima; 'RYFA Ken -TREASURY'; Kandeepan, Ken (OFA); LEE John -TREASURY; Saulnier, Brett; Feldman, Michael; Whitfield, Tobias P. (MOF); Mansoori, Nina
Subject: RE: EXTERNAL – Process Certificate

Malle,
Further to our telephone discussion, please find attached the revised process certificate for your review. Please let me know if you have any further questions.
Thanks,
Nina

Nina Mansoori
P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: December-20-17 1:29 PM
To: Ramchandani, Rima <rramchandani@torys.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; LEE John -TREASURY <john.s.lee@opg.com>; Saulnier, Brett <bsaulnier@torys.com>; Mansoori, Nina <nmansoori@torys.com>; Feldman, Michael <mfeldman@torys.com>; Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>
Cc: John Psinas <John.Psinas@ofina.on.ca>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>
Subject: RE: EXTERNAL – Process Certificate

I did just have a chat with Nina on the point and we were thinking of removing the principal amount in the re: lines and leaving the initial draw and maximum amount in the schedules.
However, maybe the better way to do it is to actual references both numbers in the re: line too. This way all of the information is upfront clearly as well as in the schedule.
So:
C^601,290,000 initial principal advance under $800,00,000 aggregate maximum principal amount of Floating Rate…

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: December 20, 2017 1:26 PM
To: 'RYFA Ken -TREASURY'; Kandeepan, Ken (OFA); LEE John -TREASURY; Saulnier, Brett; Mansoori, Nina; Feldman, Michael; Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Cc: John Psinas; Manning, Mike (OFA)
Subject: RE: EXTERNAL – Process Certificate

Ken, we can't remove the re lines in the process certificate. Nina is discussing this point with Malle and will come to an agreement with her on how she would like us to reference this.

Thanks,
Rima Ramchandani
P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

From: RYFA Ken -TREASURY [mailto:ken.ryfa@opg.com]
Sent: December-20-17 1:22 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; LEE John -TREASURY <john.s.lee@opg.com>; Saulnier, Brett <bsaulnier@torys.com>; Mansoori, Nina <nmansoori@torys.com>; Ramchandani, Rima <rramchandani@torys.com>; Feldman, Michael <mfeldman@torys.com>
Cc: John Psinas <John.Psinas@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: EXTERNAL – Process Certificate

Ken K – we had a similar concern raised by the IESO with their certificate. The confusion is the reference to the maximum amount of the note versus the amount drawn. See below:

	Max	Dec 21 issuance
Senior notes	800,000,000.00	601,290,000.00
Subordinated notes	611,764,705.88	459,810,000.00
Jr subordinated notes	156,862,745.10	117,900,000.00
	1,568,627,450.98	1,179,000,000.00

The maximum tracks the relationship among the different classes as we have to maintain a specific breakdown whereas the amount issued corresponds to the asset purchased from the IESO. To avoid confusion it is best to remove the "Re:" lines in the certificate.
Brett,
Could you do the same with this certificate and remove the "Re:" lines.
Thanks,
Ken

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: Wednesday, December 20, 2017 12:32 PM
To: LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>
Cc: John Psinas <John.Psinas@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: FW: EXTERNAL – Process Certificate

Hi John and Ken
The attached process certificate revises the amounts to the maximum face amounts as opposed to the actual drawn, to me the latter is more reflective of the intent behind OPG issuing the certificate to the Province, since it certifies the amount the Province is on the hook for if a Protection Event were to occur next week.
So my preference would be to revert back to the numbers reflecting the actual asset purchase for tomorrow.
Thanks
Ken k

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Wednesday, December 20, 2017 12:07 PM
To: Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>; Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Tobias

P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: FW: EXTERNAL – Process Certificate
Please find attached a slightly revised Process Certificate to be delivered to the Province under the Process Agreement. Please review and consider whether this is a sufficient level of detail on the various points respecting the material terms of the notes comparing it to the warehouse supplement. Since this is the first process certificate, if we would like a bit more detail, it would be good to ask now. I'm not sure when the interest is paid on these notes based on the summary. Extracted below is the s. 3.01(a) of the Process Agreement.

> (a) the material terms of the Funding Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a Derivative Agreement, OPG's best estimate of the expected notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: December 20, 2017 11:16 AM
To: Hanslep, Malle (MOF); Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF)
Cc: 'LEE John -TREASURY'; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'MCAULEY Tyler -LAWDIV'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Prado, Melissa; Feldman, Michael; Ramchandani, Rima; Olusoga, Yinka; Saulnier, Brett; Dost, Mitchell; 'VINER, JON'; 'ASHBOURNE, STEPHEN'; Mansoori, Nina
Subject: RE: EXTERNAL – Process Certificate
Malle/Alena/Toby – please find attached a further revised process certificate. The only change made was to revise the note amounts to reflect the maximum face amount of each note at closing (versus the initial amounts being drawn under each such note at closing). The signed process certificate and all signed reference documentation will be delivered to you by end of day. Thanks,
Nina Mansoori
P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679

From: Mansoori, Nina
Sent: December-19-17 9:31 PM
To: 'Malle.Hanslep@ontario.ca' <Malle.Hanslep@ontario.ca>; 'Thouin, Alena (ENERGY)' <Alena.Thouin@ontario.ca>; 'Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca)' <Tobias.Whitfield@ontario.ca>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; 'MCAULEY Tyler -LAWDIV' <tyler.mcauley@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; Prado, Melissa <mprado@torys.com>; Feldman, Michael <mfeldman@torys.com>; Ramchandani, Rima <rramchandani@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Dost, Mitchell <mdost@torys.com>; 'VINER, JON' <JON.VINER@blakes.com>; 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>; Mansoori, Nina <nmansoori@torys.com>
Subject: RE: EXTERNAL – Process Certificate
Malle/Alena/Toby – further to my email below, please find attached the process certificate which will be delivered to you along with all signed reference documentation by tomorrow.

Please let me know if you have any questions.
Many thanks,
Nina
Nina Mansoori

From: Mansoori, Nina
Sent: December-19-17 1:22 PM
To: 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>
Cc: VINER, JON <JON.VINER@blakes.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; Feldman, Michael <mfeldman@torys.com>; Ramchandani, Rima <rramchandani@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Prado, Melissa <mprado@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Dost, Mitchell <mdost@torys.com>; Mansoori, Nina <nmansoori@torys.com>
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Thanks for your voicemail, Steve. I will wait to hear back from you or Toby on the Province's process for delivery of their signature pages in escrow. Given timing, I'd appreciate if you could get back to us soon so that we can send out our pre-closing and closing memo to the wider group this afternoon.

We discussed the list of addressees for the Blakes' opinion with Oslers; please find attached a revised list above. Can you please circulate a revised draft of your opinion as we'll need to provide all drafts to the rating agencies as soon as possible today.

We'll send along a draft of the Process Certificate later today.

Lastly, please find attached blacklines of the most current versions of the Process Agreement and the Protection Agreement to the drafts circulated last Thursday.

Best Regards,
Nina
Nina Mansoori

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: December-19-17 11:01 AM
To: Mansoori, Nina <nmansoori@torys.com>
Cc: VINER, JON <JON.VINER@blakes.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>
Subject: FW: EXTERNAL – Issues relating to the Process/Protection Agreements

Nina, here are the signature page versions I understand were sent for signature to the Ministers. Toby has also confirmed that the Province can table signatures as part of the overall escrow closing, without the extra considerations I mentioned earlier. Once you confirm the opinion addressees, we will send the Blakes opinion to be held in escrow. Thanks, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

Blake, Cassels & Graydon LLP
199 Bay Street, Suite 4000, Toronto ON M5L 1A9
Tel: 416-863-2400 Fax: 416-863-2653
blakes.com[blakes.com][na01.safelinks.protection.outlook.com] | **Twitter**[twitter.com][na01.safelinks.protection.outlook.com] | **Unsubscribe**[blakes.com][na01.safelinks.protection.outlook.com]

Blake, Cassels & Graydon LLP | Barristers & Solicitors | Patent & Trade-mark Agents
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From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Tuesday, December 19, 2017 10:24 AM
To: ASHBOURNE, STEPHEN
Subject: FW: EXTERNAL – Issues relating to the Process/Protection Agreements
Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Whitfield, Tobias P. (MOF)
Sent: December 18, 2017 4:39 PM
To: 'Ramchandani, Rima'; Hanslep, Malle (MOF); LEE John -TREASURY; WONG Leslie -LAWDIV
Cc: Saulnier, Brett; Kandeepan, Ken (OFA); Saulnier, Brett; Dost, Mitchell
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Rima – we have provided forms of signature pages in the form attached for the Ministers to sign (although without the page numbers as on the attached). They will be signing those pages and we will hold them in escrow.

Thanks

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: December 18, 2017 1:16 PM
To: Whitfield, Tobias P. (MOF); Hanslep, Malle (MOF); LEE John -TREASURY; WONG Leslie -LAWDIV
Cc: Saulnier, Brett; Kandeepan, Ken (OFA); Saulnier, Brett; Dost, Mitchell
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Hi Toby, I understand from OPG that the Minister(s) are actually signed the agreements today – do you want us to send you execution versions in Word reflecting the change I sent across below and filling in the notice provisions as per your email below?

Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: December-18-17 1:08 PM
To: Ramchandani, Rima <rramchandani@torys.com>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; LEE John -TREASURY <john.s.lee@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>
Cc: Saulnier, Brett <bsaulnier@torys.com>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Saulnier, Brett <bsaulnier@torys.com>; Dost, Mitchell <mdost@torys.com>
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Rima – I will ask the Ministry of Energy to provide their notice information. For the Minister/Deputy Minister of Finance it is:
Minister of Finance
Ministry of Finance
7 Queen's Park Crescent, 7th Floor
Toronto, ON M7A 1Y7
Fax No.: (416) 325-0374
- and -
Deputy Minister of Finance
Ministry of Finance
7 Queen's Park Crescent, 7th Floor
Toronto, ON M7A 1Y7
Fax No.: (416) 325-1595
Thanks
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: December 18, 2017 1:05 PM
To: Hanslep, Malle (MOF); LEE John -TREASURY; WONG Leslie -LAWDIV
Cc: Whitfield, Tobias P. (MOF); Saulnier, Brett; Kandeepan, Ken (OFA); Saulnier, Brett
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Sorry Malle, can you also please provide us with the notice information for the Province so we can finalize those sections of both the process and protection agreements? Thanks,
Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

From: Ramchandani, Rima
Sent: December-18-17 1:03 PM
To: 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; LEE John -TREASURY <john.s.lee@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>
Cc: Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Saulnier, Brett <bsaulnier@torys.com>; Ramchandani, Rima <rramchandani@torys.com>

Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Hi Malle, we discussed your second point below with the accountants and with Osler and they have both confirmed they are comfortable with making the changes reflected in the attached definition of a Breach Event in the process agreement (FYI, the drafting is based on the words proposed by Steve in his last comments provided on the process agreement, with only one change to reference the Province's interests under the process agreement or the protection agreement). Please also note that DBRS has required that all material waivers of the Process Agreement (in addition to material amendments) be subject to satisfaction of the Rating Agency Condition – so that change is also reflected in the attached.

Thanks,

Rima

Rima Ramchandani

P. 416.865.7666

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: December-15-17 5:51 PM

To: LEE John -TREASURY <john.s.lee@opg.com>; Ramchandani, Rima <rramchandani@torys.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>

Cc: Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>

Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Hi John,

On the second point, we understand that to be case but it had an unintended indirect effect on the 2 subsections mentioned in addition to the provision that we understand that it is targeted to, i.e. s. 3.04(b). We don't need to use the defined term in 6.01(b) and (c).

Thanks,

Malle

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]

Sent: December 15, 2017 5:21 PM

To: Ramchandani, Rima; WONG Leslie -LAWDIV

Cc: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Saulnier, Brett; Kandeepan, Ken (OFA)

Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Toby/Les:

With respect to the first point, the process agreement can be amended without Bond holder consent but will require Rating Agency confirmation if the changes are material.

On point #2 definition of Material effect was drafted to enable accounting signoff.

John

From: Ramchandani, Rima [mailto:rramchandani@torys.com]

Sent: Friday, December 15, 2017 5:01 PM

To: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LEE John -TREASURY <john.s.lee@opg.com>

Cc: Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Ramchandani, Rima <rramchandani@torys.com>

Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Hi Les, I agree with Toby that the cross-reference to 2.02(b)(iv) should be fixed and should

refer to 2.02(c)(iv) – Toby, that comes up in 6.01(a) and 6.01(b). We will do a good scrub of the agreements on Monday to make sure we pick up any nits like this. Thanks,

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com[na01.safelinks.protection.outlook.com]

TORYS LLP[na01.safelinks.protection.outlook.com]

From: WONG Leslie -LAWDIV [mailto:leslie.wong@opg.com] .
Sent: December-15-17 4:38 PM
To: LEE John -TREASURY <john.s.lee@opg.com>; Ramchandani, Rima <rramchandani@torys.com>
Cc: Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

John – Regarding the first two points, please advise on how you'd like us to proceed.

Rima - Regarding the third point, can you please check the cross-reference and, if it needs correction, please correct the cross-reference.

Regards,
Les

Leslie Wong
Senior Counsel
Ontario Power Generation Inc.
700 University Avenue, H18 G26.1, Toronto, ON M5G 1X6
T: (416) 592-3110 **|** E: leslie.wong@opg.com

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Friday, December 15, 2017 3:51 PM
To: WONG Leslie -LAWDIV <leslie.wong@opg.com>
Cc: Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>
Subject: EXTERNAL – Issues relating to the Process/Protection Agreements

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Les,
Further to our phone call, there are three issues that are priority issues for the Province, and we would like to understand what the thinking is behind them, or understand what the scope is for amending them.

1. With respect to the use of the definitions and references that now require defining the Process Agreement in the Protection Agreement, what is the reasoning behind making this change in this way? We had discussed whether a Rating Agency Condition could be included for any amendments to the Process Agreement, but we would also like to understand why it is necessary to import the Process Agreement into the Protection Agreement. We are concerned that this means that any amendments to the Process Agreement will be subject to bondholder approval or other processes that are a consequence of becoming a Program Agreement under the Master Trust Indenture.
2. We are concerned about the changes to the Material Effect definition in the Process

Agreement which has had the effect of significantly undermining the rights of the Province, particularly under the Breach Events provisions 6.01 (b) and (c) because the definition of "Material Effect" as now revised does not apply to those types of breaches. For instance, it is not clear that the failure to perform or breach of a covenant in 6.01(b) is capable of being qualified by the definition of "Material Effect" in a coherent way, thus potentially rendering that provision meaningless. The purpose of the changes to the Material Effect definition was with reference to s. 3.04(b).

3. There is a cross referencing error in the Process Agreement that is the result of the introduction of a new 2.02(b) in the Torys December 12 draft, which results in the reference in 6.01(a) being mistakenly to 2.02(b)(iv), when it should be 2.02(c)(iv) as a result of the new numbering.

Please let us know if we can provide further explanation of these items.

Thanks

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
777 Bay Street, 11th Floor
Toronto, ON, M5G 2C8
tobias.whitfield@ontario.ca
Phone: 416-325-1456

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ONTARIO POWER GENERATION INC.,
in its capacity as FSM

PROCESS CERTIFICATE

Certificate of the CFO and Treasurer pursuant to section 3.01 of the Change of Law Process Agreement

TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

RE: ~~C$800,000,000 aggregate principal amount of~~ Floating Rate Variable Funding Senior Notes, Series 2017-1 (the "**Series 2017-1 Senior Notes**") **in the aggregate maximum principal amount of C$800,000,000, of which $601,290,000 has been drawn as of December 21, 2017**

AND RE: ~~C$611,764,705.88 principal amount of~~ Floating Rate Variable Funding Subordinated Notes, Series 2017-1 (the "**Series 2017-1 Subordinated Notes**") **in the maximum principal amount of C$611,764,705.88, of which $459,810,000 has been drawn as of December 21, 2017**

AND RE: ~~C$156,862,745.10 principal amount~~ Floating Rate Variable Funding Junior Subordinated Notes, Series 2017-1 **in the maximum principal amount of C$156,862,745.10, of which $117,900,000 has been drawn as of December 21, 2017** (the "**Series 2017-1 Junior Subordinated Notes**" and, together with the Series 2017-1 Senior Notes and the Series 2017-1 Subordinated Notes, the "**Funding Obligations**")

AND RE: Fee letter in respect of the Series 2017-1 Senior Notes among Ontario Power Generation Inc., in its capacity as FSM, Royal Bank of Canada, as Administrative Agent, certain CP Conduit Purchasers, the Non-Conduit Purchaser, and certain Group Banks, each as defined therein (the "**Fee Letter**", the terms of which are incorporated by reference in the Reference Documentation relating to the Series 2017-1 Senior Notes)

Reference is made to the Change of Law Process Agreement dated December 21, 2017 among the Province of Ontario and Ontario Power Generation Inc. (the "**Change of Law Process Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Process Agreement.

Each of the undersigned, being the Chief Financial Officer and Treasurer of OPG acting in its capacity as FSM and holding the offices set forth under their names and signatures below, pursuant to and accordance with clause 3.01 of the Change of Law Process Agreement, hereby certifies for and on behalf of OPG, in its capacity as Financial Services Manager, and not in such officer's personal capacity and intending that this certificate may be relied on by the addressees hereof without independent inquiry, that:

1. I have read and understand the provisions of the Change of Law Process Agreement and all other documents and materials necessary to enable me to deliver this certificate.
2. The material terms of the Series 2017-1 Senior Notes are set forth in Schedule A.
3. The material terms of the Series 2017-1 Subordinated Notes are set forth in Schedule B.
4. The material terms of the Series 2017-1 Junior Subordinated Notes are set forth in Schedule C.
5. The material terms of the Fee Letter are set forth in Schedule D.
6. The Funding Obligations:
   (a) will arise under terms and conditions that are Substantially in the Form of the Reference Documentation applicable thereto;
   (b) in my opinion, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the Financing Plan;
   (c) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and
   (d) reflect, in all material respects, arm's length terms and conditions.
7. No Disclosure Document was used in connection with the offering and sale of the Funding Obligations.
8. Any disclosure made in respect of any of the Funding Obligations (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to any of the Funding Obligations) that refers to or describes the terms, effect or adherence of or to the Change of Law Process Agreement or the Change of Law Protection Agreement has been made available to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made.
9. No Breach Event has occurred on or prior to the date hereof, unless such Breach Event has been waived by the Province in writing.
10. At the time the Funding Obligations are incurred, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Funding Obligations, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not exceed the Protection Agreement Maximum applicable on the date hereof.

[Remainder of page intentionally left blank.]

DATED the ____ day of December, 2017.

_____
Name:
Title:

_____
Name:
Title:

SCHEDULE A

SERIES 2017-1 SENIOR NOTES TERM SHEET	
Type of Credit:	**Revolving**
Principal Amount	Aggregate maximum principal amount of C$800,000,000 **available under the Series 2017-1 Senior Notes, of which $601,290,000 has been drawn as of December 21, 2017**
Interest Rate	Variable rate based on ABCP cost of funds or CDOR, as applicable, plus the Applicable Margin (as defined on Schedule D)
Interest Payments	**Interest is due on the 15th of each month, beginning in January 2018**
Discount	N/A
Fees	See Schedule D
Term to Maturity	Initial 2 year term
Amortization	N/A
Redemption	N/A
Extension	May only be extended with the prior written consent of the Administrative Agent, each Non-Conduit Purchaser and each Funding Agent, and satisfaction of the Rating Agency Condition (each as defined in the Supplemental Indenture creating the Series 2017-1 Senior Notes)
Coupon Payments	N/A

SCHEDULE B

SERIES 2017-1 SUBORDINATED NOTES TERM SHEET	
Type of Credit:	**Revolving**
Principal Amount	Maximum principal amount of C$611,764,705.88 **available under the Series 2017-1 Subordinated Notes, of which $459,810,000 has been drawn as of December 21, 2017**
Interest Rate	For any payment date, the amount of interest and fees payable to the holders of the Series 2017-1 Senior Notes on such date, expressed as a rate per annum on the weighted average outstanding principal amount of the Series 2017-1 Senior Notes from the preceding payment date to such payment date, plus 0.10% per annum
Interest Payments	**Interest is due on the 15th of each month, beginning in January 2018**
Discount	N/A
Fees	N/A
Term to Maturity	Initial 2 year term
Amortization	N/A
Redemption	N/A
Extension	Automatic extension upon extension of Series 2017-1 Senior Notes
Coupon Payments	N/A

SCHEDULE C

SERIES 2017-1 JUNIOR SUBORDINATED NOTES TERM SHEET	
Type of Credit:	**Revolving**
Principal Amount	Maximum principal amount of C$156,862,745.10 **available under the Series 2017-1 Junior Subordinated Notes, of which $117,900,000 has been drawn as of December 21, 2017**
Interest Rate	For any payment date, the amount of interest and fees payable to the holders of the Series 2017-1 Senior Notes on such date, expressed as a rate per annum on the weighted average outstanding principal amount of the Series 2017-1 Senior Notes from the preceding payment date to such payment date, plus 0.10% per annum
Interest Payments	**Interest is due on the 15th of each month, beginning in January 2018**
Discount	N/A
Fees	N/A
Term to Maturity	Initial 2 year term
Amortization	N/A
Redemption	N/A
Extension	Automatic extension upon extension of Series 2017-1 Senior Notes
Coupon Payments	N/A

SCHEDULE D

FEE LETTER TERMS	
Upfront Fee:	An "Upfront Fee" of 20 bps per annum
Applicable Margin:	An "Applicable Margin" of 90 basis points (0.90%); provided that (i) for the period commencing on December 21, 2019 and ending on the payment date in May, 2021 (the "**Initial Step-up Period**"), the Applicable Margin shall be equal to 290 basis points (2.90%) (the "**Step-up Applicable Margin**"), and (ii) with respect to each of the six- payment date periods following the Initial Step-up Period (from the day following the payment date in May to the payment date in November or from the day following the payment date in November to the payment date in May, as applicable), the Applicable Margin shall continue to increase by an additional 50 basis points (0.50%) over the Applicable Margin for the Initial Step-up Period or immediately preceding six- payment date period, as applicable, subject to a maximum Applicable Margin of 590 basis points (5.90%)
Commitment Fees:	The "Commitment Fee Rate" is based on weighted average monthly utilization and will be payable monthly in arrears on each interest payment date as follows with respect to the preceding interest period based on the rate below and the unutilized amount of the commitment: A daily rate of 40 bps per annum if utilization on such day is >66.67% A daily rate of 55 bps per annum if utilization on such day is >33.33% and </= 66.67% A daily rate of 70 bps per annum if utilization on such day </= 33.33%
Other Fees/Expenses:	Reasonable Fees incurred for any professional or other services which include, but are not limited to, reasonable fees of legal counsel, rating agency fees, accountant fees, and any reasonable out-of-pocket expenses (including without limitation, travel, meals etc.), so long as each such reimbursement complies with Ontario Power Generation Inc.'s Standard Form Business Expense Schedule, as amended from time to time.

Document comparison by Workshare Compare on December-20-17 1:42:11 PM

Input:	
Document 1 ID	interwovenSite://INVENTORYS1/TorysAtWork/24671204/1
Description	#24671204v1<TorysAtWork> - ignore
Document 2 ID	interwovenSite://INVENTORYS1/TorysAtWork/24546313/5
Description	#24546313v5<TorysAtWork> - Process Certificate of the CFO and Treasurer of OPG re section 3.01 of the CLPA
Rendering set	strikeout-colour

Legend:	
Insertion	
~~Deletion~~	
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>*Moved to* <	
Style change	
Format change	
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Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	29
Deletions	10
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	39

ONTARIO POWER GENERATION INC.,
in its capacity as FSM

PROCESS CERTIFICATE

Certificate of the CFO and Treasurer pursuant to section 3.01 of the Change of Law Process Agreement

TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

RE: Floating Rate Variable Funding Senior Notes, Series 2017-1 (the "**Series 2017-1 Senior Notes**") in the aggregate maximum principal amount of C$800,000,000, of which $601,290,000 has been drawn as of December 21, 2017

AND RE: Floating Rate Variable Funding Subordinated Notes, Series 2017-1 (the "**Series 2017-1 Subordinated Notes**") in the maximum principal amount of C$611,764,705.88, of which $459,810,000 has been drawn as of December 21, 2017

AND RE: Floating Rate Variable Funding Junior Subordinated Notes, Series 2017-1 in the maximum principal amount of C$156,862,745.10, of which $117,900,000 has been drawn as of December 21, 2017 (the "**Series 2017-1 Junior Subordinated Notes**" and, together with the Series 2017-1 Senior Notes and the Series 2017-1 Subordinated Notes, the "**Funding Obligations**")

AND RE: Fee letter in respect of the Series 2017-1 Senior Notes among Ontario Power Generation Inc., in its capacity as FSM, Royal Bank of Canada, as Administrative Agent, certain CP Conduit Purchasers, the Non-Conduit Purchaser, and certain Group Banks, each as defined therein (the "**Fee Letter**", the terms of which are incorporated by reference in the Reference Documentation relating to the Series 2017-1 Senior Notes)

Reference is made to the Change of Law Process Agreement dated December 21, 2017 among the Province of Ontario and Ontario Power Generation Inc. (the "**Change of Law Process Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Process Agreement.

Each of the undersigned, being the Chief Financial Officer and Treasurer of OPG acting in its capacity as FSM and holding the offices set forth under their names and signatures below, pursuant to and accordance with clause 3.01 of the Change of Law Process Agreement, hereby certifies for and on behalf of OPG, in its capacity as Financial Services Manager, and not in such officer's personal capacity and intending that this certificate may be relied on by the addressees hereof without independent inquiry, that:

1. I have read and understand the provisions of the Change of Law Process Agreement and all other documents and materials necessary to enable me to deliver this certificate.

2. The material terms of the Series 2017-1 Senior Notes are set forth in Schedule A.

3. The material terms of the Series 2017-1 Subordinated Notes are set forth in Schedule B.

4. The material terms of the Series 2017-1 Junior Subordinated Notes are set forth in Schedule C.

5. The material terms of the Fee Letter are set forth in Schedule D.

6. The Funding Obligations:

   (a) will arise under terms and conditions that are Substantially in the Form of the Reference Documentation applicable thereto;

   (b) in my opinion, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the Financing Plan;

   (c) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and

   (d) reflect, in all material respects, arm's length terms and conditions.

7. No Disclosure Document was used in connection with the offering and sale of the Funding Obligations.

8. Any disclosure made in respect of any of the Funding Obligations (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to any of the Funding Obligations) that refers to or describes the terms, effect or adherence of or to the Change of Law Process Agreement or the Change of Law Protection Agreement has been made available to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made.

9. No Breach Event has occurred on or prior to the date hereof, unless such Breach Event has been waived by the Province in writing.

10. At the time the Funding Obligations are incurred, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Funding Obligations, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not exceed the Protection Agreement Maximum applicable on the date hereof.

[Remainder of page intentionally left blank.]

DATED the ____ day of December, 2017.

_____

Name:
Title:

_____

Name:
Title:

SCHEDULE A

SERIES 2017-1 SENIOR NOTES TERM SHEET	
Type of Credit:	Revolving
Principal Amount	Aggregate maximum principal amount of C$800,000,000 available under the Series 2017-1 Senior Notes, of which $601,290,000 has been drawn as of December 21, 2017
Interest Rate	Variable rate based on ABCP cost of funds or CDOR, as applicable, plus the Applicable Margin (as defined on Schedule D)
Interest Payments	Interest is due on the 15th of each month, beginning in January 2018
Discount	N/A
Fees	See Schedule D
Term to Maturity	Initial 2 year term
Amortization	N/A
Redemption	N/A
Extension	May only be extended with the prior written consent of the Administrative Agent, each Non-Conduit Purchaser and each Funding Agent, and satisfaction of the Rating Agency Condition (each as defined in the Supplemental Indenture creating the Series 2017-1 Senior Notes)
Coupon Payments	N/A

SCHEDULE B

SERIES 2017-1 SUBORDINATED NOTES TERM SHEET	
Type of Credit:	Revolving
Principal Amount	Maximum principal amount of C$611,764,705.88 available under the Series 2017-1 Subordinated Notes, of which $459,810,000 has been drawn as of December 21, 2017
Interest Rate	For any payment date, the amount of interest and fees payable to the holders of the Series 2017-1 Senior Notes on such date, expressed as a rate per annum on the weighted average outstanding principal amount of the Series 2017-1 Senior Notes from the preceding payment date to such payment date, plus 0.10% per annum
Interest Payments	Interest is due on the 15th of each month, beginning in January 2018
Discount	N/A
Fees	N/A
Term to Maturity	Initial 2 year term
Amortization	N/A
Redemption	N/A
Extension	Automatic extension upon extension of Series 2017-1 Senior Notes
Coupon Payments	N/A

SCHEDULE C

SERIES 2017-1 JUNIOR SUBORDINATED NOTES TERM SHEET	
Type of Credit:	Revolving
Principal Amount	Maximum principal amount of C$156,862,745.10 available under the Series 2017-1 Junior Subordinated Notes, of which $117,900,000 has been drawn as of December 21, 2017
Interest Rate	For any payment date, the amount of interest and fees payable to the holders of the Series 2017-1 Senior Notes on such date, expressed as a rate per annum on the weighted average outstanding principal amount of the Series 2017-1 Senior Notes from the preceding payment date to such payment date, plus 0.10% per annum
Interest Payments	Interest is due on the 15th of each month, beginning in January 2018
Discount	N/A
Fees	N/A
Term to Maturity	Initial 2 year term
Amortization	N/A
Redemption	N/A
Extension	Automatic extension upon extension of Series 2017-1 Senior Notes
Coupon Payments	N/A

SCHEDULE D

FEE LETTER TERMS	
Upfront Fee:	An "Upfront Fee" of 20 bps per annum
Applicable Margin:	An "Applicable Margin" of 90 basis points (0.90%); provided that (i) for the period commencing on December 21, 2019 and ending on the payment date in May, 2021 (the "**Initial Step-up Period**"), the Applicable Margin shall be equal to 290 basis points (2.90%) (the "**Step-up Applicable Margin**"), and (ii) with respect to each of the six-payment date periods following the Initial Step-up Period (from the day following the payment date in May to the payment date in November or from the day following the payment date in November to the payment date in May, as applicable), the Applicable Margin shall continue to increase by an additional 50 basis points (0.50%) over the Applicable Margin for the Initial Step-up Period or immediately preceding six-payment date period, as applicable, subject to a maximum Applicable Margin of 590 basis points (5.90%)
Commitment Fees:	The "Commitment Fee Rate" is based on weighted average monthly utilization and will be payable monthly in arrears on each interest payment date as follows with respect to the preceding interest period based on the rate below and the unutilized amount of the commitment: • A daily rate of 40 bps per annum if utilization on such day is >66.67% • A daily rate of 55 bps per annum if utilization on such day is >33.33% and </= 66.67% • A daily rate of 70 bps per annum if utilization on such day </= 33.33%
Other Fees/Expenses:	Reasonable Fees incurred for any professional or other services which include, but are not limited to, reasonable fees of legal counsel, rating agency fees, accountant fees, and any reasonable out-of-pocket expenses (including without limitation, travel, meals etc.), so long as each such reimbursement complies with Ontario Power Generation Inc.'s Standard Form Business Expense Schedule, as amended from time to time.

From: LEE John -TREASURY
To: Mike Manning; Ken Kandeepan
Cc: WONG Leslie -LAWDIV
Subject: FW: EXTERNAL – Protection Agreement / Adherence Conditions
Date: Tuesday, November 21, 2017 4:03:21 PM

Mike:
Some thoughts from the dealers.
John

From: Benaiah, Ian [mailto:ian.benaiah@rbccm.com]
Sent: Tuesday, November 21, 2017 3:33 PM
To: LEE John -TREASURY ; RYFA Ken -TREASURY
Cc: Katrina Niehaus (Katrina.Niehaus@gs.com) ; Brian Delaney (brian.delaney@gs.com) ; Donnie Persaud (Donnie.Persaud@cibc.com) ; Adalja, Sunil (Sunil.Adalja@cibc.com) ; Maciel, Andrew (Andrew.Maciel@cibc.com) ; Khan, Nur ; Taylor, Brent R
Subject: EXTERNAL – Protection Agreement / Adherence Conditions
*** Exercise caution. This is an EXTERNAL email. DO NOT open attachments or click links from unknown senders or unexpected email. ***

John – We have spent considerable time on the Change of Law Protection Agreement (the "Protection Agreement") to ensure that its benefits can easily be identified and understood by investors. The robustness of the Protection Agreement is critical for obtaining optimal ratings, and the marketability of the warehouse and term debt transactions. Here are our collective thoughts on the concepts of having Adherence Conditions and a suspension right in the Protection Agreement:

- Investors need certainty that when they invest in the Financing Entity, they have the protection of the change of law agreement for any amounts owing under the terms of their debt
- It is important for all creditors of the Financing Entity to have the benefit of the Protection Agreement to ensure that there is no misalignment between different groups of creditors
- Under the current draft, Financing Entity obligations are only protected under the Protection Agreement if they satisfy the "Adherence Conditions"
- The concept of having any Adherence Conditions makes it uncertain when something is covered; for example, the current draft provides that OPG has to deliver a certificate for some subset of obligations (the scope of that subset of obligations is still an open point in the draft)
- Even if we could get 100% clarity on when a certificate is required to be delivered in order for an obligation to be protected, the dealers have to rely on OPG delivering that certificate and there is concern that a certificate may not always be delivered
- Essentially, Adherence Conditions make it impossible to be certain that obligations are or aren't covered under the Protection Agreement

The proposal we shared this morning was designed to give investors (and all creditors) of the Financing Entity assurance that obligations are protected while maintaining the Province's oversight over the program. We should also point out that with respect to the right to suspend the application of the Protection Agreement, its effect on refinancing the warehouse must be addressed.

Thanks, Ian

Ian Benaiah | Director, Securitization Finance | RBC Capital Markets | TEL: 416.842.3820 | FAX: 416.842.3888 | ian.benaiah@rbccm.com

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From: LEE John -TREASURY
To: Mike Manning
Subject: FW: EXTERNAL – RA Feedback
Date: Tuesday, November 28, 2017 9:30:27 AM

See comment below from Moodys

From: Benaiah, Ian [mailto:ian.benaiah@rbccm.com]
Sent: Monday, November 27, 2017 6:31 PM
To: LEE John -TREASURY ; RYFA Ken -TREASURY ; LADAK Lubna -TREASURY
Cc: Donnie Persaud (Donnie.Persaud@cibc.com) ; Adalja, Sunil (Sunil.Adalja@cibc.com) ; Maciel, Andrew (Andrew.Maciel@cibc.com) ; Katrina Niehaus (Katrina.Niehaus@gs.com) ; Brian Delaney (brian.delaney@gs.com) ; Taylor, Brent R
Subject: EXTERNAL – RA Feedback
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John – I spoke with Moody's and DBRS on the Change of Law Protection Agreement ("CPLA"). Here is an update from each rating agency:

Moody's provided the following three comments:

ection 2.01(a) – "Upon the occurrence of a Protection Event, the Indenture Trustee **may** deliver a written demand to the Province requiring the Province to make payments in respect of the Approved Obligations". Moody's is looking for something that is more iron clad and expected to see "shall" instead of "may".

chedule A Defined Terms – "Protection Event":

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'he test for an adverse effect is that it impairs the ability of the issuer to pay "Obligations Secured". Moody's would like for it to read "Obligations Secured in accordance with their original terms". Since the Moody's rating at the time of issuance addresses the timely payment of scheduled interest and repayment of principal on the stated maturity date, they are concerned there could be a change of law that extends the collection period that would still allow for payment of secured debts, but on an elongated timeline. That ability is an issue in their rating of the notes.

DBRS

spoke with DBRS this afternoon, and they have prioritized the CPLA, and expect to provide comments by the end of the day tomorrow.

As for the modelling, Moody's has no further stress cases that it needs evaluated (for now). DBRS mentioned they have asked CIBC to run several different sensitivities and they are awaiting feedback.

Ian

Ian Benaiah | Director, Securitization Finance | RBC Capital Markets | TEL: 416.842.3820 | FAX: 416.842.3888 | ian.benaiah@rbccm.com

---

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From:	Mike Manning
To:	Gadi Mayman; Anna Strathy; Malle Hanslep (MOF); Tobias P. Whitfield (MOF); Ronald Kwan; "ASHBOURNE, STEPHEN"; Ken Kandeepan
Cc:	James Devine; Carlos Yep
Subject:	FW: EXTERNAL – RA Feedback
Date:	Tuesday, November 28, 2017 9:58:59 AM

We may want to have a chat on these issues some time today.

Regards, Mike

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: Tuesday, November 28, 2017 9:30 AM
To: Mike Manning <Mike.Manning@ofina.on.ca>
Subject: FW: EXTERNAL – RA Feedback

See comment below from Moodys

From: Benaiah, Ian [mailto:ian.benaiah@rbccm.com]
Sent: Monday, November 27, 2017 6:31 PM
To: LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>
Cc: Donnie Persaud (Donnie.Persaud@cibc.com) <Donnie.Persaud@cibc.com>; Adalja, Sunil (Sunil.Adalja@cibc.com) <Sunil.Adalja@cibc.com>; Maciel, Andrew (Andrew.Maciel@cibc.com) <Andrew.Maciel@cibc.com>; Katrina Niehaus (Katrina.Niehaus@gs.com) <Katrina.Niehaus@gs.com>; Brian Delaney (brian.delaney@gs.com) <brian.delaney@gs.com>; Taylor, Brent R <brent.r.taylor@rbccm.com>
Subject: EXTERNAL – RA Feedback

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Ian

Ian Benaiah | Director, Securitization Finance | RBC Capital Markets | TEL: 416.842.3820 | FAX: 416.842.3888 | ian.benaiah@rbccm.com

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From: Mike Manning
To: Malle Hanslep (MOF); Tobias P. Whitfield (MOF)
Subject: FW: EXTERNAL – RE: Fair Hydro -- Revised Program Agreements
Date: Friday, December 15, 2017 7:49:22 AM
Attachments: _Fair Hydro -- Management Agreement.docx
_Fair Hydro -- Declaration of Trust.docx
_Fair Hydro -- Master Transfer and Servicing Agreement.docx
_Fair Hydro - IESO Security Agreement.docx
_Fair Hydro -- Master Trust Indenture.docx
_Fair Hydro - OPG Indemnity Agreement.doc
_Fair Hydro - IESO Acknowledgement and Indemnity.doc
_Fair Hydro -- Change of Law Protection Agreement.docx
_Fair Hydro -- Change of Law Process Agreement.docx
Senior Warehouse Supplement.docx
Subordinated Warehouse Supplement.docx
Junior Subordinated Warehouse Supplement.docx
Blackline_Management Agreement.pdf
Blackline - Declaration of Trust.pdf
Blackline_Master Transfer and Servicing Agreement.pdf
Blackline_IESO Security Agreement.pdf
Blackline_Master Trust Indenture.pdf
Blackline_OPG Indemnity.pdf
Blackline_IESO Indemnity.pdf
Blackline_Change of Law Protection Agreement.pdf
Blackline_Change of Law Process Agreement.pdf
Blackline_Senior Warehouse Supplement - Senior Warehouse Supplement.pdf
Blackline_Warehouse Subordinated Supplement.pdf
Blackline_Warehouse Junior Subordinated Supplement.pdf

Good morning. Relaying in case you haven't received these documents.

Regards, Mike

-----Original Message-----
From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: Friday, December 15, 2017 3:12 AM
To: Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Subject: Fwd: EXTERNAL – RE: Fair Hydro -- Revised Program Agreements

Fyi

Sent with BlackBerry Work (www.blackberry.com) _____
From: "Saulnier, Brett" <bsaulnier@torys.com>
Sent: Dec 15, 2017 12:15 AM
To: Alena.Thouin@ontario.ca; Malle.Hanslep@ontario.ca; Tobias.Whitfield@ontario.ca; Tom.McKinlay@ontario.ca; STEPHEN.ASHBOURNE@blakes.com; "VINER, JON" <JON.VINER@blakes.com>; "PRESTAGE, JA" <JA.PRESTAGE@blakes.com>; "PALMER, AARON" <AARON.PALMER@blakes.com>
Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; "Feldman, Michael" <mfeldman@torys.com>; "Ramchandani, Rima" <rramchandani@torys.com>; "Mansoori, Nina" <nmansoori@torys.com>; "Olusoga, Yinka" <yolusoga@torys.com>
Subject: EXTERNAL – RE: Fair Hydro -- Revised Program Agreements

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All,

Please find attached the latest drafts of the following documents:

1. Declaration of Trust

2. Management Agreement

3. Master Transfer and Servicing Agreement

4. IESO Security Agreement

5. IESO Acknowledgement and Indemnity Agreement

6. OPG Indemnity Agreement

7. Master Trust Indenture

8. Change of Law Protection Agreement

9. Change of Law Process Agreement

10. Warehouse Senior Supplemental Indenture

11. Warehouse Junior Supplemental Indenture

12. Warehouse Junior Subordinated Supplemental Indenture

Thanks,
Brett

Brett Saulnier
P. 416.865.8148 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower Toronto, Ontario M5K 1N2 Canada |
www.torys.com<https://urldefense.proofpoint.com/v2/url?u=https-3A__na01.safelinks.protection.outlook.com_-3Furl-3Dhttp-253A-252F-252Fwww.torys.com-26data-3D02-257C01-257Cjohn.s.lee-2540opg.com-257C45d86baa13094f7adf0508d5437a8ff2-257C962f21cf93ea449f99bf402e2b2987b2-257C0-257C0-257C636489117145332903-26sdata-3D1hM89VywhCV42SSImYGBwsjaKD31CFHyo7Ktdr6zELI-253D-26reserved-3D0&d=DwIF-g&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=gV-xgZHI0tggSwOPXBdMOr4DyITzOyaIKJLqH9Oy-40&m=IPHnGvcMrwBDNCCpO86NqZio23TTy2AZVGctJL57kCs&s=Lr7v1vaTUbwJAGZvCKL5a-UVf7sT5-lIcw31ZEKnB2k&e= > [Torys LLP]<https://urldefense.proofpoint.com/v2/url?u=https-3A__na01.safelinks.protection.outlook.com_-3Furl-3Dhttp-253A-252F-252Fwww.torys.com-26data-3D02-257C01-257Cjohn.s.lee-2540opg.com-257C45d86baa13094f7adf0508d5437a8ff2-257C962f21cf93ea449f99bf402e2b2987b2-257C0-257C0-257C636489117145332903-26sdata-3D1hM89VywhCV42SSImYGBwsjaKD31CFHyo7Ktdr6zELI-253D-26reserved-3D0&d=DwIF-g&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=gV-xgZHI0tggSwOPXBdMOr4DyITzOyaIKJLqH9Oy-40&m=IPHnGvcMrwBDNCCpO86NqZio23TTy2AZVGctJL57kCs&s=Lr7v1vaTUbwJAGZvCKL5a-UVf7sT5-lIcw31ZEKnB2k&e= >

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DRAFT: DECEMBER 14, 2017

MANAGEMENT AGREEMENT

between

FAIR HYDRO TRUST
as Issuer

- and -

ONTARIO POWER GENERATION INC.
as Manager

Acknowledged and Accepted by

BNY TRUST COMPANY OF CANADA
as Indenture Trustee

Dated as of December ■, 2017

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EXHIBIT

Exhibit A – Annual Compliance Certificate
Exhibit B – Monthly Portfolio Report

MANAGEMENT AGREEMENT

THIS AGREEMENT made as of December ■, 2017,

BETWEEN:

FAIR HYDRO TRUST, a trust formed under the laws of the Province of Ontario

(the "**Issuer**")

- and -

ONTARIO POWER GENERATION INC., a corporation established under the laws of the Province of Ontario

(the "**Manager**")

- acknowledged and accepted by -

BNY TRUST COMPANY OF CANADA, a trust company existing under the laws of Canada and duly authorized to carry on the business of a trust company in all of the provinces and territories of Canada, as indenture trustee

(the "**Indenture Trustee**")

WHEREAS the Government of Ontario has passed the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**") for the purpose of, among other things, ensuring that Clean Energy Costs and Clean Energy Benefits are fairly allocated among present and future Specified Consumers;

AND WHEREAS Ontario Power Generation Inc. has been appointed as Financial Services Manager under the Act to, among other things, evaluate whether potential Funding Obligations should be incurred by Financing Entities for the purposes of acquiring and financing Investment Interests;

AND WHEREAS the Issuer is a Financing Entity established, at the request of the Financial Services Manager and pursuant to the Act, by Computershare Trust Company of Canada;

AND WHEREAS the Issuer may from time to time finance the acquisition from the IESO of an Investment Interest pursuant to the terms of the Master Transfer and Servicing Agreement;

AND WHEREAS the Indenture Trustee has been appointed pursuant to the Indenture to act on behalf of all Specified Creditors and wishes to acknowledge and accept the rights and obligations granted to it thereby, including, but not limited to, its rights set forth in this Agreement;

AND WHEREAS the Issuer and the Manager are entering into this Agreement in furtherance of, and in accordance with, the Act;

NOW THEREFORE in consideration of the foregoing and the mutual covenants and agreements contained herein (the receipt and adequacy of which are hereby acknowledged), the parties hereto agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

(a) In this Agreement, the following terms have the following meanings:

"**Act**" has the meaning ascribed thereto in the recitals;

"**Agreement**" means this Agreement, as amended, supplemented, modified, replaced or amended and restated from time to time, and the expressions "herein", "hereof", "hereto", "hereunder" and similar expressions refer to this Agreement and not to any Article, Section, paragraph, subparagraph or clause hereof;

"**Approved Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement;

"**Board**" means the Ontario Energy Board, a statutory corporation without share capital continued under the *Ontario Energy Board Act, 1998*, S.O., 1998;

"**Carrying Costs**" has the meaning ascribed to the term "carrying costs" in the Regulations;

"**CEA Consumer Invoice Amounts**" has the meaning ascribed thereto in the Master Transfer and Servicing Agreement;

"**Change of Law Process Agreement**" means the change of law process agreement between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance and Ontario Power Generation Inc.;

"**Clean Energy Adjustment**" has the meaning ascribed to the term "clean energy adjustment" in the Act;

"**Clean Energy Benefits**" has the meaning ascribed to the term "clean energy benefits" in the Act;

"**Clean Energy Costs**" has the meaning ascribed to the term "clean energy costs" in the Act;

"**Declaration of Trust**" means the declaration of trust made as of December ■, 2017 under which the Issuer was established, as may be amended, supplemented, modified, replaced or amended and restated from time to time;

"**Electricity Vendor**" has the meaning ascribed to the term "electricity vendor" in the Act;

"**Electricity Vendor CEA Collections**" has the meaning ascribed thereto in the Master Transfer and Servicing Agreement;

"**Fair Allocation Amount**" has the meaning ascribed to the term "fair allocation amount" in the Act;

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act;

"**Financial Services Manager**" has the meaning ascribed to such term under the Act;

"**Financing Entity**" has the meaning ascribed to the term "financing entity" in the Act;

"**Financing Plan**" has the meaning ascribed to such term under the Act;

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act;

"**IESO**" means the Independent Electricity System Operator, a statutory corporation without share capital amalgamated under the *Electricity Act, 1998*, S.O. 1998;

"**Implementation Plan**" has the meaning ascribed to such term in Section 4.3(a);

"**Indemnified Losses**" has the meaning ascribed to such term in Section 5.6(a);

"**Indenture**" means the master trust indenture dated as of December ■, 2017 between the Indenture Trustee and the Issuer, as may be amended, supplemented, modified, replaced or amended and restated from time to time;

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act;

"**Investment Interest Records**" means, collectively, any and all documents and records the Manager shall keep on file, in accordance with its customary procedures, relating to the Issuer Investment Interest, including copies of all documents filed with the Board in connection with any Clean Energy Adjustments and computational records relating thereto;

"**Issuer Compensation**" has the meaning ascribed to such term in Section 5.5;

"**Issuer Funding Obligation**" means a Funding Obligation incurred by the Issuer;

"**Issuer Investment Interest**" means, initially, the Investment Interest acquired by the Issuer pursuant to the first Transfer completed under the Master Transfer and Servicing Agreement and, upon the completion of each Transfer thereafter, the cumulative Investment Interest acquired by the Issuer;

"**Issuer Property**" means, as of any particular time, all assets of the Issuer and all property, real, personal or otherwise, tangible or intangible, which has been transferred, conveyed or paid to, or acquired by the Issuer, including all income, earnings, profits and gains therefrom, and which at such time is owned or held by the Issuer;

"**Management Fees**" means the fees established and charged by the Financial Services Manager in accordance with section 19(3) of the Act and the Regulations and approved by the Board in accordance with section 19(4) of the Act;

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated December ■, 2017 between the Issuer and the IESO, as may be amended, supplemented, modified, replaced or amended and restated from time to time;

"**Minister**" means the Minister of Energy or such other member of the Executive Council as may be assigned the administration of the Act under the *Executive Council Act*, S.O. 1990;

"**Monthly Servicer Report**" means the report delivered by the IESO under Section 3.5(a) of the Master Transfer and Servicing Agreement;

"**Offering Materials**" means any document used by the Issuer in connection with offering securities representing Issuer Funding Obligations for sale including, without limitation, any information circular, offering memorandum, annual information form, preliminary prospectus, prospectus, prospectus supplement, term sheet, registration statement or other similar document, or any amendments to such documents;

"**Perpetuity Date**" means the date that is one day prior to the 21st anniversary of the death of the last surviving lineal descendant of Queen Elizabeth, II of England living as of the date of the Declaration of Trust;

"**Primary Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement;

"**Proceeding**" means any suit in equity, action at law or other judicial or administrative proceeding;

"**Reference Period**" has the meaning ascribed to the term "reference period" in the Act;

"**Regulation AB**" means Subpart 229.1100 – Asset Backed Securities (Regulation AB), 17 C.F.R. §§229.1100-229.1125, and all related rules and regulations of the U.S. Securities and Exchange Commission, as such rules may be amended from time to time, and subject to such clarification and interpretation as have been provided by the U.S. Securities and Exchange Commission or by the staff of the U.S. Securities and Exchange Commission, or as may be provided by the U.S. Securities and Exchange Commission or its staff from time to time;

"**Regulations**" means Ontario Regulation 206/17: General, together with any other regulations promulgated under the Act;

"**Servicer CEA Receipts**" has the meaning ascribed thereto in the Master Transfer and Servicing Agreement;

"**Specified Consumer**" has the meaning ascribed to the term "specified consumer" in the Act;

"**Standard of Care**" has the meaning ascribed to such term in Section 5.1;

"**Transfer**" has the meaning ascribed to the term "transfer" in the Act; and

"**True Up Amount**" has the meaning ascribed to the term "true up amount" in the Act.

(b) Unless otherwise defined in this Agreement, all capitalized terms used in this Agreement shall have the meanings ascribed thereto in the Indenture.

ARTICLE 2
INTRODUCTORY PROVISIONS

2.1 Sections and Headings

The table of contents does not form part of this Agreement. The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and will not affect the construction or interpretation of this Agreement. Unless something in the subject matter or context is inconsistent therewith, references herein to Articles and Sections are to Articles and Sections of this Agreement.

2.2 Extended Meanings

Words importing the singular number only will include the plural and vice versa and words importing the masculine gender will include the feminine and neuter genders and vice versa. Unless otherwise specified, a reference to any agreement, instrument or declaration means such agreement, instrument or declaration as the same may be amended, supplemented, modified, restated or replaced from time to time.

2.3 References to Acts of the Issuer or the Issuer Trustee

For greater certainty, where any reference is made in this Agreement to an act to be performed by the Issuer, such reference will be construed and applied for all purposes as if it referred to an act to be performed by the Issuer Trustee as trustee of the Issuer. Where any reference is made in this Agreement to an act to be performed by the Issuer Trustee, such reference will be construed and applied for all purposes as if it referred to an act to be performed by the Issuer Trustee as trustee of the Issuer.

ARTICLE 3
APPOINTMENT OF THE MANAGER

3.1 Appointment and Authority of the Manager

The Issuer hereby appoints Ontario Power Generation Inc. as the Manager to act as its agent to provide services and perform duties for and on behalf of and for the account of the Issuer, as hereinafter provided, in connection with the activities of the Issuer relating to:

(a) the acquisition, administration and possible transfer of the Issuer Investment Interest on behalf of the Issuer in accordance with the Act;

(b) acting as custodian of the Investment Interest Records;

(c) the entering into and execution and delivery on behalf of the Issuer of any Program Agreements;

(d) the incurrence of Issuer Funding Obligations, and repayment thereof, to fund the acquisition of the Issuer Investment Interest;

(e) the negotiation, execution and delivering or filing on behalf of the Issuer of any Offering Materials;

(f) the implementation and administration of the provisions of the Program Agreements to which the Issuer or the Manager on its behalf is a party;

(g) the acquisition, administration and sale of investments that may from time to time be made by the Issuer; and

(h) all activities as may be reasonably incidental to the foregoing or necessary in connection with the performance by the Issuer of its obligations under the Program Agreements, the Act and the Regulations.

The Manager accepts such appointment and agrees to act in such capacity and to provide or cause to be provided the services and to perform the duties set forth in this Agreement on and subject to the terms and conditions in this Agreement. The Issuer hereby grants to the Manager the power and authority to act in the name of and on behalf of the Issuer, and to execute and deliver all documents, agreements and instruments in the name and on behalf of the Issuer, for the sole purpose of providing the services and performing the duties to be provided and performed by the Manager pursuant to this Agreement. The Manager shall provide all the services and perform all the duties contemplated under this Agreement, including its duties as Financial Services Manager under the Act, in Ontario, Canada.

ARTICLE 4
DUTIES AND OBLIGATIONS OF THE MANAGER

4.1 Program Agreements

(a) The Manager will administer as agent for and on behalf of and for the account of the Issuer the activities of the Issuer in connection with the Program Agreements and, in this regard, its services and duties will include:

(i) negotiating and executing, on behalf of the Issuer, Program Agreements and any documents related thereto with any Person and any amendments, supplements, replacements or restatements that may be necessary or desirable from time to time;

(ii) arranging for liquidity coverage required pursuant to the Program Agreements, negotiating and settling Liquidity Agreements and administering on behalf of the Issuer the activities of the Issuer in connection with such Liquidity Agreements;

(iii) when necessary or desirable, arranging for the Credit Enhancement of the Issuer Investment Interest, negotiating and settling Credit Enhancement Agreements and administering on behalf of the Issuer the activities of the Issuer in connection with such Credit Enhancement Agreements;

(iv) seeking satisfaction of the Rating Agency Condition from the Rating Agencies in respect of the Program Agreements and proposed amendments thereto if required;

(v) based on reports submitted to it, monitoring the recording, accounting for and enforcement of payment of amounts distributable or payable to the Issuer in connection with any Program Agreement;

(vi) maintaining accounts and banking records of the Issuer with respect to acquisitions or investments in and distributions and payments in connection with the Issuer Property, including Eligible Investments;

(vii) promptly after obtaining knowledge thereof, notifying the Issuer, the Indenture Trustee and the Rating Agencies of a breach in any material respect of any of the Manager's representations, warranties or covenants contained herein;

(viii) to the extent that the Issuer shall from time to time have funds the application of which is not then necessary to the repayment of outstanding indebtedness of the Issuer or to the payment of any costs, fees, expenses or disbursements of the Issuer, applying such funds on behalf of and for the account of the Issuer to the acquisition of Eligible Investments as the Manager may select pending the application of such funds to the repayment of outstanding indebtedness of the Issuer or to the payment of any costs, fees, expenses or disbursements of the Issuer; provided, however, that in making any such Eligible Investments, the Manager shall adhere to the requirements of the Program Agreements in all respects;

(ix) taking all other necessary and appropriate action to enable the Issuer to exercise its rights and perform its obligations in accordance with the provisions of any Program Agreement, including exercising rights of termination under Program Agreements and the enforcement of security or in respect of Eligible Investments;

(x) providing for the defense of any action, suit or proceeding brought against the Issuer or affecting the Issuer or any Issuer Property;

(xi) taking all such steps as may be necessary or appropriate to enable the Issuer to collect on any security relating to the Issuer Investment Interest;

(xii) determining, in accordance with the Financing Plan, when it is appropriate for the Issuer to enter into Derivative Agreements, selecting suitable

counterparties thereto and negotiating the terms thereof in accordance with the terms of the Program Agreements;

(xiii) determining, in accordance with the Financing Plan, when it is appropriate for the Issuer to incur Funding Obligations, including the determination of applicable principal (or face amount), amortization/sinking fund schedule(s), interest rates (or rate of discount), interest payment frequency, issuance date and maturities of such Funding Obligations;

(xiv) ensuring that all Primary Obligations of the Issuer are and remain Approved Obligations;

(xv) making determinations under the Declaration of Trust regarding any distributions to beneficiaries of the Issuer;

(xvi) promptly providing the Issuer Trustee notice of the Perpetuity Date once determined;

(xvii) administering all activities of the Issuer in connection with the issuance, sale, payment, repurchase and redemption of Issuer Funding Obligations and the execution and performance by the Issuer of its obligations under the Program Agreements, including all reporting obligations, applying for and monitoring the ratings of any Issuer Funding Obligations and coordinating all aspects of obtaining and maintaining ratings from the Rating Agencies;

(xviii) preparing, executing and delivering, in accordance with the requirements of all applicable securities laws, any Offering Materials to be furnished by the Issuer to any dealer or prospective purchaser of Issuer Funding Obligations, in accordance with the Issuer's obligations to prepare such Offering Materials under any Underwriting Agreement or Agency Agreement, and preparing amendments to or revising or updating information for such Offering Materials as required from time to time (it being understood that the Manager, as between it and the Issuer, shall not be responsible for the accuracy of any portion of the Offering Materials prepared from information obtained from any Person other than the Issuer and the Manager);

(xix) ensuring that all statements of the Issuer made in any Offering Materials or in connection with entering into any Program Agreement are at all times true and correct in all material respects (it being understood that the Manager, as between it and the Issuer, shall not be responsible for the accuracy of any portion of the Offering Materials prepared from information obtained from any Person other than the Issuer and the Manager);

(xx) arranging for compliance by the Issuer with any continuous disclosure obligations it may have under any applicable securities laws;

(xxi) preparing and filing all reports, certificates and other documents that are required to be prepared and filed pursuant to the Indenture in order to comply with Regulation AB and delivering all such reports, certificates and other documents to the Issuer, the Indenture Trustee and the Rating Agencies;

(xxii) arranging for the retention of legal counsel as may be necessary to perform for the Issuer the services necessary or appropriate to its organization or the conduct of its operations and all general services customarily provided by legal counsel;

(xxiii) arranging for the appointment, discharge and reappointment of an auditor of the Issuer and negotiating and fixing the fees of any such auditor;

(xxiv) arranging for the retention of an accounting firm and ensuring that proper books of account and complete records of all transactions of the Issuer undertaken or performed by it under the Program Agreements are maintained and rendering statements or copies thereof from time to time as requested by the Indenture Trustee and any issuing and paying agent, Lender or Credit Enhancer and co-operating in all audits of the Issuer;

(xxv) preparing, or arranging for the preparation of, all required financial statements of the Issuer;

(xxvi) preparing, procuring, delivering and filing, or causing to be prepared, procured, delivered or filed, any reports, attestations, exhibits, certificates or other documents required to be delivered or filed with the applicable securities regulator by the Issuer under the applicable securities or other applicable laws;

(xxvii) providing clerical and bookkeeping services necessary and appropriate for the Issuer relating to all transactions of the Issuer undertaken or performed by the Manager hereunder, and the Issuer's incurrence and repayment of Funding Obligations and other borrowings of money and maintaining and preserving records regarding the foregoing;

(xxviii) paying all taxes or assessments of whatever kind or nature imposed on the Issuer, and withholding and remitting all taxes required to be withheld and remitted by the Issuer under applicable laws, in each case, on behalf of and for the account of the Issuer and in accordance with the requirements of any applicable laws and subject to the payment priorities specified in the Program Agreements;

(xxix) preparing and filing, in accordance with the requirements of the Indenture and any applicable laws, all returns (including, for greater certainty, all returns, information returns, elections, designations, declarations, schedules, statements or supporting documents in relation thereto) required to be filed with any government authority, or prepared as support for any

such filing, in connection with (A) the determination, assessment or collection of any taxes of the Issuer or taxes, or amounts on account of taxes, that the Issuer is required to withhold and remit by applicable laws, or (B) the administration of any laws, regulations or administrative requirements relating to taxes; and

(xxx) providing such other services as are incidental to the foregoing or as the Issuer and the Manager may agree.

(b) The Manager will not offer to enter into any Program Agreement:

(i) after the Manager receives a notice of termination pursuant to Section 7.1; or

(ii) if the entering into of the Program Agreement would violate any other Program Agreements.

(c) The Manager will not consent to or execute any material amendment of the Change of Law Process Agreement unless the Rating Agency Condition shall have been satisfied.

4.2 Issuer Investment Interest

The Manager will administer as agent for and on behalf of and for the account of the Issuer the following activities of the Issuer in connection with the acquisition and administration of the Issuer Investment Interest in accordance with the Program Agreements:

(a) enforcing the rights of the Issuer under the Program Agreements;

(b) seeking to protect the Issuer and the Specified Creditors from claims, actions or other proceedings of third parties that, if successfully pursued, would result in a breach of any representation by the IESO set forth in the Master Transfer and Servicing Agreement;

(c) executing and filing such filings, including filings under the PPSA, and causing such filings to be executed and filed, all in such manner and in such places as may be required by law to fully preserve, maintain, protect and perfect the ownership interest of the Issuer and the first priority security interest of the Indenture Trustee in the Issuer Investment Interest, including all filings required under the Act and the PPSA (and equivalent statutes in any applicable jurisdiction) relating to the transfer of the ownership of the rights and interest in the Issuer Investment Interest by the IESO to the Issuer or the pledge of the Issuer Investment Interest to the Indenture Trustee;

(d) maintaining accounts and records as to the Issuer Investment Interest accurately and in accordance with its standard accounting procedures and in sufficient detail to permit reconciliation between Servicer CEA Receipts and the Clean Energy Adjustment;

(e) instituting any Proceeding necessary to compel performance by the Board, the IESO, the Province of Ontario, the Indenture Trustee, the Issuer Trustee or any of their respective agents of any of their obligations or duties under the Act, the Regulations or any Program Agreement, as the case may be, and taking such legal or administrative actions, including defending against or instituting and pursuing legal actions and appearing or testifying at hearings or similar proceedings, in each case as may be reasonably necessary;

(f) seeking to block or overturn any attempts to cause a repeal of, modification of or supplement to the Act or the Regulations or the rights of holders of any Funding Obligations, by legislative enactment that would be materially adverse to the Issuer or the Specified Creditors or that would otherwise cause an impairment of the rights of the Issuer or the Specified Creditors; and

(g) instituting any Proceeding necessary to appeal or challenge the decision of a court that would be materially adverse to the Issuer or the Specified Creditors or that would otherwise cause an impairment of the rights of the Issuer or the Specified Creditors.

4.3 Implementation Plan

(a) The Manager will work with the IESO to develop on or before January 31, 2020 a written implementation plan identifying in reasonable detail the actions to be taken by the IESO and the Issuer in order to facilitate the Board, the Issuer, the IESO and the Electricity Vendors being prepared to perform their obligations under the Act and the Regulations when the setting, invoicing and collection of Clean Energy Adjustments commences (the "**Implementation Plan**"). The Implementation Plan should include the following:

(i) a process and a schedule for contacting Electricity Vendors and providing instructions with respect to the establishment of a segregated account by each Electricity Vendor, the procedures for invoicing Clean Energy Adjustments, the identification, deposit and segregation of collections of Clean Energy Adjustments by Electricity Vendors and their remittance to the IESO;

(ii) the development of processes for the necessary exchanges of information with respect to Clean Energy Adjustments among the Board, the Issuer, the Manger, the IESO, Electricity Vendors and Specified Consumers;

(iii) procedures for the testing of the processes for the collection and remittance of Clean Energy Adjustment before February 28, 2021; and

(iv) target dates for the achievement of specified objectives under the Implementation Plan.

(b) The Manager will deliver the Implementation Plan to the Issuer and the Indenture Trustee on or before January 31, 2020.

(c) The Manager will deliver written progress reports on the status of the implementation of the Implementation Plan on or before June 30, 2020, October 31, 2020 and January 31, 2021.

4.4 Collection of Clean Energy Adjustments

(a) The Manager will as agent for and on behalf of the Issuer perform the following in connection with the collection of Clean Energy Adjustments:

(i) review each Monthly Servicer Report and make commercially reasonable efforts to resolve any failures and discrepancies identified in such report that have not been remedied or adequately explained by Electricity Vendors;

(ii) institute any Proceeding necessary to compel performance by the Electricity Vendors of any of their obligations or duties under the Act and the Regulations including with respect to the invoicing, collection, receipt, remittance and reporting in respect of Clean Energy Adjustments; and

(iii) commencing May 1, 2021 and pursuant to its rights under Section 10(4) of the Regulations:

(A) the Manager shall review or caused to be reviewed, on an annual basis or, subject to the satisfaction of the Rating Agency Condition, less frequently as may be determined by the Manager, the records maintained by each Electricity Vendor with respect to Clean Energy Adjustments, such review to include, in respect of each Electricity Vendor: (a) an assessment of compliance with the requirements imposed under the Act, (b) a reconciliation of CEA Consumer Invoice Amounts and Electricity Vendor CEA Collections, (c) a review of amounts deposited into the segregated account established for the purpose of receiving Clean Energy Adjustment amounts, and (d) a reconciliation of Servicer CEA Receipts and Electricity Vendor CEA Collections; and

(B) if there is evidence of material non-compliance by an Electricity Vendor with its duties and obligations in respect of Clean Energy Adjustments, the Manager shall promptly review or cause to be reviewed the records of such Electricity Vendor as the Manager deems reasonably necessary to cause compliance by such Electricity Vendor; and

(C) the Manager shall notify each Rating Agency of any material non-compliance identified as a result of any review completed pursuant to this Section 4.4(a)(iii).

4.5 Investment Interest Records

(a) The Manager will act as custodian of the Investment Interest Records as agent for and on behalf of and for the account of the Issuer, which are hereby constructively delivered to the Indenture Trustee, as pledgee of the Issuer with respect to the Issuer Investment Interest, and, in this regard, the Manager shall:

(i) hold the Investment Interest Records on behalf of the Issuer and the Indenture Trustee and maintain such accurate and complete accounts, records and computer systems pertaining to the Investment Interest Records as shall enable the Issuer and the Indenture Trustee, as applicable, to comply with the Program Agreements;

(ii) promptly report to the Issuer, the Indenture Trustee and the Rating Agencies any failure on its part to hold the Investment Interest Records and maintain its accounts, records and computer systems as herein provided and promptly take appropriate action to remedy any such failure;

(iii) maintain the Investment Interest Records at its offices at 700 University Avenue, Toronto, Ontario or at such other office as shall be specified to the Issuer and the Indenture Trustee by written notice at least 30 days prior to any change in location;

(iv) make available for inspection, audit and copying to the Issuer and the Indenture Trustee or their respective duly authorized representatives, attorneys or auditors the Investment Interest Records at such times during normal business hours as the Issuer or the Indenture Trustee shall reasonably request and that do not unreasonably interfere with the Manager's normal operations; and

(v) upon instruction from the Indenture Trustee in accordance with the Indenture or any other Person in accordance with another Program Agreement, release any Investment Interest Records to the Indenture Trustee, the Indenture Trustee's agent or the Indenture Trustee's designee, as the case may be, at such place or places as the Indenture Trustee may designate, as soon as practicable.

(b) Nothing in this Section 4.5 shall affect the obligation of the Manager to observe any applicable law prohibiting disclosure of information regarding Specified Consumers, and the failure of the Manager to provide access to such information as a result of such obligation shall not constitute a breach of this Section 4.5.

(c) Nothing in this Section 4.5 shall be deemed to require an initial review or any periodic review by the Issuer or the Indenture Trustee of the Investment Interest Records. The Manager's duties to hold the Investment Interest Records set forth in this Section 4.5, to the extent the Investment Interest Records have not been previously transferred to a successor Manager pursuant to Section 7.1, shall terminate one year and one day after the earlier of (i) the date on which the Manager

is succeeded by a successor Manager in accordance with Section 7.1 and (ii) the day after the termination of the Indenture and payment in full of the Issuer Funding Obligations or any other amounts owed under the Indenture.

(d) The Manager shall, on or before the 25th Business Day following the end of each month (or if such day is not a Business Day, the first Business Day following such day), prepare and deliver to the Issuer Trustee and each Rating Agency a report substantially in the form of Exhibit B (a "**Monthly Portfolio Report**").

4.6 Payment of Other Issuer Fees and Expenses

The Manager in accordance with the Program Agreements may, at its option, pay from its own funds the fees and expenses properly incurred on behalf of the Issuer in the ordinary course of the Issuer's operations. To the extent such fees and expenses are paid by the Manager from its own funds, the Issuer will reimburse the Manager for such payments, subject to the payment priorities specified in the Program Agreements.

4.7 Delegation

In connection with the services to be provided or duties to be performed by it under this Agreement, the Manager may, subject to any limitation on delegation imposed by applicable law, by the Declaration of Trust or by the Issuer, engage or employ any Persons as employees, agents, representatives, independent contractors or otherwise, including, without limitation, banks, underwriters, accountants, investment advisers, tax advisers, insurance advisers, lawyers, appraisers, bankers, brokers, dealers, depositories, custodians, agents for collection or others in one or more capacities and any other advisers which the Manager deems advisable, and may delegate any of the powers and duties of the Manager to any such Persons upon such terms and conditions as it may determine. For greater certainty, the Manager shall remain liable and responsible for any of the powers and duties of the Manager which it delegates to a third party.

4.8 Annual Compliance Certificates

The Manager shall provide to the Issuer Trustee a certificate in the form of Exhibit A within 120 days after the end of each fiscal year of the Issuer confirming compliance with the matters referred to in such certificate. The Issuer shall be entitled to rely on such certificate for the period between the effective dates of two consecutive certificates certifying such compliance unless the Issuer has received written notice to the contrary.

4.9 Acknowledgment of Duties as Financial Services Manager

The parties hereto acknowledge that, for so long as Ontario Power Generation Inc. is the Financial Services Manager appointed under the Act, Ontario Power Generation Inc., in its capacity as the Financial Services Manager, will satisfy its obligations as Financial Services Manager in accordance with the Act and the Regulations, and, for greater certainty, its services and duties in this regard will include:

(a) preparing the Financing Plan and, in accordance therewith, evaluating whether Funding Obligations should be incurred by the Issuer for the purposes of acquiring an Investment Interest or refinancing maturing Issuer Funding Obligations;

(b) determining the Clean Energy Adjustment (inclusive of any True Up Amount) payable by Specified Consumers in respect of each month in a Reference Period;

(c) calculating the True Up Amount;

(d) notifying the Board of the Clean Energy Adjustment (inclusive of any True Up Amount) in respect of a Reference Period or such other period as prescribed by the Regulations and sending a copy of such notice, as required, to the Issuer, the Indenture Trustee and the Rating Agencies concurrently therewith; and

(e) if, for any reason any Clean Energy Adjustment is not implemented and effective in respect of the Reference Period set forth in the notice and commencing on the date required under the Act, notifying the Issuer, the Indenture Trustee and each Rating Agency by the end of the second Business Day after such applicable date.

ARTICLE 5
OTHER PROVISIONS RELATING TO THE DUTIES AND COMPENSATION

5.1 Standard of Care

The Manager will perform its duties hereunder (including, for so long as it is the Financial Services Manager, its duties as Financial Services Manager under the Act and the Regulations) diligently and in conformity with the Issuer's obligations under the Program Agreements and with the Act and the Regulations, as applicable, and honestly, in good faith and in the best interests of the Issuer and, in connection therewith, will exercise the degree of care, diligence and skill that a reasonably prudent Person would exercise in comparable circumstances (the "**Standard of Care**"). In carrying out its obligations hereunder, the Manager may rely upon the opinion or advice of or information obtained from any counsel, auditor, valuer or certificates from officers of any of the other parties to Program Agreements. Unless otherwise required by applicable law, the Manager will not be required to give bond, surety or security in any jurisdiction for the performance of any duties or obligations hereunder. The Manager will not be required to devote its entire time to its duties hereunder. Notwithstanding anything else to the contrary herein contained, nothing herein shall be interpreted or construed as an obligation of or on the part of the Manager, and the Manager shall not be liable or obligated, to pay or make any payment of, on or in respect of any debt, liability or obligation of the Issuer (including any payment of, on or in respect of any Issuer Funding Obligations or under any other Program Agreement), as agent for or on behalf of the Issuer or otherwise, except from the monies or funds of the Issuer which are made available to the Manager pursuant to this Agreement or the other Program Agreements for the purpose of such payment.

5.2 Compliance with Program Agreements; Conformity with Law

The Manager acknowledges that it has received copies of the Program Agreements, the Act and the Regulations in effect on the date hereof and is familiar with and understands the duties of the respective parties thereto or governed thereby, including those duties of the Issuer which are being delegated to the Manager hereunder. Notwithstanding anything herein to the contrary, the Manager shall perform its duties hereunder in a manner consistent with any applicable provisions of the Program Agreements in effect from time to time, and the Manager will not, in performing its obligations hereunder, take any action which it knows or ought reasonably to know would cause it or the Issuer to be in violation of any law, rule or regulation applicable to it. The Manager will use reasonable commercial efforts to comply with the terms applicable to the Issuer when acting on its behalf under all Program Agreements and will use reasonable commercial efforts in accordance with its Standard of Care to take such actions as would reasonably be expected to result in the representations and warranties given by the Issuer in any Program Agreement being true and correct in all material respects when made.

5.3 Liabilities

Except as provided in Section 5.6,

(a) the Manager will not be liable for any liabilities of the Issuer; and

(b) subject to the payment priorities specified in the Program Agreements, the Issuer agrees to indemnify, defend and hold harmless the Manager from and against any and all liabilities which may be imposed on, incurred by or assessed against the Manager as a result of any act or omission of the Issuer or the Manager under this Agreement or under any Program Agreement; provided that this Section 5.3(b) does not apply to the extent that in any circumstances there has been wilful misconduct or gross negligence of the Manager or its respective officers, employees or agents or any failure to comply with the Standard of Care.

To the extent that a liability is attributable solely to a single Series or a number of specific Series of Issuer Funding Obligations, the Manager will first exhaust its recourse against the assets available for recovery of such liability and designated to such Series of Issuer Funding Obligations. If such assets are insufficient to satisfy the indemnity set out in this Section 5.3, or if the liability is not attributable to a single Series or a number of specific Series of Issuer Funding Obligations, the liability will be satisfied on a pro rata basis as among the assets available for recovery of such liability and designated to all Issuer Funding Obligations.

Each party expressly disclaims any intention to create a partnership, and neither the Issuer nor the Manager will be deemed to be carrying on business in partnership by reason of its execution and delivery of this Agreement or the exercise or performance by it of its respective rights and obligations hereunder.

5.4 Compensation of the Manager

In consideration of and as compensation for all services provided and duties performed by the Manager pursuant to this Agreement, and so long as the Financial Services

Manager is also the Manager, all services provided and duties performed by the Financial Services Manager, the Issuer will pay to the Manager, subject to the payment priorities specified in the Program Agreements, the Management Fees. The Management Fees are exclusive of any applicable sales taxes and the Issuer shall pay to the Manager the amount of any applicable sales taxes in addition to such fees.

5.5 Compensation of the Issuer

In consideration of the Issuer engaging in the activities contemplated by the Act, the Manager will pay to the Issuer, on a monthly basis, the sum of $10 per month for any month or part thereof that the Issuer is engaged in such activities (the "**Issuer Compensation**"). The Issuer Compensation is exclusive of any applicable sales taxes and the Manager shall pay to the Issuer the amount of any applicable sales taxes in addition to the Issuer Compensation.

5.6 Indemnification by Manager

(a) The Manager shall indemnify the Issuer and defend and hold harmless the Issuer from and against, any and all liabilities, obligations, losses, damages, payments and claims, and reasonable costs or expenses, of any kind whatsoever (collectively, "**Indemnified Losses**") imposed on, incurred by or asserted against the Issuer, as a result of (i) the failure of the Manager to perform its covenants and other obligations under this Agreement or any other Program Agreement to which the Manager is a party; or (ii) the breach by the Manager of any of its representations or warranties under this Agreement or any other Program Agreement to which the Manager is a party and, except to the extent of Indemnified Losses resulting from the willful misconduct, bad faith or gross negligence of the Issuer, seeking indemnification hereunder; provided that, in each case, the Manager shall not be required to indemnify the Issuer for any amount paid or payable by the Issuer in the settlement of any Proceeding or investigation without the written consent of the Manager, which consent shall not be unreasonably withheld or delayed. Promptly after receipt by the Issuer of notice of the commencement of any Proceeding or investigation, the Issuer shall, if a claim in respect thereof is to be made against the Manager under this Section 5.6(a), notify the Manager in writing of the commencement thereof. Failure by the Issuer to so notify the Manager shall relieve the Manger from the obligation to indemnify and hold harmless the Issuer under this Section 5.6(a) only to the extent that the Manager suffers actual prejudice as a result of such failure. With respect to any Proceeding or investigation brought by a third party for which indemnification may be sought under this Section 5.6(a), the Manager shall be entitled to conduct and control, at its expense and with counsel of its choosing that is reasonably satisfactory to the Issuer, the defence of any such Proceeding or investigation (in which case the Manager shall not thereafter be responsible for the fees and expenses of any separate counsel retained by the Issuer except as set forth below); provided, that the Issuer shall have the right to participate in such Proceeding or investigation through counsel chosen by it and at its own expense. Notwithstanding the Manager's election to assume the defence of any Proceeding or investigation, the Issuer shall have the right to employ separate counsel, and the Manager shall bear the reasonable fees, costs and expenses of such separate

counsel, if (i) the defendants in any such action include both the Issuer and the Manager and the Issuer shall have reasonably concluded that there may be legal defences available to it that are different from or additional to those available to the Manager, (ii) the Manager shall not have employed counsel reasonably satisfactory to the Issuer to represent the Issuer within a reasonable time after notice of the institution of such action, (iii) the Issuer shall have been advised by counsel to the Issuer that there may be a conflict of interest between the Manager and the Issuer, or (iv) the Manager authorizes the Issuer to employ separate counsel at the expense of the Manager. Notwithstanding the foregoing, the Manager shall not be obligated to pay for the fees, costs and expenses of more than one separate counsel for the Issuer other than one local counsel, if appropriate. The Manager will not, without the prior written consent of the Issuer, settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim or Proceeding in respect of which indemnification may be sought under this Section 5.6(a) (whether or not the Issuer is an actual or potential party to such claim or action) unless such settlement, compromise or consent includes an unconditional release of the Issuer from all liability arising out of such claim or Proceeding

(b) Indemnification under Section 5.6(a) shall survive any repeal of, modification of, or supplement to, or judicial invalidation of, the Act and shall survive the termination of this Agreement and will rank pari passu with other general, unsecured obligations of the Manager.

(c) Notwithstanding anything contained in this Agreement, it is expressly understood that the Manager is not agreeing to indemnify or hold the Issuer harmless with respect to any of the following:

(i) any losses resulting from any breach or failure to perform by the Manager caused by a breach or failure to perform on the part of any other third party under any Program Agreement, the Act or the Regulations; provided that this Section 5.6(c)(i) shall not apply to limit the liability of the Manager in respect of any delegation to a third party as provided for in Section 4.7.

(ii) any losses resulting from changes in law after the date hereof, whether such changes in law are effected by means of any legislative enactment or any final and non-appealable judicial decision, other than losses resulting solely from the Manager's failure to comply with Section 4.1(a)(xiv);

(iii) any losses resulting from the validity of the Change of Law Protection Agreement or the applicability thereof to the Province, the Issuer or the Indenture Trustee or any material part thereof being disaffirmed by or on behalf of the Province; or

(iv) any liability of the Issuer incurred after the termination of this Agreement unless attributable to the actions or omissions of the Manager prior to such

termination or in respect of a representation, warranty or covenant of the Manager that survives termination of this Agreement.

(d) To the fullest extent permitted by applicable law, no Specified Creditor (other than the Indenture Trustee) will have any right to institute any proceeding, judicial or otherwise, or to make any claim for indemnification, with respect to this Agreement, or for the appointment of a receiver or trustee or similar official, or for any other remedy hereunder, except in accordance with Section 8.12 of the Indenture.

(e) The parties hereto agree that the Manager is not providing any representations, warranties or covenants in this Agreement, and shall have no liability to the Issuer, with respect to the collectability of the Clean Energy Adjustment or the Carrying Costs, or that the Clean Energy Adjustment amounts or Carrying Costs collected will be sufficient to satisfy the Issuer Funding Obligations.

(f) Notwithstanding anything contained in this Agreement, it is expressly understood that the Manager is not agreeing to indemnify or hold harmless the Issuer Trustee with respect to any liabilities resulting from the failure of the Issuer Trustee to satisfy the standard of care set out in the Declaration of Trust. Where the Manager has assumed total defense of a claim, it shall agree to ensure that any settlement of such claim does not include any form of admission of liability on the part of the Issuer Trustee (in its personal capacity).

5.7 Contracting with Itself and Affiliates

In the exercise of its rights, duties and obligations, the Manager may, if it is acting in good faith, enter into, as Manager for the Issuer, agreements and other contracts to which the Manager, in its personal capacity, or an Affiliate of the Manager, is a party.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES

6.1 Representations of the Issuer

The Issuer represents and warrants to the Manager that (a) the execution, delivery and performance by the Issuer of this Agreement are within the powers of the Issuer and have been duly authorized by all necessary action on the part of the Issuer and do not contravene (i) the Program Agreements in effect on the date hereof or (ii) any law or contractual restriction binding on or affecting the Issuer and (b) this Agreement is a legal, valid and binding obligation of the Issuer, enforceable against the Issuer.

6.2 Representations of the Manager

The Manager represents and warrants to the Issuer that (a) the execution, delivery and performance by the Manager of this Agreement are within the powers of the Manager and have been duly authorized by all necessary action on the part of the Manager and do not contravene any law or contractual restriction binding on or affecting the Manager, (b) this Agreement is a

legal, valid and binding obligation of the Manager enforceable against the Manager and (c) it is a resident of Canada for purposes of the *Income Tax Act* (Canada).

ARTICLE 7
TERMINATION AND RESIGNATION

7.1 Termination

The Manager shall not be entitled to resign as manager of the Issuer or to terminate this Agreement for so long as any Funding Obligations remain outstanding. The Manager's rights and obligations under this Agreement (other than under Sections 5.3, 5.4, 5.6 and 8.5) will terminate, if the Manager receives a termination notice from (i) the Issuer Trustee, with the consent of the Indenture Trustee, or (ii) the Indenture Trustee, subject to the terms and conditions of the Indenture, in each case, on the 30th day after receipt of such notice. Notwithstanding the foregoing, no termination shall be effective until a replacement manager that satisfies the Rating Agency Condition has been approved and has entered into a management agreement whereby the replacement manager agrees to assume, in substance, the obligations of the Manager hereunder. Upon the termination of its rights and obligations under this Agreement, the Manager will notify the Rating Agencies and, promptly and upon the request of the Issuer, deliver to the Issuer all records (including Investment Interest Records) in the possession of the Manager relating to the performance of its services hereunder.

ARTICLE 8
MISCELLANEOUS

8.1 Acknowledgement of Indenture

The Manager (i) acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor under the Indenture and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Indenture, (ii) irrevocably authorizes and directs the Indenture Trustee on its behalf to take such action (including the execution and delivery of documents of subordination) as may be necessary or appropriate to further assure the priority arrangements provided for in the Indenture and (iii) appoints the Indenture Trustee as its agent for any and all such purposes.

8.2 Appointment of Manager as Attorney-in-Fact

Subject to any Program Agreement, the Issuer hereby irrevocably appoints the Manager as the Issuer's attorney-in-fact during the term of this Agreement, with full authority in the place and stead of and in the name of the Issuer or otherwise, including full power of substitution, from time to time in the Manager's discretion or as required by this Agreement, to take such actions on behalf of the Issuer as the Manager may deem necessary or advisable to comply with or effect the purposes of this Agreement and any Program Agreement including, without limitation, to execute any documents, instruments or certificates in connection therewith, to ask, demand, collect, sue for, recover, compound, receive and give acquittances and receipts for monies due or becoming due to the Issuer or otherwise owed thereto, to receive, endorse and collect any drafts or other instruments, documents and chattel paper in connection therewith, and to file any claims or take any action or institute any proceedings which the Manager may deem necessary

or desirable for the collection thereof, or to enforce compliance with the terms and conditions of any Program Agreement.

8.3 Amendments and Waivers

(a) Subject to Section 8.3(b), this Agreement may be amended, supplemented, modified, restated or replaced from time to time by written instrument signed by the Issuer and the Manager. The Manager will forthwith after the execution of any such instrument by the Issuer and the Manager provide the Rating Agencies with a copy of such instrument.

(b) No provision of this Agreement may be amended, supplemented, modified, restated or replaced in any material respect without first obtaining the written consent of the Indenture Trustee in accordance with the Indenture and such amendment, supplement, modification or replacement will only be effective if the Rating Agency Condition has been satisfied.

(c) No waiver of any provision of this Agreement, nor consent to any departure by any party therefrom, shall in any event be effective unless the same shall be in writing and signed by such party and such waiver or consent, if material, will only be effective if the Rating Agency Condition has been satisfied, and then said waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. The Manager will forthwith after the execution of any waiver by the Issuer and the Manager provide the Rating Agencies with a copy of such instrument. No failure on the part of any party to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof.

8.4 Withholding Rights

The parties hereto shall be entitled to deduct and withhold from amounts payable under this Agreement such amounts as each is required to deduct and withhold with respect to such payment under the *Income Tax Act* (Canada) or any provision of any applicable federal, provincial, territorial, state, local or foreign tax law. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes as having been paid to the recipient of the payment in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted in accordance with applicable law to the appropriate taxing authority.

8.5 No Petition

The Manager hereby agrees that it will not, prior to the date that is one year and one day after the termination of the Indenture and payment in full of the Issuer Funding Obligations and any other amounts owed under the Indenture, institute or encourage against the Issuer, or join or acquiesce in any institution against the Issuer of, any bankruptcy, reorganization, arrangement, insolvency, winding-up or liquidation proceedings, or other proceedings under any federal or provincial bankruptcy, insolvency or similar law in connection with any obligations relating to this Agreement or any of the other Program Agreements. The foregoing shall not limit the rights of the Manager to file any claim in or otherwise take any action with respect to any insolvency proceeding that was instituted against the Issuer by any Person other than the Manager.

8.6 Notice

All demands, notices and communications hereunder will be in writing (unless otherwise expressly provided herein) and will be personally delivered or transmitted electronically to:

(a) in the case of the Issuer:

Fair Hydro Trust
c/o Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario
M5G 1X6

Email: FHT@opg.com
Attention: Vice President, Fair Hydro Plan

with a copy to:

Computershare Trust Company of Canada
100 University Avenue, 11th Floor
Toronto, Ontario
M5J 2Y1

Email: corporatetrust.toronto@computershare.com
Attention: Manager, Corporate Trust

(b) in the case of the Manager:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario
M5G 1X6

Email: FHT@opg.com
Attention: Vice President, Fair Hydro Plan

or such other address or email address as may hereafter by furnished to each of the parties hereto in writing. Notices transmitted by facsimile will be deemed to have been received when delivered (with receipt confirmed).

8.7 Recourse to Issuer Trustee and the Issuer

Nothing contained herein will be deemed to cause the Issuer Trustee to be personally liable for any obligations of the Issuer hereunder, and the Manager will not seek any personal or deficiency judgment in respect of such obligations against the Issuer Trustee in its personal capacity; provided, however, that the foregoing will not in any way affect any rights that the Manager may have hereunder to (a) proceed against any Person with respect to the enforcement

of any guarantee of, or collateral security for, payment of such obligations or (b) recover any funds, damages, expenses or costs as a result of fraud or misrepresentation by the Issuer Trustee in its personal capacity. The obligations hereunder are not binding upon the Issuer Trustee except in its capacity as trustee of the Issuer nor will resort be had to the property of the Issuer Trustee except where liability is expressly imposed on the Issuer Trustee in its personal capacity hereunder, but the Issuer Property will be bound hereby.

8.8 Severability

If one or more provision of this Agreement is for any reason whatever held invalid, such provision will be deemed severable from the remaining covenants, agreements and provisions of this Agreement and will in no way affect the validity or enforceability of such remaining provisions or the rights of any parties hereto.

8.9 Execution of Counterparts; Electronic Delivery

This Agreement may be executed in several counterparts, each of which when so executed shall be deemed to be an original and the counterparts together shall constitute one and the same instrument. Delivery of an executed signature page to this Agreement by any party by electronic transmission will be as effective as delivery of a manually executed copy of this Agreement by such party.

8.10 Governing Law

This Agreement will be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

8.11 Grant of Security Interest to Indenture Trustee; Acknowledgement of Rights of Indenture Trustee

The Manager hereby acknowledges and consents to any mortgage, pledge, assignment and grant of a security interest by the Issuer to the Indenture Trustee for the benefit of the Specified Creditors pursuant to the Indenture of any or all of the Issuer's rights hereunder. The Manager further acknowledges and agrees that, pursuant to the terms of the Indenture, if the Issuer fails to exercise any of its rights under this Agreement, including any right to be indemnified by the Manager pursuant to Section 5.6 of this Agreement, the Indenture Trustee shall be entitled, subject to the terms of the Indenture, to enforce such rights against the Manager directly on the Issuer's behalf.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective officers as of the day and year first above written.

FAIR HYDRO TRUST, by its sole trustee, COMPUTERSHARE TRUST COMPANY OF CANADA
as Issuer

By: _____
Name:
Title:

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC.
as Manager

By: _____
Name:
Title:

By: _____
Name:
Title:

ACKNOWLEDGED AND ACCEPTED:

BNY TRUST COMPANY OF CANADA
as Indenture Trustee

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT A

ANNUAL COMPLIANCE CERTIFICATE

TO: Computer Share Trust Company of Canada, (the "**Issuer Trustee**") in its capacity as issuer trustee of Fair Hydro Trust (the "**Issuer**")

Ontario Power Generation Inc., as manager (the "**Manager**") appointed by the Issuer Trustee under the Management Agreement dated December ■, 2017 between the Issuer Trustee and the Manager, and acknowledged and accepted by the Indenture Trustee (as amended, supplement, modified, restated or replaced from time to time, the "**Management Agreement**"), confirms, on behalf of the Issuer, the following:

(a) The books and records of the Issuer maintained by the Manager are current and accurate in all material respects.

(b) All debt obligations and expenses due and payable by the Issuer have been paid to date.

(c) All required filings with tax and regulatory authorities have been completed to date.

(d) All material statements and reports to be delivered by the Issuer under the Program Agreements have been delivered and all material statements and reports to be received by the Issuer under the Program Agreements have been received.

Capitalized terms used but not defined herein have the meanings given to them in the Management Agreement.

Dated this ■ day of ■, ■.

ONTARIO POWER GENERATION INC.
as Manager

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT B

MONTHLY REPORT

[NTD: Form of monthly report is in progress and will include:

- **the amount of Monthly Carrying Costs received by the IESO under the MTSA;**
- **a copy of the Monthly Servicer Report delivered by IESO under the MTSA;**
- **the amounts paid for each series and class of note, broken down by principal and interest;**
- **the opening and closing balance of the notes of the various series;**
- **the opening and closing amounts in the various reserve accounts; and**
- **amounts paid by the Issuer to various other third parties (Manager fees, Issuer Trustee fees, etc.).]**

COMPUTERSHARE TRUST COMPANY OF CANADA

as Issuer Trustee of

FAIR HYDRO TRUST

DECLARATION OF TRUST

Made as of December ■, 2017

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THIS DECLARATION OF TRUST is made as of December ■, 2017 by Computershare Trust Company of Canada, a trust company established under the laws of Canada (the "**Issuer Trustee**").

WHEREAS the Government of Ontario has enacted the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**") for the purpose of, among other things, ensuring that clean energy costs and clean energy benefits (each as defined in the Act) are fairly allocated among present and future Specified Consumers (as defined below);

AND WHEREAS the Issuer Trustee has determined, at the request of OPG, to establish a Trust (as defined below) for the purpose of carrying on the activities of a financing entity (as defined in the Act) as hereinafter described for the benefit of the Unitholders (as defined below);

NOW THEREFORE the Issuer Trustee hereby declares that it holds in trust as trustee the sum of TEN DOLLARS ($10.00) now contributed by it and all property of every nature and kind which it may acquire in its capacity as trustee of the Trust, and all income therefrom, for the benefit of the Unitholders, in accordance with and subject to the provisions of this Declaration of Trust.

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Declaration of Trust, the following terms have the following meanings:

"**Act**" has the meaning ascribed thereto in the Recitals.

"**Adjusted Redemption Price**" has the meaning ascribed thereto in subsection 4.1(3).

"**Affiliate**" means, with respect to any specified Person, any other Person controlling or controlled by or under common control with such specified Person. For the purposes of this definition, "**control**" when used with respect to any specified Person means the power to direct the management and policies of such specified Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, and the terms "**controlling**" and "**controlled**" have meanings correlative to the foregoing.

"**Agency Agreement**" means an agency agreement made between the Trust and one or more Persons acting on behalf of the Trust, providing for the sale and distribution of Notes on an agency basis.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are, or the office of the Indenture Trustee is, authorized or obligated by law, regulation or executive order to be closed.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement to be entered into between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance, the Indenture Trustee and the Trust.

"**Claim**" has the meaning ascribed thereto in Section 7.3.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Trust and any other owner or owners of an Investment Interest.

"**Dealer**" means one or more Persons (other than the Issuer Trustee or the Manager) who have entered into an agreement with the Trust for the purpose of facilitating the sale and distribution of Funding Obligations.

"**Declaration of Trust**" means this declaration of trust.

"**Derivative Agreement**" means any agreement evidencing an interest rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into by the Trust in connection with or related to, and at the time of or prior to, the issuance of Funding Obligations or acquisition of Investment Interests by the Trust in accordance with and subject to the terms of the Program Agreements.

"**Designated Beneficiary**" has the meaning ascribed thereto in section 3.6.

"**Eligible Investments**" means investments permitted to be made by the Trust under the Indenture.

"**Excess Income on Redemption**" has the meaning ascribed thereto in subsection 11.1(2).

"**Funding Obligation**" means a payment obligation incurred by or on behalf of the Trust to fund its ownership of an Investment Interest or a payment obligation that meets such other criteria as may be prescribed by the Regulations.

"**GAAP**" or "**generally accepted accounting principles**" means generally accepted accounting principles in Canada.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" means the Independent Electricity System Operator, a statutory corporation without share capital established by the *Electricity Act, 1998*, SO, 1998.

"**IESO Security Agreement**" means the security agreement made by the IESO in favour of the Trust to secure certain of its obligations under the Master Transfer and Servicing Agreement.

"**Income of the Trust**" for any taxation year of the Trust means the net income for the year determined pursuant to the provisions of the ITA having regard to the provisions thereof

which relate to the calculation of income for the purposes of determining the "taxable income" of a trust, without reference to paragraph 82(1)(b) and subsection 104(6) thereof, less any non-capital losses of the Trust carried forward from prior taxation years that are deductible in the taxation year, and taking into account such other adjustments as may be determined in the discretion of the Issuer Trustee; provided, however, that capital gains and capital losses will be excluded from the computation of net income.

"**Indenture**" means the master trust indenture to be entered into between the Trust and the Indenture Trustee.

"**Indenture Trustee**" means BNY Trust Company of Canada, a trust company existing under the laws of Canada and duly authorized to carry on the business of a trust company in all of the provinces and territories of Canada, as indenture trustee for the benefit of Specified Creditors under the Indenture.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act.

"**Issuer Trustee**" means Computershare Trust Company of Canada and any successor thereto appointed pursuant to Article 6.

"**ITA**" means the *Income Tax Act* (Canada) and the regulations promulgated thereunder.

"**Management Agreement**" means the management agreement to be entered into between the Manager and the Trust.

"**Manager**" means OPG, in its capacity as manager appointed under the Management Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement to be entered into between the Trust and the IESO.

"**MTSA Acknowledgement**" means the acknowledgement and indemnity agreement to be given by the IESO in favour of the Indenture Trustee.

"**Net Realized Capital Gains of the Trust**" for any taxation year means the amount, if any, by which the aggregate amount of the realized capital gains of the Trust for the year, calculated in accordance with the provisions of the ITA, exceeds the aggregate of: (i) the aggregate amount of any realized capital losses of the Trust for the year, calculated in accordance with the provisions of the ITA; and (ii) the amount determined by the Issuer Trustee in respect of any net capital losses of the Trust carried forward from prior taxation years that are deductible in the taxation year; provided that in the discretion of the Issuer Trustee, the Net Realized Capital Gains of the Trust for a taxation year may be calculated without subtracting the full amount of the net capital losses of the Trust carried forward from prior years.

"**Net Realized Capital Gains of the Trust Allocated on Redemption**" has the meaning ascribed thereto in subsection 4.1(5).

"**New Holder**" has the meaning ascribed thereto in subsection 3.6(1).

"**Note**" or "**Notes**" means any note or notes of any class, series or tranche created pursuant to Supplemental Indentures and authenticated and delivered from time to time under the Indenture.

"**OPG**" means Ontario Power Generation Inc.

"**Person**" means any individual, corporation, limited liability company, unlimited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Government Authority.

"**Program Agreements**" means the Indenture, each Supplemental Indenture, this Declaration of Trust, the Management Agreement, the Master Transfer and Servicing Agreement, the MTSA Acknowledgement, each Transfer Notice, any Co-Owner Agreements, the IESO Security Agreement, the Change of Law Protection Agreement, the Notes, any derivative agreements, credit enhancement agreements, liquidity agreements, loan agreements, Underwriting Agreements, Agency Agreements and note purchase agreements and all other documents and certificates delivered in connection therewith.

"**Rating Agencies**" means, at any time, the credit rating agencies which at the request of the Trust are rating the Funding Obligations at such time.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Indenture.

"**Records**" means all contracts, books, records and other documents and information, including, without limitation, data and information, including any stored on computer-related or other electronic media, computer programs, data processing software and related property and rights, maintained with respect to, but solely to, the assets of the Trust.

"**Redemption Price**" has the meaning ascribed thereto in subsection 4.1(3).

"**Regulations**" means the regulations promulgated under the Act.

"**Specified Consumer**" has the meaning ascribed to the term "specified consumer" in the Act.

"**Specified Creditors**" has the meaning ascribed thereto in the Indenture.

"**Specified Unitholder**" means a Unitholder that is either: (a) a taxable Canadian corporation (as defined in subsection 89(1) of the ITA), or (b) a corporation that is exempt from tax under the ITA and in respect of which no amounts paid or payable from the Trust are subject to the special payments under Part VI the *Electricity Act, 1998* (Ontario).

"**Supplemental Indenture**" means any supplemental indenture to the Indenture.

"**Transfer**" has the meaning ascribed to the term "transfer" in the Act.

"**Transfer Notice**" means a Transfer Notice in respect of a Transfer substantially in the form of Exhibit A to the Master Transfer and Servicing Agreement and delivered pursuant to such Program Agreement.

"**Trust**" means Fair Hydro Trust, a trust established under the laws of the Province of Ontario pursuant to this Declaration of Trust.

"**Trust Activities**" means the activities of the Trust described in Section 2.1.

"**Trust Company**" means a federally or provincially established trust company licensed to carry on business in all provinces and territories of Canada and which is resident in Canada for purposes of the ITA.

"**Trust Property**" means, as of any particular time, all assets of the Trust and all property, real, personal or otherwise, tangible or intangible, which have been transferred, conveyed or paid to, or acquired by the Trust, including all income, earnings, profits and gains therefrom, and which at such time are owned or held by the Trust.

"**Underwriting Agreement**" means an agreement providing for the purchase of Notes from the Trust by one or more Persons as principals for the purpose of resale.

"**Unitholders**" means at any time, the holders at such time of one or more Units, and "**Unitholder**" means any such holder.

"**Units**" means the units of beneficial interest of the Trust authorized and issued hereunder as such and for the time being outstanding and entitled to the benefits hereof.

1.2 Interpretation

In this Declaration of Trust, unless otherwise expressly stated or the context otherwise requires:

(a) references to "herein", "hereby", "hereunder", "hereof" and similar expressions are references to this Declaration of Trust and not to any particular Article or Section of this Declaration of Trust;

(b) references to an "Article" or "Section" are references to an Article or Section of this Declaration of Trust;

(c) words importing the singular shall include the plural and vice versa, and words importing gender shall include the masculine, feminine and neuter genders;

(d) the use of headings is for convenience of reference only and shall not affect the construction or interpretation hereof;

(e) the words "includes" and "including", when following any general term or statement, are not to be construed as limiting the general term or statement to the specific items or matters set forth or to similar items or matters, but rather as

referring to all other items or matters that could reasonably fall within the broadest possible scope of the general term or statement;

(f) references to any Person include such Person's successors and permitted assigns;

(g) any reference to a statute, regulation, policy, rule or instrument shall include, and shall be deemed to be a reference also to, all amendments made to such statute, regulation, policy, rule or instrument and to any statute, regulation, policy, rule or instrument that may be passed which has the effect of supplementing or superseding the statute, regulation, policy, rule or instrument so referred to;

(h) any reference to this Declaration of Trust or any other agreement, document or instrument shall be construed as a reference to this Declaration of Trust or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated or supplemented;

(i) in the event that any day on which any amount is to be determined or any action is required to be taken hereunder is not a Business Day, then such amount shall be determined or such action shall be required to be taken at or before the requisite time on the next succeeding day that is a Business Day; and

(j) unless otherwise specified, all references to "$" or "dollars" are to lawful currency of Canada.

1.3 Accounting Principles

Where the character or amount of any asset or liability or item of revenue or expense is required to be determined, or any consolidation or other accounting computation is required to be made for the purpose of this Declaration of Trust, such determination or calculation shall, to the extent applicable and except as otherwise specified herein or as the Issuer Trustee otherwise determines, be made in accordance with GAAP applied on a consistent basis.

1.4 References to Acts of the Trust

For greater certainty, where any reference is made in this Declaration of Trust to an act to be performed or not by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty by or with respect to either (i) the Trust; or (ii) the Issuer Trustee, such reference will be construed and applied for all purposes as if it referred to an act to be performed by or not, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty by or with respect to, the Issuer Trustee in its capacity as trustee of the Trust, and not in any other capacity.

ARTICLE 2
THE TRUST

2.1 Purpose and Activities of the Trust

The purpose of the Trust is to establish and carry on activities for the exclusive benefit of the Unitholders and to distribute the Trust Property upon termination of those activities by the Trust in accordance with Article 11. The Trust is permitted to engage in any activity, undertaking, transaction or event authorized or permitted by the Act (the "**Trust Activities**"), including:

(a) issuing Units;

(b) redeeming Units;

(c) acquiring, owning, holding, administering or entering into agreements regarding the acquisition and servicing of Investment Interests, along with certain other related assets;

(d) managing, selling, assigning, pledging and collecting amounts due on or otherwise deal with Investment Interests and the other related assets to be so acquired in accordance with the terms of the Program Agreements;

(e) negotiating, authorizing, executing, delivering, assuming the obligations under, and performing its duties under, the Program Agreements and any other agreement or instrument or document relating to the activities set forth in clauses (c) and (d) above; provided, that the Trust shall be permitted to incur additional indebtedness or other liabilities payable to service providers and trade creditors in the ordinary course of business in connection with the foregoing activities;

(f) filing with any applicable securities commission one or more prospectuses, offering memoranda or registration statements, and filing such applications, reports, irrevocable consents, appointments of attorney for service of process and other papers and documents necessary or desirable to register one or more series of Funding Obligations under the securities laws of any applicable jurisdiction;

(g) authorizing, executing, delivering, issuing and registering one or more series of Funding Obligations;

(h) making payments on the Funding Obligations;

(i) pledging its interest in Investment Interests and related assets to the Indenture Trustee in order to secure the Funding Obligations; and

(j) engaging in any lawful act or activity and exercise any powers permitted to trusts formed under the laws of the Province of Ontario that, in each case, are incidental to, or necessary, suitable or convenient for the accomplishment of the above-mentioned purposes.

The Trust shall engage only in any activities related to the foregoing purposes or required or authorized by the terms of the Program Agreements or other agreements referenced above.

2.2 Limitation on Certain Activities

Notwithstanding any other provision of this Declaration of Trust or the Management Agreement, at any time that any Funding Obligations remain outstanding, the consent of the Indenture Trustee shall be required for the Trust to:

(a) take any action to wind-up or dissolve the Trust; or

(b) institute any voluntary proceedings to be adjudicated bankrupt or insolvent, or consent to the institution of any bankruptcy or insolvency proceedings against it, or file a petition seeking or consent to any assignment, petition, application or proceeding under any applicable bankruptcy or insolvency law, or consent to the appointment of a receiver, liquidator, assignee, trustee or other similar official of the Trust or a substantial part of its property, or make any assignment for the benefit of creditors, or admit in writing its inability to pay its debts generally as they become due, or take any similar action in respect of the Trust.

2.3 Name and Head Office

The English form of the name of the Trust is “Fair Hydro Trust” and the French form of the name of the Trust is “Fiducie pour des frais d’électricité équitables”. The Trust may use and may be legally designated by either the English form or the French form of its name. Should the Issuer Trustee determine that the use of such name is not practicable, legal or convenient, it may use such other designation or adopt such other name for the Trust as it deems proper and the Trust may hold property and conduct the Trust Activities under such other designation or name. The head office, chief executive office, chief place of business and situs of administration of the Trust will initially be situated at the offices of the Issuer Trustee situated at 100 University Avenue, 11th Floor, Toronto, Ontario M5J 2Y1.

2.4 Nature of the Trust

The Trust is an unincorporated open-ended unit trust established for the purposes specified in Section 2.1. The Trust shall be governed by the general law of trusts, except as such general law of trusts has been or is from time to time modified, altered or abridged for the Trust by:

(a) applicable laws and regulations or other requirements imposed by applicable securities or other regulatory authorities, including the Act and Regulations; and

(b) the terms, conditions and trusts set forth in this Declaration of Trust.

The beneficial interest and rights generally of the Unitholders in the Trust shall be limited to the right to participate in distributions when and as declared by the Issuer Trustee and distributions upon the termination of the Trust. The Trust is not and is not intended to be, shall not be deemed to be and shall not be treated as a general partnership, limited partnership, syndicate, association, joint venture, company, corporation or joint stock company nor shall the Issuer Trustee or the

Unitholders or any of them for any purpose be, or be deemed to be treated in any way whatsoever to be, liable or responsible hereunder as partners or joint venturers. The Issuer Trustee shall not be, or be deemed to be, an agent of the Unitholders. The relationship of the Unitholders to the Issuer Trustee, to the Trust and to the Trust Property shall be solely that of beneficiaries in accordance with this Declaration of Trust.

2.5 Rights of Unitholders

No Unitholder shall be entitled to call for any partition or division of the Trust Property or for a distribution of any particular asset forming part of the Trust Property or of any particular monies or funds received by the Issuer Trustee. The legal ownership of the Trust Property and the right to conduct the activities of the Trust are vested exclusively in the Issuer Trustee, and no Unitholder has or is deemed to have any right of ownership in any of the Trust Property, except as specifically provided herein. Except as specifically provided herein, no Unitholder or Unitholders shall be entitled to interfere with or give any direction to the Issuer Trustee with respect to the affairs of the Trust or in connection with the exercise of any powers or authorities conferred upon the Issuer Trustee under this Declaration of Trust. The Units shall be personal property and shall confer upon the holders thereof only the interest and rights, and impose upon the holders thereof only those liabilities and obligations, specifically set forth in this Declaration of Trust.

ARTICLE 3
UNITS

3.1 Nature of Units

The beneficial interests in the Trust shall be divided into a single class of Units. Each Unit represents an equal undivided beneficial interest in any distributions by the Trust, whether of Income of the Trust, Net Realized Capital Gains of the Trust (other than Net Realized Capital Gains of the Trust Allocated on Redemption to redeeming Unitholders), or other amounts, and, in the event of termination or winding up of the Trust, in the net assets of the Trust remaining after satisfaction of all liabilities. All Units rank equally among themselves and rateably without discrimination, preference or priority. Each Unit will entitle the Unitholder of record thereof to one vote at all meetings of the Unitholders or in respect of any written resolution of the Unitholders. Each Unit, when issued, shall vest indefeasibly in the holder thereof.

The number of Units which the Trust may issue is unlimited. The issued and outstanding Units may be subdivided or consolidated from time to time by the Issuer Trustee without notice to or approval of the Unitholders. Unless the Issuer Trustee determines otherwise, immediately after any *pro rata* issuance of additional Units to all Unitholders pursuant to subsection 11.3(3), the number of outstanding Units will automatically be consolidated such that each such holder will hold after the consolidation the same number of Units as such holder held before the issuance of additional Units.

3.2 Consideration of Units

A Unit will not be fully paid until the consideration therefor has been received in full by or on behalf of the Trust. The consideration for any Unit will be paid in money or in property (including, without limitation, a debt instrument issued to the Trust) or in past services received

by the Trust that are not less in value than the fair equivalent of the money that the Trust would have received if the Unit had been issued for money. In determining whether property or past services are the fair equivalent of consideration paid in money, the Issuer Trustee may take into account reasonable charges and expenses of organization and reorganization and payments for property and past services reasonably expected to benefit the Trust. In no case will a Unit be issued to a Designated Beneficiary.

3.3 No Pre-Emptive Rights

No Person shall be entitled, as a matter of right, to subscribe for or purchase any Units of the Trust. There are no pre-emptive rights attaching to the Units.

3.4 Fractional Units

If as a result of any act of the Issuer Trustee hereunder, any Person becomes entitled to a fraction of a Unit, such Person will not be entitled to receive a certificate therefor. Fractional Units will not, except to the extent that they may represent in the aggregate one or more whole Units, entitle the holders thereof to notice of or to attend or to vote at meetings of the Unitholders. Subject to the foregoing, such fractional Units will have attached thereto the rights, restrictions, conditions and limitations attaching to whole Units in the proportion that they bear to a whole Unit.

3.5 Allotment and Issue

Subject to Section 3.6, the Issuer Trustee may allot and issue Units at such time or times and in such manner (including pursuant to any plan from time to time in effect relating to reinvestment by the Unitholders of distributions of the Trust in Units) and to such Person, Persons or class of Persons as the Issuer Trustee in its sole discretion will determine. The price or the value of the consideration for which Units may be issued and the terms and conditions of issuance of the Units will be determined by the Issuer Trustee in its sole discretion. Not restricting the generality of the foregoing, the Issuer Trustee may accept amounts received from a Unitholder as a prepayment in respect of the obligation of the Unitholder to pay all or any part of the subscription price of Units to be issued at a later date by the Issuer Trustee. In such circumstances, such prepayment will form part of the Trust Property. In the event that Units are issued in whole or in part for a consideration other than money, the resolution of the Issuer Trustee allotting and issuing such Units will express the fair equivalent in money of the other consideration received.

3.6 Prohibited Issuances and Transfers

(1) Notwithstanding any other provision in this Declaration of Trust, at no time, may Units be issued or transferred to a Person who would be a "designated beneficiary" within the meaning of Part XII.2 of the ITA ("**Designated Beneficiary**"), and the Issuer Trustee will not accept a subscription for Units from, or issue or register a transfer of Units to, a Person unless the Person provides a declaration to the Issuer Trustee that it would not be a Designated Beneficiary and covenants to maintain such representation true for as long as it continues to hold one or more Units. If, notwithstanding the foregoing, the Issuer Trustee determines that a Person has purported to become or remain a Unitholder in breach of the above mentioned declaration or covenant, or if the Unitholder fails to provide, upon request, a declaration in form and content satisfactory to the Issuer Trustee that it is not a

Designated Beneficiary, (i) the Issuer Trustee will require such Person to dispose of the Units within a specified period not to exceed 60 days to a Person who does not contravene the above mentioned limitation on ownership ("**New Holder**"), and (ii) effective immediately prior to the breach, such Person will be deemed to have ceased to be a holder of such Units, the voting and distribution rights attached to such Units will be suspended and such Units will be deemed not to be outstanding until acquired by a New Holder (provided that holders of other Units will not be entitled to any portion of the distributions that may have been paid in respect of Units that have been so deemed not to be outstanding) and such Person's rights in respect of such Units will be limited to receiving the net proceeds of the sale thereof. If such Person has not, within such period, sold such Units or provided the Issuer Trustee with a declaration in form and content satisfactory to the Issuer Trustee that it is not a Designated Beneficiary, the Issuer Trustee may sell such Units on behalf of such Person (and the Issuer Trustee will have the power of attorney of such Person to do so), and such Person's rights in respect of such Units will be limited to receiving the net proceeds of sale upon surrender of the certificates representing such Units.

(2) Subject to this section 3.6, and until the Issuer Trustee will have been required to do so under the terms hereof, the Issuer Trustee will not be bound to do or take any proceeding or action with respect to this section 3.6 by virtue of the powers conferred on it hereby. The Issuer Trustee will have the sole right and authority to make any determination required for the administration of the provisions of, or contemplated under this section 3.6, and without limiting the generality of the foregoing, if the Issuer Trustee considers that there are reasonable grounds for believing that a contravention of the above mentioned limitation on ownership has occurred or may occur, the Issuer Trustee will make a determination with respect to the matter. Any such determination will be conclusive, final and binding for the purposes of this section 3.6 except to the extent modified by any subsequent determination by the Issuer Trustee. The Issuer Trustee may require declarations as to whether a Unitholder is a Designated Beneficiary or as to factual information that will enable the Issuer Trustee to determine whether a Unitholder or a prospective transferee of a Unit may be a Designated Beneficiary. In any situation where it is unclear whether Units may be held by a Person who may be a Designated Beneficiary, the Issuer Trustee may exercise its discretion in determining whether such Person is or is not a Designated Beneficiary, and any such exercise by it of its discretion will be binding for the purposes of this section 3.6.

3.7 Liability of Unitholders

No Unitholder of the Trust, in its capacity as such, will incur or be subject to any liability, direct or indirect, absolute or contingent, in contract or in tort or of any other kind, to any Person in connection with: (i) the Trust Property or the ownership, use, operation, acquisition or disposition thereof or exercise or enjoyment of the rights, privileges, conditions or benefits attached thereto, associated therewith or derived therefrom; (ii) the obligations, liabilities, activities or affairs of the Trust; (iii) any actual or alleged act or omission of the Issuer Trustee or any other Person in respect of the activities or affairs of the Trust (whether or not authorized by or pursuant to this Declaration of Trust); (iv) any actual or alleged act or omission of the Issuer Trustee or any other Person in the performance or exercise, or purported or attempted performance or exercise, of any obligation, power, discretion or authority conferred upon the Issuer Trustee or such other Person in respect of the activities or affairs of the Trust (whether or not authorized by

or pursuant to this Declaration of Trust); (v) any transaction entered into by the Issuer Trustee or by any other Person in respect of the activities or affairs of the Trust (whether or not authorized by or pursuant to this Declaration of Trust); or (vi) any taxes, levies, imposts or charges or fines, penalties or interest in respect thereof payable by the Trust or by the Issuer Trustee or by any other Person (except the Unitholders to the extent required by applicable tax laws) on behalf of or in connection with the activities or affairs of the Trust. No Unitholder will be liable to indemnify the Issuer Trustee or any other Person with respect to any such liability or liabilities incurred by the Issuer Trustee or by any such other Person or Persons or with respect to any taxes payable by the Trust or by the Issuer Trustee or any other Person on behalf of or in connection with the Trust. To the extent that any such liabilities of the Unitholders may arise, they will be enforceable only against, and will be satisfied only out of, the Trust Property to the full extent of such liability and the costs of any litigation or other proceedings in which such liability will have been determined, including without limitation, the fees and disbursements of counsel.

ARTICLE 4
REDEMPTION OF UNITS

4.1 Redemption of Units

Each Unitholder will be entitled to require the Trust to redeem at any time and from time to time at the demand of such Unitholder all or any part of the Units held by such Unitholder as follows:

(1) The Unitholder will give notice in writing to the Trust at its head office of its intention to redeem Units and the number of Units to be redeemed.

(2) Upon receipt by the Trust of such notice from the Unitholder to redeem Units, the Unitholder will be entitled to receive, subject to subsection 4.1(3), an amount equal to the aggregate fair market value of such Units immediately before the redemption (the "**Redemption Price**") established by the Issuer Trustee, acting reasonably, payable by certified cheque or via wire transfer of funds.

(3) In the event that the Trust has insufficient funds to make the payment required pursuant to subsection 4.1(2) or such payment is restricted under the terms of the Indenture, the Trust will satisfy the Redemption Price, subject to compliance with any regulatory requirements, by either issuing a promissory note to the Unitholder, which note shall have a principal amount equal to the Redemption Price and such other terms as is determined at the time of issuance by the Issuer Trustee, or by distributing to the redeeming Unitholder *in specie* a proportionate amount of the Trust Property, the fair market value of which, as determined by the Issuer Trustee, acting reasonably, is equal to the Redemption Price. In the event that property is distributed *in specie*, the amount of Net Realized Capital Gains of the Trust Allocated on Redemption as contemplated by subsection 4.1(5) payable in connection with the redemption of Units shall be payable to the Unitholder in kind, and to the extent of the amount thereof, the Redemption Price of the Units being redeemed shall be reduced accordingly (the "**Adjusted Redemption Price**").

(4) Upon satisfaction of the Redemption Price or the Adjusted Redemption Price, as the case may be, the redeeming Unitholder will not be entitled to any rights or benefits, including voting and the right to receive distributions, in connection with the Units redeemed.

(5) Where the Trust distributes Trust Property *in specie* as contemplated in subsection 4.1(3), the Issuer Trustee shall designate and pay to the redeeming Unitholder such part of the Net Realized Capital Gains of the Trust as is realized by the Trust in connection with such *in specie* distribution, provided that the amount of the Net Realize Capital Gains on the Trust so allocated shall not exceed the amount, if any, by which the Redemption Price of the particular Units being redeemed exceeds the aggregate adjusted cost base of such Units to the Unitholder for the purpose of the ITA immediately before the redemption (the "**Net Realized Capital Gains of the Trust Allocated on Redemption**"). If the total Net Realized Capital Gains of the Trust Allocated on Redemption determined by the Issuer Trustee pursuant to the preceding sentence for all redeeming Unitholders in any taxation year exceeds the Net Realized Capital Gains of the Trust for that year, the Net Realized Capital Gains of the Trust for that taxation year shall be allocated rateably to all redeeming Unitholders for the year based on the Net Realized Capital Gains of the Trust Allocated on Redemption as otherwise determined pursuant to the preceding sentence. The Net Realized Capital Gains of the Trust Allocated on Redemption designated and paid on the redemption of Units as determined under this subsection shall be deemed to be a distribution of Net Realized Capital Gains of the Trust for the particular taxation year in which the redemption occurs. If the Issuer Trustee is required to deduct or withhold an amount from such distribution, the Unitholder shall make the cash payment described in Section 11.7 to the Issuer Trustee on or prior to the date the Units are to be redeemed.

ARTICLE 5
RIGHTS AND POWERS OF ISSUER TRUSTEE

5.1 General Rights and Powers

Subject to the specific restrictions and limitations set forth in this Declaration of Trust and notwithstanding the provisions of the *Trustee Act* (Ontario) or any other similar legislation in any jurisdiction, the Issuer Trustee will have, without the necessity of authorization by, and free from any power or control on the part of, the Unitholders, full, exclusive and absolute power, control and authority over the Trust Property and the Trust Activities to the same extent as if the Issuer Trustee were the sole and absolute owner thereof in its own right including, without limitation, such power, control and authority to do all such acts and things as in its sole judgment and discretion are necessary, incidental or desirable for carrying on the Trust Activities in accordance with the Program Agreements with such powers of delegation as may be permitted by this Declaration of Trust, including the right, power and authority to amend this Declaration of Trust subject to and in accordance with the terms hereof and to appoint, employ or contract with any Person as the Issuer Trustee may deem necessary, appropriate or desirable for the transaction of the Trust Activities, including for the administration of the Trust. The Issuer Trustee shall exercise the functions of the trustee of the Trust in Ontario, Canada. For greater certainty, the powers of the Issuer Trustee that may be exercised as aforesaid include the powers set forth in Section 5.2 to and including Section 5.18. The enumeration of any specific power or authority in this Declaration of Trust will not be construed as limiting the aforesaid power or authority or any other specific power

or authority. Subject only to the express limitations contained in this Declaration of Trust, every discretion or power hereby conferred on the Issuer Trustee is an absolute and uncontrolled discretion or power.

5.2 Acquisition of Assets and Deposit of Funds

Subject to Section 2.1, the Issuer Trustee will have the power to acquire Investment Interests in accordance with the Program Agreements. Subject to compliance with the terms of the Program Agreements, the Issuer Trustee will have the power to deposit any money forming part of the Trust Property with any bank (which bank may be an Affiliate of the Issuer Trustee) licensed under the laws of Canada or any trust company (which includes the Issuer Trustee) licensed under the laws of any province of Canada and to withdraw such deposits in accordance with the Program Agreements. The Issuer Trustee will have no liability for any loss which may occur by reason of the failure of any depository with whom such money has been deposited or for the depreciation of any investment.

5.3 Legal Title and Custody

The Issuer Trustee will have the power to cause any and all Trust Property to be held by and/or registered in the name of any Person.

5.4 Disposition of Trust Property

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power to sell, convey, transfer and assign all Trust Property free and clear of any and all trusts hereby established, at public or private sale, for cash or on terms, with or without advertisement and subject to such restrictions, stipulations, agreements and reservations as it may deem proper.

5.5 Management of Trust Property

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power to own, manage, use, invest and hold the Trust Property (including, without limitation, the power to make investments in Eligible Investments) and to enter into agreements in respect of the Trust Property or its use including, without limitation, agreements to modify, amend, extend, renew or terminate any grant or agreement relating to the Trust Property and to waive compliance with any of the terms and conditions thereof, all, in each case, without the approval of or notice to the Unitholders.

5.6 Power to Borrow Money and Issue Funding Obligations

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power to:

(a) borrow or in any other manner raise money and to evidence the same by the issuance of Funding Obligations, by private placement, public offering or otherwise;

(b) reacquire or redeem Funding Obligations;

(c) execute and deliver any trust indenture or supplement thereto, security agreement, mortgage, pledge, hypothec, assignment or other instrument to secure Funding Obligations, and amendments, modifications, restatements or replacements thereof, whether by fixed or floating charge or by assignment or by the granting of a security interest, free and clear of any and all trusts hereby established and, in lieu of or in addition to granting any security, to grant to any Person a negative pledge whereby the Issuer Trustee agrees not to encumber any Trust Property and such other covenants as may be consistent with those set out in the Program Agreements or as may otherwise be specified by any applicable Rating Agency in accordance with the foregoing; and

(d) execute and/or deliver any agreement, instrument, certificate, direction or other document necessary or desirable in order to permit or give effect to the provisions of this Section 5.6, including, without limitation, prospectuses, offering memoranda, regulatory filings, dealer agreements, Underwriting Agreements, Agency Agreements, subscription agreements, letters of representation, consent letters, and any instruments ancillary thereto.

5.7 Derivative Agreements

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power to enter into Derivative Agreements in connection with or related to the borrowing or other raising of money by the Issuer Trustee or the purchase or ownership of Investment Interests, provided that such Derivative Agreements may be entered into only at or prior to the time that such securities are sold, or such borrowing, other raising of money or purchase takes place, as applicable, or as otherwise expressly permitted in the Management Agreement; provided, however, that amendments, modifications or novations of or to a Derivative Agreement may be entered into at any time after the original Derivative Agreement was executed.

5.8 Execution of Instruments

Every deed, transfer, assignment, hypothec, agreement, certificate, direction, instrument, prospectus, or any other document which is necessary or desirable to be executed by the Trust, including, without limitation, any document evidencing Funding Obligations or relating to the issuance of Funding Obligations, will be signed on behalf of the Trust by the Issuer Trustee or its duly appointed agent, including the Manager.

5.9 Facsimile Signatures

The Issuer Trustee may authorize the use of facsimile signatures on the documents evidencing Funding Obligations, provided, however, that where facsimile signatures are so used, documents evidencing Funding Obligations will be manually countersigned or certified by a transfer agent, trustee, registrar or similar Person. If a Funding Obligation contains a printed or mechanically reproduced signature of a Person, the Issuer Trustee may issue the Funding Obligation notwithstanding that the Person has ceased to be a director, officer or signing officer of

the Issuer Trustee, and the Funding Obligation will be as valid as if the Person were a director, an officer or a signing officer at the date of its issue.

5.10 Taxes

The Issuer Trustee will have the power to pay all taxes or assessments of whatever kind or nature imposed upon the Issuer Trustee and/or the Trust in connection with the Trust Property or the Trust Activities or upon or against the income from the Trust Activities or any part thereof, to settle and compromise disputed tax liabilities and, for the foregoing purposes, to make such returns and do all such other acts and things as may be deemed by the Issuer Trustee necessary or desirable. The Issuer Trustee will have the power to deduct and remit any taxes which are required by law to be deducted and remitted from any payment made by the Issuer Trustee under any Program Agreements or otherwise.

5.11 Collection

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power to:

(a) collect, receive, give receipts for and sue for all sums of money or other property due to the Trust;

(b) consent to extensions of time for payment of, or the renewal of, any securities or obligations of the Trust;

(c) engage or intervene in, prosecute, defend, compound, compromise, abandon or adjust by arbitration or otherwise deal with or settle any actions, suits, proceedings, disputes, claims, demands or things relating to the Trust Property or the Trust Activities;

(d) exercise any and all remedies available to it under any Program Agreements or otherwise, including any power of foreclosure or sale available to the Issuer Trustee at law or pursuant to any agreement and, in connection with any such foreclosure or sale, to purchase or otherwise acquire title to any property and to convey good title thereto free of any and all trusts hereby established, or to take or retake possession of any property secured or unsecured thereunder or such other security;

(e) extend the time, with or without security, for the payment or delivery of any debts or property and to execute and enter into releases, agreements and other instruments; and

(f) pay or satisfy any debts or claims upon any evidence that the Issuer Trustee determines to be sufficient.

5.12 Expenses and Compensation of Issuer Trustee

(a) The Issuer Trustee will have the power to incur and make payment of any charges or expenses which in the opinion of the Issuer Trustee are necessary or incidental

to or proper for carrying out any of the purposes of this Declaration of Trust and the Trust Activities, and to pay appropriate compensation or fees from the Trust Property to Persons with whom the Trust has contracted or transacted business including, without limitation, any charges, expenses, compensation or fees payable under or in connection with the Program Agreements.

(b) The Issuer Trustee will be entitled to be paid from the funds of the Trust, without any requirement of a passing of accounts in respect thereof or approval of the Unitholders, such fees as the Issuer Trustee and the Manager may agree to from time to time for its services hereunder and all reasonable expenses, disbursements and advances incurred or made by the Issuer Trustee in the administration or execution of the trusts hereby created (including the reasonable compensation and the disbursements of its counsel and all other advisers and assistants not regularly in its employ) until all the duties of the Issuer Trustee under the trusts hereby created shall be finally and fully performed, except any such expense, disbursement or advance as may arise from or in connection with the dishonesty, bad faith, wilful misconduct, negligence or reckless disregard of any duty or the failure to comply with the standard of care referred to in Section 7.1 by the Issuer Trustee, its officers, employees or agents. All such amounts will be payable at such times as the Issuer Trustee and the Manager may agree from time to time. All such amounts shall be exclusive of any applicable taxes and any applicable taxes shall be paid to the Issuer Trustee in addition to such amounts. Any amount not paid when due shall bear interest at a rate per annum equal to the rate designated by the Issuer Trustee as the then current rate charged by the Issuer Trustee or its successors from time to time to its corporate customers, payable on demand. After default and unless otherwise provided in the Indenture and any documents contemplated thereunder, all amounts so payable and the interest thereon shall be payable out of any funds coming into the possession of the Issuer Trustee or its successors in the trusts hereunder in priority to any payments to other Specified Creditors.

5.13 Allocation

The Issuer Trustee will have the power to determine conclusively whether money or other assets received by the Trust or expenses or disbursements made by the Trust will be charged or credited to income or capital or allocated between income and capital, provided, however, that such determination will not be inconsistent with calculation of income in accordance with the ITA at the time the determination is made.

5.14 Fiscal Year and Form of Accounts

The fiscal year of the Trust will end on December 31. The Issuer Trustee will have the power to determine and from time to time change the method or form in which the accounts of the Trust will be kept, provided such method or form reasonably complies with Canadian generally accepted accounting principles as applicable from time to time.

5.15 Power to Contract

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power to appoint, employ or contract with any Person as the Issuer Trustee may deem necessary or desirable for the transaction of the Trust Activities and may transfer assets to such Person and, save and except for such matters as are listed in Section 2.2, delegate to such Person any or all of the discretionary powers given to the Issuer Trustee with respect to the management of the Trust Property. Without in any way limiting the generality of the foregoing, the Issuer Trustee will have the power to:

(a) enter into, execute, deliver, perform the obligations of the Trust under, and grant security as provided for in, the Program Agreements;

(b) appoint, employ or contract with the Manager or any other Person who, under the supervision of the Manager, may, among other things: (i) furnish and supervise or cause to be furnished and supervised the performance of the clerical and administrative services necessary to the administration of the Trust and the Trust Property including, without limitation, the provision of office space, office equipment and personnel for the performance of such services, property management, administration and servicing, the maintenance of documents, books and Records for the Trust (including those described in Section 8.1), the receipt and disbursement of Trust Property, the servicing and payment of debt and other obligations and generally all matters relating to the obtaining of and the administration and servicing of Trust Property, including, without limitation, as provided in the Management Agreement; (ii) serve as an advisor to the Issuer Trustee, furnish reports to the Issuer Trustee and provide research, economic and statistical data in connection with the Trust Activities; (iii) act as consultant, accountant, correspondent, lender, technical advisor, counsel, broker and dealer, underwriter, fiscal agent, corporate fiduciary, escrow agent, depository, custodian or agent for collection from obligors, loan administrator, appraiser, bank, insurer or insurance agent, transfer agent or registrar or issuing and paying agent for Funding Obligations or in any other capacity deemed by the Issuer Trustee necessary or desirable; (iv) act as attorney or agent in the purchase or sale or other disposition of the Trust Property or the property secured thereby and the handling, prosecution or settling of any claims of the Trust and assist in the performance of such functions necessary in the management of the Trust as may be agreed upon with the Issuer Trustee; and (v) execute and deliver the Program Agreements. For greater certainty, the appointment by the Issuer Trustee of the Manager under the Management Agreement will, where applicable, be deemed to constitute adequate supervision by the Issuer Trustee for purposes of the *Trustee Act* (Ontario) and this Declaration of Trust of any Person thereby engaged in connection with the foregoing activities; and

(c) investigate, select and conduct negotiations with Persons acting in the capacities referred to in Section 5.15(b) and pay appropriate fees to, and enter into appropriate contracts with, employ or retain the services of, any of them in connection with the Trust Property or property secured thereby, other assets and any security related

thereto funded, acquired, sold or otherwise disposed of, or committed, negotiated or contemplated to be funded, acquired, sold, or otherwise disposed of in connection with Funding Obligations.

5.16 Indemnification

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power to indemnify or enter into agreements with respect to indemnification with any Person with whom the Issuer Trustee or the Trust deals to such extent as the Issuer Trustee determines necessary or desirable.

5.17 Further Powers

Subject to Section 2.1, the Issuer Trustee will have the power to perform and do all such other acts and things and to execute itself (or have executed by any Person appointed by it pursuant to Section 5.15) all such deeds, transfers, assignments, hypothecs, agreements, certificates, directions, instruments or other documents whatsoever as it deems necessary, proper or desirable in order to carry on the Trust Activities in accordance with and subject to the Program Agreements notwithstanding that such acts, things, deeds, transfers, assignments, hypothecs, agreements, certificates, directions, instruments or other documents are not herein specifically mentioned. Any determination as to what is necessary, proper or desirable in order to carry on the Trust Activities in accordance with the Program Agreements or otherwise, provided it is made by the Issuer Trustee honestly and in good faith, will be conclusive. Any construction of this Declaration of Trust or the existence of any power or authority hereunder, made honestly and in good faith by the Issuer Trustee upon the advice of counsel, will be conclusive to the extent consistent with the law. In construing the provisions of this Declaration of Trust, there will be a presumption in favour of a grant of power to the Issuer Trustee.

5.18 Auditors

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power from time to time to select and appoint and discharge and reappoint an auditor of the Trust in its discretion and to negotiate and fix the fees of any such auditor.

5.19 Defect in Appointment

Notwithstanding anything to the contrary herein contained, no action taken by the Issuer Trustee will be invalid by reason only of any defect that is thereafter discovered in its appointment.

5.20 Status

The Issuer Trustee shall not have the status of bankrupt and shall be resident in Canada for purposes of the ITA.

ARTICLE 6
REPLACEMENT OF ISSUER TRUSTEE

6.1 Resignation of Issuer Trustee

(a) If the Issuer Trustee desires to resign and be discharged from the trusts and powers reposed in or conferred on it by this Declaration of Trust, it will provide 120 days written notice (or such shorter period of notice as the Unitholders , the Indenture Trustee and the Rating Agencies may agree to) thereof to the Unitholders, the Indenture Trustee and the Rating Agencies provided that no such voluntary resignation shall be effective until a replacement Issuer Trustee acceptable to the Unitholders and the Indenture Trustee has been appointed and has executed a written agreement whereby such replacement Issuer Trustee agrees to assume the obligations of the Issuer Trustee hereunder, under the Program Agreements and under any other contract pursuant to which the Issuer Trustee is obligated.

(b) The Issuer Trustee shall resign if a material conflict of interest arises in its role as a trustee under this Declaration of Trust that is not eliminated within 90 days after the Issuer Trustee becomes aware that it has such a material conflict of interest. Forthwith after the Issuer Trustee becomes aware that it has such a material conflict of interest, it shall provide the Unitholders, the Indenture Trustee and the Rating Agencies with written notice of the nature of such material conflict of interest. Upon such resignation, the Issuer Trustee shall (subject to Section 6.6) be discharged from its office under this Declaration of Trust. If, notwithstanding the foregoing provisions of this Section 6.1(b), the Issuer Trustee has such a material conflict of interest, the validity and enforceability of this Declaration of Trust and any agreement entered into by the Issuer Trustee shall not be affected in any manner whatsoever by reason only of the existence of such material conflict of interest. If the Issuer Trustee contravenes the foregoing provisions of this Section 6.1(b), the Unitholders, may apply, on notice to the Rating Agencies, to a court of competent jurisdiction for an order that the Issuer Trustee be replaced as Issuer Trustee hereunder.

6.2 Removal of Issuer Trustee

The Issuer Trustee may be removed from its office under this Declaration of Trust by the Unitholders, at any time by notice in writing delivered to the Issuer Trustee not less than 90 days prior to the date that such removal is to take effect.

6.3 Vacancy

In the event of the bankruptcy or insolvency of the Issuer Trustee or the inability of the Issuer Trustee to exercise its duties under this Declaration of Trust, the Unitholders may forthwith terminate the term of office of the Issuer Trustee as trustee and, in such instance, a vacancy will occur. No vacancy (including upon a resignation of the Issuer Trustee pursuant to Section 6.1(b)) shall operate to annul this Declaration of Trust or affect the continuity of the Trust or terminate the appointment of the Manager under the Management Agreement.

6.4 Appointment of New Issuer Trustee

If, pursuant to this Article 6, the Issuer Trustee resigns or a vacancy occurs in the office of the Issuer Trustee for any reason, the Unitholders may, subject to the satisfaction of the Rating Agency Condition, by instrument in writing appoint a Trust Company, which has risk-based capital of at least $50,000,000 or, in the case of an entity that is not subject to risk-based capital adequacy requirements, has a combined capital and surplus of at least $50,000,000, in order to replace the Issuer Trustee. If the Unitholders fail to make such appointment within 60 days of the occurrence of any such resignation, removal or vacancy, then the Issuer Trustee may make an application, on notice to the Rating Agencies, to a court of competent jurisdiction to appoint a successor Issuer Trustee hereunder. If the Issuer Trustee elects not to make such an application, the Unitholders may do so on notice to the Rating Agencies. If the Issuer Trustee and the Unitholders elect not to make such an application, the Indenture Trustee may do so on notice to the Rating Agencies if so directed in accordance with the Indenture. The expense of any act, document, deed or other instrument or thing required under this Section 6.4 will be satisfied from the Trust Property.

6.5 Merger, Consolidation and Amalgamation

Any company into which the Issuer Trustee may be merged or with which it may be consolidated or amalgamated, or any company resulting from any merger, consolidation or amalgamation to which the Issuer Trustee is a party or any company succeeding to the corporate trust business of the Issuer Trustee will be a successor Issuer Trustee under this Declaration of Trust without any further action on the part of the Issuer Trustee, provided that such company shall be a Trust Company.

6.6 Vesting in Successor Issuer Trustee

Any successor Issuer Trustee will become vested with all the estates, properties, rights, powers, duties, responsibilities and trusts of its predecessors in the trusts hereunder as if it had been originally named as Issuer Trustee pursuant to this Declaration of Trust. In furtherance of the foregoing, upon written request of the successor Issuer Trustee, the Issuer Trustee ceasing to act will do, make, execute, deliver or cause to be done, made, executed or delivered all such acts, documents, deeds or other instruments and things as may be necessary or desirable in order to more effectively assign, transfer and deliver to, and vest in, the successor Issuer Trustee, upon the trusts herein expressed, all the rights, powers and trusts of, and all property and money held by the Issuer Trustee so ceasing to act. The expense of any act, document, deed or other instrument or thing required under this Section 6.6 will be satisfied from the Trust Property.

6.7 Confidentiality

At all times (including, without limitation, at any time the Issuer Trustee should resign or be discharged from the trusts and powers reposed in or conferred on it by this Declaration of Trust), the Issuer Trustee (or the trustee so resigning and being discharged, as the case may be) will treat as confidential all information relating to the Trust, the Trust Activities and the transactions contemplated by the Program Agreements obtained by it in its capacity as Issuer Trustee.

6.8 Right to Disclose

The Issuer Trustee shall have the right to disclose any information disclosed or released to it if in the opinion of legal counsel to the Issuer Trustee it is required to disclose under any applicable laws, court order or directions of Governmental Authorities or if it is requested by a Rating Agency. The Issuer Trustee shall not be responsible or liable to any party for any loss or damage arising out of or in any way sustained or incurred or in any way relating to such disclosure.

ARTICLE 7
STANDARD OF CARE, LIMITATION OF LIABILITY OF ISSUER TRUSTEE AND OTHER MATTERS

7.1 Standard of Care

The Issuer Trustee will exercise its powers and carry out its obligations hereunder as Issuer Trustee honestly, in good faith and in the best interests of the Trust and the Unitholders and in connection therewith will exercise that degree of care, diligence and skill that a reasonably prudent Person would exercise in comparable circumstances. To the extent that the Issuer Trustee has delegated or subcontracted the performance of all or a portion of its duties to the Manager as contemplated by Section 5.15, it will be deemed to have satisfied the aforesaid standard of care. Unless otherwise required by law, the Issuer Trustee will not be required to give bond, surety or security in any jurisdiction for the performance of any duties or obligations hereunder. The Issuer Trustee will not be required to devote its entire time to the Trust Activities. For greater certainty, the entering into of any Program Agreement by the Trust and the performance by the Trust of its obligations thereunder will be deemed to be in the best interests of the Unitholders and the Trust.

7.2 Limitation of Liability of Issuer Trustee

The Issuer Trustee has entered into this Declaration of Trust solely in its capacity as trustee of the Trust and not in its personal capacity, and any and all of the representations, warranties, undertakings, covenants, indemnities, agreements and other obligations made on the part of the Issuer Trustee herein are made and intended not as personal representations, warranties, undertakings, covenants, indemnities, agreements and other obligations by the Issuer Trustee or for the purpose or with the intention of binding the Issuer Trustee in its personal capacity, but are made and intended for the purpose of binding only the Trust Property or a specific portion thereof. No property or assets of the Issuer Trustee, whether owned beneficially by it in its personal capacity or otherwise (other than the Trust Property), will be subject to levy, execution or other enforcement procedures with regard to any of the representations, warranties, undertakings, covenants, indemnities, agreements and other obligations of the Trust or the Issuer Trustee hereunder, and no recourse may be had or taken, directly or indirectly, against the Issuer Trustee in its personal capacity, any Unitholder or any Affiliate, shareholder, director, officer, representative, employee or agent of the Issuer Trustee or any predecessor or successor of the Issuer Trustee with regard to the representations, warranties, undertakings, covenants, indemnities, agreements and other obligations of the Trust or the Issuer Trustee hereunder; provided that the foregoing limitation will not apply in respect of any action or failure to act arising from or in connection with the wilful misconduct, gross negligence or the failure to comply with the standard of care referred to in Section 7.1. Notwithstanding any other provision of this Article 7, but subject

to the Indenture, each Specified Creditor is entitled to recourse to the Trust Property to satisfy in full the obligations of the Trust to it even if the Issuer Trustee has no right, or only an impaired right, to seek indemnification from the Trust Property or to apply the Trust Property in satisfaction of such obligations.

7.3 Indemnification of the Issuer Trustee

The Issuer Trustee, its directors, officers, agents, representatives and employees will at all times be indemnified and saved harmless out of the Trust Property from and against all claims (including any claim arising out of the assessment of any tax on income by a taxing authority), demands, levies, penalties, suits, losses, actions, causes of action, costs, charges, fees and expenses, damages and liabilities whatsoever, including, without limitation, those arising out of or related to actions taken or omitted to be taken by any agent of the Issuer Trustee, including, without limitation, the Manager, as contemplated hereby, legal fees and disbursements on a substantial indemnity basis and costs and expenses incurred in connection with the enforcement of this indemnity (each, a "**Claim**"), which the Issuer Trustee, its directors, officers, representatives and employees may suffer or incur, whether at law or in equity, in any way caused by or arising, directly or indirectly, in respect of any act, deed, matter or thing whatsoever made, done, acquiesced in or omitted in or about or in relation to the execution of its duties as Issuer Trustee or which it sustains or incurs in or about or in relation to the Trust Property and the Trust Activities. Further, the Issuer Trustee will not be liable to the Trust, to any Unitholder or to any other Person for any loss or damage relating to any matter regarding the Trust, including any loss or diminution in the value of the Trust Property. The foregoing provisions of this Section 7.3 do not apply to the extent that in any circumstances there has been wilful misconduct, gross negligence or the failure to comply with standard of care referred to in Section 7.1 on the part of the Issuer Trustee, its directors, officers, agents, representatives or employees excluding the other parties to the Program Agreements. Notwithstanding any other provision hereof, this indemnity will survive the removal or resignation of the Issuer Trustee, the termination of this Declaration of Trust and the termination of any trust created hereby.

7.4 Reliance upon Advice

The Issuer Trustee may rely and act upon any statement, notice, report or opinion prepared by or any advice received from the Manager or from the auditors, counsel or other professional advisors of the Issuer Trustee and will not be responsible or held liable for any loss or damage resulting from so relying or acting if the Issuer Trustee acted reasonably and in good faith relied upon the advice received and if the professional advisor was aware that the Issuer Trustee was receiving the advice in its capacity as Issuer Trustee. The Issuer Trustee is entitled to be reimbursed from the Trust Property for all costs, charges and expenses it incurs in connection with obtaining any such statement, notice, report, opinion or advice. The Issuer Trustee is entitled to rely and act upon the genuineness and authenticity of any writing submitted to it that it in good faith believes to be genuine.

7.5 Retain Experts

The Issuer Trustee may appoint such agents and employ or retain such counsel, accountants, engineers, appraisers or other experts or advisers as it may reasonably require for the

purpose of discharging its duties hereunder and shall not be responsible for any misconduct on the part of any of them. The Issuer Trustee may pay remuneration out of the Trust Property for all services performed for it in the discharge of the trusts hereof without taxation for costs or fees of any counsel, solicitor or attorney.

7.6 Reliance on Experts

The Issuer Trustee may act and rely and shall be protected in acting in good faith on the opinion or advice of or information obtained from any agent, counsel, accountant, engineer, appraiser or other expert or adviser in relation to any matter arising in the performance of its duties under the Program Agreements.

7.7 Provisions Regarding Liability

Any written instrument creating an obligation of the Issuer Trustee will be conclusively deemed to have been executed by the Issuer Trustee only in its capacity as Issuer Trustee. Any written instrument creating an obligation of the Issuer Trustee will contain a provision to the effect that the obligations thereunder are not binding upon the Issuer Trustee except in its capacity as Issuer Trustee, nor will recourse be had to the property of the Issuer Trustee except in its capacity as Issuer Trustee, but that the Trust Property or a specific portion thereof only will be bound, and may at the request of the Issuer Trustee make specific provision to the foregoing effect and contain any further provisions which the Issuer Trustee may deem appropriate, but the omission of any such provisions will not operate to invalidate any such instrument or to impose liability on the Issuer Trustee, except as aforesaid. The Issuer Trustee shall not be required to expend or risk its own funds or otherwise incur financial liability in the performance of its duties hereunder.

ARTICLE 8
RECORDS

8.1 Records to be Kept

The Issuer Trustee will keep or cause to be kept at the head office of the Trust a copy of this Declaration of Trust, a register of Unitholders, minutes of meetings and resolutions of Unitholders, minutes of meetings and resolutions of the Issuer Trustee, and such Records as are by law or good business practice necessary. The Records may be kept at the office of any Person whom the Issuer Trustee has appointed to maintain the same, provided that the Issuer Trustee has access to the Records on one Business Day’s notice to such Person.

8.2 Segregation of Assets

The Issuer Trustee shall maintain the Trust Property separate from all other property in its possession.

8.3 Method of Keeping Records

Where this Declaration of Trust requires the Issuer Trustee to cause a Record to be kept, it may be kept in bound or loose-leaf form or by means of a mechanical, electronic or other device.

8.4 Annual Financial Statements

A copy of the annual financial statements of the Trust, signed by the Issuer Trustee, shall be mailed or otherwise made available within 120 days following the end of a fiscal year to which they relate to each Unitholder. The financial statements shall include all information required to be included in annual financial statements of the Trust by applicable laws.

ARTICLE 9
MEETINGS OF UNITHOLDERS AND DECISION OF UNITHOLDERS

9.1 Annual Meeting

There will not be an annual meeting of the Unitholders.

9.2 Other Meetings

The Issuer Trustee will have power at any time to call meetings of the Unitholders at such time and place as the Issuer Trustee may determine. Unitholders holding in the aggregate not less than a majority of the outstanding Units may requisition the Issuer Trustee in writing to call a meeting of the Unitholders for the purposes stated in the requisition. The requisition shall state in reasonable detail the business proposed to be transacted at the meeting and will be sent to the Issuer Trustee at the address of the Issuer Trustee. Upon receiving the requisition, the Issuer Trustee will call a meeting of the Unitholders to transact the business referred to in the requisition. If the Issuer Trustee does not within 10 days after receiving the requisition call a meeting, any Unitholder who signed the requisition may call the meeting.

9.3 Quorum and Voting

A quorum for any meeting of the Unitholders will be persons present being Unitholders or representing by proxy Unitholders who hold in the aggregate a majority of the total number of outstanding Units. Unitholders may attend and vote at all meetings of the Unitholders either in person or by proxy. Each Unit will be entitled to one vote at all meetings of the Unitholders. Any action to be taken by the Unitholders will, except as otherwise required by this Declaration of Trust, or by law, be authorized when approved by a majority of the votes cast at a meeting of the Unitholders. The chairman of any such meeting will not have a second or casting vote.

9.4 Written Resolution

Any business which may be conducted at a meeting of the Unitholders may be approved by a resolution in writing in lieu thereof. Notice of such resolution will be given to all Unitholders and approval of such resolution will be evidenced by the signature on any such resolution or counterpart thereof by the required percentage of Unitholders for the matter to be determined.

ARTICLE 10
AMENDMENT

10.1 Amendment

Subject to Section 2.1 and compliance with the terms of the applicable Program Agreements, the Issuer Trustee may, from time to time, amend, vary, supplement, replace or restate the provisions of this Declaration of Trust without the consent or approval of the Unitholders or any court as follows:

(a) to the extent deemed necessary by the Issuer Trustee in good faith to be necessary to ensure compliance with, or to remove any conflicts or other inconsistencies which may exist between any term of this Declaration of Trust and the provisions of, any applicable law in effect from time to time;

(b) to the extent deemed necessary by the Issuer Trustee in good faith to be necessary to make any change or correction in this Declaration of Trust which is a typographical change or correction or which the Issuer Trustee has been advised by legal counsel is required for the purpose of curing any ambiguity or defect or inconsistent provision or clerical omission or mistake or manifest error contained herein, or

(c) subject to the satisfaction of the Rating Agency Condition, to the extent deemed necessary or desirable in the sole discretion of the Issuer Trustee to permit or facilitate the carrying on of the Trust Activities, including the accommodation of requests made by the Rating Agencies or regulatory authorities in relation to the issuance of Funding Obligations.

However, any such amendment may be made only if: (i) it will not materially adversely affect the interest of any Unitholder, unless that Unitholder has also approved of the amendment in writing and (ii) in respect of any material amendment, the Rating Agency Condition has been satisfied. The Issuer Trustee will immediately upon the entering into thereof, provide the Rating Agencies and the Indenture Trustee with a copy of any amendment, variation, supplement, replacement or restatement of this Declaration of Trust.

10.2 Automatic Amendment

Upon the Issuer Trustee ceasing to be a trustee of the Trust, this Declaration of Trust will be automatically amended to delete any reference to the name of the trustee so ceasing to be a trustee of the Trust and to substitute therefor the name of the successor trustee of the Trust. Notice of any change in the Issuer Trustee may be endorsed upon or attached to this Declaration of Trust and signed by the successor Issuer Trustee and every such notice will be sufficient evidence to any Person dealing with the Issuer Trustee under this Declaration of Trust as to the facts to which it relates.

10.3 Supplemental Declaration of Trust

The Issuer Trustee is authorized to execute any supplemental declaration of trust to give effect to amendments to this Declaration of Trust made pursuant to this Article 10. The Issuer Trustee shall not be obligated to enter into any such supplemental declaration if it adversely affects the Issuer Trustee's rights, duties or immunities under this Declaration of Trust or otherwise. No amendment to or amendment and restatement of this Declaration of Trust, whether pursuant to this Article 10 or otherwise, shall be construed as a termination of the Trust or the settlement or establishment of a new trust.

ARTICLE 11
DISTRIBUTION OF TRUST PROPERTY

11.1 Distributions

(1) The Issuer Trustee may declare to be payable and make distributions, from time to time, out of Income of the Trust, Net Realized Capital Gains of the Trust, capital of the Trust or otherwise, in any year, in such amount or amounts, and on such dates as the Issuer Trustee may determine, to the Unitholders at the record date for such distribution. The Issuer Trustee may declare such amounts to be payable or authorize such distributions in advance by way of a standing resolution that is effective for a period not exceeding 12 months after the date of the resolution.

(2) Where the Trust proposes to distribute Trust Property in specie to a redeeming Unitholder as contemplated in subsection 4.1(3), and the Issuer Trustee reasonably expects that such in specie distribution will give rise to Income of the Trust and / or Net Realized Capital Gains of the Trust in excess of the amount of the Net Realized Capital Gains of the Trust Allocated on Redemption to the particular Unitholder whose Units are being redeemed (collectively, the "**Excess Income on Redemption**"), the Issuer Trustee shall declare to be payable and make a distribution, on the record date that is one Business Day before the redemption, to Unitholders at such record date in an amount equal to the estimated Excess Income on Redemption. Such distribution will be satisfied by the issuance of additional Units, or fractions of Units, having a fair market value equal to the amount of such distribution. If the Issuer Trustee is required to deduct or withhold an amount from such distribution, the applicable Unitholder shall make the cash payment described in Section 11.7 to the Issuer Trustee on or prior to the date the distribution.

(3) If the Issuer Trustee declares to be payable or makes a distribution pursuant to subsections 11.1(1) or 11.1(2) without determining the portion of such distribution that is payable out of Income of the Trust, Net Realized Capital Gains of the Trust, capital of the Trust or otherwise, such allocation shall be made pursuant to subsection 11.2(2).

(4) The Issuer Trustee intends to make payable to Unitholders all of the Income of the Trust and Net Realized Capital Gains of the Trust for each taxation year throughout which all Unitholders are Specified Unitholders so that the Trust will not have any liability for tax under Part I of the ITA in any such taxation year (other than alternative minimum tax or taxes payable under the "SIFT trust" rules in the ITA). Unless the Issuer Trustee, in its sole

discretion determines otherwise, the following amounts will, without any further actions on the part of the Issuer Trustee, be due and payable to the Unitholders of record on the last day in each taxation year throughout which all Unitholders are Specified Unitholders:

(a) an amount equal to the amount, if any, by which the Income of the Trust for such year exceeds the aggregate of (A) the aggregate of the portions of the distributions paid or payable by the Trust which have been determined by the Issuer Trustee to have been payable by the Trust out of the Income of the Trust for such year, if any, and (B) the aggregate of the portions of distributions deemed by subsection 11.2(2)(a) to be paid or payable by the Trust out of the Income of the Trust for such year; and

(b) an amount equal to the amount, if any, by which the Net Realized Capital Gains of the Trust for such year exceeds the aggregate of (A) any amount of the Net Realized Capital Gains of the Trust Allocated on Redemption for the year payable to redeeming Unitholders pursuant to subsection 4.1(5), (B) the aggregate of the portions of the distributions paid or payable by the Trust which have been determined by the Issuer Trustee to have been payable by the Trust out of Net Realized Capital Gains of the Trust for such year, if any, and (C) the aggregate of the portions of distributions deemed by subsection 11.2(2)(b) to be paid or payable by the Trust out of the Net Realized Capital Gains of the Trust for such year, if any.

Any determinations by the Issuer Trustee not to make a distribution described in this subsection 11.1(4) must be exercised by the Issuer Trustee in writing prior to December 31 of the applicable taxation year.

(5) The Issuer Trustee retains discretion to make payable to Unitholders all of the Income of the Trust and Net Realized Capital Gains of the Trust for each taxation year not described in subsection 11.1(4) above, but any such distribution would require the consent of all Unitholders in such year (other than a Unitholder described in paragraph (a) of the definition of Specified Unitholder).

(6) The proportionate share of each Unit of the amount of any distribution made pursuant to this section will be determined by dividing such amount by the number of issued and outstanding Units on the applicable record date in respect of a distribution pursuant to subsections 4.1(5), 11.1(1) or 11.1(2) and on the last day of the taxation year in respect of a distribution pursuant to subsection 11.1(4). Each Unitholder's share of the amount of any such distribution will be an amount equal to the proportionate share of each Unit of such amount multiplied by the number of Units owned of record by each such Unitholder on such applicable record date or the last day of the taxation year, as the case may be, and such Unitholder shall, on such date, be entitled to enforce payment of the Unitholder's share. Subject to subsections 4.1(5) and 11.1(2) and section 11.3, amounts which are payable to Unitholders will be paid in cash.

11.2 Allocation

(1) Subject to subsection 11.2(2), distributions payable to the Unitholders pursuant to Article 11 will be deemed to be distributions of Income of the Trust (including dividends), Net Realized Capital Gains of the Trust, returns of capital of the Trust or other items in such amount as the Issuer Trustee in its absolute discretion determines and will be allocated to the Unitholders in the same proportions as distributions received by the Unitholders.

(2) If the Issuer Trustee has declared to be payable or made one or more distributions in a taxation year pursuant to subsection 11.1(1) without determining the portion of such distributions that is payable out of Income of the Trust, Net Realized Capital Gains of the Trust, capital of the Trust or otherwise, such distributions shall be deemed to be paid or payable out of:

(a) first, the Income of the Trust for such year to the extent, if any, that the Income of the Trust for such year exceeds the aggregate of the amounts in subsection 11.1(4)(a)(A);

(b) second, the Net Realized Capital Gains of the Trust for such year to the extent, if any, that the Net Realized Capital Gains of the Trust for such year exceeds the aggregate of the amounts in subsection 11.1(4)(b)(A) and 11.1(4)(b)(B); and

(c) as to any balance, the capital of the Trust;

and such amounts will be allocated to the Unitholders in the same proportions as such distributions were received by the Unitholders.

(3) For greater certainty it is hereby declared that any distribution of Net Realized Capital Gains of the Trust will include the non-taxable portion of the capital gains of the Trust which are included in such distribution.

11.3 Payment of Distributions

(1) Distributions to a Unitholder (other than distributions described in subsections 4.1(5) and 11.1(2)) will be made by cash, wire transfer or cheque payable to or to the order of the Unitholder or by such other manner provided for in subsection 11.3(3). The payment, if made by cheque, will be conclusively deemed to have been made upon hand delivery of a cheque to the Unitholder or to its agent duly authorized in writing or upon the mailing of a cheque by prepaid first-class mail addressed to the Unitholder at its address set out in the records of the Issuer Trustee unless the cheque is not paid on presentation, or in any other manner determined by the Issuer Trustee in its discretion. The Issuer Trustee may issue a replacement cheque if it is satisfied that the original cheque has not been received or has been lost or destroyed upon being furnished with such evidence of loss, indemnity or other document in connection therewith that the Issuer Trustee may in its discretion consider necessary.

(2) The Issuer Trustee may, in its sole discretion, transfer temporarily from capital to income within the Trust sufficient cash to facilitate payments of Income of the Trust to Unitholders.

A permanent transfer from capital to income may be effected if payments made by and /or expenses of the Trust in any year exceed the aggregate of the net income and Net Realized Capital Gains of the Trust in such year.

(3) Without limiting the generality of the foregoing, a distribution to a Unitholder may be paid (i) by the issuance of additional Units, or fractions of Units having a fair market value equal to the amount of such distribution, (ii) by the issuance of a promissory note for a principal amount equal to the amount of such distribution and/or (iii) *in specie* by the transfer of Trust Property having a fair market value equal to the amount of such distribution, all as may be determined by the Issuer Trustee, acting reasonably. The Issuer Trustee acknowledges and agrees that it will elect to make payment to a Unitholder of the amount of a distribution in the manner described in this subsection 11.3(3) only if it has received prior written notice from the Unitholder that such payment method is acceptable, and the Unitholder makes the cash payment described in Section 11.7 to the Issuer Trustee, which written notice may be revoked in writing by the Unitholder at any time. If the Issuer Trustee elects to make payment of the amount of a distribution by the issuance of a promissory note, such promissory note shall bear interest at a fixed or floating rate, shall be repayable on demand or on the expiry of a stated term, and shall contain such other terms all of which may be determined by the Issuer Trustee such that the fair market value of such promissory note is equal to the amount of the distribution. Any such promissory note or additional Units issued, or Trust Property transferred, by the Trust shall constitute absolute and unconditional payment in full of the distribution and, by becoming a Unitholder, each Unitholder hereby acknowledges that any such note, additional Units or transfer of Trust Property will be accepted by the Unitholder as such absolute and unconditional payment of the distribution payable to the Unitholder.

11.4 Legal Rights

For greater certainty, it is hereby declared that the Unitholders shall have the legal right to enforce payment of any amount to be distributed or payable hereunder at the time such amount is due and payable.

11.5 Income Tax Matters

In reporting income for income tax purposes, the Trust will claim the maximum amount available to it as deductions under the relevant law, unless the Issuer Trustee determines otherwise.

11.6 Designations

In accordance with and to the extent permitted by the ITA, the Issuer Trustee will, in each taxation year, make such designations for income tax purposes in respect of amounts paid or payable or deemed to be paid to the Unitholders for such amounts that the Issuer Trustee considers to be reasonable in all circumstances, including designations relating to taxable dividends received or deemed to be received by the Trust in the year on shares of taxable Canadian corporations, net taxable capital gains of the Trust in the year and foreign source income of the Trust and foreign taxes in respect of such foreign source income for the year, if any.

11.7 Withholding Taxes

The Issuer Trustee will deduct or withhold from distributions or other amounts payable under this Declaration of Trust amounts required by law to be deducted or withheld from such distributions or payments, whether such distributions or payments are satisfied in the form of cash, cheque, promissory note, additional Units or otherwise. To the extent that any amounts are deducted or withheld from payments made by cash, cheque or wire transfer, including those described in subsection 11.3(1), such deducted or withheld amounts shall be treated for all purposes as having been paid to the recipient of the payment in respect of the distribution or other amount payable, provided that such deducted or withheld amounts are actually remitted in accordance with applicable law to the appropriate taxing authority. In the event that the Issuer Trustee makes a distribution or payment that is satisfied in a manner other than cash, cheque or wire transfer, including those described in subsections 4.1(3), 4.1(5) or 11.3(3), the recipient of the payment shall provide cash to the Issuer Trustee in amount equal to any required deduction or withholding, which the Issuer Trustee shall forthwith remit to the appropriate taxing authority on behalf of the Unitholder.

ARTICLE 12
TERMINATION OF THE TRUST

12.1 Termination

(a) The Trust will continue in full force and effect for a period of twelve months from the date hereof and thereafter for so long as any Funding Obligations remain outstanding and until the Trust has satisfied all of its obligations under the Program Agreements or otherwise for the purposes of carrying on the Trust Activities. Notwithstanding the foregoing, the Issuer Trustee may, with the unanimous approval of Unitholders, wind-up the affairs of the Trust and terminate the Trust and distribute the Trust Property then remaining to the Unitholders in proportion to the number of Units held by each Unitholder no later than the date that is one day prior to the 21st anniversary of the death of the last surviving lineal descendent of Queen Elizabeth, II of England living at the date this declaration is made.

(b) Subject to Section 12.1(a), the Issuer Trustee may, with the unanimous approval of the Unitholders, wind up the affairs of the Trust and terminate the Trust. To the fullest extent permitted by law, and notwithstanding any duty otherwise existing at law or in equity, the Issuer Trustee shall consider only the interests of the Trust, including its creditors, in acting on the matters referred to in this Section 12.1. On the date the Trust is terminated, the Issuer Trustee will, upon receipt of such releases, indemnities and refunding agreements as the Issuer Trustee may deem necessary for its protection, distribute the remaining Trust Property, after payment of all other obligations of the Trust, in cash or in kind , or partly in each, to the Unitholders in proportion to the number of Units held by each Unitholder

ARTICLE 13
GENERAL

13.1 Irrevocability

The Trust shall be irrevocable.

13.2 Change of Office

The Issuer Trustee may at any time and from time to time during the existence of the trusts hereby created change the head office, chief executive office, chief place of business and situs of the administration of the Trust to another location within Ontario or have such other offices or places of administration within Canada as the Issuer Trustee may from time to time determine is necessary or desirable.

13.3 Execution of Instruments

The Issuer Trustee shall have power from time to time to appoint any Person or Persons on behalf of the Trust either to sign instruments in writing generally or to sign specific instruments in writing.

13.4 Manner of Giving Notice

Except as otherwise permitted herein, any notice required or permitted by the provisions of this Declaration of Trust to be given to a Unitholder or the Issuer Trustee shall be deemed conclusively to have been given if given either by delivery or by prepaid first-class mail addressed to each Unitholder at its address shown on the register of Unitholders or to the Issuer Trustee at the last address provided by the Issuer Trustee for such purpose. Any notice so given shall be deemed to have been given on the day of hand delivery or the day following that on which the notice was mailed.

13.5 Taxation Information

On or before March 30 in each year, or such earlier day as is required by applicable legislation or regulation, the Issuer Trustee will provide to Unitholders who received distributions from the Trust in the prior calendar year such information regarding the Trust required by applicable law to be submitted to Unitholders for income tax purposes to enable Unitholders to complete their tax returns in respect of the prior calendar year.

13.6 Severability

The provisions of this Declaration of Trust are severable and if any provisions are in conflict with any applicable law, the conflicting provisions shall be deemed never to have constituted a part of this Declaration of Trust and shall not affect or impair any of the remaining provisions thereof. If any provision of this Declaration of Trust shall be held invalid or unenforceable in any jurisdiction, such invalidity or unenforceability shall attach only to such provision in such jurisdiction and shall not in any manner affect or render invalid or unenforceable

such provision in any other jurisdiction or any other provision of this Declaration of Trust in any jurisdiction.

13.7 Governing Law

This Declaration of Trust shall be interpreted and governed by and take effect exclusively in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. Any and all disputes arising under this Declaration of Trust, whether as to interpretation, performance or otherwise, shall be subject to the exclusive jurisdiction of the courts of the Province of Ontario and the Issuer Trustee hereby irrevocably attorns, and each Unitholder shall be deemed to hereby irrevocably attorn, to the exclusive jurisdiction of the courts of such province.

13.8 Language

Les parties aux présentes ont exigés que la présente convention ainsi que tous les documents et avis qui s'y rattachent et/ou qui en découleront soient rédigés en la langue anglaise. The parties hereto have required that this Declaration of Trust and all documents and notices resulting herefrom be drawn up in English.

IN WITNESS WHEREOF the Issuer Trustee has caused this Declaration of Trust to be executed as of the day and year first above written by its duly authorized signatories.

COMPUTERSHARE TRUST COMPANY OF CANADA,
as Issuer Trustee

By: _____
Name:
Title:

By: _____
Name:
Title:

DRAFT: DECEMBER 14, 2017

MASTER TRANSFER AND SERVICING AGREEMENT

between

FAIR HYDRO TRUST
as Issuer

- and -

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Transferor and Servicer

Dated as of December ■, 2017

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EXHIBIT

Exhibit A – Form of Transfer Notice

Exhibit B – Form of Monthly Carrying Costs Statement

MASTER TRANSFER AND SERVICING AGREEMENT

THIS AGREEMENT made as of December ■, 2017.

BETWEEN:

FAIR HYDRO TRUST, a trust formed under the laws of the Province of Ontario

(the "**Issuer**")

- and -

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital amalgamated under the laws of the Province of Ontario

(the "**Transferor**" in its capacity as transferor, the "**Servicer**", in its capacity as servicer, and the "**IESO**" in its capacity as both Transferor and Servicer)

WHEREAS the Government of Ontario has enacted the *Ontario Fair Hydro Act, 2017* (the "**Act**") for the purpose of, among other things, ensuring that clean energy costs and clean energy benefits (each as defined in the Act) are fairly allocated among present and future Specified Consumers;

AND WHEREAS, under the Act, the IESO is required to establish and maintain the Fair Hydro Variance Account, and has the right under the Act and the Regulations to record certain amounts in the Fair Hydro Variance Account and recover the balance from time to time of the Fair Hydro Variance Account from Specified Consumers (such right, the "**Regulatory Asset**");

AND WHEREAS the IESO may from time to time, in accordance with the Act, Transfer Specified Portions of the Regulatory Asset to the Issuer pursuant to Section 26(1) of the Act;

AND WHEREAS the Issuer may finance the acquisition from the IESO, from time to time, of an Investment Interest through the incurrence of Funding Obligations under the Indenture;

AND WHEREAS the Issuer will grant a security interest over all of the Issuer Investment Interest to and in favour of the Indenture Trustee on behalf of all Specified Creditors;

AND WHEREAS in connection with its ownership of the Issuer Investment Interest and in order to collect the associated Clean Energy Adjustments in accordance with the Act, the Issuer desires to engage the Servicer to carry out the services described herein and the Servicer agrees to be so engaged;

NOW THEREFORE in consideration of the foregoing and the mutual covenants and agreements contained herein (the receipt and adequacy of which are hereby acknowledged), the parties hereto agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Agreement, the following terms have the following meanings:

"**Act**" has the meaning ascribed thereto in the recitals;

"**Agreement**" means this master transfer and servicing agreement, as amended, supplemented, modified, restated or replaced from time to time, and the expressions "herein", "hereof", "hereto", "hereunder" and similar expressions refer to this Agreement and not to any Article, Section, paragraph, subparagraph or clause hereof;

"**Billing Period**" means a calendar month in which the Clean Energy Adjustment is billed to Specified Consumers;

"**Board**" means the Ontario Energy Board, a statutory corporation without share capital continued under the *Ontario Energy Board Act, 1998*, S.O., 1998;

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by law, regulation or executive order to be closed;

"**Carrying Costs**" has the meaning ascribed to the term "carrying costs" in the Regulations;

"**CEA Consumer Invoice Amounts**" means amounts invoiced by an Electricity Vendor to Specified Consumers in respect of the Clean Energy Adjustment based on the rates established by the Board;

"**Clean Energy Adjustment**" has the meaning ascribed to the term "clean energy adjustment" in the Act;

"**Closing Date**" means the date on which a Transfer is to be completed as specified in the applicable Transfer Notice;

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the parties hereto and any other owner or owners of an Investment Interest as contemplated by Section 29(5) of the Act in form and substance satisfactory to the parties hereto, acting reasonably;

"**Co-Owner Implementation Date**" means the date, if any, upon which the Issuer Investment Interest ceases to be the only Investment Interest outstanding representing the full Investment Asset;

"**Collection Account**" means an Eligible Deposit Account established by the Issuer for the purpose of receiving the Issuer Share of the Servicer CEA Receipts;

"**Daily Remittance Event**" means the occurrence of either: (i) a Servicer Default or (ii) the IESO (or any successor thereto) ceasing to have the Required Servicer Rating;

"**Declaration of Trust**" means the declaration of trust made as of December ■, 2017 under which the Issuer was established, as may be supplemented, amended, replaced or amended and restated from time to time;

"**Electricity Vendor**" has the meaning ascribed to the term "electricity vendor" in the Act;

"**Electricity Vendor CEA Collections**" means payments actually received by Electricity Vendors from Specified Consumers in respect of Clean Energy Adjustments;

"**Electricity Vendor Billing Period Report**" means a report as contemplated by Section 17(2) of the Act from each Electricity Vendor in respect of each Billing Period where Clean Energy Adjustments are billed to Specified Consumers containing:

(a) its total electricity consumption of Specified Consumers invoiced in such Billing Period;

(b) its total CEA Consumer Invoice Amounts in such Billing Period;

(c) its total Electricity Vendor CEA Collections during such Billing Period; and

(d) such other information as may be prescribed in the Regulations or any other Requirement of Law, or which otherwise may be agreed to by the applicable Electricity Vendor;

"**Eligible Deposit Account**" means an account in Canada with an Eligible Institution;

"**Eligible Institution**" means:

(a) at any time before the Co-Owner Implementation Date, an "Eligible Institution" as defined in the Indenture; and

(b) at any time on or after the Co-Owner Implementation Date, an "Eligible Institution" as defined in the applicable Co-Owner Agreement;

"**Fair Hydro Variance Account**" means the variance account established by the IESO pursuant to Section 24(1) of the Act;

"**Financing Entity**" has the meaning ascribed to the term "financing entity" in the Act;

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act;

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other

instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government;

"**IESO**" or "**Independent Electricity System Operator**" means the Independent Electricity System Operator, a statutory corporation without share capital established by the *Electricity Act, 1998*, SO, 1998;

"**IESO Deferral**" has the meaning ascribed to the term "IESO deferral" in the Act;

"**IESO Disclosure**" has the meaning ascribed thereto in Section 5.7;

"**IESO Segregated Account**" has the meaning ascribed thereto in Section 3.4(a);

"**Implementation Plan**" has the meaning ascribed thereto in Section 3.3(a);

"**Indemnified Losses**" has the meaning ascribed thereto in Section 6.1(a);

"**Indemnified Party**" has the meaning ascribed thereto in Section 6.1(a);

"**Indenture**" means the master trust indenture dated December ■, 2017 between the Indenture Trustee and the Issuer;

"**Indenture Trustee**" means BNY Trust Company of Canada, a trust company existing under the laws of Canada and duly authorized to carry on the business of a trust company in all of the provinces and territories of Canada, as indenture trustee for the benefit of Specified Creditors, or any successor thereto, under the Indenture;

"**Insolvency Event**" means, with respect to a specified Person, the specified Person admits the inability of such specified Person to pay its liabilities generally as they become due or makes a general assignment for the benefit of the creditors of such specified Person or otherwise acknowledges the insolvency of such specified Person or any proceeding shall be instituted by or against such specified Person seeking to adjudicate it a bankrupt or insolvent or seeking liquidation, winding up, dissolution, reorganization, arrangement, adjustment, protection, relief or composition of its debts under any law relating to bankruptcy, insolvency, reorganization, moratorium or relief of debtors or seeking the entry of an order for relief by the appointment of a receiver, trustee or other similar official for such specified Person or for any substantial part of its property and if such proceeding has been instituted against such specified Person either such proceeding has not been stayed or dismissed within 45 days or any of the actions sought in such proceeding (including the entry of an order for relief or the appointment of a receiver) are granted in whole or in part, or if a receiver is privately appointed in respect of such specified Person or of the property of such specified Person or any substantial part thereof;

"**Investment Asset**" has the meaning ascribed to the term "investment asset" in the Act;

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act;

"**Issuer**" means Fair Hydro Trust, a trust formed under the laws of the Province of Ontario;

"**Issuer Funding Obligations**" means the Funding Obligations of the Issuer;

"**Issuer Investment Interest**" means, initially, the Investment Interest acquired by the Issuer pursuant to the first Transfer completed under this Agreement and, upon the completion of each Transfer thereafter, the cumulative Investment Interest acquired by the Issuer;

"**Issuer Share**" means:

(a) at any time before the Co-Owner Implementation Date, 100%; and

(b) at any time on or after the Co-Owner Implementation Date, the percentage determined in accordance with the applicable Co-Owner Agreement;

"**Issuer Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Issuer at such time;

"**Lien**" means a security interest, lien, mortgage, charge, pledge, claim or encumbrance of any kind;

"**Management Agreement**" means the management agreement dated December ■, 2017 between the Manager and the Issuer;

"**Manager**" means OPG, in its capacity as manager of the Issuer, and any successor appointed in accordance with the Management Agreement;

"**Minister**" means the Minister of Energy or such other member of the Executive Council as may be assigned the administration of the Act under the *Executive Council Act*;

"**Monthly Carrying Costs**" has the meaning ascribed thereto in Section 3.14(b);

"**Monthly Carrying Costs Statement**" has the meaning ascribed thereto in Section 3.14(b);

"**Monthly Servicer Report**" means a report from the Servicer in respect of each Billing Period where Clean Energy Adjustments are billed to Specified Consumers containing:

(a) the information provided in each Electricity Vendor Billing Period Report;

(b) total electricity consumption of Specified Consumers invoiced in such Billing Period, as reported by all Electricity Vendors, and for the current Reference Period to the last day of such Billing Period, compared to the forecast information provided by the Servicer to the Board pursuant to Section 3.2(a) (to the extent possible, recognizing timing mismatches);

(c) total CEA Consumer Invoice Amounts reported by all Electricity Vendors for such Billing Period;

(d) total Electricity Vendor CEA Collections reported by all Electricity Vendors for such Billing Period;

(e) total Servicer CEA Receipts for such Billing Period, including the amount representing total Electricity Vendor CEA Collections received and the amount representing Clean Energy Adjustments received by the Servicer directly from Specified Consumers;

(f) the difference between total CEA Consumer Invoice Amounts reported to the Servicer by all Electricity Vendors and total Servicer CEA Receipts, in each case, for such Billing Period and for the current Reference Period to the last day of such Billing Period, recognizing that there will be timing differences;

(g) a summary of any matters referred to in Section 3.4(k) which have not been resolved and any explanation provided therefor by the Electricity Vendor; and

(h) such other information which otherwise may be agreed to by the Servicer;

"**Non-Investment Grade Rated Electricity Vendors**" means any Electricity Vendor that does not have a rating of: (i) "Baa3" or higher by Moody's Investors Services, Inc. (or any successor thereof), unless otherwise agreed to by Moody's Investors Services, Inc. (or any successor thereof); and "BBB(low)" or higher by DBRS Limited (or any successor thereof), unless otherwise agreed to by DBRS Limited (or any successor thereof);

"**Officer's Certificate**" means a certificate signed by a Responsible Officer of the Issuer under the circumstances described in, and otherwise complying with, the applicable requirements of Section **[10.01]** of the Indenture;

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario;

"**Opinion of Counsel**" means one or more written opinions of counsel, which counsel shall be reasonably acceptable to the party receiving such opinion of counsel, and shall be in form and substance reasonably acceptable to such party;

"**Permitted Successor**" means any successor to the IESO under the Act, whether pursuant to any bankruptcy, reorganization or other insolvency proceeding or pursuant to any merger, conversion, acquisition, sale or transfer, by operation of law, as a result of any restructuring, or otherwise, but only to the extent such successor is approved by the Minister;

"**Permitted Transfer**" means (i) a Transfer to the Issuer pursuant to this Agreement; and (ii) a Transfer to a person who has entered into a Co-Owner Agreement with, inter alia, the Issuer.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority;

"**Prescribed Period**" has the meaning ascribed thereto in Section 3.14(a);

"**Proceeding**" means any suit in equity, action at law or other judicial or administrative proceeding;

"**Program Agreements**" has the meaning ascribed thereto in the Indenture;

"**Purchase Price**" has the meaning ascribed thereto in Section 2.1(c);

"**Rating Agency**" has the meaning ascribed thereto in the Indenture;

"**Rating Agency Condition**" has the meaning ascribed thereto in the Indenture;

"**Records**" has the meaning ascribed thereto in Section 7.1;

"**Regulations**" means Ontario Regulation 206/17: General, together with any other regulations promulgated under the Act;

"**Regulatory Asset**" has the meaning ascribed thereto in the recitals;

"**Remittance Date**" means, in respect of each Billing Period, the 18th Business Day following the last day of each Billing Period;

"**Required Servicer Rating**" means a rating of "Baa2" or higher by Moody's Investors Service, Inc. (or any successor thereof) and a rating of "BBB(low)" or higher by DBRS Limited (or any successor thereof);

"**Requirement of Law**" means any foreign, Canadian federal, provincial or local laws, statutes, regulations, rules, codes or ordinances enacted, adopted, issued or promulgated by any Governmental Authority or common law;

"**Responsible Officer**" means, with respect to: (a) the Issuer, any authorized director or officer of the Manager; (b) the Servicer, any authorized director or officer of the IESO; and (c) a Successor Servicer, any authorized director or officer of the Successor Servicer;

"**Servicer**" means the Independent Electricity System Operator, as Servicer under this Agreement, or any Successor Servicer to the extent permitted under this Agreement;

"**Servicer CEA Receipts**" has the meaning ascribed thereto in Section 3.4(f);

"**Servicer Default**" has the meaning ascribed thereto in Section 7.1;

"**Specified Consumer**" has the meaning ascribed to the term "specified consumer" in the Act;

"**Specified Creditors**" has the meaning ascribed thereto in the Indenture;

"**Specified Portion**" means, in respect of the Regulatory Asset and any Transfer, the portion of the Regulatory Asset subject to such Transfer, as set out in the applicable Transfer Notice.

"**Successor Servicer**" has the meaning ascribed thereto in Section **[3.07(e)]** of the Indenture;

"**Supplemental Indenture**" means an indenture supplemental to the Indenture that authorizes the incurrence of Funding Obligations;

"**Termination Event**" has the meaning ascribed thereto in Section 3.11;

"**Termination Notice**" has the meaning ascribed thereto in Section 7.1;

"**Transfer**" has the meaning ascribed to the term "transfer" in Section 1(3) of the Act, and "**Transferred**" has a corresponding meaning;

"**Transfer Notice**" means a Transfer Notice in respect of a Transfer substantially in the form of Exhibit A to this Agreement and delivered pursuant to Section 2.1(c) of this Agreement; and

"**Transferor**" means the Independent Electricity System Operator, as transferor under this Agreement;

1.2 Sections and Headings

The table of contents does not form part of this Agreement. The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and will not affect the construction or interpretation of this Agreement. Unless something in the subject matter or context is inconsistent therewith, references herein to Articles and Sections are to Articles and Sections of this Agreement.

1.3 Extended Meanings

(a) Words importing the singular number only will include the plural and vice versa and words importing the masculine gender will include the feminine and neuter genders and vice versa. A reference to any agreement, instrument or declaration means such agreement, instrument or declaration as the same may be amended, supplemented, modified, restated or replaced from time to time.

(b) The term "**including**" means "including without limitation", and other forms of the verb "**include**" have correlative meanings.

(c) All references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities.

(d) Unless otherwise stated, in the computation of a period of time from a specified date to a later specified date, the word "**from**" means "**from and including**" and each of the words "**to**" and "**until**" means "**to but excluding**".

(e) The words "**hereof**", "**herein**" and "**hereunder**" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, unless otherwise specified. References to Articles, Sections, Appendices and Exhibits in this Agreement are references to Articles, Sections, Appendices and Exhibits in or to this Agreement unless otherwise specified.

(f) References to any law, rule, regulation or order of a Governmental Authority shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor.

(g) The word "**will**" shall be construed to have the same meaning and effect as the word "**shall**". The word "**or**" is not exclusive.

(h) References to a specific rating by a Rating Agency shall mean such rating or the equivalent rating if such Rating Agency changes its rating scale.

ARTICLE 2
TRANSFER OF SPECIFIED PORTIONS OF THE REGULATORY ASSET

2.1 Transfer Notices and Agreement to Transfer Specified Portions of the Regulatory Asset

(a) The Transferor shall determine the IESO Deferral as required by Section 23(1) of the Act and the Regulations.

(b) The Transferor shall maintain the Fair Hydro Variance Account as required by Section 24 of the Act and the Regulations.

(c) The Transferor may, no more frequently than monthly and no later than the 8th Business Day of any calendar month, offer to Transfer to the Issuer a Specified Portion of the Regulatory Asset by providing to the Issuer a Transfer Notice executed by the Transferor and setting out (i) the Specified Portion of the Regulatory Asset that the Transferor is offering to Transfer to the Issuer, (ii) the consideration to be paid to the Transferor by the Issuer for the Transfer (the "**Purchase Price**") which shall be equal to the amount of such Specified Portion of the Regulatory Asset, (iii) the Closing Date to effect such transfer which shall be no earlier than the 5th Business Day after the delivery of the Transfer Notice and no later than the last Business Day of the calendar month in which the Transfer Notice was delivered, or such other Business Day as may be agreed by the Transferor and the Issuer, and (iv) such other information as required in the form of Transfer Notice attached as Exhibit A hereto.

(d) On or before the 2nd Business Day following receipt of a Transfer Notice, the Issuer shall have the right, but not the obligation, to accept the Transferor's offer to Transfer the Specified Portion of the Regulatory Asset referred to in the Transfer Notice by executing and returning such Transfer Notice to the Transferor. Upon acceptance by the Issuer of the Transfer Notice, there shall be a binding agreement for IESO to Transfer the Specified Portion of the Regulatory Asset referred to in the Transfer Notice and for the Issuer to pay the Purchase Price, subject to satisfaction of all conditions precedent in Section 2.2.

(e) Provided that all conditions precedent set out in Section 2.2 have been satisfied on or prior to the applicable Closing Date, on the applicable Closing Date, the Issuer shall deliver or cause to be delivered to the Transferor, by wire transfer or electronic funds transfer, in immediately available funds, an amount in Canadian dollars equal to the Purchase Price set forth in the applicable Transfer Notice. The Transferor agrees that receipt by the Transferor of the payment referred to in this Section 2.1(e) is receipt by the Transferor of a payment referred to in Section 26(3) of the Act.

(f) Upon receipt by the Transferor of the payment referred to in Section 2.1(e), the Transferor shall reduce the balance of the Fair Hydro Variance Account by an amount equal to the Purchase Price received and shall retain no further right, title or interest in the Issuer Investment Interest corresponding to the Specified Portion of the Regulatory Asset Transferred.

(g) The parties state that they intend that this Agreement, together with each Transfer Notice accepted by the Issuer, constitute an agreement, for purposes of Section 27(2) of the Act for the Transferor to dispose, upon receipt by the Transferor of the payment referred to in Section 2.1(e), of the Specified Portion of the Regulatory Asset referred to in the Transfer Notice and to assign, convey or sell a corresponding Investment Interest to the Issuer.

2.2 Conditions Precedent to each Transfer of a Specified Portion of the Regulatory Asset

(a) The obligation of the Issuer to pay the Purchase Price related to the initial Transfer of a Specified Portion of the Regulatory Asset shall be subject to the satisfaction by the Transferor, or waiver by the Issuer, of the following conditions:

(i) the Issuer shall have received from the Transferor the following documents, in form and substance satisfactory to the Issuer:

(A) a certificate of an officer of the IESO certifying (1) that attached thereto is a true and complete copy of the by-laws of the IESO, each as in effect on the date of such certificate, (2) that attached thereto is a true and complete copy of a resolution adopted by the IESO's board of directors authorizing the execution, delivery and performance of this Agreement and the performance by the IESO of its obligations hereunder, and that such resolution has not been modified, rescinded or amended and is in full force and effect, and (3) as to the incumbency and true specimen signature of each of the IESO officers or delegates executing this Agreement and authorized to give notices and instructions hereunder (which can be changed by notice hereunder), provided that this condition may be satisfied by delivery of a certificate of an officer of the IESO to the effect that there has been no change to the items listed in (1),

(2) and (3) above since the date of the previous certificate delivered under this Section 2.2(a)(i)(A) which certificate delivery condition may be satisfied by a representation and warranty to like effect in the applicable Transfer Notice; and

(B) the Transferor shall have delivered to the Rating Agencies and the Issuer any Opinions of Counsel reasonably required by them.

(b) The obligation of the Issuer to pay the Purchase Price related to each Transfer of a Specified Portion of the Regulatory Asset (including the initial Transfer) shall be subject to the satisfaction or waiver by the Issuer of each of the following conditions:

(i) as of the applicable Closing Date, all Program Agreements shall have been entered into on terms and conditions satisfactory to the Issuer and shall be in full force and effect as of such Closing Date;

(ii) as of the applicable Closing Date, no Insolvency Event in respect of the Transferor shall have occurred and the Transferor is not aware of any pending Insolvency Event with respect to itself;

(iii) as of the applicable Closing Date, (A) the representations and warranties of the IESO in this Agreement must be true and correct with the same force and effect as if made on that date (except to the extent they relate to an earlier date), (B) no breach of any covenant or agreement of the IESO contained in this Agreement shall have occurred and be continuing, and (C) no Servicer Default shall have occurred and be continuing;

(iv) the Transferor shall have delivered to the Issuer an Officer's Certificate confirming the satisfaction of each condition precedent specified in Sections 2.2(b)(ii) and (iii);

(v) as of the applicable Closing Date, (A) the Issuer shall have sufficient funds available to pay the Purchase Price as set forth in the applicable Transfer Notice, (B) all conditions to any incurrence of Funding Obligations intended to provide such funds set forth in the Indenture (and any applicable Supplemental Indenture) or other instrument shall have been satisfied or waived, (C) if applicable, the Rating Agency Condition in respect of the issuance of the Funding Obligations funding the payment of the Purchase Price shall have been satisfied or, if a new issuance of Funding Obligations without an existing rating, the required ratings have been established by the applicable Rating Agencies, and (D) the Funding Obligation required to fund the payment of the Purchase Price shall have been issued at the same time as, or prior to, the Transfer; and

(vi) immediately after giving effect to the Transfer, each of the Fair Hydro Variance Account and the Regulatory Asset will have a balance or amount, as applicable, equal to or greater than zero.

ARTICLE 3
ROLE OF THE SERVICER

3.1 Designation of Servicer

Each Transfer of a Specified Portion of the Regulatory Asset shall be made on the basis that the related Issuer Investment Interest shall be serviced by the Servicer in accordance with this Article 3, and the IESO or any Permitted Successor of the IESO that is the Servicer shall not be entitled, except as otherwise provided in Section 3.7 or agreed by the Parties, to receive any further compensation from the Issuer for its services in connection therewith.

3.2 Forecasts and Other Information

The IESO shall:

(a) provide to the Board the forecast information contemplated by Section 8(3) of the Regulations;

(b) provide to the Issuer the forecast information provided to the Board pursuant to Section 3.2(a), which information shall be provided on a non-reliance basis other than with respect to the use thereof in relation to the duties, obligations or rights of the Issuer or the Manager pursuant to the Act and the Regulations; and

(c) provide to the Issuer such other information and reports as the Issuer may reasonably request in connection with the calculation of the Clean Energy Adjustments, which is reasonably available to the Transferor directly or upon request, can lawfully be provided and can be provided without incurring material incremental expense (unless the Issuer has agreed to reimburse the IESO for such material incremental expenses).

3.3 Implementation Plan

(a) The Servicer will work with the Issuer to develop on or before January 31, 2020 a written implementation plan identifying in reasonable detail the actions to be taken by the Servicer and the Issuer in order to facilitate the Board, the Issuer, the Servicer and the Electricity Vendors being prepared to perform their obligations under the Act and the Regulations when the setting, invoicing and collection of Clean Energy Adjustments commences (the "**Implementation Plan**"). The Implementation Plan should include the following:

(i) a process and a schedule for contacting Electricity Vendors and providing instructions with respect to the establishment of a segregated account by each Electricity Vendor, the procedures for invoicing Clean Energy

Adjustments, the identification, deposit and segregation of Electricity Vendor CEA Collections and their remittance to the Servicer;

(ii) the development of processes for the necessary exchanges of information with respect to Clean Energy Adjustments among the Board, the Issuer, the Manager, the Servicer, Electricity Vendors and Specified Consumers;

(iii) procedures for the testing of the processes for the collection and remittance of Clean Energy Adjustment before February 28, 2021; and

(iv) target dates for the achievement of specified objectives under the Implementation Plan.

(b) The Servicer and the Issuer will prepare written progress reports on the status of the implementation of the Implementation Plan on or before June 30, 2020, October 31, 2020 and January 31, 2021.

3.4 Clean Energy Adjustments and Electricity Vendors

The Servicer shall:

(a) prior to receiving Servicer CEA Receipts, establish an Eligible Deposit Account (the "**IESO Segregated Account**") bearing a designation indicating that the funds deposited therein are held in trust for the benefit of the Issuer and, after the Co-Owner Implementation Date, for the benefit of any other owner or owners of an Investment Interest. If at any time the IESO Segregated Account ceases to be an Eligible Deposit Account, the Servicer shall within 30 days establish a new IESO Segregated Account as an Eligible Deposit Account and shall transfer any cash and/or any investments held in the former account to such new account and make all future deposits to such new account;

(b) prior to the first Billing Period when amounts are invoiced by Electricity Vendors to Specified Consumers in respect of Clean Energy Adjustments, make commercially reasonable efforts to:

(i) cause each Electricity Vendor to establish a segregated account into which Electricity Vendor CEA Collections are to be deposited as required by Section 10(2) of the Regulations;

(ii) settle a form of Electricity Vendor Billing Period Report to be used by such Electricity Vendor;

(iii) cause each Electricity Vendor to establish procedures for the invoicing by such Electricity Vendor of amounts in respect of the Clean Energy Adjustment, the identification, deposit and segregation of Electricity Vendor CEA Collections, the remittance of Electricity Vendor CEA Collections to the Servicer and reporting to the Servicer; and

(iv) respond to inquiries from Electricity Vendors with respect to any of the foregoing matters.

(c) together with the Issuer, prior to the first Billing Period when amounts are invoiced by Electricity Vendors to Specified Consumers in respect of Clean Energy Adjustments, settle a form of Monthly Servicer Report;

(d) request certification from each Electricity Vendor that the segregated account required by Section 10(2) of the Regulations has been established by that Electricity Vendor;

(e) as agent of the Issuer and, after the Co-Owner Implementation Date, as agent of any other owner or owners of an Investment Interest, receive Electricity Vendor CEA Collections from Electricity Vendors;

(f) as agent of the Issuer and, after the Co-Owner Implementation Date, as agent of any other owner or owners of an Investment Interest, receive any amounts in respect of Clean Energy Adjustments payable directly by Specified Consumers to the Servicer (such amounts, together with the amounts referred to in Section 3.4(e), the "**Servicer CEA Receipts**");

(g) deposit the Servicer CEA Receipts into the IESO Segregated Account promptly following receipt by the Servicer and, in any event, within two Business Days of receipt by the Servicer and the Issuer Share of such Servicer CEA Receipts shall remain in the IESO Segregated Account until remitted in accordance with Section 3.6;

(h) respond to inquiries by Electricity Vendors with respect to the Clean Energy Adjustment and amounts payable in respect thereof;

(i) request from each Electricity Vendor an Electricity Vendor Billing Period Report in respect of each Billing Period during which Clean Energy Adjustments are billed to Specified Consumers; such report to be requested to be delivered within twelve Business Days of the end of each Billing Period;

(j) review each Electricity Vendor Billing Period Report received by the Servicer for material manifest discrepancies, including any discrepancy between the Electricity Vendor CEA Collections reported in respect of the Billing Period and the amount received pursuant to Section 3.4(e);

(k) contact each Electricity Vendor:

(i) that does not deliver an Electricity Vendor Billing Period Report in respect of a Billing Period where Clean Energy Adjustments were payable by Specified Consumers;

(ii) from which no Electricity Vendor CEA Collections are received in respect of the Billing Period,

(iii) for whom Electricity Vendor CEA Collections do not match the amount thereof reported in its Electricity Vendor Billing Period Report,

(iv) that delivers an Electricity Vendor Billing Period Report that has any other material manifest discrepancy detected by the Servicer, or

(v) that has not certified that it has established the segregated account required by Section 10(2) of the Regulations,

and attempt to resolve the applicable issue; and

(l) hold the Issuer Share of Servicer CEA Receipts and the Issuer Share of any other proceeds in respect of the Clean Energy Adjustment received by it in trust for the benefit of the Issuer and remit such amounts in accordance with Section 3.6 without any surcharge, fee, offset, charge or other deduction.

3.5 Reporting

The Servicer shall:

(a) on or before the 20th Business Day following the end of each Billing Period when amounts are invoiced by Electricity Vendors to Specified Consumers in respect of Clean Energy Adjustments, prepare and deliver to the Issuer a Monthly Servicer Report;

(b) promptly notify the Issuer in writing of any Requirement of Law hereafter adopted or announced or the occurrence of any other event or circumstance of which it becomes aware that has a material adverse effect on the Servicer's ability to perform its duties and obligations under this Agreement; and

(c) upon the reasonable request of the Issuer provide to the Issuer any public financial information in respect of the Servicer, or any material information regarding the Clean Energy Adjustment, to the extent it is reasonably available to the Servicer, and as may be reasonably necessary and permitted by law, to enable the Issuer to monitor the performance by the Servicer of its duties and obligations hereunder.

3.6 Remittances

(a) The Issuer shall provide the Servicer with notice of the Collection Account at least ten Business Days prior to the first Remittance Date and shall provide the Servicer with notice of any change to the Collection Account at least ten Business Days prior to any subsequent Remittance Date.

(b) Absent the occurrence of a Daily Remittance Event, the Issuer Share of Servicer CEA Receipts received by the Servicer and any interest earned thereon received on or subsequent to a Remittance Date shall be remitted by the Servicer to the Collection Account no later than the immediately following Remittance Date.

(c) Following the occurrence of a Daily Remittance Event, the Issuer Share of all Servicer CEA Receipts on deposit in the IESO Segregated Account and any interest earned thereon shall be remitted by the Servicer to the Collection Account on the second following Business Day.

3.7 Reimbursement of Servicer

The Issuer shall reimburse the Servicer for its direct costs relating to the performance by the Servicer of its duties and obligations hereunder and that are not otherwise recovered by the Servicer pursuant to sections 25.1(1) and 25.1(2) of the *Electricity Act, 1998*, which direct costs the IESO shall have no obligation to seek recovery for under sections 25.1(1) and 25.1(2) of the *Electricity Act, 1998*; provided, however, that this Section 3.7 shall not apply to any costs relating to the performance by the Servicer of its duties and obligations under the Act or the Regulations, including, for greater certainty the Servicer's obligations to pay monthly Carrying Costs.

3.8 Limits to Obligations

Notwithstanding anything to the contrary in this Agreement, the parties hereto agree that the duties, liabilities and obligations of IESO under this Agreement are limited as provided in this Section 3.8.

(a) IESO is not responsible for, or in respect of, any amounts not collected by Electricity Vendors from their customers or not remitted by Electricity Vendors to the Servicer.

(b) IESO is not responsible to confirm, verify or audit the amount of the Clean Energy Adjustment invoiced by Electricity Vendors or the Electricity Vendor CEA Collections collected by Electricity Vendors and reported to the IESO.

(c) IESO is not responsible for enforcing the obligations of Specified Consumers to pay, or the obligations of Electricity Vendors to invoice, collect or remit Clean Energy Adjustments or any other amounts, or to establish a segregated account into which Electricity Vendor CEA Collections are to be deposited, and IESO is under no obligation to initiate or prosecute any legal action relating to the collection of the Clean Energy Adjustments or the Issuer Investment Interest.

(d) IESO is not responsible or liable for the performance by Electricity Vendors of their duties and responsibilities under the Act or the Regulations including (i) the invoicing of Specified Consumers in respect of the Clean Energy Adjustment and ancillary matters related thereto; (ii) the collection from Specified Consumers of amounts due in respect of such invoices and the remittance of such payments to the Servicer; (iii) the accuracy of any information provided by the Electricity Vendors; and (iv) any reporting by the Electricity Vendors, including the reporting to the Servicer of the total CEA Consumer Invoice Amounts invoiced by such Electricity Vendor to its Specified Consumers in respect of the Clean Energy Adjustment, the total Electricity Vendor CEA Collections received by such Electricity Vendor and the Issuer Share of Electricity Vendor CEA

Collections received by such Electricity Vendor and any other reporting in the Electricity Vendor Billing Period Report.

(e) IESO is under no responsibility or obligation to the Issuer with respect to the nature or extent of the Issuer Investment Interest, the collectability of the Issuer Share of Servicer CEA Receipts or that the Issuer Share of Servicer CEA Receipts will be sufficient to satisfy the Issuer's Funding Obligations.

(f) IESO may rely in good faith on the advice of counsel or on any document of any kind, prima facie properly executed and submitted by any Person, respecting any matters arising under this Agreement.

(g) IESO shall have no liability or responsibility to any Person in respect of any forecasts or other information provided pursuant to Section 3.2, provided only that such forecasts or other information has been prepared and provided in good faith.

(h) None of the directors, officers, employees or agents of IESO shall be liable to the Issuer or any other Person for any action taken or for refraining from the taking of any action pursuant to this Agreement or for good faith errors in judgment.

3.9 Servicing and Maintenance Standards

Subject to Section 3.8, the Servicer shall discharge its duties, responsibilities and obligations hereunder with reasonable care and in material compliance with the Requirements of Law, including the Act and the Regulations and, in doing so, shall follow standards, policies and procedures in performing its duties as Servicer hereunder that are customary for an electricity market operator and administrator that regularly performs settlement functions.

3.10 Appointments

The Servicer may at any time appoint OPG or any other Person to act as its agent to perform all or any portion of its obligations as Servicer hereunder; provided however, that in respect of the appointment of a Person other than OPG, the Rating Agency Condition shall have been satisfied in connection therewith; and provided further that the Servicer shall remain obligated and be liable for the performance of its obligations under this Agreement without diminution of such obligation and liability by virtue of the appointment of OPG or such other Person and to the same extent and under the same terms and conditions as if the Servicer alone were performing such obligations. The fees and expenses of OPG or any other such Person shall be as agreed between the Servicer and OPG or such other Person from time to time, and the Issuer shall not have any responsibility therefor or right or claim thereto. Any such appointment shall not constitute a resignation of the Servicer under Section 3.13.

3.11 Term

The Servicer's appointment as Servicer under this Agreement shall become effective as of the execution hereof and shall continue in full force and effect until the earlier of (a) the effective date of resignation of the Servicer in accordance with the provisions of this

Agreement, (b) termination of all of the rights and obligations of the Servicer under Article 7, and (c) the date on which all Issuer Funding Obligations have been paid in full and all CEA Consumer Invoice Amounts have been received or written off (in each case, a "**Termination Event**"). The appointment of the Servicer as servicer under this Agreement shall be terminated effective as of the date of the Termination Event.

3.12 Mergers

Any Person (a) into which the Servicer may be merged, converted or amalgamated and that is a Permitted Successor, (b) that may result from any merger, conversion or amalgamation to which the Servicer shall be a party and that is a Permitted Successor, (c) that may succeed to the properties and assets of the Servicer substantially as a whole and that is a Permitted Successor, or (d) that otherwise is a Permitted Successor, which Person in any of the foregoing cases executes an agreement of assumption to perform all of the obligations of the Servicer hereunder, shall be the successor to the Servicer under this Agreement without further act on the part of any of the parties to this Agreement; provided, however, that (i) immediately after giving effect to such transaction, no representation or warranty made pursuant to Section 4.1 shall have been breached and no Servicer Default and no event that, after notice or lapse of time, or both, would become a Servicer Default shall have occurred and be continuing, (ii) the Servicer shall have delivered to the Issuer an Officer's Certificate and an Opinion of Counsel from external counsel stating that such consolidation, conversion, merger or succession and such agreement of assumption complies with this Section 3.12 and that all conditions precedent, if any, provided for in this Agreement relating to such transaction have been complied with, and (iii) the Servicer shall have given to the Issuer and each Rating Agency prior written notice of such transaction. When any Person that is a Permitted Successor acquires the properties and assets of the Servicer substantially as a whole or otherwise becomes the successor, by merger, conversion, consolidation, sale, transfer, lease or otherwise, to all or substantially all the assets of the Servicer in accordance with the terms of this Section 3.12, then, upon satisfaction of all of the other conditions of this Section 3.12, the preceding Servicer shall automatically and without further notice be released from all of its obligations hereunder (except for responsibilities for its actions prior to such release).

3.13 The IESO Not to Resign as Servicer

Subject to the provisions of Section 3.12, the IESO shall not resign from the obligations and duties imposed on it as Servicer under this Agreement except upon a determination that the performance of its duties under this Agreement shall no longer be permissible under applicable Requirements of Law. Notice of any such determination permitting the resignation of the IESO as Servicer shall be communicated to the Issuer and each Rating Agency at the earliest practicable time (and, if such communication is not in writing, shall be confirmed in writing at the earliest practicable time), and any such determination shall be evidenced by an Opinion of Counsel to such effect delivered to the Issuer and each Rating Agency concurrently with or promptly after such notice. No such resignation shall become effective until a Successor Servicer that is a Permitted Successor has assumed the servicing obligations and duties hereunder of the Servicer in accordance with Section 7.2.

3.14 IESO Regulatory Obligation to Pay Carrying Costs

(a) The IESO acknowledges that it has an obligation pursuant to the Regulations to pay monthly Carrying Costs to the Issuer for the prescribed period set out in the Regulations (the "**Prescribed Period**") and agrees to comply with its obligations under the Regulations to pay and remit the Carrying Costs to the Issuer.

(b) On or before the 4th Business Day of each calendar month during the Prescribed Period, the Issuer shall prepare and deliver to the IESO a written statement substantially in the form of Exhibit B (a "**Monthly Carrying Costs Statement**") certifying the amount of the Carrying Costs expected to be incurred in the following calendar month ("**Monthly Carrying Costs**"). If requested by the IESO, the Issuer shall, in lieu of providing the Monthly Carrying Costs Statement, enter the amount of such expected Monthly Carrying Costs in the IESO operated portal, or such other similar facility operated by the IESO, and such entry shall be deemed to be a certification of the accuracy of the amount entered.

(c) On or before the 14th Business Day following receipt by the IESO of the Monthly Carrying Costs Statement, the IESO shall, as required under the Regulations, deliver or cause to be delivered to the Issuer, by wire transfer or electronic funds transfer in immediately available funds, an amount in Canadian dollars equal to the expected Monthly Carrying Costs certified by the Issuer in the applicable Monthly Carrying Costs Statement.

(d) To the extent that the expected Monthly Carrying Costs certified in a Monthly Carrying Costs Statement are less than or greater than the actual Monthly Carrying Costs incurred in respect of a calendar month, an adjustment shall be made to the expected Monthly Carrying Costs for the calendar month for which the first Monthly Carrying Costs Statement is issued after the amount of the discrepancy is determined or any such overpayment shall be returned to the IESO.

3.15 IESO Security for CEA Remittances

The IESO shall provide to the Issuer, on or prior to the first day of the first Billing Period when amounts are invoiced to Specified Consumers in respect of Clean Energy Adjustments, security for any failure of Non-Investment Grade Rated Electricity Vendors to remit their Electricity Vendor CEA Collections in the form of (x) a letter of credit with a term extending to the first day of the immediately following calendar year, or (y) a performance guarantee or such other form of security as may be acceptable to the Issuer and that satisfies the Rating Agency Condition.

The amount of security required by the IESO pursuant to this Section 3.15 will be calculated on an annual basis and will be equal to the amount determined in accordance with the following formula, or such other lower amount as may be proposed by the Servicer, is acceptable to the Issuer and satisfies the Rating Agency Condition:

((A / B) x C x D / 365 x E)

where A, B, C, D and E are as follows:

A = for the most recent completed 12 month period for which information is available, as provided by the Servicer, the aggregate amount of energy consumed by Specified Consumers of all Non-Investment Grade Rated Electricity Vendors.

B = for the same 12 month period used for A, as provided by the Servicer, the aggregate amount of energy consumed by all Specified Consumers.

C = for the most current 12 month forecast period available, as provided by OPG, in its capacity as the Financial Services Manager under the Act, the Clean Energy Adjustment amounts estimated to be payable by all Specified Consumers.

D = 45, which represents an estimated number of days that total Clean Energy Adjustment amounts are expected to be held by Electricity Vendors, or such other number as mutually agreed to in writing by the Issuer and the Servicer and that satisfies the Rating Agency Condition;

E = 0.50, or another value as mutually agreed to in writing by the Issuer and the Servicer and that satisfies the Rating Agency Condition.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES OF THE IESO

4.1 Representations and Warranties

Subject to Section 3.8, the IESO makes the following representations and warranties as of the date hereof and as of each applicable Closing Date, and the IESO acknowledges that the Issuer will rely thereon in paying the Purchase Price related to Transfers of Specified Portions of the Regulatory Asset, and the Issuer has relied thereon in entering into this Agreement relating to the servicing of the corresponding Investment Interests.

(a) Organization and Good Standing. The IESO is a statutory corporation amalgamated under the laws of the Province of Ontario, with requisite corporate power and authority to own its properties, to conduct its business as such properties are currently owned and such business is presently conducted by it.

(b) Due Qualification. The IESO has obtained all necessary licences and approvals, in all jurisdictions in which the ownership or lease of property or the conduct of its business (including acting as Servicer under this Agreement) shall require such licences or approvals, except where the failure to so qualify or obtain such licences and approvals would not be reasonably likely to have a material adverse effect on the IESO's business, operations, assets, revenues or properties, the Regulatory Asset or the servicing of related Investment Interests.

(c) Power and Authority. The IESO has the requisite corporate power and authority to execute and deliver this Agreement and to carry out its terms. The IESO has full corporate power and authority to hold the Regulatory Asset and to Transfer Specified Portions of the Regulatory Asset to the Issuer and the IESO has duly authorized such Transfer to the Issuer by all necessary corporate action. The

execution, delivery and performance of all obligations under this Agreement have been duly authorized by all necessary corporate action on the part of the IESO under all applicable laws.

(d) Binding Obligation. This Agreement constitutes a legal, valid and binding obligation of the IESO, enforceable against the IESO in accordance with its terms, subject to bankruptcy, receivership, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally from time to time in effect and to general principles of equity (including concepts of materiality, reasonableness, good faith and fair dealing).

(e) No Violation. The consummation of the transactions contemplated by this Agreement and the fulfillment of the terms hereof by the IESO do not conflict with, result in any breach of any of the terms and provisions of, or constitute (with or without notice or lapse of time, or both) a default under, the IESO's by-laws, or any indenture, or other material agreement or instrument to which the IESO is a party or by which it is bound, result in the creation or imposition of any Lien upon any of the IESO's properties pursuant to the terms of any such indenture, agreement or other instrument or violate any existing law or any order, rule or regulation applicable to the IESO issued by any Governmental Authority having jurisdiction over the IESO or its properties, except, in each case, where such breach would not reasonably be expected to materially and adversely affect the performance by the IESO of its obligations under this Agreement or the Act or the validity or enforceability of this Agreement.

(f) No Proceedings. To the IESO's knowledge, except as disclosed in writing to the Issuer, there are no Proceedings pending or threatened against the IESO or its properties: (a) asserting the invalidity of this Agreement or the Act, (b) seeking to prevent the consummation of any of the transactions contemplated by this Agreement or the Act, or (c) seeking a determination or ruling that could reasonably be expected to materially and adversely affect the performance by the IESO of its obligations under this Agreement or the Act or the validity or enforceability of this Agreement.

(g) Approvals. No approvals, authorizations, consents, orders or other actions or filings with any Governmental Authority are required for the IESO to execute, deliver and perform its obligations under this Agreement except those which have previously been obtained or made.

(h) Information. Except in respect of information provided by a third party, all written information, as amended or supplemented from time to time, provided by the Transferor to the Issuer with respect to the Issuer in a Transfer Notice and a Monthly Servicer Report is true and correct in all material respects and does not omit any material fact.

(i) The Transfer. After the completion of the Transfer on the applicable Closing Date, the IESO will have no right, title or interest in the Investment Interest

related to the Specified Portion of the Regulatory Asset as set forth in the applicable Transfer Notice, and the related Investment Interest shall not form part of the estate of the IESO in the event of an Insolvency Event in respect of the IESO.

(j) No Transfer. Except for Permitted Transfers, the IESO has not sold, transferred, assigned or otherwise conveyed any interest in the Regulatory Asset to any Person.

(k) Liens. IESO has not pledged or otherwise granted a Lien to any Person in the Regulatory Asset and to the IESO's knowledge (after due inquiry), there is no registered financing statement listing the IESO as debtor covering or extending to the Regulatory Asset.

(l) Tax Liens. The IESO (i) is not aware, after due inquiry, of any judgment or tax lien filing against the IESO, and (ii) is not a non-resident of Canada for purposes of the *Income Tax Act* (Canada).

(m) Solvency. On the date hereof and after giving effect to each Transfer, the IESO:

(i) reasonably believes that it will be able to pay its debts as they come due; and

(ii) is able to pay its debts as they mature and does not intend to incur, or believes that it will not incur, indebtedness that it will not be able to repay at its maturity.

(n) No Court Order. There is no order by any court that seeks to enjoin the performance of any obligations of the IESO under the Act or this Agreement.

4.2 Survival

The representations and warranties set forth in Section 4.1 shall survive the execution and delivery of this Agreement, each Transfer of a Specified Portion of a Regulatory Asset to the Issuer and the pledge of the corresponding Investment Asset to the Indenture Trustee pursuant to the Indenture and may not be waived by any party hereto except pursuant to a written agreement executed in accordance with Section 8.1 and as to which the Rating Agency Condition has been satisfied.

ARTICLE 5
COVENANTS OF THE IESO

5.1 Existence

So long as any Issuer Funding Obligations are outstanding, the IESO (a) shall not take any action to impair its corporate existence, and (b) will obtain and preserve its qualification to do business in the Province of Ontario.

5.2 No Transfer or Liens

Except for Transfers under this Agreement to the Issuer or Permitted Transfers, the IESO will not Transfer the Regulatory Asset or any portion thereof to any person. The IESO will not grant, create, incur, assume or suffer to exist any Lien on the Regulatory Asset or any portion thereof. The IESO will not at any time assert any Lien against or with respect to the Issuer Investment Interest, except for any Lien granted by the Issuer to the IESO.

5.3 Notice of Liens

The IESO shall notify the Issuer promptly after becoming aware of any Lien on any portion of the Regulatory Asset.

5.4 Compliance with Law

The IESO will comply with all Requirements of Law applicable to, and binding upon, the IESO or relating to the Regulatory Asset, except to the extent that failure to so comply would not materially adversely affect the Transfer of Specified Portions of the Regulatory Asset or the IESO's performance of its obligations under this Agreement; provided, however, that the foregoing is not intended to, and shall not, impose any liability on the IESO for non-compliance with any Requirement of Law that the IESO is contesting in good faith in accordance with its customary standards and procedures.

5.5 Covenants Related to the Investment Interest

(a) So long as any Issuer Funding Obligations are outstanding, the IESO shall treat the Issuer Investment Interest as the Issuer's property for all purposes.

(b) Except for investments held for employee benefit purposes, the IESO shall not at any time become a holder of Issuer Funding Obligations.

(c) The IESO shall disclose the effects of all transactions between the IESO and the Issuer in accordance with generally accepted accounting principles (for government entities).

(d) (i) In all Proceedings relating directly or indirectly to the Issuer Investment Interest, the IESO shall affirmatively certify and confirm that it has Transferred all of its rights and interests in and to the Specified Portions of the Regulatory Asset giving rise to the Issuer Investment Interest, (ii) the IESO shall not make any statement or reference in respect of the Issuer Investment Interest that is inconsistent with the ownership interest of the Issuer, and (iii) the IESO shall not take any action in respect of the Issuer Investment Interest except solely in its capacity as the Servicer thereof pursuant to this Agreement.

5.6 Non-petition Covenants

Notwithstanding any prior termination of this Agreement or the Indenture, the IESO shall not, prior to the date that is one year plus one day after termination of the Indenture

and the payment in full of all Issuer Funding Obligations and any other amounts owed under the Indenture, petition or otherwise invoke the process of any Governmental Authority for the purpose of commencing or sustaining a Proceeding against the Issuer under any Canadian bankruptcy, insolvency or similar law, appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official or any substantial part of the property of the Issuer.

5.7 Disclosure

The IESO shall provide such non-confidential information regarding IESO, the Regulatory Asset and the services provided by the Servicer hereunder (collectively, the "**IESO Disclosure**") as may be reasonably requested by the Issuer for inclusion in any offering document of the Issuer from time to time, including but not limited to offering memoranda, prospectuses, registration statements and continuous disclosure documents (the "**Offering Documents**"). Provided that the IESO has been given a reasonable opportunity by the Issuer to review any such Offering Documents and has provided its consent to the use of such IESO Disclosure, the IESO will represent that, except in respect of information provided by a third party, all IESO Disclosure, as at the respective dates of delivery to the Issuer, is true and correct in all material respects and contains no misrepresentation.

5.8 Further Assurances

Upon the request of the Issuer, the IESO shall execute and deliver such further instruments and do such further acts as may reasonably be necessary to carry out the provisions and purposes of this Agreement.

5.9 Access to Certain Records and Information

The IESO shall provide to the Issuer access to all records relating to the IESO Deferral, the Fair Hydro Variance Account, the IESO Segregated Account and Servicer CEA Receipts, as is reasonably required for the Issuer to confirm compliance by the IESO with its obligations under this Agreement. Access shall be afforded without charge, but only upon reasonable request and during normal business hours at the offices of the IESO. Nothing in this Section 5.9 shall affect the obligation of the IESO to comply with any Requirement of Law prohibiting disclosure of information, and the failure of the IESO to provide access to such information as a result of such obligation shall not constitute a breach of this Section 5.9.

5.10 Maintenance of Operations

Subject to Section 3.12, the IESO agrees to continue, unless prevented by circumstances beyond its control, to operate as the electricity system operator in the Province of Ontario so long as it is acting as the Servicer under this Agreement.

ARTICLE 6
IESO INDEMNITIES

6.1 Liability of the IESO; Indemnities

(a) The IESO shall indemnify the Issuer and each of its trustees, officers, directors and employees (each, an "**Indemnified Party**"), for, and defend and hold harmless each such Person from and against, any and all liabilities, obligations, losses, damages, payments and claims, and reasonable costs or expenses, of any kind whatsoever (collectively, "**Indemnified Losses**") imposed on, incurred by or asserted against such Person, as a result of (i) the failure of the IESO to perform its covenants and other obligations under this Agreement or any other Program Agreement to which the IESO is a party; or (ii) the breach by the IESO of any of its representations or warranties under this Agreement or any other Program Agreement to which the IESO is a party and, except to the extent of Indemnified Losses resulting from the willful misconduct, bad faith or gross negligence of such Person, seeking indemnification hereunder; provided that, in each case, the IESO shall not be required to indemnify an Indemnified Party for any amount paid or payable by such Indemnified Party in the settlement of any Proceeding or investigation without the written consent of the IESO, which consent shall not be unreasonably withheld or delayed. Promptly after receipt by an Indemnified Party of notice of the commencement of any Proceeding or investigation, such Indemnified Party shall, if a claim in respect thereof is to be made against the IESO under this Section 6.1(a), notify the IESO in writing of the commencement thereof. Failure by an Indemnified Party to so notify the IESO shall relieve the IESO from the obligation to indemnify and hold harmless such Indemnified Party under this Section 6.1(a) only to the extent that the IESO suffers actual prejudice as a result of such failure. With respect to any Proceeding or investigation brought by a third party for which indemnification may be sought under this Section 6.1(a), the IESO shall be entitled to conduct and control, at its expense and with counsel of its choosing that is reasonably satisfactory to such Indemnified Party, the defence of any such Proceeding or investigation (in which case the IESO shall not thereafter be responsible for the fees and expenses of any separate counsel retained by the Indemnified Party except as set forth below); provided, that the Indemnified Party shall have the right to participate in such Proceeding or investigation through counsel chosen by it and at its own expense. Notwithstanding the IESO's election to assume the defence of any Proceeding or investigation, the Indemnified Party shall have the right to employ separate counsel, and the IESO shall bear the reasonable fees, costs and expenses of such separate counsel, if (i) the defendants in any such action include both the Indemnified Party and the IESO and the Indemnified Party shall have reasonably concluded that there may be legal defences available to it that are different from or additional to those available to the IESO, (ii) the IESO shall not have employed counsel reasonably satisfactory to the Indemnified Party to represent the Indemnified Party within a reasonable time after notice of the institution of such action, (iii) the Indemnified Party shall have been advised by counsel to the Indemnified Party that there may be a conflict of interest between the IESO and the Indemnified Party, or (iv) the IESO authorizes the Indemnified Party to employ separate counsel at the expense of the IESO. Notwithstanding the foregoing, the IESO shall not be obligated to pay for the fees, costs and expenses

of more than one separate counsel for the Indemnified Parties other than one local counsel, if appropriate. The IESO will not, without the prior written consent of the Indemnified Party, settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim or Proceeding in respect of which indemnification may be sought under this Section 6.1(a) (whether or not the Indemnified Party is an actual or potential party to such claim or action) unless such settlement, compromise or consent includes an unconditional release of the Indemnified Party from all liability arising out of such claim or Proceeding.

(b) For purposes of Section 6.1(a), in the event of the termination of the rights and obligations of the IESO (or any successor thereto pursuant to Section 3.12) as Servicer pursuant to Section 7.1, or a resignation by such Servicer pursuant to Section 3.13 of this Agreement, the IESO shall be deemed to be the Servicer pending appointment of a Successor Servicer pursuant to Section 7.2.

(c) Indemnification under Section 6.1(a) shall survive any repeal of, modification of, or supplement to, or judicial invalidation of, the Act and shall survive the termination of this Agreement and will rank *pari passu* with other general, unsecured obligations of the IESO.

(d) Notwithstanding anything contained in this Agreement, it is expressly understood that the IESO is not agreeing to indemnify or hold the Issuer or any Indemnified Party harmless with respect to any of the following:

(i) any losses resulting from any breach or failure to perform by the IESO caused by a breach or failure to perform on the part of any other third party under any Program Agreement, the Act or the Regulations; provided that this Section 6.1(d)(i) shall not apply to limit the liability of the IESO in respect of any appointments as provided for in Section 3.10;

(ii) any losses resulting from changes in law after the date hereof, whether such changes in law are effected by means of any legislative enactment or any final and non-appealable judicial decision; or

(iii) any liability of the Issuer or any Indemnified Party incurred after the termination of this Agreement unless attributable to the actions or omissions of the IESO prior to such termination.

(e) The parties hereto agree that the IESO is not providing any representations, warranties or covenants in this Agreement, and shall have no liability to the Issuer or any Indemnified Party, with respect to the Clean Energy Adjustment amounts being sufficient to satisfy the Issuer Funding Obligations.

ARTICLE 7
SERVICER DEFAULT

7.1 Servicer Default

If any one or more of the following events (each, a "**Servicer Default**") shall occur and be continuing:

(a) any failure by the Servicer to remit to the Collection Account any required remittance that shall continue unremedied for a period of three Business Days after written notice of such failure is received by the Servicer from the Issuer or after discovery of such failure by a Responsible Officer of the Servicer;

(b) any failure on the part of the Servicer or, so long as the Servicer is the IESO, any failure on the part of the IESO, as the case may be, duly to observe or to perform in any respect any covenants or agreements of the Servicer or the IESO, as the case may be, set forth in this Agreement or in any other Program Agreement to which it is a party (other than as provided in Section 7.1(a)), which failure shall (i) materially and adversely affect the rights of the Specified Creditors and (ii) continue unremedied for a period of 30 days after the date on which (A) written notice of such failure, requiring the same to be remedied, shall have been given to the Servicer or the IESO, as the case may be, by the Issuer or (B) such failure is discovered by a Responsible Officer of the Servicer;

(c) any representation or warranty made by the Servicer in this Agreement, any other Program Agreement to which it is a party, any Transfer Notice or any Monthly Servicer Report shall prove to have been incorrect when made, which has a material adverse effect on the Issuer and which remains unremedied for a period of 30 days after the date on which (i) written notice thereof, requiring the same to be remedied, shall have been delivered to the Servicer by the Issuer or (ii) such failure is discovered by a Responsible Officer of the Servicer;

(d) an Insolvency Event occurs with respect to the Servicer or the IESO; or

(e) any additional "Servicer Default" as specified in any Co-Owner Agreement occurs;

then, and in each and every case, the Issuer may, subject to the terms of any Co-Owner Agreement, by notice then given in writing to the Servicer (a "**Termination Notice**"), terminate all the rights and obligations (other than the obligations set forth in Section 6.1 and the obligation under Section 7.2 to continue performing its functions as Servicer until a Successor Servicer is appointed) of the Servicer under this Agreement and under the Co-Owner Agreement. In addition, upon a Servicer Default described in Section 7.1(a), Issuer shall be entitled to apply to a court of appropriate jurisdiction for an order for sequestration and payment of revenues arising with respect to the Issuer. On or after the receipt by the Servicer of a Termination Notice, all authority and power of the Servicer under this Agreement, whether with respect to the Investment Interest, the Clean Energy Adjustments or otherwise, shall, without further action, pass to and be vested in such Successor Servicer as may be appointed under Section 7.2; and,

without limitation, the Issuer is hereby authorized and empowered to execute and deliver, on behalf of the predecessor Servicer, as attorney-in-fact or otherwise, any and all documents and other instruments, and to do or accomplish all other acts or things necessary or appropriate to effect the purposes of such Termination Notice, whether to complete the transfer of all documents and records related to the Regulatory Asset, the Fair Hydro Variance Account and related documents or records, or otherwise (the "**Records**"). The predecessor Servicer shall cooperate with the Successor Servicer and the Issuer in effecting the termination of the responsibilities and rights of the predecessor Servicer under this Agreement, including the transfer to the Successor Servicer for administration by it of all Records and all cash amounts that shall at the time be held by the predecessor Servicer for remittance, or shall thereafter be received by it with respect to the Investment Interest or the Clean Energy Adjustment. As soon as practicable after receipt by the Servicer of such Termination Notice, the Servicer shall deliver the Records to the Successor Servicer. If a Successor Servicer has been appointed as a result of a Servicer Default, all reasonable costs and expenses (including reasonable legal fees and expenses) incurred in connection with transferring the Records to the Successor Servicer and amending this Agreement and any Co-Owner Agreement to reflect such succession as Servicer pursuant to this Section 7.1 shall be paid by the predecessor Servicer upon presentation of reasonable documentation of such costs and expenses. Termination of the IESO as Servicer shall not terminate the IESO's rights or obligations under this Agreement (except rights thereunder deriving from its rights as the Servicer hereunder).

7.2 Appointment of Successor Servicer

(a) Upon the Servicer's receipt of a Termination Notice pursuant to Section 7.1 or the Servicer's resignation or removal in accordance with the terms of this Agreement, the predecessor Servicer shall continue to perform its functions as Servicer under this Agreement, until a Successor Servicer shall have assumed in writing the obligations of the Servicer hereunder as described below. In the event of the Servicer's removal or resignation hereunder, the Issuer may, but subject to the provisions of the applicable Co-Owner Agreement, appoint a Successor Servicer and the Successor Servicer shall accept its appointment by a written assumption in form reasonably acceptable to the Issuer. If, within 30 days after the delivery of the Termination Notice, a Successor Servicer shall not have been appointed, the Issuer may petition a court of competent jurisdiction to appoint a Successor Servicer under this Agreement. A Person shall qualify as a Successor Servicer only if (i) such Person is permitted under the Act to perform the duties of the Servicer, (ii) the Rating Agency Condition shall have been satisfied with respect to such appointment, (iii) such Person enters into a master transfer and servicing agreement with the Issuer having substantially the same provisions as this Agreement and (iv) such Person agrees to perform the obligations of the Servicer under any Co-Owner Agreement. In no event shall the Issuer be liable for its appointment of a Successor Servicer..

(b) Upon appointment, the Successor Servicer shall be the successor in all respects to the predecessor Servicer and shall be subject to all the responsibilities, duties and liabilities arising thereafter placed on the predecessor Servicer and shall be

entitled to all the rights granted to the predecessor Servicer by the terms and provisions of this Agreement.

7.3 Waiver of Past Defaults

The Issuer may waive in writing any default by the Servicer in the performance of its obligations hereunder and its consequences, subject to satisfaction of the Rating Agency Condition in respect of any waiver of a material default by the Servicer, and with prompt written notice of any waiver to be provided to the Rating Agencies. Upon any such waiver of a past default, such default shall cease to exist, and any Servicer Default arising therefrom shall be deemed to have been remedied for every purpose of this Agreement. No such waiver shall extend to any subsequent or other default or impair any right consequent thereto.

7.4 Notice of Servicer Default

The Servicer shall deliver to the Issuer and each Rating Agency, promptly after having obtained knowledge thereof, but in no event later than five Business Days thereafter, written notice of any event that, with the giving of notice or lapse of time, or both, would become a Servicer Default under Section 7.1.

7.5 Cooperation with Successor Servicer

The Servicer covenants and agrees with the Issuer that it will, on an ongoing basis, cooperate with the Successor Servicer and provide whatever information is, and take whatever actions are, reasonably necessary to assist the Successor Servicer in performing its obligations hereunder.

ARTICLE 8
MISCELLANEOUS

8.1 Amendment

This Agreement may be amended in writing by the IESO and the Issuer, and with satisfaction of the Rating Agency Condition, such satisfaction to be confirmed by the Issuer at the time of such amendment. Promptly after the execution of any such amendment, the Issuer shall furnish copies of such amendment to each of the Rating Agencies.

8.2 Withholding Rights

The parties shall be entitled to deduct and withhold from amounts payable under this Agreement such amounts as each is required to deduct and withhold with respect to such payment under the *Income Tax Act* (Canada) or any provision of any applicable federal, provincial, territorial, state, local or foreign tax law. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes as having been paid to the recipient of the payment in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted in accordance with applicable law to the appropriate taxing authority.

8.3 No Partnership

Each party expressly disclaims any intention to create a partnership, and none of the Issuer or the IESO will be deemed to be carrying on business in partnership by reason of its execution and delivery of this Agreement or the exercise or performance by it of its respective rights and obligations hereunder.

8.4 Notices

Any notice, report or other communication given hereunder shall be in writing and shall be effective (a) upon receipt when sent through the mails, registered or certified mail, return receipt requested, postage prepaid, with such receipt to be effective the date of delivery indicated on the return receipt, (b) upon receipt when sent by an overnight courier, (c) on the date personally delivered to an authorized officer of the party to which sent, or (d) on the date transmitted by electronic transmission with a confirmation of receipt in all cases, addressed as follows:

(a) in the case of the IESO, in its capacity as Transferor or Servicer:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, Ontario M5H 1T1

Attention: Chief Financial Officer, General Counsel and Associate General Counsel
Email: Kim.Marshall@ieso.ca
General.Counsel@ieso.ca
Michael.Boll@ieso.ca

(b) in the case of the Issuer or the Manager (on behalf of the Issuer):

Fair Hydro Trust
c/o Ontario Power Generation Inc., as Manager
700 University Avenue
Toronto, Ontario
M5G 1X6

Attention: FHT@opg.com
Email: Vice President, Fair Hydro Plan

Each party hereto may, by notice given in accordance herewith to the other party or parties hereto, designate any further or different address to which subsequent notices, reports and other communications shall be sent. Any notice, report or communication required to be given by the IESO hereunder to a Rating Agency shall be given to the address provided by the Issuer from time to time.

8.5 Assignment

Notwithstanding anything to the contrary contained herein, except as provided in the provisions of this Agreement concerning the resignation of the Servicer, this Agreement may not be assigned by the IESO.

8.6 Limitations on Rights of Third Parties

The provisions of this Agreement are solely for the benefit of the IESO and the Issuer, and such Persons shall have the right to enforce the relevant provisions of this Agreement. Nothing in this Agreement, whether express or implied, shall be construed to give to any other Person any legal or equitable right, remedy or claim in the Issuer Investment Interest or under or in respect of this Agreement or any covenants, conditions or provisions contained herein.

8.7 Severability

Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remainder of such provision (if any) or the remaining provisions hereof (unless such construction shall be unreasonable), and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

8.8 Separate Counterparts; Electronic Delivery

This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of this Agreement by such party.

8.9 Governing Law

This Agreement shall be construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein, and each party to this Agreement attorns to the non-exclusive jurisdiction of the courts of the Province of Ontario.

8.10 Grant of Security Interest to Indenture Trustee

The IESO hereby acknowledges and consents to the grant of a Lien by the Issuer to the Indenture Trustee pursuant to the Indenture for the benefit of the Specified Creditors against all right, title and interest of the Issuer in, to and under this Agreement, the Investment Interest and the proceeds thereof and the assignment of any or all of the Issuer's rights hereunder to the Indenture Trustee for the benefit of the Specified Creditors. The IESO further acknowledges and agrees that, pursuant to the terms of the Indenture, if the Issuer fails to exercise any of its rights under this Agreement, including any right to be indemnified by the IESO for Indemnified Losses pursuant to Article 6 of this Agreement, the Indenture Trustee shall

be entitled, subject to the terms of the Indenture, to enforce such rights against the IESO directly on the Issuer's behalf.

8.11 Limitation of Liability of the Issuer Trustee

(a) It is expressly understood and agreed by the parties hereto that the Issuer Trustee is acting solely in its capacity as trustee of the Issuer, and not in any other capacity. The Issuer solely shall be responsible for the performance of the Issuer's obligations hereunder and the assets of the Issuer solely shall be subject to levy or execution in satisfaction of such obligations.

(b) The Issuer Trustee will not be subject to any liability whatsoever, in tort, in contract or otherwise, in connection with the Issuer's property or the Issuer's activities, to the Issuer's beneficiaries or to any other Person, for any action taken or permitted by the Issuer Trustee to be taken, or the Issuer Trustee's failure to compel in any way any former or acting Issuer Trustee to redress any breach of trust with respect to the execution of the duties of its office or in respect of the Issuer's property or the Issuer's activities, provided that the foregoing limitation will not apply in respect of action or failure to act arising from or in connection with dishonesty, bad faith, willful misconduct, gross negligence or reckless disregard of a duty by the Issuer Trustee. The Issuer Trustee, in doing anything or permitting anything to be done in respect of the execution of the duties of its office or in respect of the Issuer's property or the Issuer's activities, is, and will be conclusively deemed to be, acting as trustee of the Issuer and not in any other capacity. Except as to the extent provided in this Section 8.11, the Issuer Trustee will not be subject to any liability for any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Issuer, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the execution of the duties of its office or for or in respect of the Issuer's property or the Issuer's activities and resort will be had solely to the Issuer's property for the payment or performance thereof. No property or assets of the Issuer Trustee owned in its personal capacity will be subject to levy, execution or other enforcement procedure with regard to any obligation under this Agreement.

(c) The holders of the units of the Issuer will not be subject to any liability whatsoever, in tort, in contract or otherwise, in connection with the Issuer's property or the Issuer's activities, to the Issuer's beneficiaries or to any other Person, for any action taken or permitted by it to be taken. The holders of the units of the Issuer will not be subject to any liability for any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Issuer, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the execution of the duties of its office or for or in respect of the Issuer's property or the Issuer's activities and resort will be had solely to the Issuer's property for the payment or performance thereof. No property or assets of the holders of the units of the Issuer owned in

their personal capacity will be subject to levy, execution or other enforcement procedure with regard to any obligation under this Agreement.

8.12 Waivers

Any term or provision of this Agreement may be waived, or the time for its performance may be extended, by the party or parties entitled to the benefit thereof, subject to the satisfaction of the Rating Agency Condition in respect of any material waiver. Any such waiver shall be validly and sufficiently authorized for the purposes of this Agreement if, as to any party, it is authorized in writing by an authorized representative of such party, with prompt written notice of any such waiver to be provided to the Rating Agencies. The failure of any party hereto to enforce at any time any provision of this Agreement shall not be construed to be a waiver of such provision, nor in any way to affect the validity of this Agreement or any part hereof or the right of any party thereafter to enforce each and every such provision. No waiver of any breach of this Agreement shall be held to constitute a waiver of any other or subsequent breach.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective officers as of the day and year first above written.

FAIR HYDRO TRUST, by its Manager,
ONTARIO POWER GENERATION INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Transferor and Servicer

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT A

FORM OF TRANSFER NOTICE

See attached

TRANSFER NOTICE

TO: Fair Hydro Trust
c/o Ontario Power Generation Inc., as Manager
700 University Avenue
Toronto, Ontario
M5G 1X6

Attention: ■
Email: ■

This Transfer Notice is delivered to you pursuant to Section 2.1 of a master transfer and servicing agreement made as of December ■, 2017 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "**Master Transfer and Servicing Agreement**") between **FAIR HYDRO TRUST**, a trust formed under the laws of the Province of Ontario (the "**Issuer**"), the **INDEPENDENT ELECTRICITY SYSTEM OPERATOR** ("**Transferor**" in its capacity as transferor, "**Servicer**", in its capacity as servicer, and "**IESO**" in its capacity as both Transferor and Servicer), a statutory corporation without share capital amalgamated under the laws of the Province of Ontario. All capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed to such terms in the Master Transfer and Servicing Agreement.

The Transferor hereby gives notice to the Issuer of its offer to transfer to the Issuer on the Closing Date set out below, the Specified Portion of the Regulatory Asset referred to below, all in accordance with the terms and conditions of the Master Transfer and Servicing Agreement. In consideration for (i) the Transferor's Transfer to the Issuer of the Specified Portion of the Regulatory Asset referred to below, the Issuer shall deliver or cause to be delivered to the Transferor on the Closing Date set out below, by wire transfer or electronic funds transfer in immediately available funds, an amount in Canadian dollars equal to the Purchase Price set out below.

Upon receipt by the Transferor of the Purchase Price on the Closing Date the Transferor shall reduce the balance of the Fair Hydro Variance Account by an amount equal to the Purchase Price, and the Regulatory Asset shall be adjusted accordingly.

Specified portion of Regulatory Asset: $■

Purchase Price: $■

Closing Date: ■

The Transferor hereby represents, warrants and confirms that:

(i) each of the representations and warranties on the part of the Transferor contained in the Master Transfer and Servicing Agreement are true and correct in all respects on the date hereof as if made on the date hereof;

(ii) the Transferor is not in breach of any of its covenants in the Master Transfer and Servicing Agreement; [and

(iii) since the date of the last Transfer Notice there has been no change to the information described in Section 2.2(a)(i)(A) of the Master Transfer and Servicing Agreement;] and

(iv) as of the date hereof, each condition precedent that must be satisfied by the Transferor under Section 2.2 of the Master Transfer and Servicing Agreement is capable of being satisfied prior to Closing Date.

[Note: If the representation and warranty in clause (iii) cannot be made, it should be deleted and a new certificate provided under Section 2.2(a)(i)(A).]

The closing shall take place at ■ (Toronto time) on the Closing Date referred to above at the offices of ■, except as may be otherwise mutually agreed. The Purchase Price shall be paid on that date by wire transfer or electronic funds transfer to [insert IESO bank account details].

DATED this ■ day of ■, 20■.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Transferor

By: _____
Name:
Title:

By: _____
Name:
Title:

The undersigned hereby accepts the foregoing offer.

DATED this ■ day of ■, 20■.

FAIR HYDRO TRUST, by its Manager,
ONTARIO POWER GENERATION INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT B

FORM OF MONTHLY CARRYING COSTS STATEMENT

See Attached

MONTHLY CARRYING COSTS STATEMENT

TO: INDEPENDENT ELECTRICITY SYSTEM OPERATOR
[Address]

Attention: ■
Email: ■

Reference is made to the master transfer and servicing agreement made as of December ■, 2017 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "**Master Transfer and Servicing Agreement**") between **FAIR HYDRO TRUST**, a trust formed under the laws of the Province of Ontario (the "**Issuer**") and the **INDEPENDENT ELECTRICITY SYSTEM OPERATOR** ("**Transferor**" in its capacity as transferor, "**Servicer**", in its capacity as servicer, and "**IESO**" in its capacity as both Transferor and Servicer), a statutory corporation without share capital amalgamated under the laws of the Province of Ontario. Capitalized terms used but not defined in this Monthly Carrying Costs Statement have their respective meanings as set forth in the Master Transfer and Servicing Agreement.

Pursuant to Section 3.14 of the Master Transfer and Servicing Agreement, the undersigned hereby certifies that the Monthly Carrying Costs (including any adjustments pursuant to Section 3.14(d)) in respect of the calendar month of ■, ■ are expected to be as follows:

[Provide breakdown, including any adjustments pursuant to Section 3.14(d)]

In accordance with Section 3.14(c) of the Master Transfer and Servicing Agreement, the undersigned hereby directs you to deliver to the Issuer, by wire transfer or electronic funds transfer to the account set forth below, an amount in Canadian dollars equal to the Monthly Carrying Costs set forth above on or before ■, 20■, and this shall be your good and valid authority for so doing.

[NTD: Wire transfer instructions to be provided by OPG.]

DATED this ■ day of ■, 20■.

FAIR HYDRO TRUST, by its Manager,
ONTARIO POWER GENERATION INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

SECURITY AGREEMENT

THIS AGREEMENT made as of the ____ day of December, 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital established by the *Electricity Act, 1998*, SO, 1998,

(hereinafter referred to as the "**Grantor**"),

IN FAVOUR OF:

FAIR HYDRO TRUST, a trust formed under the laws of the Province of Ontario,

(hereinafter referred to as the "**Secured Party**"),

WHEREAS under Regulation 206/17 made under the *Ontario Fair Hydro Plan Act, 2017* (the "**Regulation**"), the Grantor is required to pay to the Secured Party the Carrying Costs of the Secured Party during the period beginning on April 1, 2017 and ending on June 30, 2021 (the "**Statutory Obligation**");

AND WHEREAS the Grantor (together with the Secured Party, collectively referred to as the "**Parties**") has agreed to enter into a security agreement in favour of the Secured Party to secure payment of the Statutory Obligation;

NOW THEREFORE THIS AGREEMENT WITNESSES that, for and in consideration of the premises, mutual covenants and conditions herein contained and such other lawful and valuable consideration the receipt of sufficiency of which is hereby acknowledged, the Parties hereby agree as follows:

1. INTERPRETATION

1.1 Defined Terms

In this Agreement, unless there is something in the context or subject matter inconsistent therewith,

(a) "**Account**" shall have the meaning attributed to such term in the PPSA;

(b) "**Business Day**" means any day other than a Saturday or a Sunday on which banks generally are open for business in Toronto, Ontario;

(c) "**Carrying Costs**" shall have the meaning attributed to the term "carrying costs" in the Regulation;

(d) "**Collateral**" shall have the meaning attributed to such term in Section 2.1;

(e) "**Electricity Vendor**" shall mean a licensed distributor and a licensed retailer, each as defined in the *Ontario Fair Hydro Plan Act, 2017*;

(f) "**Indenture**" means the master trust indenture dated as of the date hereof between the Secured Party and BNY Trust Company of Canada, as indenture trustee;

(g) "**Money**" shall have the meaning attributed to such term in the PPSA;

(h) "**Permitted Liens**" means liens approved in writing by the Secured Party;

(i) "**PPSA**" means the *Personal Property Security Act* (Ontario), as amended from time to time, and any regulations thereto;

(j) "**Proceeds**" means "proceeds", as defined in the PPSA, of the Collateral;

(k) **"Receiver"** shall have the meaning attributed to such term in Section 6.2 of this Agreement;

(l) "**Rating Agency Condition**" shall have the meaning attributed to such term in the Indenture;

(m) "**Rating Agency**" shall have the meaning attributed to such term in the Indenture;

(n) "**Regulation**" shall have the meaning attributed to such term in the recitals hereto; and

(o) "**Statutory Obligation**" shall have the meaning attributed to such term in the recitals hereto.

1.2 Other Usages

References to "this Agreement", "hereof", "herein", "hereto" and like references refer to this Security Agreement and not to any particular Article, Section or other subdivision of this Agreement.

1.3 Plural and Singular

Where the context so requires, the words importing the singular number shall include the plural and vice versa.

1.4 Headings

The division of this Agreement into Articles and Sections and the insertion of headings in this Agreement are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

1.5 Applicable Law

This Agreement and all documents delivered pursuant hereto shall be governed by and construed and interpreted in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein and the Parties do hereby attorn to the non-exclusive jurisdiction of the courts of the Province of Ontario.

1.6 Prohibited Provisions

In the event that any provision or any part of any provision hereof is deemed to be invalid by reason of the operation of any law or by reason of the interpretation placed thereon by a court, this Agreement shall be construed as not containing such provision or such part of such provision and the invalidity of such provision or such part shall not affect the validity of any other provision or the remainder of such provision hereof, and all other provisions hereof which are otherwise lawful and valid shall remain in full force and effect.

1.7 Time of the Essence

Time shall in all respects be of the essence of this Agreement.

1.8 Recitals and Schedules

Each and every one of the recitals and schedules which are referred to in this Agreement and attached to this Agreement shall form an integral part of this Agreement.

2. SECURITY INTEREST

2.1 Grant of Security Interest

As general and continuing security for the payment of the Statutory Obligation, the Grantor hereby grants a security interest to the Secured Party in the following (collectively, the "**Collateral**"):

(a) all Accounts, which are now due, owing or accruing or growing due to, or which may hereafter become due, owing or accruing or growing due, to the Grantor by an Electricity Vendor;

(b) all Proceeds and renewals of the foregoing, in whatever form, together with all substitutions therefore.

Whenever used elsewhere in this Agreement, the expression "**security interest**" refers to the security interest created in this Section 2.1.

2.2 Attachment of Security Interest

The Grantor acknowledges and agrees that (i) value has been given, (ii) the Grantor has rights in such of the Collateral as constitutes present property of the Grantor, and (iii) the security interest shall attach to existing Collateral upon execution of this Agreement by the Grantor and to each item of after-acquired Collateral at the time that the Grantor acquires any rights therein.

3. COVENANTS OF THE GRANTOR

3.1 Covenants

The Grantor hereby covenants and agrees with the Secured Party as follows:

(a) To promptly pay all taxes, assessments, rates, levies, payroll deductions, vacation pay, workers' compensation assessments, and any other charges which could result in the creation of a statutory lien or deemed trust in respect of the Collateral.

(b) To defend the Collateral against the claims and demands of all other persons claiming the same or an interest therein and to promptly notify the Secured Party of any such claim or demand.

(c) To do, make, execute and deliver such further and other assignments, transfers, deeds, agreements and other documents as may be required by the Secured Party to establish in favour of the Secured Party the security interest intended to be created hereby.

3.2 Performance of Covenants by the Secured Party

The Secured Party may, in its sole discretion and upon notice to and at the expense of the Grantor, perform any covenant of the Grantor under this Agreement that the Grantor fails to perform and that the Secured Party is capable of performing, provided that the Secured Party will not be obligated to perform any such covenant on behalf of the Grantor and no such performance by the Secured Party will require the Secured Party further to perform the Grantor’s covenants nor operate as a derogation of the rights and remedies of the Secured Party under this Agreement.

4. DEALING WITH COLLATERAL

4.1 Grantor’s Rights

Until the Secured Party is entitled to exercise its rights and remedies under Section 6.2, the Grantor shall be entitled to deal with the Collateral in the ordinary course of business, provided however, that no such action shall be taken which would impair the effectiveness of the security interests created hereby, the provisions of this Agreement or any other written agreement between the Secured Party and the Grantor.

4.2 General Restrictions

The Grantor shall not, without the prior written consent of the Secured Party:

(a) sell, lease or otherwise dispose of the Collateral or any part thereof except in the ordinary course of business; or

(b) enter into or grant, create, assume or suffer to exist any mortgage, charge, hypothec, assignment, pledge, lien or other security interest or encumbrance affecting any of the Collateral except the Permitted Liens.

4.3 Release by the Secured Party

The Secured Party may, at its discretion, at any time release from the security interest created by this Agreement any part or parts of the Collateral or any other security or any surety for the Statutory Obligation either with or without sufficient consideration therefor without thereby releasing any other part of the Collateral or any person from this Agreement.

5. REPRESENTATIONS AND WARRANTIES

5.1 Representations and Warranties

The Grantor hereby represents and warrants to the Secured Party, the matters set out below:

(a) **Incorporation and Qualifications** – The Grantor is a statutory corporation amalgamated under the laws of the Province of Ontario, with requisite power and authority to own its properties, to conduct its business as such properties are currently owned and such business is presently conducted by it, and to execute, deliver and carry out the terms of this Agreement.

(b) **Corporate Authority and Power** – The Grantor has the requisite power and authority to execute and deliver this Agreement and to carry out its terms. The execution, delivery and performance of all obligations under this Agreement have been duly authorized by all necessary action on the part of the Grantor under all applicable laws.

(c) **Non-Conflict** – Neither the execution nor the performance of this Agreement requires the approval of any regulatory agency having jurisdiction over the Grantor nor is this Agreement in contravention of or in conflict with the by-laws or resolutions of the directors or shareholders of the Grantor or of the provisions of any agreement to which the Grantor is a party or by which any of its property may be bound or of any statute, regulation, by-law, ordinance or other law, or to the best of its knowledge of any judgement, decree, award, ruling or order to which the Grantor or any of its property may be subject, other than approvals that have been obtained.

(d) **Ownership of Collateral Free of Liens** – The Grantor is the owner of or has rights in the existing Collateral free and clear of any liens other than Permitted Liens.

(e) **Grantor Information** – Schedule A sets forth (a) the Grantor's jurisdiction of incorporation, (b) the location of the Grantor's registered office and business operations and records, and (c) the Grantor's exact legal name (in English and French).

(f) **Enforceability** – This Agreement constitutes a valid and legally binding obligation of the Grantor enforceable against it in accordance with its terms, subject to general equitable principles, including the fact that the availability of equitable remedies, such as injunctive relief and specific performance, is in the discretion of the court.

5.2 Reliance and Survival

All representations and warranties of the Grantor made in this Agreement shall survive the execution and delivery of this Agreement and shall continue in full force and effect without time limit. The Secured Party shall be deemed to have relied upon each such representation and warranty notwithstanding any investigation made by or on behalf of the Secured Party at any time.

6. ENFORCEMENT

6.1 Enforceability of Security

The security hereby constituted shall become enforceable only upon the failure of the Grantor to pay the Statutory Obligations when due, and then only to the extent of the Statutory Obligations not then paid when due. The Grantor acknowledges that it has no right in any circumstance to accelerate payment of the Statutory Obligations, to apply proceeds of Collateral on account of Statutory Obligations not yet due, or to reserve or hold proceeds of Collateral on account of Statutory Obligations not yet due.

6.2 Remedies

At any time that the security hereby constituted shall have become enforceable, the Secured Party may give notice of its intention to its exercise rights and remedies hereunder. At any time ten Business Days following the giving of such notice, and unless the amounts due and owing on account of the carrying Costs at the time of the Notice have been paid, the Secured Party shall have the following rights, powers and remedies:

(a) to appoint any person to be an agent or any person to be a receiver, manager or receiver and manager (herein called the "**Receiver**") of the Collateral and to remove any Receiver so appointed and to appoint another if the Secured Party so desires; it being agreed that any Receiver appointed pursuant to the provisions of this Agreement shall have all of the powers of the Secured Party hereunder;

(b) to make payments to parties having prior charges or encumbrances on the Collateral;

(c) to preserve, protect and maintain the Collateral;

(d) to enjoy and exercise all powers necessary or incidental to the performance of all functions provided for in this Agreement;

(e) to sell or dispose of all or any part of the Collateral whether by public or private sale or otherwise and on any terms so long as every aspect of the disposition is

commercially reasonable, including without limitation, terms that provide time for payment on credit;

(f) to enjoy and exercise in respect of the Collateral all of the rights and remedies of a secured party under the PPSA;

(g) to notify the account debtors or obligors under any Accounts which constitute part of the Collateral of the assignment of such Accounts to the Secured Party and to direct such account debtors or obligors to make payment of all amounts due or to become due to the Grantor thereunder directly to the Secured Party and to give valid and binding receipts and discharges therefor and in respect thereof and, upon such notification and at the expense of the Grantor, to enforce collection of any such Accounts, and to adjust, settle or compromise the amount or payment thereof, in the same manner and to the same extent as the Grantor might have done; and

(h) to commence, continue or defend proceedings in any court of competent jurisdiction in the name of the Secured Party, the Receiver or the Grantor for the purpose of exercising any of the rights, powers and remedies set out in this Section, including the institution of proceedings for the appointment of a receiver, manager or receiver and manager of the Collateral.

6.3 Special Rules re Accounts

At any time that the Secured Party is entitled to exercise its rights and remedies under Section 6.2,

(a) all Money or other form of payment received by the Grantor in respect of the Collateral shall be received in trust for the benefit of the Secured Party hereunder, shall be segregated from other funds of the Grantor and shall be forthwith paid over to the Secured Party in the same form as so received (with any necessary endorsement) to be held as cash collateral and applied as provided by Section 6.8; and

(b) the Grantor shall not adjust, settle or compromise the amount or payment of any Collateral.

6.4 Receiver as Agent

The Receiver shall be deemed to be the agent of the Grantor for the purpose of establishing liability for the acts or omissions of the Receiver and the Secured Party shall not be liable for such acts or omissions and, without restricting the generality of the foregoing, the Grantor hereby irrevocably authorizes the Secured Party to give instructions to the Receiver relating to the performance of its duties as set out herein.

6.5 Expenses of Enforcement

The Grantor shall pay to the Receiver the remuneration of the Receiver and all costs and expenses (including, without limitation, legal fees and disbursements on a full indemnity basis)

properly incurred by the Receiver pursuant to its appointment and the exercise of its powers hereunder, and shall pay to the Secured Party and the Receiver as required all amounts of Money (including interest thereon) borrowed or advanced by either of them pursuant to the powers set out herein, and the obligations of the Grantor to the Secured Party and the Receiver pursuant to this Section 6.5 shall be payable on demand.

6.6 Indulgences and Releases

Either the Secured Party or the Receiver may grant extensions of time and other indulgences, take and give up securities, accept compositions, grant releases and discharges, release any part of the Collateral to third parties and otherwise deal with the Grantor, debtors of the Grantor, sureties and others and with the Collateral and other security as the Secured Party or the Receiver may see fit without prejudice to the right of the Secured Party and the Receiver to repossess, hold, collect and realize the Collateral.

6.7 No Liability for Failure to Exercise Remedies

The Secured Party and the Receiver shall not be liable or accountable to the Grantor or to any other person for any failure to exercise any of the rights, powers and remedies set out in this Agreement, and shall not be bound to commence, continue or defend proceedings for the purpose of preserving or protecting any rights of the Secured Party, the Receiver, the Grantor or any other party in respect of the same.

6.8 Proceeds of Disposition

All Moneys received by the Secured Party or by the Receiver pursuant to Section 6.2 shall be promptly applied as follows:

(a) first, in payment of all costs and expenses incurred by the Secured Party in the exercise of all or any of the powers granted to it under this Agreement and in payment of all of the remuneration of the Receiver and all costs and expenses properly incurred by the Receiver in the exercise of all or any of the powers granted to it under this Agreement, including, without limitation, the remuneration, costs and expenses referred to in Section 6.5;

(b) second, in payment of all amounts of Money borrowed or advanced by either of the Secured Party or the Receiver pursuant to the powers set out in this Agreement and any interest thereon;

(c) third, in payment of the Statutory Obligation, provided that if there are not sufficient Moneys to fully pay and perform the Statutory Obligation, the Secured Party may apply the Moneys available to such part or parts thereof as the Secured Party, in its sole discretion, may determine; and

(d) fourth, in payment of any surplus in accordance with applicable law.

6.9 Grantor Liable for Deficiency

If the Moneys received by the Secured Party or the Receiver pursuant to Section 6.2 are not sufficient to pay the claims set out in Section 6.8, the Grantor shall immediately pay the Secured Party the amount of such deficiency.

6.10 Restriction on Grantor

Upon notification of the account debtors or obligors under any Accounts which constitute part of the Collateral of the assignment of such Accounts to the Secured Party or the appointment of a Receiver in respect of the Collateral, all the powers, functions, rights and privileges of the Grantor or any officer, director, servant or agent of the Grantor with respect to the Collateral shall, to the extent permitted by applicable law, be suspended unless specifically continued by the written consent of the Secured Party; however, all other powers, functions, rights and privileges of the Grantor or any officer, director, servant or agent of the Grantor shall be unaffected by such events.

6.11 Rights Cumulative

All rights and remedies of the Secured Party set out in this Agreement shall be cumulative and no right or remedy contained herein is intended to be exclusive but each shall be in addition to every other right or remedy contained herein or in any existing or future security document or now or hereafter existing at law or in equity or by statute.

7. GENERAL

7.1 Waiver

Any default by the Grantor in the observance or performance of any covenant or condition required to be observed or performed by the Grantor hereunder, may only be waived by the Secured Party in writing, provided that (i) no such waiver by the Secured Party shall extend to or be taken in any manner to affect any subsequent breach or default or the rights resulting therefrom, (ii) the Rating Agency Condition is satisfied in respect of any waiver of a material default by the Grantor and (iii) prompt written notice of any waiver is provided to each Rating Agency.

7.2 The Secured Party as Attorney

At any time that the Secured Party is entitled to exercise its rights and remedies under Section 6.2, the Grantor hereby irrevocably appoints the Secured Party and any person further designated by the Secured Party to be the attorney of the Grantor for and in the name of the Grantor to execute and do any deeds, documents, transfers, demands, assignments, assurances, consents and things which the Grantor is obliged to sign, execute or do hereunder and, to commence, continue and defend any proceedings authorized to be taken hereunder and generally to use the name of the Grantor in the exercise of all or any of the powers hereby conferred on the Secured Party. These powers are coupled with an interest, have been given for valuable consideration (the receipt and adequacy of which is acknowledged), survive, and do not terminate upon, the bankruptcy, dissolution, winding up or insolvency of the Grantor, and are irrevocable until the Statutory Obligation has been satisfied in full and this Agreement is terminated and the security

interest created herein has been released. This power of attorney extends to and is binding upon the Grantor's successors and permitted assigns. The Grantor authorizes the Secured Party to delegate in writing to another person any power and authority of the Secured Party under this power of attorney as may be necessary or desirable in the opinion of the Secured Party, and to revoke or suspend such delegation.

7.3 Further Assurances

The Grantor shall do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, such further acts, deeds, mortgages, transfers and assurances as the Secured Party shall reasonably require for the better assuring, charging, assigning and conferring unto the Secured Party a security interest in the Collateral, or which the Grantor may hereafter become bound to charge in favour of the Secured Party, for the purpose of accomplishing and effecting the intention of this Agreement.

7.4 Amalgamation of the Grantor

The Grantor acknowledges and agrees that in the event that it amalgamates with any other persons, then (i) the Collateral and the security interest shall extend to and include all of the property and undertaking that any of the amalgamating corporations then owns, all of the property and undertaking that the amalgamated corporation thereafter acquires, all of the property and undertaking in which any of the amalgamating corporations then has any interest, and all of the property and undertaking in which the amalgamated corporation thereafter acquires any interest, and (ii) all references herein to the Grantor shall extend to and include the amalgamated corporation.

7.5 Continuing Security

The security interest constituted hereby shall be deemed to be a continuing security for the Statutory Obligation until the Statutory Obligation is paid and performed in full.

7.6 Notices

All notices and other communications provided for herein shall be in writing and shall be personally delivered to an officer or other responsible employee of the addressee or sent by facsimile, charges prepaid, at or to the applicable address or facsimile number, as the case may be, of the party set opposite its name below or at or to such other address or addresses or facsimile number or numbers as either party may from time to time designate to the other party in such manner. Any communication which is personally delivered as aforesaid shall be deemed to have been validly and effectively given on the date of such delivery if such date is a Business Day and such delivery was made during normal business hours of the recipient; otherwise, it shall be deemed to have been validly and effectively given on the Business Day next following such date of delivery. Any communication which is transmitted by facsimile as aforesaid shall be deemed to have been validly and effectively given on the date of transmission if such date is a Business Day and such transmission was made during normal business hours of the recipient; otherwise, it shall be deemed to have been validly and effectively given on the Business Day next following such date of transmission.

In the case of the Grantor:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, Ontario
M5H 1T1

Attention: Chief Financial Officer, General Counsel and Associate General Counsel
Email: Kim.Marshall@ieso.ca
General.Counsel@ieso.ca
Michael.Boll@ieso.ca

In the case of the Secured Party:

Fair Hydro Trust
c/o Ontario Power Generation Inc., as Manager
700 University Avenue
Toronto, Ontario
M5G 1X6

Attention: Vice President, Fair Hydro Plan
Email: FHT@opg.com

7.7 Assignment

The Secured Party may from time to time upon notice to, but without the consent of, the Grantor and each Rating Agency, assign or transfer this Agreement to any other person. The Grantor shall not be entitled to assign or transfer this Agreement or any of the Grantor's rights, duties or obligations hereunder without the prior written consent of the Secured Party.

7.8 Successors and Assigns

This Agreement shall enure to the benefit of the Secured Party and its successors and assigns and shall be binding upon the Grantor and its successors and permitted assigns.

7.9 Amendments

This Agreement may not be amended or otherwise modified except by an instrument in writing executed by the Parties, subject to the satisfaction of the Rating Agency Condition in respect of any material amendment or modification, and with prompt written notice of any amendment or modification to be provided to each Rating Agency.

7.10 Entire Agreement

This Agreement and the agreements referred to herein and any document, agreement or instrument delivered pursuant to such agreements constitute the entire agreement between the Parties and supersede any prior agreements, undertakings, declarations, representations and undertakings, both written and verbal, in respect of the subject matter hereof.

7.11 Receipt of Agreement and Financing Statement.

The Grantor hereby acknowledges receipt of an executed copy of this Agreement and of the financing statement registered under the PPSA evidencing the security interest created hereby.

7.12 Counterpart

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same instrument, and it shall not be necessary in making proof of this Agreement to produce or account for more than one such counterpart.

7.13 Delivery by Facsimile or Electronic Transmission

This Agreement may be executed and delivered by facsimile or electronic transmission and each of the Parties may rely on such facsimile or electronic signature as though such facsimile signature were an original signature.

[NEXT PAGE IS SIGNATURE PAGE]

IN WITNESS WHEREOF the Parties have duly executed this Agreement as of the date first written above.

FAIR HYDRO TRUST, by its Manager,
ONTARIO POWER GENERATION INC., as Secured Party

By: _____
Name:
Title:

By: _____
Name:
Title:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Grantor

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A

GRANTOR INFORMATION

1. Grantor's exact legal name:

Independent Electricity System Operator
Société indépendante d'exploitation du réseau d'électricité

2. Grantor's jurisdiction of incorporation:

Ontario

3. **Grantor's registered office address:**

120 Adelaide Street West, Suite 1600
Toronto, Ontario
M5H 1T1

4. Location of Grantor's business operations and records:

120 Adelaide Street West, Suite 1600
Toronto, Ontario
M5H 1T1

2635 Lakeshore Road West
Mississauga, Ontario
L5J 4T5

2265 Upper Middle Road East
Oakville, Ontario
L6H 0G5

Draft Date: December 14, 2017#2

FAIR HYDRO TRUST

as Issuer

AND

BNY TRUST COMPANY OF CANADA

as Indenture Trustee

TRUST INDENTURE

DATED AS OF DECEMBER [21], 2017

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This **TRUST INDENTURE**, between **COMPUTERSHARE TRUST COMPANY OF CANADA** in its capacity as trustee of **FAIR HYDRO TRUST**, a trust formed under the laws of the Province of Ontario (the "**Issuer**"), and **BNY TRUST COMPANY OF CANADA**, a trust company existing under the laws of Canada, in its capacity as Indenture Trustee (the "**Indenture Trustee**"), is made and entered into as of December [21], 2017.

RECITALS OF THE ISSUER

The Issuer wishes to provide for the incurrence of Issuer Funding Obligations in one or more Classes, Series or Tranches.

All things necessary to make this Indenture a valid and legally binding agreement of the Issuer, in accordance with its terms, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Definitions

For all purposes of this Indenture and of any Supplemental Indenture, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms defined in Schedule A have the meanings assigned to them in Schedule A, and include the plural as well as the singular;

(b) all accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles (including the International Financial Reporting Standards published by the International Accounting Standards Board or the Accounting Standards Certification published by the Financial Accounting Standards Board (US GAAP)) and, except as otherwise herein expressly provided, the term "generally accepted accounting principles" with respect to any computation required or permitted hereunder means such accounting principles as are generally accepted in Canada or the United States at the date of such computation;

(c) unless the context otherwise requires, terms defined in the PPSA and not otherwise defined in this Indenture or a Supplemental Indenture shall have the meanings set forth in the PPSA;

(d) references to an agreement shall mean such agreement, as amended, modified, restated and supplemented from time to time in accordance with the provisions hereof;

(e) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(f) references to any law, rule, regulation or order of a Governmental Authority shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(g) references to any statute shall include all regulations promulgated thereunder;

(h) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(i) all references in this Indenture to designated "Articles", "Sections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Schedules, Exhibits and other subdivisions of this Indenture as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision;

(j) "including" and words of similar import will be deemed to be followed by "without limitation";

(k) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding"; and

(l) references to a specific rating by a Rating Agency shall mean such rating or the equivalent rating if such Rating Agency changes its rating scale.

1.02 <u>Compliance Certificates and Opinions</u>

Upon any application or request by the Issuer to the Indenture Trustee to take any action under any provision of this Indenture, the Issuer will furnish to the Indenture Trustee (i) an Issuer's Certificate stating that all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with, and (ii) an Opinion of Counsel stating that, in the opinion of such counsel, all such conditions precedent, if any, have been complied with, except that in the case of any such application or request as to which the furnishing of such documents are specifically required by any provision of this Indenture relating to such particular application or request, no additional certificate or opinion need be furnished.

The Indenture Trustee may rely, as to authorization by the Issuer of any Series or Tranche of Notes, the form and terms thereof and the legality, validity, binding effect and enforceability thereof, upon the Opinion of Counsel and the other documents delivered pursuant to Article V and this Section 1.02, as applicable, in connection with the authentication of Notes of such Series or Tranche.

Every certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture (except for the written statement required by Section 13.10) will include:

(a) a statement that each individual signing such certificate or opinion has read such covenant or condition and the definitions herein relating thereto;

(b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(c) a statement that such individual has made such examination or investigation as is necessary to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(d) a statement as to whether, in the opinion of each such individual, such condition or covenant has been complied with.

1.03 Form of Documents Delivered to Indenture Trustee

In any case where several matters are required to be certified by, or covered by an opinion of, one or more specified Persons, one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to the other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

Any certificate or opinion of the Issuer may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless the Issuer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations are erroneous. Any such certificate or opinion of, or representation by, counsel may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, the Issuer stating that the information with respect to such factual matters is in the possession of the Issuer, unless such counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations are erroneous.

Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

1.04 Actions by Noteholders

(a) Any request, demand, authorization, direction, notice, consent, resolution, waiver or other action (collectively, an "**Action**") provided by this Indenture to be given or taken by Noteholders of any Class, Series or Tranche may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Noteholders in person or by an agent duly appointed in writing. In addition, any Action provided by this Indenture to be given or taken by such Noteholders may, alternatively, be embodied in and evidenced by the record of such Noteholders voting in favor thereof, either in person or by proxies duly appointed in writing, at any meeting of Noteholders duly called and held in accordance with the provisions

of Article X or a combination of such instruments and any such record. Except as herein otherwise expressly provided, such Action will become effective when such instrument or instruments or record are delivered to the Indenture Trustee, and, where it is hereby expressly required, to the Issuer. Proof of execution of any such instrument or of a writing appointing any such agent, or the holding by any Person of a Note, will be sufficient for any purpose of this Indenture and (subject to Section 9.01) conclusive in favor of the Indenture Trustee and the Issuer, if made in the manner provided in this Section 1.04. The record of any meeting of Noteholders shall be proved in the manner provided in Article X.

(b) The fact and date of the execution of any such instrument or writing, or the authority of the person executing the same, may be proved in any manner which the Indenture Trustee deems sufficient.

(c) (i) The ownership of Registered Notes will be proved by the Note Register.

(ii) The ownership of Bearer Notes or coupons will be proved by the production of such Bearer Notes or coupons or by a certificate, satisfactory to the Issuer and the Indenture Trustee, executed, as depositary, by any bank, trust company, recognized securities dealer, as depositary, wherever situated, satisfactory to the Issuer. Each such certificate will be dated and will state that on the date thereof a Bearer Note or coupon bearing a specified serial number was deposited with or exhibited to such bank, trust company or recognized securities dealer by the Person named in such certificate. Any such certificate may be issued in respect of one or more Bearer Notes or coupons specified therein. The holding by the Person named in any such certificate of any Bearer Note specified therein will be presumed to continue for a period of one year from the date of such certificate unless at the time of any determination of such holding (A) another certificate bearing a later date is issued in respect of the same Bearer Note or coupon produced, (B) the Bearer Note or coupon specified in such certificate is produced by some other Person or (C) the Bearer Note or coupon specified in such certificate has ceased to be Outstanding.

(d) The fact and date of execution of any such instrument or writing, the authority of the Person executing the same and the principal amount and serial numbers of Bearer Notes held by the Person so executing such instrument or writing and the date of holding the same may also be proved in any other manner which the Indenture Trustee deems sufficient; and the Indenture Trustee may in any instance require further proof with respect to any of the matters referred to in this Section 1.04.

(e) If the Issuer will solicit from the Noteholders any Action, the Issuer may, at its option, by an Issuer Certificate, fix in advance a record date for the determination of Noteholders entitled to give such Action, but the Issuer will have no obligation to do so. If the Issuer does not so fix a record date, such record date will be the later of 30 days before the first solicitation of such Action or the date of the most recent

list of Noteholders furnished to the Indenture Trustee pursuant to Section 13.13 before such solicitation. Such Action may be given before or after the record date, but only the Noteholders of record at the close of business on the record date will be deemed to be Noteholders for the purposes of determining whether Noteholders of the requisite proportion of Outstanding Notes have authorized or agreed or consented to such Action, and for that purpose the Outstanding Notes will be computed as of the record date; provided that no such authorization, agreement or consent by the Noteholders on the record date will be deemed effective unless it will become effective pursuant to the provisions of this Indenture not later than six (6) months after the record date.

(f) Any Action by a Noteholder will bind the holder of every Note issued upon the transfer thereof or in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Indenture Trustee or the Issuer in reliance thereon whether or not notation of such Action is made upon such Note.

(g) Without limiting the foregoing, a Noteholder entitled hereunder to take any Action hereunder with regard to any particular Note may do so with regard to all or any part of the principal amount of such Note or by one or more duly appointed agents each of which may do so pursuant to such appointment with regard to all or any part of such principal amount. Any notice given or Action taken by a Noteholder or its agents with regard to different parts of such principal amount pursuant to this paragraph shall have the same effect as if given or taken by separate Noteholders of each such different part.

(h) Without limiting the generality of the foregoing, unless otherwise specified pursuant to one or more Supplemental Indentures, a Noteholder, including a Depository that is the holder of a Global Note, may make, give or take, by a proxy or proxies duly appointed in writing, any Action provided in this Indenture to be made, given or taken by Noteholders, and a Depository that is the holder of a Global Note may provide its proxy or proxies to the beneficial owners of interests in or security entitlements to any such Global Note through such Depository's standing instructions and customary practices.

(i) The Issuer may fix a record date for the purpose of determining the Persons who are beneficial owners of interests in or security entitlements to any Global Note held by a Depository entitled under the procedures of such Depository to make, give or take, by a proxy or proxies duly appointed in writing, any Action provided in this Indenture to be made, given or taken by Noteholders. If such a record date is fixed, the Noteholders on such record date or their duly appointed proxy or proxies, and only such Persons, shall be entitled to make, give or take such Action, whether or not such Noteholders remain Noteholders after such record date. No such Action shall be valid or effective if made, given or taken more than six (6) months after such record date.

1.05 Actions of Lenders

Any Action provided by this Indenture to be given or taken by any Lender or group of Lenders may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Lender(s) in person or an agent duly appointed in writing. Proof of execution of any such instrument or of a writing appointing any such agent will be sufficient for any purpose of this Indenture and (subject to Section 9.01) conclusive in favour of the Indenture Trustee and the Issuer, if made in the manner provided in Section 1.04(b).

1.06 Effect of Headings and Table of Contents

The Article and Section headings herein and the Table of Contents are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Indenture by the Issuer will bind its successors and assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee in this Indenture shall bind its successors, co-trustees and agents of the Indenture Trustee.

1.08 Severability

In case any provision in this Indenture or in the Notes will be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions will not in any way be affected or impaired thereby.

1.09 Governing Law

THIS INDENTURE WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS. EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS INDENTURE. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS INDENTURE.

1.10 Counterparts

This Indenture may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument.

1.11 Indenture Referred to in the Declaration of Trust and the Master Transfer and Servicing Agreement

This is the Indenture referred to in the Declaration of Trust and the Master Transfer and Servicing Agreement.

1.12 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, in each case on a day other than a Business Day, then (notwithstanding any other provision of the Notes or this Indenture) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.13 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Indenture that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Indenture or the Notes, and (ii) the rates of interest stipulated in this Indenture or the Notes are intended to be nominal rates and not effective rates or yields.

1.14 Currency

Unless stated otherwise, all amounts herein are stated in Dollars.

1.15 References to Acts of the Issuer

For greater certainty, where any reference is made in this Indenture, or in any other instrument executed pursuant hereto or contemplated hereby to which the Issuer or the Issuer Trustee, as trustee of the Issuer, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Issuer) by or with respect to (i) the Issuer or (ii) the Issuer Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Issuer) by or with respect to, the Issuer Trustee as trustee of the Issuer.

1.16 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in this Indenture), it is necessary to convert any amount due under this Indenture from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Issuer in respect of any Original Currency due from it to the Indenture Trustee under this Indenture shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Indenture in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Issuer shall indemnify the Indenture Trustee against such loss.

(b) The term "**rate of exchange**" in this Section 1.16 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

1.17 Obligations in a Foreign Currency

Unless otherwise specified in a Related Funding Obligation Agreement with respect to a particular Series or Tranche of Issuer Funding Obligations, whenever for purposes of this Indenture any Action may be taken by the Debtholders of a specified percentage of Outstanding Dollar Principal Amount of Issuer Funding Obligations and, at such time, there are outstanding Issuer Funding Obligations of any relevant Series which are denominated in a Foreign Currency, then the principal amount of the Issuer Funding Obligations of such Series which shall be deemed to be outstanding for the purpose of taking such Action shall be the amount of Dollars which could be obtained for such principal amount at the Market Exchange Rate on the applicable Record Date, or if no such Record Date shall have been established, on the date that the taking of such Action shall be authorized by Debtholders of the applicable Series.

ARTICLE II
COLLATERAL

2.01 Security for Obligations Secured

As security for the due payment of all Obligations Secured including, without limitation, all principal of and interest, if any, on the Notes from time to time issued and certified under this Indenture and on any Borrowings, and the performance by the Issuer of all of the obligations of the Issuer in relation thereto, the Issuer hereby:

(a) mortgages, charges, pledges, grants, transfers, assigns, hypothecates and sets over unto the Indenture Trustee, for the benefit and security of the applicable Specified Creditors and the Indenture Trustee, in its individual capacity, as and by way of a fixed and specific mortgage, assignment, pledge, hypothec and charge and grants to the Indenture Trustee for the benefit and security of the applicable Specified Creditors and the Indenture Trustee, in its individual capacity, a security interest in all of its right, title and interest, whether now owned or hereafter acquired, in and to the following:

(i) the Issuer Investment Interest;

(ii) each Issuer Account (including all Sub-Accounts of each Issuer Account);

(iii) all Eligible Investments and all investment property, money and other property held in the Issuer Accounts (including any Sub-Accounts of each Issuer Account);

(iv) all rights, benefits and powers of the Issuer under any Program Agreement;

(v) all rights, benefits and powers of the Issuer under the Act;

(vi) all present and future claims, demands, causes of and choses in action in respect of any of the foregoing and all interest, principal, payments and distributions of any nature or type on any of the foregoing;

(vii) all accounts, general intangibles, chattel paper, instruments, documents, goods, money, investment property, deposit accounts, letters of credit and letter-of-credit rights consisting of, arising from, or relating to any of the foregoing;

(viii) all debts, accounts, claims, monies and choses in action due or to become due with respect to all of the foregoing and also all securities, bills, notes, evidences of deposits of money, and other documents now held or owned or which may be hereafter taken, held or owned by the Issuer, or anyone on behalf of the Issuer, and all renewals thereof, accretions thereto, substitutions therefor and all interest, income and revenue arising therefrom or by virtue thereof;

(ix) all amounts received with respect to all of the foregoing; and

(x) all proceeds of the foregoing; and

(b) mortgages, charges, pledges, grants, transfers, assigns, hypothecates and sets over unto the Indenture Trustee, for the benefit and security of the Specified Creditors and the Indenture Trustee, in its individual capacity, a floating charge over, and grants to the Indenture Trustee for the benefit and security of the Specified Creditors and the Indenture Trustee, in its individual capacity, a security interest in

all of the property, assets and undertaking now owned or hereafter acquired by the Issuer.

The property described in the preceding sentence is collectively referred to as the "**Collateral**".

The Indenture Trustee acknowledges the grant of such Security Interest, and accepts the Collateral in trust hereunder in accordance with the provisions hereof and agrees to perform the duties herein such that the interests of the Specified Creditors may be adequately and effectively protected.

To have and to hold the Collateral and all rights hereby conferred unto the Indenture Trustee, its successors and assigns forever but in trust nevertheless for the benefit of the Specified Creditors, including the Indenture Trustee, in its individual capacity, and for the uses and purposes and subject to the terms and conditions herein set forth.

The Issuer acknowledges that value has been given and that the security granted shall attach and be effective on the date of execution of this Indenture and when the Issuer has rights in the Collateral, whether or not the monies and the Notes or any other evidence of Obligations Secured or any part thereof hereby secured or intended to be hereby secured shall be advanced or issued before or after or upon the date of the execution of this Indenture.

2.02 <u>Recording, Etc.</u>

(a) The Issuer intends the Security Interest granted pursuant to this Indenture in favor of the Indenture Trustee to be prior to all other Liens in respect of the Collateral. The Issuer will take all actions necessary to maintain a perfected Lien on the Collateral in favor of the Indenture Trustee.

(b) The Indenture Trustee shall hold each item of the Collateral separate and apart from all other property held by the Indenture Trustee.

(c) The Issuer will from time to time execute, authorize and deliver all such supplements and amendments hereto and all such financing statements, amendments thereto, instruments of further assurance and other instruments, all as prepared by the Issuer, and will take such other action necessary or advisable to:

(i) grant the Security Interest more effectively in all or any portion of the Collateral;

(ii) maintain or preserve the Security Interest (and the priority thereof) or carry out more effectively the purposes hereof;

(iii) perfect, publish notice of or protect the validity of any grant made or to be made by this Indenture;

(iv) enforce its rights under the Investment Asset, any Program Agreement to which it is a party and each other instrument or agreement designated for inclusion in the Collateral;

(v) preserve and defend title to the Collateral and the rights of the Indenture Trustee in the Collateral against the claims of all Persons; or

(vi) pay all Taxes levied or assessed upon the Collateral when due.

(d) The Issuer will from time to time promptly pay and discharge all PPSA recording and filing fees, charges and Taxes relating to this Indenture, any amendments hereto and any other instruments of further assurance.

(e) Without limiting the generality of subsection 2.02(c) or (d):

(i) The Issuer will cause this Indenture, all amendments and supplements hereto and all financing statements and all amendments to such financing statements and any other necessary documents covering the Indenture Trustee's right, title and interest in and to the Collateral to be promptly recorded, registered and filed, and at all times to be kept recorded, registered and filed, all in such manner and in such places as may be required by applicable law to fully preserve and protect the right, title and interest of the Indenture Trustee in and to all property comprising the Collateral. The Issuer will deliver to the Indenture Trustee file-stamped copies of, or filing receipts for, any document recorded, registered or filed as provided above, as soon as available following such recording, registration or filing. The Issuer hereby authorizes the filing of financing statements (and amendments of financing statements) that name the Issuer as debtor and the Indenture Trustee as secured party and that cover all personal property of the Issuer. The Issuer also hereby ratifies the filing of any such financing statements (or amendments of financing statements) that were filed prior to the execution hereof.

(ii) The Issuer shall not change its name, its jurisdiction of formation or its type of organization unless it has provided the Indenture Trustee and each Rating Agency with 30 days prior written notice and it has first (A) made all filings and taken all actions in all relevant jurisdictions under the PPSA and other applicable law as are necessary to continue and maintain the first priority perfected Security Interest of the Indenture Trustee in the Collateral, and (B) delivered to the Indenture Trustee (with a copy to each Rating Agency) an Opinion of Counsel to the effect that all necessary filings have been made under the PPSA (and where applicable, the equivalent thereof) in all relevant jurisdictions as are necessary to continue and maintain the first priority perfected Security Interest of the Indenture Trustee in the Collateral.

2.03 Use of Collateral

Subject to the express terms of this Indenture, until the Issuer Funding Obligations have become due and payable pursuant to Section 8.02, the Issuer will be permitted to possess and use the Collateral in connection with the activities of the Issuer, including, without limitation, the right to (a) exercise all of its rights and perform all of its obligations under each Program Agreement without consultation with or the consent of the Indenture Trustee, and (b) use the funds in any Issuer Account for any purpose not in violation of this Indenture or the Program Agreements.

2.04 Suits to Protect the Collateral

Subject to the provisions of this Indenture, the Indenture Trustee will have the power to institute and to maintain such suits and proceedings as it may deem expedient to prevent any impairment of the Collateral by any acts which may be unlawful or in violation of this Indenture, and such suits and proceedings as the Indenture Trustee may deem expedient to preserve or protect the interests of the Specified Creditors and the interests of the Indenture Trustee in the Collateral (including the power to institute and maintain suits or proceedings to restrain the enforcement of, or compliance with, any legislative or other governmental enactment, rule or order that may be unconstitutional or otherwise invalid if the enforcement of, or compliance with, such enactment, rule or order would impair the Security Interest or be prejudicial to the interests of the Specified Creditors or the Indenture Trustee).

2.05 Purchaser Protected

In no event will any purchaser in good faith of any property purported to be released hereunder be bound to ascertain the authority of the Indenture Trustee to execute the release or to inquire as to the satisfaction of any conditions required by the provisions hereof for the exercise of such authority or to see to the application of any consideration given by such purchaser or other transferee; nor will any purchaser or other transferee of any property or rights permitted by this Article II to be sold be under any obligation to ascertain or inquire into the authority of the Issuer to make any such sale or other transfer.

2.06 Powers Exercisable by Receiver or Indenture Trustee

In case the Collateral shall be in the possession of a receiver or trustee lawfully appointed, the powers conferred in this Article II upon the Issuer with respect to the release, sale or other disposition of such property may be exercised by such receiver or trustee, and an instrument signed by such receiver or trustee shall be deemed the equivalent of any similar instrument of the Issuer or of any officer or officers thereof required by the provisions of this Article II.

2.07 Determinations Relating to Collateral

In the event (i) the Indenture Trustee shall receive any written request from the Issuer for consent or approval with respect to any matter or thing relating to any Collateral or the Issuer's obligations with respect thereto, (ii) there shall be due to or from the Indenture Trustee under the provisions hereof any performance or the delivery of any instrument, or (iii) the Indenture Trustee shall become aware of any nonperformance by the Issuer of any covenant or any breach of any representation or warranty of the Issuer set forth in this Indenture, then, in each such event, the

Indenture Trustee shall be entitled to hire experts, consultants, agents and attorneys to advise the Indenture Trustee on the manner in which the Indenture Trustee should respond to such request or render any requested performance or response to such nonperformance or breach (the expenses of which will be reimbursed to the Indenture Trustee pursuant to Section 9.05). The Indenture Trustee will be fully protected in the taking of any action recommended or approved by any such expert, consultant, agent or attorney, or agreed to by Extraordinary Resolution.

2.08 Satisfaction and Discharge of Indenture

(a) The Issuer may at any time, for the purpose of obtaining the satisfaction and discharge of this Indenture with respect to any Class, Series or Tranche of Issuer Funding Obligations or for any other purpose, pay, or by an Issuer Certificate direct any Paying Agent to pay, to the Indenture Trustee all sums held in trust by the Issuer or such Paying Agent in respect of each and every Class, Series or Tranche of Issuer Funding Obligations as to which it seeks to discharge this Indenture or, if for any other purpose, all sums so held in trust by the Issuer in respect of all Issuer Funding Obligations, such sums to be held by the Indenture Trustee upon the same trusts as those upon which such sums were held by the Issuer or such Paying Agent; and, upon such payment by any Paying Agent to the Indenture Trustee, such Paying Agent will be released from all further liability with respect to such money.

(b) This Indenture will cease to be of further effect with respect to any Class, Series or Tranche of Issuer Funding Obligations (except as to any surviving rights of transfer or exchange of Notes of that Class, Series or Tranche expressly provided for herein or in any form of Note for that Class, Series or Tranche), and the Indenture Trustee, on demand of and at the expense of the Issuer, will execute proper instruments acknowledging satisfaction and discharge of this Indenture as to that Class, Series or Tranche, when:

(i) (A) in the case of Notes, all Notes of that Class, Series or Tranche theretofore Outstanding (other than (x) Notes of that Class, Series or Tranche which have been destroyed, lost or stolen and which have been replaced or paid as provided in Section 16.05(b), and (y) Notes of that Class, Series or Tranche for whose payment money has theretofore been deposited in trust or segregated and held in trust by the Issuer and thereafter repaid to the Issuer or discharged from that trust, as provided in Section 16.05(b)) have been delivered to the Indenture Trustee for cancellation or been cancelled, or (B) in the case of all other Issuer Funding Obligations, all Issuer Funding Obligations of that Class, Series or Tranche have been paid in full, as certified by the Issuer to the Indenture Trustee;

(ii) the Issuer has paid or caused to be paid all other sums payable under the Indenture (including payments to the Indenture Trustee pursuant to Section 9.05) by the Issuer with respect to the Issuer Funding Obligations of that Class, Series or Tranche; and

(iii) the Issuer has delivered to the Indenture Trustee an Issuer Certificate and an Opinion of Counsel each stating that all conditions precedent herein provided for relating to the satisfaction and discharge of this Indenture with respect to the Issuer Funding Obligations of that Class, Series or Tranche have been complied with.

Notwithstanding the satisfaction and discharge of this Indenture with respect to any Class, Series or Tranche of Issuer Funding Obligations, the obligations of the Issuer to the Indenture Trustee with respect to that Class, Series or Tranche of Issuer Funding Obligations under Section 9.05 and the obligations of the Indenture Trustee under Sections 7.13 and 16.05(b) will survive such satisfaction and discharge.

(c) This Indenture will cease to be of further effect, and the Indenture Trustee, on demand of and at the expense of the Issuer, will execute proper instruments acknowledging satisfaction and discharge of this Indenture, when all Issuer Funding Obligations have been satisfied and discharged in accordance with clause (b) and all other Obligations Secured have been paid in full, as certified by the Issuer to the Indenture Trustee.

2.09 <u>Release of all Collateral</u>

(a) Subject to the payment of its fees and expenses pursuant to Section 9.05, the Indenture Trustee shall, at the request of the Issuer or when otherwise required by the provisions of this Indenture, execute instruments to release Collateral from the Security Interest of this Indenture, or convey the Indenture Trustee's interest (which is held by the Indenture Trustee for the benefit of the Specified Creditors) in the same, in a manner and under circumstances which are not inconsistent with the provisions of this Indenture. No party relying upon an instrument executed by the Indenture Trustee as provided in this Article II will be bound to ascertain the Indenture Trustee's authority, inquire into the satisfaction of any conditions precedent or see to the application of any funds.

(b) Upon delivery of an Officer's Certificate of the Issuer certifying that all Issuer Funding Obligations and all other Obligations Secured have been satisfied and discharged by complying with the provisions of Section 2.08 and all applicable Program Agreements, the Indenture Trustee shall execute and deliver such releases, termination statements and other instruments (in recordable form, where appropriate) as the Issuer may reasonably request evidencing the termination of the Security Interest created by this Indenture.

(c) The Issuer and the Specified Creditors shall be entitled to receive at least 10 days' written notice when the Indenture Trustee proposes to take any action pursuant to clause (a), accompanied by copies of any instruments involved, and the Indenture Trustee shall also be entitled to require, as a condition to such action, an Opinion of Counsel, stating the legal effect of any such action, outlining the steps required to complete the same, and concluding that all conditions precedent to the taking of

such action have been complied with. Counsel rendering any such opinion may rely, without independent investigation, on the accuracy and validity of any certificate or other instrument delivered to the Indenture Trustee in connection with any such action.

2.10 Certain Commercial Law Representations and Warranties

The Issuer hereby makes the following representations and warranties. Such representations and warranties shall survive until the termination of this Indenture. Such representations and warranties speak of the date that a Lien in the Collateral is granted to the Indenture Trustee and shall not be waived by any of the parties to this Indenture unless the Rating Agency Condition is satisfied.

(a) This Indenture constitutes the grant of a first priority perfected Lien by the Issuer to the Indenture Trustee in the Collateral which, in the case of the existing Collateral and the proceeds thereof, is enforceable upon execution and delivery of this Indenture or, with respect to after-acquired property, as of the date such property is acquired, and which will be enforceable with respect to the Collateral hereafter and thereafter created and the proceeds thereof upon such creation. Upon the filing of the assignments, financing statements and continuation statements (and other documents where applicable) and, in the case of after-acquired Collateral and the proceeds thereof, upon its creation, the Indenture Trustee shall have a first priority perfected Lien in such property and proceeds.

(b) At the time of its grant of any Lien in the Collateral pursuant to this Indenture, the Issuer owned and had good and marketable title to such Collateral free and clear of any Lien of any other Person (other than Permitted Liens).

(c) The Issuer has caused the filing of all appropriate financing statements in the proper filing office in the Province of Ontario under applicable law in order to perfect the Security Interest.

(d) Other than the Security Interest, the Issuer has not pledged, assigned, sold, granted a Lien in, or otherwise conveyed, the Collateral. The Issuer has not authorized the filing of and is not aware of any financing statements against the Issuer that include a description of the Collateral other than any financing statement relating to the Security Interest or that has been terminated. The Issuer is not aware of any judgment or Tax lien filings against the Issuer.

ARTICLE III
NOTE FORMS

3.01 Forms Generally

The Notes will have such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture or the Related Supplemental Indenture and may have such letters, numbers or other marks of identification and such legends or endorsements placed thereon, as may be required to comply with applicable laws or regulations or

with the rules of any securities exchange, or as may, consistently herewith, be determined by the Issuer, as evidenced by the Issuer's execution of such Notes. Any portion of the text of any Note may be set forth on the reverse thereof, with an appropriate reference thereto on the face of the Note.

Definitive Notes will be typewritten, printed, lithographed or engraved or produced by any combination of these methods (with or without steel engraved borders) or may be produced in any other manner, all as determined by the Issuer, as evidenced by the Issuer's execution of such Notes, subject, with respect to the Notes of any Class, Series or Tranche, to the rules of any securities exchange on which such Notes are listed.

3.02 Forms of Notes

Before the delivery of a Note to the Indenture Trustee for authentication, the Issuer will deliver to the Indenture Trustee the Issuer Certificate by or pursuant to which such form of Note has been approved, which Issuer Certificate will have attached thereto a true and correct copy of the form of Note which has been approved thereby or, if an Issuer Certificate authorizes a specific officer or officers of the Manager to approve a form of Note, a certificate of such officer or officers approving the form of Note attached thereto. Any form of Note approved by or pursuant to an Issuer Certificate must be acceptable as to form to the Indenture Trustee, such acceptance to be evidenced by the Indenture Trustee's authentication of Notes in that form or a certificate signed by a Responsible Officer of the Indenture Trustee and delivered to the Issuer.

3.03 Form of Indenture Trustee's Certificate of Authentication

The form of Indenture Trustee's Certificate of Authentication for any Note issued pursuant to this Indenture will be substantially as follows:

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Notes of the Class, Series or Tranche designated therein referred to in the within-mentioned Indenture.

BNY TRUST COMPANY OF CANADA, as Indenture Trustee

By: _____

Authorized Signatory

Dated: _____

3.04 Notes Issuable in the Form of a Global Note

(a) If the Issuer establishes that the Notes of a particular Class, Series or Tranche are to be issued in whole or in part in the form of one or more Global Notes, then the Issuer will execute and the Indenture Trustee or its agent will, in accordance with

Section 4.03 and the Issuer Certificate delivered to the Indenture Trustee or its agent thereunder, authenticate and deliver, such Global Note or Global Notes, which, unless otherwise provided in the Related Supplemental Indenture (i) will represent, and will be denominated in an amount equal to the aggregate Stated Principal Amount (or in the case of Discount Notes, the aggregate Stated Principal Amount at the Principal Payment Date of such Notes) of the Outstanding Notes of such Class, Series or Tranche to be represented by such Global Note or Global Notes, or such portion thereof as the Issuer will specify in an Issuer Certificate, (ii) in the case of Registered Notes, will be registered in the name of the Depository for such Global Note or Global Notes or its nominee, (iii) will be delivered by the Issuer or its agent to the Depository or pursuant to the Depository's instruction, (iv) if applicable, will bear a legend substantially to the following effect: (A) "Unless this Note is presented by an authorized representative of The Depository Trust Company ("**DTC**"), to Fair Hydro Trust (the "**Issuer**") or its agent for registration of transfer, exchange or payment, and any Note issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), any transfer, pledge or other use hereof for value or otherwise by or to any Person is wrongful inasmuch as the registered owner hereof, Cede & Co., has an interest herein", or (B) "Unless this Note is presented by an authorized representative of CDS Clearing and Depository Services Inc. ("**CDS**"), to Fair Hydro Trust (the "**Issuer**") or its agent for registration of transfer, exchange or payment, and any Note issued is registered in the name of CDS & Co. or in such other name as is requested by an authorized representative of CDS (and any payment is made to CDS & Co. or to such other entity as is requested by an authorized representative of CDS), any transfer, pledge or other use hereof for value or otherwise by or to any Person is wrongful since the registered owner hereof, CDS & Co., has a property interest in the securities represented by this Note and it is a violation of its rights for another Person to hold, transfer or deal with this Note", and (v) may bear such other legend as the Issuer, upon advice of counsel, deems to be applicable.

(b) Notwithstanding any other provisions of this Section 3.04 or of Section 4.05, and subject to the provisions of paragraph (c) below, unless the terms of a Global Note or the Related Supplemental Indenture expressly permit such Global Note to be exchanged in whole or in part for individual Notes, a Global Note may be transferred, in whole but not in part and in the manner provided in Section 4.05, only to a nominee of the Depository for such Global Note, or to the Depository, or a successor Depository for such Global Note selected or approved by the Issuer, or to a nominee of such successor Depository.

(c) With respect to Notes issued within the United States or Canada, unless otherwise specified in the Related Supplemental Indenture, or with respect to Notes issued outside the United States and Canada, if specified in the Related Supplemental Indenture:

(i) If at any time the Depository for a Global Note notifies the Issuer that it is unwilling or unable to continue as Depository for such Global Note or if at any time the Depository for the Notes for such Class, Series or Tranche ceases to be a clearing agency registered under the Securities Exchange Act, or other applicable statute or regulation, in the case of Notes issued within the United States, or ceases to be a clearing agency registered under the *Securities Act* (Ontario), or other applicable statute or regulation, in the case of Notes issued within Canada, the Issuer will appoint a successor Depository with respect to such Global Note. If a successor Depository for such Global Note is not appointed by the Issuer within 90 days after the Issuer receives such notice or becomes aware of such ineligibility, the Issuer will execute, and the Indenture Trustee or its agent, upon receipt of an Issuer Certificate requesting the authentication and delivery of individual Notes of such Class, Series or Tranche in exchange for such Global Note, will authenticate and deliver, individual Notes of such Class, Series or Tranche of like tenor and terms in definitive form in an aggregate Stated Principal Amount equal to the Stated Principal Amount of the Global Note in exchange for such Global Note.

(ii) The Issuer may at any time and in its sole discretion determine that the Notes of any Class, Series or Tranche or portion thereof issued or issuable in the form of one or more Global Notes will no longer be represented by such Global Note or Global Notes. In such event the Issuer will execute, and the Indenture Trustee, upon receipt of a written request by the Issuer for the authentication and delivery of individual Notes of such Class, Series or Tranche in exchange in whole or in part for such Global Note, will authenticate and deliver individual Notes of such Class, Series or Tranche of like tenor and terms in definitive form in an aggregate Stated Principal Amount equal to the Stated Principal Amount of such Global Note or Global Notes representing such Class, Series or Tranche or portion thereof in exchange for such Global Note or Global Notes.

(iii) If any Event of Default has occurred and is continuing and Noteholders holding more than 50% of the Outstanding Dollar Principal Amount of the Controlling Class Obligations of any Series of Notes held as Global Notes advise the Indenture Trustee and the Depository that Global Notes are no longer in the best interest of the Noteholders of that Series, the holders of those Global Notes may exchange such Notes for individual Notes.

(iv) In any exchange provided for in any of the preceding three paragraphs, the Issuer will execute and the Indenture Trustee or its agent will authenticate and deliver individual Notes in definitive registered form in authorized denominations. Upon the exchange of the entire Stated Principal Amount of a Global Note for individual Notes, such Global Note will be canceled by the Indenture Trustee or its agent. Except as provided in the preceding paragraphs, Notes issued in exchange for a Global Note pursuant to this Section 3.04 will be registered in such names and in such authorized

denominations as the Depository for such Global Note, pursuant to instructions from its direct or indirect participants or otherwise, will instruct the Indenture Trustee or the Note Registrar. The Indenture Trustee or the Note Registrar will deliver such Notes to the Persons in whose names such Notes are so registered.

3.05 <u>Temporary Global Notes and Permanent Global Notes</u>

(a) If specified in the Related Supplemental Indenture for any Series, all or any portion of a Global Note may initially be issued in the form of a single temporary global Bearer Note or Registered Note (the "**Temporary Global Note**"), without interest coupons, in the denomination of the entire aggregate principal amount of such Series and substantially in the form set forth in the exhibit with respect thereto attached to the Related Supplemental Indenture. Any Temporary Global Note shall bear such notations as the Issuer may determine to distinguish them from the Permanent Global Notes. The Temporary Global Note will be authenticated by the Indenture Trustee upon the same conditions, in substantially the same manner and with the same effect as the Notes in definitive form. The Temporary Global Note may be exchanged as described below or in the Related Supplemental Indenture for permanent global Bearer Notes or Registered Notes (the "**Permanent Global Notes**").

(b) Unless otherwise provided in the Related Supplemental Indenture, exchanges of beneficial interests in or security entitlements to Temporary Global Notes for beneficial interests in or security entitlements to Permanent Global Notes will be made as provided in this subsection 3.05(b). The Manager will, upon its determination of the date of completion of the distribution of the Notes of such Series, so advise the Indenture Trustee, the Issuer and the Depository forthwith. Without unnecessary delay, but in any event not prior to the Exchange Date, the Issuer will execute and deliver to the Indenture Trustee (at the office of its designated agent outside the United States in the case of Global Notes in bearer form) Permanent Global Notes in bearer or registered form (as specified in the Related Supplemental Indenture) in an aggregate principal amount equal to the Outstanding Dollar Principal Amount or the Outstanding Currency Specific Dollar Principal Amount of such Series of Notes. Bearer Notes so issued and delivered may have coupons attached. The Temporary Global Note may be exchanged for an equal aggregate principal amount of Permanent Global Notes only on or after the Exchange Date; provided, however, that such Temporary Global Note is accompanied by a certificate dated the Exchange Date or a subsequent date and signed by the beneficial owner as to the portion of such Temporary Global Note held for its account then to be exchanged and a certificate dated the Exchange Date or a subsequent date and signed by the Depository in the form set forth in Exhibit 6-B (or in such other form as may be established pursuant to Section 4.01); and provided further that definitive Bearer Notes shall be delivered in exchange for a portion of a Temporary Global Note only in compliance with the requirements of Section 4.03. A beneficial owner of a Temporary Global Note may instruct the Depository to request an exchange on its behalf on or after the Exchange Date by

delivering to the Depository, a certificate in the form set forth in Exhibit 6-A (or in such other form as may be established pursuant to Section 4.01), dated no earlier than 15 days prior to the Exchange Date, copies of which certificate shall be available from the offices of the Depository. A United States Person may exchange its beneficial interest in or security entitlement to the Temporary Global Note only for an equal aggregate principal amount of Permanent Global Notes in registered form bearing the applicable legend set forth in the form of Registered Note attached to the Related Supplemental Indenture and having a minimum denomination of 500,000 units of the applicable currency, which may be in temporary form if the Issuer so elects. The Issuer may waive the 500,000 minimum denomination requirement if it so elects. Upon any demand for exchange for Permanent Global Notes in accordance with this subsection 3.05(b), the Issuer will cause the Indenture Trustee to authenticate and deliver the Permanent Global Notes to the Noteholder (x) outside the United States, in the case of Bearer Notes and (y) according to the instructions of the Noteholder, in the case of Registered Notes. Upon receipt of the certification of the Depository, the Indenture Trustee will cause the Temporary Global Note to be endorsed in accordance with subsection 3.05(d). Any exchange as provided in this Section 3.05 will be made free of charge to the Noteholders and the beneficial owners of the Temporary Global Note and to the beneficial owners of the Permanent Global Note issued in exchange, except that a Person receiving the Permanent Global Note must bear the cost of insurance, postage, transportation and the like in the event that such Person does not receive such Permanent Global Note in person at the offices of a Depository.

(c) The delivery to the Indenture Trustee by a Depository of any written statement referred to above may be relied upon by the Issuer and the Indenture Trustee as conclusive evidence that a corresponding certification or certifications has or have been delivered to such Foreign Depository pursuant to the terms of this Indenture.

(d) Upon any such exchange of all or a portion of the Temporary Global Note for a Permanent Global Note(s), such Temporary Global Note will be endorsed by or on behalf of the Indenture Trustee to reflect the reduction of its principal amount by an amount equal to the aggregate principal amount of such Permanent Global Note(s). Until so exchanged in full, such Temporary Global Note will in all respects be entitled to the same benefits under this Indenture as Permanent Global Notes authenticated and delivered hereunder except that the beneficial owners of such Temporary Global Note will not be entitled to receive payments of interest on the Notes until they have exchanged their beneficial interests in or security entitlements to such Temporary Global Note for Permanent Global Notes.

3.06 Beneficial Ownership of Global Notes

Until definitive Notes have been issued to the applicable Noteholders pursuant to Section 3.04 or as otherwise specified in any Related Supplemental Indenture:

(a) the Issuer and the Indenture Trustee may deal with the applicable Depository and the Depository's participants for all purposes (including the making of distributions) as the authorized representatives of the respective Note Owners; and

(b) the rights of the respective Note Owners will be exercised only through the Depository and the Depository's participants. Unless and until Notes in definitive form are issued pursuant to Section 3.04, the Depository will make book-entry transfers among the Depository's participants and receive and transmit distributions of principal and interest on the related Notes to such Depository's participants in accordance with the Depository's applicable procedures from time to time.

For purposes of any provision of this Indenture requiring or permitting Actions with the consent of, or at the direction of, Noteholders evidencing a specified percentage of the Outstanding Dollar Principal Amount of Notes, such direction or consent may be given by Note Owners (acting through the Depository and the Depository's participants) owning interests in or security entitlements to Notes evidencing the requisite percentage of principal amount of Notes in accordance with the applicable procedures of the Depository and the Depository's participants.

3.07 Notices to Depository

Whenever any notice or other communication is required to be given to Noteholders with respect to which book-entry Notes have been issued, unless and until Notes in definitive form will have been issued to the related Note Owners, the Indenture Trustee will give all such notices and communications to the applicable Depository.

3.08 CUSIP Numbers

In issuing the Notes, the Issuer may use "CUSIP" numbers (if then generally in use), and, if so, the Indenture Trustee shall use such CUSIP numbers in notices of redemption as a convenience to Noteholders; provided that, subject to Section 9.01, any such notice may state that (a) no representation is made as to the correctness of such CUSIP numbers as printed on the related Notes or as contained in any notice of redemption, (b) reliance may be placed only on the other identification numbers, if any, printed on the Notes and (c) any such redemption shall not be affected by any defect in or omission of such CUSIP numbers. The Issuer will promptly provide the Indenture Trustee with written notice of any change in the CUSIP numbers for any Outstanding Note.

ARTICLE IV
THE NOTES

4.01 General Title, General Limitations, Issuable in Series, Terms of a Series or Tranche of Notes

(a) The aggregate Stated Principal Amount of Notes which may be authenticated and delivered and Outstanding under this Indenture is not limited.

(b) The Notes of any Class may be issued in one or more Series or Tranches.

(c) The Classes of Notes are as set forth in this Indenture. Each Note issued must be part of a Class and Series of Notes for purposes of allocations pursuant to this Indenture and the Related Supplemental Indenture. A Series of Notes is created pursuant to a Supplemental Indenture. A Tranche of Notes is created pursuant to a Supplemental Indenture or pursuant to a Terms Document related to the Supplemental Indenture for the applicable Series.

(d) Each Series of Notes shall be designated in the Related Supplemental Indenture as either Senior Notes, Subordinated Notes or Junior Subordinated Notes. If the Notes of a Series of Notes belong to different Tranches, all Notes of such Series, without regard to the Tranche they are included in, shall be Senior Notes, Subordinated Notes or Junior Subordinated Notes, as applicable to the Series of Notes.

(e) Each Series of Notes may consist of a single Tranche or may be subdivided into multiple Tranches. Notes of a single Series of a Class will belong to different Tranches if they have different terms and conditions. With respect to any Series of Notes, Notes which have identical terms, conditions and Tranche designation will be deemed to be part of a single Tranche of Notes.

(f) Before the initial issuance of Notes of each Series or Tranche, there shall also be established in or pursuant to a Supplemental Indenture or pursuant to a Terms Document related to the applicable Supplemental Indenture, provision for:

(i) the Class of such Series;

(ii) the Series designation;

(iii) the Stated Principal Amount of the Notes;

(iv) whether such Notes are of a particular Tranche of Notes;

(v) the currency or currencies in which such Notes will be denominated and in which payments of principal of, and interest on, such Notes will or may be payable;

(vi) the price or prices at which such Series or Tranche of Notes will be issued;

(vii) the times at which such Series or Tranche of Notes may, pursuant to any optional redemption provisions, be redeemed, and the other terms and provisions of any such redemption;

(viii) the rate per annum at which such Series or Tranche of Notes will bear interest, if any, or the formula or index on which such rate will be determined, including all relevant definitions, and the date from which interest will accrue;

(ix) each Interest Payment Date, each Principal Payment Date and the Principal Payment Default Date for such Series or Tranche of Notes;

(x) the Principal Accumulation Date for such Series of Notes;

(xi) the Principal Accumulation Amounts for such Series of Notes;

(xii) the Initial Dollar Principal Amount or the Initial Currency Specific Dollar Principal Amount of such Notes, and the means for calculating the Outstanding Dollar Principal Amount or the Outstanding Currency Specific Dollar Principal Amount, as applicable, of such Series or Tranche of Notes;

(xiii) whether or not application will be made to list such Series or Tranche of Notes on any securities exchange;

(xiv) any events of default with respect to such Series or Tranche of Notes;

(xv) if such Series or Tranche of Notes will be issued in whole or in part in the form of a Global Note or Global Notes, the terms and conditions, if any, upon which such Global Note or Global Notes may be exchanged in whole or in part for other individual Notes, and the Depository for such Global Note or Global Notes;

(xvi) if such Series or Tranche of Notes will be issued in whole or in part as Registered Notes, Bearer Notes or both, whether such Series or Tranche of Notes are to be issued with or without coupons or both;

(xvii) if such Series or Tranche of Notes are to have the benefit of any Credit Enhancement Agreement or Liquidity Agreement, the terms and provisions of the applicable agreement;

(xviii) the Record Date for any Interest Payment Date or Principal Payment Date of such Series or Tranche of Notes, if different from the last day of the month before the related Interest Payment Date or Principal Payment Date;

(xix) whether and under what conditions, additional amounts will be payable to Noteholders of such Series or Tranche of Notes; and

(xx) any other terms of such Notes as stated in the Related Supplemental Indenture;

all upon such terms as may be determined in or pursuant to the Related Supplemental Indenture.

(g) The Notes of each Class, Series or Tranche will be distinguished from the Notes of each other Class, Series or Tranche in such manner, reasonably satisfactory to the Indenture Trustee, as the Issuer may determine.

(h) Any terms or provisions in respect of the Notes of any Class, Series or Tranche issued under this Indenture may be determined pursuant to this Section 4.01 by

providing in the Related Supplemental Indenture for the method by which such terms or provisions will be determined.

4.02 Denominations

The Notes of each Series or Tranche will be issuable in such denominations and currency as will be provided in the provisions of this Indenture or in or pursuant to the Related Supplemental Indenture. In the absence of any such provisions with respect to the Registered Notes of any Series or Tranche, the Registered Notes of that Series or Tranche will be issued in denominations of 100,000 units of the applicable currency and integral multiples of 1,000. In the absence of any such provisions with respect to the Bearer Notes of any Series or Tranche, the Bearer Notes of that Series or Tranche will be issued in denominations of 1,000, 5,000, 50,000 and 100,000 units of the applicable currency.

4.03 Execution, Authentication and Delivery and Dating

(a) The Notes will be executed on behalf of the Issuer by a Responsible Officer of the Issuer. The signature of any Responsible Officer of the Issuer on the Notes may be manual or facsimile or may be given by other electronic means.

(b) Notes bearing the manual, facsimile or other electronic signatures of individuals who were at any time a Responsible Officer of the Issuer will bind the Issuer, notwithstanding that such individuals or any of them have ceased to hold such offices before the authentication and delivery of such Notes or did not hold such offices at the date of issuance of such Notes.

(c) At any time and from time to time after the execution and delivery of this Indenture, the Issuer may deliver Notes executed by the Issuer to the Indenture Trustee for authentication; and the Indenture Trustee will, upon request by an Issuer Certificate, authenticate and deliver such Notes as provided in this Indenture and not otherwise; provided however, that, in connection with its original issuance, no Bearer Note shall be mailed or otherwise delivered to any location in the United States; and provided further that, unless otherwise specified with respect to any Series or Tranche of Notes pursuant to Section 4.01, a Bearer Note may be delivered in connection with its original issuance only if the Person entitled to receive such Bearer Note shall have furnished a certificate in the form set forth in Exhibit 6-A, dated no earlier than 15 days prior to the earlier of the date on which such Bearer Note is delivered and the date on which any temporary Note first becomes exchangeable for such Bearer Note in accordance with the terms of such temporary Note and this Indenture. If any Note shall be represented by a permanent Bearer Note issued as a Global Note, then, for purposes of this Section, Section 3.05, and Section 4.04, the notation of a beneficial owner's interest therein upon original issuance of such Note or upon exchange of a portion of a temporary Global Note shall be deemed to be delivery in connection with its original issuance of such beneficial owner's interest in such permanent Global Note. Except as permitted by Section 4.06, the Indenture Trustee shall not authenticate and deliver any Bearer

Note unless all appurtenant coupons for interest then matured have been detached and cancelled.

(d) Before any such authentication and delivery, the Indenture Trustee will be entitled to receive, in addition to any Officer's Certificate and Opinion of Counsel required to be furnished to the Indenture Trustee pursuant to Section 1.02, the Issuer Certificate and any other opinion or certificate relating to the issuance of the Series or Tranche of Notes required to be furnished pursuant to Section 3.02 or Article V.

(e) The Indenture Trustee will not be required to authenticate such Notes if the issue thereof will adversely affect the Indenture Trustee's own rights, duties or immunities under the Notes and this Indenture.

(f) Unless otherwise provided in the form of Note for any Series or Tranche, all Notes will be dated the date of their authentication.

(g) No Note will be entitled to any benefit under this Indenture or be valid or obligatory for any purpose unless there appears on such Note a Certificate of Authentication executed by the Indenture Trustee by manual signature of an authorized signatory, and such certificate upon any Note will be conclusive evidence, and the only evidence, that such Note has been duly authenticated and delivered hereunder.

4.04 <u>Temporary Notes</u>

(a) Pending the preparation of definitive Notes of any Series or Tranche, the Issuer may execute, and, upon receipt of the documents required by Section 4.03, the Indenture Trustee will authenticate and deliver, temporary Notes which are printed, lithographed, typewritten, mimeographed or otherwise produced, in any authorized denomination, substantially of the tenor of the definitive Notes in lieu of which they are issued and with such appropriate insertions, omissions, substitutions and other variations as the Issuer may determine, as evidenced by the Issuer's execution of such Notes. Any temporary Note shall bear such notations as the Issuer may determine to distinguish them from the definitive Notes.

(b) If temporary Notes of any Series or Tranche are issued, the Issuer will cause definitive Notes of such Series or Tranche to be prepared without unreasonable delay. After the preparation of definitive Notes, the temporary Notes of such Series or Tranche will be exchangeable for definitive Notes of such Series or Tranche upon surrender of the temporary Notes of such Series or Tranche at the office or agency of the Issuer in a Place of Payment, without charge to the Noteholder; and upon surrender for cancellation of any one or more temporary Notes, the Issuer will execute and the Indenture Trustee will authenticate and deliver in exchange therefor a like Stated Principal Amount of definitive Notes of such Series or Tranche of authorized denominations and of like tenor and terms; provided, however, that no definitive Bearer Note shall be delivered in exchange for a temporary Registered Note; and provided further that a definitive Bearer Note shall be delivered in exchange for a temporary Bearer Note only in compliance with the conditions set

forth in Section 4.03. Until so exchanged, the temporary Notes of such Series or Tranche will in all respects be entitled to the same benefits under this Indenture as definitive Notes of such Series or Tranche.

4.05 <u>Registration, Transfer and Exchange</u>

(a) The Issuer will keep or cause to be kept a register (herein sometimes referred to as the "**Note Register**") in which, subject to such reasonable regulations as it may prescribe, the Issuer will provide for the registration of Registered Notes, or of Registered Notes of a particular Class, Series or Tranche, and for transfers of Registered Notes or of Registered Notes of such Class, Series or Tranche. Any such register will be in written form or in any other form capable of being converted into written form within a reasonable time. At all reasonable times, the information contained in such register or registers will be available for inspection by the Indenture Trustee at the office or agency to be maintained by the Issuer as provided in Section 13.03.

(b) Subject to Section 3.04, upon surrender for transfer of any Registered Note of any Class, Series or Tranche at the office or agency of the Issuer in a Place of Payment, the Issuer will execute, and, upon receipt of such surrendered Note, the Indenture Trustee will authenticate and deliver, in the name of the designated transferee or transferees, one or more new Registered Notes of such Class, Series or Tranche of any authorized denominations, of a like aggregate Stated Principal Amount, Principal Payment Date(s) and Principal Payment Default Date and of like terms.

(c) Subject to Section 3.04, at the option of the Noteholder, Notes of any Class, Series or Tranche may be exchanged for other Notes of such Class, Series or Tranche of any authorized denominations, of a like aggregate Stated Principal Amount, Principal Payment Date(s) and Principal Payment Default Date and of like terms, upon surrender of the Notes to be exchanged at the office or agency of the Issuer in a Place of Payment. Registered Notes, including Registered Notes received in exchange for Bearer Notes, may not be exchanged for Bearer Notes. At the option of the holder of a Bearer Note, subject to applicable laws and regulations, Bearer Notes may be exchanged for other Bearer Notes or Registered Notes (of the same Class, Series and Tranche of Notes) of authorized denominations of like aggregate fractional undivided interests in the Noteholders' interest, upon surrender of the Bearer Notes to be exchanged at an office or agency of the Note Registrar located outside the United States. Each Bearer Note surrendered pursuant to this Section 4.05 will have attached thereto all unmatured coupons; provided, however, that any Bearer Note so surrendered after the close of business on the last day of the month preceding the relevant Interest Payment Date need not have attached the coupon relating to such Interest Payment Date. Whenever any Notes are so surrendered for exchange, the Issuer will execute, and the Indenture Trustee will authenticate and deliver (in the case of Bearer Notes, outside the United States), the Notes which the Noteholders making the exchange are entitled to receive.

(d) All Notes issued upon any transfer or exchange of Notes will be the valid and legally binding obligations of the Issuer, evidencing the same debt, and entitled to the same benefits under this Indenture, as the Notes surrendered upon such transfer or exchange.

(e) Every Note presented or surrendered for transfer or exchange will (if so required by the Issuer or the Indenture Trustee) be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Issuer and the Note Registrar duly executed, by the Noteholder or his attorney duly authorized in writing.

(f) Unless otherwise provided in the Note to be transferred or exchanged, no service charge will be made on any Noteholder for any transfer or exchange of Notes, but the Issuer may (unless otherwise provided in such Note) require payment of a sum sufficient to cover any Tax or other governmental charge that may be imposed in connection with any transfer or exchange of Notes before the transfer or exchange will be complete, other than exchanges pursuant to Section 4.04 or Section 11.05 not involving any transfer.

(g) None of the Issuer, the Note Registrar or the Indenture Trustee shall be required (i) to issue, register the transfer of or exchange any Notes of any Class, Series or Tranche during a period beginning at the opening of business 15 days before the day of selection of Notes of such Class, Series or Tranche to be redeemed and ending at the close of business on (A) if Notes of such Class, Series or Tranche are issuable only as Registered Notes, the day of the mailing of the relevant notice of redemption of Registered Notes of such Class, Series or Tranche so selected for redemption or (B) if Notes of the Class, Series or Tranche are issuable as Bearer Notes, the day of the first publication of the relevant notice of redemption or, if Notes of the Class, Series or Tranche are also issuable as Registered Notes and there is no publication, the mailing of the relevant notice of redemption or (ii) to register the transfer or exchange of any Notes or portions thereof so selected for redemption.

(h) Notwithstanding anything herein to the contrary, the exchange of Bearer Notes into Registered Notes shall be subject to applicable laws and regulations in effect at the time of exchange; none of the Issuer, the Indenture Trustee or the Note Registrar shall exchange any Bearer Notes into Registered Notes if it has received an Opinion of Counsel that as a result of such exchanges the Issuer would suffer adverse consequences under the Canadian or United States federal income tax laws and regulations then in effect, or the income tax laws of the jurisdiction of the holder of the Bearer Note, and the Issuer has delivered to the Indenture Trustee an Issuer Certificate directing the Indenture Trustee not to make such exchanges unless and until the Indenture Trustee receives a subsequent Issuer Certificate to the contrary. The Issuer shall deliver copies of such Issuer Certificates to the Note Registrar.

(i) None of the Issuer, the Indenture Trustee, any agent of the Indenture Trustee, any Paying Agent or the Note Registrar will have any responsibility or liability for any

aspect of the records relating to or payments made on account of beneficial ownership of a Global Note or for maintaining, supervising or reviewing any records relating to such beneficial ownership.

(j) The Issuer initially appoints the Indenture Trustee to act as Note Registrar for the Registered Notes on its behalf. The Issuer may at any time and from time to time authorize any Person to act as Note Registrar in place of the Indenture Trustee with respect to any Class, Series or Tranche of Notes issued under this Indenture.

(k) Registration of transfer of Notes containing the following legend or to which the following legend is applicable:

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT IN ACCORDANCE WITH THE TRUST INDENTURE AND THE INDENTURE SUPPLEMENT AND PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT.

will be effected only if such transfer is made pursuant to an effective registration statement under the U.S. Securities Act, or is exempt from the registration requirements under the U.S. Securities Act. In the event that registration of a transfer is to be made in reliance upon an exemption from the registration requirements under the U.S. Securities Act other than Rule 144A under the U.S. Securities Act or Rule 903 or Rule 904 of Regulation S under the U.S. Securities Act, the transferor or the transferee will deliver, at its expense, to the Issuer and the Indenture Trustee, an investment letter from the transferee, substantially in a form appended to a Supplemental Indenture authorizing the applicable Series of Notes or such other form as the Issuer may determine, and no registration of transfer will be made until such letter is so delivered.

Notes issued upon registration or transfer of, or Notes issued in exchange for, Notes bearing the legend referred to above will also bear such legend and any other legends required by the Related Supplemental Indenture unless the Issuer, the Indenture Trustee and the Note Registrar receive an Opinion of Counsel, satisfactory to each of them, to the effect that such legend may be removed.

Whenever a Note containing the legend referred to above is presented to the Note Registrar for registration of transfer, the Note Registrar will promptly seek instructions from the Issuer regarding such transfer and will be entitled to receive an Issuer Certificate prior to registering any such transfer. The Issuer hereby agrees to indemnify the Note Registrar and the Indenture Trustee and to hold each of them harmless against any loss, liability or expense incurred without negligence or bad

faith on their part arising out of or in connection with actions taken or omitted by them in relation to any such instructions furnished pursuant to this clause. The Indenture Trustee shall have no obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer imposed under this Indenture, the Related Supplemental Indenture, or under applicable law with respect to any transfer of any interest in any Note other than to require delivery of such certificates and other documentation or evidence as are expressly required by, and to do so if and when expressly required by the terms of, this Indenture, and to examine the same to determine substantial compliance as to form with the express requirements hereof.

(l) By acquiring a Note, each Noteholder that is a United States Person will be deemed to represent, warrant and covenant that either: (i) it is not acquiring the Note (or any interest therein) with the assets of a Benefit Plan or a governmental, church or non-U.S. plan that is subject to any federal, state, local or other non-U.S. law that is substantially similar to Section 406 of ERISA or Section 4975 of the Internal Revenue Code ("**Similar Law**"); or (ii) (A) the Note is rated at least "BBB-" or its equivalent by a nationally recognized statistical rating agency at the time of purchase or transfer, and (B) the acquisition, holding and disposition of the Note will not give rise to a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Internal Revenue Code or a violation of any Similar Law.

4.06 <u>Mutilated, Destroyed, Lost and Stolen Notes</u>

(a) If (i) any mutilated Note (together, in the case of Bearer Notes, with all unmatured coupons, if any, appertaining thereto) is surrendered to the Indenture Trustee or the Note Registrar, or the Issuer, the Note Registrar or the Indenture Trustee receive evidence to their satisfaction of the destruction, loss or theft of any Note, and (ii) there is delivered to the Issuer, the Note Registrar or the Indenture Trustee such security or indemnity as may be required by them to save each of them harmless, then, in the absence of notice to the Issuer, the Note Registrar or the Indenture Trustee that such Note has been acquired by a protected purchaser, the Issuer will execute and upon its request the Indenture Trustee will authenticate and deliver (in the case of Bearer Notes, outside the United States), in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Note, a new Note of like tenor, Class, Series or Tranche, Principal Payment Date(s), Principal Payment Default Date and Stated Principal Amount, bearing a number not contemporaneously Outstanding.

(b) In case any such mutilated, destroyed, lost or stolen Note has become or is about to become due and payable, the Issuer in its discretion may, instead of issuing a new Note, pay such Note.

(c) Upon the issuance of any new Note under this Section 4.06, the Issuer may require the payment of a sum sufficient to cover any Tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Indenture Trustee) connected therewith.

(d) Every new Note issued pursuant to this Section 4.06 in lieu of any destroyed, lost or stolen Note will constitute an original additional contractual obligation of the Issuer, whether or not the destroyed, lost or stolen Note will be at any time enforceable by anyone, and will be entitled to all the benefits of this Indenture equally and proportionately with any and all other Notes of the same Class, Series or Tranche duly issued hereunder.

(e) The provisions of this Section 4.06 are exclusive and will preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Notes.

4.07 <u>Persons Entitled to Payment</u>

(a) Unless otherwise provided with respect to such Note pursuant to Section 4.01, interest payable on any Registered Note will be paid to the Person in whose name that Note is registered at the close of business on the most recent Record Date and interest payable on any Bearer Note will be paid to the bearer of that Note (or the applicable coupon) outside of the United States.

(b) Subject to clause (a), each Note delivered under this Indenture upon transfer of or in exchange for or in lieu of any other Note will carry the rights to interest accrued or principal accreted and unpaid, and to accrue or accrete, which were carried by such other Note.

(c) Title to any Bearer Note, including any coupons appertaining thereto, shall pass by delivery. The Issuer, the Indenture Trustee, the Manager and any agent of the Issuer, the Indenture Trustee or the Manager may treat the Person who is proved to be the owner of such Note pursuant to subsection 1.04(c) as the owner of such Note for the purpose of receiving payment of principal of and (subject to this Section 4.07) interest on such Note and for all other purposes whatsoever, whether or not such Note be overdue, and none of the Issuer, the Indenture Trustee, the Manager or any agent of the Issuer, the Indenture Trustee or the Manager will be affected by notice to the contrary.

(d) Delivery of a Note to the Paying Agent by the holder of such Note shall, upon payment thereof, be a good discharge to the Issuer of all obligations evidenced by such Note. The Paying Agent shall not be bound to enquire into the title of any such Noteholder, save as ordered by a court of competent jurisdiction or as required by statute, nor shall it be bound to see to the execution of any trust affecting the ownership of any Note or be affected by notice of any equity that may be subsisting in respect thereof.

(e) Any payment of principal or interest on any Note which is due on a day other than a Business Day shall be payable on the next succeeding Business Day without adjustment for interest thereon and such payment shall be deemed to have been made with the same force and effect as if made on the due date.

(f) Upon the Paying Agent's reasonable request therefor, the Issuer will (i) provide the Paying Agent with any information in its possession or (ii) assist the Paying Agent (to the extent necessary and it is commercially reasonable for the Issuer to do so) to obtain information, in each case, to the extent such information is required by the Paying Agent to comply with its tax reporting and withholding obligations under applicable law with respect to payments to be made to Specified Creditors pursuant to this Indenture and the other Program Agreements, unless the Issuer is prohibited from doing so by applicable law or an obligation of confidentiality by which the Issuer is bound.

4.08 <u>Protection of Notes</u>

(a) The Indenture Trustee shall hold in safekeeping the Notes which have not been issued (but which have been delivered to the Indenture Trustee by or on behalf of the Issuer) pending receipt of an Issuer Certificate. The Indenture Trustee shall acknowledge receipt of the Notes so delivered by signing and returning to the Issuer an acknowledgement of receipt of the Notes, such acknowledgement to be in a form satisfactory to the Issuer.

(b) The Indenture Trustee's responsibility for any Notes held in its custody hereunder shall be limited to using the same diligence in physically safeguarding such Notes as it does for its own securities. The Indenture Trustee shall account for the unissued Notes held in its custody whenever so required by the Issuer. If at any time the Indenture Trustee shall discover that any of such Notes have been lost, damaged, destroyed, stolen or misappropriated, it shall promptly advise the Issuer thereof and identify, to the extent practicable, such Notes.

4.09 <u>Additional Issuances of Notes</u>

(a) There are no restrictions on the timing or amount of any additional issuance of Notes of an Outstanding Series or Tranche of Notes, so long as the conditions described in Article V are satisfied. As of the date of any additional issuance of Notes of an Outstanding Series or Tranche of Notes, the Stated Principal Amount and Outstanding Dollar Principal Amount of that Series or Tranche will be increased to reflect the principal amount of the additional Notes. If the additional Notes are a Series or Tranche of Notes that has the benefit of a Derivative Agreement, the Issuer will enter into a Derivative Agreement for the benefit of the additional Notes. In addition, if the additional Notes are a Series or Tranche of Notes that has the benefit of any Credit Enhancement Agreement or Liquidity Agreement, the Issuer will enter into a Credit Enhancement Agreement or Liquidity Agreement, as applicable, for the benefit of the additional Notes.

(b) When issued, the additional Notes of a Series or Tranche will be identical in all respects to the other Outstanding Notes of that Series or Tranche and will be equally and ratably entitled to the benefits of this Indenture and the Related Supplemental Indenture as the other Outstanding Notes of that Series or Tranche without preference, priority or distinction; provided, however, that if such additional Notes

are not fungible with such other Outstanding Notes for United States federal income tax purposes, then such additional Notes shall have a separate ISIN, CUSIP or other identifying number from such other Outstanding Notes.

4.10 Redemption of Notes

(a) Subject to Section 13.24, if the Related Supplemental Indenture for a Series or Tranche of Notes specifies that the Notes of such Series or Tranche will be redeemable, in whole at any time or in part from time to time, such Notes may be redeemed at a redemption price (the "**Redemption Price**") provided for in such Related Supplemental Indenture. In case of any redemption, the provisions of this Section 4.10 shall apply except to the extent provided otherwise in such Related Supplemental Indenture.

(b) The Redemption Price, plus accrued and unpaid interest and other amounts (if any) due thereon to the redemption date, will be payable upon presentation and surrender of the Notes called for redemption at any of the places where the principal of such Series or Tranche of Notes is expressed to be payable and at any other places specified in the notice of redemption.

(c) If less than all the Notes of any Series or Tranche are to be redeemed at one time, the Notes of such Series or Tranche to be redeemed will be selected by the Indenture Trustee on a *pro rata* basis, disregarding fractions, according to the principal amount of Notes registered in the name of each Noteholder, or in such other manner (which may include random selection by computer) as the Indenture Trustee may consider equitable, provided that such selection will be proportionate (to the nearest 1,000 units of the applicable currency). For this purpose, the Indenture Trustee may make, and from time to time amend, regulations with regard to the manner in which such Notes may be called for redemption and regulations so made will be valid and binding upon all Noteholders notwithstanding the fact that, as a result of such regulations, one or more Notes become subject to redemption in part only. Unless the context otherwise requires, the terms "Note" and "Notes" as used in this Section 4.10 will be deemed to include any part of the principal amount of any Note which in accordance with the foregoing provisions has become subject to redemption.

(d) The holder of any Note called for redemption in part only will be entitled to receive, upon surrender of such Note for payment and without expense to such holder, a new Note or Notes of an aggregate principal amount equal to the unredeemed part of the Note so surrendered, and the Issuer will execute and the Indenture Trustee will certify and deliver to such holder such new Note or Notes; provided, however, that, in the case of a Global Note, an appropriate notation may instead be made on such Global Note to decrease the principal amount thereof to an amount equal to the unredeemed portion thereof.

(e) Notice of intention to redeem any Series or Tranche of Notes will be given by the Issuer in the manner provided in Section 15.03 or otherwise in accordance with the procedures of the Depository at least 15 days but not more than 30 days prior to the

date fixed for redemption. Notwithstanding the foregoing, a redemption notice may be delivered more than 30 days prior to the date fixed for redemption if such notice is issued in connection with a satisfaction and discharge of this Indenture with respect to any Series or Tranche of Notes. Every such notice will specify that portion of the principal amount of such Note to be redeemed (provided that no Notes in an aggregate principal amount of 1,000 units of the applicable currency or less will be redeemed in part), the redemption date, the Redemption Price and places of payment, and will state that all interest on the Notes called for redemption will cease to be payable from the redemption date.

(f) Upon notice having been given as provided in Section 4.10(e), the Notes called for redemption or the principal amount to be redeemed of the Notes called for redemption in part, as the case may be, will thereupon become due and payable at the Redemption Price, on the redemption date specified in such notice, in the same manner and with the same effect as if it were the maturity date for such Notes, notwithstanding anything contained in this Indenture or in the Notes to the contrary. From and after such redemption date, if the money necessary to redeem such Notes has been deposited as provided in Section 4.10(h) or 4.10(i) and affidavits or other proof satisfactory to the Indenture Trustee as to the delivery or mailing of such notices have been delivered to it, such Notes will not be considered as Outstanding under this Indenture and interest upon such Notes will cease to accrue after such date.

(g) If any question arises as to whether notice of redemption or deposit of the redemption money has been given or made available as provided above, such question will be decided by the Indenture Trustee, whose decision will be final and binding upon all interested parties.

(h) Except as may otherwise be provided in the Related Supplemental Indenture or in any Series or Tranche of Notes, or as part of a satisfaction and discharge of this Indenture with respect to any Series or Tranche of Notes where payment has been made in accordance with another provision of this Indenture, upon Notes of a Series or Tranche being called for redemption, the Issuer will deposit with the Indenture Trustee immediately available funds no later than 10:00 a.m. on the date fixed for redemption in the relevant notice of redemption (or such later time on such date as is acceptable to the Indenture Trustee), such sums as may be sufficient to pay the Redemption Price of the Notes to be redeemed, plus accrued and unpaid interest and other amounts (if any) due on such Notes to the redemption date, and will pay to the order of the Indenture Trustee the estimated charges and expenses to be incurred in connection with such redemption. From the sums so deposited and upon surrender of such Notes, the Indenture Trustee will pay or cause to be paid to the holders of the Notes called for redemption the principal thereof, interest and other amounts (if any) thereon to which they are entitled on redemption.

(i) Alternatively, in respect of any Global Notes, the Issuer may, at its option, cause the amount payable on redemption to be sent by wire transfer on the day such

redemption payment is due to an account maintained by such Noteholder or any other method acceptable to the Issuer and such Noteholder.

4.11 Purchase of Notes for Cancellation

(a) Provided no Event of Default has occurred and is continuing, the Issuer may purchase or otherwise acquire, at any time and from time to time, all or any of the Outstanding Notes of any Series or Tranche in the market (which will include purchase from or through an investment dealer, participant or a firm holding membership on a recognized stock exchange) or by invitation to tender or by private contract at such prices as it may determine in its sole discretion. The Issuer will deliver to the Indenture Trustee all Notes purchased as aforesaid, when paid, as evidence of such payment.

(b) If, upon an invitation to tender, more Notes of a Series or Tranche are tendered in response to such invitation at the same lowest price than the Issuer is prepared to accept, Notes of the Series or Tranche to be purchased by the Issuer will be selected by the Indenture Trustee on a *pro rata* basis, disregarding fractions, according to the Outstanding Dollar Principal Amount of Notes registered in the name of each Noteholder, or in such other manner as the Indenture Trustee may consider equitable (which may include random selection by computer), from the Notes tendered by each Noteholder which tendered at such lowest price. For this purpose, the Indenture Trustee may make, and from time to time amend, regulations with respect to the manner in which Notes may be so selected and regulations so made will be valid and binding upon all Noteholders, notwithstanding the fact that, as a result thereof, one or more of such Notes becomes subject to purchase in part only. The holder of any Note of which a part only is purchased, will be entitled to receive upon surrender of such Note for payment and without expense to such holder, a new Note or Notes of an aggregate principal amount equal to the unpurchased part of the Note so surrendered and the Indenture Trustee will certify and deliver to such holder a new Note or Notes; provided, however, that, in the case of a Global Note, an appropriate notation may instead be made on such Global Note to decrease the principal amount thereof to an amount equal to the unpurchased portion thereof.

4.12 Cancellation

All Notes surrendered for payment, redemption, repurchase, transfer, conversion or exchange will, if surrendered to any Person other than the Indenture Trustee, be delivered to the Indenture Trustee and will be promptly canceled by it. The Issuer may at any time deliver to the Indenture Trustee for cancellation any Notes previously authenticated and delivered hereunder which the Issuer may have acquired in any manner whatsoever, and all Notes so delivered will be promptly canceled by the Indenture Trustee. No Note will be authenticated in lieu of or in exchange for any Notes canceled as provided in this Section 4.12, except as expressly permitted by this Indenture. The Indenture Trustee will dispose of all canceled Notes in accordance with its customary procedures and will deliver a certificate of such disposition to the Issuer.

ARTICLE V
CONDITIONS PRECEDENT

5.01 Conditions Precedent for Incurrence of Indebtedness

On or prior to the date that the Issuer enters into a definitive agreement for the incurrence of new Issuer Funding Obligations or the renewal or extension of any existing Issuer Funding Obligations (in each case, other than Derivative Funding Obligations), the following conditions precedent shall be satisfied:

(a) the Issuer shall have delivered to the Indenture Trustee and each Rating Agency notice of the incurrence of such Issuer Funding Obligation;

(b) the Issuer shall have delivered to the Indenture Trustee and each Rating Agency an Issuer Certificate to the effect that:

(i) the Issuer reasonably believes that the incurrence of such Issuer Funding Obligation will not cause an Adverse Effect;

(ii) all instruments furnished to the Indenture Trustee conform to the requirements of this Indenture and constitute sufficient authority hereunder for the Indenture Trustee to (A) in the case of a Note issuance only, authenticate and deliver such Notes, and (B) in the case of all other Issuer Funding Obligations, execute and deliver the Related Funding Obligation Agreement in accordance with Section 5.05;

(iii) in the case of a Note issuance only, the form and terms of such Notes have been established in conformity with the provisions of this Indenture;

(iv) the incurrence of such Issuer Funding Obligation is consistent in all material respects with the Financing Plan;

(v) the conditions set out in subsections 5.01(c), (d), (g) and (k) have been met; and

(vi) such other matters as the Indenture Trustee may reasonably request;

(c) the representations and warranties set forth in Section 12.01 shall be true and correct in all material respects;

(d) the Rating Agency Condition with respect to all outstanding Series or Tranches of Issuer Funding Obligations shall have been satisfied with respect to such incurrence;

(e) the Indenture Trustee shall have received either:

(i) a certified copy of the instrument whereby the Province designated in writing that the new Issuer Funding Obligations are Approved Obligations

as contemplated by clause (ii) of Section 4.01 of the Change of Law Protection Agreement; or

(ii) both (A) an Adherence Compliance Certificate addressed to the Indenture Trustee with respect to the new Issuer Funding Obligations delivered in accordance with Section 4.02(a)(ii) of the Change of Law Protection Agreement; such Adherence Compliance Certificate to be delivered not more than five (5) Business Days prior to the incurrence of the new Issuer Funding Obligation, and (B) a certificate signed by the Manager certifying that the Province has not provided a Suspension Notice to the Manager or the Issuer;

(f) the Issuer shall have delivered to the Indenture Trustee copies of the Related Funding Obligation Agreement, including in the case of Notes, a Supplemental Indenture, and if applicable, a Terms Document relating to the applicable Tranche of Notes;

(g) in the case of Senior Funding Obligations only, the Issuer will have Subordinated Funding Obligations and Junior Subordinated Funding Obligations in an aggregate Outstanding Dollar Principal Amount equal to not less than 35% of the aggregate Outstanding Dollar Principal Amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations (after giving effect to such incurrence) and in the case of Subordinated Funding Obligations only, the Issuer will have Junior Subordinated Funding Obligations in an aggregate Outstanding Dollar Principal Amount equal to not less than 10% of the aggregate Outstanding Dollar Principal Amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations (after giving effect to such incurrence);

(h) except in the case of Notes, the Issuer delivers to the Indenture Trustee an updated copy of the Specified Creditor list described in Section 13.13(b);

(i) each Debtholder in respect of such Issuer Funding Obligation (or an authorized agent on their behalf) shall have made the acknowledgements and agreements set out in Section 5.04;

(j) the Change of Law Protection Agreement shall be in full force and effect against the Province or shall have been replaced with a new agreement that is in form and substance satisfactory to Controlling Class Creditors pursuant to an Ordinary Resolution;

(k) the conditions precedent, if any, specified in the applicable Funding Obligation Agreement shall have been satisfied;

(l) in the case of a Note issuance only, the Indenture Trustee shall have received an Issuer Certificate for the certification and delivery of such Notes and specifying the particulars relating to such Notes;

(m) in the case of Bearer Notes described in section 163(f)(2)(A) of the Internal Revenue Code, if such Notes are not in registered form (including by reason of a book entry system described in section 163(f)(3) of the Internal Revenue Code), then such Notes shall be described in section 4701(b)(1)(B) of the Internal Revenue Code and such section shall apply to such Notes; and

(n) in the case of Foreign Currency Notes only, the Issuer shall have appointed one or more Paying Agents in the appropriate countries, if requested by the Indenture Trustee.

For greater certainty, periodic drawdowns under existing Funding Obligation Agreements, or a renewal or extension thereof in accordance with the terms of a Funding Obligation Agreement, shall not constitute a new incurrence of Issuer Funding Obligations. However, an increase in the aggregate commitment under an existing Funding Obligation Agreement or the issuance of additional Notes of an Outstanding Series or Tranche of Notes shall constitute a new incurrence of Issuer Funding Obligations.

5.02 <u>No Consent</u>

The Indenture Trustee will not be required to and, except as otherwise provided in any Funding Obligation Agreement, the Issuer will not be required to, provide prior notice to or obtain the consent of any Debtholder or any other Specified Creditor to incur any Issuer Funding Obligations.

5.03 <u>Conditions Precedent for the Incurrence of other Obligations Secured</u>

On or prior to the date that the Issuer enters into any agreement that would give rise to Obligations Secured (other than Issuer Funding Obligations referred to in Section 5.01 but including Derivative Funding Obligations), the following conditions precedent shall be satisfied:

(a) the Issuer shall have delivered to the Indenture Trustee a copy of the applicable agreement; and

(b) the Issuer shall have delivered to the Indenture Trustee an updated copy of the Specified Creditor list described in Section 13.13(b);

(c) each counterparty to such agreement (or an authorized agent on their behalf) shall have made the acknowledgements and agreements set out in Section 5.04; and

(d) if the Obligations Secured are Certified Primary Obligations, the Indenture Trustee shall have received either:

(i) a certified copy of the instrument whereby the Province designated in writing that the new Obligations Secured are Approved Obligations as contemplated by clause (ii) of Section 4.01 of the Change of Law Protection Agreement; or

(ii) both (A) an Adherence Compliance Certificate addressed to the Indenture Trustee with respect to the new Obligations Secured delivered in accordance with Section 4.02(a)(ii) of the Change of Law Protection Agreement; such Adherence Compliance Certificate to be delivered not more than five (5) Business Days prior to the incurrence of the new Obligations Secured, and (B) a certificate signed by the Manager certifying that the Province has not provided a Suspension Notice to the Manager or the Issuer.

5.04 Specified Creditor Acknowledgements

Each Specified Creditor:

(a) acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor hereunder and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under this Indenture including, without limitation, Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 7.12 (Payments Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Section 8.14 (Limited Recourse), Article IX (Indenture Trustee) (including all limitations of liability thereunder), Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition);

(b) except in the case of the Province, irrevocably authorizes and directs the Indenture Trustee on its behalf to take such action (including the execution and delivery of documents of subordination) as may be necessary or appropriate to further assure the priority arrangements provided for in Article VI, Article VII and Section 8.13, and appoints the Indenture Trustee as its agent for any and all such purposes; and

(c) consents, requests and authorizes the Issuer and the Indenture Trustee to (i) add such Specified Creditor (or its agent) to the register of Specified Creditors described in Section 13.13 and (ii) disseminate the notice details of such Specified Creditor to other Specified Creditors for the purposes set out in subsection 9.14(b).

5.05 Acknowledgement of Program Agreement by Indenture Trustee

Upon receipt of an Issuer Certificate directing it to do so (provided the conditions set forth in Section 5.01 or 5.03, as applicable, have been satisfied, as certified by the Issuer), the Indenture Trustee shall execute an acknowledgement with respect to any Program Agreement or any evidence of indebtedness issued pursuant to a Program Agreement confirming that such Program Agreement or evidence of indebtedness is an Obligation Secured under this Indenture and the creditors listed in such Program Agreements are Specified Creditors for the purposes of this Indenture.

ARTICLE VI
SUBORDINATION

6.01 Subordination

The payment of all Subordinated Funding Obligations shall be subordinate and rank junior, to the extent and in the manner set forth in this Article VI, Article VII and Article VIII, if applicable, to the prior payment in full of all amounts owing from time to time with respect to the Senior Funding Obligations and the Derivative Funding Obligations. The payment of all Junior Subordinated Funding Obligations shall be subordinate and rank junior, to the extent and in the manner set forth in this Article VI, Article VII and Article VIII, if applicable, to the prior payment in full of all amounts owing from time to time with respect to the Senior Funding Obligations, the Derivative Funding Obligations and the Subordinated Funding Obligations. Subject to the provisions of the Related Funding Obligation Agreement, (i) prior to the acceleration of the Issuer Funding Obligations pursuant to Section 8.02, payment in respect of the Subordinated Funding Obligations and the Junior Subordinated Funding Obligations shall be made as provided for in Sections 7.04 to 7.11; and (ii) after the acceleration of the Issuer Funding Obligations pursuant to Section 8.02, payment on account of the Subordinated Funding Obligations and the Junior Subordinated Funding Obligations shall be made as provided for in Section 8.13.

6.02 Subrogation to Senior Funding Obligations and Derivative Funding Obligations

(a) Subject to the payment in full of the Senior Funding Obligations and the Derivative Funding Obligations or the making of due provision for such payment, the Debtholders of Subordinated Funding Obligations shall be subrogated to the rights of the Debtholders of Senior Funding Obligations and Derivative Counterparties to receive payments or distributions of assets of the Issuer, to the extent of the application thereto of moneys or other assets which would have been received by the Debtholders of Subordinated Funding Obligations but for the provisions of this Article VI, until the principal of and interest on the Subordinated Funding Obligations shall be paid in full.

(b) Subject to the payment in full of the Senior Funding Obligations, the Derivative Funding Obligations and the Subordinated Funding Obligations or the making of due provision for such payment, the Debtholders of Junior Subordinated Funding Obligations shall be subrogated to the rights of the Debtholders of Senior Funding Obligations and Subordinated Funding Obligations, and Derivative Counterparties, to receive payments or distributions of assets of the Issuer, to the extent of the application thereto of moneys or other assets which would have been received by the Debtholders of Junior Subordinated Funding Obligations but for the provisions of this Article VI, until the principal of and interest on the Junior Subordinated Funding Obligations shall be paid in full.

6.03 Rights of Specified Creditors Preserved

The provisions of this Article VI are and are intended solely for the purpose of defining the relative rights of the Debtholders of Senior Funding Obligations, Subordinated Funding

Obligations and Junior Subordinated Funding Obligations, and Derivative Counterparties, as applicable. Nothing in this Article VI is intended to or shall impair the obligation of the Issuer, subject to the rights of the Debtholders of Senior Funding Obligations and Derivative Counterparties, to pay the Subordinated Funding Obligations and Junior Subordinated Funding Obligations as and when the same shall become due and payable in accordance herewith, or affect the relative rights of the Debtholders of Subordinated Funding Obligations and Junior Subordinated Funding Obligations, and creditors of the Issuer other than Debtholders of such Senior Funding Obligations and Derivative Counterparties, nor shall anything in this Article VI prevent the Indenture Trustee or such Debtholders from exercising all remedies otherwise permitted by this Indenture, subject to the rights (if any) under this Article VI of Debtholders of Senior Funding Obligations, Derivative Counterparties and the Indenture Trustee on their behalves in respect of any payment or distribution of cash, property or securities of the Issuer received upon the exercise of any such remedy.

6.04 Renewal or Extension of Senior Funding Obligations

(a) Except as provided in this Indenture or the Related Funding Obligation Agreement, Debtholders of Senior Funding Obligations and Derivative Counterparties may at any time in their discretion renew or extend the time of payment of their Issuer Funding Obligations or exercise any other of their rights in respect thereof, including, without limitation, the waiver of an Event of Default thereunder, all without notice to or assent from the Debtholders of the Subordinated Funding Obligations or Junior Subordinated Funding Obligations, or the Indenture Trustee.

(b) No compromise, alteration, amendment, modification, extension, renewal or other change of, or waiver, consent or other action in respect of, any liability or obligation under or in respect of any Senior Funding Obligations, Derivative Funding Obligations or of any of the terms, covenants or conditions of any Related Funding Obligation Agreement under which any Senior Funding Obligations or Derivative Funding Obligations shall have been issued, shall in any way alter or affect any of the provisions of this Article VI.

ARTICLE VII
ISSUER ACCOUNTS AND INVESTMENTS; ORDINARY COURSE ALLOCATIONS

7.01 Available Collections

Except as otherwise expressly provided in this Indenture, the Indenture Trustee may demand payment or delivery of, and shall receive and collect, directly and without intervention or assistance from any fiscal agent or other intermediary, all money and other property payable to or receivable by the Indenture Trustee pursuant to this Indenture including, without limitation, all funds and other property payable to the Indenture Trustee in connection with the Collateral. The Indenture Trustee will hold all such money and property received by it as part of the Collateral and will apply it, or cause it to be applied, as provided in this Indenture and any applicable Program Agreement.

7.02 Issuer Accounts

(a) On or before the date hereof, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**Collection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. All Available Collections received shall be credited to the Collection Account. The Collection Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the Collection Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 calendar days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition is satisfied) establish a new Collection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Collection Account to such new Collection Account. From the date each such new Collection Account is established, it shall be the "Collection Account."

(b) On or before the date hereof, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**Interest Accumulation Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. The Interest Accumulation Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the Interest Accumulation Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Interest Accumulation Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Interest Accumulation Account to such new Interest Accumulation Account. From the date each such new Interest Accumulation Account is established, it shall be the "Interest Accumulation Account." The Interest Accumulation Account is a "finance reserve account" under, and as defined in, the Fair Hydro Regulations.

(c) On or before the date hereof, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**Principal Accumulation Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. The Principal Accumulation Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the Principal Accumulation Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer

period, not to exceed 45 calendar days, so long as the Rating Agency Condition is satisfied) establish a new Principal Accumulation Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Principal Accumulation Account to such new Principal Accumulation Account. From the date each such new Principal Accumulation Account is established, it shall be the "Principal Accumulation Account." The Principal Accumulation Account is a "capital account" under, and as defined in, the Fair Hydro Regulations.

(d) On or before the date hereof, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**Program Cash Reserve Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. The Program Cash Reserve Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the Program Cash Reserve Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Program Cash Reserve Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Program Cash Reserve Account to such new Program Cash Reserve Account. From the date each such new Program Cash Reserve Account is established, it shall be the "Program Cash Reserve Account." The Program Cash Reserve Account is a "finance reserve account" under, and as defined in, the Fair Hydro Regulations. The Issuer shall deposit the Program Cash Reserve Required Amount to the Program Cash Reserve Account during the Reference Period commencing May 1, 2021 pursuant to the application of amounts available under subsection 7.04(e)(xiii).

(e) On or before the date hereof, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**IESO Cash Reserve Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. The IESO Cash Reserve Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the IESO Cash Reserve Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new IESO Cash Reserve Account that is an Eligible Deposit Account and shall transfer any funds or other property from such IESO Cash Reserve Account to such new IESO Cash Reserve Account. From the date each such new IESO Cash Reserve Account is established, it shall be the "IESO Cash Reserve Account." The IESO Cash Reserve Account is a "finance reserve account" under, and as defined in, the Fair Hydro Regulations. The Issuer shall deposit the IESO Cash Reserve Deposit Amount directly to the IESO Cash Reserve Account on the earlier of (x) April 30,

2021, and (y) the receipt of the IESO Cash Reserve Deposit Amount from the IESO. Other than such deposit of the IESO Cash Reserve Deposit Amount to the IESO Cash Reserve Account, no other amounts shall be deposited to the IESO Cash Reserve Account.

(f) On or before the date hereof, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**Refinancing Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. All proceeds arising from Notes and Borrowings related to Refinancings shall be deposited to the Refinancing Account. For greater certainty, the Refinancing Account may contain Sub-Accounts to account for proceeds in different currencies. The Refinancing Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the Refinancing Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition is satisfied) establish a new Refinancing Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Refinancing Account to such new Refinancing Account. From the date each such new Refinancing Account is established, it shall be the "Refinancing Account."

(g) From time to time in connection with the creation of any Series of Issuer Funding Obligations, the Issuer may cause to be established and maintained an Eligible Deposit Account (a "**Series Capital Reserve Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the applicable Debtholders or Derivative Counterparties. A Series Capital Reserve Account may be established for the sole purpose of allowing the Issuer to accumulate funds to be used to make repayments in respect of a Series of Issuer Funding Obligations. Details of any period of accumulation and the amounts to be accumulated shall be specified in the Related Funding Obligation Agreement. Each Series Capital Reserve Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the applicable Debtholders or Derivative Counterparties. If, at any time, the institution holding a Series Capital Reserve Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition in respect of the applicable Series is satisfied) establish a new Series Capital Reserve Account that is an Eligible Deposit Account and shall transfer any funds or other property to such new Series Capital Reserve Account. From the date each such new Series Capital Reserve Account is established, it shall be a "Series Capital Reserve Account." Each Series Capital Reserve Account shall be a "capital account" under, and as defined in, the Fair Hydro Regulations.

(h) From time to time in connection with the creation of any Series of Issuer Funding Obligations, the Issuer may cause to be established and maintained an Eligible Deposit Account (a "**Series Finance Reserve Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the applicable Debtholders or Derivative Counterparties. A Series Finance Reserve Account may be established for the purpose of allowing the Issuer to reserve funds to pay finance charges (including, without limitation, interest and payments under Derivative Agreements) for a Series of Issuer Funding Obligations. Details of any reserve requirements shall be specified in the Related Funding Obligation Agreement. Each Series Finance Reserve Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the applicable Debtholders or Derivative Counterparties. If, at any time, the institution holding a Series Finance Reserve Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition in respect of the applicable Series is satisfied) establish a new Series Finance Reserve Account that is an Eligible Deposit Account and shall transfer any funds or other property to such new Series Finance Reserve Account. From the date each such new Series Finance Reserve Account is established, it shall be a "Series Finance Reserve Account." Each Series Finance Reserve Account shall be a "finance reserve account" under, and as defined in, the Fair Hydro Regulations.

(i) On or before the making of any demand for payment under the Change of Law Protection Agreement, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. All payments received from the Province pursuant to the Change of Law Protection Agreement shall be deposited to the Protection Account. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account."

(j) From time to time in connection with the establishment of any Program Account (other than the Protection Account) or Series Account, the Issuer may cause to be established and maintained one or more Eligible Securities Accounts (each, a "**Securities Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the

benefit of the Indenture Trustee and the Specified Creditors. A Securities Account may be established for the purpose of allowing the Issuer to invest funds held in any Program Account or Series Account in Eligible Investments in accordance with Section 7.03. Each Securities Account shall relate to only one Program Account or Series Account. Each Securities Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution at which a Securities Account is maintained ceases to be an Affiliate of an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition (only in respect of the Series if related to a Series Account) is satisfied) establish a new Securities Account that is an Eligible Securities Account and shall transfer any funds or other property to such new Securities Account. From the date each such new Securities Account is established, it shall be a "Securities Account."

7.03 <u>Investment of Funds in the Issuer Accounts</u>

(a) Funds credited to the Issuer Accounts will (unless otherwise stated in this Indenture or, with respect to a Series Account, any applicable Funding Obligation Agreement) be invested and reinvested by the Indenture Trustee at the written direction of the Manager in one or more Eligible Investments. The Manager may appoint as its agent under a separate agreement a registered investment advisor and authorize such agent to give instructions on behalf of the Manager to the Indenture Trustee for funds to be invested and reinvested in one or more Eligible Investments. The Manager shall provide the Indenture Trustee with a written direction certifying any such appointment, together with an incumbency for such agent in a form acceptable to the Indenture Trustee, acting reasonably. The Indenture Trustee shall be entitled to conclusively rely on, and shall be protected in acting upon, instructions received from such agent on behalf of the Manager. The Manager (or its agent appointed pursuant to the preceding sentence) may authorize the Indenture Trustee to make specific investments pursuant to written instructions, in such amounts as the Manager will specify. Any direction from the Manager (or its agent appointed pursuant to this Section) to the Indenture Trustee shall be in writing and shall be provided to the Indenture Trustee no later than 9:00 a.m. (Toronto time) on the day on which the investment is to be made. Any such direction received by the Indenture Trustee after 9:00 a.m. (Toronto time) or received on a day that is not a Business Day shall be deemed to have been given prior to 9:00 a.m. (Toronto time) on the next Business Day.

(b) Notwithstanding anything to the contrary herein, for purposes of making investments in accordance with this Section 7.03, the Issuer shall be entitled to make transfers of cash from any Program Account or Series Account to the Related Securities Account, provided that the Issuer shall ensure that Eligible Investments in the Related Securities Account mature at such times as may be required so that a sufficient amount of cash shall be available for transfer to the applicable Program Account or Series Account to the extent required to pay all Obligations Secured

that are payable on the following Payment Date, Interest Payment Date or Principal Payment Date, as applicable. Transfers of cash between a Program Account or a Series Account and the Related Securities Account shall not require the delivery of a Payment Instruction and may be effected in accordance with the Indenture Trustee's standard practices.

(c) All funds from time to time credited to the Issuer Accounts pursuant to this Indenture and the Funding Obligation Agreements, and all investments made with such funds, if any, are property of the Issuer until such time as they are allocated or paid to satisfy Obligations Secured and will be held by the Indenture Trustee in the Issuer Accounts as part of the Collateral as herein provided, subject to withdrawal by the Paying Agent or the Indenture Trustee for the purposes specified herein.

(d) Funds and other property in any of the Issuer Accounts will not be commingled with any other funds or property of the Issuer or the Indenture Trustee.

(e) All interest and earnings (net of losses and investment expenses), if any, on funds credited to an Issuer Account will be part of that Issuer Account.

(f) Subject to subsection 9.01(d), neither the Indenture Trustee nor the Manager will in any way be held liable by reason of any losses incurred in the investment of any funds in any Eligible Investments and any insufficiency in an Issuer Account resulting from any loss on any Eligible Investment included therein.

(g) Funds credited to the Issuer Accounts will be invested and reinvested by the Indenture Trustee as provided in the written direction of the Manager; provided, however, that such funds shall remain uninvested upon the occurrence of any of the following events:

(i) the Manager (or its agent appointed pursuant to paragraph (a) above) shall have failed to give investment directions to the Indenture Trustee; or

(ii) an Event of Default shall have occurred and be continuing but no Issuer Funding Obligations have been declared due and payable pursuant to Section 8.02.

7.04 Allocation of Amounts on Deposit in Collection Account

(a) Subject to the applicable Payment Waterfall, all Senior Funding Obligations of each Series or Tranche will in all respects be equally and ratably entitled to the benefits hereof with respect to such Series or Tranche without preference, priority or distinction on account of (i) the actual time of the incurrence, (ii) the Principal Payment Date(s), (iii) the Principal Payment Default Date, or (iv) the Principal Accumulation Date, except as specified in the Related Funding Obligation Agreement. All Subordinated Funding Obligations of each Series or Tranche will in all respects be equally and ratably entitled to the benefits hereof with respect to such Series or Tranche without preference, priority or distinction on account of (i) the actual time of the incurrence, (ii) the Principal Payment Date(s), (iii) the

Principal Payment Default Date, or (iv) the Principal Accumulation Date, except as specified in the Related Funding Obligation Agreement. All Junior Subordinated Funding Obligations of each Series or Tranche will in all respects be equally and ratably entitled to the benefits hereof with respect to such Series or Tranche without preference, priority or distinction on account of (i) the actual time of the incurrence, (ii) the Principal Payment Date(s), (iii) the Principal Payment Default Date, or (iv) the Principal Accumulation Date, except as specified in the Related Funding Obligation Agreement.

(b) On each Payment Date, Available Collections credited to the Collection Account since the previous Payment Date will be distributed in accordance with Section 7.04(e).

(c) Subject to subsection 7.04(f), if any amount below is payable on a date other than a Payment Date, prior to such payment being made, an amount will be reserved in the Collection Account equal to the amount estimated by the Manager in its commercially reasonable judgment, based upon amounts then known and/or reasonably expected to be or become payable on or before the next Payment Date, to be the aggregate amount of items *pari passu* or more senior in priority than such obligation, calculated on a *pro forma* basis, and if, due to such reservation of funds, there are insufficient funds available in the Collection Account to make such payment, such payment will be made only on the following Payment Date (and then only if funds are available pursuant to this Section 7.04).

(d) In the event of non-payment on any Payment Date of any amounts referred to in subsection 7.04(e), such amounts shall remain due and shall be payable on each subsequent Payment Date in the order of priority provided for in subsection 7.04(e), subject to Sections 7.10 and 8.13.

(e) Subject to Sections 7.04(f), 7.10 and 8.13, on each Payment Date (after making the applications provided for in Section 7.07(a)), any amount standing to the credit of the Collection Account will be distributed by the Paying Agent in the order of priority specified below, based upon the Payment Instruction received from the Manager in respect of such Payment Date, *pro rata* in proportion to the claims represented by each subclause except as otherwise specifically provided below:

(i) First, to the payment or remittance of all Taxes exigible for which a Governmental Authority is given priority over the Specified Creditors under the laws of the applicable jurisdiction;

(ii) Second, on a *pro rata* basis, to the Indenture Trustee and the Issuer Trustee in respect of the amount of fees, expenses and reimbursements owing, up to a maximum aggregate amount (without duplication of any amounts previously paid in respect of such fees, expenses and reimbursements) equal to the Trustee Cap with respect to each of the Issuer Trustee and the Indenture Trustee;

(iii) Third, *pari passu* (A) to transfer to the Interest Accumulation Account, the Interest Accrual Amount (Senior) for such Payment Date, and (B) to Derivative Counterparties, on a *pro rata* basis, all Derivative Funding Obligations payable other than Termination Payments;

(iv) Fourth, to transfer to the Interest Accumulation Account, the Interest Accrual Amount (Subordinated) for such Payment Date;

(v) Fifth, to transfer to the Interest Accumulation Account, the Interest Accrual Amount (Junior Subordinated) for such Payment Date,

(vi) Sixth, to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Warehouse) for such Payment Date;

(vii) Seventh, *pari passu* (A) to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Senior) for such Payment Date, and (B) to Derivative Counterparties, on a *pro rata* basis, any Termination Payment where the Derivative Counterparty is not the Defaulting Party or the sole Affected Party;

(viii) Eighth, to Debtholders, on a *pro rata* basis, all fees and other amounts (other than interest or principal) due and payable on the Senior Funding Obligations;

(ix) Ninth, to the Manager in respect of all fees, expenses and reimbursement amounts owing;

(x) Tenth, to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Subordinated) for such Payment Date;

(xi) Eleventh, to Debtholders, on a *pro rata* basis, all fees and other amounts (other than interest or principal) due and payable on the Subordinated Funding Obligations;

(xii) Twelfth, to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Junior Subordinated) for such Payment Date,

(xiii) Thirteenth, to deposit to the Program Cash Reserve Account, the amount, if any, by which the amount on deposit in the Program Cash Reserve Account is less than the Program Cash Reserve Required Amount;

(xiv) Fourteenth, to transfer such amounts as is sufficient to replenish, on a *pro rata* basis, any Series Capital Account or Series Finance Reserve Account as required by any Related Funding Obligation Agreement, other than any Series Capital Account or Series Finance Reserve Account related solely to Subordinated Funding Obligations or Junior Subordinated Funding Obligations;

(xv) Fifteenth, to transfer such amounts as is sufficient to replenish, on a *pro rata* basis, any Series Capital Reserve Account or Series Finance Reserve Account related solely to Subordinated Funding Obligations as required by any Related Funding Obligation Agreement;

(xvi) Sixteenth, to Debtholders, on a *pro rata* basis, all fees and other amounts (other than interest or principal) due and payable on the Junior Subordinated Funding Obligations;

(xvii) Seventeenth, to transfer such amounts as is sufficient to replenish, on a *pro rata* basis, any Series Capital Account or Series Finance Reserve Account related solely to Junior Subordinated Funding Obligations as required by any Related Funding Obligation Agreement;

(xviii) Eighteenth, to Derivative Counterparties, on a *pro rata* basis, any Termination Payment where the Derivative Counterparty is the Defaulting Party or the sole Affected Party;

(xix) Nineteenth, to the Issuer Trustee for the account of the beneficiaries of the Issuer, such amount as is required pursuant to the Declaration of Trust;

(xx) Twentieth, to the Manager in respect of all indemnity amounts owing;

(xxi) Twenty-First, *pari passu* (A) to the Indenture Trustee and the Issuer Trustee, in each case, in respect of the amount of any fees, expenses, reimbursements and indemnity amounts owing and not previously paid pursuant to clause (ii); (B) to the payment or remittance of all Taxes exigible and not previously paid pursuant to clause (i); and (C) to all other Specified Creditors not specifically referred to in this Section 7.04(e); in each case, including for each referenced party in subclauses (A), (B) and (C), any amounts payable to their respective Affiliates under the terms of any relevant indemnity; and

(xxii) Twenty-Second, any amounts remaining: (A) to be held in the Collection Account for distribution in the above order of priority on the succeeding Payment Date (or for distribution prior thereto as permitted or required pursuant to this Indenture); or (B) after the final Issuer Funding Obligation has been paid in full and discharged, and all of the other foregoing amounts are paid in full, together with all amounts due to the Indenture Trustee under Section 9.05 or otherwise, to the Issuer or as the Issuer designates.

(f) Notwithstanding subsections 7.04(b), (c) and (e):

(i) the transfer of any amounts deposited by IESO into the Collection Account on account of the IESO Cash Reserve Deposit Amount to the IESO Cash Reserve Account, and

(ii) the transfer of any amounts deposited into the Collection Account on account of one-time transaction costs and expenses in connection with the incurrence of Issuer Funding Obligations on or within three (3) Business Days of the closing date of such transaction,

shall, in each case, be made by the Paying Agent, based upon the Payment Instruction received from the Manager on the date applicable thereto without reserving for or paying amounts which are senior in priority to such obligation under subsection 7.04(e).

7.05 Allocation of Amounts on Deposit in Interest Accumulation Account

Subject to Section 7.10, on each Interest Payment Date, amounts on deposit in the Interest Accumulation Account will be distributed by the Paying Agent in the order of priority specified below, based upon the Payment Instruction received from the Manager in respect of such Interest Payment Date:

(a) First, to Debtholders, on a *pro rata* basis, in respect of all interest due and payable on the Senior Funding Obligations on such Interest Payment Date;

(b) Second, to Debtholders, on a *pro rata* basis, in respect of all interest due and payable on Subordinated Funding Obligations on such Interest Payment Date; provided that no payment of interest on Subordinated Funding Obligations shall be made under this Section 7.05(b) unless, after making such payment the amount remaining on deposit in the Interest Accumulation Account equals or exceeds the amount of accrued and unpaid interest on the Senior Funding Obligations as of such Interest Payment Date;

(c) Third, to Debtholders, on a *pro rata* basis, in respect of all interest due and payable on Junior Subordinated Funding Obligations on such Interest Payment Date; provided that no payment of interest on Junior Subordinated Funding Obligations shall be made under this Section 7.05(c) unless, after making such payment the amount remaining on deposit in the Interest Accumulation Account equals or exceeds the amount of accrued and unpaid interest on the Senior Funding Obligations and the Subordinated Funding Obligations as of such Interest Payment Date; and

(d) Fourth, any amounts remaining: (i) to be held in the Interest Accumulation Account for distribution in the above order of priority on the succeeding Interest Payment Date; or (ii) after the final Issuer Funding Obligation has been repaid in full, including all interest thereon, to be transferred to the Collection Account and applied in accordance with subsection 7.04(e);

provided that upon the occurrence and during the continuance of any Event of Default and acceleration of the Issuer Funding Obligations in accordance with Section 8.02, any amounts in the Interest Accumulation Account shall be applied in accordance with Section 8.13.

7.06 Allocation of Amounts on Deposit in Principal Accumulation Account

(a) Subject to Section 7.10, on each Interest Payment Date (after making the applications provided for in Section 7.05), to the extent that any interest which is due and payable on the Senior Funding Obligations, the Subordinated Funding Obligations and the Junior Subordinated Funding Obligations has not been paid, an amount equal to such deficiency shall be withdrawn from the Principal Accumulation Account and applied to the payment of interest due and payable on such Issuer Funding Obligations, provided that if the amount to be applied pursuant to this clause (a) is insufficient to pay all such interest, the application of such amounts shall be made first to Senior Funding Obligations, then to Subordinated Funding Obligations, and finally to Junior Subordinated Funding Obligations, in each case, on a *pro rata* basis.

(b) Subject to Section 7.10, on each Principal Payment Date (after making the applications provided for in subsection 7.06(a)), amounts on deposit in the Principal Accumulation Account will be distributed by the Paying Agent in the order of priority specified below, based upon the Payment Instruction received from the Manager in respect of such Principal Payment Date:

(i) First, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of Warehouse Obligations payable on such Principal Payment Date;

(ii) Second, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of Senior Funding Obligations (other than Warehouse Obligations) payable on such Principal Payment Date;

(iii) Third, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of Subordinated Funding Obligations payable on such Principal Payment Date; provided that no payment of principal on Subordinated Funding Obligations shall be made under this subsection 7.06(b)(iii) unless, after making such payment, the amount remaining on deposit in the Principal Accumulation Account equals or exceeds the Required Principal Accumulation Amount (Senior) as of such Principal Payment Date; and

(iv) Fourth, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of Junior Subordinated Funding Obligations payable on such Principal Payment Date; provided that no payment of principal on Junior Subordinated Funding Obligations shall be made under this subsection 7.06(b)(iv) unless, after making such payment, the amount remaining on deposit in the Principal Accumulation Account equals or

exceeds the sum of the Required Principal Accumulation Amount (Senior) and the Required Principal Accumulation Amount (Subordinated) as of such Principal Payment Date.

(c) Any amounts remaining after making the applications referred to in subsection 7.06(a) and subsection 7.06(b) shall: (i) be held in the Principal Accumulation Account for distribution under this Section 7.06 on the succeeding Interest Payment Date or Principal Payment Date; or (ii) after the final Issuer Funding Obligation has been repaid in full, be transferred to the Collection Account and applied in accordance with subsection 7.04(e).

(d) Notwithstanding the foregoing clauses in this Section 7.06, upon the occurrence and during the continuance of any Event of Default and acceleration of the Issuer Funding Obligations in accordance with Section 8.02, any amounts in the Principal Accumulation Account shall be applied in accordance with Section 8.13.

7.07 Allocation of Amounts on Deposit in IESO Cash Reserve Account

(a) On each Payment Date beginning on the Payment Date in November, 2021, an amount equal to the lesser of (x) the amounts to be paid or transferred pursuant to clauses (i) through (v) of subsection 7.04(e), and (y) the amount, if any, by which the amount on deposit in the IESO Cash Reserve Account exceeds the IESO Cash Reserve Required Amount shall be withdrawn from the IESO Cash Reserve Account and applied to make the payments or transfers described in clauses (i) through (v) of subsection 7.04(e) in the order in which they are to be paid or transferred under Section 7.04(e).

(b) On each Payment Date to the extent that the amount available for distribution under subsection 7.04(e) and the amounts, if any, available pursuant to subsection 7.07(a) is less than the sum of the amounts to be paid or transferred pursuant to clauses (i) through (v) of subsection 7.04(e), an amount equal to such deficiency shall be withdrawn from the IESO Cash Reserve Account and applied to the making of such payments and transfers in the order in which they are to be paid or transferred under subsection 7.04(e).

(c) Upon all funds in the IESO Cash Reserve Account being paid in accordance with clauses (a) and (b), the IESO Cash Reserve Account shall be closed.

7.08 Allocation of Amounts on Deposit in Program Cash Reserve Account

(a) On each Payment Date (after making the applications provided for in Section 7.07 and 7.04(e)), to the extent that the amount on deposit in the Interest Accumulation Account is less than the sum of the Interest Accrual Amount (Senior), the Interest Accrual Amount (Subordinated) and the Interest Accrual Amount (Junior Subordinated), in each case for such Payment Date, an amount equal to such deficiency shall be withdrawn from the Program Cash Reserve Account and deposited into the Interest Accumulation Account.

(b) On each Principal Payment Date (after making the applications provided for in subsection 7.08(a)), amounts on deposit in the Program Cash Reserve Account will be distributed by the Paying Agent in the order of priority specified below, based upon the Payment Instruction received from the Manager in respect of such Principal Payment Date:

(i) First, to the extent that the amount on deposit in the Principal Accumulation Account is less than the amount of principal due and payable on the Warehouse Obligations on such Principal Payment Date, an amount equal to such deficiency shall be applied, on a *pro rata* basis, to the payment of principal due and payable on the Warehouse Obligations on such Principal Payment Date;

(ii) Second, to the extent that the amount on deposit in the Principal Accumulation Account is less than the amount of principal due and payable on the Senior Funding Obligations (other than Warehouse Obligations) on such Principal Payment Date, an amount equal to such deficiency shall be applied, on a *pro rata* basis, to the payment of principal due and payable on the Senior Funding Obligations (other than Warehouse Obligations) on such Principal Payment Date;

(iii) Third, to the extent that the amount available from the Principal Accumulation Account under subsection 7.06(b)(iii) is less than the amount of principal due and payable on the Subordinated Funding Obligations on such Principal Payment Date, an amount equal to such deficiency shall be applied, on a *pro rata* basis, to the payment of principal due and payable on the Subordinated Funding Obligations on such Principal Payment Date; and

(iv) Fourth, to the extent that the amount available from the Principal Accumulation Account under subsection 7.06(b)(iv) is less than the amount of principal due and payable on the Junior Subordinated Funding Obligations on such Principal Payment Date, an amount equal to such deficiency shall be applied, on a *pro rata* basis, to the payment of principal due and payable on the Junior Subordinated Funding Obligations on such Principal Payment Date.

(c) Any amounts remaining after making the applications referred to in subsection 7.08(a) and subsection 7.08(b) shall: (i) be held in the Program Cash Reserve Account for distribution under this Section 7.08 on the succeeding Interest Payment Date or Principal Payment Date; or (ii) after the final Issuer Funding Obligation has been repaid in full, be transferred to the Collection Account and applied in accordance with subsection 7.04(e).

(d) Notwithstanding the foregoing clauses in this Section 7.08, upon the occurrence and during the continuance of any Event of Default and acceleration of the Issuer Funding Obligations in accordance with Section 8.02, any amounts in the Program Cash Reserve Account shall be applied in accordance with Section 8.13.

7.09 Allocation of Amounts on Deposit in Refinancing Account

(a) Not less than 30 days prior to the first day of the Reference Period that includes the Principal Accumulation Date or Principal Payment Date in respect of a Series of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations, the Issuer shall, if it intends to repay all or a portion of the principal obligations of such Funding Obligation Agreement pursuant to a Refinancing, issue a Refinancing Notice to the Indenture Trustee.

(b) On completion of a Refinancing, all proceeds received by the Issuer shall be deposited to the Refinancing Account.

(c) On each Principal Payment Date, an amount shall be transferred from the Refinancing Account to the Principal Accumulation Account equal to the lesser of:

(i) the amount on deposit in the Refinancing Account; and

(ii) the Deferred Principal Accumulation Amount.

(d) After the final Issuer Funding Obligation has been repaid in full, any amounts remaining in the Refinancing Account shall be deposited to the Collection Account and applied in accordance with subsection 7.04(e).

(e) Notwithstanding the foregoing clauses in this Section 7.09, upon the occurrence and during the continuance of any Event of Default and the acceleration of the Issuer Funding Obligations in accordance with Section 8.02, any amounts in the Refinancing Account shall be applied in accordance with Section 8.13.

7.10 Allocation of Amounts on Deposit in Protection Account

(a) All amounts received by the Issuer from the Province pursuant to the Change of Law Protection Agreement shall be deposited in the Protection Account.

(b) On each Guarantee Payment Date in respect of which the Province makes a payment pursuant to the Change of Law Protection Agreement, the Paying Agent will, prior to making any payments under any other Payment Waterfall, distribute all amounts in the Protection Account solely to satisfy payments in respect of Approved Obligations as set out in the written statement delivered by the Manager to the Province under Section 2.01(a)i. of the Change of Law Protection Agreement in the order of priority the applicable Obligation Secured has under the applicable Payment Waterfall and based upon the Payment Instruction received from the Manager in respect of such Guarantee Payment Date.

(c) Upon the Province paying any amount in respect of an Approved Obligation as contemplated in subsection 7.10(b), the Province shall be subrogated and entitled to each applicable Specified Creditor's rights and interests under and in respect of the Approved Obligation to the extent of payments made to the Specified Creditor out of the Protection Account and shall be entitled to (i) the right and entitlement

to be paid and receive the related Subrogation Amounts and (ii) the benefits of the related Collateral and all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Specified Creditor, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Issuer of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Specified Creditor to the Issuer and unaffected by any other rights or equities that arise thereafter as between the Specified Creditor and the Issuer. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the relevant Specified Creditor in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under this Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under this Indenture and any other agreement under which the Approved Obligation arises. For greater certainty, the entitlements of the Province in respect of Subrogation Amounts arising in respect of Approved Obligations that are interest and principal obligations on Notes shall be treated for all purposes of this Indenture as interest and principal obligations, respectively, arising under Notes having the same priority as and any applicable voting rights under the related Approved Obligations, and accordingly the Province (and any successor, assignee or transferee of such entitlements) shall be entitled to all of the rights, entitlements, interests and privileges of a holder of such Notes in accordance with this Indenture and the Related Funding Obligation Agreement.

(d) On each Guarantee Payment Date, Payment Date or other day on which any amount is required to be paid in respect of any Obligation Secured, commencing with the first Guarantee Payment Date, the following shall apply:

(i) if such day is a Guarantee Payment Date, then for each Approved Obligation for which amounts are paid from the Protection Account to a Specified Creditor pursuant to subsection 7.10(b), the amount payable to such Specified Creditor under such Approved Obligation shall be reduced by the amount of such payment, and an equivalent amount (the "**Subrogation Amount**") shall be payable by the Issuer to the Province in respect of such Approved Obligation, such Subrogation Amount to be payable in the same order of priority under the applicable Payment Waterfall as the Obligation Secured previously owing to such Specified Creditor.

(ii) if the Province has made all deposits required to be made by it on each Guarantee Payment Date occurring on or before such day in accordance with subsection 7.10(b) (or the related Approved Obligation Amounts have otherwise all been paid in full), then in respect of each Approved Obligation for which any related Subrogation Amounts have not yet been paid in full to the Province, the Issuer shall pay to the Province from amounts available under the applicable Payment Waterfall in accordance with the priority of

payment provisions in such Payment Waterfall the amount that would be payable on such date in satisfaction of the relevant Approved Obligation, as determined without regard to any amounts paid on any Guarantee Payment Date pursuant to subsection 7.10(b) and also without regard to the corresponding reduction of the amounts owing to present and former Specified Creditors pursuant to subsection 7.10(d)(i) up to the amount of the unpaid related Subrogation Amounts.

(e) No Specified Creditor having a right to be paid an amount in respect of an Approved Obligation, and no other Person entitled under an Obligation Secured, in each case that ranks equal with or subordinate to the Approved Obligation in respect of which a Subrogation Amount is payable to the Province under subsection 7.10(d), shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under subsection 7.10(d) (including any right of set-off, offset, reimbursement, contribution or indemnity) and no such Specified Creditor or other Person shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of any such Subrogation Amount.

(f) Any amount payable to the Province in respect of a Subrogation Amount shall bear interest from and including the date of payment by the Province of the related amount pursuant to subsection 7.10(b) to but excluding the date of payment of the Subrogation Amount to the Province, such interest to accrue at the rate equivalent to the applicable interest rate borne by the related Approved Obligation, and such interest amounts shall be added to their respective Subrogation Amounts and shall consequently be payable in the same priority as the relevant Subrogation Amount under subsection 7.10(d), all such accruing interest amounts to be calculated and added to the Subrogation Amounts by the Manager in its discretion acting in a commercially reasonable fashion.

(g) On each Guarantee Payment Date and upon demand by the Province, the Indenture Trustee shall release and the Paying Agent shall, upon receipt of a Payment Instruction, pay to the Province free and clear of any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay Specified Creditors on the Guarantee Payment Date in accordance with subsection 7.10(b) or that otherwise remains on deposit in the Protection Account on the relevant date.

7.11 Allocation of Amounts on Deposit in Series Accounts

If, after giving effect to payments made on any Payment Date, the amount in the Collection Account is insufficient to satisfy all amounts required to be paid to Specified Creditors on such date, amounts on deposit in any Series Account may be withdrawn from such Series Account and allocated to Specified Creditors in accordance with the terms of the Related Funding Obligation Agreement.

7.12 Payments to be Held in Trust

If, notwithstanding the Payment Waterfalls, any payment on Obligations Secured shall be received at any time by any Specified Creditor, other than in accordance with this Indenture, then the funds received in respect of such payment shall be held by such Specified Creditor in trust for the Issuer and the other Specified Creditors and such Specified Creditor shall forthwith remit to the Indenture Trustee such funds.

7.13 Application of Trust Money

All money and obligations deposited with the Indenture Trustee pursuant to this Article VII and all money received by the Indenture Trustee in respect of such obligations will be held in trust and applied by it, in accordance with the provisions of the Program Agreements in respect of which it was deposited and this Indenture, to the payment, either directly or through any Paying Agent (including the Issuer acting as its own Paying Agent) as the Indenture Trustee, at the direction of the Manager, may determine, to the Persons entitled thereto, of the principal, interest, fees and other amounts for whose payment that money and obligations have been deposited with or received by the Indenture Trustee. Money held by the Indenture Trustee in trust hereunder need not be segregated from other funds except to the extent required by this Indenture or by applicable law. The Indenture Trustee will be under no liability for interest on any money received by it hereunder except as otherwise agreed with the Issuer.

ARTICLE VIII
EVENTS OF DEFAULT AND REMEDIES

8.01 Events of Default

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

(a) a default by the Issuer in the payment of any interest on any Controlling Class Obligations when such interest becomes due and payable, and continuance of such default for a period of five (5) days following the date on which such interest became due and payable;

(b) a default by the Issuer in the payment of any principal of any Controlling Class Obligations at its Principal Payment Default Date;

(c) any representation or warranty contained in Section 12.01 proves to be incorrect in any material respect when made and such incorrect representation or warranty if capable of being remedied by the Issuer, has not been remedied for a period of 60 days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by Controlling Class Creditors holding at least 25% of the Outstanding Dollar Principal Amount of all Controlling Class Obligations, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice

is a "Notice of Default" hereunder and, as a result of such default, the interests of such Controlling Class Creditors are materially and adversely affected and continue to be materially and adversely affected during the 60-day period;

(d) a default in the performance, or breach, of any covenant of the Issuer in this Indenture in respect of any Controlling Class Obligations (other than an agreement, covenant or warranty a default in the performance of which or the breach of which is elsewhere specifically dealt with in this Section 8.01), all of such covenants in this Indenture which are not expressly stated to be for the benefit of a particular Series of Issuer Funding Obligations being deemed to be in respect of all Series of Issuer Funding Obligations for this purpose, and continuance of such default or breach for a period of 60 days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by Controlling Class Creditors holding at least 25% of the Outstanding Dollar Principal Amount of all Controlling Class Obligations, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default" hereunder and, as a result of such default, the interests of such Controlling Class Creditors are materially and adversely affected and continue to be materially and adversely affected during the 60-day period;

(e) the Issuer fails to maintain its existence or its status as a Financing Entity or an Insolvency Event occurs in respect of the Issuer;

(f) the Change of Law Protection Agreement ceases to be in full force and effect against the Province, or the validity of the Change of Law Protection Agreement or the applicability thereof to the Province or to any Controlling Class Obligations or any other obligations purported to be secured thereby or any material part thereof shall be disaffirmed in writing by or on behalf of the Province;

(g) an Acceleration Event has occurred; provided that Controlling Class Creditors holding at least 25% of the Outstanding Dollar Principal Amount of all Controlling Class Obligations have given, by registered or certified mail, notice to the Issuer and the Indenture Trustee specifying such default and stating that such notice is a "Notice of Default" hereunder;

(h) a default in the performance or breach by the Issuer of its covenant in Section 13.11 and the continuance of such default or breach for a period of three (3) Business Days after notice thereof has been given to the Issuer by the Indenture Trustee;

(i) at any time, the amounts, if any, withdrawn from the Program Cash Reserve Account pursuant to Section 7.08(a) prior to such time, <u>exceeds</u> the aggregate of (x) an amount equal to 0.50% of the largest Outstanding Dollar Principal Amount of all Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations at any time on or before such time, plus (y) the sum of all amounts deposited to the Program Cash Reserve Account pursuant to Section 7.04(e)(xiii) prior to such time; or

(j) a Servicer Default shall occur.

If Controlling Class Obligations constituting 25% or more of the Outstanding Dollar Principal Amount of all Controlling Class Obligations have been accelerated in accordance with the Related Funding Obligation Agreements, the threshold required to declare an Event of Default described in clause (c), (d) or (g) shall be deemed to have been met and no vote of Controlling Class Creditors to declare an Event of Default shall be required. For greater certainty, failure to pay amounts owing pursuant to a Derivative Agreement shall not constitute grounds for an Event of Default.

8.02 <u>Acceleration of Maturity; Rescission and Annulment</u>

(a) If an Event of Default (other than an Event of Default described in clause (e) or (f) of Section 8.01) occurs and is continuing, then and in each and every such case, unless the principal of all the Controlling Class Obligations shall have already become due and payable, either the Indenture Trustee or Controlling Class Creditors holding not less than 50% of the Outstanding Dollar Principal Amount of all Controlling Class Obligations (treated as one class), by notice in writing to the Issuer (and to the Indenture Trustee if given by such Controlling Class Creditors), may declare the Outstanding Dollar Principal Amount of all Issuer Funding Obligations (other than Derivative Funding Obligations) and all interest accrued or principal accreted and unpaid (if any) thereon to be due and payable immediately, and upon any such declaration the same will become and will be immediately due and payable, notwithstanding anything in this Indenture or any Funding Obligation Agreement to the contrary. In any vote to determine whether the requisite number of Controlling Class Creditors have agreed to accelerate the Issuer Funding Obligations pursuant to this subsection 8.02(a), Controlling Class Creditors whose Controlling Class Obligations have been accelerated in accordance with the Related Funding Obligation Agreements shall be deemed to have voted in favour of acceleration to the extent of the Outstanding Dollar Principal Amount of those Controlling Class Obligations which have been accelerated. If Controlling Class Obligations constituting 50% or more of the Outstanding Dollar Principal Amount of all Controlling Class Obligations have been accelerated in accordance with the Related Funding Obligation Agreements, no vote of Controlling Class Creditors to accelerate the Issuer Funding Obligations shall be required and all remaining Issuer Funding Obligations (other than Derivative Funding Obligations) will become and will be immediately due and payable, notwithstanding anything in this Indenture or any Funding Obligation Agreement to the contrary.

(b) If an Event of Default described in clause (e) or (f) of Section 8.01 occurs and is continuing, then all Issuer Funding Obligations (other than Derivative Funding Obligations) will automatically be and become immediately due and payable by the Issuer, without notice or demand to any Person, and the Issuer will automatically and immediately be obligated to pay off the Issuer Funding Obligations.

(c) At any time after such a declaration of acceleration has been made or an automatic acceleration has occurred with respect to the Issuer Funding Obligations (other than Derivative Funding Obligations) and before a judgment or decree for payment of

the money due has been obtained by the Indenture Trustee as hereinafter provided in this Article VIII, Controlling Class Creditors may, by Extraordinary Resolution, rescind and annul such declaration and its consequences if:

(i) the Issuer has paid or deposited with the Indenture Trustee a sum sufficient to pay (A) all overdue installments of interest on the Controlling Class Obligations, (B) the principal of any Controlling Class Obligations which have become due otherwise than by such declaration of acceleration, and interest thereon at the rate or rates prescribed therefor by the terms of the Related Funding Obligation Agreements, to the extent that payment of such interest is lawful, (C) interest upon overdue installments of interest at the rate or rates prescribed therefor by the terms of the Related Funding Obligation Agreements, to the extent that payment of such interest is lawful, and (D) all sums paid by the Indenture Trustee hereunder and the reasonable compensation, expenses and disbursements of the Indenture Trustee, its agents and counsel and all other amounts due to the Indenture Trustee under Section 9.05; and

(ii) all Events of Default, other than the nonpayment of the principal of the Controlling Class Obligations which has become due solely by such acceleration, have been cured or waived as provided in Section 8.03.

(d) If, at any time, any Event of Default capable of being remedied has been remedied by the Issuer to the satisfaction of the Indenture Trustee: (i) the Security Interest will no longer be or be deemed to be enforceable by reason of such Event of Default; (ii) any rights which had become vested in the Indenture Trustee by virtue thereof will be and be deemed to be cancelled as fully and to the same extent as though no such Event of Default had occurred; and (iii) the Indenture Trustee will, or will instruct any receiver appointed pursuant to this Indenture to restore to the Issuer any Collateral in the possession of the Indenture Trustee or receiver, as the case may be.

(e) No such rescission will affect any subsequent Default or impair any right consequent thereon, nor will any such rescission apply to any event of default applicable solely to any Series or Tranche of Issuer Funding Obligations and contained in any Related Funding Obligation Agreement.

8.03 <u>Waiver of Past Defaults</u>

Subject to Section 8.02(c), Controlling Class Creditors may, by Ordinary Resolution, waive any past Default hereunder and its consequences, provided that the Rating Agency Condition in respect of each Series or Tranche of the Controlling Class Obligations has been satisfied. Upon any such waiver, such Default will cease to exist, and any Event of Default arising therefrom will be deemed to have been cured, for every purpose of this Indenture; but no such waiver will extend to any subsequent or other Default or impair any right consequent thereon.

8.04 Notice of Defaults

(a) Within 90 days after the occurrence of any Default, Event of Default or Acceleration Event of which the Indenture Trustee has received written notice:

(i) the Indenture Trustee will transmit by mail to all Registered Noteholders, as their names and addresses appear in the Note Register, notice of such Default, Event of Default or Acceleration Event;

(ii) the Indenture Trustee will notify all holders of Bearer Notes by publication of notice of such Default, Event of Default or Acceleration Event in an Authorized Newspaper, or as otherwise provided in the Related Supplemental Indenture;

(iii) the Indenture Trustee will give prompt written notification of such Default, Event of Default or Acceleration Event to those Lenders and other Specified Creditors that are included on the Specified Creditor list provided by the Issuer pursuant to subsection 13.13(b); and

(iv) the Indenture Trustee will give prompt written notification of such Default, Event of Default or Acceleration Event to the Rating Agencies;

provided, however, that (A) the Indenture Trustee shall not be liable for failing to distribute any written notice pursuant to this Section 8.04 to any party that is at the time of delivery a Specified Creditor but is not on the list of Specified Creditors held by the Indenture Trustee pursuant to subsection 9.14(a), and (B) except in the case of a default in the payment of the principal of or interest on any Issuer Funding Obligation, the Indenture Trustee will be protected in withholding such notice if and so long as a Responsible Officer of the Indenture Trustee in good faith determines that the withholding of such notice is in the interests of Debtholders.

(b) When notice of the occurrence of a Default, Event of Default or Acceleration Event has been given and the Default, Event of Default or Acceleration Event is thereafter cured, notice that the Default, Event of Default or Acceleration Event is no longer continuing shall be given by the Indenture Trustee to Persons to whom notice was sent pursuant to subsection 8.04(a) within a reasonable time, but not exceeding 30 days in any event, after the Indenture Trustee receives notice from the applicable Debtholders that the Default, Event of Default or Acceleration Event has been cured.

8.05 Remedies Generally

Subject to subsections 8.02(c) and (d) and Section 8.03, if the Controlling Class Obligations become due and payable pursuant to Section 8.02 and the Issuer has failed to pay such Controlling Class Obligations, the Indenture Trustee (subject, however, to compliance with the provisions of Section 9.02(d) with respect to the giving of indemnity and funds) may proceed to realize upon the Security Interest and to enforce the rights of the Indenture Trustee and of the Specified Creditors to whom Obligations Secured are owed by (i) application to any court of

competent jurisdiction for an order of sequestration and payment of amounts in respect of clean energy adjustments, collections or remittances in accordance with the Act, (ii) possession of the Collateral, (iii) appointment of a receiver with respect to the Collateral, (iv) proceedings in any court of competent jurisdiction for the appointment of a receiver or for sale of the Collateral or any part thereof, or for foreclosure, (v) subject to Section 10.02, exercise any of the rights of the Issuer under any of the Program Agreements, including the right to replace the Manager or the Servicer in accordance with Section 8.10, or (vi) any other action, suit, remedy or proceeding authorized or permitted by this Indenture or by applicable law or by equity.

8.06 <u>Default Interest and Expenses</u>

The Issuer covenants that if:

(a) the Issuer defaults in the payment of interest on any Series of Controlling Class Obligations when such interest becomes due and payable and such default continues for a period of five (5) days following the Interest Payment Date on which such interest became due and payable, or

(b) the Issuer defaults in the payment of the principal amount of any Series of Controlling Class Obligations on the Principal Payment Default Date thereof;

the Issuer will, upon demand of the Indenture Trustee, pay (subject to the allocation provided in Article VII and this Article VIII and any Related Funding Obligation Agreement) to the Indenture Trustee, for the benefit of the Debtholders of any such Issuer Funding Obligations, the whole amount then due and payable on any such Issuer Funding Obligations for principal and interest, with interest, to the extent that payment of such interest will be legally enforceable, upon the overdue principal and upon overdue installments of interest, (i) in the case of interest-bearing Issuer Funding Obligations, at the rate of interest applicable to the principal amount thereof, unless otherwise specified in the Related Funding Obligation Agreement; and (ii) in the case of Discount Notes, as specified in the Related Supplemental Indenture, and in addition thereto, will pay such further amount as will be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Indenture Trustee, its agents and counsel and all other amounts due to the Indenture Trustee under Section 9.05.

If the Issuer fails to pay such amounts forthwith upon such demand, the Indenture Trustee may, if the Issuer Funding Obligations have been accelerated in accordance with Section 8.02, take immediate steps to enforce the Security Interest, including instituting, in its own name and as trustee of an express trust, a judicial proceeding seeking the appointment of a receiver or a judicial proceeding for the collection of the sums so due and unpaid, and may directly prosecute such proceeding to judgment or final decree, and the Indenture Trustee may enforce the same against the Issuer and collect the money adjudged or decreed to be payable in the manner provided by applicable law out of the Collateral, wherever situated.

8.07 <u>Indenture Trustee May File Proofs of Claim</u>

In case of the pendency of any receivership, insolvency, liquidation, bankruptcy or other similar proceeding relative to the Issuer or the property of the Issuer, the Indenture Trustee (irrespective of whether the principal of the Issuer Funding Obligations will then be due and

payable as therein expressed or by declaration or otherwise) will be entitled and empowered by intervention in such proceeding or otherwise:

(a) to file and prove a claim for the whole amount of principal, interest, fees and other amounts owing and unpaid in respect of the Issuer Funding Obligations and to file such other papers or documents as may be necessary and advisable in order to have the claims of the Indenture Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Indenture Trustee, its agents and counsel and all other amounts due to the Indenture Trustee under Section 9.05) and of the Debtholders allowed in such judicial proceeding, and

(b) to collect and receive any funds or other property payable or deliverable on any such claims and to distribute the same;

and any receiver, assignee, trustee, liquidator or other similar official in any such proceeding is hereby authorized by each Specified Creditor to make such payment to the Indenture Trustee, and in the event that the Indenture Trustee will consent to the making of such payments directly to the Specified Creditors, to pay to the Indenture Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Indenture Trustee, its agents and counsel, and any other amounts due to the Indenture Trustee under Section 9.05.

8.08 Indenture Trustee May Enforce Claims Without Possession of Notes

All rights of action and claims under this Indenture or the Notes of any Class, Series or Tranche may be prosecuted and enforced by the Indenture Trustee without the possession of any of the Notes of such Class, Series or Tranche or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Indenture Trustee will be brought in its own name as trustee of an express trust.

8.09 Indenture Trustee May Elect to Hold the Collateral

Following an acceleration of Issuer Funding Obligations in accordance with Section 8.02, the Indenture Trustee may elect to continue to hold the Collateral and apply distributions on the Collateral in accordance with the distribution provisions of Section 8.13.

8.10 Termination by Indenture Trustee of Manager and Servicer

Upon the occurrence and during the continuance of an Event of Default, the Indenture Trustee shall have the right to (and, upon receipt of an Extraordinary Resolution to that effect, shall) terminate the appointment of the then existing Manager under the Management Agreement and/or the Servicer under the Master Transfer and Servicing Agreement, and appoint new Persons under such agreements in accordance with such direction, provided that the Issuer shall have the right to reinstate any appointee under such agreements at such time as the Event of Default is no longer continuing.

8.11 Control by Controlling Class Creditors

(a) Subject to Section 10.02(b), Controlling Class Creditors will, by Ordinary Resolution, have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Indenture Trustee, or exercising any trust or power conferred on the Indenture Trustee with respect to all Issuer Funding Obligations, provided that:

(i) the Indenture Trustee will have the right to decline to follow any such direction if the Indenture Trustee, being advised by counsel, determines that the action so directed may not lawfully be taken or would conflict with this Indenture, or if the Indenture Trustee in good faith determines that the proceedings so directed would involve it in personal liability or be unjustly prejudicial to the Controlling Class Creditors not taking part in such direction; and

(ii) the Indenture Trustee may take any other action permitted hereunder deemed proper by the Indenture Trustee which is not inconsistent with such direction.

(b) For greater certainty, Specified Creditors other than Debtholders shall not and do not have any right to direct the time, method and place of conducting any proceeding for any remedy available to the Indenture Trustee, or exercising any trust or power conferred on the Indenture Trustee. Specified Creditors other than Debtholders shall only have the right to receive proceeds following an Event of Default in the manner provided for in Section 8.13.

8.12 Limitation on Suits

To the fullest extent permitted by applicable law, no Specified Creditor will have any right to institute any proceeding, judicial or otherwise, with respect to this Indenture, or for the appointment of a receiver or trustee or similar official, or for any other remedy hereunder, unless:

(a) the Issuer or a Controlling Class Creditor has previously given written notice to the Indenture Trustee of a continuing Event of Default;

(b) Controlling Class Creditors, by way of Ordinary Resolution, have made written request to the Indenture Trustee to institute proceedings in respect of such Event of Default in the name of the Indenture Trustee hereunder;

(c) such Controlling Class Creditors have offered to the Indenture Trustee (when so requested by the Indenture Trustee) indemnity reasonably satisfactory to it against the costs, expenses and liabilities to be incurred in compliance with such request; and

(d) the Indenture Trustee, for 60 days after the Indenture Trustee has received such notice, request and offer of indemnity has failed to institute any such proceeding;

it being understood and intended that no one or more Specified Creditors will have any right in any manner whatsoever by virtue of, or by availing of, any provision of this Indenture to affect, disturb or prejudice the rights of any other Specified Creditor, or to obtain or to seek to obtain priority or preference over any other Specified Creditor or to enforce any right under this Indenture, except in the manner herein provided and for the benefit of all Specified Creditors. If the above conditions have been met, a Controlling Class Creditor may exercise such rights in accordance with this Indenture.

8.13 Application of Money Following an Event of Default

Subject to the following paragraph and to Section 7.10, upon the occurrence and during the continuance of an Event of Default which has been accelerated in accordance with Section 8.02, any money or other property standing in each Issuer Account or otherwise received by the Indenture Trustee pursuant to this Article VIII will be applied in the order of priority specified in this Section 8.13, *pro rata* in proportion to the claims represented by each subclause, except as otherwise specifically provided below:

(a) First, to the payment or remittance of all Taxes exigible for which a Governmental Authority is given priority over the Specified Creditors under the laws of the applicable jurisdiction;

(b) Second, to the Indenture Trustee and the Issuer Trustee in respect of the amount of fees, expenses and reimbursements owing;

(c) Third, *pari passu*, (A) to Debtholders, on a *pro rata* basis, in respect of all interest accrued and unpaid, if any, and fees and other amounts (other than principal) due and payable on the Senior Funding Obligations, and (B) to Derivative Counterparties, on a *pro rata* basis, all Derivative Funding Obligations payable other than Termination Payments;

(d) Fourth, to Debtholders, on a *pro rata* basis, in respect of all interest accrued and unpaid, if any, and fees and other amounts (other than principal) due and payable on the Subordinated Funding Obligations;

(e) Fifth, to Debtholders, on a *pro rata* basis, in respect of all interest accrued and unpaid, if any, and fees and other amounts (other than principal) due and payable on the Junior Subordinated Funding Obligations;

(f) Sixth, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of the Warehouse Obligations until such amount has been paid in full;

(g) Seventh, *pari passu*, (A) to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of the Senior Funding Obligations (other than Warehouse Obligations) until such amount has been paid in full, and (B) to Derivative Counterparties, on a *pro rata* basis, any Termination Payment where the Derivative Counterparty is not the Defaulting Party or the sole Affected Party;

(h) Eighth, to the Manager in respect of all fees, expenses and reimbursement amounts owing;

(i) Ninth, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of the Subordinated Funding Obligations until such amount has been paid in full;

(j) Tenth, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of the Junior Subordinated Funding Obligations until such amount has been paid in full;

(k) Eleventh, to each Derivative Counterparty, on a *pro rata* basis, any Termination Payment where the Derivative Counterparty is the Defaulting Party or the sole Affected Party;

(l) Twelfth, to the Manager in respect of all indemnity amounts owing;

(m) Thirteenth, *pari passu* (i) to the payment or remittance of all Taxes exigible and not previously paid pursuant to clause (a); and (ii) to all other Specified Creditors not specifically referred to in this Section 8.13; in each case, including for each referenced party in subclauses (i) and (ii), any amounts payable to their respective Affiliates under the terms of any relevant indemnity; and

(n) Fourteenth, to the Issuer or as the Issuer otherwise directs.

Notwithstanding the foregoing, amounts on deposit in a Series Account established solely for the benefit of one or more Series of Issuer Funding Obligations shall first be used to satisfy all obligations owing to those Debtholders or Derivative Counterparties for whom such Series Account was established. If any amounts remain following such application, such amounts shall constitute Available Collections and shall be applied in accordance with the priorities set out above. In addition, amounts on deposit in the Protection Account shall only be used to satisfy the obligations for which such amounts were deposited.

8.14 Limited Recourse

(a) Notwithstanding any other provision of this Indenture to the contrary, the obligation to pay principal of or interest on any Issuer Funding Obligation or any other amount payable to any Specified Creditor will be without recourse to the Indenture Trustee, the Issuer Trustee, the Manager or any Affiliate, officer, employee, member or director of any of them, and the satisfaction of the obligation of the Issuer to pay principal of or interest on any Issuer Funding Obligation or any other amount payable to any Specified Creditor will be subject to the allocation and payment provisions of this Indenture and any Related Funding Obligation Agreement, and limited to amounts available from the Collateral.

(b) No recourse may be taken, directly or indirectly, with respect to the obligations of the Issuer under the Issuer Funding Obligations or under this Indenture, or any certificate or other writing delivered in connection herewith or therewith, against

(i) the Issuer Trustee in its individual capacity, (ii) any owner of a unit in the Issuer or (iii) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Issuer Trustee in its individual capacity, any holder of a unit in the Issuer or the Issuer Trustee or of any successor or assign of the Issuer Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Issuer Trustee has no such obligations in its individual capacity).

(c) Under no circumstances shall the Manager or any of its Affiliates be deemed an obligor or guarantor or otherwise deemed to be responsible for payment from its own funds of principal, interest, dividends or other amounts due on the Collateral, the Issuer Funding Obligations or any other Obligations Secured.

8.15 Restoration of Rights and Remedies

If the Indenture Trustee or any Controlling Class Creditor (to the extent and in the manner provided for in Section 8.12) has instituted any proceeding to enforce any right or remedy under this Indenture and such proceeding has been discontinued or abandoned for any reason, then and in every such case the Issuer, the Indenture Trustee and the Specified Creditors will, subject to any determination in such proceeding, be restored severally and respectively to their former positions hereunder, and thereafter all rights and remedies of the Indenture Trustee and the Specified Creditors will continue as though no such proceeding had been instituted.

8.16 Rights and Remedies Cumulative

No right or remedy herein conferred upon or reserved to the Indenture Trustee or to the Specified Creditors is intended to be exclusive of any other right or remedy, and every right and remedy will, to the extent permitted by applicable law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, will not prevent the concurrent assertion or employment of any other appropriate right or remedy.

8.17 Delay or Omission Not Waiver

No delay or omission of the Indenture Trustee or of any Controlling Class Creditor to exercise any right or remedy accruing upon any Event of Default will impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article VIII or by applicable law to the Indenture Trustee or to the Controlling Class Creditors may be exercised from time to time, and as often as may be deemed expedient, by the Indenture Trustee or by the Controlling Class Creditors, as the case may be.

8.18 Waiver of Stay or Extension Laws

The Issuer covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law wherever enacted, now or at any time hereafter in force, which may affect the covenants or the performance of this Indenture; and the Issuer (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Indenture Trustee,

but will suffer and permit the execution of every such power as though no such law had been enacted.

8.19 Indenture Trustee Appointed Attorney

The Issuer irrevocably constitutes and appoints the Indenture Trustee and any officer or employee thereof, with full power of substitution, as its true and lawful attorney coupled with an interest with full power and authority in the name of the Issuer or in its own name, in its discretion, upon the occurrence and during the continuance of any Event of Default and acceleration in accordance with Section 8.02, for the purpose of carrying out the terms of this Indenture to take all appropriate action and to execute any and all documents and instruments which may be necessary or desirable to accomplish the purposes hereof, and without limiting the generality of the foregoing, hereby gives the Indenture Trustee the power and right on behalf of the Issuer, without notice to or assent by the Issuer, to the extent permitted by applicable law, to do the following:

(a) to ask for, demand, sue for, collect and receive all and any monies due or becoming due with respect to the Collateral;

(b) to receive, take, endorse, assign and deliver any and all cheques, notes, drafts, acceptances, documents and other negotiable and non-negotiable instruments, documents and chattel paper taken or received by the Indenture Trustee in connection therewith and herewith; and

(c) to commence, file, prosecute, defend, settle, compromise or adjust any claim, suit, action or proceeding with respect to the Collateral.

8.20 Disclaimer of Marshalling

In the event that the Security Interest shall become enforceable and the Indenture Trustee shall have determined or become bound to enforce the same, the Issuer covenants not to invoke the doctrine of marshalling or any other equitable principle for the purpose of requiring the Indenture Trustee to realize or to have realized on any particular asset forming part of the Collateral.

ARTICLE IX
THE INDENTURE TRUSTEE

9.01 Certain Duties and Responsibilities

(a) The Indenture Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture with respect to the Obligations Secured, and no implied covenants or obligations will be read into this Indenture against the Indenture Trustee.

(b) In the exercise of the rights and duties prescribed or conferred by the terms of this Indenture, the Indenture Trustee will act honestly and in good faith with a view to the best interests of the Debtholders as a whole and exercise that degree of care,

diligence and skill that a reasonably prudent trustee would exercise in comparable circumstances. When all Issuer Funding Obligations have been satisfied and discharged in accordance with Section 2.08(b), the Indenture Trustee shall no longer act as Indenture Trustee under this Indenture and shall have no fiduciary responsibilities to any remaining Specified Creditors. From and after such time, the Indenture Trustee shall act only as the security agent for those Specified Creditors.

(c) In the absence of bad faith on its part, the Indenture Trustee may, with respect to any Obligations Secured, conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Indenture Trustee and conforming to the requirements of this Indenture; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Indenture Trustee, the Indenture Trustee will be under a duty to examine the same to determine whether or not they substantially conform to the requirements of this Indenture (but need not confirm or investigate the accuracy of any mathematical calculations or other facts stated therein).

(d) No provision of this Indenture will be construed to relieve the Indenture Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(i) this clause (d) will not be construed to limit the effect of subsection 9.01(a);

(ii) the Indenture Trustee will not be liable for any error of judgment made in good faith, unless it will be proved that the Indenture Trustee was negligent in ascertaining the pertinent facts;

(iii) the Indenture Trustee will not be liable with respect to any action taken or omitted to be taken by it in good faith if so directed by Extraordinary Resolution, relating to the time, method and place of conducting any proceeding for any remedy available to the Indenture Trustee, or exercising any trust or power conferred upon the Indenture Trustee, under this Indenture with respect to the Obligations Secured; and

(iv) no provision of this Indenture will require the Indenture Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers.

(e) Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Indenture Trustee will be subject to the provisions of this Section 9.01.

9.02 Certain Rights of Indenture Trustee

Except as otherwise provided in Section 9.01:

(a) the Indenture Trustee may conclusively rely and will be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture or other paper or document (whether in its original, facsimile or other electronic form) believed by it to be genuine and to have been signed or presented by the proper party or parties;

(b) whenever in the administration of this Indenture the Indenture Trustee will deem it desirable that a matter be proved or established before taking, suffering or omitting any action hereunder, the Indenture Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon an Officer's Certificate;

(c) the Indenture Trustee may consult with counsel of its own selection and the advice of such counsel or any Opinion of Counsel will be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon;

(d) the Indenture Trustee will be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Controlling Class Creditors pursuant to this Indenture, unless such Controlling Class Creditors shall have offered to the Indenture Trustee security or indemnity reasonably satisfactory to it against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction;

(e) the Indenture Trustee will not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture or other paper or document, but the Indenture Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Indenture Trustee will determine to make such further inquiry or investigation, it will be entitled to examine the books, records and premises of the Issuer, personally or by agent or attorney;

(f) the Indenture Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Indenture Trustee will not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder;

(g) the Indenture Trustee will not be responsible for filing any financing statements or continuation statements in connection with the Obligations Secured or the Security Interest, but will cooperate with the Issuer in connection with the filing of such financing statements or amendments to such financing statements;

(h) the Indenture Trustee shall not be deemed to have notice of any default (including any Servicer Default, Default or Event of Default) unless written notice of any event which is in fact such a default is received by the Indenture Trustee at the Corporate Trust Office of the Indenture Trustee, and such notice references the Issuer Funding Obligations and this Indenture;

(i) the rights, privileges, protections, immunities and benefits given to the Indenture Trustee, including, without limitation, its right to be indemnified, are extended to, and shall be enforceable by, the Indenture Trustee in each of its capacities hereunder, and each agent, custodian and other Person employed to act hereunder;

(j) the Indenture Trustee shall not be liable for any action taken, suffered or omitted to be taken by it in good faith and reasonably believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture;

(k) the Indenture Trustee shall be entitled to and may rely absolutely upon each Payment Instruction and the Indenture Trustee will have no obligation (i) to perform any calculations under any of the Program Agreements, (ii) to reconcile any Issuer Account against the other(s) or the Program Agreements, or (iii) to monitor any change in the legislation governing any of the Program Agreements;

(l) the Indenture Trustee will be entitled to rely and act upon any direction, order, instruction, notice or communication provided to it under this Indenture which is sent to it by Electronic Methods. The Indenture Trustee shall have no liability for any losses, liabilities, costs or expenses incurred by it as a result of such reliance upon or compliance with such instructions or directions. The Issuer agrees: (i) to assume all risks arising out of the use of such Electronic Methods to submit instructions and directions to the Indenture Trustee, including without limitation the risk of the Indenture Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting instructions to the Indenture Trustee and that there may be more secure methods of transmitting instructions than the method(s) selected by the Issuer; and (iii) that the security procedures (if any) to be followed in connection with its transmission of instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and

(m) the Indenture Trustee will not be liable for any consequential, punitive or special damages.

9.03 <u>Not Responsible for Recitals or Issuer Funding Obligations</u>

The recitals contained herein and in the Funding Obligation Agreements, except the Certificates of Authentication, will be taken as the statements of the Issuer, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Indenture or of the Funding Obligation

Agreements. The Indenture Trustee will not be accountable for the use or application by the Issuer of Notes, Borrowings or the proceeds thereof.

9.04 May Hold Notes

The Indenture Trustee, the Issuer Trustee, any Paying Agent, the Note Registrar, the Manager or any other agent of the Issuer, in its individual or any other capacity, may become the owner or pledgee of Notes and, subject to subsection 9.07(e) and applicable legislation, may otherwise deal with the Issuer with the same rights it would have if it were not Indenture Trustee, Issuer Trustee, Paying Agent, Note Registrar, Manager or such other agent.

9.05 Compensation and Reimbursement; Limit on Compensation Reimbursement and Indemnity

(a) The Issuer agrees:

(i) to pay to the Indenture Trustee from time to time reasonable compensation for all services rendered by it hereunder (which compensation will not be limited by any provision of law in regard to the compensation of a trustee of an express trust);

(ii) except as otherwise expressly provided herein, to reimburse the Indenture Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Indenture Trustee in accordance with any provision of this Indenture (including the reasonable compensation and the reasonable expenses and disbursements of its agents and counsel), except any such expense, disbursement or advance as may be attributable to its own negligence or bad faith; and

(iii) to indemnify the Indenture Trustee for, and to hold it harmless against, any and all loss, liability, expense, claim, damage or injury incurred without negligence or bad faith on its part, arising out of or in connection with the acceptance or administration of the trusts hereunder, including the costs and expenses of defending itself against any claim or liability (whether asserted by the Issuer, any Specified Creditor or any other Person) in connection with the exercise or performance of any of its powers or duties hereunder.

The Indenture Trustee will have no recourse to any asset of the Issuer other than funds available pursuant to Section 7.04, 7.10 or 8.13, or to any Person other than the Issuer.

(b) This Section 9.05 will survive the termination of this Indenture and the resignation or replacement of the Indenture Trustee under Section 9.07.

9.06 Corporate Indenture Trustee Required; Eligibility

There will at all times be an Indenture Trustee hereunder which will be either a bank, a trust company or a corporation organized and doing business under the laws of Canada or of any

province or territory thereof, authorized under such laws to carry on a trust business as contemplated hereby in each of the provinces and territories of Canada. The Issuer may not, nor may any Person directly or indirectly controlling, controlled by, or under common control with the Issuer, serve as Indenture Trustee. If at any time the Indenture Trustee will cease to be eligible in accordance with the provisions of this Section 9.06, it will resign immediately in the manner and with the effect hereinafter specified in this Article IX.

9.07 <u>Resignation and Removal; Appointment of Successor</u>

(a) No resignation or removal of the Indenture Trustee and no appointment of a successor Indenture Trustee pursuant to this Article IX will become effective until the acceptance of appointment by the successor Indenture Trustee under Section 9.08.

(b) The Indenture Trustee may resign at any time by giving written notice thereof to the Issuer. If an instrument of acceptance by a successor Indenture Trustee shall not have been delivered to the Indenture Trustee within 30 days after the giving of such notice of resignation, the resigning Indenture Trustee may petition any court of competent jurisdiction for the appointment of a successor Indenture Trustee.

(c) The Indenture Trustee may be removed at any time by Ordinary Resolution of the Controlling Class Creditors delivered to the Indenture Trustee and to the Issuer. If an instrument of acceptance by a successor Indenture Trustee shall not have been delivered to the Indenture Trustee within 30 days after the giving of such notice of removal, the Indenture Trustee being removed may petition any court of competent jurisdiction for the appointment of a successor Indenture Trustee.

(d) If at any time:

(i) the Indenture Trustee ceases to be eligible under Section 9.06 and fails to resign after written request therefor by the Issuer or by any Controlling Class Creditor, or

(ii) the Indenture Trustee becomes incapable of acting, or

(iii) the Indenture Trustee is adjudged bankrupt or insolvent, or a receiver of the Indenture Trustee or of its property is appointed, or any public officer takes charge or control of the Indenture Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation,

then, in any such case, (A) the Issuer may remove the Indenture Trustee, or (B) any Controlling Class Creditor who has been a *bona fide* Controlling Class Creditor for at least six (6) months may, on behalf of itself and all other Debtholders, petition any court of competent jurisdiction for the removal of the Indenture Trustee and the appointment of a successor Indenture Trustee.

(e) The Indenture Trustee shall resign if a material conflict of interest arises in its role as a trustee under this Indenture that is not eliminated within 90 days after the

Indenture Trustee becomes aware that it has such a material conflict of interest. Forthwith after the Indenture Trustee becomes aware that it has a material conflict of interest, it shall provide the Issuer with written notice of the nature of that conflict. If, notwithstanding the foregoing provisions of this subsection 9.07(e), the Indenture Trustee has such a material conflict of interest, the validity and enforceability of this Indenture and of the Funding Obligation Agreements shall not be affected in any manner whatsoever by reason only of the existence of such material conflict of interest. If the Indenture Trustee contravenes the foregoing provisions of this subsection 9.07(e), any interested Person may apply to a court of competent jurisdiction for an order that the Indenture Trustee be replaced as trustee hereunder. The Indenture Trustee represents to the Issuer that at the time of the execution and delivery hereof, no material conflict of interest exists in the Indenture Trustee's role as a fiduciary hereunder.

(f) If the Indenture Trustee resigns, is removed or becomes incapable of acting, or if a vacancy shall occur in the office of the Indenture Trustee for any cause, the Issuer will promptly appoint a successor Indenture Trustee. If, within one (1) year after such resignation, removal or incapacity, or the occurrence of such vacancy, a successor Indenture Trustee is appointed by Ordinary Resolution of Controlling Class Creditors delivered to the Issuer and the retiring Indenture Trustee, the successor Indenture Trustee so appointed will, forthwith upon its acceptance of such appointment, become the successor Indenture Trustee and supersede the successor Indenture Trustee appointed by the Issuer. If no successor Indenture Trustee shall have been so appointed by the Issuer or Controlling Class Creditors and accepted in the manner hereinafter provided, any Controlling Class Creditor who has been a *bona fide* Controlling Class Creditor for at least six (6) months may, on behalf of itself and all other Debtholders, petition any court of competent jurisdiction for the appointment of a successor Indenture Trustee.

(g) The Issuer will give written notice of each resignation and each removal of the Indenture Trustee and each appointment of a successor Indenture Trustee to each Specified Creditor as provided in Article XV and to each Rating Agency. To facilitate delivery of such notice, upon request by the Issuer, the retiring Indenture Trustee shall provide to the Issuer a list of all Specified Creditors. Each notice will include the name of the successor Indenture Trustee and the address of its Corporate Trust Office.

(h) Upon such resignation, the Indenture Trustee shall be discharged from all further duties and liabilities under this Indenture.

9.08 <u>Acceptance of Appointment by Successor</u>

Every successor Indenture Trustee appointed hereunder will execute, acknowledge and deliver to the Issuer and to the predecessor Indenture Trustee an instrument accepting such appointment, with a copy to the Rating Agencies, and thereupon the resignation or removal of the predecessor Indenture Trustee will become effective, and such successor Indenture Trustee, without any further act, deed or conveyance, will become vested with all the rights, powers, trusts

and duties of the predecessor Indenture Trustee; but, on request of the Issuer or the successor Indenture Trustee, such predecessor Indenture Trustee will execute and deliver an instrument transferring to such successor Indenture Trustee all the rights, powers and trusts of the predecessor Indenture Trustee, and will duly assign, transfer and deliver to such successor Indenture Trustee all property and money held by such predecessor Indenture Trustee hereunder, subject nevertheless to its Lien, if any, provided for in Section 9.05. Upon request of any such successor Indenture Trustee, the Issuer will execute any and all instruments for more fully and certainly vesting in and confirming to such successor Indenture Trustee all such rights, powers and trusts.

No successor Indenture Trustee will accept its appointment unless at the time of such acceptance, such successor Indenture Trustee will be qualified and eligible under this Article IX.

9.09 Merger, Conversion, Consolidation or Succession to Business

Any corporation into which the Indenture Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Indenture Trustee shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Indenture Trustee, will be the successor of the Indenture Trustee hereunder, provided such corporation shall be otherwise qualified and eligible under this Article IX, without the execution or filing of any paper or any further act on the part of any of the parties hereto. The Indenture Trustee shall give prompt written notice of such merger, conversion, consolidation or succession to the Issuer and the Rating Agencies. In case any Notes shall have been authenticated, but not delivered, by the Indenture Trustee then in office, any successor by merger, conversion or consolidation to such authenticating Indenture Trustee may adopt such authentication and deliver the Notes so authenticated with the same effect as if such successor Indenture Trustee had itself authenticated such Notes.

9.10 Trust Indenture Legislation

(a) In this Article IX, the term "**applicable legislation**" means the provisions, if any, of the *Trust and Loan Companies Act* (Canada) and any other statute of Canada or a province thereof, and of regulations under any such statute, in each case, as amended, restated or re-enacted from time to time, relating to trust indentures and to the rights, duties and obligations of trustees under trust indentures and of entities issuing debt obligations under trust indentures, to the extent that in the opinion of counsel to the Issuer such provisions are at the time in force and applicable to this Indenture.

(b) If and to the extent that any provision of this Indenture limits, qualifies or conflicts with a mandatory requirement of applicable legislation, such mandatory requirement shall prevail.

(c) The Issuer and the Indenture Trustee agree that each will at all times in relation to this Indenture and any action to be taken hereunder, observe and comply with and be entitled to the benefits of applicable legislation.

9.11 Representations and Covenants of the Indenture Trustee

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Indenture and has taken all necessary action to authorize the execution, delivery and performance by it of this Indenture and other documents to which it is a party;

(c) each of this Indenture and the other documents to which it is a party has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada. If, notwithstanding the provisions of this subsection 9.11(d), the Indenture Trustee ceases to be so authorized to carry on business, the validity and enforceability of this Indenture and the Funding Obligation Agreements shall not be affected in any manner whatsoever by reason only of such event.

9.12 Indenture Trustee's Application for Instructions from the Issuer

Any application by the Indenture Trustee for written instructions from the Issuer may, at the option of the Indenture Trustee, set forth in writing any action proposed to be taken or omitted by the Indenture Trustee under and in accordance with this Indenture and the date on and/or after which such action shall be taken or such omission shall be effective; provided that such application shall make specific reference to this Section 9.12. The Indenture Trustee shall not be liable for any action taken by, or omission of, the Indenture Trustee in accordance with a proposal included in such application on or after the date specified in such application (which date shall not be less than five (5) Business Days after the date the Issuer actually receives such application, unless the Issuer shall have consented in writing to any earlier date) unless prior to taking any such action (or the effective date in the case of an omission), the Indenture Trustee shall have received written instructions in response to such application specifying the action be taken or omitted.

9.13 Appointment of Co-Trustee or Separate Indenture Trustee

(a) Notwithstanding any other provisions of this Indenture, at any time, for the purpose of meeting any legal requirements of any relevant jurisdiction, the Indenture Trustee shall have the power and shall execute and deliver all instruments, subject to the prior written consent of the Manager, which consent shall not be unreasonably withheld, to appoint one or more Persons reasonably acceptable to the Issuer to act as a co-trustee or co-trustees, or separate trustee or separate trustees, of all or any part of the Issuer's property, and to vest in such Person or Persons, in such capacity and for the benefit of the Specified Creditors, such title to the Issuer's property, or any part thereof, and, subject to the other provisions of this Section 9.13, such powers, duties, obligations, rights and trusts as the Indenture

Trustee may consider necessary or desirable. No co-trustee or separate trustee hereunder shall be required to meet the terms of eligibility as a successor trustee under Section 9.06 and no notice to Specified Creditors of the appointment of any co-trustee or separate trustee shall be required under Section 9.07.

(b) Every separate trustee and co-trustee shall, to the extent permitted by applicable law, be appointed and act subject to the following provisions and conditions:

(i) all rights, powers, duties and obligations conferred or imposed upon the Indenture Trustee shall be conferred or imposed upon and exercised or performed by the Indenture Trustee and such separate trustee or co-trustee jointly (it being understood that such separate trustee or co-trustee is not authorized to act separately without the Indenture Trustee joining in such act), except to the extent that under any law of any jurisdiction in which any particular act or acts are to be performed, the Indenture Trustee shall be incompetent or unqualified to perform such act or acts, in which event such rights, powers, duties and obligations (including the holding of title to the Issuer's property or any portion thereof in any such jurisdiction) shall be exercised and performed singly by such separate trustee or co-trustee, but solely at the direction of the Indenture Trustee;

(ii) no trustee hereunder shall be personally liable by reason of any act or omission of any other trustee hereunder; and

(iii) the Indenture Trustee may at any time accept the resignation of or remove any separate trustee or co-trustee.

(c) Any notice, request or other writing given to the Indenture Trustee shall be deemed to have been given to each of the then separate trustees and co-trustees, as effectively as if given to each of them. Every instrument appointing any separate trustee or co-trustee shall refer to this Indenture and the conditions of this Article IX. Each separate trustee and co-trustee, upon its acceptance of the trusts conferred, shall be vested with the estates or property specified in its instrument of appointment, either jointly with the Indenture Trustee or separately, as may be provided therein, subject to all the provisions of this Indenture, specifically including every provision of this Indenture relating to the conduct of, affecting the liability of, or affording protection to, the Indenture Trustee. Every such instrument shall be filed with the Indenture Trustee.

(d) Any separate trustee or co-trustee may at any time appoint the Indenture Trustee, its agent or attorney-in-fact with full power and authority, to the extent not prohibited by applicable law, to do any lawful act under or in respect of this Indenture on its behalf and in its name. If any separate trustee or co-trustee shall die, become incapable of acting, resign or be removed, all of its estates, properties, rights, remedies and trusts shall vest in and be exercised by the Indenture Trustee, to the extent permitted by applicable law, without the appointment of a new or successor trustee.

(e) All such appointments made in accordance with this Section 9.13 shall be subject to the approval of the Issuer. The Issuer will give prior written notice of the appointment of any separate trustee or co-trustee to each Rating Agency.

9.14 Preservation of Information; Communications to Specified Creditors

(a) The Indenture Trustee will preserve, in as current a form as is reasonably practicable, the names and addresses of Registered Noteholders contained in the most recent list furnished to the Indenture Trustee as provided in subsection 13.13(a) and the names and addresses of Registered Noteholders received by the Indenture Trustee in its capacity as Note Registrar. The Indenture Trustee will also preserve, in as current a form as is reasonably practicable, the names and addresses of all other Specified Creditors contained in the most recent list furnished to the Indenture Trustee as provided in subsection 13.13(b). The Indenture Trustee may destroy any such list furnished to it upon receipt of a new list.

(b) If three (3) or more Debtholders of any Class, Series or Tranche (hereinafter referred to as "**applicants**") (or, if there are less than three (3) such Debtholders, all of the Debtholders) apply in writing to the Indenture Trustee by way of an application substantially in the form of Exhibit 4, then the Indenture Trustee will, within five (5) Business Days after the receipt of such application, afford such applicants access to the information preserved at the time by the Indenture Trustee in accordance with subsection 9.14(a); provided, however, that (i) such Debtholders are identified on the most recent lists of Debtholders held by the Indenture Trustee pursuant to subsection 9.14(a), and (ii) the Indenture Trustee shall not release any information other than the names and addresses (including email addresses) of the Debtholders on such lists.

(c) By accepting its rights as a third party beneficiary hereunder, every Debtholder agrees with the Issuer and the Indenture Trustee that neither the Issuer nor the Indenture Trustee will be held accountable by reason of the disclosure of any such information as to the names and addresses (including email addresses) of the Debtholders in accordance with subsection 9.14(b), regardless of the source from which such information was derived.

(d) Any Specified Creditor wishing to be removed from the list of Specified Creditors may deliver a notice to the Indenture Trustee in the form attached as Exhibit 5. Within five (5) Business Days of the receipt of such notice, the Indenture Trustee shall notify the Issuer to have that Specified Creditor removed from the list provided in accordance with subsection 13.13(b). The Indenture Trustee shall not be responsible, nor shall it be liable for any losses, costs or expenses (including special, indirect, punitive or consequential losses or damages) of the Issuer, any Specified Creditor, or any other party, with respect to any Specified Creditor that fails to, or is delayed in sending, such notice and whose information is disseminated in accordance with this Section 9.14.

(e) The Indenture Trustee shall not be liable for, or held accountable by reason of, distributing any information pursuant to this Section 9.14 regarding any Specified Creditor that is on the list of Specified Creditors held by the Indenture Trustee pursuant to subsection 9.14(a).

9.15 Acceptance of Trusts by Indenture Trustee

The Indenture Trustee hereby accepts the trusts in this Indenture and agrees to perform the same upon the terms and conditions herein set forth.

9.16 Paying Agent

(a) The Paying Agent, on behalf of the Indenture Trustee, will make distributions to Specified Creditors from the Collection Account or other applicable Issuer Account pursuant to the provisions of this Indenture and any applicable Program Agreement. Any Paying Agent will have the revocable power to withdraw funds from the Collection Account or other applicable Issuer Account for the purpose of making the distributions referred to above.

(b) The Indenture Trustee may revoke such power and remove the Paying Agent if the Indenture Trustee determines in its sole discretion that the Paying Agent has failed to perform its obligations under this Indenture in any material respect. The Paying Agent upon removal will return all funds in its possession to the Indenture Trustee.

(c) The Issuer will cause each Paying Agent (other than the Indenture Trustee) to execute and deliver to the Indenture Trustee an instrument in which such Paying Agent will agree with the Indenture Trustee (and if the Indenture Trustee acts as Paying Agent, it so agrees), subject to the provisions of this Section 9.16, that such Paying Agent will:

(i) hold all sums held by it for the payment of principal of, interest, fees or other amounts in trust for the benefit of the Persons entitled thereto until such sums will be paid to such Persons or otherwise disposed of as herein provided;

(ii) if such Paying Agent is not the Indenture Trustee, give the Indenture Trustee notice of any default by the Issuer in the making of any such payment of principal or interest on any Issuer Funding Obligations;

(iii) if such Paying Agent is not the Indenture Trustee, at any time during the continuance of any such default, upon the written request of the Indenture Trustee, forthwith pay to the Indenture Trustee all sums so held in trust by such Paying Agent;

(iv) open and maintain appropriate records with respect to each Note; record by appropriate entries therein each payment made on account of interest, principal, fees and other amounts owing with respect to each such Note. For the purposes thereof, the Paying Agent shall make available upon request

of the Issuer or the Indenture Trustee satisfactory evidence of each payment as soon as practicable after making such payment. The failure to record, or any error in recording, any such payment shall not, however, limit or otherwise affect the obligations of the Issuer as to the principal amount or accrued interest owing with respect to any Note. Such records of payment shall be conclusive evidence of the unpaid principal balance and interest owing in respect of the Notes in the absence of demonstrable error;

(v) immediately resign as a Paying Agent and, if such Paying Agent is not the Indenture Trustee, forthwith pay to the Indenture Trustee all sums held by it in trust for the payment of Issuer Funding Obligations if at any time it ceases to meet the standards described in this Section 9.16 required to be met by a Paying Agent at the time of its appointment; and

(vi) comply with all requirements of the Income Tax Act or any other applicable tax law with respect to the withholding from any payments made by it on any amounts contemplated under this Indenture of any applicable withholding taxes imposed thereon and with respect to any applicable reporting requirements in connection therewith.

(d) Each Paying Agent, if not OPG, will at all times have, or be a wholly owned subsidiary of a corporation which has, a combined capital and surplus of at least $50,000,000 and be subject to supervision or examination by a Canadian federal, provincial or territorial authority or be regulated by or subject to the supervision or examination of a Governmental Authority of a nation that is a member of the Organization for Economic Co-operation and Development. If such Paying Agent publishes reports of condition at least annually, pursuant to law or to the requirements of the aforesaid supervising or examining authority, then for the purposes of this subsection 9.16(d), the combined capital and surplus of such Paying Agent will be deemed to be its combined capital and surplus as set forth in its most recent report of condition as so published.

(e) Unless and until the Issuer rescinds one or more of such appointments, the Issuer hereby appoints the Indenture Trustee as its Paying Agent. The Issuer will give prior written notice of the appointment of any Paying Agent (if such Paying Agent is not the Indenture Trustee) to each Rating Agency.

ARTICLE X
MEETINGS

10.01 Conduct of Meetings

Meetings of Debtholders of any Class, Series or Tranche, of all Issuer Funding Obligations, of Controlling Class Obligations of a Series or of all Controlling Class Obligations, as the case may be, may be convened, held and conducted in the following manner:

(a) At any time, and from time to time, the Indenture Trustee or the Issuer may, and the Indenture Trustee shall, on receipt of a written request of the Issuer or a

requisition signed by Debtholders of a particular Class, Series or Tranche, of all Issuer Funding Obligations, of Controlling Class Obligations of a Series or of all Controlling Class Obligations (each of such groups of Debtholders being a "**Debtholder Group**"), as the case may be, holding at least 25% of the aggregate Outstanding Dollar Principal Amount of the applicable Issuer Funding Obligations, convene, or cause to be convened, a meeting of the Debtholders of that Debtholder Group. If the Indenture Trustee fails to convene, or cause to be convened, a meeting after 30 days of being duly required by the Issuer or such Debtholders, the Issuer or such Debtholders may themselves convene such meeting and, in the case of a meeting called by such Debtholders, the notice calling such meeting may be signed by such Person as those Debtholders specify. Every such meeting shall be held in the City of Toronto or such other place in Ontario, Canada as the Indenture Trustee may in any case determine or approve.

(b) At least 7 days' prior notice of any meeting shall be given to the Debtholders of the Debtholder Group to which such meeting relates and to the Issuer, unless the meeting has been called by the Issuer, and such notice shall state the date, time and the place the meeting is to be held and shall specify, in general terms, the nature of the business to be transacted. It shall not be necessary to specify in the notice the text of the resolutions to be passed. Subject to Section 10.01(c), notices shall be given in the manner set forth in Article XV and a copy thereof shall be delivered to the Indenture Trustee unless the meeting has been called by it. It shall not be necessary to specify in the notice of any adjournment of a meeting the nature of the business to be transacted at the adjourned meeting. The non-receipt of any such notice by a Debtholder shall not invalidate any resolution passed at such meeting.

(c) At any meeting of a Debtholders Group, subject as herein provided, a quorum shall consist of one or more Persons present in person or by proxy holding either personally or as proxies not less than 25% of the Outstanding Dollar Principal Amount of the Issuer Funding Obligations of the Debtholder Group entitled to vote at such meeting. If a quorum is not present on the date for which the meeting is called within 30 minutes after the time fixed for the holding of such meeting, the meeting shall be adjourned to be held at a place and upon a date and at an hour to be fixed by the Indenture Trustee who shall give not less than seven (7) days' notice of the date and time to which such meeting is to be adjourned and at such adjourned meeting a quorum shall consist of the Debtholders of that Debtholder Group then and there represented in person or by proxy and entitled to vote at such meeting.

(d) An individual, who need not be a Debtholder, nominated in writing by the Indenture Trustee shall be chairman of the meeting (a "**Chairman**"). If no individual is so nominated or if the individual nominated is not present within 25 minutes after the time fixed for the holding of the meeting, the Debtholders and proxies for Debtholders present shall choose one of their number to be Chairman.

(e) Every question submitted to a meeting, except matters requiring an Extraordinary Resolution, shall be decided by a majority of the votes given on a show of hands or, if a poll shall be requested as hereinafter provided, by a majority of the votes

cast on the poll (in either case, an "**Ordinary Resolution**") and shall be binding on all Debtholders of the applicable Debtholder Group. On a show of hands, each Debtholder who is present, whether in person or by proxy, will have one vote for every $1,000 of Outstanding Dollar Principal Amount of applicable Issuer Funding Obligations of which he or she shall be the Debtholder. A poll shall be taken on every Extraordinary Resolution and otherwise whenever requested by a Debtholder or its proxy. On a poll, each Debtholder shall have one vote for every $1,000 of Outstanding Dollar Principal Amount of applicable Issuer Funding Obligations of which he or she shall be the Debtholder. Votes may be given in person or by proxy and a proxy need not be a Debtholder. If at any meeting a poll is so demanded as aforesaid on the election of a Chairman or on a question of adjournment, it shall be taken forthwith. If at any meeting a poll is so demanded on any other question, or an Extraordinary Resolution is to be voted upon, a poll shall be taken in such manner and either at once or after an adjournment as the Chairman directs. The result of a poll shall be deemed to be the decision of the meeting at which the poll was demanded and shall be binding on all Debtholders of the applicable Debtholder Group. In the case of joint Registered Noteholders, any one of them present in person or by proxy at the meeting may vote in the absence of the other or others but, if more than one of them is present in person or by proxy, they shall vote together in respect of the Notes of which they are joint Registered Noteholders.

10.02 <u>Powers Exercisable by Ordinary Resolution and Extraordinary Resolution</u>

(a) Subject to Section 11.02, in addition to any powers hereinbefore given, Debtholders of a Class, Series or Tranche of Issuer Funding Obligations shall by Ordinary Resolution have the power to:

(i) require the Indenture Trustee (subject to receipt by the Indenture Trustee of reasonable funding and indemnity) to exercise or refrain from exercising any of the powers conferred upon it by this Indenture insofar as they apply solely to such Class, Series or Tranche or by the Related Funding Obligation Agreement;

(ii) sanction, insofar as they apply to the Class, Series or Tranche, the release of the Issuer from its covenants and obligations hereunder;

(iii) subject to the provisions of this Indenture or of the Related Funding Obligation Agreement, sanction any change whatsoever to any provision of the Issuer Funding Obligations of such Class, Series or Tranche which shall be agreed to by the Issuer and any modification, alteration, abrogation, compromise or arrangement of or in respect of the rights of the Debtholders of such Class, Series or Tranche or the Indenture Trustee against the Issuer, whether such rights shall arise under the provisions of this Indenture or otherwise;

(iv) subject to the provisions of this Indenture, assent to any modification of or change in or addition to or omission from the provisions contained in this

Indenture, a Related Supplemental Indenture or any instrument ancillary or supplementary hereto or thereto, in each case, insofar as they apply to the Class, Series or Tranche, which shall be agreed to by the Issuer and to authorize the Indenture Trustee to concur in and execute any deed, instrument or agreement embodying any such modification, change, addition or omission or any other deeds, documents or writings authorized by such Ordinary Resolution; provided that no such assent shall be necessary for any modification of or change in or addition otherwise permitted hereunder or under a Related Supplemental Indenture; and

(v) take any other Action authorized by this Indenture or a Related Supplemental Indenture to be taken by Ordinary Resolution of the Debtholders of a Class, Series or Tranche of Issuer Funding Obligations.

(b) Subject to Section 11.02, in addition to any powers hereinbefore given, Controlling Class Creditors shall by Extraordinary Resolution have the power to:

(i) after the Security Interest has become enforceable, authorize the Indenture Trustee to accept, in satisfaction or partial satisfaction, all or any part of the Collateral;

(ii) after the Security Interest has become enforceable, sanction the selling of the Collateral or any part thereof or interest therein;

(iii) after the Security Interest has become enforceable, authorize the Indenture Trustee or any other Person to bid or tender at any sale of the Collateral or any part thereof and take such actions in connection with such sale as it determines to be in the best interests of all Controlling Class Creditors;

(iv) assent to any compromise or arrangement by the Issuer with any creditor, creditors or class or classes of creditors or with the holders of any securities of the Issuer whose claims are payable from the Collateral;

(v) restrain any Debtholder from taking or instituting any suit, action or proceeding for the purpose of realizing on the Collateral or for the execution of any trust or power hereunder or for the appointment of a liquidator, receiver or trustee in bankruptcy or to have the Issuer liquidated or for any other remedy hereunder and to direct such Debtholder to waive any Event of Default on which any suit or proceeding is founded;

(vi) require the Indenture Trustee (subject to receipt by the Indenture Trustee of reasonable funding and indemnity) to exercise or refrain from exercising any other powers conferred upon it by this Indenture of general application to all Classes of Issuer Funding Obligations, including the exercise of any rights of the Issuer under any of the Program Agreements upon the occurrence and during the continuance of an Event of Default, or cancel any declaration of acceleration made pursuant to Article VIII upon such terms and/or conditions as may be decided;

(vii) authorize the Indenture Trustee, in the event of the Issuer making an authorized assignment or proposal or in the event of an administrator, trustee, receiver or liquidator being appointed under any applicable bankruptcy or insolvency legislation for and on behalf of all Debtholders and, in addition to any claim or debt provided or made for its own account as Indenture Trustee hereunder, to file and prove a claim or debt against the Issuer or its property for an amount equivalent to the aggregate amount which may be payable in respect of all Issuer Funding Obligations, to value the Collateral, and to vote such claim or debt at meetings of creditors and generally act for and on behalf of all Debtholders in such proceedings as such Extraordinary Resolution may provide;

(viii) appoint a committee with power and authority (subject to such limitations, if any, as may be prescribed in such Extraordinary Resolution) to exercise, and to direct the Indenture Trustee to exercise, on behalf of all Controlling Class Creditors, such of the powers of such Controlling Class Creditors as are exercisable by Extraordinary Resolution or other resolution as shall be included in the Extraordinary Resolution appointing the committee. The Extraordinary Resolution making such appointment may provide for payment of the expenses and disbursements of and compensation to such committee from the Collateral in portions allocated to each Series as may be specified in such Extraordinary Resolution. Such committee shall consist of such number of Persons as shall be prescribed in the Extraordinary Resolution appointing it and the members need not themselves be Controlling Class Creditors or Debtholders. Each such committee may elect a chairman and may make regulations respecting its quorum, the calling of its meetings, the filling of vacancies occurring in its number and its procedures generally. Such regulations may provide that the committee may act at a meeting at which a quorum is present or may act by minutes signed by the number of members thereof necessary to constitute a quorum. All acts of any such committee within the authority delegated to it shall be binding upon all Debtholders. Neither the committee nor any member thereof shall be liable for any loss arising from or in connection with any action taken or omitted to be taken by them in good faith; and

(ix) take any other action authorized by this Indenture to be taken by Extraordinary Resolution.

(c) The foregoing powers shall be deemed to be several and cumulative and not dependent on each other and the exercise of one or more of such powers, or any combination of such powers, from time to time, shall not be deemed to exhaust the rights of the Debtholders to exercise such power or powers, or combinations of powers, thereafter from time to time. No powers exercisable by Extraordinary Resolution shall derogate in any way from any rights of the Issuer under or pursuant to this Indenture without the agreement of the Issuer. The Issuer shall give the Rating Agency notice of any Ordinary Resolution or Extraordinary Resolution adopted.

10.03 Extraordinary Resolution

An Extraordinary Resolution, adopted in accordance with the provisions hereof, shall be binding upon each and every Debtholder and each other Specified Creditor and their respective heirs, executors, administrators, successors and assigns, whether present or absent, and the Indenture Trustee (subject to the provisions for funding and its indemnity herein contained) shall be bound to give effect thereto accordingly.

Except as expressly provided to the contrary in this Indenture, no action shall be taken at a meeting of the Debtholders of a Debtholder Group which changes any provision of this Indenture or changes or prejudices the exercise of any right of any Debtholder except by Extraordinary Resolution.

10.04 Declaration by Chairman of Result of Vote

At any meeting of Debtholders of any Debtholder Group in cases where no poll is required or requested, a declaration made by the Chairman that a resolution has been carried, or carried by any particular majority, or lost, shall be conclusive evidence thereof.

10.05 Minutes

Minutes of all resolutions and proceedings at every such meeting, as aforesaid, shall be made and duly entered in books to be provided from time to time for that purpose by an agent of the Issuer at the expense of the Issuer and any such minutes, as aforesaid, if signed by the Chairman of the meeting at which such resolutions were passed or proceedings had shall be *prima facie* evidence of the matters therein stated and, until the contrary is proved, every such meeting in respect of the proceedings of which minutes shall have been made shall be deemed to have been duly held and convened and all resolutions passed or proceedings had thereat to have been duly passed and had.

10.06 Signed Instruments

Any resolution or instrument signed in one or more counterparts by (a) Debtholders holding not less than 50% of the aggregate Outstanding Dollar Principal Amount of Issuer Funding Obligations of a Debtholder Group, in the case of matters capable of being decided by Ordinary Resolution, and (b) Controlling Class Creditors holding not less than 66⅔% of the aggregate Outstanding Dollar Principal Amount of all Controlling Class Obligations in the case of matters required to be decided by Extraordinary Resolution, shall, in either case, have the same force and effect as a resolution duly passed at a meeting of such Debtholders by the affirmative vote of all of the votes cast upon a poll. Notice of any Ordinary Resolution or Extraordinary Resolution passed in accordance with this Section 10.06 shall be given by the Indenture Trustee to all applicable Debtholders within 30 days of the date on which such Ordinary Resolution or Extraordinary Resolution was passed.

10.07 Persons Who May Attend

Each Debtholder, by their respective officers, directors, employees, and the legal advisers of such parties, may attend any meeting of Debtholders.

10.08 Binding Effect of Resolutions

Every Ordinary Resolution and every Extraordinary Resolution passed in accordance with the provisions of this Article X at a meeting of Debtholders of a Debtholder Group will be binding upon all of the Debtholders of such Debtholder Group whether present at or absent from such meeting, and every instrument in writing signed by Debtholders in accordance with Section 10.06 will be binding upon all of the Debtholders of such Debtholder Group, whether signatories thereto or not, and the Indenture Trustee will be bound to give effect accordingly to every such Ordinary Resolution, Extraordinary Resolution and instrument in writing. For greater certainty, any Extraordinary Resolution shall bind all Debtholders and all other Specified Creditors in accordance with Section 10.03.

10.09 Notes Regarded as Not Outstanding for Certain Purposes

If, in the opinion of the Indenture Trustee and upon receipt of an Issuer Certificate in respect of the following, any business to be transacted at any meeting of Debtholders or any action to be taken or power exercised by instrument in writing under Section 10.06 does not materially adversely affect the rights of the Debtholders of one or more particular Class, Series or Tranche of Issuer Funding Obligations, the provisions of this Article X shall apply as if the Issuer Funding Obligations of that Class, Series or Tranche were not Outstanding, and no notice of any such meeting need be given to the Debtholders of that Class, Series or Tranche.

ARTICLE XI
SUPPLEMENTAL INDENTURES

11.01 Supplemental Indentures and Amendments Without Consent of Specified Creditors

Without the consent of Specified Creditors but with 10 Business Days' prior notice to each Rating Agency and the Province, the Issuer and the Indenture Trustee, at any time and from time to time, and upon delivery by the Issuer to the Indenture Trustee of an Issuer Certificate to the effect that the Issuer reasonably believes that such amendment will not have an Adverse Effect and is not reasonably expected to have an Adverse Effect at any time in the future, the Issuer may amend this Indenture, including any Supplemental Indenture or enter into one or more Supplemental Indentures, in form satisfactory to the Indenture Trustee, for any of the following purposes:

(a) to evidence the succession or successive successions of another Financing Entity to the Issuer, and the assumption by any such successor of the covenants of the Issuer herein and in the Notes; or

(b) to add to the covenants of the Issuer, or to surrender any right or power herein conferred upon the Issuer by the Issuer, for the benefit of Debtholders of any or all Classes, Series or Tranches of Issuer Funding Obligations; or

(c) to cure any ambiguity, to correct or supplement any provision herein which may be inconsistent with any other provision herein, to correct a clear clerical or administrative error, or to make any other provisions with respect to matters or questions arising under this Indenture; or

(d) to provide for the issuance of any Series or Tranche of Notes as provided in Article IV and Article V and to set forth the terms thereof, and/or to add to the rights of the Noteholders of any Class, Series or Tranche; or

(e) to evidence and provide for the acceptance of appointment by another corporation as a successor Indenture Trustee hereunder; or

(f) to add any additional Events of Default in respect of any or all Classes, Series or Tranches of Issuer Funding Obligations; or

(g) to provide for the consolidation of any Financing Entity and the Issuer into a single Person or the transfer of assets in any Financing Entity to the Issuer; or

(h) if IESO is replaced under the Master Transfer and Servicing Agreement as Servicer, to make any necessary changes to this Indenture or any other related document; or

(i) to provide for additional forms of Credit Enhancement for any Class, Series or Tranche of Issuer Funding Obligations; or

(j) to facilitate the issuance of Foreign Currency Issuer Funding Obligations; or

(k) to comply with any regulatory, accounting, securities or tax laws, rules, regulations or requirements, or changes to Rating Agency ratings criteria; or

(l) to enable the Issuer to file a registration statement (and any related exhibits thereto) for the offering of securities registered under the U.S. Securities Act and to comply with Regulation AB (including, without limitation, ongoing reporting obligations thereunder); or

(m) to qualify for sale treatment under generally accepted accounting principles.

Additionally, notwithstanding any provision of this Article XI to the contrary and in addition to clauses (a) through (m) above, the Issuer and the Indenture Trustee may amend this Indenture, including any Supplemental Indenture, without the consent of any Specified Creditor but with 10 Business Days' prior notice to each Rating Agency and the Province, to modify, eliminate or add to the provisions of this Indenture (i) to facilitate compliance with any amendment to any change of law or regulation which applies to the Issuer or the transactions governed by the Program Agreements, or (ii) to cause the provisions hereof to conform to or be consistent with or in furtherance of the statements made with respect to this Indenture in any applicable offering document; in each case, provided that the Issuer shall deliver to the Indenture Trustee an Issuer Certificate to the effect that (A) the Issuer reasonably believes that such amendment will not have an Adverse Effect and is not reasonably expected to have an Adverse Effect at any time in the future or (B) such amendment is required to remain in compliance with any change of law or regulation which applies to the Issuer or the transactions governed by the Program Agreements, or such amendment is required to cause the provisions hereof to conform to or be consistent with or in furtherance of the statements made with respect to this Indenture in any applicable offering document.

Additionally, notwithstanding any provision of this Article XI to the contrary and in addition to clauses (a) through (m) above and the immediately preceding paragraph, this Indenture, including any Supplemental Indenture, may also be amended by the Issuer and the Indenture Trustee, without the consent of any Specified Creditor but with 10 Business Days' prior notice to each Rating Agency and the Province, for the purpose of (i) adding any provisions to, or changing in any manner or eliminating any of the provisions of, this Indenture or any Supplemental Indenture or (ii) modifying in any manner the rights of the Specified Creditors under this Indenture or any Supplemental Indenture; provided, however, that (A) the Issuer shall deliver to the Indenture Trustee an Issuer Certificate to the effect that the Issuer reasonably believes that such amendment will not have an Adverse Effect and is not reasonably expected to have an Adverse Effect at any time in the future, and (B) the Rating Agency Condition shall be satisfied.

Additionally, notwithstanding any provision of this Article XI to the contrary and in addition to clauses (a) through (m) above and the immediately preceding paragraphs, this Indenture, including any Supplemental Indenture, may also be amended by the Issuer and the Indenture Trustee, without the consent of any Specified Creditor but with 10 Business Days' prior notice to each Rating Agency and the Province, to provide for those changes necessary for compliance with securities law requirements or banking laws or regulations; provided, however, that (i) the Issuer shall deliver to the Indenture Trustee an Issuer Certificate to the effect that the Issuer reasonably believes that such amendment will not have an Adverse Effect and is not reasonably expected to have an Adverse Effect at any time in the future, and (ii) the Rating Agency Condition shall be satisfied.

Prior written notice of any amendment to this Indenture or any Supplemental Indenture to the Province in accordance with the above paragraphs shall be sent by the Issuer and the Indenture Trustee. The Issuer and the Indenture Trustee shall send a copy of any amendment pursuant to this Section 11.01 to each Rating Agency and the Province; provided that failure to send copies of any amendment to this Indenture or any Supplemental Indenture, or failure to provide any notice under this Section 11.01 shall not invalidate such amendment.

The Indenture Trustee may, but shall not be obligated to, enter into any amendment which adversely affects the Indenture Trustee's rights, duties, benefits, protections, privileges or immunities under this Indenture or otherwise.

11.02 Supplemental Indentures and Amendments with Consent of Debtholders

In addition to any amendment permitted pursuant to Section 11.01, with 10 Business Days' prior notice to each Rating Agency and the Province, the consent of Debtholders of each Class, Series or Tranche of Issuer Funding Obligations affected by such amendment of this Indenture, including any Supplemental Indenture, by Ordinary Resolution delivered to the Issuer and the Indenture Trustee, and satisfaction of the Rating Agency Condition, the Issuer and the Indenture Trustee may enter into an amendment of this Indenture or any Supplemental Indenture for the purpose of adding any provisions to, or changing in any manner or eliminating any of the provisions of, this Indenture or of modifying in any manner the rights of the Debtholders of each such Class, Series or Tranche of Issuer Funding Obligations under this Indenture or any Supplemental Indenture; provided, however, that no such amendment of this Indenture or any

Supplemental Indenture will, without the consent of each Debtholder of Issuer Funding Obligations affected thereby and satisfaction of the Rating Agency Condition:

(a) change an Interest Payment Date, Principal Payment Date or Principal Payment Default Date of any Issuer Funding Obligation;

(b) reduce the principal amount of, or the interest rate on any Note, or change the method of computing the Outstanding Dollar Principal Amount, the Outstanding Currency Specific Dollar Principal Amount or the Outstanding Dollar Principal Amount in a manner that is adverse to any Debtholders;

(c) reduce the amount of a Discount Note payable upon its acceleration;

(d) reduce the percentage in Outstanding Dollar Principal Amount of Issuer Funding Obligations of any Class, Series or Tranche, the consent of whose holders is required for any such amendment, or the consent of whose holders is required for any waiver of compliance with the provisions of this Indenture or of defaults hereunder and their consequences, provided for in this Indenture;

(e) modify any of the provisions of this Section 11.02 or Section 8.03, except to increase any percentage of Debtholders required to consent to any such amendment or to provide that other provisions of this Indenture cannot be modified or waived without the consent of the Debtholders affected thereby;

(f) change any Place of Payment where any principal of, or interest on, any Note is payable, unless otherwise provided in the Related Supplemental Indenture; or

(g) change the method of computing the amount of principal of, or interest on, any Note on any date.

An amendment of this Indenture or a Supplemental Indenture which changes or eliminates any covenant or other provision of this Indenture which has expressly been included solely for the benefit of one or more particular Classes, Series or Tranches of Issuer Funding Obligations, or which modifies the rights of the Debtholders of such Class, Series or Tranche with respect to such covenant or other provision, will be deemed not to affect the rights under this Indenture of the Debtholders of any other Class, Series or Tranche of Issuer Funding Obligations.

It will not be necessary for any Ordinary Resolution or Extraordinary Resolution under this Section 11.02 to approve the particular form of any proposed amendment or Supplemental Indenture, but it will be sufficient if such Ordinary Resolution or Extraordinary Resolution will approve the substance thereof.

The Issuer and the Indenture Trustee shall send a copy of any amendment pursuant to this Section 11.02 to each Rating Agency and the Province; provided that failure to send copies of any amendment to this Indenture or any Supplemental Indenture, or failure to provide any notice under this Section 11.02 shall not invalidate such amendment.

11.03 Execution of Amendments and Supplemental Indentures

In executing or accepting the additional trusts created by any amendment of this Indenture or Supplemental Indenture permitted by this Article XI or the modifications thereby of the trusts created by this Indenture, the Indenture Trustee will be provided with, and (subject to Section 9.01) will be fully protected in relying upon, an Opinion of Counsel stating that the execution of such amendment or Supplemental Indenture is authorized or permitted by this Indenture and that all conditions precedent thereto have been satisfied. The Indenture Trustee may, but will not (except to the extent required in the case of an amendment or Supplemental Indenture entered into under subsection 11.01(e)) be obligated to, enter into any such amendment or Supplemental Indenture which affects the Indenture Trustee's own rights, duties or immunities under this Indenture or otherwise.

11.04 Effect of Amendments and Supplemental Indentures

Upon the execution of any amendment of this Indenture or any Supplemental Indenture under this Article XI, this Indenture and/or such Supplemental Indenture will be modified in accordance therewith with respect to each Class, Series or Tranche of Issuer Funding Obligations affected thereby, or all Issuer Funding Obligations, as the case may be, and such amendment or Supplemental Indenture will form a part of this Indenture and such Supplemental Indenture for all purposes; and every holder of Issuer Funding Obligations theretofore or thereafter incurred and every other Specified Creditor will be bound thereby to the extent provided therein.

11.05 Reference in Notes to Supplemental Indentures

Notes authenticated and delivered after the execution of any amendment of this Indenture or any Supplemental Indenture pursuant to this Article XI may, and will if required by the Indenture Trustee, bear a notation in form approved by the Indenture Trustee as to any matter provided for in such amendment or Supplemental Indenture. If the Issuer will so determine, new Notes so modified as to conform, in the opinion of the Indenture Trustee and the Issuer, to any such amendment or Supplemental Indenture may be prepared and executed by the Issuer and authenticated and delivered by the Indenture Trustee in exchange for Outstanding Notes.

ARTICLE XII
REPRESENTATIONS AND WARRANTIES OF THE ISSUER

12.01 Representations and Warranties of the Issuer

The Issuer hereby represents and warrants to the Indenture Trustee and shall be deemed to represent and warrant to the Indenture Trustee on the issuance of Notes of any particular Class, Series or Tranche hereunder, and upon each Borrowing under the applicable Funding Obligation Agreement, that:

(a) The Issuer is a Financing Entity.

(b) The indebtedness incurred pursuant to each issuance of Notes and each Borrowing is a Funding Obligation.

(c) The Issuer (i) is a trust duly constituted and validly existing under the laws of the Province of Ontario, (ii) is duly qualified to carry on its business in each jurisdiction in which it carries on business, (iii) has the power and authority to enter into and perform its obligations under this Indenture and the other Program Agreements executed by it and all instruments and agreements delivered pursuant hereto, and thereto and to own its property and carry on its business as currently conducted including, without limitation, the power and authority and legal right to acquire Investment Interests, and (iv) has obtained all approvals from all Governmental Authorities required in connection with the execution, delivery and performance of the Program Agreements.

(d) The execution, delivery and performance of this Indenture, and at the time it enters into such document, the other Program Agreements executed by it and every instrument or agreement delivered pursuant hereto and thereto has been or will be duly authorized by all requisite action and this Indenture and such other Program Agreements, instruments and agreements have been or will be duly executed and delivered by the Issuer and constitute valid and binding obligations of the Issuer enforceable against the Issuer in accordance with their respective terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of the Issuer, threatened against or affecting the Issuer at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Issuer or in the ability of the Issuer to perform its obligations under this Indenture, the other Program Agreements executed by it or any agreement or instrument delivered pursuant hereto or thereto; and the Issuer is not aware of any existing ground on which such action, suit or proceeding might be commenced with any reasonable likelihood of success or of any default with respect to any judgment, order, writ, injunction, decree, award, rule or regulation of any court, arbitrator or Governmental Authority, which, either separately or in the aggregate, would result in any such material adverse change.

(f) The Issuer is not a party to any agreement or instrument which materially adversely affects its ability to perform its obligations under this Indenture, the other Program Agreements executed by it or any agreements or instruments delivered pursuant hereto or thereto or materially adversely affects the business, operations, prospects, properties, assets or condition, financial or otherwise of the Issuer.

(g) The Issuer is not subject to any restriction or any judgment, order, writ, injunction, decree, award, rule or regulation which materially adversely affects, or in the future may materially adversely affect, the business, operations, prospects, properties, assets or condition, financial or otherwise of the Issuer or its ability to perform its

obligations under this Indenture, the other Program Agreements executed by it or any agreements or instruments delivered pursuant hereto or thereto.

(h) Neither the execution nor delivery of this Indenture, the other Program Agreements executed by it or any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein and therein contemplated, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the Declaration of Trust or any agreements or instruments to which the Issuer is a party or by which it or any of its property and assets are bound, or results or will result in the creation or imposition of any Lien of any nature whatsoever upon any of the property or assets of the Issuer.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of the Issuer is required in connection with the execution and delivery of this Indenture, the other Program Agreements executed by it or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or in connection with the enforcement of this Indenture, the other Program Agreements executed by it or any agreements or instruments delivered pursuant hereto or thereto (except those which have been obtained or deemed to have been obtained).

12.02 Certified Primary Obligations

The Issuer shall be deemed to represent and warrant to the Indenture Trustee on the incurrence of any Obligations Secured (other than Issuer Funding Obligations) that if the Issuer does not deliver the certificates contemplated by subsection 5.03(d), that the Obligations Secured are not Certified Primary Obligations.

ARTICLE XIII
COVENANTS OF THE ISSUER

13.01 Payment of Principal and Interest

With respect to each Class, Series or Tranche of Issuer Funding Obligations, the Issuer will duly and punctually pay the principal of and interest on such Issuer Funding Obligations in accordance with their terms, this Indenture and any Related Funding Obligation Agreement, and will duly comply with all the other terms, agreements and conditions contained in, or made in this Indenture and any Funding Obligation Agreement.

13.02 Use of Proceeds; Funding of Program Cash Reserve Account

The Issuer will use the proceeds of Notes and Borrowings solely for: (i) the acquisition by the Issuer of an Investment Interest; (ii) the redemption, repayment or repurchase of any existing Issuer Funding Obligations; (iii) the funding of Issuer Accounts; and (iv) the payment of transaction fees and expenses in connection with the incurrence of Issuer Funding Obligations.

13.03 Maintenance of Office or Agency

The Issuer will maintain an office or agency in each Place of Payment where Notes may be presented or surrendered for payment, where Notes may be surrendered for transfer or exchange and where notices and demands to or upon the Issuer in respect of the Notes and this Indenture may be served. The Issuer will give prompt written notice to the Indenture Trustee of the location, and of any change in the location, of such office or agency. If at any time the Issuer will fail to maintain such office or agency or will fail to furnish the Indenture Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office of the Indenture Trustee, and the Issuer hereby appoints the Indenture Trustee its agent to receive all such presentations, surrenders, notices and demands.

The Issuer may also from time to time designate one or more other offices or agencies where the Notes of one or more Classes, Series or Tranches may be presented or surrendered for any or all of such purposes specified above and may constitute and appoint one or more Paying Agents for the payments of such Notes, in one or more other cities, and may from time to time rescind such designations and appointments; provided, however, that no such designation, appointment or rescission shall in any matter relieve the Issuer of its obligations to maintain an office or agency in each Place of Payment for Notes of any Class, Series or Tranche for such purposes. The Issuer will give prompt written notice to the Indenture Trustee of any such designation or rescission and of any change in the location of any such other office or agency.

13.04 Legal Existence

The Issuer will do or cause to be done all things necessary to preserve and keep in full force and effect its legal existence and maintain its status as a Financing Entity.

13.05 Separateness Covenants

The Issuer will take all reasonable steps to maintain the Issuer's identity as a distinct entity with assets and liabilities distinct from those of the Manager and any of its Affiliates. Without limiting the generality of the foregoing and in addition to the other covenants set forth herein, the Issuer shall:

(a) not identify the offices of the Manager or any Affiliate thereof as its offices (by signage or otherwise);

(b) not identify the telephone number of the Manager as its telephone number and it will not utilize the stationery, invoices or cheques of the Manager;

(c) conduct all transactions with the Manager strictly on an arm's length basis and in good faith, allocate all overhead expenses for items shared between the Issuer and the Manager on the basis of actual use to the extent practicable and, to the extent such allocation is not practicable, on a basis reasonably related to actual use;

(d) conduct its affairs strictly in accordance with the Declaration of Trust, and observe all necessary, appropriate and trust formalities;

(e) maintain the Issuer's books and records separate from those of the Manager or any Affiliate thereof and otherwise readily identifiable as its own assets rather than assets of the Manager or any Affiliate thereof;

(f) prepare its financial statements separately from those of the Manager and ensure that any consolidated financial statements of the Manager that include the Issuer have notes clearly stating that the Issuer is a separate entity;

(g) only maintain bank accounts or other depository accounts to which the Issuer alone is the account party (or where the Issuer Trustee or the Indenture Trustee will maintain them on behalf of the Issuer), and from which only the Issuer or its agent has the power to make withdrawals;

(h) pay all of the Issuer's operating expenses from the Issuer's own assets (including, for greater certainty, reimbursing the Manager for any such expenses);

(i) continuously maintain the resolutions, agreements and other instruments of the Issuer underlying the transactions described in the Program Agreements as official records of the Issuer separately identified and held apart from the records of the Manager;

(j) maintain its property in such a manner that it is not costly or difficult to segregate, ascertain or otherwise identify its individual assets from or against those of the Manager or any Affiliate thereof; and

(k) not become liable to any Person for any obligations of the Manager or any Affiliate thereof.

13.06 <u>Compliance with Laws</u>

The Issuer will comply with the requirements of all applicable laws, the noncompliance with which would, individually or in the aggregate, materially and adversely affect the ability of the Issuer to perform its obligations under the Program Agreements.

13.07 <u>Performance of Obligations</u>

(a) The Issuer will punctually perform and observe all of its obligations and agreements contained in this Indenture, the Declaration of Trust, the Master Transfer and Servicing Agreement, the other Program Agreements and in the instruments and agreements relating to the Collateral, including but not limited to filing or causing to be filed all PPSA financing statements and amendments thereto required to be filed by the terms of this Indenture in accordance with and within the time periods provided for herein.

(b) The Issuer (i) will diligently pursue any and all actions to enforce its rights under each instrument or agreement included in the Collateral and (ii) will not take any action and will use its best efforts not to permit any action to be taken by others that would release any Person from any of such Person's covenants or obligations under

any such instrument or agreement or that would result in the amendment, hypothecation, subordination, termination or discharge of, or impair the validity or effectiveness of, any such instrument or agreement, except, in each case, as expressly provided in this Indenture, the Master Transfer and Servicing Agreement or any other Program Agreement.

(c) The Issuer will enforce the Servicer's compliance with and performance of all of the Servicer's material obligations under the Master Transfer and Servicing Agreement. The Issuer will enforce the Manager's compliance with and performance of all of the Manager's material obligations under the Management Agreement.

13.08 Funding Obligations

The Issuer will ensure that all indebtedness is incurred pursuant to and in accordance with Article V. The Issuer will not enter into any Funding Obligation Agreement, other than a Warehouse Facility Agreement, that provides for Issuer Funding Obligations that have principal repayment obligations that the Manager believes, acting reasonably having regard to the Financing Plan and all Issuer Funding Obligations then outstanding, would likely require the Issuer to satisfy payments of principal on any Principal Payment Date in respect of such Issuer Funding Obligations by means of a Refinancing other than a Pre-Approved Refinancing.

13.09 Financial Statements

The Issuer will deliver or cause to be delivered to the Indenture Trustee and the Rating Agencies within 140 days after the end of each fiscal year audited financial statements of the Issuer for the fiscal year, including the balance sheet and statements of income, retained earnings and changes in financial position of the Issuer, and within 90 days after the end of each fiscal quarter, other than the fiscal quarter of the Issuer ending on the fiscal year end of the Issuer, unaudited financial statements of the Issuer for such fiscal quarter of the Issuer, including the balance sheet and statements of income, retained earnings and changes in financial position of the Issuer. The Indenture Trustee shall send a copy of each financial statement delivered pursuant to this Section 13.09 to each Noteholder.

13.10 Statement as to Compliance

The Issuer will deliver to the Indenture Trustee and the Rating Agencies, on or before March 31 of each year, beginning in 2018, a written statement signed by a Responsible Officer of the Issuer stating that:

(a) a review of the activities of the Issuer during the prior year and of the Issuer's performance under this Indenture and under the terms of the Notes has been made under such Responsible Officer's supervision; and

(b) to the best of such Responsible Officer's knowledge, based on such review, the Issuer has complied in all material respects with all conditions and covenants under this Indenture throughout such year and that no Default or Event of Default has occurred, or, if there has been a material Default or an Event of Default has

occurred, specifying each such Default or Event of Default known to such Responsible Officer and the nature and status thereof.

13.11 Payment Instructions

Promptly after the receipt by the Issuer of each Monthly Report under the Master Transfer and Servicing Agreement, the Issuer will, in cooperation with the Manager, complete the Payment Instruction in respect of the Collection Account and deliver a copy thereof to the Indenture Trustee and the Paying Agent (if the Paying Agent is not the Indenture Trustee) at least two (2) Business Days prior to the applicable Payment Date. At least two (2) Business Days prior to any date on which payments are to be made pursuant to Sections 7.05 to 7.11, the Issuer will, in cooperation with the Manager, complete and deliver to the Indenture Trustee and the Paying Agent (if the Paying Agent is not the Indenture Trustee) a copy of the Payment Instruction in respect of the Interest Accumulation Account, the Principal Accumulation Account, the IESO Cash Reserve Account, the Program Cash Reserve Account, the Protection Account or any Series Account, as applicable.

13.12 Notice of Certain Events; Protection Event

(a) The Issuer agrees to give the Indenture Trustee and the Rating Agencies prompt written notice of: (i) each Event of Default; (ii) each breach on the part of the Issuer or the Servicer of its respective obligations under the Master Transfer and Servicing Agreement, including any Servicer Default (notice of which Servicer Default shall state that it is a "Notice of Servicer Default"); (iii) each breach on the part of the Manager of its obligations under the Management Agreement; (iv) any default of the Issuer or a Derivative Counterparty under a Derivative Agreement; and (v) any Protection Event and the nature thereof.

(b) Within 10 Business Days after receipt by the Indenture Trustee of notice of any Servicer Default or Protection Event, the Indenture Trustee shall provide notice thereof to each Specified Creditor; provided, however, that the Indenture Trustee shall not be liable for failing to distribute any written notice pursuant to this subsection 13.12(b) to any party that is at the time of delivery a Specified Creditor but is not on the lists of Specified Creditors held by the Indenture Trustee pursuant to subsection 9.14(a).

(c) Upon the occurrence of a Protection Event and at the request of the Issuer or any Controlling Class Creditor, the Indenture Trustee shall deliver a written demand to the Province requiring the Province to make payments on Obligations Secured pursuant to and in accordance with the Change of Law Protection Agreement. If, following such request, the Indenture Trustee does not deliver such written demand to the Province within 10 days of such request, any Controlling Class Creditor shall be entitled to deliver such written demand to the Province.

13.13 Issuer To Furnish Indenture Trustee Names and Addresses of Specified Creditors

(a) The Issuer will furnish or cause to be furnished to the Indenture Trustee:

(i) not more than 15 days after each Record Date, in such form as the Indenture Trustee may reasonably require, a list of the names and addresses of the Registered Noteholders of each applicable Class, Series or Tranche as of such date, and

(ii) at such other times as the Indenture Trustee may request in writing, within 30 days after the receipt by the Issuer of any such request, a list of similar form and content as of a date not more than 15 days before the time such list is furnished;

provided, however, that so long as the Indenture Trustee is the Note Registrar, no such lists shall be required to be furnished.

(b) Upon written request from the Indenture Trustee, within 10 Business Days after the receipt by the Issuer of any such request, the Issuer will furnish or cause to be furnished to the Indenture Trustee a list, substantially in the form of Exhibit 3 of the names and addresses of all Specified Creditors (other than Noteholders), together with a reference to such Specified Creditor's Program Agreement, provided that no written request shall be required for the deliveries in subsection 5.01(h) or 5.03(c).

13.14 Other Positive Covenants

The Issuer will:

(a) in the event that the Issuer shall be required to file tax returns, the Manager shall prepare or shall cause to be prepared such tax returns and shall provide such tax returns to the Issuer for signature at least five (5) Business Days before such tax returns are due to be filed. The Issuer, in accordance with the terms of each applicable Supplemental Indenture, shall also prepare or shall cause to be prepared all tax information required by applicable law to be distributed to any Noteholder and shall deliver such information to the Indenture Trustee at least five (5) Business Days prior to the date it is required by applicable law to be distributed to any Noteholder. The Indenture Trustee, upon written request, will furnish the Manager with all such information known to the Indenture Trustee as may be reasonably requested and required in connection with the preparation of all tax returns of the Issuer;

(b) subject to the payment priorities provided in Sections 7.04(e) and 8.13, pay or cause to be paid all Taxes levied, assessed or imposed upon the Issuer and its property or any part thereof, as and when the same become due and payable; provided that the Issuer may protest the payment of any such Taxes if it is acting in good faith and if it either provides the Indenture Trustee with cash in an amount sufficient to satisfy the same or otherwise satisfies the Indenture Trustee that its interests are not prejudiced thereby and the Rating Agency Condition is satisfied;

(c) upon the written request of the Indenture Trustee, use reasonable commercial efforts, following any (i) termination or resignation of the Servicer, the Manager or

the Paying Agent or, in each case, any successor thereof; or (ii) termination, non-renewal or expiry of a Liquidity Agreement or a Credit Enhancement Agreement (other than, in the latter case, a termination, non-renewal or expiry which occurs because neither party thereto has any further obligation thereunder), to appoint and enter into an agreement with a successor to such Servicer, Manager or Paying Agent, or replace or renew such Liquidity Agreement or Credit Enhancement Agreement, in form and substance the same as the applicable provisions in the previously existing Program Agreement and will notify the Indenture Trustee and the Rating Agencies of each such occurrence and new agreement, and will execute and deliver all Supplemental Indentures and amendments hereto and all instruments of further assurance and other instruments and will take other and further action as the Indenture Trustee, relying on the advice of counsel, may consider necessary or advisable to assign and render subject to this Indenture any such agreement; and

(d) deliver or cause to be delivered to the Indenture Trustee and the Rating Agencies on a confidential basis (excepting only, on the part of the Rating Agencies, for purposes of rating the securities of the Issuer) (i) copies of all Program Agreements (including any amendments thereto) in effect from time to time; and (ii) such reports and other information relating to the conduct of the business and affairs of the Issuer as the Indenture Trustee and the Rating Agencies may reasonably require including, without limitation, information pertaining to any actual or anticipated Event of Default or other event which could reasonably be anticipated to have a material adverse effect on the affairs of the Issuer.

13.15 Rule 144A Information

For so long as Notes of any Class, Series or Tranche are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Exchange Act, the Issuer agrees to provide to any Noteholder of such Class, Series or Tranche and to any prospective purchaser of Notes designated by such Noteholder, upon the request of such Noteholder or prospective purchaser, any information required to be provided to such Noteholder or prospective purchaser to satisfy the conditions set forth in Rule 144A(d)(4) under the Securities Exchange Act.

13.16 Further Instruments and Acts

Upon request of the Indenture Trustee or as necessary, the Issuer will execute and deliver such further instruments and do such further acts (including, but not limited to, disclosing or causing to be disclosed information) as may be reasonably necessary or proper to carry out more effectively the purpose of this Indenture.

13.17 No Other Business

The Issuer will not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto.

13.18 Amendments to Program Agreements

(a) Unless the Rating Agency Condition is satisfied, the Issuer will not make any material amendments to any Program Agreement (other than this Indenture and Derivative Agreements).

(b) Without in any way limiting clause (a), the Issuer will not:

(i) amend, supplement, modify, restate or replace, or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to, any of the Program Agreements (other than this Indenture, Derivative Agreements and the Declaration of Trust) if any such supplementation, amendment, modification, restatement or replacement, or waiver or consent, could reasonably be considered to be materially prejudicial to the rights or interests of any Specified Creditor(s), except as expressly permitted by such Specified Creditor(s) and subject to the Province having been given 10 Business Days' prior notice; provided that failure to provide such notice shall not invalidate such amendment, supplementation, modification, restatement or replacement, or waiver or consent; or

(ii) consent, if consent is required, to the resignation of the Manager under the Management Agreement.

(c) Without in any way limiting clause (a), the Issuer will not amend the Declaration of Trust if such amendment would have an Adverse Effect or would reasonably be expected to have an Adverse Effect at any time in the future; provided that if an amendment would have, or would reasonably be expected to have, an Adverse Effect, such amendment may only be made if the Issuer has obtained the consent of the Debtholders affected thereby, acting pursuant to an Ordinary Resolution.

(d) Upon receipt of an Issuer Certificate directing it to do so (provided that the Issuer has certified that the conditions set forth in Section 13.18(b) or 13.18(c), as applicable, have been satisfied), the Indenture Trustee shall execute any amendment, supplementation, modification, restatement or replacement of any Program Agreement to which it is a party (by acknowledgment or otherwise).

13.19 Issuer May Consolidate, Etc., Only on Certain Terms

The Issuer shall not consolidate or merge with or into any other Person, or sell, convey, exchange, transfer or otherwise dispose of any of its properties or assets included in the Collateral to any Person (in this Section 13.19, a "**transaction**"), unless:

(a) the Person (if other than the Issuer) formed by or surviving the consolidation or merger, or the Person that acquires by conveyance or transfer the properties and assets of the Issuer the conveyance or transfer of which is restricted, as applicable, shall: (i) be a Financing Entity, (ii) be organized and existing under the laws of Canada or any province or territory thereof, (iii) not be a Non-resident, (iv) not be

subject to regulation as an "investment company" under the Investment Company Act, (v) expressly assume, pursuant to an assignment and/or assumption agreement or supplement executed and delivered to the Indenture Trustee, in a form satisfactory to the Indenture Trustee, the due and punctual payment of all Obligations Secured then outstanding and the performance or observance of every agreement and covenant of the Issuer in this Indenture and the other Program Agreements to which the Issuer is a party; and (vi) in the case of a conveyance or transfer only, expressly agree, by means of such assignment and/or assumption agreement or supplement, that (A) all right, title and interest so conveyed or transferred is subject and subordinate to the Security Interest, and (B) it shall make all filings required by applicable securities laws in connection with the Notes;

(b) immediately after giving effect to such transaction, no Event of Default shall have occurred and be continuing;

(c) the Issuer shall have delivered to the Indenture Trustee an Issuer Certificate and an Opinion of Counsel each stating that (i) such transaction and the agreements delivered in connection therewith comply with this Section 13.19, (ii) all conditions precedent in this Section 13.19 relating to such transaction have been complied with, and (iii) each agreement delivered in connection with such transaction has been duly authorized, executed and delivered, and is valid, binding and enforceable against the surviving Person or transferee, as applicable;

(d) the Rating Agency Condition shall have been satisfied with respect to such transaction; and

(e) any action that is necessary to maintain the Security Interest shall have been taken.

13.20 <u>Successor Substituted</u>

Upon any consolidation or merger, or any conveyance or transfer of the properties and assets of the Issuer substantially as an entirety in accordance with Section 13.19, the Person formed by or surviving such consolidation or merger (if other than the Issuer) or the Person to which such conveyance or transfer is made shall succeed to, and be substituted for, and may exercise every right and power of, the Issuer under this Indenture with the same effect as if such Person had been named as the Issuer herein. In the event of any such conveyance or transfer, the Person named as the Issuer in the first paragraph of this Indenture or any successor which shall theretofore have become such in the manner prescribed in this Section 13.20 shall be released from its obligations under this Indenture as issued immediately upon the effectiveness of such conveyance or transfer.

13.21 <u>Guarantees, Loans, Advances and Other Liabilities</u>

Except as contemplated by this Indenture or the Declaration of Trust, the Issuer shall not make any loan or advance or credit to, or guarantee (directly or indirectly or by an instrument having the effect of assuring another's payment or performance on any obligation or capability of so doing or otherwise), endorse or otherwise become contingently liable, directly or indirectly, in connection with the obligations, stocks or dividends of, or own, purchase, repurchase or acquire

(or agree contingently to do so) any stock, obligations, assets or securities of, or any other interest in, or make any capital contribution to, any other Person.

13.22 Capital Expenditures

The Issuer shall not make any expenditure (by long-term or operating lease or otherwise) for capital assets.

13.23 Restricted Payments

The Issuer is permitted to declare or make payable any amounts to the owner of units in the Issuer as permitted by and in accordance with the Declaration of Trust, and redeem (at the request of an owner or otherwise), purchase, retire or otherwise acquire for value any units in the Issuer, provided that the Issuer may only satisfy the distribution declared or made payable, or the redemption or purchase price of any units so redeemed, purchased, retired or otherwise acquired, in cash or property to the extent that cash or property is available for such purpose, subject to Sections 7.04, 7.10 and 8.13. For greater certainty, if the Issuer is restricted from satisfying the foregoing amounts in cash or property pursuant to the provisions of this Section, then the Issuer shall satisfy such amounts through the issuance of additional units and/or a promissory note to its unitholders in accordance with the Declaration of Trust.

13.24 Redemption of Subordinated Notes or Junior Subordinated Notes

Notwithstanding anything in the Related Supplemental Indenture to the contrary, the Issuer may not redeem any Series or Tranche of Subordinated Notes or Junior Subordinated Notes, in whole at any time or in part from time to time, unless the following conditions have been satisfied both before and after giving effect to the redemption, as certified by the Issuer pursuant to an Issuer Certificate:

(a) no Default or Event of Default shall have occurred and be continuing;

(b) all Issuer Accounts shall have been fully funded in accordance with the provisions of this Indenture and any Funding Obligation Agreement; and

(c) the sum of the Outstanding Dollar Principal Amount of Subordinated Funding Obligations and Junior Subordinated Funding Obligations after giving effect to the redemption shall be no less than 35% of the aggregate Outstanding Dollar Principal Amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations.

13.25 No Borrowing

The Issuer will not issue, incur, assume, guarantee or otherwise become liable, directly or indirectly, for any additional indebtedness, except for Funding Obligations and except pursuant to the Program Agreements.

13.26 Minimum Subordinated Funding Obligations

(a) The Issuer will not permit the aggregate Outstanding Dollar Principal Amount of Subordinated Funding Obligations and Junior Subordinated Funding Obligations to be less than 35% of the aggregate Outstanding Dollar Principal Amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations.

(b) The Issuer will not permit the aggregate Outstanding Dollar Principal Amount of Junior Subordinated Funding Obligations to be less than 10% of the aggregate Outstanding Dollar Principal Amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations.

13.27 Other Negative Covenants

The Issuer will not:

(a) claim any credit on, or make any deduction from the principal or interest payable in respect of, the Notes or Borrowings (other than amounts withheld or deducted as described in Section 16.02);

(b) permit the validity or effectiveness of this Indenture to be impaired, or permit the Security Interest to be amended, hypothecated, subordinated, terminated or discharged, or permit any Person to be released from any covenants or obligations hereunder with respect to any Program Agreements except as may be expressly permitted hereby;

(c) permit any Lien (other than Permitted Liens) to be created on or extend to or otherwise arise upon or burden the Collateral or any part thereof or any interest therein or the proceeds thereof;

(d) sell, transfer, exchange or otherwise dispose of any of the Collateral except as may be expressly permitted hereby;

(e) release any security or guarantee in respect of the Collateral;

(f) voluntarily dissolve or liquidate; or

(g) take any action that would cause it to be treated as engaged in a “trade or business within the United States” within the meaning of applicable U.S. tax law interpreting section 864 of the Internal Revenue Code or its successor or predecessor provisions.

13.28 Indenture Trustee May Perform Covenants

If the Issuer fails to perform any of its covenants herein contained, the Indenture Trustee may, subject to the receipt of indemnification and funding reasonably acceptable to the Indenture Trustee as provided in Section 9.02(d), itself perform the covenant if the covenant is capable of being performed by the Indenture Trustee and, if the covenant requires the payment or expenditure

of money, the Indenture Trustee may make the payment or expenditure with money borrowed by or advanced to it for such purpose, but will be under no obligation to do so; and all sums so expended or advanced will bear interest at the rate of interest charged to the Indenture Trustee by its bankers from the date of expenditure until repayment and will (together with such interest) be paid by the Issuer upon demand and will until paid form part of the Obligations Secured and constitute a Lien on the Collateral to which such covenant related in priority to the Security Interest and will be payable out of any funds coming into possession of the Indenture Trustee hereunder. No performance or payment will be deemed to relieve the Issuer from the consequences of the occurrence of any Event of Default hereunder.

ARTICLE XIV
CERTAIN PROGRAM AGREEMENTS

14.01 Management Agreement

The Indenture Trustee acknowledges that the Issuer has entered into the Management Agreement which provides, among other things, for the provision of certain services and the performance by the Manager of certain obligations of the Issuer under this Indenture connected with the Issuer Investment Interest, the incurrence of Issuer Funding Obligations and all registrations required pursuant to Section 4.05. Accordingly, any obligation of the Issuer hereunder performed by the Manager on behalf of the Issuer will be deemed to have been performed by the Issuer and any payments referred to hereunder received or received and applied against the Issuer Funding Obligations by the Manager on behalf of the Issuer will be deemed to have been received or received and applied by the Issuer. The Indenture Trustee may act and rely on any instrument or report referred to hereunder prepared by the Manager on behalf of the Issuer as if the instrument or report had been prepared by the Issuer.

14.02 Credit Enhancement Agreements

The Indenture Trustee acknowledges that the Issuer may enter into one or more Credit Enhancement Agreements which provide, among other things, for the right of the Issuer, the Indenture Trustee or the Manager, as attorney for the Issuer, to make drawings on Credit Enhancers for the purpose of paying maturing Issuer Funding Obligations and repaying Borrowings under Liquidity Agreements. The Indenture Trustee hereby appoints the Manager as the Indenture Trustee's attorney, with full authority in the place and stead of and in the name of the Indenture Trustee or otherwise, from time to time to make any drawings pursuant to a Credit Enhancement Agreement (provided that written notice of any drawings shall be given by the Manager to the Indenture Trustee) and, in that connection, to execute and deliver all such documents, instruments and certificates including, without limitation, any drawing certificates required to be delivered to a Credit Enhancer at the time any drawing is made, and to do all such further acts and things and to take all such proceedings as the Manager in its sole discretion deems necessary or desirable to enforce compliance by a Credit Enhancer with the terms of a Credit Enhancement Agreement.

14.03 Declaration of Trust

The Indenture Trustee acknowledges that pursuant to the Declaration of Trust, the Indenture Trustee may appoint a successor Issuer Trustee if the Issuer Trustee and the unitholders

of the Issuer fail to appoint such a successor. The Indenture Trustee will only exercise such right if it has received an Ordinary Resolution of Controlling Class Creditors directing it to take such action.

ARTICLE XV
NOTICES

15.01 Notice to Issuer

Any notice, document or other communication required or permitted to be given or delivered to the Issuer hereunder will be in writing and will be valid and effective if given by delivery to the addresses indicated below or by facsimile or email transmission at such addresses (with, in the case of facsimile or email transmission, receipt confirmed, either by telephone, reply facsimile or reply email, or, in the case of email transmission, through the email software itself) and such notice, document or other communication shall be deemed to have been received, if given by delivery, on the day of delivery, and, if sent by facsimile or email transmission, on the day receipt thereof has been confirmed in accordance with the provisions of this Section 15.01. Such notice shall, if given on a day other than a Business Day or after the normal business hours of the recipient on a Business Day, be deemed to have been given on the next Business Day:

Fair Hydro Trust
c/o Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6

Attention: Vice President, Fair Hydro Plan
Fax: (416) 592-4189
Email: FHP@opg.com

Attention: General Counsel
Fax: (416) 592-4189

with copies to:

Computershare Trust Company of Canada, in its capacity as
Issuer Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1

Attention: Manager, Corporate Trust
Fax: (416) 981-9777
Email: corporatetrust.toronto@computershare.com

15.02 Notice to the Indenture Trustee

Any notice, document or other communication required or permitted to be given or delivered to the Indenture Trustee hereunder will be in writing and will be valid and effective if given by delivery to the address indicated below or by facsimile transmission at such address (with,

in the case of facsimile transmission, receipt confirmed, either by telephone or reply facsimile) and such notice, document or other communication shall be deemed to have been received, if given by delivery, on the day of delivery, and, if sent by facsimile transmission, on the day receipt thereof has been confirmed in accordance with the provisions of this Section 15.02. Such notice shall, if given on a day other than a Business Day or after the normal business hours (being 5:00 p.m. (Toronto time)) of the Indenture Trustee on a Business Day, be deemed to have been given on the next Business Day:

BNY Trust Company of Canada
One York Street, 6th Floor
Toronto, Ontario M5J 0B6

Attention: Corporate Trust Administration
Fax: (416) 360-1711

15.03 <u>Notice to Noteholders</u>

(a) Any notice, document or other communication required or permitted to be given or delivered hereunder to Registered Noteholders will be deemed to be validly given if sent to a destination within Canada by first class mail and if sent to a destination outside of Canada by airmail, postage prepaid in each case, sent by facsimile transmission or email transmission, addressed in each case to the Registered Noteholder at its address appearing in the Note Register, not later than the latest date, and not earlier than the earliest date, prescribed for the giving of such notice. In any case where notice to Registered Noteholders is given by mail, facsimile or electronic transmission, neither the failure to mail, send by facsimile or send by electronic transmission such notice, nor any defect in any notice so mailed, to any particular Noteholders will affect the sufficiency of such notice with respect to other Noteholders and any notice that is mailed, sent by facsimile or sent by electronic transmission in the manner herein provided shall conclusively have been presumed to have been duly given. In the case where CDS is the Registered Noteholder, notices, documents or other communications may be given by hand-delivery and such notice, document or other communication shall be deemed to have been received on the day of delivery.

(b) No notice will be given by mail, facsimile, email transmission or otherwise delivered to a holder of Bearer Notes or coupons in bearer form. In the case of any Class, Series or Tranche with respect to which any Bearer Notes are Outstanding, any notice required or permitted to be given to holders of such Bearer Notes will be published in an Authorized Newspaper within the time period prescribed in this Indenture or the Related Supplemental Indenture.

(c) In case, by reason of the suspension of regular mail service as a result of a strike, work stoppage or otherwise, it will be impractical to mail notice of any event to any holder of a Registered Note when such notice is required to be given pursuant to any provision of this Indenture, then any method of notification as will be

satisfactory to the Indenture Trustee and the Issuer will be deemed to be a sufficient giving of such notice.

(d) With respect to any Series or Tranche of Notes, the Related Supplemental Indenture or Terms Document may specify different or additional means of giving notice to the Noteholders of such Series or Tranche.

(e) Where this Indenture, any Supplemental Indenture or any Registered Note provides for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver will be the equivalent of such notice. Waivers of notice by Registered Noteholders will be filed with the Indenture Trustee, but such filing will not be a condition precedent to the validity of any action taken in reliance upon such waiver.

15.04 Notice to Other Specified Creditors

Any notice, document or other communication required or permitted to be given or delivered to any Specified Creditor (other than Noteholders) hereunder will be in writing and will be given by delivery to the applicable addresses provided to the Issuer by such Specified Creditor and set forth in the Specified Creditor list delivered pursuant to subsection 13.13(b) or by facsimile or electronic transmission. Any such notice shall, if given on a day other than a Business Day or after the normal business hours of the recipient on a Business Day, be deemed to have been given on the next Business Day.

15.05 Notice to Rating Agencies

Any notice, document or other communication required or permitted to be given or delivered to the Rating Agencies hereunder will be in writing and will be given by delivery to the applicable addresses provided to the Issuer by the Rating Agencies or by facsimile or electronic transmission. Any such notice shall, if given on a day other than a Business Day or after the normal business hours of the recipient on a Business Day, be deemed to have been given on the next Business Day. Where this Indenture provides for notice to any Rating Agency, failure to give such notice will not affect any other rights or obligations created hereunder and will not under any circumstance constitute an Adverse Effect.

15.06 Change of Address

Any Person referenced above may from time to time notify any other interested Person, in accordance with the provisions hereof, of any change of address which thereafter, until changed by like notice, shall be the address of such Person for all purposes of this Indenture.

ARTICLE XVI
MISCELLANEOUS

16.01 No Petition

The Indenture Trustee, by entering into this Indenture, and each Specified Creditor by accepting its rights as a third party beneficiary hereunder, agrees, to the fullest extent permitted by

applicable law, that at no time until one year and one day following repayment in full of all Issuer Funding Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Issuer.

16.02 Withholding Rights

The right of any Person to receive amounts described in this Indenture, including rights of a Noteholder to receive interest on or principal of a Note, or the rights of a Person to receive payments described in the Payment Waterfalls, shall be subject to any applicable withholding or deduction imposed pursuant to the Income Tax Act or other applicable tax law, including foreign withholding and deduction. Any amounts properly withheld or deducted shall be treated as actually paid to the appropriate recipient, provided that such deduction or withheld amounts are actually remitted in accordance with applicable law to the appropriate Governmental Authority.

16.03 U.S. Tax Treatment

The Issuer and each Noteholder that is a United States Person agree that the Notes are intended to be debt for United States federal, state and local income and franchise tax purposes and agree to treat the Notes accordingly for all such purposes, unless otherwise required by a taxing authority. Each Noteholder that is a United States Person further agrees that it will cause any Note Owner that is a United States Person acquiring an interest in a Note through it to comply with this Indenture as to treatment as indebtedness for United States federal, state and local income and franchise tax purposes as described in this Section 16.03.

16.04 Alternate Payment Provisions

Notwithstanding any provision of this Indenture or any of the Notes to the contrary, the Issuer, with the written consent of the Indenture Trustee, may enter into any agreement with any Noteholder providing for a method of payment or notice that is different from the methods provided for in this Indenture for such payments or notices. The Issuer will furnish to the Indenture Trustee a copy of each such agreement and the Indenture Trustee will cause payments or notices, as applicable, to be made in accordance with such agreements.

16.05 Final Distribution

(a) The Issuer shall give the Indenture Trustee at least 30 days written notice of the Principal Payment Date on which the Noteholders of any Class, Series or Tranche may surrender their Notes for payment of the final distribution on and cancellation of such Notes. Not later than the fifth day of the month in which the final distribution in respect of such Class, Series or Tranche is payable to Noteholders, the Indenture Trustee shall provide notice to Noteholders of such Class, Series or Tranche specifying (i) the date upon which final payment of such Class, Series or Tranche will be made upon presentation and surrender of Notes of such Class, Series or Tranche at the office or offices therein designated, (ii) the amount of any such final payment, and (iii) that the Record Date otherwise applicable to such Principal Payment Date is not applicable, payments being made only upon presentation and surrender of such Notes at the office or offices therein specified (which, in the case of Bearer Notes, shall be outside the United States). The

Indenture Trustee shall give such notice to the Note Registrar and the Paying Agent at the time such notice is given to Noteholders.

(b) Notwithstanding a final distribution to the Noteholders of any Class, Series or Tranche of Notes (or the termination of the Issuer), except as otherwise provided in this paragraph, all funds then on deposit in any Series Account allocated solely to such Noteholders shall continue to be held in trust for the benefit of such Noteholders, and the Paying Agent or the Indenture Trustee shall pay such funds to such Noteholders upon surrender of their Notes, if certificated. In the event that all such Noteholders shall not surrender their Notes for cancellation within six (6) months after the date specified in the notice from the Indenture Trustee described in paragraph (a), the Indenture Trustee shall give a second notice to the remaining such Noteholders to surrender their Notes for cancellation and receive the final distribution with respect thereto (which surrender and payment, in the case of Bearer Notes, shall be outside the United States). If within one (1) year after the second notice all such Notes shall not have been surrendered for cancellation, the Indenture Trustee may take appropriate steps, or may appoint an agent to take appropriate steps, to contact the remaining such Noteholders concerning surrender of their Notes, and the cost thereof shall be paid out of the funds in the Collection Account or any Series Account held for the benefit of such Noteholders. The Indenture Trustee and the Paying Agent shall pay to the Issuer any monies held by them for the payment of principal or interest that remains unclaimed for two (2) years. After payment to the Issuer, Noteholders entitled to the money must look to the Issuer for payment as general creditors unless an applicable abandoned property law designates another Person.

16.06 <u>Force Majeure</u>

In no event shall the Indenture Trustee or the Issuer Trustee be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services; it being understood that the Indenture Trustee and the Issuer Trustee shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

16.07 <u>Delivery of Executed Copies</u>

Each party acknowledges delivery of a fully executed copy of this Indenture.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly executed as of the day and year first above written.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of **FAIR HYDRO TRUST**, as Issuer

By: **ONTARIO POWER GENERATION INC.**, not in its individual capacity but solely as Manager

By: _____

Name:
Title:

By: _____

Name:
Title:

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

By: _____

Name:
Title:

Schedule A
DEFINED TERMS

"**Acceleration Event**" means the acceleration of any Series of Controlling Class Obligations pursuant to and in accordance with the Related Funding Obligation Agreement.

"**Act**" means *Ontario Fair Hydro Plan Act, 2017*.

"**Action**" has the meaning specified in Section 1.04.

"**Adherence Compliance Certificate**" has the meaning specified in the Change of Law Protection Agreement.

"**Adverse Effect**" means, whenever used in this Indenture with respect to any action, that such action will at the time of its occurrence (a) result in the occurrence of an Event of Default or any event which with the giving of notice or passage of time, or both, would become an Event of Default, (b) adversely affect the amount or timing of any payment to be made to any Debtholder or Derivative Counterparty pursuant to this Indenture or any Program Agreement, (c) materially adversely affect the amount or timing of payments to be made to the Specified Creditors (other than Debtholders and Derivative Counterparties) pursuant to this Indenture or any Program Agreement, or (d) adversely affect the Security Interest and the rights and remedies of the Indenture Trustee in respect thereof.

"**Affected Party**" has the meaning specified in the applicable Derivative Agreement.

"**Affiliate**" means, with respect to any specified Person, any other Person controlling or controlled by or under common control with such specified Person. For the purposes of this definition, "**control**" when used with respect to any specified Person means the power to direct the management and policies of such specified Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, and the terms "**controlling**" and "**controlled**" have meanings correlative to the foregoing.

"**Agency Agreement**" means an agency agreement made between the Issuer and one or more Persons acting on behalf of the Issuer, providing for the sale and distribution of Notes on an agency basis.

"**Approved Obligation**" has the meaning specified in the Change of Law Protection Agreement.

"**Approved Obligation Amount**" has the meaning specified in the Change of Law Protection Agreement.

"**Authorized Newspaper**" means any newspaper or newspapers of general circulation, in the case of Notes issued in the United States, in the Borough of Manhattan, The City of New York, and in the case of Notes issued in Canada, in the City of Toronto, in each case printed in the English language and customarily published on each Business Day at such place, whether or not published on Saturdays, Sundays or holidays, or if and so long as Notes of any Class, Series or Tranche are listed on any securities exchange and that exchange so requires, the newspaper of record required

by the applicable securities exchange, printed in any language satisfying the requirements of such exchange.

"**Available Collections**" means, for any Monthly Period, without duplication: (a) the Servicer CEA Receipts paid to the Issuer in accordance with Section 3.3 of the Master Transfer and Servicing Agreement, plus investment earnings allocable to the amounts on deposit in the Collection Account, plus any other amounts, or allocable portion thereof, to be treated as Available Collections, subject to this Indenture and any applicable Supplemental Indenture; (b) the IESO Carrying Cost Payments (other than the IESO Cash Reserve Deposit Amount); and (c) amounts received by the Issuer pursuant to Derivative Agreements.

"**Bearer Note**" means a Note in bearer form.

"**Benefit Plan**" means an "employee benefit plan" as defined in Section 3(3) of ERISA, which is subject to the provisions of Title I of ERISA, a "plan" described in and subject to Section 4975 of the Code, or an entity whose underlying assets include "plan assets" by reason of an employee benefit plan's investment in the entity.

"**Borrowing**" means a borrowing or drawing by the Issuer pursuant to a Liquidity Agreement, a Loan Agreement or a Credit Enhancement Agreement.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are, or the office of the Indenture Trustee is, authorized or obligated by applicable law, regulation or executive order to be closed.

"**Canadian Depository**" means, unless otherwise specified by the Issuer pursuant to any of Section 3.04, 3.06, or 4.01, with respect to Notes issuable or issued as a Global Note within Canada, CDS Clearing and Depository Services Inc., or any successor thereto registered as a clearing agency under the *Securities Act* (Ontario), or other applicable statute or regulation.

"**Carrying Costs**" has the meaning ascribed to the term "carrying costs" in the Fair Hydro Regulations.

"**Certificate of Authentication**" means the certificate of authentication of the Indenture Trustee, the form of which is described in Section 3.03.

"**Certified Primary Obligations**" has the meaning specified in the Change of Law Protection Agreement.

"**Chairman**" has the meaning specified in subsection 10.01(d).

"**Change of Law Protection Agreement**" means the change of law protection agreement dated December [21], 2017 among the Province, the Issuer and the Indenture Trustee.

"**Class**" means the Senior Funding Obligations, the Subordinated Funding Obligations, the Junior Subordinated Funding Obligations, each of which shall be a Class of Issuer Funding Obligations.

"**Collateral**" has the meaning specified in Section 2.01.

"**Collection Account**" has the meaning specified in subsection 7.02(a).

"**Commission**" means the U.S. Securities and Exchange Commission.

"**Controlling Class Creditors**" means, at any time, the Debtholders holding Controlling Class Obligations.

"**Controlling Class Obligations**" means: (a) Senior Funding Obligations until such time as all Senior Funding Obligations have been paid in full; then (b) if all Senior Funding Obligations have been paid in full, Subordinated Funding Obligations until such time as all Subordinated Funding Obligations have been paid in full; and finally (c) if all Senior Funding Obligations and Subordinated Funding Obligations have been paid in full, Junior Subordinated Funding Obligations until such time as all Junior Subordinated Funding Obligations have been paid in full.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Issuer and any other owner or owners of an Investment Interest as contemplated by subsection 29(5) of the Act.

"**Corporate Trust Office**" means the office of the Indenture Trustee at which, at any particular time, its corporate trust business shall be administered, which office as of the date hereof is located at One York Street, 6th Floor, Toronto, Ontario M5J 0B6, or at such other address as the Indenture Trustee may designate from time to time by notice to the Specified Creditors and the Issuer, or the principal corporate trust office of any successor trustee designated by like notice.

"**Credit Enhancement**" means any form of credit enhancement (howsoever characterized) for any Issuer Funding Obligation, including any letter of credit, letter of guarantee, insurance policy, surety bond, cash reserve account, spread account, guaranteed rate agreement, note purchase agreement, loan facility or other similar agreement established for the benefit of a Lender or Noteholder, as applicable, and including any facility provided by a Person to the Issuer which is specified or acknowledged in writing by the Issuer as "Credit Enhancement" for purposes hereof.

"**Credit Enhancement Agreement**" means any credit enhancement agreement entered into hereafter between the Issuer and one or more Credit Enhancers, and acknowledged and accepted by the Indenture Trustee in accordance with Article V, providing Credit Enhancement in respect of any Issuer Funding Obligation, and includes any letter of credit, guarantee, surety bond or other instrument executed and delivered by such Credit Enhancer(s).

"**Credit Enhancer**" means any Person providing Credit Enhancement to the Issuer or in respect of any Issuer Funding Obligation.

"**DBRS**" means DBRS Limited, or any successor thereof.

"**Debtholder**" means a Noteholder or a Lender.

"**Debtholder Group**" has the meaning specified in subsection 10.01(a).

"**Declaration of Trust**" means the declaration of trust made as of December [15], 2017 under which the Issuer was established.

"**Default**" means the occurrence of any event which, after the passage of time, the required notification to the Indenture Trustee and, if required, approval by the required Controlling Class Creditors, would become an Event of Default.

"**Defaulting Party**" has the meaning specified in the applicable Derivative Agreement.

"**Deferred Principal Accumulation Amount**" means, on any Principal Payment Date, the amount by which the aggregate of the Principal Accumulation Amount (Warehouse), the Principal Accumulation Amount (Senior), the Principal Accumulation Amount (Subordinated) and the Principal Accumulation Amount (Junior Subordinated) for such Principal Payment Date determined without reference to any Refinancing Notices is greater than the amount on deposit in the Principal Accumulation Account.

"**Depository**" means a Canadian Depository, a U.S. Depository or a Foreign Depository, as the case may be.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Issuer in connection with or related to Borrowings or Notes.

"**Derivative Counterparty**" means any party to any Derivative Agreement other than the Issuer or the Indenture Trustee.

"**Derivative Funding Obligations**" means Funding Obligations arising under, or in connection with, Derivative Agreements.

"**Discount Note**" means a Note that provides for an amount less than the Stated Principal Amount (but not less than the Initial Currency Specific Dollar Principal Amount) thereof to be due and payable upon the occurrence of an optional redemption, or the occurrence of an Event of Default and the acceleration of such Note, in each case before the Principal Payment Date of the applicable Note.

"**Dollar**," "**$**" or "**Cdn. $**" means Canadian dollars.

"**Electronic Methods**" means delivery of any notice or form of communication by facsimile, pdf or e-mail, or by other similar electronic means in a form satisfactory to the Issuer.

"**Eligible Deposit Account**" means an account that is a segregated account with an Eligible Institution.

"**Eligible Institution**" means (a) a trust company or Schedule I chartered bank (or an Affiliate thereof) incorporated under the laws of Canada or any province thereof (i) which has either (x) a long-term unsecured debt rating of "A" or better by DBRS, or (y) a short-term deposit rating of "R-1 (low)" or better by DBRS, and (ii) which has either (x) a long-term unsecured debt rating of

"A2" or better by Moody's, or (y) a short-term deposit rating of "P-1" or better by Moody's, or (b) any institution that otherwise satisfies the Rating Agency Condition.

"**Eligible Investments**" means instruments or investment property that evidence:

(a) direct obligations of, or obligations fully and unconditionally guaranteed as to timely payment by, Canada or the United States of America;

(b) demand or time deposits of, unsecured certificates of deposit of, money market deposit accounts of, bank deposit products of or bankers' acceptances issued by, any depository institution (including, but not limited to, bank deposit products of the Indenture Trustee, acting in its commercial capacity) incorporated or organized under the laws of the United States of America, Canada or any state or province thereof and subject to supervision and examination by applicable banking authorities, so long as the commercial paper or other short-term debt obligations of such depository institution are, at the time of deposit, rated at least "R-1 (low)" and "P-1" by each of DBRS and Moody's, or such lower rating as will not result in the downgrading or withdrawal of the ratings of the Issuer or any of the Issuer Funding Obligations;

(c) commercial paper (including commercial paper of the Indenture Trustee, acting in its commercial capacity), which at the time of purchase is rated at least "R-1 (low)" and "P-1" by each of DBRS and Moody's, or such lower rating as will not result in the downgrading or withdrawal of the ratings of the Issuer or any of the Issuer Funding Obligations;

(d) investments in money market funds having a rating in the highest investment category granted thereby (including funds for which the Indenture Trustee or any of its Affiliates is investment manager or advisor) from DBRS and Moody's;

(e) repurchase obligations with respect to any security that is a direct obligation of, or fully guaranteed by, the United States of America, Canada or their respective agencies or instrumentalities, entered into with Eligible Institutions;

(f) repurchase obligations with respect to any security or whole loan entered into with an Eligible Institution or with a registered broker/dealer acting as principal and that meets the ratings criteria set forth below:

(i) a broker/dealer (acting as principal) registered as a broker or dealer under the Securities Act (any such broker/dealer being referred to in this definition as a "**broker/dealer**"), the unsecured short-term debt obligations of which are rated at least "P-1" by Moody's and "R-1" by DBRS at the time of entering into such repurchase obligation; or

(ii) an unrated broker/dealer, acting as principal, that is a wholly-owned subsidiary of a non-bank or bank holding company the unsecured short-term debt obligations of which are rated at least "P-1" by Moody's and "R-1" by DBRS at the time of purchase so long as the obligations of such unrated

broker/dealer are unconditionally guaranteed by such non-bank or bank holding company; and

(g) any other investment permitted by each of the Rating Agencies;

in each case maturing not later than the Business Day preceding the next Payment Date, Interest Payment Date or Principal Payment Date, as applicable (for the avoidance of doubt, investments in money market funds or similar instruments that are redeemable on demand shall be deemed to satisfy the foregoing requirement). Notwithstanding the foregoing, no securities or investments that mature in 30 days or more shall be "Eligible Investments" unless the issuer thereof has (x) either a short-term unsecured debt rating of at least "P-1" from Moody's or a long-term unsecured debt rating of at least "A2" from Moody's and also has (y) either a short-term unsecured debt rating of at least "R-1 (low)" from DBRS or a long-term unsecured debt rating of at least "A" from DBRS.

"**Eligible Securities Account**" means a securities account that is a segregated account with an Affiliate of an Eligible Institution, which Affiliate is licensed to maintain securities accounts.

"**ERISA**" means the *Employee Retirement Income Security Act* of 1974, as amended.

"**Event of Default**" has the meaning specified in Section 8.01.

"**Exchange Date**" means, with respect to any Class, Series or Tranche of Notes, the latest of:

(a) in the case of exchanges of beneficial interests in Temporary Global Notes for beneficial interests in Permanent Global Notes in registered form, any date that is after the related issuance date;

(b) in the case of exchanges of beneficial interests in Temporary Global Notes for beneficial interests in Permanent Global Notes in bearer form, the date of presentation of certification of non-United States beneficial ownership (as described in Section 3.05); and

(c) the earliest date on which such an exchange of a beneficial interest in a Temporary Global Note for a beneficial interest in a Permanent Global Note is permitted by applicable law.

"**Exchange Rate Agent**" means, with respect to any Series of Issuer Funding Obligations (unless otherwise specified with respect to any Series of Issuer Funding Obligations pursuant to the Related Funding Obligation Agreement), a chartered bank listed on Schedule I to the *Bank Act* (Canada) designated pursuant to the Related Funding Obligation Agreement.

"**Extraordinary Resolution**" means a resolution passed by the affirmative votes of Controlling Class Creditors holding not less than 66⅔% of the Outstanding Dollar Principal Amount of all Controlling Class Obligations represented and voting at a meeting of all Controlling Class Creditors duly convened and held in accordance with the provisions of this Indenture.

"**Fair Hydro Regulations**" means the regulations made under the Act, including Ontario regulations 206/17 and 195/17.

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act and the Fair Hydro Regulations as of the date of this Indenture.

"**Financing Entity**" has the meaning ascribed to the term "financing entity" in the Act as of the date of this Indenture.

"**Financing Plan**" has the meaning ascribed to the term "financing plan" in the Act as of the date of this Indenture.

"**Foreign Currency**" means (a) a currency other than Dollars, or (b) denominated in a currency other than Dollars.

"**Foreign Currency Note**" means a Note denominated in a Foreign Currency.

"**Foreign Depository**" means the Person specified in the Related Supplemental Indenture, in its capacity as depository for the accounts of any clearing agencies located outside Canada and the United States.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Indenture.

"**Funding Obligation Agreement**" means any Notes, any Supplemental Indenture (including any Terms Document), any Liquidity Agreement, any Loan Agreement, any Credit Enhancement Agreement or any Derivative Agreement.

"**Global Note**" means any Note issued pursuant to Section 3.04.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**Guarantee Payment Date**" means each day when any payment or payments are to be made in respect of one or more Approved Obligations occurring following the delivery of a Payment Demand to the Province pursuant to the Change of Law Protection Agreement.

"**IESO**" means the Independent Electricity System Operator, a statutory corporation without share capital established by the *Electricity Act, 1998*, SO, 1998.

"**IESO Carrying Cost Payments**" means those amounts paid to the Issuer by the IESO pursuant to the Fair Hydro Regulations.

"**IESO Cash Reserve Account**" has the meaning specified in subsection 7.02(e).

"**IESO Cash Reserve Deposit Amount**" means an amount equal to the aggregate of:

(a) 0.50% of the aggregate outstanding principal amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations determined as of the Payment Date occurring in April, 2021; and

(b) an amount estimated by the Manager, acting reasonably, as the amount of Carrying Costs payable by the Issuer during May, June and July, 2021 on outstanding Issuer Funding Obligations and any Issuer Funding Obligations to be issued in accordance with the Financing Plan, provided that such estimate satisfies the Rating Agency Condition.

"**IESO Cash Reserve Required Amount**" means, on any Payment Date on or after the Payment Date in November, 2021, the amount, if any, by which (a) an amount equal to 0.50% of the aggregate Outstanding Dollar Principal Amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations, exceeds (b) the amount on deposit in the Program Cash Reserve Account, determined after giving effect to all settlements on such Payment Date.

"**IESO Security Agreement**" means the security agreement made by the IESO in favour of the Issuer to secure its obligations to pay IESO Carrying Cost Payments.

"**Income Tax Act**" means the *Income Tax Act* (Canada).

"**Indemnity Agreement**" means the Indemnity Agreement dated December [21], 2017 by the Manager in favour of the Indenture Trustee.

"**Indenture**" or "**this Indenture**" means this Trust Indenture, as amended, supplemented, restated or otherwise modified from time to time, including by Supplemental Indentures for the issuance of Series of Notes entered into pursuant to the applicable provisions hereof.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Indenture until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "Indenture Trustee" means and includes such Person.

"**Initial Currency Specific Dollar Principal Amount**" means with respect to a Series or Tranche in a Series that includes Foreign Currency Notes, the amount specified in the applicable Supplemental Indenture as the Initial Currency Specific Dollar Principal Amount thereof.

"**Initial Dollar Principal Amount**" means (a) unless otherwise specified in the applicable Supplemental Indenture, with respect to a Class, Series or Tranche of Notes, the aggregate initial principal amount of the Outstanding Notes of such Class, Series or Tranche plus the aggregate initial principal amount of any additional Notes of such Class, Series or Tranche, and (b) with respect to a Class, Series or Tranche of Discount Notes that includes Foreign Currency Notes, the amount specified in the applicable Supplemental Indenture as the Initial Dollar Principal Amount thereof.

"**Insolvency Event**" means, with respect to a specified Person, the specified Person admits the inability of such specified Person to pay its liabilities generally as they become due or makes a general assignment for the benefit of the creditors of such specified Person or otherwise acknowledges the insolvency of such specified Person or any proceeding shall be instituted by or against such specified Person seeking to adjudicate it a bankrupt or insolvent or seeking liquidation, winding up, dissolution, reorganization, arrangement, adjustment, protection, relief or composition of its debts under any law relating to bankruptcy, insolvency, reorganization, moratorium or relief of debtors or seeking the entry of an order for relief by the appointment of a receiver, trustee or other similar official for such specified Person or for any substantial part of its property and if such proceeding has been instituted against such specified Person either such proceeding has not been stayed or dismissed within 45 days or any of the actions sought in such proceeding (including the entry of an order for relief or the appointment of a receiver) are granted in whole or in part, or if a receiver is privately appointed in respect of such specified Person or of the property of such specified Person or any substantial part thereof.

"**Interest Accrual Amount (Junior Subordinated)**" means, in respect of any Payment Date and all Junior Subordinated Funding Obligations, the amount of interest that accrued on such Junior Subordinated Funding Obligations during the period from and including the issuance date of such Junior Subordinated Funding Obligations or the last date to which interest has been paid in respect of such Junior Subordinated Funding Obligations, as applicable, to such Payment Date less any amounts deposited to the Interest Accumulation Account in respect of such interest accruing during such period pursuant to subsections 7.04(e)(v) and 7.07.

"**Interest Accrual Amount (Senior)**" means, in respect of any Payment Date and all Senior Funding Obligations, the amount of interest that accrued on such Senior Funding Obligations during the period from and including the issuance date of such Senior Funding Obligations or the last date to which interest has been paid in respect of such Senior Funding Obligations, as applicable, to such Payment Date less any amounts deposited to the Interest Accumulation Account in respect of such interest accruing during such period pursuant to subsections 7.04(e)(iii)(A) and 7.07.

"**Interest Accrual Amount (Subordinated)**" means, in respect of any Payment Date and all Subordinated Funding Obligations, the amount of interest that accrued on such Subordinated Funding Obligations during the period from and including the issuance date of such Subordinated Funding Obligations or the last date to which interest has been paid in respect of such Subordinated Funding Obligations, as applicable, to such Payment Date less any amounts deposited to the Interest Accumulation Account in respect of such interest accruing during such period pursuant to subsections 7.04(e)(iv) and 7.07.

"**Interest Accumulation Account**" has the meaning specified in subsection 7.02(b).

"**Interest Payment Date**" means each Business Day on which interest is due and payable in respect of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations, as set out in the Related Funding Obligation Agreement.

"**Internal Revenue Code**" means the United States Internal Revenue Code of 1986, as amended.

"**Investment Asset**" has the meaning ascribed to the term "investment asset" in the Act as of the date of this Indenture.

"**Investment Company Act**" means the United States Investment Company Act of 1940, as amended.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Indenture.

"**Issuer**" has the meaning specified in the first paragraph of this Indenture.

"**Issuer Accounts**" means, collectively, the Program Accounts, the Series Accounts and the Related Securities Accounts, and including any Sub-Accounts of the foregoing.

"**Issuer Certificate**" means a certificate (including an Officer's Certificate) signed in the name of the Issuer by a Responsible Officer of the Manager on behalf of the Issuer and, in each case delivered to the Indenture Trustee relating to, among other things, the issuance of a new Series or Tranche of Notes. Wherever this Indenture requires that an Issuer Certificate be signed also by an accountant or other expert, such accountant or other expert (except as otherwise expressly provided in this Indenture) may be an employee of the Manager.

"**Issuer Funding Obligations**" means, the Funding Obligations of the Issuer, including the Senior Funding Obligations, the Subordinated Funding Obligations, the Junior Subordinated Funding Obligations and the Derivative Funding Obligations.

"**Issuer Investment Interest**" means, initially, the Investment Interest acquired by the Issuer pursuant to the first Transfer completed under the Master Transfer and Servicing Agreement and, upon the completion of each Transfer thereafter, the cumulative Investment Interest acquired by the Issuer.

"**Issuer Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Issuer at such time.

"**Junior Subordinated Borrowings**" means Borrowings that have been designated as "Junior Subordinated Borrowings" in the Related Loan Agreement, Related Liquidity Agreement or Related Credit Enhancement Agreement.

"**Junior Subordinated Funding Obligations**" means Funding Obligations arising under, or in connection with, Junior Subordinated Notes and Junior Subordinated Borrowings.

"**Junior Subordinated Notes**" means Notes of a Series that have been designated as "Junior Subordinated Notes" in the Related Supplemental Indenture.

"**Lender**" means any Person providing credit facilities, note purchase facilities or advances under a Liquidity Agreement, Loan Agreement or Credit Enhancement Agreement, as applicable.

"**Lien**" means a security interest, lien, mortgage, charge, pledge, claim or encumbrance of any kind.

"**Liquidity Agreement**" means an agreement between the Issuer and one or more Lenders, and acknowledged and accepted by the Indenture Trustee in accordance with Article V, providing for the creation of one or more liquidity facilities in respect of all or a portion of the Notes in favour of the Issuer, including a facility to fund the repayment of all or a portion of Notes or that permits the Issuer to require the purchase of Notes by a counterparty, and including further any facility provided by a Person to the Issuer which is specified or acknowledged in writing by the Issuer as a "Liquidity Agreement" for the purposes hereof.

"**Loan Agreement**" means an agreement between the Issuer and one or more Lenders, and acknowledged and accepted by the Indenture Trustee in accordance with Article V, providing for the creation of one or more credit facilities in favour of the Issuer for purposes of purchasing Investment Interests.

"**Management Agreement**" means the management agreement dated December [15], 2017 between the Manager and the Issuer, and acknowledged by the Indenture Trustee in accordance with Article V.

"**Manager**" means OPG, in its capacity as manager of the Issuer under the Management Agreement.

"**Market Exchange Rate**" means, unless otherwise specified with respect to any Series of Issuer Funding Obligations, (a) for any conversion involving a currency unit on the one hand and Dollars or any Foreign Currency on the other, the exchange rate between the relevant currency unit and Dollars or such Foreign Currency calculated by the method specified pursuant to Section 3.1 for the Notes of the relevant Series, (b) for any conversion of Dollars into any Foreign Currency, the Bank of Canada noon rate as published on the Reuters Screen Page BOFC (or such other means of reporting the Bank of Canada noon rate as may be agreed upon by each of the parties to this Indenture) and (c) for any conversion of one Foreign Currency into Dollars or another Foreign Currency, the spot rate at noon local time in the relevant market at which, in accordance with normal banking procedures, the Dollars or Foreign Currency into which conversion is being made could be purchased with the Foreign Currency from which conversion is being made from major banks located in either Toronto, New York City or any other principal market for Dollars or such purchased Foreign Currency, in each case determined by the Exchange Rate Agent. Unless otherwise specified with respect to any Series of Issuer Funding Obligations, in the event of the unavailability of any of the exchange rates provided for in the foregoing clauses (a), (b) and (c), the Exchange Rate Agent shall use, in its sole discretion and without liability on its part, such Bank of Canada noon rate as of the most recent available date, or quotations from one or more major banks in Toronto, New York City, or another principal market for the currency in question, or such other quotations as the Exchange Rate Agent shall deem appropriate. Unless otherwise specified by the Exchange Rate Agent, if there is more than one market for dealing in any currency by reason of foreign exchange regulations or otherwise, the market to be used in respect of such currency shall be that upon which a non-resident issuer of securities designated in such currency would purchase such currency in order to make payments in respect of such securities.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated December [21], 2017 between the Issuer and IESO.

"**Monthly Period**" means, with respect to each Payment Date, the period from and including the first day of each calendar month and to and including the last day of such calendar month.

"**Monthly Report**" has the meaning ascribed thereto in Section 3.5(a) of the Master Transfer and Servicing Agreement.

"**Moody's**" means Moody's Investors Service, Inc., or any successor thereof.

"**MTSA Acknowledgement**" means the acknowledgement and indemnity agreement dated December [21], 2017 by the IESO in favour of the Indenture Trustee.

"**Non-resident**" means a non-resident of Canada as such term is defined in the Income Tax Act or a partnership that is not a Canadian partnership within the meaning of the Income Tax Act.

"**Note**" or "**Notes**" means any note or notes of any Class, Series or Tranche created pursuant to Supplemental Indentures and authenticated and delivered from time to time under this Indenture.

"**Note Owner**" means the beneficial owner of an interest in a Global Note.

"**Note Purchase Agreement**" means an agreement providing for the purchase of Notes from the Issuer by one or more Persons.

"**Note Register**" has the meaning specified in subsection 4.05(a).

"**Note Registrar**" means the Person who keeps the Note Register.

"**Noteholder**" means a Person in whose name a Note is registered in the Note Register or the bearer of any Bearer Note (including a Global Note in bearer form), as the case may be.

"**Obligations Secured**" means all present and future debts, expenses and liabilities, direct or indirect, absolute or contingent, due, owing or accruing due or owing from time to time by the Issuer to the Specified Creditors in their capacity as such. For greater certainty, amounts owing to any Specified Creditors by the Issuer at any time shall include (a) the unpaid face amount of any Notes issued on a discount basis; (b) the principal amount owing at such time, together with the accrued and unpaid interest on interest bearing Notes or Borrowings; (c) accrued fees, whether or not then due and payable; and (d) any evidence of indebtedness issued pursuant to or in respect of an amount owing under a Program Agreement (other than amounts payable by the Issuer to its beneficiaries pursuant to the Declaration of Trust or a promissory note issued by the Issuer to a beneficiary as contemplated in the Declaration of Trust).

"**Officer's Certificate**" means a certificate on behalf of any Person that is signed by any Responsible Officer of such Person and states that the certifications set forth in such certificate are based upon the results of a due inquiry into the matters in question conducted by or under the supervision of the signing Responsible Officer and that the facts stated in such certifications are made to such signing Responsible Officer's knowledge and belief.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Opinion of Counsel**" means one or more written opinions of counsel, who may, except as otherwise expressly provided in the Program Agreements, be employees of or counsel to the party providing such opinion of counsel, which counsel shall be reasonably acceptable to the party receiving such opinion of counsel, and shall be in form and substance reasonably acceptable to such party.

"**Ordinary Resolution**" has the meaning specified in subsection 10.01(e).

"**Outstanding**" means, in respect of Notes, as of the date of determination, all Notes theretofore authenticated and delivered under this Indenture, except:

(a) any Notes theretofore canceled by the Indenture Trustee or delivered to the Indenture Trustee for cancellation pursuant to Section 4.12;

(b) any Notes for whose full payment (including principal and interest) or redemption money in the necessary amount has been theretofore deposited with the Indenture Trustee or any Paying Agent in trust for the holders of such Notes; provided that, if such Notes are to be redeemed, notice of such redemption has been duly given in accordance with subsection 4.10(e), or provision therefor satisfactory to the Indenture Trustee has been made; and

(c) any Notes in exchange for or in lieu of which other Notes have been authenticated and delivered pursuant to this Indenture, or which will have been paid pursuant to the terms of Section 4.06 (except with respect to any such Note as to which proof satisfactory to the Indenture Trustee is presented that such Note is held by a Person in whose hands such Note is a legal, valid and binding obligation of the Issuer).

For purposes of determining the amounts of deposits, allocations, reallocations or payments to be made, unless the context clearly requires otherwise, references to "Notes" will be deemed to be references to "Outstanding Notes". In determining whether Noteholders of the requisite principal amount of Outstanding Notes have taken any Action hereunder, and for purposes of Article X, (i) Senior Notes beneficially owned by the Issuer, the Manager or any Affiliate of the Issuer or the Manager and (ii) any Class of Notes (or any portion thereof) in which the Province has an interest pursuant to Section 7.10 will, in each case, be disregarded and deemed not to be Outstanding at any time that a Specified Creditor other than the Province has an interest in such Class of Notes. In determining whether the Indenture Trustee will be protected in relying upon any such Action, only Senior Notes (or in the case of the Province, any Notes) which a Responsible Officer of the Indenture Trustee knows to be owned by the Issuer, the Manager or any Affiliate of the Issuer or the Manager, or with respect to which the Province has an interest pursuant to Section 7.10, will be so disregarded. Senior Notes so owned which have been pledged in good faith may be regarded as Outstanding if the pledgee creates to the satisfaction of the Indenture Trustee the pledgee's right to act as owner with respect to such Notes and that the pledgee is not the Issuer, the Manager or any Affiliate of the Issuer or the Manager.

"**Outstanding Currency Specific Dollar Principal Amount**" means at any time, with respect to any Notes in a Series that includes Foreign Currency Notes, the Initial Currency Specific Dollar Principal Amount of the Outstanding Notes of such Series or Tranche at such time, less the amount

of any payments of principal to the holders of such Series of Notes; plus, the amount of any increase in the Outstanding Currency Specific Dollar Principal Amount of such Series of Notes due to the issuance of additional Notes of such Series.

"**Outstanding Dollar Principal Amount**" means at any time:

(a) in respect of Notes, either:

(i) with respect to any Class, Series or Tranche of Notes (other than Discount Notes), the aggregate Initial Dollar Principal Amount of the Outstanding Notes of such Class, Series or Tranche at such time, less the amount of any payments of principal to the holders of such Class, Series or Tranche of Notes pursuant to the Related Supplemental Indenture, or

(ii) with respect to any Series or Tranche of Discount Notes, an amount of the Outstanding Notes of such Series or Tranche calculated by reference to the applicable formula set forth in the Related Supplemental Indenture, taking into account the amount and timing of payments of principal made to the holders of such Series or Tranche pursuant to the Related Supplemental Indenture;

plus, in either case, the amount of any increase in the Outstanding Dollar Principal Amount of such Class, Series or Tranche of Notes due to the issuance of additional Notes of such Class, Series or Tranche pursuant to Article V; and

(b) in respect of other Issuer Funding Obligations, the aggregate principal amount (converted into Dollars, if applicable) of Borrowings.

"**Paying Agent**" means any Person authorized by the Issuer to pay any Obligations Secured on behalf of the Issuer as provided in subsection 9.16(e).

"**Payment Date**" means the 15th day of each calendar month (subject to Section 1.12).

"**Payment Demand**" has the meaning specified in the Change of Law Protection Agreement.

"**Payment Instruction**" means an instruction of the Manager substantially in one of the forms in Exhibit 1.

"**Payment Waterfall**" means a priority of payment set out in any one of Section 7.04(e), 7.05, 7.06, 7.07, 7.08, 7.09, 7.10, 7.11 or 8.13.

"**Permanent Global Note**" has the meaning specified in subsection 3.05(a).

"**Permitted Liens**" means:

(a) Liens for Taxes not yet due or for which installments have been paid based on reasonable estimates pending final assessments, or if due, the validity of which is

being contested diligently and in good faith by appropriate proceedings by that Person for which reasonable reserves under GAAP are maintained;

(b) the Lien of any Indenture Trustee, as provided in Section 9.05;

(c) the Security Interest; and

(d) any Lien created pursuant to a Co-Owner Agreement.

"**Person**" means any individual, corporation, limited liability company, unlimited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Place of Payment**" means, with respect to any Class, Series or Tranche of Notes issued hereunder, the city or political subdivision so designated with respect to such Class, Series or Tranche of Notes in accordance with the provisions of Article V.

"**PPSA**" shall mean the *Personal Property Security Act* (Ontario).

"**Pre-Approved Refinancing**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Principal Accumulation Account**" has the meaning specified in subsection 7.02(c).

"**Principal Accumulation Amount**" means, in respect of any Series of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations and a Payment Date occurring on or after the Principal Accumulation Date for such Series, the amount specified for such Payment Date in the Related Funding Obligation Agreement plus any amounts specified in the Related Funding Obligation Agreement in respect of prior Payment Dates after the Principal Accumulation Date for such Series which were not deposited to the Principal Accumulation Account; provided that if the Issuer has delivered a Refinancing Notice in respect of such Series pursuant to Section 7.09, the Principal Accumulation Amounts in respect of such Series shall be adjusted as provided for in such Refinancing Notice.

"**Principal Accumulation Amount (Junior Subordinated)**" means, in respect of any Payment Date, the sum of the Principal Accumulation Amounts for all Series of Junior Subordinated Funding Obligations for such Payment Date.

"**Principal Accumulation Amount (Senior)**" means, in respect of any Payment Date, the sum of the Principal Accumulation Amounts for all Series of Senior Funding Obligations (other than Warehouse Obligations) for such Payment Date.

"**Principal Accumulation Amount (Subordinated)**" means, in respect of any Payment Date, the sum of the Principal Accumulation Amounts for all Series of Subordinated Funding Obligations for such Payment Date.

"**Principal Accumulation Amount (Warehouse)**" means, in respect of any Payment Date, the sum of the Principal Accumulation Amounts for all Series of Warehouse Obligations for such Payment Date.

"**Principal Accumulation Date**" means, in respect of any Series of Issuer Funding Obligations, other than Derivative Funding Obligations, the date, if any, specified in the Related Funding Obligation Agreement.

"**Principal Payment Date**" means each Business Day on which principal is due and payable in respect of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations, as set out in the Related Funding Obligation Agreement.

"**Principal Payment Default Date**" has, with respect to any Issuer Funding Obligation, the meaning specified in the Related Funding Obligation Agreement.

"**Program Account**" means each of the Collection Account, the Principal Accumulation Account, the Interest Accumulation Account, the Program Cash Reserve Account, the IESO Cash Reserve Account, the Refinancing Account and the Protection Account.

"**Program Agreements**" means this Indenture, each Supplemental Indenture, the Declaration of Trust, the Management Agreement, the Master Transfer and Servicing Agreement, the MTSA Acknowledgement, the Indemnity Agreement, each Transfer Notice, any Co-Owner Agreements, the IESO Security Agreement, the Change of Law Protection Agreement, the Notes, any Derivative Agreements, Credit Enhancement Agreements, Liquidity Agreements, Loan Agreements, Underwriting Agreements, Agency Agreements or Note Purchase Agreements and all other documents and certificates delivered in connection therewith.

"**Program Cash Reserve Account**" has the meaning specified in subsection 7.02(d).

"**Program Cash Reserve Required Amount**" means (a) on each Payment Date prior to the Payment Date in May, 2021, nil, and (b) on each Payment Date thereafter, an amount equal to 0.50% of the aggregate outstanding principal amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations after giving effect to all settlements on such Payment Date, or such lesser amount proposed by the Manager that satisfies the Rating Agency Condition.

"**Protection Account**" has the meaning specified in subsection 7.02(i).

"**Protection Event**" has the meaning ascribed thereto in Schedule A of the Change of Law Protection Agreement.

"**Province**" means Her Majesty the Queen in Right of Ontario as represented by the Minister of Energy and the Minister of Finance.

"**Rating Agency**" means, with respect to any Issuer Funding Obligation, each nationally recognized statistical rating organization or designated rating organization, as specified in the Related Funding Obligation Agreement, selected by the Manager to rate such Issuer Funding Obligation.

"**Rating Agency Condition**" means, unless otherwise specified in the Related Funding Obligation Agreement for any Series or Tranche of Issuer Funding Obligations, with respect to any action subject to such condition, the Issuer shall deliver written notice of the proposed action to such Rating Agency or Rating Agencies at least 10 Business Days prior to the effective date of such action (or such shorter notice period if specified in the Related Funding Obligation Agreement with respect to any specific action, or if 10 Business Days prior notice is impractical, such advance notice as is practicable) and the Rating Agencies shall have informed the Issuer prior to the effective date of such action that such action will not result in the reduction or withdrawal of the rating in effect with respect to any Issuer Funding Obligation immediately before the taking of such action, provided that wherever there is reference to satisfaction of a Rating Agency Condition in this Indenture or any other Program Agreement, subject to the terms of the specific Program Agreement which shall govern, such condition need not be satisfied if there is no Rating Agency then rating the applicable Issuer Funding Obligation in respect of which the Rating Agency Condition is applicable. For purposes of this Indenture and any Supplemental Indenture, the Indenture Trustee shall receive, and shall be entitled to rely on, an Issuer Certificate confirming the satisfaction of the Rating Agency Condition. If the Rating Agency Condition is required to be satisfied without specifying one or more specific Series or Tranches of Issuer Funding Obligations, it shall be required to be satisfied in respect of all outstanding Series or Tranches of Issuer Funding Obligations.

"**Record Date**" means, for the interest or principal payable on any Note on any applicable Interest Payment Date or Principal Payment Date, the last day of the calendar month immediately preceding such Interest Payment Date or Principal Payment Date, unless otherwise specified in the Related Supplemental Indenture.

"**Redemption Price**" has the meaning specified in subsection 4.10(a).

"**Reference Period**" has the meaning ascribed to the term "reference period" in the Act as of the date of this Indenture.

"**Refinancing**" has the meaning ascribed to the term "refinancing" in the Act as of the date of this Indenture.

"**Refinancing Account**" has the meaning specified in subsection 7.02(f).

"**Refinancing Notice**" means a notice substantially in the form of Exhibit 2.

"**Registered Note**" means a Note issued in registered form.

"**Registered Noteholder**" means a Noteholder of a Registered Note.

"**Regulation AB**" means Subpart 229.1100 – Asset Backed Securities (Regulation AB), 17 C.F.R. §§229.1100-229.1125, and all related rules and regulations of the Commission, as such rules may be amended from time to time, and subject to such clarification and interpretation as have been provided by the Commission or by the staff of the Commission, or as may be provided by the Commission or its staff from time to time.

"**Related**" is used in reference to the Issuer Funding Obligations of a particular Series and means, when used in conjunction with:

(a) "Credit Enhancement Agreement": a Credit Enhancement Agreement pursuant to which Credit Enhancement has been provided in respect of such Issuer Funding Obligations;

(b) "Funding Obligation Agreement": a Funding Obligation Agreement entered into in connection with the incurrence of such Issuer Funding Obligations;

(c) "Liquidity Agreement": a Liquidity Agreement pursuant to which one or more liquidity facilities have been made available to fund the repayment of such Issuer Funding Obligations constituting Notes or, if specified in such Liquidity Agreement, a Series or Tranche of such Issuer Funding Obligations constituting Notes;

(d) "Loan Agreement": a Loan Agreement in respect of Issuer Funding Obligations constituting Borrowings; and

(e) "Supplemental Indenture": a supplement to this Indenture executed in connection with the issuance of such Issuer Funding Obligations constituting Notes.

"**Related Securities Account**" means, in respect of any Program Account or Series Account, a Securities Account which has been established for the purpose of allowing the Issuer to invest the funds credited to such Program Account or Series Account in Eligible Investments in accordance with Section 7.03.

"**Required Principal Accumulation Amount (Senior)**" means, in respect of any Principal Payment Date, the aggregate of the Principal Accumulation Amounts (Warehouse) and the Principal Accumulation Amounts (Senior) for all Payment Dates up to and including such Principal Payment Date, less all amounts that have been applied to principal repayments of Senior Funding Obligations on or prior to such Principal Payment Date.

"**Required Principal Accumulation Amount (Subordinated)**" means, in respect of any Principal Payment Date, the aggregate of the Principal Accumulation Amounts (Subordinated) for all Payment Dates up to and including such Principal Payment Date, less all amounts that have been applied to principal repayments of Subordinated Funding Obligations on or prior to such Principal Payment Date.

"**Responsible Officer**" means, with respect to: (a) the Issuer, any director or officer of the Manager; (b) the Servicer, any director or officer of the IESO; and (c) the Indenture Trustee, any officer within the Corporate Trust Office of such trustee (including the President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Treasurer or any other officer of the Indenture Trustee customarily performing functions similar to those performed by persons who at the time shall be such officers, respectively, and that has direct responsibility for the administration of this Indenture and also, with respect to a particular matter, any other officer to whom such matter is referred to because of such officer's knowledge and familiarity with the particular subject).

"**Securities Account**" has the meaning specified in subsection 7.02(j).

"**Securities Exchange Act**" means the United States Securities Exchange Act of 1934, as amended from time to time.

"**Security Interest**" means the Lien granted pursuant to Section 2.01.

"**Senior Borrowings**" means Borrowings that have been designated as "Senior Borrowings" in the Related Loan Agreement, Related Liquidity Agreement or Related Credit Enhancement Agreement.

"**Senior Funding Obligations**" means Funding Obligations arising under, or in connection with, Senior Notes and Senior Borrowings.

"**Senior Notes**" means Notes of a Series that have been designated as "Senior Notes" in the Related Supplemental Indenture.

"**Series**" means, with respect to any Class of Issuer Funding Obligation, the Series of the Class specified in the Related Funding Obligation Agreement.

"**Series Account**" means each Series Finance Reserve Account and each Series Capital Account.

"**Series Capital Account**" has the meaning specified in subsection 7.02(g).

"**Series Finance Reserve Account**" has the meaning specified in subsection 7.02(h).

"**Servicer**" has the meaning specified in the Master Transfer and Servicing Agreement.

"**Servicer CEA Receipts**" has the meaning ascribed thereto in Section 3.3(e) of the Master Transfer and Servicing Agreement.

"**Servicer Default**" has the meaning ascribed thereto in Section 7.1 of the Master Transfer and Servicing Agreement.

"**Specified Creditors**" means, collectively, Noteholders, Lenders, the Paying Agent, the Indenture Trustee, the Issuer Trustee, the Manager, the Servicer, the Province, Derivative Counterparties, Credit Enhancers, Rating Agencies and counterparties to Underwriting Agreements, Agency Agreements or Note Purchase Agreements, in each case, to the extent of their claims related to Program Agreements, and any other Person that is owed a payment obligation by the Issuer that gives rise to a Finance Amount in respect of the Issuer.

"**Stated Principal Amount**," has, with respect to any Note, the meaning specified in the Related Supplemental Indenture (including a Terms Document).

"**Sub-Account**" means each sub-account of an Issuer Account maintained pursuant to this Indenture or any Funding Obligation Agreement.

"**Subordinated Borrowings**" means Borrowings that have been designated as "Subordinated Borrowings" in the Related Loan Agreement, Related Liquidity Agreement or Related Credit Enhancement Agreement.

"**Subordinated Funding Obligations**" means Funding Obligations arising under, or in connection with, Subordinated Notes and Subordinated Borrowings.

"**Subordinated Notes**" means Notes of a Series that have been designated as "Subordinated Notes" in the Related Supplemental Indenture.

"**Subrogation Amount**", in respect of any Approved Obligation, has the meaning specified in subsection 7.10(d)(i).

"**Supplemental Indenture**" means, with respect to any Series of Notes, a supplement to this Indenture, executed and delivered in conjunction with the issuance of such Notes pursuant to Section 4.01, together with any applicable Terms Document for any Tranches of Notes belonging to such Series and any amendment to the Supplemental Indenture executed pursuant to Section 11.01 or 11.02.

"**Suspension Notice**" has the meaning specified in the Change of Law Protection Agreement.

"**Tax**" has the meaning ascribed to the term "tax" in the Fair Hydro Regulations as of the date of this Indenture.

"**Temporary Global Note**" has the meaning specified in Section 3.05(a).

"**Termination Payment**" means all amounts payable upon early termination of any Derivative Agreement calculated in accordance with the terms of such Derivative Agreement.

"**Terms Document**" means, with respect to any Tranche of Notes, a supplement to the Related Supplemental Indenture.

"**Tranche**" means, with respect to any Series of Notes, Notes of such Series which have identical terms, conditions and Tranche designation. Notes of a single Tranche may be issued on different dates.

"**Transfer**" has the meaning ascribed to the term "transfer" in the Act as of the date of this Indenture.

"**Transfer Notice**" has the meaning ascribed thereto in Section 1.1 of the Master Transfer and Servicing Agreement.

"**Trustee Cap**" means, on any Payment Date, an amount equal to (x) $150,000, multiplied by (y) the number of Series of Senior Funding Obligations outstanding on such Payment Date, divided by (z) 12.

"**Underwriting Agreement**" means an agreement providing for the purchase of Notes from the Issuer by one or more Persons as principals for the purpose of resale.

"**United States**" means, unless otherwise specified with respect to any Notes pursuant to Section 4.10, the United States of America (including the states and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction.

"**United States Person**" means a citizen or resident of the United States, a corporation, partnership or other entity created or organized in or under the laws of the United States of America, any one of the states thereof, the District of Columbia or any political subdivision thereof, or an estate or trust the income of which is subject to United States federal income taxation regardless of its source.

"**U.S. Depository**" means, unless otherwise specified by the Issuer pursuant to any of Section 3.04, 3.06, or 4.01, with respect to Notes issuable or issued as a Global Note within the United States, The Depository Trust Company, or any successor thereto registered as a clearing agency under the Securities Exchange Act, or other applicable statute or regulation.

"**U.S. Securities Act**" means the United States Securities Act of 1933, as amended from time to time.

"**Warehouse Facility Agreement**" means a Funding Obligation Agreement that provides the Issuer with a revolving facility under which principal amounts can be advanced, repaid and again advanced during a committed revolving period and does not provide any other type of credit facility.

"**Warehouse Obligations**" means Senior Funding Obligations incurred pursuant to Warehouse Facility Agreements.

EXHIBIT 1
FORMS OF PAYMENT INSTRUCTION

See Attached.

Payment Instruction – Collection Account
Fair Hydro Trust

Pursuant to the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and BNY Trust Company of Canada, as indenture trustee (as amended, modified, supplemented, replaced or restated from time to time, the "**Trust Indenture**"), the Manager hereby instructs the Paying Agent to pay or transfer, as applicable, the amounts set out below in accordance with the wire, check or other payment details set out in Schedule A to this Payment Instruction. Such payments or transfers are to made on: _____ [*insert date of payment(s) / transfer(s)*].

Capitalized terms used in this Payment Instruction have the meanings given to such terms in the Trust Indenture.

COLLECTION ACCOUNT

1.	Opening Balance	**$[ ]**
2.	Additions	**$[ ]**
3.	Withdrawals	**$[ ]**
	a. Taxes	**$[ ]**
	b. Issuer Trustee and Indenture Trustee fees	**$[ ]**
	c. Interest and Derivative Funding Obligations – Total	**$[ ]**
	i. Interest Accrual Amount (Senior)	**$[ ]**
	ii. Payments on Derivative Funding Obligations (other than Termination Payments)	**$[ ]**
	1. [*break out for each non-defaulting Derivative Counterparty*]	**$[ ]**
	d. Interest Accrual Amount (Subordinated)	**$[ ]**
	e. Interest Accrual Amount (Junior Subordinated)	**$[ ]**
	f. Principal Accumulation Amount (Warehouse)	**$[ ]**
	g. Principal and Derivative Funding Obligations – Total	**$[ ]**
	i. Principal Accumulation Amount (Senior)	**$[ ]**
	ii. Termination Payments – Total	**$[ ]**
	1. [*break out for each Derivative Counterparty*]	**$[ ]**
	h. Fees and other amounts on Senior Funding Obligations – Total	**$[ ]**
	i. [*break out on series by series basis*]	**$[ ]**
	i. Manager fees and other amounts (excluding indemnity amounts)	**$[ ]**
	j. Principal Accumulation Amount (Subordinated)	**$[ ]**
	k. Fees and other amounts on Subordinated Funding Obligations – Total	**$[ ]**
	i. [*break out on series by series basis*]	**$[ ]**
	l. Principal Accumulation Amount (Junior Subordinated)	**$[ ]**
	m. Program Cash Reserve Required Amount	**$[ ]**

n.	Reserve amounts for Series Accounts (other than for Subordinated Funding Obligations or Junior Subordinated Funding Obligations) – Total	**$[ ]**
	i. [*break out on series by series basis*]	**$[ ]**
o.	Reserve amounts for Series Accounts for Subordinated Funding Obligations – Total	**$[ ]**
	i. [*break out on series by series basis*]	**$[ ]**
p.	Fees and other amounts on Junior Subordinated Funding Obligations – Total	**$[ ]**
	i. [*break out on series by series basis*]	**$[ ]**
q.	Reserve amounts for Series Accounts for Junior Subordinated Funding Obligations – Total	**$[ ]**
	i. [break out on series by series basis]	**$[ ]**
r.	Derivative Funding Obligations – Total	**$[ ]**
	i. [*break out for each defaulting Derivative Counterparty*]	**$[ ]**
s.	Beneficiaries of Issuer	**$[ ]**
t.	Manager indemnity amounts	**$[ ]**
u.	Payments to other Specified Creditors – Total	**$[ ]**
	i. [*break out for each obligation*]	**$[ ]**
4.	Ending Balance	**$[ ]**
5.	Investment Proceeds on Collection Account	**$[ ]**

DATED _____.

FAIR HYDRO TRUST, by its Manager, **ONTARIO POWER GENERATION INC.**

By: _____

Name:
Title:

By: _____

Name:
Title:

Schedule A

[*insert wire, cheques or other payment details for each payment*]

Payment Instruction – Interest Accumulation Account
Fair Hydro Trust

Pursuant to the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and BNY Trust Company of Canada, as indenture trustee (as amended, modified, supplemented, replaced or restated from time to time, the "**Trust Indenture**"), the Manager hereby instructs the Paying Agent to pay or transfer, as applicable, the amounts set out below in accordance with the wire, check or other payment details set out in Schedule A to this Payment Instruction. Such payments or transfers are to made on: _____ [*insert date of payment(s) / transfer(s)*].

Capitalized terms used in this Payment Instruction have the meanings given to such terms in the Trust Indenture.

INTEREST ACCUMULATION ACCOUNT

1.	Opening Balance	**$[ ]**
2.	Additions for Senior Funding Obligations	**$[ ]**
3.	Additions for Subordinated Funding Obligations	**$[ ]**
4.	Additions for Junior Subordinated Funding Obligations	**$[ ]**
5.	Withdrawals for Senior Funding Obligations – Total	**$[ ]**
	a. [*break out on series by series basis*]	**$[ ]**
6.	Withdrawals for Subordinated Funding Obligations – Total	**$[ ]**
	a. [*break out on series by series basis*]	**$[ ]**
7.	Withdrawals for Junior Subordinated Funding Obligations – Total	**$[ ]**
	a. [*break out on series by series basis*]	**$[ ]**
8.	Ending Balance	**$[ ]**
9.	Investment Proceeds on Interest Accumulation Account	**$[ ]**
10.	Interest Accrual Amount (Senior)	**$[ ]**
11.	Interest Accrual Amount (Subordinated)	**$[ ]**
12.	Interest Accrual Amount (Junior Subordinated)	**$[ ]**

DATED _____.

FAIR HYDRO TRUST, by its Manager, **ONTARIO POWER GENERATION INC.**

By: _____

Name:
Title:

By: _____

Name:
Title:

Schedule A

[*insert wire, cheques or other payment details for each payment*]

Payment Instruction – Principal Accumulation Account
Fair Hydro Trust

Pursuant to the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and BNY Trust Company of Canada, as indenture trustee (as amended, modified, supplemented, replaced or restated from time to time, the "**Trust Indenture**"), the Manager hereby instructs the Paying Agent to pay or transfer, as applicable, the amounts set out below in accordance with the wire, check or other payment details set out in Schedule A to this Payment Instruction. Such payments or transfers are to made on: _____ [*insert date of payment(s) / transfer(s)*].

Capitalized terms used in this Payment Instruction have the meanings given to such terms in the Trust Indenture.

PRINCIPAL ACCUMULATION ACCOUNT

1.	Opening Balance	**$[ ]**
2.	Additions for Warehouse Obligations	**$[ ]**
3.	Additions for Senior Funding Obligations (other than Warehouse Obligations)	**$[ ]**
4.	Additions for Subordinated Funding Obligations	**$[ ]**
5.	Additions for Junior Subordinated Funding Obligations	**$[ ]**
6.	Withdrawals for Warehouse Obligations – Total	**$[ ]**
	a. [*break out on series by series basis*]	**$[ ]**
7.	Withdrawals for Senior Funding Obligations (other than Warehouse Obligations) – Total	**$[ ]**
	a. [*break out on series by series basis*]	**$[ ]**
8.	Withdrawals for Subordinated Funding Obligations – Total	**$[ ]**
	a. [*break out on series by series basis*]	**$[ ]**
9.	Withdrawals for Junior Subordinated Funding Obligations – Total	**$[ ]**
	a. [*break out on series by series basis*]	**$[ ]**
10.	Ending Balance	**$[ ]**
11.	Investment Proceeds on Principal Accumulation Account	**$[ ]**
12.	Principal Accumulation Amount (Warehouse)	**$[ ]**
13.	Principal Accumulation Amount (Senior)	**$[ ]**
14.	Principal Accumulation Amount (Subordinated)	**$[ ]**
15.	Principal Accumulation Amount (Junior Subordinated)	**$[ ]**

DATED _____.

FAIR HYDRO TRUST, by its Manager, **ONTARIO POWER GENERATION INC.**

By: _____

Name:
Title:

By: _____

Name:
Title:

Schedule A

[*insert wire, cheques or other payment details for each payment*]

Payment Instruction – IESO Cash Reserve Account
Fair Hydro Trust

Pursuant to the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and BNY Trust Company of Canada, as indenture trustee (as amended, modified, supplemented, replaced or restated from time to time, the "**Trust Indenture**"), the Manager hereby instructs the Paying Agent to pay or transfer, as applicable, the amounts set out below in accordance with the wire, check or other payment details set out in Schedule A to this Payment Instruction. Such payments or transfers are to made on: _____ [*insert date of payment(s) / transfer(s)*].

Capitalized terms used in this Payment Instruction have the meanings given to such terms in the Trust Indenture.

IESO CASH RESERVE ACCOUNT

1.	Opening Balance	**$[ ]**
2.	Withdrawals	**$[ ]**
	a. Taxes	**$[ ]**
	b. Issuer Trustee and Indenture Trustee fees	**$[ ]**
	c. Interest and Derivative Funding Obligations – Total	**$[ ]**
	i. Interest Accrual Amount (Senior)	**$[ ]**
	ii. Payments on Derivative Funding Obligations (other than Termination Payments)	**$[ ]**
	1. [*break out for each non-defaulting Derivative Counterparty*]	**$[ ]**
	d. Interest Accrual Amount (Subordinated)	**$[ ]**
	e. Interest Accrual Amount (Junior Subordinated)	**$[ ]**
3.	Ending Balance	**$[ ]**
4.	Investment Proceeds on IESO Cash Reserve Account	**$[ ]**

DATED _____.

FAIR HYDRO TRUST, by its Manager, **ONTARIO POWER GENERATION INC.**

By: _____
Name:
Title:

By: _____
Name:
Title:

Schedule A

[*insert wire, cheques or other payment details for each payment*]

Payment Instruction – Program Cash Reserve Account
Fair Hydro Trust

Pursuant to the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and BNY Trust Company of Canada, as indenture trustee (as amended, modified, supplemented, replaced or restated from time to time, the "**Trust Indenture**"), the Manager hereby instructs the Paying Agent to pay or transfer, as applicable, the amounts set out below in accordance with the wire, check or other payment details set out in Schedule A to this Payment Instruction. Such payments or transfers are to made on: _____ [*insert date of payment(s) / transfer(s)*].

Capitalized terms used in this Payment Instruction have the meanings given to such terms in the Trust Indenture.

PROGRAM CASH RESERVE ACCOUNT

1.	Opening Balance	**$[ ]**
2.	Additions	**$[ ]**
3.	Withdrawals for Senior Funding Obligations (Interest) – Total	**$[ ]**
	a. [*break out on series by series basis*]	**$[ ]**
4.	Withdrawals for Subordinated Funding Obligations (Interest) – Total	**$[ ]**
	a. [*break out on series by series basis*]	**$[ ]**
5.	Withdrawals for Junior Subordinated Funding Obligations (Interest) – Total	**$[ ]**
	a. [*break out on series by series basis*]	**$[ ]**
6.	Withdrawals for Senior Funding Obligations (Principal) – Total	**$[ ]**
	a. [*break out on series by series basis*]	**$[ ]**
7.	Withdrawals for Subordinated Funding Obligations (Principal) – Total	**$[ ]**
	a. [*break out on series by series basis*]	**$[ ]**
8.	Withdrawals for Junior Subordinated Funding Obligations (Principal) – Total	**$[ ]**
	a. [*break out on series by series basis*]	**$[ ]**
9.	Ending Balance	**$[ ]**
10.	Investment Proceeds on Program Cash Reserve Account	**$[ ]**
11.	Program Cash Reserve Required Amount	**$[ ]**

DATED _____.

FAIR HYDRO TRUST, by its Manager, **ONTARIO POWER GENERATION INC.**

By: _____

Name:
Title:

By: _____

Name:
Title:

Schedule A

[*insert wire, cheques or other payment details for each payment*]

Payment Instruction – Refinancing Account
Fair Hydro Trust

Pursuant to the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and BNY Trust Company of Canada, as indenture trustee (as amended, modified, supplemented, replaced or restated from time to time, the "**Trust Indenture**"), the Manager hereby instructs the Paying Agent to pay or transfer, as applicable, the amounts set out below in accordance with the wire, check or other payment details set out in Schedule A to this Payment Instruction. Such payments or transfers are to made on: _____ [*insert date of payment(s) / transfer(s)*].

Capitalized terms used in this Payment Instruction have the meanings given to such terms in the Trust Indenture.

REFINANCING ACCOUNT

1.	Opening Balance	**$[ ]**
2.	Additions	**$[ ]**
3.	Withdrawals – Total	**$[ ]**
	a. [*break out on series by series basis*]	**$[ ]**
4.	Ending Balance	**$[ ]**
5.	Investment Proceeds on Series Reserve Account	**$[ ]**

DATED _____.

FAIR HYDRO TRUST, by its Manager, **ONTARIO POWER GENERATION INC.**

By: _____
Name:
Title:

By: _____
Name:
Title:

Schedule A

[*insert wire, cheques or other payment details for each payment*]

Payment Instruction – Protection Account
Fair Hydro Trust

Pursuant to the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and BNY Trust Company of Canada, as indenture trustee (as amended, modified, supplemented, replaced or restated from time to time, the "**Trust Indenture**"), the Manager hereby instructs the Paying Agent to pay or transfer, as applicable, the amounts set out below in accordance with the wire, check or other payment details set out in Schedule A to this Payment Instruction. Such payments or transfers are to made on: _____ [*insert date of payment(s) / transfer(s)*].

Capitalized terms used in this Payment Instruction have the meanings given to such terms in the Trust Indenture.

PROTECTION ACCOUNT

1.	Opening Balance	**$0**
2.	Additions	**$[ ]**
3.	Withdrawals for Specified Creditors – Total	**$[ ]**
	a. [*break out for each obligation*]	**$[ ]**
4.	Withdrawals for Province (return of remaining amounts)	**$[ ]**
5.	Ending Balance	**$0**

DATED _____.

FAIR HYDRO TRUST, by its Manager, **ONTARIO POWER GENERATION INC.**

By: _____
Name:
Title:

By: _____
Name:
Title:

Schedule A

[*insert wire, cheques or other payment details for each payment*]

Payment Instruction – [*Specify Series*] Account
Fair Hydro Trust

Pursuant to the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and BNY Trust Company of Canada, as indenture trustee (as amended, modified, supplemented, replaced or restated from time to time, the "**Trust Indenture**"), the Manager hereby instructs the Paying Agent to pay or transfer, as applicable, the amounts set out below in accordance with the wire, check or other payment details set out in Schedule A to this Payment Instruction. Such payments or transfers are to made on: _____ [*insert date of payment(s) / transfer(s)*].

Capitalized terms used in this Payment Instruction have the meanings given to such terms in the Trust Indenture.

[*SPECIFY SERIES*] ACCOUNT [*duplicate on a series by series basis*]

1.	Opening Balance	**$[ ]**
2.	Additions	**$[ ]**
3.	Withdrawals – Total	**$[ ]**
	a. [*break out for each obligation*]	**$[ ]**
4.	Ending Balance	**$[ ]**
5.	Investment Proceeds on Series Account	**$[ ]**
6.	Required Series Account amount	**$[ ]**

DATED _____.

FAIR HYDRO TRUST, by its Manager, **ONTARIO POWER GENERATION INC.**

By: _____
Name:
Title:

By: _____
Name:
Title:

Schedule A

[*insert wire, cheques or other payment details for each payment*]

EXHIBIT 2
FORM OF REFINANCING NOTICE

See Attached.

[NTD: Notice must specify Series and the amount of the Principal Accumulation Amounts specified in the related Supplemental Indenture that will be repaid with the proceeds of the Refinancing.] [NTD: Osler to provide]

EXHIBIT 3
FORM OF SPECIFIED CREDITOR LIST

Program Agreement	**Name of Specified Creditor / Agent**	**Address**	**City**	**Province/ State**	**Postal/Zip Code**	**Country**	**Email**	**Issuer Funding Obligation**	**Value [Lenders only]**
Issuer Funding Obligations (other than Notes and Derivative Funding Obligations)									
[Insert name of Program Agreement]	[Insert name of institution]	[insert address]	[insert city]	[insert province/ state]	[insert postal/zip code]	[insert country]	[email]	[Y / N] [If Yes, Type of Funding Obligation]	[insert $ amount hold]
Derivative Funding Obligations									
[Insert name of Program Agreement]	[Insert name of institution]	[insert address]	[insert city]	[insert province/ state]	[insert postal/zip code]	[insert country]	[email]	N/A	N/A
Other Obligations Secured									
[Insert name of Program Agreement]	[Insert name of institution]	[insert address]	[insert city]	[insert province/ state]	[insert postal/zip code]	[insert country]	[email]	N/A	N/A

EXHIBIT 4
FORM OF REQUEST FOR SPECIFIED CREDITOR INFORMATION

TO: BNY Trust Company of Canada, as indenture trustee (the "**Indenture Trustee**") under the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and the Indenture Trustee (as amended, modified, supplemented, replaced or restated from time to time, the "**Trust Indenture**")

RE: Request for Provision of Information pursuant to Section 9.14 of the Trust Indenture

DATE: [■]

All capitalized terms used but not otherwise defined herein shall have the meanings ascribed thereto in the Trust Indenture.

First Declaration

1. The undersigned, being the duly appointed [*state position*] of [*insert name of Debtholder 1*] ("**Debtholder 1**"), hereby certifies, in that capacity and without personal liability, as follows:

2. The undersigned has made, or caused to be made, such examinations or investigations as are, in my belief, necessary to enable me to make the statements or give the opinions contained or expressed in this certificate.

3. Debtholder 1 forms part of the Debtholders of the following Series or Tranche:

   [*insert details of all applicable Issuer Funding Obligations*]

4. Debtholder 1 has owned an Issuer Funding Obligation of such Series or Tranche for a period of at least six (6) months preceding the date of this application.

Second Declaration

5. The undersigned, being the duly appointed [*state position*] of [*insert name of Debtholder 2*] ("**Debtholder 2**"), hereby certifies, in that capacity and without personal liability, as follows:

6. The undersigned has made, or caused to be made, such examinations or investigations as are, in my belief, necessary to enable me to make the statements or give the opinions contained or expressed in this certificate.

7. Debtholder 2 forms part of the Debtholders of the following Series or Tranche:

   [*insert details of all applicable Issuer Funding Obligations*]

8. Debtholder 2 has owned an Issuer Funding Obligation of such Series or Tranche for a period of at least six (6) months preceding the date of this application.

Third Declaration

9. The undersigned, being the duly appointed [*state position*] of [*insert name of Debtholder 3*] ("**Debtholder 3**"), hereby certifies, in that capacity and without personal liability, as follows:

10. The undersigned has made, or caused to be made, such examinations or investigations as are, in my belief, necessary to enable me to make the statements or give the opinions contained or expressed in this certificate.

11. Debtholder 3 forms part of the Debtholders of the following Series or Tranche:

    [*insert details of all applicable Issuer Funding Obligations*]

12. Debtholder 3 has owned an Issuer Funding Obligation of such Series or Tranche for a period of at least six (6) months preceding the date of this application.

Request

13. The undersigned Debtholders desire to communicate [*insert applicable Debtholder Group*] with respect to their rights under the Trust Indenture or under the applicable Program Agreement.

14. Attached hereto is a copy of the form of proxy or other communication which such applicants propose to transmit.

15. The Debtholders request that the Indenture Trustee deliver to them the information preserved at the time by the Indenture Trustee in accordance with Section 9.14 of the Trust Indenture.

DATED this ___ day of _____, 20___.

[DEBTHOLDER 1]

By: _____

Name:
Title:

[DEBTHOLDER 2]

By: _____

Name:
Title:

[DEBTHOLDER 3]

By: _____

Name:
Title:

EXHIBIT 5
FORM OF CANCELLATION NOTICE

TO: BNY Trust Company of Canada, as indenture trustee (the "**Indenture Trustee**") under the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and the Indenture Trustee (as amended, modified, supplemented, replaced or restated from time to time, the "**Trust Indenture**")

RE: Request for Removal from Specified Creditor Register

DATE: [■]

All capitalized terms used but not otherwise defined herein shall have the meanings ascribed thereto in the Trust Indenture.

1. The undersigned, being the duly appointed [*state position*] of [*insert name of institution*].

2. You are hereby requested pursuant to Section 9.14 of the Trust Indenture to, within five (5) Business Days of receipt of this notice, notify the Issuer to remove the following Specified Creditor from the list provided for in subsection 13.13(b) of the Trust Indenture.

   Name of Specified Creditor to be Removed: [*enter details*]

   Name of Program Agreement: [*enter details*]

DATED this ___ day of _____, 20___.

[SPECIFIED CREDITOR]

By: _____

Name:
Title:

EXHIBIT 6
FORMS OF CERTIFICATION

See attached.

Exhibit 6-A

FORM OF CERTIFICATE TO BE GIVEN BY
PERSON ENTITLED TO RECEIVE BEARER NOTE

CERTIFICATE

FAIR HYDRO TRUST

■% Notes due ■

This is to certify that as of the date hereof, and except as set forth below, the above-captioned Notes held by you for our account (i) are owned by any person(s) that is not a citizen or resident of the United States; a corporation or partnership (including any entity treated as a corporation or partnership for United States federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia unless, in the case of a partnership, Treasury Regulations provide otherwise; any estate whose income is subject to United States federal income tax regardless of its source or; a trust if (A) a United States court can exercise primary supervision over the trust's administration and one of more United States persons are authorized to control all substantial decisions of the trust or (B) a trust in existence on August 20, 1996, and treated as a United States person before this date that timely elected to continue to be treated as a United States person ("**United States person(s)**"), (ii) are owned by United States person(s) that are (a) foreign branches of United States financial institutions (financial institutions, as defined in United States Treasury Regulation Section 1.165-12(c)(1)(iv) are herein referred to as "**financial institutions**") purchasing for their own account or for resale, or (b) United States person(s) who acquired the Notes through foreign branches of United States financial institutions and who hold the Notes through such United States financial institutions on the date hereof (and in either case (a) or (b), each such United States financial institution hereby agrees, on its own behalf or through its agent, that you may advise Fair Hydro Trust or its agent that such financial institution will comply with the requirements of Section 165(j)(3)(A), (B) or (C) of the United States Internal Revenue Code of 1986, as amended, and the regulations thereunder), or (iii) are owned by United States or foreign financial institution(s) for purposes of resale during the restricted period (as defined in United States Treasury Regulation Section 1.163-5(c)(2)(i)(D)(7)), and, in addition, if the owner is a United States or foreign financial institution described in clause (iii) above (whether or not also described in clause (i) or (ii)), this is to further certify that such financial institution has not acquired the Notes for purposes of resale directly or indirectly to a United States person or to a person within the United States or its possessions.

As used herein, "United States" means the United States of America (including the states and the District of Columbia); and its "possessions" include Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands.

We undertake to advise you promptly by in writing or by electronic transmission on or prior to the date on which you intend to submit your certification relating to the above-captioned Notes held by you for our account in accordance with your operating procedures if any applicable statement herein is not correct on such date, and in the absence of any such notification it may be assumed that this certification applies as of such date.

This certificate excepts and does not relate to $■ of such interest in the above-captioned Notes in respect of which we are not able to certify and as to which we understand an exchange for an interest in a permanent Global Note or an exchange for and delivery of definitive Notes (or, if relevant, collection of any interest) cannot be made until we do so certify.

We understand that this certificate may be required in connection with certain tax legislation in the United States. If administrative or legal proceedings are commenced or threatened in connection with which this certificate is or would be relevant, we irrevocably authorize you to produce this certificate or a copy thereof to any interested party in such proceedings.

Dated: ■

[To be dated no earlier than the 15th day prior to (i) the date of original issuance or (ii) the Exchange Date, as applicable]

[Name of Person Making Certification]

_____

Name:
Title:

Exhibit 6-B

FORM OF CERTIFICATE TO BE GIVEN BY A DEPOSITORY
IN CONNECTION WITH THE EXCHANGE OF A PORTION OF A
TEMPORARY GLOBAL NOTE

CERTIFICATE

FAIR HYDRO TRUST

■% Notes due ■

This is to certify that based solely on written certifications that we have received in writing or by electronic transmission from each of the persons appearing in our records as persons entitled to a portion of the principal amount set forth below (our "**Member Organizations**") substantially in the form attached hereto, as of the date hereof, $■ principal amount of the above-captioned Notes (i) is owned by any person(s) that is not a citizen or resident of the United States; a corporation or partnership (including any entity treated as a corporation or partnership for United States federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia unless, in the case of a partnership, Treasury Regulations provide otherwise; any estate whose income is subject to United States federal income tax regardless of its source or; a trust if (A) a United States court can exercise primary supervision over the trust's administration and one of more United States persons are authorized to control all substantial decisions of the trust or (B) a trust in existence on August 20, 1996, and treated as a United States person before this date that timely elected to continue to be treated as a United States person ("**United States person(s)**"), (ii) is owned by United States person(s) that are (a) foreign branches of United States financial institutions (financial institutions, as defined in U.S. Treasury Regulation Section 1.165-12(c)(1)(iv) are herein referred to as "**financial institutions**") purchasing for their own account or for resale, or (b) United States person(s) who acquired the Notes through foreign branches of United States financial institutions and who hold the Notes through such United States financial institutions on the date hereof (and in either case (a) or (b), each such financial institution has agreed, on its own behalf or through its agent, that we may advise Fair Hydro Trust or its agent that such financial institution will comply with the requirements of Section 165(j)(3)(A), (B) or (C) of the Internal Revenue Code of 1986, as amended, and the regulations thereunder), or (iii) is owned by United States or foreign financial institution(s) for purposes of resale during the restricted period (as defined in United States Treasury Regulation Section 1.163-5(c)(2)(i)(D)(7)) and, to the further effect, that financial institutions described in clause (iii) above (whether or not also described in clause (i) or (ii)) have certified that they have not acquired the Notes for purposes of resale directly or indirectly to a United States person or to a person within the United States or its possessions.

As used herein, "United States" means the United States of America (including the states and the District of Columbia); and its "possessions" include Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands.

We further certify that (i) we are not making available herewith for exchange (or, if relevant, collection of any interest) any portion of the temporary Global Note representing the

above-captioned Notes excepted in the above-referenced certificates of Member Organizations and (ii) as of the date hereof we have not received any notification from any of our Member Organizations to the effect that the statements made by such Member Organizations with respect to any portion of the part submitted herewith for exchange (or, if relevant, collection of any interest) are no longer true and cannot be relied upon as of the date hereof.

We understand that this certification is required in connection with certain tax legislation in the United States. If administrative or legal proceedings are commenced or threatened in connection with which this certificate is or would be relevant, we irrevocably authorize you to produce this certificate or a copy thereof to any interested party in such proceedings.

Dated: ■

[To be dated no earlier than the 15th day prior to the Exchange Date]

[DEPOSITORY]

By: _____

INDEMNITY AGREEMENT

TO: BNY Trust Company of Canada, in its capacity as Indenture Trustee of Fair Hydro Trust (in such capacity, the "**Indenture Trustee**")

RE: Management Agreement dated as of ■, 2017 (the "**Management Agreement**") made between Ontario Power Generation, as manager (in such capacity, the "**Manager**") and Fair Hydro Trust (the "**Issuer**")

AND RE: Warehouse Senior Series 2017-1 Supplemental Indenture dated as of ■, 2017 (as in effect on the date hereof, the "**Supplemental Indenture**") made between, *inter alios*, the Issuer and the Indenture Trustee

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WHEREAS the Government of Ontario has passed the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**") for the purpose of, among other things, ensuring that Clean Energy Costs and Clean Energy Benefits are fairly allocated among present and future Specified Consumers;

AND WHEREAS Ontario Power Generation Inc. has been appointed as Financial Services Manager under the Act to, among other things, evaluate whether potential Funding Obligations should be incurred by Financing Entities for the purposes of acquiring and financing Investment Interests;

AND WHEREAS the Issuer is a Financing Entity established, at the request of the Financial Services Manager and pursuant to the Act, by Computershare Trust Company of Canada;

AND WHEREAS the Issuer and the Manager have entered into the Management Agreement in furtherance of, and in accordance with, the Act;

AND WHEREAS the Manager has agreed to execute this Indemnity Agreement to provide certain indemnities with respect to its duties and obligations under the Management Agreement.

IN CONSIDERATION OF the mutual covenants and agreements herein and the sum of $1.00 and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged) the parties hereto agree as follows:

1. Unless otherwise defined in this Indemnity Agreement, all capitalized terms used herein shall have the meanings ascribed thereto, either directly or by incorporation therein, in the Management Agreement.

2. The Manager shall indemnify the Indenture Trustee, on behalf of itself and on behalf of the Administrative Agent, each Funding Agent, each CP Conduit Purchaser, each Group Bank and each Non-Conduit Purchaser (in each case, in their respective capacities as such under the Supplemental Indenture) (each, an "**Indemnified Person**") and defend and hold harmless each such Indemnified Person from and against, any and all liabilities, obligations, losses, damages, payments and claims, and reasonable costs or expenses, of any kind whatsoever (collectively, "**Indemnified Losses**") imposed on, incurred by or asserted against each such Indemnified Person in connection with the Supplemental Indenture or the Series 2017-1 Notes issued thereunder, as a result of (i) the failure of the Manager to perform its covenants and other obligations under the Management

Agreement or any other Program Agreement to which the Manager is a party; or (ii) the breach by the Manager of any of its representations or warranties under the Management Agreement or any other Program Agreement to which the Manager is a party and, except to the extent of Indemnified Losses resulting from the willful misconduct, bad faith or gross negligence of such Indemnified Person seeking indemnification hereunder; provided that, in each case, the Manager shall not be required to indemnify an Indemnified Person for any amount paid or payable by such Indemnified Person in the settlement of any Proceeding or investigation without the written consent of the Manager, which consent shall not be unreasonably withheld or delayed. Promptly after receipt by an Indemnified Person of notice of the commencement of any Proceeding or investigation, such Indemnified Person shall, if a claim in respect thereof is to be made against the Manager under this Section 2, notify the Manager in writing of the commencement thereof. Failure by an Indemnified Person to so notify the Manager shall relieve the Manager from the obligation to indemnify and hold harmless such Indemnified Person under this Section 2 only to the extent that the Manager suffers actual prejudice as a result of such failure. With respect to any Proceeding or investigation brought by a third party for which indemnification may be sought under this Section 2, the Manager shall be entitled to conduct and control, at its expense and with counsel of its choosing that is reasonably satisfactory to such Indemnified Person, the defence of any such Proceeding or investigation (in which case the Manager shall not thereafter be responsible for the fees and expenses of any separate counsel retained by the Indemnified Person except as set forth below); provided, that the Indemnified Person shall have the right to participate in such Proceeding or investigation through counsel chosen by it and at its own expense. Notwithstanding the Manager's election to assume the defence of any Proceeding or investigation, the Indemnified Person shall have the right to employ separate counsel, and the Manager shall bear the reasonable fees, costs and expenses of such separate counsel, if (i) the defendants in any such action include both the Indemnified Person and the Manager and the Indemnified Person shall have reasonably concluded that there may be legal defences available to it that are different from or additional to those available to the Manager, (ii) the Manager shall not have employed counsel reasonably satisfactory to the Indemnified Person to represent the Indemnified Person within a reasonable time after notice of the institution of such action, (iii) the Indemnified Person shall have been advised by counsel to the Indemnified Person that there may be a conflict of interest between the Manager and the Indemnified Person, or (iv) the Manager authorizes the Indemnified Person to employ separate counsel at the expense of the Manager. Notwithstanding the foregoing, the Manager shall not be obligated to pay for the fees, costs and expenses of more than one separate counsel for the Indemnified Persons other than one local counsel, if appropriate. The Manager will not, without the prior written consent of the Indemnified Person, settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim or Proceeding in respect of which indemnification may be sought under this Section 2 (whether or not the Indemnified Person is an actual or potential party to such claim or action) unless such settlement, compromise or consent includes an unconditional release of the Indemnified Person from all liability arising out of such claim or Proceeding.

Indemnification under Section this 2 shall survive any repeal of, modification of, or supplement to, or judicial invalidation of, the Act and shall survive the termination of this

Indemnity Agreement or the Management Agreement and will rank pari passu with other general, unsecured obligations of the Manager.

Notwithstanding anything contained in this Indemnity Agreement or the Management Agreement, it is expressly understood that the Manager is not agreeing to indemnify or hold any Indemnified Person harmless with respect to any of the following: (i) any losses resulting from any breach or failure to perform by the Manager caused by a breach or failure to perform on the part of any other third party under any Program Agreement, the Act or the Regulations; provided that the foregoing clause (i) shall not apply to limit the liability of the Manager in respect of any delegation to a third party as provided for in section 4.7 of the Management Agreement; (ii) any losses resulting from changes in law after the date hereof, whether such changes in law are effected by means of any legislative enactment or any final and non-appealable judicial decision, other than losses resulting solely from the Manager's failure to comply with section 4.1(a)(xiv) of the Management Agreement; (iii) any losses resulting from the validity of the Change of Law Protection Agreement or the applicability thereof to the Province or to any Indemnified Person or any material part thereof being disaffirmed by or on behalf of the Province; or (iv) any liability of any Indemnified Person incurred after the termination of this Indemnity Agreement or the Management Agreement unless attributable to the actions or omissions of the Manager prior to such termination or in respect of a representation, warranty or covenant of the Manager that survives termination of this Indemnity Agreement or the Management Agreement.

To the fullest extent permitted by applicable law, no Specified Creditor (other than the Indenture Trustee) will have any right to institute any proceeding, judicial or otherwise, or to make any claim for indemnification, with respect to this Indemnity Agreement or the Management Agreement, or for the appointment of a receiver or trustee or similar official, or for any other remedy hereunder, except in accordance with Section 8.12 of the Indenture.

The parties hereto agree that the Manager is not providing any representations, warranties or covenants in this Indemnity Agreement or the Management Agreement, and shall have no liability to any Indemnified Person, with respect to the collectability of the Clean Energy Adjustment or the Carrying Costs, or that the Clean Energy Adjustment amounts or Carrying Costs collected will be sufficient to satisfy the Issuer Funding Obligations.

3. This Indemnity Agreement may be amended in writing by the Manager and the Indenture Trustee, and with satisfaction of the Rating Agency Condition, such satisfaction to be confirmed by the Indenture Trustee at the time of such amendment. Promptly after the execution of any such amendment, the Indenture Trustee shall furnish copies of such amendment to each of the Rating Agencies.

4. This Indemnity Agreement shall enure to the benefit of and shall be binding upon the Manager and the Indemnified Parties and their respective successors and assigns.

5. If one or more provision of this Indemnity Agreement is for any reason whatever held invalid, such provision will be deemed severable from the remaining covenants, agreements and provisions of this Indemnity Agreement and will in no way affect the validity or enforceability of such remaining provisions or the rights of any parties hereto.

6. This Indemnity Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

7. This Indemnity Agreement may be executed in counterparts, each of which when so executed shall be deemed to be an original and the counterparts together shall constitute one and the same instrument. Delivery of an executed signature page to this Indemnity Agreement by any party by electronic transmission will be as effective as delivery of a manually executed copy of this Indemnity Agreement by such party.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF the undersigned have executed this Indemnity Agreement as of December ____, 2017.

ONTARIO POWER GENERATION INC.

By: _____

Name:

Title:

BNY TRUST COMPANY OF CANADA, in its capacity as Indenture Trustee of **FAIR HYDRO TRUST**, and not in its personal capacity

By: _____

Name:

Title:

By: _____

Name:

Title:

ACKNOWLEDGEMENT AND INDEMNITY AGREEMENT

TO: BNY Trust Company of Canada, in its capacity as Indenture Trustee of Fair Hydro Trust (in such capacity, the "**Indenture Trustee**")

RE: Master Transfer and Servicing Agreement dated as of ■, 2017 (the "**MTSA**") made between Independent Electricity System Operator (the "**IESO**"), as servicer (in such capacity, the "**Servicer**") and Fair Hydro Trust (the "**Issuer**")

AND RE: Warehouse Senior Series 2017-1 Supplemental Indenture dated as of ■, 2017 (as in effect on the date hereof, the "**Supplemental Indenture**") made between, *inter alios*, the Issuer and the Indenture Trustee

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WHEREAS the Government of Ontario has enacted the *Ontario Fair Hydro Plan Act*, 2017 (the "**Act**") for the purpose of, among other things, ensuring that clean energy costs and clean energy benefits (each as defined in the Act) are fairly allocated among present and future Specified Consumers;

AND WHEREAS, under the Act, the IESO is required to establish and maintain the Fair Hydro Variance Account, and has the right under the Act and the Regulations to record certain amounts in the Fair Hydro Variance Account and recover the balance from time to time of the Fair Hydro Variance Account from Specified Consumers (such right, the "**Regulatory Asset**");

AND WHEREAS the IESO may from time to time, in accordance with the Act, Transfer Specified Portions of the Regulatory Asset to the Issuer pursuant to Section 26(1) of the Act;

AND WHEREAS the Issuer and the Indenture Trustee are parties to a master trust indenture dated as of ■, 2017 (as amended, restated, modified or supplemented (including by way of Supplemental Indentures) from time to time, the "**Indenture**");

AND WHEREAS the Issuer may finance the acquisition from the IESO, from time to time, of an Investment Interest through the incurrence of Funding Obligations under the Indenture;

AND WHEREAS in connection with its ownership of the Issuer Investment Interest and in order to collect the associated Clean Energy Adjustments in accordance with the Act, pursuant to the MTSA the Issuer has engaged the Servicer to carry out the services described therein;

AND WHEREAS, pursuant to the Indenture, the Issuer has granted a security interest (the "**Security Interest**") over, *inter alia*, all rights, benefits and powers of the Issuer under the MTSA, to and in favour of the Indenture Trustee on behalf of the Specified Creditors, as security for the due payment of all Obligations Secured;

AND WHEREAS the Servicer has agreed to execute this Acknowledgement and Indemnity Agreement to (i) acknowledge that the Security Interest has been granted to the Indenture Trustee, on behalf of the Specified Creditors, thereby assigning as security all of the rights,

benefits and powers of the Issuer under the MTSA to the Indenture Trustee, and (ii) provide certain indemnities with respect to its duties and obligations under the MTSA.

IN CONSIDERATION OF the mutual covenants and agreements herein and the sum of $1.00 and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged) the parties hereto agree as follows:

1. Unless otherwise defined in this Acknowledgement and Indemnity Agreement, all capitalized terms used herein shall have the meanings ascribed thereto, either directly or by incorporation therein, in the MTSA.

2. The Servicer hereby acknowledges receipt of notice that (i) the Issuer has granted the Security Interest to the Indenture Trustee, on behalf of the Specified Creditors, and (ii) as a result of the grant of the Security Interest, the Issuer has assigned as security all of its rights, benefits and powers under the MTSA to the Indenture Trustee, on behalf of the Specified Creditors, and the Servicer hereby consents to such assignment.

3. The Servicer acknowledges and agrees that (i) the Indenture Trustee has the right to exercise remedies against, and enforce the duties and obligations of, the Servicer under the MTSA in place of the Issuer in all circumstances in which the Indenture Trustee is entitled to do so under the Indenture, (ii) upon receipt of notice from the Indenture Trustee that the Indenture Trustee is entitled to instruct the Servicer under the Indenture, the Servicer shall take instructions from the Indenture Trustee with respect to the performance of the Servicer's duties and obligations under the MTSA, and (iii) the Indenture Trustee has not assumed any of the obligations of the Issuer pursuant to the MTSA.

4. The Servicer shall indemnify the Indenture Trustee, on behalf of itself and on behalf of the Administrative Agent, each Funding Agent, each CP Conduit Purchaser, each Group Bank and each Non-Conduit Purchaser (in each case, in their respective capacities as such under the Supplemental Indenture) (each, an "**Indemnified Person**") and defend and hold harmless each such Indemnified Person from and against, any and all liabilities, obligations, losses, damages, payments and claims, and reasonable costs or expenses, of any kind whatsoever (collectively, "**Indemnified Losses**") imposed on, incurred by or asserted against each such Indemnified Person in connection with the Supplemental Indenture or the Series 2017-1 Notes issued thereunder, as a result of (i) the failure of the Servicer to perform its covenants and other obligations under the MTSA or any other Program Agreement to which the Servicer is a party; or (ii) the breach by the Servicer of any of its representations or warranties under the MTSA or any other Program Agreement to which the Servicer is a party and, except to the extent of Indemnified Losses resulting from the willful misconduct, bad faith or gross negligence of such Indemnified Person seeking indemnification hereunder; provided that, in each case, the Servicer shall not be required to indemnify an Indemnified Person for any amount paid or

payable by such Indemnified Person in the settlement of any Proceeding or investigation without the written consent of the Servicer, which consent shall not be unreasonably withheld or delayed. Promptly after receipt by an Indemnified Person of notice of the commencement of any Proceeding or investigation, such Indemnified Person shall, if a claim in respect thereof is to be made against the Servicer under this Section 4, notify the Servicer in writing of the commencement thereof. Failure by an Indemnified Person to so notify the Servicer shall relieve the Servicer from the obligation to indemnify and hold harmless such Indemnified Person under this Section 4 only to the extent that the Servicer suffers actual prejudice as a result of such failure. With respect to any Proceeding or investigation brought by a third party for which indemnification may be sought under this Section 4, the Servicer shall be entitled to conduct and control, at its expense and with counsel of its choosing that is reasonably satisfactory to such Indemnified Person, the defence of any such Proceeding or investigation (in which case the Servicer shall not thereafter be responsible for the fees and expenses of any separate counsel retained by the Indemnified Person except as set forth below); provided, that the Indemnified Person shall have the right to participate in such Proceeding or investigation through counsel chosen by it and at its own expense. Notwithstanding the Servicer's election to assume the defence of any Proceeding or investigation, the Indemnified Person shall have the right to employ separate counsel, and the Servicer shall bear the reasonable fees, costs and expenses of such separate counsel, if (i) the defendants in any such action include both the Indemnified Person and the Servicer and the Indemnified Person shall have reasonably concluded that there may be legal defences available to it that are different from or additional to those available to the Servicer, (ii) the Servicer shall not have employed counsel reasonably satisfactory to the Indemnified Person to represent the Indemnified Person within a reasonable time after notice of the institution of such action, (iii) the Indemnified Person shall have been advised by counsel to the Indemnified Person that there may be a conflict of interest between the Servicer and the Indemnified Person, or (iv) the Servicer authorizes the Indemnified Person to employ separate counsel at the expense of the Servicer. Notwithstanding the foregoing, the Servicer shall not be obligated to pay for the fees, costs and expenses of more than one separate counsel for the Indemnified Persons other than one local counsel, if appropriate. The Servicer will not, without the prior written consent of the Indemnified Person, settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim or Proceeding in respect of which indemnification may be sought under this Section 4 (whether or not the Indemnified Person is an actual or potential party to such claim or action) unless such settlement, compromise or consent includes an unconditional release of the Indemnified Person from all liability arising out of such claim or Proceeding.

Indemnification under this Section 4 shall survive any repeal of, modification of, or supplement to, or judicial invalidation of, the Act and shall survive the termination of the MTSA or this Acknowledgement and Indemnity Agreement and will rank pari passu with other general, unsecured obligations of the Servicer.

Notwithstanding anything contained in the MTSA or this Acknowledgement and Indemnity Agreement, it is expressly understood that the Servicer is not agreeing to indemnify or hold any Indemnified Person harmless with respect to any of the following: (i) any losses resulting from any breach or failure to perform by the Servicer caused by a breach or failure to perform on the part of any other third party under any Program Agreement, the Act or the Regulations; provided that this provision shall not apply to limit the liability of the IESO in respect of any appointments as provided for in Section 3.10 of the MTSA; (ii) any losses resulting from changes in law after the date hereof, whether such changes in law are effected by means of any legislative enactment or any final and non-appealable judicial decision; or (iii) any liability of the Indemnified Person incurred after the termination of the MTSA and this Acknowledgement and Indemnity Agreement unless attributable to the actions or omissions of the Servicer prior to such termination or in respect of a representation, warranty or covenant of the Servicer that survives termination of the MTSA or this Acknowledgement and Indemnity Agreement.

To the fullest extent permitted by applicable law, no Specified Creditor (other than the Indenture Trustee) will have any right to institute any proceeding, judicial or otherwise, or to make any claim for indemnification, with respect to this Acknowledgement and Indemnity Agreement, or for the appointment of a receiver or trustee or similar official, or for any other remedy hereunder, except in accordance with Section 8.12 of the Indenture.

The parties hereto agree that the IESO is not providing any representations, warranties or covenants in the MTSA or this Acknowledgement and Indemnity Agreement, and shall have no liability to any Indemnified Person, with respect to the collectability of the Clean Energy Adjustment, or whether the Clean Energy Adjustment Amounts or Carrying Costs collected will be sufficient to satisfy the Funding Obligations.

5. The parties hereto acknowledge and agree that the duties, liabilities and obligations of the IESO under the MTSA are limited as provided in this Section 5.[1]

(a) IESO is not responsible for, or in respect of, any amounts not collected by Electricity Vendors from their customers or not remitted by Electricity Vendors to the Servicer.

(b) IESO is not responsible to confirm, verify or audit the amount of the Clean Energy Adjustment invoiced by Electricity Vendors or the Electricity Vendor CEA Collections collected by Electricity Vendors and reported to the IESO.

(c) IESO is not responsible for enforcing the obligations of Specified Consumers to pay, or the obligations of Electricity Vendors to invoice, collect or remit Clean

[1] The language included in this Section tracks Section 3.8 of the MTSA.

Energy Adjustments or any other amounts, or to establish a segregated account into which Electricity Vendor CEA Collections are to be deposited, and IESO is under no obligation to initiate or prosecute any legal action relating to the collection of the Clean Energy Adjustments or the Issuer Investment Interest.

(d) IESO is not responsible or liable for the performance by Electricity Vendors of their duties and responsibilities under the Act or the Regulations including (i) the invoicing of Specified Consumers in respect of the Clean Energy Adjustment and ancillary matters related thereto; (ii) the collection from Specified Consumers of amounts due in respect of such invoices and the remittance of such payments to the Servicer; (iii) the accuracy of any information provided by the Electricity Vendors; and (iv) any reporting by the Electricity Vendors, including the reporting to the Servicer of the total CEA Consumer Invoice Amounts invoiced by such Electricity Vendor to its Specified Consumers in respect of the Clean Energy Adjustment, the total Electricity Vendor CEA Collections received by such Electricity Vendor and the Issuer Share of Electricity Vendor CEA Collections received by such Electricity Vendor and any other reporting in the Electricity Vendor Billing Period Report.

(e) IESO is under no responsibility or obligation to the Issuer with respect to the nature or extent of the Issuer Investment Interest, the collectability of the Issuer Share of Servicer CEA Receipts or that the Issuer Share of Servicer CEA Receipts will be sufficient to satisfy the Issuer's Funding Obligations.

(f) IESO may rely in good faith on the advice of counsel or on any document of any kind, prima facie properly executed and submitted by any Person, respecting any matters arising under the MTSA.

(g) IESO shall have no liability or responsibility to any Person in respect of any forecasts or other information provided pursuant to the MTSA, provided only that such forecasts or other information has been prepared and provided in good faith.

(h) None of the directors, officers, employees or agents of IESO shall be liable to any Person for any action taken or for refraining from the taking of any action pursuant to the MTSA or this Acknowledgement and Indemnity Agreement or for good faith errors in judgment.

6. The Servicer and the Indenture Trustee shall execute and deliver, or cause to be executed and delivered, such instruments or further assurances as may be necessary or desirable to give effect to the provisions of this Acknowledgement and Indemnity Agreement.

7. This Acknowledgement and Indemnity Agreement may be amended in writing by the IESO and the Indenture Trustee, and with satisfaction of the Rating Agency Condition, such satisfaction to be confirmed by the Indenture Trustee at the time of such

amendment. Promptly after the execution of any such amendment, the Indenture Trustee shall furnish copies of such amendment to each of the Rating Agencies.

8. This Acknowledgement and Indemnity Agreement shall enure to the benefit of and shall be binding upon the Servicer and the Indenture Indemnified Parties and their respective successors and assigns.

9. If one or more provision of this Acknowledgement and Indemnity Agreement is for any reason whatever held invalid, such provision will be deemed severable from the remaining covenants, agreements and provisions of this Acknowledgement and Indemnity Agreement and will in no way affect the validity or enforceability of such remaining provisions or the rights of any parties hereto.

10. This Acknowledgement and Indemnity Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

11. This Acknowledgement and Indemnity Agreement may be executed in counterparts, each of which when so executed shall be deemed to be an original and the counterparts together shall constitute one and the same instrument. Delivery of an executed signature page to this Acknowledgement and Indemnity Agreement by any party by electronic transmission will be as effective as delivery of a manually executed copy of this Acknowledgement and Indemnity Agreement by such party.

[Signature page follows.]

IN WITNESS WHEREOF the undersigned have executed this Acknowledgement and Indemnity Agreement as of ●, 2017.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

Name:

Title:

BNY TRUST COMPANY OF CANADA, in its capacity as Indenture Trustee of **FAIR HYDRO TRUST**, and not in its personal capacity

By: _____

Name:

Title:

By: _____

Name:

Title:

Draft: December 14, 2017

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust organized under the laws of the Province of Ontario (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council 1981/2017 (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Primary Obligations that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred. This Agreement sets out the terms and conditions of such protections and assurances.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A, and any other capitalized terms not defined herein shall have the meanings assigned to them in the Trust Indenture;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 Proof of Approved Obligations

The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Manager deems to be sufficient.

Each statement delivered by the Manager under Section 2.01(a)i shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and each of the parties hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Manager shall act diligently in the preparation of each such statement and shall provide the Indenture Trustee and the Province with all supporting computations and calculations used by the Manager to prepare each such statement promptly following a request therefor made by the Indenture Trustee or the Province.

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture as of the date of this Agreement.

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 2.01 or Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee, the Financing Entity, the Financing Entity Trustee, the Manager or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by

electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the

Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 <u>Judgment Currency</u>

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 <u>Limited Guarantee</u>

(a) Upon the occurrence of a Protection Event, the Indenture Trustee may deliver a written demand, substantially in the form attached as **[Exhibit A]** (a "**Payment Demand**"), to the Province requiring the Province to make payments in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in this Agreement. From and after such delivery of a

Payment Demand, the Province shall make the following payments in respect of the Approved Obligations (the "**Limited Guarantee**"), the Financing Entity shall pay, and the Province shall be entitled to be paid, the Subrogation Amounts specified below, and the following terms shall apply:

i. Not less than three (3) Business Days prior to each day when any payment or payments are to be made in respect of one or more Approved Obligations occurring after such delivery of a Payment Demand (each such day, a "**Guarantee Payment Date**"), the Manager shall deliver a written statement setting forth the Aggregate Approved Obligations Amount, if any, in respect of the Approved Obligations that are due and payable on such Guarantee Payment Date, together with a detailed description identifying such Approved Obligations and the nature and amount of payments due and payable thereunder on the Guarantee Payment Date, the aggregate outstanding amount payable by the Financing Entity under such Approved Obligations as of the date of such written statement, and details regarding any default in performance by any party obligated thereunder.

ii. On each such Guarantee Payment Date, the Province shall deposit the Aggregate Approved Obligations Amount into the Protection Account.

iii. On each such Guarantee Payment Date, the Financing Entity and the Indenture Trustee shall ensure that the amounts on deposit in the Protection Account are applied to pay each Beneficiary to whom an amount is due and payable under an Approved Obligation on the Guarantee Payment Date the Approved Obligation Amount for such Beneficiary in respect of such Approved Obligation on such Guarantee Payment Date; provided that if the amount deposited pursuant to clause 2.01(a)ii is insufficient to pay all such Approved Obligation Amounts in full, the amount on deposit in the Protection Account on the Guarantee Payment Date shall be applied to pay Beneficiaries in the order of priority in which such Approved Obligations are payable under the payment provisions of the Trust Indenture applicable to the making of such payments on the Guarantee Payment Date (each, a "**Beneficiary Payee**" and each payment made to a Beneficiary Payee on a Guarantee Payment Date, a "**Guarantee Payment**").

iv. On the first Guarantee Payment Date and on each subsequent Guarantee Payment Date, Payment Date or other day on which any amount is required to be paid in respect of any Obligations Secured under the Trust Indenture (a "**Subrogation Payment Date**"), the Issuer and the Indenture Trustee shall ensure that the applicable payment provisions of the Trust Indenture shall be applied and operate on the following basis:

(A) If such day is a Guarantee Payment Date, then for each Approved Obligation for which amounts are paid to a

Beneficiary Payee on such day pursuant to clause 2.01(a)iii in respect of principal, interest or any other amounts ("**Payable Approved Amounts**"), the amounts payable by the Financing Entity in respect of such amounts for such Approved Obligation shall be reduced by the respective amounts of such payments to the Beneficiary Payee, and equivalent amounts shall be payable by the Financing Entity to the Province as "**Subrogation Amounts**" in respect of such Approved Obligations, such Subrogation Amounts being payable in the same order of priority and with the same entitlements accruing to the Province as applied in respect of the related Payable Approved Amounts which were previously owing to the Beneficiary Payee, and to reflect this subrogation the payments set out in clause 2.01(a)iv(B) below shall be made by the Financing Entity.

(B) If the Province has made all deposits required to be made by it on each Guarantee Payment Date occurring on or before such day in accordance with clause 2.01(a)ii (or the related Approved Obligation Amounts have otherwise all been paid in full), then in respect of each Approved Obligation for which any related Subrogation Amounts have not yet been paid in full to the Province, the Financing Entity shall pay to the Province from amounts available under the Trust Indenture payment provisions and in accordance with the priority of payment provisions in the Trust Indenture the amount that would be payable on such date in satisfaction of the relevant Payable Approved Amounts, as determined without regard to any Guarantee Payment paid on any Guarantee Payment Date and also without regard to the corresponding reduction of the amounts owing to present and former Beneficiary Payees pursuant to subclause 2.01(a)iv(A) up to the amount of the unpaid related Subrogation Amounts.

(C) No Beneficiary having a right to be paid an amount in respect of an Approved Obligation, and no other Person entitled under an Obligation Secured, in each case that ranks equal with or subordinate to the Payable Approved Amount in respect of which a Subrogation Amount is payable to the Province under subclause 2.01(a)iv(B), shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under such subclause (including any right of set-off, offset, reimbursement, contribution or indemnity) and no such Beneficiary or other Person shall have any right or

interest in, to or under the Collateral or any proceeds therefrom in respect of any such Subrogation Amount.

(D) For greater certainty, the entitlements of the Province in respect of Subrogation Amounts arising in respect of Payable Approved Obligations that are interest and principal obligations on Notes shall be treated for all purposes of the Trust Indenture as interest and principal obligations, respectively, arising under Notes having the same priority as and any applicable voting rights under the related Approved Obligations, and accordingly the Province (and any successor, assignee or transferee of such entitlements) shall be entitled to all of the rights, entitlements, interests and privileges of a Holder of such a Notes in accordance with the Trust Indenture, as supplemented by the Supplemental Indenture or other indenture document under which the related Approved Obligations were issued.

(b) On each Guarantee Payment Date and upon demand by the Province, the Indenture Trustee shall release and pay to the Province free and clear of any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay Guarantee Payments to Beneficiary Payees on the Guarantee Payment Date in accordance with clause 2.01(a)iii or that otherwise remains on deposit in the Protection Account on the relevant date.

(c) In preparing any payment instructions under the Trust Indenture, the Manager shall reflect the amounts payable under Section 2.01(a), if applicable.

(d) The Province shall, as a payee of Subrogation Amounts under clause 2.01(a)iv(B) and as a payee of any amounts payable under clause 2.01(b), be a "Specified Creditor" under the Trust Indenture and have the benefit of the Collateral thereunder.

(e) For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the Approved Obligation Amounts, if any, for payment to Beneficiary Payees and will be subject to the priorities and to the Province's rights to Subrogation Amounts, set forth in Section 2.01(a).

(f) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(g) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein

shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation by their terms.

(h) Any amount payable to the Province in respect of a Subrogation Amount shall bear interest from and including the date of payment by the Province of the related Guarantee Payment to but excluding the date of payment of the Subrogation Amount to the Province, such interest to accrue at the rate equivalent to the applicable interest rate borne by the related Approved Obligation, and such interest amounts shall be added to their respective Subrogated Amounts and shall consequently be payable in the same priority as the relevant Subrogated Amount under clause 2.01(a)iv(B), all such accruing interest amounts to be calculated and added to the Subrogation Amounts by the Manager in its discretion acting in a commercially reasonable fashion.

(i) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under and in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any amount due and payable to a Beneficiary Payee under the Limited Guarantee.

2.02 Intentionally Deleted.

2.03 <u>Absence of Set-off</u>

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 <u>Payment into Protection Account in Satisfaction</u>

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall

transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account" for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section **[7.03]** of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Financing Entity and the Indenture Trustee shall ensure that all amounts paid by the Province into the Protection Account on a Guarantee Payment Date in respect of an Approved Obligation are applied to pay the amounts due and payable to the Beneficiary Payee as and to the extent provided for in Section 2.01(a). Upon a payment having been made by or on behalf of the Province into the Protection Account, the amounts so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiary Payee as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such Beneficiary Payee in respect of the applicable Approved Obligations, whereupon an affected Beneficiary Payee shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid. For greater certainty, the obligations arising in respect of an applicable Approved Obligation shall not be reduced by such payment as the Province shall become entitled to be paid related Subrogation Amounts and the rights contemplated under Section 2.01(a) and Section 5.01 in relation to such continuing obligations.

2.05 <u>Certain Waivers</u>

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations in accordance with Section 8.01.

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

Except in respect of any Primary Obligation to which the Limited Guarantee will not apply on or after a Suspension Notice is delivered in accordance with Section 7.02, a Primary Obligation that is not a Certified Primary Obligation shall be an Approved Obligation. A Certified Primary Obligation shall constitute an Approved Obligation if (i) the Adherence Conditions applicable thereto have been satisfied at the time the Primary Obligation was incurred or (ii) the Province, in its sole discretion, designates in writing that it is an Approved Obligation.

4.02 Adherence Conditions

(a) The following shall be the Adherence Conditions applicable in relation to each Certified Primary Obligation:

i. the Certified Primary Obligation when incurred is an Obligation Secured under the Trust Indenture; and

ii. OPG, as FSM, delivers an Adherence Compliance Certificate in the form attached hereto as Exhibit B signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee, on or before the incurrence of the Certified Primary Obligation (provided that delivery may not be more than 5 Business Days before the incurrence of the Certified Primary Obligation); and

iii. the Province has not provided a Suspension Notice to the Indenture Trustee, OPG and the Financing Entity.

(b) Without limiting any obligations of OPG to the Province arising other than pursuant to this Agreement, satisfaction of the Adherence Conditions for a Certified Primary Obligation shall be deemed satisfaction of the Adherence Conditions in respect of all principal, interest and other amounts owing under the Certified Primary Obligation, as such Certified Primary Obligation may be amended, restated, supplemented or modified from time to time.

(c) For greater certainty, there shall be no Adherence Conditions applicable in relation to a Primary Obligation that is not a Certified Primary Obligation.

4.03 <u>Evidence of Satisfaction</u>

An Adherence Compliance Certificate delivered in accordance with clause 4.02(a)ii shall be determinative as to whether the applicable Adherence Condition with respect thereto has been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same. An Adherence Compliance Certificate that purports on its face to be signed by officers specified in clause 4.02(a)ii may be relied upon by any addressee without further enquiry or evidence as to the incumbency or signatures of such officers. If an Adherence Compliance Certificate is not delivered in accordance with the timing requirements of clause 4.02(a)ii such certificate may be delivered at a later date, and be effective as if it had been delivered in accordance with the timing requirement of clause 4.02(a)ii if at the time such certificate was otherwise required to be delivered OPG had delivered to the Province all certifications required by the Province in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation.

ARTICLE V
PROVINCE MATTERS

5.01 <u>Assignment and Subrogation</u>

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, and shall be entitled to (i) the right and entitlement to be paid and receive the related Subrogation Amounts, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any

further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including Sections **[7.04]** through **[7.11]** and **[8.13]** (Payment Priorities), Section **[7.12]** (Payments Held in Trust), Section **[8.11]** (Control by Controlling Class Creditors), Section **[8.12]** (Limitation on Suits), Section **[8.14]** (Limited Recourse), Article IX (The Indenture Trustee), including all limitations of liability thereunder, Section **[9.14]** (Communications to Specified Creditors) and Section **[16.01]** (No Petition); (ii) consents, requests and authorizes the Issuer and the Indenture Trustee to (x) add the Province to the register of Specified Creditors described in subsection **[13.13(b)]** of the Trust Indenture and (y) disseminate the notice details of the Province to other Specified Creditors for the purposes set out in subsection **[9.14(b)]** of the Trust Indenture, and (iii) confirms that it will execute and deliver, or cause to be executed and delivered, all such further agreements, documents and instruments in connection with this Section 5.01 as the Indenture Trustee may request from time to time for the purpose of giving effect to the terms of this Section 5.01.

5.02 <u>Priorities</u>

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation and the Payable Approved Amounts thereunder shall rank equally with the rights, interests and entitlements of a Beneficiary to whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture in the manner and to the extent contemplated in Section **[7.10]** of the Trust Indenture.

5.03 Intentionally Deleted

5.04 <u>Representations and Warranties</u>

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
INDENTURE TRUSTEE MATTERS

6.01 <u>Limited Recourse</u>

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

6.02 <u>Not Responsible for Recitals</u>

The recitals contained herein will be taken as the statements of the Province, the Financing Entity and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

6.03 <u>Representations and Covenants of the Indenture Trustee</u>

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Agreement and has taken all necessary action to authorize the execution, delivery and performance by it of this Agreement;

(c) this Agreement has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada. If, notwithstanding the provisions of this subsection 6.03(d), the Indenture Trustee ceases to be so authorized to carry on business, the validity and enforceability of this Agreement shall not be affected in any manner whatsoever by reason only of such event.

ARTICLE VII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

7.01 Suspension Notice

Upon:

(a) a Program Breach;

(b) a default in the performance, or breach, of any covenants of OPG, as FSM, or OPG, in its corporate capacity, in each case to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligation and the expiration of any applicable cure period;

(c) a representation or warranty made by OPG or a certification made by one or more officers of OPG, in each case whether as FSM or in its corporate capacity, to the Province in connection with its obligations to the Province and its internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligations, proves to be incorrect in any material respect on the date made and the expiration of any applicable cure period; or

(d) the FSM no longer being the Manager or actions having been taken by or on behalf of the Indenture Trustee to remove the FSM as the Manager;

the Province may deliver a written notice in the form of Exhibit C (a "**Suspension Notice**") to the Indenture Trustee, the FSM and the Financing Entity.

7.02 Suspension

If a Suspension Notice has been provided under Section 7.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of: (i) any Primary Obligation incurred, excluding Post-Suspension Refinancings, or (ii) any amendment of any Primary Obligation that has a Material Effect, unless otherwise agreed to by the Province, in each case, on or after the time such Suspension Notice is delivered.

7.03 Additional Right of the Province Regarding Post-Suspension Refinancings

Following the occurrence of a Suspension Event, the Limited Guarantee shall continue to apply in respect of any Post-Suspension Refinancing (for greater certainty, without regard to the satisfaction of any Adherence Conditions); provided that prior to the Financing Entity incurring any Primary Obligation constituting a Post-Suspension Refinancing, the Manager shall provide the Province with at least 30 days' notice of its intention to seek a Post-Suspension Refinancing and prior to incurrence, which notice shall describe the material covenants, events of default, representations and warranties and indemnities of the Financing Entity and other material terms, excluding financial terms, rates and levels, and that shall be in respect of the full amount of the amount becoming due and payable in respect of the applicable Primary Obligation less amounts otherwise available to the Financing Entity from other available or committed sources (the "**Proposal**"), and during such 30 day period the Province may, but is not obligated to, offer to fund such Post-Suspension Refinancing or arrange for another Person to fund such Post-Suspension Refinancing on the same terms as set out in the Proposal or on such other terms as may be considered by the Province to be not more onerous on the Financing Entity and that are acceptable on that basis to the Financing Entity, acting reasonably. If, within such 30-day period, the Province elects to offer to fund such Post-Suspension Refinancing as provided in the preceding sentence, the Manager shall accept such offer; however, if the Province does not elect to offer to fund such Post-Suspension Refinancing, the Manager shall cause the Financing Entity to incur Primary Obligations constituting such a Post-Suspension Refinancing on substantially the same terms (excluding, for greater certainty, any financial terms, rates or levels) as those set out in the Proposal if the Post-Suspension Refinancing can be completed by the Financing Entity in compliance with the Act, or on such other terms as would not have a Material Effect, without taking into account any financial terms, rates or levels.

7.04 No Impact on Adherence

For greater certainty, the occurrence of a Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event or in respect of any Post-Suspension Refinancing.

ARTICLE VIII
MISCELLANEOUS

8.01 Term of Agreement

This Agreement will continue until the later of: (a) the date that no amount is or may become due and payable by the Province under the Limited Guarantee and (b) the date that no amount is or may become due and payable to the Province in respect of any Subrogation Amount.

8.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic

communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: Manager, Corporate Trust
Fax: (416) 981-9777
Email: corporatetrust.toronto@computershare.com

(b) if to the FSM:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

(c) if to the Province:

Minister of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Minister of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

With copies to:

Deputy Minister of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Deputy Minister of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 8.02.

8.03 <u>Assignment</u>

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section 8.03 shall be null and void.

8.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

8.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

8.07 Notice to Rating Agencies

OPG, as FSM, shall deliver prompt written notice to the Rating Agencies of the occurrence of (i) a Protection Event; (ii) receipt of a Suspension Notice delivered by the Province pursuant to Section 7.01; and (iii) an assignment of this Agreement by any party pursuant to Section 8.03.

8.08 Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their benefits hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

8.09 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, IN ITS CAPACITY AS TRUSTEE OF FAIR HYDRO TRUST, AS ISSUER, BY ONTARIO POWER GENERATION INC., NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration of a funding obligation" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Compliance Certificate**" means a certificate in the form attached hereto as Exhibit B delivered by the FSM in accordance with Section 4.02(a)ii.

"**Adherence Conditions**", means, in respect of a Certified Primary Obligation, the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of a Guarantee Payment Date, the aggregate of the Approved Obligation Amounts for such Guarantee Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, for a Beneficiary in respect of an Approved Obligation under which an amount is due and payable on a Guarantee Payment Date:

(a) if no Acceleration has occurred in respect of any Obligation Secured on or before the Guarantee Payment Date, the amount due and payable to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation (for greater certainty, determined on the assumption that there are adequate amounts available under the applicable payment provisions of the Trust Indenture to pay in full all amounts referred to in such payment provisions that are due and payable on the Guarantee Payment Date); and

(b) if an Acceleration has occurred in respect of any Obligations Secured on or before the Guarantee Payment Date, the amount that would be available to be paid to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation under the applicable payment provisions of the Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with such applicable payment provisions of the Trust Indenture in respect of each relevant month during each Reference Period is equal to the estimated Finance Amount determined in respect of such Reference Period for purposes of section 15(1) of the Act (in effect on the date hereof), including section 6.1 of the General Regulation (in effect on the date hereof), divided by the number of months in such Reference Period.

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Beneficiary Payee**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Certified Primary Obligations**" means Primary Obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest, including any Refinancing, other than a Post-Suspension Refinancing or a Pre-Approved Refinancing, of such a Primary Obligation (for greater certainty, including, in the case of any Certified Primary Obligation permitting funding transactions pursuant to a Funding Obligation Agreement applicable to the Certified Primary Obligation, each individual borrowing or funding utilization thereunder), (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not any individual trade confirmation other than a trade confirmation that modifies or purports to override the express terms or conditions of the related Master Agreement, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and expected (as determined by the Manager, acting reasonably) aggregate payments by the Financing Entity thereunder during the term of such contract are or would be in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).

"**Change of Law Process Agreement**" means the change of law process agreement between the Province and OPG;

"**Change of Law Protection Agreement**" means this Agreement.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Executive Officer**" has the meaning ascribed to the term "executive officer" in National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators.

"**Fair Allocation Amount**" has the meaning ascribed to the term "fair allocation amount" in the Act as of the date of this Agreement.

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the first paragraph of this Agreement until a successor Financing Entity Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and the Declaration of Trust, and thereafter "Financing Entity Trustee" means and includes such Person.

"**Financing Plan**" has the meaning ascribed to the term "Financing Plan" in the Act as of the date of this Agreement.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Guarantee Payment**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Guarantee Payment Date**" has the meaning ascribed thereto in Section 2.01(a)i.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**Holder**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Liens**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(a).

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity, as amended, supplemented, restated or otherwise modified from time to time.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Agreement**" means an agreement in the form of a Master Agreement as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, as amended, supplemented, restated or otherwise modified from time to time.

"**Material Effect**" means a material adverse effect on the obligations or the rights of the Province under the Limited Guarantee that relates to, and in each case, differs in any material respect from the terms or conditions applicable to any other Transaction Document that forms part of the Reference Documentation at the relevant time, the following: (i) the timing of or circumstances under which Primary Obligations would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization) that, in each case, is inconsistent with the Fair Allocation Amount; (ii) the appointment, obligations or duties of OPG as the Manager; (iii) the existence, powers or authority of the Financing Entity or the Financing Entity Trustee; (iv) the obligations of the Indenture Trustee to or in respect of the Province as a Specified Creditor; (v) the payment provisions and associated priorities set forth in the Trust Indenture; (vi) compliance by the FSM with the then applicable Financing Plan; (vii) compliance by the FSM or the Financing Entity with the Act or the General Regulation; or (viii) the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of this Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation.

"**Notes**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Payable Approved Amounts**" has the meaning ascribed thereto in 2.01(a).

"**Payment Date**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, unlimited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Post-Suspension Refinancing**" means a Funding Obligation that is an Obligation Secured and that is incurred on or after the occurrence of a Suspension Event in compliance with the requirements of Section 7.03, as a Refinancing of one or more Series of Approved Obligations (including any Pre-Approved Refinancing incurred on or after the occurrence of a Suspension Event), in each case the proceeds of which, together with any other funds that may be available, are used solely for the purpose of paying in full such Series of Approved Obligations and any costs and expenses associated with such Refinancing.

"**Pre-Approved Refinancing**" means a Refinancing of a Certified Primary Obligation in respect of which the Province has, prior to the incurrence of such Certified Primary Obligation, agreed shall be an Approved Obligation, subject to compliance with such conditions and requirements as may be specified in such agreement.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account or Finance Reserve Account; and (ii) any obligation to pay the Financing Entity or on the Financing Entity's direction any remaining amounts in the Collection Account pursuant to the Trust Indenture.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any

"regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that (X) adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations when due and payable, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any Finance Reserve Account, Capital Account or collateral posting account applicable under a Derivative Agreement, (ii) the availability of any credit enhancement agreement to which the Financing Entity is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in any of clauses (i) to (v) of this paragraph (a), or (Y) adversely affects the enforceability of, or adversely changes, the terms and conditions of this Agreement or of any of the agreements under which Approved Obligations arise; or

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations when due and payable and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Approved Obligations that have become due and payable, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any Finance Reserve Account, Capital Account or collateral posting account applicable under a Derivative Agreement, (ii) the availability of any credit enhancement agreement to which the Financing Entity is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in paragraph (b).

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency Condition" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Reference Documentation**" has the meaning ascribed thereto in the Change of Law Process Agreement.

"**Reference Period**" has the meaning ascribed to the term "reference period" in the Act as of the date of this Agreement.

"**Refinancing**" has the meaning ascribed to the term "refinancing" in the Act as of the date of this Agreement, as more particularly described and given meaning in the General Regulation as of the date of this Agreement.

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Specified Creditor**" has the meaning ascribed thereto in the Trust Indenture on the date hereof.

"**Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(B).

"**Subrogation Payment Date**" has the meaning ascribed thereto in clause 2.01(a)iv.

"**Suspension Event**" has the meaning ascribed thereto in Section 7.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 7.01.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" has the meaning ascribed thereto in the Change of Law Process Agreement.

"**True-up Amount**" has the meaning ascribed to the term "true up amount" in the Act as of the date of this Agreement.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

EXHIBIT A
FORM OF PAYMENT DEMAND

TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Pursuant to and in accordance with section 2.01(a) of the Change of the Law Protection Agreement, the Indenture Trustee hereby demands payment from the Province in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in the Change of Law Protection Agreement.

DATED as of the [■] day of [■], [■].

BNY TRUST COMPANY OF CANADA

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT B
FORM OF ADHERENCE COMPLIANCE CERTIFICATE UNDER SECTION 4.02(a)

TO: **BNY TRUST COMPANY OF CANADA**, in its capacity as Indenture Trustee (the "**Indenture Trustee**") under the Master Trust Indenture dated as of December ●, 2017 between Fair Hydro Trust and the Indenture Trustee (the "**Master Trust Indenture**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province of Ontario, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust, Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Each of the undersigned, being the ● and ● of OPG acting in its capacity as FSM and holding the offices set forth under their names and signatures below, pursuant to and accordance with clause 4.02(a)ii of the Change of Law Protection Agreement, hereby certifies for and on behalf of OPG, in its capacity as Financial Services Manager, and not in such officer's personal capacity and intending that this certificate may be relied on by the addressees hereof without independent inquiry, that:

1. I have read and understand the provisions of the Change of Law Protection Agreement, the Master Trust Indenture and all other documents and materials necessary to enable me to deliver this certificate.
2. If the Certified Primary Obligation is a Refinancing, the proceeds of the Refinancing will be used solely for the purpose of repaying one or more Certified Primary Obligations in respect of which the Adherence Conditions in Subsection 4.02(a) of the Change of Law Protection Agreement had been satisfied, including one or more other Refinancings in respect of which the Adherence Conditions in Subsection 4.02(a) of the Change of Law Protection Agreement had been satisfied.
3. OPG has delivered to the Province a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate was provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation.

DATED as of the [■] day of [■], [■].

Name: [1]	Name:
Office:	Office:

[1] This certificate must be signed by two officers of OPG being either (i) the Chief Financial Officer and the Treasurer, or (ii) any two Executive Officers (as defined in the Change of Law Protection Agreement) of OPG.

EXHIBIT C
SUSPENSION NOTICE

TO: Ontario Power Generation Inc., in its capacity as Financial Services Manager

AND TO: Fair Hydro Trust

AND TO: Computershare Trust Company of Canada, in its capacity as trustee of Fair Hydro Trust

AND TO: BNY Trust Company of Canada, as Indenture Trustee

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement. All references in this Suspension Notice to "Articles" or "Sections" refer to Articles or Sections of the Change of Law Protection Agreement.

The Province has a reasonable basis for concluding that an event described in clauses (a) to (d) of Section 7.01 has occurred. Pursuant to Section 7.01, the Province hereby declares that the Limited Guarantee shall hereby not apply in respect of (i) any Primary Obligation incurred, excluding Post-Suspension Refinancings or Pre-Approved Refinancings or (ii) any amendment of any Primary Obligation that has a Material Effect, unless otherwise agreed to by the Province, in each case, on or after delivery of this Suspension Notice.

This Suspension Notice is hereby delivered to the FSM, the Financing Entity and the Indenture Trustee in accordance with Section 8.02 of the Change of Law Protection Agreement.

* * * *

DATED as of the [■] day of [■], [■].

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

Draft: December 14, 2017

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.

CHANGE OF LAW PROCESS AGREEMENT

Dated as of [■], 2017

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**") is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.

Pursuant to a Declaration of Trust dated as of [■], 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the applicable Adherence Conditions.

Prior to entering into this Agreement, OPG provided the Province with the final forms of certain of the Transaction Documents, as described on Exhibit "A", and the Province has not objected to such forms and hereby confirms to OPG that such Transaction Documents will constitute "Reference Documentation" for purposes of this Agreement.

Prior to entering into this Agreement, OPG, as the FSM, provided the Minister of Energy, in compliance with the Act, with the initial Financing Plan, which includes the initial forecast (the "**Initial Forecast**") setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Obligations Secured to be incurred during the 24 month period from December 1, 2017 to November 30, 2019 (the "**Initial Forecast Period**"). Prior to entering into this Agreement, OPG provided the Province with the initial Protection Agreement Maximum (the "**Initial Protection Agreement Maximum**"). The Province has received the initial Financing Plan and has not disagreed with the Initial Forecast or the Initial Protection Agreement Maximum on the basis of an apparent inaccuracy in the Initial Forecast, an inconsistency between the Initial Forecast and the initial Financing Plan, or as a result of the Initial Protection Agreement Maximum being more than the Initial Forecast.

This Agreement sets out the obligations OPG has agreed to perform and assurances OPG has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the applicable Adherence Conditions have been satisfied and maintaining information related to the Program Agreements and the Approved Obligations.

All things necessary to make this Agreement a valid and legally binding agreement of OPG and the Province, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall"; the word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other

subdivisions of this Agreement as originally executed; the words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 <u>References to the Financing Entity</u>

For greater certainty, each reference to the Financing Entity shall be construed as a reference to the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 <u>Effect of Headings</u>

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.04 <u>Successors and Assigns</u>

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 <u>Severability</u>

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.06 <u>Governing Law</u>

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 <u>Proceedings Against the Crown Act</u>

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby, and any material amendment of this Agreement will only be binding if the Rating Agency Condition has been satisfied. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF OPG

2.01 Deliveries to the Province

(a) OPG shall promptly deliver to the Province a copy of any proposed change to or replacement of the Financing Plan.

(b) Not less than 10 Business Days, or such lesser period as the Province may agree to in writing, prior to:

(i) any proposed material change in the terms or conditions applicable to a Primary Obligation in a previously provided Transaction Document becoming effective or otherwise being used; provided, however, that a proposed change in particular financial terms, rates or levels shall not constitute a material change, and

(ii) any additional, supplemental or replacement Transaction Document becoming effective or otherwise being used,

OPG shall deliver to the Province a copy of such proposed change to the Transaction Document and any such additional, supplemental or replacement Transaction Document.

(c) Without limiting Subsection 2.01(b), and except as has previously been provided to the Province under Subsection 2.01(b), promptly following (i) any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor being made, (ii) any new, additional, supplemental or replacement instruments, documents, agreements or security being used or granted in connection with all or any part of the Approved Obligations, or (iii) any waiver, release, reconveyance, termination, abandonment, subordination, exchange, substitution, transfer, compound, compromise, liquidation or enforcement of all or any part of the Approved Obligations or any security or guarantee therefor being effected, OPG shall deliver to the Province a detailed description of such event and the reasons for it together with any related documents, agreements and instruments.

(d) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, OPG shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations (including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(e) Promptly upon request, OPG shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

2.02 <u>Covenants</u>

(a) OPG shall use commercially reasonable efforts to cause the Financing Entity to:

(i) punctually perform and observe all of the Financing Entity's obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not (unless waived in writing by the Province):

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement, replacement, waiver or consent could reasonably be considered to have a Material Effect; provided, however, that the foregoing does not apply to any supplement, amendment, modification, restatement, replacement, waiver or consent in respect of particular financial terms, rates or levels;

(B) extend, renew, compromise, novate, replace, suspend, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, liquidate or enforce the terms of all or any part of the Approved Obligations or any Collateral, if any such action could reasonably be considered to have a Material Effect; provided, however, that the foregoing does not apply to any such action taken in respect of particular financial terms, rates or levels; or

(C) permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired.

(b) If any action restricted pursuant to Section 2.02(a)(v) is reflected in a delivery required to be made by OPG to the Province pursuant to Section 2.01(b) and is not objected to by the Province under Section 3.04(b), the Province shall be

deemed to have waived its rights in respect of such action under Section 2.02(a)(v).

(c) OPG shall:

(i) comply, and shall use commercially reasonable efforts to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

(ii) punctually perform and observe all of its (including as the FSM and as Manager) obligations and agreements contained in the Program Agreements;

(iii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation; and

(iv) notify the Province of (1) the occurrence of any Breach Event and any Program Breach, in each case within 2 Business Days of any such occurrence, and (2) any event or circumstance known to OPG that with the passage of time or the giving of notice would be a Breach Event or a Program Breach, in each case within 1 Business Day of OPG first becoming aware of such event or circumstance; and

(v) after the occurrence of any Protection Event (or any event or circumstance known to OPG that with the passage of time or the giving of notice would be a Protection Event), not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.

(d) The Province and OPG acknowledge that their obligations to each other under the Indemnity Agreement between the Province and OPG dated June 1, 2017 (as amended, the "**Indemnity Agreement**") are not amended by this Agreement and continue in full force and effect, notwithstanding that this Agreement is entered into subsequent to the Indemnity Agreement.

(e) The Province and OPG acknowledge that their obligations to each other under the Indemnity Agreement are not amended by the Change of Law Protection Agreement and continue in full force and effect, notwithstanding that the Change of Law Protection Agreement was entered into subsequent to the Indemnity Agreement.

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate

OPG shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Province, on or before the incurrence or any amendment of a Funding Obligation, other than any Funding Obligation under which not more than $5,000,000 in the aggregate may become payable by the Financing Entity (provided that delivery may not be more than 5 Business Days before the incurrence or amendment of the Funding Obligation), setting out the following with respect to such Funding Obligation:

(a) the material terms of the Funding Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a Derivative Agreement, OPG's best estimate of the expected notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

(b) if an existing Funding Obligation is proposed to be amended, material details respecting such amendment, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

(c) a statement to the effect that: (i) the Funding Obligation to be incurred or amended (1) will arise under terms and conditions that are Substantially in the Form of the Reference Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reference Documentation;

(d) a statement confirming that any disclosure made in respect of the Funding Obligation (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to the Funding Obligation) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement has been made available to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made;

(e) a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and

(f) confirmation that, at the time the Funding Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Funding Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the Protection Agreement Maximum applicable on the date that the Process Certificate is delivered; for clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be determined on the date the Process Certificate is delivered hereunder in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

3.02 Acknowledgement regarding delivery of certificate under Change of Law Protection Agreement

The Province acknowledges and agrees that, concurrent with the delivery of the Process Certificate pursuant to Section 3.01 of this Agreement, the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) are authorized to deliver the certificate referred to in Subsection 4.02(a)(ii) of the Change of Law Protection Agreement to the Indenture Trustee confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with adherence of the Limited Guarantee to the incurrence of the Certified Primary Obligations in respect of which the certificate in Subsection 4.02(a)(ii) of the Change of Law Protection Agreement is being delivered; provided that, upon receipt of a Suspension Notice under the Change of Law Protection Agreement, OPG covenants not to deliver any further certificates to the Indenture Trustee under Subsection 4.02(a)(ii) of the Change of Law Protection Agreement.

3.03 Acknowledgement regarding delivery of Suspension Notice

The parties acknowledge and agree that the Province is entitled to deliver a Suspension Notice under Section 7.01 of the Change of Law Protection Agreement if a Program Breach or Breach Event has occurred. The Province agrees not to deliver a Suspension Notice pursuant to Section 7.01 of the Change of Law Protection Agreement unless a Program Breach or a Breach Event has occurred.

3.04 Meaning of "Reference Documentation"

For the purposes of Subsection 3.01(c), the term "Reference Documentation" shall mean each Transaction Document that, at the relevant time:

(a) is a Transaction Document listed on Exhibit "A"; or

(b) is a Transaction Document (including any amended or amended and restated Transaction Document) provided to the Province in accordance with Subsection 2.01(b) that has not been objected to by the Province, by delivery of an objection notice in writing delivered to OPG, within 10 Business Days after it is provided to the Province; provided that the Province (i) shall only be entitled to deliver an objection notice if the Transaction Document (including any amended or amended and restated Transaction Document) has a Material Effect and (ii) shall not be entitled to deliver an objection notice in respect of any Post-Suspension Refinancing.

3.05 Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(c), the term "Substantially in the Form" shall mean:

(a) with respect to the Reference Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such Reference Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation that could have a Material Effect; provided, however, that the foregoing does not apply to any particular financial terms, rates or levels; and

(b) with respect to the Reference Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum

(a) Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Obligations Secured that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Obligations Secured to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast

shall be further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum, which may not exceed such Forecast.

(b) Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of any further Forecast and notice of the revised Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province may disagree with such further Forecast or revised Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in such further Forecast, (ii) the further Forecast is inconsistent with the Financing Plan, or (iii) the revised Protection Agreement Maximum is more than the further Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the revised Protection Agreement Maximum will be further revised accordingly and confirmed by an amended notice to the Province.

(c) For clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be valued at the time to be determined for the purposes of this Section 4.01 in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of OPG

OPG represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, may cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario and has the power and authority to enter into and perform its obligations under this Agreement and all instruments and agreements delivered pursuant hereto.

(c) OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Financing Entity or in the ability of the Financing Entity to perform its obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

5.02 Representations and Warranties of the Province

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
BREACH EVENTS

6.01 Breach Events

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

(a) a default in the performance, or breach, by OPG of Section 2.01(b)(i), Section 2.02(b)(iv) or Section 3.01;

(b) a default in the performance, or breach, of any other covenants of OPG under this Agreement (excluding Section 2.01(b)(i), Section 2.02(b)(iv) and Section 3.01), which, if curable in a way such that the default or breach would not have or have had a Material Effect, is not so cured within thirty (30) days;

(c) any representation or warranty made by OPG in this Agreement, any certification made in a Process Certificate, or any certification made in a certificate contemplated by Subsection 4.02 of the Change of Law Protection Agreement, proves to be incorrect in a material respect on the date made and which, if curable in a way such that the incorrect representation or warranty may be remedied without any Material Effect having occurred as a result of the Province's reliance thereon, is not so cured within thirty (30) days; or

(d) OPG is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the Manager.

ARTICLE VII
MISCELLANEOUS

7.01 Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

7.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to OPG:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

(b) if to the Province:

Deputy Minister of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Deputy Ministry of Energy
[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 7.02.

7.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 7.03 shall be null and void.

7.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

7.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

7.06 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

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

By: _____

Name:
Title:

By: _____

Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Breach Event**" has the meaning ascribed thereto in Section 6.01.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the Financing Entity, OPG (as the FSM and the Manager) and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

"**Fair Allocation Amount**" has the meaning ascribed to the term "fair allocation amount" in the Act as of the date of this Agreement.

"**Financing Entity**" means Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(a).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**IESO Security Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**Initial Forecast**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Initial Forecast Period**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Initial Protection Agreement Maximum**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO.

"**Material Effect**" means a material adverse effect on the obligations or the rights of the Province under the Limited Guarantee, the Change of Law Protection Agreement or this Agreement that relates to, and in each case, differs in any material respect from the terms or conditions applicable to any other Transaction Document that forms part of the Reference Documentation at the relevant time, the following: (i) the timing of or circumstances under which related payments would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization) that, in each case, is inconsistent with the Fair Allocation Amount; (ii) the appointment, obligations or duties of OPG as the Manager; (iii) the existence, powers or authority of the Financing Entity or the Financing Entity Trustee; (iv) the obligations of the Indenture Trustee to or in respect of the Province as a Specified Creditor; (v) the payment provisions and associated priorities set forth in the Trust Indenture; (vi) compliance by the FSM with the then applicable Financing Plan; (vii) compliance by the FSM or the Financing Entity with the Act or the General Regulation; or (viii) the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that

would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Protection Agreement Maximum**" means the dollar amount referenced as the Program Agreement Maximum and determined in accordance with Section 4.01.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture.

"**Reference Documentation**" has the meaning ascribed thereto in Section 3.04.

"**Repayment**" has the meaning ascribed to the term "repayment" in the General Regulation as of the date of this Agreement.

"**Substantially in the Form**" has the meaning ascribed thereto in Section 3.05.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement; (vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected,

including any other agreement under which the Financing Entity incurs a material financial obligation or that could affect the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

EXHIBIT "A"
INITIAL REFERENCE DOCUMENTATION

- Declaration of Trust;
- Management Agreement;
- Master Transfer and Servicing Agreement;
- Acknowledgement and indemnity agreement dated as of [■], 2017 made by IESO in favour of the Indenture Trustee;
- IESO Security Agreement;
- Trust Indenture;
- Warehouse Senior Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;
- Warehouse Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017; and
- Warehouse Junior Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

WAREHOUSE

SENIOR SERIES 2017-1

SUPPLEMENTAL INDENTURE

between

FAIR HYDRO TRUST

by

COMPUTERSHARE TRUST COMPANY OF CANADA
as Issuer Trustee

and

BNY TRUST COMPANY OF CANADA
as Indenture Trustee

and

ROYAL BANK OF CANADA
as Administrative Agent

and

CERTAIN CP CONDUIT PURCHASERS,
CERTAIN NON-CONDUIT PURCHASERS
CERTAIN FUNDING AGENTS
and CERTAIN GROUP BANKS

Made as of December [21], 2017

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FLOATING RATE VARIABLE FUNDING,
SERIES 2017-1 SENIOR NOTES

SUPPLEMENTAL INDENTURE made as of December **[21]**, 2017, between **Computershare Trust Company of Canada**, a trust company established under the laws of Canada (the "**Issuer Trustee**"), in its capacity as trustee of **Fair Hydro Trust**, a trust existing under the laws of the Province of Ontario (in such capacity, the "**Issuer**"), **BNY Trust Company of Canada**, a trust company established under the laws of Canada (the "**Indenture Trustee**"), **Royal Bank of Canada**, in its capacity as the administrative agent for the Purchaser Groups (the "**Administrative Agent**"), the **Non-Conduit Purchasers** from time to time party hereto, the **CP Conduit Purchasers** from time to time party hereto, and the **Funding Agents** for the CP Conduit Purchaser Groups from time to time party hereto.

WHEREAS pursuant to the Trust Indenture, provision was made for the issuance of Notes from time to time;

AND WHEREAS pursuant to the Trust Indenture, Notes may be issued in one or more Series by the execution and delivery of a Supplemental Indenture;

AND WHEREAS the parties hereto are entering into this Supplemental Indenture to provide for the creation and issuance of the Series 2017-1 Senior Notes;

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

ARTICLE 1
INTERPRETATION

1.1 Definitions

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

(b) Except as otherwise expressly provided or unless the context otherwise requires, all terms used herein which are defined in the Trust Indenture, either directly or by reference therein, have the meanings assigned to them in the Trust Indenture.

1.2 Interpretation

Subject to the next following sentences, this Supplemental Indenture is supplemental to the Trust Indenture and the Trust Indenture shall be read in conjunction with this Supplemental Indenture and all of the provisions of the Trust Indenture shall apply to and shall have effect in connection with this Supplemental Indenture in the same manner as if all of the provisions of the Trust Indenture and of this Supplemental Indenture were contained in one instrument. This Supplemental Indenture shall, unless the context otherwise requires, be subject to the interpretative provisions contained in Article 1 of the Trust Indenture. If any terms of the Trust Indenture are

inconsistent with the express terms or provisions hereof, the terms and provisions of the Trust Indenture shall be, solely in respect of the Series 2017-1 Senior Notes, amended and supplemented so as to be consistent herewith. The provisions of this Supplemental Indenture are applicable only in respect of the Series 2017-1 Senior Notes and not the Notes of any other Series.

1.3 Application of this Supplemental Indenture

With respect to the Series 2017-1 Senior Notes only, the terms of the Trust Indenture are amended, supplemented, modified, restated and replaced to the extent applicable by the terms of this Supplemental Indenture in respect of the Series 2017-1 Senior Notes in accordance with Section 1.2 above.

ARTICLE 2
PRINCIPAL TERMS

2.1 Creation of Series 2017-1 Senior Notes

There is hereby created a Series of Notes to be issued pursuant to the Trust Indenture and this Supplemental Indenture designated as the "**Floating Rate Variable Funding Senior Notes, Series 2017-1**."

2.2 Principal Terms

In addition to and without limiting any of the provisions of this Supplemental Indenture, the Series 2017-1 Senior Notes:

(a) will be designated as set out in Section 2.1;

(b) will be Senior Notes;

(c) will have a Stated Principal Amount equal to the Series 2017-1 Maximum Principal Amount;

(d) will not be issued in Tranches;

(e) will be denominated in Canadian dollars;

(f) will not be listed on any securities exchange;

(g) will have an Initial Dollar Principal Amount equal to the Series 2017-1 Initial Principal Amount;

(h) will be issued as definitive notes and will not be in the form of a Global Note;

(i) will be issued as Registered Notes and will be without coupons;

(j) will be substantially in the form of Schedule B, with such appropriate insertions, omissions, substitutions and variations as may be approved by the Issuer;

(k) will have each Payment Date on and after the Payment Date in January, 2018 as an Interest Payment Date;

(l) will have Principal Payment Dates as determined under Section 3.7;

(m) will have Principal Payment Default Dates as defined herein; and

(n) will have no minimum issue amount.

ARTICLE 3
NOTE PURCHASE FACILITY

3.1 Purchase of Notes by the Purchasers

(a) ***Initial Purchases***. Subject to the terms and conditions of this Supplemental Indenture, including delivery of notice in accordance with Section 3.3, (i) each Non-Conduit Purchaser shall purchase, and each CP Conduit Purchaser may, in its sole discretion, purchase a Series 2017-1 Senior Note in an amount equal to all or a portion of its Commitment Percentage of the Series 2017-1 Initial Principal Amount on any Business Day during the period from the date hereof to and including December **[21]**, 2017, and if any such CP Conduit Purchaser shall have notified the Administrative Agent and the Funding Agent with respect to such CP Conduit Purchaser that it has elected not to fund a Series 2017-1 Senior Note in an amount equal to its Commitment Percentage of the Series 2017-1 Initial Principal Amount on the Closing Date, the Group Bank with respect to such CP Conduit Purchaser shall fund on the Closing Date that portion of such Series 2017-1 Senior Note not to be funded by such CP Conduit Purchaser; and (ii) thereafter, (A) each Non-Conduit Purchaser shall maintain its Series 2017-1 Senior Note, subject to increase or decrease during the period from the Closing Date to and including the Commitment Expiry Date, in accordance with the provisions of this Supplemental Indenture, (B) if a CP Conduit Purchaser shall have purchased a Series 2017-1 Senior Note on the Closing Date, such CP Conduit Purchaser may, in its sole discretion, maintain its Series 2017-1 Senior Note, subject to increase or decrease during the period from the Closing Date to and including the Commitment Expiry Date, in accordance with the provisions of this Supplemental Indenture, and (C) the Group Bank shall maintain its Series 2017-1 Senior Note with respect to its Related Purchaser Group, subject to increase or decrease during the period from the Closing Date to and including the Commitment Expiry Date, in accordance with the provisions of this Supplemental Indenture. Payments by the Non-Conduit Purchasers, the CP Conduit Purchasers and/or the Group Bank with respect to the CP Conduit Purchasers shall be made in immediately available funds on the Closing Date in accordance with Section 3.3(d).

(b) ***Maximum Purchaser Group Principal Amounts***. Notwithstanding anything to the contrary contained in this Supplemental Indenture, at no time shall a Purchaser Group be required to make the initial purchase of a Series 2017-1 Senior Note or increase its Purchaser Group Principal Amount if the sum of (x) Purchaser Group

Principal Amount with respect to such Purchaser Group, after giving effect to such purchase or increase, and (y) the sum of any unfunded Delayed Amounts with respect to such Purchaser Group, would exceed the Maximum Purchaser Group Principal Amount with respect to such Purchaser Group at such time.

3.2 Delivery

(a) On the Closing Date (or on any later date that any Purchaser Group becomes a party to this Supplemental Indenture), Series 2017-1 Senior Notes shall be executed, authenticated and delivered by the Issuer in accordance with Section 4.03 of the Trust Indenture (i) in the case of a CP Conduit Purchaser Group, in the name of the Funding Agent with respect to such CP Conduit Purchaser Group (or as otherwise requested by such CP Conduit Purchaser Group and agreed to by the Issuer) in an amount equal to the Maximum Purchaser Group Principal Amount with respect to such CP Conduit Purchaser Group and delivered to such Funding Agent; or (ii) in the case of a Non-Conduit Purchaser Group, in the name of the Related Non-Conduit Purchaser in an amount equal to the Maximum Purchaser Group Principal Amount with respect to such Related Non-Conduit Purchaser and delivered to such Related Non-Conduit Purchaser.

(b) The Administrative Agent shall maintain a record of the actual Purchaser Group Principal Amount outstanding with respect to each Purchaser Group and the actual Series 2017-1 Principal Amount outstanding on any date of determination, which, absent manifest error, shall constitute prima facie evidence of the outstanding Purchaser Group Principal Amounts and outstanding Series 2017-1 Principal Amount from time to time. Upon a written request from the Indenture Trustee, the Administrative Agent shall provide in writing the identity of the Purchaser Groups, the related Funding Agents for each CP Conduit Purchaser Group, the Purchaser Group Principal Amount for each Purchaser Group and the Commitment Percentage with respect to such Purchaser Group to the Indenture Trustee.

3.3 Procedure for Initial Issuance and for Increasing the Series 2017-1 Principal Amount

(a) (i) On any Business Day prior to December **[21]**, 2017, in the case of a Non-Conduit Purchaser Group, the Related Non-Conduit Purchaser hereby agrees, or in the case of a CP Conduit Purchaser Group, the CP Conduit Purchaser in such CP Conduit Purchaser Group may agree, in its sole discretion, and the Group Bank with respect to such CP Conduit Purchaser hereby agrees, that it will purchase a Series 2017-1 Senior Note for an initial purchase price equal to the Commitment Percentage with respect to such Purchaser Group of the Series 2017-1 Initial Principal Amount upon the request of the Issuer (the date on which the initial purchase occurs being referred to as the "**Closing Date**"); provided, however, that the Issuer shall have given each of the Funding Agents (with a copy to the Indenture Trustee) irrevocable written notice (effective upon receipt), by email communication, substantially in the form of Schedule C no later than 12:00 p.m. (Toronto time) on the second Business Day prior to the Closing Date. The written notice of the initial purchase of the Series

2017-1 Senior Notes shall state (x) the Closing Date, and (y) the initial total purchase price to be paid for the Series 2017-1 Senior Notes (the "**Series 2017-1 Initial Principal Amount**"); and (ii) subject to Section 3.3(e), on any Business Day during the period from the initial purchase of the Series 2017-1 Senior Notes hereunder to and including the Commitment Expiry Date, in the case of a Non-Conduit Purchaser Group, the Related Non-Conduit Purchaser hereby agrees, or in the case of a CP Conduit Purchaser Group, the CP Conduit Purchaser in such CP Conduit Purchaser Group may agree, in its sole discretion, and the Group Bank with respect to such CP Conduit Purchaser hereby agrees that the Purchaser Group Principal Amount with respect to such Purchaser Group may be increased by an amount equal to the Commitment Percentage with respect to such Purchaser Group of the Increase Amount (an "**Increase**"), upon the request of the Issuer (each date on which an increase in the Series 2017-1 Principal Amount occurs hereunder being herein referred to as the "**Increase Date**" applicable to such Increase); provided, however, that the Issuer shall have given the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser (with a copy to the Indenture Trustee) irrevocable (other than as specified in Section 3.3(e)) written notice (effective upon receipt), by email communication, substantially in the form of Schedule C (an "**Increase Notice**") no later than 12:00 p.m. (Toronto time) on (A) with respect to a Deferrable Increase Notice, the third Business Day prior to such Increase Date, or (B) with respect to a Non-Deferrable Increase Notice, the second Business Day prior to such Increase Date. Each Increase Notice shall state (x) the Increase Date, (y) the proposed amount of the increase in the Series 2017-1 Principal Amount (an "**Increase Amount**"), (z) whether a Delayed Funding Notice may be delivered in connection with such Increase pursuant to Section 3.3(e) and whether the Increase is to fund a Transfer (a "**Transfer Increase**") or is in respect of a Refinancing (a "**Refinancing Increase**"). The Commitment Percentage with respect to any Purchaser Group of the Increase Amount set forth in any Non-Deferrable Increase Notice shall not exceed such Purchaser Group's Non-Deferrable Draw Amount as of the related Increase Date.

(b) If a CP Conduit Purchaser elects not to fund the full amount of its Commitment Percentage of a requested Increase, such CP Conduit Purchaser shall notify the Administrative Agent and the Funding Agent with respect to such CP Conduit Purchaser, and the Group Bank with respect to such CP Conduit Purchaser shall fund the portion of the Commitment Percentage with respect to such Related Purchaser Group of such Increase not funded by such CP Conduit Purchaser.

(c) No Purchaser Group shall be required to increase its Purchaser Group Principal Amount on any Increase Date hereunder unless:

(i) such Purchaser Group's Commitment Percentage of such Increase Amount is (A) equal to $1,000,000 or more, or (B) if less than $1,000,000, the difference between the Maximum Purchaser Group Principal Amount with respect to such Purchaser Group and the Purchaser Group Principal Amount with respect to such Purchaser Group; and

(ii) after giving effect to such Increase Amount, the sum of the (x) the Purchaser Group Principal Amount, and (y) any unfunded Delayed Amounts with respect to such Purchaser Group would not exceed the Maximum Purchaser Group Principal Amount with respect to such Purchaser Group;

(d) After receipt by any Funding Agent with respect to a CP Conduit Purchaser Group of any notice required by Section 3.3(a) or permitted by Section 3.3(e) from the Issuer, such Funding Agent shall, so long as the conditions set forth in Sections 3.3(a) and (c) and Article 4 are satisfied, promptly provide notice by email communication to the related CP Conduit Purchaser and the related Group Bank, of the Increase Date and of such CP Conduit Purchaser Group's Commitment Percentage of the Closing Date or Increase Amount, as applicable. Subject to Section 3.3(e), if such CP Conduit Purchaser elects to fund all or a portion of its Commitment Percentage of the Series 2017-1 Initial Principal Amount or the Increase Amount, as applicable, such CP Conduit Purchaser shall pay in immediately available funds its Commitment Percentage (or any portion thereof) of the amount of the Series 2017-1 Initial Principal Amount or Increase Amount, as applicable, on the Closing Date or the related Increase Date, as applicable, to the Funding Agent with respect to such CP Conduit Purchaser Group for remittance to the Issuer for application in accordance with Section 3.3(h). Subject to Section 3.3(e), if such CP Conduit Purchaser does not fund the full amount of the Commitment Percentage of such CP Conduit Purchaser Group of the Series 2017-1 Initial Principal Amount or an Increase Amount, as applicable, and the related Group Bank is required to fund the portion thereof not funded by the CP Conduit Purchaser, such Group Bank shall pay in immediately available funds such portion on the Closing Date or the related Increase Date, as applicable, to the Funding Agent with respect to such CP Conduit Purchaser Group. Each Funding Agent shall remit the amounts received by it from its CP Conduit Purchaser or the related Group Bank pursuant to this Section 3.3(d) to the Issuer for application in accordance with Section 3.3(h). Subject to Section 3.3(e), so long as the conditions set forth in Sections 3.3(a) and (c) and Article 4 are satisfied, each Non-Conduit Purchaser shall pay in immediately available funds the Commitment Percentage of such Non-Conduit Purchaser of the amount of the Series 2017-1 Initial Principal Amount or Increase Amount, as applicable, on the Closing Date or the Increase Date, as applicable, to the Issuer for application in accordance with Section 3.3(h).

(e) Notwithstanding any of the foregoing, any Group Bank or Non-Conduit Purchaser may, upon receipt of any Deferrable Increase Notice pursuant to Section 3.3(a), notify the Issuer in writing (a "**Delayed Funding Notice**") on or prior to 12:00 noon (Toronto time) on the second Business Day preceding the related Increase Date, of its intent to fund an amount up to its Commitment Percentage of the related Increase Amount (such amount, subject to any adjustment described below, the "**Delayed Amount**") on a Business Day that is on or before the thirty-third (33rd) day following the Increase Date specified in such Deferrable Increase Notice (the "**Delayed Funding Date**") rather than on such Increase Date. If any Group Bank or Non-Conduit Purchaser provides a Delayed Funding Notice to the Issuer following the Issuer's delivery of an Increase Notice pursuant to Section 3.3(a), the

Issuer may with written notice to the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser delivered prior to 3:00 pm on the second Business Day preceding such Increase Date, (x) decrease the Increase Amount with respect to such Deferrable Increase Notice (or revoke such Deferrable Increase Notice by decreasing the Increase Amount to zero), and/or (y) require any Group Bank or Non-Conduit Purchaser who has provided a Delayed Funding Notice to reduce the Delayed Amount with respect to such Increase by an amount no greater than the Non-Deferrable Draw Amount with respect to such Purchaser Group as of the related Increase Date. In the event that the Increase Amount with respect to such Deferrable Increase Notice is reduced, but not to zero, then any Delayed Amount with respect to any Purchaser Group shall be reduced on a pro rata basis unless otherwise specified by the Issuer pursuant to clause (y) above. No Purchaser Group that has provided a Delayed Funding Notice in respect of an Increase (each a "**Delayed Funding Purchaser Group**") shall be considered to be in default of its obligation to fund its Delayed Amount pursuant to this Section 3.3 unless and until it has failed to fund the Delayed Amount (and/or the Delayed Funding Reimbursement Amount with respect to such Delayed Amount) on or before the Delayed Funding Date.

(f) If (i) one or more Delayed Funding Purchaser Groups provides a Delayed Funding Notice to the Issuer in respect of any Increase Date; and (ii) the Issuer shall not have decreased the related Increase Amount to zero or required each such Delayed Funding Purchaser Group to reduce the Delayed Amount with respect to such Increase to zero, in each case, pursuant to Section 3.3(e), the Administrative Agent shall, by no later than 5:00 p.m. (Toronto time) on the second Business Day preceding such Increase Date, direct each Purchaser Group that is not a Delayed Funding Purchaser Group with respect to such Increase Date (each a "**Non-Delayed Funding Purchaser Group**") to fund an additional portion of such Increase Amount on such Increase Date equal to such Non-Delayed Funding Purchaser Group's proportionate share (based upon the Maximum Purchaser Group Principal Amount with respect to such Non-Delayed Funding Purchaser Group relative to the sum of the Maximum Purchaser Group Principal Amounts with respect to all Non-Delayed Funding Purchaser Groups) of the aggregate Delayed Amounts with respect to such Increase Date; provided that no Non-Delayed Funding Purchaser Group shall be required to fund any portion of the aggregate Delayed Amounts that would cause its Purchaser Group Principal Amount to exceed its Maximum Purchaser Group Principal Amount. Subject to Section 3.3(a), in the case of a Non-Delayed Funding Purchaser Group that is a Non-Conduit Purchaser, such Non-Conduit Purchaser hereby agrees, or, in the case of a Non-Delayed Funding Purchaser Group that is a CP Conduit Purchaser Group, the CP Conduit Purchaser in such CP Conduit Purchaser Group may agree, in its sole discretion, and the Group Bank in such CP Conduit Purchaser Group hereby agrees, to fund such portion of the Increase Amount on such Increase Date.

(g) After the Non-Delayed Funding Purchaser Groups fund a Delayed Amount on any Increase Date in accordance with Section 3.3(f), the Delayed Funding Purchaser Group in respect of such Delayed Amount will be obligated to fund the Delayed

Funding Reimbursement Amount with respect to such Delayed Amount on or before its Delayed Funding Date, irrespective of whether the Scheduled Commitment Expiry Date shall have occurred on or prior to such Delayed Funding Date or the Issuer would be able to satisfy the conditions set forth in Section 3.3(c) to an Increase in an amount equal to such Delayed Funding Reimbursement Amount on such Delayed Funding Date. Such Delayed Funding Purchaser Group shall fund such Delayed Funding Reimbursement Amount on such Delayed Funding Date by paying such amount in immediately available funds to each such Non-Delayed Funding Purchaser Group, *pro rata* based on the relative amount of such Delayed Amount funded by such Non-Delayed Funding Purchaser Group on such Increase Date pursuant to Section 3.3(f).

(h) The Issuer shall apply amounts paid to it pursuant to Sections 3.3(d) and 3.3(f) by application to payment of the purchase price payable by the Issuer to the IESO under the Master Transfer and Servicing Agreement in respect of a Transfer or by deposit to the Refinancing Account.

3.4 Procedure for Decreasing the Series 2017-1 Principal Amount; Optional Termination

(a) In the case of a Non-Conduit Purchaser Group, the Related Non-Conduit Purchaser hereby agrees, and in the case of a CP Conduit Purchaser Group, each of the CP Conduit Purchasers and the Group Bank in such CP Conduit Purchaser Group hereby agrees, that the Purchaser Group Principal Amount with respect to such Purchaser Group may be decreased on any Payment Date by such Purchaser Group's Commitment Percentage of a Decrease Amount (a "**Decrease**"), upon the request of the Issuer. Each Payment Date on which a Decrease in the Series 2017-1 Principal Amount occurs hereunder being herein referred to as the "**Decrease Date**" applicable to such Decrease; provided, however, that the Issuer shall have given the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser (with a copy to the Indenture Trustee and DBRS) irrevocable written notice (effective upon receipt), by email communication, substantially in the form of Schedule D (a "**Decrease Notice**") no later than 12:00 p.m. (Toronto time) on the fifth Business Day prior to any Payment Date that is a Decrease Date; provided that if the Decrease is greater than $250,000,000, the Decrease Notice shall, subject to the second following sentence, be provided no later than 12:00 p.m. (Toronto time) on the 45th day prior to any Payment Date that is a Decrease Date. If a Decrease Notice with respect to a Decrease of $250,000,000 or more is not provided prior to the 45th day preceding the related Payment Date, the Issuer shall be required to pay to each Funding Agent any Breakage Costs incurred by any of its related CP Conduit Purchasers with respect to such Decrease on the related Payment Date. Each Decrease Notice shall state (x) the Decrease Date, and (y) the proposed amount of the decrease in the Series 2017-1 Principal Amount (a "**Decrease Amount**").

(b) Upon each Decrease, the Administrative Agent shall indicate in its records such Decrease and the Purchaser Group Principal Amount outstanding with respect to each Purchaser Group after giving effect to such Decrease.

(c) On any Business Day, the Issuer shall have the right to deliver an irrevocable written notice (an "**Optional Termination Notice**") to the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser (with a copy to DBRS) in which the Issuer declares that the Commitments shall terminate on the date (the "**Optional Termination Date**") set forth in such notice (which date, in any event, shall be a Payment Date not less than twenty (20) Business Days from the date on which such notice is delivered).

3.5 Increases and Reductions of the Commitments

(a) The Issuer may from time to time request that any Purchaser Group agree to increase its Maximum Purchaser Group Principal Amount. An increase in such amount shall be effective hereunder if such Purchaser Group shall have agreed in its sole discretion to such increase and the Rating Agency Condition has been satisfied with respect thereto.

(b) On any Business Day, the Issuer may, upon two (2) Business Days' prior written notice to the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser (effective upon receipt) (with copies to the Indenture Trustee) reduce the Series 2017-1 Maximum Principal Amount in an amount equal to $10,000,000 or a whole multiple of $1,000,000 in excess thereof; provided that no such termination or reduction shall be permitted if, after giving effect thereto and to any reduction in the Series 2017-1 Principal Amount on such date, the Purchaser Group Principal Amount with respect to any Purchaser Group would exceed the Maximum Purchaser Group Principal Amount with respect to such Purchaser Group then in effect. Any reduction in the Series 2017-1 Maximum Principal Amount shall be made on a pro rata basis to the Maximum Purchaser Group Principal Amounts with respect to the Purchaser Groups, based on the Maximum Purchaser Group Principal Amount with respect to each Purchaser Group. Once reduced, the Maximum Purchaser Group Principal Amounts may not be subsequently reinstated without each such Purchaser Group's prior written consent, which consent shall be granted or not in the sole discretion of such Purchaser Group, and with written notice to DBRS.

(c) The Issuer may extend the Scheduled Commitment Expiry Date only with the prior written consent of the Administrative Agent, each Non-Conduit Purchaser and each Funding Agent, and satisfaction of the Rating Agency Condition. Any request for an extension of the Scheduled Commitment Expiry Date by the Issuer shall be made pursuant to a written request (a "**Commitment Extension Request**") to the Administrative Agent, each Non-Conduit Purchaser and each Funding Agent, and such request shall specify the proposed dates and amounts that shall constitute the "Principal Accumulation Date", "Principal Payment Amounts" and "Principal Payment Default Dates" with respect to such extension.

3.6 Interest; Fees and Other Amounts

(a) Interest shall be payable on the Series 2017-1 Senior Notes on each Payment Date.

(b) The Issuer shall pay to each CP Conduit Purchaser Group and each Non-Conduit Purchaser, on each Payment Date, a commitment fee with respect to the preceding Interest Period (the "**Commitment Fee**") during the period from the Closing Date to and including the Commitment Expiry Date in an amount equal to the sum of the following amounts calculated for each day during such Interest Period: (x) the Commitment Fee Rate, multiplied by (y) the amount by which Maximum Purchaser Group Principal Amount with respect to such Purchaser Group on such day exceeds the Purchaser Group Principal Amount with respect to such Purchaser Group on such day, and divided by (z) 365. The Commitment Fees shall be payable monthly in arrears on each Payment Date.

(c) The Funding Agent with respect to each CP Conduit Purchaser Group and each Non-Conduit Purchaser shall provide written notice to the Issuer and the Paying Agent no later than five (5) Business Days prior to each Payment Date, setting forth the Group Monthly Interest and the Group Monthly Fees and Other Amounts with respect to its Related Purchaser Group with respect to the Payment Date.

(d) The Monthly Interest shall be included in each calculation of the Interest Accrual Amount (Senior) for the purposes of Section 7.04(e)(iii) of the Trust Indenture and shall be payable pursuant to Sections 7.05(a), 7.06(a), 7.07, 7.10(b) or 8.13(c) of the Trust Indenture, as applicable. On each Payment Date, the Monthly Fees and Other Amounts shall be payable in respect of the Series 2017-1 Senior Notes pursuant to Sections 7.04(e)(viii), 7.10(b) or 8.13(c) of the Trust Indenture, as applicable. On each Interest Payment Date or Payment Date, as applicable, the Paying Agent shall, subject to availability of funds, pay to each CP Conduit Purchaser Group and each Non-Conduit Purchaser its Group Monthly Interest and its Group Monthly Fees and Other Amounts with respect to the Payment Date; provided that if the amounts available to pay such Group Monthly Interest and Group Monthly Fees and Other Amounts are insufficient, the amounts available shall be paid *pro rata* based on the amounts owing to each Purchaser Group.

3.7 Repayment of Principal

Each Payment Date where the Principal Payment Amount is not nil shall be a Principal Payment Date in respect of the Series 2017-1 Senior Notes. On each Principal Payment Date in respect of the Series 2017-1 Senior Notes, the Paying Agent shall pay to each Non-Conduit Purchaser and each Funding Agent with respect to its Related Purchaser Group, such Purchaser Group's Pro Rata Share of the Principal Payment Amount for such Principal Payment Date out of funds allocated to the Series 2017-1 Senior Notes pursuant to Sections 7.04(e)(vi), 7.06(b)(i), 7.08(b)(i), 7.10(b) or 8.13(f) of the Trust Indenture, as applicable, in repayment of the principal amount of the Series 2017-1 Senior Notes.

3.8 Indemnification by the Issuer

The Issuer agrees to indemnify and hold harmless the Indenture Trustee, the Administrative Agent, each Funding Agent, each CP Conduit Purchaser, the Group Bank, each Non-Conduit Purchaser and each of their respective officers, directors, agents and employees (each, an "**Issuer Indemnified Person**") from and against any loss, liability, expense, damage or injury suffered or sustained by such Issuer Indemnified Person by reason of (a) any acts, omissions or alleged acts or omissions arising out of, or relating to, activities of the Issuer pursuant to the Program Agreements to which it is a party; (b) a breach of any representation or warranty made or deemed made by the Issuer (or any of its officers) in any Program Agreement; or (c) a failure by the Issuer to comply with any applicable law or regulation or to perform its covenants, agreements, duties or obligations required to be performed or observed by it in accordance with the provisions of the Program Agreements, including, but not limited to, any judgment, award, settlement, reasonable attorneys' fees and other reasonable costs or expenses incurred in connection with the defense of any actual or threatened action, proceeding or claim, except to the extent such loss, liability, expense, damage or injury resulted from the gross negligence, bad faith or willful misconduct of such Issuer Indemnified Person or its officers, directors, agents, principals, employees or employers as determined by a court of competent jurisdiction in a final non-appealable judgement or includes any Excluded Taxes; provided that any payments made by the Issuer pursuant to this Section 3.8 shall be made solely from funds available pursuant to Section 7.04 or 8.13 of the Trust Indenture, as applicable, shall be non-recourse other than with respect to such funds, and shall not constitute a claim against the Issuer to the extent that such funds are insufficient to make such payment.

3.9 Funding Agents

(a) The Funding Agent with respect to each CP Conduit Purchaser Group is hereby authorized to determine the Group Monthly Interest and Group Monthly Fees and Other Amounts with respect to each Payment Date and such CP Conduit Purchaser Group. Any such determination by a Funding Agent, absent manifest error, shall constitute prima facie evidence of the accuracy of the calculation. Furthermore, the Funding Agent with respect to each CP Conduit Purchaser Group will maintain records sufficient to identify the percentage interest of the related CP Conduit Purchaser and the Group Bank with respect to such CP Conduit Purchaser Group holding an interest in the Series 2017-1 Senior Note registered in the name of such Funding Agent and any amounts owing thereunder.

(b) Upon receipt of funds on each Payment Date, each Funding Agent shall pay such funds to the related CP Conduit Purchaser and/or the related Group Bank owed such funds. If a Funding Agent shall have paid to any CP Conduit Purchaser or Group Bank any funds that (i) must be returned for any reason (including bankruptcy); or (ii) exceeds that which such CP Conduit Purchaser or Group Bank was entitled to receive, such amount shall be promptly repaid to such Funding Agent by such CP Conduit Purchaser or Group Bank.

3.10 Taxes

(a) All payments by or on account of any obligation of the Issuer hereunder shall, to the extent allowed by law, be made free and clear of, and without deduction or withholding for or on account of Taxes, excluding (i) income taxes (including branch profit taxes, minimum taxes and taxes computed under alternative methods, at least one of which is based on or measured by net income), franchise taxes (imposed in lieu of income taxes), or any other Taxes based on or measured by the net income of any person legally entitled to receive such payments (each a "**Recipient**") as a result of a present or former connection between the Recipient and the jurisdiction of the Governmental Authority imposing such Taxes (other than any such connection arising solely from the Recipient having executed, delivered or performed its obligations or received a payment under, disposed of, or enforced, this Supplemental Indenture); (ii) any withholding or deduction imposed pursuant to (A) Sections 1471 to 1474 of the U.S. Internal Revenue Code of 1986, as amended ("**FATCA**"), or any successor version thereof, or any similar legislation imposed by any other Governmental Authority, or (B) any treaty, law or regulation or other official guidance enacted by Canada implementing FATCA or any intergovernmental agreement with respect to FATCA or any similar legislation imposed by any other Governmental Authority, including, for greater certainty, the Canada-United States Enhanced Tax Information Exchange Agreement Implementation Act (Canada) and Parts XVIII and XIX of the Income Tax Act (Canada), as amended (collectively, and including FATCA, the "**AEOI Legislation**"); and (iii) any interest, penalties and additions to Taxes in respect of (i) and (ii) (all such excluded Taxes being hereinafter called "**Excluded Taxes**"). If any Taxes, other than Excluded Taxes, are required to be withheld from any amounts payable to a Recipient hereunder, the amounts so payable to the Recipient shall be increased, and the Recipient shall be entitled to be paid by the Issuer the amount of such increase to the extent necessary to yield to the Recipient (after payment of all such Taxes other than Excluded Taxes) interest or any such other amounts payable hereunder or thereunder at the rates or in the amounts specified hereunder. Where the amount payable by the Issuer is increased in accordance with the previous sentence, the Group Monthly Interest shall be increased by the amount of such increase. Whenever any Taxes are payable on or with respect to amounts distributed to a Recipient, as promptly as possible thereafter the Issuer shall send to such Recipient a certified copy of an original official receipt showing payment thereof.

(b) If a payment by or on account of any obligation of the Issuer hereunder would be subject to withholding Taxes under any AEOI Legislation if the Recipient were to fail to comply with the applicable reporting requirements of any AEOI Legislation, such Recipient shall deliver to the Issuer at the time or times prescribed by law and at such time or times reasonably requested by the Issuer such documentation prescribed by applicable law and such additional documentation reasonably requested by the Issuer as may be necessary for the Issuer to comply with its obligations under any AEOI Legislation and to determine that such Recipient has complied with its obligations under any AEOI Legislation, or to determine the

amount to deduct and withhold from such payment. If any form or certification it previously delivered by a Recipient expires or becomes obsolete or inaccurate in any respect, the Recipient shall update such form or certification or promptly notify the Issuer in writing of its legal inability to do so.

(c) If a Recipient is legally entitled to receive a refund of any Taxes (other than Excluded Taxes) as to which it has been indemnified or with respect to which additional amounts have been paid to it hereunder or it is legally entitled to receive a credit or deduction with respect to such Taxes or with respect to such additional amounts that have been paid hereunder (in each case pursuant to Section 3.10(a)), it shall use commercially reasonable efforts to obtain or claim such refund, credit or deduction and pay over such refund or the value of such credit or deduction to the Issuer, together with any interest thereon.

3.11 Increased Costs

(a) (i) If any Regulatory Change (x) subjects any Affected Party to any charge or withholding on or with respect to any Support Facility or this Supplemental Indenture or an Affected Party's obligations under a Support Facility or this Supplemental Indenture, or changes the basis of taxation of payments to any Affected Party of any amounts payable under any Support Facility or this Supplemental Indenture Agreement (except for changes in the rate of tax on the overall net income of an Affected Party or Excluded Taxes) or (y) imposes, modifies or deems applicable any reserve, assessment, fee, tax, insurance charge, special deposit or similar requirement against assets of, deposits with or for the account of, or liabilities of an Affected Party, or credit extended by an Affected Party pursuant to a Support Facility or this Supplemental Indenture or (z) imposes any other condition the result of which is to increase the cost to an Affected Party of performing its obligations under a Support Facility or this Supplemental Indenture, or to reduce the rate of return on an Affected Party's capital or assets as a consequence of its obligations under a Support Facility or this Supplemental Indenture, or to reduce the amount of any sum received or receivable by an Affected Party under a Support Facility or this Supplemental Indenture, or to require any payment calculated by reference to the amount of interests or loans held or interest received by it, then, upon written request by such Affected Party (through the Funding Agent for its Purchaser Group if the Affected Party is a Program Support Provider, CP Conduit Purchaser or Group Bank) to the Issuer, such Affected Party (through the Funding Agent for its Purchaser Group if the Affected Party is a Program Support Provider, CP Conduit Purchaser or Group Bank) shall be entitled to be paid such amounts charged to such Affected Party or such amounts to otherwise compensate such Affected Party for such increased cost or such reduction following a receipt by the Issuer of such request for compensation under this Section 3.11(a)(i), which payment shall be made on the earlier of (i) the first Payment Date on which amounts are available to pay such amounts pursuant to Section 7.04(e) of the Trust Indenture (provided that such request is received by the Issuer no later than five (5) Business Days prior to the end of the Interest Period

related to such Payment Date), and (ii) the twelfth Payment Date following such request.

(ii) The Issuer acknowledges that any Affected Party may implement, as an internal institutional matter, measures in anticipation of a final or proposed Regulatory Change (including, without limitation, the imposition of internal charges on such Affected Party's interest or obligations under any Support Agreement or this Supplemental Indenture) and may commence recognizing the incurrence of charges by seeking compensation under Section 3.11(a)(i) in connection with such measures, in advance of the effective date of such final or proposed Regulatory Change, and the Issuer agrees that such charges or compensation shall be payable, to the related Funding Agent, for the benefit of Affected Party, following demand therefor without regard to whether such proposed Regulatory Change has been adopted or whether such effective date has occurred; provided, that (I) the Affected Party shall provide thirty (30) days prior written notice to the Issuer of its intent to impose or incur any such charges or compensation, (II) an Affected Party shall not be compensated for any such amount pursuant to this subsection 3.11(a)(ii) relating to any period ending, and of which such Affected Party has had knowledge, more than 180 days prior to the date that such Affected Party provided the Issuer with the written notice contemplated by the preceding clause (I) of this subsection 3.11(a)(ii), (III) if, after the payment by the Trust of any charges or compensation pursuant to this subsection 3.11(a)(ii), either (A) the Issuer requests in writing that the applicable Affected Party re-compute any such charge or compensation in light of differences between a proposed Regulatory Change and the final effective version thereof or (B) the applicable Affected Party determines that the amount of the charge imposed on and required to be compensated by the Issuer exceeds the amount necessary to compensate it for the applicable Regulatory Change as contemplated by subsection 3.11(a)(i), then (x) the amount of such charge or compensation shall, from and after such determination, be reduced by the amount of such excess and (y) such Affected Party shall, within thirty (30) days of such determination, either repay the amount of such excess or credit the amount of such excess against future charges under this subsection 3.11(a)(ii). The Issuer further acknowledges that any charge or compensation demanded hereunder may take the form of a monthly charge to be assessed by such Affected Party.

(b) Each Affected Party claiming increased amounts described in subsection 3.11(a) of this Supplemental Indenture will furnish to the Issuer (together with its request for compensation) a certificate prepared in good faith setting forth the basis and the calculation of the amount (in reasonable detail) of each request by such Affected Party for any such increased amounts referred to in subsection 3.11(a) hereof. Any such certificate shall be conclusive absent manifest error. Failure on the part of any Affected Party to demand compensation for any amount pursuant to subsection 3.11(a) hereof with respect to any period shall not constitute a waiver of such Affected Party's right to demand compensation with respect to such period.

ARTICLE 4
CONDITIONS PRECEDENT

4.1 Conditions Precedent to Initial Purchase of Series 2017-1 Senior Notes

On or prior to the initial purchase of Series 2017-1 Senior Notes hereunder, the following conditions precedent shall be satisfied:

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

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

(c) The Administrative Agent and each of the Funding Agents shall have received:

(i) executed copies of the Fee Letter and this Supplemental Indenture, and copies of each of the Trust Indenture, Declaration of Trust, the Management Agreement, the Master Transfer and Servicing Agreement, the Indemnity Agreement, the IESO Security Agreement, the Change of Law Protection Agreement and the Change of Law Process Agreement dated December **[21]**, 2017 between the Province and OPG, certified by an Authorized Officer of the Issuer;

(ii) certificates of status or compliance or other similar documents issued by the applicable governmental authority to evidence that each of the Issuer Trustee and the Manager is validly existing pursuant to the laws of the jurisdiction of their respective establishment or incorporation;

(iii) a copy of the incorporating documents and all amendments thereto and applicable by-laws of each of the Issuer Trustee, the IESO and the Manager certified by an Authorized Officer of the applicable entity, as applicable;

(iv) copies of resolutions of the board of directors of the IESO and the Manager approving and authorizing the execution, delivery and performance of each Program Agreement they are party to, in each case certified by an Authorized Officer of the applicable entity;

(v) incumbency certificates for each of the Issuer Trustee, the Manager and the IESO executing this Supplemental Indenture and any other Program Agreements and the other documents to be delivered by either the Issuer Trustee, the Manager or the IESO thereunder, in each case showing their names, offices and specimen signatures on which certificates the

Administrative Agent and the Purchaser Groups shall be entitled to conclusively rely until such time as the Administrative Agent and the Funding Agents receive a replacement certificate meeting the requirements of this Section 4.1(b)(vi);

(vi) the following Opinions of Counsel:

(A) the opinion of external counsel to the Manager as to the non-consolidation of the Issuer with the Manager in the event of the insolvency of the Manager in form and substance satisfactory to the Administrative Agent and the Funding Agents;

(B) the opinion of external counsel to the IESO as to the Investment Asset acquired by the Issuer not being subject to the claims of creditors of the IESO in form and substance satisfactory to the Administrative Agent and the Funding Agents;

(C) favourable opinions of external counsel to the Manager covering general corporate matters, the due execution and delivery of, and the enforceability of, each of the Program Agreements to which the Manager, the Issuer and the Issuer Trustee are party which opinion, as to certain matters, may rely on opinion of internal counsel to the Manager and the Issuer Trustee; and

(D) a favourable opinion of external counsel to the Province with respect to the due authorization, execution, delivery and enforceability of the Change of Law Protection Agreement in form and substance satisfactory to the Administrative Agent and the Funding Agents;

(vii) a certificate of an Authorized Officer of the Manager confirming that the representations and warranties set forth in Section 12.01 of the Trust Indenture and Section 5.1 of this Supplemental Indenture are true and correct in all material respects, that the Issuer is in compliance in all material respects with all of its covenants and obligations under the Program Agreements to which it is a party and that no Termination Event has occurred; and

(viii) such additional documents, instruments, certificates or letters as the Administrative Agent or any Funding Agent may reasonably request.

(d) The representations and warranties set forth in Section 12.01 of the Trust Indenture and Section 5.1 of this Supplemental Indenture shall be true and correct in all material respects, the Issuer shall be compliance in all material respects with all of its covenants and obligations under the Program Agreements to which it is a party and no Termination Event shall have occurred.

(e) The Series 2017-1 Senior Notes shall have been duly issued in accordance with the Trust Indenture and each Funding Agent and Non-Conduit Purchaser shall have

received its Series 2017-1 Senior Note registered in its name or a nominee in a face amount equal to its Maximum Purchaser Group Principal Amount.

(f) All fees payable on or before the Closing Date pursuant to the Fee Letter shall have been paid in full (or arrangements satisfactory to the Administrative Agent and the Funding Agents have been made).

(g) The Rating Agency Condition shall have been satisfied in respect of the initial purchase.

4.2 Conditions Precedent to each Increase under Series 2017-1 Senior Notes

On or prior to each Increase, the following conditions precedent shall be satisfied:

(a) the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser shall have received an Increase Notice;

(b) no Termination Event shall have occurred or would occur after giving effect to such Increase;

(c) the Increase Date in respect of the Increase is prior to the Commitment Expiry Date;

(d) if the Increase is identified as a Transfer Increase in the Increase Notice, then the related Transfer under the Master Transfer and Servicing Agreement shall have been completed or contemporaneously completed;

(e) after giving effect to the Increase, the Rating Agency Condition will be satisfied if so required;

(f) after giving effect the Increase, the aggregate of the amounts on deposit in the Program Cash Reserve Account and the IESO Cash Reserve Account shall be equal to or greater than the sum of:

(i) the Program Cash Reserve Required Amount,

plus

(ii) an amount equal to the sum of (x) the amount originally determined under clause (b) of the definition of IESO Cash Reserve Deposit Amount in the Trust Indenture, less any amounts withdrawn from the IESO Cash Reserve Account to pay any obligations secured described in Subsections 7.04(e)(i) through (v) of the Trust Indenture prior to the date of such Increase, and (y) to the extent the amount originally determined under clause (b) of the definition of IESO Cash Reserve Deposit Amount in the Trust Indenture was not determined in a manner which included the amount of such Increase, an amount estimated by the Manager, acting reasonably, equal to the additional Monthly Interest payable with respect to such Increase up to and including the Payment Date in July, 2021.

(g) there shall have been no reduction or withdrawal of any credit rating previously provided by any Rating Agency in respect of any outstanding Series of Senior Funding Obligations;

(h) after giving effect to such Increase, the aggregate Outstanding Dollar Principal Amount of Subordinated Funding Obligations and Junior Subordinated Funding Obligations will not be less than 35% of the aggregate Outstanding Dollar Principal Amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations; and

(i) the Indenture Trustee shall have received (i) the adherence compliance certificate required pursuant to Section 4.02(a) of the Change of Law Protection Agreement with respect to such Increase, or (B) written confirmation from the Province that the Funding Obligations incurred under this Supplemental Indenture with respect to such Increase constitute Approved Obligations.;

The Issuer's acceptance of funds in connection with each Increase occurring on any Increase Date shall constitute a representation and warranty by the Issuer to the Administrative Agent and the Purchaser Groups as of such Increase Date that all of the conditions contained in Section 3.3(a) and this Section 4.2 are satisfied.

ARTICLE 5
REPRESENTATIONS AND WARRANTIES

5.1 Representations and Warranties of the Issuer

The Issuer hereby represents and warrants to the Administrative Agent and the Purchaser Groups as of the Closing Date, and shall be deemed to represent and warrant to the Administrative Agent and the Purchaser Groups on each Increase Date, that:

(a) no Termination Event has occurred or would result from the initial purchase of the Issuer Investment Interest on the Closing Date or any increase in the Issuer Investment Interest on an Increase Date, as applicable;

(b) the Issuer Trustee and the Issuer are not Non-residents;

(c) all tax returns (federal, provincial and local) required to be filed with respect to the Issuer have been filed and there has been paid or adequate provision made for the payment of all material Taxes in respect of the Issuer;

(d) the Issuer has complied in all material respects with all laws in respect of the conduct of its business and ownership of its property including the Issuer Investment Interest;

(e) all information provided to the Administrative Agent and the Purchaser Groups by or on behalf of the Issuer in respect of the Issuer Investment Interest is and will be true and accurate in all material respects; and

(f) to its knowledge, there is no set of circumstances existing at such time that will have an Adverse Effect or will reasonably be expected to have an Adverse Effect.

5.2 Representations and Warranties of the Purchasers

Each Purchaser Group member represents and warrants to the Issuer as of the Closing Date, and shall be deemed to represent and warrant to the Issuer on each Increase Date, that:

(a) it is resident in Ontario or is otherwise subject to the securities legislation of the Province of Ontario;

(b) it is purchasing the applicable Series 2017-1 Senior Notes (i) as principal for its own account and not for the benefit of any other "person" (as defined in the *Securities Act* (Ontario)) or company; and (ii) for cash consideration in excess of $150,000; and

(c) it was not created and is not being used solely to purchase or hold securities in reliance on the exemption from the prospectus and dealer registration requirements contained in Section 2.10 of National Instrument 45-106 − Prospectus and Registration Exemptions.

5.3 Survival

The representations and warranties set out in this Article 5 shall survive the execution hereof.

ARTICLE 6
COVENANTS

6.1 Covenants of the Issuer

(a) The Issuer shall promptly provide to the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser (in multiple copies if requested) copies of all material reports, notices, financial statements and other documents delivered by the IESO to the Issuer with respect to the Issuer Investment Interest or pursuant to the Master Transfer and Servicing Agreement.

(b) The Issuer shall provide to the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser (in multiple copies, if requested) such other information, documents, records or reports respecting the Issuer Investment Interest, the Issuer or the IESO which is in the possession or under the control of the Issuer or the Manager, as the Administrative Agent, a Funding Agent or a Non-Conduit Purchaser may from time to time reasonably request, including any correspondence with a Rating Agency.

(c) The Issuer shall furnish to the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser promptly after known to the Issuer or the Manager, information with respect to any action, suit or proceeding involving the Manager,

the Issuer or the IESO or any of their respective Affiliates by or before any court or any Governmental Authority which, if adversely determined, would have an Adverse Effect.

(d) The Issuer will not make any amendments to the Funding Obligation Agreements governing any outstanding Subordinated Funding Obligations or Junior Subordinated Funding Obligations without the prior written consent of the Requisite Series 2017-1 Noteholders.

(e) The Issuer will not make any amendments to any of the Program Agreements without the prior written consent of all of the Series 2017-1 Noteholders.

(f) The Issuer will provide prompt notice to the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser of any amendments to the Change of Law Process Agreement dated December **[21]**, 2017 between the Province and OPG.

(g) The Issuer will not hold or own, directly or indirectly, any share or equity security of, or any equity interest in, any Person.

(h) The Issuer confirms that this Supplemental Indenture is a Warehouse Facility Agreement. The Issuer will not enter into any other Warehouse Facility Agreement creating Senior Funding Obligations without the prior written consent of the Requisite Series 2017-1 Noteholders unless the Commitment Expiry Date has occurred.

(i) The Issuer will not enter into any Funding Obligation Agreement (other than a Credit Enhancement Agreement or Derivative Agreement or a Warehouse Facility Agreement for Subordinated Funding Obligations or Junior Subordinated Funding Obligations) in respect of any Funding Obligation that has a Principal Payment Date prior to May 1, 2022.

(j) Each issuance of Senior Funding Obligations completed on or after the Commitment Expiry Date shall be treated by the Issuer as a Refinancing with the proceeds thereof (net of expenses incurred in connection with such issuance and amounts required to be deposited in Issuer Accounts in accordance with the Program Agreements) applied to effect Decreases hereunder until such time as the Series 2017-1 Principal Amount has been reduced to zero.

(k) Upon the request of the Administrative Agent or any Funding Agent at any time after January 1, 2022, the Issuer shall request, not more than once per year (except following and during the continuance of a Termination Event, when the Administrative Agent or any Funding Agent may request as frequently as once per month), the Issuer will, at its expense, appoint Ernst &Young LLP, or another independent public accounting firm selected by the Issuer with the consent of such the Administrative Agent or such Funding Agent (such consent not to be unreasonably withheld), to prepare and deliver to each Funding Agent a written report, on a scope and in a form reasonably requested by the Administrative Agent or the Funding Agent making such request, to provide assurances to the Funding

Agents that the information certified on each Monthly Report is accurate in all material respects.

ARTICLE 7
ACCELERATION

7.1 Acceleration of Series 2017-1 Principal Amount

If a Series 2017-1 Event of Default occurs and is continuing, then and in each and every such case, and without regard to whether all Issuer Funding Obligations have been declared due and payable immediately pursuant to Section 8.02(a) of the Trust Indenture, any Purchaser Group may by notice in writing to the Issuer and to the Indenture Trustee declare the Series 2017-1 Principal Amount and all interest accrued and unpaid (if any) thereon to be due and payable immediately, and upon any such declaration the same will become and will be immediately due and payable, notwithstanding anything in this Supplemental Indenture or the Trust Indenture to the contrary.

ARTICLE 8
AGENTS

8.1 Administrative Agent

(a) Each of the Non-Conduit Purchasers, CP Conduit Purchasers, the Group Banks and the Funding Agents hereby irrevocably designates and appoints the Administrative Agent as the agent of such Person under this Supplemental Indenture and irrevocably authorizes the Administrative Agent, in such capacity, to take such action on its behalf under the provisions of this Supplemental Indenture and to exercise such powers and perform such duties as are expressly delegated to the Administrative Agent by the terms of this Supplemental Indenture, together with such other powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Supplemental Indenture, the Administrative Agent shall not have any duties or responsibilities except those expressly set forth herein, or any fiduciary relationship with any Non-Conduit Purchaser, any CP Conduit Purchaser, any Group Bank or any Funding Agent, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Supplemental Indenture or otherwise exist against the Administrative Agent.

(b) The Administrative Agent may execute any of its duties under this Supplemental Indenture by or through agents or attorneys in fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. The Administrative Agent shall not be responsible for the negligence or misconduct of any agents or attorneys-in-fact selected by it with reasonable care.

(c) Neither the Administrative Agent nor any of its officers, directors, employees, agents, attorneys in fact or Affiliates shall be (i) liable for any action lawfully taken or omitted to be taken by it or such Person under or in connection with the Trust Indenture, this Supplemental Indenture or any other Program Agreement (except to

the extent that any of the foregoing are found by a final and non-appealable decision of a court of competent jurisdiction to have resulted from its or such Person's own gross negligence or willful misconduct) or (ii) responsible in any manner to any of the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks or the Funding Agents for any recitals, statements, representations or warranties made by the Issuer, the IESO, the Manager or any officer thereof contained in this Supplemental Indenture or any other Program Agreement or in any certificate, report, statement or other document referred to or provided for in, or received by the Administrative Agent under or in connection with, this Supplemental Indenture or any other Program Agreement or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Supplemental Indenture, any other Program Agreement, or for any failure of any of the Issuer, the Manager or the IESO to perform its obligations hereunder or thereunder. The Administrative Agent shall not be under any obligation to any Non-Conduit Purchaser, any CP Conduit Purchaser, any Group Bank or any Funding Agent to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Supplemental Indenture, any other Program Agreement or to inspect the properties, books or records of the Issuer, the Manager or the IESO.

(d) The Administrative Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, resolution, notice, consent, certificate, affidavit, letter or electronic message, statement, order or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including, without limitation, counsel to the Issuer, the Manager or the IESO), independent accountants and other experts selected by the Administrative Agent.

(e) The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Termination Event unless the Administrative Agent has received written notice from a Non-Conduit Purchaser, a CP Conduit Purchaser, a Group Bank, a Funding Agent, the Issuer or the Manager referring to the Trust Indenture or this Supplemental Indenture, describing such Termination Event and stating that such notice is a "notice of a Termination Event". In the event that the Administrative Agent receives such a notice, the Administrative Agent shall give notice thereof to DBRS, the Non-Conduit Purchasers, the Funding Agents, the Issuer Trustee and the Manager.

(f) Each of the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks and the Funding Agents expressly acknowledges that neither the Administrative Agent nor any of its officers, directors, employees, agents, attorneys in fact or Affiliates has made any representations or warranties to it and that no act by the Administrative Agent hereinafter taken, including any review of the affairs of the Issuer, the Manager or the IESO shall be deemed to constitute any representation or warranty by the Administrative Agent to any such Person. Each of the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks and the Funding Agents represents to the Administrative Agent that it has, independently and without reliance upon the Administrative Agent or any other Non-Conduit

Purchaser, CP Conduit Purchaser, Group Bank or Funding Agent and based on such documents and information as it has deemed appropriate, made its own appraisal of, and investigation into, the business, operations, property, financial and other condition and creditworthiness of the Issuer, the Manager and the IESO and made its own decision to enter into this Supplemental Indenture. Each of the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks and the Funding Agents also represents that it will, independently and without reliance upon the Administrative Agent or any other Non-Conduit Purchaser, CP Conduit Purchaser, Group Bank or Funding Agent, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Supplemental Indenture and the other Program Agreements, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other condition and creditworthiness of the Issuer, the Manager and the IESO. Except for notices, reports and other documents expressly required to be furnished to the Non-Conduit Purchasers and the Funding Agents by the Administrative Agent hereunder, the Administrative Agent shall have no duty or responsibility to provide any Non-Conduit Purchaser, any CP Conduit Purchaser, any Group Bank or any Funding Agent with any credit or other information concerning the business, operations, property, condition (financial or otherwise), prospects or creditworthiness of the Issuer, the Manager or the IESO which may come into the possession of the Administrative Agent or any of its officers, directors, employees, agents, attorneys in fact or Affiliates.

(g) The Administrative Agent and its Affiliates may make loans to, accept deposits from and generally engage in any kind of business with the Issuer, the Manager and the IESO as though the Administrative Agent were not the Administrative Agent hereunder. With respect to any Series 2017-1 Senior Note held by the Administrative Agent, the Administrative Agent shall have the same rights and powers under this Supplemental Indenture and the other Program Agreements as any Group Bank or Funding Agent and may exercise the same as though it were not the Administrative Agent, and the terms “Group Bank,” and “Funding Agent” shall include the Administrative Agent in its individual capacity.

(h) The Administrative Agent may resign as Administrative Agent at any time by giving 30 days’ notice to the Non-Conduit Purchasers, the Funding Agents, the Indenture Trustee, the Issuer and the Manager. If Royal Bank of Canada shall resign as Administrative Agent under this Supplemental Indenture, then the Requisite Series 2017-1 Noteholders shall appoint a successor administrative agent from among the Non-Conduit Purchasers and Funding Agents, whereupon such successor agent shall succeed to the rights, powers and duties of the Administrative Agent, and the term “Administrative Agent” shall mean such successor agent effective upon such appointment and approval, and the former Administrative Agent’s rights, powers and duties as Administrative Agent shall be terminated, without any other or further act or deed on the part of such former Administrative Agent or any of the parties to this Supplemental Indenture. If no successor administrative agent has accepted appointment as Administrative Agent prior to the

effective date of the resignation of the Administrative Agent, the retiring Administrative Agent may appoint, after consulting with the Non-Conduit Purchasers and the Funding Agents, a successor Administrative Agent from among the Non-Conduit Purchasers and the Funding Agents. If no successor administrative agent has accepted appointment by the date which is thirty (30) days following a retiring Administrative Agent's notice of resignation, the retiring Administrative Agent's resignation shall nevertheless thereupon become effective and Manager shall assume and perform all of the duties of the Administrative Agent hereunder until such time, if any, as the Requisite Series 2017-1 Noteholders appoint a successor administrative agent as provided for above. After any retiring Administrative Agent's resignation as Administrative Agent, the provisions of this Article 8 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent under this Supplemental Indenture. The Issuer will provide prompt written notice of a resignation of the Administrative Agent and the appointment of any successor administrative agent.

8.2 Funding Agents

(a) Each CP Conduit Purchaser and each Group Bank with respect to such CP Conduit Purchaser hereby irrevocably designates and appoints the Funding Agent set forth next to such CP Conduit Purchaser's name on Schedule E as the agent of such Person under this Supplemental Indenture and irrevocably authorizes such Funding Agent, in such capacity, to take such action on its behalf under the provisions of this Supplemental Indenture and to exercise such powers and perform such duties as are expressly delegated to such Funding Agent by the terms of this Supplemental Indenture, together with such other powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Supplemental Indenture, each Funding Agent shall not have any duties or responsibilities except those expressly set forth herein, or any fiduciary relationship with any CP Conduit Purchaser or Group Bank and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Supplemental Indenture or otherwise exist against each Funding Agent.

(b) Each Funding Agent may execute any of its duties under this Supplemental Indenture by or through agents or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. Each Funding Agent shall not be responsible to the CP Conduit Purchaser or any Group Bank in its CP Conduit Purchaser Group for the negligence or misconduct of any agents or attorneys in fact selected by it with reasonable care.

(c) Each Funding Agent and any of its officers, directors, employees, agents, attorneys in fact or Affiliates shall not be (i) liable for any action lawfully taken or omitted to be taken by it or such Person under or in connection with the Trust Indenture, this Supplemental Indenture or any other Program Agreement (except to the extent that any of the foregoing are found by a final and non-appealable decision of a court of competent jurisdiction to have resulted from its or such Person's own gross negligence or willful misconduct) or (ii) responsible in any manner to any of the

CP Conduit Purchasers and/or Group Banks for any recitals, statements, representations or warranties made by the Issuer, the Manager or the IESO, or any officer thereof contained in this Supplemental Indenture or any other Program Agreement or in any certificate, report, statement or other document referred to or provided for in, or received by such Funding Agent under or in connection with, this Supplemental Indenture or any other Program Agreement or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Supplemental Indenture, any other Program Agreement, or for any failure of any of the Issuer, the Manager or the IESO to perform its obligations hereunder or thereunder. Each Funding Agent shall not be under any obligation to the CP Conduit Purchaser or any Group Bank in its CP Conduit Purchaser Group to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Supplemental Indenture, any other Program Agreement or to inspect the properties, books or records of the Issuer, the Manager or the IESO.

(d) Each Funding Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, resolution, notice, consent, certificate, affidavit, letter or electronic message, statement, order or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including, without limitation, counsel to the Issuer, the Manager or the IESO), independent accountants and other experts selected by such Funding Agent. Each Funding Agent shall be fully justified in failing or refusing to take any action under this Supplemental Indenture or any other Program Agreement unless it shall first receive such advice or concurrence of the Related Purchaser Group, as it deems appropriate or it shall first be indemnified to its satisfaction by the Related Purchaser Group against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action.

(e) Each Funding Agent shall not be deemed to have knowledge or notice of the occurrence of any Termination Event unless such Funding Agent has received written notice from a Non-Conduit Purchaser, a CP Conduit Purchaser, a Group Bank, the Issuer, the Manager or the Administrative Agent referring to the Trust Indenture or this Supplemental Indenture, describing such Termination Event and stating that such notice is a “notice of a Termination Event,” as the case may be. In the event that any Funding Agent receives such a notice, such Funding Agent shall give notice thereof to DBRS, the CP Conduit Purchaser and Group Bank in its CP Conduit Purchaser Group. Such Funding Agent shall take such action with respect to such event as shall be reasonably directed by the CP Conduit Purchaser and Group Bank in its CP Conduit Purchaser Group, provided that unless and until such Funding Agent shall have received such directions, such Funding Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such event as it shall deem advisable in the best interests of the CP Conduit Purchaser and Group Bank in its CP Conduit Purchaser Group.

(f) Each CP Conduit Purchaser and each of the related Group Banks expressly acknowledge that neither its Funding Agent nor any of its officers, directors, employees, agents, attorneys in fact or Affiliates has made any representations or warranties to it and that no act by such Funding Agent hereinafter taken, including any review of the affairs of the Issuer, the Manager or the IESO shall be deemed to constitute any representation or warranty by such Funding Agent to any such Person. Each CP Conduit Purchaser and each of the related Group Banks represents to its Funding Agent that it has, independently and without reliance upon such Funding Agent and based on such documents and information as it has deemed appropriate, made its own appraisal of, and investigation into, the business, operations, property, financial and other condition and creditworthiness of the Issuer, the Manager and the IESO and made its own decision to enter into this Supplemental Indenture. Each CP Conduit Purchaser and each of the related Group Banks also represents that it will, independently and without reliance upon its Funding Agent and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Supplemental Indenture and the other Program Agreements, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other conditions and creditworthiness of the Issuer, the Manager and the IESO.

(g) Each Group Bank in a CP Conduit Purchaser Group agrees to indemnify its Funding Agent in its capacity as such (to the extent not reimbursed by the Issuer and without limiting the obligation of the Issuer to do so), from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever which may at any time be imposed on, incurred by or asserted against such Funding Agent in any way relating to or arising out of this Supplemental Indenture, any of the other Program Agreements or any documents contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby or any action taken or omitted by such Funding Agent under or in connection with any of the foregoing; provided that no Group Bank shall be liable for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements that are found by a final and non-appealable decision of a court of competent jurisdiction to have resulted from such related Funding Agent's gross negligence or willful misconduct. The agreements in this Section shall survive the payment of all amounts payable hereunder.

ARTICLE 9
GENERAL

9.1 Successor and Assigns

(a) This Supplemental Indenture shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, except that (i) the Issuer may not assign or transfer any of its rights under this Supplemental Indenture without the prior written consent of all of the Series 2017-1 Noteholders and at least

10 Business Days' notice having been given to DBRS; (ii) no Non-Conduit Purchaser may assign or transfer any of its rights under this Supplemental Indenture other than pursuant to paragraph (e) or (f) below; (iii) no CP Conduit Purchaser may assign or transfer any of its rights under this Supplemental Indenture other than to the Group Bank with respect to such CP Conduit Purchaser or a Program Support Provider with respect to such CP Conduit Purchaser or pursuant to clause (b) or (e) below of this Section 9.1; and (iv) no Group Bank may assign or transfer any of its rights or obligations under this Supplemental Indenture except to a Program Support Provider or pursuant to clause (c), (d) or (e) below of this Section 9.1.

(b) Without limiting the foregoing, each CP Conduit Purchaser may assign all or a portion of the Purchaser Group Principal Amount with respect to such CP Conduit Purchaser and its rights and obligations under this Supplemental Indenture to a Conduit Assignee with respect to such CP Conduit Purchaser. Prior to the effectiveness of any such assignment, the assigning CP Conduit Purchaser shall notify DBRS, the Administrative Agent, each Funding Agent, each Non-Conduit Purchaser and the Issuer of such assignment. Upon such assignment by a CP Conduit Purchaser to a Conduit Assignee, (i) such Conduit Assignee shall be the owner of the Purchaser Group Principal Amount or such portion thereof with respect to such CP Conduit Purchaser; (ii) the related administrative or managing agent for such Conduit Assignee will act as the administrative agent for such Conduit Assignee hereunder, with all corresponding rights and powers, express or implied, granted to the Funding Agent hereunder; (iii) such Conduit Assignee and its liquidity support provider(s) and credit support provider(s) and other related parties shall have the benefit of all the rights and protections provided to such CP Conduit Purchaser herein (including, without limitation, any limitation on recourse against such Conduit Assignee as provided in this paragraph); (iv) such Conduit Assignee shall assume all of such CP Conduit Purchaser's obligations, if any, hereunder with respect to such portion of the Purchaser Group Principal Amount and such CP Conduit Purchaser shall be released from such obligations; (v) all distributions in respect of the Purchaser Group Principal Amount or such portion thereof with respect to such CP Conduit Purchaser shall be made to the applicable agent or administrative agent, as applicable, on behalf of such Conduit Assignee; and (vi) if requested by the Administrative Agent or the agent or administrative agent with respect to the Conduit Assignee, the parties will execute and deliver such further agreements and documents and take such other actions as the Administrative Agent or such agent or administrative agent may reasonably request to evidence and give effect to the foregoing. No assignment by any CP Conduit Purchaser to a Conduit Assignee of the Purchaser Group Principal Amount with respect to such CP Conduit Purchaser shall in any way diminish the obligations of the Group Bank with respect to such CP Conduit Purchaser under Section 3.3 to fund any Increase.

(c) Any Group Bank may, in the ordinary course of its business and in accordance with applicable law, at any time, sell all or any part of its rights and obligations under this Supplemental Indenture and the Series 2017-1 Senior Notes, with the prior written consent of the Administrative Agent and the Issuer (in each case, which consent shall not be unreasonably withheld) and with prior notice to DBRS, to one

or more banks (an "**Acquiring Group Bank**") pursuant to a transfer supplement, substantially in the form of Exhibit H (the "**Transfer Supplement**"), executed by such Acquiring Group Bank, such assigning Group Bank, the Funding Agent with respect to such Group Bank, the Administrative Agent and the Issuer and delivered to the Administrative Agent. Notwithstanding the foregoing, no Group Bank shall so sell its rights hereunder if such Acquiring Group Bank is not an Eligible Assignee.

(d) Any Group Bank may, in the ordinary course of its business and in accordance with applicable law at any time and with prior notice to DBRS, sell to one or more financial institutions or other entities ("**Group Bank Participants**") participations in its Commitment with respect to its related CP Conduit Purchaser Group, its Series 2017-1 Senior Note and its rights hereunder pursuant to documentation in form and substance satisfactory to such Group Bank and the Group Bank Participant; provided, however, that (i) in the event of any such sale by a Group Bank to a Group Bank Participant, (A) such Group Bank's obligations under this Supplemental Indenture shall remain unchanged, (B) such Group Bank shall remain solely responsible for the performance thereof, and (C) the Issuer and the Administrative Agent shall continue to deal solely and directly with such Group Bank in connection with its rights and obligations under this Supplemental Indenture; and (ii) no Group Bank shall sell any participating interest under which the Group Bank Participant shall have rights to approve any amendment to, or any consent or waiver with respect to, this Supplemental Indenture, the Trust Indenture or any Program Agreement, except to the extent that the approval of such amendment, consent or waiver otherwise would require the unanimous consent of all Group Banks hereunder. A Group Bank Participant shall have the right to receive compensation pursuant to Sections 3.10 and 3.11 but only to the extent that the related selling Group Bank would have had such right absent the sale of the related participation and, with respect to amounts due pursuant to Sections 3.10 and 3.11, only to the extent such Group Bank Participant shall have complied with the provisions of Sections 3.10 and 3.11 as if such Group Bank Participant were a Group Bank.

(e) Any CP Conduit Purchaser and the Group Bank with respect to such CP Conduit Purchaser may, at any time, sell all or any part of their respective rights and obligations, and any Non-Conduit Purchaser may, at any time, sell all or any part of its rights and obligations, under this Supplemental Indenture and the Series 2017-1 Senior Notes, with the prior written consent of the Administrative Agent and the Issuer (in each case, which consent shall not be unreasonably withheld) and with prior notice to DBRS, (x) to a multi-seller commercial paper conduit and one or more banks providing support to such multi-seller commercial paper conduit, or (y) to a financial institution or other entity (an "**Acquiring Purchaser Group**") pursuant to a transfer supplement, substantially in the form of Exhibit I (the "**Purchaser Group Supplement**"), executed by such Acquiring Purchaser Group (including the CP Conduit Purchaser and the Group Banks, if any, with respect to such Acquiring Purchaser Group), the Funding Agent, if any, with respect to such Acquiring Purchaser Group, such assigning Purchaser Group (including the Group

Banks, if any, with respect to such assigning Purchaser Group), the Funding Agent, if any, with respect to such assigning Purchaser Group and the Administrative Agent and the Issuer and delivered to the Administrative Agent.

(f) Any Non-Conduit Purchaser may, in the ordinary course of its business and in accordance with applicable law and with prior notice to DBRS, at any time sell to one or more financial institutions or other entities ("**Non-Conduit Purchaser Participants**") participations in its Commitment, its Series 2017-1 Senior Note and its rights hereunder pursuant to documentation in form and substance satisfactory to such Non-Conduit Purchaser and the Non-Conduit Purchaser Participant; provided, however, that (i) in the event of any such sale by a Non-Conduit Purchaser to a Non-Conduit Purchaser Participant, (A) such Non-Conduit Purchaser's obligations under this Supplemental Indenture shall remain unchanged, (B) such Non-Conduit Purchaser shall remain solely responsible for the performance thereof, and (C) the Issuer and the Administrative Agent shall continue to deal solely and directly with such Non-Conduit Purchaser in connection with its rights and obligations under this Supplemental Indenture; and (ii) no Non-Conduit Purchaser shall sell any participating interest under which the Non-Conduit Purchaser Participant shall have rights to approve any amendment to, or any consent or waiver with respect to, this Supplemental Indenture, the Trust Indenture or any Program Agreement, except to the extent that the approval of such amendment, consent or waiver otherwise would require the unanimous consent of all Series 2017-1 Noteholders hereunder. A Non-Conduit Purchaser Participant shall have the right to receive compensation under Sections 3.10 and 3.11 but only to the extent that the related selling Non-Conduit Purchaser would have had such right absent the sale of the related participation and, with respect to amounts due pursuant to Sections 3.10 and 3.11, only to the extent such Non-Conduit Purchaser Participant shall have complied with the provisions of Sections 3.10 and 3.11 as if such Non-Conduit Purchaser Participant were a Non-Conduit Purchaser.

(g) The Issuer authorizes each Group Bank and Non-Conduit Purchaser to disclose to any Group Bank Participant, Acquiring Group Bank, Non-Conduit Purchaser Participant or Acquiring Purchaser Group (each, a "**Transferee**") and any prospective Transferee any and all financial information in such Group Bank's or Non-Conduit Purchaser's possession concerning the Issuer, the Issuer Investment Asset and the Program Agreements which has been delivered to such Group Bank by the Issuer or the Manager in connection with such Group Bank's credit evaluation of the Issuer and the Issuer Investment Interest.

(h) Notwithstanding any other provision of this Supplemental Indenture to the contrary, any Non-Conduit Purchaser, any Group Bank or any Program Support Provider may at any time pledge or grant a security interest in all or any portion of its rights under its Series 2017-1 Senior Note and this Supplemental Indenture to secure obligations of such Non-Conduit Purchaser, such Group Bank or such Program Support Provider to a Federal Reserve Bank or the Bank of Canada, without notice to or consent of the Administrative Agent or the Issuer; provided that no such pledge or grant of a security interest shall release a Non-Conduit

Purchaser or a Group Bank from any of its obligations hereunder or substitute any such pledgee or grantee for such Non-Conduit Purchaser or such Group Bank as a party hereto.

(i) Notwithstanding any other provision of this Supplemental Indenture to the contrary, no consent of the Issuer to any assignment referred to in this Section 9.1 shall be required at any time after the occurrence of a Series 2017-1 Event of Default.

9.2 Waiver

Without limiting the requirements of Section 11.02 of the Trust Indenture which shall be applicable to this Supplemental Indenture, no waiver of any provision of this Supplemental Indenture or consent to any departure by the Issuer from any provision of this Supplemental Indenture will be effective (in whole or in part) unless in writing and signed by the Requisite Series 2017-1 Noteholders. Such waiver will be effective only in the specific instance, for the specific purpose and for the specific length of time for which it is given by the Requisite Series 2017-1 Noteholders.

9.3 Notice

All notices, requests, instructions and demands to or upon any party hereto to be effective shall be given (a) in the case of the Issuer and the Indenture Trustee, in the manner set forth in Article 15 of the Trust Indenture; and (b) in the case of the Administrative Agent, the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks and the Funding Agents, in writing, and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when delivered by hand or three days after being deposited in the mail, postage prepaid, in the case of facsimile notice, when received, or in the case of overnight air courier, one Business Day after the date such notice is delivered to such overnight courier, addressed as follows in the case of the Administrative Agent and to the addresses therefor set forth in Schedule E, in the case of the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks and the Funding Agents; or to such other address as may be hereafter notified by the respective parties hereto:

Administrative Agent:

Royal Bank of Canada **[NTD: Oslers to provide]**

9.4 No Waiver: Remedies

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

9.5 Entire Agreement

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

9.6 Governing Law and Attornment

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

9.7 Acknowledgment of Trust Indenture and No Proceedings

The Administrative Agent, each Non-Conduit Purchaser, each CP Conduit Purchaser, each Group Bank and each Funding Agent hereby acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor under the Trust Indenture and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Trust Indenture including, without limitation, Section 7.12 (Payments To Be Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse), Article IX (Indenture Trustee) (including all limitations of liability thereunder), Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition).

9.8 Expenses

The Issuer agrees to pay on demand (a) to the Indenture Trustee, the Administrative Agent and the Purchaser Groups all reasonable costs and expenses in connection with the preparation, execution, and delivery of this Supplemental Indenture and the other documents to be delivered hereunder or in connection herewith, including, the reasonable fees and out-of-pocket expenses of counsel for the Administrative Agent and the Purchaser Groups, with respect thereto, and the reasonable fees and out-of-pocket expenses incurred by the CP Conduit Purchasers in connection with the review by each rating agency then rating the Commercial Paper of such CP Conduit Purchaser of the transactions contemplated by this Supplemental Indenture and the Program Agreements; (b) to the Indenture Trustee, the Administrative Agent and each Purchaser Group all reasonable costs and expenses in connection with any amendments of or waivers or consents under this Supplemental Indenture or the Program Agreements, including in each case the reasonable fees and out-of-pocket expenses of counsel with respect thereto, and the reasonable fees and out-of-pocket expenses incurred by the CP Conduit Purchasers in connection with the review by any rating agency then rating the Commercial Paper of such CP Conduit Purchasers; and (c) to the Indenture Trustee, the Administrative Agent and each Purchaser Group, on demand, all reasonable costs and expenses (including reasonable fees and expenses of counsel to the Administrative Agent and each Purchaser Group), if any, in connection with the enforcement of this Supplemental

Indenture or any of the Program Agreements, and the other documents delivered thereunder or in connection therewith.

9.9 Further Assurances

Each of the parties hereto upon the request of the other party or parties hereto shall do, execute, acknowledge and deliver or cause to be done, executed acknowledged or delivered all such further acts, deeds, documents, assignments, transfers, conveyances, powers of attorney and assurances as may be reasonably necessary or desirable to effect or complete the consummation of the transactions contemplated by this Supplemental Indenture.

9.10 Confidentiality

(a) Each Purchaser Group and the Administrative Agent covenants and agrees that any non-public information obtained by it pursuant to this Supplemental Indenture and the other Program Agreements shall be held in confidence except that the Purchaser Groups or Administrative Agent may disclose such information (i) pursuant to the order of any court or administrative agency or in any pending legal or administrative proceeding (whether or not having the force or effect of law) provided that, unless prohibited by applicable law, a Purchaser Group or the Administrative Agent, as applicable, shall provide prompt notice of such order to the affected party; (ii) upon the request or demand of any regulatory authority having or claiming jurisdiction over any Purchaser Group or the Administrative Agent; (iii) as required by applicable law including, without limitation, all applicable securities laws; (iv) to the extent that such information becomes publicly available other than by reason of improper disclosure by a Purchaser Group or the Administrative Agent; (v) to its affiliates, officers, directors, employees, legal counsel, independent auditors, accountants, advisors, investors, potential investors, commercial paper dealers, providers of surety, guaranty, credit or liquidity enhancement (including the directors, officers and accountants of such surety, guaranty, credit or liquidity enhancement provider), legal counsel of any of the foregoing and other experts or agents who need to know such information and are informed of the confidential nature of such information (provided that the Persons permitted to make such disclosures under clauses (i), (ii) and (iii) of this Section 9.10 shall also include credit or liquidity enhancers of a CP Conduit Purchaser); (vi) for purposes of establishing a "due diligence" defense; (vii) which was available to a Purchaser Group or the Administrative Agent on a non-confidential basis from a source other than the affected party, provided that such source was not to the knowledge of the Purchaser Group or the Administrative Agent, as applicable, bound by a confidentiality agreement with the affected party; (viii) has been independently acquired or developed by a Purchaser Group or the Administrative Agent without violating any of the Purchaser Group's or the Administrative Agent's obligations under this Supplemental Indenture; (ix) if such disclosure has been approved in writing in advance by the Issuer or the Manager; (x) regarding the existence of this Supplemental Indenture, but not the financial terms thereof; and (xi) to DBRS and Moody's and any other Rating Agencies.

(b) The Issuer covenants and agrees to hold in confidence, and not disclose to any Person, the terms of this Supplemental Indenture (including any fees payable in connection with this Supplemental Indenture or the identity of any CP Conduit Purchaser under this Supplemental Indenture), except as the applicable Purchaser Group may have consented to in writing prior to any proposed disclosure and except (i) it may also disclose such information (A) to its officers, directors, employees, legal counsel, independent auditors, accountants and other advisors who are directly involved in the consideration of this Supplemental Indenture (and then only on a confidential basis), (B) to the Manager and its officers, directors, employees, legal counsel, independent auditors, accountants and other advisors, (C) any ministry or agency of the Province of Ontario and, in each case, their respective employees, officials, agents and advisors, (D) as required by applicable law (including, without limitation, applicable securities law) or compulsory legal process, (E) as expressly permitted by the terms of the Program Agreements, and (F) to DBRS and Moody's and any other Rating Agencies; provided, that, in the case of clause (D), the Issuer will use all commercially reasonable efforts to maintain confidentiality and will (unless otherwise prohibited by law) notify the affected Administrative Agent or Purchaser Group of its intention to make any such disclosure prior to making such disclosure; and (ii) it may also disclose the existence (but not the financial terms) of this Supplemental Indenture, including to any actual or prospective purchaser of other Notes.

(c) The parties hereto acknowledge that a description of this Supplemental Indenture and the Series 2017-1 Senior Note will be included in the preliminary and final offering memoranda of the Issuer relating to the issue of other Notes from time to time.

(d) The confidentiality provisions set forth in this Section 9.10 shall expire on the second year anniversary of the date on which the Series 2017-1 Senior Notes have been paid in full.

9.11 Acknowledgement and Consent to Bail-In of EEA Financial Institutions

Notwithstanding anything to the contrary in this Supplemental Indenture or in any other Program Agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any EEA Financial Institution arising under this Supplemental Indenture or any other Program Agreement, to the extent such liability is unsecured, may be subject to the write-down and conversion powers of an EEA Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

(a) the application of any Write-Down and Conversion Powers by an EEA Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an EEA Financial Institution; and

(b) the effects of any Bail-In Action on any such liability, including, if applicable

(i) a reduction in full or in part or cancellation of any such liability;

(ii) a conversion of all, or a portion of, such liability into shares or other instruments or ownership in such EEA Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Supplemental Indenture or any other Facility Agreement; or

(iii) the variation of the terms of such liability in connection with the exercise of the write-down and conversion powers of any EEA Resolution Authority.

9.12 Limitation of Liability of Issuer Trustee

Each party hereto other than the Issuer acknowledges that the Issuer is a trust, and that Computershare Trust Company of Canada is the Issuer Trustee. The other parties hereto agree that the Issuer Trustee will not be subject to any liability whatsoever to them, in tort, contract or otherwise, in connection with the Issuer's assets or the trust activities, for any action taken or permitted by it to be taken, or for its failure to take any action; provided that the foregoing limitation will not apply in respect of any action or failure to act arising from or in connection with wilful misconduct, negligence or reckless disregard of a duty by the Issuer Trustee. The Issuer Trustee in doing anything or permitting anything to be done in respect of assets or the trust activities is, and shall be conclusively deemed to be, acting as trustee of the Issuer and not in any other capacity. Except as to the extent provided in this Section 9.12, the Issuer Trustee will not be subject to any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Issuer, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the Issuer's assets or the trust activities and resort will be had solely to the Collateral for the payment or performance thereof. No property or assets of the Issuer Trustee, whether owned in its personal capacity or otherwise, will be subject to levy, execution or other enforcement procedure with regard to any obligation under this Supplemental Indenture. Nothing contained in this Section 9.12 shall be construed so as to limit the liability of the Issuer under this Supplemental Indenture. This Supplemental Indenture, and every deed, transfer, assignment, agreement or other instrument made pursuant hereto including, without limitation, the Series 2017-1 Senior Notes, made or purporting to be made by or creating an obligation of the Issuer or the Issuer Trustee on behalf of, or as trustee of, the Issuer shall be deemed and construed for all purposes as if made by the Issuer Trustee, in and only in its capacity as trustee of the Issuer. Any obligations of the Issuer Trustee hereunder or thereunder are non-recourse to the Issuer Trustee in its personal capacity.

9.13 Execution in Counterparts

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

9.14 Delivery of Executed Copies

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

[signature page follows]

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

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

By:

_____
Name:

Title:

By:

_____
Name:

Title:

BNY TRUST COMPANY OF CANADA, as Indenture Trustee

By:

_____
Name:

Title:

By:

_____
Name:

Title:

ROYAL BANK OF CANADA, as
Administrative Agent,

By: _____

Name:

Title:

[NTD: Detailed signing pages to be prepared.]

SCHEDULE A

DEFINITIONS

"**Acceleration Event**" means either:

(a) all Issuer Funding Obligations are declared due and payable under Section 8.02 of the Trust Indenture, or

(b) the Series 2017-1 Principal Amount and all interest accrued and unpaid thereon is declared to be due and payable under Section 7.1.

"**Administrative Agent**" is defined in the preamble to this Supplemental Indenture.

"**AEOI Legislation**" is defined in Section 3.10(a).

"**Affected Party**" means any Non-Conduit Purchaser, CP Conduit Purchaser and any Program Support Provider with respect to any CP Conduit Purchaser.

"**Applicable Margin**" is the Program Fee as defined in the Fee Letter.

"**Authorized Officer**" means, with respect to: (a) the Issuer, any authorized director or officer of the Manager; (b) the Manager, any authorized director of officer of OPG; (c) the IESO, any authorized director or officer of the IESO; (d) the Issuer Trustee, any officer within the corporate trust office of such trustee (including the President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Treasurer or any other officer of the Issuer Trustee customarily performing functions similar to those performed by persons who at the time shall be such officers, respectively, and that has direct responsibility for the administration of the Issuer and also, with respect to a particular matter, any other officer to whom such matter is referred to because of such officer's knowledge and familiarity with the particular subject).

"**Bail-In Action**" shall mean the exercise of any Write-Down and Conversion Powers by the applicable EEA Resolution Authority in respect of any liability of an EEA Financial Institution.

"**Bail-In Legislation**" shall mean, with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule.

"**Breakage Costs**" means, with respect to a CP Conduit Purchaser, the net interest costs, if any, with respect to any portion of the Commercial Paper it has issued to fund its investment in the Series 2017-1 Senior Notes that will be incurred by such CP Conduit Purchaser as a result of the maturity of such Commercial Paper falling after the date of a Decrease.

"**CDOR**" means, on any day, an annual rate of interest equal to the average rate applicable to Canadian dollar bankers' acceptances for a 1 month period appearing on the "Reuters Screen CDOR Page" (as defined in the International Swaps and Derivatives Association, Inc. 2000 definitions, as modified and amended from time to time) at approximately 10:00 a.m. on such day,

or if such day is not a Business Day, then on the immediately preceding Business Day, provided that if such rate does not appear on the Reuters Screen CDOR Page on such day as contemplated, then CDOR on such day shall be calculated as the average of the rates for such period applicable to Canadian dollar bankers' acceptances quoted by the banks listed in Schedule I of the *Bank Act* (Canada) as of 10:00 a.m. on such day or, if such day is not a Business Day, then on the immediately preceding Business Day.

"**Closing Date**" is defined in Section 3.3(a).

"**Commercial Paper**" means, with respect to any CP Conduit Purchaser, the promissory notes issued by, or for the benefit of, such CP Conduit Purchaser in the commercial paper market.

"**Commitment**" means, with respect to (a) the Group Bank included in any CP Conduit Purchaser Group, the obligation of such Group Bank to purchase a Series 2017-1 Senior Note on the Closing Date and, thereafter, to maintain and, subject to certain conditions, increase the Purchaser Group Principal Amount with respect to such CP Conduit Purchaser Group, in each case, in an amount up to the Maximum Purchaser Group Principal Amount with respect to such CP Conduit Purchaser Group; or (b) any Non-Conduit Purchaser Group, the obligation of the Related Non-Conduit Purchaser to purchase a Series 2017-1 Senior Note on the Closing Date and, thereafter, to maintain and, subject to certain conditions, increase the Purchaser Group Principal Amount with respect to such Non-Conduit Purchaser Group, in each case, in an amount up to the Maximum Purchaser Group Principal Amount with respect to such Non-Conduit Purchaser Group.

"**Commitment Expiry Date**" means the earlier of (a) the Scheduled Commitment Expiry Date; and (b) the date on which an Event of Default or a Series 2017-1 Event of Default shall have been declared or automatically occurred.

"**Commitment Extension**" means an extension of the Scheduled Commitment Expiry Date effected in accordance with Section 3.5(c).

"**Commitment Extension Request**" is defined in Section 3.5(c).

"**Commitment Fee**" is defined in Section 3.6(b).

"**Commitment Fee Rate**" is defined in the Fee Letter.

"**Commitment Percentage**" means, on any date of determination, with respect to any Purchaser Group, the ratio, expressed as a percentage, which such Purchaser Group's Maximum Purchaser Group Principal Amount bears to the Series 2017-1 Maximum Principal Amount on such date.

"**Conduit Assignee**" means, with respect to any CP Conduit Purchaser, any commercial paper conduit administered by the Funding Agent with respect to such CP Conduit Purchaser and designated by such Funding Agent to accept an assignment from such CP Conduit Purchaser of the Purchaser Group Principal Amount or a portion thereof with respect to such CP Conduit Purchaser pursuant to Section 9.1(b).

"**CP Conduit Funded Amount**" means, with respect to any CP Conduit Purchaser Group for any day, the portion of the Purchaser Group Principal Amount with respect to such CP Conduit

Purchaser Group funded by the CP Conduit Purchaser in respect of such CP Conduit Purchaser Group.

"**CP Conduit Purchaser**" means each commercial paper conduit listed on Schedule E or party to a Purchaser Group Supplement pursuant to which such commercial paper conduit became a party to this Supplemental Indenture

"**CP Conduit Purchaser Group**" means, collectively, a CP Conduit Purchaser and the Group Bank with respect to such CP Conduit Purchaser.

"**CP Conduit Rating Agencies**" means, with respect to any CP Conduit Purchaser, each of DBRS and Moody's and any other nationally recognized statistical rating organization which may, from time to time, rate the Commercial Paper of the CP Conduit Purchaser at the request of the CP Conduit Purchaser.

"**CP Rate**" means with respect to any CP Conduit Purchaser for any day during an Interest Period, the weighted average annual rate of interest applicable to all Commercial Paper of the CP Conduit Purchaser; and provided further that (x) any such Commercial Paper may be issued in either United States dollars or Canadian dollars with the appropriate market rate currency swap agreements being entered into to match such issuance to the funding requirements of such CP Conduit Purchaser, and (y) such weighted average annual rate of interest shall be calculated to reflect any costs incurred by such CP Conduit Purchaser in connection with such swap transactions or in connection with any redemption or repurchase transaction between such CP Conduit Purchaser and the holders of such commercial paper; provided that no amount shall be included in the calculation of the CP Rate which reflects any termination amounts payable by such CP Conduit Purchaser in respect of the early termination of any market rate currency swap referred to in this definition.

"**Decrease**" is defined in Section 3.4(a).

"**Decrease Amount**" is defined in Section 3.4(a).

"**Deferrable Increase Notice**" means a notice of Increase that provides that a Delayed Funding Notice may be provided by any Purchaser Group with respect to such Increase in accordance with Section 3.3(e).

"**Delayed Amount**" is defined in Section 3.3(e).

"**Delayed Funding Date**" is defined in Section 3.3(e).

"**Delayed Funding Notice**" is defined in Section 3.3(e).

"**Delayed Funding Purchaser Group**" is defined in Section 3.3(e).

"**Delayed Funding Reimbursement Amount**" means, with respect to any Delayed Amount of a Delayed Funding Purchaser Group funded by Non-Delayed Funding Purchaser Groups on an Increase Date, an amount equal to the excess, if any, of (a) such Delayed Amount; over (b) the amount, if any, by which the portion of any principal payment made by the Issuer to such Non-

Delayed Funding Purchaser Group pursuant to Section 3.7 on any date during the period from and including such Increase Date to but excluding the Delayed Funding Date for such Delayed Amount, was greater than what it would have been had such Delayed Amount been funded by such Delayed Funding Purchaser Group on such Increase Date.

"**EEA Financial Institution**" shall mean (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority; (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition; or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clause (a) or (b) of this definition and is subject to consolidated supervision with its parent.

"**EEA Member Country**" shall mean any of the member states of the European Union, Iceland, Liechtenstein and Norway.

"**EEA Resolution Authority**" shall mean any public administrative authority or any person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

"**Eligible Assignee**" means a financial institution having (i) a short-term debt rating of at least "P-1" from Moody's, and (ii) either (A) a short-term debt rating of at least "R-1(low)" from DBRS, or (B) a long-term debt rating of at least "A" from DBRS.

"**EU Bail-In Legislation Schedule**" shall mean the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor person), as in effect from time to time.

"**Excluded Taxes**" is defined in Section 3.10(a).

"**FATCA**" is defined in Section 3.10(a).

"**Fee Letter**" means the fee letter dated the date hereof between the Issuer, Canadian Imperial Bank of Commerce, Royal Bank of Canada and Goldman Sachs Canada Inc., as such letter may be amended or replaced from time to time.

"**Funding Agent**" means, with respect to each CP Conduit Purchaser and its CP Conduit Purchaser Group, the agent bank set forth opposite the name of such CP Conduit Purchaser on Schedule E or in the Purchaser Group Supplement pursuant to which such CP Conduit Purchaser became a party to this Supplemental Indenture.

"**Group Bank**" means, with respect to a CP Conduit Purchaser, the bank or other Person set forth opposite the name of such CP Conduit Purchaser on Schedule E or in the Purchaser Group Supplement pursuant to which such CP Conduit Purchaser became a party to this Supplemental Indenture and any assignee thereof, to the extent such assignee has assumed all or a portion of the Commitments of the Group Bank pursuant to a Transfer Supplement entered into in accordance with Section 9.1(c).

"**Group Bank Funded Amount**" means, with respect to any CP Conduit Purchaser Group for any day, the excess, if any, of the Purchaser Group Principal Amount with respect to such CP Conduit

Purchaser Group over the CP Conduit Funded Amount with respect to such CP Conduit Purchaser Group for such day.

"**Group Bank Participants**" is defined in Section 9.1(d).

"**Group Monthly Fees and Other Amounts**" shall mean, for any Payment Date and a Purchaser Group the sum of (a) the Commitment Fee with respect to the related Interest Period for such Purchaser Group; plus (b) any amounts payable to such Purchaser Group hereunder including, without limitation, pursuant to Sections 3.8, 3.10, 3.11 and 9.8; plus (c) the Monthly Fees and Other Amounts Shortfall for such Purchaser Group for such Payment Date.

"**Group Monthly Interest**" means, with respect to each Interest Period and:

(a) any CP Conduit Purchaser Group, the sum of:

(i) for each day during such Interest Period, the product of (x) the portion of the CP Conduit Funded Amount with respect to the CP Conduit Purchaser Group on such day funded through the issuance of Commercial Paper outstanding on such day, times (y) the sum of the CP Rate for such day plus the Applicable Margin, divided by (z) 365; plus

(ii) for each day during such Interest Period, the product of (x) the portion of the CP Conduit Funded Amount with respect to the CP Conduit Purchaser in such CP Conduit Purchaser Group on such day not funded through the issuance of Commercial Paper outstanding on such day, times (y) the sum of CDOR for such day plus the Applicable Margin, divided by (z) 365; plus

(iii) for each day during such Interest Period the product of (x) the Group Bank Funded Amount with respect to such Purchaser Group on such day, times (y) the sum of CDOR for such day plus the Applicable Margin, divided by (x) 365.

(b) any Non-Conduit Purchaser Group, the sum for each day during such Interest Period of the product of (i) the Purchaser Group Principal Amount with respect to such Non-Conduit Purchaser Group on such day; times (ii) the sum of CDOR for such day plus the Applicable Margin, divided by (iii) 365.

For the purposes of determining the Group Monthly Interest in respect of an Interest Period prior to the end of the Interest Period, the Funding Agent in respect of a CP Conduit Purchaser Group or a Non-Conduit Purchaser Group may estimate the interest for the remaining days in the Interest Period. If the actual interest for such days is less than the estimated interest, the Group Monthly Interest for the following Interest Period shall be reduced to adjust for such lower actual interest and if the actual interest for such days is higher than the estimated interest, the Group Monthly Interest for the following Interest Period shall be increased to adjust for such higher interest.

"**Increase**" is defined in Section 3.3(a).

"**Increase Amount**" is defined in Section 3.3(a).

"**Increase Date**" is defined in Section 3.3(a).

"**Increase Notice**" is defined in Section 3.3(a).

"**Interest Period**" means each of the consecutive periods that begins on, and includes, each Payment Date and ends on and excludes, the following Payment Date; provided that the first Interest Period shall begin on the Closing Date and end on the Payment Date in January, 2018.

"**Issuer Indemnified Person**" is defined in Section 3.8.

"**Maximum Purchaser Group Principal Amount**" means, with respect to (a) any CP Conduit Purchaser Group, the amount set forth opposite the name of the CP Conduit Purchaser included in such CP Conduit Purchaser Group on Schedule E or in the Purchaser Group Supplement pursuant to which such CP Conduit Purchaser Group became a party to this Supplemental Indenture; or (b) any Non-Conduit Purchaser Group, the amount set forth opposite the name of such Non-Conduit Purchaser Group on Schedule E or in the Purchaser Group Supplement pursuant to which such Non-Conduit Purchaser Group became a party to this Supplemental Indenture, in each case, as such amount may be increased or reduced from time to time as provided in Section 3.5.

"**Monthly Fees and Other Amounts**" shall mean, for any Payment Date, the aggregate of the Group Monthly Fees and Other Amounts for all Purchaser Groups.

"**Monthly Fees and Other Amounts Shortfall**" means, for any Payment Date and a Purchaser Group, if the amount of the Monthly Fees and Other Amounts for the preceding Payment Date was greater than the amount distributed to the payment of such amounts pursuant to Section 3.6(d), an amount equal to the Monthly Fees and Other Amounts owing to such Purchaser Group which were unpaid on the preceding Payment Date plus interest on such unpaid amount for the period from the preceding Payment Date to the current Payment Date at a rate equal to the Prime Rate plus 1.00% per annum.

"**Monthly Interest**" shall mean, for any Payment Date, the aggregate for all Purchaser Groups of the sum of (a) Group Monthly Interest for the related Interest Period for each Purchaser Group; plus (b) the Monthly Interest Shortfall for such Payment Date for each Purchaser Group.

"**Monthly Interest Shortfall**" means, for any Payment Date and a Purchaser Group, if the amount of the Group Monthly Interest for the preceding Payment Date was greater than the amount distributed to the payment of such amounts pursuant to Section 3.6(d), an amount equal to the Group Monthly Interest owing to such Purchaser Group which were unpaid on the preceding Payment Date plus interest on such unpaid amount for the period from the preceding Payment Date to the current Payment Date at a rate equal to the Prime Rate plus 1.00% per annum.

"**Non-Conduit Purchaser**" means each financial institution or other entity (other than a commercial paper conduit, Group Bank or Funding Agent) listed on Schedule E or party to a Purchaser Group Supplement pursuant to which such financial institution or entity became a party to this Supplemental Indenture.

"**Non-Conduit Purchaser Group**" means a Non-Conduit Purchaser.

"**Non-Conduit Purchaser Participants**" is defined in Section 9.1(f).

"**Non-Deferrable Draw Amount**" means, with respect to any Purchaser Group as of any Increase Date, an amount equal to the lesser of (a) the excess, if any, of (x) the product of (i) $100,000,000 and (ii) the Commitment Percentage of such Purchaser Group over (y) the portion of any Increase Amounts funded by such Purchaser Group during the preceding thirty-five (35) days pursuant to a Non-Deferrable Increase Notice or, to the extent of any decrease pursuant to Section 3.3(e) in the Delayed Amount set forth in a Delayed Funding Notice delivered by such Purchaser Group, a Deferrable Increase Notice; and (b) the excess, if any, of (x) the Maximum Purchaser Group Principal Amount with respect to such Purchaser Group, over (y) the sum of (i) the Purchaser Group Principal Amount with respect to such Purchaser Group; and (ii) any unfunded Delayed Amounts with respect to such Purchaser Group, in each case as of such Increase Date.

"**Non-Deferrable Increase Notice**" means a notice of Increase that provides that a Delayed Funding Notice may not be provided by any Purchaser Group with respect to such Increase in accordance with Section 3.3(a).

"**Non-Delayed Funding Purchaser Group**" is defined in Section 3.3(f).

"**Optional Termination Date**" is defined in Section 3.4.

"**Optional Termination Notice**" is defined in Section 3.4.

"**Prime Rate**" means the annual rate of interest announced by Royal Bank of Canada from time to time as being its reference rate for the determination of interest rates on Canadian dollar denominated commercial loans made by it and commonly referred to by Royal Bank of Canada as its "prime rate."

"**Principal Accumulation Date**" means (i) if a Commitment Extension has occurred, the date specified as the "**Principal Accumulation Date**" in the related Commitment Extension Request, or (ii) otherwise, the Payment Date occurring in the month of July, 2021.

"**Principal Payment Amount**" means, in respect of the Series 2017-1 Senior Notes, (i) if a Commitment Extension has occurred, the amount specified as the "**Principal Payment Amount**" in the related Commitment Extension Request, or (ii) otherwise:

(a) On any Payment Date occurring on or after the earlier of (i) the Payment Date occurring in October, 2021; and (ii) the occurrence of an Acceleration Event, the Series 2017-1 Principal Amount.

(b) Unless clause (a) above is applicable, on the Payment Dates in the month of July, August, September and October of 2021, an amount equal the lesser of (x) the sum of (A) 25% of the Series 2017-1 Principal Amount on the Business Day prior to the Principal Accumulation Date, plus (B) the Decrease Amount of any Decrease occurring on such Payment Date, and (y) the Series 2017-1 Principal Amount.

(c) Unless either of clauses (a) or (b) above is applicable, on any Payment Date that is not a Decrease Date, nil.

(d) Unless either of clauses (a) or (b) is applicable, on any Payment Date that is a Decrease Date, the Decrease Amount of the Decrease occurring on such Payment Date.

"**Principal Payment Default Date**" means, in respect of any Principal Payment Amount, (i) if a Commitment Extension has occurred, the date specified as the "**Principal Payment Default Date**" with respect to such Principal Payment Amount in the related Commitment Extension Request, or (ii) otherwise, the Business Day that is two years after the Principal Payment Date in respect of such Principal Payment Amount.

"**Pro Rata Share**" means, with respect to any Purchaser Group, on any date, the ratio, expressed as a percentage, which the Purchaser Group Principal Amount with respect to such Purchaser Group bears to the Series 2017-1 Principal Amount on such date.

"**Program Support Provider**" means, with respect to any CP Conduit Purchaser, the Group Bank with respect to such CP Conduit Purchaser and any other or additional Person now or hereafter extending credit, or having a commitment to extend credit to or for the account of, or to make purchases from, such CP Conduit Purchaser or issuing a letter of credit, surety bond or other instrument to support any obligations arising under or in connection with such CP Conduit Purchaser's securitization program.

"**Purchaser Group**" means a CP Conduit Purchaser Group or a Non-Conduit Purchaser Group.

"**Purchaser Group Increase Amount**" means, with respect to any Purchaser Group, for any Business Day, such Purchaser Group's Commitment Percentage of the Increase Amount, if any, on such Business Day.

"**Purchaser Group Principal Amount**" means, with respect to any Purchaser Group, (a) when used with respect to the Closing Date, such Purchaser Group's Commitment Percentage of the Series 2017-1 Initial Principal Amount; and (b) when used with respect to any other date, an amount equal to (i) the Purchaser Group Principal Amount with respect to such Purchaser Group on the immediately preceding Business Day; plus (ii) the Purchaser Group Increase Amount with respect to such Purchaser Group on such date; minus (iii) the amount of principal payments made to such Purchaser Group pursuant to Section 3.7 on such date. For the avoidance of doubt, (x) so long as any Purchaser Group has failed to fund any portion of its Purchaser Group Increase Amount with respect to any Increase Date (including any Delayed Amount), such unfunded amount shall not be included in the Purchaser Group Principal Amount for such Purchaser Group unless and until such amount has been funded (including by funding any Delayed Funding Reimbursement Amount, if applicable), and (y) any Delayed Amounts funded on an Increase Date by a Non-Delayed Funding Purchaser Group shall be included in the Purchaser Group Principal Amount for such Non-Delayed Funding Purchaser Group until the related Delayed Funding Reimbursement Amount has been funded.

"**Purchaser Group Supplement**" is defined in Section 9.1(e).

"**Rating Agency Condition**" means, with respect to any action in respect of the Series 2017-1 Senior Notes subject to such condition, each of the CP Conduit Purchasers shall deliver written notice of the proposed action to the CP Conduit Rating Agencies at least 10 Business Days prior

to the effective date of such action (or if 10 Business Days prior notice is impractical, such advance notice as is practicable) and the CP Conduit Rating Agencies (i) shall not have informed any CP Conduit Purchaser prior to the effective date of such action that such action will result in the reduction or withdrawal of the rating in effect with respect to the Commercial Paper of the CP Conduit Purchaser immediately before the taking of such action, or (ii) in the case of DBRS, or any successor thereto, when it is a CP Conduit Rating Agency, DBRS shall have informed each of the CP Conduit Purchasers in writing prior to the effective date of such action that such action will not result in the reduction or withdrawal of the rating of any Commercial Paper of such CP Conduit Purchasers immediately before the taking of such action. For purposes of the Trust Indenture, this Supplemental Indenture and the Master Transfer and Servicing Agreement, the Indenture Trustee shall receive, and shall be entitled to rely on, a certificate of a CP Conduit Purchaser confirming the satisfaction of the Rating Agency Condition.

"**Recipient**" is defined in Section 3.10(a).

"**Refinancing Increase**" is defined in Section 3.3(a).

"**Regulatory Change**" shall mean (i) the adoption after the date hereof of any applicable law, rule or regulation (including any applicable law, rule or regulation regarding capital adequacy, deposits, reserves or liquidity coverage) or any change therein after the date hereof, (ii) any change after the date hereof in the interpretation, administration, scope or timing of implementation thereof by any governmental authority, central bank, self-regulating professional body or comparable agency or authority charged with the interpretation or administration thereof, or compliance with any guidance, request or directive (whether or not having the force of law) of any such authority, central bank, self-regulating professional body or comparable agency or authority; provided that for purposes of this definition, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder, issued in connection therewith or in implementation thereof, and (y) all requests, rules, guidelines and directives (whether or not having the force of law) promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or Canadian or United States or other foreign regulatory authorities, shall in each case be deemed to be a "Regulatory Change", regardless of the date enacted, adopted, issued or implemented.

"**Related Non-Conduit Purchaser**" means, with respect to any Non-Conduit Purchaser Group, the Non-Conduit Purchaser that constitutes such Non-Conduit Purchaser Group.

"**Related Purchaser Group**" means, with respect to (a) any Funding Agent, the CP Conduit Purchaser identified next to such Funding Agent on Schedule E and the Group Bank identified on Schedule I next to such CP Conduit Purchaser or the CP Conduit Purchaser and Group Bank party to the Purchaser Group Supplement pursuant to which such Funding Agent became a party to this Supplemental Indenture; (b) any CP Conduit Purchaser, the CP Conduit Purchaser Group of which such CP Conduit Purchaser is a member; and (c) any Non-Conduit Purchaser, the Non-Conduit Purchaser Group that such Non-Conduit Purchaser constitutes.

"**Requisite Series 2017-1 Noteholders**" means Purchaser Groups having Commitment Percentages aggregating more than 50% (or if all Commitments have terminated, Purchaser

Groups whose aggregate Purchaser Group Principal Amounts exceed 50% of the Series 2017-1 Principal Amount).

"**Scheduled Commitment Expiry Date**" means, the Payment Date in December, 2019, as such date may be extended in accordance with Section 3.5(c).

"Series 2017-1 Event of Default" means any one of the following events (whatever the reason for such Series 2017-1 Event of Default and whether it will be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any Governmental Authority):

(a) a default by the Issuer in the payment of any interest on any Series 2017-1 Senior Notes when such interest becomes due and payable, and continuance of such default for a period of five days following the date on which such interest became due and payable;

(b) a default by the Issuer in the payment of any principal of any Series 2017-1 Senior Notes at its Principal Payment Default Date;

(c) any representation or warranty contained in Section 5.1 of this Supplemental Indenture or Section 12.01 of the Trust Indenture proves to be incorrect in any material respect when made and such incorrect representation or warranty if capable of being remedied by the Issuer, has not been remedied for a period of 30 days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by a Purchaser Group, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default" hereunder and, as a result of such default, the interests of such Purchaser Group is materially and adversely affected and continue to be materially and adversely affected during the 30-day period;

(d) a default in the performance, or breach, of any covenant of the Issuer in the Trust Indenture or this Supplemental Indenture in respect of any Series 2017-1 Senior Notes (other than an agreement, covenant or warranty a default in the performance of which or the breach of which is elsewhere specifically dealt with in this definition of Series 2017-1 Event of Default), and continuance of such default or breach for a period of 30 days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by a Purchaser Group, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default" hereunder and, as a result of such default, the interests of such Purchaser Group is materially and adversely affected and continue to be materially and adversely affected during the 30-day period;

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

payment date, maturity date or redemption date in respect of such other Series of Senior Funding Obligations; or

(f) a Suspension Notice is issued by the Province.

"**Series 2017-1 Initial Principal Amount**" is defined in Section 3.3(a).

"**Series 2017-1 Maximum Principal Amount**" means, on any date of determination, the sum of the Maximum Purchaser Group Principal Amounts with respect to each of the Purchaser Groups on such date.

"**Series 2017-1 Noteholder**" means a Person in whose name a Series 2017-1 Senior Note is registered in the Note Register.

"**Series 2017-1 Principal Amount**" means, on any date of determination, the sum of the Purchaser Group Principal Amounts with respect to each of the Purchaser Groups on such date.

"**Series 2017-1 Senior Note**" means any one of the Floating Rate Variable Funding Senior Notes, Series 2017-1, executed by the Issuer and authenticated and delivered by or on behalf of the Indenture Trustee, substantially in the form of Exhibit B.

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

"**Support Facility**" shall mean any liquidity or credit support agreement with a CP Conduit Purchaser which relates to, or is otherwise available to such CP Conduit Purchaser in relation to its funding activities under, this Supplemental Indenture.

"**Suspension Notice**" is defined in the Change of Law Protection Agreement.

"**Termination Event**" means any Acceleration Event or Series 2017-1 Event of Default or any event which with the giving of notice or the passage of time, or both, could become an Acceleration Event or a Series 2017-1 Event of Default.

"**Transfer Increase**" is defined in Section 3.3(a).

"**Transfer Supplement**" is defined in Section 9.1(c).

"**Transferee**" is defined in Section 9.1(g).

"**Trust Indenture**" means the trust indenture dated as of December **[21]**, 2017 between the Issuer and the Indenture Trustee, as amended or restated from time to time.

"**Write-Down and Conversion Powers**" shall mean, with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to

time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule.

SCHEDULE B

SERIES 2017-1 SENIOR NOTE

REGISTERED	INITIAL DOLLAR PRINCIPAL AMOUNT
No. R [●]	$[●]

FAIR HYDRO TRUST

FLOATING RATE VARIABLE FUNDING SENIOR NOTE, SERIES 2017-1

Fair Hydro Trust (herein referred to as the "**Issuer**"), a trust governed by the laws of Ontario and established under a Declaration of Trust dated as of December ■, 2017 for value received, hereby promises to pay to ■, or registered assigns, subject to the following provisions, a principal sum of $■, or, if less, the aggregate unpaid principal amount shown on the schedule attached hereto (and any continuation thereof), which amount shall be payable in the amounts and at the times set forth in the Indenture and the Indenture Supplement; provided, that, the entire unpaid amount of any Principal Payment Amount payable with respect to this Series 2017-1 Note shall be due on the related Principal Payment Default Date. The Issuer will pay interest on this Series 2017-1 Note in accordance with Section 3.6 of the Indenture Supplement on each Payment Date until the principal of this Series 2017-1 Note is paid or made available for payment, to the extent funds are available in accordance with the terms of the Indenture Supplement. Pursuant to Sections 3.3 and 3.4 of the Indenture Supplement, the principal amount of this Series 2017-1 Note shall be subject to Increases and Decreases on any Business Day during the period commencing on the Closing Date and ending on the Commitment Expiry Date (the "**Revolving Period**"), and accordingly, such principal amount is subject to prepayment in whole or in part at any time. During the Revolving Period, this Series 2017-1 Note is subject to mandatory prepayment, to the extent funds have been allocated to the Principal Accumulation Account and are available therefor, in accordance with Sections 3.4 and Section 3.7 of the Indenture Supplement. Beginning on the first Payment Date following the occurrence of a Series 2017-1 Event of Default or an Event of Default (collectively, a "**Default Event**"), subject to cure in accordance with the Base Indenture or the Indenture Supplement, as applicable, the principal of this Series 2017-1 Note shall be paid in installments on each subsequent Principal Payment Date to the extent of funds available for payment therefor pursuant to the Indenture. Such principal of and interest on this Series 2017-1 Note shall be paid in the manner specified on the reverse hereof.

The principal of and interest on this Series 2017-1 Note are payable in Canadian Dollars. Except as otherwise provided in the Indenture, payments made by the Issuer with respect to this Series 2017-1 Note shall be applied first to interest due and payable on this Series 2017-1 Note as provided above and then to the unpaid principal of this Series 2017-1 Note.

Reference is made to the further provisions of this Series 2017-1 Note set forth on the reverse hereof, which shall have the same effect as though fully set forth on the face of this Series 2017-1 Note. Although a summary of certain provisions of the Indenture is set forth below and on

the reverse hereof and made a part hereof, this Series 2017-1 Note does not purport to summarize the Indenture and reference is made to the Indenture for information with respect to the interests, rights, benefits, obligations, proceeds and duties evidenced hereby and the rights, duties and obligations of the Issuer and the Trustee. A copy of the Indenture may be requested from the Trustee by writing to the Trustee at: BNY Trust Company of Canada, One York Street, 6th Floor, Toronto, Ontario M5J 0B6, Attention: Corporate Trust Administration.

Reference is made to the further provisions of this Note set forth on the reverse hereof, which shall have the same effect as though fully set forth on the face of this Note.

Unless the certificate of authentication hereon has been executed by or on behalf of the Indenture Trustee, by manual signature, this Note shall not be entitled to any benefit under the Indenture or the Indenture Supplement referred to on the reverse hereof, or be valid for any purpose.

IN WITNESS WHEREOF, the Issuer has caused this Series 2017-1 Note to be duly executed.

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

By: _____
Name:
Title:

By: _____
Name:
Title:

Dated: ■, 201■

INDENTURE TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Series 2017-1 Notes described in the within mentioned Indenture.

BNY TRUST COMPANY OF CANADA, as
Indenture Trustee

By: _____
Authorized Signatory

FAIR HYDRO TRUST

SERIES 2017-1 SERIES 2017-1 FLOATING RATE ASSET BACKED NOTE

Summary of Terms and Conditions

This Series 2017-1 Note is one of a duly authorized issue of Notes of the Issuer, designated as its Fair Hydro Trust, Floating Rate Variable Funding Senior Note, Series 2017-1 (the "**Series 2017-1 Notes**"), issued under an Trust Indenture, dated as of December **[21]**, 2017 (as may be amended, supplemented, restated, replaced or otherwise modified from time to time, the "**Base Indenture**"), between the Issuer and BNY Trust Company of Canada, as indenture trustee (the "**Indenture Trustee**," which term includes any successor Indenture Trustee under the Indenture), as supplemented by the Warehouse Senior Series 2017-Indenture Supplement, dated as of December **[21]**, 2017 (the "**Indenture Supplemen**t"), and representing the right to receive certain payments from the Issuer. The term "**Indenture**," unless the context otherwise requires, refers to the Indenture as supplemented by the Indenture Supplement. Except as set forth in the Indenture Supplement, the Series 2017-1 Note is subject to all of the terms of the Base Indenture. All terms used in this Series 2017-1 Note that are defined in the Indenture Supplement shall have the meanings assigned to them in or pursuant to the Indenture Supplement.

The Series 2017-1 Note is and will be equally and ratably secured by the Collateral pledged as security therefor as provided in the Indenture.

"**Payment Date**" means the 15th day of each calendar month, or, if any such date is not a Business Day, the next succeeding Business Day, commencing January 15, 2018.

As described above, the entire unpaid amount of any Principal Payment Amount payable with respect to this Series 2017-1 Note shall be due and payable on the related Principal Payment Default Date, in accordance with Section 3.7 of the Indenture Supplement. Notwithstanding the foregoing, if a Default Event with respect to the Series 2017-1 Notes shall have occurred and be continuing then, in certain circumstances, principal of the Series 2017-1 Note may be paid earlier, as described in the Indenture. All principal payments of the Series 2017-1 Note shall be made to the Series 2017-1 Noteholders.

Payments of interest on this Series 2017-1 Note are due and payable on each Payment Date or such other date as may be specified in the Indenture Supplement, together with the installment of principal then due, if any, and any payments of principal made on any Business Day in respect of any Decreases, to the extent not in full payment of this Series 2017-1 Note, shall be made by wire transfer to the holder of record of this Series 2017-1 Note (or one or more predecessor Series 2017-1 Notes) on the Note Register as of the close of business on each Record Date. Any reduction in the principal amount of this Series 2017-1 Note (or one or more predecessor Series 2017-1 Notes) effected by any payments made on any Payment Date shall be binding upon all future holders of this Series 2017-1 Note and of any Series 2017-1 Note issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof, whether or not noted thereon.

The Issuer shall pay interest on Monthly Interest Shortfalls at the rate specified in the definition thereof, to the extent lawful.

Subject to the terms of the Indenture, the holder of any Series 2017-1 Note may transfer the same in whole or in part, in an amount equivalent to an authorized denomination, by surrendering such Series 2017-1 Note at the office maintained by the Note Registrar for such purpose pursuant to Section 4.05(c) of the Base Indenture, with the form of transfer endorsed on it duly completed and executed by, or accompanied by a written instrument of transfer in form satisfactory to the Issuer and the Note Registrar by, the holder thereof. In exchange for any Series 2017-1 Note properly presented for transfer, the Issuer shall execute and promptly authenticate and deliver or cause to be authenticated and delivered in compliance with applicable law, to the transferee at such office, or send by mail (at the risk of the transferee) to such address as the transferee may request, Series 2017-1 Notes for the same aggregate principal amount as was transferred. In the case of the transfer of any Series 2017-1 Note in part, the Issuer shall execute and promptly authenticate and deliver or cause to be authenticated and delivered to the transferor at such office, or send by mail (at the risk of the transferor) to such address as the transferor may request, Series 2017-1 Notes for the aggregate principal amount that was not transferred. No transfer of any Series 2017-1 Note shall be made unless the request for such transfer is made by the Series 2017-1 Noteholder at such office. Upon the issuance of transferred Series 2017-1 Notes, the Trustee shall recognize the holders of such Series 2017-1 Note as Series 2017-1 Noteholders.

Each Series 2017-1 Noteholder, by acceptance of a Series 2017-1 Note, hereby acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor under the Base Indenture and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Base Indenture including, without limitation, Section 7.12 (Payments To Be Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse), Article IX (Indenture Trustee) (including all limitations of liability thereunder), Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition).

Prior to the due presentment for registration of transfer of this Series 2017-1 Note, the Issuer, the Trustee and any agent of the Issuer or the Trustee may treat the Person in whose name this Series 2017-1 Note (as of the day of determination or as of such other date as may be specified in the Indenture) is registered as the owner hereof for all purposes, whether or not this Series 2017-1 Note shall be overdue, and neither the Issuer, the Trustee nor any such agent shall be affected by notice to the contrary.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the rights of the holder of the Series 2017-1 Notes under the Indenture at any time by the Issuer with the consent of the applicable Person(s) specified therein. The Indenture also contains provisions permitting the applicable Person(s) specified therein to waive compliance by the Issuer with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences with respect to the Series 2017-1 Notes. Any such consent or waiver by such Person(s) shall be conclusive and binding upon the Series 2017-1 Noteholders and upon all future holders of this Series 2017-1 Note and of any Series 2017-1 Note issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof whether or not notation of such consent or waiver is made upon this Series 2017-1 Note. The Indenture also permits the Issuer and the Trustee to amend or waive certain terms and conditions set forth in the Indenture without the consent of any other Person.

The term “the Issuer” as used in this Series 2017-1 Note includes any successor to the Issuer under the Indenture.

The Series 2017-1 Note is issuable only in registered form in denominations as provided in the Indenture, subject to certain limitations set forth therein.

This Series 2017-1 Note and the Indenture, and all matters arising out of or relating to this Series 2017-1 Note or Indenture, shall be governed by, and construed and interpreted in accordance with, the laws of the Province of Ontario and the federal laws applicable therein, and the obligations, rights and remedies of the parties hereto shall be determined in accordance with such laws.

No reference herein to the Indenture and no provision of this Series 2017-1 Note or of the Indenture shall alter or impair the obligation of the Issuer, which is absolute and unconditional, to pay the principal of and interest on this Series 2017-1 Note at the times, place and rate, and in the coin or currency herein prescribed, subject to any duty of the Issuer to deduct or withhold any amounts as required by law, including any applicable taxes.

INCREASES AND DECREASES

Date	Unpaid Principal Amount	Increase	Decrease	Total	Notation Made By

SCHEDULE C

FORM OF INCREASE NOTICE

SCHEDULE D

FORM OF DECREASE NOTICE

●

SCHEDULE E

PURCHASER GROUPS

WAREHOUSE

SUBORDINATED SERIES 2017-1

SUPPLEMENTAL INDENTURE

between

FAIR HYDRO TRUST

by

COMPUTERSHARE TRUST COMPANY OF CANADA
as Issuer Trustee

and

BNY TRUST COMPANY OF CANADA
as Indenture Trustee

and

ONTARIO POWER GENERATION INC.
as Purchaser

Made as of December [21], 2017

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FLOATING RATE VARIABLE FUNDING, SERIES 2017-1 SUBORDINATED NOTES

SUPPLEMENTAL INDENTURE made as of December [21], 2017, between **Computershare Trust Company of Canada**, a trust company established under the laws of Canada (the "**Issuer Trustee**"), in its capacity as trustee of **Fair Hydro Trust**, a trust existing under the laws of the Province of Ontario (in such capacity, the "**Issuer**"), **BNY Trust Company of Canada**, a trust company established under the laws of Canada (the "**Indenture Trustee**"), and Ontario Power Generation Inc., in its capacity as the purchaser (the "**Purchaser**");

WHEREAS pursuant to the Trust Indenture, provision was made for the issuance of Notes from time to time;

AND WHEREAS pursuant to the Trust Indenture, Notes may be issued in one or more Series by the execution and delivery of a Supplemental Indenture;

AND WHEREAS pursuant to a Supplemental Indenture dated the date hereof between the Issuer Trustee, in its capacity as trustee of the Issuer, the Indenture Trustee, Royal Bank of Canada, in its capacity as the administrative agent for certain purchaser groups (the "**Administrative Agent**"), certain non-conduit purchasers from time to time party thereto, certain commercial paper conduit purchasers from time to time party thereto, and certain funding agents from time to time party thereto (the "**Senior Series 2017-1 Supplemental Indenture**"), the Issuer issued floating rate variable funding Series 2017-1 Senior Notes (the "**Series 2017-1 Senior Notes**");

AND WHEREAS the parties hereto are entering into this Supplemental Indenture to provide for the creation and issuance of the Series 2017-1 Subordinated Notes;

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

ARTICLE 1
INTERPRETATION

1.1 Definitions

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

(b) Except as otherwise expressly provided or unless the context otherwise requires, all terms used herein which are defined in the Trust Indenture, either directly or by reference therein, have the meanings assigned to them in the Trust Indenture.

1.2 Interpretation

Subject to the next following sentences, this Supplemental Indenture is supplemental to the Trust Indenture and the Trust Indenture shall be read in conjunction with this Supplemental Indenture and all of the provisions of the Trust Indenture shall apply to and shall have effect in connection

with this Supplemental Indenture in the same manner as if all of the provisions of the Trust Indenture and of this Supplemental Indenture were contained in one instrument. This Supplemental Indenture shall, unless the context otherwise requires, be subject to the interpretative provisions contained in Article 1 of the Trust Indenture. If any terms of the Trust Indenture are inconsistent with the express terms or provisions hereof, the terms and provisions of the Trust Indenture shall be, solely in respect of the Series 2017-1 Subordinated Notes, amended and supplemented so as to be consistent herewith. The provisions of this Supplemental Indenture are applicable only in respect of the Series 2017-1 Subordinated Notes and not the Notes of any other Series.

1.3 Application of this Supplemental Indenture

With respect to the Series 2017-1 Subordinated Notes only, the terms of the Trust Indenture are amended, supplemented, modified, restated and replaced to the extent applicable by the terms of this Supplemental Indenture in respect of the Series 2017-1 Subordinated Notes in accordance with Section 1.2 above.

ARTICLE 2
PRINCIPAL TERMS

2.1 Creation of Series 2017-1 Subordinated Notes

There is hereby created a Series of Notes to be issued pursuant to the Trust Indenture and this Supplemental Indenture designated as the "**Floating Rate Variable Funding Subordinated Notes, Series 2017-1**."

2.2 Principal Terms

In addition to and without limiting any of the provisions of this Supplemental Indenture, the Series 2017-1 Subordinated Notes:

(a) will be designated as set out in Section 2.1;

(b) will be Subordinated Notes;

(c) will have a Stated Principal Amount equal to the Series 2017-1 Maximum Subordinated Principal Amount;

(d) will not be issued in Tranches;

(e) will be denominated in Canadian dollars;

(f) will not be listed on any securities exchange;

(g) will have an Initial Dollar Principal Amount equal to the Series 2017-1 Initial Subordinated Principal Amount;

(h) will be issued as definitive notes and will not be in the form of a Global Note;

(i) will be issued as Registered Notes and will be without coupons;

(j) will be substantially in the form of Schedule B, with such appropriate insertions, omissions, substitutions and variations as may be approved by the Issuer;

(k) will have each Payment Date on and after the Payment Date in February, 2018 as an Interest Payment Date;

(l) will have Principal Payment Dates as determined under Section 3.7;

(m) will have Principal Payment Default Dates as defined herein; and

(n) will have no minimum issue amount.

ARTICLE 3
NOTE PURCHASE FACILITY

3.1 Purchase of Notes by the Purchaser

(a) ***Initial Purchase***. Subject to the terms and conditions of this Supplemental Indenture, including delivery of notice in accordance with Section 3.3, the Purchaser shall purchase a Series 2017-1 Subordinated Note in an amount equal to the Series 2017-1 Initial Subordinated Principal Amount on the Closing Date. Payments by the Purchaser for such purchase shall be made in immediately available funds on the Closing Date in accordance with Section 3.3(c).

(b) ***Series 2017-1 Maximum Subordinated Principal Amount***. Notwithstanding anything to the contrary contained in this Supplemental Indenture, at no time shall the Purchaser be required to purchase Series 2017-1 Subordinated Notes in an amount that exceeds the Series 2017-1 Maximum Subordinated Principal Amount.

3.2 Delivery

(a) On the Closing Date, Series 2017-1 Subordinated Notes shall be executed, authenticated and delivered by the Issuer in accordance with Section 4.03 of the Trust Indenture in the name of the Purchaser in an amount equal to the Series 2017-1 Maximum Subordinated Principal Amount. On each Increase Date, Series 2017-1 Subordinated Notes shall be executed, authenticated and delivered by the Issuer in accordance with Section 4.03 of the Trust Indenture in the name of the Purchaser in an amount equal to the Increase Amount.

(b) The Purchaser shall maintain a record of the actual Series 2017-1 Subordinated Principal Amount outstanding on any date of determination, which, absent manifest error, shall constitute prima facie evidence of the outstanding Series 2017-1 Subordinated Principal Amount from time to time.

3.3 Procedure for Initial Issuance and for Increasing the Series 2017-1 Subordinated Principal Amount

(a) (i) On any Business Day prior to December [21], 2017, concurrent with the initial purchase of the Series 2017-1 Senior Notes under the Senior Series 2017-1 Supplemental Indenture, the Issuer shall request that the Purchaser purchase, and the Purchaser shall purchase, a Series 2017-1

Subordinated Note for an initial purchase price equal to the Series 2017-1 Initial Subordinated Principal Amount (the date on which the initial purchase occurs being referred to as the "**Closing Date**") by giving the Purchaser (with a copy to the Indenture Trustee) irrevocable written notice (effective upon receipt), by email communication, substantially in the form of Schedule C no later than 12:00 p.m. (Toronto time) on the second Business Day prior to the Closing Date. The written notice of the initial purchase of the Series 2017-1 Subordinated Notes shall (x) state the Closing Date, (y) state the Series 2017-1 Initial Subordinated Principal Amount, and (z) attach a copy of the irrevocable written notice delivered to the Administrative Agent pursuant to Section 3.3(a) of the Senior Series 2017-1 Supplemental Indenture in connection with the concurrent initial purchase of the Series 2017-1 Senior Notes thereunder; and (ii) on any Business Day after the initial purchase of the Series 2017-1 Subordinated Notes hereunder, the Issuer and the Purchaser hereby agree that the Series 2017-1 Subordinated Principal Amount will be increased by an amount (an "**Increase**") such that following such Increase the Outstanding Dollar Principal Amount of the Series 2017-1 Subordinated Notes will be equal to or greater than seventy-eight percent (78%) of the Outstanding Dollar Principal Amount of the Series 2017-1 Senior Notes on such Business Day (each date on which an increase in the Series 2017-1 Subordinated Principal Amount occurs hereunder being herein referred to as the "**Increase Date**" applicable to such Increase) by the Issuer providing the Purchaser (with a copy to the Indenture Trustee) irrevocable written notice (effective upon receipt), by email communication, substantially in the form of Schedule C (an "**Increase Notice**") no later than 12:00 p.m. (Toronto time) on the third Business Day prior to such Increase Date. Each Increase Notice shall (w) state the Increase Date, (x) state the amount of the increase in the Series 2017-1 Subordinated Principal Amount (an "**Increase Amount**"), (y) state whether the Increase is to fund a Transfer (a "**Transfer Increase**") or is in respect of a Refinancing (a "**Refinancing Increase**"), and (z) attach a copy of the irrevocable written increase notice delivered to the Administrative Agent pursuant to Section 3.3(a) of the Senior Series 2017-1 Supplemental Indenture in connection with the applicable Series 2017-1 Senior Increase proposed to be made thereunder.

(b) The Purchaser shall not be required to increase the Series 2017-1 Subordinated Principal Amount on any Increase Date hereunder if after giving effect to such Increase Amount, the Series 2017-1 Maximum Subordinated Principal Amount will be exceeded.

(c) The Issuer shall apply amounts paid to it pursuant to Section 3.3(a) by application to payment of the purchase price payable by the Issuer to the IESO under the Master Transfer and Servicing Agreement in respect of a Transfer or by deposit to the Refinancing Account.

3.4 Procedure for Decreasing the Series 2017-1 Subordinated Principal Amount

On any Business Day after the initial purchase of the Series 2017-1 Subordinated Notes hereunder, the Issuer and the Purchaser hereby agree that the Series 2017-1 Subordinated Principal Amount may be decreased by an amount (a "**Decrease**") such that following such decrease the Outstanding Dollar Principal Amount of the Series 2017-1 Subordinated Notes will not be less than seventy-eight percent (78%) of the Outstanding Dollar Principal Amount of the Series 2017-1 Senior Notes. Each Payment Date on which a Decrease in the Series 2017-1 Subordinated Principal Amount occurs hereunder being herein referred to as the "**Decrease Date**" applicable to such Decrease; and the Issuer shall provide to the Purchaser (with a copy to the Indenture Trustee) irrevocable written notice (effective upon receipt), by email communication, substantially in the form of

Schedule D (a "**Decrease Notice**") no later than 12:00 p.m. (Toronto time) on the fifth Business Day prior to any Payment Date that is a Decrease Date. Each Decrease Notice shall (x) state the Decrease Date, (y) state the amount of the decrease in the Series 2017-1 Subordinated Principal Amount (a "**Decrease Amount**"), and (z) attach a copy of the irrevocable written decrease notice delivered to the Administrative Agent pursuant to Section 3.4 of the Senior Series 2017-1 Supplemental Indenture in connection with the applicable Series 2017-1 Senior Decrease proposed to be made thereunder. Upon receipt of any notice required by this Section 3.4 from the Issuer, the Purchaser shall forward (by email communication) a copy of such notice to DBRS on the Business Day received.

3.5 Increases and Reductions of the 2017-1 Maximum Subordinated Principal Amount

(a) If one or more Maximum Purchaser Group Principal Amounts are increased pursuant to Section 3.5(a) of the Senior Series 2017-1 Supplemental Indenture, the Series 2017-1 Maximum Subordinated Principal Amount shall be automatically increased by an amount equal to seventy-eight percent (78%) of the Outstanding Dollar Principal Amount of the Maximum Purchaser Group Principal Amounts.

(b) If the Series 2017-1 Maximum Senior Principal Amount is reduced pursuant to Section 3.5(b) of the Senior Series 2017-1 Supplemental Indenture, the Series 2017-1 Maximum Subordinated Principal Amount shall be automatically decreased to an amount equal to seventy-eight percent (78%) of such aggregate decrease to the Series 2017-1 Maximum Senior Principal Amount pursuant to Section 3.5(b) of the Senior Series 2017-1 Supplemental Indenture.

(c) If a Commitment Extension has occurred with respect to the Series 2017-1 Senior Notes, the Principal Accumulation Date, Principal Payment Amount and Principal Payment Default Date shall be amended to the "Principal Accumulation Date", "Principal Payment Amount" and "Principal Payment Default Date" set out in the request related to such Commitment Extension, as applicable.

3.6 Interest; Other Amounts

(a) Interest shall be payable on the Series 2017-1 Subordinated Notes on each Payment Date.

(b) The Purchaser shall provide written notice to the Issuer and the Paying Agent no later than five (5) Business Days prior to each Payment Date, setting forth the Monthly Interest and the Monthly Other Amounts with respect to the Payment Date.

(c) The Monthly Interest shall be included in each calculation of the Interest Accrual Amount (Subordinated) for the purposes of Section 7.04(e)(iv) of the Trust Indenture and shall be payable pursuant to Sections 7.05(b), 7.06(a), 7.07, 7.10(b) or 8.13(d) of the Trust Indenture, as applicable. On each Payment Date, the Monthly Other Amounts shall be payable in respect of the Series 2017-1 Subordinated Notes pursuant to Sections 7.04(e)(xi), 7.10(b) or 8.13(d) of the Trust Indenture, as applicable. On each Payment Date, the Paying Agent shall, subject to availability of funds, pay to the Purchaser the Monthly Other Amounts with respect to the Payment Date.

3.7 Repayment of Principal

Each Payment Date where the Principal Payment Amount is not nil shall be a Principal Payment Date in respect of the Series 2017-1 Subordinated Notes. On each Principal Payment Date in respect of the Series 2017-1 Subordinated Notes, the Paying Agent shall pay to the Purchaser the Principal Payment Amount for such Principal Payment Date out of funds allocated to the Series 2017-1 Subordinated Notes pursuant to Sections 7.04(e)(x), 7.06(b)(iii), 7.08(b)(iii), 7.10(b) or 8.13(i) of the Trust Indenture, as applicable, in repayment of the principal amount of the Series 2017-1 Subordinated Notes.

3.8 Indemnification by the Issuer

The Issuer agrees to indemnify and hold harmless the Indenture Trustee and the Purchaser and each of their respective officers, directors, agents and employees (each, an "**Issuer Indemnified Person**") from and against any loss, liability, expense, damage or injury suffered or sustained by such Issuer Indemnified Person by reason of (a) any acts, omissions or alleged acts or omissions arising out of, or relating to, activities of the Issuer pursuant to the Program Agreements to which it is a party; (b) a breach of any representation or warranty made or deemed made by the Issuer (or any of its officers) in any Program Agreement; or (c) a failure by the Issuer to comply with any applicable law or regulation or to perform its covenants, agreements, duties or obligations required to be performed or observed by it in accordance with the provisions of the Program Agreements, including, but not limited to, any judgment, award, settlement, reasonable attorneys' fees and other reasonable costs or expenses incurred in connection with the defense of any actual or threatened action, proceeding or claim, except to the extent such loss, liability, expense, damage or injury resulted from the gross negligence, bad faith or willful misconduct of such Issuer Indemnified Person or its officers, directors, agents, principals, employees or employers as determined by a court of competent jurisdiction in a final non-appealable judgement or includes any Excluded Taxes; provided that any payments made by the Issuer pursuant to this Section 3.8 shall be made solely from funds available pursuant to Section 7.04 or 8.13 of the Trust Indenture, as applicable, shall be non-recourse other than with respect to such funds, and shall not constitute a claim against the Issuer to the extent that such funds are insufficient to make such payment.

3.9 Taxes

(a) All payments by or on account of any obligation of the Issuer hereunder shall, to the extent allowed by law, be made free and clear of, and without deduction or withholding for or on account of Taxes, excluding (i) income taxes (including branch profit taxes, minimum taxes and taxes computed under alternative methods, at least one of which is based on or measured by net income), franchise taxes (imposed in lieu of income taxes), or any other Taxes based on or measured by the net income of any person legally entitled to receive such payments (each a "**Recipient**") as a result of a present or former connection between the Recipient and the jurisdiction of the Governmental Authority imposing such Taxes (other than any such connection arising solely from the Recipient having executed, delivered or performed its obligations or received a payment under, disposed of, or enforced, this Supplemental Indenture); (ii) any withholding or deduction imposed pursuant to (A) Sections 1471 to 1474 of the Internal Revenue Code ("**FATCA**"), or any successor version thereof, or any similar legislation imposed by any other Governmental Authority, or (B) any treaty, law or regulation or other official guidance enacted by Canada implementing FATCA or any

intergovernmental agreement with respect to FATCA or any similar legislation imposed by any other Governmental Authority, including, for greater certainty, the *Canada-United States Enhanced Tax Information Exchange Agreement Implementation Act* (Canada) and Parts XVIII and XIX of the Income Tax Act (collectively, and including FATCA, the "**AEOI Legislation**"); and (iii) any interest, penalties and additions to Taxes in respect of (i) and (ii) (all such excluded Taxes being hereinafter called "**Excluded Taxes**"). If any Taxes, other than Excluded Taxes, are required to be withheld from any amounts payable to a Recipient hereunder, the amounts so payable to the Recipient shall be increased, and the Recipient shall be entitled to be paid by the Issuer the amount of such increase to the extent necessary to yield to the Recipient (after payment of all such Taxes other than Excluded Taxes) interest or any such other amounts payable hereunder or thereunder at the rates or in the amounts specified hereunder. Where the amount payable by the Issuer is increased in accordance with the previous sentence, the Monthly Interest shall be increased by the amount of such increase. Whenever any Taxes are payable on or with respect to amounts distributed to a Recipient, as promptly as possible thereafter the Issuer shall send to such Recipient a certified copy of an original official receipt showing payment thereof.

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

(c) If a Recipient is legally entitled to receive a refund of any Taxes (other than Excluded Taxes) as to which it has been indemnified or with respect to which additional amounts have been paid to it hereunder or it is legally entitled to receive a credit or deduction with respect to such Taxes or with respect to such additional amounts that have been paid hereunder (in each case pursuant to Section 3.9(a)), it shall use commercially reasonable efforts to obtain or claim such refund, credit or deduction and pay over such refund or the value of such credit or deduction to the Issuer, together with any interest thereon.

3.10 Increased Costs

(a) (i) If any Regulatory Change (x) subjects the Purchaser to any charge or withholding on or with respect to any Support Facility or this Supplemental Indenture or the Purchaser's obligations under a Support Facility or this Supplemental Indenture, or changes the basis of taxation of payments to the Purchaser of any amounts payable under any Support Facility or this Supplemental Indenture Agreement (except for changes in the rate of tax on the overall net income of the Purchaser or Excluded Taxes) or (y) imposes, modifies or deems applicable any reserve, assessment, fee, tax, insurance charge, special deposit or similar requirement against assets of, deposits with or for the account of, or liabilities of the Purchaser, or credit extended by the Purchaser pursuant to a Support Facility or this Supplemental Indenture or (z) imposes any other

condition the result of which is to increase the cost to the Purchaser of performing its obligations under a Support Facility or this Supplemental Indenture, or to reduce the rate of return on the Purchaser's capital or assets as a consequence of its obligations under a Support Facility or this Supplemental Indenture, or to reduce the amount of any sum received or receivable by the Purchaser under a Support Facility or this Supplemental Indenture, or to require any payment calculated by reference to the amount of interests or loans held or interest received by it, then, upon written request by the Purchaser therefore to the Issuer, the Purchaser shall be entitled to be paid such amounts charged to the Purchaser or such amounts to otherwise compensate the Purchaser for such increased cost or such reduction following a receipt by the Issuer of such request for compensation under this Section 3.10(a)(i), which payment shall be made on the earlier of (A) the first Payment Date on which amounts are available to pay such amounts pursuant to Section 7.04(e) of the Trust Indenture (provided that such request is received by the Issuer no later than five (5) Business Days prior to the end of the Interest Period related to such Payment Date), and (B) the twelfth Payment Date following such request.

(ii) The Issuer acknowledges that the Purchaser may implement, as an internal institutional matter, measures in anticipation of a final or proposed Regulatory Change (including, without limitation, the imposition of internal charges on the Purchaser's interest or obligations under any Support Agreement or this Supplemental Indenture) and may commence recognizing the incurrence of charges by seeking compensation under Section 3.10(a)(i) in connection with such measures, in advance of the effective date of such final or proposed Regulatory Change, and the Issuer agrees that such charges or compensation shall be payable, to the Purchaser, following demand therefor without regard to whether such proposed Regulatory Change has been adopted or whether such effective date has occurred; provided, that (I) the Purchaser shall provide thirty (30) days prior written notice to the Issuer of its intent to impose or incur any such charges or compensation, (II) the Purchaser shall not be compensated for any such amount pursuant to this subsection 3.10(a)(ii) relating to any period ending, and of which the Purchaser has had knowledge, more than 180 days prior to the date that the Purchaser provided the Issuer with the written notice contemplated by the preceding clause (I) of this subsection 3.10(a)(ii), (III) if, after the payment by the Issuer of any charges or compensation pursuant to this subsection 3.10(a)(ii), either (A) the Issuer requests in writing that the Purchaser re-compute any such charge or compensation in light of differences between a proposed Regulatory Change and the final effective version thereof or (B) the Purchaser determines that the amount of the charge imposed on and required to be compensated by the Issuer exceeds the amount necessary to compensate it for the applicable Regulatory Change as contemplated by subsection 3.10(a)(i), then (x) the amount of such charge or compensation shall, from and after such determination, be reduced by the amount of such excess and (y) the Purchaser shall, within thirty (30) days of such determination, either repay the amount of such excess or credit the amount of such excess against future charges under this subsection 3.10(a)(ii). The Issuer further acknowledges that any charge or compensation demanded hereunder may take the form of a monthly charge to be assessed by the Purchaser.

(b) The Purchaser claiming increased amounts described in subsection 3.10(a) of this Supplemental Indenture will furnish to the Issuer (together with its request for compensation) a certificate prepared in good faith setting forth the basis and the calculation of the amount (in reasonable detail) of each request by the Purchaser for any such increased amounts referred to in subsection 3.10(a) hereof. Any such certificate shall be conclusive absent manifest error. Failure on the part of the Purchaser to demand compensation for any amount pursuant to

subsection 3.10(a) hereof with respect to any period shall not constitute a waiver of the Purchaser's right to demand compensation with respect to such period.

ARTICLE 4
CONDITIONS PRECEDENT

4.1 Conditions Precedent to Initial Purchase of Series 2017-1 Subordinated Notes

On or prior to the initial purchase of Series 2017-1 Subordinated Notes hereunder, the following conditions precedent shall be satisfied:

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

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

(c) The Purchaser shall have received:

(i) executed copies of this Supplemental Indenture;

(ii) certificates of status or compliance or other similar documents issued by the applicable governmental authority to evidence that each of the Issuer Trustee and the Manager is validly existing pursuant to the laws of the jurisdiction of their respective establishment or incorporation;

(iii) a copy of the incorporating documents and all amendments thereto and applicable by-laws, as applicable, of each of the Issuer Trustee, the IESO and the Manager certified by an Authorized Officer of the applicable entity;

(iv) copies of resolutions of the board of directors of the IESO and the Manager approving and authorizing the execution, delivery and performance of each Program Agreement they are party to, in each case certified by an Authorized Officer of the applicable entity;

(v) incumbency certificates for each of the Issuer Trustee, the Manager and the IESO executing this Supplemental Indenture and any other Program Agreements and the other documents to be delivered by either the Issuer Trustee, the Manager or the IESO thereunder, in each case showing their names, offices and specimen signatures on which certificates the Purchaser shall be entitled to conclusively rely until such time as the Purchaser receives a replacement certificate meeting the requirements of this Section 4.1(c)(v);

(vi) the following Opinions of Counsel:

(A) the opinion of external counsel to the Manager as to the non-consolidation of the Issuer with the Manager in the event of the insolvency of the Manager in form and substance satisfactory to the Purchaser;

(B) the opinion of external counsel to the IESO as to the Investment Asset acquired by the Issuer not being subject to the claims of creditors of the IESO in form and substance satisfactory to the Purchaser;

(C) favourable opinions of external counsel to the Manager covering general corporate matters, the due execution and delivery of, and the enforceability of, each of the Program Agreements to which the Manager, the Issuer and the Issuer Trustee are party which opinion, as to certain matters, may rely on opinion of internal counsel to the Manager and the Issuer Trustee; and

(D) a favourable opinion of external counsel to the Province with respect to the due authorization, execution, delivery and enforceability of the Change of Law Protection Agreement in form and substance satisfactory to the Purchaser;

(vii) a certificate of an Authorized Officer of the Manager confirming that the representations and warranties set forth in Section 12.01 of the Trust Indenture and Section 5.1 of this Supplemental Indenture are true and correct in all material respects, that the Issuer is in compliance in all material respects with all of its covenants and obligations under the Program Agreements to which it is a party and that no Termination Event has occurred; and

(viii) such additional documents, instruments, certificates or letters as the Purchaser may reasonably request.

(d) The representations and warranties set forth in Section 5.1 of this Supplemental Indenture shall be true and correct in all material respects, the Issuer shall be compliance in all material respects with all of its covenants and obligations under the Program Agreements to which it is a party and no Termination Event shall have occurred.

4.2 Conditions Precedent to each Increase under Series 2017-1 Subordinated Notes

On or prior to each Increase, the following conditions precedent shall be satisfied:

(a) the Purchaser shall have received an Increase Notice;

(b) no Termination Event shall have occurred or would occur after giving effect to such Increase;

(c) if the Increase is identified as a Transfer Increase in the Increase Notice, then the related Transfer under the Master Transfer and Servicing Agreement shall have been completed or contemporaneously completed;

(d) after giving effect the Increase, the aggregate of the amounts on deposit in the Program Cash Reserve Account and the IESO Cash Reserve Account shall be equal to or greater than the sum of:

(i) the Program Cash Reserve Required Amount,

plus

(ii) an amount equal to the sum of (x) the amount originally determined under clause (b) of the definition of IESO Cash Reserve Deposit Amount in the Trust Indenture, less any amounts withdrawn from the IESO Cash Reserve Account to pay any Obligations Secured described in subsections 7.04(e)(i) through (v) of the Trust Indenture prior to the date of such Increase, and (y) to the extent the amount originally determined under clause (b) of the definition of IESO Cash Reserve Deposit Amount in the Trust Indenture was not determined in a manner which included the amount of such Increase, an amount estimated by the Manager, acting reasonably, equal to the additional Monthly Interest payable with respect to such Increase up to and including the Payment Date in July, 2021.

(e) after giving effect to such Increase, the aggregate Outstanding Dollar Principal Amount of Junior Subordinated Funding Obligations will not be less than 10% of the aggregate Outstanding Dollar Principal Amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations.

(f) the Indenture Trustee shall have received (i) the adherence compliance certificate required pursuant to Section 4.02(a) of the Change of Law Protection Agreement with respect to such Increase, or (B) written confirmation from the Province that the Funding Obligations incurred under this Supplemental Indenture with respect to such Increase constitute Approved Obligations.

The Issuer's acceptance of funds in connection with each Increase occurring on any Increase Date shall constitute a representation and warranty by the Issuer to the Purchaser as of such Increase Date that all of the conditions contained in Section 3.3(a) and this Section 4.2 are satisfied.

ARTICLE 5
REPRESENTATIONS AND WARRANTIES

5.1 Representations and Warranties of the Issuer

The Issuer hereby represents and warrants to the Purchaser as of the Closing Date, and shall be deemed to represent and warrant to the Purchaser on each Increase Date, that:

(a) no Termination Event has occurred or would result from the initial purchase of the Issuer Investment Interest on the Closing Date or any increase in the Issuer Investment Interest on an Increase Date, as applicable;

(b) the Issuer Trustee and the Issuer are not Non-residents;

(c) all tax returns (federal, provincial and local) required to be filed with respect to the Issuer have been filed and there has been paid or adequate provision made for the payment of all material Taxes in respect of the Issuer;

(d) the Issuer has complied in all material respects with all laws in respect of the conduct of its business and ownership of its property including the Issuer Investment Interest;

(e) all information provided to the Purchaser by or on behalf of the Issuer in respect of the Issuer Investment Interest is and will be true and accurate in all material respects; and

(f) to its knowledge, there is no set of circumstances existing at such time that will have an Adverse Effect or will reasonably be expected to have an Adverse Effect.

5.2 Representations and Warranties of the Purchaser

The Purchaser represents and warrants to the Issuer as of the Closing Date, and shall be deemed to represent and warrant to the Issuer on each Increase Date, that:

(a) it is resident in Ontario or is otherwise subject to the securities legislation of the Province of Ontario;

(b) it is purchasing the applicable Series 2017-1 Subordinated Notes (i) as principal for its own account and not for the benefit of any other "person" (as defined in the *Securities Act* (Ontario)) or company; and (ii) for cash consideration in excess of $150,000; and

(c) it was not created and is not being used solely to purchase or hold securities in reliance on the exemption from the prospectus and dealer registration requirements contained in Section 2.10 of National Instrument 45-106 − Prospectus and Registration Exemptions.

5.3 Survival

The representations and warranties set out in this Article 5 shall survive the execution hereof.

ARTICLE 6
COVENANTS

6.1 Covenants of the Issuer

(a) The Issuer shall promptly provide to the Purchaser (in multiple copies if requested) copies of all material reports, notices, financial statements and other documents delivered by the IESO to the Issuer with respect to the Issuer Investment Interest or pursuant to the Master Transfer and Servicing Agreement; provided such documents shall be deemed to be delivered hereunder so long as the Purchaser is the Manager.

(b) The Issuer shall provide to the Purchaser (in multiple copies, if requested) such other information, documents, records or reports respecting the Issuer Investment Interest, the Issuer or the IESO which is in the possession or under the control of the Issuer or the Manager, as the Purchaser may from time to time reasonably request, including any correspondence with a Rating

Agency; provided such documents shall be deemed to be delivered hereunder so long as the Purchaser is the Manager.

(c) The Issuer shall furnish to the Purchaser promptly after known to the Issuer or the Manager, information with respect to any action, suit or proceeding involving the Manager, the Issuer or the IESO or any of their respective Affiliates by or before any court or any Governmental Authority which, if adversely determined, would have an Adverse Effect; provided that the Purchaser shall be deemed to have knowledge of such actions, suits or proceedings so long as it is the Manager.

ARTICLE 7
ACCELERATION

7.1 Acceleration of Series 2017-1 Subordinated Principal Amount

If a Series 2017-1 Event of Default occurs and is continuing, then and in each and every such case, and without regard to whether all Issuer Funding Obligations have been declared due and payable immediately pursuant to Section 8.02(a) of the Trust Indenture, the Purchaser may by notice in writing to the Issuer and to the Indenture Trustee declare the Series 2017-1 Subordinated Principal Amount and all interest accrued and unpaid (if any) thereon to be due and payable immediately, and upon any such declaration the same will become and will be immediately due and payable, notwithstanding anything in this Supplemental Indenture or the Trust Indenture to the contrary.

ARTICLE 8
GENERAL

8.1 Successor and Assigns

(a) This Supplemental Indenture shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns except that (i) the Issuer may not assign or transfer any of its rights or obligations under this Supplemental Indenture without the prior written consent of the Purchaser and at least 10 Business Days' notice having been given to DBRS; and (ii) the Purchaser may, without the prior written consent of the Issuer but with prior notice to DBRS, assign or transfer any of its rights or obligations under this Supplemental Indenture to any of its wholly-owned affiliates (a "**Transferee**") pursuant to a transfer supplement, substantially in the form of Exhibit E (the "**Transfer Supplement**").

(b) The Issuer authorizes the Purchaser to disclose to any Transferee and any prospective Transferee any and all financial information in the Purchaser's possession concerning the Issuer, the Issuer Investment Interest and the Program Agreements which has been delivered to the Purchaser by the Issuer or the Manager.

(c) Notwithstanding any other provision of this Supplemental Indenture to the contrary, the Purchaser may at any time pledge or grant a security interest in all or any portion of its rights under its Series 2017-1 Subordinated Note and this Supplemental Indenture to secure obligations of the Purchaser to any Person, without notice to or consent of the Issuer; provided that no such pledge or grant of a security interest shall release the Purchaser from any of its obligations hereunder or substitute any such pledgee or grantee for the Purchaser as a party hereto.

8.2 Waiver

Without limiting the requirements of Section 11.02 of the Trust Indenture which shall be applicable to this Supplemental Indenture, no waiver of any provision of this Supplemental Indenture or consent to any departure by the Issuer from any provision of this Supplemental Indenture will be effective (in whole or in part) unless in writing and signed by the Purchaser. Such waiver will be effective only in the specific instance, for the specific purpose and for the specific length of time for which it is given by the Purchaser.

8.3 Notice

All notices, requests, instructions and demands to or upon any party hereto to be effective shall be given (a) in the case of the Issuer and the Indenture Trustee, in the manner set forth in Article 15 of the Trust Indenture; and (b) in the case of the Purchaser, in writing, and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when delivered by hand or three days after being deposited in the mail, postage prepaid, in the case of facsimile notice, when received, or in the case of overnight air courier, one Business Day after the date such notice is delivered to such overnight courier, addressed as follows; or to such other address as may be hereafter notified by the respective parties hereto:

Purchaser:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6

Attention: Vice President, Fair Hydro Plan
Fax: (416) 592-4189
Email: FHP@opg.com

8.4 No Waiver: Remedies

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

8.5 Entire Agreement

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

8.6 Governing Law and Attornment

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

8.7 Acknowledgment of Trust Indenture and No Proceedings

(a) The Purchaser hereby acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor under the Trust Indenture and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Trust Indenture including, without limitation, Section 7.12 (Payments To Be Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse), Article IX (Indenture Trustee) (including all limitations of liability thereunder), Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition).

(b) The Purchaser irrevocably authorizes and directs the Indenture Trustee on its behalf to take such action (including the execution and delivery of documents of subordination) as may be necessary or appropriate to further assure the priority arrangements provided for in Article VI, Article VII and Section 8.13 of the Trust Indenture, and appoints the Indenture Trustee as its agent for any and all such purposes.

(c) The Purchaser consents, requests and authorizes the Issuer and the Indenture Trustee to (i) add the Purchaser (or its agent) to the register of Specified Creditors described in Section 13.13 of the Trust Indenture and (ii) disseminate the notice details of the Purchaser to other Specified Creditors for the purposes set out in subsection 9.14(b) of the Trust Indenture.

8.8 Expenses

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

8.9 Further Assurances

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

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

8.10 Confidentiality

(a) The Purchaser covenants and agrees that any non-public information obtained by it pursuant to this Supplemental Indenture and the other Program Agreements shall be held in confidence except that the Purchaser may disclose such information (i) pursuant to the order of any court or administrative agency or in any pending legal or administrative proceeding (whether or not having the force or effect of law) provided that, unless prohibited by applicable law, the Purchaser shall provide prompt notice of such order to the affected party; (ii) upon the request or demand of any regulatory authority having or claiming jurisdiction over the Purchaser; (iii) as required by applicable law including, without limitation, all applicable securities laws; (iv) to the extent that such information becomes publicly available other than by reason of improper disclosure by the Purchaser; (v) to its affiliates, officers, directors, employees, legal counsel, independent auditors, accountants, advisors, investors, potential investors, commercial paper dealers, providers of surety, guaranty, credit or liquidity enhancement (including the directors, officers and accountants of such surety, guaranty, credit or liquidity enhancement provider), legal counsel of any of the foregoing and other experts or agents who need to know such information and are informed of the confidential nature of such information; (vi) for purposes of establishing a "due diligence" defense; (vii) which was available to the Purchaser on a non-confidential basis from a source other than the affected party, provided that such source was not to the knowledge of the Purchaser bound by a confidentiality agreement with the affected party; (viii) has been independently acquired or developed by the Purchaser without violating any of the Purchaser's obligations under this Supplemental Indenture; (ix) if such disclosure has been approved in writing in advance by the Issuer or the Manager; (x) regarding the existence of this Supplemental Indenture, but not the financial terms thereof; and (xi) to DBRS and Moody's and any other Rating Agencies.

(b) The Issuer covenants and agrees to hold in confidence, and not disclose to any Person, the terms of this Supplemental Indenture, except as the Purchaser may have consented to in writing prior to any proposed disclosure and except (i) it may also disclose such information (A) to its officers, directors, employees, legal counsel, independent auditors, accountants and other advisors who are directly involved in the consideration of this Supplemental Indenture (and then only on a confidential basis), (B) to the Manager and its officers, directors, employees, legal counsel, independent auditors, accountants and other advisors, (C) any ministry or agency of the Province of Ontario and, in each case, their respective employees, officials, agents and advisors, (D) as required by applicable law (including, without limitation, applicable securities law) or compulsory legal process, (E) as expressly permitted by the terms of the Program Agreements, and (F) to DBRS and Moody's and any other Rating Agencies; provided, that, in the case of clause (D), the Issuer will use all commercially reasonable efforts to maintain confidentiality and will (unless otherwise prohibited by law) notify the Purchaser of its intention to make any such disclosure prior to making such disclosure; and (ii) it may also disclose the existence (but not the financial terms) of this Supplemental Indenture, including to any actual or prospective purchaser of other Notes.

(c) The parties hereto acknowledge that a description of this Supplemental Indenture and the Series 2017-1 Subordinated Note will be included in the preliminary and final offering memoranda of the Issuer relating to the issue of other Notes from time to time.

(d) The confidentiality provisions set forth in this Section 8.10 shall expire on the second year anniversary of the date on which the Series 2017-1 Subordinated Notes have been paid in full.

8.11 Limitation of Liability of Issuer Trustee

Each party hereto other than the Issuer acknowledges that the Issuer is a trust, and that Computershare Trust Company of Canada is the Issuer Trustee. The other parties hereto agree that the Issuer Trustee will not be subject to any liability whatsoever to them, in tort, contract or otherwise, in connection with the Issuer's assets or the trust activities, for any action taken or permitted by it to be taken, or for its failure to take any action; provided that the foregoing limitation will not apply in respect of any action or failure to act arising from or in connection with wilful misconduct, negligence or reckless disregard of a duty by the Issuer Trustee. The Issuer Trustee in doing anything or permitting anything to be done in respect of assets or the trust activities is, and shall be conclusively deemed to be, acting as trustee of the Issuer and not in any other capacity. Except as to the extent provided in this Section 8.11, the Issuer Trustee will not be subject to any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Issuer, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the Issuer's assets or the trust activities and resort will be had solely to the Collateral for the payment or performance thereof. No property or assets of the Issuer Trustee, whether owned in its personal capacity or otherwise, will be subject to levy, execution or other enforcement procedure with regard to any obligation under this Supplemental Indenture. Nothing contained in this Section 8.11 shall be construed so as to limit the liability of the Issuer under this Supplemental Indenture. This Supplemental Indenture, and every deed, transfer, assignment, agreement or other instrument made pursuant hereto including, without limitation, the Series 2017-1 Subordinated Notes, made or purporting to be made by or creating an obligation of the Issuer or the Issuer Trustee on behalf of, or as trustee of, the Issuer shall be deemed and construed for all purposes as if made by the Issuer Trustee, in and only in its capacity as trustee of the Issuer. Any obligations of the Issuer Trustee hereunder or thereunder are non-recourse to the Issuer Trustee in its personal capacity.

8.12 Execution in Counterparts

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

8.13 Delivery of Executed Copies

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

[signature page follows]

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

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

By: _____
Name:
Title:

By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, as Indenture Trustee

By: _____
Name:
Title:

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., as Purchaser

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A

DEFINITIONS

"**Acceleration Event**" means either:

(a) all Issuer Funding Obligations are declared due and payable under Section 8.02 of the Trust Indenture, or

(b) the Series 2017-1 Subordinated Principal Amount and all interest accrued and unpaid thereon is declared to be due and payable under Section 7.1.

"**Administrative Agent**" is defined in the recitals to this Supplemental Indenture.

"**AEOI Legislation**" is defined in Section 3.9(a).

"**Applicable Margin**" means 0.10% per annum.

"**Authorized Officer**" means, with respect to: (a) the Issuer, any authorized director or officer of the Manager; (b) the Manager, any authorized director of officer of OPG; (c) the IESO, any authorized director or officer of the IESO; (d) the Issuer Trustee, any officer within the corporate trust office of such trustee (including the President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Treasurer or any other officer of the Issuer Trustee customarily performing functions similar to those performed by persons who at the time shall be such officers, respectively, and that has direct responsibility for the administration of the Issuer and also, with respect to a particular matter, any other officer to whom such matter is referred to because of such officer's knowledge and familiarity with the particular subject).

"**Base Rate**" means the weighted average interest rate applicable to the Series 2017-1 Senior Notes.

"**Closing Date**" is defined in Section 3.3(a).

"**Commitment Extension**" is defined in the Senior Series 2017-1 Supplemental Indenture.

"**Decrease**" is defined in Section 3.4.

"**Decrease Amount**" is defined in Section 3.4.

"**Excluded Taxes**" is defined in Section 3.9(a).

"**FATCA**" is defined in Section 3.9(a).

"**Increase**" is defined in Section 3.3(a).

"**Increase Amount**" is defined in Section 3.3(a).

"**Increase Date**" is defined in Section 3.3(a).

"**Increase Notice**" is defined in Section 3.3(a).

"**Indenture Trustee**" is defined in the recitals to this Supplemental Indenture.

"**Interest Period**" means each of the consecutive periods that begins on, and includes, each Payment Date and ends on and excludes, the following Payment Date; provided that the first Interest Period shall begin on the Closing Date and end on the Payment Date in January, 2018.

"**Issuer**" is defined in the recitals to this Supplemental Indenture.

"**Issuer Indemnified Person**" is defined in Section 3.8.

"**Issuer Trustee**" is defined in the recitals to this Supplemental Indenture.

"**Maximum Purchaser Group Principal Amount**" has the meaning specified in the Senior Series 2017-1 Supplemental Indenture.

"**Monthly Interest**" shall mean, for any Payment Date, the sum of (A) the sum for each day during such Interest Period of the product of (i) the Series 2017-1 Subordinated Principal Amount on such day; times (ii) the sum of the Base Rate for such day plus the Applicable Margin, divided by (iii) 365, and (B) the Monthly Interest Shortfall; provided that, for the purposes of determining the Monthly Interest in respect of an Interest Period prior to the end of the Interest Period, the Purchaser may estimate the interest for the remaining days in the Interest Period and provided further, if the actual interest for such days is less than the estimated interest, the Monthly Interest for the following Interest Period shall be reduced to adjust for such lower actual interest and if the actual interest for such days is higher than the estimated interest, the Monthly Interest for the following Interest Period shall be increased to adjust for such higher interest.

"**Monthly Interest Shortfall**" means, for any Payment Date, if the amount in clause (A) of the definition of Monthly Interest for the preceding Payment Date was greater than the amount distributed to the payment of such amounts pursuant to Section 3.6(c), an amount equal to the amount in clause (A) of the definition of Monthly Interest owing to the Purchaser which was unpaid on the preceding Payment Date plus interest on such unpaid amount for the period from the preceding Payment Date to the current Payment Date at a rate equal to the Prime Rate plus 1.00% per annum.

"**Monthly Other Amounts**" shall mean, for any Payment Date the sum of (a) any amounts payable to the Purchaser hereunder (other than Monthly Interest) including, without limitation, pursuant to Sections 3.8, 3.9, 3.10 and 8.8; plus (c) the Monthly Other Amounts Shortfall for such Payment Date.

"**Monthly Other Amounts Shortfall**" means, for any Payment Date, if the amount of the Monthly Other Amounts for the preceding Payment Date was greater than the amount distributed to the payment of such amounts pursuant to Section 3.6(c), an amount equal to the Monthly Other Amounts owing to the Purchaser which were unpaid on the preceding Payment Date plus interest on such unpaid amount for the period from the preceding Payment Date to the current Payment Date at a rate equal to the Prime Rate plus 1.00% per annum.

"**Prime Rate**" means the annual rate of interest announced by Royal Bank of Canada from time to time as being its reference rate for the determination of interest rates on Canadian dollar denominated commercial loans made by it and commonly referred to by Royal Bank of Canada as its "prime rate."

"**Principal Accumulation Date**" means the Payment Date occurring in the month of July, 2021, as such date may be modified pursuant to Section 3.5(c).

"**Principal Payment Amount**" means, in respect of the Series 2017-1 Subordinated Notes (unless modified pursuant to Section 3.5(c)):

(a) On any Payment Date occurring on or after the earlier of (i) the Payment Date occurring in October, 2021; and (ii) the occurrence of an Acceleration Event, the Series 2017-1 Subordinated Principal Amount.

(b) Unless clause (a) above is applicable, on the Payment Dates in the month of July, August, September and October of 2021, an amount equal the lesser of (x) the sum of (A) 25% of the Series 2017-1 Subordinated Principal Amount on the Business Day prior to the Principal Accumulation Date plus (B) the Decrease Amount of any Decrease occurring on such Payment Date, and (y) the Series 2017-1 Subordinated Principal Amount.

(c) Unless either of clauses (a) or (b) above is applicable, on any Payment Date that is not a Decrease Date, nil.

(d) Unless either of clauses (a) or (b) above is applicable, on any Payment Date that is a Decrease Date, the Decrease Amount of the Decrease occurring on such Payment Date.

"**Principal Payment Default Date**" means the Business Day that is two years after the Payment Date in respect of such Principal Payment Amount, as such date may be modified pursuant to Section 3.5(c).

"**Purchaser**" is defined in the recitals to this Supplemental Indenture.

"**Recipient**" is defined in Section 3.9(a).

"**Refinancing Increase**" is defined in Section 3.3(a).

"**Regulatory Change**" shall mean (i) the adoption after the date hereof of any applicable law, rule or regulation (including any applicable law, rule or regulation regarding capital adequacy, deposits, reserves or liquidity coverage) or any change therein after the date hereof, (ii) any change after the date hereof in the interpretation, administration, scope or timing of implementation thereof by any governmental authority, central bank, self-regulating professional body or comparable agency or authority charged with the interpretation or administration thereof, or compliance with any guidance, request or directive (whether or not having the force of law) of any such authority, central bank, self-regulating professional body or comparable agency or authority; provided that for purposes of this definition, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder, issued in connection therewith or in implementation thereof, and (y) all requests, rules, guidelines and directives (whether or not

having the force of law) promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or Canadian or United States or other foreign regulatory authorities, shall in each case be deemed to be a "Regulatory Change", regardless of the date enacted, adopted, issued or implemented.

"**Senior Series 2017-1 Supplemental Indenture**" is defined in the recitals to this Supplemental Indenture.

"**Series 2017-1 Event of Default**" means any one of the following events occurs at any time that the Subordinated Funding Obligations constitute the Controlling Class Obligations (whatever the reason for such Series 2017-1 Event of Default and whether it will be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any Governmental Authority):

(a) a default by the Issuer in the payment of any interest on any Series 2017-1 Subordinated Notes when such interest becomes due and payable, and continuance of such default for a period of five days following the date on which such interest became due and payable;

(b) a default by the Issuer in the payment of any principal of any Series 2017-1 Subordinated Notes at its Principal Payment Default Date;

(c) any representation or warranty contained in Section 5.1 of this Supplemental Indenture or Section 12.01 of the Trust Indenture proves to be incorrect in any material respect when made and such incorrect representation or warranty if capable of being remedied by the Issuer, has not been remedied for a period of 30 days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by the Purchaser, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default" hereunder and, as a result of such default, the interests of the Purchaser is materially and adversely affected and continue to be materially and adversely affected during the 30-day period;

(d) a default in the performance, or breach, of any covenant of the Issuer in the Trust Indenture or this Supplemental Indenture in respect of any Series 2017-1 Subordinated Notes (other than an agreement, covenant or warranty a default in the performance of which or the breach of which is elsewhere specifically dealt with in this definition of Series 2017-1 Event of Default), and continuance of such default or breach for a period of 30 days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by the Purchaser, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default" hereunder and, as a result of such default, the interests of the Purchaser is materially and adversely affected and continue to be materially and adversely affected during the 30-day period;

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

(f) a Suspension Notice is issued by the Province.

"**Series 2017-1 Initial Senior Principal Amount**" means the "Series 2017-1 Initial Principal Amount" as defined in the Senior Series 2017-1 Supplemental Indenture.

"**Series 2017-1 Initial Subordinated Principal Amount**" means an amount equal to seventy-eight percent (78%) of the Series 2017-1 Initial Senior Principal Amount.

"**Series 2017-1 Maximum Senior Principal Amount**" means the "Series 2017-1 Maximum Principal Amount" as defined in the Senior Series 2017-1 Supplemental Indenture.

"**Series 2017-1 Maximum Subordinated Principal Amount**" means an amount equal to seventy-eight percent (78%) of the Series 2017-1 Maximum Senior Principal Amount.

"**Series 2017-1 Senior Decrease**" means, with respect to a Business Day, the sum of all amounts of Decreases (as defined in the Senior Series 2017-1 Supplemental Indenture) on such Business Day.

"**Series 2017-1 Senior Increase**" means, with respect to a Business Day, the sum of all amounts of Increases (as defined in the Senior Series 2017-1 Supplemental Indenture) on such Business Day.

"**Series 2017-1 Senior Notes**" is defined in the recitals to this Supplemental Indenture.

"**Series 2017-1 Subordinated Note**" means any one of the Floating Rate Variable Funding Subordinated Notes, Series 2017-1, executed by the Issuer and authenticated and delivered by or on behalf of the Indenture Trustee, substantially in the form of Exhibit B.

"**Series 2017-1 Subordinated Principal Amount**" means (a) when used with respect to the Closing Date, the Series 2017-1 Initial Subordinated Principal Amount; and (b) when used with respect to any other date, an amount equal to (i) the Series 2017-1 Subordinated Principal Amount on the immediately preceding Business Day; plus (ii) the Increase Amount on such date; minus (iii) the Decrease Amount on such date; minus (iv) the amount of principal payments made to the Purchaser pursuant to Section 3.7 on such date.

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

"**Support Facility**" shall mean any liquidity or credit support agreement with the Purchaser which relates to, or is otherwise available to the Purchaser in relation to its funding activities under, this Supplemental Indenture.

"**Suspension Notice**" has the meaning specified in the Change of Law Protection Agreement.

"**Termination Event**" means any Acceleration Event or Series 2017-1 Event of Default or any event which with the giving of notice or the passage of time, or both, could become an Acceleration Event or a Series 2017-1 Event of Default.

"**Transfer Increase**" is defined in Section 3.3(a).

"**Transfer Supplement**" is defined in Section 8.1(a).

"**Transferee**" is defined in Section 8.1(b).

"**Trust Indenture**" means the trust indenture dated as of December **[21]**, 2017 between the Issuer and the Indenture Trustee.

SCHEDULE B

[FORM OF NOTE]

FLOATING RATE VARIABLE FUNDING SUBORDINATED NOTE, SERIES 2017-1

REGISTERED	INITIAL DOLLAR PRINCIPAL AMOUNT
No. R-[●]	$[●]

FAIR HYDRO TRUST

FLOATING RATE VARIABLE FUNDING SUBORDINATED NOTE, SERIES 2017-1

Fair Hydro Trust (herein referred to as the "**Issuer**"), a trust governed by the laws of Ontario and established under a Declaration of Trust dated as of December [21], 2017 for value received, hereby promises to pay to Ontario Power Generation Inc., or registered assigns, subject to the following provisions, a principal sum of $●, or, if less, the aggregate unpaid principal amount shown on the schedule attached hereto (and any continuation thereof), which amount shall be payable in the amounts and at the times set forth in the Base Indenture and the Supplemental; provided, that, the entire unpaid amount of any Principal Payment Amount payable with respect to this Series 2017-1 Subordinated Note shall be due on the related Principal Payment Default Date. The Issuer will pay interest on this Series 2017-1 Subordinated Note in accordance with Section 3.6 of the Supplemental on each Payment Date until the principal of this Series 2017-1 Subordinated Note is paid or made available for payment, to the extent funds are available in accordance with the terms of the Supplemental. Pursuant to Sections 3.3 and 3.4 of the Supplemental, the principal amount of this Series 2017-1 Subordinated Note shall be subject to Increases and Decreases on any Business Day on or after the date hereof. This Series 2017-1 Subordinated Note is subject to mandatory prepayment, to the extent funds have been allocated to the Principal Accumulation Account and are available therefor, in accordance with Sections 3.4 and Section 3.7 of the Supplemental. Beginning on the first Payment Date following the occurrence of a Series 2017-1 Event of Default or an Event of Default (collectively, a "**Default Event**"), subject to cure in accordance with the Base Indenture or the Supplemental, as applicable, the principal of this Series 2017-1 Subordinated Note shall be paid in installments on each subsequent Principal Payment Date to the extent of funds available for payment therefor pursuant to the Trust Indenture. Such principal of and interest on this Series 2017-1 Subordinated Note shall be paid in the manner specified on the reverse hereof.

The principal of and interest on this Series 2017-1 Subordinated Note are payable in Canadian Dollars. Payments made by the Issuer with respect to this Series 2017-1 Subordinated Note shall be applied in accordance with the payment priorities in Section 7.04(e) and 8.13 of the Base Indenture, as applicable.

Reference is made to the further provisions of this Series 2017-1 Subordinated Note set forth on the reverse hereof, which shall have the same effect as though fully set forth on the face of this Series 2017-1 Subordinated Note. Although a summary of certain provisions of the Trust

Indenture is set forth below and on the reverse hereof and made a part hereof, this Series 2017-1 Subordinated Note does not purport to summarize the Trust Indenture and reference is made to the Trust Indenture for information with respect to the interests, rights, benefits, obligations, proceeds and duties evidenced hereby and the rights, duties and obligations of the Issuer and the Indenture Trustee. A copy of the Trust Indenture may be requested from the Indenture Trustee by writing to the Indenture Trustee at: BNY Trust Company of Canada, One York Street, 6th Floor, Toronto, Ontario M5J 0B6, Attention: Corporate Trust Administration.

Unless the certificate of authentication hereon has been executed by or on behalf of the Indenture Trustee, by manual signature, this Series 2017-1 Subordinated Note shall not be entitled to any benefit under the Trust Indenture referred to on the reverse hereof, or be valid for any purpose.

IN WITNESS WHEREOF, the Issuer has caused this Series 2017-1 Subordinated Note to be duly executed.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of FAIR HYDRO TRUST, as Issuer

By: **ONTARIO POWER GENERATION INC., not in its individual capacity but solely as Manager**

By: _____
Name:
Title:

By: _____
Name:
Title:

Dated: December [21], 2017

INDENTURE TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Series 2017-1 Subordinated Notes described in the within-mentioned Trust Indenture.

BNY TRUST COMPANY OF CANADA, as Indenture Trustee

By: _____
Authorized Signatory

By: _____
Authorized Signatory

FAIR HYDRO TRUST

SERIES 2017-1 SERIES 2017-1 FLOATING RATE ASSET BACKED NOTE

Summary of Terms and Conditions

This Series 2017-1 Subordinated Note is one of a duly authorized issue of Subordinated Notes of the Issuer, designated as the Floating Rate Variable Funding Subordinated Note, Series 2017-1 (the "**Series 2017-1 Subordinated Notes**"), issued under an Trust Indenture, dated as of December [21], 2017 (as may be amended, supplemented, restated, replaced or otherwise modified from time to time, the "**Base Indenture**"), between the Issuer and BNY Trust Company of Canada, as indenture trustee (the "**Indenture Trustee,**" which term includes any successor Indenture Trustee under the Base Indenture), as supplemented by the Warehouse Subordinated Series 2017-Indenture Supplement, dated as of December [21], 2017 (the "**Supplemental**"), and representing the right to receive certain payments from the Issuer. The term "**Trust Indenture,**" unless the context otherwise requires, refers to the Base Indenture as supplemented by the Supplemental. Except as set forth in the Supplemental, the Series 2017-1 Subordinated Note is subject to all of the terms of the Trust Indenture. All terms used in this Series 2017-1 Subordinated Note that are defined in the Supplemental shall have the meanings assigned to them in or pursuant to the Supplemental.

The Series 2017-1 Subordinated Note is and will be equally and ratably secured by the Collateral pledged as security therefor as provided in the Trust Indenture.

"**Payment Date**" means the 15th day of each calendar month, or, if any such date is not a Business Day, the next succeeding Business Day, commencing January 15, 2018.

As described above, the entire unpaid amount of any Principal Payment Amount payable with respect to this Series 2017-1 Subordinated Note shall be due and payable on the related Principal Payment Default Date, in accordance with Section 3.7 of the Supplemental. Notwithstanding the foregoing, if a Default Event with respect to the Series 2017-1 Subordinated Notes shall have occurred and be continuing then, in certain circumstances, principal of the Series 2017-1 Subordinated Note may be paid earlier, as described in the Trust Indenture. All principal payments of the Series 2017-1 Subordinated Note shall be made to Ontario Power Generation Inc.

Payments of interest on this Series 2017-1 Subordinated Note are due and payable on each Payment Date or such other date as may be specified in the Supplemental, together with the installment of principal then due, if any, and any payments of principal made on any Business Day in respect of any Decreases, to the extent not in full payment of this Series 2017-1 Subordinated Note, shall be made by wire transfer to the holder of record of this Series 2017-1 Subordinated Note (or one or more predecessor Series 2017-1 Subordinated Notes) on the Note Register as of the close of business on each Record Date. Any reduction in the principal amount of this Series 2017-1 Subordinated Note (or one or more predecessor Series 2017-1 Subordinated Notes) effected by any payments made on any Payment Date shall be binding upon all future holders of this Series 2017-1 Subordinated Note and of any Series 2017-1 Subordinated Note issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof, whether or not noted thereon.

The Issuer shall pay interest on Monthly Interest Shortfalls at the rate specified in the definition thereof, to the extent lawful.

Subject to the terms of the Trust Indenture, the holder of any Series 2017-1 Subordinated Note may transfer the same in whole or in part, in an amount equivalent to an authorized denomination, by surrendering such Series 2017-1 Subordinated Note at the office maintained by the Note Registrar for such purpose pursuant to Section 4.05(c) of the Base Indenture, with the form of transfer endorsed on it duly completed and executed by, or accompanied by a written instrument of transfer in form satisfactory to the Issuer and the Note Registrar by, the holder thereof. In exchange for any Series 2017-1 Subordinated Note properly presented for transfer, the Issuer shall execute and promptly authenticate and deliver or cause to be authenticated and delivered in compliance with applicable law, to the transferee at such office, or send by mail (at the risk of the transferee) to such address as the transferee may request, Series 2017-1 Subordinated Notes for the same aggregate principal amount as was transferred. In the case of the transfer of any Series 2017-1 Subordinated Note in part, the Issuer shall execute and promptly authenticate and deliver or cause to be authenticated and delivered to the transferor at such office, or send by mail (at the risk of the transferor) to such address as the transferor may request, Series 2017-1 Subordinated Note for the aggregate principal amount that was not transferred. No transfer of any Series 2017-1 Subordinated Note shall be made unless the request for such transfer is made by the holder of a Series 2017-1 Subordinated Note at such office. Upon the issuance of transferred Series 2017-1 Subordinated Notes, the Indenture Trustee shall recognize the holders of such Series 2017-1 Subordinated Note as a Noteholder of Series 2017-1 Subordinated Notes.

Ontario Power Generation Inc., by acceptance of this Series 2017-1 Subordinated Note, hereby acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor under the Base Indenture and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Base Indenture including, without limitation, Section 7.12 (Payments To Be Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse), Article IX (Indenture Trustee) (including all limitations of liability thereunder), Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition).

Prior to the due presentment for registration of transfer of this Series 2017-1 Subordinated Note, the Issuer, the Indenture Trustee and any agent of the Issuer or the Indenture Trustee may treat the Person in whose name this Series 2017-1 Subordinated Note (as of the day of determination or as of such other date as may be specified in the Trust Indenture) is registered as the owner hereof for all purposes, whether or not this Series 2017-1 Subordinated Note shall be overdue, and neither the Issuer, the Indenture Trustee nor any such agent shall be affected by notice to the contrary.

The Trust Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the rights of the holder of the Series 2017-1 Subordinated Notes under the Trust Indenture at any time by the Issuer with the consent of the applicable Person(s) specified therein. The Trust Indenture also contains provisions permitting the applicable Person(s) specified therein to waive compliance by the Issuer with certain provisions of the Trust Indenture and certain past defaults under the Trust Indenture

and their consequences with respect to the Series 2017-1 Subordinated Notes. Any such consent or waiver by such Person(s) shall be conclusive and binding upon Ontario Power Generation Inc. and upon all future holders of this Series 2017-1 Subordinated Note and of any Series 2017-1 Subordinated Notes issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof whether or not notation of such consent or waiver is made upon this Series 2017-1 Subordinated Note. The Trust Indenture also permits the Issuer and the Indenture Trustee to amend or waive certain terms and conditions set forth in the Trust Indenture without the consent of any other Person.

The term "the Issuer" as used in this Series 2017-1 Subordinated Note includes any successor to the Issuer under the Trust Indenture.

The Series 2017-1 Subordinated Note is issuable only in registered form in denominations as provided in the Trust Indenture, subject to certain limitations set forth therein.

This Series 2017-1 Subordinated Note and the Trust Indenture, and all matters arising out of or relating to this Series 2017-1 Subordinated Note or Trust Indenture, shall be governed by, and construed and interpreted in accordance with, the laws of the Province of Ontario and the federal laws applicable therein, and the obligations, rights and remedies of the parties hereto shall be determined in accordance with such laws.

No reference herein to the Trust Indenture and no provision of this Series 2017-1 Subordinated Note or of the Trust Indenture shall alter or impair the obligation of the Issuer, which is absolute and unconditional, to pay the principal of and interest on this Series 2017-1 Subordinated Note at the times, place and rate, and in the coin or currency herein prescribed, subject to any duty of the Issuer to deduct or withhold any amounts as required by law, including any applicable taxes.

INCREASES AND DECREASES

Date	Unpaid Principal Amount	Increase	Decrease	Total	Notation Made By

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

_____
(name and address of assignee)

the within certificate and all rights thereunder, and hereby irrevocably constitutes and appoints, _____, attorney, to transfer said certificate on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____ _____[1]
Signature Guaranteed:

REGISTRATION PANEL

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

Date of Registration	In Whose Name Registered	Signature of Note Registrar
●, 201●	●	

[1] NOTE: The signature to this assignment must correspond with the name of the registered owner as it appears on the face of the within Note in every particular, without alteration, enlargement or any change whatsoever.

SCHEDULE C

FORM OF INCREASE NOTICE

●

SCHEDULE D

FORM OF DECREASE NOTICE

●

SCHEDULE E

FORM OF TRANSFER SUPPLEMENT

WAREHOUSE

JUNIOR SUBORDINATED SERIES 2017-1

SUPPLEMENTAL INDENTURE

between

FAIR HYDRO TRUST

by

COMPUTERSHARE TRUST COMPANY OF CANADA
as Issuer Trustee

and

BNY TRUST COMPANY OF CANADA
as Indenture Trustee

and

ONTARIO POWER GENERATION INC.
as Purchaser

Made as of December [21], 2017

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FLOATING RATE VARIABLE FUNDING, SERIES 2017-1 JUNIOR SUBORDINATED NOTES

SUPPLEMENTAL INDENTURE made as of December [21], 2017, between **Computershare Trust Company of Canada**, a trust company established under the laws of Canada (the "**Issuer Trustee**"), in its capacity as trustee of **Fair Hydro Trust**, a trust existing under the laws of the Province of Ontario (in such capacity, the "**Issuer**"), **BNY Trust Company of Canada**, a trust company established under the laws of Canada (the "**Indenture Trustee**"), and Ontario Power Generation Inc., in its capacity as the purchaser (the "**Purchaser**");

WHEREAS pursuant to the Trust Indenture, provision was made for the issuance of Notes from time to time;

AND WHEREAS pursuant to the Trust Indenture, Notes may be issued in one or more Series by the execution and delivery of a Supplemental Indenture;

AND WHEREAS pursuant to a Supplemental Indenture dated the date hereof between the Issuer Trustee, in its capacity as trustee of the Issuer, the Indenture Trustee, Royal Bank of Canada, in its capacity as the administrative agent for certain purchaser groups (the "**Administrative Agent**"), certain non-conduit purchasers from time to time party thereto, certain commercial paper conduit purchasers from time to time party thereto, and certain funding agents from time to time party thereto (the "**Senior Series 2017-1 Supplemental Indenture**"), the Issuer issued floating rate variable funding Series 2017-1 Senior Notes (the "**Series 2017-1 Senior Notes**");

AND WHEREAS the parties hereto are entering into this Supplemental Indenture to provide for the creation and issuance of the Series 2017-1 Junior Subordinated Notes;

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

ARTICLE 1
INTERPRETATION

1.1 Definitions

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

(b) Except as otherwise expressly provided or unless the context otherwise requires, all terms used herein which are defined in the Trust Indenture, either directly or by reference therein, have the meanings assigned to them in the Trust Indenture.

1.2 Interpretation

Subject to the next following sentences, this Supplemental Indenture is supplemental to the Trust Indenture and the Trust Indenture shall be read in conjunction with this Supplemental Indenture and all of the provisions of the Trust Indenture shall apply to and shall have effect in connection

with this Supplemental Indenture in the same manner as if all of the provisions of the Trust Indenture and of this Supplemental Indenture were contained in one instrument. This Supplemental Indenture shall, unless the context otherwise requires, be subject to the interpretative provisions contained in Article 1 of the Trust Indenture. If any terms of the Trust Indenture are inconsistent with the express terms or provisions hereof, the terms and provisions of the Trust Indenture shall be, solely in respect of the Series 2017-1 Junior Subordinated Notes, amended and supplemented so as to be consistent herewith. The provisions of this Supplemental Indenture are applicable only in respect of the Series 2017-1 Junior Subordinated Notes and not the Notes of any other Series.

1.3 Application of this Supplemental Indenture

With respect to the Series 2017-1 Junior Subordinated Notes only, the terms of the Trust Indenture are amended, supplemented, modified, restated and replaced to the extent applicable by the terms of this Supplemental Indenture in respect of the Series 2017-1 Junior Subordinated Notes in accordance with Section 1.2 above.

ARTICLE 2
PRINCIPAL TERMS

2.1 Creation of Series 2017-1 Junior Subordinated Notes

There is hereby created a Series of Notes to be issued pursuant to the Trust Indenture and this Supplemental Indenture designated as the "**Floating Rate Variable Funding Junior Subordinated Notes, Series 2017-1**."

2.2 Principal Terms

In addition to and without limiting any of the provisions of this Supplemental Indenture, the Series 2017-1 Junior Subordinated Notes:

(a) will be designated as set out in Section 2.1;

(b) will be Junior Subordinated Notes;

(c) will have a Stated Principal Amount equal to the Series 2017-1 Maximum Junior Subordinated Principal Amount;

(d) will not be issued in Tranches;

(e) will be denominated in Canadian dollars;

(f) will not be listed on any securities exchange;

(g) will have an Initial Dollar Principal Amount equal to the Series 2017-1 Initial Junior Subordinated Principal Amount;

(h) will be issued as definitive notes and will not be in the form of a Global Note;

(i) will be issued as Registered Notes and will be without coupons;

(j) will be substantially in the form of Schedule B, with such appropriate insertions, omissions, substitutions and variations as may be approved by the Issuer;

(k) will have each Payment Date on and after the Payment Date in February, 2018 as an Interest Payment Date;

(l) will have Principal Payment Dates as determined under Section 3.7;

(m) will have Principal Payment Default Dates as defined herein; and

(n) will have no minimum issue amount.

ARTICLE 3
NOTE PURCHASE FACILITY

3.1 Purchase of Notes by the Purchaser

(a) ***Initial Purchase***. Subject to the terms and conditions of this Supplemental Indenture, including delivery of notice in accordance with Section 3.3, the Purchaser shall purchase a Series 2017-1 Junior Subordinated Note in an amount equal to the Series 2017-1 Initial Junior Subordinated Principal Amount on the Closing Date. Payments by the Purchaser for such purchase shall be made in immediately available funds on the Closing Date in accordance with Section 3.3(c).

(b) ***Series 2017-1 Maximum Junior Subordinated Principal Amount***. Notwithstanding anything to the contrary contained in this Supplemental Indenture, at no time shall the Purchaser be required to purchase Series 2017-1 Junior Subordinated Notes in an amount that exceeds the Series 2017-1 Maximum Junior Subordinated Principal Amount.

3.2 Delivery

(a) On the Closing Date, Series 2017-1 Junior Subordinated Notes shall be executed, authenticated and delivered by the Issuer in accordance with Section 4.03 of the Trust Indenture in the name of the Purchaser in an amount equal to the Series 2017-1 Maximum Junior Subordinated Principal Amount. On each Increase Date, Series 2017-1 Junior Subordinated Notes shall be executed, authenticated and delivered by the Issuer in accordance with Section 4.03 of the Trust Indenture in the name of the Purchaser in an amount equal to the Increase Amount.

(b) The Purchaser shall maintain a record of the actual Series 2017-1 Junior Subordinated Principal Amount outstanding on any date of determination, which, absent manifest error, shall constitute prima facie evidence of the outstanding Series 2017-1 Junior Subordinated Principal Amount from time to time.

3.3 Procedure for Initial Issuance and for Increasing the Series 2017-1 Junior Subordinated Principal Amount

(a) (i) On any Business Day prior to December [21], 2017, concurrent with the initial purchase of the Series 2017-1 Senior Notes under the Senior Series 2017-1 Supplemental Indenture, the

Issuer shall request that the Purchaser purchase, and the Purchaser shall purchase, a Series 2017-1 Junior Subordinated Note for an initial purchase price equal to the Series 2017-1 Initial Junior Subordinated Principal Amount (the date on which the initial purchase occurs being referred to as the "**Closing Date**") by giving the Purchaser (with a copy to the Indenture Trustee) irrevocable written notice (effective upon receipt), by email communication, substantially in the form of Schedule C no later than 12:00 p.m. (Toronto time) on the second Business Day prior to the Closing Date. The written notice of the initial purchase of the Series 2017-1 Junior Subordinated Notes shall (x) state the Closing Date, (y) state the Series 2017-1 Initial Junior Subordinated Principal Amount, and (z) attach a copy of the irrevocable written notice delivered to the Administrative Agent pursuant to Section 3.3(a) of the Senior Series 2017-1 Supplemental Indenture in connection with the concurrent initial purchase of the Series 2017-1 Senior Notes thereunder; and (ii) on any Business Day after the initial purchase of the Series 2017-1 Junior Subordinated Notes hereunder, the Issuer and the Purchaser hereby agree that the Series 2017-1 Junior Subordinated Principal Amount will be increased by an amount (an "**Increase**") such that following such Increase the Outstanding Dollar Principal Amount of the Series 2017-1 Junior Subordinated Notes will be equal to or greater than twenty percent (20%) of the Outstanding Dollar Principal Amount of the Series 2017-1 Senior Notes on such Business Day (each date on which an increase in the Series 2017-1 Junior Subordinated Principal Amount occurs hereunder being herein referred to as the "**Increase Date**" applicable to such Increase) by the Issuer providing the Purchaser (with a copy to the Indenture Trustee) irrevocable written notice (effective upon receipt), by email communication, substantially in the form of Schedule C (an "**Increase Notice**") no later than 12:00 p.m. (Toronto time) on the third Business Day prior to such Increase Date. Each Increase Notice shall (w) state the Increase Date, (x) state the amount of the increase in the Series 2017-1 Junior Subordinated Principal Amount (an "**Increase Amount**"), (y) state whether the Increase is to fund a Transfer (a "**Transfer Increase**") or is in respect of a Refinancing (a "**Refinancing Increase**"), and (z) attach a copy of the irrevocable written increase notice delivered to the Administrative Agent pursuant to Section 3.3(a) of the Senior Series 2017-1 Supplemental Indenture in connection with the applicable Series 2017-1 Senior Increase proposed to be made thereunder.

(b) The Purchaser shall not be required to increase the Series 2017-1 Junior Subordinated Principal Amount on any Increase Date hereunder if after giving effect to such Increase Amount, the Series 2017-1 Maximum Junior Subordinated Principal Amount will be exceeded.

(c) The Issuer shall apply amounts paid to it pursuant to Section 3.3(a) by application to payment of the purchase price payable by the Issuer to the IESO under the Master Transfer and Servicing Agreement in respect of a Transfer or by deposit to the Refinancing Account.

3.4 Procedure for Decreasing the Series 2017-1 Junior Subordinated Principal Amount

On any Business Day after the initial purchase of the Series 2017-1 Junior Subordinated Notes hereunder, the Issuer and the Purchaser hereby agree that the Series 2017-1 Junior Subordinated Principal Amount may be decreased by an amount (a "**Decrease**") such that following such decrease the Outstanding Dollar Principal Amount of the Series 2017-1 Junior Subordinated Notes will not be less than twenty percent (20%) of the Outstanding Dollar Principal Amount of the Series 2017-1 Senior Notes. Each Payment Date on which a Decrease in the Series 2017-1 Junior Subordinated Principal Amount occurs hereunder being herein referred to as the "**Decrease Date**"

applicable to such Decrease; and the Issuer shall provide to the Purchaser (with a copy to the Indenture Trustee) irrevocable written notice (effective upon receipt), by email communication, substantially in the form of Schedule D (a "**Decrease Notice**") no later than 12:00 p.m. (Toronto time) on the fifth Business Day prior to any Payment Date that is a Decrease Date. Each Decrease Notice shall (x) state the Decrease Date, (y) state the amount of the decrease in the Series 2017-1 Junior Subordinated Principal Amount (a "**Decrease Amount**"), and (z) attach a copy of the irrevocable written decrease notice delivered to the Administrative Agent pursuant to Section 3.4 of the Senior Series 2017-1 Supplemental Indenture in connection with the applicable Series 2017-1 Senior Decrease proposed to be made thereunder. Upon receipt of any notice required by this Section 3.4 from the Issuer, the Purchaser shall forward (by email communication) a copy of such notice to DBRS on the Business Day received.

3.5 Increases and Reductions of the 2017-1 Maximum Junior Subordinated Principal Amount

(a) If one or more Maximum Purchaser Group Principal Amounts are increased pursuant to Section 3.5(a) of the Senior Series 2017-1 Supplemental Indenture, the Series 2017-1 Maximum Junior Subordinated Principal Amount shall be automatically increased by an amount equal to twenty percent (20%) of the Outstanding Dollar Principal Amount of the Maximum Purchaser Group Principal Amounts.

(b) If the Series 2017-1 Maximum Senior Principal Amount is reduced pursuant to Section 3.5(b) of the Senior Series 2017-1 Supplemental Indenture, the Series 2017-1 Maximum Junior Subordinated Principal Amount shall be automatically decreased to an amount equal to twenty percent (20%) of such aggregate decrease to the Series 2017-1 Maximum Senior Principal Amount pursuant to Section 3.5(b) of the Senior Series 2017-1 Supplemental Indenture.

(c) If a Commitment Extension has occurred with respect to the Series 2017-1 Senior Notes, the Principal Accumulation Date, Principal Payment Amount and Principal Payment Default Date shall be amended to the "Principal Accumulation Date", "Principal Payment Amount" and "Principal Payment Default Date" set out in the request related to such Commitment Extension, as applicable.

3.6 Interest; Other Amounts

(a) Interest shall be payable on the Series 2017-1 Junior Subordinated Notes on each Payment Date.

(b) The Purchaser shall provide written notice to the Issuer and the Paying Agent no later than five (5) Business Days prior to each Payment Date, setting forth the Monthly Interest and the Monthly Other Amounts with respect to the Payment Date.

(c) The Monthly Interest shall be included in each calculation of the Interest Accrual Amount (Junior Subordinated) for the purposes of Section 7.04(e)(v) of the Trust Indenture and shall be payable pursuant to Sections 7.05(c), 7.06(a), 7.07, 7.10(b) or 8.13(e) of the Trust Indenture, as applicable. On each Payment Date, the Monthly Other Amounts shall be payable in respect of the Series 2017-1 Junior Subordinated Notes pursuant to Sections 7.04(e)(xvi), 7.10(b) or 8.13(e) of the Trust Indenture, as applicable. On each Payment Date, the Paying Agent shall, subject to

availability of funds, pay to the Purchaser the Monthly Other Amounts with respect to the Payment Date.

3.7 Repayment of Principal

Each Payment Date where the Principal Payment Amount is not nil shall be a Principal Payment Date in respect of the Series 2017-1 Junior Subordinated Notes. On each Principal Payment Date in respect of the Series 2017-1 Junior Subordinated Notes, the Paying Agent shall pay to the Purchaser the Principal Payment Amount for such Principal Payment Date out of funds allocated to the Series 2017-1 Junior Subordinated Notes pursuant to Sections 7.04(e)(xii), 7.06(b)(iv), 7.08(b)(iv), 7.10(b) or 8.13(j) of the Trust Indenture, as applicable, in repayment of the principal amount of the Series 2017-1 Junior Subordinated Notes.

3.8 Indemnification by the Issuer

The Issuer agrees to indemnify and hold harmless the Indenture Trustee and the Purchaser and each of their respective officers, directors, agents and employees (each, an "**Issuer Indemnified Person**") from and against any loss, liability, expense, damage or injury suffered or sustained by such Issuer Indemnified Person by reason of (a) any acts, omissions or alleged acts or omissions arising out of, or relating to, activities of the Issuer pursuant to the Program Agreements to which it is a party; (b) a breach of any representation or warranty made or deemed made by the Issuer (or any of its officers) in any Program Agreement; or (c) a failure by the Issuer to comply with any applicable law or regulation or to perform its covenants, agreements, duties or obligations required to be performed or observed by it in accordance with the provisions of the Program Agreements, including, but not limited to, any judgment, award, settlement, reasonable attorneys' fees and other reasonable costs or expenses incurred in connection with the defense of any actual or threatened action, proceeding or claim, except to the extent such loss, liability, expense, damage or injury resulted from the gross negligence, bad faith or willful misconduct of such Issuer Indemnified Person or its officers, directors, agents, principals, employees or employers as determined by a court of competent jurisdiction in a final non-appealable judgement or includes any Excluded Taxes; provided that any payments made by the Issuer pursuant to this Section 3.8 shall be made solely from funds available pursuant to Section 7.04 or 8.13 of the Trust Indenture, as applicable, shall be non-recourse other than with respect to such funds, and shall not constitute a claim against the Issuer to the extent that such funds are insufficient to make such payment.

3.9 Taxes

(a) All payments by or on account of any obligation of the Issuer hereunder shall, to the extent allowed by law, be made free and clear of, and without deduction or withholding for or on account of Taxes, excluding (i) income taxes (including branch profit taxes, minimum taxes and taxes computed under alternative methods, at least one of which is based on or measured by net income), franchise taxes (imposed in lieu of income taxes), or any other Taxes based on or measured by the net income of any person legally entitled to receive such payments (each a "**Recipient**") as a result of a present or former connection between the Recipient and the jurisdiction of the Governmental Authority imposing such Taxes (other than any such connection arising solely from the Recipient having executed, delivered or performed its obligations or received a payment under, disposed of, or enforced, this Supplemental Indenture); (ii) any withholding or deduction imposed pursuant to

(A) Sections 1471 to 1474 of the Internal Revenue Code ("**FATCA**"), or any successor version thereof, or any similar legislation imposed by any other Governmental Authority, or (B) any treaty, law or regulation or other official guidance enacted by Canada implementing FATCA or any intergovernmental agreement with respect to FATCA or any similar legislation imposed by any other Governmental Authority, including, for greater certainty, the *Canada-United States Enhanced Tax Information Exchange Agreement Implementation Act* (Canada) and Parts XVIII and XIX of the Income Tax Act (collectively, and including FATCA, the "**AEOI Legislation**"); and (iii) any interest, penalties and additions to Taxes in respect of (i) and (ii) (all such excluded Taxes being hereinafter called "**Excluded Taxes**"). If any Taxes, other than Excluded Taxes, are required to be withheld from any amounts payable to a Recipient hereunder, the amounts so payable to the Recipient shall be increased, and the Recipient shall be entitled to be paid by the Issuer the amount of such increase to the extent necessary to yield to the Recipient (after payment of all such Taxes other than Excluded Taxes) interest or any such other amounts payable hereunder or thereunder at the rates or in the amounts specified hereunder. Where the amount payable by the Issuer is increased in accordance with the previous sentence, the Monthly Interest shall be increased by the amount of such increase. Whenever any Taxes are payable on or with respect to amounts distributed to a Recipient, as promptly as possible thereafter the Issuer shall send to such Recipient a certified copy of an original official receipt showing payment thereof.

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

(c) If a Recipient is legally entitled to receive a refund of any Taxes (other than Excluded Taxes) as to which it has been indemnified or with respect to which additional amounts have been paid to it hereunder or it is legally entitled to receive a credit or deduction with respect to such Taxes or with respect to such additional amounts that have been paid hereunder (in each case pursuant to Section 3.9(a)), it shall use commercially reasonable efforts to obtain or claim such refund, credit or deduction and pay over such refund or the value of such credit or deduction to the Issuer, together with any interest thereon.

3.10 Increased Costs

(a) (i) If any Regulatory Change (x) subjects the Purchaser to any charge or withholding on or with respect to any Support Facility or this Supplemental Indenture or the Purchaser's obligations under a Support Facility or this Supplemental Indenture, or changes the basis of taxation of payments to the Purchaser of any amounts payable under any Support Facility or this Supplemental Indenture Agreement (except for changes in the rate of tax on the overall net income of the Purchaser or Excluded Taxes) or (y) imposes, modifies or deems applicable any reserve,

assessment, fee, tax, insurance charge, special deposit or similar requirement against assets of, deposits with or for the account of, or liabilities of the Purchaser, or credit extended by the Purchaser pursuant to a Support Facility or this Supplemental Indenture or (z) imposes any other condition the result of which is to increase the cost to the Purchaser of performing its obligations under a Support Facility or this Supplemental Indenture, or to reduce the rate of return on the Purchaser's capital or assets as a consequence of its obligations under a Support Facility or this Supplemental Indenture, or to reduce the amount of any sum received or receivable by the Purchaser under a Support Facility or this Supplemental Indenture, or to require any payment calculated by reference to the amount of interests or loans held or interest received by it, then, upon written request by the Purchaser therefore to the Issuer, the Purchaser shall be entitled to be paid such amounts charged to the Purchaser or such amounts to otherwise compensate the Purchaser for such increased cost or such reduction following a receipt by the Issuer of such request for compensation under this Section 3.10(a)(i), which payment shall be made on the earlier of (A) the first Payment Date on which amounts are available to pay such amounts pursuant to Section 7.04(e) of the Trust Indenture (provided that such request is received by the Issuer no later than five (5) Business Days prior to the end of the Interest Period related to such Payment Date), and (B) the twelfth Payment Date following such request.

(ii) The Issuer acknowledges that the Purchaser may implement, as an internal institutional matter, measures in anticipation of a final or proposed Regulatory Change (including, without limitation, the imposition of internal charges on the Purchaser's interest or obligations under any Support Agreement or this Supplemental Indenture) and may commence recognizing the incurrence of charges by seeking compensation under Section 3.10(a)(i) in connection with such measures, in advance of the effective date of such final or proposed Regulatory Change, and the Issuer agrees that such charges or compensation shall be payable, to the Purchaser, following demand therefor without regard to whether such proposed Regulatory Change has been adopted or whether such effective date has occurred; provided, that (I) the Purchaser shall provide thirty (30) days prior written notice to the Issuer of its intent to impose or incur any such charges or compensation, (II) the Purchaser shall not be compensated for any such amount pursuant to this subsection 3.10(a)(ii) relating to any period ending, and of which the Purchaser has had knowledge, more than 180 days prior to the date that the Purchaser provided the Issuer with the written notice contemplated by the preceding clause (I) of this subsection 3.10(a)(ii), (III) if, after the payment by the Issuer of any charges or compensation pursuant to this subsection 3.10(a)(ii), either (A) the Issuer requests in writing that the Purchaser re-compute any such charge or compensation in light of differences between a proposed Regulatory Change and the final effective version thereof or (B) the Purchaser determines that the amount of the charge imposed on and required to be compensated by the Issuer exceeds the amount necessary to compensate it for the applicable Regulatory Change as contemplated by subsection 3.10(a)(i), then (x) the amount of such charge or compensation shall, from and after such determination, be reduced by the amount of such excess and (y) the Purchaser shall, within thirty (30) days of such determination, either repay the amount of such excess or credit the amount of such excess against future charges under this subsection 3.10(a)(ii). The Issuer further acknowledges that any charge or compensation demanded hereunder may take the form of a monthly charge to be assessed by the Purchaser.

(b) The Purchaser claiming increased amounts described in subsection 3.10(a) of this Supplemental Indenture will furnish to the Issuer (together with its request for compensation) a certificate prepared in good faith setting forth the basis and the calculation of the amount (in

reasonable detail) of each request by the Purchaser for any such increased amounts referred to in subsection 3.10(a) hereof. Any such certificate shall be conclusive absent manifest error. Failure on the part of the Purchaser to demand compensation for any amount pursuant to subsection 3.10(a) hereof with respect to any period shall not constitute a waiver of the Purchaser's right to demand compensation with respect to such period.

ARTICLE 4
CONDITIONS PRECEDENT

4.1 Conditions Precedent to Initial Purchase of Series 2017-1 Junior Subordinated Notes

On or prior to the initial purchase of Series 2017-1 Junior Subordinated Notes hereunder, the following conditions precedent shall be satisfied:

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

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

(c) The Purchaser shall have received:

(i) executed copies of this Supplemental Indenture;

(ii) certificates of status or compliance or other similar documents issued by the applicable governmental authority to evidence that each of the Issuer Trustee and the Manager is validly existing pursuant to the laws of the jurisdiction of their respective establishment or incorporation;

(iii) a copy of the incorporating documents and all amendments thereto and applicable by-laws, as applicable, of each of the Issuer Trustee, the IESO and the Manager certified by an Authorized Officer of the applicable entity;

(iv) copies of resolutions of the board of directors of the IESO and the Manager approving and authorizing the execution, delivery and performance of each Program Agreement they are party to, in each case certified by an Authorized Officer of the applicable entity;

(v) incumbency certificates for each of the Issuer Trustee, the Manager and the IESO executing this Supplemental Indenture and any other Program Agreements and the other documents to be delivered by either the Issuer Trustee, the Manager or the IESO thereunder, in each case showing their names, offices and specimen signatures on which certificates the Purchaser shall be entitled to conclusively rely

until such time as the Purchaser receives a replacement certificate meeting the requirements of this Section 4.1(c)(v);

(vi) the following Opinions of Counsel:

(A) the opinion of external counsel to the Manager as to the non-consolidation of the Issuer with the Manager in the event of the insolvency of the Manager in form and substance satisfactory to the Purchaser;

(B) the opinion of external counsel to the IESO as to the Investment Asset acquired by the Issuer not being subject to the claims of creditors of the IESO in form and substance satisfactory to the Purchaser;

(C) favourable opinions of external counsel to the Manager covering general corporate matters, the due execution and delivery of, and the enforceability of, each of the Program Agreements to which the Manager, the Issuer and the Issuer Trustee are party which opinion, as to certain matters, may rely on opinion of internal counsel to the Manager and the Issuer Trustee; and

(D) a favourable opinion of external counsel to the Province with respect to the due authorization, execution, delivery and enforceability of the Change of Law Protection Agreement in form and substance satisfactory to the Purchaser;

(vii) a certificate of an Authorized Officer of the Manager confirming that the representations and warranties set forth in Section 12.01 of the Trust Indenture and Section 5.1 of this Supplemental Indenture are true and correct in all material respects, that the Issuer is in compliance in all material respects with all of its covenants and obligations under the Program Agreements to which it is a party and that no Termination Event has occurred; and

(viii) such additional documents, instruments, certificates or letters as the Purchaser may reasonably request.

(d) The representations and warranties set forth in Section 5.1 of this Supplemental Indenture shall be true and correct in all material respects, the Issuer shall be compliance in all material respects with all of its covenants and obligations under the Program Agreements to which it is a party and no Termination Event shall have occurred.

4.2 Conditions Precedent to each Increase under Series 2017-1 Junior Subordinated Notes

On or prior to each Increase, the following conditions precedent shall be satisfied:

(a) the Purchaser shall have received an Increase Notice;

(b) no Termination Event shall have occurred or would occur after giving effect to such Increase;

(c) if the Increase is identified as a Transfer Increase in the Increase Notice, then the related Transfer under the Master Transfer and Servicing Agreement shall have been completed or contemporaneously completed;

(d) after giving effect the Increase, the aggregate of the amounts on deposit in the Program Cash Reserve Account and the IESO Cash Reserve Account shall be equal to or greater than the sum of:

(i) the Program Cash Reserve Required Amount,

plus

(ii) an amount equal to the sum of (x) the amount originally determined under clause (b) of the definition of IESO Cash Reserve Deposit Amount in the Trust Indenture, less any amounts withdrawn from the IESO Cash Reserve Account to pay any Obligations Secured described in subsections 7.04(e)(i) through (v) of the Trust Indenture prior to the date of such Increase, and (y) to the extent the amount originally determined under clause (b) of the definition of IESO Cash Reserve Deposit Amount in the Trust Indenture was not determined in a manner which included the amount of such Increase, an amount estimated by the Manager, acting reasonably, equal to the additional Monthly Interest payable with respect to such Increase up to and including the Payment Date in July, 2021.

(e) the Indenture Trustee shall have received (i) the adherence compliance certificate required pursuant to Section 4.02(a) of the Change of Law Protection Agreement with respect to such Increase, or (B) written confirmation from the Province that the Funding Obligations incurred under this Supplemental Indenture with respect to such Increase constitute Approved Obligations.

The Issuer's acceptance of funds in connection with each Increase occurring on any Increase Date shall constitute a representation and warranty by the Issuer to the Purchaser as of such Increase Date that all of the conditions contained in Section 3.3(a) and this Section 4.2 are satisfied.

ARTICLE 5
REPRESENTATIONS AND WARRANTIES

5.1 Representations and Warranties of the Issuer

The Issuer hereby represents and warrants to the Purchaser as of the Closing Date, and shall be deemed to represent and warrant to the Purchaser on each Increase Date, that:

(a) no Termination Event has occurred or would result from the initial purchase of the Issuer Investment Interest on the Closing Date or any increase in the Issuer Investment Interest on an Increase Date, as applicable;

(b) the Issuer Trustee and the Issuer are not Non-residents;

(c) all tax returns (federal, provincial and local) required to be filed with respect to the Issuer have been filed and there has been paid or adequate provision made for the payment of all material Taxes in respect of the Issuer;

(d) the Issuer has complied in all material respects with all laws in respect of the conduct of its business and ownership of its property including the Issuer Investment Interest;

(e) all information provided to the Purchaser by or on behalf of the Issuer in respect of the Issuer Investment Interest is and will be true and accurate in all material respects; and

(f) to its knowledge, there is no set of circumstances existing at such time that will have an Adverse Effect or will reasonably be expected to have an Adverse Effect.

5.2 Representations and Warranties of the Purchaser

The Purchaser represents and warrants to the Issuer as of the Closing Date, and shall be deemed to represent and warrant to the Issuer on each Increase Date, that:

(a) it is resident in Ontario or is otherwise subject to the securities legislation of the Province of Ontario;

(b) it is purchasing the applicable Series 2017-1 Junior Subordinated Notes (i) as principal for its own account and not for the benefit of any other "person" (as defined in the *Securities Act* (Ontario)) or company; and (ii) for cash consideration in excess of $150,000; and

(c) it was not created and is not being used solely to purchase or hold securities in reliance on the exemption from the prospectus and dealer registration requirements contained in Section 2.10 of National Instrument 45-106 − Prospectus and Registration Exemptions.

5.3 Survival

The representations and warranties set out in this Article 5 shall survive the execution hereof.

ARTICLE 6
COVENANTS

6.1 Covenants of the Issuer

(a) The Issuer shall promptly provide to the Purchaser (in multiple copies if requested) copies of all material reports, notices, financial statements and other documents delivered by the IESO to the Issuer with respect to the Issuer Investment Interest or pursuant to the Master Transfer and Servicing Agreement; provided such documents shall be deemed to be delivered hereunder so long as the Purchaser is the Manager.

(b) The Issuer shall provide to the Purchaser (in multiple copies, if requested) such other information, documents, records or reports respecting the Issuer Investment Interest, the Issuer or the IESO which is in the possession or under the control of the Issuer or the Manager, as the Purchaser may from time to time reasonably request, including any correspondence with a Rating

Agency; provided such documents shall be deemed to be delivered hereunder so long as the Purchaser is the Manager.

(c) The Issuer shall furnish to the Purchaser promptly after known to the Issuer or the Manager, information with respect to any action, suit or proceeding involving the Manager, the Issuer or the IESO or any of their respective Affiliates by or before any court or any Governmental Authority which, if adversely determined, would have an Adverse Effect; provided that the Purchaser shall be deemed to have knowledge of such actions, suits or proceedings so long as it is the Manager.

ARTICLE 7
ACCELERATION

7.1 Acceleration of Series 2017-1 Junior Subordinated Principal Amount

If a Series 2017-1 Event of Default occurs and is continuing, then and in each and every such case, and without regard to whether all Issuer Funding Obligations have been declared due and payable immediately pursuant to Section 8.02(a) of the Trust Indenture, the Purchaser may by notice in writing to the Issuer and to the Indenture Trustee declare the Series 2017-1 Junior Subordinated Principal Amount and all interest accrued and unpaid (if any) thereon to be due and payable immediately, and upon any such declaration the same will become and will be immediately due and payable, notwithstanding anything in this Supplemental Indenture or the Trust Indenture to the contrary.

ARTICLE 8
GENERAL

8.1 Successor and Assigns

(a) This Supplemental Indenture shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns except that (i) the Issuer may not assign or transfer any of its rights or obligations under this Supplemental Indenture without the prior written consent of the Purchaser and at least 10 Business Days' notice having been given to DBRS; and (ii) the Purchaser may, without the prior written consent of the Issuer but with prior notice to DBRS, assign or transfer any of its rights or obligations under this Supplemental Indenture to any of its wholly-owned affiliates (a "**Transferee**") pursuant to a transfer supplement, substantially in the form of Exhibit E (the "**Transfer Supplement**").

(b) The Issuer authorizes the Purchaser to disclose to any Transferee and any prospective Transferee any and all financial information in the Purchaser's possession concerning the Issuer, the Issuer Investment Interest and the Program Agreements which has been delivered to the Purchaser by the Issuer or the Manager.

(c) Notwithstanding any other provision of this Supplemental Indenture to the contrary, the Purchaser may at any time pledge or grant a security interest in all or any portion of its rights under its Series 2017-1 Junior Subordinated Note and this Supplemental Indenture to secure obligations of the Purchaser to any Person, without notice to or consent of the Issuer; provided that no such pledge or grant of a security interest shall release the Purchaser from any of its obligations hereunder or substitute any such pledgee or grantee for the Purchaser as a party hereto.

8.2 Waiver

Without limiting the requirements of Section 11.02 of the Trust Indenture which shall be applicable to this Supplemental Indenture, no waiver of any provision of this Supplemental Indenture or consent to any departure by the Issuer from any provision of this Supplemental Indenture will be effective (in whole or in part) unless in writing and signed by the Purchaser. Such waiver will be effective only in the specific instance, for the specific purpose and for the specific length of time for which it is given by the Purchaser.

8.3 Notice

All notices, requests, instructions and demands to or upon any party hereto to be effective shall be given (a) in the case of the Issuer and the Indenture Trustee, in the manner set forth in Article 15 of the Trust Indenture; and (b) in the case of the Purchaser, in writing, and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when delivered by hand or three days after being deposited in the mail, postage prepaid, in the case of facsimile notice, when received, or in the case of overnight air courier, one Business Day after the date such notice is delivered to such overnight courier, addressed as follows; or to such other address as may be hereafter notified by the respective parties hereto:

Purchaser:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6

Attention: Vice President, Fair Hydro Plan
Fax: (416) 592-4189
Email: FHP@opg.com

8.4 No Waiver: Remedies

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

8.5 Entire Agreement

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

8.6 Governing Law and Attornment

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

8.7 Acknowledgment of Trust Indenture and No Proceedings

(a) The Purchaser hereby acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor under the Trust Indenture and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Trust Indenture including, without limitation, Section 7.12 (Payments To Be Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse), Article IX (Indenture Trustee) (including all limitations of liability thereunder), Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition).

(b) The Purchaser irrevocably authorizes and directs the Indenture Trustee on its behalf to take such action (including the execution and delivery of documents of subordination) as may be necessary or appropriate to further assure the priority arrangements provided for in Article VI, Article VII and Section 8.13 of the Trust Indenture, and appoints the Indenture Trustee as its agent for any and all such purposes.

(c) The Purchaser consents, requests and authorizes the Issuer and the Indenture Trustee to (i) add the Purchaser (or its agent) to the register of Specified Creditors described in Section 13.13 of the Trust Indenture and (ii) disseminate the notice details of the Purchaser to other Specified Creditors for the purposes set out in subsection 9.14(b) of the Trust Indenture.

8.8 Expenses

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

8.9 Further Assurances

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

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

8.10 Confidentiality

(a) The Purchaser covenants and agrees that any non-public information obtained by it pursuant to this Supplemental Indenture and the other Program Agreements shall be held in confidence except that the Purchaser may disclose such information (i) pursuant to the order of any court or administrative agency or in any pending legal or administrative proceeding (whether or not having the force or effect of law) provided that, unless prohibited by applicable law, the Purchaser shall provide prompt notice of such order to the affected party; (ii) upon the request or demand of any regulatory authority having or claiming jurisdiction over the Purchaser; (iii) as required by applicable law including, without limitation, all applicable securities laws; (iv) to the extent that such information becomes publicly available other than by reason of improper disclosure by the Purchaser; (v) to its affiliates, officers, directors, employees, legal counsel, independent auditors, accountants, advisors, investors, potential investors, commercial paper dealers, providers of surety, guaranty, credit or liquidity enhancement (including the directors, officers and accountants of such surety, guaranty, credit or liquidity enhancement provider), legal counsel of any of the foregoing and other experts or agents who need to know such information and are informed of the confidential nature of such information; (vi) for purposes of establishing a "due diligence" defense; (vii) which was available to the Purchaser on a non-confidential basis from a source other than the affected party, provided that such source was not to the knowledge of the Purchaser bound by a confidentiality agreement with the affected party; (viii) has been independently acquired or developed by the Purchaser without violating any of the Purchaser's obligations under this Supplemental Indenture; (ix) if such disclosure has been approved in writing in advance by the Issuer or the Manager; (x) regarding the existence of this Supplemental Indenture, but not the financial terms thereof; and (xi) to DBRS and Moody's and any other Rating Agencies.

(b) The Issuer covenants and agrees to hold in confidence, and not disclose to any Person, the terms of this Supplemental Indenture, except as the Purchaser may have consented to in writing prior to any proposed disclosure and except (i) it may also disclose such information (A) to its officers, directors, employees, legal counsel, independent auditors, accountants and other advisors who are directly involved in the consideration of this Supplemental Indenture (and then only on a confidential basis), (B) to the Manager and its officers, directors, employees, legal counsel, independent auditors, accountants and other advisors, (C) any ministry or agency of the Province of Ontario and, in each case, their respective employees, officials, agents and advisors, (D) as required by applicable law (including, without limitation, applicable securities law) or compulsory legal process, (E) as expressly permitted by the terms of the Program Agreements, and (F) to DBRS and Moody's and any other Rating Agencies; provided, that, in the case of clause (D), the Issuer will use all commercially reasonable efforts to maintain confidentiality and will (unless otherwise prohibited by law) notify the Purchaser of its intention to make any such disclosure prior to making such disclosure; and (ii) it may also disclose the existence (but not the financial terms) of this Supplemental Indenture, including to any actual or prospective purchaser of other Notes.

(c) The parties hereto acknowledge that a description of this Supplemental Indenture and the Series 2017-1 Junior Subordinated Note will be included in the preliminary and final offering memoranda of the Issuer relating to the issue of other Notes from time to time.

(d) The confidentiality provisions set forth in this Section 8.10 shall expire on the second year anniversary of the date on which the Series 2017-1 Junior Subordinated Notes have been paid in full.

8.11 Limitation of Liability of Issuer Trustee

Each party hereto other than the Issuer acknowledges that the Issuer is a trust, and that Computershare Trust Company of Canada is the Issuer Trustee. The other parties hereto agree that the Issuer Trustee will not be subject to any liability whatsoever to them, in tort, contract or otherwise, in connection with the Issuer's assets or the trust activities, for any action taken or permitted by it to be taken, or for its failure to take any action; provided that the foregoing limitation will not apply in respect of any action or failure to act arising from or in connection with wilful misconduct, negligence or reckless disregard of a duty by the Issuer Trustee. The Issuer Trustee in doing anything or permitting anything to be done in respect of assets or the trust activities is, and shall be conclusively deemed to be, acting as trustee of the Issuer and not in any other capacity. Except as to the extent provided in this Section 8.11, the Issuer Trustee will not be subject to any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Issuer, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the Issuer's assets or the trust activities and resort will be had solely to the Collateral for the payment or performance thereof. No property or assets of the Issuer Trustee, whether owned in its personal capacity or otherwise, will be subject to levy, execution or other enforcement procedure with regard to any obligation under this Supplemental Indenture. Nothing contained in this Section 8.11 shall be construed so as to limit the liability of the Issuer under this Supplemental Indenture. This Supplemental Indenture, and every deed, transfer, assignment, agreement or other instrument made pursuant hereto including, without limitation, the Series 2017-1 Junior Subordinated Notes, made or purporting to be made by or creating an obligation of the Issuer or the Issuer Trustee on behalf of, or as trustee of, the Issuer shall be deemed and construed for all purposes as if made by the Issuer Trustee, in and only in its capacity as trustee of the Issuer. Any obligations of the Issuer Trustee hereunder or thereunder are non-recourse to the Issuer Trustee in its personal capacity.

8.12 Execution in Counterparts

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

8.13 Delivery of Executed Copies

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

[signature page follows]

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

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

By: _____
Name:
Title:

By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, as Indenture Trustee

By: _____
Name:
Title:

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., as Purchaser

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A

DEFINITIONS

"**Acceleration Event**" means either:

(a) all Issuer Funding Obligations are declared due and payable under Section 8.02 of the Trust Indenture, or

(b) the Series 2017-1 Junior Subordinated Principal Amount and all interest accrued and unpaid thereon is declared to be due and payable under Section 7.1.

"**Administrative Agent**" is defined in the recitals to this Supplemental Indenture.

"**AEOI Legislation**" is defined in Section 3.9(a).

"**Applicable Margin**" means **[1.10]**% per annum.

"**Authorized Officer**" means, with respect to: (a) the Issuer, any authorized director or officer of the Manager; (b) the Manager, any authorized director of officer of OPG; (c) the IESO, any authorized director or officer of the IESO; (d) the Issuer Trustee, any officer within the corporate trust office of such trustee (including the President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Treasurer or any other officer of the Issuer Trustee customarily performing functions similar to those performed by persons who at the time shall be such officers, respectively, and that has direct responsibility for the administration of the Issuer and also, with respect to a particular matter, any other officer to whom such matter is referred to because of such officer's knowledge and familiarity with the particular subject).

"**Base Rate**" means the weighted average interest rate applicable to the Series 2017-1 Senior Notes.

"**Closing Date**" is defined in Section 3.3(a).

"**Commitment Extension**" is defined in the Senior Series 2017-1 Supplemental Indenture.

"**Decrease**" is defined in Section 3.4.

"**Decrease Amount**" is defined in Section 3.4.

"**Excluded Taxes**" is defined in Section 3.9(a).

"**FATCA**" is defined in Section 3.9(a).

"**Increase**" is defined in Section 3.3(a).

"**Increase Amount**" is defined in Section 3.3(a).

"**Increase Date**" is defined in Section 3.3(a).

"**Increase Notice**" is defined in Section 3.3(a).

"**Indenture Trustee**" is defined in the recitals to this Supplemental Indenture.

"**Interest Period**" means each of the consecutive periods that begins on, and includes, each Payment Date and ends on and excludes, the following Payment Date; provided that the first Interest Period shall begin on the Closing Date and end on the Payment Date in January, 2018.

"**Issuer**" is defined in the recitals to this Supplemental Indenture.

"**Issuer Indemnified Person**" is defined in Section 3.8.

"**Issuer Trustee**" is defined in the recitals to this Supplemental Indenture.

"**Maximum Purchaser Group Principal Amount**" has the meaning specified in the Senior Series 2017-1 Supplemental Indenture.

"**Monthly Interest**" shall mean, for any Payment Date, the sum of (A) the sum for each day during such Interest Period of the product of (i) the Series 2017-1 Junior Subordinated Principal Amount on such day; times (ii) the sum of the Base Rate for such day plus the Applicable Margin, divided by (iii) 365, and (B) the Monthly Interest Shortfall; provided that, for the purposes of determining the Monthly Interest in respect of an Interest Period prior to the end of the Interest Period, the Purchaser may estimate the interest for the remaining days in the Interest Period and provided further, if the actual interest for such days is less than the estimated interest, the Monthly Interest for the following Interest Period shall be reduced to adjust for such lower actual interest and if the actual interest for such days is higher than the estimated interest, the Monthly Interest for the following Interest Period shall be increased to adjust for such higher interest.

"**Monthly Interest Shortfall**" means, for any Payment Date, if the amount in clause (A) of the definition of Monthly Interest for the preceding Payment Date was greater than the amount distributed to the payment of such amounts pursuant to Section 3.6(c), an amount equal to the amount in clause (A) of the definition of Monthly Interest owing to the Purchaser which was unpaid on the preceding Payment Date plus interest on such unpaid amount for the period from the preceding Payment Date to the current Payment Date at a rate equal to the Prime Rate plus 1.00% per annum.

"**Monthly Other Amounts**" shall mean, for any Payment Date the sum of (a) any amounts payable to the Purchaser hereunder (other than Monthly Interest) including, without limitation, pursuant to Sections 3.8, 3.9, 3.10 and 8.8; plus (c) the Monthly Other Amounts Shortfall for such Payment Date.

"**Monthly Other Amounts Shortfall**" means, for any Payment Date, if the amount of the Monthly Other Amounts for the preceding Payment Date was greater than the amount distributed to the payment of such amounts pursuant to Section 3.6(c), an amount equal to the Monthly Other Amounts owing to the Purchaser which were unpaid on the preceding Payment Date plus interest on such unpaid amount for the period from the preceding Payment Date to the current Payment Date at a rate equal to the Prime Rate plus 1.00% per annum.

"**Prime Rate**" means the annual rate of interest announced by Royal Bank of Canada from time to time as being its reference rate for the determination of interest rates on Canadian dollar denominated commercial loans made by it and commonly referred to by Royal Bank of Canada as its "prime rate."

"**Principal Accumulation Date**" means the Payment Date occurring in the month of July, 2021, as such date may be modified pursuant to Section 3.5(c).

"**Principal Payment Amount**" means, in respect of the Series 2017-1 Junior Subordinated Notes (unless modified pursuant to Section 3.5(c)):

(a) On any Payment Date occurring on or after the earlier of (i) the Payment Date occurring in October, 2021; and (ii) the occurrence of an Acceleration Event, the Series 2017-1 Junior Subordinated Principal Amount.

(b) Unless clause (a) above is applicable, on the Payment Dates in the month of July, August, September and October of 2021, an amount equal the lesser of (x) the sum of (A) 25% of the Series 2017-1 Junior Subordinated Principal Amount on the Business Day prior to the Principal Accumulation Date plus (B) the Decrease Amount of any Decrease occurring on such Payment Date, and (y) the Series 2017-1 Junior Subordinated Principal Amount.

(c) Unless either of clauses (a) or (b) above is applicable, on any Payment Date that is not a Decrease Date, nil.

(d) Unless either of clauses (a) or (b) above is applicable, on any Payment Date that is a Decrease Date, the Decrease Amount of the Decrease occurring on such Payment Date.

"**Principal Payment Default Date**" means the Business Day that is two years after the Payment Date in respect of such Principal Payment Amount, as such date may be modified pursuant to Section 3.5(c).

"**Purchaser**" is defined in the recitals to this Supplemental Indenture.

"**Recipient**" is defined in Section 3.9(a).

"**Refinancing Increase**" is defined in Section 3.3(a).

"**Regulatory Change**" shall mean (i) the adoption after the date hereof of any applicable law, rule or regulation (including any applicable law, rule or regulation regarding capital adequacy, deposits, reserves or liquidity coverage) or any change therein after the date hereof, (ii) any change after the date hereof in the interpretation, administration, scope or timing of implementation thereof by any governmental authority, central bank, self-regulating professional body or comparable agency or authority charged with the interpretation or administration thereof, or compliance with any guidance, request or directive (whether or not having the force of law) of any such authority, central bank, self-regulating professional body or comparable agency or authority; provided that for purposes of this definition, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder, issued in connection therewith or in implementation thereof, and (y) all requests, rules, guidelines and directives (whether or not

having the force of law) promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or Canadian or United States or other foreign regulatory authorities, shall in each case be deemed to be a "Regulatory Change", regardless of the date enacted, adopted, issued or implemented.

"**Senior Series 2017-1 Supplemental Indenture**" is defined in the recitals to this Supplemental Indenture.

"**Series 2017-1 Event of Default**" means any one of the following events occurs at any time that the Junior Subordinated Funding Obligations constitute the Controlling Class Obligations (whatever the reason for such Series 2017-1 Event of Default and whether it will be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any Governmental Authority):

(a) a default by the Issuer in the payment of any interest on any Series 2017-1 Junior Subordinated Notes when such interest becomes due and payable, and continuance of such default for a period of five days following the date on which such interest became due and payable;

(b) a default by the Issuer in the payment of any principal of any Series 2017-1 Junior Subordinated Notes at its Principal Payment Default Date;

(c) any representation or warranty contained in Section 5.1 of this Supplemental Indenture or Section 12.01 of the Trust Indenture proves to be incorrect in any material respect when made and such incorrect representation or warranty if capable of being remedied by the Issuer, has not been remedied for a period of 30 days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by the Purchaser, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default" hereunder and, as a result of such default, the interests of the Purchaser is materially and adversely affected and continue to be materially and adversely affected during the 30-day period;

(d) a default in the performance, or breach, of any covenant of the Issuer in the Trust Indenture or this Supplemental Indenture in respect of any Series 2017-1 Junior Subordinated Notes (other than an agreement, covenant or warranty a default in the performance of which or the breach of which is elsewhere specifically dealt with in this definition of Series 2017-1 Event of Default), and continuance of such default or breach for a period of 30 days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by the Purchaser, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default" hereunder and, as a result of such default, the interests of the Purchaser is materially and adversely affected and continue to be materially and adversely affected during the 30-day period;

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

(f) a Suspension Notice is issued by the Province.

"**Series 2017-1 Initial Junior Subordinated Principal Amount**" means an amount equal to twenty percent (20%) of the Series 2017-1 Initial Senior Principal Amount.

"**Series 2017-1 Initial Senior Principal Amount**" means the "Series 2017-1 Initial Principal Amount" as defined in the Senior Series 2017-1 Supplemental Indenture.

"**Series 2017-1 Junior Subordinated Note**" means any one of the Floating Rate Variable Funding Junior Subordinated Notes, Series 2017-1, executed by the Issuer and authenticated and delivered by or on behalf of the Indenture Trustee, substantially in the form of Exhibit B.

"**Series 2017-1 Junior Subordinated Principal Amount**" means (a) when used with respect to the Closing Date, the Series 2017-1 Initial Junior Subordinated Principal Amount; and (b) when used with respect to any other date, an amount equal to (i) the Series 2017-1 Junior Subordinated Principal Amount on the immediately preceding Business Day; plus (ii) the Increase Amount on such date; minus (iii) the Decrease Amount on such date; minus (iv) the amount of principal payments made to the Purchaser pursuant to Section 3.7 on such date.

"**Series 2017-1 Maximum Junior Subordinated Principal Amount**" means an amount equal to twenty percent (20%) of the Series 2017-1 Maximum Senior Principal Amount.

"**Series 2017-1 Maximum Senior Principal Amount**" means the "Series 2017-1 Maximum Principal Amount" as defined in the Senior Series 2017-1 Supplemental Indenture.

"**Series 2017-1 Senior Decrease**" means, with respect to a Business Day, the sum of all amounts of Decreases (as defined in the Senior Series 2017-1 Supplemental Indenture) on such Business Day.

"**Series 2017-1 Senior Increase**" means, with respect to a Business Day, the sum of all amounts of Increases (as defined in the Senior Series 2017-1 Supplemental Indenture) on such Business Day.

"**Series 2017-1 Senior Notes**" is defined in the recitals to this Supplemental Indenture.

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

"**Support Facility**" shall mean any liquidity or credit support agreement with the Purchaser which relates to, or is otherwise available to the Purchaser in relation to its funding activities under, this Supplemental Indenture.

"**Suspension Notice**" has the meaning specified in the Change of Law Protection Agreement.

"**Termination Event**" means any Acceleration Event or Series 2017-1 Event of Default or any event which with the giving of notice or the passage of time, or both, could become an Acceleration Event or a Series 2017-1 Event of Default.

"**Transfer Increase**" is defined in Section 3.3(a).

"**Transfer Supplement**" is defined in Section 8.1(a).

"**Transferee**" is defined in Section 8.1(b).

"**Trust Indenture**" means the trust indenture dated as of December [21], 2017 between the Issuer and the Indenture Trustee.

SCHEDULE B

[FORM OF NOTE]

SERIES 2017-1 JUNIOR SUBORDINATED NOTE

●

SCHEDULE C

FORM OF INCREASE NOTICE

●

SCHEDULE D

FORM OF DECREASE NOTICE

●

SCHEDULE E

FORM OF TRANSFER SUPPLEMENT

MANAGEMENT AGREEMENT

between

FAIR HYDRO TRUST
as Issuer

- and -

ONTARIO POWER GENERATION INC.
as Manager

Acknowledged and Accepted by

BNY TRUST COMPANY OF CANADA
as Indenture Trustee

Dated as of December ■, 2017

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EXHIBIT

Exhibit A – Annual Compliance Certificate
Exhibit B – Monthly Portfolio Report

MANAGEMENT AGREEMENT

THIS AGREEMENT made as of December ■, 2017,

BETWEEN:

FAIR HYDRO TRUST, a trust formed under the laws of the Province of Ontario

(the "**Issuer**")

- and -

ONTARIO POWER GENERATION INC., a corporation established under the laws of the Province of Ontario

(the "**Manager**")

- acknowledged and accepted by -

BNY TRUST COMPANY OF CANADA, a trust company existing under the laws of Canada and duly authorized to carry on the business of a trust company in all of the provinces and territories of Canada, as indenture trustee

(the "**Indenture Trustee**")

WHEREAS the Government of Ontario has passed the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**") for the purpose of, among other things, ensuring that Clean Energy Costs and Clean Energy Benefits are fairly allocated among present and future Specified Consumers;

AND WHEREAS Ontario Power Generation Inc. has been appointed as Financial Services Manager under the Act to, among other things, evaluate whether potential Funding Obligations should be incurred by Financing Entities for the purposes of acquiring and financing Investment Interests;

AND WHEREAS the Issuer is a Financing Entity established, at the request of the Financial Services Manager and pursuant to the Act, by Computershare Trust Company of Canada;

AND WHEREAS the Issuer may from time to time finance the acquisition from the IESO of an Investment Interest pursuant to the terms of the Master Transfer and Servicing Agreement;

AND WHEREAS the Indenture Trustee has been appointed pursuant to the Indenture to act on behalf of all Specified Creditors and wishes to acknowledge and accept the rights and

obligations granted to it thereby, including, but not limited to, its rights set forth in this Agreement;

AND WHEREAS the Issuer and the Manager are entering into this Agreement in furtherance of, and in accordance with, the Act;

NOW THEREFORE in consideration of the foregoing and the mutual covenants and agreements contained herein (the receipt and adequacy of which are hereby acknowledged), the parties hereto agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

(a) In this Agreement, the following terms have the following meanings:

"**Act**" has the meaning ascribed thereto in the recitals;

"**Agreement**" means this Agreement, as amended, supplemented, modified, replaced or amended and restated from time to time, and the expressions "herein", "hereof", "hereto", "hereunder" and similar expressions refer to this Agreement and not to any Article, Section, paragraph, subparagraph or clause hereof;

"**Approved Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement;

"**Board**" means the Ontario Energy Board, a statutory corporation without share capital continued under the *Ontario Energy Board Act, 1998*, S.O., 1998;

"**Carrying Costs**" has the meaning ascribed to the term "carrying costs" in the Regulations~~.~~**;**

"CEA Consumer Invoice Amounts" has the meaning ascribed thereto in the Master Transfer and Servicing Agreement;

"Change of Law Process Agreement" means the change of law process agreement between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance and Ontario Power Generation Inc.;

"**Clean Energy Adjustment**" has the meaning ascribed to the term "clean energy adjustment" in the Act;

"**Clean Energy Benefits**" has the meaning ascribed to the term "clean energy benefits" in the Act;

"**Clean Energy Costs**" has the meaning ascribed to the term "clean energy costs" in the Act;

"**Declaration of Trust**" means the declaration of trust made as of December ■, 2017 under which the Issuer was established, as may be amended, supplemented, modified, replaced or amended and restated from time to time;

"**Electricity Vendor**" has the meaning ascribed to the term "electricity vendor" in the Act;

"Electricity Vendor CEA Collections" has the meaning ascribed thereto in the Master Transfer and Servicing Agreement;

"**Fair Allocation Amount**" has the meaning ascribed to the term "fair allocation amount" in the Act;

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act;

"**Financial Services Manager**" has the meaning ascribed to such term under the Act;

"**Financing Entity**" has the meaning ascribed to the term "financing entity" in the Act;

"**Financing Plan**" has the meaning ascribed to such term under the Act;

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act;

"**IESO**" means the Independent Electricity System Operator, a statutory corporation without share capital amalgamated under the *Electricity Act, 1998*, S.O. 1998;

"**Implementation Plan**" has the meaning ascribed to such term in Section 4.3(a);

"**Indemnified Losses**" has the meaning ascribed to such term in Section 5.6(a);

"**Indenture**" means the master trust indenture dated as of December ■, 2017 between the Indenture Trustee and the Issuer, as may be amended, supplemented, modified, replaced or amended and restated from time to time;

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act;

"**Investment Interest Records**" means, collectively, any and all documents and records the Manager shall keep on file, in accordance with its customary procedures, relating to the Issuer Investment Interest, including copies of all documents filed with the Board in connection with any Clean Energy Adjustments and computational records relating thereto;

"**Issuer Compensation**" has the meaning ascribed to such term in Section 5.5;

"**Issuer Funding Obligation**" means a Funding Obligation incurred by the Issuer;

"**Issuer Investment Interest**" means, initially, the Investment Interest acquired by the Issuer pursuant to the first Transfer completed under the Master Transfer and Servicing Agreement and, upon the completion of each Transfer thereafter, the cumulative Investment Interest acquired by the Issuer;

"**Issuer Property**" means, as of any particular time, all assets of the Issuer and all property, real, personal or otherwise, tangible or intangible, which has been transferred, conveyed or paid to, or acquired by the Issuer, including all income, earnings, profits and gains therefrom, and which at such time is owned or held by the Issuer;

"**Management Fees**" means the fees established and charged by the Financial Services Manager in accordance with section 19(3) of the Act and the Regulations and approved by the Board in accordance with section 19(4) of the Act;

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated December ■, 2017 between the Issuer and the IESO, as may be amended, supplemented, modified, replaced or amended and restated from time to time;

"**Minister**" means the Minister of Energy or such other member of the Executive Council as may be assigned the administration of the Act under the *Executive Council Act*, S.O. 1990;

"Monthly Servicer Report" means the report delivered by the IESO under Section **3.5(a) of the Master Transfer and Servicing Agreement;**

"**Offering Materials**" means any document used by the Issuer in connection with offering securities representing Issuer Funding Obligations for sale including, without limitation, any information circular, offering memorandum, annual information form, preliminary prospectus, prospectus, prospectus supplement, term sheet, registration statement or other similar document, or any amendments to such documents;

"**Perpetuity Date**" means the date that is one day prior to the 21st anniversary of the death of the last surviving lineal descendant of Queen Elizabeth, II of England living as of the date of the Declaration of Trust;

"**Primary Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement;

"**Proceeding**" means any suit in equity, action at law or other judicial or administrative proceeding;

"**Reference Period**" has the meaning ascribed to the term "reference period" in the Act;

"**Regulation AB**" means Subpart 229.1100 – Asset Backed Securities (Regulation AB), 17 C.F.R. §§229.1100-229.1125, and all related rules and regulations of the U.S. Securities and Exchange Commission, as such rules may be amended from time to time, and subject to such clarification and interpretation as have been provided by the U.S. Securities and Exchange Commission or by the staff of the U.S. Securities and Exchange Commission, or as may be provided by the U.S. Securities and Exchange Commission or its staff from time to time;

"**Regulations**" means Ontario Regulation 206/17: General, together with any other regulations promulgated under the Act;

"**Servicer CEA Receipts**" has the meaning ascribed thereto in the Master Transfer and Servicing Agreement;

"**Specified Consumer**" has the meaning ascribed to the term "specified consumer" in the Act;

"**Standard of Care**" has the meaning ascribed to such term in Section 5.1;

"**Transfer**" has the meaning ascribed to the term "transfer" in the Act; and

"**True Up Amount**" has the meaning ascribed to the term "true up amount" in the Act.

(b) Unless otherwise defined in this Agreement, all capitalized terms used in this Agreement shall have the meanings ascribed thereto in the Indenture.

ARTICLE 2
INTRODUCTORY PROVISIONS

2.1 Sections and Headings

The table of contents does not form part of this Agreement. The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and will not affect the construction or interpretation of this Agreement. Unless something in the subject matter or context is inconsistent therewith, references herein to Articles and Sections are to Articles and Sections of this Agreement.

2.2 Extended Meanings

Words importing the singular number only will include the plural and vice versa and words importing the masculine gender will include the feminine and neuter genders and vice versa. Unless otherwise specified, a reference to any agreement, instrument or declaration means such agreement, instrument or declaration as the same may be amended, supplemented, modified, restated or replaced from time to time.

2.3 References to Acts of the Issuer or the Issuer Trustee

For greater certainty, where any reference is made in this Agreement to an act to be performed by the Issuer, such reference will be construed and applied for all purposes as if it referred to an act to be performed by the Issuer Trustee as trustee of the Issuer. Where any reference is made in this Agreement to an act to be performed by the Issuer Trustee, such reference will be construed and applied for all purposes as if it referred to an act to be performed by the Issuer Trustee as trustee of the Issuer.

ARTICLE 3
APPOINTMENT OF THE MANAGER

3.1 Appointment and Authority of the Manager

The Issuer hereby appoints Ontario Power Generation Inc. as the Manager to act as its agent to provide services and perform duties for and on behalf of and for the account of the Issuer, as hereinafter provided, in connection with the activities of the Issuer relating to:

(a) the acquisition, administration and possible transfer of the Issuer Investment Interest on behalf of the Issuer in accordance with the Act;

(b) acting as custodian of the Investment Interest Records;

(c) the entering into and execution and delivery on behalf of the Issuer of any Program Agreements;

(d) the incurrence of Issuer Funding Obligations, and repayment thereof, to fund the acquisition of the Issuer Investment Interest;

(e) the negotiation, execution and delivering or filing on behalf of the Issuer of any Offering Materials;

(f) the implementation and administration of the provisions of the Program Agreements to which the Issuer or the Manager on its behalf is a party;

(g) the acquisition, administration and sale of investments that may from time to time be made by the Issuer; and

(h) all activities as may be reasonably incidental to the foregoing or necessary in connection with the performance by the Issuer of its obligations under the Program Agreements, the Act and the Regulations.

The Manager accepts such appointment and agrees to act in such capacity and to provide or cause to be provided the services and to perform the duties set forth in this Agreement on and subject to the terms and conditions in this Agreement. The Issuer hereby grants to the Manager the power and authority to act in the name of and on behalf of the Issuer, and to execute and deliver all documents, agreements and instruments in the name and on behalf of the Issuer, for the sole purpose of providing the services and performing the duties to be provided and performed by the Manager pursuant to this Agreement. The Manager shall provide all the services and perform all the duties contemplated under this Agreement, including its duties as Financial Services Manager under the Act, in Ontario, Canada.

ARTICLE 4
DUTIES AND OBLIGATIONS OF THE MANAGER

4.1 Program Agreements

(a) The Manager will administer as agent for and on behalf of and for the account of the Issuer the activities of the Issuer in connection with the Program Agreements and, in this regard, its services and duties will include:

(i) negotiating and executing, on behalf of the Issuer, Program Agreements and any documents related thereto with any Person and any amendments, supplements, replacements or restatements that may be necessary or desirable from time to time;

(ii) arranging for liquidity coverage required pursuant to the Program Agreements, negotiating and settling Liquidity Agreements and administering on behalf of the Issuer the activities of the Issuer in connection with such Liquidity Agreements;

(iii) when necessary or desirable, arranging for the Credit Enhancement of the Issuer Investment Interest, negotiating and settling Credit Enhancement Agreements and administering on behalf of the Issuer the activities of the Issuer in connection with such Credit Enhancement Agreements;

(iv) seeking satisfaction of the Rating Agency Condition from the Rating Agencies in respect of the Program Agreements and proposed amendments thereto if required;

(v) based on reports submitted to it, monitoring the recording, accounting for and enforcement of payment of amounts distributable or payable to the Issuer in connection with any Program Agreement;

(vi) maintaining accounts and banking records of the Issuer with respect to acquisitions or investments in and distributions and payments in connection with the Issuer Property, including Eligible Investments;

(vii) promptly after obtaining knowledge thereof, notifying the Issuer, the Indenture Trustee and the Rating Agencies of a breach in any material respect of any of the Manager's representations, warranties or covenants contained herein;

(viii) to the extent that the Issuer shall from time to time have funds the application of which is not then necessary to the repayment of outstanding indebtedness of the Issuer or to the payment of any costs, fees, expenses or disbursements of the Issuer, applying such funds on behalf of and for the account of the Issuer to the acquisition of Eligible Investments as the Manager may select pending the application of such funds to the repayment of outstanding indebtedness of the Issuer or to the payment of

any costs, fees, expenses or disbursements of the Issuer; provided, however, that in making any such Eligible Investments, the Manager shall adhere to the requirements of the Program Agreements in all respects;

(ix) taking all other necessary and appropriate action to enable the Issuer to exercise its rights and perform its obligations in accordance with the provisions of any Program Agreement, including exercising rights of termination under Program Agreements and the enforcement of security or in respect of Eligible Investments;

(x) providing for the defense of any action, suit or proceeding brought against the Issuer or affecting the Issuer or any Issuer Property;

(xi) taking all such steps as may be necessary or appropriate to enable the Issuer to collect on any security relating to the Issuer Investment Interest;

(xii) determining, in accordance with the Financing Plan, when it is appropriate for the Issuer to enter into Derivative Agreements, selecting suitable counterparties thereto and negotiating the terms thereof in accordance with the terms of the Program Agreements;

(xiii) determining, in accordance with the Financing Plan, when it is appropriate for the Issuer to incur Funding Obligations, including the determination of applicable principal (or face amount), amortization/sinking fund schedule(s), interest rates (or rate of discount), interest payment frequency, issuance date and maturities of such Funding Obligations;

(xiv) ensuring that all Primary Obligations of the Issuer are and remain Approved Obligations;

(xv) making determinations under the Declaration of Trust regarding any distributions to beneficiaries of the Issuer;

(xvi) promptly providing the Issuer Trustee notice of the Perpetuity Date once determined;

(xvii) administering all activities of the Issuer in connection with the issuance, sale, payment, repurchase and redemption of Issuer Funding Obligations and the execution and performance by the Issuer of its obligations under the Program Agreements, including all reporting obligations, applying for and monitoring the ratings of any Issuer Funding Obligations and coordinating all aspects of obtaining and maintaining ratings from the Rating Agencies;

(xviii) preparing, executing and delivering, in accordance with the requirements of all applicable securities laws, any Offering Materials to be furnished by the Issuer to any dealer or prospective purchaser of Issuer Funding Obligations, in accordance with the Issuer's obligations to prepare such

Offering Materials under any Underwriting Agreement or Agency Agreement, and preparing amendments to or revising or updating information for such Offering Materials as required from time to time (it being understood that the Manager, as between it and the Issuer, shall not be responsible for the accuracy of any portion of the Offering Materials prepared from information obtained from any Person other than the Issuer and the Manager);

(xix) ensuring that all statements of the Issuer made in any Offering Materials or in connection with entering into any Program Agreement are at all times true and correct in all material respects (it being understood that the Manager, as between it and the Issuer, shall not be responsible for the accuracy of any portion of the Offering Materials prepared from information obtained from any Person other than the Issuer and the Manager);

(xx) arranging for compliance by the Issuer with any continuous disclosure obligations it may have under any applicable securities laws;

(xxi) preparing and filing all reports, certificates and other documents that are required to be prepared and filed pursuant to the Indenture in order to comply with Regulation AB and delivering all such reports, certificates and other documents to the Issuer, the Indenture Trustee and the Rating Agencies;

(xxii) arranging for the retention of legal counsel as may be necessary to perform for the Issuer the services necessary or appropriate to its organization or the conduct of its operations and all general services customarily provided by legal counsel;

(xxiii) arranging for the appointment, discharge and reappointment of an auditor of the Issuer and negotiating and fixing the fees of any such auditor;

(xxiv) arranging for the retention of an accounting firm and ensuring that proper books of account and complete records of all transactions of the Issuer undertaken or performed by it under the Program Agreements are maintained and rendering statements or copies thereof from time to time as requested by the Indenture Trustee and any issuing and paying agent, Lender or Credit Enhancer and co-operating in all audits of the Issuer;

(xxv) preparing, or arranging for the preparation of, all required financial statements of the Issuer;

(xxvi) preparing, procuring, delivering and filing, or causing to be prepared, procured, delivered or filed, any reports, attestations, exhibits, certificates or other documents required to be delivered or filed with the applicable securities regulator by the Issuer under the applicable securities or other applicable laws;

(xxvii) providing clerical and bookkeeping services necessary and appropriate for the Issuer relating to all transactions of the Issuer undertaken or performed by the Manager hereunder, and the Issuer's incurrence and repayment of Funding Obligations and other borrowings of money and maintaining and preserving records regarding the foregoing;

(xxviii) paying all taxes or assessments of whatever kind or nature imposed on the Issuer, and withholding and remitting all taxes required to be withheld and remitted by the Issuer under applicable laws, in each case, on behalf of and for the account of the Issuer and in accordance with the requirements of any applicable laws and subject to the payment priorities specified in the Program Agreements;

(xxix) preparing and filing, in accordance with the requirements of the Indenture and any applicable laws, all returns (including, for greater certainty, all returns, information returns, elections, designations, declarations, schedules, statements or supporting documents in relation thereto) required to be filed with any government authority, or prepared as support for any such filing, in connection with (A) the determination, assessment or collection of any taxes of the Issuer or taxes, or amounts on account of taxes, that the Issuer is required to withhold and remit by applicable laws, or (B) the administration of any laws, regulations or administrative requirements relating to taxes; and

(xxx) providing such other services as are incidental to the foregoing or as the Issuer and the Manager may agree.

(b) The Manager will not offer to enter into any Program Agreement:

(i) after the Manager receives a notice of termination pursuant to Section 7.1; or

(ii) if the entering into of the Program Agreement would violate any other Program Agreements.

(c) The Manager will not consent to or execute any material amendment of the Change of Law Process Agreement unless the Rating Agency Condition shall have been satisfied.

4.2 Issuer Investment Interest

The Manager will administer as agent for and on behalf of and for the account of the Issuer the following activities of the Issuer in connection with the acquisition and administration of the Issuer Investment Interest in accordance with the Program Agreements:

(a) enforcing the rights of the Issuer under the Program Agreements;

(b) seeking to protect the Issuer and the Specified Creditors from claims, actions or other proceedings of third parties that, if successfully pursued, would result in a breach of any representation by the IESO set forth in the Master Transfer and Servicing Agreement;

(c) executing and filing such filings, including filings under the PPSA, and causing such filings to be executed and filed, all in such manner and in such places as may be required by law to fully preserve, maintain, protect and perfect the ownership interest of the Issuer and the first priority security interest of the Indenture Trustee in the Issuer Investment Interest, including all filings required under the Act and the PPSA (and equivalent statutes in any applicable jurisdiction) relating to the transfer of the ownership of the rights and interest in the Issuer Investment Interest by the IESO to the Issuer or the pledge of the Issuer Investment Interest to the Indenture Trustee;

(d) maintaining accounts and records as to the Issuer Investment Interest accurately and in accordance with its standard accounting procedures and in sufficient detail to permit reconciliation between Servicer CEA Receipts and the Clean Energy Adjustment;

(e) instituting any Proceeding necessary to compel performance by the Board, the IESO, the Province of Ontario, the Indenture Trustee, the Issuer Trustee or any of their respective agents of any of their obligations or duties under the Act, the Regulations or any Program Agreement, as the case may be, and taking such legal or administrative actions, including defending against or instituting and pursuing legal actions and appearing or testifying at hearings or similar proceedings, in each case as may be reasonably necessary;

(f) seeking to block or overturn any attempts to cause a repeal of, modification of or supplement to the Act or the Regulations or the rights of holders of any Funding Obligations, by legislative enactment that would be materially adverse to the Issuer or the Specified Creditors or that would otherwise cause an impairment of the rights of the Issuer or the Specified Creditors; and

(g) instituting any Proceeding necessary to appeal or challenge the decision of a court that would be materially adverse to the Issuer or the Specified Creditors or that would otherwise cause an impairment of the rights of the Issuer or the Specified Creditors.

4.3 Implementation Plan

(a) The Manager will work with the IESO to develop on or before January 31, 2020 a written implementation plan identifying in reasonable detail the actions to be taken by the IESO and the Issuer in order to facilitate the Board, the Issuer, the IESO and the Electricity Vendors being prepared to perform their obligations under the Act and the Regulations when the setting, invoicing and collection of

Clean Energy Adjustments commences (the "**Implementation Plan**"). The Implementation Plan should include the following:

(i) a process and a schedule for contacting Electricity Vendors and providing instructions with respect to the establishment of a segregated account by each Electricity Vendor, the procedures for invoicing Clean Energy Adjustments, the identification, deposit and segregation of collections of Clean Energy Adjustments by Electricity Vendors and their remittance to the IESO;

(ii) the development of processes for the necessary exchanges of information with respect to Clean Energy Adjustments among the Board, the Issuer, the Manger, the IESO, Electricity Vendors and Specified Consumers;

(iii) procedures for the testing of the processes for the collection and remittance of Clean Energy Adjustment before February 28, 2021; and

(iv) target dates for the achievement of specified objectives under the Implementation Plan.

(b) The Manager will deliver the Implementation Plan to the Issuer and the Indenture Trustee on or before January 31, 2020.

(c) The Manager will deliver written progress reports on the status of the implementation of the Implementation Plan on or before June 30, 2020, October 31, 2020 and January 31, 2021.

4.4 Collection of Clean Energy Adjustments

(a) The Manager will as agent for and on behalf of the Issuer perform the following in connection with the collection of Clean Energy Adjustments:

(i) ~~(a)~~ review each ~~report delivered by the IESO under Section 3.4(b) of the Master Transfer and Servicing Agreement~~**Monthly Servicer Report** and make commercially reasonable efforts to resolve ~~the~~**any** failures and discrepancies ~~which~~**identified in such report that** have not been remedied or adequately explained by Electricity Vendors;

(ii) ~~(b)~~ institute any Proceeding necessary to compel performance by the Electricity Vendors of any of their obligations or duties under the Act and the Regulations including with respect to the invoicing, collection, receipt, remittance and reporting in respect of Clean Energy Adjustments; and

(iii) ~~(c) as the Manager determines necessary, review or caused to be reviewed,~~**commencing May 1, 2021 and** pursuant to its rights under Section 10(4) of the Regulations**:**

(A) **the Manager shall** review or caused to be reviewed, **on an annual basis or, subject to the satisfaction of the Rating Agency Condition, less frequently as may be determined by the Manager**, the records maintained by each Electricity Vendor with respect to Clean Energy Adjustments~~; provided that (i)~~ **, such review to include, in respect of each Electricity Vendor: (a) an assessment of compliance with the requirements imposed under the Act, (b) a reconciliation of CEA Consumer Invoice Amounts and Electricity Vendor CEA Collections, (c) a review of amounts deposited into the segregated account established for the purpose of receiving Clean Energy Adjustment amounts, and (d) a reconciliation of Servicer CEA Receipts and Electricity Vendor CEA Collections; and**

(B) if there is evidence of material non-compliance by an Electricity Vendor with its duties and obligations in respect of Clean Energy Adjustments, the Manager shall promptly review or cause to be reviewed the records of such Electricity Vendor as the Manager deems reasonably necessary to cause compliance by such Electricity Vendor; ~~(ii) the records of Electricity Vendors representing at least 75% of the annual aggregate energy consumption attributable to Specified Consumers shall be reviewed at least once every **[four (4)]** years;~~ and

(C) **the Manager shall notify each Rating Agency of any material non-compliance identified as a result of any review completed pursuant to this Section 4.4(a)**(iii)~~ the records of all Electricity Vendors shall be reviewed at least once every **[six (6)]** years~~.

4.5 Investment Interest Records

(a) The Manager will act as custodian of the Investment Interest Records as agent for and on behalf of and for the account of the Issuer, which are hereby constructively delivered to the Indenture Trustee, as pledgee of the Issuer with respect to the Issuer Investment Interest, and, in this regard, the Manager shall:

(i) hold the Investment Interest Records on behalf of the Issuer and the Indenture Trustee and maintain such accurate and complete accounts, records and computer systems pertaining to the Investment Interest Records as shall enable the Issuer and the Indenture Trustee, as applicable, to comply with the Program Agreements;

(ii) promptly report to the Issuer, the Indenture Trustee and the Rating Agencies any failure on its part to hold the Investment Interest Records and maintain its accounts, records and computer systems as herein provided and promptly take appropriate action to remedy any such failure;

(iii) maintain the Investment Interest Records at its offices at 700 University Avenue, Toronto, Ontario or at such other office as shall be specified to the Issuer and the Indenture Trustee by written notice at least 30 days prior to any change in location;

(iv) make available for inspection, audit and copying to the Issuer and the Indenture Trustee or their respective duly authorized representatives, attorneys or auditors the Investment Interest Records at such times during normal business hours as the Issuer or the Indenture Trustee shall reasonably request and that do not unreasonably interfere with the Manager's normal operations; and

(v) upon instruction from the Indenture Trustee in accordance with the Indenture or any other Person in accordance with another Program Agreement, release any Investment Interest Records to the Indenture Trustee, the Indenture Trustee's agent or the Indenture Trustee's designee, as the case may be, at such place or places as the Indenture Trustee may designate, as soon as practicable.

(b) Nothing in this Section 4.5 shall affect the obligation of the Manager to observe any applicable law prohibiting disclosure of information regarding Specified Consumers, and the failure of the Manager to provide access to such information as a result of such obligation shall not constitute a breach of this Section 4.5.

(c) Nothing in this Section 4.5 shall be deemed to require an initial review or any periodic review by the Issuer or the Indenture Trustee of the Investment Interest Records. The Manager's duties to hold the Investment Interest Records set forth in this Section 4.5, to the extent the Investment Interest Records have not been previously transferred to a successor Manager pursuant to Section 7.1, shall terminate one year and one day after the earlier of (i) the date on which the Manager is succeeded by a successor Manager in accordance with Section 7.1 and (ii) the day after the termination of the Indenture and payment in full of the Issuer Funding Obligations or any other amounts owed under the Indenture.

(d) The Manager shall, on or before the 25th Business Day following the end of each month (or if such day is not a Business Day, the first Business Day following such day), prepare and deliver to the Issuer Trustee and each Rating Agency a report substantially in the form of Exhibit B (a "Monthly Portfolio Report").

4.6 Payment of Other Issuer Fees and Expenses

The Manager in accordance with the Program Agreements may, at its option, pay from its own funds the fees and expenses properly incurred on behalf of the Issuer in the ordinary course of the Issuer's operations. To the extent such fees and expenses are paid by the Manager from its own funds, the Issuer will reimburse the Manager for such payments, subject to the payment priorities specified in the Program Agreements.

4.7 Delegation

In connection with the services to be provided or duties to be performed by it under this Agreement, the Manager may, subject to any limitation on delegation imposed by applicable law, by the Declaration of Trust or by the Issuer, engage or employ any Persons as employees, agents, representatives, independent contractors or otherwise, including, without limitation, banks, underwriters, accountants, investment advisers, tax advisers, insurance advisers, lawyers, appraisers, bankers, brokers, dealers, depositories, custodians, agents for collection or others in one or more capacities and any other advisers which the Manager deems advisable, and may delegate any of the powers and duties of the Manager to any such Persons upon such terms and conditions as it may determine. For greater certainty, the Manager shall remain liable and responsible for any of the powers and duties of the Manager which it delegates to a third party.

4.8 Annual Compliance Certificates

The Manager shall provide to the Issuer Trustee a certificate in the form of Exhibit A within 120 days after the end of each fiscal year of the Issuer confirming compliance with the matters referred to in such certificate. The Issuer shall be entitled to rely on such certificate for the period between the effective dates of two consecutive certificates certifying such compliance unless the Issuer has received written notice to the contrary.

4.9 Acknowledgment of Duties as Financial Services Manager

The parties hereto acknowledge that, for so long as Ontario Power Generation Inc. is the Financial Services Manager appointed under the Act, Ontario Power Generation Inc., in its capacity as the Financial Services Manager, will satisfy its obligations as Financial Services Manager in accordance with the Act and the Regulations, and, for greater certainty, its services and duties in this regard will include:

(a) preparing the Financing Plan and, in accordance therewith, evaluating whether Funding Obligations should be incurred by the Issuer for the purposes of acquiring an Investment Interest or refinancing maturing Issuer Funding Obligations;

(b) determining the Clean Energy Adjustment (inclusive of any True Up Amount) payable by Specified Consumers in respect of each month in a Reference Period;

(c) calculating the True Up Amount;

(d) notifying the Board of the Clean Energy Adjustment (inclusive of any True Up Amount) in respect of a Reference Period or such other period as prescribed by the Regulations and sending a copy of such notice, as required, to the Issuer, the Indenture Trustee and the Rating Agencies concurrently therewith; and

(e) if, for any reason any Clean Energy Adjustment is not implemented and effective in respect of the Reference Period set forth in the notice and commencing on the date required under the Act, notifying the Issuer, the Indenture Trustee and each Rating Agency by the end of the second Business Day after such applicable date.

ARTICLE 5
OTHER PROVISIONS RELATING TO THE DUTIES AND COMPENSATION

5.1 Standard of Care

The Manager will perform its duties hereunder (including, for so long as it is the Financial Services Manager, its duties as Financial Services Manager under the Act and the Regulations) diligently and in conformity with the Issuer's obligations under the Program Agreements and with the Act and the Regulations, as applicable, and honestly, in good faith and in the best interests of the Issuer and, in connection therewith, will exercise the degree of care, diligence and skill that a reasonably prudent Person would exercise in comparable circumstances (the "**Standard of Care**"). In carrying out its obligations hereunder, the Manager may rely upon the opinion or advice of or information obtained from any counsel, auditor, valuer or certificates from officers of any of the other parties to Program Agreements. Unless otherwise required by applicable law, the Manager will not be required to give bond, surety or security in any jurisdiction for the performance of any duties or obligations hereunder. The Manager will not be required to devote its entire time to its duties hereunder. Notwithstanding anything else to the contrary herein contained, nothing herein shall be interpreted or construed as an obligation of or on the part of the Manager, and the Manager shall not be liable or obligated, to pay or make any payment of, on or in respect of any debt, liability or obligation of the Issuer (including any payment of, on or in respect of any Issuer Funding Obligations or under any other Program Agreement), as agent for or on behalf of the Issuer or otherwise, except from the monies or funds of the Issuer which are made available to the Manager pursuant to this Agreement or the other Program Agreements for the purpose of such payment.

5.2 Compliance with Program Agreements; Conformity with Law

The Manager acknowledges that it has received copies of the Program Agreements, the Act and the Regulations in effect on the date hereof and is familiar with and understands the duties of the respective parties thereto or governed thereby, including those duties of the Issuer which are being delegated to the Manager hereunder. Notwithstanding anything herein to the contrary, the Manager shall perform its duties hereunder in a manner consistent with any applicable provisions of the Program Agreements in effect from time to time, and the Manager will not, in performing its obligations hereunder, take any action which it knows or ought reasonably to know would cause it or the Issuer to be in violation of any law, rule or regulation applicable to it. The Manager will use reasonable commercial efforts to comply with the terms applicable to the Issuer when acting on its behalf under all Program Agreements and will use reasonable commercial efforts in accordance with its Standard of Care to take such actions as would reasonably be expected to result in the representations and warranties given by the Issuer in any Program Agreement being true and correct in all material respects when made.

5.3 Liabilities

Except as provided in Section 5.6,

(a) the Manager will not be liable for any liabilities of the Issuer; and

(b) subject to the payment priorities specified in the Program Agreements, the Issuer agrees to indemnify, defend and hold harmless the Manager from and against any and all liabilities which may be imposed on, incurred by or assessed against the Manager as a result of any act or omission of the Issuer or the Manager under this Agreement or under any Program Agreement; provided that this Section 5.3(b) does not apply to the extent that in any circumstances there has been wilful misconduct **or gross negligence** of the Manager or its respective officers, employees or agents **or any failure to comply with the Standard of Care**.

To the extent that a liability is attributable solely to a single Series or a number of specific Series of Issuer Funding Obligations, the Manager will first exhaust its recourse against the assets available for recovery of such liability and designated to such Series of Issuer Funding Obligations. If such assets are insufficient to satisfy the indemnity set out in this Section 5.3, or if the liability is not attributable to a single Series or a number of specific Series of Issuer Funding Obligations, the liability will be satisfied on a pro rata basis as among the assets available for recovery of such liability and designated to all Issuer Funding Obligations.

Each party expressly disclaims any intention to create a partnership, and neither the Issuer nor the Manager will be deemed to be carrying on business in partnership by reason of its execution and delivery of this Agreement or the exercise or performance by it of its respective rights and obligations hereunder.

5.4 Compensation of the Manager

In consideration of and as compensation for all services provided and duties performed by the Manager pursuant to this Agreement, and so long as the Financial Services Manager is also the Manager, all services provided and duties performed by the Financial Services Manager, the Issuer will pay to the Manager, subject to the payment priorities specified in the Program Agreements, the Management Fees. The Management Fees are exclusive of any applicable sales taxes and the Issuer shall pay to the Manager the amount of any applicable sales taxes in addition to such fees.

5.5 Compensation of the Issuer

In consideration of the Issuer engaging in the activities contemplated by the Act, the Manager will pay to the Issuer, on a monthly basis, the sum of $10 per month for any month or part thereof that the Issuer is engaged in such activities (the "**Issuer Compensation**"). The Issuer Compensation is exclusive of any applicable sales taxes and the Manager shall pay to the Issuer the amount of any applicable sales taxes in addition to the Issuer Compensation.

5.6 Indemnification by Manager

(a) The Manager shall indemnify the Issuer and defend and hold harmless the Issuer from and against, any and all liabilities, obligations, losses, damages, payments and claims, and reasonable costs or expenses, of any kind whatsoever (collectively, "**Indemnified Losses**") imposed on, incurred by or asserted against the Issuer, as a result of (i) the failure of the Manager to perform its covenants and

other obligations under this Agreement or any other Program Agreement to which the Manager is a party; or (ii) the breach by the Manager of any of its representations or warranties under this Agreement or any other Program Agreement to which the Manager is a party and, except to the extent of Indemnified Losses resulting from the willful misconduct, bad faith or gross negligence of the Issuer, seeking indemnification hereunder; provided that, in each case, the Manager shall not be required to indemnify the Issuer for any amount paid or payable by the Issuer in the settlement of any Proceeding or investigation without the written consent of the Manager, which consent shall not be unreasonably withheld or delayed. Promptly after receipt by the Issuer of notice of the commencement of any Proceeding or investigation, the Issuer shall, if a claim in respect thereof is to be made against the Manager under this Section 5.6(a), notify the Manager in writing of the commencement thereof. Failure by the Issuer to so notify the Manager shall relieve the Manger from the obligation to indemnify and hold harmless the Issuer under this Section 5.6(a) only to the extent that the Manager suffers actual prejudice as a result of such failure. With respect to any Proceeding or investigation brought by a third party for which indemnification may be sought under this Section 5.6(a), the Manager shall be entitled to conduct and control, at its expense and with counsel of its choosing that is reasonably satisfactory to the Issuer, the defence of any such Proceeding or investigation (in which case the Manager shall not thereafter be responsible for the fees and expenses of any separate counsel retained by the Issuer except as set forth below); provided, that the Issuer shall have the right to participate in such Proceeding or investigation through counsel chosen by it and at its own expense. Notwithstanding the Manager's election to assume the defence of any Proceeding or investigation, the Issuer shall have the right to employ separate counsel, and the Manager shall bear the reasonable fees, costs and expenses of such separate counsel, if (i) the defendants in any such action include both the Issuer and the Manager and the Issuer shall have reasonably concluded that there may be legal defences available to it that are different from or additional to those available to the Manager, (ii) the Manager shall not have employed counsel reasonably satisfactory to the Issuer to represent the Issuer within a reasonable time after notice of the institution of such action, (iii) the Issuer shall have been advised by counsel to the Issuer that there may be a conflict of interest between the Manager and the Issuer, or (iv) the Manager authorizes the Issuer to employ separate counsel at the expense of the Manager. Notwithstanding the foregoing, the Manager shall not be obligated to pay for the fees, costs and expenses of more than one separate counsel for the Issuer other than one local counsel, if appropriate. The Manager will not, without the prior written consent of the Issuer, settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim or Proceeding in respect of which indemnification may be sought under this Section 5.6(a) (whether or not the Issuer is an actual or potential party to such claim or action) unless such settlement, compromise or consent includes an unconditional release of the Issuer from all liability arising out of such claim or Proceeding

(b) Indemnification under Section 5.6(a) shall survive any repeal of, modification of, or supplement to, or judicial invalidation of, the Act and shall survive the termination of this Agreement and will rank pari passu with other general, unsecured obligations of the Manager.

(c) Notwithstanding anything contained in this Agreement, it is expressly understood that the Manager is not agreeing to indemnify or hold the Issuer harmless with respect to any of the following:

(i) any losses resulting from any breach or failure to perform by the Manager caused by a breach or failure to perform on the part of any other third party under any Program Agreement, the Act or the Regulations; provided that this Section 5.6(c)(i) shall not apply to limit the liability of the Manager in respect of any delegation to a third party as provided for in Section 4.7.

(ii) any losses resulting from changes in law after the date hereof, whether such changes in law are effected by means of any legislative enactment or any final and non-appealable judicial decision, other than losses resulting solely from the Manager's failure to comply with Section 4.1(a)(xiv);

(iii) any losses resulting from the validity of the Change of Law Protection Agreement or the applicability thereof to the Province, the Issuer or the Indenture Trustee or any material part thereof being disaffirmed by or on behalf of the Province; or

(iv) any liability of the Issuer incurred after the termination of this Agreement unless attributable to the actions or omissions of the Manager prior to such termination **or in respect of a representation, warranty or covenant of the Manager that survives termination of this Agreement**.

(d) To the fullest extent permitted by applicable law, no Specified Creditor (other than the Indenture Trustee) will have any right to institute any proceeding, judicial or otherwise, or to make any claim for indemnification, with respect to this Agreement, or for the appointment of a receiver or trustee or similar official, or for any other remedy hereunder, except in accordance with Section 8.12 of the Indenture.

(e) The parties hereto agree that the Manager is not providing any representations, warranties or covenants in this Agreement, and shall have no liability to the Issuer, with respect to the collectability of the Clean Energy Adjustment or the Carrying Costs, or that the Clean Energy Adjustment amounts or Carrying Costs collected will be sufficient to satisfy the Issuer Funding Obligations.

(f) Notwithstanding anything contained in this Agreement, it is expressly understood that the Manager is not agreeing to indemnify or hold harmless the Issuer Trustee with respect to any liabilities resulting from the failure of the Issuer Trustee to satisfy the standard of care set out in the Declaration of Trust. Where the

Manager has assumed total defense of a claim, it shall agree to ensure that any settlement of such claim does not include any form of admission of liability on the part of the Issuer Trustee (in its personal capacity).

5.7 Contracting with Itself and Affiliates

In the exercise of its rights, duties and obligations, the Manager may, if it is acting in good faith, enter into, as Manager for the Issuer, agreements and other contracts to which the Manager, in its personal capacity, or an Affiliate of the Manager, is a party.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES

6.1 Representations of the Issuer

The Issuer represents and warrants to the Manager that (a) the execution, delivery and performance by the Issuer of this Agreement are within the powers of the Issuer and have been duly authorized by all necessary action on the part of the Issuer and do not contravene (i) the Program Agreements in effect on the date hereof or (ii) any law or contractual restriction binding on or affecting the Issuer and (b) this Agreement is a legal, valid and binding obligation of the Issuer, enforceable against the Issuer.

6.2 Representations of the Manager

The Manager represents and warrants to the Issuer that (a) the execution, delivery and performance by the Manager of this Agreement are within the powers of the Manager and have been duly authorized by all necessary action on the part of the Manager and do not contravene any law or contractual restriction binding on or affecting the Manager, (b) this Agreement is a legal, valid and binding obligation of the Manager enforceable against the Manager and (c) it is a resident of Canada for purposes of the *Income Tax Act* (Canada).

ARTICLE 7
TERMINATION AND RESIGNATION

7.1 Termination

The Manager shall not be entitled to resign as manager of the Issuer or to terminate this Agreement for so long as any Funding Obligations remain outstanding. The Manager's rights and obligations under this Agreement (other than under Sections 5.3, 5.4, 5.6 and 8.5) will terminate, if the Manager receives a termination notice from (i) the Issuer Trustee, with the consent of the Indenture Trustee, or (ii) the Indenture Trustee, subject to the terms and conditions of the Indenture, in each case, on the 30th day after receipt of such notice. Notwithstanding the foregoing, no termination shall be effective until a replacement manager that satisfies the Rating Agency Condition has been approved and has entered into a management agreement whereby the replacement manager agrees to assume, in substance, the obligations of the Manager hereunder. Upon the termination of its rights and obligations under this Agreement, the Manager will notify the Rating Agencies and, promptly and upon the request of the Issuer,

deliver to the Issuer all records (including Investment Interest Records) in the possession of the Manager relating to the performance of its services hereunder.

ARTICLE 8
MISCELLANEOUS

8.1 Acknowledgement of Indenture

The Manager (i) acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor under the Indenture and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Indenture, (ii) irrevocably authorizes and directs the Indenture Trustee on its behalf to take such action (including the execution and delivery of documents of subordination) as may be necessary or appropriate to further assure the priority arrangements provided for in the Indenture and (iii) appoints the Indenture Trustee as its agent for any and all such purposes.

8.2 Appointment of Manager as Attorney-in-Fact

Subject to any Program Agreement, the Issuer hereby irrevocably appoints the Manager as the Issuer's attorney-in-fact during the term of this Agreement, with full authority in the place and stead of and in the name of the Issuer or otherwise, including full power of substitution, from time to time in the Manager's discretion or as required by this Agreement, to take such actions on behalf of the Issuer as the Manager may deem necessary or advisable to comply with or effect the purposes of this Agreement and any Program Agreement including, without limitation, to execute any documents, instruments or certificates in connection therewith, to ask, demand, collect, sue for, recover, compound, receive and give acquittances and receipts for monies due or becoming due to the Issuer or otherwise owed thereto, to receive, endorse and collect any drafts or other instruments, documents and chattel paper in connection therewith, and to file any claims or take any action or institute any proceedings which the Manager may deem necessary or desirable for the collection thereof, or to enforce compliance with the terms and conditions of any Program Agreement.

8.3 Amendments and Waivers

(a) Subject to Section 8.3(b), this Agreement may be amended, supplemented, modified, restated or replaced from time to time by written instrument signed by the Issuer and the Manager. The Manager will forthwith after the execution of any such instrument by the Issuer and the Manager provide the Rating Agencies with a copy of such instrument.

(b) No provision of this Agreement may be amended, supplemented, modified, restated or replaced in any material respect without first obtaining the written consent of the Indenture Trustee in accordance with the Indenture and such amendment, supplement, modification or replacement will only be effective if the Rating Agency Condition has been satisfied.

(c) No waiver of any provision of this Agreement, nor consent to any departure by any party therefrom, shall in any event be effective unless the same shall be in

writing and signed by such party and such waiver or consent, if material, will only be effective if the Rating Agency Condition has been satisfied, and then said waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. The Manager will forthwith after the execution of any waiver by the Issuer and the Manager provide the Rating Agencies with a copy of such instrument. No failure on the part of any party to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof.

8.4 Withholding Rights

The parties hereto shall be entitled to deduct and withhold from amounts payable under this Agreement such amounts as each is required to deduct and withhold with respect to such payment under the *Income Tax Act* (Canada) or any provision of any applicable federal, provincial, territorial, state, local or foreign tax law. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes as having been paid to the recipient of the payment in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted in accordance with applicable law to the appropriate taxing authority.

8.5 No Petition

The Manager hereby agrees that it will not, prior to the date that is one year and one day after the termination of the Indenture and payment in full of the Issuer Funding Obligations and any other amounts owed under the Indenture, institute or encourage against the Issuer, or join or acquiesce in any institution against the Issuer of, any bankruptcy, reorganization, arrangement, insolvency, winding-up or liquidation proceedings, or other proceedings under any federal or provincial bankruptcy, insolvency or similar law in connection with any obligations relating to this Agreement or any of the other Program Agreements. The foregoing shall not limit the rights of the Manager to file any claim in or otherwise take any action with respect to any insolvency proceeding that was instituted against the Issuer by any Person other than the Manager.

8.6 Notice

All demands, notices and communications hereunder will be in writing (unless otherwise expressly provided herein) and will be personally delivered or transmitted electronically to:

(a) in the case of the Issuer:

Fair Hydro Trust
c/o Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario
M5G 1X6

Email: **FHT@opg.com**
Attention: **Vice President, Fair Hydro Plan**

with a copy to:

Computershare Trust Company of Canada
100 University Avenue, 11th Floor
Toronto, Ontario
M5J 2Y1

Email: **corporatetrust.toronto@computershare.com**
Attention: **Manager, Corporate Trust**

(b) in the case of the Manager:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario
M5G 1X6

Email: **FHT@opg.com**
Attention: **Vice President, Fair Hydro Plan**

or such other address or email address as may hereafter by furnished to each of the parties hereto in writing. Notices transmitted by facsimile will be deemed to have been received when delivered (with receipt confirmed).

8.7 Recourse to Issuer Trustee and the Issuer

Nothing contained herein will be deemed to cause the Issuer Trustee to be personally liable for any obligations of the Issuer hereunder, and the Manager will not seek any personal or deficiency judgment in respect of such obligations against the Issuer Trustee in its personal capacity; provided, however, that the foregoing will not in any way affect any rights that the Manager may have hereunder to (a) proceed against any Person with respect to the enforcement of any guarantee of, or collateral security for, payment of such obligations or (b) recover any funds, damages, expenses or costs as a result of fraud or misrepresentation by the Issuer Trustee in its personal capacity. The obligations hereunder are not binding upon the Issuer Trustee except in its capacity as trustee of the Issuer nor will resort be had to the property of the Issuer Trustee except where liability is expressly imposed on the Issuer Trustee in its personal capacity hereunder, but the Issuer Property will be bound hereby.

8.8 Severability

If one or more provision of this Agreement is for any reason whatever held invalid, such provision will be deemed severable from the remaining covenants, agreements and provisions of this Agreement and will in no way affect the validity or enforceability of such remaining provisions or the rights of any parties hereto.

8.9 Execution of Counterparts; Electronic Delivery

This Agreement may be executed in several counterparts, each of which when so executed shall be deemed to be an original and the counterparts together shall constitute one and the same instrument. Delivery of an executed signature page to this Agreement by any party by electronic transmission will be as effective as delivery of a manually executed copy of this Agreement by such party.

8.10 Governing Law

This Agreement will be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

8.11 Grant of Security Interest to Indenture Trustee; Acknowledgement of Rights of Indenture Trustee

The Manager hereby acknowledges and consents to any mortgage, pledge, assignment and grant of a security interest by the Issuer to the Indenture Trustee for the benefit of the Specified Creditors pursuant to the Indenture of any or all of the Issuer's rights hereunder. The Manager further acknowledges and agrees that, pursuant to the terms of the Indenture, if the Issuer fails to exercise any of its rights under this Agreement, including any right to be indemnified by the Manager pursuant to Section 5.6 of this Agreement, the Indenture Trustee shall be entitled, subject to the terms of the Indenture, to enforce such rights against the Manager directly on the Issuer's behalf.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective officers as of the day and year first above written.

FAIR HYDRO TRUST, by its sole trustee, COMPUTERSHARE TRUST COMPANY OF CANADA

as Issuer

By:
Name:
Title:

By:
Name:
Title:

ONTARIO POWER GENERATION INC.
as Manager

By:
Name:
Title:

By:
Name:
Title:

ACKNOWLEDGED AND ACCEPTED:

BNY TRUST COMPANY OF CANADA
as Indenture Trustee

By:
Name:
Title:

By:
Name:
Title:

EXHIBIT A

ANNUAL COMPLIANCE CERTIFICATE

TO: Computer Share Trust Company of Canada, (the "**Issuer Trustee**") in its capacity as issuer trustee of Fair Hydro Trust (the "**Issuer**")

Ontario Power Generation Inc., as manager (the "**Manager**") appointed by the Issuer Trustee under the Management Agreement dated December ■, 2017 between the Issuer Trustee and the Manager, and acknowledged and accepted by the Indenture Trustee (as amended, supplement, modified, restated or replaced from time to time, the "**Management Agreement**"), confirms, on behalf of the Issuer, the following:

(a) The books and records of the Issuer maintained by the Manager are current and accurate in all material respects.

(b) All debt obligations and expenses due and payable by the Issuer have been paid to date.

(c) All required filings with tax and regulatory authorities have been completed to date.

(d) All material statements and reports to be delivered by the Issuer under the Program Agreements have been delivered and all material statements and reports to be received by the Issuer under the Program Agreements have been received.

Capitalized terms used but not defined herein have the meanings given to them in the Management Agreement.

Dated this ■ day of ■, ■.

ONTARIO POWER GENERATION INC.

as Manager

By:
Name:
Title:

By:
Name:
Title:

EXHIBIT B

MONTHLY REPORT

[NTD: Form of monthly report is in progress and will include:

- **the amount of Monthly Carrying Costs received by the IESO under the MTSA;**
- **a copy of the Monthly Servicer Report delivered by IESO under the MTSA;**
- **the amounts paid for each series and class of note, broken down by principal and interest;**
- **the opening and closing balance of the notes of the various series;**
- **the opening and closing amounts in the various reserve accounts; and**
- **amounts paid by the Issuer to various other third parties (Manager fees, Issuer Trustee fees, etc.).]**

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Format changed	0

Total changes	122

COMPUTERSHARE TRUST COMPANY OF CANADA

as Issuer Trustee of

FAIR HYDRO TRUST

DECLARATION OF TRUST

Made as of December ■, 2017

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THIS DECLARATION OF TRUST is made as of December ■, 2017 by Computershare Trust Company of Canada, a trust company established under the laws of Canada (the "**Issuer Trustee**").

WHEREAS the Government of Ontario has enacted the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**") for the purpose of, among other things, ensuring that clean energy costs and clean energy benefits (each as defined in the Act) are fairly allocated among present and future Specified Consumers (as defined below);

AND WHEREAS the Issuer Trustee has determined, at the request of OPG, to establish a Trust (as defined below) for the purpose of carrying on the activities of a financing entity (as defined in the Act) as hereinafter described for the benefit of the Unitholders (as defined below);

NOW THEREFORE the Issuer Trustee hereby declares that it holds in trust as trustee the sum of TEN DOLLARS ($10.00) now contributed by it and all property of every nature and kind which it may acquire in its capacity as trustee of the Trust, and all income therefrom, for the benefit of the Unitholders, in accordance with and subject to the provisions of this Declaration of Trust.

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Declaration of Trust, the following terms have the following meanings:

"**Act**" has the meaning ascribed thereto in the Recitals.

"**Adjusted Redemption Price**" has the meaning ascribed thereto in subsection 4.1(3).

"**Affiliate**" means, with respect to any specified Person, any other Person controlling or controlled by or under common control with such specified Person. For the purposes of this definition, "**control**" when used with respect to any specified Person means the power to direct the management and policies of such specified Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, and the terms "**controlling**" and "**controlled**" have meanings correlative to the foregoing.

"**Agency Agreement**" means an agency agreement made between the Trust and one or more Persons acting on behalf of the Trust, providing for the sale and distribution of Notes on an agency basis.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are, or the office of the Indenture Trustee is, authorized or obligated by law, regulation or executive order to be closed.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement to be entered into between Her Majesty the Queen in Right of Ontario, as

represented by the Minister of Energy and the Minister of Finance, the Indenture Trustee and the Trust.

"**Claim**" has the meaning ascribed thereto in Section 7.3.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Trust and any other owner or owners of an Investment Interest.

"**Dealer**" means one or more Persons (other than the Issuer Trustee or the Manager) who have entered into an agreement with the Trust for the purpose of facilitating the sale and distribution of Funding Obligations.

"**Declaration of Trust**" means this declaration of trust.

"**Derivative Agreement**" means any agreement evidencing an interest rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into by the Trust in connection with or related to, and at the time of or prior to, the issuance of Funding Obligations or acquisition of Investment Interests by the Trust in accordance with and subject to the terms of the Program Agreements.

"**Designated Beneficiary**" has the meaning ascribed thereto in section 3.6.

"**Eligible Investments**" means investments permitted to be made by the Trust under the Indenture.

"**Excess Income on Redemption**" has the meaning ascribed thereto in subsection 11.1(2).

"**Funding Obligation**" means a payment obligation incurred by or on behalf of the Trust to fund its ownership of an Investment Interest or a payment obligation that meets such other criteria as may be prescribed by the Regulations.

"**GAAP**" or "**generally accepted accounting principles**" means generally accepted accounting principles in Canada.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" means the Independent Electricity System Operator, a statutory corporation without share capital established by the *Electricity Act, 1998*, SO, 1998.

"**IESO Security Agreement**" means the security agreement made by the IESO in favour of the Trust to secure certain of its obligations under the Master Transfer and Servicing Agreement.

"**Income of the Trust**" for any taxation year of the Trust means the net income for the year determined pursuant to the provisions of the ITA having regard to the provisions thereof which relate to the calculation of income for the purposes of determining the "taxable income" of a trust, without reference to paragraph 82(1)(b) and subsection 104(6) thereof, less any non-capital losses of the Trust carried forward from prior taxation years that are deductible in the taxation year, and taking into account such other adjustments as may be determined in the discretion of the Issuer Trustee; provided, however, that capital gains and capital losses will be excluded from the computation of net income.

"**Indenture**" means the master trust indenture to be entered into between the Trust and the Indenture Trustee.

"**Indenture Trustee**" means BNY Trust Company of Canada, a trust company existing under the laws of Canada and duly authorized to carry on the business of a trust company in all of the provinces and territories of Canada, as indenture trustee for the benefit of Specified Creditors under the Indenture.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act.

"**Issuer Trustee**" means Computershare Trust Company of Canada and any successor thereto appointed pursuant to Article 6.

"**ITA**" means the *Income Tax Act* (Canada) and the regulations promulgated thereunder.

"**Management Agreement**" means the management agreement to be entered into between the Manager and the Trust.

"**Manager**" means OPG, in its capacity as manager appointed under the Management Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement to be entered into between the Trust and the IESO.

"**MTSA Acknowledgement**" means the acknowledgement and indemnity agreement to be given by the IESO in favour of the Indenture Trustee.

"**Net Realized Capital Gains of the Trust**" for any taxation year means the amount, if any, by which the aggregate amount of the realized capital gains of the Trust for the year, calculated in accordance with the provisions of the ITA, exceeds the aggregate of: (i) the aggregate amount of any realized capital losses of the Trust for the year, calculated in accordance with the provisions of the ITA; and (ii) the amount determined by the Issuer Trustee in respect of any net capital losses of the Trust carried forward from prior

taxation years that are deductible in the taxation year; provided that in the discretion of the Issuer Trustee, the Net Realized Capital Gains of the Trust for a taxation year may be calculated without subtracting the full amount of the net capital losses of the Trust carried forward from prior years.

"**Net Realized Capital Gains of the Trust Allocated on Redemption**" has the meaning ascribed thereto in subsection 4.1(5).

"**New Holder**" has the meaning ascribed thereto in subsection 3.6(1).

"**Note**" or "**Notes**" means any note or notes of any class, series or tranche created pursuant to Supplemental Indentures and authenticated and delivered from time to time under the Indenture.

"**OPG**" means Ontario Power Generation Inc.

"**Person**" means any individual, corporation, limited liability company, unlimited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Government Authority.

"**Program Agreements**" means the Indenture, each Supplemental Indenture, this Declaration of Trust, the Management Agreement, the Master Transfer and Servicing Agreement, the MTSA Acknowledgement, each Transfer Notice, any Co-Owner Agreements, the IESO Security Agreement, the Change of Law Protection Agreement, the Notes, any derivative agreements, credit enhancement agreements, liquidity agreements, loan agreements, Underwriting Agreements, Agency Agreements and note purchase agreements and all other documents and certificates delivered in connection therewith.

"**Rating Agencies**" means, at any time, the credit rating agencies which at the request of the Trust are rating the Funding Obligations at such time.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Indenture.

"**Records**" means all contracts, books, records and other documents and information, including, without limitation, data and information, including any stored on computer-related or other electronic media, computer programs, data processing software and related property and rights, maintained with respect to, but solely to, the assets of the Trust.

"**Redemption Price**" has the meaning ascribed thereto in subsection 4.1(3).

"**Regulations**" means the regulations promulgated under the Act.

"**Specified Consumer**" has the meaning ascribed to the term "specified consumer" in the Act.

"**Specified Creditors**" has the meaning ascribed thereto in the Indenture.

"**Specified Unitholder**" means a Unitholder that is either: (a) a taxable Canadian corporation (as defined in subsection 89(1) of the ITA), or (b) a corporation that is exempt from tax under the ITA and in respect of which no amounts paid or payable from the Trust are subject to the special payments under Part VI the *Electricity Act, 1998* (Ontario).

"**Supplemental Indenture**" means any supplemental indenture to the Indenture.

"**Transfer**" has the meaning ascribed to the term "transfer" in the Act.

"**Transfer Notice**" means a Transfer Notice in respect of a Transfer substantially in the form of Exhibit A to the Master Transfer and Servicing Agreement and delivered pursuant to such Program Agreement.

"**Trust**" means Fair Hydro Trust, a trust established under the laws of the Province of Ontario pursuant to this Declaration of Trust.

"**Trust Activities**" means the activities of the Trust described in Section 2.1.

"**Trust Company**" means a federally or provincially established trust company licensed to carry on business in all provinces and territories of Canada and which is resident in Canada for purposes of the ITA.

"**Trust Property**" means, as of any particular time, all assets of the Trust and all property, real, personal or otherwise, tangible or intangible, which have been transferred, conveyed or paid to, or acquired by the Trust, including all income, earnings, profits and gains therefrom, and which at such time are owned or held by the Trust.

"**Underwriting Agreement**" means an agreement providing for the purchase of Notes from the Trust by one or more Persons as principals for the purpose of resale.

"**Unitholders**" means at any time, the holders at such time of one or more Units, and "**Unitholder**" means any such holder.

"**Units**" means the units of beneficial interest of the Trust authorized and issued hereunder as such and for the time being outstanding and entitled to the benefits hereof.

1.2 Interpretation

In this Declaration of Trust, unless otherwise expressly stated or the context otherwise requires:

(a) references to "herein", "hereby", "hereunder", "hereof" and similar expressions are references to this Declaration of Trust and not to any particular Article or Section of this Declaration of Trust;

(b) references to an "Article" or "Section" are references to an Article or Section of this Declaration of Trust;

(c) words importing the singular shall include the plural and vice versa, and words importing gender shall include the masculine, feminine and neuter genders;

(d) the use of headings is for convenience of reference only and shall not affect the construction or interpretation hereof;

(e) the words "includes" and "including", when following any general term or statement, are not to be construed as limiting the general term or statement to the specific items or matters set forth or to similar items or matters, but rather as referring to all other items or matters that could reasonably fall within the broadest possible scope of the general term or statement;

(f) references to any Person include such Person's successors and permitted assigns;

(g) any reference to a statute, regulation, policy, rule or instrument shall include, and shall be deemed to be a reference also to, all amendments made to such statute, regulation, policy, rule or instrument and to any statute, regulation, policy, rule or instrument that may be passed which has the effect of supplementing or superseding the statute, regulation, policy, rule or instrument so referred to;

(h) any reference to this Declaration of Trust or any other agreement, document or instrument shall be construed as a reference to this Declaration of Trust or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated or supplemented;

(i) in the event that any day on which any amount is to be determined or any action is required to be taken hereunder is not a Business Day, then such amount shall be determined or such action shall be required to be taken at or before the requisite time on the next succeeding day that is a Business Day; and

(j) unless otherwise specified, all references to "$" or "dollars" are to lawful currency of Canada.

1.3 Accounting Principles

Where the character or amount of any asset or liability or item of revenue or expense is required to be determined, or any consolidation or other accounting computation is required to be made for the purpose of this Declaration of Trust, such determination or calculation shall, to the extent applicable and except as otherwise specified herein or as the Issuer Trustee otherwise determines, be made in accordance with GAAP applied on a consistent basis.

1.4 References to Acts of the Trust

For greater certainty, where any reference is made in this Declaration of Trust to an act to be performed or not by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty by or with respect to either (i) the Trust; or (ii) the Issuer Trustee, such reference will be construed and applied for all purposes as if it referred to an act to be performed by or not, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty by or with respect to, the Issuer Trustee in its capacity as trustee of the Trust, and not in any other capacity.

ARTICLE 2
THE TRUST

2.1 Purpose and Activities of the Trust

The purpose of the Trust is to establish and carry on activities for the exclusive benefit of the Unitholders and to distribute the Trust Property upon termination of those activities by the Trust in accordance with Article 11. The Trust is permitted to engage in any activity, undertaking, transaction or event authorized or permitted by the Act (the "**Trust Activities**"), including:

(a) issuing Units;

(b) redeeming Units;

(c) acquiring, owning, holding, administering or entering into agreements regarding the acquisition and servicing of Investment Interests, along with certain other related assets;

(d) managing, selling, assigning, pledging and collecting amounts due on or otherwise deal with Investment Interests and the other related assets to be so acquired in accordance with the terms of the Program Agreements;

(e) negotiating, authorizing, executing, delivering, assuming the obligations under, and performing its duties under, the Program Agreements and any other agreement or instrument or document relating to the activities set forth in clauses (c) and (d) above; provided, that the Trust shall be permitted to incur additional indebtedness or other liabilities payable to service providers and trade creditors in the ordinary course of business in connection with the foregoing activities;

(f) filing with any applicable securities commission one or more prospectuses, offering memoranda or registration statements, and filing such applications, reports, irrevocable consents, appointments of attorney for service of process and other papers and documents necessary or desirable to register one or more series of Funding Obligations under the securities laws of any applicable jurisdiction;

(g) authorizing, executing, delivering, issuing and registering one or more series of Funding Obligations;

(h) making payments on the Funding Obligations;

(i) pledging its interest in Investment Interests and related assets to the Indenture Trustee in order to secure the Funding Obligations; and

(j) engaging in any lawful act or activity and exercise any powers permitted to trusts formed under the laws of the Province of Ontario that, in each case, are incidental to, or necessary, suitable or convenient for the accomplishment of the above-mentioned purposes.

The Trust shall engage only in any activities related to the foregoing purposes or required or authorized by the terms of the Program Agreements or other agreements referenced above.

2.2 Limitation on Certain Activities

Notwithstanding any other provision of this Declaration of Trust or the Management Agreement, at any time that any Funding Obligations remain outstanding, the consent of the Indenture Trustee shall be required for the Trust to:

(a) take any action to wind-up or dissolve the Trust; or

(b) institute any voluntary proceedings to be adjudicated bankrupt or insolvent, or consent to the institution of any bankruptcy or insolvency proceedings against it, or file a petition seeking or consent to any assignment, petition, application or proceeding under any applicable bankruptcy or insolvency law, or consent to the appointment of a receiver, liquidator, assignee, trustee or other similar official of the Trust or a substantial part of its property, or make any assignment for the benefit of creditors, or admit in writing its inability to pay its debts generally as they become due, or take any similar action in respect of the Trust.

2.3 Name and Head Office

The English form of the name of the Trust is “Fair Hydro Trust” and the French form of the name of the Trust is “Fiducie pour des frais d’électricité équitables”. The Trust may use and may be legally designated by either the English form or the French form of its name. Should the Issuer Trustee determine that the use of such name is not practicable, legal or convenient, it may use such other designation or adopt such other name for the Trust as it deems proper and the Trust may hold property and conduct the Trust Activities under such other designation or name. The head office, chief executive office, chief place of business and situs of administration of the Trust will initially be situated at the offices of the Issuer Trustee situated at 100 University Avenue, 11th Floor, Toronto, Ontario M5J 2Y1.

2.4 Nature of the Trust

The Trust is an unincorporated open-ended unit trust established for the purposes specified in Section 2.1. The Trust shall be governed by the general law of trusts, except as such general law of trusts has been or is from time to time modified, altered or abridged for the Trust by:

(a) applicable laws and regulations or other requirements imposed by applicable securities or other regulatory authorities, including the Act and Regulations; and

(b) the terms, conditions and trusts set forth in this Declaration of Trust.

The beneficial interest and rights generally of the Unitholders in the Trust shall be limited to the right to participate in distributions when and as declared by the Issuer Trustee and distributions upon the termination of the Trust. The Trust is not and is not intended to be, shall not be deemed to be and shall not be treated as a general partnership, limited partnership, syndicate, association, joint venture, company, corporation or joint stock company nor shall the Issuer Trustee or the Unitholders or any of them for any purpose be, or be deemed to be treated in any way whatsoever to be, liable or responsible hereunder as partners or joint venturers. The Issuer Trustee shall not be, or be deemed to be, an agent of the Unitholders. The relationship of the Unitholders to the Issuer Trustee, to the Trust and to the Trust Property shall be solely that of beneficiaries in accordance with this Declaration of Trust.

2.5 Rights of Unitholders

No Unitholder shall be entitled to call for any partition or division of the Trust Property or for a distribution of any particular asset forming part of the Trust Property or of any particular monies or funds received by the Issuer Trustee. The legal ownership of the Trust Property and the right to conduct the activities of the Trust are vested exclusively in the Issuer Trustee, and no Unitholder has or is deemed to have any right of ownership in any of the Trust Property, except as specifically provided herein. Except as specifically provided herein, no Unitholder or Unitholders shall be entitled to interfere with or give any direction to the Issuer Trustee with respect to the affairs of the Trust or in connection with the exercise of any powers or authorities conferred upon the Issuer Trustee under this Declaration of Trust. The Units shall be personal property and shall confer upon the holders thereof only the interest and rights, and impose upon the holders thereof only those liabilities and obligations, specifically set forth in this Declaration of Trust.

ARTICLE 3
UNITS

3.1 Nature of Units

The beneficial interests in the Trust shall be divided into a single class of Units. Each Unit represents an equal undivided beneficial interest in any distributions by the Trust, whether of Income of the Trust, Net Realized Capital Gains of the Trust (other than Net Realized Capital Gains of the Trust Allocated on Redemption to redeeming Unitholders), or other amounts, and, in the event of termination or winding up of the Trust, in the net assets of the Trust remaining

after satisfaction of all liabilities. All Units rank equally among themselves and rateably without discrimination, preference or priority. Each Unit will entitle the Unitholder of record thereof to one vote at all meetings of the Unitholders or in respect of any written resolution of the Unitholders. Each Unit, when issued, shall vest indefeasibly in the holder thereof.

The number of Units which the Trust may issue is unlimited. The issued and outstanding Units may be subdivided or consolidated from time to time by the Issuer Trustee without notice to or approval of the Unitholders. Unless the Issuer Trustee determines otherwise, immediately after any *pro rata* issuance of additional Units to all Unitholders pursuant to subsection 11.3(3), the number of outstanding Units will automatically be consolidated such that each such holder will hold after the consolidation the same number of Units as such holder held before the issuance of additional Units.

3.2 Consideration of Units

A Unit will not be fully paid until the consideration therefor has been received in full by or on behalf of the Trust. The consideration for any Unit will be paid in money or in property (including, without limitation, a debt instrument issued to the Trust) or in past services received by the Trust that are not less in value than the fair equivalent of the money that the Trust would have received if the Unit had been issued for money. In determining whether property or past services are the fair equivalent of consideration paid in money, the Issuer Trustee may take into account reasonable charges and expenses of organization and reorganization and payments for property and past services reasonably expected to benefit the Trust. In no case will a Unit be issued to a Designated Beneficiary.

3.3 No Pre-Emptive Rights

No Person shall be entitled, as a matter of right, to subscribe for or purchase any Units of the Trust. There are no pre-emptive rights attaching to the Units.

3.4 Fractional Units

If as a result of any act of the Issuer Trustee hereunder, any Person becomes entitled to a fraction of a Unit, such Person will not be entitled to receive a certificate therefor. Fractional Units will not, except to the extent that they may represent in the aggregate one or more whole Units, entitle the holders thereof to notice of or to attend or to vote at meetings of the Unitholders. Subject to the foregoing, such fractional Units will have attached thereto the rights, restrictions, conditions and limitations attaching to whole Units in the proportion that they bear to a whole Unit.

3.5 Allotment and Issue

Subject to Section 3.6, the Issuer Trustee may allot and issue Units at such time or times and in such manner (including pursuant to any plan from time to time in effect relating to reinvestment by the Unitholders of distributions of the Trust in Units) and to such Person, Persons or class of Persons as the Issuer Trustee in its sole discretion will determine. The price or the value of the consideration for which Units may be issued and the terms and conditions of issuance of the Units will be determined by the Issuer Trustee in its sole discretion. Not

restricting the generality of the foregoing, the Issuer Trustee may accept amounts received from a Unitholder as a prepayment in respect of the obligation of the Unitholder to pay all or any part of the subscription price of Units to be issued at a later date by the Issuer Trustee. In such circumstances, such prepayment will form part of the Trust Property. In the event that Units are issued in whole or in part for a consideration other than money, the resolution of the Issuer Trustee allotting and issuing such Units will express the fair equivalent in money of the other consideration received.

3.6 Prohibited Issuances and Transfers

(1) Notwithstanding any other provision in this Declaration of Trust, at no time, may Units be issued or transferred to a Person who would be a "designated beneficiary" within the meaning of Part XII.2 of the ITA ("**Designated Beneficiary**"), and the Issuer Trustee will not accept a subscription for Units from, or issue or register a transfer of Units to, a Person unless the Person provides a declaration to the Issuer Trustee that it would not be a Designated Beneficiary and covenants to maintain such representation true for as long as it continues to hold one or more Units. If, notwithstanding the foregoing, the Issuer Trustee determines that a Person has purported to become or remain a Unitholder in breach of the above mentioned declaration or covenant, or if the Unitholder fails to provide, upon request, a declaration in form and content satisfactory to the Issuer Trustee that it is not a Designated Beneficiary, (i) the Issuer Trustee will require such Person to dispose of the Units within a specified period not to exceed 60 days to a Person who does not contravene the above mentioned limitation on ownership ("**New Holder**"), and (ii) effective immediately prior to the breach, such Person will be deemed to have ceased to be a holder of such Units, the voting and distribution rights attached to such Units will be suspended and such Units will be deemed not to be outstanding until acquired by a New Holder (provided that holders of other Units will not be entitled to any portion of the distributions that may have been paid in respect of Units that have been so deemed not to be outstanding) and such Person's rights in respect of such Units will be limited to receiving the net proceeds of the sale thereof. If such Person has not, within such period, sold such Units or provided the Issuer Trustee with a declaration in form and content satisfactory to the Issuer Trustee that it is not a Designated Beneficiary, the Issuer Trustee may sell such Units on behalf of such Person (and the Issuer Trustee will have the power of attorney of such Person to do so), and such Person's rights in respect of such Units will be limited to receiving the net proceeds of sale upon surrender of the certificates representing such Units.

(2) Subject to this section 3.6, and until the Issuer Trustee will have been required to do so under the terms hereof, the Issuer Trustee will not be bound to do or take any proceeding or action with respect to this section 3.6 by virtue of the powers conferred on it hereby. The Issuer Trustee will have the sole right and authority to make any determination required for the administration of the provisions of, or contemplated under this section 3.6, and without limiting the generality of the foregoing, if the Issuer Trustee considers that there are reasonable grounds for believing that a contravention of the above mentioned limitation on ownership has occurred or may occur, the Issuer Trustee will make a determination with respect to the matter. Any such determination will be conclusive, final and binding for the purposes of this section 3.6 except to the extent

modified by any subsequent determination by the Issuer Trustee. The Issuer Trustee may require declarations as to whether a Unitholder is a Designated Beneficiary or as to factual information that will enable the Issuer Trustee to determine whether a Unitholder or a prospective transferee of a Unit may be a Designated Beneficiary. In any situation where it is unclear whether Units may be held by a Person who may be a Designated Beneficiary, the Issuer Trustee may exercise its discretion in determining whether such Person is or is not a Designated Beneficiary, and any such exercise by it of its discretion will be binding for the purposes of this section 3.6.

3.7 Liability of Unitholders

No Unitholder of the Trust, in its capacity as such, will incur or be subject to any liability, direct or indirect, absolute or contingent, in contract or in tort or of any other kind, to any Person in connection with: (i) the Trust Property or the ownership, use, operation, acquisition or disposition thereof or exercise or enjoyment of the rights, privileges, conditions or benefits attached thereto, associated therewith or derived therefrom; (ii) the obligations, liabilities, activities or affairs of the Trust; (iii) any actual or alleged act or omission of the Issuer Trustee or any other Person in respect of the activities or affairs of the Trust (whether or not authorized by or pursuant to this Declaration of Trust); (iv) any actual or alleged act or omission of the Issuer Trustee or any other Person in the performance or exercise, or purported or attempted performance or exercise, of any obligation, power, discretion or authority conferred upon the Issuer Trustee or such other Person in respect of the activities or affairs of the Trust (whether or not authorized by or pursuant to this Declaration of Trust); (v) any transaction entered into by the Issuer Trustee or by any other Person in respect of the activities or affairs of the Trust (whether or not authorized by or pursuant to this Declaration of Trust); or (vi) any taxes, levies, imposts or charges or fines, penalties or interest in respect thereof payable by the Trust or by the Issuer Trustee or by any other Person (except the Unitholders to the extent required by applicable tax laws) on behalf of or in connection with the activities or affairs of the Trust. No Unitholder will be liable to indemnify the Issuer Trustee or any other Person with respect to any such liability or liabilities incurred by the Issuer Trustee or by any such other Person or Persons or with respect to any taxes payable by the Trust or by the Issuer Trustee or any other Person on behalf of or in connection with the Trust. To the extent that any such liabilities of the Unitholders may arise, they will be enforceable only against, and will be satisfied only out of, the Trust Property to the full extent of such liability and the costs of any litigation or other proceedings in which such liability will have been determined, including without limitation, the fees and disbursements of counsel.

ARTICLE 4
REDEMPTION OF UNITS

4.1 Redemption of Units

Each Unitholder will be entitled to require the Trust to redeem at any time and from time to time at the demand of such Unitholder all or any part of the Units held by such Unitholder as follows:

(1) The Unitholder will give notice in writing to the Trust at its head office of its intention to redeem Units and the number of Units to be redeemed.

(2) Upon receipt by the Trust of such notice from the Unitholder to redeem Units, the Unitholder will be entitled to receive, subject to subsection 4.1(3), an amount equal to the aggregate fair market value of such Units immediately before the redemption (the "**Redemption Price**") established by the Issuer Trustee, acting reasonably, payable by certified cheque or via wire transfer of funds.

(3) In the event that the Trust has insufficient funds to make the payment required pursuant to subsection 4.1(2) or such payment is restricted under the terms of the Indenture, the Trust will satisfy the Redemption Price, subject to compliance with any regulatory requirements, by either issuing a promissory note to the Unitholder, which note shall have a principal amount equal to the Redemption Price and such other terms as is determined at the time of issuance by the Issuer Trustee, or by distributing to the redeeming Unitholder *in specie* a proportionate amount of the Trust Property, the fair market value of which, as determined by the Issuer Trustee, acting reasonably, is equal to the Redemption Price. In the event that property is distributed *in specie*, the amount of Net Realized Capital Gains of the Trust Allocated on Redemption as contemplated by subsection 4.1(5) payable in connection with the redemption of Units shall be payable to the Unitholder in kind, and to the extent of the amount thereof, the Redemption Price of the Units being redeemed shall be reduced accordingly (the "**Adjusted Redemption Price**").

(4) Upon satisfaction of the Redemption Price or the Adjusted Redemption Price, as the case may be, the redeeming Unitholder will not be entitled to any rights or benefits, including voting and the right to receive distributions, in connection with the Units redeemed.

(5) Where the Trust distributes Trust Property *in specie* as contemplated in subsection 4.1(3), the Issuer Trustee shall designate and pay to the redeeming Unitholder such part of the Net Realized Capital Gains of the Trust as is realized by the Trust in connection with such *in specie* distribution, provided that the amount of the Net Realize Capital Gains on the Trust so allocated shall not exceed the amount, if any, by which the Redemption Price of the particular Units being redeemed exceeds the aggregate adjusted cost base of such Units to the Unitholder for the purpose of the ITA immediately before the redemption (the "**Net Realized Capital Gains of the Trust Allocated on Redemption**"). If the total Net Realized Capital Gains of the Trust Allocated on Redemption determined by the Issuer Trustee pursuant to the preceding sentence for all redeeming Unitholders in any taxation year exceeds the Net Realized Capital Gains of the Trust for that year, the Net Realized Capital Gains of the Trust for that taxation year shall be allocated rateably to all redeeming Unitholders for the year based on the Net Realized Capital Gains of the Trust Allocated on Redemption as otherwise determined pursuant to the preceding sentence. The Net Realized Capital Gains of the Trust Allocated on Redemption designated and paid on the redemption of Units as determined under this subsection shall be deemed to be a distribution of Net Realized Capital Gains of the Trust for the particular taxation year in which the redemption occurs. If the Issuer Trustee is required to deduct or withhold an amount from such distribution, the Unitholder shall make the cash payment

described in Section 11.7 to the Issuer Trustee on or prior to the date the Units are to be redeemed.

ARTICLE 5
RIGHTS AND POWERS OF ISSUER TRUSTEE

5.1 General Rights and Powers

Subject to the specific restrictions and limitations set forth in this Declaration of Trust and notwithstanding the provisions of the *Trustee Act* (Ontario) or any other similar legislation in any jurisdiction, the Issuer Trustee will have, without the necessity of authorization by, and free from any power or control on the part of, the Unitholders, full, exclusive and absolute power, control and authority over the Trust Property and the Trust Activities to the same extent as if the Issuer Trustee were the sole and absolute owner thereof in its own right including, without limitation, such power, control and authority to do all such acts and things as in its sole judgment and discretion are necessary, incidental or desirable for carrying on the Trust Activities in accordance with the Program Agreements with such powers of delegation as may be permitted by this Declaration of Trust, including the right, power and authority to amend this Declaration of Trust subject to and in accordance with the terms hereof and to appoint, employ or contract with any Person as the Issuer Trustee may deem necessary, appropriate or desirable for the transaction of the Trust Activities, including for the administration of the Trust. The Issuer Trustee shall exercise the functions of the trustee of the Trust in Ontario, Canada. For greater certainty, the powers of the Issuer Trustee that may be exercised as aforesaid include the powers set forth in Section 5.2 to and including Section 5.18. The enumeration of any specific power or authority in this Declaration of Trust will not be construed as limiting the aforesaid power or authority or any other specific power or authority. Subject only to the express limitations contained in this Declaration of Trust, every discretion or power hereby conferred on the Issuer Trustee is an absolute and uncontrolled discretion or power.

5.2 Acquisition of Assets and Deposit of Funds

Subject to Section 2.1, the Issuer Trustee will have the power to acquire Investment Interests in accordance with the Program Agreements. Subject to compliance with the terms of the Program Agreements, the Issuer Trustee will have the power to deposit any money forming part of the Trust Property with any bank (which bank may be an Affiliate of the Issuer Trustee) licensed under the laws of Canada or any trust company (which includes the Issuer Trustee) licensed under the laws of any province of Canada and to withdraw such deposits in accordance with the Program Agreements. The Issuer Trustee will have no liability for any loss which may occur by reason of the failure of any depository with whom such money has been deposited or for the depreciation of any investment.

5.3 Legal Title and Custody

The Issuer Trustee will have the power to cause any and all Trust Property to be held by and/or registered in the name of any Person.

5.4 Disposition of Trust Property

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power to sell, convey, transfer and assign all Trust Property free and clear of any and all trusts hereby established, at public or private sale, for cash or on terms, with or without advertisement and subject to such restrictions, stipulations, agreements and reservations as it may deem proper.

5.5 Management of Trust Property

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power to own, manage, use, invest and hold the Trust Property (including, without limitation, the power to make investments in Eligible Investments) and to enter into agreements in respect of the Trust Property or its use including, without limitation, agreements to modify, amend, extend, renew or terminate any grant or agreement relating to the Trust Property and to waive compliance with any of the terms and conditions thereof, all, in each case, without the approval of or notice to the Unitholders.

5.6 Power to Borrow Money and Issue Funding Obligations

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power to:

(a) borrow or in any other manner raise money and to evidence the same by the issuance of Funding Obligations, by private placement, public offering or otherwise;

(b) reacquire or redeem Funding Obligations;

(c) execute and deliver any trust indenture or supplement thereto, security agreement, mortgage, pledge, hypothec, assignment or other instrument to secure Funding Obligations, and amendments, modifications, restatements or replacements thereof, whether by fixed or floating charge or by assignment or by the granting of a security interest, free and clear of any and all trusts hereby established and, in lieu of or in addition to granting any security, to grant to any Person a negative pledge whereby the Issuer Trustee agrees not to encumber any Trust Property and such other covenants as may be consistent with those set out in the Program Agreements or as may otherwise be specified by any applicable Rating Agency in accordance with the foregoing; and

(d) execute and/or deliver any agreement, instrument, certificate, direction or other document necessary or desirable in order to permit or give effect to the provisions of this Section 5.6, including, without limitation, prospectuses, offering memoranda, regulatory filings, dealer agreements, Underwriting Agreements, Agency Agreements, subscription agreements, letters of representation, consent letters, and any instruments ancillary thereto.

5.7 Derivative Agreements

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power to enter into Derivative Agreements in connection with or related to the borrowing or other raising of money by the Issuer Trustee or the purchase or ownership of Investment Interests, provided that such Derivative Agreements may be entered into only at or prior to the time that such securities are sold, or such borrowing, other raising of money or purchase takes place, as applicable, or as otherwise expressly permitted in the Management Agreement; provided, however, that amendments, modifications or novations of or to a Derivative Agreement may be entered into at any time after the original Derivative Agreement was executed.

5.8 Execution of Instruments

Every deed, transfer, assignment, hypothec, agreement, certificate, direction, instrument, prospectus, or any other document which is necessary or desirable to be executed by the Trust, including, without limitation, any document evidencing Funding Obligations or relating to the issuance of Funding Obligations, will be signed on behalf of the Trust by the Issuer Trustee or its duly appointed agent, including the Manager.

5.9 Facsimile Signatures

The Issuer Trustee may authorize the use of facsimile signatures on the documents evidencing Funding Obligations, provided, however, that where facsimile signatures are so used, documents evidencing Funding Obligations will be manually countersigned or certified by a transfer agent, trustee, registrar or similar Person. If a Funding Obligation contains a printed or mechanically reproduced signature of a Person, the Issuer Trustee may issue the Funding Obligation notwithstanding that the Person has ceased to be a director, officer or signing officer of the Issuer Trustee, and the Funding Obligation will be as valid as if the Person were a director, an officer or a signing officer at the date of its issue.

5.10 Taxes

The Issuer Trustee will have the power to pay all taxes or assessments of whatever kind or nature imposed upon the Issuer Trustee and/or the Trust in connection with the Trust Property or the Trust Activities or upon or against the income from the Trust Activities or any part thereof, to settle and compromise disputed tax liabilities and, for the foregoing purposes, to make such returns and do all such other acts and things as may be deemed by the Issuer Trustee necessary or desirable. The Issuer Trustee will have the power to deduct and remit any taxes which are required by law to be deducted and remitted from any payment made by the Issuer Trustee under any Program Agreements or otherwise.

5.11 Collection

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power to:

(a) collect, receive, give receipts for and sue for all sums of money or other property due to the Trust;

(b) consent to extensions of time for payment of, or the renewal of, any securities or obligations of the Trust;

(c) engage or intervene in, prosecute, defend, compound, compromise, abandon or adjust by arbitration or otherwise deal with or settle any actions, suits, proceedings, disputes, claims, demands or things relating to the Trust Property or the Trust Activities;

(d) exercise any and all remedies available to it under any Program Agreements or otherwise, including any power of foreclosure or sale available to the Issuer Trustee at law or pursuant to any agreement and, in connection with any such foreclosure or sale, to purchase or otherwise acquire title to any property and to convey good title thereto free of any and all trusts hereby established, or to take or retake possession of any property secured or unsecured thereunder or such other security;

(e) extend the time, with or without security, for the payment or delivery of any debts or property and to execute and enter into releases, agreements and other instruments; and

(f) pay or satisfy any debts or claims upon any evidence that the Issuer Trustee determines to be sufficient.

5.12 Expenses and Compensation of Issuer Trustee

(a) The Issuer Trustee will have the power to incur and make payment of any charges or expenses which in the opinion of the Issuer Trustee are necessary or incidental to or proper for carrying out any of the purposes of this Declaration of Trust and the Trust Activities, and to pay appropriate compensation or fees from the Trust Property to Persons with whom the Trust has contracted or transacted business including, without limitation, any charges, expenses, compensation or fees payable under or in connection with the Program Agreements.

(b) The Issuer Trustee will be entitled to be paid from the funds of the Trust, without any requirement of a passing of accounts in respect thereof or approval of the Unitholders, such fees as the Issuer Trustee and the Manager may agree to from time to time for its services hereunder and all reasonable expenses, disbursements and advances incurred or made by the Issuer Trustee in the administration or execution of the trusts hereby created (including the reasonable compensation and the disbursements of its counsel and all other advisers and assistants not regularly in its employ) until all the duties of the Issuer Trustee under the trusts hereby created shall be finally and fully performed, except any such expense, disbursement or advance as may arise from or in connection with the dishonesty, bad faith, wilful misconduct, negligence or reckless disregard of any duty or the failure to comply with the standard of care referred to in Section 7.1 by the Issuer

Trustee, its officers, employees or agents. All such amounts will be payable at such times as the Issuer Trustee and the Manager may agree from time to time. All such amounts shall be exclusive of any applicable taxes and any applicable taxes shall be paid to the Issuer Trustee in addition to such amounts. Any amount not paid when due shall bear interest at a rate per annum equal to the rate designated by the Issuer Trustee as the then current rate charged by the Issuer Trustee or its successors from time to time to its corporate customers, payable on demand. After default and unless otherwise provided in the Indenture and any documents contemplated thereunder, all amounts so payable and the interest thereon shall be payable out of any funds coming into the possession of the Issuer Trustee or its successors in the trusts hereunder in priority to any payments to other Specified Creditors.

5.13 Allocation

The Issuer Trustee will have the power to determine conclusively whether money or other assets received by the Trust or expenses or disbursements made by the Trust will be charged or credited to income or capital or allocated between income and capital, provided, however, that such determination will not be inconsistent with calculation of income in accordance with the ITA at the time the determination is made.

5.14 Fiscal Year and Form of Accounts

The fiscal year of the Trust will end on December 31. The Issuer Trustee will have the power to determine and from time to time change the method or form in which the accounts of the Trust will be kept, provided such method or form reasonably complies with Canadian generally accepted accounting principles as applicable from time to time.

5.15 Power to Contract

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power to appoint, employ or contract with any Person as the Issuer Trustee may deem necessary or desirable for the transaction of the Trust Activities and may transfer assets to such Person and, save and except for such matters as are listed in Section 2.2, delegate to such Person any or all of the discretionary powers given to the Issuer Trustee with respect to the management of the Trust Property. Without in any way limiting the generality of the foregoing, the Issuer Trustee will have the power to:

(a) enter into, execute, deliver, perform the obligations of the Trust under, and grant security as provided for in, the Program Agreements;

(b) appoint, employ or contract with the Manager or any other Person who, under the supervision of the Manager, may, among other things: (i) furnish and supervise or cause to be furnished and supervised the performance of the clerical and administrative services necessary to the administration of the Trust and the Trust Property including, without limitation, the provision of office space, office equipment and personnel for the performance of such services, property management, administration and servicing, the maintenance of documents, books

and Records for the Trust (including those described in Section 8.1), the receipt and disbursement of Trust Property, the servicing and payment of debt and other obligations and generally all matters relating to the obtaining of and the administration and servicing of Trust Property, including, without limitation, as provided in the Management Agreement; (ii) serve as an advisor to the Issuer Trustee, furnish reports to the Issuer Trustee and provide research, economic and statistical data in connection with the Trust Activities; (iii) act as consultant, accountant, correspondent, lender, technical advisor, counsel, broker and dealer, underwriter, fiscal agent, corporate fiduciary, escrow agent, depository, custodian or agent for collection from obligors, loan administrator, appraiser, bank, insurer or insurance agent, transfer agent or registrar or issuing and paying agent for Funding Obligations or in any other capacity deemed by the Issuer Trustee necessary or desirable; (iv) act as attorney or agent in the purchase or sale or other disposition of the Trust Property or the property secured thereby and the handling, prosecution or settling of any claims of the Trust and assist in the performance of such functions necessary in the management of the Trust as may be agreed upon with the Issuer Trustee; and (v) execute and deliver the Program Agreements. For greater certainty, the appointment by the Issuer Trustee of the Manager under the Management Agreement will, where applicable, be deemed to constitute adequate supervision by the Issuer Trustee for purposes of the *Trustee Act* (Ontario) and this Declaration of Trust of any Person thereby engaged in connection with the foregoing activities; and

(c) investigate, select and conduct negotiations with Persons acting in the capacities referred to in Section 5.15(b) and pay appropriate fees to, and enter into appropriate contracts with, employ or retain the services of, any of them in connection with the Trust Property or property secured thereby, other assets and any security related thereto funded, acquired, sold or otherwise disposed of, or committed, negotiated or contemplated to be funded, acquired, sold, or otherwise disposed of in connection with Funding Obligations.

5.16 Indemnification

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power to indemnify or enter into agreements with respect to indemnification with any Person with whom the Issuer Trustee or the Trust deals to such extent as the Issuer Trustee determines necessary or desirable.

5.17 Further Powers

Subject to Section 2.1, the Issuer Trustee will have the power to perform and do all such other acts and things and to execute itself (or have executed by any Person appointed by it pursuant to Section 5.15) all such deeds, transfers, assignments, hypothecs, agreements, certificates, directions, instruments or other documents whatsoever as it deems necessary, proper or desirable in order to carry on the Trust Activities in accordance with and subject to the Program Agreements notwithstanding that such acts, things, deeds, transfers, assignments, hypothecs, agreements, certificates, directions, instruments or other documents are not herein

specifically mentioned. Any determination as to what is necessary, proper or desirable in order to carry on the Trust Activities in accordance with the Program Agreements or otherwise, provided it is made by the Issuer Trustee honestly and in good faith, will be conclusive. Any construction of this Declaration of Trust or the existence of any power or authority hereunder, made honestly and in good faith by the Issuer Trustee upon the advice of counsel, will be conclusive to the extent consistent with the law. In construing the provisions of this Declaration of Trust, there will be a presumption in favour of a grant of power to the Issuer Trustee.

5.18 Auditors

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power from time to time to select and appoint and discharge and reappoint an auditor of the Trust in its discretion and to negotiate and fix the fees of any such auditor.

5.19 Defect in Appointment

Notwithstanding anything to the contrary herein contained, no action taken by the Issuer Trustee will be invalid by reason only of any defect that is thereafter discovered in its appointment.

5.20 Status

The Issuer Trustee shall not have the status of bankrupt and shall be resident in Canada for purposes of the ITA.

ARTICLE 6
REPLACEMENT OF ISSUER TRUSTEE

6.1 Resignation of Issuer Trustee

(a) If the Issuer Trustee desires to resign and be discharged from the trusts and powers reposed in or conferred on it by this Declaration of Trust, it will provide 120 days written notice (or such shorter period of notice as the Unitholders , the Indenture Trustee and the Rating Agencies may agree to) thereof to the Unitholders, the Indenture Trustee and the Rating Agencies provided that no such voluntary resignation shall be effective until a replacement Issuer Trustee acceptable to the Unitholders and the Indenture Trustee has been appointed and has executed a written agreement whereby such replacement Issuer Trustee agrees to assume the obligations of the Issuer Trustee hereunder, under the Program Agreements and under any other contract pursuant to which the Issuer Trustee is obligated.

(b) The Issuer Trustee shall resign if a material conflict of interest arises in its role as a trustee under this Declaration of Trust that is not eliminated within 90 days after the Issuer Trustee becomes aware that it has such a material conflict of interest. Forthwith after the Issuer Trustee becomes aware that it has such a material conflict of interest, it shall provide the Unitholders, the Indenture Trustee and the Rating Agencies with written notice of the nature of such material conflict of

interest. Upon such resignation, the Issuer Trustee shall (subject to Section 6.6) be discharged from its office under this Declaration of Trust. If, notwithstanding the foregoing provisions of this Section 6.1(b), the Issuer Trustee has such a material conflict of interest, the validity and enforceability of this Declaration of Trust and any agreement entered into by the Issuer Trustee shall not be affected in any manner whatsoever by reason only of the existence of such material conflict of interest. If the Issuer Trustee contravenes the foregoing provisions of this Section 6.1(b), the Unitholders, may apply, on notice to the Rating Agencies, to a court of competent jurisdiction for an order that the Issuer Trustee be replaced as Issuer Trustee hereunder.

6.2 Removal of Issuer Trustee

The Issuer Trustee may be removed from its office under this Declaration of Trust by the Unitholders, at any time by notice in writing delivered to the Issuer Trustee not less than 90 days prior to the date that such removal is to take effect.

6.3 Vacancy

In the event of the bankruptcy or insolvency of the Issuer Trustee or the inability of the Issuer Trustee to exercise its duties under this Declaration of Trust, the Unitholders may forthwith terminate the term of office of the Issuer Trustee as trustee and, in such instance, a vacancy will occur. No vacancy (including upon a resignation of the Issuer Trustee pursuant to Section 6.1(b)) shall operate to annul this Declaration of Trust or affect the continuity of the Trust or terminate the appointment of the Manager under the Management Agreement.

6.4 Appointment of New Issuer Trustee

If, pursuant to this Article 6, the Issuer Trustee resigns or a vacancy occurs in the office of the Issuer Trustee for any reason, the Unitholders may, subject to the satisfaction of the Rating Agency Condition, by instrument in writing appoint a Trust Company, which~~ either (i)~~ has risk-based capital of at least $50,000,000 or, in the case of an entity that is not subject to risk-based capital adequacy requirements, has a combined capital and surplus of at least $~~50,000,000; or (ii) has been approved in writing by each Rating Agency prior to its appointment by the Unitholders,~~**50,000,000,** in order to replace the Issuer Trustee. If the Unitholders fail to make such appointment within 60 days of the occurrence of any such resignation, removal or vacancy, then the Issuer Trustee may make an application, on notice to the Rating Agencies, to a court of competent jurisdiction to appoint a successor Issuer Trustee hereunder. If the Issuer Trustee elects not to make such an application, the Unitholders may do so on notice to the Rating Agencies. If the Issuer Trustee and the Unitholders elect not to make such an application, the Indenture Trustee may do so on notice to the Rating Agencies if so directed in accordance with the Indenture. The expense of any act, document, deed or other instrument or thing required under this Section 6.4 will be satisfied from the Trust Property.

6.5 Merger, Consolidation and Amalgamation

Any company into which the Issuer Trustee may be merged or with which it may be consolidated or amalgamated, or any company resulting from any merger, consolidation or amalgamation to which the Issuer Trustee is a party or any company succeeding to the corporate trust business of the Issuer Trustee will be a successor Issuer Trustee under this Declaration of Trust without any further action on the part of the Issuer Trustee, provided that such company shall be a Trust Company.

6.6 Vesting in Successor Issuer Trustee

Any successor Issuer Trustee will become vested with all the estates, properties, rights, powers, duties, responsibilities and trusts of its predecessors in the trusts hereunder as if it had been originally named as Issuer Trustee pursuant to this Declaration of Trust. In furtherance of the foregoing, upon written request of the successor Issuer Trustee, the Issuer Trustee ceasing to act will do, make, execute, deliver or cause to be done, made, executed or delivered all such acts, documents, deeds or other instruments and things as may be necessary or desirable in order to more effectively assign, transfer and deliver to, and vest in, the successor Issuer Trustee, upon the trusts herein expressed, all the rights, powers and trusts of, and all property and money held by the Issuer Trustee so ceasing to act. The expense of any act, document, deed or other instrument or thing required under this Section 6.6 will be satisfied from the Trust Property.

6.7 Confidentiality

At all times (including, without limitation, at any time the Issuer Trustee should resign or be discharged from the trusts and powers reposed in or conferred on it by this Declaration of Trust), the Issuer Trustee (or the trustee so resigning and being discharged, as the case may be) will treat as confidential all information relating to the Trust, the Trust Activities and the transactions contemplated by the Program Agreements obtained by it in its capacity as Issuer Trustee.

6.8 Right to Disclose

The Issuer Trustee shall have the right to disclose any information disclosed or released to it if in the opinion of legal counsel to the Issuer Trustee it is required to disclose under any applicable laws, court order or directions of Governmental Authorities or if it is requested by a Rating Agency. The Issuer Trustee shall not be responsible or liable to any party for any loss or damage arising out of or in any way sustained or incurred or in any way relating to such disclosure.

ARTICLE 7
STANDARD OF CARE, LIMITATION OF LIABILITY OF ISSUER TRUSTEE AND OTHER MATTERS

7.1 Standard of Care

The Issuer Trustee will exercise its powers and carry out its obligations hereunder as Issuer Trustee honestly, in good faith and in the best interests of the Trust and the Unitholders

and in connection therewith will exercise that degree of care, diligence and skill that a reasonably prudent Person would exercise in comparable circumstances. To the extent that the Issuer Trustee has delegated or subcontracted the performance of all or a portion of its duties to the Manager as contemplated by Section 5.15, it will be deemed to have satisfied the aforesaid standard of care. Unless otherwise required by law, the Issuer Trustee will not be required to give bond, surety or security in any jurisdiction for the performance of any duties or obligations hereunder. The Issuer Trustee will not be required to devote its entire time to the Trust Activities. For greater certainty, the entering into of any Program Agreement by the Trust and the performance by the Trust of its obligations thereunder will be deemed to be in the best interests of the Unitholders and the Trust.

7.2 Limitation of Liability of Issuer Trustee

The Issuer Trustee has entered into this Declaration of Trust solely in its capacity as trustee of the Trust and not in its personal capacity, and any and all of the representations, warranties, undertakings, covenants, indemnities, agreements and other obligations made on the part of the Issuer Trustee herein are made and intended not as personal representations, warranties, undertakings, covenants, indemnities, agreements and other obligations by the Issuer Trustee or for the purpose or with the intention of binding the Issuer Trustee in its personal capacity, but are made and intended for the purpose of binding only the Trust Property or a specific portion thereof. No property or assets of the Issuer Trustee, whether owned beneficially by it in its personal capacity or otherwise (other than the Trust Property), will be subject to levy, execution or other enforcement procedures with regard to any of the representations, warranties, undertakings, covenants, indemnities, agreements and other obligations of the Trust or the Issuer Trustee hereunder, and no recourse may be had or taken, directly or indirectly, against the Issuer Trustee in its personal capacity, any Unitholder or any Affiliate, shareholder, director, officer, representative, employee or agent of the Issuer Trustee or any predecessor or successor of the Issuer Trustee with regard to the representations, warranties, undertakings, covenants, indemnities, agreements and other obligations of the Trust or the Issuer Trustee hereunder; provided that the foregoing limitation will not apply in respect of any action or failure to act arising from or in connection with the wilful misconduct, gross negligence or the failure to comply with the standard of care referred to in Section 7.1. Notwithstanding any other provision of this Article 7, but subject to the Indenture, each Specified Creditor is entitled to recourse to the Trust Property to satisfy in full the obligations of the Trust to it even if the Issuer Trustee has no right, or only an impaired right, to seek indemnification from the Trust Property or to apply the Trust Property in satisfaction of such obligations.

7.3 Indemnification of the Issuer Trustee

The Issuer Trustee, its directors, officers, agents, representatives and employees will at all times be indemnified and saved harmless out of the Trust Property from and against all claims (including any claim arising out of the assessment of any tax on income by a taxing authority), demands, levies, penalties, suits, losses, actions, causes of action, costs, charges, fees and expenses, damages and liabilities whatsoever, including, without limitation, those arising out of or related to actions taken or omitted to be taken by any agent of the Issuer Trustee, including, without limitation, the Manager, as contemplated hereby, legal fees and disbursements on a substantial indemnity basis and costs and expenses incurred in connection with the enforcement of this indemnity (each, a "**Claim**"), which the Issuer Trustee, its directors, officers,

representatives and employees may suffer or incur, whether at law or in equity, in any way caused by or arising, directly or indirectly, in respect of any act, deed, matter or thing whatsoever made, done, acquiesced in or omitted in or about or in relation to the execution of its duties as Issuer Trustee or which it sustains or incurs in or about or in relation to the Trust Property and the Trust Activities. Further, the Issuer Trustee will not be liable to the Trust, to any Unitholder or to any other Person for any loss or damage relating to any matter regarding the Trust, including any loss or diminution in the value of the Trust Property. The foregoing provisions of this Section 7.3 do not apply to the extent that in any circumstances there has been wilful misconduct, gross negligence or the failure to comply with standard of care referred to in Section 7.1 on the part of the Issuer Trustee, its directors, officers, agents, representatives or employees excluding the other parties to the Program Agreements. Notwithstanding any other provision hereof, this indemnity will survive the removal or resignation of the Issuer Trustee, the termination of this Declaration of Trust and the termination of any trust created hereby.

7.4 Reliance upon Advice

The Issuer Trustee may rely and act upon any statement, notice, report or opinion prepared by or any advice received from the Manager or from the auditors, counsel or other professional advisors of the Issuer Trustee and will not be responsible or held liable for any loss or damage resulting from so relying or acting if the Issuer Trustee acted reasonably and in good faith relied upon the advice received and if the professional advisor was aware that the Issuer Trustee was receiving the advice in its capacity as Issuer Trustee. The Issuer Trustee is entitled to be reimbursed from the Trust Property for all costs, charges and expenses it incurs in connection with obtaining any such statement, notice, report, opinion or advice. The Issuer Trustee is entitled to rely and act upon the genuineness and authenticity of any writing submitted to it that it in good faith believes to be genuine.

7.5 Retain Experts

The Issuer Trustee may appoint such agents and employ or retain such counsel, accountants, engineers, appraisers or other experts or advisers as it may reasonably require for the purpose of discharging its duties hereunder and shall not be responsible for any misconduct on the part of any of them. The Issuer Trustee may pay remuneration out of the Trust Property for all services performed for it in the discharge of the trusts hereof without taxation for costs or fees of any counsel, solicitor or attorney.

7.6 Reliance on Experts

The Issuer Trustee may act and rely and shall be protected in acting in good faith on the opinion or advice of or information obtained from any agent, counsel, accountant, engineer, appraiser or other expert or adviser in relation to any matter arising in the performance of its duties under the Program Agreements.

7.7 Provisions Regarding Liability

Any written instrument creating an obligation of the Issuer Trustee will be conclusively deemed to have been executed by the Issuer Trustee only in its capacity as Issuer Trustee. Any written instrument creating an obligation of the Issuer Trustee will contain a provision to the

effect that the obligations thereunder are not binding upon the Issuer Trustee except in its capacity as Issuer Trustee, nor will recourse be had to the property of the Issuer Trustee except in its capacity as Issuer Trustee, but that the Trust Property or a specific portion thereof only will be bound, and may at the request of the Issuer Trustee make specific provision to the foregoing effect and contain any further provisions which the Issuer Trustee may deem appropriate, but the omission of any such provisions will not operate to invalidate any such instrument or to impose liability on the Issuer Trustee, except as aforesaid. The Issuer Trustee shall not be required to expend or risk its own funds or otherwise incur financial liability in the performance of its duties hereunder.

ARTICLE 8
RECORDS

8.1 Records to be Kept

The Issuer Trustee will keep or cause to be kept at the head office of the Trust a copy of this Declaration of Trust, a register of Unitholders, minutes of meetings and resolutions of Unitholders, minutes of meetings and resolutions of the Issuer Trustee, and such Records as are by law or good business practice necessary. The Records may be kept at the office of any Person whom the Issuer Trustee has appointed to maintain the same, provided that the Issuer Trustee has access to the Records on one Business Day's notice to such Person.

8.2 Segregation of Assets

The Issuer Trustee shall maintain the Trust Property separate from all other property in its possession.

8.3 Method of Keeping Records

Where this Declaration of Trust requires the Issuer Trustee to cause a Record to be kept, it may be kept in bound or loose-leaf form or by means of a mechanical, electronic or other device.

8.4 Annual Financial Statements

A copy of the annual financial statements of the Trust, signed by the Issuer Trustee, shall be mailed or otherwise made available within 120 days following the end of a fiscal year to which they relate to each Unitholder. The financial statements shall include all information required to be included in annual financial statements of the Trust by applicable laws.

ARTICLE 9
MEETINGS OF UNITHOLDERS AND DECISION OF UNITHOLDERS

9.1 Annual Meeting

There will not be an annual meeting of the Unitholders.

9.2 Other Meetings

The Issuer Trustee will have power at any time to call meetings of the Unitholders at such time and place as the Issuer Trustee may determine. Unitholders holding in the aggregate not less than a majority of the outstanding Units may requisition the Issuer Trustee in writing to call a meeting of the Unitholders for the purposes stated in the requisition. The requisition shall state in reasonable detail the business proposed to be transacted at the meeting and will be sent to the Issuer Trustee at the address of the Issuer Trustee. Upon receiving the requisition, the Issuer Trustee will call a meeting of the Unitholders to transact the business referred to in the requisition. If the Issuer Trustee does not within 10 days after receiving the requisition call a meeting, any Unitholder who signed the requisition may call the meeting.

9.3 Quorum and Voting

A quorum for any meeting of the Unitholders will be persons present being Unitholders or representing by proxy Unitholders who hold in the aggregate a majority of the total number of outstanding Units. Unitholders may attend and vote at all meetings of the Unitholders either in person or by proxy. Each Unit will be entitled to one vote at all meetings of the Unitholders. Any action to be taken by the Unitholders will, except as otherwise required by this Declaration of Trust, or by law, be authorized when approved by a majority of the votes cast at a meeting of the Unitholders. The chairman of any such meeting will not have a second or casting vote.

9.4 Written Resolution

Any business which may be conducted at a meeting of the Unitholders may be approved by a resolution in writing in lieu thereof. Notice of such resolution will be given to all Unitholders and approval of such resolution will be evidenced by the signature on any such resolution or counterpart thereof by the required percentage of Unitholders for the matter to be determined.

ARTICLE 10
AMENDMENT

10.1 Amendment

Subject to Section 2.1 and compliance with the terms of the applicable Program Agreements, the Issuer Trustee may, from time to time, amend, vary, supplement, replace or restate the provisions of this Declaration of Trust without the consent or approval of the Unitholders or any court as follows:

(a) to the extent deemed necessary by the Issuer Trustee in good faith to be necessary to ensure compliance with, or to remove any conflicts or other inconsistencies which may exist between any term of this Declaration of Trust and the provisions of, any applicable law in effect from time to time;

(b) to the extent deemed necessary by the Issuer Trustee in good faith to be necessary to make any change or correction in this Declaration of Trust which is a typographical change or correction or which the Issuer Trustee has been advised

by legal counsel is required for the purpose of curing any ambiguity or defect or inconsistent provision or clerical omission or mistake or manifest error contained herein, or

(c) subject to the satisfaction of the Rating Agency Condition, to the extent deemed necessary or desirable in the sole discretion of the Issuer Trustee to permit or facilitate the carrying on of the Trust Activities, including the accommodation of requests made by the Rating Agencies or regulatory authorities in relation to the issuance of Funding Obligations.

However, any such amendment may be made only if**: (i)** it will not materially adversely affect the interest of any Unitholder, unless that Unitholder has also approved of the amendment in writing and **(ii) in respect of any material amendment,** the Rating Agency Condition has been satisfied. The Issuer Trustee will immediately upon the entering into thereof, provide the Rating Agencies and the Indenture Trustee with a copy of any amendment, variation, supplement, replacement or restatement of this Declaration of Trust.

10.2 Automatic Amendment

Upon the Issuer Trustee ceasing to be a trustee of the Trust, this Declaration of Trust will be automatically amended to delete any reference to the name of the trustee so ceasing to be a trustee of the Trust and to substitute therefor the name of the successor trustee of the Trust. Notice of any change in the Issuer Trustee may be endorsed upon or attached to this Declaration of Trust and signed by the successor Issuer Trustee and every such notice will be sufficient evidence to any Person dealing with the Issuer Trustee under this Declaration of Trust as to the facts to which it relates.

10.3 Supplemental Declaration of Trust

The Issuer Trustee is authorized to execute any supplemental declaration of trust to give effect to amendments to this Declaration of Trust made pursuant to this Article 10. The Issuer Trustee shall not be obligated to enter into any such supplemental declaration if it adversely affects the Issuer Trustee's rights, duties or immunities under this Declaration of Trust or otherwise. No amendment to or amendment and restatement of this Declaration of Trust, whether pursuant to this Article 10 or otherwise, shall be construed as a termination of the Trust or the settlement or establishment of a new trust.

ARTICLE 11
DISTRIBUTION OF TRUST PROPERTY

11.1 Distributions

(1) The Issuer Trustee may declare to be payable and make distributions, from time to time, out of Income of the Trust, Net Realized Capital Gains of the Trust, capital of the Trust or otherwise, in any year, in such amount or amounts, and on such dates as the Issuer Trustee may determine, to the Unitholders at the record date for such distribution. The Issuer Trustee may declare such amounts to be payable or authorize such distributions in

advance by way of a standing resolution that is effective for a period not exceeding 12 months after the date of the resolution.

(2) Where the Trust proposes to distribute Trust Property in specie to a redeeming Unitholder as contemplated in subsection 4.1(3), and the Issuer Trustee reasonably expects that such in specie distribution will give rise to Income of the Trust and / or Net Realized Capital Gains of the Trust in excess of the amount of the Net Realized Capital Gains of the Trust Allocated on Redemption to the particular Unitholder whose Units are being redeemed (collectively, the "**Excess Income on Redemption**"), the Issuer Trustee shall declare to be payable and make a distribution, on the record date that is one Business Day before the redemption, to Unitholders at such record date in an amount equal to the estimated Excess Income on Redemption. Such distribution will be satisfied by the issuance of additional Units, or fractions of Units, having a fair market value equal to the amount of such distribution. If the Issuer Trustee is required to deduct or withhold an amount from such distribution, the applicable Unitholder shall make the cash payment described in Section 11.7 to the Issuer Trustee on or prior to the date the distribution.

(3) If the Issuer Trustee declares to be payable or makes a distribution pursuant to subsections 11.1(1) or 11.1(2) without determining the portion of such distribution that is payable out of Income of the Trust, Net Realized Capital Gains of the Trust, capital of the Trust or otherwise, such allocation shall be made pursuant to subsection 11.2(2).

(4) The Issuer Trustee intends to make payable to Unitholders all of the Income of the Trust and Net Realized Capital Gains of the Trust for each taxation year throughout which all Unitholders are Specified Unitholders so that the Trust will not have any liability for tax under Part I of the ITA in any such taxation year (other than alternative minimum tax or taxes payable under the "SIFT trust" rules in the ITA). Unless the Issuer Trustee, in its sole discretion determines otherwise, the following amounts will, without any further actions on the part of the Issuer Trustee, be due and payable to the Unitholders of record on the last day in each taxation year throughout which all Unitholders are Specified Unitholders:

(a) an amount equal to the amount, if any, by which the Income of the Trust for such year exceeds the aggregate of (A) the aggregate of the portions of the distributions paid or payable by the Trust which have been determined by the Issuer Trustee to have been payable by the Trust out of the Income of the Trust for such year, if any, and (B) the aggregate of the portions of distributions deemed by subsection 11.2(2)(a) to be paid or payable by the Trust out of the Income of the Trust for such year; and

(b) an amount equal to the amount, if any, by which the Net Realized Capital Gains of the Trust for such year exceeds the aggregate of (A) any amount of the Net Realized Capital Gains of the Trust Allocated on Redemption for the year payable to redeeming Unitholders pursuant to subsection 4.1(5), (B) the aggregate of the portions of the distributions paid or payable by the Trust which have been determined by the Issuer Trustee to have been payable by the Trust out of Net Realized Capital Gains of the Trust for such year, if any, and (C) the aggregate of

the portions of distributions deemed by subsection 11.2(2)(b) to be paid or payable by the Trust out of the Net Realized Capital Gains of the Trust for such year, if any.

Any determinations by the Issuer Trustee not to make a distribution described in this subsection 11.1(4) must be exercised by the Issuer Trustee in writing prior to December 31 of the applicable taxation year.

(1) The Issuer Trustee retains discretion to make payable to Unitholders all of the Income of the Trust and Net Realized Capital Gains of the Trust for each taxation year not described in subsection 11.1(4) above, but any such distribution would require the consent of all Unitholders in such year (other than a Unitholder described in paragraph (a) of the definition of Specified Unitholder).

(2) The proportionate share of each Unit of the amount of any distribution made pursuant to this section will be determined by dividing such amount by the number of issued and outstanding Units on the applicable record date in respect of a distribution pursuant to subsections 4.1(5), 11.1(1) or 11.1(2) and on the last day of the taxation year in respect of a distribution pursuant to subsection 11.1(4). Each Unitholder's share of the amount of any such distribution will be an amount equal to the proportionate share of each Unit of such amount multiplied by the number of Units owned of record by each such Unitholder on such applicable record date or the last day of the taxation year, as the case may be, and such Unitholder shall, on such date, be entitled to enforce payment of the Unitholder's share. Subject to subsections 4.1(5) and 11.1(2) and section 11.3, amounts which are payable to Unitholders will be paid in cash.

11.2 Allocation

(1) Subject to subsection 11.2(2), distributions payable to the Unitholders pursuant to Article 11 will be deemed to be distributions of Income of the Trust (including dividends), Net Realized Capital Gains of the Trust, returns of capital of the Trust or other items in such amount as the Issuer Trustee in its absolute discretion determines and will be allocated to the Unitholders in the same proportions as distributions received by the Unitholders.

(2) If the Issuer Trustee has declared to be payable or made one or more distributions in a taxation year pursuant to subsection 11.1(1) without determining the portion of such distributions that is payable out of Income of the Trust, Net Realized Capital Gains of the Trust, capital of the Trust or otherwise, such distributions shall be deemed to be paid or payable out of:

(a) first, the Income of the Trust for such year to the extent, if any, that the Income of the Trust for such year exceeds the aggregate of the amounts in subsection 11.1(4)(a)(A);

(b) second, the Net Realized Capital Gains of the Trust for such year to the extent, if any, that the Net Realized Capital Gains of the Trust for such year exceeds the aggregate of the amounts in subsection 11.1(4)(b)(A) and 11.1(4)(b)(B); and

(c) as to any balance, the capital of the Trust;

and such amounts will be allocated to the Unitholders in the same proportions as such distributions were received by the Unitholders.

(1) For greater certainty it is hereby declared that any distribution of Net Realized Capital Gains of the Trust will include the non-taxable portion of the capital gains of the Trust which are included in such distribution.

11.3 Payment of Distributions

(1) Distributions to a Unitholder (other than distributions described in subsections 4.1(5) and 11.1(2)) will be made by cash, wire transfer or cheque payable to or to the order of the Unitholder or by such other manner provided for in subsection 11.3(3). The payment, if made by cheque, will be conclusively deemed to have been made upon hand delivery of a cheque to the Unitholder or to its agent duly authorized in writing or upon the mailing of a cheque by prepaid first-class mail addressed to the Unitholder at its address set out in the records of the Issuer Trustee unless the cheque is not paid on presentation, or in any other manner determined by the Issuer Trustee in its discretion. The Issuer Trustee may issue a replacement cheque if it is satisfied that the original cheque has not been received or has been lost or destroyed upon being furnished with such evidence of loss, indemnity or other document in connection therewith that the Issuer Trustee may in its discretion consider necessary.

(2) The Issuer Trustee may, in its sole discretion, transfer temporarily from capital to income within the Trust sufficient cash to facilitate payments of Income of the Trust to Unitholders. A permanent transfer from capital to income may be effected if payments made by and /or expenses of the Trust in any year exceed the aggregate of the net income and Net Realized Capital Gains of the Trust in such year.

(3) Without limiting the generality of the foregoing, a distribution to a Unitholder may be paid (i) by the issuance of additional Units, or fractions of Units having a fair market value equal to the amount of such distribution, (ii) by the issuance of a promissory note for a principal amount equal to the amount of such distribution and/or (iii) *in specie* by the transfer of Trust Property having a fair market value equal to the amount of such distribution, all as may be determined by the Issuer Trustee, acting reasonably. The Issuer Trustee acknowledges and agrees that it will elect to make payment to a Unitholder of the amount of a distribution in the manner described in this subsection 11.3(3) only if it has received prior written notice from the Unitholder that such payment method is acceptable, and the Unitholder makes the cash payment described in Section 11.7 to the Issuer Trustee, which written notice may be revoked in writing by the Unitholder at any time. If the Issuer Trustee elects to make payment of the amount of a distribution by the issuance of a promissory note, such promissory note shall bear interest at a fixed or floating rate, shall be repayable on demand or on the expiry of a stated term, and shall contain such other terms all of which may be determined by the Issuer Trustee such that the fair market value of such promissory note is equal to the amount of the distribution. Any such promissory note or additional Units issued, or Trust Property transferred, by the Trust

shall constitute absolute and unconditional payment in full of the distribution and, by becoming a Unitholder, each Unitholder hereby acknowledges that any such note, additional Units or transfer of Trust Property will be accepted by the Unitholder as such absolute and unconditional payment of the distribution payable to the Unitholder.

11.4 Legal Rights

For greater certainty, it is hereby declared that the Unitholders shall have the legal right to enforce payment of any amount to be distributed or payable hereunder at the time such amount is due and payable.

11.5 Income Tax Matters

In reporting income for income tax purposes, the Trust will claim the maximum amount available to it as deductions under the relevant law, unless the Issuer Trustee determines otherwise.

11.6 Designations

In accordance with and to the extent permitted by the ITA, the Issuer Trustee will, in each taxation year, make such designations for income tax purposes in respect of amounts paid or payable or deemed to be paid to the Unitholders for such amounts that the Issuer Trustee considers to be reasonable in all circumstances, including designations relating to taxable dividends received or deemed to be received by the Trust in the year on shares of taxable Canadian corporations, net taxable capital gains of the Trust in the year and foreign source income of the Trust and foreign taxes in respect of such foreign source income for the year, if any.

11.7 Withholding Taxes

The Issuer Trustee will deduct or withhold from distributions or other amounts payable under this Declaration of Trust amounts required by law to be deducted or withheld from such distributions or payments, whether such distributions or payments are satisfied in the form of cash, cheque, promissory note, additional Units or otherwise. To the extent that any amounts are deducted or withheld from payments made by cash, cheque or wire transfer, including those described in subsection 11.3(1), such deducted or withheld amounts shall be treated for all purposes as having been paid to the recipient of the payment in respect of the distribution or other amount payable, provided that such deducted or withheld amounts are actually remitted in accordance with applicable law to the appropriate taxing authority. In the event that the Issuer Trustee makes a distribution or payment that is satisfied in a manner other than cash, cheque or wire transfer, including those described in subsections 4.1(3), 4.1(5) or 11.3(3), the recipient of the payment shall provide cash to the Issuer Trustee in amount equal to any required deduction or withholding, which the Issuer Trustee shall forthwith remit to the appropriate taxing authority on behalf of the Unitholder.

ARTICLE 12
TERMINATION OF THE TRUST

12.1 Termination

(a) The Trust will continue in full force and effect for a period of twelve months from the date hereof and thereafter for so long as any Funding Obligations remain outstanding and until the Trust has satisfied all of its obligations under the Program Agreements or otherwise for the purposes of carrying on the Trust Activities. Notwithstanding the foregoing, the Issuer Trustee may, with the unanimous approval of Unitholders, wind-up the affairs of the Trust and terminate the Trust and distribute the Trust Property then remaining to the Unitholders in proportion to the number of Units held by each Unitholder no later than the date that is one day prior to the 21st anniversary of the death of the last surviving lineal descendent of Queen Elizabeth, II of England living at the date this declaration is made.

(b) Subject to Section 12.1(a), the Issuer Trustee may, with the unanimous approval of the Unitholders, wind up the affairs of the Trust and terminate the Trust. To the fullest extent permitted by law, and notwithstanding any duty otherwise existing at law or in equity, the Issuer Trustee shall consider only the interests of the Trust, including its creditors, in acting on the matters referred to in this Section 12.1. On the date the Trust is terminated, the Issuer Trustee will, upon receipt of such releases, indemnities and refunding agreements as the Issuer Trustee may deem necessary for its protection, distribute the remaining Trust Property, after payment of all other obligations of the Trust, in cash or in kind , or partly in each, to the Unitholders in proportion to the number of Units held by each Unitholder

ARTICLE 13
GENERAL

13.1 Irrevocability

The Trust shall be irrevocable.

13.2 Change of Office

The Issuer Trustee may at any time and from time to time during the existence of the trusts hereby created change the head office, chief executive office, chief place of business and situs of the administration of the Trust to another location within Ontario or have such other offices or places of administration within Canada as the Issuer Trustee may from time to time determine is necessary or desirable.

13.3 Execution of Instruments

The Issuer Trustee shall have power from time to time to appoint any Person or Persons on behalf of the Trust either to sign instruments in writing generally or to sign specific instruments in writing.

13.4 Manner of Giving Notice

Except as otherwise permitted herein, any notice required or permitted by the provisions of this Declaration of Trust to be given to a Unitholder or the Issuer Trustee shall be deemed conclusively to have been given if given either by delivery or by prepaid first-class mail addressed to each Unitholder at its address shown on the register of Unitholders or to the Issuer Trustee at the last address provided by the Issuer Trustee for such purpose. Any notice so given shall be deemed to have been given on the day of hand delivery or the day following that on which the notice was mailed.

13.5 Taxation Information

On or before March 30 in each year, or such earlier day as is required by applicable legislation or regulation, the Issuer Trustee will provide to Unitholders who received distributions from the Trust in the prior calendar year such information regarding the Trust required by applicable law to be submitted to Unitholders for income tax purposes to enable Unitholders to complete their tax returns in respect of the prior calendar year.

13.6 Severability

The provisions of this Declaration of Trust are severable and if any provisions are in conflict with any applicable law, the conflicting provisions shall be deemed never to have constituted a part of this Declaration of Trust and shall not affect or impair any of the remaining provisions thereof. If any provision of this Declaration of Trust shall be held invalid or unenforceable in any jurisdiction, such invalidity or unenforceability shall attach only to such provision in such jurisdiction and shall not in any manner affect or render invalid or unenforceable such provision in any other jurisdiction or any other provision of this Declaration of Trust in any jurisdiction.

13.7 Governing Law

This Declaration of Trust shall be interpreted and governed by and take effect exclusively in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. Any and all disputes arising under this Declaration of Trust, whether as to interpretation, performance or otherwise, shall be subject to the exclusive jurisdiction of the courts of the Province of Ontario and the Issuer Trustee hereby irrevocably attorns, and each Unitholder shall be deemed to hereby irrevocably attorn, to the exclusive jurisdiction of the courts of such province.

13.8 Language

Les parties aux présentes ont exigés que la présente convention ainsi que tous les documents et avis qui s'y rattachent et/ou qui en découleront soient rédigés en la langue anglaise. The parties hereto have required that this Declaration of Trust and all documents and notices resulting herefrom be drawn up in English.

IN WITNESS WHEREOF the Issuer Trustee has caused this Declaration of Trust to be executed as of the day and year first above written by its duly authorized signatories.

COMPUTERSHARE TRUST COMPANY OF CANADA,
as Issuer Trustee

By: _____
Name:
Title:

By: _____
Name:
Title:

Document comparison by Workshare Compare on December-13-17 5:43:28 PM

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Description	#23163129v12<TorysAtWork> - *Declaration of Trust - Fair Hydro
Document 2 ID	interwovenSite://INVENTORYS1/TorysAtWork/23163129/13
Description	#23163129v13<TorysAtWork> - *Fair Hydro -- Declaration of Trust
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Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	25

MASTER TRANSFER AND SERVICING AGREEMENT

between

FAIR HYDRO TRUST
as Issuer

- and -

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Transferor and Servicer

Dated as of December ■, 2017

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EXHIBIT

Exhibit A – Form of Transfer Notice

~~Exhibit B – Form of Monthly Report~~

Exhibit ~~C~~**B** – Form of Monthly Carrying Costs Statement

MASTER TRANSFER AND SERVICING AGREEMENT

THIS AGREEMENT made as of December ■, 2017.

BETWEEN:

FAIR HYDRO TRUST, a trust formed under the laws of the Province of Ontario

(the "**Issuer**")

- and -

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital amalgamated under the laws of the Province of Ontario

(the "**Transferor**" in its capacity as transferor, the "**Servicer**", in its capacity as servicer, and the "**IESO**" in its capacity as both Transferor and Servicer)

WHEREAS the Government of Ontario has enacted the *Ontario Fair Hydro Act, 2017* (the "**Act**") for the purpose of, among other things, ensuring that clean energy costs and clean energy benefits (each as defined in the Act) are fairly allocated among present and future Specified Consumers;

AND WHEREAS, under the Act, the IESO is required to establish and maintain the Fair Hydro Variance Account, and has the right under the Act and the Regulations to record certain amounts in the Fair Hydro Variance Account and recover the balance from time to time of the Fair Hydro Variance Account from Specified Consumers (such right, the "**Regulatory Asset**");

AND WHEREAS the IESO may from time to time, in accordance with the Act, Transfer Specified Portions of the Regulatory Asset to the Issuer pursuant to Section 26(1) of the Act;

AND WHEREAS the Issuer may finance the acquisition from the IESO, from time to time, of an Investment Interest through the incurrence of Funding Obligations under the Indenture;

AND WHEREAS the Issuer will grant a security interest over all of the Issuer Investment Interest to and in favour of the Indenture Trustee on behalf of all Specified Creditors;

AND WHEREAS in connection with its ownership of the Issuer Investment Interest and in order to collect the associated Clean Energy Adjustments in accordance with the Act, the Issuer desires to engage the Servicer to carry out the services described herein and the Servicer agrees to be so engaged;

NOW THEREFORE in consideration of the foregoing and the mutual covenants and agreements contained herein (the receipt and adequacy of which are hereby acknowledged), the parties hereto agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Agreement, the following terms have the following meanings:

"**Act**" has the meaning ascribed thereto in the recitals;

"**Agreement**" means this master transfer and servicing agreement, as amended, supplemented, modified, restated or replaced from time to time, and the expressions "herein", "hereof", "hereto", "hereunder" and similar expressions refer to this Agreement and not to any Article, Section, paragraph, subparagraph or clause hereof;

"**Billing Period**" means a calendar month in which the Clean Energy Adjustment is billed to Specified Consumers;

"**Board**" means the Ontario Energy Board, a statutory corporation without share capital continued under the *Ontario Energy Board Act, 1998*, S.O., 1998;

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by law, regulation or executive order to be closed;

"**Carrying Costs**" has the meaning ascribed to the term "carrying costs" in the Regulations;

"**CEA Consumer Invoice Amounts**" means amounts invoiced by an Electricity Vendor to Specified Consumers in respect of the Clean Energy Adjustment based on the rates established by the Board;

"**Clean Energy Adjustment**" has the meaning ascribed to the term "clean energy adjustment" in the Act;

"**Closing Date**" means the date on which a Transfer is to be completed as specified in the applicable Transfer Notice;

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the parties hereto and any other owner or owners of an Investment Interest as contemplated by Section 29(5) of the Act in form and substance satisfactory to the parties hereto, acting reasonably;

"**Co-Owner Implementation Date**" means the date, if any, upon which the Issuer Investment Interest ceases to be the only Investment Interest outstanding representing the full Investment Asset;

"**Collection Account**" means an Eligible Deposit Account established by the Issuer for the purpose of receiving the Issuer Share of the Servicer CEA Receipts;

"**Daily Remittance Event**" means the occurrence of either: (i) a Servicer Default or (ii) the IESO (or any successor thereto) ceasing to have the Required Servicer Rating;

"**Declaration of Trust**" means the declaration of trust made as of December ■, 2017 under which the Issuer was established, as may be supplemented, amended, replaced or amended and restated from time to time;

"**Electricity Vendor**" has the meaning ascribed to the term "electricity vendor" in the Act;

"**Electricity Vendor CEA Collections**" means payments actually received by Electricity Vendors from Specified Consumers in respect of Clean Energy Adjustments;

"**Electricity Vendor Billing Period Report**" means a report as contemplated by Section 17(2) of the Act from each Electricity Vendor in respect of each Billing Period where Clean Energy Adjustments are billed to Specified Consumers containing:

(a) **its total electricity consumption of Specified Consumers invoiced in such Billing Period;**

(b) ~~(a)~~ its total CEA Consumer Invoice Amounts in such Billing Period;

(c) ~~(b)~~ its total Electricity Vendor CEA Collections during such Billing Period; and

(d) ~~(c)~~ such other information as may be prescribed in the Regulations or any other Requirement of Law, or which otherwise may be agreed to by the applicable Electricity Vendor;

"**Eligible Deposit Account**" means an account in Canada with an Eligible Institution;

"**Eligible Institution**" means:

(a) at any time before the Co-Owner Implementation Date, an "Eligible Institution" as defined in the Indenture; and

(b) at any time on or after the Co-Owner Implementation Date, an "Eligible Institution" as defined in the applicable Co-Owner Agreement;

"**Fair Hydro Variance Account**" means the variance account established by the IESO pursuant to Section 24(1) of the Act;

"**Financing Entity**" has the meaning ascribed to the term "financing entity" in the Act;

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act;

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government;

"**IESO**" or "**Independent Electricity System Operator**" means the Independent Electricity System Operator, a statutory corporation without share capital established by the *Electricity Act, 1998*, SO, 1998;

"**IESO Deferral**" has the meaning ascribed to the term "IESO deferral" in the Act;

"**IESO Disclosure**" has the meaning ascribed thereto in Section 5.7;

"**IESO Segregated Account**" has the meaning ascribed thereto in Section 3.4(a);

"**Implementation Plan**" has the meaning ascribed thereto in Section 3.3(a);

"**Indemnified Losses**" has the meaning ascribed thereto in Section 6.1(a);

"**Indemnified Party**" has the meaning ascribed thereto in Section 6.1(a);

"**Indenture**" means the master trust indenture dated December ■, 2017 between the Indenture Trustee and the Issuer;

"**Indenture Trustee**" means BNY Trust Company of Canada, a trust company existing under the laws of Canada and duly authorized to carry on the business of a trust company in all of the provinces and territories of Canada, as indenture trustee for the benefit of Specified Creditors, or any successor thereto, under the Indenture;

"**Insolvency Event**" means, with respect to a specified Person, the specified Person admits the inability of such specified Person to pay its liabilities generally as they become due or makes a general assignment for the benefit of the creditors of such specified Person or otherwise acknowledges the insolvency of such specified Person or any proceeding shall be instituted by or against such specified Person seeking to adjudicate it a bankrupt or insolvent or seeking liquidation, winding up, dissolution, reorganization, arrangement, adjustment, protection, relief or composition of its debts under any law relating to bankruptcy, insolvency, reorganization, moratorium or relief of debtors or seeking the entry of an order for relief by the appointment of a receiver, trustee or other similar official for such specified Person or for any substantial part of its property and if such proceeding has been instituted against such specified Person either such proceeding has not been stayed or dismissed within 45 days or any of the actions sought in such proceeding (including the entry of an order for relief or the appointment of a receiver) are granted

in whole or in part, or if a receiver is privately appointed in respect of such specified Person or of the property of such specified Person or any substantial part thereof;

"**Investment Asset**" has the meaning ascribed to the term "investment asset" in the Act;

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act;

"**Issuer**" means Fair Hydro Trust, a trust formed under the laws of the Province of Ontario;

"**Issuer Funding Obligations**" means the Funding Obligations of the Issuer;

"**Issuer Investment Interest**" means, initially, the Investment Interest acquired by the Issuer pursuant to the first Transfer completed under this Agreement and, upon the completion of each Transfer thereafter, the cumulative Investment Interest acquired by the Issuer;

"**Issuer Share**" means:

(a) at any time before the Co-Owner Implementation Date, 100%; and

(b) at any time on or after the Co-Owner Implementation Date, the percentage determined in accordance with the applicable Co-Owner Agreement;

"**Issuer Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Issuer at such time;

"**Lien**" means a security interest, lien, mortgage, charge, pledge, claim or encumbrance of any kind;

"**Management Agreement**" means the management agreement dated December ■, 2017 between the Manager and the Issuer;

"**Manager**" means OPG, in its capacity as manager of the Issuer, and any successor appointed in accordance with the Management Agreement;

"**Minister**" means the Minister of Energy or such other member of the Executive Council as may be assigned the administration of the Act under the *Executive Council Act*;

"**Monthly Carrying Costs**" has the meaning ascribed thereto in Section 3.14(b);

"**Monthly Carrying Costs Statement**" has the meaning ascribed thereto in Section 3.14(b);

"**Monthly Servicer Report**" ~~has the meaning ascribed thereto in Section 3.5(a);~~**means a report from the Servicer in respect of each Billing Period where Clean Energy Adjustments are billed to Specified Consumers containing:**

(a) the information provided in each Electricity Vendor Billing Period Report;

(b) **total electricity consumption of Specified Consumers invoiced in such Billing Period, as reported by all Electricity Vendors, and for the current Reference Period to the last day of such Billing Period, compared to the forecast information provided by the Servicer to the Board pursuant to Section 3.2(a) (to the extent possible, recognizing timing mismatches);**

(c) **total CEA Consumer Invoice Amounts reported by all Electricity Vendors for such Billing Period;**

(d) **total Electricity Vendor CEA Collections reported by all Electricity Vendors for such Billing Period;**

(e) **total Servicer CEA Receipts for such Billing Period, including the amount representing total Electricity Vendor CEA Collections received and the amount representing Clean Energy Adjustments received by the Servicer directly from Specified Consumers;**

(f) **the difference between total CEA Consumer Invoice Amounts reported to the Servicer by all Electricity Vendors and total Servicer CEA Receipts, in each case, for such Billing Period and for the current Reference Period to the last day of such Billing Period, recognizing that there will be timing differences;**

(g) **a summary of** any matters referred to in Section 3.4(**k**) which have not been resolved and any explanation provided therefor by the Electricity Vendor; **and**

(h) **such other information which otherwise may be agreed to by the Servicer;**

"**Non-Investment Grade Rated Electricity Vendors**" means any Electricity Vendor that does not have a rating of**: (i)** "Baa3" or higher by Moody's Investors Services, Inc. (or any successor thereof)~~ or~~**, unless otherwise agreed to by Moody's Investors Services, Inc. (or any successor thereof); and** "BBB(low)" or higher by DBRS Limited (or any successor thereof)~~ or an equivalent rating by a nationally recognized statistical rating organization or designated rating organization~~**, unless otherwise agreed to by DBRS Limited (or any successor thereof)**;

"**Officer's Certificate**" means a certificate signed by a Responsible Officer of the Issuer under the circumstances described in, and otherwise complying with, the applicable requirements of Section **[10.01]** of the Indenture;

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario;

"**Opinion of Counsel**" means one or more written opinions of counsel, which counsel shall be reasonably acceptable to the party receiving such opinion of counsel, and shall be in form and substance reasonably acceptable to such party;

"**Permitted Successor**" means any successor to the IESO under the Act, whether pursuant to any bankruptcy, reorganization or other insolvency proceeding or pursuant to any merger, conversion,

acquisition, sale or transfer, by operation of law, as a result of any restructuring, or otherwise, but only to the extent such successor is approved by the Minister;

"**Permitted Transfer**" means (i) a Transfer to the Issuer pursuant to this Agreement; and (ii) a Transfer to a person who has entered into a Co-Owner Agreement with, inter alia, the Issuer.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority;

"**Prescribed Period**" has the meaning ascribed thereto in Section 3.14(a);

"**Proceeding**" means any suit in equity, action at law or other judicial or administrative proceeding;

"**Program Agreements**" has the meaning ascribed thereto in the Indenture;

"**Purchase Price**" has the meaning ascribed thereto in Section 2.1(c);

"**Rating Agency**" has the meaning ascribed thereto in the Indenture;

"**Rating Agency Condition**" has the meaning ascribed thereto in the Indenture;

"**Records**" has the meaning ascribed thereto in Section 7.1;

"**Regulations**" means Ontario Regulation 206/17: General, together with any other regulations promulgated under the Act;

"**Regulatory Asset**" has the meaning ascribed thereto in the recitals;

"**Remittance Date**" means, in respect of each Billing Period, the 18th Business Day following the last day of each Billing Period;

"**Required Servicer Rating**" means a rating of "Baa~~3~~**2**" or higher by Moody's Investors Service, Inc. (or any successor thereof) and a rating of "BBB(low)" or higher by DBRS Limited (or any successor thereof);

"**Requirement of Law**" means any foreign, Canadian federal, provincial or local laws, statutes, regulations, rules, codes or ordinances enacted, adopted, issued or promulgated by any Governmental Authority or common law;

"**Responsible Officer**" means, with respect to: (a) the Issuer, any authorized director or officer of the Manager; (b) the Servicer, any authorized director or officer of the IESO; and (c) a Successor Servicer, any authorized director or officer of the Successor Servicer;

"**Servicer**" means the Independent Electricity System Operator, as Servicer under this Agreement, or any Successor Servicer to the extent permitted under this Agreement;

"**Servicer CEA Receipts**" has the meaning ascribed thereto in Section 3.4(~~e~~f);

"**Servicer Default**" has the meaning ascribed thereto in Section 7.1;

"**Specified Consumer**" has the meaning ascribed to the term "specified consumer" in the Act;

"**Specified Creditors**" has the meaning ascribed thereto in the Indenture;

"**Specified Portion**" means, in respect of the Regulatory Asset and any Transfer, the portion of the Regulatory Asset subject to such Transfer, as set out in the applicable Transfer Notice.

"**Successor Servicer**" has the meaning ascribed thereto in Section **[3.07(e)]** of the Indenture;

"**Supplemental Indenture**" means an indenture supplemental to the Indenture that authorizes the incurrence of Funding Obligations;

"**Termination Event**" has the meaning ascribed thereto in Section 3.11;

"**Termination Notice**" has the meaning ascribed thereto in Section 7.1;

"**Transfer**" has the meaning ascribed to the term "transfer" in Section 1(3) of the Act, and "**Transferred**" has a corresponding meaning;

"**Transfer Notice**" means a Transfer Notice in respect of a Transfer substantially in the form of Exhibit A to this Agreement and delivered pursuant to Section 2.1(c) of this Agreement; and

"**Transferor**" means the Independent Electricity System Operator, as transferor under this Agreement;

1.2 Sections and Headings

The table of contents does not form part of this Agreement. The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and will not affect the construction or interpretation of this Agreement. Unless something in the subject matter or context is inconsistent therewith, references herein to Articles and Sections are to Articles and Sections of this Agreement.

1.3 Extended Meanings

(a) Words importing the singular number only will include the plural and vice versa and words importing the masculine gender will include the feminine and neuter genders and vice versa. A reference to any agreement, instrument or declaration means such agreement, instrument or declaration as the same may be amended, supplemented, modified, restated or replaced from time to time.

(b) The term "**including**" means "including without limitation", and other forms of the verb "**include**" have correlative meanings.

(c) All references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities.

(d) Unless otherwise stated, in the computation of a period of time from a specified date to a later specified date, the word "**from**" means "**from and including**" and each of the words "**to**" and "**until**" means "**to but excluding**".

(e) The words "**hereof**", "**herein**" and "**hereunder**" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, unless otherwise specified. References to Articles, Sections, Appendices and Exhibits in this Agreement are references to Articles, Sections, Appendices and Exhibits in or to this Agreement unless otherwise specified.

(f) References to any law, rule, regulation or order of a Governmental Authority shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor.

(g) The word "**will**" shall be construed to have the same meaning and effect as the word "**shall**". The word "**or**" is not exclusive.

(h) References to a specific rating by a Rating Agency shall mean such rating or the equivalent rating if such Rating Agency changes its rating scale.

ARTICLE 2
TRANSFER OF SPECIFIED PORTIONS OF THE REGULATORY ASSET

2.1 Transfer Notices and Agreement to Transfer Specified Portions of the Regulatory Asset

(a) The Transferor shall determine the IESO Deferral as required by Section 23(1) of the Act and the Regulations.

(b) The Transferor shall maintain the Fair Hydro Variance Account as required by Section 24 of the Act and the Regulations.

(c) The Transferor may, no more frequently than monthly and no later than the 8th Business Day of any calendar month, offer to Transfer to the Issuer a Specified Portion of the Regulatory Asset by providing to the Issuer a Transfer Notice executed by the Transferor and setting out (i) the Specified Portion of the Regulatory Asset that the Transferor is offering to Transfer to the Issuer, (ii) the consideration to be paid to the Transferor by the Issuer for the Transfer (the "**Purchase Price**") which shall be equal to the amount of such Specified Portion of the Regulatory Asset, (iii) the Closing Date to effect such transfer which shall be no earlier than the 5th Business Day after the delivery of the Transfer Notice and no later than the last Business Day of the calendar month in which the Transfer Notice was delivered, or such other Business Day as may be agreed by the Transferor and the Issuer, and (iv) such other information as required in the form of Transfer Notice attached as Exhibit A hereto.

(d) On or before the 2nd Business Day following receipt of a Transfer Notice, the Issuer shall have the right, but not the obligation, to accept the Transferor's offer to Transfer the Specified Portion of the Regulatory Asset referred to in the Transfer Notice by executing and returning such Transfer Notice to the Transferor. Upon acceptance by the Issuer of the Transfer Notice, there shall be a binding agreement for IESO to Transfer the Specified Portion of the Regulatory Asset referred to in the Transfer Notice and for the Issuer to pay the Purchase Price, subject to satisfaction of all conditions precedent in Section 2.2.

(e) Provided that all conditions precedent set out in Section 2.2 have been satisfied on or prior to the applicable Closing Date, on the applicable Closing Date, the Issuer shall deliver or cause to be delivered to the Transferor, by wire transfer or electronic funds transfer, in immediately available funds, an amount in Canadian dollars equal to the Purchase Price set forth in the applicable Transfer Notice. The Transferor agrees that receipt by the Transferor of the payment referred to in this Section 2.1(e) is receipt by the Transferor of a payment referred to in Section 26(3) of the Act.

(f) Upon receipt by the Transferor of the payment referred to in Section 2.1(e), the Transferor shall reduce the balance of the Fair Hydro Variance Account by an amount equal to the Purchase Price received and shall retain no further right, title or interest in the Issuer Investment Interest corresponding to the Specified Portion of the Regulatory Asset Transferred.

(g) The parties state that they intend that this Agreement, together with each Transfer Notice accepted by the Issuer, constitute an agreement, for purposes of Section 27(2) of the Act for the Transferor to dispose, upon receipt by the Transferor of the payment referred to in Section 2.1(e), of the Specified Portion of the Regulatory Asset referred to in the Transfer Notice and to assign, convey or sell a corresponding Investment Interest to the Issuer.

2.2 Conditions Precedent to each Transfer of a Specified Portion of the Regulatory Asset

(a) The obligation of the Issuer to pay the Purchase Price related to the initial Transfer of a Specified Portion of the Regulatory Asset shall be subject to the satisfaction by the Transferor, or waiver by the Issuer, of the following conditions:

(i) the Issuer shall have received from the Transferor the following documents, in form and substance satisfactory to the Issuer:

(A) a certificate of an officer of the IESO certifying (1) that attached thereto is a true and complete copy of the by-laws of the IESO, each as in effect on the date of such certificate, (2) that attached thereto is a true and complete copy of a resolution adopted by the IESO's board of directors authorizing the execution, delivery and performance of this Agreement and the performance by the IESO of its obligations hereunder, and that such resolution has not been modified, rescinded or amended and is in full force and effect, and (3) as to the incumbency and true specimen signature of each of the IESO officers or delegates executing this Agreement and authorized to give notices and instructions hereunder (which can be changed by notice hereunder), provided that this condition may be satisfied by delivery of a certificate of an officer of the IESO to the effect that there has been no change to the items listed in (1), (2) and (3) above since the date of the previous certificate delivered under this Section 2.2(a)(i)(A) which certificate delivery condition may be satisfied by a representation and warranty to like effect in the applicable Transfer Notice; and

(B) the Transferor shall have delivered to the Rating Agencies and the Issuer any Opinions of Counsel reasonably required by them.

(b) The obligation of the Issuer to pay the Purchase Price related to each Transfer of a Specified Portion of the Regulatory Asset (including the initial Transfer) shall be subject to the satisfaction or waiver by the Issuer of each of the following conditions:

(i) as of the applicable Closing Date, all Program Agreements shall have been entered into on terms and conditions satisfactory to the Issuer and shall be in full force and effect as of such Closing Date;

(ii) as of the applicable Closing Date, no Insolvency Event in respect of the Transferor shall have occurred and the Transferor is not aware of any pending Insolvency Event with respect to itself;

(iii) as of the applicable Closing Date, (A) the representations and warranties of the IESO in this Agreement must be true and correct with the same force and effect as if made on that date (except to the extent they relate to an earlier date), (B) no breach of any covenant or agreement of the IESO contained in this Agreement shall have occurred and be continuing, and (C) no Servicer Default shall have occurred and be continuing;

(iv) the Transferor shall have delivered to the Issuer an Officer's Certificate confirming the satisfaction of each condition precedent specified in Sections 2.2(b)(ii) and (iii);

(v) as of the applicable Closing Date, (A) the Issuer shall have sufficient funds available to pay the Purchase Price as set forth in the applicable Transfer Notice, (B) all conditions to any incurrence of Funding Obligations intended to provide such funds set forth in the Indenture (and any applicable Supplemental Indenture) or other instrument shall have been satisfied or waived, (C) if applicable, the Rating Agency Condition in respect of the issuance of the Funding Obligations funding the payment of the Purchase Price shall have been satisfied or, if a new issuance of Funding Obligations without an existing rating, the required ratings have been established by the applicable Rating Agencies, and (D) the Funding Obligation required to fund the payment of the Purchase Price shall have been issued at the same time as, or prior to, the Transfer; and

(vi) immediately after giving effect to the Transfer, each of the Fair Hydro Variance Account and the Regulatory Asset will have a balance or amount, as applicable, equal to or greater than zero.

ARTICLE 3
ROLE OF THE SERVICER

3.1 Designation of Servicer

Each Transfer of a Specified Portion of the Regulatory Asset shall be made on the basis that the related Issuer Investment Interest shall be serviced by the Servicer in accordance with this Article 3, and the IESO or any Permitted Successor of the IESO that is the Servicer shall not be entitled, except as otherwise provided in Section 3.7 or agreed by the Parties, to receive any further compensation from the Issuer for its services in connection therewith.

3.2 Forecasts and Other Information

The IESO shall:

(a) provide to the Board the forecast information contemplated by Section 8(3) of the Regulations;

(b) provide to the Issuer the forecast information provided to the Board pursuant to Section 3.2(a), which information shall be provided on a non-reliance basis other than with respect to the use thereof in relation to the duties, obligations or rights of the Issuer or the Manager pursuant to the Act and the Regulations; and

(c) provide to the Issuer such other information and reports as the Issuer may reasonably request in connection with the calculation of the Clean Energy Adjustments, which is reasonably available to the Transferor directly or upon request, can lawfully be provided and can be provided without incurring material incremental expense (unless the Issuer has agreed to reimburse the IESO for such material incremental expenses).

3.3 Implementation Plan

(a) The Servicer will work with the Issuer to develop on or before January 31, 2020 a written implementation plan identifying in reasonable detail the actions to be taken by the Servicer and the Issuer in order to facilitate the Board, the Issuer, the Servicer and the Electricity Vendors being prepared to perform their obligations under the Act and the Regulations when the setting, invoicing and collection of Clean Energy Adjustments commences (the "**Implementation Plan**"). The Implementation Plan should include the following:

(i) a process and a schedule for contacting Electricity Vendors and providing instructions with respect to the establishment of a segregated account by each Electricity Vendor, the procedures for invoicing Clean Energy Adjustments, the identification, deposit and segregation of Electricity Vendor CEA Collections and their remittance to the Servicer;

(ii) the development of processes for the necessary exchanges of information with respect to Clean Energy Adjustments among the Board, the Issuer, the Manager, the Servicer, Electricity Vendors and Specified Consumers;

(iii) procedures for the testing of the processes for the collection and remittance of Clean Energy Adjustment before February 28, 2021; and

(iv) target dates for the achievement of specified objectives under the Implementation Plan.

(b) The Servicer and the Issuer will prepare written progress reports on the status of the implementation of the Implementation Plan on or before June 30, 2020, October 31, 2020 and January 31, 2021.

3.4 Clean Energy Adjustments and Electricity Vendors

The Servicer shall:

(a) prior to receiving Servicer CEA Receipts, establish an Eligible Deposit Account (the "**IESO Segregated Account**") bearing a designation indicating that the funds

deposited therein are held in trust for the benefit of the Issuer and, after the Co-Owner Implementation Date, for the benefit of any other owner or owners of an Investment Interest. If at any time the IESO Segregated Account ceases to be an Eligible Deposit Account, the Servicer shall within 30 days establish a new IESO Segregated Account as an Eligible Deposit Account and shall transfer any cash and/or any investments held in the former account to such new account and make all future deposits to such new account;

(b) prior to the first Billing Period when amounts are invoiced by Electricity Vendors to Specified Consumers in respect of Clean Energy Adjustments, make commercially reasonable efforts to:

(i) cause each Electricity Vendor to establish a segregated account into which Electricity Vendor CEA Collections are to be deposited as required by Section 10(2) of the Regulations;

(ii) settle a form of Electricity Vendor Billing Period Report to be used by such Electricity Vendor;

(iii) cause each Electricity Vendor to establish procedures for the invoicing by such Electricity Vendor of amounts in respect of the Clean Energy Adjustment, the identification, deposit and segregation of Electricity Vendor CEA Collections, the remittance of Electricity Vendor CEA Collections to the Servicer and reporting to the Servicer; and

(iv) respond to inquiries from Electricity Vendors with respect to any of the foregoing matters.

(c) **together with the Issuer, prior to the first Billing Period when amounts are invoiced by Electricity Vendors to Specified Consumers in respect of Clean Energy Adjustments, settle a form of Monthly Servicer Report;**

(d) ~~(c)~~ request certification from each Electricity Vendor that the segregated account required by Section 10(2) of the Regulations has been established by that Electricity Vendor;

(e) ~~(d)~~ as agent of the Issuer and, after the Co-Owner Implementation Date, as agent of any other owner or owners of an Investment Interest, receive Electricity Vendor CEA Collections from Electricity Vendors;

(f) ~~(e)~~ as agent of the Issuer and, after the Co-Owner Implementation Date, as agent of any other owner or owners of an Investment Interest, receive any amounts in respect of Clean Energy Adjustments payable directly by Specified Consumers to the Servicer (such amounts, together with the amounts referred to in Section 3.4(~~d~~**e**), the "**Servicer CEA Receipts**");

(g) ~~(f)~~ deposit the Servicer CEA Receipts into the IESO Segregated Account promptly following receipt by the Servicer and, in any event, within two Business

Days of receipt by the Servicer and the Issuer Share of such Servicer CEA Receipts shall remain in the IESO Segregated Account until remitted in accordance with Section 3.6;

(h) ~~(g)~~ respond to inquiries by Electricity Vendors with respect to the Clean Energy Adjustment and amounts payable in respect thereof;

(i) ~~(h)~~ request from each Electricity Vendor an Electricity Vendor Billing Period Report in respect of each Billing Period during which Clean Energy Adjustments are billed to Specified Consumers; such report to be requested to be delivered within twelve Business Days of the end of each Billing Period;

(j) ~~(i)~~ review each Electricity Vendor Billing Period Report received by the Servicer for material manifest discrepancies, including any discrepancy between the Electricity Vendor CEA Collections reported in respect of the Billing Period and the amount received pursuant to Section 3.4(~~d~~**e**);

(k) ~~(j)~~ contact each Electricity Vendor:

(i) that does not deliver an Electricity Vendor Billing Period Report in respect of a Billing Period where Clean Energy Adjustments were payable by Specified Consumers;

(ii) from which no Electricity Vendor CEA Collections are received in respect of the Billing Period,

(iii) for whom Electricity Vendor CEA Collections do not match the amount thereof reported in its Electricity Vendor Billing Period Report,

(iv) that delivers an Electricity Vendor Billing Period Report that has any other material manifest discrepancy detected by the Servicer, or

(v) that has not certified that it has established the segregated account required by Section 10(2) of the Regulations,

and attempt to resolve the applicable issue; and

(l) ~~(k)~~ hold the Issuer Share of Servicer CEA Receipts and the Issuer Share of any other proceeds in respect of the Clean Energy Adjustment received by it in trust for the benefit of the Issuer and remit such amounts in accordance with Section 3.6 without any surcharge, fee, offset, charge or other deduction.

3.5 Reporting

The Servicer shall:

(a) on or before the 20th Business Day following the end of each Billing Period **when amounts are invoiced by Electricity Vendors to Specified Consumers in**

respect of Clean Energy Adjustments, prepare and deliver to the Issuer a ~~written report substantially in the form of Exhibit B (a "~~Monthly **Servicer** Report~~")~~;

~~(b)~~ ~~report monthly to the Issuer any matters referred to in Section 3.4(j) which have not been resolved and any explanation provided therefor by the Electricity Vendor;~~

(b) ~~(c)~~ promptly notify the Issuer in writing of any Requirement of Law hereafter adopted or announced or the occurrence of any other event or circumstance of which it becomes aware that has a material adverse effect on the Servicer's ability to perform its duties and obligations under this Agreement; and

(c) ~~(d)~~ upon the reasonable request of the Issuer provide to the Issuer any public financial information in respect of the Servicer, or any material information regarding the Clean Energy Adjustment, to the extent it is reasonably available to the Servicer, and as may be reasonably necessary and permitted by law, to enable the Issuer to monitor the performance by the Servicer of its duties and obligations hereunder.

3.6 Remittances

(a) The Issuer shall provide the Servicer with notice of the Collection Account at least ten Business Days prior to the first Remittance Date and shall provide the Servicer with notice of any change to the Collection Account at least ten Business Days prior to any subsequent Remittance Date.

(b) Absent the occurrence of a Daily Remittance Event, the Issuer Share of Servicer CEA Receipts received by the Servicer and any interest earned thereon received on or subsequent to a Remittance Date shall be remitted by the Servicer to the Collection Account no later than the immediately following Remittance Date.

(c) Following the occurrence of a Daily Remittance Event, the Issuer Share of all Servicer CEA Receipts on deposit in the IESO Segregated Account and any interest earned thereon shall be remitted by the Servicer to the Collection Account on the second following Business Day.

3.7 Reimbursement of Servicer

The Issuer shall reimburse the Servicer for its direct costs relating to the performance by the Servicer of its duties and obligations hereunder and that are not otherwise recovered by the Servicer pursuant to sections 25.1(1) and 25.1(2) of the *Electricity Act, 1998*, which direct costs the IESO shall have no obligation to seek recovery for under sections 25.1(1) and 25.1(2) of the *Electricity Act, 1998*; provided, however, that this Section 3.7 shall not apply to any costs relating to the performance by the Servicer of its duties and obligations under the Act or the Regulations, including, for greater certainty the Servicer's obligations to pay monthly Carrying Costs.

3.8 Limits to Obligations

Notwithstanding anything to the contrary in this Agreement, the parties hereto agree that the duties, liabilities and obligations of IESO under this Agreement are limited as provided in this Section 3.8.

(a) IESO is not responsible for, or in respect of, any amounts not collected by Electricity Vendors from their customers or not remitted by Electricity Vendors to the Servicer.

(b) IESO is not responsible to confirm, verify or audit the amount of the Clean Energy Adjustment invoiced by Electricity Vendors or the Electricity Vendor CEA Collections collected by Electricity Vendors and reported to the IESO.

(c) IESO is not responsible for enforcing the obligations of Specified Consumers to pay, or the obligations of Electricity Vendors to invoice, collect or remit Clean Energy Adjustments or any other amounts, or to establish a segregated account into which Electricity Vendor CEA Collections are to be deposited, and IESO is under no obligation to initiate or prosecute any legal action relating to the collection of the Clean Energy Adjustments or the Issuer Investment Interest.

(d) IESO is not responsible or liable for the performance by Electricity Vendors of their duties and responsibilities under the Act or the Regulations including (i) the invoicing of Specified Consumers in respect of the Clean Energy Adjustment and ancillary matters related thereto; (ii) the collection from Specified Consumers of amounts due in respect of such invoices and the remittance of such payments to the Servicer; (iii) the accuracy of any information provided by the Electricity Vendors; and (iv) any reporting by the Electricity Vendors, including the reporting to the Servicer of the total CEA Consumer Invoice Amounts invoiced by such Electricity Vendor to its Specified Consumers in respect of the Clean Energy Adjustment, the total Electricity Vendor CEA Collections received by such Electricity Vendor and the Issuer Share of Electricity Vendor CEA Collections received by such Electricity Vendor and any other reporting in the Electricity Vendor Billing Period Report.

(e) IESO is under no responsibility or obligation to the Issuer with respect to the nature or extent of the Issuer Investment Interest, the collectability of the Issuer Share of Servicer CEA Receipts or that the Issuer Share of Servicer CEA Receipts will be sufficient to satisfy the Issuer's Funding Obligations.

(f) IESO may rely in good faith on the advice of counsel or on any document of any kind, prima facie properly executed and submitted by any Person, respecting any matters arising under this Agreement.

(g) IESO shall have no liability or responsibility to any Person in respect of any forecasts or other information provided pursuant to Section 3.2, provided only that such forecasts or other information has been prepared and provided in good faith.

(h) None of the directors, officers, employees or agents of IESO shall be liable to the Issuer or any other Person for any action taken or for refraining from the taking of any action pursuant to this Agreement or for good faith errors in judgment.

3.9 Servicing and Maintenance Standards

Subject to Section 3.8, the Servicer shall discharge its duties, responsibilities and obligations hereunder with reasonable care and in material compliance with the Requirements of Law, including the Act and the Regulations and, in doing so, shall follow standards, policies and procedures in performing its duties as Servicer hereunder that are customary for an electricity market operator and administrator that regularly performs settlement functions.

3.10 Appointments

The Servicer may at any time appoint OPG or any other Person to act as its agent to perform all or any portion of its obligations as Servicer hereunder; provided however, that in respect of the appointment of a Person other than OPG, the Rating Agency Condition shall have been satisfied in connection therewith; and provided further that the Servicer shall remain obligated and be liable for the performance of its obligations under this Agreement without diminution of such obligation and liability by virtue of the appointment of OPG or such other Person and to the same extent and under the same terms and conditions as if the Servicer alone were performing such obligations. The fees and expenses of OPG or any other such Person shall be as agreed between the Servicer and OPG or such other Person from time to time, and the Issuer shall not have any responsibility therefor or right or claim thereto. Any such appointment shall not constitute a resignation of the Servicer under Section 3.13.

3.11 Term

The Servicer's appointment as Servicer under this Agreement shall become effective as of the execution hereof and shall continue in full force and effect until the earlier of (a) the effective date of resignation of the Servicer in accordance with the provisions of this Agreement, (b) termination of all of the rights and obligations of the Servicer under Article 7, and (c) the date on which all Issuer Funding Obligations have been paid in full and all CEA Consumer Invoice Amounts have been received or written off (in each case, a "**Termination Event**"). The appointment of the Servicer as servicer under this Agreement shall be terminated effective as of the date of the Termination Event.

3.12 Mergers

Any Person (a) into which the Servicer may be merged, converted or amalgamated and that is a Permitted Successor, (b) that may result from any merger, conversion or amalgamation to which the Servicer shall be a party and that is a Permitted Successor, (c) that may succeed to the properties and assets of the Servicer substantially as a whole and that is a Permitted Successor, or (d) that otherwise is a Permitted Successor, which Person in any of the foregoing cases executes an agreement of assumption to perform all of the obligations of the Servicer hereunder, shall be the successor to the Servicer under this Agreement without further act on the part of any of the parties to this Agreement; provided, however, that (i) immediately

after giving effect to such transaction, no representation or warranty made pursuant to Section 4.1 shall have been breached and no Servicer Default and no event that, after notice or lapse of time, or both, would become a Servicer Default shall have occurred and be continuing, (ii) the Servicer shall have delivered to the Issuer an Officer's Certificate and an Opinion of Counsel from external counsel stating that such consolidation, conversion, merger or succession and such agreement of assumption complies with this Section 3.12 and that all conditions precedent, if any, provided for in this Agreement relating to such transaction have been complied with, and (iii) the Servicer shall have given to the Issuer and each Rating Agency prior written notice of such transaction. When any Person that is a Permitted Successor acquires the properties and assets of the Servicer substantially as a whole or otherwise becomes the successor, by merger, conversion, consolidation, sale, transfer, lease or otherwise, to all or substantially all the assets of the Servicer in accordance with the terms of this Section 3.12, then, upon satisfaction of all of the other conditions of this Section 3.12, the preceding Servicer shall automatically and without further notice be released from all of its obligations hereunder (except for responsibilities for its actions prior to such release).

3.13 The IESO Not to Resign as Servicer

Subject to the provisions of Section 3.12, the IESO shall not resign from the obligations and duties imposed on it as Servicer under this Agreement except upon a determination that the performance of its duties under this Agreement shall no longer be permissible under applicable Requirements of Law. Notice of any such determination permitting the resignation of the IESO as Servicer shall be communicated to the Issuer and each Rating Agency at the earliest practicable time (and, if such communication is not in writing, shall be confirmed in writing at the earliest practicable time), and any such determination shall be evidenced by an Opinion of Counsel to such effect delivered to the Issuer and each Rating Agency concurrently with or promptly after such notice. No such resignation shall become effective until a Successor Servicer that is a Permitted Successor has assumed the servicing obligations and duties hereunder of the Servicer in accordance with Section 7.2.

3.14 IESO Regulatory Obligation to Pay Carrying Costs

(a) The IESO acknowledges that it has an obligation pursuant to the Regulations to pay monthly Carrying Costs to the Issuer for the prescribed period set out in the Regulations (the "**Prescribed Period**") and agrees to comply with its obligations under the Regulations to pay and remit the Carrying Costs to the Issuer.

(b) On or before the 4th Business Day of each calendar month during the Prescribed Period, the Issuer shall prepare and deliver to the IESO a written statement substantially in the form of Exhibit ~~C~~**B** (a "**Monthly Carrying Costs Statement**") certifying the amount of the Carrying Costs expected to be incurred in the following calendar month ("**Monthly Carrying Costs**"). If requested by the IESO, the Issuer shall, in lieu of providing the Monthly Carrying Costs Statement, enter the amount of such expected Monthly Carrying Costs in the IESO operated portal, or such other similar facility operated by the IESO, and such entry shall be deemed to be a certification of the accuracy of the amount entered.

(c) On or before the 14th Business Day following receipt by the IESO of the Monthly Carrying Costs Statement, the IESO shall, as required under the Regulations, deliver or cause to be delivered to the Issuer, by wire transfer or electronic funds transfer in immediately available funds, an amount in Canadian dollars equal to the expected Monthly Carrying Costs certified by the Issuer in the applicable Monthly Carrying Costs Statement.

(d) To the extent that the expected Monthly Carrying Costs certified in a Monthly Carrying Costs Statement are less than or greater than the actual Monthly Carrying Costs incurred in respect of a calendar month, an adjustment shall be made to the expected Monthly Carrying Costs for the calendar month for which the first Monthly Carrying Costs Statement is issued after the amount of the discrepancy is determined **or any such overpayment shall be returned to the IESO**.

3.15 IESO Security for CEA Remittances

~~If required by the Issuer, the~~**The** IESO shall provide to the Issuer, on or prior to the first day of the first Billing Period when amounts are invoiced to Specified Consumers in respect of Clean Energy Adjustments, security for any failure of Non-Investment Grade Rated Electricity Vendors to remit their Electricity Vendor CEA Collections in the form of (x) a letter of credit with a term extending to the first day of the immediately following calendar year, or (y) a performance guarantee or such other form of security as may be acceptable to the Issuer and that satisfies the Rating Agency Condition.

The amount of security required by the IESO pursuant to this Section 3.15 will be calculated on an annual basis and will be equal to ~~the lesser of (i) $100 million and (ii)~~ the amount determined in accordance with the following formula**, or such other lower amount as may be proposed by the Servicer, is acceptable to the Issuer and satisfies the Rating Agency Condition**:

((A / B) x C x D / 365 x E)

where A, B, C, D and E are as follows:

A = for the most recent completed 12 month period for which information is available, as provided by the Servicer, the aggregate amount of energy consumed by Specified Consumers of all Non-Investment Grade Rated Electricity Vendors.

B = for the same 12 month period used for A, as provided by the Servicer, the aggregate amount of energy consumed by all Specified Consumers.

C = for the most current 12 month forecast period available, as provided by OPG, in its capacity as the Financial Services Manager under the Act, the Clean Energy Adjustment amounts estimated to be payable by all Specified Consumers.

D = 45, which represents an estimated number of days that total Clean Energy Adjustment amounts are expected to be held by Electricity Vendors, or such other number as

mutually agreed to in writing by the Issuer and the Servicer and that satisfies the Rating Agency Condition;

E = ~~[0.45]~~,**0.50,** or another value as mutually agreed to in writing by the Issuer and the Servicer and that satisfies the Rating Agency Condition.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES OF THE IESO

4.1 Representations and Warranties

Subject to Section 3.8, the IESO makes the following representations and warranties as of the date hereof and as of each applicable Closing Date, and the IESO acknowledges that the Issuer will rely thereon in paying the Purchase Price related to Transfers of Specified Portions of the Regulatory Asset, and the Issuer has relied thereon in entering into this Agreement relating to the servicing of the corresponding Investment Interests.

(a) Organization and Good Standing. The IESO is a statutory corporation amalgamated under the laws of the Province of Ontario, with requisite corporate power and authority to own its properties, to conduct its business as such properties are currently owned and such business is presently conducted by it.

(b) Due Qualification. The IESO has obtained all necessary licences and approvals, in all jurisdictions in which the ownership or lease of property or the conduct of its business (including acting as Servicer under this Agreement) shall require such licences or approvals, except where the failure to so qualify or obtain such licences and approvals would not be reasonably likely to have a material adverse effect on the IESO's business, operations, assets, revenues or properties, the Regulatory Asset or the servicing of related Investment Interests.

(c) Power and Authority. The IESO has the requisite corporate power and authority to execute and deliver this Agreement and to carry out its terms. The IESO has full corporate power and authority to hold the Regulatory Asset and to Transfer Specified Portions of the Regulatory Asset to the Issuer and the IESO has duly authorized such Transfer to the Issuer by all necessary corporate action. The execution, delivery and performance of all obligations under this Agreement have been duly authorized by all necessary corporate action on the part of the IESO under all applicable laws.

(d) Binding Obligation. This Agreement constitutes a legal, valid and binding obligation of the IESO, enforceable against the IESO in accordance with its terms, subject to bankruptcy, receivership, insolvency, reorganization, moratorium or

other laws affecting creditors' rights generally from time to time in effect and to general principles of equity (including concepts of materiality, reasonableness, good faith and fair dealing).

(e) No Violation. The consummation of the transactions contemplated by this Agreement and the fulfillment of the terms hereof by the IESO do not conflict with, result in any breach of any of the terms and provisions of, or constitute (with or without notice or lapse of time, or both) a default under, the IESO's by-laws, or any indenture, or other material agreement or instrument to which the IESO is a party or by which it is bound, result in the creation or imposition of any Lien upon any of the IESO's properties pursuant to the terms of any such indenture, agreement or other instrument or violate any existing law or any order, rule or regulation applicable to the IESO issued by any Governmental Authority having jurisdiction over the IESO or its properties, except, in each case, where such breach would not reasonably be expected to materially and adversely affect the performance by the IESO of its obligations under this Agreement or the Act or the validity or enforceability of this Agreement.

(f) No Proceedings. To the IESO's knowledge, except as disclosed in writing to the Issuer, there are no Proceedings pending or threatened against the IESO or its properties: (a) asserting the invalidity of this Agreement or the Act, (b) seeking to prevent the consummation of any of the transactions contemplated by this Agreement or the Act, or (c) seeking a determination or ruling that could reasonably be expected to materially and adversely affect the performance by the IESO of its obligations under this Agreement or the Act or the validity or enforceability of this Agreement.

(g) Approvals. No approvals, authorizations, consents, orders or other actions or filings with any Governmental Authority are required for the IESO to execute, deliver and perform its obligations under this Agreement except those which have previously been obtained or made.

(h) Information. Except in respect of information provided by a third party, all written information, as amended or supplemented from time to time, provided by the Transferor to the Issuer with respect to the Issuer in a Transfer Notice and a Monthly **Servicer** Report is true and correct in all material respects and does not omit any material fact.

(i) The Transfer. After the completion of the Transfer on the applicable Closing Date, the IESO will have no right, title or interest in the Investment Interest related to the Specified Portion of the Regulatory Asset as set forth in the applicable

Transfer Notice, and the related Investment Interest shall not form part of the estate of the IESO in the event of an Insolvency Event in respect of the IESO.

(j) No Transfer. Except for Permitted Transfers, the IESO has not sold, transferred, assigned or otherwise conveyed any interest in the Regulatory Asset to any Person.

(k) Liens. IESO has not pledged or otherwise granted a Lien to any Person in the Regulatory Asset and to the IESO's knowledge (after due inquiry), there is no registered financing statement listing the IESO as debtor covering or extending to the Regulatory Asset.

(l) Tax Liens. The IESO (i) is not aware, after due inquiry, of any judgment or tax lien filing against the IESO, and (ii) is not a non-resident of Canada for purposes of the *Income Tax Act* (Canada).

(m) Solvency. On the date hereof and after giving effect to each Transfer, the IESO:

(i) reasonably believes that it will be able to pay its debts as they come due; and

(ii) is able to pay its debts as they mature and does not intend to incur, or believes that it will not incur, indebtedness that it will not be able to repay at its maturity.

(n) No Court Order. There is no order by any court that seeks to enjoin the performance of any obligations of the IESO under the Act or this Agreement.

4.2 Survival

The representations and warranties set forth in Section 4.1 shall survive the execution and delivery of this Agreement, each Transfer of a Specified Portion of a Regulatory Asset to the Issuer and the pledge of the corresponding Investment Asset to the Indenture Trustee pursuant to the Indenture and may not be waived by any party hereto except pursuant to a written agreement executed in accordance with Section 8.1 and as to which the Rating Agency Condition has been satisfied.

ARTICLE 5
COVENANTS OF THE IESO

5.1 Existence

So long as any Issuer Funding Obligations are outstanding, the IESO (a) shall not take any action to impair its corporate existence, and (b) will obtain and preserve its qualification to do business in the Province of Ontario.

5.2 No Transfer or Liens

Except for Transfers under this Agreement to the Issuer or Permitted Transfers, the IESO will not Transfer the Regulatory Asset or any portion thereof to any person. The IESO will not grant, create, incur, assume or suffer to exist any Lien on the Regulatory Asset or any portion thereof. The IESO will not at any time assert any Lien against or with respect to the Issuer Investment Interest, except for any Lien granted by the Issuer to the IESO.

5.3 Notice of Liens

The IESO shall notify the Issuer promptly after becoming aware of any Lien on any portion of the Regulatory Asset.

5.4 Compliance with Law

The IESO will comply with all Requirements of Law applicable to, and binding upon, the IESO or relating to the Regulatory Asset, except to the extent that failure to so comply would not materially adversely affect the Transfer of Specified Portions of the Regulatory Asset or the IESO's performance of its obligations under this Agreement; provided, however, that the foregoing is not intended to, and shall not, impose any liability on the IESO for non-compliance with any Requirement of Law that the IESO is contesting in good faith in accordance with its customary standards and procedures.

5.5 Covenants Related to the Investment Interest

(a) So long as any Issuer Funding Obligations are outstanding, the IESO shall treat the Issuer Investment Interest as the Issuer's property for all purposes.

(b) Except for investments held for employee benefit purposes, the IESO shall not at any time become a holder of Issuer Funding Obligations.

(c) The IESO shall disclose the effects of all transactions between the IESO and the Issuer in accordance with generally accepted accounting principles (for government entities).

(d) (i) In all Proceedings relating directly or indirectly to the Issuer Investment Interest, the IESO shall affirmatively certify and confirm that it has Transferred all of its rights and interests in and to the Specified Portions of the Regulatory Asset giving rise to the Issuer Investment Interest, (ii) the IESO shall not make any statement or reference in respect of the Issuer Investment Interest that is inconsistent with the ownership interest of the Issuer, and (iii) the IESO shall not take any action in respect of the Issuer Investment Interest except solely in its capacity as the Servicer thereof pursuant to this Agreement.

5.6 Non-petition Covenants

Notwithstanding any prior termination of this Agreement or the Indenture, the IESO shall not, prior to the date that is one year plus one day after termination of the Indenture and the payment in full of all Issuer Funding Obligations and any other amounts owed under the Indenture, petition or otherwise invoke the process of any Governmental Authority for the purpose of commencing or sustaining a Proceeding against the Issuer under any Canadian bankruptcy, insolvency or similar law, appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official or any substantial part of the property of the Issuer.

5.7 Disclosure

The IESO shall provide such non-confidential information regarding IESO, the Regulatory Asset and the services provided by the Servicer hereunder (collectively, the "**IESO Disclosure**") as may be reasonably requested by the Issuer for inclusion in any offering document of the Issuer from time to time, including but not limited to offering memoranda, prospectuses, registration statements and continuous disclosure documents (the "**Offering Documents**"). Provided that the IESO has been given a reasonable opportunity by the Issuer to review any such Offering Documents and has provided its consent to the use of such IESO Disclosure, the IESO will represent that, except in respect of information provided by a third party, all IESO Disclosure, as at the respective dates of delivery to the Issuer, is true and correct in all material respects and contains no misrepresentation.

5.8 Further Assurances

Upon the request of the Issuer, the IESO shall execute and deliver such further instruments and do such further acts as may reasonably be necessary to carry out the provisions and purposes of this Agreement.

5.9 Access to Certain Records and Information

The IESO shall provide to the Issuer access to all records relating to the IESO Deferral, the Fair Hydro Variance Account, the IESO Segregated Account and Servicer CEA Receipts, as is reasonably required for the Issuer to confirm compliance by the IESO with its

obligations under this Agreement. Access shall be afforded without charge, but only upon reasonable request and during normal business hours at the offices of the IESO. Nothing in this Section 5.9 shall affect the obligation of the IESO to comply with any Requirement of Law prohibiting disclosure of information, and the failure of the IESO to provide access to such information as a result of such obligation shall not constitute a breach of this Section 5.9.

5.10 Maintenance of Operations

Subject to Section 3.12, the IESO agrees to continue, unless prevented by circumstances beyond its control, to operate as the electricity system operator in the Province of Ontario so long as it is acting as the Servicer under this Agreement.

ARTICLE 6
IESO INDEMNITIES

6.1 Liability of the IESO; Indemnities

(a) The IESO shall indemnify the Issuer and each of its trustees, officers, directors and employees (each, an "**Indemnified Party**"), for, and defend and hold harmless each such Person from and against, any and all liabilities, obligations, losses, damages, payments and claims, and reasonable costs or expenses, of any kind whatsoever (collectively, "**Indemnified Losses**") imposed on, incurred by or asserted against such Person, as a result of (i) the failure of the IESO to perform its covenants and other obligations under this Agreement or any other Program Agreement to which the IESO is a party; or (ii) the breach by the IESO of any of its representations or warranties under this Agreement or any other Program Agreement to which the IESO is a party and, except to the extent of Indemnified Losses resulting from the willful misconduct, bad faith or gross negligence of such Person, seeking indemnification hereunder; provided that, in each case, the IESO shall not be required to indemnify an Indemnified Party for any amount paid or payable by such Indemnified Party in the settlement of any Proceeding or investigation without the written consent of the IESO, which consent shall not be unreasonably withheld or delayed. Promptly after receipt by an Indemnified Party of notice of the commencement of any Proceeding or investigation, such Indemnified Party shall, if a claim in respect thereof is to be made against the IESO under this Section 6.1(a), notify the IESO in writing of the commencement thereof. Failure by an Indemnified Party to so notify the IESO shall relieve the IESO from the obligation to indemnify and hold harmless such Indemnified Party under this Section 6.1(a) only to the extent that the IESO suffers actual prejudice as a result of such failure. With respect to any Proceeding or investigation brought by a third party for which indemnification may be sought under this Section

6.1(a), the IESO shall be entitled to conduct and control, at its expense and with counsel of its choosing that is reasonably satisfactory to such Indemnified Party, the defence of any such Proceeding or investigation (in which case the IESO shall not thereafter be responsible for the fees and expenses of any separate counsel retained by the Indemnified Party except as set forth below); provided, that the Indemnified Party shall have the right to participate in such Proceeding or investigation through counsel chosen by it and at its own expense. Notwithstanding the IESO's election to assume the defence of any Proceeding or investigation, the Indemnified Party shall have the right to employ separate counsel, and the IESO shall bear the reasonable fees, costs and expenses of such separate counsel, if (i) the defendants in any such action include both the Indemnified Party and the IESO and the Indemnified Party shall have reasonably concluded that there may be legal defences available to it that are different from or additional to those available to the IESO, (ii) the IESO shall not have employed counsel reasonably satisfactory to the Indemnified Party to represent the Indemnified Party within a reasonable time after notice of the institution of such action, (iii) the Indemnified Party shall have been advised by counsel to the Indemnified Party that there may be a conflict of interest between the IESO and the Indemnified Party, or (iv) the IESO authorizes the Indemnified Party to employ separate counsel at the expense of the IESO. Notwithstanding the foregoing, the IESO shall not be obligated to pay for the fees, costs and expenses of more than one separate counsel for the Indemnified Parties other than one local counsel, if appropriate. The IESO will not, without the prior written consent of the Indemnified Party, settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim or Proceeding in respect of which indemnification may be sought under this Section 6.1(a) (whether or not the Indemnified Party is an actual or potential party to such claim or action) unless such settlement, compromise or consent includes an unconditional release of the Indemnified Party from all liability arising out of such claim or Proceeding.

(b) For purposes of Section 6.1(a), in the event of the termination of the rights and obligations of the IESO (or any successor thereto pursuant to Section 3.12) as Servicer pursuant to Section 7.1, or a resignation by such Servicer pursuant to Section 3.13 of this Agreement, the IESO shall be deemed to be the Servicer pending appointment of a Successor Servicer pursuant to Section 7.2.

(c) Indemnification under Section 6.1(a) shall survive any repeal of, modification of, or supplement to, or judicial invalidation of, the Act and shall survive the termination of this Agreement and will rank *pari passu* with other general, unsecured obligations of the IESO.

(d) Notwithstanding anything contained in this Agreement, it is expressly understood that the IESO is not agreeing to indemnify or hold the Issuer or any Indemnified Party harmless with respect to any of the following:

(i) any losses resulting from any breach or failure to perform by the IESO caused by a breach or failure to perform on the part of any other third party

under any Program Agreement, the Act or the Regulations; provided that this Section 6.1(d)(i) shall not apply to limit the liability of the IESO in respect of any appointments as provided for in Section 3.10;

(ii) any losses resulting from changes in law after the date hereof, whether such changes in law are effected by means of any legislative enactment or any final and non-appealable judicial decision; or

(iii) any liability of the Issuer or any Indemnified Party incurred after the termination of this Agreement unless attributable to the actions or omissions of the IESO prior to such termination.

(e) The parties hereto agree that the IESO is not providing any representations, warranties or covenants in this Agreement, and shall have no liability to the Issuer or any Indemnified Party, with respect to the Clean Energy Adjustment amounts being sufficient to satisfy the Issuer Funding Obligations.

ARTICLE 7
SERVICER DEFAULT

7.1 Servicer Default

If any one or more of the following events (each, a "**Servicer Default**") shall occur and be continuing:

(a) any failure by the Servicer to remit to the Collection Account any required remittance that shall continue unremedied for a period of three Business Days after written notice of such failure is received by the Servicer from the Issuer or after discovery of such failure by a Responsible Officer of the Servicer;

(b) any failure on the part of the Servicer or, so long as the Servicer is the IESO, any failure on the part of the IESO, as the case may be, duly to observe or to perform in any respect any covenants or agreements of the Servicer or the IESO, as the case may be, set forth in this Agreement or in any other Program Agreement to which it is a party (other than as provided in Section 7.1(a)), which failure shall (i) materially and adversely affect the rights of the Specified Creditors and (ii) continue unremedied for a period of 30 days after the date on which (A) written notice of such failure, requiring the same to be remedied, shall have been given to the Servicer or the IESO, as the case may be, by the Issuer or (B) such failure is discovered by a Responsible Officer of the Servicer;

(c) any representation or warranty made by the Servicer in this Agreement, any other Program Agreement to which it is a party, any Transfer Notice or any Monthly **Servicer** Report shall prove to have been incorrect when made, which has a material adverse effect on the Issuer and which remains unremedied for a period

of 30 days after the date on which (i) written notice thereof, requiring the same to be remedied, shall have been delivered to the Servicer by the Issuer or (ii) such failure is discovered by a Responsible Officer of the Servicer;

(d) an Insolvency Event occurs with respect to the Servicer or the IESO; or

(e) any additional "Servicer Default" as specified in any Co-Owner Agreement occurs;

then, and in each and every case, the Issuer may, subject to the terms of any Co-Owner Agreement, by notice then given in writing to the Servicer (a "**Termination Notice**"), terminate all the rights and obligations (other than the obligations set forth in Section 6.1 and the obligation under Section 7.2 to continue performing its functions as Servicer until a Successor Servicer is appointed) of the Servicer under this Agreement and under the Co-Owner Agreement. In addition, upon a Servicer Default described in Section 7.1(a), Issuer shall be entitled to apply to a court of appropriate jurisdiction for an order for sequestration and payment of revenues arising with respect to the Issuer. On or after the receipt by the Servicer of a Termination Notice, all authority and power of the Servicer under this Agreement, whether with respect to the Investment Interest, the Clean Energy Adjustments or otherwise, shall, without further action, pass to and be vested in such Successor Servicer as may be appointed under Section 7.2; and, without limitation, the Issuer is hereby authorized and empowered to execute and deliver, on behalf of the predecessor Servicer, as attorney-in-fact or otherwise, any and all documents and other instruments, and to do or accomplish all other acts or things necessary or appropriate to effect the purposes of such Termination Notice, whether to complete the transfer of all documents and records related to the Regulatory Asset, the Fair Hydro Variance Account and related documents or records, or otherwise (the "**Records**"). The predecessor Servicer shall cooperate with the Successor Servicer and the Issuer in effecting the termination of the responsibilities and rights of the predecessor Servicer under this Agreement, including the transfer to the Successor Servicer for administration by it of all Records and all cash amounts that shall at the time be held by the predecessor Servicer for remittance, or shall thereafter be received by it with respect to the Investment Interest or the Clean Energy Adjustment. As soon as practicable after receipt by the Servicer of such Termination Notice, the Servicer shall deliver the Records to the Successor Servicer. If a Successor Servicer has been appointed as a result of a Servicer Default, all reasonable costs and expenses (including reasonable legal fees and expenses) incurred in connection with transferring the Records to the Successor Servicer and amending this Agreement and any Co-Owner Agreement to reflect such succession as Servicer pursuant to this Section 7.1 shall be paid by the predecessor Servicer upon presentation of reasonable documentation of such costs and expenses. Termination of the IESO as Servicer shall not terminate the IESO's rights or obligations under this Agreement (except rights thereunder deriving from its rights as the Servicer hereunder).

7.2 Appointment of Successor Servicer

(a) Upon the Servicer's receipt of a Termination Notice pursuant to Section 7.1 or the Servicer's resignation or removal in accordance with the terms of this Agreement, the predecessor Servicer shall continue to perform its functions as Servicer under this Agreement, until a Successor Servicer shall have assumed in writing the

obligations of the Servicer hereunder as described below. In the event of the Servicer's removal or resignation hereunder, the Issuer may, but subject to the provisions of the applicable Co-Owner Agreement, appoint a Successor Servicer and the Successor Servicer shall accept its appointment by a written assumption in form reasonably acceptable to the Issuer. If, within 30 days after the delivery of the Termination Notice, a Successor Servicer shall not have been appointed, the Issuer may petition a court of competent jurisdiction to appoint a Successor Servicer under this Agreement. A Person shall qualify as a Successor Servicer only if (i) such Person is permitted under the Act to perform the duties of the Servicer, (ii) the Rating Agency Condition shall have been satisfied with respect to such appointment, (iii) such Person enters into a master transfer and servicing agreement with the Issuer having substantially the same provisions as this Agreement and (iv) such Person agrees to perform the obligations of the Servicer under any Co-Owner Agreement. In no event shall the Issuer be liable for its appointment of a Successor Servicer..

(b) Upon appointment, the Successor Servicer shall be the successor in all respects to the predecessor Servicer and shall be subject to all the responsibilities, duties and liabilities arising thereafter placed on the predecessor Servicer and shall be entitled to all the rights granted to the predecessor Servicer by the terms and provisions of this Agreement.

7.3 Waiver of Past Defaults

The Issuer may waive in writing any default by the Servicer in the performance of its obligations hereunder and its consequences, subject to satisfaction of the Rating Agency Condition in respect of any waiver of a material default by the Servicer, and with prompt written notice of any waiver to be provided to the Rating Agencies. Upon any such waiver of a past default, such default shall cease to exist, and any Servicer Default arising therefrom shall be deemed to have been remedied for every purpose of this Agreement. No such waiver shall extend to any subsequent or other default or impair any right consequent thereto.

7.4 Notice of Servicer Default

The Servicer shall deliver to the Issuer and each Rating Agency, promptly after having obtained knowledge thereof, but in no event later than five Business Days thereafter, written notice of any event that, with the giving of notice or lapse of time, or both, would become a Servicer Default under Section 7.1.

7.5 Cooperation with Successor Servicer

The Servicer covenants and agrees with the Issuer that it will, on an ongoing basis, cooperate with the Successor Servicer and provide whatever information is, and take whatever actions are, reasonably necessary to assist the Successor Servicer in performing its obligations hereunder.

ARTICLE 8
MISCELLANEOUS

8.1 Amendment

This Agreement may be amended in writing by the IESO and the Issuer, and with satisfaction of the Rating Agency Condition, such satisfaction to be confirmed by the Issuer at the time of such amendment. Promptly after the execution of any such amendment, the Issuer shall furnish copies of such amendment to each of the Rating Agencies.

8.2 Withholding Rights

The parties shall be entitled to deduct and withhold from amounts payable under this Agreement such amounts as each is required to deduct and withhold with respect to such payment under the *Income Tax Act* (Canada) or any provision of any applicable federal, provincial, territorial, state, local or foreign tax law. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes as having been paid to the recipient of the payment in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted in accordance with applicable law to the appropriate taxing authority.

8.3 No Partnership

Each party expressly disclaims any intention to create a partnership, and none of the Issuer or the IESO will be deemed to be carrying on business in partnership by reason of its execution and delivery of this Agreement or the exercise or performance by it of its respective rights and obligations hereunder.

8.4 Notices

Any notice, report or other communication given hereunder shall be in writing and shall be effective (a) upon receipt when sent through the mails, registered or certified mail, return receipt requested, postage prepaid, with such receipt to be effective the date of delivery indicated on the return receipt, (b) upon receipt when sent by an overnight courier, (c) on the date personally delivered to an authorized officer of the party to which sent, or (d) on the date transmitted by electronic transmission with a confirmation of receipt in all cases, addressed as follows:

(a) in the case of the IESO, in its capacity as Transferor or Servicer:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, Ontario M5H 1T1

Attention: Chief Financial Officer, General Counsel and Associate General Counsel
Email: **Kim.Marshall@ieso.ca**
General.Counsel@ieso.ca
Michael.Boll@ieso.ca

(b) in the case of the Issuer or the Manager (on behalf of the Issuer):

Fair Hydro Trust
c/o Ontario Power Generation Inc., as Manager
700 University Avenue
Toronto, Ontario
M5G 1X6

Attention: **FHT@opg.com**
Email: **Vice President, Fair Hydro Plan**

Each party hereto may, by notice given in accordance herewith to the other party or parties hereto, designate any further or different address to which subsequent notices, reports and other communications shall be sent. Any notice, report or communication required to be given by the IESO hereunder to a Rating Agency shall be given to the address provided by the Issuer from time to time.

8.5 Assignment

Notwithstanding anything to the contrary contained herein, except as provided in the provisions of this Agreement concerning the resignation of the Servicer, this Agreement may not be assigned by the IESO.

8.6 Limitations on Rights of Third Parties

The provisions of this Agreement are solely for the benefit of the IESO and the Issuer, and such Persons shall have the right to enforce the relevant provisions of this Agreement. Nothing in this Agreement, whether express or implied, shall be construed to give to any other Person any legal or equitable right, remedy or claim in the Issuer Investment Interest or under or in respect of this Agreement or any covenants, conditions or provisions contained herein.

8.7 Severability

Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remainder of such provision (if any) or the remaining provisions hereof (unless such construction shall be unreasonable), and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

8.8 Separate Counterparts; Electronic Delivery

This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of this Agreement by such party.

8.9 Governing Law

This Agreement shall be construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein, and each party to this Agreement attorns to the non-exclusive jurisdiction of the courts of the Province of Ontario.

8.10 Grant of Security Interest to Indenture Trustee

The IESO hereby acknowledges and consents to the grant of a Lien by the Issuer to the Indenture Trustee pursuant to the Indenture for the benefit of the Specified Creditors against all right, title and interest of the Issuer in, to and under this Agreement, the Investment Interest and the proceeds thereof and the assignment of any or all of the Issuer's rights hereunder to the Indenture Trustee for the benefit of the Specified Creditors. The IESO further acknowledges and agrees that, pursuant to the terms of the Indenture, if the Issuer fails to exercise any of its rights under this Agreement, including any right to be indemnified by the IESO for Indemnified Losses pursuant to Article 6 of this Agreement, the Indenture Trustee shall be entitled, subject to the terms of the Indenture, to enforce such rights against the IESO directly on the Issuer's behalf.

8.11 Limitation of Liability of the Issuer Trustee

(a) It is expressly understood and agreed by the parties hereto that the Issuer Trustee is acting solely in its capacity as trustee of the Issuer, and not in any other capacity. The Issuer solely shall be responsible for the performance of the Issuer's obligations hereunder and the assets of the Issuer solely shall be subject to levy or execution in satisfaction of such obligations.

(b) The Issuer Trustee will not be subject to any liability whatsoever, in tort, in contract or otherwise, in connection with the Issuer's property or the Issuer's activities, to the Issuer's beneficiaries or to any other Person, for any action taken or permitted by the Issuer Trustee to be taken, or the Issuer Trustee's failure to compel in any way any former or acting Issuer Trustee to redress any breach of trust with respect to the execution of the duties of its office or in respect of the Issuer's property or the Issuer's activities, provided that the foregoing limitation will not apply in respect of action or failure to act arising from or in connection with dishonesty, bad faith, willful misconduct, gross negligence or reckless disregard of a duty by the Issuer Trustee. The Issuer Trustee, in doing anything or permitting anything to be done in respect of the execution of the duties of its office or in respect of the Issuer's property or the Issuer's activities, is, and will be conclusively deemed to be, acting as trustee of the Issuer and not in any other capacity. Except as to the extent provided in this Section 8.11, the Issuer Trustee will not be subject to any liability for any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Issuer, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the execution of the duties of its office or for or in respect of the Issuer's property or the Issuer's activities and resort will be had solely to the Issuer's property for the payment or performance thereof. No property or assets of the Issuer Trustee owned in its personal capacity will be subject to levy, execution or other enforcement procedure with regard to any obligation under this Agreement.

(c) The holders of the units of the Issuer will not be subject to any liability whatsoever, in tort, in contract or otherwise, in connection with the Issuer's property or the Issuer's activities, to the Issuer's beneficiaries or to any other Person, for any action taken or permitted by it to be taken. The holders of the units of the Issuer will not be subject to any liability for any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Issuer, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the execution of the duties of its office or for or in respect of the Issuer's property or the Issuer's activities and resort will be had solely to the Issuer's property for the payment or performance thereof. No property or assets of the holders of the units of the Issuer owned in their personal capacity will be subject to levy, execution or other enforcement procedure with regard to any obligation under this Agreement.

8.12 Waivers

Any term or provision of this Agreement may be waived, or the time for its performance may be extended, by the party or parties entitled to the benefit thereof, subject to the satisfaction of the Rating Agency Condition in respect of any material waiver. Any such waiver shall be validly and sufficiently authorized for the purposes of this Agreement if, as to any party, it is authorized in writing by an authorized representative of such party, with prompt written notice of any such waiver to be provided to the Rating Agencies. The failure of any party hereto

to enforce at any time any provision of this Agreement shall not be construed to be a waiver of such provision, nor in any way to affect the validity of this Agreement or any part hereof or the right of any party thereafter to enforce each and every such provision. No waiver of any breach of this Agreement shall be held to constitute a waiver of any other or subsequent breach.

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective officers as of the day and year first above written.

FAIR HYDRO TRUST, by its Manager,
ONTARIO POWER GENERATION INC.

By:
Name:
Title:

By:
Name:
Title:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Transferor and Servicer

By:
Name:
Title:

By:
Name:
Title:

EXHIBIT A

FORM OF TRANSFER NOTICE

See attached

TRANSFER NOTICE

TO: Fair Hydro Trust
c/o Ontario Power Generation Inc., as Manager
700 University Avenue
Toronto, Ontario
M5G 1X6

Attention: ■
Email: ■

This Transfer Notice is delivered to you pursuant to Section 2.1 of a master transfer and servicing agreement made as of December ■, 2017 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "**Master Transfer and Servicing Agreement**") between **FAIR HYDRO TRUST**, a trust formed under the laws of the Province of Ontario (the "**Issuer**"), the **INDEPENDENT ELECTRICITY SYSTEM OPERATOR** ("**Transferor**" in its capacity as transferor, "**Servicer**", in its capacity as servicer, and "**IESO**" in its capacity as both Transferor and Servicer), a statutory corporation without share capital amalgamated under the laws of the Province of Ontario. All capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed to such terms in the Master Transfer and Servicing Agreement.

The Transferor hereby gives notice to the Issuer of its offer to transfer to the Issuer on the Closing Date set out below, the Specified Portion of the Regulatory Asset referred to below, all in accordance with the terms and conditions of the Master Transfer and Servicing Agreement. In consideration for (i) the Transferor's Transfer to the Issuer of the Specified Portion of the Regulatory Asset referred to below, the Issuer shall deliver or cause to be delivered to the Transferor on the Closing Date set out below, by wire transfer or electronic funds transfer in immediately available funds, an amount in Canadian dollars equal to the Purchase Price set out below.

Upon receipt by the Transferor of the Purchase Price on the Closing Date the Transferor shall reduce the balance of the Fair Hydro Variance Account by an amount equal to the Purchase Price, and the Regulatory Asset shall be adjusted accordingly.

Specified portion of Regulatory Asset: $■

Purchase Price: $■

Closing Date: ■

The Transferor hereby represents, warrants and confirms that:

(i) each of the representations and warranties on the part of the Transferor contained in the Master Transfer and Servicing Agreement are true and correct in all respects on the date hereof as if made on the date hereof;

(ii) the Transferor is not in breach of any of its covenants in the Master Transfer and Servicing Agreement; [and

(iii) since the date of the last Transfer Notice there has been no change to the information described in Section 2.2(a)(i)(A) of the Master Transfer and Servicing Agreement;] and

(iv) as of the date hereof, each condition precedent that must be satisfied by the Transferor under Section 2.2 of the Master Transfer and Servicing Agreement is capable of being satisfied prior to Closing Date.

[Note: If the representation and warranty in clause (iii) cannot be made, it should be deleted and a new certificate provided under Section 2.2(a)(i)(A).]

The closing shall take place at ■ (Toronto time) on the Closing Date referred to above at the offices of ■, except as may be otherwise mutually agreed. The Purchase Price shall be paid on that date by wire transfer or electronic funds transfer to [insert IESO bank account details].

DATED this ■ day of ■, 20■.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Transferor

By:
Name:
Title:

By: _____
Name:
Title:

The undersigned hereby accepts the foregoing offer.

DATED this ■ day of ■, 20■.

FAIR HYDRO TRUST, by its Manager,
ONTARIO POWER GENERATION INC.

By:
Name:
Title:

By: _____
Name:
Title:

~~FORM OF MONTHLY REPORT[NTD: form to be settled]EXHIBIT C~~FORM OF MONTHLY CARRYING COSTS STATEMENT

See Attached

MONTHLY CARRYING COSTS STATEMENT

TO: INDEPENDENT ELECTRICITY SYSTEM OPERATOR
[Address]

Attention: ■
Email: ■

Reference is made to the master transfer and servicing agreement made as of December ■, 2017 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "**Master Transfer and Servicing Agreement**") between **FAIR HYDRO TRUST**, a trust formed under the laws of the Province of Ontario (the "**Issuer**") and the **INDEPENDENT ELECTRICITY SYSTEM OPERATOR** ("**Transferor**" in its capacity as transferor, "**Servicer**", in its capacity as servicer, and "**IESO**" in its capacity as both Transferor and Servicer), a statutory corporation without share capital amalgamated under the laws of the Province of Ontario. Capitalized terms used but not defined in this Monthly Carrying Costs Statement have their respective meanings as set forth in the Master Transfer and Servicing Agreement.

Pursuant to Section 3.14 of the Master Transfer and Servicing Agreement, the undersigned hereby certifies that the Monthly Carrying Costs (including any adjustments pursuant to Section 3.14(d)) in respect of the calendar month of ■, ■ are expected to be as follows:

[Provide breakdown, including any adjustments pursuant to Section 3.14(d)]

In accordance with Section 3.14(c) of the Master Transfer and Servicing Agreement, the undersigned hereby directs you to deliver to the Issuer, by wire transfer or electronic funds transfer to the account set forth below, an amount in Canadian dollars equal to the Monthly Carrying Costs set forth above on or before ■, 20■, and this shall be your good and valid authority for so doing.

[NTD: Wire transfer instructions to be provided by OPG.]

DATED this ■ day of ■, 20■.

FAIR HYDRO TRUST, by its Manager, **ONTARIO POWER GENERATION INC.**

By: _____
Name:
Title:

By: _____
Name:
Title:

Document comparison by Workshare Compare on December-14-17 5:00:22 PM

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Moved from	4
Moved to	4
Style change	0
Format changed	0
Total changes	219

DRAFT: DECEMBER ~~1,~~14, 2017

SECURITY AGREEMENT

THIS AGREEMENT made as of the ____ day of ~~_____~~**December**, 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital established by the *Electricity Act, 1998*, SO, 1998,

(hereinafter referred to as the "**Grantor**"),

IN FAVOUR OF:

FAIR HYDRO TRUST, a trust formed under the laws of the Province of Ontario,

(hereinafter referred to as the "**Secured Party**"),

WHEREAS under Regulation 206/17 made under the *Ontario Fair Hydro Plan Act, 2017* (the "**Regulation**"), the Grantor is required to pay to the Secured Party the Carrying Costs of the Secured Party during the period beginning on April 1, 2017 and ending on June 30, 2021 (the "**Statutory Obligation**");

AND WHEREAS the Grantor (together with the Secured Party, collectively referred to as the "**Parties**") has agreed to enter into a security agreement in favour of the Secured Party to secure payment of the Statutory Obligation;

NOW THEREFORE THIS AGREEMENT WITNESSES that, for and in consideration of the premises, mutual covenants and conditions herein contained and such other lawful and valuable consideration the receipt of sufficiency of which is hereby acknowledged, the Parties hereby agree as follows:

1. INTERPRETATION

1.1 Defined Terms

In this Agreement, unless there is something in the context or subject matter inconsistent therewith,

(a) "**Account**" shall have the meaning attributed to such term in the PPSA;

(b) "**Business Day**" means any day other than a Saturday or a Sunday on which banks generally are open for business in Toronto, Ontario;

(c) "**Carrying Costs**" shall have the meaning attributed to the term "carrying costs" in the Regulation;

(d) "**Collateral**" shall have the meaning attributed to such term in Section 2.1;

(e) "**Electricity Vendor**" shall mean a licensed distributor and a licensed retailer, each as defined in the *Ontario Fair Hydro Plan Act, 2017*;

(f) "**Indenture**" means the master trust indenture dated as of the date hereof between the Secured Party and BNY Trust Company of Canada, as indenture trustee;

(g) "**Money**" shall have the meaning attributed to such term in the PPSA;

(h) "**Permitted Liens**" means liens approved in writing by the Secured Party;

(i) "**PPSA**" means the *Personal Property Security Act* (Ontario), as amended from time to time, and any regulations thereto;

(j) "**Proceeds**" means "proceeds", as defined in the PPSA, of the Collateral;

(k) **"Receiver"** shall have the meaning attributed to such term in Section 6.2 of this Agreement;

(l) "**Rating Agency Condition**" shall have the meaning attributed to such term in the Indenture;

(m) "**Rating Agency**" shall have the meaning attributed to such term in the Indenture;

(n) "**Regulation**" shall have the meaning attributed to such term in the recitals hereto; and

(o) "**Statutory Obligation**" shall have the meaning attributed to such term in the recitals hereto.

1.2 Other Usages

References to "this Agreement", "hereof", "herein", "hereto" and like references refer to this Security Agreement and not to any particular Article, Section or other subdivision of this Agreement.

1.3 Plural and Singular

Where the context so requires, the words importing the singular number shall include the plural and vice versa.

1.4 Headings

The division of this Agreement into Articles and Sections and the insertion of headings in this Agreement are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

1.5 Applicable Law

This Agreement and all documents delivered pursuant hereto shall be governed by and construed and interpreted in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein and the Parties do hereby attorn to the non-exclusive jurisdiction of the courts of the Province of Ontario.

1.6 Prohibited Provisions

In the event that any provision or any part of any provision hereof is deemed to be invalid by reason of the operation of any law or by reason of the interpretation placed thereon by a court, this Agreement shall be construed as not containing such provision or such part of such provision and the invalidity of such provision or such part shall not affect the validity of any other provision or the remainder of such provision hereof, and all other provisions hereof which are otherwise lawful and valid shall remain in full force and effect.

1.7 Time of the Essence

Time shall in all respects be of the essence of this Agreement.

1.8 Recitals and Schedules

Each and every one of the recitals and schedules which are referred to in this Agreement and attached to this Agreement shall form an integral part of this Agreement.

2. SECURITY INTEREST

2.1 Grant of Security Interest

As general and continuing security for the payment of the Statutory Obligation, the Grantor hereby grants a security interest to the Secured Party in the following (collectively, the "**Collateral**"):

(a) all Accounts, which are now due, owing or accruing or growing due to, or which may hereafter become due, owing or accruing or growing due, to the Grantor by an Electricity Vendor;

(b) all Proceeds and renewals of the foregoing, in whatever form, together with all substitutions therefore.

Whenever used elsewhere in this Agreement, the expression "**security interest**" refers to the security interest created in this Section 2.1.

2.2 Attachment of Security Interest

The Grantor acknowledges and agrees that (i) value has been given, (ii) the Grantor has rights in such of the Collateral as constitutes present property of the Grantor, and (iii) the security interest shall attach to existing Collateral upon execution of this Agreement by the Grantor and to each item of after-acquired Collateral at the time that the Grantor acquires any rights therein.

3. COVENANTS OF THE GRANTOR

3.1 Covenants

The Grantor hereby covenants and agrees with the Secured Party as follows:

(a) To promptly pay all taxes, assessments, rates, levies, payroll deductions, vacation pay, workers' compensation assessments, and any other charges which could result in the creation of a statutory lien or deemed trust in respect of the Collateral.

(b) To defend the Collateral against the claims and demands of all other persons claiming the same or an interest therein and to promptly notify the Secured Party of any such claim or demand.

(c) To do, make, execute and deliver such further and other assignments, transfers, deeds, agreements and other documents as may be required by the Secured Party to establish in favour of the Secured Party the security interest intended to be created hereby.

3.2 Performance of Covenants by the Secured Party

The Secured Party may, in its sole discretion and upon notice to and at the expense of the Grantor, perform any covenant of the Grantor under this Agreement that the Grantor fails to perform and that the Secured Party is capable of performing, provided that the Secured Party will not be obligated to perform any such covenant on behalf of the Grantor and no such performance by the Secured Party will require the Secured Party further to perform the Grantor's covenants nor operate as a derogation of the rights and remedies of the Secured Party under this Agreement.

4. DEALING WITH COLLATERAL

4.1 Grantor's Rights

Until the Secured Party is entitled to exercise its rights and remedies under Section 6.2, the Grantor shall be entitled to deal with the Collateral in the ordinary course of business, provided however, that no such action shall be taken which would impair the effectiveness of the security interests created hereby, the provisions of this Agreement or any other written agreement between the Secured Party and the Grantor.

4.2 General Restrictions

The Grantor shall not, without the prior written consent of the Secured Party:

(a) sell, lease or otherwise dispose of the Collateral or any part thereof except in the ordinary course of business; or

(b) enter into or grant, create, assume or suffer to exist any mortgage, charge, hypothec, assignment, pledge, lien or other security interest or encumbrance affecting any of the Collateral except the Permitted Liens.

4.3 Release by the Secured Party

The Secured Party may, at its discretion, at any time release from the security interest created by this Agreement any part or parts of the Collateral or any other security or any surety for the Statutory Obligation either with or without sufficient consideration therefor without thereby releasing any other part of the Collateral or any person from this Agreement.

5. REPRESENTATIONS AND WARRANTIES

5.1 Representations and Warranties

The Grantor hereby represents and warrants to the Secured Party, the matters set out below:

(a) **Incorporation and Qualifications** – The Grantor is a statutory corporation amalgamated under the laws of the Province of Ontario, with requisite power and authority to own its properties, to conduct its business as such properties are currently owned and such business is presently conducted by it, and to execute, deliver and carry out the terms of this Agreement.

(b) **Corporate Authority and Power** – The Grantor has the requisite power and authority to execute and deliver this Agreement and to carry out its terms. The execution, delivery and performance of all obligations under this Agreement have been duly authorized by all necessary action on the part of the Grantor under all applicable laws.

(c) **Non-Conflict** – Neither the execution nor the performance of this Agreement requires the approval of any regulatory agency having jurisdiction over the Grantor nor is this Agreement in contravention of or in conflict with the by-laws or resolutions of the directors or shareholders of the Grantor or of the provisions of any agreement to which the Grantor is a party or by which any of its property may be bound or of any statute, regulation, by-law, ordinance or other law, or to the best of its knowledge of any judgement, decree, award, ruling or order to which the Grantor or any of its property may be subject, other than approvals that have been obtained.

(d) **Ownership of Collateral Free of Liens** – The Grantor is the owner of or has rights in the existing Collateral free and clear of any liens other than Permitted Liens.

(e) **Grantor Information** – Schedule A sets forth (a) the Grantor's jurisdiction of incorporation, (b) the location of the Grantor's registered office and business operations and records, and (c) the Grantor's exact legal name (in English and French).

(f) **Enforceability** – This Agreement constitutes a valid and legally binding obligation of the Grantor enforceable against it in accordance with its terms, subject to general equitable principles, including the fact that the availability of equitable remedies, such as injunctive relief and specific performance, is in the discretion of the court.

5.2 Reliance and Survival

All representations and warranties of the Grantor made in this Agreement shall survive the execution and delivery of this Agreement and shall continue in full force and effect without time limit. The Secured Party shall be deemed to have relied upon each such representation and warranty notwithstanding any investigation made by or on behalf of the Secured Party at any time.

6. ENFORCEMENT

6.1 Enforceability of Security

The security hereby constituted shall become enforceable only upon the failure of the Grantor to pay the Statutory Obligations when due, and then only to the extent of the Statutory Obligations not then paid when due. The Grantor acknowledges that it has no right in any circumstance to accelerate payment of the Statutory Obligations, to apply proceeds of Collateral on account of Statutory Obligations not yet due, or to reserve or hold proceeds of Collateral on account of Statutory Obligations not yet due.

6.2 Remedies

At any time that the security hereby constituted shall have become enforceable, the Secured Party may give notice of its intention to its exercise rights and remedies hereunder. At any time ten Business Days following the giving of such notice, and unless the amounts due and owing on account of the carrying Costs at the time of the Notice have been paid, the Secured Party shall have the following rights, powers and remedies:

(a) to appoint any person to be an agent or any person to be a receiver, manager or receiver and manager (herein called the "**Receiver**") of the Collateral and to remove any Receiver so appointed and to appoint another if the Secured Party so desires; it being agreed that any Receiver appointed pursuant to the provisions of this Agreement shall have all of the powers of the Secured Party hereunder;

(b) to make payments to parties having prior charges or encumbrances on the Collateral;

(c) to preserve, protect and maintain the Collateral;

(d) to enjoy and exercise all powers necessary or incidental to the performance of all functions provided for in this Agreement;

(e) to sell or dispose of all or any part of the Collateral whether by public or private sale or otherwise and on any terms so long as every aspect of the disposition is commercially reasonable, including without limitation, terms that provide time for payment on credit;

(f) to enjoy and exercise in respect of the Collateral all of the rights and remedies of a secured party under the PPSA;

(g) to notify the account debtors or obligors under any Accounts which constitute part of the Collateral of the assignment of such Accounts to the Secured Party and to direct such account debtors or obligors to make payment of all amounts due or to become due to the Grantor thereunder directly to the Secured Party and to give valid and binding receipts and discharges therefor and in respect thereof and, upon such notification and at the expense of the Grantor, to enforce collection of any such Accounts, and to adjust, settle or compromise the amount or payment thereof, in the same manner and to the same extent as the Grantor might have done; and

(h) to commence, continue or defend proceedings in any court of competent jurisdiction in the name of the Secured Party, the Receiver or the Grantor for the purpose of exercising any of the rights, powers and remedies set out in this Section, including the institution of proceedings for the appointment of a receiver, manager or receiver and manager of the Collateral.

6.3 Special Rules re Accounts

At any time that the Secured Party is entitled to exercise its rights and remedies under Section 6.2,

(a) all Money or other form of payment received by the Grantor in respect of the Collateral shall be received in trust for the benefit of the Secured Party hereunder, shall be segregated from other funds of the Grantor and shall be forthwith paid over to the Secured Party in the same form as so received (with any necessary endorsement) to be held as cash collateral and applied as provided by Section 6.8; and

(b) the Grantor shall not adjust, settle or compromise the amount or payment of any Collateral.

6.4 Receiver as Agent

The Receiver shall be deemed to be the agent of the Grantor for the purpose of establishing liability for the acts or omissions of the Receiver and the Secured Party shall not be liable for such acts or omissions and, without restricting the generality of the foregoing, the Grantor hereby irrevocably authorizes the Secured Party to give instructions to the Receiver relating to the performance of its duties as set out herein.

6.5 Expenses of Enforcement

The Grantor shall pay to the Receiver the remuneration of the Receiver and all costs and expenses (including, without limitation, legal fees and disbursements on a full indemnity basis) properly incurred by the Receiver pursuant to its appointment and the exercise of its powers hereunder, and shall pay to the Secured Party and the Receiver as required all amounts of Money (including interest thereon) borrowed or advanced by either of them pursuant to the powers set out herein, and the obligations of the Grantor to the Secured Party and the Receiver pursuant to this Section 6.5 shall be payable on demand.

6.6 Indulgences and Releases

Either the Secured Party or the Receiver may grant extensions of time and other indulgences, take and give up securities, accept compositions, grant releases and discharges, release any part of the Collateral to third parties and otherwise deal with the Grantor, debtors of the Grantor, sureties and others and with the Collateral and other security as the Secured Party or the Receiver may see fit without prejudice to the right of the Secured Party and the Receiver to repossess, hold, collect and realize the Collateral.

6.7 No Liability for Failure to Exercise Remedies

The Secured Party and the Receiver shall not be liable or accountable to the Grantor or to any other person for any failure to exercise any of the rights, powers and remedies set out in this Agreement, and shall not be bound to commence, continue or defend proceedings for the purpose of preserving or protecting any rights of the Secured Party, the Receiver, the Grantor or any other party in respect of the same.

6.8 Proceeds of Disposition

All Moneys received by the Secured Party or by the Receiver pursuant to Section 6.2 shall be promptly applied as follows:

(a) first, in payment of all costs and expenses incurred by the Secured Party in the exercise of all or any of the powers granted to it under this Agreement and in payment of all of the remuneration of the Receiver and all costs and expenses properly incurred by the Receiver in the exercise of all or any of the powers granted to it under this Agreement, including, without limitation, the remuneration, costs and expenses referred to in Section 6.5;

(b) second, in payment of all amounts of Money borrowed or advanced by either of the Secured Party or the Receiver pursuant to the powers set out in this Agreement and any interest thereon;

(c) third, in payment of the Statutory Obligation, provided that if there are not sufficient Moneys to fully pay and perform the Statutory Obligation, the Secured Party may apply the Moneys available to such part or parts thereof as the Secured Party, in its sole discretion, may determine; and

(d) fourth, in payment of any surplus in accordance with applicable law.

6.9 Grantor Liable for Deficiency

If the Moneys received by the Secured Party or the Receiver pursuant to Section 6.2 are not sufficient to pay the claims set out in Section 6.8, the Grantor shall immediately pay the Secured Party the amount of such deficiency.

6.10 Restriction on Grantor

Upon notification of the account debtors or obligors under any Accounts which constitute part of the Collateral of the assignment of such Accounts to the Secured Party or the appointment of a Receiver in respect of the Collateral, all the powers, functions, rights and privileges of the Grantor or any officer, director, servant or agent of the Grantor with respect to the Collateral shall, to the extent permitted by applicable law, be suspended unless specifically continued by the written consent of the Secured Party; however, all other powers, functions, rights and privileges of the Grantor or any officer, director, servant or agent of the Grantor shall be unaffected by such events.

6.11 Rights Cumulative

All rights and remedies of the Secured Party set out in this Agreement shall be cumulative and no right or remedy contained herein is intended to be exclusive but each shall be in addition to every other right or remedy contained herein or in any existing or future security document or now or hereafter existing at law or in equity or by statute.

7. GENERAL

7.1 Waiver

Any default by the Grantor in the observance or performance of any covenant or condition required to be observed or performed by the Grantor hereunder, may only be waived by the Secured Party in writing, provided that (i) no such waiver by the Secured Party shall extend to or be taken in any manner to affect any subsequent breach or default or the rights resulting therefrom, (ii) the Rating Agency Condition is satisfied in respect of any waiver of a material default by the Grantor and (iii) prompt written notice of any waiver is provided to each Rating Agency.

7.2 The Secured Party as Attorney

At any time that the Secured Party is entitled to exercise its rights and remedies under Section 6.2, the Grantor hereby irrevocably appoints the Secured Party and any person further designated by the Secured Party to be the attorney of the Grantor for and in the name of the Grantor to execute and do any deeds, documents, transfers, demands, assignments, assurances, consents and things which the Grantor is obliged to sign, execute or do hereunder and, to commence, continue and defend any proceedings authorized to be taken hereunder and generally to use the name of the Grantor in the exercise of all or any of the powers hereby conferred on the Secured Party. These powers are coupled with an interest, have been given for valuable consideration (the receipt and adequacy of which is acknowledged), survive, and do not terminate upon, the bankruptcy, dissolution, winding up or insolvency of the Grantor, and are irrevocable until the Statutory Obligation has been satisfied in full and this Agreement is terminated and the security interest created herein has been released. This power of attorney extends to and is binding upon the Grantor's successors and permitted assigns. The Grantor authorizes the Secured Party to delegate in writing to another person any power and authority of the Secured Party under this power of attorney as may be necessary or desirable in the opinion of the Secured Party, and to revoke or suspend such delegation.

7.3 Further Assurances

The Grantor shall do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, such further acts, deeds, mortgages, transfers and assurances as the Secured Party shall reasonably require for the better assuring, charging, assigning and conferring unto the Secured Party a security interest in the Collateral, or which the Grantor may hereafter become bound to charge in favour of the Secured Party, for the purpose of accomplishing and effecting the intention of this Agreement.

7.4 Amalgamation of the Grantor

The Grantor acknowledges and agrees that in the event that it amalgamates with any other persons, then (i) the Collateral and the security interest shall extend to and include all of the property and undertaking that any of the amalgamating corporations then owns, all of the property and undertaking that the amalgamated corporation thereafter acquires, all of the property and undertaking in which any of the amalgamating corporations then has any interest, and all of the property and undertaking in which the amalgamated corporation thereafter acquires any interest, and (ii) all references herein to the Grantor shall extend to and include the amalgamated corporation.

7.5 Continuing Security

The security interest constituted hereby shall be deemed to be a continuing security for the Statutory Obligation until the Statutory Obligation is paid and performed in full.

7.6 Notices

All notices and other communications provided for herein shall be in writing and shall be personally delivered to an officer or other responsible employee of the addressee or sent by facsimile, charges prepaid, at or to the applicable address or facsimile number, as the case may be, of the party set opposite its name below or at or to such other address or addresses or facsimile number or numbers as either party may from time to time designate to the other party in such manner. Any communication which is personally delivered as aforesaid shall be deemed to have been validly and effectively given on the date of such delivery if such date is a Business Day and such delivery was made during normal business hours of the recipient; otherwise, it shall be deemed to have been validly and effectively given on the Business Day next following such date of delivery. Any communication which is transmitted by facsimile as aforesaid shall be deemed to have been validly and effectively given on the date of transmission if such date is a Business Day and such transmission was made during normal business hours of the recipient; otherwise, it shall be deemed to have been validly and effectively given on the Business Day next following such date of transmission.

In the case of the Grantor:

Independent Electricity System Operator
~~[Address]~~**120 Adelaide Street West, Suite 1600**
Toronto, Ontario
M5H 1T1

Attention: ~~■~~
~~Email:~~ ~~■~~
~~Facsimile:~~ ~~■~~**Chief Financial Officer, General Counsel and Associate General Counsel**
Email: **Kim.Marshall@ieso.ca**
General.Counsel@ieso.ca
Michael.Boll@ieso.ca

In the case of the Secured Party:

Fair Hydro Trust
c/o Ontario Power Generation Inc., as Manager
700 University Avenue
Toronto, Ontario
M5G 1X6

Attention: ~~■~~**Vice President, Fair Hydro Plan**
Email: ~~■~~
~~Facsimile:~~ ~~■~~**FHT@opg.com**

7.7 Assignment

The Secured Party may from time to time upon notice to, but without the consent of, the Grantor and each Rating Agency, assign or transfer this Agreement to any other person. The Grantor shall not be entitled to assign or transfer this Agreement or any of the Grantor's rights, duties or obligations hereunder without the prior written consent of the Secured Party.

7.8 Successors and Assigns

This Agreement shall enure to the benefit of the Secured Party and its successors and assigns and shall be binding upon the Grantor and its successors and permitted assigns.

7.9 Amendments

This Agreement may not be amended or otherwise modified except by an instrument in writing executed by the Parties, subject to the satisfaction of the Rating Agency Condition in respect of any material amendment or modification, and with prompt written notice of any amendment or modification to be provided to each Rating Agency.

7.10 Entire Agreement

This Agreement and the agreements referred to herein and any document, agreement or instrument delivered pursuant to such agreements constitute the entire agreement between the Parties and supersede any prior agreements, undertakings, declarations, representations and undertakings, both written and verbal, in respect of the subject matter hereof.

7.11 Receipt of Agreement and Financing Statement.

The Grantor hereby acknowledges receipt of an executed copy of this Agreement and of the financing statement registered under the PPSA evidencing the security interest created hereby.

7.12 Counterpart

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same instrument, and it shall not be necessary in making proof of this Agreement to produce or account for more than one such counterpart.

7.13 Delivery by Facsimile or Electronic Transmission

This Agreement may be executed and delivered by facsimile or electronic transmission and each of the Parties may rely on such facsimile or electronic signature as though such facsimile signature were an original signature.

[NEXT PAGE IS SIGNATURE PAGE]

IN WITNESS WHEREOF the Parties have duly executed this Agreement as of the date first written above.

FAIR HYDRO TRUST, by its Manager, **ONTARIO POWER GENERATION INC., as Secured Party**

By:
Name:
Title:

By:
Name:
Title:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR as Grantor

By:
Name:
Title:

By:
Name:
Title:

SCHEDULE A

GRANTOR INFORMATION

1. Grantor's exact legal name:

Independent Electricity System Operator
~~[French]~~

Société indépendante d'exploitation du réseau d'électricité

2. Grantor's jurisdiction of incorporation:

Ontario

3. **Grantor's registered office address:**

120 Adelaide Street West, Suite 1600
Toronto, Ontario
M5H 1T1

4. Location of Grantor's business operations and records:

120 Adelaide Street West, Suite 1600
Toronto, Ontario
M5H 1T1

2635 Lakeshore Road West
Mississauga, Ontario
L5J 4T5

2265 Upper Middle Road East
Oakville, Ontario
L6H 0G5

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Deletions	13
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	41

FAIR HYDRO TRUST

as Issuer

AND

BNY TRUST COMPANY OF CANADA

as Indenture Trustee

TRUST INDENTURE

DATED AS OF DECEMBER [21], 2017

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Schedule A	**—**	**Defined Terms**
Exhibit 1	**—**	**~~Form~~Forms of Payment ~~Instructions~~Instruction**
Exhibit 2	**—**	**Form of Refinancing Notice**
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Exhibit 4	**—**	**Form of Request for Specified Creditor Information**
Exhibit 5	**—**	**Form of Cancellation Notice**
Exhibit 6	**—**	**Forms of Certification**

This **TRUST INDENTURE**, between **COMPUTERSHARE TRUST COMPANY OF CANADA** in its capacity as trustee of **FAIR HYDRO TRUST**, a trust formed under the laws of the Province of Ontario (the "**Issuer**"), and **BNY TRUST COMPANY OF CANADA**, a trust company existing under the laws of Canada, in its capacity as Indenture Trustee (the "**Indenture Trustee**"), is made and entered into as of [■]**December [21]**, 2017.

RECITALS OF THE ISSUER

The Issuer wishes to provide for the incurrence of Issuer Funding Obligations in one or more Classes, Series or Tranches.

All things necessary to make this Indenture a valid and legally binding agreement of the Issuer, in accordance with its terms, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Definitions

For all purposes of this Indenture and of any Supplemental Indenture, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms defined in Schedule A have the meanings assigned to them in Schedule A, and include the plural as well as the singular;

(b) all accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles (including the International Financial Reporting Standards published by the International Accounting Standards Board or the Accounting Standards Certification published by the Financial Accounting Standards Board (US GAAP)) and, except as otherwise herein expressly provided, the term "generally accepted accounting principles" with respect to any computation required or permitted hereunder means such accounting principles as are generally accepted in Canada or the United States at the date of such computation;

(c) unless the context otherwise requires, terms defined in the PPSA and not otherwise defined in this Indenture or a Supplemental Indenture shall have the meanings set forth in the PPSA;

(d) references to an agreement shall mean such agreement, as amended, modified, restated and supplemented from time to time in accordance with the provisions hereof;

(e) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(f) references to any law, rule, regulation or order of a Governmental Authority shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(g) references to any statute shall include all regulations promulgated thereunder;

(h) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(i) all references in this Indenture to designated "Articles", "Sections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Schedules, Exhibits and other subdivisions of this Indenture as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision;

(j) "including" and words of similar import will be deemed to be followed by "without limitation";

(k) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding"; and

(l) references to a specific rating by a Rating Agency shall mean such rating or the equivalent rating if such Rating Agency changes its rating scale.

1.02 Compliance Certificates and Opinions

Upon any application or request by the Issuer to the Indenture Trustee to take any action under any provision of this Indenture, the Issuer will furnish to the Indenture Trustee (i) an Issuer's Certificate stating that all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with, and (ii) an Opinion of Counsel stating that, in the opinion of such counsel, all such conditions precedent, if any, have been complied with, except that in the case of any such application or request as to which the furnishing of such documents are specifically required by any provision of this Indenture relating to such particular application or request, no additional certificate or opinion need be furnished.

The Indenture Trustee may rely, as to authorization by the Issuer of any Series or Tranche of Notes, the form and terms thereof and the legality, validity, binding effect and enforceability thereof, upon the Opinion of Counsel and the other documents delivered pursuant to Article V and this Section 1.02, as applicable, in connection with the authentication of Notes of such Series or Tranche.

Every certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture (except for the written statement required by Section 13.10) will include:

(a) a statement that each individual signing such certificate or opinion has read such covenant or condition and the definitions herein relating thereto;

(b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(c) a statement that such individual has made such examination or investigation as is necessary to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(d) a statement as to whether, in the opinion of each such individual, such condition or covenant has been complied with.

1.03 Form of Documents Delivered to Indenture Trustee

In any case where several matters are required to be certified by, or covered by an opinion of, one or more specified Persons, one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to the other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

Any certificate or opinion of the Issuer may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless the Issuer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations are erroneous. Any such certificate or opinion of, or representation by, counsel may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, the Issuer stating that the information with respect to such factual matters is in the possession of the Issuer, unless such counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations are erroneous.

Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

1.04 Actions by Noteholders

(a) Any request, demand, authorization, direction, notice, consent, resolution, waiver or other action (collectively, an "**Action**") provided by this Indenture to be given or taken by Noteholders of any Class, Series or Tranche may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Noteholders in person or by an agent duly appointed in writing. In addition, any Action provided by this Indenture to be given or taken by such Noteholders may, alternatively, be embodied in and evidenced by the record of such Noteholders voting in favor thereof, either in person or by proxies duly appointed

in writing, at any meeting of Noteholders duly called and held in accordance with the provisions of Article X or a combination of such instruments and any such record. Except as herein otherwise expressly provided, such Action will become effective when such instrument or instruments or record are delivered to the Indenture Trustee, and, where it is hereby expressly required, to the Issuer. Proof of execution of any such instrument or of a writing appointing any such agent, or the holding by any Person of a Note, will be sufficient for any purpose of this Indenture and (subject to Section 9.01) conclusive in favor of the Indenture Trustee and the Issuer, if made in the manner provided in this Section 1.04. The record of any meeting of Noteholders shall be proved in the manner provided in Article X.

(b) The fact and date of the execution of any such instrument or writing, or the authority of the person executing the same, may be proved in any manner which the Indenture Trustee deems sufficient.

(c) (i) The ownership of Registered Notes will be proved by the Note Register.

(ii) The ownership of Bearer Notes or coupons will be proved by the production of such Bearer Notes or coupons or by a certificate, satisfactory to the Issuer and the Indenture Trustee, executed, as depositary, by any bank, trust company, recognized securities dealer, as depositary, wherever situated, satisfactory to the Issuer. Each such certificate will be dated and will state that on the date thereof a Bearer Note or coupon bearing a specified serial number was deposited with or exhibited to such bank, trust company or recognized securities dealer by the Person named in such certificate. Any such certificate may be issued in respect of one or more Bearer Notes or coupons specified therein. The holding by the Person named in any such certificate of any Bearer Note specified therein will be presumed to continue for a period of one year from the date of such certificate unless at the time of any determination of such holding (A) another certificate bearing a later date is issued in respect of the same Bearer Note or coupon produced, (B) the Bearer Note or coupon specified in such certificate is produced by some other Person or (C) the Bearer Note or coupon specified in such certificate has ceased to be Outstanding.

(d) The fact and date of execution of any such instrument or writing, the authority of the Person executing the same and the principal amount and serial numbers of Bearer Notes held by the Person so executing such instrument or writing and the date of holding the same may also be proved in any other manner which the Indenture Trustee deems sufficient; and the Indenture Trustee may in any instance require further proof with respect to any of the matters referred to in this Section 1.04.

(e) If the Issuer will solicit from the Noteholders any Action, the Issuer may, at its option, by an Issuer Certificate, fix in advance a record date for the determination of Noteholders entitled to give such Action, but the Issuer will have no obligation

to do so. If the Issuer does not so fix a record date, such record date will be the later of 30 days before the first solicitation of such Action or the date of the most recent list of Noteholders furnished to the Indenture Trustee pursuant to Section 13.13 before such solicitation. Such Action may be given before or after the record date, but only the Noteholders of record at the close of business on the record date will be deemed to be Noteholders for the purposes of determining whether Noteholders of the requisite proportion of Outstanding Notes have authorized or agreed or consented to such Action, and for that purpose the Outstanding Notes will be computed as of the record date; provided that no such authorization, agreement or consent by the Noteholders on the record date will be deemed effective unless it will become effective pursuant to the provisions of this Indenture not later than **six (**6**)** months after the record date.

(f) Any Action by a Noteholder will bind the holder of every Note issued upon the transfer thereof or in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Indenture Trustee or the Issuer in reliance thereon whether or not notation of such Action is made upon such Note.

(g) Without limiting the foregoing, a Noteholder entitled hereunder to take any Action hereunder with regard to any particular Note may do so with regard to all or any part of the principal amount of such Note or by one or more duly appointed agents each of which may do so pursuant to such appointment with regard to all or any part of such principal amount. Any notice given or Action taken by a Noteholder or its agents with regard to different parts of such principal amount pursuant to this paragraph shall have the same effect as if given or taken by separate Noteholders of each such different part.

(h) Without limiting the generality of the foregoing, unless otherwise specified pursuant to one or more Supplemental Indentures, a Noteholder, including a Depository that is the holder of a Global Note, may make, give or take, by a proxy or proxies duly appointed in writing, any Action provided in this Indenture to be made, given or taken by Noteholders, and a Depository that is the holder of a Global Note may provide its proxy or proxies to the beneficial owners of interests in or security entitlements to any such Global Note through such Depository's standing instructions and customary practices.

(i) The Issuer may fix a record date for the purpose of determining the Persons who are beneficial owners of interests in or security entitlements to any Global Note held by a Depository entitled under the procedures of such Depository to make, give or take, by a proxy or proxies duly appointed in writing, any Action provided in this Indenture to be made, given or taken by Noteholders. If such a record date is fixed, the Noteholders on such record date or their duly appointed proxy or proxies, and only such Persons, shall be entitled to make, give or take such Action, whether or not such Noteholders remain Noteholders after such record date. No such Action shall be valid or effective if made, given or taken more than six **(6)** months after such record date.

1.05 Actions of Lenders

Any Action provided by this Indenture to be given or taken by any Lender or group of Lenders may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Lender(s) in person or an agent duly appointed in writing. Proof of execution of any such instrument or of a writing appointing any such agent will be sufficient for any purpose of this Indenture and (subject to Section 9.01) conclusive in favour of the Indenture Trustee and the Issuer, if made in the manner provided in Section 1.04(b).

1.06 Effect of Headings and Table of Contents

The Article and Section headings herein and the Table of Contents are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Indenture by the Issuer will bind its successors and assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee in this Indenture shall bind its successors, co-trustees and agents of the Indenture Trustee.

1.08 Severability

In case any provision in this Indenture or in the Notes will be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions will not in any way be affected or impaired thereby.

1.09 Governing Law

THIS INDENTURE WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS. EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS INDENTURE. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS INDENTURE.

1.10 Counterparts

This Indenture may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument.

1.11 Indenture Referred to in the Declaration of Trust and the Master Transfer and Servicing Agreement

This is the Indenture referred to in the Declaration of Trust and the Master Transfer and Servicing Agreement.

1.12 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, in each case on a day other than a Business Day, then (notwithstanding any other provision of the Notes or this Indenture) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.13 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Indenture that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Indenture or the Notes, and (ii) the rates of interest stipulated in this Indenture or the Notes are intended to be nominal rates and not effective rates or yields.

1.14 Currency

Unless stated otherwise, all amounts herein are stated in Dollars.

1.15 References to Acts of the Issuer

For greater certainty, where any reference is made in this Indenture, or in any other instrument executed pursuant hereto or contemplated hereby to which the Issuer or the Issuer Trustee, as trustee of the Issuer, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Issuer) by or with respect to (i) the Issuer or (ii) the Issuer Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Issuer) by or with respect to, the Issuer Trustee as trustee of the Issuer.

1.16 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in this Indenture), it is necessary to convert any amount due under this Indenture from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Issuer in respect of any Original Currency due from it to the Indenture Trustee under this Indenture shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Indenture in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Issuer shall indemnify the Indenture Trustee against such loss.

(b) The term "**rate of exchange**" in this Section 1.16 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

1.17 Obligations in a Foreign Currency

Unless otherwise specified in a Related Funding Obligation Agreement with respect to a particular Series or Tranche of Issuer Funding Obligations, whenever for purposes of this Indenture any Action may be taken by the Debtholders of a specified percentage of Outstanding Dollar Principal Amount of Issuer Funding Obligations and, at such time, there are outstanding Issuer Funding Obligations of any relevant Series which are denominated in a Foreign Currency, then the principal amount of the Issuer Funding Obligations of such Series which shall be deemed to be outstanding for the purpose of taking such Action shall be the amount of Dollars which could be obtained for such principal amount at the Market Exchange Rate on the applicable Record Date, or if no such Record Date shall have been established, on the date that the taking of such Action shall be authorized by Debtholders of the applicable Series.

ARTICLE II
COLLATERAL

2.01 Security for Obligations Secured

As security for the due payment of all Obligations Secured including, without limitation, all principal of and interest, if any, on the Notes from time to time issued and certified under this

Indenture and on any Borrowings, and the performance by the Issuer of all of the obligations of the Issuer in relation thereto, the Issuer hereby:

(a) mortgages, charges, pledges, grants, transfers, assigns, hypothecates and sets over unto the Indenture Trustee, for the benefit and security of the applicable Specified Creditors and the Indenture Trustee, in its individual capacity, as and by way of a fixed and specific mortgage, assignment, pledge, hypothec and charge and grants to the Indenture Trustee for the benefit and security of the applicable Specified Creditors and the Indenture Trustee, in its individual capacity, a security interest in all of its right, title and interest, whether now owned or hereafter acquired, in and to the following:

(i) the Issuer Investment Interest;

(ii) each Issuer Account (including all Sub-Accounts of each Issuer Account);

(iii) all Eligible Investments and all investment property, money and other property held in the Issuer Accounts (including any Sub-Accounts of each Issuer Account);

(iv) all rights, benefits and powers of the Issuer under any Program Agreement;

(v) all rights, benefits and powers of the Issuer under the Act;

(vi) all present and future claims, demands, causes of and choses in action in respect of any of the foregoing and all interest, principal, payments and distributions of any nature or type on any of the foregoing;

(vii) all accounts, general intangibles, chattel paper, instruments, documents, goods, money, investment property, deposit accounts, letters of credit and letter-of-credit rights consisting of, arising from, or relating to any of the foregoing;

(viii) all debts, accounts, claims, monies and choses in action due or to become due with respect to all of the foregoing and also all securities, bills, notes, evidences of deposits of money, and other documents now held or owned or which may be hereafter taken, held or owned by the Issuer, or anyone on behalf of the Issuer, and all renewals thereof, accretions thereto, substitutions therefor and all interest, income and revenue arising therefrom or by virtue thereof;

(ix) all amounts received with respect to all of the foregoing; and

(x) all proceeds of the foregoing; and

(b) mortgages, charges, pledges, grants, transfers, assigns, hypothecates and sets over unto the Indenture Trustee, for the benefit and security of the Specified Creditors and the Indenture Trustee, in its individual capacity, a floating charge over, and

grants to the Indenture Trustee for the benefit and security of the Specified Creditors and the Indenture Trustee, in its individual capacity, a security interest in all of the property, assets and undertaking now owned or hereafter acquired by the Issuer.

The property described in the preceding sentence is collectively referred to as the "**Collateral**".

The Indenture Trustee acknowledges the grant of such Security Interest, and accepts the Collateral in trust hereunder in accordance with the provisions hereof and agrees to perform the duties herein such that the interests of the Specified Creditors may be adequately and effectively protected.

To have and to hold the Collateral and all rights hereby conferred unto the Indenture Trustee, its successors and assigns forever but in trust nevertheless for the benefit of the Specified Creditors, including the Indenture Trustee, in its individual capacity, and for the uses and purposes and subject to the terms and conditions herein set forth.

The Issuer acknowledges that value has been given and that the security granted shall attach and be effective on the date of execution of this Indenture and when the Issuer has rights in the Collateral, whether or not the monies and the Notes or any other evidence of Obligations Secured or any part thereof hereby secured or intended to be hereby secured shall be advanced or issued before or after or upon the date of the execution of this Indenture.

2.02 Recording, Etc.

(a) The Issuer intends the Security Interest granted pursuant to this Indenture in favor of the Indenture Trustee to be prior to all other Liens in respect of the Collateral. The Issuer will take all actions necessary to maintain a perfected Lien on the Collateral in favor of the Indenture Trustee.

(b) The Indenture Trustee shall hold each item of the Collateral separate and apart from all other property held by the Indenture Trustee.

(c) The Issuer will from time to time execute, authorize and deliver all such supplements and amendments hereto and all such financing statements, amendments thereto, instruments of further assurance and other instruments, all as prepared by the Issuer, and will take such other action necessary or advisable to:

(i) grant the Security Interest more effectively in all or any portion of the Collateral;

(ii) maintain or preserve the Security Interest (and the priority thereof) or carry out more effectively the purposes hereof;

(iii) perfect, publish notice of or protect the validity of any grant made or to be made by this Indenture;

(iv) enforce its rights under the Investment Asset, any Program Agreement to which it is a party and each other instrument or agreement designated for inclusion in the Collateral;

(v) preserve and defend title to the Collateral and the rights of the Indenture Trustee in the Collateral against the claims of all Persons; or

(vi) pay all Taxes levied or assessed upon the Collateral when due.

(d) The Issuer will from time to time promptly pay and discharge all PPSA recording and filing fees, charges and Taxes relating to this Indenture, any amendments hereto and any other instruments of further assurance.

(e) Without limiting the generality of subsection 2.02(c) or (d):

(i) The Issuer will cause this Indenture, all amendments and supplements hereto and all financing statements and all amendments to such financing statements and any other necessary documents covering the Indenture Trustee's right, title and interest in and to the Collateral to be promptly recorded, registered and filed, and at all times to be kept recorded, registered and filed, all in such manner and in such places as may be required by applicable law to fully preserve and protect the right, title and interest of the Indenture Trustee in and to all property comprising the Collateral. The Issuer will deliver to the Indenture Trustee file-stamped copies of, or filing receipts for, any document recorded, registered or filed as provided above, as soon as available following such recording, registration or filing. The Issuer hereby authorizes the filing of financing statements (and amendments of financing statements) that name the Issuer as debtor and the Indenture Trustee as secured party and that cover all personal property of the Issuer. The Issuer also hereby ratifies the filing of any such financing statements (or amendments of financing statements) that were filed prior to the execution hereof.

(ii) The Issuer shall not change its name, its jurisdiction of formation or its type of organization unless it has provided the Indenture Trustee **and each Rating Agency** with 30 days prior written notice and it has first (A) made all filings and taken all actions in all relevant jurisdictions under the PPSA and other applicable law as are necessary to continue and maintain the first priority perfected Security Interest of the Indenture Trustee in the Collateral, and (B) delivered to the Indenture Trustee **(with a copy to each Rating Agency)** an Opinion of Counsel to the effect that all necessary filings have been made under the PPSA (and where applicable, the equivalent thereof) in all relevant jurisdictions as are necessary to continue and maintain the first priority perfected Security Interest of the Indenture Trustee in the Collateral.

2.03 Use of Collateral

Subject to the express terms of this Indenture, until the Issuer Funding Obligations have become due and payable pursuant to Section 8.02, the Issuer will be permitted to possess and use the Collateral in connection with the activities of the Issuer, including, without limitation, the right to (a) exercise all of its rights and perform all of its obligations under each Program Agreement without consultation with or the consent of the Indenture Trustee, and (b) use the funds in any Issuer Account for any purpose not in violation of this Indenture or the Program Agreements.

2.04 Suits to Protect the Collateral

Subject to the provisions of this Indenture, the Indenture Trustee will have the power to institute and to maintain such suits and proceedings as it may deem expedient to prevent any impairment of the Collateral by any acts which may be unlawful or in violation of this Indenture, and such suits and proceedings as the Indenture Trustee may deem expedient to preserve or protect the interests of the Specified Creditors and the interests of the Indenture Trustee in the Collateral (including the power to institute and maintain suits or proceedings to restrain the enforcement of, or compliance with, any legislative or other governmental enactment, rule or order that may be unconstitutional or otherwise invalid if the enforcement of, or compliance with, such enactment, rule or order would impair the Security Interest or be prejudicial to the interests of the Specified Creditors or the Indenture Trustee).

2.05 Purchaser Protected

In no event will any purchaser in good faith of any property purported to be released hereunder be bound to ascertain the authority of the Indenture Trustee to execute the release or to inquire as to the satisfaction of any conditions required by the provisions hereof for the exercise of such authority or to see to the application of any consideration given by such purchaser or other transferee; nor will any purchaser or other transferee of any property or rights permitted by this Article II to be sold be under any obligation to ascertain or inquire into the authority of the Issuer to make any such sale or other transfer.

2.06 Powers Exercisable by Receiver or Indenture Trustee

In case the Collateral shall be in the possession of a receiver or trustee lawfully appointed, the powers conferred in this Article II upon the Issuer with respect to the release, sale or other disposition of such property may be exercised by such receiver or trustee, and an instrument signed by such receiver or trustee shall be deemed the equivalent of any similar instrument of the Issuer or of any officer or officers thereof required by the provisions of this Article II.

2.07 Determinations Relating to Collateral

In the event (i) the Indenture Trustee shall receive any written request from the Issuer for consent or approval with respect to any matter or thing relating to any Collateral or the Issuer's obligations with respect thereto, (ii) there shall be due to or from the Indenture Trustee under the provisions hereof any performance or the delivery of any instrument, or (iii) the Indenture Trustee shall become aware of any nonperformance by the Issuer of any covenant or any breach

of any representation or warranty of the Issuer set forth in this Indenture, then, in each such event, the Indenture Trustee shall be entitled to hire experts, consultants, agents and attorneys to advise the Indenture Trustee on the manner in which the Indenture Trustee should respond to such request or render any requested performance or response to such nonperformance or breach (the expenses of which will be reimbursed to the Indenture Trustee pursuant to Section 9.05). The Indenture Trustee will be fully protected in the taking of any action recommended or approved by any such expert, consultant, agent or attorney, or agreed to by Extraordinary Resolution.

2.08 Satisfaction and Discharge of Indenture

(a) The Issuer may at any time, for the purpose of obtaining the satisfaction and discharge of this Indenture with respect to any Class, Series or Tranche of Issuer Funding Obligations or for any other purpose, pay, or by an Issuer Certificate direct any Paying Agent to pay, to the Indenture Trustee all sums held in trust by the Issuer or such Paying Agent in respect of each and every Class, Series or Tranche of Issuer Funding Obligations as to which it seeks to discharge this Indenture or, if for any other purpose, all sums so held in trust by the Issuer in respect of all Issuer Funding Obligations, such sums to be held by the Indenture Trustee upon the same trusts as those upon which such sums were held by the Issuer or such Paying Agent; and, upon such payment by any Paying Agent to the Indenture Trustee, such Paying Agent will be released from all further liability with respect to such money.

(b) This Indenture will cease to be of further effect with respect to any Class, Series or Tranche of Issuer Funding Obligations (except as to any surviving rights of transfer or exchange of Notes of that Class, Series or Tranche expressly provided for herein or in any form of Note for that Class, Series or Tranche), and the Indenture Trustee, on demand of and at the expense of the Issuer, will execute proper instruments acknowledging satisfaction and discharge of this Indenture as to that Class, Series or Tranche, when:

(i) (A) in the case of Notes, all Notes of that Class, Series or Tranche theretofore Outstanding (other than (x) Notes of that Class, Series or Tranche which have been destroyed, lost or stolen and which have been replaced or paid as provided in Section 16.05(b), and (y) Notes of that Class, Series or Tranche for whose payment money has theretofore been deposited in trust or segregated and held in trust by the Issuer and thereafter repaid to the Issuer or discharged from that trust, as provided in Section 16.05(b)) have been delivered to the Indenture Trustee for cancellation or been cancelled, or (B) in the case of all other Issuer Funding Obligations, all Issuer Funding Obligations of that Class, Series or Tranche have been paid in full, as certified by the Issuer to the Indenture Trustee;

(ii) the Issuer has paid or caused to be paid all other sums payable under the Indenture (including payments to the Indenture Trustee pursuant to Section

9.05) by the Issuer with respect to the Issuer Funding Obligations of that Class, Series or Tranche; and

(iii) the Issuer has delivered to the Indenture Trustee an Issuer Certificate and an Opinion of Counsel each stating that all conditions precedent herein provided for relating to the satisfaction and discharge of this Indenture with respect to the Issuer Funding Obligations of that Class, Series or Tranche have been complied with.

Notwithstanding the satisfaction and discharge of this Indenture with respect to any Class, Series or Tranche of Issuer Funding Obligations, the obligations of the Issuer to the Indenture Trustee with respect to that Class, Series or Tranche of Issuer Funding Obligations under Section 9.05 and the obligations of the Indenture Trustee under Sections 7.13 and 16.05(b) will survive such satisfaction and discharge.

(c) This Indenture will cease to be of further effect, and the Indenture Trustee, on demand of and at the expense of the Issuer, will execute proper instruments acknowledging satisfaction and discharge of this Indenture, when all Issuer Funding Obligations have been satisfied and discharged in accordance with clause (b) and all other Obligations Secured have been paid in full, as certified by the Issuer to the Indenture Trustee.

2.09 <u>Release of all Collateral</u>

(a) Subject to the payment of its fees and expenses pursuant to Section 9.05, the Indenture Trustee shall, at the request of the Issuer or when otherwise required by the provisions of this Indenture, execute instruments to release Collateral from the Security Interest of this Indenture, or convey the Indenture Trustee's interest (which is held by the Indenture Trustee for the benefit of the Specified Creditors) in the same, in a manner and under circumstances which are not inconsistent with the provisions of this Indenture. No party relying upon an instrument executed by the Indenture Trustee as provided in this Article II will be bound to ascertain the Indenture Trustee's authority, inquire into the satisfaction of any conditions precedent or see to the application of any funds.

(b) Upon delivery of an Officer's Certificate of the Issuer certifying that all Issuer Funding Obligations and all other Obligations Secured have been satisfied and discharged by complying with the provisions of Section 2.08 and all applicable Program Agreements, the Indenture Trustee shall execute and deliver such releases, termination statements and other instruments (in recordable form, where appropriate) as the Issuer may reasonably request evidencing the termination of the Security Interest created by this Indenture.

(c) The Issuer and the Specified Creditors shall be entitled to receive at least 10 days' written notice when the Indenture Trustee proposes to take any action pursuant to clause (a), accompanied by copies of any instruments involved, and the Indenture

Trustee shall also be entitled to require, as a condition to such action, an Opinion of Counsel, stating the legal effect of any such action, outlining the steps required to complete the same, and concluding that all conditions precedent to the taking of such action have been complied with. Counsel rendering any such opinion may rely, without independent investigation, on the accuracy and validity of any certificate or other instrument delivered to the Indenture Trustee in connection with any such action.

2.10 Certain Commercial Law Representations and Warranties

The Issuer hereby makes the following representations and warranties. Such representations and warranties shall survive until the termination of this Indenture. Such representations and warranties speak of the date that a Lien in the Collateral is granted to the Indenture Trustee and shall not be waived by any of the parties to this Indenture unless the Rating Agency Condition is satisfied.

(a) This Indenture constitutes the grant of a first priority perfected Lien by the Issuer to the Indenture Trustee in the Collateral which, in the case of the existing Collateral and the proceeds thereof, is enforceable upon execution and delivery of this Indenture or, with respect to after-acquired property, as of the date such property is acquired, and which will be enforceable with respect to the Collateral hereafter and thereafter created and the proceeds thereof upon such creation. Upon the filing of the assignments, financing statements and continuation statements (and other documents where applicable) and, in the case of after-acquired Collateral and the proceeds thereof, upon its creation, the Indenture Trustee shall have a first priority perfected Lien in such property and proceeds.

(b) At the time of its grant of any Lien in the Collateral pursuant to this Indenture, the Issuer owned and had good and marketable title to such Collateral free and clear of any Lien of any other Person (other than Permitted Liens).

(c) The Issuer has caused the filing of all appropriate financing statements in the proper filing office in the Province of Ontario under applicable law in order to perfect the Security Interest.

(d) Other than the Security Interest, the Issuer has not pledged, assigned, sold, granted a Lien in, or otherwise conveyed, the Collateral. The Issuer has not authorized the filing of and is not aware of any financing statements against the Issuer that include a description of the Collateral other than any financing statement relating to the Security Interest or that has been terminated. The Issuer is not aware of any judgment or Tax lien filings against the Issuer.

ARTICLE III
NOTE FORMS

3.01 Forms Generally

The Notes will have such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture or the Related Supplemental Indenture and may have such letters, numbers or other marks of identification and such legends or endorsements placed thereon, as may be required to comply with applicable laws or regulations or with the rules of any securities exchange, or as may, consistently herewith, be determined by the Issuer, as evidenced by the Issuer's execution of such Notes. Any portion of the text of any Note may be set forth on the reverse thereof, with an appropriate reference thereto on the face of the Note.

Definitive Notes will be typewritten, printed, lithographed or engraved or produced by any combination of these methods (with or without steel engraved borders) or may be produced in any other manner, all as determined by the Issuer, as evidenced by the Issuer's execution of such Notes, subject, with respect to the Notes of any Class, Series or Tranche, to the rules of any securities exchange on which such Notes are listed.

3.02 Forms of Notes

Before the delivery of a Note to the Indenture Trustee for authentication, the Issuer will deliver to the Indenture Trustee the Issuer Certificate by or pursuant to which such form of Note has been approved, which Issuer Certificate will have attached thereto a true and correct copy of the form of Note which has been approved thereby or, if an Issuer Certificate authorizes a specific officer or officers of the Manager to approve a form of Note, a certificate of such officer or officers approving the form of Note attached thereto. Any form of Note approved by or pursuant to an Issuer Certificate must be acceptable as to form to the Indenture Trustee, such acceptance to be evidenced by the Indenture Trustee's authentication of Notes in that form or a certificate signed by a Responsible Officer of the Indenture Trustee and delivered to the Issuer.

3.03 Form of Indenture Trustee's Certificate of Authentication

The form of Indenture Trustee's Certificate of Authentication for any Note issued pursuant to this Indenture will be substantially as follows:

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Notes of the Class, Series or Tranche designated therein referred to in the within-mentioned Indenture.

BNY TRUST COMPANY OF CANADA, as Indenture Trustee

By:

Authorized Signatory

Dated:

3.04 Notes Issuable in the Form of a Global Note

(a) If the Issuer establishes that the Notes of a particular Class, Series or Tranche are to be issued in whole or in part in the form of one or more Global Notes, then the Issuer will execute and the Indenture Trustee or its agent will, in accordance with Section 4.03 and the Issuer Certificate delivered to the Indenture Trustee or its agent thereunder, authenticate and deliver, such Global Note or Global Notes, which, unless otherwise provided in the Related Supplemental Indenture (i) will represent, and will be denominated in an amount equal to the aggregate Stated Principal Amount (or in the case of Discount Notes, the aggregate Stated Principal Amount at the Principal Payment Date of such Notes) of the Outstanding Notes of such Class, Series or Tranche to be represented by such Global Note or Global Notes, or such portion thereof as the Issuer will specify in an Issuer Certificate, (ii) in the case of Registered Notes, will be registered in the name of the Depository for such Global Note or Global Notes or its nominee, (iii) will be delivered by the Issuer or its agent to the Depository or pursuant to the Depository's instruction, (iv) if applicable, will bear a legend substantially to the following effect: (A) "Unless this Note is presented by an authorized representative of The Depository Trust Company ("**DTC**"), to Fair Hydro Trust (the "**Issuer**") or its agent for registration of transfer, exchange or payment, and any Note issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), any transfer, pledge or other use hereof for value or otherwise by or to any Person is wrongful inasmuch as the registered owner hereof, Cede & Co., has an interest herein", or (B) "Unless this Note is presented by an authorized representative of CDS Clearing and Depository Services Inc. ("**CDS**"), to Fair Hydro Trust (the "**Issuer**") or its agent for registration of transfer, exchange or payment, and any Note issued is registered in the name of CDS & Co. or in such other name as is requested by an authorized representative of CDS (and any payment is made to CDS & Co. or to such other entity as is requested by an authorized representative of CDS), any transfer, pledge or other use hereof for

value or otherwise by or to any Person is wrongful since the registered owner hereof, CDS & Co., has a property interest in the securities represented by this Note and it is a violation of its rights for another Person to hold, transfer or deal with this Note", and (v) may bear such other legend as the Issuer, upon advice of counsel, deems to be applicable.

(b) Notwithstanding any other provisions of this Section 3.04 or of Section 4.05, and subject to the provisions of paragraph (c) below, unless the terms of a Global Note or the Related Supplemental Indenture expressly permit such Global Note to be exchanged in whole or in part for individual Notes, a Global Note may be transferred, in whole but not in part and in the manner provided in Section 4.05, only to a nominee of the Depository for such Global Note, or to the Depository, or a successor Depository for such Global Note selected or approved by the Issuer, or to a nominee of such successor Depository.

(c) With respect to Notes issued within the United States or Canada, unless otherwise specified in the Related Supplemental Indenture, or with respect to Notes issued outside the United States and Canada, if specified in the Related Supplemental Indenture:

(i) If at any time the Depository for a Global Note notifies the Issuer that it is unwilling or unable to continue as Depository for such Global Note or if at any time the Depository for the Notes for such Class, Series or Tranche ceases to be a clearing agency registered under the Securities Exchange Act, or other applicable statute or regulation, in the case of Notes issued within the United States, or ceases to be a clearing agency registered under the *Securities Act* (Ontario), or other applicable statute or regulation, in the case of Notes issued within Canada, the Issuer will appoint a successor Depository with respect to such Global Note. If a successor Depository for such Global Note is not appointed by the Issuer within 90 days after the Issuer receives such notice or becomes aware of such ineligibility, the Issuer will execute, and the Indenture Trustee or its agent, upon receipt of an Issuer Certificate requesting the authentication and delivery of individual Notes of such Class, Series or Tranche in exchange for such Global Note, will authenticate and deliver, individual Notes of such Class, Series or Tranche of like tenor and terms in definitive form in an aggregate Stated Principal Amount equal to the Stated Principal Amount of the Global Note in exchange for such Global Note.

(ii) The Issuer may at any time and in its sole discretion determine that the Notes of any Class, Series or Tranche or portion thereof issued or issuable in the form of one or more Global Notes will no longer be represented by such Global Note or Global Notes. In such event the Issuer will execute, and the Indenture Trustee, upon receipt of a written request by the Issuer for the authentication and delivery of individual Notes of such Class, Series or Tranche in exchange in whole or in part for such Global Note, will authenticate and deliver individual Notes of such Class, Series or

Tranche of like tenor and terms in definitive form in an aggregate Stated Principal Amount equal to the Stated Principal Amount of such Global Note or Global Notes representing such Class, Series or Tranche or portion thereof in exchange for such Global Note or Global Notes.

(iii) If any Event of Default has occurred and is continuing and Noteholders holding more than 50% of the Outstanding Dollar Principal Amount of the Controlling Class Obligations of any Series of Notes held as Global Notes advise the Indenture Trustee and the Depository that Global Notes are no longer in the best interest of the Noteholders of that Series, the holders of those Global Notes may exchange such Notes for individual Notes.

(iv) In any exchange provided for in any of the preceding three paragraphs, the Issuer will execute and the Indenture Trustee or its agent will authenticate and deliver individual Notes in definitive registered form in authorized denominations. Upon the exchange of the entire Stated Principal Amount of a Global Note for individual Notes, such Global Note will be canceled by the Indenture Trustee or its agent. Except as provided in the preceding paragraphs, Notes issued in exchange for a Global Note pursuant to this Section 3.04 will be registered in such names and in such authorized denominations as the Depository for such Global Note, pursuant to instructions from its direct or indirect participants or otherwise, will instruct the Indenture Trustee or the Note Registrar. The Indenture Trustee or the Note Registrar will deliver such Notes to the Persons in whose names such Notes are so registered.

3.05 <u>Temporary Global Notes and Permanent Global Notes</u>

(a) If specified in the Related Supplemental Indenture for any Series, all or any portion of a Global Note may initially be issued in the form of a single temporary global Bearer Note or Registered Note (the "**Temporary Global Note**"), without interest coupons, in the denomination of the entire aggregate principal amount of such Series and substantially in the form set forth in the exhibit with respect thereto attached to the Related Supplemental Indenture. Any Temporary Global Note shall bear such notations as the Issuer may determine to distinguish them from the Permanent Global Notes. The Temporary Global Note will be authenticated by the Indenture Trustee upon the same conditions, in substantially the same manner and with the same effect as the Notes in definitive form. The Temporary Global Note may be exchanged as described below or in the Related Supplemental Indenture for permanent global Bearer Notes or Registered Notes (the "**Permanent Global Notes**").

(b) Unless otherwise provided in the Related Supplemental Indenture, exchanges of beneficial interests in or security entitlements to Temporary Global Notes for beneficial interests in or security entitlements to Permanent Global Notes will be made as provided in this subsection 3.05(b). The Manager will, upon its determination of the date of completion of the distribution of the Notes of such

Series, so advise the Indenture Trustee, the Issuer and the Depository forthwith. Without unnecessary delay, but in any event not prior to the Exchange Date, the Issuer will execute and deliver to the Indenture Trustee **(at the office of its designated agent outside the United States in the case of Global Notes in bearer form)** Permanent Global Notes in bearer or registered form (as specified in the Related Supplemental Indenture) in an aggregate principal amount equal to the Outstanding Dollar Principal Amount or the Outstanding Currency Specific Dollar Principal Amount of such Series of Notes. Bearer Notes so issued and delivered may have coupons attached. The Temporary Global Note may be exchanged for an equal aggregate principal amount of Permanent Global Notes only on or after the Exchange Date; provided, however, that such Temporary Global Note is accompanied by a certificate dated the Exchange Date or a subsequent date and signed by the beneficial owner as to the portion of such Temporary Global Note held for its account then to be exchanged and a certificate dated the Exchange Date or a subsequent date and signed by the Depository in the form set forth in Exhibit 6-B (or in such other form as may be established pursuant to Section 4.01); and provided further that definitive Bearer Notes shall be delivered in exchange for a portion of a Temporary Global Note only in compliance with the requirements of Section 4.03. A beneficial owner of a Temporary Global Note may instruct the Depository to request an exchange on its behalf on or after the Exchange Date by delivering to the Depository, a certificate in the form set forth in Exhibit 6-A (or in such other form as may be established pursuant to Section 4.01), dated no earlier than 15 days prior to the Exchange Date, copies of which certificate shall be available from the offices of the Depository. A United States Person may exchange its beneficial interest in or security entitlement to the Temporary Global Note only for an equal aggregate principal amount of Permanent Global Notes in registered form bearing the applicable legend set forth in the form of Registered Note attached to the Related Supplemental Indenture and having a minimum denomination of 500,000 units of the applicable currency, which may be in temporary form if the Issuer so elects. The Issuer may waive the 500,000 minimum denomination requirement if it so elects. Upon any demand for exchange for Permanent Global Notes in accordance with this subsection 3.05(b), the Issuer will cause the Indenture Trustee to authenticate and deliver the Permanent Global Notes to the Noteholder (x) outside **the** United States, in the case of Bearer Notes and (y) according to the instructions of the Noteholder, in the case of Registered Notes. Upon receipt of the certification of the Depository, the Indenture Trustee will cause the Temporary Global Note to be endorsed in accordance with subsection 3.05(d). Any exchange as provided in this Section 3.05 will be made free of charge to the Noteholders and the beneficial owners of the Temporary Global Note and to the beneficial owners of the Permanent Global Note issued in exchange, except that a Person receiving the Permanent Global Note must bear the cost of insurance, postage, transportation and the like in the event that such Person does not receive such Permanent Global Note in person at the offices of a Depository.

(c) The delivery to the Indenture Trustee by a Depository of any written statement referred to above may be relied upon by the Issuer and the Indenture Trustee as

conclusive evidence that a corresponding certification or certifications has or have been delivered to such Foreign Depository pursuant to the terms of this Indenture.

(d) Upon any such exchange of all or a portion of the Temporary Global Note for a Permanent Global Note(s), such Temporary Global Note will be endorsed by or on behalf of the Indenture Trustee to reflect the reduction of its principal amount by an amount equal to the aggregate principal amount of such Permanent Global Note(s). Until so exchanged in full, such Temporary Global Note will in all respects be entitled to the same benefits under this Indenture as Permanent Global Notes authenticated and delivered hereunder except that the beneficial owners of such Temporary Global Note will not be entitled to receive payments of interest on the Notes until they have exchanged their beneficial interests in or security entitlements to such Temporary Global Note for Permanent Global Notes.

3.06 Beneficial Ownership of Global Notes

Until definitive Notes have been issued to the applicable Noteholders pursuant to Section 3.04 or as otherwise specified in any Related Supplemental Indenture:

(a) the Issuer and the Indenture Trustee may deal with the applicable Depository and the Depository's participants for all purposes (including the making of distributions) as the authorized representatives of the respective Note Owners; and

(b) the rights of the respective Note Owners will be exercised only through the Depository and the Depository's participants. Unless and until Notes in definitive form are issued pursuant to Section 3.04, the Depository will make book-entry transfers among the Depository's participants and receive and transmit distributions of principal and interest on the related Notes to such Depository's participants in accordance with the Depository's applicable procedures from time to time.

For purposes of any provision of this Indenture requiring or permitting Actions with the consent of, or at the direction of, Noteholders evidencing a specified percentage of the Outstanding Dollar Principal Amount of Notes, such direction or consent may be given by Note Owners (acting through the Depository and the Depository's participants) owning interests in or security entitlements to Notes evidencing the requisite percentage of principal amount of Notes in accordance with the applicable procedures of the Depository and the Depository's participants.

3.07 Notices to Depository

Whenever any notice or other communication is required to be given to Noteholders with respect to which book-entry Notes have been issued, unless and until Notes in definitive form will have been issued to the related Note Owners, the Indenture Trustee will give all such notices and communications to the applicable Depository.

3.08 CUSIP Numbers

In issuing the Notes, the Issuer may use "CUSIP" numbers (if then generally in use), and, if so, the Indenture Trustee shall use such CUSIP numbers in notices of redemption as a convenience to Noteholders; provided that, subject to Section 9.01, any such notice may state that (a) no representation is made as to the correctness of such CUSIP numbers as printed on the related Notes or as contained in any notice of redemption, (b) reliance may be placed only on the other identification numbers, if any, printed on the Notes and (c) any such redemption shall not be affected by any defect in or omission of such CUSIP numbers. The Issuer will promptly provide the Indenture Trustee with written notice of any change in the CUSIP numbers for any Outstanding Note.

ARTICLE IV
THE NOTES

4.01 General Title, General Limitations, Issuable in Series, Terms of a Series or Tranche of Notes

(a) The aggregate Stated Principal Amount of Notes which may be authenticated and delivered and Outstanding under this Indenture is not limited.

(b) The Notes of any Class may be issued in one or more Series or Tranches.

(c) The Classes of Notes are as set forth in this Indenture. Each Note issued must be part of a Class and Series of Notes for purposes of allocations pursuant to this Indenture and the Related Supplemental Indenture. A Series of Notes is created pursuant to a Supplemental Indenture. A Tranche of Notes is created pursuant to a Supplemental Indenture or pursuant to a Terms Document related to the Supplemental Indenture for the applicable Series.

(d) Each Series of Notes shall be designated in the Related Supplemental Indenture as either Senior Notes, Subordinated Notes or Junior Subordinated Notes. If the Notes of a Series of Notes belong to different Tranches, all Notes of such Series, without regard to the Tranche they are included in, shall be Senior Notes, Subordinated Notes or Junior Subordinated Notes, as applicable to the Series of Notes.

(e) Each Series of Notes may consist of a single Tranche or may be subdivided into multiple Tranches. Notes of a single Series of a Class will belong to different Tranches if they have different terms and conditions. With respect to any Series of Notes, Notes which have identical terms, conditions and Tranche designation will be deemed to be part of a single Tranche of Notes.

(f) Before the initial issuance of Notes of each Series or Tranche, there shall also be established in or pursuant to a Supplemental Indenture or pursuant to a Terms Document related to the applicable Supplemental Indenture, provision for:

(i) the Class of such Series;

(ii) the Series designation;

(iii) the Stated Principal Amount of the Notes;

(iv) whether such Notes are of a particular Tranche of Notes;

(v) the currency or currencies in which such Notes will be denominated and in which payments of principal of, and interest on, such Notes will or may be payable;

(vi) the price or prices at which such Series or Tranche of Notes will be issued;

(vii) the times at which such Series or Tranche of Notes may, pursuant to any optional redemption provisions, be redeemed, and the other terms and provisions of any such redemption;

(viii) the rate per annum at which such Series or Tranche of Notes will bear interest, if any, or the formula or index on which such rate will be determined, including all relevant definitions, and the date from which interest will accrue;

(ix) each Interest Payment Date, each Principal Payment Date and the Principal Payment Default Date for such Series or Tranche of Notes;

(x) the Principal Accumulation Date for such Series of Notes;

(xi) the Principal Accumulation Amounts for such Series of Notes;

(xii) the Initial Dollar Principal Amount or the Initial Currency Specific Dollar Principal Amount of such Notes, and the means for calculating the Outstanding Dollar Principal Amount or the Outstanding Currency Specific Dollar Principal Amount, as applicable, of such Series or Tranche of Notes;

(xiii) whether or not application will be made to list such Series or Tranche of Notes on any securities exchange;

(xiv) any events of default with respect to such Series or Tranche of Notes;

(xv) if such Series or Tranche of Notes will be issued in whole or in part in the form of a Global Note or Global Notes, the terms and conditions, if any, upon which such Global Note or Global Notes may be exchanged in whole or in part for other individual Notes, and the Depository for such Global Note or Global Notes;

(xvi) if such Series or Tranche of Notes will be issued in whole or in part as Registered Notes, Bearer Notes or both, whether such Series or Tranche of Notes are to be issued with or without coupons or both;

(xvii) if such Series or Tranche of Notes are to have the benefit of any Credit Enhancement Agreement or Liquidity Agreement, the terms and provisions of the applicable agreement;

(xviii) the Record Date for any Interest Payment Date or Principal Payment Date of such Series or Tranche of Notes, if different from the last day of the month before the related Interest Payment Date or Principal Payment Date;

(xix) whether and under what conditions, additional amounts will be payable to Noteholders of such Series or Tranche of Notes;~~(xx)[whether and under what conditions, the obligations of the Issuer under such Series or Tranche of Notes may be assumed or exchanged, and the form of assumption or exchange agreement applicable to such Series or Tranche of Notes];~~ and

(xx) ~~(xxi)~~ any other terms of such Notes as stated in the Related Supplemental Indenture;

all upon such terms as may be determined in or pursuant to the Related Supplemental Indenture.

(g) The Notes of each Class, Series or Tranche will be distinguished from the Notes of each other Class, Series or Tranche in such manner, reasonably satisfactory to the Indenture Trustee, as the Issuer may determine.

(h) Any terms or provisions in respect of the Notes of any Class, Series or Tranche issued under this Indenture may be determined pursuant to this Section 4.01 by providing in the Related Supplemental Indenture for the method by which such terms or provisions will be determined.

4.02 Denominations

The Notes of each Series or Tranche will be issuable in such denominations and currency as will be provided in the provisions of this Indenture or in or pursuant to the Related Supplemental Indenture. In the absence of any such provisions with respect to the Registered Notes of any Series or Tranche, the Registered Notes of that Series or Tranche will be issued in denominations of 100,000 units of the applicable currency and integral multiples of 1,000. In the absence of any such provisions with respect to the Bearer Notes of any Series or Tranche, the Bearer Notes of that Series or Tranche will be issued in denominations of 1,000, 5,000, 50,000 and 100,000 units of the applicable currency.

4.03 Execution, Authentication and Delivery and Dating

(a) The Notes will be executed on behalf of the Issuer by a Responsible Officer of the Issuer. The signature of any Responsible Officer of the Issuer on the Notes may be manual or facsimile or may be given by other electronic means.

(b) Notes bearing the manual, facsimile or other electronic signatures of individuals who were at any time a Responsible Officer of the Issuer will bind the Issuer, notwithstanding that such individuals or any of them have ceased to hold such offices before the authentication and delivery of such Notes or did not hold such offices at the date of issuance of such Notes.

(c) At any time and from time to time after the execution and delivery of this Indenture, the Issuer may deliver Notes executed by the Issuer to the Indenture Trustee for authentication; and the Indenture Trustee will, upon request by an Issuer Certificate, authenticate and deliver such Notes as provided in this Indenture and not otherwise; provided **however, that, in connection with its original issuance, no Bearer Note shall be mailed or otherwise delivered to any location in the United States; and provided further** that, unless otherwise specified with respect to any Series or Tranche of Notes pursuant to Section 4.01, a Bearer Note may be delivered in connection with its original issuance only if the Person entitled to receive such Bearer Note shall have furnished a certificate in the form set forth in Exhibit 6-A, dated no earlier than 15 days prior to the earlier of the date on which such Bearer Note is delivered and the date on which any temporary Note first becomes exchangeable for such Bearer Note in accordance with the terms of such temporary Note and this Indenture. **If any Note shall be represented by a permanent Bearer Note issued as a Global Note, then, for purposes of this Section, Section 3.05, and Section 4.04, the notation of a beneficial owner's interest therein upon original issuance of such Note or upon exchange of a portion of a temporary Global Note shall be deemed to be delivery in connection with its original issuance of such beneficial owner's interest in such permanent Global Note.** Except as permitted by Section 4.06, the Indenture Trustee shall not authenticate and deliver any Bearer Note unless all appurtenant coupons for interest then matured have been detached and cancelled.

(d) Before any such authentication and delivery, the Indenture Trustee will be entitled to receive, in addition to any Officer's Certificate and Opinion of Counsel required to be furnished to the Indenture Trustee pursuant to Section 1.02, the Issuer Certificate and any other opinion or certificate relating to the issuance of the Series or Tranche of Notes required to be furnished pursuant to Section 3.02 or Article V.

(e) The Indenture Trustee will not be required to authenticate such Notes if the issue thereof will adversely affect the Indenture Trustee's own rights, duties or immunities under the Notes and this Indenture.

(f) Unless otherwise provided in the form of Note for any Series or Tranche, all Notes will be dated the date of their authentication.

(g) No Note will be entitled to any benefit under this Indenture or be valid or obligatory for any purpose unless there appears on such Note a Certificate of Authentication executed by the Indenture Trustee by manual signature of an authorized signatory, and such certificate upon any Note will be conclusive

evidence, and the only evidence, that such Note has been duly authenticated and delivered hereunder.

4.04 Temporary Notes

(a) Pending the preparation of definitive Notes of any Series or Tranche, the Issuer may execute, and, upon receipt of the documents required by Section 4.03, the Indenture Trustee will authenticate and deliver, temporary Notes which are printed, lithographed, typewritten, mimeographed or otherwise produced, in any authorized denomination, substantially of the tenor of the definitive Notes in lieu of which they are issued and with such appropriate insertions, omissions, substitutions and other variations as the Issuer may determine, as evidenced by the Issuer's execution of such Notes. Any temporary Note shall bear such notations as the Issuer may determine to distinguish them from the definitive Notes.

(b) If temporary Notes of any Series or Tranche are issued, the Issuer will cause definitive Notes of such Series or Tranche to be prepared without unreasonable delay. After the preparation of definitive Notes, the temporary Notes of such Series or Tranche will be exchangeable for definitive Notes of such Series or Tranche upon surrender of the temporary Notes of such Series or Tranche at the office or agency of the Issuer in a Place of Payment, without charge to the Noteholder; and upon surrender for cancellation of any one or more temporary Notes, the Issuer will execute and the Indenture Trustee will authenticate and deliver in exchange therefor a like Stated Principal Amount of definitive Notes of such Series or Tranche of authorized denominations and of like tenor and terms**; provided, however, that no definitive Bearer Note shall be delivered in exchange for a temporary Registered Note; and provided further that a definitive Bearer Note shall be delivered in exchange for a temporary Bearer Note only in compliance with the conditions set forth in Section 4.03**. Until so exchanged, the temporary Notes of such Series or Tranche will in all respects be entitled to the same benefits under this Indenture as definitive Notes of such Series or Tranche.

4.05 Registration, Transfer and Exchange

(a) The Issuer will keep or cause to be kept a register (herein sometimes referred to as the "**Note Register**") in which, subject to such reasonable regulations as it may prescribe, the Issuer will provide for the registration of Registered Notes, or of Registered Notes of a particular Class, Series or Tranche, and for transfers of Registered Notes or of Registered Notes of such Class, Series or Tranche. Any such register will be in written form or in any other form capable of being converted into written form within a reasonable time. At all reasonable times, the information contained in such register or registers will be available for inspection by the Indenture Trustee at the office or agency to be maintained by the Issuer as provided in Section 13.03.

(b) Subject to Section 3.04, upon surrender for transfer of any Registered Note of any Class, Series or Tranche at the office or agency of the Issuer in a Place of Payment, the Issuer will execute, and, upon receipt of such surrendered Note, the Indenture Trustee will authenticate and deliver, in the name of the designated transferee or transferees, one or more new Registered Notes of such Class, Series or Tranche of any authorized denominations, of a like aggregate Stated Principal Amount, Principal Payment Date(s) and Principal Payment Default Date and of like terms.

(c) Subject to Section 3.04, at the option of the Noteholder, Notes of any Class, Series or Tranche may be exchanged for other Notes of such Class, Series or Tranche of any authorized denominations, of a like aggregate Stated Principal Amount, Principal Payment Date(s) and Principal Payment Default Date and of like terms, upon surrender of the Notes to be exchanged at the office or agency of the Issuer in a Place of Payment. Registered Notes, including Registered Notes received in exchange for Bearer Notes, may not be exchanged for Bearer Notes. At the option of the holder of a Bearer Note, subject to applicable laws and regulations, Bearer Notes may be exchanged for other Bearer Notes or Registered Notes (of the same Class, Series and Tranche of Notes) of authorized denominations of like aggregate fractional undivided interests in the Noteholders' interest, upon surrender of the Bearer Notes to be exchanged at an office or agency of the Note Registrar located outside the United States. Each Bearer Note surrendered pursuant to this Section 4.05 will have attached thereto all unmatured coupons; provided, however, that any Bearer Note~~,~~ so surrendered after the close of business on the last day of the month preceding the relevant Interest Payment Date need not have attached the coupon relating to such Interest Payment Date. Whenever any Notes are so surrendered for exchange, the Issuer will execute, and the Indenture Trustee will authenticate and deliver (in the case of Bearer Notes, outside the United States), the Notes which the Noteholders making the exchange are entitled to receive.

(d) All Notes issued upon any transfer or exchange of Notes will be the valid and legally binding obligations of the Issuer, evidencing the same debt, and entitled to the same benefits under this Indenture, as the Notes surrendered upon such transfer or exchange.

(e) Every Note presented or surrendered for transfer or exchange will (if so required by the Issuer or the Indenture Trustee) be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Issuer and the Note Registrar duly executed, by the Noteholder or his attorney duly authorized in writing.

(f) Unless otherwise provided in the Note to be transferred or exchanged, no service charge will be made on any Noteholder for any transfer or exchange of Notes, but the Issuer may (unless otherwise provided in such Note) require payment of a sum sufficient to cover any Tax or other governmental charge that may be imposed in connection with any transfer or exchange of Notes before the transfer or exchange

will be complete, other than exchanges pursuant to Section 4.04 or Section 11.05 not involving any transfer.

(g) None of the Issuer, the Note Registrar or the Indenture Trustee shall be required (i) to issue, register the transfer of or exchange any Notes of any Class, Series or Tranche during a period beginning at the opening of business 15 days before the day of selection of Notes of such Class, Series or Tranche to be redeemed and ending at the close of business on (A) if Notes of such Class, Series or Tranche are issuable only as Registered Notes, the day of the mailing of the relevant notice of redemption of Registered Notes of such Class, Series or Tranche so selected for redemption or (B) if Notes of the Class, Series or Tranche are issuable as Bearer Notes, the day of the first publication of the relevant notice of redemption or, if Notes of the Class, Series or Tranche are also issuable as Registered Notes and there is no publication, the mailing of the relevant notice of redemption or (ii) to register the transfer or exchange of any Notes or portions thereof so selected for redemption.

(h) Notwithstanding anything herein to the contrary, the exchange of Bearer Notes into Registered Notes shall be subject to applicable laws and regulations in effect at the time of exchange; none of the Issuer, the Indenture Trustee or the Note Registrar shall exchange any Bearer Notes into Registered Notes if it has received an Opinion of Counsel that as a result of such exchanges the Issuer would suffer adverse consequences under the Canadian or United States federal income tax laws and regulations then in effect, or the income tax laws of the jurisdiction of the holder of the Bearer Note, and the Issuer has delivered to the Indenture Trustee an Issuer Certificate directing the Indenture Trustee not to make such exchanges unless and until the Indenture Trustee receives a subsequent Issuer Certificate to the contrary. The Issuer shall deliver copies of such Issuer Certificates to the Note Registrar.

(i) None of the Issuer, the Indenture Trustee, any agent of the Indenture Trustee, any Paying Agent or the Note Registrar will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership of a Global Note or for maintaining, supervising or reviewing any records relating to such beneficial ownership.

(j) The Issuer initially appoints the Indenture Trustee to act as Note Registrar for the Registered Notes on its behalf. The Issuer may at any time and from time to time authorize any Person to act as Note Registrar in place of the Indenture Trustee with respect to any Class, Series or Tranche of Notes issued under this Indenture.

(k) Registration of transfer of Notes containing the following legend or to which the following legend is applicable:

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS

AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT IN ACCORDANCE WITH THE TRUST INDENTURE AND THE INDENTURE SUPPLEMENT AND PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT.

will be effected only if such transfer is made pursuant to an effective registration statement under the U.S. Securities Act, or is exempt from the registration requirements under the U.S. Securities Act. In the event that registration of a transfer is to be made in reliance upon an exemption from the registration requirements under the U.S. Securities Act other than Rule 144A under the U.S. Securities Act or Rule 903 or Rule 904 of Regulation S under the U.S. Securities Act, the transferor or the transferee will deliver, at its expense, to the Issuer and the Indenture Trustee, an investment letter from the transferee, substantially in a form appended to a Supplemental Indenture authorizing the applicable Series of Notes or such other form as the Issuer may determine, and no registration of transfer will be made until such letter is so delivered.

Notes issued upon registration or transfer of, or Notes issued in exchange for, Notes bearing the legend referred to above will also bear such legend and any other legends required by the Related Supplemental Indenture unless the Issuer, the Indenture Trustee and the Note Registrar receive an Opinion of Counsel, satisfactory to each of them, to the effect that such legend may be removed.

Whenever a Note containing the legend referred to above is presented to the Note Registrar for registration of transfer, the Note Registrar will promptly seek instructions from the Issuer regarding such transfer and will be entitled to receive an Issuer Certificate prior to registering any such transfer. The Issuer hereby agrees to indemnify the Note Registrar and the Indenture Trustee and to hold each of them harmless against any loss, liability or expense incurred without negligence or bad faith on their part arising out of or in connection with actions taken or omitted by them in relation to any such instructions furnished pursuant to this clause. The Indenture Trustee shall have no obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer imposed under this Indenture, the Related Supplemental Indenture, or under applicable law with respect to any transfer of any interest in any Note other than to require delivery of such certificates and other documentation or evidence as are expressly required by, and to do so if and when expressly required by the terms of, this Indenture, and to examine the same to determine substantial compliance as to form with the express requirements hereof.

(l) By acquiring a Note, each Noteholder that is a United States Person will be deemed to represent, warrant and covenant that either: (i) it is not acquiring the Note (or any interest therein) with the assets of a Benefit Plan or a governmental, church or non-U.S. plan that is subject to any federal, state, local or other

non-U.S. law that is substantially similar to Section 406 of ERISA or Section 4975 of the Internal Revenue Code ("**Similar Law**"); or (ii) (A) the Note is rated at least "BBB-" or its equivalent by a nationally recognized statistical rating agency at the time of purchase or transfer, and (B) the acquisition, holding and disposition of the Note will not give rise to a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Internal Revenue Code or a violation of any Similar Law.

4.06 Mutilated, Destroyed, Lost and Stolen Notes

(a) If (i) any mutilated Note (together, in the case of Bearer Notes, with all unmatured coupons, if any, appertaining thereto) is surrendered to the Indenture Trustee or the Note Registrar, or the Issuer, the Note Registrar or the Indenture Trustee receive evidence to their satisfaction of the destruction, loss or theft of any Note, and (ii) there is delivered to the Issuer, the Note Registrar or the Indenture Trustee such security or indemnity as may be required by them to save each of them harmless, then, in the absence of notice to the Issuer, the Note Registrar or the Indenture Trustee that such Note has been acquired by a protected purchaser, the Issuer will execute and upon its request the Indenture Trustee will authenticate and deliver (in the case of Bearer Notes, outside the United States), in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Note, a new Note of like tenor, Class, Series or Tranche, Principal Payment Date(s), Principal Payment Default Date and Stated Principal Amount, bearing a number not contemporaneously Outstanding.

(b) In case any such mutilated, destroyed, lost or stolen Note has become or is about to become due and payable, the Issuer in its discretion may, instead of issuing a new Note, pay such Note.

(c) Upon the issuance of any new Note under this Section 4.06, the Issuer may require the payment of a sum sufficient to cover any Tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Indenture Trustee) connected therewith.

(d) Every new Note issued pursuant to this Section 4.06 in lieu of any destroyed, lost or stolen Note will constitute an original additional contractual obligation of the Issuer, whether or not the destroyed, lost or stolen Note will be at any time enforceable by anyone, and will be entitled to all the benefits of this Indenture equally and proportionately with any and all other Notes of the same Class, Series or Tranche duly issued hereunder.

(e) The provisions of this Section 4.06 are exclusive and will preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Notes.

4.07 Persons Entitled to Payment

(a) Unless otherwise provided with respect to such Note pursuant to Section 4.01, interest payable on any Registered Note will be paid to the Person in whose name that Note is registered at the close of business on the most recent Record Date and interest payable on any Bearer Note will be paid to the bearer of that Note (or the applicable coupon) **outside of the United States**.

(b) Subject to clause (a), each Note delivered under this Indenture upon transfer of or in exchange for or in lieu of any other Note will carry the rights to interest accrued or principal accreted and unpaid, and to accrue or accrete, which were carried by such other Note.

(c) Title to any Bearer Note, including any coupons appertaining thereto, shall pass by delivery. The Issuer, the Indenture Trustee, the Manager and any agent of the Issuer, the Indenture Trustee or the Manager may treat the Person who is proved to be the owner of such Note pursuant to subsection 1.04(c) as the owner of such Note for the purpose of receiving payment of principal of and (subject to this Section 4.07) interest on such Note and for all other purposes whatsoever, whether or not such Note be overdue, and none of the Issuer, the Indenture Trustee, the Manager or any agent of the Issuer, the Indenture Trustee or the Manager will be affected by notice to the contrary.

(d) Delivery of a Note to the Paying Agent by the holder of such Note shall, upon payment thereof, be a good discharge to the Issuer of all obligations evidenced by such Note. The Paying Agent shall not be bound to enquire into the title of any such Noteholder, save as ordered by a court of competent jurisdiction or as required by statute, nor shall it be bound to see to the execution of any trust affecting the ownership of any Note or be affected by notice of any equity that may be subsisting in respect thereof.

(e) Any payment of principal or interest on any Note which is due on a day other than a Business Day shall be payable on the next succeeding Business Day without adjustment for interest thereon and such payment shall be deemed to have been made with the same force and effect as if made on the due date.

(f) Upon the Paying Agent's reasonable request therefor, the Issuer will (i) provide the Paying Agent with any information in its possession or (ii) assist the Paying Agent (to the extent necessary and it is commercially reasonable for the Issuer to do so) to obtain information, in each case, to the extent such information is required by the Paying Agent to comply with its tax reporting and withholding obligations under applicable law with respect to payments to be made to Specified Creditors pursuant to this Indenture and the other Program Agreements, unless the Issuer is prohibited from doing so by applicable law or an obligation of confidentiality by which the Issuer is bound.

4.08 Protection of Notes

(a) The Indenture Trustee shall hold in safekeeping the Notes which have not been issued (but which have been delivered to the Indenture Trustee by or on behalf of the Issuer) pending receipt of an Issuer Certificate. The Indenture Trustee shall acknowledge receipt of the Notes so delivered by signing and returning to the Issuer an acknowledgement of receipt of the Notes, such acknowledgement to be in a form satisfactory to the Issuer.

(b) The Indenture Trustee's responsibility for any Notes held in its custody hereunder shall be limited to using the same diligence in physically safeguarding such Notes as it does for its own securities. The Indenture Trustee shall account for the unissued Notes held in its custody whenever so required by the Issuer. If at any time the Indenture Trustee shall discover that any of such Notes have been lost, damaged, destroyed, stolen or misappropriated, it shall promptly advise the Issuer thereof and identify, to the extent practicable, such Notes.

4.09 Additional Issuances of Notes

(a) There are no restrictions on the timing or amount of any additional issuance of Notes of an Outstanding Series or Tranche of Notes, so long as the conditions described in Article V are satisfied. As of the date of any additional issuance of Notes of an Outstanding Series or Tranche of Notes, the Stated Principal Amount and Outstanding Dollar Principal Amount of that Series or Tranche will be increased to reflect the principal amount of the additional Notes. If the additional Notes are a Series or Tranche of Notes that has the benefit of a Derivative Agreement, the Issuer will enter into a Derivative Agreement for the benefit of the additional Notes. In addition, if the additional Notes are a Series or Tranche of Notes that has the benefit of any Credit Enhancement Agreement or Liquidity Agreement, the Issuer will enter into a Credit Enhancement Agreement or Liquidity Agreement, as applicable, for the benefit of the additional Notes.

(b) When issued, the additional Notes of a Series or Tranche will be identical in all respects to the other Outstanding Notes of that Series or Tranche and will be equally and ratably entitled to the benefits of this Indenture and the Related Supplemental Indenture as the other Outstanding Notes of that Series or Tranche without preference, priority or distinction; provided, however, that if such additional Notes are not fungible with such other Outstanding Notes for United States federal income tax purposes, then such additional Notes shall have a separate ISIN, CUSIP or other identifying number from such other Outstanding Notes.

4.10 Redemption of Notes

(a) Subject to Section 13.24, if the Related Supplemental Indenture for a Series or Tranche of Notes specifies that the Notes of such Series or Tranche will be redeemable, in whole at any time or in part from time to time, such Notes may be

redeemed at a redemption price (the "**Redemption Price**") provided for in such Related Supplemental Indenture. In case of any redemption, the provisions of this Section 4.10 shall apply except to the extent provided otherwise in such Related Supplemental Indenture.

(b) The Redemption Price, plus accrued and unpaid interest and other amounts (if any) due thereon to the redemption date, will be payable upon presentation and surrender of the Notes called for redemption at any of the places where the principal of such Series or Tranche of Notes is expressed to be payable and at any other places specified in the notice of redemption.

(c) If less than all the Notes of any Series or Tranche are to be redeemed at one time, the Notes of such Series or Tranche to be redeemed will be selected by the Indenture Trustee on a *pro rata* basis, disregarding fractions, according to the principal amount of Notes registered in the name of each Noteholder, or in such other manner (which may include random selection by computer) as the Indenture Trustee may consider equitable, provided that such selection will be proportionate (to the nearest 1,000 units of the applicable currency). For this purpose, the Indenture Trustee may make, and from time to time amend, regulations with regard to the manner in which such Notes may be called for redemption and regulations so made will be valid and binding upon all Noteholders notwithstanding the fact that, as a result of such regulations, one or more Notes become subject to redemption in part only. Unless the context otherwise requires, the terms "Note" and "Notes" as used in this Section 4.10 will be deemed to include any part of the principal amount of any Note which in accordance with the foregoing provisions has become subject to redemption.

(d) The holder of any Note called for redemption in part only will be entitled to receive, upon surrender of such Note for payment and without expense to such holder, a new Note or Notes of an aggregate principal amount equal to the unredeemed part of the Note so surrendered, and the Issuer will execute and the Indenture Trustee will certify and deliver to such holder such new Note or Notes; provided, however, that, in the case of a Global Note, an appropriate notation may instead be made on such Global Note to decrease the principal amount thereof to an amount equal to the unredeemed portion thereof.

(e) Notice of intention to redeem any Series or Tranche of Notes will be given by the Issuer in the manner provided in Section 15.03 or otherwise in accordance with the procedures of the Depository at least 15 days but not more than 30 days prior to the date fixed for redemption. Notwithstanding the foregoing, a redemption notice may be delivered more than 30 days prior to the date fixed for redemption if such notice is issued in connection with a satisfaction and discharge of this Indenture with respect to any Series or Tranche of Notes. Every such notice will specify that portion of the principal amount of such Note to be redeemed (provided that no Notes in an aggregate principal amount of 1,000 units of the applicable currency or less will be redeemed in part), the redemption date, the

Redemption Price and places of payment, and will state that all interest on the Notes called for redemption will cease to be payable from the redemption date.

(f) Upon notice having been given as provided in Section 4.10(e), the Notes called for redemption or the principal amount to be redeemed of the Notes called for redemption in part, as the case may be, will thereupon become due and payable at the Redemption Price, on the redemption date specified in such notice, in the same manner and with the same effect as if it were the maturity date for such Notes, notwithstanding anything contained in this Indenture or in the Notes to the contrary. From and after such redemption date, if the money necessary to redeem such Notes has been deposited as provided in Section 4.10(h) or 4.10(i) and affidavits or other proof satisfactory to the Indenture Trustee as to the delivery or mailing of such notices have been delivered to it, such Notes will not be considered as Outstanding under this Indenture and interest upon such Notes will cease to accrue after such date.

(g) If any question arises as to whether notice of redemption or deposit of the redemption money has been given or made available as provided above, such question will be decided by the Indenture Trustee, whose decision will be final and binding upon all interested parties.

(h) Except as may otherwise be provided in the Related Supplemental Indenture or in any Series or Tranche of Notes, or as part of a satisfaction and discharge of this Indenture with respect to any Series or Tranche of Notes where payment has been made in accordance with another provision of this Indenture, upon Notes of a Series or Tranche being called for redemption, the Issuer will deposit with the Indenture Trustee immediately available funds no later than 10:00 a.m. on the date fixed for redemption in the relevant notice of redemption (or such later time on such date as is acceptable to the Indenture Trustee), such sums as may be sufficient to pay the Redemption Price of the Notes to be redeemed, plus accrued and unpaid interest and other amounts (if any) due on such Notes to the redemption date, and will pay to the order of the Indenture Trustee the estimated charges and expenses to be incurred in connection with such redemption. From the sums so deposited and upon surrender of such Notes, the Indenture Trustee will pay or cause to be paid to the holders of the Notes called for redemption the principal thereof, interest and other amounts (if any) thereon to which they are entitled on redemption.

(i) Alternatively, in respect of any Global Notes, the Issuer may, at its option, cause the amount payable on redemption to be sent by wire transfer on the day such redemption payment is due to an account maintained by such Noteholder or any other method acceptable to the Issuer and such Noteholder.

4.11 Purchase of Notes for Cancellation

(a) Provided no Event of Default has occurred and is continuing, the Issuer may purchase or otherwise acquire, at any time and from time to time, all or any of the

Outstanding Notes of any Series or Tranche in the market (which will include purchase from or through an investment dealer, participant or a firm holding membership on a recognized stock exchange) or by invitation to tender or by private contract at such prices as it may determine in its sole discretion. The Issuer will deliver to the Indenture Trustee all Notes purchased as aforesaid, when paid, as evidence of such payment.

(b) If, upon an invitation to tender, more Notes of a Series or Tranche are tendered in response to such invitation at the same lowest price than the Issuer is prepared to accept, Notes of the Series or Tranche to be purchased by the Issuer will be selected by the Indenture Trustee on a *pro rata* basis, disregarding fractions, according to the Outstanding Dollar Principal Amount of Notes registered in the name of each Noteholder, or in such other manner as the Indenture Trustee may consider equitable (which may include random selection by computer), from the Notes tendered by each Noteholder which tendered at such lowest price. For this purpose, the Indenture Trustee may make, and from time to time amend, regulations with respect to the manner in which Notes may be so selected and regulations so made will be valid and binding upon all Noteholders, notwithstanding the fact that, as a result thereof, one or more of such Notes becomes subject to purchase in part only. The holder of any Note of which a part only is purchased, will be entitled to receive upon surrender of such Note for payment and without expense to such holder, a new Note or Notes of an aggregate principal amount equal to the unpurchased part of the Note so surrendered and the Indenture Trustee will certify and deliver to such holder a new Note or Notes; provided, however, that, in the case of a Global Note, an appropriate notation may instead be made on such Global Note to decrease the principal amount thereof to an amount equal to the unpurchased portion thereof.

4.12 Cancellation

All Notes surrendered for payment, redemption, repurchase, transfer, conversion or exchange will, if surrendered to any Person other than the Indenture Trustee, be delivered to the Indenture Trustee and will be promptly canceled by it. The Issuer may at any time deliver to the Indenture Trustee for cancellation any Notes previously authenticated and delivered hereunder which the Issuer may have acquired in any manner whatsoever, and all Notes so delivered will be promptly canceled by the Indenture Trustee. No Note will be authenticated in lieu of or in exchange for any Notes canceled as provided in this Section 4.12, except as expressly permitted by this Indenture. The Indenture Trustee will dispose of all canceled Notes in accordance with its customary procedures and will deliver a certificate of such disposition to the Issuer.

ARTICLE V
CONDITIONS PRECEDENT

5.01 Conditions Precedent for Incurrence of Indebtedness

On or prior to the date that the Issuer enters into a definitive agreement for the incurrence of new Issuer Funding Obligations ~~(~~**or the renewal or extension of any existing Issuer**

Funding Obligations (in each case, other than Derivative Funding Obligations), the following conditions precedent shall be satisfied:

(a) the Issuer shall have delivered to the Indenture Trustee and each Rating Agency notice of the incurrence of such Issuer Funding Obligation;

(b) the Issuer shall have delivered to the Indenture Trustee and each Rating Agency an Issuer Certificate to the effect that:

(i) the Issuer reasonably believes that the incurrence of such Issuer Funding Obligation will not cause an Adverse Effect;

(ii) all instruments furnished to the Indenture Trustee conform to the requirements of this Indenture and constitute sufficient authority hereunder for the Indenture Trustee to (A) in the case of a Note issuance only, authenticate and deliver such Notes, and (B) in the case of all other Issuer Funding Obligations, execute and deliver the Related Funding Obligation Agreement in accordance with Section 5.05;

(iii) in the case of a Note issuance only, the form and terms of such Notes have been established in conformity with the provisions of this Indenture;

(iv) the incurrence of such Issuer Funding Obligation is consistent in all material respects with the Financing Plan;

(v) the conditions set out in subsections 5.01(c), (d), (g) and (k) have been met; and

(vi) such other matters as the Indenture Trustee may reasonably request;

(c) the representations and warranties set forth in Section 12.01 shall be true and correct in all material respects;

(d) the Rating Agency Condition **with respect to all outstanding Series or Tranches of Issuer Funding Obligations** shall have been satisfied with respect to ~~the~~**such** incurrence~~ of such Issuer Funding Obligation~~;

(e) the Indenture Trustee shall have received ~~a certificate addressed to the Indenture Trustee and signed by the Chief Financial Officer and the Treasurer of OPG (or their respective designees, provided that such designees are executive officers of OPG and, for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as Financial Services Manager) confirming that OPG has provided to the Province all certifications required by the Province in order for such Issuer Funding Obligations to be Approved Obligations; provided that such certificate shall not be delivered more than **[five (5)]** Business Days prior to such incurrence;~~**either:**

(i) **a certified copy of the instrument whereby the Province designated in writing that the new Issuer Funding Obligations are Approved Obligations as contemplated by clause (ii) of Section 4.01 of the Change of Law Protection Agreement; or**

(ii) **both (A) an Adherence Compliance Certificate addressed to the Indenture Trustee with respect to the new Issuer Funding Obligations delivered in accordance with Section 4.02(a)(ii) of the Change of Law Protection Agreement; such Adherence Compliance Certificate to be delivered not more than five (5) Business Days prior to the incurrence of the new Issuer Funding Obligation, and (B) a certificate signed by the Manager certifying that the Province has not provided a Suspension Notice to the Manager or the Issuer;**

(f) the Issuer shall have delivered to the Indenture Trustee copies of the Related Funding Obligation Agreement, including in the case of Notes, a Supplemental Indenture, and if applicable, a Terms Document relating to the applicable Tranche of Notes;

(g) in the case of Senior Funding Obligations only, the Issuer will have Subordinated Funding Obligations and Junior Subordinated Funding Obligations in an aggregate Outstanding Dollar Principal Amount equal to not less than 35% of the aggregate Outstanding Dollar Principal Amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations (after giving effect to such incurrence)**and in the case of Subordinated Funding Obligations only, the Issuer will have Junior Subordinated Funding Obligations in an aggregate Outstanding Dollar Principal Amount equal to not less than 10% of the aggregate Outstanding Dollar Principal Amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations** (after giving effect to **such incurrence)**;

(h) except in the case of Notes, the Issuer delivers to the Indenture Trustee an updated copy of the Specified Creditor list described in Section 13.13(b);

(i) each Debtholder in respect of such Issuer Funding Obligation (or an authorized agent on their behalf) shall have made the acknowledgements and agreements set out in Section 5.04;

(j) the Change of Law Protection Agreement shall be in full force and effect against the Province or shall have been replaced with a new agreement that is in form and substance satisfactory to Controlling Class Creditors pursuant to an Ordinary Resolution;

(k) the conditions precedent, if any, specified in the applicable Funding Obligation Agreement shall have been satisfied;

(l) in the case of a Note issuance only, the Indenture Trustee shall have received an Issuer Certificate for the certification and delivery of such Notes and specifying the particulars relating to such Notes;

(m) in the case of Bearer Notes described in section 163(f)(2)(A) of the Internal Revenue Code, if such Notes are not in registered form (including by reason of a book entry system described in section 163(f)(3) of the Internal Revenue Code), then such Notes shall be described in section 4701(b)(1)(B) of the Internal Revenue Code and such section shall apply to such Notes; and

(n) in the case of Foreign Currency Notes only, the Issuer shall have appointed one or more Paying Agents in the appropriate countries, if requested by the Indenture Trustee.

For greater certainty, periodic drawdowns under existing Funding Obligation Agreements, or a renewal or extension thereof in accordance with the terms of a Funding Obligation Agreement, shall not constitute a new incurrence of Issuer Funding Obligations. However, an increase in the aggregate commitment under an existing Funding Obligation Agreement or the issuance of additional Notes of an Outstanding Series or Tranche of Notes shall constitute a new incurrence of Issuer Funding Obligations.

5.02 No Consent

The Indenture Trustee will not be required to and, except as otherwise provided in any Funding Obligation Agreement, the Issuer will not be required to, provide prior notice to or obtain the consent of any Debtholder or any other Specified Creditor to incur any Issuer Funding Obligations.

5.03 Conditions Precedent for the Incurrence of other Obligations Secured

On or prior to the date that the Issuer enters into any agreement that would give rise to Obligations Secured (other than Issuer Funding Obligations referred to in Section 5.01 but including Derivative Funding Obligations), the following conditions precedent shall be satisfied:

(a) the Issuer shall have delivered to the Indenture Trustee a copy of the applicable agreement; and

(b) the Issuer shall have delivered to the Indenture Trustee an updated copy of the Specified Creditor list described in Section 13.13(b);

(c) each counterparty to such agreement (or an authorized agent on their behalf) shall have made the acknowledgements and agreements set out in Section 5.04; and

(d) ~~in the case of entry into (i) an ISDA Master Agreement, or (ii) a non-terminable contract having a term of more than three (3) years with aggregate **[minimum]** payments during such term in excess of $5,000,000 only **[NTD: Need conforming change to Change of Law Protection Agreement]**~~**if the**

Obligations Secured are Certified Primary Obligations, the Indenture Trustee shall have received **either:**

(i) a ~~certificate~~**certified copy of the instrument whereby the Province designated in writing that the new Obligations Secured are Approved Obligations as contemplated by clause (ii) of Section 4.01 of the** Change of Law Protection Agreement**; or**

(ii) **both (A) an Adherence Compliance Certificate** addressed to the Indenture Trustee ~~and signed by the Chief Financial Officer and the Treasurer of OPG (or their respective designees, provided that such designees are executive officers of OPG) confirming either (A) that OPG has provided to the Province all certifications required by the Province, or (B) that the Province has otherwise agreed that such Obligations Secured constitute Approved Obligations; provided that such certificate shall not~~**with respect to the new Obligations Secured delivered in accordance with Section 4.02(a)(ii) of the Change of Law Protection Agreement; such Adherence Compliance Certificate to** be delivered **not** more than ~~[~~five (5)~~]~~ Business Days prior to ~~such incurrence~~**the incurrence of the new Obligations Secured, and (B) a certificate signed by the Manager certifying that the Province has not provided a Suspension Notice to the Manager or the Issuer**.

5.04 Specified Creditor Acknowledgements

Each Specified Creditor:

(a) acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor hereunder and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under this Indenture including, without limitation, Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 7.12 (Payments Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Section 8.14 (Limited Recourse), Article IX (Indenture Trustee) (including all limitations of liability thereunder), Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition);

(b) except in the case of the Province, irrevocably authorizes and directs the Indenture Trustee on its behalf to take such action (including the execution and delivery of documents of subordination) as may be necessary or appropriate to further assure the priority arrangements provided for in Article VI, Article VII and Section 8.13, and appoints the Indenture Trustee as its agent for any and all such purposes; and

(c) consents, requests and authorizes the Issuer and the Indenture Trustee to (i) add such Specified Creditor (or its agent) to the register of Specified Creditors described in Section 13.13 and (ii) disseminate the notice details of such Specified

Creditor to other Specified Creditors for the purposes set out in subsection 9.14(b).

5.05 Acknowledgement of Program Agreement by Indenture Trustee

Upon receipt of an Issuer Certificate directing it to do so (provided the conditions set forth in Section 5.01 or 5.03, as applicable, have been satisfied, as certified by the Issuer), the Indenture Trustee shall execute an acknowledgement with respect to any Program Agreement or any evidence of indebtedness issued pursuant to a Program Agreement confirming that such Program Agreement or evidence of indebtedness is an Obligation Secured under this Indenture and the creditors listed in such Program Agreements are Specified Creditors for the purposes of this Indenture.

ARTICLE VI
SUBORDINATION

6.01 Subordination

The payment of all Subordinated Funding Obligations shall be subordinate and rank junior, to the extent and in the manner set forth in this Article VI, Article VII and Article VIII, if applicable, to the prior payment in full of all amounts owing from time to time with respect to the Senior Funding Obligations and the Derivative Funding Obligations. The payment of all Junior Subordinated Funding Obligations shall be subordinate and rank junior, to the extent and in the manner set forth in this Article VI, Article VII and Article VIII, if applicable, to the prior payment in full of all amounts owing from time to time with respect to the Senior Funding Obligations, the Derivative Funding Obligations and the Subordinated Funding Obligations. Subject to the provisions of the Related Funding Obligation Agreement, (i) prior to the acceleration of the Issuer Funding Obligations pursuant to Section 8.02, payment in respect of the Subordinated Funding Obligations and the Junior Subordinated Funding Obligations shall be made as provided for in Sections 7.04 to 7.11; and (ii) after the acceleration of the Issuer Funding Obligations pursuant to Section 8.02, payment on account of the Subordinated Funding Obligations and the Junior Subordinated Funding Obligations shall be made as provided for in Section 8.13.

6.02 Subrogation to Senior Funding Obligations and Derivative Funding Obligations

(a) Subject to the payment in full of the Senior Funding Obligations and the Derivative Funding Obligations or the making of due provision for such payment, the Debtholders of Subordinated Funding Obligations shall be subrogated to the rights of the Debtholders of Senior Funding Obligations and Derivative Counterparties to receive payments or distributions of assets of the Issuer, to the extent of the application thereto of moneys or other assets which would have been received by the Debtholders of Subordinated Funding Obligations but for the provisions of this Article VI, until the principal of and interest on the Subordinated Funding Obligations shall be paid in full.

(b) Subject to the payment in full of the Senior Funding Obligations, the Derivative Funding Obligations and the Subordinated Funding Obligations or the making of

due provision for such payment, the Debtholders of Junior Subordinated Funding Obligations shall be subrogated to the rights of the Debtholders of Senior Funding Obligations and Subordinated Funding Obligations, and Derivative Counterparties, to receive payments or distributions of assets of the Issuer, to the extent of the application thereto of moneys or other assets which would have been received by the Debtholders of Junior Subordinated Funding Obligations but for the provisions of this Article VI, until the principal of and interest on the Junior Subordinated Funding Obligations shall be paid in full.

6.03 Rights of Specified Creditors Preserved

The provisions of this Article VI are and are intended solely for the purpose of defining the relative rights of the Debtholders of Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations, and Derivative Counterparties, as applicable. Nothing in this Article VI is intended to or shall impair the obligation of the Issuer, subject to the rights of the Debtholders of Senior Funding Obligations and Derivative Counterparties, to pay the Subordinated Funding Obligations and Junior Subordinated Funding Obligations as and when the same shall become due and payable in accordance herewith, or affect the relative rights of the Debtholders of Subordinated Funding Obligations and Junior Subordinated Funding Obligations, and creditors of the Issuer other than Debtholders of such Senior Funding Obligations and Derivative Counterparties, nor shall anything in this Article VI prevent the Indenture Trustee or such Debtholders from exercising all remedies otherwise permitted by this Indenture, subject to the rights (if any) under this Article VI of Debtholders of Senior Funding Obligations, Derivative Counterparties and the Indenture Trustee on their behalves in respect of any payment or distribution of cash, property or securities of the Issuer received upon the exercise of any such remedy.

6.04 Renewal or Extension of Senior Funding Obligations

(a) Except as provided in this Indenture or the Related Funding Obligation Agreement, Debtholders of Senior Funding Obligations and Derivative Counterparties may at any time in their discretion renew or extend the time of payment of their Issuer Funding Obligations or exercise any other of their rights in respect thereof, including, without limitation, the waiver of an Event of Default thereunder, all without notice to or assent from the Debtholders of the Subordinated Funding Obligations or Junior Subordinated Funding Obligations, or the Indenture Trustee.

(b) No compromise, alteration, amendment, modification, extension, renewal or other change of, or waiver, consent or other action in respect of, any liability or obligation under or in respect of any Senior Funding Obligations, Derivative Funding Obligations or of any of the terms, covenants or conditions of any Related Funding Obligation Agreement under which any Senior Funding Obligations or Derivative Funding Obligations shall have been issued, shall in any way alter or affect any of the provisions of this Article VI.

ARTICLE VII
ISSUER ACCOUNTS AND INVESTMENTS; ORDINARY COURSE ALLOCATIONS

7.01 Available Collections

Except as otherwise expressly provided in this Indenture, the Indenture Trustee may demand payment or delivery of, and shall receive and collect, directly and without intervention or assistance from any fiscal agent or other intermediary, all money and other property payable to or receivable by the Indenture Trustee pursuant to this Indenture including, without limitation, all funds and other property payable to the Indenture Trustee in connection with the Collateral. The Indenture Trustee will hold all such money and property received by it as part of the Collateral and will apply it, or cause it to be applied, as provided in this Indenture and any applicable Program Agreement.

7.02 Issuer Accounts

(a) On or before the date hereof, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**Collection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. All Available Collections received shall be credited to the Collection Account. The Collection Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the Collection Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 calendar days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition is satisfied) establish a new Collection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Collection Account to such new Collection Account. From the date each such new Collection Account is established, it shall be the "Collection Account."

(b) On or before the date hereof, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**Interest Accumulation Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. The Interest Accumulation Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the Interest Accumulation Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Interest Accumulation Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Interest Accumulation Account to such new Interest Accumulation Account. From

the date each such new Interest Accumulation Account is established, it shall be the "Interest Accumulation Account." The Interest Accumulation Account is a "finance reserve account" under, and as defined in, the Fair Hydro Regulations.

(c) On or before the date hereof, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**Principal Accumulation Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. The Principal Accumulation Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the Principal Accumulation Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition is satisfied) establish a new Principal Accumulation Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Principal Accumulation Account to such new Principal Accumulation Account. From the date each such new Principal Accumulation Account is established, it shall be the "Principal Accumulation Account." The Principal Accumulation Account is a "capital account" under, and as defined in, the Fair Hydro Regulations.

(d) On or before the date hereof, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**Program Cash Reserve Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. The Program Cash Reserve Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the Program Cash Reserve Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Program Cash Reserve Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Program Cash Reserve Account to such new Program Cash Reserve Account. From the date each such new Program Cash Reserve Account is established, it shall be the "Program Cash Reserve Account." The Program Cash Reserve Account is a "finance reserve account" under, and as defined in, the Fair Hydro Regulations. The Issuer shall deposit the Program Cash Reserve Required Amount to the Program Cash Reserve Account during the Reference Period commencing May 1, 2021 pursuant to the application of amounts available under subsection 7.04(e)(xiii).

(e) On or before the date hereof, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**IESO Cash Reserve Account**") in

the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. The IESO Cash Reserve Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the IESO Cash Reserve Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new IESO Cash Reserve Account that is an Eligible Deposit Account and shall transfer any funds or other property from such IESO Cash Reserve Account to such new IESO Cash Reserve Account. From the date each such new IESO Cash Reserve Account is established, it shall be the "IESO Cash Reserve Account." The IESO Cash Reserve Account is a "finance reserve account" under, and as defined in, the Fair Hydro Regulations. The Issuer shall deposit the IESO Cash Reserve Deposit Amount directly to the IESO Cash Reserve Account on the earlier of (x) ~~the Payment Date occurring in~~ April~~,~~ **30,** 2021, and (y) the receipt of the IESO Cash Reserve Deposit Amount from the IESO. Other than such deposit of the IESO Cash Reserve Deposit Amount to the IESO Cash Reserve Account, no other amounts shall be deposited to the IESO Cash Reserve Account.

(f) On or before the date hereof, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**Refinancing Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. All proceeds arising from Notes and Borrowings related to Refinancings shall be deposited to the Refinancing Account. For greater certainty, the Refinancing Account may contain Sub-Accounts to account for proceeds in different currencies. The Refinancing Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the Refinancing Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition is satisfied) establish a new Refinancing Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Refinancing Account to such new Refinancing Account. From the date each such new Refinancing Account is established, it shall be the "Refinancing Account."

(g) From time to time in connection with the creation of any Series of Issuer Funding Obligations, the Issuer may cause to be established and maintained an Eligible Deposit Account (a "**Series Capital Reserve Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the applicable Debtholders or Derivative Counterparties. A Series Capital Reserve

Account may be established for the sole purpose of allowing the Issuer to accumulate funds to be used to make repayments in respect of a Series of Issuer Funding Obligations. Details of any period of accumulation and the amounts to be accumulated shall be specified in the Related Funding Obligation Agreement. Each Series Capital Reserve Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the applicable Debtholders or Derivative Counterparties. If, at any time, the institution holding a Series Capital Reserve Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition **in respect of the applicable Series** is satisfied) establish a new Series Capital Reserve Account that is an Eligible Deposit Account and shall transfer any funds or other property to such new Series Capital Reserve Account. From the date each such new Series Capital Reserve Account is established, it shall be a "Series Capital Reserve Account." Each Series Capital Reserve Account shall be a "capital account" under, and as defined in, the Fair Hydro Regulations.

(h) From time to time in connection with the creation of any Series of Issuer Funding Obligations, the Issuer may cause to be established and maintained an Eligible Deposit Account (a "**Series Finance Reserve Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the applicable Debtholders or Derivative Counterparties. A Series Finance Reserve Account may be established for the purpose of allowing the Issuer to reserve funds to pay finance charges (including, without limitation, interest and payments under Derivative Agreements) for a Series of Issuer Funding Obligations. Details of any reserve requirements shall be specified in the Related Funding Obligation Agreement. Each Series Finance Reserve Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the applicable Debtholders or Derivative Counterparties. If, at any time, the institution holding a Series Finance Reserve Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition **in respect of the applicable Series** is satisfied) establish a new Series Finance Reserve Account that is an Eligible Deposit Account and shall transfer any funds or other property to such new Series Finance Reserve Account. From the date each such new Series Finance Reserve Account is established, it shall be a "Series Finance Reserve Account." Each Series Finance Reserve Account shall be a "finance reserve account" under, and as defined in, the Fair Hydro Regulations.

(i) On or before the making of any demand for payment under the Change of Law Protection Agreement, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other

property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. All payments received from the Province pursuant to the Change of Law Protection Agreement shall be deposited to the Protection Account. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account."

(j) **From time to time in connection with the establishment of any Program Account (other than the Protection Account) or Series Account, the Issuer may cause to be established and maintained one or more Eligible Securities Accounts (each, a "Securities Account") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. A Securities Account may be established for the purpose of allowing the Issuer to invest funds held in any Program Account or Series Account in Eligible Investments in accordance with Section 7.03. Each Securities Account shall relate to only one Program Account or Series Account. Each Securities Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution at which a Securities Account is maintained ceases to be an Affiliate of an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition (only in respect of the Series if related to a Series Account) is satisfied) establish a new Securities Account that is an Eligible Securities Account and shall transfer any funds or other property to such new Securities Account. From the date each such new Securities Account is established, it shall be a "Securities Account."**

7.03 Investment of Funds in the Issuer Accounts

(a) Funds credited to the Issuer Accounts will (unless otherwise stated in this Indenture or**, with respect to a Series Account,** any applicable Funding Obligation Agreement) be invested and reinvested by the Indenture Trustee at the written direction of the Manager in one or more Eligible Investments. The Manager may appoint as its agent under a separate agreement a registered investment advisor and authorize such agent to give instructions on behalf of the Manager to the Indenture Trustee for funds to be invested and reinvested in one or

more Eligible Investments. The Manager shall provide the Indenture Trustee with a written direction certifying any such appointment, together with an incumbency for such agent in a form acceptable to the Indenture Trustee, acting reasonably. The Indenture Trustee shall be entitled to conclusively rely on, and shall be protected in acting upon, instructions received from such agent on behalf of the Manager. The Manager (or its agent appointed pursuant to the preceding sentence) may authorize the Indenture Trustee to make specific investments pursuant to written instructions, in such amounts as the Manager will specify. Any direction from the Manager (or its agent appointed pursuant to this Section) to the Indenture Trustee shall be in writing and shall be provided to the Indenture Trustee no later than 9:00 a.m. (Toronto time) on the day on which the investment is to be made. Any such direction received by the Indenture Trustee after 9:00 a.m. (Toronto time) or received on a day that is not a Business Day shall be deemed to have been given prior to 9:00 a.m. (Toronto time) on the next Business Day.

(b) Notwithstanding **anything to** the ~~foregoing, funds held by the Indenture Trustee in any of the Issuer Accounts will be invested in Eligible Investments that will~~**contrary herein, for purposes of making investments in accordance with this Section 7.03, the Issuer shall be entitled to make transfers of cash from any Program Account or Series Account to the Related Securities Account, provided that the Issuer shall ensure that Eligible Investments in the Related Securities Account** mature **at such times as may be required** so that a sufficient amount of ~~such funds~~**cash** shall be available **for transfer to the applicable Program Account or Series Account** to the extent required to pay all Obligations Secured that are payable on the following Payment Date, Interest Payment Date or Principal Payment Date, as applicable. **Transfers of cash between a Program Account or a Series Account and the Related Securities Account shall not require the delivery of a Payment Instruction and may be effected in accordance with the Indenture Trustee's standard practices.**

(c) ~~(b)~~ All funds from time to time credited to the Issuer Accounts pursuant to this Indenture and the Funding Obligation Agreements, and all investments made with such funds, if any, are property of the Issuer until such time as they are allocated or paid to satisfy Obligations Secured and will be held by the Indenture Trustee in the Issuer Accounts as part of the Collateral as herein provided, subject to withdrawal by the Paying Agent or the Indenture Trustee for the purposes specified herein.

(d) ~~(c)~~ Funds and other property in any of the Issuer Accounts will not be commingled with any other funds or property of the Issuer or the Indenture Trustee.

(e) ~~(d)~~ All interest and earnings (net of losses and investment expenses), if any, on funds credited to an Issuer Account will be part of that Issuer Account ~~and applied as specified in the applicable Payment Waterfall~~.

(f) ~~(e)~~ Subject to subsection 9.01(d), neither the Indenture Trustee nor the Manager will in any way be held liable by reason of any losses incurred in the investment of any funds in any Eligible Investments and any insufficiency in an Issuer Account resulting from any loss on any Eligible Investment included therein.

(g) ~~(f)~~ Funds credited to the Issuer Accounts will be invested and reinvested by the Indenture Trustee as provided in the written direction of the Manager; provided, however, that such funds shall remain uninvested upon the occurrence of any of the following events:

(i) the Manager (or its agent appointed pursuant to paragraph (a) above) shall have failed to give investment directions to the Indenture Trustee; or

(ii) an Event of Default shall have occurred and be continuing but no Issuer Funding Obligations have been declared due and payable pursuant to Section 8.02.

7.04 Allocation of Amounts on Deposit in Collection Account

(a) ~~All~~**Subject to** the applicable Payment Waterfall**, all** Senior Funding Obligations of each Series or Tranche will in all respects be equally and ratably entitled to the benefits hereof with respect to such Series or Tranche without preference, priority or distinction on account of (i) the actual time of the incurrence, (ii) the Principal Payment Date(s), (iii) the Principal Payment Default Date, or (iv) the Principal Accumulation Date, except as specified in the Related Funding Obligation Agreement. All Subordinated Funding Obligations of each Series or Tranche will in all respects be equally and ratably entitled to the benefits hereof with respect to such Series or Tranche without preference, priority or distinction on account of (i) the actual time of the incurrence, (ii) the Principal Payment Date(s), (iii) the Principal Payment Default Date, or (iv) the Principal Accumulation Date, except as specified in the Related Funding Obligation Agreement. All Junior Subordinated Funding Obligations of each Series or Tranche will in all respects be equally and ratably entitled to the benefits hereof with respect to such Series or Tranche without preference, priority or distinction on account of (i) the actual time of the incurrence, (ii) the Principal Payment Date(s), (iii) the Principal Payment Default Date, or (iv) the Principal Accumulation Date, except as specified in the Related Funding Obligation Agreement.

(b) On each Payment Date, Available Collections credited to the Collection Account since the previous Payment Date will be distributed in accordance with Section 7.04(e).

(c) ~~If~~**Subject to subsection 7.04(f), if** any amount below is payable on a date other than a Payment Date, prior to such payment being made, an amount will be reserved in the Collection Account equal to the amount estimated by the Manager in its commercially reasonable judgment, based upon amounts then known and/or reasonably expected to be or become payable on or before the next Payment Date,

to be the aggregate amount of items *pari passu* or more senior in priority than such obligation, calculated on a *pro forma* basis, and if, due to such reservation of funds, there are insufficient funds available in the Collection Account to make such payment, such payment will be made only on the following Payment Date (and then only if funds are available pursuant to this Section 7.04).

(d) In the event of non-payment on any Payment Date of any amounts referred to in subsection 7.04(e), such amounts shall remain due and shall be payable on each subsequent Payment Date in the order of priority provided for in subsection 7.04(e), subject to ~~Section~~**Sections 7.10 and** 8.13.

(e) Subject to ~~Section~~**Sections 7.04(f), 7.10 and** 8.13, on each Payment Date **(after making the applications provided for in Section 7.07(a))**, any amount standing to the credit of the Collection Account will be distributed by the Paying Agent in the order of priority specified below, based upon the Payment ~~Instructions~~**Instruction** received from the Manager in respect of such Payment Date, *pro rata* in proportion to the claims represented by each subclause except as otherwise specifically provided below:

(i) First, to the payment or remittance of all Taxes exigible for which a Governmental Authority is given priority over the Specified Creditors under the laws of the applicable jurisdiction;

(ii) Second, on a *pro rata* basis, to the Indenture Trustee and the Issuer Trustee in respect of the amount of fees, expenses and reimbursements owing, up to a maximum aggregate amount (without duplication of any amounts previously paid in respect of such fees, expenses~~,~~ **and** reimbursements ~~and indemnified claims~~) equal to the Trustee Cap with respect to each of the Issuer Trustee and the Indenture Trustee;

(iii) Third, *pari passu* (A) to transfer to the Interest Accumulation Account, the Interest Accrual Amount (Senior) for such Payment Date, and (B) to Derivative Counterparties, on a *pro rata* basis, all Derivative Funding Obligations payable other than Termination Payments;

(iv) Fourth, to transfer to the Interest Accumulation Account, the Interest Accrual Amount (Subordinated) for such Payment Date;

(v) Fifth, to transfer to the Interest Accumulation Account, the Interest Accrual Amount (Junior Subordinated) for such Payment Date,

(vi) Sixth, to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Warehouse) for such Payment Date;

(vii) Seventh, *pari passu* (A) to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Senior) for such Payment Date, and (B) to Derivative Counterparties, on a *pro rata* basis, any

Termination Payment where the Derivative Counterparty is not the Defaulting Party or the sole Affected Party;

(viii) Eighth, to Debtholders, on a *pro rata* basis, all fees and other amounts (other than interest or principal) due and payable on the Senior Funding Obligations;

(ix) Ninth, to the Manager in respect of all fees, expenses and reimbursement amounts owing;

(x) Tenth, to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Subordinated) for such Payment Date;

(xi) Eleventh, to Debtholders, on a *pro rata* basis, all fees and other amounts (other than interest or principal) due and payable on the Subordinated Funding Obligations;

(xii) Twelfth, to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Junior Subordinated) for such Payment Date,

(xiii) Thirteenth, to deposit to the Program Cash Reserve Account, the **amount, if any, by which the amount on deposit in the Program Cash Reserve Account is less than the** Program Cash Reserve Required Amount;

(xiv) Fourteenth, to transfer such amounts as is sufficient to replenish, on a *pro rata* basis, any Series Capital Account or Series Finance Reserve Account as required by any Related Funding Obligation Agreement, other than any Series Capital Account or Series Finance Reserve Account related solely to Subordinated Funding Obligations or Junior Subordinated Funding Obligations;

(xv) Fifteenth, to transfer such amounts as is sufficient to replenish, on a *pro rata* basis, any Series Capital Reserve Account or Series Finance Reserve Account related solely to Subordinated Funding Obligations as required by any Related Funding Obligation Agreement;

(xvi) Sixteenth, to Debtholders, on a *pro rata* basis, all fees and other amounts (other than interest or principal) due and payable on the Junior Subordinated Funding Obligations;

(xvii) Seventeenth, to transfer such amounts as is sufficient to replenish, on a *pro rata* basis, any Series Capital Account or Series Finance Reserve Account related solely to Junior Subordinated Funding Obligations as required by any Related Funding Obligation Agreement;

(xviii) Eighteenth, to Derivative Counterparties, on a *pro rata* basis, any Termination Payment where the Derivative Counterparty is the Defaulting Party or the sole Affected Party;

(xix) Nineteenth, to the Issuer Trustee for the account of the beneficiaries of the Issuer, such amount as is required pursuant to the Declaration of Trust;

(xx) Twentieth, to the Manager in respect of all indemnity amounts owing;

(xxi) Twenty-First, *pari passu* (A) to the Indenture Trustee and the Issuer Trustee, in each case, in respect of the amount of any fees, expenses, reimbursements and indemnity amounts owing and not previously paid pursuant to clause (ii); (B) to the payment or remittance of all Taxes exigible and not previously paid pursuant to clause (i); and (C) to all other Specified Creditors not specifically referred to in this Section 7.04(e); in each case, including for each referenced party in subclauses (A), (B) and (C), any amounts payable to their respective Affiliates under the terms of any relevant indemnity; and

(xxii) Twenty-Second, any amounts remaining: (A) to be held in the Collection Account for distribution in the above order of priority on the succeeding Payment Date (or for distribution prior thereto as permitted or required pursuant to this Indenture); or (B) after the final Issuer Funding Obligation has been paid in full and discharged, and all of the other foregoing amounts are paid in full, together with all amounts due to the Indenture Trustee under Section 9.05 or otherwise, to the Issuer or as the Issuer designates.

(f) Notwithstanding subsections 7.04(b), (c) and (e):

(i) the transfer of any amounts deposited by IESO into the Collection Account on account of the IESO Cash Reserve Deposit Amount to the IESO Cash Reserve Account, and

(ii) the transfer of any amounts deposited into the Collection Account on account of one-time transaction costs and expenses in connection with the incurrence of Issuer Funding Obligations on or within three (3) Business Days of the closing date of such transaction,

shall, in each case, be made by the Paying Agent, based upon the Payment Instruction received from the Manager on the date applicable thereto without reserving for or paying amounts which are senior in priority to such obligation under subsection 7.04(e).

7.05 Allocation of Amounts on Deposit in Interest Accumulation Account

~~On~~**Subject to Section 7.10, on** each Interest Payment Date, ~~any amount~~**amounts** on deposit in the Interest Accumulation Account will be distributed by the Paying Agent in the order of priority specified below, based upon the Payment ~~Instructions~~**Instruction** received from the Manager in respect of such Interest Payment Date:

(a) First, to Debtholders, on a *pro rata* basis, in respect of all interest due and payable on the Senior Funding Obligations on such Interest Payment Date;

(b) Second, to Debtholders, on a *pro rata* basis, in respect of all interest due and payable on Subordinated Funding Obligations on such Interest Payment Date; provided that no payment of interest on Subordinated Funding Obligations shall be made under this Section 7.05(b) unless, after making such payment the amount remaining on deposit in the Interest Accumulation Account equals or exceeds the amount of accrued and unpaid interest on the Senior Funding Obligations as of such Interest Payment Date;

(c) Third, to Debtholders, on a *pro rata* basis, in respect of all interest due and payable on Junior Subordinated Funding Obligations on such Interest Payment Date; provided that no payment of interest on Junior Subordinated Funding Obligations shall be made under this Section 7.05(c) unless, after making such payment the amount remaining on deposit in the Interest Accumulation Account equals or exceeds the amount of accrued and unpaid interest on the Senior Funding Obligations and the Subordinated Funding Obligations as of such Interest Payment Date; and

(d) Fourth, any amounts remaining: (i) to be held in the Interest Accumulation Account for distribution in the above order of priority on the succeeding Interest Payment Date; or (ii) after the final Issuer Funding Obligation has been repaid in full, including all interest thereon, to be transferred to the Collection Account and applied in accordance with subsection 7.04(e);

provided that upon the occurrence and during the continuance of any Event of Default and acceleration of the Issuer Funding Obligations in accordance with Section 8.02, any amounts in the Interest Accumulation Account shall be applied in accordance with Section 8.13.

7.06 Allocation of Amounts on Deposit in Principal Accumulation Account

(a) ~~On~~**Subject to Section 7.10, on** each ~~Principal Payment Date, any amount~~**Interest Payment Date (after making the applications provided for in Section 7.05), to the extent that any interest which is due and payable on the Senior Funding Obligations, the Subordinated Funding Obligations and the Junior Subordinated Funding Obligations has not been paid, an amount equal to such deficiency shall be withdrawn from the Principal Accumulation Account and applied to the payment of interest due and payable on such Issuer Funding Obligations, provided that if the amount to be applied pursuant to this clause (a) is insufficient to pay all such interest, the application of such amounts shall be made first to Senior Funding Obligations, then to Subordinated Funding Obligations, and finally to Junior Subordinated Funding Obligations, in each case, on a *pro rata* basis.**

(b) Subject to Section 7.10, on each Principal Payment Date (after making the applications provided for in subsection 7.06(a)), amounts on deposit in the

Principal Accumulation Account will be distributed by the Paying Agent in the order of priority specified below, based upon the Payment ~~Instructions~~**Instruction** received from the Manager in respect of such Principal Payment Date: ~~**[NTD: Section 7.06 will be revised to allow funds in this account to be applied to the payment of interest (a higher ranking waterfall item) when necessary.]**~~

(i) ~~(a)~~ First, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of Warehouse Obligations payable on such Principal Payment Date;

(ii) ~~(b)~~ Second, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of Senior Funding Obligations (other than Warehouse Obligations) payable on such Principal Payment Date;

(iii) ~~(c)~~ Third, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of Subordinated Funding Obligations payable on such Principal Payment Date; provided that no payment of principal on Subordinated Funding Obligations shall be made under this ~~Section~~**subsection** 7.06(~~c~~**b)(iii**) unless, after making such payment, the amount remaining on deposit in the Principal Accumulation Account equals or exceeds the Required Principal Accumulation Amount (Senior) as of such Principal Payment Date; **and**

(iv) ~~(d)~~ Fourth, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of Junior Subordinated Funding Obligations payable on such Principal Payment Date; provided that no payment of principal on Junior Subordinated Funding Obligations shall be made under this ~~Section~~**subsection** 7.06(~~d~~**b)(iv**) unless, after making such payment, the amount remaining on deposit in the Principal Accumulation Account equals or exceeds the sum of the Required Principal Accumulation Amount (Senior) and the Required Principal Accumulation Amount (Subordinated) as of such Principal Payment Date~~; and~~**.**

(c) ~~(e) Fifth, any amounts remaining~~Any amounts remaining after making the applications referred to in **subsection 7.06(a) and subsection 7.06(b) shall**: (i) ~~to~~ be held in the Principal Accumulation Account for distribution ~~in the above order of priority~~**under this Section 7.06** on the succeeding **Interest Payment Date or** Principal Payment Date; or (ii) after the final Issuer Funding Obligation has been repaid in full, ~~to~~ be transferred to the Collection Account and applied in accordance with subsection 7.04(e)~~;~~**.**

(d) ~~provided that~~**Notwithstanding the foregoing clauses in this Section 7.06,** upon the occurrence and during the continuance of any Event of Default and acceleration of the Issuer Funding Obligations in accordance with Section 8.02, any amounts in the Principal Accumulation Account shall be applied in accordance with Section 8.13.

7.07 Allocation of Amounts on Deposit in IESO Cash Reserve Account

(a) On each Payment Date~~, to the extent that the amount available for distribution under subsection 7.04(e) is less than the sum~~ **beginning on** the Payment Date in November, **2021, an amount equal to the lesser** of **(x)** the amounts to be paid or transferred pursuant to clauses (i) through (v) of subsection 7.04(e)**, and (y)** the amount, if any, by which the amount on deposit in the IESO Cash Reserve Account exceeds the IESO Cash Reserve Required Amount **shall be withdrawn from the IESO Cash Reserve Account and applied to make the payments or transfers described in clauses (i) through (v) of subsection 7.04(e) in the order in which they are to be paid or transferred under Section 7.04(e).**

(b) **On each Payment Date** to the extent that the amount available for distribution under subsection 7.04(e) **and the amounts, if any, available pursuant to subsection 7.07(a) is less than the sum of the amounts to be paid or transferred pursuant to clauses (i) through (v) of subsection 7.04(e)**, an amount equal to such deficiency shall be withdrawn from the IESO Cash Reserve Account and applied to the making of such payments and transfers in the order in which they are **to be** paid **or transferred** under ~~Section~~**subsection** 7.04(e).

~~(b) On each Payment Date on or after the Payment Date in November, 2021 (after giving effect to all settlements on such Payment Date), the Issuer shall remit to the IESO the amount, if any, by which the amount on deposit in the IESO Cash Reserve Account exceeds the IESO Cash Reserve Required Amount.~~

(c) Upon all funds in the IESO Cash Reserve Account being ~~transferred to the IESO~~**paid** in accordance with ~~clause~~**clauses (a) and** (b), the IESO Cash Reserve Account shall be closed.

7.08 Allocation of Amounts on Deposit in Program Cash Reserve Account

(a) On each Payment Date (after making the applications provided for in Section 7.07**, and 7.04(e)**), to the extent that the amount on deposit in the Interest Accumulation Account is less than the sum of the Interest Accrual Amount (Senior), the Interest Accrual Amount (Subordinated) and the Interest Accrual Amount (Junior Subordinated), in each case for such Payment Date, an amount equal to such deficiency shall be withdrawn from the Program Cash Reserve Account and deposited into the Interest Accumulation Account.

(b) On each Principal Payment Date (after making the applications provided for in subsection 7.08(a)), amounts on deposit in the Program Cash Reserve Account ~~shall be applied~~**will be distributed by the Paying Agent** in the ~~following~~ order of priority **specified below, based upon the Payment Instruction received from the Manager in respect of such Principal Payment Date**:

(i) First, to the extent that the amount on deposit in the Principal Accumulation Account is less than the amount of principal due and

payable on the Warehouse Obligations on such Principal Payment Date, an amount equal to such deficiency shall be applied, on a *pro rata* basis, to the payment of principal due and payable on the Warehouse Obligations on such Principal Payment Date;

(ii) Second, to the extent that the amount on deposit in the Principal Accumulation Account is less than the amount of principal due and payable on the Senior Funding Obligations (other than Warehouse Obligations) on such Principal Payment Date, an amount equal to such deficiency shall be applied, on a *pro rata* basis, to the payment of principal due and payable on the Senior Funding Obligations (other than Warehouse Obligations) on such Principal Payment Date;

(iii) Third, to the extent that the amount available from the Principal Accumulation Account under ~~Section~~**subsection** 7.06(~~c~~**b)(iii**) is less than the amount of principal due and payable on the Subordinated Funding Obligations on such Principal Payment Date, an amount equal to such deficiency shall be applied, on a *pro rata* basis, to the payment of principal due and payable on the Subordinated Funding Obligations on such Principal Payment Date; and

(iv) Fourth, to the extent that the amount available from the Principal Accumulation Account under ~~Section~~**subsection** 7.06(~~d~~**b)(iv**) is less than the amount of principal due and payable on the Junior Subordinated Funding Obligations on such Principal Payment Date, an amount equal to such deficiency shall be applied, on a *pro rata* basis, to the payment of principal due and payable on the Junior Subordinated Funding Obligations on such Principal Payment Date.

(c) Any amounts remaining after making the applications referred to in subsection 7.08(a) and subsection 7.08(b) shall: (i) be held in the Program Cash Reserve Account for distribution under this Section 7.08 on the succeeding Interest Payment Date or Principal Payment Date; or (ii) after the final Issuer Funding Obligation has been repaid in full, be transferred to the Collection Account and applied in accordance with subsection 7.04(e).

(d) Notwithstanding the foregoing clauses in this Section 7.08, upon the occurrence and during the continuance of any Event of Default and acceleration of the Issuer Funding Obligations in accordance with Section ~~8.02,~~**8.02,** any amounts in the Program Cash Reserve Account shall be applied in accordance with Section 8.13.

7.09 Allocation of Amounts on Deposit in Refinancing Account

(a) Not less than 30 days prior to the first day of the Reference Period that includes the Principal Accumulation Date or Principal Payment Date in respect of a Series of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations, the Issuer shall, if it intends to repay all or a

portion of the principal obligations of such Funding Obligation Agreement pursuant to a Refinancing, issue a Refinancing Notice to the Indenture Trustee.

(b) On completion of a Refinancing, all proceeds received by the Issuer shall be deposited to the Refinancing Account.

(c) On each Principal Payment Date, an amount shall be transferred from the Refinancing Account to the Principal Accumulation Account equal to the lesser of:

(i) the amount on deposit in the Refinancing Account; and

(ii) the Deferred Principal Accumulation Amount.

(d) After the final Issuer Funding Obligation has been repaid in full, any amounts remaining in the Refinancing Account shall be deposited to the Collection Account and applied in accordance with subsection 7.04(e).

(e) Notwithstanding the foregoing clauses in this Section 7.09, upon the occurrence and during the continuance of any Event of Default and the acceleration of the Issuer Funding Obligations in accordance with Section 8.02, any amounts in the Refinancing Account shall be applied in accordance with Section 8.13.

7.10 Allocation of Amounts on Deposit in Protection Account

(a) All amounts received by the Issuer from the Province pursuant to the Change of Law Protection Agreement shall be deposited in the Protection Account.

(b) On each ~~date that~~**Guarantee Payment Date in respect of which** the Province makes a payment pursuant to the Change of Law Protection Agreement, the Paying Agent will, prior to making any payments under any other Payment Waterfall, distribute all amounts in the Protection Account solely to satisfy payments in respect of Approved Obligations as set out in the ~~related Guarantor Settlement Statement~~**written statement** delivered **by the Manager** to the Province **under Section 2.01(a)i. of the Change of Law Protection Agreement** in the order of priority the applicable Obligation Secured ~~would have had~~**has** under the applicable Payment Waterfall and based upon the Payment ~~Instructions~~**Instruction** received from the Manager in respect of such ~~date~~**Guarantee Payment Date**.

~~(c) Any amounts remaining after making the applications referred to in clause (b) above shall be transferred to the Province free and clear of the Security Interest.~~

(c) ~~(d) Upon payment by or on behalf of the Province to the Protection Account pursuant to the Change of Law Protection Agreement (or the satisfaction of Obligations Secured pursuant to distributions made from amounts deposited in the Protection Account), (i) the amounts so paid shall for all purposes be considered to have been applied to pay the applicable Specified Creditor(s) as provided for in~~

~~this Section 7.10, (ii) the applicable Specified Creditor(s)' rights to receive payments in respect of such Obligation Secured shall be reduced by the amount of such payment, and (iii) the Province shall become subrogated and entitled as provided in the Change of Law Protection Agreement to the rights, interests , elections and privileges of the Specified Creditor(s) benefitting from such payment (the "**Provincial Subrogation Claims**") and shall be entitled to receive distributions of Subrogation Amounts as provided in the Change of Law Protection Agreement on the dates determined in accordance with the applicable Payment Waterfall in the priority and to the extent that such Obligation Secured would have received payment had such Obligation Secured not been paid by the Province (and not been paid from amounts deposited to the Protection Account) pursuant to this Section 7.10.~~

~~(e)~~ ~~No Specified Creditor shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under subsection 7.10(d) (including any right of reimbursement, contribution or indemnity) and no Specified Creditor (other than the Province) shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of such amounts or a related claim or right.(f) Without limiting the Province's rights under subsection 7.10(d), upon~~**Upon** the Province paying any amount in respect of ~~the~~**an** Approved Obligation as contemplated in subsection 7.10(b), the Province shall be subrogated and entitled to each applicable Specified Creditor's rights and interests under and in respect of the **Approved** Obligation ~~Secured~~ to the extent of payments made to the Specified Creditor out of the Protection Account~~, including~~ **and shall be entitled to** (i) the right and entitlement to be paid and receive the related Subrogation Amounts and (ii) the benefits of the related Collateral and all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests ~~(including as a Specified Creditor under this Indenture on the basis contemplated in subsection 5.01(b))~~ under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Specified Creditor, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Issuer of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Specified Creditor to the Issuer and unaffected by any other rights or equities that arise thereafter as between the Specified Creditor and the Issuer. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the relevant Specified Creditor in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under this Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under this Indenture and any other agreement under which the Approved Obligation arises. **For greater certainty, the entitlements of the Province in respect of Subrogation Amounts arising in respect of Approved Obligations that are interest and principal obligations on Notes shall be treated for all purposes of this Indenture as interest and**

principal obligations, respectively, arising under Notes having the same priority as and any applicable voting rights under the related Approved Obligations, and accordingly the Province (and any successor, assignee or transferee of such entitlements) shall be entitled to all of the rights, entitlements, interests and privileges of a holder of such Notes in accordance with this Indenture and the Related Funding Obligation Agreement.

(d) **On each Guarantee Payment Date, Payment Date or other day on which any amount is required to be paid in respect of any Obligation Secured, commencing with the first Guarantee Payment Date, the following shall apply:**

(i) **if such day is a Guarantee Payment Date, then for each Approved Obligation for which amounts are paid from the Protection Account to a Specified Creditor pursuant to subsection 7.10(b), the amount payable to such Specified Creditor under such Approved Obligation** shall be reduced by the amount of such payment**, and an equivalent amount (the "Subrogation Amount") shall be payable by the Issuer to the Province in respect of such Approved Obligation, such Subrogation Amount to be payable in the same order of priority under the applicable Payment Waterfall as the Obligation Secured previously owing to such Specified Creditor.**

(ii) **if the Province has made all deposits required to be made by it on each Guarantee Payment Date occurring on or before such day in accordance with subsection 7.10(b) (or the related Approved Obligation Amounts have otherwise all been paid in full), then in respect of each Approved Obligation for which any related Subrogation Amounts have not yet been paid in full to the Province, the Issuer shall pay to the Province from amounts available under the applicable Payment Waterfall in accordance with the priority of payment provisions in such Payment Waterfall the amount that would be payable on such date in satisfaction of the relevant Approved Obligation, as determined without regard to any amounts paid on any Guarantee Payment Date pursuant to subsection 7.10(b) and also without regard to the corresponding reduction of the amounts owing to present and former Specified Creditors pursuant to subsection 7.10(d)(i) up to the amount of the unpaid related Subrogation Amounts.**

(e) **No Specified Creditor having a right to be paid an amount in respect of an Approved Obligation, and no other Person entitled under an Obligation Secured, in each case that ranks equal with or subordinate to the Approved Obligation in respect of which a Subrogation Amount is payable to the Province under subsection 7.10(d),** shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under subsection 7.10(d) (including any right of **set-off, offset,** reimbursement, contribution or

indemnity) and no **such Specified Creditor or other Person** shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of **any such Subrogation Amount.**

(f) **Any amount payable to the Province in respect of a Subrogation Amount shall bear interest from and including the date of payment by the Province of the related amount pursuant to subsection 7.10(b) to but excluding the date of payment of the Subrogation Amount to the Province, such interest to accrue at the rate equivalent to the applicable interest rate borne by the related Approved Obligation, and such interest amounts shall be added to their respective Subrogation Amounts and shall consequently be payable in the same priority as the relevant Subrogation Amount under subsection 7.10(d), all such accruing interest amounts to be calculated and added to the Subrogation Amounts by the Manager in its discretion acting in a commercially reasonable fashion.**

(g) **On each Guarantee Payment Date and upon demand by the Province, the Indenture Trustee shall release and the Paying Agent shall, upon receipt of a Payment Instruction, pay** to the Province free and clear of **any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay Specified Creditors on the Guarantee Payment Date in accordance with subsection 7.10(b) or that otherwise remains on deposit in the Protection Account on the relevant date.**

7.11 Allocation of Amounts on Deposit in Series Accounts

If, after giving effect to payments made on any Payment Date, the amount in the Collection Account is insufficient to satisfy all amounts required to be paid to Specified Creditors on such date, amounts on deposit in any Series Account may be withdrawn from such Series Account and allocated to Specified Creditors in accordance with the terms of the Related Funding Obligation Agreement.

7.12 Payments to be Held in Trust

If, notwithstanding the Payment Waterfalls, any payment on Obligations Secured shall be received at any time by any Specified Creditor, other than in accordance with this Indenture, then the funds received in respect of such payment shall be held by such Specified Creditor in trust for the Issuer and the other Specified Creditors and such Specified Creditor shall forthwith remit to the Indenture Trustee such funds.

7.13 Application of Trust Money

All money and obligations deposited with the Indenture Trustee pursuant to this Article VII and all money received by the Indenture Trustee in respect of such obligations will be held in trust and applied by it, in accordance with the provisions of the Program Agreements in respect of which it was deposited and this Indenture, to the payment, either directly or through any Paying Agent (including the Issuer acting as its own Paying Agent) as the Indenture Trustee,

at the direction of the Manager, may determine, to the Persons entitled thereto, of the principal, interest, fees and other amounts for whose payment that money and obligations have been deposited with or received by the Indenture Trustee. Money held by the Indenture Trustee in trust hereunder need not be segregated from other funds except to the extent required by this Indenture or by applicable law. The Indenture Trustee will be under no liability for interest on any money received by it hereunder except as otherwise agreed with the Issuer.

ARTICLE VIII
EVENTS OF DEFAULT AND REMEDIES

8.01 Events of Default

"**Event of Default**," wherever used herein, means any one of the following events (whatever the reason for such Event of Default and whether it will be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any Governmental Authority): ~~**[NTD: cure periods to be confirmed]**~~

(a) a default by the Issuer in the payment of any interest on any Controlling Class Obligations when such interest becomes due and payable, and continuance of such default for a period of ~~**[65]**~~**five (5)** days following the date on which such interest became due and payable;

(b) a default by the Issuer in the payment of any principal of any Controlling Class Obligations at its Principal Payment Default Date;

(c) any representation or warranty contained in Section 12.01 proves to be incorrect in any material respect when made and such incorrect representation or warranty if capable of being remedied by the Issuer, has not been remedied for a period of 60 days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by Controlling Class Creditors holding at least 25% of the Outstanding Dollar Principal Amount of all Controlling Class Obligations, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default" hereunder and, as a result of such default, the interests of such Controlling Class Creditors are materially and adversely affected and continue to be materially and adversely affected during the 60-day period;

(d) a default in the performance, or breach, of any covenant of the Issuer in this Indenture in respect of any Controlling Class Obligations (other than an agreement, covenant or warranty a default in the performance of which or the breach of which is elsewhere specifically dealt with in this Section 8.01), all of such covenants in this Indenture which are not expressly stated to be for the benefit of a particular Series of Issuer Funding Obligations being deemed to be in respect of all Series of Issuer Funding Obligations for this purpose, and continuance of such default or breach for a period of 60 days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by Controlling Class Creditors

holding at least 25% of the Outstanding Dollar Principal Amount of all Controlling Class Obligations, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default" hereunder and, as a result of such default, the interests of such Controlling Class Creditors are materially and adversely affected and continue to be materially and adversely affected during the 60-day period;

(e) the Issuer fails to maintain its existence or its status as a Financing Entity or an Insolvency Event occurs in respect of the Issuer;

(f) the Change of Law Protection Agreement ceases to be in full force and effect against the Province, or the validity of the Change of Law Protection Agreement or the applicability thereof to the Province or to any Controlling Class Obligations or any other obligations purported to be secured thereby or any material part thereof shall be disaffirmed in writing by or on behalf of the Province;

(g) an Acceleration Event has occurred; provided that Controlling Class Creditors holding at least 25% of the Outstanding Dollar Principal Amount of all Controlling Class Obligations have given, by registered or certified mail, notice to the Issuer and the Indenture Trustee specifying such default and stating that such notice is a "Notice of Default" hereunder;

(h) a default in the performance or breach by the Issuer of its covenant in Section 13.11 and the continuance of such default or breach for a period of three (3) Business Days after notice thereof has been given to the Issuer by the Indenture Trustee;

(i) at any time, ~~the aggregate of (1) the amounts, if any, withdrawn from the IESO Cash Reserve Account pursuant to Section 7.07(a) during the period from and after November 1, 2021 and prior to such time, plus (2)~~ the amounts, if any, withdrawn from the Program Cash Reserve Account pursuant to Section 7.08(a) prior to such time, exceeds the aggregate of (~~3~~**x**) an amount equal to 0.50% of the largest Outstanding Dollar Principal Amount of all Senior Funding Obligations, ~~Subordinate~~**Subordinated** Funding Obligations and Junior ~~Subordinate~~**Subordinated** Funding Obligations at any time on or before such time, plus (~~4~~**y**) the sum of all amounts deposited to the Program Cash Reserve Account pursuant to Section 7.04(e)(xiii) prior to such time; or

(j) a Servicer Default shall occur.

If Controlling Class Obligations constituting 25% or more of the Outstanding Dollar Principal Amount of all Controlling Class Obligations have been accelerated in accordance with the Related Funding Obligation Agreements, the threshold required to declare an Event of Default described in clause (c), (d) or (g) shall be deemed to have been met and no vote of Controlling Class Creditors to declare an Event of Default shall be required. For greater certainty, failure to pay amounts owing pursuant to a Derivative Agreement shall not constitute grounds for an Event of Default.

8.02 Acceleration of Maturity; Rescission and Annulment

(a) If an Event of Default (other than an Event of Default described in clause (e) or (f) of Section 8.01) occurs and is continuing, then and in each and every such case, unless the principal of all the Controlling Class Obligations shall have already become due and payable, either the Indenture Trustee or Controlling Class Creditors holding not less than 50% of the Outstanding Dollar Principal Amount of all Controlling Class Obligations (treated as one class), by notice in writing to the Issuer (and to the Indenture Trustee if given by such Controlling Class Creditors), may declare the Outstanding Dollar Principal Amount of all Issuer Funding Obligations (other than Derivative Funding Obligations) and all interest accrued or principal accreted and unpaid (if any) thereon to be due and payable immediately, and upon any such declaration the same will become and will be immediately due and payable, notwithstanding anything in this Indenture or any Funding Obligation Agreement to the contrary. In any vote to determine whether the requisite number of Controlling Class Creditors have agreed to accelerate the Issuer Funding Obligations pursuant to this subsection 8.02(a), Controlling Class Creditors whose Controlling Class Obligations have been accelerated in accordance with the Related Funding Obligation Agreements shall be deemed to have voted in favour of acceleration to the extent of the Outstanding Dollar Principal Amount of those Controlling Class Obligations which have been accelerated. If Controlling Class Obligations constituting 50% or more of the Outstanding Dollar Principal Amount of all Controlling Class Obligations have been accelerated in accordance with the Related Funding Obligation Agreements, no vote of Controlling Class Creditors to accelerate the Issuer Funding Obligations shall be required and all remaining Issuer Funding Obligations (other than Derivative Funding Obligations) will become and will be immediately due and payable, notwithstanding anything in this Indenture or any Funding Obligation Agreement to the contrary.

(b) If an Event of Default described in clause (e) or (f) of Section 8.01 occurs and is continuing, then all Issuer Funding Obligations (other than Derivative Funding Obligations) will automatically be and become immediately due and payable by the Issuer, without notice or demand to any Person, and the Issuer will automatically and immediately be obligated to pay off the Issuer Funding Obligations.

(c) At any time after such a declaration of acceleration has been made or an automatic acceleration has occurred with respect to the Issuer Funding Obligations (other than Derivative Funding Obligations) and before a judgment or decree for payment of the money due has been obtained by the Indenture Trustee as hereinafter provided in this Article VIII, Controlling Class Creditors may, by Extraordinary Resolution, rescind and annul such declaration and its consequences if:

(i) the Issuer has paid or deposited with the Indenture Trustee a sum sufficient to pay (A) all overdue installments of interest on the Controlling Class

Obligations, (B) the principal of any Controlling Class Obligations which have become due otherwise than by such declaration of acceleration, and interest thereon at the rate or rates prescribed therefor by the terms of the Related Funding Obligation Agreements, to the extent that payment of such interest is lawful, (C) interest upon overdue installments of interest at the rate or rates prescribed therefor by the terms of the Related Funding Obligation Agreements, to the extent that payment of such interest is lawful, and (D) all sums paid by the Indenture Trustee hereunder and the reasonable compensation, expenses and disbursements of the Indenture Trustee, its agents and counsel and all other amounts due to the Indenture Trustee under Section 9.05; and

(ii) all Events of Default, other than the nonpayment of the principal of the Controlling Class Obligations which has become due solely by such acceleration, have been cured or waived as provided in Section 8.03.

(d) If, at any time, any Event of Default capable of being remedied has been remedied by the Issuer to the satisfaction of the Indenture Trustee: (i) the Security Interest will no longer be or be deemed to be enforceable by reason of such Event of Default; (ii) any rights which had become vested in the Indenture Trustee by virtue thereof will be and be deemed to be cancelled as fully and to the same extent as though no such Event of Default had occurred; and (iii) the Indenture Trustee will, or will instruct any receiver appointed pursuant to this Indenture to restore to the Issuer any Collateral in the possession of the Indenture Trustee or receiver, as the case may be.

(e) No such rescission will affect any subsequent Default or impair any right consequent thereon, nor will any such rescission apply to any event of default applicable solely to any Series or Tranche of Issuer Funding Obligations and contained in any Related Funding Obligation Agreement.

8.03 Waiver of Past Defaults

Subject to Section 8.02(c), Controlling Class Creditors may, by Ordinary Resolution, waive any past Default hereunder and its consequences, provided that the Rating Agency Condition **in respect of each Series or Tranche of the Controlling Class Obligations** has been satisfied. Upon any such waiver, such Default will cease to exist, and any Event of Default arising therefrom will be deemed to have been cured, for every purpose of this Indenture; but no such waiver will extend to any subsequent or other Default or impair any right consequent thereon.

8.04 Notice of Defaults

(a) Within 90 days after the occurrence of any Default, Event of Default or Acceleration Event of which the Indenture Trustee has received written notice:

(i) the Indenture Trustee will transmit by mail to all Registered Noteholders, as their names and addresses appear in the Note Register, notice of such Default, Event of Default or Acceleration Event;

(ii) the Indenture Trustee will notify all holders of Bearer Notes by publication of notice of such Default, Event of Default or Acceleration Event in an Authorized Newspaper, or as otherwise provided in the Related Supplemental Indenture;

(iii) the Indenture Trustee will give prompt written notification of such Default, Event of Default or Acceleration Event to those Lenders and other Specified Creditors that are included on the Specified Creditor list provided by the Issuer pursuant to subsection 13.13(b); and

(iv) the Indenture Trustee will give prompt written notification of such Default, Event of Default or Acceleration Event to the Rating Agencies~~, unless such Default, Event of Default or Acceleration Event will have been cured or waived~~;

provided, however, that (A) the Indenture Trustee shall not be liable for failing to distribute any written notice pursuant to this Section 8.04 to any party that is at the time of delivery a Specified Creditor but is not on the list of Specified Creditors held by the Indenture Trustee pursuant to subsection 9.14(a), and (B) except in the case of a default in the payment of the principal of or interest on any Issuer Funding Obligation, the Indenture Trustee will be protected in withholding such notice if and so long as a Responsible Officer of the Indenture Trustee in good faith determines that the withholding of such notice is in the interests of Debtholders.

(b) When notice of the occurrence of a Default, Event of Default or Acceleration Event has been given and the Default, Event of Default or Acceleration Event is thereafter cured, notice that the Default, Event of Default or Acceleration Event is no longer continuing shall be given by the Indenture Trustee to Persons to whom notice was sent pursuant to subsection 8.04(a) within a reasonable time, but not exceeding 30 days in any event, after the Indenture Trustee receives notice from the applicable Debtholders that the Default, Event of Default or Acceleration Event has been cured.

8.05 Remedies Generally

Subject to subsections 8.02(c) and (d)~~,~~ and Section 8.03, if the Controlling Class Obligations become due and payable pursuant to Section 8.02 and the Issuer has failed to pay such Controlling Class Obligations, the Indenture Trustee (subject, however, to compliance with the provisions of Section 9.02(d) with respect to the giving of indemnity and funds) may proceed to realize upon the Security Interest and to enforce the rights of the Indenture Trustee and of the Specified Creditors to whom Obligations Secured are owed by (i) application to any court of competent jurisdiction for an order of sequestration and payment of amounts in respect of clean

energy adjustments, collections or remittances in accordance with the Act, (ii) possession of the Collateral, (iii) appointment of a receiver with respect to the Collateral, (iv) proceedings in any court of competent jurisdiction for the appointment of a receiver or for sale of the Collateral or any part thereof, or for foreclosure, (v) subject to Section 10.02, exercise any of the rights of the Issuer under any of the Program Agreements, including the right to replace the Manager or the Servicer in accordance with Section 8.10, or (vi) any other action, suit, remedy or proceeding authorized or permitted by this Indenture or by applicable law or by equity.

8.06 Default Interest and Expenses

The Issuer covenants that if:

(a) the Issuer defaults in the payment of interest on any Series of ~~Issuer Funding Obligations that are~~ Controlling Class Obligations when such interest becomes due and payable and such default continues for a period of ~~[65]~~**five (5)** days following the Interest Payment Date on which such interest became due and payable, or

(b) the Issuer defaults in the payment of the principal amount of any Series of ~~Issuer Funding Obligations that are~~ Controlling Class Obligations on the Principal Payment Default Date thereof;

the Issuer will, upon demand of the Indenture Trustee, pay (subject to the allocation provided in Article VII and this Article VIII and any Related Funding Obligation Agreement) to the Indenture Trustee, for the benefit of the Debtholders of any such Issuer Funding Obligations, the whole amount then due and payable on any such Issuer Funding Obligations for principal and interest, with interest, to the extent that payment of such interest will be legally enforceable, upon the overdue principal and upon overdue installments of interest, (i) in the case of interest-bearing Issuer Funding Obligations, at the rate of interest applicable to the principal amount thereof, unless otherwise specified in the Related Funding Obligation Agreement; and (ii) in the case of Discount Notes, as specified in the Related Supplemental Indenture, and in addition thereto, will pay such further amount as will be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Indenture Trustee, its agents and counsel and all other amounts due to the Indenture Trustee under Section 9.05.

If the Issuer fails to pay such amounts forthwith upon such demand, the Indenture Trustee may, if the Issuer Funding Obligations have been accelerated in accordance with Section 8.02, take immediate steps to enforce the Security Interest, including instituting, in its own name and as trustee of an express trust, a judicial proceeding seeking the appointment of a receiver or a judicial proceeding for the collection of the sums so due and unpaid, and may directly prosecute such proceeding to judgment or final decree, and the Indenture Trustee may enforce the same against the Issuer and collect the money adjudged or decreed to be payable in the manner provided by applicable law out of the Collateral, wherever situated.

8.07 Indenture Trustee May File Proofs of Claim

In case of the pendency of any receivership, insolvency, liquidation, bankruptcy or other similar proceeding relative to the Issuer or the property of the Issuer, the Indenture Trustee (irrespective of whether the principal of the Issuer Funding Obligations will then be due and payable as therein expressed or by declaration or otherwise) will be entitled and empowered by intervention in such proceeding or otherwise:

(a) to file and prove a claim for the whole amount of principal, interest, fees and other amounts owing and unpaid in respect of the Issuer Funding Obligations and to file such other papers or documents as may be necessary and advisable in order to have the claims of the Indenture Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Indenture Trustee, its agents and counsel and all other amounts due to the Indenture Trustee under Section 9.05) and of the Debtholders allowed in such judicial proceeding, and

(b) to collect and receive any funds or other property payable or deliverable on any such claims and to distribute the same;

and any receiver, assignee, trustee, liquidator or other similar official in any such proceeding is hereby authorized by each Specified Creditor to make such payment to the Indenture Trustee, and in the event that the Indenture Trustee will consent to the making of such payments directly to the Specified Creditors, to pay to the Indenture Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Indenture Trustee, its agents and counsel, and any other amounts due to the Indenture Trustee under Section 9.05.

8.08 Indenture Trustee May Enforce Claims Without Possession of Notes

All rights of action and claims under this Indenture or the Notes of any Class, Series or Tranche may be prosecuted and enforced by the Indenture Trustee without the possession of any of the Notes of such Class, Series or Tranche or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Indenture Trustee will be brought in its own name as trustee of an express trust.

8.09 Indenture Trustee May Elect to Hold the Collateral

Following an acceleration of Issuer Funding Obligations in accordance with Section 8.02, the Indenture Trustee may elect to continue to hold the Collateral and apply distributions on the Collateral in accordance with the distribution provisions of Section 8.13.

8.10 Termination by Indenture Trustee of Manager and Servicer

Upon the occurrence and during the continuance of an Event of Default, the Indenture Trustee shall have the right to (and, upon receipt of an Extraordinary Resolution to that effect, shall) terminate the appointment of the then existing Manager under the Management Agreement and/or the Servicer under the Master Transfer and Servicing Agreement, and appoint new Persons under such agreements in accordance with such direction, provided that the Issuer shall

have the right to reinstate any appointee under such agreements at such time as the Event of Default is no longer continuing.

8.11 Control by Controlling Class Creditors

(a) Subject to Section 10.02(b), Controlling Class Creditors will, by Ordinary Resolution, have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Indenture Trustee, or exercising any trust or power conferred on the Indenture Trustee with respect to all Issuer Funding Obligations, provided that:

(i) the Indenture Trustee will have the right to decline to follow any such direction if the Indenture Trustee, being advised by counsel, determines that the action so directed may not lawfully be taken or would conflict with this Indenture, or if the Indenture Trustee in good faith determines that the proceedings so directed would involve it in personal liability or be unjustly prejudicial to the Controlling Class Creditors not taking part in such direction; and

(ii) the Indenture Trustee may take any other action permitted hereunder deemed proper by the Indenture Trustee which is not inconsistent with such direction.

(b) For greater certainty, Specified Creditors other than Debtholders shall not and do not have any right to direct the time, method and place of conducting any proceeding for any remedy available to the Indenture Trustee, or exercising any trust or power conferred on the Indenture Trustee. Specified Creditors other than Debtholders shall only have the right to receive proceeds following an Event of Default in the manner provided for in Section 8.13.

8.12 Limitation on Suits

To the fullest extent permitted by applicable law, no Specified Creditor will have any right to institute any proceeding, judicial or otherwise, with respect to this Indenture, or for the appointment of a receiver or trustee or similar official, or for any other remedy hereunder, unless:

(a) the Issuer or a Controlling Class Creditor has previously given written notice to the Indenture Trustee of a continuing Event of Default;

(b) Controlling Class Creditors, by way of Ordinary Resolution, have made written request to the Indenture Trustee to institute proceedings in respect of such Event of Default in the name of the Indenture Trustee hereunder;

(c) such Controlling Class Creditors have offered to the Indenture Trustee (when so requested by the Indenture Trustee) indemnity reasonably satisfactory to it against the costs, expenses and liabilities to be incurred in compliance with such request; and

(d) the Indenture Trustee, for 60 days after the Indenture Trustee has received such notice, request and offer of indemnity has failed to institute any such proceeding;

it being understood and intended that no one or more Specified Creditors will have any right in any manner whatsoever by virtue of, or by availing of, any provision of this Indenture to affect, disturb or prejudice the rights of any other Specified Creditor, or to obtain or to seek to obtain priority or preference over any other Specified Creditor or to enforce any right under this Indenture, except in the manner herein provided and for the benefit of all Specified Creditors. If the above conditions have been met, a Controlling Class Creditor may exercise such rights in accordance with this Indenture.

8.13 Application of Money Following an Event of Default

Subject to the following paragraph **and to Section 7.10**, upon the occurrence and during the continuance of an Event of Default which has been accelerated in accordance with Section 8.02, any money or other property standing in each Issuer Account or otherwise received by the Indenture Trustee pursuant to this Article VIII will be applied in the order of priority specified in this Section 8.13, *pro rata* in proportion to the claims represented by each subclause, except as otherwise specifically provided below:

(a) First, to the payment or remittance of all Taxes exigible for which a Governmental Authority is given priority over the Specified Creditors under the laws of the applicable jurisdiction;

(b) Second, to the Indenture Trustee and the Issuer Trustee in respect of the amount of fees, expenses and reimbursements owing~~, up to a maximum aggregate amount (without duplication of amounts previously paid in respect of such fees, expenses, reimbursements and indemnified claims) equal to the Trustee Cap with respect to each of the Indenture Trustee and the Issuer Trustee~~;

(c) Third, *pari passu*, (A) to Debtholders, on a *pro rata* basis, in respect of all interest accrued and unpaid, if any, and fees and other amounts (other than principal) due and payable on the Senior Funding Obligations, and (B) to Derivative Counterparties, on a *pro rata* basis, all Derivative Funding Obligations payable other than Termination Payments;

(d) Fourth, to Debtholders, on a *pro rata* basis, in respect of all interest accrued and unpaid, if any, and fees and other amounts (other than principal) due and payable on the Subordinated Funding Obligations;

(e) Fifth, to Debtholders, on a *pro rata* basis, in respect of all interest accrued and unpaid, if any, and fees and other amounts (other than principal) due and payable on the Junior Subordinated Funding Obligations;

(f) Sixth, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of the Warehouse Obligations until such amount has been paid in full;

(g) Seventh, *pari passu*, (A) to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of the Senior Funding Obligations (other than Warehouse Obligations) until such amount has been paid in full, and (B) to Derivative Counterparties, on a *pro rata* basis, any Termination Payment where the Derivative Counterparty is not the Defaulting Party or the sole Affected Party;

(h) Eighth, to the Manager in respect of all fees, expenses and reimbursement amounts owing;

(i) Ninth, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of the Subordinated Funding Obligations until such amount has been paid in full;

(j) Tenth, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of the Junior Subordinated Funding Obligations until such amount has been paid in full;

(k) Eleventh, to each Derivative Counterparty, on a *pro rata* basis, any Termination Payment where the Derivative Counterparty is the Defaulting Party or the sole Affected Party;

(l) Twelfth, to the Manager in respect of all indemnity amounts owing;

(m) Thirteenth, *pari passu* (i) ~~to the Indenture Trustee and the Issuer Trustee, in each case, in respect of the amount of any fees, expenses, reimbursements and indemnity amounts owing and not previously paid pursuant to clause (b); (ii)~~ to the payment or remittance of all Taxes exigible and not previously paid pursuant to clause (a); and (~~iii~~**ii**) to all other Specified Creditors not specifically referred to in this Section 8.13; in each case, including for each referenced party in subclauses (i~~), (ii~~) and (~~iii~~**ii**), any amounts payable to their respective Affiliates under the terms of any relevant indemnity; and

(n) Fourteenth, to the Issuer or as the Issuer otherwise directs.

Notwithstanding the foregoing, amounts on deposit in a Series Account established solely for the benefit of one or more Series of Issuer Funding Obligations shall first be used to satisfy all obligations owing to those Debtholders or Derivative Counterparties for whom such Series Account was established. If any amounts remain following such application, such amounts shall constitute Available Collections and shall be applied in accordance with the priorities set out above. In addition, amounts on deposit in the Protection Account shall only be used to satisfy the obligations for which such amounts were deposited.

8.14 Limited Recourse

(a) Notwithstanding any other provision of this Indenture to the contrary, the obligation to pay principal of or interest on any Issuer Funding Obligation or any other amount payable to any Specified Creditor will be without recourse to the Indenture Trustee, the Issuer Trustee, the Manager or any Affiliate, officer,

employee, member or director of any of them, and the satisfaction of the obligation of the Issuer to pay principal of or interest on any Issuer Funding Obligation or any other amount payable to any Specified Creditor will be subject to the allocation and payment provisions of this Indenture and any Related Funding Obligation Agreement, and limited to amounts available from the Collateral.

(b) No recourse may be taken, directly or indirectly, with respect to the obligations of the Issuer under the Issuer Funding Obligations or under this Indenture, or any certificate or other writing delivered in connection herewith or therewith, against (i) the Issuer Trustee in its individual capacity, (ii) any owner of a unit in the Issuer or (iii) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Issuer Trustee in its individual capacity, any holder of a unit in the Issuer or the Issuer Trustee or of any successor or assign of the Issuer Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Issuer Trustee has no such obligations in its individual capacity).

(c) Under no circumstances shall the Manager or any of its Affiliates be deemed an obligor or guarantor or otherwise deemed to be responsible for payment from its own funds of principal, interest, dividends or other amounts due on the Collateral, the Issuer Funding Obligations or any other Obligations Secured.

8.15 Restoration of Rights and Remedies

If the Indenture Trustee or any Controlling Class Creditor (to the extent and in the manner provided for in Section 8.12) has instituted any proceeding to enforce any right or remedy under this Indenture and such proceeding has been discontinued or abandoned for any reason, then and in every such case the Issuer, the Indenture Trustee and the Specified Creditors will, subject to any determination in such proceeding, be restored severally and respectively to their former positions hereunder, and thereafter all rights and remedies of the Indenture Trustee and the Specified Creditors will continue as though no such proceeding had been instituted.

8.16 Rights and Remedies Cumulative

No right or remedy herein conferred upon or reserved to the Indenture Trustee or to the Specified Creditors is intended to be exclusive of any other right or remedy, and every right and remedy will, to the extent permitted by applicable law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, will not prevent the concurrent assertion or employment of any other appropriate right or remedy.

8.17 Delay or Omission Not Waiver

No delay or omission of the Indenture Trustee or of any Controlling Class Creditor to exercise any right or remedy accruing upon any Event of Default will impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article VIII or by applicable law to the Indenture Trustee or to the

Controlling Class Creditors may be exercised from time to time, and as often as may be deemed expedient, by the Indenture Trustee or by the Controlling Class Creditors, as the case may be.

8.18 Waiver of Stay or Extension Laws

The Issuer covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law wherever enacted, now or at any time hereafter in force, which may affect the covenants or the performance of this Indenture; and the Issuer (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Indenture Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

8.19 Indenture Trustee Appointed Attorney

The Issuer irrevocably constitutes and appoints the Indenture Trustee and any officer or employee thereof, with full power of substitution, as its true and lawful attorney coupled with an interest with full power and authority in the name of the Issuer or in its own name, in its discretion, upon the occurrence and during the continuance of any Event of Default and acceleration in accordance with Section 8.02, for the purpose of carrying out the terms of this Indenture to take all appropriate action and to execute any and all documents and instruments which may be necessary or desirable to accomplish the purposes hereof, and without limiting the generality of the foregoing, hereby gives the Indenture Trustee the power and right on behalf of the Issuer, without notice to or assent by the Issuer, to the extent permitted by applicable law, to do the following:

(a) to ask for, demand, sue for, collect and receive all and any monies due or becoming due with respect to the Collateral;

(b) to receive, take, endorse, assign and deliver any and all cheques, notes, drafts, acceptances, documents and other negotiable and non-negotiable instruments, documents and chattel paper taken or received by the Indenture Trustee in connection therewith and herewith; and

(c) to commence, file, prosecute, defend, settle, compromise or adjust any claim, suit, action or proceeding with respect to the Collateral.

8.20 Disclaimer of Marshalling

In the event that the Security Interest shall become enforceable and the Indenture Trustee shall have determined or become bound to enforce the same, the Issuer covenants not to invoke the doctrine of marshalling or any other equitable principle for the purpose of requiring the Indenture Trustee to realize or to have realized on any particular asset forming part of the Collateral.

ARTICLE IX
THE INDENTURE TRUSTEE

9.01 Certain Duties and Responsibilities

(a) The Indenture Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture with respect to the Obligations Secured, and no implied covenants or obligations will be read into this Indenture against the Indenture Trustee.

(b) In the exercise of the rights and duties prescribed or conferred by the terms of this Indenture, the Indenture Trustee will act honestly and in good faith with a view to the best interests of the Debtholders as a whole and exercise that degree of care, diligence and skill that a reasonably prudent trustee would exercise in comparable circumstances. When all Issuer Funding Obligations have been satisfied and discharged in accordance with Section 2.08(b), the Indenture Trustee shall no longer act as Indenture Trustee under this Indenture and shall have no fiduciary responsibilities to any remaining Specified Creditors. From and after such time, the Indenture Trustee shall act only as the security agent for those Specified Creditors.

(c) In the absence of bad faith on its part, the Indenture Trustee may, with respect to any Obligations Secured, conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Indenture Trustee and conforming to the requirements of this Indenture; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Indenture Trustee, the Indenture Trustee will be under a duty to examine the same to determine whether or not they substantially conform to the requirements of this Indenture (but need not confirm or investigate the accuracy of any mathematical calculations or other facts stated therein).

(d) No provision of this Indenture will be construed to relieve the Indenture Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(i) this clause (d) will not be construed to limit the effect of subsection 9.01(a);

(ii) the Indenture Trustee will not be liable for any error of judgment made in good faith, unless it will be proved that the Indenture Trustee was negligent in ascertaining the pertinent facts;

(iii) the Indenture Trustee will not be liable with respect to any action taken or omitted to be taken by it in good faith if so directed by Extraordinary Resolution, relating to the time, method and place of conducting any proceeding for any remedy available to the Indenture Trustee, or

exercising any trust or power conferred upon the Indenture Trustee, under this Indenture with respect to the Obligations Secured; and

(iv) no provision of this Indenture will require the Indenture Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers.

(e) Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Indenture Trustee will be subject to the provisions of this Section 9.01.

9.02 <u>Certain Rights of Indenture Trustee</u>

Except as otherwise provided in Section 9.01:

(a) the Indenture Trustee may conclusively rely and will be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture or other paper or document (whether in its original, facsimile or other electronic form) believed by it to be genuine and to have been signed or presented by the proper party or parties;

(b) whenever in the administration of this Indenture the Indenture Trustee will deem it desirable that a matter be proved or established before taking, suffering or omitting any action hereunder, the Indenture Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon an Officer's Certificate;

(c) the Indenture Trustee may consult with counsel of its own selection and the advice of such counsel or any Opinion of Counsel will be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon;

(d) the Indenture Trustee will be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Controlling Class Creditors pursuant to this Indenture, unless such Controlling Class Creditors shall have offered to the Indenture Trustee security or indemnity reasonably satisfactory to it against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction;

(e) the Indenture Trustee will not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture or other paper or document, but the Indenture Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Indenture Trustee will determine to make such further inquiry or investigation, it

will be entitled to examine the books, records and premises of the Issuer, personally or by agent or attorney;

(f) the Indenture Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Indenture Trustee will not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder;

(g) the Indenture Trustee will not be responsible for filing any financing statements or continuation statements in connection with the Obligations Secured or the Security Interest, but will cooperate with the Issuer in connection with the filing of such financing statements or amendments to such financing statements;

(h) the Indenture Trustee shall not be deemed to have notice of any default (including any Servicer Default, Default or Event of Default) unless written notice of any event which is in fact such a default is received by the Indenture Trustee at the Corporate Trust Office of the Indenture Trustee, and such notice references the Issuer Funding Obligations and this Indenture;

(i) the rights, privileges, protections, immunities and benefits given to the Indenture Trustee, including, without limitation, its right to be indemnified, are extended to, and shall be enforceable by, the Indenture Trustee in each of its capacities hereunder, and each agent, custodian and other Person employed to act hereunder;

(j) the Indenture Trustee shall not be liable for any action taken, suffered or omitted to be taken by it in good faith and reasonably believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture;

(k) the Indenture Trustee shall be entitled to and may rely absolutely upon each Payment ~~Instructions~~**Instruction** and the Indenture Trustee will have no obligation (i) to perform any calculations under any of the Program Agreements, (ii) to reconcile ~~the Program Accounts~~**any Issuer Account** against the other(s) or the Program Agreements, or (iii) to monitor **any** change in the legislation governing any of the Program Agreements;

(l) the Indenture Trustee will be entitled to rely and act upon any direction, order, instruction, notice or communication provided to it under this Indenture which is sent to it by Electronic Methods. The Indenture Trustee shall have no liability for any losses, liabilities, costs or expenses incurred by it as a result of such reliance upon or compliance with such instructions or directions. The Issuer agrees: (i) to assume all risks arising out of the use of such Electronic Methods to submit instructions and directions to the Indenture Trustee, including without limitation the risk of the Indenture Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting instructions to the Indenture Trustee and that there may be more secure methods

of transmitting instructions than the method(s) selected by the Issuer; and (iii) that the security procedures (if any) to be followed in connection with its transmission of instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and

(m) the Indenture Trustee will not be liable for any consequential, punitive or special damages.

9.03 Not Responsible for Recitals or Issuer Funding Obligations

The recitals contained herein and in the Funding Obligation Agreements, except the Certificates of Authentication, will be taken as the statements of the Issuer, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Indenture or of the Funding Obligation Agreements. The Indenture Trustee will not be accountable for the use or application by the Issuer of Notes, Borrowings or the proceeds thereof.

9.04 May Hold Notes

The Indenture Trustee, the Issuer Trustee, any Paying Agent, the Note Registrar, the Manager or any other agent of the Issuer, in its individual or any other capacity, may become the owner or pledgee of Notes and, subject to subsection 9.07(e) and applicable legislation, may otherwise deal with the Issuer with the same rights it would have if it were not Indenture Trustee, Issuer Trustee, Paying Agent, Note Registrar, Manager or such other agent.

9.05 Compensation and Reimbursement; Limit on Compensation Reimbursement and Indemnity

(a) The Issuer agrees:

(i) to pay to the Indenture Trustee from time to time reasonable compensation for all services rendered by it hereunder (which compensation will not be limited by any provision of law in regard to the compensation of a trustee of an express trust);

(ii) except as otherwise expressly provided herein, to reimburse the Indenture Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Indenture Trustee in accordance with any provision of this Indenture (including the reasonable compensation and the reasonable expenses and disbursements of its agents and counsel), except any such expense, disbursement or advance as may be attributable to its own negligence or bad faith; and

(iii) to indemnify the Indenture Trustee for, and to hold it harmless against, any and all loss, liability, expense, claim, damage or injury incurred without negligence or bad faith on its part, arising out of or in connection with the acceptance or administration of the trusts hereunder, including the costs and expenses of defending itself against any claim or liability (whether

asserted by the Issuer, any Specified Creditor or any other Person) in connection with the exercise or performance of any of its powers or duties hereunder.

The Indenture Trustee will have no recourse to any asset of the Issuer other than funds available pursuant to Section 7.04, 7.10 or 8.13, or to any Person other than the Issuer.

(b) This Section 9.05 will survive the termination of this Indenture and the resignation or replacement of the Indenture Trustee under Section 9.07.

9.06 Corporate Indenture Trustee Required; Eligibility

There will at all times be an Indenture Trustee hereunder which will be either a bank, a trust company or a corporation organized and doing business under the laws of Canada or of any province or territory thereof, authorized under such laws to carry on a trust business as contemplated hereby in each of the provinces and territories of Canada. The Issuer may not, nor may any Person directly or indirectly controlling, controlled by, or under common control with the Issuer, serve as Indenture Trustee. If at any time the Indenture Trustee will cease to be eligible in accordance with the provisions of this Section 9.06, it will resign immediately in the manner and with the effect hereinafter specified in this Article IX.

9.07 Resignation and Removal; Appointment of Successor

(a) No resignation or removal of the Indenture Trustee and no appointment of a successor Indenture Trustee pursuant to this Article IX will become effective until the acceptance of appointment by the successor Indenture Trustee under Section 9.08.

(b) The Indenture Trustee may resign at any time by giving written notice thereof to the Issuer. If an instrument of acceptance by a successor Indenture Trustee shall not have been delivered to the Indenture Trustee within 30 days after the giving of such notice of resignation, the resigning Indenture Trustee may petition any court of competent jurisdiction for the appointment of a successor Indenture Trustee.

(c) The Indenture Trustee may be removed at any time by Ordinary Resolution of the Controlling Class Creditors delivered to the Indenture Trustee and to the Issuer. If an instrument of acceptance by a successor Indenture Trustee shall not have been delivered to the Indenture Trustee within 30 days after the giving of such notice of removal, the Indenture Trustee being removed may petition any court of competent jurisdiction for the appointment of a successor Indenture Trustee.

(d) If at any time:

(i) the Indenture Trustee ceases to be eligible under Section 9.06 and fails to resign after written request therefor by the Issuer or by any Controlling Class Creditor, or

(ii) the Indenture Trustee becomes incapable of acting, or

(iii) the Indenture Trustee is adjudged bankrupt or insolvent, or a receiver of the Indenture Trustee or of its property is appointed, or any public officer takes charge or control of the Indenture Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation,

then, in any such case, (A) the Issuer may remove the Indenture Trustee, or (B) any Controlling Class Creditor who has been a *bona fide* Controlling Class Creditor for at least six (6) months may, on behalf of itself and all other Debtholders, petition any court of competent jurisdiction for the removal of the Indenture Trustee and the appointment of a successor Indenture Trustee.

(e) The Indenture Trustee shall resign if a material conflict of interest arises in its role as a trustee under this Indenture that is not eliminated within 90 days after the Indenture Trustee becomes aware that it has such a material conflict of interest. Forthwith after the Indenture Trustee becomes aware that it has a material conflict of interest, it shall provide the Issuer with written notice of the nature of that conflict. If, notwithstanding the foregoing provisions of this subsection 9.07(e), the Indenture Trustee has such a material conflict of interest, the validity and enforceability of this Indenture and of the Funding Obligation Agreements shall not be affected in any manner whatsoever by reason only of the existence of such material conflict of interest. If the Indenture Trustee contravenes the foregoing provisions of this subsection 9.07(e), any interested Person may apply to a court of competent jurisdiction for an order that the Indenture Trustee be replaced as trustee hereunder. The Indenture Trustee represents to the Issuer that at the time of the execution and delivery hereof, no material conflict of interest exists in the Indenture Trustee's role as a fiduciary hereunder.

(f) If the Indenture Trustee resigns, is removed or becomes incapable of acting, or if a vacancy shall occur in the office of the Indenture Trustee for any cause, the Issuer will promptly appoint a successor Indenture Trustee. If, within one (1) year after such resignation, removal or incapacity, or the occurrence of such vacancy, a successor Indenture Trustee is appointed by Ordinary Resolution of Controlling Class Creditors delivered to the Issuer and the retiring Indenture Trustee, the successor Indenture Trustee so appointed will, forthwith upon its acceptance of such appointment, become the successor Indenture Trustee and supersede the successor Indenture Trustee appointed by the Issuer. If no successor Indenture Trustee shall have been so appointed by the Issuer or Controlling Class Creditors and accepted in the manner hereinafter provided, any Controlling Class Creditor who has been a *bona fide* Controlling Class Creditor for at least six (6) months may, on behalf of itself and all other Debtholders, petition any court of competent jurisdiction for the appointment of a successor Indenture Trustee.

(g) The Issuer will give written notice of each resignation and each removal of the Indenture Trustee and each appointment of a successor Indenture Trustee to each Specified Creditor as provided in Article XV and to each Rating Agency. To

facilitate delivery of such notice, upon request by the Issuer, the retiring Indenture Trustee shall provide to the Issuer a list of all Specified Creditors. Each notice will include the name of the successor Indenture Trustee and the address of its Corporate Trust Office.

(h) Upon such resignation, the Indenture Trustee shall be discharged from all further duties and liabilities under this Indenture.

9.08 Acceptance of Appointment by Successor

Every successor Indenture Trustee appointed hereunder will execute, acknowledge and deliver to the Issuer and to the predecessor Indenture Trustee an instrument accepting such appointment, with a copy to the Rating Agencies, and thereupon the resignation or removal of the predecessor Indenture Trustee will become effective, and such successor Indenture Trustee, without any further act, deed or conveyance, will become vested with all the rights, powers, trusts and duties of the predecessor Indenture Trustee; but, on request of the Issuer or the successor Indenture Trustee, such predecessor Indenture Trustee will execute and deliver an instrument transferring to such successor Indenture Trustee all the rights, powers and trusts of the predecessor Indenture Trustee, and will duly assign, transfer and deliver to such successor Indenture Trustee all property and money held by such predecessor Indenture Trustee hereunder, subject nevertheless to its Lien, if any, provided for in Section 9.05. Upon request of any such successor Indenture Trustee, the Issuer will execute any and all instruments for more fully and certainly vesting in and confirming to such successor Indenture Trustee all such rights, powers and trusts.

No successor Indenture Trustee will accept its appointment unless at the time of such acceptance, such successor Indenture Trustee will be qualified and eligible under this Article IX.

9.09 Merger, Conversion, Consolidation or Succession to Business

Any corporation into which the Indenture Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Indenture Trustee shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Indenture Trustee, will be the successor of the Indenture Trustee hereunder, provided such corporation shall be otherwise qualified and eligible under this Article IX, without the execution or filing of any paper or any further act on the part of any of the parties hereto. The Indenture Trustee shall give prompt written notice of such merger, conversion, consolidation or succession to the Issuer and the Rating Agencies. In case any Notes shall have been authenticated, but not delivered, by the Indenture Trustee then in office, any successor by merger, conversion or consolidation to such authenticating Indenture Trustee may adopt such authentication and deliver the Notes so authenticated with the same effect as if such successor Indenture Trustee had itself authenticated such Notes.

9.10 Trust Indenture Legislation

(a) In this Article IX, the term "**applicable legislation**" means the provisions, if any, of the *Trust and Loan Companies Act* (Canada) and any other statute of Canada or

a province thereof, and of regulations under any such statute, in each case, as amended, restated or re-enacted from time to time, relating to trust indentures and to the rights, duties and obligations of trustees under trust indentures and of entities issuing debt obligations under trust indentures, to the extent that in the opinion of counsel to the Issuer such provisions are at the time in force and applicable to this Indenture.

(b) If and to the extent that any provision of this Indenture limits, qualifies or conflicts with a mandatory requirement of applicable legislation, such mandatory requirement shall prevail.

(c) The Issuer and the Indenture Trustee agree that each will at all times in relation to this Indenture and any action to be taken hereunder, observe and comply with and be entitled to the benefits of applicable legislation.

9.11 Representations and Covenants of the Indenture Trustee

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Indenture and has taken all necessary action to authorize the execution, delivery and performance by it of this Indenture and other documents to which it is a party;

(c) each of this Indenture and the other documents to which it is a party has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada. If, notwithstanding the provisions of this subsection 9.11(d), the Indenture Trustee ceases to be so authorized to carry on business, the validity and enforceability of this Indenture and the Funding Obligation Agreements shall not be affected in any manner whatsoever by reason only of such event.

9.12 Indenture Trustee's Application for Instructions from the Issuer

Any application by the Indenture Trustee for written instructions from the Issuer may, at the option of the Indenture Trustee, set forth in writing any action proposed to be taken or omitted by the Indenture Trustee under and in accordance with this Indenture and the date on and/or after which such action shall be taken or such omission shall be effective; provided that such application shall make specific reference to this Section 9.12. The Indenture Trustee shall not be liable for any action taken by, or omission of, the Indenture Trustee in accordance with a proposal included in such application on or after the date specified in such application (which date shall not be less than five (5) Business Days after the date the Issuer actually receives such

application, unless the Issuer shall have consented in writing to any earlier date) unless prior to taking any such action (or the effective date in the case of an omission), the Indenture Trustee shall have received written instructions in response to such application specifying the action be taken or omitted.

9.13 Appointment of Co-Trustee or Separate Indenture Trustee

(a) Notwithstanding any other provisions of this Indenture, at any time, for the purpose of meeting any legal requirements of any relevant jurisdiction, the Indenture Trustee shall have the power and shall execute and deliver all instruments, subject to the prior written consent of the Manager, which consent shall not be unreasonably withheld, to appoint one or more Persons reasonably acceptable to the Issuer to act as a co-trustee or co-trustees, or separate trustee or separate trustees, of all or any part of the Issuer's property, and to vest in such Person or Persons, in such capacity and for the benefit of the Specified Creditors, such title to the Issuer's property, or any part thereof, and, subject to the other provisions of this Section 9.13, such powers, duties, obligations, rights and trusts as the Indenture Trustee may consider necessary or desirable. No co-trustee or separate trustee hereunder shall be required to meet the terms of eligibility as a successor trustee under Section 9.06 and no notice to Specified Creditors of the appointment of any co-trustee or separate trustee shall be required under Section 9.07.

(b) Every separate trustee and co-trustee shall, to the extent permitted by applicable law, be appointed and act subject to the following provisions and conditions:

(i) all rights, powers, duties and obligations conferred or imposed upon the Indenture Trustee shall be conferred or imposed upon and exercised or performed by the Indenture Trustee and such separate trustee or co-trustee jointly (it being understood that such separate trustee or co-trustee is not authorized to act separately without the Indenture Trustee joining in such act), except to the extent that under any law of any jurisdiction in which any particular act or acts are to be performed, the Indenture Trustee shall be incompetent or unqualified to perform such act or acts, in which event such rights, powers, duties and obligations (including the holding of title to the Issuer's property or any portion thereof in any such jurisdiction) shall be exercised and performed singly by such separate trustee or co-trustee, but solely at the direction of the Indenture Trustee;

(ii) no trustee hereunder shall be personally liable by reason of any act or omission of any other trustee hereunder; and

(iii) the Indenture Trustee may at any time accept the resignation of or remove any separate trustee or co-trustee.

(c) Any notice, request or other writing given to the Indenture Trustee shall be deemed to have been given to each of the then separate trustees and co-trustees, as

effectively as if given to each of them. Every instrument appointing any separate trustee or co-trustee shall refer to this Indenture and the conditions of this Article IX. Each separate trustee and co-trustee, upon its acceptance of the trusts conferred, shall be vested with the estates or property specified in its instrument of appointment, either jointly with the Indenture Trustee or separately, as may be provided therein, subject to all the provisions of this Indenture, specifically including every provision of this Indenture relating to the conduct of, affecting the liability of, or affording protection to, the Indenture Trustee. Every such instrument shall be filed with the Indenture Trustee.

(d) Any separate trustee or co-trustee may at any time appoint the Indenture Trustee, its agent or attorney-in-fact with full power and authority, to the extent not prohibited by applicable law, to do any lawful act under or in respect of this Indenture on its behalf and in its name. If any separate trustee or co-trustee shall die, become incapable of acting, resign or be removed, all of its estates, properties, rights, remedies and trusts shall vest in and be exercised by the Indenture Trustee, to the extent permitted by applicable law, without the appointment of a new or successor trustee.

(e) All such appointments made in accordance with this Section 9.13 shall be subject to the approval of the Issuer. The Issuer will give **prior** written notice of the appointment of any separate trustee or co-trustee to each Rating Agency.

9.14 Preservation of Information; Communications to Specified Creditors

(a) The Indenture Trustee will preserve, in as current a form as is reasonably practicable, the names and addresses of Registered Noteholders contained in the most recent list furnished to the Indenture Trustee as provided in subsection 13.13(a) and the names and addresses of Registered Noteholders received by the Indenture Trustee in its capacity as Note Registrar. The Indenture Trustee will also preserve, in as current a form as is reasonably practicable, the names and addresses of all other Specified Creditors contained in the most recent list furnished to the Indenture Trustee as provided in subsection 13.13(b). The Indenture Trustee may destroy any such list furnished to it upon receipt of a new list.

(b) If three (3) or more Debtholders of any Class, Series or Tranche (hereinafter referred to as "**applicants**") (or, if there are less than three (3) such Debtholders, all of the Debtholders) apply in writing to the Indenture Trustee by way of an application substantially in the form of Exhibit 4, then the Indenture Trustee will, within five (5) Business Days after the receipt of such application, afford such applicants access to the information preserved at the time by the Indenture Trustee in accordance with subsection 9.14(a); provided, however, that (i) such Debtholders are identified on the most recent lists of Debtholders held by the Indenture Trustee pursuant to subsection 9.14(a), and (ii) the Indenture Trustee shall not release any information other than the names and addresses (including email addresses) of the Debtholders on such lists.

(c) By accepting its rights as a third party beneficiary hereunder, every Debtholder agrees with the Issuer and the Indenture Trustee that neither the Issuer nor the Indenture Trustee will be held accountable by reason of the disclosure of any such information as to the names and addresses (including email addresses) of the Debtholders in accordance with subsection 9.14(b), regardless of the source from which such information was derived.

(d) Any Specified Creditor wishing to be removed from the list of Specified Creditors may deliver a notice to the Indenture Trustee in the form attached as Exhibit 5. Within five (5) Business Days of the receipt of such notice, the Indenture Trustee shall notify the Issuer to have that Specified Creditor removed from the list provided in accordance with subsection 13.13(b). The Indenture Trustee shall not be responsible, nor shall it be liable for any losses, costs or expenses (including special, indirect, punitive or consequential losses or damages) of the Issuer, any Specified Creditor, or any other party, with respect to any Specified Creditor that fails to, or is delayed in sending, such notice and whose information is disseminated in accordance with this Section 9.14.

(e) The Indenture Trustee shall not be liable for, or held accountable by reason of, distributing any information pursuant to this Section 9.14 regarding any Specified Creditor that is on the list of Specified Creditors held by the Indenture Trustee pursuant to subsection 9.14(a).

9.15 Acceptance of Trusts by Indenture Trustee

The Indenture Trustee hereby accepts the trusts in this Indenture and agrees to perform the same upon the terms and conditions herein set forth.

9.16 Paying Agent

(a) The Paying Agent, on behalf of the Indenture Trustee, will make distributions to Specified Creditors from the Collection Account or other applicable Issuer Account pursuant to the provisions of this Indenture and any applicable Program Agreement. Any Paying Agent will have the revocable power to withdraw funds from the Collection Account or other applicable Issuer Account for the purpose of making the distributions referred to above.

(b) The Indenture Trustee may revoke such power and remove the Paying Agent if the Indenture Trustee determines in its sole discretion that the Paying Agent has failed to perform its obligations under this Indenture in any material respect. The Paying Agent upon removal will return all funds in its possession to the Indenture Trustee.

(c) The Issuer will cause each Paying Agent (other than the Indenture Trustee) to execute and deliver to the Indenture Trustee an instrument in which such Paying Agent will agree with the Indenture Trustee (and if the Indenture Trustee acts as Paying Agent, it so agrees), subject to the provisions of this Section 9.16, that such Paying Agent will:

(i) hold all sums held by it for the payment of principal of, interest, fees or other amounts in trust for the benefit of the Persons entitled thereto until such sums will be paid to such Persons or otherwise disposed of as herein provided;

(ii) if such Paying Agent is not the Indenture Trustee, give the Indenture Trustee notice of any default by the Issuer in the making of any such payment of principal or interest on any Issuer Funding Obligations;

(iii) if such Paying Agent is not the Indenture Trustee, at any time during the continuance of any such default, upon the written request of the Indenture Trustee, forthwith pay to the Indenture Trustee all sums so held in trust by such Paying Agent;

(iv) open and maintain appropriate records with respect to each Note; record by appropriate entries therein each payment made on account of interest, principal, fees and other amounts owing with respect to each such Note. For the purposes thereof, the Paying Agent shall make available upon request of the Issuer or the Indenture Trustee satisfactory evidence of each payment as soon as practicable after making such payment. The failure to record, or any error in recording, any such payment shall not, however, limit or otherwise affect the obligations of the Issuer as to the principal amount or accrued interest owing with respect to any Note. Such records of payment shall be conclusive evidence of the unpaid principal balance and interest owing in respect of the Notes in the absence of demonstrable error;

(v) immediately resign as a Paying Agent and, if such Paying Agent is not the Indenture Trustee, forthwith pay to the Indenture Trustee all sums held by it in trust for the payment of Issuer Funding Obligations if at any time it ceases to meet the standards described in this Section 9.16 required to be met by a Paying Agent at the time of its appointment; and

(vi) comply with all requirements of the Income Tax Act or any other applicable tax law with respect to the withholding from any payments made by it on any amounts contemplated under this Indenture of any applicable withholding taxes imposed thereon and with respect to any applicable reporting requirements in connection therewith.

(d) Each Paying Agent, if not OPG, will at all times have, or be a wholly owned subsidiary of a corporation which has, a combined capital and surplus of at least

$50,000,000 and be subject to supervision or examination by a Canadian federal, provincial or territorial authority or be regulated by or subject to the supervision or examination of a Governmental Authority of a nation that is a member of the Organization for Economic Co-operation and Development. If such Paying Agent publishes reports of condition at least annually, pursuant to law or to the requirements of the aforesaid supervising or examining authority, then for the purposes of this subsection 9.16(d), the combined capital and surplus of such Paying Agent will be deemed to be its combined capital and surplus as set forth in its most recent report of condition as so published.

(e) Unless and until the Issuer rescinds one or more of such appointments, the Issuer hereby appoints the Indenture Trustee as its Paying Agent. The Issuer will give **prior** written notice of the appointment of any Paying Agent (if such Paying Agent is not the Indenture Trustee) to each Rating Agency.

ARTICLE X
MEETINGS

10.01 Conduct of Meetings

Meetings of Debtholders of any Class, Series or Tranche, of all Issuer Funding Obligations, of Controlling Class Obligations of a Series or of all Controlling Class Obligations, as the case may be, may be convened, held and conducted in the following manner:

(a) At any time, and from time to time, the Indenture Trustee or the Issuer may, and the Indenture Trustee shall, on receipt of a written request of the Issuer or a requisition signed by Debtholders of a particular Class, Series or Tranche, of all Issuer Funding Obligations, of Controlling Class Obligations of a Series or of all Controlling Class Obligations (each of such groups of Debtholders being a "**Debtholder Group**"), as the case may be, holding at least 25% of the aggregate Outstanding Dollar Principal Amount of the applicable Issuer Funding Obligations, convene, or cause to be convened, a meeting of the Debtholders of that Debtholder Group. If the Indenture Trustee fails to convene, or cause to be convened, a meeting after 30 days of being duly required by the Issuer or such Debtholders, the Issuer or such Debtholders may themselves convene such meeting and, in the case of a meeting called by such Debtholders, the notice calling such meeting may be signed by such Person as those Debtholders specify. Every such meeting shall be held in the City of Toronto or such other place in Ontario, Canada as the Indenture Trustee may in any case determine or approve.

(b) At least 7 days' prior notice of any meeting shall be given to the Debtholders of the Debtholder Group to which such meeting relates and to the Issuer, unless the meeting has been called by the Issuer, and such notice shall state the date, time and the place the meeting is to be held and shall specify, in general terms, the nature of the business to be transacted. It shall not be necessary to specify in the notice the text of the resolutions to be passed. Subject to Section 10.01(c), notices shall be given in the manner set forth in Article XV and a copy thereof shall be

delivered to the Indenture Trustee unless the meeting has been called by it. It shall not be necessary to specify in the notice of any adjournment of a meeting the nature of the business to be transacted at the adjourned meeting. The non-receipt of any such notice by a Debtholder shall not invalidate any resolution passed at such meeting.

(c) At any meeting of a Debtholders Group, subject as herein provided, a quorum shall consist of ~~two~~**one** or more Persons present in person or by proxy holding either personally or as proxies not less than 25% of the Outstanding Dollar Principal Amount of the Issuer Funding Obligations of the Debtholder Group entitled to vote at such meeting. If a quorum is not present on the date for which the meeting is called within 30 minutes after the time fixed for the holding of such meeting, the meeting shall be adjourned to be held at a place and upon a date and at an hour to be fixed by the Indenture Trustee who shall give not less than seven (7) days' notice of the date and time to which such meeting is to be adjourned and at such adjourned meeting a quorum shall consist of the Debtholders of that Debtholder Group then and there represented in person or by proxy and entitled to vote at such meeting.

(d) An individual, who need not be a Debtholder, nominated in writing by the Indenture Trustee shall be chairman of the meeting (a "**Chairman**"). If no individual is so nominated or if the individual nominated is not present within 25 minutes after the time fixed for the holding of the meeting, the Debtholders and proxies for Debtholders present shall choose one of their number to be Chairman.

(e) Every question submitted to a meeting, except matters requiring an Extraordinary Resolution, shall be decided by a majority of the votes given on a show of hands or, if a poll shall be requested as hereinafter provided, by a majority of the votes cast on the poll (in either case, an "**Ordinary Resolution**") and shall be binding on all Debtholders of the applicable Debtholder Group. On a show of hands, each Debtholder who is present, whether in person or by proxy, will have one vote for every $1,000 of Outstanding Dollar Principal Amount of applicable Issuer Funding Obligations of which he or she shall be the Debtholder. A poll shall be taken on every Extraordinary Resolution and otherwise whenever requested by a Debtholder or its proxy. On a poll, each Debtholder shall have one vote for every $1,000 of Outstanding Dollar Principal Amount of applicable Issuer Funding Obligations of which he or she shall be the Debtholder. Votes may be given in person or by proxy and a proxy need not be a Debtholder. If at any meeting a poll is so demanded as aforesaid on the election of a Chairman or on a question of adjournment, it shall be taken forthwith. If at any meeting a poll is so demanded on any other question, or an Extraordinary Resolution is to be voted upon, a poll shall be taken in such manner and either at once or after an adjournment as the Chairman directs. The result of a poll shall be deemed to be the decision of the meeting at which the poll was demanded and shall be binding on all Debtholders of the applicable Debtholder Group. In the case of joint Registered Noteholders, any one of them present in person or by proxy at the meeting may vote in the absence of the other or others but, if more than one of them is present in person or

by proxy, they shall vote together in respect of the Notes of which they are joint Registered Noteholders.

10.02 Powers Exercisable by Ordinary Resolution and Extraordinary Resolution

(a) ~~In~~**Subject to Section 11.02, in** addition to any powers hereinbefore given, Debtholders of a Class, Series or Tranche of Issuer Funding Obligations shall by Ordinary Resolution have the power to:

(i) require the Indenture Trustee (subject to receipt by the Indenture Trustee of reasonable funding and indemnity) to exercise or refrain from exercising any of the powers conferred upon it by this Indenture insofar as they apply solely to such Class, Series or Tranche or by the Related Funding Obligation Agreement;

(ii) sanction, insofar as they apply to the Class, Series or Tranche, the release of the Issuer from its covenants and obligations hereunder;

(iii) subject to the provisions of this Indenture or of the Related Funding Obligation Agreement, sanction any change whatsoever to any provision of the Issuer Funding Obligations of such Class, Series or Tranche which shall be agreed to by the Issuer and any modification, alteration, abrogation, compromise or arrangement of or in respect of the rights of the Debtholders of such Class, Series or Tranche or the Indenture Trustee against the Issuer, whether such rights shall arise under the provisions of this Indenture or otherwise;

(iv) subject to the provisions of this Indenture, assent to any modification of or change in or addition to or omission from the provisions contained in this Indenture, a Related Supplemental Indenture or any instrument ancillary or supplementary hereto or thereto, in each case, insofar as they apply to the Class, Series or Tranche, which shall be agreed to by the Issuer and to authorize the Indenture Trustee to concur in and execute any deed, instrument or agreement embodying any such modification, change, addition or omission or any other deeds, documents or writings authorized by such Ordinary Resolution; provided that no such assent shall be necessary for any modification of or change in or addition otherwise permitted hereunder or under a Related Supplemental Indenture; and

(v) take any other Action authorized by this Indenture or a Related Supplemental Indenture to be taken by Ordinary Resolution of the Debtholders of a Class, Series or Tranche of Issuer Funding Obligations.

(b) ~~In~~**Subject to Section 11.02, in** addition to any powers hereinbefore given, Controlling Class Creditors shall by Extraordinary Resolution have the power to:

(i) after the Security Interest has become enforceable, authorize the Indenture Trustee to accept, in satisfaction or partial satisfaction, all or any part of the Collateral;

(ii) after the Security Interest has become enforceable, sanction the selling of the Collateral or any part thereof or interest therein;

(iii) after the Security Interest has become enforceable, authorize the Indenture Trustee or any other Person to bid or tender at any sale of the Collateral or any part thereof and take such actions in connection with such sale as it determines to be in the best interests of all Controlling Class Creditors;

(iv) assent to any compromise or arrangement by the Issuer with any creditor, creditors or class or classes of creditors or with the holders of any securities of the Issuer whose claims are payable from the Collateral;

(v) restrain any Debtholder from taking or instituting any suit, action or proceeding for the purpose of realizing on the Collateral or for the execution of any trust or power hereunder or for the appointment of a liquidator, receiver or trustee in bankruptcy or to have the Issuer liquidated or for any other remedy hereunder and to direct such Debtholder to waive any Event of Default on which any suit or proceeding is founded;

(vi) require the Indenture Trustee (subject to receipt by the Indenture Trustee of reasonable funding and indemnity) to exercise or refrain from exercising any other powers conferred upon it by this Indenture of general application to all Classes of Issuer Funding Obligations, including the exercise of any rights of the Issuer under any of the Program Agreements upon the occurrence and during the continuance of an Event of Default, or cancel any declaration of acceleration made pursuant to Article VIII upon such terms and/or conditions as may be decided;

(vii) authorize the Indenture Trustee, in the event of the Issuer making an authorized assignment or proposal or in the event of an administrator, trustee, receiver or liquidator being appointed under any applicable bankruptcy or insolvency legislation for and on behalf of all Debtholders and, in addition to any claim or debt provided or made for its own account as Indenture Trustee hereunder, to file and prove a claim or debt against the Issuer or its property for an amount equivalent to the aggregate amount which may be payable in respect of all Issuer Funding Obligations, to value the Collateral, and to vote such claim or debt at meetings of creditors and generally act for and on behalf of all Debtholders in such proceedings as such Extraordinary Resolution may provide;

(viii) appoint a committee with power and authority (subject to such limitations, if any, as may be prescribed in such Extraordinary Resolution) to exercise, and to direct the Indenture Trustee to exercise, on behalf of all Controlling Class Creditors, such of the powers of such Controlling Class Creditors as are exercisable by Extraordinary Resolution or other resolution as shall be included in the Extraordinary Resolution appointing the committee. The Extraordinary Resolution making such appointment may provide for payment of the expenses and disbursements of and compensation to such committee from the Collateral in portions allocated to each Series as may be specified in such Extraordinary Resolution. Such committee shall consist of such number of Persons as shall be prescribed in the Extraordinary Resolution appointing it and the members need not themselves be Controlling Class Creditors or Debtholders. Each such committee may elect a chairman and may make regulations respecting its quorum, the calling of its meetings, the filling of vacancies occurring in its number and its procedures generally. Such regulations may provide that the committee may act at a meeting at which a quorum is present or may act by minutes signed by the number of members thereof necessary to constitute a quorum. All acts of any such committee within the authority delegated to it shall be binding upon all Debtholders. Neither the committee nor any member thereof shall be liable for any loss arising from or in connection with any action taken or omitted to be taken by them in good faith; and

(ix) take any other action authorized by this Indenture to be taken by Extraordinary Resolution.

(c) The foregoing powers shall be deemed to be several and cumulative and not dependent on each other and the exercise of one or more of such powers, or any combination of such powers, from time to time, shall not be deemed to exhaust the rights of the Debtholders to exercise such power or powers, or combinations of powers, thereafter from time to time. No powers exercisable by Extraordinary Resolution shall derogate in any way from any rights of the Issuer under or pursuant to this Indenture **without the agreement of the Issuer**. The Issuer shall give the Rating Agency notice of any Ordinary Resolution or Extraordinary Resolution adopted.

10.03 Extraordinary Resolution

An Extraordinary Resolution, adopted in accordance with the provisions hereof, shall be binding upon each and every Debtholder and each other Specified Creditor and their respective heirs, executors, administrators, successors and assigns, whether present or absent, and the Indenture Trustee (subject to the provisions for funding and its indemnity herein contained) shall be bound to give effect thereto accordingly.

Except as expressly provided to the contrary in this Indenture, no action shall be taken at a meeting of the Debtholders of a Debtholder Group which changes any provision of this

Indenture or changes or prejudices the exercise of any right of any Debtholder except by Extraordinary Resolution.

10.04 Declaration by Chairman of Result of Vote

At any meeting of Debtholders of any Debtholder Group in cases where no poll is required or requested, a declaration made by the Chairman that a resolution has been carried, or carried by any particular majority, or lost, shall be conclusive evidence thereof.

10.05 Minutes

Minutes of all resolutions and proceedings at every such meeting, as aforesaid, shall be made and duly entered in books to be provided from time to time for that purpose by an agent of the Issuer at the expense of the Issuer and any such minutes, as aforesaid, if signed by the Chairman of the meeting at which such resolutions were passed or proceedings had shall be *prima facie* evidence of the matters therein stated and, until the contrary is proved, every such meeting in respect of the proceedings of which minutes shall have been made shall be deemed to have been duly held and convened and all resolutions passed or proceedings had thereat to have been duly passed and had.

10.06 Signed Instruments

Any resolution or instrument signed in one or more counterparts by (a) Debtholders holding not less than 50% of the aggregate Outstanding Dollar Principal Amount of Issuer Funding Obligations of a Debtholder Group, in the case of matters capable of being decided by Ordinary Resolution, and (b) Controlling Class Creditors holding not less than 66⅔% of the aggregate Outstanding Dollar Principal Amount of all Controlling Class Obligations in the case of matters required to be decided by Extraordinary Resolution, shall, in either case, have the same force and effect as a resolution duly passed at a meeting of such Debtholders by the affirmative vote of all of the votes cast upon a poll. Notice of any Ordinary Resolution or Extraordinary Resolution passed in accordance with this Section 10.06 shall be given by the Indenture Trustee to all applicable Debtholders within 30 days of the date on which such Ordinary Resolution or Extraordinary Resolution was passed.

10.07 Persons Who May Attend

Each Debtholder, by their respective officers, directors, employees, and the legal advisers of such parties, may attend any meeting of Debtholders.

10.08 Binding Effect of Resolutions

Every Ordinary Resolution and every Extraordinary Resolution passed in accordance with the provisions of this Article X at a meeting of Debtholders of a Debtholder Group will be binding upon all of the Debtholders of such Debtholder Group whether present at or absent from such meeting, and every instrument in writing signed by Debtholders in accordance with Section 10.06 will be binding upon all of the Debtholders of such Debtholder Group, whether signatories thereto or not, and the Indenture Trustee will be bound to give effect accordingly to every such Ordinary Resolution, Extraordinary Resolution and instrument in writing. For greater certainty,

any Extraordinary Resolution shall bind all Debtholders and all other Specified Creditors in accordance with Section 10.03.

10.09 Notes Regarded as Not Outstanding for Certain Purposes

If, in the opinion of the Indenture Trustee and upon receipt of an Issuer Certificate in respect of the following, any business to be transacted at any meeting of Debtholders or any action to be taken or power exercised by instrument in writing under Section 10.06 does not materially adversely affect the rights of the Debtholders of one or more particular Class, Series or Tranche of Issuer Funding Obligations, the provisions of this Article X shall apply as if the Issuer Funding Obligations of that Class, Series or Tranche were not Outstanding, and no notice of any such meeting need be given to the Debtholders of that Class, Series or Tranche.

ARTICLE XI
SUPPLEMENTAL INDENTURES

11.01 Supplemental Indentures and Amendments Without Consent of Specified Creditors

Without the consent of Specified Creditors but with 10 Business Days' prior notice to each Rating Agency and the Province, the Issuer and the Indenture Trustee, at any time and from time to time, and upon delivery by the Issuer to the Indenture Trustee of an Issuer Certificate to the effect that the Issuer reasonably believes that such amendment will not have an Adverse Effect and is not reasonably expected to have an Adverse Effect at any time in the future, the Issuer may amend this Indenture, including any Supplemental Indenture or enter into one or more Supplemental Indentures, in form satisfactory to the Indenture Trustee, for any of the following purposes:

(a) to evidence the succession or successive successions of another Financing Entity to the Issuer, and the assumption by any such successor of the covenants of the Issuer herein and in the Notes; or

(b) to add to the covenants of the Issuer, or to surrender any right or power herein conferred upon the Issuer by the Issuer, for the benefit of Debtholders of any or all Classes, Series or Tranches of Issuer Funding Obligations; or

(c) to cure any ambiguity, to correct or supplement any provision herein which may be inconsistent with any other provision herein, to correct a clear clerical or administrative error, or to make any other provisions with respect to matters or questions arising under this Indenture; or

(d) to provide for the issuance of any Series or Tranche of Notes as provided in Article IV and Article V and to set forth the terms thereof, and/or to add to the rights of the Noteholders of any Class, Series or Tranche; or

(e) to evidence and provide for the acceptance of appointment by another corporation as a successor Indenture Trustee hereunder; or

(f) to add any additional Events of Default in respect of any or all Classes, Series or Tranches of Issuer Funding Obligations; or

(g) to provide for the consolidation of any Financing Entity and the Issuer into a single Person or the transfer of assets in any Financing Entity to the Issuer; or

(h) if IESO is replaced under the Master Transfer and Servicing Agreement as Servicer, to make any necessary changes to this Indenture or any other related document; or

(i) to provide for additional forms of Credit Enhancement for any Class, Series or Tranche of Issuer Funding Obligations; or

(j) to facilitate the issuance of Foreign Currency Issuer Funding Obligations; or

(k) to comply with any regulatory, accounting, securities or tax laws, rules, regulations or requirements, or changes to Rating Agency ratings criteria; or

(l) to enable the Issuer to file a registration statement (and any related exhibits thereto) for the offering of securities registered under the U.S. Securities Act and to comply with Regulation AB (including, without limitation, ongoing reporting obligations thereunder); or

(m) to qualify for sale treatment under generally accepted accounting principles.

Additionally, notwithstanding any provision of this Article XI to the contrary and in addition to clauses (a) through (m) above, the Issuer and the Indenture Trustee may amend this Indenture, including any Supplemental Indenture, without the consent of any Specified Creditor but with 10 Business Days' prior notice to each Rating Agency and the Province, to modify, eliminate or add to the provisions of this Indenture (i) to facilitate compliance with any amendment to any change of law or regulation which applies to the Issuer or the transactions governed by the Program Agreements, or (ii) to cause the provisions hereof to conform to or be consistent with or in furtherance of the statements made with respect to this Indenture in any applicable offering document; in each case, provided that the Issuer shall deliver to the Indenture Trustee an Issuer Certificate to the effect that (A) the Issuer reasonably believes that such amendment will not have an Adverse Effect and is not reasonably expected to have an Adverse Effect at any time in the future or (B) such amendment is required to remain in compliance with any change of law or regulation which applies to the Issuer or the transactions governed by the Program Agreements, or such amendment is required to cause the provisions hereof to conform to or be consistent with or in furtherance of the statements made with respect to this Indenture in any applicable offering document.

Additionally, notwithstanding any provision of this Article XI to the contrary and in addition to clauses (a) through (m) above and the immediately preceding paragraph, this Indenture, including any Supplemental Indenture, may also be amended by the Issuer and the Indenture Trustee, without the consent of any Specified Creditor but with 10 Business Days' prior notice to each Rating Agency and the Province, for the purpose of (i) adding any provisions to, or changing in any manner or eliminating any of the provisions of, this Indenture or any

Supplemental Indenture or (ii) modifying in any manner the rights of the Specified Creditors under this Indenture or any Supplemental Indenture; provided, however, that (A) the Issuer shall deliver to the Indenture Trustee an Issuer Certificate to the effect that the Issuer reasonably believes that such amendment will not have an Adverse Effect and is not reasonably expected to have an Adverse Effect at any time in the future, and (B) the Rating Agency Condition shall be satisfied.

Additionally, notwithstanding any provision of this Article XI to the contrary and in addition to clauses (a) through (m) above and the immediately preceding paragraphs, this Indenture, including any Supplemental Indenture, may also be amended by the Issuer and the Indenture Trustee, without the consent of any Specified Creditor but with 10 Business Days' prior notice to each Rating Agency and the Province, to provide for those changes necessary for compliance with securities law requirements or banking laws or regulations; provided, however, that (i) the Issuer shall deliver to the Indenture Trustee an Issuer Certificate to the effect that the Issuer reasonably believes that such amendment will not have an Adverse Effect and is not reasonably expected to have an Adverse Effect at any time in the future, and (ii) the Rating Agency Condition shall be satisfied.

Prior written notice of any amendment to this Indenture or any Supplemental Indenture to the Province in accordance with the above paragraphs shall be sent by the Issuer and the Indenture Trustee. The Issuer and the Indenture Trustee shall send a copy of any amendment pursuant to this Section 11.01 to each Rating Agency and the Province; provided that failure to send copies of any amendment to this Indenture or any Supplemental Indenture, or failure to provide any notice under this Section 11.01 shall not invalidate such amendment.

The Indenture Trustee may, but shall not be obligated to, enter into any amendment which adversely affects the Indenture Trustee's rights, duties, benefits, protections, privileges or immunities under this Indenture or otherwise.

11.02 Supplemental Indentures and Amendments with Consent of Debtholders

In addition to any amendment permitted pursuant to Section 11.01, with 10 Business Days' prior notice to each Rating Agency and the Province, the consent of Debtholders of each Class, Series or Tranche of Issuer Funding Obligations affected by such amendment of this Indenture, including any Supplemental Indenture, by Ordinary Resolution delivered to the Issuer and the Indenture Trustee, and satisfaction of the Rating Agency Condition, the Issuer and the Indenture Trustee may enter into an amendment of this Indenture or any Supplemental Indenture for the purpose of adding any provisions to, or changing in any manner or eliminating any of the provisions of, this Indenture or of modifying in any manner the rights of the Debtholders of each such Class, Series or Tranche of Issuer Funding Obligations under this Indenture or any Supplemental Indenture; provided, however, that no such amendment of this Indenture or any Supplemental Indenture will, without the consent of each Debtholder of Issuer Funding Obligations affected thereby and satisfaction of the Rating Agency Condition:

(a) change an Interest Payment Date, Principal Payment Date or Principal Payment Default Date of any Issuer Funding Obligation;

(b) reduce the principal amount of, or the interest rate on any Note, or change the method of computing the Outstanding Dollar Principal Amount, the Outstanding Currency Specific Dollar Principal Amount or the Outstanding Dollar Principal Amount in a manner that is adverse to any Debtholders;

(c) reduce the amount of a Discount Note payable upon its acceleration;

(d) reduce the percentage in Outstanding Dollar Principal Amount of Issuer Funding Obligations of any Class, Series or Tranche, the consent of whose holders is required for any such amendment, or the consent of whose holders is required for any waiver of compliance with the provisions of this Indenture or of defaults hereunder and their consequences, provided for in this Indenture;

(e) modify any of the provisions of this Section 11.02 or Section 8.03, except to increase any percentage of Debtholders required to consent to any such amendment or to provide that other provisions of this Indenture cannot be modified or waived without the consent of the Debtholders affected thereby;

(f) change any Place of Payment where any principal of, or interest on, any Note is payable, unless otherwise provided in the Related Supplemental Indenture; or

(g) change the method of computing the amount of principal of, or interest on, any Note on any date.

An amendment of this Indenture or a Supplemental Indenture which changes or eliminates any covenant or other provision of this Indenture which has expressly been included solely for the benefit of one or more particular Classes, Series or Tranches of Issuer Funding Obligations, or which modifies the rights of the Debtholders of such Class, Series or Tranche with respect to such covenant or other provision, will be deemed not to affect the rights under this Indenture of the Debtholders of any other Class, Series or Tranche of Issuer Funding Obligations.

It will not be necessary for any Ordinary Resolution or Extraordinary Resolution under this Section 11.02 to approve the particular form of any proposed amendment or Supplemental Indenture, but it will be sufficient if such Ordinary Resolution or Extraordinary Resolution will approve the substance thereof.

The Issuer and the Indenture Trustee shall send a copy of any amendment pursuant to this Section 11.02 to each Rating Agency and the Province; provided that failure to send copies of any amendment to this Indenture or any Supplemental Indenture, or failure to provide any notice under this Section 11.02 shall not invalidate such amendment.

11.03 Execution of Amendments and Supplemental Indentures

In executing or accepting the additional trusts created by any amendment of this Indenture or Supplemental Indenture permitted by this Article XI or the modifications thereby of the trusts created by this Indenture, the Indenture Trustee will be provided with, and (subject to Section 9.01) will be fully protected in relying upon, an Opinion of Counsel stating that the execution of

such amendment or Supplemental Indenture is authorized or permitted by this Indenture and that all conditions precedent thereto have been satisfied. The Indenture Trustee may, but will not (except to the extent required in the case of an amendment or Supplemental Indenture entered into under subsection 11.01(e)) be obligated to, enter into any such amendment or Supplemental Indenture which affects the Indenture Trustee's own rights, duties or immunities under this Indenture or otherwise.

11.04 Effect of Amendments and Supplemental Indentures

Upon the execution of any amendment of this Indenture or any Supplemental Indenture under this Article XI, this Indenture and/or such Supplemental Indenture will be modified in accordance therewith with respect to each Class, Series or Tranche of Issuer Funding Obligations affected thereby, or all Issuer Funding Obligations, as the case may be, and such amendment or Supplemental Indenture will form a part of this Indenture and such Supplemental Indenture for all purposes; and every holder of Issuer Funding Obligations theretofore or thereafter incurred and every other Specified Creditor will be bound thereby to the extent provided therein.

11.05 Reference in Notes to Supplemental Indentures

Notes authenticated and delivered after the execution of any amendment of this Indenture or any Supplemental Indenture pursuant to this Article XI may, and will if required by the Indenture Trustee, bear a notation in form approved by the Indenture Trustee as to any matter provided for in such amendment or Supplemental Indenture. If the Issuer will so determine, new Notes so modified as to conform, in the opinion of the Indenture Trustee and the Issuer, to any such amendment or Supplemental Indenture may be prepared and executed by the Issuer and authenticated and delivered by the Indenture Trustee in exchange for Outstanding Notes.

ARTICLE XII
REPRESENTATIONS AND WARRANTIES OF THE ISSUER

12.01 Representations and Warranties of the Issuer

The Issuer hereby represents and warrants to the Indenture Trustee and shall be deemed to represent and warrant to the Indenture Trustee on the issuance of Notes of any particular Class, Series or Tranche hereunder, and upon each Borrowing under the applicable Funding Obligation Agreement, that:

(a) The Issuer is a Financing Entity.

(b) The indebtedness incurred pursuant to each issuance of Notes and each Borrowing is a Funding Obligation.

(c) The Issuer (i) is a trust duly constituted and validly existing under the laws of the Province of Ontario, (ii) is duly qualified to carry on its business in each jurisdiction in which it carries on business, (iii) has the power and authority to enter into and perform its obligations under this Indenture and the other Program Agreements executed by it and all instruments and agreements delivered pursuant hereto, and thereto and to own its property and carry on its business as currently

conducted including, without limitation, the power and authority and legal right to acquire Investment Interests, and (iv) has obtained all approvals from all Governmental Authorities required in connection with the execution, delivery and performance of the Program Agreements.

(d) The execution, delivery and performance of this Indenture, and at the time it enters into such document, the other Program Agreements executed by it and every instrument or agreement delivered pursuant hereto and thereto has been or will be duly authorized by all requisite action and this Indenture and such other Program Agreements, instruments and agreements have been or will be duly executed and delivered by the Issuer and constitute valid and binding obligations of the Issuer enforceable against the Issuer in accordance with their respective terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of the Issuer, threatened against or affecting the Issuer at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Issuer or in the ability of the Issuer to perform its obligations under this Indenture, the other Program Agreements executed by it or any agreement or instrument delivered pursuant hereto or thereto; and the Issuer is not aware of any existing ground on which such action, suit or proceeding might be commenced with any reasonable likelihood of success or of any default with respect to any judgment, order, writ, injunction, decree, award, rule or regulation of any court, arbitrator or Governmental Authority, which, either separately or in the aggregate, would result in any such material adverse change.

(f) The Issuer is not a party to any agreement or instrument which materially adversely affects its ability to perform its obligations under this Indenture, the other Program Agreements executed by it or any agreements or instruments delivered pursuant hereto or thereto or materially adversely affects the business, operations, prospects, properties, assets or condition, financial or otherwise of the Issuer.

(g) The Issuer is not subject to any restriction or any judgment, order, writ, injunction, decree, award, rule or regulation which materially adversely affects, or in the future may materially adversely affect, the business, operations, prospects, properties, assets or condition, financial or otherwise of the Issuer or its ability to perform its obligations under this Indenture, the other Program Agreements executed by it or any agreements or instruments delivered pursuant hereto or thereto.

(h) Neither the execution nor delivery of this Indenture, the other Program Agreements executed by it or any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein and therein contemplated, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the Declaration of Trust or any agreements or instruments to which the Issuer is a party or by which it or any of its property and assets are bound, or results or will result in the creation or imposition of any Lien of any nature whatsoever upon any of the property or assets of the Issuer.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of the Issuer is required in connection with the execution and delivery of this Indenture, the other Program Agreements executed by it or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or in connection with the enforcement of this Indenture, the other Program Agreements executed by it or any agreements or instruments delivered pursuant hereto or thereto (except those which have been obtained or deemed to have been obtained).

12.02 Certified Primary Obligations

The Issuer shall be deemed to represent and warrant to the Indenture Trustee on the incurrence of any Obligations Secured (other than Issuer Funding Obligations) that if the Issuer does not deliver the certificates contemplated by subsection 5.03(d), that the Obligations Secured are not Certified Primary Obligations.

ARTICLE XIII
COVENANTS OF THE ISSUER

13.01 Payment of Principal and Interest

With respect to each Class, Series or Tranche of Issuer Funding Obligations, the Issuer will duly and punctually pay the principal of and interest on such Issuer Funding Obligations in accordance with their terms, this Indenture and any Related Funding Obligation Agreement, and will duly comply with all the other terms, agreements and conditions contained in, or made in this Indenture and any Funding Obligation Agreement.

13.02 Use of Proceeds; Funding of Program Cash Reserve Account

The Issuer will use the proceeds of Notes and Borrowings solely for: (i) the acquisition by the Issuer of an Investment Interest; (ii) the redemption, repayment or repurchase of any existing Issuer Funding Obligations; (iii) the funding of Issuer Accounts; and (iv) the payment of transaction fees and expenses in connection with the incurrence of Issuer Funding Obligations.

13.03 Maintenance of Office or Agency

The Issuer will maintain an office or agency in each Place of Payment where Notes may be presented or surrendered for payment, where Notes may be surrendered for transfer or exchange and where notices and demands to or upon the Issuer in respect of the Notes and this Indenture may be served. The Issuer will give prompt written notice to the Indenture Trustee of the location, and of any change in the location, of such office or agency. If at any time the Issuer will fail to maintain such office or agency or will fail to furnish the Indenture Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office of the Indenture Trustee, and the Issuer hereby appoints the Indenture Trustee its agent to receive all such presentations, surrenders, notices and demands.

The Issuer may also from time to time designate one or more other offices or agencies where the Notes of one or more Classes, Series or Tranches may be presented or surrendered for any or all of such purposes specified above and may constitute and appoint one or more Paying Agents for the payments of such Notes, in one or more other cities, and may from time to time rescind such designations and appointments; provided, however, that no such designation, appointment or rescission shall in any matter relieve the Issuer of its obligations to maintain an office or agency in each Place of Payment for Notes of any Class, Series or Tranche for such purposes. The Issuer will give prompt written notice to the Indenture Trustee of any such designation or rescission and of any change in the location of any such other office or agency.

13.04 Legal Existence

The Issuer will do or cause to be done all things necessary to preserve and keep in full force and effect its legal existence and maintain its status as a Financing Entity.

13.05 Separateness Covenants

The Issuer will take all reasonable steps to maintain the Issuer's identity as a distinct entity with assets and liabilities distinct from those of the Manager and any of its Affiliates. Without limiting the generality of the foregoing and in addition to the other covenants set forth herein, the Issuer shall:

(a) not identify the offices of the Manager or any Affiliate thereof as its offices (by signage or otherwise);

(b) not identify the telephone number of the Manager as its telephone number and it will not utilize the stationery, invoices or cheques of the Manager;

(c) conduct all transactions with the Manager strictly on an arm's length basis and in good faith, allocate all overhead expenses for items shared between the Issuer and the Manager on the basis of actual use to the extent practicable and, to the extent such allocation is not practicable, on a basis reasonably related to actual use;

(d) conduct its affairs strictly in accordance with the Declaration of Trust, and observe all necessary, appropriate and trust formalities;

(e) maintain the Issuer's books and records separate from those of the Manager or any Affiliate thereof and otherwise readily identifiable as its own assets rather than assets of the Manager or any Affiliate thereof;

(f) prepare its financial statements separately from those of the Manager and ensure that any consolidated financial statements of the Manager that include the Issuer have notes clearly stating that the Issuer is a separate entity;

(g) only maintain bank accounts or other depository accounts to which the Issuer alone is the account party (or where the Issuer Trustee or the Indenture Trustee will maintain them on behalf of the Issuer), and from which only the Issuer or its agent has the power to make withdrawals;

(h) pay all of the Issuer's operating expenses from the Issuer's own assets (including, for greater certainty, reimbursing the Manager for any such expenses);

(i) continuously maintain the resolutions, agreements and other instruments of the Issuer underlying the transactions described in the Program Agreements as official records of the Issuer separately identified and held apart from the records of the Manager;

(j) maintain its property in such a manner that it is not costly or difficult to segregate, ascertain or otherwise identify its individual assets from or against those of the Manager or any Affiliate thereof; and

(k) not become liable to any Person for any obligations of the Manager or any Affiliate thereof.

13.06 Compliance with Laws

The Issuer will comply with the requirements of all applicable laws, the noncompliance with which would, individually or in the aggregate, materially and adversely affect the ability of the Issuer to perform its obligations under the Program Agreements.

13.07 Performance of Obligations

(a) The Issuer will punctually perform and observe all of its obligations and agreements contained in this Indenture, the Declaration of Trust, the Master Transfer and Servicing Agreement, the other Program Agreements and in the instruments and agreements relating to the Collateral, including but not limited to filing or causing to be filed all PPSA financing statements and amendments thereto required to be filed by the terms of this Indenture in accordance with and within the time periods provided for herein.

(b) The Issuer (i) will diligently pursue any and all actions to enforce its rights under each instrument or agreement included in the Collateral and (ii) will not take any action and will use its best efforts not to permit any action to be taken by others that would release any Person from any of such Person's covenants or obligations

under any such instrument or agreement or that would result in the amendment, hypothecation, subordination, termination or discharge of, or impair the validity or effectiveness of, any such instrument or agreement, except, in each case, as expressly provided in this Indenture, the Master Transfer and Servicing Agreement or any other Program Agreement.

(c) The Issuer will enforce the Servicer's compliance with and performance of all of the Servicer's material obligations under the Master Transfer and Servicing Agreement. The Issuer will enforce the Manager's compliance with and performance of all of the Manager's material obligations under the Management Agreement.

13.08 Funding Obligations

The Issuer will ensure that all indebtedness is incurred pursuant to and in accordance with Article V. **The Issuer will not enter into any Funding Obligation Agreement, other than a Warehouse Facility Agreement, that provides for Issuer Funding Obligations that have principal repayment obligations that the Manager believes, acting reasonably having regard to the Financing Plan and all Issuer Funding Obligations then outstanding, would likely require the Issuer to satisfy payments of principal on any Principal Payment Date in respect of such Issuer Funding Obligations by means of a Refinancing other than a Pre-Approved Refinancing.**

13.09 Financial Statements

The Issuer will deliver or cause to be delivered to the Indenture Trustee and the Rating Agencies within 140 days after the end of each fiscal year audited financial statements of the Issuer for the fiscal year, including the balance sheet and statements of income, retained earnings and changes in financial position of the Issuer, and within 90 days after the end of each fiscal quarter, other than the fiscal quarter of the Issuer ending on the fiscal year end of the Issuer, unaudited financial statements of the Issuer for such fiscal quarter of the Issuer, including the balance sheet and statements of income, retained earnings and changes in financial position of the Issuer. The Indenture Trustee shall send a copy of each financial statement delivered pursuant to this Section 13.09 to each Noteholder.

13.10 Statement as to Compliance

The Issuer will deliver to the Indenture Trustee and the Rating Agencies, on or before March 31 of each year, beginning in 2018, a written statement signed by a Responsible Officer of the Issuer stating that:

(a) a review of the activities of the Issuer during the prior year and of the Issuer's performance under this Indenture and under the terms of the Notes has been made under such Responsible Officer's supervision; and

(b) to the best of such Responsible Officer's knowledge, based on such review, the Issuer has complied in all material respects with all conditions and covenants under this Indenture throughout such year and that no Default or Event of Default

has occurred, or, if there has been a material Default or an Event of Default has occurred, specifying each such Default or Event of Default known to such Responsible Officer and the nature and status thereof.

13.11 Payment Instructions

Promptly after the receipt by the Issuer of each Monthly Report under the Master Transfer and Servicing Agreement, the Issuer will, in cooperation with the Manager, complete the Payment ~~Instructions~~**Instruction** in respect of the Collection Account and deliver a copy thereof to the Indenture Trustee and the Paying Agent (if the Paying Agent is not the Indenture Trustee) at least ~~three~~**two** (~~3~~**2**) Business Days prior to the applicable Payment Date. At least ~~three~~**two** (~~3~~**2**) Business Days prior to any date on which payments are to be made pursuant to Sections 7.05 to 7.11, the Issuer will, in cooperation with the Manager, complete and deliver to the Indenture Trustee and the Paying Agent (if the Paying Agent is not the Indenture Trustee) a copy of the Payment ~~Instructions~~**Instruction** in respect of the Interest Accumulation Account, the Principal Accumulation Account**, the IESO Cash Reserve Account,** the Program Cash Reserve Account, the Protection Account or ~~the~~**any** Series Account, as applicable.

13.12 Notice of Certain Events; Protection Event

(a) The Issuer agrees to give the Indenture Trustee and the Rating Agencies prompt written notice of: (i) each Event of Default; (ii) each breach on the part of the Issuer or the Servicer of its respective obligations under the Master Transfer and Servicing Agreement**, including any Servicer Default (notice of which Servicer Default shall state that it is a "Notice of Servicer Default")**; (iii) each breach on the part of the Manager of its obligations under the Management Agreement; (iv) any default of the Issuer or a Derivative Counterparty under a Derivative Agreement; and (v) any Protection Event and the nature thereof.

(b) Within 10 Business Days after receipt by the Indenture Trustee of notice of any **Servicer Default or** Protection Event, the Indenture Trustee shall provide notice thereof to each Specified Creditor; provided, however, that the Indenture Trustee shall not be liable for failing to distribute any written notice pursuant to this subsection 13.12(b) to any party that is at the time of delivery a Specified Creditor but is not on the lists of Specified Creditors held by the Indenture Trustee pursuant to subsection 9.14(a).

(c) Upon the occurrence of a Protection Event and at the request of the Issuer or **any** Controlling Class ~~Creditors, by Ordinary Resolution~~**Creditor**, the Indenture Trustee shall deliver a written demand to the Province requiring the Province to make payments on Obligations Secured pursuant to and in accordance with the Change of Law Protection Agreement. If, following such request, the Indenture Trustee does not deliver such written demand to the Province within 10 days of such request, any Controlling Class Creditor shall be entitled to deliver such written demand to the Province.

13.13 Issuer To Furnish Indenture Trustee Names and Addresses of Specified Creditors

(a) The Issuer will furnish or cause to be furnished to the Indenture Trustee:

(i) not more than 15 days after each Record Date, in such form as the Indenture Trustee may reasonably require, a list of the names and addresses of the Registered Noteholders of each applicable Class, Series or Tranche as of such date, and

(ii) at such other times as the Indenture Trustee may request in writing, within 30 days after the receipt by the Issuer of any such request, a list of similar form and content as of a date not more than 15 days before the time such list is furnished;

provided, however, that so long as the Indenture Trustee is the Note Registrar, no such lists shall be required to be furnished.

(b) Upon written request from the Indenture Trustee, within 10 Business Days after the receipt by the Issuer of any such request, the Issuer will furnish or cause to be furnished to the Indenture Trustee a list, substantially in the form of Exhibit 3 of the names and addresses of all Specified Creditors (other than Noteholders), together with a reference to such Specified Creditor's Program Agreement, provided that no written request shall be required for the deliveries in subsection 5.01(h) or 5.03(c).

13.14 Other Positive Covenants

The Issuer will:

(a) in the event that the Issuer shall be required to file tax returns, the Manager shall prepare or shall cause to be prepared such tax returns and shall provide such tax returns to the Issuer for signature at least five (5) Business Days before such tax returns are due to be filed. The Issuer, in accordance with the terms of each applicable Supplemental Indenture, shall also prepare or shall cause to be prepared all tax information required by applicable law to be distributed to any Noteholder and shall deliver such information to the Indenture Trustee at least five (5) Business Days prior to the date it is required by applicable law to be distributed to any Noteholder. The Indenture Trustee, upon written request, will furnish the Manager with all such information known to the Indenture Trustee as may be reasonably requested and required in connection with the preparation of all tax returns of the Issuer;

(b) subject to the payment priorities provided in Sections 7.04(e) and 8.13, pay or cause to be paid all Taxes levied, assessed or imposed upon the Issuer and its property or any part thereof, as and when the same become due and payable; provided that the Issuer may protest the payment of any such Taxes if it is acting in good faith and if it either provides the Indenture Trustee with cash in an amount

sufficient to satisfy the same or otherwise satisfies the Indenture Trustee that its interests are not prejudiced thereby and the Rating Agency Condition is satisfied;

(c) upon the written request of the Indenture Trustee, use reasonable commercial efforts, following any (i) termination or resignation of the Servicer, the Manager or the Paying Agent or, in each case, any successor thereof; or (ii) termination, non-renewal or expiry of a Liquidity Agreement or a Credit Enhancement Agreement (other than, in the latter case, a termination, non-renewal or expiry which occurs because neither party thereto has any further obligation thereunder), to appoint and enter into an agreement with a successor to such Servicer, Manager or Paying Agent, or replace or renew such Liquidity Agreement or Credit Enhancement Agreement, in form and substance the same as the applicable provisions in the previously existing Program Agreement and will notify the Indenture Trustee and the Rating Agencies of each such occurrence and new agreement, and will execute and deliver all Supplemental Indentures and amendments hereto and all instruments of further assurance and other instruments and will take other and further action as the Indenture Trustee, relying on the advice of counsel, may consider necessary or advisable to assign and render subject to this Indenture any such agreement; and

(d) deliver or cause to be delivered to the Indenture Trustee and the Rating Agencies on a confidential basis (excepting only, on the part of the Rating Agencies, for purposes of rating the securities of the Issuer) (i) copies of all Program Agreements (including any amendments thereto) in effect from time to time; and (ii) such reports and other information relating to the conduct of the business and affairs of the Issuer as the Indenture Trustee and the Rating Agencies may reasonably require including, without limitation, information pertaining to any actual or anticipated Event of Default or other event which could reasonably be anticipated to have a material adverse effect on the affairs of the Issuer.

13.15 Rule 144A Information

For so long as Notes of any Class, Series or Tranche are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Exchange Act, the Issuer agrees to provide to any Noteholder of such Class, Series or Tranche and to any prospective purchaser of Notes designated by such Noteholder, upon the request of such Noteholder or prospective purchaser, any information required to be provided to such Noteholder or prospective purchaser to satisfy the conditions set forth in Rule 144A(d)(4) under the Securities Exchange Act.

13.16 Further Instruments and Acts

Upon request of the Indenture Trustee or as necessary, the Issuer will execute and deliver such further instruments and do such further acts (including, but not limited to, disclosing or causing to be disclosed information) as may be reasonably necessary or proper to carry out more effectively the purpose of this Indenture.

13.17 No Other Business

The Issuer will not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto.

13.18 Amendments to Program Agreements

(a) Unless the Rating Agency Condition is satisfied~~ and 10 Business Days' prior notice is given to the Province~~**, the Issuer will not make any material amendments to any Program Agreement (other than this Indenture and Derivative Agreements).**

(b) **Without in any way limiting clause (a)**, the Issuer will not:

(i) amend, supplement, modify, restate or replace, or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to, any of the Program Agreements (other than this Indenture, Derivative Agreements and the Declaration of Trust) if any such supplementation, amendment, modification, restatement or replacement, or waiver or consent, could reasonably be considered to be materially prejudicial to the rights or interests of any Specified Creditor(s), except as expressly permitted by such Specified Creditor(s)**, and subject to the Province having been given 10 Business Days' prior notice**; provided that failure to provide such notice shall not invalidate such amendment, supplementation, modification, restatement or replacement, or waiver or consent~~)~~; or

(ii) consent, if consent is required, to the resignation of the Manager under the Management Agreement.

(c) ~~(b) The~~**Without in any way limiting clause (a), the** Issuer will not amend the Declaration of Trust if such amendment would have an Adverse Effect or would reasonably be expected to have an Adverse Effect at any time in the future; provided that if an amendment would have, or would reasonably be expected to have, an Adverse Effect, such amendment may only be made ~~with~~**if the Issuer has obtained** the consent of the Debtholders affected thereby, acting pursuant to an Ordinary Resolution.

(d) ~~(c)~~ Upon receipt of an Issuer Certificate directing it to do so (provided that the Issuer has certified that the conditions set forth in Section 13.18(~~a~~**b**) or 13.18(~~b~~**c**), as applicable, have been satisfied), the Indenture Trustee shall execute any amendment, supplementation, modification, restatement or replacement of any Program Agreement to which it is a party (by acknowledgment or otherwise).

13.19 Issuer May Consolidate, Etc., Only on Certain Terms

The Issuer shall not consolidate or merge with or into any other Person, or sell, convey, exchange, transfer or otherwise dispose of any of its properties or assets included in the Collateral to any Person (in this Section 13.19, a "**transaction**"), unless:

(a) the Person (if other than the Issuer) formed by or surviving the consolidation or merger, or the Person that acquires by conveyance or transfer the properties and assets of the Issuer the conveyance or transfer of which is restricted, as applicable, shall: (i) be a Financing Entity, (ii) be organized and existing under the laws of Canada or any province or territory thereof, (iii) not be a Non-resident, (iv) not be subject to regulation as an "investment company" under the Investment Company Act, (v) expressly assume, pursuant to an assignment and/or assumption agreement or supplement executed and delivered to the Indenture Trustee, in a form satisfactory to the Indenture Trustee, the due and punctual payment of all Obligations Secured then outstanding and the performance or observance of every agreement and covenant of the Issuer in this Indenture and the other Program Agreements to which the Issuer is a party; and (vi) in the case of a conveyance or transfer only, expressly agree, by means of such assignment and/or assumption agreement or supplement, that (A) all right, title and interest so conveyed or transferred is subject and subordinate to the Security Interest, and (B) it shall make all filings required by applicable securities laws in connection with the Notes;

(b) immediately after giving effect to such transaction, no Event of Default shall have occurred and be continuing;

(c) the Issuer shall have delivered to the Indenture Trustee an Issuer Certificate and an Opinion of Counsel each stating that (i) such transaction and the agreements delivered in connection therewith comply with this Section 13.19, (ii) all conditions precedent in this Section 13.19 relating to such transaction have been complied with, and (iii) each agreement delivered in connection with such transaction has been duly authorized, executed and delivered, and is valid, binding and enforceable against the surviving Person or transferee, as applicable;

(d) the Rating Agency Condition shall have been satisfied with respect to such transaction; and

(e) any action that is necessary to maintain the Security Interest shall have been taken.

13.20 Successor Substituted

Upon any consolidation or merger, or any conveyance or transfer of the properties and assets of the Issuer substantially as an entirety in accordance with Section 13.19, the Person formed by or surviving such consolidation or merger (if other than the Issuer) or the Person to which such conveyance or transfer is made shall succeed to, and be substituted for, and may exercise every right and power of, the Issuer under this Indenture with the same effect as if such

Person had been named as the Issuer herein. In the event of any such conveyance or transfer, the Person named as the Issuer in the first paragraph of this Indenture or any successor which shall theretofore have become such in the manner prescribed in this Section 13.20 shall be released from its obligations under this Indenture as issued immediately upon the effectiveness of such conveyance or transfer.

13.21 Guarantees, Loans, Advances and Other Liabilities

Except as contemplated by this Indenture or the Declaration of Trust, the Issuer shall not make any loan or advance or credit to, or guarantee (directly or indirectly or by an instrument having the effect of assuring another's payment or performance on any obligation or capability of so doing or otherwise), endorse or otherwise become contingently liable, directly or indirectly, in connection with the obligations, stocks or dividends of, or own, purchase, repurchase or acquire (or agree contingently to do so) any stock, obligations, assets or securities of, or any other interest in, or make any capital contribution to, any other Person.

13.22 Capital Expenditures

The Issuer shall not make any expenditure (by long-term or operating lease or otherwise) for capital assets.

13.23 Restricted Payments

The Issuer is permitted to declare or make payable any amounts to the owner of units in the Issuer as permitted by and in accordance with the Declaration of Trust, and redeem (at the request of an owner or otherwise), purchase, retire or otherwise acquire for value any units in the Issuer, provided that the Issuer may only satisfy the distribution declared or made payable, or the redemption or purchase price of any units so redeemed, purchased, retired or otherwise acquired, in cash or property to the extent that cash or property is available for such purpose, subject to Sections 7.04, 7.10 and 8.13. For greater certainty, if the Issuer is restricted from satisfying the foregoing amounts in cash or property pursuant to the provisions of this Section, then the Issuer shall satisfy such amounts through the issuance of additional units and/or a promissory note to its unitholders in accordance with the Declaration of Trust.

13.24 Redemption of Subordinated Notes or Junior Subordinated Notes

Notwithstanding anything in the Related Supplemental Indenture to the contrary, the Issuer may not redeem any Series or Tranche of Subordinated Notes or Junior Subordinated Notes, in whole at any time or in part from time to time, unless the following conditions have been satisfied both before and after giving effect to the redemption, as certified by the Issuer pursuant to an Issuer Certificate:

(a) no Default or Event of Default shall have occurred and be continuing;

(b) all Issuer Accounts shall have been fully funded in accordance with the provisions of this Indenture and any Funding Obligation Agreement; and

(c) the sum of the Outstanding Dollar Principal Amount of Subordinated Funding Obligations and Junior Subordinated Funding Obligations after giving effect to the redemption shall be no less than 35% of the aggregate Outstanding Dollar Principal Amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations.

13.25 No Borrowing

The Issuer will not issue, incur, assume, guarantee or otherwise become liable, directly or indirectly, for any additional indebtedness, except for Funding Obligations and except pursuant to the Program Agreements.

13.26 Minimum Subordinated Funding Obligations

(a) The Issuer will not permit the aggregate Outstanding Dollar Principal Amount of Subordinated Funding Obligations and Junior Subordinated Funding Obligations to be less than 35% of the **aggregate** Outstanding Dollar Principal Amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations.

(b) The Issuer will not permit the aggregate Outstanding Dollar Principal Amount of Junior Subordinated Funding Obligations to be less than 10% of the aggregate Outstanding Dollar Principal Amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations.

13.27 Other Negative Covenants

The Issuer will not:

(a) claim any credit on, or make any deduction from the principal or interest payable in respect of, the Notes or Borrowings (other than amounts withheld or deducted as described in Section 16.02);

(b) permit the validity or effectiveness of this Indenture to be impaired, or permit the Security Interest to be amended, hypothecated, subordinated, terminated or discharged, or permit any Person to be released from any covenants or obligations hereunder with respect to any Program Agreements except as may be expressly permitted hereby;

(c) permit any Lien (other than Permitted Liens) to be created on or extend to or otherwise arise upon or burden the Collateral or any part thereof or any interest therein or the proceeds thereof;

(d) sell, transfer, exchange or otherwise dispose of any of the Collateral except as may be expressly permitted hereby;

(e) release any security or guarantee in respect of the Collateral;

(f) voluntarily dissolve or liquidate; or

(g) take any action that would cause it to be treated as engaged in a "trade or business within the United States" within the meaning of applicable U.S. tax law interpreting section 864 of the Internal Revenue Code or its successor or predecessor provisions.

13.28 Indenture Trustee May Perform Covenants

If the Issuer fails to perform any of its covenants herein contained, the Indenture Trustee may, subject to the receipt of indemnification and funding reasonably acceptable to the Indenture Trustee as provided in Section 9.02(d), itself perform the covenant if the covenant is capable of being performed by the Indenture Trustee and, if the covenant requires the payment or expenditure of money, the Indenture Trustee may make the payment or expenditure with money borrowed by or advanced to it for such purpose, but will be under no obligation to do so; and all sums so expended or advanced will bear interest at the rate of interest charged to the Indenture Trustee by its bankers from the date of expenditure until repayment and will (together with such interest) be paid by the Issuer upon demand and will until paid form part of the Obligations Secured and constitute a Lien on the Collateral to which such covenant related in priority to the Security Interest and will be payable out of any funds coming into possession of the Indenture Trustee hereunder. No performance or payment will be deemed to relieve the Issuer from the consequences of the occurrence of any Event of Default hereunder.

ARTICLE XIV
CERTAIN PROGRAM AGREEMENTS

14.01 Management Agreement

The Indenture Trustee acknowledges that the Issuer has entered into the Management Agreement which provides, among other things, for the provision of certain services and the performance by the Manager of certain obligations of the Issuer under this Indenture connected with the Issuer Investment Interest, the incurrence of Issuer Funding Obligations and all registrations required pursuant to Section 4.05. Accordingly, any obligation of the Issuer hereunder performed by the Manager on behalf of the Issuer will be deemed to have been performed by the Issuer and any payments referred to hereunder received or received and applied against the Issuer Funding Obligations by the Manager on behalf of the Issuer will be deemed to have been received or received and applied by the Issuer. The Indenture Trustee may act and rely on any instrument or report referred to hereunder prepared by the Manager on behalf of the Issuer as if the instrument or report had been prepared by the Issuer.

14.02 Credit Enhancement Agreements

The Indenture Trustee acknowledges that the Issuer may enter into one or more Credit Enhancement Agreements which provide, among other things, for the right of the Issuer, the Indenture Trustee or the Manager, as attorney for the Issuer, to make drawings on Credit Enhancers for the purpose of paying maturing Issuer Funding Obligations and repaying Borrowings under Liquidity Agreements. The Indenture Trustee hereby appoints the Manager as the Indenture Trustee's attorney, with full authority in the place and stead of and in the name of

the Indenture Trustee or otherwise, from time to time to make any drawings pursuant to a Credit Enhancement Agreement (provided that written notice of any drawings shall be given by the Manager to the Indenture Trustee) and, in that connection, to execute and deliver all such documents, instruments and certificates including, without limitation, any drawing certificates required to be delivered to a Credit Enhancer at the time any drawing is made, and to do all such further acts and things and to take all such proceedings as the Manager in its sole discretion deems necessary or desirable to enforce compliance by a Credit Enhancer with the terms of a Credit Enhancement Agreement.

14.03 Declaration of Trust

The Indenture Trustee acknowledges that pursuant to the Declaration of Trust, the Indenture Trustee may appoint a successor Issuer Trustee if the Issuer Trustee and the unitholders of the Issuer fail to appoint such a successor. The Indenture Trustee will only exercise such right if it has received an Ordinary Resolution of Controlling Class Creditors directing it to take such action.

ARTICLE XV
NOTICES

15.01 Notice to Issuer

Any notice, document or other communication required or permitted to be given or delivered to the Issuer hereunder will be in writing and will be valid and effective if given by delivery to the addresses indicated below or by facsimile or email transmission at such addresses (with, in the case of facsimile or email transmission, receipt confirmed, either by telephone, reply facsimile or reply email, or, in the case of email transmission, through the email software itself) and such notice, document or other communication shall be deemed to have been received, if given by delivery, on the day of delivery, and, if sent by facsimile or email transmission, on the day receipt thereof has been confirmed in accordance with the provisions of this Section 15.01. Such notice shall, if given on a day other than a Business Day or after the normal business hours of the recipient on a Business Day, be deemed to have been given on the next Business Day:

Fair Hydro Trust
c/o Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6

Attention: Vice President, Fair Hydro Plan
Fax: (416) 592-4189
~~[~~Email: ■**FHP**@opg.com~~]~~

Attention: General Counsel
Fax: (416) 592-4189
~~[Email: ■@opg.com]~~

with copies to:

Computershare Trust Company of Canada, in its capacity as
Issuer Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1

Attention: Manager, Corporate Trust
Fax: (416) 981-9777
Email: corporatetrust.toronto@computershare.com

15.02 Notice to the Indenture Trustee

Any notice, document or other communication required or permitted to be given or delivered to the Indenture Trustee hereunder will be in writing and will be valid and effective if given by delivery to the address indicated below or by facsimile transmission at such address (with, in the case of facsimile transmission, receipt confirmed, either by telephone or reply facsimile) and such notice, document or other communication shall be deemed to have been received, if given by delivery, on the day of delivery, and, if sent by facsimile transmission, on the day receipt thereof has been confirmed in accordance with the provisions of this Section 15.02. Such notice shall, if given on a day other than a Business Day or after the normal business hours (being 5:00 p.m. (Toronto time)) of the Indenture Trustee on a Business Day, be deemed to have been given on the next Business Day:

BNY Trust Company of Canada
One York Street, 6th Floor
Toronto, Ontario M5J 0B6

Attention: Corporate Trust Administration
Fax: (416) 360-1711

15.03 Notice to Noteholders

(a) Any notice, document or other communication required or permitted to be given or delivered hereunder to Registered Noteholders will be deemed to be validly given if sent to a destination within Canada by first class mail and if sent to a destination outside of Canada by airmail, postage prepaid in each case, sent by facsimile transmission or email transmission, addressed in each case to the Registered Noteholder at its address appearing in the Note Register, not later than the latest date, and not earlier than the earliest date, prescribed for the giving of such notice. In any case where notice to Registered Noteholders is given by mail, facsimile or electronic transmission, neither the failure to mail, send by facsimile or send by electronic transmission such notice, nor any defect in any notice so mailed, to any particular Noteholders will affect the sufficiency of such notice with respect to other Noteholders and any notice that is mailed, sent by facsimile or sent by electronic transmission in the manner herein provided shall conclusively have been presumed to have been duly given. In the case where CDS is the Registered Noteholder, notices, documents or other communications may be

given by hand-delivery and such notice, document or other communication shall be deemed to have been received on the day of delivery.

(b) No notice will be given by mail, facsimile, email transmission or otherwise delivered to a holder of Bearer Notes or coupons in bearer form. In the case of any Class, Series or Tranche with respect to which any Bearer Notes are Outstanding, any notice required or permitted to be given to holders of such Bearer Notes will be published in an Authorized Newspaper within the time period prescribed in this Indenture or the Related Supplemental Indenture.

(c) In case, by reason of the suspension of regular mail service as a result of a strike, work stoppage or otherwise, it will be impractical to mail notice of any event to any holder of a Registered Note when such notice is required to be given pursuant to any provision of this Indenture, then any method of notification as will be satisfactory to the Indenture Trustee and the Issuer will be deemed to be a sufficient giving of such notice.

(d) With respect to any Series or Tranche of Notes, the Related Supplemental Indenture or Terms Document may specify different or additional means of giving notice to the Noteholders of such Series or Tranche.

(e) Where this Indenture, any Supplemental Indenture or any Registered Note provides for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver will be the equivalent of such notice. Waivers of notice by Registered Noteholders will be filed with the Indenture Trustee, but such filing will not be a condition precedent to the validity of any action taken in reliance upon such waiver.

15.04 Notice to Other Specified Creditors

Any notice, document or other communication required or permitted to be given or delivered to any Specified Creditor (other than Noteholders) hereunder will be in writing and will be given by delivery to the applicable addresses provided to the Issuer by such Specified Creditor and set forth in the Specified Creditor list delivered pursuant to subsection 13.13(b) or by facsimile or electronic transmission. Any such notice shall, if given on a day other than a Business Day or after the normal business hours of the recipient on a Business Day, be deemed to have been given on the next Business Day.

15.05 Notice to Rating Agencies

Any notice, document or other communication required or permitted to be given or delivered to the Rating Agencies hereunder will be in writing and will be given by delivery to the applicable addresses provided to the Issuer by the Rating Agencies or by facsimile or electronic transmission. Any such notice shall, if given on a day other than a Business Day or after the normal business hours of the recipient on a Business Day, be deemed to have been given on the next Business Day. Where this Indenture provides for notice to any Rating Agency, failure to

give such notice will not affect any other rights or obligations created hereunder and will not under any circumstance constitute an Adverse Effect.

15.06 Change of Address

Any Person referenced above may from time to time notify any other interested Person, in accordance with the provisions hereof, of any change of address which thereafter, until changed by like notice, shall be the address of such Person for all purposes of this Indenture.

ARTICLE XVI
MISCELLANEOUS

16.01 No Petition

The Indenture Trustee, by entering into this Indenture, and each Specified Creditor by accepting its rights as a third party beneficiary hereunder, agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Issuer Funding Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Issuer.

16.02 Withholding Rights

The right of any Person to receive amounts described in this Indenture, including rights of a Noteholder to receive interest on or principal of a Note, or the rights of a Person to receive payments described in the Payment Waterfalls, shall be subject to any applicable withholding or deduction imposed pursuant to the Income Tax Act or other applicable tax law, including foreign withholding and deduction. Any amounts properly withheld or deducted shall be treated as actually paid to the appropriate recipient, provided that such deduction or withheld amounts are actually remitted in accordance with applicable law to the appropriate Governmental Authority.

16.03 U.S. Tax Treatment

The Issuer and each Noteholder that is a United States Person agree that the Notes are intended to be debt for United States federal, state and local income and franchise tax purposes and agree to treat the Notes accordingly for all such purposes, unless otherwise required by a taxing authority. Each Noteholder that is a United States Person further agrees that it will cause any Note Owner that is a United States Person acquiring an interest in a Note through it to comply with this Indenture as to treatment as indebtedness for United States federal, state and local income and franchise tax purposes as described in this Section 16.03.

16.04 Alternate Payment Provisions

Notwithstanding any provision of this Indenture or any of the Notes to the contrary, the Issuer, with the written consent of the Indenture Trustee, may enter into any agreement with any Noteholder providing for a method of payment or notice that is different from the methods provided for in this Indenture for such payments or notices. The Issuer will furnish to the Indenture Trustee a copy of each such agreement and the Indenture Trustee will cause payments or notices, as applicable, to be made in accordance with such agreements.

16.05 Final Distribution

(a) The Issuer shall give the Indenture Trustee at least 30 days written notice of the Principal Payment Date on which the Noteholders of any Class, Series or Tranche may surrender their Notes for payment of the final distribution on and cancellation of such Notes. Not later than the fifth day of the month in which the final distribution in respect of such Class, Series or Tranche is payable to Noteholders, the Indenture Trustee shall provide notice to Noteholders of such Class, Series or Tranche specifying (i) the date upon which final payment of such Class, Series or Tranche will be made upon presentation and surrender of Notes of such Class, Series or Tranche at the office or offices therein designated, (ii) the amount of any such final payment, and (iii) that the Record Date otherwise applicable to such Principal Payment Date is not applicable, payments being made only upon presentation and surrender of such Notes at the office or offices therein specified (which, in the case of Bearer Notes, shall be outside the United States). The Indenture Trustee shall give such notice to the Note Registrar and the Paying Agent at the time such notice is given to Noteholders.

(b) Notwithstanding a final distribution to the Noteholders of any Class, Series or Tranche of Notes (or the termination of the Issuer), except as otherwise provided in this paragraph, all funds then on deposit in any Series Account allocated solely to such Noteholders shall continue to be held in trust for the benefit of such Noteholders, and the Paying Agent or the Indenture Trustee shall pay such funds to such Noteholders upon surrender of their Notes, if certificated. In the event that all such Noteholders shall not surrender their Notes for cancellation within six (6) months after the date specified in the notice from the Indenture Trustee described in paragraph (a), the Indenture Trustee shall give a second notice to the remaining such Noteholders to surrender their Notes for cancellation and receive the final distribution with respect thereto (which surrender and payment, in the case of Bearer Notes, shall be outside the United States). If within one (1) year after the second notice all such Notes shall not have been surrendered for cancellation, the Indenture Trustee may take appropriate steps, or may appoint an agent to take appropriate steps, to contact the remaining such Noteholders concerning surrender of their Notes, and the cost thereof shall be paid out of the funds in the Collection Account or any Series Account held for the benefit of such Noteholders. The Indenture Trustee and the Paying Agent shall pay to the Issuer any monies held by them for the payment of principal or interest that remains unclaimed for two (2) years. After payment to the Issuer, Noteholders entitled to the money must look to the Issuer for payment as general creditors unless an applicable abandoned property law designates another Person.

16.06 Force Majeure

In no event shall the Indenture Trustee or the Issuer Trustee be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural

catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services; it being understood that the Indenture Trustee and the Issuer Trustee shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

16.07 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Indenture.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly executed as of the day and year first above written.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of **FAIR HYDRO TRUST**, as Issuer

By: **ONTARIO POWER GENERATION INC.**, not in its individual capacity but solely as Manager

By: _____

Name:
Title:

By: _____

Name:
Title:

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

By:

Name:
Title:

Schedule A
DEFINED TERMS

"**Acceleration Event**" means the acceleration of any Series of Controlling Class Obligations pursuant to and in accordance with the Related Funding Obligation Agreement.

"**Act**" means *Ontario Fair Hydro Plan Act, 2017*.

"**Action**" has the meaning specified in Section 1.04.

"Adherence Compliance Certificate" has the meaning specified in the Change of Law Protection Agreement.

"**Adverse Effect**" means, whenever used in this Indenture with respect to any action, that such action will at the time of its occurrence (a) result in the occurrence of an Event of Default or any event which with the giving of notice or passage of time, or both, would become an Event of Default, (b) adversely affect the amount or timing of any payment to be made to any Debtholder or Derivative Counterparty pursuant to this Indenture or any Program Agreement, (c) materially adversely affect the amount or timing of payments to be made to the Specified Creditors (other than Debtholders and Derivative Counterparties) pursuant to this Indenture or any Program Agreement, or (d) adversely affect the Security Interest and the rights and remedies of the Indenture Trustee in respect thereof.

"**Affected Party**" has the meaning specified in the applicable Derivative Agreement.

"**Affiliate**" means, with respect to any specified Person, any other Person controlling or controlled by or under common control with such specified Person. For the purposes of this definition, "**control**" when used with respect to any specified Person means the power to direct the management and policies of such specified Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, and the terms "**controlling**" and "**controlled**" have meanings correlative to the foregoing.

"**Agency Agreement**" means an agency agreement made between the Issuer and one or more Persons acting on behalf of the Issuer, providing for the sale and distribution of Notes on an agency basis.

"**Approved Obligation**" has the meaning specified in the Change of Law Protection Agreement.

"Approved Obligation Amount" has the meaning specified in the Change of Law Protection Agreement.

"**Authorized Newspaper**" means any newspaper or newspapers of general circulation, in the case of Notes issued in the United States, in the Borough of Manhattan, The City of New York, and in the case of Notes issued in Canada, in the City of Toronto, in each case printed in the English language and customarily published on each Business Day at such place, whether or not published on Saturdays, Sundays or holidays, or if and so long as Notes of any Class, Series or Tranche are listed on any securities exchange and that exchange so requires, the newspaper of

record required by the applicable securities exchange, printed in any language satisfying the requirements of such exchange.

"**Available Collections**" means, for any Monthly Period, without duplication: (a) the Servicer CEA Receipts paid to the Issuer in accordance with Section [3.3] of the Master Transfer and Servicing Agreement, plus investment earnings allocable to the amounts on deposit in the Collection Account, plus any other amounts, or allocable portion thereof, to be treated as Available Collections, subject to this Indenture and any applicable Supplemental Indenture; (b) the IESO Carrying Cost Payments (other than the IESO Cash Reserve Deposit Amount); and (c) amounts received by the Issuer pursuant to Derivative Agreements.

"**Bearer Note**" means a Note in bearer form.

"**Benefit Plan**" means an "employee benefit plan" as defined in Section 3(3) of ERISA, which is subject to the provisions of Title I of ERISA, a "plan" described in and subject to Section 4975 of the Code, or an entity whose underlying assets include "plan assets" by reason of an employee benefit plan's investment in the entity.

"**Borrowing**" means a borrowing or drawing by the Issuer pursuant to a Liquidity Agreement, a Loan Agreement or a Credit Enhancement Agreement.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are, or the office of the Indenture Trustee is, authorized or obligated by applicable law, regulation or executive order to be closed.

"**Canadian Depository**" means, unless otherwise specified by the Issuer pursuant to any of Section 3.04, 3.06, or 4.01, with respect to Notes issuable or issued as a Global Note within Canada, CDS Clearing and Depository Services Inc., or any successor thereto registered as a clearing agency under the *Securities Act* (Ontario), or other applicable statute or regulation.

"Carrying Costs" has the meaning ascribed to the term "carrying costs" in the Fair Hydro Regulations.

"**Certificate of Authentication**" means the certificate of authentication of the Indenture Trustee, the form of which is described in Section 3.03.

"Certified Primary Obligations" has the meaning specified in the Change of Law Protection Agreement.

"**Chairman**" has the meaning specified in subsection 10.01(d).

"**Change of Law Protection Agreement**" means the change of law protection agreement dated [■**December [21**], 2017 among the Province, the Issuer and the Indenture Trustee.

"**Class**" means the Senior Funding Obligations, the Subordinated Funding Obligations, the Junior Subordinated Funding Obligations, each of which shall be a Class of Issuer Funding Obligations.

"**Collateral**" has the meaning specified in Section 2.01.

"**Collection Account**" has the meaning specified in subsection 7.02(a).

"**Commission**" means the U.S. Securities and Exchange Commission.

"**Controlling Class Creditors**" means, at any time, the Debtholders holding Controlling Class Obligations.

"**Controlling Class Obligations**" means: (a) Senior Funding Obligations until such time as all Senior Funding Obligations have been paid in full; then (b) if all Senior Funding Obligations have been paid in full, Subordinated Funding Obligations until such time as all Subordinated Funding Obligations have been paid in full; and finally (c) if all Senior Funding Obligations and Subordinated Funding Obligations have been paid in full, Junior Subordinated Funding Obligations until such time as all Junior Subordinated Funding Obligations have been paid in full.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Issuer and any other owner or owners of an Investment Interest as contemplated by subsection 29(5) of the Act.

"**Corporate Trust Office**" means the office of the Indenture Trustee at which, at any particular time, its corporate trust business shall be administered, which office as of the date hereof is located at One York Street, 6th Floor, Toronto, Ontario M5J 0B6, or at such other address as the Indenture Trustee may designate from time to time by notice to the Specified Creditors and the Issuer, or the principal corporate trust office of any successor trustee designated by like notice.

"**Credit Enhancement**" means any form of credit enhancement (howsoever characterized) for any Issuer Funding Obligation, including any letter of credit, letter of guarantee, insurance policy, surety bond, cash reserve account, spread account, guaranteed rate agreement, note purchase agreement, loan facility or other similar agreement established for the benefit of a Lender or Noteholder, as applicable, and including any facility provided by a Person to the Issuer which is specified or acknowledged in writing by the Issuer as "Credit Enhancement" for purposes hereof.

"**Credit Enhancement Agreement**" means any credit enhancement agreement entered into hereafter between the Issuer and one or more Credit Enhancers, and acknowledged and accepted by the Indenture Trustee in accordance with Article V, providing Credit Enhancement in respect of any Issuer Funding Obligation, and includes any letter of credit, guarantee, surety bond or other instrument executed and delivered by such Credit Enhancer(s).

"**Credit Enhancer**" means any Person providing Credit Enhancement to the Issuer or in respect of any Issuer Funding Obligation.

"**DBRS**" means DBRS Limited, or any successor thereof.

"**Debtholder**" means a Noteholder or a Lender.

"**Debtholder Group**" has the meaning specified in subsection 10.01(a).

"**Declaration of Trust**" means the declaration of trust made as of December [~~1~~15], 2017 under which the Issuer was established.

"**Default**" means the occurrence of any event which, after the passage of time, the required notification to the Indenture Trustee and, if required, approval by the required Controlling Class Creditors, would become an Event of Default.

"**Defaulting Party**" has the meaning specified in the applicable Derivative Agreement.

"**Deferred Principal Accumulation Amount**" means, on any Principal Payment Date, the amount by which the aggregate of the Principal Accumulation Amount (Warehouse), the Principal Accumulation Amount (Senior), the Principal Accumulation Amount (Subordinated) and the Principal Accumulation Amount (Junior Subordinated) for such Principal Payment Date determined without reference to any Refinancing Notices is greater than the amount on deposit in the Principal Accumulation Account.

"**Depository**" means a Canadian Depository, a U.S. Depository or a Foreign Depository, as the case may be.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Issuer in connection with or related to Borrowings or Notes.

"**Derivative Counterparty**" means any party to any Derivative Agreement other than the Issuer or the Indenture Trustee.

"**Derivative Funding Obligations**" means Funding Obligations arising under, or in connection with, Derivative Agreements.

"**Discount Note**" means a Note that provides for an amount less than the Stated Principal Amount (but not less than the Initial Currency Specific Dollar Principal Amount) thereof to be due and payable upon the occurrence of an optional redemption, or the occurrence of an Event of Default and the acceleration of such Note, in each case before the Principal Payment Date of the applicable Note.

"**Dollar**," "**$**" or "**Cdn. $**" means Canadian dollars.

"**Electronic Methods**" means delivery of any notice or form of communication by facsimile, pdf or e-mail, or by other similar electronic means in a form satisfactory to the Issuer.

"**Eligible Deposit Account**" means~~, in relation to any Issuer Account,~~ an account that is a segregated account with an Eligible Institution.

"**Eligible Institution**" means (a) a trust company or Schedule I chartered bank (or an Affiliate thereof) incorporated under the laws of Canada or any province thereof (i) which has either (x) a long-term unsecured debt rating of "A" or better by DBRS, or (y) a short-term deposit rating of "R-1 (low)" or better by DBRS, and (ii) which has either (x) a long-term unsecured debt rating of "A2" or better by Moody's, or (y) a short-term deposit rating of "P-1" or better by Moody's, or (b) any institution that otherwise satisfies the Rating Agency Condition.

"**Eligible Investments**" means instruments or investment property that evidence:

(a) direct obligations of, or obligations fully and unconditionally guaranteed as to timely payment by, Canada or the United States of America;

(b) demand or time deposits of, unsecured certificates of deposit of, money market deposit accounts of, bank deposit products of or bankers' acceptances issued by, any depository institution (including, but not limited to, bank deposit products of the Indenture Trustee, acting in its commercial capacity) incorporated or organized under the laws of the United States of America, Canada or any state or province thereof and subject to supervision and examination by applicable banking authorities, so long as the commercial paper or other short-term debt obligations of such depository institution are, at the time of deposit, rated at least "R-1 (low)" and "P-1" by each of DBRS and Moody's, or such lower rating as will not result in the downgrading or withdrawal of the ratings of the Issuer or any of the Issuer Funding Obligations;

(c) commercial paper (including commercial paper of the Indenture Trustee, acting in its commercial capacity), which at the time of purchase is rated at least "R-1 (low)" and "P-1" by each of DBRS and Moody's, or such lower rating as will not result in the downgrading or withdrawal of the ratings of the Issuer or any of the Issuer Funding Obligations;

(d) investments in money market funds having a rating in the highest investment category granted thereby (including funds for which the Indenture Trustee or any of its Affiliates is investment manager or advisor) from DBRS and Moody's;

(e) repurchase obligations with respect to any security that is a direct obligation of, or fully guaranteed by, the United States of America, Canada or their respective agencies or instrumentalities, entered into with Eligible Institutions;

(f) repurchase obligations with respect to any security or whole loan entered into with an Eligible Institution or with a registered broker/dealer acting as principal and that meets the ratings criteria set forth below:

(i) a broker/dealer (acting as principal) registered as a broker or dealer under the Securities Act (any such broker/dealer being referred to in this

definition as a "**broker/dealer**"), the unsecured short-term debt obligations of which are rated at least "P-1" by Moody's and "R-1" by DBRS at the time of entering into such repurchase obligation; or

(ii) an unrated broker/dealer, acting as principal, that is a wholly-owned subsidiary of a non-bank or bank holding company the unsecured short-term debt obligations of which are rated at least "P-1" by Moody's and "R-1" by DBRS at the time of purchase so long as the obligations of such unrated broker/dealer are unconditionally guaranteed by such non-bank or bank holding company; and

(g) any other investment permitted by each of the Rating Agencies;

in each case maturing not later than the Business Day preceding the next Payment Date, Interest Payment Date or Principal Payment Date, as applicable (for the avoidance of doubt, investments in money market funds or similar instruments that are redeemable on demand shall be deemed to satisfy the foregoing requirement). Notwithstanding the foregoing~~: (A)~~**,** no securities or investments that mature in 30 days or more shall be "Eligible Investments" unless the issuer thereof has (x) either a short-term unsecured debt rating of at least "P-1" from Moody's or a long-term unsecured debt rating of at least "A2" from Moody's and also has (y) either a short-term unsecured debt rating of at least "R-1 (low)" from DBRS or a long-term unsecured debt rating of at least "A" from DBRS~~; and (B) no securities or investments described in clauses (b) through (d) above that have maturities of more than 30 days but less than or equal to 3 months shall be "Eligible Investments" unless the issuer thereof has (x) a long-term unsecured debt rating of at least "A1" from Moody's and a short-term unsecured debt rating of at least "P-1" from Moody's, or (y) a long-term unsecured debt rating of at least "A" from DBRS and a short-term unsecured debt rating of at least "R-1 (low)" from DBRS.~~**.**

"Eligible Securities Account" means a securities account that is a segregated account with an Affiliate of an Eligible Institution, which Affiliate is licensed to maintain securities accounts.

"**ERISA**" means the *Employee Retirement Income Security Act* of 1974, as amended.

"**Event of Default**" has the meaning specified in Section 8.01.

"**Exchange Date**" means, with respect to any Class, Series or Tranche of Notes, the latest of:

(a) in the case of exchanges of beneficial interests in Temporary Global Notes for beneficial interests in Permanent Global Notes in registered form, any date that is after the related issuance date;

(b) in the case of exchanges of beneficial interests in Temporary Global Notes for beneficial interests in Permanent Global Notes in bearer form, the date of presentation of certification of non-United States beneficial ownership (as described in Section 3.05); and

(c) the earliest date on which such an exchange of a beneficial interest in a Temporary Global Note for a beneficial interest in a Permanent Global Note is permitted by applicable law.

"**Exchange Rate Agent**" means, with respect to any Series of ~~[Notes] [~~Issuer Funding Obligations~~]~~, (unless otherwise specified with respect to any Series of Issuer Funding Obligations pursuant to the Related Funding Obligation Agreement), a chartered bank listed on Schedule I to the *Bank Act* (Canada)~~,~~ designated pursuant to the Related Funding Obligation Agreement.

"**Extraordinary Resolution**" means a resolution passed by the affirmative votes of Controlling Class Creditors holding not less than 66⅔% of the Outstanding Dollar Principal Amount of all Controlling Class Obligations represented and voting at a meeting of all Controlling Class Creditors duly convened and held in accordance with the provisions of this Indenture.

"**Fair Hydro Regulations**" means the regulations made under the Act, including Ontario regulations 206/17 and 195/17.

"~~**Financial Services Manager**~~**Finance Amount**" has the meaning ascribed to the term "~~financial services manager~~**finance amount**" in the Act **and the Fair Hydro Regulations** as of the date of this Indenture.

"**Financing Entity**" has the meaning ascribed to the term "financing entity" in the Act as of the date of this Indenture.

"**Financing Plan**" has the meaning ascribed to the term "financing plan" in the Act as of the date of this Indenture.

"**Foreign Currency**" means (a) a currency other than Dollars, or (b) denominated in a currency other than Dollars.

"**Foreign Currency Note**" means a Note denominated in a Foreign Currency.

"**Foreign Depository**" means the Person specified in the Related Supplemental Indenture, in its capacity as depository for the accounts of any clearing agencies located outside Canada and the United States.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Indenture.

"**Funding Obligation Agreement**" means any Notes, any Supplemental Indenture (including any Terms Document), any Liquidity Agreement, any Loan Agreement, any Credit Enhancement Agreement or any Derivative Agreement.

"**Global Note**" means any Note issued pursuant to Section 3.04.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other

instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"~~**Guarantor Settlement Statement**" has the meaning specified in~~**Guarantee Payment Date" means each day when any payment or payments are to be made in respect of one or more Approved Obligations occurring following the delivery of a Payment Demand to the Province pursuant to** the Change of Law Protection Agreement.

"**IESO**" means the Independent Electricity System Operator, a statutory corporation without share capital established by the *Electricity Act, 1998*, SO, 1998.

"**IESO Carrying Cost Payments**" means those amounts paid to the Issuer by the IESO pursuant to the Fair Hydro Regulations.

"**IESO Cash Reserve Account**" has the meaning specified in subsection 7.02(e).

"**IESO Cash Reserve Deposit Amount**" means an amount equal to the aggregate of:

(a) ~~[~~0.50~~]~~% of the aggregate outstanding principal amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations determined as of the Payment Date occurring in April, 2021; and

(b) ~~$[■]. [NTD: three months of expected interest costs for May, June and July, 2021. Method of calculating to be discussed.]~~**an amount estimated by the Manager, acting reasonably, as the amount of Carrying Costs payable by the Issuer during May, June and July, 2021 on outstanding Issuer Funding Obligations and any Issuer Funding Obligations to be issued in accordance with the Financing Plan, provided that such estimate satisfies the Rating Agency Condition.**

"**IESO Cash Reserve Required Amount**" means, on any Payment Date on or after the Payment Date in November, 2021, the amount, if any, by which (~~x~~**a**) an amount equal to ~~[~~0.50~~]~~% of the aggregate ~~outstanding principal amount~~**Outstanding Dollar Principal Amount** of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations, exceeds (~~y~~**b**) the amount on deposit in the Program Cash Reserve Account, determined after giving effect to all settlements on such Payment Date.

"**IESO Security Agreement**" means the security agreement made by the IESO in favour of the Issuer to secure its obligations to pay IESO Carrying Cost Payments.

"**Income Tax Act**" means the *Income Tax Act* (Canada).

"Indemnity Agreement" means the Indemnity Agreement dated December [21], 2017 by the Manager in favour of the Indenture Trustee.

"**Indenture**" or "**this Indenture**" means this Trust Indenture, as amended, supplemented, restated or otherwise modified from time to time, including by Supplemental Indentures for the issuance of Series of Notes entered into pursuant to the applicable provisions hereof.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Indenture until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "Indenture Trustee" means and includes such Person.

"**Initial Currency Specific Dollar Principal Amount**" means with respect to a Series or Tranche in a Series that includes Foreign Currency Notes, the amount specified in the applicable Supplemental Indenture as the Initial Currency Specific Dollar Principal Amount thereof.

"**Initial Dollar Principal Amount**" means (a) unless otherwise specified in the applicable Supplemental Indenture, with respect to a Class, Series or Tranche of Notes, the aggregate initial principal amount of the Outstanding Notes of such Class, Series or Tranche plus the aggregate initial principal amount of any additional Notes of such Class, Series or Tranche, and (b) with respect to a Class, Series or Tranche of Discount Notes that includes Foreign Currency Notes, the amount specified in the applicable Supplemental Indenture as the Initial Dollar Principal Amount thereof.

"**Insolvency Event**" means, with respect to a specified Person, the specified Person admits the inability of such specified Person to pay its liabilities generally as they become due or makes a general assignment for the benefit of the creditors of such specified Person or otherwise acknowledges the insolvency of such specified Person or any proceeding shall be instituted by or against such specified Person seeking to adjudicate it a bankrupt or insolvent or seeking liquidation, winding up, dissolution, reorganization, arrangement, adjustment, protection, relief or composition of its debts under any law relating to bankruptcy, insolvency, reorganization, moratorium or relief of debtors or seeking the entry of an order for relief by the appointment of a receiver, trustee or other similar official for such specified Person or for any substantial part of its property and if such proceeding has been instituted against such specified Person either such proceeding has not been stayed or dismissed within 45 days or any of the actions sought in such proceeding (including the entry of an order for relief or the appointment of a receiver) are granted in whole or in part, or if a receiver is privately appointed in respect of such specified Person or of the property of such specified Person or any substantial part thereof.

"**Interest Accrual Amount (Junior Subordinated)**" means, in respect of any Payment Date and all Junior Subordinated Funding Obligations, the amount of interest that accrued on such Junior Subordinated Funding Obligations during the period from and including the issuance date of such Junior Subordinated Funding Obligations or the last date to which interest has been paid in respect of such Junior Subordinated Funding Obligations, as applicable, to such Payment Date less any amounts deposited to the Interest Accumulation Account in respect of such interest accruing during such period pursuant to subsections 7.04(e)(v) and 7.07~~(a)~~.

"**Interest Accrual Amount (Senior)**" means, in respect of any Payment Date and all Senior Funding Obligations, the amount of interest that accrued on such Senior Funding Obligations during the period from and including the issuance date of such Senior Funding Obligations or the last date to which interest has been paid in respect of such Senior Funding Obligations, as applicable, to such Payment Date less any amounts deposited to the Interest Accumulation Account in respect of such interest accruing during such period pursuant to subsections 7.04(e)(iii)(A) and 7.07~~(a)~~.

"**Interest Accrual Amount (Subordinated)**" means, in respect of any Payment Date and all Subordinated Funding Obligations, the amount of interest that accrued on such Subordinated Funding Obligations during the period from and including the issuance date of such Subordinated Funding Obligations or the last date to which interest has been paid in respect of such Subordinated Funding Obligations, as applicable, to such Payment Date less any amounts deposited to the Interest Accumulation Account in respect of such interest accruing during such period pursuant to subsections 7.04(e)(iv) and 7.07~~(a)~~.

"**Interest Accumulation Account**" has the meaning specified in subsection 7.02(b).

"**Interest Payment Date**" means each Business Day on which interest is due and payable in respect of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations, as set out in the Related Funding Obligation Agreement.

"**Internal Revenue Code**" means the United States Internal Revenue Code of 1986, as amended.

"**Investment Asset**" has the meaning ascribed to the term "investment asset" in the Act as of the date of this Indenture.

"**Investment Company Act**" means the United States Investment Company Act of 1940, as amended.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Indenture.

"**Issuer**" has the meaning specified in the first paragraph of this Indenture.

"**Issuer Accounts**" means, collectively, the Program Accounts~~ and~~**,** the Series Accounts**and the Related Securities Accounts,** and including any Sub-Accounts ~~thereof~~**of the foregoing**.

"**Issuer Certificate**" means a certificate (including an Officer's Certificate) signed in the name of the Issuer by a Responsible Officer of the Manager on behalf of the Issuer and, in each case delivered to the Indenture Trustee relating to, among other things, the issuance of a new Series or Tranche of Notes. Wherever this Indenture requires that an Issuer Certificate be signed also by an accountant or other expert, such accountant or other expert (except as otherwise expressly provided in this Indenture) may be an employee of the Manager.

"**Issuer Funding Obligations**" means, the Funding Obligations of the Issuer, including the Senior Funding Obligations, the Subordinated Funding Obligations, the Junior Subordinated Funding Obligations and the Derivative Funding Obligations.

"**Issuer Investment Interest**" means, initially, the Investment Interest acquired by the Issuer pursuant to the first Transfer completed under the Master Transfer and Servicing Agreement and, upon the completion of each Transfer thereafter, the cumulative Investment Interest acquired by the Issuer.

"**Issuer Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Issuer at such time.

"**Junior Subordinated Borrowings**" means Borrowings that have been designated as "Junior Subordinated Borrowings" in the Related Loan Agreement, Related Liquidity Agreement or Related Credit Enhancement Agreement.

"**Junior Subordinated Funding Obligations**" means Funding Obligations arising under, or in connection with, Junior Subordinated Notes and Junior Subordinated Borrowings.

"**Junior Subordinated Notes**" means Notes of a Series that have been designated as "Junior Subordinated Notes" in the Related Supplemental Indenture.

"**Lender**" means any Person providing credit facilities, note purchase facilities or advances under a Liquidity Agreement, Loan Agreement or Credit Enhancement Agreement, as applicable.

"**Lien**" means a security interest, lien, mortgage, charge, pledge, claim or encumbrance of any kind.

"**Liquidity Agreement**" means an agreement between the Issuer and one or more Lenders, and acknowledged and accepted by the Indenture Trustee in accordance with Article V, providing for the creation of one or more liquidity facilities in respect of all or a portion of the Notes in favour of the Issuer, including a facility to fund the repayment of all or a portion of Notes or that permits the Issuer to require the purchase of Notes by a counterparty, and including further any facility provided by a Person to the Issuer which is specified or acknowledged in writing by the Issuer as a "Liquidity Agreement" for the purposes hereof.

"**Loan Agreement**" means an agreement between the Issuer and one or more Lenders, and acknowledged and accepted by the Indenture Trustee in accordance with Article V, providing for the creation of one or more credit facilities in favour of the Issuer for purposes of purchasing Investment Interests.

"**Management Agreement**" means the management agreement dated December [~~■~~**15**], 2017 between the Manager and the Issuer, and acknowledged by the Indenture Trustee in accordance with Article V.

"**Manager**" means OPG, in its capacity as manager of the Issuer under the Management Agreement.

"**Market Exchange Rate**" means, unless otherwise specified with respect to any Series of ~~**[Notes pursuant to Section 4.01] [**~~Issuer Funding Obligations~~]~~, (a) for any conversion involving a currency unit on the one hand and Dollars or any Foreign Currency on the other, the exchange rate between the relevant currency unit and Dollars or such Foreign Currency calculated by the method specified pursuant to Section 3.1 for the Notes of the relevant Series, (b) for any conversion of Dollars into any Foreign Currency, the Bank of Canada noon rate as published on the Reuters Screen Page BOFC (or such other means of reporting the Bank of Canada noon rate as may be agreed upon by each of the parties to this Indenture) and (c) for any conversion of one Foreign Currency into Dollars or another Foreign Currency, the spot rate at noon local time in the relevant market at which, in accordance with normal banking procedures, the Dollars or Foreign Currency into which conversion is being made could be purchased with the Foreign Currency

from which conversion is being made from major banks located in either Toronto, New York City or any other principal market for Dollars or such purchased Foreign Currency, in each case determined by the Exchange Rate Agent. Unless otherwise specified with respect to any Series of ~~[Notes pursuant to Section 4.01] [~~Issuer Funding Obligations~~]~~, in the event of the unavailability of any of the exchange rates provided for in the foregoing clauses (a), (b) and (c), the Exchange Rate Agent shall use, in its sole discretion and without liability on its part, such Bank of Canada noon rate as of the most recent available date, or quotations from one or more major banks in Toronto, New York City, or another principal market for the currency in question, or such other quotations as the Exchange Rate Agent shall deem appropriate. Unless otherwise specified by the Exchange Rate Agent, if there is more than one market for dealing in any currency by reason of foreign exchange regulations or otherwise, the market to be used in respect of such currency shall be that upon which a non-resident issuer of securities designated in such currency would purchase such currency in order to make payments in respect of such securities.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated December [■21], 2017 between the Issuer and IESO.

"**Monthly Period**" means, with respect to each Payment Date, the period from and including the first day of each calendar month and to and including the last day of such calendar month.

"**Monthly Report**" has the meaning ascribed thereto in Section 3.5(a) of the Master Transfer and Servicing Agreement.

"**Moody's**" means Moody's Investors Service, Inc., or any successor thereof.

"**MTSA Acknowledgement**" means the acknowledgement and indemnity agreement dated December [■21], 2017 by the IESO in favour of the Indenture Trustee.

"**Non-resident**" means a non-resident of Canada as such term is defined in the Income Tax Act or a partnership that is not a Canadian partnership within the meaning of the Income Tax Act.

"**Note**" or "**Notes**" means any note or notes of any Class, Series or Tranche created pursuant to Supplemental Indentures and authenticated and delivered from time to time under this Indenture.

"**Note Owner**" means the beneficial owner of an interest in a Global Note.

"**Note Purchase Agreement**" means an agreement providing for the purchase of Notes from the Issuer by one or more Persons.

"**Note Register**" has the meaning specified in subsection 4.05(a).

"**Note Registrar**" means the Person who keeps the Note Register.

"**Noteholder**" means a Person in whose name a Note is registered in the Note Register or the bearer of any Bearer Note (including a Global Note in bearer form), as the case may be.

"**Obligations Secured**" means all present and future debts, expenses and liabilities, direct or indirect, absolute or contingent, due, owing or accruing due or owing from time to time by the

Issuer to the Specified Creditors in their capacity as such. For greater certainty, amounts owing to any Specified Creditors by the Issuer at any time shall include (a) the unpaid face amount of any Notes issued on a discount basis; (b) the principal amount owing at such time, together with the accrued and unpaid interest on interest bearing Notes or Borrowings; (c) accrued fees, whether or not then due and payable; and (d) any evidence of indebtedness issued pursuant to or in respect of an amount owing under a Program Agreement (other than amounts payable by the Issuer to its beneficiaries pursuant to the Declaration of Trust or a promissory note issued by the Issuer to a beneficiary as contemplated in the Declaration of Trust).

"**Officer's Certificate**" means a certificate on behalf of any Person that is signed by any Responsible Officer of such Person and states that the certifications set forth in such certificate are based upon the results of a due inquiry into the matters in question conducted by or under the supervision of the signing Responsible Officer and that the facts stated in such certifications are made to such signing Responsible Officer's knowledge and belief.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Opinion of Counsel**" means one or more written opinions of counsel, who may, except as otherwise expressly provided in the Program Agreements, be employees of or counsel to the party providing such opinion of counsel, which counsel shall be reasonably acceptable to the party receiving such opinion of counsel, and shall be in form and substance reasonably acceptable to such party.

"**Ordinary Resolution**" has the meaning specified in subsection 10.01(e).

"**Outstanding**" means, in respect of Notes, as of the date of determination, all Notes theretofore authenticated and delivered under this Indenture, except:

(a) any Notes theretofore canceled by the Indenture Trustee or delivered to the Indenture Trustee for cancellation pursuant to Section 4.12;

(b) any Notes for whose full payment (including principal and interest) or redemption money in the necessary amount has been theretofore deposited with the Indenture Trustee or any Paying Agent in trust for the holders of such Notes; provided that, if such Notes are to be redeemed, notice of such redemption has been duly given in accordance with subsection 4.10(e), or provision therefor satisfactory to the Indenture Trustee has been made; and

(c) any Notes in exchange for or in lieu of which other Notes have been authenticated and delivered pursuant to this Indenture, or which will have been paid pursuant to the terms of Section 4.06 (except with respect to any such Note as to which proof satisfactory to the Indenture Trustee is presented that such Note is held by a Person in whose hands such Note is a legal, valid and binding obligation of the Issuer).

For purposes of determining the amounts of deposits, allocations, reallocations or payments to be made, unless the context clearly requires otherwise, references to "Notes" will be deemed to be

references to "Outstanding Notes". In determining whether Noteholders of the requisite principal amount of Outstanding Notes have taken any Action hereunder, and for purposes of Article X, (i) Senior Notes beneficially owned by the Issuer, ~~OPG~~**the Manager** or any Affiliate of the Issuer or ~~OPG~~**the Manager** and (ii) any Class of Notes (or any portion thereof) in which the Province has an interest pursuant to ~~a Provincial Subrogation Claim~~**Section 7.10** will, in each case, be disregarded and deemed not to be Outstanding **at any time that a Specified Creditor other than the Province has an interest in such Class of Notes**. In determining whether the Indenture Trustee will be protected in relying upon any such Action, only Senior Notes (or in the case of the Province, any Notes) which a Responsible Officer of the Indenture Trustee knows to be owned by the Issuer, ~~OPG~~**the Manager** or any Affiliate of the Issuer or ~~OPG~~**the Manager**, or with respect to which the Province has an interest pursuant to ~~a Provincial Subrogation Claim~~**Section 7.10**, will be so disregarded. Senior Notes so owned which have been pledged in good faith may be regarded as Outstanding if the pledgee creates to the satisfaction of the Indenture Trustee the pledgee's right to act as owner with respect to such Notes and that the pledgee is not the Issuer, ~~OPG~~**the Manager** or any Affiliate of the Issuer or ~~OPG~~**the Manager**.

"**Outstanding Currency Specific Dollar Principal Amount**" means at any time, with respect to any Notes in a Series that includes Foreign Currency Notes, the Initial Currency Specific Dollar Principal Amount of the Outstanding Notes of such Series or Tranche at such time, less the amount of any payments of principal to the holders of such Series of Notes; plus, the amount of any increase in the Outstanding Currency Specific Dollar Principal Amount of such Series of Notes due to the issuance of additional Notes of such Series.

"**Outstanding Dollar Principal Amount**" means at any time:

(a) in respect of Notes, either:

(i) with respect to any Class, Series or Tranche of Notes (other than Discount Notes), the aggregate Initial Dollar Principal Amount of the Outstanding Notes of such Class, Series or Tranche at such time, less the amount of any payments of principal to the holders of such Class, Series or Tranche of Notes pursuant to the Related Supplemental Indenture, or

(ii) with respect to any Series or Tranche of Discount Notes, an amount of the Outstanding Notes of such Series or Tranche calculated by reference to the applicable formula set forth in the Related Supplemental Indenture, taking into account the amount and timing of payments of principal made to the holders of such Series or Tranche pursuant to the Related Supplemental Indenture;

plus, in either case, the amount of any increase in the Outstanding Dollar Principal Amount of such Class, Series or Tranche of Notes due to the issuance of additional Notes of such Class, Series or Tranche pursuant to Article V; and

(b) in respect of other Issuer Funding Obligations, the aggregate principal amount (converted into Dollars, if applicable) of Borrowings.

"**Paying Agent**" means any Person authorized by the Issuer to pay any Obligations Secured on behalf of the Issuer as provided in subsection 9.16(e).

"**Payment Date**" means the 15th day of each calendar month (subject to Section 1.12).

"**Payment ~~Instructions~~Demand" has the meaning specified in the Change of Law Protection Agreement.**

"Payment Instruction" means ~~the instructions~~**an instruction** of the Manager substantially in **one of** the ~~form of~~**forms in** Exhibit 1.

"**Payment Waterfall**" means a priority of payment set out in any one of Section 7.04(e), 7.05, 7.06, 7.07, 7.08, 7.09, 7.10, 7.11 or 8.13.

"**Permanent Global Note**" has the meaning specified in subsection 3.05(a).

"**Permitted Liens**" means:

(a) Liens for Taxes not yet due or for which installments have been paid based on reasonable estimates pending final assessments, or if due, the validity of which is being contested diligently and in good faith by appropriate proceedings by that Person for which reasonable reserves under GAAP are maintained;

(b) the Lien of any Indenture Trustee, as provided in Section 9.05;

(c) the Security Interest; and

(d) any Lien created pursuant to a Co-Owner Agreement.

"**Person**" means any individual, corporation, limited liability company, unlimited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Place of Payment**" means, with respect to any Class, Series or Tranche of Notes issued hereunder, the city or political subdivision so designated with respect to such Class, Series or Tranche of Notes in accordance with the provisions of Article V.

"**PPSA**" shall mean the *Personal Property Security Act* (Ontario).

"Pre-Approved Refinancing" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Principal Accumulation Account**" has the meaning specified in subsection 7.02(c).

"**Principal Accumulation Amount**" means, in respect of any Series of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations and a Payment Date occurring on or after the Principal Accumulation Date for such Series, the amount specified for such Payment Date in the Related Funding Obligation Agreement plus any

amounts specified in the Related Funding Obligation Agreement in respect of prior Payment Dates after the Principal Accumulation Date for such Series which were not deposited to the Principal Accumulation Account; provided that if the Issuer has delivered a Refinancing Notice in respect of such Series pursuant to Section 7.09, the Principal Accumulation Amounts in respect of such Series shall be adjusted as provided for in such Refinancing Notice.

"**Principal Accumulation Amount (Junior Subordinated)**" means, in respect of any Payment Date, the sum of the Principal Accumulation Amounts for all Series of Junior Subordinated Funding Obligations for such Payment Date.

"**Principal Accumulation Amount (Senior)**" means, in respect of any Payment Date, the sum of the Principal Accumulation Amounts for all Series of Senior Funding Obligations (other than Warehouse Obligations) for such Payment Date.

"**Principal Accumulation Amount (Subordinated)**" means, in respect of any Payment Date, the sum of the Principal Accumulation Amounts for all Series of Subordinated Funding Obligations for such Payment Date.

"**Principal Accumulation Amount (Warehouse)**" means, in respect of any Payment Date, the sum of the Principal Accumulation Amounts for all Series of Warehouse Obligations for such Payment Date.

"**Principal Accumulation Date**" means, in respect of any Series of Issuer Funding Obligations, other than Derivative Funding Obligations, the date, if any, specified in the Related Funding Obligation Agreement.

"**Principal Payment Date**" means each Business Day on which principal is due and payable in respect of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations, as set out in the Related Funding Obligation Agreement.

"**Principal Payment Default Date**" has, with respect to any Issuer Funding Obligation, the meaning specified in the Related Funding Obligation Agreement.

"**Program Account**" means each of the Collection Account, the Principal Accumulation Account, the Interest Accumulation Account, the Program Cash Reserve Account, **the IESO Cash Reserve Account,** the Refinancing Account and the Protection Account.

"**Program Agreements**" means this Indenture, each Supplemental Indenture, the Declaration of Trust, the Management Agreement, the Master Transfer and Servicing Agreement, the MTSA Acknowledgement, **the Indemnity Agreement,** each Transfer Notice, any Co-Owner Agreements, the IESO Security Agreement, the Change of Law Protection Agreement, the Notes, any Derivative Agreements, Credit Enhancement Agreements, Liquidity Agreements, Loan Agreements, Underwriting Agreements, Agency Agreements or Note Purchase Agreements and all other documents and certificates delivered in connection therewith.

"**Program Cash Reserve Account**" has the meaning specified in subsection 7.02(d).

"**Program Cash Reserve Required Amount**" means (a) on each Payment Date prior to the Payment Date in May, 2021, nil, and (b) on each Payment Date thereafter, an amount equal to ~~[~~0.50~~]% [NTD: OPG proposes that this step down to 25 bps beginning in 2030, which is consistent with the stress scenarios provided in the model]~~**%** of the aggregate outstanding principal amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations after giving effect to all settlements on such Payment Date**, or such lesser amount proposed by the Manager that satisfies the Rating Agency Condition**.

"**Protection Account**" has the meaning specified in subsection 7.02(i).

"**Protection Event**" has the meaning ascribed thereto in Schedule A of the Change of Law Protection Agreement.

"**Province**" means Her Majesty the Queen in Right of Ontario as represented by the Minister of Energy and the Minister of Finance.

~~"**Provincial Subrogation Claims**" has the meaning specified in subsection 7.10(d).~~

"**Rating Agency**" means, with respect to any Issuer Funding Obligation, each nationally recognized statistical rating organization or designated rating organization, as specified in the Related Funding Obligation Agreement, selected by the Manager to rate such Issuer Funding Obligation.

"**Rating Agency Condition**" means, unless otherwise specified in the Related Funding Obligation Agreement for any Series or Tranche of Issuer Funding Obligations, with respect to any action subject to such condition, the Issuer shall deliver written notice of the proposed action to such Rating Agency or Rating Agencies at least 10 Business Days prior to the effective date of such action (or such shorter notice period if specified in the Related Funding Obligation Agreement with respect to any specific action, or if 10 Business Days prior notice is impractical, such advance notice as is practicable) and the Rating Agencies shall have informed the Issuer prior to the effective date of such action that such action will not result in the reduction or withdrawal of the rating in effect with respect to any Issuer Funding Obligation immediately before the taking of such action, provided that wherever there is reference to satisfaction of a Rating Agency Condition in this Indenture or any other Program Agreement, subject to the terms of the specific Program Agreement which shall govern, such condition need not be satisfied if there is no Rating Agency then rating the applicable Issuer Funding Obligation in respect of which the Rating Agency Condition is applicable. For purposes of this Indenture and any Supplemental Indenture, the Indenture Trustee shall receive, and shall be entitled to rely on, an Issuer Certificate confirming the satisfaction of the Rating Agency Condition. **If the Rating Agency Condition is required to be satisfied without specifying one or more specific Series or Tranches of Issuer Funding Obligations, it shall be required to be satisfied in respect of all outstanding Series or Tranches of Issuer Funding Obligations.**

"**Record Date**" means, for the interest or principal payable on any Note on any applicable Interest Payment Date or Principal Payment Date, the last day of the calendar month immediately

preceding such Interest Payment Date or Principal Payment Date, unless otherwise specified in the Related Supplemental Indenture.

"**Redemption Price**" has the meaning specified in subsection 4.10(a).

"**Reference Period**" has the meaning ascribed to the term "reference period" in the Act as of the date of this Indenture.

"**Refinancing**" has the meaning ascribed to the term "refinancing" in the Act as of the date of this Indenture.

"**Refinancing Account**" has the meaning specified in subsection 7.02(f).

"**Refinancing Notice**" means a notice substantially in the form of Exhibit 2.

"**Registered Note**" means a Note issued in registered form.

"**Registered Noteholder**" means a Noteholder of a Registered Note.

"**Regulation AB**" means Subpart 229.1100 – Asset Backed Securities (Regulation AB), 17 C.F.R. §§229.1100-229.1125, and all related rules and regulations of the Commission, as such rules may be amended from time to time, and subject to such clarification and interpretation as have been provided by the Commission or by the staff of the Commission, or as may be provided by the Commission or its staff from time to time.

"**Related**" is used in reference to the Issuer Funding Obligations of a particular Series and means, when used in conjunction with:

(a) "Credit Enhancement Agreement": a Credit Enhancement Agreement pursuant to which Credit Enhancement has been provided in respect of such Issuer Funding Obligations;

(b) "Funding Obligation Agreement": a Funding Obligation Agreement entered into in connection with the incurrence of such Issuer Funding Obligations;

(c) "Liquidity Agreement": a Liquidity Agreement pursuant to which one or more liquidity facilities have been made available to fund the repayment of such Issuer Funding Obligations constituting Notes or, if specified in such Liquidity Agreement, a Series or Tranche of such Issuer Funding Obligations constituting Notes;

(d) "Loan Agreement": a Loan Agreement in respect of Issuer Funding Obligations constituting Borrowings; and

(e) "Supplemental Indenture": a supplement to this Indenture executed in connection with the issuance of such Issuer Funding Obligations constituting Notes.

"Related Securities Account" means, in respect of any Program Account or Series Account, a Securities Account which has been established for the purpose of allowing the Issuer to invest the funds credited to such Program Account or Series Account in Eligible Investments in accordance with Section 7.03.

"**Required Principal Accumulation Amount (Senior)**" means, in respect of any Principal Payment Date or Interest Payment Date, the aggregate of the **Principal Accumulation Amounts (Warehouse) and the** Principal Accumulation Amounts (Senior) for all Payment Dates up to and including such Principal Payment Date or Interest Payment Date, as applicable, less all amounts that have been applied to principal repayments of Senior Funding Obligations on or prior to such Principal Payment Date or Interest Payment Date, as applicable.

"**Required Principal Accumulation Amount (Subordinated)**" means, in respect of any Principal Payment Date or Interest Payment Date, the aggregate of the Principal Accumulation Amounts (Subordinated) for all Payment Dates up to and including such Principal Payment Date or Interest Payment Date, as applicable, less all amounts that have been applied to principal repayments of Subordinated Funding Obligations on or prior to such Principal Payment Date or Interest Payment Date, as applicable.

"**Responsible Officer**" means, with respect to: (a) the Issuer, any director or officer of the Manager; (b) the Servicer, any director or officer of the IESO; and (c) the Indenture Trustee, any officer within the Corporate Trust Office of such trustee (including the President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Treasurer or any other officer of the Indenture Trustee customarily performing functions similar to those performed by persons who at the time shall be such officers, respectively, and that has direct responsibility for the administration of this Indenture and also, with respect to a particular matter, any other officer to whom such matter is referred to because of such officer's knowledge and familiarity with the particular subject).

"Securities Account" has the meaning specified in subsection **7.02(j).**

"**Securities Exchange Act**" means the United States Securities Exchange Act of 1934, as amended from time to time.

"**Security Interest**" means the Lien granted pursuant to Section 2.01.

"**Senior Borrowings**" means Borrowings that have been designated as "Senior Borrowings" in the Related Loan Agreement, Related Liquidity Agreement or Related Credit Enhancement Agreement.

"**Senior Funding Obligations**" means Funding Obligations arising under, or in connection with, Senior Notes and Senior Borrowings.

"**Senior Notes**" means Notes of a Series that have been designated as "Senior Notes" in the Related Supplemental Indenture.

"**Series**" means, with respect to any Class of Issuer Funding Obligation, the Series of the Class specified in the Related Funding Obligation Agreement.

"**Series Account**" means each Series Finance Reserve Account and each Series Capital Account.

"**Series Capital Account**" has the meaning specified in subsection 7.02(g).

"**Series Finance Reserve Account**" has the meaning specified in subsection 7.02(h).

"**Servicer**" has the meaning specified in the Master Transfer and Servicing Agreement.

"**Servicer CEA Receipts**" has the meaning ascribed thereto in Section ~~[~~3.3(e)~~]~~ of the Master Transfer and Servicing Agreement.

"**Servicer Default**" has the meaning ascribed thereto in Section ~~[~~7.1~~]~~ of the Master Transfer and Servicing Agreement.

"**Specified Creditors**" means, collectively, Noteholders, Lenders, the Paying Agent, the Indenture Trustee, the Issuer Trustee, the Manager, the Servicer, the Province, Derivative Counterparties, Credit Enhancers, **Rating Agencies and** counterparties to Underwriting Agreements, Agency Agreements or Note Purchase Agreements, ~~and other Persons in respect of Obligations Secured,~~ in each case, to the extent of their claims related to Program Agreements**, and any other Person that is owed a payment obligation by the Issuer that gives rise to a Finance Amount in respect of the Issuer**.

"**Stated Principal Amount**," has, with respect to any Note, the meaning specified in the Related Supplemental Indenture (including a Terms Document).

"**Sub-Account**" means each sub-account of an Issuer Account maintained pursuant to this Indenture or any Funding Obligation Agreement.

"**Subordinated Borrowings**" means Borrowings that have been designated as "Subordinated Borrowings" in the Related Loan Agreement, Related Liquidity Agreement or Related Credit Enhancement Agreement.

"**Subordinated Funding Obligations**" means Funding Obligations arising under, or in connection with, Subordinated Notes and Subordinated Borrowings.

"**Subordinated Notes**" means Notes of a Series that have been designated as "Subordinated Notes" in the Related Supplemental Indenture.

"**Subrogation** ~~**Amounts**~~"**Amount", in respect of any Approved Obligation,** has the meaning specified in ~~the Change of Law Protection Agreement~~**subsection 7.10(d)(i)**.

"**Supplemental Indenture**" means, with respect to any Series of Notes, a supplement to this Indenture, executed and delivered in conjunction with the issuance of such Notes pursuant to Section 4.01, together with any applicable Terms Document for any Tranches of Notes belonging to such Series and any amendment to the Supplemental Indenture executed pursuant to Section 11.01 or 11.02.

"Suspension Notice" has the meaning specified in the Change of Law Protection Agreement.

"**Tax**" has the meaning ascribed to the term "tax" in the Fair Hydro Regulations as of the date of this Indenture.

"**Temporary Global Note**" has the meaning specified in Section 3.05(a).

"**Termination Payment**" means all amounts payable upon early termination of any Derivative Agreement calculated in accordance with the terms of such Derivative Agreement.

"**Terms Document**" means, with respect to any Tranche of Notes, a supplement to the Related Supplemental Indenture.

"**Tranche**" means, with respect to any Series of Notes, Notes of such Series which have identical terms, conditions and Tranche designation. Notes of a single Tranche may be issued on different dates.

"**Transfer**" has the meaning ascribed to the term "transfer" in the Act as of the date of this Indenture.

"**Transfer Notice**" has the meaning ascribed thereto in Section 1.1 of the Master Transfer and Servicing Agreement.

"**Trustee Cap**" means, on any Payment Date, an amount equal to (x) $150,000, multiplied by (y) the number of Series of Senior Funding Obligations outstanding on such Payment Date, divided by (z) 12.

"**Underwriting Agreement**" means an agreement providing for the purchase of Notes from the Issuer by one or more Persons as principals for the purpose of resale.

"United States" means, unless otherwise specified with respect to any Notes pursuant to Section 4.10, the United States of America (including the states and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction.

"**United States Person**" means a citizen or resident of the United States, a corporation, partnership or other entity created or organized in or under the laws of the United States of America, any one of the states thereof, the District of Columbia or any political subdivision thereof, or an estate or trust the income of which is subject to United States federal income taxation regardless of its source.

"**U.S. Depository**" means, unless otherwise specified by the Issuer pursuant to any of Section 3.04, 3.06, or 4.01, with respect to Notes issuable or issued as a Global Note within the United States, The Depository Trust Company, or any successor thereto registered as a clearing agency under the Securities Exchange Act, or other applicable statute or regulation.

"**U.S. Securities Act**" means the United States Securities Act of 1933, as amended from time to time.

"**Warehouse Facility Agreement**" means a Funding Obligation Agreement that provides the Issuer with a revolving facility under which principal amounts can be advanced, repaid and again advanced during a committed revolving period and does not provide any other type of credit facility.

"**Warehouse Obligations**" means Senior Funding Obligations incurred pursuant to Warehouse Facility Agreements.

EXHIBIT 1
~~FORM~~FORMS OF PAYMENT ~~INSTRUCTIONS~~INSTRUCTION

See Attached.

Payment Instruction – Collection Account
Fair Hydro Trust

Pursuant to the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and BNY Trust Company of Canada, as indenture trustee (as amended, modified, supplemented, replaced or restated from time to time, the "Trust Indenture"), the Manager hereby instructs the Paying Agent to pay or transfer, as applicable, the amounts set out below in accordance with the wire, check or other payment details set out in Schedule A to this Payment Instruction. Such payments or transfers are to made on: _____ [*insert date of payment(s) / transfer(s)*].

Capitalized terms used in this Payment Instruction have the meanings given to such terms in the Trust Indenture.

COLLECTION ACCOUNT

1.	Opening Balance	$[ ]
2.	Additions	$[ ]
3.	Withdrawals	$[ ]
	a. Taxes	$[ ]
	b. Issuer Trustee and Indenture Trustee fees	$[ ]
	c. Interest and Derivative Funding Obligations – Total	$[ ]
	i. Interest Accrual Amount (Senior)	$[ ]
	ii. Payments on Derivative Funding Obligations (other than Termination Payments)	$[ ]
	1. [*break out for each non-defaulting Derivative Counterparty*]	$[ ]
	d. Interest Accrual Amount (Subordinated)	$[ ]
	e. Interest Accrual Amount (Junior Subordinated)	$[ ]
	f. Principal Accumulation Amount (Warehouse)	$[ ]
	g. Principal and Derivative Funding Obligations – Total	$[ ]
	i. Principal Accumulation Amount (Senior)	$[ ]
	ii. Termination Payments – Total	$[ ]
	1. [*break out for each Derivative Counterparty*]	$[ ]
	h. Fees and other amounts on Senior Funding Obligations – Total	$[ ]
	i. [*break out on series by series basis*]	$[ ]
	i. Manager fees and other amounts (excluding indemnity amounts)	$[ ]
	j. Principal Accumulation Amount (Subordinated)	$[ ]
	k. Fees and other amounts on Subordinated Funding Obligations – Total	$[ ]
	i. [*break out on series by series basis*]	$[ ]
	l. Principal Accumulation Amount (Junior Subordinated)	$[ ]
	m. Program Cash Reserve Required Amount	$[ ]

n. Reserve amounts for Series Accounts (other than for Subordinated Funding Obligations or Junior Subordinated Funding Obligations) – Total $[ ]
   i. [*break out on series by series basis*] $[ ]
o. Reserve amounts for Series Accounts for Subordinated Funding Obligations – Total $[ ]
   i. [*break out on series by series basis*] $[ ]
p. Fees and other amounts on Junior Subordinated Funding Obligations – Total $[ ]
   i. [*break out on series by series basis*] $[ ]
q. Reserve amounts for Series Accounts for Junior Subordinated Funding Obligations – Total $[ ]
   i. [break out on series by series basis] $[ ]
r. Derivative Funding Obligations – Total $[ ]
   i. [*break out for each defaulting Derivative Counterparty*] $[ ]
s. Beneficiaries of Issuer $[ ]
t. Manager indemnity amounts $[ ]
u. Payments to other Specified Creditors – Total $[ ]
   i. [*break out for each obligation*] $[ ]

4. Ending Balance $[ ]
5. Investment Proceeds on Collection Account $[ ]

~~INTEREST ACCUMULATION ACCOUNT~~

~~1. Opening Balance $[ ]~~
~~2. Additions for Senior Funding Obligations $[ ]~~
~~3. Additions for Subordinated Funding Obligations $[ ]~~
~~4. Additions for Junior Subordinated Funding Obligations $[ ]~~
~~5. Withdrawals for Senior Funding Obligations – Total $[ ]~~
   ~~a. [*break out on series by series basis*] $[ ]~~
~~6. Withdrawals for Subordinated Funding Obligations – Total $[ ]~~
   ~~a. [*break out on series by series basis*] $[ ]~~
~~7. Withdrawals for Junior Subordinated Funding Obligations – Total $[ ]~~
   ~~a. [*break out on series by series basis*] $[ ]~~
~~8. Ending Balance $[ ]~~
~~9. Investment Proceeds on Interest Accumulation Account $[ ]~~
~~10. Interest Accrual Amount (Senior) $[ ]~~
~~11. Interest Accrual Amount (Subordinated) $[ ]~~
~~12. Interest Accrual Amount (Junior Subordinated) $[ ]~~

~~PRINCIPAL ACCUMULATION ACCOUNT~~

~~1. Opening Balance $[ ]~~

~~2.~~	~~Additions for Warehouse Obligations~~	~~$[ ]~~
~~3.~~	~~Additions for Senior Funding Obligations (other than Warehouse Obligations)~~	~~$[ ]~~
~~4.~~	~~Additions for Subordinated Funding Obligations~~	~~$[ ]~~
~~5.~~	~~Additions for Junior Subordinated Funding Obligations~~	~~$[ ]~~
~~6.~~	~~Withdrawals for Warehouse Obligations – Total~~	~~$[ ]~~
	~~a. [*break out on series by series basis*]~~	~~$[ ]~~
~~7.~~	~~Withdrawals for Senior Funding Obligations (other than Warehouse Obligations) – Total~~	~~$[ ]~~
	~~a. [*break out on series by series basis*]~~	~~$[ ]~~
~~8.~~	~~Withdrawals for Subordinated Funding Obligations – Total~~	~~$[ ]~~
	~~a. [*break out on series by series basis*]~~	~~$[ ]~~
~~9.~~	~~Withdrawals for Junior Subordinated Funding Obligations – Total~~	~~$[ ]~~
	~~a. [*break out on series by series basis*]~~	~~$[ ]~~
~~10.~~	~~Ending Balance~~	~~$[ ]~~
~~11.~~	~~Investment Proceeds on Principal Accumulation Account~~	~~$[ ]~~
~~12.~~	~~Principal Accumulation Amount (Warehouse)~~	~~$[ ]~~
~~13.~~	~~Principal Accumulation Amount (Senior)~~	~~$[ ]~~
~~14.~~	~~Principal Accumulation Amount (Subordinated)~~	~~$[ ]~~
~~15.~~	~~Principal Accumulation Amount (Junior Subordinated)~~	~~$[ ]~~

~~IESO CASH RESERVE ACCOUNT~~

~~1.~~	~~Opening Balance~~	~~$[ ]~~
~~2.~~	~~Withdrawals~~	~~$[ ]~~
	~~a. Taxes~~	~~$[ ]~~
	~~b. Issuer Trustee and Indenture Trustee fees~~	~~$[ ]~~
	~~c. Interest and Derivative Funding Obligations – Total~~	~~$[ ]~~
	~~i. Interest Accrual Amount (Senior)~~	~~$[ ]~~
	~~ii. Payments on Derivative Funding Obligations (other than Termination Payments)~~	~~$[ ]~~
	~~1. [*break out for each non-defaulting Derivative Counterparty*]~~	~~$[ ]~~
	~~d. Interest Accrual Amount (Subordinated)~~	~~$[ ]~~
	~~e. Interest Accrual Amount (Junior Subordinated)~~	~~$[ ]~~
~~3.~~	~~Ending Balance~~	~~$[ ]~~
~~4.~~	~~Investment Proceeds on IESO Cash Reserve Account~~	~~$[ ]~~

~~PROGRAM CASH RESERVE ACCOUNT~~

~~1.~~	~~Opening Balance~~	~~$[ ]~~
~~2.~~	~~Additions~~	~~$[ ]~~
~~3.~~	~~Withdrawals for Senior Funding Obligations (Interest) – Total~~	~~$[ ]~~
	~~a. [*break out on series by series basis*]~~	~~$[ ]~~

~~4.~~	~~Withdrawals for Subordinated Funding Obligations (Interest) – Total~~	~~$[ ]~~
	~~a. [*break out on series by series basis*]~~	~~$[ ]~~
~~5.~~	~~Withdrawals for Junior Subordinated Funding Obligations (Interest) – Total~~	~~$[ ]~~
	~~a. [*break out on series by series basis*]~~	~~$[ ]~~
~~6.~~	~~Withdrawals for Senior Funding Obligations (Principal) – Total~~	~~$[ ]~~
	~~a. [*break out on series by series basis*]~~	~~$[ ]~~
~~7.~~	~~Withdrawals for Subordinated Funding Obligations (Principal) – Total~~	~~$[ ]~~
	~~a. [*break out on series by series basis*]~~	~~$[ ]~~
~~8.~~	~~Withdrawals for Junior Subordinated Funding Obligations (Principal) – Total~~	~~$[ ]~~
	~~a. [*break out on series by series basis*]~~	~~$[ ]~~
~~9.~~	~~Ending Balance~~	~~$[ ]~~
~~10.~~	~~Investment Proceeds on Program Cash Reserve Account~~	~~$[ ]~~
~~11.~~	~~Program Cash Reserve Required Amount~~	~~$[ ]~~

~~REFINANCING ACCOUNT~~

~~1.~~	~~Opening Balance~~	~~$[ ]~~
~~2.~~	~~Additions~~	~~$[ ]~~
~~3.~~	~~Withdrawals – Total~~	~~$[ ]~~
	~~a. [*break out on series by series basis*]~~	~~$[ ]~~
~~4.~~	~~Ending Balance~~	~~$[ ]~~
~~5.~~	~~Investment Proceeds on Series Reserve Account~~	~~$[ ]~~

~~PROTECTION ACCOUNT~~

~~1.~~	~~Opening Balance~~	~~$0~~
~~2.~~	~~Additions~~	~~$[ ]~~
~~3.~~	~~Withdrawals for Specified Creditors – Total~~	~~$[ ]~~
	~~a. [*break out for each obligation*]~~	~~$[ ]~~
~~4.~~	~~Withdrawals for Province (return of remaining amounts)~~	~~$[ ]~~
~~5.~~	~~Ending Balance~~	~~$0~~

~~SERIES ACCOUNT [*duplicate on a series by series basis*]~~

~~1.~~	~~Opening Balance~~	~~$[ ]~~
~~2.~~	~~Additions~~	~~$[ ]~~
~~3.~~	~~Withdrawals – Total~~	~~$[ ]~~
	~~a. [*break out for each obligation*]~~	~~$[ ]~~
~~4.~~	~~Ending Balance~~	~~$[ ]~~
~~5.~~	~~Investment Proceeds on Series Reserve Account~~	~~$[ ]~~
~~6.~~	~~Required Series Account amount~~	~~$[ ]~~

DATED _____.

FAIR HYDRO TRUST, by its Manager, ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Schedule A

[insert wire, cheques or other payment details for each payment]

Payment Instruction – Interest Accumulation Account
Fair Hydro Trust

Pursuant to the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and BNY Trust Company of Canada, as indenture trustee (as amended, modified, supplemented, replaced or restated from time to time, the "Trust Indenture"), the Manager hereby instructs the Paying Agent to pay or transfer, as applicable, the amounts set out below in accordance with the wire, check or other payment details set out in Schedule A to this Payment Instruction. Such payments or transfers are to made on: _____ [*insert date of payment(s) / transfer(s)*].

Capitalized terms used in this Payment Instruction have the meanings given to such terms in the Trust Indenture.

INTEREST ACCUMULATION ACCOUNT

1.	Opening Balance	$[ ]
2.	Additions for Senior Funding Obligations	$[ ]
3.	Additions for Subordinated Funding Obligations	$[ ]
4.	Additions for Junior Subordinated Funding Obligations	$[ ]
5.	Withdrawals for Senior Funding Obligations – Total	$[ ]
	a. [*break out on series by series basis*]	$[ ]
6.	Withdrawals for Subordinated Funding Obligations – Total	$[ ]
	a. [*break out on series by series basis*]	$[ ]
7.	Withdrawals for Junior Subordinated Funding Obligations – Total	$[ ]
	a. [*break out on series by series basis*]	$[ ]
8.	Ending Balance	$[ ]
9.	Investment Proceeds on Interest Accumulation Account	$[ ]
10.	Interest Accrual Amount (Senior)	$[ ]
11.	Interest Accrual Amount (Subordinated)	$[ ]
12.	Interest Accrual Amount (Junior Subordinated)	$[ ]

DATED _____.

FAIR HYDRO TRUST, by its Manager, ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Schedule A

[insert wire, cheques or other payment details for each payment]

Payment Instruction – Principal Accumulation Account
Fair Hydro Trust

Pursuant to the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and BNY Trust Company of Canada, as indenture trustee (as amended, modified, supplemented, replaced or restated from time to time, the "Trust Indenture"), the Manager hereby instructs the Paying Agent to pay or transfer, as applicable, the amounts set out below in accordance with the wire, check or other payment details set out in Schedule A to this Payment Instruction. Such payments or transfers are to made on: _____ [*insert date of payment(s) / transfer(s)*].

Capitalized terms used in this Payment Instruction have the meanings given to such terms in the Trust Indenture.

PRINCIPAL ACCUMULATION ACCOUNT

1.	Opening Balance	$[ ]
2.	Additions for Warehouse Obligations	$[ ]
3.	Additions for Senior Funding Obligations (other than Warehouse Obligations)	$[ ]
4.	Additions for Subordinated Funding Obligations	$[ ]
5.	Additions for Junior Subordinated Funding Obligations	$[ ]
6.	Withdrawals for Warehouse Obligations – Total	$[ ]
	a. [*break out on series by series basis*]	$[ ]
7.	Withdrawals for Senior Funding Obligations (other than Warehouse Obligations) – Total	$[ ]
	a. [*break out on series by series basis*]	$[ ]
8.	Withdrawals for Subordinated Funding Obligations – Total	$[ ]
	a. [*break out on series by series basis*]	$[ ]
9.	Withdrawals for Junior Subordinated Funding Obligations – Total	$[ ]
	a. [*break out on series by series basis*]	$[ ]
10.	Ending Balance	$[ ]
11.	Investment Proceeds on Principal Accumulation Account	$[ ]
12.	Principal Accumulation Amount (Warehouse)	$[ ]
13.	Principal Accumulation Amount (Senior)	$[ ]
14.	Principal Accumulation Amount (Subordinated)	$[ ]
15.	Principal Accumulation Amount (Junior Subordinated)	$[ ]

DATED _____.

FAIR HYDRO TRUST, by its Manager, ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Schedule A

[insert wire, cheques or other payment details for each payment]

Payment Instruction – IESO Cash Reserve Account
Fair Hydro Trust

Pursuant to the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and BNY Trust Company of Canada, as indenture trustee (as amended, modified, supplemented, replaced or restated from time to time, the "Trust Indenture"), the Manager hereby instructs the Paying Agent to pay or transfer, as applicable, the amounts set out below in accordance with the wire, check or other payment details set out in Schedule A to this Payment Instruction. Such payments or transfers are to made on: _____ [*insert date of payment(s) / transfer(s)*].

Capitalized terms used in this Payment Instruction have the meanings given to such terms in the Trust Indenture.

IESO CASH RESERVE ACCOUNT

1.	**Opening Balance**	**$[ ]**
2.	**Withdrawals**	**$[ ]**
	a. Taxes	**$[ ]**
	b. Issuer Trustee and Indenture Trustee fees	**$[ ]**
	c. Interest and Derivative Funding Obligations – Total	**$[ ]**
	i. Interest Accrual Amount (Senior)	**$[ ]**
	ii. Payments on Derivative Funding Obligations (other than Termination Payments)	**$[ ]**
	1. [*break out for each non-defaulting Derivative Counterparty*]	**$[ ]**
	d. Interest Accrual Amount (Subordinated)	**$[ ]**
	e. Interest Accrual Amount (Junior Subordinated)	**$[ ]**
3.	**Ending Balance**	**$[ ]**
4.	**Investment Proceeds on IESO Cash Reserve Account**	**$[ ]**

DATED _____.

FAIR HYDRO TRUST, by its Manager, ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By:

	Name: **Title:**

Schedule A

[insert wire, cheques or other payment details for each payment]

Payment Instruction – Program Cash Reserve Account
Fair Hydro Trust

Pursuant to the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and BNY Trust Company of Canada, as indenture trustee (as amended, modified, supplemented, replaced or restated from time to time, the "Trust Indenture"), the Manager hereby instructs the Paying Agent to pay or transfer, as applicable, the amounts set out below in accordance with the wire, check or other payment details set out in Schedule A to this Payment Instruction. Such payments or transfers are to made on: _____ [*insert date of payment(s) / transfer(s)*].

Capitalized terms used in this Payment Instruction have the meanings given to such terms in the Trust Indenture.

PROGRAM CASH RESERVE ACCOUNT

1.	Opening Balance	$[ ]
2.	Additions	$[ ]
3.	Withdrawals for Senior Funding Obligations (Interest) – Total	$[ ]
	a. [*break out on series by series basis*]	$[ ]
4.	Withdrawals for Subordinated Funding Obligations (Interest) – Total	$[ ]
	a. [*break out on series by series basis*]	$[ ]
5.	Withdrawals for Junior Subordinated Funding Obligations (Interest) – Total	$[ ]
	a. [*break out on series by series basis*]	$[ ]
6.	Withdrawals for Senior Funding Obligations (Principal) – Total	$[ ]
	a. [*break out on series by series basis*]	$[ ]
7.	Withdrawals for Subordinated Funding Obligations (Principal) – Total	$[ ]
	a. [*break out on series by series basis*]	$[ ]
8.	Withdrawals for Junior Subordinated Funding Obligations (Principal) – Total	$[ ]
	a. [*break out on series by series basis*]	$[ ]
9.	Ending Balance	$[ ]
10.	Investment Proceeds on Program Cash Reserve Account	$[ ]
11.	Program Cash Reserve Required Amount	$[ ]

DATED _____.

FAIR HYDRO TRUST, by its Manager, ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Schedule A

[insert wire, cheques or other payment details for each payment]

Payment Instruction – Refinancing Account
Fair Hydro Trust

Pursuant to the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and BNY Trust Company of Canada, as indenture trustee (as amended, modified, supplemented, replaced or restated from time to time, the "Trust Indenture"), the Manager hereby instructs the Paying Agent to pay or transfer, as applicable, the amounts set out below in accordance with the wire, check or other payment details set out in Schedule A to this Payment Instruction. Such payments or transfers are to made on: _____ [*insert date of payment(s) / transfer(s)*].

Capitalized terms used in this Payment Instruction have the meanings given to such terms in the Trust Indenture.

REFINANCING ACCOUNT

1.	**Opening Balance**	**$[ ]**
2.	**Additions**	**$[ ]**
3.	**Withdrawals – Total**	**$[ ]**
	a. [*break out on series by series basis*]	**$[ ]**
4.	**Ending Balance**	**$[ ]**
5.	**Investment Proceeds on Series Reserve Account**	**$[ ]**

DATED _____.

FAIR HYDRO TRUST, by its Manager, ONTARIO POWER GENERATION INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

Schedule A

[insert wire, cheques or other payment details for each payment]

Payment Instruction – Protection Account
Fair Hydro Trust

Pursuant to the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and BNY Trust Company of Canada, as indenture trustee (as amended, modified, supplemented, replaced or restated from time to time, the "Trust Indenture"), the Manager hereby instructs the Paying Agent to pay or transfer, as applicable, the amounts set out below in accordance with the wire, check or other payment details set out in Schedule A to this Payment Instruction. Such payments or transfers are to made on: _____ [*insert date of payment(s) / transfer(s)*].

Capitalized terms used in this Payment Instruction have the meanings given to such terms in the Trust Indenture.

PROTECTION ACCOUNT

1.	**Opening Balance**	**$0**
2.	**Additions**	**$[ ]**
3.	**Withdrawals for Specified Creditors – Total**	**$[ ]**
	a. [*break out for each obligation*]	**$[ ]**
4.	**Withdrawals for Province (return of remaining amounts)**	**$[ ]**
5.	**Ending Balance**	**$0**

DATED _____.

FAIR HYDRO TRUST, by its Manager, ONTARIO POWER GENERATION INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

Schedule A

[insert wire, cheques or other payment details for each payment]

Payment Instruction – [*Specify Series*] Account
Fair Hydro Trust

Pursuant to the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and BNY Trust Company of Canada, as indenture trustee (as amended, modified, supplemented, replaced or restated from time to time, the "Trust Indenture"), the Manager hereby instructs the Paying Agent to pay or transfer, as applicable, the amounts set out below in accordance with the wire, check or other payment details set out in Schedule A to this Payment Instruction. Such payments or transfers are to made on: _____ [*insert date of payment(s) / transfer(s)*].

Capitalized terms used in this Payment Instruction have the meanings given to such terms in the Trust Indenture.

[*SPECIFY SERIES*] ACCOUNT [*duplicate on a series by series basis*]

1.	**Opening Balance**	**$[ ]**
2.	**Additions**	**$[ ]**
3.	**Withdrawals – Total**	**$[ ]**
	a. [*break out for each obligation*]	**$[ ]**
4.	**Ending Balance**	**$[ ]**
5.	**Investment Proceeds on Series Account**	**$[ ]**
6.	**Required Series Account amount**	**$[ ]**

DATED _____.

FAIR HYDRO TRUST, by its Manager, ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Schedule A

[insert wire, cheques or other payment details for each payment]

EXHIBIT 2
FORM OF REFINANCING NOTICE

See Attached.

[NTD: Notice must specify Series and the amount of the Principal Accumulation Amounts specified in the related Supplemental Indenture that will be repaid with the proceeds of the Refinancing.] [NTD: Osler to provide]

EXHIBIT 3
FORM OF SPECIFIED CREDITOR LIST

Program Agreement	**Name of Specified Creditor / Agent**	**Address**	**City**	**Province/ State**	**Postal/Zip Code**	**Country**	**Email**	**Issuer Funding Obligation**	**Value [Lenders only]**
Issuer Funding Obligations (other than Notes and Derivative Funding Obligations)									
[Insert name of Program Agreement]	[Insert name of institution]	[insert address]	[insert city]	[insert province/ state]	[insert postal/zip code]	[insert country]	[email]	[Y / N] [If Yes, Type of Funding Obligation]	[insert $ amount hold]
Derivative Funding Obligations									
[Insert name of Program Agreement]	[Insert name of institution]	[insert address]	[insert city]	[insert province/ state]	[insert postal/zip code]	[insert country]	[email]	N/A	N/A
Other Obligations Secured									
[Insert name of Program Agreement]	[Insert name of institution]	[insert address]	[insert city]	[insert province/ state]	[insert postal/zip code]	[insert country]	[email]	N/A	N/A

EXHIBIT 4
FORM OF REQUEST FOR SPECIFIED CREDITOR INFORMATION

TO: BNY Trust Company of Canada, as indenture trustee (the "**Indenture Trustee**") under the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust ~~(the "**Issuer**")~~ and the Indenture Trustee (as amended, modified, supplemented, replaced or restated from time to time, the "**Trust Indenture**")

RE: Request for Provision of Information pursuant to Section 9.14 of the Trust Indenture

DATE: [■]

All capitalized terms used but not otherwise defined herein shall have the meanings ascribed thereto in the Trust Indenture.

First Declaration

1. The undersigned, being the duly appointed [*state position*] of [*insert name of Debtholder 1*] ("**Debtholder 1**"), hereby certifies, in that capacity and without personal liability, as follows:

2. The undersigned has made, or caused to be made, such examinations or investigations as are, in my belief, necessary to enable me to make the statements or give the opinions contained or expressed in this certificate.

3. Debtholder 1 forms part of the Debtholders of the following Series or Tranche:

   [*insert details of all applicable Issuer Funding Obligations*]

4. Debtholder 1 has owned an Issuer Funding Obligation of such Series or Tranche for a period of at least six (6) months preceding the date of this application.

Second Declaration

5. The undersigned, being the duly appointed [*state position*] of [*insert name of Debtholder 2*] ("**Debtholder 2**"), hereby certifies, in that capacity and without personal liability, as follows:

6. The undersigned has made, or caused to be made, such examinations or investigations as are, in my belief, necessary to enable me to make the statements or give the opinions contained or expressed in this certificate.

7. Debtholder 2 forms part of the Debtholders of the following Series or Tranche:

   [*insert details of all applicable Issuer Funding Obligations*]

8. Debtholder 2 has owned an Issuer Funding Obligation of such Series or Tranche for a period of at least six (6) months preceding the date of this application.

Third Declaration

9. The undersigned, being the duly appointed [*state position*] of [*insert name of Debtholder 3*] ("**Debtholder 3**"), hereby certifies, in that capacity and without personal liability, as follows:

10. The undersigned has made, or caused to be made, such examinations or investigations as are, in my belief, necessary to enable me to make the statements or give the opinions contained or expressed in this certificate.

11. Debtholder 3 forms part of the Debtholders of the following Series or Tranche:

    [*insert details of all applicable Issuer Funding Obligations*]

12. Debtholder 3 has owned an Issuer Funding Obligation of such Series or Tranche for a period of at least six (6) months preceding the date of this application.

Request

13. The undersigned Debtholders desire to communicate [*insert applicable Debtholder Group*] with respect to their rights under ~~this~~**the Trust** Indenture or under the applicable Program Agreement.

14. Attached hereto is a copy of the form of proxy or other communication which such applicants propose to transmit.

15. The Debtholders request that the Indenture Trustee deliver to them the information preserved at the time by the Indenture Trustee in accordance with Section 9.14 of the Trust Indenture.

DATED this ___ day of _____, 20___.

[DEBTHOLDER 1]

By: _____

Name:
Title:

[DEBTHOLDER 2]

By: _____

Name:
Title:

[DEBTHOLDER 3]

By: _____

Name:
Title:

EXHIBIT 5
FORM OF CANCELLATION NOTICE

TO: BNY Trust Company of Canada, as indenture trustee (the "**Indenture Trustee**") under the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust ~~(the "**Issuer**")~~ and the Indenture Trustee (as amended, modified, supplemented, replaced or restated from time to time, the "**Trust Indenture**")

RE: Request for Removal from Specified Creditor Register

DATE: [■]

All capitalized terms used but not otherwise defined herein shall have the meanings ascribed thereto in the Trust Indenture.

1. The undersigned, being the duly appointed [*state position*] of [*insert name of institution*].

2. You are hereby requested pursuant to Section 9.14 of the Trust Indenture to, within five **(5)** Business Days of receipt of this notice, notify the Issuer to remove the following Specified Creditor from the list provided for in subsection 13.13(b) of the Trust Indenture.

   Name of Specified Creditor to be Removed: [*enter details*]

   Name of Program Agreement: [*enter details*]

DATED this ___ day of _____, 20___.

[SPECIFIED CREDITOR]

By: _____

Name:
Title:

EXHIBIT 6
FORMS OF CERTIFICATION

See attached.

Exhibit 6-A

FORM OF CERTIFICATE TO BE GIVEN BY
PERSON ENTITLED TO RECEIVE BEARER NOTE

CERTIFICATE

FAIR HYDRO TRUST

■% Notes due ■

This is to certify that as of the date hereof, and except as set forth below, the above-captioned Notes held by you for our account (i) are owned by any person(s) that is not a citizen or resident of the United States; a corporation or partnership (including any entity treated as a corporation or partnership for United States federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia unless, in the case of a partnership, Treasury Regulations provide otherwise; any estate whose income is subject to United States federal income tax regardless of its source or; a trust if (A) a United States court can exercise primary supervision over the trust's administration and one of more United States persons are authorized to control all substantial decisions of the trust or (B) a trust in existence on August 20, 1996, and treated as a United States person before this date that timely elected to continue to be treated as a United States person ("**United States ~~persons~~person(s)**"), (ii) are owned by United States person(s) that are (a) foreign branches of United States financial institutions (financial institutions, as defined in United States Treasury Regulation Section 1.165-12(c)(1)(iv) are herein referred to as "**financial institutions**") purchasing for their own account or for resale, or (b) United States person(s) who acquired the Notes through foreign branches of United States financial institutions and who hold the Notes through such United States financial institutions on the date hereof (and in either case (a) or (b), each such United States financial institution hereby agrees, on its own behalf or through its agent, that you may advise Fair Hydro Trust or its agent that such financial institution will comply with the requirements of Section 165(j)(3)(A), (B) or (C) of the United States Internal Revenue Code of 1986, as amended, and the regulations thereunder), or (iii) are owned by United States or foreign financial institution(s) for purposes of resale during the restricted period (as defined in United States Treasury Regulation Section 1.163-5(c)(2)(i)(D)(7)), and, in addition, if the owner is a United States or foreign financial institution described in clause (iii) above (whether or not also described in clause (i) or (ii)), this is to further certify that such financial institution has not acquired the Notes for purposes of resale directly or indirectly to a United States person or to a person within the United States or its possessions.

As used herein, "United States" means the United States of America (including the states and the District of Columbia); and its "possessions" include Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands.

We undertake to advise you promptly by in writing or by electronic transmission on or prior to the date on which you intend to submit your certification relating to the above-captioned Notes held by you for our account in accordance with your operating procedures if any applicable

statement herein is not correct on such date, and in the absence of any such notification it may be assumed that this certification applies as of such date.

This certificate excepts and does not relate to $■ of such interest in the above-captioned Notes in respect of which we are not able to certify and as to which we understand an exchange for an interest in a permanent Global Note or an exchange for and delivery of definitive Notes (or, if relevant, collection of any interest) cannot be made until we do so certify.

We understand that this certificate may be required in connection with certain tax legislation in the United States. If administrative or legal proceedings are commenced or threatened in connection with which this certificate is or would be relevant, we irrevocably authorize you to produce this certificate or a copy thereof to any interested party in such proceedings.

Dated: ■

[To be dated no earlier than the 15th day prior to (i) the date of original issuance or (ii) the Exchange Date, as applicable]

[Name of Person Making Certification]

_____

Name:
Title:

Exhibit 6-B

FORM OF CERTIFICATE TO BE GIVEN BY A DEPOSITORY
IN CONNECTION WITH THE EXCHANGE OF A PORTION OF A
TEMPORARY GLOBAL NOTE

CERTIFICATE

FAIR HYDRO TRUST

■% Notes due ■

This is to certify that based solely on written certifications that we have received in writing or by electronic transmission from each of the persons appearing in our records as persons entitled to a portion of the principal amount set forth below (our "**Member Organizations**") substantially in the form attached hereto, as of the date hereof, $■ principal amount of the above-captioned Notes (i) is owned by any person(s) that is not a citizen or resident of the United States; a corporation or partnership (including any entity treated as a corporation or partnership for United States federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia unless, in the case of a partnership, Treasury Regulations provide otherwise; any estate whose income is subject to United States federal income tax regardless of its source or; a trust if (A) a United States court can exercise primary supervision over the trust's administration and one of more United States persons are authorized to control all substantial decisions of the trust or (B) a trust in existence on August 20, 1996, and treated as a United States person before this date that timely elected to continue to be treated as a United States person ("**United States person(s)**"), (ii) is owned by United States person(s) that are (a) foreign branches of United States financial institutions (financial institutions, as defined in U.S. Treasury Regulation Section 1.165-12(c)(1)(iv) are herein referred to as "**financial institutions**") purchasing for their own account or for resale, or (b) United States person(s) who acquired the Notes through foreign branches of United States financial institutions and who hold the Notes through such United States financial institutions on the date hereof (and in either case (a) or (b), each such financial institution has agreed, on its own behalf or through its agent, that we may advise Fair Hydro Trust or its agent that such financial institution will comply with the requirements of Section 165(j)(3)(A), (B) or (C) of the Internal Revenue Code of 1986, as amended, and the regulations thereunder), or (iii) is owned by United States or foreign financial institution(s) for purposes of resale during the restricted period (as defined in United States Treasury Regulation Section 1.163-5(c)(2)(i)(D)(7)) and, to the further effect, that financial institutions described in clause (iii) above (whether or not also described in clause (i) or (ii)) have certified that they have not acquired the Notes for purposes of resale directly or indirectly to a United States person or to a person within the United States or its possessions.

As used herein, "United States" means the United States of America (including the states and the District of Columbia); and its "possessions" include Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands.

We further certify that (i) we are not making available herewith for exchange (or, if relevant, collection of any interest) any portion of the temporary Global Note representing the

above-captioned Notes excepted in the above-referenced certificates of Member Organizations and (ii) as of the date hereof we have not received any notification from any of our Member Organizations to the effect that the statements made by such Member Organizations with respect to any portion of the part submitted herewith for exchange (or, if relevant, collection of any interest) are no longer true and cannot be relied upon as of the date hereof.

We understand that this certification is required in connection with certain tax legislation in the United States. If administrative or legal proceedings are commenced or threatened in connection with which this certificate is or would be relevant, we irrevocably authorize you to produce this certificate or a copy thereof to any interested party in such proceedings.

Dated: ■

[To be dated no earlier than the 15th day prior to the Exchange Date]

[DEPOSITORY]

By: _____

Document comparison by Workshare Compare on December-15-17 12:01:32 AM

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Moved cell	
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Padding cell	

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Moved to	16
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Format changed	0

Total changes	1380

INDEMNITY AGREEMENT

TO: BNY Trust Company of Canada, in its capacity as Indenture Trustee of Fair Hydro Trust (in such capacity, the "**Indenture Trustee**")

RE: Management Agreement dated as of ■, 2017 (the "**Management Agreement**") made between Ontario Power Generation, as manager (in such capacity, the "**Manager**") and Fair Hydro Trust (the "**Issuer**")

AND RE: Warehouse Senior Series 2017-1 Supplemental Indenture dated as of ■, 2017 (as in effect on the date hereof, the "**Supplemental Indenture**") made between, *inter alios*, the Issuer and the Indenture Trustee

---

WHEREAS the Government of Ontario has passed the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**") for the purpose of, among other things, ensuring that Clean Energy Costs and Clean Energy Benefits are fairly allocated among present and future Specified Consumers;

AND WHEREAS Ontario Power Generation Inc. has been appointed as Financial Services Manager under the Act to, among other things, evaluate whether potential Funding Obligations should be incurred by Financing Entities for the purposes of acquiring and financing Investment Interests;

AND WHEREAS the Issuer is a Financing Entity established, at the request of the Financial Services Manager and pursuant to the Act, by Computershare Trust Company of Canada;

AND WHEREAS the Issuer and the Manager have entered into the Management Agreement in furtherance of, and in accordance with, the Act;

AND WHEREAS the Manager has agreed to execute this Indemnity Agreement to provide certain indemnities with respect to its duties and obligations under the Management Agreement.

IN CONSIDERATION OF the mutual covenants and agreements herein and the sum of $1.00 and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged) the parties hereto agree as follows:

1. Unless otherwise defined in this Indemnity Agreement, all capitalized terms used herein shall have the meanings ascribed thereto, either directly or by incorporation therein, in the Management Agreement.

2. The Manager shall indemnify the Indenture Trustee, on behalf of itself and on behalf of the Administrative Agent, each Funding Agent, each CP Conduit Purchaser, each Group Bank and each Non-Conduit Purchaser (in each case, in their respective capacities as such under the Supplemental Indenture) (each, an "**Indemnified Person**") and defend and hold harmless each such Indemnified Person from and against, any and all liabilities, obligations, losses, damages, payments and claims, and reasonable costs or expenses, of any kind whatsoever (collectively, "**Indemnified Losses**") imposed on, incurred by or asserted against each such Indemnified Person in connection with the Supplemental Indenture or the Series 2017-1 Notes issued thereunder, as a result of (i) the failure of the

Manager to perform its covenants and other obligations under the Management Agreement or any other Program Agreement to which the Manager is a party; or (ii) the breach by the Manager of any of its representations or warranties under the Management Agreement or any other Program Agreement to which the Manager is a party and, except to the extent of Indemnified Losses resulting from the willful misconduct, bad faith or gross negligence of such Indemnified Person seeking indemnification hereunder; provided that, in each case, the Manager shall not be required to indemnify an Indemnified Person for any amount paid or payable by such Indemnified Person in the settlement of any Proceeding or investigation without the written consent of the Manager, which consent shall not be unreasonably withheld or delayed. Promptly after receipt by an Indemnified Person of notice of the commencement of any Proceeding or investigation, such Indemnified Person shall, if a claim in respect thereof is to be made against the Manager under this Section 2, notify the Manager in writing of the commencement thereof. Failure by an Indemnified Person to so notify the Manager shall relieve the Manager from the obligation to indemnify and hold harmless such Indemnified Person under this Section 2 only to the extent that the Manager suffers actual prejudice as a result of such failure. With respect to any Proceeding or investigation brought by a third party for which indemnification may be sought under this Section 2, the Manager shall be entitled to conduct and control, at its expense and with counsel of its choosing that is reasonably satisfactory to such Indemnified Person, the defence of any such Proceeding or investigation (in which case the Manager shall not thereafter be responsible for the fees and expenses of any separate counsel retained by the Indemnified Person except as set forth below); provided, that the Indemnified Person shall have the right to participate in such Proceeding or investigation through counsel chosen by it and at its own expense. Notwithstanding the Manager's election to assume the defence of any Proceeding or investigation, the Indemnified Person shall have the right to employ separate counsel, and the Manager shall bear the reasonable fees, costs and expenses of such separate counsel, if (i) the defendants in any such action include both the Indemnified Person and the Manager and the Indemnified Person shall have reasonably concluded that there may be legal defences available to it that are different from or additional to those available to the Manager, (ii) the Manager shall not have employed counsel reasonably satisfactory to the Indemnified Person to represent the Indemnified Person within a reasonable time after notice of the institution of such action, (iii) the Indemnified Person shall have been advised by counsel to the Indemnified Person that there may be a conflict of interest between the Manager and the Indemnified Person, or (iv) the Manager authorizes the Indemnified Person to employ separate counsel at the expense of the Manager. Notwithstanding the foregoing, the Manager shall not be obligated to pay for the fees, costs and expenses of more than one separate counsel for the Indemnified Persons other than one local counsel, if appropriate. The Manager will not, without the prior written consent of the Indemnified Person, settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim or Proceeding in respect of which indemnification may be sought under this Section 2 (whether or not the Indemnified Person is an actual or potential party to such claim or action) unless such settlement, compromise or consent includes an unconditional release of the Indemnified Person from all liability arising out of such claim or Proceeding.

Indemnification under Section this 2 shall survive any repeal of, modification of, or supplement to, or judicial invalidation of, the Act and shall survive the termination of this

Indemnity Agreement or the Management Agreement and will rank pari passu with other general, unsecured obligations of the Manager.

Notwithstanding anything contained in this Indemnity Agreement or the Management Agreement, it is expressly understood that the Manager is not agreeing to indemnify or hold any Indemnified Person harmless with respect to any of the following: (i) any losses resulting from any breach or failure to perform by the Manager caused by a breach or failure to perform on the part of any other third party under any Program Agreement, the Act or the Regulations; provided that the foregoing clause (i) shall not apply to limit the liability of the Manager in respect of any delegation to a third party as provided for in section 4.7 of the Management Agreement; (ii) any losses resulting from changes in law after the date hereof, whether such changes in law are effected by means of any legislative enactment or any final and non-appealable judicial decision, other than losses resulting solely from the Manager's failure to comply with section 4.1(a)(xiv) of the Management Agreement; (iii) any losses resulting from the validity of the Change of Law Protection Agreement or the applicability thereof to the Province or to any Indemnified Person or any material part thereof being disaffirmed by or on behalf of the Province; or (iv) any liability of any Indemnified Person incurred after the termination of this Indemnity Agreement or the Management Agreement unless attributable to the actions or omissions of the Manager prior to such termination **or in respect of a representation, warranty or covenant of the Manager that survives termination of this Indemnity Agreement or the Management Agreement**.

To the fullest extent permitted by applicable law, no Specified Creditor (other than the Indenture Trustee) will have any right to institute any proceeding, judicial or otherwise, or to make any claim for indemnification, with respect to this Indemnity Agreement or the Management Agreement, or for the appointment of a receiver or trustee or similar official, or for any other remedy hereunder, except in accordance with Section 8.12 of the Indenture.

The parties hereto agree that the Manager is not providing any representations, warranties or covenants in this Indemnity Agreement or the Management Agreement, and shall have no liability to any Indemnified Person, with respect to the collectability of the Clean Energy Adjustment or the Carrying Costs, or that the Clean Energy Adjustment amounts or Carrying Costs collected will be sufficient to satisfy the Issuer Funding Obligations.

3. This Indemnity Agreement may be amended in writing by the Manager and the Indenture Trustee, and with satisfaction of the Rating Agency Condition, such satisfaction to be confirmed by the Indenture Trustee at the time of such amendment. Promptly after the execution of any such amendment, the Indenture Trustee shall furnish copies of such amendment to each of the Rating Agencies.

4. This Indemnity Agreement shall enure to the benefit of and shall be binding upon the Manager and the Indemnified Parties and their respective successors and assigns.

5. If one or more provision of this Indemnity Agreement is for any reason whatever held invalid, such provision will be deemed severable from the remaining covenants, agreements and provisions of this Indemnity Agreement and will in no way affect the validity or enforceability of such remaining provisions or the rights of any parties hereto.

6. This Indemnity Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

7. This Indemnity Agreement may be executed in counterparts, each of which when so executed shall be deemed to be an original and the counterparts together shall constitute one and the same instrument. Delivery of an executed signature page to this Indemnity Agreement by any party by electronic transmission will be as effective as delivery of a manually executed copy of this Indemnity Agreement by such party.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF the undersigned have executed this Indemnity Agreement as of December ____, 2017.

ONTARIO POWER GENERATION INC.

By: _____

Name:

Title:

BNY TRUST COMPANY OF CANADA, in its capacity as Indenture Trustee of **FAIR HYDRO TRUST**, and not in its personal capacity

By: _____

Name:

Title:

By: _____

Name:

Title:

Document comparison by Workshare Compare on December-14-17 2:05:56 PM

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Format changed	0
Total changes	9

ACKNOWLEDGEMENT AND INDEMNITY AGREEMENT

TO: BNY Trust Company of Canada, in its capacity as Indenture Trustee of Fair Hydro Trust (in such capacity, the "**Indenture Trustee**")

RE: Master Transfer and Servicing Agreement dated as of ■, 2017 (the "**MTSA**") made between Independent Electricity System Operator (the "**IESO**"), as servicer (in such capacity, the "**Servicer**") and Fair Hydro Trust (the "**Issuer**")

AND RE: Warehouse Senior Series 2017-1 Supplemental Indenture dated as of ■, 2017 (as in effect on the date hereof, the "**Supplemental Indenture**") made between, *inter alios*, the Issuer and the Indenture Trustee

---

WHEREAS the Government of Ontario has enacted the *Ontario Fair Hydro Plan Act*, 2017 (the "**Act**") for the purpose of, among other things, ensuring that clean energy costs and clean energy benefits (each as defined in the Act) are fairly allocated among present and future Specified Consumers;

AND WHEREAS, under the Act, the IESO is required to establish and maintain the Fair Hydro Variance Account, and has the right under the Act and the Regulations to record certain amounts in the Fair Hydro Variance Account and recover the balance from time to time of the Fair Hydro Variance Account from Specified Consumers (such right, the "**Regulatory Asset**");

AND WHEREAS the IESO may from time to time, in accordance with the Act, Transfer Specified Portions of the Regulatory Asset to the Issuer pursuant to Section 26(1) of the Act;

AND WHEREAS the Issuer and the Indenture Trustee are parties to a master trust indenture dated as of ■, 2017 (as amended, restated, modified or supplemented (including by way of Supplemental Indentures) from time to time, the "**Indenture**");

AND WHEREAS the Issuer may finance the acquisition from the IESO, from time to time, of an Investment Interest through the incurrence of Funding Obligations under the Indenture;

AND WHEREAS in connection with its ownership of the Issuer Investment Interest and in order to collect the associated Clean Energy Adjustments in accordance with the Act, pursuant to the MTSA the Issuer has engaged the Servicer to carry out the services described therein;

AND WHEREAS, pursuant to the Indenture, the Issuer has granted a security interest (the "**Security Interest**") over, *inter alia*, all rights, benefits and powers of the Issuer under the MTSA, to and in favour of the Indenture Trustee on behalf of the Specified Creditors, as security for the due payment of all Obligations Secured;

AND WHEREAS the Servicer has agreed to execute this Acknowledgement and Indemnity Agreement to (i) acknowledge that the Security Interest has been granted to the Indenture Trustee, on behalf of the Specified Creditors, thereby assigning as security all of the rights,

benefits and powers of the Issuer under the MTSA to the Indenture Trustee, and (ii) provide certain indemnities with respect to its duties and obligations under the MTSA.

IN CONSIDERATION OF the mutual covenants and agreements herein and the sum of $1.00 and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged) the parties hereto agree as follows:

1. Unless otherwise defined in this Acknowledgement and Indemnity Agreement, all capitalized terms used herein shall have the meanings ascribed thereto, either directly or by incorporation therein, in the MTSA.

2. The Servicer hereby acknowledges receipt of notice that (i) the Issuer has granted the Security Interest to the Indenture Trustee, on behalf of the Specified Creditors, and (ii) as a result of the grant of the Security Interest, the Issuer has assigned as security all of its rights, benefits and powers under the MTSA to the Indenture Trustee, on behalf of the Specified Creditors, and the Servicer hereby consents to such assignment.

3. The Servicer acknowledges and agrees that (i) the Indenture Trustee has the right to exercise remedies against, and enforce the duties and obligations of, the Servicer under the MTSA in place of the Issuer in all circumstances in which the Indenture Trustee is entitled to do so under the Indenture, (ii) upon receipt of notice from the Indenture Trustee that the Indenture Trustee is entitled to instruct the Servicer under the Indenture, the Servicer shall take instructions from the Indenture Trustee with respect to the performance of the Servicer's duties and obligations under the MTSA, and (iii) the Indenture Trustee has not assumed any of the obligations of the Issuer pursuant to the MTSA.

4. The Servicer shall indemnify the Indenture Trustee, on behalf of itself and on behalf of the Administrative Agent, each Funding Agent, each CP Conduit Purchaser, each Group Bank and each Non-Conduit Purchaser (in each case, in their respective capacities as such under the Supplemental Indenture) (each, an "**Indemnified Person**") and defend and hold harmless each such Indemnified Person from and against, any and all liabilities, obligations, losses, damages, payments and claims, and reasonable costs or expenses, of any kind whatsoever (collectively, "**Indemnified Losses**") imposed on, incurred by or asserted against each such Indemnified Person in connection with the Supplemental Indenture or the Series 2017-1 Notes issued thereunder, as a result of (i) the failure of the Servicer to perform its covenants and other obligations under the MTSA or any other Program Agreement to which the Servicer is a party; or (ii) the breach by the Servicer of any of its representations or warranties under the MTSA or any other Program Agreement to which the Servicer is a party and, except to the extent of Indemnified Losses resulting from the willful misconduct, bad faith or gross negligence of such Indemnified Person seeking indemnification hereunder; provided that, in each case, the Servicer shall not be required to indemnify an Indemnified Person for any amount paid or payable by such

Indemnified Person in the settlement of any Proceeding or investigation without the written consent of the Servicer, which consent shall not be unreasonably withheld or delayed. Promptly after receipt by an Indemnified Person of notice of the commencement of any Proceeding or investigation, such Indemnified Person shall, if a claim in respect thereof is to be made against the Servicer under this Section 4, notify the Servicer in writing of the commencement thereof. Failure by an Indemnified Person to so notify the Servicer shall relieve the Servicer from the obligation to indemnify and hold harmless such Indemnified Person under this Section 4 only to the extent that the Servicer suffers actual prejudice as a result of such failure. With respect to any Proceeding or investigation brought by a third party for which indemnification may be sought under this Section 4, the Servicer shall be entitled to conduct and control, at its expense and with counsel of its choosing that is reasonably satisfactory to such Indemnified Person, the defence of any such Proceeding or investigation (in which case the Servicer shall not thereafter be responsible for the fees and expenses of any separate counsel retained by the Indemnified Person except as set forth below); provided, that the Indemnified Person shall have the right to participate in such Proceeding or investigation through counsel chosen by it and at its own expense. Notwithstanding the Servicer's election to assume the defence of any Proceeding or investigation, the Indemnified Person shall have the right to employ separate counsel, and the Servicer shall bear the reasonable fees, costs and expenses of such separate counsel, if (i) the defendants in any such action include both the Indemnified Person and the Servicer and the Indemnified Person shall have reasonably concluded that there may be legal defences available to it that are different from or additional to those available to the Servicer, (ii) the Servicer shall not have employed counsel reasonably satisfactory to the Indemnified Person to represent the Indemnified Person within a reasonable time after notice of the institution of such action, (iii) the Indemnified Person shall have been advised by counsel to the Indemnified Person that there may be a conflict of interest between the Servicer and the Indemnified Person, or (iv) the Servicer authorizes the Indemnified Person to employ separate counsel at the expense of the Servicer. Notwithstanding the foregoing, the Servicer shall not be obligated to pay for the fees, costs and expenses of more than one separate counsel for the Indemnified Persons other than one local counsel, if appropriate. The Servicer will not, without the prior written consent of the Indemnified Person, settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim or Proceeding in respect of which indemnification may be sought under this Section 4 (whether or not the Indemnified Person is an actual or potential party to such claim or action) unless such settlement, compromise or consent includes an unconditional release of the Indemnified Person from all liability arising out of such claim or Proceeding.

Indemnification under this Section 4 shall survive any repeal of, modification of, or supplement to, or judicial invalidation of, the Act and shall survive the termination of the MTSA or this Acknowledgement and Indemnity Agreement and will rank pari passu with other general, unsecured obligations of the Servicer.

Notwithstanding anything contained in the MTSA or this Acknowledgement and Indemnity Agreement, it is expressly understood that the Servicer is not agreeing to indemnify or hold any Indemnified Person harmless with respect to any of the following: (i) any losses resulting from any breach or failure to perform by the Servicer caused by a breach or failure to perform on the part of any other third party under any Program Agreement, the Act or the Regulations; provided that this provision shall not apply to limit the liability of the IESO in respect of any appointments as provided for in Section 3.10 of the MTSA; (ii) any losses resulting from changes in law after the date hereof, whether such changes in law are effected by means of any legislative enactment or any final and non-appealable judicial decision; or (iii) any liability of the Indemnified Person incurred after the termination of the MTSA and this Acknowledgement and Indemnity Agreement unless attributable to the actions or omissions of the Servicer prior to such termination **or in respect of a representation, warranty or covenant of the Servicer that survives termination of the MTSA or this Acknowledgement and Indemnity Agreement**.

To the fullest extent permitted by applicable law, no Specified Creditor (other than the Indenture Trustee) will have any right to institute any proceeding, judicial or otherwise, or to make any claim for indemnification, with respect to this Acknowledgement and Indemnity Agreement, or for the appointment of a receiver or trustee or similar official, or for any other remedy hereunder, except in accordance with Section 8.12 of the Indenture.

The parties hereto agree that the IESO is not providing any representations, warranties or covenants in the MTSA or this Acknowledgement and Indemnity Agreement, and shall have no liability to any Indemnified Person, with respect to the collectability of the Clean Energy Adjustment, or whether the Clean Energy Adjustment Amounts or Carrying Costs collected will be sufficient to satisfy the Funding Obligations.

5. The parties hereto acknowledge and agree that the duties, liabilities and obligations of the IESO under the MTSA are limited as provided in this Section 5.[1]

(a) IESO is not responsible for, or in respect of, any amounts not collected by Electricity Vendors from their customers or not remitted by Electricity Vendors to the Servicer.

(b) IESO is not responsible to confirm, verify or audit the amount of the Clean Energy Adjustment invoiced by Electricity Vendors or the Electricity Vendor CEA Collections collected by Electricity Vendors and reported to the IESO.

(c) IESO is not responsible for enforcing the obligations of Specified Consumers to pay, or the obligations of Electricity Vendors to invoice, collect or remit Clean Energy Adjustments or any other amounts, or to establish a segregated account

[1] The language included in this Section tracks Section 3.8 of the MTSA.

into which Electricity Vendor CEA Collections are to be deposited, and IESO is under no obligation to initiate or prosecute any legal action relating to the collection of the Clean Energy Adjustments or the Issuer Investment Interest.

(d) IESO is not responsible or liable for the performance by Electricity Vendors of their duties and responsibilities under the Act or the Regulations including (i) the invoicing of Specified Consumers in respect of the Clean Energy Adjustment and ancillary matters related thereto; (ii) the collection from Specified Consumers of amounts due in respect of such invoices and the remittance of such payments to the Servicer; (iii) the accuracy of any information provided by the Electricity Vendors; and (iv) any reporting by the Electricity Vendors, including the reporting to the Servicer of the total CEA Consumer Invoice Amounts invoiced by such Electricity Vendor to its Specified Consumers in respect of the Clean Energy Adjustment, the total Electricity Vendor CEA Collections received by such Electricity Vendor and the Issuer Share of Electricity Vendor CEA Collections received by such Electricity Vendor and any other reporting in the Electricity Vendor Billing Period Report.

(e) IESO is under no responsibility or obligation to the Issuer with respect to the nature or extent of the Issuer Investment Interest, the collectability of the Issuer Share of Servicer CEA Receipts or that the Issuer Share of Servicer CEA Receipts will be sufficient to satisfy the Issuer's Funding Obligations.

(f) IESO may rely in good faith on the advice of counsel or on any document of any kind, prima facie properly executed and submitted by any Person, respecting any matters arising under the MTSA.

(g) IESO shall have no liability or responsibility to any Person in respect of any forecasts or other information provided pursuant to the MTSA, provided only that such forecasts or other information has been prepared and provided in good faith.

(h) None of the directors, officers, employees or agents of IESO shall be liable to any Person for any action taken or for refraining from the taking of any action pursuant to the MTSA or this Acknowledgement and Indemnity Agreement or for good faith errors in judgment.

6. The Servicer and the Indenture Trustee shall execute and deliver, or cause to be executed and delivered, such instruments or further assurances as may be necessary or desirable to give effect to the provisions of this Acknowledgement and Indemnity Agreement.

7. This Acknowledgement and Indemnity Agreement may be amended in writing by the IESO and the Indenture Trustee, and with satisfaction of the Rating Agency Condition, such satisfaction to be confirmed by the Indenture Trustee at the time of such amendment.

Promptly after the execution of any such amendment, the Indenture Trustee shall furnish copies of such amendment to each of the Rating Agencies.

8. This Acknowledgement and Indemnity Agreement shall enure to the benefit of and shall be binding upon the Servicer and the Indenture Indemnified Parties and their respective successors and assigns.

9. If one or more provision of this Acknowledgement and Indemnity Agreement is for any reason whatever held invalid, such provision will be deemed severable from the remaining covenants, agreements and provisions of this Acknowledgement and Indemnity Agreement and will in no way affect the validity or enforceability of such remaining provisions or the rights of any parties hereto.

10. This Acknowledgement and Indemnity Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

11. This Acknowledgement and Indemnity Agreement may be executed in counterparts, each of which when so executed shall be deemed to be an original and the counterparts together shall constitute one and the same instrument. Delivery of an executed signature page to this Acknowledgement and Indemnity Agreement by any party by electronic transmission will be as effective as delivery of a manually executed copy of this Acknowledgement and Indemnity Agreement by such party.

[Signature page follows.]

IN WITNESS WHEREOF the undersigned have executed this Acknowledgement and Indemnity Agreement as of ●, 2017.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

Name:

Title:

BNY TRUST COMPANY OF CANADA, in its capacity as Indenture Trustee of **FAIR HYDRO TRUST**, and not in its personal capacity

By: _____

Name:

Title:

By: _____

Name:

Title:

Document comparison by Workshare Compare on December-14-17 2:06:50 PM

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Statistics:	
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Moved to	0
Style change	0
Format changed	0
Total changes	7

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust organized under the laws of the Province of Ontario (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council 1981/2017 (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Primary Obligations that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred. This Agreement sets out the terms and conditions of such protections and assurances.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A, and any other capitalized terms not defined herein shall have the meanings assigned to them in the Trust Indenture;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this

Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 Proof of Approved Obligations

The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Manager deems to be sufficient.

Each statement delivered by the Manager under Section 2.01(a)i shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and each of the parties hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Manager shall act diligently in the preparation of each such statement and shall provide the Indenture Trustee and the Province with all supporting computations and calculations used by the Manager to prepare each such statement promptly following a request therefor made by the Indenture Trustee or the Province.

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture as of the date of this Agreement.

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 2.01 or Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a

related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee, the Financing Entity, the Financing Entity Trustee, the Manager or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee may deliver a written demand, substantially in the form attached as **[Exhibit A]** (a "**Payment Demand**"), to the Province requiring the Province to make payments in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in this Agreement. From and after such delivery of a Payment Demand, the Province shall make the following payments in respect of the Approved Obligations (the "**Limited Guarantee**"), the Financing Entity shall pay, and the Province shall be entitled to be paid, the Subrogation Amounts specified below, and the following terms shall apply:

i. Not less than three (3) Business Days prior to each day when any payment or payments are to be made in respect of one or more Approved Obligations occurring after such delivery of a Payment Demand (each such day, a "**Guarantee Payment Date**"), the Manager shall deliver a written statement setting forth the Aggregate Approved Obligations Amount, if any, in respect of the Approved Obligations that are due and payable on such Guarantee Payment Date, together with a detailed description identifying such Approved Obligations and the nature and amount of payments due and payable thereunder on the Guarantee Payment Date, the aggregate outstanding amount payable by the Financing Entity under such Approved Obligations as of the date of such written statement, and details regarding any default in performance by any party obligated thereunder.

ii. On each such Guarantee Payment Date, the Province shall deposit the Aggregate Approved Obligations Amount into the Protection Account.

iii. On each such Guarantee Payment Date, the Financing Entity and the Indenture Trustee shall ensure that the amounts on deposit in the Protection Account are applied to pay each Beneficiary to whom an amount is due and payable under an Approved Obligation on the Guarantee Payment Date the Approved Obligation Amount for such Beneficiary in respect of such Approved Obligation on such Guarantee Payment Date; provided that if the amount deposited pursuant to clause 2.01(a)ii is insufficient to pay all such Approved Obligation Amounts in full, the amount on deposit in the Protection Account on the Guarantee Payment Date shall be applied to pay Beneficiaries in the order of priority in which such Approved Obligations are payable under the

payment provisions of the Trust Indenture applicable to the making of such payments on the Guarantee Payment Date (each, a "**Beneficiary Payee**" and each payment made to a Beneficiary Payee on a Guarantee Payment Date, a "**Guarantee Payment**").

iv. On the first Guarantee Payment Date and on each subsequent Guarantee Payment Date, Payment Date or other day on which any amount is required to be paid in respect of any Obligations Secured under the Trust Indenture (a "**Subrogation Payment Date**"), the Issuer and the Indenture Trustee shall ensure that the applicable payment provisions of the Trust Indenture shall be applied and operate on the following basis:

(A) If such day is a Guarantee Payment Date, then for each Approved Obligation for which amounts are paid to a Beneficiary Payee on such day pursuant to clause 2.01(a)iii in respect of principal, interest or any other amounts ("**Payable Approved Amounts**"), the amounts payable by the Financing Entity in respect of such amounts for such Approved Obligation shall be reduced by the respective amounts of such payments to the Beneficiary Payee, and equivalent amounts shall be payable by the Financing Entity to the Province as "**Subrogation Amounts**" in respect of such Approved Obligations, such Subrogation Amounts being payable in the same order of priority and with the same entitlements accruing to the Province as applied in respect of the related Payable Approved Amounts which were previously owing to the Beneficiary Payee, and to reflect this subrogation the payments set out in clause 2.01(a)iv(B) below shall be made by the Financing Entity.

(B) If the Province has made all deposits required to be made by it on each Guarantee Payment Date occurring on or before such day in accordance with clause 2.01(a)ii (or the related Approved Obligation Amounts have otherwise all been paid in full), then in respect of each Approved Obligation for which any related Subrogation Amounts have not yet been paid in full to the Province, the Financing Entity shall pay to the Province from amounts available under the Trust Indenture payment provisions and in accordance with the priority of payment provisions in the Trust Indenture the amount that would be payable on such date in satisfaction of the relevant

Payable Approved Amounts, as determined without regard to any Guarantee Payment paid on any Guarantee Payment Date and also without regard to the corresponding reduction of the amounts owing to present and former Beneficiary Payees pursuant to subclause 2.01(a)iv(A) up to the amount of the unpaid related Subrogation Amounts.

(C) No Beneficiary having a right to be paid an amount in respect of an Approved Obligation, and no other Person entitled under an Obligation Secured, in each case that ranks equal with or subordinate to the Payable Approved Amount in respect of which a Subrogation Amount is payable to the Province under subclause 2.01(a)iv(B), shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under such subclause (including any right of set-off, offset, reimbursement, contribution or indemnity) and no such Beneficiary or other Person shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of any such Subrogation Amount.

(D) For greater certainty, the entitlements of the Province in respect of Subrogation Amounts arising in respect of Payable Approved Obligations that are interest and principal obligations on Notes shall be treated for all purposes of the Trust Indenture as interest and principal obligations, respectively, arising under Notes having the same priority as and any applicable voting rights under the related Approved Obligations, and accordingly the Province (and any successor, assignee or transferee of such entitlements) shall be entitled to all of the rights, entitlements, interests and privileges of a Holder of such a Notes in accordance with the Trust Indenture, as supplemented by the Supplemental Indenture or other indenture document under which the related Approved Obligations were issued.

(b) On each Guarantee Payment Date and upon demand by the Province, the Indenture Trustee shall release and pay to the Province free and clear of any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay Guarantee Payments to Beneficiary Payees on the Guarantee Payment Date in accordance with clause

2.01(a)iii or that otherwise remains on deposit in the Protection Account on the relevant date.

(c) In preparing any payment instructions under the Trust Indenture, the Manager shall reflect the amounts payable under Section 2.01(a), if applicable.

(d) The Province shall, as a payee of Subrogation Amounts under clause 2.01(a)iv(B) and as a payee of any amounts payable under clause 2.01(b), be a "Specified Creditor" under the Trust Indenture and have the benefit of the Collateral thereunder.

(e) For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the Approved Obligation Amounts, if any, for payment to Beneficiary Payees and will be subject to the priorities and to the Province's rights to Subrogation Amounts, set forth in Section 2.01(a).

(f) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(g) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation by their terms.

(h) Any amount payable to the Province in respect of a Subrogation Amount shall bear interest from and including the date of payment by the Province of the related Guarantee Payment to but excluding the date of payment of the Subrogation Amount to the Province, such interest to accrue at the rate equivalent to the applicable interest rate borne by the related Approved Obligation, and such interest amounts shall be added to their respective Subrogated Amounts and shall consequently be payable in the same priority as the relevant Subrogated Amount under clause 2.01(a)iv(B), all such accruing interest amounts to be calculated and added to the Subrogation Amounts by the Manager in its discretion acting in a commercially reasonable fashion.

(i) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under and in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the

Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any amount due and payable to a Beneficiary Payee under the Limited Guarantee.

2.02 Intentionally Deleted.

2.03 Absence of Set-off

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 Payment into Protection Account in Satisfaction

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account" for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section **[7.03]** of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Financing Entity and the Indenture Trustee shall ensure that all amounts paid by the Province into the Protection Account on a Guarantee Payment Date in respect of an Approved Obligation are applied to pay the amounts due and payable to the Beneficiary Payee as and to the extent provided for in Section 2.01(a). Upon a payment having been made by or on behalf of the Province into the Protection Account, the amounts so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiary Payee as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such Beneficiary Payee in respect of the applicable Approved Obligations, whereupon an affected Beneficiary Payee shall have no continuing rights, interests or entitlements

(including rights as a secured party) in respect of the Approved Obligation to the extent so paid. For greater certainty, the obligations arising in respect of an applicable Approved Obligation shall not be reduced by such payment as the Province shall become entitled to be paid related Subrogation Amounts and the rights contemplated under Section 2.01(a) and Section 5.01 in relation to such continuing obligations.

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations in accordance with Section 8.01.

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

Except in respect of any Primary Obligation to which the Limited Guarantee will not apply on or after a Suspension Notice is delivered in accordance with Section 7.02, a Primary Obligation that is not a Certified Primary Obligation shall be an Approved Obligation. A Certified Primary Obligation shall constitute an Approved Obligation if (i) the Adherence Conditions applicable thereto have been satisfied at the time the Primary Obligation was incurred or (ii) the Province, in its sole discretion, designates in writing that it is an Approved Obligation.

4.02 Adherence Conditions

(a) The following shall be the Adherence Conditions applicable in relation to each Certified Primary Obligation:

i. the Certified Primary Obligation when incurred is an Obligation Secured under the Trust Indenture; and

ii. OPG, as FSM, delivers an Adherence Compliance Certificate in the form attached hereto as Exhibit B signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee, on or before the incurrence of the Certified Primary Obligation (provided that delivery may not be more than 5 Business Days before the incurrence of the Certified Primary Obligation); and

iii. the Province has not provided a Suspension Notice to the Indenture Trustee, OPG and the Financing Entity.

(b) Without limiting any obligations of OPG to the Province arising other than pursuant to this Agreement, satisfaction of the Adherence Conditions for a Certified Primary Obligation shall be deemed satisfaction of the Adherence Conditions in respect of all principal, interest and other amounts owing under the Certified Primary Obligation, as such Certified Primary Obligation may be amended, restated, supplemented or modified from time to time.

(c) For greater certainty, there shall be no Adherence Conditions applicable in relation to a Primary Obligation that is not a Certified Primary Obligation.

4.03 Evidence of Satisfaction

An Adherence Compliance Certificate delivered in accordance with clause 4.02(a)ii shall be determinative as to whether the applicable Adherence Condition with respect thereto has been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same. An Adherence Compliance Certificate that purports on its face to be signed by officers specified in clause 4.02(a)ii may be relied upon by any addressee without further enquiry or evidence as to the incumbency or signatures of such officers. If an Adherence Compliance Certificate is not delivered in accordance with the timing requirements of clause 4.02(a)ii such certificate may be delivered at a later date, and be effective as if it had been delivered in accordance with the timing requirement of clause 4.02(a)ii if at the time such certificate was otherwise required to be delivered OPG had delivered to the Province all certifications required by the Province in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation.

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, and shall be entitled to (i) the right and entitlement to be paid and receive the related Subrogation Amounts, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor

in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including Sections **[7.04]** through **[7.11]** and **[8.13]** (Payment Priorities), Section **[7.12]** (Payments Held in Trust), Section **[8.11]** (Control by Controlling Class Creditors), Section **[8.12]** (Limitation on Suits), Section **[8.14]** (Limited Recourse), Article IX (The Indenture Trustee), including all limitations of liability thereunder, Section **[9.14]** (Communications to Specified Creditors) and Section **[16.01]** (No Petition); (ii) consents, requests and authorizes the Issuer and the Indenture Trustee to (x) add the Province to the register of Specified Creditors described in subsection **[13.13(b)]** of the Trust Indenture and (y) disseminate the notice details of the Province to other Specified Creditors for the purposes set out in subsection **[9.14(b)]** of the Trust Indenture, and (iii) confirms that it will execute and deliver, or cause to be executed and delivered, all such further agreements, documents and instruments in connection with this Section 5.01 as the Indenture Trustee may request from time to time for the purpose of giving effect to the terms of this Section 5.01.

5.02 Priorities

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation and the Payable Approved Amounts thereunder shall rank equally with the rights, interests and entitlements of a Beneficiary to whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture in the manner and to the extent contemplated in Section **[7.10]** of the Trust Indenture.

5.03 Intentionally Deleted

5.04 Representations and Warranties

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
INDENTURE TRUSTEE MATTERS

6.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

6.02 Not Responsible for Recitals

The recitals contained herein will be taken as the statements of the Province, the Financing Entity and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

6.03 Representations and Covenants of the Indenture Trustee

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Agreement and has taken all necessary action to authorize the execution, delivery and performance by it of this Agreement;

(c) this Agreement has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada. If, notwithstanding the provisions of this subsection 6.03(d), the Indenture Trustee ceases to be so authorized to carry on business, the validity and

enforceability of this Agreement shall not be affected in any manner whatsoever by reason only of such event.

ARTICLE VII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

7.01 Suspension Notice

Upon:

(a) a Program Breach;

(b) a default in the performance, or breach, of any covenants of OPG, as FSM, or OPG, in its corporate capacity, in each case to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligation and the expiration of any applicable cure period;

(c) a representation or warranty made by OPG or a certification made by one or more officers of OPG, in each case whether as FSM or in its corporate capacity, to the Province in connection with its obligations to the Province and its internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligations, proves to be incorrect in any material respect on the date made and the expiration of any applicable cure period; or

(d) the FSM no longer being the Manager or actions having been taken by or on behalf of the Indenture Trustee to remove the FSM as the Manager;

the Province may deliver a written notice in the form of Exhibit C (a "**Suspension Notice**") to the Indenture Trustee, the FSM and the Financing Entity.

7.02 Suspension

If a Suspension Notice has been provided under Section 7.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of: (i) any Primary Obligation incurred, excluding Post-Suspension Refinancings, or (ii) any amendment of any Primary Obligation that has a Material Effect, unless otherwise agreed to by the Province, in each case, on or after the time such Suspension Notice is delivered.

7.03 Additional Right of the Province Regarding Post-Suspension Refinancings

Following the occurrence of a Suspension Event, the Limited Guarantee shall continue to apply in respect of any Post-Suspension Refinancing (for greater certainty, without regard to the satisfaction of any Adherence Conditions); provided that prior to the Financing Entity incurring any Primary Obligation constituting a Post-Suspension Refinancing, the Manager shall provide the Province with at least 30 days' notice of its intention to seek a Post-Suspension Refinancing

and prior to incurrence, which notice shall describe the material covenants, events of default, representations and warranties and indemnities of the Financing Entity and other material terms, excluding financial terms, rates and levels, and that shall be in respect of the full amount of the amount becoming due and payable in respect of the applicable Primary Obligation less amounts otherwise available to the Financing Entity from other available or committed sources (the "**Proposal**"), and during such 30 day period the Province may, but is not obligated to, offer to fund such Post-Suspension Refinancing or arrange for another Person to fund such Post-Suspension Refinancing on the same terms as set out in the Proposal or on such other terms as may be considered by the Province to be not more onerous on the Financing Entity and that are acceptable on that basis to the Financing Entity, acting reasonably. If, within such 30-day period, the Province elects to offer to fund such Post-Suspension Refinancing as provided in the preceding sentence, the Manager shall accept such offer; however, if the Province does not elect to offer to fund such Post-Suspension Refinancing, the Manager shall cause the Financing Entity to incur Primary Obligations constituting such a Post-Suspension Refinancing on substantially the same terms (excluding, for greater certainty, any financial terms, rates or levels) as those set out in the Proposal if the Post-Suspension Refinancing can be completed by the Financing Entity in compliance with the Act, or on such other terms as would not have a Material Effect, without taking into account any financial terms, rates or levels.

7.04 No Impact on Adherence

For greater certainty, the occurrence of a Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event or in respect of any Post-Suspension Refinancing.

ARTICLE VIII
MISCELLANEOUS

8.01 Term of Agreement

This Agreement will continue until the later of: (a) the date that no amount is or may become due and payable by the Province under the Limited Guarantee and (b) the date that no amount is or may become due and payable to the Province in respect of any Subrogation Amount.

8.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the

time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust

700 University Avenue

Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: Manager, Corporate Trust
Fax: (416) 981-9777
Email: corporatetrust.toronto@computershare.com

(b) if to the FSM:

Ontario Power Generation Inc.

700 University Avenue

Toronto, Ontario M5G 1X6

Attention: General Counsel
Fax: (416) 592-4189

(c) if to the Province:

Minister of Finance

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

and

Minister of Energy

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

With copies to:

Deputy Minister of Finance

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

and

Deputy Minister of Energy

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 8.02.

8.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section 8.03 shall be null and void.

8.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

8.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

8.07 Notice to Rating Agencies

OPG, as FSM, shall deliver prompt written notice to the Rating Agencies of the occurrence of (i) a Protection Event; (ii) receipt of a Suspension Notice delivered by the Province pursuant to Section 7.01; and (iii) an assignment of this Agreement by any party pursuant to Section 8.03.

8.08 Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their benefits hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

8.09 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, IN ITS CAPACITY AS TRUSTEE OF FAIR HYDRO TRUST, AS ISSUER, BY ONTARIO POWER GENERATION INC., NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration of a funding obligation" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Compliance Certificate**" means a certificate in the form attached hereto as Exhibit B delivered by the FSM in accordance with Section 4.02(a)ii.

"**Adherence Conditions**", means, in respect of a Certified Primary Obligation, the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of a Guarantee Payment Date, the aggregate of the Approved Obligation Amounts for such Guarantee Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, for a Beneficiary in respect of an Approved Obligation under which an amount is due and payable on a Guarantee Payment Date:

(a) if no Acceleration has occurred in respect of any Obligation Secured on or before the Guarantee Payment Date, the amount due and payable to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation (for greater certainty, determined on the assumption that there are adequate amounts available under the applicable payment provisions of the Trust Indenture to pay in full all amounts referred to in such payment provisions that are due and payable on the Guarantee Payment Date); and

(b) if an Acceleration has occurred in respect of any Obligations Secured on or before the Guarantee Payment Date, the amount that would be available to be paid to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation under the applicable payment provisions of the Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with such applicable payment provisions of the Trust Indenture in respect of each relevant month during each Reference Period is equal to the estimated Finance Amount determined in respect of such Reference Period for purposes of section 15(1) of the Act (in effect on the date hereof), including section 6.1 of the General Regulation (in effect on the date hereof), divided by the number of months in such Reference Period.

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Beneficiary Payee**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Certified Primary Obligations**" means Primary Obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest, including any Refinancing, other than a Post-Suspension Refinancing or a Pre-Approved Refinancing, of such a Primary Obligation (for greater certainty, including, in the case of any Certified Primary Obligation permitting funding transactions pursuant to a Funding Obligation Agreement applicable to the Certified Primary Obligation, each individual borrowing or funding utilization thereunder), (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not any individual trade confirmation other than a trade confirmation that modifies or purports to override the express terms or conditions of the related Master Agreement, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and expected (as determined by the Manager, acting reasonably) aggregate payments by the Financing Entity thereunder during the term of such contract are or would be in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).

"Change of Law Process Agreement" means the change of law process agreement between the Province and OPG;

"**Change of Law Protection Agreement**" means this Agreement.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Executive Officer**" has the meaning ascribed to the term "executive officer" in National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators.

"**Fair Allocation Amount**" has the meaning ascribed to the term "fair allocation amount" in the Act as of the date of this Agreement.

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the first paragraph of this Agreement until a successor Financing Entity Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and the Declaration of Trust, and thereafter "Financing Entity Trustee" means and includes such Person.

"**Financing Plan**" has the meaning ascribed to the term "Financing Plan" in the Act as of the date of this Agreement.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Guarantee Payment**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Guarantee Payment Date**" has the meaning ascribed thereto in Section 2.01(a)i.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**Holder**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Liens**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(a).

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity, as amended, supplemented, restated or otherwise modified from time to time.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Agreement**" means an agreement in the form of a Master Agreement as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, as amended, supplemented, restated or otherwise modified from time to time.

"**Material Effect**" means a material adverse effect on the obligations or the rights of the Province under the Limited Guarantee that relates to**, and in each case, differs in any material respect from the terms or conditions applicable to any other Transaction Document that forms part of the Reference Documentation at the relevant time, the following**: (i) the timing of or circumstances under which Primary Obligations would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization) that, in each case, is inconsistent with the Fair Allocation Amount~~ or the terms of any previously provided Reference Documentation~~; (ii) the appointment, obligations or duties of OPG as the Manager; (iii) the existence, powers or authority of the Financing Entity or the Financing Entity Trustee; (iv) the obligations of the Indenture Trustee to or in respect of the Province as a Specified Creditor; (v) the payment provisions and associated priorities set forth in the Trust Indenture; (vi) compliance by the FSM with the then applicable Financing Plan; (vii) compliance by the FSM or the Financing Entity with the Act or the General Regulation; or (viii) the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of this Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation.

"**Notes**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Payable Approved Amounts**" has the meaning ascribed thereto in 2.01(a).

"**Payment Date**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, unlimited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Post-Suspension Refinancing**" means a Funding Obligation that is an Obligation Secured and that is incurred on or after the occurrence of a Suspension Event in compliance with the requirements of Section 7.03, as a Refinancing of one or more Series of Approved Obligations (including any Pre-Approved Refinancing incurred on or after the occurrence of a Suspension Event), in each case the proceeds of which, together with any other funds that may be available, are used solely for the purpose of paying in full such Series of Approved Obligations **and any costs and expenses associated with such Refinancing**.

"**Pre-Approved Refinancing**" means a Refinancing of a Certified Primary Obligation in respect of which the Province has, prior to the incurrence of such Certified Primary Obligation, agreed shall be an Approved Obligation, subject to compliance with such conditions and requirements as may be specified in such agreement.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account or Finance Reserve Account; and (ii) any obligation to pay the Financing Entity or on the Financing Entity's direction any remaining amounts in the Collection Account pursuant to the Trust Indenture.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that (X) adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations when due and payable, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any Finance Reserve Account, Capital Account or collateral posting account applicable under a Derivative Agreement, (ii) the availability of any credit enhancement agreement to which the Financing Entity is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in any of clauses (i) to (v) of this paragraph (a), or (Y) adversely affects the enforceability of, or adversely changes, the terms and conditions of this Agreement or of any of the agreements under which Approved Obligations arise; or

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations when due and payable and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Approved Obligations that have become due and payable, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any Finance Reserve Account, Capital Account or collateral posting account applicable under a Derivative Agreement, (ii) the availability of any credit enhancement agreement to which the Financing Entity is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in paragraph (b).

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency Condition" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"Reference Documentation" has the meaning ascribed thereto in the Change of Law Process Agreement.

"**Reference Period**" has the meaning ascribed to the term "reference period" in the Act as of the date of this Agreement.

"**Refinancing**" has the meaning ascribed to the term "refinancing" in the Act as of the date of this Agreement, as more particularly described and given meaning in the General Regulation as of the date of this Agreement.

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Specified Creditor**" has the meaning ascribed thereto in the Trust Indenture on the date hereof.

"**Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(B).

"**Subrogation Payment Date**" has the meaning ascribed thereto in clause 2.01(a)iv.

"**Suspension Event**" has the meaning ascribed thereto in Section 7.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 7.01.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"Transaction Document" has the meaning ascribed thereto in the Change of Law Process Agreement.

"**True-up Amount**" has the meaning ascribed to the term "true up amount" in the Act as of the date of this Agreement.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

EXHIBIT A
FORM OF PAYMENT DEMAND

TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Pursuant to and in accordance with section 2.01(a) of the Change of the Law Protection Agreement, the Indenture Trustee hereby demands payment from the Province in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in the Change of Law Protection Agreement.

DATED as of the [■] day of [■], [■].

BNY TRUST COMPANY OF CANADA

By:
Name:
Title:

By:
Name:
Title:

EXHIBIT B
FORM OF ADHERENCE COMPLIANCE CERTIFICATE UNDER SECTION 4.02(a)

TO: **BNY TRUST COMPANY OF CANADA**, in its capacity as Indenture Trustee (the "**Indenture Trustee**") under the Master Trust Indenture dated as of December ●, 2017 between Fair Hydro Trust and the Indenture Trustee (the "**Master Trust Indenture**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province of Ontario, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust, Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Each of the undersigned, being the ● and ● of OPG acting in its capacity as FSM and holding the offices set forth under their names and signatures below, pursuant to and accordance with clause 4.02(a)ii of the Change of Law Protection Agreement, hereby certifies for and on behalf of OPG, in its capacity as Financial Services Manager, and not in such officer's personal capacity and intending that this certificate may be relied on by the addressees hereof without independent inquiry, that:

1. I have read and understand the provisions of the Change of Law Protection Agreement, the Master Trust Indenture and all other documents and materials necessary to enable me to deliver this certificate.
2. If the Certified Primary Obligation is a Refinancing, the proceeds of the Refinancing will be used solely for the purpose of repaying one or more Certified Primary Obligations in respect of which the Adherence Conditions in Subsection 4.02(a) of the Change of Law Protection Agreement had been satisfied, including one or more other Refinancings in respect of which the Adherence Conditions in Subsection 4.02(a) of the Change of Law Protection Agreement had been satisfied.
3. OPG has delivered to the Province a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate was provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation.

DATED as of the [■] day of [■], [■].

_____	_____
Name: [1]	Name:
Office:	Office:

[1] This certificate must be signed by two officers of OPG being either (i) the Chief Financial Officer and the Treasurer, or (ii) any two Executive Officers (as defined in the Change of Law Protection Agreement) of OPG.

EXHIBIT C
SUSPENSION NOTICE

TO: Ontario Power Generation Inc., in its capacity as Financial Services Manager

AND TO: Fair Hydro Trust

AND TO: Computershare Trust Company of Canada, in its capacity as trustee of Fair Hydro Trust

BNY Trust Company of Canada, as Indenture Trustee

AND TO:

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement. All references in this Suspension Notice to "Articles" or "Sections" refer to Articles or Sections of the Change of Law Protection Agreement.

The Province has a reasonable basis for concluding that an event described in clauses (a) to (d) of Section 7.01 has occurred. Pursuant to Section 7.01, the Province hereby declares that the Limited Guarantee shall hereby not apply in respect of (i) any Primary Obligation incurred, excluding Post-Suspension Refinancings or Pre-Approved Refinancings or (ii) any amendment of any Primary Obligation that has a Material Effect, unless otherwise agreed to by the Province, in each case, on or after delivery of this Suspension Notice.

This Suspension Notice is hereby delivered to the FSM, the Financing Entity and the Indenture Trustee in accordance with Section 8.02 of the Change of Law Protection Agreement.

* * * *

DATED as of the [■] day of [■], [■].

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

Document comparison by Workshare Compare on December-14-17 11:36:43 PM

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Split/Merged cell	
Padding cell	

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Moved to	0
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Total changes	40

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.

CHANGE OF LAW PROCESS AGREEMENT

Dated as of [■], 2017

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**") is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.

Pursuant to a Declaration of Trust dated as of [■], 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the applicable Adherence Conditions.

Prior to entering into this Agreement, OPG provided the Province with the final forms of certain of the Transaction Documents, as described on Exhibit "A", and the Province has not objected to such forms and hereby confirms to OPG that such Transaction Documents will constitute "Reference Documentation" for purposes of this Agreement.

Prior to entering into this Agreement, OPG, as the FSM, provided the Minister of Energy, in compliance with the Act, with the initial Financing Plan, which includes the initial forecast (the "**Initial Forecast**") setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Obligations Secured to be incurred during the 24 month period from December 1, 2017 to November 30, 2019 (the "**Initial Forecast Period**"). Prior to entering into this Agreement, OPG provided the Province with the initial Protection Agreement Maximum (the "**Initial Protection Agreement Maximum**"). The Province has received the initial Financing Plan and has not disagreed with the Initial Forecast or the Initial Protection Agreement Maximum on the basis of an apparent inaccuracy in the Initial Forecast, an inconsistency between the Initial Forecast and the initial Financing Plan, or as a result of the Initial Protection Agreement Maximum being more than the Initial Forecast.

This Agreement sets out the obligations OPG has agreed to perform and assurances OPG has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the applicable Adherence Conditions have been satisfied and maintaining information related to the Program Agreements and the Approved Obligations.

All things necessary to make this Agreement a valid and legally binding agreement of OPG and the Province, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall"; the word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other

subdivisions of this Agreement as originally executed; the words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 References to the Financing Entity

For greater certainty, each reference to the Financing Entity shall be construed as a reference to the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.04 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.06 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby**, and any material amendment of this Agreement will only be binding if the Rating Agency Condition has been satisfied**. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF OPG

2.01 Deliveries to the Province

(a) OPG shall promptly deliver to the Province a copy of any proposed change to or replacement of the Financing Plan.

(b) Not less than 10 Business Days, or such lesser period as the Province may agree to in writing, prior to:

(i) any proposed material change in the terms or conditions applicable to a Primary Obligation in a previously provided Transaction Document becoming effective or otherwise being used; provided, however, that a proposed change in particular financial terms, rates or levels shall not constitute a material change, and

(ii) any additional, supplemental or replacement Transaction Document becoming effective or otherwise being used,

OPG shall deliver to the Province a copy of such proposed change to the Transaction Document and any such additional, supplemental or replacement Transaction Document.

(c) Without limiting Subsection 2.01(b), and except as has previously been provided to the Province under Subsection 2.01(b), promptly following (i) any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor being made, (ii) any new, additional, supplemental or replacement instruments, documents, agreements or security being used or granted in connection with all or any part of the Approved Obligations, or (iii) any waiver, release, reconveyance, termination, abandonment, subordination, exchange, substitution, transfer, compound, compromise, liquidation or enforcement of all or any part of the Approved Obligations or any security or guarantee therefor being effected, OPG shall deliver to the Province a detailed description of such event and the reasons for it together with any related documents, agreements and instruments.

(d) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, OPG shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations

(including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(e) Promptly upon request, OPG shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

2.02 Covenants

(a) OPG shall use commercially reasonable efforts to cause the Financing Entity to:

(i) punctually perform and observe all of the Financing Entity's obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not (unless waived in writing by the Province):

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement, replacement, waiver or consent could reasonably be considered to have a Material Effect; provided, however, that the foregoing does not apply to any supplement, amendment, modification, restatement, replacement, waiver or consent in respect of particular financial terms, rates or levels;

(B) extend, renew, compromise, novate, replace, suspend, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, liquidate or enforce the terms of all or any part of the Approved Obligations or any Collateral, if any such action could reasonably be considered to have a Material Effect; provided, however, that the foregoing does not apply to any such action taken in respect of particular financial terms, rates or levels; or

(C) permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired.

(b) If any action restricted pursuant to Section 2.02(a)(v) is reflected in a delivery required to be made by OPG to the Province pursuant to Section 2.01(b) and is not objected to by the Province under Section 3.04(b), the Province shall be deemed to have waived its rights in respect of such action under Section 2.02(a)(v).

(c) OPG shall:

(i) comply, and shall use commercially reasonable efforts to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

(ii) punctually perform and observe all of its (including as the FSM and as Manager) obligations and agreements contained in the Program Agreements;

(iii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation; and

(iv) notify the Province of (1) the occurrence of any Breach Event and any Program Breach, in each case within 2 Business Days of any such occurrence, and (2) any event or circumstance known to OPG that with the passage of time or the giving of notice would be a Breach Event or a Program Breach, in each case within 1 Business Day of OPG first becoming aware of such event or circumstance; and

(v) after the occurrence of any Protection Event (or any event or circumstance known to OPG that with the passage of time or the giving of notice would be a Protection Event), not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.

(d) The Province and OPG acknowledge that their obligations to each other under the Indemnity Agreement between the Province and OPG dated June 1, 2017 (as amended, the "**Indemnity Agreement**") are not amended by this Agreement and continue in full force and effect, notwithstanding that this Agreement is entered into subsequent to the Indemnity Agreement.

(e) The Province and OPG acknowledge that their obligations to each other under the Indemnity Agreement are not amended by the Change of Law Protection Agreement and continue in full force and effect, notwithstanding that the Change of Law Protection Agreement was entered into subsequent to the Indemnity Agreement.

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate

OPG shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Province, on or before the incurrence or any amendment of a Funding Obligation, other than any Funding Obligation under which not more than $5,000,000 in the aggregate may become payable by the Financing Entity (provided that delivery may not be more than 5 Business Days before the incurrence or amendment of the Funding Obligation), setting out the following with respect to such Funding Obligation:

(a) the material terms of the Funding Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a Derivative Agreement, OPG's best estimate of the expected notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

(b) if an existing Funding Obligation is proposed to be amended, material details respecting such amendment, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

(c) a statement to the effect that: (i) the Funding Obligation to be incurred or amended (1) will arise under terms and conditions that are Substantially in the Form of the Reference Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reference Documentation;

(d) a statement confirming that any disclosure made in respect of the Funding Obligation (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to the Funding Obligation) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement has been made available to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made;

(e) a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and

(f) confirmation that, at the time the Funding Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Funding Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the Protection Agreement Maximum applicable on the date that the Process Certificate is delivered; for clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be determined on the date the Process Certificate is delivered hereunder in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

3.02 Acknowledgement regarding delivery of certificate under Change of Law Protection Agreement

The Province acknowledges and agrees that, concurrent with the delivery of the Process Certificate pursuant to Section 3.01 of this Agreement, the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) are authorized to deliver the certificate referred to in Subsection 4.02(a)(ii) of the Change of Law Protection Agreement to the Indenture Trustee confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with adherence of the Limited Guarantee to the incurrence of the Certified Primary Obligations in respect of which the certificate in Subsection 4.02(a)(ii) of the Change of Law Protection Agreement is being delivered; provided that, upon receipt of a Suspension Notice under the Change of Law Protection Agreement, OPG covenants not to deliver any further certificates to the Indenture Trustee under Subsection 4.02(a)(ii) of the Change of Law Protection Agreement.

3.03 Acknowledgement regarding delivery of Suspension Notice

The parties acknowledge and agree that the Province is entitled to deliver a Suspension Notice under Section 7.01 of the Change of Law Protection Agreement if a Program Breach or Breach Event has occurred. The Province agrees not to deliver a Suspension Notice pursuant to Section 7.01 of the Change of Law Protection Agreement unless a Program Breach or a Breach Event has occurred.

3.04 Meaning of "Reference Documentation"

For the purposes of Subsection 3.01(c), the term "Reference Documentation" shall mean each Transaction Document that, at the relevant time:

(a) is a Transaction Document listed on Exhibit "A"; or

(b) is a Transaction Document (including any amended or amended and restated Transaction Document) provided to the Province in accordance with Subsection 2.01(b) that has not been objected to by the Province, by delivery of an objection notice in writing delivered to OPG, within 10 Business Days after it is provided to the Province; provided that the Province (i) shall only be entitled to deliver an objection notice if the Transaction Document (including any amended or amended and restated Transaction Document) has a Material Effect and (ii) shall not be entitled to deliver an objection notice in respect of any Post-Suspension Refinancing.

3.05 Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(c), the term "Substantially in the Form" shall mean:

(a) with respect to the Reference Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such Reference Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation that could have a Material Effect; provided, however, that the foregoing does not apply to any particular financial terms, rates or levels; and

(b) with respect to the Reference Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum

(a) Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Obligations Secured that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Obligations Secured to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast shall be

further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum, which may not exceed such Forecast.

(b) Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of any further Forecast and notice of the revised Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province may disagree with such further Forecast or revised Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in such further Forecast, (ii) the further Forecast is inconsistent with the Financing Plan, or (iii) the revised Protection Agreement Maximum is more than the further Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the revised Protection Agreement Maximum will be further revised accordingly and confirmed by an amended notice to the Province.

(c) For clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be valued at the time to be determined for the purposes of this Section 4.01 in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of OPG

OPG represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, may cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario and has the power and authority to enter into and perform its

obligations under this Agreement and all instruments and agreements delivered pursuant hereto.

(c) OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Financing Entity or in the ability of the Financing Entity to perform its obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

5.02 Representations and Warranties of the Province

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
BREACH EVENTS

6.01 Breach Events

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

(a) a default in the performance, or breach, by OPG of Section 2.01(b)(i), Section 2.02(b)(iv) or Section 3.01;

(b) a default in the performance, or breach, of any other covenants of OPG under this Agreement (excluding Section 2.01(b)(i), Section 2.02(b)(iv) and Section 3.01), which, if curable in a way such that the default or breach would not have or have had a Material Effect, is not so cured within thirty (30) days;

(c) any representation or warranty made by OPG in this Agreement, any certification made in a Process Certificate, or any certification made in a certificate contemplated by Subsection 4.02 of the Change of Law Protection Agreement, proves to be incorrect in a material respect on the date made and which, if curable in a way such that the incorrect representation or warranty may be remedied without any Material Effect having occurred as a result of the Province's reliance thereon, is not so cured within thirty (30) days; or

(d) OPG is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the Manager.

ARTICLE VII
MISCELLANEOUS

7.01 Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

7.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to OPG:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

(b) if to the Province:

Deputy Minister of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Deputy Ministry of Energy
[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 7.02.

7.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 7.03 shall be null and void.

7.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

7.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

7.06 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

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

By: _____

Name:
Title:

By: _____

Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Breach Event**" has the meaning ascribed thereto in Section 6.01.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the Financing Entity, OPG (as the FSM and the Manager) and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

"**Fair Allocation Amount**" has the meaning ascribed to the term "fair allocation amount" in the Act as of the date of this Agreement.

"**Financing Entity**" means Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(a).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**IESO Security Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**Initial Forecast**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Initial Forecast Period**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Initial Protection Agreement Maximum**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO.

"**Material Effect**" means a material adverse effect on the obligations or the rights of the Province under the Limited Guarantee, the Change of Law Protection Agreement or this Agreement that relates to**, and in each case, differs in any material respect from the terms or conditions applicable to any other Transaction Document that forms part of the Reference Documentation at the relevant time, the following**: (i) the timing of or circumstances under which related payments would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization) that, in each case, is inconsistent with the Fair Allocation Amount~~ or the terms of any previously provided Reference Documentation~~; (ii) the appointment, obligations or duties of OPG as the Manager; (iii) the existence, powers or authority of the Financing Entity or the Financing Entity Trustee; (iv) the obligations of the Indenture Trustee to or in respect of the Province as a Specified Creditor; (v) the payment provisions and associated priorities set forth in the Trust Indenture; (vi) compliance by the FSM with the then applicable Financing Plan; (vii) compliance by the FSM or the Financing Entity with the Act or the General Regulation; or (viii) the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of the Change of

Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Protection Agreement Maximum**" means the dollar amount referenced as the Program Agreement Maximum and determined in accordance with Section 4.01.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture.

"**Reference Documentation**" has the meaning ascribed thereto in Section 3.04.

"**Repayment**" has the meaning ascribed to the term "repayment" in the General Regulation as of the date of this Agreement.

"**Substantially in the Form**" has the meaning ascribed thereto in Section 3.05.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement; (vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected,

including any other agreement under which the Financing Entity incurs a material financial obligation or that could affect the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

EXHIBIT "A"
INITIAL REFERENCE DOCUMENTATION

- Declaration of Trust;
- Management Agreement;
- Master Transfer and Servicing Agreement;
- Acknowledgement and indemnity agreement dated as of [■], 2017 made by IESO in favour of the Indenture Trustee;
- IESO Security Agreement;
- Trust Indenture;
- Warehouse Senior Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;
- Warehouse Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017; and
- Warehouse Junior Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

Document comparison by Workshare Compare on December-14-17 7:24:12 PM

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Style change	
Format change	
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Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
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Deletions	11
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	23

WAREHOUSE

SENIOR SERIES 2017-1

SUPPLEMENTAL INDENTURE

between

FAIR HYDRO TRUST

by

COMPUTERSHARE TRUST COMPANY OF CANADA
as Issuer Trustee

and

BNY TRUST COMPANY OF CANADA
as Indenture Trustee

and

ROYAL BANK OF CANADA
as Administrative Agent

and

CERTAIN CP CONDUIT PURCHASERS,
CERTAIN NON-CONDUIT PURCHASERS
CERTAIN FUNDING AGENTS
and CERTAIN GROUP BANKS

Made as of December [21], 2017

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FLOATING RATE VARIABLE FUNDING,
SERIES 2017-1 SENIOR NOTES

SUPPLEMENTAL INDENTURE made as of ●**December [21]**, 2017, between **Computershare Trust Company of Canada**, a trust company established under the laws of Canada (the "**Issuer Trustee**"), in its capacity as trustee of **Fair Hydro Trust**, a trust existing under the laws of the Province of Ontario (in such capacity, the "**Issuer**"), **BNY Trust Company of Canada**, a trust company established under the laws of Canada (the "**Indenture Trustee**"), ●**Royal Bank of Canada**, in its capacity as the administrative agent for the Purchaser Groups (the "**Administrative Agent**"), the **Non-Conduit Purchasers** from time to time party hereto, the **CP Conduit Purchasers** from time to time party hereto, and the **Funding Agents** for the CP Conduit Purchaser Groups from time to time party hereto.

WHEREAS pursuant to the Trust Indenture, provision was made for the issuance of Notes from time to time;

AND WHEREAS pursuant to the Trust Indenture, Notes may be issued in one or more Series by the execution and delivery of a Supplemental Indenture;

AND WHEREAS the parties hereto are entering into this Supplemental Indenture to provide for the creation and issuance of the Series 2017-1 Senior Notes;

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

ARTICLE 1
INTERPRETATION

1.1 Definitions

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

(b) Except as otherwise expressly provided or unless the context otherwise requires, all terms used herein which are defined in the Trust Indenture, either directly or by reference therein, have the meanings assigned to them in the Trust Indenture.

1.2 Interpretation

Subject to the next following sentences, this Supplemental Indenture is supplemental to the Trust Indenture and the Trust Indenture shall be read in conjunction with this Supplemental Indenture and all of the provisions of the Trust Indenture shall apply to and shall have effect in connection with this Supplemental Indenture in the same manner as if all of the provisions of the Trust Indenture and of this Supplemental Indenture were contained in one instrument. This Supplemental Indenture shall, unless the context otherwise requires, be subject to the interpretative provisions contained in Article 1 of the Trust Indenture. If any terms of the Trust

Indenture are inconsistent with the express terms or provisions hereof, the terms and provisions of the Trust Indenture shall be, solely in respect of the Series 2017-1 Senior Notes, amended and supplemented so as to be consistent herewith. The provisions of this Supplemental Indenture are applicable only in respect of the Series 2017-1 Senior Notes and not the Notes of any other Series.

1.3 Application of this Supplemental Indenture

With respect to the Series 2017-1 Senior Notes only, the terms of the Trust Indenture are amended, supplemented, modified, restated and replaced to the extent applicable by the terms of this Supplemental Indenture in respect of the Series 2017-1 Senior Notes in accordance with Section 1.2 above.

ARTICLE 2
PRINCIPAL TERMS

2.1 Creation of Series 2017-1 Senior Notes

There is hereby created a Series of Notes to be issued pursuant to the Trust Indenture and this Supplemental Indenture designated as the "**Floating Rate Variable Funding Senior Notes, Series 2017-1**."

2.2 Principal Terms

In addition to and without limiting any of the provisions of this Supplemental Indenture, the Series 2017-1 Senior Notes:

(a) will be designated as set out in Section 2.1;

(b) will be Senior Notes;

(c) will have a Stated Principal Amount equal to the Series 2017-1 Maximum Principal Amount;

(d) will not be issued in Tranches;

(e) will be denominated in Canadian dollars;

(f) will not be listed on any securities exchange;

(g) will have an Initial Dollar Principal Amount equal to the Series 2017-1 Initial Principal Amount;

(h) will be issued as definitive notes and will not be in the form of a Global Note;

(i) will be issued as Registered Notes and will be without coupons;

(j) will be substantially in the form of Schedule B, with such appropriate insertions, omissions, substitutions and variations as may be approved by the Issuer;

(k) will have each Payment Date on and after the Payment Date in ~~February~~**January,** 2018 as an Interest Payment Date;

(l) will have Principal Payment Dates as determined under Section 3.7~~(a)~~;

(m) will have Principal Payment Default Dates as ~~determined under Section 3.7(b)~~**defined herein**; and

(n) will have no minimum issue amount.

ARTICLE 3
NOTE PURCHASE FACILITY

3.1 Purchase of Notes by the Purchasers

(a) ***Initial Purchases***. Subject to the terms and conditions of this Supplemental Indenture, including delivery of notice in accordance with Section 3.3, (i) each Non-Conduit Purchaser shall purchase, and each CP Conduit Purchaser may, in its sole discretion, purchase a Series 2017-1 Senior Note in an amount equal to all or a portion of its Commitment Percentage of the Series 2017-1 Initial Principal Amount on any Business Day during the period from the date hereof to and including ~~[~~December ~~18, 2017~~**[21]**, **2017,** and if any such CP Conduit Purchaser shall have notified the Administrative Agent and the Funding Agent with respect to such CP Conduit Purchaser that it has elected not to fund a Series 2017-1 Senior Note in an amount equal to its Commitment Percentage of the Series 2017-1 Initial Principal Amount on the Closing Date, the Group Bank with respect to such CP Conduit Purchaser shall fund on the Closing Date that portion of such Series 2017-1 Senior Note not to be funded by such CP Conduit Purchaser; and (ii) thereafter, (A) each Non-Conduit Purchaser shall maintain its Series 2017-1 Senior Note, subject to increase or decrease during the period from the Closing Date to and including the Commitment Expiry Date, in accordance with the provisions of this Supplemental Indenture, (B) if a CP Conduit Purchaser shall have purchased a Series 2017-1 Senior Note on the Closing Date, such CP Conduit Purchaser may, in its sole discretion, maintain its Series 2017-1 Senior Note, subject to increase or decrease during the period from the Closing Date to and including the Commitment Expiry Date, in accordance with the provisions of this Supplemental Indenture, and (C) the Group Bank shall maintain its Series 2017-1 Senior Note with respect to its Related Purchaser Group, subject to increase or decrease during the period from the Closing Date to and including the Commitment Expiry Date, in accordance with the provisions of this Supplemental Indenture. Payments by the Non-Conduit Purchasers, the CP Conduit Purchasers and/or the Group Bank with respect to the CP Conduit Purchasers shall be made in immediately available funds on the Closing Date in accordance with Section 3.3(d).

(b) ***Maximum Purchaser Group Principal Amounts***. Notwithstanding anything to the contrary contained in this Supplemental Indenture, at no time shall a Purchaser

Group be required to make the initial purchase of a Series 2017-1 Senior Note or increase its Purchaser Group Principal Amount if the sum of (x) Purchaser Group Principal Amount with respect to such Purchaser Group, after giving effect to such purchase or increase, and (y) the sum of any unfunded Delayed Amounts with respect to such Purchaser Group, would exceed the Maximum Purchaser Group Principal Amount with respect to such Purchaser Group at such time.

3.2 Delivery

(a) On the Closing Date (or on any later date that any Purchaser Group becomes a party to this Supplemental Indenture), Series 2017-1 Senior Notes shall be executed, authenticated and delivered by the Issuer in accordance with Section 4.03 of the Trust Indenture (i) in the case of a CP Conduit Purchaser Group, in the name of the Funding Agent with respect to such CP Conduit Purchaser Group (or as otherwise requested by such CP Conduit Purchaser Group and agreed to by the Issuer) in an amount equal to the Maximum Purchaser Group Principal Amount with respect to such CP Conduit Purchaser Group and delivered to such Funding Agent; or (ii) in the case of a Non-Conduit Purchaser Group, in the name of the Related Non-Conduit Purchaser in an amount equal to the Maximum Purchaser Group Principal Amount with respect to such Related Non-Conduit Purchaser~~ Group~~ and delivered to such Related Non-Conduit Purchaser.

(b) The Administrative Agent shall maintain a record of the actual Purchaser Group Principal Amount outstanding with respect to each Purchaser Group and the actual Series 2017-1 Principal Amount outstanding on any date of determination, which, absent manifest error, shall constitute prima facie evidence of the outstanding Purchaser Group Principal Amounts and outstanding Series 2017-1 Principal Amount from time to time. Upon a written request from the Indenture Trustee, the Administrative Agent shall provide in writing the identity of the Purchaser Groups, the related Funding Agents for each CP Conduit Purchaser Group, the Purchaser Group Principal Amount for each Purchaser Group and the Commitment Percentage with respect to such Purchaser Group to the Indenture Trustee.

3.3 Procedure for Initial Issuance and for Increasing the Series 2017-1 Principal Amount

(a) (i) On any Business Day prior to ~~[**December 18, 2017**], in the case of a Non-Conduit Purchaser Group, the Related Non-Conduit Purchaser hereby agrees, or in the case of a CP Conduit Purchaser Group, the CP Conduit Purchaser in such CP Conduit Purchaser Group may agree, in its sole discretion, and the Group Bank with respect to such CP Conduit Purchaser hereby agrees~~**December [21], 2017,** in the case of a Non-Conduit Purchaser Group, the Related Non-Conduit Purchaser hereby agrees, or in the case of a CP Conduit Purchaser Group, the CP Conduit Purchaser in such CP Conduit Purchaser Group may agree, in its sole discretion, and the Group Bank with respect to such CP Conduit Purchaser hereby agrees, that it will purchase a Series 2017-1 Senior Note for an initial purchase

price equal to the Commitment Percentage with respect to such Purchaser Group of the Series 2017-1 Initial Principal Amount upon the request of the Issuer (the date on which the initial purchase occurs being referred to as the "**Closing Date**"); provided, however, that the Issuer shall have given the Administrative Agent (with a copy to the Indenture Trustee) irrevocable written notice (effective upon receipt), by email communication, substantially in the form of Schedule C no later than **[3:00 p.m.]** (Toronto time) on the third Business Day prior to the Closing Date. The written notice of the initial purchase of the Series 2017-1 Senior Notes shall state equal to the Commitment Percentage with respect to such Purchaser Group of the Series 2017-1 Initial Principal Amount upon the request of the Issuer (**the date on which the initial purchase occurs being referred to as the "Closing Date"); provided, however, that the Issuer shall have given each of the Funding Agents** (with a copy to the Indenture Trustee) irrevocable **written notice (effective upon receipt), by email communication, substantially in the form of** Schedule C no later than **12:00 p.m. (Toronto time) on the second** Business Day prior to the Closing Date. The written notice of the initial purchase of the Series 2017-1 Senior Notes shall state (x) the Closing Date, and (y) the initial total purchase price to be paid for the Series 2017-1 Senior Notes (the "**Series 2017-1 Initial Principal Amount**"); and (ii) subject to Section 3.3(e), on any Business Day during the period from the initial purchase of the Series 2017-1 Senior Notes hereunder to and including the Commitment Expiry Date, in the case of a Non-Conduit Purchaser Group, the Related Non-Conduit Purchaser hereby agrees, or in the case of a CP Conduit Purchaser Group, the CP Conduit Purchaser in such CP Conduit Purchaser Group may agree, in its sole discretion, and the Group Bank with respect to such CP Conduit Purchaser hereby agrees that the Purchaser Group Principal Amount with respect to such Purchaser Group may be increased by an amount equal to the Commitment Percentage with respect to such Purchaser Group of the Increase Amount (an "**Increase**"), upon the request of the Issuer (in the case of a Non-Conduit Purchaser Group, the Related Non-Conduit Purchaser hereby agrees, or in the case of a CP Conduit Purchaser Group, the CP Conduit Purchaser in such CP Conduit Purchaser Group may agree, in its sole discretion, and the Group Bank with respect to such CP Conduit Purchaser hereby agrees that the Purchaser Group Principal Amount with respect to such Purchaser Group may be increased by an amount equal to the Commitment Percentage with respect to such Purchaser Group of the **Increase Amount (an "Increase"),** upon the request of the Issuer (each date on which an increase in the Series 2017-1 Principal Amount occurs hereunder being herein referred to as the "**Increase Date**" applicable to such Increase); provided, however, that the Issuer shall have given the Administrative Agent (with a copy to the Indenture Trustee) irrevocable); provided, however, that the Issuer shall have given the Administrative Agent**, each Funding Agent and each Non-Conduit Purchaser** (with a copy to the Indenture Trustee) irrevocable (other than as specified in Section 3.3(e)) written notice (effective upon receipt), by email communication, substantially in the form ofemail communication, substantially in the form of Schedule C (an "**Increase Notice**") no later than **[3**12:00 p.m.**]** (Toronto time) on (A) with respect to a Deferrable Increase Notice, the third Business Day prior to such Increase Date, or

(B) with respect to a Non-Deferrable Increase Notice, the second Business Day prior to such Increase Date. Each Increase Notice shall state (x) the Increase Date, (y) the proposed amount of the increase in the Series 2017-1 Principal Amount (an "**Increase Amount**"), (z) whether a Delayed Funding Notice may be delivered in connection with such Increase pursuant to Section 3.3(e) and whether the Increase is to fund a Transfer (a "**Transfer Increase**") or is in respect of a Refinancing (a "**Refinancing Increase**"). The Commitment Percentage with respect to any Purchaser Group of the Increase Amount set forth in any Non-Deferrable Increase Notice shall not exceed such Purchaser Group's Non-Deferrable Draw Amount as of the related Increase Date.

(b) If a CP Conduit Purchaser elects not to fund the full amount of its Commitment Percentage of a requested Increase, such CP Conduit Purchaser shall notify the Administrative Agent and the Funding Agent with respect to such CP Conduit Purchaser, and the Group Bank with respect to such CP Conduit Purchaser shall fund the portion of the Commitment Percentage with respect to such Related Purchaser Group of such Increase not funded by such CP Conduit Purchaser.

(c) No Purchaser Group shall be required to increase its Purchaser Group Principal Amount on any Increase Date hereunder unless:

(i) such Purchaser Group's Commitment Percentage of such Increase Amount is (A) equal to $1,000,000 or more, or (B) if less than $1,000,000, the difference between the Maximum Purchaser Group Principal Amount with respect to such Purchaser Group and the Purchaser Group Principal Amount with respect to such Purchaser Group; and

(ii) after giving effect to such Increase Amount, the sum of the (x) the Purchaser Group Principal Amount, and (y) any unfunded Delayed Amounts with respect to such Purchaser Group would not exceed the Maximum Purchaser Group Principal Amount with respect to such Purchaser Group;

(d) ~~Upon~~**After** receipt **by any Funding Agent with respect to a CP Conduit Purchaser Group** of any notice required by Section 3.3(a) or permitted by Section 3.3(e) from the Issuer~~, the Administrative Agent shall forward (by email communication) a copy of such notice to each Non-Conduit Purchaser and the Funding Agent with respect to each CP Conduit Purchaser Group (or, with respect to any notice pursuant to Section 3.3(e) requiring a Delayed Funding Purchaser Group to decrease its Delayed Amount, the applicable Non-Conduit Purchaser or Funding Agent), no later than **[5:00 p.m.]** (Toronto time) on the Business Day received. After receipt by any Funding Agent with respect to a CP Conduit Purchaser Group of such notice from the Administrative Agent~~, such Funding Agent shall, so long as the conditions set forth in Sections 3.3(a) and (c) and Article 4 are satisfied, promptly provide notice by email communication to the related CP Conduit Purchaser and the related Group Bank, of the Increase Date and of such CP Conduit Purchaser Group's Commitment Percentage of the

Closing Date or Increase Amount, as applicable. Subject to Section 3.3(e), if such CP Conduit Purchaser elects to fund all or a portion of its Commitment Percentage of the Series 2017-1 Initial Principal Amount or the Increase Amount, as applicable, such CP Conduit Purchaser shall pay in immediately available funds its Commitment Percentage (or any portion thereof) of the amount of the Series 2017-1 Initial Principal Amount or Increase Amount, as applicable, on the Closing Date or the related Increase Date, as applicable, to the Funding Agent with respect to such CP Conduit Purchaser Group for remittance to the Issuer for application in accordance with Section 3.3(h). Subject to Section 3.3(e), if such CP Conduit Purchaser does not fund the full amount of the Commitment Percentage of such CP Conduit Purchaser Group of the Series 2017-1 Initial Principal Amount or an Increase Amount, as applicable, and the related Group Bank is required to fund the portion thereof not funded by the CP Conduit Purchaser, such Group Bank shall pay in immediately available funds such portion on the Closing Date or the related Increase Date, as applicable, to the Funding Agent with respect to such CP Conduit Purchaser Group. Each Funding Agent shall remit the amounts received by it from its CP Conduit Purchaser or the related Group Bank pursuant to this Section 3.3(d) to the Issuer for application in accordance with Section 3.3(h). Subject to Section 3.3(e), so long as the conditions set forth in Sections 3.3(a) and (c) and Article 4 are satisfied, each Non-Conduit Purchaser shall pay in immediately available funds the Commitment Percentage of such Non-Conduit Purchaser of the amount of the Series 2017-1 Initial Principal Amount or Increase Amount, as applicable, on the Closing Date or the Increase Date, as applicable, to the Issuer for application in accordance with Section 3.3(h).

(e) Notwithstanding any of the foregoing, any Group Bank or Non-Conduit Purchaser may, upon receipt of any Deferrable Increase Notice pursuant to Section 3.3(a), notify the Issuer in writing (a "**Delayed Funding Notice**") on or prior to ~~[~~12:00 noon~~]~~ (Toronto time) on the second Business Day preceding the related Increase Date, of its intent to fund an amount up to its Commitment Percentage of the related Increase Amount (such amount, subject to any adjustment described below, the "**Delayed Amount**") on a Business Day that is on or before the thirty-third (33rd) day following the Increase Date specified in such Deferrable Increase Notice (the "**Delayed Funding Date**") rather than on such Increase Date. If any Group Bank or Non-Conduit Purchaser provides a Delayed Funding Notice to the Issuer following the Issuer's delivery of an Increase Notice pursuant to Section 3.3(a), the Issuer may with written notice to the Administrative Agent**, each Funding Agent and each Non-Conduit Purchaser** delivered prior to 3:00 pm on the second Business Day preceding such Increase Date, (x) decrease the Increase Amount with respect to such Deferrable Increase Notice (or revoke such Deferrable Increase Notice by decreasing the Increase Amount to zero), and/or (y) require any Group Bank or Non-Conduit Purchaser who has provided a Delayed Funding Notice to reduce the Delayed Amount with respect to such Increase by an amount no greater than the Non-Deferrable Draw Amount with respect to such Purchaser Group as of the related Increase Date. In the event that the Increase

Amount with respect to such Deferrable Increase Notice is reduced, but not to zero, then any Delayed Amount with respect to any Purchaser Group shall be reduced on a pro rata basis unless otherwise specified by the Issuer pursuant to clause (y) above. No Purchaser Group that has provided a Delayed Funding Notice in respect of an Increase (each a "**Delayed Funding Purchaser Group**") shall be considered to be in default of its obligation to fund its Delayed Amount pursuant to this Section 3.3 unless and until it has failed to fund the Delayed Amount (and/or the Delayed Funding Reimbursement Amount with respect to such Delayed Amount) on or before the Delayed Funding Date.

(f) If (i) one or more Delayed Funding Purchaser Groups provides a Delayed Funding Notice to the Issuer in respect of any Increase Date; and (ii) the Issuer shall not have decreased the related Increase Amount to zero or required each such Delayed Funding Purchaser Group to reduce the Delayed Amount with respect to such Increase to zero, in each case, pursuant to Section 3.3(e), the Administrative Agent shall, by no later than ~~[12~~**5**:00 ~~noon]~~**p.m.** (Toronto time) on the **second** Business Day preceding such Increase Date, direct each Purchaser Group that is not a Delayed Funding Purchaser Group with respect to such Increase Date (each a "**Non-Delayed Funding Purchaser Group**") to fund an additional portion of such Increase Amount on such Increase Date equal to such Non-Delayed Funding Purchaser Group's proportionate share (based upon the Maximum Purchaser Group Principal Amount with respect to such Non-Delayed Funding Purchaser Group relative to the sum of the Maximum Purchaser Group Principal Amounts with respect to all Non-Delayed Funding Purchaser Groups) of the aggregate Delayed Amounts with respect to such Increase Date; provided that no Non-Delayed Funding Purchaser Group shall be required to fund any portion of the aggregate Delayed Amounts that would cause its Purchaser Group Principal Amount to exceed its Maximum Purchaser Group Principal Amount. Subject to Section 3.3(a), in the case of a Non-Delayed Funding Purchaser Group that is a Non-Conduit Purchaser, such Non-Conduit Purchaser hereby agrees, or, in the case of a Non-Delayed Funding Purchaser Group that is a CP Conduit Purchaser Group, the CP Conduit **Purchaser** in such CP Conduit Purchaser Group may agree, in its sole discretion, and the Group Bank in such CP Conduit Purchaser Group hereby agrees, to fund such portion of the Increase Amount on such Increase Date.

(g) After the Non-Delayed Funding Purchaser Groups fund a Delayed Amount on any Increase Date in accordance with Section 3.3(f), the Delayed Funding Purchaser Group in respect of such Delayed Amount will be obligated to fund the Delayed Funding Reimbursement Amount with respect to such Delayed Amount on or before its Delayed Funding Date, irrespective of whether the Scheduled Commitment Expiry Date shall have occurred on or prior to such Delayed Funding Date or the Issuer would be able to satisfy the conditions set forth in Section 3.3(c) to an Increase in an amount equal to such Delayed Funding Reimbursement Amount on such Delayed Funding Date. Such Delayed Funding Purchaser Group shall fund such Delayed Funding Reimbursement Amount on such Delayed Funding Date by paying such amount ~~to the Administrative Agent~~

in immediately available funds~~, and the Administrative Agent shall distribute such funds~~ to each such Non-Delayed Funding Purchaser Group, *pro rata* based on the relative amount of such Delayed Amount funded by such Non-Delayed Funding Purchaser Group on such Increase Date pursuant to Section 3.3(f).

(h) The Issuer shall apply amounts paid to it pursuant to Sections 3.3(d) and 3.3(f) by application to payment of the purchase price payable by the Issuer to the IESO under the Master Transfer and Servicing Agreement in respect of a Transfer or by deposit to the Refinancing Account.

3.4 Procedure for Decreasing the Series 2017-1 Principal Amount; Optional Termination

(a) In the case of a Non-Conduit Purchaser Group, the Related Non-Conduit Purchaser hereby agrees, and in the case of a CP Conduit Purchaser Group, each of the CP Conduit Purchasers and the Group Bank in such CP Conduit Purchaser Group hereby agrees, that the Purchaser Group Principal Amount with respect to such Purchaser Group may be decreased on any Payment Date by such Purchaser Group's Commitment Percentage of a Decrease Amount (a "**Decrease**"), upon the request of the Issuer. Each Payment Date on which a Decrease in the Series 2017-1 Principal Amount occurs hereunder being herein referred to as the "**Decrease Date**" applicable to such Decrease; provided, however, that the Issuer shall have given the Administrative Agent**, each Funding Agent and each Non-Conduit Purchaser** (with a copy to the Indenture Trustee**, and DBRS**) irrevocable written notice (effective upon receipt), by email communication, substantially in the form of Schedule D (a "**Decrease Notice**") no later than ~~[3~~**12**:00 p.m.~~]~~ (Toronto time) on the ~~second~~**fifth** Business Day prior to any Payment Date that is a Decrease Date; provided that if the Decrease is greater than $~~[●]~~,**250,000,000,** the Decrease Notice shall**, subject to the second following sentence,** be provided no later than ~~[3~~**12**:00 p.m.~~]~~ (Toronto time) on the ~~[~~45~~]~~th **day** prior to any Payment Date that is a Decrease Date . **If a Decrease Notice with respect to a Decrease of $250,000,000 or more is not provided prior to the 45th day preceding the related Payment Date, the Issuer shall be required to pay to each Funding Agent any Breakage Costs incurred by any of its related CP Conduit Purchasers with respect to such Decrease on the related Payment Date.** Each Decrease Notice shall state (x) the Decrease Date, and (y) the proposed amount of the decrease in the Series 2017-1 Principal Amount (a "**Decrease Amount**"). ~~**[NTD: notice of paydown and potential breakage to be determined]**~~

(b) Upon each Decrease, the Administrative Agent shall indicate in its records such Decrease and the Purchaser Group Principal Amount outstanding with respect to each Purchaser Group after giving effect to such Decrease.~~ Upon receipt of any notice required by Section 3.4(a) from the Issuer, the Administrative Agent shall forward (by email communication) a copy of such notice to DBRS, each Non-Conduit Purchaser and the Funding Agent with respect to each CP Conduit~~

~~Purchaser Group, no later than **[1:00 p.m.]** (Toronto time) on the Business Day received.~~

(c) On any Business Day, the Issuer shall have the right to deliver an irrevocable written notice (an "**Optional Termination Notice**") to the Administrative Agent**, each Funding Agent and** each Non-Conduit Purchaser **(with a copy to DBRS)** in which the Issuer declares that the Commitments shall terminate on the date (the "**Optional Termination Date**") set forth in such notice (which date, in any event, shall be a Payment Date not less than twenty (20) Business Days from the date on which such notice is delivered). ~~Upon receipt of any Optional Termination Notice from the Issuer, the Administrative Agent shall promptly notify DBRS, each Non-Conduit Purchaser and the Funding Agent with respect to each CP Conduit Purchaser Group thereof.~~

3.5 Increases and Reductions of the Commitments

(a) The Issuer may from time to time request that any Purchaser Group agree to increase its Maximum Purchaser Group Principal Amount. An increase in such amount shall be effective hereunder if such Purchaser Group shall have agreed in its sole discretion to such increase **and the Rating Agency Condition has been satisfied with respect thereto**.

(b) On any Business Day, the Issuer may, upon two (2) Business Days' prior written notice to the Administrative Agent**, each Funding Agent and each Non-Conduit Purchaser** (effective upon receipt) (with copies to the Indenture Trustee) reduce the Series 2017-1 Maximum Principal Amount in an amount equal to $10,000,000 or a whole multiple of $1,000,000 in excess thereof; provided that no such termination or reduction shall be permitted if, after giving effect thereto and to any reduction in the Series 2017-1 Principal Amount on such date, the Purchaser Group Principal Amount with respect to any Purchaser Group would exceed the Maximum Purchaser Group Principal Amount with respect to such Purchaser Group then in effect. Any reduction in the Series 2017-1 Maximum Principal Amount shall be made on a pro rata basis to the Maximum Purchaser Group Principal Amounts with respect to the Purchaser Groups, based on the Maximum Purchaser Group Principal Amount with respect to each Purchaser Group. Once reduced, the Maximum Purchaser Group Principal Amounts may not be subsequently reinstated without each such Purchaser Group's prior written consent, which consent shall be granted or not in the sole discretion of such Purchaser Group, and with written notice to DBRS.

(c) The Issuer may extend the Scheduled Commitment Expiry Date only with the prior written consent of the Administrative Agent, each Non-Conduit Purchaser and each Funding Agent, and satisfaction of the Rating Agency Condition. **Any request for an extension of the Scheduled Commitment Expiry Date by the Issuer shall be made pursuant to a written request (a "Commitment Extension Request") to the Administrative Agent, each Non-Conduit Purchaser and each Funding Agent, and such request shall specify the**

proposed dates and amounts that shall constitute the "Principal Accumulation Date", "Principal Payment Amounts" and "Principal Payment Default Dates" with respect to such extension.

3.6 Interest; Fees and Other Amounts

(a) Interest shall be payable on the Series 2017-1 Senior Notes on each Payment Date.

(b) The Issuer shall pay to each CP Conduit Purchaser Group and each Non-Conduit Purchaser, on each Payment Date, a commitment fee with respect to the preceding Interest Period (the "**Commitment Fee**") during the period from the Closing Date to and including the Commitment Expiry Date in an amount equal to the sum of the following amounts calculated for each day during such Interest Period: (x) the Commitment Fee Rate, multiplied by (y) the amount by which Maximum Purchaser Group Principal Amount with respect to such Purchaser Group on such day exceeds the Purchaser Group Principal Amount with respect to such Purchaser Group on such day, and divided by (z) 365. The Commitment Fees shall be payable monthly in arrears on each Payment Date.

(c) The Funding Agent with respect to each CP Conduit Purchaser Group and each Non-Conduit Purchaser shall provide written notice to the Issuer and the Paying Agent no later than ~~two~~**five** (~~2~~**5**) Business Days prior to each Payment Date, setting forth the Group Monthly Interest and the Group Monthly Fees and Other Amounts with respect to its Related Purchaser Group with respect to the Payment Date.

(d) The Monthly Interest shall be included in each calculation of the Interest Accrual Amount (Senior) for the purposes of Section 7.04(e)(iii) of the Trust Indenture and shall be payable pursuant to Sections 7.05(a), ~~7.07~~**7.06**(a), **7.07,** 7.10(b) or 8.13(c) of the Trust Indenture, as applicable. On each Payment Date, the Monthly Fees and Other Amounts shall be payable in respect of the Series 2017-1 **Senior** Notes pursuant to Sections 7.04(e)(viii)**, 7.10(b)** or 8.13(c) of the Trust Indenture, as applicable. On each Interest Payment Date or Payment Date, as applicable, the Paying Agent shall, subject to availability of funds, pay to each CP Conduit Purchaser Group and each Non-Conduit Purchaser its Group Monthly Interest and its Group Monthly Fees and Other Amounts with respect to the Payment Date; provided that if the amounts available to pay such Group Monthly Interest and Group Monthly Fees and Other Amounts are insufficient, the amounts available shall be paid *pro rata* based on the amounts owing to each Purchaser Group.

3.7 Repayment of Principal

~~(a)~~ Each Payment Date where the Principal Payment Amount is not nil shall be a Principal Payment Date in respect of the Series 2017-1 **Senior** Notes. On each Principal Payment Date in respect of the Series 2017-1 **Senior** Notes, the Paying Agent shall pay to each Non-Conduit Purchaser and each Funding Agent with respect to its Related Purchaser Group, such Purchaser Group's Pro Rata Share of the Principal Payment Amount for such Principal

Payment Date out of funds allocated to the Series 2017-1 Senior Notes pursuant to Sections 7.04(e)(vi), 7.06(~~a~~**b)(i**), 7.08(b)**(i), 7.10(b)** or 8.13(f) of the Trust Indenture, as applicable, in repayment of the principal amount of the Series 2017-1 **Senior** Notes.

~~(b) The Business Day that is ● after the Payment Date in respect of any Principal Payment Amount hereunder shall be the Principal Payment Default Date in respect of that Principal Amount.~~

3.8 Indemnification by the Issuer

The Issuer agrees to indemnify and hold harmless the Indenture Trustee, the Administrative Agent, each Funding Agent, each CP Conduit Purchaser, the Group Bank, each Non-Conduit Purchaser and each of their respective officers, directors, agents and employees (each, an "**Issuer Indemnified Person**") from and against any loss, liability, expense, damage or injury suffered or sustained by such Issuer Indemnified Person by reason of (a) any acts, omissions or alleged acts or omissions arising out of, or relating to, activities of the Issuer pursuant to the Program Agreements to which it is a party; (b) a breach of any representation or warranty made or deemed made by the Issuer (or any of its officers) in any Program Agreement; or (c) a failure by the Issuer to comply with any applicable law or regulation or to perform its covenants, agreements, duties or obligations required to be performed or observed by it in accordance with the provisions of the Program Agreements, including, but not limited to, any judgment, award, settlement, reasonable attorneys' fees and other reasonable costs or expenses incurred in connection with the defense of any actual or threatened action, proceeding or claim, except to the extent such loss, liability, expense, damage or injury resulted from the gross negligence, bad faith or willful misconduct of such Issuer Indemnified Person or its officers, directors, agents, principals, employees or employers as determined by a court of competent jurisdiction in a final non-appealable judgement or includes any Excluded Taxes; provided that any payments made by the Issuer pursuant to this Section 3.8 shall be made solely from funds available pursuant to Section 7.04 or 8.13 of the Trust Indenture, as applicable, shall be non-recourse other than with respect to such funds, and shall not constitute a claim against the Issuer to the extent that such funds are insufficient to make such payment.

3.9 Funding Agents

(a) The Funding Agent with respect to each CP Conduit Purchaser Group is hereby authorized to determine the Group Monthly Interest and Group Monthly Fees and Other Amounts with respect to each Payment Date and such CP Conduit Purchaser Group. Any such determination by a Funding Agent, absent manifest error, shall constitute prima facie evidence of the accuracy of the calculation. Furthermore, the Funding Agent with respect to each CP Conduit Purchaser Group will maintain records sufficient to identify the percentage interest of the related CP Conduit Purchaser and the Group Bank with respect to such CP Conduit Purchaser Group holding an interest in the Series 2017-1 Senior Note registered in the name of such Funding Agent and any amounts owing thereunder.

(b) Upon receipt of funds on each Payment Date, each Funding Agent shall pay such funds to the related CP Conduit Purchaser and/or the related Group Bank owed

such funds. If a Funding Agent shall have paid to any CP Conduit Purchaser or Group Bank any funds that (i) must be returned for any reason (including bankruptcy); or (ii) exceeds that which such CP Conduit Purchaser or Group Bank was entitled to receive, such amount shall be promptly repaid to such Funding Agent by such CP Conduit Purchaser or Group Bank.

3.10 Taxes

(a) All payments by or on account of any obligation of the Issuer hereunder shall, to the extent allowed by law, be made free and clear of, and without deduction or withholding for or on account of Taxes, excluding (i) income taxes (including branch profit taxes, minimum taxes and taxes computed under alternative methods, at least one of which is based on or measured by net income), franchise taxes (imposed in lieu of income taxes), or any other Taxes based on or measured by the net income of any person legally entitled to receive such payments (each a "**Recipient**") as a result of a present or former connection between the Recipient and the jurisdiction of the Governmental Authority imposing such Taxes (other than any such connection arising solely from the Recipient having executed, delivered or performed its obligations or received a payment under, disposed of, or enforced, this Supplemental Indenture); (ii) any withholding or deduction imposed pursuant to (A) Sections 1471 to 1474 of the U.S. Internal Revenue Code of 1986, as amended ("**FATCA**"), or any successor version thereof, or any similar legislation imposed by any other Governmental Authority, or (B) any treaty, law or regulation or other official guidance enacted by Canada implementing FATCA or any intergovernmental agreement with respect to FATCA or any similar legislation imposed by any other Governmental Authority, including, for greater certainty, the Canada-United States Enhanced Tax Information Exchange Agreement Implementation Act (Canada) and Parts XVIII and XIX of the Income Tax Act (Canada), as amended (collectively, and including FATCA, the "**AEOI Legislation**"); and (iii) any interest, penalties and additions to Taxes in respect of (i) and (ii) (all such excluded Taxes being hereinafter called "**Excluded Taxes**"). If any Taxes, other than Excluded Taxes, are required to be withheld from any amounts payable to a Recipient hereunder, the amounts so payable to the Recipient shall be increased, and the Recipient shall be entitled to be paid by the Issuer the amount of such increase to the extent necessary to yield to the Recipient (after payment of all such Taxes other than Excluded Taxes) interest or any such other amounts payable hereunder or thereunder at the rates or in the amounts specified hereunder. Where the amount payable by the Issuer is increased in accordance with the previous sentence, the Group Monthly Interest shall be increased by the amount of such increase. Whenever any Taxes are payable on or with respect to amounts distributed to a Recipient, as promptly as possible thereafter the Issuer shall send to such Recipient a certified copy of an original official receipt showing payment thereof.

(b) If a payment by or on account of any obligation of the Issuer hereunder would be subject to withholding Taxes under any AEOI Legislation if the Recipient were to fail to comply with the applicable reporting requirements of any AEOI

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

(c) If a Recipient is legally entitled to receive a refund of any Taxes (other than Excluded Taxes) as to which it has been indemnified or with respect to which additional amounts have been paid to it hereunder or it is legally entitled to receive a credit or deduction with respect to such Taxes or with respect to such additional amounts that have been paid hereunder (in each case pursuant to Section 3.10(a)), it shall use commercially reasonable efforts to obtain or claim such refund, credit or deduction and pay over such refund or the value of such credit or deduction to the Issuer, together with any interest thereon.

3.11 Increased Costs

(a) (i) If any Regulatory Change (x) subjects any Affected Party to any charge or withholding on or with respect to any Support Facility or this Supplemental Indenture or an Affected Party's obligations under a Support Facility or this Supplemental Indenture, or changes the basis of taxation of payments to any Affected Party of any amounts payable under any Support Facility or this Supplemental Indenture Agreement (except for changes in the rate of tax on the overall net income of an Affected Party or Excluded Taxes) or (y) imposes, modifies or deems applicable any reserve, assessment, fee, tax, insurance charge, special deposit or similar requirement against assets of, deposits with or for the account of, or liabilities of an Affected Party, or credit extended by an Affected Party pursuant to a Support Facility or this Supplemental Indenture or (z) imposes any other condition the result of which is to increase the cost to an Affected Party of performing its obligations under a Support Facility or this Supplemental Indenture, or to reduce the rate of return on an Affected Party's capital or assets as a consequence of its obligations under a Support Facility or this Supplemental Indenture, or to reduce the amount of any sum received or receivable by an Affected Party under a Support Facility or this Supplemental Indenture, or to require any payment calculated by reference to the amount of interests or loans held or interest received by it, then, upon written request by such Affected Party (through the Funding Agent for its Purchaser Group if the Affected Party is a Program Support Provider, CP Conduit Purchaser or Group Bank)~~ of a written request therefore~~ to the Issuer, such Affected Party (through the Funding Agent for its Purchaser Group if the Affected Party is a Program Support Provider, CP Conduit Purchaser or Group Bank) shall be entitled to be paid such amounts charged to such Affected Party or such amounts to otherwise compensate such

Affected Party for such increased cost or such reduction following a receipt by the Issuer of such request for compensation under this Section 3.11(a)(i), which payment shall be made on the earlier of (i) the first Payment Date on which amounts are available to pay such amounts pursuant to Section 7.04(e) of the Trust Indenture (provided that such request is received by the Issuer no later than five (5) Business Days prior to the end of the Interest Period related to such Payment Date), and (ii) the [twelfth] Payment Date following such request.

(ii) The Issuer acknowledges that any Affected Party may implement, as an internal institutional matter, measures in anticipation of a final or proposed Regulatory Change (including, without limitation, the imposition of internal charges on such Affected Party's interest or obligations under any Support Agreement or this Supplemental Indenture) and may commence recognizing the incurrence of charges by seeking compensation under Section 3.11(a)(i) in connection with such measures, in advance of the effective date of such final or proposed Regulatory Change, and the Issuer agrees that such charges or compensation shall be payable, to the related Funding Agent, for the benefit of Affected Party, following demand therefor without regard to whether such proposed Regulatory Change has been adopted or whether such effective date has occurred; provided, that (I) the Affected Party shall provide thirty (30) days prior written notice to the Issuer of its intent to impose or incur any such charges or compensation, (II) an Affected Party shall not be compensated for any such amount pursuant to this subsection 3.11(a)(ii) relating to any period ending, and of which such Affected Party has had knowledge, more than ●**180** days prior to the date that such Affected Party provided the Issuer with the written notice contemplated by the preceding clause (I) of this subsection 3.11(a)(ii), (III) if, after the payment by the Trust of any charges or compensation pursuant to this subsection 3.11(a)(ii), either (A) the Issuer requests in writing that the applicable Affected Party re-compute any such charge or compensation in light of differences between a proposed Regulatory Change and the final effective version thereof or (B) the applicable Affected Party determines that the amount of the charge imposed on and required to be compensated by the Issuer exceeds the amount necessary to compensate it for the applicable Regulatory Change as contemplated by subsection 3.11(a)(i), then (x) the amount of such charge or compensation shall, from and after such determination, be reduced by the amount of such excess and (y) such Affected Party shall, within thirty (30) days of such determination, either repay the amount of such excess or credit the amount of such excess against future charges under this subsection 3.11(a)(ii). The Issuer further acknowledges that any charge or compensation demanded hereunder may take the form of a monthly charge to be assessed by such Affected Party.

(b) Each Affected Party claiming increased amounts described in subsection 3.11(a) of this Supplemental Indenture will furnish to the Issuer (together with its request for compensation) a certificate prepared in good faith setting forth the basis and the calculation of the amount (in reasonable detail) of each request by such Affected Party for any such increased amounts referred to in subsection 3.11(a) hereof. Any such certificate shall be conclusive absent manifest error. Failure on

the part of any Affected Party to demand compensation for any amount pursuant to subsection 3.11(a) hereof with respect to any period shall not constitute a waiver of such Affected Party's right to demand compensation with respect to such period.

ARTICLE 4
CONDITIONS PRECEDENT

4.1 Conditions Precedent to Initial Purchase of Series 2017-1 Senior Notes

On or prior to the initial purchase of Series 2017-1 Senior Notes hereunder, the following conditions precedent shall be satisfied: **[NTD: changes to the conditions precedent may be required to reflect the final Change of Law Protection Agreement.]**

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

(b) **The Indenture Trustee shall have received (i) the adherence compliance certificate required pursuant to Section 4.02(a) of the Change of Law Protection Agreement with respect to the incurrence of Funding Obligations under this Supplemental Indenture, or (B) written confirmation from the Province that the Funding Obligations incurred under this Supplemental Indenture constitute Approved Obligations.**

(c) (b) The Administrative Agent and each of the Funding Agents shall have received:

(i) executed copies of the Fee Letter and this Supplemental Indenture**,** and copies of each of the other Program Agreements**Trust Indenture, Declaration of Trust, the Management Agreement,** the Master Transfer and Servicing Agreement**, the Indemnity Agreement, the IESO Security Agreement, the Change of Law Protection Agreement and the Change of Law Process Agreement dated December [21], 2017 between the Province and OPG,** certified by an Authorized Officer of the Issuer;

(ii) certificates of status or compliance or other similar documents issued by the applicable governmental authority to evidence that each of the Issuer Trustee, **[the IESO]** and the Manager is validly existing pursuant to the laws of the jurisdiction of their respective establishment or incorporation;

(iii) a copy of the incorporating documents and all amendments thereto and applicable by-laws of each of the Issuer Trustee, [the IESO] and the Manager certified by an Authorized Officer of the applicable entity**, as applicable**;

(iv) copies of resolutions of the board of directors of the IESO and the Manager approving and authorizing the execution, delivery and

performance of each Program Agreement they are party to, in each case certified by an Authorized Officer of the applicable entity;

(v) incumbency certificates for each of the Issuer Trustee, the Manager and the IESO executing this Supplemental Indenture and any other Program Agreements and the other documents to be delivered by either the Issuer Trustee, the Manager or the IESO thereunder, in each case showing their names, offices and specimen signatures on which certificates the Administrative Agent and the Purchaser Groups shall be entitled to conclusively rely until such time as the Administrative Agent and the Funding Agents receive a replacement certificate meeting the requirements of this Section 4.1(b)(vi);

(vi) the following Opinions of Counsel:

(A) the opinion of external counsel to the Manager as to the non-consolidation of the Issuer with the Manager in the event of the insolvency of the Manager in form and substance satisfactory to the Administrative Agent and the Funding Agents;

(B) the opinion of external counsel to the IESO as to the Investment Asset acquired by the Issuer not being subject to the claims of creditors of the IESO in form and substance satisfactory to the Administrative Agent and the Funding Agents;

(C) favourable opinions of external counsel to the Manager covering general corporate matters, the due execution and delivery of, and the enforceability of, each of the Program Agreements to which the Manager, the Issuer and the Issuer Trustee are party which opinion, as to certain matters, may rely on opinion of internal counsel to the Manager and the Issuer Trustee; and

(D) a favourable opinion of external counsel to the Province with respect to the due authorization, execution, delivery and enforceability of the Change of Law Protection Agreement in form and substance satisfactory to the ~~Administration~~**Administrative** Agent and the Funding Agents;

(vii) a certificate of an Authorized Officer of the Manager confirming that the representations and warranties set forth in Section 12.01 of the Trust Indenture and Section 5.1 of this Supplemental Indenture are true and correct in all material respects, that the Issuer is in compliance in all material respects with all of its covenants and obligations under the Program Agreements to which it is a party and that no Termination Event has occurred; and

(viii) such additional documents, instruments, certificates or letters as the Administrative Agent or any Funding Agent may reasonably request.

(d) ~~(c)~~ The representations and warranties set forth in Section 12.01 of the Trust Indenture and Section 5.1 of this Supplemental Indenture shall be true and correct in all material respects, the Issuer shall be compliance in all material respects with all of its covenants and obligations under the Program Agreements to which it is a party and no Termination Event shall have occurred.

(e) ~~(d)~~ The Series 2017-1 Senior Notes shall have been duly issued in accordance with the Trust Indenture and each Funding Agent and Non-Conduit Purchaser shall have received its Series 2017-1 Senior Note registered in its name or a nominee in a face amount equal to its Maximum Purchaser Group Principal Amount.

(f) ~~(e)~~ All fees payable on or before the Closing Date pursuant to the Fee Letter shall have been paid in full (or arrangements satisfactory to the Administrative Agent and the Funding Agents have been made).

(g) ~~(f)~~ The Rating Agency Condition shall have been satisfied in respect of the initial purchase.

4.2 Conditions Precedent to each Increase under Series 2017-1 Senior Notes

On or prior to each Increase, the following conditions precedent shall be satisfied:

(a) the Administrative Agent**, each Funding Agent and each Non-Conduit Purchaser** shall have received an Increase Notice;

(b) no Termination Event shall have occurred or would occur after giving effect to such Increase;

(c) the Increase Date in respect of the Increase is prior to the Commitment Expiry Date;

(d) if the Increase is identified as a Transfer Increase in the Increase Notice, then the related Transfer under the Master Transfer and Servicing Agreement shall have been completed or contemporaneously completed;

(e) after giving effect to the Increase, the Rating Agency Condition will be satisfied if so required;

(f) after giving effect the Increase, the aggregate of the amounts on deposit in the Program Cash Reserve Account and the IESO Cash Reserve Account shall be equal to or greater than the sum of:

(i) the Program Cash Reserve Required Amount,

plus

(ii) an amount equal to the ~~product~~**sum** of (x) the amount originally determined under clause (b) of the definition of IESO Cash Reserve Deposit Amount in the Trust Indenture ~~multiplied by (y) (i) for an Increase Date prior to the Payment Date in May, 2021, one; (ii) for an Increase Date on or after the Payment Date in May, 2021 and prior to the Payment Date in June, 2021, ■%; (iii) for an Increase Date on or after~~**, less any amounts withdrawn from the IESO Cash Reserve Account to pay any obligations secured described in Subsections 7.04(e)(i) through (v) of the Trust Indenture prior to the date of such Increase, and (y) to the extent the amount originally determined under clause (b) of the definition of IESO Cash Reserve Deposit Amount in the Trust Indenture was not determined in a manner which included the amount of such Increase, an amount estimated by the Manager, acting reasonably, equal to the additional Monthly Interest payable with respect to such Increase up to and including** the Payment Date in July, ~~2021 and prior to the Payment Date in October, 2021, ■%. [**NTD: to be discussed**]~~**2021.**

(g) there shall have been no reduction or withdrawal of any credit rating previously provided by any Rating Agency in respect of any outstanding Series of Senior Funding Obligations; ~~and~~

(h) after giving effect to such Increase, the aggregate Outstanding Dollar Principal Amount of Subordinated Funding Obligations and Junior Subordinated Funding Obligations will not be less than 35% of the aggregate Outstanding Dollar Principal Amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations; and

(i) ~~(h)~~ the Indenture Trustee shall have received ~~a certificate addressed to the Indenture Trustee and signed by the Chief Financial Officer and the Treasurer of OPG (or their respective designees, provided that such designees are executive officers of OPG) confirming either (A) that OPG has provided to the Province all certifications required by the Province~~**(i) the adherence compliance certificate required** pursuant to **Section 4.02(a) of** the Change of Law Protection Agreement with respect to such Increase**,** or (B) ~~that~~ **written confirmation from** the Province ~~has otherwise agreed~~ that **the Funding Obligations incurred under this Supplemental Indenture with respect to** such Increase ~~constitutes an~~**constitute** Approved ~~Obligation; [**NTD: to be conformed to final version of Protection Agreement**]~~**Obligations.;**

The Issuer's acceptance of funds in connection with each Increase occurring on any Increase Date shall constitute a representation and warranty by the Issuer to the Administrative Agent and the Purchaser Groups as of such Increase Date that all of the conditions contained in Section 3.3(a) and this Section 4.2 are satisfied.

ARTICLE 5
REPRESENTATIONS AND WARRANTIES

5.1 Representations and Warranties of the Issuer

The Issuer hereby represents and warrants to the Administrative Agent and the Purchaser Groups as of the Closing Date, and shall be deemed to represent and warrant to the Administrative Agent and the Purchaser Groups on each Increase Date, that:

(a) no Termination Event has occurred or would result from the initial purchase of the Issuer Investment Interest on the Closing Date or any increase in the Issuer Investment Interest on an Increase Date, as applicable;

(b) the Issuer Trustee and the Issuer are not Non-residents;

(c) all tax returns (federal, provincial and local) required to be filed with respect to the Issuer have been filed and there has been paid or adequate provision made for the payment of all material Taxes in respect of the Issuer;

(d) the Issuer has complied in all material respects with all laws in respect of the conduct of its business and ownership of its property including the Issuer Investment Interest;

(e) all information provided to the Administrative Agent and the Purchaser Groups by or on behalf of the Issuer in respect of the Issuer Investment Interest is and will be true and accurate in all material respects; and

(f) to its knowledge, there is no set of circumstances existing at such time that will have an Adverse Effect or will reasonably be expected to have an Adverse Effect.

5.2 Representations and Warranties of the Purchasers

Each Purchaser Group member represents and warrants to the Issuer as of the Closing Date, and shall be deemed to represent and warrant to the Issuer on each Increase Date, that:

(a) it is resident in Ontario or is otherwise subject to the securities legislation of the Province of Ontario;

(b) it is purchasing the applicable Series 2017-1 Senior Notes (i) as principal for its own account and not for the benefit of any other "person" (as defined in the *Securities Act* (Ontario)) or company; and (ii) for cash consideration in excess of $150,000; and

(c) it was not created and is not being used solely to purchase or hold securities in reliance on the exemption from the prospectus and dealer registration requirements contained in Section 2.10 of National Instrument 45-106 – Prospectus and Registration Exemptions.

5.3 Survival

The representations and warranties set out in this Article 5 shall survive the execution hereof.

ARTICLE 6
COVENANTS

6.1 Covenants of the Issuer

(a) The Issuer shall promptly provide to the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser (in multiple copies if requested) copies of all material reports, notices, financial statements and other documents delivered by the IESO to the Issuer with respect to the Issuer Investment Interest or pursuant to the Master Transfer and Servicing Agreement.

(b) The Issuer shall provide to the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser (in multiple copies, if requested) such other information, documents, records or reports respecting the Issuer Investment Interest, the Issuer or the IESO which is in the possession or under the control of the Issuer or the Manager, as the Administrative Agent, a Funding Agent or a Non-Conduit Purchaser may from time to time reasonably request, including any correspondence with a Rating Agency.

(c) The Issuer shall furnish to the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser promptly after known to the Issuer or the Manager, information with respect to any action, suit or proceeding involving the Manager, the Issuer or the IESO or any of their respective Affiliates by or before any court or any Governmental Authority which, if adversely determined, would have an Adverse Effect.

(d) The Issuer will not make any amendments to the Funding Obligation Agreements governing any outstanding Subordinated Funding Obligations or Junior Subordinated Funding Obligations without the prior written consent of the Requisite Series 2017-1 Noteholders.

(e) The Issuer will not make any amendments to any of the Program Agreements without the prior written consent of **all of** the ~~Requisite~~ Series 2017-1 Noteholders.

(f) The Issuer will provide prompt notice to the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser of any amendments to the Change of Law Process Agreement dated December [21], 2017 between the Province and OPG.

(g) ~~(f)~~ The Issuer will not hold or own, directly or indirectly, any share or equity security of, or any equity interest in, any Person.

(h) ~~(g)~~ The Issuer confirms that this Supplemental Indenture is a Warehouse Facility Agreement. The Issuer will not enter into any other Warehouse Facility Agreement creating Senior Funding Obligations without the prior written consent of the Requisite Series 2017-1 Noteholders unless the Commitment Expiry Date has occurred.

(i) **The Issuer will not enter into any Funding Obligation Agreement (other than a Credit Enhancement Agreement or Derivative Agreement or a Warehouse Facility Agreement for Subordinated Funding Obligations or Junior Subordinated Funding Obligations) in respect of any Funding Obligation that has a Principal Payment Date prior to May 1, 2022.**

(j) ~~(h)~~ Each issuance of Senior Funding Obligations completed on or after the Commitment Expiry Date shall be treated by the Issuer as a Refinancing with the proceeds thereof (net of expenses incurred in connection with such issuance and amounts required to be deposited in Issuer Accounts in accordance with the Program Agreements) applied to effect Decreases hereunder until such time as the Series 2017-1 Principal Amount has been reduced to zero.

~~(i) The Issuer shall, upon request by the Requisite Series 2017-1 Noteholders, exercise its right pursuant to Section 3.15 of the Master Transfer and Servicing Agreement to require the IESO to deliver the letter of credit or other form of security contemplated therein.~~

~~(j)~~ ~~**[Note to Draft: AUP requirements to be discussed.]**~~

(k) **Upon the request of the Administrative Agent or any Funding Agent at any time after January 1, 2022, the Issuer shall request, not more than once per year (except following and during the continuance of a Termination Event, when the Administrative Agent or any Funding Agent may request as frequently as once per month), the Issuer will, at its expense, appoint Ernst &Young LLP, or another independent public accounting firm selected by the Issuer with the consent of such the Administrative Agent or such Funding Agent (such consent not to be unreasonably withheld), to prepare and deliver to each Funding Agent a written report, on a scope and in a form reasonably requested by the Administrative Agent or the Funding Agent making such request, to provide assurances to the Funding Agents that the information certified on each Monthly Report is accurate in all material respects.**

ARTICLE 7
ACCELERATION

7.1 Acceleration of Series 2017-1 Principal Amount

If a Series 2017-1 Event of Default occurs and is continuing, then and in each and every such case, and without regard to whether all Issuer Funding Obligations have been declared due and payable immediately pursuant to Section 8.02(a) of the Trust Indenture, any Purchaser Group may by notice in writing to the Issuer and to the Indenture Trustee declare the Series 2017-1

Principal Amount and all interest accrued and unpaid (if any) thereon to be due and payable immediately, and upon any such declaration the same will become and will be immediately due and payable, notwithstanding anything in this Supplemental Indenture or the Trust Indenture to the contrary.

ARTICLE 8
AGENTS

8.1 Administrative Agent

(a) Each of the Non-Conduit Purchasers, CP Conduit Purchasers, the Group Banks and the Funding Agents hereby irrevocably designates and appoints the Administrative Agent as the agent of such Person under this Supplemental Indenture and irrevocably authorizes the Administrative Agent, in such capacity, to take such action on its behalf under the provisions of this Supplemental Indenture and to exercise such powers and perform such duties as are expressly delegated to the Administrative Agent by the terms of this Supplemental Indenture, together with such other powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Supplemental Indenture, the Administrative Agent shall not have any duties or responsibilities except those expressly set forth herein, or any fiduciary relationship with any Non-Conduit Purchaser, any CP Conduit Purchaser, any Group Bank or any Funding Agent, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Supplemental Indenture or otherwise exist against the Administrative Agent.

(b) The Administrative Agent may execute any of its duties under this Supplemental Indenture by or through agents or attorneys in fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. The Administrative Agent shall not be responsible for the negligence or misconduct of any agents or attorneys-in-fact selected by it with reasonable care.

(c) Neither the Administrative Agent nor any of its officers, directors, employees, agents, attorneys in fact or Affiliates shall be (i) liable for any action lawfully taken or omitted to be taken by it or such Person under or in connection with the Trust Indenture, this Supplemental Indenture or any other Program Agreement (except to the extent that any of the foregoing are found by a final and ~~nonappealable~~**non-appealable** decision of a court of competent jurisdiction to have resulted from its or such Person's own gross negligence or willful misconduct) or (ii) responsible in any manner to any of the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks or the Funding Agents for any recitals, statements, representations or warranties made by the Issuer, the IESO, the Manager or any officer thereof contained in this Supplemental Indenture or any other Program Agreement or in any certificate, report, statement or other document referred to or provided for in, or received by the Administrative Agent under or in connection with, this Supplemental Indenture or any other Program Agreement or for the value, validity, effectiveness, genuineness,

enforceability or sufficiency of this Supplemental Indenture, any other Program Agreement, or for any failure of any of the Issuer, the Manager or the IESO to perform its obligations hereunder or thereunder. The Administrative Agent shall not be under any obligation to any Non-Conduit Purchaser, any CP Conduit Purchaser, any Group Bank or any Funding Agent to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Supplemental Indenture, any other Program Agreement or to inspect the properties, books or records of the Issuer, the Manager or the IESO.

(d) The Administrative Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, resolution, notice, consent, certificate, affidavit, letter or electronic message, statement, order or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including, without limitation, counsel to the Issuer, the Manager or the IESO), independent accountants and other experts selected by the Administrative Agent.

(e) The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Termination Event unless the Administrative Agent has received written notice from a Non-Conduit Purchaser, a CP Conduit Purchaser, a Group Bank, a Funding Agent, the Issuer or the Manager referring to the Trust Indenture or this Supplemental Indenture, describing such Termination Event and stating that such notice is a "notice of a Termination Event". In the event that the Administrative Agent receives such a notice, the Administrative Agent shall give notice thereof to DBRS, the Non-Conduit Purchasers, the Funding Agents, the Issuer Trustee and the Manager.

(f) Each of the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks and the Funding Agents expressly acknowledges that neither the Administrative Agent nor any of its officers, directors, employees, agents, attorneys in fact or Affiliates has made any representations or warranties to it and that no act by the Administrative Agent hereinafter taken, including any review of the affairs of the Issuer, the Manager or the IESO shall be deemed to constitute any representation or warranty by the Administrative Agent to any such Person. Each of the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks and the Funding Agents represents to the Administrative Agent that it has, independently and without reliance upon the Administrative Agent or any other Non-Conduit Purchaser, CP Conduit Purchaser, Group Bank or Funding Agent and based on such documents and information as it has deemed appropriate, made its own appraisal of, and investigation into, the business, operations, property, financial and other condition and creditworthiness of the Issuer, the Manager and the IESO and made its own decision to enter into this Supplemental Indenture. Each of the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks and the Funding Agents also represents that it will, independently and without reliance upon the Administrative Agent or any other Non-Conduit Purchaser, CP Conduit Purchaser, Group Bank or Funding Agent, and based on such documents and information as it shall deem appropriate at the time, continue

to make its own credit analysis, appraisals and decisions in taking or not taking action under this Supplemental Indenture and the other Program Agreements, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other condition and creditworthiness of the Issuer, the Manager and the IESO. Except for notices, reports and other documents expressly required to be furnished to the Non-Conduit Purchasers and the Funding Agents by the Administrative Agent hereunder, the Administrative Agent shall have no duty or responsibility to provide any Non-Conduit Purchaser, any CP Conduit Purchaser, any Group Bank or any Funding Agent with any credit or other information concerning the business, operations, property, condition (financial or otherwise), prospects or creditworthiness of the Issuer, the Manager or the IESO which may come into the possession of the Administrative Agent or any of its officers, directors, employees, agents, attorneys in fact or Affiliates.

(g) The Administrative Agent and its Affiliates may make loans to, accept deposits from and generally engage in any kind of business with the Issuer, the Manager and the IESO as though the Administrative Agent were not the Administrative Agent hereunder. With respect to any Series 2017-1 Senior Note held by the Administrative Agent, the Administrative Agent shall have the same rights and powers under this Supplemental Indenture and the other Program Agreements as any Group Bank or Funding Agent and may exercise the same as though it were not the Administrative Agent, and the terms "Group Bank," and "Funding Agent" shall include the Administrative Agent in its individual capacity.

(h) The Administrative Agent may resign as Administrative Agent at any time by giving 30 days' notice to the Non-Conduit Purchasers, the Funding Agents, the Indenture Trustee, the Issuer and the Manager. If **Royal Bank of Canada** shall resign as Administrative Agent under this Supplemental Indenture, then the Requisite Series 2017-1 Noteholders shall appoint a successor administrative agent from among the Non-Conduit Purchasers and Funding Agents, whereupon such successor agent shall succeed to the rights, powers and duties of the Administrative Agent, and the term "Administrative Agent" shall mean such successor agent effective upon such appointment and approval, and the former Administrative Agent's rights, powers and duties as Administrative Agent shall be terminated, without any other or further act or deed on the part of such former Administrative Agent or any of the parties to this Supplemental Indenture. If no successor administrative agent has accepted appointment as Administrative Agent prior to the effective date of the resignation of the Administrative Agent, the retiring Administrative Agent may appoint, after consulting with the Non-Conduit Purchasers and the Funding Agents, a successor Administrative Agent from among the Non-Conduit Purchasers and the Funding Agents. If no successor administrative agent has accepted appointment by the date which is thirty (30) days following a retiring Administrative Agent's notice of resignation, the retiring Administrative Agent's resignation shall nevertheless thereupon become effective and Manager shall assume and perform all of the duties of the Administrative Agent hereunder until such time, if any, as the Requisite Series 2017-1 Noteholders appoint a successor administrative agent as provided for above.

After any retiring Administrative Agent's resignation as Administrative Agent, the provisions of this Article 8 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent under this Supplemental Indenture. **The Issuer will provide prompt written notice of a resignation of the Administrative Agent and the appointment of any successor administrative agent.**

8.2 Funding Agents

(a) Each CP Conduit Purchaser and each Group Bank with respect to such CP Conduit Purchaser hereby irrevocably designates and appoints the Funding Agent set forth next to such CP Conduit Purchaser's name on Schedule E as the agent of such Person under this Supplemental Indenture and irrevocably authorizes such Funding Agent, in such capacity, to take such action on its behalf under the provisions of this Supplemental Indenture and to exercise such powers and perform such duties as are expressly delegated to such Funding Agent by the terms of this Supplemental Indenture, together with such other powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Supplemental Indenture, each Funding Agent shall not have any duties or responsibilities except those expressly set forth herein, or any fiduciary relationship with any CP Conduit Purchaser or Group Bank and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Supplemental Indenture or otherwise exist against each Funding Agent.

(b) Each Funding Agent may execute any of its duties under this Supplemental Indenture by or through agents or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. Each Funding Agent shall not be responsible to the CP Conduit Purchaser or any Group Bank in its CP Conduit Purchaser Group for the negligence or misconduct of any agents or attorneys in fact selected by it with reasonable care.

(c) Each Funding Agent and any of its officers, directors, employees, agents, attorneys in fact or Affiliates shall not be (i) liable for any action lawfully taken or omitted to be taken by it or such Person under or in connection with the Trust Indenture, this Supplemental Indenture or any other Program Agreement (except to the extent that any of the foregoing are found by a final and ~~nonappealable~~**non-appealable** decision of a court of competent jurisdiction to have resulted from its or such Person's own gross negligence or willful misconduct) or (ii) responsible in any manner to any of the CP Conduit Purchasers and/or Group Banks for any recitals, statements, representations or warranties made by the Issuer, the Manager or the IESO, or any officer thereof contained in this Supplemental Indenture or any other Program Agreement or in any certificate, report, statement or other document referred to or provided for in, or received by such Funding Agent under or in connection with, this Supplemental Indenture or any other Program Agreement or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Supplemental Indenture, any other Program Agreement, or for any failure of any of the Issuer, the Manager or

the IESO to perform its obligations hereunder or thereunder. Each Funding Agent shall not be under any obligation to the CP Conduit Purchaser or any Group Bank in its CP Conduit Purchaser Group to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Supplemental Indenture, any other Program Agreement or to inspect the properties, books or records of the Issuer, the Manager or the IESO.

(d) Each Funding Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, resolution, notice, consent, certificate, affidavit, letter or electronic message, statement, order or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including, without limitation, counsel to the Issuer, the Manager or the IESO), independent accountants and other experts selected by such Funding Agent. Each Funding Agent shall be fully justified in failing or refusing to take any action under this Supplemental Indenture or any other Program Agreement unless it shall first receive such advice or concurrence of the Related Purchaser Group, as it deems appropriate or it shall first be indemnified to its satisfaction by the Related Purchaser Group against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action.

(e) Each Funding Agent shall not be deemed to have knowledge or notice of the occurrence of any Termination Event unless such Funding Agent has received written notice from a Non-Conduit Purchaser, a CP Conduit Purchaser, a Group Bank, the Issuer, the Manager or the Administrative Agent referring to the Trust Indenture or this Supplemental Indenture, describing such Termination Event and stating that such notice is a "notice of a Termination Event," as the case may be. In the event that any Funding Agent receives such a notice, such Funding Agent shall give notice thereof to DBRS, the CP Conduit Purchaser and Group Bank in its CP Conduit Purchaser Group. Such Funding Agent shall take such action with respect to such event as shall be reasonably directed by the CP Conduit Purchaser and Group Bank in its CP Conduit Purchaser Group, provided that unless and until such Funding Agent shall have received such directions, such Funding Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such event as it shall deem advisable in the best interests of the CP Conduit Purchaser and Group Bank in its CP Conduit Purchaser Group.

(f) Each CP Conduit Purchaser and each of the related Group Banks expressly acknowledge that neither its Funding Agent nor any of its officers, directors, employees, agents, attorneys in fact or Affiliates has made any representations or warranties to it and that no act by such Funding Agent hereinafter taken, including any review of the affairs of the Issuer, the Manager or the IESO shall be deemed to constitute any representation or warranty by such Funding Agent to any such Person. Each CP Conduit Purchaser and each of the related Group Banks represents to its Funding Agent that it has, independently and without reliance upon such Funding Agent and based on such documents and information as it has deemed appropriate, made its own appraisal of, and investigation into, the

business, operations, property, financial and other condition and creditworthiness of the Issuer, the Manager and the IESO and made its own decision to enter into this Supplemental Indenture. Each CP Conduit Purchaser and each of the related Group Banks also represents that it will, independently and without reliance upon its Funding Agent and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Supplemental Indenture and the other Program Agreements, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other conditions and creditworthiness of the Issuer, the Manager and the IESO.

(g) Each Group Bank in a CP Conduit Purchaser Group agrees to indemnify its Funding Agent in its capacity as such (to the extent not reimbursed by the Issuer and without limiting the obligation of the Issuer to do so), from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever which may at any time be imposed on, incurred by or asserted against such Funding Agent in any way relating to or arising out of this Supplemental Indenture, any of the other Program Agreements or any documents contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby or any action taken or omitted by such Funding Agent under or in connection with any of the foregoing; provided that no Group Bank shall be liable for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements that are found by a final and ~~nonappealable~~**non-appealable** decision of a court of competent jurisdiction to have resulted from such related Funding Agent's gross negligence or willful misconduct. The agreements in this Section shall survive the payment of all amounts payable hereunder.

ARTICLE 9
GENERAL

9.1 Successor and Assigns

(a) This Supplemental Indenture shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, except that (i) the Issuer may not assign or transfer any of its rights under this Supplemental Indenture without the prior written consent of all of the Series 2017-1 Noteholders and at least 10 Business Days' notice having been given to DBRS; (ii) no Non-Conduit Purchaser may assign or transfer any of its rights under this Supplemental Indenture other than pursuant to paragraph (e) or (f) below; (iii) no CP Conduit Purchaser may assign or transfer any of its rights under this Supplemental Indenture other than to the Group Bank with respect to such CP Conduit Purchaser or a Program Support Provider with respect to such CP Conduit Purchaser or pursuant to clause (b) or (e) below of this Section 9.1; and (iv) no Group Bank may assign or transfer any of its rights or obligations under this

Supplemental Indenture except to a Program Support Provider or pursuant to clause (c), (d) or (e) below of this Section 9.1.

(b) Without limiting the foregoing, each CP Conduit Purchaser may assign all or a portion of the Purchaser Group Principal Amount with respect to such CP Conduit Purchaser and its rights and obligations under this Supplemental Indenture to a Conduit Assignee with respect to such CP Conduit Purchaser. Prior to the effectiveness of any such assignment, the assigning CP Conduit Purchaser shall notify DBRS, the Administrative Agent**, each Funding Agent, each Non-Conduit Purchaser** and the Issuer of such assignment. Upon such assignment by a CP Conduit Purchaser to a Conduit Assignee, (i) such Conduit Assignee shall be the owner of the Purchaser Group Principal Amount or such portion thereof with respect to such CP Conduit Purchaser; (ii) the related administrative or managing agent for such Conduit Assignee will act as the administrative agent for such Conduit Assignee hereunder, with all corresponding rights and powers, express or implied, granted to the Funding Agent hereunder; (iii) such Conduit Assignee and its liquidity support provider(s) and credit support provider(s) and other related parties shall have the benefit of all the rights and protections provided to such CP Conduit Purchaser herein (including, without limitation, any limitation on recourse against such Conduit Assignee as provided in this paragraph); (iv) such Conduit Assignee shall assume all of such CP Conduit Purchaser's obligations, if any, hereunder with respect to such portion of the Purchaser Group Principal Amount and such CP Conduit Purchaser shall be released from such obligations; (v) all distributions in respect of the Purchaser Group Principal Amount or such portion thereof with respect to such CP Conduit Purchaser shall be made to the applicable agent or administrative agent, as applicable, on behalf of such Conduit Assignee; and (vi) if requested by the Administrative Agent or the agent or administrative agent with respect to the Conduit Assignee, the parties will execute and deliver such further agreements and documents and take such other actions as the Administrative Agent or such agent or administrative agent may reasonably request to evidence and give effect to the foregoing. No assignment by any CP Conduit Purchaser to a Conduit Assignee of the Purchaser Group Principal Amount with respect to such CP Conduit Purchaser shall in any way diminish the obligations of the Group Bank with respect to such CP Conduit Purchaser under Section 3.3 to fund any Increase.

(c) Any Group Bank may, in the ordinary course of its business and in accordance with applicable law, at any time, sell all or any part of its rights and obligations under this Supplemental Indenture and the Series 2017-1 Senior Notes, with the prior written consent of the Administrative Agent and the Issuer (in each case, which consent shall not be unreasonably withheld) and with prior notice to DBRS, to one or more banks (an "**Acquiring Group Bank**") pursuant to a transfer supplement, substantially in the form of Exhibit H (the "**Transfer Supplement**"), executed by such Acquiring Group Bank, such assigning Group Bank, the Funding Agent with respect to such Group Bank, the Administrative Agent and the Issuer and delivered to the Administrative Agent. Notwithstanding the

foregoing, no Group Bank shall so sell its rights hereunder if such Acquiring Group Bank is not an Eligible Assignee.

(d) Any Group Bank may, in the ordinary course of its business and in accordance with applicable law at any time and with prior notice to DBRS, sell to one or more financial institutions or other entities ("**Group Bank Participants**") participations in its Commitment ~~Amount~~ with respect to its related CP Conduit Purchaser Group, its Series 2017-1 Senior Note and its rights hereunder pursuant to documentation in form and substance satisfactory to such Group Bank and the Group Bank Participant; provided, however, that (i) in the event of any such sale by a Group Bank to a Group Bank Participant, (A) such Group Bank's obligations under this Supplemental Indenture shall remain unchanged, (B) such Group Bank shall remain solely responsible for the performance thereof, and (C) the Issuer and the Administrative Agent shall continue to deal solely and directly with such Group Bank in connection with its rights and obligations under this Supplemental Indenture; and (ii) no Group Bank shall sell any participating interest under which the Group Bank Participant shall have rights to approve any amendment to, or any consent or waiver with respect to, this Supplemental Indenture, the Trust Indenture or any Program Agreement, except to the extent that the approval of such amendment, consent or waiver otherwise would require the unanimous consent of all Group Banks hereunder. A Group Bank Participant shall have the right to receive compensation pursuant to Sections 3.10 and 3.11 but only to the extent that the related selling Group Bank would have had such right absent the sale of the related participation and, with respect to amounts due pursuant to Sections 3.10 and 3.11, only to the extent such Group Bank Participant shall have complied with the provisions of Sections 3.10 and 3.11 as if such Group Bank Participant were a Group Bank.

(e) Any CP Conduit Purchaser and the Group Bank with respect to such CP Conduit Purchaser may, at any time, sell all or any part of their respective rights and obligations, and any Non-Conduit Purchaser may, at any time, sell all or any part of its rights and obligations, under this Supplemental Indenture and the Series 2017-1 Senior Notes, with the prior written consent of the Administrative Agent and the Issuer (in each case, which consent shall not be unreasonably withheld) and with prior notice to DBRS, (x) to a multi-seller commercial paper conduit and one or more banks providing support to such multi-seller commercial paper conduit, or (y) to a financial institution or other entity (an "**Acquiring Purchaser Group**") pursuant to a transfer supplement, substantially in the form of Exhibit I (the "**Purchaser Group Supplement**"), executed by such Acquiring Purchaser Group (including the CP Conduit Purchaser and the Group Banks, if any, with respect to such Acquiring Purchaser Group), the Funding Agent, if any, with respect to such Acquiring Purchaser Group, such assigning Purchaser Group (including the Group Banks, if any, with respect to such assigning Purchaser Group), the Funding Agent, if any, with respect to such assigning Purchaser Group and the Administrative Agent and the Issuer and delivered to the Administrative Agent.

(f) Any Non-Conduit Purchaser may, in the ordinary course of its business and in accordance with applicable law and with prior notice to DBRS, at any time sell to one or more financial institutions or other entities ("**Non-Conduit Purchaser Participants**") participations in its Commitment, its Series 2017-1 Senior Note and its rights hereunder pursuant to documentation in form and substance satisfactory to such Non-Conduit Purchaser and the Non-Conduit Purchaser Participant; provided, however, that (i) in the event of any such sale by a Non-Conduit Purchaser to a Non-Conduit Purchaser Participant, (A) such Non-Conduit Purchaser's obligations under this Supplemental Indenture shall remain unchanged, (B) such Non-Conduit Purchaser shall remain solely responsible for the performance thereof, and (C) the Issuer and the Administrative Agent shall continue to deal solely and directly with such Non-Conduit Purchaser in connection with its rights and obligations under this Supplemental Indenture; and (ii) no Non-Conduit Purchaser shall sell any participating interest under which the Non-Conduit Purchaser Participant shall have rights to approve any amendment to, or any consent or waiver with respect to, this Supplemental Indenture, the Trust Indenture or any Program Agreement, except to the extent that the approval of such amendment, consent or waiver otherwise would require the unanimous consent of all Series 2017-1 Noteholders hereunder. A Non-Conduit Purchaser Participant shall have the right to receive compensation under Sections 3.10 and 3.11 but only to the extent that the related selling Non-Conduit Purchaser would have had such right absent the sale of the related participation and, with respect to amounts due pursuant to Sections 3.10 and 3.11, only to the extent such Non-Conduit Purchaser Participant shall have complied with the provisions of Sections 3.10 and 3.11 as if such Non-Conduit Purchaser Participant were a Non-Conduit Purchaser.

(g) The Issuer authorizes each Group Bank and Non-Conduit Purchaser to disclose to any Group Bank Participant, Acquiring Group Bank, Non-Conduit Purchaser Participant or Acquiring Purchaser Group (each, a "**Transferee**") and any prospective Transferee any and all financial information in such Group Bank's or Non-Conduit Purchaser's possession concerning the Issuer, the Issuer Investment Asset and the Program Agreements which has been delivered to such Group Bank by the Issuer or the Manager in connection with such Group Bank's credit evaluation of the Issuer and the Issuer Investment Interest.

(h) Notwithstanding any other provision of this Supplemental Indenture to the contrary, any Non-Conduit Purchaser, any Group Bank or any Program Support Provider may at any time pledge or grant a security interest in all or any portion of its rights under its Series 2017-1 Senior Note and this Supplemental Indenture to secure obligations of such Non-Conduit Purchaser, such Group Bank or such Program Support Provider to a Federal Reserve Bank or the Bank of Canada, without notice to or consent of the Administrative Agent or the Issuer; provided that no such pledge or grant of a security interest shall release a Non-Conduit Purchaser or a Group Bank from any of its obligations hereunder or substitute any such pledgee or grantee for such Non-Conduit Purchaser or such Group Bank as a party hereto.

(i) Notwithstanding any other provision of this Supplemental Indenture to the contrary, no consent of the Issuer to any assignment referred to in this Section 9.1 shall be required at any time after the occurrence of ~~an~~**a Series 2017-1** Event of Default.

9.2 Waiver

Without limiting the requirements of Section 11.02 of the Trust Indenture which shall be applicable to this Supplemental Indenture, no waiver of any provision of this Supplemental Indenture or consent to any departure by the Issuer from any provision of this Supplemental Indenture will be effective (in whole or in part) unless in writing and signed by the Requisite Series 2017-1 Noteholders. Such waiver will be effective only in the specific instance, for the specific purpose and for the specific length of time for which it is given by the Requisite Series 2017-1 Noteholders.

9.3 Notice

All notices, requests, instructions and demands to or upon any party hereto to be effective shall be given (a) in the case of the Issuer and the Indenture Trustee, in the manner set forth in Article ~~[~~15~~]~~ of the Trust Indenture; and (b) in the case of the Administrative Agent, the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks and the Funding Agents, in writing, and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when delivered by hand or three days after being deposited in the mail, postage prepaid, in the case of facsimile notice, when received, or in the case of overnight air courier, one Business Day after the date such notice is delivered to such overnight courier, addressed as follows in the case of the Administrative Agent and to the addresses therefor set forth in Schedule E, in the case of the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks and the Funding Agents; or to such other address as may be hereafter notified by the respective parties hereto:

Administrative Agent:

~~●~~

Royal Bank of Canada [NTD: Oslers to provide]

9.4 No Waiver: Remedies

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

9.5 Entire Agreement

This Supplemental Indenture, the Fee Letter, the Trust Indenture and the other Program Agreements contain the entire agreement between the parties relative to the subject matter hereof

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

9.6 Governing Law and Attornment

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

9.7 Acknowledgment of Trust Indenture and No Proceedings

The Administrative Agent, each Non-Conduit Purchaser, each CP Conduit Purchaser, each Group Bank and each Funding Agent hereby acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor under the Trust Indenture and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Trust Indenture including, without limitation, Section 7.12 (Payments To Be Held in Trust), ~~Section~~ **Section** 8.11 (Control by Controlling Class Creditors), ~~Section~~ **Section** 8.12 (Limitation on Suits), Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse), Article IX (Indenture Trustee) (including all limitations of liability thereunder), Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition).

9.8 Expenses

The Issuer agrees to pay on demand (a) to the Indenture Trustee, the Administrative Agent and the Purchaser Groups all reasonable costs and expenses in connection with the preparation, execution, and delivery of this Supplemental Indenture and the other documents to be delivered hereunder or in connection herewith, including, the reasonable fees and out-of-pocket expenses of counsel for the Administrative Agent and the Purchaser Groups, with respect thereto, and the reasonable fees and out-of-pocket expenses incurred by the CP Conduit Purchasers in connection with the review by each rating agency then rating the Commercial Paper of such CP Conduit Purchaser of the transactions contemplated by this Supplemental Indenture and the Program Agreements; (b) to the Indenture Trustee, the Administrative Agent and each Purchaser Group all reasonable costs and expenses in connection with any amendments of or waivers or consents under this Supplemental Indenture or the Program Agreements, including in each case the reasonable fees and out-of-pocket expenses of counsel with respect thereto, and the reasonable fees and out-of-pocket expenses incurred by the CP Conduit Purchasers in connection with the review by any rating agency then rating the Commercial Paper of such CP Conduit Purchasers; and (c) to the Indenture Trustee, the Administrative Agent and each Purchaser Group, on demand, all reasonable costs and expenses (including reasonable fees and expenses of counsel to the Administrative Agent and each Purchaser Group), if any, in connection with the enforcement of this Supplemental Indenture or any of the Program Agreements, and the other documents delivered thereunder or in connection therewith.

9.9 Further Assurances

Each of the parties hereto upon the request of the other party or parties hereto shall do, execute, acknowledge and deliver or cause to be done, executed acknowledged or delivered all such further acts, deeds, documents, assignments, transfers, conveyances, powers of attorney and assurances as may be reasonably necessary or desirable to effect or complete the consummation of the transactions contemplated by this Supplemental Indenture.

9.10 Confidentiality

(a) Each Purchaser Group and the Administrative Agent covenants and agrees that any non-public information obtained by it pursuant to this Supplemental Indenture and the other Program Agreements shall be held in confidence except that the Purchaser Groups or Administrative Agent may disclose such information (i) pursuant to the order of any court or administrative agency or in any pending legal or administrative proceeding (whether or not having the force or effect of law) provided that, unless prohibited by applicable law, a Purchaser Group or the Administrative Agent, as applicable, shall provide prompt notice of such order to the affected party; (ii) upon the request or demand of any regulatory authority having or claiming jurisdiction over any Purchaser Group or the Administrative Agent; (iii) as required by applicable law including, without limitation, all applicable securities laws; (iv) to the extent that such information becomes publicly available other than by reason of improper disclosure by a Purchaser Group or the Administrative Agent; (v) to its affiliates, officers, directors, employees, legal counsel, independent auditors, accountants, advisors, investors, potential investors, commercial paper dealers, providers of surety, guaranty, credit or liquidity enhancement (including the directors, officers and accountants of such surety, guaranty, credit or liquidity enhancement provider), legal counsel of any of the foregoing and other experts or agents who need to know such information and are informed of the confidential nature of such information (provided that the Persons permitted to make such disclosures under clauses (i), (ii) and (iii) of this Section 9.10 shall also include credit or liquidity enhancers of a CP Conduit Purchaser); (vi) for purposes of establishing a "due diligence" defense; (vii) which was available to a Purchaser Group or the Administrative Agent on a non-confidential basis from a source other than the affected party, provided that such source was not to the knowledge of the Purchaser Group or the Administrative Agent, as applicable, bound by a confidentiality agreement with the affected party; (viii) has been independently acquired or developed by a Purchaser Group or the Administrative Agent without violating any of the Purchaser Group's or the Administrative Agent's obligations under this Supplemental Indenture; (ix) if such disclosure has been approved in writing in advance by the Issuer or the Manager; (x) regarding the existence of this Supplemental Indenture, but not the financial terms thereof; and (xi) to DBRS and Moody's and any other Rating Agencies.

(b) The Issuer covenants and agrees to hold in confidence, and not disclose to any Person, the terms of this Supplemental Indenture (including any fees payable in

connection with this Supplemental Indenture or the identity of any CP Conduit Purchaser under this Supplemental Indenture), except as the applicable Purchaser Group may have consented to in writing prior to any proposed disclosure and except (i) it may also disclose such information (A) to its officers, directors, employees, legal counsel, independent auditors, accountants and other advisors who are directly involved in the consideration of this Supplemental Indenture (and then only on a confidential basis), (B) to the Manager and its officers, directors, employees, legal counsel, independent auditors, accountants and other advisors, (C) any ministry or agency of the Province of Ontario and, in each case, their respective employees, officials, agents and advisors, (D) as required by applicable law (including, without limitation, applicable securities law) or compulsory legal process, (E) as expressly permitted by the terms of the Program Agreements, and (F) to DBRS and Moody's and any other Rating Agencies; provided, that, in the case of clause (D), the Issuer will use all commercially reasonable efforts to maintain confidentiality and will (unless otherwise prohibited by law) notify the affected Administrative Agent or Purchaser Group of its intention to make any such disclosure prior to making such disclosure; and (ii) it may also disclose the existence (but not the financial terms) of this Supplemental Indenture, including to any actual or prospective purchaser of other Notes.

(c) The parties hereto acknowledge that a description of this Supplemental Indenture and the Series 2017-1 Senior Note will be included in the preliminary and final offering memoranda of the Issuer relating to the issue of other Notes from time to time.

(d) The confidentiality provisions set forth in this Section 9.10 shall expire on the second year anniversary of the date on which the Series 2017-1 Senior Notes have been paid in full.

9.11 Acknowledgement and Consent to Bail-In of EEA Financial Institutions

Notwithstanding anything to the contrary in this Supplemental Indenture or in any other Program Agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any EEA Financial Institution arising under this Supplemental Indenture or any other Program Agreement, to the extent such liability is unsecured, may be subject to the write-down and conversion powers of an EEA Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

(a) the application of any Write-Down and Conversion Powers by an EEA Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an EEA Financial Institution; and

(b) the effects of any Bail-~~in~~**In** Action on any such liability, including, if applicable

(i) a reduction in full or in part or cancellation of any such liability;

(ii) a conversion of all, or a portion of, such liability into shares or other instruments or ownership in such EEA Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Supplemental Indenture or any other Facility Agreement; or

(iii) the variation of the terms of such liability in connection with the exercise of the write-down and conversion powers of any EEA Resolution Authority.

9.12 Limitation of Liability of Issuer Trustee

Each party hereto other than the Issuer acknowledges that the Issuer is a trust, and that Computershare Trust Company of Canada is the Issuer Trustee. The other parties hereto agree that the Issuer Trustee will not be subject to any liability whatsoever to them, in tort, contract or otherwise, in connection with the Issuer's assets or the trust activities, for any action taken or permitted by it to be taken, or for its failure to take any action; provided that the foregoing limitation will not apply in respect of any action or failure to act arising from or in connection with wilful misconduct, negligence or reckless disregard of a duty by the Issuer Trustee. The Issuer Trustee in doing anything or permitting anything to be done in respect of assets or the trust activities is, and shall be conclusively deemed to be, acting as trustee of the Issuer and not in any other capacity. Except as to the extent provided in this Section 9.12, the Issuer Trustee will not be subject to any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Issuer, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the Issuer's assets or the trust activities and resort will be had solely to the Collateral for the payment or performance thereof. No property or assets of the Issuer Trustee, whether owned in its personal capacity or otherwise, will be subject to levy, execution or other enforcement procedure with regard to any obligation under this Supplemental Indenture. Nothing contained in this Section 9.12 shall be construed so as to limit the liability of the Issuer under this Supplemental Indenture. This Supplemental Indenture, and every deed, transfer, assignment, agreement or other instrument made pursuant hereto including, without limitation, the Series 2017-1 Senior Notes, made or purporting to be made by or creating an obligation of the Issuer or the Issuer Trustee on behalf of, or as trustee of, the Issuer shall be deemed and construed for all purposes as if made by the Issuer Trustee, in and only in its capacity as trustee of the Issuer. Any obligations of the Issuer Trustee hereunder or thereunder are non-recourse to the Issuer Trustee in its personal capacity.

9.13 Execution in Counterparts

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

9.14 Delivery of Executed Copies

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

[signature page follows]

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

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

By:

By:

Name:

Title:

By:

Name:

Title:

BNY TRUST COMPANY OF CANADA, as Indenture Trustee

By:

Name:

Title:

By:

Name:

Title:

ROYAL BANK OF CANADA, as Administrative Agent,

By:

Name:

Title:

[NTD: Detailed signing pages to be prepared.]

~~SCHEDULE A~~

SCHEDULE A

DEFINITIONS

"**Acceleration Event**" means either:

(a) all Issuer Funding Obligations are declared due and payable under Section 8.02 of the Trust Indenture, or

(b) the Series 2017-1 Principal Amount and all interest accrued and unpaid thereon is declared to be due and payable under Section 7.1.

"**Administrative Agent**" is defined in the preamble to this Supplemental Indenture.

"**AEOI Legislation**" is defined in Section 3.10(a).

"**Affected Party**" means any Non-Conduit Purchaser, CP Conduit Purchaser and any Program Support Provider with respect to any CP Conduit Purchaser.

"**Applicable Margin**" is **the Program Fee as** defined in the Fee Letter.

"**Authorized Officer**" means, with respect to: (a) the Issuer, any authorized director or officer of the Manager; (b) the Manager, any authorized director of officer of OPG; (c) the IESO, any authorized director or officer of the IESO; (d) the Issuer Trustee, any officer within the corporate trust office of such trustee (including the President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Treasurer or any other officer of the Issuer Trustee customarily performing functions similar to those performed by persons who at the time shall be such officers, respectively, and that has direct responsibility for the administration of the Issuer and also, with respect to a particular matter, any other officer to whom such matter is referred to because of such officer's knowledge and familiarity with the particular subject).

"**Bail-In Action**" shall mean the exercise of any Write-Down and Conversion Powers by the applicable EEA Resolution Authority in respect of any liability of an EEA Financial Institution.

"**Bail-In Legislation**" shall mean, with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule.

~~"**Basel III**" means the revised Basel Accord prepared by the Basel Committee on Banking Supervision as set out in the publication entitled "A Global Regulatory Framework for More Resilient Banks and Banking Systems" developed by the Basel Committee on Banking Supervision, initially published in December 2010, as updated from time to time, and any rules, regulations, guidance, requests, interpretations or directives from any Official Body relating thereto (whether or not having the force of law).~~**"Breakage Costs" means, with respect to a CP**

Conduit Purchaser, the net interest costs, if any, with respect to any portion of the Commercial Paper it has issued to fund its investment in the Series 2017-1 Senior Notes that will be incurred by such CP Conduit Purchaser as a result of the maturity of such Commercial Paper falling after the date of a Decrease.

"**CDOR**" means, on any day, an annual rate of interest equal to the average rate applicable to Canadian dollar bankers' acceptances for a 1 month period appearing on the "Reuters Screen CDOR Page" (as defined in the International Swaps and Derivatives Association, Inc. 2000 definitions, as modified and amended from time to time) at approximately 10:00 a.m. on such day, or if such day is not a Business Day, then on the immediately preceding Business Day, provided that if such rate does not appear on the Reuters Screen CDOR Page on such day as contemplated, then CDOR on such day shall be calculated as the average of the rates for such period applicable to Canadian dollar bankers' acceptances quoted by the banks listed in Schedule I of the *Bank Act* (Canada) as of 10:00 a.m. on such day or, if such day is not a Business Day, then on the immediately preceding Business Day.

"**Closing Date**" is defined in Section 3.3(a).

~~"**Code**" is defined in Section 3.10(a).~~

"**Commercial Paper**" means, with respect to any CP Conduit Purchaser, the promissory notes issued by, or for the benefit of, such CP Conduit Purchaser in the commercial paper market.

"**Commitment**" means, with respect to (a) the Group Bank included in any CP Conduit Purchaser Group, the obligation of such Group Bank to purchase a Series 2017-1 Senior Note on the Closing Date and, thereafter, to maintain and, subject to certain conditions, increase the Purchaser Group Principal Amount with respect to such CP Conduit Purchaser Group, in each case, in an amount up to the Maximum Purchaser Group Principal Amount with respect to such CP Conduit Purchaser Group; or (b) any Non-Conduit Purchaser Group, the obligation of the Related Non-Conduit Purchaser to purchase a Series 2017-1 Senior Note on the Closing Date and, thereafter, to maintain and, subject to certain conditions, increase the Purchaser Group Principal Amount with respect to such Non-Conduit Purchaser Group, in each case, in an amount up to the Maximum Purchaser Group Principal Amount with respect to such Non-Conduit Purchaser Group.

"**Commitment Expiry Date**" means the earlier of (a) the Scheduled Commitment Expiry Date; and (b) the date on which an Event of Default **or a Series 2017-1 Event of Default** shall have been declared or automatically occurred.

"Commitment Extension" means an extension of the Scheduled Commitment Expiry Date effected in accordance with Section 3.5(c).

"Commitment Extension Request" is defined in Section 3.5(c).

"**Commitment Fee**" is defined in Section 3.6(b).

"**Commitment Fee Rate**" is defined in the Fee Letter.

"**Commitment Percentage**" means, on any date of determination, with respect to any Purchaser Group, the ratio, expressed as a percentage, which such Purchaser Group's Maximum Purchaser Group Principal Amount bears to the Series 2017-1 Maximum Principal Amount on such date.

"**Conduit Assignee**" means, with respect to any CP Conduit Purchaser, any commercial paper conduit administered by the Funding Agent with respect to such CP Conduit Purchaser and designated by such Funding Agent to accept an assignment from such CP Conduit Purchaser of the Purchaser Group Principal Amount or a portion thereof with respect to such CP Conduit Purchaser pursuant to Section 9.1(b).

"**CP Conduit Funded Amount**" means, with respect to any CP Conduit Purchaser Group for any day, the portion of the Purchaser Group Principal Amount with respect to such CP Conduit Purchaser Group funded by the CP Conduit Purchaser in respect of such CP Conduit Purchaser Group.

"**CP Conduit Purchaser**" means each commercial paper conduit listed on Schedule E or party to a Purchaser Group Supplement pursuant to which such commercial paper conduit became a party to this Supplemental Indenture

"**CP Conduit Purchaser Group**" means, collectively, a CP Conduit Purchaser and the Group Bank with respect to such CP Conduit Purchaser.

"**CP Conduit Rating Agencies**" means, with respect to any CP Conduit Purchaser, each of DBRS and Moody's and any other nationally recognized statistical rating organization which may, from time to time, rate the Commercial Paper of the CP Conduit Purchaser at the request of the CP Conduit Purchaser.

"**CP Rate**" means with respect to any CP Conduit Purchaser for any day during an Interest Period, the weighted average annual rate of interest applicable to all Commercial Paper of the CP Conduit Purchaser; and provided further that (x) any such Commercial Paper may be issued in either United States dollars or Canadian dollars with the appropriate market rate currency swap agreements being entered into to match such issuance to the funding requirements of such CP Conduit Purchaser, and (y) such weighted average annual rate of interest shall be calculated to reflect any costs incurred by such CP Conduit Purchaser in connection with such swap transactions or in connection with any redemption or repurchase transaction between such CP Conduit Purchaser and the holders of such commercial paper; provided that no amount shall be included in the calculation of the CP Rate which reflects any termination amounts payable by such CP Conduit Purchaser in respect of the early termination of any market rate currency swap referred to in this definition.

"**Decrease**" is defined in Section 3.4(a).

"**Decrease Amount**" is defined in Section 3.4(a).

"**Deferrable Increase Notice**" means a notice of Increase that provides that a Delayed Funding Notice may be provided by any Purchaser Group with respect to such Increase in accordance with Section 3.3(e).

"**Delayed Amount**" is defined in Section 3.3(e).

"**Delayed Funding Date**" is defined in Section 3.3(e).

"**Delayed Funding Notice**" is defined in Section 3.3(e).

"**Delayed Funding Purchaser Group**" is defined in Section 3.3(e).

"**Delayed Funding Reimbursement Amount**" means, with respect to any Delayed Amount of a Delayed Funding Purchaser Group funded by Non-Delayed Funding Purchaser Groups on an Increase Date, an amount equal to the excess, if any, of (a) such Delayed Amount; over (b) the amount, if any, by which the portion of any principal payment made by the Issuer to such Non-Delayed Funding Purchaser Group pursuant to Section 3.7 on any date during the period from and including such Increase Date to but excluding the Delayed Funding Date for such Delayed Amount, was greater than what it would have been had such Delayed Amount been funded by such Delayed Funding Purchaser Group on such Increase Date.

"**EEA Financial Institution**" shall mean (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority; (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition; or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clause (a) or (b) of this definition and is subject to consolidated supervision with its parent.

"**EEA Member Country**" shall mean any of the member states of the European Union, Iceland, Liechtenstein and Norway.

"**EEA Resolution Authority**" shall mean any public administrative authority or any person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

"**Eligible Assignee**" means a financial institution having (i) a short-term debt rating of at least "P-1" from Moody's, and (ii) either (A) a short-term debt rating of at least "R-1(low)" from DBRS, or (B) a long-term debt rating of at least "A" from DBRS.

"**EU Bail-In Legislation Schedule**" shall mean the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor person), as in effect from time to time.

"**Excluded Taxes**" is defined in Section 3.10(a).

"**FATCA**" is defined in Section 3.10(a).

"**Fee Letter**" means the **fee** letter dated the date hereof~~, from the Issuer addressed to the Administrative Agent, each Non-Conduit Purchaser and each of the CP Conduit Purchasers, the Funding Agents and the Group Banks, setting forth certain fees payable from time to time to the Purchaser Groups~~ **between the Issuer, Canadian Imperial Bank of Commerce, Royal Bank of Canada and Goldman Sachs Canada Inc.**, as such letter may be amended or replaced from time to time.

"**Funding Agent**" means, with respect to each CP Conduit Purchaser and its CP Conduit Purchaser Group, the agent bank set forth opposite the name of such CP Conduit Purchaser on Schedule E or in the Purchaser Group Supplement pursuant to which such CP Conduit Purchaser became a party to this Supplemental Indenture.

"**Group Bank**" means, with respect to a CP Conduit Purchaser, the bank or other Person set forth opposite the name of such CP Conduit Purchaser on Schedule E or in the Purchaser Group Supplement pursuant to which such CP Conduit Purchaser became a party to this Supplemental Indenture and any assignee thereof, to the extent such assignee has assumed all or a portion of the Commitments of the Group Bank pursuant to a Transfer Supplement entered into in accordance with Section 9.1(c).

"**Group Bank Funded Amount**" means, with respect to any CP Conduit Purchaser Group for any day, the excess, if any, of the Purchaser Group Principal Amount with respect to such CP Conduit Purchaser Group over the CP Conduit Funded Amount with respect to such CP Conduit Purchaser Group for such day.

"**Group Bank Participants**" is defined in Section 9.1(d).

"**Group Monthly Fees and Other Amounts**" shall mean, for any Payment Date and a Purchaser Group the sum of (a) the Commitment Fee with respect to the related Interest Period for such Purchaser Group; plus (b) any amounts payable to such Purchaser Group hereunder including, without limitation, pursuant to Sections 3.8, 3.10, 3.11 and 9.8; plus (c) the Monthly Fees and Other Amounts Shortfall for such Purchaser Group for such Payment Date.

"**Group Monthly Interest**" means, with respect to each Interest Period and:

(a) any CP Conduit Purchaser Group, the sum of:

(i) for each day during such Interest Period, the product of (x) the portion of the CP Conduit Funded Amount with respect to the CP Conduit Purchaser Group on such day funded through the issuance of Commercial Paper outstanding on such day, times (y) the sum of the CP Rate for such day plus the Applicable Margin, divided by (z) 365; plus

(ii) for each day during such Interest Period, the product of (x) the portion of the CP Conduit Funded Amount with respect to the CP Conduit Purchaser in such ~~GP~~**CP** Conduit Purchaser Group on such day not funded through the issuance of Commercial Paper outstanding on such day, times (y) the sum of CDOR for such day plus the Applicable Margin, divided by (z) 365; plus

(iii) for each day during such Interest Period the product of (x) the Group Bank Funded Amount with respect to such Purchaser Group on such day, times (y) the sum of CDOR for such day plus the Applicable Margin, divided by (x) 365.

(b) any Non-Conduit Purchaser Group, the sum for each day during such Interest Period of the product of (i) the Purchaser Group Principal Amount with respect to such Non-Conduit Purchaser Group on such day; times (ii) the sum of CDOR for such day plus the Applicable Margin, divided by (iii) 365.

For the purposes of determining the Group Monthly Interest in respect of an Interest Period prior to the end of the Interest Period, the Funding Agent in respect of a CP Conduit Purchaser Group or a Non-Conduit Purchaser Group may estimate the interest for the remaining days in the Interest Period. If the actual interest for such days is less than the estimated interest, the Group Monthly Interest for the following Interest Period shall be reduced to adjust for such lower actual interest and if the actual interest for such days is higher than the estimated interest, the Group Monthly Interest for the following Interest Period shall be increased to adjust for such higher interest.

"**Increase**" is defined in Section 3.3(a).

"**Increase Amount**" is defined in Section 3.3(a).

"**Increase Date**" is defined in Section 3.3(a).

"**Increase Notice**" is defined in Section 3.3(a).

"**Interest Period**" means each of the consecutive periods that begins on, and includes, each Payment Date and ends on and excludes, the following Payment Date; provided that the first Interest Period shall begin on the Closing Date and end on ~~●~~ **the Payment Date in January, 2018.**

"**Issuer Indemnified Person**" is defined in Section 3.8.

"**Maximum Purchaser Group Principal Amount**" means, with respect to (a) any CP Conduit Purchaser Group, the amount set forth opposite the name of the CP Conduit Purchaser included in such CP Conduit Purchaser Group on Schedule E or in the Purchaser Group Supplement pursuant to which such CP Conduit Purchaser Group became a party to this Supplemental Indenture; or (b) any Non-Conduit Purchaser Group, the amount set forth opposite the name of such Non-Conduit Purchaser Group on Schedule E or in the Purchaser Group Supplement pursuant to which such Non-Conduit Purchaser Group became a party to this Supplemental Indenture, in each case, as such amount may be increased or reduced from time to time as provided in Section 3.5.

"**Monthly Fees and Other Amounts**" shall mean, for any Payment Date, the aggregate of the Group Monthly Fees and Other Amounts for all Purchaser Groups.

"**Monthly Fees and Other Amounts Shortfall**" means, for any Payment Date and a Purchaser Group, if the amount of the Monthly Fees and Other Amounts for the preceding Payment Date was greater than the amount distributed to the payment of such amounts pursuant to Section 3.6(d), an amount equal to the Monthly Fees and Other Amounts owing to such Purchaser Group which were unpaid on the preceding Payment Date plus interest on such unpaid amount for the

period from the preceding Payment Date to the current Payment Date at a rate equal to the Prime Rate plus **1.00% per annum.**

"**Monthly Interest**" shall mean, for any Payment Date, the aggregate for all Purchaser Groups of the sum of (a) Group Monthly Interest for the related Interest Period for each Purchaser Group; plus (b) the Monthly Interest Shortfall for such Payment Date for each Purchaser Group.

~~"**Monthly Fees and Other Amounts**" shall mean, for any Payment Date, the aggregate of the Group Monthly Fees and Other Amounts for all Purchaser Groups.~~

"**Monthly Interest Shortfall**" means, for any Payment Date and a Purchaser Group, if the amount of the Group Monthly Interest for the preceding Payment Date was greater than the amount distributed to the payment of such amounts pursuant to Section 3.6(d), an amount equal to the Group Monthly Interest owing to such Purchaser Group which were unpaid on the preceding Payment Date plus interest on such unpaid amount for the period from the preceding Payment Date to the current Payment Date at a rate equal to the Prime Rate plus ~~●~~**1.00**% per annum.

~~"**Monthly Fees and Other Amounts Shortfall**" means, for any Payment Date and a Purchaser Group, if the amount of the Monthly Fees and Other Amounts for the preceding Payment Date was greater than the amount distributed to the payment of such amounts pursuant to Section 3.6(d), an amount equal to the Monthly Fees and Other Amounts owing to such Purchaser Group which were unpaid on the preceding Payment Date plus interest on such unpaid amount for the period from the preceding Payment Date to the current Payment Date at a rate equal to the Prime Rate plus ●% per annum.~~

"**Non-Conduit Purchaser**" means each financial institution or other entity (other than a commercial paper conduit, Group Bank or Funding Agent) listed on Schedule E or party to a Purchaser Group Supplement pursuant to which such financial institution or entity became a party to this Supplemental Indenture.

"**Non-Conduit Purchaser Group**" means a Non-Conduit Purchaser.

"**Non-Conduit Purchaser Participants**" is defined in Section 9.1(f).

"**Non-Deferrable Draw Amount**" means, with respect to any Purchaser Group as of any Increase Date, an amount equal to the lesser of (a) the excess, if any, of (x) the product of (i) $100,000,000 and (ii) the Commitment Percentage of such Purchaser Group over (y) the portion of any Increase Amounts funded by such Purchaser Group during the preceding thirty-five (35) days pursuant to a Non-Deferrable Increase Notice or, to the extent of any decrease pursuant to Section 3.3(e) in the Delayed Amount set forth in a Delayed Funding Notice delivered by such Purchaser Group, a Deferrable Increase Notice; and (b) the excess, if any, of (x) the Maximum Purchaser Group Principal Amount with respect to such Purchaser Group, over (y) the sum of (i) the Purchaser Group Principal Amount with respect to such Purchaser Group; and (ii) any unfunded Delayed Amounts with respect to such Purchaser Group, in each case as of such Increase Date.

"**Non-Deferrable Increase Notice**" means a notice of Increase that provides that a Delayed Funding Notice may not be provided by any Purchaser Group with respect to such Increase in accordance with Section 3.3(a).

"**Non-Delayed Funding Purchaser Group**" is defined in Section 3.3(f).

"**Optional Termination Date**" is defined in Section 3.4.

"**Optional Termination Notice**" is defined in Section 3.4.

"**Prime Rate**" means the annual rate of interest announced by ~~●~~**Royal Bank of Canada** from time to time as being its reference rate for the determination of interest rates on Canadian dollar denominated commercial loans made by it and commonly referred to by ~~●~~**Royal Bank of Canada** as its "prime rate."

~~"**Principal Accumulation Amount**" means, in respect of each Payment Date, an amount equal to the Principal Payment Amount for such Payment Date.~~

"**Principal Accumulation Date**" means **(i) if a Commitment Extension has occurred, the date specified as the "Principal Accumulation Date" in the related Commitment Extension Request, or (ii) otherwise,** the Payment Date occurring in the month of July, 2021.

"**Principal Payment Amount**" means, in respect of the Series 2017-1 ~~Notes~~**Senior Notes, (i) if a Commitment Extension has occurred, the amount specified as the "Principal Payment Amount" in the related Commitment Extension Request, or (ii) otherwise**:

(a) On any Payment Date occurring on or after the earlier of (i) the Payment Date occurring in October, 2021; and (ii) the occurrence of an Acceleration Event, the Series 2017-1 Principal Amount.

(b) Unless clause (a) above is applicable, on the Payment Dates in ~~each of~~ the ~~months~~**month** of July, ~~2021,~~ August, ~~2021 and~~ September~~,~~ **and October of** 2021, an amount equal the lesser of (x) the sum of (A) ~~[~~25~~]~~% of the Series 2017-1 Principal Amount on the Business Day prior to the Principal Accumulation Date**,** plus (B) the Decrease Amount of any Decrease occurring on such Payment Date, and (y) the Series 2017-1 Principal Amount.

(c) Unless either of clauses (a) or (b) above is applicable, on any Payment Date ~~this~~**that** is not a Decrease Date, nil.

(d) Unless either of clauses (a) or (b) is applicable, on any Payment Date that is a Decrease Date, the Decrease Amount of the Decrease occurring on such Payment Date.

"Principal Payment Default Date" means, in respect of any Principal Payment Amount, (i) if a Commitment Extension has occurred, the date specified as the "Principal Payment Default Date" with respect to such Principal Payment Amount in the related Commitment

Extension Request, or (ii) otherwise, the Business Day that is two years after the Principal Payment Date in respect of such Principal Payment Amount.

"**Pro Rata Share**" means, with respect to any Purchaser Group, on any date, the ratio, expressed as a percentage, which the Purchaser Group Principal Amount with respect to such Purchaser Group bears to the Series 2017-1 Principal Amount on such date.

"**Program Support Provider**" means, with respect to any CP Conduit Purchaser, the Group Bank with respect to such CP Conduit Purchaser and any other or additional Person now or hereafter extending credit, or having a commitment to extend credit to or for the account of, or to make purchases from, such CP Conduit Purchaser or issuing a letter of credit, surety bond or other instrument to support any obligations arising under or in connection with such CP Conduit Purchaser's securitization program.

"**Purchaser Group**" means a CP Conduit Purchaser Group or a Non-Conduit Purchaser Group.

"**Purchaser Group Increase Amount**" means, with respect to any Purchaser Group, for any Business Day, such Purchaser Group's Commitment Percentage of the Increase Amount, if any, on such Business Day.

"**Purchaser Group Principal Amount**" means, with respect to any Purchaser Group, (a) when used with respect to the Closing Date, such Purchaser Group's Commitment Percentage of the Series 2017-1 Initial Principal Amount; and (b) when used with respect to any other date, an amount equal to (i) the Purchaser Group Principal Amount with respect to such Purchaser Group on the immediately preceding Business Day; plus (ii) the Purchaser Group Increase Amount with respect to such Purchaser Group on such date; minus (iii) the amount of principal payments made to such Purchaser Group pursuant to Section 3.7 on such date. For the avoidance of doubt, (x) so long as any Purchaser Group has failed to fund any portion of its Purchaser Group Increase Amount with respect to any Increase Date (including any Delayed Amount), such unfunded amount shall not be included in the Purchaser Group Principal Amount for such Purchaser Group unless and until such amount has been funded (including by ~~Funding~~**funding** any Delayed Funding Reimbursement Amount, if applicable), and (y) any Delayed Amounts funded on an Increase Date by a Non-Delayed Funding Purchaser Group shall be included in the Purchaser Group Principal Amount for such Non-Delayed Funding Purchaser Group until the related Delayed Funding Reimbursement Amount has been funded.

"**Purchaser Group Supplement**" is defined in Section 9.1(e).

"**Rating Agency Condition**" means, with respect to any action in respect of the Series 2017-1 Senior Notes subject to such condition, each of the CP Conduit Purchasers shall deliver written notice of the proposed action to the CP Conduit Rating Agencies at least 10 Business Days prior to the effective date of such action (or if 10 Business Days prior notice is impractical, such advance notice as is practicable) and the CP Conduit Rating Agencies (i) shall not have informed any CP Conduit Purchaser prior to the effective date of such action that such action will result in the reduction or withdrawal of the rating in effect with respect to the Commercial Paper of the CP Conduit Purchaser immediately before the taking of such action, or (ii) in the case of DBRS, or any successor thereto, when it is a CP Conduit Rating Agency, DBRS shall have informed

each of the CP Conduit Purchasers in writing prior to the effective date of such action that such action will not result in the reduction or withdrawal of the rating of any Commercial Paper of such CP Conduit Purchasers immediately before the taking of such action. For purposes of the Trust Indenture, this Supplemental Indenture and the Master Transfer and Servicing Agreement, the Indenture Trustee shall receive, and shall be entitled to rely on, a certificate of a CP Conduit Purchaser confirming the satisfaction of the Rating Agency Condition.

"**Recipient**" is defined in Section 3.10(a).

"**Refinancing Increase**" is defined in Section 3.3(a).

"**Regulatory Change**" shall mean (i) the adoption after the date hereof of any applicable law, rule or regulation (including any applicable law, rule or regulation regarding capital adequacy, deposits, reserves or liquidity coverage) or any change therein after the date hereof, (ii) any change after the date hereof in the interpretation, administration, scope or timing of implementation thereof by any governmental authority, central bank, self-regulating professional body or comparable agency or authority charged with the interpretation or administration thereof, or compliance with any guidance, request or directive (whether or not having the force of law) of any such authority, central bank, self-regulating professional body or comparable agency or authority; provided that for purposes of this definition, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder, issued in connection therewith or in implementation thereof, and (y) all requests, rules, guidelines and directives (whether or not having the force of law) promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or Canadian or United States or other foreign regulatory authorities, shall in each case be deemed to be a "Regulatory Change", regardless of the date enacted, adopted, issued or implemented.

"**Related Non-Conduit Purchaser**" means, with respect to any Non-Conduit Purchaser Group, the Non-Conduit Purchaser that constitutes such Non-Conduit Purchaser Group.

"**Related Purchaser Group**" means, with respect to (a) any Funding Agent, the CP Conduit Purchaser identified next to such Funding Agent on Schedule E and the Group Bank identified on Schedule I next to such CP Conduit Purchaser or the CP Conduit Purchaser and Group Bank party to the Purchaser Group Supplement pursuant to which such Funding Agent became a party to this Supplemental Indenture; (b) any CP Conduit Purchaser, the CP Conduit Purchaser Group of which such CP Conduit Purchaser is a member; and (c) any Non-Conduit Purchaser, the Non-Conduit Purchaser Group that such Non-Conduit Purchaser constitutes.

"**Requisite Series 2017-1 Noteholders**" means Purchaser Groups having Commitment Percentages aggregating more than 50% (or if all Commitments have terminated, Purchaser Groups whose aggregate Purchaser Group Principal Amounts exceed 50% of the Series 2017-1 Principal Amount).

"**Scheduled Commitment Expiry Date**" means, ~~●~~ **the Payment Date in December, 2019,** as such date may be extended in accordance with Section 3.5(c). ~~[NTD: to be determined.]~~

"Series 2017-1 Event of Default" means any one of the following events (whatever the reason for such Series 2017-1 Event of Default and whether it will be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any Governmental Authority):

(a) a default by the Issuer in the payment of any interest on any Series 2017-1 Senior Notes when such interest becomes due and payable, and continuance of such default for a period of ~~[~~five~~]~~ days following the date on which such interest became due and payable;

(b) a default by the Issuer in the payment of any principal of any Series 2017-1 Senior Notes at its Principal Payment Default Date;

(c) any representation or warranty contained in Section 5.1 of this Supplemental Indenture or Section ~~[~~12.01~~]~~ of the Trust Indenture proves to be incorrect in any material respect when made and such incorrect representation or warranty if capable of being remedied by the Issuer, has not been remedied for a period of ~~60~~**30** days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by a Purchaser Group, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default" hereunder and, as a result of such default, the interests of such Purchaser Group is materially and adversely affected and continue to be materially and adversely affected during the ~~60~~**30**-day period;

(d) a default in the performance, or breach, of any covenant of the Issuer in the Trust Indenture or this Supplemental Indenture in respect of any Series 2017-1 Senior Notes (other than an agreement, covenant or warranty a default in the performance of which or the breach of which is elsewhere specifically dealt with in this definition of Series 2017-1 Event of Default), and continuance of such default or breach for a period of ~~60~~**30** days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by a Purchaser Group, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default" hereunder and, as a result of such default, the interests of such Purchaser Group is materially and adversely affected and continue to be materially and adversely affected during the ~~60~~**30**-day period;

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

(f) a Suspension Notice is issued by the Province.

"**Series 2017-1 Initial Principal Amount**" is defined in Section 3.3(a).

"**Series 2017-1 Maximum Principal Amount**" means, on any date of determination, the sum of the Maximum Purchaser Group Principal Amounts with respect to each of the Purchaser Groups on such date.

"**Series 2017-1 Noteholder**" means a Person in whose name a Series 2017-1 Senior Note is registered in the Note Register.

"**Series 2017-1 Principal Amount**" means, on any date of determination, the sum of the Purchaser Group Principal Amounts with respect to each of the Purchaser Groups on such date.

"**Series 2017-1 Senior Note**" means any one of the Floating Rate Variable Funding Senior Notes, Series 2017-1, executed by the Issuer and authenticated and delivered by or on behalf of the Indenture Trustee, substantially in the form of Exhibit B.

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

"**Support Facility**" shall mean any liquidity or credit support agreement with a CP Conduit Purchaser which relates to, or is otherwise available to such CP Conduit Purchaser in relation to its funding activities under, this Supplemental Indenture.

"**Suspension Notice**" is defined in the Change of Law Protection Agreement.

"**Termination Event**" means any Acceleration Event **or Series 2017-1 Event of Default** or any event which with the giving of notice or the passage of time, or both, could become an Acceleration Event **or a Series 2017-1 Event of Default**.

"**Transfer Increase**" is defined in Section 3.3(a).

"**Transfer Supplement**" is defined in Section 9.1(c).

"**Transferee**" is defined in Section 9.1(g).

"**Trust Indenture**" means the trust indenture dated as of ●**December [21]**, 2017 between the Issuer and the Indenture Trustee, as amended or restated from time to time.

"**Write-Down and Conversion Powers**" shall mean, with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule.

~~SCHEDULE B~~

~~[FORM OF~~

SCHEDULE B

SERIES 2017-1 SENIOR NOTE~~]~~

REGISTERED	INITIAL DOLLAR PRINCIPAL AMOUNT
No. R [●]	$[●]

FAIR HYDRO TRUST

FLOATING RATE VARIABLE FUNDING SENIOR NOTE, SERIES 2017-1 ~~SENIOR NOTE~~

Fair Hydro Trust (herein referred to as the "Issuer"), a trust governed by the laws of Ontario and established under a Declaration of Trust dated as of December ■, 2017 for value received, hereby promises to pay to ■, or registered assigns, subject to the following provisions, a principal sum of $■, or, if less, the aggregate unpaid principal amount shown on the schedule attached hereto (and any continuation thereof), which amount shall be payable in the amounts and at the times set forth in the Indenture and the Indenture Supplement; provided, that, the entire unpaid amount of any Principal Payment Amount payable with respect to this Series 2017-1 Note shall be due on the related Principal Payment Default Date. The Issuer will pay interest on this Series 2017-1 Note in accordance with Section 3.6 of the Indenture Supplement on each Payment Date until the principal of this Series 2017-1 Note is paid or made available for payment, to the extent funds are available in accordance with the terms of the Indenture Supplement. Pursuant to Sections 3.3 and 3.4 of the Indenture Supplement, the principal amount of this Series 2017-1 Note shall be subject to Increases and Decreases on any Business Day during the period commencing on the Closing Date and ending on the Commitment Expiry Date (the "Revolving Period"), and accordingly, such principal amount is subject to prepayment in whole or in part at any time. During the Revolving Period, this Series 2017-1 Note is subject to mandatory prepayment, to the extent funds have been allocated to the Principal Accumulation Account and are available therefor, in accordance with Sections 3.4 and Section 3.7 of the Indenture Supplement. Beginning on the first Payment Date following the occurrence of a Series 2017-1 Event of Default or an Event of Default (collectively, a "Default Event"), subject to cure in accordance with the Base Indenture or the Indenture Supplement, as applicable, the principal of this Series 2017-1 Note shall be paid in installments on each subsequent Principal Payment Date to the extent of funds available for payment therefor pursuant to the Indenture. Such principal of and interest on this Series 2017-1 Note shall be paid in the manner specified on the reverse hereof.

The principal of and interest on this Series 2017-1 Note are payable in Canadian Dollars. Except as otherwise provided in the Indenture, payments made by the Issuer with respect to this Series 2017-1 Note shall be applied first to interest due and payable on this Series 2017-1 Note as provided above and then to the unpaid principal of this Series 2017-1 Note.

Reference is made to the further provisions of this Series 2017-1 Note set forth on the reverse hereof, which shall have the same effect as though fully set forth on the face of this Series 2017-1 Note. Although a summary of certain provisions of the Indenture is set forth below and on the reverse hereof and made a part hereof, this Series 2017-1 Note does not purport to summarize the Indenture and reference is made to the Indenture for information with respect to the interests, rights, benefits, obligations, proceeds and duties evidenced hereby and the rights, duties and obligations of the Issuer and the Trustee. A copy of the Indenture may be requested from the Trustee by writing to the Trustee at: BNY Trust Company of Canada, One York Street, 6th Floor, Toronto, Ontario M5J 0B6, Attention: Corporate Trust Administration.

Reference is made to the further provisions of this Note set forth on the reverse hereof, which shall have the same effect as though fully set forth on the face of this Note.

Unless the certificate of authentication hereon has been executed by or on behalf of the Indenture Trustee, by manual signature, this Note shall not be entitled to any benefit under the Indenture or the Indenture Supplement referred to on the reverse hereof, or be valid for any purpose.

IN WITNESS WHEREOF, the Issuer has caused this Series 2017-1 Note to be duly executed.

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

By:
Name:
Title:

By:
Name:
Title:

Dated: ■, 201■

INDENTURE TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Series 2017-1 Notes described in the within mentioned Indenture.

BNY TRUST COMPANY OF CANADA, as Indenture Trustee

By:
Authorized Signatory

FAIR HYDRO TRUST

SERIES 2017-1 SERIES 2017-1 FLOATING RATE ASSET BACKED NOTE

Summary of Terms and Conditions

This Series 2017-1 Note is one of a duly authorized issue of Notes of the Issuer, designated as its Fair Hydro Trust, Floating Rate Variable Funding Senior Note, Series 2017-1 (the "Series 2017-1 Notes"), issued under an Trust Indenture, dated as of December [21], 2017 (as may be amended, supplemented, restated, replaced or otherwise modified from time to time, the "Base Indenture"), between the Issuer and BNY Trust Company of Canada, as indenture trustee (the "Indenture Trustee," which term includes any successor Indenture Trustee under the Indenture), as supplemented by the Warehouse Senior Series 2017-Indenture Supplement, dated as of December [21], 2017 (the "Indenture Supplement"), and representing the right to receive certain payments from the Issuer. The term "Indenture," unless the context otherwise requires, refers to the Indenture as supplemented by the Indenture Supplement. Except as set forth in the Indenture Supplement, the Series 2017-1 Note is subject to all of the terms of the Base Indenture. All terms used in this Series 2017-1 Note that are defined in the Indenture Supplement shall have the meanings assigned to them in or pursuant to the Indenture Supplement.

The Series 2017-1 Note is and will be equally and ratably secured by the Collateral pledged as security therefor as provided in the Indenture.

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

As described above, the entire unpaid amount of any Principal Payment Amount payable with respect to this Series 2017-1 Note shall be due and payable on the related Principal Payment Default Date, in accordance with Section 3.7 of the Indenture Supplement. Notwithstanding the foregoing, if a Default Event with respect to the Series 2017-1 Notes shall have occurred and be continuing then, in certain circumstances, principal of the Series 2017-1 Note may be paid earlier, as described in the Indenture. All principal payments of the Series 2017-1 Note shall be made to the Series 2017-1 Noteholders.

Payments of interest on this Series 2017-1 Note are due and payable on each Payment Date or such other date as may be specified in the Indenture Supplement, together with the installment of principal then due, if any, and any payments of principal made on any Business Day in respect of any Decreases, to the extent not in full payment of this Series 2017-1 Note, shall be made by wire transfer to the holder of record of this Series 2017-1 Note (or one or more predecessor Series 2017-1 Notes) on the Note Register as of the close of business on each Record Date. Any reduction in the principal amount of this Series 2017-1 Note (or one or more predecessor Series 2017-1 Notes) effected by any payments made on any Payment Date shall be binding upon all future holders of this Series 2017-1

Note and of any Series 2017-1 Note issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof, whether or not noted thereon.

The Issuer shall pay interest on Monthly Interest Shortfalls at the rate specified in the definition thereof, to the extent lawful.

Subject to the terms of the Indenture, the holder of any Series 2017-1 Note may transfer the same in whole or in part, in an amount equivalent to an authorized denomination, by surrendering such Series 2017-1 Note at the office maintained by the Note Registrar for such purpose pursuant to Section 4.05(c) of the Base Indenture, with the form of transfer endorsed on it duly completed and executed by, or accompanied by a written instrument of transfer in form satisfactory to the Issuer and the Note Registrar by, the holder thereof. In exchange for any Series 2017-1 Note properly presented for transfer, the Issuer shall execute and promptly authenticate and deliver or cause to be authenticated and delivered in compliance with applicable law, to the transferee at such office, or send by mail (at the risk of the transferee) to such address as the transferee may request, Series 2017-1 Notes for the same aggregate principal amount as was transferred. In the case of the transfer of any Series 2017-1 Note in part, the Issuer shall execute and promptly authenticate and deliver or cause to be authenticated and delivered to the transferor at such office, or send by mail (at the risk of the transferor) to such address as the transferor may request, Series 2017-1 Notes for the aggregate principal amount that was not transferred. No transfer of any Series 2017-1 Note shall be made unless the request for such transfer is made by the Series 2017-1 Noteholder at such office. Upon the issuance of transferred Series 2017-1 Notes, the Trustee shall recognize the holders of such Series 2017-1 Note as Series 2017-1 Noteholders.

Each Series 2017-1 Noteholder, by acceptance of a Series 2017-1 Note, hereby acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor under the Base Indenture and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Base Indenture including, without limitation, Section 7.12 (Payments To Be Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse), Article IX (Indenture Trustee) (including all limitations of liability thereunder), Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition).

Prior to the due presentment for registration of transfer of this Series 2017-1 Note, the Issuer, the Trustee and any agent of the Issuer or the Trustee may treat the Person in whose name this Series 2017-1 Note (as of the day of determination or as of such other date as may be specified in the Indenture) is registered as the owner hereof for all purposes, whether or not this Series 2017-1 Note shall be overdue, and neither the Issuer, the Trustee nor any such agent shall be affected by notice to the contrary.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the rights of the holder of the Series 2017-1 Notes under the Indenture at any time by the Issuer with the consent of the applicable Person(s) specified therein. The Indenture also contains

provisions permitting the applicable Person(s) specified therein to waive compliance by the Issuer with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences with respect to the Series 2017-1 Notes. Any such consent or waiver by such Person(s) shall be conclusive and binding upon the Series 2017-1 Noteholders and upon all future holders of this Series 2017-1 Note and of any Series 2017-1 Note issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof whether or not notation of such consent or waiver is made upon this Series 2017-1 Note. The Indenture also permits the Issuer and the Trustee to amend or waive certain terms and conditions set forth in the Indenture without the consent of any other Person.

The term "the Issuer" as used in this Series 2017-1 Note includes any successor to the Issuer under the Indenture.

The Series 2017-1 Note is issuable only in registered form in denominations as provided in the Indenture, subject to certain limitations set forth therein.

This Series 2017-1 Note and the Indenture, and all matters arising out of or relating to this Series 2017-1 Note or Indenture, shall be governed by, and construed and interpreted in accordance with, the laws of the Province of Ontario and the federal laws applicable therein, and the obligations, rights and remedies of the parties hereto shall be determined in accordance with such laws.

No reference herein to the Indenture and no provision of this Series 2017-1 Note or of the Indenture shall alter or impair the obligation of the Issuer, which is absolute and unconditional, to pay the principal of and interest on this Series 2017-1 Note at the times, place and rate, and in the coin or currency herein prescribed, subject to any duty of the Issuer to deduct or withhold any amounts as required by law, including any applicable taxes.

INCREASES AND DECREASES

Date	Unpaid Principal Amount	Increase	Decrease	Total	Notation Made By

~~SCHEDULE C~~

SCHEDULE C

FORM OF INCREASE NOTICE

~~SCHEDULE D~~

SCHEDULE D

FORM OF DECREASE NOTICE

~~SCHEDULE E~~

SCHEDULE E

PURCHASER GROUPS

Document comparison by Workshare Compare on December-14-17 11:33:41 PM

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Document 1 ID	file://C:\Users\bsaulnie\Desktop\Senior Warehouse Supplement.docx
Description	Senior Warehouse Supplement
Document 2 ID	file://C:\Users\bsaulnie\Desktop\Senior Warehouse Supplement (Osler) - Dec 14.DOCX
Description	Senior Warehouse Supplement (Osler) - Dec 14
Rendering set	Firm_Standard

Legend:	
Insertion	
~~Deletion~~	
~~Moved from~~	
Moved to	
Style change	
Format change	
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Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	309
Deletions	242
Moved from	20
Moved to	20
Style change	0
Format changed	0
Total changes	591

WAREHOUSE

SUBORDINATED SERIES 2017-1

SUPPLEMENTAL INDENTURE

between

FAIR HYDRO TRUST

by

COMPUTERSHARE TRUST COMPANY OF CANADA
as Issuer Trustee

and

BNY TRUST COMPANY OF CANADA
as Indenture Trustee

and

ONTARIO POWER GENERATION INC.
as Purchaser

Made as of December ~~●~~[21], 2017

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FLOATING RATE VARIABLE FUNDING, SERIES 2017-1 SUBORDINATED NOTES

SUPPLEMENTAL INDENTURE made as of December ~~●~~**[21]**, 2017, between **Computershare Trust Company of Canada**, a trust company established under the laws of Canada (the "**Issuer Trustee**"), in its capacity as trustee of **Fair Hydro Trust**, a trust existing under the laws of the Province of Ontario (in such capacity, the "**Issuer**"), **BNY Trust Company of Canada**, a trust company established under the laws of Canada (the "**Indenture Trustee**"), and Ontario Power Generation Inc., in its capacity as the purchaser (the "**Purchaser**");

WHEREAS pursuant to the Trust Indenture, provision was made for the issuance of Notes from time to time;

AND WHEREAS pursuant to the Trust Indenture, Notes may be issued in one or more Series by the execution and delivery of a Supplemental Indenture;

AND WHEREAS pursuant to a Supplemental Indenture dated the date hereof between the Issuer Trustee, in its capacity as trustee of the Issuer, the Indenture Trustee, ~~●~~**Royal Bank of Canada**, in its capacity as the administrative agent for certain purchaser groups (the "**Administrative Agent**"), certain non-conduit purchasers from time to time party thereto, certain commercial paper conduit purchasers from time to time party thereto, and certain funding agents from time to time party thereto (the "**Senior Series 2017-1 Supplemental Indenture**"), the Issuer issued floating rate variable funding Series 2017-1 Senior Notes (the "**Series 2017-1 Senior Notes**");

AND WHEREAS the parties hereto are entering into this Supplemental Indenture to provide for the creation and issuance of the Series 2017-1 Subordinated Notes;

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

ARTICLE 1
INTERPRETATION

1.1 Definitions

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

(b) Except as otherwise expressly provided or unless the context otherwise requires, all terms used herein which are defined in the Trust Indenture, either directly or by reference therein, have the meanings assigned to them in the Trust Indenture.

1.2 Interpretation

Subject to the next following sentences, this Supplemental Indenture is supplemental to the Trust Indenture and the Trust Indenture shall be read in conjunction with this Supplemental Indenture

and all of the provisions of the Trust Indenture shall apply to and shall have effect in connection with this Supplemental Indenture in the same manner as if all of the provisions of the Trust Indenture and of this Supplemental Indenture were contained in one instrument. This Supplemental Indenture shall, unless the context otherwise requires, be subject to the interpretative provisions contained in Article 1 of the Trust Indenture. If any terms of the Trust Indenture are inconsistent with the express terms or provisions hereof, the terms and provisions of the Trust Indenture shall be, solely in respect of the Series 2017-1 Subordinated Notes, amended and supplemented so as to be consistent herewith. The provisions of this Supplemental Indenture are applicable only in respect of the Series 2017-1 Subordinated Notes and not the Notes of any other Series.

1.3 Application of this Supplemental Indenture

With respect to the Series 2017-1 Subordinated Notes only, the terms of the Trust Indenture are amended, supplemented, modified, restated and replaced to the extent applicable by the terms of this Supplemental Indenture in respect of the Series 2017-1 Subordinated Notes in accordance with Section 1.2 above.

ARTICLE 2
PRINCIPAL TERMS

2.1 Creation of Series 2017-1 Subordinated Notes

There is hereby created a Series of Notes to be issued pursuant to the Trust Indenture and this Supplemental Indenture designated as the "**Floating Rate Variable Funding Subordinated Notes, Series 2017-1**."

2.2 Principal Terms

In addition to and without limiting any of the provisions of this Supplemental Indenture, the Series 2017-1 Subordinated Notes:

(a) will be designated as set out in Section 2.1;

(b) will be Subordinated Notes;

(c) will have a Stated Principal Amount equal to the Series 2017-1 Maximum Subordinated Principal Amount;

(d) will not be issued in Tranches;

(e) will be denominated in Canadian dollars;

(f) will not be listed on any securities exchange;

(g) will have an Initial Dollar Principal Amount equal to the Series 2017-1 Initial Subordinated Principal Amount;

(h) will be issued as definitive notes and will not be in the form of a Global Note;

(i) will be issued as Registered Notes and will be without coupons;

(j) will be substantially in the form of Schedule B, with such appropriate insertions, omissions, substitutions and variations as may be approved by the Issuer;

(k) will have each Payment Date on and after the Payment Date in February, 2018 as an Interest Payment Date;

(l) will have Principal Payment Dates as determined under Section 3.7~~(a)~~;

(m) will have Principal Payment Default Dates as ~~determined under Section 3.7(b)~~**defined herein**; and

(n) will have no minimum issue amount.

ARTICLE 3
NOTE PURCHASE FACILITY

3.1 Purchase of Notes by the Purchaser

(a) ***Initial Purchase***. Subject to the terms and conditions of this Supplemental Indenture, including delivery of notice in accordance with Section 3.3, the Purchaser shall purchase a Series 2017-1 Subordinated Note in an amount equal to the Series 2017-1 Initial Subordinated Principal Amount on the Closing Date. Payments by the Purchaser for such purchase shall be made in immediately available funds on the Closing Date in accordance with Section 3.3(c).

(b) ***Series 2017-1 Maximum Subordinated Principal Amount***. Notwithstanding anything to the contrary contained in this Supplemental Indenture, at no time shall the Purchaser be required to purchase Series 2017-1 Subordinated Notes in an amount that exceeds the Series 2017-1 Maximum Subordinated Principal Amount.

3.2 Delivery

(a) On the Closing Date, Series 2017-1 Subordinated Notes shall be executed, authenticated and delivered by the Issuer in accordance with Section 4.03 of the Trust Indenture in the name of the Purchaser in an amount equal to the Series 2017-1 Maximum Subordinated Principal Amount. On each Increase Date, Series 2017-1 Subordinated Notes shall be executed, authenticated and delivered by the Issuer in accordance with Section 4.03 of the Trust Indenture in the name of the Purchaser in an amount equal to the Increase Amount.

(b) The Purchaser shall maintain a record of the actual Series 2017-1 Subordinated Principal Amount outstanding on any date of determination, which, absent manifest error, shall constitute prima facie evidence of the outstanding Series 2017-1 Subordinated Principal Amount from time to time.

3.3 Procedure for Initial Issuance and for Increasing the Series 2017-1 Subordinated Principal Amount

(a) (i) On any Business Day prior to [December **18, 2017**[21], **2017,** concurrent with the initial purchase of the Series 2017-1 Senior Notes under the Senior Series 2017-1 Supplemental Indenture, the Issuer shall request that the Purchaser purchase, and the Purchaser shall purchase, a Series 2017-1 Subordinated Note for an initial purchase price equal to the Series 2017-1 Initial Subordinated Principal Amount (the date on which the initial purchase occurs being referred to as the "**Closing Date**") by giving the Purchaser (with a copy to the Indenture Trustee) irrevocable written notice (effective upon receipt), by email communication, substantially in the form of Schedule C no later than **[3**12:00 p.m.] (Toronto time) on the third**second** Business Day prior to the Closing Date. The written notice of the initial purchase of the Series 2017-1 Subordinated Notes shall (x) state the Closing Date, (y) state the Series 2017-1 Initial Subordinated Principal Amount, and (z) attach a copy of the irrevocable written notice delivered to the Administrative Agent pursuant to Section 3.3(a) of the Senior Series 2017-1 Supplemental Indenture in connection with the concurrent initial purchase of the Series 2017-1 Senior Notes thereunder; and (ii) on any Business Day after the initial purchase of the Series 2017-1 Subordinated Notes hereunder, the Issuer and the Purchaser hereby agree that the Series 2017-1 Subordinated Principal Amount may**will** be increased by an amount not to exceed the product of (i)**(an "Increase") such that following such Increase the Outstanding Dollar Principal Amount of the Series 2017-1 Subordinated Notes will be equal to or greater than seventy-eight percent (78%) of the Outstanding Dollar Principal Amount of** the Series 2017-1 Senior Increase**Notes** on such Business Day (each date on which an increase in the Series 2017-1 Subordinated Principal Amount occurs hereunder being herein referred to as the "**Increase Date**" applicable to such Increase) and (ii) **[eighty-eight]** percent **[(88)]**% (an "**Increase**") by the Issuer providing the Purchaser (with a copy to the Indenture Trustee) irrevocable written notice (effective upon receipt), by email communication, substantially in the form of Schedule C (an "**Increase Notice**") no later than **[3**12:00 p.m.] (Toronto time) on the second**third** Business Day prior to such Increase Date. Each Increase Notice shall (w) state the Increase Date, (x) state the amount of the increase in the Series 2017-1 Subordinated Principal Amount (an "**Increase Amount**"), (y) state whether the Increase is to fund a Transfer (a "**Transfer Increase**") or is in respect of a Refinancing (a "**Refinancing Increase**"), and (z) attach a copy of the irrevocable written increase notice delivered to the Administrative Agent pursuant to Section 3.3(a) of the Senior Series 2017-1 Supplemental Indenture in connection with the applicable Series 2017-1 Senior Increase proposed to be made thereunder.

(b) The Purchaser shall not be required to increase the Series 2017-1 Subordinated Principal Amount on any Increase Date hereunder if after giving effect to such Increase Amount, the Series 2017-1 Maximum Subordinated Principal Amount will be exceeded.

(c) The Issuer shall apply amounts paid to it pursuant to Section 3.3(a) by application to payment of the purchase price payable by the Issuer to the IESO under the Master Transfer and Servicing Agreement in respect of a Transfer or by deposit to the Refinancing Account.

3.4 Procedure for Decreasing the Series 2017-1 Subordinated Principal Amount

On any Business Day after the initial purchase of the Series 2017-1 Subordinated Notes hereunder, the Issuer and the Purchaser hereby agree that the Series 2017-1 Subordinated Principal Amount may be decreased by an amount ~~not to exceed the product of (i)~~**(a "Decrease") such that following such decrease the Outstanding Dollar Principal Amount of the Series 2017-1 Subordinated Notes will not be less than seventy-eight percent (78%) of the Outstanding Dollar Principal Amount of** the Series 2017-1 Senior ~~Decrease on such Business Day, and (ii) **[eighty-eight]** percent **[(88)]**% (a "**Decrease**")~~**Notes**. Each Payment Date on which a Decrease in the Series 2017-1 Subordinated Principal Amount occurs hereunder being herein referred to as the "**Decrease Date**" applicable to such Decrease; and the Issuer shall provide to the Purchaser (with a copy to the Indenture Trustee) irrevocable written notice (effective upon receipt), by email communication, substantially in the form of Schedule D (a "**Decrease Notice**") no later than ~~[3~~**12**:00 p.m.~~]~~ (Toronto time) on the ~~second~~**fifth** Business Day prior to any Payment Date that is a Decrease Date. Each Decrease Notice shall (x) state the Decrease Date, (y) state the amount of the decrease in the Series 2017-1 Subordinated Principal Amount (a "**Decrease Amount**"), and (z) attach a copy of the irrevocable written decrease notice delivered to the Administrative Agent pursuant to Section 3.4 of the Senior Series 2017-1 Supplemental Indenture in connection with the applicable Series 2017-1 Senior Decrease proposed to be made thereunder. Upon receipt of any notice required by this Section 3.4 from the Issuer, the Purchaser shall forward (by email communication) a copy of such notice to DBRS on the Business Day received.

3.5 Increases and Reductions of the 2017-1 Maximum Subordinated Principal Amount

(a) If one or more Maximum Purchaser Group Principal Amounts are increased pursuant to Section 3.5(a) of the Senior Series 2017-1 Supplemental Indenture, the Series 2017-1 Maximum Subordinated Principal Amount shall be automatically increased by an amount equal to ~~**[eighty**~~**seventy**-eight~~]~~ percent ~~**[(88)]**% of such aggregate increase to~~**(78%) of the Outstanding Dollar Principal Amount of** the Maximum Purchaser Group Principal Amounts~~ pursuant to Section 3.5(a) of the Senior Series 2017-1 Supplemental Indenture~~.

(b) If the Series 2017-1 Maximum Senior Principal Amount is reduced pursuant to Section 3.5(b) of the Senior Series 2017-1 Supplemental Indenture, the Series 2017-1 Maximum Subordinated Principal Amount shall be automatically decreased ~~by~~**to** an amount equal to ~~**[eighty**~~**seventy**-eight~~]~~ percent ~~[(**88**)]~~**78**%**)** of such aggregate decrease to the Series 2017-1 Maximum Senior Principal Amount pursuant to Section 3.5(b) of the Senior Series 2017-1 Supplemental Indenture.

(c) If a Commitment Extension has occurred with respect to the Series 2017-1 Senior Notes, the Principal Accumulation Date, Principal Payment Amount and Principal Payment Default Date shall be amended to the "Principal Accumulation Date", "Principal Payment Amount" and "Principal Payment Default Date" set out in the request related to such Commitment Extension, as applicable.

3.6 Interest; Other Amounts

(a) Interest shall be payable on the Series 2017-1 Subordinated Notes on each Payment Date.

(b) The Purchaser shall provide written notice to the Issuer and the Paying Agent no later than ~~[three~~**five** (~~3~~**5**)~~]~~ Business Days ~~**[NTD: To conform with senior supplemental indenture]**~~ prior to each Payment Date, setting forth the Monthly Interest and the Monthly Other Amounts with respect to the Payment Date.

(c) The Monthly Interest shall be included in each calculation of the Interest Accrual Amount (Subordinated) for the purposes of Section 7.04(e)(iv) of the Trust Indenture and shall be payable pursuant to Sections 7.05(b), ~~7.07~~**7.06**(a), **7.07,** 7.10(b) or 8.13(d) of the Trust Indenture, as applicable. On each Payment Date, the Monthly Other Amounts shall be payable in respect of the Series 2017-1 Subordinated Notes pursuant to Sections 7.04(e)(xi)**, 7.10(b)** or 8.13(d) of the Trust Indenture, as applicable. On each Payment Date, the Paying Agent shall, subject to availability of funds, pay to the Purchaser the Monthly Other Amounts with respect to the Payment Date.

3.7 Repayment of Principal

~~(a)~~ Each Payment Date where the Principal Payment Amount is not nil shall be a Principal Payment Date in respect of the Series 2017-1 Subordinated Notes. On each Principal Payment Date in respect of the Series 2017-1 Subordinated Notes, the Paying Agent shall pay to the Purchaser the Principal Payment Amount for such Principal Payment Date out of funds allocated to the Series 2017-1 Subordinated Notes pursuant to Sections 7.04(e)(x), 7.06(~~e~~**b**)**(iii)**, 7.08(b)**(iii)**, 7.10(b) ~~**[NTD: Need to pick up in senior supplemental indenture]**~~ or 8.13(i) of the Trust Indenture, as applicable, in repayment of the principal amount of the Series 2017-1 Subordinated Notes.

~~(b) The Business Day that is ● after the Payment Date in respect of any Principal Payment Amount hereunder shall be the Principal Payment Default Date in respect of that Principal Payment Amount.~~

3.8 Indemnification by the Issuer

The Issuer agrees to indemnify and hold harmless the Indenture Trustee and the Purchaser and each of their respective officers, directors, agents and employees (each, an "**Issuer Indemnified Person**") from and against any loss, liability, expense, damage or injury suffered or sustained by such Issuer Indemnified Person by reason of (a) any acts, omissions or alleged acts or omissions arising out of, or relating to, activities of the Issuer pursuant to the Program Agreements to which it is a party; (b) a breach of any representation or warranty made or deemed made by the Issuer (or any of its officers) in any Program Agreement; or (c) a failure by the Issuer to comply with any applicable law or regulation or to perform its covenants, agreements, duties or obligations required to be performed or observed by it in accordance with the provisions of the Program Agreements, including, but not limited to, any judgment, award, settlement, reasonable attorneys' fees and other reasonable costs or expenses incurred in connection with the defense of any actual or threatened action, proceeding or claim, except to the extent such loss, liability, expense,

damage or injury resulted from the gross negligence, bad faith or willful misconduct of such Issuer Indemnified Person or its officers, directors, agents, principals, employees or employers as determined by a court of competent jurisdiction in a final non-appealable judgement or includes any Excluded Taxes; provided that any payments made by the Issuer pursuant to this Section 3.8 shall be made solely from funds available pursuant to Section 7.04 or 8.13 of the Trust Indenture, as applicable, shall be non-recourse other than with respect to such funds, and shall not constitute a claim against the Issuer to the extent that such funds are insufficient to make such payment.

3.9 Taxes

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

(b) If a payment by or on account of any obligation of the Issuer hereunder would be subject to withholding Taxes under any AEOI Legislation if the Recipient were to fail to comply with the applicable reporting requirements of any AEOI Legislation, such Recipient shall deliver to the Issuer at the time or times prescribed by law and at such time or times reasonably requested by the Issuer such documentation prescribed by applicable law and such additional documentation reasonably requested by the Issuer as may be necessary for the Issuer to comply with its obligations under any AEOI Legislation and to determine that such Recipient has complied with

its obligations under any AEOI Legislation, or to determine the amount to deduct and withhold from such payment. If any form or certification it previously delivered by a Recipient expires or becomes obsolete or inaccurate in any respect, the Recipient shall update such form or certification or promptly notify the Issuer in writing of its legal inability to do so.

(c) If a Recipient is legally entitled to receive a refund of any Taxes (other than Excluded Taxes) as to which it has been indemnified or with respect to which additional amounts have been paid to it hereunder or it is legally entitled to receive a credit or deduction with respect to such Taxes or with respect to such additional amounts that have been paid hereunder (in each case pursuant to Section 3.9(a)), it shall use commercially reasonable efforts to obtain or claim such refund, credit or deduction and pay over such refund or the value of such credit or deduction to the Issuer, together with any interest thereon.

3.10 Increased Costs

(a) (i) If any Regulatory Change (x) subjects the Purchaser to any charge or withholding on or with respect to any Support Facility or this Supplemental Indenture or the Purchaser's obligations under a Support Facility or this Supplemental Indenture, or changes the basis of taxation of payments to the Purchaser of any amounts payable under any Support Facility or this Supplemental Indenture Agreement (except for changes in the rate of tax on the overall net income of the Purchaser or Excluded Taxes) or (y) imposes, modifies or deems applicable any reserve, assessment, fee, tax, insurance charge, special deposit or similar requirement against assets of, deposits with or for the account of, or liabilities of the Purchaser, or credit extended by the Purchaser pursuant to a Support Facility or this Supplemental Indenture or (z) imposes any other condition the result of which is to increase the cost to the Purchaser of performing its obligations under a Support Facility or this Supplemental Indenture, or to reduce the rate of return on the Purchaser's capital or assets as a consequence of its obligations under a Support Facility or this Supplemental Indenture, or to reduce the amount of any sum received or receivable by the Purchaser under a Support Facility or this Supplemental Indenture, or to require any payment calculated by reference to the amount of interests or loans held or interest received by it, then, upon written request by the Purchaser therefore to the Issuer, the Purchaser shall be entitled to be paid such amounts charged to the Purchaser or such amounts to otherwise compensate the Purchaser for such increased cost or such reduction following a receipt by the Issuer of such request for compensation under this Section 3.10(a)(i), which payment shall be made on the earlier of (A) the first Payment Date on which amounts are available to pay such amounts pursuant to Section 7.04(e) of the Trust Indenture (provided that such request is received by the Issuer no later than five (5) Business Days prior to the end of the Interest Period related to such Payment Date), and (B) the ~~[~~twelfth~~]~~ Payment Date following such request.

(ii) The Issuer acknowledges that the Purchaser may implement, as an internal institutional matter, measures in anticipation of a final or proposed Regulatory Change (including, without limitation, the imposition of internal charges on the Purchaser's interest or obligations under any Support Agreement or this Supplemental Indenture) and may commence recognizing the incurrence of charges by seeking compensation under Section 3.10(a)(i) in connection with such measures, in advance of the effective date of such final or proposed Regulatory Change, and the Issuer agrees that such charges or compensation shall be payable, to the Purchaser, following demand therefor without regard to whether such proposed Regulatory Change has been adopted

or whether such effective date has occurred; provided, that (I) the Purchaser shall provide thirty (30) days prior written notice to the Issuer of its intent to impose or incur any such charges or compensation, (II) the Purchaser shall not be compensated for any such amount pursuant to this subsection 3.10(a)(ii) relating to any period ending, and of which the Purchaser has had knowledge, more than ~~●~~ ~~(●)~~**180** days prior to the date that the Purchaser provided the Issuer with the written notice contemplated by the preceding clause (I) of this subsection 3.10(a)(ii), (III) if, after the payment by the Issuer of any charges or compensation pursuant to this subsection 3.10(a)(ii), either (A) the Issuer requests in writing that the Purchaser re-compute any such charge or compensation in light of differences between a proposed Regulatory Change and the final effective version thereof or (B) the Purchaser determines that the amount of the charge imposed on and required to be compensated by the Issuer exceeds the amount necessary to compensate it for the applicable Regulatory Change as contemplated by subsection 3.10(a)(i), then (x) the amount of such charge or compensation shall, from and after such determination, be reduced by the amount of such excess and (y) the Purchaser shall, within thirty (30) days of such determination, either repay the amount of such excess or credit the amount of such excess against future charges under this subsection 3.10(a)(ii). The Issuer further acknowledges that any charge or compensation demanded hereunder may take the form of a monthly charge to be assessed by the Purchaser.

(b) The Purchaser claiming increased amounts described in subsection 3.10(a) of this Supplemental Indenture will furnish to the Issuer (together with its request for compensation) a certificate prepared in good faith setting forth the basis and the calculation of the amount (in reasonable detail) of each request by the Purchaser for any such increased amounts referred to in subsection 3.10(a) hereof. Any such certificate shall be conclusive absent manifest error. Failure on the part of the Purchaser to demand compensation for any amount pursuant to subsection 3.10(a) hereof with respect to any period shall not constitute a waiver of the Purchaser's right to demand compensation with respect to such period.

ARTICLE 4
CONDITIONS PRECEDENT

4.1 Conditions Precedent to Initial Purchase of Series 2017-1 Subordinated Notes

On or prior to the initial purchase of Series 2017-1 Subordinated Notes hereunder, the following conditions precedent shall be satisfied: ~~**[NTD: changes to the conditions precedent may be required to reflect the final Change of Law Protection Agreement.]**~~

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

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

(c) ~~(b)~~ The Purchaser shall have received:

(i) executed copies of this Supplemental Indenture~~ and copies of each of the other Program Agreements certified by an Authorized Officer of the Issuer~~;

(ii) certificates of status or compliance or other similar documents issued by the applicable governmental authority to evidence that each of the Issuer Trustee and the Manager is validly existing pursuant to the laws of the jurisdiction of their respective establishment or incorporation;

(iii) a copy of the incorporating documents and all amendments thereto and applicable by-laws**, as applicable,** of each of the Issuer Trustee, the IESO and the Manager certified by an Authorized Officer of the applicable entity;

(iv) copies of resolutions of the board of directors of the IESO and the Manager approving and authorizing the execution, delivery and performance of each Program Agreement they are party to, in each case certified by an Authorized Officer of the applicable entity;

(v) incumbency certificates for each of the Issuer Trustee, the Manager and the IESO executing this Supplemental Indenture and any other Program Agreements and the other documents to be delivered by either the Issuer Trustee, the Manager or the IESO thereunder, in each case showing their names, offices and specimen signatures on which certificates the Purchaser shall be entitled to conclusively rely until such time as the Purchaser receives a replacement certificate meeting the requirements of this Section 4.1(~~b~~**c**)(v);

(vi) the following Opinions of Counsel:

(A) the opinion of external counsel to the Manager as to the non-consolidation of the Issuer with the Manager in the event of the insolvency of the Manager in form and substance satisfactory to the Purchaser;

(B) the opinion of external counsel to the IESO as to the Investment Asset acquired by the Issuer not being subject to the claims of creditors of the IESO in form and substance satisfactory to the Purchaser;

(C) favourable opinions of external counsel to the Manager covering general corporate matters, the due execution and delivery of, and the enforceability of, each of the Program Agreements to which the Manager, the Issuer and the Issuer Trustee are party which opinion, as to certain matters, may rely on opinion of internal counsel to the Manager and the Issuer Trustee; and

(D) a favourable opinion of external counsel to the Province with respect to the due authorization, execution, delivery and enforceability of the Change of Law Protection Agreement in form and substance satisfactory to the Purchaser;

(vii) a certificate of an Authorized Officer of the Manager confirming that the representations and warranties set forth in Section 12.01 of the Trust Indenture and Section 5.1 of this Supplemental Indenture are true and correct in all material respects, that the Issuer is in compliance in all material respects with all of its covenants and obligations under the Program Agreements to which it is a party and that no Termination Event has occurred; and

(viii) such additional documents, instruments, certificates or letters as the Purchaser may reasonably request.

(d) ~~(c)~~ The representations and warranties set forth in Section 5.1 of this Supplemental Indenture shall be true and correct in all material respects, the Issuer shall be compliance in all material respects with all of its covenants and obligations under the Program Agreements to which it is a party and no Termination Event shall have occurred.

4.2 Conditions Precedent to each Increase under Series 2017-1 Subordinated Notes

On or prior to each Increase, the following conditions precedent shall be satisfied:

(a) the Purchaser shall have received an Increase Notice;

(b) no Termination Event shall have occurred or would occur after giving effect to such Increase;

(c) if the Increase is identified as a Transfer Increase in the Increase Notice, then the related Transfer under the Master Transfer and Servicing Agreement shall have been completed or contemporaneously completed;

(d) after giving effect the Increase, the aggregate of the amounts on deposit in the Program Cash Reserve Account and the IESO Cash Reserve Account shall be equal to or greater than the sum of:

(i) the Program Cash Reserve Required Amount,

plus

(ii) an amount equal to the ~~product~~**sum** of (x) the amount originally determined under clause (b) of the definition of IESO Cash Reserve Deposit Amount in the Trust Indenture ~~multiplied by (y) (i) for an Increase Date prior to the Payment Date in May, 2021, one; (ii) for an Increase Date on or after the Payment Date in May, 2021 and prior to the Payment Date in June, 2021, [●]%; (iii) for an Increase Date on or after the Payment Date in July, 2021 and prior to the Payment Date in October, 2021, [●]%. **[NTD: to be discussed]**~~**, less any amounts withdrawn from the IESO Cash Reserve Account to pay any Obligations Secured described in subsections 7.04(e)(i) through (v) of the Trust Indenture prior to the date of such Increase, and (y) to the extent the amount originally determined under clause (b) of the definition of IESO Cash Reserve Deposit Amount in the Trust Indenture was not determined in a manner which**

included the amount of such Increase, an amount estimated by the Manager, acting reasonably, equal to the additional Monthly Interest payable with respect to such Increase up to and including the Payment Date in July, 2021.

(e) after giving effect to such Increase, the aggregate Outstanding Dollar Principal Amount of Junior Subordinated Funding Obligations will not be less than 10% of the aggregate Outstanding Dollar Principal Amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations.

(f) ~~(e) [~~the Indenture Trustee shall have received ~~a certificate addressed to the Indenture Trustee and signed by the Chief Financial Officer and the Treasurer of OPG (or their respective designees, provided that such designees are executive officers of OPG) confirming either (A) that OPG has provided to the Province all certifications required by the Province~~**(i) the adherence compliance certificate required** pursuant to **Section 4.02(a) of** the Change of Law Protection Agreement with respect to such Increase**,** or (B) ~~that~~**written confirmation from** the Province ~~has otherwise agreed~~ that **the Funding Obligations incurred under this Supplemental Indenture with respect to** such Increase ~~constitutes an Approved Obligation.] **[NTD: to be conformed to final version of Protection Agreement]**~~**constitute Approved Obligations.**

The Issuer's acceptance of funds in connection with each Increase occurring on any Increase Date shall constitute a representation and warranty by the Issuer to the Purchaser as of such Increase Date that all of the conditions contained in Section 3.3(a) and this Section 4.2 are satisfied.

ARTICLE 5
REPRESENTATIONS AND WARRANTIES

5.1 Representations and Warranties of the Issuer

The Issuer hereby represents and warrants to the Purchaser as of the Closing Date, and shall be deemed to represent and warrant to the Purchaser on each Increase Date, that:

(a) no Termination Event has occurred or would result from the initial purchase of the Issuer Investment Interest on the Closing Date or any increase in the Issuer Investment Interest on an Increase Date, as applicable;

(b) the Issuer Trustee and the Issuer are not Non-residents;

(c) all tax returns (federal, provincial and local) required to be filed with respect to the Issuer have been filed and there has been paid or adequate provision made for the payment of all material Taxes in respect of the Issuer;

(d) the Issuer has complied in all material respects with all laws in respect of the conduct of its business and ownership of its property including the Issuer Investment Interest;

(e) all information provided to the Purchaser by or on behalf of the Issuer in respect of the Issuer Investment Interest is and will be true and accurate in all material respects; and

(f) to its knowledge, there is no set of circumstances existing at such time that will have an Adverse Effect or will reasonably be expected to have an Adverse Effect.

5.2 Representations and Warranties of the Purchaser

The Purchaser represents and warrants to the Issuer as of the Closing Date, and shall be deemed to represent and warrant to the Issuer on each Increase Date, that:

(a) it is resident in Ontario or is otherwise subject to the securities legislation of the Province of Ontario;

(b) it is purchasing the applicable Series 2017-1 Subordinated Notes (i) as principal for its own account and not for the benefit of any other "person" (as defined in the *Securities Act* (Ontario)) or company; and (ii) for cash consideration in excess of $150,000; and

(c) it was not created and is not being used solely to purchase or hold securities in reliance on the exemption from the prospectus and dealer registration requirements contained in Section 2.10 of National Instrument 45-106 − Prospectus and Registration Exemptions.

5.3 Survival

The representations and warranties set out in this Article 5 shall survive the execution hereof.

ARTICLE 6
COVENANTS

6.1 Covenants of the Issuer

(a) The Issuer shall promptly provide to the Purchaser (in multiple copies if requested) copies of all material reports, notices, financial statements and other documents delivered by the IESO to the Issuer with respect to the Issuer Investment Interest or pursuant to the Master Transfer and Servicing Agreement; provided such documents shall be deemed to be delivered hereunder so long as the Purchaser is the Manager.

(b) The Issuer shall provide to the Purchaser (in multiple copies, if requested) such other information, documents, records or reports respecting the Issuer Investment Interest, the Issuer or the IESO which is in the possession or under the control of the Issuer or the Manager, as the Purchaser may from time to time reasonably request, including any correspondence with a Rating Agency; provided such documents shall be deemed to be delivered hereunder so long as the Purchaser is the Manager.

(c) The Issuer shall furnish to the Purchaser promptly after known to the Issuer or the Manager, information with respect to any action, suit or proceeding involving the Manager, the Issuer or the IESO or any of their respective Affiliates by or before any court or any Governmental Authority which, if adversely determined, would have an Adverse Effect; provided that the Purchaser shall be deemed to have knowledge of such actions, suits or proceedings so long as it is the Manager.

~~(d) The Issuer shall, upon request by the Purchaser, exercise its right pursuant to Section 3.15 of the Master Transfer and Servicing Agreement to require the IESO to deliver the letter of credit or other form of security contemplated therein.~~

ARTICLE 7
ACCELERATION

7.1 Acceleration of Series 2017-1 Subordinated Principal Amount

If a Series 2017-1 Event of Default occurs and is continuing, then and in each and every such case, and without regard to whether all Issuer Funding Obligations have been declared due and payable immediately pursuant to Section 8.02(a) of the Trust Indenture, the Purchaser may by notice in writing to the Issuer and to the Indenture Trustee declare the Series 2017-1 Subordinated Principal Amount and all interest accrued and unpaid (if any) thereon to be due and payable immediately, and upon any such declaration the same will become and will be immediately due and payable, notwithstanding anything in this Supplemental Indenture or the Trust Indenture to the contrary.

ARTICLE 8
GENERAL

8.1 Successor and Assigns

(a) This Supplemental Indenture shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns except that (i) the Issuer may not assign or transfer any of its rights or obligations under this Supplemental Indenture without the prior written consent of the Purchaser and at least 10 Business Days' notice having been given to DBRS; and (ii) the Purchaser may, without the prior written consent of the Issuer but with prior notice to DBRS, assign or transfer any of its rights or obligations under this Supplemental Indenture to any of its wholly-owned affiliates (a "**Transferee**") pursuant to a transfer supplement, substantially in the form of Exhibit E (the "**Transfer Supplement**").

(b) The Issuer authorizes the Purchaser to disclose to any Transferee and any prospective Transferee any and all financial information in the Purchaser's possession concerning the Issuer, the Issuer Investment Interest and the Program Agreements which has been delivered to the Purchaser by the Issuer or the Manager.

(c) Notwithstanding any other provision of this Supplemental Indenture to the contrary, the Purchaser may at any time pledge or grant a security interest in all or any portion of its rights under its Series 2017-1 Subordinated Note and this Supplemental Indenture to secure obligations of the Purchaser to any Person, without notice to or consent of the Issuer; provided that no such pledge or grant of a security interest shall release the Purchaser from any of its obligations hereunder or substitute any such pledgee or grantee for the Purchaser as a party hereto.

8.2 Waiver

Without limiting the requirements of Section 11.02 of the Trust Indenture which shall be applicable to this Supplemental Indenture, no waiver of any provision of this Supplemental

Indenture or consent to any departure by the Issuer from any provision of this Supplemental Indenture will be effective (in whole or in part) unless in writing and signed by the Purchaser. Such waiver will be effective only in the specific instance, for the specific purpose and for the specific length of time for which it is given by the Purchaser.

8.3 Notice

All notices, requests, instructions and demands to or upon any party hereto to be effective shall be given (a) in the case of the Issuer and the Indenture Trustee, in the manner set forth in Article 15 of the Trust Indenture; and (b) in the case of the Purchaser, in writing, and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when delivered by hand or three days after being deposited in the mail, postage prepaid, in the case of facsimile notice, when received, or in the case of overnight air courier, one Business Day after the date such notice is delivered to such overnight courier, addressed as follows; or to such other address as may be hereafter notified by the respective parties hereto:

Purchaser:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6

Attention: ~~[■]~~**Vice President, Fair Hydro Plan**
Fax: (416) ~~[■]~~**592-4189**
Email: ~~[■]~~**FHP@opg.com**

8.4 No Waiver: Remedies

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

8.5 Entire Agreement

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

8.6 Governing Law and Attornment

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

8.7 Acknowledgment of Trust Indenture and No Proceedings

(a) The Purchaser hereby acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor under the Trust Indenture and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Trust Indenture including, without limitation, Section 7.12 (Payments To Be Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse), Article IX (Indenture Trustee) (including all limitations of liability thereunder), Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition).

(b) The Purchaser irrevocably authorizes and directs the Indenture Trustee on its behalf to take such action (including the execution and delivery of documents of subordination) as may be necessary or appropriate to further assure the priority arrangements provided for in Article VI, Article VII and Section 8.13 of the Trust Indenture, and appoints the Indenture Trustee as its agent for any and all such purposes.

(c) The Purchaser consents, requests and authorizes the Issuer and the Indenture Trustee to (i) add the Purchaser (or its agent) to the register of Specified Creditors described in Section 13.13 of the Trust Indenture and (ii) disseminate the notice details of the Purchaser to other Specified Creditors for the purposes set out in subsection 9.14(b) of the Trust Indenture.

8.8 Expenses

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

8.9 Further Assurances

Each of the parties hereto upon the request of the other party or parties hereto shall do, execute, acknowledge and deliver or cause to be done, executed acknowledged or delivered all such further acts, deeds, documents, assignments, transfers, conveyances, powers of attorney and assurances as may be reasonably necessary or desirable to effect or complete the consummation of the transactions contemplated by this Supplemental Indenture.

8.10 Confidentiality

(a) The Purchaser covenants and agrees that any non-public information obtained by it pursuant to this Supplemental Indenture and the other Program Agreements shall be held in confidence except that the Purchaser may disclose such information (i) pursuant to the order of any court or administrative agency or in any pending legal or administrative proceeding (whether or not having the force or effect of law) provided that, unless prohibited by applicable law, the Purchaser shall provide prompt notice of such order to the affected party; (ii) upon the request or demand of any regulatory authority having or claiming jurisdiction over the Purchaser; (iii) as required by applicable law including, without limitation, all applicable securities laws; (iv) to the extent that such information becomes publicly available other than by reason of improper disclosure by the Purchaser; (v) to its affiliates, officers, directors, employees, legal counsel, independent auditors, accountants, advisors, investors, potential investors, commercial paper dealers, providers of surety, guaranty, credit or liquidity enhancement (including the directors, officers and accountants of such surety, guaranty, credit or liquidity enhancement provider), legal counsel of any of the foregoing and other experts or agents who need to know such information and are informed of the confidential nature of such information; (vi) for purposes of establishing a "due diligence" defense; (vii) which was available to the Purchaser on a non-confidential basis from a source other than the affected party, provided that such source was not to the knowledge of the Purchaser bound by a confidentiality agreement with the affected party; (viii) has been independently acquired or developed by the Purchaser without violating any of the Purchaser's obligations under this Supplemental Indenture; (ix) if such disclosure has been approved in writing in advance by the Issuer or the Manager; (x) regarding the existence of this Supplemental Indenture, but not the financial terms thereof; and (xi) to DBRS and Moody's and any other Rating Agencies.

(b) The Issuer covenants and agrees to hold in confidence, and not disclose to any Person, the terms of this Supplemental Indenture, except as the Purchaser may have consented to in writing prior to any proposed disclosure and except (i) it may also disclose such information (A) to its officers, directors, employees, legal counsel, independent auditors, accountants and other advisors who are directly involved in the consideration of this Supplemental Indenture (and then only on a confidential basis), (B) to the Manager and its officers, directors, employees, legal counsel, independent auditors, accountants and other advisors, (C) any ministry or agency of the Province of Ontario and, in each case, their respective employees, officials, agents and advisors, (D) as required by applicable law (including, without limitation, applicable securities law) or compulsory legal process, (E) as expressly permitted by the terms of the Program Agreements, and (F) to DBRS and Moody's and any other Rating Agencies; provided, that, in the case of clause (D), the Issuer will use all commercially reasonable efforts to maintain confidentiality and will (unless otherwise prohibited by law) notify the Purchaser of its intention to make any such disclosure prior to making such disclosure; and (ii) it may also disclose the existence (but not the financial terms) of this Supplemental Indenture, including to any actual or prospective purchaser of other Notes.

(c) The parties hereto acknowledge that a description of this Supplemental Indenture and the Series 2017-1 Subordinated Note will be included in the preliminary and final offering memoranda of the Issuer relating to the issue of other Notes from time to time.

(d) The confidentiality provisions set forth in this Section 8.10 shall expire on the second year anniversary of the date on which the Series 2017-1 Subordinated Notes have been paid in full.

8.11 Limitation of Liability of Issuer Trustee

Each party hereto other than the Issuer acknowledges that the Issuer is a trust, and that Computershare Trust Company of Canada is the Issuer Trustee. The other parties hereto agree that the Issuer Trustee will not be subject to any liability whatsoever to them, in tort, contract or otherwise, in connection with the Issuer's assets or the trust activities, for any action taken or permitted by it to be taken, or for its failure to take any action; provided that the foregoing limitation will not apply in respect of any action or failure to act arising from or in connection with wilful misconduct, negligence or reckless disregard of a duty by the Issuer Trustee. The Issuer Trustee in doing anything or permitting anything to be done in respect of assets or the trust activities is, and shall be conclusively deemed to be, acting as trustee of the Issuer and not in any other capacity. Except as to the extent provided in this Section 8.11, the Issuer Trustee will not be subject to any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Issuer, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the Issuer's assets or the trust activities and resort will be had solely to the Collateral for the payment or performance thereof. No property or assets of the Issuer Trustee, whether owned in its personal capacity or otherwise, will be subject to levy, execution or other enforcement procedure with regard to any obligation under this Supplemental Indenture. Nothing contained in this Section 8.11 shall be construed so as to limit the liability of the Issuer under this Supplemental Indenture. This Supplemental Indenture, and every deed, transfer, assignment, agreement or other instrument made pursuant hereto including, without limitation, the Series 2017-1 Subordinated Notes, made or purporting to be made by or creating an obligation of the Issuer or the Issuer Trustee on behalf of, or as trustee of, the Issuer shall be deemed and construed for all purposes as if made by the Issuer Trustee, in and only in its capacity as trustee of the Issuer. Any obligations of the Issuer Trustee hereunder or thereunder are non-recourse to the Issuer Trustee in its personal capacity.

8.12 Execution in Counterparts

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

8.13 Delivery of Executed Copies

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

[signature page follows]

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

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

By:
Name:
Title:

By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, as Indenture Trustee

By:
Name:
Title:

By:
Name:
Title:

ONTARIO POWER GENERATION INC., as Purchaser

By:
Name:
Title:

By:
Name:
Title:

SCHEDULE A

DEFINITIONS

"**Acceleration Event**" means either:

(a) all Issuer Funding Obligations are declared due and payable under Section 8.02 of the Trust Indenture, or

(b) the Series 2017-1 Subordinated Principal Amount and all interest accrued and unpaid thereon is declared to be due and payable under Section 7.1.

"**Administrative Agent**" is defined in the recitals to this Supplemental Indenture.

"**AEOI Legislation**" is defined in Section 3.9(a).

"**Applicable Margin**" means **0.10% per annum**.

"**Authorized Officer**" means, with respect to: (a) the Issuer, any authorized director or officer of the Manager; (b) the Manager, any authorized director of officer of OPG; (c) the IESO, any authorized director or officer of the IESO; (d) the Issuer Trustee, any officer within the corporate trust office of such trustee (including the President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Treasurer or any other officer of the Issuer Trustee customarily performing functions similar to those performed by persons who at the time shall be such officers, respectively, and that has direct responsibility for the administration of the Issuer and also, with respect to a particular matter, any other officer to whom such matter is referred to because of such officer's knowledge and familiarity with the particular subject).

"~~**CDOR**" means, on any day, an annual rate of interest equal to the average rate applicable to Canadian dollar bankers' acceptances for a 1 month period appearing on the "Reuters Screen CDOR Page" (as defined in the International Swaps and Derivatives Association, Inc. 2000 definitions, as modified and amended from time to time) at approximately 10:00 a.m. on such day, or if such day is not a Business Day, then on the immediately preceding Business Day, provided that if such rate does not appear on the Reuters Screen CDOR Page on such day as contemplated, then CDOR on such day shall be calculated as the average of the rates for such period applicable to Canadian dollar bankers' acceptances quoted by the banks listed in Schedule I of the *Bank Act* (Canada) as of 10:00 a.m. on such day or, if such day is not a Business Day, then on the immediately preceding Business Day.~~**Base Rate" means the weighted average interest rate applicable to the Series 2017-1 Senior Notes.**

"**Closing Date**" is defined in Section 3.3(a).

"**Commitment Extension" is defined in the Senior Series 2017-1 Supplemental Indenture.**

"**Decrease**" is defined in Section 3.4.

"**Decrease Amount**" is defined in Section 3.4.

"**Excluded Taxes**" is defined in Section 3.9(a).

"**FATCA**" is defined in Section 3.9(a).

"**Increase**" is defined in Section 3.3(a).

"**Increase Amount**" is defined in Section 3.3(a).

"**Increase Date**" is defined in Section 3.3(a).

"**Increase Notice**" is defined in Section 3.3(a).

"**Indenture Trustee**" is defined in the recitals to this Supplemental Indenture.

"**Interest Period**" means each of the consecutive periods that begins on, and includes, each Payment Date and ends on and excludes, the following Payment Date; provided that the first Interest Period shall begin on the Closing Date and end on ~~●~~ **the Payment Date in January, 2018.**

"**Issuer**" is defined in the recitals to this Supplemental Indenture.

"**Issuer Indemnified Person**" is defined in Section 3.8.

"**Issuer Trustee**" is defined in the recitals to this Supplemental Indenture.

"**Maximum Purchaser Group Principal Amount**" has the meaning specified in the Senior Series 2017-1 Supplemental Indenture.

"**Monthly Interest**" shall mean, for any Payment Date, the sum of (A) the sum for each day during such Interest Period of the product of (i) the Series 2017-1 Subordinated Principal Amount on such day; times (ii) the sum of ~~CDOR~~**the Base Rate** for such day plus the Applicable Margin, divided by (iii) 365, and (B) the Monthly Interest Shortfall; provided that, for the purposes of determining the Monthly Interest in respect of an Interest Period prior to the end of the Interest Period, the Purchaser may estimate the interest for the remaining days in the Interest Period and provided further, if the actual interest for such days is less than the estimated interest, the Monthly Interest for the following Interest Period shall be reduced to adjust for such lower actual interest and if the actual interest for such days is higher than the estimated interest, the Monthly Interest for the following Interest Period shall be increased to adjust for such higher interest.

"**Monthly Interest Shortfall**" means, for any Payment Date, if the amount in clause (A) of the definition of Monthly Interest for the preceding Payment Date was greater than the amount distributed to the payment of such amounts pursuant to Section 3.6(c), an amount equal to the amount in clause (A) of the definition of Monthly Interest owing to the Purchaser which was unpaid on the preceding Payment Date plus interest on such unpaid amount for the period from the preceding Payment Date to the current Payment Date at a rate equal to the Prime Rate plus ~~●~~**1.00**% per annum.

"**Monthly Other Amounts**" shall mean, for any Payment Date the sum of (a) any amounts payable to the Purchaser hereunder (other than Monthly Interest) including, without limitation, pursuant to Sections 3.8, 3.9, 3.10 and 8.8; plus (c) the Monthly Other Amounts Shortfall for such Payment Date.

"**Monthly Other Amounts Shortfall**" means, for any Payment Date, if the amount of the Monthly Other Amounts for the preceding Payment Date was greater than the amount distributed to the payment of such amounts pursuant to Section 3.6(c), an amount equal to the Monthly Other Amounts owing to the Purchaser which were unpaid on the preceding Payment Date plus interest on such unpaid amount for the period from the preceding Payment Date to the current Payment Date at a rate equal to the Prime Rate plus ~~●~~**1.00**% per annum.

"**Prime Rate**" means the annual rate of interest announced by ~~●~~**Royal Bank of Canada** from time to time as being its reference rate for the determination of interest rates on Canadian dollar denominated commercial loans made by it and commonly referred to by ~~●~~**Royal Bank of Canada** as its "prime rate."

"**Principal Accumulation Date**" means the Payment Date occurring in the month of July, ~~2021~~ **2021, as such date may be modified pursuant to Section 3.5(c).**

"**Principal Payment Amount**" means, in respect of the Series 2017-1 Subordinated Notes **(unless modified pursuant to Section 3.5(c))**:

(a) On any Payment Date occurring on or after the earlier of (i) the Payment Date occurring in October, 2021; and (ii) the occurrence of an Acceleration Event, the Series 2017-1 Subordinated Principal Amount.

(b) Unless clause (a) above is applicable, on the Payment Dates in ~~each of~~ the ~~months~~**month** of July, ~~2021,~~ August, ~~2021 and~~ September~~,~~ **and October of** 2021, an amount equal the lesser of (x) the sum of (A) ~~[~~25~~]~~% of the Series 2017-1 Subordinated Principal Amount on the Business Day prior to the Principal Accumulation Date plus (B) the Decrease Amount of any Decrease occurring on such Payment Date, and (y) the Series 2017-1 Subordinated Principal Amount.

(c) Unless either of clauses (a) or (b) above is applicable, on any Payment Date ~~this~~**that** is not a Decrease Date, nil.

(d) Unless either of clauses (a) or (b) above is applicable, on any Payment Date that is a Decrease Date, the Decrease Amount of the Decrease occurring on such Payment Date.

"Principal Payment Default Date" means the Business Day that is two years after the Payment Date in respect of such Principal Payment Amount, as such date may be modified pursuant to Section 3.5(c).

"**Purchaser**" is defined in the recitals to this Supplemental Indenture.

"**Recipient**" is defined in Section 3.9(a).

"**Refinancing Increase**" is defined in Section 3.3(a).

"**Regulatory Change**" shall mean (i) the adoption after the date hereof of any applicable law, rule or regulation (including any applicable law, rule or regulation regarding capital adequacy, deposits, reserves or liquidity coverage) or any change therein after the date hereof, (ii) any change after the date hereof in the interpretation, administration, scope or timing of implementation thereof by any governmental authority, central bank, self-regulating professional body or comparable agency or authority charged with the interpretation or administration thereof, or compliance with any guidance, request or directive (whether or not having the force of law) of any such authority, central bank, self-regulating professional body or comparable agency or authority; provided that for purposes of this definition, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder, issued in connection therewith or in implementation thereof, and (y) all requests, rules, guidelines and directives (whether or not having the force of law) promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or Canadian or United States or other foreign regulatory authorities, shall in each case be deemed to be a "Regulatory Change", regardless of the date enacted, adopted, issued or implemented.

"**Senior Series 2017-1 Supplemental Indenture**" is defined in the recitals to this Supplemental Indenture.

"**Series 2017-1 Event of Default**" means any one of the following events occurs at any time that the Subordinated Funding Obligations constitute the Controlling Class Obligations (whatever the reason for such Series 2017-1 Event of Default and whether it will be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any Governmental Authority):

(a) a default by the Issuer in the payment of any interest on any Series 2017-1 Subordinated Notes when such interest becomes due and payable, and continuance of such default for a period of ~~[~~five~~]~~ days following the date on which such interest became due and payable;

(b) a default by the Issuer in the payment of any principal of any Series 2017-1 Subordinated Notes at its Principal Payment Default Date;

(c) any representation or warranty contained in Section 5.1 of this Supplemental Indenture or Section 12.01 of the Trust Indenture proves to be incorrect in any material respect when made and such incorrect representation or warranty if capable of being remedied by the Issuer, has not been remedied for a period of ~~60~~**30** days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by the Purchaser, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default" hereunder and, as a result of such default, the interests of the Purchaser is materially and adversely affected and continue to be materially and adversely affected during the ~~60~~**30**-day period;

(d) a default in the performance, or breach, of any covenant of the Issuer in the Trust Indenture or this Supplemental Indenture in respect of any Series 2017-1 Subordinated Notes (other than an agreement, covenant or warranty a default in the performance of which or the breach of which is elsewhere specifically dealt with in this definition of Series 2017-1 Event of Default), and continuance of such default or breach for a period of ~~60~~**30** days after notice thereof

has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by the Purchaser, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default" hereunder and, as a result of such default, the interests of the Purchaser is materially and adversely affected and continue to be materially and adversely affected during the ~~60~~**30**-day period;

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

(f) a Suspension Notice is issued by the Province.

"**Series 2017-1 Initial Senior Principal Amount**" means the "Series 2017-1 Initial Principal Amount" as defined in the Senior Series 2017-1 Supplemental Indenture.

"**Series 2017-1 Initial Subordinated Principal Amount**" means an amount equal to ~~[eighty~~**seventy**-eight percent (~~88~~**78**%)~~]~~ of the Series 2017-1 Initial Senior Principal Amount.

"**Series 2017-1 Maximum Senior Principal Amount**" means the "Series 2017-1 Maximum Principal Amount" as defined in the Senior Series 2017-1 Supplemental Indenture.

"**Series 2017-1 Maximum Subordinated Principal Amount**" means an amount equal to ~~[eighty~~**seventy**-eight percent (~~88~~**78**%)~~]~~ of the Series 2017-1 Maximum Senior Principal Amount.

"**Series 2017-1 Senior Decrease**" means, with respect to a Business Day, the sum of all amounts of Decreases (as defined in the Senior Series 2017-1 Supplemental Indenture) on such Business Day.

"**Series 2017-1 Senior Increase**" means, with respect to a Business Day, the sum of all amounts of Increases (as defined in the Senior Series 2017-1 Supplemental Indenture) on such Business Day.

"**Series 2017-1 Senior Notes**" is defined in the recitals to this Supplemental Indenture.

"**Series 2017-1 Subordinated Note**" means any one of the Floating Rate Variable Funding Subordinated Notes, Series 2017-1, executed by the Issuer and authenticated and delivered by or on behalf of the Indenture Trustee, substantially in the form of Exhibit B.

"**Series 2017-1 Subordinated Principal Amount**" means (a) when used with respect to the Closing Date, the Series 2017-1 Initial Subordinated Principal Amount; and (b) when used with respect to any other date, an amount equal to (i) the Series 2017-1 Subordinated Principal Amount on the immediately preceding Business Day; plus (ii) the Increase Amount on such date; minus (iii) the Decrease Amount on such date; minus (iv) the amount of principal payments made to the Purchaser pursuant to Section 3.7 on such date.

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

"**Support Facility**" shall mean any liquidity or credit support agreement with the Purchaser which relates to, or is otherwise available to the Purchaser in relation to its funding activities under, this Supplemental Indenture.

"**Suspension Notice**" has the meaning specified in the Change of Law Protection Agreement.

"**Termination Event**" means any Acceleration Event **or Series 2017-1 Event of Default** or any event which with the giving of notice or the passage of time, or both, could become an Acceleration Event **or a Series 2017-1 Event of Default**.

"**Transfer Increase**" is defined in Section 3.3(a).

"**Transfer Supplement**" is defined in Section 8.1(a).

"**Transferee**" is defined in Section 8.1(b).

"**Trust Indenture**" means the trust indenture dated as of December ~~●~~**[21]**, 2017 between the Issuer and the Indenture Trustee.

SCHEDULE B

[FORM OF NOTE]

~~SERIES 2017-1~~FLOATING RATE VARIABLE FUNDING SUBORDINATED NOTE, SERIES 2017-1

REGISTERED	**INITIAL DOLLAR PRINCIPAL AMOUNT**
No. R-[●]	**$[●]**

FAIR HYDRO TRUST

FLOATING RATE VARIABLE FUNDING SUBORDINATED NOTE, SERIES 2017-1

Fair Hydro Trust (herein referred to as the "Issuer"), a trust governed by the laws of Ontario and established under a Declaration of Trust dated as of December [21], 2017 for value received, hereby promises to pay to Ontario Power Generation Inc., or registered assigns, subject to the following provisions, a principal sum of $●, or, if less, the aggregate unpaid principal amount shown on the schedule attached hereto (and any continuation thereof), which amount shall be payable in the amounts and at the times set forth in the Base Indenture and the Supplemental; provided, that, the entire unpaid amount of any Principal Payment Amount payable with respect to this Series 2017-1 Subordinated Note shall be due on the related Principal Payment Default Date. The Issuer will pay interest on this Series 2017-1 Subordinated Note in accordance with Section 3.6 of the Supplemental on each Payment Date until the principal of this Series 2017-1 Subordinated Note is paid or made available for payment, to the extent funds are available in accordance with the terms of the Supplemental. Pursuant to Sections 3.3 and 3.4 of the Supplemental, the principal amount of this Series 2017-1 Subordinated Note shall be subject to Increases and Decreases on any Business Day on or after the date hereof. This Series 2017-1 Subordinated Note is subject to mandatory prepayment, to the extent funds have been allocated to the Principal Accumulation Account and are available therefor, in accordance with Sections 3.4 and Section 3.7 of the Supplemental. Beginning on the first Payment Date following the occurrence of a Series 2017-1 Event of Default or an Event of Default (collectively, a "Default Event"), subject to cure in accordance with the Base Indenture or the Supplemental, as applicable, the principal of this Series 2017-1 Subordinated Note shall be paid in installments on each subsequent Principal Payment Date to the extent of funds available for payment therefor pursuant to the Trust Indenture. Such principal of and interest on this Series 2017-1 Subordinated Note shall be paid in the manner specified on the reverse hereof.

The principal of and interest on this Series 2017-1 Subordinated Note are payable in Canadian Dollars. Payments made by the Issuer with respect to this Series 2017-1 Subordinated Note shall be applied in accordance with the payment priorities in Section 7.04(e) and 8.13 of the Base Indenture, as applicable.

Reference is made to the further provisions of this Series 2017-1 Subordinated Note set forth on the reverse hereof, which shall have the same effect as though fully set forth on the face of this Series 2017-1 Subordinated Note. Although a summary of certain provisions of the Trust Indenture is set forth below and on the reverse hereof and made a part hereof, this Series 2017-1 Subordinated Note does not purport to summarize the Trust Indenture and reference is made to the Trust Indenture for information with respect to the interests, rights, benefits, obligations, proceeds and duties evidenced hereby and the rights, duties and obligations of the Issuer and the Indenture Trustee. A copy of the Trust Indenture may be requested from the Indenture Trustee by writing to the Indenture Trustee at: BNY Trust Company of Canada, One York Street, 6th Floor, Toronto, Ontario M5J 0B6, Attention: Corporate Trust Administration.

Unless the certificate of authentication hereon has been executed by or on behalf of the Indenture Trustee, by manual signature, this Series 2017-1 Subordinated Note shall not be entitled to any benefit under the Trust Indenture referred to on the reverse hereof, or be valid for any purpose.

IN WITNESS WHEREOF, the Issuer has caused this Series 2017-1 Subordinated Note to be duly executed.

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

By:
Name:
Title:

By: _____
Name:
Title:

Dated: December [21], 2017

INDENTURE TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Series 2017-1 Subordinated Notes described in the within-mentioned Trust Indenture.

BNY TRUST COMPANY OF CANADA, as Indenture Trustee

By:
Authorized Signatory

By:
Authorized Signatory

FAIR HYDRO TRUST

SERIES 2017-1 SERIES 2017-1 FLOATING RATE ASSET BACKED NOTE

Summary of Terms and Conditions

This Series 2017-1 Subordinated Note is one of a duly authorized issue of Subordinated Notes of the Issuer, designated as the Floating Rate Variable Funding Subordinated Note, Series 2017-1 (the "Series 2017-1 Subordinated Notes"), issued under an Trust Indenture, dated as of December [21], 2017 (as may be amended, supplemented, restated, replaced or otherwise modified from time to time, the "Base Indenture"), between the Issuer and BNY Trust Company of Canada, as indenture trustee (the "Indenture Trustee," which term includes any successor Indenture Trustee under the Base Indenture), as supplemented by the Warehouse Subordinated Series 2017-Indenture Supplement, dated as of December [21], 2017 (the "Supplemental"), and representing the right to receive certain payments from the Issuer. The term "Trust Indenture," unless the context otherwise requires, refers to the Base Indenture as supplemented by the Supplemental. Except as set forth in the Supplemental, the Series 2017-1 Subordinated Note is subject to all of the terms of the Trust Indenture. All terms used in this Series 2017-1 Subordinated Note that are defined in the Supplemental shall have the meanings assigned to them in or pursuant to the Supplemental.

The Series 2017-1 Subordinated Note is and will be equally and ratably secured by the Collateral pledged as security therefor as provided in the Trust Indenture.

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

As described above, the entire unpaid amount of any Principal Payment Amount payable with respect to this Series 2017-1 Subordinated Note shall be due and payable on the related Principal Payment Default Date, in accordance with Section 3.7 of the Supplemental. Notwithstanding the foregoing, if a Default Event with respect to the Series 2017-1 Subordinated Notes shall have occurred and be continuing then, in certain circumstances, principal of the Series 2017-1 Subordinated Note may be paid earlier, as described in the Trust Indenture. All principal payments of the Series 2017-1 Subordinated Note shall be made to Ontario Power Generation Inc.

Payments of interest on this Series 2017-1 Subordinated Note are due and payable on each Payment Date or such other date as may be specified in the Supplemental, together with the installment of principal then due, if any, and any payments of principal made on any Business Day in respect of any Decreases, to the extent not in full payment of this Series 2017-1 Subordinated Note, shall be made by wire transfer to the holder of record of this Series 2017-1 Subordinated Note (or one or more predecessor Series 2017-1 Subordinated Notes) on the Note Register as of the close of business on each Record Date. Any reduction in the principal amount of this Series 2017-1 Subordinated Note (or one or more predecessor Series 2017-1 Subordinated Notes) effected by any payments made on

any Payment Date shall be binding upon all future holders of this Series 2017-1 Subordinated Note and of any Series 2017-1 Subordinated Note issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof, whether or not noted thereon.

The Issuer shall pay interest on Monthly Interest Shortfalls at the rate specified in the definition thereof, to the extent lawful.

Subject to the terms of the Trust Indenture, the holder of any Series 2017-1 Subordinated Note may transfer the same in whole or in part, in an amount equivalent to an authorized denomination, by surrendering such Series 2017-1 Subordinated Note at the office maintained by the Note Registrar for such purpose pursuant to Section 4.05(c) of the Base Indenture, with the form of transfer endorsed on it duly completed and executed by, or accompanied by a written instrument of transfer in form satisfactory to the Issuer and the Note Registrar by, the holder thereof. In exchange for any Series 2017-1 Subordinated Note properly presented for transfer, the Issuer shall execute and promptly authenticate and deliver or cause to be authenticated and delivered in compliance with applicable law, to the transferee at such office, or send by mail (at the risk of the transferee) to such address as the transferee may request, Series 2017-1 Subordinated Notes for the same aggregate principal amount as was transferred. In the case of the transfer of any Series 2017-1 Subordinated Note in part, the Issuer shall execute and promptly authenticate and deliver or cause to be authenticated and delivered to the transferor at such office, or send by mail (at the risk of the transferor) to such address as the transferor may request, Series 2017-1 Subordinated Note for the aggregate principal amount that was not transferred. No transfer of any Series 2017-1 Subordinated Note shall be made unless the request for such transfer is made by the holder of a Series 2017-1 Subordinated Note at such office. Upon the issuance of transferred Series 2017-1 Subordinated Notes, the Indenture Trustee shall recognize the holders of such Series 2017-1 Subordinated Note as a Noteholder of Series 2017-1 Subordinated Notes.

Ontario Power Generation Inc., by acceptance of this Series 2017-1 Subordinated Note, hereby acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor under the Base Indenture and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Base Indenture including, without limitation, Section 7.12 (Payments To Be Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse), Article IX (Indenture Trustee) (including all limitations of liability thereunder), Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition).

Prior to the due presentment for registration of transfer of this Series 2017-1 Subordinated Note, the Issuer, the Indenture Trustee and any agent of the Issuer or the Indenture Trustee may treat the Person in whose name this Series 2017-1 Subordinated Note (as of the day of determination or as of such other date as may be specified in the Trust Indenture) is registered as the owner hereof for all purposes, whether or not this Series 2017-1 Subordinated Note shall be overdue, and neither the Issuer, the Indenture Trustee nor any such agent shall be affected by notice to the contrary.

The Trust Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the rights of the holder of the Series 2017-1 Subordinated Notes under the Trust Indenture at any time by the Issuer with the consent of the applicable Person(s) specified therein. The Trust Indenture also contains provisions permitting the applicable Person(s) specified therein to waive compliance by the Issuer with certain provisions of the Trust Indenture and certain past defaults under the Trust Indenture and their consequences with respect to the Series 2017-1 Subordinated Notes. Any such consent or waiver by such Person(s) shall be conclusive and binding upon Ontario Power Generation Inc. and upon all future holders of this Series 2017-1 Subordinated Note and of any Series 2017-1 Subordinated Notes issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof whether or not notation of such consent or waiver is made upon this Series 2017-1 Subordinated Note. The Trust Indenture also permits the Issuer and the Indenture Trustee to amend or waive certain terms and conditions set forth in the Trust Indenture without the consent of any other Person.

The term "the Issuer" as used in this Series 2017-1 Subordinated Note includes any successor to the Issuer under the Trust Indenture.

The Series 2017-1 Subordinated Note is issuable only in registered form in denominations as provided in the Trust Indenture, subject to certain limitations set forth therein.

This Series 2017-1 Subordinated Note and the Trust Indenture, and all matters arising out of or relating to this Series 2017-1 Subordinated Note or Trust Indenture, shall be governed by, and construed and interpreted in accordance with, the laws of the Province of Ontario and the federal laws applicable therein, and the obligations, rights and remedies of the parties hereto shall be determined in accordance with such laws.

No reference herein to the Trust Indenture and no provision of this Series 2017-1 Subordinated Note or of the Trust Indenture shall alter or impair the obligation of the Issuer, which is absolute and unconditional, to pay the principal of and interest on this Series 2017-1 Subordinated Note at the times, place and rate, and in the coin or currency herein prescribed, subject to any duty of the Issuer to deduct or withhold any amounts as required by law, including any applicable taxes.

INCREASES AND DECREASES

Date	Unpaid Principal Amount	Increase	Decrease	Total	Notation Made By

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

_____
(name and address of assignee)

the within certificate and all rights thereunder, and hereby irrevocably constitutes and appoints, _____, attorney, to transfer said certificate on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____ **_____[1]**
Signature Guaranteed:

REGISTRATION PANEL

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

Date of Registration	In Whose Name Registered	Signature of Note Registrar
●, 201●	●	

●

[1] **NOTE: The signature to this assignment must correspond with the name of the registered owner as it appears on the face of the within Note in every particular, without alteration, enlargement or any change whatsoever.**

SCHEDULE C

FORM OF INCREASE NOTICE

●

SCHEDULE D

FORM OF DECREASE NOTICE

●

SCHEDULE E

FORM OF TRANSFER SUPPLEMENT

Document comparison by Workshare Compare on December-14-17 11:53:22 PM

Input:	
Document 1 ID	file://C:\Users\bsaulnie\Desktop\Warehouse Subordinated Supplemental Indenture.DOCX
Description	Warehouse Subordinated Supplemental Indenture
Document 2 ID	file://C:\Users\bsaulnie\Desktop\Subordinated Warehouse Supplement - Fair Hydro (2).DOCX
Description	Subordinated Warehouse Supplement - Fair Hydro (2)
Rendering set	Firm_Standard

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

Statistics:	
	Count
Insertions	204
Deletions	115
Moved from	1
Moved to	1
Style change	0
Format changed	0
Total changes	321

WAREHOUSE

JUNIOR SUBORDINATED SERIES 2017-1

SUPPLEMENTAL INDENTURE

between

FAIR HYDRO TRUST

by

COMPUTERSHARE TRUST COMPANY OF CANADA
as Issuer Trustee

and

BNY TRUST COMPANY OF CANADA
as Indenture Trustee

and

ONTARIO POWER GENERATION INC.
as Purchaser

Made as of December ~~●~~[21], 2017

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FLOATING RATE VARIABLE FUNDING, SERIES 2017-1 JUNIOR SUBORDINATED NOTES

SUPPLEMENTAL INDENTURE made as of December ●[21], 2017, between **Computershare Trust Company of Canada**, a trust company established under the laws of Canada (the "**Issuer Trustee**"), in its capacity as trustee of **Fair Hydro Trust**, a trust existing under the laws of the Province of Ontario (in such capacity, the "**Issuer**"), **BNY Trust Company of Canada**, a trust company established under the laws of Canada (the "**Indenture Trustee**"), and Ontario Power Generation Inc., in its capacity as the purchaser (the "**Purchaser**");

WHEREAS pursuant to the Trust Indenture, provision was made for the issuance of Notes from time to time;

AND WHEREAS pursuant to the Trust Indenture, Notes may be issued in one or more Series by the execution and delivery of a Supplemental Indenture;

AND WHEREAS pursuant to a Supplemental Indenture dated the date hereof between the Issuer Trustee, in its capacity as trustee of the Issuer, the Indenture Trustee, ●**Royal Bank of Canada**, in its capacity as the administrative agent for certain purchaser groups (the "**Administrative Agent**"), certain non-conduit purchasers from time to time party thereto, certain commercial paper conduit purchasers from time to time party thereto, and certain funding agents from time to time party thereto (the "**Senior Series 2017-1 Supplemental Indenture**"), the Issuer issued floating rate variable funding Series 2017-1 Senior Notes (the "**Series 2017-1 Senior Notes**");

AND WHEREAS the parties hereto are entering into this Supplemental Indenture to provide for the creation and issuance of the Series 2017-1 Junior Subordinated Notes;

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

ARTICLE 1
INTERPRETATION

1.1 Definitions

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

(b) Except as otherwise expressly provided or unless the context otherwise requires, all terms used herein which are defined in the Trust Indenture, either directly or by reference therein, have the meanings assigned to them in the Trust Indenture.

1.2 Interpretation

Subject to the next following sentences, this Supplemental Indenture is supplemental to the Trust Indenture and the Trust Indenture shall be read in conjunction with this Supplemental Indenture

and all of the provisions of the Trust Indenture shall apply to and shall have effect in connection with this Supplemental Indenture in the same manner as if all of the provisions of the Trust Indenture and of this Supplemental Indenture were contained in one instrument. This Supplemental Indenture shall, unless the context otherwise requires, be subject to the interpretative provisions contained in Article 1 of the Trust Indenture. If any terms of the Trust Indenture are inconsistent with the express terms or provisions hereof, the terms and provisions of the Trust Indenture shall be, solely in respect of the Series 2017-1 Junior Subordinated Notes, amended and supplemented so as to be consistent herewith. The provisions of this Supplemental Indenture are applicable only in respect of the Series 2017-1 Junior Subordinated Notes and not the Notes of any other Series.

1.3 Application of this Supplemental Indenture

With respect to the Series 2017-1 Junior Subordinated Notes only, the terms of the Trust Indenture are amended, supplemented, modified, restated and replaced to the extent applicable by the terms of this Supplemental Indenture in respect of the Series 2017-1 Junior Subordinated Notes in accordance with Section 1.2 above.

ARTICLE 2
PRINCIPAL TERMS

2.1 Creation of Series 2017-1 Junior Subordinated Notes

There is hereby created a Series of Notes to be issued pursuant to the Trust Indenture and this Supplemental Indenture designated as the "**Floating Rate Variable Funding Junior Subordinated Notes, Series 2017-1**."

2.2 Principal Terms

In addition to and without limiting any of the provisions of this Supplemental Indenture, the Series 2017-1 Junior Subordinated Notes:

(a) will be designated as set out in Section 2.1;

(b) will be Junior Subordinated Notes;

(c) will have a Stated Principal Amount equal to the Series 2017-1 Maximum Junior Subordinated Principal Amount;

(d) will not be issued in Tranches;

(e) will be denominated in Canadian dollars;

(f) will not be listed on any securities exchange;

(g) will have an Initial Dollar Principal Amount equal to the Series 2017-1 Initial Junior Subordinated Principal Amount;

(h) will be issued as definitive notes and will not be in the form of a Global Note;

(i) will be issued as Registered Notes and will be without coupons;

(j) will be substantially in the form of Schedule B, with such appropriate insertions, omissions, substitutions and variations as may be approved by the Issuer;

(k) will have each Payment Date on and after the Payment Date in February, 2018 as an Interest Payment Date;

(l) will have Principal Payment Dates as determined under Section 3.7~~(a)~~;

(m) will have Principal Payment Default Dates as ~~determined under Section 3.7(b)~~**defined herein**; and

(n) will have no minimum issue amount.

ARTICLE 3
NOTE PURCHASE FACILITY

3.1 Purchase of Notes by the Purchaser

(a) ***Initial Purchase***. Subject to the terms and conditions of this Supplemental Indenture, including delivery of notice in accordance with Section 3.3, the Purchaser shall purchase a Series 2017-1 Junior Subordinated Note in an amount equal to the Series 2017-1 Initial Junior Subordinated Principal Amount on the Closing Date. Payments by the Purchaser for such purchase shall be made in immediately available funds on the Closing Date in accordance with Section 3.3(c).

(b) ***Series 2017-1 Maximum Junior Subordinated Principal Amount***. Notwithstanding anything to the contrary contained in this Supplemental Indenture, at no time shall the Purchaser be required to purchase Series 2017-1 Junior Subordinated Notes in an amount that exceeds the Series 2017-1 Maximum Junior Subordinated Principal Amount.

3.2 Delivery

(a) On the Closing Date, Series 2017-1 Junior Subordinated Notes shall be executed, authenticated and delivered by the Issuer in accordance with Section 4.03 of the Trust Indenture in the name of the Purchaser in an amount equal to the Series 2017-1 Maximum Junior Subordinated Principal Amount. On each Increase Date, Series 2017-1 Junior Subordinated Notes shall be executed, authenticated and delivered by the Issuer in accordance with Section 4.03 of the Trust Indenture in the name of the Purchaser in an amount equal to the Increase Amount.

(b) The Purchaser shall maintain a record of the actual Series 2017-1 Junior Subordinated Principal Amount outstanding on any date of determination, which, absent manifest error, shall constitute prima facie evidence of the outstanding Series 2017-1 Junior Subordinated Principal Amount from time to time.

3.3 Procedure for Initial Issuance and for Increasing the Series 2017-1 Junior Subordinated Principal Amount

(a) (i) On any Business Day prior to ~~[~~December ~~18, 2017~~[21], 2017, concurrent with the initial purchase of the Series 2017-1 Senior Notes under the Senior Series 2017-1 Supplemental Indenture, the Issuer shall request that the Purchaser purchase, and the Purchaser shall purchase, a Series 2017-1 Junior Subordinated Note for an initial purchase price equal to the Series 2017-1 Initial Junior Subordinated Principal Amount (the date on which the initial purchase occurs being referred to as the "**Closing Date**") by giving the Purchaser (with a copy to the Indenture Trustee) irrevocable written notice (effective upon receipt), by email communication, substantially in the form of Schedule C no later than ~~[3~~12:00 p.m.~~]~~ (Toronto time) on the ~~third~~second Business Day prior to the Closing Date. The written notice of the initial purchase of the Series 2017-1 Junior Subordinated Notes shall (x) state the Closing Date, (y) state the Series 2017-1 Initial Junior Subordinated Principal Amount, and (z) attach a copy of the irrevocable written notice delivered to the Administrative Agent pursuant to Section 3.3(a) of the Senior Series 2017-1 Supplemental Indenture in connection with the concurrent initial purchase of the Series 2017-1 Senior Notes thereunder; and (ii) on any Business Day after the initial purchase of the Series 2017-1 Junior Subordinated Notes hereunder, the Issuer and the Purchaser hereby agree that the Series 2017-1 Junior Subordinated Principal Amount ~~may~~will be increased by an amount ~~not to exceed the product of (i)~~(an "Increase") such that following such Increase the Outstanding Dollar Principal Amount of the Series 2017-1 Junior Subordinated Notes will be equal to or greater than twenty percent (20%) of the Outstanding Dollar Principal Amount of the Series 2017-1 Senior ~~Increase~~Notes on such Business Day (each date on which an increase in the Series 2017-1 Junior Subordinated Principal Amount occurs hereunder being herein referred to as the "**Increase Date**" applicable to such Increase) ~~and (ii) [ten] percent [(10)]% (an "Increase")~~ by the Issuer providing the Purchaser (with a copy to the Indenture Trustee) irrevocable written notice (effective upon receipt), by email communication, substantially in the form of Schedule C (an "**Increase Notice**") no later than ~~[3~~12:00 p.m.~~]~~ (Toronto time) on the ~~second~~third Business Day prior to such Increase Date. Each Increase Notice shall (w) state the Increase Date, (x) state the amount of the increase in the Series 2017-1 Junior Subordinated Principal Amount (an "**Increase Amount**"), (y) state whether the Increase is to fund a Transfer (a "**Transfer Increase**") or is in respect of a Refinancing (a "**Refinancing Increase**"), and (z) attach a copy of the irrevocable written increase notice delivered to the Administrative Agent pursuant to Section 3.3(a) of the Senior Series 2017-1 Supplemental Indenture in connection with the applicable Series 2017-1 Senior Increase proposed to be made thereunder.

(b) The Purchaser shall not be required to increase the Series 2017-1 Junior Subordinated Principal Amount on any Increase Date hereunder if after giving effect to such Increase Amount, the Series 2017-1 Maximum Junior Subordinated Principal Amount will be exceeded.

(c) The Issuer shall apply amounts paid to it pursuant to Section 3.3(a) by application to payment of the purchase price payable by the Issuer to the IESO under the Master Transfer and Servicing Agreement in respect of a Transfer or by deposit to the Refinancing Account.

3.4 Procedure for Decreasing the Series 2017-1 Junior Subordinated Principal Amount

On any Business Day after the initial purchase of the Series 2017-1 Junior Subordinated Notes hereunder, the Issuer and the Purchaser hereby agree that the Series 2017-1 Junior Subordinated Principal Amount may be decreased by an amount ~~not to exceed the product of (i)~~**(a "Decrease") such that following such decrease the Outstanding Dollar Principal Amount of the Series 2017-1 Junior Subordinated Notes will not be less than twenty percent (20%) of the Outstanding Dollar Principal Amount of** the Series 2017-1 Senior ~~Decrease on such Business Day, and (ii) **[ten]** percent **[(10)]**% (a "**Decrease**")~~**Notes**. Each Payment Date on which a Decrease in the Series 2017-1 Junior Subordinated Principal Amount occurs hereunder being herein referred to as the "**Decrease Date**" applicable to such Decrease; and the Issuer shall provide to the Purchaser (with a copy to the Indenture Trustee) irrevocable written notice (effective upon receipt), by email communication, substantially in the form of Schedule D (a "**Decrease Notice**") no later than ~~**[3**~~**12**:00 p.m.~~**]**~~ (Toronto time) on the ~~second~~**fifth** Business Day prior to any Payment Date that is a Decrease Date. Each Decrease Notice shall (x) state the Decrease Date, (y) state the amount of the decrease in the Series 2017-1 Junior Subordinated Principal Amount (a "**Decrease Amount**"), and (z) attach a copy of the irrevocable written decrease notice delivered to the Administrative Agent pursuant to Section 3.4 of the Senior Series 2017-1 Supplemental Indenture in connection with the applicable Series 2017-1 Senior Decrease proposed to be made thereunder. Upon receipt of any notice required by this Section 3.4 from the Issuer, the Purchaser shall forward (by email communication) a copy of such notice to DBRS on the Business Day received.

3.5 Increases and Reductions of the 2017-1 Maximum Junior Subordinated Principal Amount

(a) If one or more Maximum Purchaser Group Principal Amounts are increased pursuant to Section 3.5(a) of the Senior Series 2017-1 Supplemental Indenture, the Series 2017-1 Maximum Junior Subordinated Principal Amount shall be automatically increased by an amount equal to ~~**[ten]**~~**twenty** percent ~~**[(10)]**% of such aggregate increase to~~**(20%) of the Outstanding Dollar Principal Amount of** the Maximum Purchaser Group Principal Amounts~~ pursuant to Section 3.5(a) of the Senior Series 2017-1 Supplemental Indenture~~.

(b) If the Series 2017-1 Maximum Senior Principal Amount is reduced pursuant to Section 3.5(b) of the Senior Series 2017-1 Supplemental Indenture, the Series 2017-1 Maximum Junior Subordinated Principal Amount shall be automatically decreased ~~by~~**to** an amount equal to ~~**[ten]**~~**twenty** percent ~~**[(10)]**~~**20%)** of such aggregate decrease to the Series 2017-1 Maximum Senior Principal Amount pursuant to Section 3.5(b) of the Senior Series 2017-1 Supplemental Indenture.

(c) If a Commitment Extension has occurred with respect to the Series 2017-1 Senior Notes, the Principal Accumulation Date, Principal Payment Amount and Principal Payment Default **Date shall be amended to the "Principal Accumulation Date", "Principal Payment Amount" and "Principal Payment Default Date" set out in the request related to such Commitment Extension, as applicable.**

3.6 Interest; Other Amounts

(a) Interest shall be payable on the Series 2017-1 Junior Subordinated Notes on each Payment Date.

(b) The Purchaser shall provide written notice to the Issuer and the Paying Agent no later than ~~[three~~**five** (~~3~~**5**)~~]~~ Business Days ~~[NTD: To conform with senior supplemental indenture]~~ prior to each Payment Date, setting forth the Monthly Interest and the Monthly Other Amounts with respect to the Payment Date.

(c) The Monthly Interest shall be included in each calculation of the Interest Accrual Amount (Junior Subordinated) for the purposes of Section 7.04(e)(v) of the Trust Indenture and shall be payable pursuant to Sections 7.05(c), ~~7.07~~**7.06**(a), **7.07,** 7.10(b) or 8.13(e) of the Trust Indenture, as applicable. On each Payment Date, the Monthly Other Amounts shall be payable in respect of the Series 2017-1 Junior Subordinated Notes pursuant to Sections 7.04(e)(~~xi~~**xvi), 7.10(b**) or 8.13(e) of the Trust Indenture, as applicable. On each Payment Date, the Paying Agent shall, subject to availability of funds, pay to the Purchaser the Monthly Other Amounts with respect to the Payment Date.

3.7 Repayment of Principal

~~(a)~~ Each Payment Date where the Principal Payment Amount is not nil shall be a Principal Payment Date in respect of the Series 2017-1 Junior Subordinated Notes. On each Principal Payment Date in respect of the Series 2017-1 Junior Subordinated Notes, the Paying Agent shall pay to the Purchaser the Principal Payment Amount for such Principal Payment Date out of funds allocated to the Series 2017-1 Junior Subordinated Notes pursuant to Sections 7.04(e)(xii), 7.06(~~d~~**b)(iv**), 7.08(b**)(iv**), 7.10(b) or 8.13(j) of the Trust Indenture, as applicable, in repayment of the principal amount of the Series 2017-1 Junior Subordinated Notes.

~~(b) The Business Day that is ● after the Payment Date in respect of any Principal Payment Amount hereunder shall be the Principal Payment Default Date in respect of that Principal Payment Amount.~~

3.8 Indemnification by the Issuer

The Issuer agrees to indemnify and hold harmless the Indenture Trustee and the Purchaser and each of their respective officers, directors, agents and employees (each, an "**Issuer Indemnified Person**") from and against any loss, liability, expense, damage or injury suffered or sustained by such Issuer Indemnified Person by reason of (a) any acts, omissions or alleged acts or omissions arising out of, or relating to, activities of the Issuer pursuant to the Program Agreements to which it is a party; (b) a breach of any representation or warranty made or deemed made by the Issuer (or any of its officers) in any Program Agreement; or (c) a failure by the Issuer to comply with any applicable law or regulation or to perform its covenants, agreements, duties or obligations required to be performed or observed by it in accordance with the provisions of the Program Agreements, including, but not limited to, any judgment, award, settlement, reasonable attorneys' fees and other reasonable costs or expenses incurred in connection with the defense of any actual or threatened action, proceeding or claim, except to the extent such loss, liability, expense,

damage or injury resulted from the gross negligence, bad faith or willful misconduct of such Issuer Indemnified Person or its officers, directors, agents, principals, employees or employers as determined by a court of competent jurisdiction in a final non-appealable judgement or includes any Excluded Taxes; provided that any payments made by the Issuer pursuant to this Section 3.8 shall be made solely from funds available pursuant to Section 7.04 or 8.13 of the Trust Indenture, as applicable, shall be non-recourse other than with respect to such funds, and shall not constitute a claim against the Issuer to the extent that such funds are insufficient to make such payment.

3.9 Taxes

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

(b) If a payment by or on account of any obligation of the Issuer hereunder would be subject to withholding Taxes under any AEOI Legislation if the Recipient were to fail to comply with the applicable reporting requirements of any AEOI Legislation, such Recipient shall deliver to the Issuer at the time or times prescribed by law and at such time or times reasonably requested by the Issuer such documentation prescribed by applicable law and such additional documentation reasonably requested by the Issuer as may be necessary for the Issuer to comply with its obligations under any AEOI Legislation and to determine that such Recipient has complied with

its obligations under any AEOI Legislation, or to determine the amount to deduct and withhold from such payment. If any form or certification it previously delivered by a Recipient expires or becomes obsolete or inaccurate in any respect, the Recipient shall update such form or certification or promptly notify the Issuer in writing of its legal inability to do so.

(c) If a Recipient is legally entitled to receive a refund of any Taxes (other than Excluded Taxes) as to which it has been indemnified or with respect to which additional amounts have been paid to it hereunder or it is legally entitled to receive a credit or deduction with respect to such Taxes or with respect to such additional amounts that have been paid hereunder (in each case pursuant to Section 3.9(a)), it shall use commercially reasonable efforts to obtain or claim such refund, credit or deduction and pay over such refund or the value of such credit or deduction to the Issuer, together with any interest thereon.

3.10 Increased Costs

(a) (i) If any Regulatory Change (x) subjects the Purchaser to any charge or withholding on or with respect to any Support Facility or this Supplemental Indenture or the Purchaser's obligations under a Support Facility or this Supplemental Indenture, or changes the basis of taxation of payments to the Purchaser of any amounts payable under any Support Facility or this Supplemental Indenture Agreement (except for changes in the rate of tax on the overall net income of the Purchaser or Excluded Taxes) or (y) imposes, modifies or deems applicable any reserve, assessment, fee, tax, insurance charge, special deposit or similar requirement against assets of, deposits with or for the account of, or liabilities of the Purchaser, or credit extended by the Purchaser pursuant to a Support Facility or this Supplemental Indenture or (z) imposes any other condition the result of which is to increase the cost to the Purchaser of performing its obligations under a Support Facility or this Supplemental Indenture, or to reduce the rate of return on the Purchaser's capital or assets as a consequence of its obligations under a Support Facility or this Supplemental Indenture, or to reduce the amount of any sum received or receivable by the Purchaser under a Support Facility or this Supplemental Indenture, or to require any payment calculated by reference to the amount of interests or loans held or interest received by it, then, upon written request by the Purchaser therefore to the Issuer, the Purchaser shall be entitled to be paid such amounts charged to the Purchaser or such amounts to otherwise compensate the Purchaser for such increased cost or such reduction following a receipt by the Issuer of such request for compensation under this Section 3.10(a)(i), which payment shall be made on the earlier of (A) the first Payment Date on which amounts are available to pay such amounts pursuant to Section 7.04(e) of the Trust Indenture (provided that such request is received by the Issuer no later than five (5) Business Days prior to the end of the Interest Period related to such Payment Date), and (B) the ~~[~~twelfth~~]~~ Payment Date following such request.

(ii) The Issuer acknowledges that the Purchaser may implement, as an internal institutional matter, measures in anticipation of a final or proposed Regulatory Change (including, without limitation, the imposition of internal charges on the Purchaser's interest or obligations under any Support Agreement or this Supplemental Indenture) and may commence recognizing the incurrence of charges by seeking compensation under Section 3.10(a)(i) in connection with such measures, in advance of the effective date of such final or proposed Regulatory Change, and the Issuer agrees that such charges or compensation shall be payable, to the Purchaser, following demand therefor without regard to whether such proposed Regulatory Change has been adopted

or whether such effective date has occurred; provided, that (I) the Purchaser shall provide thirty (30) days prior written notice to the Issuer of its intent to impose or incur any such charges or compensation, (II) the Purchaser shall not be compensated for any such amount pursuant to this subsection 3.10(a)(ii) relating to any period ending, and of which the Purchaser has had knowledge, more than ~~●~~ ~~(●)~~**180** days prior to the date that the Purchaser provided the Issuer with the written notice contemplated by the preceding clause (I) of this subsection 3.10(a)(ii), (III) if, after the payment by the Issuer of any charges or compensation pursuant to this subsection 3.10(a)(ii), either (A) the Issuer requests in writing that the Purchaser re-compute any such charge or compensation in light of differences between a proposed Regulatory Change and the final effective version thereof or (B) the Purchaser determines that the amount of the charge imposed on and required to be compensated by the Issuer exceeds the amount necessary to compensate it for the applicable Regulatory Change as contemplated by subsection 3.10(a)(i), then (x) the amount of such charge or compensation shall, from and after such determination, be reduced by the amount of such excess and (y) the Purchaser shall, within thirty (30) days of such determination, either repay the amount of such excess or credit the amount of such excess against future charges under this subsection 3.10(a)(ii). The Issuer further acknowledges that any charge or compensation demanded hereunder may take the form of a monthly charge to be assessed by the Purchaser.

(b) The Purchaser claiming increased amounts described in subsection 3.10(a) of this Supplemental Indenture will furnish to the Issuer (together with its request for compensation) a certificate prepared in good faith setting forth the basis and the calculation of the amount (in reasonable detail) of each request by the Purchaser for any such increased amounts referred to in subsection 3.10(a) hereof. Any such certificate shall be conclusive absent manifest error. Failure on the part of the Purchaser to demand compensation for any amount pursuant to subsection 3.10(a) hereof with respect to any period shall not constitute a waiver of the Purchaser's right to demand compensation with respect to such period.

ARTICLE 4
CONDITIONS PRECEDENT

4.1 Conditions Precedent to Initial Purchase of Series 2017-1 Junior Subordinated Notes

On or prior to the initial purchase of Series 2017-1 Junior Subordinated Notes hereunder, the following conditions precedent shall be satisfied: ~~**[NTD: changes to the conditions precedent may be required to reflect the final Change of Law Protection Agreement.]**~~

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

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

(c) ~~(b)~~ The Purchaser shall have received:

(i) executed copies of this Supplemental Indenture~~ and copies of each of the other Program Agreements certified by an Authorized Officer of the Issuer~~;

(ii) certificates of status or compliance or other similar documents issued by the applicable governmental authority to evidence that each of the Issuer Trustee and the Manager is validly existing pursuant to the laws of the jurisdiction of their respective establishment or incorporation;

(iii) a copy of the incorporating documents and all amendments thereto and applicable by-laws**, as applicable,** of each of the Issuer Trustee, the IESO and the Manager certified by an Authorized Officer of the applicable entity;

(iv) copies of resolutions of the board of directors of the IESO and the Manager approving and authorizing the execution, delivery and performance of each Program Agreement they are party to, in each case certified by an Authorized Officer of the applicable entity;

(v) incumbency certificates for each of the Issuer Trustee, the Manager and the IESO executing this Supplemental Indenture and any other Program Agreements and the other documents to be delivered by either the Issuer Trustee, the Manager or the IESO thereunder, in each case showing their names, offices and specimen signatures on which certificates the Purchaser shall be entitled to conclusively rely until such time as the Purchaser receives a replacement certificate meeting the requirements of this Section 4.1(~~b~~**c**)(v);

(vi) the following Opinions of Counsel:

(A) the opinion of external counsel to the Manager as to the non-consolidation of the Issuer with the Manager in the event of the insolvency of the Manager in form and substance satisfactory to the Purchaser;

(B) the opinion of external counsel to the IESO as to the Investment Asset acquired by the Issuer not being subject to the claims of creditors of the IESO in form and substance satisfactory to the Purchaser;

(C) favourable opinions of external counsel to the Manager covering general corporate matters, the due execution and delivery of, and the enforceability of, each of the Program Agreements to which the Manager, the Issuer and the Issuer Trustee are party which opinion, as to certain matters, may rely on opinion of internal counsel to the Manager and the Issuer Trustee; and

(D) a favourable opinion of external counsel to the Province with respect to the due authorization, execution, delivery and enforceability of the Change of Law Protection Agreement in form and substance satisfactory to the Purchaser;

(vii) a certificate of an Authorized Officer of the Manager confirming that the representations and warranties set forth in Section 12.01 of the Trust Indenture and Section 5.1 of this Supplemental Indenture are true and correct in all material respects, that the Issuer is in compliance in all material respects with all of its covenants and obligations under the Program Agreements to which it is a party and that no Termination Event has occurred; and

(viii) such additional documents, instruments, certificates or letters as the Purchaser may reasonably request.

(d) ~~(c)~~ The representations and warranties set forth in Section 5.1 of this Supplemental Indenture shall be true and correct in all material respects, the Issuer shall be compliance in all material respects with all of its covenants and obligations under the Program Agreements to which it is a party and no Termination Event shall have occurred.

4.2 Conditions Precedent to each Increase under Series 2017-1 Junior Subordinated Notes

On or prior to each Increase, the following conditions precedent shall be satisfied:

(a) the Purchaser shall have received an Increase Notice;

(b) no Termination Event shall have occurred or would occur after giving effect to such Increase;

(c) if the Increase is identified as a Transfer Increase in the Increase Notice, then the related Transfer under the Master Transfer and Servicing Agreement shall have been completed or contemporaneously completed;

(d) after giving effect the Increase, the aggregate of the amounts on deposit in the Program Cash Reserve Account and the IESO Cash Reserve Account shall be equal to or greater than the sum of:

(i) the Program Cash Reserve Required Amount,

plus

(ii) an amount equal to the ~~product~~**sum** of (x) the amount originally determined under clause (b) of the definition of IESO Cash Reserve Deposit Amount in the Trust Indenture ~~multiplied by (y) (i) for an Increase Date prior to the Payment Date in May, 2021, one; (ii) for an Increase Date on or after the Payment Date in May, 2021 and prior to the Payment Date in June, 2021, [●]%; (iii) for an Increase Date on or after~~**, less any amounts withdrawn from the IESO Cash Reserve Account to pay any Obligations Secured described in subsections 7.04(e)(i) through (v) of the Trust Indenture prior to the date of such Increase, and (y) to the extent the amount originally determined under clause (b) of the definition of IESO Cash Reserve Deposit Amount in the Trust Indenture was not determined in a manner which included the amount of such Increase, an**

amount estimated by the Manager, acting reasonably, equal to the additional Monthly Interest payable with respect to such Increase up to and including the Payment Date in July, ~~2021 and prior to the Payment Date in October, 2021, [●]%. [NTD: to be discussed]~~**2021.**

(e) ~~[~~the Indenture Trustee shall have received ~~a certificate addressed to the Indenture Trustee and signed by the Chief Financial Officer and the Treasurer of OPG (or their respective designees, provided that such designees are executive officers of OPG) confirming either (A) that OPG has provided to the Province all certifications required by the Province~~**(i) the adherence compliance certificate required** pursuant to **Section 4.02(a) of** the Change of Law Protection Agreement with respect to such Increase**,** or (B) ~~that~~**written confirmation from** the Province ~~has otherwise agreed~~ that **the Funding Obligations incurred under this Supplemental Indenture with respect to** such Increase ~~constitutes an Approved Obligation.] [NTD: to be conformed to final version of Protection Agreement]~~**constitute Approved Obligations.**

The Issuer's acceptance of funds in connection with each Increase occurring on any Increase Date shall constitute a representation and warranty by the Issuer to the Purchaser as of such Increase Date that all of the conditions contained in Section 3.3(a) and this Section 4.2 are satisfied.

ARTICLE 5
REPRESENTATIONS AND WARRANTIES

5.1 Representations and Warranties of the Issuer

The Issuer hereby represents and warrants to the Purchaser as of the Closing Date, and shall be deemed to represent and warrant to the Purchaser on each Increase Date, that:

(a) no Termination Event has occurred or would result from the initial purchase of the Issuer Investment Interest on the Closing Date or any increase in the Issuer Investment Interest on an Increase Date, as applicable;

(b) the Issuer Trustee and the Issuer are not Non-residents;

(c) all tax returns (federal, provincial and local) required to be filed with respect to the Issuer have been filed and there has been paid or adequate provision made for the payment of all material Taxes in respect of the Issuer;

(d) the Issuer has complied in all material respects with all laws in respect of the conduct of its business and ownership of its property including the Issuer Investment Interest;

(e) all information provided to the Purchaser by or on behalf of the Issuer in respect of the Issuer Investment Interest is and will be true and accurate in all material respects; and

(f) to its knowledge, there is no set of circumstances existing at such time that will have an Adverse Effect or will reasonably be expected to have an Adverse Effect.

5.2 Representations and Warranties of the Purchaser

The Purchaser represents and warrants to the Issuer as of the Closing Date, and shall be deemed to represent and warrant to the Issuer on each Increase Date, that:

(a) it is resident in Ontario or is otherwise subject to the securities legislation of the Province of Ontario;

(b) it is purchasing the applicable Series 2017-1 Junior Subordinated Notes (i) as principal for its own account and not for the benefit of any other "person" (as defined in the *Securities Act* (Ontario)) or company; and (ii) for cash consideration in excess of $150,000; and

(c) it was not created and is not being used solely to purchase or hold securities in reliance on the exemption from the prospectus and dealer registration requirements contained in Section 2.10 of National Instrument 45-106 − Prospectus and Registration Exemptions.

5.3 Survival

The representations and warranties set out in this Article 5 shall survive the execution hereof.

ARTICLE 6
COVENANTS

6.1 Covenants of the Issuer

(a) The Issuer shall promptly provide to the Purchaser (in multiple copies if requested) copies of all material reports, notices, financial statements and other documents delivered by the IESO to the Issuer with respect to the Issuer Investment Interest or pursuant to the Master Transfer and Servicing Agreement; provided such documents shall be deemed to be delivered hereunder so long as the Purchaser is the Manager.

(b) The Issuer shall provide to the Purchaser (in multiple copies, if requested) such other information, documents, records or reports respecting the Issuer Investment Interest, the Issuer or the IESO which is in the possession or under the control of the Issuer or the Manager, as the Purchaser may from time to time reasonably request, including any correspondence with a Rating Agency; provided such documents shall be deemed to be delivered hereunder so long as the Purchaser is the Manager.

(c) The Issuer shall furnish to the Purchaser promptly after known to the Issuer or the Manager, information with respect to any action, suit or proceeding involving the Manager, the Issuer or the IESO or any of their respective Affiliates by or before any court or any Governmental Authority which, if adversely determined, would have an Adverse Effect; provided that the Purchaser shall be deemed to have knowledge of such actions, suits or proceedings so long as it is the Manager.

~~(d) The Issuer shall, upon request by the Purchaser, exercise its right pursuant to Section 3.15 of the Master Transfer and Servicing Agreement to require the IESO to deliver the letter of credit or other form of security contemplated therein.~~

ARTICLE 7
ACCELERATION

7.1 Acceleration of Series 2017-1 Junior Subordinated Principal Amount

If a Series 2017-1 Event of Default occurs and is continuing, then and in each and every such case, and without regard to whether all Issuer Funding Obligations have been declared due and payable immediately pursuant to Section 8.02(a) of the Trust Indenture, the Purchaser may by notice in writing to the Issuer and to the Indenture Trustee declare the Series 2017-1 Junior Subordinated Principal Amount and all interest accrued and unpaid (if any) thereon to be due and payable immediately, and upon any such declaration the same will become and will be immediately due and payable, notwithstanding anything in this Supplemental Indenture or the Trust Indenture to the contrary.

ARTICLE 8
GENERAL

8.1 Successor and Assigns

(a) This Supplemental Indenture shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns except that (i) the Issuer may not assign or transfer any of its rights or obligations under this Supplemental Indenture without the prior written consent of the Purchaser and at least 10 Business Days' notice having been given to DBRS; and (ii) the Purchaser may, without the prior written consent of the Issuer but with prior notice to DBRS, assign or transfer any of its rights or obligations under this Supplemental Indenture to any of its wholly-owned affiliates (a "**Transferee**") pursuant to a transfer supplement, substantially in the form of Exhibit E (the "**Transfer Supplement**").

(b) The Issuer authorizes the Purchaser to disclose to any Transferee and any prospective Transferee any and all financial information in the Purchaser's possession concerning the Issuer, the Issuer Investment Interest and the Program Agreements which has been delivered to the Purchaser by the Issuer or the Manager.

(c) Notwithstanding any other provision of this Supplemental Indenture to the contrary, the Purchaser may at any time pledge or grant a security interest in all or any portion of its rights under its Series 2017-1 Junior Subordinated Note and this Supplemental Indenture to secure obligations of the Purchaser to any Person, without notice to or consent of the Issuer; provided that no such pledge or grant of a security interest shall release the Purchaser from any of its obligations hereunder or substitute any such pledgee or grantee for the Purchaser as a party hereto.

8.2 Waiver

Without limiting the requirements of Section 11.02 of the Trust Indenture which shall be applicable to this Supplemental Indenture, no waiver of any provision of this Supplemental Indenture or consent to any departure by the Issuer from any provision of this Supplemental Indenture will be effective (in whole or in part) unless in writing and signed by the Purchaser.

Such waiver will be effective only in the specific instance, for the specific purpose and for the specific length of time for which it is given by the Purchaser.

8.3 Notice

All notices, requests, instructions and demands to or upon any party hereto to be effective shall be given (a) in the case of the Issuer and the Indenture Trustee, in the manner set forth in Article 15 of the Trust Indenture; and (b) in the case of the Purchaser, in writing, and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when delivered by hand or three days after being deposited in the mail, postage prepaid, in the case of facsimile notice, when received, or in the case of overnight air courier, one Business Day after the date such notice is delivered to such overnight courier, addressed as follows; or to such other address as may be hereafter notified by the respective parties hereto:

Purchaser:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6

Attention: ~~[■]~~**Vice President, Fair Hydro Plan**
Fax: (416) ~~[■]~~**592-4189**
Email: ~~[■]~~**FHP@opg.com**

8.4 No Waiver: Remedies

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

8.5 Entire Agreement

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

8.6 Governing Law and Attornment

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

8.7 Acknowledgment of Trust Indenture and No Proceedings

(a) The Purchaser hereby acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor under the Trust Indenture and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Trust Indenture including, without limitation, Section 7.12 (Payments To Be Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse), Article IX (Indenture Trustee) (including all limitations of liability thereunder), Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition).

(b) The Purchaser irrevocably authorizes and directs the Indenture Trustee on its behalf to take such action (including the execution and delivery of documents of subordination) as may be necessary or appropriate to further assure the priority arrangements provided for in Article VI, Article VII and Section 8.13 of the Trust Indenture, and appoints the Indenture Trustee as its agent for any and all such purposes.

(c) The Purchaser consents, requests and authorizes the Issuer and the Indenture Trustee to (i) add the Purchaser (or its agent) to the register of Specified Creditors described in Section 13.13 of the Trust Indenture and (ii) disseminate the notice details of the Purchaser to other Specified Creditors for the purposes set out in subsection 9.14(b) of the Trust Indenture.

8.8 Expenses

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

8.9 Further Assurances

Each of the parties hereto upon the request of the other party or parties hereto shall do, execute, acknowledge and deliver or cause to be done, executed acknowledged or delivered all such further acts, deeds, documents, assignments, transfers, conveyances, powers of attorney and assurances as may be reasonably necessary or desirable to effect or complete the consummation of the transactions contemplated by this Supplemental Indenture.

8.10 Confidentiality

(a) The Purchaser covenants and agrees that any non-public information obtained by it pursuant to this Supplemental Indenture and the other Program Agreements shall be held in confidence except that the Purchaser may disclose such information (i) pursuant to the order of any court or administrative agency or in any pending legal or administrative proceeding (whether or not having the force or effect of law) provided that, unless prohibited by applicable law, the Purchaser shall provide prompt notice of such order to the affected party; (ii) upon the request or demand of any regulatory authority having or claiming jurisdiction over the Purchaser; (iii) as required by applicable law including, without limitation, all applicable securities laws; (iv) to the extent that such information becomes publicly available other than by reason of improper disclosure by the Purchaser; (v) to its affiliates, officers, directors, employees, legal counsel, independent auditors, accountants, advisors, investors, potential investors, commercial paper dealers, providers of surety, guaranty, credit or liquidity enhancement (including the directors, officers and accountants of such surety, guaranty, credit or liquidity enhancement provider), legal counsel of any of the foregoing and other experts or agents who need to know such information and are informed of the confidential nature of such information; (vi) for purposes of establishing a "due diligence" defense; (vii) which was available to the Purchaser on a non-confidential basis from a source other than the affected party, provided that such source was not to the knowledge of the Purchaser bound by a confidentiality agreement with the affected party; (viii) has been independently acquired or developed by the Purchaser without violating any of the Purchaser's obligations under this Supplemental Indenture; (ix) if such disclosure has been approved in writing in advance by the Issuer or the Manager; (x) regarding the existence of this Supplemental Indenture, but not the financial terms thereof; and (xi) to DBRS and Moody's and any other Rating Agencies.

(b) The Issuer covenants and agrees to hold in confidence, and not disclose to any Person, the terms of this Supplemental Indenture, except as the Purchaser may have consented to in writing prior to any proposed disclosure and except (i) it may also disclose such information (A) to its officers, directors, employees, legal counsel, independent auditors, accountants and other advisors who are directly involved in the consideration of this Supplemental Indenture (and then only on a confidential basis), (B) to the Manager and its officers, directors, employees, legal counsel, independent auditors, accountants and other advisors, (C) any ministry or agency of the Province of Ontario and, in each case, their respective employees, officials, agents and advisors, (D) as required by applicable law (including, without limitation, applicable securities law) or compulsory legal process, (E) as expressly permitted by the terms of the Program Agreements, and (F) to DBRS and Moody's and any other Rating Agencies; provided, that, in the case of clause (D), the Issuer will use all commercially reasonable efforts to maintain confidentiality and will (unless otherwise prohibited by law) notify the Purchaser of its intention to make any such disclosure prior to making such disclosure; and (ii) it may also disclose the existence (but not the financial terms) of this Supplemental Indenture, including to any actual or prospective purchaser of other Notes.

(c) The parties hereto acknowledge that a description of this Supplemental Indenture and the Series 2017-1 Junior Subordinated Note will be included in the preliminary and final offering memoranda of the Issuer relating to the issue of other Notes from time to time.

(d) The confidentiality provisions set forth in this Section 8.10 shall expire on the second year anniversary of the date on which the Series 2017-1 Junior Subordinated Notes have been paid in full.

8.11 Limitation of Liability of Issuer Trustee

Each party hereto other than the Issuer acknowledges that the Issuer is a trust, and that Computershare Trust Company of Canada is the Issuer Trustee. The other parties hereto agree that the Issuer Trustee will not be subject to any liability whatsoever to them, in tort, contract or otherwise, in connection with the Issuer's assets or the trust activities, for any action taken or permitted by it to be taken, or for its failure to take any action; provided that the foregoing limitation will not apply in respect of any action or failure to act arising from or in connection with wilful misconduct, negligence or reckless disregard of a duty by the Issuer Trustee. The Issuer Trustee in doing anything or permitting anything to be done in respect of assets or the trust activities is, and shall be conclusively deemed to be, acting as trustee of the Issuer and not in any other capacity. Except as to the extent provided in this Section 8.11, the Issuer Trustee will not be subject to any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Issuer, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the Issuer's assets or the trust activities and resort will be had solely to the Collateral for the payment or performance thereof. No property or assets of the Issuer Trustee, whether owned in its personal capacity or otherwise, will be subject to levy, execution or other enforcement procedure with regard to any obligation under this Supplemental Indenture. Nothing contained in this Section 8.11 shall be construed so as to limit the liability of the Issuer under this Supplemental Indenture. This Supplemental Indenture, and every deed, transfer, assignment, agreement or other instrument made pursuant hereto including, without limitation, the Series 2017-1 Junior Subordinated Notes, made or purporting to be made by or creating an obligation of the Issuer or the Issuer Trustee on behalf of, or as trustee of, the Issuer shall be deemed and construed for all purposes as if made by the Issuer Trustee, in and only in its capacity as trustee of the Issuer. Any obligations of the Issuer Trustee hereunder or thereunder are non-recourse to the Issuer Trustee in its personal capacity.

8.12 Execution in Counterparts

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

8.13 Delivery of Executed Copies

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

[signature page follows]

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

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

By:
Name:
Title:

By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, as Indenture Trustee

By:
Name:
Title:

By:
Name:
Title:

ONTARIO POWER GENERATION INC., as Purchaser

By:
Name:
Title:

By:
Name:
Title:

SCHEDULE A

DEFINITIONS

"**Acceleration Event**" means either:

(a) all Issuer Funding Obligations are declared due and payable under Section 8.02 of the Trust Indenture, or

(b) the Series 2017-1 Junior Subordinated Principal Amount and all interest accrued and unpaid thereon is declared to be due and payable under Section 7.1.

"**Administrative Agent**" is defined in the recitals to this Supplemental Indenture.

"**AEOI Legislation**" is defined in Section 3.9(a).

"**Applicable Margin**" means **[1.10]% per annum**.

"**Authorized Officer**" means, with respect to: (a) the Issuer, any authorized director or officer of the Manager; (b) the Manager, any authorized director of officer of OPG; (c) the IESO, any authorized director or officer of the IESO; (d) the Issuer Trustee, any officer within the corporate trust office of such trustee (including the President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Treasurer or any other officer of the Issuer Trustee customarily performing functions similar to those performed by persons who at the time shall be such officers, respectively, and that has direct responsibility for the administration of the Issuer and also, with respect to a particular matter, any other officer to whom such matter is referred to because of such officer's knowledge and familiarity with the particular subject).

"~~**CDOR**" means, on any day, an annual rate of interest equal to the average rate applicable to Canadian dollar bankers' acceptances for a 1 month period appearing on the "Reuters Screen CDOR Page" (as defined in the International Swaps and Derivatives Association, Inc. 2000 definitions, as modified and amended from time to time) at approximately 10:00 a.m. on such day, or if such day is not a Business Day, then on the immediately preceding Business Day, provided that if such rate does not appear on the Reuters Screen CDOR Page on such day as contemplated, then CDOR on such day shall be calculated as the average of the rates for such period applicable to Canadian dollar bankers' acceptances quoted by the banks listed in Schedule I of the *Bank Act* (Canada) as of 10:00 a.m. on such day or, if such day is not a Business Day, then on the immediately preceding Business Day.~~**Base Rate" means the weighted average interest rate applicable to the Series 2017-1 Senior Notes.**

"**Closing Date**" is defined in Section 3.3(a).

"Commitment Extension" is defined in the Senior Series 2017-1 Supplemental Indenture.

"**Decrease**" is defined in Section 3.4.

"**Decrease Amount**" is defined in Section 3.4.

"**Excluded Taxes**" is defined in Section 3.9(a).

"**FATCA**" is defined in Section 3.9(a).

"**Increase**" is defined in Section 3.3(a).

"**Increase Amount**" is defined in Section 3.3(a).

"**Increase Date**" is defined in Section 3.3(a).

"**Increase Notice**" is defined in Section 3.3(a).

"**Indenture Trustee**" is defined in the recitals to this Supplemental Indenture.

"**Interest Period**" means each of the consecutive periods that begins on, and includes, each Payment Date and ends on and excludes, the following Payment Date; provided that the first Interest Period shall begin on the Closing Date and end on ~~●~~ **the Payment Date in January, 2018.**

"**Issuer**" is defined in the recitals to this Supplemental Indenture.

"**Issuer Indemnified Person**" is defined in Section 3.8.

"**Issuer Trustee**" is defined in the recitals to this Supplemental Indenture.

"**Maximum Purchaser Group Principal Amount**" has the meaning specified in the Senior Series 2017-1 Supplemental Indenture.

"**Monthly Interest**" shall mean, for any Payment Date, the sum of (A) the sum for each day during such Interest Period of the product of (i) the Series 2017-1 Junior Subordinated Principal Amount on such day; times (ii) the sum of ~~CDOR~~**the Base Rate** for such day plus the Applicable Margin, divided by (iii) 365, and (B) the Monthly Interest Shortfall; provided that, for the purposes of determining the Monthly Interest in respect of an Interest Period prior to the end of the Interest Period, the Purchaser may estimate the interest for the remaining days in the Interest Period and provided further, if the actual interest for such days is less than the estimated interest, the Monthly Interest for the following Interest Period shall be reduced to adjust for such lower actual interest and if the actual interest for such days is higher than the estimated interest, the Monthly Interest for the following Interest Period shall be increased to adjust for such higher interest.

"**Monthly Interest Shortfall**" means, for any Payment Date, if the amount in clause (A) of the definition of Monthly Interest for the preceding Payment Date was greater than the amount distributed to the payment of such amounts pursuant to Section 3.6(c), an amount equal to the amount in clause (A) of the definition of Monthly Interest owing to the Purchaser which was unpaid on the preceding Payment Date plus interest on such unpaid amount for the period from the preceding Payment Date to the current Payment Date at a rate equal to the Prime Rate plus ~~●~~**1.00**% per annum.

"**Monthly Other Amounts**" shall mean, for any Payment Date the sum of (a) any amounts payable to the Purchaser hereunder (other than Monthly Interest) including, without limitation, pursuant to Sections 3.8, 3.9, 3.10 and 8.8; plus (c) the Monthly Other Amounts Shortfall for such Payment Date.

"**Monthly Other Amounts Shortfall**" means, for any Payment Date, if the amount of the Monthly Other Amounts for the preceding Payment Date was greater than the amount distributed to the payment of such amounts pursuant to Section 3.6(c), an amount equal to the Monthly Other Amounts owing to the Purchaser which were unpaid on the preceding Payment Date plus interest on such unpaid amount for the period from the preceding Payment Date to the current Payment Date at a rate equal to the Prime Rate plus ~~●~~**1.00**% per annum.

"**Prime Rate**" means the annual rate of interest announced by ~~●~~**Royal Bank of Canada** from time to time as being its reference rate for the determination of interest rates on Canadian dollar denominated commercial loans made by it and commonly referred to by ~~●~~**Royal Bank of Canada** as its "prime rate."

"**Principal Accumulation Date**" means the Payment Date occurring in the month of July, ~~2021~~ **2021, as such date may be modified pursuant to Section 3.5(c).**

"**Principal Payment Amount**" means, in respect of the Series 2017-1 Junior Subordinated Notes **(unless modified pursuant to Section 3.5(c))**:

(a) On any Payment Date occurring on or after the earlier of (i) the Payment Date occurring in October, 2021; and (ii) the occurrence of an Acceleration Event, the Series 2017-1 Junior Subordinated Principal Amount.

(b) Unless clause (a) above is applicable, on the Payment Dates in ~~each of~~ the ~~months~~**month** of July, ~~2021,~~ August, ~~2021 and~~ September~~,~~ **and October of** 2021, an amount equal the lesser of (x) the sum of (A) ~~[~~25~~]~~% of the Series 2017-1 Junior Subordinated Principal Amount on the Business Day prior to the Principal Accumulation Date plus (B) the Decrease Amount of any Decrease occurring on such Payment Date, and (y) the Series 2017-1 Junior Subordinated Principal Amount.

(c) Unless either of clauses (a) or (b) above is applicable, on any Payment Date ~~this~~**that** is not a Decrease Date, nil.

(d) Unless either of clauses (a) or (b) above is applicable, on any Payment Date that is a Decrease Date, the Decrease Amount of the Decrease occurring on such Payment Date.

"Principal Payment Default Date" means the Business Day that is two years after the Payment Date in respect of such Principal Payment Amount, as such date may be modified pursuant to Section 3.5(c).

"**Purchaser**" is defined in the recitals to this Supplemental Indenture.

"**Recipient**" is defined in Section 3.9(a).

"**Refinancing Increase**" is defined in Section 3.3(a).

"**Regulatory Change**" shall mean (i) the adoption after the date hereof of any applicable law, rule or regulation (including any applicable law, rule or regulation regarding capital adequacy, deposits, reserves or liquidity coverage) or any change therein after the date hereof, (ii) any change after the date hereof in the interpretation, administration, scope or timing of implementation thereof by any governmental authority, central bank, self-regulating professional body or comparable agency or authority charged with the interpretation or administration thereof, or compliance with any guidance, request or directive (whether or not having the force of law) of any such authority, central bank, self-regulating professional body or comparable agency or authority; provided that for purposes of this definition, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder, issued in connection therewith or in implementation thereof, and (y) all requests, rules, guidelines and directives (whether or not having the force of law) promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or Canadian or United States or other foreign regulatory authorities, shall in each case be deemed to be a "Regulatory Change", regardless of the date enacted, adopted, issued or implemented.

"**Senior Series 2017-1 Supplemental Indenture**" is defined in the recitals to this Supplemental Indenture.

"**Series 2017-1 Event of Default**" means any one of the following events occurs at any time that the Junior Subordinated Funding Obligations constitute the Controlling Class Obligations (whatever the reason for such Series 2017-1 Event of Default and whether it will be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any Governmental Authority):

(a) a default by the Issuer in the payment of any interest on any Series 2017-1 Junior Subordinated Notes when such interest becomes due and payable, and continuance of such default for a period of ~~[~~five~~]~~ days following the date on which such interest became due and payable;

(b) a default by the Issuer in the payment of any principal of any Series 2017-1 Junior Subordinated Notes at its Principal Payment Default Date;

(c) any representation or warranty contained in Section 5.1 of this Supplemental Indenture or Section 12.01 of the Trust Indenture proves to be incorrect in any material respect when made and such incorrect representation or warranty if capable of being remedied by the Issuer, has not been remedied for a period of ~~60~~**30** days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by the Purchaser, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default" hereunder and, as a result of such default, the interests of the Purchaser is materially and adversely affected and continue to be materially and adversely affected during the ~~60~~**30**-day period;

(d) a default in the performance, or breach, of any covenant of the Issuer in the Trust Indenture or this Supplemental Indenture in respect of any Series 2017-1 Junior Subordinated

Notes (other than an agreement, covenant or warranty a default in the performance of which or the breach of which is elsewhere specifically dealt with in this definition of Series 2017-1 Event of Default), and continuance of such default or breach for a period of ~~60~~**30** days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by the Purchaser, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default" hereunder and, as a result of such default, the interests of the Purchaser is materially and adversely affected and continue to be materially and adversely affected during the ~~60~~**30**-day period;

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

(f) a Suspension Notice is issued by the Province.

"**Series 2017-1 Initial Junior Subordinated Principal Amount**" means an amount equal to ~~[ten~~**twenty** percent (~~10~~**20**%)~~]~~ of the Series 2017-1 Initial Senior Principal Amount.

"**Series 2017-1 Initial Senior Principal Amount**" means the "Series 2017-1 Initial Principal Amount" as defined in the Senior Series 2017-1 Supplemental Indenture.

"**Series 2017-1 Junior Subordinated Note**" means any one of the Floating Rate Variable Funding Junior Subordinated Notes, Series 2017-1, executed by the Issuer and authenticated and delivered by or on behalf of the Indenture Trustee, substantially in the form of Exhibit B.

"**Series 2017-1 Junior Subordinated Principal Amount**" means (a) when used with respect to the Closing Date, the Series 2017-1 Initial Junior Subordinated Principal Amount; and (b) when used with respect to any other date, an amount equal to (i) the Series 2017-1 Junior Subordinated Principal Amount on the immediately preceding Business Day; plus (ii) the Increase Amount on such date; minus (iii) the Decrease Amount on such date; minus (iv) the amount of principal payments made to the Purchaser pursuant to Section 3.7 on such date.

"**Series 2017-1 Maximum Junior Subordinated Principal Amount**" means an amount equal to ~~[ten~~**twenty** percent (~~10~~**20**%)~~]~~ of the Series 2017-1 Maximum Senior Principal Amount.

"**Series 2017-1 Maximum Senior Principal Amount**" means the "Series 2017-1 Maximum Principal Amount" as defined in the Senior Series 2017-1 Supplemental Indenture.

"**Series 2017-1 Senior Decrease**" means, with respect to a Business Day, the sum of all amounts of Decreases (as defined in the Senior Series 2017-1 Supplemental Indenture) on such Business Day.

"**Series 2017-1 Senior Increase**" means, with respect to a Business Day, the sum of all amounts of Increases (as defined in the Senior Series 2017-1 Supplemental Indenture) on such Business Day.

"**Series 2017-1 Senior Notes**" is defined in the recitals to this Supplemental Indenture.

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

"**Support Facility**" shall mean any liquidity or credit support agreement with the Purchaser which relates to, or is otherwise available to the Purchaser in relation to its funding activities under, this Supplemental Indenture.

"**Suspension Notice**" has the meaning specified in the Change of Law Protection Agreement.

"**Termination Event**" means any Acceleration Event **or Series 2017-1 Event of Default** or any event which with the giving of notice or the passage of time, or both, could become an Acceleration Event **or a Series 2017-1 Event of Default**.

"**Transfer Increase**" is defined in Section 3.3(a).

"**Transfer Supplement**" is defined in Section 8.1(a).

"**Transferee**" is defined in Section 8.1(b).

"**Trust Indenture**" means the trust indenture dated as of December ~~●~~**[21]**, 2017 between the Issuer and the Indenture Trustee.

SCHEDULE B

[FORM OF NOTE]

SERIES 2017-1 JUNIOR SUBORDINATED NOTE

●

SCHEDULE C

FORM OF INCREASE NOTICE

●

SCHEDULE D

FORM OF DECREASE NOTICE

●

SCHEDULE E

FORM OF TRANSFER SUPPLEMENT

Document comparison by Workshare Compare on December-14-17 11:34:26 PM

Input:	
Document 1 ID	file://C:\Users\bsaulnie\Desktop\Warehouse Junior Subordinated Supplemental Indenture.DOCX
Description	Warehouse Junior Subordinated Supplemental Indenture
Document 2 ID	file://C:\Users\bsaulnie\Desktop\Junior Subordinated Warehouse Supplement - Fair Hydro.DOCX
Description	Junior Subordinated Warehouse Supplement - Fair Hydro
Rendering set	Firm_Standard

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

Statistics:	
	Count
Insertions	128
Deletions	138
Moved from	2
Moved to	2
Style change	0
Format changed	0
Total changes	270

From: Sud, Manu (ENERGY)
To: Mike Manning
Cc: Talwar, Shruti (ENERGY); Ogunrinde, Deni (ENERGY); Graham Young (MOI)
Subject: FW: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt
Date: Thursday, December 14, 2017 5:25:44 PM
Attachments: Interest Protocol Agreement (OPG 12-11- Incremental Blackline).doc
Interest Protocol Agreement (OPG 12-11).doc

Hi Mike
I have been informed from Legal that you had suggested ENERGY as a signatory to the document attached. Just wondering why OFA would like to add ENERGY as a signatory. It's a technical/ operational document between OPG and OFA and we do not see a role for us. We can chat tomorrow morning in details.
Thanks,
Manu
Manager, Analytics and Finance
Strategic Policy and Analytics
Strategic Network and Agency Policy | Ministry of Energy
6th Floor | 77 Grenville Street | Toronto, ON | M5S 1B3
w: (416) 326-5572 | c: (416) 357-2054
manu.sud@ontario.ca

From: WONG Leslie -LAWDIV <leslie.wong@opg.com>
Date: Wednesday, Dec 13, 2017, 1:20 PM
To: Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>
Cc: Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>, MCAULEY Tyler -LAWDIV <tyler.mcauley@opg.com>, Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>, LIU Sheen -TREASURY <sheen.liu@opg.com>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt
Dear Alena,
Further to our discussion, we have converted the formal protocol agreement to a less formal protocol document to be signed by OPG and the OFA (attached). I understand that Mike Manning of the OFA, who would be signing on behalf of the OFA, has also suggested that a signatory from the MOE be added the protocol document. Let us know if there are any concerns with that. Otherwise, could you advise who could sign on behalf of the MOE? We will add that signature line to the protocol document.
I have copied Malle on this e-mail to keep her in the loop, as well as Sheen Liu from our Treasury group as she has been dealing with her counterparts at the OFA on the protocol document.
Regards,
Les
Leslie Wong
Senior Counsel
Ontario Power Generation Inc.
700 University Avenue, H18 G26.1, Toronto, ON M5G 1X6
T: (416) 592-3110 **|** E: leslie.wong@opg.com
-----Original Message-----
From: Thouin, Alena (ENERGY) [mailto:Alena.Thouin@ontario.ca]
Sent: Monday, December 04, 2017 1:17 PM
To: WONG Leslie -LAWDIV <leslie.wong@opg.com>
Cc: Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; MCAULEY Tyler -LAWDIV <tyler.mcauley@opg.com>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt
Great
Please feel free to call my office.
We will both be there.
Sent with BlackBerry Work
(https://na01.safelinks.protection.outlook.com/?
url=www.blackberry.com&data=02%7C01%7Cleslie.wong%40opg.com%7C354d653218ea476edb5208d53b434c9a%7C962f21cf93ea449f99bf402e2b2987b2%7C0%7C0%7C636480082589407160&sdata=g3LRuCZ54volVUlK7TqNK2jM6gYG1A6DiymdsRgSwSk%3D&reserved=0(na01.safelinks.protection.outlook.com))
From: WONG Leslie -LAWDIV <leslie.wong@opg.com>>
Date: Monday, Dec 04, 2017, 1:16 PM
To: Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>>
Cc: Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>>, MCAULEY Tyler -LAWDIV <tyler.mcauley@opg.com>>
Subject: Re: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt
Alena - I am available at 5:15. My colleague, Tyler McAuley, who worked in the agreement, will also be available for a call then.
Let us know your preference on call logistics (who to call whom, or whether a call-in number would be preferable).
Regards,
Les
Sent from my BlackBerry 10 smartphone on the Bell network.
From: Thouin, Alena (ENERGY)
Sent: Monday, December 4, 2017 12:49 PM
To: WONG Leslie -LAWDIV
Cc: Sawwaf, Khareem (ENERGY)
Subject: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt
*** Exercise caution. This is an EXTERNAL email. DO NOT open attachments or click links from unknown senders or unexpected email. *** _____
Hi Les
Hope you are well
I was hoping we can have a quick call on this (legal only at this point), just had some questions. I am around after 5:15 today?
Thanks
Alena
Alena Thouin
Deputy Director, Legal Services Branch
Ministries of Energy / Infrastructure / Economic Development & Growth / Research, Innovation & Science / Accessibility
56 Wellesley St. W. 18th Floor, Toronto, ON M7A 2E7
Tel: 416-325-1834 Email: alena.thouin@ontario.ca>
This communication may be Solicitor/Client privileged and contain confidential information intended only for the individual or entity named in the message. If the reader of this message is not the intended recipient, or the agent responsible to deliver it to the intended recipient, you are hereby notified that any review, dissemination, distribution or copying of this communication is prohibited. If this communication was received in error, please notify us by reply e-mail and delete the original message. Thank you.
From: WONG Leslie -LAWDIV [mailto:leslie.wong@opg.com]
Sent: November 30, 2017 12:16 PM
To: Thouin, Alena (ENERGY); Hanslep, Malle (MOF)
Cc: LEE John -TREASURY; LIU Sheen -TREASURY; MCAULEY Tyler -LAWDIV; RYFA Ken -TREASURY; PRESTON Stuart -TREASURY
Subject: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt
Dear Alena and Malle,
Please find attached a draft of the protocol agreement relating to the determination of interest rates on the subordinated and junior subordinated debt to be issued to OPG by the Fair Hydro Trust. Most of this debt will be funded through equity injections by the Province into OPG. OPG's Treasury team has been working with Carlos Yep of the OFA on this agreement. I understand that Alena has previously seen a term sheet setting out the main terms of the agreement.
Let us know if you have any questions or comments on the draft.
Regards,
Les
Leslie Wong
Senior Counsel
Ontario Power Generation Inc.
700 University Avenue, H18 G26.1, Toronto, ON M5G 1X6
T: (416) 592-3110 | E: leslie.wong@opg.com>

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.
_____
THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

Draft: ~~November 29~~December 11, 2017

Subordinated Debt Pricing Protocol~~ Agreement~~

~~THIS AGREEMENT is made as of •, 2017~~

~~BETWEEN~~

ONTARIO POWER GENERATION INC., a corporation incorporated under the laws of Ontario (**"OPG"**), solely in its capacity as financial services manager (the "**FSM**") of the Fair Hydro Trust (the "**Issuer**"), a trust existing under the laws of the Province of Ontario

~~–~~and ~~-~~

~~**HER MAJESTY THE QUEEN IN RIGHT OF**~~ the ONTARIO~~, (the~~ " FINANCING AUTHORITY, **[a crown agency of the Province**~~") as represented by the Minister of Energy~~

~~WHEREAS the Issuer and BNY Trust Company~~ **of** ~~Canada entered into that certain trust indenture (as supplemented from time to time, the "**Trust Indenture**") dated ■, 2017;~~

~~AND WHEREAS pursuant to the Trust Indenture the Issuer may issue, from time to time, certain Subordinated Notes and Junior Subordinated Notes;~~

~~AND WHEREAS the FSM and the Province~~**Ontario]** have agreed to ~~establish herein the~~enter into this subordinated debt pricing protocol (the "**Protocol**") wherein they have agreed to certain procedures for establishing the interest rate applicable to each Series of Subordinated Notes and Junior Subordinated Notes where such Notes are to be issued only to OPG or its Affiliates~~;~~.

~~NOW THEREFORE, in consideration of the premises and the covenants and agreements herein contained, the parties agree as follows:~~

~~Article 2 –~~ARTICLE 1 - INTERPRETATION

~~2.01~~1.01 Definitions

In this ~~Agreement~~Protocol, unless something in the subject matter or context is inconsistent therewith terms used herein have the meanings ascribed in the Trust Indenture. In addition, the following terms shall have the following meanings:

(a) "**Applicable Spread**" has the meaning ascribed to such term in section 2.04(c);

(b) "**Base Rate**" has the meaning ascribed to such term in section 2.03(a) or (b), as applicable;

(c) "**Junior Subordinated Term Note**" means a Junior Subordinated Note that is not incurred pursuant to a Warehouse Facility Agreement;

(d) "**Junior Subordinated Warehouse Note**" means a Junior Subordinated Note that is incurred pursuant to a Warehouse Facility Agreement;

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(e) "**Subordinated Term Note**" means a Subordinated Note that is not incurred pursuant to a Warehouse Facility Agreement; ~~and~~

(f) "**Subordinated Warehouse Note**" means a Subordinated Note that is incurred pursuant to a Warehouse Facility Agreement~~.~~;

~~2.02 **Headings**~~

~~Article 3 –~~ ARTICLE 2 - INTEREST RATE PROTOCOLS

~~3.01~~2.01 **Interest Rate Protocols**

The interest rate applicable to each Series of Subordinated Notes and Junior Subordinated Notes that are issued only to OPG or its Affiliates shall be established by the FSM in accordance with the procedures set out herein.

~~3.02~~2.02 **Composite Interest Rate**

For any Series of Subordinated Notes or Junior Subordinated Notes that are issued only to OPG or its Affiliates, the interest rate shall be the aggregate of the applicable Base Rate and the Applicable Spread.

~~3.03~~2.03 **Base Rate**

(a) For Subordinated Term Notes and Junior Subordinated Term Notes, the "Base Rate" shall be an annual rate of interest comprised of the applicable yield for the Benchmark Government of Canada bonds listed at the time and with the same term as that of the Series of Subordinated Notes or Series of Junior Subordinated Notes, as applicable. In the event that there are no such Benchmark Government of Canada bonds listed at the time of issuance, the applicable Base Rate of interest shall be established by interpolating on a straight line basis the terms of the two Benchmark Government of Canada bonds that are closest to the term of the applicable Series of Subordinated Term Notes or Series of Junior Subordinated Term Notes, as applicable, one being for a longer term and the other being for a shorter term; and

(b) For Subordinated Warehouse Notes and Junior Subordinated Warehouse Notes, the "Base Rate" shall be an annual interest rate equal to the all-in funding costs under the related Warehouse Obligations, expressed as a rate per annum, as determined by the FSM acting reasonably, or at any time when there are no Warehouse Obligations outstanding the "Base Rate" shall be the average of the posted "prime rate of interest" published by the five largest Canadian banks at such time.

~~3.04~~2.04 **Applicable Spread**

(a) Prior to the issuance of any new Subordinated Term Notes or Junior Subordinated Term Notes, the FSM will solicit from at least five investment dealers in Canada, a survey of indicative spreads over the applicable Base Rate (collectively, the

"**Indicative Spreads**" and each an "**Indicative Spread**") applicable to capital market debt issuances having features comparable to each of the proposed Series of Subordinated Term Notes and Junior Subordinated Term Notes, having regard to the expected credit rating and tenor. Such solicitation of Indicative Spreads shall occur on the pricing date of the applicable Series of Subordinated Term Notes and Junior Subordinated Term Notes and may, at the FSM's option, also occur on other dates selected by the FSM provided that no such date is more than **one week** prior to the pricing date. The Applicable Spread for Subordinated Term Notes or Junior Subordinated Term Notes, as applicable, will be the simple average of the respective Indicative Spreads after excluding the highest and the lowest Indicative Spread for each day (not more than one week prior to the pricing date) that Indicative Spreads were provided;

(b) For Subordinated Warehouse Notes the FSM will solicit from time to time, but no less frequently than on an annual basis, from at least five investment dealers in Canada, a survey of Indicative Spreads over the applicable Base Rate applicable to commercial paper issuances having features comparable to the Subordinated Warehouse Notes including credit rating and tenor. The Applicable Spread for Subordinated Warehouse Notes will be the simple average of the respective Indicative Spreads, after excluding the highest and the lowest Indicative Spread;

(c) The Applicable Spread for Junior Subordinated Warehouse Notes shall be equal to the Applicable Spread derived from Section 2.04(b) for the Subordinated Warehouse Notes, provided the Junior Subordinated Term Notes are rated Investment Grade. If the Junior Subordinated Term Notes are rated below Investment Grade, the Applicable Spread for the Junior Subordinated Warehouse Notes will equal to the Applicable Spread for the Subordinated Warehouse Notes plus 100 bps.

For the purposes of this section "Investment Grade" means an "approved rating" from at least one "designated rating organization" (as such terms are defined for securities law purposes).

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~~3.05~~2.05 **Credit Ratings**

In order to facilitate the survey of Indicative Spreads, the FSM will solicit from time to time, from an approved rating organization (as such term is defined for securities laws purposes), a credit rating, which may include a shadow rating, for the Subordinated Notes and the Junior Subordinated Notes.

~~**Article 3 - GENERAL**~~

The FSM will share with the OFA, within a reasonable time period following receipt, a copy of all Indicative Spreads obtained pursuant to Section 2.04 and all Credit Ratings obtained pursuant to Section 2.05.

~~3.15~~2.07 **Governing Law**

This ~~Agreement~~Protocol is governed by and will be construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein. For the purpose of all legal

proceedings this ~~Agreement~~Protocol will be deemed to have been performed in the Province of courts of the Province of Ontario will have exclusive jurisdiction to entertain any action arising under this ~~Agreement~~Protocol. The parties hereby attorn to the exclusive jurisdiction of the courts of the Ontario.

~~3.16~~2.08 **Counterparts**

This ~~Agreement~~Protocol may be executed in any number of counterparts, each of which will be deemed to be an original and all of which taken together will be deemed to constitute one and the same instrument.

~~3.17~~2.09 **Electronic Execution**

Any party may deliver an executed signature page to this ~~Agreement~~Protocol by electronic transmission and such delivery will be as effective as delivery of a manually executed copy of the ~~Agreement~~Protocol by such party.

ONTARIO POWER GENERATION INC.
solely in its capacity as Financial Services Manager of the Fair Hydro Trust

Per: _____
Ken Hartwick
Chief Financial Officer and Senior Vice President

Per: _____
John Lee
Vice President- Treasurer

~~**HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO**, as represented by the Minister of Energy~~**THE ONTARIO FINANCING AUTHORITY**

Per: _____
~~[Name]~~
~~[Position]~~Michael Manning
Executive Director & Chief Investment Officer, Capital Markets

Draft: December 11, 2017

Subordinated Debt Pricing Protocol

ONTARIO POWER GENERATION INC., a corporation incorporated under the laws of Ontario (**"OPG"**), solely in its capacity as financial services manager (the "**FSM**") of the Fair Hydro Trust (the "**Issuer**"), a trust existing under the laws of the Province of Ontario and the ONTARIO FINANCING AUTHORITY, **[a crown agency of the Province of Ontario]** have agreed to enter into this subordinated debt pricing protocol (the "**Protocol**") wherein they have agreed to certain procedures for establishing the interest rate applicable to each Series of Subordinated Notes and Junior Subordinated Notes where such Notes are to be issued only to OPG or its Affiliates.

ARTICLE 1 - INTERPRETATION

1.01 Definitions

In this Protocol, unless something in the subject matter or context is inconsistent therewith terms used herein have the meanings ascribed in the Trust Indenture. In addition, the following terms shall have the following meanings:

(a) "**Applicable Spread**" has the meaning ascribed to such term in section 2.04(c);

(b) "**Base Rate**" has the meaning ascribed to such term in section 2.03(a) or (b), as applicable;

(c) "**Junior Subordinated Term Note**" means a Junior Subordinated Note that is not incurred pursuant to a Warehouse Facility Agreement;

(d) "**Junior Subordinated Warehouse Note**" means a Junior Subordinated Note that is incurred pursuant to a Warehouse Facility Agreement;

(e) "**Subordinated Term Note**" means a Subordinated Note that is not incurred pursuant to a Warehouse Facility Agreement;

(f) "**Subordinated Warehouse Note**" means a Subordinated Note that is incurred pursuant to a Warehouse Facility Agreement;

(g) "**Trust Indenture"** means that certain trust indenture entered into between the Issuer and BNY Trust Company of Canada on ☐**,**2017 (as supplemented from time to time).

ARTICLE 2 - INTEREST RATE PROTOCOLS

2.01 Interest Rate Protocols

The interest rate applicable to each Series of Subordinated Notes and Junior Subordinated Notes that are issued only to OPG or its Affiliates shall be established by the FSM in accordance with the procedures set out herein.

2.02 **Composite Interest Rate**

For any Series of Subordinated Notes or Junior Subordinated Notes that are issued only to OPG or its Affiliates, the interest rate shall be the aggregate of the applicable Base Rate and the Applicable Spread.

2.03 **Base Rate**

(a) For Subordinated Term Notes and Junior Subordinated Term Notes, the "Base Rate" shall be an annual rate of interest comprised of the applicable yield for the Benchmark Government of Canada bonds listed at the time and with the same term as that of the Series of Subordinated Notes or Series of Junior Subordinated Notes, as applicable. In the event that there are no such Benchmark Government of Canada bonds listed at the time of issuance, the applicable Base Rate of interest shall be established by interpolating on a straight line basis the terms of the two Benchmark Government of Canada bonds that are closest to the term of the applicable Series of Subordinated Term Notes or Series of Junior Subordinated Term Notes, as applicable, one being for a longer term and the other being for a shorter term; and

(b) For Subordinated Warehouse Notes and Junior Subordinated Warehouse Notes, the "Base Rate" shall be an annual interest rate equal to the all-in funding costs under the related Warehouse Obligations, expressed as a rate per annum, as determined by the FSM acting reasonably, or at any time when there are no Warehouse Obligations outstanding the "Base Rate" shall be the average of the posted "prime rate of interest" published by the five largest Canadian banks at such time.

2.04 **Applicable Spread**

(a) Prior to the issuance of any new Subordinated Term Notes or Junior Subordinated Term Notes, the FSM will solicit from at least five investment dealers in Canada, a survey of indicative spreads over the applicable Base Rate (collectively, the "**Indicative Spreads**" and each an "**Indicative Spread**") applicable to capital market debt issuances having features comparable to each of the proposed Series of Subordinated Term Notes and Junior Subordinated Term Notes, having regard to the expected credit rating and tenor. Such solicitation of Indicative Spreads shall occur on the pricing date of the applicable Series of Subordinated Term Notes and Junior Subordinated Term Notes and may, at the FSM's option, also occur on other dates selected by the FSM provided that no such date is more than **one week** prior to the pricing date. The Applicable Spread for Subordinated Term Notes or Junior Subordinated Term Notes, as applicable, will be the simple average of the respective Indicative Spreads after excluding the highest and the lowest Indicative Spread for each day (not more than one week prior to the pricing date) that Indicative Spreads were provided;

(b) For Subordinated Warehouse Notes the FSM will solicit from time to time, but no less frequently than on an annual basis, from at least five investment dealers in Canada, a survey of Indicative Spreads over the applicable Base Rate applicable to commercial

paper issuances having features comparable to the Subordinated Warehouse Notes including credit rating and tenor. The Applicable Spread for Subordinated Warehouse Notes will be the simple average of the respective Indicative Spreads, after excluding the highest and the lowest Indicative Spread;

(c) The Applicable Spread for Junior Subordinated Warehouse Notes shall be equal to the Applicable Spread derived from Section 2.04(b) for the Subordinated Warehouse Notes, provided the Junior Subordinated Term Notes are rated Investment Grade. If the Junior Subordinated Term Notes are rated below Investment Grade, the Applicable Spread for the Junior Subordinated Warehouse Notes will equal to the Applicable Spread for the Subordinated Warehouse Notes plus 100 bps.

For the purposes of this section "Investment Grade" means an "approved rating" from at least one "designated rating organization" (as such terms are defined for securities law purposes).

2.05 **Credit Ratings**

In order to facilitate the survey of Indicative Spreads, the FSM will solicit from time to time, from an approved rating organization (as such term is defined for securities laws purposes), a credit rating, which may include a shadow rating, for the Subordinated Notes and the Junior Subordinated Notes.

2.06 **Reporting**

The FSM will share with the OFA, within a reasonable time period following receipt, a copy of all Indicative Spreads obtained pursuant to Section 2.04 and all Credit Ratings obtained pursuant to Section 2.05.

2.07 **Governing Law**

This Protocol is governed by and will be construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein. For the purpose of all legal proceedings this Protocol will be deemed to have been performed in the Province of Ontario and the courts of the Province of Ontario will have exclusive jurisdiction to entertain any action arising under this Protocol. The parties hereby attorn to the exclusive jurisdiction of the courts of the Province of Ontario.

2.08 **Counterparts**

This Protocol may be executed in any number of counterparts, each of which will be deemed to be an original and all of which taken together will be deemed to constitute one and the same instrument.

2.09 **Electronic Execution**

Any party may deliver an executed signature page to this Protocol by electronic transmission and such delivery will be as effective as delivery of a manually executed copy of the Protocol by such party.

ONTARIO POWER GENERATION INC.
solely in its capacity as Financial Services Manager of the Fair Hydro Trust

Per: _____
Ken Hartwick
Chief Financial Officer and Senior Vice President

Per: _____
John Lee
Vice President- Treasurer

THE ONTARIO FINANCING AUTHORITY

Per: _____
Michael Manning
Executive Director & Chief Investment Officer, Capital Markets

From: Carlos Yep
To: Mike Manning; James Devine; Ken Kandeepan
Subject: FW: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt
Date: Wednesday, December 13, 2017 1:23:52 PM
Attachments: Interest Protocol Agreement (OPG 12-11. Incremental Blackline).docx
Interest Protocol Agreement (OPG 12-11).docx

FYI

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Wednesday, December 13, 2017 1:22 PM
To: Sarah Neville ; Carlos Yep
Subject: FW: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Please see below.

From: WONG Leslie -LAWDIV [mailto:leslie.wong@opg.com]
Sent: December 13, 2017 1:20 PM
To: Thouin, Alena (ENERGY)
Cc: Sawwaf, Khareem (ENERGY); MCAULEY Tyler -LAWDIV; Hanslep, Malle (MOF); LIU Sheen -TREASURY
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Dear Alena,
Further to our discussion, we have converted the formal protocol agreement to a less formal protocol document to be signed by OPG and the OFA (attached). I understand that Mike Manning of the OFA, who would be signing on behalf of the OFA, has also suggested that a signatory from the MOE be added the protocol document. Let us know if there are any concerns with that. Otherwise, could you advise who could sign on behalf of the MOE? We will add that signature line to the protocol document.
I have copied Malle on this e-mail to keep her in the loop, as well as Sheen Liu from our Treasury group as she has been dealing with her counterparts at the OFA on the protocol document.
Regards,
Les
Leslie Wong
Senior Counsel
Ontario Power Generation Inc.
700 University Avenue, H18 G26.1, Toronto, ON M5G 1X6
T: (416) 592-3110 | E: leslie.wong@opg.com
-----Original Message-----
From: Thouin, Alena (ENERGY) [mailto:Alena.Thouin@ontario.ca]
Sent: Monday, December 04, 2017 1:17 PM
To: WONG Leslie -LAWDIV <leslie.wong@opg.com>
Cc: Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; MCAULEY Tyler -LAWDIV <tyler.mcauley@opg.com>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt
Great
Please feel free to call my office.
We will both be there.
Sent with BlackBerry Work
(https://na01.safelinks.protection.outlook.com/?
url=www.blackberry.com&data=02%7C01%7Cleslie.wong%40opg.com%7C354d653218ea476edb5208d53b434c9a%7C962f21cf93ea449f99bf402e2b2987b2%7C0%7C0%7C636480082589407160&sdata=g3LRuCZ54volVUlK7TqNK2jM6gYG1A6DiymdsRg5w5k%3D&reserved=0[na01.safelinks.protection.outlook.com])
From: WONG Leslie -LAWDIV <leslie.wong@opg.com>>
Date: Monday, Dec 04, 2017, 1:16 PM
To: Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>>
Cc: Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>>, MCAULEY Tyler -LAWDIV <tyler.mcauley@opg.com>>
Subject: Re: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt
Alena - I am available at 5:15. My colleague, Tyler McAuley, who worked in the agreement, will also be available for a call then.
Let us know your preference on call logistics (who to call whom, or whether a call-in number would be preferable).
Regards,
Les
Sent from my BlackBerry 10 smartphone on the Bell network.
From: Thouin, Alena (ENERGY)
Sent: Monday, December 4, 2017 12:49 PM
To: WONG Leslie -LAWDIV
Cc: Sawwaf, Khareem (ENERGY)
Subject: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt
*** Exercise caution. This is an EXTERNAL email. DO NOT open attachments or click links from unknown senders or unexpected email. *** _____
Hi Les
Hope you are well
I was hoping we can have a quick call on this (legal only at this point), just had some questions. I am around after 5:15 today?
Thanks
Alena
Alena Thouin
Deputy Director, Legal Services Branch
Ministries of Energy / Infrastructure / Economic Development & Growth / Research, Innovation & Science / Accessibility
56 Wellesley St. W. 18th Floor, Toronto, ON M7A 2E7
Tel: 416-325-1834 Email: alena.thouin@ontario.ca>
This communication may be Solicitor/Client privileged and contain confidential information intended only for the individual or entity named in the message. If the reader of this message is not the intended recipient, or the agent responsible to deliver it to the intended recipient, you are hereby notified that any review, dissemination, distribution or copying of this communication is prohibited. If this communication was received in error, please notify us by reply e-mail and delete the original message. Thank you.
From: WONG Leslie -LAWDIV [mailto:leslie.wong@opg.com]
Sent: November 30, 2017 12:16 PM
To: Thouin, Alena (ENERGY); Hanslep, Malle (MOF)
Cc: LEE John -TREASURY; LIU Sheen -TREASURY; MCAULEY Tyler -LAWDIV; RYFA Ken -TREASURY; PRESTON Stuart -TREASURY
Subject: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt
Dear Alena and Malle,
Please find attached a draft of the protocol agreement relating to the determination of interest rates on the subordinated and junior subordinated debt to be issued to OPG by the Fair Hydro Trust. Most of this debt will be funded through equity injections by the Province into OPG. OPG's Treasury team has been working with Carlos Yep of the OFA on this agreement. I understand that Alena has previously seen a term sheet setting out the main terms of the agreement.
Let us know if you have any questions or comments on the draft.
Regards,
Les
Leslie Wong
Senior Counsel
Ontario Power Generation Inc.
700 University Avenue, H18 G26.1, Toronto, ON M5G 1X6
T: (416) 592-3110 | E: leslie.wong@opg.com>

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

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Draft: ~~November 29~~December 11, 2017

Subordinated Debt Pricing Protocol~~ Agreement~~

~~THIS AGREEMENT is made as of •, 2017~~

~~BETWEEN~~

ONTARIO POWER GENERATION INC., a corporation incorporated under the laws of Ontario (**"OPG"**), solely in its capacity as financial services manager (the "**FSM**") of the Fair Hydro Trust (the "**Issuer**"), a trust existing under the laws of the Province of Ontario

~~–~~and ~~-~~

~~**HER MAJESTY THE QUEEN IN RIGHT OF**~~ the ONTARIO~~, (the~~ " FINANCING AUTHORITY, **[a crown agency of the Province**~~") as represented by the Minister of Energy~~

~~WHEREAS the Issuer and BNY Trust Company~~ **of** ~~Canada entered into that certain trust indenture (as supplemented from time to time, the "**Trust Indenture**") dated ■, 2017;~~

~~AND WHEREAS pursuant to the Trust Indenture the Issuer may issue, from time to time, certain Subordinated Notes and Junior Subordinated Notes;~~

~~AND WHEREAS the FSM and the Province~~**Ontario]** have agreed to ~~establish herein the~~enter into this subordinated debt pricing protocol (the "**Protocol**") wherein they have agreed to certain procedures for establishing the interest rate applicable to each Series of Subordinated Notes and Junior Subordinated Notes where such Notes are to be issued only to OPG or its Affiliates~~;~~.

~~NOW THEREFORE, in consideration of the premises and the covenants and agreements herein contained, the parties agree as follows:~~

~~Article 2 –~~ARTICLE 1 - INTERPRETATION

~~2.01~~1.01 Definitions

In this ~~Agreement~~Protocol, unless something in the subject matter or context is inconsistent therewith terms used herein have the meanings ascribed in the Trust Indenture. In addition, the following terms shall have the following meanings:

(a) "**Applicable Spread**" has the meaning ascribed to such term in section 2.04(c);

(b) "**Base Rate**" has the meaning ascribed to such term in section 2.03(a) or (b), as applicable;

(c) "**Junior Subordinated Term Note**" means a Junior Subordinated Note that is not incurred pursuant to a Warehouse Facility Agreement;

(d) "**Junior Subordinated Warehouse Note**" means a Junior Subordinated Note that is incurred pursuant to a Warehouse Facility Agreement;

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(e) "**Subordinated Term Note**" means a Subordinated Note that is not incurred pursuant to a Warehouse Facility Agreement; ~~and~~

(f) "**Subordinated Warehouse Note**" means a Subordinated Note that is incurred pursuant to a Warehouse Facility Agreement~~.~~;

~~2.02 **Headings**~~

~~Article 3 –~~ ARTICLE 2 - INTEREST RATE PROTOCOLS

~~3.01~~2.01 **Interest Rate Protocols**

The interest rate applicable to each Series of Subordinated Notes and Junior Subordinated Notes that are issued only to OPG or its Affiliates shall be established by the FSM in accordance with the procedures set out herein.

~~3.02~~2.02 **Composite Interest Rate**

For any Series of Subordinated Notes or Junior Subordinated Notes that are issued only to OPG or its Affiliates, the interest rate shall be the aggregate of the applicable Base Rate and the Applicable Spread.

~~3.03~~2.03 **Base Rate**

(a) For Subordinated Term Notes and Junior Subordinated Term Notes, the "Base Rate" shall be an annual rate of interest comprised of the applicable yield for the Benchmark Government of Canada bonds listed at the time and with the same term as that of the Series of Subordinated Notes or Series of Junior Subordinated Notes, as applicable. In the event that there are no such Benchmark Government of Canada bonds listed at the time of issuance, the applicable Base Rate of interest shall be established by interpolating on a straight line basis the terms of the two Benchmark Government of Canada bonds that are closest to the term of the applicable Series of Subordinated Term Notes or Series of Junior Subordinated Term Notes, as applicable, one being for a longer term and the other being for a shorter term; and

(b) For Subordinated Warehouse Notes and Junior Subordinated Warehouse Notes, the "Base Rate" shall be an annual interest rate equal to the all-in funding costs under the related Warehouse Obligations, expressed as a rate per annum, as determined by the FSM acting reasonably, or at any time when there are no Warehouse Obligations outstanding the "Base Rate" shall be the average of the posted "prime rate of interest" published by the five largest Canadian banks at such time.

~~3.04~~2.04 **Applicable Spread**

(a) Prior to the issuance of any new Subordinated Term Notes or Junior Subordinated Term Notes, the FSM will solicit from at least five investment dealers in Canada, a survey of indicative spreads over the applicable Base Rate (collectively, the

"**Indicative Spreads**" and each an "**Indicative Spread**") applicable to capital market debt issuances having features comparable to each of the proposed Series of Subordinated Term Notes and Junior Subordinated Term Notes, having regard to the expected credit rating and tenor. Such solicitation of Indicative Spreads shall occur on the pricing date of the applicable Series of Subordinated Term Notes and Junior Subordinated Term Notes and may, at the FSM's option, also occur on other dates selected by the FSM provided that no such date is more than **one week** prior to the pricing date. The Applicable Spread for Subordinated Term Notes or Junior Subordinated Term Notes, as applicable, will be the simple average of the respective Indicative Spreads after excluding the highest and the lowest Indicative Spread for each day (not more than one week prior to the pricing date) that Indicative Spreads were provided;

(b) For Subordinated Warehouse Notes the FSM will solicit from time to time, but no less frequently than on an annual basis, from at least five investment dealers in Canada, a survey of Indicative Spreads over the applicable Base Rate applicable to commercial paper issuances having features comparable to the Subordinated Warehouse Notes including credit rating and tenor. The Applicable Spread for Subordinated Warehouse Notes will be the simple average of the respective Indicative Spreads, after excluding the highest and the lowest Indicative Spread;

(c) The Applicable Spread for Junior Subordinated Warehouse Notes shall be equal to the Applicable Spread derived from Section 2.04(b) for the Subordinated Warehouse Notes, provided the Junior Subordinated Term Notes are rated Investment Grade. If the Junior Subordinated Term Notes are rated below Investment Grade, the Applicable Spread for the Junior Subordinated Warehouse Notes will equal to the Applicable Spread for the Subordinated Warehouse Notes plus 100 bps.

For the purposes of this section "Investment Grade" means an "approved rating" from at least one "designated rating organization" (as such terms are defined for securities law purposes).

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~~3.05~~2.05 **Credit Ratings**

In order to facilitate the survey of Indicative Spreads, the FSM will solicit from time to time, from an approved rating organization (as such term is defined for securities laws purposes), a credit rating, which may include a shadow rating, for the Subordinated Notes and the Junior Subordinated Notes.

~~**Article 3 - GENERAL**~~

The FSM will share with the OFA, within a reasonable time period following receipt, a copy of all Indicative Spreads obtained pursuant to Section 2.04 and all Credit Ratings obtained pursuant to Section 2.05.

~~3.15~~2.07 **Governing Law**

This ~~Agreement~~Protocol is governed by and will be construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein. For the purpose of all legal

proceedings this ~~Agreement~~Protocol will be deemed to have been performed in the Province of courts of the Province of Ontario will have exclusive jurisdiction to entertain any action arising under this ~~Agreement~~Protocol. The parties hereby attorn to the exclusive jurisdiction of the courts of the Ontario.

~~3.16~~2.08 **Counterparts**

This ~~Agreement~~Protocol may be executed in any number of counterparts, each of which will be deemed to be an original and all of which taken together will be deemed to constitute one and the same instrument.

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Any party may deliver an executed signature page to this ~~Agreement~~Protocol by electronic transmission and such delivery will be as effective as delivery of a manually executed copy of the ~~Agreement~~Protocol by such party.

ONTARIO POWER GENERATION INC.
solely in its capacity as Financial Services Manager of the Fair Hydro Trust

Per: _____
Ken Hartwick
Chief Financial Officer and Senior Vice President

Per: _____
John Lee
Vice President- Treasurer

~~**HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO**, as represented by the Minister of Energy~~**THE ONTARIO FINANCING AUTHORITY**

Per: _____
~~[Name]~~
~~[Position]~~Michael Manning
Executive Director & Chief Investment Officer, Capital Markets

Draft: December 11, 2017

Subordinated Debt Pricing Protocol

ONTARIO POWER GENERATION INC., a corporation incorporated under the laws of Ontario (**"OPG"**), solely in its capacity as financial services manager (the "**FSM**") of the Fair Hydro Trust (the "**Issuer**"), a trust existing under the laws of the Province of Ontario and the ONTARIO FINANCING AUTHORITY, **[a crown agency of the Province of Ontario]** have agreed to enter into this subordinated debt pricing protocol (the "**Protocol**") wherein they have agreed to certain procedures for establishing the interest rate applicable to each Series of Subordinated Notes and Junior Subordinated Notes where such Notes are to be issued only to OPG or its Affiliates.

ARTICLE 1 - INTERPRETATION

1.01 Definitions

In this Protocol, unless something in the subject matter or context is inconsistent therewith terms used herein have the meanings ascribed in the Trust Indenture. In addition, the following terms shall have the following meanings:

(a) "**Applicable Spread**" has the meaning ascribed to such term in section 2.04(c);

(b) "**Base Rate**" has the meaning ascribed to such term in section 2.03(a) or (b), as applicable;

(c) "**Junior Subordinated Term Note**" means a Junior Subordinated Note that is not incurred pursuant to a Warehouse Facility Agreement;

(d) "**Junior Subordinated Warehouse Note**" means a Junior Subordinated Note that is incurred pursuant to a Warehouse Facility Agreement;

(e) "**Subordinated Term Note**" means a Subordinated Note that is not incurred pursuant to a Warehouse Facility Agreement;

(f) "**Subordinated Warehouse Note**" means a Subordinated Note that is incurred pursuant to a Warehouse Facility Agreement;

(g) "**Trust Indenture"** means that certain trust indenture entered into between the Issuer and BNY Trust Company of Canada on ☐**,**2017 (as supplemented from time to time).

ARTICLE 2 - INTEREST RATE PROTOCOLS

2.01 Interest Rate Protocols

The interest rate applicable to each Series of Subordinated Notes and Junior Subordinated Notes that are issued only to OPG or its Affiliates shall be established by the FSM in accordance with the procedures set out herein.

2.02 **Composite Interest Rate**

For any Series of Subordinated Notes or Junior Subordinated Notes that are issued only to OPG or its Affiliates, the interest rate shall be the aggregate of the applicable Base Rate and the Applicable Spread.

2.03 **Base Rate**

(a) For Subordinated Term Notes and Junior Subordinated Term Notes, the "Base Rate" shall be an annual rate of interest comprised of the applicable yield for the Benchmark Government of Canada bonds listed at the time and with the same term as that of the Series of Subordinated Notes or Series of Junior Subordinated Notes, as applicable. In the event that there are no such Benchmark Government of Canada bonds listed at the time of issuance, the applicable Base Rate of interest shall be established by interpolating on a straight line basis the terms of the two Benchmark Government of Canada bonds that are closest to the term of the applicable Series of Subordinated Term Notes or Series of Junior Subordinated Term Notes, as applicable, one being for a longer term and the other being for a shorter term; and

(b) For Subordinated Warehouse Notes and Junior Subordinated Warehouse Notes, the "Base Rate" shall be an annual interest rate equal to the all-in funding costs under the related Warehouse Obligations, expressed as a rate per annum, as determined by the FSM acting reasonably, or at any time when there are no Warehouse Obligations outstanding the "Base Rate" shall be the average of the posted "prime rate of interest" published by the five largest Canadian banks at such time.

2.04 **Applicable Spread**

(a) Prior to the issuance of any new Subordinated Term Notes or Junior Subordinated Term Notes, the FSM will solicit from at least five investment dealers in Canada, a survey of indicative spreads over the applicable Base Rate (collectively, the "**Indicative Spreads**" and each an "**Indicative Spread**") applicable to capital market debt issuances having features comparable to each of the proposed Series of Subordinated Term Notes and Junior Subordinated Term Notes, having regard to the expected credit rating and tenor. Such solicitation of Indicative Spreads shall occur on the pricing date of the applicable Series of Subordinated Term Notes and Junior Subordinated Term Notes and may, at the FSM's option, also occur on other dates selected by the FSM provided that no such date is more than **one week** prior to the pricing date. The Applicable Spread for Subordinated Term Notes or Junior Subordinated Term Notes, as applicable, will be the simple average of the respective Indicative Spreads after excluding the highest and the lowest Indicative Spread for each day (not more than one week prior to the pricing date) that Indicative Spreads were provided;

(b) For Subordinated Warehouse Notes the FSM will solicit from time to time, but no less frequently than on an annual basis, from at least five investment dealers in Canada, a survey of Indicative Spreads over the applicable Base Rate applicable to commercial

paper issuances having features comparable to the Subordinated Warehouse Notes including credit rating and tenor. The Applicable Spread for Subordinated Warehouse Notes will be the simple average of the respective Indicative Spreads, after excluding the highest and the lowest Indicative Spread;

(c) The Applicable Spread for Junior Subordinated Warehouse Notes shall be equal to the Applicable Spread derived from Section 2.04(b) for the Subordinated Warehouse Notes, provided the Junior Subordinated Term Notes are rated Investment Grade. If the Junior Subordinated Term Notes are rated below Investment Grade, the Applicable Spread for the Junior Subordinated Warehouse Notes will equal to the Applicable Spread for the Subordinated Warehouse Notes plus 100 bps.

For the purposes of this section "Investment Grade" means an "approved rating" from at least one "designated rating organization" (as such terms are defined for securities law purposes).

2.05 **Credit Ratings**

In order to facilitate the survey of Indicative Spreads, the FSM will solicit from time to time, from an approved rating organization (as such term is defined for securities laws purposes), a credit rating, which may include a shadow rating, for the Subordinated Notes and the Junior Subordinated Notes.

2.06 **Reporting**

The FSM will share with the OFA, within a reasonable time period following receipt, a copy of all Indicative Spreads obtained pursuant to Section 2.04 and all Credit Ratings obtained pursuant to Section 2.05.

2.07 **Governing Law**

This Protocol is governed by and will be construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein. For the purpose of all legal proceedings this Protocol will be deemed to have been performed in the Province of Ontario and the courts of the Province of Ontario will have exclusive jurisdiction to entertain any action arising under this Protocol. The parties hereby attorn to the exclusive jurisdiction of the courts of the Province of Ontario.

2.08 **Counterparts**

This Protocol may be executed in any number of counterparts, each of which will be deemed to be an original and all of which taken together will be deemed to constitute one and the same instrument.

2.09 **Electronic Execution**

Any party may deliver an executed signature page to this Protocol by electronic transmission and such delivery will be as effective as delivery of a manually executed copy of the Protocol by such party.

ONTARIO POWER GENERATION INC.
solely in its capacity as Financial Services Manager of the Fair Hydro Trust

Per: _____
Ken Hartwick
Chief Financial Officer and Senior Vice President

Per: _____
John Lee
Vice President- Treasurer

THE ONTARIO FINANCING AUTHORITY

Per: _____
Michael Manning
Executive Director & Chief Investment Officer, Capital Markets

From:	Carlos Yep
To:	Mike Manning; James Devine
Cc:	Opal Kandelas
Subject:	FW: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt
Date:	Tuesday, December 12, 2017 12:44:56 PM

fyi

From: Sarah Neville
Sent: Tuesday, December 12, 2017 12:41 PM
To: Carlos Yep
Cc: Malle Hanslep (MOF) ; Tobias P. Whitfield (MOF)
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Hello Carlos – I have never seen this protocol before and don't have any background or context. I have reached out to Ken Russell who has been working on an MOU with MOE regarding the services being provided to MOE in regard to the equity injection process, to see if this has crossed his desk or come up in discussion. I am waiting for his response but this does not seem related to that.

I agree with Malle that MOE should provide information as to the rationale of making the OFA the counterparty.

Based on a cursory review, I note that the language in the document has been changed from "agreement" to "protocol". I didn't identify any positive obligations of the OFA to do anything under the protocol. The only mention of the OFA is with respect to OPG's reporting obligations:

2.06Reporting

The FSM will share with the OFA, within a reasonable time period following receipt, a copy of all Indicative Spreads obtained pursuant to Section 2.04 and all Credit Ratings obtained pursuant to Section 2.05.

I don't see why OFA needs to be the sole counter-party to this protocol for S. 2.06 to be included/effective (reporting to the Province can be agreed to be done through reporting to the Province's agent, the OFA). I would think that the Province would want to be the counterparty to the extent it wants to enforce the protocol directly, rather than doing so through the OFA (to the extent a Protocol is enforceable, I note that there is no clause indicating that OPG is bound by the protocol and there is no clause outlining any remedies for breach, or process for dispute resolution. I also note that the time periods in 2.05 and 2.06 are vague – "from time to time" and "within a reasonable time" respectively, not sure if this is appropriate for the Provnce's/OFA's needs).

I have no comments on the clauses dealing with interest rate setting and spreads as these are technical. I am assuming that Capital Markets is reviewing and commenting on the appropriateness of these clauses.

Absent more context, background, understanding of the purpose of this protocol, I don't think I can add anything further at this point. Please let me know if you would like to discuss or if you have any questions.

Thanks very much,
Sarah

From: Carlos Yep
Sent: Tuesday, December 12, 2017 9:50 AM

To: Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: FW: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt
Sarah
FYI – here are the 2 documents
C

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Tuesday, December 12, 2017 9:46 AM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Cc: Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt
We can discuss this but unfortunately will be caught up on a protection agreement call for awhile. Would you please ask them why they think the OFA should be included and what the OFA's obligations should be. I'm copying Sarah Neville here as well as she should review where OFA is to be a party.

From: Carlos Yep [mailto:Carlos.Yep@ofina.on.ca]
Sent: December 12, 2017 9:34 AM
To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Subject: FW: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt
Hi Malle,
I just received the latest draft of the pricing protocol document and notice that OPG has inserted the OFA as the counterparty.
Can we discuss?
Thanks
Carlos

From: LIU Sheen -TREASURY [mailto:sheen.liu@opg.com]
Sent: Tuesday, December 12, 2017 9:27 AM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; RYFA Ken -TREASURY <ken.ryfa@opg.com>
Subject: FW: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt
Carlos,
Please find attached a clean and incremental blackline of the revised Subordinated Debt Pricing Protocol. This reflects comments received from the MOE late last week. We have revised the document to appear less formal (changed from Protocol Agreement to Protocol) and also changed the counterparty to be the OFA. We have also added an obligation for the FSM to share the inputs (ie Indicative Spreads, and Credit Ratings) with the OFA, within a reasonable time period.
Please let us know if you have any additional comments or concerns.
Thanks
Sheen

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED

RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From:	LIU Sheen -TREASURY
To:	Carlos Yep
Cc:	LEE John -TREASURY; Mike Manning; RYFA Ken -TREASURY
Subject:	FW: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt
Date:	Tuesday, December 12, 2017 9:27:29 AM
Attachments:	Interest Protocol Agreement (OPG 12-11- Incremental Blackline).doc Interest Protocol Agreement (OPG 12-11).doc

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Carlos,

Please find attached a clean and incremental blackline of the revised Subordinated Debt Pricing Protocol. This reflects comments received from the MOE late last week. We have revised the document to appear less formal (changed from Protocol Agreement to Protocol) and also changed the counterparty to be the OFA. We have also added an obligation for the FSM to share the inputs (ie Indicative Spreads, and Credit Ratings) with the OFA, within a reasonable time period.

Please let us know if you have any additional comments or concerns.

Thanks

Sheen

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

Draft: ~~November 29~~December 11, 2017

Subordinated Debt Pricing Protocol~~ Agreement~~

~~THIS AGREEMENT is made as of •, 2017~~

~~BETWEEN~~

ONTARIO POWER GENERATION INC., a corporation incorporated under the laws of Ontario (**"OPG"**), solely in its capacity as financial services manager (the "**FSM**") of the Fair Hydro Trust (the "**Issuer**"), a trust existing under the laws of the Province of Ontario

~~–~~and ~~-~~

~~**HER MAJESTY THE QUEEN IN RIGHT OF**~~ the ONTARIO~~, (the~~ " FINANCING AUTHORITY, **[a crown agency of the Province**~~") as represented by the Minister of Energy~~

~~WHEREAS the Issuer and BNY Trust Company~~ **of** ~~Canada entered into that certain trust indenture (as supplemented from time to time, the "**Trust Indenture**") dated ■, 2017;~~

~~AND WHEREAS pursuant to the Trust Indenture the Issuer may issue, from time to time, certain Subordinated Notes and Junior Subordinated Notes;~~

~~AND WHEREAS the FSM and the Province~~**Ontario]** have agreed to ~~establish herein the~~enter into this subordinated debt pricing protocol (the "**Protocol**") wherein they have agreed to certain procedures for establishing the interest rate applicable to each Series of Subordinated Notes and Junior Subordinated Notes where such Notes are to be issued only to OPG or its Affiliates~~;~~.

~~NOW THEREFORE, in consideration of the premises and the covenants and agreements herein contained, the parties agree as follows:~~

~~Article 2 –~~ARTICLE 1 - INTERPRETATION

~~2.01~~1.01 Definitions

In this ~~Agreement~~Protocol, unless something in the subject matter or context is inconsistent therewith terms used herein have the meanings ascribed in the Trust Indenture. In addition, the following terms shall have the following meanings:

(a) "**Applicable Spread**" has the meaning ascribed to such term in section 2.04(c);

(b) "**Base Rate**" has the meaning ascribed to such term in section 2.03(a) or (b), as applicable;

(c) "**Junior Subordinated Term Note**" means a Junior Subordinated Note that is not incurred pursuant to a Warehouse Facility Agreement;

(d) "**Junior Subordinated Warehouse Note**" means a Junior Subordinated Note that is incurred pursuant to a Warehouse Facility Agreement;

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(e) "**Subordinated Term Note**" means a Subordinated Note that is not incurred pursuant to a Warehouse Facility Agreement; ~~and~~

(f) "**Subordinated Warehouse Note**" means a Subordinated Note that is incurred pursuant to a Warehouse Facility Agreement~~.~~;

~~2.02 **Headings**~~

~~Article 3 –~~ ARTICLE 2 - INTEREST RATE PROTOCOLS

~~3.01~~2.01 **Interest Rate Protocols**

The interest rate applicable to each Series of Subordinated Notes and Junior Subordinated Notes that are issued only to OPG or its Affiliates shall be established by the FSM in accordance with the procedures set out herein.

~~3.02~~2.02 **Composite Interest Rate**

For any Series of Subordinated Notes or Junior Subordinated Notes that are issued only to OPG or its Affiliates, the interest rate shall be the aggregate of the applicable Base Rate and the Applicable Spread.

~~3.03~~2.03 **Base Rate**

(a) For Subordinated Term Notes and Junior Subordinated Term Notes, the "Base Rate" shall be an annual rate of interest comprised of the applicable yield for the Benchmark Government of Canada bonds listed at the time and with the same term as that of the Series of Subordinated Notes or Series of Junior Subordinated Notes, as applicable. In the event that there are no such Benchmark Government of Canada bonds listed at the time of issuance, the applicable Base Rate of interest shall be established by interpolating on a straight line basis the terms of the two Benchmark Government of Canada bonds that are closest to the term of the applicable Series of Subordinated Term Notes or Series of Junior Subordinated Term Notes, as applicable, one being for a longer term and the other being for a shorter term; and

(b) For Subordinated Warehouse Notes and Junior Subordinated Warehouse Notes, the "Base Rate" shall be an annual interest rate equal to the all-in funding costs under the related Warehouse Obligations, expressed as a rate per annum, as determined by the FSM acting reasonably, or at any time when there are no Warehouse Obligations outstanding the "Base Rate" shall be the average of the posted "prime rate of interest" published by the five largest Canadian banks at such time.

~~3.04~~2.04 **Applicable Spread**

(a) Prior to the issuance of any new Subordinated Term Notes or Junior Subordinated Term Notes, the FSM will solicit from at least five investment dealers in Canada, a survey of indicative spreads over the applicable Base Rate (collectively, the

"**Indicative Spreads**" and each an "**Indicative Spread**") applicable to capital market debt issuances having features comparable to each of the proposed Series of Subordinated Term Notes and Junior Subordinated Term Notes, having regard to the expected credit rating and tenor. Such solicitation of Indicative Spreads shall occur on the pricing date of the applicable Series of Subordinated Term Notes and Junior Subordinated Term Notes and may, at the FSM's option, also occur on other dates selected by the FSM provided that no such date is more than **one week** prior to the pricing date. The Applicable Spread for Subordinated Term Notes or Junior Subordinated Term Notes, as applicable, will be the simple average of the respective Indicative Spreads after excluding the highest and the lowest Indicative Spread for each day (not more than one week prior to the pricing date) that Indicative Spreads were provided;

(b) For Subordinated Warehouse Notes the FSM will solicit from time to time, but no less frequently than on an annual basis, from at least five investment dealers in Canada, a survey of Indicative Spreads over the applicable Base Rate applicable to commercial paper issuances having features comparable to the Subordinated Warehouse Notes including credit rating and tenor. The Applicable Spread for Subordinated Warehouse Notes will be the simple average of the respective Indicative Spreads, after excluding the highest and the lowest Indicative Spread;

(c) The Applicable Spread for Junior Subordinated Warehouse Notes shall be equal to the Applicable Spread derived from Section 2.04(b) for the Subordinated Warehouse Notes, provided the Junior Subordinated Term Notes are rated Investment Grade. If the Junior Subordinated Term Notes are rated below Investment Grade, the Applicable Spread for the Junior Subordinated Warehouse Notes will equal to the Applicable Spread for the Subordinated Warehouse Notes plus 100 bps.

For the purposes of this section "Investment Grade" means an "approved rating" from at least one "designated rating organization" (as such terms are defined for securities law purposes).

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~~3.05~~2.05 **Credit Ratings**

In order to facilitate the survey of Indicative Spreads, the FSM will solicit from time to time, from an approved rating organization (as such term is defined for securities laws purposes), a credit rating, which may include a shadow rating, for the Subordinated Notes and the Junior Subordinated Notes.

~~**Article 3 - GENERAL**~~

The FSM will share with the OFA, within a reasonable time period following receipt, a copy of all Indicative Spreads obtained pursuant to Section 2.04 and all Credit Ratings obtained pursuant to Section 2.05.

~~3.15~~2.07 **Governing Law**

This ~~Agreement~~Protocol is governed by and will be construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein. For the purpose of all legal

proceedings this ~~Agreement~~Protocol will be deemed to have been performed in the Province of courts of the Province of Ontario will have exclusive jurisdiction to entertain any action arising under this ~~Agreement~~Protocol. The parties hereby attorn to the exclusive jurisdiction of the courts of the Ontario.

~~3.16~~2.08 **Counterparts**

This ~~Agreement~~Protocol may be executed in any number of counterparts, each of which will be deemed to be an original and all of which taken together will be deemed to constitute one and the same instrument.

~~3.17~~2.09 **Electronic Execution**

Any party may deliver an executed signature page to this ~~Agreement~~Protocol by electronic transmission and such delivery will be as effective as delivery of a manually executed copy of the ~~Agreement~~Protocol by such party.

ONTARIO POWER GENERATION INC.
solely in its capacity as Financial Services Manager of the Fair Hydro Trust

Per: _____
Ken Hartwick
Chief Financial Officer and Senior Vice President

Per: _____
John Lee
Vice President- Treasurer

~~**HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO**, as represented by the Minister of Energy~~**THE ONTARIO FINANCING AUTHORITY**

Per: _____
~~[Name]~~
~~[Position]~~Michael Manning
Executive Director & Chief Investment Officer, Capital Markets

Draft: December 11, 2017

Subordinated Debt Pricing Protocol

ONTARIO POWER GENERATION INC., a corporation incorporated under the laws of Ontario (**"OPG"**), solely in its capacity as financial services manager (the "**FSM**") of the Fair Hydro Trust (the "**Issuer**"), a trust existing under the laws of the Province of Ontario and the ONTARIO FINANCING AUTHORITY, **[a crown agency of the Province of Ontario]** have agreed to enter into this subordinated debt pricing protocol (the "**Protocol**") wherein they have agreed to certain procedures for establishing the interest rate applicable to each Series of Subordinated Notes and Junior Subordinated Notes where such Notes are to be issued only to OPG or its Affiliates.

ARTICLE 1 - INTERPRETATION

1.01 Definitions

In this Protocol, unless something in the subject matter or context is inconsistent therewith terms used herein have the meanings ascribed in the Trust Indenture. In addition, the following terms shall have the following meanings:

(a) "**Applicable Spread**" has the meaning ascribed to such term in section 2.04(c);

(b) "**Base Rate**" has the meaning ascribed to such term in section 2.03(a) or (b), as applicable;

(c) "**Junior Subordinated Term Note**" means a Junior Subordinated Note that is not incurred pursuant to a Warehouse Facility Agreement;

(d) "**Junior Subordinated Warehouse Note**" means a Junior Subordinated Note that is incurred pursuant to a Warehouse Facility Agreement;

(e) "**Subordinated Term Note**" means a Subordinated Note that is not incurred pursuant to a Warehouse Facility Agreement;

(f) "**Subordinated Warehouse Note**" means a Subordinated Note that is incurred pursuant to a Warehouse Facility Agreement;

(g) "**Trust Indenture"** means that certain trust indenture entered into between the Issuer and BNY Trust Company of Canada on ☐**,**2017 (as supplemented from time to time).

ARTICLE 2 - INTEREST RATE PROTOCOLS

2.01 Interest Rate Protocols

The interest rate applicable to each Series of Subordinated Notes and Junior Subordinated Notes that are issued only to OPG or its Affiliates shall be established by the FSM in accordance with the procedures set out herein.

2.02 **Composite Interest Rate**

For any Series of Subordinated Notes or Junior Subordinated Notes that are issued only to OPG or its Affiliates, the interest rate shall be the aggregate of the applicable Base Rate and the Applicable Spread.

2.03 **Base Rate**

(a) For Subordinated Term Notes and Junior Subordinated Term Notes, the "Base Rate" shall be an annual rate of interest comprised of the applicable yield for the Benchmark Government of Canada bonds listed at the time and with the same term as that of the Series of Subordinated Notes or Series of Junior Subordinated Notes, as applicable. In the event that there are no such Benchmark Government of Canada bonds listed at the time of issuance, the applicable Base Rate of interest shall be established by interpolating on a straight line basis the terms of the two Benchmark Government of Canada bonds that are closest to the term of the applicable Series of Subordinated Term Notes or Series of Junior Subordinated Term Notes, as applicable, one being for a longer term and the other being for a shorter term; and

(b) For Subordinated Warehouse Notes and Junior Subordinated Warehouse Notes, the "Base Rate" shall be an annual interest rate equal to the all-in funding costs under the related Warehouse Obligations, expressed as a rate per annum, as determined by the FSM acting reasonably, or at any time when there are no Warehouse Obligations outstanding the "Base Rate" shall be the average of the posted "prime rate of interest" published by the five largest Canadian banks at such time.

2.04 **Applicable Spread**

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paper issuances having features comparable to the Subordinated Warehouse Notes including credit rating and tenor. The Applicable Spread for Subordinated Warehouse Notes will be the simple average of the respective Indicative Spreads, after excluding the highest and the lowest Indicative Spread;

(c) The Applicable Spread for Junior Subordinated Warehouse Notes shall be equal to the Applicable Spread derived from Section 2.04(b) for the Subordinated Warehouse Notes, provided the Junior Subordinated Term Notes are rated Investment Grade. If the Junior Subordinated Term Notes are rated below Investment Grade, the Applicable Spread for the Junior Subordinated Warehouse Notes will equal to the Applicable Spread for the Subordinated Warehouse Notes plus 100 bps.

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2.06 **Reporting**

The FSM will share with the OFA, within a reasonable time period following receipt, a copy of all Indicative Spreads obtained pursuant to Section 2.04 and all Credit Ratings obtained pursuant to Section 2.05.

2.07 **Governing Law**

This Protocol is governed by and will be construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein. For the purpose of all legal proceedings this Protocol will be deemed to have been performed in the Province of Ontario and the courts of the Province of Ontario will have exclusive jurisdiction to entertain any action arising under this Protocol. The parties hereby attorn to the exclusive jurisdiction of the courts of the Province of Ontario.

2.08 **Counterparts**

This Protocol may be executed in any number of counterparts, each of which will be deemed to be an original and all of which taken together will be deemed to constitute one and the same instrument.

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Any party may deliver an executed signature page to this Protocol by electronic transmission and such delivery will be as effective as delivery of a manually executed copy of the Protocol by such party.

ONTARIO POWER GENERATION INC.
solely in its capacity as Financial Services Manager of the Fair Hydro Trust

Per: _____
Ken Hartwick
Chief Financial Officer and Senior Vice President

Per: _____
John Lee
Vice President- Treasurer

THE ONTARIO FINANCING AUTHORITY

Per: _____
Michael Manning
Executive Director & Chief Investment Officer, Capital Markets

From:	John Kim
To:	Carlos Yep
Cc:	Mike Manning; James Devine; Gavin He
Subject:	FW: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt
Date:	Tuesday, December 05, 2017 1:09:10 PM
Attachments:	Interest Protocol Agreement (OPG 11-29)_ST.doc

Could you take a look at Energy's comments? In particular, the one about how do we know if the survey rates are best rates.
John

From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
Sent: Tuesday, December 05, 2017 10:17 AM
To: John Kim
Cc: Graham Young (MOI) ; Sawwaf, Khareem (ENERGY) ; Thouin, Alena (ENERGY)
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt
Hi John,
As discussed, attached is the interest protocol agreement that OPG has drafted with support from OFA capital markets. I have a few preliminary comments – my main one being who would be the appropriate counterparties (or counterparty) and what would be the ongoing roles and responsibilities for each party. Additional details in the attached.
We need to land this one pretty quickly so let us know what the OFA (policy, capital markets, legal) views are and we can go from there.
Our LSB has spoken to OPG legal as well. It may help to have a call with all groups tomorrow so we can figure how best to go forward.
Thanks,
Shruti

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: November 30, 2017 11:13 AM
To: Talwar, Shruti (ENERGY)
Cc: Yep, Carlos (OFA)
Subject: FW: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt
Hi Shruti,
I think this would fall under you….let me know if any questions.
Thanks,
John

From: Carlos Yep
Sent: Thursday, November 30, 2017 8:22 AM
To: John Kim <John.Kim@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>
Subject: FW: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt
FYI

From: LIU Sheen -TREASURY [mailto:sheen.liu@opg.com]
Sent: Wednesday, November 29, 2017 6:07 PM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>
Cc: MCAULEY Tyler -LAWDIV <tyler.mcauley@opg.com>; PRESTON Stuart -TREASURY <stuart.preston@opg.com>; LEE John -TREASURY <john.s.lee@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Carlos,
Attached for your review please find the draft "Sub Debt Pricing Protocol Agreement", based on the term sheet you've commented on. Please let us know if you have any comments.
Thanks
Sheen

From: Carlos Yep [mailto:Carlos.Yep@ofina.on.ca]
Sent: Monday, November 27, 2017 3:10 PM
To: LIU Sheen -TREASURY <sheen.liu@opg.com>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt
Sheen
The only change that I have is in section
Applicable Spread: "Applicable Spread" means the addition spread in basis points …
Regards
Carlos

From: LIU Sheen -TREASURY [mailto:sheen.liu@opg.com]
Sent: Wednesday, November 22, 2017 4:39 PM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>
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For senior debt issuance, you are correct, probably quarterly, depending on the accumulated amount of deferral assets.
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Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt
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For the term debt, do you still need spreads "no less frequently than weekly"?
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To: 'Carlos Yep' <Carlos.Yep@ofina.on.ca>
Cc: MCAULEY Tyler -LAWDIV <tyler.mcauley@opg.com>; PRESTON Stuart -TREASURY <stuart.preston@opg.com>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; LEE John -TREASURY <john.s.lee@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>
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Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt
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Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; PRESTON Stuart -TREASURY <stuart.preston@opg.com>; LEE John -TREASURY <john.s.lee@opg.com>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt
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To expedite the process, we agree with your suggestion re short term funding, as per our last conversation , i.e. one single spread will be used for both sub and junior sub debt unless junior sub drops to non-investment grade, in which case additional 100bps will be added to junior sub for pricing purpose.
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As you're aware we are currently working on drafting the Protocol Agreement re Sub Debt under the Fair Hydro Plan. Attached for you review please find the key terms re the Agreement, including procedure for advance, as well as price setting, etc. Please let us know if you have any comments/thoughts.
Please be advised that FHP financing will include both a short term warehouse facility (ABCP conduit) and term debt.
Thanks
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Draft: November 29, 2017

Subordinated Debt Pricing Protocol Agreement

THIS AGREEMENT is made as of •, 2017

BETWEEN

ONTARIO POWER GENERATION INC., a corporation incorporated under the laws of Ontario ("**OPG**"), solely in its capacity as financial services manager (the "**FSM**") of the Fair Hydro Trust (the "**Issuer**"), a trust existing under the laws of the Province of Ontario

- and -

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, (the "**Province**") as represented by the Minister of Energy

Commented [TS(1]: Not clear to me what the role is for the Ministry except to approve an approach that FSM is putting forward. Are there any ongoing obligations/reporting?

Given the technical nature of the approval, and that it appears to be based on the approach for OEFC lending to OPG for general corporate purposes, I would strongly recommend that OFA/Ministry of Finance co-sign this document

WHEREAS the Issuer and BNY Trust Company of Canada entered into that certain trust indenture (as supplemented from time to time, the "**Trust Indenture**") dated ■, 2017;

AND WHEREAS pursuant to the Trust Indenture the Issuer may issue, from time to time, certain Subordinated Notes and Junior Subordinated Notes;

AND WHEREAS the FSM and the Province have agreed to establish herein the procedures for establishing the interest rate applicable to each Series of Subordinated Notes and Junior Subordinated Notes where such Notes are to be issued only to OPG or its Affiliates;

NOW THEREFORE, in consideration of the premises and the covenants and agreements herein contained, the parties agree as follows:

ARTICLE 1 - INTERPRETATION

1.01 Definitions

In this Agreement, unless something in the subject matter or context is inconsistent therewith terms used herein have the meanings ascribed in the Trust Indenture. In addition, the following terms shall have the following meanings:

(a) "**Applicable Spread**" has the meaning ascribed to such term in section 2.04(c);

(b) "**Base Rate**" has the meaning ascribed to such term in section 2.03(a) or (b), as applicable;

(c) "**Junior Subordinated Term Note**" means a Junior Subordinated Note that is not incurred pursuant to a Warehouse Facility Agreement;

(d) "**Junior Subordinated Warehouse Note**" means a Junior Subordinated Note that is incurred pursuant to a Warehouse Facility Agreement;

(e) "**Subordinated Term Note**" means a Subordinated Note that is not incurred pursuant to a Warehouse Facility Agreement; and

(f) "**Subordinated Warehouse Note**" means a Subordinated Note that is incurred pursuant to a Warehouse Facility Agreement.

1.02 **Headings**

The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and do not affect the construction or interpretation of this Agreement. The terms "hereof", "hereunder" and similar expressions refer to this Agreement and not to any particular Article, Section or other portion hereof.

ARTICLE 2 - INTEREST RATE PROTOCOLS

Commented [TS(2]: As it is structured, while the approach may be consistent with how OEFC lends to OPG for general coroporate purpose, there does not seem to be a check in place on the interest rates. The rates will be a large driver of ratepayer impacts, particulary in the long run.

I would suggest a mechanism that OPG check in with OFA on the base rate and applicable spread prior to the issuance of notes. OFA would then communicate its satisfication with OPG's survey results to OPG and Energy. This may need further discussion if this oversight has other unintended consequences.

2.01 **Interest Rate Protocols**

The interest rate applicable to each Series of Subordinated Notes and Junior Subordinated Notes that are issued only to OPG or its Affiliates shall be established by the FSM in accordance with the procedures set out herein.

2.02 **Composite Interest Rate**

For any Series of Subordinated Notes or Junior Subordinated Notes that are issued only to OPG or its Affiliates, the interest rate shall be the aggregate of the applicable Base Rate and the Applicable Spread.

2.03 **Base Rate**

(a) For Subordinated Term Notes and Junior Subordinated Term Notes, the "Base Rate" shall be an annual rate of interest comprised of the applicable yield for the Benchmark Government of Canada bonds listed at the time and with the same term as that of the Series of Subordinated Notes or Series of Junior Subordinated Notes, as applicable. In the event that there are no such Benchmark Government of Canada bonds listed at the time of issuance, the applicable Base Rate of interest shall be established by interpolating on a straight line basis the terms of the two Benchmark Government of Canada bonds that are closest to the term of the applicable Series of Subordinated Term Notes or Series of Junior Subordinated Term Notes, as applicable, one being for a longer term and the other being for a shorter term; and

(b) For Subordinated Warehouse Notes and Junior Subordinated Warehouse Notes, the "Base Rate" shall be an annual interest rate equal to the all-in funding costs under the related Warehouse Obligations, expressed as a rate per annum, as

determined by the FSM acting reasonably, or at any time when there are no Warehouse Obligations outstanding the "Base Rate" shall be the average of the posted "prime rate of interest" published by the five largest Canadian banks at such time.

2.04 **Applicable Spread**

(a) Prior to the issuance of any new Subordinated Term Notes or Junior Subordinated Term Notes, the FSM will solicit from at least five investment dealers in Canada, a survey of indicative spreads over the applicable Base Rate (collectively, the "**Indicative Spreads**" and each an "**Indicative Spread**") applicable to capital market debt issuances having features comparable to each of the proposed Series of Subordinated Term Notes and Junior Subordinated Term Notes, having regard to the expected credit rating and tenor. Such solicitation of Indicative Spreads shall occur on the pricing date of the applicable Series of Subordinated Term Notes and Junior Subordinated Term Notes and may, at the FSM's option, also occur on other dates selected by the FSM provided that no such date is more than **one week** prior to the pricing date. The Applicable Spread for Subordinated Term Notes or Junior Subordinated Term Notes, as applicable, will be the simple average of the respective Indicative Spreads after excluding the highest and the lowest Indicative Spread for each day (not more than one week prior to the pricing date) that Indicative Spreads were provided;

(b) For Subordinated Warehouse Notes the FSM will solicit from time to time, but no less frequently than on an annual basis, from at least five investment dealers in Canada, a survey of Indicative Spreads over the applicable Base Rate applicable to commercial paper issuances having features comparable to the Subordinated Warehouse Notes including credit rating and tenor. The Applicable Spread for Subordinated Warehouse Notes will be the simple average of the respective Indicative Spreads, after excluding the highest and the lowest Indicative Spread;

(c) The Applicable Spread for Junior Subordinated Warehouse Notes shall be equal to the Applicable Spread derived from Section 2.04(b) for the Subordinated Warehouse Notes, provided the Junior Subordinated Term Notes are rated Investment Grade. If the Junior Subordinated Term Notes are rated below Investment Grade, the Applicable Spread for the Junior Subordinated Warehouse Notes will equal to the Applicable Spread for the Subordinated Warehouse Notes plus 100 bps.

For the purposes of this section "Investment Grade" means an "approved rating" from at least one "designated rating organization" (as such terms are defined for securities law purposes).

2.05 **Credit Ratings**

In order to facilitate the survey of Indicative Spreads, the FSM will solicit from time to time, from an approved rating organization (as such term is defined for securities laws

Commented [TS(3]: What does this mean on an objective basis?

Commented [TS(4]: Is OPG to keep a record of the underlying data to support the calculations (e.g., surveys etc.) and submit to the OFA/Ministry?

Commented [TS(5]: How do we know that these are the five best deals? Is there a risk that only fewer than 5 dealers in Canada with such offerings? If so, what is the alternative?

Commented [TS(6]: Five business days?

Commented [TS(7]: What is the methodology to determine comparables? Will each dealer have their own approach. Should these dealers have certain credentials etc.

purposes), a credit rating, which may include a shadow rating, for the Subordinated Notes and the Junior Subordinated Notes.

ARTICLE 3 - GENERAL

3.01 Benefit of the Agreement

This Agreement will enure to the benefit of and be binding upon the respective successors and permitted assigns of the parties.

3.02 Entire Agreement

This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and cancel and supersede any prior understandings and agreements between the parties with respect thereto. There are no representations, warranties, terms, conditions, undertakings or collateral agreements, express, implied or statutory, between the parties other than as expressly set forth in this Agreement.

3.03 Assignment, Amendments and Waivers

No assignment or amendment to this Agreement will be valid or binding unless set forth in writing and duly executed by all of the parties. No waiver of any breach of any provision of this Agreement will be effective or binding unless made in writing and signed by the party purporting to give the same and, unless otherwise provided in the written waiver, will be limited to the specific breach waived.

3.04 Severability

If any provision of this Agreement is determined to be invalid or unenforceable in whole or in part, such invalidity or unenforceability will attach only to such provision or part thereof and the remaining part of such provision and all other provisions hereof will continue in full force and effect.

3.05 Governing Law

This Agreement is governed by and will be construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein. For the purpose of all legal proceedings this Agreement will be deemed to have been performed in the Province of Ontario and the courts of the Province of Ontario will have exclusive jurisdiction to entertain any action arising under this Agreement. The parties hereby attorn to the exclusive jurisdiction of the courts of the Province of Ontario.

3.06 Counterparts

This Agreement may be executed in any number of counterparts, each of which will be deemed to be an original and all of which taken together will be deemed to constitute one and the same instrument.

3.07 **Electronic Execution**

Any party may deliver an executed signature page to this Agreement by electronic transmission and such delivery will be as effective as delivery of a manually executed copy of the Agreement by such party.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF the parties have executed this Agreement.

ONTARIO POWER GENERATION INC.
solely in its capacity as Financial Services Manager of the Fair Hydro Trust

Per: _____
Ken Hartwick
Chief Financial Officer and Senior Vice President

Per: _____
John Lee
Vice President- Treasurer

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, as represented by the Minister of Energy

Per: _____
[Name]
[Position]

From:	Carlos Yep
To:	Mike Manning; James Devine
Subject:	FW: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt
Date:	Monday, November 27, 2017 10:06:08 AM
Attachments:	Fair Hydro- Subordinated Notes- Interest Rate Protocol (Draft 11-21c).doc

---

Mike/Jim
Can we meet today and discuss
Thanks
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ONTARIO POWER GENERATION

PROTOCOL DOCUMENT- SUBORDINATED AND JUNIOR SUBORDINATED NOTES

Interpretation	Unless inconsistent with the express terms or provisions hereof, terms used herein have the meanings ascribed in the Trust Indenture (the "**Trust Indenture**") dated as of ●, 2017 between the Fair Hydro Trust, a trust existing under the laws of the Province of Ontario (the "**Issuer**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada (the "**Indenture Trustee**").
Financial Services Manager	The interest rate applicable to each Series of Subordinated Notes and/or Junior Subordinated Notes, shall be established by Ontario Power Generation Inc., acting as financial services manager of the Issuer (the "**FSM**"), in accordance with procedures set out herein.
Interest Rate:	For any Series of Subordinated Notes or Junior Subordinated Notes, the interest rate shall be the aggregate of the applicable Base Rate and the Applicable Spread.
Base Rate:	"Base Rate" means: (a) for Term Notes: an annual rate of interest comprised of the applicable yield for the Benchmark Government of Canada bonds listed at the time and with the same term of such Series of Subordinated Notes or Junior Subordinated Notes, as applicable. In the event that there are no Benchmark Government of Canada bonds listed at the time of issuance with the same term, the rate shall be established by interpolating the terms of the two Benchmark Government of Canada bonds that are closest to the term of the Series of Subordinated Notes or Junior Subordinated Notes, as applicable, one being for a longer term and the other being for a shorter term; and (b) for Warehouse Notes: an annual interest rate equal to the [**all-in annual funding costs under the Warehouse Facility related to the senior tranche, expressed in basis points].**
Applicable Spread:	"Applicable Spread" means the additional interest in basis points over the Base Rate applicable to a particular Series of Subordinated Notes or Junior Subordinated Notes as determined by the FSM applying the procedures set out below: (a) for Subordinated Term Notes and Junior Subordinated Term Notes: the FSM will solicit from time to time, but no less frequently than on a weekly basis, from at least five commercial banks in Canada, a survey of indicative spreads (collectively, the **"Indicative Spreads"** and each an "**Indicative Spread**") applicable to capital market debt issuances having features comparable to each of the Subordinated Term Notes and the Junior Subordinated Terms Notes,

	including credit rating and tenor. The Applicable Spread for Subordinated Term Notes or Junior Subordinated Term Notes, as applicable, will be the simple average of the respective Indicative Spreads after excluding the highest and the lowest Indicative Spread; (b) for Subordinated Warehouse Notes: the FSM will solicit from time to time, but no less frequently than on an annual basis, from at least five commercial banks in Canada, a survey of Indicative Rates applicable to commercial paper issuances having features comparable to the Subordinated Warehouse Notes including credit rating and tenor. The Applicable Spread for Subordinated Warehouse Notes will be the simple average of the respective Indicative Spreads, after excluding the highest and the lowest Indicative Spread; (c) for Junior Subordinated Warehouse Notes: while the Junior Subordinated Term Notes are rated Investment Grade, the Applicable Spread for the Junior Subordinated Warehouse Notes shall be equal to the Applicable Spread derived above for the Subordinated Warehouse Notes. If the Junior Subordinated Term Notes are rated below Investment Grade, the Applicable Spread for the Junior Subordinated Warehouse Notes will equal to the Applicable Spread for the Subordinated Warehouse Notes plus 100 bps. For the purposes of this section "Investment Grade" means a credit rating from DBRS above or equal to "BBB low", or from Moody's above or equal to "Baa3".
Credit Rating	In order to facilitate the survey of Indicative Interest Rates, the FSM will solicit from time to time from DBRS and/or Moody's a credit rating, which may include a shadow rating for the Subordinated Notes and the Junior Subordinated Notes.

From:	Carlos Yep
To:	Mike Manning; James Devine; Ken Kandeepan; John Kim; John Psinas
Subject:	FW: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt
Date:	Wednesday, November 22, 2017 10:01:45 AM
Attachments:	Fair Hydro- Subordinated Notes- Interest Rate Protocol (Draft 11-21c).doc

fyi

From: LIU Sheen -TREASURY [mailto:sheen.liu@opg.com]
Sent: Wednesday, November 22, 2017 9:56 AM
To: Carlos Yep
Cc: MCAULEY Tyler -LAWDIV ; PRESTON Stuart -TREASURY ; Ken Kandeepan ; LEE John -TREASURY ; Mike Manning
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Carlos,
Attached please find the revised summary term sheet re Protocol Agreement which incorporated your suggestions/comments. Please review and let us know if you have further comments.
Thanks
Sheen

From: Carlos Yep [mailto:Carlos.Yep@ofina.on.ca]
Sent: Thursday, November 16, 2017 12:49 PM
To: LIU Sheen -TREASURY <sheen.liu@opg.com>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Sheen
Thanks
Carlos

From: LIU Sheen -TREASURY [mailto:sheen.liu@opg.com]
Sent: Thursday, November 16, 2017 11:31 AM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; PRESTON Stuart -TREASURY <stuart.preston@opg.com>; LEE John -TREASURY <john.s.lee@opg.com>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Hi Carlos,
To expedite the process, we agree with your suggestion re short term funding, as per our last conversation , i.e. one single spread will be used for both sub and junior sub debt unless junior sub drops to non-investment grade, in which case additional 100bps will be added to junior sub for pricing purpose.
For long term funding, we are in agreement with your approach suggested below.
Thanks
Sheen

From: Carlos Yep [mailto:Carlos.Yep@ofina.on.ca]
Sent: Wednesday, November 15, 2017 3:44 PM

To: LIU Sheen -TREASURY <sheen.liu@opg.com>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>
Subject: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

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Hi Sheen
There are 2 main simplifying comments that start by eliminating the need for the full pricing grid solely based on credit rating from BBB to AAA.
1)For the short term funding, it would be more efficient to use one single spread rather than multiple spreads for subordinated and junior subordinated.
2)For long term funding, there are no comparable issuers of subordinated & junior subordinated debt issues. Dealers can provide estimates for the subordinated and junior subordinated spreads for each tenor based on the specific characteristics of the Financing Trust.
Please call if you have any questions or would like to discuss further.
Regards
Carlos

From: LIU Sheen -TREASURY [mailto:sheen.liu@opg.com]
Sent: Tuesday, November 07, 2017 1:23 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: PRESTON Stuart -TREASURY <stuart.preston@opg.com>; MCAULEY Tyler -LAWDIV <tyler.mcauley@opg.com>
Subject: Fair Hydro Plan Protocol Agreement
Ken,
As you're aware we are currently working on drafting the Protocol Agreement re Sub Debt under the Fair Hydro Plan. Attached for you review please find the key terms re the Agreement, including procedure for advance, as well as price setting, etc. Please let us know if you have any comments/thoughts.
Please be advised that FHP financing will include both a short term warehouse facility (ABCP conduit) and term debt.
Thanks
Sheen

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Credit Rating	In order to facilitate the survey of Indicative Interest Rates, the FSM will solicit from time to time from DBRS and/or Moody's a credit rating, which may include a shadow rating for the Subordinated Notes and the Junior Subordinated Notes.

From: Carlos Yep
To: Mike Manning; Gadi Mayman
Cc: Anna Strathy; Sarah Neville; Malle Hanslep (MOF); Tobias P. Whitfield (MOF)
Subject: FW: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt
Date: Friday, December 15, 2017 3:45:04 PM

Hi Mike
Can we discuss on Monday?
I spoke to MoE earlier today – They did not see why they should be part of the protocol but as a compromise are comfortable to sign the document as part of receipt and acknowledgement. MoE has not had any input in to the operational part of calculating or describing the process to arrive at the spread. They have been concentrating efforts on broader policy issues.
Thanks
Carlos

From: MCAULEY Tyler -LAWDIV [mailto:tyler.mcauley@opg.com]
Sent: Friday, December 15, 2017 3:30 PM
To: Sawwaf, Khareem (ENERGY) ; Carlos Yep
Cc: Thouin, Alena (ENERGY) ; WONG Leslie -LAWDIV ; LIU Sheen -TREASURY ; LEE John -TREASURY ; Mike Manning ; RYFA Ken -TREASURY
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt
Khareem/ Carlos,
The approach proposed below is not in line with what was agreed between John Lee and Gadi. It's our expectation that the document will be agreed as between two parties (as opposed to receipt acknowledged). Could you please consult with your team and advise. If it's helpful, we are happy to coordinate a call to discuss.
Regards,
Tyler McAuley
Senior Counsel, Law Division
Ontario Power Generation
700 University Avenue, H18 G23
Toronto, ON, M5G 1X6
E: tyler.mcauley@opg.com
P: 416-592-4015

From: Sawwaf, Khareem (ENERGY) [mailto:Khareem.Sawwaf@ontario.ca]
Sent: Friday, December 15, 2017 1:54 PM
To: WONG Leslie -LAWDIV <leslie.wong@opg.com>; MCAULEY Tyler -LAWDIV <tyler.mcauley@opg.com>
Cc: Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt
Hi Les,
Further to our discussion this morning, OFA and the Ministry of Energy agreed that the best way to proceed will be acknowledging the Protocol Agreement in a manner of receipt. The following language will be included under the signature lines:
"On behalf of the OFA ,I acknowledge receipt of this document,
On behalf of the Ministry of Energy, I acknowledge receipt of this document,"

Kind regards,
Khareem Sawwaf

From: Sawwaf, Khareem (ENERGY)
Sent: December-14-17 12:49 PM
To: 'WONG Leslie -LAWDIV'
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Hi Les,
We can call you.
Khareem

From: WONG Leslie -LAWDIV [mailto:leslie.wong@opg.com]
Sent: December-14-17 12:19 PM
To: Sawwaf, Khareem (ENERGY); Thouin, Alena (ENERGY)
Cc: MCAULEY Tyler -LAWDIV; Kulasinghe, Meineka (MEDG/MRIS)
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Thanks. Would you be calling my office, or would like us to call you? Or will we need a call-in number?

From: Sawwaf, Khareem (ENERGY) [mailto:Khareem.Sawwaf@ontario.ca]
Sent: Thursday, December 14, 2017 12:18 PM
To: WONG Leslie -LAWDIV <leslie.wong@opg.com>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>
Cc: MCAULEY Tyler -LAWDIV <tyler.mcauley@opg.com>; Kulasinghe, Meineka (MEDG/MRIS) <Meineka.Kulasinghe@ontario.ca>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Hi Les,
Thank you for your prompt response.
5pm should be fine.
Khareem

From: WONG Leslie -LAWDIV [mailto:leslie.wong@opg.com]
Sent: December-14-17 12:11 PM
To: Sawwaf, Khareem (ENERGY); Thouin, Alena (ENERGY)
Cc: MCAULEY Tyler -LAWDIV; Kulasinghe, Meineka (MEDG/MRIS)
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Yes, after 5 pm works. Let us know what time (e.g. 5 pm or 5:30).

From: Sawwaf, Khareem (ENERGY) [mailto:Khareem.Sawwaf@ontario.ca]
Sent: Thursday, December 14, 2017 12:10 PM
To: WONG Leslie -LAWDIV <leslie.wong@opg.com>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>
Cc: MCAULEY Tyler -LAWDIV <tyler.mcauley@opg.com>; Kulasinghe, Meineka (MEDG/MRIS) <Meineka.Kulasinghe@ontario.ca>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior

Subordinated Debt

Hi Les,

Can we schedule something for today after 5pm?

Regards,

Khareem

From: WONG Leslie -LAWDIV [mailto:leslie.wong@opg.com]

Sent: December-14-17 11:59 AM

To: Sawwaf, Khareem (ENERGY); Thouin, Alena (ENERGY)

Cc: MCAULEY Tyler -LAWDIV; Kulasinghe, Meineka (MEDG/MRIS)

Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Khareem,

We will need to address any questions today, as we are arranging for signing of the Fair Hydro documents tomorrow. Tyler and I are available today between 12:30 pm and 1 pm and from 4:30 pm onward.

Let us know what works for you.

Regards,

Les

Leslie Wong

Senior Counsel

Ontario Power Generation Inc.

700 University Avenue, H18 G26.1, Toronto, ON M5G 1X6

T: (416) 592-3110 **|** E: leslie.wong@opg.com

From: Sawwaf, Khareem (ENERGY) [mailto:Khareem.Sawwaf@ontario.ca]

Sent: Thursday, December 14, 2017 11:52 AM

To: WONG Leslie -LAWDIV <leslie.wong@opg.com>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>

Cc: MCAULEY Tyler -LAWDIV <tyler.mcauley@opg.com>; Kulasinghe, Meineka (MEDG/MRIS) <Meineka.Kulasinghe@ontario.ca>

Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Hi Les,

I hope all is well.

Alena and I were hoping to have another discussion with you either today or tomorrow regarding the protocol agreement. If you could let us know your availability, I would appreciate it.

Thanks,

Khareem

From: Sawwaf, Khareem (ENERGY)

Sent: December-06-17 3:48 PM

To: WONG Leslie -LAWDIV; Thouin, Alena (ENERGY)

Cc: MCAULEY Tyler -LAWDIV; Kulasinghe, Meineka (MEDG/MRIS)

Subject: Re: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Hi Les,

Do you mind if we push our meeting to 4:30? I hope that works for you and Tyler.
Look forward to your reply.
Kind regards,
Khareem Sawwaf
Sent from my BlackBerry 10 smartphone on the Rogers network.

From: WONG Leslie -LAWDIV
Sent: Wednesday, December 6, 2017 11:10 AM
To: Sawwaf, Khareem (ENERGY); Thouin, Alena (ENERGY)
Cc: MCAULEY Tyler -LAWDIV; Kulasinghe, Meineka (MEDG/MRIS)
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Hi Khareem,
My colleague, Tyler McAuley, who drafted the agreement, and I are available for a call from 4:00-4:30. Would you like us to call you or Alena, or would you like to call us?
Also, if you had specific comments or questions, would it be possible to let us know in advance, to make the call more efficient? Thanks.

Regards,
Les
Leslie Wong
Senior Counsel
Ontario Power Generation Inc.
700 University Avenue, H18 G26.1, Toronto, ON M5G 1X6
T: (416) 592-3110 **|** E: leslie.wong@opg.com
-----Original Message-----
From: Sawwaf, Khareem (ENERGY) [mailto:Khareem.Sawwaf@ontario.ca]
Sent: Wednesday, December 06, 2017 11:00 AM
To: WONG Leslie -LAWDIV <leslie.wong@opg.com>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>
Cc: MCAULEY Tyler -LAWDIV <tyler.mcauley@opg.com>; Kulasinghe, Meineka (MEDG/MRIS) <Meineka.Kulasinghe@ontario.ca>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt
Hi Les,
Alena and I were hoping to arrange a call with you later today to discuss the Protocol Agreement.
Are you available for a 30 minute call sometime between 4-5, preferably 4:00-4:30?
I look forward to your reply.
Kind regards,
Khareem Sawwaf
-----Original Message-----
From: WONG Leslie -LAWDIV [mailto:leslie.wong@opg.com]
Sent: December-04-17 1:17 PM
To: Thouin, Alena (ENERGY)
Cc: Sawwaf, Khareem (ENERGY); MCAULEY Tyler -LAWDIV
Subject: Re: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Alena - I am available at 5:15. My colleague, Tyler McAuley, who worked in the agreement, will also be available for a call then.
Let us know your preference on call logistics (who to call whom, or whether a call-in number would be preferable).
Regards,
Les
Sent from my BlackBerry 10 smartphone on the Bell network.
From: Thouin, Alena (ENERGY)
Sent: Monday, December 4, 2017 12:49 PM
To: WONG Leslie -LAWDIV
Cc: Sawwaf, Khareem (ENERGY)
Subject: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt
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Hi Les
Hope you are well
I was hoping we can have a quick call on this (legal only at this point), just had some questions. I am around after 5:15 today?
Thanks
Alena
Alena Thouin
Deputy Director, Legal Services Branch
Ministries of Energy / Infrastructure / Economic Development & Growth / Research, Innovation & Science / Accessibility
56 Wellesley St. W. 18th Floor, Toronto, ON M7A 2E7
Tel: 416-325-1834 Email: alena.thouin@ontario.ca>
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From: WONG Leslie -LAWDIV [mailto:leslie.wong@opg.com]
Sent: November 30, 2017 12:16 PM
To: Thouin, Alena (ENERGY); Hanslep, Malle (MOF)
Cc: LEE John -TREASURY; LIU Sheen -TREASURY; MCAULEY Tyler -LAWDIV; RYFA Ken -TREASURY; PRESTON Stuart -TREASURY
Subject: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt
Dear Alena and Malle,
Please find attached a draft of the protocol agreement relating to the determination of interest rates on the subordinated and junior subordinated debt to be issued to OPG by the Fair Hydro Trust. Most of this debt will be funded through equity injections by the Province into OPG. OPG's Treasury team has been working with Carlos Yep of the OFA on this agreement. I understand that Alena has previously seen a term sheet setting out the main terms of the agreement.

Let us know if you have any questions or comments on the draft.
Regards,
Les
Leslie Wong
Senior Counsel
Ontario Power Generation Inc.
700 University Avenue, H18 G26.1, Toronto, ON M5G 1X6
T: (416) 592-3110 | E: leslie.wong@opg.com>

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From: LEE John -TREASURY
To: Mike Manning
Subject: FW: EXTERNAL – Refinancing
Date: Monday, December 18, 2017 5:47:34 PM

Mike:
I believe Michael has properly expressed on where we had landed on this point. See the technical explanation below.
John

From: Feldman, Michael [mailto:mfeldman@torys.com]
Sent: Monday, December 18, 2017 5:26 PM
To: LEE John -TREASURY
Cc: Ramchandani, Rima ; Feldman, Michael
Subject: RE: EXTERNAL – Refinancing

Mike's understanding is not where we ended up that evening. We ended up this point on the basis that there would be two exceptions to the general rule against issuing debt that was expected to have to be refinanced. One exception was for Warehouse Facility Agreements (and to be clear, whereas Mike's email refers to "the" warehouse there is no limitation (in the Trust Indenture) against having more than one warehouse facility; although section 6.1(h) of the warehouse senior supplemental indenture requires you to get the approval of the Requisite Series 2017-1 Noteholders before entering into another warehouse facility prior to the Commitment Expiry Date). The second exception is where there is Pre-Approved Refinancing. This is how section 13.08 is drafted.

As to Mike's specific thought that the rating agencies would think that the prospects for a refinancing were sufficient, without having a Pre-Approved Refinancing, was thought to be too remote because the prospects for a refinancing would be almost entirely dependent on the Protection Agreement applying at the time of the refinancing, and this is essentially what a Pre-Approved Refinancing Amounts to.

Michael K. Feldman
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79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com[na01.safelinks.protection.outlook.com]

TORYS LLP[na01.safelinks.protection.outlook.com]

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: December-18-17 4:54 PM
To: Feldman, Michael <mfeldman@torys.com>
Cc: Ramchandani, Rima <rramchandani@torys.com>
Subject: FW: EXTERNAL – Refinancing

Is Mike interpretation correction?

From: Mike Manning [mailto:Mike.Manning@ofina.on.ca]
Sent: Monday, December 18, 2017 4:00 PM
To: LEE John -TREASURY <john.s.lee@opg.com>

Subject: EXTERNAL – Refinancing

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I've been told section 13.08, Trust Indenture has a prohibition on incurring debt other than pursuant to the warehouse, where a refinancing would be needed to repay principal. At last week's meeting we noted this prohibition would be lifted upon satisfaction of a Rating Agency Condition which would let OPG issue shorter term debt as long as the ratings agencies were satisfied the prospects for refinancing were sufficient. Please let me know if this is your understanding as well.
Thanks, Mike

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From: Mike Manning
To: "ASHBOURNE, STEPHEN"
Subject: FW: EXTERNAL – Refinancing
Date: Tuesday, December 19, 2017 9:20:09 AM

Hi Stephen:
I'm passing along Ken's email to verify if this interpretation is correct.

Thanks, Mike

-----Original Message-----
From: Ken Kandeepan
Sent: Tuesday, December 19, 2017 8:25 AM
To: Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: EXTERNAL – Refinancing

Mike

Maybe I am misunderstanding Stephen's email but it suggests that OPG can in fact issue shorter term debt with the consent of the Province, although binding the Province to undetermined terms. I for one am not too fussed about the undetermined terms since I don't believe that OPG will do anything silly.

So the flexibility does exist.

Thanks

Ken k

-----Original Message-----
From: Mike Manning
Sent: Tuesday, December 19, 2017 8:18 AM
To: 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Subject: RE: EXTERNAL – Refinancing

I'm surprised that OPG hasn't fought to give themselves more financing flexibility, at least as an option if markets prove to be difficult. Do you think that the agreements could be changed in future if it is determined that OPG needs the ability to move down the curve and do shorter term financing?

Mike

-----Original Message-----
From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: Tuesday, December 19, 2017 8:07 AM
To: Mike Manning <Mike.Manning@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Subject: RE: EXTERNAL – Refinancing

Thanks for passing this on, Mike.

The explanation from Torys seems to recognize that the exception (based on a Rating Agency Condition being satisfied) was considered, but dismissed.

The scenario we were focused on last week was OPG's ability to issue debt in the agreed form (i.e., based on Reference Documentation) despite a duration cash flow mismatch, so long as the Rating Agencies concluded that was okay in the circumstances. That would happen if the Rating Agencies could be initially convinced that (1) the override in the Act, allowing CEAs in excess of the "fair allocation" to be recovered where the original debt was reasonably incurred with an expectation of refinancing and (2) the ability to refinance based on the existing covenant pattern (but with considerable flexibility on repricing) - would be sufficient, given that the Limited Guarantee would necessarily apply in that context. Torys analysis seems to jump ahead and say that (2) would never happen and that the Rating Agencies would always insist on the Province consenting upfront to the refinancing. It seems to me that conclusion is inconsistent with most ABCP models, where third party liquidity for known duration mismatches is assessed by rating agencies and provided by liquidity banks based on the covenant pattern determined at the outset (i.e., the refinancing covenant pattern is set upfront and the rating agencies do not insist on third party liquidity providers pre-agreeing to fund into unascertained future changes to that pattern).

This is another example of where the funding flexibility contemplated in the Act will be diminished by these initial financing decisions. Other examples have included not pre-agreeing a form of co-ownership agreement to enable multiple financing entities to be created in the future with parity to the initial Trust; the absence of true tranching with individualized CEA cash flows geared to particular debt issues; and the hard-coding of cross defaults across all Series (short and long maturities). Ultimately, I believe that the Province has refrained from pursing similar 'efficiency' concerns in those contexts, on the basis that those decisions must be left to OPG. It seems this case is similar and the Province would be consistent in leaving this decision to OPG too; however constraining and economically inefficient it might be.

The consequence under s.13.08 (as now drafted) is that, at the time that any short-maturity issuance is proposed, the Province will be asked to sign-off that the Limited Guarantee will necessary apply to whatever the ultimate refinancing terms may be. That process will lead, at the time of an initial term issuance, to the Province having to agree to be bound to undefined parameters, or perhaps the "Pre-Approved Refinancing" process can be used to map out acceptable conditions on the terms of refinancing upfront. Absent the Province's upfront consent, the Trust will be constrained and have to precisely match maturities to the "fair allocation" curve - which as discussed could be quite inefficient and expensive.

Please call if a discussion would be useful.

Regards, Steve

Stephen R. Ashbourne

Partner

stephen.ashbourne@blakes.com

Dir: 416-863-3086

Blake, Cassels & Graydon LLP

199 Bay Street, Suite 4000, Toronto ON M5L 1A9

Tel: 416-863-2400 Fax: 416-863-2653

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-----Original Message-----

From: Mike Manning [mailto:Mike.Manning@ofina.on.ca]

Sent: Monday, December 18, 2017 9:18 PM

To: Tobias P. Whitfield (MOF); Malle Hanslep (MOF); ASHBOURNE, STEPHEN

Cc: Anna Strathy; Ken Kandeepan

Subject: Fwd: EXTERNAL – Refinancing

Maybe we can quickly discuss this tomorrow.

Mike

Begin forwarded message:

From: LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>

Date: December 18, 2017 at 5:47:29 PM EST

To: 'Mike Manning' <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>

Subject: FW: EXTERNAL – Refinancing

Mike:

I believe Michael has properly expressed on where we had landed on this point. See the technical explanation below.

John

From: Feldman, Michael [mailto:mfeldman@torys.com]

Sent: Monday, December 18, 2017 5:26 PM

To: LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>

Cc: Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com>>; Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>

Subject: RE: EXTERNAL – Refinancing

Mike's understanding is not where we ended up that evening. We ended up this point on the basis that there would be two exceptions to the general rule against issuing debt that was expected to have to be refinanced. One exception was for Warehouse Facility Agreements (and to be clear, whereas Mike's email refers to "the" warehouse there is no limitation (in the Trust Indenture) against having more than one warehouse facility; although section 6.1(h) of the warehouse senior supplemental indenture requires you to get the approval of the Requisite Series 2017-1 Noteholders before entering into another warehouse facility prior to the Commitment Expiry Date). The second exception is where there is Pre-Approved Refinancing. This is how section 13.08 is drafted.

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Michael K. Feldman

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From: LEE John -TREASURY [mailto:john.s.lee@opg.com]

Sent: December-18-17 4:54 PM

To: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>

Cc: Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com>>

Subject: FW: EXTERNAL – Refinancing

Is Mike interpretation correction?

From: Mike Manning [mailto:Mike.Manning@ofina.on.ca]

Sent: Monday, December 18, 2017 4:00 PM

To: LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>

Subject: EXTERNAL – Refinancing

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I've been told section 13.08, Trust Indenture has a prohibition on incurring debt other than pursuant to the warehouse, where a refinancing would be needed to repay principal. At last week's meeting we noted this prohibition would be lifted upon satisfaction of a Rating Agency Condition which would let OPG issue shorter term debt as long as the ratings agencies were satisfied the prospects for refinancing were sufficient. Please let me know if this is your understanding as well.

Thanks, Mike

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From: Gadi Mayman
To: "stephen.ashbourne@blakes.com"; Malle Hanslep (MOF); Tobias P. Whitfield (MOF); "aaron.palmer@blakes.com"; "alena.thouin@ontario.ca"; Tom McKinlay (MAG)
Cc: Anna Strathy; Mike Manning; Ken Kandeepan
Subject: FW: Enforcement of Protection event
Date: Wednesday, December 20, 2017 1:32:59 PM

Does this work from a legal perspective? I have to admit that I find Rocco's earlier comment before his compromise language that "This is not a negotiable position from the Dealer's perspective, especially not the day before closing" and his assertion that this isn't new a little rich, but I'll swallow that, along with the seemingly every-present need to check with the rating agencies, in an effort to get this done.

Thanks,

Gadi

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: Wednesday, December 20, 2017 1:14 PM
To: Gadi Mayman
Cc: Mike Manning ; Ken Kandeepan ; WONG Leslie -LAWDIV ; RYFA Ken -TREASURY ; LADAK Lubna -TREASURY
Subject: Enforcement of Protection event

Gadi:

See compromise solution from Dealers below:

ny warehouse lender can instruct the Indenture trustee to enforcement a protection event

ll other bondholders would be required to have an ordinary resolution (>50%) to instruct the Indenture trustee to enforce a protection event.

I believe this addresses the primary concern of leaving the Province exposed to individual bond holders "tripping" the structure. In the interest of time I will instruct the Dealers to run this by the rating agencies to confirm that this does not change their rating assessment.

If you have any concerns please let me know or if you would like to discuss.

John

From: Sebastiano, Rocco [mailto:RSebastiano@osler.com]
Sent: December-20-17 12:33 PM
To: 'john.s.lee@opg.com' <john.s.lee@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>
Cc: Feldman, Michael <mfeldman@torys.com>; Mansoori, Nina <nmansoori@torys.com>
Subject: FW: Fair Hydro -- Revised Program Agreements

John, as requested, here is the email that I just sent to Michael.

From: Sebastiano, Rocco
Sent: Wednesday, December 20, 2017 12:29 PM
To: 'Feldman, Michael' <mfeldman@torys.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>
Cc: Ramchandani, Rima <rramchandani@torys.com>; Mansoori, Nina <nmansoori@torys.com>; Olusoga, Yinka <yolusoga@torys.com>
Subject: RE: Fair Hydro -- Revised Program Agreements

I just got off the phone with the Dealers. Here is our compromise position which has been discussed with John.

In the first instance, any warehouse lender can instruct the Indenture Trustee. With all of other

Controlling Class Creditors, they would require an Ordinary Resolution to instruct the Indenture Trustee. If the indenture Trustee does not act per the instructions, any warehouse lender or any Controlling Class Creditor can take action to enforce.
Even if the Province were to agree, we need to run this down with the Rating Agencies.
And yes, I agree that we should add a notwithstanding clause in the lead-in to section 13.12.
Regards, Rocco

From: Feldman, Michael [mailto:mfeldman@torys.com]
Sent: Wednesday, December 20, 2017 11:12 AM
To: Sebastiano, Rocco <RSebastiano@osler.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>
Cc: Ramchandani, Rima <rramchandani@torys.com>; Mansoori, Nina <nmansoori@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Feldman, Michael <mfeldman@torys.com>
Subject: RE: Fair Hydro -- Revised Program Agreements

Rocco, Peter and Rick,
A couple of technical observations:
1. Section 13.12(c) does not dovetail well with section 8.12 (the section that limits the rights of Specified Creditors to take their own actions). I think the second sentence of 13.12(c) should have added to it a "notwithstanding section 8.12", whether the first sentence of 13.12(c) requires an Ordinary Resolution or not. Once the required authorization is obtained under the first sentence of 13.12(c), in order to permit any Controlling Class Creditor to act if the indenture Trustee does not (for example, if the Indenture Trustee does not receive an acceptable indemnity as per 8.12(c)), if the intention is that the Controlling Class Creditor can make the demand without waiting the 60 days required by 8.12(d) then we need the "notwithstanding" clause.
2. It may be worth noting that certain Events of Default require (those in 8.01 (c), (d) and (g)) require approval by holders of at least 25% of the Controlling Class Obligations. It is impossible to tell if this is better or worse for individual Controlling Class Creditors than an Ordinary Resolution would be. It would be a much lower threshold if the desire is to act by written instrument (as a written instrument for an Ordinary Resolution requires 50%) but whether it ends up being a higher or lower threshold if the question goes to a meeting depends on how many creditors show up at the meeting or send proxies.
3. The Province has made it clear that there will be no deal if any individual Controlling Class Creditor is to have the right to assert that a Protection Event has occurred so in order to go forward some form of compromise will be needed. Where do things stand with the Dealers right now ?

Michael K. Feldman
P. 416.865.7513 | F. 416.865.7380 | 1.800.505.8679

From: Feldman, Michael
Sent: December-20-17 9:18 AM
To: Sebastiano, Rocco <RSebastiano@osler.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>
Cc: John Lee <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Leslie Wong <leslie.wong@opg.com>; Ramchandani, Rima <rramchandani@torys.com>; Mansoori, Nina <nmansoori@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Feldman, Michael <mfeldman@torys.com>
Subject: RE: Fair Hydro -- Revised Program Agreements

Rocco,
I completely understand the Dealer's position but we have this issue to deal with today.
See Ashbourne's email from a few minutes ago (attached). He does make a suggestion that I hope will be acceptable to the Dealers or at least some variation of it that we can go back to the Province with. Even if we can get the Dealers and the Province to reach an agreement we need to advise the Rating Agencies.
I think next step would be for you to convene a call with the Dealers to get instructions.

Michael K. Feldman
P. 416.865.7513

From: Sebastiano, Rocco [mailto:RSebastiano@osler.com]
Sent: December-20-17 9:12 AM
To: Feldman, Michael <mfeldman@torys.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton,

Rick <RFullerton@osler.com>

Cc: John Lee <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Leslie Wong <leslie.wong@opg.com>; Ramchandani, Rima <rramchandani@torys.com>; Mansoori, Nina <nmansoori@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Feldman, Michael <mfeldman@torys.com>

Subject: Re: Fair Hydro -- Revised Program Agreements

To be clear, this is not a new issues raised a concern quite some time ago about the rights of creditors to require the Indenture Trustee to enforce the Limited Guarantee given that the Change of Law Protection Agreement restricts the rights of beneficiaries to e action against the Province. We discussed this with the Dealers and received instructions to amend section 13.12(c) as we did. We did discuss this with Nina. This is not a negotiable position from the Dealer's perspective, especially not the day before closing.

Rocco

Sent from my BlackBerry - the most secure mobile device - via the Rogers Network

From: mfeldman@torys.com
Sent: December 20, 2017 8:46 AM
To: PMilligan@osler.com; RSebastiano@osler.com; RFullerton@osler.com
Cc: john.s.lee@opg.com; ken.ryfa@opg.com; leslie.wong@opg.com; rramchandani@torys.com; nmansoori@torys.com; yolusoga@torys.com; mfeldman@torys.com
Subject: FW: Fair Hydro -- Revised Program Agreements

Peter, Rocco and Rick,
Please see below from Stephen Ashbourne.
As I read this email, he does not yet have instructions from the Province on this point but I think we need to be ready in case he does.
This change came from Oslers and so I do not know whether or not this is a lawyer's comment or a Dealer's comment. Having said that, it did not strike me as unreasonable given the importance of the Protection Agreement to each investor, but I do understand Stephen's perspective that, until this change all actions in the Trust Indenture required at least Ordinary Resolution of Controlling Class Creditors. And I do think that Stephen has accurately characterized the incentives.
This may go away but in case it doesn't I think it would be helpful to get instructions in advance from the Dealers. I think this is strictly an issue between the Dealers and the Province but we will do whatever we can to help resolve.

Michael K. Feldman
P. 416.865.7513 | F. 416.865.7380 | 1.800.505.8679

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]

Sent: December-20-17 8:32 AM

To: Feldman, Michael <mfeldman@torys.com>

Cc: PALMER, AARON <AARON.PALMER@blakes.com>

Subject: FW: Fair Hydro -- Revised Program Agreements

Michael, FYI, I am seeking instructions from the Province as to whether the following proposed change is acceptable:
Trust Indenture (s. 13.12(c)):

Upon the occurrence of a Protection Event, if a request has been made by the Issuer or any Controlling Class Creditor, the Indenture Trustee shall deliver a written demand to the Province requiring the Province to make payments on Obligations Secured pursuant to and in accordance with the Change of Law Protection Agreement. If, following such request, the Indenture Trustee does not deliver such written demand to the Province within 10 days of such request, any Controlling Class Creditor shall be entitled to deliver such written demand to the Province.

I see this as an exception to the general approach in the Trust Indenture, which allows the "Controlling Class Creditors" by ordinary resolution (>50%) to direct the Indenture Trustee to act (see s.8.11 of the Trust Indenture). Allowing any senior noteholder to trigger the Limited Guarantee represents a significant change from the Province's standpoint.
I will let you know once I have had a chance to discuss this with the Province. In the meantime, any color you can share regarding why this is being raised now (and by whom) would be helpful.
Among other issues, I think this could muddle the incentives among the senior investors themselves, since the change would allow any one senior noteholder to trigger the Limited Guarantee despite not being supported by the others.
Regards, Steve

Blake, Cassels & Graydon LLP
199 Bay Street, Suite 4000, Toronto ON M5L 1A9[maps.google.com]
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Blake, Cassels & Graydon LLP | Barristers & Solicitors | Patent & Trade-mark Agents
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From: Saulnier, Brett [mailto:bsaulnier@torys.com]
Sent: Tuesday, December 19, 2017 6:32 PM
To: Alena.Thouin@ontario.ca; Malle.Hanslep@ontario.ca; Tobias.Whitfield@ontario.ca; Tom.McKinlay@ontario.ca; ASHBOURNE, STEPHEN; VINER, JON; PRESTAGE, JA; PALMER, AARON
Cc: 'leslie.wong@opg.com'; dup-john.s.lee@opg.com; 'ken.ryfa@opg.com'; Feldman, Michael; Ramchandani, Rima; Mansoori, Nina; Olusoga, Yinka
Subject: Fair Hydro -- Revised Program Agreements

All,
Please find attached the latest drafts of the following documents, together with blacklines against the versions last circulated:

1. Management Agreement
2. Declaration of Trust
3. MTSA
4. IESO Security Agreement
5. OPG Indemnity
6. IESO Indemnity
7. Change of Law Protection Agreement
8. Change of Law Process Agreement
9. Master Trust Indenture
10. Warehouse Senior Supplemental Indenture
11. Warehouse Subordinated Supplemental Indenture
12. Warehouse Junior Subordinated Supplemental Indenture

Thanks,
Brett

Brett Saulnier
P. 416.865.8148 | F. 416.865.7380 | 1.800.505.8679
79 Wellington[maps.google.com] St.[maps.google.com] W.,[maps.google.com] 30th[maps.google.com] Floor[maps.google.com], Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com[torys.com]

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From:	Ken Kandeepan
To:	Malle Hanslep (MOF); Tobias P. Whitfield (MOF); "ASHBOURNE, STEPHEN"
Cc:	Anna Strathy; Mike Manning
Subject:	FW: Fair Hydro - Change of Law - Protection and Process Agreements
Date:	Wednesday, December 13, 2017 1:23:42 PM
Attachments:	23239361-v26-Change of Law - Process Agreement.DOCX 23239361-vpdf-Change of Law - Process Agreement.PDF

Hi All

Just got off a call with John Lee, this is the version that E&Y have signed off, I am comfortable with the definition of "Material Effect" since it reflects the discussion Mark Donaldson and I had with OPG's accounts and E&Y yesterday. Based on a discussion I had with Cindy this AM she is also ok. Now John assures me that this version includes changes by Torys' to align the Process Agreement with the final version of the Protection Agreement. It's a pity that we were not provided adequate time to examine this last assertion before it was submitted to E&Y for sign off.

Happy to discuss.

Thanks

Ken k

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]

Sent: Wednesday, December 13, 2017 11:48 AM

To: Saulnier, Brett ; Milligan, Peter ; Sebastiano, Rocco ; Mansoori, Nina ; Ken Kandeepan ; 'LADAK Lubna -TREASURY' ; Anna Strathy ; 'Veinot, Cindy (TBS)' ; Tom McKinlay (MAG) ; Mark Donaldson (MOF) ; Daniel Cayley (ENERGY) ; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' ; Ramchandani, Rima ; 'LEE John -TREASURY' ; 'RYFA Ken -TREASURY' ; 'HAHN PARKER Janet -TREASURY' ; 'MAUTI John -FIN & C CTRL' ; 'LAURETA LAPIRA May -TREASURY' ; Feldman, Michael ; 'WONG Leslie -LAWDIV' ; Fullerton, Rick ; Gadi Mayman ; Mike Manning ; Malle Hanslep (MOF) ; 'ian.benaiah@rbccm.com' ; 'Khan, Nur (nur.khan@rbccm.com)' ; 'brent.r.taylor@rbccm.com' ; 'katrina.niehaus@gs.com' ; 'brian.delaney@gs.com' ; 'Maciel, Andrew' ; 'Adalja, Sunil' ; 'Persad, Nicole' ; 'Persaud, Donnie - Debt Capital Markets' ; Steen Hume (CAB) ; Olusoga, Yinka ; Tobias P. Whitfield (MOF) ; PALMER, AARON ; VINER, JON ; PRESTAGE, JA ; 'MAUTI John -FIN & C CTRL' ; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca) ; Tom McKinlay (MAG)

Subject: RE: Fair Hydro - Change of Law - Protection and Process Agreements

Hi Brett. In the interest of time, I am attaching my mark-up of the version of the Process Agreement you circulated yesterday morning. The Province is reviewing this concurrently and so it is subject to client input. I will have a look at what you just sent. You will see my mark-up highlights in yellow the items I had heard may be of consequence to the accountants in the definition of Material Effect – it sounds like you may be more up-to-date. If my comments are not self-evident, I can be available after 2:30 if that works.

Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From: Saulnier, Brett [mailto:bsaulnier@torys.com]

Sent: Wednesday, December 13, 2017 11:32 AM

To: ASHBOURNE, STEPHEN; Milligan, Peter; Sebastiano, Rocco; Mansoori, Nina; 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com';

'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Olusoga, Yinka; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca); PALMER, AARON; VINER, JON; PRESTAGE, JA; 'MAUTI John -FIN & C CTRL'

Subject: RE: Fair Hydro - Change of Law - Protection and Process Agreements

All,

Attached is a revised draft of the definition of "Material Effect" that was proposed by Blakes in the last version of the Protection Agreement (changed page only). The attached reflects OPG's discussions with their accountants and with the Province. Also attached is a revised draft of the Process Agreement, clean and blacklined to the last Torys version circulated below, which conforms the Material Effect definition to the Protection Agreement definition and contains a few other minor cleanups/removal of drafting notes. OPG expects to receive confirmation from the accountants this afternoon that they are comfortable with the documents in this form.

We need to provide the draft Process Agreement to the rating agencies as soon as possible today. Accordingly, we would ask that each of Blakes and Osler confirm their sign off on the attached. Given the timing constraints, we would ask that only substantive concerns be raised as we have limited time to address drafting/style changes.

Regards,

Brett

Brett Saulnier

P. 416.865.8148 | F. 416.865.7380 | 1.800.505.8679

From: Saulnier, Brett

Sent: December-12-17 1:19 AM

To: 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>; 'Milligan, Peter' <PMilligan@osler.com>; 'Sebastiano, Rocco' <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>

Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; 'Fullerton, Rick' <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Olusoga, Yinka <yolusoga@torys.com>; 'Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca)' <Tobias.Whitfield@ontario.ca>; 'PALMER, AARON' <AARON.PALMER@blakes.com>; 'VINER, JON' <JON.VINER@blakes.com>; 'PRESTAGE, JA' <JA.PRESTAGE@blakes.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>

Subject: RE: Fair Hydro - Change of Law Process Agreement

All,

In the interest of time, we are circulating concurrently to all parties a revised draft of the Change of Law Process Agreement, clean and blacklined to the last version circulated by Blakes. The attached reflects Torys' attempt to capture the comments and guidance provided by OPG and its accountants and remains subject to their ongoing review. We understand the Province and Blakes will also be discussing the scope of these changes. As there will be limited time to finalize the attached, we suggest discussing next steps to settle this agreement on our 10 a.m. call tomorrow.

Thanks,

Brett

Brett Saulnier

From: Saulnier, Brett

Sent: December-11-17 11:35 PM

To: 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>; Milligan, Peter <PMilligan@osler.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>

Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet - TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>

Subject: RE: Fair Hydro - Change of Law Protection Agreement

All,

Attached for your review is a revised draft of the Change of Law Protection Agreement, clean and blacklined to the last version circulated by Blakes and reflecting the meetings held earlier today. As discussed, we need to provide the attached to the rating agencies **by no later than noon tomorrow** in order to meet our end of year financing deadline. Accordingly, we will be circulating a calendar invite to this group for 10 a.m. tomorrow morning to confirm the parties are signed off. If Osler or Blakes have any comments on the attached, we would ask that they be circulated to this group prior to the 10 a.m. call.

Kind regards,

Brett
Brett Saulnier

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: December-08-17 3:16 PM
To: Milligan, Peter <PMilligan@osler.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro - Change of Law Protection Agreement

Hi,
Attached is a revised version of the Change of Law Protection Agreement. I believe that most of the changes reflected from last night's Osler version (blackline is attached) are of a drafting or conforming nature, other than: (1) the Province disagrees that Approved Refinancing terms should be unfettered by adherence conditions post-Suspension Event and (2) the proposed rating-based "materially and adversely" qualification in the definition of Protection Event (and in fact any such qualification) is not acceptable to the Province. With regard to (1), this version comes into line with the proposed approach (i.e., using a modified adherence condition) that was incorporated into the version of the Change of Law Process Agreement I circulated yesterday. A further turn of that Agreement, to conform the open item identified in section 3.02 to the revised Change of Law Protection Agreement, is also included here for your reference.
Please note that the Province is working through the drafting concurrently and so further drafting comments may be provided.
As mentioned yesterday, the Province would like to proceed with the Ministers sign-off briefing early next week, on the basis that these versions (minus the explanatory notes) are now in substantially final form. Please identify if you believe there are other 'must have' points (other than the 2 mentioned above).
Regards, Steve
Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com

Dir: 416-863-3086

From: Milligan, Peter [mailto:PMilligan@osler.com]
Sent: Thursday, December 07, 2017 6:44 PM
To: ASHBOURNE, STEPHEN; Sebastiano, Rocco; Mansoori, Nina
Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Saulnier, Brett; Olusoga, Yinka; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca); PALMER, AARON; VINER, JON; PRESTAGE, JA
Subject: Fair Hydro - Change of Law Protection Agreement

All,

Attached is a revised comment draft of the Change of Low Protection Agreement reflecting comments from Torys and Osler. In order to meet this transaction's timeline, this comment draft has not been reviewed by OPG or the Dealers and is delivered subject to any comments they may have.

Peter

OSLER

Peter Milligan
416.862.6634DIRECT
416.862.6666FACSIMILE
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Osler, Hoskin & Harcourt LLP
Box 50, 1 First Canadian Place
Toronto, Ontario, Canada M5X 1B8

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From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: Thursday, December 07, 2017 4:27 PM
To: Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>;

'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>

Subject: RE: Fair Hydro -- Change of Law Process Agreement

Hi,

Please find (attached) a further turn of the Change of Law Process Agreement, reflecting the Province's comments on the mark-up of the Agreement circulated yesterday afternoon by Torys. The attached blackline shows changes made to yesterday's Torys mark-up.

This version addresses concerns Rocco raised last night, to the extent the Province feels that the issues can be accommodated. For your information, I have set out below responses to Rocco's comments/observations (in CAPs).

The Province would like to proceed with the Ministers briefing early next week, on the basis that this version (minus the explanatory notes) is now in final form. If there are any critical revisions that the other parties believe reflect 'must have' priority, then the Province would like to have a call to discuss them as soon as possible.

Responses to Rocco's Points:

1. The change of the definition of Breach Event in Section 6.01 (i.e., the change to clause (a) and the addition of clause (b)) will result in an inconsistency with section 7.01(b) of the Change of Law Protection Agreement. This will require further consideration. [AGREED. 7.01(b) and 7.01(c) WILL NEED TO MIRROR THE CURE LANGUAGE WE SETTLE ON IN THE PROCESS AGREEMENT (SEE MY EARLIER COMMENTS). PERHAPS THE "which continues …" LANGUAGE IN 7.01(B) CAN BE REVISED TO READ: "to the extent that the Province would be entitled to provide a Suspension Notice in accordance with the terms of the agreement or agreements between the Province and OPG under which such obligations, requirements and processes arise". SIMILAR CHANGE FOR 7.01(C).

2. The right of the Province to issue an objection notice under Section 3.04(b) in connection with a Transaction Document provided to the Province which is required for a Refinancing of an Approved Obligation remains an outstanding issue. Clearly, this will depend upon what Adherence Conditions will be required under Section 4.02 of the Change of Law Protection Agreement in order to permit such Refinancing to become an Approved Obligation. If the Adherence Conditions set out in Section 4.02(a) of the Province's draft of the Change of Law Protection Agreement of December 4 were to apply to such Refinancing, to the extent that such refinancing required a change to a Transaction Document (e.g., as a result of a change to some rating agency condition or criteria), the Province's ability to issue an objection notice and thereby prevent the issuance of a Process Certificate under Section 3.01 (by virtue of Section 3.04) would have the effect of preventing a Refinancing. We trust that this was an unintended outcome of the drafting of Section 3.04 and/or the Adherence Conditions applicable to Refinancings. [THAT IS THE INTENDED EFFECT. THE ADHERENCE CONDITIONS WOULD APPLY TO THE REFINANCING, SO IF THE REFINANCING TERMS DEVIATED MATERIALLY (BASED ON THE SUBSTANTIALLY IN THE FORM" THRESHOLD"), THEN OPG WOULD REQUIRE THE PROVINCE NOT TO OBJECT IN ORDER TO PROCEED WITH THOSE NEW TERMS. OTHERWISE, THE REFINANCING COULD INCORPORATE TERMS AND CONDITIONS, WHICH WOULD BIND THE PROVINCE UNDER THE LIMITED GUARANTEE, THAT WOULD BE UNCONSTRAINED AND

WITHOUT ANY ACCOUNTABILITY TO THE PROVINCE. IN ROCCO'S EXAMPLE, THAT MIGHT MEAN THAT OPG WOULD NEED TO RESORT TO UNRATED DEBT, IF THE PROVINCE WAS UNWILLING TO ACCEPT THE NEW TERMS. PRESUMABLY EVERYONE WOULD ACT RATIONALLY. HOWEVER, AS A FAILSAFE, OPG COULD OFFER INCREASED PRICING IN ORDER TO ATTRACT INVESTORS TO ACCEPT THE EARLIER VETTED TERMS (BASED ON THE THEN ACCEPTED REVIEWED DOCUMENTATION).]

3. Given that the Indenture Trustee is not a party to the Change of Law Process Agreement, the Province and OPG can amend the terms and conditions of this agreement without the consent of the indenture Trustee. Specified Creditors under an Approved Obligation need to be assured that the Province cannot prevent a Refinancing of an Approved Obligation either by virtue of the objection notice discussed in point #2 above or as a result of a future amendment to the agreement. There are a couple of ways to deal with this point. The first is to a add a beneficiary/third party rights clause in the Change of Law Process Agreement which acknowledges that the Indenture Trustee is a beneficiary of certain provisions of this agreement and as a result, the agreement cannot be amended without the consent of the Indenture Trustee. The second is to ensure that the Adherence Conditions relating to Refinancings under the Change of Law Protection Agreement are not dependent upon the terms of the Change of Law Process Agreement. In light of the desire to not disclose the terms and conditions of the Change of Law Process Agreement to the rating agencies, especially at this late stage in the process, we would expect that the latter approach would be preferable. [THE SUGGESTION REGARDING THE PROVINCE PREVENTING A REFINANCING IS ADDRESSED IN #2. IF THE REFINANCING TERMS WOULD EXCEED THE SCOPE OF THE TRANSACTION DOCUMENTS REVIEWED AND NOT OBJECTED TO BY THE PROVINCE, THEN THAT SUGGESTS THERE IS A MATERIAL EFFECT ON THE PROVINCE AND SO THE PROVINCE WOULD NEED THE ABILITY TO REVIEW AND CONSIDER THE PROPRIETY OF THOSE NEW TERMS FROM ITS PERSPECTIVE. AS FOR THE STANDALONE NATURE OF THE PROCESS AGREEMENT, THE INTENTION IS THAT THE PROCESS AGREEMENT BE UNCOUPLED AND NOT PART OF THE COLLATERAL, AND AS MICHAEL FELDMAN HAS EXPLAINED, LEAVE FUTURE FLEXIBILITY FOR THIS LONG-TERM STRUCTURE. TO ADDRESS ROCCO'S CONCERN THAT THE PROVINCE AND OPG COULD CHANGE THE UNDERLYING OBLIGATIONS APPLICABLE TO ADHERENCE IN RELATION TO A NEW OBLIGATION, REQUIREMENT OR PROCESS IN THE PROCESS AGREEMENT THAT WOULD MAKE A REFINANCING LESS LIKELY TO OCCUR, WE HAVE ADDED AND USED IN THE ATTACHED VERSION A NEW DEFFINTION:

> "Approved Refinancing" means a Certified Primary Obligation proposed to be incurred as a Refinancing of an existing Certified Primary Obligation in respect of which the Adherence Conditions had been satisfied on the date such existing Certified Primary Obligation was incurred, that, at the time of incurrence, satisfies each of each of the Adherence Conditions except that the certificate contemplated to be delivered under Section 4.02(b) shall instead confirm that OPG has delivered to the Province a certificate by its applicable officers confirming that OPG would be in compliance with all obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the proposed Certified Primary Obligation that applied as between the Province and OPG on the date of issuance of such existing Certified Primary Obligation." Various references to "Refinancing" in the Protection Agreement can also be revised to refer to "Approved Refinancing", as required.

Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com

Dir: 416-863-3086

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From: Sebastiano, Rocco [mailto:RSebastiano@osler.com]
Sent: Wednesday, December 06, 2017 7:45 PM
To: Mansoori, Nina; ASHBOURNE, STEPHEN; VINER, JON; PRESTAGE, JA
Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Milligan, Peter; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Saulnier, Brett; Olusoga, Yinka
Subject: RE: Fair Hydro -- Change of Law Process Agreement

I have reviewed the revised draft of the Change of Law Process Agreement that Torys has prepared and would like to pass along the following comments/observations:

1. The change of the definition of Breach Event in Section 6.01 (i.e., the change to clause (a) and the addition of clause (b)) will result in an inconsistency with section 7.01(b) of the Change of Law Protection Agreement. This will require further consideration.

2. The right of the Province to issue an objection notice under Section 3.04(b) in connection with a Transaction Document provided to the Province which is required for a Refinancing of an Approved Obligation remains an outstanding issue. Clearly, this will depend upon what Adherence Conditions will be required under Section 4.02 of the Change of Law Protection Agreement in order to permit such Refinancing to become an Approved Obligation. If the Adherence Conditions set out in Section 4.02(a) of the Province's draft of the Change of Law Protection Agreement of December 4 were to apply to such Refinancing, to the extent that such refinancing required a change to a Transaction Document (e.g., as a result of a change to some rating agency condition or criteria), the Province's ability to issue an objection notice and thereby prevent the issuance of a Process Certificate under Section 3.01 (by virtue of Section 3.04) would have the effect of preventing a Refinancing. We trust that this was an unintended outcome of the drafting of Section 3.04 and/or the Adherence Conditions applicable to Refinancings.

3. Given that the Indenture Trustee is not a party to the Change of Law Process Agreement, the Province and OPG can amend the terms and conditions of this agreement without the consent of the indenture Trustee. Specified Creditors under an Approved Obligation need to be assured that the

Province cannot prevent a Refinancing of an Approved Obligation either by virtue of the objection notice discussed in point #2 above or as a result of a future amendment to the agreement. There are a couple of ways to deal with this point. The first is to a add a beneficiary/third party rights clause in the Change of Law Process Agreement which acknowledges that the Indenture Trustee is a beneficiary of certain provisions of this agreement and as a result, the agreement cannot be amended without the consent of the Indenture Trustee. The second is to ensure that the Adherence Conditions relating to Refinancings under the Change of Law Protection Agreement are not dependent upon the terms of the Change of Law Process Agreement. In light of the desire to not disclose the terms and conditions of the Change of Law Process Agreement to the rating agencies, especially at this late stage in the process, we would expect that the latter approach would be preferable.
Regards, Rocco

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: Wednesday, December 06, 2017 4:38 PM
To: 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>; 'JON.VINER@blakes.com' <JON.VINER@blakes.com>; 'JA.PRESTAGE@blakes.com' <JA.PRESTAGE@blakes.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Mansoori, Nina <nmansoori@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>
Subject: Fair Hydro -- Change of Law Process Agreement
Blakes team,
Please find attached OPG and Torys' comments on the Process Agreement reflecting our discussions from yesterday's call. Please note that this draft is subject to continuing review and comment by Osler and the dealers. As discussed at the tail end of our call yesterday, the section in the Process Agreement that gives the Province the right to object to new and material changes to transaction documents dovetails with the Protection Agreement so additional comments from Oslers may be forthcoming on this draft.
We are working on getting you a revised draft of the Protection Agreement either later today or

tomorrow. In the meantime, please let us know if you have any comments or questions on the Process Agreement.
Best Regards,
Nina

Nina Mansoori
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HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.

CHANGE OF LAW PROCESS AGREEMENT

Dated as of [■], 2017

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**") is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.

Pursuant to a Declaration of Trust dated as of [■], 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

Pursuant to the Management Agreement dated as of [■], 2017, OPG was appointed the Manager of the Financing Entity.

Concurrent with this Agreement, the Province, OPG (as the FSM and as the Manager), the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the applicable Adherence Conditions.

Prior to entering into this Agreement, OPG provided the Province with the final forms of certain of the Transaction Documents, as described on Exhibit "A", and the Province has not objected to such forms and hereby confirms to OPG that such Transaction Documents will constitute "Reference Documentation" for purposes of this Agreement.

Prior to entering into this Agreement, OPG, as the FSM, provided the Minister of Energy, in compliance with the Act, with the initial Financing Plan, which includes the initial forecast (the "**Initial Forecast**") setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Obligations Secured to be incurred during the 24 month period from December 1, 2017 to November 30, 2019 (the "**Initial Forecast Period**"). Prior to entering into this Agreement, OPG provided the Province with the initial Protection Agreement Maximum (the "**Initial Protection Agreement Maximum**"). The Province has received the initial Financing Plan and has not disagreed with the Initial Forecast or the Initial Protection Agreement Maximum on the basis of an apparent inaccuracy in the Initial Forecast, an inconsistency between the Initial Forecast and the initial Financing Plan, or as a result of the Initial Protection Agreement Maximum being more than the Initial Forecast.

This Agreement sets out the obligations OPG has agreed to perform and assurances OPG has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the applicable Adherence Conditions have been satisfied and maintaining information related to the Program Agreements and the Approved Obligations.

All things necessary to make this Agreement a valid and legally binding agreement of OPG and the Province, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall"; the word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such

other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed; the words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 <u>References to the Financing Entity</u>

For greater certainty, each reference to the Financing Entity shall be construed as a reference to the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 <u>Effect of Headings</u>

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.04 <u>Successors and Assigns</u>

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 <u>Severability</u>

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.06 <u>Governing Law</u>

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND

REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF OPG

2.01 Deliveries to the Province

(a) OPG shall promptly deliver to the Province a copy of any proposed change to or replacement of the Financing Plan.

(b) Not less than 10 Business Days, or such lesser period as the Province may agree to in writing, prior to:

(i) any proposed material change in the terms or conditions applicable to a Primary Obligation in a previously provided Transaction Document becoming effective or otherwise being used; provided, for greater certainty, that a proposed change in particular financial terms, rates or levels shall not constitute a material change for this purpose and, without limitation, any change that could reasonably be expected to have a Material Effect shall constitute a material change for this purpose, and

(ii) any additional, supplemental or replacement Transaction Document becoming effective or otherwise being used,

OPG shall deliver to the Province a copy of such proposed change to the Transaction Document and any such additional, supplemental or replacement Transaction Document.

(c) Without limiting Subsection 2.01(b), promptly following (i) any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor being made, (ii) any new, additional, supplemental or replacement instruments, documents, agreements or security being used or granted in connection with all or any part of the Approved Obligations, or (iii) any waiver, release, reconveyance, termination, abandonment, subordination, exchange, substitution, transfer, compound, compromise, liquidation or enforcement of all or any part of the Approved Obligations or any security or guarantee therefor being effected, OPG shall, except if previously been provided to the Province under Subsection 2.01(b), deliver to the Province a detailed description of such event and the reasons for it, together with any related documents, agreements and instruments.

(d) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, OPG shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations

(including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(e) Promptly upon request, OPG shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

2.02 <u>Covenants</u>

(a) OPG shall use commercially reasonable efforts to cause the Financing Entity to:

(i) punctually perform and observe all of the Financing Entity's obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not (unless waived in writing by the Province):

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement, replacement, waiver or consent has or could reasonably be considered to have a Material Effect; provided, however, that the foregoing does not apply to any supplement, amendment, modification, restatement, replacement, waiver or consent in respect of particular financial terms, rates or levels;

(B) extend, renew, compromise, novate, replace, suspend, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, liquidate or enforce the terms of all or any part of the Approved Obligations or any Collateral, if any such action has could reasonably be considered to have a Material Effect; provided, however, that the foregoing does not apply to any such action taken in respect of particular financial terms, rates or levels; or

(C) permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired.

(b) If any action restricted pursuant to Section 2.02(a)(v) is reflected in the terms of a Transaction Document (including any proposed change, addition, supplement or replacement to or of a Transaction Document) delivered by OPG to the Province in accordance with Section 2.01(b) and such terms and action are specifically brought to the attention of the Province at the time of such delivery, then the Province shall be deemed to have waived its rights with respect to such action under Section 2.02(a)(v) if the Province has not objected to the terms of such Transaction Document (including any proposed change, addition, supplement or replacement to or of a Transaction Document) under Section 3.04(b) with respect to the taking of such action.

(c) OPG shall:

(i) comply, and shall use commercially reasonable efforts to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

(ii) punctually perform and observe all of its (including as the FSM and as Manager) obligations and agreements contained in the Program Agreements;

(iii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation;

(iv) notify the Province of (1) the occurrence of any Breach Event and any Program Breach, in each case within 2 Business Days of any such occurrence, and (2) any event or circumstance known to OPG that with the passage of time or the giving of notice would be a Breach Event or a Program Breach, in each case within 1 Business Day of OPG first becoming aware of such event or circumstance; and

(v) after the occurrence of any Protection Event or any Suspension Event (or any event or circumstance known to OPG that with the passage of time or the giving of notice would be a Protection Event or a Suspension Event), not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.

(d) The Province and OPG acknowledge that their obligations to each other under the Indemnity Agreement between the Province and OPG dated June 1, 2017 (as

amended, the "**Indemnity Agreement**") are not amended by this Agreement and continue in full force and effect, notwithstanding that this Agreement is entered into subsequent to the Indemnity Agreement.

(e) The Province and OPG acknowledge that their obligations to each other under the Indemnity Agreement are not amended by the Change of Law Protection Agreement and continue in full force and effect, notwithstanding that the Change of Law Protection Agreement was entered into subsequent to the Indemnity Agreement.

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate

OPG shall deliver to the Province a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Province, on or before the incurrence or any amendment of a Funding Obligation (provided that delivery may not be more than 5 Business Days before the incurrence or amendment of the Funding Obligation), in each case setting out the following with respect to such Funding Obligation:

(a) the material terms of the Funding Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a Derivative Agreement, OPG's best estimate of the expected notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

(b) if an existing Funding Obligation is proposed to be amended, material details respecting such amendment, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

(c) a statement to the effect that: (i) the Funding Obligation to be incurred or amended (1) will arise under terms and conditions that are Substantially in the Form of the Reference Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reference Documentation;

(d) a statement confirming that any disclosure made in respect of the Funding Obligation (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to the Funding Obligation) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement has been made available to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made;

(e) a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and

(f) confirmation that, at the time the Funding Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Funding Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the Protection Agreement Maximum applicable on the date that the Process Certificate is delivered; for clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be determined on the date the Process Certificate is delivered hereunder in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

Notwithstanding the foregoing, no Process Certificate shall be required to be delivered in respect of: (x) any Funding Obligation under which not more than $5,000,000 in the aggregate may become payable by the Financing Entity or (y) the incurrence of a Post-Suspension Refinancing that is proposed to be entered into by the Manager in compliance with the requirements of Section 7.03 of the Change of Law Protection Agreement after the Province has elected not to offer to fund such Post-Suspension Refinancing in accordance with such requirements.

3.02 Acknowledgement regarding delivery of certificate under Change of Law Protection Agreement

The Province acknowledges that, concurrent with the delivery of the Process Certificate pursuant to Section 3.01 of this Agreement, the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) will be authorized by OPG to deliver the certificate referred to in Subsection 4.02(a)(ii) of the Change of Law Protection Agreement to the Indenture Trustee confirming that OPG has complied with all

of its obligations to the Province and internal requirements and processes in connection with adherence of the Limited Guarantee to the incurrence of the Certified Primary Obligations in respect of which the certificate in Subsection 4.02(a)(ii) of the Change of Law Protection Agreement is being delivered; provided that, upon receipt of a Suspension Notice under the Change of Law Protection Agreement, OPG covenants not to not permit the delivery of any further certificates to the Indenture Trustee under Subsection 4.02(a)(ii) of the Change of Law Protection Agreement.

3.03 Suspension Events and Related Matters

(a) The parties acknowledge and agree that the Province is entitled to deliver a Suspension Notice under Section 7.01 of the Change of Law Protection Agreement if a Program Breach or Breach Event has occurred.

(b) The Province agrees not to deliver a Suspension Notice pursuant to Section 7.01 of the Change of Law Protection Agreement unless a Program Breach or a Breach Event has occurred.

(c) The Province acknowledges that it will not be entitled to object to an incurrence by the Financing Entity of a Post-Suspension Refinancing proposed to be entered into by the Manager in compliance with the requirements of Section 7.03 of the Change of Law Protection Agreement after the Province has elected not to offer to fund such Post-Suspension Refinancing in accordance with such requirements. For greater certainty, the requirements of this Agreement shall apply in respect of any Post-Suspension Refinancing, including any Transaction Document that is proposed to be entered into, amended or otherwise affected in connection with implementation of the Post-Suspension Refinancing, except that no Process Certificate shall be required to be delivered to the Province in connection with such an incurrence.

3.04 <u>Meaning of "Reference Documentation"</u>

For the purposes of Subsection 3.01(c), the term "Reference Documentation" shall mean each Transaction Document that, at the relevant time:

(a) is a Transaction Document listed on Exhibit "A"; or

(b) is a Transaction Document (including any amended or amended and restated Transaction Document) delivered to the Province in accordance with Subsection 2.01(b) that has not been objected to by the Province, by delivery of an objection notice in writing delivered to OPG, within 10 Business Days after it is so delivered to the Province; provided that the Province (i) shall only be entitled to deliver an objection notice in connection with a change proposed to be made or an action proposed to be taken to or in respect of a previously delivered Transaction Document that forms part of the Reviewed Documentation at the relevant time, or in connection with any additional, supplemental or replacement Transaction Document that contains a term or a condition that differs in any material respect

from the terms or conditions applicable to any other Transaction Document that forms part of the Reviewed Documentation at the relevant time, in each case if such change, action, addition, supplement or replacement to, of or in respect of the applicable Transaction Document has or could reasonably be expected to have a Material Effect and (ii) shall not be entitled to deliver an objection notice in respect of the incurrence of a Post-Suspension Refinancing that is proposed to be entered into by the Manager in compliance with the requirements of Section 7.03 of the Change of Law Protection Agreement after the Province has elected not to offer to fund such Post-Suspension Refinancing in accordance with such requirements.

3.05 Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(c), the term "Substantially in the Form" shall mean:

(a) with respect to the Reference Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such Reference Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation that has or could have a Material Effect; provided, however, that the foregoing does not apply to any particular financial terms, rates or levels; and

(b) with respect to the Reference Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum

(a) Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Obligations Secured that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Obligations Secured to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast shall be further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum, which may not exceed such Forecast.

(b) Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of any further Forecast and notice of the revised Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province may disagree with such further Forecast or revised Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in such further Forecast, (ii) the further Forecast is inconsistent with the Financing Plan, or (iii) the revised Protection Agreement Maximum is more than the further Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the revised Protection Agreement Maximum will be further revised accordingly and confirmed by an amended notice to the Province.

(c) For clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be valued at the time to be determined for the purposes of this Section 4.01 in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of OPG

OPG represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM or as the Manager, may cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario and has the power and authority to enter into and perform its obligations under this Agreement and all instruments and agreements delivered pursuant hereto.

(c) OPG has the power and authority to enter into and perform its obligations as the FSM and as the Manager under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM or as the Manager has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Financing Entity or in the ability of the Financing Entity to perform its obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with

the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

5.02 Representations and Warranties of the Province

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
BREACH EVENTS

6.01 Breach Events

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

(a) a default in the performance, or breach, by OPG of Section 2.01(b)(i), Section 2.02(b)(iv) or Section 3.01;

(b) a default in the performance, or breach, of any other covenants of OPG under this Agreement (excluding Section 2.01(b)(i), Section 2.02(b)(iv) and Section 3.01), which, if curable in a way such that the default or breach would not have or have had a material adverse effect on the rights and interests of the Province, is not so cured within thirty (30) days;

(c) any representation or warranty made by OPG in this Agreement, any certification made in a Process Certificate, or any certification made in a certificate contemplated by Subsection 4.02 of the Change of Law Protection Agreement, proves to be incorrect in any material respect on the date made and which, if curable in a way such that the incorrect representation or warranty may be remedied without having or having had a material adverse effect on the rights and interests of the Province as a result of the Province's reliance thereon, is not so cured within thirty (30) days; or

(d) OPG is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the Manager.

ARTICLE VII
MISCELLANEOUS

7.01 Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

7.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to OPG:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

(b) if to the Province:

Deputy Minister of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Deputy Ministry of Energy

[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 7.02.

7.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 7.03 shall be null and void.

7.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

7.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

7.06 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

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

By: _____

Name:
Title:

By: _____

Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Breach Event**" has the meaning ascribed thereto in Section 6.01.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the Financing Entity, OPG (as the FSM and the Manager) and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

"**Financing Entity**" means Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(a).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**IESO Security Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**Initial Forecast**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Initial Forecast Period**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Initial Protection Agreement Maximum**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO.

"**Material Effect**" means:

(a) with respect to any change or action, as applicable, to or in respect of a previously delivered Transaction Document that forms part of the Reviewed Documentation at the relevant time; and

(b) with respect to any additional, supplemental or replacement Transaction Document proposed to form part of the Reviewed Documentation and that contains a term or a condition that differs in any material respect from the terms or conditions applicable to any other Transaction Document that forms part of the Reviewed Documentation at the relevant time,

that the making of such change, the taking of such action, or the entering into of such addition, supplement or replacement, as applicable, has or could reasonably be expected to have a material effect on the obligations (including as a result of a change in the nature, scope or extent of the

Primary Obligation and the effect on the Province's obligations therefor under the Limited Guarantee) or the rights of the Province under the Limited Guarantee, the Change of Law Protection Agreement or this Agreement, in each case that could reasonably be expected to affect (i) the timing of or circumstances under which Primary Obligations would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization); (ii) the appointment, obligations or duties of OPG as the Manager; (iii) the existence, powers or authority of the Financing Entity or the Financing Entity Trustee; (iv) the obligations of the Indenture Trustee to or in respect of the Province as a Specified Creditor; [(v) the limitations and requirements otherwise applicable to the capital structure of the Financing Entity under any existing Program Agreement;] (vi) the payment provisions and associated priorities set forth in the Trust Indenture; [(vii) the obligations or liability of the Financing Entity to pay any tax;] (viii) compliance by the FSM or the Manager with the then applicable Financing Plan; [(ix) the circumstances in which a Protection Event could arise;] (x) compliance by the FSM, the Manager, the Financing Entity or IESO with the Act or the General Regulation; (xi) the nature or character of the payment obligations (but, subject to compliance with the Financing Plan, irrespective of the amount payable thereunder) that could become payable under the Limited Guarantee; or (xii) the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of this Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Protection Agreement Maximum**" means the dollar amount referenced as the Program Agreement Maximum and determined in accordance with Section 4.01.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture.

"**Reference Documentation**" has the meaning ascribed thereto in Section 3.04.

"**Repayment**" has the meaning ascribed to the term "repayment" in the General Regulation as of the date of this Agreement.

"**Substantially in the Form**" has the meaning ascribed thereto in Section 3.05.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement; (vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that could affect the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

EXHIBIT "A"
INITIAL REFERENCE DOCUMENTATION

- Declaration of Trust;
- Management Agreement;
- Master Transfer and Servicing Agreement;
- Acknowledgement and indemnity agreement dated as of [■], 2017 made by IESO in favour of the Indenture Trustee;
- IESO Security Agreement;
- Trust Indenture;
- Warehouse Senior Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;
- Warehouse Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017; and
- Warehouse Junior Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.

CHANGE OF LAW PROCESS AGREEMENT

Dated as of [■], 2017

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**") is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.

Pursuant to a Declaration of Trust dated as of [■], 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

Pursuant to the Management Agreement dated as of [■], 2017, OPG was appointed the Manager of the Financing Entity.

Concurrent with this Agreement, the Province, OPG (as the FSM and as the Manager), the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the applicable Adherence Conditions.

Prior to entering into this Agreement, OPG provided the Province with the final forms of certain of the Transaction Documents, as described on Exhibit "A", and the Province has not objected to such forms and hereby confirms to OPG that such Transaction Documents will constitute "Reference Documentation" for purposes of this Agreement.

Prior to entering into this Agreement, OPG, as the FSM, provided the Minister of Energy, in compliance with the Act, with the initial Financing Plan, which includes the initial forecast (the "**Initial Forecast**") setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Obligations Secured to be incurred during the 24 month period from December 1, 2017 to November 30, 2019 (the "**Initial Forecast Period**"). Prior to entering into this Agreement, OPG provided the Province with the initial Protection Agreement Maximum (the "**Initial Protection Agreement Maximum**"). The Province has received the initial Financing Plan and has not disagreed with the Initial Forecast or the Initial Protection Agreement Maximum on the basis of an apparent inaccuracy in the Initial

Forecast, an inconsistency between the Initial Forecast and the initial Financing Plan, or as a result of the Initial Protection Agreement Maximum being more than the Initial Forecast.

This Agreement sets out the obligations OPG has agreed to perform and assurances OPG has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the applicable Adherence Conditions have been satisfied and maintaining information related to the Program Agreements and the Approved Obligations.

All things necessary to make this Agreement a valid and legally binding agreement of OPG and the Province, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall"; the word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed; the words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 References to the Financing Entity

For greater certainty, each reference to the Financing Entity shall be construed as a reference to the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.04 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.06 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF OPG

2.01 Deliveries to the Province

(a) OPG shall promptly deliver to the Province a copy of any proposed change to or replacement of the Financing Plan.

(b) Not less than 10 Business Days, or such lesser period as the Province may agree to in writing, prior to:

(i) any proposed material change in the terms or conditions applicable to a Primary Obligation in a previously provided Transaction Document becoming effective or otherwise being used; provided, for greater certainty, that a proposed change in particular financial terms, rates or levels shall not constitute a material change for this purpose and, without limitation, any change that could reasonably be expected to have a Material Effect shall constitute a material change for this purpose, and

(ii) any additional, supplemental or replacement Transaction Document becoming effective or otherwise being used,

OPG shall deliver to the Province a copy of such proposed change to the Transaction Document and any such additional, supplemental or replacement Transaction Document.

(c) Without limiting Subsection 2.01(b), ~~and except as has previously been provided to the Province under Subsection 2.01(b),~~ promptly following (i) any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor being made, (ii) any new, additional, supplemental or replacement instruments, documents, agreements or security being used or granted in connection with all or any part of the Approved Obligations, or (iii) any waiver, release, reconveyance, termination, abandonment, subordination, exchange, substitution, transfer, compound, compromise, liquidation or enforcement of all or any part of the Approved Obligations or any security or guarantee therefor being effected, OPG shall, except if previously been provided to the Province under Subsection 2.01(b), deliver to the Province a detailed description of such event and the reasons for it, together with any related documents, agreements and instruments. ~~*[Note to Province/Blakes: We assume that if the change is provided pursuant to Subsection 2.01(b) that it may not be redelivered under this section.]*~~

(d) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, OPG shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations (including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(e) Promptly upon request, OPG shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

2.02 Covenants

(a) OPG shall use commercially reasonable efforts to cause the Financing Entity to:

(i) punctually perform and observe all of the Financing Entity's obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not (unless waived in writing by the Province):

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement, replacement, waiver or consent has or could reasonably be considered to have a Material Effect; provided, however, that the foregoing does not apply to any supplement, amendment, modification, restatement, replacement, waiver or consent in respect of particular financial terms, rates or levels;

(B) extend, renew, compromise, novate, replace, suspend, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, liquidate or enforce the terms of all or any part of the Approved Obligations or any Collateral, if any such action has could reasonably be considered to have a Material Effect;

provided, however, that the foregoing does not apply to any such action taken in respect of particular financial terms, rates or levels; or

(C) permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired.

(b) If any action restricted pursuant to Section 2.02(a)(v) is reflected in ~~a delivery required to be made~~the terms of a Transaction Document (including any proposed change, addition, supplement or replacement to or of a Transaction Document) delivered by OPG to the Province ~~pursuant to~~in accordance with Section 2.01(b) and ~~is not objected to by the Province under Section 3.04(b),~~such terms and action are specifically brought to the attention of the Province at the time of such delivery, then the Province shall be deemed to have waived its rights ~~under Section 2.02(a)(v)~~with respect to such action under Section 2.02(a)(v) if the Province has not objected to the terms of such Transaction Document (including any proposed change, addition, supplement or replacement to or of a Transaction Document) under Section 3.04(b) with respect to the taking of such action.

(c) OPG shall:

(i) comply, and shall use commercially reasonable efforts to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

(ii) punctually perform and observe all of its (including as the FSM and as Manager) obligations and agreements contained in the Program Agreements;

(iii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation; ~~and~~

(iv) notify the Province of (1) the occurrence of any Breach Event and any Program Breach, in each case within 2 Business Days of any such occurrence, and (2) any event or circumstance known to OPG that with the passage of time or the giving of notice would be a Breach Event or a Program Breach, in each case within 1 Business Day of OPG first becoming aware of such event or circumstance; and

(v) after the occurrence of any Protection Event or any Suspension Event (or any event or circumstance known to OPG that with the passage of time or the giving of notice would be a Protection Event or a Suspension Event), not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation

under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.

(d) The Province and OPG acknowledge that their obligations to each other under the Indemnity Agreement between the Province and OPG dated June 1, 2017 (as amended, the "**Indemnity Agreement**") are not amended by this Agreement and continue in full force and effect, notwithstanding that this Agreement is entered into subsequent to the Indemnity Agreement.

(e) The Province and OPG acknowledge that their obligations to each other under the Indemnity Agreement are not amended by the Change of Law Protection Agreement and continue in full force and effect, notwithstanding that the Change of Law Protection Agreement was entered into subsequent to the Indemnity Agreement.

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate

OPG shall deliver to the Province a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Province, on or before the incurrence or any amendment of a Funding Obligation~~, other than any Funding Obligation under which not more than $5,000,000 in the aggregate may become payable by the Financing Entity~~ (provided that delivery may not be more than 5 Business Days before the incurrence or amendment of the Funding Obligation), in each case setting out the following with respect to such Funding Obligation:

(a) the material terms of the Funding Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a Derivative Agreement, OPG's best estimate of the expected notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

(b) if an existing Funding Obligation is proposed to be amended, material details respecting such amendment, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

(c) a statement to the effect that: (i) the Funding Obligation to be incurred or amended (1) will arise under terms and conditions that are Substantially in the Form of the Reference Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a

reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reference Documentation;

(d) a statement confirming that any disclosure made in respect of the Funding Obligation (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to the Funding Obligation) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement has been made available to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made;

(e) a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and

(f) confirmation that, at the time the Funding Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Funding Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the Protection Agreement Maximum applicable on the date that the Process Certificate is delivered; for clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be determined on the date the Process Certificate is delivered hereunder in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

Notwithstanding the foregoing, no Process Certificate shall be required to be delivered in respect of: (x) any Funding Obligation under which not more than $5,000,000 in the aggregate may become payable by the Financing Entity or (y) the incurrence of a Post-Suspension Refinancing that is proposed to be entered into by the Manager in compliance with the requirements of Section 7.03 of the Change of Law Protection Agreement after the Province has elected not to offer to fund such Post-Suspension Refinancing in accordance with such requirements.

3.02 Acknowledgement regarding delivery of certificate under Change of Law Protection Agreement

The Province acknowledges and agrees that, concurrent with the delivery of the Process Certificate pursuant to Section 3.01 of this Agreement, the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) arewill be authorized by OPG to deliver the certificate referred to in Subsection 4.02(a)(ii) of the Change of Law Protection Agreement to the Indenture Trustee confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with adherence of the Limited Guarantee to the incurrence of the Certified Primary Obligations in respect of which the certificate in Subsection 4.02(a)(ii) of the Change of Law Protection Agreement is being delivered; provided that, upon receipt of a Suspension Notice under the Change of Law Protection Agreement, OPG covenants not to delivernot permit the delivery of any further certificates to the Indenture Trustee under Subsection 4.02(a)(ii) of the Change of Law Protection Agreement.

3.03 Acknowledgement regarding delivery of Suspension Notice Events and Related Matters

(a) The parties acknowledge and agree that the Province is entitled to deliver a Suspension Notice under Section 7.01 of the Change of Law Protection Agreement if a Program Breach or Breach Event has occurred. The Province agrees not to deliver a Suspension Notice pursuant to Section 7.01 of the Change of Law Protection Agreement unless a Program Breach or a Breach Event has occurred.

(b) The Province agrees not to deliver a Suspension Notice pursuant to Section 7.01 of the Change of Law Protection Agreement unless a Program Breach or a Breach Event has occurred.

(c) The Province acknowledges that it will not be entitled to object to an incurrence by the Financing Entity of a Post-Suspension Refinancing proposed to be entered into by the Manager in compliance with the requirements of Section 7.03 of the Change of Law Protection Agreement after the Province has elected not to offer to fund such Post-Suspension Refinancing in accordance with such requirements. For greater certainty, the requirements of this Agreement shall apply in respect of any Post-Suspension Refinancing, including any Transaction Document that is proposed to be entered into, amended or otherwise affected in connection with implementation of the Post-Suspension Refinancing, except that no Process Certificate shall be required to be delivered to the Province in connection with such an incurrence.

3.04 Meaning of "Reference Documentation"

For the purposes of Subsection 3.01(c), the term "Reference Documentation" shall mean each Transaction Document that, at the relevant time:

(a) is a Transaction Document listed on Exhibit "A"; or

(b) is a Transaction Document (including any amended or amended and restated Transaction Document) ~~provided~~delivered to the Province in accordance with Subsection 2.01(b) that has not been objected to by the Province, by delivery of an objection notice in writing delivered to OPG, within 10 Business Days after it is ~~provided~~so delivered to the Province; provided that the Province (i) shall only be entitled to deliver an objection notice ~~if the Transaction Document (including any amended or amended and restated Transaction Document) has~~in connection with a change proposed to be made or an action proposed to be taken to or in respect of a previously delivered Transaction Document that forms part of the Reviewed Documentation at the relevant time, or in connection with any additional, supplemental or replacement Transaction Document that contains a term or a condition that differs in any material respect from the terms or conditions applicable to any other Transaction Document that forms part of the Reviewed Documentation at the relevant time, in each case if such change, action, addition, supplement or replacement to, of or in respect of the applicable Transaction Document has or could reasonably be expected to have a Material Effect and (ii) shall not be entitled to deliver an objection notice in respect of the incurrence of a Post-Suspension Refinancing that is proposed to be entered into by the Manager in compliance with the requirements of Section 7.03 of the Change of Law Protection Agreement after the Province has elected not to offer to fund such Post-Suspension Refinancing in accordance with such requirements.

3.05 Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(c), the term "Substantially in the Form" shall mean:

(a) with respect to the Reference Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such Reference Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation that has or could have a Material Effect; provided, however, that the foregoing does not apply to any particular financial terms, rates or levels; and

(b) with respect to the Reference Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum

(a) Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Obligations Secured that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Obligations Secured to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast shall be further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum, which may not exceed such Forecast. ~~***[Note to Province/Blakes: Change made to be consistent with changes in recitals and to reflect what is provided in the Financing Plan.]***~~

(b) Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of any further Forecast and notice of the revised Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province may disagree with such further Forecast or revised Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in such further Forecast, (ii) the further Forecast is inconsistent with the Financing Plan, or (iii) the revised Protection Agreement Maximum is more than the further Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the revised Protection Agreement Maximum will be further revised accordingly and confirmed by an amended notice to the Province.

(c) For clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be valued at the time to be determined for the purposes of this Section 4.01 in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of OPG

OPG represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM or as the Manager, may cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario and has the power and authority to enter into and perform its obligations under this Agreement and all instruments and agreements delivered pursuant hereto.

(c) OPG has the power and authority to enter into and perform its obligations as the FSM and as the Manager under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM or as the Manager has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Financing Entity or in the ability of the Financing Entity to perform its obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

5.02 Representations and Warranties of the Province

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
BREACH EVENTS

6.01 Breach Events

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

(a) a default in the performance, or breach, by OPG of Section 2.01(b)(i), Section 2.02(b)(iv) or Section 3.01;

(b) a default in the performance, or breach, of any other covenants of OPG under this Agreement (excluding Section 2.01(b)(i), Section 2.02(b)(iv) and Section 3.01), which, if curable in a way such that the default or breach would not have or have had a ~~Material Effect~~material adverse effect on the rights and interests of the Province, is not so cured within thirty (30) days;

(c) any representation or warranty made by OPG in this Agreement, any certification made in a Process Certificate, or any certification made in a certificate contemplated by Subsection 4.02 of the Change of Law Protection Agreement, proves to be incorrect in ~~a~~any material respect on the date made and which, if curable in a way such that the incorrect representation or warranty may be remedied without ~~any Material Effect having occurred~~having or having had a material adverse effect on the rights and interests of the Province as a result of the Province's reliance thereon, is not so cured within thirty (30) days; or~~ *[Note to Province/Blakes: Change made to be consistent with description of Breach Event in the Change of Law Protection Agreement.]*~~

(d) OPG is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the Manager.

ARTICLE VII
MISCELLANEOUS

7.01 Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

7.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to OPG:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

(b) if to the Province:

Deputy Minister of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Deputy Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 7.02.

7.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 7.03 shall be null and void.

7.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

7.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

7.06 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

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

By: _____

Name:
Title:

By: _____

Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Breach Event**" has the meaning ascribed thereto in Section 6.01.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the Financing Entity, OPG (as the FSM and the Manager) and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

"**Financing Entity**" means Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(a).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**IESO Security Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**Initial Forecast**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Initial Forecast Period**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Initial Protection Agreement Maximum**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO.

"**Material Effect**" means ~~(i) with respect to a previously provided Transaction Document, any change or action, as applicable, that could affect the timing of or circumstances under which related payments would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that could adversely affect the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation or (ii) with respect to any additional, supplemental or replacement Transaction Document, such Transaction Document contains a term that (X) could adversely affect the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation or (Y) relates to the timing of or circumstances under which Primary Obligations would or may become due or accrue (including as a result of any default, acceleration,~~

~~termination, wind-up, liquidation or realization) that is different in any material respect than the equivalent terms contained in any previously provided Reference Documentation.~~:

(a) with respect to any change or action, as applicable, to or in respect of a previously delivered Transaction Document that forms part of the Reviewed Documentation at the relevant time; and

(b) with respect to any additional, supplemental or replacement Transaction Document proposed to form part of the Reviewed Documentation and that contains a term or a condition that differs in any material respect from the terms or conditions applicable to any other Transaction Document that forms part of the Reviewed Documentation at the relevant time,

that the making of such change, the taking of such action, or the entering into of such addition, supplement or replacement, as applicable, has or could reasonably be expected to have a material effect on the obligations (including as a result of a change in the nature, scope or extent of the Primary Obligation and the effect on the Province's obligations therefor under the Limited Guarantee) or the rights of the Province under the Limited Guarantee, the Change of Law Protection Agreement or this Agreement, in each case that could reasonably be expected to affect (i) the timing of or circumstances under which Primary Obligations would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization); (ii) the appointment, obligations or duties of OPG as the Manager; (iii) the existence, powers or authority of the Financing Entity or the Financing Entity Trustee; (iv) the obligations of the Indenture Trustee to or in respect of the Province as a Specified Creditor; [(v) the limitations and requirements otherwise applicable to the capital structure of the Financing Entity under any existing Program Agreement;] (vi) the payment provisions and associated priorities set forth in the Trust Indenture; [(vii) the obligations or liability of the Financing Entity to pay any tax;] (viii) compliance by the FSM or the Manager with the then applicable Financing Plan; [(ix) the circumstances in which a Protection Event could arise;] (x) compliance by the FSM, the Manager, the Financing Entity or IESO with the Act or the General Regulation; (xi) the nature or character of the payment obligations (but, subject to compliance with the Financing Plan, irrespective of the amount payable thereunder) that could become payable under the Limited Guarantee; or (xii) the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of this Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Protection Agreement Maximum**" means the dollar amount referenced as the Program Agreement Maximum and determined in accordance with Section 4.01.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture.

"**Reference Documentation**" has the meaning ascribed thereto in Section 3.04.

"**Repayment**" has the meaning ascribed to the term "repayment" in the General Regulation as of the date of this Agreement.

"**Substantially in the Form**" has the meaning ascribed thereto in Section 3.05.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement; (vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that could affect the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

EXHIBIT "A"
INITIAL REFERENCE DOCUMENTATION

- Declaration of Trust;
- Management Agreement;
- Master Transfer and Servicing Agreement;
- Acknowledgement and indemnity agreement dated as of [■], 2017 made by IESO in favour of the Indenture Trustee;
- IESO Security Agreement;
- Trust Indenture;
- Warehouse Senior Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;
- Warehouse Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017; and
- Warehouse Junior Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

Document comparison by Workshare Compare on Wednesday, December 13, 2017 11:04:49 AM

Input:	
Document 1 ID	PowerDocs://TOR_2528/23239361/25
Description	TOR_2528-#23239361-v25-Change_of_Law_-_Process_Agreement
Document 2 ID	PowerDocs://TOR_2528/23239361/26
Description	TOR_2528-#23239361-v26-Change_of_Law_-_Process_Agreement
Rendering set	Standard

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

Statistics:	
	Count
Insertions	59
Deletions	39
Moved from	9
Moved to	9
Style change	0
Format changed	0
Total changes	116

From:	Ken Kandeepan
To:	"LEE John -TREASURY"
Cc:	Malle Hanslep (MOF); Tobias P. Whitfield (MOF); Anna Strathy; Mark Donaldson (MOF); Mike Manning; John Psinas
Subject:	FW: Fair Hydro - Change of Law - Protection and Process Agreements
Date:	Wednesday, December 13, 2017 4:23:38 PM
Attachments:	Blackline - Protection Agreement (Changed Page).pdf Fair Hydro -- Change of Law Process Agreement.DOCX Blackline - Process Agreement.pdf

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Hi John

As discussed we would have appreciated an opportunity to review the version of the Process Agreement that was signed off by E&Y against the draft with our comments and engaged in a discussion with you and counsel to arrive at an acceptable compromise however, I have some sympathy with regard to the urgency arising from the deadline imposed by the two Rating Agencies. Pls treat this as our acceptance of the attached Process Agreement. Pls let us know at your earliest of changes, if any, proposed by the Rating Agencies.

Thanks

Ken K

From: Saulnier, Brett [mailto:bsaulnier@torys.com]

Sent: Wednesday, December 13, 2017 11:32 AM

To: ASHBOURNE, STEPHEN ; Milligan, Peter ; Sebastiano, Rocco ; Mansoori, Nina ; Ken Kandeepan ; 'LADAK Lubna -TREASURY' ; Anna Strathy ; 'Veinot, Cindy (TBS)' ; Tom McKinlay (MAG) ; Mark Donaldson (MOF) ; Daniel Cayley (ENERGY) ; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' ; Ramchandani, Rima ; 'LEE John -TREASURY' ; 'RYFA Ken -TREASURY' ; 'HAHN PARKER Janet -TREASURY' ; 'MAUTI John -FIN & C CTRL' ; 'LAURETA LAPIRA May -TREASURY' ; Feldman, Michael ; 'WONG Leslie -LAWDIV' ; Fullerton, Rick ; Gadi Mayman ; Mike Manning ; Malle Hanslep (MOF) ; 'ian.benaiah@rbccm.com' ; 'Khan, Nur (nur.khan@rbccm.com)' ; 'brent.r.taylor@rbccm.com' ; 'katrina.niehaus@gs.com' ; 'brian.delaney@gs.com' ; 'Maciel, Andrew' ; 'Adalja, Sunil' ; 'Persad, Nicole' ; 'Persaud, Donnie - Debt Capital Markets' ; Steen Hume (CAB) ; Olusoga, Yinka ; Tobias P. Whitfield (MOF) ; PALMER, AARON ; VINER, JON ; PRESTAGE, JA ; 'MAUTI John -FIN & C CTRL'

Subject: RE: Fair Hydro - Change of Law - Protection and Process Agreements

All,

Attached is a revised draft of the definition of "Material Effect" that was proposed by Blakes in the last version of the Protection Agreement (changed page only). The attached reflects OPG's discussions with their accountants and with the Province. Also attached is a revised draft of the Process Agreement, clean and blacklined to the last Torys version circulated below, which conforms the Material Effect definition to the Protection Agreement definition and contains a few other minor cleanups/removal of drafting notes. OPG expects to receive confirmation from the accountants this afternoon that they are comfortable with the documents in this form.

We need to provide the draft Process Agreement to the rating agencies as soon as possible today. Accordingly, we would ask that each of Blakes and Osler confirm their sign off on the attached. Given the timing constraints, we would ask that only substantive concerns be raised as we have limited time to address drafting/style changes.

Regards,

Brett

Brett Saulnier

P. 416.865.8148 | F. 416.865.7380 | 1.800.505.8679

From: Saulnier, Brett

Sent: December-12-17 1:19 AM
To: 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>; 'Milligan, Peter' <PMilligan@osler.com>; 'Sebastiano, Rocco' <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; 'Fullerton, Rick' <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Olusoga, Yinka <yolusoga@torys.com>; 'Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca)' <Tobias.Whitfield@ontario.ca>; 'PALMER, AARON' <AARON.PALMER@blakes.com>; 'VINER, JON' <JON.VINER@blakes.com>; 'PRESTAGE, JA' <JA.PRESTAGE@blakes.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>
Subject: RE: Fair Hydro - Change of Law Process Agreement

All,

In the interest of time, we are circulating concurrently to all parties a revised draft of the Change of Law Process Agreement, clean and blacklined to the last version circulated by Blakes. The attached reflects Torys' attempt to capture the comments and guidance provided by OPG and its accountants and remains subject to their ongoing review. We understand the Province and Blakes will also be discussing the scope of these changes. As there will be limited time to finalize the attached, we suggest discussing next steps to settle this agreement on our 10 a.m. call tomorrow.

Thanks,

Brett

Brett Saulnier

From: Saulnier, Brett
Sent: December-11-17 11:35 PM
To: 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>; Milligan, Peter <PMilligan@osler.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'

<Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>

Subject: RE: Fair Hydro - Change of Law Protection Agreement

All,

Attached for your review is a revised draft of the Change of Law Protection Agreement, clean and blacklined to the last version circulated by Blakes and reflecting the meetings held earlier today. As discussed, we need to provide the attached to the rating agencies **by no later than noon tomorrow** in order to meet our end of year financing deadline. Accordingly, we will be circulating a calendar invite to this group for 10 a.m. tomorrow morning to confirm the parties are signed off. If Osler or Blakes have any comments on the attached, we would ask that they be circulated to this group prior to the 10 a.m. call.

Kind regards,

Brett

Brett Saulnier

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]

Sent: December-08-17 3:16 PM

To: Milligan, Peter <PMilligan@osler.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>

Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)'

<nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>

Subject: RE: Fair Hydro - Change of Law Protection Agreement

Hi,

Attached is a revised version of the Change of Law Protection Agreement. I believe that most of the changes reflected from last night's Osler version (blackline is attached) are of a drafting or conforming nature, other than: (1) the Province disagrees that Approved Refinancing terms should be unfettered by adherence conditions post-Suspension Event and (2) the proposed rating-based "materially and adversely" qualification in the definition of Protection Event (and in fact any such qualification) is not acceptable to the Province. With regard to (1), this version comes into line with the proposed approach (i.e., using a modified adherence condition) that was incorporated into the version of the Change of Law Process Agreement I circulated yesterday. A further turn of that Agreement, to conform the open item identified in section 3.02 to the revised Change of Law Protection Agreement, is also included here for your reference.

Please note that the Province is working through the drafting concurrently and so further drafting comments may be provided.

As mentioned yesterday, the Province would like to proceed with the Ministers sign-off briefing early next week, on the basis that these versions (minus the explanatory notes) are now in substantially final form. Please identify if you believe there are other 'must have' points (other than the 2 mentioned above).

Regards, Steve

Stephen R. Ashbourne
Partner
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From: Milligan, Peter [mailto:PMilligan@osler.com]
Sent: Thursday, December 07, 2017 6:44 PM
To: ASHBOURNE, STEPHEN; Sebastiano, Rocco; Mansoori, Nina
Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Saulnier, Brett; Olusoga, Yinka; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca); PALMER, AARON; VINER, JON; PRESTAGE, JA
Subject: Fair Hydro - Change of Law Protection Agreement

All,

Attached is a revised comment draft of the Change of Low Protection Agreement reflecting comments from Torys and Osler. In order to meet this transaction's timeline, this comment draft has not been reviewed by OPG or the Dealers and is delivered subject to any comments they may have.

Peter

OSLER

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From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: Thursday, December 07, 2017 4:27 PM
To: Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro -- Change of Law Process Agreement

Hi,

Please find (attached) a further turn of the Change of Law Process Agreement, reflecting the Province's comments on the mark-up of the Agreement circulated yesterday afternoon by Torys. The attached blackline shows changes made to yesterday's Torys mark-up.

This version addresses concerns Rocco raised last night, to the extent the Province feels that the issues can be accommodated. For your information, I have set out below responses to Rocco's comments/observations (in CAPs).

The Province would like to proceed with the Ministers briefing early next week, on the basis that this version (minus the explanatory notes) is now in final form. If there are any critical revisions that the other parties believe reflect 'must have' priority, then the Province would like to have a call to discuss them as soon as possible.

Responses to Rocco's Points:

1. The change of the definition of Breach Event in Section 6.01 (i.e., the change to clause (a) and the addition of clause (b)) will result in an inconsistency with section 7.01(b) of the Change of Law Protection Agreement. This will require further consideration. [AGREED. 7.01(b) and 7.01(c) WILL NEED TO MIRROR THE CURE LANGUAGE WE SETTLE ON IN THE PROCESS AGREEMENT (SEE MY EARLIER COMMENTS). PERHAPS THE "which continues …" LANGUAGE IN 7.01(B) CAN BE REVISED TO READ: "to the extent that the Province would be entitled to provide a Suspension Notice in accordance with the terms of the agreement or agreements between the Province and OPG under which such obligations, requirements and processes arise". SIMILAR CHANGE FOR 7.01(C).

2. The right of the Province to issue an objection notice under Section 3.04(b) in connection with a Transaction Document provided to the Province which is required for a Refinancing of an Approved Obligation remains an outstanding issue. Clearly, this will depend upon what Adherence Conditions will be required under Section 4.02 of the Change of Law Protection Agreement in order to permit such Refinancing to become an Approved Obligation. If the Adherence Conditions set out in Section 4.02(a) of the Province's draft of the Change of Law Protection Agreement of December 4 were to apply to such Refinancing, to the extent that such refinancing required a change to a Transaction Document (e.g., as a result of a change to some rating agency condition or criteria), the Province's ability to issue an objection notice and thereby prevent the issuance of a Process Certificate under Section 3.01 (by virtue of Section 3.04) would have the effect of preventing a Refinancing. We trust that this was an unintended outcome of the drafting of Section 3.04 and/or the Adherence Conditions applicable to Refinancings. [THAT IS THE INTENDED EFFECT. THE ADHERENCE CONDITIONS WOULD APPLY TO THE REFINANCING, SO IF THE REFINANCING TERMS DEVIATED MATERIALLY (BASED ON THE SUBSTANTIALLY IN THE FORM" THRESHOLD"), THEN OPG WOULD REQUIRE THE PROVINCE NOT TO OBJECT IN ORDER TO PROCEED WITH THOSE NEW TERMS. OTHERWISE, THE REFINANCING COULD INCORPORATE TERMS AND CONDITIONS, WHICH WOULD BIND THE PROVINCE UNDER THE LIMITED GUARANTEE, THAT WOULD BE UNCONSTRAINED AND WITHOUT ANY ACCOUNTABILITY TO THE PROVINCE. IN ROCCO'S EXAMPLE, THAT MIGHT MEAN THAT OPG WOULD NEED TO RESORT TO UNRATED DEBT, IF THE PROVINCE WAS UNWILLING TO ACCEPT THE NEW TERMS. PRESUMABLY EVERYONE WOULD ACT RATIONALLY. HOWEVER, AS A FAILSAFE, OPG COULD OFFER INCREASED PRICING IN ORDER TO ATTRACT INVESTORS TO ACCEPT THE EARLIER VETTED TERMS (BASED ON THE THEN ACCEPTED REVIEWED DOCUMENTATION).]

3. Given that the Indenture Trustee is not a party to the Change of Law Process Agreement, the Province and OPG can amend the terms and conditions of this agreement without the consent of the indenture Trustee. Specified Creditors under an Approved Obligation need to be assured that the Province cannot prevent a Refinancing of an Approved Obligation either by virtue of the objection notice discussed in point #2 above or as a result of a future amendment to the agreement. There are a couple of ways to deal with this point. The first is to a add a beneficiary/third party rights clause in the Change of Law Process Agreement which acknowledges that the Indenture Trustee is a beneficiary of certain provisions of this agreement and as a result, the agreement cannot be amended without the consent of the Indenture Trustee. The second is to ensure that the Adherence Conditions relating to Refinancings under the Change of Law Protection Agreement are not dependent upon the terms of the Change of Law Process Agreement. In light of the desire to not disclose the terms and conditions of the Change of Law Process Agreement to the rating agencies, especially at this late stage in the process, we would expect that the latter approach would be preferable. [THE SUGGESTION REGARDING THE PROVINCE PREVENTING A REFINANCING IS

ADDRESSED IN #2. IF THE REFINANCING TERMS WOULD EXCEED THE SCOPE OF THE TRANSACTION DOCUMENTS REVIEWED AND NOT OBJECTED TO BY THE PROVINCE, THEN THAT SUGGESTS THERE IS A MATERIAL EFFECT ON THE PROVINCE AND SO THE PROVINCE WOULD NEED THE ABILITY TO REVIEW AND CONSIDER THE PROPRIETY OF THOSE NEW TERMS FROM ITS PERSPECTIVE. AS FOR THE STANDALONE NATURE OF THE PROCESS AGREEMENT, THE INTENTION IS THAT THE PROCESS AGREEMENT BE UNCOUPLED AND NOT PART OF THE COLLATERAL, AND AS MICHAEL FELDMAN HAS EXPLAINED, LEAVE FUTURE FLEXIBILITY FOR THIS LONG-TERM STRUCTURE. TO ADDRESS ROCCO'S CONCERN THAT THE PROVINCE AND OPG COULD CHANGE THE UNDERLYING OBLIGATIONS APPLICABLE TO ADHERENCE IN RELATION TO A NEW OBLIGATION, REQUIREMENT OR PROCESS IN THE PROCESS AGREEMENT THAT WOULD MAKE A REFINANCING LESS LIKELY TO OCCUR, WE HAVE ADDED AND USED IN THE ATTACHED VERSION A NEW DEFFINTION:

> "Approved Refinancing" means a Certified Primary Obligation proposed to be incurred as a Refinancing of an existing Certified Primary Obligation in respect of which the Adherence Conditions had been satisfied on the date such existing Certified Primary Obligation was incurred, that, at the time of incurrence, satisfies each of each of the Adherence Conditions except that the certificate contemplated to be delivered under Section 4.02(b) shall instead confirm that OPG has delivered to the Province a certificate by its applicable officers confirming that OPG would be in compliance with all obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the proposed Certified Primary Obligation that applied as between the Province and OPG on the date of issuance of such existing Certified Primary Obligation." Various references to "Refinancing" in the Protection Agreement can also be revised to refer to "Approved Refinancing", as required.

Regards, Steve

Stephen R. Ashbourne
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———————————————

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From: Sebastiano, Rocco [mailto:RSebastiano@osler.com]
Sent: Wednesday, December 06, 2017 7:45 PM
To: Mansoori, Nina; ASHBOURNE, STEPHEN; VINER, JON; PRESTAGE, JA
Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom

(MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Milligan, Peter; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Saulnier, Brett; Olusoga, Yinka

Subject: RE: Fair Hydro -- Change of Law Process Agreement

I have reviewed the revised draft of the Change of Law Process Agreement that Torys has prepared and would like to pass along the following comments/observations:

1. The change of the definition of Breach Event in Section 6.01 (i.e., the change to clause (a) and the addition of clause (b)) will result in an inconsistency with section 7.01(b) of the Change of Law Protection Agreement. This will require further consideration.

2. The right of the Province to issue an objection notice under Section 3.04(b) in connection with a Transaction Document provided to the Province which is required for a Refinancing of an Approved Obligation remains an outstanding issue. Clearly, this will depend upon what Adherence Conditions will be required under Section 4.02 of the Change of Law Protection Agreement in order to permit such Refinancing to become an Approved Obligation. If the Adherence Conditions set out in Section 4.02(a) of the Province's draft of the Change of Law Protection Agreement of December 4 were to apply to such Refinancing, to the extent that such refinancing required a change to a Transaction Document (e.g., as a result of a change to some rating agency condition or criteria), the Province's ability to issue an objection notice and thereby prevent the issuance of a Process Certificate under Section 3.01 (by virtue of Section 3.04) would have the effect of preventing a Refinancing. We trust that this was an unintended outcome of the drafting of Section 3.04 and/or the Adherence Conditions applicable to Refinancings.

3. Given that the Indenture Trustee is not a party to the Change of Law Process Agreement, the Province and OPG can amend the terms and conditions of this agreement without the consent of the indenture Trustee. Specified Creditors under an Approved Obligation need to be assured that the Province cannot prevent a Refinancing of an Approved Obligation either by virtue of the objection notice discussed in point #2 above or as a result of a future amendment to the agreement. There are a couple of ways to deal with this point. The first is to a add a beneficiary/third party rights clause in the Change of Law Process Agreement which acknowledges that the Indenture Trustee is a beneficiary of certain provisions of this agreement and as a result, the agreement cannot be amended without the consent of the Indenture Trustee. The second is to ensure that the Adherence Conditions relating to Refinancings under the Change of Law Protection Agreement are not dependent upon the terms of the Change of Law Process Agreement. In light of the desire to not disclose the terms and conditions of the Change of Law Process Agreement to the rating agencies, especially at this late stage in the process, we would expect that the latter approach would be preferable.

Regards, Rocco

From: Mansoori, Nina [mailto:nmansoori@torys.com]

Sent: Wednesday, December 06, 2017 4:38 PM

To: 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>; 'JON.VINER@blakes.com' <JON.VINER@blakes.com>; 'JA.PRESTAGE@blakes.com' <JA.PRESTAGE@blakes.com>

Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)'

<Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Mansoori, Nina <nmansoori@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>

Subject: Fair Hydro -- Change of Law Process Agreement

Blakes team,

Please find attached OPG and Torys' comments on the Process Agreement reflecting our discussions from yesterday's call. Please note that this draft is subject to continuing review and comment by Osler and the dealers. As discussed at the tail end of our call yesterday, the section in the Process Agreement that gives the Province the right to object to new and material changes to transaction documents dovetails with the Protection Agreement so additional comments from Oslers may be forthcoming on this draft.

We are working on getting you a revised draft of the Protection Agreement either later today or tomorrow. In the meantime, please let us know if you have any comments or questions on the Process Agreement.

Best Regards,

Nina

Nina Mansoori

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"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity, as amended, supplemented, restated or otherwise modified from time to time.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Agreement**" means an agreement in the form of a Master Agreement as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, as amended, supplemented, restated or otherwise modified from time to time.

~~[~~"**Material Effect**" means a material **adverse** effect on the obligations~~ (including as a result of a change in the nature, scope or extent of the Primary Obligation and the effect on the Province's obligations therefor under the Limited Guarantee)~~ or the rights of the Province under the Limited Guarantee that ~~could reasonably be expected to affect~~**relates to:** (i) the timing of or circumstances under which Primary Obligations would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization)**, that, in each case, is inconsistent with the Fair Allocation Amount**; (ii) the appointment, obligations or duties of OPG as the Manager; (iii) the existence, powers or authority of the Financing Entity or the Financing Entity Trustee; (iv) the obligations of the Indenture Trustee to or in respect of the Province as a Specified Creditor; (v) ~~the limitations and requirements otherwise applicable to the capital structure of the Financing Entity under any existing Program Agreement; (vi)~~ the payment provisions and associated priorities set forth in the Trust Indenture; (~~vii) the obligations or liability of the Financing Entity to pay any tax, (viii~~**vi**) compliance by the FSM with the then applicable Financing Plan; (~~ix) the circumstances in which a Protection Event could arise; (x~~**vii**) compliance by the FSM~~,~~ **or** the Financing Entity~~ or IESO~~ with the Act or the General Regulation; ~~(xi) the nature or character of the payment obligations (but, subject to compliance with the Financing Plan, irrespective of the amount payable thereunder) that could become payable under the Limited Guarantee; or (xii~~**or (viii**) the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of this Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation.~~] [NTD: Under review by accountants and subject to sign off by all parties.]~~

"**Notes**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

Draft: December 13, 2017

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.

CHANGE OF LAW PROCESS AGREEMENT

Dated as of [■], 2017

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**") is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.

Pursuant to a Declaration of Trust dated as of [■], 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the applicable Adherence Conditions.

Prior to entering into this Agreement, OPG provided the Province with the final forms of certain of the Transaction Documents, as described on Exhibit "A", and the Province has not objected to such forms and hereby confirms to OPG that such Transaction Documents will constitute "Reference Documentation" for purposes of this Agreement.

Prior to entering into this Agreement, OPG, as the FSM, provided the Minister of Energy, in compliance with the Act, with the initial Financing Plan, which includes the initial forecast (the "**Initial Forecast**") setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Obligations Secured to be incurred during the 24 month period from December 1, 2017 to November 30, 2019 (the "**Initial Forecast Period**"). Prior to entering into this Agreement, OPG provided the Province with the initial Protection Agreement Maximum (the "**Initial Protection Agreement Maximum**"). The Province has received the initial Financing Plan and has not disagreed with the Initial Forecast or the Initial Protection Agreement Maximum on the basis of an apparent inaccuracy in the Initial Forecast, an inconsistency between the Initial Forecast and the initial Financing Plan, or as a result of the Initial Protection Agreement Maximum being more than the Initial Forecast.

This Agreement sets out the obligations OPG has agreed to perform and assurances OPG has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the applicable Adherence Conditions have been satisfied and maintaining information related to the Program Agreements and the Approved Obligations.

All things necessary to make this Agreement a valid and legally binding agreement of OPG and the Province, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall"; the word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other

subdivisions of this Agreement as originally executed; the words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 References to the Financing Entity

For greater certainty, each reference to the Financing Entity shall be construed as a reference to the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.04 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.06 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF OPG

2.01 Deliveries to the Province

(a) OPG shall promptly deliver to the Province a copy of any proposed change to or replacement of the Financing Plan.

(b) Not less than 10 Business Days, or such lesser period as the Province may agree to in writing, prior to:

(i) any proposed material change in the terms or conditions applicable to a Primary Obligation in a previously provided Transaction Document becoming effective or otherwise being used; provided, however, that a proposed change in particular financial terms, rates or levels shall not constitute a material change, and

(ii) any additional, supplemental or replacement Transaction Document becoming effective or otherwise being used,

OPG shall deliver to the Province a copy of such proposed change to the Transaction Document and any such additional, supplemental or replacement Transaction Document.

(c) Without limiting Subsection 2.01(b), and except as has previously been provided to the Province under Subsection 2.01(b), promptly following (i) any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor being made, (ii) any new, additional, supplemental or replacement instruments, documents, agreements or security being used or granted in connection with all or any part of the Approved Obligations, or (iii) any waiver, release, reconveyance, termination, abandonment, subordination, exchange, substitution, transfer, compound, compromise, liquidation or enforcement of all or any part of the Approved Obligations or any security or guarantee therefor being effected, OPG shall deliver to the Province a detailed description of such event and the reasons for it together with any related documents, agreements and instruments.

(d) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, OPG shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations (including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(e) Promptly upon request, OPG shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

2.02 <u>Covenants</u>

(a) OPG shall use commercially reasonable efforts to cause the Financing Entity to:

(i) punctually perform and observe all of the Financing Entity's obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not (unless waived in writing by the Province):

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement, replacement, waiver or consent could reasonably be considered to have a Material Effect; provided, however, that the foregoing does not apply to any supplement, amendment, modification, restatement, replacement, waiver or consent in respect of particular financial terms, rates or levels;

(B) extend, renew, compromise, novate, replace, suspend, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, liquidate or enforce the terms of all or any part of the Approved Obligations or any Collateral, if any such action could reasonably be considered to have a Material Effect; provided, however, that the foregoing does not apply to any such action taken in respect of particular financial terms, rates or levels; or

(C) permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired.

(b) If any action restricted pursuant to Section 2.02(a)(v) is reflected in a delivery required to be made by OPG to the Province pursuant to Section 2.01(b) and is not objected to by the Province under Section 3.04(b), the Province shall be

deemed to have waived its rights in respect of such action under Section 2.02(a)(v).

(c) OPG shall:

(i) comply, and shall use commercially reasonable efforts to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

(ii) punctually perform and observe all of its (including as the FSM and as Manager) obligations and agreements contained in the Program Agreements;

(iii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation; and

(iv) notify the Province of (1) the occurrence of any Breach Event and any Program Breach, in each case within 2 Business Days of any such occurrence, and (2) any event or circumstance known to OPG that with the passage of time or the giving of notice would be a Breach Event or a Program Breach, in each case within 1 Business Day of OPG first becoming aware of such event or circumstance; and

(v) after the occurrence of any Protection Event (or any event or circumstance known to OPG that with the passage of time or the giving of notice would be a Protection Event), not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.

(d) The Province and OPG acknowledge that their obligations to each other under the Indemnity Agreement between the Province and OPG dated June 1, 2017 (as amended, the "**Indemnity Agreement**") are not amended by this Agreement and continue in full force and effect, notwithstanding that this Agreement is entered into subsequent to the Indemnity Agreement.

(e) The Province and OPG acknowledge that their obligations to each other under the Indemnity Agreement are not amended by the Change of Law Protection Agreement and continue in full force and effect, notwithstanding that the Change of Law Protection Agreement was entered into subsequent to the Indemnity Agreement.

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate

OPG shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Province, on or before the incurrence or any amendment of a Funding Obligation, other than any Funding Obligation under which not more than $5,000,000 in the aggregate may become payable by the Financing Entity (provided that delivery may not be more than 5 Business Days before the incurrence or amendment of the Funding Obligation), setting out the following with respect to such Funding Obligation:

(a) the material terms of the Funding Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a Derivative Agreement, OPG's best estimate of the expected notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

(b) if an existing Funding Obligation is proposed to be amended, material details respecting such amendment, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

(c) a statement to the effect that: (i) the Funding Obligation to be incurred or amended (1) will arise under terms and conditions that are Substantially in the Form of the Reference Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reference Documentation;

(d) a statement confirming that any disclosure made in respect of the Funding Obligation (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to the Funding Obligation) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement has been made available to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made;

(e) a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and

(f) confirmation that, at the time the Funding Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Funding Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the Protection Agreement Maximum applicable on the date that the Process Certificate is delivered; for clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be determined on the date the Process Certificate is delivered hereunder in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

3.02 Acknowledgement regarding delivery of certificate under Change of Law Protection Agreement

The Province acknowledges and agrees that, concurrent with the delivery of the Process Certificate pursuant to Section 3.01 of this Agreement, the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) are authorized to deliver the certificate referred to in Subsection 4.02(a)(ii) of the Change of Law Protection Agreement to the Indenture Trustee confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with adherence of the Limited Guarantee to the incurrence of the Certified Primary Obligations in respect of which the certificate in Subsection 4.02(a)(ii) of the Change of Law Protection Agreement is being delivered; provided that, upon receipt of a Suspension Notice under the Change of Law Protection Agreement, OPG covenants not to deliver any further certificates to the Indenture Trustee under Subsection 4.02(a)(ii) of the Change of Law Protection Agreement.

3.03 Acknowledgement regarding delivery of Suspension Notice

The parties acknowledge and agree that the Province is entitled to deliver a Suspension Notice under Section 7.01 of the Change of Law Protection Agreement if a Program Breach or Breach Event has occurred. The Province agrees not to deliver a Suspension Notice pursuant to Section 7.01 of the Change of Law Protection Agreement unless a Program Breach or a Breach Event has occurred.

3.04 Meaning of "Reference Documentation"

For the purposes of Subsection 3.01(c), the term "Reference Documentation" shall mean each Transaction Document that, at the relevant time:

(a) is a Transaction Document listed on Exhibit "A"; or

(b) is a Transaction Document (including any amended or amended and restated Transaction Document) provided to the Province in accordance with Subsection 2.01(b) that has not been objected to by the Province, by delivery of an objection notice in writing delivered to OPG, within 10 Business Days after it is provided to the Province; provided that the Province (i) shall only be entitled to deliver an objection notice if the Transaction Document (including any amended or amended and restated Transaction Document) has a Material Effect and (ii) shall not be entitled to deliver an objection notice in respect of any Post-Suspension Refinancing.

3.05 Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(c), the term "Substantially in the Form" shall mean:

(a) with respect to the Reference Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such Reference Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation that could have a Material Effect; provided, however, that the foregoing does not apply to any particular financial terms, rates or levels; and

(b) with respect to the Reference Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum

(a) Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Obligations Secured that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Obligations Secured to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast

shall be further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum, which may not exceed such Forecast.

(b) Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of any further Forecast and notice of the revised Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province may disagree with such further Forecast or revised Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in such further Forecast, (ii) the further Forecast is inconsistent with the Financing Plan, or (iii) the revised Protection Agreement Maximum is more than the further Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the revised Protection Agreement Maximum will be further revised accordingly and confirmed by an amended notice to the Province.

(c) For clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be valued at the time to be determined for the purposes of this Section 4.01 in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of OPG

OPG represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, may cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario and has the power and authority to enter into and perform its obligations under this Agreement and all instruments and agreements delivered pursuant hereto.

(c) OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Financing Entity or in the ability of the Financing Entity to perform its obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

5.02 Representations and Warranties of the Province

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
BREACH EVENTS

6.01 Breach Events

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

(a) a default in the performance, or breach, by OPG of Section 2.01(b)(i), Section 2.02(b)(iv) or Section 3.01;

(b) a default in the performance, or breach, of any other covenants of OPG under this Agreement (excluding Section 2.01(b)(i), Section 2.02(b)(iv) and Section 3.01), which, if curable in a way such that the default or breach would not have or have had a Material Effect, is not so cured within thirty (30) days;

(c) any representation or warranty made by OPG in this Agreement, any certification made in a Process Certificate, or any certification made in a certificate contemplated by Subsection 4.02 of the Change of Law Protection Agreement, proves to be incorrect in a material respect on the date made and which, if curable in a way such that the incorrect representation or warranty may be remedied without any Material Effect having occurred as a result of the Province's reliance thereon, is not so cured within thirty (30) days; or

(d) OPG is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the Manager.

ARTICLE VII
MISCELLANEOUS

7.01 Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

7.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to OPG:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

(b) if to the Province:

Deputy Minister of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Deputy Ministry of Energy
[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 7.02.

7.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 7.03 shall be null and void.

7.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

7.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

7.06 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

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

By: _____

Name:
Title:

By: _____

Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Breach Event**" has the meaning ascribed thereto in Section 6.01.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the Financing Entity, OPG (as the FSM and the Manager) and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

"**Financing Entity**" means Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(a).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**IESO Security Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**Initial Forecast**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Initial Forecast Period**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Initial Protection Agreement Maximum**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO.

"**Material Effect**" means a material adverse effect on the obligations or the rights of the Province under the Limited Guarantee, the Change of Law Protection Agreement or this Agreement that relates to: (i) the timing of or circumstances under which related payments would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization) that, in each case, is inconsistent with the Fair Allocation Amount; (ii) the appointment, obligations or duties of OPG as the Manager; (iii) the existence, powers or authority of the Financing Entity or the Financing Entity Trustee; (iv) the obligations of the Indenture Trustee to or in respect of the Province as a Specified Creditor; (v) the payment provisions and associated priorities set forth in the Trust Indenture; (vi) compliance by the FSM with the then applicable Financing Plan; (vii) compliance by the FSM or the Financing Entity with the Act or the General Regulation; or (viii) the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Protection Agreement Maximum**" means the dollar amount referenced as the Program Agreement Maximum and determined in accordance with Section 4.01.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture.

"**Reference Documentation**" has the meaning ascribed thereto in Section 3.04.

"**Repayment**" has the meaning ascribed to the term "repayment" in the General Regulation as of the date of this Agreement.

"**Substantially in the Form**" has the meaning ascribed thereto in Section 3.05.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement; (vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that could affect the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or

other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

EXHIBIT "A"
INITIAL REFERENCE DOCUMENTATION

- Declaration of Trust;
- Management Agreement;
- Master Transfer and Servicing Agreement;
- Acknowledgement and indemnity agreement dated as of [■], 2017 made by IESO in favour of the Indenture Trustee;
- IESO Security Agreement;
- Trust Indenture;
- Warehouse Senior Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;
- Warehouse Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017; and
- Warehouse Junior Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.

CHANGE OF LAW PROCESS AGREEMENT

Dated as of [■], 2017

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**") is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.

Pursuant to a Declaration of Trust dated as of [■], 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the applicable Adherence Conditions.

Prior to entering into this Agreement, OPG provided the Province with the final forms of certain of the Transaction Documents, as described on Exhibit "A", and the Province has not objected to such forms and hereby confirms to OPG that such Transaction Documents will constitute "Reference Documentation" for purposes of this Agreement.

Prior to entering into this Agreement, OPG, as the FSM, provided the Minister of Energy, in compliance with the Act, with the initial Financing Plan, which includes the initial forecast (the "**Initial Forecast**") setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Obligations Secured to be incurred during the 24 month period from December 1, 2017 to November 30, 2019 (the "**Initial Forecast Period**"). Prior to entering into this Agreement, OPG provided the Province with the initial Protection Agreement Maximum (the "**Initial Protection Agreement Maximum**"). The Province has received the initial Financing Plan and has not disagreed with the Initial Forecast or the Initial Protection Agreement Maximum on the basis of an apparent inaccuracy in the Initial Forecast, an inconsistency between the Initial Forecast and the initial Financing Plan, or as a result of the Initial Protection Agreement Maximum being more than the Initial Forecast.

This Agreement sets out the obligations OPG has agreed to perform and assurances OPG has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the applicable Adherence Conditions have been satisfied and maintaining information related to the Program Agreements and the Approved Obligations.

All things necessary to make this Agreement a valid and legally binding agreement of OPG and the Province, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall"; the word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other

subdivisions of this Agreement as originally executed; the words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 References to the Financing Entity

For greater certainty, each reference to the Financing Entity shall be construed as a reference to the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.04 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.06 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF OPG

2.01 Deliveries to the Province

(a) OPG shall promptly deliver to the Province a copy of any proposed change to or replacement of the Financing Plan.

(b) Not less than 10 Business Days, or such lesser period as the Province may agree to in writing, prior to:

(i) any proposed material change in the terms or conditions applicable to a Primary Obligation in a previously provided Transaction Document becoming effective or otherwise being used; provided, ~~for greater certainty~~**however**, that a proposed change in particular financial terms, rates or levels shall not constitute a material change, and

(ii) any additional, supplemental or replacement Transaction Document becoming effective or otherwise being used,

OPG shall deliver to the Province a copy of such proposed change to the Transaction Document and any such additional, supplemental or replacement Transaction Document.

(c) Without limiting Subsection 2.01(b), and except as has previously been provided to the Province under Subsection 2.01(b), promptly following (i) any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor being made, (ii) any new, additional, supplemental or replacement instruments, documents, agreements or security being used or granted in connection with all or any part of the Approved Obligations, or (iii) any waiver, release, reconveyance, termination, abandonment, subordination, exchange, substitution, transfer, compound, compromise, liquidation or enforcement of all or any part of the Approved Obligations or any security or guarantee therefor being effected, OPG shall deliver to the Province a detailed description of such event and the reasons for it together with any related documents, agreements and instruments. ~~***[Note to Province/Blakes: We assume that if the change is provided pursuant to Subsection 2.01(b) that it may not be redelivered under this section.]***~~

(d) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, OPG shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or

amendment that would affect the Financing Entity's assets or obligations (including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(e) Promptly upon request, OPG shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

2.02 Covenants

(a) OPG shall use commercially reasonable efforts to cause the Financing Entity to:

(i) punctually perform and observe all of the Financing Entity's obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not (unless waived in writing by the Province):

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement, replacement, waiver or consent could reasonably be considered to have a Material Effect; provided, however, that the foregoing does not apply to any supplement, amendment, modification, restatement, replacement, waiver or consent in respect of particular financial terms, rates or levels;

(B) extend, renew, compromise, novate, replace, suspend, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, liquidate or enforce the terms of all or any part of the Approved Obligations or any Collateral, if any such action could reasonably be considered to have a Material Effect; provided, however, that the foregoing does not apply to any such action taken in respect of particular financial terms, rates or levels; or

(C) permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired.

(b) If any action restricted pursuant to Section 2.02(a)(v) is reflected in a delivery required to be made by OPG to the Province pursuant to Section 2.01(b) and is not objected to by the Province under Section 3.04(b), the Province shall be deemed to have waived its rights **in respect of such action** under Section 2.02(a)(v).

(c) OPG shall:

(i) comply, and shall use commercially reasonable efforts to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

(ii) punctually perform and observe all of its (including as the FSM and as Manager) obligations and agreements contained in the Program Agreements;

(iii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation; and

(iv) notify the Province of (1) the occurrence of any Breach Event and any Program Breach, in each case within 2 Business Days of any such occurrence, and (2) any event or circumstance known to OPG that with the passage of time or the giving of notice would be a Breach Event or a Program Breach, in each case within 1 Business Day of OPG first becoming aware of such event or circumstance; and

(v) after the occurrence of any Protection Event (or any event or circumstance known to OPG that with the passage of time or the giving of notice would be a Protection Event), not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.

(d) The Province and OPG acknowledge that their obligations to each other under the Indemnity Agreement between the Province and OPG dated June 1, 2017 (as amended, the "**Indemnity Agreement**") are not amended by this Agreement and continue in full force and effect, notwithstanding that this Agreement is entered into subsequent to the Indemnity Agreement.

(e) The Province and OPG acknowledge that their obligations to each other under the Indemnity Agreement are not amended by the Change of Law Protection Agreement and continue in full force and effect, notwithstanding that the Change of Law Protection Agreement was entered into subsequent to the Indemnity Agreement.

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate

OPG shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Province, on or before the incurrence or any amendment of a Funding Obligation, other than any Funding Obligation under which not more than $5,000,000 in the aggregate may become payable by the Financing Entity (provided that delivery may not be more than 5 Business Days before the incurrence or amendment of the Funding Obligation), setting out the following with respect to such Funding Obligation:

(a) the material terms of the Funding Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a Derivative Agreement, OPG's best estimate of the expected notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

(b) if an existing Funding Obligation is proposed to be amended, material details respecting such amendment, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

(c) a statement to the effect that: (i) the Funding Obligation to be incurred or amended (1) will arise under terms and conditions that are Substantially in the Form of the Reference Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reference Documentation;

(d) a statement confirming that any disclosure made in respect of the Funding Obligation (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to the Funding Obligation) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement has been made available to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made;

(e) a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and

(f) confirmation that, at the time the Funding Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Funding Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the Protection Agreement Maximum applicable on the date that the Process Certificate is delivered; for clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be determined on the date the Process Certificate is delivered hereunder in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

3.02 Acknowledgement regarding delivery of certificate under Change of Law Protection Agreement

The Province acknowledges and agrees that, concurrent with the delivery of the Process Certificate pursuant to Section 3.01 of this Agreement, the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) are authorized to deliver the certificate referred to in Subsection 4.02(a)(ii) of the Change of Law Protection Agreement to the Indenture Trustee confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with adherence of the Limited Guarantee to the incurrence of the Certified Primary Obligations in respect of which the certificate in Subsection 4.02(a)(ii) of the Change of Law Protection Agreement is being delivered; provided that, upon receipt of a Suspension Notice under the Change of Law Protection Agreement, OPG covenants not to deliver any further certificates to the Indenture Trustee under Subsection 4.02(a)(ii) of the Change of Law Protection Agreement.

3.03 Acknowledgement regarding delivery of Suspension Notice

The parties acknowledge and agree that the Province is entitled to deliver a Suspension Notice under Section 7.01 of the Change of Law Protection Agreement if a Program Breach or Breach Event has occurred. The Province agrees not to deliver a Suspension Notice pursuant to Section 7.01 of the Change of Law Protection Agreement unless a Program Breach or a Breach Event has occurred.

3.04 Meaning of "Reference Documentation"

For the purposes of Subsection 3.01(c), the term "Reference Documentation" shall mean each Transaction Document that, at the relevant time:

(a) is a Transaction Document listed on Exhibit "A"; or

(b) is a Transaction Document (including any amended or amended and restated Transaction Document) provided to the Province in accordance with Subsection 2.01(b) that has not been objected to by the Province, by delivery of an objection notice in writing delivered to OPG, within 10 Business Days after it is provided to the Province; provided that the Province (i) shall only be entitled to deliver an objection notice if the Transaction Document (including any amended or amended and restated Transaction Document) has a Material Effect and (ii) shall not be entitled to deliver an objection notice in respect of ~~a~~**any** Post-Suspension Refinancing.

3.05 Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(c), the term "Substantially in the Form" shall mean:

(a) with respect to the Reference Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such Reference Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation that could have a Material Effect; provided, however, that the foregoing does not apply to any particular financial terms, rates or levels; and

(b) with respect to the Reference Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum

(a) Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Obligations Secured that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Obligations Secured to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast shall be

further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum, which may not exceed such Forecast. ~~*[Note to Province/Blakes: Change made to be consistent with changes in recitals and to reflect what is provided in the Financing Plan.]*~~

(b) Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of any further Forecast and notice of the revised Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province may disagree with such further Forecast or revised Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in such further Forecast, (ii) the further Forecast is inconsistent with the Financing Plan, or (iii) the revised Protection Agreement Maximum is more than the further Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the revised Protection Agreement Maximum will be further revised accordingly and confirmed by an amended notice to the Province.

(c) For clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be valued at the time to be determined for the purposes of this Section 4.01 in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of OPG

OPG represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, may cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario and has the power and authority to enter into and perform its obligations under this Agreement and all instruments and agreements delivered pursuant hereto.

(c) OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Financing Entity or in the ability of the Financing Entity to perform its obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

5.02 Representations and Warranties of the Province

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
BREACH EVENTS

6.01 Breach Events

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

(a) a default in the performance, or breach, by OPG of Section 2.01(b)(i), Section 2.02(b)(iv) or Section 3.01;

(b) a default in the performance, or breach, of any other covenants of OPG under this Agreement (excluding Section 2.01(b)(i), Section 2.02(b)(iv) and Section 3.01), which, if curable in a way such that the default or breach would not have or have had a Material Effect, is not so cured within thirty (30) days;

(c) any representation or warranty made by OPG in this Agreement, any certification made in a Process Certificate, or any certification made in a certificate contemplated by Subsection 4.02 of the Change of Law Protection Agreement, proves to be incorrect in a material respect on the date made and which, if curable in a way such that the incorrect representation or warranty may be remedied without any Material Effect having occurred as a result of the Province's reliance thereon, is not so cured within thirty (30) days; or ~~*[Note to Province/Blakes:*~~

~~*Change made to be consistent with description of Breach Event in the Change of Law Protection Agreement.]*~~

(d) OPG is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the Manager.

ARTICLE VII
MISCELLANEOUS

7.01 Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

7.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to OPG:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

(b) if to the Province:

Deputy Minister of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Deputy Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 7.02.

7.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 7.03 shall be null and void.

7.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

7.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

7.06 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

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

By: _____

Name:
Title:

By: _____

Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Breach Event**" has the meaning ascribed thereto in Section 6.01.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the Financing Entity, OPG (as the FSM and the Manager) and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

"**Financing Entity**" means Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(a).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**IESO Security Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**Initial Forecast**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Initial Forecast Period**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Initial Protection Agreement Maximum**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO.

"**Material Effect**" means ~~(i) with respect to a previously provided Transaction Document, any change or action, as applicable, that could affect~~**a material adverse effect on the obligations or the rights of the Province under the Limited Guarantee,** the Change of Law Protection Agreement **or this Agreement that relates to: (i)** the timing of or circumstances under which related payments would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization)~~, or that could adversely affect~~ **that, in each case, is inconsistent with the Fair Allocation Amount; (ii) the appointment, obligations or duties of OPG as the Manager; (iii) the existence, powers or authority of the Financing Entity or the Financing Entity Trustee; (iv) the obligations of the Indenture Trustee to or in respect of the Province as a Specified Creditor; (v) the payment provisions and associated priorities set forth in the Trust Indenture; (vi) compliance by the FSM with the then applicable Financing Plan; (vii) compliance by the FSM or the Financing Entity with the Act or the General Regulation; or (viii)** the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation~~ or (ii) with respect to any additional, supplemental or replacement Transaction Document, such Transaction Document contains a term that (X) could adversely affect the Province's rights of subrogation or~~

~~assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation or (Y) relates to the timing of or circumstances under which Primary Obligations would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization) that is different in any material respect than the equivalent terms contained in any previously provided Reference Documentation~~.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Protection Agreement Maximum**" means the dollar amount referenced as the Program Agreement Maximum and determined in accordance with Section 4.01.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture.

"**Reference Documentation**" has the meaning ascribed thereto in Section 3.04.

"**Repayment**" has the meaning ascribed to the term "repayment" in the General Regulation as of the date of this Agreement.

"**Substantially in the Form**" has the meaning ascribed thereto in Section 3.05.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement; (vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds

or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that could affect the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

EXHIBIT "A"
INITIAL REFERENCE DOCUMENTATION

- Declaration of Trust;
- Management Agreement;
- Master Transfer and Servicing Agreement;
- Acknowledgement and indemnity agreement dated as of [■], 2017 made by IESO in favour of the Indenture Trustee;
- IESO Security Agreement;
- Trust Indenture;
- Warehouse Senior Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;
- Warehouse Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017; and
- Warehouse Junior Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

Document comparison by Workshare Compare on December-13-17 10:21:38 AM

Input:	
Document 1 ID	file://C:\Users\bsaulnie\Desktop\#24622622v2_TorysAtWork_ - 23239361-v24-Change of Law - Process Agreemen....docx
Description	#24622622v2_TorysAtWork_ - 23239361-v24-Change of Law - Process Agreemen...
Document 2 ID	C:\NRPortbl\TorysAtWork\BSAULNIE\24622622_3.docx
Description	C:\NRPortbl\TorysAtWork\BSAULNIE\24622622_3.docx
Rendering set	Firm_Standard

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

Statistics:	
	Count
Insertions	16
Deletions	27
Moved from	1
Moved to	1
Style change	0
Format changed	0
Total changes	45

From:	Hanslep, Malle (MOF)
To:	ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com); Ken Kandeepan; Mike Manning; Anna Strathy; Tobias P. Whitfield (MOF)
Subject:	FW: Fair Hydro - Change of Law Protection Agreement
Date:	Tuesday, December 12, 2017 9:08:23 AM
Attachments:	#24621171v2_TorysAtWork_ - 23239360-v26-Change of Law Protection Agreeme....docx Blackline_24621171v1 - 24621171_2.pdf

Should we have a call before 10 a.m. to discuss status of these 2 documents? We are free anytime. Thanks.

From: Saulnier, Brett [mailto:bsaulnier@torys.com]
Sent: December 11, 2017 11:35 PM
To: ASHBOURNE, STEPHEN; Milligan, Peter; Sebastiano, Rocco; Mansoori, Nina
Cc: Kandeepan, Ken (OFA); 'LADAK Lubna -TREASURY'; Strathy, Anna (OFA); Veinot, Cindy (TBS); McKinlay, Tom (MAG); Donaldson, Mark (TBS); Cayley, Daniel (ENERGY); Thouin, Alena (ENERGY); Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie - LAWDIV'; Fullerton, Rick; Mayman, Gadi (OFA); Manning, Mike (OFA); Hanslep, Malle (MOF); 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; Hume, Steen (ENERGY); Olusoga, Yinka; Whitfield, Tobias P. (MOF); PALMER, AARON; VINER, JON; PRESTAGE, JA
Subject: RE: Fair Hydro - Change of Law Protection Agreement

All,

Attached for your review is a revised draft of the Change of Law Protection Agreement, clean and blacklined to the last version circulated by Blakes and reflecting the meetings held earlier today. As discussed, we need to provide the attached to the rating agencies **by no later than noon tomorrow** in order to meet our end of year financing deadline. Accordingly, we will be circulating a calendar invite to this group for 10 a.m. tomorrow morning to confirm the parties are signed off. If Osler or Blakes have any comments on the attached, we would ask that they be circulated to this group prior to the 10 a.m. call.

Kind regards,

Brett

Brett Saulnier
P. 416.865.8148 | F. 416.865.7380 | 1.800.505.8679

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: December-08-17 3:16 PM
To: Milligan, Peter <PMilligan@osler.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken - TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>;

'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro - Change of Law Protection Agreement
Hi,
Attached is a revised version of the Change of Law Protection Agreement. I believe that most of the changes reflected from last night's Osler version (blackline is attached) are of a drafting or conforming nature, other than: (1) the Province disagrees that Approved Refinancing terms should be unfettered by adherence conditions post-Suspension Event and (2) the proposed rating-based "materially and adversely" qualification in the definition of Protection Event (and in fact any such qualification) is not acceptable to the Province. With regard to (1), this version comes into line with the proposed approach (i.e., using a modified adherence condition) that was incorporated into the version of the Change of Law Process Agreement I circulated yesterday. A further turn of that Agreement, to conform the open item identified in section 3.02 to the revised Change of Law Protection Agreement, is also included here for your reference.
Please note that the Province is working through the drafting concurrently and so further drafting comments may be provided.
As mentioned yesterday, the Province would like to proceed with the Ministers sign-off briefing early next week, on the basis that these versions (minus the explanatory notes) are now in substantially final form. Please identify if you believe there are other 'must have' points (other than the 2 mentioned above).
Regards, Steve
Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From: Milligan, Peter [mailto:PMilligan@osler.com]
Sent: Thursday, December 07, 2017 6:44 PM
To: ASHBOURNE, STEPHEN; Sebastiano, Rocco; Mansoori, Nina
Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Saulnier, Brett; Olusoga, Yinka; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca); PALMER, AARON; VINER, JON; PRESTAGE, JA
Subject: Fair Hydro - Change of Law Protection Agreement
All,
Attached is a revised comment draft of the Change of Low Protection Agreement reflecting comments from Torys and Osler. In order to meet this transaction's timeline, this comment draft has not been reviewed by OPG or the Dealers and is delivered subject to any comments they may have.
Peter

OSLER

Peter Milligan
416.862.6634DIRECT
416.862.6666FACSIMILE
pmilligan@osler.com
Osler, Hoskin & Harcourt LLP

Box 50, 1 First Canadian Place
Toronto, Ontario, Canada M5X 1B8

osler.com
[osler.com]

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: Thursday, December 07, 2017 4:27 PM
To: Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro -- Change of Law Process Agreement

Hi,

Please find (attached) a further turn of the Change of Law Process Agreement, reflecting the Province's comments on the mark-up of the Agreement circulated yesterday afternoon by Torys. The attached blackline shows changes made to yesterday's Torys mark-up.

This version addresses concerns Rocco raised last night, to the extent the Province feels that the issues can be accommodated. For your information, I have set out below responses to Rocco's comments/observations (in CAPs).

The Province would like to proceed with the Ministers briefing early next week, on the basis that this version (minus the explanatory notes) is now in final form. If there are any critical revisions that the other parties believe reflect 'must have' priority, then the Province would like to have a call to discuss them as soon as possible.

Responses to Rocco's Points:

1. The change of the definition of Breach Event in Section 6.01 (i.e., the change to clause (a) and the addition of clause (b)) will result in an inconsistency with section 7.01(b) of the Change of Law Protection Agreement. This will require further consideration. [AGREED. 7.01(b) and 7.01(c) WILL NEED TO MIRROR THE CURE LANGUAGE WE SETTLE ON IN THE PROCESS AGREEMENT (SEE MY EARLIER COMMENTS). PERHAPS THE "which continues …" LANGUAGE IN 7.01(B) CAN BE REVISED TO READ: "to the extent that the Province would be entitled to provide a Suspension Notice in accordance with the terms of the agreement or agreements between the Province and OPG under which such obligations, requirements and processes arise". SIMILAR CHANGE FOR 7.01(C).

2. The right of the Province to issue an objection notice under Section 3.04(b) in connection with a Transaction Document provided to the Province which is required for a Refinancing of an Approved Obligation remains an outstanding issue. Clearly, this will depend upon what Adherence Conditions will be required under Section 4.02 of the Change of Law Protection Agreement in order to permit such Refinancing to become an Approved Obligation. If the Adherence Conditions set out in Section 4.02(a) of the Province's draft of the Change of Law Protection Agreement of December 4 were to apply to such Refinancing, to the extent that such refinancing required a change to a Transaction Document (e.g., as a result of a change to some rating agency condition or criteria), the Province's ability to issue an objection notice and thereby prevent the issuance of a Process Certificate under Section 3.01 (by virtue of Section 3.04) would have the effect of preventing a Refinancing. We trust that this was an unintended outcome of the drafting of Section 3.04 and/or the Adherence Conditions applicable to Refinancings. [THAT IS THE INTENDED EFFECT. THE ADHERENCE CONDITIONS WOULD APPLY TO THE REFINANCING, SO IF THE REFINANCING TERMS DEVIATED MATERIALLY (BASED ON THE SUBSTANTIALLY IN THE FORM" THRESHOLD"), THEN OPG WOULD REQUIRE THE PROVINCE NOT TO OBJECT IN ORDER TO PROCEED WITH THOSE NEW TERMS. OTHERWISE, THE REFINANCING COULD INCORPORATE TERMS AND CONDITIONS, WHICH WOULD BIND THE PROVINCE UNDER THE LIMITED GUARANTEE, THAT WOULD BE UNCONSTRAINED AND WITHOUT ANY ACCOUNTABILITY TO THE PROVINCE. IN ROCCO'S EXAMPLE, THAT MIGHT MEAN THAT OPG WOULD NEED TO RESORT TO UNRATED DEBT, IF THE PROVINCE WAS UNWILLING TO ACCEPT THE NEW TERMS. PRESUMABLY EVERYONE WOULD ACT RATIONALLY. HOWEVER, AS A FAILSAFE, OPG COULD OFFER INCREASED PRICING IN ORDER TO ATTRACT INVESTORS TO ACCEPT THE EARLIER VETTED TERMS (BASED ON THE THEN ACCEPTED REVIEWED DOCUMENTATION).]

3. Given that the Indenture Trustee is not a party to the Change of Law Process Agreement, the Province and OPG can amend the terms and conditions of this agreement without the consent of the indenture Trustee. Specified Creditors under an Approved Obligation need to be assured that the Province cannot prevent a Refinancing of an Approved Obligation either by virtue of the objection notice discussed in point #2 above or as a result of a future amendment to the agreement. There are a couple of ways to deal with this point. The first is to a add a beneficiary/third party rights clause in the Change of Law Process Agreement which acknowledges that the Indenture Trustee is a beneficiary of certain provisions of this agreement and as a result, the agreement cannot be amended without the consent of the Indenture Trustee. The second is to ensure that the Adherence Conditions relating to Refinancings under the Change of Law Protection Agreement are not dependent upon the terms of the Change of Law Process Agreement. In light of the desire to not disclose the terms and conditions of the Change of Law Process Agreement to the rating agencies, especially at this late stage in the process, we would expect that the latter approach would be preferable. [THE SUGGESTION REGARDING THE PROVINCE PREVENTING A REFINANCING IS ADDRESSED IN #2. IF THE REFINANCING TERMS WOULD EXCEED THE SCOPE OF THE TRANSACTION DOCUMENTS REVIEWED AND NOT OBJECTED TO BY THE PROVINCE, THEN THAT SUGGESTS THERE IS A MATERIAL EFFECT ON THE PROVINCE AND SO THE PROVINCE WOULD NEED THE ABILITY TO REVIEW AND CONSIDER THE PROPRIETY OF THOSE NEW TERMS FROM ITS PERSPECTIVE. AS FOR THE STANDALONE NATURE OF THE PROCESS AGREEMENT, THE INTENTION IS THAT THE PROCESS AGREEMENT BE UNCOUPLED AND NOT PART OF THE COLLATERAL, AND AS MICHAEL FELDMAN HAS EXPLAINED, LEAVE FUTURE FLEXIBILITY FOR THIS LONG-TERM STRUCTURE. TO ADDRESS ROCCO'S CONCERN THAT THE PROVINCE AND OPG COULD CHANGE THE UNDERLYING OBLIGATIONS APPLICABLE TO ADHERENCE IN RELATION TO A NEW OBLIGATION, REQUIREMENT OR PROCESS IN THE PROCESS AGREEMENT THAT WOULD MAKE A REFINANCING LESS LIKELY TO OCCUR, WE HAVE ADDED AND USED IN THE ATTACHED VERSION A NEW DEFFINTION:

"Approved Refinancing" means a Certified Primary Obligation proposed to be incurred as a

Refinancing of an existing Certified Primary Obligation in respect of which the Adherence Conditions had been satisfied on the date such existing Certified Primary Obligation was incurred, that, at the time of incurrence, satisfies each of each of the Adherence Conditions except that the certificate contemplated to be delivered under Section 4.02(b) shall instead confirm that OPG has delivered to the Province a certificate by its applicable officers confirming that OPG would be in compliance with all obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the proposed Certified Primary Obligation that applied as between the Province and OPG on the date of issuance of such existing Certified Primary Obligation." Various references to "Refinancing" in the Protection Agreement can also be revised to refer to "Approved Refinancing", as required.

Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

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From: Sebastiano, Rocco [mailto:RSebastiano@osler.com]
Sent: Wednesday, December 06, 2017 7:45 PM
To: Mansoori, Nina; ASHBOURNE, STEPHEN; VINER, JON; PRESTAGE, JA
Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Milligan, Peter; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Saulnier, Brett; Olusoga, Yinka
Subject: RE: Fair Hydro -- Change of Law Process Agreement

I have reviewed the revised draft of the Change of Law Process Agreement that Torys has prepared and would like to pass along the following comments/observations:

1. The change of the definition of Breach Event in Section 6.01 (i.e., the change to clause (a) and the addition of clause (b)) will result in an inconsistency with section 7.01(b) of the Change of Law Protection Agreement. This will require further consideration.

2. The right of the Province to issue an objection notice under Section 3.04(b) in connection with a Transaction Document provided to the Province which is required for a Refinancing of an Approved Obligation remains an outstanding issue. Clearly, this will depend upon what Adherence Conditions

will be required under Section 4.02 of the Change of Law Protection Agreement in order to permit such Refinancing to become an Approved Obligation. If the Adherence Conditions set out in Section 4.02(a) of the Province's draft of the Change of Law Protection Agreement of December 4 were to apply to such Refinancing, to the extent that such refinancing required a change to a Transaction Document (e.g., as a result of a change to some rating agency condition or criteria), the Province's ability to issue an objection notice and thereby prevent the issuance of a Process Certificate under Section 3.01 (by virtue of Section 3.04) would have the effect of preventing a Refinancing. We trust that this was an unintended outcome of the drafting of Section 3.04 and/or the Adherence Conditions applicable to Refinancings.

3. Given that the Indenture Trustee is not a party to the Change of Law Process Agreement, the Province and OPG can amend the terms and conditions of this agreement without the consent of the indenture Trustee. Specified Creditors under an Approved Obligation need to be assured that the Province cannot prevent a Refinancing of an Approved Obligation either by virtue of the objection notice discussed in point #2 above or as a result of a future amendment to the agreement. There are a couple of ways to deal with this point. The first is to a add a beneficiary/third party rights clause in the Change of Law Process Agreement which acknowledges that the Indenture Trustee is a beneficiary of certain provisions of this agreement and as a result, the agreement cannot be amended without the consent of the Indenture Trustee. The second is to ensure that the Adherence Conditions relating to Refinancings under the Change of Law Protection Agreement are not dependent upon the terms of the Change of Law Process Agreement. In light of the desire to not disclose the terms and conditions of the Change of Law Process Agreement to the rating agencies, especially at this late stage in the process, we would expect that the latter approach would be preferable.

Regards, Rocco

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: Wednesday, December 06, 2017 4:38 PM
To: 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>; 'JON.VINER@blakes.com' <JON.VINER@blakes.com>; 'JA.PRESTAGE@blakes.com' <JA.PRESTAGE@blakes.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Mansoori, Nina <nmansoori@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>
Subject: Fair Hydro -- Change of Law Process Agreement

Blakes team,

Please find attached OPG and Torys' comments on the Process Agreement reflecting our

discussions from yesterday's call. Please note that this draft is subject to continuing review and comment by Osler and the dealers. As discussed at the tail end of our call yesterday, the section in the Process Agreement that gives the Province the right to object to new and material changes to transaction documents dovetails with the Protection Agreement so additional comments from Oslers may be forthcoming on this draft.
We are working on getting you a revised draft of the Protection Agreement either later today or tomorrow. In the meantime, please let us know if you have any comments or questions on the Process Agreement.
Best Regards,
Nina

Nina Mansoori
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Draft: December 11, 2017

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust organized under the laws of the Province of Ontario (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council 1981/2017 (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Primary Obligations that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred. This Agreement sets out the terms and conditions of such protections and assurances.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A, and any other capitalized terms not defined herein shall have the meanings assigned to them in the Trust Indenture;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 Proof of Approved Obligations

The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Manager deems to be sufficient.

Each statement delivered by the Manager under Section 2.01(a)i shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and each of the parties hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Manager shall act diligently in the preparation of each such statement and shall provide the Indenture Trustee and the Province with all supporting computations and calculations used by the Manager to prepare each such statement promptly following a request therefor made by the Indenture Trustee or the Province.

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture as of the date of this Agreement.

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 2.01 or Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee, the Financing Entity, the Financing Entity Trustee, the Manager or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by

electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the

Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 <u>Judgment Currency</u>

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 <u>Limited Guarantee</u>

(a) Upon the occurrence of a Protection Event, the Indenture Trustee may deliver a written demand, substantially in the form attached as **[Exhibit A]** (a "**Payment Demand**"), to the Province requiring the Province to make payments in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in this Agreement. From and after such delivery of a

Payment Demand, the Province shall make the following payments in respect of the Approved Obligations (the "**Limited Guarantee**"), the Financing Entity shall pay, and the Province shall be entitled to be paid, the Subrogation Amounts specified below, and the following terms shall apply:

i. Not less than three (3) Business Days prior to each day when any payment or payments are to be made in respect of one or more Approved Obligations occurring after such delivery of a Payment Demand (each such day, a "**Guarantee Payment Date**"), the Manager shall deliver a written statement setting forth the Aggregate Approved Obligations Amount, if any, in respect of the Approved Obligations that are due and payable on such Guarantee Payment Date, together with a detailed description identifying such Approved Obligations and the nature and amount of payments due and payable thereunder on the Guarantee Payment Date, the aggregate outstanding amount payable by the Financing Entity under such Approved Obligations as of the date of such written statement, and details regarding any default in performance by any party obligated thereunder.

ii. On each such Guarantee Payment Date, the Province shall deposit the Aggregate Approved Obligations Amount into the Protection Account.

iii. On each such Guarantee Payment Date, the Financing Entity and the Indenture Trustee shall ensure that the amounts on deposit in the Protection Account are applied to pay each Beneficiary to whom an amount is due and payable under an Approved Obligation on the Guarantee Payment Date the Approved Obligation Amount for such Beneficiary in respect of such Approved Obligation on such Guarantee Payment Date; provided that if the amount deposited pursuant to clause 2.01(a)ii is insufficient to pay all such Approved Obligation Amounts in full, the amount on deposit in the Protection Account on the Guarantee Payment Date shall be applied to pay Beneficiaries in the order of priority in which such Approved Obligations are payable under the payment provisions of the Trust Indenture applicable to the making of such payments on the Guarantee Payment Date (each, a "**Beneficiary Payee**" and each payment made to a Beneficiary Payee on a Guarantee Payment Date, a "**Guarantee Payment**").

iv. On the first Guarantee Payment Date and on each subsequent Guarantee Payment Date, Payment Date or other day on which any amount is required to be paid in respect of any Obligations Secured under the Trust Indenture (a "**Subrogation Payment Date**"), the Issuer and the Indenture Trustee shall ensure that the applicable payment provisions of the Trust Indenture shall be applied and operate on the following basis:

(A) If such day is a Guarantee Payment Date, then for each Approved Obligation for which amounts are paid to a

Beneficiary Payee on such day pursuant to clause 2.01(a)iii in respect of principal, interest or any other amounts ("**Payable Approved Amounts**"), the amounts payable by the Issuer in respect of such amounts for such Approved Obligation shall be reduced by the respective amounts of such payments to the Beneficiary Payee, and equivalent amounts shall be payable by the Issuer to the Province as "**Subrogation Amounts**" in respect of such Approved Obligations, such Subrogation Amounts being payable in the same order of priority and with the same entitlements accruing to the Province as applied in respect of the related Payable Approved Amounts which were previously owing to the Beneficiary Payee, and to reflect this subrogation the payments set out in clause 2.01(a)iv(B) below shall be made by the Issuer.

(B) If the Province has made all deposits required to be made by it on each Guarantee Payment Date occurring on or before such day in accordance with clause 2.01(a)ii (or the related Approved Obligation Amounts have otherwise all been paid in full), then in respect of each Approved Obligation for which any related Subrogation Amounts have not yet been paid in full to the Province, the Issuer shall pay to the Province from amounts available under the Trust Indenture payment provisions and in accordance with the applicable Payment Waterfalls the amount that would be payable on such date in satisfaction of the relevant Payable Approved Amounts as determined without regard to any Guarantee Payment paid on any Guarantee Payment Date and also without regard to the corresponding reduction of the amounts owing to present and former Beneficiary Payees pursuant to subclause 2.01(a)iv(A) up to the amount of the unpaid related Subrogation Amounts.

(C) No Beneficiary having a right to be paid an amount in respect of an Approved Obligation, and no other Person entitled under an Obligation Secured, in each case that ranks equal with or subordinate to the Payable Approved Amount in respect of which a Subrogation Amount is payable to the Province under subclause 2.01(a)iv(B), shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under such subclause (including any right of set-off, offset, reimbursement, contribution or indemnity) and no such Beneficiary or other Person shall have any right or

interest in, to or under the Collateral or any proceeds therefrom in respect of any such Subrogation Amount.

(D) For greater certainty, the entitlements of the Province in respect of Subrogation Amounts arising in respect of Payable Approved Obligations that are interest and principal obligations on Notes shall be treated for all purposes of the Trust Indenture as interest and principal obligations, respectively, arising under Notes having the same priority as the related Approved Obligations, and accordingly the Province (and any successor, assignee or transferee of such entitlements) shall be entitled to all of the rights, entitlements, interests and privileges of a Holder of such a Notes in accordance with the Trust Indenture, as supplemented by the Supplemental Indenture or other indenture document under which the related Approved Obligations were issued.

v. On each Guarantee Payment Date and upon demand by the Province, the Indenture Trustee shall release and pay to the Province free and clear of any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay Guarantee Payments to Beneficiary Payees on the Guarantee Payment Date in accordance with clause 2.01(a)iii or that otherwise remains on deposit in the Protection Account on the relevant date.

vi. In preparing any payment instructions under the Trust Indenture, the Manager shall reflect the amounts payable under Section 2.01(a), if applicable.

vii. The Province shall, as a payee of Subrogation Amounts under clause 2.01(a)iv(B) and as a payee of any amounts payable under clause 2.01(a)v, be a “Specified Creditor” under the Trust Indenture and have the benefit of the Collateral thereunder.

viii. For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the Approved Obligation Amounts, if any, for payment to Beneficiary Payees and will be subject to the priorities and to the Province’s rights to Subrogation Amounts, set forth in Section 2.01(a).

ix. Except as expressly provided in this Agreement, the Province’s obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

x. Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation by their terms.

xi. Any amount payable to the Province in respect of a Subrogation Amount shall bear interest from and including the date of payment by the Province of the related Guarantee Payment to but excluding the date of payment of the Subrogation Amount to the Province, such interest to accrue at the rate equivalent to the applicable interest rate borne by the related Approved Obligation, and such interest amounts shall be added to their respective Subrogated Amounts and shall consequently be payable in the same priority as the relevant Subrogated Amount under clause 2.01(a)iv(B), all such accruing interest amounts to be calculated and added to the Subrogation Amounts by the Manager in its discretion acting in a commercially reasonable fashion.

xii. The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under and in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any amount due and payable to a Beneficiary Payee under the Limited Guarantee.

(b) The Province shall, as a payee of Subrogation Amounts under clause 2.01(a)iv(B), and as a payee of any amounts payable under clause 2.01(a)vi, be a “Specified Creditor” under the Trust Indenture and have the benefit of the Collateral thereunder.

(c) For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the Approved Obligation Amounts, if any, for payment to Beneficiary Payees and will be subject to the priorities and to the Province’s rights to Subrogation Amounts, set forth in Section 2.01(a).

(d) Except as expressly provided in this Agreement, the Province’s obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(e) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein

shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation by their terms.

(f) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under and in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any amount due and payable to a Beneficiary Payee under the Limited Guarantee.

2.02 Intentionally Deleted.

2.03 <u>Absence of Set-off</u>

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 <u>Payment into Protection Account in Satisfaction</u>

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account" for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section **[7.03]** of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Financing Entity and the Indenture Trustee shall ensure that all amounts paid by the Province into the Protection Account on a Guarantee Payment Date in respect of an Approved Obligation are applied to pay the amounts due and payable to the

Beneficiary Payee as and to the extent provided for in Section 2.01(a). Upon a payment having been made by or on behalf of the Province into the Protection Account, the amounts so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiary Payee as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such Beneficiary Payee in respect of the applicable Approved Obligations, whereupon an affected Beneficiary Payee shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid. For greater certainty, the obligations arising in respect of an applicable Approved Obligation shall not be reduced by such payment as the Province shall become entitled to be paid related Subrogation Amounts and the rights contemplated under Section 2.01(a) and Section 5.01 in relation to such continuing obligations.

2.05 <u>Certain Waivers</u>

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 <u>Additional Security</u>

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 <u>Continuing Liability of the Province</u>

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing

Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations in accordance with Section 8.01.

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

A Primary Obligation shall constitute an Approved Obligation if (i) the Adherence Conditions applicable thereto have been satisfied at the time the Primary Obligation was incurred, (ii) the Province, in its sole discretion, designates in writing that it is an Approved Obligation or (iii) the Primary Obligation is a Post-Suspension Refinancing or a Pre-Approved Refinancing.

4.02 Adherence Conditions

(a) The following shall be the Adherence Conditions applicable in relation to each Certified Primary Obligation:

i. the Certified Primary Obligation when incurred is an Obligation Secured under the Trust Indenture; and

ii. OPG, as FSM, delivers an Adherence Compliance Certificate in the form attached hereto as Exhibit B-1 signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee, on or before the incurrence of a Certified Primary Obligation (provided that delivery may not be more than 5 Business Days before the incurrence of the Certified Primary Obligation); and

iii. the Province has not provided a Suspension Notice to the Indenture Trustee, OPG and the Financing Entity.

(b) For greater certainty, satisfaction of the Adherence Conditions for a Certified Primary Obligation shall be deemed satisfaction of the Adherence Conditions in respect of all principal, interest and other amounts owing under the Certified Primary Obligation as such Certified Primary Obligation may be amended, restated, supplemented or modified from time to time, without limiting any obligations of OPG to the Province arising other than pursuant to this Agreement.

(c) For greater certainty, there shall be no Adherence Conditions applicable in relation to a Primary Obligation that is not a Certified Primary Obligation.

4.03 Evidence of Satisfaction

An Adherence Compliance Certificate delivered in accordance with clause 4.02(a)ii shall be determinative as to whether the applicable Adherence Conditions with respect thereto have been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same. An Adherence Compliance Certificate that purports on its face to be signed by officers specified in clause 4.02(a)ii may be relied upon by any addressee without further enquiry or evidence as to the incumbency or signatures of such officers. If an Adherence Compliance Certificate is not delivered in accordance with the timing requirements of clause 4.02(a)ii such certificate may be delivered at a later date, and be effective as if it had been delivered in accordance with the timing requirement of clause 4.02(a)ii if at the time such certificate was required to be delivered OPG had delivered to the Province all certifications required by the Province in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation.

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, and shall be entitled to (i) the right and entitlement to be paid and receive the related Subrogation Amounts, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including Sections **[7.04]** through **[7.11]** and **[8.13]** (Payment Priorities), Section **[7.12]** (Payments Held in Trust), Section **[8.11]** (Control by Controlling Class Creditors), Section **[8.12]** (Limitation on Suits), Section **[8.14]** (Limited Recourse), Article IX (The Indenture Trustee), including all limitations of liability thereunder, Section **[9.14]** (Communications to Specified Creditors) and Section **[16.01]** (No Petition); (ii) consents, requests and authorizes the Issuer and the Indenture Trustee to (x) add the Province to the register of Specified Creditors described in subsection **[13.13(b)]** of the Trust Indenture and (y) disseminate the notice details of the Province to other Specified Creditors for the purposes set out in subsection **[9.14(b)]** of the Trust Indenture, and (iii) confirms that it will execute and deliver, or cause to be executed and delivered, all such further agreements, documents and instruments in connection with this Section 5.01 as the Indenture Trustee may request from time to time for the purpose of giving effect to the terms of this Section 5.01.

5.02 <u>Priorities</u>

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation and the Payable Approved Amounts thereunder shall rank equally with the rights, interests and entitlements of a Beneficiary to whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture in the manner and to the extent contemplated in Section **[7.10]** of the Trust Indenture.

5.03 Intentionally Deleted

5.04 <u>Representations and Warranties</u>

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
INDENTURE TRUSTEE MATTERS

6.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

6.02 Not Responsible for Recitals

The recitals contained herein will be taken as the statements of the Province, the Financing Entity and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

6.03 Representations and Covenants of the Indenture Trustee

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Agreement and has taken all necessary action to authorize the execution, delivery and performance by it of this Agreement;

(c) this Agreement has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada. If, notwithstanding the provisions of this subsection 6.03(d), the Indenture Trustee ceases to be so authorized to carry on business, the validity and enforceability of this Agreement shall not be affected in any manner whatsoever by reason only of such event.

ARTICLE VII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

7.01 Suspension Notice

Upon:

(a) a Program Breach;

(b) a default in the performance, or breach, of any covenants of OPG, as FSM, or OPG, in its corporate capacity, in each case to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligation and the expiration of any applicable cure period;

(c) a representation or warranty made by OPG or a certification made by one or more officers of OPG, in each case whether as FSM or in its corporate capacity, to the Province in connection with its obligations to the Province and its internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligations, proves to be incorrect in any material respect on the date made and the expiration of any applicable cure period; or

(d) the FSM no longer being the Manager or actions having been taken by or on behalf of the Indenture Trustee to remove the FSM as the Manager;

the Province may declare that the Limited Guarantee under this Agreement shall not apply to any Primary Obligations incurred on or after such declaration, excluding Post-Suspension Refinancings or Pre-Approved Refinancings, by delivering a written notice in the form of Exhibit C (a "**Suspension Notice**") to the Indenture Trustee, the FSM and the Financing Entity.

7.02 Suspension

If a Suspension Notice has been provided under Section 7.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of: (i) any Primary Obligation incurred, excluding Post-Suspension Refinancings or Pre-Approved Refinancings, or (ii) any amendment of any Primary Obligation that has a Material Effect, unless otherwise agreed to by the Province, in each case, on or after the time such Suspension Notice is delivered.

7.03 Additional Right of the Province Regarding Post-Suspension Refinancings

Following the occurrence of a Suspension Event, the Limited Guarantee shall continue to apply in respect of any Post-Suspension Refinancing (for greater certainty, without regard to the satisfaction of any Adherence Conditions thereto); provided that prior to the Financing Entity incurring any Primary Obligation constituting a Post-Suspension Refinancing, the Manager shall

provide the Province with at least 30 days' notice of its intention to seek a Post-Suspension Refinancing, which notice shall include a summary of the material covenants, events of default, representations and warranties and indemnities of the Financing Entity and other material terms, excluding financial terms, rates and levels (the "**Proposal**"), and during such 30 day period the Province may, but is not obligated to, offer to provide such Post-Suspension Refinancing or arrange for another Person to provide such Post-Suspension Refinancing on the same, or better, terms as set out in the Proposal. If, within such 30-day period, the Province elects to provide such Post-Suspension Refinancing as provided in the preceding sentence, the Manager shall accept such Proposal; however, if the Province does not elect to provide such Post-Suspension Refinancing, the Manager shall cause the Financing Entity to incur Primary Obligations constituting such a Post-Suspension Refinancing on the same or less onerous terms than those set out in the Proposal; provided that such Post-Suspension Refinancing is available on such terms.

7.04 No Impact on Adherence

For greater certainty, the occurrence of a Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event or in respect of any Post-Suspension Refinancing.

ARTICLE VIII
MISCELLANEOUS

8.01 Term of Agreement

This Agreement will continue until the later of: (a) the date that no amount is or may become due and payable by the Province under the Limited Guarantee and (b) the date that no amount is or may become due and payable to the Province in respect of any Subrogation Amount.

8.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic

communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: Manager, Corporate Trust
Fax: (416) 981-9777
Email: corporatetrust.toronto@computershare.com

(b) if to the FSM:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

(c) if to the Province:

Minister of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Minister of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

With copies to:

Deputy Minister of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Deputy Minister of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 8.02.

8.03 <u>Assignment</u>

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section 8.03 shall be null and void.

8.04 <u>Enurement</u>

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

8.05 <u>FIPPA</u>

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

8.07 Notice to Rating Agencies

OPG, as FSM, shall deliver prompt written notice to the Rating Agencies of the occurrence of (i) a Protection Event; (ii) receipt of a Suspension Notice delivered by the Province pursuant to Section 7.01; and (iii) an assignment of this Agreement by any party pursuant to Section 8.03.

8.08 Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their benefits hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

8.09 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, IN ITS CAPACITY AS TRUSTEE OF FAIR HYDRO TRUST, AS ISSUER, BY ONTARIO POWER GENERATION INC., NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration of a funding obligation" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Compliance Certificate**" means a certificate in the form attached hereto as Exhibit B-1 delivered by the FSM in accordance with Section 4.02(a)ii.

"**Adherence Conditions**", means, in respect of a Certified Primary Obligation, the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of a Guarantee Payment Date, the aggregate of the Approved Obligation Amounts for such Guarantee Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, for a Beneficiary in respect of an Approved Obligation under which an amount is due and payable on a Guarantee Payment Date:

(a) if no Acceleration has occurred in respect of any Obligation Secured on or before the Guarantee Payment Date, the amount due and payable to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation (for greater certainty, determined on the assumption that there are adequate amounts available under the applicable payment provisions of the Trust Indenture to pay in full all amounts referred to in such payment provisions that are due and payable on the Guarantee Payment Date); and

(b) if an Acceleration has occurred in respect of any Obligations Secured on or before the Guarantee Payment Date, the amount that would be available to be paid to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation under the applicable payment provisions of the Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with such applicable payment provisions of the Trust Indenture in respect of each relevant month during each Reference Period is equal to the estimated Finance Amount determined in respect of such Reference Period for purposes of section 15(1) of the Act (in effect on the date hereof), including section 6.1 of the General Regulation (in effect on the date hereof), divided by the number of months in such Reference Period.

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Beneficiary Payee**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Certified Primary Obligations**" means Primary Obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest, including any Refinancing, other than a Post-Suspension Refinancing or a Pre-Approved Refinancing, of such a Primary Obligation (for greater certainty, including, in the case of any Certified Primary Obligation permitting funding transactions pursuant to a Funding Obligation Agreement applicable to the Certified Primary Obligation, each individual borrowing or funding utilization thereunder), (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not any individual trade confirmation other than a trade confirmation that modifies or purports to override the express terms or conditions of the related Master Agreement, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and expected (as determined by the Manager, acting reasonably) aggregate payments by the Financing Entity thereunder during the term of such contract are or would be in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).

"**Change of Law Protection Agreement**" means this Agreement.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Determination Date**" has the meaning ascribed thereto in clause 2.01(a)iv.

"**Executive Officer**" has the meaning ascribed to the term "executive officer" in National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators.

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the first paragraph of this Agreement until a successor Financing Entity Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and the Declaration of Trust, and thereafter "Financing Entity Trustee" means and includes such Person.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Guarantee Payment**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Guarantee Payment Date**" has the meaning ascribed thereto in Section 2.01(a)i.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(a).

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity, as amended, supplemented, restated or otherwise modified from time to time.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Agreement**" means an agreement in the form of a Master Agreement as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, as amended, supplemented, restated or otherwise modified from time to time.

"**Material Effect**" means any change that could affect the timing of or circumstances under which Primary Obligations would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that could affect the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of this Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Payable Approved Amounts**" has the meaning ascribed thereto in 2.01(a).

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, unlimited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Post-Suspension Refinancing**" means a Primary Obligation proposed to be incurred on or after the occurrence of a Suspension Event, as a Refinancing of one or more Series of Approved Obligations or one or more such Refinancings.

"**Pre-Approved Refinancing**" means a Refinancing of a Certified Primary Obligation in respect of which the Province has, prior to the issuance of such Certified Primary Obligation, waived its right to object to such Refinancing being an Approved Obligation.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account or Finance Reserve Account; and (ii) any obligation to pay the Financing Entity or on the Financing Entity's direction any remaining amounts in the Collection Account pursuant to the Trust Indenture.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that adversely affects (X) the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured taking into account any funds available (i) in any Finance Reserve Account at such time and (ii) after collecting the True-up Amount in the Reference Period immediately following the occurrence of an event described in a(i) to a(v), or (Y) this Agreement or any of the agreements under which Obligations Secured arise; or

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Obligations Secured that have become due and payable.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency Condition" in

the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Reference Period**" has the meaning ascribed to the term "reference period" in the Act.

"**Refinancing**" has the meaning ascribed to the term "refinancing" in the Act as of the date hereof, as more particularly described and given meaning in the General Regulation as of the date hereof.

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(B).

"**Subrogation Payment Date**" has the meaning ascribed thereto in clause 2.01(a)iv.

"**Suspension Event**" has the meaning ascribed thereto in Section 7.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 7.01.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**True-up Amount**" has the meaning ascribed to the term "true up amount" in the Act.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

EXHIBIT A
FORM OF PAYMENT DEMAND

TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Pursuant to and in accordance with section 2.01(a) of the Change of the Law Protection Agreement, the Indenture Trustee hereby demands payment from the Province in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in the Change of Law Protection Agreement.

DATED as of the [■] day of [■], [■].

BNY TRUST COMPANY OF CANADA

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT B-1
FORM OF ADHERENCE COMPLIANCE CERTIFICATE UNDER SECTION 4.02(a)

TO: **BNY TRUST COMPANY OF CANADA**, in its capacity as Indenture Trustee (the "**Indenture Trustee**") under the Master Trust Indenture dated as of December ●, 2017 between Fair Hydro Trust and the Indenture Trustee (the "**Master Trust Indenture**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province of Ontario, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust, Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Each of the undersigned, being the ● and ● of OPG acting in its capacity as FSM and holding the offices set forth under their names and signatures below, pursuant to and accordance with clause 4.02(a)ii of the Change of Law Protection Agreement, hereby certifies for and on behalf of OPG, in its capacity as Financial Services Manager, and not in such officer's personal capacity and intending that this certificate may be relied on by the addressees hereof without independent inquiry, that:

1. I have read and understand the provisions of the Change of Law Protection Agreement, the Master Trust Indenture and all other documents and materials necessary to enable me to deliver this certificate.
2. If the Certified Primary Obligation is a Refinancing, the proceeds of the Refinancing will be used solely for the purpose of repaying one or more Certified Primary Obligations in respect of which the Adherence Conditions in Subsection 4.02(a) of the Change of Law Protection Agreement had been satisfied, including one or more other Refinancings in respect of which the Adherence Conditions in Subsection 4.02(a) of the Change of Law Protection Agreement had been satisfied.
3. OPG has delivered to the Province a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate was provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation.

DATED as of the [■] day of [■], [■].

Name: [1]	Name:
Office:	Office:

[1] This certificate must be signed by two officers of OPG being either (i) the Chief Financial Officer and the Treasurer, or (ii) any two Executive Officers (as defined in the Change of Law Protection Agreement) of OPG.

EXHIBIT C
SUSPENSION NOTICE

TO: Ontario Power Generation Inc., in its capacity as Financial Services Manager

AND TO: Fair Hydro Trust

AND TO: Computershare Trust Company of Canada, in its capacity as trustee of Fair Hydro Trust

AND TO: BNY Trust Company of Canada, as Indenture Trustee

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement. All references in this Suspension Notice to "Articles" or "Sections" refer to Articles or Sections of the Change of Law Protection Agreement.

The Province has a reasonable basis for concluding that an event described in clauses (a) to (d) of Section 7.01 has occurred. Pursuant to Section 7.01, the Province hereby declares that the Limited Guarantee shall hereby not apply in respect of (i) any Primary Obligation incurred, excluding Post-Suspension Refinancings or Pre-Approved Refinancings or (ii) any amendment of any Primary Obligation that has a Material Effect, unless otherwise agreed to by the Province, in each case, on or after delivery of this Suspension Notice.

This Suspension Notice is hereby delivered to the FSM, the Financing Entity and the Indenture Trustee in accordance with Section 8.02 of the Change of Law Protection Agreement.

* * * *

DATED as of the [■] day of [■], [■].

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust organized under the laws of the Province of Ontario (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council 1981/2017 (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Primary Obligations that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred. This Agreement sets out the terms and conditions of such protections and assurances.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A**, and any other capitalized terms** not defined herein shall have the meanings **assigned to them in the Trust Indenture**;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this

Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 Proof of Approved Obligations

The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Manager deems to be sufficient.

Each statement delivered by the Manager under Section 2.01(a)i shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and each of the parties hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Manager shall act diligently in the preparation of each such statement and shall provide the Indenture Trustee and the Province with all supporting computations and calculations used by the Manager to prepare each such statement promptly following a request therefor made by the Indenture Trustee or the Province.

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture as of the date of this Agreement.

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 2.01 or Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a

related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee, the Financing Entity, the Financing Entity Trustee, the Manager or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day~~; provided, however, that if under the terms of an Approved Obligation an amount is stated to be due, a period of time would begin or end, a calculation is to be made or any other action to be taken thereunder shall be stated to be required to be taken, on a day other than a Business Day, any amount payable hereunder that is to be determined by reference to such Approved Obligation shall be determined by reference to such terms~~.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee may deliver a written demand, substantially in the form attached as **[Exhibit A]** (a "**Payment Demand**"), to the Province requiring the Province to make payments in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in this Agreement. From and after such delivery of a Payment Demand, the Province shall make the following payments in respect of the Approved Obligations (the "**Limited Guarantee**"), ~~and~~ the Financing Entity shall pay, and the Province shall be entitled to be paid, the Subrogation ~~Entitlements~~**Amounts** specified below**, and the following terms shall apply**:

i. Not less than **three (**3**)** Business Days prior to each day when any payment or payments are to be made in respect of one or more Approved Obligations occurring after such delivery of a Payment Demand (each such day, a "**Guarantee Payment Date**"), the Manager shall deliver a written statement setting forth the Aggregate Approved Obligations Amount, if any, in respect of the Approved Obligations that are due and payable on such Guarantee Payment Date, together with a detailed description identifying such Approved Obligations and the nature and amount of payments due and payable thereunder on the Guarantee Payment Date, the aggregate outstanding amount payable by the Financing Entity under such Approved Obligations as of the date of such written statement, and details regarding any default in performance by any party obligated thereunder.

ii. On each such Guarantee Payment Date, the Province shall deposit the Aggregate Approved Obligations Amount into the Protection Account.

iii. On each such Guarantee Payment Date, the Financing Entity and the Indenture Trustee shall ensure that the amounts on deposit in the Protection Account are applied to pay each Beneficiary to whom an amount is due and payable under an Approved Obligation on the Guarantee Payment Date the Approved Obligation Amount for such Beneficiary in respect of such Approved Obligation on such Guarantee Payment Date; provided that if the amount deposited pursuant to clause 2.01(a)ii is insufficient to pay all such Approved Obligation Amounts in full, the amount on deposit in the Protection Account on the Guarantee

Payment Date shall be applied to pay Beneficiaries in the order of priority in which such Approved Obligations are payable under the payment provisions of the Trust Indenture applicable to the making of such payments on the Guarantee Payment Date (each, a "**Beneficiary Payee**" and each payment made to a Beneficiary Payee on a Guarantee Payment Date, a "**Guarantee Payment**").

iv. On ~~any~~**the first** Guarantee Payment Date**, and on each subsequent Guarantee Payment Date, Payment Date or other day** on which ~~an amount is paid by the Province pursuant to clause 2.01(a)ii~~**any amount is required to be paid in respect of any Obligations Secured under the Trust Indenture (a "Subrogation Payment Date"), the Issuer and the Indenture Trustee shall ensure that** the applicable payment provisions of the Trust Indenture shall~~, notwithstanding any express terms of such provisions set forth in the Trust Indenture to the contrary,~~ be applied and operate on the following basis:

(A) ~~the amount payable to a Beneficiary Payee in respect of an~~**If such day is a Guarantee Payment Date, then for each** Approved Obligation ~~from amounts available under such payment provisions on such Guarantee Payment Date shall be reduced by the amount of the Guarantee Payment paid to the Beneficiary Payee~~ pursuant to clause 2.01(a)~~iii in respect of such Approved Obligation on such Guarantee Payment Date;(B) the Province shall be paid the amount payable to a Beneficiary Payee in respect of an Approved Obligation~~**for which amounts are paid to a Beneficiary Payee on such day** pursuant to clause 2.01(a)**iii in respect of principal, interest or any other amounts ("Payable Approved Amounts"), the amounts payable by the Issuer in respect of such amounts for such Approved Obligation** shall be reduced by the **respective amounts of such payments to the Beneficiary Payee, and equivalent amounts shall be payable by the Issuer to the Province as "Subrogation Amounts" in respect of such Approved Obligations, such Subrogation Amounts being payable in the same order of priority and with the same entitlements accruing to the Province as applied in respect of the related Payable Approved Amounts which were previously owing to the Beneficiary Payee, and to reflect this**

subrogation the payments set out in clause 2.01(a)iv(B) below shall be made by the Issuer.

(B) **If the Province has made all deposits required to be made by it on each Guarantee Payment Date occurring on or before such day in accordance with clause 2.01(a)ii (or the related Approved Obligation Amounts have otherwise all been paid in full), then in respect of each Approved Obligation for which any related Subrogation Amounts have not yet been paid in full to the Province, the Issuer shall pay to the Province** from amounts available to pay the Beneficiary Payee under such payment provisions on the Guarantee Payment Date,**the Trust Indenture payment provisions and in accordance with the applicable Payment Waterfalls the amount that would be payable on such date in satisfaction of the relevant Payable Approved Amounts as** determined without regard to the**any** Guarantee Payment paid on such**any** Guarantee Payment Date and **also without regard to** the corresponding reduction of the amount**amounts** owing to the**present and former** Beneficiary Payee**Payees** pursuant to subclause 2.01(a)iv(A) (each such**up to the** amount payable to**of** the Province being a "**unpaid related** Subrogation **Amount**"); and**Amounts.**

(C) no**No** Beneficiary having a right to be paid an amount in respect of an Approved Obligation, and no other Person entitled under an Obligation Secured, in each case that ranks equal with or subordinate to an**the Payable** Approved Obligation**Amount** in respect of which a Subrogation Amount is payable to the Province under subclause 2.01(a)iv(B), shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under such subclause (including any right of set-off, offset, reimbursement, contribution or indemnity) and no such Beneficiary or other Person shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of any such Subrogation Amount.

~~v.~~ ~~On the first day on which a payment is required to be made in respect of any Obligations Secured under the Trust Indenture that occurs after the day on which all amounts payable under all Approved Obligations have been paid in full (whether pursuant to Guarantee Payments, payments made pursuant to the payment provisions of the Trust Indenture, any combination thereof or otherwise) (the "**Determination Date**"), the applicable payment provisions of the Trust Indenture shall, notwithstanding any express terms of such provisions set forth in the Trust Indenture to the contrary, be applied and operate on the following basis:~~

~~(A)~~ ~~the Manager shall calculate each of the following amounts as of and by reference to the Determination Date:~~

~~(I)~~ ~~the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including the Determination Date in respect of Approved Obligations that at the time of payment ranked equally with or prior to interest amounts payable on Senior Funding Obligations in accordance with the applicable payment provisions of the Trust Indenture at such time, plus (y) an amount determined to reflect interest accruing on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount was paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture[1] and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of all Subrogation Amounts paid to the Province up to and including such day (such amount, the "**Senior Interest Final Subrogation Amount**");~~

~~(II)~~ ~~the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including the Determination Date in respect of Approved Obligations that at~~

[1] ~~Methodology to be confirmed.~~

the time of payment ranked equally with or prior to principal amounts payable on Senior Funding Obligations in accordance with the applicable payment provisions of the Trust Indenture at such time, plus (y) an amount determined to reflect interest accruing on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount was paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of (x) all Subrogation Amounts paid to the Province up to and including such day, plus (y) the amount determined under (I), above (such amount, the "**Senior Principal Final Subrogation Amount**");

(III) the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including the Determination Date in respect of Approved Obligations that at the time of payment ranked equally with or prior to interest amounts payable on Subordinate Funding Obligations in accordance with the applicable payment provisions of the Trust Indenture at such time, plus (y) an amount determined to reflect interest accruing on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount was paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of (x) all Subrogation Amounts paid to the Province up to and including such

day, plus (y) the sum of the amounts determined under (I) and (II), above (such amount, the "**Subordinated Interest Final Subrogation Amount**");

(IV) the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including the Determination Date in respect of Approved Obligations that at the time of payment ranked equally with or prior to principal amounts payable on Subordinated Funding Obligations in accordance with the applicable payment provisions of the Trust Indenture at such time, plus (y) an amount determined to reflect interest accruing on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount is paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of (x) all Subrogation Amounts paid to the Province up to and including such day, plus (y) the sum of the amounts determined under (I), (II) and (III) (such amount, the "**Subordinated Principal Final Subrogation Amount**");

(V) the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including the Determination Date in respect of Approved Obligations that at the time of payment ranked equally with or prior to interest amounts payable on Junior Subordinated Funding Obligations in accordance with the applicable payment provisions of the Trust Indenture at such time, plus (y) an amount determined to reflect interest accruing on each such Guarantee Payment from and including the date of its payment by the Province to but

excluding the date a Subrogation Amount was paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of (x) all Subrogation Amounts paid to the Province up to and including such day, plus (y) the sum of the amounts determined under (I), (II), (III) and (IV), above (such amount, the "**Junior Subordinated Interest Final Subrogation Amount**");

(VI) the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including the Determination Date in respect of Approved Obligations that at the time of payment ranked equally with or prior to principal amounts payable on Junior Subordinated Funding Obligations in accordance with the applicable payment provisions of the Trust Indenture at such time, plus (y) an amount determined to reflect interest accruing on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount is paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of (x) all Subrogation Amounts paid to the Province up to and including such day, plus (y) the sum of the amounts determined under (I), (II), (III), (IV) and (V) (such amount, the "**Junior Subordinated Principal Final Subrogation Amount**"); and

(VII) the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including the Determination Date in respect of all Approved Obligations, plus (y) an amount determined to reflect interest accruing on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount is paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of (x) all Subrogation Amounts paid to the Province up to and including such day, plus (y) the sum of the amounts determined under (I), (II), (III), (IV), (V) and (VI) (such amount, the "**Residual Final Subrogation Amount**" and, together with the Senior Interest Final Subrogation Amount, the Senior Principal Final Subrogation Amount, the Subordinated Interest Final Subrogation Amount, the Subordinated Principal Final Subrogation Amount, the Junior Subordinated Interest Final Subrogation Amount, the Junior Subordinated Principal Final Subrogation Amount, collectively, the "**Final Subrogation Amounts**");

(B) as of the Determination Date (and thereafter on each subsequent day when any payment or payments are to be made in respect of Obligations Secured, until paid in full), the Province shall be entitled to be paid by the Financing Entity, and the Financing Entity shall be obligated to pay the Province in accordance with the applicable payment provisions of the Trust Indenture, the following amounts in the priorities set forth below:

(I) as an amount ranking equally with interest amounts payable on Senior Funding Obligations in accordance with the

applicable payment provisions of the Trust Indenture, the Senior Interest Final Subrogation Amount;

(II) as an amount ranking equally with principal amounts payable on Senior Funding Obligations in accordance with the applicable payment provisions of the Trust Indenture, the Senior Principal Final Subrogation Amount;

(III) as an amount ranking equally with interest amounts payable on Subordinated Funding Obligations in accordance with the applicable payment provisions of the Trust Indenture, the Subordinated Interest Final Subrogation Amount;

(IV) as an amount ranking equally with principal amounts payable on Subordinated Funding Obligations in accordance with the applicable payment provisions of the Trust Indenture, the Subordinated Principal Final Subrogation Amount;

(V) as an amount ranking equally with interest amounts payable on Junior Subordinated Funding Obligations in accordance with the applicable payment provisions of the Trust Indenture, the Junior Subordinated Interest Final Subrogation Amount;

(VI) as an amount ranking equally with principal amounts payable on Junior Subordinated Funding Obligations in accordance with the applicable payment provisions of the Trust Indenture, the Junior Subordinated Principal Final Subrogation Amount; and

(VII) as an amount ranking equally with amounts payable on the Obligations Secured having the lowest payment ranking in accordance with the applicable payment provisions of the Trust Indenture to Persons other than OPG, the Residual Final Subrogation Amount;

~~(C)~~ ~~the payment entitlements of the Province described in subclause 2.01(a)v(B) shall, on and after the Determination Date, be treated for all purposes of the Trust Indenture as follows:~~

~~(I)~~ ~~the payment entitlements described in sub-subclauses 2.01(a)v(B)(I) and (II) shall constitute and be treated as interest and principal obligations, as the context requires, arising under a [Series of Notes] constituting Senior Funding Obligations issued by the Financing Entity to the Province on the Determination Date and conferring upon the Province (and any successor, assignee or transferee of such entitlements), all of the rights, entitlements, interests and privileges of a [Holder] of such a [Series of Notes]~~[2] ~~in accordance with the Trust Indenture, as supplemented by *[Describe applicable Senior Series Supplemental Indenture]*;~~

~~(II)~~ ~~the payment entitlements described in sub-subclauses 2.01(a)v(B)(III) and (IV) shall constitute and be treated as interest and principal obligations, as the context requires, arising under a Series of Notes constituting Subordinated Funding Obligations issued by the Financing Entity to the Province on the Determination Date and conferring upon the Province (and any successor, assignee or transferee of such entitlements), all of the rights, entitlements, interests and privileges of a Holder of such a Series of Notes in accordance with the Trust Indenture, as supplemented by *[Describe applicable Subordinated Series Supplemental Indenture]*;~~

~~(III)~~ ~~the payment entitlements described in sub-subclauses 2.01(a)v(B)(V) and (VI) shall constitute and be treated as interest and principal obligations, as the context requires, arising under a Series of Notes constituting Junior Subordinated Funding Obligations issued by the Financing Entity to the~~

~~[2] Conform defined terms to the Trust Indenture.~~

Province on the Determination Date and conferring upon the Province (and any successor, assignee or transferee of such entitlements), all of the rights, entitlements, interests and privileges of a Holder of such a Series of Notes in accordance with the Trust Indenture, as supplemented by *[Describe applicable Junior Subordinated Series Supplemental Indenture]*;

(IV) and the payment entitlements described in sub-subclause 2.01(a)v(B)(VII) shall constitute and be treated as a payment obligation without any additional rights, entitlements, interests or privileges, other than the right to receive payment in accordance with the applicable payment provisions of the Trust Indenture applicable to Obligations Secured ranking equally with amounts payable on the Obligations Secured having the lowest payment ranking in accordance with the applicable payment provisions of the Trust Indenture to any Person other than OPG; and

(D) no Person entitled under an Obligation Secured that ranks equal with or subordinate to a Final Subrogation Amount shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province in respect of such Final Subrogation Amount and no such Person shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of any such Final Subrogation Amount. **For greater certainty, the entitlements of the Province in respect of Subrogation Amounts arising in respect of Payable Approved Obligations that are interest and principal obligations on Notes shall** be treated for all purposes of the Trust Indenture as **interest and principal obligations, respectively, arising under Notes having the same priority as the related Approved Obligations, and accordingly the Province (and any successor, assignee or transferee of such entitlements) shall be entitled to all of the rights, entitlements, interests and privileges of a Holder of such a**

Notes in accordance with the Trust Indenture, as supplemented by the Supplemental Indenture or other indenture document under which the related Approved Obligations were issued.

v. vi. On any**each** Guarantee Payment Date and on**upon demand by** the Determination Date**Province**, the Indenture Trustee shall release and pay to the Province free and clear of any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay Guarantee Payments to Beneficiary Payees on the Guarantee Payment Date in accordance with clause 2.01(a)iii or that otherwise remains on deposit in the Protection Account on the Determination Date. **relevant date.**

vi. vii. In preparing any payment instructions under the Trust Indenture, the Manager shall reflect the amounts payable under Section 2.01(a)**, if applicable**.

vii. **The Province shall, as a payee of Subrogation Amounts under clause 2.01(a)iv(B) and as a payee of any amounts payable under clause 2.01(a)v, be a "Specified Creditor" under the Trust Indenture and have the benefit of the Collateral thereunder.**

viii. **For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the Approved Obligation Amounts, if any, for payment to Beneficiary Payees and will be subject to the priorities and to the Province's rights to Subrogation Amounts, set forth in Section 2.01(a).**

ix. **Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.**

x. **Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation by their terms.**

xi. **Any amount payable to the Province in respect of a Subrogation Amount shall bear interest from and including the date of payment by the Province of the related Guarantee Payment to but excluding the date of payment of the**

Subrogation Amount to the Province, such interest to accrue at the rate equivalent to the applicable interest rate borne by the related Approved Obligation, and such interest amounts shall be added to their respective Subrogated Amounts and shall consequently be payable in the same priority as the relevant Subrogated Amount under clause 2.01(a)iv(B), all such accruing interest amounts to be calculated and added to the Subrogation Amounts by the Manager in its discretion acting in a commercially reasonable fashion.

xii. **The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under and in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any amount due and payable to a Beneficiary Payee under the Limited Guarantee.**

(b) The Province shall, as a payee of Subrogation Amounts under clause 2.01(a)iv(B), ~~as a payee of each Final Subrogation Amount under clause 2.01(a)v~~ and as a payee of any amounts payable under clause 2.01(a)vi, be a "Specified Creditor" under the Trust Indenture and have the benefit of the Collateral thereunder.

(c) For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the Approved Obligation Amounts, if any, for payment to Beneficiary Payees and will be subject to the priorities and to the Province's rights to Subrogation ~~Entitlements~~**Amounts**, set forth in Section 2.01(a).

(d) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(e) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation by their terms.

(f) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under and in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any amount due and payable to a Beneficiary Payee under the Limited Guarantee.

2.02 Intentionally Deleted.

2.03 Absence of Set-off

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 Payment into Protection Account in Satisfaction

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account" for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section **[7.03]** of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Financing Entity and the Indenture Trustee shall ensure that all amounts paid by the Province into the Protection Account on a Guarantee Payment Date in respect of an Approved Obligation are applied to pay the amounts due and payable to the ~~Beneficiaries~~**Beneficiary Payee** as and to the extent provided for in Section

2.01(a). Upon a payment having been made by or on behalf of the Province into the Protection Account, the amounts so paid shall for all purposes be considered to have been applied to pay the applicable ~~Beneficiaries~~**Beneficiary Payee** as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such ~~Beneficiaries~~**Beneficiary Payee** in respect of the applicable Approved Obligations, whereupon an affected Beneficiary **Payee** shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid. For greater certainty, the obligations arising in respect of an applicable Approved Obligation shall not be reduced by such payment as the Province shall become entitled to be paid related Subrogation ~~Entitlements~~**Amounts** and the rights contemplated under Section 2.01(a) and Section 5.01 in relation to such continuing obligations.

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing

Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations in accordance with Section 8.01.

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

A Primary Obligation shall constitute an Approved Obligation if (i) the Adherence Conditions applicable thereto have been satisfied at the time the Primary Obligation was incurred, ~~or~~ (ii) the Province, in its sole discretion, designates in writing that it is an Approved Obligation **or (iii) the Primary Obligation is a Post-Suspension Refinancing or a Pre-Approved Refinancing**.

4.02 Adherence Conditions

(a) The following shall be the Adherence Conditions applicable in relation to each Certified Primary Obligation:

i. the Certified Primary Obligation when incurred is an Obligation Secured under the Trust Indenture; and

ii. OPG, as FSM, delivers an Adherence Compliance Certificate in the form attached hereto as Exhibit B-1 signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee, on or before the incurrence of a Certified Primary Obligation (provided that delivery may not be more than 5 Business Days before the incurrence of the Certified Primary Obligation); and

iii. the Province has not provided a Suspension Notice to the Indenture Trustee, OPG and the Financing Entity.

~~(b) The following shall be the Adherence Conditions applicable in relation to each Approved Refinancing:~~

~~i. such Approved Refinancing when incurred is an Obligation Secured under the Trust Indenture; and~~

~~ii. OPG, as FSM, delivers an Adherence Compliance Certificate in the form attached hereto as Exhibit B-2 signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers~~

in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee and the Province, on or before the incurrence of the Approved Refinancing (provided that delivery may not be more than 5 Business Days before the incurrence of such Approved Refinancing).

(b) (c) For greater certainty, satisfaction of the Adherence Conditions for a Certified Primary Obligation or an Approved Refinancing shall be deemed satisfaction of the Adherence Conditions in respect of all principal, interest and other amounts owing under the Certified Primary Obligation or the Approved Refinancing, as applicable. (d) Without limiting any obligations of OPG to the Province arising other than pursuant to this Agreement, a**as such** Certified Primary Obligation may be amended, restated, supplemented or otherwise modified from time to time. (e)

An Approved Refinancing may not be amended, restated, supplemented or otherwise modified without the consent of**, without** limiting any obligations of OPG to the Province arising other than pursuant to this Agreement.

(c) (f) For greater certainty, there shall be no Adherence Conditions applicable in relation to a Primary Obligation that is not a Certified Primary Obligation or an Approved Refinancing.

4.03 Evidence of Satisfaction

An Adherence Compliance Certificate delivered in accordance with clause 4.02(a)ii or in accordance with clause 4.02(b)ii, as the case may be, shall be determinative as to whether the applicable Adherence Conditions with respect thereto have been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same. An Adherence Compliance Certificate that purports on its face to be signed by officers specified in clause 4.02(a)ii or clause 4.02(b)ii, as applicable, may be relied upon by any addressee without further enquiry or evidence as to the incumbency or signatures of such officers. If an Adherence Compliance Certificate is not delivered in accordance with the timing requirements of clause 4.02(a)ii or clause 4.02(b)ii, as applicable, such certificate may be delivered at a later date, and be effective as if it had been delivered in accordance with the timing requirement of clause 4.02(a)ii or clause 4.02(b)ii, as applicable, if at the time such certificate was required to be delivered OPG had delivered to the Province all certifications required by the Province in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation or the Approved Refinancing.

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, ~~including~~**and shall be entitled to** (i) the right and entitlement to be paid and receive the related Subrogation ~~Entitlements~~**Amounts**, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including Sections **[7.04]** through **[7.11]** and **[8.13]** (Payment Priorities), Section **[7.12]** (Payments Held in Trust), Section **[8.11]** (Control by Controlling Class Creditors), Section **[8.12]** (Limitation on Suits), Section **[8.14]** (Limited Recourse), Article IX (The Indenture Trustee), including all limitations of liability thereunder, Section **[9.14]** (Communications to Specified Creditors) and

Section **[16.01]** (No Petition); (ii) consents, requests and authorizes the Issuer and the Indenture Trustee to (x) add the Province to the register of Specified Creditors described in subsection **[13.13(b)]** of the Trust Indenture and (y) disseminate the notice details of the Province to other Specified Creditors for the purposes set out in subsection **[9.14(b)]** of the Trust Indenture, and (iii) confirms that it will execute and deliver, or cause to be executed and delivered, all such further agreements, documents and instruments in connection with this Section 5.01 as the Indenture Trustee may request from time to time for the purpose of giving effect to the terms of this Section 5.01.

5.02 Priorities

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation **and the Payable Approved Amounts thereunder** shall rank equally with the rights, interests and entitlements of a Beneficiary to whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture in the manner and to the extent contemplated in Section **[7.10]** of the Trust Indenture.

5.03 Intentionally Deleted

5.04 Representations and Warranties

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
INDENTURE TRUSTEE MATTERS

6.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary,

agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

6.02 Not Responsible for Recitals

The recitals contained herein will be taken as the statements of the Province, the Financing Entity and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

6.03 Representations and Covenants of the Indenture Trustee

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Agreement and has taken all necessary action to authorize the execution, delivery and performance by it of this Agreement;

(c) this Agreement has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada. If, notwithstanding the provisions of this subsection 6.03(d), the Indenture Trustee ceases to be so authorized to carry on business, the validity and enforceability of this Agreement shall not be affected in any manner whatsoever by reason only of such event.

ARTICLE VII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

7.01 Suspension Notice

Upon:

(a) a Program Breach;

(b) a default in the performance, or breach, of any covenants of OPG, as FSM, or OPG, in its corporate capacity, in each case to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in

respect of any Certified Primary Obligation and the expiration of any applicable cure period;

(c) a representation or warranty made by OPG or a certification made by one or more officers of OPG, in each case whether as FSM or in its corporate capacity, to the Province in connection with its obligations to the Province and its internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligations, proves to be incorrect in any material respect on the date made and the expiration of any applicable cure period; or

(d) the FSM no longer being the Manager or actions having been taken by or on behalf of the Indenture Trustee to remove the FSM as the Manager~~,~~**;**

the Province may declare that the Limited Guarantee under this Agreement shall not apply to any Primary Obligations incurred on or after such declaration, ~~other than any~~ **excluding Post-Suspension Refinancings or Pre-**Approved ~~Refinancing~~**Refinancings**, by delivering a written notice in the form of Exhibit C (a "**Suspension Notice**") to the Indenture Trustee, the FSM and the Financing Entity.

7.02 Suspension

If a Suspension Notice has been provided under Section 7.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of: (i) any Primary Obligation incurred~~ or amended~~**, excluding Post-Suspension Refinancings or Pre-Approved Refinancings, or (ii) any amendment of any Primary Obligation that has a Material Effect, unless otherwise agreed to by the Province, in each case,** on or after the time such Suspension Notice is delivered~~, other than any Approved Refinancing~~.

7.03 Additional Right of the Province Regarding Post-Suspension Refinancings

Following the occurrence of a Suspension Event, the Limited Guarantee shall continue to apply in respect of any Post-Suspension Refinancing (for greater certainty, without regard to the satisfaction of any Adherence Conditions thereto); provided that prior to the Financing Entity incurring any Primary Obligation constituting a Post-Suspension Refinancing, the Manager shall provide the Province with at least 30 days' notice of its intention to seek a Post-Suspension Refinancing, which notice shall include a summary of the material covenants, events of default, representations and warranties and indemnities of the Financing Entity and other material terms, excluding financial terms, rates and levels (the "Proposal"), and during such 30 day period the Province may, but is not obligated to, offer to provide such Post-Suspension Refinancing or arrange for another Person to provide such Post-Suspension Refinancing on the same, or better, terms as set out in the Proposal. If, within such 30-day period, the Province elects to provide such Post-Suspension Refinancing as provided in the preceding sentence, the Manager shall accept such Proposal; however, if the Province does not elect to provide such Post-Suspension Refinancing, the Manager shall cause the Financing Entity to incur Primary Obligations constituting such a Post-Suspension Refinancing on the same or less

onerous terms than those set out in the Proposal; provided that such Post-Suspension Refinancing is available on such terms.

7.04 ~~7.03~~ No Impact on Adherence

For greater certainty, the occurrence of a Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event or in respect of any ~~Approved~~**Post-Suspension** Refinancing.

ARTICLE VIII
MISCELLANEOUS

8.01 Term of Agreement

This Agreement will continue until the later of: (a) the date that no amount is or may become due and payable by the Province under the Limited Guarantee and (b) the date that no amount is or may become due and payable to the Province in respect of any Subrogation ~~Entitlement~~**Amount**.

8.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust

700 University Avenue

Toronto, Ontario M5G 1X6
Attention: General Counsel

Fax: (416) 592-4189

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: Manager, Corporate Trust
Fax: (416) 981-9777
Email: corporatetrust.toronto@computershare.com

(b) if to the FSM:

Ontario Power Generation Inc.

700 University Avenue

Toronto, Ontario M5G 1X6

Attention: General Counsel
Fax: (416) 592-4189

(c) if to the Province:

Minister of Finance

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

and

Minister of Energy

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

With copies to:

Deputy Minister of Finance

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

and

Deputy Minister of Energy

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 8.02.

8.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

~~(b) The rights, entitlements and interests of the Province described under subclause 2.01(a)(v) shall be freely assignable and transferrable without any requirement for notice to or the consent of any of the other parties, subject to any limitations or restrictions as may be prescribed with respect to such an assignment or transfer pursuant to the Trust Indenture.~~

(b) ~~(c)~~ Any purported assignment of this Agreement in violation of this Section 8.03 shall be null and void.

8.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

8.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

8.07 Notice to Rating Agencies

OPG, as FSM, shall deliver prompt written notice to the Rating Agencies of the occurrence of (i) a Protection Event; (ii) receipt of a Suspension Notice delivered by the Province pursuant to Section 7.01; and (iii) an assignment of this Agreement by any party pursuant to Section 8.03.

8.08 Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their benefits hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

8.09 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, IN ITS CAPACITY AS TRUSTEE OF FAIR HYDRO TRUST, AS ISSUER, BY ONTARIO POWER GENERATION INC., NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration of a funding obligation" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

~~"**Action**" has the meaning ascribed thereto under the Trust Indenture.~~

"**Adherence Compliance Certificate**" means a certificate in the form attached hereto as Exhibit B-1 ~~or Exhibit B-2, as applicable,~~ delivered by the FSM in accordance with Section 4.02(a)ii ~~or Section 4.02(b)ii~~.

"**Adherence Conditions**", means, in respect of a Certified Primary Obligation, the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of a Guarantee Payment Date, the aggregate of the Approved Obligation Amounts for such Guarantee Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, for a Beneficiary in respect of an Approved Obligation under which an amount is due and payable on a Guarantee Payment Date:

(a) if no Acceleration has occurred in respect of any Obligation Secured on or before the Guarantee Payment Date, the amount due and payable to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation (for greater certainty, determined on the assumption that there are adequate amounts available under the applicable payment provisions of the Trust Indenture to pay in full all amounts referred to in such payment provisions that are due and payable on the Guarantee Payment Date); and

(b) if an Acceleration has occurred in respect of any Obligations Secured on or before the Guarantee Payment Date, the amount that would be available to be paid to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation under the applicable payment provisions of the Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with such applicable payment provisions of the Trust Indenture in respect of each relevant month during each Reference Period is equal to the estimated Finance Amount determined in respect of such Reference Period for purposes of section 15(1) of the Act (in effect on the date hereof), including section 6.1 of the General Regulation (in effect on the date hereof), divided by the number of months in such Reference Period.

~~"**Approved Refinancing**" means a Certified Primary Obligation proposed to be incurred on or after the occurrence of a Suspension Event, as a Refinancing of an existing Certified Primary Obligation in respect of which the Adherence Conditions set forth in Subsection 4.02(a) had been satisfied on the date such existing Certified Primary Obligation was incurred, that, at the time of incurrence, satisfies each of each of the Adherence Conditions set forth in Subsection 4.02(b).~~

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Beneficiary Payee**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Certified Primary Obligations**" means Primary Obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest, including any Refinancing**, other than a Post-Suspension Refinancing or a Pre-Approved Refinancing,** of such a Primary Obligation (for greater certainty, including, in the case of any Certified Primary Obligation permitting funding transactions pursuant to a Funding Obligation Agreement applicable to the Certified Primary Obligation, each individual borrowing or funding utilization thereunder), (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not any individual trade confirmation other than a trade confirmation that modifies or purports to override the express terms or conditions of the related Master Agreement, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and expected (as determined by the Manager, acting reasonably) aggregate payments by the Financing Entity thereunder during the term of such contract are or would be in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).

"**Change of Law Protection Agreement**" means this Agreement.

~~"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.~~

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency

option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Determination Date**" has the meaning ascribed thereto in clause 2.01(a)~~v~~**iv**.

~~"**Eligible Deposit Account**" has the meaning ascribed thereto in the Trust Indenture.~~

~~"**Eligible Institution**" has the meaning ascribed thereto in the Trust Indenture.~~

"**Executive Officer**" has the meaning ascribed to the term "executive officer" in National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators.

~~"**Final Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(D).~~

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the first paragraph of this Agreement until a successor Financing Entity Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and the Declaration of Trust, and thereafter "Financing Entity Trustee" means and includes such Person.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

~~"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.~~

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Guarantee Payment**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Guarantee Payment Date**" has the meaning ascribed thereto in Section 2.01(a)i.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

~~"**Issuer Account**" has the meaning ascribed thereto in the Trust Indenture.~~

~~"**Issuer Funding Obligation**" has the meaning ascribed thereto in the Trust Indenture.~~

~~"**Junior Subordinated Interest Final Subrogation Amount**" has the meaning ascribed thereto in clause 2.01(a)v.~~

~~"**Junior Subordinated Principal Final Subrogation Amount**" has the meaning ascribed thereto in clause 2.01(a)v.~~

"**Legislature**" means the Legislature of the Province of Ontario.

~~"**Lien**" has the meaning ascribed thereto in the Trust Indenture.~~

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(a).

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity, as amended, supplemented, restated or otherwise modified from time to time.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Agreement**" means an agreement in the form of a Master Agreement as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, as amended, supplemented, restated or otherwise modified from time to time.

"~~**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.~~**Material Effect" means any change that could affect the timing of or circumstances under which Primary Obligations would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that could affect the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of this Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation.**

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"Payable Approved Amounts" has the meaning ascribed thereto in 2.01(a).

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, unlimited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"Post-Suspension Refinancing" means a Primary Obligation proposed to be incurred on or after the occurrence of a Suspension Event, as a Refinancing of one or more Series of Approved Obligations or one or more such Refinancings.

"Pre-Approved Refinancing" means a Refinancing of a Certified Primary Obligation in respect of which the Province has, prior to the issuance of such Certified Primary Obligation, waived its right to object to such Refinancing being an Approved Obligation.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account or Finance Reserve Account; and (ii) any obligation to pay the Financing Entity or on the Financing Entity's direction any remaining amounts in the Collection Account pursuant to the Trust Indenture.

~~"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.~~

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that~~ materially and~~ adversely affects[3] (~~a~~**X**) the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured **taking into account any funds available (i) in any Finance Reserve Account at such time and (ii) after collecting the True-up Amount in the Reference Period immediately following the occurrence of an event described in a(i) to a(v)**, or (~~b~~**Y**) this Agreement or any of the agreements under which Obligations Secured arise; or

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that~~ materially and~~ adversely affects[4] the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Obligations Secured that have become due and payable.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency Condition" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Reference Period**" has the meaning ascribed ~~thereto~~**to the term "reference period"** in the Act.

[3] ~~Explanatory Note: This is required by the Province, without qualification.~~
[4] ~~Explanatory Note: This is required by the Province, without qualification.~~

"**Refinancing**" has the meaning ascribed to the term "refinancing" in the Act as of the date hereof, as more particularly described and given meaning in the General Regulation as of the date hereof.

~~"**Residual Final Subrogation Amount**" has the meaning ascribed thereto in clause 2.01(a)v.~~

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

~~"**Senior Interest Final Subrogation Amount**" has the meaning ascribed thereto in clause 2.01(a)v.~~

~~"**Senior Principal Final Subrogation Amount**" has the meaning ascribed thereto in clause 2.01(a)v.~~

~~"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.~~

~~"**Subordinated Interest Final Subrogation Amount**" has the meaning ascribed thereto in clause 2.01(a)v.~~

~~"**Subordinated Principal Final Subrogation Amount**" has the meaning ascribed thereto in clause 2.01(a)v.~~

~~"**Subrogation Entitlement**" means each Subrogation Amount and each Final Subrogation Amount.~~

"**Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(B).

"~~**Supplemental Indenture**~~**Subrogation Payment Date**" has the meaning ascribed ~~in the Trust Indenture.~~**thereto in clause 2.01(a)iv.**

~~"**Supplemental Reserve Account**" has the meaning ascribed in the Trust Indenture.~~

"**Suspension Event**" has the meaning ascribed thereto in Section 7.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 7.01.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"True-up Amount" has the meaning ascribed to the term "true up amount" in the Act.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

EXHIBIT A
FORM OF PAYMENT DEMAND

TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Pursuant to and in accordance with section 2.01(a) of the Change of the Law Protection Agreement, the Indenture Trustee hereby demands payment from the Province in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in the Change of Law Protection Agreement.

DATED as of the [■] day of [■], [■].

BNY TRUST COMPANY OF CANADA

By:
Name:
Title:

By:
Name:
Title:

EXHIBIT B-1
FORM OF ADHERENCE COMPLIANCE CERTIFICATE UNDER SECTION 4.02(a)

TO: **BNY TRUST COMPANY OF CANADA**, in its capacity as Indenture Trustee (the "**Indenture Trustee**") under the Master Trust Indenture dated as of December ●, 2017 between Fair Hydro Trust and the Indenture Trustee (the "**Master Trust Indenture**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province of Ontario, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust, Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Each of the undersigned, being the ● and ● of OPG acting in its capacity as FSM and holding the offices set forth under their names and signatures below, pursuant to and accordance with clause 4.02(a)ii of the Change of Law Protection Agreement, hereby certifies for and on behalf of OPG, in its capacity as Financial Services Manager, and not in such officer's personal capacity and intending that this certificate may be relied on by the addressees hereof without independent inquiry, that:

1. I have read and understand the provisions of the Change of Law Protection Agreement, the Master Trust Indenture and all other documents and materials necessary to enable me to deliver this certificate.
2. If the Certified Primary Obligation is a Refinancing, the proceeds of the Refinancing will be used solely for the purpose of repaying one or more Certified Primary Obligations in respect of which the Adherence Conditions in Subsection 4.02(a) of the Change of Law Protection Agreement had been satisfied, including one or more other Refinancings in respect of which the Adherence Conditions in Subsection 4.02(a) of the Change of Law Protection Agreement had been satisfied.
3. OPG has delivered to the Province a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate was provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation.

DATED as of the [■] day of [■], [■].

Name: [~~5~~1]	Name:
Office:	Office:

[~~5~~1] This certificate must be signed by two officers of OPG being either (i) the Chief Financial Officer and the Treasurer, or (ii) any two Executive Officers (as defined in the Change of Law Protection Agreement) of OPG.

EXHIBIT B-2
FORM OF ADHERENCE COMPLIANCE CERTIFICATE UNDER SECTION 4.02(b)

TO:	**BNY TRUST COMPANY OF CANADA**, in its capacity as Indenture Trustee (the "**Indenture Trustee**") under the Master Trust Indenture dated as of December ●, 2017 between Fair Hydro Trust and the Indenture Trustee (the "**Master Trust Indenture**")
AND TO:	Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust, Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Each of the undersigned, being the ● and ● of OPG acting in its capacity as FSM and holding the offices set forth under their names and signatures below, pursuant to and accordance with clause 4.02(b)ii of the Change of Law Protection Agreement, hereby certifies for and on behalf of OPG, in its capacity as Financial Services Manager, and not in such officer's personal capacity and intending that this certificate may be relied on by the addressees hereof without independent inquiry, that:

1. I have read and understand the provisions of the Change of Law Protection Agreement, the Master Trust Indenture and all other documents and materials necessary to enable me to deliver this certificate.
2. The proceeds of the Approved Refinancing will be used solely for the purpose of repaying one or more Certified Primary Obligations (including any Refinancing) in respect of which the Adherence Conditions in Subsection 4.02(a) of the Change of Law Protection Agreement had been satisfied, or one or more Approved Refinancings in respect of which the Adherence Conditions in Subsection 4.02(b) of the Change of Law Protection Agreement had been satisfied.
3. OPG has delivered to the Province a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate was provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) confirming that OPG would be in compliance with all obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the proposed Certified Primary Obligation that applied as between the Province and OPG on the date of issuance of the Certified Primary Obligation subject to repayment using the proceeds of the Approved Refinancing.

DATED as of the [■] day of [■], [■].

~~Name:~~ [6]	~~Name:~~
~~Office:~~	~~Office:~~

EXHIBIT C
SUSPENSION NOTICE

TO: Ontario Power Generation Inc., in its capacity as Financial Services Manager

AND TO: Fair Hydro Trust

AND TO: Computershare Trust Company of Canada, in its capacity as trustee of Fair Hydro Trust

BNY Trust Company of Canada, as Indenture Trustee

AND TO:

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement. All references in this Suspension Notice to "Articles" or "Sections" refer to Articles or Sections of the Change of Law Protection Agreement.

The Province has a reasonable basis for concluding that an event described in clauses (a) to (d) of Section 7.01 has occurred. Pursuant to Section 7.01, the Province hereby declares that the Limited Guarantee shall ~~not apply in respect of any Primary Obligation incurred or amended on or after the delivery of this Suspension Notice, other than an Approved Refinancing in respect of which the Adherence Conditions set forth in Subsection 4.02(b) have been satisfied.The Limited Guarantee shall~~ hereby not apply in respect of (i) any Primary Obligation incurred**, excluding Post-Suspension Refinancings or Pre-Approved Refinancings** or (ii) any amendment of any Primary Obligation that ~~results in an increase to the principal amount of such Primary Obligation~~**has a Material Effect, unless otherwise agreed to by the Province**, in each case, on or after delivery of this Suspension Notice~~, other than any Approved Refinancing in respect of which the Adherence Conditions set forth in Subsection 4.02(b) have been satisfied~~.

[6] ~~This certificate must be signed by two officers of OPG being either (i) the Chief Financial Officer and the Treasurer, or (ii) any two Executive Officers (as defined in the Change of Law Protection Agreement) of OPG.~~

This Suspension Notice is hereby delivered to the FSM, the Financing Entity and the Indenture Trustee in accordance with Section 8.02 of the Change of Law Protection Agreement.

* * * *

DATED as of the [■] day of [■], [■].

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

Document comparison by Workshare Compare on December-11-17 11:28:54 PM

Input:	
Document 1 ID	interwovenSite://INVENTORYS1/TorysAtWork/24621171/1
Description	#24621171v1<TorysAtWork> - 23239360-v26-Change of Law Protection Agreement (Dec 11)
Document 2 ID	C:\NRPortbl\TorysAtWork\BSAULNIE\24621171_2.docx
Description	C:\NRPortbl\TorysAtWork\BSAULNIE\24621171_2.docx
Rendering set	Firm_Standard

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

Statistics:	
	Count
Insertions	108
Deletions	194
Moved from	7
Moved to	7
Style change	0
Format changed	0
Total changes	316

From:	Hanslep, Malle (MOF)
To:	ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com); Ken Kandeepan; Mike Manning; Ronald Kwan; Thouin, Alena (ENERGY); Tom McKinlay (MAG); Anna Strathy
Cc:	Tobias P. Whitfield (MOF)
Subject:	FW: Fair Hydro - Change of Law Protection Agreement
Date:	Friday, December 08, 2017 10:35:15 AM
Attachments:	Compare Protection Agreement (Dec 4 (Province) v Dec 7 (Osler_Torys)).PDF Change of Law Protection Agreement - Dec 7 (Osler_Torys).DOCX

Hi all,
We have now received a revised version of the Protection Agreement. Should we schedule a call for about 1pm to go through this draft? I don't think that I will be available before 1pm. Perhaps Anna can arrange the call?
Thanks
Malle

From: Milligan, Peter [mailto:PMilligan@osler.com]
Sent: December 7, 2017 6:44 PM
To: ASHBOURNE, STEPHEN; Sebastiano, Rocco; Mansoori, Nina
Cc: Kandeepan, Ken (OFA); 'LADAK Lubna -TREASURY'; Strathy, Anna (OFA); Veinot, Cindy (TBS); McKinlay, Tom (MAG); Donaldson, Mark (TBS); Cayley, Daniel (ENERGY); Thouin, Alena (ENERGY); Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie - LAWDIV'; Fullerton, Rick; Mayman, Gadi (OFA); Manning, Mike (OFA); Hanslep, Malle (MOF); 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; Hume, Steen (ENERGY); Saulnier, Brett; Olusoga, Yinka; Whitfield, Tobias P. (MOF); PALMER, AARON; VINER, JON; PRESTAGE, JA
Subject: Fair Hydro - Change of Law Protection Agreement
All,
Attached is a revised comment draft of the Change of Low Protection Agreement reflecting comments from Torys and Osler. In order to meet this transaction's timeline, this comment draft has not been reviewed by OPG or the Dealers and is delivered subject to any comments they may have.
Peter

OSLER

Peter Milligan
416.862.6634DIRECT
416.862.6666FACSIMILE
pmilligan@osler.com
Osler, Hoskin & Harcourt LLP
Box 50, 1 First Canadian Place
Toronto, Ontario, Canada M5X 1B8

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From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: Thursday, December 07, 2017 4:27 PM
To: Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima

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Subject: RE: Fair Hydro -- Change of Law Process Agreement
Hi,
Please find (attached) a further turn of the Change of Law Process Agreement, reflecting the Province's comments on the mark-up of the Agreement circulated yesterday afternoon by Torys. The attached blackline shows changes made to yesterday's Torys mark-up.
This version addresses concerns Rocco raised last night, to the extent the Province feels that the issues can be accommodated. For your information, I have set out below responses to Rocco's comments/observations (in CAPs).
The Province would like to proceed with the Ministers briefing early next week, on the basis that this version (minus the explanatory notes) is now in final form. If there are any critical revisions that the other parties believe reflect 'must have' priority, then the Province would like to have a call to discuss them as soon as possible.
Responses to Rocco's Points:
1. The change of the definition of Breach Event in Section 6.01 (i.e., the change to clause (a) and the addition of clause (b)) will result in an inconsistency with section 7.01(b) of the Change of Law Protection Agreement. This will require further consideration. [AGREED. 7.01(b) and 7.01(c) WILL NEED TO MIRROR THE CURE LANGUAGE WE SETTLE ON IN THE PROCESS AGREEMENT (SEE MY EARLIER COMMENTS). PERHAPS THE "which continues …" LANGUAGE IN 7.01(B) CAN BE REVISED TO READ: "to the extent that the Province would be entitled to provide a Suspension Notice in accordance with the terms of the agreement or agreements between the Province and OPG under which such obligations, requirements and processes arise". SIMILAR CHANGE FOR 7.01(C).
2. The right of the Province to issue an objection notice under Section 3.04(b) in connection with a Transaction Document provided to the Province which is required for a Refinancing of an Approved Obligation remains an outstanding issue. Clearly, this will depend upon what Adherence Conditions will be required under Section 4.02 of the Change of Law Protection Agreement in order to permit such Refinancing to become an Approved Obligation. If the Adherence Conditions set out in Section 4.02(a) of the Province's draft of the Change of Law Protection Agreement of December 4 were to apply to such Refinancing, to the extent that such refinancing required a change to a Transaction Document (e.g., as a result of a change to some rating agency condition or criteria), the Province's ability to issue an objection notice and thereby prevent the issuance of a Process Certificate under Section 3.01 (by virtue of Section 3.04) would have the effect of preventing a Refinancing. We trust that this was an unintended outcome of the drafting of Section 3.04 and/or the Adherence Conditions applicable to Refinancings. [THAT IS THE INTENDED EFFECT. THE ADHERENCE CONDITIONS WOULD APPLY TO THE REFINANCING, SO IF THE REFINANCING TERMS DEVIATED MATERIALLY (BASED ON THE SUBSTANTIALLY IN THE FORM"

THRESHOLD”), THEN OPG WOULD REQUIRE THE PROVINCE NOT TO OBJECT IN ORDER TO PROCEED WITH THOSE NEW TERMS. OTHERWISE, THE REFINANCING COULD INCORPORATE TERMS AND CONDITIONS, WHICH WOULD BIND THE PROVINCE UNDER THE LIMITED GUARANTEE, THAT WOULD BE UNCONSTRAINED AND WITHOUT ANY ACCOUNTABILITY TO THE PROVINCE. IN ROCCO’S EXAMPLE, THAT MIGHT MEAN THAT OPG WOULD NEED TO RESORT TO UNRATED DEBT, IF THE PROVINCE WAS UNWILLING TO ACCEPT THE NEW TERMS. PRESUMABLY EVERYONE WOULD ACT RATIONALLY. HOWEVER, AS A FAILSAFE, OPG COULD OFFER INCREASED PRICING IN ORDER TO ATTRACT INVESTORS TO ACCEPT THE EARLIER VETTED TERMS (BASED ON THE THEN ACCEPTED REVIEWED DOCUMENTATION).]

3. Given that the Indenture Trustee is not a party to the Change of Law Process Agreement, the Province and OPG can amend the terms and conditions of this agreement without the consent of the indenture Trustee. Specified Creditors under an Approved Obligation need to be assured that the Province cannot prevent a Refinancing of an Approved Obligation either by virtue of the objection notice discussed in point #2 above or as a result of a future amendment to the agreement. There are a couple of ways to deal with this point. The first is to a add a beneficiary/third party rights clause in the Change of Law Process Agreement which acknowledges that the Indenture Trustee is a beneficiary of certain provisions of this agreement and as a result, the agreement cannot be amended without the consent of the Indenture Trustee. The second is to ensure that the Adherence Conditions relating to Refinancings under the Change of Law Protection Agreement are not dependent upon the terms of the Change of Law Process Agreement. In light of the desire to not disclose the terms and conditions of the Change of Law Process Agreement to the rating agencies, especially at this late stage in the process, we would expect that the latter approach would be preferable. [THE SUGGESTION REGARDING THE PROVINCE PREVENTING A REFINANCING IS ADDRESSED IN #2. IF THE REFINANCING TERMS WOULD EXCEED THE SCOPE OF THE TRANSACTION DOCUMENTS REVIEWED AND NOT OBJECTED TO BY THE PROVINCE, THEN THAT SUGGESTS THERE IS A MATERIAL EFFECT ON THE PROVINCE AND SO THE PROVINCE WOULD NEED THE ABILITY TO REVIEW AND CONSIDER THE PROPRIETY OF THOSE NEW TERMS FROM ITS PERSPECTIVE. AS FOR THE STANDALONE NATURE OF THE PROCESS AGREEMENT, THE INTENTION IS THAT THE PROCESS AGREEMENT BE UNCOUPLED AND NOT PART OF THE COLLATERAL, AND AS MICHAEL FELDMAN HAS EXPLAINED, LEAVE FUTURE FLEXIBILITY FOR THIS LONG-TERM STRUCTURE. TO ADDRESS ROCCO’S CONCERN THAT THE PROVINCE AND OPG COULD CHANGE THE UNDERLYING OBLIGATIONS APPLICABLE TO ADHERENCE IN RELATION TO A NEW OBLIGATION, REQUIREMENT OR PROCESS IN THE PROCESS AGREEMENT THAT WOULD MAKE A REFINANCING LESS LIKELY TO OCCUR, WE HAVE ADDED AND USED IN THE ATTACHED VERSION A NEW DEFFINTION:

> “Approved Refinancing” means a Certified Primary Obligation proposed to be incurred as a Refinancing of an existing Certified Primary Obligation in respect of which the Adherence Conditions had been satisfied on the date such existing Certified Primary Obligation was incurred, that, at the time of incurrence, satisfies each of each of the Adherence Conditions except that the certificate contemplated to be delivered under Section 4.02(b) shall instead confirm that OPG has delivered to the Province a certificate by its applicable officers confirming that OPG would be in compliance with all obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the proposed Certified Primary Obligation that applied as between the Province and OPG on the date of issuance of such existing Certified Primary Obligation.” Various references to “Refinancing” in the Protection Agreement can also be revised to refer to “Approved Refinancing”, as required.

Regards, Steve

Stephen R. Ashbourne
Partner

stephen.ashbourne@blakes.com
Dir: 416-863-3086

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From: Sebastiano, Rocco [mailto:RSebastiano@osler.com]
Sent: Wednesday, December 06, 2017 7:45 PM
To: Mansoori, Nina; ASHBOURNE, STEPHEN; VINER, JON; PRESTAGE, JA
Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Milligan, Peter; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Saulnier, Brett; Olusoga, Yinka
Subject: RE: Fair Hydro -- Change of Law Process Agreement

I have reviewed the revised draft of the Change of Law Process Agreement that Torys has prepared and would like to pass along the following comments/observations:

1. The change of the definition of Breach Event in Section 6.01 (i.e., the change to clause (a) and the addition of clause (b)) will result in an inconsistency with section 7.01(b) of the Change of Law Protection Agreement. This will require further consideration.

2. The right of the Province to issue an objection notice under Section 3.04(b) in connection with a Transaction Document provided to the Province which is required for a Refinancing of an Approved Obligation remains an outstanding issue. Clearly, this will depend upon what Adherence Conditions will be required under Section 4.02 of the Change of Law Protection Agreement in order to permit such Refinancing to become an Approved Obligation. If the Adherence Conditions set out in Section 4.02(a) of the Province's draft of the Change of Law Protection Agreement of December 4 were to apply to such Refinancing, to the extent that such refinancing required a change to a Transaction Document (e.g., as a result of a change to some rating agency condition or criteria), the Province's ability to issue an objection notice and thereby prevent the issuance of a Process Certificate under Section 3.01 (by virtue of Section 3.04) would have the effect of preventing a Refinancing. We trust that this was an unintended outcome of the drafting of Section 3.04 and/or the Adherence Conditions applicable to Refinancings.

3. Given that the Indenture Trustee is not a party to the Change of Law Process Agreement, the Province and OPG can amend the terms and conditions of this agreement without the consent of the indenture Trustee. Specified Creditors under an Approved Obligation need to be assured that the Province cannot prevent a Refinancing of an Approved Obligation either by virtue of the objection notice discussed in point #2 above or as a result of a future amendment to the agreement. There are a

couple of ways to deal with this point. The first is to a add a beneficiary/third party rights clause in the Change of Law Process Agreement which acknowledges that the Indenture Trustee is a beneficiary of certain provisions of this agreement and as a result, the agreement cannot be amended without the consent of the Indenture Trustee. The second is to ensure that the Adherence Conditions relating to Refinancings under the Change of Law Protection Agreement are not dependent upon the terms of the Change of Law Process Agreement. In light of the desire to not disclose the terms and conditions of the Change of Law Process Agreement to the rating agencies, especially at this late stage in the process, we would expect that the latter approach would be preferable.
Regards, Rocco

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: Wednesday, December 06, 2017 4:38 PM
To: 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>; 'JON.VINER@blakes.com' <JON.VINER@blakes.com>; 'JA.PRESTAGE@blakes.com' <JA.PRESTAGE@blakes.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Mansoori, Nina <nmansoori@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>
Subject: Fair Hydro -- Change of Law Process Agreement

Blakes team,

Please find attached OPG and Torys' comments on the Process Agreement reflecting our discussions from yesterday's call. Please note that this draft is subject to continuing review and comment by Osler and the dealers. As discussed at the tail end of our call yesterday, the section in the Process Agreement that gives the Province the right to object to new and material changes to transaction documents dovetails with the Protection Agreement so additional comments from Oslers may be forthcoming on this draft.

We are working on getting you a revised draft of the Protection Agreement either later today or tomorrow. In the meantime, please let us know if you have any comments or questions on the Process Agreement.

Best Regards,
Nina

Nina Mansoori
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****

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE[1]

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

[1] Explanatory Note: Logistics of closing are under consideration by the Province.

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust organized under the laws of the Province of Ontario (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council ~~dated as of~~ 1981/2017 (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Primary Obligations that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred. This Agreement sets out the terms and conditions of such protections and assurances.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 ~~Intentionally Deleted~~Proof of Approved Obligations

The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Manager deems to be sufficient.

Each statement delivered by the Manager under Section 2.01(a)i shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and the Province hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Manager agrees to provide the Province with the computations and calculations used by the Manager to prepare each such statement promptly following a request therefor.[2]

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture as of the date of this Agreement.

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 2.01 or Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

[2] This language was reinserted as the guarantee statements required to be delivered by the Manager should be binding on the Province.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee, the Financing Entity, the Financing Entity Trustee, the Manager or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one

and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

~~Whenever~~Unless otherwise provided for under the terms of any Approved Obligation, whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee ~~shall (unless the Rating Agency Condition has been satisfied with respect to a demand not being made as a result of the Protection Event),~~may deliver a written demand, substantially in the form attached as Exhibit A (a "**Payment Demand**"), to the Province requiring the Province to make payments in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in this Agreement. From and after such delivery of a Payment Demand, the Province shall make the following payments in respect of the Approved Obligations (the "**Limited Guarantee**"), and the Financing Entity shall pay, and the Province shall be entitled to be paid, the Subrogation Entitlements specified below:

i. Not less than 3 Business Days prior to each day when any payment or payments are to be made in respect of one or more Approved Obligations occurring after such delivery of a Payment Demand (each such day, a "**Guarantee Payment Date**"), the Manager shall deliver a written statement setting forth the Aggregate Approved Obligations Amount, if any, in respect of the Approved Obligations that are due and payable on such Guarantee Payment Date, together with a detailed description identifying such Approved Obligations and the nature and amount of payments due and payable thereunder on the Guarantee Payment Date, the aggregate outstanding amount payable by the Financing Entity under such Approved Obligations as of the date of such written statement, and details regarding any default in performance by any party obligated thereunder.

ii. On each such Guarantee Payment Date, the Province shall deposit the Aggregate Approved Obligations Amount into the Protection Account.

iii. On each such Guarantee Payment Date, the Financing Entity and the Indenture Trustee shall ensure that the amounts on deposit in the Protection Account are applied to pay each Beneficiary to whom an amount is due and payable under an Approved Obligation on the Guarantee Payment Date the Approved Obligation Amount for such Beneficiary in respect of such Approved Obligation on such Guarantee Payment Date; provided that if the amount deposited pursuant to clause 2.01(a)ii is insufficient to pay all such Approved Obligation Amounts in full, the

amount on deposit in the Protection Account on the Guarantee Payment Date shall be applied to pay Beneficiaries in the order of priority in which such Approved Obligations are payable under the payment provisions of the Trust Indenture applicable to the making of such payments on the Guarantee Payment Date (each, a "**Beneficiary Payee**" and each payment made to a Beneficiary Payee on a Guarantee Payment Date, a "**Guarantee Payment**").

iv. On any Guarantee Payment Date on which an amount is paid by the Province pursuant to clause 2.01(a)ii, the applicable payment provisions of the Trust Indenture shall, notwithstanding the express terms of such provisions set forth in the Trust Indenture, be applied and operate on the following basis:

(A) [2]the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available under such payment provisions on such Guarantee Payment Date shall be reduced by the amount of the Guarantee Payment paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on such Guarantee Payment Date;

(B) the Province shall be paid the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available to pay the Beneficiary Payee under such payment provisions on the Guarantee Payment Date, determined without regard to the Guarantee Payment paid on such Guarantee Payment Date and the corresponding reduction of the amount owing to the Beneficiary Payee pursuant to subclause 2.01(a)iv(A) (each such amount payable to the Province being a "**Subrogation Amount**");

(C) no Beneficiary having a right to be paid an amount in respect of an Approved Obligation, and no other Person entitled under an Obligation Secured, in each case that ranks equal with or subordinate to an Approved Obligation in respect of which a Subrogation Amount is payable to the Province

[2] ~~Explanatory Note: In a particular period, the cash available from CEAs may exceed the aggregate Finance Amounts payable - for example, as a result of the "true-up" under the Act, which will determine the actual amount of cash available. The basic structure is that the Province will pay all Approved Obligation Amounts, and will be entitled to receive all cash flows available to the Beneficiary Payees. Limiting the subrogation amounts to the lesser of such available cash and the Guarantee Payments could result in leakage of the cash that the Province looks to under this arrangement.~~

under subclause 2.01(a)iv(B), shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under such subclause (including any right of reimbursement, contribution or indemnity) and no such Beneficiary or other Person shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of any such Subrogation Amount;

(D) [3]on the first day when any payment or payments are to be made in respect of Obligations Secured that occurs on or after the date on which all amounts payable under all Approved Obligations have been paid in full, whether pursuant to Guarantee Payments or payments made pursuant to the payment provisions of the Trust Indenture or any combination thereof, the Province shall be entitled to be paid from amounts available to pay Obligations Secured on such day (and thereafter on each subsequent day when any payment or payments are to be made in respect of Obligations Secured, until paid in full), in each case in accordance with the applicable payment provisions of the Trust Indenture on such day, the following amounts (each, a "**Final Subrogation Amount**"), in each case in the priorities specified below:

(I) as an amount ranking equally with [principal amounts of Senior Funding Obligations][4], the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including such day in respect of Approved Obligations ranking equally with or prior to [principal amounts of Senior Funding Obligations], plus (y) the sum of amounts determined in respect of interest on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount is paid to the Province

[3] Explanatory Note: The Province will be entitled to receive subrogation cash flows after satisfaction of all Approved Obligations. This provision provides how that these amounts will be payable from available cash flows, based on priorities that address cash entitlements opposite non-guaranteed obligations secured (e.g., after a suspension event). Conforming changes will need to be made to the Trust Indenture once these mechanics have been settled.

[4] Explanatory Note: Nomenclature to be conformed, once the corresponding provisions of the Trust Indenture have been settled.

in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related[5], exceeds (2) the sum of all Subrogation Amounts paid to the Province up to and including such day (such amount, the "**Senior Final Subrogation Amount**");

(II) as an amount ranking equally with [principal amounts of Subordinated Funding Obligations], the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including such day in respect of Approved Obligations ranking equally with or prior to [principal amounts of Subordinated Funding Obligations], plus (y) the sum of amounts determined in respect of interest on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount is paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of (x) all Subrogation Amounts paid to the Province up to and including such day, plus (y) the amount determined under (I) (such amount, the "**Subordinated Final Subrogation Amount**"); and

(III) as an amount ranking equally with [principal amounts of Junior Subordinated Obligations], the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including such day in respect of Approved Obligations ranking equally with or prior to [principal amounts of

[5] Explanatory Note: Nomenclature to be conformed, once the corresponding provisions of the Trust Indenture have been settled.

Junior Subordinated Funding Obligations], plus (y) the sum of amounts determined in respect of interest on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount is paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of (x) all Subrogation Amounts paid to the Province up to and including such day, plus (y) the sum of the amounts determined under (I) plus (z) the sum of the amounts determined under (II) (such amount, the "**Junior Subordinated Final Subrogation Amount**" and, together with the Senior Final Subrogation Amount and the Subordinated Final Subrogation Amount, the "**Final Subrogation Amounts**")[3]; and

(E) no Person entitled under an Obligation Secured that ranks equal with or subordinate to a Final Subrogation Amount shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province in respect of such Final Subrogation Amount and no such Person shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of any such Final Subrogation Amount.

v. On any Guarantee Payment Date, the Indenture Trustee shall release and pay to the Province free and clear of any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay Guarantee Payments to Beneficiary Payees on the Guarantee Payment Date in accordance with clause 2.01(a)iiiiii.

[3] Separate definitions were included to facilitate inserting these amounts into Trust Indenture priority of payment provisions.

vi. In preparing any payment instructions under the Trust Indenture, the Manager shall reflect the amounts payable under Section 2.01(a).

(b) The Province shall, as a payee of Subrogation Amounts under clause 2.01(a)~~(~~iv~~)~~(B), as a payee of each Final Subrogation Amount under clause 2.01(a)(iv)(~~B~~D) and as a payee of any amounts payable under clause 2.01(a)~~(~~v~~)~~, be a "Specified Creditor" under the Trust Indenture and have the benefit of the Collateral thereunder.

(c) For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the Approved Obligation Amounts, if any, for payment to Beneficiary Payees and will be subject to the priorities and to the Province's rights to Subrogation Entitlements, set forth in Section 2.01(a).

(d) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(e) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation by their terms.

(f) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under and in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any amount due and payable to a Beneficiary Payee under the Limited Guarantee.

2.02 Intentionally Deleted.

2.03 <u>Absence of Set-off</u>

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 Payment into Protection Account in Satisfaction

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account" for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section **[7.03]** of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Financing Entity and the Indenture Trustee shall ensure that all amounts paid by the Province into the Protection Account on a Guarantee Payment Date in respect of an Approved Obligation are applied to pay the amounts due and payable to the Beneficiaries as and to the extent provided for in Section 2.01(a). Upon a payment having been made by or on behalf of the Province into the Protection Account, the amounts so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiaries as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such Beneficiaries in respect of the applicable Approved Obligations, whereupon an affected Beneficiary shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid. For greater certainty, the obligations arising in respect of an applicable Approved Obligation shall not be reduced by such payment as the Province shall become entitled to be paid related Subrogation Entitlements and the rights contemplated under Section 2.01(a) and Section 5.01 in relation to such continuing obligations.

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations in accordance with Section 8.01.

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

A Primary Obligation shall constitute an Approved Obligation if (i) the Adherence Conditions applicable thereto have been satisfied at the time the Primary Obligation was incurred, or (ii) the Province, in its sole discretion, designates in writing that it is an Approved Obligation.

4.02 Adherence Conditions

(a) The following shall be the Adherence Conditions applicable in relation to each Certified Primary Obligation:

i. ~~(a)~~ the Certified Primary Obligation when incurred is an Obligation Secured under the Trust Indenture; and

ii. ~~(b)~~ OPG, as FSM, delivers ~~a certificate~~an Adherence Compliance Certificate in the form attached hereto as Exhibit B-1 signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee, on or before the incurrence of a Certified Primary Obligation (provided that delivery may not be more than 5 Business Days before the incurrence of the Certified Primary Obligation)~~, confirming that OPG has delivered to the Province a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be~~* ~~provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation~~*;[4] and

iii. ~~(c) in respect of a Certified Primary Obligation other than a Refinancing of a Primary Obligation in respect of which the Adherence Conditions had been satisfied,~~ the Province has not provided a Suspension Notice to the Indenture Trustee, OPG and the Financing Entity.

(b) The following shall be the Adherence Conditions applicable in relation to each Refinancing:

i. such Refinancing when incurred is an Obligation Secured under the Trust Indenture; and

ii. OPG, as FSM, delivers an Adherence Compliance Certificate in the form attached hereto as Exhibit B-2 signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee and the Province, on or before the incurrence of the Refinancing (provided that delivery may not be more than 5 Business Days before the incurrence of such Refinancing).[5]

[4] Given the importance of this certificate, the form of the Adherence Compliance Certificate is set out in Exhibit B-1 to this Agreement and accordingly this language has been deleted from this para (ii) and is reproduced in the form of certificate attached as Exhibit B-1.

[5] Given the importance of this certificate, the form of the Adherence Compliance Certificate is set out in Exhibit B-2 to this Agreement.

For greater certainty, (y) satisfaction of the Adherence Conditions for a Certified Primary Obligation or a Refinancing shall be deemed satisfaction of the Adherence Conditions in respect of all principal, interest and other amounts owing under the Certified Primary Obligation or the Refinancing, as applicable, as such Certified Primary Obligation or Refinancing may be amended, restated, supplemented or otherwise modified from time to time, and (z) there shall be no Adherence Conditions applicable in relation to a Primary Obligation that is not a Certified Primary Obligation or a Refinancing.

4.03 Evidence of Satisfaction

~~A closing certificate~~An Adherence Compliance Certificate delivered in accordance with Section 4.02(~~b) in connection with an incurrence of a Certified Primary Obligation~~a)ii or in accordance with Section 4.02(b)ii, as the case may be, shall be determinative as to whether the applicable Adherence Conditions with respect thereto have been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same. ~~A closing certificate~~An Adherence Compliance Certificate that purports on its face to be signed by officers specified in Section 4.02(~~b)~~a)ii or Section 4.02(b)ii, as applicable, may be relied upon by any addressee without further enquiry or evidence as to the incumbency or signatures of such officers. If ~~a closing certificate~~an Adherence Compliance Certificate is not delivered in accordance with the timing requirements of Section 4.02(~~b) in respect of a Certified Primary Obligation~~a)ii or Section 4.02(b)ii, as applicable, such certificate may be delivered at a later date, and be effective as if it had been delivered in accordance with the timing requirement of Section 4.02(~~b)~~a)ii or Section 4.02(b)ii, as applicable, if at the time such certificate was required to be delivered OPG had delivered to the Province all certifications required by the Province in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation or the Refinancing.

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, including (i) the right and entitlement to be paid and receive the related Subrogation Entitlements, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent of the payment by the Province in

respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including ~~[~~Sections **[7.04]** through **[7.11]** and **[8.13]** (Payment Priorities), Section **[7.12]** (Payments Held in Trust), Section **[8.11]** (Control by Controlling Class Creditors), Section **[8.12]** (Limitation on Suits), Section **[8.14]** (Limited Recourse), Article IX (The Indenture Trustee), including all limitations of liability thereunder, Section **[9.14]** (Communications to Specified Creditors) and Section **[16.01]** (No Petition)~~]~~; (ii) consents, requests and authorizes the Issuer and the Indenture Trustee to (x) add the Province to the register of Specified Creditors described in subsection **[13.13(b)]** of the Trust Indenture and (y) disseminate the notice details of the Province to other Specified Creditors for the purposes set out in subsection **[9.14(b)]** of the Trust Indenture, and (iii) confirms that it will execute and deliver, or cause to be executed and delivered, all such further agreements, documents and instruments in connection with this Section 5.01 as the Indenture Trustee may request from time to time for the purpose of giving effect to the terms of this Section ~~5.01.~~5.01.

5.02 Priorities

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation shall rank equally with the rights, interests and entitlements of a Beneficiary to whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the

extent of the priorities established in relation to the Approved Obligation under the Trust Indenture in the manner and to the extent contemplated in Section **[7.10~~(d)~~]** of the Trust Indenture.

5.03 Intentionally Deleted

5.04 Representations and Warranties

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
INDENTURE TRUSTEE MATTERS

6.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

6.02 Not Responsible for Recitals

The recitals contained herein will be taken as the statements of the Province, the Financing Entity and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

6.03 Representations and Covenants of the Indenture Trustee[6]

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Agreement and has taken all necessary action to authorize the execution, delivery and performance by it of this Agreement;

(c) this Agreement has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) ~~(b)~~ the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada. If, notwithstanding the provisions of this subsection 6.03(d), the Indenture Trustee ceases to be so authorized to carry on business, the validity and enforceability of this Agreement shall not be affected in any manner whatsoever by reason only of such event.

ARTICLE VII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

7.01 Suspension Notice

Upon:

(a) a Program Breach;

(b) a default in the performance, or breach, of any covenants of OPG, as FSM, or OPG, in its corporate capacity, in each case to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the ~~provision~~adherence of the Limited Guarantee~~, which continues for thirty (30) days after written notice by the Province to OPG of such default or breach~~ to the Certified Primary Obligations and the expiration of any applicable cure period;

(c) a representation or warranty made by OPG or a certification made by one or more officers of OPG, in each case whether as FSM or in its corporate capacity, to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the ~~provision~~adherence of the Limited Guarantee to the Certified Primary Obligations, proves to be incorrect in

[6] Explanatory Note: ~~The Province is content to receive the same~~Indenture Trustee representations ~~as are provided~~have been conformed to the MTI and are subject to review and sign off by the Indenture Trustee ~~should be under the Trust Indenture. Please conform.~~

any material respect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation; or

(d) the FSM no longer being the Manager or actions having been taken by or on behalf of the Indenture Trustee to remove the FSM as the Manager,

the Province may declare that the Limited Guarantee under this Agreement shall not apply to any Primary Obligations incurred on or after such declaration, other than any Refinancing of a Primaryan Approved Obligation in respect of which the Adherence Conditions had previously been satisfied (provided that theor if such Refinancing is otherwise an Approved Obligation), by delivering a written notice in the form of Exhibit BC (a "**Suspension Notice**") to the Indenture Trustee, the FSM and the Financing Entity.[7]

The Limited Guarantee shall apply to any Certified Primary Obligation incurred after a Suspension Event on the basis that it is a Refinancing (provided that such Refinancing is an Approved Obligation) only if the FSM certifies to the Province in writing prior to the incurrence that the proceeds of such incurrence* will be used solely for the *purposes of repaying one or more Certified Primary Obligations incurred prior to the Suspension Event and to which the Limited Guarantee adhered as of the time the Suspension Event occurred, and the delivery of such written certification by the FSM to the Province shall be determinative for the purposes of concluding that such incurrence is a Refinancing for the purposes of Sections 7.01, 7.02 and 7.03.

7.02 Suspension

If a Suspension Notice has been provided under Section 7.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of: (i) any Primary Obligation incurred or amended(ii) any amendment of any Primary Obligation that results in an increase to the principal amount of such Primary Obligation, in each case, on or after the time such Suspension Notice is delivered, other than any Refinancing of a Primaryan Approved Obligation in respect of which the Adherence Conditions had previously been satisfied (provided that theor if such Refinancing is otherwise an Approved Obligation).

7.03 No Impact on Adherence

For greater certainty, the occurrence of a Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event or in respect of any Refinancing of a Primaryan Approved Obligation in respect of which the Adherence Conditions had previously been satisfied (provided that theor if such Refinancing is otherwise an Approved Obligation).

[7] The paragraph that was deleted from Section 7.01 was modified slightly and moved to the form of the Adherence Compliance Certificate set out in Exhibit B-2 as the Adherence Condition for the Refinancing so that it is clear what conditions have to be satisfied for a Refinancing to be an Approved Obligation. As discussed in our meeting with the principals and in response to the DBRS comments, debt issued on a refinancing of protected debt should continue to be protected debt.

ARTICLE VIII
MISCELLANEOUS

8.01 Term of Agreement

This Agreement will continue until the date that no amount is or may become due and payable by the Province under the Limited Guarantee.

8.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust

700 University Avenue

Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: Manager, Corporate Trust
Fax: (416) 981-9777
Email: corporatetrust.toronto@computershare.com

(b) if to the FSM:

Ontario Power Generation Inc.

700 University Avenue

Toronto, Ontario M5G 1X6

Attention: General Counsel
Fax: (416) 592-4189

(c) if to the Province:

Ministry of Finance

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 8.02.

8.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section 8.03 shall be null and void.

8.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

8.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

8.07 Notice to Rating Agencies

OPG, as FSM, shall deliver prompt written notice to the Rating Agencies ~~on~~of the occurrence of (i) a Protection Event; (ii) receipt of a Suspension Notice delivered by the Province pursuant to Section 7.01; and (iii) an assignment of this Agreement by any party pursuant to Section 8.03.

8.08 Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their benefits hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

8.09 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, IN ITS CAPACITY AS TRUSTEE OF FAIR HYDRO TRUST, AS ISSUER, BY ONTARIO POWER GENERATION INC., NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration of a funding obligation" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Action**" has the meaning ascribed thereto under the Trust Indenture.

"**Adherence Compliance Certificate**" means a certificate in the form attached hereto as Exhibit B-1 or Exhibit B-2, as applicable, delivered by the FSM in accordance with Section 4.02(a)ii or Section 4.02(b)ii.

"**Adherence Conditions**", means, in respect of a Certified Primary Obligation, the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of a Guarantee Payment Date, the aggregate of the Approved Obligation Amounts for such Guarantee Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, for a Beneficiary in respect of an Approved Obligation under which an amount is due and payable on a Guarantee Payment Date:

(a) if no Acceleration has occurred in respect of any Obligation Secured on or before the Guarantee Payment Date, the amount due and payable to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation (for greater certainty, determined on the assumption that there are adequate amounts available under the applicable payment provisions of the Trust Indenture to pay in full all amounts referred to in such payment provisions that are due and payable on the Guarantee Payment Date); and

(b) if an Acceleration has occurred in respect of any Obligations Secured on or before the Guarantee Payment Date, the amount that would be available to be paid to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation under the applicable payment provisions of the Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with such applicable payment provisions of the Trust Indenture in respect of each relevant month during each Reference Period is equal to the estimated Finance Amount determined in respect of such Reference Period for purposes of section 15(1) of the Act (in effect on the date hereof), including section 6.1 of the General Regulation (in effect on the date hereof), divided by the number of months in such Reference Period.

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Beneficiary Payee**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Certified Primary Obligations**" means Primary Obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest~~ or to repay payment obligations that were incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest,~~[7], in which case the Certified Primary Obligation therefor shall be the Funding Obligation Agreement applicable to such Funding Obligation and not each individual borrowing or utilization thereunder, (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not each individual trade confirmation, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and aggregate minimum payments by the Financing Entity thereunder during the term of such contract is in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above); provided that "**Certified Primary Obligations**" shall not include any Refinancing.

"**Change of Law Protection Agreement**" means this Agreement.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Eligible Deposit Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Eligible Institution**" has the meaning ascribed thereto in the Trust Indenture.

[7] ~~Explanatory Note: Province requires a Process Certificate for each monthly draw.~~

"**Executive Officer**" has the meaning ascribed to the term "executive officer" in National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators.

"**Final Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(D).

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the first paragraph of this Agreement until a successor Financing Entity Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and the Declaration of Trust, and thereafter "Financing Entity Trustee" means and includes such Person.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Guarantee Payment**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Guarantee Payment Date**" has the meaning ascribed thereto in Section 2.01(a)i.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Issuer Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Issuer Funding Obligation**" has the meaning ascribed thereto in the Trust Indenture.

"**Junior Subordinated Final Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(D).

"**Legislature**" means the Legislature of the Province of Ontario.

"**Lien**" has the meaning ascribed thereto in the Trust Indenture.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(a).

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity, as amended, supplemented, restated or otherwise modified from time to time.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Agreement**" means an agreement in the form of ~~an ISDA~~a Master Agreement as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, as amended, supplemented, restated or otherwise modified from time to time.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, unlimited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account or Finance Reserve Account~~ or required to be held in~~

~~the Collection Account after the application of amounts under the applicable payment provision of the Trust Indenture on an applicable payment date~~[8]; and (ii) any obligation to pay the Financing Entity or on the Financing Entity's direction any remaining amounts in the Collection Account pursuant to the Trust Indenture.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event[~~9~~8], termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that materially and adversely affects (a) the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured, or (b) this Agreement or any of the agreements under which Obligations Secured arise; or

[8] ~~Explanatory Note: The Trust Indenture states that if extra cash is available in the Collections Account, it can be held until a subsequent Payment Date.~~

[~~9~~8] Explanatory Note: Early amortization events may be included in a supplemental indenture, so retaining that concept makes sense.

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that materially and adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Obligations Secured that have become due and payable.

For clarity, for purposes of the definition of "Protection Event", the occurrence of an event described in any of clauses (i) to (v) of paragraph (a) or a determination by a court of competent jurisdiction described in paragraph (b) which (x) results, or could reasonably be expected to result, in a rating downgrade or withdrawal of a rating by a Rating Agency, or (y) results in a Rating Agency publicly announcing that it has placed under surveillance or review, with possible negative implications, its rating of any Approved Obligation in effect prior to the occurrence of such event or court determination shall be sufficient to establish the required "materially and adversely" threshold.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency Condition" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Reference Period**" has the meaning ascribed thereto in the Act.

"**Refinancing**"[~~10~~9] has the meaning ascribed to the term "refinancing" in the Act as of the date hereof, as more particularly described and given meaning in the General Regulation as of the date hereof.[~~11~~10]

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Senior Final Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(D).

[~~10~~9] Explanatory Note: This relates to a refinancing of an existing debt obligation; not an undrawn commitment to fund.

[~~11~~10] Explanatory Note: The General Regulation provides that debt can be considered a "Refinancing" when incurred within the 6 months prior to the maturity date of a funding obligation. The Act/Regulation's definition doesn't require that "Refinancings" be simultaneous with the repayment of existing Approved Obligations. We have added a certificate mechanic in 7.01 by which there can be certainty when an obligation is incurred that if the obligation is intended to be a refinancing, it will be covered by the guarantee.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Subordinated Final Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(D).

"**Subrogation Entitlement**" means each Subrogation Amount and each Final Subrogation Amount.

"**Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(B).

"**Supplemental Indenture**" has the meaning ascribed in the Trust Indenture.

"**Supplemental Reserve Account**" has the meaning ascribed in the Trust Indenture.

"**Suspension Event**" has the meaning ascribed thereto in Section 7.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 7.01.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

EXHIBIT A
FORM OF PAYMENT DEMAND

TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Pursuant to and in accordance with section 2.01(a) of the Change of the Law Protection Agreement, the Indenture Trustee hereby demands payment from the Province in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in the Change of Law Protection Agreement.

DATED as of the [■] day of [■], [■].

BNY TRUST COMPANY OF CANADA

By:
Name:
Title:

By:
Name:
Title:

EXHIBIT B-1

FORM OF ADHERENCE COMPLIANCE CERTIFICATE UNDER SECTION 4.02(a)

TO: **BNY TRUST COMPANY OF CANADA**, in its capacity as Indenture Trustee (the "**Indenture Trustee**") under the Master Trust Indenture dated as of December ●, 2017 between Fair Hydro Trust and the Indenture Trustee (the "**Master Trust Indenture**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province of Ontario, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust, Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Each of the undersigned, being the ● and ● of OPG acting in its capacity as FSM and holding the offices set forth under their names and signatures below, pursuant to and accordance with section 4.02(a)ii of the Change of Law Protection Agreement, hereby certifies for and on behalf of OPG, in its capacity as Financial Services Manager, and not in such officer's personal capacity and intending that this certificate may be relied on by the addressees hereof without independent inquiry, that:

1. I have read and understand the provisions of the Change of Law Protection Agreement, the Master Trust Indenture and all other documents and materials necessary to enable me to deliver this certificate.
2. OPG has delivered to the Province a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate was* provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation*.

DATED as of the [■] day of [■], [■].

Name: [11]	Name:
Office:	Office:

[11] This certificate must be signed by two officers of OPG being either (i) the Chief Financial Officer and the Treasurer, or (ii) any two Executive Officers (as defined in the Change of Law Protection Agreement) of OPG.

EXHIBIT B-2
FORM OF ADHERENCE COMPLIANCE CERTIFICATE UNDER SECTION 4.02(b)

TO: **BNY TRUST COMPANY OF CANADA**, in its capacity as Indenture Trustee (the "**Indenture Trustee**") under the Master Trust Indenture dated as of December ●, 2017 between Fair Hydro Trust and the Indenture Trustee (the "**Master Trust Indenture**")

AND TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust, Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Each of the undersigned, being the ● and ● of OPG acting in its capacity as FSM and holding the offices set forth under their names and signatures below, pursuant to and accordance with section 4.02(b)ii of the Change of Law Protection Agreement, hereby certifies for and on behalf of OPG, in its capacity as Financial Services Manager, and not in such officer's personal capacity and intending that this certificate may be relied on by the addressees hereof without independent inquiry, that:

1. I have read and understand the provisions of the Change of Law Protection Agreement, the Master Trust Indenture and all other documents and materials necessary to enable me to deliver this certificate.
2. The proceeds of the Refinancing* will be used solely for the *purpose of repaying one or more Certified Primary Obligations in respect of which the Adherence Conditions in Section 4.02(a) of the Change of Law Protection Agreement had been satisfied or one or more Refinancings in respect of which the Adherence Conditions in section 4.02(b) of the Change of Law Protection Agreement had been satisfied.

DATED as of the [■] day of [■], [■].

Name: [12]	Name:
Office:	Office:

[12] This certificate must be signed by two officers of OPG being either (i) the Chief Financial Officer and the Treasurer, or (ii) any two Executive Officers (as defined in the Change of Law Protection Agreement) of OPG.

EXHIBIT C
SUSPENSION NOTICE

TO: Ontario Power Generation Inc., in its capacity as Financial Services Manager

AND TO: Fair Hydro Trust

AND TO: Computershare Trust Company of Canada, in its capacity as trustee of Fair Hydro Trust

BNY Trust Company of Canada, as Indenture Trustee

AND TO:

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement. All references in this Suspension Notice to "Articles" or "Sections" refer to Articles or Sections of the Change of Law Protection Agreement.

The Province has a reasonable basis for concluding that an event described in clauses (a) to (d) of Section 7.01 has occurred. Pursuant to Section ~~7.01,~~7.01, the Province hereby declares that the Limited Guarantee shall not apply in respect of any Primary Obligation incurred or amended on or after the delivery of this Suspension Notice, other than any Refinancing~~ of a Primary Obligation~~ in respect of which the Adherence Conditions had previously been satisfied, in accordance with the terms and conditions in Article VII.

The Limited Guarantee shall hereby not apply in respect of (i) any Primary Obligation incurred or ~~amended~~(ii) any amendment of any Primary Obligation that results in an increase to the principal amount of such Primary Obligation, in each case, on or after delivery of this Suspension Notice, other than any Refinancing of ~~a Primary~~an Approved Obligation in respect of which the Adherence Conditions had previously been satisfied of if such Refinancing is otherwise an Approved Obligation.

This Suspension Notice is hereby delivered to the FSM, the Financing Entity and the Indenture Trustee in accordance with Section 8.02 of the Change of Law Protection Agreement.

* * * *

DATED as of the [■] day of [■], [■].

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE[1]

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

[1] Explanatory Note: Logistics of closing are under consideration by the Province.

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust organized under the laws of the Province of Ontario (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council 1981/2017 (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Primary Obligations that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred. This Agreement sets out the terms and conditions of such protections and assurances.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 Proof of Approved Obligations

The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Manager deems to be sufficient.

Each statement delivered by the Manager under Section 2.01(a)i shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and the Province hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Manager agrees to provide the Province with the computations and calculations used by the Manager to prepare each such statement promptly following a request therefor.[2]

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture as of the date of this Agreement.

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 2.01 or Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

[2] This language was reinserted as the guarantee statements required to be delivered by the Manager should be binding on the Province.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee, the Financing Entity, the Financing Entity Trustee, the Manager or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one

and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Unless otherwise provided for under the terms of any Approved Obligation, whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee may deliver a written demand, substantially in the form attached as Exhibit A (a "**Payment Demand**"), to the Province requiring the Province to make payments in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in this Agreement. From and after such delivery of a Payment Demand, the Province shall make the following payments in respect of the Approved Obligations (the "**Limited Guarantee**"), and the Financing Entity shall pay, and the Province shall be entitled to be paid, the Subrogation Entitlements specified below:

i. Not less than 3 Business Days prior to each day when any payment or payments are to be made in respect of one or more Approved Obligations occurring after such delivery of a Payment Demand (each such day, a "**Guarantee Payment Date**"), the Manager shall deliver a written statement setting forth the Aggregate Approved Obligations Amount, if any, in respect of the Approved Obligations that are due and payable on such Guarantee Payment Date, together with a detailed description identifying such Approved Obligations and the nature and amount of payments due and payable thereunder on the Guarantee Payment Date, the aggregate outstanding amount payable by the Financing Entity under such Approved Obligations as of the date of such written statement, and details regarding any default in performance by any party obligated thereunder.

ii. On each such Guarantee Payment Date, the Province shall deposit the Aggregate Approved Obligations Amount into the Protection Account.

iii. On each such Guarantee Payment Date, the Financing Entity and the Indenture Trustee shall ensure that the amounts on deposit in the Protection Account are applied to pay each Beneficiary to whom an amount is due and payable under an Approved Obligation on the Guarantee Payment Date the Approved Obligation Amount for such Beneficiary in respect of such Approved Obligation on such Guarantee Payment Date; provided that if the amount deposited pursuant to clause 2.01(a)ii is insufficient to pay all such Approved Obligation Amounts in full, the amount on deposit in the Protection Account on the Guarantee Payment Date shall be applied to pay Beneficiaries in the order of priority in which such Approved Obligations are payable under the payment provisions of the Trust Indenture applicable to the making of such payments on the Guarantee Payment Date (each, a "**Beneficiary Payee**" and each payment made to a Beneficiary Payee on a Guarantee Payment Date, a "**Guarantee Payment**").

iv. On any Guarantee Payment Date on which an amount is paid by the Province pursuant to clause 2.01(a)ii, the applicable payment provisions of the Trust Indenture shall, notwithstanding the express terms of such provisions set forth in the Trust Indenture, be applied and operate on the following basis:

(A) the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available under such payment provisions on such Guarantee Payment Date shall be reduced by the amount of the Guarantee Payment paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on such Guarantee Payment Date;

(B) the Province shall be paid the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available to pay the Beneficiary Payee under such payment provisions on the Guarantee Payment Date, determined without regard to the Guarantee Payment paid on such Guarantee Payment Date and the corresponding reduction of the amount owing to the Beneficiary Payee pursuant to subclause 2.01(a)iv(A) (each such amount payable to the Province being a "**Subrogation Amount**");

(C) no Beneficiary having a right to be paid an amount in respect of an Approved Obligation, and no other Person entitled under an Obligation Secured, in each case that ranks equal with or subordinate to an Approved Obligation in respect of which a Subrogation Amount is payable to the Province under subclause 2.01(a)iv(B), shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under such subclause (including any right of reimbursement, contribution or indemnity) and no such Beneficiary or other Person shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of any such Subrogation Amount;

(D) on the first day when any payment or payments are to be made in respect of Obligations Secured that occurs after the date on which all amounts payable under all Approved Obligations have been paid in full, whether pursuant to Guarantee Payments or payments made pursuant to the payment provisions of the Trust Indenture or any combination thereof, the Province shall be entitled to be

paid from amounts available to pay Obligations Secured on such day (and thereafter on each subsequent day when any payment or payments are to be made in respect of Obligations Secured, until paid in full), in each case in accordance with the applicable payment provisions of the Trust Indenture on such day, the following amounts, in each case in the priorities specified below:

(I) as an amount ranking equally with principal amounts of Senior Funding Obligations, the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including such day in respect of Approved Obligations ranking equally with or prior to principal amounts of Senior Funding Obligations, plus (y) the sum of amounts determined in respect of interest on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount is paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of all Subrogation Amounts paid to the Province up to and including such day (such amount, the "**Senior Final Subrogation Amount**");

(II) as an amount ranking equally with principal amounts of Subordinated Funding Obligations, the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including such day in respect of Approved Obligations ranking equally with or prior to principal amounts of Subordinated Funding Obligations, plus (y) the sum of amounts determined in respect of interest on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount is paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate

borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of (x) all Subrogation Amounts paid to the Province up to and including such day, plus (y) the amount determined under (I) (such amount, the "**Subordinated Final Subrogation Amount**"); and

(III) as an amount ranking equally with principal amounts of Junior Subordinated Obligations, the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including such day in respect of Approved Obligations ranking equally with or prior to principal amounts of Junior Subordinated Funding Obligations, plus (y) the sum of amounts determined in respect of interest on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount is paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of (x) all Subrogation Amounts paid to the Province up to and including such day, plus (y) the sum of the amounts determined under (I) plus (z) the sum of the amounts determined under (II) (such amount, the "**Junior Subordinated Final Subrogation Amount**" and, together with the Senior Final Subrogation Amount and the Subordinated Final Subrogation Amount, the "**Final Subrogation Amounts**")[3]; and

(E) no Person entitled under an Obligation Secured that ranks equal with or subordinate to a Final Subrogation Amount shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province in respect of such Final Subrogation Amount and no such Person shall have any right or interest in, to or under the

[3] Separate definitions were included to facilitate inserting these amounts into Trust Indenture priority of payment provisions.

Collateral or any proceeds therefrom in respect of any such Final Subrogation Amount.

v. On any Guarantee Payment Date, the Indenture Trustee shall release and pay to the Province free and clear of any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay Guarantee Payments to Beneficiary Payees on the Guarantee Payment Date in accordance with clause 2.01(a)iii.

vi. In preparing any payment instructions under the Trust Indenture, the Manager shall reflect the amounts payable under Section 2.01(a).

(b) The Province shall, as a payee of Subrogation Amounts under clause 2.01(a)iv(B), as a payee of each Final Subrogation Amount under clause 2.01(a)(iv)(D) and as a payee of any amounts payable under clause 2.01(a)v, be a "Specified Creditor" under the Trust Indenture and have the benefit of the Collateral thereunder.

(c) For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the Approved Obligation Amounts, if any, for payment to Beneficiary Payees and will be subject to the priorities and to the Province's rights to Subrogation Entitlements, set forth in Section 2.01(a).

(d) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(e) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation by their terms.

(f) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under and in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any amount due and payable to a Beneficiary Payee under the Limited Guarantee.

2.02 Intentionally Deleted.

2.03 <u>Absence of Set-off</u>

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 <u>Payment into Protection Account in Satisfaction</u>

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account" for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section **[7.03]** of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Financing Entity and the Indenture Trustee shall ensure that all amounts paid by the Province into the Protection Account on a Guarantee Payment Date in respect of an Approved Obligation are applied to pay the amounts due and payable to the Beneficiaries as and to the extent provided for in Section 2.01(a). Upon a payment having been made by or on behalf of the Province into the Protection Account, the amounts so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiaries as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such Beneficiaries in respect of the applicable Approved Obligations, whereupon an affected Beneficiary shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid. For greater certainty, the obligations arising in respect of an applicable Approved Obligation shall not be reduced by such payment as the Province shall become entitled to be paid related Subrogation Entitlements and the rights contemplated under Section 2.01(a) and Section 5.01 in relation to such continuing obligations.

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations in accordance with Section 8.01.

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

A Primary Obligation shall constitute an Approved Obligation if (i) the Adherence Conditions applicable thereto have been satisfied at the time the Primary Obligation was incurred, or (ii) the Province, in its sole discretion, designates in writing that it is an Approved Obligation.

4.02 <u>Adherence Conditions</u>

(a) The following shall be the Adherence Conditions applicable in relation to each Certified Primary Obligation:

i. the Certified Primary Obligation when incurred is an Obligation Secured under the Trust Indenture; and

ii. OPG, as FSM, delivers an Adherence Compliance Certificate in the form attached hereto as Exhibit B-1 signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee, on or before the incurrence of a Certified Primary Obligation (provided that delivery may not be more than 5 Business Days before the incurrence of the Certified Primary Obligation);[4] and

iii. the Province has not provided a Suspension Notice to the Indenture Trustee, OPG and the Financing Entity.

(b) The following shall be the Adherence Conditions applicable in relation to each Refinancing:

i. such Refinancing when incurred is an Obligation Secured under the Trust Indenture; and

ii. OPG, as FSM, delivers an Adherence Compliance Certificate in the form attached hereto as Exhibit B-2 signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee and the Province, on or before the incurrence of the Refinancing (provided that delivery may not be more than 5 Business Days before the incurrence of such Refinancing).[5]

For greater certainty, (y) satisfaction of the Adherence Conditions for a Certified Primary Obligation or a Refinancing shall be deemed satisfaction of the Adherence Conditions in respect of all principal, interest and other amounts owing under the Certified Primary Obligation or the Refinancing, as applicable, as such Certified Primary Obligation or Refinancing may be amended, restated, supplemented or otherwise modified from time to

[4] Given the importance of this certificate, the form of the Adherence Compliance Certificate is set out in Exhibit B-1 to this Agreement and accordingly this language has been deleted from this para (ii) and is reproduced in the form of certificate attached as Exhibit B-1.

[5] Given the importance of this certificate, the form of the Adherence Compliance Certificate is set out in Exhibit B-2 to this Agreement.

time, and (z) there shall be no Adherence Conditions applicable in relation to a Primary Obligation that is not a Certified Primary Obligation or a Refinancing.

4.03 Evidence of Satisfaction

An Adherence Compliance Certificate delivered in accordance with Section 4.02(a)ii or in accordance with Section 4.02(b)ii, as the case may be, shall be determinative as to whether the applicable Adherence Conditions with respect thereto have been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same. An Adherence Compliance Certificate that purports on its face to be signed by officers specified in Section 4.02(a)ii or Section 4.02(b)ii, as applicable, may be relied upon by any addressee without further enquiry or evidence as to the incumbency or signatures of such officers. If an Adherence Compliance Certificate is not delivered in accordance with the timing requirements of Section 4.02(a)ii or Section 4.02(b)ii, as applicable, such certificate may be delivered at a later date, and be effective as if it had been delivered in accordance with the timing requirement of Section 4.02(a)ii or Section 4.02(b)ii, as applicable, if at the time such certificate was required to be delivered OPG had delivered to the Province all certifications required by the Province in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation or the Refinancing.

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, including (i) the right and entitlement to be paid and receive the related Subrogation Entitlements, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the

Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including Sections **[7.04]** through **[7.11]** and **[8.13]** (Payment Priorities), Section **[7.12]** (Payments Held in Trust), Section **[8.11]** (Control by Controlling Class Creditors), Section **[8.12]** (Limitation on Suits), Section **[8.14]** (Limited Recourse), Article IX (The Indenture Trustee), including all limitations of liability thereunder, Section **[9.14]** (Communications to Specified Creditors) and Section **[16.01]** (No Petition); (ii) consents, requests and authorizes the Issuer and the Indenture Trustee to (x) add the Province to the register of Specified Creditors described in subsection **[13.13(b)]** of the Trust Indenture and (y) disseminate the notice details of the Province to other Specified Creditors for the purposes set out in subsection **[9.14(b)]** of the Trust Indenture, and (iii) confirms that it will execute and deliver, or cause to be executed and delivered, all such further agreements, documents and instruments in connection with this Section 5.01 as the Indenture Trustee may request from time to time for the purpose of giving effect to the terms of this Section 5.01.

5.02 <u>Priorities</u>

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation shall rank equally with the rights, interests and entitlements of a Beneficiary to whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture in the manner and to the extent contemplated in Section **[7.10]** of the Trust Indenture.

5.03 Intentionally Deleted

5.04 <u>Representations and Warranties</u>

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
INDENTURE TRUSTEE MATTERS

6.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

6.02 Not Responsible for Recitals

The recitals contained herein will be taken as the statements of the Province, the Financing Entity and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

6.03 Representations and Covenants of the Indenture Trustee[6]

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Agreement and has taken all necessary action to authorize the execution, delivery and performance by it of this Agreement;

(c) this Agreement has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

[6] Explanatory Note: Indenture Trustee representations have been conformed to the MTI and are subject to review and sign off by the Indenture Trustee.

(d) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada. If, notwithstanding the provisions of this subsection 6.03(d), the Indenture Trustee ceases to be so authorized to carry on business, the validity and enforceability of this Agreement shall not be affected in any manner whatsoever by reason only of such event.

ARTICLE VII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

7.01 Suspension Notice

Upon:

(a) a Program Breach;

(b) a default in the performance, or breach, of any covenants of OPG, as FSM, or OPG, in its corporate capacity, in each case to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligations and the expiration of any applicable cure period;

(c) a representation or warranty made by OPG or a certification made by one or more officers of OPG, in each case whether as FSM or in its corporate capacity, to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligations, proves to be incorrect in any material respect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation; or

(d) the FSM no longer being the Manager or actions having been taken by or on behalf of the Indenture Trustee to remove the FSM as the Manager,

the Province may declare that the Limited Guarantee under this Agreement shall not apply to any Primary Obligations incurred on or after such declaration, other than any Refinancing of an Approved Obligation in respect of which the Adherence Conditions had previously been satisfied or if such Refinancing is otherwise an Approved Obligation, by delivering a written notice in the form of Exhibit C (a "**Suspension Notice**") to the Indenture Trustee, the FSM and the Financing Entity.[7]

[7] The paragraph that was deleted from Section 7.01 was modified slightly and moved to the form of the Adherence Compliance Certificate set out in Exhibit B-2 as the Adherence Condition for the Refinancing so that it is clear what conditions have to be satisfied for a Refinancing to be an Approved Obligation. As discussed in our meeting with the principals and in response to the DBRS comments, debt issued on a refinancing of protected debt should continue to be protected debt.

7.02 Suspension

If a Suspension Notice has been provided under Section 7.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of: (i) any Primary Obligation incurred or (ii) any amendment of any Primary Obligation that results in an increase to the principal amount of such Primary Obligation, in each case, on or after the time such Suspension Notice is delivered, other than any Refinancing of an Approved Obligation in respect of which the Adherence Conditions had previously been satisfied or if such Refinancing is otherwise an Approved Obligation.

7.03 No Impact on Adherence

For greater certainty, the occurrence of a Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event or in respect of any Refinancing of an Approved Obligation in respect of which the Adherence Conditions had previously been satisfied or if such Refinancing is otherwise an Approved Obligation.

ARTICLE VIII
MISCELLANEOUS

8.01 Term of Agreement

This Agreement will continue until the date that no amount is or may become due and payable by the Province under the Limited Guarantee.

8.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: Manager, Corporate Trust
Fax: (416) 981-9777
Email: corporatetrust.toronto@computershare.com

(b) if to the FSM:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

(c) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 8.02.

8.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section 8.03 shall be null and void.

8.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

8.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

8.07 Notice to Rating Agencies

OPG, as FSM, shall deliver prompt written notice to the Rating Agencies of the occurrence of (i) a Protection Event; (ii) receipt of a Suspension Notice delivered by the Province pursuant to Section 7.01; and (iii) an assignment of this Agreement by any party pursuant to Section 8.03.

8.08 Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their benefits hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

8.09 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, IN ITS CAPACITY AS TRUSTEE OF FAIR HYDRO TRUST, AS ISSUER, BY ONTARIO POWER GENERATION INC., NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration of a funding obligation" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Action**" has the meaning ascribed thereto under the Trust Indenture.

"**Adherence Compliance Certificate**" means a certificate in the form attached hereto as Exhibit B-1 or Exhibit B-2, as applicable, delivered by the FSM in accordance with Section 4.02(a)ii or Section 4.02(b)ii.

"**Adherence Conditions**", means, in respect of a Certified Primary Obligation, the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of a Guarantee Payment Date, the aggregate of the Approved Obligation Amounts for such Guarantee Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, for a Beneficiary in respect of an Approved Obligation under which an amount is due and payable on a Guarantee Payment Date:

(a) if no Acceleration has occurred in respect of any Obligation Secured on or before the Guarantee Payment Date, the amount due and payable to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation (for greater certainty, determined on the assumption that there are adequate amounts available under the applicable payment provisions of the Trust Indenture to pay in full all amounts referred to in such payment provisions that are due and payable on the Guarantee Payment Date); and

(b) if an Acceleration has occurred in respect of any Obligations Secured on or before the Guarantee Payment Date, the amount that would be available to be paid to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation under the applicable payment provisions of the Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with such applicable payment provisions of the Trust Indenture in respect of each relevant month during each Reference Period is equal to the estimated Finance Amount determined in respect of such Reference Period for purposes of section 15(1) of the Act (in effect on the date hereof), including section 6.1 of the General Regulation (in effect on the date hereof), divided by the number of months in such Reference Period.

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Beneficiary Payee**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Certified Primary Obligations**" means Primary Obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest, in which case the Certified Primary Obligation therefor shall be the Funding Obligation Agreement applicable to such Funding Obligation and not each individual borrowing or utilization thereunder, (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not each individual trade confirmation, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and aggregate minimum payments by the Financing Entity thereunder during the term of such contract is in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above); provided that "**Certified Primary Obligations**" shall not include any Refinancing.

"**Change of Law Protection Agreement**" means this Agreement.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Eligible Deposit Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Eligible Institution**" has the meaning ascribed thereto in the Trust Indenture.

"**Executive Officer**" has the meaning ascribed to the term "executive officer" in National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators.

"**Final Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(D).

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the first paragraph of this Agreement until a successor Financing Entity Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and the Declaration of Trust, and thereafter "Financing Entity Trustee" means and includes such Person.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Guarantee Payment**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Guarantee Payment Date**" has the meaning ascribed thereto in Section 2.01(a)i.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Issuer Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Issuer Funding Obligation**" has the meaning ascribed thereto in the Trust Indenture.

"**Junior Subordinated Final Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(D).

"**Legislature**" means the Legislature of the Province of Ontario.

"**Lien**" has the meaning ascribed thereto in the Trust Indenture.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(a).

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity, as amended, supplemented, restated or otherwise modified from time to time.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Agreement**" means an agreement in the form of a Master Agreement as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, as amended, supplemented, restated or otherwise modified from time to time.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, unlimited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account or Finance Reserve Account; and (ii) any obligation to pay the Financing Entity or on the Financing Entity's direction any remaining amounts in the Collection Account pursuant to the Trust Indenture.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event[8], termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that materially and adversely affects (a) the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured, or (b) this Agreement or any of the agreements under which Obligations Secured arise; or

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that materially and adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Obligations Secured that have become due and payable.

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[8] Explanatory Note: Early amortization events may be included in a supplemental indenture, so retaining that concept makes sense.

For clarity, for purposes of the definition of "Protection Event", the occurrence of an event described in any of clauses (i) to (v) of paragraph (a) or a determination by a court of competent jurisdiction described in paragraph (b) which (x) results, or could reasonably be expected to result, in a rating downgrade or withdrawal of a rating by a Rating Agency, or (y) results in a Rating Agency publicly announcing that it has placed under surveillance or review, with possible negative implications, its rating of any Approved Obligation in effect prior to the occurrence of such event or court determination shall be sufficient to establish the required "materially and adversely" threshold.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency Condition" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Reference Period**" has the meaning ascribed thereto in the Act.

"**Refinancing**"[9] has the meaning ascribed to the term "refinancing" in the Act as of the date hereof, as more particularly described and given meaning in the General Regulation as of the date hereof.[10]

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Senior Final Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(D).

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Subordinated Final Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(D).

"**Subrogation Entitlement**" means each Subrogation Amount and each Final Subrogation Amount.

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[9] Explanatory Note: This relates to a refinancing of an existing debt obligation; not an undrawn commitment to fund.

[10] Explanatory Note: The General Regulation provides that debt can be considered a "Refinancing" when incurred within the 6 months prior to the maturity date of a funding obligation. The Act/Regulation's definition doesn't require that "Refinancings" be simultaneous with the repayment of existing Approved Obligations. We have added a certificate mechanic in 7.01 by which there can be certainty when an obligation is incurred that if the obligation is intended to be a refinancing, it will be covered by the guarantee.

"**Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(B).

"**Supplemental Indenture**" has the meaning ascribed in the Trust Indenture.

"**Supplemental Reserve Account**" has the meaning ascribed in the Trust Indenture.

"**Suspension Event**" has the meaning ascribed thereto in Section 7.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 7.01.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

EXHIBIT A
FORM OF PAYMENT DEMAND

TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Pursuant to and in accordance with section 2.01(a) of the Change of the Law Protection Agreement, the Indenture Trustee hereby demands payment from the Province in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in the Change of Law Protection Agreement.

DATED as of the [■] day of [■], [■].

BNY TRUST COMPANY OF CANADA

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT B-1
FORM OF ADHERENCE COMPLIANCE CERTIFICATE UNDER SECTION 4.02(a)

TO: **BNY TRUST COMPANY OF CANADA**, in its capacity as Indenture Trustee (the "**Indenture Trustee**") under the Master Trust Indenture dated as of December ●, 2017 between Fair Hydro Trust and the Indenture Trustee (the "**Master Trust Indenture**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province of Ontario, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust, Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Each of the undersigned, being the ● and ● of OPG acting in its capacity as FSM and holding the offices set forth under their names and signatures below, pursuant to and accordance with section 4.02(a)ii of the Change of Law Protection Agreement, hereby certifies for and on behalf of OPG, in its capacity as Financial Services Manager, and not in such officer's personal capacity and intending that this certificate may be relied on by the addressees hereof without independent inquiry, that:

1. I have read and understand the provisions of the Change of Law Protection Agreement, the Master Trust Indenture and all other documents and materials necessary to enable me to deliver this certificate.
2. OPG has delivered to the Province a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate was provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation.

DATED as of the [■] day of [■], [■].

Name: [11]	Name:
Office:	Office:

[11] This certificate must be signed by two officers of OPG being either (i) the Chief Financial Officer and the Treasurer, or (ii) any two Executive Officers (as defined in the Change of Law Protection Agreement) of OPG.

EXHIBIT B-2
FORM OF ADHERENCE COMPLIANCE CERTIFICATE UNDER SECTION 4.02(b)

TO: **BNY TRUST COMPANY OF CANADA**, in its capacity as Indenture Trustee (the "**Indenture Trustee**") under the Master Trust Indenture dated as of December ●, 2017 between Fair Hydro Trust and the Indenture Trustee (the "**Master Trust Indenture**")

AND TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust, Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Each of the undersigned, being the ● and ● of OPG acting in its capacity as FSM and holding the offices set forth under their names and signatures below, pursuant to and accordance with section 4.02(b)ii of the Change of Law Protection Agreement, hereby certifies for and on behalf of OPG, in its capacity as Financial Services Manager, and not in such officer's personal capacity and intending that this certificate may be relied on by the addressees hereof without independent inquiry, that:

1. I have read and understand the provisions of the Change of Law Protection Agreement, the Master Trust Indenture and all other documents and materials necessary to enable me to deliver this certificate.
2. The proceeds of the Refinancing will be used solely for the purpose of repaying one or more Certified Primary Obligations in respect of which the Adherence Conditions in Section 4.02(a) of the Change of Law Protection Agreement had been satisfied or one or more Refinancings in respect of which the Adherence Conditions in section 4.02(b) of the Change of Law Protection Agreement had been satisfied.

DATED as of the [■] day of [■], [■].

Name: [12]	Name:
Office:	Office:

[12] This certificate must be signed by two officers of OPG being either (i) the Chief Financial Officer and the Treasurer, or (ii) any two Executive Officers (as defined in the Change of Law Protection Agreement) of OPG.

EXHIBIT C
SUSPENSION NOTICE

TO: Ontario Power Generation Inc., in its capacity as Financial Services Manager

AND TO: Fair Hydro Trust

AND TO: Computershare Trust Company of Canada, in its capacity as trustee of Fair Hydro Trust

AND TO: BNY Trust Company of Canada, as Indenture Trustee

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement. All references in this Suspension Notice to "Articles" or "Sections" refer to Articles or Sections of the Change of Law Protection Agreement.

The Province has a reasonable basis for concluding that an event described in clauses (a) to (d) of Section 7.01 has occurred. Pursuant to Section 7.01, the Province hereby declares that the Limited Guarantee shall not apply in respect of any Primary Obligation incurred or amended on or after the delivery of this Suspension Notice, other than any Refinancing in respect of which the Adherence Conditions had previously been satisfied, in accordance with the terms and conditions in Article VII.

The Limited Guarantee shall hereby not apply in respect of (i) any Primary Obligation incurred or (ii) any amendment of any Primary Obligation that results in an increase to the principal amount of such Primary Obligation, in each case, on or after delivery of this Suspension Notice, other than any Refinancing of an Approved Obligation in respect of which the Adherence Conditions had previously been satisfied of if such Refinancing is otherwise an Approved Obligation.

This Suspension Notice is hereby delivered to the FSM, the Financing Entity and the Indenture Trustee in accordance with Section 8.02 of the Change of Law Protection Agreement.

* * * *

DATED as of the [■] day of [■], [■].

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

From:	Mike Manning
To:	Ronald Kwan
Subject:	FW: Fair Hydro - Change of Law Protection Agreement
Date:	Tuesday, December 12, 2017 2:32:17 PM
Attachments:	TOR_2528-#23239360-v29-Change_of_Law_Protection_Agreement.DOCX 23239360-vpdf-Change of Law Protection Agreement.PDF

Hi Ron:
As requested, not sure why you were not on the list.
Mike

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: Tuesday, December 12, 2017 9:45 AM
To: Sebastiano, Rocco <RSebastiano@osler.com>; Saulnier, Brett <bsaulnier@torys.com>; Milligan, Peter <PMilligan@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; Anna Strathy <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>; Mark Donaldson (MOF) <Mark.Donaldson@ontario.ca>; Daniel Cayley (ENERGY) <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Fullerton, Rick <RFullerton@osler.com>; Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; Steen Hume (CAB) <Steen.Hume@ontario.ca>; Olusoga, Yinka <yolusoga@torys.com>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>; Conner, Robbin <Robbin.Conner@gs.com>
Subject: RE: Fair Hydro - Change of Law Protection Agreement

Here is my mark-up of the Protection Agreement. It remains subject to input from the Province. Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From: Sebastiano, Rocco [mailto:RSebastiano@osler.com]
Sent: Tuesday, December 12, 2017 9:37 AM

To: Saulnier, Brett; ASHBOURNE, STEPHEN; Milligan, Peter; Mansoori, Nina
Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Olusoga, Yinka; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca); PALMER, AARON; VINER, JON; PRESTAGE, JA; Conner, Robbin
Subject: RE: Fair Hydro - Change of Law Protection Agreement

A bit rushed, but here are my comments on the revised Change of Law Protection Agreement:

- In section 4.02(c), add "a Post-Suspension Obligation or a Pre-Approved Refinancing" after "a Certified Primary Obligation".

- In section 7.03, should this apply to both Post-Suspension Refinancings and Pre-Approved Refinancings"? Also, need to change the clause "the Manager shall accept such Proposal" as it was the Manage that submitted the Proposal to the Province. It should read "the Manager shall accept the Province's proposal to provide such Post-Suspension Refinancing". And change the final ";" to a comma before "provided that such Post-Suspension…"

- In section 7.04, add "or Pre-Approved Refinancing" to the end of the sentence.

- In the definition of "Post-Suspension Refinancing", why is the term "one or more Series of Approved Obligations" being used? Why not simply "one or more Approved Obligations"?

- In the definition of "Pre-Approved Refinancing", revise to read "… waived its right to object under the Change of Law Process Agreement or otherwise to such Refinancing being an Approved Obligation."

- In the definition of "Protection Event", in paragraph (a), change "an event described in a(i) to a(v)" to "an event described in any of clauses (i) to (v) of this paragraph (a)". Also, it is not correct to say "after collecting the True-up Amount" because this would suggest having collected the True-up Amount". It should say, "and (ii) in respect of the True-up Amount for the Reference Period immediately following the occurrence of an event described in any of clauses (i) to (v) of this paragraph (a)".

- In the new definitions added which refer to "in the Act", change to "in the Act as of the date hereof" (e.g., "True-up Amount").

From: Saulnier, Brett [mailto:bsaulnier@torys.com]
Sent: Monday, December 11, 2017 11:35 PM
To: ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; Milligan, Peter <PMilligan@osler.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>

Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro - Change of Law Protection Agreement

All,

Attached for your review is a revised draft of the Change of Law Protection Agreement, clean and blacklined to the last version circulated by Blakes and reflecting the meetings held earlier today. As discussed, we need to provide the attached to the rating agencies **by no later than noon tomorrow** in order to meet our end of year financing deadline. Accordingly, we will be circulating a calendar invite to this group for 10 a.m. tomorrow morning to confirm the parties are signed off. If Osler or Blakes have any comments on the attached, we would ask that they be circulated to this group prior to the 10 a.m. call.

Kind regards,
Brett

Brett Saulnier

P. 416.865.8148 | F. 416.865.7380 | 1.800.505.8679

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: December-08-17 3:16 PM
To: Milligan, Peter <PMilligan@osler.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'

<Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro - Change of Law Protection Agreement

Hi,

Attached is a revised version of the Change of Law Protection Agreement. I believe that most of the changes reflected from last night's Osler version (blackline is attached) are of a drafting or conforming nature, other than: (1) the Province disagrees that Approved Refinancing terms should be unfettered by adherence conditions post-Suspension Event and (2) the proposed rating-based "materially and adversely" qualification in the definition of Protection Event (and in fact any such qualification) is not acceptable to the Province. With regard to (1), this version comes into line with the proposed approach (i.e., using a modified adherence condition) that was incorporated into the version of the Change of Law Process Agreement I circulated yesterday. A further turn of that Agreement, to conform the open item identified in section 3.02 to the revised Change of Law Protection Agreement, is also included here for your reference.

Please note that the Province is working through the drafting concurrently and so further drafting comments may be provided.

As mentioned yesterday, the Province would like to proceed with the Ministers sign-off briefing early next week, on the basis that these versions (minus the explanatory notes) are now in substantially final form. Please identify if you believe there are other 'must have' points (other than the 2 mentioned above).

Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From: Milligan, Peter [mailto:PMilligan@osler.com]
Sent: Thursday, December 07, 2017 6:44 PM
To: ASHBOURNE, STEPHEN; Sebastiano, Rocco; Mansoori, Nina
Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom

(MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Saulnier, Brett; Olusoga, Yinka; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca); PALMER, AARON; VINER, JON; PRESTAGE, JA
Subject: Fair Hydro - Change of Law Protection Agreement

All,

Attached is a revised comment draft of the Change of Low Protection Agreement reflecting comments from Torys and Osler. In order to meet this transaction's timeline, this comment draft has not been reviewed by OPG or the Dealers and is delivered subject to any comments they may have.

Peter

OSLER

Peter Milligan

416.862.6634 DIRECT
416.862.6666 FACSIMILE
pmilligan@osler.com

Osler, Hoskin & Harcourt LLP
Box 50, 1 First Canadian Place
Toronto, Ontario, Canada M5X 1B8

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From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: Thursday, December 07, 2017 4:27 PM
To: Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Milligan, Peter

<PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro -- Change of Law Process Agreement

Hi,

Please find (attached) a further turn of the Change of Law Process Agreement, reflecting the Province's comments on the mark-up of the Agreement circulated yesterday afternoon by Torys. The attached blackline shows changes made to yesterday's Torys mark-up.

This version addresses concerns Rocco raised last night, to the extent the Province feels that the issues can be accommodated. For your information, I have set out below responses to Rocco's comments/observations (in CAPs).

The Province would like to proceed with the Ministers briefing early next week, on the basis that this version (minus the explanatory notes) is now in final form. If there are any critical revisions that the other parties believe reflect 'must have' priority, then the Province would like to have a call to discuss them as soon as possible.

Responses to Rocco's Points:

1. The change of the definition of Breach Event in Section 6.01 (i.e., the change to clause (a) and the addition of clause (b)) will result in an inconsistency with section 7.01(b) of the Change of Law Protection Agreement. This will require further consideration. [AGREED. 7.01(b) and 7.01(c) WILL NEED TO MIRROR THE CURE LANGUAGE WE SETTLE ON IN THE PROCESS AGREEMENT (SEE MY EARLIER COMMENTS). PERHAPS THE "which continues …" LANGUAGE IN 7.01(B) CAN BE REVISED TO READ: "to the extent that the Province would be entitled to provide a Suspension Notice in accordance with the terms of the agreement or agreements between the Province and OPG under which such obligations, requirements and processes arise". SIMILAR CHANGE FOR 7.01(C).

2. The right of the Province to issue an objection notice under Section 3.04(b) in connection with a Transaction Document provided to the Province which is required for a Refinancing of an Approved Obligation remains an outstanding issue. Clearly, this will depend upon what Adherence Conditions will be required under Section 4.02 of the Change of Law Protection Agreement in order to permit such Refinancing to become an Approved Obligation. If the Adherence Conditions set out

in Section 4.02(a) of the Province's draft of the Change of Law Protection Agreement of December 4 were to apply to such Refinancing, to the extent that such refinancing required a change to a Transaction Document (e.g., as a result of a change to some rating agency condition or criteria), the Province's ability to issue an objection notice and thereby prevent the issuance of a Process Certificate under Section 3.01 (by virtue of Section 3.04) would have the effect of preventing a Refinancing. We trust that this was an unintended outcome of the drafting of Section 3.04 and/or the Adherence Conditions applicable to Refinancings. [THAT IS THE INTENDED EFFECT. THE ADHERENCE CONDITIONS WOULD APPLY TO THE REFINANCING, SO IF THE REFINANCING TERMS DEVIATED MATERIALLY (BASED ON THE SUBSTANTIALLY IN THE FORM" THRESHOLD"), THEN OPG WOULD REQUIRE THE PROVINCE NOT TO OBJECT IN ORDER TO PROCEED WITH THOSE NEW TERMS. OTHERWISE, THE REFINANCING COULD INCORPORATE TERMS AND CONDITIONS, WHICH WOULD BIND THE PROVINCE UNDER THE LIMITED GUARANTEE, THAT WOULD BE UNCONSTRAINED AND WITHOUT ANY ACCOUNTABILITY TO THE PROVINCE. IN ROCCO'S EXAMPLE, THAT MIGHT MEAN THAT OPG WOULD NEED TO RESORT TO UNRATED DEBT, IF THE PROVINCE WAS UNWILLING TO ACCEPT THE NEW TERMS. PRESUMABLY EVERYONE WOULD ACT RATIONALLY. HOWEVER, AS A FAILSAFE, OPG COULD OFFER INCREASED PRICING IN ORDER TO ATTRACT INVESTORS TO ACCEPT THE EARLIER VETTED TERMS (BASED ON THE THEN ACCEPTED REVIEWED DOCUMENTATION).]

3. Given that the Indenture Trustee is not a party to the Change of Law Process Agreement, the Province and OPG can amend the terms and conditions of this agreement without the consent of the indenture Trustee. Specified Creditors under an Approved Obligation need to be assured that the Province cannot prevent a Refinancing of an Approved Obligation either by virtue of the objection notice discussed in point #2 above or as a result of a future amendment to the agreement. There are a couple of ways to deal with this point. The first is to a add a beneficiary/third party rights clause in the Change of Law Process Agreement which acknowledges that the Indenture Trustee is a beneficiary of certain provisions of this agreement and as a result, the agreement cannot be amended without the consent of the Indenture Trustee. The second is to ensure that the Adherence Conditions relating to Refinancings under the Change of Law Protection Agreement are not dependent upon the terms of the Change of Law Process Agreement. In light of the desire to not disclose the terms and conditions of the Change of Law Process Agreement to the rating agencies, especially at this late stage in the process, we would expect that the latter approach would be preferable. [THE SUGGESTION REGARDING THE PROVINCE PREVENTING A REFINANCING IS ADDRESSED IN #2. IF THE REFINANCING TERMS WOULD EXCEED THE SCOPE OF THE TRANSACTION DOCUMENTS REVIEWED AND NOT OBJECTED TO BY THE PROVINCE, THEN THAT SUGGESTS THERE IS A MATERIAL EFFECT ON THE PROVINCE AND SO THE PROVINCE WOULD NEED THE ABILITY TO REVIEW AND CONSIDER THE PROPRIETY OF THOSE NEW TERMS FROM ITS PERSPECTIVE. AS FOR THE STANDALONE NATURE OF THE PROCESS AGREEMENT, THE INTENTION IS THAT THE PROCESS AGREEMENT BE UNCOUPLED AND NOT PART OF THE COLLATERAL, AND AS MICHAEL FELDMAN HAS EXPLAINED, LEAVE FUTURE FLEXIBILITY FOR THIS LONG-TERM STRUCTURE. TO ADDRESS ROCCO'S CONCERN THAT THE PROVINCE AND OPG COULD CHANGE THE UNDERLYING OBLIGATIONS APPLICABLE TO ADHERENCE IN RELATION TO A NEW OBLIGATION, REQUIREMENT OR PROCESS IN THE PROCESS AGREEMENT THAT WOULD MAKE A REFINANCING LESS LIKELY TO OCCUR, WE HAVE ADDED AND USED IN THE ATTACHED VERSION A NEW DEFFINTION:

"Approved Refinancing" means a Certified Primary Obligation proposed to be incurred as a

Refinancing of an existing Certified Primary Obligation in respect of which the Adherence Conditions had been satisfied on the date such existing Certified Primary Obligation was incurred, that, at the time of incurrence, satisfies each of each of the Adherence Conditions except that the certificate contemplated to be delivered under Section 4.02(b) shall instead confirm that OPG has delivered to the Province a certificate by its applicable officers confirming that OPG would be in compliance with all obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the proposed Certified Primary Obligation that applied as between the Province and OPG on the date of issuance of such existing Certified Primary Obligation." Various references to "Refinancing" in the Protection Agreement can also be revised to refer to "Approved Refinancing", as required.

Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

———————————

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From: Sebastiano, Rocco [mailto:RSebastiano@osler.com]
Sent: Wednesday, December 06, 2017 7:45 PM
To: Mansoori, Nina; ASHBOURNE, STEPHEN; VINER, JON; PRESTAGE, JA
Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Milligan, Peter; Fullerton, Rick; 'Mayman, Gadi

(OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Saulnier, Brett; Olusoga, Yinka
Subject: RE: Fair Hydro -- Change of Law Process Agreement

I have reviewed the revised draft of the Change of Law Process Agreement that Torys has prepared and would like to pass along the following comments/observations:

1. The change of the definition of Breach Event in Section 6.01 (i.e., the change to clause (a) and the addition of clause (b)) will result in an inconsistency with section 7.01(b) of the Change of Law Protection Agreement. This will require further consideration.

2. The right of the Province to issue an objection notice under Section 3.04(b) in connection with a Transaction Document provided to the Province which is required for a Refinancing of an Approved Obligation remains an outstanding issue. Clearly, this will depend upon what Adherence Conditions will be required under Section 4.02 of the Change of Law Protection Agreement in order to permit such Refinancing to become an Approved Obligation. If the Adherence Conditions set out in Section 4.02(a) of the Province's draft of the Change of Law Protection Agreement of December 4 were to apply to such Refinancing, to the extent that such refinancing required a change to a Transaction Document (e.g., as a result of a change to some rating agency condition or criteria), the Province's ability to issue an objection notice and thereby prevent the issuance of a Process Certificate under Section 3.01 (by virtue of Section 3.04) would have the effect of preventing a Refinancing. We trust that this was an unintended outcome of the drafting of Section 3.04 and/or the Adherence Conditions applicable to Refinancings.

3. Given that the Indenture Trustee is not a party to the Change of Law Process Agreement, the Province and OPG can amend the terms and conditions of this agreement without the consent of the indenture Trustee. Specified Creditors under an Approved Obligation need to be assured that the Province cannot prevent a Refinancing of an Approved Obligation either by virtue of the objection notice discussed in point #2 above or as a result of a future amendment to the agreement. There are a couple of ways to deal with this point. The first is to a add a beneficiary/third party rights clause in the Change of Law Process Agreement which acknowledges that the Indenture Trustee is a beneficiary of certain provisions of this agreement and as a result, the agreement cannot be amended without the consent of the Indenture Trustee. The second is to ensure that the Adherence Conditions relating to Refinancings under the Change of Law Protection Agreement are not dependent upon the terms of the Change of Law Process Agreement. In light of the desire to not disclose the terms and conditions of the Change of Law Process Agreement to the rating agencies, especially at this late stage in the process, we would expect that the latter approach would be preferable.

Regards, Rocco

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: Wednesday, December 06, 2017 4:38 PM
To: 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>; 'JON.VINER@blakes.com'

<JON.VINER@blakes.com>; 'JA.PRESTAGE@blakes.com' <JA.PRESTAGE@blakes.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Mansoori, Nina <nmansoori@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>
Subject: Fair Hydro -- Change of Law Process Agreement

Blakes team,

Please find attached OPG and Torys' comments on the Process Agreement reflecting our discussions from yesterday's call. Please note that this draft is subject to continuing review and comment by Osler and the dealers. As discussed at the tail end of our call yesterday, the section in the Process Agreement that gives the Province the right to object to new and material changes to transaction documents dovetails with the Protection Agreement so additional comments from Oslers may be forthcoming on this draft.

We are working on getting you a revised draft of the Protection Agreement either later today or tomorrow. In the meantime, please let us know if you have any comments or questions on the Process Agreement.

Best Regards,
Nina

Nina Mansoori
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Draft: December 12, 2017

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust organized under the laws of the Province of Ontario (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council 1981/2017 (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Primary Obligations that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred. This Agreement sets out the terms and conditions of such protections and assurances.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A, and any other capitalized terms not defined herein shall have the meanings assigned to them in the Trust Indenture;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 Proof of Approved Obligations

The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Manager deems to be sufficient.

Each statement delivered by the Manager under Section 2.01(a)i shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and each of the parties hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Manager shall act diligently in the preparation of each such statement and shall provide the Indenture Trustee and the Province with all supporting computations and calculations used by the Manager to prepare each such statement promptly following a request therefor made by the Indenture Trustee or the Province.

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture as of the date of this Agreement.

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 2.01 or Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee, the Financing Entity, the Financing Entity Trustee, the Manager or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by

electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the

Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 <u>Judgment Currency</u>

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 <u>Limited Guarantee</u>

(a) Upon the occurrence of a Protection Event, the Indenture Trustee may deliver a written demand, substantially in the form attached as **[Exhibit A]** (a "**Payment Demand**"), to the Province requiring the Province to make payments in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in this Agreement. From and after such delivery of a

Payment Demand, the Province shall make the following payments in respect of the Approved Obligations (the "**Limited Guarantee**"), the Financing Entity shall pay, and the Province shall be entitled to be paid, the Subrogation Amounts specified below, and the following terms shall apply:

i. Not less than three (3) Business Days prior to each day when any payment or payments are to be made in respect of one or more Approved Obligations occurring after such delivery of a Payment Demand (each such day, a "**Guarantee Payment Date**"), the Manager shall deliver a written statement setting forth the Aggregate Approved Obligations Amount, if any, in respect of the Approved Obligations that are due and payable on such Guarantee Payment Date, together with a detailed description identifying such Approved Obligations and the nature and amount of payments due and payable thereunder on the Guarantee Payment Date, the aggregate outstanding amount payable by the Financing Entity under such Approved Obligations as of the date of such written statement, and details regarding any default in performance by any party obligated thereunder.

ii. On each such Guarantee Payment Date, the Province shall deposit the Aggregate Approved Obligations Amount into the Protection Account.

iii. On each such Guarantee Payment Date, the Financing Entity and the Indenture Trustee shall ensure that the amounts on deposit in the Protection Account are applied to pay each Beneficiary to whom an amount is due and payable under an Approved Obligation on the Guarantee Payment Date the Approved Obligation Amount for such Beneficiary in respect of such Approved Obligation on such Guarantee Payment Date; provided that if the amount deposited pursuant to clause 2.01(a)ii is insufficient to pay all such Approved Obligation Amounts in full, the amount on deposit in the Protection Account on the Guarantee Payment Date shall be applied to pay Beneficiaries in the order of priority in which such Approved Obligations are payable under the payment provisions of the Trust Indenture applicable to the making of such payments on the Guarantee Payment Date (each, a "**Beneficiary Payee**" and each payment made to a Beneficiary Payee on a Guarantee Payment Date, a "**Guarantee Payment**").

iv. On the first Guarantee Payment Date and on each subsequent Guarantee Payment Date, Payment Date or other day on which any amount is required to be paid in respect of any Obligations Secured under the Trust Indenture (a "**Subrogation Payment Date**"), the Issuer and the Indenture

Trustee shall ensure that the applicable payment provisions of the Trust Indenture shall be applied and operate on the following basis[1]:

(A) If such day is a Guarantee Payment Date, then for each Approved Obligation for which amounts are paid to a Beneficiary Payee on such day pursuant to clause 2.01(a)iii in respect of principal, interest or any other amounts ("**Payable Approved Amounts**"), the amounts payable by the Financing Entity in respect of such amounts for such Approved Obligation shall be reduced by the respective amounts of such payments to the Beneficiary Payee, and equivalent amounts shall be payable by the Financing Entity to the Province as "**Subrogation Amounts**" in respect of such Approved Obligations, such Subrogation Amounts being payable in the same order of priority and with the same entitlements accruing to the Province as applied in respect of the related Payable Approved Amounts which were previously owing to the Beneficiary Payee, and to reflect this subrogation the payments set out in clause 2.01(a)iv(B) below shall be made by the Financing Entity.

(B) If the Province has made all deposits required to be made by it on each Guarantee Payment Date occurring on or before such day in accordance with clause 2.01(a)ii (or the related Approved Obligation Amounts have otherwise all been paid in full), then in respect of each Approved Obligation for which any related Subrogation Amounts have not yet been paid in full to the Province, the Financing Entity shall pay to the Province from amounts available under the Trust Indenture payment provisions and in accordance with the priority of payment provisions in the Trust Indenture the amount that would be payable on such date in satisfaction of the relevant Payable Approved Amounts, as determined without regard to any Guarantee Payment paid on any Guarantee Payment Date and also without regard to the corresponding reduction of the amounts owing to present and former Beneficiary Payees pursuant to subclause 2.01(a)iv(A) up to the amount of the unpaid related Subrogation Amounts.

(C) No Beneficiary having a right to be paid an amount in respect of an Approved Obligation, and no other Person entitled under an Obligation Secured, in each case that

[1] Explanatory Note: The deletion of the paramountcy provision is acceptable as long as section 2.01 if fully reflected in the Trust Indenture. To be confirmed.

ranks equal with or subordinate to the Payable Approved Amount in respect of which a Subrogation Amount is payable to the Province under subclause 2.01(a)iv(B), shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under such subclause (including any right of set-off, offset, reimbursement, contribution or indemnity) and no such Beneficiary or other Person shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of any such Subrogation Amount.

(D) For greater certainty, the entitlements of the Province in respect of Subrogation Amounts arising in respect of Payable Approved Obligations that are interest and principal obligations on Notes shall be treated for all purposes of the Trust Indenture as interest and principal obligations, respectively, arising under Notes having the same priority as and any applicable voting rights[2] under the related Approved Obligations, and accordingly the Province (and any successor, assignee or transferee of such entitlements) shall be entitled to all of the rights, entitlements, interests and privileges of a Holder of such a Notes in accordance with the Trust Indenture, as supplemented by the Supplemental Indenture or other indenture document under which the related Approved Obligations were issued.

(b) On each Guarantee Payment Date and upon demand by the Province, the Indenture Trustee shall release and pay to the Province free and clear of any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay Guarantee Payments to Beneficiary Payees on the Guarantee Payment Date in accordance with clause 2.01(a)iii or that otherwise remains on deposit in the Protection Account on the relevant date.

(c) In preparing any payment instructions under the Trust Indenture, the Manager shall reflect the amounts payable under Section 2.01(a), if applicable.

(d) The Province shall, as a payee of Subrogation Amounts under clause 2.01(a)iv(B) and as a payee of any amounts payable under clause 2.01(a)v, be a "Specified Creditor" under the Trust Indenture and have the benefit of the Collateral thereunder.

[2] Explanatory Note: As discussed, the Province understands that voting rights may be muted by the "outstanding" language in the Trust Indenture. Nevertheless, if voting rights would arise under the Trust Indenture they should be available to the Province.

(e) For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the Approved Obligation Amounts, if any, for payment to Beneficiary Payees and will be subject to the priorities and to the Province's rights to Subrogation Amounts, set forth in Section 2.01(a).

(f) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(g) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation by their terms.

(h) Any amount payable to the Province in respect of a Subrogation Amount shall bear interest from and including the date of payment by the Province of the related Guarantee Payment to but excluding the date of payment of the Subrogation Amount to the Province, such interest to accrue at the rate equivalent to the applicable interest rate borne by the related Approved Obligation, and such interest amounts shall be added to their respective Subrogated Amounts and shall consequently be payable in the same priority as the relevant Subrogated Amount under clause 2.01(a)iv(B), all such accruing interest amounts to be calculated and added to the Subrogation Amounts by the Manager in its discretion acting in a commercially reasonable fashion.

(i) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under and in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any amount due and payable to a Beneficiary Payee under the Limited Guarantee.

2.02 Intentionally Deleted.

2.03 <u>Absence of Set-off</u>

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 Payment into Protection Account in Satisfaction

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account" for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section **[7.03]** of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Financing Entity and the Indenture Trustee shall ensure that all amounts paid by the Province into the Protection Account on a Guarantee Payment Date in respect of an Approved Obligation are applied to pay the amounts due and payable to the Beneficiary Payee as and to the extent provided for in Section 2.01(a). Upon a payment having been made by or on behalf of the Province into the Protection Account, the amounts so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiary Payee as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such Beneficiary Payee in respect of the applicable Approved Obligations, whereupon an affected Beneficiary Payee shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid. For greater certainty, the obligations arising in respect of an applicable Approved Obligation shall not be reduced by such payment as the Province shall become entitled to be paid related Subrogation Amounts and the rights contemplated under Section 2.01(a) and Section 5.01 in relation to such continuing obligations.

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations in accordance with Section 8.01.

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

A Primary Obligation shall constitute an Approved Obligation if (i) the Adherence Conditions applicable thereto have been satisfied at the time the Primary Obligation was incurred, (ii) the Province, in its sole discretion, designates in writing that it is an Approved Obligation or (iii) the Primary Obligation is a Post-Suspension Refinancing or a Pre-Approved Refinancing.

4.02 Adherence Conditions

(a) The following shall be the Adherence Conditions applicable in relation to each Certified Primary Obligation:

i. the Certified Primary Obligation when incurred is an Obligation Secured under the Trust Indenture; and

ii. OPG, as FSM, delivers an Adherence Compliance Certificate in the form attached hereto as Exhibit B signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee, on or before the incurrence of the Certified Primary Obligation (provided that delivery may not be more than 5 Business Days before the incurrence of the Certified Primary Obligation); and

iii. the Province has not provided a Suspension Notice to the Indenture Trustee, OPG and the Financing Entity.

(b) Without limiting any obligations of OPG to the Province arising other than pursuant to this Agreement, satisfaction of the Adherence Conditions for a Certified Primary Obligation shall be deemed satisfaction of the Adherence Conditions in respect of all principal, interest and other amounts owing under the Certified Primary Obligation, as such Certified Primary Obligation may be amended, restated, supplemented or modified from time to time.

(c) For greater certainty, there shall be no Adherence Conditions applicable in relation to a Primary Obligation that is not a Certified Primary Obligation.

4.03 <u>Evidence of Satisfaction</u>

An Adherence Compliance Certificate delivered in accordance with clause 4.02(a)ii shall be determinative as to whether the applicable Adherence Condition with respect thereto has been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same. An Adherence Compliance Certificate that purports on its face to be signed by officers specified in clause 4.02(a)ii may be relied upon by any addressee without further enquiry or evidence as to the incumbency or signatures of such officers. If an Adherence Compliance Certificate is not delivered in accordance with the timing requirements of clause 4.02(a)ii such certificate may be delivered at a later date, and be effective as if it had been delivered in accordance with the timing requirement of clause 4.02(a)ii if at the time such certificate was otherwise required to be delivered OPG had delivered to the Province all certifications required by the Province in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation.

ARTICLE V
PROVINCE MATTERS

5.01 <u>Assignment and Subrogation</u>

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's

rights and interests under and in respect of the Approved Obligation to the extent of such payment, and shall be entitled to (i) the right and entitlement to be paid and receive the related Subrogation Amounts, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including Sections **[7.04]** through **[7.11]** and **[8.13]** (Payment Priorities), Section **[7.12]** (Payments Held in Trust), Section **[8.11]** (Control by Controlling Class Creditors), Section **[8.12]** (Limitation on Suits), Section **[8.14]** (Limited Recourse), Article IX (The Indenture Trustee), including all limitations of liability thereunder, Section **[9.14]** (Communications to Specified Creditors) and Section **[16.01]** (No Petition); (ii) consents, requests and authorizes the Issuer and the Indenture Trustee to (x) add the Province to the register of Specified Creditors described in subsection **[13.13(b)]** of the Trust Indenture and (y) disseminate the notice details of the Province to other Specified Creditors for the purposes set out in subsection **[9.14(b)]** of the Trust Indenture, and (iii) confirms that it will execute and deliver, or cause to be executed and delivered, all such further agreements, documents and instruments in connection with this Section 5.01 as the Indenture Trustee may request from time to time for the purpose of giving effect to the terms of this Section 5.01.

5.02 <u>Priorities</u>

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation and the Payable Approved Amounts

thereunder shall rank equally with the rights, interests and entitlements of a Beneficiary to whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture in the manner and to the extent contemplated in Section **[7.10]** of the Trust Indenture.

5.03 Intentionally Deleted

5.04 Representations and Warranties

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
INDENTURE TRUSTEE MATTERS

6.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

6.02 Not Responsible for Recitals

The recitals contained herein will be taken as the statements of the Province, the Financing Entity and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

6.03 Representations and Covenants of the Indenture Trustee

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Agreement and has taken all necessary action to authorize the execution, delivery and performance by it of this Agreement;

(c) this Agreement has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada. If, notwithstanding the provisions of this subsection 6.03(d), the Indenture Trustee ceases to be so authorized to carry on business, the validity and enforceability of this Agreement shall not be affected in any manner whatsoever by reason only of such event.

ARTICLE VII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

7.01 Suspension Notice

Upon:

(a) a Program Breach;

(b) a default in the performance, or breach, of any covenants of OPG, as FSM, or OPG, in its corporate capacity, in each case to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligation and the expiration of any applicable cure period;

(c) a representation or warranty made by OPG or a certification made by one or more officers of OPG, in each case whether as FSM or in its corporate capacity, to the Province in connection with its obligations to the Province and its internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligations, proves to be incorrect in any material respect on the date made and the expiration of any applicable cure period; or

(d) the FSM no longer being the Manager or actions having been taken by or on behalf of the Indenture Trustee to remove the FSM as the Manager;

the Province may declare that the Limited Guarantee under this Agreement shall not apply to any Primary Obligations incurred on or after such declaration, excluding Post-Suspension Refinancings or Pre-Approved Refinancings, by delivering a written notice in

the form of Exhibit C (a "**Suspension Notice**") to the Indenture Trustee, the FSM and the Financing Entity.

7.02 Suspension

If a Suspension Notice has been provided under Section 7.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of: (i) any Primary Obligation incurred, excluding Post-Suspension Refinancings or Pre-Approved Refinancings, or (ii) any amendment of any Primary Obligation that has a Material Effect, unless otherwise agreed to by the Province, in each case, on or after the time such Suspension Notice is delivered.

7.03 Additional Right of the Province Regarding Post-Suspension Refinancings

Following the occurrence of a Suspension Event, the Limited Guarantee shall continue to apply in respect of any Post-Suspension Refinancing (for greater certainty, without regard to the satisfaction of any Adherence Conditions thereto); provided that prior to the Financing Entity incurring any Primary Obligation constituting a Post-Suspension Refinancing, the Manager shall provide the Province with at least 30 days' notice of its intention to seek a Post-Suspension Refinancing and prior to incurrence, which notice shall describe the material covenants, events of default, representations and warranties and indemnities of the Financing Entity and other material terms, excluding financial terms, rates and levels (the "**Proposal**"), and during such 30 day period the Province may, but is not obligated to, offer to fund such Post-Suspension Refinancing or arrange for another Person to fund such Post-Suspension Refinancing on the same terms as set out in the Proposal or on such other terms as may be considered by the Province to be not more onerous on the Financing Entity and that are acceptable on that basis to the Financing Entity, acting reasonably. If, within such 30-day period, the Province elects to offer to fund such Post-Suspension Refinancing as provided in the preceding sentence, the Manager shall accept such offer; however, if the Province does not elect to offer to fund such Post-Suspension Refinancing, the Manager shall cause the Financing Entity to incur Primary Obligations constituting such a Post-Suspension Refinancing on substantially the same terms as than those set out in the Proposal if the Post-Suspension Refinancing can be completed by the Financing Entity in compliance with the Act, or on such other terms as may be considered by the Financing Entity to be not more onerous on the Province and that are acceptable on that basis to the Province, acting reasonably.

7.04 No Impact on Adherence

For greater certainty, the occurrence of a Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event or in respect of any Post-Suspension Refinancing.

ARTICLE VIII
MISCELLANEOUS

8.01 Term of Agreement

This Agreement will continue until the later of: (a) the date that no amount is or may become due and payable by the Province under the Limited Guarantee and (b) the date that no amount is or may become due and payable to the Province in respect of any Subrogation Amount.

8.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: Manager, Corporate Trust
Fax: (416) 981-9777
Email: corporatetrust.toronto@computershare.com

(b) if to the FSM:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

(c) if to the Province:

Minister of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Minister of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

With copies to:

Deputy Minister of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Deputy Minister of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 8.02.

8.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section 8.03 shall be null and void.

8.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

8.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

8.07 Notice to Rating Agencies

OPG, as FSM, shall deliver prompt written notice to the Rating Agencies of the occurrence of (i) a Protection Event; (ii) receipt of a Suspension Notice delivered by the Province pursuant to Section 7.01; and (iii) an assignment of this Agreement by any party pursuant to Section 8.03.

8.08 Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their benefits hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

8.09 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, IN ITS CAPACITY AS TRUSTEE OF FAIR HYDRO TRUST, AS ISSUER, BY ONTARIO POWER GENERATION INC., NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration of a funding obligation" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Compliance Certificate**" means a certificate in the form attached hereto as Exhibit B delivered by the FSM in accordance with Section 4.02(a)ii.

"**Adherence Conditions**", means, in respect of a Certified Primary Obligation, the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of a Guarantee Payment Date, the aggregate of the Approved Obligation Amounts for such Guarantee Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, for a Beneficiary in respect of an Approved Obligation under which an amount is due and payable on a Guarantee Payment Date:

(a) if no Acceleration has occurred in respect of any Obligation Secured on or before the Guarantee Payment Date, the amount due and payable to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation (for greater certainty, determined on the assumption that there are adequate amounts available under the applicable payment provisions of the Trust Indenture to pay in full all amounts referred to in such payment provisions that are due and payable on the Guarantee Payment Date); and

(b) if an Acceleration has occurred in respect of any Obligations Secured on or before the Guarantee Payment Date, the amount that would be available to be paid to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation under the applicable payment provisions of the Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with such applicable payment provisions of the Trust Indenture in respect of each relevant month during each Reference Period is equal to the estimated Finance Amount determined in respect of such Reference Period for purposes of section 15(1) of the Act (in effect on the date hereof), including section 6.1 of the General Regulation (in effect on the date hereof), divided by the number of months in such Reference Period.

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Beneficiary Payee**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Certified Primary Obligations**" means Primary Obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest, including any Refinancing, other than a Post-Suspension Refinancing or a Pre-Approved Refinancing, of such a Primary Obligation (for greater certainty, including, in the case of any Certified Primary Obligation permitting funding transactions pursuant to a Funding Obligation Agreement applicable to the Certified Primary Obligation, each individual borrowing or funding utilization thereunder), (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not any individual trade confirmation other than a trade confirmation that modifies or purports to override the express terms or conditions of the related Master Agreement, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and expected (as determined by the Manager, acting reasonably) aggregate payments by the Financing Entity thereunder during the term of such contract are or would be in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).

"**Change of Law Protection Agreement**" means this Agreement.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Determination Date**" has the meaning ascribed thereto in clause 2.01(a)iv.

"**Executive Officer**" has the meaning ascribed to the term "executive officer" in National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators.

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the first paragraph of this Agreement until a successor Financing Entity Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and the Declaration of Trust, and thereafter "Financing Entity Trustee" means and includes such Person.

"**Financing Plan**" has the meaning ascribed to the term "Financing Plan" in the Act.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Guarantee Payment**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Guarantee Payment Date**" has the meaning ascribed thereto in Section 2.01(a)i.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**Holder**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Liens**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(a).

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity, as amended, supplemented, restated or otherwise modified from time to time.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Agreement**" means an agreement in the form of a Master Agreement as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, as amended, supplemented, restated or otherwise modified from time to time.

"**Material Effect**" means any change that could affect (i) the timing of or circumstances under which Primary Obligations would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization); (ii) the appointment, obligations or duties of OPG as the Manager; (iii) the existence, powers or authority of the Financing Entity or the Financing Entity Trustee; (iv) the obligations of the Indenture Trustee to or in respect of the Province as a Specified Creditor; (v) the limitations and requirements otherwise applicable to the capital structure of the Financing Entity under any existing Program Agreement; (vi) the payment provisions and associated priorities set forth in the Trust Indenture; (vii) the obligations or liability of the Financing Entity to pay any tax, (viii) compliance by the FSM with the then applicable Financing Plan; (ix) the circumstances in which a Protection Event could arise; (x) compliance by the FSM, the Financing Entity or IESO with the Act or the General Regulation; (xi) the nature or character of the payment obligations (but, subject to compliance with the Financing Plan, irrespective of the amount payable thereunder) that could become payable under the Limited Guarantee; or (xii) the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of this Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation.

"**Notes**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Payable Approved Amounts**" has the meaning ascribed thereto in 2.01(a).

"**Payment Date**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, unlimited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Post-Suspension Refinancing**" means a Funding Obligation that is an Obligation Secured and that is incurred on or after the occurrence of a Suspension Event in compliance with the requirements of Section 7.03, as a Refinancing of one or more Series of Approved Obligations, in each case the proceeds of which are used solely for the purpose of repaying one or more Funding Obligations that are Approved Obligations.

"**Pre-Approved Refinancing**" means a Refinancing of a Certified Primary Obligation in respect of which the Province has, prior to the issuance of such Certified Primary Obligation, consented to such Refinancing not being a Certified Primary Obligation to which the Adherence Conditions would otherwise apply.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account or Finance Reserve Account; and (ii) any obligation to pay the Financing Entity or on the Financing Entity's direction any remaining amounts in the Collection Account pursuant to the Trust Indenture.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that (X) adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations, in each case determined after taking into account and having regard to any funds available at such time, including (i) in any Finance Reserve Account, Capital Account or collateral posting account applicable under a Derivative Agreement, (ii) under any credit enhancement agreement to which the Financing Entity is a party and (iii) after collecting the True-up Amount in the Reference Period immediately following the Reference Period during which an event described in any of subclauses (a)(i) to a(v) occurs, or (Y) adversely changes or adversely affects the enforceability of the terms and conditions of this Agreement or of any of the agreements under which Approved Obligations arise; or

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Approved Obligations that have become due and payable, in each case determined after taking into account and having regard to any funds available at such time, including (i) in any Finance Reserve Account, Capital Account or collateral posting account applicable under a Derivative Agreement, (ii) under any credit enhancement agreement to which the Financing Entity is a party and (iii) after collecting the True-up Amount in the Reference Period immediately following the Reference Period during which an event described in this clause (b) occurs.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency Condition" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Reference Period**" has the meaning ascribed to the term "reference period" in the Act.

"**Refinancing**" has the meaning ascribed to the term "refinancing" in the Act as of the date hereof, as more particularly described and given meaning in the General Regulation as of the date hereof.

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Specified Creditor**" has the meaning ascribed thereto in the Trust Indenture on the date hereof.

"**Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(B).

"**Subrogation Payment Date**" has the meaning ascribed thereto in clause 2.01(a)iv.

"**Suspension Event**" has the meaning ascribed thereto in Section 7.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 7.01.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**True-up Amount**" has the meaning ascribed to the term "true up amount" in the Act.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

EXHIBIT A
FORM OF PAYMENT DEMAND

TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Pursuant to and in accordance with section 2.01(a) of the Change of the Law Protection Agreement, the Indenture Trustee hereby demands payment from the Province in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in the Change of Law Protection Agreement.

DATED as of the [■] day of [■], [■].

BNY TRUST COMPANY OF CANADA

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT B
FORM OF ADHERENCE COMPLIANCE CERTIFICATE UNDER SECTION 4.02(a)

TO: **BNY TRUST COMPANY OF CANADA**, in its capacity as Indenture Trustee (the "**Indenture Trustee**") under the Master Trust Indenture dated as of December ●, 2017 between Fair Hydro Trust and the Indenture Trustee (the "**Master Trust Indenture**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province of Ontario, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust, Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Each of the undersigned, being the ● and ● of OPG acting in its capacity as FSM and holding the offices set forth under their names and signatures below, pursuant to and accordance with clause 4.02(a)ii of the Change of Law Protection Agreement, hereby certifies for and on behalf of OPG, in its capacity as Financial Services Manager, and not in such officer's personal capacity and intending that this certificate may be relied on by the addressees hereof without independent inquiry, that:

1. I have read and understand the provisions of the Change of Law Protection Agreement, the Master Trust Indenture and all other documents and materials necessary to enable me to deliver this certificate.
2. If the Certified Primary Obligation is a Refinancing, the proceeds of the Refinancing will be used solely for the purpose of repaying one or more Certified Primary Obligations in respect of which the Adherence Conditions in Subsection 4.02(a) of the Change of Law Protection Agreement had been satisfied, including one or more other Refinancings in respect of which the Adherence Conditions in Subsection 4.02(a) of the Change of Law Protection Agreement had been satisfied.
3. OPG has delivered to the Province a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate was provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation.

DATED as of the [■] day of [■], [■].

Name: [3]	Name:
Office:	Office:

[3] This certificate must be signed by two officers of OPG being either (i) the Chief Financial Officer and the Treasurer, or (ii) any two Executive Officers (as defined in the Change of Law Protection Agreement) of OPG.

EXHIBIT C
SUSPENSION NOTICE

TO: Ontario Power Generation Inc., in its capacity as Financial Services Manager

AND TO: Fair Hydro Trust

AND TO: Computershare Trust Company of Canada, in its capacity as trustee of Fair Hydro Trust

AND TO: BNY Trust Company of Canada, as Indenture Trustee

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement. All references in this Suspension Notice to "Articles" or "Sections" refer to Articles or Sections of the Change of Law Protection Agreement.

The Province has a reasonable basis for concluding that an event described in clauses (a) to (d) of Section 7.01 has occurred. Pursuant to Section 7.01, the Province hereby declares that the Limited Guarantee shall hereby not apply in respect of (i) any Primary Obligation incurred, excluding Post-Suspension Refinancings or Pre-Approved Refinancings or (ii) any amendment of any Primary Obligation that has a Material Effect, unless otherwise agreed to by the Province, in each case, on or after delivery of this Suspension Notice.

This Suspension Notice is hereby delivered to the FSM, the Financing Entity and the Indenture Trustee in accordance with Section 8.02 of the Change of Law Protection Agreement.

* * * *

DATED as of the [■] day of [■], [■].

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust organized under the laws of the Province of Ontario (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council 1981/2017 (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Primary Obligations that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred. This Agreement sets out the terms and conditions of such protections and assurances.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A, and any other capitalized terms not defined herein shall have the meanings assigned to them in the Trust Indenture;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this

Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 Proof of Approved Obligations

The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Manager deems to be sufficient.

Each statement delivered by the Manager under Section 2.01(a)i shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and each of the parties hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Manager shall act diligently in the preparation of each such statement and shall provide the Indenture Trustee and the Province with all supporting computations and calculations used by the Manager to prepare each such statement promptly following a request therefor made by the Indenture Trustee or the Province.

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture as of the date of this Agreement.

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 2.01 or Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a

related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee, the Financing Entity, the Financing Entity Trustee, the Manager or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee may deliver a written demand, substantially in the form attached as **[Exhibit A]** (a "**Payment Demand**"), to the Province requiring the Province to make payments in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in this Agreement. From and after such delivery of a Payment Demand, the Province shall make the following payments in respect of the Approved Obligations (the "**Limited Guarantee**"), the Financing Entity shall pay, and the Province shall be entitled to be paid, the Subrogation Amounts specified below, and the following terms shall apply:

i. Not less than three (3) Business Days prior to each day when any payment or payments are to be made in respect of one or more Approved Obligations occurring after such delivery of a Payment Demand (each such day, a "**Guarantee Payment Date**"), the Manager shall deliver a written statement setting forth the Aggregate Approved Obligations Amount, if any, in respect of the Approved Obligations that are due and payable on such Guarantee Payment Date, together with a detailed description identifying such Approved Obligations and the nature and amount of payments due and payable thereunder on the Guarantee Payment Date, the aggregate outstanding amount payable by the Financing Entity under such Approved Obligations as of the date of such written statement, and details regarding any default in performance by any party obligated thereunder.

ii. On each such Guarantee Payment Date, the Province shall deposit the Aggregate Approved Obligations Amount into the Protection Account.

iii. On each such Guarantee Payment Date, the Financing Entity and the Indenture Trustee shall ensure that the amounts on deposit in the Protection Account are applied to pay each Beneficiary to whom an amount is due and payable under an Approved Obligation on the Guarantee Payment Date the Approved Obligation Amount for such Beneficiary in respect of such Approved Obligation on such Guarantee Payment Date; provided that if the amount deposited pursuant to clause 2.01(a)ii is insufficient to pay all such Approved Obligation Amounts in full, the amount on deposit in the Protection Account on the Guarantee Payment Date shall be applied to pay Beneficiaries in the order of priority in which such Approved Obligations are payable under the

payment provisions of the Trust Indenture applicable to the making of such payments on the Guarantee Payment Date (each, a "**Beneficiary Payee**" and each payment made to a Beneficiary Payee on a Guarantee Payment Date, a "**Guarantee Payment**").

iv. On the first Guarantee Payment Date and on each subsequent Guarantee Payment Date, Payment Date or other day on which any amount is required to be paid in respect of any Obligations Secured under the Trust Indenture (a "**Subrogation Payment Date**"), the Issuer and the Indenture Trustee shall ensure that the applicable payment provisions of the Trust Indenture shall be applied and operate on the following basis[1]:

(A) If such day is a Guarantee Payment Date, then for each Approved Obligation for which amounts are paid to a Beneficiary Payee on such day pursuant to clause 2.01(a)iii in respect of principal, interest or any other amounts ("**Payable Approved Amounts**"), the amounts payable by the ~~Issuer~~Financing Entity in respect of such amounts for such Approved Obligation shall be reduced by the respective amounts of such payments to the Beneficiary Payee, and equivalent amounts shall be payable by the ~~Issuer~~Financing Entity to the Province as "**Subrogation Amounts**" in respect of such Approved Obligations, such Subrogation Amounts being payable in the same order of priority and with the same entitlements accruing to the Province as applied in respect of the related Payable Approved Amounts which were previously owing to the Beneficiary Payee, and to reflect this subrogation the payments set out in clause 2.01(a)iv(B) below shall be made by the ~~Issuer~~Financing Entity.

(B) If the Province has made all deposits required to be made by it on each Guarantee Payment Date occurring on or before such day in accordance with clause 2.01(a)ii (or the related Approved Obligation Amounts have otherwise all been paid in full), then in respect of each Approved Obligation for which any related Subrogation Amounts have not yet been paid in full to the Province, the ~~Issuer~~Financing Entity shall pay to the Province from amounts available under the Trust Indenture payment

[1] Explanatory Note: The deletion of the paramountcy provision is acceptable as long as section 2.01 if fully reflected in the Trust Indenture. To be confirmed.

provisions and in accordance with the ~~applicable Payment Waterfalls~~priority of payment provisions in the Trust Indenture the amount that would be payable on such date in satisfaction of the relevant Payable Approved Amounts, as determined without regard to any Guarantee Payment paid on any Guarantee Payment Date and also without regard to the corresponding reduction of the amounts owing to present and former Beneficiary Payees pursuant to subclause 2.01(a)iv(A) up to the amount of the unpaid related Subrogation Amounts.

(C) No Beneficiary having a right to be paid an amount in respect of an Approved Obligation, and no other Person entitled under an Obligation Secured, in each case that ranks equal with or subordinate to the Payable Approved Amount in respect of which a Subrogation Amount is payable to the Province under subclause 2.01(a)iv(B), shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under such subclause (including any right of set-off, offset, reimbursement, contribution or indemnity) and no such Beneficiary or other Person shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of any such Subrogation Amount.

(D) For greater certainty, the entitlements of the Province in respect of Subrogation Amounts arising in respect of Payable Approved Obligations that are interest and principal obligations on Notes shall be treated for all purposes of the Trust Indenture as interest and principal obligations, respectively, arising under Notes having the same priority as and any applicable voting rights[2] under the related Approved Obligations, and accordingly the Province (and any successor, assignee or transferee of such entitlements) shall be entitled to all of the rights, entitlements, interests and privileges of a Holder of such a Notes in accordance with the Trust Indenture, as supplemented by the Supplemental Indenture or other indenture document under which the related Approved Obligations were issued.

[2] Explanatory Note: As discussed, the Province understands that voting rights may be muted by the "outstanding" language in the Trust Indenture. Nevertheless, if voting rights would arise under the Trust Indenture they should be available to the Province.

(b) ~~v.~~ On each Guarantee Payment Date and upon demand by the Province, the Indenture Trustee shall release and pay to the Province free and clear of any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay Guarantee Payments to Beneficiary Payees on the Guarantee Payment Date in accordance with clause 2.01(a)iii or that otherwise remains on deposit in the Protection Account on the relevant date.

(c) ~~vi.~~ In preparing any payment instructions under the Trust Indenture, the Manager shall reflect the amounts payable under Section 2.01(a), if applicable.

(d) ~~vii.~~ The Province shall, as a payee of Subrogation Amounts under clause 2.01(a)iv(B) and as a payee of any amounts payable under clause 2.01(a)v, be a "Specified Creditor" under the Trust Indenture and have the benefit of the Collateral thereunder.

(e) ~~viii.~~ For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the Approved Obligation Amounts, if any, for payment to Beneficiary Payees and will be subject to the priorities and to the Province's rights to Subrogation Amounts, set forth in Section 2.01(a).

(f) ~~ix.~~ Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(g) ~~x.~~ Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation by their terms.

(h) ~~xi.~~ Any amount payable to the Province in respect of a Subrogation Amount shall bear interest from and including the date of payment by the Province of the related Guarantee Payment to but excluding the date of payment of the Subrogation Amount to the Province, such interest to accrue at the rate equivalent to the applicable interest rate borne by the related Approved Obligation, and such interest amounts shall be added to their respective Subrogated Amounts and shall consequently be payable in the same priority as the relevant Subrogated Amount under clause 2.01(a)iv(B), all such accruing interest amounts to be calculated and added to the Subrogation Amounts by the Manager in its discretion acting in a commercially reasonable fashion.

(i) ~~xii.~~ The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under and in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any amount due and payable to a Beneficiary Payee under the Limited Guarantee.

~~(b) The Province shall, as a payee of Subrogation Amounts under clause 2.01(a)iv(B), and as a payee of any amounts payable under clause 2.01(a)vi, be a "Specified Creditor" under the Trust Indenture and have the benefit of the Collateral thereunder.~~

~~(c) For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the Approved Obligation Amounts, if any, for payment to Beneficiary Payees and will be subject to the priorities and to the Province's rights to Subrogation Amounts, set forth in Section 2.01(a).~~

~~(d) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.~~

~~(e) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation by their terms.~~

~~(f) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under and in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any amount due and payable to a Beneficiary Payee under the Limited Guarantee.~~

2.02 Intentionally Deleted.

2.03 Absence of Set-off

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 Payment into Protection Account in Satisfaction

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account" for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section **[7.03]** of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Financing Entity and the Indenture Trustee shall ensure that all amounts paid by the Province into the Protection Account on a Guarantee Payment Date in respect of an Approved Obligation are applied to pay the amounts due and payable to the Beneficiary Payee as and to the extent provided for in Section 2.01(a). Upon a payment having been made by or on behalf of the Province into the Protection Account, the amounts so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiary Payee as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such Beneficiary Payee in respect of the applicable Approved Obligations, whereupon an affected Beneficiary Payee shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid. For greater certainty, the obligations arising in respect of an applicable Approved Obligation shall not be reduced by such payment as the Province shall become entitled to be paid related Subrogation Amounts and the rights contemplated under Section 2.01(a) and Section 5.01 in relation to such continuing obligations.

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations in accordance with Section 8.01.

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

A Primary Obligation shall constitute an Approved Obligation if (i) the Adherence Conditions applicable thereto have been satisfied at the time the Primary Obligation was incurred, (ii) the Province, in its sole discretion, designates in writing that it is an Approved

Obligation or (iii) the Primary Obligation is a Post-Suspension Refinancing or a Pre-Approved Refinancing.

4.02 Adherence Conditions

(a) The following shall be the Adherence Conditions applicable in relation to each Certified Primary Obligation:

i. the Certified Primary Obligation when incurred is an Obligation Secured under the Trust Indenture; and

ii. OPG, as FSM, delivers an Adherence Compliance Certificate in the form attached hereto as Exhibit B~~-1~~ signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee, on or before the incurrence of ~~a~~the Certified Primary Obligation (provided that delivery may not be more than 5 Business Days before the incurrence of the Certified Primary Obligation); and

iii. the Province has not provided a Suspension Notice to the Indenture Trustee, OPG and the Financing Entity.

(b) ~~For greater certainty~~Without limiting any obligations of OPG to the Province arising other than pursuant to this Agreement, satisfaction of the Adherence Conditions for a Certified Primary Obligation shall be deemed satisfaction of the Adherence Conditions in respect of all principal, interest and other amounts owing under the Certified Primary Obligation, as such Certified Primary Obligation may be amended, restated, supplemented or modified from time to time~~, without limiting any obligations of OPG to the Province arising other than pursuant to this Agreement~~.

(c) For greater certainty, there shall be no Adherence Conditions applicable in relation to a Primary Obligation that is not a Certified Primary Obligation.

4.03 Evidence of Satisfaction

An Adherence Compliance Certificate delivered in accordance with clause 4.02(a)ii shall be determinative as to whether the applicable Adherence ~~Conditions~~Condition with respect thereto ~~have~~has been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same. An Adherence Compliance Certificate that purports on its face to be signed by officers specified in clause 4.02(a)ii may be relied upon by any addressee without further enquiry or evidence as to the incumbency or signatures of such officers. If an Adherence Compliance Certificate is not delivered in accordance with the timing requirements of clause 4.02(a)ii such certificate may be delivered at a later date, and be effective

as if it had been delivered in accordance with the timing requirement of clause 4.02(a)ii if at the time such certificate was otherwise required to be delivered OPG had delivered to the Province all certifications required by the Province in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation.

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, and shall be entitled to (i) the right and entitlement to be paid and receive the related Subrogation Amounts, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including Sections **[7.04]** through **[7.11]** and **[8.13]** (Payment Priorities), Section **[7.12]** (Payments Held in Trust), Section **[8.11]** (Control by Controlling Class Creditors),

Section **[8.12]** (Limitation on Suits), Section **[8.14]** (Limited Recourse), Article IX (The Indenture Trustee), including all limitations of liability thereunder, Section **[9.14]** (Communications to Specified Creditors) and Section **[16.01]** (No Petition); (ii) consents, requests and authorizes the Issuer and the Indenture Trustee to (x) add the Province to the register of Specified Creditors described in subsection **[13.13(b)]** of the Trust Indenture and (y) disseminate the notice details of the Province to other Specified Creditors for the purposes set out in subsection **[9.14(b)]** of the Trust Indenture, and (iii) confirms that it will execute and deliver, or cause to be executed and delivered, all such further agreements, documents and instruments in connection with this Section 5.01 as the Indenture Trustee may request from time to time for the purpose of giving effect to the terms of this Section 5.01.

5.02 Priorities

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation and the Payable Approved Amounts thereunder shall rank equally with the rights, interests and entitlements of a Beneficiary to whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture in the manner and to the extent contemplated in Section **[7.10]** of the Trust Indenture.

5.03 Intentionally Deleted

5.04 Representations and Warranties

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
INDENTURE TRUSTEE MATTERS

6.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection

herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

6.02 Not Responsible for Recitals

The recitals contained herein will be taken as the statements of the Province, the Financing Entity and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

6.03 Representations and Covenants of the Indenture Trustee

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Agreement and has taken all necessary action to authorize the execution, delivery and performance by it of this Agreement;

(c) this Agreement has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada. If, notwithstanding the provisions of this subsection 6.03(d), the Indenture Trustee ceases to be so authorized to carry on business, the validity and enforceability of this Agreement shall not be affected in any manner whatsoever by reason only of such event.

ARTICLE VII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

7.01 Suspension Notice

Upon:

(a) a Program Breach;

(b) a default in the performance, or breach, of any covenants of OPG, as FSM, or OPG, in its corporate capacity, in each case to the Province in connection with its

obligations to the Province pursuant to internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligation and the expiration of any applicable cure period;

(c) a representation or warranty made by OPG or a certification made by one or more officers of OPG, in each case whether as FSM or in its corporate capacity, to the Province in connection with its obligations to the Province and its internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligations, proves to be incorrect in any material respect on the date made and the expiration of any applicable cure period; or

(d) the FSM no longer being the Manager or actions having been taken by or on behalf of the Indenture Trustee to remove the FSM as the Manager;

the Province may declare that the Limited Guarantee under this Agreement shall not apply to any Primary Obligations incurred on or after such declaration, excluding Post-Suspension Refinancings or Pre-Approved Refinancings, by delivering a written notice in the form of Exhibit C (a "**Suspension Notice**") to the Indenture Trustee, the FSM and the Financing Entity.

7.02 Suspension

If a Suspension Notice has been provided under Section 7.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of: (i) any Primary Obligation incurred, excluding Post-Suspension Refinancings or Pre-Approved Refinancings, or (ii) any amendment of any Primary Obligation that has a Material Effect, unless otherwise agreed to by the Province, in each case, on or after the time such Suspension Notice is delivered.

7.03 Additional Right of the Province Regarding Post-Suspension Refinancings

Following the occurrence of a Suspension Event, the Limited Guarantee shall continue to apply in respect of any Post-Suspension Refinancing (for greater certainty, without regard to the satisfaction of any Adherence Conditions thereto); provided that prior to the Financing Entity incurring any Primary Obligation constituting a Post-Suspension Refinancing, the Manager shall provide the Province with at least 30 days' notice of its intention to seek a Post-Suspension Refinancing and prior to incurrence, which notice shall ~~include a summary of~~describe the material covenants, events of default, representations and warranties and indemnities of the Financing Entity and other material terms, excluding financial terms, rates and levels (the "**Proposal**"), and during such 30 day period the Province may, but is not obligated to, offer to ~~provide~~fund such Post-Suspension Refinancing or arrange for another Person to ~~provide~~fund such Post-Suspension Refinancing on the same~~, or better,~~ terms as set out in the Proposal or on such other terms as may be considered by the Province to be not more onerous on the Financing Entity and that are acceptable on that basis to the Financing Entity, acting reasonably. If, within such 30-day period, the Province elects to ~~provide~~offer to fund such Post-Suspension

Refinancing as provided in the preceding sentence, the Manager shall accept such ~~Proposal~~offer; however, if the Province does not elect to ~~provide~~offer to fund such Post-Suspension Refinancing, the Manager shall cause the Financing Entity to incur Primary Obligations constituting such a Post-Suspension Refinancing on substantially the same ~~or less onerous~~ terms as than those set out in the Proposal~~; provided that such~~ if the Post-Suspension Refinancing ~~is available on such terms~~can be completed by the Financing Entity in compliance with the Act, or on such other terms as may be considered by the Financing Entity to be not more onerous on the Province and that are acceptable on that basis to the Province, acting reasonably.

7.04 No Impact on Adherence

For greater certainty, the occurrence of a Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event or in respect of any Post-Suspension Refinancing.

ARTICLE VIII
MISCELLANEOUS

8.01 Term of Agreement

This Agreement will continue until the later of: (a) the date that no amount is or may become due and payable by the Province under the Limited Guarantee and (b) the date that no amount is or may become due and payable to the Province in respect of any Subrogation Amount.

8.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust

700 University Avenue

Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: Manager, Corporate Trust
Fax: (416) 981-9777
Email: corporatetrust.toronto@computershare.com

(b) if to the FSM:

Ontario Power Generation Inc.

700 University Avenue

Toronto, Ontario M5G 1X6

Attention: General Counsel
Fax: (416) 592-4189

(c) if to the Province:

Minister of Finance

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

and

Minister of Energy

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

With copies to:

Deputy Minister of Finance

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

and

Deputy Minister of Energy

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 8.02.

8.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section 8.03 shall be null and void.

8.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

8.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

8.07 Notice to Rating Agencies

OPG, as FSM, shall deliver prompt written notice to the Rating Agencies of the occurrence of (i) a Protection Event; (ii) receipt of a Suspension Notice delivered by the Province pursuant to Section 7.01; and (iii) an assignment of this Agreement by any party pursuant to Section 8.03.

8.08 Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their benefits hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

8.09 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, IN ITS CAPACITY AS TRUSTEE OF FAIR HYDRO TRUST, AS ISSUER, BY ONTARIO POWER GENERATION INC., NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration of a funding obligation" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Compliance Certificate**" means a certificate in the form attached hereto as Exhibit B~~-1~~ delivered by the FSM in accordance with Section 4.02(a)ii.

"**Adherence Conditions**", means, in respect of a Certified Primary Obligation, the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of a Guarantee Payment Date, the aggregate of the Approved Obligation Amounts for such Guarantee Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, for a Beneficiary in respect of an Approved Obligation under which an amount is due and payable on a Guarantee Payment Date:

(a) if no Acceleration has occurred in respect of any Obligation Secured on or before the Guarantee Payment Date, the amount due and payable to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation (for greater certainty, determined on the assumption that there are adequate amounts available under the applicable payment provisions of the Trust Indenture to pay in full all amounts referred to in such payment provisions that are due and payable on the Guarantee Payment Date); and

(b) if an Acceleration has occurred in respect of any Obligations Secured on or before the Guarantee Payment Date, the amount that would be available to be paid to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation under the applicable payment provisions of the Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with such applicable payment provisions of the Trust Indenture in respect of each relevant month during each Reference Period is equal to the estimated Finance Amount determined in respect of such Reference Period for purposes of section 15(1) of the Act (in effect on the date hereof), including section 6.1 of the General Regulation (in effect on the date hereof), divided by the number of months in such Reference Period.

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Beneficiary Payee**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Certified Primary Obligations**" means Primary Obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest, including any Refinancing, other than a Post-Suspension Refinancing or a Pre-Approved Refinancing, of such a Primary Obligation (for greater certainty, including, in the case of any Certified Primary Obligation permitting funding transactions pursuant to a Funding Obligation Agreement applicable to the Certified Primary Obligation, each individual borrowing or funding utilization thereunder), (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not any individual trade confirmation other than a trade confirmation that modifies or purports to override the express terms or conditions of the related Master Agreement, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and expected (as determined by the Manager, acting reasonably) aggregate payments by the Financing Entity thereunder during the term of such contract are or would be in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).

"**Change of Law Protection Agreement**" means this Agreement.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Determination Date**" has the meaning ascribed thereto in clause 2.01(a)iv.

"**Executive Officer**" has the meaning ascribed to the term "executive officer" in National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators.

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the first paragraph of this Agreement until a successor Financing Entity Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and the Declaration of Trust, and thereafter "Financing Entity Trustee" means and includes such Person.

"**Financing Plan**" has the meaning ascribed to the term "Financing Plan" in the Act.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Guarantee Payment**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Guarantee Payment Date**" has the meaning ascribed thereto in Section 2.01(a)i.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**Holder**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Liens**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(a).

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity, as amended, supplemented, restated or otherwise modified from time to time.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Agreement**" means an agreement in the form of a Master Agreement as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, as amended, supplemented, restated or otherwise modified from time to time.

"**Material Effect**" means any change that could affect (i) the timing of or circumstances under which Primary Obligations would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization)~~, or that could affect~~; (ii) the appointment, obligations or duties of OPG as the Manager; (iii) the existence, powers or authority of the Financing Entity or the Financing Entity Trustee; (iv) the obligations of the Indenture Trustee to or in respect of the Province as a Specified Creditor; (v) the limitations and requirements otherwise applicable to the capital structure of the Financing Entity under any existing Program Agreement; (vi) the payment provisions and associated priorities set forth in the Trust Indenture; (vii) the obligations or liability of the Financing Entity to pay any tax, (viii) compliance by the FSM with the then applicable Financing Plan; (ix) the circumstances in which a Protection Event could arise; (x) compliance by the FSM, the Financing Entity or IESO with the Act or the General Regulation; (xi) the nature or character of the payment obligations (but, subject to compliance with the Financing Plan, irrespective of the amount payable thereunder) that could become payable under the Limited Guarantee; or (xii) the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of this Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation.

"**Notes**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Payable Approved Amounts**" has the meaning ascribed thereto in 2.01(a).

"**Payment Date**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, unlimited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Post-Suspension Refinancing**" means a ~~Primary~~Funding Obligation ~~proposed to be~~that is an Obligation Secured and that is incurred on or after the occurrence of a Suspension Event~~,~~ in compliance with the requirements of Section 7.03, as a Refinancing of one or more Series of Approved Obligations~~ or one or more such Refinancings.~~, in each case the proceeds of which are used solely for the purpose of repaying one or more Funding Obligations that are Approved Obligations.

"**Pre-Approved Refinancing**" means a Refinancing of a Certified Primary Obligation in respect of which the Province has, prior to the issuance of such Certified Primary Obligation, ~~waived its right to object~~consented to such Refinancing not being ~~an Approved~~a Certified Primary Obligation to which the Adherence Conditions would otherwise apply.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account or Finance Reserve Account; and (ii) any obligation to pay the Financing Entity or on the Financing Entity's direction any remaining amounts in the Collection Account pursuant to the Trust Indenture.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in

Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that (X) adversely affects ~~(X)~~ the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations ~~Secured~~, in each case determined after taking into account and having regard to any funds available at such time, including (i) in any Finance Reserve Account ~~at such time and (ii~~, Capital Account or collateral posting account applicable under a Derivative Agreement, (ii) under any credit enhancement agreement to which the Financing Entity is a party and (iii) after collecting the True-up Amount in the Reference Period immediately following the ~~occurrence of~~Reference Period during which an event described in ~~a~~any of subclauses (a)(i) to a(v) occurs, or (Y) adversely changes or adversely affects the enforceability of the terms and conditions of this Agreement or of any of the agreements under which Approved Obligations ~~Secured~~ arise; or

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations ~~Secured~~ and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Approved Obligations ~~Secured~~ that have become due and payable, in each case determined after taking into account and having regard to any funds available at such time, including (i) in any Finance Reserve Account, Capital Account or collateral posting account applicable under a Derivative Agreement, (ii) under any credit enhancement agreement to which the Financing Entity is a party and (iii) after collecting the True-up Amount in the Reference Period immediately following the Reference Period during which an event described in this clause (b) occurs.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency Condition" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Reference Period**" has the meaning ascribed to the term "reference period" in the Act.

"**Refinancing**" has the meaning ascribed to the term "refinancing" in the Act as of the date hereof, as more particularly described and given meaning in the General Regulation as of the date hereof.

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Specified Creditor**" has the meaning ascribed thereto in the Trust Indenture on the date hereof.

"**Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(B).

"**Subrogation Payment Date**" has the meaning ascribed thereto in clause 2.01(a)iv.

"**Suspension Event**" has the meaning ascribed thereto in Section 7.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 7.01.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**True-up Amount**" has the meaning ascribed to the term "true up amount" in the Act.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

EXHIBIT A
FORM OF PAYMENT DEMAND

TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Pursuant to and in accordance with section 2.01(a) of the Change of the Law Protection Agreement, the Indenture Trustee hereby demands payment from the Province in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in the Change of Law Protection Agreement.

DATED as of the [■] day of [■], [■].

BNY TRUST COMPANY OF CANADA

By:
Name:
Title:

By:
Name:
Title:

EXHIBIT B~~-1~~
FORM OF ADHERENCE COMPLIANCE CERTIFICATE UNDER SECTION 4.02(a)

TO: **BNY TRUST COMPANY OF CANADA**, in its capacity as Indenture Trustee (the "**Indenture Trustee**") under the Master Trust Indenture dated as of December ●, 2017 between Fair Hydro Trust and the Indenture Trustee (the "**Master Trust Indenture**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province of Ontario, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust, Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Each of the undersigned, being the ● and ● of OPG acting in its capacity as FSM and holding the offices set forth under their names and signatures below, pursuant to and accordance with clause 4.02(a)ii of the Change of Law Protection Agreement, hereby certifies for and on behalf of OPG, in its capacity as Financial Services Manager, and not in such officer's personal capacity and intending that this certificate may be relied on by the addressees hereof without independent inquiry, that:

1. I have read and understand the provisions of the Change of Law Protection Agreement, the Master Trust Indenture and all other documents and materials necessary to enable me to deliver this certificate.
2. If the Certified Primary Obligation is a Refinancing, the proceeds of the Refinancing will be used solely for the purpose of repaying one or more Certified Primary Obligations in respect of which the Adherence Conditions in Subsection 4.02(a) of the Change of Law Protection Agreement had been satisfied, including one or more other Refinancings in respect of which the Adherence Conditions in Subsection 4.02(a) of the Change of Law Protection Agreement had been satisfied.
3. OPG has delivered to the Province a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate was provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation.

DATED as of the [■] day of [■], [■].

Name: [13]	Name:
Office:	Office:

[13] This certificate must be signed by two officers of OPG being either (i) the Chief Financial Officer and the Treasurer, or (ii) any two Executive Officers (as defined in the Change of Law Protection Agreement) of OPG.

EXHIBIT C
SUSPENSION NOTICE

TO: Ontario Power Generation Inc., in its capacity as Financial Services Manager

AND TO: Fair Hydro Trust

AND TO: Computershare Trust Company of Canada, in its capacity as trustee of Fair Hydro Trust

AND TO: BNY Trust Company of Canada, as Indenture Trustee

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement. All references in this Suspension Notice to "Articles" or "Sections" refer to Articles or Sections of the Change of Law Protection Agreement.

The Province has a reasonable basis for concluding that an event described in clauses (a) to (d) of Section 7.01 has occurred. Pursuant to Section 7.01, the Province hereby declares that the Limited Guarantee shall hereby not apply in respect of (i) any Primary Obligation incurred, excluding Post-Suspension Refinancings or Pre-Approved Refinancings or (ii) any amendment of any Primary Obligation that has a Material Effect, unless otherwise agreed to by the Province, in each case, on or after delivery of this Suspension Notice.

This Suspension Notice is hereby delivered to the FSM, the Financing Entity and the Indenture Trustee in accordance with Section 8.02 of the Change of Law Protection Agreement.

* * * *

DATED as of the [■] day of [■], [■].

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

Document comparison by Workshare Compare on Tuesday, December 12, 2017 9:18:16 AM

Input:	
Document 1 ID	PowerDocs://TOR_2528/23239360/28
Description	TOR_2528-#23239360-v28-Change_of_Law_Protection_Agreement
Document 2 ID	PowerDocs://TOR_2528/23239360/29
Description	TOR_2528-#23239360-v29-Change_of_Law_Protection_Agreement
Rendering set	Standard

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

Statistics:	
	Count
Insertions	83
Deletions	77
Moved from	1
Moved to	1
Style change	0
Format changed	0
Total changes	162

From:	ASHBOURNE, STEPHEN
To:	Ken Kandeepan; Mike Manning; Ronald Kwan; John Kim; Anna Strathy
Cc:	Malle Hanslep (MOF); Tobias P. Whitfield (MOF)
Subject:	FW: Fair Hydro -- Change of Law Process Agreement
Date:	Thursday, December 07, 2017 2:15:17 PM

Stephen R. Ashbourne
Partner
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From: ASHBOURNE, STEPHEN
Sent: Thursday, December 07, 2017 12:18 PM
To: Hanslep, Malle (MOF) (Malle.Hanslep@ontario.ca); Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca); Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca); tom.mckinlay@ontario.ca
Subject: FW: Fair Hydro -- Change of Law Process Agreement
My thoughts on the comments from Osler last night on the Process Agreement are set out in CAPs, below. We can discuss at 2 with the group, or earlier if you'd like to call me – I'm back at my desk. Thanks, Steve
Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From: Sebastiano, Rocco [mailto:RSebastiano@osler.com]
Sent: Wednesday, December 06, 2017 7:45 PM
To: Mansoori, Nina; ASHBOURNE, STEPHEN; VINER, JON; PRESTAGE, JA
Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Milligan, Peter; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Saulnier, Brett; Olusoga, Yinka
Subject: RE: Fair Hydro -- Change of Law Process Agreement
I have reviewed the revised draft of the Change of Law Process Agreement that Torys has prepared and would like to pass along the following comments/observations:
1. The change of the definition of Breach Event in Section 6.01 (i.e., the change to clause (a) and the addition of clause (b)) will result in an inconsistency with section 7.01(b) of the Change of Law Protection Agreement. This will require further consideration. [AGREED. 7.01(b) and 7.01(c) WILL NEED TO MIRROR THE CURE LANGUAGE WE SETTLE ON IN THE PROCESS AGREEMENT (SEE MY EARLIER COMMENTS). PERHAPS THE "which continues …" LANGUAGE IN 7.01(B) CAN BE REVISED TO READ: "to the extent that the Province would be

entitled to provide a Suspension Notice in accordance with the terms of the agreement or agreements between the Province and OPG under which such obligations, requirements and processes arise". SIMILAR CHANGE FOR 7.01(C).

2. The right of the Province to issue an objection notice under Section 3.04(b) in connection with a Transaction Document provided to the Province which is required for a Refinancing of an Approved Obligation remains an outstanding issue. Clearly, this will depend upon what Adherence Conditions will be required under Section 4.02 of the Change of Law Protection Agreement in order to permit such Refinancing to become an Approved Obligation. If the Adherence Conditions set out in Section 4.02(a) of the Province's draft of the Change of Law Protection Agreement of December 4 were to apply to such Refinancing, to the extent that such refinancing required a change to a Transaction Document (e.g., as a result of a change to some rating agency condition or criteria), the Province's ability to issue an objection notice and thereby prevent the issuance of a Process Certificate under Section 3.01 (by virtue of Section 3.04) would have the effect of preventing a Refinancing. We trust that this was an unintended outcome of the drafting of Section 3.04 and/or the Adherence Conditions applicable to Refinancings. [THAT IS THE INTENDED EFFECT. THE ADHERENCE CONDITIONS WOULD APPLY TO THE REFINANCING, SO IF THE REFINANCING TERMS DEVIATED MATERIALLY (BASED ON THE SUBSTANTIALLY IN THE FORM" THRESHOLD"), THEN OPG WOULD REQUIRE THE PROVINCE NOT TO OBJECT IN ORDER TO PROCEED WITH THOSE TERMS. OTHERWISE, THE REFINANCING COULD INCORPORATE TERMS AND CONDITIONS, WHICH WOULD BIND THE PROVINCE UNDER THE LIMITED GUARANTEE, THAT WOULD BE UNCONSTRAINED AND WITHOUT ANY ACCOUNTABILITY TO THE PROVINCE. IN ROCCO'S EXAMPLE, THAT MIGHT MEAN THAT OPG WOULD NEED TO RESORT TO UNRATED DEBT, IF THE PROVINCE WAS UNWILLING TO ACCEPT THE NEW TERMS. PRESUMABLY EVERYONE WOULD ACT RATIONALLY AND IF THE NEW TERMS WERE THE BEST SCENARIO IN THE CIRCUMSTANCES, THE PROVINCE WOULD NOT OBJECT. AS A FAILSAFE, OPG COULD OFFER SIGNIFICANTLY INCREASED PRICING IN ORDER TO ATTRACT INVESTORS.]

3. Given that the Indenture Trustee is not a party to the Change of Law Process Agreement, the Province and OPG can amend the terms and conditions of this agreement without the consent of the indenture Trustee. Specified Creditors under an Approved Obligation need to be assured that the Province cannot prevent a Refinancing of an Approved Obligation either by virtue of the objection notice discussed in point #2 above or as a result of a future amendment to the agreement. There are a couple of ways to deal with this point. The first is to a add a beneficiary/third party rights clause in the Change of Law Process Agreement which acknowledges that the Indenture Trustee is a beneficiary of certain provisions of this agreement and as a result, the agreement cannot be amended without the consent of the Indenture Trustee. The second is to ensure that the Adherence Conditions relating to Refinancings under the Change of Law Protection Agreement are not dependent upon the terms of the Change of Law Process Agreement. In light of the desire to not disclose the terms and conditions of the Change of Law Process Agreement to the rating agencies, especially at this late stage in the process, we would expect that the latter approach would be preferable. [THE SUGGESTION REGARDING THE PROVINCE PREVENTING A REFINANCING IS ADDRESSED IN #2. IF THE REFINANCING TERMS WOULD EXCEED THE SCOPE OF THE TRANSACTION DOCUMENTS REVIEWED AND NOT OBJECTED TO BY THE PROVINCE, THEN THAT MEANS THERE IS A MATERIAL EFFECT ON THE PROVINCE AND SO THE PROVINCE WOULD NEED THE RIGHT TO SEE AND CONSIDER THOSE NEW TERMS. AS FOR THE STANDALONE NATURE OF THE PROCESS AGREEMENT, THE INTENTION IS THAT THE PROCESS AGREEMENT BE UNCOUPLED AND NOT PART OF THE COLLATERAL, AND AS MICHAEL HAS EXPLAINED LEAVE FUTURE FLEXIBILITY FOR THIS LONG-TERM STRUCTURE. TO ADDRESS THE CONCERN (THAT THE PROVINCE AND OPG WOULD CREATE A NEW OBLIGATION, REQUIREMENT OR PROCESS IN THE PROCESS AGREEMENT THAT WOULD MAKE A REFINANCING LESS LIKELY TO OCCUR, WE SUGGEST ADDING A DEFFINTION OF "Approved Refinancing" TO SAY

SOMETHING LIKE “means a Certified Primary Obligation proposed to be incurred as a Refinancing of an existing Certified Primary Obligation in respect of which the Adherence Conditions had been satisfied on the date such existing Certified Primary Obligation was incurred, that, at the time of incurrence, satisfies each of each of the Adherence Conditions except that the certificate contemplated to be delivered under Section 4.02(b) shall instead confirm that OPG has delivered to the Province a certificate by its applicable officers confirming that OPG would be in compliance with all obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the proposed Certified Primary Obligation that applied as between the Province and OPG on the date of issuance of such existing Certified Primary Obligation.” Various references to “Refinancing” in the Protection Agreement would then be revised to refer to “Approved Refinancing”.
Regards, Rocco

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: Wednesday, December 06, 2017 4:38 PM
To: 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>; 'JON.VINER@blakes.com' <JON.VINER@blakes.com>; 'JA.PRESTAGE@blakes.com' <JA.PRESTAGE@blakes.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Mansoori, Nina <nmansoori@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>
Subject: Fair Hydro -- Change of Law Process Agreement

Blakes team,

Please find attached OPG and Torys’ comments on the Process Agreement reflecting our discussions from yesterday’s call. Please note that this draft is subject to continuing review and comment by Osler and the dealers. As discussed at the tail end of our call yesterday, the section in the Process Agreement that gives the Province the right to object to new and material changes to transaction documents dovetails with the Protection Agreement so additional comments from Oslers may be forthcoming on this draft.

We are working on getting you a revised draft of the Protection Agreement either later today or tomorrow. In the meantime, please let us know if you have any comments or questions on the Process Agreement.

Best Regards,
Nina

Nina Mansoori
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****

From: ASHBOURNE, STEPHEN
To: Feldman, Michael
Cc: PALMER, AARON
Subject: FW: Fair Hydro -- Revised Program Agreements
Date: Wednesday, December 20, 2017 8:31:47 AM

Michael, FYI, I am seeking instructions from the Province as to whether the following proposed change is acceptable:
Trust Indenture (s. 13.12(c)):

> Upon the occurrence of a Protection Event, if a request has been made by the Issuer or any Controlling Class Creditor, the Indenture Trustee shall deliver a written demand to the Province requiring the Province to make payments on Obligations Secured pursuant to and in accordance with the Change of Law Protection Agreement. If, following such request, the Indenture Trustee does not deliver such written demand to the Province within 10 days of such request, any Controlling Class Creditor shall be entitled to deliver such written demand to the Province.

I see this as an exception to the general approach in the Trust Indenture, which allows the "Controlling Class Creditors" by ordinary resolution (>50%) to direct the Indenture Trustee to act (see s.8.11 of the Trust Indenture). Allowing any senior noteholder to trigger the Limited Guarantee represents a significant change from the Province's standpoint.
I will let you know once I have had a chance to discuss this with the Province. In the meantime, any color you can share regarding why this is being raised now (and by whom) would be helpful.
Among other issues, I think this could muddle the incentives among the senior investors themselves, since the change would allow any one senior noteholder to trigger the Limited Guarantee despite not being supported by the others.
Regards, Steve

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From: Saulnier, Brett [mailto:bsaulnier@torys.com]
Sent: Tuesday, December 19, 2017 6:32 PM
To: Alena.Thouin@ontario.ca; Malle.Hanslep@ontario.ca; Tobias.Whitfield@ontario.ca; Tom.McKinlay@ontario.ca; ASHBOURNE, STEPHEN; VINER, JON; PRESTAGE, JA; PALMER, AARON
Cc: 'leslie.wong@opg.com'; dup-john.s.lee@opg.com; 'ken.ryfa@opg.com'; Feldman, Michael; Ramchandani, Rima; Mansoori, Nina; Olusoga, Yinka
Subject: Fair Hydro -- Revised Program Agreements

All,
Please find attached the latest drafts of the following documents, together with blacklines against the versions last circulated:

1. Management Agreement
2. Declaration of Trust
3. MTSA
4. IESO Security Agreement

5. OPG Indemnity
6. IESO Indemnity
7. Change of Law Protection Agreement
8. Change of Law Process Agreement
9. Master Trust Indenture
10. Warehouse Senior Supplemental Indenture
11. Warehouse Subordinated Supplemental Indenture
12. Warehouse Junior Subordinated Supplemental Indenture

Thanks,
Brett

Brett Saulnier
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From: Whitfield, Tobias P. (MOF)
To: Mike Manning; Anna Strathy; Ken Kandeepan
Subject: FW: Fair Hydro -- Trust Indenture drafting clean-ups and questions
Date: Monday, December 18, 2017 2:37:51 PM

FYI
Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: December 18, 2017 2:20 PM
To: Whitfield, Tobias P. (MOF); Hanslep, Malle (MOF); McKinlay, Tom (MAG); Thouin, Alena (ENERGY)
Cc: PALMER, AARON
Subject: FW: Fair Hydro -- Trust Indenture drafting comments forwarded by Aaron to Torys. Steve
FYI, here are the Trust Indenture drafting comments forwarded by Aaron to Torys. Steve
Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

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From: PALMER, AARON
Sent: Monday, December 18, 2017 1:07 PM
To: Saulnier, Brett
Cc: ASHBOURNE, STEPHEN; Feldman, Michael; Ramchandani, Rima; Mansoori, Nina; Olusoga, Yinka
Subject: RE: Fair Hydro -- Trust Indenture drafting clean-ups and questions
Hi Brett,
Here are a few drafting clean-ups and questions in respect of the Trust Indenture. We are reviewing substantive matters in the Trust Indenture with the Province this afternoon and so that will impact what substantive comments, if any, will be made.
Please let me know if you have any questions/comments on these drafting clean-ups, and please feel free to call to give feedback on questions below.
1. In Trust Indenture s. 7.10(d)(i) does not track Protection Agreement in respect of clearly linking Guarantee Payments back to specific interest, payment and other obligations. Could we please edit as follows?:

> "7.10(d) On each Guarantee Payment Date, Payment Date or other day on which any amount is required to be paid in respect of any Obligation Secured, commencing with the first Guarantee Payment Date, the following shall apply:
>
> (i) if such day is a Guarantee Payment Date, then for each Approved Obligation for which amounts are paid from the Protection Account to a Specified Creditor pursuant to subsection 7.10(b), the amount***s*** payable to such Specified Creditor under such Approved Obligation shall be reduced by

the ***respective*** amount***s*** of such payment***s***, and ~~an~~ equivalent amount***s*** (~~the~~***each a*** "**Subrogation Amount**") shall be payable by the Issuer to the Province in respect of such Approved Obligation, such Subrogation Amount***s*** to be payable in the same order of priority under the applicable Payment Waterfall as the ***related amounts under the*** Obligation Secured previously owing to such Specified Creditor."

2. In Protection Agreement s. 2.01(c) we included: "In preparing any payment instructions under the Trust Indenture, the Manager shall reflect the amounts payable under [Protection Agreement Section [2.01], if applicable." Can this be reflected in the Indenture if it is not already provided for?

3. The new Event of Default in Section 8.01(i) would appear to apply if at any time the aggregate of all amounts withdrawn from the Program Cash Reserve Account (from 2017 onwards) exceeds the amounts that have been deposited in such account (i.e., there is a negative balance). Is the provision drafted correctly and what is the general intent?

4. Senior Supplements s. 4.2(f)(ii) could be read as suggesting that following any additional drawing on the warehouse facility (after Dec 2017) (an "Increase") 100% of the additional interest amounts from such Increase date out to May 2021 shall be pre-funded in the reserve account. Is that the actual intention of the provision? (I am not sure that the italicized phrase limits this amount.):

> "(d) after giving effect the Increase, the aggregate of the amounts on deposit in the Program Cash Reserve Account and the IESO Cash Reserve Account shall be equal to or greater than the sum of: … (y) *to the extent the amount originally determined under clause (b) of the definition of IESO Cash Reserve Deposit Amount in the Trust Indenture was not determined in a manner which included the amount of such Increase*, an amount estimated by the Manager, acting reasonably, equal to the additional Monthly Interest payable with respect to such Increase up to and including the Payment Date in July, 2021."

5. Could you please clarify the lead-in phrase (highlighted below) which imposes conditions that apply in new Trust Indenture section 13.12(c) before a demand on the guarantee may be delivered? Grammatically, it is not clear that "Upon the occurrence of a Protection Event" is a necessary precondition to such a delivery. Perhaps you change to "Upon the occurrence of a Protection Event***, if a*** request has been made by the Issuer or any Controlling Class Creditor"?

> "Upon the occurrence of a Protection Event and at the request of the Issuer or any Controlling Class Creditor, the Indenture Trustee shall deliver a written demand to the Province requiring the Province to make payments on Obligations Secured pursuant to and in accordance with the Change of Law…"

***

Best regards, Aaron

Aaron Palmer
aaron.palmer@blakes.com
Dir: 416.863.4227

From: Saulnier, Brett [mailto:bsaulnier@torys.com]
Sent: Thursday, December 14, 2017 9:11 PM
To: Alena.Thouin@ontario.ca; Malle.Hanslep@ontario.ca; Tobias.Whitfield@ontario.ca; Tom.McKinlay@ontario.ca; ASHBOURNE, STEPHEN; VINER, JON; PRESTAGE, JA; PALMER, AARON
Cc: 'leslie.wong@opg.com'; dup-john.s.lee@opg.com; 'ken.ryfa@opg.com'; Feldman, Michael; Ramchandani, Rima; Mansoori, Nina; Olusoga, Yinka
Subject: RE: Fair Hydro -- Revised Program Agreements

All,
Please find attached the latest drafts of the following documents:

1. Declaration of Trust
2. Management Agreement
3. Master Transfer and Servicing Agreement
4. IESO Security Agreement
5. IESO Acknowledgement and Indemnity Agreement
6. OPG Indemnity Agreement
7. Master Trust Indenture
8. Change of Law Protection Agreement
9. Change of Law Process Agreement
10. Warehouse Senior Supplemental Indenture
11. Warehouse Junior Supplemental Indenture
12. Warehouse Junior Subordinated Supplemental Indenture

Thanks,
Brett

Brett Saulnier
P. 416.865.8148 | F. 416.865.7380 | 1.800.505.8679
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From:	Hanslep, Malle (MOF)
To:	Ken Kandeepan; Mike Manning
Cc:	Tobias P. Whitfield (MOF); ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com); Thouin, Alena (ENERGY); PALMER, AARON (AARON.PALMER@blakes.com)
Subject:	FW: Fair Hydro -- Trust Indenture drafting clean-ups and questions
Date:	Wednesday, December 20, 2017 5:22:57 PM
Attachments:	image002.png Process Certificate of the CFO and Treasurer of OPG re section 3.01 of t....docx Blackline_24546313v5 - 24546313v6.pdf

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The changes I requested have been made and I am going to sign off on this version.

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: December 20, 2017 5:08 PM
To: Hanslep, Malle (MOF); Ramchandani, Rima; 'ASHBOURNE, STEPHEN'; Feldman, Michael; PALMER, AARON
Cc: Olusoga, Yinka; Saulnier, Brett; Thouin, Alena (ENERGY); John Lee (john.s.lee@opg.com); Ken Ryfa (ken.ryfa@opg.com); WONG Leslie -LAWDIV
Subject: RE: Fair Hydro -- Trust Indenture drafting clean-ups and questions

Here it is. Thanks,
Nina Mansoori
P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: December-20-17 5:03 PM
To: Mansoori, Nina <nmansoori@torys.com>; Ramchandani, Rima <rramchandani@torys.com>; 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>; Feldman, Michael <mfeldman@torys.com>; PALMER, AARON <AARON.PALMER@blakes.com>
Cc: Olusoga, Yinka <yolusoga@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; John Lee (john.s.lee@opg.com) <john.s.lee@opg.com>; Ken Ryfa (ken.ryfa@opg.com) <ken.ryfa@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>
Subject: RE: Fair Hydro -- Trust Indenture drafting clean-ups and questions

Thanks Nina. I will wait for that to review.

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: December 20, 2017 5:02 PM
To: Hanslep, Malle (MOF); Ramchandani, Rima; 'ASHBOURNE, STEPHEN'; Feldman, Michael; PALMER, AARON
Cc: Olusoga, Yinka; Saulnier, Brett; Thouin, Alena (ENERGY); John Lee (john.s.lee@opg.com); Ken Ryfa (ken.ryfa@opg.com); WONG Leslie -LAWDIV
Subject: RE: Fair Hydro -- Trust Indenture drafting clean-ups and questions

Malle – I will send that out in the next 15 minutes. Thanks,
Nina Mansoori
P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: December-20-17 5:00 PM
To: Ramchandani, Rima <rramchandani@torys.com>; 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>; Feldman, Michael <mfeldman@torys.com>; PALMER, AARON <AARON.PALMER@blakes.com>
Cc: Mansoori, Nina <nmansoori@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; John Lee (john.s.lee@opg.com) <john.s.lee@opg.com>; Ken Ryfa (ken.ryfa@opg.com) <ken.ryfa@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>
Subject: RE: Fair Hydro -- Trust Indenture drafting clean-ups and questions

Hi Rima,
Do we have a revised version of the process certificate that we can review?

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: December 20, 2017 4:54 PM
To: 'ASHBOURNE, STEPHEN'; Feldman, Michael; PALMER, AARON
Cc: Mansoori, Nina; Olusoga, Yinka; Saulnier, Brett; Thouin, Alena (ENERGY); Hanslep, Malle (MOF); John Lee (john.s.lee@opg.com); Ken Ryfa (ken.ryfa@opg.com); WONG Leslie -LAWDIV
Subject: RE: Fair Hydro -- Trust Indenture drafting clean-ups and questions

Great, we have the email ready and are just compiling the execution versions, together with the signed process certificate (and for completeness we are also going to include the Financing Plan that was delivered to the Minister of Energy and which includes the Initial Protection Agreement Maximum). We were planning on sending you PDFs of the docs so we could include the signatures – does that work for you or do you need Word versions so you can run blacklines on your end to confirm no changes to whatever you last reviewed?
Rima Ramchandani
P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: December-20-17 4:51 PM
To: Ramchandani, Rima <rramchandani@torys.com>; Feldman, Michael <mfeldman@torys.com>; PALMER, AARON

<AARON.PALMER@blakes.com>
Cc: Mansoori, Nina <nmansoori@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca) <Alena.Thouin@ontario.ca>; Hanslep, Malle (MOF) (Malle.Hanslep@ontario.ca) <Malle.Hanslep@ontario.ca>; John Lee (john.s.lee@opg.com) <john.s.lee@opg.com>; Ken Ryfa (ken.ryfa@opg.com) <ken.ryfa@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>
Subject: RE: Fair Hydro -- Trust Indenture drafting clean-ups and questions

I think the only thing left is the Torys email that attaches the "Reference Documentation" contemplated by the Process Agreement. Assuming there are no differences in those from the ones we have previously received from Torys, I think we will be able to sign off today. Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: Wednesday, December 20, 2017 4:43 PM
To: ASHBOURNE, STEPHEN; Feldman, Michael; PALMER, AARON
Cc: Mansoori, Nina; Olusoga, Yinka; Saulnier, Brett; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca); Hanslep, Malle (MOF) (Malle.Hanslep@ontario.ca); John Lee (john.s.lee@opg.com); Ken Ryfa (ken.ryfa@opg.com); WONG Leslie -LAWDIV
Subject: RE: Fair Hydro -- Trust Indenture drafting clean-ups and questions

OK. OPG has been having email issues today so they may not be able to reply to this email chain quickly – however, we understand that there is an interest protocol agreement that has been settled with the Province that sets out how the interest on the sub debt is supposed to be calculated. Steve, can you also please confirm that Blakes will be able to sign off today instead of at 9 am tomorrow (the dealers are asking)?

Rima Ramchandani
P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: December-20-17 4:25 PM
To: Ramchandani, Rima <rramchandani@torys.com>; Feldman, Michael <mfeldman@torys.com>; PALMER, AARON <AARON.PALMER@blakes.com>
Cc: Mansoori, Nina <nmansoori@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca) <Alena.Thouin@ontario.ca>; Hanslep, Malle (MOF) (Malle.Hanslep@ontario.ca) <Malle.Hanslep@ontario.ca>; John Lee (john.s.lee@opg.com) <john.s.lee@opg.com>; Ken Ryfa (ken.ryfa@opg.com) <ken.ryfa@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>
Subject: RE: Fair Hydro -- Trust Indenture drafting clean-ups and questions

Rima, I think we have provided all of our comments and have seen responses on all but the new Base Rate definition, which Aaron just exchanged with Michael on. We are following up with the Province on Michael's response, which anticipated that some more background on the point will be provided. I think that's where this stands. Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: Wednesday, December 20, 2017 4:18 PM
To: Feldman, Michael; PALMER, AARON
Cc: Mansoori, Nina; Olusoga, Yinka; Saulnier, Brett; ASHBOURNE, STEPHEN; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca); Hanslep, Malle (MOF) (Malle.Hanslep@ontario.ca); John Lee (john.s.lee@opg.com); Ken Ryfa (ken.ryfa@opg.com); WONG Leslie -LAWDIV; Ramchandani, Rima
Subject: RE: Fair Hydro -- Trust Indenture drafting clean-ups and questions

Hi Aaron, can you please advise whether we should expect additional comments from Blakes on the documents? Since we are closing in the morning and the rating agencies have already signed off on everything, we are going to have trouble managing any additional changes. Also, FYI, in order to avoid any delays in the wires tomorrow morning, the dealers have asked that all counsel sign off on the closing documents as soon as possible today, with all parties to agree that everything is to be automatically released from escrow first this in the morning (i.e. without the need for having a 9 am closing call). Please let us know if you will be in a position to do that today – we will obviously send you any final signed docs by email that you need to sign off.

Thanks,
Rima

Rima Ramchandani
P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com[torys.com]

TORYS LLP[torys.com]

From: Feldman, Michael
Sent: December-20-17 4:00 PM
To: PALMER, AARON <AARON.PALMER@blakes.com>
Cc: Ramchandani, Rima <rramchandani@torys.com>; Mansoori, Nina <nmansoori@torys.com>; Olusoga, Yinka

<yolusoga@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca) <Alena.Thouin@ontario.ca>; Hanslep, Malle (MOF) (Malle.Hanslep@ontario.ca) <Malle.Hanslep@ontario.ca>; Feldman, Michael <mfeldman@torys.com>; John Lee (john.s.lee@opg.com) <john.s.lee@opg.com>; Ken Ryfa (ken.ryfa@opg.com) <ken.ryfa@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>
Subject: RE: Fair Hydro -- Trust Indenture drafting clean-ups and questions

Aaron,

It was intended. OPG has a certain protocol for calculating the interest rate it should charge on its subordinated and junior subordinated notes. Until such time as these classes of notes obtain a rating, the pricing of these notes is to be measured off the "all-in funding costs" of the senior notes.

I am looping in OPG as they are in a better position to explain why its protocol is what it is.

Michael K. Feldman
P. 416.865.7513

From: PALMER, AARON [mailto:AARON.PALMER@blakes.com]
Sent: December-20-17 3:53 PM
To: Feldman, Michael <mfeldman@torys.com>
Cc: Ramchandani, Rima <rramchandani@torys.com>; Mansoori, Nina <nmansoori@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca) <Alena.Thouin@ontario.ca>; Hanslep, Malle (MOF) (Malle.Hanslep@ontario.ca) <Malle.Hanslep@ontario.ca>
Subject: RE: Fair Hydro -- Trust Indenture drafting clean-ups and questions
Importance: High

Hi Michael,

The Sub Note supplements include a change to the Base Rate definition that is surprising and I'm not sure if it was intended:

> "**Base Rate**" means ~~the weighted average interest rate applicable to the~~ for any Payment Date, the amount of interest and fees payable to the holders of Series 2017-1 Senior Notes on such Payment Date, expressed as a rate per annum on the weighted average outstanding principal amount of Series 2017-1 Senior Notes from the preceding Payment Date to such Payment Date.

Would this addition of "and fees" catch Commitment Fees or any other fees?
That would of course be a significant change to the deal documents.
I am copying Alena and Malle as well in the interests of timing here.
Best regards, Aaron

Aaron Palmer
aaron.palmer@blakes.com
Dir: 416.863.4227

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"**Base Rate**" means ~~the weighted average interest rate applicable to the~~ for any Payment Date, the amount of interest and fees payable to the holders of Series 2017-1 Senior Notes on such Payment Date, expressed as a rate per annum on the weighted average outstanding principal amount of Series 2017-1 Senior Notes from the preceding Payment Date to such Payment Date.

ONTARIO POWER GENERATION INC.,
in its capacity as FSM

PROCESS CERTIFICATE

Certificate of the CFO and Treasurer pursuant to section 3.01 of the Change of Law Process Agreement

TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

RE: Floating Rate Variable Funding Senior Notes, Series 2017-1 (the "**Series 2017-1 Senior Notes**") in the aggregate maximum principal amount of C$800,000,000, of which $601,290,000 will be drawn on December 21, 2017

AND RE: Floating Rate Variable Funding Subordinated Notes, Series 2017-1 (the "**Series 2017-1 Subordinated Notes**") in the maximum principal amount of C$611,764,705.88, of which $459,810,000 will be drawn on December 21, 2017

AND RE: Floating Rate Variable Funding Junior Subordinated Notes, Series 2017-1 in the maximum principal amount of C$156,862,745.10, of which $117,900,000 will be drawn on December 21, 2017 (the "**Series 2017-1 Junior Subordinated Notes**" and, together with the Series 2017-1 Senior Notes and the Series 2017-1 Subordinated Notes, the "**Funding Obligations**")

AND RE: Fee letter in respect of the Series 2017-1 Senior Notes among Ontario Power Generation Inc., in its capacity as FSM, Royal Bank of Canada, as Administrative Agent, certain CP Conduit Purchasers, the Non-Conduit Purchaser, and certain Group Banks, each as defined therein (the "**Fee Letter**", the terms of which are incorporated by reference in the Reference Documentation relating to the Series 2017-1 Senior Notes)

Reference is made to the Change of Law Process Agreement dated December 21, 2017 among the Province of Ontario and Ontario Power Generation Inc. (the "**Change of Law Process Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Process Agreement.

Each of the undersigned, being the Chief Financial Officer and Treasurer of OPG acting in its capacity as FSM and holding the offices set forth under their names and signatures below, pursuant to and accordance with clause 3.01 of the Change of Law Process Agreement, hereby certifies for and on behalf of OPG, in its capacity as Financial Services Manager, and not in such officer's personal capacity and intending that this certificate may be relied on by the addressees hereof without independent inquiry, that:

1. I have read and understand the provisions of the Change of Law Process Agreement and all other documents and materials necessary to enable me to deliver this certificate.

2. The material terms of the Series 2017-1 Senior Notes are set forth in Schedule A.

3. The material terms of the Series 2017-1 Subordinated Notes are set forth in Schedule B.

4. The material terms of the Series 2017-1 Junior Subordinated Notes are set forth in Schedule C.

5. The material terms of the Fee Letter are set forth in Schedule D.

6. The Funding Obligations:

   (a) will arise under terms and conditions that are Substantially in the Form of the Reference Documentation applicable thereto;

   (b) in my opinion, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the Financing Plan;

   (c) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and

   (d) reflect, in all material respects, arm's length terms and conditions.

7. No Disclosure Document was used in connection with the offering and sale of the Funding Obligations.

8. Any disclosure made in respect of any of the Funding Obligations (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to any of the Funding Obligations) that refers to or describes the terms, effect or adherence of or to the Change of Law Process Agreement or the Change of Law Protection Agreement has been made available to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made.

9. No Breach Event has occurred on or prior to the date hereof, unless such Breach Event has been waived by the Province in writing.

10. At the time the Funding Obligations are incurred, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Funding Obligations, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not exceed the Protection Agreement Maximum applicable on the date hereof.

[Remainder of page intentionally left blank.]

DATED the ____ day of December, 2017.

_____

Name:
Title:

_____

Name:
Title:

SCHEDULE A

SERIES 2017-1 SENIOR NOTES TERM SHEET	
Type of Credit:	Revolving
Principal Amount	Aggregate maximum principal amount of C$800,000,000 available under the Series 2017-1 Senior Notes, of which $601,290,000 will be drawn on December 21, 2017
Interest Rate	Variable rate based on ABCP cost of funds or CDOR, as applicable, plus the Applicable Margin (as defined on Schedule D)
Interest Payments	Interest is due on the 15th of each month, beginning in January 2018
Discount	N/A
Fees	See Schedule D
Term to Maturity	Revolving Period ends in December 2019 and Series 2017-1 Senior Notes mature in July, August, September and October 2021 (straight-line repayment of principal over these four months), subject in each case to extensions as described below
Amortization	N/A
Redemption	N/A
Extension	May only be extended with the prior written consent of the Administrative Agent, each Non-Conduit Purchaser and each Funding Agent, and satisfaction of the Rating Agency Condition (each as defined in the Supplemental Indenture creating the Series 2017-1 Senior Notes)
Coupon Payments	N/A

SCHEDULE B

SERIES 2017-1 SUBORDINATED NOTES TERM SHEET	
Type of Credit:	Revolving
Principal Amount	Maximum principal amount of C$611,764,705.88 available under the Series 2017-1 Subordinated Notes, of which $459,810,000 will be drawn on December 21, 2017
Interest Rate	For any payment date, the amount of interest and fees payable to the holders of the Series 2017-1 Senior Notes on such date, expressed as a rate per annum on the weighted average outstanding principal amount of the Series 2017-1 Senior Notes from the preceding payment date to such payment date, plus 0.10% per annum
Interest Payments	Interest is due on the 15th of each month, beginning in January 2018
Discount	N/A
Fees	N/A
Term to Maturity	Revolving Period ends in December 2019 and Series 2017-1 Subordinated Notes mature in July, August, September and October 2021 (straight-line repayment of principal over these four months), subject in each case to extensions as described below
Amortization	N/A
Redemption	N/A
Extension	Automatic extension upon extension of Series 2017-1 Senior Notes
Coupon Payments	N/A

SCHEDULE C

SERIES 2017-1 JUNIOR SUBORDINATED NOTES TERM SHEET	
Type of Credit:	Revolving
Principal Amount	Maximum principal amount of C$156,862,745.10 available under the Series 2017-1 Junior Subordinated Notes, of which $117,900,000 will be drawn on December 21, 2017
Interest Rate	For any payment date, the amount of interest and fees payable to the holders of the Series 2017-1 Senior Notes on such date, expressed as a rate per annum on the weighted average outstanding principal amount of the Series 2017-1 Senior Notes from the preceding payment date to such payment date, plus 0.10% per annum
Interest Payments	Interest is due on the 15th of each month, beginning in January 2018
Discount	N/A
Fees	N/A
Term to Maturity	Revolving Period ends in December 2019 and Series 2017-1 Junior Subordinated Notes mature in July, August, September and October 2021 (straight-line repayment of principal over these four months), subject in each case to extensions as described below
Amortization	N/A
Redemption	N/A
Extension	Automatic extension upon extension of Series 2017-1 Senior Notes
Coupon Payments	N/A

SCHEDULE D

FEE LETTER TERMS	
Upfront Fee:	An "Upfront Fee" of 20 bps per annum
Applicable Margin:	An "Applicable Margin" of 90 basis points (0.90%); provided that (i) for the period commencing on December 21, 2019 and ending on the payment date in May, 2021 (the "**Initial Step-up Period**"), the Applicable Margin shall be equal to 290 basis points (2.90%) (the "**Step-up Applicable Margin**"), and (ii) with respect to each of the six-payment date periods following the Initial Step-up Period (from the day following the payment date in May to the payment date in November or from the day following the payment date in November to the payment date in May, as applicable), the Applicable Margin shall continue to increase by an additional 50 basis points (0.50%) over the Applicable Margin for the Initial Step-up Period or immediately preceding six-payment date period, as applicable, subject to a maximum Applicable Margin of 590 basis points (5.90%)
Commitment Fees:	The "Commitment Fee Rate" is based on weighted average monthly utilization and will be payable monthly in arrears on each interest payment date as follows with respect to the preceding interest period based on the rate below and the unutilized amount of the commitment: • A daily rate of 40 bps per annum if utilization on such day is >66.67% • A daily rate of 55 bps per annum if utilization on such day is >33.33% and </= 66.67% • A daily rate of 70 bps per annum if utilization on such day </= 33.33%
Other Fees/Expenses:	Reasonable Fees incurred for any professional or other services which include, but are not limited to, reasonable fees of legal counsel, rating agency fees, accountant fees, and any reasonable out-of-pocket expenses (including without limitation, travel, meals etc.), so long as each such reimbursement complies with Ontario Power Generation Inc.'s Standard Form Business Expense Schedule, as amended from time to time.

ONTARIO POWER GENERATION INC.,
in its capacity as FSM

PROCESS CERTIFICATE

Certificate of the CFO and Treasurer pursuant to section 3.01
of the Change of Law Process Agreement

TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

RE: Floating Rate Variable Funding Senior Notes, Series 2017-1 (the "**Series 2017-1 Senior Notes**") in the aggregate maximum principal amount of C$800,000,000, of which $601,290,000 ~~has been~~**will be** drawn ~~as of~~**on** December 21, 2017

AND RE: Floating Rate Variable Funding Subordinated Notes, Series 2017-1 (the "**Series 2017-1 Subordinated Notes**") in the maximum principal amount of C$611,764,705.88, of which $459,810,000 ~~has been~~**will be** drawn ~~as of~~**on** December 21, 2017

AND RE: Floating Rate Variable Funding Junior Subordinated Notes, Series 2017-1 in the maximum principal amount of C$156,862,745.10, of which $117,900,000 ~~has been~~**will be** drawn ~~as of~~**on** December 21, 2017 (the "**Series 2017-1 Junior Subordinated Notes**" and, together with the Series 2017-1 Senior Notes and the Series 2017-1 Subordinated Notes, the "**Funding Obligations**")

AND RE: Fee letter in respect of the Series 2017-1 Senior Notes among Ontario Power Generation Inc., in its capacity as FSM, Royal Bank of Canada, as Administrative Agent, certain CP Conduit Purchasers, the Non-Conduit Purchaser, and certain Group Banks, each as defined therein (the "**Fee Letter**", the terms of which are incorporated by reference in the Reference Documentation relating to the Series 2017-1 Senior Notes)

Reference is made to the Change of Law Process Agreement dated December 21, 2017 among the Province of Ontario and Ontario Power Generation Inc. (the "**Change of Law Process Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Process Agreement.

Each of the undersigned, being the Chief Financial Officer and Treasurer of OPG acting in its capacity as FSM and holding the offices set forth under their names and signatures below, pursuant to and accordance with clause 3.01 of the Change of Law Process Agreement, hereby certifies for and on behalf of OPG, in its capacity as Financial Services Manager, and not in such officer's personal capacity and intending that this certificate may be relied on by the addressees hereof without independent inquiry, that:

1. I have read and understand the provisions of the Change of Law Process Agreement and all other documents and materials necessary to enable me to deliver this certificate.
2. The material terms of the Series 2017-1 Senior Notes are set forth in Schedule A.
3. The material terms of the Series 2017-1 Subordinated Notes are set forth in Schedule B.
4. The material terms of the Series 2017-1 Junior Subordinated Notes are set forth in Schedule C.
5. The material terms of the Fee Letter are set forth in Schedule D.
6. The Funding Obligations:
   (a) will arise under terms and conditions that are Substantially in the Form of the Reference Documentation applicable thereto;
   (b) in my opinion, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the Financing Plan;
   (c) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and
   (d) reflect, in all material respects, arm's length terms and conditions.
7. No Disclosure Document was used in connection with the offering and sale of the Funding Obligations.
8. Any disclosure made in respect of any of the Funding Obligations (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to any of the Funding Obligations) that refers to or describes the terms, effect or adherence of or to the Change of Law Process Agreement or the Change of Law Protection Agreement has been made available to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made.
9. No Breach Event has occurred on or prior to the date hereof, unless such Breach Event has been waived by the Province in writing.
10. At the time the Funding Obligations are incurred, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Funding Obligations, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not exceed the Protection Agreement Maximum applicable on the date hereof.

[Remainder of page intentionally left blank.]

DATED the ____ day of December, 2017.

_____
Name:
Title:

_____
Name:
Title:

SCHEDULE A

SERIES 2017-1 SENIOR NOTES TERM SHEET	
Type of Credit:	Revolving
Principal Amount	Aggregate maximum principal amount of C$800,000,000 available under the Series 2017-1 Senior Notes, of which $601,290,000 ~~has been~~**will be** drawn ~~as of~~**on** December 21, 2017
Interest Rate	Variable rate based on ABCP cost of funds or CDOR, as applicable, plus the Applicable Margin (as defined on Schedule D)
Interest Payments	Interest is due on the 15th of each month, beginning in January 2018
Discount	N/A
Fees	See Schedule D
Term to Maturity	~~Initial 2 year term~~**Revolving Period ends in December 2019 and Series 2017-1 Senior Notes mature in July, August, September and October 2021 (straight-line repayment of principal over these four months), subject in each case to extensions as described below**
Amortization	N/A
Redemption	N/A
Extension	May only be extended with the prior written consent of the Administrative Agent, each Non-Conduit Purchaser and each Funding Agent, and satisfaction of the Rating Agency Condition (each as defined in the Supplemental Indenture creating the Series 2017-1 Senior Notes)
Coupon Payments	N/A

SCHEDULE B

SERIES 2017-1 SUBORDINATED NOTES TERM SHEET	
Type of Credit:	Revolving
Principal Amount	Maximum principal amount of C$611,764,705.88 available under the Series 2017-1 Subordinated Notes, of which $459,810,000 ~~has been~~**will be** drawn ~~as of~~**on** December 21, 2017
Interest Rate	For any payment date, the amount of interest and fees payable to the holders of the Series 2017-1 Senior Notes on such date, expressed as a rate per annum on the weighted average outstanding principal amount of the Series 2017-1 Senior Notes from the preceding payment date to such payment date, plus 0.10% per annum
Interest Payments	Interest is due on the 15th of each month, beginning in January 2018
Discount	N/A
Fees	N/A
Term to Maturity	~~Initial 2 year term~~**Revolving Period ends in December 2019 and Series 2017-1 Subordinated Notes mature in July, August, September and October 2021 (straight-line repayment of principal over these four months), subject in each case to extensions as described below**
Amortization	N/A
Redemption	N/A
Extension	Automatic extension upon extension of Series 2017-1 Senior Notes
Coupon Payments	N/A

SCHEDULE C

SERIES 2017-1 JUNIOR SUBORDINATED NOTES TERM SHEET	
Type of Credit:	Revolving
Principal Amount	Maximum principal amount of C$156,862,745.10 available under the Series 2017-1 Junior Subordinated Notes, of which $117,900,000 ~~has been~~**will be** drawn ~~as of~~**on** December 21, 2017
Interest Rate	For any payment date, the amount of interest and fees payable to the holders of the Series 2017-1 Senior Notes on such date, expressed as a rate per annum on the weighted average outstanding principal amount of the Series 2017-1 Senior Notes from the preceding payment date to such payment date, plus 0.10% per annum
Interest Payments	Interest is due on the 15th of each month, beginning in January 2018
Discount	N/A
Fees	N/A
Term to Maturity	~~Initial 2 year term~~**Revolving Period ends in December 2019 and Series 2017-1 Junior Subordinated Notes mature in July, August, September and October 2021 (straight-line repayment of principal over these four months), subject in each case to extensions as described below**
Amortization	N/A
Redemption	N/A
Extension	Automatic extension upon extension of Series 2017-1 Senior Notes
Coupon Payments	N/A

SCHEDULE D

FEE LETTER TERMS	
Upfront Fee:	An "Upfront Fee" of 20 bps per annum
Applicable Margin:	An "Applicable Margin" of 90 basis points (0.90%); provided that (i) for the period commencing on December 21, 2019 and ending on the payment date in May, 2021 (the "**Initial Step-up Period**"), the Applicable Margin shall be equal to 290 basis points (2.90%) (the "**Step-up Applicable Margin**"), and (ii) with respect to each of the six- payment date periods following the Initial Step-up Period (from the day following the payment date in May to the payment date in November or from the day following the payment date in November to the payment date in May, as applicable), the Applicable Margin shall continue to increase by an additional 50 basis points (0.50%) over the Applicable Margin for the Initial Step-up Period or immediately preceding six- payment date period, as applicable, subject to a maximum Applicable Margin of 590 basis points (5.90%)
Commitment Fees:	The "Commitment Fee Rate" is based on weighted average monthly utilization and will be payable monthly in arrears on each interest payment date as follows with respect to the preceding interest period based on the rate below and the unutilized amount of the commitment: A daily rate of 40 bps per annum if utilization on such day is >66.67% A daily rate of 55 bps per annum if utilization on such day is >33.33% and </= 66.67% A daily rate of 70 bps per annum if utilization on such day </= 33.33%
Other Fees/Expenses:	Reasonable Fees incurred for any professional or other services which include, but are not limited to, reasonable fees of legal counsel, rating agency fees, accountant fees, and any reasonable out-of-pocket expenses (including without limitation, travel, meals etc.), so long as each such reimbursement complies with Ontario Power Generation Inc.'s Standard Form Business Expense Schedule, as amended from time to time.

Document comparison by Workshare Compare on December-20-17 5:05:37 PM

Input:	
Document 1 ID	interwovenSite://INVENTORYS1/TorysAtWork/24546313/5
Description	#24546313v5<TorysAtWork> - Process Certificate of the CFO and Treasurer of OPG re section 3.01 of the CLPA
Document 2 ID	interwovenSite://INVENTORYS1/TorysAtWork/24546313/6
Description	#24546313v6<TorysAtWork> - Process Certificate of the CFO and Treasurer of OPG re section 3.01 of the CLPA
Rendering set	strikeout-colour

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

Statistics:	
	Count
Insertions	23
Deletions	22
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	45

From:	Gavin He
To:	Ken Kandeepan; Mike Manning
Subject:	FW: Fair Hydro -- Updated Master Share Subscription Agreement (Nov 22 execution version)
Date:	Friday, November 24, 2017 2:37:49 PM
Attachments:	Fair Hydro - MasterSubscripAgt - Exec Nov 22 2017_clean.docx Fair Hydro - MasterSubscripAgt - Exec Nov 22 2017_OPG.docx
Importance:	High

Hi Ken/Mike,

Attached is the final version of the Master Subscription Agreement between OPG and the Ministry of Energy. Please feel free to take a look and let me know if you have any comments.

Ken Russell has reviewed and said that the interest of the OFA is only in the payment provisions. He noted that the timeline for making the subscriptions is consistent either the timeline in the MOU and the wire transfer instructions are also consistent.

Please let me know if you have any questions.

Regards,
Gavin He

-----Original Message-----
From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
Sent: Wednesday, November 22, 2017 6:28 PM
To: John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Cc: Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Graham Young (MOI) <Graham.Young@ontario.ca>; Ogunrinde, Deni (ENERGY) <Deni.Ogunrinde@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Pratima Gounden (ENERGY) <Pratima.Gounden@ontario.ca>
Subject: Fair Hydro -- Updated Master Share Subscription Agreement (Nov 22 execution version)
Importance: High

Hi John, Gavin, Ken

FYI - attached is the Master Share Subscription agreement. I understand from OPG legal that the plan is to execute it in the next day or so.

Thanks,
Shruti

MASTER SHARE SUBSCRIPTION AGREEMENT

between

MINISTER OF ENERGY

- and –

ONTARIO POWER GENERATION

Dated as of November 22**, 2017**

EXHIBITS

Exhibit A	--	Share Subscription Form
Exhibit B	--	Subscription Supporting Information
Exhibit C	--	Receipt and Certificate
Exhibit D	--	Payment/Wire Transfer instructions

MASTER SHARE SUBSCRIPTION AGREEMENT

THIS AGREEMENT made as of November 22, 2017.

BETWEEN:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, as represented by the Minister of Energy

(the "**Province**")

- and -

ONTARIO POWER GENERATION INC., a corporation established under the laws of the Province of Ontario

("OPG")

Background

1. The Government of Ontario enacted the *Ontario Fair Hydro Plan Act, 2017* (the "Act") to implement its Fair Hydro Plan (the "FHP"). The Act's purpose is, among other things, to ensure that clean energy costs and clean energy benefits are fairly allocated among present and future specified consumers.

2. The Act and the regulations promulgated under the Act (the "Regulations") creates certain assets related to the deferral of electricity charges (the "Assets"), which Assets will be acquired from the Independent Electricity System Operator ("IESO") by the special purpose financing entity established by OPG to implement the financing plan to fund the deferral under the Act (the "Financing Entity").

3. The Financing Entity will acquire the Assets periodically from IESO and finance them in accordance with the financing plan, which includes both senior debt (minimum of 51%) from external sources and subordinated debt (up to 49%) from OPG.

4. The Province has agreed to fund up to 44% of the total funding requirement for the Assets through equity injections in OPG and OPG has agreed to use the equity injections solely for funding the Financing Entity's debt (the "Equity Injection Plan").

5. For purposes of the Equity Injection Plan, OPG will amend its articles to create a new class of non-voting, redeemable shares (the "Class A Shares"). The Province will subscribe for Class A Shares periodically in accordance with the process set forth in this Agreement and OPG will, in turn, invest these amounts in debt of the Financing Entity.

6. OPG will be entitled from time to time to redeem or buy back outstanding Class A Shares in connection with repayment of the Financing Entity debt or other purposes as may be approved by the OPG board of directors.

7. The parties desire to set out in this Agreement the process and mechanisms by which the equity injections and share purchases will occur and their respective roles and responsibilities in the Equity Injection Plan.

NOW THEREFORE the parties hereto agree as follows:

1. Confirmation of Equity Injection and Use of Funds

1.1 The Province commits to fund up to 44% of the total financing required by the Financing Entity, to acquire Assets from the IESO under the Act and Regulations, by way of equity subscriptions in OPG.

1.2 OPG agrees to use the funds from the equity received from the Province solely to lend to the Financing Entity to fund the Financing Entity's obligations under the Master Transfer and Servicing Agreement between the IESO and the Financing Entity, and the Act and Regulations.

2. Share Subscription Process

2.1 The Province will subscribe for and purchase Class A Shares from OPG, in an amount, and for a value, as determined by OPG in accordance with paragraph 2.2 below.

2.2 Periodically, coincident with the asset acquisitions to be made by the Financing Entity from the IESO under the Master Transfer and Servicing Agreement, OPG will provide notice to the Province of the amount of equity injection required and the corresponding number of shares to be issued by OPG and subscribed by the Province. This notice will be substantially in the form of the Share Subscription attached as Exhibit A. OPG will also provide reasonable supporting information for the values and amounts set out in the Share Subscription, substantially in the form of the Subscription Supporting Information attached as Exhibit B.

2.3 For purposes of providing the reasonable supporting information required under paragraph 2.2 above, OPG agrees that:

(i) the amount of each equity injection/share subscription will reflect the funding requirements of the Financing Entity acquisitions under the Master Transfer and Servicing Agreement; and

(ii) the Class A Shares will be issued to the Province at a per share price equal to the value of Shareholder's Equity, as determined by the last approved quarterly financial statements of OPG, divided by the aggregate number of issued and outstanding Common Shares and Class A Shares.

2.4 Within five Business Days of receipt of the notice and supporting information described in paragraph 2.2, the Province will deliver the executed Share Subscription to OPG and wire transfer, in immediately available funds, the required equity funds in accordance with the payment instructions set out in Exhibit D or as may be otherwise provided by OPG from time to time. For purposes of this Agreement, "Business Day" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by law, regulation or executive order to be closed.

2.5 OPG will issue a receipt to the Province, substantially in the form of Exhibit C attached, confirming receipt of the equity amount and certifying as to the update of OPG's corporate share register with issue of the shares in the name of the Province.

2.6 The first equity injection/share subscription is expected to occur in the fourth quarter of 2017. Equity injections will continue periodically so long as the Financing Entity is purchasing assets and incurring debt obligations, including debt in favour of OPG, pursuant to the Act and Regulations.

3. Equity Requirement Forecasts and Approvals

3.1 OPG will prepare and submit forecasts of equity requirements for the applicable business planning period as part of its business plan submissions to the Province in accordance with the Memorandum of Agreement between the Province and OPG effective July 17, 2015 (the "MOA") as amended, restated or replaced from time to time. For

clarity, OPG will submit annually, as part of its business plan submissions, the FHP equity requirements forecast for the upcoming 3 years.

3.2 OPG's equity requirement forecast submissions will include all reasonable supporting information and documentation.

3.3 The Province confirms that OPG's equity requirement forecasts submitted with OPG's business plans will not require concurrence by the Province as set out in the MOA.

3.4 In accordance with the submissions made under paragraph 3.1 above, the Province will seek appropriations for the upcoming 3 year period to support the equity injections.

4. Share Redemption Process

4.1 The Province and OPG will agree to the required process for any future redemption by OPG of outstanding Class A Shares before the first share redemption, and in any case no later than 90 Business Days before the effective date of such redemption.

5. Miscellaneous

5.1 Notices

Any notice, report or other communication to be given under this Agreement will be in writing and will be effective (a) upon receipt when sent by mail or courier, (b) on the date personally delivered to an authorized officer of the party to which sent, or (c) on the date transmitted by electronic transmission with a confirmation of receipt in all cases, addressed as follows:

in the case of the Minister:

Minister of Energy
c/o 6th Floor, 77 Grenville Street
Toronto, ON
M5S 1B3
Attention: Shruti.Talwar
Email: shruti.talwar@ontario.ca

in the case of OPG:

Ontario Power Generation Inc.
Treasury
700 University Avenue
Toronto, Ontario
M5G 1X6
Attention: Vice President, Treasurer
Email: john.s.lee@opg.com

and

Attention: Corporate Secretary
Email: catriona.king@opg.com

Each party may by notice given as above to the other party or parties hereto, designate any further or different address to which subsequent notices, reports and other communications will be sent.

5.2 Separate Counterparts; Electronic Delivery

This Agreement may be executed by the parties in separate counterparts, each of which when so executed and delivered will be considered an original, but all such counterparts together constitute but one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of this Agreement by such party.

5.3 Governing Law

This Agreement will be construed in accordance with the laws of the Province of Ontario.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective officers as of the day and year first above written.

MINISTER OF ENERGY

_____

ONTARIO POWER GENERATION INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT A

SHARE SUBCRIPTION FORM

See attached

Exhibit A

SUBSCRIPTION FOR SHARES

TO: **ONTARIO POWER GENERATION INC**. (the "**Corporation**")

The undersigned hereby subscribes for **[·]** Class A Shares of the Corporation at the price of $**[·]** per share and tenders payment in full of the purchase price. The undersigned represents and warrants to the Corporation that the undersigned is purchasing such shares as principal and is a "security holder of the Corporation" within the meaning referred to in subsection (2) of section 2.4 of National Instrument 45-106 of the Canadian Securities Administrators.

Please register the shares in the name of the undersigned. The undersigned will advise the Corporation if the undersigned ceases to be the sole beneficial owner of the share.

Distribution date: _____, 2017

[NTD: "Distribution Date" will be 5 days following the date the Corporation issues the draft subscription form to the Province]

HER MAJESTY THE QUEEN IN THE RIGHT OF THE PROVINCE OF ONTARIO AS REPRESENTED BY THE MINISTER OF ENERGY

By:_____
Name:
Title:

EXHIBIT B

SUBSCRIPTION SUPPORTING INFORMATION

See attached.

Exhibit B

TRANSFER NOTICE

TO: **[FINANCING ENTITY]**
c/o Ontario Power Generation Inc., as Manager
700 University Avenue
Toronto, Ontario
M5G 1X6

Attention: ■
Email: ■

This Transfer Notice is delivered to you pursuant to Section 2.1 of a master transfer and servicing agreement made as of ■, 2017 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "**Master Transfer and Servicing Agreement**") between **FAIR HYDRO TRUST**, a trust formed under the laws of the Province of Ontario (the "**Issuer**"), the **INDEPENDENT ELECTRICITY SYSTEM OPERATOR** ("**Transferor**" in its capacity as transferor, "**Servicer**", in its capacity as servicer, and "**IESO**" in its capacity as both Transferor and Servicer), a statutory corporation without share capital amalgamated under the laws of the Province of Ontario. All capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed to such terms in the Master Transfer and Servicing Agreement.

The Transferor hereby gives notice to the Issuer of its offer to transfer to the Issuer on the Closing Date set out below, the Specified Portion of the Regulatory Asset referred to below, all in accordance with the terms and conditions of the Master Transfer and Servicing Agreement. In consideration for (i) the Transferor's Transfer to the Issuer of the Specified Portion of the Regulatory Asset referred to below, the Issuer shall deliver or cause to be delivered to the Transferor on the Closing Date set out below, by wire transfer or electronic funds transfer in immediately available funds, an amount in Canadian dollars equal to the Purchase Price set out below.

Upon receipt by the Transferor of the Purchase Price on the Closing Date the Transferor shall reduce the balance of the Fair Hydro Variance Account by an amount equal to the Purchase Price, and the Regulatory Asset shall be adjusted accordingly.

Specified portion of Regulatory Asset: $■

Purchase Price: $■

Closing Date: ■

The Transferor hereby represents, warrants and confirms that:

(i) each of the representations and warranties on the part of the Transferor contained in the Master Transfer and Servicing Agreement are true and correct in all respects on the date hereof as if made on the date hereof;

(ii) the Transferor is not in breach of any of its covenants in the Master Transfer and Servicing Agreement; and

(iii) as of the date hereof, each condition precedent that must be satisfied by the Transferor under Section 2.2 of the Master Transfer and Servicing Agreement is capable of being satisfied prior to Closing Date.

The closing shall take place at ■ (Toronto time) on the Closing Date referred to above at the offices of ■, except as may be otherwise mutually agreed. The Purchase Price shall be paid on that date by wire transfer or electronic funds transfer to [insert IESO bank account details].

DATED this ■ day of ■, 20■.

FAIR HYDRO TRUST, by its Manager,
ONTARIO POWER GENERATION INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

The undersigned hereby accepts the foregoing offer.

DATED this ■ day of ■, 20■.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Transferor

By: _____
Name:
Title:

By: _____
Name:
Title:

Attachment A to Exhibit B of Master Subscription Agreement

Calculation of Equity Injection for

_____

[insert applicable timeframe/ dates/period] ("Period")

(A)	Purchase Price per Transfer Notice attached:	_____
(B)	Percentage Funded by Equity:	_____
(C)	Total Equity injection required for Period (A x B):	_____
(D)	Class A Share Price pursuant to OPG Financial Statements of [date/period]:	_____
(E)	Number of Class A Shares to be issued to Province (C ÷ D):	_____

Exhibit C

FORM OF RECEIPT AND OFFICER'S CERTIFICATE

See attached.

Exhibit C

RECEIPT

TO: Her Majesty the Queen in right of Ontario, as represented by the Minister of Energy (the "**Province**")

Ontario Power Generation Inc. ("**OPG**") hereby acknowledges receipt from the Province of $[•] pursuant to the Class A share subscription agreement between OPG and the Province made as of [•], 20•.

DATED •, 20•.

Per:

_____

John Lee
Vice President – Treasurer

CERTIFICATE

of

Ontario Power Generation Inc. ("OPG")

TO: **Her Majesty the Queen in right of Ontario, as represented by the Minister of Energy**

RE: **Class A Share Equity Subscription Agreement dated [•]**

I, John Lee, the Vice President – Treasurer of OPG, certify, without personal liability, that:

1. This certificate is furnished to you in connection with the Class A Share Equity Subscription Agreement dated [•] (the "**Equity Subscription Agreement**") and may be relied on by the addressees above. We have reviewed such books and records of OPG and such other documents and have made such inquiries and investigations as we have considered necessary or appropriate to verify the matters addressed in this certificate. All capitalized terms used but not defined in this certificate have the meanings set out in the Equity Subscription Agreement.

2. Attached hereto as Appendix 1 is a true and complete copy of the Shareholder Register of OPG dated [•] (the "**Shareholder Register**"). The Shareholder Register has not been further amended or supplemented and no resolutions have been passed by the board of directors or the shareholders of OPG to effect any such further amendment or supplement.

* * * * *

DATED: as of the [•] day of [•], 20•.

_____

John Lee
Vice President – Treasurer

APPENDIX 1 – Shareholder Register

See attached.

EXHIBIT D

Payment/Wire Transfer Instructions

Bank: Bank of Nova Scotia
Address: 44 King Street West Toronto, Ontario MSH 1H1
SWIFT Code: NOSCCATT
Branch Transit: 47696
Bank Code: 002
Account Number: 476960302716

MASTER SHARE SUBSCRIPTION AGREEMENT

between

MINISTER OF ENERGY

- and –

ONTARIO POWER GENERATION

Dated as of ■November 22, 2017

EXHIBITS

Exhibit A	--	Share Subscription Form
Exhibit B	--	Subscription Supporting Information
Exhibit C	--	Receipt and Certificate
Exhibit D	--	Payment/Wire Transfer instructions

MASTER SHARE SUBSCRIPTION AGREEMENT

THIS AGREEMENT made as of ~~■~~November 22, 2017.

BETWEEN:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, as represented by the Minister of Energy

(the "**Province**")

- and -

ONTARIO POWER GENERATION INC., a corporation established under the laws of the Province of Ontario

("OPG")

Background

1. The Government of Ontario enacted the *Ontario Fair Hydro Plan Act, 2017* (the "Act") to implement its Fair Hydro Plan (the "FHP"). The Act's purpose is, among other things, to ensure that clean energy costs and clean energy benefits are fairly allocated among present and future specified consumers.

2. The Act and the regulations promulgated under the Act (the "Regulations") creates certain assets related to the deferral of electricity charges (the "Assets"), which Assets will be acquired from the Independent Electricity System Operator ("IESO") by the special purpose financing entity established by OPG to implement the financing plan to fund the deferral under the Act (the "Financing Entity").

3. The Financing Entity will acquire the Assets periodically from IESO and finance them in accordance with the financing plan, which includes both senior debt (minimum of 51%) from external sources and subordinated debt (up to 49%) from OPG.

4. The Province has agreed to fund up to 44% of the total funding requirement for the Assets through equity injections in OPG and OPG has agreed to use the equity injections solely for funding the Financing Entity's debt (the "Equity Injection Plan").

5. For purposes of the Equity Injection Plan, OPG will amend its articles to create a new class of non-voting, redeemable shares (the "Class A Shares"). The Province will subscribe for Class A Shares periodically in accordance with the process set forth in this Agreement and OPG will, in turn, invest these amounts in debt of the Financing Entity.

6. OPG will be entitled from time to time to redeem or buy back outstanding Class A Shares in connection with repayment of the Financing Entity debt or other purposes as may be approved by the OPG board of directors.

7. The parties desire to set out in this Agreement the process and mechanisms by which the equity injections and share purchases will occur and their respective roles and responsibilities in the Equity Injection Plan.

NOW THEREFORE the parties hereto agree as follows:

1. Confirmation of Equity Injection and Use of Funds

1.1 The Province commits to fund up to 44% of the total financing required by the Financing Entity, to acquire Assets from the IESO under the Act and Regulations, by way of equity subscriptions in OPG.

1.2 OPG agrees to use the funds from the equity received from the ~~Minister~~Province solely to lend to the Financing Entity to fund the Financing Entity's obligations under the Master Transfer and Servicing Agreement between the IESO and the Financing Entity, and the Act and Regulations.

2. Share Subscription Process

2.1 The Province will subscribe for and purchase Class A Shares from OPG, in an amount, and for a value, as determined by OPG in accordance with paragraph 2.2 below.

2.2 Periodically, coincident with the asset acquisitions to be made by the Financing Entity from the IESO under the Master Transfer and Servicing Agreement, OPG will provide notice to the Province of the amount of equity injection required and the corresponding number of shares to be issued by OPG and subscribed by the Province. This notice will be substantially in the form of the Share Subscription attached as Exhibit A. OPG will also provide reasonable supporting information for the values and amounts set out in the Share Subscription, substantially in the form of the Subscription Supporting Information attached as Exhibit B.

2.3 For purposes of providing the reasonable supporting information required under paragraph 2.2 above, OPG agrees that:

(i) the amount of each equity injection/share subscription will reflect the funding requirements of the Financing Entity acquisitions under the Master Transfer and Servicing Agreement; and

(ii) the Class A Shares will be issued to the ~~Minister~~Province at a per share price equal to the value of Shareholder's Equity, as determined by the last approved quarterly financial statements of OPG, divided by the aggregate number of issued and outstanding Common Shares and Class A Shares.

2.4 Within five Business Days of receipt of the notice and supporting information described in paragraph 2.2, the Province will deliver the executed Share Subscription to OPG and wire transfer, in immediately available funds, the required equity funds in accordance with the payment instructions set out in Exhibit D or as may be otherwise provided by OPG from time to time. For purposes of this Agreement, "Business Day" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by law, regulation or executive order to be closed.

2.5 OPG will issue a receipt to the Province, substantially in the form of Exhibit C attached, confirming receipt of the equity amount and certifying as to the update of OPG's corporate share register with issue of the shares in the name of the Province.

2.6 The first equity injection/share subscription is expected to occur in the fourth quarter of 2017. Equity injections will continue periodically so long as the Financing Entity is purchasing assets and incurring debt obligations, including debt in favour of OPG, pursuant to the Act and Regulations.

3. Equity Requirement Forecasts and Approvals

3.1 OPG will prepare and submit forecasts of equity requirements for the applicable business planning period as part of its business plan submissions to the Province ~~Shareholder~~ in accordance with the Memorandum of Agreement between the ~~Minister~~Province and OPG effective July 17, 2015 (the "MOA") as amended, restated or replaced from

time to time. For clarity, OPG will submit annually, as part of its business plan submissions, the FHP equity requirements forecast for the upcoming 3 years.

3.2 OPG's equity requirement forecast submissions will include all reasonable supporting information and documentation.

3.3 The Province confirms that OPG's equity requirement forecasts submitted with OPG's business plans will not require concurrence by the Province ~~Shareholder~~ as set out in the MOA.

3.4 In accordance with the submissions made under paragraph 3.1 above, the Province will seek appropriations for the upcoming 3 year period to support the equity injections.

4. Share Redemption Process

4.1 The Province and OPG will agree to the required process for any future redemption by OPG of outstanding Class A Shares before the first share redemption, and in any case no later than 90 Business Days before the effective date of such redemption.

5. Miscellaneous

5.1 Notices

Any notice, report or other communication to be given under this Agreement will be in writing and will be effective (a) upon receipt when sent by mail or courier, (b) on the date personally delivered to an authorized officer of the party to which sent, or (c) on the date transmitted by electronic transmission with a confirmation of receipt in all cases, addressed as follows:

in the case of the Minister:

Minister of Energy
c/o 6th Floor, 77 Grenville Street
Toronto, ON
M5S 1B3
Attention: Shruti.Talwar
Email: shruti.talwar@ontario.ca

in the case of OPG:

Ontario Power Generation Inc.
Treasury
700 University Avenue
Toronto, Ontario
M5G 1X6
Attention: Vice President, Treasurer
Email: john.s.lee@opg.com

and

Attention: Corporate Secretary
Email: catriona.king@opg.com

Each party may by notice given as above to the other party or parties hereto, designate any further or different address to which subsequent notices, reports and other communications will be sent.

5.2 Separate Counterparts; Electronic Delivery

This Agreement may be executed by the parties in separate counterparts, each of which when so executed and delivered will be considered an original, but all such counterparts together constitute but one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of this Agreement by such party.

5.3 Governing Law

This Agreement will be construed in accordance with the laws of the Province of Ontario.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective officers as of the day and year first above written.

MINISTER OF ENERGY

_____

ONTARIO POWER GENERATION INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT A

SHARE SUBCRIPTION FORM

See attached

Exhibit A

SUBSCRIPTION FOR SHARES

TO: **ONTARIO POWER GENERATION INC**. (the "**Corporation**")

The undersigned hereby subscribes for **[·]** Class A Shares of the Corporation at the price of $**[·]** per share and tenders payment in full of the purchase price. The undersigned represents and warrants to the Corporation that the undersigned is purchasing such shares as principal and is a "security holder of the Corporation" within the meaning referred to in subsection (2) of section 2.4 of National Instrument 45-106 of the Canadian Securities Administrators.

Please register the shares in the name of the undersigned. The undersigned will advise the Corporation if the undersigned ceases to be the sole beneficial owner of the share.

Distribution date: _____, 2017

[NTD: "Distribution Date" will be 5 days following the date the Corporation issues the draft subscription form to the Province]

HER MAJESTY THE QUEEN IN THE RIGHT OF THE PROVINCE OF ONTARIO AS REPRESENTED BY THE MINISTER OF ENERGY

By:_____
Name:
Title:

EXHIBIT B

SUBSCRIPTION SUPPORTING INFORMATION

See attached.

Exhibit B

TRANSFER NOTICE

TO: **[FINANCING ENTITY]**
c/o Ontario Power Generation Inc., as Manager
700 University Avenue
Toronto, Ontario
M5G 1X6

Attention: ■
Email: ■

This Transfer Notice is delivered to you pursuant to Section 2.1 of a master transfer and servicing agreement made as of ■, 2017 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "**Master Transfer and Servicing Agreement**") between **FAIR HYDRO TRUST**, a trust formed under the laws of the Province of Ontario (the "**Issuer**"), the **INDEPENDENT ELECTRICITY SYSTEM OPERATOR** ("**Transferor**" in its capacity as transferor, "**Servicer**", in its capacity as servicer, and "**IESO**" in its capacity as both Transferor and Servicer), a statutory corporation without share capital amalgamated under the laws of the Province of Ontario. All capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed to such terms in the Master Transfer and Servicing Agreement.

The Transferor hereby gives notice to the Issuer of its offer to transfer to the Issuer on the Closing Date set out below, the Specified Portion of the Regulatory Asset referred to below, all in accordance with the terms and conditions of the Master Transfer and Servicing Agreement. In consideration for (i) the Transferor's Transfer to the Issuer of the Specified Portion of the Regulatory Asset referred to below, the Issuer shall deliver or cause to be delivered to the Transferor on the Closing Date set out below, by wire transfer or electronic funds transfer in immediately available funds, an amount in Canadian dollars equal to the Purchase Price set out below.

Upon receipt by the Transferor of the Purchase Price on the Closing Date the Transferor shall reduce the balance of the Fair Hydro Variance Account by an amount equal to the Purchase Price, and the Regulatory Asset shall be adjusted accordingly.

Specified portion of Regulatory Asset: $■

Purchase Price: $■

Closing Date: ■

The Transferor hereby represents, warrants and confirms that:

(i) each of the representations and warranties on the part of the Transferor contained in the Master Transfer and Servicing Agreement are true and correct in all respects on the date hereof as if made on the date hereof;

(ii) the Transferor is not in breach of any of its covenants in the Master Transfer and Servicing Agreement; and

(iii) as of the date hereof, each condition precedent that must be satisfied by the Transferor under Section 2.2 of the Master Transfer and Servicing Agreement is capable of being satisfied prior to Closing Date.

The closing shall take place at ■ (Toronto time) on the Closing Date referred to above at the offices of ■, except as may be otherwise mutually agreed. The Purchase Price shall be paid on that date by wire transfer or electronic funds transfer to [insert IESO bank account details].

DATED this ■ day of ■, 20■.

FAIR HYDRO TRUST, by its Manager,
ONTARIO POWER GENERATION INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

The undersigned hereby accepts the foregoing offer.

DATED this ■ day of ■, 20■.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Transferor

By: _____
Name:
Title:

By: _____
Name:
Title:

~~This Transfer Notice is delivered to you pursuant to Section **Error! Reference source not found.** of the master transfer and servicing agreement made as of ■, 2017 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "**Master Transfer and Servicing Agreement**") between **[FINANCING ENTITY]**, a trust formed under the laws of the Province of Ontario (the "**Issuer**"), and the **INDEPENDENT ELECTRICITY SYSTEM OPERATOR** ("**Transferor**" in its capacity as transferor, "**Servicer**", in its capacity as servicer, and "**IESO**" in its capacity as both Transferor and Servicer), a statutory corporation without share capital amalgamated under the laws of the Province of Ontario. All capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed to such terms in the Master Transfer and Servicing Agreement.~~

~~The Transferor hereby gives notice to the Issuer of its offer to transfer to the Issuer on the Closing Date set out below, on a fully serviced basis, the specified portion of the Regulatory Asset set out below, all in accordance with the terms and conditions of the Master Transfer and Servicing Agreement. In consideration for (i) the Transferor's Transfer to the Issuer of the specified portion of the Regulatory Asset set out below, on a fully serviced basis, the Issuer shall deliver or cause to be delivered to the Transferor on the Closing Date set out below, by wire transfer in immediately available funds, an amount in Canadian dollars equal to the Purchase Price set out below.~~

Attachment A to Exhibit B of Master Subscription Agreement

Calculation of Equity Injection for

_____

[insert applicable timeframe/ dates/period] ("Period")

(A)	Purchase Price per Transfer Notice attached:	_____
(B)	Percentage Funded by Equity:	_____
(C)	Total Equity injection required for Period (A x B):	_____
(D)	Class A Share Price pursuant to OPG Financial Statements of [date/period]:	_____
(E)	Number of Class A Shares to be issued to Province (C ÷ D):	_____

Exhibit C

FORM OF RECEIPT AND OFFICER'S CERTIFICATE

See attached.

Exhibit C

RECEIPT

TO: Her Majesty the Queen in right of Ontario, as represented by the Minister of Energy (the "**Province**")

Ontario Power Generation Inc. ("**OPG**") hereby acknowledges receipt from the Province of $[•] pursuant to the Class A share subscription agreement between OPG and the Province made as of [•], 20•.

DATED •, 20•.

Per: _____

John Lee
Vice President – Treasurer

CERTIFICATE

of

Ontario Power Generation Inc. ("OPG")

TO: **Her Majesty the Queen in right of Ontario, as represented by the Minister of Energy**

RE: **Class A Share Equity Subscription Agreement dated [•]**

I, John Lee, the Vice President – Treasurer of OPG, certify, without personal liability, that:

1. This certificate is furnished to you in connection with the Class A Share Equity Subscription Agreement dated [•] (the "**Equity Subscription Agreement**") and may be relied on by the addressees above. We have reviewed such books and records of OPG and such other documents and have made such inquiries and investigations as we have considered necessary or appropriate to verify the matters addressed in this certificate. All capitalized terms used but not defined in this certificate have the meanings set out in the Equity Subscription Agreement.

2. Attached hereto as Appendix 1 is a true and complete copy of the Shareholder Register of OPG dated [•] (the "**Shareholder Register**"). The Shareholder Register has not been further amended or supplemented and no resolutions have been passed by the board of directors or the shareholders of OPG to effect any such further amendment or supplement.

* * * * *

DATED: as of the [•] day of [•], 20•.

_____

John Lee
Vice President – Treasurer

Exhibit C continued

APPENDIX 1 – Shareholder Register

See attached.

EXHIBIT D

Payment/Wire Transfer Instructions

Bank: Bank of Nova Scotia
Address: 44 King Street West Toronto, Ontario MSH 1H1
SWIFT Code: NOSCCATT
Branch Transit: 47696
Bank Code: 002
Account Number: 476960302716

From:	Carlos Yep
To:	Malle Hanslep (MOF); Tobias P. Whitfield (MOF)
Cc:	Gadi Mayman; Anna Strathy; Mike Manning; Ronald Kwan; Ken Kandeepan; John Kim; James Devine
Subject:	FW: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt
Date:	Thursday, November 30, 2017 12:44:03 PM
Attachments:	Interest Protocol Agreement (OPG 11-29).doc Fair Hydro- Subordinated Notes- Interest Rate Protocol (Draft 11-21c).doc

---

Hi Malle,
Last nite, We received the draft Interest Protocol Agreement draft dated Nov29 . This morning the document was forwarded to Shruti Talwar in Energy.

Yes, I have been involved in the spread discussion for the sub/junior-sub debt based in the memo draft of nov21 and one earlier version from Nov7.

If you have any questions, please call x58121 and we can discuss

Regards
Carlos

-----Original Message-----
From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Thursday, November 30, 2017 12:20 PM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: Fw: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Hi

We have not been involved in this to date. Sending it along as it looks like the OFA has had some involvement

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.
From: WONG Leslie -LAWDIV <leslie.wong@opg.com>
Sent: Thursday, November 30, 2017 12:16
To: Thouin, Alena (ENERGY); Hanslep, Malle (MOF)
Cc: LEE John -TREASURY; LIU Sheen -TREASURY; MCAULEY Tyler -LAWDIV; RYFA Ken -TREASURY; PRESTON Stuart -TREASURY
Subject: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Dear Alena and Malle,

Please find attached a draft of the protocol agreement relating to the determination of interest rates on the subordinated and junior subordinated debt to be issued to OPG by the Fair Hydro Trust. Most of this debt will be funded through equity injections by the Province into OPG. OPG's Treasury team has been working with Carlos Yep of the OFA on this agreement. I understand that Alena has previously seen a term sheet setting out the main terms of the agreement.

Let us know if you have any questions or comments on the draft.

Regards,

Les

Leslie Wong
Senior Counsel
Ontario Power Generation Inc.
700 University Avenue, H18 G26.1, Toronto, ON M5G 1X6
T: (416) 592-3110 | E: leslie.wong@opg.com<mailto:leslie.wong@opg.com>

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

Subordinated Debt Pricing Protocol Agreement

THIS AGREEMENT is made as of •, 2017

BETWEEN

ONTARIO POWER GENERATION INC., a corporation incorporated under the laws of Ontario ("**OPG**"), solely in its capacity as financial services manager (the "**FSM**") of the Fair Hydro Trust (the "**Issuer**"), a trust existing under the laws of the Province of Ontario

- and -

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, (the "**Province**") as represented by the Minister of Energy

WHEREAS the Issuer and BNY Trust Company of Canada entered into that certain trust indenture (as supplemented from time to time, the "**Trust Indenture**") dated ■, 2017;

AND WHEREAS pursuant to the Trust Indenture the Issuer may issue, from time to time, certain Subordinated Notes and Junior Subordinated Notes;

AND WHEREAS the FSM and the Province have agreed to establish herein the procedures for establishing the interest rate applicable to each Series of Subordinated Notes and Junior Subordinated Notes where such Notes are to be issued only to OPG or its Affiliates;

NOW THEREFORE, in consideration of the premises and the covenants and agreements herein contained, the parties agree as follows:

ARTICLE 1 - INTERPRETATION

1.01 Definitions

In this Agreement, unless something in the subject matter or context is inconsistent therewith terms used herein have the meanings ascribed in the Trust Indenture. In addition, the following terms shall have the following meanings:

(a) "**Applicable Spread**" has the meaning ascribed to such term in section 2.04(c);

(b) "**Base Rate**" has the meaning ascribed to such term in section 2.03(a) or (b), as applicable;

(c) "**Junior Subordinated Term Note**" means a Junior Subordinated Note that is not incurred pursuant to a Warehouse Facility Agreement;

(d) "**Junior Subordinated Warehouse Note**" means a Junior Subordinated Note that is incurred pursuant to a Warehouse Facility Agreement;

(e) "**Subordinated Term Note**" means a Subordinated Note that is not incurred pursuant to a Warehouse Facility Agreement; and

(f) "**Subordinated Warehouse Note**" means a Subordinated Note that is incurred pursuant to a Warehouse Facility Agreement.

1.02 **Headings**

The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and do not affect the construction or interpretation of this Agreement. The terms "hereof", "hereunder" and similar expressions refer to this Agreement and not to any particular Article, Section or other portion hereof.

ARTICLE 2 - INTEREST RATE PROTOCOLS

2.01 **Interest Rate Protocols**

The interest rate applicable to each Series of Subordinated Notes and Junior Subordinated Notes that are issued only to OPG or its Affiliates shall be established by the FSM in accordance with the procedures set out herein.

2.02 **Composite Interest Rate**

For any Series of Subordinated Notes or Junior Subordinated Notes that are issued only to OPG or its Affiliates, the interest rate shall be the aggregate of the applicable Base Rate and the Applicable Spread.

2.03 **Base Rate**

(a) For Subordinated Term Notes and Junior Subordinated Term Notes, the "Base Rate" shall be an annual rate of interest comprised of the applicable yield for the Benchmark Government of Canada bonds listed at the time and with the same term as that of the Series of Subordinated Notes or Series of Junior Subordinated Notes, as applicable. In the event that there are no such Benchmark Government of Canada bonds listed at the time of issuance, the applicable Base Rate of interest shall be established by interpolating on a straight line basis the terms of the two Benchmark Government of Canada bonds that are closest to the term of the applicable Series of Subordinated Term Notes or Series of Junior Subordinated Term Notes, as applicable, one being for a longer term and the other being for a shorter term; and

(b) For Subordinated Warehouse Notes and Junior Subordinated Warehouse Notes, the "Base Rate" shall be an annual interest rate equal to the all-in funding costs under the related Warehouse Obligations, expressed as a rate per annum, as

determined by the FSM acting reasonably, or at any time when there are no Warehouse Obligations outstanding the "Base Rate" shall be the average of the posted "prime rate of interest" published by the five largest Canadian banks at such time.

2.04 **Applicable Spread**

(a) Prior to the issuance of any new Subordinated Term Notes or Junior Subordinated Term Notes, the FSM will solicit from at least five investment dealers in Canada, a survey of indicative spreads over the applicable Base Rate (collectively, the "**Indicative Spreads**" and each an "**Indicative Spread**") applicable to capital market debt issuances having features comparable to each of the proposed Series of Subordinated Term Notes and Junior Subordinated Term Notes, having regard to the expected credit rating and tenor. Such solicitation of Indicative Spreads shall occur on the pricing date of the applicable Series of Subordinated Term Notes and Junior Subordinated Term Notes and may, at the FSM's option, also occur on other dates selected by the FSM provided that no such date is more than **one week** prior to the pricing date. The Applicable Spread for Subordinated Term Notes or Junior Subordinated Term Notes, as applicable, will be the simple average of the respective Indicative Spreads after excluding the highest and the lowest Indicative Spread for each day (not more than one week prior to the pricing date) that Indicative Spreads were provided;

(b) For Subordinated Warehouse Notes the FSM will solicit from time to time, but no less frequently than on an annual basis, from at least five investment dealers in Canada, a survey of Indicative Spreads over the applicable Base Rate applicable to commercial paper issuances having features comparable to the Subordinated Warehouse Notes including credit rating and tenor. The Applicable Spread for Subordinated Warehouse Notes will be the simple average of the respective Indicative Spreads, after excluding the highest and the lowest Indicative Spread;

(c) The Applicable Spread for Junior Subordinated Warehouse Notes shall be equal to the Applicable Spread derived from Section 2.04(b) for the Subordinated Warehouse Notes, provided the Junior Subordinated Term Notes are rated Investment Grade. If the Junior Subordinated Term Notes are rated below Investment Grade, the Applicable Spread for the Junior Subordinated Warehouse Notes will equal to the Applicable Spread for the Subordinated Warehouse Notes plus 100 bps.

For the purposes of this section "Investment Grade" means an "approved rating" from at least one "designated rating organization" (as such terms are defined for securities law purposes).

2.05 **Credit Ratings**

In order to facilitate the survey of Indicative Spreads, the FSM will solicit from time to time, from an approved rating organization (as such term is defined for securities laws

purposes), a credit rating, which may include a shadow rating, for the Subordinated Notes and the Junior Subordinated Notes.

ARTICLE 3 - GENERAL

3.01 Benefit of the Agreement

This Agreement will enure to the benefit of and be binding upon the respective successors and permitted assigns of the parties.

3.02 Entire Agreement

This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and cancel and supersede any prior understandings and agreements between the parties with respect thereto. There are no representations, warranties, terms, conditions, undertakings or collateral agreements, express, implied or statutory, between the parties other than as expressly set forth in this Agreement.

3.03 Assignment, Amendments and Waivers

No assignment or amendment to this Agreement will be valid or binding unless set forth in writing and duly executed by all of the parties. No waiver of any breach of any provision of this Agreement will be effective or binding unless made in writing and signed by the party purporting to give the same and, unless otherwise provided in the written waiver, will be limited to the specific breach waived.

3.04 Severability

If any provision of this Agreement is determined to be invalid or unenforceable in whole or in part, such invalidity or unenforceability will attach only to such provision or part thereof and the remaining part of such provision and all other provisions hereof will continue in full force and effect.

3.05 Governing Law

This Agreement is governed by and will be construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein. For the purpose of all legal proceedings this Agreement will be deemed to have been performed in the Province of Ontario and the courts of the Province of Ontario will have exclusive jurisdiction to entertain any action arising under this Agreement. The parties hereby attorn to the exclusive jurisdiction of the courts of the Province of Ontario.

3.06 Counterparts

This Agreement may be executed in any number of counterparts, each of which will be deemed to be an original and all of which taken together will be deemed to constitute one and the same instrument.

3.07 **Electronic Execution**

Any party may deliver an executed signature page to this Agreement by electronic transmission and such delivery will be as effective as delivery of a manually executed copy of the Agreement by such party.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF the parties have executed this Agreement.

ONTARIO POWER GENERATION INC.
solely in its capacity as Financial Services Manager of the Fair Hydro Trust

Per: _____
Ken Hartwick
Chief Financial Officer and Senior Vice President

Per: _____
John Lee
Vice President- Treasurer

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, as represented by the Minister of Energy

Per: _____
[Name]
[Position]

ONTARIO POWER GENERATION

PROTOCOL DOCUMENT- SUBORDINATED AND JUNIOR SUBORDINATED NOTES

Interpretation	Unless inconsistent with the express terms or provisions hereof, terms used herein have the meanings ascribed in the Trust Indenture (the "**Trust Indenture**") dated as of ●, 2017 between the Fair Hydro Trust, a trust existing under the laws of the Province of Ontario (the "**Issuer**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada (the "**Indenture Trustee**").
Financial Services Manager	The interest rate applicable to each Series of Subordinated Notes and/or Junior Subordinated Notes, shall be established by Ontario Power Generation Inc., acting as financial services manager of the Issuer (the "**FSM**"), in accordance with procedures set out herein.
Interest Rate:	For any Series of Subordinated Notes or Junior Subordinated Notes, the interest rate shall be the aggregate of the applicable Base Rate and the Applicable Spread.
Base Rate:	"Base Rate" means: (a) for Term Notes: an annual rate of interest comprised of the applicable yield for the Benchmark Government of Canada bonds listed at the time and with the same term of such Series of Subordinated Notes or Junior Subordinated Notes, as applicable. In the event that there are no Benchmark Government of Canada bonds listed at the time of issuance with the same term, the rate shall be established by interpolating the terms of the two Benchmark Government of Canada bonds that are closest to the term of the Series of Subordinated Notes or Junior Subordinated Notes, as applicable, one being for a longer term and the other being for a shorter term; and (b) for Warehouse Notes: an annual interest rate equal to the [**all-in annual funding costs under the Warehouse Facility related to the senior tranche, expressed in basis points].**
Applicable Spread:	"Applicable Spread" means the additional interest in basis points over the Base Rate applicable to a particular Series of Subordinated Notes or Junior Subordinated Notes as determined by the FSM applying the procedures set out below: (a) for Subordinated Term Notes and Junior Subordinated Term Notes: the FSM will solicit from time to time, but no less frequently than on a weekly basis, from at least five commercial banks in Canada, a survey of indicative spreads (collectively, the **"Indicative Spreads"** and each an "**Indicative Spread**") applicable to capital market debt issuances having features comparable to each of the Subordinated Term Notes and the Junior Subordinated Terms Notes,

	including credit rating and tenor. The Applicable Spread for Subordinated Term Notes or Junior Subordinated Term Notes, as applicable, will be the simple average of the respective Indicative Spreads after excluding the highest and the lowest Indicative Spread; (b) for Subordinated Warehouse Notes: the FSM will solicit from time to time, but no less frequently than on an annual basis, from at least five commercial banks in Canada, a survey of Indicative Rates applicable to commercial paper issuances having features comparable to the Subordinated Warehouse Notes including credit rating and tenor. The Applicable Spread for Subordinated Warehouse Notes will be the simple average of the respective Indicative Spreads, after excluding the highest and the lowest Indicative Spread; (c) for Junior Subordinated Warehouse Notes: while the Junior Subordinated Term Notes are rated Investment Grade, the Applicable Spread for the Junior Subordinated Warehouse Notes shall be equal to the Applicable Spread derived above for the Subordinated Warehouse Notes. If the Junior Subordinated Term Notes are rated below Investment Grade, the Applicable Spread for the Junior Subordinated Warehouse Notes will equal to the Applicable Spread for the Subordinated Warehouse Notes plus 100 bps. For the purposes of this section "Investment Grade" means a credit rating from DBRS above or equal to "BBB low", or from Moody's above or equal to "Baa3".
Credit Rating	In order to facilitate the survey of Indicative Interest Rates, the FSM will solicit from time to time from DBRS and/or Moody's a credit rating, which may include a shadow rating for the Subordinated Notes and the Junior Subordinated Notes.

From: John Kim
To: Mike Manning
Cc: Opal Kandelas
Subject: FW: IESO - OEFC credit facilities : permitted liens
Date: Monday, November 20, 2017 10:58:34 AM
Attachments: RE IESO - OEFC credit facilities permitted liens.msg
RE IESO - OEFC credit facilities permitted liens.msg

Hi Mike,
Pls. see attached.
Thanks,
John

From: Christie, Tim (ENERGY) [mailto:Tim.Christie@ontario.ca]
Sent: Monday, November 20, 2017 10:46 AM
To: John Kim
Subject: RE: IESO - OEFC credit facilities : permitted liens

Hi John, yes the security issue came up in the Thursday morning meetings and we understand that the proposed solution is necessary to meeting financing requirements.
Tim

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: November-20-17 10:18 AM
To: Christie, Tim (ENERGY)
Subject: FW: IESO - OEFC credit facilities : permitted liens

Hi Tim,
This was the item….I wanted to run it by you that Energy had looked at the item and that it was aware of the discussion between the organizations.
Thanks,
John

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Friday, November 17, 2017 5:09 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Victor Buza <Victor.Buza@ieso.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: IESO - OEFC credit facilities : permitted liens

John – as discussed see attached most recent (likely final) security agreement (Nov 7th).
Let me know if you wish to discuss – this draft makes references to end date of June 2021 and the statute. Regards

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: November 15, 2017 7:26 AM
To: Anthony Martinello
Cc: Victor Buza; Gavin He
Subject: RE: IESO - OEFC credit facilities : permitted liens

Thanks Anthony. If we have follow up, we will reach out to you.
John

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, November 15, 2017 6:49 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Victor Buza <Victor.Buza@ieso.ca>

Subject: IESO - OEFC credit facilities : permitted liens

John,

As discussed yesterday, it likely is best to add to the definition of “Permitted Liens” in the two OEFC facilities to address a) IESO granting security to the OPG Trust during the first 4 years of fair hydro program and b) the possibility that the Clean Energy Adjustment funds collected by IESO might be considered to be subject to a lien. The IESO does not want to be inadvertently in default.

Happy to discuss further. I am out of the office most of this week on IESO business matters but available by cell 289-795-9426, or if necessary you may connect with Victor.

Regards.

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From: Anthony Martinello [Anthony.Martinello@ieso.ca]
To: John Kim [John.Kim@ofina.on.ca]
CC: Victor Buza [Victor.Buza@ieso.ca]; Gavin He [Gavin.He@ofina.on.ca]
Subject: RE: IESO - OEFC credit facilities : permitted liens
Date: Friday, November 17, 2017 18:09:25
Attachment 1: IESO Security Agreement (November 7th Rating Agency Draft).docx

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John – as discussed see attached most recent (likely final) security agreement (Nov 7th).

Let me know if you wish to discuss – this draft makes references to end date of June 2021 and the statute. Regards

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: November 15, 2017 7:26 AM
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Regards.

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This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

SECURITY AGREEMENT

THIS AGREEMENT made as of the ____ day of _____, 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital established by the *Electricity Act, 1998*, SO, 1998,

(hereinafter referred to as the "**Grantor**"),

IN FAVOUR OF:

[FINANCING ENTITY], a trust formed under the laws of the Province of Ontario,

(hereinafter referred to as the "**Secured Party**"),

WHEREAS under Regulation 206/17 made under the *Ontario Fair Hydro Plan Act, 2017* (the "**Regulation**"), the Grantor is required to pay to the Secured Party the Carrying Costs of the Secured Party during the period beginning on April 1, 2017 and ending on June 30, 2021 (the "**Statutory Obligation**");

AND WHEREAS the Grantor (together with the Secured Party, collectively referred to as the "**Parties**") has agreed to enter into a security agreement in favour of the Secured Party to secure payment of the Statutory Obligation;

NOW THEREFORE THIS AGREEMENT WITNESSES that, for and in consideration of the premises, mutual covenants and conditions herein contained and such other lawful and valuable consideration the receipt of sufficiency of which is hereby acknowledged, the Parties hereby agree as follows:

1. INTERPRETATION

1.1 Defined Terms

In this Agreement, unless there is something in the context or subject matter inconsistent therewith,

(a) "**Account**" shall have the meaning attributed to such term in the PPSA;

(b) "**Business Day**" means any day other than a Saturday or a Sunday on which banks generally are open for business in Toronto, Ontario;

(c) "**Carrying Costs**" shall have the meaning attributed to the term "carrying costs" in the Regulation;

(d) "**Collateral**" shall have the meaning attributed to such term in Section 2.1;

(e) **"Electricity Vendor"** shall mean a licensed distributor and a licensed retailer, each as defined in the Ontario Fair Hydro Act.

(f) "**Money**" shall have the meaning attributed to such term in the PPSA;

(g) "**Permitted Liens**" means liens approved in writing by the Secured Party;

(h) "**PPSA**" means the *Personal Property Security Act* (Ontario), as amended from time to time, and any regulations thereto;

(i) "**Proceeds**" means "proceeds", as defined in the PPSA, of the Collateral;

(j) **"Receiver"** shall have the meaning attributed to such term in Section 6.2 of this Agreement;

(k) "**Regulation**" shall have the meaning attributed to such term in the recitals hereto;

(l) "**Statutory Obligation**" shall have the meaning attributed to such term in the recitals hereto.

1.2 Other Usages

References to "this Agreement", "hereof", "herein", "hereto" and like references refer to this Security Agreement and not to any particular Article, Section or other subdivision of this Agreement.

1.3 Plural and Singular

Where the context so requires, the words importing the singular number shall include the plural and vice versa.

1.4 Headings

The division of this Agreement into Articles and Sections and the insertion of headings in this Agreement are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

1.5 Applicable Law

This Agreement and all documents delivered pursuant hereto shall be governed by and construed and interpreted in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein and the Parties do hereby attorn to the non-exclusive jurisdiction of the courts of the Province of Ontario.

1.6 Prohibited Provisions

In the event that any provision or any part of any provision hereof is deemed to be invalid by reason of the operation of any law or by reason of the interpretation placed thereon by a court,

this Agreement shall be construed as not containing such provision or such part of such provision and the invalidity of such provision or such part shall not affect the validity of any other provision or the remainder of such provision hereof, and all other provisions hereof which are otherwise lawful and valid shall remain in full force and effect.

1.7 Time of the Essence

Time shall in all respects be of the essence of this Agreement.

1.8 Recitals and Schedules

Each and every one of the recitals and schedules which are referred to in this Agreement and attached to this Agreement shall form an integral part of this Agreement.

2. SECURITY INTEREST

2.1 Grant of Security Interest

As general and continuing security for the payment of the Statutory Obligation, the Grantor hereby grants a security interest to the Secured Party in the following (collectively, the "**Collateral**"):

(a) all Accounts, which are now due, owing or accruing or growing due to, or which may hereafter become due, owing or accruing or growing due, to the Grantor by an Electricity Vendor;

(b) all Proceeds and renewals of the foregoing, in whatever form, together with all substitutions therefore.

Whenever used elsewhere in this Agreement, the expression "**security interest**" refers to the security interest created in this Section 2.1.

2.2 Attachment of Security Interest

The Grantor acknowledges and agrees that (i) value has been given, (ii) the Grantor has rights in such of the Collateral as constitutes present property of the Grantor, and (iii) the security interest shall attach to existing Collateral upon execution of this Agreement by the Grantor and to each item of after-acquired Collateral at the time that the Grantor acquires any rights therein.

3. COVENANTS OF THE GRANTOR

3.1 Covenants

The Grantor hereby covenants and agrees with the Secured Party as follows:

(a) To promptly pay all taxes, assessments, rates, levies, payroll deductions, vacation pay, workers' compensation assessments, and any other charges which could result in the creation of a statutory lien or deemed trust in respect of the Collateral.

(b) To defend the Collateral against the claims and demands of all other persons claiming the same or an interest therein and to promptly notify the Secured Party of any such claim or demand.

(c) To do, make, execute and deliver such further and other assignments, transfers, deeds, agreements and other documents as may be required by the Secured Party to establish in favour of the Secured Party the security interest intended to be created hereby.

3.2 Performance of Covenants by the Secured Party

The Secured Party may, in its sole discretion and upon notice to and at the expense of the Grantor, perform any covenant of the Grantor under this Agreement that the Grantor fails to perform and that the Secured Party is capable of performing, provided that the Secured Party will not be obligated to perform any such covenant on behalf of the Grantor and no such performance by the Secured Party will require the Secured Party further to perform the Grantor's covenants nor operate as a derogation of the rights and remedies of the Secured Party under this Agreement.

4. DEALING WITH COLLATERAL

4.1 Grantor's Rights

Until the Secured Party is entitled to exercise its rights and remedies under Section 6.2, the Grantor shall be entitled to deal with the Collateral in the ordinary course of business, provided however, that no such action shall be taken which would impair the effectiveness of the security interests created hereby, the provisions of this Agreement or any other written agreement between the Secured Party and the Grantor.

4.2 General Restrictions

The Grantor shall not, without the prior written consent of the Secured Party:

(a) sell, lease or otherwise dispose of the Collateral or any part thereof except in the ordinary course of business; or

(b) enter into or grant, create, assume or suffer to exist any mortgage, charge, hypothec, assignment, pledge, lien or other security interest or encumbrance affecting any of the Collateral except the Permitted Liens.

4.3 Release by the Secured Party

The Secured Party may, at its discretion, at any time release from the security interest created by this Agreement any part or parts of the Collateral or any other security or any surety for the Statutory Obligation either with or without sufficient consideration therefor without thereby releasing any other part of the Collateral or any person from this Agreement.

5. REPRESENTATIONS AND WARRANTIES

5.1 Representations and Warranties

The Grantor hereby represents and warrants to the Secured Party, the matters set out below:

(a) **Incorporation and Qualifications** – The Grantor is a statutory corporation amalgamated under the laws of the Province of Ontario, with requisite power and authority to own its properties, to conduct its business as such properties are currently owned and such business is presently conducted by it, and to execute, deliver and carry out the terms of this Agreement.

(b) **Corporate Authority and Power** – The Grantor has the requisite power and authority to execute and deliver this Agreement and to carry out its terms. The execution, delivery and performance of all obligations under this Agreement have been duly authorized by all necessary action on the part of the Grantor under all applicable laws.

(c) **Non-Conflict** – Neither the execution nor the performance of this Agreement requires the approval of any regulatory agency having jurisdiction over the Grantor nor is this Agreement in contravention of or in conflict with the by-laws or resolutions of the directors or shareholders of the Grantor or of the provisions of any agreement to which the Grantor is a party or by which any of its property may be bound or of any statute, regulation, by-law, ordinance or other law, or to the best of its knowledge of any judgement, decree, award, ruling or order to which the Grantor or any of its property may be subject, other than approvals that have been obtained.

(d) **Ownership of Collateral Free of Liens** – The Grantor is the owner of or has rights in the existing Collateral free and clear of any liens other than Permitted Liens.

(e) **Grantor Information** – Schedule A sets forth (a) the Grantor's jurisdiction of incorporation, (b) the location of the Grantor's registered office and business operations and records, and (c) the Grantor's exact legal name (in English and French).

(f) **Enforceability** – This Agreement constitutes a valid and legally binding obligation of the Grantor enforceable against it in accordance with its terms, subject to general equitable principles, including the fact that the availability of equitable remedies, such as injunctive relief and specific performance, is in the discretion of the court.

5.2 Reliance and Survival

All representations and warranties of the Grantor made in this Agreement shall survive the execution and delivery of this Agreement and shall continue in full force and effect without time limit. The Secured Party shall be deemed to have relied upon each such representation and

warranty notwithstanding any investigation made by or on behalf of the Secured Party at any time.

6. ENFORCEMENT

6.1 Enforceability of Security

The security hereby constituted shall become enforceable only upon the failure of the Grantor to pay the Statutory Obligations when due, and then only to the extent of the Statutory Obligations not then paid when due. The Grantor acknowledges that it has no right in any circumstance to accelerate payment of the Statutory Obligations, to apply proceeds of Collateral on account of Statutory Obligations not yet due, or to reserve or hold proceeds of Collateral on account of Statutory Obligations not yet due.

6.2 Remedies

At any time that the security hereby constituted shall have become enforceable, the Secured Party may give notice of its intention to its exercise rights and remedies hereunder. At any time ten Business Days following the giving of such notice, and unless the amounts due and owing on account of the carrying Costs at the time of the Notice have been paid, the Secured Party shall have the following rights, powers and remedies:

(a) to appoint any person to be an agent or any person to be a receiver, manager or receiver and manager (herein called the "**Receiver**") of the Collateral and to remove any Receiver so appointed and to appoint another if the Secured Party so desires; it being agreed that any Receiver appointed pursuant to the provisions of this Agreement shall have all of the powers of the Secured Party hereunder;

(b) to make payments to parties having prior charges or encumbrances on the Collateral;

(c) to preserve, protect and maintain the Collateral;

(d) to enjoy and exercise all powers necessary or incidental to the performance of all functions provided for in this Agreement;

(e) to sell or dispose of all or any part of the Collateral whether by public or private sale or otherwise and on any terms so long as every aspect of the disposition is commercially reasonable, including without limitation, terms that provide time for payment on credit;

(f) to enjoy and exercise in respect of the Collateral all of the rights and remedies of a secured party under the PPSA;

(g) to notify the account debtors or obligors under any Accounts which constitute part of the Collateral of the assignment of such Accounts to the Secured Party and to direct such account debtors or obligors to make payment of all amounts due or to become due to the Grantor thereunder directly to the Secured Party and to give valid and binding receipts and discharges therefor and in respect thereof and,

upon such notification and at the expense of the Grantor, to enforce collection of any such Accounts, and to adjust, settle or compromise the amount or payment thereof, in the same manner and to the same extent as the Grantor might have done; and

(h) to commence, continue or defend proceedings in any court of competent jurisdiction in the name of the Secured Party, the Receiver or the Grantor for the purpose of exercising any of the rights, powers and remedies set out in this Section, including the institution of proceedings for the appointment of a receiver, manager or receiver and manager of the Collateral.

6.3 Special Rules re Accounts

At any time that the Secured Party is entitled to exercise its rights and remedies under Section 6.2,

(a) all Money or other form of payment received by the Grantor in respect of the Collateral shall be received in trust for the benefit of the Secured Party hereunder, shall be segregated from other funds of the Grantor and shall be forthwith paid over to the Secured Party in the same form as so received (with any necessary endorsement) to be held as cash collateral and applied as provided by Section 6.8; and

(b) the Grantor shall not adjust, settle or compromise the amount or payment of any Collateral.

6.4 Receiver as Agent

The Receiver shall be deemed to be the agent of the Grantor for the purpose of establishing liability for the acts or omissions of the Receiver and the Secured Party shall not be liable for such acts or omissions and, without restricting the generality of the foregoing, the Grantor hereby irrevocably authorizes the Secured Party to give instructions to the Receiver relating to the performance of its duties as set out herein.

6.5 Expenses of Enforcement

The Grantor shall pay to the Receiver the remuneration of the Receiver and all costs and expenses (including, without limitation, legal fees and disbursements on a full indemnity basis) properly incurred by the Receiver pursuant to its appointment and the exercise of its powers hereunder, and shall pay to the Secured Party and the Receiver as required all amounts of Money (including interest thereon) borrowed or advanced by either of them pursuant to the powers set out herein, and the obligations of the Grantor to the Secured Party and the Receiver pursuant to this Section 6.5 shall be payable on demand.

6.6 Indulgences and Releases

Either the Secured Party or the Receiver may grant extensions of time and other indulgences, take and give up securities, accept compositions, grant releases and discharges, release any part of the Collateral to third parties and otherwise deal with the Grantor, debtors of the Grantor,

sureties and others and with the Collateral and other security as the Secured Party or the Receiver may see fit without prejudice to the right of the Secured Party and the Receiver to repossess, hold, collect and realize the Collateral.

6.7 No Liability for Failure to Exercise Remedies

The Secured Party and the Receiver shall not be liable or accountable to the Grantor or to any other person for any failure to exercise any of the rights, powers and remedies set out in this Agreement, and shall not be bound to commence, continue or defend proceedings for the purpose of preserving or protecting any rights of the Secured Party, the Receiver, the Grantor or any other party in respect of the same.

6.8 Proceeds of Disposition

All Moneys received by the Secured Party or by the Receiver pursuant to Section 6.2 shall be promptly applied as follows:

(a) first, in payment of all costs and expenses incurred by the Secured Party in the exercise of all or any of the powers granted to it under this Agreement and in payment of all of the remuneration of the Receiver and all costs and expenses properly incurred by the Receiver in the exercise of all or any of the powers granted to it under this Agreement, including, without limitation, the remuneration, costs and expenses referred to in Section 6.5;

(b) second, in payment of all amounts of Money borrowed or advanced by either of the Secured Party or the Receiver pursuant to the powers set out in this Agreement and any interest thereon;

(c) third, in payment of the Statutory Obligation, provided that if there are not sufficient Moneys to fully pay and perform the Statutory Obligation, the Secured Party may apply the Moneys available to such part or parts thereof as the Secured Party, in its sole discretion, may determine; and

(d) fourth, in payment of any surplus in accordance with applicable law.

6.9 Grantor Liable for Deficiency

If the Moneys received by the Secured Party or the Receiver pursuant to Section 6.2 are not sufficient to pay the claims set out in Section 6.8, the Grantor shall immediately pay the Secured Party the amount of such deficiency.

6.10 Restriction on Grantor

Upon notification of the account debtors or obligors under any Accounts which constitute part of the Collateral of the assignment of such Accounts to the Secured Party or the appointment of a Receiver in respect of the Collateral, all the powers, functions, rights and privileges of the Grantor or any officer, director, servant or agent of the Grantor with respect to the Collateral shall, to the extent permitted by applicable law, be suspended unless specifically continued by the written consent of the Secured Party; however, all other powers, functions, rights and

privileges of the Grantor or any officer, director, servant or agent of the Grantor shall be unaffected by such events.

6.11 Rights Cumulative

All rights and remedies of the Secured Party set out in this Agreement shall be cumulative and no right or remedy contained herein is intended to be exclusive but each shall be in addition to every other right or remedy contained herein or in any existing or future security document or now or hereafter existing at law or in equity or by statute.

7. GENERAL

7.1 Waiver

Any default by the Grantor in the observance or performance of any covenant or condition required to be observed or performed by the Grantor hereunder, may only be waived by the Secured Party in writing, provided that no such waiver by the Secured Party shall extend to or be taken in any manner to affect any subsequent breach or default or the rights resulting therefrom.

7.2 The Secured Party as Attorney

At any time that the Secured Party is entitled to exercise its rights and remedies under Section 6.2, the Grantor hereby irrevocably appoints the Secured Party and any person further designated by the Secured Party to be the attorney of the Grantor for and in the name of the Grantor to execute and do any deeds, documents, transfers, demands, assignments, assurances, consents and things which the Grantor is obliged to sign, execute or do hereunder and, to commence, continue and defend any proceedings authorized to be taken hereunder and generally to use the name of the Grantor in the exercise of all or any of the powers hereby conferred on the Secured Party. These powers are coupled with an interest, have been given for valuable consideration (the receipt and adequacy of which is acknowledged), survive, and do not terminate upon, the bankruptcy, dissolution, winding up or insolvency of the Grantor, and are irrevocable until the Statutory Obligation has been satisfied in full and this Agreement is terminated and the security interest created herein has been released. This power of attorney extends to and is binding upon the Grantor's successors and permitted assigns. The Grantor authorizes the Secured Party to delegate in writing to another person any power and authority of the Secured Party under this power of attorney as may be necessary or desirable in the opinion of the Secured Party, and to revoke or suspend such delegation.

7.3 Further Assurances

The Grantor shall do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, such further acts, deeds, mortgages, transfers and assurances as the Secured Party shall reasonably require for the better assuring, charging, assigning and conferring unto the Secured Party a security interest in the Collateral, or which the Grantor may hereafter become bound to charge in favour of the Secured Party, for the purpose of accomplishing and effecting the intention of this Agreement.

7.4 Amalgamation of the Grantor

The Grantor acknowledges and agrees that in the event that it amalgamates with any other persons, then (i) the Collateral and the security interest shall extend to and include all of the property and undertaking that any of the amalgamating corporations then owns, all of the property and undertaking that the amalgamated corporation thereafter acquires, all of the property and undertaking in which any of the amalgamating corporations then has any interest, and all of the property and undertaking in which the amalgamated corporation thereafter acquires any interest, and (ii) all references herein to the Grantor shall extend to and include the amalgamated corporation.

7.5 Continuing Security

The security interest constituted hereby shall be deemed to be a continuing security for the Statutory Obligation until the Statutory Obligation is paid and performed in full.

7.6 Notices

All notices and other communications provided for herein shall be in writing and shall be personally delivered to an officer or other responsible employee of the addressee or sent by facsimile, charges prepaid, at or to the applicable address or facsimile number, as the case may be, of the party set opposite its name below or at or to such other address or addresses or facsimile number or numbers as either party may from time to time designate to the other party in such manner. Any communication which is personally delivered as aforesaid shall be deemed to have been validly and effectively given on the date of such delivery if such date is a Business Day and such delivery was made during normal business hours of the recipient; otherwise, it shall be deemed to have been validly and effectively given on the Business Day next following such date of delivery. Any communication which is transmitted by facsimile as aforesaid shall be deemed to have been validly and effectively given on the date of transmission if such date is a Business Day and such transmission was made during normal business hours of the recipient; otherwise, it shall be deemed to have been validly and effectively given on the Business Day next following such date of transmission.

In the case of the Grantor:

Independent Electricity System Operator
[Address]

Attention: ■
Email: ■
Facsimile: ■

In the case of the Secured Party:

[Financing Entity]
c/o Ontario Power Generation Inc., as Manager
700 University Avenue
Toronto, Ontario
M5G 1X6

Attention: ■
Email: ■
Facsimile: ■

7.7 Assignment

The Secured Party may from time to time upon notice to, but without the consent of the Grantor, assign or transfer this Agreement to any other person. The Grantor shall not be entitled to assign or transfer this Agreement or any of the Grantor's rights, duties or obligations hereunder without the prior written consent of the Secured Party.

7.8 Successors and Assigns

This Agreement shall enure to the benefit of the Secured Party and its successors and assigns and shall be binding upon the Grantor and its successors and permitted assigns.

7.9 Amendments

This Agreement may not be amended or otherwise modified except by an instrument in writing executed by the Parties.

7.10 Entire Agreement

This Agreement and the agreements referred to herein and any document, agreement or instrument delivered pursuant to such agreements constitute the entire agreement between the Parties and supersede any prior agreements, undertakings, declarations, representations and undertakings, both written and verbal, in respect of the subject matter hereof.

7.11 Receipt of Agreement and Financing Statement.

The Grantor hereby acknowledges receipt of an executed copy of this Agreement and of the financing statement registered under the PPSA evidencing the security interest created hereby.

7.12 Counterpart

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same instrument, and it shall not be necessary in making proof of this Agreement to produce or account for more than one such counterpart.

7.13 Delivery by Facsimile or Electronic Transmission

This Agreement may be executed and delivered by facsimile or electronic transmission and each of the Parties may rely on such facsimile or electronic signature as though such facsimile signature were an original signature.

[NEXT PAGE IS SIGNATURE PAGE]

IN WITNESS WHEREOF the Parties have duly executed this Agreement as of the date first written above.

[FINANCING ENTITY], by its Manager,
ONTARIO POWER GENERATION INC., as Secured Party

By: _____
Name:
Title:

By: _____
Name:
Title:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Grantor

By: _____
Name:
Title:

By: _____
Name:
Title:

_____

_____

SCHEDULE A

GRANTOR INFORMATION

1. **Grantor's exact legal name: Independent Electricity System Operator**

   ■ [French]

2. **Grantor's jurisdiction of incorporation: Ontario**

3. **Grantor's registered office address: ■**

4. **Location of Grantor's business operations and records: ■**

From: Anthony Martinello [Anthony.Martinello@ieso.ca]
To: John Kim [John.Kim@ofina.on.ca]
CC: Victor Buza [Victor.Buza@ieso.ca]; Gavin He [Gavin.He@ofina.on.ca]
Subject: RE: IESO - OEFC credit facilities : permitted liens
Date: Monday, November 20, 2017 11:21:53

John – the TD credit facility has "permitted lien" clause language similar to the OFA facilities' clauses specific for the fair hydro program.

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: November 20, 2017 10:19 AM
To: Anthony Martinello
Cc: Victor Buza; Gavin He
Subject: RE: IESO - OEFC credit facilities : permitted liens

Hi Anthony,

I found someone at Energy who is in the loop. Also, I know we talked on the phone last week but could you confirm that the same changes have been made with TD?

Thanks,

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Cc: Victor Buza <Victor.Buza@ieso.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: IESO - OEFC credit facilities : permitted liens

John – as discussed see attached most recent (likely final) security agreement (Nov 7th).

Let me know if you wish to discuss – this draft makes references to end date of June 2021 and the statute. Regards

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: November 15, 2017 7:26 AM
To: Anthony Martinello
Cc: Victor Buza; Gavin He
Subject: RE: IESO - OEFC credit facilities : permitted liens

Thanks Anthony. If we have follow up, we will reach out to you.

John

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, November 15, 2017 6:49 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Victor Buza <Victor.Buza@ieso.ca>
Subject: IESO - OEFC credit facilities : permitted liens

John,

As discussed yesterday, it likely is best to add to the definition of "Permitted Liens" in the two OEFC facilities to address a) IESO granting security to the OPG Trust during the first 4 years of fair hydro program and b) the possibility that the Clean Energy Adjustment funds collected by IESO might be considered to be subject to a lien. The IESO does not want to be inadvertently in default.

Happy to discuss further. I am out of the office most of this week on IESO business matters but available by cell 289-795-9426, or if necessary you may connect with Victor.

Regards.

This e-mail message and any files transmitted with it are intended only for the named recipient(s) above and may contain information that is privileged, confidential and/or exempt from disclosure under applicable law. If you are not the intended recipient(s), any dissemination, distribution or copying of this e-mail message or any files transmitted with it is strictly prohibited. If you have received this message in error, or are not the named recipient(s), please notify the sender immediately and delete this e-mail message.

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From: John Kim
To: Mike Manning; Opal Kandelas
Subject: FW: IESO - OEFC credit facilities : permitted liens
Date: Wednesday, November 22, 2017 11:16:42 AM

FYI, a bit more time.
I am comfortable with the jointly drafted note.
John

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, November 22, 2017 11:13 AM
To: John Kim
Cc: Victor Buza ; Gavin He
Subject: RE: IESO - OEFC credit facilities : permitted liens
Thx. I will need a hard stop (final) on these OEFC docs no later than Nov 30 – the IESO intends to sign all agreements for the FH program including the security agreement by this date (at least this is what I know today).
If you cannot meet Nov 30, can we talk about some sort of OEFC to issue a waiver letter to not put the IESO offside on the existing OEFC credit facilities otherwise I may have a cross-default issue with TD bank.
Regards.

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: November 22, 2017 11:09 AM
To: Anthony Martinello
Cc: Victor Buza; Gavin He
Subject: RE: IESO - OEFC credit facilities : permitted liens
Hi Anthony,
Just to update you. I'm still working through this discussion here at the OFA.
Will keep you posted.
Thanks,
John

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Monday, November 20, 2017 10:22 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Victor Buza <Victor.Buza@ieso.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: IESO - OEFC credit facilities : permitted liens
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Regards.

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including any attachments, without reading them, and destroy all copies. Thank you.

From: William Tan
To: Mike Manning
Cc: Opal Kandelas; Sarah Harris
Subject: FW: IESO Notice for Nov 21/17
Date: Friday, December 01, 2017 2:42:59 PM
Attachments: Borrowing Notice.pdf
FHP Revolving Credit Facility Agreement 2017-2022 Execution Version.docx

---

Hello Mike,

As discussed details of IESO's query is below. The relevant section with regards to the FHP Revolving Credit Facility Agreement is Section - 2.5 Prepayments

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Thanks,

Will

From: Risa Thau
Sent: Friday, December 01, 2017 1:43 PM
To: William Tan
Cc: CASHP ; SETTLEMENT ; Carlos Yep ; James Devine
Subject: FW: IESO Notice for Nov 21/17

Hi Will,

Is IESO allowed to change the maturity date of their advance according to the agreement?

Thanks,

Risa Thau

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Friday, December 01, 2017 12:59 PM
To: CASHP <CASHP@ofina.on.ca>; SETTLEMENT <SETTLEMENT@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; Serena Ly <Serena.Ly@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>
Cc: Olga Whiteley <Olga.Whiteley@ieso.ca>
Subject: RE: IESO Notice for Nov 21/17

Just a question – will appreciate your reply.

I am discussing the first fair hydro purchase and resulting cash-flow timing with OPG.

Currently, the IESO's Repayment Date (see attached) is set for Dec 20th.

What are OFA comments if I were to ask OFA for this repayment date of Dec 20th 2017 to be changed to Dec 18th 2017?

Regards.

From: Olga Whiteley
Sent: November 16, 2017 5:53 PM
To: CASHP; SETTLEMENT; Carlos.Yep@ofina.on.ca; Serena.Ly@ofina.on.ca; James.Devine@ofina.on.ca
Cc: Anthony Martinello
Subject: IESO Notice for Nov 21/17

Please see attached two notices for November 21, 2017:

- Full repayment of RPP amount under IESO's $975 million facility;
- New borrowing of Fair Hydro amount under IESO's new $2 billion facility.

Please send us the net amount of **$179,900,804.31** (OFA to IESO $1,005,539,906.31 minus IESO to

OFA $825,639,102.00).

Beneficiary: Independent Electricity System Operator

Bank: TD Bank

Bank ID: 0004

Transit Number: 10202

Account Number: 5509622

Thanks.

Olga Whiteley | Treasury and Pension Operations

Independent Electricity System Operator (IESO) | T: (905) 403-6917 | F: (905) 403-6913
Station A, Box 4474, Toronto, ON M5W 4E5
Web: www.ieso.ca[ieso.ca] | Email: olga.whiteley@ieso.ca

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SCHEDULE 1

FORM OF BORROWING NOTICE

November 17, 2017

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Attention: Cash Management
Delivered Via Email: CASHP@ofina.on.ca

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated November 6, 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is November 21, 2017;
(b) The principal amount of the Proposed Advance is $1,005,539,906.31;
(c) The Repayment Date of the Proposed Advance is December 20, 2017.
[Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):
This transaction relates to the Fair Hydro Program.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY
SYSTEM OPERATOR

Per: K Marshall

Kimberly Marshall
VP Corporate Services, CFO and Treasurer

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: November ___, 2017

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the ____ day of November 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under Part II of the *Electricity Act, 1998* (the "**IESO**") (as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "**OFA**" and together with the IESO, the "**Parties**") (as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the Parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances, and in the case of an election by the IESO under Section 3.3, includes a "Continued Advance", as defined in Section 3.3(1), as applicable.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment"** has the same meaning as that term is defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"**Current Repayment Date**" has the meaning specified in Section 3.3(2).

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$**" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"**First Advance**" has the meaning specified in Section 3.2(3).

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**New Repayment Date**" has the meaning specified in Section 3.3(2).

"**OFHP**" means the *Ontario Fair Hydro Plan Act, 2017*,S.O. 2017, c. 16, Schedule 1, including any regulations made thereunder, and all as amended from time to time.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license

or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review;

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising from the IESO’s role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other

lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

“Swap Termination Value” means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

“Voting Shares” of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean “to but excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, subject to the condition that proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(5), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance which shall in any case be in accordance with Section 2.2. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) Advances Outstanding. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such Advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

(3) Respecting the first Advance to be made under this Agreement (the "**First Advance**"), a specified portion thereof (the "**Repayment Amount**") shall be used to repay a portion of the IESO's outstanding indebtedness to the OFA under the credit agreement between the Parties dated January 1, 2005, as amended (the "**Existing Credit Facility**"). The amount of the Repayment Amount shall be detailed in the Borrowing Notice issued in respect of the First Advance. Concurrently with the First Advance, OFA shall provide to IESO an updated grid in respect of the grid note issued under the Existing Credit Facility evidencing the repayment of the Repayment Amount thereunder.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the "**Current Repayment Date**"), and in each case, not later than

10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO with respect to such Advance on the Current Repayment Date; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date (the "**New Repayment Date"**). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

(4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(6) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness, as permitted by subections 4.6 (a) through (e) hereof.

(7) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after Default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the

OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Repayment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a Default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived or rescinded);

(g) the IESO or any Material Subsidiary:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme

of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (g)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, take any or all of the following actions:

(a) suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not

cured within three (3) Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

(b) invoke the Intercept pursuant to section 5.7 of this Agreement to require payment of any amount due and payable under this Agreement.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

Section 5.7 Intercept

(a) The IESO hereby acknowledges that, in accordance with the terms of the letter agreement of even date herewith entered between the Ministry of Energy, the IESO and the OFA made pursuant to Section 23 of the *Capital Investment Plan Act, 1993* (the "**Intercept Letter**"), the Minister of Finance is entitled to deduct only from those monies appropriated by the Legislature for payment through the Ministry of Energy to the IESO ("**Appropriated Funds**"), amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under this Agreement. On the occurrence of an Event of Default relating to a failure by IESO to pay when due any amounts owing hereunder, subject to the OFA's compliance with any relevant provisions hereof and as set out in the Intercept Letter, the Minister of Finance is irrevocably authorized to deduct from the Appropriated Funds amounts equal to any amounts that the IESO has failed to pay to the OFA in accordance with the provisions of this Agreement and to pay such amounts directly to the OFA ("**Intercept**").

(b) If, after following the process specified in the Intercept Letter (including, without limitation, allowing for a reasonable cure period on the terms specified therein), the OFA determines that it is necessary to request the Minister of Finance to exercise the Intercept, the OFA will give written notice to the Minister of Finance, with a copy to the Ministry of Energy, detailing the IESO's failure to pay when due any amounts owing hereunder and requesting the deduction from the Appropriated Funds of amounts equal to the amounts that the IESO has failed to pay to the OFA under this Agreement.

(c) The IESO agrees that any notice from the OFA to the Minister of Finance in relation to this section 5.7 (Intercept) may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance and, upon receipt of such notice, an amount equal to the amount that the IESO has failed to pay when due to the OFA on account of indebtedness under this Agreement shall be deducted from the Appropriated Funds and paid to the OFA.

(d) For further certainty, the OFA acknowledges and agrees that the Intercept as provided for herein and in the Intercept Letter shall not apply with respect to any funds appropriated by the Legislature for payment to the IESO through ministries other than the Ministry of Energy or through Ontario Climate Change Solutions Deployment Corporation.

(e) The parties agree that, with respect to the exercise of the Intercept generally, the terms of this section 5.7 shall be applied consistently with the terms set out in the Intercept Letter which shall apply in full. Notwithstanding the foregoing, in the event of a conflict or

inconsistency between the terms and conditions of the Intercept Letter and the terms and conditions contained in this Agreement, the terms and conditions contained in this Agreement shall prevail.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Facsimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1Y7

Attention: Executive Director & Chief Investment Officer – Capital Markets Division
Telephone: (416)325-8930
Facsimile: (416)860-8346

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile or other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the

prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) of this Agreement nor shall such waiver be binding unless executed in writing by the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Entire Agreement.

This Agreement, including the schedules hereto and any other agreements expressly referred to herein, constitutes the whole agreement between the Parties with respect to the matters dealt with in it, and it supersedes any prior agreement, undertakings, discussions and the like respecting the matters dealt with in this Agreement and entered into by the Parties before the date the OFA signs this Agreement.

Section 7.9 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Gadi Mayman
Title: Chief Executive Officer

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated October (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The principal amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

I. ELECTION NOTICE

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated October (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of an Advance or a Continued Advance, as the case may be, and in connection with such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is _____.

(b) The aggregate amount of the proposed Continued Advance is $_____, which is comprised of:

i. principal amount (or portion thereof) of Advance which is to be continued $_____; and
ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date $_____;

(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any): $ _____

(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date not earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

II. BORROWING NOTICE [to be included if applicable]

The IESO gives you notice pursuant to Section 3.3(3) of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: $_____
The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: $_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Revolving Credit Facility Agreement dated **[INSERT DATE]** as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:
Authorized Signatory

Revolving Credit Facility Grid Note

Ontario Financing Authority
Line of Credit Grid Note

Entity : Independent Electricity System Operator
Loan Limit:

Project:
Schedule of loan transactions to:
Loan Advanced to:

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

From: Carlos Yep
To: Mike Manning
Subject: FW: IESO Notice for Nov 21/17
Date: Tuesday, December 05, 2017 1:33:03 PM
Attachments: Borrowing Notice.pdf

Mike
IESO would like to change the maturity of the $1.005B FHP line of credit from Dec20 to Dec19
C

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Monday, December 04, 2017 8:13 PM
To: Carlos Yep ; James Devine
Cc: Olga Whiteley ; Kim Marshall ; Jeannette Briggs ; Susan Nicholson ; SETTLEMENT ; CASHP ; Serena Ly
Subject: RE: IESO Notice for Nov 21/17

Carlos, James,
As discussed on Friday last week, the IESO and OPG have been discussing the first sale to occur this month.
We have received word that Dec 19 2017 is the preferred date.
Therefore, please accept this email as the IESO's formal request to move the current repayment date (see attached) from Dec 20 to Dec 19 – with a corresponding change in the calculated interest expense amount too.
As proposed, on Dec 19 2017 the IESO will be receiving about $1.2 billion from OPG Trust and on Dec 18th 2017 the IESO will be receiving about $1.3 billion in electricity market settlements.
The most efficient manner is for the IESO to repay the whole OFA loan on Dec 19 2017 to avoid any IESO Treasury Policy investment concerns/approvals (as it limits funds max to $500 million per bank) and to avoid investment liquidity (TBills etc, Term deposits) concerns on finding investments for the one day.
Please confirm back if Dec 19 2017 is permitted as the new repayment date, and thank you for your flexibility on this matter.
Regards.

Anthony Martinello Director, Treasury & Pension Operations
Independent Electricity System Operator (IESO) | T: 905-403-6944
Station A, Box 4474, Toronto, ON, M5W 4E5
www.ieso.ca[ieso.ca]

From: Anthony Martinello
Sent: December 01, 2017 12:59 PM
To: CASHP; SETTLEMENT; Carlos.Yep@ofina.on.ca; Serena.Ly@ofina.on.ca; James.Devine@ofina.on.ca
Cc: Olga Whiteley
Subject: RE: IESO Notice for Nov 21/17

Just a question – will appreciate your reply.
I am discussing the first fair hydro purchase and resulting cash-flow timing with OPG.
Currently, the IESO's Repayment Date (see attached) is set for Dec 20th.
What are OFA comments if I were to ask OFA for this repayment date of Dec 20th 2017 to be changed to Dec 18th 2017?
Regards.

From: Olga Whiteley
Sent: November 16, 2017 5:53 PM
To: CASHP; SETTLEMENT; Carlos.Yep@ofina.on.ca; Serena.Ly@ofina.on.ca; James.Devine@ofina.on.ca
Cc: Anthony Martinello
Subject: IESO Notice for Nov 21/17

Please see attached two notices for November 21, 2017:

- Full repayment of RPP amount under IESO's $975 million facility;

- New borrowing of Fair Hydro amount under IESO's new $2 billion facility.

Please send us the net amount of **$179,900,804.31** (OFA to IESO $1,005,539,906.31 minus IESO to OFA $825,639,102.00).

Beneficiary: Independent Electricity System Operator

Bank: TD Bank

Bank ID: 0004

Transit Number: 10202

Account Number: 5509622

Thanks.

Olga Whiteley | Treasury and Pension Operations

Independent Electricity System Operator (IESO) | T: (905) 403-6917 | F: (905) 403-6913
Station A, Box 4474, Toronto, ON M5W 4E5
Web: www.ieso.ca[ieso.ca] | Email: olga.whiteley@ieso.ca

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SCHEDULE 1

FORM OF BORROWING NOTICE

November 17, 2017

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Attention: Cash Management
Delivered Via Email: CASHP@ofina.on.ca

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated November 6, 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is November 21, 2017;
(b) The principal amount of the Proposed Advance is $1,005,539,906.31;
(c) The Repayment Date of the Proposed Advance is December 20, 2017.
[Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):
This transaction relates to the Fair Hydro Program.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY
SYSTEM OPERATOR

Per: K Marshall

Kimberly Marshall
VP Corporate Services, CFO and Treasurer

From:	Mike Manning
To:	Anna Strathy
Subject:	FW: Interim Mark-up of the new Torys version of the Process Agreement
Date:	Thursday, December 07, 2017 11:35:11 AM

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Thursday, December 07, 2017 11:34 AM
To: ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
Cc: Gadi Mayman <Gadi.Mayman@ofina.on.ca>
Subject: RE: Interim Mark-up of the new Torys version of the Process Agreement

Hi Steve,

Are you available for a call at 2pm today to go through the points?

Thanks

Malle

Malle Hanslep
Deputy Director
Ministry of the Attorney General
Ministry of Finance Legal Services Branch
Telephone: 416-325-1457

Notice: This communication may be solicitor/client privileged and contain confidential information intended only for the person(s) to whom it is addressed. If you have received this message in error please notify the writer and permanently delete the message and all attachments. Thank you.

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: December 7, 2017 10:21 AM
To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Manning, Mike (OFA); Kandeepan, Ken (OFA); Kwan, Ronald (OFA); Thouin, Alena (ENERGY); McKinlay, Tom (MAG)
Cc: Mayman, Gadi (OFA)
Subject: RE: Interim Mark-up of the new Torys version of the Process Agreement

Hi again. Here is my further mark-up of the Process Agreement. We have now received comments on the Protection Agreement from Osler, so we should be able to address some of the open issues I had highlighted last night. We will circulate comments on the Protection Agreement to this group later in the day, but in the meantime please let me have your feedback on the Process Agreement mark-up.
Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

———————————

Blake, Cassels & Graydon LLP
199 Bay Street, Suite 4000, Toronto ON M5L 1A9
Tel: 416-863-2400 Fax: 416-863-2653
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From: ASHBOURNE, STEPHEN
Sent: Wednesday, December 06, 2017 6:16 PM
To: Hanslep, Malle (MOF) (Malle.Hanslep@ontario.ca); Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca); Mike Manning; Ken Kandeepan (Ken.Kandeepan@ofina.on.ca); Kwan, Ronald (OFA) (Ronald.Kwan@ofina.on.ca); Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca); tom.mckinlay@ontario.ca
Cc: Gadi Mayman (Gadi.Mayman@ofina.on.ca)
Subject: Interim Mark-up of the new Torys version of the Process Agreement

Hi. In the interest of time, here are my preliminary comments on the version of the Process Agreement just circulated by Torys (at 4:39 this afternoon). You will see that there are several provisions that tie-in to what appear to be new proposed changes to the Protection Agreement – although we won't be able to understand them until that other document is circulated by Torys. I have highlighted those and a few other points for you to specifically consider, in yellow or in new footnotes. It would be helpful if you could review my interim mark-up, as you look over the blackline forwarded by Torys this afternoon (also attached here for your convenience), and let me know if you agree with my suggested revisions. Thanks, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From: Mike Manning
To: Ken Kandeepan
Subject: FW: John, I just picked up your message ...
Date: Tuesday, November 28, 2017 12:23:56 PM

Looks like later this afternoon works better.

Thanks, Mike

-----Original Message-----
From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: Tuesday, November 28, 2017 12:15 PM
To: Mike Manning <Mike.Manning@ofina.on.ca>
Cc: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>
Subject: Re: John, I just picked up your message ...

Thanks Mike. Let's push off our call. Malle sent me the feedback from Moody's, and I agree that we should not get cross-threaded having individual calls with OPG. I'm going to refrain from taking John Lee's call. Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com>
Dir: 416-863-3086<tel:416-863-3086>

On Nov 28, 2017, at 6:00 PM, Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>> wrote:

416 325 8930

Thanks, Mike

-----Original Message-----
From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: Tuesday, November 28, 2017 11:58 AM
To: Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>
Subject: Re: John, I just picked up your message ...

Mike, what # should I try you at, at 1230? Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com><mailto:stephen.ashbourne@blakes.com>
Dir: 416-863-3086<tel:416-863-3086>

On Nov 28, 2017, at 5:47 PM, Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>
<mailto:Mike.Manning@ofina.on.ca>> wrote:

For sure.
Mike

-----Original Message-----
From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: Tuesday, November 28, 2017 11:46 AM
To: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca><mailto:Malle.Hanslep@ontario.ca>>
Cc: Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca><mailto:Mike.Manning@ofina.on.ca>>
Subject: Re: John, I just picked up your message ...

Hi Mike. Are you free for a call around 1230. Just looking for an update on the "materiality" point Malle is referring to, below. Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com><mailto:stephen.ashbourne@blakes.com>
<mailto:stephen.ashbourne@blakes.com>
Dir: 416-863-3086<tel:416-863-3086>

On Nov 28, 2017, at 5:39 PM, Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca> <mailto:Malle.Hanslep@ontario.ca><mailto:Malle.Hanslep@ontario.ca>> wrote:

Hi Steve,

I think this is about the "materiality" point. It would be best if you called Mike first about this because John Lee has been speaking to Mike about it.

Thanks.

Malle

-----Original Message-----
From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: November 28, 2017 11:33 AM
To: LEE John -TREASURY
Subject: John, I just picked up your message ...

I'm tied up until 1230 ET. I can call you then if that suits you. Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com><mailto:stephen.ashbourne@blakes.com> <mailto:stephen.ashbourne@blakes.com><mailto:stephen.ashbourne@blakes.com>
Dir: 416-863-3086<tel:416-863-3086>

_____

[cid:image0b2e8e.GIF@685c28b2.4b96aec5]

Blake, Cassels & Graydon LLP
199 Bay Street, Suite 4000, Toronto ON M5L 1A9
Tel: 416-863-2400 Fax: 416-863-2653
blakes.com<https://urldefense.proofpoint.com/v2/url?u=http-3A__blakes.com&d=DwIFAw&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=gV-xgZHI0tggSwOPXBdMOr4DyITzOyaIKJLqH9Oy-40&m=0pGL0xudEH1zLr9y5vTrnH9zSedSRw-0g2EW2HCTf4Y&s=diZv2EjD0FQ5puawFAfgy_sktKrYljf6pEucfOH3KtI&e= ><https://urldefense.proofpoint.com/v2/url?u=http-3A__blakes.com&d=DwIFAw&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=gV-xgZHI0tggSwOPXBdMOr4DyITzOyaIKJLqH9Oy-40&m=0gJsmiKLuiFWHqn6YTjn5lfGsF5OyjfOIBadO1AbEHs&s=JVp34yliZ6EvP0UuccBLXwUtW7oKJRMFwjjXazVZO1g&e=><https://urldefense.proofpoint.com/v2/url?u=http-3A__blakes.com&d=DwIF-g&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=gV-xgZHI0tggSwOPXBdMOr4DyITzOyaIKJLqH9Oy-40&m=mL9qn6Egfzd300yyh9gg1fXpYcpbmeIeBuwTgF38dNg&s=_6KPDQvz842lV5ZCzSdvQNam9XhD3rXmrrZ3tN-wZ70&e=><https://urldefense.proofpoint.com/v2/url?u=http-3A__www.blakes.com&d=DwIF-g&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=gV-xgZHI0tggSwOPXBdMOr4DyITzOyaIKJLqH9Oy-40&m=mL9qn6Egfzd300yyh9gg1fXpYcpbmeIeBuwTgF38dNg&s=QvEt4P-NSynxSrvHKwMqI_5ve0s99xGaWTbQP438JYY&e=> | Twitter<https://urldefense.proofpoint.com/v2/url?u=http-3A__twitter.com_BlakesLaw_&d=DwIF-g&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=gV-xgZHI0tggSwOPXBdMOr4DyITzOyaIKJLqH9Oy-40&m=mL9qn6Egfzd300yyh9gg1fXpYcpbmeIeBuwTgF38dNg&s=tVc_kRmYegPVBX80xUqCmHAcZB4djzAyxx04RO98ihs&e=> | Unsubscribe<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.blakes.com_English_Resources_Bulletins_Pages_unsubscribe.aspx&d=DwIF-g&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=gV-xgZHI0tggSwOPXBdMOr4DyITzOyaIKJLqH9Oy-40&m=mL9qn6Egfzd300yyh9gg1fXpYcpbmeIeBuwTgF38dNg&s=Dk4C5ldxBlhBjtvj94YtMYui9aadxvMnnlS7GMBsmpE&e=>

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From:	Mike Manning
To:	Ken Kandeepan; Anna Strathy
Subject:	FW: John, I just picked up your message ...
Date:	Tuesday, November 28, 2017 1:24:14 PM

Not sure your availability, but you are welcome to join the call when it is set up.
Thanks, Mike

-----Original Message-----
From: VINER, JON [mailto:JON.VINER@blakes.com]
Sent: Tuesday, November 28, 2017 1:22 PM
To: Mike Manning <Mike.Manning@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>
Subject: RE: John, I just picked up your message ...

Thanks. I'll circulate a dial-in once Steve confirms his availability.

Best,
Jon

Jon Viner
Associate
jon.viner@blakes.com
Dir: 416-863-2499

-----Original Message-----
From: Mike Manning [mailto:Mike.Manning@ofina.on.ca]
Sent: Tuesday, November 28, 2017 1:19 PM
To: Malle Hanslep (MOF); ASHBOURNE, STEPHEN
Cc: VINER, JON
Subject: RE: John, I just picked up your message ...

I'm fine now too.
Mike

-----Original Message-----
From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Tuesday, November 28, 2017 1:15 PM
To: ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; Mike Manning <Mike.Manning@ofina.on.ca>
Cc: VINER, JON <JON.VINER@blakes.com>
Subject: RE: John, I just picked up your message ...

Hi - I'm free now so please let me know when.

-----Original Message-----

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]

Sent: November 28, 2017 12:22 PM

To: Manning, Mike (OFA); Hanslep, Malle (MOF)

Cc: VINER, JON

Subject: Re: John, I just picked up your message ...

Mike, Malle's tied up T 1230 so let's talk when she's available later in the afternoon.

Malle, is there a time that works for you this afternoon?

Jon will set up a call-in, once we have a time that works for both of you.

Thanks, Steve

Stephen R. Ashbourne

Partner

stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com>

Dir: 416-863-3086<tel:416-863-3086>

On Nov 28, 2017, at 6:16 PM, Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>> wrote:

Hi Stephen:

Do you still want to talk at 12:30?

Mike

-----Original Message-----

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]

Sent: Tuesday, November 28, 2017 12:15 PM

To: Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>

Cc: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>

Subject: Re: John, I just picked up your message ...

Thanks Mike. Let's push off our call. Malle sent me the feedback from Moody's, and I agree that we should not get cross-threaded having individual calls with OPG. I'm going to refrain from taking John Lee's call. Steve

Stephen R. Ashbourne

Partner

stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com><mailto:stephen.ashbourne@blakes.com>

Dir: 416-863-3086<tel:416-863-3086>

On Nov 28, 2017, at 6:00 PM, Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca> <mailto:Mike.Manning@ofina.on.ca>> wrote:

416 325 8930

Thanks, Mike

-----Original Message-----

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]

Sent: Tuesday, November 28, 2017 11:58 AM

To: Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca><mailto:Mike.Manning@ofina.on.ca>>

Subject: Re: John, I just picked up your message ...

Mike, what # should I try you at, at 1230? Steve

Stephen R. Ashbourne

Partner

stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com><mailto:stephen.ashbourne@blakes.com> <mailto:stephen.ashbourne@blakes.com>

Dir: 416-863-3086<tel:416-863-3086>

On Nov 28, 2017, at 5:47 PM, Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca> <mailto:Mike.Manning@ofina.on.ca><mailto:Mike.Manning@ofina.on.ca>> wrote:

For sure.

Mike

-----Original Message-----

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]

Sent: Tuesday, November 28, 2017 11:46 AM

To: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca><mailto:Malle.Hanslep@ontario.ca> <mailto:Malle.Hanslep@ontario.ca>>

Cc: Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca><mailto:Mike.Manning@ofina.on.ca> <mailto:Mike.Manning@ofina.on.ca>>

Subject: Re: John, I just picked up your message ...

Hi Mike. Are you free for a call around 1230. Just looking for an update on the "materiality" point Malle is referring to, below. Steve

Stephen R. Ashbourne

Partner

stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com><mailto:stephen.ashbourne@blakes.com>
<mailto:stephen.ashbourne@blakes.com><mailto:stephen.ashbourne@blakes.com>

Dir: 416-863-3086<tel:416-863-3086>

On Nov 28, 2017, at 5:39 PM, Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>
<mailto:Malle.Hanslep@ontario.ca><mailto:Malle.Hanslep@ontario.ca><mailto:Malle.Hanslep@ontario.ca>> wrote:

Hi Steve,

I think this is about the "materiality" point. It would be best if you called Mike first about this because John Lee has been speaking to Mike about it.

Thanks.

Malle

-----Original Message-----

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]

Sent: November 28, 2017 11:33 AM

To: LEE John -TREASURY

Subject: John, I just picked up your message ...

I'm tied up until 1230 ET. I can call you then if that suits you. Steve

Stephen R. Ashbourne

Partner

stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com><mailto:stephen.ashbourne@blakes.com>
<mailto:stephen.ashbourne@blakes.com><mailto:stephen.ashbourne@blakes.com><mailto:stephen.ashbourne@blakes.com>

Dir: 416-863-3086<tel:416-863-3086>

_____

[cid:image0b2e8e.GIF@685c28b2.4b96aec5]

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From:	Hanslep, Malle (MOF)
To:	Mike Manning
Cc:	Tobias P. Whitfield (MOF)
Subject:	FW: OFHPA Document Due Diligence Memo
Date:	Wednesday, December 06, 2017 4:31:35 PM
Attachments:	OFHPA Finance Documents Due Diligence Memo November 22 2017 draft.docx TOR_2528-#23156513-v2-Financing_Plan_Outline.DOCX

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Hi Mike,

As discussed, here is Blakes' preliminary draft approach to reviewing the "reference" transaction documents under which the OPG Trust will be issuing funding obligations to which the Province's limited guarantee will apply. We had asked them to begin a limited review of the documents and they are seeking our further input and instructions on the nature and scope of the review given the context and timing. The attached dates from November 22nd so that the draft documents reviewed and referred to in the attached have been revised since then. Also, because of the change in timing and type of initial issuance the "reference" transaction documents that will be finalized first at the time of closing has changed a bit.

We would appreciate your reviewing the attached and then we can discuss what the appropriate scope of the review would be given the Province's role in the program. I know that one item that we had been discussing was to get more of a plain language description of how the waterfall in the Master Trust Indenture works vis a vis the Protection Agreement in the event the limited guarantee is triggered.

As noted below, the drafts are for internal review and discussion only.

Thanks,

Malle

Malle Hanslep
Deputy Director
Ministry of the Attorney General
Ministry of Finance Legal Services Branch
Telephone: 416-325-1457

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From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: November 22, 2017 2:57 PM
To: Hanslep, Malle (MOF); McKinlay, Tom (MAG); Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF)
Cc: VINER, JON; PALMER, AARON
Subject: OFHPA Document Due Diligence Memo

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Restricted Circulation

Malle, Tom, Alena and Toby,

As discussed, we have undertaken a limited review of the documentation being prepared by Torys and circulated to date in connection with the Fair Hydro financing program. Consistent with the directive from accounting professionals and the general delegation made to OPG under the OFHPA

and General Regulation, we have not engaged in commercial discussions with Torys regarding the propriety of these documents or whether they optimize the financing opportunities afforded by and anticipated under the OFHPA. Instead, we have limited our involvement in the documentation process to:

1. Protection Agreement – Identifying features directly relevant to the on-going discussions pertaining to the Change of Law Protection Agreement and the Change of Law Process Agreement (accepting the principle that the Limited Guarantee will extend broadly to virtually all obligations and liabilities of the Trust, which based on the transaction documentation reviewed are potentially very expansive and currently unconstrained).

2. Purposes of OFHPA – Identifying inconsistencies between the documentation and the basic framework of the OFHPA and General Regulation, which could compromise the internal consistency of the scheme and expose the overall scheme to legal challenge or principled criticisms (recognizing the principle that the Financing Plan contemplated in the OFHPA is intended as the primary mechanism to flesh out, among other things, the broad parameters for OPG to manage the program, mitigate risks and achieve the cost efficiency and alignment purposes of the OFHPA, and that the program documentation is the mechanism through which the Financing Plan is to be implemented in the capital markets context).

   As you know, I have been a strong proponent for the Province to look to the Financing Plan as the means to address anticipated key concerns, such as those that could impact ratepayers (through the amount of CEAs to be charged), the achievement of the alignment and efficiency purposes of the OFHPA and the mitigation of known risks and conflicts of interest (e.g., OPG's various roles and interests). My September 14th outline was meant to elaborate on those matters. Very recently, a first draft of the Financing Plan was circulated (Alena provided it to me), which did not address many of the considerations that I had identified. I have not been directly involved with MOE in providing input on that draft and there has been no follow-up on my September 14th outline.

3. Capital Markets Functionality – Identifying features observed in the limited document review, undertaken for the purposes of 1 and 2, above, that appear to raise significant "financability" concerns given the orientation of the financing program to the rated, structured finance, debt capital markets. In this regard, I have raised several basic concerns that in my view will undermine the potential flexibility of the financing program to achieve its full potential in the capital markets over time. For example, the compulsory cross acceleration of Trust obligations will inhibit the ability to tailor tranche issuances based on the tenor of the debt issuances – recognizing that a long-term bond may be evaluated by buyers based on the risk that an above-market interest rate could be upended by the decision of short-term bondholders decision to accelerate. Another example is that the program documentation makes no attempt to facilitate multiple financing entities, even though additional entities may make sense in the future (e.g., USD bonds through a US-based financing entity). The opportunity to envision "co-ownership" terms among potential financing entities, as contemplated in s. 29(4) of the OFHPA, has not been addressed with the result that it will be difficult/expensive to add those terms after the initial issuances have been completed. I used those important examples in our discussions to gauge the Province's appetite for making

specific structuring comments on the documentation, and determined that there is very little opportunity for the Province to make use of those sorts of inputs given the practical constraints the Province faces (including respecting the separateness objectives underlying OPG's and the Province's accounting analysis and the fact that the OFHPA envisions that OPG will run the financing program without specific supervision or over-sight from the Province or the Ministers). On that basis, our commenting on "financeability" considerations has been intentionally curtailed.

The other aspects that we anticipate for pre-launch documentation review include:

4. Offering Documentation – Despite requests to Torys, draft offering documents have not yet been provided to the Province (although we were told by Rima last week that a draft offering circular is quite far advanced). I expect that the Province will want to undertake a limited review of any offering circular focusing on matters of direct consequence and significance to the Province, including items such as (a) ensuring that the description of the Protection Agreement is accurate and does not overstate the Province's obligations, (b) ensuring that the limitations contemplated in s. 40 of OFHPA and s.19 of the General Regulation have been observed, (c) eliminating any implied/moral undertakings by the Province to bondholders, (d) scrutinizing any "risk factors", particularly as they might relate to the context in which Protection Events may arise, (e) confirming any disclosures regarding the Province's (Ministers') roles, including in setting the "fair allocation amount", accepting the "Financing Plan" provided to the Minister of Energy, etc., (f) ensuring that any description of the Crown, Crown immunity, the OFHPA, the regulations made under it, the OIC, the authority of the LGIC, the provisions of the Electricity Act and related regulations and processes, the Financing Plan, the electricity market regulatory infrastructure and other relevant legal principles and contexts are all properly and accurately described (recognizing the risk that any statement may be attributed to the Province based on its close proximity to the program, and could become consequential in any future legal process that seeks to interpret the statute), (g) scrutinizing disclosures that could later become evidence in any legal proceeding that would challenge the validity of the OFHPA and related laws, (h) confirming any "electricity market" disclosures that could impact on underlying considerations, such as the potential for and impact of off-grid migration and by-pass risks and (i) the propriety of disclosures regarding matters that could impact on the pricing or rating of the issued bonds. This preliminary list illustrates why the Province may want to insist on being provided with early drafts of any offering documentation, rather than acquiescing to a late sign-off scenario with little ability to impact the disclosure or rating processes.

5. Specific Limitations in "Reference Documentation" – The Process Agreement affords the Province the ability to provide specific comments on the base or template forms of certain key documents to be used under the financing program. Where specific limitations or constraints are identified by the Province (even where initially addressed in the Financing Plan – since the Financing Plan can change in the future without the Province's input), the Province will probably want to ensure that these items are adequately reflected in the received documents, which will become the "black box" within which OPG will be able to run the financing program without further input or concurrence by the Province. Potential

examples (based on ideas raised during our conversations over the past few weeks) include: (a) restricting non-CAD issues, (b) restricting primary distributions outside of Canada, (c) setting out specific financial limitations (e.g., embedding into the Reference Documentation caps on certain expense amounts (rating agency commitments) or mandating benchmarking for rates/spreads, maximum term of Trust commitments), (d) restricting flexibility of future detrimental terms (e.g., restricting the addition of events of default/termination, which additions would otherwise be unconstrained), (e) stipulating pre-conditions or requirements applicable to any incurrence (e.g., "fairness" opinions regarding market terms/quotes/fees; accounting sign-off; etc.), (f) matters to address OPG conflicts of interest in relation to sub-notes, management fees, treasury decisions, etc. and (g) restrictions on the use of capital reserve (sinking fund) accounts, etc. No comments of this sort have yet been made on the received documents, and unless such matters are reflected in those provided documents prior to the first closing (in fact much earlier, in practice), the Province's ability to limit the "black box" based on the concepts included for Reference Documentation under the Protection Agreement will be foregone. Specific direction from you for this purpose would be very appreciated.

6. Conformity to Comments Made to Date – In developing the Protection and Process Agreements, we have identified various terms of the Trust Indenture and Funding Obligation Agreements that will need to be conformed, including several items in order to ensure that the Province's rights of subrogation are binding and effective and to address basic legal considerations (such as whether the Trust is a "financing entity" under the OFHPA). Other than the specific notice of amendment provisions we insisted be included in the Trust Indenture, none of the items identified (see, in particular, the yellow footnotes in the most recent draft of the Protection and Process Agreement) have been reflected in the underlying documents. We will look for these changes in the next turn of the program documents.

As mentioned, to provide a modest level of reassurance that there is nothing starkly out of place in the underlying program documents we have been provided, I asked my structured finance partner, Aaron Palmer, to review the overall documentation package for completeness. Aaron's review was not informed by a thorough understanding of the OFHPA and related considerations or background on the project generally. Since Aaron is a fresh set of eyes, I thought he could usefully check whether what Torys has produced generally "hangs together". Aaron is producing a due diligence memo for me, based on that limited mandate and without significant background. Aaron's draft memo (copy attached) is intended to provide a useful summary of several of the basic financing program documents, provide a basic understanding of the overall mechanics for issuance and identify matters for specific consideration by the Province. The attached draft memo has not been 'filtered" by me or stylized, so it is important to recognize that the memo does not necessarily reflect my views or all of the relevant concerns. To make it somewhat more useful, I have shaded parts of Aaron's draft memo where I thought issues he raised added new thoughts to our on-going discussion or where highlighting for emphasis would help your focus. Please ensure that Aaron's draft memo does not receive circulation outside of the Province and then to those who understand the limitations of Aaron's review and background and the intended and limited purpose of Aaron's 'fresh look'.

After you have had an opportunity to reflect on the foregoing and Aaron's draft memo, please let me know what you would like us to do as it pertains to further review, commenting and follow-ups

on the finance program documentation as it is circulated.

If you have any questions or concerns, please give me a call.

Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

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Draft: November 22, 2017

MEMORANDUM – CONFIDENTIAL

VIA EMAIL

Date: November • , 2017

To: Stephen R. Ashbourne
Jon Viner

From: Aaron Palmer

Re: Overview of Financing Documentation Proposed for the Ontario Fair Hydro Plan

---

This memo provides a high-level overview of certain of the financing documents (the "**Financing Documents**") proposed to be used in connection with the sales of portions of IESO's Regulatory Asset arising under the *Ontario Fair Hydro Plan Act, 2017* (the "**Fair Hydro Act**") to one or more newly formed special purpose financing entities (each an "**Issuer**"). The Issuer will finance its purchases by borrowing under loans or issuing bonds and/or short term notes (collectively, "**Bonds**"[1]), which will be repaid using Clean Energy Adjustment amounts that the Issuer will be entitled to receive over the life of the Bonds. A list of the Financing Documents reviewed is set out in Schedule A. Capitalized terms used but not defined herein (including "**Carrying Costs**", "**Electricity Vendor**", "**Finance Amounts**", "**Investment Asset**", "**Investment Interest Owner**", "**Regulatory Asset**" and "**Specified Consumers**") have the meanings set out in the Fair Hydro Act and the General Regulation thereunder (the "**Regulation**").

This memo is not intended to be a complete digest of all provisions in the Financing Documents that would or could be relevant to the Province, although I have tried to identify provisions and matters that might be relevant (a) to the Ministry of Energy, having regard to my understanding of the purposes of the Fair Hydro Act (including the alignment and financing objectives contemplated in the Fair Hydro Act and the Regulation) or (b) to the Ministry of Finance, recognizing and having regard to the very broad scope of the Province's obligations under the proposed Change of Law Protection Agreement. More specifically, this overview focuses on some of the key covenants and terms that may be relevant in determining how the Financing Documents directly impact on the IESO, OPG or the Province or indirectly on the Ontario electricity consumers who bear the direct costs of Clean Energy Adjustments

[1] The use of the term "**Bonds**" herein includes borrowings under credit facilities (including liquidity facilities). Although the Finance Documents currently being negotiated assume that term bonds and short-term notes will be issued under supplements to the Trust Indenture, OPG could also elect to borrow amounts under a short-term bridge facility or other credit agreement and then refinance such borrowings at a later date with an issuance of bonds.

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under the Fair Hydro Act. As discussed, my review has been limited to flagging for further consideration key issues and related background. This memo should not be viewed as an adequate substitute for a detailed review of the Financing Documents themselves by the Province.

Basic Framework

The Financing Documents reflect terms and conditions that are customary for structured finance programs under which a "bankruptcy remote" special purpose vehicle contractually agrees to limit its business to issuing debt and using the proceeds to purchase a particular type of liquidating asset, which in turn generates cash flows sufficient to service principal, interest and other obligations arising under or in connection with such debt. As is standard for structured finance transactions, the Financing Documents are designed to provide Bondholders and other relevant protected counterparties and service providers (together with the Bondholders, "**Specified Creditors**"), as well as underwriters, rating agencies and other intermediaries, with a high-level of confidence in the credit quality of the Bonds and other secured obligations. That credit quality is primarily based on the underlying assets (i.e., primarily collections of Clean Energy Adjustments) and other resources and cash reserves contemplated to be available to the Issuer, as well as the contractual matrix in the program agreements which supports and binds the Issuer (including under the Change of Law Protection Agreement). The primary protections are provided in a trust indenture, under which the Issuer gives the relevant covenants and grants a security interest in all of its assets to a single trustee (the "**Indenture Trustee**"), which holds such covenants and security for the collective benefit of all Bondholders and other Specified Creditors in accordance with the specified priorities and terms set out in the trust indenture.

Issues Highlighted for Further Consideration by the Province

Terms identified in the reviewed drafts of the Financing Documents that may warrant special consideration by the Province include the following:

Minimal Constraints on Financial Terms: The Financing Documents provide very few constraints on the commercial terms OPG may agree to under individual financings. For example, OPG has full latitude to determine the term structure of borrowings, the interest rates payable and the discount rate to be used when calculating any early redemption payment amount for term Bonds. In addition, there is no constraint on the amounts to be deposited to capital and reserve accounts, which deposits will constitute Finance Amounts in the period a deposit is required, and therefore will give rise to claims for Clean Energy Adjustments (or, for finance reserve account deposits prior to July 2021, such deposit requirements will give rise to Carrying Costs that will be borne by IESO, including initial deposits which will be funded by IESO in connection with each Bond offering closing). Consequently, OPG will be free to negotiate financing terms with bond underwriters, banks and other lenders with limited direction other than the Financing Plan required to be provided to the Minister, and without some of the direct incentives and alignments of interest that would typically apply to an entity conducting this treasury function.

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As a small example of this open-ended drafting, the template Supplemental Indenture simply provides a bullet for the definition of Cash Reserve Required Amount. OPG may take the view that a formula could be included in place of the bullet and that this would still be "Substantially in the Form of the Reviewed Documentation" as contemplated in the Change of Law Process Agreement (and accordingly no further approval from the Province would be required).

Declaration of Trust: OPG will be granted and hold all Units (i.e., beneficial interests) of the Fair Hydro Trust (the "**Issuer Trust**"), except it is possible that one Unit with a negligible economic interest might be issued to the Indenture Trustee in order to assist the bankruptcy-remoteness analysis. Instead of giving IESO the right to receive any excess Clean Energy Adjustment amounts once all Bonds are repaid in full (which would be the standard arrangement in an ordinary structured finance transaction), any excess amounts will go to OPG.

Under the Management Agreement, OPG is given responsibility as agent for the Trust to make determinations regarding distributions to Unitholders (i.e., to itself as Unitholder). All obligations as Manager under the Management Agreement are to be performed honestly in good faith and in the best interests of the Issuer (which in effect means in the interests of Unitholders). This raises an obvious conflict of interest, although this is perhaps not overly significant given the intended match-funded nature of the cash flow arrangements.

Tax review would be required to fully sign off on of the Declaration of Trust, including Article 11 (Distribution of Tax Property) and Section 3.6 (no transfer of Units to designated beneficiaries). No tax review of the Financing Documents has been undertaken. I understand that the Province will rely on the "PILs" regime that it anticipates will extend to the Trust. Of course, this may leave a large hole in the legal and economic analysis, which I understand the Province recognizes and accepts.

Minimum Subordinated Financing Level: The Warehouse Supplemental Indenture includes an Issuer covenant that the amount of principal outstanding under Subordinated and Junior Funding Obligations must not be less than " • %" of principal outstanding under all Issuer Funding Obligations. The related arrangements are not transparent, including how these subordinated obligations will be priced (for example, there is a clear conflict of interest between OPG's role as Manager and as the purchaser of all subordinated obligations of the Trust); and how the cash flows will be managed by OPG to comply with this covenant (i.e., if senior obligations are paid down first, the relative portion of subordinated obligations will necessarily increase unless other adjustments are contemplated); and how these arrangements may impact on the voting rights and control in matters of governance relevant to the Trust. It is also unclear how this covenant addresses or impacts matters such as the accounting treatment of the Trust.

Separately, it is worth pointing out that a "• %" subordinated debt maintenance requirement is likely not justified by real market considerations. Among other things, Clean Energy Adjustments by their nature should not necessitate credit tranching in a structured finance structure since a failure to pay CEAs by one group of Specified Consumers necessarily leads to increased CEAs for all Specified Consumers in the next billing period (or semi-annual period). Tranching is usually appropriate when the pool of

assets backing the debt obligations demonstrates a real risk of partial payment, which can be assessed and quantified by the market. In contrast, sovereigns such as the Ontario government do not issue subordinated bonds which are virtually identical to the sovereign's senior obligations since there is no appreciable risk distinction. Similarly, the Investment Interest created under the OFHPA would in practice only fail to pay out all Financing Obligations if there was a change in law or some other systemic event, which would be expected to impact all Bonds and not just subordinated Bonds.

Subordinated Warehouse Facility Supplement:

- Draft contemplates that OPG will be the sole purchaser of the short-term Subordinated Bonds issued under this warehouse facility.

- OPG will receive interest equal to the variable Bankers Acceptance Rate in the relevant month plus a fixed interest rate to be specified in the body of the Supplement.

- This approach may suggest a conflict of interest and optics that are not ideal: (1) OPG is committing to have [25% or possibly more – the percentage is now bulleted] of all Bonds be Subordinated Bonds, with the intention of OPG purchasing all of these Subordinated Bonds, (2) OPG will determine the rate of interest OPG will receive on these Bonds, (3) Specified Consumers will bear all financing costs in respect of such Bonds and (4) arguably OPG is not assuming any elevated risk (as discussed above) compared to the Senior Bonds. – By introducing Subordinated Bonds, even the pricing of Senior Bonds might be questioned since Subordinated Bonds will be benchmarked off the Senior Bonds.

- As part of the facility, OPG is obliged to purchase additional Bonds in an amount up to 98% of the Increase Amount under the Senior Warehouse Supplement (i.e., each time the senior warehouse drawn amount is increased). – OPG on behalf of the Trust will determine what amount of Subordinated Bonds to issue to OPG.

- OPG as Bondholder is entitled to receive increased costs payments in connection with Regulatory Changes which includes changes of law which impact any Support Facility which OPG may have. "Support Facility" means any liquidity or credit support agreement entered into by OPG in relation to its Bond purchases under this Subordinated Warehouse Supplement. – This reflects OPG's ability to pass some of its funding costs (and related risks) on to the Trust.

- Each Series of Subordinated Noteholders are given their own default termination rights, including if an interest payment on a Subordinated Bond is overdue for 5 days, and each Series of Subordinated Noteholders is provided with a separate cash reserve account. This provides significant protections to Bonds which are ostensibly "subordinated".

Senior Warehouse Facility Supplement:

- The Commitment Fee for the undrawn facility will be specified in the Fee Letter (which we have

not seen). You mentioned that the pricing may step-up to motivate a term-out scenario, which of course could lead to significant increased costs and may be inconsistent with the desired accounting treatment the Province is anticipating.

- As interest, Non-Conduit Purchasers and Group Banks will receive CDOR plus a fixed Applicable Margin that is to be specified in the Fee Letter.

- Conduit Purchasers will receive Applicable Margin (to be specified in the Fee Letter) + either (a) CP Rate for that portion of Senior Bonds that is "funded through the issuance of CP" or (b) CDOR. This approach is reasonably common but it can potentially give a Conduit and its Sponsor some optionality in some cases to charge the higher of these two rates. – Also, the Issuer will not have the right to pay out Conduits which have a high CP Rate and keep the Conduits with a low CP Rate because all Purchaser Groups' participation increases or decreases proportionately. This problem is compounded because the Issuer's ability to establish a new warehouse facility is limited: the draft Warehouse Supplement includes an Issuer covenant that it will not enter into any other warehouse facility without the consent of a majority of the holders under the initial Warehouse Facility commitment has expired. This might be considered a non-standard covenant.

- CP Rate is defined as "the weighted average annual rate of interest applicable to all Commercial Paper of the CP Conduit Purchaser; and provided further that (x) **any such Commercial Paper may be issued in either United States dollars or Canadian dollars with the appropriate market rate currency swap agreements** being entered into to match such issuance to the funding requirements of such CP Conduit Purchaser, and (y) such weighted average annual rate of interest shall be calculated to reflect any costs incurred by such CP Conduit Purchaser in connection with such swap transactions **or in connection with any redemption or repurchase transaction** between such CP Conduit Purchaser and the holders of such commercial paper". This provision presumes the ability to issue cross-border securities, which adds a host of issues that do not appear to be contemplated in the documentation at this stage.

- **Delayed Funding Notices** provisions give Group Banks and other Non-Conduit Purchasers the right to give 2 Business Days' notice before a funding date that their funding will be delayed for 33 days (with other Group Banks required to cover the shortfall) if they may incur charges under, or in anticipation of, Basel III (including external charges or internal charges incurred by any of their businesses) in respect of its Commitment hereunder or any agreement to support such Commitment, or in respect of its interest in the Series 2017-1 Senior Notes, based on its "liquidity coverage ratio" calculated under Basel III. This timing of notice may be too relaxed and I am not sure all of the drafting works. A "Non-Deferrable Draw Amount" will apply for each Purchaser Group equal to $100 million times such Purchaser Group's Commitment Percentage.

Management Agreement: The Manager agrees to take all steps necessary "to collect on any security relating to the Issuer Investment Interest" but there is no provision requiring the Manager to enforce the

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Investment Interest itself. This seems to be a gap but it is perhaps not our issue.

The Manager agrees to indemnify the Issuer Trust for any liabilities incurred as a result of wilful misconduct or gross negligence of the Manager (Section 5.6), subject to an express disclaimer of indemnification in respect of certain specified obligations such as payments due on Funding Obligations and losses due to risks inherent in the Investment Interest.

Events of Default Considerations: Common Events of Default under the Indenture Documents will give senior creditors the right to declare all outstanding Bonds immediately due and payable. Any such declaration of acceleration could result (under the current provisions of the Fair Hydro Act), in Specified Consumers being obliged to make Clean Energy Adjustment payments which are unacceptably high, which in practice would likely trigger a need (from a political, economic and fairness standpoint) for the Province or IESO to assume these repayment obligations. I understand that proposed amendments to the Regulation will provide that Clean Energy Adjustment calculations will, in effect, substantially ignore unscheduled accelerations. Nevertheless, Events of Default still remain very significant events which will result in default interest becoming payable, could potentially impact the general perception in the market of the Province's credit rating and may lead to the government or IESO assuming Bond repayment obligations.

The current drafts of the Financing Documents provide a reasonably limited set of Events of Default which would not be expected to be triggered absent significant unforeseen events, but it is possible that OPG may choose to expand applicable Events of Default for future financings including by agreeing to additional "series specific" events of default in particular Supplemental Indentures. This is described in more detail below.

More generally, to the extent that events of default lead to a mandatory 'all or nothing' cross-acceleration of all outstanding bonds, based on a vote of all senior bonds taken together, this could negatively impact the pricing of longer-term, fixed rate Bond investors which will be faced with reinvestment risk if shorter-term Bondholders have incentives to accelerate that are not shared by the longer-term Bondholders. The common security structure (as opposed to series siloed security and series-specific cash flows) would compound this sub-optimization, and could undermine the possible use of series-specific events of default to address this mismatch concern, since debt having different maturities will still be serviced from the same basic collateral pool based on the same payment waterfall.

ISDA Schedule to the 1992 Master Agreement: I have some particular drafting suggestions:

- The "Market Quotation" provision applicable upon a Counterparty default correctly provides that the Market Quote has to be an actionable "Firm Offer" made to the Trust by an Eligible Replacement (i.e., an entity with the required rating or a guarantor with the required rating, where the entity is reasonably acceptable to the Trust, and the drafters could specify here that the entity must be eligible to act as a Hedge Provider under all applicable Program Agreements). The definition of "Firm Offer" should be corrected to refer to the price quotation

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given in respect of the ***transfer*** of the Counterparty's position to the Transferee providing the quote, with terms identical to the terms of this Agreement (Parts 1(k) and 5(a)).

- The Trust agrees in the ISDA that it will not amend or waive rights under any Related Program Agreements without Counterparty's consent if such amendment/waiver "is material" (Part 5(o)). The language here should better track Master Trust Indenture section 13.18 (which refers to a change which "could reasonably be considered to be materially prejudicial to the rights or interests of any Specified Creditor") and we could consider if this unilateral veto right of individual Counterparties is appropriate.

IESO Security Agreement: Includes an IESO grant of a first priority security interest in all accounts owing by Electricity Vendors to IESO. – I flag this because it may not be reasonable for a security interest to be granted in amounts owing by Electricity Vendors to IESO that are not in respect of Clean Energy Adjustment payments.

Servicer Advances**:** As you know, many securitizations provide flexibility by allowing the servicer to voluntarily make advances to the SPV which are then repaid out of subsequent collections (in priority to Bond repayments in later periods). No such provisions are included in the draft Financing Documents. Adding Servicer Advances could provide IESO with useful flexibility in the future (e.g., if there is an unforeseen calculation error or if an advance could be made to avoid a Bond payment default where receipts of CEAs are delayed due to an Electricity Vendor's insolvency or due to a payment strike). This may involve accounting considerations for IESO, which may well justify the omission.

MTSA Does Not Refer to Consultations Between IESO and OPG: The MTSA does not refer to any preliminary consultations which might be held between IESO and OPG regarding their expectations concerning what dollar amount of Investment Interest will be offered for sale by IESO in a month or regarding the terms on which OPG expects to issue debt to complete the offered sale transaction. It might be reasonable to suggest including reference to such non-binding consultations in the MTSA.

Treatment of Excess Collections and Reserve Accounts: Once all outstanding Bonds and other obligations of the Issuer have been paid in full in respect of a Series of Bonds, any remaining excess is paid "to the Issuer or as the Issuer designates". It may be reasonable to provide that IESO receives such excess. A clear provision remitting any final balance in a Reserve Account to IESO should also be included.

No Extension Rights Contemplated: The trust indenture and supplements do not provide the Issuer with rights to extend maturity dates (although the Warehouse Supplement will provide a facility that will remain available until its maturity date). Given that OPG will likely obtain financing that is of shorter term than the ultimate repayment period (out to 2047), there is a known refinancing risk that the draft documents do not attempt to address.

Lack of Right to Enter into Co-Owner Agreement without Bondholder Consent: IESO agrees in the MTSA that it will not transfer any portion of its Regulatory Asset to any person other than the Issuer

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or to a person who has entered into a Co-Owner Agreement with the Issuer. The Financing Documents do not provide IESO with the right to require the Issuer to enter into a Co-Owner Agreement, and consequently there is no assurance that the original Issuer will agree to enter into a Co-Owner Agreement on commercially reasonable terms.

The negotiation of a Co-Owner Agreement is of critical importance if we wish IESO to be able to sell Investment Interests to additional Issuers because if there is more than one Investment Interest Owner then all such owners collectively hold the enforcement and collection rights set out in Section 29(1) of the Fair Hydro Act, and Section 29(5) provides that all collection and enforcement rights in respect of Investment Interests may only be enforced "collectively".

In order to maintain the flexibility to use a different funding vehicle in the future, it would be recommended to agree on a form of Co-Owner Agreement before issuing any Bonds or at least agree on principles and a basis on which the Issuer will agree to negotiate Co-Owner Agreements on commercially reasonable terms.

[***Note***: It is possible that the MTSA drafters consider that IESO is being given some right to enter into Co-Owner Agreements. The MTSA provides that IESO may not transfer the Regulatory Asset to a third-party unless such transfer is a "**Permitted Transfer**" including a transfer "to a person who has entered into a Co-Owner Agreement with, inter alia, the Issuer". "**Co-Owner Agreement**" means any agreement between, *inter alia*, the parties hereto and any other owner or owners of an Investment Interest as contemplated by Section 29(5) of the Act *in form and substance satisfactory to the parties hereto, acting reasonably*". However, I do not consider that this language gives IESO a clear right to require the Issuer to enter into a Co-Owner Agreement.]

HST Considerations: As discussed, we have not considered tax or HST considerations other than in respect of waterfall treatment of income tax liabilities.

I do not know whether HST will be payable by Specified Consumers on Clean Energy Adjustments. I note that the draft Indenture Documents do not appear to address the Issuer's obligation to remit applicable HST received as part of CEA receipts, and do not specify that such amount are not available to satisfy other Issuer obligations.

Overview of Securitization Financing Documentation

Below is a summary of key terms and conditions of the following Financing Documents that I have reviewed.

1. The **Master Transfer and Servicing Agreement** (the "**MTSA**") between the Issuer and IESO:

   - sets out the mechanics of sales and transfers by IESO to the Issuer of specified portions (i.e., specified dollar amounts) (the "**Sale Amounts**") of the Regulatory Asset.

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- provides that once each month IESO may offer to sell to the Issuer a specified portion (i.e., a Sale Amount) of its Regulatory Asset to the Issuer for a price equal to the Sale Amount

- provides that, as set out in the Fair Hydro Act, the transferred Regulatory Asset automatically becomes an Investment Asset (or is added to the previously purchased Investment Asset) which entitles the Issuer to receive payments of Finance Amounts (including principal, interest and related reserve account deposits) for the related Bonds issued in a principal amount equal to the Sale Amount.

- sets out terms on which IESO agrees to "service" the Issuer's Investment Asset including by providing guidance to Electricity Vendors with respect to their statutory obligations to (a) invoice and collect Clean Energy Adjustments from Specified Consumers, (b) deposit such amounts in segregated accounts and (c) periodically remit such amounts to IESO for the benefit of Investment Interest Owners. Further obligations of IESO are set out later in this memo.

- includes an obligation for IESO to pay to the Issuer the Issuer's "**Carrying Costs**" as defined in new Section 9.1 of the Regulation (including interest payments on the Bonds and expenses incurred by the Issuer) during the initial period prescribed by the Regulations (i.e., until July 2021). This ensures that the Issuer will be able to pay Bondholders interest amounts as they come due and cover other expenses without recourse to Clean Energy Adjustments until July 2021 (other than principal repayment to, which OPG would be expected to refinance). Under the Fair Hydro Act, these IESO expenses increase IESO's Regulatory Asset which may in turn be recouped through a new Bond financing or otherwise as provided in the statute. It is unclear if these amounts will be "funding rebates" for the purposes of the Fair Hydro Act, which characterization should be clarified in order for the cash flow entitlements contemplated by the Fair Hydro Act (s. 29(1)6) and related provisions of the statute related to "funding rebates" to operate as intended.

2. The **Trust Indenture** between the Issuer and the Indenture Trustee sets out the common terms and conditions applicable to Bond offerings and to the conduct of the Issuer's business. The Trust Indenture provides numerous protections, covenants and representations to Bondholders and other Specified Creditors which deal with the Issuer (including Bond underwriters, derivatives counterparties as well as OPG as the Manager and IESO as the Servicer), including the following:

- General terms are established regarding the establishment of accounts to hold the Issuer's funds, and the basis on which payments will be made to Bondholders and Specified Creditors under the payment "waterfall".

- Covenants of the Issuer are provided including regarding compliance with laws, use of Bond proceeds, and disclosure and accounting obligations.

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- The Issuer pledges and grants a security interest in its property (including in the Investment Asset) to the Indenture Trustee for the benefit of Bondholders and other Specified Creditors.

- Inter-creditor rights are set out including the priority of claims of Senior Bonds and the terms on which different Series and Classes of Bonds with different and competing rights may be issued.

- Common Events of Default are set out (e.g., the insolvency of the Issuer or any failure to pay principal on Senior Bonds when due) and holders of 50% of the "**Senior Funding Obligations**" (including Senior Bonds) are given the right to waive the Common Events of Default or declare all outstanding Bonds and other funding obligations of the Issuer to be immediately due and payable.

- The draft documents specify that a 5-day cure period will apply for interest payments on Bonds before an Event of Default occurs and a cure period may also apply for principal payments on Bonds given that the Principal Payment Default Date can be set at a later date than the Principal Payment Due Date.

3. The **Senior Bonds Supplemental Indenture** supplements the Trust Indenture and provides the terms that will apply to each Series of fixed interest rate long term Bonds to be issued under such a Supplement and additional covenants applicable specifically in respect of and for the benefit of such Series of Notes.

- Series Events of Default which give rise to noteholder rights to accelerate particular Series debt have recently been added, which provide that if a Series Event of Default occurs then a majority of the holders of such Series of debt may accelerate the Series debt. The main Series Events of Default now contemplated are: (1) a payment default past the applicable cure date (which is 5 days for interest), (2) a materially incorrect representation or a material covenant default occurs under the series supplement which is not cured within 60 days, or (3) cross-default: a default or other event occurs which results in the acceleration of any other series of Funding Obligations of the same class. Accordingly, if there is a payment default in one Series of Senior Debt, then the majority of Noteholders of that Series of Senior Debt can decide whether or not to accelerate. If they elect to accelerate, then Noteholders of all other Senior Series of Debt may also elect to accelerate their Senior Series of Debt.

- What may seem surprising is that the same Series Event of Default flexibility currently applies for Subordinated Debt: If there is a payment default in one Series of Subordinated Debt, then the majority of Noteholders of that Series of Subordinated Debt can decide whether or not to accelerate. If they elect to accelerate, then Noteholders of all other Subordinated Series of Debt may also elect to accelerate their Subordinated Series of Debt. The Trust Indenture of course contemplated that Senior Bondholders can defer payment obligations and Subordinated Debt would have no right to take any action. Under the new

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drafting, Subordinated Debt could automatically exercise acceleration rights based on a Series Event of Default. It is peculiar is that if any Subordinated Debt is accelerated, then all Series of Subordinated Debt might be accelerated but Senior Debtholders would not necessarily have any resulting right to accelerate the Senior Debt (since acceleration of Subordinated Debt is not a Series Event of Default for Senior Debt).

- Cash Reserve Accounts are to be established in respect of each Series of Debt and funded with the relevant bulleted amount to be funded out of the initial Note sale proceeds and topped up as needed pursuant to the Trust Indenture waterfall. These Cash Reserve Accounts are only for the benefit of the relevant Series of debt for which they are established. It is surprising that the same types of Cash Reserve Accounts will also be established for the unrated Subordinated Term Series of Debt and the unrated Subordinated Warehouse Series of Debt and, it appears, that these Cash Reserve Accounts will again only be for the benefit of the relevant subordinated series of debt. Amounts to be deposited in these accounts are bulleted. – OPG will again be negotiating special series protections and terms which only directly benefit Notes held by OPG.

4. A **Warehouse Supplement** (also referred to as the **Floating Rate Variable Funding Senior Bonds Supplemental Indenture** and as the Series 2017-1 Supplemental Indenture).

5. A template **ISDA Master Agreement** and **ISDA Schedule**.

   - Currently, no reference to hedging obligations is included in the template Supplemental Indentures. OPG may have included this document in order to establish the flexibility to negotiate and add an interest rate hedging obligation or right to the Warehouse Supplement at a later stage.

I have not included in this memorandum a focused description or discussion of:

1. The **Declaration of Trust** under which the Issuer will be formed. We expect that a large institutional trust company (e.g., Computershare) will act as the trustee of this newly formed trust.

2. **Supplemental Indentures for Subordinated or Junior Bonds (no form for Junior Bonds has been provided by Torys)**

3. Any **Note Purchase Agreement** or **Underwriting Agreement**, which may be used by OPG. **(no form has been provided by Torys)**

4. The **Management Agreement** between the Issuer and OPG, which describes OPG's obligations to manage the Issuer's business including the completion of Investment Asset purchases and the negotiation and launch of Bond offerings.

5. An **Acknowledgment and Indemnity Agreement** between IESO and the Indenture Trustee, which gives the Indenture Trustee the right to enforce on behalf of the Issuer certain contractual obligations of IESO, and in which IESO gives certain rights of indemnification to the Indenture Trustee.

6. The **IESO Indemnification Agreement** in favour of the Creditors under the Bonds and other Financing Obligations.

7. Any other **Credit Enhancement Agreements** which may be entered into in the future with the Indenture Trustee to provide additional guarantees, collateral or other credit support for all or a particular Series or Classes of Bonds. **(no form has been provided by Torys)**

8. The **Change of Law Protection Agreement** in which the Province of Ontario will agree to indemnify and provide certain assurances to the Indenture Trustee (for the benefit of Bondholders and other Specified Creditors). I understand that you are dealing with the Province to produce and settle this document, so I have omitted any discussion here on the basis that this aspect of the program documents will be well-covered by your direct involvement in this regard.

9. The **Change of Law Process Agreement** setting out OPG's obligations to the Province in respect of managing the Issuer including in connection with the issuance of Bonds. As with the Change of Law Protection Agreement, I understand that you are dealing directly with the Province to produce and settle this document, so I have omitted any discussion here.

Steps to Complete Offerings of Bonds

Once the MTSA and Trust Indenture have been executed, Bonds may be issued from time to time as follows:

1. OPG discusses with underwriters, bond purchasers or other lenders terms of Bonds to be issued to finance the purchase of some portion of the Regulatory Asset (including the term to maturity or principal repayment dates, interest rates, applicable reserve amounts and additional credit support and whether the Bonds will be senior, subordinated or junior).

2. No later than the 8th Business Day of a month, IESO may deliver a signed "**Transfer Notice**" to OPG which advises OPG of the dollar amount (the "**Sale Amount**") of the Regulatory Asset which IESO is offering to sell that month for a price equal to the Sale Amount. The Transfer Notice also specifies the closing date for such offered sale (which must be a date later in the same month and no earlier than 5 business days after delivery of the offer). In practice it is expected that IESO will offer most or all of the Regulatory Asset it has available for sale. *Note:* We expect that OPG will want to have discussions with IESO regarding the expected Sale Amount and the optimal timing for such sales. It might be reasonable to suggest including reference to such non-binding consultations in the MTSA.

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3. Subject to availability of financing on attractive terms, OPG must decide within 2 Business Days of receiving such an offer whether it wishes to accept IESO's offer to sell and to complete a corresponding issuance of Bonds to finance the purchase (and possibly to refinance existing or maturing debt). The choice of terms and maturities selected for the Bonds should reflect the Financing Plan so that the aggregate estimated Finance Amount in future periods "will reasonably align with the fair allocation amount" for the future period (as provided in the *Fair Hydro Act* s. 21(3) – this should effectively limit the amount of Bonds issued with very long maturities (but in any case OPG may skew issuances to shorter terms with a view to refinancing maturing Bonds in the future). Beyond the broad provisions set out in the Fair Hydro Act and the General Regulation regarding optimizing the efficiency of the financings, it is not clear what specific provisions should be included in the program documents to oblige OPG to obtain terms and pricing that are in the best interests of Specified Consumers in particular contexts. I assume that the new regulations relating to OPG's fees (which I have not seen at this point) will provide incentives that are intended to align OPG's incentives for optimization. The Management Agreement presumably could also address these issues specifically if desirable.

4. OPG will have significant flexibility in determining the mix of Bond maturities to be used which are consistent with the Financing Plan. OPG may also elect to rely in part on the Warehouse Facility or otherwise issue short-term Bonds which will need to be re-financed at maturity. By negotiating and entering into a Warehouse Facility, OPG can ensure that a specified amount of financing will be available until the facility's currently unspecified maturity date (subject to satisfaction of applicable conditions) at short-term floating interest rates. It is possible that OPG might agree to include an Issuer covenant to hedge these floating interest rates in whole or in part, but no such obligation is currently included in the draft indenture documents. OPG could also, in the interests of the Trust, choose to have the Issuer enter into rate hedges.

5. If OPG wishes to accept the IESO offer, OPG has 2 business days to countersign and return the Transfer Notice, and such delivery results in a binding agreement of purchase and sale.

6. OPG has the remaining period until the specified closing date to finalize and close the Bond issuance and cause the Bond proceeds to be paid to IESO, which payment automatically results in the Regulatory Asset being transferred and becoming part of the Issuer's Investment Asset.

   Included in the conditions precedent to the Issuer's obligation to complete the MTSA purchase of the Regulatory Asset is the condition that the Issuer has sufficient funds available to complete the purchase and all conditions precedent to the related Bond financing transaction have been satisfied. This addresses the risk that the Issuer could default under the MTSA purchase transaction if its financing transaction was not successful.

   Furthermore, the Trust Indenture provides, as conditions precedent to the entry into any definitive agreement for the issuance of Bonds, that the Issuer must certify that it reasonably believes that the transaction will not cause an "Adverse Effect" (i.e., including any material

adverse effect on the amount or timing of payments to be made to the Issuer's Bondholders or an action which will result in an Event of Default) and the "Rating Agency Condition" must be satisfied (i.e., applicable Rating Agencies have been given 10 business days' notice of the transaction and have not indicated that the transaction will result in a downgrade of any previously issued Bonds).

7. In cases where OPG intends to refinance a Bond (including the issuance of long-term Bonds to repay all or a portion of Bonds outstanding under a Warehouse Facility) IESO's Transfer Notice timetable is irrelevant (since no Transfer Notice needs to be delivered for a refinancing) and OPG only has to align the new financing with the expiring financing.

8. Ongoing obligations may apply in respect of each Bond offering, including obligations to make periodic accounting and program disclosures, to fund reserve accounts (which qualifies as a Financing Amount which is recoverable as part of a Clean Energy Adjustment), and potentially to enter into hedging transactions (or OPG may elect to enter into hedging transactions on its own initiative as part of its treasury management function).

OPG Covenants and Notable Risks under the Financing Documents

In addition to its statutory obligations as Financial Services Manager under the Fair Hydro Act, OPG will agree under the Management Agreement to manage the business and operations of the Issuer in accordance with the terms of the Finance Documents, such as only completing Bond offerings that comply with requirements applicable under the applicable Indenture Documents.

Given that the Issuer is not expected to have any employees (since this helps to limit insolvency risk and ensures that OPG is not impeded in managing the Trust's business in OPG's best interests), OPG is in effect responsible for taking every action required to manage the Issuer's business in compliance with applicable laws and the terms of the Finance Documents, including:

- preparing annual financial statements and engaging auditors;
- producing annual compliance certificate that the Issuer is in material compliance with the Indenture Documents;
- producing officer's certificates as required under financing transactions;
- preparing and certifying offering documents or continuous disclosure documents if required for a particular financing;
- arranging for the completion of tax filings;
- not engaging in any business other than is permitted under Financing Documents, the Declaration of Trust and other program agreements;

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- diligently pursuing actions to enforce the Issuer's rights under the Finance Agreements and also in respect of the Investment Asset (assuming that the ownership interest therein is an instrument or agreement);
- enforcing IESO's compliance with the material servicing obligations under the MTSA;
- enforcing OPG's compliance with its obligations as Manager;
- keeping the Issuer's business separate from the business of OPG (and OPG affiliates) including maintaining the Issuer's identity as a distinct entity with assets and liabilities distinct from those of OPG, not identifying the offices of OPG as the Issuer's offices, not identifying OPG's telephone number as the Issuer's telephone number, not utilizing OPG's stationery, invoices or cheques of the Manager, conducting all transactions with OPG strictly on an arm's length basis and in good faith, allocating all overhead expenses for items shared between the Issuer and the Manager on the basis of actual use to the extent practicable (and otherwise on a basis reasonably related to actual use), conducting its affairs strictly in accordance with the Declaration of Trust, and observe all necessary, appropriate and trust formalities, only maintaining bank accounts to which the Issuer alone is the account party (or where the Issuer Trustee or the Indenture Trustee will maintain them on behalf of the Issuer), and from which only the Issuer or its agent has the power to make withdrawals, and paying all of the Issuer's operating expenses from the Issuer's own assets (including, for greater certainty, reimbursing the Manager for any such expenses).

The Issuer may not consent to OPG's resignation as Manager unless the Rating Agency Condition is satisfied.

IESO Covenants and Risks under the Financing Documents

Key Covenants of IESO in the MTSA:

- maintain corporate existence and comply with laws relating to the Investment Asset
- not transfer any portion of its Regulatory Asset to any person unless such person and the issuer first enter into a Co-Owner Agreement
- IESO shall not become a holder of Bonds of the Issuer (except for passive investments held for employee benefit purposes)
- disclose the effect of transactions between IESO and the Issuer in accordance with GAAP for government entities. (***Note:*** It is not clear how this covenant would interact with a qualified audit opinion.)

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- provide non-confidential information regarding IESO, the Investment Asset and its servicing services for inclusion in offering documents from time to time, and represent that such disclosure is true and correct in all material respects.

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Schedule A

List of Financing Documents

[To be completed based on documents available at time of finalizing due diligence memo]

Financing Plan

A. Background

1. The OFHPA

Subsection 22(1) of the *Ontario Fair Hydro Plan Act* (OFHPA) requires the Financial Services Manager (FSM) to ensure that funding obligations are only incurred in a manner consistent with the Financing Plan. Under subsection 21(1) of the OFHPA, the FSM is required to prepare the Financing Plan in writing to evaluate whether potential funding obligations should be incurred by a financing entity (FE) to finance or refinance an investment interest.

Other than the principles described in subsection 21(3) of the OFHPA, the limitations set forth in subsection 21(4) of the OFHPA and the more detailed principles and assumptions set out in section 14 of the General Regulation, the OFHPA and the General Regulation offer limited guidance to OPG in preparing the Financing Plan.

The objectives of the Financing Plan can be discerned from the applicable purposes and principles described in the OFHPA, including:

- the overall purpose of the OFHPA set forth in section 3 of the OFHPA, including:
    - to ensure a fair allocation of clean energy costs and benefits over time
    - to align clean energy costs with clean energy benefits to achieve fairness over time
- subsection 21(3) of the OFHPA, including:
    - the reasonable alignment of actual plus estimated finance amounts becoming due and payable during a reference period with the applicable “fair allocation amount” (FAA) for the reference period (subject to any applicable readjustment amount)
    - incurrences that are “reasonable”, “cost effective” and “reflect prevailing market terms and conditions”.

Subsection 14(1) of the General Regulation specifically directs the FSM to make “reasonable assumptions” regarding a list of items; namely:

- IESO deferrals for future months, based on the most recent calculation of the FAA
- future transfers of specified portions of the regulatory asset
- maturities of funding obligations
- cash flow requirements to meet contractual obligations associated with funding obligations
- descriptions of current funding options, including terms and conditions
- descriptions of currency and interest rate hedging programs, if applicable

- financing entity expenses
- interest rates
- the need for and the establishment of financing reserve accounts and capital accounts.

Subsection 14(2) of the General Regulation lists additional principles applicable to preparing the Financing Plan; namely:

- seeking the best terms available at the time of incurrence of a funding obligation, having regard to other financing transactions of the size and type contemplated by the Financing Plan
- applying the principal proceeds of a funding obligation for the purpose of repaying or redeeming debt or for the purposes of paying the purchase price for investment interests
- considering the interests of specified consumers with respect to stable and predictable electricity rates
- acting as any reasonably prudent financial services manager would act in similar circumstances
- dealing with related parties on arm's length terms.

2. Basic Functions of the Financing Plan

The Financing Plan should establish the approach, parameters and methods that will apply to the FSM in elaborating on and achieving the broad principles set out in the OFHPA and the General Regulation, which will more specifically define the FSM's activities in connection with financings. As such, the Financing Plan will set out an objective basis for establishing and corroborating reasonable expectations and practices considered by the FSM, and disclosed to the Minister of Energy, as being appropriate to achieve fairness and efficiency in the implementation of the anticipated funding platform. From OPG's perspective, the Financing Plan serves to establish the basis to demonstrate that it has discharged its duties and obligations as FSM, even if the actual outcomes obtained by following and reasonably applying the principles, approach, parameters and methods set out in the Financing Platform differ from those contemplated in the OFHPA.

Broadly, the matters for consideration in developing the Financing Plan include: establishing and prioritizing the key objectives contemplated in subsection 21(3) of the OFHPA; mitigating identified risks that run counter to the Financing Plan; establishing the basis for modelling and forecasting financing decisions; establishing the basis for settling the terms and conditions of funding obligations; achieving best available pricing; avoiding potential conflicts of interest; and anticipating key variables and the impact of potential changes of circumstance.

B. Anticipated Contents of the Financing Plan

The following is an overview of some specific considerations that should be addressed in the Financing Plan (and in turn in establishing and implementing a related capital markets platform

for any financing entity), in furtherance of the purposes and principles contemplated in the OFHPA and section 14 of the General Regulation:

1. Key Objectives

    a. Alignment to Achieve Fairness – A key presumption of the OFHPA is that funding obligations will be incurred so that finance amounts for a reference period (i.e., payments and repayments in relation to funding obligations) will approximate the applicable FAA for the reference period. If finance amounts are less than the FAA for a reference period, the amount of clean energy adjustments for that period will under-shoot the economic model, with the result that specified consumers in that reference period would not bear their fair share of the clean energy costs. Aside from issues of unfairness that would arise, the "capacity" of the financing model could be adversely affected to the extent that finance amounts undershoot the applicable fair allocation amounts. On the other hand, if finance amounts are greater than the FAA for a reference period, the amount of clean energy adjustments for that period will exceed the fair level, resulting in the ratepayers of that period bearing a disproportionate burden of the clean energy costs. The Financing Plan should specifically develop and document the forethought and diligence required to be applied by the FSM to achieve the alignment objective.

    b. Efficiency – Inherent in the FSM's role is a decision-making function that requires the FSM to apply judgment as to whether the incurrence of a particular funding obligation and mitigation strategy is reasonable, cost effective and reflective of market terms and conditions (if applicable), having regard to then current circumstances, expected outcomes, available alternatives and the overall alignment and fairness objectives. The Financing Plan should be responsive to the need to balance efficiency considerations (e.g., costs to be passed on to ratepayers as clean energy adjustments) against the absolute achievement of the alignment objective. In other words, mitigating every conceivable risk and managing the capital markets program in order to achieve a perfect alignment could be unduly costly, limiting and impractical. Recognizing this, the Financing Plan may contemplate outer boundaries, within which there would be "reasonable alignment" as contemplated in paragraph 1 of subsection 21(3) of the OFHPA (i.e., within some reasonable range of proximity to the applicable FAA), and outside of which there would be an unacceptably disproportionate bearing of clean energy costs by the ratepayers of a particular reference period. For example, if a reasonable assessment of a particular risk would suggests that future finance amounts for a reference period may fall outside of the 'reasonable range' relative to the applicable FAA for the reference period, the Financing Plan may, notwithstanding the associated costs, require mitigation of that risk to ensure that those finance amounts stay within that reasonable range in order to avoid what would otherwise be a patently unfair allocation of clean energy costs to the ratepayers of that particular reference period. Specific examples of that sort of trade-off and mitigation scenario are contemplated below.

2. Risk Mitigation

    a. Duration Mismatch Risk – There is an inherent duration mismatch between available cash flows (from clean energy adjustments – limited by FAAs, which

are expected to not become positive until around 2027) and repayment terms (i.e., since >10 year maturities for CAD "amortizing" structured financing instruments would be limited, warehousing, liquidity and refinancing requirements should be anticipated). The Financing Plan should set out the FSM's plan to address the duration mismatch, including by considering the availability of third party standby liquidity facilities or mandatory extendable terms. The Financing Plan should refer to the schedule of FAAs and address how debt is anticipated to be incurred to fund anticipated IESO deferrals in order to address and mitigate the duration mismatch risk. Among other things, if the FSM determines that short maturing debt can be incurred in circumstances where a refinancing is reasonably anticipated, consideration should be given to spread maturities so that if a market disruption were to occur the payment impact on a particular group of ratepayers (i.e., through excessive CEAs, corresponding to a forced repayment of principal amounts otherwise refinanced) would be mitigated. For example, it may be appropriate to incorporate a shadow FAA concept (e.g., FAA + Factor)), such that in setting maturities for debt incurred on the assumption that refinancings would be possible, principal repayments in any reference period resulting from a market disruption would nevertheless not exceed such shadow FAA.

b. Depth of Market and Concentration Risk – The FSM should broadly explore potential funding sources and the relative costs and benefits of each. An assessment of each rated, capital markets source of funding should take into account the all-in costs of structuring and implementing such a financing transaction (including the costs associated with a senior/subordinated capital structure, currency and interest rate hedging, credit enhancements, liquidity reserves, underwriting commissions, rating agency and other incidental costs, etc.) and the relative availability of replacement financing transactions on similar terms, to the extent there is a duration mismatch based on the tenor of the capital markets instruments available to be issued. Private market alternatives (such as one-off or facility-based fundings by institutional investors, such as pension funds and insurance companies) should be considered as a source of primary funding or alternatively in connection with possible take-out fundings. The expected cost, availability, liquidity and priorities associated with acquiring hedging instruments, in order to mitigate currency exposures arising under fundings in currencies other than CAD, should be taken into account. The Financing Plan should describe the basis on which the FSM will evaluate each source of funding and the relative importance of identified decision criteria. The financing alternatives contemplated by the Financing Plan should be robust and allow for migration from one funding source to another, based on availability and reasonably foreseeable changes in circumstances. The diversification of funding sources should be considered a significant objective of the Financing Plan, including to address market capacity issues arising on further financings and refinancings.

c. Currency Mismatch Risk – If the payments arising under a funding obligation or any related finance amounts becoming payable are to be denominated in a currency other than CAD, the FSM should hedge that obligation to reflect an equivalent CAD value payment based on the relevant foreign exchange rates prevailing at the time funding obligation is incurred. The type of hedging instruments acquired for this purpose should be selected based on counterparty credit considerations, relative pricing and costs, liquidity considerations, terms

and conditions and the availability of replacement hedge counterparties to the extent there is a mismatch in the tenor of the instrument or to address early termination scenarios.

d. Interest Rate Risk – The interest costs applicable to outstanding funding obligations will be passed directly through to ratepayers as CEAs. The Financing Plan should establish objectives and parameters to guide FSM decisions made to mitigate potential interest rate volatility and increases over time, including in connection with any anticipated refinancing of outstanding funding obligations. The smoothing of interest costs passed through to ratepayers across generations should be a guiding principle, although attainment should be measured against the period costs of acquiring appropriate hedges to mitigate future interest rate changes. The parameters may, for example, set boundaries (e.g., collars or straddle strategies) in order to hedge against extreme interest rate movements, to the extent they could result in very significant increases in the funding costs to be passed through to ratepayers in a future generation.

e. Counterparty Risk – To the extent that the timely payment of funding obligations will depend on performance by one or more third parties (e.g., swap counterparties, liquidity providers or obligors under unfunded credit enhancement arrangements), the availability and cost of replacement providers should be considered at the time of incurrence and significant risks of materially increased costs or the potential unavailability of obtaining alternative providers should be considered and mitigated wherever possible if cost effective. For large, concentrated counterparty positions, a credit risk management model should be adopted to measure and mitigate counterparty exposure, including by requiring the posting of collateral margin against the market value of obligations owing from the counterparty from time to time. Overall counterparty concentration limitations, applicable across related entity groups, should be adopted so that large counterparty obligations are bifurcated or syndicated in order to stay within such limits.

f. Cash Flow Shortfall Risk – To the extent that clean energy adjustments may be insufficient to meet funding obligations (e.g., due to a potential delay in recovering shortfalls through the “true-up” mechanism), cash reserves and the implied costs associated with “negative carry” on cash deposits should be considered.

3. Contingency Planning – On-going contingency planning and risk reassessment should be undertaken to evaluate and respond to identified risks. The Financing Plan should establish a calendar for and list of action items to periodically review and assess identified risks; assess the likelihood of extreme scenarios arising; and consider alternative methods of risk mitigation, given the relative costs and benefits and implementation requirements.

4. Modelling and Forecasting Requirements

a. Estimates and Forecasting – Financial estimates should address both expected outcomes and reasonably foreseeable circumstances and attendant volatilities. Probability assessments and valuations should be based on best available statistical and market information and utilize generally accepted statistical

modelling and valuation methods and conventions. The Financing Plan should set out and describe the basis for all significant underlying assumptions. Macro economic considerations should be assessed based on available market data and trends. If the alignment of potential finance amounts could significantly vary from an applicable FAA for a reference period depending on the accuracy or realization of such assumptions, contingency planning and risk mitigation assessments should be undertaken based on best available estimates and forecasts in order to develop mitigation strategies to limit the effect of mismatches and variability.

b. Reliance on Experts – The FSM should engage recognized experts in relation to any aspect of the modelling, estimating, valuing and forecasting activities contemplated by the Financing Plan wherever the FSM does not have satisfactory internal capabilities. Experts should be engaged specifically for the purposes contemplated by the Financing Plan and their work should be separated from and accounted for separately from any other engagements undertaken for the FSM for it own account.

c. Frequency of Updates and Revisions – Significant estimates, valuations and forecasts should be updated not less frequently than [quarterly]. Models should be updated and rerun not less frequently than [quarterly].

d. Recalculation of "fair allocation amounts" – If the FAAs are recalculated (as contemplated in subsection 20(5) of the OFHPA), future incurrences will be affected. While past incurrences and related clean energy adjustments are unaffected by such a recalculation, under subsection 22(4) and subsection 20(6) of the OFHPA, respectively, the recalculated FAAs would affect the funding and related decisions of the FSM going forward. Accordingly, the FSM will need to adapt and adjust the Financing Plan upon any FAA recalculation, and reflect such changes in relation of future incurrences. Importantly, such changes would impact refinancings of existing debt, except (arguably) if a refinancing commitment is in place before the FAA change takes effect.

e. Readjustment Amounts – Similar to where FAAs are recalculated (described above), future incurrences may be affected by any Part II rate adjustment that results in a readjustment amount that is impactful under subsection 21(3)1. Unlike for FAA recalculations, the OFHPA does not expressly state that past incurrences and related clean energy adjustments are unaffected by such a readjustment amount. Accordingly, any applicable readjustment amount will affect the funding and related decisions of the FSM going forward and so the FSM will need to adapt and adjust the Financing Plan to address the consequences of such a readjustment amount, including any refinancings of existing debt.

f. Funding Rebates – [CONSIDER RELEVANCE AND IMPACT OF "FUNDING REBATES" ON THE FINANCING PLAN, ONCE THAT CONCEPT IS FLESHED OUT]

5. Negotiating Terms and Conditions

a. Risk Mitigation – The Financing Plan should specifically contemplate appropriate risk mitigation alternatives and the steps to be undertaken by the FSM to assess suitability and feasibility. Among other things, liquidity, funding and hedging instruments should address counterparty creditworthiness assessments, incorporate appropriate early termination events, permit key supplier replacement and portability arrangements and take account of variability of underlying measurements and the related impact on funding.

b. Potential Impact of Episodic Events on Alignment – The Financing Plan should identify possible events that could lead to a significant misalignment and the terms of funding obligations should anticipate terms and conditions capable of avoiding or reducing such misalignment. Examples include market disruption events impacting refinancing alternatives; cross-defaults due to external causes (such as third party defaults) leading to acceleration or an inability to refinance; optionality granted to counterparties that could lead to a significant misalignment on exercise. Such terms should be avoided wherever possible.

c. Avoidance of Balloon Repayment Terms – In settling debt maturities, terms and conditions, the Financing Plan should direct the FSM to avoid terms that could result in a significant portion of outstanding debt obligations becoming due and payable in any single reference period. For example, default and acceleration scenarios should not allow for immediate repayment if the result (as a result of cross default/ cross acceleration provisions, etc.) could be that the ratepayers of a particular reference period would bear a disproportionate obligation for repayment through CEAs. Rather, the amounts payable in such a default and acceleration scenario should be limited so that finance amounts for a reference period are not significantly out of alignment with the FAA amount applicable at the time the funding obligation is incurred (as contemplated by OFHPA 21(3)1).

d. Pricing Considerations – The Financing Plan should specify the basis for evaluating whether agreed upon prices (i.e., interest rates; options; fees and commissions; etc.) are consistent with market terms and conditions. For example, bond pricing based on ratings and having regard to an ample number of market quotations by way of prescribed minimums. If no market exists, pricing should be based on valuation procedures and conventions that do not exaggerate the economic impact of considerations such as illiquidity and thin trading scenarios, strategic behaviour scenarios and conflicts of interest.

e. Consideration of Available Markets – The Financing Plan should direct the FSM (itself or with help from a suitable market intermediary) to thoroughly examine market alternatives for FE debt issuances, hedges, services, etc., and establish parameters to evaluate the depth and availability of each alternative. Non-Canadian markets, as well as non-structured finance market segments within Canada should be considered in light of proposed terms and conditions and suitability, demand and sophistication of each investment segment for products like the proposed FE debt, etc.

f. Subordinated Debt Issuances – The Financing Plan should specify the process by which an efficient level of “subordinated debt” is established, having regard to the entire FE capital structure, and by which the interest rates and other financial terms and parameters for subordinated debt will be established. The process

should involve a purposeful and focused evaluation of the differences between the terms and conditions of senior obligations and subordinated debt in order to ensure that market participants involved in providing prices (including through a dealer poll, if applicable) have a proper understanding of the specific risks associated with the subordinated debt of an FE relative to its senior obligations and the circumstances in which such risks may arise. Measures to address the conflicts of interest inherent in OPG acquiring subordinated debt should be addressed and rigorously observed.

g. Trading Liquidity – The Financing Plan should evaluate the benefits of promoting an active trading market for FE debt obligations (e.g., increased liquidity leading to a robust market for new issuances of FE debt), and take such benefits and any related costs (e.g., prospectus and "public" costs) into account in evaluating prospective market outlets for FE debt.

h. Redemption Rights, Liquidity Facilities and Funding Reserves – The direct and indirect economic costs of redemption and extension privileges and third party standby liquidity arrangements should be fully evaluated. These arrangements may be useful to address primary alignment considerations, but may come at a high cost and so may not achieve the efficiency objectives or be appropriate.

i. Currency and Interest Rate Hedging – The terms and conditions of any options, swaps or other derivatives and related use strategies should provide flexibility to adjust to changing expectations, market circumstances and internal considerations (e.g., variability in cash flows from CEAs). Terminations premiums and acceleration terms leading to potential mismatches or voids should be avoided.

j. Application of Cash Flows – All undertakings by an FE must observe the special purpose and bankruptcy remoteness restrictions applicable in the circumstances. Among other things, all payment obligations should be satisfied from a common "priority of payments waterfall" applicable to the FE under its issuing documentation. Priority of payment entitlements for a counterparty should be consistent with market conventions and negotiated to maximize the efficiency of the FE's capital structure. Cross-collateralization and cross defaults between tranches of debt intended to be serviced by separate investment interests should be avoided.

k. Ratings – [CONSIDER]

l. Incurrence of Expenses – The Financing Plan should establish an approval process that ensures that the costs and expenses incurred for or on behalf of the FE are rigorously scrutinized and negotiated to achieve cost efficiency. Expenses incurred and attendant benefits must be separated from expenses and benefits incurred for OPG on its own behalf.

m. Reliance on Provincial Support Arrangements – The terms and conditions of FE undertakings must take account and enable the step-in rights or termination rights and other optionality contemplated in relation to the Province's protection and assurances arrangements (e.g., see "Optional Replacement" in the current Term Sheet).

n. Arm's Length Considerations – [CONSIDER IF THERE IS A PROCUREMENT POLICY OR OTHER GOVERNMENT CONFLICTS OF INTEREST POLICY THAT SHOULD APPLY. THIS OUTLINE SHOULD PROBABLY SPECIFICALLY ADDRESS THE MANNER OF PRICING SUB DEBT ACQUIRED BY OPG, FSM FEES AND CHARGES, SEPARATENESS OF SERVICES ARRANGEMENTS (FROM OPG'S OWN) AND OBJECTIVE MEASURES TO ASSESS PROPRIETY AND CONFIRM BY PERIODIC AUDIT)]

6. Specific Matters – The OFHPA contemplates or implies that the Financing Plan will be responsive to certain specific matters, including:

a. Organization of Financing Entities – Subsection 22(2) of the OFHPA contemplates that FEs will be established in accordance with the Financing Plan. Matters for consideration could include:

i. the basis for setting the capital structure of Financing Entities

ii. the manner in which Financing Entities will see to achieve and confirm tax neutrality

iii. special purpose considerations, such as achieving bankruptcy remoteness and consistency with anticipated "sale" treatment (e.g., absence of IESO repurchase obligations)

iv. relevant accounting considerations.

b. Transfers of Investment Interests or Portions – Section 30 of the OFHPA contemplates that FEs may transfer all or a portion of an investment interest in an investment interest in accordance with the Financing Plan. Matters for consideration could include:

i. the protections and considerations anticipated to preserve the internal integrity and functionality of the funding model, including the terms of any co-ownership arrangement and the relative sharing and enforcement of underlying CEAs

ii. the economic terms and conditions of any such transfer

iii. tax, accounting and governance considerations associated with the transfer.

c. Forecast – Regulation para 12(2)2 contemplates that the Financing Plan will include a forecast of funds to be available to the Financing Entity for the purposes of debt repayment (after all other estimated finance amounts for the reference period have been paid in full).

d. Required Assumptions – Regulation section 14(1) requires that the FSM make reasonable assumptions regarding a number of listed matters in preparing the Financing Plan.

e. Required Content – Regulation subsection 14(2)2 requires that the Financing Plan should address specific items (many of which are the subject of the earlier discussion), including:

   i. the reference capital or finance markets in which the funding obligations are to be incurred, including markets outside of Canada

   ii. how recovery amounts will be applied to funding obligations over time

   iii. the capitalization of proposed financing entities,

   iv. strategies to mitigate risk, including currency and interest rate hedging measures, if applicable,

   v. minimizing tax consequences associated with the incurrence of a funding obligation

   vi. articulating the principles by which the Financial Services Manager will make decisions regarding setting interest rates and maturities; refinancings; establishing and using cash reserves; providing indemnities; and agreeing to fees.

From:	Hanslep, Malle (MOF)
To:	Ken Kandeepan; Mike Manning; Ronald Kwan; John Kim
Cc:	Tobias P. Whitfield (MOF)
Subject:	FW: OPG Financing Plan
Date:	Monday, November 20, 2017 8:36:05 AM

Hi - Here is a comment on the financing plan that we passed on to Energy Legal. I don't know how comments are being coordinated or collected.

-----Original Message-----
From: Hanslep, Malle (MOF)
Sent: November 20, 2017 8:30 AM
To: Thouin, Alena (ENERGY)
Cc: Whitfield, Tobias P. (MOF); ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com)
Subject: RE: OPG Financing Plan

Hi Alena,

I don't know how comments are being sent back on this but the description of the Protection Agreement on p. 17 is not accurate and needs to be updated. The Protection Events described could be refined somewhat and the last paragraph also needs to be revised so it is consistent with the wording of the protection agreement. I made a start below but I think it's a bit challenging to describe it concisely.

Upon the occurrence of a protection event, the Province is required to pay amounts as they come due under the Trust Indenture on Approved Obligations] if there has been no acceleration prior to the protection event and if there has been acceleration of payments, the payments are limited to the Clean Energy Adjustment payable...
Following the occurrence of a protection event the Province may elect (but not is not obligated) to assume directly the Trust's obligations .

Malle

-----Original Message-----
From: Thouin, Alena (ENERGY)
Sent: November 16, 2017 10:51 AM
To: Hanslep, Malle (MOF); ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com)
Subject: OPG Financing Plan

We have some comments, I know clients will be organizing some type of call to discuss, which I am sure we will get looped into.

I do have a question, Steve, what are your thoughts on the 15 years issue (once you had a chance to read)?

From:	Hanslep, Malle (MOF)
To:	Tobias P. Whitfield (MOF); Mike Manning
Cc:	Ken Kandeepan; ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com); Thouin, Alena (ENERGY); Tim Christie (ENERGY)
Subject:	FW: Ontario Fair Hydro Plan - Financing Plan
Date:	Wednesday, December 20, 2017 1:32:03 PM
Attachments:	December 20 2017 letter to Hon. Glenn Thibeault.pdf L - Mike Manning 2017 12 20 re FP and IPAM to MOE.pdf

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Notices under the Process Agreement are supposed to go to the Minister of Finance and Deputy Minister of Finance so not sure why they have written this to Mike. So I do hope that it is clear that in future they should be writing to the correct recipients of notices and we might wish to point this out to them.
I am a bit surprised that on p. 17 of the Financing Plan, the statement that the Province has not disagreed with initial forecast or initial protection agreement maximum is made a part of the Financing Plan itself, I thought that they were going to send a separate letter giving us the initial protection agreement maximum so that the province could compare that number to what is in the Financing Plan, otherwise there is not a period of time within which the province could have reviewed and decided not to disagree. At this point, since factually I understand that the Province has not disagreed and this is referenced as something that has happened in the recital this is ok, but I think that we should write back to them to delineate how it should be done in future in accordance with the process agreement.

From: HAHN PARKER Janet -TREASURY [mailto:j.hahnparker@opg.com]
Sent: December 20, 2017 12:46 PM
To: Manning, Mike (OFA)
Cc: Kandeepan, Ken (OFA); Calwell, Carolyn (ENERGY); Thouin, Alena (ENERGY); Christie, Tim (ENERGY); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); LEE John -TREASURY; Ramchandani, Rima; stephen.ashbourne@blakes.com; LADAK Lubna -TREASURY
Subject: Ontario Fair Hydro Plan - Financing Plan
Mike Manning,
Please see attached correspondence (and attachment) from the office of Lubna Ladak, VP FHP.
Thank you,
Janet Hahn Parker

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

ONTARIO POWER GENERATION

Bernard Lord
Board Chair

700 University Avenue Toronto, ON M5G 1X6

Tel: 416-592-2115
bernard.lord@opg.com

Wednesday, December 20, 2017

The Honourable Glenn Thibeault
Minister of Energy
4th Floor, Hearst Block
900 Bay Street
Toronto, Ontario
M7A 2E1

Hand Delivered and sent via email

Dear Minister Thibeault,

Re: Financing Plan under the Ontario Fair Hydro Plan Act, 2017 (the "Act")

I am writing further to our recent exchange of letters and the most recent one dated May 19, 2017, regarding the delivery of a Financing Plan by OPG as Financial Services Manager of the Fair Hydro Trust under the Act. I am pleased to advise that OPG's delivery of the Financing Plan was confirmed by the OPG Board on November 22, 2017, and it is enclosed herewith.

Sincerely,

Bernard Lord
Board Chair

cc (by email):
The Honourable Charles Sousa, Minister of Finance
Scott Thompson, Deputy Minister of Finance
Serge Imbrogno, Deputy Minister of Energy
Gadi Mayman, CEO, Ontario Financing Authority
Jeff Lyash, President and CEO, Ontario Power Generation

Enclosure

** CONFIDENTIAL **

FAIR HYDRO TRUST
FINANCING PLAN

December 18, 2017

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A. Background

In June 2017, the Province enacted the *Ontario Fair Hydro Plan Act, 2017* (the **Act**), to establish a framework under which the costs and benefits associated with the Government of Ontario's (the **Province**) Clean Energy Initiatives are to be fairly allocated between present and future consumers of electricity under Ontario's Fair Hydro Plan (Fair Hydro Plan or FHP). The Act requires the Ontario Energy Board (**OEB**) to set rates that would reduce electricity bills for a proxy regulated rate specified consumer by 25 percent commencing on July 1, 2017. The total bill reduction is comprised of the 8 percent rebate equivalent to the Provincial portion of the Harmonized Sales Tax, the shifting of funding for electricity support programs from electricity bills to provincial revenues, and by decreasing electricity rates for specified consumers paying the Regulated Price Plan (**RPP**) rate. The OEB is providing a Global Adjustment reduction credit for non-RPP specified consumers.

The reduction in electricity bills will result in a shortfall in the Independent Electricity System Operator's (**IESO**) collections, which will need to be financed in order to pay the underlying global adjustment costs (**GAC**). The objective of the Fair Hydro Plan Program (**FHP Program**) is to refinance a portion of the deferred GAC over a longer period.

Under the Act, OPG is appointed as the Financial Services Manager (**FSM**) and is given the authority to, among other things, establish and manage one or more financing entities to raise debt financing (referred to as "Funding Obligations") for the purposes of the Act. The Act requires the Minister of Energy (**MOE**) to calculate the Fair Allocation Amount and for the FSM to incur Funding Obligations that, subject to refinancing, reasonably align with the Fair Allocation Amount, as adjusted by any readjustment amount.

The following attendant regulations were enacted in support of the Act:

- *Ontario Regulation 206/17 General* (**General Regulation**) provides details on specific requirements of the Act, in particular, the requirements for the Financing Plan.
- *Ontario Regulation 195/17 Fair Adjustment* provides details on rate reductions up to April 30, 2019 for specified consumers under the Act.
- *Ontario Regulation 196/17 Invoicing Requirements* provides details on information to be included with the invoice for specified consumers under the Act.

Under sections 21(1) and 21(2) of the Act, OPG, as FSM, has an obligation to prepare a Financing Plan in accordance with the Act and regulations, and to deliver it to the Minister of Energy. Under section 21(6) of the Act, the FSM has the right to amend the Financing Plan from time to time, without affecting any Clean Energy Adjustment that has already been determined or any Funding Obligations that have already been incurred before the amendment.

This Financing Plan was prepared based on the information available to, and the views of, OPG at the time this Financing Plan was prepared (or amended, as applicable). This Financing Plan also includes forward-looking information, which is subject to change. Actual outcomes and results may differ materially from what is expressed, implied or forecasted due to, but not limited to, changes in underlying assumptions relating to the Fair Allocation Amount, interest rates, investor interest, market capacity, market conditions, and credit rating assessments. References made to the "current Fair Allocation Amount" pertains to the Fair Allocation Amount received by OPG from the MOE at the end of September 2017. Terms that are capitalized and not defined

herein have meanings ascribed to the same terms as in the Act or in the General Regulation. All amounts presented are in Canadian dollars.

1. Financing Entity – Fair Hydro Trust

Trustees

In December 2017, OPG as FSM, appointed Computershare Trust Company of Canada to act as the third party issuer trustee (Computershare or **Issuer Trustee**). Following its appointment, the Fair Hydro Trust (the **Trust**) was established as a financing entity contemplated in the Act through a declaration of trust. The Trust is structured to be bankruptcy remote from OPG. The Issuer Trustee is empowered under the declaration of trust to appoint, employ or contract with any person for the transaction of the Trust's activities. Under the Management Agreement between the Trust (by the Issuer Trustee) and OPG, the Trust appointed OPG as its agent to provide services and perform duties for the Trust in planning, implementing and administering the debt financing for the FHP Program.

In December 2017, OPG as FSM, appointed BNY Trust Company of Canada, as the third party indenture trustee (BNY or **Indenture Trustee**). The Indenture Trustee will be acting on behalf of all specified creditors, who are all persons who may have contractual claims against the Trust under the FHP Program agreements contemplated by the Master Trust Indenture (**MTI**) governing the debt issued by the Trust.

Unitholders

The Trust will carry on activities for the benefit of its unitholders outlined below:

Table 1: Fair Hydro Trust Unitholders

Unitholder	Number of Units Held
FHP2017 Inc., a wholly-owned subsidiary of OPG	1,000,000
BNY, as Indenture Trustee	1
Total Units Outstanding	**1,000,001**

Trust Capitalization Structure

The Trust will be 100 percent debt financed and the contemplated source of funding is summarized in Table 2.

Table 2: Type and Source of Debt Funding

Tranche and Debt Type	Source of Funding	% of Total Funding Requirement
Tranche A Senior Debt	Capital Markets	51%
Tranche B Subordinated Debt	OPG via Province	39%
Tranche C Junior Subordinated Debt	OPG via Province	5%
	OPG via Capital Markets	5%

The Trust will issue senior debt in the capital markets to finance 51 percent of the total funding requirement related to the deferred GAC (Tranche A). The financing platform was developed to allow the Trust access to both the Canadian and United States (**US**) markets in order to optimize pricing, provide flexibility, and market capacity. Further details on the types of financing that can be utilized are outlined under the heading *Current Funding Options*.

Through periodic equity injections in OPG, the Province is expected to provide 44 percent of the total funding requirement throughout the duration of the FHP Program. OPG will invest the proceeds from the equity injections into the Trust, with 39 percent in Tranche B as subordinated debt and five percent in Tranche C as junior subordinated debt.

OPG will invest the remaining five percent of the total funding requirement in Tranche C as junior subordinated debt, using internally generated funds or proceeds raised from debt issuances from the public markets.

2. OPG's Duties and Responsibilities

Financial Services Manager under the Act

OPG, as FSM, will perform its duties and responsibilities under the Act and its attendant regulations. These include, but are not limited to, the following:

- Establish one or more financing entities to incur Funding Obligations for the FHP Program
- Prepare a written Financing Plan to be used by OPG to evaluate the incurrence of Funding Obligations to acquire and finance a portion of the GAC deferral
- Ensure that Funding Obligations are incurred in a manner that is consistent with the Financing Plan
- Forecast the cash flow requirements of the financing entities
- Determine the monthly Clean Energy Adjustment for a particular Reference Period
- Administer the Investment Asset on behalf of the financing entities
- Establish and charge fees to the financing entities to recover costs and expenditures and to earn a return

- Seek the best terms available at the time of incurrence of a Funding Obligation, having regard to other financing transactions of similar size and type
- Apply debt proceeds to purchase an Investment Interest or repay or redeem outstanding debt
- Consider the interests of specified consumers with respect to stable and predictable electricity rates
- Deal with related parties on arm's length terms
- Fulfil various reporting requirements to stakeholders

Manager under the Management Agreement

OPG has also entered into a management agreement with the Issuer Trustee, on behalf of the Trust, whereby all of the powers and duties of managing the Trust have been delegated to OPG as the manager. The duties and responsibilities associated with this role includes:

- Determining whether to incur Funding Obligations to acquire an Investment Interest or to refinance existing Funding Obligations;
- Negotiating and entering into program agreements;
- Maintaining accounts and banking records;
- Preparing any offering documents furnished by the Trust to prospective purchasers of Funding Obligations; and
- Preparing financial statements and tax filings on behalf of the Trust.

OPG's entitlement to fees, as FSM, is subject to the payment priorities outlined in the MTI and summarized in Section C, *Application of Recovery Amounts to Funding Obligations,* Figure 5. The FSM is not entitled to resign from its duties or terminate the management agreement as long as Funding Obligations remain outstanding. OPG may be terminated by the Issuer Trustee, with the consent of the Indenture Trustee, or by the Indenture Trustee in accordance with the MTI.

3. Fair Allocation Amount and the Financing Plan

The Fair Allocation Amount, including the readjustment amount where applicable, is an amount calculated under the Act and the regulations by the MOE for every Reference Period over the term of the FHP Program. It is intended to allocate the estimated Clean Energy Costs and Clean Energy Benefits fairly among specified consumers.

The FSM is required to prepare a Financing Plan under the Act to evaluate whether Funding Obligations should be incurred by the Trust. OPG is to have regard to certain prescribed principles (outlined in detail in Section B below), including that Funding Obligations should be incurred so that the estimated Finance Amount that would become due and payable during a Reference Period will, subject to refinancing, reasonably align with the Fair Allocation Amount determined in respect of such Reference Period, as adjusted by a readjustment amount where applicable. In other words, the Financing Plan should contemplate the issuance of Funding Obligations from time to time, with terms that would result in Clean Energy Adjustments being payable by specified consumers to ensure that they are bearing their fair share of the costs of providing Clean Energy Benefits. The Act also provides that each Funding Obligation is deemed

to be consistent with the Financing Plan and to provide for the reasonable alignment of the estimated Finance Amount with the Fair Allocation Amount.

Figures 1 and 2 illustrate the FHP Program's financing profile over the next 30-year period.

Figure 1: Fair Hydro Trust Debt Balance

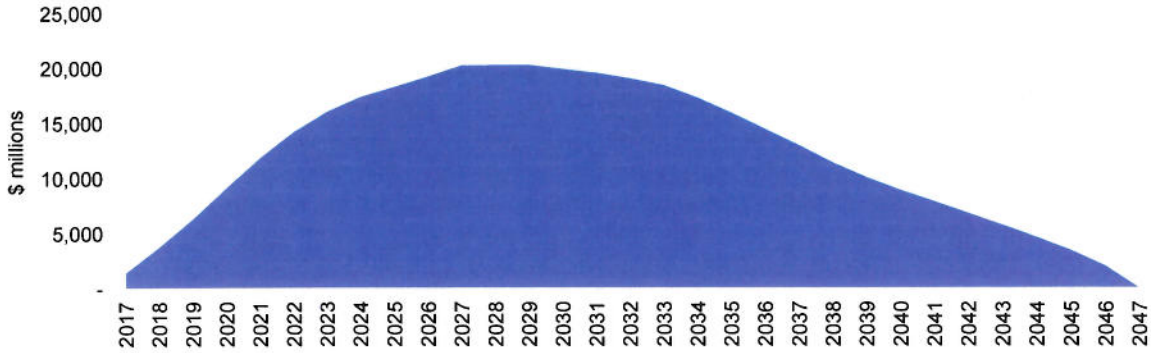

Figure 2: Fair Hydro Trust Borrowing and Repayment Profile

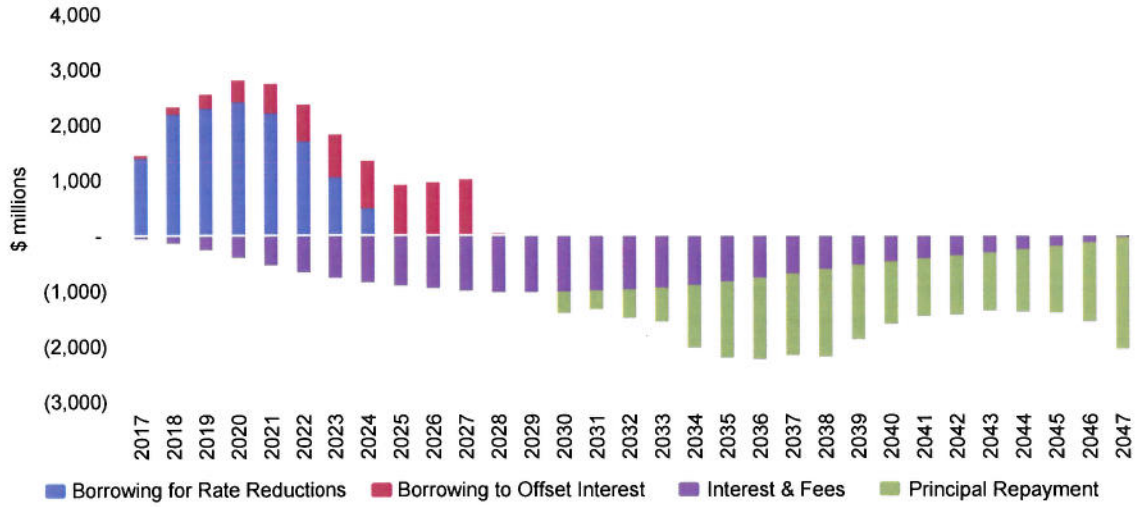

The Fair Allocation Amount is a net amount, either positive or negative, equal to the difference between the following:

1) estimated costs of Clean Energy Initiatives without adjustment; and
2) a re-profiling of the costs in item 1) plus:
    a. the estimated operating and financing costs of the FHP Program, and
    b. the repayment of the readjustment amount.

A negative Fair Allocation Amount in any Reference Period generally represents a period of borrowing, and a positive Fair Allocation Amount generally represents a period of principal repayment.

In a Reference Period when the Fair Allocation Amount is negative, the operating and financing costs of the FHP Program are shown in the Fair Allocation Amount calculation as an increase in the debt of the FHP Program. This treatment is equivalent to increasing the amount of the deferred GAC. The repayment of the related debt is included in the Fair Allocation Amount calculation to establish that all debt will be repaid by the end of the FHP Program. During these periods, operating and financing costs of the FHP Program are considered to align with the Fair Allocation Amount as long as these costs do not exceed the corresponding components in the Fair Allocation Amount calculation in any Reference Period by more than +/- 15 percent. If these costs exceed the corresponding components of the Fair Allocation Amount by more than +/- 15 percent, the FSM will take reasonable actions in accordance with the Act and regulations to align to the Fair Allocation Amount. Variability in costs is expected throughout the FHP Program as the Fair Allocation Amount was calculated on a forecast basis. Accordingly, any variability that is less than +/- 15 percent is deemed to be within an acceptable range.

Assessment for Reasonable Alignment

The Act stipulates that the Financing Plan must reasonably align with Fair Allocation Amount. This requirement is expected to be achieved through the consistent application of the following methodology, guidelines, and steps throughout the term of the FHP Program:

- Maintain a financial model that captures the Funding Obligations requirements of the Trust. Translate the funding requirements into expected cash flows by determining the related interest amounts, reserve requirements, fees, principal repayment, and the Trust's operating costs. This exercise will be performed for each Reference Period over the term of the program.
- Determine and assess the following:
    - For Reference Periods when the Fair Allocation Amount is negative, determine whether the forecast cash flow requirements is less than or equal to the financing and operating costs reflected in the Fair Allocation Amount as additional debt of the Trust. If the forecast cash flow requirements exceed the addition to the debt in the Fair Allocation Amount by more than +/- 15 percent, determine the cause of the variance. In these situations, the FSM will take reasonable actions in accordance with the Act and regulations to align to the Fair Allocation Amount.
    - For Reference Periods when the Fair Allocation Amount is positive, determine whether the forecast cash flow requirements is less than or equal to the Fair Allocation Amount. If the forecast cash flow requirements exceed the Fair Allocation Amount by more than +/- 15 percent, determine the cause of the variance. In these situations, the FSM will take reasonable actions in accordance with the Act and regulations to align to the Fair Allocation Amount.
- Due to the timing of the collection of cash flows, the General Regulation contemplates the use of reserve accounts. Provisions for reserves are excluded from the reasonable alignment assessment as these amounts are required to allow the Trust to incur the Funding Obligations. In addition, the reserve balances will be credited to specified consumers at the end of the term through the true-up mechanism if they are not required to satisfy terms of any Funding Obligation agreements pursuant to the MTI. Refer to *Financing Reserve and Capital Accounts* for more information on reserve accounts.

- Utilize and apply an accrual methodology when determining costs of the program, except for debt issuance costs, principal repayments, and reserve requirements.

The FSM will establish a methodology for assessing reasonable alignment at such time when a new Fair Allocation Amount letter is received from the MOE.

B. Principles and Assumptions of the Financing Plan

This section outlines the various principles and assumptions that guided the development of this Financing Plan in accordance with the Act and section 14 of the General Regulation. The same principles and assumptions will apply to all subsequent revisions of the Financing Plan, if required.

The FSM is required to make reasonable assumptions regarding the following matters:

1. IESO Deferral for Future Months

The FSM will base its expectation of the IESO deferrals on the most current version of the Fair Allocation Amount and readjustment amounts provided by the MOE. Actual IESO deferrals and forecasts of near term deferrals, if available, will be used to guide forecast deferrals over the next quarter.

2. Future Transfers of Portions of the IESO's Regulatory Asset

The Trust anticipates periodic purchases of Investment Assets from the IESO when the cumulative balance of its regulatory assets is large enough to be financed and when effective financing options are available to the Trust. The market capacity for both long-term and short-term debt financing will also be key elements to consider when determining the most cost efficient option.

3. Term to Maturity of Funding Obligations

<u>Initial Term Debt Tranche – 2018 Borrowing</u>

The forecast debt profile for the Trust based on the current Fair Allocation Amount received from the Province at the end of September 2017 indicates that principal repayments can commence in 2030 (see Figure 3). However, the principal repayment amount for that year is expected to be relatively small at approximately $400 million for the year or about $200 million for each six-month Reference Period. Accordingly, principal repayment of the initial 2018 term debt tranche is expected to commence in 2032 when the cumulative principal repayment amount reaches approximately $1 billion, which indicates a minimum term for the initial debt issuance of approximately 15 years. This offering is expected to include $500 million of senior notes, which is a sizeable amount to ensure sufficient liquidity and marketability. Subsequently, principal repayment increases to approximately $1.5 billion annually or $0.75 billion for each Reference Period by around 2035 allowing for larger single maturities.

Figure 3: Principal Repayment Profile Based on Current Fair Allocation Amount

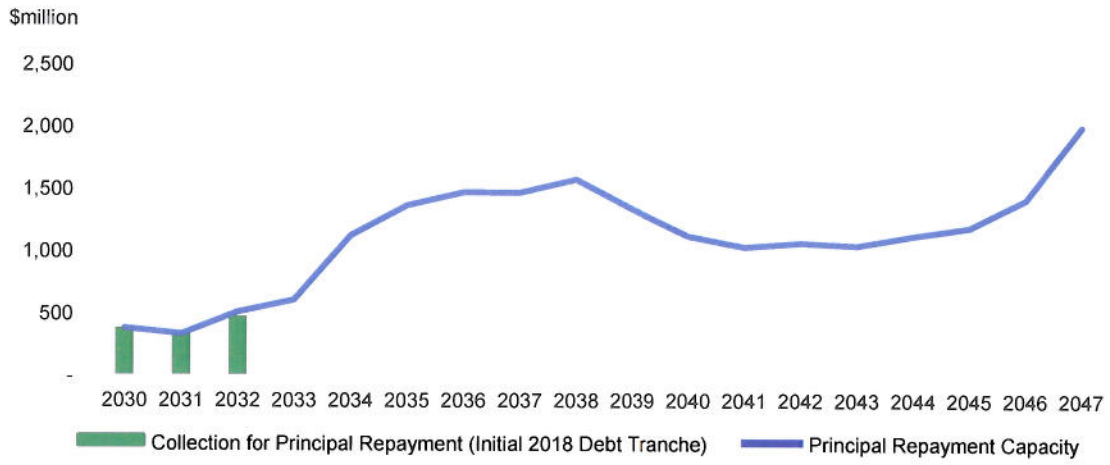

This length of term for an asset-backed security (**ABS**) has no precedence in the Canadian market where terms are typically 10 years or less. Therefore, it is expected that a higher premium will be required to attract investors. Refer to Table 3 under the heading *Interest Rates* for the indicative current pricing range for all debt tranches, including senior debt.

For a new issuer such as the Trust offering a unique program, a strategy of issuing a 15-year term paper may not provide an optimal initial pricing given the absence of a specific credit curve for the Trust. It is expected that at program inception, the Trust will issue debt to cover both short and long-term exposures. The terms of maturities will be staggered, up to year 30, with maturities capped at the projected Fair Allocation Amount and readjustment amount, during each six-month Reference Period. In addition, consideration for a combination of characteristics established by the Fair Allocation Amount curve and investor interest will drive the term of a Funding Obligation.

Indicative Debt Maturities for Borrowings

Using the current Fair Allocation Amount, the forecast debt maturities over the life of the FHP Program was derived in Figure 4 for illustrative purposes only and is current as of the date of this Financing Plan. Actual debt maturities may differ materially from what is illustrated in Figure 4 primarily due, but not limited to, future changes in the Fair Allocation Amount.

Figure 4: Indicative Debt Maturities Using the Current Fair Allocation Amount

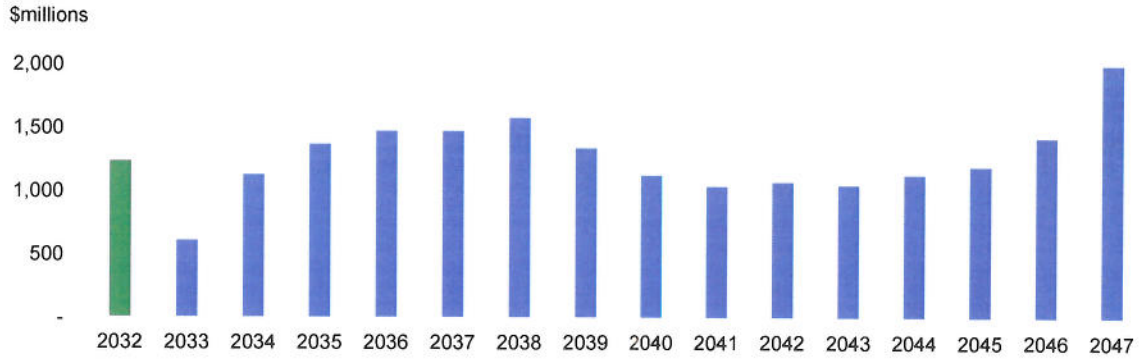

The key objective when determining the indicative debt maturities in Figure 4 is to align the annual amount of debt maturities with the principal repayment capacity under the Fair Allocation Amount curve. In years where the principal repayment capacity is less than $500 million, the debt maturities will fall in subsequent years where the cumulative maturities do not exceed the cumulative principal repayment capacity. This type of decision will be made along with other considerations such as size of each issuance to ensure liquidity (and thus, cost efficiency). As this schedule is based on the current Fair Allocation Amount curve and its underlying assumptions, a shift in the curve and/or any changes in the assumptions will result in changes to this indicative debt maturity schedule.

4. Refinancing

The MTI requires the Trust to establish and maintain a deposit account in the name of the Indenture Trustee for a refinancing account held for the benefit of the Indenture Trustee and specified creditors. All proceeds arising from notes and borrowings related to refinancing shall be deposited to this refinancing account.

Debt refinancing may occur under the following scenarios:

- When original financing is incurred, the short end of the yield curve is more cost efficient than the long end, on a relative basis;
- The Fair Allocation Amount or readjustment amount is updated; and
- In line with the provisions of the Act, no Clean Energy Adjustments will be collected from specified consumers between July 1, 2017 and April 30, 2021. Accordingly, any debt maturities during this period will need to be refinanced.

Refinancing decisions will be guided by the Trust's ability to secure cost efficient long-term financing from investors and the maximum principal repayment profile dictated by the Fair Allocation Amount curve. Given the current Fair Allocation Amount, the FSM expects that debt issuances during the moratorium period will be a minimum of 15-year terms.

However, if market conditions are such that short-term notes (e.g. 5-year notes), along with hedging the refinancing of these notes after 5 years, could be more cost effective than issuing longer term notes, the FSM may consider such a strategy instead of issuing 15-year notes. In the event of an update to the Fair Allocation Amount or the readjustment amount that leads to a significant change in the profile whereby collections of CEAs could start earlier, short-term notes could also be issued.

5. Cash Flow Requirements

The Trust's cash flow requirements to meet its contractual obligations include, but are not limited to, the following:

- Payment of taxes, if any
- Reimbursing the FSM for costs and expenditures outlined in sections 10.2 (3) and 10.13 (3) of the General Regulation and summarized under the heading *Fair Hydro Trust Costs and Expenditures*
- Interest and fees on all outstanding borrowings
- Scheduled principal repayments

- Deposits or transfers to reserve accounts required by the MTI and summarized under the heading *Financing Reserve and Capital Accounts*
- OPG's fees as FSM as summarized under the heading *Financial Services Manager's Fees*
- Termination payments to defaulting derivative counterparties, if applicable

Refer to Figure 5 in Section C, *Application of Recovery Amounts to Funding Obligations* for the cash flow receipts' payment priority.

6. Current Funding Options and Related Terms and Conditions

To achieve cost efficiencies, the following funding vehicles could be utilized in either the Canadian or US markets (except for the subordinated debt), from time to time, depending on the financing requirement, as well as market capacity and relative pricing at the time of issuance:

- **Short Term**: asset-backed commercial paper (**ABCP**) conduit and revolving bank lines of credit in the Canadian market
- **Medium to Long-Term**: term ABS and privately placed debt securities in either the Canadian or US markets
- **Subordinated Debt**: to be provided by OPG

Syndicated Short-Term Warehousing Facility

Short-term notes will be issued by the Trust to fund short-term borrowing requirements. The amount outstanding will be periodically refinanced and repaid by long-term funding from the capital markets once the cumulative amount of the Investment Asset available to be purchased is approximately $300 million to $500 million. This warehouse facility is expected to be utilized on a monthly basis to fund the Investment Asset purchases from the IESO.

The Trust will be securing a warehouse facility agreement with a bank syndicate comprising of CIBC, RBC, and Goldman Sachs for $800 million under a 2-year committed term, which would be primarily funded through their ABCP conduit.

Revolving Bank Lines of Credit

This type of funding option provides the Trust with a warehouse facility under which principal amounts can be advanced, repaid and again advanced during a committed revolving period. This bank funding option will be utilized when it is more cost effective than short-term notes.

Term ABS

ABS are notes that will be backed by the Trust's Investment Asset and issued under the MTI. The specific terms and conditions of each series, class or tranche of notes will be set forth in a supplemental indenture and, if applicable, a terms document authorizing that series, class or tranche.

To minimize financing costs, term ABS bullet bonds will be used rather than amortizing bonds, which require an additional premium by investors. The current intent is to issue term ABS notes in the 15 to 25 year term to fill out the yield curve based on the Fair Allocation Amount and investor demand.

Subordinated Debt

Concurrent with every issuance of senior debt by the Trust, it is expected that OPG will acquire subordinated debt in an amount not to exceed 49 percent of all outstanding debt of the Trust at any time. The subordination of OPG's debt investment plays an important credit enhancement role, which is expected to minimize the cost of senior debt tranches in the external market by garnering a higher rating through some differentiation. The subordinated debt will assume substantially all of the liquidity and deferral risk for the structure. Accordingly, the cash flow payment waterfall in Figure 5 reflects this subordination structure.

The credit rating for the subordinated debt will be dependent on the rating agency assessment and evaluation of the stress credit scenarios. It is expected that there will be a minimum of one rating category differential between each debt tranche.

The interest rate applicable to subordinated debt is expected to be the aggregate of:

- The applicable base rate, which is the relevant senior debt rate, plus
- The applicable spread, which represents the additional interest, in basis points, over the base rate that will apply to the relevant subordinated debt. This rate will be established by OPG through an annual survey of market spreads from a syndicate of banks.

The subordinated debt will maintain a minimum of one rating to allow for appropriate benchmarking/pricing. A simple average of the market spreads will determine the rate, excluding the highest and lowest rates in the survey sample. The terms of the subordinated debt will be finalized prior to the initial debt issuance.

For the short-term subordinated debt lending facility, the banking syndicate will provide OPG with comparable short-term lending spreads on committed bank credit facilities on an annual basis (i.e. ratings based on a pricing grid). A simple average of the market spreads will determine the rate, excluding the highest and lowest rates in the survey sample.

The process will be consistent with the Subordinated Debt Pricing Protocol between OPG, as FSM, and the Ontario Financing Authority.

7. Currency and Interest Rate Hedging Programs

As the FHP Program develops over time, the Trust will consider interest rate and currency swaps and other hedging instruments, as required. Refer to the Section C, *Risk Mitigation Strategies* for further details on hedging and other instruments that could be used by the Trust.

8. Fair Hydro Trust Costs and Expenditures

The costs and expenditures incurred by OPG as FSM on behalf of the Trust will be in accordance with sections 10.2 (3) and 10.13 (3) of the General Regulation as amended in November 2017.

Specifically, the costs and expenditures incurred by the FSM include, but are not limited to, the following:

1. Underwriters or selling agents for Funding Obligations.
2. Banking fees, including but not limited to structuring fees or work fees.
3. Fees of issuing and paying agents for Funding Obligations.
4. Fees of trustees.

5. Fees incurred in the preparation of financial statements, financial reports, compliance certificates and tax returns.
6. Fees of legal counsel.
7. Rating agency fees.
8. Filing or registration fees.
9. Direct costs of OPG for employees whose work consists exclusively of the provision of services to the Trust in relation to prescribed matters.
10. Costs and expenditures incurred on behalf of any financing entity in connection with OPG's duties under the Act in relation to the financing entity.
11. Costs and expenditures incurred in relation to a management agreement between OPG as FSM and any financing entity, where the agreement provides for the reimbursement of the costs and expenditures.

The costs and expenditures incurred directly by the Trust, as well as the fees of the FSM and the costs and expenditures incurred by the FSM on behalf of the Trust, are Finance Amounts that can be recovered by the Trust (as carrying costs) from the IESO until July 2021 and thereafter through Clean Energy Adjustments charged to specified consumers.

9. Interest Rates

As the FHP Program is expected to last until 2047, it is appropriate to assume that long-term debt rates are the primary components of the financing costs for the overall program. In estimating indicative interest rates for each tranche and debt type, the following key considerations and assumptions were utilized:

- The base case credit rating assumptions are as follows:
  - Target of "AAA" for Tranche A – Senior Debt,
  - "A" for Tranche B – Subordinated Debt which is dependent on the senior debt credit rating, and
  - "BBB" for Tranche C – Junior Subordinated Debt
- Using the projected Province of Ontario long bond rate of 4 percent plus a 25 basis points premium to reflect the securitization structure, the estimated indicative pricing over the life of Tranche A – Senior Debt is 4.25 percent
- For comparative purposes, the current pricing using the Province of Ontario long bond rate of 3.0 percent plus the same 25 basis points premium was included to reflect the current low interest rate environment
- A higher return on the subordinated debt is required to compensate for incremental risks assuming:
  - Rating agencies attribute a lower rating to the subordinated debt relative to the senior debt due to the lower priority in the cash flow waterfall (refer to Figure 5 in Section C, *Application of Recovery Amounts to Funding Obligations*)
  - Senior debt's rating needs to be credit enhanced to address collection and liquidity risks

To achieve cost efficiencies, the Trust was established with a tiered debt structure to achieve a higher credit rating for the senior debt and to maximize market capacity by accessing the AAA market to achieve cheaper financing costs overall. The following table summarizes the indicative pricing range by debt tranche:

Table 3: Indicative Pricing by Debt Tranche

Tranche and Debt Type	Risk Profile	Source	% of Total Funding Requirement	Rating Category Estimate	Current Pricing	Potential Rating Range	Price Based on Rating Range
Tranche A Senior Debt	Lowest Risk	Capital Market	51%	AAA	3.25%	AAA – AA	3.25% – 3.75%
Tranche B Subordinated Debt	Medium Risk	OPG via Province	39%	A	4.5%	AA – A	4.0% – 4.5%
Tranche C Junior Subordinated Debt	Highest Risk	OPG via Province	5%	BBB	5.5%	A – BBB	5.0% – 5.75%
		OPG via Capital Markets	5%				
Weighted Average					**4.0%**		**3.75% – 4.5%**

The credit range for each debt tranche will be determined by the overall credit strength of the financing structure and its resilience under various credit stress scenarios. The rating agencies' assessment of the limited guarantee to bondholders provided by the Change of Law Protection Agreement, discussed under the heading *Indemnifications*, is one of the major factors that will influence the final ratings of each debt tranche. In addition, in assessing credit stress, the following factors, among others, will be considered: (i) declining energy usage throughout the securitization period, (ii) forecast collections in peak months not materializing, and (iii) declining consumption equal to the largest absolute annual forecast error. The market capacity for securitization notes is predominantly available for AAA-rated notes, limited for AA-rated notes, and not tested or developed for A-rated or lower. The pricing estimates provided in Table 3 reflect these credit and liquidity factors. Debt pricing will be finalized at the time of the initial issuance.

10. Finance and Capital Reserve Accounts

Section 5(1) of the General Regulation stipulates that the Finance Amount shall include any amounts the Trust deposits into capital or finance reserve accounts as required under the governing documents of the Funding Obligations (i.e. the MTI). The accounts also act as a credit enhancement feature in support of the Trust borrowings. Any unused balance in the segregated trust accounts at the end of the term will be credited to specified consumers. Refer to Figure 5 in Section C, *Application of Recovery Amounts to Funding Obligations*, for the priority order of deposits into the reserve accounts.

Section 7.02 of the MTI between the Trust and the Indenture Trustee specifies the establishment and maintenance of the following key reserve accounts:

Finance Reserve Accounts

Program Cash Reserve Account

The Trust shall establish and maintain a Program Cash Reserve Account, a deposit account in the name of the Indenture Trustee with an eligible institution. This finance reserve account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the specified creditors. The Trust is required to deposit to this account the Program Cash Reserve Required Amount during the Reference Period commencing May 1, 2021, being an amount equal to 0.50 percent of the aggregate outstanding principal amount of the senior Funding Obligations, subordinated Funding Obligations and junior subordinated Funding Obligations after giving effect to all settlements on such payment date, or such lesser amount that satisfies the rating agency condition. Amounts available from the collection account will be deposited from time to time in the Program Cash Reserve Account to maintain the balance at the then Program Cash Reserve Required Amount.

Series Finance Reserve Account

From time to time, the Trust may establish a Series Finance Reserve Account, a deposit account in the name of the Indenture Trustee with an eligible institution. Each Series Finance Reserve Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the applicable specified creditors. This finance reserve account may be established for the purpose of allowing the Trust to reserve funds to pay finance charges (including, without limitation, interest and payments under derivative agreements) for a series of issuer Funding Obligations.

Capital Reserve Account

Series Capital Reserve Account

From time to time, the Trust may establish a Series Capital Reserve Account, a deposit account in the name of the Indenture Trustee with an eligible institution. Each Series Capital Reserve Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the applicable specified creditors. This capital reserve account may be established for the sole purpose of allowing the Trust to accumulate funds to be used to make repayments in respect of Funding Obligations. Details of any period of accumulation and the amounts to be accumulated shall be specified in the related Funding Obligation agreement.

11. Indemnifications

The following forms of indemnities are expected to be issued for the FHP Program:

Change of Law Protection Agreement

The Change of Law Protection Agreement provides bondholders a limited guarantee in the event of a protection event and acts as a credit enhancement for the Trust's senior debt. The guarantee will be triggered if:

i. the Province changes the Fair Hydro legislation/regulations or passes other legislation/regulation; or

ii. a change in the organization or structure of the IESO is implemented or Ontario's electricity market is undertaken at the initiative of the Province or an entity controlled by the Province; or

iii. the Act is declared invalid/unconstitutional.

in each case, in a way that adversely affects the ability of the Trust to receive amounts in respect of its Investment Interest so that it can pay funding obligations covered by the agreement, after taking into account and having regard to (i) any funds available at such time to apply to pay such Funding Obligations, including in any finance reserve account, (ii) the availability of any credit enhancement to which the Trust is a party and (iii) any reasonably expected potential effect of a true-up amount under the Act in the Reference Period immediately following the occurrence of an event described above.

Upon the occurrence of a protection event, the Province is required to pay the approved obligations owing by the Trust as they become due and payable provided that the Province has a right of subrogation to receive amounts that the Trust has a right to receive.

Change of Law Process Agreement

Prior to entering into to the Change of Law Process Agreement between OPG and the Province, OPG as FSM provided the Province with an initial forecast setting out OPG's expectations regarding the aggregate maximum amount of debt to be incurred during the initial 24-month forecast period commencing December 1, 2017. This initial forecast amount is designated as the "Initial Protection Agreement Maximum". The Province did not disagree with the initial forecast or the Initial Protection Agreement Maximum on the basis of an apparent inaccuracy in the initial forecast, an inconsistency between the initial forecast and the initial Financing Plan, or as a result of the Initial Protection Agreement Maximum being more than the initial forecast. Pursuant to the Change of Law Process Agreement, between 9 and 12 months prior to the expiry of the initial 24-month forecast period (and every subsequent 24-month forecast period), OPG as FSM will provide the Province with an updated forecast of the aggregate maximum amount of debt to be issued such 24-month forecast periods. This amount, combined with such future amounts with which the Province has not disagreed, will be the Protection Agreement Maximum.

Table 4 provides the expected debt issuance amounts for the next 24-month period as consistent with the Financing Plan and submitted to the Province pursuant to the agreement.

Table 4: Initial Protection Agreement Maximum

Forecast Period Start Date	Forecast Period End Date	Expected Amount of Debt Issuance ($M)
December 1, 2017	December 31, 2017	$1,179
January 1, 2018	December 31, 2018	$2,591
January 1, 2019	November 30, 2019	$2,553
Initial Protection Agreement Maximum:		**$6,323**

Issuer Trustee

Each of the Issuer Trustee and its related parties will be indemnified out of the trust property from and against all liabilities, obligations, losses, damages, penalties, taxes, claims, actions, investigations, proceedings, costs, expenses or disbursements of any kind arising out of, among other things, the declaration of trust or any other program agreement, the administration of the Trust's assets or the action or inaction of the Issuer Trustee's agents, except for its own fraud, willful misconduct, bad faith or negligence.

Limited Recourse

The obligation of the Trust to pay principal and interest on the Funding Obligations is subject to the allocation and payment provisions in the MTI and the applicable Funding Obligation agreement and limited to amounts available from the collateral. Neither the Indenture Trustee, OPG nor the Issuer Trustee in its individual capacity will be personally liable for the payment of the principal or interest on the notes or any other Funding Obligation, or for the Trust's covenants and agreements contained in the MTI.

12. Financial Services Manager's Fees

All fees charged by OPG to the Trust will be in accordance with the provisions of the General Regulation.

Subject to OEB approval, OPG is entitled to the following:

- For 2017, OPG will receive $3.1 million and an amount to cover up-front costs incurred between June 1 and December 31, 2017 by OPG on behalf of the Trust (e.g. legal fees, rating agency fees, trustee fees). The $3.1 million includes a $600,000 fee and $2.5 million to cover costs incurred prior to June 1, 2017. The expenses between June 1 and December 31, 2017 will also include direct costs of OPG employees who are dedicated exclusively to Fair Hydro matters.
- For January 2018 to March 2019, OPG will receive a general fee consisting of (i) a monthly base fee equal to 7.5 basis points, divided by 12, multiplied by the average outstanding debt of the Trust, calculated on a monthly basis, (ii) a variable fee that is calculated based on how the interest rate for external funding tranches for that period compare to forecast interest rates for the period (and which fee is limited to ± 2 percent of 5 percent of the total

external funding tranches issued in the period), and (iii) third-party expenses and direct employee costs of dedicated Fair Hydro employees.

- For April 2019 to March 2020, and every 12-month period thereafter, OPG will make submissions to the OEB on the base fee, variable fee and expenses. The base fee will be based on comparable fees charged by full-service managers of securitization vehicles (and other similar funds). The variable fee will be calculated in the same manner noted above, but with a refresh of forecast interest rates for the relevant period. For 2019 onward, the expenses will include direct employee costs of dedicated Fair Hydro employees only if the fees of comparable managers also include such direct costs.

A written confirmation from OPG's external auditor or another external auditor is required to accompany each submission to the OEB for the recovery of expenditures incurred by OPG on behalf of the Trust. The report shall confirm the accuracy of the costs and expenditures charged to the Trust, that such amounts were incurred by OPG, and the amounts were paid to third parties (with the exception of direct employee costs).

C. Other Considerations

1. Market

The FHP Program's financing platform was developed to allow for access to both the Canadian and US markets in order to have the best pricing and flexibility options. To the extent that the Canadian market has sufficient capacity and provides cost efficiency, priority will be given to the domestic market. However, there is no precedence in the Canadian market for term ABS notes longer than 10 years, nor the size of funding required by the FHP Program. Due to this, the ability to access the US market provides the program additional financing capacity in the event that the Canadian market cannot support the financing requirement. The FSM will make its decision on which market to access on a deal-by-deal basis.

2. Application of Recovery Amounts to Funding Obligations

Section 7.04(e) of the MTI outlines the payment priorities for the Trust's receipt of cash flows. Figure 5 below summarizes the significant components of the payment waterfall.

Figure 5: Payment Waterfall for Fair Hydro Trust Cash Collections

Payment Priorities

On each payment date, all amounts on deposit in the collection account will be paid out in the following order of priority:

1. to pay (A) all taxes exigible for which a governmental authority is given priority over the specified creditors under the laws of the applicable jurisdiction, and then (B) fees, expenses and reimbursements owing to the Issuer Trustee and the Indenture Trustee up to a maximum aggregate amount of equal to $150,000, multiplied by the number of series of senior Funding Obligations outstanding on the payment date, divided by 12;
2. to pay (A) interest, fees and other amounts owing in respect of senior debt and (B) amounts payable to derivative counterparties other than termination payments;
3. to pay interest, fees and other amounts owing in respect of subordinated debt;
4. to pay interest, fees and other amounts owing in respect of junior subordinated debt;
5. to pay principal owing in respect of warehouse debt;
6. to pay (A) principal owing in respect of senior debt to the extent required to satisfy any payment of principal; and (B) termination payments owing to derivative counterparties where the derivative counterparty is not the defaulting party or the sole affected party;
7. to pay fees, expenses, reimbursement and indemnity amounts owing to the FSM;
8. to pay principal owing in respect of subordinated debt to the extent required to satisfy any payment of principal;

9. to pay principal owing in respect of junior subordinated debt to the extent required to satisfy any payment of principal;
10. to deposit to the Program Cash Reserve Account, if the amount on deposit is less than the required amount;
11. to replenish any reserve account in respect of senior debt, the amount required pursuant to the applicable Funding Obligation agreement;
12. to replenish any reserve account in respect of subordinated debt, the amount required pursuant to the applicable Funding Obligation agreement;
13. to replenish any reserve account in respect of junior subordinated debt, the amount required pursuant to the applicable Funding Obligation agreement;
14. to be held in the collection account for distribution in the above order of priority on the next payment date; or (ii) after all Funding Obligations have been paid and discharged, and all other amounts have been paid in full, to pay to the Trust.

3. Risk Mitigation Strategies

Currency Risk

If the Canadian market cannot support the financing capacity of the FHP Program in the future and/or it is less cost efficient than the US market at the time of each subsequent debt issuance, the Trust will access the US market for long-term financing.

Under this scenario, hedges will be considered to mitigate currency exposure. For the initial debt issuance in 2017, it is anticipated that funding will be sourced from the Canadian market only as it is expected to be more cost efficient and there is sufficient market capacity.

Interest Rate and Refinancing Risk

The FHP Program is expected to span over a 30-year period until 2047 with various series of notes expected to be issued at various maturity dates. Given the long-term timeline of the program, it is subject to interest rate and refinancing risk.

Interest rate hedges, including bond forwards and/or forward start interest rate swaps, will be considered in the future to mitigate potential interest rate risk and/or refinancing risk in a cost-efficient manner.

Legal and Political Risk

Given the long-term nature of the FHP Program and the potential for changes in provincial policy, the lenders requires that changes to any legislation (including the Act and its attendant regulations) that would materially and adversely affect the ability of the Trust to service interest or principal payments on its debt would be addressed by the Province.

As discussed in Section B, *11. Indemnifications*, the Change of Law Protection Agreement provides bondholders a limited guarantee that the Province will cover the approved obligations of the Trust if the guarantee is triggered.

4. Tax Minimization Strategies

Beneficiary – FHP2017 Inc.

The majority unitholder and beneficiary of the Trust is exempt from federal tax under section 149 of the *Income Tax Act, Canada* and from Ontario tax under section 27 of the *Ontario Taxation Act, 2007*.

The beneficiary is subject to payments in lieu of federal and provincial income taxes (**PILs**). In order to minimize the tax associated with the Fair Hydro Plan, an exemption from PILs payable on income from the Trust has been requested for the beneficiary. This will result in a reduction in the income tax costs related to the Financing Plan.

Fair Hydro Trust

Trust income will be fully distributed to unitholders to ensure that there is no tax payable by the Trust.

D. Execution Plan for First Investment Asset Purchase

The regulatory asset balance available to be purchased from the IESO is expected to be approximately $1.2 billion, representing accumulated GAC deferrals up to the end of November 2017. Given there will be better market access in January 2018 compared to December 2017, the short-term warehouse facility will be utilized to fund the senior debt tranche of the funding requirement for the first investment asset purchase. Accordingly, the size of the short-term funding is approximately $600 million, representing 51 percent of the funding structure allocation from capital markets. OPG will purchase short-term subordinated and junior subordinated debt issued by the Trust for approximately $580 million, representing the remaining 49 percent of the total funding requirement.

Key Activities

The following table outlines the key activities for funding the first purchase of the Investment Asset:

Activity	2017/2018 Timeline
Province's Equity Contribution and Warehouse Facility Closing & Funding to Purchase Investment Asset	December 21, 2017
Term Debt Rating Agencies' Confirmation of Ratings	Week of January 8, 2018
Marketing & Roadshow	Week of January 22, 2018
Term Debt Pricing	Week of February 5, 2018
Term Debt Closing & Funding	T+5 of Pricing Date

E. Glossary of Terms

In this Financing Plan, the capitalized terms used have the following meanings from the Act:

"**Clean Energy Adjustment**" means the amount determined under section 15 and payable by specified consumers

"**Clean Energy Benefits**" means the value of the benefits determined to be derived by or accruing to specified consumers as a result of the clean energy initiative, including as a result of clean energy costs

"**Clean Energy Costs**" means the value of the costs allocated to specified consumers as a result of the clean energy initiative, including as a result of past, present and expected costs incurred in respect of,

a) the amounts to be paid or reflected by the IESO in adjustments made under section 25.33 of the Electricity Act, 1998 or any provision that is the successor to that provision, which relate to contracts or amounts for,
   (i) renewable energy generation or capacity,
   (ii) conservation and demand management,
   (iii) energy storage,
   (iv) energy efficiency,
   (v) natural gas generation and capacity, excluding contracts relating to amounts payable by the IESO under section 78.2 of the Ontario Energy Board Act, 1998 and excluding such other contracts as may be prescribed,
b) payments made or expected to be made under section 78.5 of the *Ontario Energy Board Act, 1998*, and
c) such other costs or estimated costs as may be prescribed

"**Clean Energy Initiative**" means the policies of the Government of Ontario related to,

a) eliminating coal generation and fostering the growth of and investment in clean, modern and reliable energy sources and technologies,
b) removing barriers to and promoting opportunities for clean and renewable energy sources and technologies,
c) promoting conservation, demand management and energy efficiency, and
d) investing in energy infrastructure to ensure a clean, modern and reliable system

"**Fair Allocation Amount**" means an amount calculated under section 20 of the Act

"**Finance Amount**" means the finance amount determined in accordance with the regulations

"**Funding Obligation**" means a payment obligation incurred by or on behalf of an investment interest owner to fund its ownership of an investment interest or a payment obligation that meets such other criteria as may be prescribed

"**Investment Asset**" means the rights and interests described in section 29 of the Act

"**Investment Interest**" means,

a) an ownership interest in the investment asset, and
b) in circumstances where the ownership interest is transferred, the rights and benefits specified in the agreement under which the interest is transferred

"**Reference Period**" means,

a) the period beginning on July 1, 2017 and ending on October 31, 2017, and
b) during the period beginning on November 1, 2017 and ending on either April 30, 2047 or such later day as may be prescribed,
   (i) every six-month period following the period mentioned in clause (a), or
   (ii) any period shorter than six months, as may be prescribed

ONTARIOPOWER GENERATION

Lubna Ladak
VP – Fair Hydro Plan

Tel: 416 592-5984
Lubna.Ladak@opg.com

December 20, 2017

Via email

Mike Manning
Executive Director & Chief Investment Officer, Capital Markets
Ontario Financing Authority
One Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Dear Mr. Manning,

Re: Ontario Fair Hydro Plan – Financing Plan & Initial Protection Agreement Maximum

I am writing to provide notice that the Financing Plan has been delivered to the Minister of Energy today and the "Initial Protection Agreement Maximum", as defined in the Change of Law Process Agreement to be dated on or about December 21, 2017 between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance, and Ontario Power Generation Inc., has been included therein.

Sincerely,

Lubna Ladak
Vice President, Fair Hydro Plan

cc (by email):
Ken Kandeepan, Ontario Financing Authority
Carolyn Calwell, Ministry of Energy
Alena Thouin, Ministry of Energy
Tim Christie, Ministry of Energy
Malle Hanslep, Ministry of Finance
Tobias Whitfield, Ministry of Finance
John Lee, Ontario Power Generation Inc.
Rima Ramchandani, Torys LLP
Stephen R. Ashbourne, Blake, Cassels & Graydon LLP

From: Thom, Trevor
To: Mike Manning
Subject: FW: Ontario Fair Hydro deal
Date: Friday, December 08, 2017 11:04:03 AM

I guess I have to ask……

From: Purkis, Brad
Sent: Friday, December 08, 2017 11:01 AM
To: Thom, Trevor
Cc: Scace, Patrick; Hilloowala, Maharukh
Subject: Ontario Fair Hydro deal

I understand talking to DBRS that the Fair Hydro deal is getting funded in some bank sponsored conduits next week. Do you know if there a role for TD?

Brad Purkis I Managing Director, Group Head Asset Securitization Group
TD Securities Ernst & Young Tower, 7th Floor, 222 Bay Street, Toronto, Ontario M5K 1A2
T: 416 982 2515 I M: 416 727 8541

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From:	ASHBOURNE, STEPHEN
To:	Anna Strathy; Gadi Mayman; Mike Manning; Malle Hanslep (MOF); Tobias P. Whitfield (MOF); Ken Kandeepan; Hresa Gavaris
Subject:	FW: Possible Approach to Deal with Rating Agency timing concerns, and further refinements to Protection Agreement subrogation provisions previously circulated
Date:	Monday, December 11, 2017 10:29:56 AM
Attachments:	Redline revised Protection Agreement Dec 9 against Dec 8 2017 circulated....pdf Redline minor changes against 23239360-v26-Change of Law Protection Agre....pdf

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FYI

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

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From: ASHBOURNE, STEPHEN
Sent: Sunday, December 10, 2017 9:43 AM
To: 'Feldman, Michael'
Cc: PALMER, AARON; Hanslep, Malle (MOF) (Malle.Hanslep@ontario.ca); Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca); Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca); tom.mckinlay@ontario.ca
Subject: Possible Approach to Deal with Rating Agency timing concerns, and further refinements to Protection Agreement subrogation provisions previously circulated

Hi Michael,

Following our conversation late on Friday afternoon, we thought some more about your concern that the proposed drafting of 2.01(a)(iv) and (v) could be disruptive to the overall process and possibly overwhelm the rating agencies given our tight timetable.

Please have a look at the 2 attachments and let me know if you would have a discussion regarding the alternative and simplified drafting approach to subrogation, described below:

1. Alternative – The first pdf shows a partial, interim revised Change of Law Protection Agreement that works with the earlier subrogation mechanics (before 2.01(a)v). It is predicated on direct one-to-one matching between the Province's entitlements to receive Subrogation Amounts and the entitlements that an original secured creditor would have had to receive equivalent amounts if the related Guarantee Payment had not been made by the Province. I think this is getting at the approach you and Peter raised mid-week, but without a lot of extra drafting or complexity.

   In this version, each Subrogated Amount is related to a "Payable Approved Amount" of principal, interest or another payment obligation under an Approved Obligation which is paid by a Guarantee Payment. The

Province's entitlements to receive Subrogated Amounts are directly based on the original Noteholder's former (now subrogated) entitlements to receive the original Payable Approved Amount (i.e., out of the same Payment Waterfalls, in the same priority, and at the same time that such amount would have been paid if no Guarantee Payments had been made by the Province).

If this approach is adopted, we expect that the relevant shortened provisions in Section 2.01 can be reflected into the Trust Indenture without too much revision required. In summary, the subrogation mechanics would be contained in 2.01(a)iv(A) and (B) as follows:

iv. On the first Guarantee Payment Date and on each subsequent Guarantee Payment Date, Payment Date or other day on which any amount is required to be paid in respect of any Obligations Secured under the Trust Indenture (each a "**Subrogation Payment Date**"), the applicable payment provisions of the Trust Indenture shall, notwithstanding any express terms of such provisions set forth in the Trust Indenture to the contrary, be applied and operate on the following basis:

(A) If such day is a Guarantee Payment Date, then for each Approved Obligation for which amounts are paid to a Beneficiary Payee on such day pursuant to clause 2.01(a)iii in respect of principal, interest or any other amounts ("**Payable Approved Amounts**"), the amounts payable by the Issuer in respect of such amounts for such Approved Obligation shall be reduced by the respective amounts of such payments to the Beneficiary Payee, and equivalent amounts shall be payable by the Issuer to the Province as "**Subrogation Amounts**" in respect of such Approved Obligations, such Subrogation Amounts being payable in the same order of priority and with the same entitlements accruing to the Province as applied in respect of the related Payable Approved Amounts which were previously owing to the Beneficiary Payee, and to reflect this subrogation the payments set out in clause 2.01(a)iv(B) below shall be made by the Issuer.

(B) If the Province has made all deposits required to be made by it on each Guarantee Payment Date occurring on or before such day in accordance with clause 2.01(a)ii (or the related Approved Obligation Amounts have otherwise all been paid in full), then in respect of each Approved Obligation for which any Subrogation Amounts have not yet been paid in full to the Province, the Issuer shall pay to the Province from amounts available under the Trust Indenture payment provisions and in accordance with the applicable Payment Waterfalls the amount that would be payable on such date in satisfaction of the relevant Payable Approved Amounts as determined without regard to any Guarantee Payment paid on any Guarantee Payment Date and also without regard to the corresponding reduction of the amounts owing to present and former Beneficiary Payees pursuant to subclause 2.01(a)iv(A).

2. Refinements to the Current Language – The second pdf is a further mark-up of the relevant provisions of 2.01(a) circulated to the broad group on Friday. This mark-up tries to correct some of the anomalies in the drafting that we have been discussing, and revises (v) to better track the priorities that I understand are included in the most recent version of the Trust Indenture we have received. While these revisions improve the drafting and address the anomalies, the language does not address your concerns regarding the rating agencies becoming overwhelmed.

We thought we should get you these edits as soon as possible since timing is obviously tight. Given the weekend, I have not had a chance to speak to the Province about your timing concerns or these possible revisions, and so all of this is being shared without input or any feedback from the Province and so remains subject to their consideration

and input.
If you decide to share this more broadly, please do so only with a note that explains the background: your concerns about rating agencies timing and our attempt to work within the current language versions they have seen. If you think it is worthwhile working through the drafting today (Sunday), including with Peter, please let me know a time this afternoon that suits you.
I hope this is helpful and does not further complicate the rating agency process.
Regards, Steve
Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust organized under the laws of the Province of Ontario (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council 1981/2017 (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Primary Obligations that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred. This Agreement sets out the terms and conditions of such protections and assurances.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A, and any other capitalized terms not defined herein shall have the meanings assigned to them in the Trust Indenture;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this

Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 Proof of Approved Obligations

The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Manager deems to be sufficient.

Each statement delivered by the Manager under Section 2.01(a)i shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and each of the parties hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Manager shall act diligently in the preparation of each such statement and shall provide the Indenture Trustee and the Province with all supporting computations and calculations used by the Manager to prepare each such statement promptly following a request therefor made by the Indenture Trustee or the Province.

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture as of the date of this Agreement.

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 2.01 or Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a

related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee, the Financing Entity, the Financing Entity Trustee, the Manager or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day; provided, however, that if under the terms of an Approved Obligation an amount is stated to be due, a period of time would begin or end, a calculation is to be made or any other action to be taken thereunder shall be stated to be required to be taken, on a day other than a Business Day, any amount payable hereunder that is to be determined by reference to such Approved Obligation shall be determined by reference to such terms.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee may deliver a written demand, substantially in the form attached as Exhibit A (a "**Payment Demand**"), to the Province requiring the Province to make payments in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in this Agreement. From and after such delivery of a Payment Demand, the Province shall make the following payments in respect of the Approved Obligations (the "**Limited Guarantee**"), ~~and~~ the Financing Entity shall pay, and the Province shall be entitled to be paid, the Subrogation ~~Entitlements~~Amounts specified below, and the following terms shall apply:

i. Not less than 3 Business Days prior to each day when any payment or payments are to be made in respect of one or more Approved Obligations occurring after such delivery of a Payment Demand (each such day, a "**Guarantee Payment Date**"), the Manager shall deliver a written statement setting forth the Aggregate Approved Obligations Amount, if any, in respect of the Approved Obligations that are due and payable on such Guarantee Payment Date, together with a detailed description identifying such Approved Obligations and the nature and amount of payments due and payable thereunder on the Guarantee Payment Date, the aggregate outstanding amount payable by the Financing Entity under such Approved Obligations as of the date of such written statement, and details regarding any default in performance by any party obligated thereunder.

ii. On each such Guarantee Payment Date, the Province shall deposit the Aggregate Approved Obligations Amount into the Protection Account.

iii. On each such Guarantee Payment Date, the Financing Entity and the Indenture Trustee shall ensure that the amounts on deposit in the Protection Account are applied to pay each Beneficiary to whom an amount is due and payable under an Approved Obligation on the Guarantee Payment Date the Approved Obligation Amount for such Beneficiary in respect of such Approved Obligation on such Guarantee Payment Date; provided that if the amount deposited pursuant to clause 2.01(a)ii is insufficient to pay all such Approved Obligation Amounts in full, the amount on deposit in the Protection Account on the Guarantee Payment Date shall be applied to pay Beneficiaries in the order of priority in which such Approved Obligations are payable under the

payment provisions of the Trust Indenture applicable to the making of such payments on the Guarantee Payment Date (each, a "**Beneficiary Payee**" and each payment made to a Beneficiary Payee on a Guarantee Payment Date, a "**Guarantee Payment**").

iv. On ~~any~~the first Guarantee Payment Date and on each subsequent Guarantee Payment Date, Payment Date or other day on which ~~an amount is paid by the Province pursuant to clause 2.01(a)ii~~any amount is required to be paid in respect of any Obligations Secured under the Trust Indenture (a "**Subrogation Payment Date**"), the applicable payment provisions of the Trust Indenture shall, notwithstanding any express terms of such provisions set forth in the Trust Indenture to the contrary, be applied and operate on the following basis:

(A) ~~the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available under such payment provisions on such Guarantee Payment Date shall be reduced by the amount of the Guarantee Payment paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on such Guarantee Payment Date;~~If such day is a Guarantee Payment Date, then for each Approved Obligation for which amounts are paid to a Beneficiary Payee on such day pursuant to clause 2.01(a)iii in respect of principal, interest or any other amounts ("**Payable Approved Amounts**"), the amounts payable by the Issuer in respect of such amounts for such Approved Obligation shall be reduced by the respective amounts of such payments to the Beneficiary Payee, and equivalent amounts shall be payable by the Issuer to the Province as "**Subrogation Amounts**" in respect of such Approved Obligations, such Subrogation Amounts being payable in the same order of priority and with the same entitlements accruing to the Province as applied in respect of the related Payable Approved Amounts which were previously owing to the Beneficiary Payee, and to reflect this subrogation the payments set out in clause 2.01(a)iv(B) below shall be made by the Issuer.

(B) ~~the Province shall be paid the amount payable to a Beneficiary Payee in respect of an Approved Obligation~~If the Province has made all deposits required to be made by it on each Guarantee Payment Date occurring on or before such day in accordance with clause 2.01(a)ii (or the related Approved Obligation Amounts have otherwise all been paid in full), then in respect of each Approved Obligation for

which any Subrogation Amounts have not yet been paid in full to the Province, the Issuer shall pay to the Province from amounts available to pay the Beneficiary Payee under such payment provisions on the Guarantee Payment Date,the Trust Indenture payment provisions and in accordance with the applicable Payment Waterfalls the amount that would be payable on such date in satisfaction of the relevant Payable Approved Amounts as determined without regard to theany Guarantee Payment paid on suchany Guarantee Payment Date and also without regard to the corresponding reduction of the amountamounts owing to thepresent and former Beneficiary PayeePayees pursuant to subclause 2.01(a)iv(A) (each such amount payable to the Province being a "**Subrogation Amount**"); and.

(C) noNo Beneficiary having a right to be paid an amount in respect of an Approved Obligation, and no other Person entitled under an Obligation Secured, in each case that ranks equal with or subordinate to anthe Payable Approved ObligationAmount in respect of which a Subrogation Amount is payable to the Province under subclause 2.01(a)iv(B), shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under such subclause (including any right of set-off, offset, reimbursement, contribution or indemnity) and no such Beneficiary or other Person shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of any such Subrogation Amount.

v. On the first day on which a payment is required to be made in respect of any Obligations Secured under the Trust Indenture that occurs after the day on which all amounts payable under all Approved Obligations have been paid in full (whether pursuant to Guarantee Payments, payments made pursuant to the payment provisions of the Trust Indenture, any combination thereof or otherwise) (the "**Determination Date**"), the applicable payment provisions of the Trust Indenture shall, notwithstanding any express terms of such provisions set forth in the Trust Indenture to the contrary, be applied and operate on the following basis:

(A) the Manager shall calculate each of the following amounts as of and by reference to the Determination Date:

(I) the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province

~~up to and including the Determination Date in respect of Approved Obligations that at the time of payment ranked equally with or prior to interest amounts payable on Senior Funding Obligations in accordance with the applicable payment provisions of the Trust Indenture at such time, plus (y) an amount determined to reflect interest accruing on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount was paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture[1] and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of all Subrogation Amounts paid to the Province up to and including such day (such amount, the "**Senior Interest Final Subrogation Amount**");~~

~~(II) the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including the Determination Date in respect of Approved Obligations that at the time of payment ranked equally with or prior to principal amounts payable on Senior Funding Obligations in accordance with the applicable payment provisions of the Trust Indenture at such time, plus (y) an amount determined to reflect interest accruing on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount was paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2)~~

~~[1] Methodology to be confirmed.~~

~~the sum of (x) all Subrogation Amounts paid to the Province up to and including such day, plus (y) the amount determined under (I), above (such amount, the "**Senior Principal Final Subrogation Amount**");~~

~~(III) the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including the Determination Date in respect of Approved Obligations that at the time of payment ranked equally with or prior to interest amounts payable on Subordinate Funding Obligations in accordance with the applicable payment provisions of the Trust Indenture at such time, plus (y) an amount determined to reflect interest accruing on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount was paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of (x) all Subrogation Amounts paid to the Province up to and including such day, plus (y) the sum of the amounts determined under (I) and (II), above (such amount, the "**Subordinated Interest Final Subrogation Amount**");~~

~~(IV) the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including the Determination Date in respect of Approved Obligations that at the time of payment ranked equally with or prior to principal amounts payable on Subordinated Funding Obligations in accordance with the applicable payment provisions of the Trust Indenture at such time, plus (y) an amount determined to reflect interest accruing on each such Guarantee Payment from and including the~~

~~date of its payment by the Province to but excluding the date a Subrogation Amount is paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of (x) all Subrogation Amounts paid to the Province up to and including such day, plus (y) the sum of the amounts determined under (I), (II) and (III) (such amount, the "**Subordinated Principal Final Subrogation Amount**");~~

~~(V) the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including the Determination Date in respect of Approved Obligations that at the time of payment ranked equally with or prior to interest amounts payable on Junior Subordinated Funding Obligations in accordance with the applicable payment provisions of the Trust Indenture at such time, plus (y) an amount determined to reflect interest accruing on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount was paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of (x) all Subrogation Amounts paid to the Province up to and including such day, plus (y) the sum of the amounts determined under (I), (II), (III) and (IV), above (such amount, the "**Junior Subordinated Interest Final Subrogation Amount**");~~

~~(VI) the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including the Determination Date in respect of Approved Obligations that at the time of payment ranked equally with or prior to principal amounts payable on Junior Subordinated Funding Obligations in accordance with the applicable payment provisions of the Trust Indenture at such time, plus (y) an amount determined to reflect interest accruing on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount is paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of (x) all Subrogation Amounts paid to the Province up to and including such day, plus (y) the sum of the amounts determined under (I), (II), (III), (IV) and (V) (such amount, the "**Junior Subordinated Principal Final Subrogation Amount**"); and~~

~~(VII) the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including the Determination Date in respect of all Approved Obligations, plus (y) an amount determined to reflect interest accruing on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount is paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of (x) all Subrogation~~

~~Amounts paid to the Province up to and including such day, plus (y) the sum of the amounts determined under (I), (II), (III), (IV), (V) and (VI) (such amount, the "**Residual Final Subrogation Amount**" and, together with the Senior Interest Final Subrogation Amount, the Senior Principal Final Subrogation Amount, the Subordinated Interest Final Subrogation Amount, the Subordinated Principal Final Subrogation Amount, the Junior Subordinated Interest Final Subrogation Amount, the Junior Subordinated Principal Final Subrogation Amount, collectively, the "**Final Subrogation Amounts**");~~

~~(B) as of the Determination Date (and thereafter on each subsequent day when any payment or payments are to be made in respect of Obligations Secured, until paid in full), the Province shall be entitled to be paid by the Financing Entity, and the Financing Entity shall be obligated to pay the Province in accordance with the applicable payment provisions of the Trust Indenture, the following amounts in the priorities set forth below:~~

~~(I) as an amount ranking equally with interest amounts payable on Senior Funding Obligations in accordance with the applicable payment provisions of the Trust Indenture, the Senior Interest Final Subrogation Amount;~~

~~(II) as an amount ranking equally with principal amounts payable on Senior Funding Obligations in accordance with the applicable payment provisions of the Trust Indenture, the Senior Principal Final Subrogation Amount;~~

~~(III) as an amount ranking equally with interest amounts payable on Subordinated Funding Obligations in accordance with the applicable payment provisions of the Trust Indenture, the Subordinated Interest Final Subrogation Amount;~~

~~(IV) as an amount ranking equally with principal amounts payable on Subordinated Funding Obligations in accordance with the applicable payment provisions of the Trust Indenture, the Subordinated Principal Final Subrogation Amount;~~

~~(V) as an amount ranking equally with interest amounts payable on Junior Subordinated Funding Obligations in accordance with the applicable payment provisions of the Trust Indenture, the Junior Subordinated Interest Final Subrogation Amount;~~

~~(VI) as an amount ranking equally with principal amounts payable on Junior Subordinated Funding Obligations in accordance with the applicable payment provisions of the Trust Indenture, the Junior Subordinated Principal Final Subrogation Amount; and~~

~~(VII) as an amount ranking equally with amounts payable on the Obligations Secured having the lowest payment ranking in accordance with the applicable payment provisions of the Trust Indenture to Persons other than OPG, the Residual Final Subrogation Amount;~~

~~(C) the payment entitlements of the Province described in subclause 2.01(a)v(B) shall, on and after the Determination Date, be treated for all purposes of the Trust Indenture as follows:~~

~~(I) the payment entitlements described in sub-subclauses 2.01(a)v(B)(I) and (II) shall constitute and be treated as interest and principal obligations, as the context requires, arising under a [Series of Notes] constituting Senior Funding Obligations issued by the Financing Entity to the Province on the Determination Date and conferring upon the Province (and any successor, assignee or transferee of such entitlements), all of the rights, entitlements, interests and privileges~~

~~of a [Holder] of such a [Series of Notes][2] in accordance with the Trust Indenture, as supplemented by *[Describe applicable Senior Series Supplemental Indenture]*;~~

~~(II) the payment entitlements described in sub-subclauses 2.01(a)v(B)(III) and (IV) shall constitute and be treated as interest and principal obligations, as the context requires, arising under a Series of Notes constituting Subordinated Funding Obligations issued by the Financing Entity to the Province on the Determination Date and conferring upon the Province (and any successor, assignee or transferee of such entitlements), all of the rights, entitlements, interests and privileges of a Holder of such a Series of Notes in accordance with the Trust Indenture, as supplemented by *[Describe applicable Subordinated Series Supplemental Indenture]*;~~

~~(III) the payment entitlements described in sub-subclauses 2.01(a)v(B)(V) and (VI) shall constitute and be treated as interest and principal obligations, as the context requires, arising under a Series of Notes constituting Junior Subordinated Funding Obligations issued by the Financing Entity to the Province on the Determination Date and conferring upon the Province (and any successor, assignee or transferee of such entitlements), all of the rights, entitlements, interests and privileges of a Holder of such a Series of Notes in accordance with the Trust Indenture, as supplemented by *[Describe applicable Junior Subordinated Series Supplemental Indenture]*;~~

~~(IV) and the payment entitlements described in sub-subclause 2.01(a)v(B)(VII) shall constitute and be treated as a payment obligation without any additional rights, entitlements, interests or privileges, other than the right to receive payment in~~

~~[2] Conform defined terms to the Trust Indenture.~~

~~accordance with the applicable payment provisions of the Trust Indenture applicable to Obligations Secured ranking equally with amounts payable on the Obligations Secured having the lowest payment ranking in accordance with the applicable payment provisions of the Trust Indenture to any Person other than OPG; and~~

(D) ~~no Person entitled under an Obligation Secured that ranks equal with or subordinate to a Final Subrogation Amount shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province in respect of such Final Subrogation Amount and no such Person shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of any such Final Subrogation Amount.~~For greater certainty, the entitlements of the Province in respect of Subrogation Amounts arising in respect of Payable Approved Obligations that are interest and principal obligations on Notes shall be treated for all purposes of the Trust Indenture as interest and principal obligations, respectively, arising under Notes having the same priority and voting rights as the related Approved Obligations, and accordingly the Province (and any successor, assignee or transferee of such entitlements) shall be entitled to all of the rights, entitlements, interests and privileges of a Holder of such a Notes in accordance with the Trust Indenture, as supplemented by the Supplemental Indenture or other indenture document under which the related Approved Obligations were issued.

v. ~~vi.~~ On ~~any~~each Guarantee Payment Date and ~~on~~upon demand by the ~~Determination Date~~Province, the Indenture Trustee shall release and pay to the Province free and clear of any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay Guarantee Payments to Beneficiary Payees on the Guarantee Payment Date in accordance with clause 2.01(a)iii or that otherwise remains on deposit in the Protection Account on the ~~Determination Date~~relevant date.

vi. ~~vii.~~ In preparing any payment instructions under the Trust Indenture, the Manager shall reflect the amounts payable under Section 2.01(a).

(b) The Province shall, as a payee of Subrogation Amounts under clause 2.01(a)iv(B), ~~as a payee of each Final Subrogation Amount under clause 2.01(a)v~~ and as a payee of any amounts payable under clause 2.01(a)v~~i~~,

be a "Specified Creditor" under the Trust Indenture and have the benefit of the Collateral thereunder.

(c) For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation, and will be limited to the right to receive the Approved Obligation Amounts, if any, for payment to Beneficiary Payees, and will be subject to the priorities and to the Province's rights to Subrogation ~~Entitlements~~Amounts, set forth in Section 2.01(a).

(d) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(e) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation by their terms.

(f) Any amount payable to the Province in respect of a Subrogation Amount shall bear interest from and including the date of payment by the Province of the related Guarantee Payment to but excluding the date of payment of the Subrogation Amount to the Province, such interest to accrue at the rate equivalent to the applicable interest rate borne by the related Approved Obligation, and such interest amounts shall be added to their respective Subrogated Amounts and shall consequently be payable in the same priority as the relevant Subrogated Amount under clause 2.01(a)iv(B), all such accruing interest amounts to be calculated and added to the Subrogation Amounts by the Manager in its discretion acting in a commercially reasonable fashion.

(g) ~~(f)~~ The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under and in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any amount due and payable to a Beneficiary Payee under the Limited Guarantee.

2.02 Intentionally Deleted.

2.03 Absence of Set-off

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 Payment into Protection Account in Satisfaction

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account" for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section **[7.03]** of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Financing Entity and the Indenture Trustee shall ensure that all amounts paid by the Province into the Protection Account on a Guarantee Payment Date in respect of an Approved Obligation are applied to pay the amounts due and payable to the ~~Beneficiaries~~Beneficiary Payee as and to the extent provided for in Section 2.01(a). Upon a payment having been made by or on behalf of the Province into the Protection Account, the amounts so paid shall for all purposes be considered to have been applied to pay the applicable ~~Beneficiaries~~Beneficiary Payees as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such ~~Beneficiaries~~Beneficiary Payees in respect of the applicable Approved Obligations, whereupon an affected Beneficiary Payee shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid. For greater certainty, the obligations arising in respect of an applicable Approved Obligation shall not be reduced by such payment as the Province shall become entitled to be paid related Subrogation ~~Entitlements~~Amounts and the rights contemplated under Section 2.01(a) and Section 5.01 in relation to such continuing obligations.

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations in accordance with Section 8.01.

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

A Primary Obligation shall constitute an Approved Obligation if (i) the Adherence Conditions applicable thereto have been satisfied at the time the Primary Obligation was incurred, or (ii) the Province, in its sole discretion, designates in writing that it is an Approved Obligation.

4.02 Adherence Conditions

(a) The following shall be the Adherence Conditions applicable in relation to each Certified Primary Obligation:

i. the Certified Primary Obligation when incurred is an Obligation Secured under the Trust Indenture; and

ii. OPG, as FSM, delivers an Adherence Compliance Certificate in the form attached hereto as Exhibit B-1 signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee, on or before the incurrence of a Certified Primary Obligation (provided that delivery may not be more than 5 Business Days before the incurrence of the Certified Primary Obligation); and

iii. the Province has not provided a Suspension Notice to the Indenture Trustee, OPG and the Financing Entity.

(b) The following shall be the Adherence Conditions applicable in relation to each Approved Refinancing:

i. such Approved Refinancing when incurred is an Obligation Secured under the Trust Indenture; and

ii. OPG, as FSM, delivers an Adherence Compliance Certificate in the form attached hereto as Exhibit B-2 signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee and the Province, on or before the incurrence of the Approved Refinancing (provided that delivery may not be more than 5 Business Days before the incurrence of such Approved Refinancing).

(c) For greater certainty, satisfaction of the Adherence Conditions for a Certified Primary Obligation or an Approved Refinancing shall be deemed satisfaction of the Adherence Conditions in respect of all principal, interest and other amounts owing under the Certified Primary Obligation or the Approved Refinancing, as applicable.

(d) Without limiting any obligations of OPG to the Province arising other than pursuant to this Agreement, a Certified Primary Obligation may be amended, restated, supplemented or otherwise modified from time to time.

(e) An Approved Refinancing may not be amended, restated, supplemented or otherwise modified without the consent of the Province.

(f) For greater certainty, there shall be no Adherence Conditions applicable in relation to a Primary Obligation that is not a Certified Primary Obligation or an Approved Refinancing.

4.03 Evidence of Satisfaction

An Adherence Compliance Certificate delivered in accordance with clause 4.02(a)ii or in accordance with clause 4.02(b)ii, as the case may be, shall be determinative as to whether the applicable Adherence Conditions with respect thereto have been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same. An Adherence Compliance Certificate that purports on its face to be signed by officers specified in clause 4.02(a)ii or clause 4.02(b)ii, as applicable, may be relied upon by any addressee without further enquiry or evidence as to the incumbency or signatures of such officers. If an Adherence Compliance Certificate is not delivered in accordance with the timing requirements of clause 4.02(a)ii or clause 4.02(b)ii, as applicable, such certificate may be delivered at a later date, and be effective as if it had been delivered in accordance with the timing requirement of clause 4.02(a)ii or clause 4.02(b)ii, as applicable, if at the time such certificate was required to be delivered OPG had delivered to the Province all certifications required by the Province in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation or the Approved Refinancing.

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, including (i) the right and entitlement to be paid and receive the related Subrogation ~~Entitlements~~Amounts, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at

or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including Sections **[7.04]** through **[7.11]** and **[8.13]** (Payment Priorities), Section **[7.12]** (Payments Held in Trust), Section **[8.11]** (Control by Controlling Class Creditors), Section **[8.12]** (Limitation on Suits), Section **[8.14]** (Limited Recourse), Article IX (The Indenture Trustee), including all limitations of liability thereunder, Section **[9.14]** (Communications to Specified Creditors) and Section **[16.01]** (No Petition); (ii) consents, requests and authorizes the Issuer and the Indenture Trustee to (x) add the Province to the register of Specified Creditors described in subsection **[13.13(b)]** of the Trust Indenture and (y) disseminate the notice details of the Province to other Specified Creditors for the purposes set out in subsection **[9.14(b)]** of the Trust Indenture, and (iii) confirms that it will execute and deliver, or cause to be executed and delivered, all such further agreements, documents and instruments in connection with this Section 5.01 as the Indenture Trustee may request from time to time for the purpose of giving effect to the terms of this Section 5.01.

5.02 Priorities

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation and the Payable Approved Amounts thereunder shall rank equally with the rights, interests and entitlements of a Beneficiary to whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture in the manner and to the extent contemplated in Section **[7.10]** of the Trust Indenture.

5.03 Intentionally Deleted

5.04 Representations and Warranties

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
INDENTURE TRUSTEE MATTERS

6.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

6.02 Not Responsible for Recitals

The recitals contained herein will be taken as the statements of the Province, the Financing Entity and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

6.03 Representations and Covenants of the Indenture Trustee

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Agreement and has taken all necessary action to authorize the execution, delivery and performance by it of this Agreement;

(c) this Agreement has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada. If, notwithstanding the provisions of this subsection 6.03(d), the Indenture Trustee ceases to be so authorized to carry on business, the validity and enforceability of this Agreement shall not be affected in any manner whatsoever by reason only of such event.

ARTICLE VII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

7.01 Suspension Notice

Upon:

(a) a Program Breach;

(b) a default in the performance, or breach, of any covenants of OPG, as FSM, or OPG, in its corporate capacity, in each case to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligation and the expiration of any applicable cure period;

(c) a representation or warranty made by OPG or a certification made by one or more officers of OPG, in each case whether as FSM or in its corporate capacity, to the Province in connection with its obligations to the Province and its internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligations, proves to be incorrect in any material respect on the date made and the expiration of any applicable cure period; or

(d) the FSM no longer being the Manager or actions having been taken by or on behalf of the Indenture Trustee to remove the FSM as the Manager,

the Province may declare that the Limited Guarantee under this Agreement shall not apply to any Primary Obligations incurred on or after such declaration, other than any Approved Refinancing, by delivering a written notice in the form of Exhibit C (a "**Suspension Notice**") to the Indenture Trustee, the FSM and the Financing Entity.

7.02 Suspension

If a Suspension Notice has been provided under Section 7.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of: (i) any

Primary Obligation incurred or amended on or after the time such Suspension Notice is delivered, other than any Approved Refinancing.

7.03 No Impact on Adherence

For greater certainty, the occurrence of a Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event or in respect of any Approved Refinancing.

ARTICLE VIII
MISCELLANEOUS

8.01 Term of Agreement

This Agreement will continue until the later of: (a) the date that no amount is or may become due and payable by the Province under the Limited Guarantee and (b) the date that no amount is or may become due and payable to the Province in respect of any Subrogation ~~Entitlement~~Amount.

8.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust

700 University Avenue

Toronto, Ontario M5G 1X6
Attention: General Counsel

Fax: (416) 592-4189

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: Manager, Corporate Trust
Fax: (416) 981-9777
Email: corporatetrust.toronto@computershare.com

(b) if to the FSM:

Ontario Power Generation Inc.

700 University Avenue

Toronto, Ontario M5G 1X6

Attention: General Counsel
Fax: (416) 592-4189

(c) if to the Province:

Minister of Finance

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

and

Minister of Energy

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

With copies to:

Deputy Minister of Finance

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

and

Deputy Minister of Energy

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 8.02.

8.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) The rights, entitlements and interests of the Province described under subclause 2.01(a)(v) shall be freely assignable and transferrable without any requirement for notice to or the consent of any of the other parties, subject to any limitations or restrictions as may be prescribed with respect to such an assignment or transfer pursuant to the Trust Indenture.

(c) Any purported assignment of this Agreement in violation of this Section 8.03 shall be null and void.

8.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

8.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

8.07 Notice to Rating Agencies

OPG, as FSM, shall deliver prompt written notice to the Rating Agencies of the occurrence of (i) a Protection Event; (ii) receipt of a Suspension Notice delivered by the Province pursuant to Section 7.01; and (iii) an assignment of this Agreement by any party pursuant to Section 8.03.

8.08 Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their benefits hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

8.09 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

By: _____
Name:
Title:

By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, IN ITS CAPACITY AS TRUSTEE OF FAIR HYDRO TRUST, AS ISSUER, BY ONTARIO POWER GENERATION INC., NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS MANAGER

By: _____
Name:
Title:

By: _____
Name:

Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration of a funding obligation" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Action**" has the meaning ascribed thereto under the Trust Indenture.

"**Adherence Compliance Certificate**" means a certificate in the form attached hereto as Exhibit B-1 or Exhibit B-2, as applicable, delivered by the FSM in accordance with Section 4.02(a)ii or Section 4.02(b)ii.

"**Adherence Conditions**", means, in respect of a Certified Primary Obligation, the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of a Guarantee Payment Date, the aggregate of the Approved Obligation Amounts for such Guarantee Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, for a Beneficiary in respect of an Approved Obligation under which an amount is due and payable on a Guarantee Payment Date:

(a) if no Acceleration has occurred in respect of any Obligation Secured on or before the Guarantee Payment Date, the amount due and payable to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation (for greater certainty, determined on the assumption that there are adequate amounts available under the applicable payment provisions of the Trust Indenture to pay in full all amounts referred to in such payment provisions that are due and payable on the Guarantee Payment Date); and

(b) if an Acceleration has occurred in respect of any Obligations Secured on or before the Guarantee Payment Date, the amount that would be available to be paid to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation under the applicable payment provisions of the Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with such applicable payment provisions of the Trust Indenture in respect of each relevant month during each Reference Period is equal to the estimated Finance Amount determined in respect of such Reference Period for purposes of section 15(1) of the Act (in effect on the date hereof), including section 6.1 of the General Regulation (in effect on the date hereof), divided by the number of months in such Reference Period.

"**Approved Refinancing**" means a Certified Primary Obligation proposed to be incurred on or after the occurrence of a Suspension Event, as a Refinancing of an existing Certified Primary Obligation in respect of which the Adherence Conditions set forth in Subsection 4.02(a) had been satisfied on the date such existing Certified Primary Obligation was incurred, that, at the time of incurrence, satisfies each of each of the Adherence Conditions set forth in Subsection 4.02(b).

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Beneficiary Payee**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Certified Primary Obligations**" means Primary Obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest, including any Refinancing of such a Primary Obligation (for greater certainty, including, in the case of any Certified Primary Obligation permitting funding transactions pursuant to a Funding Obligation Agreement applicable to the Certified Primary Obligation, each individual borrowing or funding utilization thereunder), (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not any individual trade confirmation other than a trade confirmation that modifies or purports to override the express terms or conditions of the related Master Agreement, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and expected (as determined by the Manager, acting reasonably) aggregate payments by the Financing Entity thereunder during the term of such contract are or would be in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).

"**Change of Law Protection Agreement**" means this Agreement.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar

transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Determination Date**" has the meaning ascribed thereto in clause 2.01(a)~~v~~iv.

"**Eligible Deposit Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Eligible Institution**" has the meaning ascribed thereto in the Trust Indenture.

"**Executive Officer**" has the meaning ascribed to the term "executive officer" in National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators.

~~"**Final Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(D).~~

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the first paragraph of this Agreement until a successor Financing Entity Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and the Declaration of Trust, and thereafter "Financing Entity Trustee" means and includes such Person.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Guarantee Payment**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Guarantee Payment Date**" has the meaning ascribed thereto in Section 2.01(a)i.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Issuer Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Issuer Funding Obligation**" has the meaning ascribed thereto in the Trust Indenture.

~~"**Junior Subordinated Interest Final Subrogation Amount**" has the meaning ascribed thereto in clause 2.01(a)v.~~

~~"**Junior Subordinated Principal Final Subrogation Amount**" has the meaning ascribed thereto in clause 2.01(a)v.~~

"**Legislature**" means the Legislature of the Province of Ontario.

"**Lien**" has the meaning ascribed thereto in the Trust Indenture.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(a).

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity, as amended, supplemented, restated or otherwise modified from time to time.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Agreement**" means an agreement in the form of a Master Agreement as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, as amended, supplemented, restated or otherwise modified from time to time.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, unlimited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account or Finance Reserve Account; and (ii) any obligation to pay the Financing Entity or on the Financing Entity's direction any remaining amounts in the Collection Account pursuant to the Trust Indenture.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that materially and adversely affects[31] (a) the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured, or (b) this Agreement or any of the agreements under which Obligations Secured arise; or

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that materially and adversely affects[42] the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Obligations Secured that have become due and payable.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency Condition" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Reference Period**" has the meaning ascribed thereto in the Act.

"**Refinancing**" has the meaning ascribed to the term "refinancing" in the Act as of the date hereof, as more particularly described and given meaning in the General Regulation as of the date hereof.

~~"**Residual Final Subrogation Amount**" has the meaning ascribed thereto in clause 2.01(a)v.~~

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

~~"**Senior Interest Final Subrogation Amount**" has the meaning ascribed thereto in clause 2.01(a)v.~~

~~"**Senior Principal Final Subrogation Amount**" has the meaning ascribed thereto in clause 2.01(a)v.~~

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

~~"**Subordinated Interest Final Subrogation Amount**" has the meaning ascribed thereto in clause 2.01(a)v.~~

[31] Explanatory Note: This is required by the Province, without qualification.
[42] Explanatory Note: This is required by the Province, without qualification.

~~"**Subordinated Principal Final Subrogation Amount**" has the meaning ascribed thereto in clause 2.01(a)v.~~

~~"**Subrogation Entitlement**" means each Subrogation Amount and each Final Subrogation Amount.~~

"**Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(B).

"**Subrogation Payment Date**" has the meaning ascribed thereto in clause 2.01(a)iv.

"**Supplemental Indenture**" has the meaning ascribed in the Trust Indenture.

"**Supplemental Reserve Account**" has the meaning ascribed in the Trust Indenture.

"**Suspension Event**" has the meaning ascribed thereto in Section 7.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 7.01.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

EXHIBIT A
FORM OF PAYMENT DEMAND

TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Pursuant to and in accordance with section 2.01(a) of the Change of the Law Protection Agreement, the Indenture Trustee hereby demands payment from the Province in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in the Change of Law Protection Agreement.

DATED as of the [■] day of [■], [■].

BNY TRUST COMPANY OF CANADA

By:
Name:
Title:

By:
Name:
Title:

EXHIBIT B-1
FORM OF ADHERENCE COMPLIANCE CERTIFICATE UNDER SECTION 4.02(a)

TO: **BNY TRUST COMPANY OF CANADA**, in its capacity as Indenture Trustee (the "**Indenture Trustee**") under the Master Trust Indenture dated as of December ●, 2017 between Fair Hydro Trust and the Indenture Trustee (the "**Master Trust Indenture**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province of Ontario, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust, Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Each of the undersigned, being the ● and ● of OPG acting in its capacity as FSM and holding the offices set forth under their names and signatures below, pursuant to and accordance with clause 4.02(a)ii of the Change of Law Protection Agreement, hereby certifies for and on behalf of OPG, in its capacity as Financial Services Manager, and not in such officer's personal capacity and intending that this certificate may be relied on by the addressees hereof without independent inquiry, that:

1. I have read and understand the provisions of the Change of Law Protection Agreement, the Master Trust Indenture and all other documents and materials necessary to enable me to deliver this certificate.
2. If the Certified Primary Obligation is a Refinancing, the proceeds of the Refinancing will be used solely for the purpose of repaying one or more Certified Primary Obligations in respect of which the Adherence Conditions in Subsection ~~4.02~~4.024.02(a) of the Change of Law Protection Agreement had been satisfied, including one or more other Refinancings in respect of which the Adherence Conditions in Subsection 4.02(a) of the Change of Law Protection Agreement had been satisfied.
3. OPG has delivered to the Province a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate was provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation.

DATED as of the [■] day of [■], [■].

Name: [~~5~~3]	Name:
Office:	Office:

[~~5~~3] This certificate must be signed by two officers of OPG being either (i) the Chief Financial Officer and the Treasurer, or (ii) any two Executive Officers (as defined in the Change of Law Protection Agreement) of OPG.

EXHIBIT B-2
FORM OF ADHERENCE COMPLIANCE CERTIFICATE UNDER SECTION 4.02(b)

TO: **BNY TRUST COMPANY OF CANADA**, in its capacity as Indenture Trustee (the "**Indenture Trustee**") under the Master Trust Indenture dated as of December ●, 2017 between Fair Hydro Trust and the Indenture Trustee (the "**Master Trust Indenture**")

AND TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust, Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Each of the undersigned, being the ● and ● of OPG acting in its capacity as FSM and holding the offices set forth under their names and signatures below, pursuant to and accordance with clause 4.02(b)ii of the Change of Law Protection Agreement, hereby certifies for and on behalf of OPG, in its capacity as Financial Services Manager, and not in such officer's personal capacity and intending that this certificate may be relied on by the addressees hereof without independent inquiry, that:

1. I have read and understand the provisions of the Change of Law Protection Agreement, the Master Trust Indenture and all other documents and materials necessary to enable me to deliver this certificate.
2. The proceeds of the Approved Refinancing will be used solely for the purpose of repaying one or more Certified Primary Obligations (including any Refinancing) in respect of which the Adherence Conditions in Subsection ~~4.02~~4.024.02(a) of the Change of Law Protection Agreement had been satisfied, or one or more Approved Refinancings in respect of which the Adherence Conditions in Subsection 4.02(b) of the Change of Law Protection Agreement had been satisfied.
3. OPG has delivered to the Province a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate was provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) confirming that OPG would be in compliance with all obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the proposed Certified Primary Obligation that applied as between the Province and OPG on the date of issuance of the Certified Primary Obligation subject to repayment using the proceeds of the Approved Refinancing.

DATED as of the [■] day of [■], [■].

Name: [~~6~~4]	Name:
Office:	Office:

[~~6~~4] This certificate must be signed by two officers of OPG being either (i) the Chief Financial Officer and the Treasurer, or (ii) any two Executive Officers (as defined in the Change of Law Protection Agreement) of OPG.

EXHIBIT C
SUSPENSION NOTICE

TO: Ontario Power Generation Inc., in its capacity as Financial Services Manager

AND TO: Fair Hydro Trust

AND TO: Computershare Trust Company of Canada, in its capacity as trustee of Fair Hydro Trust

AND TO: BNY Trust Company of Canada, as Indenture Trustee

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement. All references in this Suspension Notice to "Articles" or "Sections" refer to Articles or Sections of the Change of Law Protection Agreement.

The Province has a reasonable basis for concluding that an event described in clauses (a) to (d) of Section 7.01 has occurred. Pursuant to Section 7.01, the Province hereby declares that the Limited Guarantee shall not apply in respect of any Primary Obligation incurred or amended on or after the delivery of this Suspension Notice, other than an Approved Refinancing in respect of which the Adherence Conditions set forth in Subsection 4.02(b) have been satisfied.

The Limited Guarantee shall hereby not apply in respect of (i) any Primary Obligation incurred or (ii) any amendment of any Primary Obligation that results in an increase to the principal amount of such Primary Obligation, in each case, on or after delivery of this Suspension Notice, other than any Approved Refinancing in respect of which the Adherence Conditions set forth in Subsection 4.02(b) have been satisfied.

This Suspension Notice is hereby delivered to the FSM, the Financing Entity and the Indenture Trustee in accordance with Section 8.02 of the Change of Law Protection Agreement.

* * * *

DATED as of the [■] day of [■], [■].

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

Document comparison by Workshare Compare on Saturday, December 09, 2017 4:31:26 AM

Input:	
Document 1 ID	file://C:\Users\Argp\Desktop\23239360-v26-Change of Law Protection Agreement.DOCX
Description	23239360-v26-Change of Law Protection Agreement
Document 2 ID	PowerDocs://VANCOUVER/51065581/4
Description	VANCOUVER-#51065581-v4-Protection_Agreement_with_revised_Subrogation_Provisions
Rendering set	Standard

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

Statistics:	
	Count
Insertions	76
Deletions	124
Moved from	4
Moved to	4
Style change	0
Format changed	0
Total changes	208

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust organized under the laws of the Province of Ontario (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council 1981/2017 (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Primary Obligations that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred. This Agreement sets out the terms and conditions of such protections and assurances.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 Proof of Approved Obligations

The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Manager deems to be sufficient.

Each statement delivered by the Manager under Section 2.01(a)i shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and each of the parties hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Manager shall act diligently in the preparation of each such statement and shall provide the Indenture Trustee and the Province with all supporting computations and calculations used by the Manager to prepare each such statement promptly following a request therefor made by the Indenture Trustee or the Province.

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture as of the date of this Agreement.

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 2.01 or Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee, the Financing Entity, the Financing Entity Trustee, the Manager or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by

electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day; provided, however, that if under the terms of an Approved Obligation an amount is stated to be due, a period of time would begin or end, a calculation is to be made or any other action to be taken thereunder shall be stated to be required to be taken, on a day other than a Business Day, any amount payable hereunder that is to be determined by reference to such Approved Obligation shall be determined by reference to such terms.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee may deliver a written demand, substantially in the form attached as Exhibit A (a "**Payment Demand**"), to the Province requiring the Province to make payments in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in this Agreement. From and after such delivery of a Payment Demand, the Province shall make the following payments in respect of the Approved Obligations (the "**Limited Guarantee**"), and the Financing Entity shall pay, and the Province shall be entitled to be paid, the Subrogation Entitlements specified below:

i. Not less than 3 Business Days prior to each day when any payment or payments are to be made in respect of one or more Approved Obligations occurring after such delivery of a Payment Demand (each such day, a "**Guarantee Payment Date**"), the Manager shall deliver a written statement setting forth the Aggregate Approved Obligations Amount, if any, in respect of the Approved Obligations that are due and payable on such Guarantee Payment Date, together with a detailed description identifying such Approved Obligations and the nature and amount of payments due and payable thereunder on the Guarantee Payment Date, the aggregate outstanding amount payable by the Financing Entity under such Approved Obligations as of the date of such written statement, and details regarding any default in performance by any party obligated thereunder.

ii. On each such Guarantee Payment Date, the Province shall deposit the Aggregate Approved Obligations Amount into the Protection Account.

iii. On each such Guarantee Payment Date, the Financing Entity and the Indenture Trustee shall ensure that the amounts on deposit in the Protection Account are applied to pay each Beneficiary to whom an amount is due and payable under an Approved Obligation on the Guarantee Payment Date the Approved Obligation Amount for such Beneficiary in respect of such Approved Obligation on such Guarantee Payment Date; provided that if the amount deposited pursuant to clause 2.01(a)ii is insufficient to pay all such Approved Obligation Amounts in full, the amount on deposit in the Protection Account on the Guarantee Payment Date shall be applied to pay Beneficiaries in the order of priority in which such Approved Obligations are payable under the

payment provisions of the Trust Indenture applicable to the making of such payments on the Guarantee Payment Date (each, a "**Beneficiary Payee**" and each payment made to a Beneficiary Payee on a Guarantee Payment Date, a "**Guarantee Payment**").

iv. On ~~any~~each day, occurring on or after the first Guarantee Payment Date, on which ~~an amount is paid by the Province pursuant to clause 2.01(a)ii~~any amount is required to be paid in respect of Obligations Secured under the Trust Indenture and on which the Province has made all deposits required to be made by it on each Guarantee Payment Date occurring on or before such day in accordance with clause 2.01(a)ii (or the related Approved Obligation Amounts have otherwise all been paid in full) (a "**Subrogation Payment Date**"), the applicable payment provisions of the Trust Indenture shall, notwithstanding any express terms of such provisions set forth in the Trust Indenture to the contrary, be applied and operate on the following basis:

(A) the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available under such payment provisions on such ~~Guarantee~~Subrogation Payment Date shall be reduced by the amount of the Guarantee Payment paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on such ~~Guarantee~~Subrogation Payment Date;

(B) the Province shall be paid ~~the amount~~all amounts that are available and would be payable to ~~a~~present and former Beneficiary ~~Payee~~Payees in respect of ~~an~~any Approved Obligation ~~from amounts available to pay the Beneficiary Payee~~ under such payment provisions on the ~~Guarantee~~Subrogation Payment Date~~,~~ as determined without regard to ~~the~~any Guarantee Payment paid on ~~such~~any Guarantee Payment Date and also without regard to the corresponding reduction of the ~~amount~~amounts owing to ~~the~~present and former Beneficiary ~~Payee~~Payees pursuant to subclause 2.01(a)iv(A) (each such amount payable to the Province being a "**Subrogation Amount**"); and

(C) no Beneficiary having a right to be paid an amount in respect of an Approved Obligation, and no other Person entitled under an Obligation Secured, in each case that ranks equal with or subordinate to an Approved Obligation in respect of which a Subrogation Amount is payable to the Province under subclause 2.01(a)iv(B), shall be entitled to make any claim or assert any right in or to the amounts paid

or payable to the Province under such subclause (including any right of set-off, offset, reimbursement, contribution or indemnity) and no such Beneficiary or other Person shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of any such Subrogation Amount.

v. (A) On the first day on which a payment is required to be made in respect of any Obligations Secured under the Trust Indenture that occurs after the first day on which all amounts payable under all Approved Obligations have been paid in full (whether pursuant to Guarantee Payments, payments made pursuant to the payment provisions of the Trust Indenture, any combination thereof or otherwise) (the "**Determination Date**"), the ~~applicable payment provisions of the Trust Indenture shall, notwithstanding any express terms of such provisions set forth in the Trust Indenture to the contrary, be applied and operate on the following basis:~~Manager shall calculate each of the following amounts as of and by reference to the Determination Date:

~~(A) the Manager shall calculate each of the following amounts as of and by reference to the Determination Date:~~

(I) the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including the Determination Date in respect of Approved Obligations that at the time of payment ranked equally with or prior to interest amounts payable on Senior Funding Obligations in accordance with the applicable payment provisions of the Trust Indenture~~ at such time~~, plus (y) an amount determined to reflect interest accruing on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount was paid to the Province in respect ~~of such Guarantee Payment~~thereof (or, to the extent no Subrogation Amount was paid to the Province in respect thereof, to but excluding the Determination Date), as attributed to such Guarantee Payment in accordance with the Trust Indenture~~[1]~~ and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of all Subrogation Amounts paid to the Province up to and including such day (such amount, the "**Senior Interest Final Subrogation Amount**");

~~[1] Methodology to be confirmed.~~

~~(II) the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including the Determination Date in respect of Approved Obligations that at the time of payment ranked equally with or prior to principal amounts payable on Senior Funding Obligations in accordance with the applicable payment provisions of the Trust Indenture at such time, plus (y) an amount determined to reflect interest accruing on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount was paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of (x) all Subrogation Amounts paid to the Province up to and including such day, plus (y) the amount determined under (I), above (such amount, the "**Senior Principal Final Subrogation Amount**");~~

(II) ~~(III) the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including the Determination Date in respect of Approved Obligations that at the time of payment ranked equally with or prior to~~ the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including the Determination Date in respect of Approved Obligations that at the time of payment ranked equally with or prior to interest amounts payable on ~~Subordinate~~Subordinated Funding Obligations in accordance with the applicable payment provisions of the Trust Indenture~~ at such time~~, plus (y) an amount determined to reflect interest accruing on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount was paid to the Province in respect ~~of such Guarantee Payment~~thereof (or, to the extent no Subrogation Amount was paid to the Province in respect thereof, to but excluding the Determination Date), as attributed to such Guarantee Payment in accordance with the Trust Indenture and

calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of (x) all Subrogation Amounts paid to the Province up to and including such day, plus (y) the ~~sum of the amounts~~amount determined under (I) ~~and (II),~~ above (such amount, the "**Subordinated Interest Final Subrogation Amount**");

(III) the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including the Determination Date in respect of Approved Obligations that at the time of payment ranked equally with or prior to interest amounts payable on Junior Subordinated Funding Obligations in accordance with the applicable payment provisions of the Trust Indenture, plus (y) an amount determined to reflect interest accruing on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount was paid to the Province in respect thereof (or, to the extent no Subrogation Amount was paid to the Province in respect thereof, to but excluding the Determination Date), as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of (x) all Subrogation Amounts paid to the Province up to and including such day, plus (y) the sum of the amounts determined under (I) and (II) above (such amount, the "**Junior Subordinated Interest Final Subrogation Amount**");

(IV) the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including the Determination Date in respect of Approved Obligations that at the time of payment ranked equally with or prior to principal amounts payable on ~~Subordinated~~Senior Funding Obligations in accordance with the applicable payment provisions of the Trust Indenture~~ at such time~~, plus (y) an amount determined to reflect interest accruing on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount ~~is~~was paid to the Province in respect ~~of such Guarantee Payment~~thereof (or, to the extent no Subrogation Amount was paid to the Province in respect thereof, to but excluding the Determination Date), as attributed to such Guarantee Payment in accordance with

the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of (x) all Subrogation Amounts paid to the Province up to and including such day, plus (y) the sum of the amounts determined under (I), (II) and (III) above (such amount, the "~~Subordinated~~**Senior Principal Final Subrogation Amount**");

(V) the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including the Determination Date in respect of Approved Obligations that at the time of payment ranked equally with or prior to ~~interest~~principal amounts payable on ~~Junior~~ Subordinated Funding Obligations in accordance with the applicable payment provisions of the Trust Indenture ~~at such time~~, plus (y) an amount determined to reflect interest accruing on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount is paid to the Province in respect thereof (or, to the extent no Subrogation Amount was paid to the Province in respect ~~of such Guarantee Payment~~thereof, to but excluding the Determination Date), as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of (x) all Subrogation Amounts paid to the Province up to and including such day, plus (y) the sum of the amounts determined under (I), (II), (III) and (IV)~~,~~ above (such amount, the "~~Junior~~ **Subordinated** ~~Interest~~**Principal Final Subrogation Amount**");

(VI) the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including the Determination Date in respect of Approved Obligations that at the time of payment ranked equally with or prior to principal amounts payable on Junior Subordinated Funding Obligations in accordance with the applicable payment provisions of the Trust Indenture ~~at such time~~, plus (y) an amount determined to reflect interest accruing on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount is paid to the Province in respect ~~of such Guarantee Payment~~thereof (or, to the extent no Subrogation Amount was paid to the Province in respect

thereof, to but excluding the Determination Date), as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of (x) all Subrogation Amounts paid to the Province up to and including such day, plus (y) the sum of the amounts determined under (I), (II), (III), (IV) and (V) above (such amount, the "**Junior Subordinated Principal Final Subrogation Amount**"); and

(VII) the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including the Determination Date in respect of all Approved Obligations, plus (y) an amount determined to reflect interest accruing on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount is paid to the Province in respect ~~of such Guarantee Payment~~thereof (or, to the extent no Subrogation Amount was paid to the Province in respect thereof, to but excluding the Determination Date), as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of (x) all Subrogation Amounts paid to the Province up to and including such day, plus (y) the sum of the amounts determined under (I), (II), (III), (IV), (V) and (VI) above (such amount, the "**Residual Final Subrogation Amount**" and, together with the Senior Interest Final Subrogation Amount, the Senior Principal Final Subrogation Amount, the Subordinated Interest Final Subrogation Amount, the Subordinated Principal Final Subrogation Amount, the Junior Subordinated Interest Final Subrogation Amount~~,~~ and the Junior Subordinated Principal Final Subrogation Amount, collectively, the "**Final Subrogation Amounts**")~~;~~.

(B) ~~as of~~On the Determination Date ~~(~~and thereafter on each subsequent day when any payment or payments are to be made in respect of Obligations Secured, until all amounts below have been paid in full~~)~~, the Province shall be entitled to be paid by the Financing Entity, and the Financing Entity shall be obligated to pay the Province in accordance with the applicable payment provisions of the Trust Indenture, the following amounts in the priorities set forth below:

(I) as an amount ranking equally with interest amounts payable on Senior Funding Obligations in accordance with the applicable payment provisions of the Trust Indenture, the Senior Interest Final Subrogation Amount;

(II) ~~as an amount ranking equally with principal amounts payable on Senior Funding Obligations in accordance with the applicable payment provisions of the Trust Indenture, the Senior Principal Final Subrogation Amount;~~ as an amount ranking equally with interest amounts payable on Subordinated Funding Obligations in accordance with the applicable payment provisions of the Trust Indenture, the Subordinated Interest Final Subrogation Amount;

(III) ~~as an amount ranking equally with interest amounts payable on Subordinated Funding Obligations in accordance with the applicable payment provisions of the Trust Indenture, the Subordinated Interest Final Subrogation Amount;~~ as an amount ranking equally with interest amounts payable on Junior Subordinated Funding Obligations in accordance with the applicable payment provisions of the Trust Indenture, the Junior Subordinated Interest Final Subrogation Amount;

(IV) as an amount ranking equally with principal amounts payable on Senior Funding Obligations in accordance with the applicable payment provisions of the Trust Indenture, the Senior Principal Final Subrogation Amount;

(V) ~~(IV)~~ as an amount ranking equally with principal amounts payable on Subordinated Funding Obligations in accordance with the applicable payment provisions of the Trust Indenture, the Subordinated Principal Final Subrogation Amount;

~~(V) as an amount ranking equally with interest amounts payable on Junior Subordinated Funding Obligations in accordance with the applicable payment provisions of the Trust Indenture, the Junior Subordinated Interest Final Subrogation Amount;~~

(VI) as an amount ranking equally with principal amounts payable on Junior Subordinated Funding Obligations

in accordance with the applicable payment provisions of the Trust Indenture, the Junior Subordinated Principal Final Subrogation Amount; and

(VII) as an amount ranking equally with amounts payable to Derivatives Counterparties in respect of Termination Payments where the Derivative Counterparty is the Defaulting Party;

~~(VII) as an amount ranking equally with amounts payable on the Obligations Secured having the lowest payment ranking~~and interest on the outstanding portions of Final Subrogation Amounts shall also accrue from the Determination Date to the date of payment and be payable in accordance with the ~~applicable payment provisions of~~above priorities as set out in the Trust Indenture~~ to Persons other than OPG, the Residual Final Subrogation Amount;~~.

(C) ~~the~~The payment entitlements of the Province described in subclause 2.01(a)v(B) shall, on and after the Determination Date, be treated for all purposes of the Trust Indenture as follows:

(I) the payment entitlements described in sub-subclauses 2.01(a)v(B)(I) and (~~II~~IV) shall constitute and be treated as interest and principal obligations, as the context requires, arising under a [Series of Notes] constituting Senior Funding Obligations issued by the Financing Entity to the Province on the Determination Date and conferring upon the Province (and any successor, assignee or transferee of such entitlements), all of the rights, entitlements, interests and privileges of a [Holder] of such a [Series of Notes][~~2~~1] in accordance with the Trust Indenture, as supplemented by *[Describe applicable Senior Series Supplemental Indenture]*;

(II) the payment entitlements described in sub-subclauses 2.01(a)v(B)(~~III~~II) and (~~IV~~V) shall constitute and be treated as interest and principal obligations, as the context requires, arising under a Series of Notes constituting Subordinated Funding Obligations issued by the Financing Entity to the Province on the Determination Date and conferring upon the Province (and any successor, assignee or

[~~2~~1] Conform defined terms to the Trust Indenture.

transferee of such entitlements), all of the rights, entitlements, interests and privileges of a Holder of such a Series of Notes in accordance with the Trust Indenture, as supplemented by *[Describe applicable Subordinated Series Supplemental Indenture]*;

(III) the payment entitlements described in sub-subclauses 2.01(a)v(B)(~~V~~III) and (VI) shall constitute and be treated as interest and principal obligations, as the context requires, arising under a Series of Notes constituting Junior Subordinated Funding Obligations issued by the Financing Entity to the Province on the Determination Date and conferring upon the Province (and any successor, assignee or transferee of such entitlements), all of the rights, entitlements, interests and privileges of a Holder of such a Series of Notes in accordance with the Trust Indenture, as supplemented by *[Describe applicable Junior Subordinated Series Supplemental Indenture]*;

(IV) and the payment entitlements described in sub-subclause 2.01(a)v(B)(VII) shall constitute and be treated as a payment obligation without any additional rights, entitlements, interests or privileges, other than the right to receive payment in accordance with the applicable payment provisions of the Trust Indenture applicable to Obligations Secured ranking equally with amounts payable ~~on the Obligations Secured having the lowest payment ranking in accordance with the applicable payment provisions of the Trust Indenture to any Person other than OPG; and~~to Derivatives Counterparties in respect of Termination Payments where the Derivative Counterparty is the Defaulting Party.

(D) ~~no~~No Person entitled under an Obligation Secured that ranks equal with or subordinate to a Final Subrogation Amount shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province in respect of such Final Subrogation Amount and no such Person shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of any such Final Subrogation Amount.

vi. On ~~any~~each Guarantee Payment Date and on the Determination Date, the Indenture Trustee shall release and pay to the Province

free and clear of any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay Guarantee Payments to Beneficiary Payees on the Guarantee Payment Date in accordance with clause 2.01(a)iii or that otherwise remains on deposit in the Protection Account on the Determination Date.

vii. In preparing any payment instructions under the Trust Indenture, the Manager shall reflect the amounts payable under Section 2.01(a).

(b) The Province shall, as a payee of Subrogation Amounts under clause 2.01(a)iv(B), as a payee of each Final Subrogation Amount under clause 2.01(a)v and as a payee of any amounts payable under clause 2.01(a)vi, be a "Specified Creditor" under the Trust Indenture and have the benefit of the Collateral thereunder.

(c) For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the Approved Obligation Amounts, if any, for payment to Beneficiary Payees and will be subject to the priorities and to the Province's rights to Subrogation Entitlements, set forth in Section 2.01(a).

(d) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(e) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation by their terms.

(f) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under and in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any amount due and payable to a Beneficiary Payee under the Limited Guarantee.

2.02 Intentionally Deleted.

2.03 Absence of Set-off

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 Payment into Protection Account in Satisfaction

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account" for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section **[7.03]** of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Financing Entity and the Indenture Trustee shall ensure that all amounts paid by the Province into the Protection Account on a Guarantee Payment Date in respect of an Approved Obligation are applied to pay the amounts due and payable to the ~~Beneficiaries~~Beneficiary Payee as and to the extent provided for in Section 2.01(a). Upon a payment having been made by or on behalf of the Province into the Protection Account, the amounts so paid shall for all purposes be considered to have been applied to pay the applicable ~~Beneficiaries~~Beneficiary Payees as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such ~~Beneficiaries~~Beneficiary Payees in respect of the applicable Approved Obligations, whereupon an affected Beneficiary Payee shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid. For greater certainty, the obligations arising in respect of an applicable Approved Obligation shall not be reduced by such payment as the Province shall become entitled to be paid related Subrogation Entitlements and the rights contemplated under Section 2.01(a) and Section 5.01 in relation to such continuing obligations.

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations in accordance with Section 8.01.

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

A Primary Obligation shall constitute an Approved Obligation if (i) the Adherence Conditions applicable thereto have been satisfied at the time the Primary Obligation was incurred, or (ii) the Province, in its sole discretion, designates in writing that it is an Approved Obligation.

4.02 Adherence Conditions

(a) The following shall be the Adherence Conditions applicable in relation to each Certified Primary Obligation:

i. the Certified Primary Obligation when incurred is an Obligation Secured under the Trust Indenture; and

ii. OPG, as FSM, delivers an Adherence Compliance Certificate in the form attached hereto as Exhibit B-1 signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee, on or before the incurrence of a Certified Primary Obligation (provided that delivery may not be more than 5 Business Days before the incurrence of the Certified Primary Obligation); and

iii. the Province has not provided a Suspension Notice to the Indenture Trustee, OPG and the Financing Entity.

(b) The following shall be the Adherence Conditions applicable in relation to each Approved Refinancing:

i. such Approved Refinancing when incurred is an Obligation Secured under the Trust Indenture; and

ii. OPG, as FSM, delivers an Adherence Compliance Certificate in the form attached hereto as Exhibit B-2 signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee and the Province, on or before the incurrence of the Approved Refinancing (provided that delivery may not be more than 5 Business Days before the incurrence of such Approved Refinancing).

(c) For greater certainty, satisfaction of the Adherence Conditions for a Certified Primary Obligation or an Approved Refinancing shall be deemed satisfaction of the Adherence Conditions in respect of all principal, interest and other amounts owing under the Certified Primary Obligation or the Approved Refinancing, as applicable.

(d) Without limiting any obligations of OPG to the Province arising other than pursuant to this Agreement, a Certified Primary Obligation may be amended, restated, supplemented or otherwise modified from time to time.

(e) An Approved Refinancing may not be amended, restated, supplemented or otherwise modified without the consent of the Province.

(f) For greater certainty, there shall be no Adherence Conditions applicable in relation to a Primary Obligation that is not a Certified Primary Obligation or an Approved Refinancing.

4.03 Evidence of Satisfaction

An Adherence Compliance Certificate delivered in accordance with clause 4.02(a)ii or in accordance with clause 4.02(b)ii, as the case may be, shall be determinative as to whether the applicable Adherence Conditions with respect thereto have been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same. An Adherence Compliance Certificate that purports on its face to be signed by officers specified in clause 4.02(a)ii or clause 4.02(b)ii, as applicable, may be relied upon by any addressee without further enquiry or evidence as to the incumbency or signatures of such officers. If an Adherence Compliance Certificate is not delivered in accordance with the timing requirements of clause 4.02(a)ii or clause 4.02(b)ii, as applicable, such certificate may be delivered at a later date, and be effective as if it had been delivered in accordance with the timing requirement of clause 4.02(a)ii or clause 4.02(b)ii, as applicable, if at the time such certificate was required to be delivered OPG had delivered to the Province all certifications required by the Province in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation or the Approved Refinancing.

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, including (i) the right and entitlement to be paid and receive the related Subrogation Entitlements, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at

or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including Sections **[7.04]** through **[7.11]** and **[8.13]** (Payment Priorities), Section **[7.12]** (Payments Held in Trust), Section **[8.11]** (Control by Controlling Class Creditors), Section **[8.12]** (Limitation on Suits), Section **[8.14]** (Limited Recourse), Article IX (The Indenture Trustee), including all limitations of liability thereunder, Section **[9.14]** (Communications to Specified Creditors) and Section **[16.01]** (No Petition); (ii) consents, requests and authorizes the Issuer and the Indenture Trustee to (x) add the Province to the register of Specified Creditors described in subsection **[13.13(b)]** of the Trust Indenture and (y) disseminate the notice details of the Province to other Specified Creditors for the purposes set out in subsection **[9.14(b)]** of the Trust Indenture, and (iii) confirms that it will execute and deliver, or cause to be executed and delivered, all such further agreements, documents and instruments in connection with this Section 5.01 as the Indenture Trustee may request from time to time for the purpose of giving effect to the terms of this Section 5.01.

5.02 Priorities

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation shall rank equally with the rights, interests and entitlements of a Beneficiary to whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture in the manner and to the extent contemplated in Section **[7.10]** of the Trust Indenture.

5.03 Intentionally Deleted

5.04 Representations and Warranties

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
INDENTURE TRUSTEE MATTERS

6.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

6.02 Not Responsible for Recitals

The recitals contained herein will be taken as the statements of the Province, the Financing Entity and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

6.03 Representations and Covenants of the Indenture Trustee

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Agreement and has taken all necessary action to authorize the execution, delivery and performance by it of this Agreement;

(c) this Agreement has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada. If, notwithstanding the provisions of this subsection 6.03(d), the Indenture Trustee ceases to be so authorized to carry on business, the validity and enforceability of this Agreement shall not be affected in any manner whatsoever by reason only of such event.

ARTICLE VII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

7.01 Suspension Notice

Upon:

(a) a Program Breach;

(b) a default in the performance, or breach, of any covenants of OPG, as FSM, or OPG, in its corporate capacity, in each case to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligation and the expiration of any applicable cure period;

(c) a representation or warranty made by OPG or a certification made by one or more officers of OPG, in each case whether as FSM or in its corporate capacity, to the Province in connection with its obligations to the Province and its internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligations, proves to be incorrect in any material respect on the date made and the expiration of any applicable cure period; or

(d) the FSM no longer being the Manager or actions having been taken by or on behalf of the Indenture Trustee to remove the FSM as the Manager,

the Province may declare that the Limited Guarantee under this Agreement shall not apply to any Primary Obligations incurred on or after such declaration, other than any Approved Refinancing, by delivering a written notice in the form of Exhibit C (a "**Suspension Notice**") to the Indenture Trustee, the FSM and the Financing Entity.

7.02 Suspension

If a Suspension Notice has been provided under Section 7.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of: (i) any

Primary Obligation incurred or amended on or after the time such Suspension Notice is delivered, other than any Approved Refinancing.

7.03 No Impact on Adherence

For greater certainty, the occurrence of a Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event or in respect of any Approved Refinancing.

ARTICLE VIII
MISCELLANEOUS

8.01 Term of Agreement

This Agreement will continue until the later of: (a) the date that no amount is or may become due and payable by the Province under the Limited Guarantee and (b) the date that no amount is or may become due and payable to the Province in respect of any Subrogation Entitlement.

8.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust

700 University Avenue

Toronto, Ontario M5G 1X6
Attention: General Counsel

Fax: (416) 592-4189

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: Manager, Corporate Trust
Fax: (416) 981-9777
Email: corporatetrust.toronto@computershare.com

(b) if to the FSM:

Ontario Power Generation Inc.

700 University Avenue

Toronto, Ontario M5G 1X6

Attention: General Counsel
Fax: (416) 592-4189

(c) if to the Province:

Minister of Finance

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

and

Minister of Energy

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

With copies to:

Deputy Minister of Finance

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

and

Deputy Minister of Energy

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 8.02.

8.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) The rights, entitlements and interests of the Province described under subclause 2.01(a)(v) shall be freely assignable and transferrable without any requirement for notice to or the consent of any of the other parties, subject to any limitations or restrictions as may be prescribed with respect to such an assignment or transfer pursuant to the Trust Indenture.

(c) Any purported assignment of this Agreement in violation of this Section 8.03 shall be null and void.

8.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

8.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

8.07 Notice to Rating Agencies

OPG, as FSM, shall deliver prompt written notice to the Rating Agencies of the occurrence of (i) a Protection Event; (ii) receipt of a Suspension Notice delivered by the Province pursuant to Section 7.01; and (iii) an assignment of this Agreement by any party pursuant to Section 8.03.

8.08 Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their benefits hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

8.09 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

By: _____
Name:
Title:

By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, IN ITS CAPACITY AS TRUSTEE OF FAIR HYDRO TRUST, AS ISSUER, BY ONTARIO POWER GENERATION INC., NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS MANAGER

By: _____
Name:
Title:

By: _____
Name:

Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration of a funding obligation" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Action**" has the meaning ascribed thereto under the Trust Indenture.

"**Adherence Compliance Certificate**" means a certificate in the form attached hereto as Exhibit B-1 or Exhibit B-2, as applicable, delivered by the FSM in accordance with Section 4.02(a)ii or Section 4.02(b)ii.

"**Adherence Conditions**", means, in respect of a Certified Primary Obligation, the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of a Guarantee Payment Date, the aggregate of the Approved Obligation Amounts for such Guarantee Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, for a Beneficiary in respect of an Approved Obligation under which an amount is due and payable on a Guarantee Payment Date:

(a) if no Acceleration has occurred in respect of any Obligation Secured on or before the Guarantee Payment Date, the amount due and payable to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation (for greater certainty, determined on the assumption that there are adequate amounts available under the applicable payment provisions of the Trust Indenture to pay in full all amounts referred to in such payment provisions that are due and payable on the Guarantee Payment Date); and

(b) if an Acceleration has occurred in respect of any Obligations Secured on or before the Guarantee Payment Date, the amount that would be available to be paid to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation under the applicable payment provisions of the Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with such applicable payment provisions of the Trust Indenture in respect of each relevant month during each Reference Period is equal to the estimated Finance Amount determined in respect of such Reference Period for purposes of section 15(1) of the Act (in effect on the date hereof), including section 6.1 of the General Regulation (in effect on the date hereof), divided by the number of months in such Reference Period.

"**Approved Refinancing**" means a Certified Primary Obligation proposed to be incurred on or after the occurrence of a Suspension Event, as a Refinancing of an existing Certified Primary Obligation in respect of which the Adherence Conditions set forth in Subsection 4.02(a) had been satisfied on the date such existing Certified Primary Obligation was incurred, that, at the time of incurrence, satisfies each of each of the Adherence Conditions set forth in Subsection 4.02(b).

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Beneficiary Payee**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Certified Primary Obligations**" means Primary Obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest, including any Refinancing of such a Primary Obligation (for greater certainty, including, in the case of any Certified Primary Obligation permitting funding transactions pursuant to a Funding Obligation Agreement applicable to the Certified Primary Obligation, each individual borrowing or funding utilization thereunder), (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not any individual trade confirmation other than a trade confirmation that modifies or purports to override the express terms or conditions of the related Master Agreement, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and expected (as determined by the Manager, acting reasonably) aggregate payments by the Financing Entity thereunder during the term of such contract are or would be in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).

"**Change of Law Protection Agreement**" means this Agreement.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar

transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Determination Date**" has the meaning ascribed thereto in clause 2.01(a)~~v~~iv.

"**Eligible Deposit Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Eligible Institution**" has the meaning ascribed thereto in the Trust Indenture.

"**Executive Officer**" has the meaning ascribed to the term "executive officer" in National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators.

"**Final Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)~~iv~~v(~~D~~A).

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the first paragraph of this Agreement until a successor Financing Entity Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and the Declaration of Trust, and thereafter "Financing Entity Trustee" means and includes such Person.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Guarantee Payment**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Guarantee Payment Date**" has the meaning ascribed thereto in Section 2.01(a)i.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Issuer Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Issuer Funding Obligation**" has the meaning ascribed thereto in the Trust Indenture.

"**Junior Subordinated Interest Final Subrogation Amount**" has the meaning ascribed thereto in clause 2.01(a)v(A).

"**Junior Subordinated Principal Final Subrogation Amount**" has the meaning ascribed thereto in clause 2.01(a)v(A).

"**Legislature**" means the Legislature of the Province of Ontario.

"**Lien**" has the meaning ascribed thereto in the Trust Indenture.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(a).

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity, as amended, supplemented, restated or otherwise modified from time to time.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Agreement**" means an agreement in the form of a Master Agreement as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, as amended, supplemented, restated or otherwise modified from time to time.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, unlimited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account or Finance Reserve Account; and (ii) any obligation to pay the Financing Entity or on the Financing Entity's direction any remaining amounts in the Collection Account pursuant to the Trust Indenture.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that materially and adversely affects[32] (a) the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured, or (b) this Agreement or any of the agreements under which Obligations Secured arise; or

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that materially and adversely affects[43] the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Obligations Secured that have become due and payable.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency Condition" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Reference Period**" has the meaning ascribed thereto in the Act.

"**Refinancing**" has the meaning ascribed to the term "refinancing" in the Act as of the date hereof, as more particularly described and given meaning in the General Regulation as of the date hereof.

"**Residual Final Subrogation Amount**" has the meaning ascribed thereto in clause 2.01(a)v(A).

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Senior Interest Final Subrogation Amount**" has the meaning ascribed thereto in clause 2.01(a)v(A).

"**Senior Principal Final Subrogation Amount**" has the meaning ascribed thereto in clause 2.01(a)v(A).

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Subordinated Interest Final Subrogation Amount**" has the meaning ascribed thereto in clause 2.01(a)v(A).

[32] Explanatory Note: This is required by the Province, without qualification.
[43] Explanatory Note: This is required by the Province, without qualification.

"**Subordinated Principal Final Subrogation Amount**" has the meaning ascribed thereto in clause 2.01(a)v(A).

"**Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(B).

"**Subrogation Entitlement**" means each Subrogation Amount and each Final Subrogation Amount.

"**Subrogation ~~Amount~~Payment Date**" has the meaning ascribed thereto in ~~subclause~~clause 2.01(a)~~iv(B)~~iv.

"**Supplemental Indenture**" has the meaning ascribed in the Trust Indenture.

"**Supplemental Reserve Account**" has the meaning ascribed in the Trust Indenture.

"**Suspension Event**" has the meaning ascribed thereto in Section 7.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 7.01.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

EXHIBIT A
FORM OF PAYMENT DEMAND

TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Pursuant to and in accordance with section 2.01(a) of the Change of the Law Protection Agreement, the Indenture Trustee hereby demands payment from the Province in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in the Change of Law Protection Agreement.

DATED as of the [■] day of [■], [■].

BNY TRUST COMPANY OF CANADA

By:
Name:
Title:

By:
Name:
Title:

EXHIBIT B-1
FORM OF ADHERENCE COMPLIANCE CERTIFICATE UNDER SECTION 4.02(a)

TO: **BNY TRUST COMPANY OF CANADA**, in its capacity as Indenture Trustee (the "**Indenture Trustee**") under the Master Trust Indenture dated as of December ●, 2017 between Fair Hydro Trust and the Indenture Trustee (the "**Master Trust Indenture**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province of Ontario, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust, Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Each of the undersigned, being the ● and ● of OPG acting in its capacity as FSM and holding the offices set forth under their names and signatures below, pursuant to and accordance with clause 4.02(a)ii of the Change of Law Protection Agreement, hereby certifies for and on behalf of OPG, in its capacity as Financial Services Manager, and not in such officer's personal capacity and intending that this certificate may be relied on by the addressees hereof without independent inquiry, that:

1. I have read and understand the provisions of the Change of Law Protection Agreement, the Master Trust Indenture and all other documents and materials necessary to enable me to deliver this certificate.
2. If the Certified Primary Obligation is a Refinancing, the proceeds of the Refinancing will be used solely for the purpose of repaying one or more Certified Primary Obligations in respect of which the Adherence Conditions in Subsection ~~4.02~~4.024.02(a) of the Change of Law Protection Agreement had been satisfied, including one or more other Refinancings in respect of which the Adherence Conditions in Subsection 4.02(a) of the Change of Law Protection Agreement had been satisfied.
3. OPG has delivered to the Province a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate was provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation.

DATED as of the [■] day of [■], [■].

Name: [~~5~~4]	Name:
Office:	Office:

[~~5~~4] This certificate must be signed by two officers of OPG being either (i) the Chief Financial Officer and the Treasurer, or (ii) any two Executive Officers (as defined in the Change of Law Protection Agreement) of OPG.

EXHIBIT B-2
FORM OF ADHERENCE COMPLIANCE CERTIFICATE UNDER SECTION 4.02(b)

TO: **BNY TRUST COMPANY OF CANADA**, in its capacity as Indenture Trustee (the "**Indenture Trustee**") under the Master Trust Indenture dated as of December ●, 2017 between Fair Hydro Trust and the Indenture Trustee (the "**Master Trust Indenture**")

AND TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust, Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Each of the undersigned, being the ● and ● of OPG acting in its capacity as FSM and holding the offices set forth under their names and signatures below, pursuant to and accordance with clause 4.02(b)ii of the Change of Law Protection Agreement, hereby certifies for and on behalf of OPG, in its capacity as Financial Services Manager, and not in such officer's personal capacity and intending that this certificate may be relied on by the addressees hereof without independent inquiry, that:

1. I have read and understand the provisions of the Change of Law Protection Agreement, the Master Trust Indenture and all other documents and materials necessary to enable me to deliver this certificate.
2. The proceeds of the Approved Refinancing will be used solely for the purpose of repaying one or more Certified Primary Obligations (including any Refinancing) in respect of which the Adherence Conditions in Subsection ~~4.02~~4.024.02(a) of the Change of Law Protection Agreement had been satisfied, or one or more Approved Refinancings in respect of which the Adherence Conditions in Subsection 4.02(b) of the Change of Law Protection Agreement had been satisfied.
3. OPG has delivered to the Province a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate was provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) confirming that OPG would be in compliance with all obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the proposed Certified Primary Obligation that applied as between the Province and OPG on the date of issuance of the Certified Primary Obligation subject to repayment using the proceeds of the Approved Refinancing.

DATED as of the [■] day of [■], [■].

Name: [~~6~~5]	Name:
Office:	Office:

[~~6~~5] This certificate must be signed by two officers of OPG being either (i) the Chief Financial Officer and the Treasurer, or (ii) any two Executive Officers (as defined in the Change of Law Protection Agreement) of OPG.

EXHIBIT C
SUSPENSION NOTICE

TO: Ontario Power Generation Inc., in its capacity as Financial Services Manager

AND TO: Fair Hydro Trust

AND TO: Computershare Trust Company of Canada, in its capacity as trustee of Fair Hydro Trust

AND TO: BNY Trust Company of Canada, as Indenture Trustee

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement. All references in this Suspension Notice to "Articles" or "Sections" refer to Articles or Sections of the Change of Law Protection Agreement.

The Province has a reasonable basis for concluding that an event described in clauses (a) to (d) of Section 7.01 has occurred. Pursuant to Section 7.01, the Province hereby declares that the Limited Guarantee shall not apply in respect of any Primary Obligation incurred or amended on or after the delivery of this Suspension Notice, other than an Approved Refinancing in respect of which the Adherence Conditions set forth in Subsection 4.02(b) have been satisfied.

The Limited Guarantee shall hereby not apply in respect of (i) any Primary Obligation incurred or (ii) any amendment of any Primary Obligation that results in an increase to the principal amount of such Primary Obligation, in each case, on or after delivery of this Suspension Notice, other than any Approved Refinancing in respect of which the Adherence Conditions set forth in Subsection 4.02(b) have been satisfied.

This Suspension Notice is hereby delivered to the FSM, the Financing Entity and the Indenture Trustee in accordance with Section 8.02 of the Change of Law Protection Agreement.

* * * *

DATED as of the [■] day of [■], [■].

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

Document comparison by Workshare Compare on Saturday, December 09, 2017 2:24:27 AM

Input:	
Document 1 ID	file://C:\Users\Argp\Desktop\23239360-v26-Change of Law Protection Agreement.DOCX
Description	23239360-v26-Change of Law Protection Agreement
Document 2 ID	PowerDocs://VANCOUVER/51065581/3
Description	VANCOUVER-#51065581-v3-Protection_Agreement_with_revised_Subrogation_Provisions
Rendering set	Standard

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

Statistics:	
	Count
Insertions	114
Deletions	125
Moved from	16
Moved to	16
Style change	0
Format changed	0
Total changes	271

From:	Mike Manning on behalf of Anna Strathy
To:	ASHBOURNE, STEPHEN; Gadi Mayman; Mike Manning; Malle Hanslep (MOF); Tobias P. Whitfield (MOF); Ken Kandeepan; Hresa Gavaris
Subject:	FW: Pre-Brief for 11am meeting with Torys/Oslers/OPG/Dealers
Start:	Monday, December 11, 2017 10:30:00 AM
End:	Monday, December 11, 2017 10:45:00 AM
Location:	Malle/Toby to call Gadi at 5-8001

-----Original Appointment-----
From: Anna Strathy
Sent: Monday, December 11, 2017 10:15 AM
To: Anna Strathy; Gadi Mayman; Mike Manning; Malle Hanslep (MOF); Tobias P. Whitfield (MOF); Ken Kandeepan; Hresa Gavaris
Subject: Pre-Brief for 11am meeting with Torys/Oslers/OPG/Dealers
When: Monday, December 11, 2017 10:30 AM-10:45 AM (UTC-05:00) Eastern Time (US & Canada).
Where: Malle/Toby to call Gadi at 5-8001

From:	Whitfield, Tobias P. (MOF)
To:	Ken Kandeepan; Gadi Mayman; Mike Manning; Anna Strathy
Cc:	Malle Hanslep (MOF)
Subject:	FW: Process Agreement
Date:	Thursday, December 14, 2017 9:55:21 AM
Attachments:	12924823-v1-Process - Important Points for the Province.RTF

Please see the below email and attached comments on the Process Agreement from Stephen. There are a few technical issues and consequential changes that significantly affect the Province's rights, and some drafting errors that need to be addressed. We need to consider how to communicate those to OPG and the Dealers, and how much we need to address in order to get comfortable with the current agreement.

We are available to discuss at your convenience.

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: December 14, 2017 8:47 AM
To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); McKinlay, Tom (MAG); Thouin, Alena (ENERGY)
Subject: Process Agreement

Hi. I understand from Malle that the Province has now accepted the last Tory version of the Process Agreement, in order to lock down the accounting treatment issue. Some of the changes I had highlighted in my mark-up yesterday morning addressed technical issues of potential consequence to the Province, and which I expect are non-accounting items. The attached version of my mark-up identifies and explains those points, in case there is room for reconsideration. There are other corrections that I expect would be happily made by OPG (such as the revision to the current requirement to deliver a Process Certificate in respect of a Post-Suspension Refinancing, which will not in fact be possible for OPG to do – see 3.02). Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

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Blake, Cassels & Graydon LLP | Barristers & Solicitors | Patent & Trade-mark Agents
This email communication is CONFIDENTIAL AND LEGALLY PRIVILEGED. If you are not the intended recipient, please notify me at the telephone number shown above or by return email and delete this communication and any copy immediately. Thank you.
L'information paraissant dans ce message électronique est CONFIDENTIELLE. Si ce message vous est parvenu par erreur, veuillez immédiatement m'en aviser par téléphone ou par courriel et en détruire toute copie. Merci.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.

CHANGE OF LAW PROCESS AGREEMENT

Dated as of [☠], 2017

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**") is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.

Pursuant to a Declaration of Trust dated as of [■], 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

Pursuant to the Management Agreement dated as of [■], 2017, OPG was appointed the Manager of the Financing Entity.

Concurrent with this Agreement, the Province, OPG (as the FSM and as the Manager), the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the applicable Adherence Conditions.

Prior to entering into this Agreement, OPG provided the Province with the final forms of certain of the Transaction Documents, as described on Exhibit "A", and the Province has not objected to such forms and hereby confirms to OPG that such Transaction Documents will constitute "Reference Documentation" for purposes of this Agreement.

Prior to entering into this Agreement, OPG, as the FSM, provided the Minister of Energy, in compliance with the Act, with the initial Financing Plan, which includes the initial forecast (the "**Initial Forecast**") setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Obligations Secured to be incurred during the 24 month period from December 1, 2017 to November 30, 2019 (the "**Initial Forecast Period**"). Prior to entering into this Agreement, OPG provided the Province with the initial Protection Agreement Maximum (the "**Initial Protection Agreement Maximum**"). The Province has received the initial Financing Plan and has not disagreed with the Initial Forecast or the Initial Protection Agreement Maximum on the basis of an apparent inaccuracy in the Initial Forecast, an inconsistency between the Initial Forecast and the initial Financing Plan, or as a result of the Initial Protection Agreement Maximum being more than the Initial Forecast.

This Agreement sets out the obligations OPG has agreed to perform and assurances OPG has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the applicable Adherence Conditions have been satisfied and maintaining information related to the Program Agreements and the Approved Obligations.

All things necessary to make this Agreement a valid and legally binding agreement of OPG and the Province, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall"; the word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from

time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed; the words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 References to the Financing Entity

For greater certainty, each reference to the Financing Entity shall be construed as a reference to the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.04 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.06 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF OPG

2.01 Deliveries to the Province

(a) OPG shall promptly deliver to the Province a copy of any proposed change to or replacement of the Financing Plan.

(b) Not less than 10 Business Days, or such lesser period as the Province may agree to in writing, prior to:

(i) any proposed material change in the terms or conditions applicable to a Primary Obligation in a previously provided Transaction Document becoming effective or otherwise being used; provided, for greater certainty, that a proposed change in particular financial terms, rates or levels shall not constitute a material change for this purpose and, without limitation, any change that could reasonably be expected to have a Material Effect shall constitute a material change for this purpose, and

(ii) any additional, supplemental or replacement Transaction Document becoming effective or otherwise being used,

OPG shall deliver to the Province a copy of such proposed change to the Transaction Document and any such additional, supplemental or replacement Transaction Document.

(c) Without limiting Subsection 2.01(b), ~~and except as has previously been provided to the Province under Subsection 2.01(b),~~ promptly following (i) any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor being made, (ii) any new, additional, supplemental or replacement instruments, documents, agreements or security being used or granted in connection with all or any part of the Approved Obligations, or (iii) any waiver, release, reconveyance, termination, abandonment, subordination, exchange, substitution, transfer, compound, compromise, liquidation or enforcement of all or any part of the Approved Obligations or any security or guarantee therefor being effected, OPG shall, except if previously been provided to the Province under Subsection 2.01(b), deliver to the Province a detailed description of such event and the reasons for it, together with any related documents, agreements and instruments. ~~***[Note to Province/Blakes: We assume that if the change is provided pursuant to Subsection 2.01(b) that it may not be redelivered under this section.]***~~

(d) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, OPG shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations (including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(e) Promptly upon request, OPG shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

2.02 Covenants

(a) OPG shall use commercially reasonable efforts to cause the Financing Entity to:

(i) punctually perform and observe all of the Financing Entity's obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not (unless waived in writing by the Province):

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement, replacement, waiver or consent has or could reasonably be considered to have a Material Effect; provided, however, that the foregoing does not apply to any supplement, amendment, modification, restatement, replacement, waiver or consent in respect of particular financial terms, rates or levels;

(B) extend, renew, compromise, novate, replace, suspend, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, liquidate or enforce the terms of all or any part of the Approved Obligations or any Collateral, if any such action has could reasonably be considered to have a Material Effect; provided,

however, that the foregoing does not apply to any such action taken in respect of particular financial terms, rates or levels; or

(C) permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired.

(b) If any action restricted pursuant to Section 2.02(a)(v) is reflected in ~~a delivery required to be made~~the terms of a Transaction Document (including any proposed change, addition, supplement or replacement to or of a Transaction Document) delivered by OPG to the Province ~~pursuant to~~in accordance with Section 2.01(b) and ~~is not objected to by the Province under Section 3.04(b),~~such terms and action are specifically brought to the attention of the Province at the time of such delivery[1], then the Province shall be deemed to have waived its rights ~~under Section 2.02(a)(v)~~with respect to such action under Section 2.02(a)(v) if the Province has not objected to the terms of such Transaction Document (including any proposed change, addition, supplement or replacement to or of a Transaction Document) under Section 3.04(b) with respect to the taking of such action.

(c) OPG shall:

(i) comply, and shall use commercially reasonable efforts to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

(ii) punctually perform and observe all of its (including as the FSM and as Manager) obligations and agreements contained in the Program Agreements;

(iii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation;~~ and~~

(iv) notify the Province of (1) the occurrence of any Breach Event and any Program Breach, in each case within 2 Business Days of any such occurrence, and (2) any event or circumstance known to OPG that with the passage of time or the giving of notice would be a Breach Event or a Program Breach, in each case within 1 Business Day of OPG first becoming aware of such event or circumstance; and

(v) after the occurrence of any Protection Event or any Suspension Event[2] (or any event or circumstance known to OPG that with the passage of time or the giving of notice would be a Protection Event or a Suspension Event), not, without the Province's prior written consent, permit the Financing

[1] Explanatory Note: Without this, potentially material items will get buried in the documents and the effectiveness of the Province's review could be undermined.

[2] Explanatory Note: Without this, the Province may be unprotected from OPG's permitted actions despite having lost confidence in OPG.

Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.

(d) The Province and OPG acknowledge that their obligations to each other under the Indemnity Agreement between the Province and OPG dated June 1, 2017 (as amended, the "**Indemnity Agreement**") are not amended by this Agreement and continue in full force and effect, notwithstanding that this Agreement is entered into subsequent to the Indemnity Agreement.

(e) The Province and OPG acknowledge that their obligations to each other under the Indemnity Agreement are not amended by the Change of Law Protection Agreement and continue in full force and effect, notwithstanding that the Change of Law Protection Agreement was entered into subsequent to the Indemnity Agreement.

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate

OPG shall deliver to the Province a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Province, on or before the incurrence or any amendment of a Funding Obligation~~, other than any Funding Obligation under which not more than $5,000,000 in the aggregate may become payable by the Financing Entity~~ (provided that delivery may not be more than 5 Business Days before the incurrence or amendment of the Funding Obligation), in each case setting out the following with respect to such Funding Obligation:

(a) the material terms of the Funding Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a Derivative Agreement, OPG's best estimate of the expected notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

(b) if an existing Funding Obligation is proposed to be amended, material details respecting such amendment, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

(c) a statement to the effect that: (i) the Funding Obligation to be incurred or amended (1) will arise under terms and conditions that are Substantially in the Form of the

Reference Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reference Documentation;

(d) a statement confirming that any disclosure made in respect of the Funding Obligation (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to the Funding Obligation) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement has been made available to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made;

(e) a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and

(f) confirmation that, at the time the Funding Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Funding Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the Protection Agreement Maximum applicable on the date that the Process Certificate is delivered; for clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be determined on the date the Process Certificate is delivered hereunder in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

Notwithstanding the foregoing, no Process Certificate shall be required to be delivered in respect of: (x) any Funding Obligation under which not more than $5,000,000 in the aggregate may become payable by the Financing Entity or (y) the incurrence of a Post-Suspension Refinancing that is proposed to be entered into by the Manager in compliance with the requirements of Section 7.03 of the Change of Law Protection Agreement after the Province has elected not to offer to fund such Post-Suspension Refinancing in accordance with such requirements.

3.02 Acknowledgement regarding delivery of certificate under Change of Law Protection Agreement

The Province acknowledges~~ and agrees~~ that, concurrent with the delivery of the Process Certificate pursuant to Section 3.01 of this Agreement, the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) ~~are~~will be authorized by OPG to deliver the certificate referred to in Subsection 4.02(a)(ii) of the Change of Law Protection Agreement to the Indenture Trustee confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with adherence of the Limited Guarantee to the incurrence of the Certified Primary Obligations in respect of which the certificate in Subsection 4.02(a)(ii) of the Change of Law Protection Agreement is being delivered; provided that, upon receipt of a Suspension Notice under the Change of Law Protection Agreement, OPG covenants not to ~~deliver~~not permit the delivery of any further certificates to the Indenture Trustee under Subsection 4.02(a)(ii) of the Change of Law Protection Agreement.

3.03 ~~Acknowledgement regarding delivery of~~ Suspension ~~Notice~~ Events and Related Matters

(a) The parties acknowledge and agree that the Province is entitled to deliver a Suspension Notice under Section 7.01 of the Change of Law Protection Agreement if a Program Breach or Breach Event has occurred. ~~The Province agrees not to deliver a Suspension Notice pursuant to Section 7.01 of the Change of Law Protection Agreement unless a Program Breach or a Breach Event has occurred.~~

(b) The Province agrees not to deliver a Suspension Notice pursuant to Section 7.01 of the Change of Law Protection Agreement unless a Program Breach or a Breach Event has occurred.

(c) The Province acknowledges that it will not be entitled to object to an incurrence by the Financing Entity of a Post-Suspension Refinancing proposed to be entered into by the Manager in compliance with the requirements of Section 7.03 of the Change of Law Protection Agreement after the Province has elected not to offer to fund such Post-Suspension Refinancing in accordance with such requirements. For greater certainty, the requirements of this Agreement shall apply in respect of any Post-Suspension Refinancing, including any Transaction Document that is proposed to be entered into, amended or otherwise affected in connection with implementation of the Post-Suspension Refinancing, except that no Process Certificate shall be required to be delivered to the Province in connection with such an incurrence.

3.04 Meaning of "Reference Documentation"

For the purposes of Subsection 3.01(c), the term "Reference Documentation" shall mean each Transaction Document that, at the relevant time:

(a) is a Transaction Document listed on Exhibit "A"; or

(b) is a Transaction Document (including any amended or amended and restated Transaction Document) ~~provided~~delivered to the Province in accordance with Subsection 2.01(b) that has not been objected to by the Province, by delivery of an objection notice in writing delivered to OPG, within 10 Business Days after it is ~~provided~~so delivered to the Province; provided that the Province (i) shall only be entitled to deliver an objection notice ~~if the Transaction Document (including any amended or amended and restated Transaction Document) has~~in connection with a change proposed to be made or an action proposed to be taken to or in respect of a previously delivered Transaction Document that forms part of the Reviewed Documentation at the relevant time, or in connection with any additional, supplemental or replacement Transaction Document that contains a term or a condition that differs in any material respect from the terms or conditions applicable to any other Transaction Document that forms part of the Reviewed Documentation at the relevant time, in each case if such change, action, addition, supplement or replacement to, of or in respect of the applicable Transaction Document has or could reasonably be expected to have[3] a Material Effect and (ii) shall not be entitled to deliver an objection notice in respect of the incurrence of a Post-Suspension Refinancing[4] that is proposed to be entered into by the Manager in compliance with the requirements of Section 7.03 of the Change of Law Protection Agreement after the Province has elected not to offer to fund such Post-Suspension Refinancing in accordance with such requirements.

3.05 Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(c), the term "Substantially in the Form" shall mean:

(a) with respect to the Reference Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such Reference Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation that has or could have a Material Effect; provided, however, that the foregoing does not apply to any particular financial terms, rates or levels; and

(b) with respect to the Reference Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

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[3] Explanatory Note: Without this, the condition tied to Material Effect will be impossible to satisfy in relation to new agreements for which the comparison implied by "Material Effect" will have no meaning.

[4] Explanatory Note: Without this, it may be suggested that the Province has agreed not to object to a Proposal under 7.03 of the Protection Agreement. Since this would be highly prejudicial, the drafting here and in my 3.03(c) were intended to remove this as a possibility.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum

(a) Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Obligations Secured that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Obligations Secured to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast shall be further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum, which may not exceed such Forecast. ~~***[Note to Province/Blakes: Change made to be consistent with changes in recitals and to reflect what is provided in the Financing Plan.]***~~

(b) Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of any further Forecast and notice of the revised Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province may disagree with such further Forecast or revised Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in such further Forecast, (ii) the further Forecast is inconsistent with the Financing Plan, or (iii) the revised Protection Agreement Maximum is more than the further Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the revised Protection Agreement Maximum will be further revised accordingly and confirmed by an amended notice to the Province.

(c) For clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be valued at the time to be determined for the purposes of this Section 4.01 in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of OPG

OPG represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM or as the Manager, may cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario and has the power and authority to enter into and perform its obligations under this Agreement and all instruments and agreements delivered pursuant hereto.

(c) OPG has the power and authority to enter into and perform its obligations as the FSM and as the Manager under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM or as the Manager has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Financing Entity or in the ability of the Financing Entity to perform its obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

5.02 Representations and Warranties of the Province

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
BREACH EVENTS

6.01 Breach Events

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

(a) a default in the performance, or breach, by OPG of Section 2.01(b)(i), Section 2.02(b)(iv) or Section 3.01;

(b) a default in the performance, or breach, of any other covenants of OPG under this Agreement (excluding Section 2.01(b)(i), Section 2.02(b)(iv) and Section 3.01), which, if curable in a way such that the default or breach would not have or have had a ~~Material Effect~~[5]material adverse effect on the rights and interests of the Province, is not so cured within thirty (30) days;

(c) any representation or warranty made by OPG in this Agreement, any certification made in a Process Certificate, or any certification made in a certificate contemplated by Subsection 4.02 of the Change of Law Protection Agreement, proves to be incorrect in ~~a~~any material respect on the date made and which, if curable in a way such that the incorrect representation or warranty may be remedied without ~~any Material Effect having occurred~~having or having had a material adverse effect on the rights and interests of the Province as a result of the Province's reliance thereon, is not so cured within thirty (30) days; or ~~*[Note to Province/Blakes: Change made to be consistent with description of Breach Event in the Change of Law Protection Agreement.]*~~

(d) OPG is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the Manager.

ARTICLE VII
MISCELLANEOUS

7.01 Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

7.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

[5] Explanatory Note: Context is wrong for the use of "Material Effect" (suggests a change).

(a) if to OPG:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

(b) if to the Province:

Deputy Minister of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Deputy Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 7.02.

7.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 7.03 shall be null and void.

7.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

7.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

7.06 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

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

By: _____

Name:
Title:

By: _____

Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Breach Event**" has the meaning ascribed thereto in Section 6.01.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the Financing Entity, OPG (as the FSM and the Manager) and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

"**Financing Entity**" means Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(a).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**IESO Security Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**Initial Forecast**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Initial Forecast Period**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Initial Protection Agreement Maximum**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO.

"**Material Effect**[6]" means ~~(i) with respect to a previously provided Transaction Document, any change or action, as applicable, that could affect the timing of or circumstances under which related payments would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that could adversely affect the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation or (ii) with respect to any additional, supplemental or replacement Transaction Document, such Transaction Document contains a term that (X) could adversely affect the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation or (Y) relates to the timing of or circumstances under which Primary Obligations would or may become due or accrue (including as a result of any default, acceleration, termination,~~

[6] Explanatory Note: Context requires a change from an existing base case. Brand new terms, without comparators, would not be covered by definition. As used, the term "Material Effect" would not protect the Province in that circumstance.

~~wind-up, liquidation or realization) that is different in any material respect than the equivalent terms contained in any previously provided Reference Documentation.~~:

(a) with respect to any change or action, as applicable, to or in respect of a previously delivered Transaction Document that forms part of the Reviewed Documentation at the relevant time; and

(b) with respect to any additional, supplemental or replacement Transaction Document proposed to form part of the Reviewed Documentation and that contains a term or a condition that differs in any material respect from the terms or conditions applicable to any other Transaction Document that forms part of the Reviewed Documentation at the relevant time,

that the making of such change, the taking of such action, or the entering into of such addition, supplement or replacement, as applicable, has or could reasonably be expected to have a material effect on the obligations (including as a result of a change in the nature, scope or extent of the Primary Obligation and the effect on the Province's obligations therefor under the Limited Guarantee) or the rights of the Province under the Limited Guarantee, the Change of Law Protection Agreement or this Agreement, in each case that could reasonably be expected to affect (i) the timing of or circumstances under which Primary Obligations would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization); (ii) the appointment, obligations or duties of OPG as the Manager; (iii) the existence, powers or authority of the Financing Entity or the Financing Entity Trustee; (iv) the obligations of the Indenture Trustee to or in respect of the Province as a Specified Creditor; [(v) the limitations and requirements otherwise applicable to the capital structure of the Financing Entity under any existing Program Agreement;] (vi) the payment provisions and associated priorities set forth in the Trust Indenture; [(vii) the obligations or liability of the Financing Entity to pay any tax;] (viii) compliance by the FSM or the Manager with the then applicable Financing Plan; [(ix) the circumstances in which a Protection Event could arise;] (x) compliance by the FSM, the Manager, the Financing Entity or IESO with the Act or the General Regulation; (xi) the nature or character of the payment obligations (but, subject to compliance with the Financing Plan, irrespective of the amount payable thereunder) that could become payable under the Limited Guarantee; or (xii) the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of this Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Protection Agreement Maximum**" means the dollar amount referenced as the Program Agreement Maximum and determined in accordance with Section 4.01.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture.

"**Reference Documentation**" has the meaning ascribed thereto in Section 3.04.

"**Repayment**" has the meaning ascribed to the term "repayment" in the General Regulation as of the date of this Agreement.

"**Substantially in the Form**" has the meaning ascribed thereto in Section 3.05.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement; (vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that could affect the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

EXHIBIT "A"
INITIAL REFERENCE DOCUMENTATION

- Declaration of Trust;
- Management Agreement;
- Master Transfer and Servicing Agreement;
- Acknowledgement and indemnity agreement dated as of [■], 2017 made by IESO in favour of the Indenture Trustee;
- IESO Security Agreement;
- Trust Indenture;
- Warehouse Senior Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;
- Warehouse Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017; and
- Warehouse Junior Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

Document comparison by Workshare Compare on Thursday, December 14, 2017 8:10:21 AM

Input:	
Document 1 ID	PowerDocs://TOR_2528/23239361/25
Description	TOR_2528-#23239361-v25-Change_of_Law_-_Process_Agreement
Document 2 ID	PowerDocs://TOR_2528/23239361/26
Description	TOR_2528-#23239361-v26-Change_of_Law_-_Process_Agreement
Rendering set	Standard

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

Statistics:	
	Count
Insertions	59
Deletions	39
Moved from	9
Moved to	9
Style change	0
Format changed	0
Total changes	116

From:	Carlos Yep
To:	Mike Manning; James Devine
Cc:	David Peters; Jean-Paul Lamoureux
Subject:	FW: Process and documents for first asset purchase: Equity Injection on Dec19 = $1.2B x 44% = $528M
Date:	Friday, December 15, 2017 11:23:19 AM
Attachments:	MSA_Share_Subscription_Notice_Mock_Up_First_Purchase.docx Calculation of equity for FHP 2017.xlsx

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FYI – Final documents are still being worked on
equity injection Dec19 = $1.2B x 44% = $528M

From: Bruno Amara
Sent: Friday, December 15, 2017 11:13 AM
To: Carlos Yep
Cc: Gavin He
Subject: FW: Process and documents for first asset purchase

Hi Carlos
Here is one emails with amounts. I'll forward another regarding current timing. Apologies that this wasn't passed on earlier. I wasn't looking at cc list. But you may want to get your name added, so that you get this directly.
Bruno

From: John Kim
Sent: Friday, December 08, 2017 8:45 AM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: FW: Process and documents for first asset purchase

Fyi

From: RYFA Ken -TREASURY [mailto:ken.ryfa@opg.com]
Sent: Thursday, December 07, 2017 6:32 PM
To: Talwar, Shruti (ENERGY) <Shruti.Talwar@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; John Kim <John.Kim@ofina.on.ca>; Graham Young (MOI) <Graham.Young@ontario.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Ogunrinde, Deni (ENERGY) <Deni.Ogunrinde@ontario.ca>; John Psinas <John.Psinas@ofina.on.ca>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; GRECO Clara -LAWDIV <clara.greco@opg.com>; GO Matthew -TREASURY <matthew.go@opg.com>; MATHIAS Carlton -OFFCORPSEC <carlton.mathias@opg.com>; ASTUDILLO Michelle -OFFCORPSEC <michelle.astudillo@opg.com>; MCAULEY Tyler -LAWDIV <tyler.mcauley@opg.com>; Conference Rm:TRS <EX4725@opg.com>
Cc: WONG Evelyn -OFFCORPSEC <evelyn.wong@opg.com>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: RE: Process and documents for first asset purchase

Attached is a preliminary Share Subscription Notice with supporting information. Excel file has the supporting detail for the share price. Transfer Amount not finalized yet.

-----Original Appointment-----
From: RYFA Ken -TREASURY
Sent: Thursday, November 30, 2017 5:22 PM

To: RYFA Ken -TREASURY; Talwar, Shruti (ENERGY); Thouin, Alena (ENERGY); Sawwaf, Khareem (ENERGY); Kim, John (OFA); Young, Graham (ENERGY); Sud, Manu (ENERGY); Ogunrinde, Deni (ENERGY); John Psinas; LADAK Lubna -TREASURY; GRECO Clara -LAWDIV; GO Matthew -TREASURY; MATHIAS Carlton -OFFCORPSEC; ASTUDILLO Michelle -OFFCORPSEC; MCAULEY Tyler -LAWDIV; Conference Rm:TRS
Cc: WONG Evelyn -OFFCORPSEC; Shajee Kathirgamanathan
Subject: Process and documents for first asset purchase
When: Monday, December 04, 2017 10:00 AM-10:30 AM (UTC-05:00) Eastern Time (US & Canada).
Where: conference call 416-933-3825 conference ID 9838290# / OPG - Treasury conference room
UPDATE for OPG – location change
To discuss process steps and documents for first asset purchase.
Mock up of first Transfer Notice is attached. Certain items could not be completed such as IESO banking information.
<< File: MSA_Transfer_Notice_Mock_Up_First_Purchase.docx >>

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SUBSCRIPTION FOR SHARES

TO: **ONTARIO POWER GENERATION INC**. (the "**Corporation**")

The undersigned hereby subscribes for **12,435,233** Class A Shares of the Corporation at the price of $42.46 per share and tenders payment in full of the purchase price. The undersigned represents and warrants to the Corporation that the undersigned is purchasing such shares as principal and is a "security holder of the Corporation" within the meaning referred to in subsection (2) of section 2.4 of National Instrument 45-106 of the Canadian Securities Administrators.

Please register the shares in the name of the undersigned. The undersigned will advise the Corporation if the undersigned ceases to be the sole beneficial owner of the share.

Distribution date: December 19, 2017

HER MAJESTY THE QUEEN IN THE RIGHT OF THE PROVINCE OF ONTARIO AS REPRESENTED BY THE MINISTER OF ENERGY

By:_____
Name:
Title:

TRANSFER NOTICE

TO: Fair Hydro Trust
c/o Ontario Power Generation Inc., as Manager
700 University Avenue
Toronto, Ontario
M5G 1X6

Attention:
Email:

This Transfer Notice is delivered to you pursuant to Section 2.1 of a master transfer and servicing agreement made as of December 11, 2017 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "**Master Transfer and Servicing Agreement**") between **FAIR HYDRO TRUST**, a trust formed under the laws of the Province of Ontario (the "**Issuer**"), the **INDEPENDENT ELECTRICITY SYSTEM OPERATOR** ("**Transferor**" in its capacity as transferor, "**Servicer**", in its capacity as servicer, and "**IESO**" in its capacity as both Transferor and Servicer), a statutory corporation without share capital amalgamated under the laws of the Province of Ontario. All capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed to such terms in the Master Transfer and Servicing Agreement.

The Transferor hereby gives notice to the Issuer of its offer to transfer to the Issuer on the Closing Date set out below, the Specified Portion of the Regulatory Asset referred to below, all in accordance with the terms and conditions of the Master Transfer and Servicing Agreement. In consideration for (i) the Transferor's Transfer to the Issuer of the Specified Portion of the Regulatory Asset referred to below, the Issuer shall deliver or cause to be delivered to the Transferor on the Closing Date set out below, by wire transfer or electronic funds transfer in immediately available funds, an amount in Canadian dollars equal to the Purchase Price set out below.

Upon receipt by the Transferor of the Purchase Price on the Closing Date the Transferor shall reduce the balance of the Fair Hydro Variance Account by an amount equal to the Purchase Price, and the Regulatory Asset shall be adjusted accordingly.

Specified portion of Regulatory Asset: $1,200,000,000.00

Purchase Price: $1,200,000,000.00

Closing Date: December 19, 2018

The Transferor hereby represents, warrants and confirms that:

(i) each of the representations and warranties on the part of the Transferor contained in the Master Transfer and Servicing Agreement are true and correct in all respects on the date hereof as if made on the date hereof;

(ii) the Transferor is not in breach of any of its covenants in the Master Transfer and Servicing Agreement;

(iii) since the date of the last Transfer Notice there has been no change to the information described in Section 2.2(a)(i)(A) of the Master Transfer and Servicing Agreement; and

(iv) as of the date hereof, each condition precedent that must be satisfied by the Transferor under Section 2.2 of the Master Transfer and Servicing Agreement is capable of being satisfied prior to Closing Date.

The closing shall take place at ■ (Toronto time) on the Closing Date referred to above at the offices of ■, except as may be otherwise mutually agreed. The Purchase Price shall be paid on that date by wire transfer or electronic funds transfer to [insert IESO bank account details].

DATED this 11th day of December, 2017.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Transferor

By: _____
Name:
Title:

By: _____
Name:
Title:

The undersigned hereby accepts the foregoing offer.

DATED this 11th day of December, 2017.

FAIR HYDRO TRUST, by its Manager, **ONTARIO POWER GENERATION INC.**

By: _____
Name:
Title:

By: _____
Name:
Title:

Attachment A to Exhibit B of Master Subscription Agreement

Calculation of Equity Injection for

_____

Investment Asset Purchase in December 2017 representing cumulative IESO deferral to end of November 2017 ("Period")

(A)	Purchase Price per Transfer Notice attached:	1,200,000,000.00
(B)	Percentage Funded by Equity:	44%
(C)	Total Equity injection required for Period (A x B):	528,000,000.00
(D)	Class A Share Price pursuant to OPG Financial Statements as of September 30, 2017:	42.46
(E)	Number of Class A Shares to be issued to Province (C ÷ D):	12,435,233

Fair Hydro Plan

Quarterly Share Price Calculation

		$ millions				$ millions				$ millions			
	2016 Q4	2017 Q1	2017 Q2	2017 Q3	2017 Q4	2018 Q1	2018 Q2	2018 Q3	2018 Q4	2019 Q1	2019 Q2	2019 Q3	2019 Q4
Common shares	5,126.0	5,126.0	5,126.0	5,126.0									
Class A shares	0.0	0.0	0.0	0.0									
Retained Earnings	5,534.0	5,598.0	5,903.0	6,034.0									
Total equity excluding AOCI / AOCL	10,660.0	10,724.0	11,029.0	11,160.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
AOCI / AOCL	(295.0)	(283.0)	(280.0)	(277.0)									
Adjusted total equity with AOCI / AOCL	10,365.0	10,441.0	10,749.0	10,883.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
# of shares:		Millions of shares				Millions of shares				Millions of shares			
Common	256.3	256.3	256.3	256.3									
Class A	0.0	0.0	0.0	0.0									
Total shares	256.3	256.3	256.3	256.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Value per share including AOCI/AOCL	**40.44**	**40.74**	**41.94**	**42.46**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Rounded to cents

Equity Issuance Advance Date					20-Dec-17				
Calculation of # of Class A shares:									
Amount on Transfer Notice from IESO					1,200,000,000				
Percentage funded by Equity	44.0%	44.0%	44.0%	44.0%	44.0%	44.0%	44.0%	44.0%	44.0%
Amount funded by Equity	0	0	0	0	528,000,000	0	0	0	0
Class A share purchase price		40.44	40.74	41.94	42.46	-	-	-	
Number of Class A shares issued	0.0	0.0	0.0	0.0	12,435,233.0	0.0	0.0	0.0	0.0

Balance of Class A shares	2016 Q4	2017 Q1	2017 Q2	2017 Q3	2017 Q4	2018 Q1	2018 Q2	2018 Q3	2018 Q4
Opening Balance	0.0	0.0	0.0	0.0	0.0	12,435,233.0	12,435,233.0	12,435,233.0	12,435,233.0
Class A shares issued	0.0	0.0	0.0	0.0	12,435,233.0	0.0	0.0	0.0	0.0
Class A shares redeemed									
Class A shares adjustment									
Total Class A shares end of period	0.0	0.0	0.0	0.0	12,435,233.0	12,435,233.0	12,435,233.0	12,435,233.0	12,435,233.0

Equity Issuance Advance Date				
Calculation of # of Class A shares:				
Amount on Transfer Notice from IESO				
Percentage funded by Equity	44.0%	44.0%	44.0%	44.0%
Amount funded by Equity	0	0	0	0
Class A share purchase price				
Number of Class A shares issued	0.0	0.0	0.0	0.0

Balance of Class A shares	2019 Q1	2019 Q2	2019 Q3	2019 Q4
Opening Balance	12,435,233.0	12,435,233.0	12,435,233.0	12,435,233.0
Class A shares issued	0.0	0.0	0.0	0.0
Class A shares redeemed				
Class A shares adjustment				
Total Class A shares end of period	12,435,233.0	12,435,233.0	12,435,233.0	12,435,233.0

Equity Injection per Master Subscription Agreement

Attachment A to Exhibit B

(A)	Purchase Price per Transfer Notice from IESO	1,200,000,000.00
(B)	Percentage Funded by Equity	44.000000000%
©	Total Equity Required	528,000,000.00
(D)	Class A share purchase price	42.46
(E)	Number of Class A shares to be issued	12,435,233.0

From: Carlos Yep
To: Mike Manning; James Devine
Subject: FW: Process and documents for first asset purchase - Equity Injection
Date: Monday, December 18, 2017 1:59:44 PM

FYI
Looks like equity injection funding is Dec20 (same day that IESO pays the LoC $1.005B)
Global asset $1.179B x 44% = $518.760M

From: RYFA Ken -TREASURY [mailto:ken.ryfa@opg.com]
Sent: Monday, December 18, 2017 1:54 PM
To: Talwar, Shruti (ENERGY) ; Thouin, Alena (ENERGY) ; Sawwaf, Khareem (ENERGY) ; John Kim ; Graham Young (MOI) ; Sud, Manu (ENERGY) ; Ogunrinde, Deni (ENERGY) ; John Psinas ; LADAK Lubna -TREASURY ; GRECO Clara -LAWDIV ; GO Matthew -TREASURY ; MATHIAS Carlton -OFFCORPSEC ; ASTUDILLO Michelle -OFFCORPSEC ; MCAULEY Tyler -LAWDIV ; Gavin He ; Bruno Amara ; Carlos Yep
Cc: WONG Evelyn -OFFCORPSEC ; Shajee Kathirgamanathan ; LEE John -TREASURY ; LADAK Lubna -TREASURY
Subject: RE: Process and documents for first asset purchase
Hi,
Just wanted to confirm the discussion between John Lee and Ken Kandeepan this morning. I understand that the Province will fund the equity injection on the morning of December 20 to help minimize any issues with closing of the first asset purchase.
Thanks,
Ken

From: RYFA Ken -TREASURY
Sent: Friday, December 15, 2017 5:38 PM
To: 'Talwar, Shruti (ENERGY)' <Shruti.Talwar@ontario.ca>; 'Thouin, Alena (ENERGY)' <Alena.Thouin@ontario.ca>; 'Sawwaf, Khareem (ENERGY)' <Khareem.Sawwaf@ontario.ca>; 'Kim, John (OFA)' <John.Kim@ofina.on.ca>; 'Young, Graham (ENERGY)' <Graham.Young@ontario.ca>; 'Sud, Manu (ENERGY)' <Manu.Sud@ontario.ca>; 'Ogunrinde, Deni (ENERGY)' <Deni.Ogunrinde@ontario.ca>; 'John Psinas' <John.Psinas@ofina.on.ca>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; GRECO Clara -LAWDIV <clara.greco@opg.com>; GO Matthew -TREASURY <matthew.go@opg.com>; MATHIAS Carlton -OFFCORPSEC <carlton.mathias@opg.com>; ASTUDILLO Michelle -OFFCORPSEC <michelle.astudillo@opg.com>; MCAULEY Tyler -LAWDIV <tyler.mcauley@opg.com>; 'Gavin He' <Gavin.He@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>
Cc: WONG Evelyn -OFFCORPSEC <evelyn.wong@opg.com>; 'Shajee Kathirgamanathan' <Shajee.Kathirgamanathan@ofina.on.ca>; LEE John -TREASURY <john.s.lee@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>
Subject: RE: Process and documents for first asset purchase
Hi,
The Transfer Notice has been signed but has not been dated as it is being held in escrow. On closing the Transfer Notice will be dated effective the closing date and released from escrow.
Attached is the document package for the equity purchase with the signed but undated Transfer Notice. On closing we will provide an updated Transfer Notice with the date completed.
Thanks,

Ken
<< File: MSA_Share_Subscription_Notice_First_Purchase.pdf >> << File: Transfer Notice Final version in escrow until closing.pdf >> << File: Calculation of equity for FHP 2017.pdf >>

From: RYFA Ken -TREASURY
Sent: Wednesday, December 13, 2017 9:41 AM
To: 'Talwar, Shruti (ENERGY)' <Shruti.Talwar@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>; Young, Graham (ENERGY) <Graham.Young@ontario.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Ogunrinde, Deni (ENERGY) <Deni.Ogunrinde@ontario.ca>; John Psinas <John.Psinas@ofina.on.ca>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; GRECO Clara -LAWDIV <clara.greco@opg.com>; GO Matthew -TREASURY <matthew.go@opg.com>; MATHIAS Carlton -OFFCORPSEC <carlton.mathias@opg.com>; ASTUDILLO Michelle -OFFCORPSEC <michelle.astudillo@opg.com>; MCAULEY Tyler -LAWDIV <tyler.mcauley@opg.com>; 'Gavin He' <Gavin.He@ofina.on.ca>
Cc: WONG Evelyn -OFFCORPSEC <evelyn.wong@opg.com>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; LEE John -TREASURY <john.s.lee@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>
Subject: RE: Process and documents for first asset purchase
Hi,
Just wanted to let everyone know that closing has been delayed as a result of discussions this week to finalize the Change in Law Protection Agreement. The credit rating process has been delayed and closing is now targeted for Dec 20 or 21. I hope to have a final transfer amount today. The amount is still around $1.2 B.
Thanks,
Ken
-----Original Appointment-----
From: RYFA Ken -TREASURY
Sent: Thursday, November 30, 2017 5:22 PM
To: RYFA Ken -TREASURY; Talwar, Shruti (ENERGY); Thouin, Alena (ENERGY); Sawwaf, Khareem (ENERGY); Kim, John (OFA); Young, Graham (ENERGY); Sud, Manu (ENERGY); Ogunrinde, Deni (ENERGY); John Psinas; LADAK Lubna -TREASURY; GRECO Clara -LAWDIV; GO Matthew -TREASURY; MATHIAS Carlton -OFFCORPSEC; ASTUDILLO Michelle -OFFCORPSEC; MCAULEY Tyler -LAWDIV; Conference Rm:TRS
Cc: WONG Evelyn -OFFCORPSEC; Shajee Kathirgamanathan
Subject: Process and documents for first asset purchase
When: Monday, December 04, 2017 10:00 AM-10:30 AM (UTC-05:00) Eastern Time (US & Canada).
Where: conference call 416-933-3825 conference ID 9838290# / OPG - Treasury conference room
UPDATE for OPG – location change
To discuss process steps and documents for first asset purchase.
Mock up of first Transfer Notice is attached. Certain items could not be completed such as IESO banking information.
<< File: MSA_Transfer_Notice_Mock_Up_First_Purchase.docx >>

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From: Hanslep, Malle (MOF)
To: Ken Kandeepan; Mike Manning
Cc: Tobias P. Whitfield (MOF)
Subject: FW: Protection/Process
Date: Wednesday, December 06, 2017 4:38:51 PM

FYI

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: December 6, 2017 4:37 PM
To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Subject: FW: Protection/Process
FYI, re timing …
Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: Wednesday, December 06, 2017 4:22 PM
To: ASHBOURNE, STEPHEN
Cc: Mansoori, Nina; Feldman, Michael; Ramchandani, Rima
Subject: RE: Protection/Process
Hi Steve, Nina is just about to circulate the revised draft of the process agreement which will reflect the comments we discussed with you yesterday. That draft will be subject to continuing review and comment by Osler/the dealers – and as we discussed at the tail end of our call yesterday, the section in the Process Agreement that gives the Province the right to object to new and material changes to transaction docs dovetails with the protection agreement so Osler may have a view on those sections depending on where we end up in the protection agreement. Osler currently has the pen on the protection agreement and are working on a revised draft. Michael and Peter are going to reach out to you to discuss the Section 2.01 Limited Guarantee mechanics. Following that discussion, Osler will be circulating a revised draft (not sure if that will happen today or tomorrow).
Rima
P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com[torys.com]

TORYS LLP[torys.com]

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: December-06-17 4:14 PM
To: Ramchandani, Rima <rramchandani@torys.com>
Subject: Protection/Process
Hi Rima. What is the ETA for the revised drafts? Steve
Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

Blake, Cassels & Graydon LLP
199 Bay Street, Suite 4000, Toronto ON M5L 1A9
Tel: 416-863-2400 Fax: 416-863-2653
blakes.com[blakes.com] | **Twitter**[twitter.com] | **Unsubscribe**[blakes.com]
Blake, Cassels & Graydon LLP | Barristers & Solicitors | Patent & Trade-mark Agents
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From:	LIU Sheen -TREASURY
To:	Carlos Yep
Cc:	LEE John -TREASURY; Mike Manning; RYFA Ken -TREASURY
Subject:	FW: Protocol
Date:	Friday, December 15, 2017 10:29:45 AM
Attachments:	Interest Protocol Agreement (OPG 12-14- Incremental Blackline).doc Interest Protocol Agreement (OPG 12-14).doc

---

Carlos – as discussed yesterday, attached please find the revised Protocol, reflecting applicable spread of 10 bps (both sub and junior sub), for the initial warehouse notes.

Please review and let me know if you have further comments

Thanks

Sheen

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Draft: December ~~11~~14, 2017

Subordinated Debt Pricing Protocol

ONTARIO POWER GENERATION INC., a corporation incorporated under the laws of Ontario (**"OPG"**), solely in its capacity as financial services manager (the "**FSM**") of the Fair Hydro Trust (the "**Issuer**"), a trust existing under the laws of the Province of Ontario and the ONTARIO FINANCING AUTHORITY, **[a crown agency of the Province of Ontario]** have agreed to enter into this subordinated debt pricing protocol (the "**Protocol**") wherein they have agreed to certain procedures for establishing the interest rate applicable to each Series of Subordinated Notes and Junior Subordinated Notes where such Notes are to be issued only to OPG or its Affiliates.

ARTICLE 1 - INTERPRETATION

1.01 Definitions

In this Protocol, unless something in the subject matter or context is inconsistent therewith terms used herein have the meanings ascribed in the Trust Indenture. In addition, the following terms shall have the following meanings:

(a) "**Applicable Spread**" has the meaning ascribed to such term in section 2.04(c);

(b) "**Base Rate**" has the meaning ascribed to such term in section 2.03(a) or (b), as applicable;

(c) "**Junior Subordinated Term Note**" means a Junior Subordinated Note that is not incurred pursuant to a Warehouse Facility Agreement;

(d) "**Junior Subordinated Warehouse Note**" means a Junior Subordinated Note that is incurred pursuant to a Warehouse Facility Agreement;

(e) "**Subordinated Term Note**" means a Subordinated Note that is not incurred pursuant to a Warehouse Facility Agreement;

(f) "**Subordinated Warehouse Note**" means a Subordinated Note that is incurred pursuant to a Warehouse Facility Agreement;

(g) "**Trust Indenture"** means that certain trust indenture entered into between the Issuer and BNY Trust Company of Canada on ☐**,**2017 (as supplemented from time to time).

ARTICLE 2 - INTEREST RATE PROTOCOLS

2.01 Interest Rate Protocols

The interest rate applicable to each Series of Subordinated Notes and Junior Subordinated Notes that are issued only to OPG or its Affiliates shall be established by the FSM in accordance with the procedures set out herein.

2.02 **Composite Interest Rate**

For any Series of Subordinated Notes or Junior Subordinated Notes that are issued only to OPG or its Affiliates, the interest rate shall be the aggregate of the applicable Base Rate and the Applicable Spread.

2.03 **Base Rate**

(a) For Subordinated Term Notes and Junior Subordinated Term Notes, the "Base Rate" shall be an annual rate of interest comprised of the applicable yield for the Benchmark Government of Canada bonds listed at the time and with the same term as that of the Series of Subordinated Notes or Series of Junior Subordinated Notes, as applicable. In the event that there are no such Benchmark Government of Canada bonds listed at the time of issuance, the applicable Base Rate of interest shall be established by interpolating on a straight line basis the terms of the two Benchmark Government of Canada bonds that are closest to the term of the applicable Series of Subordinated Term Notes or Series of Junior Subordinated Term Notes, as applicable, one being for a longer term and the other being for a shorter term; and

(b) For Subordinated Warehouse Notes and Junior Subordinated Warehouse Notes, the "Base Rate" shall be an annual interest rate equal to the all-in funding costs under the related Warehouse Obligations, expressed as a rate per annum, as determined by the FSM acting reasonably, or at any time when there are no Warehouse Obligations outstanding the "Base Rate" shall be the average of the posted "prime rate of interest" published by the five largest Canadian banks at such time.

2.04 **Applicable Spread**

(a) Prior to the issuance of any new Subordinated Term Notes or Junior Subordinated Term Notes, the FSM will solicit from at least five investment dealers in Canada, a survey of indicative spreads over the applicable Base Rate (collectively, the "**Indicative Spreads**" and each an "**Indicative Spread**") applicable to capital market debt issuances having features comparable to each of the proposed Series of Subordinated Term Notes and Junior Subordinated Term Notes, having regard to the expected credit rating and tenor. Such solicitation of Indicative Spreads shall occur on the pricing date of the applicable Series of Subordinated Term Notes and Junior Subordinated Term Notes and may, at the FSM's option, also occur on other dates selected by the FSM provided that no such date is more than **one week** prior to the pricing date. The Applicable Spread for Subordinated Term Notes or Junior Subordinated Term Notes, as applicable, will be the simple average of the respective Indicative Spreads after excluding the highest and the lowest Indicative Spread for each day (not more than one week prior to the pricing date) that Indicative Spreads were provided;

(b) ~~For~~The Applicable Spread for Subordinated Warehouse Notes shall be:

(i) for the initial issuance:10 bps; and

~~(b)~~(ii) for all subsequent issuances of Subordinated Warehouse Notes the FSM will solicit from time to time, but no less frequently than on an annual basis, from at least five investment dealers in Canada, a survey of Indicative Spreads over the applicable Base Rate applicable to commercial paper issuances having features comparable to the Subordinated Warehouse Notes including credit rating and tenor. The Applicable Spread for Subordinated Warehouse Notes will be the simple average of the respective Indicative Spreads, after excluding the highest and the lowest Indicative Spread;

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(c) The Applicable Spread for Junior Subordinated Warehouse Notes shall be:

(i) for the initial issuance: 10 bps; and

~~(c)~~(ii) for all subsequent issuances of Junior Subordinated Warehouse Notes equal to the Applicable Spread derived from Section 2.04(b) for the Subordinated Warehouse Notes, provided the Junior Subordinated Term Notes are rated Investment Grade. ~~If~~In such subsequent issuances, if the Junior Subordinated Term Notes are rated below Investment Grade, the Applicable Spread for the Junior Subordinated Warehouse Notes will equal to the Applicable Spread for the Subordinated Warehouse Notes plus 100 bps.

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For the purposes of this section "Investment Grade" means an "approved rating" from at least one "designated rating organization" (as such terms are defined for securities law purposes).

2.05 **Credit Ratings**

In order to facilitate the survey of Indicative Spreads, the FSM will solicit from time to time, from an approved rating organization (as such term is defined for securities laws purposes), a credit rating, which may include a shadow rating, for the Subordinated Notes and the Junior Subordinated Notes.

2.06 **Reporting**

The FSM will share with the OFA, within a reasonable time period following receipt, a copy of all Indicative Spreads obtained pursuant to Section 2.04 and all Credit Ratings obtained pursuant to Section 2.05.

2.07 **Governing Law**

This Protocol is governed by and will be construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein. For the purpose of all legal proceedings this Protocol will be deemed to have been performed in the Province of Ontario and the courts of the Province of Ontario will have exclusive jurisdiction to entertain any action arising under this Protocol. The parties hereby attorn to the exclusive jurisdiction of the courts of the Province of Ontario.

2.08 **Counterparts**

This Protocol may be executed in any number of counterparts, each of which will be deemed to be an original and all of which taken together will be deemed to constitute one and the same instrument.

2.09 **Electronic Execution**

Any party may deliver an executed signature page to this Protocol by electronic transmission and such delivery will be as effective as delivery of a manually executed copy of the Protocol by such party.

ONTARIO POWER GENERATION INC.
solely in its capacity as Financial Services Manager of the Fair Hydro Trust

Per: _____
Ken Hartwick
Chief Financial Officer and Senior Vice President

Per: _____
John Lee
Vice President- Treasurer

THE ONTARIO FINANCING AUTHORITY

Per: _____
Michael Manning
Executive Director & Chief Investment Officer, Capital Markets

Draft: December 14, 2017

Subordinated Debt Pricing Protocol

ONTARIO POWER GENERATION INC., a corporation incorporated under the laws of Ontario (**"OPG"**), solely in its capacity as financial services manager (the "**FSM**") of the Fair Hydro Trust (the "**Issuer**"), a trust existing under the laws of the Province of Ontario and the ONTARIO FINANCING AUTHORITY, **[a crown agency of the Province of Ontario]** have agreed to enter into this subordinated debt pricing protocol (the "**Protocol**") wherein they have agreed to certain procedures for establishing the interest rate applicable to each Series of Subordinated Notes and Junior Subordinated Notes where such Notes are to be issued only to OPG or its Affiliates.

ARTICLE 1 - INTERPRETATION

1.01 Definitions

In this Protocol, unless something in the subject matter or context is inconsistent therewith terms used herein have the meanings ascribed in the Trust Indenture. In addition, the following terms shall have the following meanings:

(a) "**Applicable Spread**" has the meaning ascribed to such term in section 2.04(c);

(b) "**Base Rate**" has the meaning ascribed to such term in section 2.03(a) or (b), as applicable;

(c) "**Junior Subordinated Term Note**" means a Junior Subordinated Note that is not incurred pursuant to a Warehouse Facility Agreement;

(d) "**Junior Subordinated Warehouse Note**" means a Junior Subordinated Note that is incurred pursuant to a Warehouse Facility Agreement;

(e) "**Subordinated Term Note**" means a Subordinated Note that is not incurred pursuant to a Warehouse Facility Agreement;

(f) "**Subordinated Warehouse Note**" means a Subordinated Note that is incurred pursuant to a Warehouse Facility Agreement;

(g) "**Trust Indenture"** means that certain trust indenture entered into between the Issuer and BNY Trust Company of Canada on ☐**,**2017 (as supplemented from time to time).

ARTICLE 2 - INTEREST RATE PROTOCOLS

2.01 Interest Rate Protocols

The interest rate applicable to each Series of Subordinated Notes and Junior Subordinated Notes that are issued only to OPG or its Affiliates shall be established by the FSM in accordance with the procedures set out herein.

2.02 **Composite Interest Rate**

For any Series of Subordinated Notes or Junior Subordinated Notes that are issued only to OPG or its Affiliates, the interest rate shall be the aggregate of the applicable Base Rate and the Applicable Spread.

2.03 **Base Rate**

(a) For Subordinated Term Notes and Junior Subordinated Term Notes, the "Base Rate" shall be an annual rate of interest comprised of the applicable yield for the Benchmark Government of Canada bonds listed at the time and with the same term as that of the Series of Subordinated Notes or Series of Junior Subordinated Notes, as applicable. In the event that there are no such Benchmark Government of Canada bonds listed at the time of issuance, the applicable Base Rate of interest shall be established by interpolating on a straight line basis the terms of the two Benchmark Government of Canada bonds that are closest to the term of the applicable Series of Subordinated Term Notes or Series of Junior Subordinated Term Notes, as applicable, one being for a longer term and the other being for a shorter term; and

(b) For Subordinated Warehouse Notes and Junior Subordinated Warehouse Notes, the "Base Rate" shall be an annual interest rate equal to the all-in funding costs under the related Warehouse Obligations, expressed as a rate per annum, as determined by the FSM acting reasonably, or at any time when there are no Warehouse Obligations outstanding the "Base Rate" shall be the average of the posted "prime rate of interest" published by the five largest Canadian banks at such time.

2.04 **Applicable Spread**

(a) Prior to the issuance of any new Subordinated Term Notes or Junior Subordinated Term Notes, the FSM will solicit from at least five investment dealers in Canada, a survey of indicative spreads over the applicable Base Rate (collectively, the "**Indicative Spreads**" and each an "**Indicative Spread**") applicable to capital market debt issuances having features comparable to each of the proposed Series of Subordinated Term Notes and Junior Subordinated Term Notes, having regard to the expected credit rating and tenor. Such solicitation of Indicative Spreads shall occur on the pricing date of the applicable Series of Subordinated Term Notes and Junior Subordinated Term Notes and may, at the FSM's option, also occur on other dates selected by the FSM provided that no such date is more than **one week** prior to the pricing date. The Applicable Spread for Subordinated Term Notes or Junior Subordinated Term Notes, as applicable, will be the simple average of the respective Indicative Spreads after excluding the highest and the lowest Indicative Spread for each day (not more than one week prior to the pricing date) that Indicative Spreads were provided;

(b) The Applicable Spread for Subordinated Warehouse Notes shall be:

(i) for the initial issuance:10 bps; and

(ii) for all subsequent issuances of Subordinated Warehouse Notes the FSM will solicit from time to time, but no less frequently than on an annual basis, from at least five investment dealers in Canada, a survey of Indicative Spreads over the applicable Base Rate applicable to commercial paper issuances having features comparable to the Subordinated Warehouse Notes including credit rating and tenor. The Applicable Spread for Subordinated Warehouse Notes will be the simple average of the respective Indicative Spreads, after excluding the highest and the lowest Indicative Spread;

(c) The Applicable Spread for Junior Subordinated Warehouse Notes shall be:

(i) for the initial issuance: 10 bps; and

(ii) for all subsequent issuances of Junior Subordinated Warehouse Notes equal to the Applicable Spread derived from Section 2.04(b) for the Subordinated Warehouse Notes, provided the Junior Subordinated Term Notes are rated Investment Grade. In such subsequent issuances, if the Junior Subordinated Term Notes are rated below Investment Grade, the Applicable Spread for the Junior Subordinated Warehouse Notes will equal to the Applicable Spread for the Subordinated Warehouse Notes plus 100 bps.

For the purposes of this section "Investment Grade" means an "approved rating" from at least one "designated rating organization" (as such terms are defined for securities law purposes).

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In order to facilitate the survey of Indicative Spreads, the FSM will solicit from time to time, from an approved rating organization (as such term is defined for securities laws purposes), a credit rating, which may include a shadow rating, for the Subordinated Notes and the Junior Subordinated Notes.

2.06 **Reporting**

The FSM will share with the OFA, within a reasonable time period following receipt, a copy of all Indicative Spreads obtained pursuant to Section 2.04 and all Credit Ratings obtained pursuant to Section 2.05.

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This Protocol is governed by and will be construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein. For the purpose of all legal proceedings this Protocol will be deemed to have been performed in the Province of Ontario and the courts of the Province of Ontario will have exclusive jurisdiction to entertain any action arising under this Protocol. The parties hereby attorn to the exclusive jurisdiction of the courts of the Province of Ontario.

2.08 **Counterparts**

This Protocol may be executed in any number of counterparts, each of which will be deemed to be an original and all of which taken together will be deemed to constitute one and the same instrument.

2.09 **Electronic Execution**

Any party may deliver an executed signature page to this Protocol by electronic transmission and such delivery will be as effective as delivery of a manually executed copy of the Protocol by such party.

ONTARIO POWER GENERATION INC.
solely in its capacity as Financial Services Manager of the Fair Hydro Trust

Per: _____
Ken Hartwick
Chief Financial Officer and Senior Vice President

Per: _____
John Lee
Vice President- Treasurer

THE ONTARIO FINANCING AUTHORITY

Per: _____
Michael Manning
Executive Director & Chief Investment Officer, Capital Markets

From:	Hanslep, Malle (MOF)
To:	Gadi Mayman; Ken Kandeepan; Mike Manning; Ronald Kwan
Cc:	Tobias P. Whitfield (MOF); Anna Strathy
Subject:	FW: UPDATED - Fair Hydro -- Change of Law Agreements
Date:	Monday, November 27, 2017 6:40:07 PM

FYI

-----Original Message-----
From: Hanslep, Malle (MOF)
Sent: November 27, 2017 4:53 PM
To: 'ASHBOURNE, STEPHEN'
Cc: Whitfield, Tobias P. (MOF); Thouin, Alena (ENERGY); VINER, JON; McKinlay, Tom (ENERGY); PRESTAGE, JA
Subject: RE: UPDATED - Fair Hydro -- Change of Law Agreements

Hi Steve,

We had a call with Gadi and others at the OFA regarding the business points and here is the instruction for the next draft.

- Remove the assumption option
- Revert to the previous process agreement on most points, e.g. remove changes to recitals, put obligations re: financing plan and forecast back into agreement, keep original scope of obligations covered by certificates, amendments, etc
- Remove the process agreement recital about reference agreements and build Province's non-objection right re: Reference Documentation into 3.03(b).
- As you have already done, include the clear suspension right in both agreements
- include the "known to OPG" in 2.02(b)(iv)
- keep changes you made to 2.02(c),

If you have any other specific questions about the changes please let me know.

Thank you.

Malle

Malle Hanslep
Deputy Director
Ministry of the Attorney General
Ministry of Finance Legal Services Branch
Telephone: 416-325-1457

Notice: This communication may be solicitor/client privileged and contain confidential information intended only for the person(s) to whom it is addressed. If you have received this message in error please notify the writer and permanently delete the message and all attachments. Thank you.

From:	Hanslep, Malle (MOF)
To:	Gadi Mayman; Mike Manning; Ken Kandeepan; Ronald Kwan; Anna Strathy
Cc:	Tobias P. Whitfield (MOF)
Subject:	FW: UPDATED - Fair Hydro -- Change of Law Agreements
Date:	Sunday, November 26, 2017 11:47:42 AM
Attachments:	-CLPA - Process Agreement(November 22_17).pdf Blackline_ProtectionAgreement.pdf CLPA - Protection Agreement.docx -CLPA - Process Agreement(November 22_17).docx

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Hi all,
Please see my email to the provincial legal group after my preliminary review of the mark-ups. There do seem to be a number of points to discuss and I'm sure that Blakes will be able to better identify others. Perhaps an internal provincial call sometime on Monday could be arranged.
Thanks.
Malle

From: Hanslep, Malle (MOF)
Sent: November-26-17 11:41 AM
To: ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com); VINER, JON (JON.VINER@blakes.com); Whitfield, Tobias P. (MOF); Thouin, Alena (ENERGY); McKinlay, Tom (ENERGY); PRESTAGE, JA (JA.PRESTAGE@blakes.com)
Subject: FW: UPDATED - Fair Hydro -- Change of Law Agreements

Hi all,
I have reviewed the agreements and think there are quite a few issues to discuss as a result of the mark-up. I wonder if it would work best to have a provincial legal call on Monday morning to go over the revised drafts and then have a call with our clients at the OFA and Energy afterwards? Below are some of the issues I have identified on a preliminary basis for discussion. There may be additional issues and perhaps some of these points can be worked through with more detail review.
Protection Agreement

- 2.01 (a)(iv)(B) – does revised wording work – would be good to work through this wording.
- 2.08 – change to wording re continuance of guarantee
- 4.01 – they have added back ability of Province to specifically agree that a particular Approved Obligation is covered – wonder why? And it should be in writing – not sure what our original wording on this point was
- 4.02 (b) – they have changed reference to content of certificate to Indenture Trustee (on behalf of bondholders, etc, other parties secured under trust indenture) to confirm that all certifications required by the Province have been provided instead of OPG confirming that all of its obligations to Province and internal requirements and processes in connection with adherence of Limited Guarantee have been done. This is linked to another major change they have proposed to the Process Agreement – looks like they are reducing OPG's obligations to provide certificates to the Province to mirror those that OPG is providing to the Indenture Trustee. This is a significant point and reduces OPG's obligations under the Process Agreement quite a bit and was not discussed at last Tuesday's meeting.
- 4.02(c) – Why delete in respect of which Adherence Conditions have been satisfied – not sure that concept is picked up elsewhere.
- 6.01 – Assumption is changed to case by case which means the right has to be built into the proposed warehouse and term loan documents now if it is to be available. They also deleted OPG's obligation to make efforts to include this in funding obligations in

general from the Process Agreement.

- 6.05 – If the Province did assume on a case by case, then doesn't Province get rights to collateral or atleast part?
- 7.03 – What reps does the Indenture Trustee give in the Master Trust Indenture and Supplementals? If Trustee gives them there, why not here? Perhaps we should require them to get a legal opinion.
- 8.01 – Have not reviewed against previous wording but it looks like the suspension right is being reduced because it is limited to incurrence o amendment of Primary Obligations rather than breach of the Process Agreement more generally.
- 9.01 - Do the comments about the Termination notice make sense?
- Defined Term Approved Obligation Amount, Certified Primary Obligations, and others – needs to be reviewed

Process Agreement

- Have moved delivery of initial financing plan and forecast amount and Province's failure to object to recitals for timing reasons – agree that there are timing logistics that need to be worked out, but the ability of Provincial representatives to take such actions flows from Ministers power to provide the guarantee – Province needs to develop the best way to deal with these timing issues that works with our authorities and rewrite these provisions. This also applies to "Reference Documents" concept.
- 3.01 – OPG has revised so it will only provide a certificate to Province if it is required to provide a certificate under Protection Agreement to Trustee – This is a significant change that Province needs to consider. The reason that we agreed to provide a certificate in more limited circumstances to Indenture Trustee (on behalf of beneficiaries) was to assist dealers on "certainty" issues. The same principle does not apply to the Province and OPG relationship which is a separate process.
- 3.02 – Not sure what OPG is proposing here.
- 6.05 – delete obligation on OPG to cause Financing Entity to use commercially reasonable efforts to include assignment provisions in funding obligations – why?
- 7.01 – deleted suspension right in process agreement on basis that it is now in protection agreement but it is more limited.

Please let me know what time would work for you on Monday morning. I am going to pass on this email to OFA staff as well so they get a preliminary sense of the mark-up.

Thanks.

Malle

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: November-24-17 2:04 PM
To: 'ASHBOURNE, STEPHEN'; 'JON.VINER@blakes.com'; 'JA.PRESTAGE@blakes.com'
Cc: Kandeepan, Ken (OFA); LADAK Lubna -TREASURY; Strathy, Anna (OFA); Veinot, Cindy (TBS); McKinlay, Tom (MAG); Donaldson, Mark (TBS); Cayley, Daniel (ENERGY); Thouin, Alena (ENERGY); Ramchandani, Rima; LEE John -TREASURY; RYFA Ken -TREASURY; 'HAHN PARKER Janet -TREASURY'; MAUTI John -FIN & C CTRL; LAURETA LAPIRA May -TREASURY; Feldman, Michael; WONG Leslie - LAWDIV; 'Sebastiano, Rocco'; Milligan, Peter; Fullerton, Rick; Mayman, Gadi (OFA); Manning, Mike (OFA); Hanslep, Malle (MOF); 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; Maciel, Andrew; Adalja, Sunil; Persad, Nicole; Persaud, Donnie - Debt Capital Markets; Hume, Steen (ENERGY); Mansoori, Nina
Subject: RE: UPDATED - Fair Hydro -- Change of Law Agreements

Blakes team,

Please find attached consolidated comments from the dealers and OPG (and their counsels) on the draft documents circulated below. These changes are drafting changes and clean up changes that reflect our discussions from earlier this week where we addressed all the open business points. Where we changed a concept or revised the drafting, we provided an

explanation in the footnote to assist in your review.
The one substantive point we think requires further discussion is on the assumption mechanics; we understand that the Province is no longer seeking an exchange right. Once you have digested these new drafts, we'd like to schedule a lawyers call early next week to finalize them.
Best Regards,
Nina
Nina Mansoori
P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com[torys.com]

TORYS LLP[torys.com]

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: November-21-17 5:17 PM
To: Ramchandani, Rima <rramchandani@torys.com>; LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; MAUTI John -FIN & C CTRL <john.mauti@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; Mansoori, Nina <nmansoori@torys.com>; Feldman, Michael <mfeldman@torys.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; 'Sebastiano, Rocco' <RSebastiano@osler.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; Maciel, Andrew <Andrew.Maciel@cibc.com>; Adalja, Sunil <Sunil.Adalja@cibc.com>; Persad, Nicole <Nicole.Persad@cibc.com>; Persaud, Donnie - Debt Capital Markets <Donnie.Persaud@cibc.com>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca>; Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca) <Daniel.Cayley@ontario.ca>; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca) <Alena.Thouin@ontario.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>
Subject: RE: UPDATED - Fair Hydro -- Change of Law Agreements
Hi Rima. Here are my mark-ups of the agreements Torys circulated yesterday afternoon. These versions have not been reviewed by the Province, but are being circulated to this group to facilitate a discussion shortly at your office. They are/remain subject to Province input, etc. We propose to gather at your office at 5:45, if that makes sense to you. Regards, Steve
Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086
-----Original Appointment-----
From: bwood@torys.com [mailto:bwood@torys.com] **On Behalf Of** Ramchandani, Rima
Sent: Tuesday, November 21, 2017 3:43 PM
To: Ramchandani, Rima; LEE John -TREASURY; RYFA Ken -TREASURY; 'HAHN PARKER Janet -TREASURY'; MAUTI John -FIN & C CTRL; LAURETA LAPIRA May -TREASURY; Mansoori, Nina; Feldman, Michael; WONG Leslie -LAWDIV; 'Sebastiano, Rocco'; Milligan, Peter; Fullerton, Rick; Mayman, Gadi (OFA); Manning, Mike (OFA); Hanslep, Malle (MOF); ASHBOURNE, STEPHEN; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; Maciel,

Andrew; Adalja, Sunil; Persad, Nicole; Persaud, Donnie - Debt Capital Markets
Cc: Ken Kandeepan; LADAK Lubna -TREASURY; Anna Strathy; Veinot, Cindy (TBS); McKinlay, Tom (MAG); Donaldson, Mark (TBS)
Subject: UPDATED - Fair Hydro -- Change of Law Agreements
When: Tuesday, November 21, 2017 5:00 PM-9:00 PM (UTC-05:00) Eastern Time (US & Canada).
Where: Torys - 79 Wellington 33rd Floor

For those unable to participate in person, here's the dial-in:
Dial-in: 1-800-600-0998
Access Code: 8657666#

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Blake, Cassels & Graydon LLP
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HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.

CHANGE OF LAW PROCESS AGREEMENT[1]

Dated as of [■], 2017

[1] This Agreement and the Protection Agreement will need to be effective on closing but signed and held in escrow as soon as they are settled and prior to pricing of the term deal.

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**") is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.[1]

Pursuant to a Declaration of Trust dated as of [■], 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.[2]

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of **Primary** Obligations ~~Secured~~ that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions.

Prior to entering into this Agreement, OPG provided the Province with the proposed forms of ~~certain of~~ the Transaction Documents **listed on Exhibit "A"**, and the Province has not objected to such forms **and has confirmed to OPG that such Transaction Documents constitute "Reference Documentation" for purposes of this Agreement**.

Prior to entering into this Agreement, OPG, as the FSM, provided the Province with the initial Financing Plan attached hereto as Exhibit "B" (the "Initial Financing Plan"), and the Province has not objected to such Initial Financing Plan.

Prior to entering into this Agreement, OPG, as the FSM, provided to the Province (i) the initial forecast attached hereto as Exhibit "C" (the "Initial Forecast")> *setting out OPG's expectations regarding the aggregate maximum amount of Repayments* <>*that would arise in the future under Approved Obligations to be incurred during the* <**24 month period**

[1] ~~Blakes suggests that it be made clear in the Declaration of Trust that OPG is establishing the Trust. Blakes would appreciate the benefit of Torys analysis as to how the Trust is an "entity" under the OFHPA, as opposed to the trustee. Clearly OPG has not established Computershare. Blakes and Torys to discuss.~~

[2] ~~Lawyers to discuss~~**We are comfortable on this point because OPG has retained Computershare as issuer trustee. The recitals of the Declaration of Trust provide that Computershare has established the Trust at the request of the FSM. We can also provide you with a copy of the Computershare engagement letter upon request**.

following the date hereof> *(the "**Initial Forecast Period**")*<**; and (ii) notice of the initial Protection Agreement Maximum of C$■ (the "Initial Protection Agreement Maximum").**[3]

The Province has not objected to the Initial Forecast and the Initial> *Protection Agreement Maximum on the basis that (i) there*< **does not appear to be inaccuracies in the Initial Financing Plan or the Initial Forecast, (ii) the Initial Forecast is consistent with the Initial Financing Plan, and (iii) the Initial Protection Agreement Maximum is less than the Initial Forecast.**

This Agreement sets out the obligations OPG has agreed to perform and assurances OPG has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the Adherence Conditions have been satisfied, maintaining information related to the Program Agreements and the Approved Obligations, and ensuring that the Province's assumption rights pursuant to Article VI of the Change of Law Protection Agreement may be exercised without impediment on the terms and conditions contemplated in this Agreement and the Change of Law Protection Agreement.

All things necessary to make this Agreement a valid and legally binding agreement of OPG and the Province, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

[3] **Given that this Agreement would now be delivered on or immediately prior to closing, we thought it would be acceptable to reference these initial items as delivered versus as future deliverables. Please note that OPG is working with the Province to deliver the initial financing plan and the initial forecast and to confirm the initial protection agreement maximum.**

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 References to the Financing Entity

For greater certainty, each reference to the Financing Entity shall be construed as a reference to the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 Effect of Headings

The Article and Section headings herein and are for convenience only and will not affect the construction hereof.

1.04 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.06 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT **(ONTARIO)**.

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF OPG

2.01 Deliveries to the Province

(a) ~~Not less than 15 Business Days, or such lesser period as the Province may agree to in writing, prior to the initial issuance of any Funding Obligation by the Financing Entity, OPG shall deliver to the Province a copy of the initial Financing Plan. Thereafter,~~ OPG shall promptly deliver to the Province a copy of any proposed change to or replacement of the **Initial** Financing Plan.

(b) Not less than 10 Business Days, or such lesser period as the Province may agree to in writing, prior to (i) any proposed change or supplement to a previously provided Transaction Document becoming effective or otherwise being used, (ii) any additional or replacement Transaction Document becoming effective or otherwise being used, OPG shall deliver to the Province a copy of such proposed change or supplement to the Transaction Document and any such additional or replacement Transaction Document.

(c) Promptly following (i) any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor being made, (ii) any new, additional or replacement instruments, documents, agreements or security being used or granted in connection with all or any part of the Approved Obligations, or (iii) any waiver, release, reconveyance, termination, abandonment, subordination, exchange, substitution, transfer, compound, compromise, liquidation or enforcement of all or any part of the Approved Obligations or any security or guarantee therefor being

effected, OPG shall deliver to the Province a detailed description of such event and the reasons for it together with any related documents, agreements and instruments.

(d) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, OPG shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations (including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(e) Promptly upon request, OPG shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

2.02 Covenants

(a) OPG shall use commercially reasonable efforts to cause the Financing Entity to:

(i) punctually perform and observe all of the Financing Entity's obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not **(unless waived by the Province)**:

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement or replacement or waiver or consent could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any change in particular financial terms, rates and levels;

(B) extend, renew, compromise, novate, replace, suspend, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, liquidate or enforce the terms of all or any part of the Approved Obligations or any Collateral, if any such action could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to the extent that only particular financial terms, rates and levels are affected[3];

(C) permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired.**; or**

(D) allow the Financing Entity to enter into any Supplemental Indenture or Loan Agreement where> *any penalty or make-whole payment, or any requirement for further consent, approval or agreement,* <**of the Specified Creditor party thereto would be required for**> *the Province to assume the Obligations Secured* <**thereunder.**[4]

(b) OPG shall:

(i) comply, and shall use commercially reasonable efforts to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

(ii) punctually perform and observe all of its (including as the FSM and as Manager) obligations and agreements contained in the Program Agreements;

(iii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation; and

(iv) after the occurrence of any Protection Event (or any event that with the passage of time or the giving of notice would be a Protection Event)[5], not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.

[3] Added to address the scenarios contemplated in 2.01(c).

[4] Please see our cover note regarding the proposed assumption by the Province. Lawyers to discuss if appropriate mechanics for the first two deals are possible given timing.

[5] OPG is not in a position to be aware of events that may lead to a Protection Event.

(c) **For greater certainty, the parties hereto acknowledge and agree that OPG's obligations under this Agreement are subject to (i) OPG's obligations as FSM under the Act, and (ii) OPG's obligations under the Management Agreement.**[6]

(d) ~~(c)~~ Nothing in this Agreement ~~[~~nor in the Change of Law Protection Agreement~~]~~[47] shall limit the obligations of the Province under the Indemnity Agreement by the Province in favour of OPG dated June 1, 2017 (as amended, the "**Indemnity Agreement**") and to the extent of any conflict between this Agreement, the Change of Law Protection Agreement and such Indemnity Agreement, in respect of any matter relating to the Province's obligations to indemnify OPG, the Indemnity Agreement shall prevail.

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate[58]

OPG shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of OPG ~~(or their respective designees, provided that such designees are also executive~~**or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as** officers of OPG **acting in its capacity as FSM**) and addressed to the Province, on ~~the earlier of (i) one Business Day prior to~~**or before** the incurrence ~~or any amendment~~ of a ~~Funding~~**Certified Primary** Obligation (~~other than any Funding Obligation under which not more than $■ in the aggregate may become payable by the Financing Entity), and (ii) on the Business Day on which the financial terms of such Funding Obligation are definitively determined (including the interest or discount rate applicable to any notes, bonds or other securities~~**provided that delivery may not be more than 5 Business Days before the incurrence of the Certified Primary Obligation**), setting out the following with respect to such ~~Funding~~**Certified Primary** Obligation:

[6] **We would like to ensure that there is an acknowledgement that OPG has certain obligations under the Act and the Management Agreement.**

[47] This language has extra-contractual implications and so its meaning as between only 2 of the parties to the Protection Agreement is uncertain. Torys to explain intention. **Torys: This provision is intended to clarify that neither the Protection Agreement nor the Process Agreement supersedes or otherwise amends the Province's obligations under the Provincial Indemnity Agreement. It is effectively an acknowledgment by the Province in favour of OPG and does not involve the other parties to the Protection Agreement and so we are comfortable including it here only. However, we do not have an issue with putting an equivalent clause in the Protection Agreement if that is preferable from your perspective.**

[5] ~~OPG/Dealers have indicated that "The current structure requiring satisfaction of~~< ~~*the adherence conditions*~~ >~~in~~[8] **The Process Certificate conforms to the certificate delivered under the Change of Law Protection Agreement including the changes to ensure that the Process Certificate is only provided here when a concurrent certificate is required to be delivered by OPG under** the Protection Agreement ~~impacts the marketability of the transaction and creates uncertainty for investors. Province has asked Dealers to explain how the current structure requiring satisfaction of the adherence conditions in the Protection Agreement is more onerous than ordinary adherence conditions applicable to government guaranteed bonds and to estimate the quantum impact on the marketability of the transaction and explain what uncertainty an ordinary closing condition of this type poses for investors~~**. Without this consistency, the obligations can become confusing and the intent of the parties of when Primary Obligations are subject to**> *the adherence conditions* <**may not be clear**.

(a) the material terms of the ~~Funding~~**Certified Primary** Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a ~~Derivative~~**Master** Agreement[9]**, events of default**~~, the notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights~~ **termination events and any amendment to the standard terms of the Master Agreement relating to the calculation of termination amounts (and, for greater certainty, it shall not be necessary to set out the terms of any trade confirmation)**;

~~(b) if an existing Funding Obligation is proposed to be amended, material details respecting such amendment, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;~~

(b) ~~(c)~~ a statement to the effect that: (i) the ~~Funding~~**Certified Primary** Obligation to be incurred~~ or amended~~ (1) will arise under terms and conditions that are Substantially in the Form of the Reference Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reference Documentation;

(c) ~~(d)~~ a statement confirming that any disclosure made in respect of the ~~Funding~~**Certified Primary** Obligation (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to the ~~Funding~~**Certified Primary** Obligation) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement has been made available to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made;

(d) ~~(e)~~ a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and

(e) ~~(f)~~ confirmation that, at the time the ~~Funding~~**Certified Primary** Obligation is incurred~~ or amended~~, the maximum aggregate payment amounts due or becoming

[9] **Since we agreed at our meeting that OPG only needs to provide a certificate under section 4.02 of the Change of Law Protection Agreement when they enter into a Master Agreement (and not the broader concept of the Derivative Agreement), we had to revise the language here to conform to what would be expected to be found in a Master Agreement.**

due in the future in respect of Repayments under the ~~Funding~~**Certified Primary** Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the **then applicable** Protection Agreement Maximum; for clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be determined on the date the Process Certificate is delivered hereunder in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

3.02 ~~**Delivery of a Suspension Notice**~~ **Acknowledgement**[10]

The Province acknowledges and agrees that, concurrent with the delivery of the Process Certificate pursuant to Section ~~8.01~~<~~*of the Change of Law Protection Agreement*~~>~~, the Province is entitled to deliver a Suspension Notice. The Province agrees not to deliver a Suspension Notice pursuant to Section 8.01~~**3.01 of this Agreement, the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) are authorized to deliver the certificate referred to in Subsection [4.02(b)] of the** Change of Law Protection Agreement ~~unless any of the following circumstances has occurred:~~**to the Indenture Trustee confirming that OPG has delivered all required certifications to the Province in connection with the incurrence of the Certified Primary Obligations in respect of which the certificate in Subsection [4.02(b)]**> *of the Change of Law Protection Agreement*< **is being delivered; provided that, upon receipt of a Suspension Notice under the Change of Law Protection Agreement, OPG covenants not to deliver any further certificates to the Indenture Trustee under Subsection [4.02(b)] of the Change of Law Protection Agreement other than in connection with a Refinancing.**[11]

~~(a) a Program Breach; and~~

~~(b) a Breach Event.~~

[10] **OPG needs certainty on the conditions in which it is permitted to deliver the certificate under the Change of Law adherence conditions.**

[11] **Since OPG receives a Suspension Notice under the Change of Law Protection Agreement, we removed the concept of such notice here other than to provide the covenant above.**

3.03 Meaning of "Reference Documentation"

For the purposes of Subsection 3.01(~~c~~**b**), the term "Reference Documentation" shall mean each Transaction Document (including any change, addition or supplement thereto) that, at the relevant time:

(a) is a Transaction Document provided to, and not objected to by, the Province prior to the making of this Agreement, as contemplated in the fifth recital to this Agreement; or

(b) is a Transaction Document provided to the Province in accordance with Subsection 2.01(b) that has not been objected to by the Province, by delivery of an objection notice in writing delivered to OPG, within 10 Business Days after it is provided to the Province.

3.04 Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(~~c~~**b**), the term "Substantially in the Form" shall mean:

(a) with respect to the Reference Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such Reference Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation, including regarding the timing of or circumstances under which related payments are or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that would affect the Province's rights of subrogation or assignment (including pursuant to **[Section 5.01 or Article VI]** of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation or upon the assumption of obligations in accordance with **[Article VI]** of the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any variable terms to be set forth in the proposed documents as are reasonably contemplated in the Reference Documentation, including the particular financial terms, rates and levels set forth in the proposed documents other than to the extent that the forms of Reference Documentation themselves specify specific requirements, limitations or parameters with respect to such financial terms, rates, levels and parameters; and

(b) with respect to the Reference Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum[12]

~~(a) Not less than 15 Business Days, or such lesser period as the Province may agree to in writing, prior to the proposed incurrence of the first Funding Obligation, OPG shall, as the FSM, deliver to the Province: (i) a forecast< *setting out OPG's expectations regarding the aggregate maximum amount of Repayments* >< *that would arise in the future under Approved Obligations to be incurred during the* >next following 24 month period< *(the "**Initial Forecast Period**")*>, which expectations shall be consistent with the Financing Plan (the "**Initial Forecast**"); and (ii) notice of the initial Protection Agreement Maximum, which may not exceed the Initial Forecast.~~

~~(b) Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of the Initial Forecast and notice of the initial Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province may disagree with the Initial Forecast and the initial< *Protection Agreement Maximum on the basis that (i) there*> appears to be inaccuracies in the Financing Plan or the Initial Forecast, (ii) the Initial Forecast is inconsistent with the Financing Plan, or (iii) the initial Protection Agreement Maximum is not less than the Initial Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the initial Protection Agreement Maximum will be revised accordingly and confirmed by an amended notice to the Province.~~

(a) ~~(c)~~ Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Approved Obligations that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast shall be further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum, which may not exceed such Forecast.

(b) ~~(d)~~ Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of any further Forecast and notice of the

[12] **Per an earlier footnote, the items in previous draft (a) and (b) were moved to the recitals.**

revised Protection Agreement Maximum from OPG pursuant to Section 4.01(~~e~~**a**), the Province may disagree with such further Forecast or revised Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or such further Forecast, (ii) the further Forecast is inconsistent with the Financing Plan, or (iii) the revised Protection Agreement Maximum is ~~not less~~**more** than the further Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the revised Protection Agreement Maximum will be further revised accordingly and confirmed by an amended notice to the Province.

(c) ~~(e)~~ For clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be valued at the time to be determined for the purposes of this Section 4.01 in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of OPG

OPG represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, may cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario and has the power and authority to enter into and perform its obligations under this Agreement and all instruments and agreements delivered pursuant hereto.

(c) OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Financing Entity or in the ability of the Financing Entity to perform its obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or

any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

5.02 Representations and Warranties of the Province

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
PROCESS FOR ELECTION TO ASSUME APPROVED OBLIGATIONS[6][13]

6.01 Election by the Province

Pursuant to Section 6.01 of the Change of Law Protection Agreement, at any time following the occurrence of a Protection Event, the Province may (but shall not be obligated) elect to assume the Financing Entity's obligations in respect of all Obligations Secured, **permitted to be assumed by their terms** as obligor and debtor by giving notice to the Indenture Trustee. Prior to determining whether or not to exercise its election, the Province may deliver to OPG a notice in the form of Exhibit A**"D"** (an "**Election Information Notice**"). The Election Information Notice shall, among other things, specify the date **or dates** on which the Province proposes to assume the Obligations Secured **referred to in this Section 6.01**, which date **or dates** shall be no earlier than 20 Business Days**60 days**[14] following delivery of the Election Information Notice to OPG (**with respect to each such Obligation Secured,** the "**Proposed Assumption Date**").

6.02 Details regarding Obligations Secured

Promptly**Within 10 Business Days** following the delivery of the Election Information Notice to OPG, OPG shall provide the following information and documentation to the Province:

(a) a summary of the amounts that will be owing under all**the** Obligations Secured **referred to in Section 6.01** as of the Proposed Assumption Date, together with a

[6] Note: Lawyers to discuss assumption mechanics[13] **Please see Torys' cover email to explain changes made in this Article and the related Article in the Protection Agreement. Section 6.05 was deleted and moved up as a covenant in section 2.02(a)(v)(D).**

[14] **This process will take time and require appropriate notice to holders of the applicable Obligations Secured.**

detailed schedule setting out the dates on which such amounts will become due and payable under ~~the~~**such** Obligations Secured;

(b) a summary of the rights arising under the Obligations Secured **referred to in Section 6.01** that permit the ~~Financing Entity to assign the~~**Province to assume such** Obligations Secured~~ to the Province~~, including details regarding any conditions precedent to such assignment and the related assumption becoming effective and any notices, filings, consents or other actions that will be required in order to implement and effect such assignment and assumption;

(c) current versions of all documentation under which the Obligations Secured **referred to in Section 6.01** arise;

(d) copies of all correspondence exchanged between OPG, as the FSM, or the Financing Entity, on the one hand, and any Specified Creditor, Rating Agency or the Indenture Trustee, on the other hand, in each case that may reasonably be considered to be material to the assumption and performance of the Obligations Secured **referred to in Section 6.01** by the Province; and

(e) all income tax returns and assessments, financial statements and notices of proceedings of or pertaining to the Financing Entity or its business and any documentation related thereto, including any pleadings, appeals, objections, qualifications or other similar materials in respect of the Financing Entity or any Program Agreement.

6.03 Settlement of Terms

Following receipt and consideration by the Province of the information and documentation to be provided under Section 6.02, the Province shall confirm in writing whether or not it expects to proceed with the assignment and assumption of the Obligations Secured **referred to in Section 6.01** and, if it will be proceeding with the assignment and assumption, the date on which the Province expects that assignment and assumption will be effected. If it will be proceeding with such assignment and assumption, the Province will deliver an Assumption Notice as contemplated under Section **[6.01]** of the Change of Law Protection Agreement. A decision not to proceed with an election at any time will not limit the Province from proceeding with an election at a later date, including by issuing a further Election Information Notice, and Article VI of this Agreement shall continue to apply unaffected.

6.04 Cooperation to Implement the Assignment and Assumption

OPG shall cooperate with the Province and, as FSM, shall use commercially reasonable efforts to cause the Financing Entity to cooperate, and shall use its commercially reasonable efforts, to complete the assignment and assumption of the Obligations Secured **referred to in Section 6.01** by and from the Financing Entity to and by the Province, by the applicable Assumption Closing Date.

~~6.05~~ ~~Terms of Obligations Secured~~

ARTICLE VII~~In order to permit~~<~~ *the Province to assume the Obligations Secured* ~~>~~~~in the circumstances contemplated herein, OPG, as FSM, shall cause the Financing Entity to use commercially reasonable efforts to ensure that all Obligations Secured permit such an assignment to and assumption by the Province substantially in accordance with the terms and on the basis contemplated in the Assumption Agreement, without~~<~~ *any penalty or make-whole payment, or any requirement for further consent, approval or agreement,* ~~>~~~~or alternatively, in the case of any Obligations Secured entered into by or on behalf of the Financing Entity for the provision of on-going services to the Financing Entity permitting the satisfaction and termination of such Obligations Secured on or prior to the effective time of such assumption without any acceleration of future fees, profits or other like amounts, other than to the extent of payment obligations that arise under market standard mark-to-market payment terms and conditions included on a commercially reasonable basis under a Derivative Agreement.~~[~~7~~][15]

~~ARTICLE VII~~
~~BREACH EVENTS~~

~~7.01~~ ~~Breach Events~~

~~"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:~~

~~(a)~~ ~~a default in the performance, or breach, of any covenants of OPG under this Agreement, which continues for thirty (30) days after written notice by the Province to OPG of such default or breach;~~

~~(b)~~ ~~any representation or warranty made by OPG in this Agreement, any certification made in a Process Certificate, or any certification made in a certificate contemplated by Section **[4.02]** of the Change of Law Protection Agreement, proves to be incorrect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation; or~~

~~(c)~~ ~~OPG is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the Manager.~~ ~~**ARTICLE VIII**~~

~~[7] The Trust Indenture will need to be revised to ensure that the Province's assignment and assumption right is fully contemplated and may be implemented without any requirement for further Specified Creditor or other third party consents. Among other changes, it is contemplated that Torys will add the following to the MTI to address this requirement: (i) Specified Creditors (including in the applicable Funding Obligation Agreement) will be required to acknowledge the rights of the Province to assume the Obligations Secured on the basis contemplated in the form of assumption agreement, and (ii) the Indenture Trustee will be permitted to enter into and give effect to the global Assumption Agreement without the consent of Specified Creditors or any other third parties~~[15] **Breach events not required to be listed since OPG receives a Suspension Notice under the Change of Law Protection Agreement. See also the proviso in section 3.02.**

~~MISCELLANEOUS~~
MISCELLANEOUS

7.01 ~~8.01~~ Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

7.02 ~~8.02~~ Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to OPG:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: ~~[■]~~General Counsel
Fax: (416) ~~[■]~~592-4189
~~Email: [■]~~

(b) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section ~~8.02~~**7.02**.

7.03 ~~**8.03**~~ **Assignment**

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section ~~8.03~~**7.03** shall be null and void.

7.04 ~~**8.04**~~ **Enurement**

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

7.05 ~~**8.05**~~ **FIPPA**

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

7.06 ~~**8.06**~~ **Delivery of Executed Copies**

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

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

By: _____

Name:
Title:

By: _____

Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Conditions**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Approved Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Assumption Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.03.

"**Beneficiaries**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Breach Event**" means the occurrence ~~or existence of any one or more of the following: (a) a default in the performance, or breach, of any covenants of the FSM under this Agreement; or (b) any representation or warranty made by the FSM, any certification made by the FSM under this Agreement, or any certification made by the FSM in a certificate contemplated by Section 4.03~~**of an event described in Section [8.01(b) or (c)]** of the Change of Law Protection Agreement~~, proves to be incorrect in any material respect on the date made; or (c) OPG is no longer the FSM or the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the FSM or the Manager~~.

~~has the meaning ascribed thereto in Section 7.01.~~

~~"**Breach Event Suspension Notice**" has the meaning ascribed thereto in Section 7.02.~~

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"Certified Primary Obligations" means Primary Obligations that are payment obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest or to repay payment obligations that were incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest,[16] (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not each individual trade confirmation, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and aggregate payments by the

[16] Query: For a warehouse facility, does the Province want a Certificate for each monthly draw?

Financing Entity thereunder during the term of such contract is in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).[17]

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the FSM on behalf of the Financing Entity and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

"**Election Information Notice**" has the meaning ascribed thereto in Section 6.01.

"Executive Officer" has the meaning ascribed thereto in the *Securities Act* (Ontario).

"**Financing Entity**" means Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Entity Trustee**" ~~means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Financing Entity at such time~~**has the meaning ascribed thereto in the Change of Law Protection Agreement**.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(~~e~~**a**).

[17] **This concept reflects what Primary Obligations the parties agreed to be subject to the adherence conditions.**

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Indenture Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"Initial Financing Plan" has the meaning ascribed thereto in the recitals of this Agreement.

"**Initial Forecast**" has the meaning ascribed thereto in ~~Section 4.01(a)~~**the recitals of this Agreement**.

"**Initial Forecast Period**" has the meaning ascribed thereto in ~~Section 4.01(a)~~**the recitals of this Agreement.**

"Initial Protection Agreement Maximum" has the meaning ascribed thereto in the recitals of this Agreement.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

~~"**Legislature**" means the Legislature of the Province of Ontario.~~

[18]

"**Limited Guarantee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"Loan Agreement" has the meaning ascribed thereto in the Trust Indenture.

"**Management Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

[18] Definition of Legislature not used here.

"**Manager**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"Master Agreement" means an agreement in the form of a 1992 ISDA Master Agreement (Multi-Currency – Cross Border) as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

~~"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.~~

"**Proposed Assumption Date**" has the meaning ascribed thereto in Section 6.01.

"**Protection Agreement Maximum**" means the dollar amount referenced as the Program Agreement Maximum and determined in accordance with Article IV.

"**Protection Event**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture.

"**Reference Documentation**" has the meaning ascribed thereto in Section ~~3.03.~~**3.03.**

"**Repayment**" has the meaning ascribed to the term "repayment" in the General Regulation as of the date of this Agreement.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Substantially in the Form**" has the meaning ascribed thereto in Section ~~3.04.~~**3.04.**

"**Suspension Notice**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement; (vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to ~~an ISDA~~**a** Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that affects the Province's subrogation rights and/or subrogee interests, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

EXHIBIT "A<
~~FORM OF ELECTION INFORMATION NOTICE~~>"
INITIAL REFERENCE DOCUMENTATION

- **Declaration of Trust;**
- **Management Agreement;**
- **Master Transfer and Servicing Agreement;**
- **Acknowledgement and indemnity agreement dated as of [■], 2017 made by IESO in favour of the Indenture Trustee;**
- **Security agreement made by IESO in favour of the Financing Entity to secure certain of its obligations under the Master Transfer and Servicing Agreement;**
- **Trust Indenture;**
- **Term Senior Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;**
- **Term Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;**
- **Term Junior Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;**
- **Warehouse Senior Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;**
- **Warehouse Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;**
- **Warehouse Junior Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;**
- **Schedule to the ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time;**
- **Confidential shelf offering memorandum of the Financing Entity dated as of [■], 2017, including the term sheet incorporated by reference therein; and**
- **Agency agreement between the Financing Entity, CIBC World Markets Inc., RBC Dominion Securities Inc., Goldman Sachs Canada Inc. and the other agents named therein dated as of [■], 2017.**

[NTD: List above to be confirmed.]

EXHIBIT "B"
INITIAL FINANCING PLAN

(see attached)

EXHIBIT "C"
INITIAL FORECAST

(see attached)

EXHIBIT "D">
FORM OF ELECTION INFORMATION NOTICE<

[NTD: Blakes to provide draft.]

~~EXHIBIT B~~
~~FORM OF BREACH EVENT SUSPENSION NOTICE~~

Document comparison by Workshare Compare on November-24-17 1:50:23 PM

Input:	
Document 1 ID	interwovenSite://INVENTORYS1/TorysAtWork/24529785/1
Description	#24529785v1<TorysAtWork> - -CLPA - Process Agreement(November 22/17)
Document 2 ID	interwovenSite://INVENTORYS1/TorysAtWork/24529785/2
Description	#24529785v2<TorysAtWork> - -CLPA - Process Agreement(November 22/17)
Rendering set	strikeout-colour

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

Statistics:	
	Count
Insertions	166
Deletions	124
Moved from	9
Moved to	9
Style change	0
Format changed	0
Total changes	308

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE[1]

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST~~[1]~~[2]

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

[1] **This Agreement and the Process Agreement will need to be effective on closing but signed and held in escrow as soon as they are settled and prior to pricing of the term deal.**

~~[1] Torys and Blakes to discuss signatory~~[2] **Please advise if there are any further issues with the Manager signing the Protection Agreement** on behalf of the Trust**? If so, can you please explain the issue**. The Manager is currently signing all Program Agreements on behalf of the Trust and has authority to do so. We would ~~propose to do the same on the change of law agreement~~**like the Manager to sign this Agreement on behalf of the Trust**.

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust under the laws of the Province of Ontario (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council dated as of ■ (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust[2][3] dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of **Primary** Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence

[2] Torys to confirm that Trust is a "financing entity" under OFHPA. Under definition, FSM to establish or cause to be established. DofT indicates Computershare declares trust. Need to have this confirmed for purposes of authority under OFHPA 5(3), among other things[3] **We are comfortable on this point because OPG has retained Computershare as issuer trustee. The recitals of the Declaration of Trust provide that Computershare has established the Trust at the request of the FSM. We can also provide you with a copy of the Computershare engagement letter upon request**.

Conditions at the time the Approved Obligation is incurred~~ or amended~~. This Agreement sets out the terms and conditions of such protections and assurances.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 Proof of Approved Obligations

The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Indenture Trustee deems to be sufficient.

Any statement of account prepared by the Indenture Trustee as regards the Primary Obligations shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and the Province hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Indenture Trustee agrees to provide the Province with the computations and calculations used by the Indenture Trustee to prepare each such statement of account promptly following a request therefor.

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture as of the date of this Agreement.

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 2.01 or Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee, the Financing Entity, the Financing Entity Trustee, the Manager or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT **(ONTARIO)**.

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR

OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest

calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able

on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee may deliver a written demand, substantially in the form attached as Exhibit A (a "**Payment Demand**"), to the Province requiring the Province to make payments in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in this Agreement. From and after such delivery of a Payment Demand, the Province shall make the following payments in respect of the Approved Obligations (the "**Limited Guarantee**"), and the Financing Entity shall pay, and the Province shall be entitled to be paid, the Subrogation Amounts specified below, on the specified **Guarantee** Payment Date:

i. Not less than ~~[~~3~~]~~ Business Days prior to each day when any payment or payments are to be made in respect of one or more Approved Obligations occurring after such delivery of a Payment Demand and prior to the Assumption Effective Date, if any, (a "**Guarantee Payment Date**"), the Manager shall deliver a written statement~~, substantially in the form attached as Exhibit A.1~~< ~~*(a "**Guarantor Settlement Statement**")*~~> setting forth the Aggregate Approved Obligations Amount, if any, in respect of the Approved Obligations that are due and payable on such Guarantee Payment Date, together with a detailed description identifying such Approved Obligations and the nature and amount of payments due and payable thereunder on the Guarantee Payment Date, the aggregate outstanding amount payable by the Financing Entity under such Approved Obligations as of the date of the Guarantor Settlement Statement, and details regarding any default in performance by any party obligated thereunder> *(a "**Guarantor Settlement Statement**")*<[4].

ii. On each such Guarantee Payment Date, the Province shall deposit the Aggregate Approved Obligations Amount into the Protection Account.

iii. On each such Guarantee Payment Date, the Financing Entity and the Indenture Trustee shall ensure that the amounts on deposit in the Protection Account are applied to pay each Beneficiary to

[4] Given timing, we would appreciate if the parties did not negotiate this form now.

whom an amount is due and payable under an Approved Obligation on the Guarantee Payment Date the Approved Obligation Amount for such Beneficiary in respect of such Approved Obligation on such Guarantee Payment Date; provided that if the amount deposited pursuant to clause 2.01(a)ii is insufficient to pay all such Approved Obligation Amounts in full, the amount on deposit in the Protection Account on the Guarantee Payment Date shall be applied to pay Beneficiaries in the order of priority in which such Approved Obligations are payable under the payment provisions of the Trust Indenture applicable to the making of such payments on the Guarantee Payment Date (each, a "**Beneficiary Payee**").

iv. On any Guarantee Payment Date on which an amount is paid by the Province pursuant to clause 2.01(a)ii, the applicable payment provisions of the Trust Indenture shall, notwithstanding the express terms of such provisions set forth in the Trust Indenture, be applied and operate on the following basis:

(A) ~~(i)~~ the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available under such payment provisions on such Guarantee Payment Date shall be reduced by the amount paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on such Guarantee Payment Date;

(B) ~~(ii)~~ the Province shall be paid the ~~amount by which~~**lesser of** (x) the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available to pay the Beneficiary Payee under such payment provisions on the Guarantee Payment Date, determined without regard to subclause 2.01(a)iv(~~i~~**A**), ~~exceeds~~**and (y)** the amount paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on the Guarantee Payment Date (such payments to the Province being "**Subrogation Amounts**"); and[5]

(C) ~~(iii)~~ no Beneficiary having a right to be paid an amount in respect of an Approved Obligation that ranks equal with or subordinate to an Approved Obligation in respect of which an amount is payable to the Province under subclause 2.01(a)iv(~~ii~~**B**) shall

[5] We thought this section required tweaking to reflect the intention of the parties.

be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under such subclause (including any right or reimbursement, contribution or indemnity) and no such Beneficiary shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of such amounts.

v. On any Guarantee Payment Date, the Indenture Trustee shall release and pay to the Province free and clear of any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay Beneficiary Payees on the Guarantee Payment Date in accordance with clause 2.01(a)iii.

vi. In preparing any payment instructions under the Trust Indenture, the Manager shall reflect the amounts payable for the Guarantee Payment Date under Section 2.01(a).

(b) The Province shall, as a payee of Subrogation Amounts and any amounts payable under clause 2.01(a)~~v~~**(iv)(B)**, be a "Specified Creditor" under the Trust Indenture and have the benefit of the Collateral thereunder.

(c) For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the Approved Obligation Amounts, if any, for payment to Beneficiary Payees and will be subject to the priorities and to the Province's rights to Subrogation Amounts, set forth in Section 2.01(a).

(d) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(e) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation **by their terms**.

(f) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under **and** in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive

damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any amount due and payable to a Beneficiary Payee under the Limited Guarantee.

2.02 Intentionally Deleted.

2.03 Absence of Set-off

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 Payment into Protection Account[3] in Satisfaction

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account" for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section **[7.03]** of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Financing Entity and the Indenture Trustee shall ensure that all amounts paid by the Province into the Protection Account on a Guarantee Payment Date in respect of an Approved Obligation are applied to pay the amounts due and payable to the Beneficiaries as and to the extent provided for in Section 2.01(a). Upon a payment having been made by or on behalf of the Province into the Protection Account, the amounts so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiaries as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such Beneficiaries in respect of the applicable

[3] ~~Mechanics of Protection Account to be considered by Province after required modifications to Trust Indenture have been provided.~~

Approved Obligations, whereupon an affected Beneficiary shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid[4]. For greater certainty, the obligations arising in respect of an applicable Approved Obligation shall not be reduced by such payment as the Province shall become entitled to be paid related Subrogation Amounts and the rights contemplated under Section 2.01(a) and Section 5.01 in relation to such continuing obligations.

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer

[4] ~~A corresponding provision needs to be added to the Trust Indenture and each other Funding Obligation Agreement under which the Obligation Secured arises, so that the Beneficiaries are bound by these applications and the agreement of the Indenture Trustee under this Agreement.~~

or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations~~, or until the Province is no longer required to provide and perform the Limited Guarantee~~ in accordance with Section ~~6.03 or Section 8.02.~~**9.01.**[6]

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

[6] **We made this change to be consistent with the termination clause in section 9.01.**

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

A Primary Obligation shall constitute an Approved Obligation if **(i)** the Adherence Conditions applicable thereto have been satisfied at the time the Primary Obligation was incurred**, or (ii) the Province, in its sole discretion, agrees it is an Approved Obligation**.

4.02 Adherence Conditions[5][7]

The following shall be the Adherence Conditions applicable in relation to each **Certified** Primary Obligation~~ other than any Funding Obligation under which not more than $■ in the aggregate may become payable by the Financing Entity~~:

(a) the **Certified** Primary Obligation when incurred is an Obligation Secured under the Trust Indenture; and

(b) OPG, as FSM, delivers a certificate signed by the Chief Financial Officer and the Treasurer of OPG~~ (or their respective designees, provided that such designees are executive officers of OPG and,~~ **, or any two Executive Officers of OPG (**for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee, ~~one Business Day prior to the Financing Entity entering into or becoming bound by the related Funding Obligation Agreement~~**on or before the incurrence of a Certified Primary Obligation[8] (provided that delivery may not be more than 5 Business Days before the incurrence of the Certified Primary Obligation)**, confirming that OPG has ~~delivered to the Province a certificate signed by the Chief Financial Officer and the Treasurer of OPG~~

[5] ~~Dealers to explain how the current structure requiring satisfaction of the adherence conditions in~~[7] **We would propose that the certification in section 4.02(b) of** the Protection Agreement ~~is more onerous than ordinary adherence conditions applicable to government guaranteed bonds and to estimate the quantum impact on the marketability of the transaction and explain what uncertainty an ordinary closing condition of this type poses for investors~~**track the requirements of section 3.01 of the Process Agreement to ensure that the two sections are consistent. Accordingly, we have revised section 4.02(b) of the Protection Agreement to state the certificate delivered to the Indenture Trustee under this section should confirm that all certifications to the Province required in connection with the incurrence of such Certified Primary Obligations have been delivered to the Province**.

[8] **We tried to address all parties concerns expressed at our last meeting by this language. The Province can be assured that no certificate earlier than 5 Business Days prior to incurring the Certified Primary Obligation is delivered and the dealers have comfort that the clause is not too prescriptive.**

~~(or their respective designees, provided that such designees are executive officers of OPG and, for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) confirming that OPG has complied with all of its obligations to~~**provided to the Province all certifications required by** the Province~~ and internal requirements and processes~~ in connection with the ~~adherence of the Limited Guarantee to the~~**incurrence of such Certified** Primary Obligation; and

(c) in respect of a **Certified** Primary Obligation other than a Refinancing~~ of a Primary Obligation in respect of which the Adherence Conditions had been satisfied~~, the Province has not provided **a** Suspension Notice to the Indenture Trustee, OPG and the Financing Entity.

For greater certainty, **(y)** satisfaction of the Adherence Conditions for a ~~Funding~~**Certified Primary** Obligation shall be deemed satisfaction of the Adherence Conditions in respect of all principal, interest and other amounts owing under the ~~Funding~~**Certified Primary** Obligation, as such ~~Funding~~**Certified Primary** Obligation may be amended, restated, supplemented or otherwise modified from time to time**, and (z) there shall be no Adherence Conditions applicable in relation to a Primary Obligation that is not a Certified Primary Obligation**.

4.03 Evidence of Satisfaction

A closing certificate delivered in accordance with Section 4.02(b)~~(x)~~ in connection with an incurrence of a **Certified** Primary Obligation shall be determinative as to whether the applicable Adherence Conditions with respect thereto have been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same. **A closing certificate that purports on its face to be signed by officers specified in Section 4.02(b) may be relied upon by any addressee without further enquiry or evidence as to the incumbency or signatures of such officers. If a closing certificate is not delivered in accordance with the timing requirements of Section 4.02(b), such certificate may be delivered at a later date, and be effective as if it had been delivered in accordance with the timing requirement of Section 4.02(b), if at the time such certificate was required to be delivered OPG had delivered to the Province all certifications required by the Province in connection with the incurrence of a Certified Primary Obligation.**[9]

[9] **This additional language was added to address the concerns of the dealers and Oslers discussed at our last meeting.**

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, including (i) the right and entitlement to be paid and receive the related Subrogation Amounts, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including **[Sections 7.04 through 7.11> *and 8.13 (Payment Priorities),* <Section ~~7.11~~7.12 (Payments Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), ~~Sections 7.04~~< ~~*and 8.13 (Payment Priorities),*~~ >Section 8.14 (Limited Recourse), Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition)~~ thereof]~~ ~~and (ii~~]; (ii) consents, requests and authorizes the**

Issuer and the Indenture Trustee to (x) add the Province to the register of Specified Creditors described in subsection [13.13(b)] of the Trust Indenture and (y) disseminate the notice details of the Province to other Specified Creditors for the purposes set out in subsection [9.14(b)] of the Trust Indenture, and (iii) confirms that the Indenture Trustee shall send notices to the Province, in its capacity as a Specified Creditor, in accordance with Section 9.02.[6][10]

5.02 Priorities

For greater certainty, the rights, interests and entitlements of the Province as an assignee ~~and~~**or** subrogee**, as applicable,** of and with respect to an Approved Obligation shall rank equally with the rights, interests and entitlements of a Beneficiary to whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture in the manner and to the extent contemplated in Section 2.01.

5.03 Intentionally Deleted

5.04 Representations and Warranties

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
NOTICE OF ASSUMPTION OF CERTAIN OBLIGATIONS SECURED[11]

6.01 Delivery of Assumption Notice

Following the occurrence of a Protection Event, the Province may (but shall not be obligated to) provide notice (in the form of Exhibit B) to the Indenture Trustee that the Province has elected to assume the Financing Entity's obligations in respect of all Obligations Secured~~, as~~

[6] ~~Section to be updated~~[10] **These changes were made** to conform ~~with section in~~**to the latest draft of** the Trust Indenture ~~once settled~~**, a copy of which will be circulated soon**.

[11] **Please see Torys' cover email to explain changes made in this Article and the related Article in the Process Agreement. Section 6.05 was deleted since it was not applicable in a context where only some of the Obligations Secured would be assumed.**

~~obligor and debtor~~ **permitted to be assumed by their terms** (the "**Assumption Notice**"). The Assumption Notice shall specify the date on which the assignment and assumption of ~~the~~**such** Obligations Secured will be effective (~~the~~**each such date being an** "**Assumption Closing Date**").[12]

6.02 Cooperation to Implement the Assignment and Assumption

The Indenture Trustee, the FSM, the Financing Entity and the Province will cooperate and use best efforts to complete the assignment and assumption of the Obligations Secured **referenced in Section 6.01** by and from the Financing Entity to and by the Province~~,~~ by the **applicable** Assumption Closing Date.[7]

6.03 Effect of Assignment and Assumption

On the date that the assignment and assumption of the Obligations Secured **referenced in Section 6.01** by and from the Financing Entity to and by the Province becomes effective (the "**Assumption Effective Date**"), the Province shall no longer be required to provide and perform the Limited Guarantee but will instead become a primary obligor under ~~the~~**such** Obligations Secured assumed pursuant to and in accordance with an applicable Assumption Agreement. For greater certainty, the obligations of the Province so assumed will not be secured obligations of the Province and the obligees thereof will have no right, interest or claim to or in respect of the Collateral or any proceeds therefrom. ~~**[NTD: the forms of assumption agreement(s) need to be settled before this agreement is finalized.]**~~

6.04 Interim Period

Until the effective time of the assignment and assumption of the Obligations Secured **referenced in Section 6.01** by and from the Financing Entity to and by the Province on the Assumption Effective Date, the Province shall continue to perform and be obligated under the Limited Guarantee **with respect to those Obligations Secured**.

~~6.05 Rights in respect of the Assets Comprising the Collateral~~

~~Upon assuming the Financing Entity's obligations in respect of all Obligations Secured under Article VI, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the Financing Entity's rights and interests under and in respect of the assets, property and undertaking comprising the Collateral and all proceeds therefrom, free and clear of any liens, encumbrances or restrictions arising under or as a result of the Trust Indenture. The Province shall have and be entitled to enforce all such rights and interests as an absolute assignee of the Financing Entity, with effect from and after the time of such assumption, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing to the~~

[12] **It is not realistic to think that the assumptions of Secured Obligations will all occur on one day. We think it has to happen on a contract by contract basis. As a Secured Obligation is assumed, the Limited Guarantee falls away with respect to it (it becomes a "zero" item in the waterfalls).**

~~[7] Further details regarding obtaining of third party consents and rating agency approvals to be provided by OPG.~~

~~Financing Entity and unaffected by any other rights, interests or equities that arise thereafter in respect of the assets, property and undertaking comprising the Collateral as between the Beneficiaries and the Financing Entity. The Indenture Trustee and the Beneficiaries shall thereupon recognize the Province as the absolute owner of the assets, property and undertaking comprising the Collateral.~~

ARTICLE VII
INDENTURE TRUSTEE MATTERS

7.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

7.02 Not Responsible for Recitals ~~or Issuance of Notes~~

The recitals contained herein will be taken as the statements of the Province, the Financing Entity and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

7.03 Representations and Covenants of the Indenture Trustee[13]

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada; **and**

~~(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Agreement and has taken all necessary action to authorize the execution, delivery and performance by it of this Agreement and other documents to which it is a party;~~

~~(c) each of this Agreement and the other documents to which it is a party has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and~~

[13] **The Indenture Trustee asked us to delete these representations. They will not provide these types of representations without attaining a legal opinion from outside counsel. To avoid delay, we would ask that the parties agree to this deletion.**

(b) ~~(d)~~ the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada.

ARTICLE VIII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

8.01 Suspension Notice

Upon:

(a) **a Program Breach; or**

(b) **a default in the performance, or breach, of any covenants or representations of the FSM to the Province in connection with an incurrence or amendment of Primary Obligations, which continues for thirty (30) days after written notice by the Province to the FSM of such default or breach; or**

(c) **the FSM no longer being the Manager or actions having been taken by or on behalf of the Indenture Trustee to remove the FSM as the Manager,**

~~The~~**the** Province may~~, at any time and for any reason,~~ declare that the Limited Guarantee under this Agreement shall not apply to any ~~Obligation Secured~~**Primary Obligations** incurred[14] on or after such declaration, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied, by delivering a written notice in the form of Exhibit C (a "**Suspension Notice**") to the Province to the Indenture Trustee, the FSM and the Financing Entity.[15]

8.02 Suspension

If a Suspension Notice has been provided under Section 8.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of any **Primary** Obligation ~~Secured~~ incurred~~ or amended~~[16] on or after the time such Suspension Notice is delivered, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied. For greater certainty, the rights of the Province under Article VI shall apply in respect of ~~all~~**the** Obligations Secured **referenced in Section 6.01**, including if incurred ~~or amended~~ on or after the time such Suspension Notice is delivered.

[14] **We will need the ability to amend the Primary Obligations after a Suspension Notice to deal with the Suspension Notice itself.**

[15] **OPG has confirmed that it is problematic from an accounting perspective to give the Province a broad right to suspend at any time. As discussed in the meeting, we therefore reintroduced the concept of the Program Breach and Breach Event but we made the breach event generic to ensure we do not have to reference the Process Agreement in this document.**

[16] **We will need the ability to amend the Primary Obligations after a Suspension Notice to deal with the Suspension Notice itself.**

~~**8.03** **Termination Notice**On (a) the occurrence of a Suspension Event or (b) the Assumption Effective Date, the Province may provide to the Indenture Trustee, the FSM and the Financing Entity a notice in the form of Exhibit D (a "**Termination Notice**").~~[17]

8.03 ~~8.04~~ No Impact on Adherence

For greater certainty, the occurrence of Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event or in respect of any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied, nor will it in any way impact the Obligations Secured which are assumed by the Province in accordance with ~~Article~~**ARTICLE** VI.

ARTICLE IX
MISCELLANEOUS

9.01 Term of Agreement

This Agreement will continue until the ~~later of:(a)~~ ~~the~~ date that no amount is or may become due and payable by the Province under the Limited Guarantee~~; and(b) the date that a Termination Notice delivered in accordance with Section 8.03 is received by the Indenture Trustee, the FSM and the Financing Entity~~.

9.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust

[17] **We have deleted the concept of the termination notice since it no longer serves a purpose and is potentially confusing to the reader.**

700 University Avenue

Toronto, Ontario M5G 1X6
Attention: ~~[■]~~**General Counsel**
Fax: (416) ~~[■]~~
~~Email: [■]~~**592-4189**

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: ~~[■]~~**Manager, Corporate Trust**
Fax: (416) ~~[■]~~**981-9777**
Email: ~~[■]~~**corporatetrust.toronto@computershare.com**

~~[■]~~

(b) if to the FSM:

Ontario Power Generation Inc.

700 University Avenue

Toronto, Ontario M5G 1X6

Attention: ~~[■]~~**General Counsel**
Fax: (416) ~~[■]~~**592-4189**

~~Email: [■]~~

(c) if to the Province:

Ministry of Finance

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 9.02.

9.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section 9.03 shall be null and void.

9.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

9.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

9.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

9.07 Intentionally Deleted

9.08 Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their benefits hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

9.09 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, IN ITS CAPACITY AS TRUSTEE OF FAIR HYDRO TRUST, AS ISSUER, ~~[~~BY ONTARIO POWER GENERATION INC., NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS MANAGER~~]~~[8]

By: _____
Name:
Title:
By: _____
Name:
Title:

[8] ~~To be discussed.~~

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Action**" has the meaning ascribed thereto under the Trust Indenture.

"**Adherence Conditions**", **means,** in respect of ~~a~~**the Certified** Primary ~~Obligation, means~~**Obligations,** the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of a Guarantee Payment Date, the aggregate of the Approved Obligation Amounts for such Guarantee Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, for a Beneficiary in respect of an Approved Obligation under which an amount is due and payable on a Guarantee Payment Date:

(a) if no Acceleration has occurred in respect of any Obligation Secured on or before the Guarantee Payment Date, the amount due and payable to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation (for greater certainty, determined on the assumption that there are adequate amounts available under the applicable payment provisions of the Trust Indenture to pay in full all amounts referred to in such payment provisions that are due and payable on the Guarantee Payment Date); and

(b) if an Acceleration has occurred in respect of any Obligations Secured on or before the Guarantee Payment Date, the amount that would be available to be paid to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation under the applicable payment provisions of the Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with such applicable payment provisions of the Trust Indenture in respect of each relevant month ~~[~~during each Reference Period~~ from and after May, 2021]~~[9] is equal to the ~~[~~estimated ~~finance amount~~**Finance Amount** determined in respect of such Reference Period ~~pursuant to~~**for purposes of** section ~~•~~**15(1)** of the ~~General Regulation (as set forth~~**Act (in effect** on

[9] ~~What about earlier periods? Are the earlier periods covered at all, or is the intention that they would be determined without regard to the acceleration mechanics of the Regulation?~~

the date hereof)]~~[10~~ divided by the number of months in such Reference Period.

"**Assumption Agreement**" means the agreement among the Province, the Indenture Trustee, the Financing Entity and any other person that is party to the ~~Funding Obligation~~**applicable Supplemental Indenture or Loan** Agreement affected by the assignment and assumption contemplated under Article VI, which agreement shall be in substantially the form of ~~the form of~~ assumption agreement set forth in ~~Exhibit E.~~<~~*"**Assumption Closing Date**" has the meaning ascribed thereto in Section* ~~><~~*6.01*>**the applicable Supplemental Indenture or Loan Agreement**.

"**Assumption Effective Date**" has the meaning ascribed thereto in Section 6.03.

>*"**Assumption Closing Date**" has the meaning ascribed thereto in Section* <>*6.01*<**.**

"**Assumption Notice**" has the meaning ascribed thereto in Section ~~6.01."**Available Collections**" has the meaning ascribed thereto in the Trust Indenture~~**6.01**.

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Beneficiary Payee**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"Certified Primary Obligations" means Primary Obligations that are payment obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest or to repay payment obligations that were incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest,[18] (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not each individual trade confirmation, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and aggregate payments by the Financing Entity thereunder during the term of such contract is in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).[19]

~~[10] This needs to tie into the "estimated finance amount" determined under the General Regulation applicable during the Reference Period.~~

[18] Query: For a warehouse facility, does the Province want a Certificate for each monthly draw?

[19] This concept reflects what Primary Obligations the parties agreed to be subject to the adherence conditions.

"**Change of Law Protection Agreement**" means this Agreement.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Eligible Deposit Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Eligible Institution**" has the meaning ascribed thereto in the Trust Indenture.

"Executive Officer" has the meaning ascribed thereto in the *Securities Act* (Ontario).

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" ~~means, at any time, the Person who is, in accordance with~~**has the meaning ascribed thereto in the first paragraph of this Agreement until a successor Financing Entity Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and** the Declaration of Trust, ~~the trustee of the~~ **and thereafter "**Financing Entity ~~at~~**Trustee" means and includes** such ~~time.~~**Person.**[20]

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

>*"**General Regulation**" means O. Reg. 206/17 made under the Act.*<

"**Guarantee Payment Date**" has the meaning ascribed thereto in Section 2.01(a).

[20] **We are merely conforming this definition to the definition of Indenture Trustee.**

"**Guarantor Settlement Statement**" has the meaning ascribed thereto in Section 2.01(a).

<~~"***General Regulation***" *means O. Reg. 206/17 made under the Act.*~~>

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Issuer Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Legislature**" means the Legislature of the Province of Ontario.

"Lien" has the meaning ascribed thereto in the Trust Indenture.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(a).

"Loan Agreement" has the meaning ascribed thereto in the Trust Indenture.

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity, as amended, supplemented, restated or otherwise modified from time to time.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"Master Agreement" means an agreement in the form of a 1992 ISDA Master Agreement (Multi-Currency – Cross Border) as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, as amended, supplemented, restated or otherwise modified from time to time.

~~"**Note**" or "**Notes**" has the meaning ascribed thereto under the Trust Indenture.~~

[21]

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

~~"**Paying Agent**" has the meaning ascribed thereto in the Trust Indenture.~~

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account~~,~~ **or** Finance Reserve Account~~, or Supplemental Reserve Account~~; **and** (ii) any ~~amounts that would be remaining amounts of Available Collections required by the to be held~~ <~~*in the Collection Account*~~> ~~for distribution on a succeeding Payment Date~~<~~ *pursuant to the Trust Indenture*~~>~~; and (iii) any obligation to pay the Trust~~**obligation to pay the Financing Entity** or on the ~~Trust~~**Financing Entity**'s direction any remaining amounts ~~of Available Collections.~~>*in the Collection Account*<> *pursuant to the Trust Indenture*<.[22]

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, ~~early amortization event,~~ termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.[23]

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

[21] **The definition of Notes is not used in the Agreement.**

[22] **These changes were made to conform to the most current version of the Trust Indenture, a copy of which will be circulated soon. Additionally, money in the Collection Account is required to flow through the water fall and is not required to be held in the Collection Account otherwise.**

[23] **We deleted early amortization events because that is no longer a concept used in the Trust Indenture.**

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the ~~[~~Crown~~]~~, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that materially and adversely affects (a) the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured, or (b) this Agreement or any of the agreements under which Obligations Secured arise; or

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that materially and adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Obligations Secured that have become due and payable.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture.

"~~**Refinancing**" has the meaning ascribed to the term "refinancing" in the Act as of the date hereof, as more particularly described and given meaning in in the General Regulation as of the date hereof."~~~~**Repayment**~~**Reference Period**" has the meaning ascribed thereto in the ~~General Regulation~~**Act**.

"Refinancing" means the incurrence of debt where at the time of issuance the use of the proceeds thereof are identified by the Issuer as to be used to repay an existing Approved Obligation.[24]

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Subrogation Amounts**" has the meaning ascribed thereto in subclause 2.01(a)iv(ii).

"Supplemental Indenture" has the meaning ascribed in the Trust Indenture.

"**Supplemental Reserve Account**" has the meaning ascribed in the Trust Indenture.

"**Suspension Event**" has the meaning ascribed thereto in Section 8.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 8.01.

~~"**Termination Notice**" has the meaning ascribed thereto in Section 8.03.~~

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

[24] **Refinancings can occur up to six months prior to the application of the refinancing proceeds to the existing obligation. The regulations provide that if the refinancing proceeds are not applied to repay the intended funding obligation, then it is not a Refinancing. Accordingly, we have revised the definition to ensure that Refinancings do not have to be simultaneous with repayment of the existing Approved Obligation (we understand from the dealers that in most circumstances they will not be).**

EXHIBIT A
FORM OF PAYMENT DEMAND

TO: **Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "Province")**

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "Financing Entity"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "Change of Law Protection Agreement"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Pursuant to section 2.01(a) of the Change of the Law Protection Agreement, the Indenture Trustee hereby demands payment from the Province in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in the Change of Law Protection Agreement.

DATED as of the [■] day of [■], [■].

BNY TRUST COMPANY OF CANADA

By:
Name:
Title:

By:
Name:
Title:

~~EXHIBIT A.1~~
~~FORM OF GUARANTOR SETTLEMENT STATEMENT~~

EXHIBIT B
ASSUMPTION NOTICE

[NTD: Blakes to provide draft]

EXHIBIT C
SUSPENSION NOTICE

~~EXHIBIT D~~
~~TERMINATION NOTICE~~

~~EXHIBIT E~~

~~FORM OF ASSUMPTION AGREEMENT~~

[NTD: Blakes to provide draft]

Document comparison by Workshare Compare on November-24-17 1:52:11 PM

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Moved to	7
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Total changes	342

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE[1]

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST[2]

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

[1] This Agreement and the Process Agreement will need to be effective on closing but signed and held in escrow as soon as they are settled and prior to pricing of the term deal.

[2] Please advise if there are any further issues with the Manager signing the Protection Agreement on behalf of the Trust? If so, can you please explain the issue. The Manager is currently signing all Program Agreements on behalf of the Trust and has authority to do so. We would like the Manager to sign this Agreement on behalf of the Trust.

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust under the laws of the Province of Ontario (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council dated as of ■ (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust[3] dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Primary Obligations that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred. This Agreement sets out the terms and conditions of such protections and assurances.

[3] We are comfortable on this point because OPG has retained Computershare as issuer trustee. The recitals of the Declaration of Trust provide that Computershare has established the Trust at the request of the FSM. We can also provide you with a copy of the Computershare engagement letter upon request.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder"

and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 Proof of Approved Obligations

The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Indenture Trustee deems to be sufficient.

Any statement of account prepared by the Indenture Trustee as regards the Primary Obligations shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and the Province hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Indenture Trustee agrees to provide the Province with the computations and calculations used by the Indenture Trustee to prepare each such statement of account promptly following a request therefor.

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture as of the date of this Agreement.

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 2.01 or Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a

related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee, the Financing Entity, the Financing Entity Trustee, the Manager or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee may deliver a written demand, substantially in the form attached as Exhibit A (a "**Payment Demand**"), to the Province requiring the Province to make payments in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in this Agreement. From and after such delivery of a Payment Demand, the Province shall make the following payments in respect of the Approved Obligations (the "**Limited Guarantee**"), and the Financing Entity shall pay, and the Province shall be entitled to be paid, the Subrogation Amounts specified below, on the specified Guarantee Payment Date:

i. Not less than 3 Business Days prior to each day when any payment or payments are to be made in respect of one or more Approved Obligations occurring after such delivery of a Payment Demand and prior to the Assumption Effective Date, if any, (a "**Guarantee Payment Date**"), the Manager shall deliver a written statement setting forth the Aggregate Approved Obligations Amount, if any, in respect of the Approved Obligations that are due and payable on such Guarantee Payment Date, together with a detailed description identifying such Approved Obligations and the nature and amount of payments due and payable thereunder on the Guarantee Payment Date, the aggregate outstanding amount payable by the Financing Entity under such Approved Obligations as of the date of the Guarantor Settlement Statement, and details regarding any default in performance by any party obligated thereunder (a "**Guarantor Settlement Statement**")[4].

ii. On each such Guarantee Payment Date, the Province shall deposit the Aggregate Approved Obligations Amount into the Protection Account.

iii. On each such Guarantee Payment Date, the Financing Entity and the Indenture Trustee shall ensure that the amounts on deposit in the Protection Account are applied to pay each Beneficiary to whom an amount is due and payable under an Approved Obligation on the Guarantee Payment Date the Approved Obligation Amount for such Beneficiary in respect of such Approved Obligation on such Guarantee Payment Date; provided that if the amount deposited pursuant to clause 2.01(a)ii is insufficient to pay all such Approved Obligation Amounts in full, the amount on deposit in the Protection Account on the Guarantee Payment Date shall be applied to pay Beneficiaries in the order of priority in which such Approved Obligations are payable under the payment

[4] Given timing, we would appreciate if the parties did not negotiate this form now.

provisions of the Trust Indenture applicable to the making of such payments on the Guarantee Payment Date (each, a "**Beneficiary Payee**").

iv. On any Guarantee Payment Date on which an amount is paid by the Province pursuant to clause 2.01(a)ii, the applicable payment provisions of the Trust Indenture shall, notwithstanding the express terms of such provisions set forth in the Trust Indenture, be applied and operate on the following basis:

(A) the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available under such payment provisions on such Guarantee Payment Date shall be reduced by the amount paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on such Guarantee Payment Date;

(B) the Province shall be paid the lesser of (x) the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available to pay the Beneficiary Payee under such payment provisions on the Guarantee Payment Date, determined without regard to subclause 2.01(a)iv(A), and (y) the amount paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on the Guarantee Payment Date (such payments to the Province being "**Subrogation Amounts**"); and[5]

(C) no Beneficiary having a right to be paid an amount in respect of an Approved Obligation that ranks equal with or subordinate to an Approved Obligation in respect of which an amount is payable to the Province under subclause 2.01(a)iv(B) shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under such subclause (including any right or reimbursement, contribution or indemnity) and no such Beneficiary shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of such amounts.

v. On any Guarantee Payment Date, the Indenture Trustee shall release and pay to the Province free and clear of any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay

[5] We thought this section required tweaking to reflect the intention of the parties.

Beneficiary Payees on the Guarantee Payment Date in accordance with clause 2.01(a)iii.

vi. In preparing any payment instructions under the Trust Indenture, the Manager shall reflect the amounts payable for the Guarantee Payment Date under Section 2.01(a).

(b) The Province shall, as a payee of Subrogation Amounts and any amounts payable under clause 2.01(a)(iv)(B)**,** be a "Specified Creditor" under the Trust Indenture and have the benefit of the Collateral thereunder.

(c) For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the Approved Obligation Amounts, if any, for payment to Beneficiary Payees and will be subject to the priorities and to the Province's rights to Subrogation Amounts, set forth in Section 2.01(a).

(d) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(e) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation by their terms.

(f) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under and in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any amount due and payable to a Beneficiary Payee under the Limited Guarantee.

2.02 Intentionally Deleted.

2.03 <u>Absence of Set-off</u>

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 Payment into Protection Account in Satisfaction

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account" for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section **[7.03]** of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Financing Entity and the Indenture Trustee shall ensure that all amounts paid by the Province into the Protection Account on a Guarantee Payment Date in respect of an Approved Obligation are applied to pay the amounts due and payable to the Beneficiaries as and to the extent provided for in Section 2.01(a). Upon a payment having been made by or on behalf of the Province into the Protection Account, the amounts so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiaries as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such Beneficiaries in respect of the applicable Approved Obligations, whereupon an affected Beneficiary shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid. For greater certainty, the obligations arising in respect of an applicable Approved Obligation shall not be reduced by such payment as the Province shall become entitled to be paid related Subrogation Amounts and the rights contemplated under Section 2.01(a) and Section 5.01 in relation to such continuing obligations.

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations in accordance with Section 9.01.[6]

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements and this Agreement, to:

[6] We made this change to be consistent with the termination clause in section 9.01.

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

A Primary Obligation shall constitute an Approved Obligation if (i) the Adherence Conditions applicable thereto have been satisfied at the time the Primary Obligation was incurred, or (ii) the Province, in its sole discretion, agrees it is an Approved Obligation.

4.02 Adherence Conditions[7]

The following shall be the Adherence Conditions applicable in relation to each Certified Primary Obligation:

(a) the Certified Primary Obligation when incurred is an Obligation Secured under the Trust Indenture; and

(b) OPG, as FSM, delivers a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee, on or before the incurrence of a Certified Primary Obligation[8] (provided that delivery may not be more than 5 Business Days before the incurrence of the Certified Primary Obligation), confirming that OPG has provided to the Province all certifications required by the Province in connection with the incurrence of such Certified Primary Obligation; and

(c) in respect of a Certified Primary Obligation other than a Refinancing, the Province has not provided a Suspension Notice to the Indenture Trustee, OPG and the Financing Entity.

For greater certainty, (y) satisfaction of the Adherence Conditions for a Certified Primary Obligation shall be deemed satisfaction of the Adherence Conditions in respect of all principal, interest and other amounts owing under the Certified Primary Obligation, as such Certified Primary Obligation may be amended, restated, supplemented or otherwise modified from time to time, and (z) there shall be no Adherence Conditions applicable in relation to a Primary Obligation that is not a Certified Primary Obligation.

4.03 Evidence of Satisfaction

A closing certificate delivered in accordance with Section 4.02(b) in connection with an incurrence of a Certified Primary Obligation shall be determinative as to whether the applicable Adherence Conditions with respect thereto have been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same. A closing certificate that purports on its face to be signed by officers specified in Section 4.02(b) may be relied upon by any addressee without further enquiry or evidence as to the incumbency

[7] We would propose that the certification in section 4.02(b) of the Protection Agreement track the requirements of section 3.01 of the Process Agreement to ensure that the two sections are consistent. Accordingly, we have revised section 4.02(b) of the Protection Agreement to state the certificate delivered to the Indenture Trustee under this section should confirm that all certifications to the Province required in connection with the incurrence of such Certified Primary Obligations have been delivered to the Province.

[8] We tried to address all parties concerns expressed at our last meeting by this language. The Province can be assured that no certificate earlier than 5 Business Days prior to incurring the Certified Primary Obligation is delivered and the dealers have comfort that the clause is not too prescriptive.

or signatures of such officers. If a closing certificate is not delivered in accordance with the timing requirements of Section 4.02(b), such certificate may be delivered at a later date, and be effective as if it had been delivered in accordance with the timing requirement of Section 4.02(b), if at the time such certificate was required to be delivered OPG had delivered to the Province all certifications required by the Province in connection with the incurrence of a Certified Primary Obligation.[9]

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, including (i) the right and entitlement to be paid and receive the related Subrogation Amounts, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including **[Sections 7.04 through 7.11 and 8.13 (Payment Priorities),**

[9] This additional language was added to address the concerns of the dealers and Oslers discussed at our last meeting.

Section 7.12 (Payments Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Section 8.14 (Limited Recourse), Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition)]; (ii) consents, requests and authorizes the Issuer and the Indenture Trustee to (x) add the Province to the register of Specified Creditors described in subsection **[13.13(b)]** of the Trust Indenture and (y) disseminate the notice details of the Province to other Specified Creditors for the purposes set out in subsection **[9.14(b)]** of the Trust Indenture, and (iii) confirms that the Indenture Trustee shall send notices to the Province, in its capacity as a Specified Creditor, in accordance with Section 9.02.[10]

5.02 <u>Priorities</u>

For greater certainty, the rights, interests and entitlements of the Province as an assignee or subrogee, as applicable, of and with respect to an Approved Obligation shall rank equally with the rights, interests and entitlements of a Beneficiary to whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture in the manner and to the extent contemplated in Section 2.01.

5.03 Intentionally Deleted

5.04 <u>Representations and Warranties</u>

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

[10] These changes were made to conform to the latest draft of the Trust Indenture, a copy of which will be circulated soon.

ARTICLE VI
NOTICE OF ASSUMPTION OF CERTAIN OBLIGATIONS SECURED[11]

6.01 Delivery of Assumption Notice

Following the occurrence of a Protection Event, the Province may (but shall not be obligated to) provide notice (in the form of Exhibit B) to the Indenture Trustee that the Province has elected to assume the Financing Entity's obligations in respect of all Obligations Secured permitted to be assumed by their terms (the "**Assumption Notice**"). The Assumption Notice shall specify the date on which the assignment and assumption of such Obligations Secured will be effective (each such date being an "**Assumption Closing Date**").[12]

6.02 Cooperation to Implement the Assignment and Assumption

The Indenture Trustee, the FSM, the Financing Entity and the Province will cooperate and use best efforts to complete the assignment and assumption of the Obligations Secured referenced in Section 6.01 by and from the Financing Entity to and by the Province by the applicable Assumption Closing Date.

6.03 Effect of Assignment and Assumption

On the date that the assignment and assumption of the Obligations Secured referenced in Section 6.01 by and from the Financing Entity to and by the Province becomes effective (the "**Assumption Effective Date**"), the Province shall no longer be required to provide and perform the Limited Guarantee but will instead become a primary obligor under such Obligations Secured assumed pursuant to and in accordance with an applicable Assumption Agreement. For greater certainty, the obligations of the Province so assumed will not be secured obligations of the Province and the obligees thereof will have no right, interest or claim to or in respect of the Collateral or any proceeds therefrom.

6.04 Interim Period

Until the effective time of the assignment and assumption of the Obligations Secured referenced in Section 6.01 by and from the Financing Entity to and by the Province on the Assumption Effective Date, the Province shall continue to perform and be obligated under the Limited Guarantee with respect to those Obligations Secured.

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[11] Please see Torys' cover email to explain changes made in this Article and the related Article in the Process Agreement. Section 6.05 was deleted since it was not applicable in a context where only some of the Obligations Secured would be assumed.

[12] It is not realistic to think that the assumptions of Secured Obligations will all occur on one day. We think it has to happen on a contract by contract basis. As a Secured Obligation is assumed, the Limited Guarantee falls away with respect to it (it becomes a "zero" item in the waterfalls).

ARTICLE VII
INDENTURE TRUSTEE MATTERS

7.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

7.02 Not Responsible for Recitals

The recitals contained herein will be taken as the statements of the Province, the Financing Entity and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

7.03 Representations and Covenants of the Indenture Trustee[13]

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada; and

(b) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada.

ARTICLE VIII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

8.01 Suspension Notice

Upon:

(a) a Program Breach; or

(b) a default in the performance, or breach, of any covenants or representations of the FSM to the Province in connection with an incurrence or amendment of Primary

[13] The Indenture Trustee asked us to delete these representations. They will not provide these types of representations without attaining a legal opinion from outside counsel. To avoid delay, we would ask that the parties agree to this deletion.

Obligations, which continues for thirty (30) days after written notice by the Province to the FSM of such default or breach; or

(c) the FSM no longer being the Manager or actions having been taken by or on behalf of the Indenture Trustee to remove the FSM as the Manager,

the Province may declare that the Limited Guarantee under this Agreement shall not apply to any Primary Obligations incurred[14] on or after such declaration, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied, by delivering a written notice in the form of Exhibit C (a "**Suspension Notice**") to the Province to the Indenture Trustee, the FSM and the Financing Entity.[15]

8.02 <u>Suspension</u>

If a Suspension Notice has been provided under Section 8.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of any Primary Obligation incurred[16] on or after the time such Suspension Notice is delivered, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied. For greater certainty, the rights of the Province under Article VI shall apply in respect of the Obligations Secured referenced in Section 6.01, including if incurred on or after the time such Suspension Notice is delivered.[17]

8.03 <u>No Impact on Adherence</u>

For greater certainty, the occurrence of Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event or in respect of any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied, nor will it in any way impact the Obligations Secured which are assumed by the Province in accordance with ARTICLE VI.

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[14] We will need the ability to amend the Primary Obligations after a Suspension Notice to deal with the Suspension Notice itself.

[15] OPG has confirmed that it is problematic from an accounting perspective to give the Province a broad right to suspend at any time. As discussed in the meeting, we therefore reintroduced the concept of the Program Breach and Breach Event but we made the breach event generic to ensure we do not have to reference the Process Agreement in this document.

[16] We will need the ability to amend the Primary Obligations after a Suspension Notice to deal with the Suspension Notice itself.

[17] We have deleted the concept of the termination notice since it no longer serves a purpose and is potentially confusing to the reader.

ARTICLE IX
MISCELLANEOUS

9.01 Term of Agreement

This Agreement will continue until the date that no amount is or may become due and payable by the Province under the Limited Guarantee.

9.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity
Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: Manager, Corporate Trust
Fax: (416) 981-9777
Email: corporatetrust.toronto@computershare.com

(b) if to the FSM:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

(c) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 9.02.

9.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section 9.03 shall be null and void.

9.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

9.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

9.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

9.07 Intentionally Deleted

9.08 Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their benefits hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

9.09 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, IN ITS CAPACITY AS TRUSTEE OF FAIR HYDRO TRUST, AS ISSUER, BY ONTARIO POWER GENERATION INC., NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Action**" has the meaning ascribed thereto under the Trust Indenture.

"**Adherence Conditions**", means, in respect of the Certified Primary Obligations, the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of a Guarantee Payment Date, the aggregate of the Approved Obligation Amounts for such Guarantee Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, for a Beneficiary in respect of an Approved Obligation under which an amount is due and payable on a Guarantee Payment Date:

(a) if no Acceleration has occurred in respect of any Obligation Secured on or before the Guarantee Payment Date, the amount due and payable to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation (for greater certainty, determined on the assumption that there are adequate amounts available under the applicable payment provisions of the Trust Indenture to pay in full all amounts referred to in such payment provisions that are due and payable on the Guarantee Payment Date); and

(b) if an Acceleration has occurred in respect of any Obligations Secured on or before the Guarantee Payment Date, the amount that would be available to be paid to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation under the applicable payment provisions of the Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with such applicable payment provisions of the Trust Indenture in respect of each relevant month during each Reference Period is equal to the estimated Finance Amount determined in respect of such Reference Period for purposes of section 15(1) of the Act (in effect on the date hereof) divided by the number of months in such Reference Period.

"**Assumption Agreement**" means the agreement among the Province, the Indenture Trustee, the Financing Entity and any other person that is party to the applicable Supplemental Indenture or Loan Agreement affected by the assignment and assumption contemplated under Article VI, which agreement shall be in substantially the form of assumption agreement set forth in the applicable Supplemental Indenture or Loan Agreement.

"**Assumption Effective Date**" has the meaning ascribed thereto in Section 6.03.

"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.01.

"**Assumption Notice**" has the meaning ascribed thereto in Section 6.01.

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Beneficiary Payee**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Certified Primary Obligations**" means Primary Obligations that are payment obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest or to repay payment obligations that were incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest,[18] (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not each individual trade confirmation, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and aggregate payments by the Financing Entity thereunder during the term of such contract is in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).[19]

"**Change of Law Protection Agreement**" means this Agreement.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of

[18] Query: For a warehouse facility, does the Province want a Certificate for each monthly draw?

[19] This concept reflects what Primary Obligations the parties agreed to be subject to the adherence conditions.

these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Eligible Deposit Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Eligible Institution**" has the meaning ascribed thereto in the Trust Indenture.

"**Executive Officer**" has the meaning ascribed thereto in the *Securities Act* (Ontario).

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the first paragraph of this Agreement until a successor Financing Entity Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and the Declaration of Trust, and thereafter "Financing Entity Trustee" means and includes such Person.[20]

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Guarantee Payment Date**" has the meaning ascribed thereto in Section 2.01(a).

"**Guarantor Settlement Statement**" has the meaning ascribed thereto in Section 2.01(a).

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

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[20] We are merely conforming this definition to the definition of Indenture Trustee.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Issuer Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Lien**" has the meaning ascribed thereto in the Trust Indenture.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(a).

"**Loan Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity, as amended, supplemented, restated or otherwise modified from time to time.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Agreement**" means an agreement in the form of a 1992 ISDA Master Agreement (Multi-Currency – Cross Border) as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, as amended, supplemented, restated or otherwise modified from time to time.

[21]

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

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[21] The definition of Notes is not used in the Agreement.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account or Finance Reserve Account; and (ii) any obligation to pay the Financing Entity or on the Financing Entity's direction any remaining amounts in the Collection Account pursuant to the Trust Indenture.[22]

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.[23]

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that materially and adversely affects (a) the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay

[22] These changes were made to conform to the most current version of the Trust Indenture, a copy of which will be circulated soon. Additionally, money in the Collection Account is required to flow through the waterfall and is not required to be held in the Collection Account otherwise.

[23] We deleted early amortization events because that is no longer a concept used in the Trust Indenture.

Obligations Secured, or (b) this Agreement or any of the agreements under which Obligations Secured arise; or

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that materially and adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Obligations Secured that have become due and payable.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture.

"**Reference Period**" has the meaning ascribed thereto in the Act.

"**Refinancing**" means the incurrence of debt where at the time of issuance the use of the proceeds thereof are identified by the Issuer as to be used to repay an existing Approved Obligation.[24]

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Subrogation Amounts**" has the meaning ascribed thereto in subclause 2.01(a)iv(ii).

"**Supplemental Indenture**" has the meaning ascribed in the Trust Indenture.

"**Supplemental Reserve Account**" has the meaning ascribed in the Trust Indenture.

"**Suspension Event**" has the meaning ascribed thereto in Section 8.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 8.01.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

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[24] Refinancings can occur up to six months prior to the application of the refinancing proceeds to the existing obligation. The regulations provide that if the refinancing proceeds are not applied to repay the intended funding obligation, then it is not a Refinancing. Accordingly, we have revised the definition to ensure that Refinancings do not have to be simultaneous with repayment of the existing Approved Obligation (we understand from the dealers that in most circumstances they will not be).

EXHIBIT A
FORM OF PAYMENT DEMAND

TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Pursuant to section 2.01(a) of the Change of the Law Protection Agreement, the Indenture Trustee hereby demands payment from the Province in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in the Change of Law Protection Agreement.

DATED as of the [■] day of [■], [■].

BNY TRUST COMPANY OF CANADA

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT B
ASSUMPTION NOTICE

[NTD: Blakes to provide draft]

EXHIBIT C
SUSPENSION NOTICE

[NTD: Blakes to provide draft]

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.

CHANGE OF LAW PROCESS AGREEMENT[1]

Dated as of [■], 2017

[1] This Agreement and the Protection Agreement will need to be effective on closing but signed and held in escrow as soon as they are settled and prior to pricing of the term deal.

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**") is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.

Pursuant to a Declaration of Trust dated as of [■], 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.[2]

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Primary Obligations that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions.

Prior to entering into this Agreement, OPG provided the Province with the proposed forms of the Transaction Documents listed on Exhibit "A", and the Province has not objected to such forms and has confirmed to OPG that such Transaction Documents constitute "Reference Documentation" for purposes of this Agreement.

Prior to entering into this Agreement, OPG, as the FSM, provided the Province with the initial Financing Plan attached hereto as Exhibit "B" (the "**Initial Financing Plan**"), and the Province has not objected to such Initial Financing Plan.

Prior to entering into this Agreement, OPG, as the FSM, provided to the Province (i) the initial forecast attached hereto as Exhibit "C" (the "**Initial Forecast**") setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the 24 month period following the date hereof (the "**Initial Forecast Period**"); and (ii) notice of the initial Protection Agreement Maximum of C$■ (the "**Initial Protection Agreement Maximum**").[3]

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[2] We are comfortable on this point because OPG has retained Computershare as issuer trustee. The recitals of the Declaration of Trust provide that Computershare has established the Trust at the request of the FSM. We can also provide you with a copy of the Computershare engagement letter upon request.

[3] Given that this Agreement would now be delivered on or immediately prior to closing, we thought it would be acceptable to reference these initial items as delivered versus as future deliverables. Please note that OPG is working

The Province has not objected to the Initial Forecast and the Initial Protection Agreement Maximum on the basis that (i) there does not appear to be inaccuracies in the Initial Financing Plan or the Initial Forecast, (ii) the Initial Forecast is consistent with the Initial Financing Plan, and (iii) the Initial Protection Agreement Maximum is less than the Initial Forecast.

This Agreement sets out the obligations OPG has agreed to perform and assurances OPG has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the Adherence Conditions have been satisfied, maintaining information related to the Program Agreements and the Approved Obligations, and ensuring that the Province's assumption rights pursuant to Article VI of the Change of Law Protection Agreement may be exercised without impediment on the terms and conditions contemplated in this Agreement and the Change of Law Protection Agreement.

All things necessary to make this Agreement a valid and legally binding agreement of OPG and the Province, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

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with the Province to deliver the initial financing plan and the initial forecast and to confirm the initial protection agreement maximum.

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 <u>References to the Financing Entity</u>

For greater certainty, each reference to the Financing Entity shall be construed as a reference to the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 <u>Effect of Headings</u>

The Article and Section headings herein and are for convenience only and will not affect the construction hereof.

1.04 <u>Successors and Assigns</u>

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.06 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF OPG

2.01 Deliveries to the Province

(a) OPG shall promptly deliver to the Province a copy of any proposed change to or replacement of the Initial Financing Plan.

(b) Not less than 10 Business Days, or such lesser period as the Province may agree to in writing, prior to (i) any proposed change or supplement to a previously provided Transaction Document becoming effective or otherwise being used, (ii) any additional or replacement Transaction Document becoming effective or otherwise being used, OPG shall deliver to the Province a copy of such proposed change or supplement to the Transaction Document and any such additional or replacement Transaction Document.

(c) Promptly following (i) any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor being made, (ii) any new, additional or replacement instruments, documents, agreements or security being used or granted in connection with all or any part of the Approved Obligations, or (iii) any waiver, release, reconveyance, termination, abandonment, subordination, exchange, substitution, transfer, compound, compromise, liquidation or enforcement of all or any part of the Approved Obligations or any security or guarantee therefor being effected, OPG shall deliver to the Province a detailed description of such event and the reasons for it together with any related documents, agreements and instruments.

(d) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, OPG shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations

(including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(e) Promptly upon request, OPG shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

2.02 <u>Covenants</u>

(a) OPG shall use commercially reasonable efforts to cause the Financing Entity to:

(i) punctually perform and observe all of the Financing Entity's obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not (unless waived by the Province):

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement or replacement or waiver or consent could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any change in particular financial terms, rates and levels;

(B) extend, renew, compromise, novate, replace, suspend, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, liquidate or enforce the terms of all or any part of the Approved Obligations or any Collateral, if any such action could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to the extent that only particular financial terms, rates and levels are affected;

(C) permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired; or

(D) allow the Financing Entity to enter into any Supplemental Indenture or Loan Agreement where any penalty or make-whole payment, or any requirement for further consent, approval or agreement, of the Specified Creditor party thereto would be required for the Province to assume the Obligations Secured thereunder.[4]

(b) OPG shall:

(i) comply, and shall use commercially reasonable efforts to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

(ii) punctually perform and observe all of its (including as the FSM and as Manager) obligations and agreements contained in the Program Agreements;

(iii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation; and

(iv) after the occurrence of any Protection Event[5], not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.

(c) For greater certainty, the parties hereto acknowledge and agree that OPG's obligations under this Agreement are subject to (i) OPG's obligations as FSM under the Act, and (ii) OPG's obligations under the Management Agreement.[6]

(d) Nothing in this Agreement nor in the Change of Law Protection Agreement[7] shall limit the obligations of the Province under the Indemnity Agreement by the

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[4] Please see our cover note regarding the proposed assumption by the Province. Lawyers to discuss if appropriate mechanics for the first two deals are possible given timing.

[5] OPG is not in a position to be aware of events that may lead to a Protection Event.

[6] We would like to ensure that there is an acknowledgement that OPG has certain obligations under the Act and the Management Agreement.

[7] This language has extra-contractual implications and so its meaning as between only 2 of the parties to the Protection Agreement is uncertain. Torys to explain intention. Torys: This provision is intended to clarify that neither the Protection Agreement nor the Process Agreement supersedes or otherwise amends the Province's obligations under the Provincial Indemnity Agreement. It is effectively an acknowledgment by the Province in

Province in favour of OPG dated June 1, 2017 (as amended, the "**Indemnity Agreement**") and to the extent of any conflict between this Agreement, the Change of Law Protection Agreement and such Indemnity Agreement, in respect of any matter relating to the Province's obligations to indemnify OPG, the Indemnity Agreement shall prevail.

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate[8]

OPG shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Province, on or before the incurrence of a Certified Primary Obligation (provided that delivery may not be more than 5 Business Days before the incurrence of the Certified Primary Obligation), setting out the following with respect to such Certified Primary Obligation:

(a) the material terms of the Certified Primary Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a Master Agreement[9], events of default, termination events and any amendment to the standard terms of the Master Agreement relating to the calculation of termination amounts (and, for greater certainty, it shall not be necessary to set out the terms of any trade confirmation);

(b) a statement to the effect that: (i) the Certified Primary Obligation to be incurred (1) will arise under terms and conditions that are Substantially in the Form of the Reference Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and

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favour of OPG and does not involve the other parties to the Protection Agreement and so we are comfortable including it here only. However, we do not have an issue with putting an equivalent clause in the Protection Agreement if that is preferable from your perspective.

[8] The Process Certificate conforms to the certificate delivered under the Change of Law Protection Agreement including the changes to ensure that the Process Certificate is only provided here when a concurrent certificate is required to be delivered by OPG under the Protection Agreement. Without this consistency, the obligations can become confusing and the intent of the parties of when Primary Obligations are subject to the adherence conditions may not be clear.

[9] Since we agreed at our meeting that OPG only needs to provide a certificate under section 4.02 of the Change of Law Protection Agreement when they enter into a Master Agreement (and not the broader concept of the Derivative Agreement), we had to revise the language here to conform to what would be expected to be found in a Master Agreement.

(4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reference Documentation;

(c) a statement confirming that any disclosure made in respect of the Certified Primary Obligation (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to the Certified Primary Obligation) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement has been made available to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made;

(d) a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and

(e) confirmation that, at the time the Certified Primary Obligation is incurred, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Certified Primary Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the then applicable Protection Agreement Maximum; for clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be determined on the date the Process Certificate is delivered hereunder in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

3.02 Acknowledgement[10]

The Province acknowledges and agrees that, concurrent with the delivery of the Process Certificate pursuant to Section 3.01 of this Agreement, the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) are authorized to deliver the certificate referred to in Subsection **[4.02(b)]** of the Change of Law Protection Agreement to the Indenture Trustee confirming that OPG has delivered all required

[10] OPG needs certainty on the conditions in which it is permitted to deliver the certificate under the Change of Law adherence conditions.

certifications to the Province in connection with the incurrence of the Certified Primary Obligations in respect of which the certificate in Subsection **[4.02(b)]** of the Change of Law Protection Agreement is being delivered; provided that, upon receipt of a Suspension Notice under the Change of Law Protection Agreement, OPG covenants not to deliver any further certificates to the Indenture Trustee under Subsection **[4.02(b)]** of the Change of Law Protection Agreement other than in connection with a Refinancing.[11]

3.03 Meaning of "Reference Documentation"

For the purposes of Subsection 3.01(b), the term "Reference Documentation" shall mean each Transaction Document (including any change, addition or supplement thereto) that, at the relevant time:

(a) is a Transaction Document provided to, and not objected to by, the Province prior to the making of this Agreement, as contemplated in the fifth recital to this Agreement; or

(b) is a Transaction Document provided to the Province in accordance with Subsection 2.01(b) that has not been objected to by the Province, by delivery of an objection notice in writing delivered to OPG, within 10 Business Days after it is provided to the Province.

3.04 Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(b), the term "Substantially in the Form" shall mean:

(a) with respect to the Reference Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such Reference Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation, including regarding the timing of or circumstances under which related payments are or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that would affect the Province's rights of subrogation or assignment (including pursuant to **[Section 5.01 or Article VI]** of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation or upon the assumption of obligations in accordance with **[Article VI]** of the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any variable terms to be set forth in the proposed documents as are reasonably contemplated in the Reference Documentation, including the particular financial terms, rates and levels set forth in the proposed documents other than to the extent that the forms of Reference Documentation

[11] Since OPG receives a Suspension Notice under the Change of Law Protection Agreement, we removed the concept of such notice here other than to provide the covenant above.

themselves specify specific requirements, limitations or parameters with respect to such financial terms, rates, levels and parameters; and

(b) with respect to the Reference Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum[12]

(a) Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Approved Obligations that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast shall be further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum, which may not exceed such Forecast.

(b) Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of any further Forecast and notice of the revised Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province may disagree with such further Forecast or revised Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or such further Forecast, (ii) the further Forecast is inconsistent with the Financing Plan, or (iii) the revised Protection Agreement Maximum is more than the further Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the revised Protection Agreement Maximum will be further revised accordingly and confirmed by an amended notice to the Province.

[12] Per an earlier footnote, the items in previous draft (a) and (b) were moved to the recitals.

(c) For clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be valued at the time to be determined for the purposes of this Section 4.01 in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of OPG

OPG represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, may cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario and has the power and authority to enter into and perform its obligations under this Agreement and all instruments and agreements delivered pursuant hereto.

(c) OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Financing Entity or in the ability of the Financing Entity to perform its obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

5.02 Representations and Warranties of the Province

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
PROCESS FOR ELECTION TO ASSUME APPROVED OBLIGATIONS[13]

6.01 Election by the Province

Pursuant to Section 6.01 of the Change of Law Protection Agreement, at any time following the occurrence of a Protection Event, the Province may (but shall not be obligated) elect to assume the Financing Entity's obligations in respect of all Obligations Secured permitted to be assumed by their terms as obligor and debtor by giving notice to the Indenture Trustee. Prior to determining whether or not to exercise its election, the Province may deliver to OPG a notice in the form of Exhibit "D" (an "**Election Information Notice**"). The Election Information Notice shall, among other things, specify the date or dates on which the Province proposes to assume the Obligations Secured referred to in this Section 6.01, which date or dates shall be no earlier than 60 days[14] following delivery of the Election Information Notice to OPG (with respect to each such Obligation Secured, the "**Proposed Assumption Date**").

6.02 Details regarding Obligations Secured

Within 10 Business Days following the delivery of the Election Information Notice to OPG, OPG shall provide the following information and documentation to the Province:

(a) a summary of the amounts that will be owing under the Obligations Secured referred to in Section 6.01 as of the Proposed Assumption Date, together with a detailed schedule setting out the dates on which such amounts will become due and payable under such Obligations Secured;

(b) a summary of the rights arising under the Obligations Secured referred to in Section 6.01 that permit the Province to assume such Obligations Secured, including details regarding any conditions precedent to such assignment and the related assumption becoming effective and any notices, filings, consents or other actions that will be required in order to implement and effect such assignment and assumption;

(c) current versions of all documentation under which the Obligations Secured referred to in Section 6.01 arise;

[13] Please see Torys' cover email to explain changes made in this Article and the related Article in the Protection Agreement. Section 6.05 was deleted and moved up as a covenant in section 2.02(a)(v)(D).

[14] This process will take time and require appropriate notice to holders of the applicable Obligations Secured.

(d) copies of all correspondence exchanged between OPG, as the FSM, or the Financing Entity, on the one hand, and any Specified Creditor, Rating Agency or the Indenture Trustee, on the other hand, in each case that may reasonably be considered to be material to the assumption and performance of the Obligations Secured referred to in Section 6.01 by the Province; and

(e) all income tax returns and assessments, financial statements and notices of proceedings of or pertaining to the Financing Entity or its business and any documentation related thereto, including any pleadings, appeals, objections, qualifications or other similar materials in respect of the Financing Entity or any Program Agreement.

6.03 Settlement of Terms

Following receipt and consideration by the Province of the information and documentation to be provided under Section 6.02, the Province shall confirm in writing whether or not it expects to proceed with the assignment and assumption of the Obligations Secured referred to in Section 6.01 and, if it will be proceeding with the assignment and assumption, the date on which the Province expects that assignment and assumption will be effected. If it will be proceeding with such assignment and assumption, the Province will deliver an Assumption Notice as contemplated under Section **[6.01]** of the Change of Law Protection Agreement. A decision not to proceed with an election at any time will not limit the Province from proceeding with an election at a later date, including by issuing a further Election Information Notice, and Article VI of this Agreement shall continue to apply unaffected.

6.04 Cooperation to Implement the Assignment and Assumption

OPG shall cooperate with the Province and, as FSM, shall use commercially reasonable efforts to cause the Financing Entity to cooperate, and shall use its commercially reasonable efforts, to complete the assignment and assumption of the Obligations Secured referred to in Section 6.01 by and from the Financing Entity to and by the Province, by the applicable Assumption Closing Date.

ARTICLE VII[15]
MISCELLANEOUS

7.01 Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

[15] Breach events not required to be listed since OPG receives a Suspension Notice under the Change of Law Protection Agreement. See also the proviso in section 3.02.

7.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to OPG:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

(b) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 7.02.

7.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 7.03 shall be null and void.

7.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

7.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

7.06 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

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

By: _____

Name:
Title:

By: _____

Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Conditions**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Approved Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Assumption Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.03.

"**Beneficiaries**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Breach Event**" means the occurrence of an event described in Section **[8.01(b) or (c)]** of the Change of Law Protection Agreement.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Certified Primary Obligations**" means Primary Obligations that are payment obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest or to repay payment obligations that were incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest,[16] (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not each individual trade confirmation, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and aggregate payments by the Financing Entity thereunder during the term of such contract is in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).[17]

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the FSM on behalf of the Financing Entity and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

---

[16] Query: For a warehouse facility, does the Province want a Certificate for each monthly draw?

[17] This concept reflects what Primary Obligations the parties agreed to be subject to the adherence conditions.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

"**Election Information Notice**" has the meaning ascribed thereto in Section 6.01.

"**Executive Officer**" has the meaning ascribed thereto in the *Securities Act* (Ontario).

"**Financing Entity**" means Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(a).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other

instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Indenture Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Initial Financing Plan**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Initial Forecast**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Initial Forecast Period**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Initial Protection Agreement Maximum**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

[18]

"**Limited Guarantee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Loan Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**Management Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Manager**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Master Agreement**" means an agreement in the form of a 1992 ISDA Master Agreement (Multi-Currency – Cross Border) as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

---

[18] Definition of Legislature not used here.

"**Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Proposed Assumption Date**" has the meaning ascribed thereto in Section 6.01.

"**Protection Agreement Maximum**" means the dollar amount referenced as the Program Agreement Maximum and determined in accordance with Article IV.

"**Protection Event**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture.

"**Reference Documentation**" has the meaning ascribed thereto in Section 3.03.

"**Repayment**" has the meaning ascribed to the term "repayment" in the General Regulation as of the date of this Agreement.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Substantially in the Form**" has the meaning ascribed thereto in Section 3.04.

"**Suspension Notice**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement; (vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the

Financing Entity; (ix) the form of schedule to a Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that affects the Province's subrogation rights and/or subrogee interests, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

EXHIBIT "A"
INITIAL REFERENCE DOCUMENTATION

- Declaration of Trust;
- Management Agreement;
- Master Transfer and Servicing Agreement;
- Acknowledgement and indemnity agreement dated as of [■], 2017 made by IESO in favour of the Indenture Trustee;
- Security agreement made by IESO in favour of the Financing Entity to secure certain of its obligations under the Master Transfer and Servicing Agreement;
- Trust Indenture;
- Term Senior Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;
- Term Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;
- Term Junior Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;
- Warehouse Senior Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;
- Warehouse Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;
- Warehouse Junior Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;
- Schedule to the ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time;
- Confidential shelf offering memorandum of the Financing Entity dated as of [■], 2017, including the term sheet incorporated by reference therein; and
- Agency agreement between the Financing Entity, CIBC World Markets Inc., RBC Dominion Securities Inc., Goldman Sachs Canada Inc. and the other agents named therein dated as of [■], 2017.

[NTD: List above to be confirmed.]

EXHIBIT "B"
INITIAL FINANCING PLAN

(see attached)

EXHIBIT "C"
INITIAL FORECAST

(see attached)

EXHIBIT "D"
FORM OF ELECTION INFORMATION NOTICE

[NTD: Blakes to provide draft.]

From:	Mike Manning on behalf of Ramchandani, Rima
To:	Ronald Kwan; LEE John -TREASURY; RYFA Ken -TREASURY; "HAHN PARKER Janet -TREASURY"; MAUTI John -FIN & C CTRL; LAURETA LAPIRA May -TREASURY; Mansoori, Nina; Feldman, Michael; WONG Leslie -LAWDIV; "Sebastiano, Rocco"; Milligan, Peter; Fullerton, Rick; Gadi Mayman; Mike Manning; Malle Hanslep (MOF); "ASHBOURNE, STEPHEN"; "ian.benaiah@rbccm.com"; "Khan, Nur (nur.khan@rbccm.com)"; "brent.r.taylor@rbccm.com"; "katrina.niehaus@gs.com"; "brian.delaney@gs.com"; Maciel, Andrew; Adalja, Sunil; Persad, Nicole; Persaud, Donnie - Debt Capital Markets
Cc:	Ken Kandeepan; LADAK Lubna -TREASURY; Anna Strathy; Veinot, Cindy (TBS); Tom McKinlay (MAG); Mark Donaldson (MOF)
Subject:	FW: UPDATED - Fair Hydro -- Change of Law Agreements
Start:	Tuesday, November 21, 2017 5:00:00 PM
End:	Tuesday, November 21, 2017 10:00:00 PM
Location:	Torys - 79 Wellington 33rd Floor

-----Original Appointment-----
From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: Wednesday, November 15, 2017 4:07 PM
To: Ramchandani, Rima; LEE John -TREASURY; RYFA Ken -TREASURY; 'HAHN PARKER Janet -TREASURY'; MAUTI John -FIN & C CTRL; LAURETA LAPIRA May -TREASURY; Mansoori, Nina; Feldman, Michael; WONG Leslie -LAWDIV; 'Sebastiano, Rocco'; Milligan, Peter; Fullerton, Rick; Gadi Mayman; Mike Manning; Malle Hanslep (MOF); 'ASHBOURNE, STEPHEN'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; Maciel, Andrew; Adalja, Sunil; Persad, Nicole; Persaud, Donnie - Debt Capital Markets
Cc: Ken Kandeepan; LADAK Lubna -TREASURY; Anna Strathy; Veinot, Cindy (TBS); Tom McKinlay (MAG); Mark Donaldson (MOF)
Subject: UPDATED - Fair Hydro -- Change of Law Agreements
When: Tuesday, November 21, 2017 5:00 PM-10:00 PM (UTC-05:00) Eastern Time (US & Canada).
Where: Torys - 79 Wellington 33rd Floor

For those unable to participate in person, here's the dial-in:

Dial-in: 1-800-600-0998
Access Code: 8657666#

This email and any attachments are for the sole use of the intended recipients and may be privileged or confidential. Any distribution, printing or other use by anyone else is prohibited. If you are not an intended recipient, please contact the sender immediately, and permanently delete this email and attachments.

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From:	Hanslep, Malle (MOF)
To:	Gadi Mayman; Mike Manning; Ken Kandeepan; Ronald Kwan; Anna Strathy; Daniel Cayley (ENERGY); Mark Donaldson (MOF); Veinot, Cindy (TBS); Mark Donaldson (MOF)
Cc:	Tobias P. Whitfield (MOF)
Subject:	FW: UPDATED - Fair Hydro -- Change of Law Agreements (Rating Agency Comments)
Date:	Friday, December 01, 2017 1:11:31 PM
Attachments:	DBRS Comments (Change of Law Protection Agreement).DOCX

Please see attached email from Torys setting out proposed responses to the DBRS comments for review.

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: December 1, 2017 1:00 PM
To: Hanslep, Malle (MOF)
Cc: Mansoori, Nina; Whitfield, Tobias P. (MOF); ASHBOURNE, STEPHEN; JON.VINER@blakes.com; JA.PRESTAGE@blakes.com; Milligan, Peter; Sebastiano, Rocco; Fullerton, Rick; Feldman, Michael; Saulnier, Brett; Thouin, Alena (ENERGY); McKinlay, Tom (MAG); LEE John -TREASURY; WONG Leslie -LAWDIV
Subject: RE: UPDATED - Fair Hydro -- Change of Law Agreements (Rating Agency Comments)

All, attached are draft responses to the DBRS questions on the Change of Law Protection Agreement prepared by Torys. The attached is being circulated to all parties for review concurrently. We prepared the attached responses based on the most recent drafts of the agreements circulated by Torys (as a reminder, Nina circulated revised drafts last Friday (Nov 24) and I sent around a few minor updates on Wednesday of this week).

In order to ensure we are continuing to advance the rating agency process at an appropriate pace to meet our end of year financing deadline, OPG would like to respond these questions **by no later than Monday**. As such, we would appreciate if Osler and Blakes/the Province could let us know as soon as possible (and by Monday) if they are comfortable with the attached responses or if they have any comments. I would note that a few of the draft responses depend on whether or not the Province has accepted the language as proposed by Torys/Osler in the most recent drafts circulated.

In addition, we would appreciate if the Province could advise when we should expect to see revised drafts of the Change of Law agreements – I understand that John Lee has discussed with the business folks and relayed that the documents will need to be circulated today in order to meet our deadlines.

Thanks,
Rima

Rima Ramchandani
P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

From: Ramchandani, Rima
Sent: November-29-17 8:29 PM
To: Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>
Cc: Mansoori, Nina <nmansoori@torys.com>; Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>; ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; JON.VINER@blakes.com; JA.PRESTAGE@blakes.com; Milligan, Peter <PMilligan@osler.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Fullerton, Rick <RFullerton@osler.com>; Feldman, Michael <mfeldman@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; LEE John -TREASURY <john.s.lee@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; Ramchandani, Rima <rramchandani@torys.com>
Subject: RE: UPDATED - Fair Hydro -- Change of Law Agreements (Rating Agency Comments)

Malle, Steve and Osler Team, attached are rating agency comments on the change of law protection agreement just received from DBRS. We are reviewing these concurrently but are circulating to all parties now in the interests of time (you will see that many of the comments are simply to provide notices to the rating agencies of certain events and there are also some questions about the subrogation mechanics that Blakes/Osler/Torys will need to consider).

Malle and Steve, I expect you previously received the comments communicated to the dealers from Moodys – for ease of reference, I am attaching those comments to this email as well.

Rima

P. 416.865.7666

From: Ramchandani, Rima
Sent: November-29-17 12:12 PM
To: Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>
Cc: Mansoori, Nina <nmansoori@torys.com>; Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>; ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; JON.VINER@blakes.com; JA.PRESTAGE@blakes.com; Milligan, Peter <PMilligan@osler.com>; Sebastiano, Rocco

<RSebastiano@osler.com>; Fullerton, Rick <RFullerton@osler.com>; Feldman, Michael <mfeldman@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; LEE John -TREASURY <john.s.lee@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>
Subject: RE: UPDATED - Fair Hydro -- Change of Law Agreements
Malle and Steve, we received a few minor comments from the indenture trustee on the Protection Agreement which are reflected in the attached blackline. We also updated the attached change of law agreements to reflect the following:

- Provide the correct cross-reference in the definition of "executive officers".
- Update the list of Initial Reference Documentation in Schedule A to the Process Agreement to remove the references to the term debt supplements, Master ISDA and OM (since the term deal is no longer closing this year, we are anticipating that those documents may not be finalized prior to execution of the change of law documents).
- A minor change to Section 3.01(e) of the Process Certificate provisions – as we were drafting the form of this certificate for OPG, we realized that the clause didn't work as drafted because it required OPG to make a forward-looking certification tied to a rolling Protection Agreement Maximum. Whenever certified primary obligations are incurred, OPG will certify that the principal payable under those certified primary obligations (together with all other principal repayments in respect of Approved Obligations as of that date) do not exceed the Protection Agreement Maximum at the time of incurrence.

Blacklines are to the versions Nina circulated on Friday. Happy to discuss if you have any questions.
Thanks,
Rima
Rima Ramchandani
P. 416.865.7666

From: Ramchandani, Rima
Sent: November-27-17 2:28 PM
To: Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>
Cc: Mansoori, Nina <nmansoori@torys.com>; Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>; ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; JON.VINER@blakes.com; JA.PRESTAGE@blakes.com; Milligan, Peter <PMilligan@osler.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Fullerton, Rick <RFullerton@osler.com>; Feldman, Michael <mfeldman@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; LEE John -TREASURY <john.s.lee@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>
Subject: Re: UPDATED - Fair Hydro -- Change of Law Agreements
Hi Malle, I appreciate there may have been more blacklining than you expected, but we didn't view the changes as deviating from our business discussion last week. From our perspective, the changes were mainly clean up in nature and we tried to include explanatory footnotes to the revisions so you understood our rationale for the changes. The only point we think we need to discuss is how the assumption is intended to work given that we understand the Province is no longer requiring a right to exchange the Fair Hydro bonds with Provincial bonds — this wasn't a point we discussed in any detail in our meeting so I think we we need to just talk through how we think this would work and then address in the docs as appropriate.
We are on standby and will make ourselves available to discuss at your convenience.
Thanks,
Rima
Sent from my iPhone

On Nov 27, 2017, at 1:55 PM, Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca> wrote:

> Hi Rima,
>
> Unfortunately we can't set a time yet as the review is taking longer and more client consultation will be required because there were so many revisions made that were outside the discussion of business points on Tuesday.
>
> Malle
>
> -----Original Message-----

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: November 27, 2017 1:49 PM
To: Hanslep, Malle (MOF); Mansoori, Nina; Whitfield, Tobias P. (MOF); 'ASHBOURNE, STEPHEN'; 'JON.VINER@blakes.com'; 'JA.PRESTAGE@blakes.com'; 'Milligan, Peter'; 'Sebastiano, Rocco'; 'Fullerton, Rick'
Cc: Feldman, Michael; Saulnier, Brett; Thouin, Alena (ENERGY); McKinlay, Tom (MAG); LEE John -TREASURY; 'WONG Leslie -LAWDIV'
Subject: RE: UPDATED - Fair Hydro -- Change of Law Agreements

Hi Malle, just checking in to see if you think we will need to block off some time to discuss the change of law agreements tomorrow or whether you think we will be able to settle the drafts without a call? -- Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

Torys LLP
79 Wellington St. W., 30th Floor, Box 270, TD South Tower Toronto, Ontario M5K 1N2 Canada | www.torys.com[torys.com]

-----Original Message-----
From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: November-24-17 4:33 PM
To: Mansoori, Nina <nmansoori@torys.com>; Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>; 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>; 'JON.VINER@blakes.com' <JON.VINER@blakes.com>; 'JA.PRESTAGE@blakes.com' <JA.PRESTAGE@blakes.com>; 'Milligan, Peter' <PMilligan@osler.com>; 'Sebastiano, Rocco' <RSebastiano@osler.com>; 'Fullerton, Rick' <RFullerton@osler.com>
Cc: Ramchandani, Rima <rramchandani@torys.com>; Feldman, Michael <mfeldman@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>
Subject: Re: UPDATED - Fair Hydro -- Change of Law Agreements

Hi Nina

I'm not sure that this timeframe is doable as we have to review and consult with clients before having this call . I think Tuesday is probably more reasonable to give us time to review the draft that we received late this afternoon coming out of comments at a meeting last Tuesday evening

Thanks

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.
From: Mansoori, Nina
Sent: Friday, November 24, 2017 15:58
To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); 'ASHBOURNE, STEPHEN'; 'JON.VINER@blakes.com'; 'JA.PRESTAGE@blakes.com'; 'Milligan, Peter'; 'Sebastiano, Rocco'; 'Fullerton, Rick'
Cc: Ramchandani, Rima; Feldman, Michael; Saulnier, Brett
Subject: RE: UPDATED - Fair Hydro -- Change of Law Agreements

Provincial legal/Blakes/Oslers teams,

As a follow up to my email below and given the challenges with all our schedules, we thought it prudent to block off some time on Monday to discuss the revised Change of Law Agreements. I can confirm that Torys is available for a call between 9:30 am and 2 pm on Monday. Please let us know what times work for you in that window and we will circulate a dial-in.

Best Regards,
Nina

Nina Mansoori

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679
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[Torys LLP]<http://www.torys.com[torys.com]>

From: Mansoori, Nina
Sent: November-24-17 2:15 PM
To: 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>; 'JON.VINER@blakes.com' <JON.VINER@blakes.com>; 'JA.PRESTAGE@blakes.com' <JA.PRESTAGE@blakes.com>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca>; Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca) <Daniel.Cayley@ontario.ca>; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca) <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; MAUTI John -FIN & C CTRL <john.mauti@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; 'Sebastiano, Rocco' <RSebastiano@osler.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; Maciel, Andrew <Andrew.Maciel@cibc.com>; Adalja, Sunil <Sunil.Adalja@cibc.com>; Persad, Nicole <Nicole.Persad@cibc.com>; Persaud, Donnie - Debt Capital Markets <Donnie.Persaud@cibc.com>; Steen Hume (CAB) <Steen.Hume@ontario.ca>
Subject: RE: UPDATED - Fair Hydro -- Change of Law Agreements

All – apologies, my email below did not have a blackline for the Process Agreement. It is attached. Thank you.

Nina Mansoori

From: Mansoori, Nina
Sent: November-24-17 2:04 PM
To: 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com<mailto:STEPHEN.ASHBOURNE@blakes.com>>; 'JON.VINER@blakes.com' <JON.VINER@blakes.com<mailto:JON.VINER@blakes.com>>; 'JA.PRESTAGE@blakes.com' <JA.PRESTAGE@blakes.com<mailto:JA.PRESTAGE@blakes.com>>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Veinot, Cindy (TBS)

<Cindy.Veinot@ontario.ca<mailto:Cindy.Veinot@ontario.ca>>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca<mailto:Tom.McKinlay@ontario.ca>>; Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca<mailto:Mark.Donaldson@ontario.ca>>; Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca<mailto:Daniel.Cayley@ontario.ca>) <Daniel.Cayley@ontario.ca<mailto:Daniel.Cayley@ontario.ca>>; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>) <Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>; Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com>>; LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>; MAUTI John -FIN & C CTRL <john.mauti@opg.com<mailto:john.mauti@opg.com>>; LAURETA LAPIRA May - TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; 'Sebastiano, Rocco' <RSebastiano@osler.com<mailto:RSebastiano@osler.com>>; Milligan, Peter <PMilligan@osler.com<mailto:PMilligan@osler.com>>; Fullerton, Rick <RFullerton@osler.com<mailto:RFullerton@osler.com>>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca<mailto:Gadi.Mayman@ofina.on.ca>>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com<mailto:ian.benaiah@rbccm.com>>; 'Khan, Nur (nur.khan@rbccm.com<mailto:nur.khan@rbccm.com>)' <nur.khan@rbccm.com<mailto:nur.khan@rbccm.com>>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com<mailto:brent.r.taylor@rbccm.com>>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com<mailto:katrina.niehaus@gs.com>>; 'brian.delaney@gs.com' <brian.delaney@gs.com<mailto:brian.delaney@gs.com>>; Maciel, Andrew <Andrew.Maciel@cibc.com<mailto:Andrew.Maciel@cibc.com>>; Adalja, Sunil <Sunil.Adalja@cibc.com<mailto:Sunil.Adalja@cibc.com>>; Persad, Nicole <Nicole.Persad@cibc.com<mailto:Nicole.Persad@cibc.com>>; Persaud, Donnie - Debt Capital Markets <Donnie.Persaud@cibc.com<mailto:Donnie.Persaud@cibc.com>>; Steen Hume (CAB) <Steen.Hume@ontario.ca<mailto:Steen.Hume@ontario.ca>>; Mansoori, Nina <nmansoori@torys.com<mailto:nmansoori@torys.com>>
Subject: RE: UPDATED - Fair Hydro -- Change of Law Agreements

Blakes team,

Please find attached consolidated comments from the dealers and OPG (and their counsels) on the draft documents circulated below. These changes are drafting changes and clean up changes that reflect our discussions from earlier this week where we addressed all the open business points. Where we changed a concept or revised the drafting, we provided an explanation in the footnote to assist in your review.

The one substantive point we think requires further discussion is on the assumption mechanics; we understand that the Province is no longer seeking an exchange right. Once you have digested these new drafts, we'd like to schedule a lawyers call early next week to finalize them.

Best Regards,
Nina

Nina Mansoori

P. 416.865.7332

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: November-21-17 5:17 PM
To: Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com>>; LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>; RYFA Ken -

TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; 'HAHN PARKER Janet - TREASURY' <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>; MAUTI John -FIN & C CTRL <john.mauti@opg.com<mailto:john.mauti@opg.com>>; LAURETA LAPIRA May - TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; Mansoori, Nina <nmansoori@torys.com<mailto:nmansoori@torys.com>>; Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; 'Sebastiano, Rocco' <RSebastiano@osler.com<mailto:RSebastiano@osler.com>>; Milligan, Peter <PMilligan@osler.com<mailto:PMilligan@osler.com>>; Fullerton, Rick <RFullerton@osler.com<mailto:RFullerton@osler.com>>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca<mailto:Gadi.Mayman@ofina.on.ca>>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com<mailto:ian.benaiah@rbccm.com>>; 'Khan, Nur (nur.khan@rbccm.com<mailto:nur.khan@rbccm.com>)' <nur.khan@rbccm.com<mailto:nur.khan@rbccm.com>>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com<mailto:brent.r.taylor@rbccm.com>>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com<mailto:katrina.niehaus@gs.com>>; 'brian.delaney@gs.com' <brian.delaney@gs.com<mailto:brian.delaney@gs.com>>; Maciel, Andrew <Andrew.Maciel@cibc.com<mailto:Andrew.Maciel@cibc.com>>; Adalja, Sunil <Sunil.Adalja@cibc.com<mailto:Sunil.Adalja@cibc.com>>; Persad, Nicole <Nicole.Persad@cibc.com<mailto:Nicole.Persad@cibc.com>>; Persaud, Donnie - Debt Capital Markets <Donnie.Persaud@cibc.com<mailto:Donnie.Persaud@cibc.com>>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca<mailto:Cindy.Veinot@ontario.ca>>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca<mailto:Tom.McKinlay@ontario.ca>>; Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca<mailto:Mark.Donaldson@ontario.ca>>; Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca<mailto:Daniel.Cayley@ontario.ca>) <Daniel.Cayley@ontario.ca<mailto:Daniel.Cayley@ontario.ca>>; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>) <Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>; Steen Hume (CAB) <Steen.Hume@ontario.ca<mailto:Steen.Hume@ontario.ca>>
Subject: RE: UPDATED - Fair Hydro -- Change of Law Agreements

Hi Rima. Here are my mark-ups of the agreements Torys circulated yesterday afternoon. These versions have not been reviewed by the Province, but are being circulated to this group to facilitate a discussion shortly at your office. They are/remain subject to Province input, etc. We propose to gather at your office at 5:45, if that makes sense to you. Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com>
Dir: 416-863-3086

-----Original Appointment-----
From: bwood@torys.com<mailto:bwood@torys.com> [mailto:bwood@torys.com] On Behalf Of Ramchandani, Rima
Sent: Tuesday, November 21, 2017 3:43 PM
To: Ramchandani, Rima; LEE John -TREASURY; RYFA Ken -TREASURY; 'HAHN PARKER Janet -TREASURY'; MAUTI John -FIN & C CTRL; LAURETA LAPIRA May -TREASURY; Mansoori, Nina; Feldman, Michael; WONG Leslie -LAWDIV; 'Sebastiano, Rocco'; Milligan, Peter; Fullerton, Rick; Mayman, Gadi (OFA); Manning, Mike (OFA); Hanslep, Malle (MOF); ASHBOURNE, STEPHEN; 'ian.benaiah@rbccm.com'; 'Khan, Nur

(nur.khan@rbccm.com<mailto:nur.khan@rbccm.com>)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; Maciel, Andrew; Adalja, Sunil; Persad, Nicole; Persaud, Donnie - Debt Capital Markets
Cc: Ken Kandeepan; LADAK Lubna -TREASURY; Anna Strathy; Veinot, Cindy (TBS); McKinlay, Tom (MAG); Donaldson, Mark (TBS)
Subject: UPDATED - Fair Hydro -- Change of Law Agreements
When: Tuesday, November 21, 2017 5:00 PM-9:00 PM (UTC-05:00) Eastern Time (US & Canada).
Where: Torys - 79 Wellington 33rd Floor

For those unable to participate in person, here's the dial-in:

Dial-in: 1-800-600-0998
Access Code: 8657666#

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_____

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DBRS Comments on Change of Law Protection Agreement

Below are DBRS comments on the draft Change of Law Protection Agreement sent to DBRS on November 22. Our responses are noted below each comment.

(1) Will there be a legal opinion addressing the binding nature and enforceability of the Protection Agreement on its terms?

> ***Torys Response***: Yes, legal opinions regarding the enforceability of the Change of Law Protection Agreement will be delivered on closing (subject to customary limitations for enforceability opinions delivered in respect of contracts executed by the Province).

(2) Section 1.15: DBRS expects any material amendment or material waiver to the agreement to be subject to a RAC and prompt notice of any other amendments/waivers/consents.

> ***Torys Response***: We will make these changes.

(3) Section 2.01: Please provide DBRS prompt written notice of a Protection Event.

> ***Torys Response***: We will make this change.

(4) Section 2.01 (a): "Payment Date" is not defined in this Agreement. Is the reference to the Guarantee Payment Date?

> ***Torys Response***: This was a typo. The reference to "Payment Date" will be changed to "Guarantee Payment Date".

(5) Section 2.01 (a)(iv)(ii): Subrogated Amounts: this calculation is confusing and seems to missing the next prong "y". Is the subrogated amount the amount that has been actually paid to the Beneficiary by the Province in relation to the amounts payable from amounts available?

> ***Torys Response***: This will be revised to refer to the lesser of (x) and (y).

(6) To the extent the amounts paid by the Province into the Protection Account exceed the amounts payable to Beneficiary from amounts available – is that excess the subrogation amount or is that excess just returned to the Province?

> ***Torys Response***: Any excess amount would be returned to the Province.

(7) As a general comment: With respect to subrogation amounts owing to the Province - the Province seems to maintain a subrogated claim against the Financing Entity that has the same ranking as the Beneficiary obligation that has been paid by the Province and that subrogated claim is to be paid on the same date the amounts on deposit in the Protection Account are paid to the Beneficiary (i.e. the Province's subrogated claim becomes a Specified Creditor under the Trust Indenture and potentially ranks in priority or pari passu to all other securityholders claims depending on applicable Beneficiary's obligation's respective ranking within the trust indenture waterfall). How will this subrogated claim be satisfied – from what resources? Why has the right

of subrogation of the guarantor (the Province) not been postponed until after all the rated obligations have been paid in full?

> ***Torys Response***: Prior to a Protection Event, payments owing to Specified Creditors are satisfied through collection of the Clean Energy Adjustment amounts. Upon the occurrence of a Protection Event and delivery of a Payment Demand, the Province will be required to make all payments under Approved Obligations (i.e. Specified Creditors will be looking to the Province to make payments when due, instead of relying on the collection of Clean Energy Adjustment amounts). However, notwithstanding the occurrence of a Protection Event triggering the Limited Guarantee, the Fair Hydro program may remain in place and Clean Energy Adjustments may continue to be billed and collected. In such a circumstance, while the Province will be required to make payments under all Approved Obligations as they come due, the Province (in place of Specified Creditors) would be entitled to receive any Clean Energy Adjustment amounts that are billed and collected i.e. the Clean Energy Adjustment amounts constitute the Subrogated Amounts.

(8) Section 4.02: Adherence Obligations: With respect to Funding Obligations under a certain amount that do not need to meet the Adherence Conditions, what would those Funding Obligations consist of? Are these limited amounts still treated as Primary Obligations pursuant to which the guarantee obligation applies?

> ***Torys Response***: All Funding Obligations (and all other finance amounts) constitute Primary Obligations pursuant to which the Change of Law Protection Agreement applies; however, there is a subset of Funding Obligations for which the Adherence Conditions must be satisfied.
>
> The Agreement will be revised to make clear that there are no Adherence Conditions applicable to Funding Obligations that are not "Certified Primary Obligations". "Certified Primary Obligations" will mean Primary Obligations that are payment obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest or to repay payment obligations that were incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest, (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not each individual trade confirmation, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and aggregate payments by the Financing Entity thereunder during the term of such contract is in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).

(9) Section 4.03: Is 4.02(b)(x) a typo? There is no "x" in 4.02(b)?

> ***Torys Response***: This is a typo and will be corrected.

(10) Section 5.01 (a): As per the question above on section 2.01(a)(iv)(ii), please clarify how the Subrogation Amount is calculated (if not based on the actual amount paid by the Province in respect of amounts payable).

> ***Torys Response***: Please see response to question (7) above.

(11) Section 6.01: Why is it at the Province's election to provide the Indenture Trustee notice of the Province's election to assume the Financing Entity's Obligations Secured? Under what circumstances would the Province decide not to provide the Indenture Trustee notice of its election to assume? In any event, DBRS expects to receive prompt written notice of an election to assume and copy of any such Assumption Notice.

> ***Torys Response***: As described in response to question (7), upon the occurrence of a Protection Event and delivery of a Payment Demand, the Limited Guarantee is triggered and the Province is obligated to make all payments in respect of Approved Obligations. However, notwithstanding the Limited Guarantee taking effect, the Financing Entity will continue to exist and the entire program structure may stay in place (and Clean Energy Adjustment amounts may continue to be billed and collected). The assumption right of the Province has been included to provide the Province with the flexibility to wind-up the Financing Entity and dismantle the program by assuming all of the Obligations Secured. In either case, following the occurrence of a Protection Event, the Province will be obligated to make all payments in respect of Approved Obligations.
>
> We will add a rating agency notice requirement and a covenant to deliver to the rating agencies a copy of the Assumption Notice as requested.

(12) Section 6.04: How long can the Interim Period be in effect during the implementation and completion of the assumption terms? Are the securityholders and Indenture Trustee stayed from accelerating and enforcing if there is an Event of Default under the rated notes during the Interim Period? Are there any other restrictions on the SPV Financing Entity and/or the securityholders during the Interim Period?

> ***Torys Response***: The details of any assignment and assumption by the Province will be addressed in the supplemental indenture relating to a particular issuance of Funding Obligations. Securityholders and the Indenture Trustee will not be stayed from accelerating and enforcing if there is an Event of Default under the rated notes during the interim period.
>
> While there are no restrictions on the Financing Entity during the interim period, under a process agreement between OPG and the Province, after the occurrence of any Protection Event, OPG has agreed that it shall not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.

(13) Section 8.01: Under this section the Province may declare at any time for any reason that the guarantee shall not apply to any Obligation Secured incurred on after the date of such declaration (other than the refinancing of a previously incurred funding obligation) by delivering a "Suspension Notice" to the Indenture Trustee/OPG/SPV.

Please provide DBRS with prompt written notice of any such Suspension Notice.

> ***Torys Response***: We will make this change.

Please confirm how the Suspension Notice would apply with respect to refinancing, increases or issuances up the program limits under the Warehouse Supplement. For example if a suspension notice is issued does the suspension apply to any issuance of notes for the purposes of refinancing outstanding ABCP? Or does this type of refinancing fall within the carve-out from a suspension notice, "Refinancing of a Primary Obligation" noted in this section 8.01?" Further, will issuances after the Suspension Notice but up to the program limit or already permitted increases be subject to a Suspension Notice?

> ***Torys Response***: Any debt issued on a refinancing of a Primary Obligation in respect of which the Adherence Conditions had been satisfied prior to delivery of the Suspension Notice (which will include the debt issuable under the Warehouse Supplement) will continue to have the benefit of the Limited Guarantee following the delivery of the Suspension Notice. In other words, any debt issued on the refinancing of "protected debt" will continue to be "protected debt" following the Suspension Notice. Except for refinancing of protected debt, no other Primary Obligations incurred after the delivery of a Suspension Notice will have the benefit of the Limited Guarantee.

(16) Section 8.03: Please provide DBRS with prompt written notice of any such Termination Notice.

> ***Torys Response***: We will make this change.

(17) Section 9.03: Please provide DBRS with prompt written notice of any assignment.

> ***Torys Response***: We will make this change.

(18) Definitions: Approved Obligation Amount (subsection (b)): Where an acceleration has occurred, how will this calculation address circumstances under which the CEA is no longer able to be charged or collected? Where amounts that would be available to be paid is compromised in some way and acceleration has occurred, could the Approved Obligation Amount be nil?

> ***Torys Response***: Subsection (b) of the definition of an Approved Obligation Amount provides that this amount is to be determined on the assumption that the amount available for allocation to Specified Creditors is equal to the estimated finance amount determined in respect of such reference period divided by the number of months in the reference period. In other words, the amount payable under the Limited Guarantee following a Protection Event would be determined in the same way that the amount payable through CEA collections would have been determined prior to the Protection Event. The

Approved Obligation Amount is by definition a positive amount payable in respect of an Approved Obligation and could therefore not be a nil amount.

From: Anna Strathy
To: Ken Kandeepan; Malle Hanslep (MOF)
Cc: Ronald Kwan; Gadi Mayman; Usman Zahid; Tobias P. Whitfield (MOF); Mike Manning
Subject: FW: Urgent Request: Status Update- Provincial Guarantee Agreement related to OFHP
Date: Tuesday, November 21, 2017 9:36:22 AM
Importance: High

Hi Ken, Malle,
CO is asking for a few bullets on the status of the provincial guarantee and any issues/concerns – for their internal briefing purposes only. **Request is for 10am.**
Could you please provide a few bullets on the status and issues?
Thanks, Anna

From: Tekle, Jonathan (MOF) [mailto:Jonathan.Tekle@ontario.ca]
Sent: Tuesday, November 21, 2017 9:29 AM
To: Anna Strathy
Cc: David McLean (MOF)
Subject: FW: Urgent Request: Status Update- Provincial Guarantee Agreement related to OFHP
Importance: High

Hi Anna,
Can you flag this for Gadi and legal? We need to pull together a few bullets for CO on status\issues.
See below. Please let me know if there are any issues.
Thanks,
Jonathan

From: Tekle, Jonathan (MOF)
Sent: November 21, 2017 9:27 AM
To: Johnson, Maureen (CAB)
Cc: McLean, David (MOF); Rankin, Christine (CAB)
Subject: RE: Urgent Request: Status Update- Provincial Guarantee Agreement related to OFHP

Hi Maureen,
Welcome! I just need to circle back with OFA and Legal as there have been on-going conversations daily on this. Will send asap.
Looking forward to working with you as well. We'll have to find time for a coffee when you're all settled.
Cheers,
Jonathan

From: Johnson, Maureen (CAB)
Sent: November 21, 2017 9:18 AM
To: Tekle, Jonathan (MOF)
Cc: McLean, David (MOF); Rankin, Christine (CAB)
Subject: Urgent Request: Status Update- Provincial Guarantee Agreement related to OFHP
Importance: High

Hi Jonathan,
I'm the new CO advisor for MOF (everything except cannabis). Looking forward to working with you.
Would it be possible to get a brief status update on the Provincial Guarantee Agreement related to Ontario's Fair Hydro Plan by 10 am? A few bullets on current

status and any issues or concerns would be appreciated.
Thank you,
Maureen

From:	John Kim
To:	Tobias P. Whitfield (MOF)
Cc:	Malle Hanslep (MOF); Mike Manning; Ken Kandeepan
Subject:	FW: protection agreement
Date:	Thursday, December 07, 2017 1:38:49 PM

Hi Toby,

Would you know what Tim is referring to?

Thanks,

John

From: Christie, Tim (ENERGY) [mailto:Tim.Christie@ontario.ca]

Sent: Thursday, December 07, 2017 1:23 PM

To: John Kim

Subject: protection agreement

John, have you seen the proposed change to the protection agreement dealing with the swap settlement? Wondering what the OFA's comments are on this provision.
Tim

From:	ASHBOURNE, STEPHEN
To:	Mike Manning; Malle Hanslep (MOF); Tobias P. Whitfield (MOF); Tom McKinlay (MAG); Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)
Cc:	Gadi Mayman
Subject:	FYI
Date:	Monday, December 11, 2017 9:27:37 AM

Just to keep you in the loop:
John Lee just called to confirm a technical issue regarding the Legislation. His question was: if OPG can't refinance the warehouse, will the debt becoming due be chargeable to the hydro customers as CEAs? With a couple of technical caveats, I said yes. It appears that the dealers' counsel may have been thinking otherwise. John said that the charge to customers, if the entire warehouse was to be charged through CEAs in a period, would be less than 8% of their hydro bills – so not so large as to make the pass-through to CEAs untenable for the rating agencies.
We also spoke more broadly about the dealers' concern that they could get stuck holding the warehouse long-term, if the Province acted unreasonably by objecting to then market terms for a proposed refinancing. I explained the wide scope OPG would have in that circumstance, including to jack up interest rates to attract investors based on then applicable market terms (i.e., within the "substantially in the form" context of then "reviewed documentation", the Province would be bound under the Limited Guarantee – even if interest rates were substantially higher in order to clear the market).
He also asked me what is the problem with the proposed rating-based "clarification" in order to objectify the "materially and adversely" language in the Protection Event definition. I said I thought the Province did not want to tie anything like that to the actions of rating agencies.
Hope that all makes sense.
Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

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From:	Saulnier, Brett
To:	Ken Kandeepan; Malle Hanslep (MOF); Tobias P. Whitfield (MOF); Anna Strathy; Mark Donaldson (MOF); Mike Manning; John Psinas; dup-john.s.lee@opg.com; "ken.ryfa@opg.com"; WONG Leslie -LAWDIV; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; Sebastiano, Rocco; Fullerton, Rick; Milligan, Peter; "Benaiah, Ian"; "Khan, Nur (nur.khan@rbccm.com)"; Taylor, Brent R; ""Niehaus, Katrina" (Katrina.Niehaus@gs.com)"; "Delaney, Brian (Brian.Delaney@gs.com)"; tejal.wadhwani@gs.com; Conner, Robbin; Maciel, Andrew; Persaud, Donnie - Debt Capital Markets; Adalja, Sunil; ASHBOURNE, STEPHEN; PRESTAGE, JA; VINER, JON; PALMER, AARON
Cc:	Feldman, Michael; Ramchandani, Rima; Mansoori, Nina
Subject:	Fair Hydro - Change of Law - Protection and Process Agreements
Date:	Wednesday, December 13, 2017 7:35:01 PM
Attachments:	Changed Pages - Protection Agreement.pdf Changed Pages - Process Agreement.pdf _Fair Hydro -- Change of Law Process Agreement.DOCX _Fair Hydro -- Change of Law Protection Agreement.DOCX

All,
Attached are revised drafts of the Protection Agreement and Process Agreement, including blacklines of the changed pages, reflecting minor clarifications and cleanups, including a comment from Moody's on the definition of "Protection Event".
We note that there may be additional comments from the rating agencies to follow. We understand the attached documents will be circulated to the rating agencies this evening.
Thanks,
Brett
Brett Saulnier

P. 416.865.8148 | F. 416.865.7380 | 1.800.505.8679
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TORYS LLP [torys.com]

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HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

"**Beneficiary Payee**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Certified Primary Obligations**" means Primary Obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest, including any Refinancing, other than a Post-Suspension Refinancing or a Pre-Approved Refinancing, of such a Primary Obligation (for greater certainty, including, in the case of any Certified Primary Obligation permitting funding transactions pursuant to a Funding Obligation Agreement applicable to the Certified Primary Obligation, each individual borrowing or funding utilization thereunder), (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not any individual trade confirmation other than a trade confirmation that modifies or purports to override the express terms or conditions of the related Master Agreement, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and expected (as determined by the Manager, acting reasonably) aggregate payments by the Financing Entity thereunder during the term of such contract are or would be in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).

"**Change of Law Protection Agreement**" means this Agreement.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Executive Officer**" has the meaning ascribed to the term "executive officer" in National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators.

"Fair Allocation Amount" has the meaning ascribed to the term "fair allocation amount" in the Act as of the date of this Agreement.

"**Liens**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(a).

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity, as amended, supplemented, restated or otherwise modified from time to time.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Agreement**" means an agreement in the form of a Master Agreement as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, as amended, supplemented, restated or otherwise modified from time to time.

"**Material Effect**" means a material adverse effect on the obligations or the rights of the Province under the Limited Guarantee that relates to: (i) the timing of or circumstances under which Primary Obligations would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization) that, in each case, is inconsistent with the Fair Allocation Amount **or the terms of any previously provided Reference Documentation**; (ii) the appointment, obligations or duties of OPG as the Manager; (iii) the existence, powers or authority of the Financing Entity or the Financing Entity Trustee; (iv) the obligations of the Indenture Trustee to or in respect of the Province as a Specified Creditor; (v) the payment provisions and associated priorities set forth in the Trust Indenture; (vi) compliance by the FSM with the then applicable Financing Plan; (vii) compliance by the FSM or the Financing Entity with the Act or the General Regulation; or (viii) the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of this Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation.

"**Notes**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Payable Approved Amounts**" has the meaning ascribed thereto in 2.01(a).

"**Payment Date**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that (X) adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations **when due and payable**, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any Finance Reserve Account, Capital Account or collateral posting account applicable under a Derivative Agreement, (ii) the availability of any credit enhancement agreement to which the Financing Entity is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in any of clauses (i) to (v) of this paragraph (a), or (Y) adversely affects the enforceability of, or adversely changes, the terms and conditions of this Agreement or of any of the agreements under which Approved Obligations arise; or

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations **when due and payable** and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Approved Obligations that have become due and payable, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any Finance Reserve Account, Capital Account or collateral posting account applicable under a Derivative Agreement, (ii) the availability of any credit enhancement agreement to which the Financing Entity is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in paragraph (b).

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency Condition" in

Draft: December 13, 2017

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.

CHANGE OF LAW PROCESS AGREEMENT

Dated as of [■], 2017

SCHEDULE A
DEFINED TERMS

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Breach Event**" has the meaning ascribed thereto in Section 6.01.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the Financing Entity, OPG (as the FSM and the Manager) and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

"Fair Allocation Amount" has the meaning ascribed to the term "fair allocation amount" in the Act as of the date of this Agreement.

"**Financing Entity**" means Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(a).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**IESO Security Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**Initial Forecast**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Initial Forecast Period**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Initial Protection Agreement Maximum**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO.

"**Material Effect**" means a material adverse effect on the obligations or the rights of the Province under the Limited Guarantee, the Change of Law Protection Agreement or this Agreement that relates to: (i) the timing of or circumstances under which related payments would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization) that, in each case, is inconsistent with the Fair Allocation Amount **or the terms of any previously provided Reference Documentation**; (ii) the appointment, obligations or duties of OPG as the Manager; (iii) the existence, powers or authority of the Financing Entity or the Financing Entity Trustee; (iv) the obligations of the Indenture Trustee to or in respect of the Province as a Specified Creditor; (v) the payment provisions and associated priorities set forth in the Trust Indenture; (vi) compliance by the FSM with the then applicable Financing Plan; (vii) compliance by the FSM or the Financing Entity with the Act or the General Regulation; or (viii) the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation.

Draft: December 13, 2017

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.

CHANGE OF LAW PROCESS AGREEMENT

Dated as of [■], 2017

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**") is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.

Pursuant to a Declaration of Trust dated as of [■], 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the applicable Adherence Conditions.

Prior to entering into this Agreement, OPG provided the Province with the final forms of certain of the Transaction Documents, as described on Exhibit "A", and the Province has not objected to such forms and hereby confirms to OPG that such Transaction Documents will constitute "Reference Documentation" for purposes of this Agreement.

Prior to entering into this Agreement, OPG, as the FSM, provided the Minister of Energy, in compliance with the Act, with the initial Financing Plan, which includes the initial forecast (the "**Initial Forecast**") setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Obligations Secured to be incurred during the 24 month period from December 1, 2017 to November 30, 2019 (the "**Initial Forecast Period**"). Prior to entering into this Agreement, OPG provided the Province with the initial Protection Agreement Maximum (the "**Initial Protection Agreement Maximum**"). The Province has received the initial Financing Plan and has not disagreed with the Initial Forecast or the Initial Protection Agreement Maximum on the basis of an apparent inaccuracy in the Initial Forecast, an inconsistency between the Initial Forecast and the initial Financing Plan, or as a result of the Initial Protection Agreement Maximum being more than the Initial Forecast.

This Agreement sets out the obligations OPG has agreed to perform and assurances OPG has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the applicable Adherence Conditions have been satisfied and maintaining information related to the Program Agreements and the Approved Obligations.

All things necessary to make this Agreement a valid and legally binding agreement of OPG and the Province, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall"; the word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other

subdivisions of this Agreement as originally executed; the words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 <u>References to the Financing Entity</u>

For greater certainty, each reference to the Financing Entity shall be construed as a reference to the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 <u>Effect of Headings</u>

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.04 <u>Successors and Assigns</u>

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 <u>Severability</u>

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.06 <u>Governing Law</u>

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 <u>Proceedings Against the Crown Act</u>

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF OPG

2.01 Deliveries to the Province

(a) OPG shall promptly deliver to the Province a copy of any proposed change to or replacement of the Financing Plan.

(b) Not less than 10 Business Days, or such lesser period as the Province may agree to in writing, prior to:

(i) any proposed material change in the terms or conditions applicable to a Primary Obligation in a previously provided Transaction Document becoming effective or otherwise being used; provided, however, that a proposed change in particular financial terms, rates or levels shall not constitute a material change, and

(ii) any additional, supplemental or replacement Transaction Document becoming effective or otherwise being used,

OPG shall deliver to the Province a copy of such proposed change to the Transaction Document and any such additional, supplemental or replacement Transaction Document.

(c) Without limiting Subsection 2.01(b), and except as has previously been provided to the Province under Subsection 2.01(b), promptly following (i) any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor being made, (ii) any new, additional, supplemental or replacement instruments, documents, agreements or security being used or granted in connection with all or any part of the Approved Obligations, or (iii) any waiver, release, reconveyance, termination, abandonment, subordination, exchange, substitution, transfer, compound, compromise, liquidation or enforcement of all or any part of the Approved Obligations or any security or guarantee therefor being effected, OPG shall deliver to the Province a detailed description of such event and the reasons for it together with any related documents, agreements and instruments.

(d) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, OPG shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations (including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(e) Promptly upon request, OPG shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

2.02 <u>Covenants</u>

(a) OPG shall use commercially reasonable efforts to cause the Financing Entity to:

(i) punctually perform and observe all of the Financing Entity's obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not (unless waived in writing by the Province):

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement, replacement, waiver or consent could reasonably be considered to have a Material Effect; provided, however, that the foregoing does not apply to any supplement, amendment, modification, restatement, replacement, waiver or consent in respect of particular financial terms, rates or levels;

(B) extend, renew, compromise, novate, replace, suspend, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, liquidate or enforce the terms of all or any part of the Approved Obligations or any Collateral, if any such action could reasonably be considered to have a Material Effect; provided, however, that the foregoing does not apply to any such action taken in respect of particular financial terms, rates or levels; or

(C) permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired.

(b) If any action restricted pursuant to Section 2.02(a)(v) is reflected in a delivery required to be made by OPG to the Province pursuant to Section 2.01(b) and is not objected to by the Province under Section 3.04(b), the Province shall be

deemed to have waived its rights in respect of such action under Section 2.02(a)(v).

(c) OPG shall:

(i) comply, and shall use commercially reasonable efforts to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

(ii) punctually perform and observe all of its (including as the FSM and as Manager) obligations and agreements contained in the Program Agreements;

(iii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation; and

(iv) notify the Province of (1) the occurrence of any Breach Event and any Program Breach, in each case within 2 Business Days of any such occurrence, and (2) any event or circumstance known to OPG that with the passage of time or the giving of notice would be a Breach Event or a Program Breach, in each case within 1 Business Day of OPG first becoming aware of such event or circumstance; and

(v) after the occurrence of any Protection Event (or any event or circumstance known to OPG that with the passage of time or the giving of notice would be a Protection Event), not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.

(d) The Province and OPG acknowledge that their obligations to each other under the Indemnity Agreement between the Province and OPG dated June 1, 2017 (as amended, the "**Indemnity Agreement**") are not amended by this Agreement and continue in full force and effect, notwithstanding that this Agreement is entered into subsequent to the Indemnity Agreement.

(e) The Province and OPG acknowledge that their obligations to each other under the Indemnity Agreement are not amended by the Change of Law Protection Agreement and continue in full force and effect, notwithstanding that the Change of Law Protection Agreement was entered into subsequent to the Indemnity Agreement.

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate

OPG shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Province, on or before the incurrence or any amendment of a Funding Obligation, other than any Funding Obligation under which not more than $5,000,000 in the aggregate may become payable by the Financing Entity (provided that delivery may not be more than 5 Business Days before the incurrence or amendment of the Funding Obligation), setting out the following with respect to such Funding Obligation:

(a) the material terms of the Funding Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a Derivative Agreement, OPG's best estimate of the expected notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

(b) if an existing Funding Obligation is proposed to be amended, material details respecting such amendment, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

(c) a statement to the effect that: (i) the Funding Obligation to be incurred or amended (1) will arise under terms and conditions that are Substantially in the Form of the Reference Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reference Documentation;

(d) a statement confirming that any disclosure made in respect of the Funding Obligation (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to the Funding Obligation) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement has been made available to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made;

(e) a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and

(f) confirmation that, at the time the Funding Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Funding Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the Protection Agreement Maximum applicable on the date that the Process Certificate is delivered; for clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be determined on the date the Process Certificate is delivered hereunder in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

3.02 Acknowledgement regarding delivery of certificate under Change of Law Protection Agreement

The Province acknowledges and agrees that, concurrent with the delivery of the Process Certificate pursuant to Section 3.01 of this Agreement, the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) are authorized to deliver the certificate referred to in Subsection 4.02(a)(ii) of the Change of Law Protection Agreement to the Indenture Trustee confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with adherence of the Limited Guarantee to the incurrence of the Certified Primary Obligations in respect of which the certificate in Subsection 4.02(a)(ii) of the Change of Law Protection Agreement is being delivered; provided that, upon receipt of a Suspension Notice under the Change of Law Protection Agreement, OPG covenants not to deliver any further certificates to the Indenture Trustee under Subsection 4.02(a)(ii) of the Change of Law Protection Agreement.

3.03 Acknowledgement regarding delivery of Suspension Notice

The parties acknowledge and agree that the Province is entitled to deliver a Suspension Notice under Section 7.01 of the Change of Law Protection Agreement if a Program Breach or Breach Event has occurred. The Province agrees not to deliver a Suspension Notice pursuant to Section 7.01 of the Change of Law Protection Agreement unless a Program Breach or a Breach Event has occurred.

3.04 Meaning of "Reference Documentation"

For the purposes of Subsection 3.01(c), the term "Reference Documentation" shall mean each Transaction Document that, at the relevant time:

(a) is a Transaction Document listed on Exhibit "A"; or

(b) is a Transaction Document (including any amended or amended and restated Transaction Document) provided to the Province in accordance with Subsection 2.01(b) that has not been objected to by the Province, by delivery of an objection notice in writing delivered to OPG, within 10 Business Days after it is provided to the Province; provided that the Province (i) shall only be entitled to deliver an objection notice if the Transaction Document (including any amended or amended and restated Transaction Document) has a Material Effect and (ii) shall not be entitled to deliver an objection notice in respect of any Post-Suspension Refinancing.

3.05 Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(c), the term "Substantially in the Form" shall mean:

(a) with respect to the Reference Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such Reference Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation that could have a Material Effect; provided, however, that the foregoing does not apply to any particular financial terms, rates or levels; and

(b) with respect to the Reference Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum

(a) Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Obligations Secured that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Obligations Secured to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast

shall be further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum, which may not exceed such Forecast.

(b) Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of any further Forecast and notice of the revised Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province may disagree with such further Forecast or revised Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in such further Forecast, (ii) the further Forecast is inconsistent with the Financing Plan, or (iii) the revised Protection Agreement Maximum is more than the further Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the revised Protection Agreement Maximum will be further revised accordingly and confirmed by an amended notice to the Province.

(c) For clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be valued at the time to be determined for the purposes of this Section 4.01 in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of OPG

OPG represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, may cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario and has the power and authority to enter into and perform its obligations under this Agreement and all instruments and agreements delivered pursuant hereto.

(c) OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Financing Entity or in the ability of the Financing Entity to perform its obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

5.02 Representations and Warranties of the Province

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
BREACH EVENTS

6.01 Breach Events

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

(a) a default in the performance, or breach, by OPG of Section 2.01(b)(i), Section 2.02(b)(iv) or Section 3.01;

(b) a default in the performance, or breach, of any other covenants of OPG under this Agreement (excluding Section 2.01(b)(i), Section 2.02(b)(iv) and Section 3.01), which, if curable in a way such that the default or breach would not have or have had a Material Effect, is not so cured within thirty (30) days;

(c) any representation or warranty made by OPG in this Agreement, any certification made in a Process Certificate, or any certification made in a certificate contemplated by Subsection 4.02 of the Change of Law Protection Agreement, proves to be incorrect in a material respect on the date made and which, if curable in a way such that the incorrect representation or warranty may be remedied without any Material Effect having occurred as a result of the Province's reliance thereon, is not so cured within thirty (30) days; or

(d) OPG is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the Manager.

ARTICLE VII
MISCELLANEOUS

7.01 Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

7.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to OPG:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

(b) if to the Province:

Deputy Minister of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Deputy Ministry of Energy
[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 7.02.

7.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 7.03 shall be null and void.

7.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

7.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

7.06 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

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

By: _____

Name:
Title:

By: _____

Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Breach Event**" has the meaning ascribed thereto in Section 6.01.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the Financing Entity, OPG (as the FSM and the Manager) and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

"**Fair Allocation Amount**" has the meaning ascribed to the term "fair allocation amount" in the Act as of the date of this Agreement.

"**Financing Entity**" means Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(a).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**IESO Security Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**Initial Forecast**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Initial Forecast Period**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Initial Protection Agreement Maximum**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO.

"**Material Effect**" means a material adverse effect on the obligations or the rights of the Province under the Limited Guarantee, the Change of Law Protection Agreement or this Agreement that relates to: (i) the timing of or circumstances under which related payments would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization) that, in each case, is inconsistent with the Fair Allocation Amount or the terms of any previously provided Reference Documentation; (ii) the appointment, obligations or duties of OPG as the Manager; (iii) the existence, powers or authority of the Financing Entity or the Financing Entity Trustee; (iv) the obligations of the Indenture Trustee to or in respect of the Province as a Specified Creditor; (v) the payment provisions and associated priorities set forth in the Trust Indenture; (vi) compliance by the FSM with the then applicable Financing Plan; (vii) compliance by the FSM or the Financing Entity with the Act or the General Regulation; or (viii) the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Protection Agreement Maximum**" means the dollar amount referenced as the Program Agreement Maximum and determined in accordance with Section 4.01.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture.

"**Reference Documentation**" has the meaning ascribed thereto in Section 3.04.

"**Repayment**" has the meaning ascribed to the term "repayment" in the General Regulation as of the date of this Agreement.

"**Substantially in the Form**" has the meaning ascribed thereto in Section 3.05.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement; (vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that could affect the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its

interests as a subrogee or an assignee, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

EXHIBIT "A"
INITIAL REFERENCE DOCUMENTATION

- Declaration of Trust;
- Management Agreement;
- Master Transfer and Servicing Agreement;
- Acknowledgement and indemnity agreement dated as of [■], 2017 made by IESO in favour of the Indenture Trustee;
- IESO Security Agreement;
- Trust Indenture;
- Warehouse Senior Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;
- Warehouse Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017; and
- Warehouse Junior Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

Draft: December 13, 2017

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust organized under the laws of the Province of Ontario (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council 1981/2017 (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Primary Obligations that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred. This Agreement sets out the terms and conditions of such protections and assurances.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A, and any other capitalized terms not defined herein shall have the meanings assigned to them in the Trust Indenture;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 Proof of Approved Obligations

The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Manager deems to be sufficient.

Each statement delivered by the Manager under Section 2.01(a)i shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and each of the parties hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Manager shall act diligently in the preparation of each such statement and shall provide the Indenture Trustee and the Province with all supporting computations and calculations used by the Manager to prepare each such statement promptly following a request therefor made by the Indenture Trustee or the Province.

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture as of the date of this Agreement.

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 2.01 or Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee, the Financing Entity, the Financing Entity Trustee, the Manager or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by

electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the

Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 <u>Judgment Currency</u>

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 <u>Limited Guarantee</u>

(a) Upon the occurrence of a Protection Event, the Indenture Trustee may deliver a written demand, substantially in the form attached as **[Exhibit A]** (a "**Payment Demand**"), to the Province requiring the Province to make payments in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in this Agreement. From and after such delivery of a

Payment Demand, the Province shall make the following payments in respect of the Approved Obligations (the "**Limited Guarantee**"), the Financing Entity shall pay, and the Province shall be entitled to be paid, the Subrogation Amounts specified below, and the following terms shall apply:

i. Not less than three (3) Business Days prior to each day when any payment or payments are to be made in respect of one or more Approved Obligations occurring after such delivery of a Payment Demand (each such day, a "**Guarantee Payment Date**"), the Manager shall deliver a written statement setting forth the Aggregate Approved Obligations Amount, if any, in respect of the Approved Obligations that are due and payable on such Guarantee Payment Date, together with a detailed description identifying such Approved Obligations and the nature and amount of payments due and payable thereunder on the Guarantee Payment Date, the aggregate outstanding amount payable by the Financing Entity under such Approved Obligations as of the date of such written statement, and details regarding any default in performance by any party obligated thereunder.

ii. On each such Guarantee Payment Date, the Province shall deposit the Aggregate Approved Obligations Amount into the Protection Account.

iii. On each such Guarantee Payment Date, the Financing Entity and the Indenture Trustee shall ensure that the amounts on deposit in the Protection Account are applied to pay each Beneficiary to whom an amount is due and payable under an Approved Obligation on the Guarantee Payment Date the Approved Obligation Amount for such Beneficiary in respect of such Approved Obligation on such Guarantee Payment Date; provided that if the amount deposited pursuant to clause 2.01(a)ii is insufficient to pay all such Approved Obligation Amounts in full, the amount on deposit in the Protection Account on the Guarantee Payment Date shall be applied to pay Beneficiaries in the order of priority in which such Approved Obligations are payable under the payment provisions of the Trust Indenture applicable to the making of such payments on the Guarantee Payment Date (each, a "**Beneficiary Payee**" and each payment made to a Beneficiary Payee on a Guarantee Payment Date, a "**Guarantee Payment**").

iv. On the first Guarantee Payment Date and on each subsequent Guarantee Payment Date, Payment Date or other day on which any amount is required to be paid in respect of any Obligations Secured under the Trust Indenture (a "**Subrogation Payment Date**"), the Issuer and the Indenture Trustee shall ensure that the applicable payment provisions of the Trust Indenture shall be applied and operate on the following basis:

(A) If such day is a Guarantee Payment Date, then for each Approved Obligation for which amounts are paid to a

Beneficiary Payee on such day pursuant to clause 2.01(a)iii in respect of principal, interest or any other amounts ("**Payable Approved Amounts**"), the amounts payable by the Financing Entity in respect of such amounts for such Approved Obligation shall be reduced by the respective amounts of such payments to the Beneficiary Payee, and equivalent amounts shall be payable by the Financing Entity to the Province as "**Subrogation Amounts**" in respect of such Approved Obligations, such Subrogation Amounts being payable in the same order of priority and with the same entitlements accruing to the Province as applied in respect of the related Payable Approved Amounts which were previously owing to the Beneficiary Payee, and to reflect this subrogation the payments set out in clause 2.01(a)iv(B) below shall be made by the Financing Entity.

(B) If the Province has made all deposits required to be made by it on each Guarantee Payment Date occurring on or before such day in accordance with clause 2.01(a)ii (or the related Approved Obligation Amounts have otherwise all been paid in full), then in respect of each Approved Obligation for which any related Subrogation Amounts have not yet been paid in full to the Province, the Financing Entity shall pay to the Province from amounts available under the Trust Indenture payment provisions and in accordance with the priority of payment provisions in the Trust Indenture the amount that would be payable on such date in satisfaction of the relevant Payable Approved Amounts, as determined without regard to any Guarantee Payment paid on any Guarantee Payment Date and also without regard to the corresponding reduction of the amounts owing to present and former Beneficiary Payees pursuant to subclause 2.01(a)iv(A) up to the amount of the unpaid related Subrogation Amounts.

(C) No Beneficiary having a right to be paid an amount in respect of an Approved Obligation, and no other Person entitled under an Obligation Secured, in each case that ranks equal with or subordinate to the Payable Approved Amount in respect of which a Subrogation Amount is payable to the Province under subclause 2.01(a)iv(B), shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under such subclause (including any right of set-off, offset, reimbursement, contribution or indemnity) and no such Beneficiary or other Person shall have any right or

interest in, to or under the Collateral or any proceeds therefrom in respect of any such Subrogation Amount.

(D) For greater certainty, the entitlements of the Province in respect of Subrogation Amounts arising in respect of Payable Approved Obligations that are interest and principal obligations on Notes shall be treated for all purposes of the Trust Indenture as interest and principal obligations, respectively, arising under Notes having the same priority as and any applicable voting rights under the related Approved Obligations, and accordingly the Province (and any successor, assignee or transferee of such entitlements) shall be entitled to all of the rights, entitlements, interests and privileges of a Holder of such a Notes in accordance with the Trust Indenture, as supplemented by the Supplemental Indenture or other indenture document under which the related Approved Obligations were issued.

(b) On each Guarantee Payment Date and upon demand by the Province, the Indenture Trustee shall release and pay to the Province free and clear of any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay Guarantee Payments to Beneficiary Payees on the Guarantee Payment Date in accordance with clause 2.01(a)iii or that otherwise remains on deposit in the Protection Account on the relevant date.

(c) In preparing any payment instructions under the Trust Indenture, the Manager shall reflect the amounts payable under Section 2.01(a), if applicable.

(d) The Province shall, as a payee of Subrogation Amounts under clause 2.01(a)iv(B) and as a payee of any amounts payable under clause 2.01(b), be a “Specified Creditor” under the Trust Indenture and have the benefit of the Collateral thereunder.

(e) For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the Approved Obligation Amounts, if any, for payment to Beneficiary Payees and will be subject to the priorities and to the Province’s rights to Subrogation Amounts, set forth in Section 2.01(a).

(f) Except as expressly provided in this Agreement, the Province’s obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(g) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein

shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation by their terms.

(h) Any amount payable to the Province in respect of a Subrogation Amount shall bear interest from and including the date of payment by the Province of the related Guarantee Payment to but excluding the date of payment of the Subrogation Amount to the Province, such interest to accrue at the rate equivalent to the applicable interest rate borne by the related Approved Obligation, and such interest amounts shall be added to their respective Subrogated Amounts and shall consequently be payable in the same priority as the relevant Subrogated Amount under clause 2.01(a)iv(B), all such accruing interest amounts to be calculated and added to the Subrogation Amounts by the Manager in its discretion acting in a commercially reasonable fashion.

(i) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under and in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any amount due and payable to a Beneficiary Payee under the Limited Guarantee.

2.02 Intentionally Deleted.

2.03 <u>Absence of Set-off</u>

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 <u>Payment into Protection Account in Satisfaction</u>

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall

transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account" for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section **[7.03]** of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Financing Entity and the Indenture Trustee shall ensure that all amounts paid by the Province into the Protection Account on a Guarantee Payment Date in respect of an Approved Obligation are applied to pay the amounts due and payable to the Beneficiary Payee as and to the extent provided for in Section 2.01(a). Upon a payment having been made by or on behalf of the Province into the Protection Account, the amounts so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiary Payee as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such Beneficiary Payee in respect of the applicable Approved Obligations, whereupon an affected Beneficiary Payee shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid. For greater certainty, the obligations arising in respect of an applicable Approved Obligation shall not be reduced by such payment as the Province shall become entitled to be paid related Subrogation Amounts and the rights contemplated under Section 2.01(a) and Section 5.01 in relation to such continuing obligations.

2.05 <u>Certain Waivers</u>

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations in accordance with Section 8.01.

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

Except in respect of any Primary Obligation to which the Limited Guarantee will not apply on or after a Suspension Notice is delivered in accordance with Section 7.02, a Primary Obligation that is not a Certified Primary Obligation shall be an Approved Obligation. A Certified Primary Obligation shall constitute an Approved Obligation if (i) the Adherence Conditions applicable thereto have been satisfied at the time the Primary Obligation was incurred or (ii) the Province, in its sole discretion, designates in writing that it is an Approved Obligation.

4.02 Adherence Conditions

(a) The following shall be the Adherence Conditions applicable in relation to each Certified Primary Obligation:

i. the Certified Primary Obligation when incurred is an Obligation Secured under the Trust Indenture; and

ii. OPG, as FSM, delivers an Adherence Compliance Certificate in the form attached hereto as Exhibit B signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee, on or before the incurrence of the Certified Primary Obligation (provided that delivery may not be more than 5 Business Days before the incurrence of the Certified Primary Obligation); and

iii. the Province has not provided a Suspension Notice to the Indenture Trustee, OPG and the Financing Entity.

(b) Without limiting any obligations of OPG to the Province arising other than pursuant to this Agreement, satisfaction of the Adherence Conditions for a Certified Primary Obligation shall be deemed satisfaction of the Adherence Conditions in respect of all principal, interest and other amounts owing under the Certified Primary Obligation, as such Certified Primary Obligation may be amended, restated, supplemented or modified from time to time.

(c) For greater certainty, there shall be no Adherence Conditions applicable in relation to a Primary Obligation that is not a Certified Primary Obligation.

4.03 <u>Evidence of Satisfaction</u>

An Adherence Compliance Certificate delivered in accordance with clause 4.02(a)ii shall be determinative as to whether the applicable Adherence Condition with respect thereto has been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same. An Adherence Compliance Certificate that purports on its face to be signed by officers specified in clause 4.02(a)ii may be relied upon by any addressee without further enquiry or evidence as to the incumbency or signatures of such officers. If an Adherence Compliance Certificate is not delivered in accordance with the timing requirements of clause 4.02(a)ii such certificate may be delivered at a later date, and be effective as if it had been delivered in accordance with the timing requirement of clause 4.02(a)ii if at the time such certificate was otherwise required to be delivered OPG had delivered to the Province all certifications required by the Province in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation.

ARTICLE V
PROVINCE MATTERS

5.01 <u>Assignment and Subrogation</u>

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, and shall be entitled to (i) the right and entitlement to be paid and receive the related Subrogation Amounts, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any

further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including Sections **[7.04]** through **[7.11]** and **[8.13]** (Payment Priorities), Section **[7.12]** (Payments Held in Trust), Section **[8.11]** (Control by Controlling Class Creditors), Section **[8.12]** (Limitation on Suits), Section **[8.14]** (Limited Recourse), Article IX (The Indenture Trustee), including all limitations of liability thereunder, Section **[9.14]** (Communications to Specified Creditors) and Section **[16.01]** (No Petition); (ii) consents, requests and authorizes the Issuer and the Indenture Trustee to (x) add the Province to the register of Specified Creditors described in subsection **[13.13(b)]** of the Trust Indenture and (y) disseminate the notice details of the Province to other Specified Creditors for the purposes set out in subsection **[9.14(b)]** of the Trust Indenture, and (iii) confirms that it will execute and deliver, or cause to be executed and delivered, all such further agreements, documents and instruments in connection with this Section 5.01 as the Indenture Trustee may request from time to time for the purpose of giving effect to the terms of this Section 5.01.

5.02 <u>Priorities</u>

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation and the Payable Approved Amounts thereunder shall rank equally with the rights, interests and entitlements of a Beneficiary to whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture in the manner and to the extent contemplated in Section **[7.10]** of the Trust Indenture.

5.03 Intentionally Deleted

5.04 Representations and Warranties

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
INDENTURE TRUSTEE MATTERS

6.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

6.02 Not Responsible for Recitals

The recitals contained herein will be taken as the statements of the Province, the Financing Entity and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

6.03 Representations and Covenants of the Indenture Trustee

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Agreement and has taken all necessary action to authorize the execution, delivery and performance by it of this Agreement;

(c) this Agreement has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada. If, notwithstanding the provisions of this subsection 6.03(d), the Indenture Trustee ceases to be so authorized to carry on business, the validity and enforceability of this Agreement shall not be affected in any manner whatsoever by reason only of such event.

ARTICLE VII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

7.01 Suspension Notice

Upon:

(a) a Program Breach;

(b) a default in the performance, or breach, of any covenants of OPG, as FSM, or OPG, in its corporate capacity, in each case to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligation and the expiration of any applicable cure period;

(c) a representation or warranty made by OPG or a certification made by one or more officers of OPG, in each case whether as FSM or in its corporate capacity, to the Province in connection with its obligations to the Province and its internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligations, proves to be incorrect in any material respect on the date made and the expiration of any applicable cure period; or

(d) the FSM no longer being the Manager or actions having been taken by or on behalf of the Indenture Trustee to remove the FSM as the Manager;

the Province may deliver a written notice in the form of Exhibit C (a "**Suspension Notice**") to the Indenture Trustee, the FSM and the Financing Entity.

7.02 Suspension

If a Suspension Notice has been provided under Section 7.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of: (i) any Primary Obligation incurred, excluding Post-Suspension Refinancings, or (ii) any amendment of any Primary Obligation that has a Material Effect, unless otherwise agreed to by the Province, in each case, on or after the time such Suspension Notice is delivered.

7.03 Additional Right of the Province Regarding Post-Suspension Refinancings

Following the occurrence of a Suspension Event, the Limited Guarantee shall continue to apply in respect of any Post-Suspension Refinancing (for greater certainty, without regard to the satisfaction of any Adherence Conditions); provided that prior to the Financing Entity incurring any Primary Obligation constituting a Post-Suspension Refinancing, the Manager shall provide the Province with at least 30 days' notice of its intention to seek a Post-Suspension Refinancing and prior to incurrence, which notice shall describe the material covenants, events of default, representations and warranties and indemnities of the Financing Entity and other material terms, excluding financial terms, rates and levels, and that shall be in respect of the full amount of the amount becoming due and payable in respect of the applicable Primary Obligation less amounts otherwise available to the Financing Entity from other available or committed sources (the "**Proposal**"), and during such 30 day period the Province may, but is not obligated to, offer to fund such Post-Suspension Refinancing or arrange for another Person to fund such Post-Suspension Refinancing on the same terms as set out in the Proposal or on such other terms as may be considered by the Province to be not more onerous on the Financing Entity and that are acceptable on that basis to the Financing Entity, acting reasonably. If, within such 30-day period, the Province elects to offer to fund such Post-Suspension Refinancing as provided in the preceding sentence, the Manager shall accept such offer; however, if the Province does not elect to offer to fund such Post-Suspension Refinancing, the Manager shall cause the Financing Entity to incur Primary Obligations constituting such a Post-Suspension Refinancing on substantially the same terms (excluding, for greater certainty, any financial terms, rates or levels) as those set out in the Proposal if the Post-Suspension Refinancing can be completed by the Financing Entity in compliance with the Act, or on such other terms as would not have a Material Effect, without taking into account any financial terms, rates or levels.

7.04 No Impact on Adherence

For greater certainty, the occurrence of a Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event or in respect of any Post-Suspension Refinancing.

ARTICLE VIII
MISCELLANEOUS

8.01 Term of Agreement

This Agreement will continue until the later of: (a) the date that no amount is or may become due and payable by the Province under the Limited Guarantee and (b) the date that no amount is or may become due and payable to the Province in respect of any Subrogation Amount.

8.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic

communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: Manager, Corporate Trust
Fax: (416) 981-9777
Email: corporatetrust.toronto@computershare.com

(b) if to the FSM:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

(c) if to the Province:

Minister of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Minister of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

With copies to:

Deputy Minister of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Deputy Minister of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 8.02.

8.03 <u>Assignment</u>

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section 8.03 shall be null and void.

8.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

8.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

8.07 Notice to Rating Agencies

OPG, as FSM, shall deliver prompt written notice to the Rating Agencies of the occurrence of (i) a Protection Event; (ii) receipt of a Suspension Notice delivered by the Province pursuant to Section 7.01; and (iii) an assignment of this Agreement by any party pursuant to Section 8.03.

8.08 Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their benefits hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

8.09 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, IN ITS CAPACITY AS TRUSTEE OF FAIR HYDRO TRUST, AS ISSUER, BY ONTARIO POWER GENERATION INC., NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration of a funding obligation" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Compliance Certificate**" means a certificate in the form attached hereto as Exhibit B delivered by the FSM in accordance with Section 4.02(a)ii.

"**Adherence Conditions**", means, in respect of a Certified Primary Obligation, the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of a Guarantee Payment Date, the aggregate of the Approved Obligation Amounts for such Guarantee Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, for a Beneficiary in respect of an Approved Obligation under which an amount is due and payable on a Guarantee Payment Date:

(a) if no Acceleration has occurred in respect of any Obligation Secured on or before the Guarantee Payment Date, the amount due and payable to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation (for greater certainty, determined on the assumption that there are adequate amounts available under the applicable payment provisions of the Trust Indenture to pay in full all amounts referred to in such payment provisions that are due and payable on the Guarantee Payment Date); and

(b) if an Acceleration has occurred in respect of any Obligations Secured on or before the Guarantee Payment Date, the amount that would be available to be paid to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation under the applicable payment provisions of the Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with such applicable payment provisions of the Trust Indenture in respect of each relevant month during each Reference Period is equal to the estimated Finance Amount determined in respect of such Reference Period for purposes of section 15(1) of the Act (in effect on the date hereof), including section 6.1 of the General Regulation (in effect on the date hereof), divided by the number of months in such Reference Period.

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Beneficiary Payee**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Certified Primary Obligations**" means Primary Obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest, including any Refinancing, other than a Post-Suspension Refinancing or a Pre-Approved Refinancing, of such a Primary Obligation (for greater certainty, including, in the case of any Certified Primary Obligation permitting funding transactions pursuant to a Funding Obligation Agreement applicable to the Certified Primary Obligation, each individual borrowing or funding utilization thereunder), (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not any individual trade confirmation other than a trade confirmation that modifies or purports to override the express terms or conditions of the related Master Agreement, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and expected (as determined by the Manager, acting reasonably) aggregate payments by the Financing Entity thereunder during the term of such contract are or would be in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).

"**Change of Law Protection Agreement**" means this Agreement.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Executive Officer**" has the meaning ascribed to the term "executive officer" in National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators.

"**Fair Allocation Amount**" has the meaning ascribed to the term "fair allocation amount" in the Act as of the date of this Agreement.

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the first paragraph of this Agreement until a successor Financing Entity Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and the Declaration of Trust, and thereafter "Financing Entity Trustee" means and includes such Person.

"**Financing Plan**" has the meaning ascribed to the term "Financing Plan" in the Act as of the date of this Agreement.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Guarantee Payment**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Guarantee Payment Date**" has the meaning ascribed thereto in Section 2.01(a)i.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**Holder**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Liens**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(a).

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity, as amended, supplemented, restated or otherwise modified from time to time.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Agreement**" means an agreement in the form of a Master Agreement as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, as amended, supplemented, restated or otherwise modified from time to time.

"**Material Effect**" means a material adverse effect on the obligations or the rights of the Province under the Limited Guarantee that relates to: (i) the timing of or circumstances under which Primary Obligations would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization) that, in each case, is inconsistent with the Fair Allocation Amount or the terms of any previously provided Reference Documentation; (ii) the appointment, obligations or duties of OPG as the Manager; (iii) the existence, powers or authority of the Financing Entity or the Financing Entity Trustee; (iv) the obligations of the Indenture Trustee to or in respect of the Province as a Specified Creditor; (v) the payment provisions and associated priorities set forth in the Trust Indenture; (vi) compliance by the FSM with the then applicable Financing Plan; (vii) compliance by the FSM or the Financing Entity with the Act or the General Regulation; or (viii) the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of this Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation.

"**Notes**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Payable Approved Amounts**" has the meaning ascribed thereto in 2.01(a).

"**Payment Date**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, unlimited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Post-Suspension Refinancing**" means a Funding Obligation that is an Obligation Secured and that is incurred on or after the occurrence of a Suspension Event in compliance with the requirements of Section 7.03, as a Refinancing of one or more Series of Approved Obligations (including any Pre-Approved Refinancing incurred on or after the occurrence of a Suspension Event), in each case the proceeds of which, together with any other funds that may be available, are used solely for the purpose of paying in full such Series of Approved Obligations.

"**Pre-Approved Refinancing**" means a Refinancing of a Certified Primary Obligation in respect of which the Province has, prior to the incurrence of such Certified Primary Obligation, agreed shall be an Approved Obligation, subject to compliance with such conditions and requirements as may be specified in such agreement.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account or Finance Reserve Account; and (ii) any obligation to pay the Financing Entity or on the Financing Entity's direction any remaining amounts in the Collection Account pursuant to the Trust Indenture.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that (X) adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations when due and payable, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any Finance Reserve Account, Capital Account or collateral posting account applicable under a Derivative Agreement, (ii) the availability of any credit enhancement agreement to which the Financing Entity is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in any of clauses (i) to (v) of this paragraph (a), or (Y) adversely affects the enforceability of, or adversely changes, the terms and conditions of this Agreement or of any of the agreements under which Approved Obligations arise; or

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations when due and payable and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Approved Obligations that have become due and payable, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any Finance Reserve Account, Capital Account or collateral posting account applicable under a Derivative Agreement, (ii) the availability of any credit enhancement agreement to which the Financing Entity is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in paragraph (b).

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency Condition" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Reference Period**" has the meaning ascribed to the term "reference period" in the Act as of the date of this Agreement.

"**Refinancing**" has the meaning ascribed to the term "refinancing" in the Act as of the date of this Agreement, as more particularly described and given meaning in the General Regulation as of the date of this Agreement.

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Specified Creditor**" has the meaning ascribed thereto in the Trust Indenture on the date hereof.

"**Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(B).

"**Subrogation Payment Date**" has the meaning ascribed thereto in clause 2.01(a)iv.

"**Suspension Event**" has the meaning ascribed thereto in Section 7.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 7.01.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**True-up Amount**" has the meaning ascribed to the term "true up amount" in the Act as of the date of this Agreement.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

EXHIBIT A
FORM OF PAYMENT DEMAND

TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Pursuant to and in accordance with section 2.01(a) of the Change of the Law Protection Agreement, the Indenture Trustee hereby demands payment from the Province in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in the Change of Law Protection Agreement.

DATED as of the [■] day of [■], [■].

BNY TRUST COMPANY OF CANADA

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT B
FORM OF ADHERENCE COMPLIANCE CERTIFICATE UNDER SECTION 4.02(a)

TO: **BNY TRUST COMPANY OF CANADA**, in its capacity as Indenture Trustee (the "**Indenture Trustee**") under the Master Trust Indenture dated as of December ●, 2017 between Fair Hydro Trust and the Indenture Trustee (the "**Master Trust Indenture**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province of Ontario, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust, Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Each of the undersigned, being the ● and ● of OPG acting in its capacity as FSM and holding the offices set forth under their names and signatures below, pursuant to and accordance with clause 4.02(a)ii of the Change of Law Protection Agreement, hereby certifies for and on behalf of OPG, in its capacity as Financial Services Manager, and not in such officer's personal capacity and intending that this certificate may be relied on by the addressees hereof without independent inquiry, that:

1. I have read and understand the provisions of the Change of Law Protection Agreement, the Master Trust Indenture and all other documents and materials necessary to enable me to deliver this certificate.
2. If the Certified Primary Obligation is a Refinancing, the proceeds of the Refinancing will be used solely for the purpose of repaying one or more Certified Primary Obligations in respect of which the Adherence Conditions in Subsection 4.02(a) of the Change of Law Protection Agreement had been satisfied, including one or more other Refinancings in respect of which the Adherence Conditions in Subsection 4.02(a) of the Change of Law Protection Agreement had been satisfied.
3. OPG has delivered to the Province a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate was provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation.

DATED as of the [■] day of [■], [■].

Name: [1]	Name:
Office:	Office:

[1] This certificate must be signed by two officers of OPG being either (i) the Chief Financial Officer and the Treasurer, or (ii) any two Executive Officers (as defined in the Change of Law Protection Agreement) of OPG.

EXHIBIT C
SUSPENSION NOTICE

TO: Ontario Power Generation Inc., in its capacity as Financial Services Manager

AND TO: Fair Hydro Trust

AND TO: Computershare Trust Company of Canada, in its capacity as trustee of Fair Hydro Trust

AND TO: BNY Trust Company of Canada, as Indenture Trustee

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement. All references in this Suspension Notice to "Articles" or "Sections" refer to Articles or Sections of the Change of Law Protection Agreement.

The Province has a reasonable basis for concluding that an event described in clauses (a) to (d) of Section 7.01 has occurred. Pursuant to Section 7.01, the Province hereby declares that the Limited Guarantee shall hereby not apply in respect of (i) any Primary Obligation incurred, excluding Post-Suspension Refinancings or Pre-Approved Refinancings or (ii) any amendment of any Primary Obligation that has a Material Effect, unless otherwise agreed to by the Province, in each case, on or after delivery of this Suspension Notice.

This Suspension Notice is hereby delivered to the FSM, the Financing Entity and the Indenture Trustee in accordance with Section 8.02 of the Change of Law Protection Agreement.

* * * *

DATED as of the [■] day of [■], [■].

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

From:	Milligan, Peter
To:	ASHBOURNE, STEPHEN; Sebastiano, Rocco; Mansoori, Nina
Cc:	Ken Kandeepan; "LADAK Lubna -TREASURY"; Anna Strathy; "Veinot, Cindy (TBS)"; Tom McKinlay (MAG); Mark Donaldson (MOF); Daniel Cayley (ENERGY); "Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)"; Ramchandani, Rima; "LEE John -TREASURY"; "RYFA Ken -TREASURY"; "HAHN PARKER Janet -TREASURY"; "MAUTI John -FIN & C CTRL"; "LAURETA LAPIRA May -TREASURY"; Feldman, Michael; "WONG Leslie -LAWDIV"; Fullerton, Rick; Gadi Mayman; Mike Manning; Malle Hanslep (MOF); "ian.benaiah@rbccm.com"; "Khan, Nur (nur.khan@rbccm.com)"; "brent.r.taylor@rbccm.com"; "katrina.niehaus@gs.com"; "brian.delaney@gs.com"; "Maciel, Andrew"; "Adalja, Sunil"; "Persad, Nicole"; "Persaud, Donnie - Debt Capital Markets"; Steen Hume (CAB); Saulnier, Brett; Olusoga, Yinka; Tobias P. Whitfield (MOF); PALMER, AARON; VINER, JON; PRESTAGE, JA
Subject:	Fair Hydro - Change of Law Protection Agreement
Date:	Thursday, December 07, 2017 6:44:12 PM
Attachments:	Compare Protection Agreement (Dec 4 (Province) v Dec 7 (Osler_Torys)).PDF Change of Law Protection Agreement - Dec 7 (Osler_Torys).DOCX

All,
Attached is a revised comment draft of the Change of Low Protection Agreement reflecting comments from Torys and Osler. In order to meet this transaction's timeline, this comment draft has not been reviewed by OPG or the Dealers and is delivered subject to any comments they may have.
Peter

OSLER

Peter Milligan
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Osler, Hoskin & Harcourt LLP
Box 50, 1 First Canadian Place
Toronto, Ontario, Canada M5X 1B8

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From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: Thursday, December 07, 2017 4:27 PM
To: Sebastiano, Rocco ; Mansoori, Nina
Cc: 'Ken Kandeepan' ; 'LADAK Lubna -TREASURY' ; 'Anna Strathy' ; 'Veinot, Cindy (TBS)' ; 'McKinlay, Tom (MAG)' ; 'Donaldson, Mark (TBS)' ; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' ; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' ; Ramchandani, Rima ; 'LEE John -TREASURY' ; 'RYFA Ken -TREASURY' ; 'HAHN PARKER Janet -TREASURY' ; 'MAUTI John -FIN & C CTRL' ; 'LAURETA LAPIRA May -TREASURY' ; Feldman, Michael ; 'WONG Leslie -LAWDIV' ; Milligan, Peter ; Fullerton, Rick ; 'Mayman, Gadi (OFA)' ; 'Manning, Mike (OFA)' ; 'Hanslep, Malle (MOF)' ; 'ian.benaiah@rbccm.com' ; 'Khan, Nur (nur.khan@rbccm.com)' ; 'brent.r.taylor@rbccm.com' ; 'katrina.niehaus@gs.com' ; 'brian.delaney@gs.com' ; 'Maciel, Andrew' ; 'Adalja, Sunil' ; 'Persad, Nicole' ; 'Persaud, Donnie - Debt Capital Markets' ; 'Steen Hume (CAB)' ; Saulnier, Brett ; Olusoga, Yinka ; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) ; PALMER, AARON ; VINER, JON ; PRESTAGE, JA
Subject: RE: Fair Hydro -- Change of Law Process Agreement
Hi,
Please find (attached) a further turn of the Change of Law Process Agreement, reflecting the Province's comments on the mark-up of the Agreement circulated yesterday afternoon by Torys. The attached blackline shows changes made to yesterday's Torys mark-up.
This version addresses concerns Rocco raised last night, to the extent the Province feels that the issues can be accommodated. For your information, I have set out below responses to Rocco's comments/observations (in CAPs).
The Province would like to proceed with the Ministers briefing early next week, on the basis that this

version (minus the explanatory notes) is now in final form. If there are any critical revisions that the other parties believe reflect 'must have' priority, then the Province would like to have a call to discuss them as soon as possible.

Responses to Rocco's Points:

1. The change of the definition of Breach Event in Section 6.01 (i.e., the change to clause (a) and the addition of clause (b)) will result in an inconsistency with section 7.01(b) of the Change of Law Protection Agreement. This will require further consideration. [AGREED. 7.01(b) and 7.01(c) WILL NEED TO MIRROR THE CURE LANGUAGE WE SETTLE ON IN THE PROCESS AGREEMENT (SEE MY EARLIER COMMENTS). PERHAPS THE "which continues …" LANGUAGE IN 7.01(B) CAN BE REVISED TO READ: "to the extent that the Province would be entitled to provide a Suspension Notice in accordance with the terms of the agreement or agreements between the Province and OPG under which such obligations, requirements and processes arise". SIMILAR CHANGE FOR 7.01(C).

2. The right of the Province to issue an objection notice under Section 3.04(b) in connection with a Transaction Document provided to the Province which is required for a Refinancing of an Approved Obligation remains an outstanding issue. Clearly, this will depend upon what Adherence Conditions will be required under Section 4.02 of the Change of Law Protection Agreement in order to permit such Refinancing to become an Approved Obligation. If the Adherence Conditions set out in Section 4.02(a) of the Province's draft of the Change of Law Protection Agreement of December 4 were to apply to such Refinancing, to the extent that such refinancing required a change to a Transaction Document (e.g., as a result of a change to some rating agency condition or criteria), the Province's ability to issue an objection notice and thereby prevent the issuance of a Process Certificate under Section 3.01 (by virtue of Section 3.04) would have the effect of preventing a Refinancing. We trust that this was an unintended outcome of the drafting of Section 3.04 and/or the Adherence Conditions applicable to Refinancings. [THAT IS THE INTENDED EFFECT. THE ADHERENCE CONDITIONS WOULD APPLY TO THE REFINANCING, SO IF THE REFINANCING TERMS DEVIATED MATERIALLY (BASED ON THE SUBSTANTIALLY IN THE FORM" THRESHOLD"), THEN OPG WOULD REQUIRE THE PROVINCE NOT TO OBJECT IN ORDER TO PROCEED WITH THOSE NEW TERMS. OTHERWISE, THE REFINANCING COULD INCORPORATE TERMS AND CONDITIONS, WHICH WOULD BIND THE PROVINCE UNDER THE LIMITED GUARANTEE, THAT WOULD BE UNCONSTRAINED AND WITHOUT ANY ACCOUNTABILITY TO THE PROVINCE. IN ROCCO'S EXAMPLE, THAT MIGHT MEAN THAT OPG WOULD NEED TO RESORT TO UNRATED DEBT, IF THE PROVINCE WAS UNWILLING TO ACCEPT THE NEW TERMS. PRESUMABLY EVERYONE WOULD ACT RATIONALLY. HOWEVER, AS A FAILSAFE, OPG COULD OFFER INCREASED PRICING IN ORDER TO ATTRACT INVESTORS TO ACCEPT THE EARLIER VETTED TERMS (BASED ON THE THEN ACCEPTED REVIEWED DOCUMENTATION).]

3. Given that the Indenture Trustee is not a party to the Change of Law Process Agreement, the Province and OPG can amend the terms and conditions of this agreement without the consent of the indenture Trustee. Specified Creditors under an Approved Obligation need to be assured that the Province cannot prevent a Refinancing of an Approved Obligation either by virtue of the objection notice discussed in point #2 above or as a result of a future amendment to the agreement. There are a couple of ways to deal with this point. The first is to a add a beneficiary/third party rights clause in the Change of Law Process Agreement which acknowledges that the Indenture Trustee is a beneficiary of certain provisions of this agreement and as a result, the agreement cannot be amended without the consent of the Indenture Trustee. The second is to ensure that the Adherence Conditions relating to Refinancings under the Change of Law Protection Agreement are not dependent upon the terms of the Change of Law Process Agreement. In light of the desire to not disclose the terms and conditions of the Change of Law Process Agreement to the rating agencies, especially at this late stage in the process, we would expect that the latter approach would be preferable. [THE SUGGESTION REGARDING THE PROVINCE PREVENTING A REFINANCING IS ADDRESSED IN #2. IF THE REFINANCING TERMS WOULD EXCEED THE SCOPE OF THE TRANSACTION DOCUMENTS REVIEWED AND NOT OBJECTED TO BY THE PROVINCE,

THEN THAT SUGGESTS THERE IS A MATERIAL EFFECT ON THE PROVINCE AND SO THE PROVINCE WOULD NEED THE ABILITY TO REVIEW AND CONSIDER THE PROPRIETY OF THOSE NEW TERMS FROM ITS PERSPECTIVE. AS FOR THE STANDALONE NATURE OF THE PROCESS AGREEMENT, THE INTENTION IS THAT THE PROCESS AGREEMENT BE UNCOUPLED AND NOT PART OF THE COLLATERAL, AND AS MICHAEL FELDMAN HAS EXPLAINED, LEAVE FUTURE FLEXIBILITY FOR THIS LONG-TERM STRUCTURE. TO ADDRESS ROCCO'S CONCERN THAT THE PROVINCE AND OPG COULD CHANGE THE UNDERLYING OBLIGATIONS APPLICABLE TO ADHERENCE IN RELATION TO A NEW OBLIGATION, REQUIREMENT OR PROCESS IN THE PROCESS AGREEMENT THAT WOULD MAKE A REFINANCING LESS LIKELY TO OCCUR, WE HAVE ADDED AND USED IN THE ATTACHED VERSION A NEW DEFFINTION:

> "Approved Refinancing" means a Certified Primary Obligation proposed to be incurred as a Refinancing of an existing Certified Primary Obligation in respect of which the Adherence Conditions had been satisfied on the date such existing Certified Primary Obligation was incurred, that, at the time of incurrence, satisfies each of each of the Adherence Conditions except that the certificate contemplated to be delivered under Section 4.02(b) shall instead confirm that OPG has delivered to the Province a certificate by its applicable officers confirming that OPG would be in compliance with all obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the proposed Certified Primary Obligation that applied as between the Province and OPG on the date of issuance of such existing Certified Primary Obligation." Various references to "Refinancing" in the Protection Agreement can also be revised to refer to "Approved Refinancing", as required.

Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

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Blake, Cassels & Graydon LLP | Barristers & Solicitors | Patent & Trade-mark Agents
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From: Sebastiano, Rocco [mailto:RSebastiano@osler.com]
Sent: Wednesday, December 06, 2017 7:45 PM
To: Mansoori, Nina; ASHBOURNE, STEPHEN; VINER, JON; PRESTAGE, JA
Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -

TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Milligan, Peter; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Saulnier, Brett; Olusoga, Yinka
Subject: RE: Fair Hydro -- Change of Law Process Agreement
I have reviewed the revised draft of the Change of Law Process Agreement that Torys has prepared and would like to pass along the following comments/observations:
1. The change of the definition of Breach Event in Section 6.01 (i.e., the change to clause (a) and the addition of clause (b)) will result in an inconsistency with section 7.01(b) of the Change of Law Protection Agreement. This will require further consideration.
2. The right of the Province to issue an objection notice under Section 3.04(b) in connection with a Transaction Document provided to the Province which is required for a Refinancing of an Approved Obligation remains an outstanding issue. Clearly, this will depend upon what Adherence Conditions will be required under Section 4.02 of the Change of Law Protection Agreement in order to permit such Refinancing to become an Approved Obligation. If the Adherence Conditions set out in Section 4.02(a) of the Province's draft of the Change of Law Protection Agreement of December 4 were to apply to such Refinancing, to the extent that such refinancing required a change to a Transaction Document (e.g., as a result of a change to some rating agency condition or criteria), the Province's ability to issue an objection notice and thereby prevent the issuance of a Process Certificate under Section 3.01 (by virtue of Section 3.04) would have the effect of preventing a Refinancing. We trust that this was an unintended outcome of the drafting of Section 3.04 and/or the Adherence Conditions applicable to Refinancings.
3. Given that the Indenture Trustee is not a party to the Change of Law Process Agreement, the Province and OPG can amend the terms and conditions of this agreement without the consent of the indenture Trustee. Specified Creditors under an Approved Obligation need to be assured that the Province cannot prevent a Refinancing of an Approved Obligation either by virtue of the objection notice discussed in point #2 above or as a result of a future amendment to the agreement. There are a couple of ways to deal with this point. The first is to a add a beneficiary/third party rights clause in the Change of Law Process Agreement which acknowledges that the Indenture Trustee is a beneficiary of certain provisions of this agreement and as a result, the agreement cannot be amended without the consent of the Indenture Trustee. The second is to ensure that the Adherence Conditions relating to Refinancings under the Change of Law Protection Agreement are not dependent upon the terms of the Change of Law Process Agreement. In light of the desire to not disclose the terms and conditions of the Change of Law Process Agreement to the rating agencies, especially at this late stage in the process, we would expect that the latter approach would be preferable.
Regards, Rocco

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: Wednesday, December 06, 2017 4:38 PM
To: 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>; 'JON.VINER@blakes.com' <JON.VINER@blakes.com>; 'JA.PRESTAGE@blakes.com' <JA.PRESTAGE@blakes.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Sebastiano, Rocco

<RSebastiano@osler.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Mansoori, Nina <nmansoori@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>

Subject: Fair Hydro -- Change of Law Process Agreement

Blakes team,

Please find attached OPG and Torys' comments on the Process Agreement reflecting our discussions from yesterday's call. Please note that this draft is subject to continuing review and comment by Osler and the dealers. As discussed at the tail end of our call yesterday, the section in the Process Agreement that gives the Province the right to object to new and material changes to transaction documents dovetails with the Protection Agreement so additional comments from Oslers may be forthcoming on this draft.

We are working on getting you a revised draft of the Protection Agreement either later today or tomorrow. In the meantime, please let us know if you have any comments or questions on the Process Agreement.

Best Regards,

Nina

Nina Mansoori

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679

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****

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE[1]

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

[1] Explanatory Note: Logistics of closing are under consideration by the Province.

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust organized under the laws of the Province of Ontario (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council ~~dated as of~~ 1981/2017 (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Primary Obligations that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred. This Agreement sets out the terms and conditions of such protections and assurances.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 ~~Intentionally Deleted~~Proof of Approved Obligations

The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Manager deems to be sufficient.

Each statement delivered by the Manager under Section 2.01(a)i shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and the Province hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Manager agrees to provide the Province with the computations and calculations used by the Manager to prepare each such statement promptly following a request therefor.[2]

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture as of the date of this Agreement.

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 2.01 or Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

[2] This language was reinserted as the guarantee statements required to be delivered by the Manager should be binding on the Province.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee, the Financing Entity, the Financing Entity Trustee, the Manager or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one

and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

~~Whenever~~Unless otherwise provided for under the terms of any Approved Obligation, whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee ~~shall (unless the Rating Agency Condition has been satisfied with respect to a demand not being made as a result of the Protection Event),~~may deliver a written demand, substantially in the form attached as Exhibit A (a "**Payment Demand**"), to the Province requiring the Province to make payments in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in this Agreement. From and after such delivery of a Payment Demand, the Province shall make the following payments in respect of the Approved Obligations (the "**Limited Guarantee**"), and the Financing Entity shall pay, and the Province shall be entitled to be paid, the Subrogation Entitlements specified below:

i. Not less than 3 Business Days prior to each day when any payment or payments are to be made in respect of one or more Approved Obligations occurring after such delivery of a Payment Demand (each such day, a "**Guarantee Payment Date**"), the Manager shall deliver a written statement setting forth the Aggregate Approved Obligations Amount, if any, in respect of the Approved Obligations that are due and payable on such Guarantee Payment Date, together with a detailed description identifying such Approved Obligations and the nature and amount of payments due and payable thereunder on the Guarantee Payment Date, the aggregate outstanding amount payable by the Financing Entity under such Approved Obligations as of the date of such written statement, and details regarding any default in performance by any party obligated thereunder.

ii. On each such Guarantee Payment Date, the Province shall deposit the Aggregate Approved Obligations Amount into the Protection Account.

iii. On each such Guarantee Payment Date, the Financing Entity and the Indenture Trustee shall ensure that the amounts on deposit in the Protection Account are applied to pay each Beneficiary to whom an amount is due and payable under an Approved Obligation on the Guarantee Payment Date the Approved Obligation Amount for such Beneficiary in respect of such Approved Obligation on such Guarantee Payment Date; provided that if the amount deposited pursuant to clause 2.01(a)ii is insufficient to pay all such Approved Obligation Amounts in full, the

amount on deposit in the Protection Account on the Guarantee Payment Date shall be applied to pay Beneficiaries in the order of priority in which such Approved Obligations are payable under the payment provisions of the Trust Indenture applicable to the making of such payments on the Guarantee Payment Date (each, a "**Beneficiary Payee**" and each payment made to a Beneficiary Payee on a Guarantee Payment Date, a "**Guarantee Payment**").

iv. On any Guarantee Payment Date on which an amount is paid by the Province pursuant to clause 2.01(a)ii, the applicable payment provisions of the Trust Indenture shall, notwithstanding the express terms of such provisions set forth in the Trust Indenture, be applied and operate on the following basis:

(A) [2]the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available under such payment provisions on such Guarantee Payment Date shall be reduced by the amount of the Guarantee Payment paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on such Guarantee Payment Date;

(B) the Province shall be paid the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available to pay the Beneficiary Payee under such payment provisions on the Guarantee Payment Date, determined without regard to the Guarantee Payment paid on such Guarantee Payment Date and the corresponding reduction of the amount owing to the Beneficiary Payee pursuant to subclause 2.01(a)iv(A) (each such amount payable to the Province being a "**Subrogation Amount**");

(C) no Beneficiary having a right to be paid an amount in respect of an Approved Obligation, and no other Person entitled under an Obligation Secured, in each case that ranks equal with or subordinate to an Approved Obligation in respect of which a Subrogation Amount is payable to the Province

[2] ~~Explanatory Note: In a particular period, the cash available from CEAs may exceed the aggregate Finance Amounts payable - for example, as a result of the "true-up" under the Act, which will determine the actual amount of cash available. The basic structure is that the Province will pay all Approved Obligation Amounts, and will be entitled to receive all cash flows available to the Beneficiary Payees. Limiting the subrogation amounts to the lesser of such available cash and the Guarantee Payments could result in leakage of the cash that the Province looks to under this arrangement.~~

under subclause 2.01(a)iv(B), shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under such subclause (including any right of reimbursement, contribution or indemnity) and no such Beneficiary or other Person shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of any such Subrogation Amount;

(D) [3]on the first day when any payment or payments are to be made in respect of Obligations Secured that occurs on or after the date on which all amounts payable under all Approved Obligations have been paid in full, whether pursuant to Guarantee Payments or payments made pursuant to the payment provisions of the Trust Indenture or any combination thereof, the Province shall be entitled to be paid from amounts available to pay Obligations Secured on such day (and thereafter on each subsequent day when any payment or payments are to be made in respect of Obligations Secured, until paid in full), in each case in accordance with the applicable payment provisions of the Trust Indenture on such day, the following amounts (each, a "**Final Subrogation Amount**"), in each case in the priorities specified below:

(I) as an amount ranking equally with [principal amounts of Senior Funding Obligations][4], the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including such day in respect of Approved Obligations ranking equally with or prior to [principal amounts of Senior Funding Obligations], plus (y) the sum of amounts determined in respect of interest on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount is paid to the Province

[3] Explanatory Note: The Province will be entitled to receive subrogation cash flows after satisfaction of all Approved Obligations. This provision provides how that these amounts will be payable from available cash flows, based on priorities that address cash entitlements opposite non-guaranteed obligations secured (e.g., after a suspension event). Conforming changes will need to be made to the Trust Indenture once these mechanics have been settled.

[4] Explanatory Note: Nomenclature to be conformed, once the corresponding provisions of the Trust Indenture have been settled.

in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related[5], exceeds (2) the sum of all Subrogation Amounts paid to the Province up to and including such day (such amount, the "**Senior Final Subrogation Amount**");

(II) as an amount ranking equally with [principal amounts of Subordinated Funding Obligations], the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including such day in respect of Approved Obligations ranking equally with or prior to [principal amounts of Subordinated Funding Obligations], plus (y) the sum of amounts determined in respect of interest on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount is paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of (x) all Subrogation Amounts paid to the Province up to and including such day, plus (y) the amount determined under (I) (such amount, the "**Subordinated Final Subrogation Amount**"); and

(III) as an amount ranking equally with [principal amounts of Junior Subordinated Obligations], the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including such day in respect of Approved Obligations ranking equally with or prior to [principal amounts of

[5] Explanatory Note: Nomenclature to be conformed, once the corresponding provisions of the Trust Indenture have been settled.

Junior Subordinated Funding Obligations], plus (y) the sum of amounts determined in respect of interest on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount is paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of (x) all Subrogation Amounts paid to the Province up to and including such day, plus (y) the sum of the amounts determined under (I) plus (z) the sum of the amounts determined under (II) (such amount, the "**Junior Subordinated Final Subrogation Amount**" and, together with the Senior Final Subrogation Amount and the Subordinated Final Subrogation Amount, the "**Final Subrogation Amounts**")[3]; and

(E) no Person entitled under an Obligation Secured that ranks equal with or subordinate to a Final Subrogation Amount shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province in respect of such Final Subrogation Amount and no such Person shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of any such Final Subrogation Amount.

v. On any Guarantee Payment Date, the Indenture Trustee shall release and pay to the Province free and clear of any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay Guarantee Payments to Beneficiary Payees on the Guarantee Payment Date in accordance with clause 2.01(a)iiiiii.

[3] Separate definitions were included to facilitate inserting these amounts into Trust Indenture priority of payment provisions.

vi. In preparing any payment instructions under the Trust Indenture, the Manager shall reflect the amounts payable under Section 2.01(a).

(b) The Province shall, as a payee of Subrogation Amounts under clause 2.01(a)~~(~~iv~~)~~(B), as a payee of each Final Subrogation Amount under clause 2.01(a)(iv)(~~B~~D) and as a payee of any amounts payable under clause 2.01(a)~~(~~v~~)~~, be a "Specified Creditor" under the Trust Indenture and have the benefit of the Collateral thereunder.

(c) For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the Approved Obligation Amounts, if any, for payment to Beneficiary Payees and will be subject to the priorities and to the Province's rights to Subrogation Entitlements, set forth in Section 2.01(a).

(d) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(e) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation by their terms.

(f) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under and in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any amount due and payable to a Beneficiary Payee under the Limited Guarantee.

2.02 Intentionally Deleted.

2.03 <u>Absence of Set-off</u>

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 Payment into Protection Account in Satisfaction

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account" for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section **[7.03]** of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Financing Entity and the Indenture Trustee shall ensure that all amounts paid by the Province into the Protection Account on a Guarantee Payment Date in respect of an Approved Obligation are applied to pay the amounts due and payable to the Beneficiaries as and to the extent provided for in Section 2.01(a). Upon a payment having been made by or on behalf of the Province into the Protection Account, the amounts so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiaries as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such Beneficiaries in respect of the applicable Approved Obligations, whereupon an affected Beneficiary shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid. For greater certainty, the obligations arising in respect of an applicable Approved Obligation shall not be reduced by such payment as the Province shall become entitled to be paid related Subrogation Entitlements and the rights contemplated under Section 2.01(a) and Section 5.01 in relation to such continuing obligations.

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations in accordance with Section 8.01.

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

A Primary Obligation shall constitute an Approved Obligation if (i) the Adherence Conditions applicable thereto have been satisfied at the time the Primary Obligation was incurred, or (ii) the Province, in its sole discretion, designates in writing that it is an Approved Obligation.

4.02 Adherence Conditions

(a) The following shall be the Adherence Conditions applicable in relation to each Certified Primary Obligation:

i. ~~(a)~~ the Certified Primary Obligation when incurred is an Obligation Secured under the Trust Indenture; and

ii. ~~(b)~~ OPG, as FSM, delivers ~~a certificate~~an Adherence Compliance Certificate in the form attached hereto as Exhibit B-1 signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee, on or before the incurrence of a Certified Primary Obligation (provided that delivery may not be more than 5 Business Days before the incurrence of the Certified Primary Obligation)~~, confirming that OPG has delivered to the Province a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be~~* ~~provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation~~*;[4] and

iii. ~~(c) in respect of a Certified Primary Obligation other than a Refinancing of a Primary Obligation in respect of which the Adherence Conditions had been satisfied,~~ the Province has not provided a Suspension Notice to the Indenture Trustee, OPG and the Financing Entity.

(b) The following shall be the Adherence Conditions applicable in relation to each Refinancing:

i. such Refinancing when incurred is an Obligation Secured under the Trust Indenture; and

ii. OPG, as FSM, delivers an Adherence Compliance Certificate in the form attached hereto as Exhibit B-2 signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee and the Province, on or before the incurrence of the Refinancing (provided that delivery may not be more than 5 Business Days before the incurrence of such Refinancing).[5]

[4] Given the importance of this certificate, the form of the Adherence Compliance Certificate is set out in Exhibit B-1 to this Agreement and accordingly this language has been deleted from this para (ii) and is reproduced in the form of certificate attached as Exhibit B-1.

[5] Given the importance of this certificate, the form of the Adherence Compliance Certificate is set out in Exhibit B-2 to this Agreement.

For greater certainty, (y) satisfaction of the Adherence Conditions for a Certified Primary Obligation or a Refinancing shall be deemed satisfaction of the Adherence Conditions in respect of all principal, interest and other amounts owing under the Certified Primary Obligation or the Refinancing, as applicable, as such Certified Primary Obligation or Refinancing may be amended, restated, supplemented or otherwise modified from time to time, and (z) there shall be no Adherence Conditions applicable in relation to a Primary Obligation that is not a Certified Primary Obligation or a Refinancing.

4.03 Evidence of Satisfaction

~~A closing certificate~~An Adherence Compliance Certificate delivered in accordance with Section 4.02(~~b) in connection with an incurrence of a Certified Primary Obligation~~a)ii or in accordance with Section 4.02(b)ii, as the case may be, shall be determinative as to whether the applicable Adherence Conditions with respect thereto have been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same. ~~A closing certificate~~An Adherence Compliance Certificate that purports on its face to be signed by officers specified in Section 4.02(~~b)~~a)ii or Section 4.02(b)ii, as applicable, may be relied upon by any addressee without further enquiry or evidence as to the incumbency or signatures of such officers. If ~~a closing certificate~~an Adherence Compliance Certificate is not delivered in accordance with the timing requirements of Section 4.02(~~b) in respect of a Certified Primary Obligation~~a)ii or Section 4.02(b)ii, as applicable, such certificate may be delivered at a later date, and be effective as if it had been delivered in accordance with the timing requirement of Section 4.02(~~b)~~a)ii or Section 4.02(b)ii, as applicable, if at the time such certificate was required to be delivered OPG had delivered to the Province all certifications required by the Province in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation or the Refinancing.

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, including (i) the right and entitlement to be paid and receive the related Subrogation Entitlements, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent of the payment by the Province in

respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including ~~[~~Sections **[7.04]** through **[7.11]** and **[8.13]** (Payment Priorities), Section **[7.12]** (Payments Held in Trust), Section **[8.11]** (Control by Controlling Class Creditors), Section **[8.12]** (Limitation on Suits), Section **[8.14]** (Limited Recourse), Article IX (The Indenture Trustee), including all limitations of liability thereunder, Section **[9.14]** (Communications to Specified Creditors) and Section **[16.01]** (No Petition)~~]~~; (ii) consents, requests and authorizes the Issuer and the Indenture Trustee to (x) add the Province to the register of Specified Creditors described in subsection **[13.13(b)]** of the Trust Indenture and (y) disseminate the notice details of the Province to other Specified Creditors for the purposes set out in subsection **[9.14(b)]** of the Trust Indenture, and (iii) confirms that it will execute and deliver, or cause to be executed and delivered, all such further agreements, documents and instruments in connection with this Section 5.01 as the Indenture Trustee may request from time to time for the purpose of giving effect to the terms of this Section ~~5.01.~~5.01.

5.02 Priorities

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation shall rank equally with the rights, interests and entitlements of a Beneficiary to whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the

extent of the priorities established in relation to the Approved Obligation under the Trust Indenture in the manner and to the extent contemplated in Section **[7.10~~(d)~~]** of the Trust Indenture.

5.03 Intentionally Deleted

5.04 Representations and Warranties

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
INDENTURE TRUSTEE MATTERS

6.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

6.02 Not Responsible for Recitals

The recitals contained herein will be taken as the statements of the Province, the Financing Entity and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

6.03 Representations and Covenants of the Indenture Trustee[6]

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Agreement and has taken all necessary action to authorize the execution, delivery and performance by it of this Agreement;

(c) this Agreement has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) ~~(b)~~ the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada. If, notwithstanding the provisions of this subsection 6.03(d), the Indenture Trustee ceases to be so authorized to carry on business, the validity and enforceability of this Agreement shall not be affected in any manner whatsoever by reason only of such event.

ARTICLE VII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

7.01 Suspension Notice

Upon:

(a) a Program Breach;

(b) a default in the performance, or breach, of any covenants of OPG, as FSM, or OPG, in its corporate capacity, in each case to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the ~~provision~~adherence of the Limited Guarantee~~, which continues for thirty (30) days after written notice by the Province to OPG of such default or breach~~ to the Certified Primary Obligations and the expiration of any applicable cure period;

(c) a representation or warranty made by OPG or a certification made by one or more officers of OPG, in each case whether as FSM or in its corporate capacity, to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the ~~provision~~adherence of the Limited Guarantee to the Certified Primary Obligations, proves to be incorrect in

[6] Explanatory Note: ~~The Province is content to receive the same~~Indenture Trustee representations ~~as are provided~~have been conformed to the MTI and are subject to review and sign off by the Indenture Trustee ~~should be under the Trust Indenture. Please conform.~~

any material respect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation; or

(d) the FSM no longer being the Manager or actions having been taken by or on behalf of the Indenture Trustee to remove the FSM as the Manager,

the Province may declare that the Limited Guarantee under this Agreement shall not apply to any Primary Obligations incurred on or after such declaration, other than any Refinancing of a Primaryan Approved Obligation in respect of which the Adherence Conditions had previously been satisfied (provided that theor if such Refinancing is otherwise an Approved Obligation), by delivering a written notice in the form of Exhibit BC (a "**Suspension Notice**") to the Indenture Trustee, the FSM and the Financing Entity.[7]

The Limited Guarantee shall apply to any Certified Primary Obligation incurred after a Suspension Event on the basis that it is a Refinancing (provided that such Refinancing is an Approved Obligation) only if the FSM certifies to the Province in writing prior to the incurrence that the proceeds of such incurrence* will be used solely for the *purposes of repaying one or more Certified Primary Obligations incurred prior to the Suspension Event and to which the Limited Guarantee adhered as of the time the Suspension Event occurred, and the delivery of such written certification by the FSM to the Province shall be determinative for the purposes of concluding that such incurrence is a Refinancing for the purposes of Sections 7.01, 7.02 and 7.03.

7.02 Suspension

If a Suspension Notice has been provided under Section 7.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of: (i) any Primary Obligation incurred or amended(ii) any amendment of any Primary Obligation that results in an increase to the principal amount of such Primary Obligation, in each case, on or after the time such Suspension Notice is delivered, other than any Refinancing of a Primaryan Approved Obligation in respect of which the Adherence Conditions had previously been satisfied (provided that theor if such Refinancing is otherwise an Approved Obligation).

7.03 No Impact on Adherence

For greater certainty, the occurrence of a Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event or in respect of any Refinancing of a Primaryan Approved Obligation in respect of which the Adherence Conditions had previously been satisfied (provided that theor if such Refinancing is otherwise an Approved Obligation).

[7] The paragraph that was deleted from Section 7.01 was modified slightly and moved to the form of the Adherence Compliance Certificate set out in Exhibit B-2 as the Adherence Condition for the Refinancing so that it is clear what conditions have to be satisfied for a Refinancing to be an Approved Obligation. As discussed in our meeting with the principals and in response to the DBRS comments, debt issued on a refinancing of protected debt should continue to be protected debt.

ARTICLE VIII
MISCELLANEOUS

8.01 Term of Agreement

This Agreement will continue until the date that no amount is or may become due and payable by the Province under the Limited Guarantee.

8.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust

700 University Avenue

Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: Manager, Corporate Trust
Fax: (416) 981-9777
Email: corporatetrust.toronto@computershare.com

(b) if to the FSM:

Ontario Power Generation Inc.

700 University Avenue

Toronto, Ontario M5G 1X6

Attention: General Counsel
Fax: (416) 592-4189

(c) if to the Province:

Ministry of Finance

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 8.02.

8.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section 8.03 shall be null and void.

8.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

8.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

8.07 Notice to Rating Agencies

OPG, as FSM, shall deliver prompt written notice to the Rating Agencies ~~on~~of the occurrence of (i) a Protection Event; (ii) receipt of a Suspension Notice delivered by the Province pursuant to Section 7.01; and (iii) an assignment of this Agreement by any party pursuant to Section 8.03.

8.08 Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their benefits hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

8.09 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, IN ITS CAPACITY AS TRUSTEE OF FAIR HYDRO TRUST, AS ISSUER, BY ONTARIO POWER GENERATION INC., NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration of a funding obligation" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Action**" has the meaning ascribed thereto under the Trust Indenture.

"**Adherence Compliance Certificate**" means a certificate in the form attached hereto as Exhibit B-1 or Exhibit B-2, as applicable, delivered by the FSM in accordance with Section 4.02(a)ii or Section 4.02(b)ii.

"**Adherence Conditions**", means, in respect of a Certified Primary Obligation, the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of a Guarantee Payment Date, the aggregate of the Approved Obligation Amounts for such Guarantee Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, for a Beneficiary in respect of an Approved Obligation under which an amount is due and payable on a Guarantee Payment Date:

(a) if no Acceleration has occurred in respect of any Obligation Secured on or before the Guarantee Payment Date, the amount due and payable to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation (for greater certainty, determined on the assumption that there are adequate amounts available under the applicable payment provisions of the Trust Indenture to pay in full all amounts referred to in such payment provisions that are due and payable on the Guarantee Payment Date); and

(b) if an Acceleration has occurred in respect of any Obligations Secured on or before the Guarantee Payment Date, the amount that would be available to be paid to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation under the applicable payment provisions of the Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with such applicable payment provisions of the Trust Indenture in respect of each relevant month during each Reference Period is equal to the estimated Finance Amount determined in respect of such Reference Period for purposes of section 15(1) of the Act (in effect on the date hereof), including section 6.1 of the General Regulation (in effect on the date hereof), divided by the number of months in such Reference Period.

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Beneficiary Payee**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Certified Primary Obligations**" means Primary Obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest~~ or to repay payment obligations that were incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest,~~[7], in which case the Certified Primary Obligation therefor shall be the Funding Obligation Agreement applicable to such Funding Obligation and not each individual borrowing or utilization thereunder, (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not each individual trade confirmation, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and aggregate minimum payments by the Financing Entity thereunder during the term of such contract is in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above); provided that "**Certified Primary Obligations**" shall not include any Refinancing.

"**Change of Law Protection Agreement**" means this Agreement.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Eligible Deposit Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Eligible Institution**" has the meaning ascribed thereto in the Trust Indenture.

[7] ~~Explanatory Note: Province requires a Process Certificate for each monthly draw.~~

"**Executive Officer**" has the meaning ascribed to the term "executive officer" in National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators.

"**Final Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(D).

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the first paragraph of this Agreement until a successor Financing Entity Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and the Declaration of Trust, and thereafter "Financing Entity Trustee" means and includes such Person.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Guarantee Payment**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Guarantee Payment Date**" has the meaning ascribed thereto in Section 2.01(a)i.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Issuer Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Issuer Funding Obligation**" has the meaning ascribed thereto in the Trust Indenture.

"**Junior Subordinated Final Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(D).

"**Legislature**" means the Legislature of the Province of Ontario.

"**Lien**" has the meaning ascribed thereto in the Trust Indenture.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(a).

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity, as amended, supplemented, restated or otherwise modified from time to time.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Agreement**" means an agreement in the form of ~~an ISDA~~a Master Agreement as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, as amended, supplemented, restated or otherwise modified from time to time.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, unlimited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account or Finance Reserve Account~~ or required to be held in~~

~~the Collection Account after the application of amounts under the applicable payment provision of the Trust Indenture on an applicable payment date~~[8]; and (ii) any obligation to pay the Financing Entity or on the Financing Entity's direction any remaining amounts in the Collection Account pursuant to the Trust Indenture.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event[~~9~~8], termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that materially and adversely affects (a) the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured, or (b) this Agreement or any of the agreements under which Obligations Secured arise; or

[8] ~~Explanatory Note: The Trust Indenture states that if extra cash is available in the Collections Account, it can be held until a subsequent Payment Date.~~

[~~9~~8] Explanatory Note: Early amortization events may be included in a supplemental indenture, so retaining that concept makes sense.

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that materially and adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Obligations Secured that have become due and payable.

For clarity, for purposes of the definition of "Protection Event", the occurrence of an event described in any of clauses (i) to (v) of paragraph (a) or a determination by a court of competent jurisdiction described in paragraph (b) which (x) results, or could reasonably be expected to result, in a rating downgrade or withdrawal of a rating by a Rating Agency, or (y) results in a Rating Agency publicly announcing that it has placed under surveillance or review, with possible negative implications, its rating of any Approved Obligation in effect prior to the occurrence of such event or court determination shall be sufficient to establish the required "materially and adversely" threshold.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency Condition" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Reference Period**" has the meaning ascribed thereto in the Act.

"**Refinancing**"[~~10~~9] has the meaning ascribed to the term "refinancing" in the Act as of the date hereof, as more particularly described and given meaning in the General Regulation as of the date hereof.[~~11~~10]

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Senior Final Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(D).

[~~10~~9] Explanatory Note: This relates to a refinancing of an existing debt obligation; not an undrawn commitment to fund.

[~~11~~10] Explanatory Note: The General Regulation provides that debt can be considered a "Refinancing" when incurred within the 6 months prior to the maturity date of a funding obligation. The Act/Regulation's definition doesn't require that "Refinancings" be simultaneous with the repayment of existing Approved Obligations. We have added a certificate mechanic in 7.01 by which there can be certainty when an obligation is incurred that if the obligation is intended to be a refinancing, it will be covered by the guarantee.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Subordinated Final Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(D).

"**Subrogation Entitlement**" means each Subrogation Amount and each Final Subrogation Amount.

"**Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(B).

"**Supplemental Indenture**" has the meaning ascribed in the Trust Indenture.

"**Supplemental Reserve Account**" has the meaning ascribed in the Trust Indenture.

"**Suspension Event**" has the meaning ascribed thereto in Section 7.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 7.01.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

EXHIBIT A
FORM OF PAYMENT DEMAND

TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Pursuant to and in accordance with section 2.01(a) of the Change of the Law Protection Agreement, the Indenture Trustee hereby demands payment from the Province in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in the Change of Law Protection Agreement.

DATED as of the [■] day of [■], [■].

BNY TRUST COMPANY OF CANADA

By:
Name:
Title:

By:
Name:
Title:

EXHIBIT B-1

FORM OF ADHERENCE COMPLIANCE CERTIFICATE UNDER SECTION 4.02(a)

TO: **BNY TRUST COMPANY OF CANADA**, in its capacity as Indenture Trustee (the "**Indenture Trustee**") under the Master Trust Indenture dated as of December ●, 2017 between Fair Hydro Trust and the Indenture Trustee (the "**Master Trust Indenture**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province of Ontario, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust, Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Each of the undersigned, being the ● and ● of OPG acting in its capacity as FSM and holding the offices set forth under their names and signatures below, pursuant to and accordance with section 4.02(a)ii of the Change of Law Protection Agreement, hereby certifies for and on behalf of OPG, in its capacity as Financial Services Manager, and not in such officer's personal capacity and intending that this certificate may be relied on by the addressees hereof without independent inquiry, that:

1. I have read and understand the provisions of the Change of Law Protection Agreement, the Master Trust Indenture and all other documents and materials necessary to enable me to deliver this certificate.
2. OPG has delivered to the Province a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate was* provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation*.

DATED as of the [■] day of [■], [■].

Name: [11]	Name:
Office:	Office:

[11] This certificate must be signed by two officers of OPG being either (i) the Chief Financial Officer and the Treasurer, or (ii) any two Executive Officers (as defined in the Change of Law Protection Agreement) of OPG.

EXHIBIT B-2
FORM OF ADHERENCE COMPLIANCE CERTIFICATE UNDER SECTION 4.02(b)

TO: **BNY TRUST COMPANY OF CANADA**, in its capacity as Indenture Trustee (the "**Indenture Trustee**") under the Master Trust Indenture dated as of December ●, 2017 between Fair Hydro Trust and the Indenture Trustee (the "**Master Trust Indenture**")

AND TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust, Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Each of the undersigned, being the ● and ● of OPG acting in its capacity as FSM and holding the offices set forth under their names and signatures below, pursuant to and accordance with section 4.02(b)ii of the Change of Law Protection Agreement, hereby certifies for and on behalf of OPG, in its capacity as Financial Services Manager, and not in such officer's personal capacity and intending that this certificate may be relied on by the addressees hereof without independent inquiry, that:

1. I have read and understand the provisions of the Change of Law Protection Agreement, the Master Trust Indenture and all other documents and materials necessary to enable me to deliver this certificate.
2. The proceeds of the Refinancing* will be used solely for the *purpose of repaying one or more Certified Primary Obligations in respect of which the Adherence Conditions in Section 4.02(a) of the Change of Law Protection Agreement had been satisfied or one or more Refinancings in respect of which the Adherence Conditions in section 4.02(b) of the Change of Law Protection Agreement had been satisfied.

DATED as of the [■] day of [■], [■].

Name: [12]	Name:
Office:	Office:

[12] This certificate must be signed by two officers of OPG being either (i) the Chief Financial Officer and the Treasurer, or (ii) any two Executive Officers (as defined in the Change of Law Protection Agreement) of OPG.

EXHIBIT C
SUSPENSION NOTICE

TO: Ontario Power Generation Inc., in its capacity as Financial Services Manager

AND TO: Fair Hydro Trust

AND TO: Computershare Trust Company of Canada, in its capacity as trustee of Fair Hydro Trust

BNY Trust Company of Canada, as Indenture Trustee

AND TO:

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement. All references in this Suspension Notice to "Articles" or "Sections" refer to Articles or Sections of the Change of Law Protection Agreement.

The Province has a reasonable basis for concluding that an event described in clauses (a) to (d) of Section 7.01 has occurred. Pursuant to Section ~~7.01,~~7.01, the Province hereby declares that the Limited Guarantee shall not apply in respect of any Primary Obligation incurred or amended on or after the delivery of this Suspension Notice, other than any Refinancing~~ of a Primary Obligation~~ in respect of which the Adherence Conditions had previously been satisfied, in accordance with the terms and conditions in Article VII.

The Limited Guarantee shall hereby not apply in respect of (i) any Primary Obligation incurred or ~~amended~~(ii) any amendment of any Primary Obligation that results in an increase to the principal amount of such Primary Obligation, in each case, on or after delivery of this Suspension Notice, other than any Refinancing of ~~a Primary~~an Approved Obligation in respect of which the Adherence Conditions had previously been satisfied of if such Refinancing is otherwise an Approved Obligation.

This Suspension Notice is hereby delivered to the FSM, the Financing Entity and the Indenture Trustee in accordance with Section 8.02 of the Change of Law Protection Agreement.

* * * *

DATED as of the [■] day of [■], [■].

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE[1]

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

[1] Explanatory Note: Logistics of closing are under consideration by the Province.

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust organized under the laws of the Province of Ontario (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council 1981/2017 (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Primary Obligations that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred. This Agreement sets out the terms and conditions of such protections and assurances.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 Proof of Approved Obligations

The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Manager deems to be sufficient.

Each statement delivered by the Manager under Section 2.01(a)i shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and the Province hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Manager agrees to provide the Province with the computations and calculations used by the Manager to prepare each such statement promptly following a request therefor.[2]

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture as of the date of this Agreement.

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 2.01 or Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

[2] This language was reinserted as the guarantee statements required to be delivered by the Manager should be binding on the Province.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee, the Financing Entity, the Financing Entity Trustee, the Manager or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one

and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Unless otherwise provided for under the terms of any Approved Obligation, whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee may deliver a written demand, substantially in the form attached as Exhibit A (a "**Payment Demand**"), to the Province requiring the Province to make payments in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in this Agreement. From and after such delivery of a Payment Demand, the Province shall make the following payments in respect of the Approved Obligations (the "**Limited Guarantee**"), and the Financing Entity shall pay, and the Province shall be entitled to be paid, the Subrogation Entitlements specified below:

i. Not less than 3 Business Days prior to each day when any payment or payments are to be made in respect of one or more Approved Obligations occurring after such delivery of a Payment Demand (each such day, a "**Guarantee Payment Date**"), the Manager shall deliver a written statement setting forth the Aggregate Approved Obligations Amount, if any, in respect of the Approved Obligations that are due and payable on such Guarantee Payment Date, together with a detailed description identifying such Approved Obligations and the nature and amount of payments due and payable thereunder on the Guarantee Payment Date, the aggregate outstanding amount payable by the Financing Entity under such Approved Obligations as of the date of such written statement, and details regarding any default in performance by any party obligated thereunder.

ii. On each such Guarantee Payment Date, the Province shall deposit the Aggregate Approved Obligations Amount into the Protection Account.

iii. On each such Guarantee Payment Date, the Financing Entity and the Indenture Trustee shall ensure that the amounts on deposit in the Protection Account are applied to pay each Beneficiary to whom an amount is due and payable under an Approved Obligation on the Guarantee Payment Date the Approved Obligation Amount for such Beneficiary in respect of such Approved Obligation on such Guarantee Payment Date; provided that if the amount deposited pursuant to clause 2.01(a)ii is insufficient to pay all such Approved Obligation Amounts in full, the amount on deposit in the Protection Account on the Guarantee Payment Date shall be applied to pay Beneficiaries in the order of priority in which such Approved Obligations are payable under the payment provisions of the Trust Indenture applicable to the making of such payments on the Guarantee Payment Date (each, a "**Beneficiary Payee**" and each payment made to a Beneficiary Payee on a Guarantee Payment Date, a "**Guarantee Payment**").

iv. On any Guarantee Payment Date on which an amount is paid by the Province pursuant to clause 2.01(a)ii, the applicable payment provisions of the Trust Indenture shall, notwithstanding the express terms of such provisions set forth in the Trust Indenture, be applied and operate on the following basis:

(A) the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available under such payment provisions on such Guarantee Payment Date shall be reduced by the amount of the Guarantee Payment paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on such Guarantee Payment Date;

(B) the Province shall be paid the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available to pay the Beneficiary Payee under such payment provisions on the Guarantee Payment Date, determined without regard to the Guarantee Payment paid on such Guarantee Payment Date and the corresponding reduction of the amount owing to the Beneficiary Payee pursuant to subclause 2.01(a)iv(A) (each such amount payable to the Province being a "**Subrogation Amount**");

(C) no Beneficiary having a right to be paid an amount in respect of an Approved Obligation, and no other Person entitled under an Obligation Secured, in each case that ranks equal with or subordinate to an Approved Obligation in respect of which a Subrogation Amount is payable to the Province under subclause 2.01(a)iv(B), shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under such subclause (including any right of reimbursement, contribution or indemnity) and no such Beneficiary or other Person shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of any such Subrogation Amount;

(D) on the first day when any payment or payments are to be made in respect of Obligations Secured that occurs after the date on which all amounts payable under all Approved Obligations have been paid in full, whether pursuant to Guarantee Payments or payments made pursuant to the payment provisions of the Trust Indenture or any combination thereof, the Province shall be entitled to be

paid from amounts available to pay Obligations Secured on such day (and thereafter on each subsequent day when any payment or payments are to be made in respect of Obligations Secured, until paid in full), in each case in accordance with the applicable payment provisions of the Trust Indenture on such day, the following amounts, in each case in the priorities specified below:

(I) as an amount ranking equally with principal amounts of Senior Funding Obligations, the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including such day in respect of Approved Obligations ranking equally with or prior to principal amounts of Senior Funding Obligations, plus (y) the sum of amounts determined in respect of interest on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount is paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of all Subrogation Amounts paid to the Province up to and including such day (such amount, the "**Senior Final Subrogation Amount**");

(II) as an amount ranking equally with principal amounts of Subordinated Funding Obligations, the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including such day in respect of Approved Obligations ranking equally with or prior to principal amounts of Subordinated Funding Obligations, plus (y) the sum of amounts determined in respect of interest on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount is paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate

borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of (x) all Subrogation Amounts paid to the Province up to and including such day, plus (y) the amount determined under (I) (such amount, the "**Subordinated Final Subrogation Amount**"); and

(III) as an amount ranking equally with principal amounts of Junior Subordinated Obligations, the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including such day in respect of Approved Obligations ranking equally with or prior to principal amounts of Junior Subordinated Funding Obligations, plus (y) the sum of amounts determined in respect of interest on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount is paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of (x) all Subrogation Amounts paid to the Province up to and including such day, plus (y) the sum of the amounts determined under (I) plus (z) the sum of the amounts determined under (II) (such amount, the "**Junior Subordinated Final Subrogation Amount**" and, together with the Senior Final Subrogation Amount and the Subordinated Final Subrogation Amount, the "**Final Subrogation Amounts**")[3]; and

(E) no Person entitled under an Obligation Secured that ranks equal with or subordinate to a Final Subrogation Amount shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province in respect of such Final Subrogation Amount and no such Person shall have any right or interest in, to or under the

[3] Separate definitions were included to facilitate inserting these amounts into Trust Indenture priority of payment provisions.

Collateral or any proceeds therefrom in respect of any such Final Subrogation Amount.

v. On any Guarantee Payment Date, the Indenture Trustee shall release and pay to the Province free and clear of any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay Guarantee Payments to Beneficiary Payees on the Guarantee Payment Date in accordance with clause 2.01(a)iii.

vi. In preparing any payment instructions under the Trust Indenture, the Manager shall reflect the amounts payable under Section 2.01(a).

(b) The Province shall, as a payee of Subrogation Amounts under clause 2.01(a)iv(B), as a payee of each Final Subrogation Amount under clause 2.01(a)(iv)(D) and as a payee of any amounts payable under clause 2.01(a)v, be a "Specified Creditor" under the Trust Indenture and have the benefit of the Collateral thereunder.

(c) For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the Approved Obligation Amounts, if any, for payment to Beneficiary Payees and will be subject to the priorities and to the Province's rights to Subrogation Entitlements, set forth in Section 2.01(a).

(d) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(e) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation by their terms.

(f) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under and in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any amount due and payable to a Beneficiary Payee under the Limited Guarantee.

2.02 Intentionally Deleted.

2.03 <u>Absence of Set-off</u>

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 <u>Payment into Protection Account in Satisfaction</u>

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account" for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section **[7.03]** of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Financing Entity and the Indenture Trustee shall ensure that all amounts paid by the Province into the Protection Account on a Guarantee Payment Date in respect of an Approved Obligation are applied to pay the amounts due and payable to the Beneficiaries as and to the extent provided for in Section 2.01(a). Upon a payment having been made by or on behalf of the Province into the Protection Account, the amounts so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiaries as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such Beneficiaries in respect of the applicable Approved Obligations, whereupon an affected Beneficiary shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid. For greater certainty, the obligations arising in respect of an applicable Approved Obligation shall not be reduced by such payment as the Province shall become entitled to be paid related Subrogation Entitlements and the rights contemplated under Section 2.01(a) and Section 5.01 in relation to such continuing obligations.

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations in accordance with Section 8.01.

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

A Primary Obligation shall constitute an Approved Obligation if (i) the Adherence Conditions applicable thereto have been satisfied at the time the Primary Obligation was incurred, or (ii) the Province, in its sole discretion, designates in writing that it is an Approved Obligation.

4.02 <u>Adherence Conditions</u>

(a) The following shall be the Adherence Conditions applicable in relation to each Certified Primary Obligation:

i. the Certified Primary Obligation when incurred is an Obligation Secured under the Trust Indenture; and

ii. OPG, as FSM, delivers an Adherence Compliance Certificate in the form attached hereto as Exhibit B-1 signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee, on or before the incurrence of a Certified Primary Obligation (provided that delivery may not be more than 5 Business Days before the incurrence of the Certified Primary Obligation);[4] and

iii. the Province has not provided a Suspension Notice to the Indenture Trustee, OPG and the Financing Entity.

(b) The following shall be the Adherence Conditions applicable in relation to each Refinancing:

i. such Refinancing when incurred is an Obligation Secured under the Trust Indenture; and

ii. OPG, as FSM, delivers an Adherence Compliance Certificate in the form attached hereto as Exhibit B-2 signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee and the Province, on or before the incurrence of the Refinancing (provided that delivery may not be more than 5 Business Days before the incurrence of such Refinancing).[5]

For greater certainty, (y) satisfaction of the Adherence Conditions for a Certified Primary Obligation or a Refinancing shall be deemed satisfaction of the Adherence Conditions in respect of all principal, interest and other amounts owing under the Certified Primary Obligation or the Refinancing, as applicable, as such Certified Primary Obligation or Refinancing may be amended, restated, supplemented or otherwise modified from time to

[4] Given the importance of this certificate, the form of the Adherence Compliance Certificate is set out in Exhibit B-1 to this Agreement and accordingly this language has been deleted from this para (ii) and is reproduced in the form of certificate attached as Exhibit B-1.

[5] Given the importance of this certificate, the form of the Adherence Compliance Certificate is set out in Exhibit B-2 to this Agreement.

time, and (z) there shall be no Adherence Conditions applicable in relation to a Primary Obligation that is not a Certified Primary Obligation or a Refinancing.

4.03 Evidence of Satisfaction

An Adherence Compliance Certificate delivered in accordance with Section 4.02(a)ii or in accordance with Section 4.02(b)ii, as the case may be, shall be determinative as to whether the applicable Adherence Conditions with respect thereto have been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same. An Adherence Compliance Certificate that purports on its face to be signed by officers specified in Section 4.02(a)ii or Section 4.02(b)ii, as applicable, may be relied upon by any addressee without further enquiry or evidence as to the incumbency or signatures of such officers. If an Adherence Compliance Certificate is not delivered in accordance with the timing requirements of Section 4.02(a)ii or Section 4.02(b)ii, as applicable, such certificate may be delivered at a later date, and be effective as if it had been delivered in accordance with the timing requirement of Section 4.02(a)ii or Section 4.02(b)ii, as applicable, if at the time such certificate was required to be delivered OPG had delivered to the Province all certifications required by the Province in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation or the Refinancing.

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, including (i) the right and entitlement to be paid and receive the related Subrogation Entitlements, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the

Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including Sections **[7.04]** through **[7.11]** and **[8.13]** (Payment Priorities), Section **[7.12]** (Payments Held in Trust), Section **[8.11]** (Control by Controlling Class Creditors), Section **[8.12]** (Limitation on Suits), Section **[8.14]** (Limited Recourse), Article IX (The Indenture Trustee), including all limitations of liability thereunder, Section **[9.14]** (Communications to Specified Creditors) and Section **[16.01]** (No Petition); (ii) consents, requests and authorizes the Issuer and the Indenture Trustee to (x) add the Province to the register of Specified Creditors described in subsection **[13.13(b)]** of the Trust Indenture and (y) disseminate the notice details of the Province to other Specified Creditors for the purposes set out in subsection **[9.14(b)]** of the Trust Indenture, and (iii) confirms that it will execute and deliver, or cause to be executed and delivered, all such further agreements, documents and instruments in connection with this Section 5.01 as the Indenture Trustee may request from time to time for the purpose of giving effect to the terms of this Section 5.01.

5.02 <u>Priorities</u>

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation shall rank equally with the rights, interests and entitlements of a Beneficiary to whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture in the manner and to the extent contemplated in Section **[7.10]** of the Trust Indenture.

5.03 Intentionally Deleted

5.04 <u>Representations and Warranties</u>

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
INDENTURE TRUSTEE MATTERS

6.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

6.02 Not Responsible for Recitals

The recitals contained herein will be taken as the statements of the Province, the Financing Entity and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

6.03 Representations and Covenants of the Indenture Trustee[6]

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Agreement and has taken all necessary action to authorize the execution, delivery and performance by it of this Agreement;

(c) this Agreement has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

[6] Explanatory Note: Indenture Trustee representations have been conformed to the MTI and are subject to review and sign off by the Indenture Trustee.

(d) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada. If, notwithstanding the provisions of this subsection 6.03(d), the Indenture Trustee ceases to be so authorized to carry on business, the validity and enforceability of this Agreement shall not be affected in any manner whatsoever by reason only of such event.

ARTICLE VII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

7.01 Suspension Notice

Upon:

(a) a Program Breach;

(b) a default in the performance, or breach, of any covenants of OPG, as FSM, or OPG, in its corporate capacity, in each case to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligations and the expiration of any applicable cure period;

(c) a representation or warranty made by OPG or a certification made by one or more officers of OPG, in each case whether as FSM or in its corporate capacity, to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligations, proves to be incorrect in any material respect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation; or

(d) the FSM no longer being the Manager or actions having been taken by or on behalf of the Indenture Trustee to remove the FSM as the Manager,

the Province may declare that the Limited Guarantee under this Agreement shall not apply to any Primary Obligations incurred on or after such declaration, other than any Refinancing of an Approved Obligation in respect of which the Adherence Conditions had previously been satisfied or if such Refinancing is otherwise an Approved Obligation, by delivering a written notice in the form of Exhibit C (a "**Suspension Notice**") to the Indenture Trustee, the FSM and the Financing Entity.[7]

[7] The paragraph that was deleted from Section 7.01 was modified slightly and moved to the form of the Adherence Compliance Certificate set out in Exhibit B-2 as the Adherence Condition for the Refinancing so that it is clear what conditions have to be satisfied for a Refinancing to be an Approved Obligation. As discussed in our meeting with the principals and in response to the DBRS comments, debt issued on a refinancing of protected debt should continue to be protected debt.

7.02 Suspension

If a Suspension Notice has been provided under Section 7.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of: (i) any Primary Obligation incurred or (ii) any amendment of any Primary Obligation that results in an increase to the principal amount of such Primary Obligation, in each case, on or after the time such Suspension Notice is delivered, other than any Refinancing of an Approved Obligation in respect of which the Adherence Conditions had previously been satisfied or if such Refinancing is otherwise an Approved Obligation.

7.03 No Impact on Adherence

For greater certainty, the occurrence of a Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event or in respect of any Refinancing of an Approved Obligation in respect of which the Adherence Conditions had previously been satisfied or if such Refinancing is otherwise an Approved Obligation.

ARTICLE VIII
MISCELLANEOUS

8.01 Term of Agreement

This Agreement will continue until the date that no amount is or may become due and payable by the Province under the Limited Guarantee.

8.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: Manager, Corporate Trust
Fax: (416) 981-9777
Email: corporatetrust.toronto@computershare.com

(b) if to the FSM:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

(c) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 8.02.

8.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section 8.03 shall be null and void.

8.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

8.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

8.07 Notice to Rating Agencies

OPG, as FSM, shall deliver prompt written notice to the Rating Agencies of the occurrence of (i) a Protection Event; (ii) receipt of a Suspension Notice delivered by the Province pursuant to Section 7.01; and (iii) an assignment of this Agreement by any party pursuant to Section 8.03.

8.08 Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their benefits hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

8.09 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, IN ITS CAPACITY AS TRUSTEE OF FAIR HYDRO TRUST, AS ISSUER, BY ONTARIO POWER GENERATION INC., NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration of a funding obligation" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Action**" has the meaning ascribed thereto under the Trust Indenture.

"**Adherence Compliance Certificate**" means a certificate in the form attached hereto as Exhibit B-1 or Exhibit B-2, as applicable, delivered by the FSM in accordance with Section 4.02(a)ii or Section 4.02(b)ii.

"**Adherence Conditions**", means, in respect of a Certified Primary Obligation, the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of a Guarantee Payment Date, the aggregate of the Approved Obligation Amounts for such Guarantee Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, for a Beneficiary in respect of an Approved Obligation under which an amount is due and payable on a Guarantee Payment Date:

(a) if no Acceleration has occurred in respect of any Obligation Secured on or before the Guarantee Payment Date, the amount due and payable to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation (for greater certainty, determined on the assumption that there are adequate amounts available under the applicable payment provisions of the Trust Indenture to pay in full all amounts referred to in such payment provisions that are due and payable on the Guarantee Payment Date); and

(b) if an Acceleration has occurred in respect of any Obligations Secured on or before the Guarantee Payment Date, the amount that would be available to be paid to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation under the applicable payment provisions of the Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with such applicable payment provisions of the Trust Indenture in respect of each relevant month during each Reference Period is equal to the estimated Finance Amount determined in respect of such Reference Period for purposes of section 15(1) of the Act (in effect on the date hereof), including section 6.1 of the General Regulation (in effect on the date hereof), divided by the number of months in such Reference Period.

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Beneficiary Payee**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Certified Primary Obligations**" means Primary Obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest, in which case the Certified Primary Obligation therefor shall be the Funding Obligation Agreement applicable to such Funding Obligation and not each individual borrowing or utilization thereunder, (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not each individual trade confirmation, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and aggregate minimum payments by the Financing Entity thereunder during the term of such contract is in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above); provided that "**Certified Primary Obligations**" shall not include any Refinancing.

"**Change of Law Protection Agreement**" means this Agreement.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Eligible Deposit Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Eligible Institution**" has the meaning ascribed thereto in the Trust Indenture.

"**Executive Officer**" has the meaning ascribed to the term "executive officer" in National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators.

"**Final Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(D).

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the first paragraph of this Agreement until a successor Financing Entity Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and the Declaration of Trust, and thereafter "Financing Entity Trustee" means and includes such Person.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Guarantee Payment**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Guarantee Payment Date**" has the meaning ascribed thereto in Section 2.01(a)i.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Issuer Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Issuer Funding Obligation**" has the meaning ascribed thereto in the Trust Indenture.

"**Junior Subordinated Final Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(D).

"**Legislature**" means the Legislature of the Province of Ontario.

"**Lien**" has the meaning ascribed thereto in the Trust Indenture.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(a).

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity, as amended, supplemented, restated or otherwise modified from time to time.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Agreement**" means an agreement in the form of a Master Agreement as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, as amended, supplemented, restated or otherwise modified from time to time.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, unlimited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account or Finance Reserve Account; and (ii) any obligation to pay the Financing Entity or on the Financing Entity's direction any remaining amounts in the Collection Account pursuant to the Trust Indenture.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event[8], termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that materially and adversely affects (a) the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured, or (b) this Agreement or any of the agreements under which Obligations Secured arise; or

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that materially and adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Obligations Secured that have become due and payable.

---

[8] Explanatory Note: Early amortization events may be included in a supplemental indenture, so retaining that concept makes sense.

For clarity, for purposes of the definition of "Protection Event", the occurrence of an event described in any of clauses (i) to (v) of paragraph (a) or a determination by a court of competent jurisdiction described in paragraph (b) which (x) results, or could reasonably be expected to result, in a rating downgrade or withdrawal of a rating by a Rating Agency, or (y) results in a Rating Agency publicly announcing that it has placed under surveillance or review, with possible negative implications, its rating of any Approved Obligation in effect prior to the occurrence of such event or court determination shall be sufficient to establish the required "materially and adversely" threshold.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency Condition" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Reference Period**" has the meaning ascribed thereto in the Act.

"**Refinancing**"[9] has the meaning ascribed to the term "refinancing" in the Act as of the date hereof, as more particularly described and given meaning in the General Regulation as of the date hereof.[10]

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Senior Final Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(D).

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Subordinated Final Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(D).

"**Subrogation Entitlement**" means each Subrogation Amount and each Final Subrogation Amount.

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[9] Explanatory Note: This relates to a refinancing of an existing debt obligation; not an undrawn commitment to fund.

[10] Explanatory Note: The General Regulation provides that debt can be considered a "Refinancing" when incurred within the 6 months prior to the maturity date of a funding obligation. The Act/Regulation's definition doesn't require that "Refinancings" be simultaneous with the repayment of existing Approved Obligations. We have added a certificate mechanic in 7.01 by which there can be certainty when an obligation is incurred that if the obligation is intended to be a refinancing, it will be covered by the guarantee.

"**Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(B).

"**Supplemental Indenture**" has the meaning ascribed in the Trust Indenture.

"**Supplemental Reserve Account**" has the meaning ascribed in the Trust Indenture.

"**Suspension Event**" has the meaning ascribed thereto in Section 7.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 7.01.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

EXHIBIT A
FORM OF PAYMENT DEMAND

TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Pursuant to and in accordance with section 2.01(a) of the Change of the Law Protection Agreement, the Indenture Trustee hereby demands payment from the Province in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in the Change of Law Protection Agreement.

DATED as of the [■] day of [■], [■].

BNY TRUST COMPANY OF CANADA

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT B-1
FORM OF ADHERENCE COMPLIANCE CERTIFICATE UNDER SECTION 4.02(a)

TO: **BNY TRUST COMPANY OF CANADA**, in its capacity as Indenture Trustee (the "**Indenture Trustee**") under the Master Trust Indenture dated as of December ●, 2017 between Fair Hydro Trust and the Indenture Trustee (the "**Master Trust Indenture**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province of Ontario, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust, Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Each of the undersigned, being the ● and ● of OPG acting in its capacity as FSM and holding the offices set forth under their names and signatures below, pursuant to and accordance with section 4.02(a)ii of the Change of Law Protection Agreement, hereby certifies for and on behalf of OPG, in its capacity as Financial Services Manager, and not in such officer's personal capacity and intending that this certificate may be relied on by the addressees hereof without independent inquiry, that:

1. I have read and understand the provisions of the Change of Law Protection Agreement, the Master Trust Indenture and all other documents and materials necessary to enable me to deliver this certificate.
2. OPG has delivered to the Province a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate was provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation.

DATED as of the [■] day of [■], [■].

Name: [11]	Name:
Office:	Office:

[11] This certificate must be signed by two officers of OPG being either (i) the Chief Financial Officer and the Treasurer, or (ii) any two Executive Officers (as defined in the Change of Law Protection Agreement) of OPG.

EXHIBIT B-2
FORM OF ADHERENCE COMPLIANCE CERTIFICATE UNDER SECTION 4.02(b)

TO: **BNY TRUST COMPANY OF CANADA**, in its capacity as Indenture Trustee (the "**Indenture Trustee**") under the Master Trust Indenture dated as of December ●, 2017 between Fair Hydro Trust and the Indenture Trustee (the "**Master Trust Indenture**")

AND TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust, Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Each of the undersigned, being the ● and ● of OPG acting in its capacity as FSM and holding the offices set forth under their names and signatures below, pursuant to and accordance with section 4.02(b)ii of the Change of Law Protection Agreement, hereby certifies for and on behalf of OPG, in its capacity as Financial Services Manager, and not in such officer's personal capacity and intending that this certificate may be relied on by the addressees hereof without independent inquiry, that:

1. I have read and understand the provisions of the Change of Law Protection Agreement, the Master Trust Indenture and all other documents and materials necessary to enable me to deliver this certificate.
2. The proceeds of the Refinancing will be used solely for the purpose of repaying one or more Certified Primary Obligations in respect of which the Adherence Conditions in Section 4.02(a) of the Change of Law Protection Agreement had been satisfied or one or more Refinancings in respect of which the Adherence Conditions in section 4.02(b) of the Change of Law Protection Agreement had been satisfied.

DATED as of the [■] day of [■], [■].

Name: [12]	Name:
Office:	Office:

[12] This certificate must be signed by two officers of OPG being either (i) the Chief Financial Officer and the Treasurer, or (ii) any two Executive Officers (as defined in the Change of Law Protection Agreement) of OPG.

EXHIBIT C
SUSPENSION NOTICE

TO: Ontario Power Generation Inc., in its capacity as Financial Services Manager

AND TO: Fair Hydro Trust

AND TO: Computershare Trust Company of Canada, in its capacity as trustee of Fair Hydro Trust

AND TO: BNY Trust Company of Canada, as Indenture Trustee

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement. All references in this Suspension Notice to "Articles" or "Sections" refer to Articles or Sections of the Change of Law Protection Agreement.

The Province has a reasonable basis for concluding that an event described in clauses (a) to (d) of Section 7.01 has occurred. Pursuant to Section 7.01, the Province hereby declares that the Limited Guarantee shall not apply in respect of any Primary Obligation incurred or amended on or after the delivery of this Suspension Notice, other than any Refinancing in respect of which the Adherence Conditions had previously been satisfied, in accordance with the terms and conditions in Article VII.

The Limited Guarantee shall hereby not apply in respect of (i) any Primary Obligation incurred or (ii) any amendment of any Primary Obligation that results in an increase to the principal amount of such Primary Obligation, in each case, on or after delivery of this Suspension Notice, other than any Refinancing of an Approved Obligation in respect of which the Adherence Conditions had previously been satisfied of if such Refinancing is otherwise an Approved Obligation.

This Suspension Notice is hereby delivered to the FSM, the Financing Entity and the Indenture Trustee in accordance with Section 8.02 of the Change of Law Protection Agreement.

* * * *

DATED as of the [■] day of [■], [■].

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

From:	Ramchandani, Rima
To:	LEE John -TREASURY; "WONG Leslie -LAWDIV"; "david.dalbello@rbccm.com"; "ian.benaiah@rbccm.com"; "geoffrey.reeves@cibc.com"; "Donnie.Persaud@cibc.com"; "Andrew.Maciel@cibc.com"; "Sunil.Adalja@cibc.com"; "brian.bolster@gs.com"; Niehaus, Katrina; "Salina.Sabri@gs.com"; "Brian.Delaney@gs.com"; Gadi Mayman; Mike Manning; Ken Kandeepan; HARTWICK Ken -FINANCE; "Sebastiano, Rocco"; Milligan, Peter; "ASHBOURNE, STEPHEN"; Malle Hanslep (MOF); Tobias P. Whitfield (MOF); Feldman, Michael; Mansoori, Nina
Subject:	Fair Hydro -- Change of Law Agreements (All Hands Meeting with Counsel)
Start:	Monday, December 11, 2017 12:15:00 PM
End:	Monday, December 11, 2017 2:00:00 PM
Location:	79 Wellington Street West, 33rd Floor

This meeting of the Dealers, OPG, the Province and external counsel is scheduled to follow a meeting of the principals only. If I have missed anyone on this invite, please feel free to forward.

For those dialing in:

Dial-in: 1.800.600.0998
Passcode: 8657666#

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From:	Mansoori, Nina
To:	"ASHBOURNE, STEPHEN"; "JON.VINER@blakes.com"; "JA.PRESTAGE@blakes.com"
Cc:	Ken Kandeepan; "LADAK Lubna -TREASURY"; Anna Strathy; "Veinot, Cindy (TBS)"; Tom McKinlay (MAG); Mark Donaldson (MOF); Daniel Cayley (ENERGY); "Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)"; Ramchandani, Rima; "LEE John -TREASURY"; "RYFA Ken -TREASURY"; "HAHN PARKER Janet -TREASURY"; "MAUTI John -FIN & C CTRL"; "LAURETA LAPIRA May -TREASURY"; Feldman, Michael; "WONG Leslie -LAWDIV"; "Sebastiano, Rocco"; "Milligan, Peter"; "Fullerton, Rick"; Gadi Mayman; Mike Manning; Malle Hanslep (MOF); "ian.benaiah@rbccm.com"; "Khan, Nur (nur.khan@rbccm.com)"; "brent.r.taylor@rbccm.com"; "katrina.niehaus@gs.com"; "brian.delaney@gs.com"; "Maciel, Andrew"; "Adalja, Sunil"; "Persad, Nicole"; "Persaud, Donnie - Debt Capital Markets"; Steen Hume (CAB); Mansoori, Nina; Saulnier, Brett; Olusoga, Yinka
Subject:	Fair Hydro -- Change of Law Process Agreement
Date:	Wednesday, December 06, 2017 4:39:22 PM
Attachments:	Change of Law Process Agreement (Dec 6).docx Blackline_24592518v1 - 24592518v4.pdf

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Blakes team,

Please find attached OPG and Torys' comments on the Process Agreement reflecting our discussions from yesterday's call. Please note that this draft is subject to continuing review and comment by Osler and the dealers. As discussed at the tail end of our call yesterday, the section in the Process Agreement that gives the Province the right to object to new and material changes to transaction documents dovetails with the Protection Agreement so additional comments from Oslers may be forthcoming on this draft.

We are working on getting you a revised draft of the Protection Agreement either later today or tomorrow. In the meantime, please let us know if you have any comments or questions on the Process Agreement.

Best Regards,

Nina

Nina Mansoori
P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679
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Toronto, Ontario M5K 1N2 Canada | www.torys.com[torys.com]

TORYS LLP[torys.com]

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HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.

CHANGE OF LAW PROCESS AGREEMENT[1]

Dated as of [■], 2017

[1] Explanatory Note: Closing mechanics under consideration by the Province. Province to advise what is under consideration.

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**") is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.

Pursuant to a Declaration of Trust dated as of [■], 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions.

Prior to entering into this Agreement, OPG provided the Province with the proposed forms of certain of the Transaction Documents listed on Exhibit "A", and the Province has not objected to such forms and has confirmed to OPG that such Transaction Documents constitute "Reference Documentation" for purposes of this Agreement.

Prior to entering into this Agreement, OPG, as the FSM, provided the Province with the initial Financing Plan, which includes the initial forecast (the "**Initial Forecast**") setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the 24 month period from December 1, 2017 to November 30, 2019 (the "**Initial Forecast Period**") and the initial Protection Agreement Maximum (the "**Initial Protection Agreement Maximum**"). The Province has acknowledged receipt of the initial Financing Plan and has not objected to the Initial Forecast or the Initial Protection Agreement Maximum.

This Agreement sets out the obligations OPG has agreed to perform and assurances OPG has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the Adherence Conditions have been satisfied and maintaining information related to the Program Agreements and the Approved Obligations.

All things necessary to make this Agreement a valid and legally binding agreement of OPG and the Province, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall"; the word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed; the words "herein", "hereof" and "hereunder" and other words of similar import refer to this

Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 References to the Financing Entity

For greater certainty, each reference to the Financing Entity shall be construed as a reference to the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 Effect of Headings

The Article and Section headings herein and are for convenience only and will not affect the construction hereof.

1.04 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.06 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF OPG

2.01 Deliveries to the Province

(a) OPG shall promptly deliver to the Province a copy of any proposed change to or replacement of the Financing Plan.

(b) Not less than 10 Business Days, or such lesser period as the Province may agree to in writing, prior to:

(i) any proposed change in the material terms or conditions applicable to a Primary Obligation in a previously provided Transaction Document becoming effective or otherwise being used, including regarding the timing of or circumstances under which related payments are or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that would affect the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation; provided, however, that the foregoing does not apply to any proposed change in particular financial terms, rates and levels, and

(ii) any additional or replacement Transaction Document becoming effective or otherwise being used,

OPG shall deliver to the Province a copy of such proposed change to the Transaction Document and any such additional or replacement Transaction Document.

(c) Promptly following (i) any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor being made, (ii) any new, additional or replacement instruments, documents, agreements or security being used or granted in connection with all or any part of the Approved Obligations, or (iii) any waiver, release, reconveyance, termination, abandonment, subordination, exchange, substitution, transfer, compound, compromise, liquidation or enforcement of all or any part of the Approved Obligations or any security or guarantee therefor being effected, OPG shall deliver to the Province a detailed description of such event and the reasons for it together with any related documents, agreements and instruments.

(d) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, OPG shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations (including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(e) Promptly upon request, OPG shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

2.02 <u>Covenants</u>

(a) OPG shall use commercially reasonable efforts to cause the Financing Entity to:

(i) punctually perform and observe all of the Financing Entity's obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not (unless waived in writing by the Province):

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement or replacement or waiver or consent could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any change in particular financial terms, rates and levels;

(B) extend, renew, compromise, novate, replace, suspend, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, liquidate or enforce the terms of all or any part of the Approved Obligations or any Collateral, if any such action could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to the extent that only particular financial terms, rates and levels are affected; or

(C) permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired.

[NTD: As discussed, para (D) was deleted as a consequence of the Province's assumption right being deleted.]

(b) OPG shall:

(i) comply, and shall use commercially reasonable efforts to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

(ii) punctually perform and observe all of its (including as the FSM and as Manager) obligations and agreements contained in the Program Agreements;

(iii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation; and

(iv) after the occurrence of any Protection Event (or any event known to OPG that with the passage of time or the giving of notice would be a Protection Event), not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.

(c) The Province and OPG acknowledge that their obligations to each other under the Indemnity Agreement between the Province and OPG dated June 1, 2017 (as amended, the "**Indemnity Agreement**") are not amended by this Agreement and continue in full force and effect, notwithstanding that this Agreement is entered into subsequent to the Indemnity Agreement. ***[NTD: Torys and Blakes have mutually agreed to this language.]***

(d) The Province and OPG acknowledge that their obligations to each other under the Indemnity Agreement are not amended by the Change of Law Protection Agreement and continue in full force and effect, notwithstanding that the Change of Law Protection Agreement was entered into subsequent to the Indemnity Agreement. ***[NTD: Torys and Blakes have mutually agreed to this language.]***

ARTICLE III
PROCESS CERTIFICATE

3.01 <u>Process Certificate</u>

OPG shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Province, on or before the incurrence or any amendment of a Funding Obligation, other than any Funding Obligation under which not more than $5,000,000 in the aggregate may become payable by the Financing Entity (provided that delivery

may not be more than 5 Business Days before the incurrence or amendment of the Funding Obligation), setting out the following with respect to such Funding Obligation:

(a) the material terms of the Funding Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a Derivative Agreement, OPG's best estimate of the expected notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights; ***[NTD: OPG can only provide an estimate of these matters and the actual pricing may be different than what is provided in the certificate since the price is based on the spot market and subject to change.]***

(b) if an existing Funding Obligation is proposed to be amended, material details respecting such amendment, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

(c) a statement to the effect that: (i) the Funding Obligation to be incurred or amended (1) will arise under terms and conditions that are Substantially in the Form of the Reference Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reference Documentation;

(d) a statement confirming that any disclosure made in respect of the Funding Obligation (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to the Funding Obligation) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement has been made available to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made;

(e) a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and

(f) confirmation that, at the time the Funding Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Funding Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the Protection

Agreement Maximum applicable on the date that the Process Certificate is delivered; for clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be determined on the date the Process Certificate is delivered hereunder in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

3.02 Acknowledgement regarding delivery of certificate under Change of Law Protection Agreement

The Province acknowledges and agrees that, concurrent with the delivery of the Process Certificate pursuant to Section 3.01 of this Agreement, the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) are authorized to deliver the certificate referred to in Subsection 4.02(a)(ii) of the Change of Law Protection Agreement to the Indenture Trustee confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with adherence of the Limited Guarantee to the incurrence of the Certified Primary Obligations in respect of which the certificate in Subsection 4.02(a)(ii) of the Change of Law Protection Agreement is being delivered; provided that, upon receipt of a Suspension Notice under the Change of Law Protection Agreement, OPG covenants not to deliver any further certificates to the Indenture Trustee under Subsection 4.02(a)(ii) of the Change of Law Protection Agreement but, for greater certainty, OPG, as FSM, may deliver a certificate referred to in Subsection 4.02(b)(ii) of the Change of Law Protection Agreement to the Indenture Trustee and the Province in connection with a Refinancing of a Primary Obligation in respect of which the Adherence Conditions in Subsection 4.02(a) of the Change of Law Protection Agreement had been satisfied at the time such Primary Obligation was incurred. ***[NTD: Conforming changes made to line up with Change of Law Protection Agreement.]***

3.03 Acknowledgement regarding delivery of Suspension Notice

The parties acknowledge and agree that the Province is entitled to deliver a Suspension Notice under Section 7.01 of the Change of Law Protection Agreement if a Program Breach or Breach Event has occurred. The Province agrees not to deliver a Suspension Notice pursuant to Section 7.01 of the Change of Law Protection Agreement unless a Program Breach or a Breach Event has occurred.

3.04 Meaning of "Reference Documentation"

For the purposes of Subsection 3.01(c), the term "Reference Documentation" shall mean each Transaction Document that, at the relevant time:

(a) is a Transaction Document listed on Exhibit "A"; or

(b) is a Transaction Document provided to the Province in accordance with Subsection 2.01(b) that has not been objected to by the Province, by delivery of an objection notice in writing delivered to OPG, within 10 Business Days after it is provided to the Province.

3.05 Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(c), the term "Substantially in the Form" shall mean:

(a) with respect to the Reference Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such Reference Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation, including regarding the timing of or circumstances under which related payments are or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that would affect the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation; provided, however, that the foregoing does not apply to any variable terms to be set forth in the proposed documents as are reasonably contemplated in the Reference Documentation, including the particular financial terms, rates and levels set forth in the proposed documents other than to the extent that the forms of Reference Documentation themselves specify specific requirements, limitations or parameters with respect to such financial terms, rates, levels and parameters; and

(b) with respect to the Reference Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum

(a) Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Approved Obligations that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast shall be further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum, which may not exceed such Forecast.

(b) Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of any further Forecast and notice of the revised Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province may disagree with such further Forecast or revised Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or such further Forecast, (ii) the further Forecast is inconsistent with the Financing Plan, or (iii) the revised Protection Agreement Maximum is more than the further Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the revised Protection Agreement Maximum will be further revised accordingly and confirmed by an amended notice to the Province.

(c) For clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be valued at the time to be determined for the purposes of this Section 4.01 in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of OPG

OPG represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, may cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario and has the power and authority to enter into and perform its obligations under this Agreement and all instruments and agreements delivered pursuant hereto.

(c) OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Financing Entity or in the ability of the Financing Entity to perform its obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

5.02 Representations and Warranties of the Province

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
BREACH EVENTS

6.01 Breach Events

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

(a) a default in the performance, or breach, of any covenants of OPG under this Agreement, excluding Section 2.01(b)(i), which continues for thirty (30) days after written notice by the Province to OPG of such default or breach;

(b) a default in the performance, or breach, by OPG of Section 2.01(b)(i);

(c) any representation or warranty made by OPG in this Agreement, any certification made in a Process Certificate, or any certification made in a certificate contemplated by Subsection 4.02 of the Change of Law Protection Agreement, proves to be incorrect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation; or

(d) OPG is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the Manager.

ARTICLE VII
MISCELLANEOUS

7.01 Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

7.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to OPG:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel

Fax: (416) 592-4189

(b) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 7.02.

7.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 7.03 shall be null and void.

7.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

7.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

7.06 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

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

By: _____

Name:
Title:

By: _____

Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Conditions**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Approved Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Beneficiaries**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Breach Event**" has the meaning ascribed thereto in Section 6.01.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Certified Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the FSM on behalf of the Financing Entity and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

"**Executive Officer**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Financing Entity**" means Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(a).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**IESO Security Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**Indenture Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Initial Forecast**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Initial Forecast Period**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Initial Protection Agreement Maximum**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Limited Guarantee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Management Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Manager**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Program Breach**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Protection Agreement Maximum**" means the dollar amount referenced as the Program Agreement Maximum and determined in accordance with Article IV.

"**Protection Event**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture.

"**Reference Documentation**" has the meaning ascribed thereto in Section 3.04.

"**Repayment**" has the meaning ascribed to the term "repayment" in the General Regulation as of the date of this Agreement.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Substantially in the Form**" has the meaning ascribed thereto in Section 3.05.

"**Suspension Notice**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement; (vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that affects the Province's subrogation rights and/or subrogee interests, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

EXHIBIT "A"
INITIAL REFERENCE DOCUMENTATION

- Declaration of Trust;
- Management Agreement;
- Master Transfer and Servicing Agreement;
- Acknowledgement and indemnity agreement dated as of [■], 2017 made by IESO in favour of the Indenture Trustee;
- IESO Security Agreement;
- Trust Indenture;
- Warehouse Senior Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;
- Warehouse Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017; and
- Warehouse Junior Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.
- Term Senior Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;
- Term Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;
- Term Junior Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;
- [Confidential shelf offering memorandum of the Financing Entity dated as of [■], 2017, including the term sheet incorporated by reference therein; and
- Agency agreement between the Financing Entity, CIBC World Markets Inc., RBC Dominion Securities Inc., Goldman Sachs Canada Inc. and the other agents named therein dated as of [■], 2017.] ***[NTD: OM and Agency Agreement will be removed from Schedule A if not provided to the Province sufficiently in advance of execution of the Process Agreement.]***

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.

CHANGE OF LAW PROCESS AGREEMENT[1]

Dated as of [■], 2017

[1] Explanatory Note: Closing mechanics under consideration by the Province. **Province to advise what is under consideration.**

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**") is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.

Pursuant to a Declaration of Trust dated as of [■], 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions.

Prior to entering into this Agreement, OPG provided the Province with the proposed forms of certain of the Transaction Documents **listed on Exhibit "A"**, and the Province has not objected to such forms **and has confirmed to OPG that such Transaction Documents constitute "Reference Documentation" for purposes of this Agreement.**

Prior to entering into this Agreement, OPG, as the FSM, provided the Province with the initial Financing Plan, which includes the initial forecast (the "Initial Forecast")> *setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the* <**24 month period from December 1, 2017 to November 30, 2019**> *(the "**Initial Forecast Period**")*< **and**> *the initial Protection Agreement Maximum*< **(the "Initial Protection Agreement Maximum"). The Province has acknowledged receipt of the initial Financing Plan and has not objected to the Initial Forecast or the Initial Protection Agreement Maximum**.

This Agreement sets out the obligations OPG has agreed to perform and assurances OPG has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the Adherence Conditions have been satisfied~~,~~ **and** maintaining information related to the Program Agreements and the Approved Obligations~~, and ensuring that the Province's assumption rights pursuant to Article VI of the Change of Law Protection Agreement may be exercised without impediment on the terms and conditions contemplated in this Agreement and the Change of Law Protection Agreement~~.

All things necessary to make this Agreement a valid and legally binding agreement of OPG and the Province, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall"; the word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the

designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed; the words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 References to the Financing Entity

For greater certainty, each reference to the Financing Entity shall be construed as a reference to the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 Effect of Headings

The Article and Section headings herein and are for convenience only and will not affect the construction hereof.

1.04 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.06 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF OPG

2.01 Deliveries to the Province

(a) ~~Not less than 15 Business Days, or such lesser period as the Province may agree to in writing, prior to the initial issuance of any Funding Obligation by the Financing Entity, OPG shall deliver to the Province a copy of the initial Financing Plan. Thereafter,~~ OPG shall promptly deliver to the Province a copy of any proposed change to or replacement of the Financing Plan.

(b) Not less than 10 Business Days, or such lesser period as the Province may agree to in writing, prior to ~~(i)~~ **:**

(i) any proposed change ~~or supplement to~~**in the material terms or conditions applicable to a Primary Obligation in** a previously provided Transaction Document becoming effective or otherwise being used, ~~(ii)~~ **including regarding the timing of or circumstances under which related payments are or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that would affect the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation; provided, however, that the foregoing does not apply to any proposed change in particular financial terms, rates and levels, and**

(ii) any additional or replacement Transaction Document becoming effective or otherwise being used,

OPG shall deliver to the Province a copy of such proposed change ~~or supplement~~ to the Transaction Document and any such additional or replacement Transaction Document.

(c) Promptly following (i) any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor being made, (ii) any new, additional or replacement instruments, documents, agreements or security being used or granted in connection with all or any part of the Approved Obligations, or (iii) any waiver, release, reconveyance, termination, abandonment, subordination, exchange, substitution, transfer, compound, compromise, liquidation or enforcement of all or any part of the Approved Obligations or any security or guarantee therefor being effected, OPG shall deliver to the Province a detailed description of such event and the reasons for it together with any related documents, agreements and instruments.

(d) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, OPG shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations (including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(e) Promptly upon request, OPG shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

2.02 <u>Covenants</u>

(a) OPG shall use commercially reasonable efforts to cause the Financing Entity to:

(i) punctually perform and observe all of the Financing Entity's obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not (unless waived in writing by the Province):

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement or replacement or waiver or consent could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any change in particular financial terms, rates and levels;

(B) extend, renew, compromise, novate, replace, suspend, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, liquidate or enforce the terms of all or any part of the Approved Obligations or any Collateral, if any such action could reasonably be considered to be materially prejudicial to the rights

or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to the extent that only particular financial terms, rates and levels are affected; **or**

(C) permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired~~; or~~**.**

~~(D) allow the Financing Entity to enter into any Supplemental Indenture or Loan Agreement where any penalty or make-whole payment, or any requirement for further consent, approval or agreement, of the Specified Creditor party thereto would be required for the Province to assume the Obligations Secured thereunder.~~

[NTD: As discussed, para (D) was deleted as a consequence of the Province's assumption right being deleted.]

(b) OPG shall:

(i) comply, and shall use commercially reasonable efforts to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

(ii) punctually perform and observe all of its (including as the FSM and as Manager) obligations and agreements contained in the Program Agreements;

(iii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation; and

(iv) after the occurrence of any Protection Event (or any event known to OPG that with the passage of time or the giving of notice would be a Protection Event), not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.

(c) ~~Nothing in this Agreement shall limit the~~**The Province and OPG acknowledge that their** obligations ~~of the Province~~**to each other** under the Indemnity Agreement ~~by~~**between** the Province ~~in favour of~~**and** OPG dated June 1, 2017 (as amended, the "**Indemnity Agreement**") ~~and to the extent of any conflict between this Agreement and such Indemnity Agreement, in respect of any matter relating to the Province's obligations to indemnify OPG, the Indemnity Agreement shall~~

~~prevail.~~**are not amended by this Agreement and continue in full force and effect, notwithstanding that this Agreement is entered into subsequent to the Indemnity Agreement.** ***[NTD: Torys and Blakes have mutually agreed to this language.]***

(d) **The Province and OPG acknowledge that their obligations to each other under the Indemnity Agreement are not amended by the Change of Law Protection Agreement and continue in full force and effect, notwithstanding that the Change of Law Protection Agreement was entered into subsequent to the Indemnity Agreement.** ***[NTD: Torys and Blakes have mutually agreed to this language.]***

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate

OPG shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Province, on or before the incurrence or any amendment of a Funding Obligation, other than any Funding Obligation under which not more than $~~[~~5,000,000~~]~~ in the aggregate may become payable by the Financing Entity (provided that delivery may not be more than 5 Business Days before the incurrence or amendment of the Funding Obligation), setting out the following with respect to such Funding Obligation:

(a) the material terms of the Funding Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a Derivative Agreement, ~~the~~**OPG's best estimate of the expected** notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights; ***[NTD: OPG can only provide an estimate of these matters and the actual pricing may be different than what is provided in the certificate since the price is based on the spot market and subject to change.]***

(b) if an existing Funding Obligation is proposed to be amended, material details respecting such amendment, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

(c) a statement to the effect that: (i) the Funding Obligation to be incurred or amended (1) will arise under terms and conditions that are Substantially in the Form of the Reference Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a

reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reference Documentation;

(d) a statement confirming that any disclosure made in respect of the Funding Obligation (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to the Funding Obligation) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement has been made available to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made;

(e) a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and

(f) confirmation that, at the time the Funding Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Funding Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the Protection Agreement Maximum applicable on the date that the Process Certificate is delivered; for clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be determined on the date the Process Certificate is delivered hereunder in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

3.02 Acknowledgement regarding delivery of certificate under Change of Law ~~protection~~Protection Agreement

The Province acknowledges and agrees that, concurrent with the delivery of the Process Certificate pursuant to Section 3.01 of this Agreement, the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) are authorized to deliver the certificate referred to in Subsection 4.02(~~b~~**a)(ii)** of the Change of Law Protection Agreement to the Indenture Trustee confirming that OPG has ~~delivered all required certifications~~**complied with all of its obligations** to the Province **and internal requirements**

and processes in connection with adherence of the Limited Guarantee to the incurrence of the Certified Primary Obligations in respect of which the certificate in Subsection 4.02(~~b~~**a**)**(ii)** of the Change of Law Protection Agreement is being delivered; provided that, upon receipt of a Suspension Notice under the Change of Law Protection Agreement, OPG covenants not to deliver any further certificates to the Indenture Trustee under Subsection 4.02(~~b~~**a**)**(ii)** of the Change of Law Protection Agreement ~~other than~~**but, for greater certainty, OPG, as FSM, may deliver a certificate referred to in Subsection 4.02(b)(ii) of the Change of Law Protection Agreement to the Indenture Trustee and the Province** in connection with a Refinancing of a Primary Obligation in respect of which the Adherence Conditions **in Subsection 4.02(a) of the Change of Law Protection Agreement** had been satisfied at the time such Primary Obligation was incurred. ***[NTD: Conforming changes made to line up with Change of Law Protection Agreement.]***

3.03 Acknowledgement regarding delivery of Suspension Notice

The parties acknowledge and agree that the Province is entitled to deliver a Suspension Notice under Section 7.01 of the Change of Law Protection Agreement if a Program Breach or Breach Event has occurred. The Province agrees not to deliver a Suspension Notice pursuant to Section 7.01 of the Change of Law Protection Agreement unless a Program Breach or a Breach Event has occurred.

3.04 Meaning of "Reference Documentation"

For the purposes of Subsection 3.01(c), the term "Reference Documentation" shall mean each Transaction Document ~~(including any change, addition or supplement thereto)~~ that, at the relevant time:

(a) is a Transaction Document ~~provided to, and not objected to by, the Province prior to the making of this Agreement, as contemplated in the fifth recital to this Agreement~~**listed on Exhibit "A"**; or

(b) is a Transaction Document provided to the Province in accordance with Subsection 2.01(b) that has not been objected to by the Province, by delivery of an objection notice in writing delivered to OPG, within 10 Business Days after it is provided to the Province.

3.05 Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(c), the term "Substantially in the Form" shall mean:

(a) with respect to the Reference Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such Reference Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation, including regarding the timing of or circumstances under which related payments are or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that

would affect the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation; provided, however, that the foregoing does not apply to any variable terms to be set forth in the proposed documents as are reasonably contemplated in the Reference Documentation, including the particular financial terms, rates and levels set forth in the proposed documents other than to the extent that the forms of Reference Documentation themselves specify specific requirements, limitations or parameters with respect to such financial terms, rates, levels and parameters; and

(b) with respect to the Reference Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum

~~(a) Not less than 15 Business Days, or such lesser period as the Province may agree to in writing, prior to the proposed incurrence of the first Funding Obligation, OPG shall, as the FSM, deliver to the Province: (i) a forecast< *setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the* >next following 24 month period< *(the "**Initial Forecast Period**")*>, which expectations shall be consistent with the Financing Plan (the "**Initial Forecast**"); and (ii) notice of< *the initial Protection Agreement Maximum*>, which may not exceed the Initial Forecast.~~

~~(b) Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of the Initial Forecast and notice of the initial Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province may disagree with the Initial Forecast and the initial Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or the Initial Forecast, (ii) the Initial Forecast is inconsistent with the Financing Plan, or (iii) the initial Protection Agreement Maximum is more than the Initial Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the initial Protection Agreement Maximum will be revised accordingly and confirmed by an amended notice to the Province.~~

(a) ~~(c)~~ Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Approved Obligations that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast shall be further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum, which may not exceed such Forecast.

(b) ~~(d)~~ Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of any further Forecast and notice of the revised Protection Agreement Maximum from OPG pursuant to Section 4.01(~~c~~**a**), the Province may disagree with such further Forecast or revised Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or such further Forecast, (ii) the further Forecast is inconsistent with the Financing Plan, or (iii) the revised Protection Agreement Maximum is more than the further Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the revised Protection Agreement Maximum will be further revised accordingly and confirmed by an amended notice to the Province.

(c) ~~(e)~~ For clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be valued at the time to be determined for the purposes of this Section 4.01 in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of OPG

OPG represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, may cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario and has the power and authority to enter into and perform its obligations under this Agreement and all instruments and agreements delivered pursuant hereto.

(c) OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Financing Entity or in the ability of the Financing Entity to perform its obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

5.02 Representations and Warranties of the Province

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
BREACH EVENTS

6.01 Breach Events

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

(a) a default in the performance, or breach, of any covenants of OPG under this Agreement, **excluding Section 2.01(b)(i),** which continues for thirty (30) days after written notice by the Province to OPG of such default or breach;

(b) **a default in the performance, or breach, by OPG of Section 2.01(b)(i);**

(c) ~~(b)~~ any representation or warranty made by OPG in this Agreement, any certification made in a Process Certificate, or any certification made in a certificate contemplated by Subsection 4.02~~(b)~~ of the Change of Law Protection Agreement, proves to be incorrect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation; or

(d) ~~(c)~~ OPG is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the Manager.

ARTICLE VII
MISCELLANEOUS

7.01 Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

7.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to OPG:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel

Fax: (416) 592-4189

(b) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 7.02.

7.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 7.03 shall be null and void.

7.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

7.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

7.06 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

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

By: _____

Name:
Title:

By: _____

Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Conditions**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Approved Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Beneficiaries**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Breach Event**" has the meaning ascribed thereto in Section 6.01.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Certified Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the FSM on behalf of the Financing Entity and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

"**Executive Officer**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Financing Entity**" means Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Financing Plan**" has the meaning ascribed ~~thereto in the Act as of the date of this Agree~~ment.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(~~c~~**a**).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed ~~to the term "governing document" in the~~ General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"IESO Security> ***Agreement****" has the meaning ascribed thereto in the Trust Indenture.*<

"**Indenture Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Initial Forecast**" has the meaning ascribed thereto in ~~Section 4.01(a)~~**the recitals of this Agreement.**

"**Initial Forecast Period**" has the meaning ascribed thereto in ~~Section 4.01(a)~~**the recitals of this Agreement.**

"~~**Investment Interest**~~**Initial Protection Agreement Maximum**" has the meaning ascribed **thereto in the recitals of this Agreement.**

"Investment Interest" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Limited Guarantee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

~~"**Loan**< ***Agreement*** *" has the meaning ascribed thereto in the Trust Indenture.*>~~

"**Management Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Manager**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Program Breach**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Protection Agreement Maximum**" means the dollar amount referenced as the Program Agreement Maximum and determined in accordance with Article IV.

"**Protection Event**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture.

"**Reference Documentation**" has the meaning ascribed thereto in Section 3.04.

"**Repayment**" has the meaning ascribed to the term "repayment" in the General Regulation as of the date of this Agreement.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Substantially in the Form**" has the meaning ascribed thereto in Section 3.05.

"**Suspension Notice**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement; (vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that affects the Province's subrogation rights and/or subrogee interests, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

EXHIBIT "A"
INITIAL REFERENCE DOCUMENTATION

- **Declaration of Trust;**
- **Management Agreement;**
- **Master Transfer and Servicing Agreement;**
- **Acknowledgement and indemnity agreement dated as of [■], 2017 made by IESO in favour of the Indenture Trustee;**
- **IESO Security Agreement;**
- **Trust Indenture;**
- **Warehouse Senior Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;**
- **Warehouse Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017; and**
- **Warehouse Junior Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.**
- **Term Senior Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;**
- **Term Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;**
- **Term Junior Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;**
- **[Confidential shelf offering memorandum of the Financing Entity dated as of [■], 2017, including the term sheet incorporated by reference therein; and**
- **Agency agreement between the Financing Entity, CIBC World Markets Inc., RBC Dominion Securities Inc., Goldman Sachs Canada Inc. and the other agents named therein dated as of [■], 2017.]** ***[NTD: OM and Agency Agreement will be removed from Schedule A if not provided to the Province sufficiently in advance of execution of the Process Agreement.]***

Document comparison by Workshare Compare on December-06-17 4:23:37 PM

Input:	
Document 1 ID	interwovenSite://INVENTORYS1/TorysAtWork/24592518/1
Description	#24592518v1<TorysAtWork> - Change of Law Process Agreement (Dec 4)
Document 2 ID	interwovenSite://INVENTORYS1/TorysAtWork/24592518/4
Description	#24592518v4<TorysAtWork> - Change of Law Process Agreement (Dec 6)
Rendering set	strikeout-colour

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

Statistics:	
	Count
Insertions	87
Deletions	46
Moved from	4
Moved to	4
Style change	0
Format changed	0
Total changes	141

From:	Ramchandani, Rima
To:	LEE John -TREASURY; "WONG Leslie -LAWDIV"; "david.dalbello@rbccm.com"; "ian.benaiah@rbccm.com"; "geoffrey.reeves@cibc.com"; "Donnie.Persaud@cibc.com"; "Andrew.Maciel@cibc.com"; "Sunil.Adalja@cibc.com"; "brian.bolster@gs.com"; Niehaus, Katrina; "Salina.Sabri@gs.com"; "Brian.Delaney@gs.com"; Gadi Mayman; Mike Manning; Ken Kandeepan
Subject:	Fair Hydro -- Change of Law Protection Agreement
Start:	Monday, December 11, 2017 11:15:00 AM
End:	Monday, December 11, 2017 12:15:00 PM
Location:	Torys, 79 Wellington Street West, 33rd Floor

I understand a meeting is scheduled for 11:15 am with the business people only to discuss the change of law protection agreement. If I have missed anyone on this invite, please feel free to forward. When you arrive at Torys, please let reception know you are here for the Fair Hydro meeting.

For those dialing in:

Dial-in: 1.800.600.0998
Passcode: 8657666#

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From: Saulnier, Brett

To: "ASHBOURNE, STEPHEN"; Milligan, Peter; Sebastiano, Rocco; Mansoori, Nina; Ken Kandeepan; "LADAK Lubna - TREASURY"; Anna Strathy; "Veinot, Cindy (TBS)"; Tom McKinlay (MAG); Mark Donaldson (MOF); Daniel Cayley (ENERGY); "Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)"; Ramchandani, Rima; "LEE John -TREASURY"; "RYFA Ken -TREASURY"; "HAHN PARKER Janet -TREASURY"; "MAUTI John -FIN & C CTRL"; "LAURETA LAPIRA May -TREASURY"; Feldman, Michael; "WONG Leslie -LAWDIV"; Fullerton, Rick; Gadi Mayman; Mike Manning; Malle Hanslep (MOF); "ian.benaiah@rbccm.com"; "Khan, Nur (nur.khan@rbccm.com)"; "brent.r.taylor@rbccm.com"; Delaney, Brian; "Maciel, Andrew"; "Adalja, Sunil"; "Persad, Nicole"; "Persaud, Donnie - Debt Capital Markets"; Steen Hume (CAB); Olusoga, Yinka; Tobias P. Whitfield (MOF); PALMER, AARON; VINER, JON; PRESTAGE, JA; Wadhwani, Tejal; Conner, Robbin; Sabri, Salina

Subject: Fair Hydro -- Change of Law Protection Agreement

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From: ASHBOURNE, STEPHEN
To: Gadi Mayman; Anna Strathy; Mike Manning; Ken Kandeepan
Cc: Malle Hanslep (MOF); Tobias P. Whitfield (MOF); Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca); Tom McKinlay (MAG); PALMER, AARON
Subject: Fair Hydro -- Revised Program Agreements
Date: Wednesday, December 20, 2017 8:21:53 AM

Gadi, Anna, Mike and Ken,
A recent proposed change to the Trust Indenture would have the effect of allowing any senior noteholder to require the indenture trustee to issue a demand under the Limited Guarantee, following a Protection Event.
Currently, the Trust Indenture generally allows the "Controlling Class Creditors" by ordinary resolution (>50%) to direct the Indenture Trustee to act (see s.8.11 of the Trust Indenture).
Allowing any senior noteholder to trigger the Limited Guarantee obviously weakens the buffer and introduces more potential for games and investor opportunism. It could also muddle the incentives of the investors themselves, since any one senior noteholder could trigger the Limited Guarantee despite not being supported by the others.
I suppose an exception could be made for a warehouse bank prior to term issues being completed, but I think it would be an error to extend this individual right to the broadest class of potential individual senior noteholders.
FYI, the proposed change to the Trust Indenture (s. 13.12(c)) provides as follows:

> Upon the occurrence of a Protection Event, if a request has been made by the Issuer or any Controlling Class Creditor, the Indenture Trustee shall deliver a written demand to the Province requiring the Province to make payments on Obligations Secured pursuant to and in accordance with the Change of Law Protection Agreement. If, following such request, the Indenture Trustee does not deliver such written demand to the Province within 10 days of such request, any Controlling Class Creditor shall be entitled to deliver such written demand to the Province.

Given the timing, I think you should take this forward at a business level, if you are troubled. The alternatives are:

1. Reject – leaving it that >50% support would be required to trigger the Limited Guarantee
2. Senior Warehouse only – allow for the individual right in the Warehouse Supplement (not the Trust Indenture), so it would apply only to the warehouse banks
3. Limited Senior Warehouse – same as 2, except only provide the right to warehouse banks only prior to the issuance of any non-warehouse senior debt
4. Concede.

Torys is pushing for documents to be settled and signed by midday today, so we will need to act quickly.
Please let me know what you think.
Regards, Steve

Blake, Cassels & Graydon LLP
199 Bay Street, Suite 4000, Toronto ON M5L 1A9
Tel: 416-863-2400 Fax: 416-863-2653
blakes.com[blakes.com] | **Twitter**[twitter.com] | **Unsubscribe**[blakes.com]
Blake, Cassels & Graydon LLP | Barristers & Solicitors | Patent & Trade-mark Agents
This email communication is CONFIDENTIAL AND LEGALLY PRIVILEGED. If you are not the intended recipient, please notify me at the telephone number shown above or by return email and delete this communication and any copy immediately. Thank you.
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From: Saulnier, Brett [mailto:bsaulnier@torys.com]
Sent: Tuesday, December 19, 2017 6:32 PM
To: Alena.Thouin@ontario.ca; Malle.Hanslep@ontario.ca; Tobias.Whitfield@ontario.ca; Tom.McKinlay@ontario.ca; ASHBOURNE, STEPHEN; VINER, JON; PRESTAGE, JA; PALMER, AARON
Cc: 'leslie.wong@opg.com'; dup-john.s.lee@opg.com; 'ken.ryfa@opg.com'; Feldman, Michael; Ramchandani, Rima; Mansoori, Nina; Olusoga, Yinka

Subject: Fair Hydro -- Revised Program Agreements

All,

Please find attached the latest drafts of the following documents, together with blacklines against the versions last circulated:

1. Management Agreement
2. Declaration of Trust
3. MTSA
4. IESO Security Agreement
5. OPG Indemnity
6. IESO Indemnity
7. Change of Law Protection Agreement
8. Change of Law Process Agreement
9. Master Trust Indenture
10. Warehouse Senior Supplemental Indenture
11. Warehouse Subordinated Supplemental Indenture
12. Warehouse Junior Subordinated Supplemental Indenture

Thanks,

Brett

Brett Saulnier
P. 416.865.8148 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com[torys.com]

TORYS LLP[torys.com]

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From: Saulnier, Brett

To: "dup-john.s.lee@opg.com"; "leslie.wong@opg.com"; Gadi Mayman; Hunter, Rosalind; Malle Hanslep (MOF); ASHBOURNE, STEPHEN; Tobias P. Whitfield (MOF); Ken Kandeepan; Mike Manning; Ronald Kwan; Thouin, Alena (ENERGY); Tom McKinlay (MAG); VINER, JON; PRESTAGE, JA; Daniel Cayley (ENERGY); "sheen.liu@opg.com"; "tyler.mcauley@opg.com"; "clara.greco@opg.com"; "matthew.go@opg.com"; "anthea.yao@opg.com"; "jenny.jorda@opg.com"; "stuart.preston@opg.com"; "john.drewniak@opg.com"; "j.hahnparker@opg.com"; "Alvi, Shariq"; Innes, Michael; "Stoddart, Jesse - Debt Capital Markets"; "Rix, Lindsey - Legal"; "Hume, Tyler"; "Daou, Hadi"; "Persad, Nicole"; "mfitzpatrick@hunton.com"; "aobrian@hunton.com"; Smith, Elliot; King, Richard; Royer, Kate; Hughes, Timothy; "Adalja, Sunil"; "Persaud, Donnie - Debt Capital Markets"; Sebastiano, Rocco; "Maciel, Andrew"; "Benaiah, Ian"; "Khan, Nur"; ""Niehaus, Katrina" (Katrina.Niehaus@gs.com)"; "Delaney, Brian (Brian.Delaney@gs.com)"; "Conner, Robbin"; "Milligan, Peter"; Fullerton, Rick; "Lively, Pamela"; Adam, Ahmad; Krowles, Geralyn; Morris, Eleonore; Peter Hamilton; Michael Boll; Anthony Martinello (Anthony.Martinello@ieso.ca); Jeannette Briggs (jeannette.briggs@ieso.ca); kim.marshall@ieso.ca; Feldman, Michael; Ramchandani, Rima; Emes, Aaron; Olusoga, Yinka; Prado, Melissa; Dost, Mitchell; Mansoori, Nina

Subject: Fair Hydro -- Warehouse Financing Closing Call

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From:	Ken Kandeepan
To:	John Kim; Ronald Kwan
Cc:	Mike Manning; Malle Hanslep (MOF); John Psinas; Tobias P. Whitfield (MOF)
Subject:	Financing Plan
Date:	Wednesday, December 06, 2017 12:02:37 PM

Hi Ron and John

Is it possible to obtain the latest version of the Financing Plan from MOE, which hopefully has numbers including the program maximum for the next two years.

Thanks

Ken k

From: ASHBOURNE, STEPHEN
To: Mike Manning; Malle Hanslep (MOF); Tobias P. Whitfield (MOF)
Subject: For the Record
Date: Monday, December 11, 2017 7:42:10 AM

This is the exchange I had with Torys after discussing the Osler/Tory rewrite of the subrogation language last Wednesday. We then talked through their proposal (including a page of new definitions), I pointed out some immediate problems with the drafting, and then said we would work with whatever they preferred as long as it could be processed quickly to not impede. They came back an hour later with this email - saying they wanted to stick with the earlier language. On Friday Torys complained again and so we prepared a version over the weekend that should bridge the gap without a lot of new drafting. It appears they are now considering that approach. For the record, nobody on our side has dismissed anything out of hand, as Goldman suggests. Steve

Stephen R. Ashbourne

Partner

stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com>

Dir: 416-863-3086<tel:416-863-3086>

_____

[cid:image36bb8b.GIF@2d68c65d.45ae85cc]

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Begin forwarded message:

From: "Feldman, Michael" <mfeldman@torys.com<mailto:mfeldman@torys.com>>

Date: December 7, 2017 at 3:10:31 PM EST

To: "'ASHBOURNE, STEPHEN'" <STEPHEN.ASHBOURNE@blakes.com<mailto:STEPHEN.ASHBOURNE@blakes.com>>

Cc: "Milligan, Peter" <PMilligan@osler.com<mailto:PMilligan@osler.com>>, "Feldman, Michael" <mfeldman@torys.com<mailto:mfeldman@torys.com>>

Subject: Update

Stephen,

Peter and I discussed after our call and decided that the path of least resistance would be to work with the existing version of 2.01 and cope with the required changes to the trust indenture. We will include our relatively minor comments on section 2.01 in the markup that will be circulated (hopefully this evening).

Michael K. Feldman

P. 416.865.7513 | F. 416.865.7380 | 1.800.505.8679

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From:	Hanslep, Malle (MOF)
To:	Gadi Mayman; Ken Kandeepan; Mike Manning; Ronald Kwan
Cc:	Tobias P. Whitfield (MOF); Michael Waterston (MOF); Anna Strathy
Subject:	Fw: Change of Law Protection Agreement and Change of Law Process Agreement - Fair Hydro
Date:	Tuesday, November 21, 2017 8:00:17 AM
Attachments:	Blackline_ProtectionAgreement.pdf Blackline_ProcessAgreement.pdf CLPA - Protection Agreement (COMMENTS).docx CLPA - Process Agreement (COMMENTS).docx

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I think that it would be useful to discuss next steps here given Torys email below. According to Torys some of this reflects discussions they had with dealers counsel on the weekend and contacted me to have call to give more context. However I would like to discuss this with you as this seems to be quite a significant change to what we were discussing on Monday and our most recent draft. If we have a call maybe it should be the whole group and include Blakes.

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.
From: Mansoori, Nina <nmansoori@torys.com>
Sent: Monday, November 20, 2017 14:06
To: Mayman, Gadi (OFA); Hanslep, Malle (MOF); ASHBOURNE, STEPHEN; Whitfield, Tobias P. (MOF); Kandeepan, Ken (OFA); Manning, Mike (OFA); Kwan, Ronald (OFA); Thouin, Alena (ENERGY); McKinlay, Tom (MAG); VINER, JON; PRESTAGE, JA; Cayley, Daniel (ENERGY)
Cc: 'dup-john.s.lee@opg.com'; 'leslie.wong@opg.com'; 'sheen.liu@opg.com'; 'tyler.mcauley@opg.com'; 'clara.greco@opg.com'; 'matthew.go@opg.com'; 'anthea.yao@opg.com'; 'jenny.jorda@opg.com'; 'stuart.preston@opg.com'; 'john.drewniak@opg.com'; 'j.hahnparker@opg.com'; Feldman, Michael; Ramchandani, Rima; Emes, Aaron; Hunter, Rosalind; 'Alvi, Shariq'; Innes, Michael; 'Stoddart, Jesse - Debt Capital Markets'; 'Rix, Lindsey - Legal'; 'Hume, Tyler'; 'Daou, Hadi'; 'Persad, Nicole'; Olusoga, Yinka; Saulnier, Brett; 'mfitzpatrick@hunton.com'; 'aobrian@hunton.com'; Watson, Gwen; Johnson, Richard; Smith, Elliot; King, Richard; Royer, Kate; Hughes, Timothy; 'Adalja, Sunil'; 'Persaud, Donnie - Debt Capital Markets'; Sebastiano, Rocco; 'Maciel, Andrew'; 'Benaiah, Ian'; 'Khan, Nur'; "Niehaus, Katrina' (Katrina.Niehaus@gs.com)'; 'Delaney, Brian (Brian.Delaney@gs.com)'; 'Conner, Robbin'; 'Milligan, Peter'; Sebastiano, Rocco; Fullerton, Rick; Olusoga, Yinka; Emes, Aaron; Saulnier, Brett; Mansoori, Nina
Subject: RE: Change of Law Protection Agreement and Change of Law Process Agreement - Fair Hydro

All – please find attached consolidated comments on the Process Agreement and the Protection Agreement blacklined to the drafts circulated by Blakes on Friday. We understand that the current structure requiring satisfaction of the adherence conditions in the Protection Agreement impacts the marketability of the transaction and creates uncertainty for investors. Accordingly, the dealers and OPG would like to discuss with the Province the possibility of moving the adherence conditions to the Process Agreement while preserving the Province's oversight of its obligations under the Protection Agreement. We will provide a proposal on that basis to discuss with the Province. Please note that the attached remains subject to the comments of the working group and the rating agencies.

Best Regards,
Nina
P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679
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Toronto, Ontario M5K 1N2 Canada | www.torys.com<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.torys.com&d=DwIF-g&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=gV-xgZHI0tggSwOPXBdMOr4DyITzOyaIKJLqH9Oy-40&m=btb7OKA7RHLVmIuvLh9p_ul-vuPC8v4vvMvZFXhAMXw&s=afzpPMCywjUI2RWgXOsqwk-AwlaYAt-NvtQ5JCeO3Cw&e= >
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xgZHI0tggSwOPXBdMOr4DyITzOyaIKJLqH9Oy-40&m=btb7OKA7RHLVmIuvLh9p_ul-vuPC8v4vvMvZFXhAMXw&s=afzpPMCywjUI2RWgXOsqwk-AwlaYAt-NvtQ5JCeO3Cw&e= >

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HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST[1]

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

[1] Torys and Blakes to discuss signatory on behalf of the Trust. The Manager is currently signing all Program Agreements on behalf of the Trust and has authority to do so. We would propose to do the same on the change of law agreement.

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust under the laws of the Province of Ontario (the "**Financing Entity**")[1][2], Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council dated as of ■ (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust[2][3] dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred or amended. This Agreement sets out the terms and conditions of such protections and assurances.

[1][2] Province needs the Trust as a party to be assured of its rights of subrogation, step-in, etc.

[2][3] Torys to confirm that Trust is a "financing entity" under OFHPA. Under definition, FSM to establish or cause to be established. DofT indicates Computershare declares trust. Need to have this confirmed for purposes of authority under OFHPA 5(3), among other things.

~~OPG and the Province will concurrently enter into the Process Agreement, under which OPG will agree to perform certain activities and to provide certain assurances in relation to this Agreement, on which the Province will rely.~~

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 Proof of Approved Obligations

The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Indenture Trustee deems to be sufficient.

Any statement of account prepared by the Indenture Trustee as regards the Primary Obligations shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and the Province hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Indenture Trustee agrees to provide the Province with the computations and calculations used by the Indenture Trustee to prepare each such statement of account promptly following a request therefor.

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture[~~3~~4].

[~~3~~4] With respect to the possibility of unsanctioned amendments, the OPG proposal would allow amendments to be made in favour of bondholders to permit individual bondholders to sue the Province under this agreement. This is one circumstance that demonstrates why the Province needs the right to know about and consider all underlying amendments.

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 2.01 or Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the **Province, the** Indenture Trustee, the Financing Entity, the Financing Entity Trustee**, the Manager** or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect. **[The parties will engage in good faith negotiations to replace any provision which is declared invalid or unenforceable with a valid and enforceable provision, the economic effect of which comes as close as possible to that of the invalid or unenforceable provision which it replaces.]**
[NTD: this is unusual. Why is it necessary in this Agreement?]

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT.

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days

comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee may deliver a written demand, substantially in the form attached as Exhibit A (a "**Payment Demand**"), to the Province requiring the Province to make payments in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in this Agreement. From and after such delivery of a Payment Demand, the Province shall make the following payments in respect of the Approved Obligations (the "**Limited Guarantee**"), and the Financing Entity shall pay, and the Province shall be entitled to be paid, the Subrogation Amounts specified below, on the specified Payment Date:

i. Not less than **[**3**]** Business Days prior to each ~~Payment Date~~**day when any payment or payments are to be made in respect of one or more Approved Obligations** occurring after such delivery of a Payment Demand and prior to the Assumption Effective Date **(a "Guarantee Payment Date")**[5], if any, the Manager shall deliver a written statement, substantially in the form attached as Exhibit A.1 (a "**Guarantor Settlement Statement**") setting forth the Aggregate Approved Obligations Amount, if any, in respect of the Approved Obligations that are due and payable on such **Guarantee** Payment Date, together with a detailed description identifying such Approved Obligations~~,~~ **and** the nature and amount of payments due and payable thereunder on the **Guarantee** Payment Date~~, the aggregate outstanding amount payable by the Financing Entity under such Approved Obligations as of the date of the Guarantor Settlement Statement, and details regarding any default in performance by any party obligated thereunder~~.

ii. On each such **Guarantee** Payment Date, the Province shall pay the Aggregate Approved Obligations Amount ~~[~~to the Indenture Trustee and the Indenture Trustee~~]~~[4] shall deposit such amount to the Protection Account.

[5] **PM: Interest Payment Dates and Principal Payment Dates are set in the supplements. While the present intention is to set them on Payment Dates, there is no guarantee that will always be the case.**

[4] ~~Confirm payment mechanics. Consider direct deposit. Confirm that no set-off if pay through indenture trustee.~~

iii. On each such **Guarantee** Payment Date, ~~[the Financing Entity shall cause] the Paying Agent[5] [to]~~**the Indenture Trustee** shall apply all amounts on deposit in the Protection Account to pay each Beneficiary to whom an amount is due and payable under an Approved Obligation on the **Guarantee** Payment Date the Approved Obligation Amount for such Beneficiary in respect of such Approved Obligation on such **Guarantee** Payment Date; provided that if the amount deposited pursuant to clause 2.01(a)ii is insufficient to pay all such Approved Obligation Amounts in full, the amount on deposit in the Protection Account on the **Guarantee** Payment Date shall be applied to pay Beneficiaries in the order of priority in which such Approved Obligations are payable under the ~~applicable~~ payment provisions of the Trust Indenture applicable to the making of such payments on the **Guarantee** Payment Date (each, a "**Beneficiary Payee**")[6].

iv. On any **Guarantee** Payment Date on which an amount is paid by the Province pursuant to clause 2.01(a)ii, the applicable payment provisions of the Trust Indenture shall, notwithstanding the express terms of such provisions set forth in the Trust Indenture ~~and subject to Section 2.04(b)~~, be applied and operate on the following basis:

(i) the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available under such payment provisions on such **Guarantee** Payment Date shall be reduced by the amount paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on such **Guarantee** Payment Date;

(ii) the Province shall be paid the amount by which (x) the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available to pay the Beneficiary Payee under such payment provisions on the **Guarantee** Payment Date, determined without regard to subclause 2.01(a)iv(i), exceeds the amount paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on the **Guarantee** Payment Date (such payments to the Province being "**Subrogation Amounts**"); and

(iii) no Beneficiary having a right to be paid an amount in respect of an Approved Obligation that ranks equal with or subordinate to an Approved Obligation in respect of which an amount is payable to the Province under subclause 2.01(a)iv(ii) shall be entitled to make any claim or assert any right in or to the amounts paid or payable to

~~[5] To be effective, will need to add the Paying Agent as a party to this agreement.~~

[6] For example, the effect of this is that senior notes will receive cash earmarked for sub notes based on the scheduled amounts payable for sub notes. Confirm that is the intention.

the Province under such subclause (including any right or reimbursement, contribution or indemnity) and no such Beneficiary shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of such amounts.

v. On any **Guarantee** Payment Date, the Indenture Trustee shall release and pay to the Province free and clear of any Liens any amount ~~on~~ remaining **on** deposit in the Protection Account that has not been applied to pay Beneficiary Payees on the **Guarantee** Payment Date in accordance with clause 2.01(a)iii.

vi. In preparing any payment instructions under the Trust Indenture, the Manager shall reflect the amounts payable for the **Guarantee** Payment Date under Section 2.01(a).

(b) The Province shall, as a payee of Subrogation Amounts and any amounts payable under clause 2.01(a)v, be a "Specified Creditor" under the Trust Indenture and have the benefit of the Collateral thereunder.

(c) For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the ~~payment amounts~~**Approved Obligation Amounts**, if any, and will be subject to the priorities and to the Province's rights to Subrogation Amounts, set forth in Section 2.01(a).

(d) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(e) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation.

(f) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any amount due and payable to a Beneficiary Payee under the Limited Guarantee.

2.02 Intentionally Deleted.

2.03 Absence of Set-off

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 Payment into Protection Account[7] in Satisfaction

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account" for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section 7.03 of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the [Indenture Trustee][8] shall apply all amounts paid by the Province into the Protection Account on a **Guarantee** Payment Date in respect of an Approved Obligation to pay the amounts due and payable to the Beneficiaries as and to the extent provided for in Section 2.01(a)[9]. Upon a payment having been made by or on behalf of the Province into the Protection Account, the amounts so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiaries as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such Beneficiaries in respect of the applicable Approved Obligations, whereupon an affected Beneficiary shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the

[7] Use of Protection Account to be considered by Province after required modifications to Trust Indenture have been provided.

[8] Conform.

[9] For example, amounts payable in respect of subnotes will not get the amounts payable to them based on scheduled payments since senior notes will preempt them under the acceleration waterfall.

Approved Obligation to the extent so paid[10]. For greater certainty, the obligations arising in respect of an applicable Approved Obligation shall not be reduced by such payment as the Province shall become entitled to be paid related Subrogation Amounts and the rights contemplated under Section 2.01(a) and Section 5.01 in relation to such continuing obligations.

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by

[10] A corresponding provision needs to be added to the Trust Indenture and each other contract under which the Obligation Secured arises, so that the Beneficiaries are bound by these applications and the agreement of the Indenture Trustee under this Agreement.

settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations, or until the Province is no longer required to provide and perform the Limited Guarantee in accordance with ~~Section 6.03 or~~ Section **6.03 or Section** 8.02.

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements[11] and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

[11] The deletion of the earlier proviso in this draft is based on the understanding that the Province will receive adequat e notices of these event under the Trust Indenture. OPG will agree not to allow any of these events without confirming to the Province under the Process Certificate that the changes are within the agreed scope of the Reviewed Documents, etc.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

A Primary Obligation shall constitute an Approved Obligation if the Adherence Conditions applicable thereto have been satisfied ~~[~~at the time the Primary Obligation was incurred~~]~~[12].

4.02 Adherence Conditions[12]

~~[~~There shall be no Adherence Conditions applicable in relation to**: (i)** a Primary Obligation that is not a Funding Obligation **or (ii) a Primary Obligation that (x) arises under a Derivative Agreement, or (x) is a Funding Obligation that does not provide for the advance of more than $■ to the Financing Entity**.~~]~~[13] The following shall be the Adherence Conditions applicable in relation to a Primary Obligation that is a Funding Obligation **that does provide for the advance of more than $■ to the Financing Entity**:

(a) the Primary Obligation ~~is contemplated~~**when incurred will be an Obligation Secured** under the Trust Indenture ~~as an Obligation Secured~~; and

(b) ~~the FSM~~**either (x) OPG** delivers ~~a certificate signed by the Chief Financial Officer and the Treasurer of OPG (or their respective designees, provided that such designees are executive officers of OPG and, for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and~~**an officer's certificate** addressed to the Indenture Trustee, prior to the ~~earlier of (i) one Business Day prior to the incurrence [or any amendment]~~[14] ~~of the Primary Obligation, and (ii) [one Business Day after] [on] the Business Day on which the financial terms of the Primary Obligation are definitively determined (including the interest or discount rate applicable to any notes, bonds or other securities)~~**entering into of the related Funding Obligation Agreement**, confirming that OPG has ~~delivered to the Province a Process Certificate in~~

~~[12] Still under consideration. Tied to the discussion around authorized "amendments".~~

[12] The current structure requiring satisfaction of the adherence conditions in the Protection Agreement impacts the marketability of the transaction and creates uncertainty for investors. Province/OPG/Dealers to discuss moving the adherence conditions to the Process Agreement while preserving Province's oversight of its obligations under the Protection Agreement.

~~[13] Under consideration by the Province. Province is comfortable that immaterial (<1M) obligations need not be subject to these adherence provisions.~~

~~[14] Still under consideration. Tied to the discussion around authorized "amendments".~~

accordance with Section [3.01] of the Process Agreementcomplied with its obligations to the Province in connection with the Primary Obligation, or (y) OPG has in fact complied with its obligations to the Province in connection with the Primary Obligation; and

(c) the Province has not provided a Suspension Notice to the Indenture Trustee, the FSM and the Financing Entity in accordance with the terms of this Agreement.

For greater certainty, satisfaction of the Adherence Conditions for any Funding Obligation shall be deemed satisfaction of the Adherence Conditions in respect of all principal, interest and other amounts owing under, or in respect of, the Funding Obligation and the related Funding Obligation Agreement as such agreement may be amended, restated, supplemented> *or otherwise modified from time to time*<.[13]

4.03 Evidence of Satisfaction

A closing certificate delivered in accordance with Section 4.02(b)(x) in connection with an incurrence or amendment of a Primary Obligation shall be determinative as to whether the applicable Adherence Conditions with respect thereto have been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same.

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, including (i) the right and entitlement to be paid and receive the related Subrogation Amounts, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without

[13] This language was added to track Section 2(2) of the regs and ensure that there is no obligation to satisfy the Adherence Conditions every time interest is incurred in respect of a Funding Obligation for which the Adherence Conditions have already been satisfied.

any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including **[Section 7.11 (Payments Held in Trust), Section 8.12 (Limitation on Suits), Sections 7.04 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse) and Section 16.01 (No Petition) thereof]** and (ii) confirms that the Indenture Trustee shall send notices to the Province, in its capacity as a Specified Creditor, in accordance with Section 9.02.[14]

5.02 Priorities

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation shall rank equally with the rights, interests and entitlements of a Beneficiary to whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture in the manner and to the extent contemplated in Section 2.01.

5.03 Province May Perform Other Program Agreement Covenants.[15]

If the Financing Entity fails to perform any covenant under any Program Agreement, the Province may (but, except as expressly provided for under this Agreement, shall not be obligated to) perform such covenant on behalf of the Financing Entity. If the Province performs such a covenant on behalf of the Financing Entity, all sums expended or advanced by the Province in so performing the covenant will bear interest at the rate of interest determined by the Province to

[14] Section to be updated to conform with section in the Trust Indenture once settled.

[15] To be confirmed this covenant is only meant to apply following a Payment Demand? Note that once the Province exercises this right, ,the desired accounting treatment will be lost.

reflect market terms and conditions for a borrowing made by the Province at the relevant time from the date of expenditure until repayment by the Financing Entity and will (together with such interest) be paid by the Financing Entity upon demand and will until paid form part of the Obligations Secured subject to Sections **[7.04 and 8.13]** of the Trust Indenture and constitute a Finance Amount.[~~15~~16]

5.04 Representations and Warranties

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
NOTICE OF ASSUMPTION OF OBLIGATIONS SECURED

6.01 Delivery of Assumption Notice

Following the occurrence of a Protection Event, the Province may (but shall not be obligated to) provide notice (in the form of Exhibit B) to the Indenture Trustee that the Province has elected to assume the Financing Entity's obligations in respect of all Obligations Secured, as obligor and debtor (the "**Assumption Notice**"). The Assumption Notice shall specify the date on which the assignment and assumption of the Obligations Secured will be effective (the "**Assumption Closing Date**").

6.02 Cooperation to Implement the Assignment and Assumption

The Indenture Trustee, the FSM, the Financing Entity and the Province will cooperate and use best efforts to complete the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province, by the Assumption Closing Date.[~~16~~17]

6.03 Effect of Assumption

On the date that the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province becomes effective (the "**Assumption Effective Date**"), the Province shall no longer be required to provide and perform the Limited Guarantee but will instead become a primary obligor under the Obligations Secured assumed pursuant to and in accordance with an applicable Assumption Agreement. For greater certainty, the obligations of the Province so assumed will not be secured obligations of the Province and the

[~~15~~16] Payments to be addressed in the Trust Indenture like servicer advances under the waterfall provisions.

[~~16~~17] Further details regarding obtaining of third party consents and rating agency approvals to be provided by OPG.

obligees thereof will have no right, interest or claim to or in respect of the Collateral or any proceeds therefrom. **[NTD: the forms of assumption agreement(s) need to be settled before this agreement is finalized.]**

6.04 Interim Period

Until the effective time of the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province on the Assumption Effective Date, the Province shall continue to perform and be obligated under the Limited Guarantee.

6.05 Rights in respect of the Assets Comprising the Collateral

Upon assuming the Financing Entity's obligations in respect of all Obligations Secured under Article VI, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the Financing Entity's rights and interests under and in respect of the assets, property and undertaking comprising the Collateral and all proceeds therefrom, free and clear of any liens, encumbrances or restrictions arising under or as a result of the Trust Indenture. The Province shall have and be entitled to enforce all such rights and interests as an absolute assignee of the Financing Entity, with effect from and after the time of such assumption, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing to the Financing Entity and unaffected by any other rights, interests or equities that arise thereafter in respect of the assets, property and undertaking comprising the Collateral as between the Beneficiaries and the Financing Entity. The Indenture Trustee and the Beneficiaries shall thereupon recognize the Province as the absolute owner of the assets, property and undertaking comprising the Collateral.

ARTICLE VII
INDENTURE TRUSTEE MATTERS

7.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

7.02 Not Responsible for Recitals or Issuance of Notes

The recitals contained herein will be taken as the statements of the Province, the Financing Entity and the FSM, and the Indenture Trustee assumes no responsibility for their

correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

7.03 Representations and Covenants of the Indenture Trustee

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Agreement and has taken all necessary action to authorize the execution, delivery and performance by it of this Agreement and other documents to which it is a party;

(c) each of this Agreement and the other documents to which it is a party has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada.

ARTICLE VIII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

8.01 Suspension Notice

A written notice in the form of Exhibit C (a "**Suspension Notice**") may be provided by the Province to the Indenture Trustee, the FSM and the Financing Entity ~~in any of the following circumstances:(a)~~ following the Province becoming aware of the occurrence of a Program Breach~~; and~~.

~~(b) following the occurrence of a Breach Event that has not been waived in writing by the Province.~~

[NTD: the concept of Breach Event has been removed from Protection Agreement and replaced by provisions in the Process Agreement providing that upon notice of a Breach Event to OPG in the Process Agreement, OPG will not be permitted to deliver the certificate required to satisfy the Adherence Conditions. This was done to cleanse the Protection Agreement of any references to the Process Agreement but leave the Province in the same position of being able to (indirectly) suspend application of the change of law agreement to future issuances upon a Breach Event.]

8.02 Suspension

If a Suspension Notice has been provided under Section 8.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of any Obligation Secured incurred or amended on or after the time such Suspension Notice is delivered. For greater certainty, the rights of the Province under Article VI shall apply in respect of all Obligations Secured, including if incurred or amended on or after the time such Suspension Notice is delivered[17][18].

8.03 Termination Notice

On (a) the occurrence of a Suspension Event or (b) the Assumption Effective Date, the Province may provide to the Indenture Trustee, the FSM and the Financing Entity a notice in the form of Exhibit D (a "**Termination Notice**").

8.04 No Impact on Adherence

For greater certainty, the occurrence of Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event, nor will it in any way impact the Obligations Secured which are assumed by the Province in accordance with Article VI.

ARTICLE IX
MISCELLANEOUS

9.01 Term of Agreement

This Agreement will continue until the later of:

(a) the date that no amount is or may become due and payable by the Province under the Limited Guarantee; and

(b) the date that a Termination Notice delivered in accordance with Section 8.03 is received by the Indenture Trustee, the FSM and the Financing Entity.

9.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the

[17][18] This will be affected by the resolution of the "amendments" point.

time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust

700 University Avenue

Toronto, Ontario M5G 1X6
Attention: [■]
Fax: (416) [■]
Email: [■]

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: [■]
Fax: (416) [■]
Email: [■]

[■]

(b) if to the FSM:

Ontario Power Generation Inc.

700 University Avenue

Toronto, Ontario M5G 1X6

Attention: [■]

Fax: (416) [■]

Email: [■]

(c) if to the Province:

Ministry of Finance

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 9.02.

9.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section 9.03 shall be null and void.

(c) Notwithstanding Section 9.03(a), assignments and participations of the rights and obligations of the Indenture Trustee and Specified Creditors (other than the Province) in accordance with the terms of the Trust Indenture may also assign the rights and obligations of the Indenture Trustee and Specified Creditors under this Agreement.

9.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

9.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

9.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

9.07 Intentionally Deleted

9.08 Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their benefits hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

9.09 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, IN ITS CAPACITY AS TRUSTEE OF FAIR HYDRO TRUST , AS ISSUER, BY ONTARIO POWER GENERATION INC., NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS MANAGER

By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS

INDIVIDUAL CAPACITY

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS[18][19]

"**Acceleration**" has the meaning ascribed to the term "acceleration" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Action**" has the meaning ascribed thereto under the Trust Indenture.

"**Adherence Conditions**", in respect of a Primary Obligation, means the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of a **Guarantee** Payment Date, the aggregate of the Approved Obligation Amounts for such **Guarantee** Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, for a Beneficiary in respect of an Approved Obligation under which an amount is due and payable on a **Guarantee** Payment Date:

(a) if no Acceleration has occurred in respect of any Obligation Secured on or before the **Guarantee** Payment Date, the amount due and payable to the Beneficiary on such **Guarantee** Payment Date in respect of the Approved Obligation (for greater certainty, determined on the assumption that there are adequate amounts available under the applicable payment provisions of the Trust Indenture to pay in full all amounts referred to in such payment provisions that are due and payable on the **Guarantee** Payment Date); and

(b) if an Acceleration has occurred in respect of any Obligations Secured on or before the **Guarantee** Payment Date, the amount that would be available to be paid to the Beneficiary on such **Guarantee** Payment Date in respect of the Approved Obligation under the applicable payment provisions of the Trust Indenture, determined on the assumption that the ~~amounts available under such applicable payment provisions~~**amount available for allocation to Specified Creditors in accordance with the terms** of the Trust Indenture ~~would be limited to the Clean Energy Adjustment payable in respect of such month.~~ **in respect of each relevant month during each Reference Period from and after May,**

[18][19] If Province is satisfied that it will receive notice of any amendments, waivers, etc. under the various agreements, and corresponding rights under the trust indenture, Province will not require veto rights over changes to the defined terms in the MTI. All of this is predicated on Province receiving comfort from OPG that no changes, amendments, waivers, etc. will be made if outside the pre-agreed scope of the reviewed documents.

2021 is equal to the Finance Amount in respect of such Reference Period divided by the number of months in such Reference Period.[20]

"**Assumption Agreement**" means the agreement among the Province, the Indenture Trustee, the Financing Entity and any other person that is party to the ~~Finding~~**Funding** Obligation Agreement affected by the assignment and assumption contemplated under Article VI, which agreement shall be in substantially the form of the form of assumption agreement set forth in Exhibit E.

"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.01.

"**Assumption Effective Date**" has the meaning ascribed thereto in Section 6.03.

"**Assumption Notice**" has the meaning ascribed thereto in Section 6.01.

"**Available Collections**" has the meaning ascribed thereto in the Trust Indenture.

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Beneficiary Payee**" has the meaning ascribed thereto in Section 2.01(a)iii.

~~"**Breach Event**" [means the occurrence or existence of any one or more of the following: (a) a default in the performance, or breach, of any covenants of the FSM under the Process Agreement; or (b) any representation or warranty made by the FSM, any certification made by the FSM under the Process Agreement, or any certification made by the FSM in a certificate contemplated by Section 4.03 of this Agreement, proves to be incorrect in any material respect on the date made; or (c) OPG is no longer the FSM or the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the FSM or the Manager.][has the meaning ascribed thereto in the Process Agreement.]~~[19]

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Change of Law Protection Agreement**" means this Agreement.

~~"**Clean Energy Adjustment**" has the meaning ascribed to the term "clean energy adjustment" in the Act as of the date of this Agreement.~~

[20] **PM: the challenge is that the permitted acceleration amount is determined under the Regulations but in a post-change of law environment, we don't know what provisions of the Regulation remain. By going to "Finance Amount", we are using a defined term that is frozen at the date of this agreement.**

[19] ~~Process Agreement references define Suspension Rights. If dealers and OPG are comfortable with broad suspension rights (subject to the agreement of the Province with OPG under Process Agreement, not to implement suspension rights other than for Program Breach or Breach Event), then may be able to better cleanse this Agreement of operative references to the Process Agreement.~~

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Eligible Deposit Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Eligible Institution**" has the meaning ascribed thereto in the Trust Indenture.

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Financing Entity at such time.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"Guarantee Payment Date" has the meaning ascribed thereto in Section 2.01(a).

"**Guarantor Settlement Statement**" has the meaning ascribed thereto in Section 2.01(a).

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Issuer Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(a).

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity, ~~[~~as amended, supplemented, restated or otherwise modified from time to time~~]~~.~~[20]~~

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, ~~[~~as amended, supplemented, restated or otherwise modified from time to time~~]~~.

"**Note**" or "**Notes**" has the meaning ascribed thereto under the Trust Indenture.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Paying Agent**" has the meaning ascribed thereto in the Trust Indenture.

~~"**Payment Date**" means the 15th day of each month.~~

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

~~[20] Still under consideration. Tied to the discussion around authorized "amendments".~~

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account, Finance Reserve Account, or Supplemental Reserve Account; (ii) any amounts that would be remaining amounts of Available Collections required by the to be held in the Collection Account for distribution on a succeeding Payment Date pursuant to the Trust Indenture; and (iii) any obligation to pay the Trust or on the Trust's direction any remaining amounts of Available Collections.

~~"**Process Agreement**" means the Change of Law Process Agreement dated [■], 2017 between the Province and [the FSM] [as amended, supplemented, restated<~~ ~~*or otherwise modified from time to time*~~>~~].~~

~~[**"Process Certificate**" has the meaning ascribed thereto in the Process Agreement.]~~

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the [Crown], an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that materially and adversely affects (a) the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay ~~Approved Obligation Amounts to persons who would be Beneficiary Payees under this Agreement~~**Obligations Secured**, or (b) this Agreement or any of the agreements under which ~~Approved~~ Obligations **Secured** arise, other than if the Indenture Trustee has confirmed in writing that the effect under such agreements is otherwise acceptable; or

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that materially and adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay ~~Approved Obligation Amounts to persons who would be Beneficiary Payees under this Agreement~~**Obligations Secured** and that has the effect of the Financing Entity not in fact having sufficient funds to pay such ~~Approved Obligation Amounts to persons who would be Beneficiary Payees under this Agreement in respect of Approved~~ Obligations **Secured** that have become due and payable.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture.

"**Repayment**" has the meaning ascribed thereto in the General Regulation.

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Subrogation Amounts**" has the meaning ascribed thereto in subclause 2.01(a)iv(ii).

"**Supplemental Reserve Account**" has the meaning ascribed in the Trust Indenture.

"**Suspension Event**" has the meaning ascribed thereto in Section 8.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 8.01.

"**Termination Notice**" has the meaning ascribed thereto in Section 8.03.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

EXHIBIT A
FORM OF PAYMENT DEMAND

EXHIBIT A.1
FORM OF GUARANTOR SETTLEMENT STATEMENT

EXHIBIT B
ASSUMPTION NOTICE

EXHIBIT C
SUSPENSION NOTICE

EXHIBIT D
TERMINATION NOTICE

EXHIBIT E

FORM OF ASSUMPTION AGREEMENT

Document comparison by Workshare Compare on November-20-17 1:54:22 PM

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Rendering set	strikeout-colour

Legend:	
Insertion	
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>*Moved to* <	
Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
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Deletions	88
Moved from	1
Moved to	1
Style change	0
Format changed	0
Total changes	196

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.

CHANGE OF LAW PROCESS AGREEMENT

Dated as of [■], 2017

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**") is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.[1]

Pursuant to a Declaration of Trust dated as of [■], 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions.

Prior to entering into this Agreement, OPG provided the Province with copies of certain of the Transaction Documents, and the Province has confirmed by a notice delivered to OPG that the reviewed forms (as further described in such notice) shall be Reviewed Documentation for the purposes of this Agreement.[2]

This Agreement sets out the obligations OPG has agreed to perform and assurances OPG has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the Adherence Conditions have been satisfied, maintaining information related to the Program Agreements and the Approved Obligations, and ensuring that the Province's assumption rights pursuant to Article VI of the Change of Law Protection Agreement may be exercised without impediment on the terms and conditions contemplated in this Agreement and the Change of Law Protection Agreement.

All things necessary to make this Agreement a valid and legally binding agreement of OPG and the Province, have been done.

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[1] Blakes suggests that it be made clear in the Declaration of Trust that OPG is establishing the Trust. Blakes would appreciate the benefit of Torys analysis as to how the Trust is an "entity" under the OFHPA, as opposed to the trustee. Clearly OPG has not established Computershare. **Blakes and Torys to discuss.**

[2] Once agreements are settled, Province to provide draft notice.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this

Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 References to the Financing Entity

For greater certainty, each reference to the Financing Entity shall be construed as a reference to the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 Effect of Headings

The Article and Section headings herein and are for convenience only and will not affect the construction hereof.

1.04 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect. The parties will engage in good faith negotiations to replace any provision which is declared invalid or unenforceable with a valid and enforceable provision, the economic effect of which comes as close as possible to that of the invalid or unenforceable provision which it replaces.

1.06 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT.

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF OPG

2.01 Deliveries to the Province

(a) Not less than [15 Business Days]**, or such lesser period as the Province may agree to,** prior to the initial issuance of any Funding Obligation by the Financing Entity, OPG shall deliver to the Province a copy of the initial Financing Plan. Thereafter, OPG shall promptly deliver to the Province a copy of any proposed change to or replacement of the Financing Plan.

(b) Not less than 10 Business Days**, or such lesser period as the Province may agree to,** prior to (i) any proposed change or supplement to a previously provided Transaction Document becoming effective or otherwise being used, (ii) any additional or replacement Transaction Document becoming effective or otherwise being used, OPG shall deliver to the Province a copy of such proposed change or supplement to the Transaction Document and any such additional or replacement Transaction Document.

(c) ~~Not less than 10 Business Days prior to~~**Promptly following**[3] (i) any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor being made, (ii) any new, additional or replacement instruments, documents, agreements or security being used or granted in connection with all or any part of the Approved Obligations, or (iii) any waiver, release, reconveyance, termination, abandonment, subordination, exchange, substitution, transfer, compound, compromise, liquidation or enforcement of all or any part of the Approved Obligations or any security or guarantee therefor being effected, OPG shall deliver to the Province a detailed description of such event and the reasons for it together with any related documents, agreements and instruments.

(d) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, OPG shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations (including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(e) Promptly upon request, OPG shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

2.02 Covenants

(a) OPG shall use commercially reasonable efforts to cause the Financing Entity to:

[3] **This change was made due to accounting.**

(i) punctually perform and observe all of the Financing Entity's obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not:

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement or replacement or waiver or consent could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any change in particular financial terms, rates and levels; **or**

(B) ~~resign as the Manager under the Management Agreement; or~~ [4]

(C) permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired.

(b) OPG shall:

(i) comply, and shall use commercially reasonable efforts to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

(ii) punctually perform and observe all of its (including as the FSM and as Manager) obligations and agreements contained in the Program Agreements;

(iii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation; and

(iv) after the ~~occurrence of any Protection Event (or any event that with the passage of time or the giving of notice would be a Protection~~

[4] **As discussed in the meeting, this causes an accounting issue. Additionally, OPG is not permitted to resign under the Management Agreement.**

~~Event)~~**delivery of a Payment Demand**[5], not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.

(c) **For greater certainty, nothing in this Agreement is intended to derogate from OPG's obligations as FSM and Manager.**

(d) ~~(c)~~ Nothing in this Agreement nor in the Change of Law Protection Agreement shall limit the obligations of the Province under the Indemnity Agreement by the Province in favour of OPG dated June 1, 2017 (as amended, the "**Indemnity Agreement**") and to the extent of any conflict between this Agreement, the Change of Law Protection Agreement and such Indemnity Agreement, in respect of any matter relating to the Province's obligations to indemnify OPG, the Indemnity Agreement shall prevail.

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate[6]

OPG shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of OPG (or their respective designees, provided that such designees are also executive officers of OPG) and addressed to the Province, on the earlier of (i) one Business Day prior to the incurrence or any amendment of a Funding Obligation[7] **(other than a Funding Obligation that (x) arises under a Derivative Agreement, or (y) is a Funding Obligation that does not provide for the advance of more than $■ to the Financing Entity)**, and (ii) on the Business Day on which the financial terms of such Funding Obligation are definitively determined (including the interest or discount rate applicable to any notes, bonds or other securities), setting out the following with respect to such Funding Obligation:~~:~~[8]

(a) the material terms of the Funding Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features,

[5] **Given that delivery of a Payment Demand is the trigger for the Limited Guarantee, the delivery of the Payment Demand is the more appropriate milestone.**

[6] **The current structure requiring satisfaction of the adherence conditions in the Protection Agreement impacts the marketability of the transaction and creates uncertainty for investors. Province/OPG/Dealers to discuss moving the adherence conditions to the Process Agreement while preserving Province's oversight of its obligations under the Protection Agreement.**

[7] **OPG/Province to discuss circumstances in which a certificate will be required under this Section.**

~~3~~[8] Note to Province: We have revised this section so as to allow the Process Agreement to be cleansed from the Change of Law Protection Agreement. In addition to all the deliverables under section 2.01 of this Agreement, the Province will receive the certifications in section 3.01 in the case of an incurrence of funding obligations and an amendment to funding obligations.

structure and coupon frequency, as applicable, and (ii) in the case of a Derivative Agreement, the notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

(b) if an existing ~~Primary~~**Funding** Obligation is proposed to be amended, material details respecting such amendment, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

(c) a statement to the effect that: (i) the Funding Obligation to be incurred or amended (1) will arise under terms and conditions that are Substantially in the Form of the Reviewed Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reviewed Documentation;

(d) a statement confirming that any disclosure made in respect of the Funding Obligation (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to the Funding Obligation) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement has been made available for review to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made;

(e) a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and[9]

(f) confirmation that, at the time the Funding Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Funding Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the Protection Agreement Maximum; for clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be determined on the date the Process Certificate is delivered hereunder in accordance with the following:

[9] **We have cleansed the Protection Agreement of the concept of the Process Agreement and the related concept of the Breach Event. The process certificate already contemplates that a breach event has not occurred at the time of delivery of the certificate but we have also provided the added comfort of the covenant below in section 3.02.**

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

3.02 ~~Intentionally Deleted~~Acknowledgement

The Province acknowledges and agrees that, concurrent with the delivery of the Process Certificate pursuant to Section 3.01 of this Agreement, any two senior officers of OPG are authorized to deliver the certificate referred to in Subsection 4.02(b) of the Change of Law Protection Agreement to the Indenture Trustee confirming that OPG has complied with its obligations to the Province in connection with the incurrence of the Funding Obligations in respect of which such certificate is delivered; provided that, upon receipt of a Breach Event Suspension Notice, OPG covenants not to deliver the certificate referred to in Subsection 4.02(b) of the Change of Law Protection Agreement to the Indenture Trustee. [10]

3.03 Meaning of "Reviewed Documentation"

For the purposes of Subsection 3.01(c), the term "Reviewed Documentation" shall mean each Transaction Document (including any change, addition or supplement thereto) that, at the relevant time:

(a) is a Transaction Document provided to the Province prior to the making of this Agreement and in respect of which the notice contemplated in the fifth recital to this Agreement has been delivered by the Province to OPG; or

(b) is a Transaction Document provided to the Province in accordance with Subsection 2.01(b) that has been accepted by the Province, as confirmed by way of a written notice of acceptance from the Province delivered to OPG.

3.04 Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(c), the term "Substantially in the Form" shall mean:

(a) with respect to the Reviewed Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such Reviewed Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation, including regarding the timing of or circumstances under which related payments are or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that would affect the Province's rights of subrogation or assignment (including

[10] **OPG needs the authority to provide this certification.**

pursuant to **[Section 5.01 or Article VI]** of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation or upon the assumption of obligations in accordance with **[Article VI]** of the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any variable terms to be set forth in the proposed documents as are reasonably contemplated in the Reviewed Documentation, including the particular financial terms, rates and levels set forth in the proposed documents other than to the extent that the forms of Reviewed Documentation themselves specify specific requirements, limitations or parameters with respect to such financial terms, rates, levels and parameters; and

(b) with respect to the Reviewed Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum

(a) Not less than 15 Business Days**, or such lesser period as the Province may agree to,** prior to the proposed incurrence of the first Funding Obligation, OPG shall, as the FSM, deliver to the Province: (i) a forecast setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the next following 24 month period (the "**Initial Forecast Period**"), which expectations shall be consistent with the Financing Plan (the "**Initial Forecast**"); and (ii) notice of the initial Protection Agreement Maximum, which may not exceed the Initial Forecast.

(b) Not more than 10 Business Days**, or such lesser period as the Province may agree to,** following receipt of the Initial Forecast and notice of the initial Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province may disagree with the Initial Forecast and the initial Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or the Initial Forecast, (ii) the Initial Forecast is inconsistent with the Financing Plan, or (iii) the initial Protection Agreement Maximum is not less than the Initial Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province~~,~~ **and OPG,**[11] and the initial Protection Agreement Maximum will be revised accordingly and confirmed by an amended notice to the Province.

[11] **This is an accounting comment.**

(c) Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Approved Obligations that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast shall be further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum, which may not exceed such Forecast.

(d) Not more than 10 Business Days**, or such lesser period as the Province may agree to,** following receipt of any further Forecast and notice of the revised Protection Agreement Maximum from OPG pursuant to Section 4.01(c), the Province may disagree with such further Forecast or revised Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or such further Forecast, (ii) the further Forecast is inconsistent with the Financing Plan, or (iii) the revised Protection Agreement Maximum is not less than the further Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province~~,~~ **and OPG,**[12] and the revised Protection Agreement Maximum will be further revised accordingly and confirmed by an amended notice to the Province.

(e) For clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be valued at the time to be determined for the purposes of this Section 4.01 in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

[12] **This is an accounting comment.**

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of OPG

OPG represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, may cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario and has the power and authority to enter into and perform its obligations under this Agreement and all instruments and agreements delivered pursuant hereto.

(c) OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Financing Entity or in the ability of the Financing Entity to perform its obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

5.02 Representations and Warranties of the Province

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
PROCESS FOR ELECTION TO ASSUME APPROVED OBLIGATIONS[413]

[413] Note: Lawyers to discuss assumption mechanics.

6.01 Election by the Province

Pursuant to Section 6.01 of the Change of Law Protection Agreement, at any time following the occurrence of a Protection Event, the Province may (but shall not be obligated) elect to assume the Financing Entity's obligations in respect of all Obligations Secured, as obligor and debtor by giving notice to the Indenture Trustee. Prior to determining whether or not to exercise its election, the Province may deliver to OPG a notice in the form of Exhibit A (an "**Election Information Notice**"). The Election Information Notice shall, among other things, specify the date on which the Province proposes to assume the Obligations Secured, which date shall be no earlier than 20 Business Days following delivery of the Election Information Notice to OPG (the "**Proposed Assumption Date**").

6.02 Details regarding Obligations Secured

Promptly following the delivery of the Election Information Notice to OPG, OPG shall provide the following information and documentation to the Province:

(a) a summary of the amounts that will be owing under all Obligations Secured as of the Proposed Assumption Date, together with a detailed schedule setting out the dates on which such amounts will become due and payable under the Obligations Secured;

(b) a summary of the rights arising under the Obligations Secured that permit the Financing Entity to assign the Obligations Secured to the Province, including details regarding any conditions precedent to such assignment and the related assumption becoming effective and any notices, filings, consents or other actions that will be required in order to implement and effect such assignment and assumption;

(c) current versions of all documentation under which the Obligations Secured arise;

(d) copies of all correspondence exchanged between OPG, as the FSM, or the Financing Entity, on the one hand, and any Specified Creditor, Rating Agency or the Indenture Trustee, on the other hand, in each case that may reasonably be considered to be material to the assumption and performance of the Obligations Secured by the Province; and

(e) all income tax returns and assessments, financial statements and notices of proceedings of or pertaining to the Financing Entity or its business and any documentation related thereto, including any pleadings, appeals, objections, qualifications or other similar materials in respect of the Financing Entity or any Program Agreement.

6.03 Settlement of Terms

Following receipt and review by the Province of the information and documentation to be provided under Section 6.02, the Province shall confirm in writing whether or not it expects to proceed with the assignment and assumption of the Obligations Secured and, if it will be

proceeding with the assignment and assumption, the date on which the Province expects that assignment and assumption will be effected. If it will be proceeding with such assignment and assumption, the Province will deliver an Assumption Notice as contemplated under Section 6.01 of the Change of Law Protection Agreement. A decision not to proceed with an election at any time will not limit the Province from proceeding with an election at a later date, including by issuing a further Election Information Notice and Article VI of this Agreement shall continues to apply unaffected.

6.04 Cooperation to Implement the Assignment and Assumption

OPG shall cooperate with the Province and, as FSM, will use commercially reasonable efforts to cause the Financing Entity to cooperate, and shall use its commercially reasonable efforts, to complete the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province, by the applicable Assumption Closing Date.

6.05 Terms of Obligations Secured

In order to permit the Province to assume the Obligations Secured in the circumstances contemplated herein, OPG, as FSM, shall cause the Financing Entity to use commercially reasonable efforts to ensure that all Obligations Secured permit such an assignment to and assumption by the Province substantially in accordance with the terms and on the basis contemplated in the Assumption Agreement, without any penalty or make-whole payment, or any requirement for further consent, approval or agreement, or alternatively, in the case of any Obligations Secured entered into by or on behalf of the Financing Entity for the provision of on-going services to the Financing Entity permitting the satisfaction and termination of such Obligations Secured on or prior to the effective time of such assumption without any acceleration of future fees, profits or other like amounts, ~~[~~other than to the extent of payment obligations arise under market standard mark-to-market payment terms and conditions included on a commercially reasonable basis under a Derivative Agreement~~[[NTD: Subject to the input of the dealers.]~~[~~5~~] [14].

ARTICLE VII
BREACH EVENTS

7.01 Breach Events

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

[~~5~~14] The Trust Indenture will need to be revised to ensure that the Province's assignment and assumption right is fully contemplated and may be implemented without any requirement for further Specified Creditor or other third party consents. Among other changes, it is contemplated that Torys will add the following to the MTI to address this requirement: (i) Specified Creditors will be required to acknowledge the rights of the Province to assume the Obligations Secured on the basis contemplated in the form of assumption agreement, and (ii) the Indenture Trustee will be permitted to enter into and give effect to the global Assumption Agreement without the consent of Specified Creditors or any other third parties.

(a) a default in the performance, or breach, of any covenants of OPG under this Agreement, which continues for thirty (30) days after written notice by the Province to OPG of such default or breach;

(b) any representation or warranty made by OPG in this Agreement, any certification made in a Process Certificate, or any certification made in a certificate contemplated by Section **[4.02]** of the Change of Law Protection Agreement, proves to be incorrect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation; or

(c) OPG is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the Manager.

7.02 Notice on Breach Event

If any Breach Event shall have occurred and not been waived in writing by the Province, the Province shall have the right at its option, ~~upon written notice to OPG,~~ and in addition to and not in substitution for any other remedies available hereunder at law or equity, to provide a **written notice in the form of Exhibit ■ (a "Breach Event** Suspension Notice**")** to ~~the Indenture Trustee, OPG and the Financing Entity in accordance with the terms of the Change of Law Protection Agreement~~**OPG**.

ARTICLE VIII
MISCELLANEOUS

8.01 Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

8.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to OPG:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: [■]
Fax: (416) [■]
Email: [■]

(b) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 8.02.

8.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 8.03 shall be null and void.

8.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

8.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

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

By: _____

Name:
Title:

By: _____

Name:
Title:

SCHEDULE A
DEFINED TERMS[615]

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Conditions**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Approved Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Assumption Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.03.

"**Beneficiaries**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Breach Event**" has the meaning ascribed thereto in Section 7.01.

"Breach Event >*Suspension Notice* *" has the meaning ascribed thereto in* **<Section 7.02.**

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the FSM on behalf of the Financing Entity and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar

[615] If Province is satisfied that it will receive notice of any amendments, waivers, etc. under the various agreements, and corresponding rights under the trust indenture as a secured creditor, Province will not require veto rights over changes to the defined terms in the MTI. All of this is predicated on Province receiving comfort from OPG that no changes, amendments, waivers, etc. will be made if outside the pre-agreed scope of the reviewed documents.

transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

"**Election Information Notice**" has the meaning ascribed thereto in Section 6.01.

"**Financing Entity**" means Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Entity Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Financing Entity at such time.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(c).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement~~ but in no event shall it include obligations to service providers or amounts payable by the Financing Entity to a counterparty under any Funding Obligation Agreement permitted to be entered into by the Financing Entity pursuant to the Program Agreements under which an amount in excess of $1 Million in the aggregate would be payable~~.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Indenture Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Initial Forecast**" has the meaning ascribed thereto in Section 4.01(a).

"**Initial Forecast Period**" has the meaning ascribed thereto in Section 4.01(a).

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Limited Guarantee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Management Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Manager**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Proposed Assumption Date**" has the meaning ascribed thereto in Section 6.01.

"**Protection Agreement Maximum**" means the dollar amount referenced as the Program Agreement Maximum and determined in accordance with Article IV.

"**Protection Event**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture.

"**Reviewed Documentation**" has the meaning ascribed thereto in Section 3.03.

"**Repayment**" has the meaning ascribed to the term "repayment" in the General Regulation as of the date of this Agreement.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Substantially in the Form**" has the meaning ascribed thereto in Section 3.04.

~~"<***Suspension Notice****" has the meaning ascribed thereto in >*~~the Change of Law Protection Agreement.~~

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement; (vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that affects the Province's subrogation rights and/or subrogee interests, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

EXHIBIT A
FORM OF ELECTION INFORMATION NOTICE

Document comparison by Workshare Compare on November-20-17 1:53:34 PM

Input:	
Document 1 ID	interwovenSite://INVENTORYS1/TorysAtWork/24511858/1
Description	#24511858v1<TorysAtWork> - 23239361-v12-CLPA - Process Agreement
Document 2 ID	interwovenSite://INVENTORYS1/TorysAtWork/24511858/3
Description	#24511858v3<TorysAtWork> - CLPA - Process Agreement (COMMENTS)
Rendering set	strikeout-colour

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

Statistics:	
	Count
Insertions	54
Deletions	34
Moved from	1
Moved to	1
Style change	0
Format changed	0
Total changes	90

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST[1]

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

[1] Torys and Blakes to discuss signatory on behalf of the Trust. The Manager is currently signing all Program Agreements on behalf of the Trust and has authority to do so. We would propose to do the same on the change of law agreement.

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust under the laws of the Province of Ontario (the "**Financing Entity**")[2], Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council dated as of ■ (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust[3] dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred or amended. This Agreement sets out the terms and conditions of such protections and assurances.

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[2] Province needs the Trust as a party to be assured of its rights of subrogation, step-in, etc.

[3] Torys to confirm that Trust is a "financing entity" under OFHPA. Under definition, FSM to establish or cause to be established. DofT indicates Computershare declares trust. Need to have this confirmed for purposes of authority under OFHPA 5(3), among other things.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder"

and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 Proof of Approved Obligations

The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Indenture Trustee deems to be sufficient.

Any statement of account prepared by the Indenture Trustee as regards the Primary Obligations shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and the Province hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Indenture Trustee agrees to provide the Province with the computations and calculations used by the Indenture Trustee to prepare each such statement of account promptly following a request therefor.

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture[4].

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 2.01 or

[4] With respect to the possibility of unsanctioned amendments, the OPG proposal would allow amendments to be made in favour of bondholders to permit individual bondholders to sue the Province under this agreement. This is one circumstance that demonstrates why the Province needs the right to know about and consider all underlying amendments.

Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Province, the Indenture Trustee, the Financing Entity, the Financing Entity Trustee, the Manager or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect. [**The parties will engage in good faith negotiations to replace any provision which is declared invalid or unenforceable with a valid and enforceable provision, the economic effect of which comes as close as possible to that of the invalid or unenforceable provision which it replaces.**] [**NTD: this is unusual. Why is it necessary in this Agreement?**]

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT.

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR

OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee may deliver a written demand, substantially in the form attached as Exhibit A (a "**Payment Demand**"), to the Province requiring the Province to make payments in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in this Agreement. From and after such delivery of a Payment Demand, the Province shall make the following payments in respect of the Approved Obligations (the "**Limited Guarantee**"), and the Financing Entity shall pay, and the Province shall be entitled to be paid, the Subrogation Amounts specified below, on the specified Payment Date:

i. Not less than [3] Business Days prior to each day when any payment or payments are to be made in respect of one or more Approved Obligations occurring after such delivery of a Payment Demand and prior to the Assumption Effective Date (a "**Guarantee Payment Date**")[5], if any, the Manager shall deliver a written statement, substantially in the form attached as Exhibit A.1 (a "**Guarantor Settlement Statement**") setting forth the Aggregate Approved Obligations Amount, if any, in respect of the Approved Obligations that are due and payable on such Guarantee Payment Date, together with a detailed description identifying such Approved Obligations and the nature and amount of payments due and payable thereunder on the Guarantee Payment Date.

ii. On each such Guarantee Payment Date, the Province shall pay the Aggregate Approved Obligations Amount to the Indenture Trustee and the Indenture Trustee shall deposit such amount to the Protection Account.

iii. On each such Guarantee Payment Date, the Indenture Trustee shall apply all amounts on deposit in the Protection Account to pay each Beneficiary to whom an amount is due and payable under an Approved Obligation on the Guarantee Payment Date the Approved Obligation Amount for such Beneficiary in respect of such Approved Obligation on such Guarantee Payment Date; provided that if the amount deposited pursuant to clause 2.01(a)ii is insufficient to pay all such Approved Obligation Amounts in full, the amount on deposit in the Protection Account on the Guarantee Payment Date shall be applied to pay Beneficiaries in the order of priority in which such Approved Obligations are payable under the payment

[5] PM: Interest Payment Dates and Principal Payment Dates are set in the supplements. While the present intention is to set them on Payment Dates, there is no guarantee that will always be the case.

provisions of the Trust Indenture applicable to the making of such payments on the Guarantee Payment Date (each, a "**Beneficiary Payee**")[6].

iv. On any Guarantee Payment Date on which an amount is paid by the Province pursuant to clause 2.01(a)ii, the applicable payment provisions of the Trust Indenture shall, notwithstanding the express terms of such provisions set forth in the Trust Indenture, be applied and operate on the following basis:

(i) the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available under such payment provisions on such Guarantee Payment Date shall be reduced by the amount paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on such Guarantee Payment Date;

(ii) the Province shall be paid the amount by which (x) the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available to pay the Beneficiary Payee under such payment provisions on the Guarantee Payment Date, determined without regard to subclause 2.01(a)iv(i), exceeds the amount paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on the Guarantee Payment Date (such payments to the Province being "**Subrogation Amounts**"); and

(iii) no Beneficiary having a right to be paid an amount in respect of an Approved Obligation that ranks equal with or subordinate to an Approved Obligation in respect of which an amount is payable to the Province under subclause 2.01(a)iv(ii) shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under such subclause (including any right or reimbursement, contribution or indemnity) and no such Beneficiary shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of such amounts.

v. On any Guarantee Payment Date, the Indenture Trustee shall release and pay to the Province free and clear of any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay Beneficiary Payees on the Guarantee Payment Date in accordance with clause 2.01(a)iii.

vi. In preparing any payment instructions under the Trust Indenture, the Manager shall reflect the amounts payable for the Guarantee Payment Date under Section 2.01(a).

[6] For example, the effect of this is that senior notes will receive cash earmarked for sub notes based on the scheduled amounts payable for sub notes. Confirm that is the intention.

(b) The Province shall, as a payee of Subrogation Amounts and any amounts payable under clause 2.01(a)v, be a "Specified Creditor" under the Trust Indenture and have the benefit of the Collateral thereunder.

(c) For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the Approved Obligation Amounts, if any, and will be subject to the priorities and to the Province's rights to Subrogation Amounts, set forth in Section 2.01(a).

(d) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(e) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation.

(f) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any amount due and payable to a Beneficiary Payee under the Limited Guarantee.

2.02 Intentionally Deleted.

2.03 <u>Absence of Set-off</u>

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 <u>Payment into Protection Account[7] in Satisfaction</u>

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The

[7] Use of Protection Account to be considered by Province after required modifications to Trust Indenture have been provided.

Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account" for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section 7.03 of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the [Indenture Trustee][8] shall apply all amounts paid by the Province into the Protection Account on a Guarantee Payment Date in respect of an Approved Obligation to pay the amounts due and payable to the Beneficiaries as and to the extent provided for in Section 2.01(a)[9]. Upon a payment having been made by or on behalf of the Province into the Protection Account, the amounts so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiaries as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such Beneficiaries in respect of the applicable Approved Obligations, whereupon an affected Beneficiary shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid[10]. For greater certainty, the obligations arising in respect of an applicable Approved Obligation shall not be reduced by such payment as the Province shall become entitled to be paid related Subrogation Amounts and the rights contemplated under Section 2.01(a) and Section 5.01 in relation to such continuing obligations.

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

---

[8] Conform.

[9] For example, amounts payable in respect of subnotes will not get the amounts payable to them based on scheduled payments since senior notes will preempt them under the acceleration waterfall.

[10] A corresponding provision needs to be added to the Trust Indenture and each other contract under which the Obligation Secured arises, so that the Beneficiaries are bound by these applications and the agreement of the Indenture Trustee under this Agreement.

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations, or until the Province is no longer required to provide and perform the Limited Guarantee in accordance with Section 6.03 or Section 8.02.

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements[11] and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

A Primary Obligation shall constitute an Approved Obligation if the Adherence Conditions applicable thereto have been satisfied at the time the Primary Obligation was incurred.

[11] The deletion of the earlier proviso in this draft is based on the understanding that the Province will receive adequate notices of these event under the Trust Indenture. OPG will agree not to allow any of these events without confirming to the Province under the Process Certificate that the changes are within the agreed scope of the Reviewed Documents, etc.

4.02 Adherence Conditions[12]

There shall be no Adherence Conditions applicable in relation to: (i) a Primary Obligation that is not a Funding Obligation or (ii) a Primary Obligation that (x) arises under a Derivative Agreement, or (x) is a Funding Obligation that does not provide for the advance of more than $■ to the Financing Entity. The following shall be the Adherence Conditions applicable in relation to a Primary Obligation that is a Funding Obligation that does provide for the advance of more than $■ to the Financing Entity:

(a) the Primary Obligation when incurred will be an Obligation Secured under the Trust Indenture; and

(b) either (x) OPG delivers an officer's certificate addressed to the Indenture Trustee, prior to the entering into of the related Funding Obligation Agreement, confirming that OPG has complied with its obligations to the Province in connection with the Primary Obligation, or (y) OPG has in fact complied with its obligations to the Province in connection with the Primary Obligation; and

(c) the Province has not provided a Suspension Notice to the Indenture Trustee, the FSM and the Financing Entity in accordance with the terms of this Agreement.

For greater certainty, satisfaction of the Adherence Conditions for any Funding Obligation shall be deemed satisfaction of the Adherence Conditions in respect of all principal, interest and other amounts owing under, or in respect of, the Funding Obligation and the related Funding Obligation Agreement as such agreement may be amended, restated, supplemented or otherwise modified from time to time.[13]

4.03 Evidence of Satisfaction

A closing certificate delivered in accordance with Section 4.02(b)(x) in connection with an incurrence of a Primary Obligation shall be determinative as to whether the applicable Adherence Conditions with respect thereto have been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same.

[12] The current structure requiring satisfaction of the adherence conditions in the Protection Agreement impacts the marketability of the transaction and creates uncertainty for investors. Province/OPG/Dealers to discuss moving the adherence conditions to the Process Agreement while preserving Province's oversight of its obligations under the Protection Agreement.

[13] This language was added to track Section 2(2) of the regs and ensure that there is no obligation to satisfy the Adherence Conditions every time interest is incurred in respect of a Funding Obligation for which the Adherence Conditions have already been satisfied.

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, including (i) the right and entitlement to be paid and receive the related Subrogation Amounts, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including **[Section 7.11 (Payments Held in Trust), Section 8.12 (Limitation on Suits), Sections 7.04 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse) and Section 16.01 (No Petition) thereof]** and (ii) confirms that the Indenture Trustee shall send notices to the Province, in its capacity as a Specified Creditor, in accordance with Section 9.02.[14]

[14] Section to be updated to conform with section in the Trust Indenture once settled.

5.02 Priorities

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation shall rank equally with the rights, interests and entitlements of a Beneficiary to whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture in the manner and to the extent contemplated in Section 2.01.

5.03 Province May Perform Other Program Agreement Covenants.[15]

If the Financing Entity fails to perform any covenant under any Program Agreement, the Province may (but, except as expressly provided for under this Agreement, shall not be obligated to) perform such covenant on behalf of the Financing Entity. If the Province performs such a covenant on behalf of the Financing Entity, all sums expended or advanced by the Province in so performing the covenant will bear interest at the rate of interest determined by the Province to reflect market terms and conditions for a borrowing made by the Province at the relevant time from the date of expenditure until repayment by the Financing Entity and will (together with such interest) be paid by the Financing Entity upon demand and will until paid form part of the Obligations Secured subject to Sections **[7.04 and 8.13]** of the Trust Indenture and constitute a Finance Amount.[16]

5.04 Representations and Warranties

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
NOTICE OF ASSUMPTION OF OBLIGATIONS SECURED

6.01 Delivery of Assumption Notice

Following the occurrence of a Protection Event, the Province may (but shall not be obligated to) provide notice (in the form of Exhibit B) to the Indenture Trustee that the Province has elected to assume the Financing Entity's obligations in respect of all Obligations Secured, as

[15] To be confirmed this covenant is only meant to apply following a Payment Demand? Note that once the Province exercises this right, ,the desired accounting treatment will be lost.

[16] Payments to be addressed in the Trust Indenture like servicer advances under the waterfall provisions.

obligor and debtor (the "**Assumption Notice**"). The Assumption Notice shall specify the date on which the assignment and assumption of the Obligations Secured will be effective (the "**Assumption Closing Date**").

6.02 Cooperation to Implement the Assignment and Assumption

The Indenture Trustee, the FSM, the Financing Entity and the Province will cooperate and use best efforts to complete the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province, by the Assumption Closing Date.[17]

6.03 Effect of Assumption

On the date that the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province becomes effective (the "**Assumption Effective Date**"), the Province shall no longer be required to provide and perform the Limited Guarantee but will instead become a primary obligor under the Obligations Secured assumed pursuant to and in accordance with an applicable Assumption Agreement. For greater certainty, the obligations of the Province so assumed will not be secured obligations of the Province and the obligees thereof will have no right, interest or claim to or in respect of the Collateral or any proceeds therefrom. **[NTD: the forms of assumption agreement(s) need to be settled before this agreement is finalized.]**

6.04 Interim Period

Until the effective time of the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province on the Assumption Effective Date, the Province shall continue to perform and be obligated under the Limited Guarantee.

6.05 Rights in respect of the Assets Comprising the Collateral

Upon assuming the Financing Entity's obligations in respect of all Obligations Secured under Article VI, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the Financing Entity's rights and interests under and in respect of the assets, property and undertaking comprising the Collateral and all proceeds therefrom, free and clear of any liens, encumbrances or restrictions arising under or as a result of the Trust Indenture. The Province shall have and be entitled to enforce all such rights and interests as an absolute assignee of the Financing Entity, with effect from and after the time of such assumption, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing to the Financing Entity and unaffected by any other rights, interests or equities that arise thereafter in respect of the assets, property and undertaking comprising the Collateral as between the Beneficiaries and the Financing Entity. The Indenture Trustee and the Beneficiaries shall thereupon recognize the Province as the absolute owner of the assets, property and undertaking comprising the Collateral.

[17] Further details regarding obtaining of third party consents and rating agency approvals to be provided by OPG.

ARTICLE VII
INDENTURE TRUSTEE MATTERS

7.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

7.02 Not Responsible for Recitals or Issuance of Notes

The recitals contained herein will be taken as the statements of the Province, the Financing Entity and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

7.03 Representations and Covenants of the Indenture Trustee

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Agreement and has taken all necessary action to authorize the execution, delivery and performance by it of this Agreement and other documents to which it is a party;

(c) each of this Agreement and the other documents to which it is a party has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada.

ARTICLE VIII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

8.01 Suspension Notice

A written notice in the form of Exhibit C (a "**Suspension Notice**") may be provided by the Province to the Indenture Trustee, the FSM and the Financing Entity following the Province becoming aware of the occurrence of a Program Breach.

[NTD: the concept of Breach Event has been removed from Protection Agreement and replaced by provisions in the Process Agreement providing that upon notice of a Breach Event to OPG in the Process Agreement, OPG will not be permitted to deliver the certificate required to satisfy the Adherence Conditions. This was done to cleanse the Protection Agreement of any references to the Process Agreement but leave the Province in the same position of being able to (indirectly) suspend application of the change of law agreement to future issuances upon a Breach Event.]

8.02 Suspension

If a Suspension Notice has been provided under Section 8.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of any Obligation Secured incurred or amended on or after the time such Suspension Notice is delivered. For greater certainty, the rights of the Province under Article VI shall apply in respect of all Obligations Secured, including if incurred or amended on or after the time such Suspension Notice is delivered[18].

8.03 Termination Notice

On (a) the occurrence of a Suspension Event or (b) the Assumption Effective Date, the Province may provide to the Indenture Trustee, the FSM and the Financing Entity a notice in the form of Exhibit D (a "**Termination Notice**").

8.04 No Impact on Adherence

For greater certainty, the occurrence of Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event, nor will it in any way impact the Obligations Secured which are assumed by the Province in accordance with Article VI.

ARTICLE IX
MISCELLANEOUS

9.01 Term of Agreement

This Agreement will continue until the later of:

(a) the date that no amount is or may become due and payable by the Province under the Limited Guarantee; and

(b) the date that a Termination Notice delivered in accordance with Section 8.03 is received by the Indenture Trustee, the FSM and the Financing Entity.

[18] This will be affected by the resolution of the "amendments" point.

9.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: [■]
Fax: (416) [■]
Email: [■]

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: [■]
Fax: (416) [■]
Email: [■]

[■]

(b) if to the FSM:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: [■]
Fax: (416) [■]
Email: [■]

(c) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 9.02.

9.03 <u>Assignment</u>

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section 9.03 shall be null and void.

(c) Notwithstanding Section 9.03(a), assignments and participations of the rights and obligations of the Indenture Trustee and Specified Creditors (other than the Province) in accordance with the terms of the Trust Indenture may also assign the rights and obligations of the Indenture Trustee and Specified Creditors under this Agreement.

9.04 <u>Enurement</u>

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

9.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

9.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

9.07 Intentionally Deleted

9.08 Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their benefits hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

9.09 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, IN ITS CAPACITY AS TRUSTEE OF FAIR HYDRO TRUST, AS ISSUER, BY ONTARIO POWER GENERATION INC., NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS MANAGER

By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS[19]

"**Acceleration**" has the meaning ascribed to the term "acceleration" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Action**" has the meaning ascribed thereto under the Trust Indenture.

"**Adherence Conditions**", in respect of a Primary Obligation, means the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of a Guarantee Payment Date, the aggregate of the Approved Obligation Amounts for such Guarantee Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, for a Beneficiary in respect of an Approved Obligation under which an amount is due and payable on a Guarantee Payment Date:

(a) if no Acceleration has occurred in respect of any Obligation Secured on or before the Guarantee Payment Date, the amount due and payable to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation (for greater certainty, determined on the assumption that there are adequate amounts available under the applicable payment provisions of the Trust Indenture to pay in full all amounts referred to in such payment provisions that are due and payable on the Guarantee Payment Date); and

(b) if an Acceleration has occurred in respect of any Obligations Secured on or before the Guarantee Payment Date, the amount that would be available to be paid to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation under the applicable payment provisions of the Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with the terms of the Trust Indenture in respect of each relevant month during each Reference Period from and after May, 2021 is equal to the Finance Amount in respect of such Reference Period divided by the number of months in such Reference Period.[20]

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[19] If Province is satisfied that it will receive notice of any amendments, waivers, etc. under the various agreements, and corresponding rights under the trust indenture, Province will not require veto rights over changes to the defined terms in the MTI. All of this is predicated on Province receiving comfort from OPG that no changes, amendments, waivers, etc. will be made if outside the pre-agreed scope of the reviewed documents.

[20] PM: the challenge is that the permitted acceleration amount is determined under the Regulations but in a post-change of law environment, we don't know what provisions of the Regulation remain. By going to "Finance Amount", we are using a defined term that is frozen at the date of this agreement.

"**Assumption Agreement**" means the agreement among the Province, the Indenture Trustee, the Financing Entity and any other person that is party to the Funding Obligation Agreement affected by the assignment and assumption contemplated under Article VI, which agreement shall be in substantially the form of the form of assumption agreement set forth in Exhibit E.

"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.01.

"**Assumption Effective Date**" has the meaning ascribed thereto in Section 6.03.

"**Assumption Notice**" has the meaning ascribed thereto in Section 6.01.

"**Available Collections**" has the meaning ascribed thereto in the Trust Indenture.

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Beneficiary Payee**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Change of Law Protection Agreement**" means this Agreement.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Eligible Deposit Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Eligible Institution**" has the meaning ascribed thereto in the Trust Indenture.

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Financing Entity at such time.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**Guarantee Payment Date**" has the meaning ascribed thereto in Section 2.01(a).

"**Guarantor Settlement Statement**" has the meaning ascribed thereto in Section 2.01(a).

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Issuer Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(a).

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity, as amended, supplemented, restated or otherwise modified from time to time.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, as amended, supplemented, restated or otherwise modified from time to time.

"**Note**" or "**Notes**" has the meaning ascribed thereto under the Trust Indenture.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Paying Agent**" has the meaning ascribed thereto in the Trust Indenture.

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account, Finance Reserve Account, or Supplemental Reserve Account; (ii) any amounts that would be remaining amounts of Available Collections required by the to be held in the Collection Account for distribution on a succeeding Payment Date pursuant to the Trust Indenture; and (iii) any obligation to pay the Trust or on the Trust's direction any remaining amounts of Available Collections.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the [Crown], an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that materially and adversely affects (a) the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured, or (b) this Agreement or any of the agreements under which Obligations Secured arise, other than if the Indenture Trustee has confirmed in writing that the effect under such agreements is otherwise acceptable; or

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that materially and adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Obligations Secured that have become due and payable.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture.

"**Repayment**" has the meaning ascribed thereto in the General Regulation.

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Subrogation Amounts**" has the meaning ascribed thereto in subclause 2.01(a)iv(ii).

"**Supplemental Reserve Account**" has the meaning ascribed in the Trust Indenture.

"**Suspension Event**" has the meaning ascribed thereto in Section 8.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 8.01.

"**Termination Notice**" has the meaning ascribed thereto in Section 8.03.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

EXHIBIT A
FORM OF PAYMENT DEMAND

EXHIBIT A.1
FORM OF GUARANTOR SETTLEMENT STATEMENT

EXHIBIT B
ASSUMPTION NOTICE

EXHIBIT C
SUSPENSION NOTICE

EXHIBIT D
TERMINATION NOTICE

EXHIBIT E

FORM OF ASSUMPTION AGREEMENT

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.

CHANGE OF LAW PROCESS AGREEMENT

Dated as of [■], 2017

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**") is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.[1]

Pursuant to a Declaration of Trust dated as of [■], 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions.

Prior to entering into this Agreement, OPG provided the Province with copies of certain of the Transaction Documents, and the Province has confirmed by a notice delivered to OPG that the reviewed forms (as further described in such notice) shall be Reviewed Documentation for the purposes of this Agreement.[2]

This Agreement sets out the obligations OPG has agreed to perform and assurances OPG has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the Adherence Conditions have been satisfied, maintaining information related to the Program Agreements and the Approved Obligations, and ensuring that the Province's assumption rights pursuant to Article VI of the Change of Law Protection Agreement may be exercised without impediment on the terms and conditions contemplated in this Agreement and the Change of Law Protection Agreement.

All things necessary to make this Agreement a valid and legally binding agreement of OPG and the Province, have been done.

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[1] Blakes suggests that it be made clear in the Declaration of Trust that OPG is establishing the Trust. Blakes would appreciate the benefit of Torys analysis as to how the Trust is an "entity" under the OFHPA, as opposed to the trustee. Clearly OPG has not established Computershare. Blakes and Torys to discuss.

[2] Once agreements are settled, Province to provide draft notice.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this

Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 <u>References to the Financing Entity</u>

For greater certainty, each reference to the Financing Entity shall be construed as a reference to the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 <u>Effect of Headings</u>

The Article and Section headings herein and are for convenience only and will not affect the construction hereof.

1.04 <u>Successors and Assigns</u>

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 <u>Severability</u>

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect. The parties will engage in good faith negotiations to replace any provision which is declared invalid or unenforceable with a valid and enforceable provision, the economic effect of which comes as close as possible to that of the invalid or unenforceable provision which it replaces.

1.06 <u>Governing Law</u>

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT.

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF OPG

2.01 Deliveries to the Province

(a) Not less than [15 Business Days] , or such lesser period as the Province may agree to, prior to the initial issuance of any Funding Obligation by the Financing Entity, OPG shall deliver to the Province a copy of the initial Financing Plan. Thereafter, OPG shall promptly deliver to the Province a copy of any proposed change to or replacement of the Financing Plan.

(b) Not less than 10 Business Days, or such lesser period as the Province may agree to, prior to (i) any proposed change or supplement to a previously provided Transaction Document becoming effective or otherwise being used, (ii) any additional or replacement Transaction Document becoming effective or otherwise being used, OPG shall deliver to the Province a copy of such proposed change or supplement to the Transaction Document and any such additional or replacement Transaction Document.

(c) Promptly following[3] (i) any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor being made, (ii) any new, additional or replacement instruments, documents, agreements or security being used or granted in connection with all or any part of the Approved Obligations, or (iii) any waiver, release, reconveyance, termination, abandonment, subordination, exchange, substitution, transfer, compound, compromise, liquidation or enforcement of all or any part of the Approved Obligations or any security or guarantee therefor being effected, OPG shall deliver to the Province a detailed description of such event and the reasons for it together with any related documents, agreements and instruments.

(d) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, OPG shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations (including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(e) Promptly upon request, OPG shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

2.02 Covenants

(a) OPG shall use commercially reasonable efforts to cause the Financing Entity to:

[3] This change was made due to accounting.

(i) punctually perform and observe all of the Financing Entity's obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not:

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement or replacement or waiver or consent could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any change in particular financial terms, rates and levels; or

(B) [4]

(C) permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired.

(b) OPG shall:

(i) comply, and shall use commercially reasonable efforts to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

(ii) punctually perform and observe all of its (including as the FSM and as Manager) obligations and agreements contained in the Program Agreements;

(iii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation; and

(iv) after the delivery of a Payment Demand[5], not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption,

[4] As discussed in the meeting, this causes an accounting issue. Additionally, OPG is not permitted to resign under the Management Agreement.

pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.

(c) For greater certainty, nothing in this Agreement is intended to derogate from OPG's obligations as FSM and Manager.

(d) Nothing in this Agreement nor in the Change of Law Protection Agreement shall limit the obligations of the Province under the Indemnity Agreement by the Province in favour of OPG dated June 1, 2017 (as amended, the "**Indemnity Agreement**") and to the extent of any conflict between this Agreement, the Change of Law Protection Agreement and such Indemnity Agreement, in respect of any matter relating to the Province's obligations to indemnify OPG, the Indemnity Agreement shall prevail.

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate[6]

OPG shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of OPG (or their respective designees, provided that such designees are also executive officers of OPG) and addressed to the Province, on the earlier of (i) one Business Day prior to the incurrence or any amendment of a Funding Obligation[7] (other than a Funding Obligation that (x) arises under a Derivative Agreement, or (y) is a Funding Obligation that does not provide for the advance of more than $■ to the Financing Entity), and (ii) on the Business Day on which the financial terms of such Funding Obligation are definitively determined (including the interest or discount rate applicable to any notes, bonds or other securities), setting out the following with respect to such Funding Obligation:[8]

(a) the material terms of the Funding Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features,

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[5] Given that delivery of a Payment Demand is the trigger for the Limited Guarantee, the delivery of the Payment Demand is the more appropriate milestone.

[6] The current structure requiring satisfaction of the adherence conditions in the Protection Agreement impacts the marketability of the transaction and creates uncertainty for investors. Province/OPG/Dealers to discuss moving the adherence conditions to the Process Agreement while preserving Province's oversight of its obligations under the Protection Agreement.

[7] OPG/Province to discuss circumstances in which a certificate will be required under this Section.

[8] Note to Province: We have revised this section so as to allow the Process Agreement to be cleansed from the Change of Law Protection Agreement. In addition to all the deliverables under section 2.01 of this Agreement, the Province will receive the certifications in section 3.01 in the case of an incurrence of funding obligations and an amendment to funding obligations.

structure and coupon frequency, as applicable, and (ii) in the case of a Derivative Agreement, the notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

(b) if an existing Funding Obligation is proposed to be amended, material details respecting such amendment, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

(c) a statement to the effect that: (i) the Funding Obligation to be incurred or amended (1) will arise under terms and conditions that are Substantially in the Form of the Reviewed Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reviewed Documentation;

(d) a statement confirming that any disclosure made in respect of the Funding Obligation (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to the Funding Obligation) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement has been made available for review to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made;

(e) a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and[9]

(f) confirmation that, at the time the Funding Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Funding Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the Protection Agreement Maximum; for clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be determined on the date the Process Certificate is delivered hereunder in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

[9] We have cleansed the Protection Agreement of the concept of the Process Agreement and the related concept of the Breach Event. The process certificate already contemplates that a breach event has not occurred at the time of delivery of the certificate but we have also provided the added comfort of the covenant below in section 3.02.

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

3.02 Acknowledgement

The Province acknowledges and agrees that, concurrent with the delivery of the Process Certificate pursuant to Section 3.01 of this Agreement, any two senior officers of OPG are authorized to deliver the certificate referred to in Subsection 4.02(b) of the Change of Law Protection Agreement to the Indenture Trustee confirming that OPG has complied with its obligations to the Province in connection with the incurrence of the Funding Obligations in respect of which such certificate is delivered; provided that, upon receipt of a Breach Event Suspension Notice, OPG covenants not to deliver the certificate referred to in Subsection 4.02(b) of the Change of Law Protection Agreement to the Indenture Trustee. [10]

3.03 <u>Meaning of "Reviewed Documentation"</u>

For the purposes of Subsection 3.01(c), the term "Reviewed Documentation" shall mean each Transaction Document (including any change, addition or supplement thereto) that, at the relevant time:

(a) is a Transaction Document provided to the Province prior to the making of this Agreement and in respect of which the notice contemplated in the fifth recital to this Agreement has been delivered by the Province to OPG; or

(b) is a Transaction Document provided to the Province in accordance with Subsection 2.01(b) that has been accepted by the Province, as confirmed by way of a written notice of acceptance from the Province delivered to OPG.

3.04 <u>Meaning of "Substantially in the Form"</u>

For the purposes of Subsection 3.01(c), the term "Substantially in the Form" shall mean:

(a) with respect to the Reviewed Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such Reviewed Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation, including regarding the timing of or circumstances under which related payments are or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that would affect the Province's rights of subrogation or assignment (including pursuant to **[Section 5.01 or Article VI]** of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation or upon the assumption of obligations in accordance with **[Article VI]**

[1010] OPG needs the authority to provide this certification.

of the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any variable terms to be set forth in the proposed documents as are reasonably contemplated in the Reviewed Documentation, including the particular financial terms, rates and levels set forth in the proposed documents other than to the extent that the forms of Reviewed Documentation themselves specify specific requirements, limitations or parameters with respect to such financial terms, rates, levels and parameters; and

(b) with respect to the Reviewed Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum

(a) Not less than 15 Business Days, or such lesser period as the Province may agree to, prior to the proposed incurrence of the first Funding Obligation, OPG shall, as the FSM, deliver to the Province: (i) a forecast setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the next following 24 month period (the "**Initial Forecast Period**"), which expectations shall be consistent with the Financing Plan (the "**Initial Forecast**"); and (ii) notice of the initial Protection Agreement Maximum, which may not exceed the Initial Forecast.

(b) Not more than 10 Business Days, or such lesser period as the Province may agree to, following receipt of the Initial Forecast and notice of the initial Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province may disagree with the Initial Forecast and the initial Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or the Initial Forecast, (ii) the Initial Forecast is inconsistent with the Financing Plan, or (iii) the initial Protection Agreement Maximum is not less than the Initial Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG,[11] and the initial Protection Agreement Maximum will be revised accordingly and confirmed by an amended notice to the Province.

(c) Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting

[11] This is an accounting comment.

out the sum of (1) the aggregate amount of Repayments that will arise in the future under Approved Obligations that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast shall be further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum, which may not exceed such Forecast.

(d) Not more than 10 Business Days, or such lesser period as the Province may agree to, following receipt of any further Forecast and notice of the revised Protection Agreement Maximum from OPG pursuant to Section 4.01(c), the Province may disagree with such further Forecast or revised Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or such further Forecast, (ii) the further Forecast is inconsistent with the Financing Plan, or (iii) the revised Protection Agreement Maximum is not less than the further Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG,[12] and the revised Protection Agreement Maximum will be further revised accordingly and confirmed by an amended notice to the Province.

(e) For clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be valued at the time to be determined for the purposes of this Section 4.01 in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of OPG

OPG represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

[12] This is an accounting comment.

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, may cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario and has the power and authority to enter into and perform its obligations under this Agreement and all instruments and agreements delivered pursuant hereto.

(c) OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Financing Entity or in the ability of the Financing Entity to perform its obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

5.02 Representations and Warranties of the Province

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
PROCESS FOR ELECTION TO ASSUME APPROVED OBLIGATIONS[13]

6.01 Election by the Province

Pursuant to Section 6.01 of the Change of Law Protection Agreement, at any time following the occurrence of a Protection Event, the Province may (but shall not be obligated) elect to assume the Financing Entity's obligations in respect of all Obligations Secured, as obligor and debtor by giving notice to the Indenture Trustee. Prior to determining whether or not to exercise its election, the Province may deliver to OPG a notice in the form of Exhibit A (an "**Election Information Notice**"). The Election Information Notice shall, among other things,

[13] Note: Lawyers to discuss assumption mechanics.

specify the date on which the Province proposes to assume the Obligations Secured, which date shall be no earlier than 20 Business Days following delivery of the Election Information Notice to OPG (the "**Proposed Assumption Date**").

6.02 Details regarding Obligations Secured

Promptly following the delivery of the Election Information Notice to OPG, OPG shall provide the following information and documentation to the Province:

(a) a summary of the amounts that will be owing under all Obligations Secured as of the Proposed Assumption Date, together with a detailed schedule setting out the dates on which such amounts will become due and payable under the Obligations Secured;

(b) a summary of the rights arising under the Obligations Secured that permit the Financing Entity to assign the Obligations Secured to the Province, including details regarding any conditions precedent to such assignment and the related assumption becoming effective and any notices, filings, consents or other actions that will be required in order to implement and effect such assignment and assumption;

(c) current versions of all documentation under which the Obligations Secured arise;

(d) copies of all correspondence exchanged between OPG, as the FSM, or the Financing Entity, on the one hand, and any Specified Creditor, Rating Agency or the Indenture Trustee, on the other hand, in each case that may reasonably be considered to be material to the assumption and performance of the Obligations Secured by the Province; and

(e) all income tax returns and assessments, financial statements and notices of proceedings of or pertaining to the Financing Entity or its business and any documentation related thereto, including any pleadings, appeals, objections, qualifications or other similar materials in respect of the Financing Entity or any Program Agreement.

6.03 Settlement of Terms

Following receipt and review by the Province of the information and documentation to be provided under Section 6.02, the Province shall confirm in writing whether or not it expects to proceed with the assignment and assumption of the Obligations Secured and, if it will be proceeding with the assignment and assumption, the date on which the Province expects that assignment and assumption will be effected. If it will be proceeding with such assignment and assumption, the Province will deliver an Assumption Notice as contemplated under Section 6.01 of the Change of Law Protection Agreement. A decision not to proceed with an election at any time will not limit the Province from proceeding with an election at a later date, including by issuing a further Election Information Notice and Article VI of this Agreement shall continues to apply unaffected.

6.04 Cooperation to Implement the Assignment and Assumption

OPG shall cooperate with the Province and, as FSM, will use commercially reasonable efforts to cause the Financing Entity to cooperate, and shall use its commercially reasonable efforts, to complete the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province, by the applicable Assumption Closing Date.

6.05 Terms of Obligations Secured

In order to permit the Province to assume the Obligations Secured in the circumstances contemplated herein, OPG, as FSM, shall cause the Financing Entity to use commercially reasonable efforts to ensure that all Obligations Secured permit such an assignment to and assumption by the Province substantially in accordance with the terms and on the basis contemplated in the Assumption Agreement, without any penalty or make-whole payment, or any requirement for further consent, approval or agreement, or alternatively, in the case of any Obligations Secured entered into by or on behalf of the Financing Entity for the provision of on-going services to the Financing Entity permitting the satisfaction and termination of such Obligations Secured on or prior to the effective time of such assumption without any acceleration of future fees, profits or other like amounts, other than to the extent of payment obligations arise under market standard mark-to-market payment terms and conditions included on a commercially reasonable basis under a Derivative Agreement.[14]

ARTICLE VII
BREACH EVENTS

7.01 Breach Events

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

(a) a default in the performance, or breach, of any covenants of OPG under this Agreement, which continues for thirty (30) days after written notice by the Province to OPG of such default or breach;

(b) any representation or warranty made by OPG in this Agreement, any certification made in a Process Certificate, or any certification made in a certificate contemplated by Section **[4.02]** of the Change of Law Protection Agreement, proves to be incorrect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation; or

[14] The Trust Indenture will need to be revised to ensure that the Province's assignment and assumption right is fully contemplated and may be implemented without any requirement for further Specified Creditor or other third party consents. Among other changes, it is contemplated that Torys will add the following to the MTI to address this requirement: (i) Specified Creditors will be required to acknowledge the rights of the Province to assume the Obligations Secured on the basis contemplated in the form of assumption agreement, and (ii) the Indenture Trustee will be permitted to enter into and give effect to the global Assumption Agreement without the consent of Specified Creditors or any other third parties.

(c) OPG is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the Manager.

7.02 Notice on Breach Event

If any Breach Event shall have occurred and not been waived in writing by the Province, the Province shall have the right at its option, and in addition to and not in substitution for any other remedies available hereunder at law or equity, to provide a written notice in the form of Exhibit ■ (a "Breach Event Suspension Notice") to OPG.

ARTICLE VIII
MISCELLANEOUS

8.01 Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

8.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to OPG:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: [■]
Fax: (416) [■]
Email: [■]

(b) if to the Province:

Ministry of Finance
[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 8.02.

8.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 8.03 shall be null and void.

8.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

8.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

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

By: _____

Name:
Title:

By: _____

Name:
Title:

SCHEDULE A
DEFINED TERMS[15]

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Conditions**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Approved Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Assumption Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.03.

"**Beneficiaries**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Breach Event**" has the meaning ascribed thereto in Section 7.01.

"**Breach Event Suspension Notice**" has the meaning ascribed thereto in Section 7.02.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the FSM on behalf of the Financing Entity and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar

[15] If Province is satisfied that it will receive notice of any amendments, waivers, etc. under the various agreements, and corresponding rights under the trust indenture as a secured creditor, Province will not require veto rights over changes to the defined terms in the MTI. All of this is predicated on Province receiving comfort from OPG that no changes, amendments, waivers, etc. will be made if outside the pre-agreed scope of the reviewed documents.

transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

"**Election Information Notice**" has the meaning ascribed thereto in Section 6.01.

"**Financing Entity**" means Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Entity Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Financing Entity at such time.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(c).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Indenture Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Initial Forecast**" has the meaning ascribed thereto in Section 4.01(a).

"**Initial Forecast Period**" has the meaning ascribed thereto in Section 4.01(a).

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Limited Guarantee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Management Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Manager**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Proposed Assumption Date**" has the meaning ascribed thereto in Section 6.01.

"**Protection Agreement Maximum**" means the dollar amount referenced as the Program Agreement Maximum and determined in accordance with Article IV.

"**Protection Event**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture.

"**Reviewed Documentation**" has the meaning ascribed thereto in Section 3.03.

"**Repayment**" has the meaning ascribed to the term "repayment" in the General Regulation as of the date of this Agreement.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Substantially in the Form**" has the meaning ascribed thereto in Section 3.04.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement; (vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that affects the Province's subrogation rights and/or subrogee interests, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

EXHIBIT A
FORM OF ELECTION INFORMATION NOTICE

From:	Hanslep, Malle (MOF)
To:	Gadi Mayman; Ken Kandeepan; Mike Manning; Ronald Kwan; Anna Strathy; John Psinas; Tim Christie (ENERGY); Daniel Cayley (ENERGY); Mark Donaldson (MOF); Veinot, Cindy (TBS)
Cc:	Tobias P. Whitfield (MOF); Thouin, Alena (ENERGY)
Subject:	Fw: Change of Law Protection and Process Agreement
Date:	Sunday, December 03, 2017 1:13:15 PM
Attachments:	23239361-v18-Change of Law - Process Agreement.DOCX 23239360-v21-Change of Law Protection Agreement.DOCX Process Agreement - BL v Province Nov 21 draft.pdf Protection Agreement - BL v Province Nov 21 draft.pdf Process Agreement - BL v Torys.pdf Protection Agreement - BL v Torys.pdf Protection Agreement - BL v internal draft reviewed Dec 1.pdf Process Agreement - BL v Internal draft reviewed Dec 1.pdf

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Sent from my BlackBerry 10 smartphone on the Rogers network.
From: VINER, JON <JON.VINER@blakes.com>
Sent: Sunday, December 3, 2017 11:45
To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); McKinlay, Tom (ENERGY); Thouin, Alena (ENERGY)
Cc: ASHBOURNE, STEPHEN; JACKSON, ADAM; PALMER, AARON; PRESTAGE, JA
Subject: Change of Law Protection and Process Agreement

All,

Please find attached clean and blacklined copies of the Change of Law agreements.

I wasn't sure which blackline would be most helpful for your review. I've attached blacklines against:

- The Province's previous external circulated draft (November 21)

- Torys' draft (November 24)

- The Province's previous internal circulated draft (discussed on Friday).

I look forward to discussing tomorrow.

Kind regards,
Jon

Jon Viner
Associate
jon.viner@blakes.com
Dir: 416-863-2499

_____

[cid:image72b0e7.GIF@90def241.49b60a3b]

Blake, Cassels & Graydon LLP
199 Bay Street, Suite 4000, Toronto ON M5L 1A9
Tel: 416-863-2400 Fax: 416-863-2653

blakes.com<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.blakes.com&d=DwIF-g&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=gV-xgZHI0tggSwOPXBdMOr4DyITzOyaIKJLqH9Oy-40&m=iS6IvNXNXQa2r1xGIT3-i7OQN8i4JR8iw-kgQ5QsMa8&s=ElYPHiGUqIlceYJeG-XdpGPcDs-23slRdf23VwsvnbI&e= > | Twitter<https://urldefense.proofpoint.com/v2/url?u=http-3A__twitter.com_BlakesLaw_&d=DwIF-g&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=gV-xgZHI0tggSwOPXBdMOr4DyITzOyaIKJLqH9Oy-40&m=iS6IvNXNXQa2r1xGIT3-i7OQN8i4JR8iw-kgQ5QsMa8&s=NVA6i4IuTbLxTu6KJjF52HwcePUbYAwXHkyRALF-h-Q&e= > | Unsubscribe<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.blakes.com_English_Resources_Bulletins_Pages_unsubscribe.aspx&d=DwIF-g&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=gV-xgZHI0tggSwOPXBdMOr4DyITzOyaIKJLqH9Oy-40&m=iS6IvNXNXQa2r1xGIT3-i7OQN8i4JR8iw-kgQ5QsMa8&s=7D6geZlWX_9pU_bxykqzPlrOPw-9QUi-gAD1Q2FjUlE&e= >

Blake, Cassels & Graydon LLP | Barristers & Solicitors | Patent & Trade-mark Agents
This email communication is CONFIDENTIAL AND LEGALLY PRIVILEGED. If you are not the intended recipient, please notify me at the telephone number shown above or by return email and delete this communication and any copy immediately. Thank you.

L'information paraissant dans ce message électronique est CONFIDENTIELLE. Si ce message vous est parvenu par erreur, veuillez immédiatement m’en aviser par téléphone ou par courriel et en détruire toute copie. Merci.

Draft: December 3, 2017

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.

CHANGE OF LAW PROCESS AGREEMENT[1]

Dated as of [■], 2017

[1] This Agreement and the Protection Agreement will need to be effective on closing but signed and held in escrow as soon as they are settled. **Note to Torys:** Closing mechanics under consideration by the Province.

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**") is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.

Pursuant to a Declaration of Trust dated as of [■], 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions.

Prior to entering into this Agreement, OPG provided the Province with the proposed forms of certain of the Transaction Documents, and the Province has not objected to such forms.

This Agreement sets out the obligations OPG has agreed to perform and assurances OPG has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the Adherence Conditions have been satisfied, maintaining information related to the Program Agreements and the Approved Obligations, and ensuring that the Province's assumption rights pursuant to Article VI of the Change of Law Protection Agreement may be exercised without impediment on the terms and conditions contemplated in this Agreement and the Change of Law Protection Agreement.

All things necessary to make this Agreement a valid and legally binding agreement of OPG and the Province, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this

Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 References to the Financing Entity

For greater certainty, each reference to the Financing Entity shall be construed as a reference to the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 Effect of Headings

The Article and Section headings herein and are for convenience only and will not affect the construction hereof.

1.04 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.06 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF OPG

2.01 Deliveries to the Province

(a) Not less than 15 Business Days, or such lesser period as the Province may agree to in writing, prior to the initial issuance of any Funding Obligation by the Financing Entity, OPG shall deliver to the Province a copy of the initial Financing Plan. Thereafter, OPG shall promptly deliver to the Province a copy of any proposed change to or replacement of the Financing Plan.

(b) Not less than 10 Business Days, or such lesser period as the Province may agree to in writing, prior to (i) any proposed change or supplement to a previously provided Transaction Document becoming effective or otherwise being used, (ii) any additional or replacement Transaction Document becoming effective or otherwise being used, OPG shall deliver to the Province a copy of such proposed change or supplement to the Transaction Document and any such additional or replacement Transaction Document.

(c) Promptly following (i) any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor being made, (ii) any new, additional or replacement instruments, documents, agreements or security being used or granted in connection with all or any part of the Approved Obligations, or (iii) any waiver, release, reconveyance, termination, abandonment, subordination, exchange, substitution, transfer, compound, compromise, liquidation or enforcement of all or any part of the Approved Obligations or any security or guarantee therefor being effected, OPG shall deliver to the Province a detailed description of such event and the reasons for it together with any related documents, agreements and instruments.

(d) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, OPG shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations (including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(e) Promptly upon request, OPG shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

2.02 <u>Covenants</u>

(a) OPG shall use commercially reasonable efforts to cause the Financing Entity to:

(i) punctually perform and observe all of the Financing Entity's obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not (unless waived in writing by the Province):

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement or replacement or waiver or consent could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any change in particular financial terms, rates and levels;

(B) extend, renew, compromise, novate, replace, suspend, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, liquidate or enforce the terms of all or any part of the Approved Obligations or any Collateral, if any such action could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to the extent that only particular financial terms, rates and levels are affected;

(C) permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired; or

(D) allow the Financing Entity to enter into any Supplemental Indenture or Loan Agreement where any penalty or make-whole payment, or any requirement for further consent, approval or agreement, of the Specified Creditor party thereto would be required for the Province to assume the Obligations Secured thereunder.

(b) OPG shall:

(i) comply, and shall use commercially reasonable efforts to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

(ii) punctually perform and observe all of its (including as the FSM and as Manager) obligations and agreements contained in the Program Agreements;

(iii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation; and

(iv) after the occurrence of any Protection Event (or any event known to OPG that with the passage of time or the giving of notice would be a Protection Event), not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.

(c) Nothing in this Agreement shall limit the obligations of the Province under the Indemnity Agreement by the Province in favour of OPG dated June 1, 2017 (as amended, the "**Indemnity Agreement**") and to the extent of any conflict between this Agreement and such Indemnity Agreement, in respect of any matter relating to the Province's obligations to indemnify OPG, the Indemnity Agreement shall prevail.

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate

OPG shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Province, on or before the incurrence or any amendment of a Funding Obligation, other than any Funding Obligation under which not more than **$[5,000,000]** in the aggregate may become payable by the Financing Entity (provided that delivery may not be more than 5 Business Days before the incurrence or amendment of the Funding Obligation), setting out the following with respect to such Funding Obligation:

(a) the material terms of the Funding Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a Derivative Agreement, the notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

(b) if an existing Funding Obligation is proposed to be amended, material details respecting such amendment, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

(c) a statement to the effect that: (i) the Funding Obligation to be incurred or amended (1) will arise under terms and conditions that are Substantially in the

Form of the Reference Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reference Documentation;

(d) a statement confirming that any disclosure made in respect of the Funding Obligation (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to the Funding Obligation) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement has been made available to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made;

(e) a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and

(f) confirmation that, at the time the Funding Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Funding Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the Protection Agreement Maximum applicable on the date that the Process Certificate is delivered;[2] for clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be determined on the date the Process Certificate is delivered hereunder in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

[2] **Note to Torys:** We believe the revision makes clear that OPG is only certifying as to the Protection Agreement Maximum as at the date the Process Certificate is delivered.

3.02 Acknowledgement regarding delivery of certificate under Change of Law protection Agreement

The Province acknowledges and agrees that, concurrent with the delivery of the Process Certificate pursuant to Section 3.01 of this Agreement, the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) are authorized to deliver the certificate referred to in **[Subsection 4.02(b)]** of the Change of Law Protection Agreement to the Indenture Trustee confirming that OPG has delivered all required certifications to the Province in connection with adherence of the Limited Guarantee to the incurrence of the Certified Primary Obligations in respect of which the certificate in **[Subsection 4.02(b)]** of the Change of Law Protection Agreement is being delivered; provided that, upon receipt of a Suspension Notice under the Change of Law Protection Agreement, OPG covenants not to deliver any further certificates to the Indenture Trustee under **[Subsection 4.02(b)]** of the Change of Law Protection Agreement other than in connection with a Refinancing of a Primary Obligation in respect of which the Adherence Conditions had been satisfied at the time such Primary Obligation was incurred.

3.03 Acknowledgement regarding delivery of Suspension Notice

The parties acknowledge and agree that the Province is entitled to deliver a Suspension Notice under **[Section 7.01]** of the Change of Law Protection Agreement if a Program Breach or Breach Event has occurred. The Province agrees not to deliver a Suspension Notice pursuant to **[Section 7.01]** of the Change of Law Protection Agreement unless a Program Breach or a Breach Event has occurred.

3.04 <u>Meaning of "Reference Documentation"</u>

For the purposes of Subsection 3.01(c), the term "Reference Documentation" shall mean each Transaction Document (including any change, addition or supplement thereto) that, at the relevant time:

(a) is a Transaction Document provided to, and not objected to by, the Province prior to the making of this Agreement, as contemplated in the fifth recital to this Agreement; or

(b) is a Transaction Document provided to the Province in accordance with Subsection 2.01(b) that has not been objected to by the Province, by delivery of an objection notice in writing delivered to OPG, within 10 Business Days after it is provided to the Province.

3.05 <u>Meaning of "Substantially in the Form"</u>

For the purposes of Subsection 3.01(c), the term "Substantially in the Form" shall mean:

(a) with respect to the Reference Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between

the proposed documents and such Reference Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation, including regarding the timing of or circumstances under which related payments are or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that would affect the Province's rights of subrogation or assignment (including pursuant to **[Section 5.01]** of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation; provided, however, that the foregoing does not apply to any variable terms to be set forth in the proposed documents as are reasonably contemplated in the Reference Documentation, including the particular financial terms, rates and levels set forth in the proposed documents other than to the extent that the forms of Reference Documentation themselves specify specific requirements, limitations or parameters with respect to such financial terms, rates, levels and parameters; and

(b) with respect to the Reference Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum

(a) Not less than 15 Business Days, or such lesser period as the Province may agree to in writing, prior to the proposed incurrence of the first Funding Obligation, OPG shall, as the FSM, deliver to the Province: (i) a forecast setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the next following 24 month period (the "**Initial Forecast Period**"), which expectations shall be consistent with the Financing Plan (the "**Initial Forecast**"); and (ii) notice of the initial Protection Agreement Maximum, which may not exceed the Initial Forecast.

(b) Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of the Initial Forecast and notice of the initial Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province may disagree with the Initial Forecast and the initial Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or the Initial Forecast, (ii) the Initial Forecast is inconsistent with the Financing Plan, or (iii) the initial Protection Agreement Maximum is more than the Initial Forecast. If the Province disagrees, OPG shall discuss any

discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the initial Protection Agreement Maximum will be revised accordingly and confirmed by an amended notice to the Province.

(c) Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Approved Obligations that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast shall be further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum, which may not exceed such Forecast.

(d) Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of any further Forecast and notice of the revised Protection Agreement Maximum from OPG pursuant to Section 4.01(c), the Province may disagree with such further Forecast or revised Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or such further Forecast, (ii) the further Forecast is inconsistent with the Financing Plan, or (iii) the revised Protection Agreement Maximum is more than the further Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the revised Protection Agreement Maximum will be further revised accordingly and confirmed by an amended notice to the Province.

(e) For clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be valued at the time to be determined for the purposes of this Section 4.01 in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of OPG

OPG represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, may cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario and has the power and authority to enter into and perform its obligations under this Agreement and all instruments and agreements delivered pursuant hereto.

(c) OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Financing Entity or in the ability of the Financing Entity to perform its obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

5.02 Representations and Warranties of the Province

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
BREACH EVENTS

6.01 Breach Events

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

(a) a default in the performance, or breach, of any covenants of OPG under this Agreement, which continues for thirty (30) days after written notice by the Province to OPG of such default or breach;

(b) any representation or warranty made by OPG in this Agreement, any certification made in a Process Certificate, or any certification made in a certificate contemplated by Section **[4.02]** of the Change of Law Protection Agreement, proves to be incorrect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation; or

(c) OPG is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the Manager.

ARTICLE VII
MISCELLANEOUS

7.01 Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

7.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to OPG:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

(b) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 7.02.

7.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 7.03 shall be null and void.

7.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

7.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

7.06 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

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

By: _____

Name:
Title:

By: _____

Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Conditions**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Approved Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Beneficiaries**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Breach Event**" has the meaning ascribed thereto in Section 6.01.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Certified Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the FSM on behalf of the Financing Entity and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

"**Executive Officer**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Financing Entity**" means Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(c).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Indenture Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Initial Forecast**" has the meaning ascribed thereto in Section 4.01(a)

"**Initial Forecast Period**" has the meaning ascribed thereto in Section 4.01(a)

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Limited Guarantee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Loan Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**Management Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Manager**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Program Breach**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Protection Agreement Maximum**" means the dollar amount referenced as the Program Agreement Maximum and determined in accordance with Article IV.

"**Protection Event**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture.

"**Reference Documentation**" has the meaning ascribed thereto in Section 3.04.

"**Repayment**" has the meaning ascribed to the term "repayment" in the General Regulation as of the date of this Agreement.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Substantially in the Form**" has the meaning ascribed thereto in Section 3.05.

"**Suspension Notice**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement; (vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that affects the Province's subrogation rights and/or subrogee interests, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

Draft: December 3, 2017

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE[1]

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST[2]

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

[1] This Agreement and the Process Agreement will need to be effective on closing but signed and held in escrow as soon as they are settled. **Note to Torys:** Logistics of closing are under consideration.

[2] **Torys Note:** Please advise if there are any further issues with the Manager signing the Protection Agreement on behalf of the Trust? If so, can you please explain the issue. The Manager is currently signing all Program Agreements on behalf of the Trust and has authority to do so. We would like the Manager to sign this Agreement on behalf of the Trust. **Note to Torys:** Manager derives authority under the Management Agreement to sign Program Agreements. Management Agreement powers determined by reference to the Program Agreements, so authority is circular. Ultimately, Province will accept the opinion of Torys on due execution point.

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust under the laws of the Province of Ontario (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council dated as of 1981/2017 (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust[3] dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Primary Obligations that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred. This Agreement sets out the terms and conditions of such protections and assurances.

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[3] **Torys Note:** We are comfortable on this point because OPG has retained Computershare as issuer trustee. The recitals of the Declaration of Trust provide that Computershare has established the Trust at the request of the FSM. We can also provide you with a copy of the Computershare engagement letter upon request. **Note to Torys:** The Province will accept authorities opinion regarding the Trust from Torys.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder"

and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 Intentionally Deleted

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture as of the date of this Agreement.

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 2.01 or Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of

the Indenture Trustee, the Financing Entity, the Financing Entity Trustee, the Manager or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the “Change of Law Protection Agreement” referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or

release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee shall (absent the Rating Agency Condition being satisfied with respect to the Protection Event not occurring) deliver a written demand, substantially in the form attached as Exhibit A (a "**Payment Demand**"), to the Province requiring the Province to make payments in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in this Agreement. From and after such delivery of a Payment Demand, the Province shall make the following payments in respect of the Approved Obligations (the "**Limited Guarantee**"), and the Financing Entity shall pay, and the Province shall be entitled to be paid, the Subrogation Amounts specified below, on the specified Guarantee Payment Date:

i. Not less than 3 Business Days prior to each day when any payment or payments are to be made in respect of one or more Approved Obligations occurring after such delivery of a Payment Demand (a "**Guarantee Payment Date**"), the Manager shall deliver a written statement setting forth the Aggregate Approved Obligations Amount, if any, in respect of the Approved Obligations that are due and payable on such Guarantee Payment Date, together with a detailed description identifying such Approved Obligations and the nature and amount of payments due and payable thereunder on the Guarantee Payment Date, the aggregate outstanding amount payable by the Financing Entity under such Approved Obligations as of the date of such written statement, and details regarding any default in performance by any party obligated thereunder.

ii. On each such Guarantee Payment Date, the Province shall deposit the Aggregate Approved Obligations Amount into the Protection Account.

iii. On each such Guarantee Payment Date, the Financing Entity and the Indenture Trustee shall ensure that the amounts on deposit in the Protection Account are applied to pay each Beneficiary to whom an amount is due and payable under an Approved Obligation on the Guarantee Payment Date the Approved Obligation Amount for such Beneficiary in respect of such Approved Obligation on such Guarantee Payment Date; provided that if the amount deposited pursuant to clause 2.01(a)ii is insufficient to pay all such Approved Obligation Amounts in full, the amount on deposit in the Protection Account on the Guarantee Payment Date shall be applied to pay Beneficiaries in the order of priority in which such Approved Obligations are payable under the payment provisions of the Trust Indenture applicable to the making of such payments on the Guarantee Payment Date (each, a "**Beneficiary Payee**").

iv. On any Guarantee Payment Date on which an amount is paid by the Province pursuant to clause 2.01(a)ii, the applicable payment provisions of the Trust Indenture shall, notwithstanding the express terms of such provisions set forth in the Trust Indenture, be applied and operate on the following basis:

(A) the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available under such payment provisions on such Guarantee Payment Date shall be reduced by the amount paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on such Guarantee Payment Date;

(B) the Province shall be paid the lesser of (x) the amount payable to a Beneficiary Payee in respect of an Approved

Obligation from amounts available to pay the Beneficiary Payee under such payment provisions on the Guarantee Payment Date, determined without regard to subclause 2.01(a)iv(A), and (y) the amount paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on the Guarantee Payment Date (such amounts paid to Beneficiary Payees being "**Subrogation Amounts**"); and[4]

(C) no Beneficiary having a right to be paid an amount in respect of an Approved Obligation that ranks equal with or subordinate to an Approved Obligation in respect of which an amount is payable to the Province under subclause 2.01(a)iv(B) shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under such subclause (including any right or reimbursement, contribution or indemnity) and no such Beneficiary shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of such amounts.

v. On any Guarantee Payment Date, the Indenture Trustee shall release and pay to the Province free and clear of any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay Beneficiary Payees on the Guarantee Payment Date in accordance with clause 2.01(a)iii.

vi. In preparing any payment instructions under the Trust Indenture, the Manager shall reflect the amounts payable for the Guarantee Payment Date under Section 2.01(a).

(b) The Province shall, as a payee of Subrogation Amounts under clause 2.01(a)(iv)(B) and any amounts payable under clause 2.01(a)(v)**,** be a "Specified Creditor" under the Trust Indenture and have the benefit of the Collateral thereunder.

(c) For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the Approved Obligation Amounts, if any, for payment to Beneficiary Payees and will be subject to the

[4] **Note:** The Province will be entitled to receive cash flows that would have been required to pay Approved Obligations remaining under the payment waterfalls after satisfaction of all Approved Obligations. Further consideration is required in order to ensure these amounts are paid to the Province, despite those amounts not being paid on a "Guarantee Payment Date" (ie. no amount is paid by the Province under the Limited Guarantee on those later Payment Dates, so currently not covered as not arising on a Guarantee Payment Date). Those residual entitlements must be included as "Subrogation Amounts".

priorities and to the Province's rights to Subrogation Amounts, set forth in Section 2.01(a).

(d) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(e) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation by their terms.

(f) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under and in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any amount due and payable to a Beneficiary Payee under the Limited Guarantee.

2.02 Intentionally Deleted.

2.03 <u>Absence of Set-off</u>

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 <u>Payment into Protection Account in Satisfaction</u>

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is

established, it shall be the "Protection Account" for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section **[7.03]** of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Financing Entity and the Indenture Trustee shall ensure that all amounts paid by the Province into the Protection Account on a Guarantee Payment Date in respect of an Approved Obligation are applied to pay the amounts due and payable to the Beneficiaries as and to the extent provided for in Section 2.01(a). Upon a payment having been made by or on behalf of the Province into the Protection Account, the amounts so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiaries as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such Beneficiaries in respect of the applicable Approved Obligations, whereupon an affected Beneficiary shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid. For greater certainty, the obligations arising in respect of an applicable Approved Obligation shall not be reduced by such payment as the Province shall become entitled to be paid related Subrogation Amounts and the rights contemplated under Section 2.01(a) and Section 5.01 in relation to such continuing obligations.

2.05 <u>Certain Waivers</u>

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations in accordance with Section 8.01.

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

A Primary Obligation shall constitute an Approved Obligation if (i) the Adherence Conditions applicable thereto have been satisfied at the time the Primary Obligation was incurred, or (ii) the Province, in its sole discretion, designates in writing that it is an Approved Obligation.

4.02 Adherence Conditions

The following shall be the Adherence Conditions applicable in relation to each Certified Primary Obligation:

(a) the Certified Primary Obligation when incurred is an Obligation Secured under the Trust Indenture; and

(b) OPG, as FSM, delivers a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee, on or before the incurrence of a Certified Primary Obligation (provided that delivery may not be more than 5 Business Days before the incurrence of the Certified Primary Obligation), confirming that OPG has delivered to the Province a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by

such officers in their capacity as officers of OPG acting in its capacity as FSM) confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation; and

(c) in respect of a Certified Primary Obligation other than a Refinancing of a Primary Obligation in respect of which the Adherence Conditions had been satisfied, the Province has not provided a Suspension Notice to the Indenture Trustee, OPG and the Financing Entity.

For greater certainty, (y) satisfaction of the Adherence Conditions for a Certified Primary Obligation shall be deemed satisfaction of the Adherence Conditions in respect of all principal, interest and other amounts owing under the Certified Primary Obligation, as such Certified Primary Obligation may be amended, restated, supplemented or otherwise modified from time to time, and (z) there shall be no Adherence Conditions applicable in relation to a Primary Obligation that is not a Certified Primary Obligation.

4.03 Evidence of Satisfaction

A closing certificate delivered in accordance with Section 4.02(b) in connection with an incurrence of a Certified Primary Obligation shall be determinative as to whether the applicable Adherence Conditions with respect thereto have been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same. A closing certificate that purports on its face to be signed by officers specified in Section 4.02(b) may be relied upon by any addressee without further enquiry or evidence as to the incumbency or signatures of such officers. If a closing certificate is not delivered in accordance with the timing requirements of Section 4.02(b) in respect of a Certified Primary Obligation, such certificate may be delivered at a later date, and be effective as if it had been delivered in accordance with the timing requirement of Section 4.02(b), if at the time such certificate was required to be delivered OPG had delivered to the Province all certifications required by the Province in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation.

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, including (i) the right and entitlement to be paid and receive the related Subrogation Amounts, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights

and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including **[Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 7.12 (Payments Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Section 8.14 (Limited Recourse), Article IX (The Indenture Trustee), including all limitations of liability thereunder, Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition)]**; (ii) consents, requests and authorizes the Issuer and the Indenture Trustee to (x) add the Province to the register of Specified Creditors described in subsection **[13.13(b)]** of the Trust Indenture and (y) disseminate the notice details of the Province to other Specified Creditors for the purposes set out in subsection **[9.14(b)]** of the Trust Indenture, and (iii) confirms that it will execute and deliver, or cause to be executed and delivered, all such further agreements, documents and instruments in connection with this Section 5.01 as the Indenture Trustee may request from time to time for the purpose of giving effect to the terms of this Section 5.01.

5.02 <u>Priorities</u>

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation shall rank equally with the rights, interests and entitlements of a Beneficiary to whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the

extent of the priorities established in relation to the Approved Obligation under the Trust Indenture in the manner and to the extent contemplated in Section 7.10(d) of the Trust Indenture.

5.03 Intentionally Deleted

5.04 Representations and Warranties

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
INDENTURE TRUSTEE MATTERS

6.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

6.02 Not Responsible for Recitals

The recitals contained herein will be taken as the statements of the Province, the Financing Entity and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

6.03 Representations and Covenants of the Indenture Trustee[5]

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada; and

(b) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada.

ARTICLE VII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

7.01 Suspension Notice

Upon:

(a) a Program Breach;

(b) a default in the performance, or breach, of any covenants of OPG, as FSM, or OPG, in its corporate capacity, in each case to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the provision of the Limited Guarantee, which continues for thirty (30) days after written notice by the Province to OPG of such default or breach;

(c) a representation or warranty made by OPG or a certification made by one or more officers of OPG, in each case whether as FSM or in its corporate capacity, to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the provision of the Limited Guarantee, proves to be incorrect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation; or

(d) the FSM no longer being the Manager or actions having been taken by or on behalf of the Indenture Trustee to remove the FSM as the Manager,

the Province may declare that the Limited Guarantee under this Agreement shall not apply to any Primary Obligations incurred on or after such declaration, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied (provided that the Refinancing is an Approved Obligation), by delivering a written notice in the form of Exhibit B (a "**Suspension Notice**") to the Indenture Trustee, the FSM and the Financing Entity.

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[5] **Torys Note:** The Indenture Trustee asked us to delete these representations. They will not provide these types of representations without attaining a legal opinion from outside counsel. To avoid delay, we would ask that the parties agree to this deletion. **Note to Torys:** The representations provided by the Indenture Trustee should be consistent with those in the Trust Indenture.

The Limited Guarantee shall apply to any Certified Primary Obligation incurred after a Suspension Event on the basis that it is a Refinancing (provided that such Refinancing is an Approved Obligation) only if the FSM certifies to the Province in writing prior to the incurrence that the proceeds of such incurrence will be used solely for the purposes of repaying one or more Certified Primary Obligations incurred prior to the Suspension Event and to which the Limited Guarantee adhered as of the time the Suspension Event occurred, and the delivery of such written certification by the FSM to the Province shall be determinative for the purposes of concluding that such incurrence is a Refinancing for the purposes of Sections 7.01, 7.02 and 7.03.

7.02 Suspension

If a Suspension Notice has been provided under Section 7.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of any Primary Obligation incurred or amended on or after the time such Suspension Notice is delivered, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied (provided that the Refinancing is an Approved Obligation).

7.03 No Impact on Adherence

For greater certainty, the occurrence of a Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event or in respect of any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied (provided that the Refinancing is an Approved Obligation).

ARTICLE VIII
MISCELLANEOUS

8.01 Term of Agreement

This Agreement will continue until the date that no amount is or may become due and payable by the Province under the Limited Guarantee.

8.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf

of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: Manager, Corporate Trust
Fax: (416) 981-9777
Email: corporatetrust.toronto@computershare.com

(b) if to the FSM:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

(c) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 8.02.

8.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section 8.03 shall be null and void.

8.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

8.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

8.07 Notice to Rating Agencies

OPG, as FSM, shall deliver prompt written notice to the Rating Agencies on occurrence of (i) a Protection Event; (ii) receipt of a Suspension Notice delivered by the Province

pursuant to Section 7.01; and (iii) an assignment of this Agreement by any party pursuant to Section 8.03.

8.08 Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their benefits hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

8.09 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, IN ITS CAPACITY AS TRUSTEE OF FAIR HYDRO TRUST, AS ISSUER, BY ONTARIO POWER GENERATION INC., NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Action**" has the meaning ascribed thereto under the Trust Indenture.

"**Adherence Conditions**", means, in respect of a Certified Primary Obligation, the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of a Guarantee Payment Date, the aggregate of the Approved Obligation Amounts for such Guarantee Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, for a Beneficiary in respect of an Approved Obligation under which an amount is due and payable on a Guarantee Payment Date:

(a) if no Acceleration has occurred in respect of any Obligation Secured on or before the Guarantee Payment Date, the amount due and payable to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation (for greater certainty, determined on the assumption that there are adequate amounts available under the applicable payment provisions of the Trust Indenture to pay in full all amounts referred to in such payment provisions that are due and payable on the Guarantee Payment Date); and

(b) if an Acceleration has occurred in respect of any Obligations Secured on or before the Guarantee Payment Date, the amount that would be available to be paid to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation under the applicable payment provisions of the Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with such applicable payment provisions of the Trust Indenture in respect of each relevant month during each Reference Period is equal to the estimated Finance Amount determined in respect of such Reference Period for purposes of section 15(1) of the Act (in effect on the date hereof) divided by the number of months in such Reference Period.

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Beneficiary Payee**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Certified Primary Obligations**" means Primary Obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest or to repay payment obligations that were incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest,[6] (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not each individual trade confirmation, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and aggregate payments by the Financing Entity thereunder during the term of such contract is in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).[7]

"**Change of Law Protection Agreement**" means this Agreement.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Eligible Deposit Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Eligible Institution**" has the meaning ascribed thereto in the Trust Indenture.

"**Executive Officer**" has the meaning ascribed to the term "executive officer" in National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators.

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[6] **Torys Query**: For a warehouse facility, does the Province want a Certificate for each monthly draw? **Note to Torys:** Yes.

[7] **Note to Province**: Torys suggests that this concept reflects what Primary Obligations the parties agreed to be subject to the adherence conditions. Province to confirm that this is their understanding from meeting on Tuesday, November 21, particularly prongs (ii) and (iii) of the definition.

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the first paragraph of this Agreement until a successor Financing Entity Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and the Declaration of Trust, and thereafter "Financing Entity Trustee" means and includes such Person.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Guarantee Payment Date**" has the meaning ascribed thereto in Section 2.01(a)i.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Issuer Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Issuer Funding Obligation**" has the meaning ascribed thereto in the Trust Indenture.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Lien**" has the meaning ascribed thereto in the Trust Indenture.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(a).

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity, as amended, supplemented, restated or otherwise modified from time to time.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Agreement**" means an agreement in the form of an ISDA Master Agreement as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, as amended, supplemented, restated or otherwise modified from time to time.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account or Finance Reserve Account; and (ii) any obligation to pay the Financing Entity or on the Financing Entity's direction any remaining amounts in the Collection Account pursuant to the Trust Indenture.[8]

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the

[8] **Torys Note:** These changes were made to conform to the most current version of the Trust Indenture, a copy of which will be circulated soon. Additionally, money in the Collection Account is required to flow through the waterfall and is not required to be held in the Collection Account otherwise. **Note to Torys:** Please confirm. The Trust Indenture states that if extra cash is available in the Collections Account, it can be held until a subsequent Payment Date.

giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.[9]

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that materially and adversely affects (a) the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured, or (b) this Agreement or any of the agreements under which Obligations Secured arise; or

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that materially and adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Obligations Secured that have become due and payable.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

[9] **Torys Note:** We deleted early amortization events because that is no longer a concept used in the Trust Indenture. **Note to Torys:** Early amortization events may be included in a supplemental indenture so we think retaining that reference makes sense.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency Condition" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Reference Period**" has the meaning ascribed thereto in the Act.

"**Refinancing**" has the meaning ascribed to the term "refinancing" in the Act as of the date hereof, as more particularly described and given meaning in the General Regulation as of the date hereof.[10]

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Subrogation Amounts**" has the meaning ascribed thereto in subclause 2.01(a)iv(B).

"**Supplemental Indenture**" has the meaning ascribed in the Trust Indenture.

"**Supplemental Reserve Account**" has the meaning ascribed in the Trust Indenture.

"**Suspension Event**" has the meaning ascribed thereto in Section 7.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 7.01.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

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[10] **Torys Note:** Refinancings can occur up to six months prior to the application of the refinancing proceeds to the existing obligation. The regulations provide that if the refinancing proceeds are not applied to repay the intended funding obligation, then it is not a Refinancing. Accordingly, we have revised the definition to ensure that Refinancings do not have to be simultaneous with repayment of the existing Approved Obligation (we understand from the dealers that in most circumstances they will not be). **Note to Torys**: The General Regulation specifically provides that debt can be considered a "Refinancing" when incurred within the 6 months prior to the maturity date of a funding obligation. The Act/Regulation's definition doesn't require that "Refinancings" are simultaneous with the repayment of existing Approved Obligations. We have added a certificate mechanic in 7.01 by which there can be certainty when an obligation is incurred that if the obligation is intended to be a refinancing, it will be covered by the guarantee.

EXHIBIT A
FORM OF PAYMENT DEMAND

TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Pursuant to and in accordance with section 2.01(a) of the Change of the Law Protection Agreement, the Indenture Trustee hereby demands payment from the Province in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in the Change of Law Protection Agreement.

DATED as of the [■] day of [■], [■].

BNY TRUST COMPANY OF CANADA

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT B
SUSPENSION NOTICE

TO: Ontario Power Generation Inc., in its capacity as Financial Services Manager

AND TO: Fair Hydro Trust

AND TO: Computershare Trust Company of Canada, in its capacity as trustee of Fair Hydro Trust

AND TO: BNY Trust Company of Canada, as Indenture Trustee

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement. All references in this Suspension Notice to "Articles" or "Sections" refer to Articles or Sections of the Change of Law Protection Agreement.

The Province has a reasonable basis for concluding that an event described in Section 7.01 has occurred. Pursuant to Section 7.01, the Province hereby declares that the Limited Guarantee shall not apply in respect of any Primary Obligation incurred or amended on or after the delivery of this Suspension Notice, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied, in accordance with the terms and conditions in Article VII.

The Limited Guarantee shall hereby not apply in respect of any Primary Obligation incurred or amended on or after delivery of this Suspension Notice, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied.

This Suspension Notice is hereby delivered to the FSM, the Financing Entity and the Indenture Trustee in accordance with Section 8.02 of the Change of Law Protection Agreement.

* * * *

DATED as of the [■] day of [■], [■].

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.

CHANGE OF LAW PROCESS AGREEMENT[1]

Dated as of [■], 2017

[1] This Agreement and the Protection Agreement will need to be effective on closing but signed and held in escrow as soon as they are settled. **Note to Torys:** Closing mechanics under consideration by the Province.

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**") is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.[1]

Pursuant to a Declaration of Trust dated as of [■], 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.[2]

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions.

Prior to entering into this Agreement, OPG provided the Province with the proposed forms of certain of the Transaction Documents, and the Province has not objected to such forms.

This Agreement sets out the obligations OPG has agreed to perform and assurances OPG has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the Adherence Conditions have been satisfied, maintaining information related to the Program Agreements and the Approved Obligations, and ensuring that the Province's assumption rights pursuant to Article VI of the Change of Law Protection Agreement may be exercised without impediment on the terms and conditions contemplated in this Agreement and the Change of Law Protection Agreement.

All things necessary to make this Agreement a valid and legally binding agreement of OPG and the Province, have been done.

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[1] ~~Blakes suggests that it be made clear in the Declaration of Trust that OPG is establishing the Trust. Blakes would appreciate the benefit of Torys analysis as to how the Trust is an "entity" under the OFHPA, as opposed to the trustee. Clearly OPG has not established Computershare. Blakes and Torys to discuss.~~

[2] ~~Lawyers to discuss.~~

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this

Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 References to the Financing Entity

For greater certainty, each reference to the Financing Entity shall be construed as a reference to the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 Effect of Headings

The Article and Section headings herein and are for convenience only and will not affect the construction hereof.

1.04 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.06 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF OPG

2.01 Deliveries to the Province

(a) Not less than 15 Business Days, or such lesser period as the Province may agree to in writing, prior to the initial issuance of any Funding Obligation by the Financing Entity, OPG shall deliver to the Province a copy of the initial Financing Plan. Thereafter, OPG shall promptly deliver to the Province a copy of any proposed change to or replacement of the Financing Plan.

(b) Not less than 10 Business Days, or such lesser period as the Province may agree to in writing, prior to (i) any proposed change or supplement to a previously provided Transaction Document becoming effective or otherwise being used, (ii) any additional or replacement Transaction Document becoming effective or otherwise being used, OPG shall deliver to the Province a copy of such proposed change or supplement to the Transaction Document and any such additional or replacement Transaction Document.

(c) Promptly following (i) any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor being made, (ii) any new, additional or replacement instruments, documents, agreements or security being used or granted in connection with all or any part of the Approved Obligations, or (iii) any waiver, release, reconveyance, termination, abandonment, subordination, exchange, substitution, transfer, compound, compromise, liquidation or enforcement of all or any part of the Approved Obligations or any security or guarantee therefor being effected, OPG shall deliver to the Province a detailed description of such event and the reasons for it together with any related documents, agreements and instruments.

(d) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, OPG shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations (including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(e) Promptly upon request, OPG shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

2.02 <u>Covenants</u>

(a) OPG shall use commercially reasonable efforts to cause the Financing Entity to:

(i) punctually perform and observe all of the Financing Entity's obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not (unless waived in writing by the Province):

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement or replacement or waiver or consent could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any change in particular financial terms, rates and levels;

(B) extend, renew, compromise, novate, replace, suspend, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, liquidate or enforce the terms of all or any part of the Approved Obligations or any Collateral, if any such action could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to the extent that only particular financial terms, rates and levels are affected[3];

(C) permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired; or

(D) allow the Financing Entity to enter into any Supplemental Indenture or Loan Agreement where any penalty or make-whole payment, or any requirement for further consent, approval or agreement, of the Specified Creditor party thereto would be required for the Province to assume the Obligations Secured thereunder.

(b) OPG shall:

(i) comply, and shall use commercially reasonable efforts to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

(ii) punctually perform and observe all of its (including as the FSM and as Manager) obligations and agreements contained in the Program Agreements;

[3] [redacted]

(iii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation; and

(iv) after the occurrence of any Protection Event (or any event known to OPG that with the passage of time or the giving of notice would be a Protection Event), not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.

(c) Nothing in this Agreement [nor in the Change of Law Protection Agreement][4] shall limit the obligations of the Province under the Indemnity Agreement by the Province in favour of OPG dated June 1, 2017 (as amended, the "**Indemnity Agreement**") and to the extent of any conflict between this Agreement, the Change of Law Protection Agreement and such Indemnity Agreement, in respect of any matter relating to the Province's obligations to indemnify OPG, the Indemnity Agreement shall prevail.

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate[5]

OPG shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of OPG (or their respective designees, provided that such designees are also executiveor any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Province, on the earlier of (i) one Business Day prior toor before the incurrence or any amendment of a Funding Obligation, (other than any Funding Obligation under which not more than $■**[5,000,000]** in the aggregate may become payable by the Financing Entity), and (ii) on the Business Day on which the financial terms of such Funding Obligation are definitively determined (including the interest or discount rate applicable to any notes, bonds or other securities (provided that delivery may not be more than 5 Business Days before the incurrence or amendment of the Funding Obligation), setting out the following with respect to such Funding Obligation:

[4] This language has extra-contractual implications and so its meaning as between only 2 of the parties to the Protection Agreement is uncertain. Torys to explain intention.

[5] OPG/Dealers have indicated that "The current structure requiring satisfaction of the adherence conditions in the Protection Agreement impacts the marketability of the transaction and creates uncertainty for investors. Province has asked Dealers to explain how the current structure requiring satisfaction of the adherence conditions in the Protection Agreement is more onerous than ordinary adherence conditions applicable to government guaranteed bonds and to estimate the quantum impact on the marketability of the transaction and explain what uncertainty an ordinary closing condition of this type poses for investors.

(a) the material terms of the Funding Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a Derivative Agreement, the notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

(b) if an existing Funding Obligation is proposed to be amended, material details respecting such amendment, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

(c) a statement to the effect that: (i) the Funding Obligation to be incurred or amended (1) will arise under terms and conditions that are Substantially in the Form of the Reference Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reference Documentation;

(d) a statement confirming that any disclosure made in respect of the Funding Obligation (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to the Funding Obligation) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement has been made available to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made;

(e) a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and

(f) confirmation that, at the time the Funding Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Funding Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the Protection Agreement Maximum~~;~~ applicable on the date that the Process Certificate is delivered;[2] for clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be determined on the date the Process Certificate is delivered hereunder in accordance with the following:

[2] **Note to Torys:** We believe the revision makes clear that OPG is only certifying as to the Protection Agreement Maximum as at the date the Process Certificate is delivered.

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

3.02 ~~Delivery of a Suspension Notice~~ Acknowledgement regarding delivery of certificate under Change of Law protection Agreement

The Province acknowledges and agrees that, concurrent with the delivery of the Process Certificate pursuant to Section ~~8.01~~3.01 of this Agreement, the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) are authorized to deliver the certificate referred to in **[Subsection 4.02(b)]** of the Change of Law Protection Agreement~~,~~ to the Indenture Trustee confirming that OPG has delivered all required certifications to the Province in connection with adherence of the Limited Guarantee to the incurrence of the Certified Primary Obligations in respect of which the certificate in **[Subsection 4.02(b)]** of the Change of Law Protection Agreement is being delivered; provided that, upon receipt of a Suspension Notice under the Change of Law Protection Agreement, OPG covenants not to deliver any further certificates to the Indenture Trustee under **[Subsection 4.02(b)]** of the Change of Law Protection Agreement other than in connection with a Refinancing of a Primary Obligation in respect of which the Adherence Conditions had been satisfied at the time such Primary Obligation was incurred.

3.03 Acknowledgement regarding delivery of Suspension Notice

The parties acknowledge and agree that the Province is entitled to deliver a Suspension Notice under **[Section 7.01]** of the Change of Law Protection Agreement if a Program Breach or Breach Event has occurred. The Province agrees not to deliver a Suspension Notice pursuant to **[Section** ~~8.01~~**7.01]** of the Change of Law Protection Agreement unless ~~any of the following circumstances~~a Program Breach or a Breach Event has occurred~~:~~.

~~(a) a Program Breach; and~~

~~(b) a Breach Event.~~

3.04 ~~3.03~~ Meaning of "Reference Documentation"

For the purposes of Subsection 3.01(c), the term "Reference Documentation" shall mean each Transaction Document (including any change, addition or supplement thereto) that, at the relevant time:

(a) is a Transaction Document provided to, and not objected to by, the Province prior to the making of this Agreement, as contemplated in the fifth recital to this Agreement; or

(b) is a Transaction Document provided to the Province in accordance with Subsection 2.01(b) that has not been objected to by the Province, by delivery of an objection notice in writing delivered to OPG, within 10 Business Days after it is provided to the Province.

3.05 ~~3.04~~ Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(c), the term "Substantially in the Form" shall mean:

(a) with respect to the Reference Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such Reference Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation, including regarding the timing of or circumstances under which related payments are or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that would affect the Province's rights of subrogation or assignment (including pursuant to **[Section 5.01~~ or Article VI~~]** of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation~~ or upon the assumption of obligations in accordance with **[Article VI]** of the Change of Law Protection Agreement~~; provided, however, that the foregoing does not apply to any variable terms to be set forth in the proposed documents as are reasonably contemplated in the Reference Documentation, including the particular financial terms, rates and levels set forth in the proposed documents other than to the extent that the forms of Reference Documentation themselves specify specific requirements, limitations or parameters with respect to such financial terms, rates, levels and parameters; and

(b) with respect to the Reference Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum

(a) Not less than 15 Business Days, or such lesser period as the Province may agree to in writing, prior to the proposed incurrence of the first Funding Obligation, OPG

shall, as the FSM, deliver to the Province: (i) a forecast setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the next following 24 month period (the "**Initial Forecast Period**"), which expectations shall be consistent with the Financing Plan (the "**Initial Forecast**"); and (ii) notice of the initial Protection Agreement Maximum, which may not exceed the Initial Forecast.

(b) Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of the Initial Forecast and notice of the initial Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province may disagree with the Initial Forecast and the initial Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or the Initial Forecast, (ii) the Initial Forecast is inconsistent with the Financing Plan, or (iii) the initial Protection Agreement Maximum is ~~not less~~more than the Initial Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the initial Protection Agreement Maximum will be revised accordingly and confirmed by an amended notice to the Province.

(c) Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Approved Obligations that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast shall be further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum, which may not exceed such Forecast.

(d) Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of any further Forecast and notice of the revised Protection Agreement Maximum from OPG pursuant to Section 4.01(c), the Province may disagree with such further Forecast or revised Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or such further Forecast, (ii) the further Forecast is inconsistent with the Financing Plan, or (iii) the revised Protection Agreement Maximum is ~~not less~~more than the further Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the revised Protection

Agreement Maximum will be further revised accordingly and confirmed by an amended notice to the Province.

(e) For clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be valued at the time to be determined for the purposes of this Section 4.01 in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of OPG

OPG represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, may cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario and has the power and authority to enter into and perform its obligations under this Agreement and all instruments and agreements delivered pursuant hereto.

(c) OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may

limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Financing Entity or in the ability of the Financing Entity to perform its obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

5.02 <u>Representations and Warranties of the Province</u>

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

~~ARTICLE VI~~
~~PROCESS FOR ELECTION TO ASSUME APPROVED OBLIGATIONS~~[6]

~~6.01 Election by the Province~~

~~Pursuant to Section 6.01 of the Change of Law Protection Agreement, at any time following the occurrence of a Protection Event, the Province may (but shall not be obligated) elect to assume the Financing Entity's obligations in respect of all Obligations Secured, as obligor and debtor by giving notice to the Indenture Trustee. Prior to determining whether or not to exercise its election, the Province may deliver to OPG a notice in the form of Exhibit A (an "**Election Information Notice**"). The Election Information Notice shall, among other things, specify the date on which the Province proposes to assume the Obligations Secured, which date shall be no earlier than 20 Business Days following delivery of the Election Information Notice to OPG (the "**Proposed Assumption Date**").~~

~~6.02 Details regarding Obligations Secured~~

~~Promptly following the delivery of the Election Information Notice to OPG, OPG shall provide the following information and documentation to the Province:~~

~~(a) a summary of the amounts that will be owing under all Obligations Secured as of the Proposed Assumption Date, together with a detailed schedule setting out the dates on which such amounts will become due and payable under the Obligations Secured;~~

~~(b) a summary of the rights arising under the Obligations Secured that permit the Financing Entity to assign the Obligations Secured to the Province, including details regarding any conditions precedent to such assignment and the related assumption becoming effective and any notices, filings, consents or other actions that will be required in order to implement and effect such assignment and assumption;~~

~~(c) current versions of all documentation under which the Obligations Secured arise;~~

~~(d) copies of all correspondence exchanged between OPG, as the FSM, or the Financing Entity, on the one hand, and any Specified Creditor, Rating Agency or~~

[6] ~~Note: Lawyers to discuss assumption mechanics.~~

the Indenture Trustee, on the other hand, in each case that may reasonably be considered to be material to the assumption and performance of the Obligations Secured by the Province; and

(e) all income tax returns and assessments, financial statements and notices of proceedings of or pertaining to the Financing Entity or its business and any documentation related thereto, including any pleadings, appeals, objections, qualifications or other similar materials in respect of the Financing Entity or any Program Agreement.

6.03 Settlement of Terms

Following receipt and consideration by the Province of the information and documentation to be provided under Section 6.02, the Province shall confirm in writing whether or not it expects to proceed with the assignment and assumption of the Obligations Secured and, if it will be proceeding with the assignment and assumption, the date on which the Province expects that assignment and assumption will be effected. If it will be proceeding with such assignment and assumption, the Province will deliver an Assumption Notice as contemplated under Section 6.01 of the Change of Law Protection Agreement. A decision not to proceed with an election at any time will not limit the Province from proceeding with an election at a later date, including by issuing a further Election Information Notice, and Article VI of this Agreement shall continue to apply unaffected.

6.04 Cooperation to Implement the Assignment and Assumption

OPG shall cooperate with the Province and, as FSM, shall use commercially reasonable efforts to cause the Financing Entity to cooperate, and shall use its commercially reasonable efforts, to complete the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province, by the applicable Assumption Closing Date.

6.05 Terms of Obligations Secured

In order to permit the Province to assume the Obligations Secured in the circumstances contemplated herein, OPG, as FSM, shall cause the Financing Entity to use commercially reasonable efforts to ensure that all Obligations Secured permit such an assignment to and assumption by the Province substantially in accordance with the terms and on the basis contemplated in the Assumption Agreement, without any penalty or make-whole payment, or any requirement for further consent, approval or agreement, or alternatively, in the case of any Obligations Secured entered into by or on behalf of the Financing Entity for the provision of on-going services to the Financing Entity permitting the satisfaction and termination of such Obligations Secured on or prior to the effective time of such assumption without any acceleration of future fees, profits or other like amounts, other than to the extent of payment obligations that

~~arise under market standard mark-to-market payment terms and conditions included on a commercially reasonable basis under a Derivative Agreement.~~[7]

ARTICLE VI~~ARTICLE VII~~
BREACH EVENTS

6.01 ~~7.01~~ Breach Events

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

(a) a default in the performance, or breach, of any covenants of OPG under this Agreement, which continues for thirty (30) days after written notice by the Province to OPG of such default or breach;

(b) any representation or warranty made by OPG in this Agreement, any certification made in a Process Certificate, or any certification made in a certificate contemplated by Section **[4.02]** of the Change of Law Protection Agreement, proves to be incorrect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation; or

(c) OPG is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the Manager.

ARTICLE VII~~ARTICLE VIII~~
MISCELLANEOUS

7.01 ~~8.01~~ Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

7.02 ~~8.02~~ Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business

[7] ~~The Trust Indenture will need to be revised to ensure that the Province's assignment and assumption right is fully contemplated and may be implemented without any requirement for further Specified Creditor or other third party consents. Among other changes, it is contemplated that Torys will add the following to the MTI to address this requirement: (i) Specified Creditors (including in the applicable Funding Obligation Agreement) will be required to acknowledge the rights of the Province to assume the Obligations Secured on the basis contemplated in the form of assumption agreement, and (ii) the Indenture Trustee will be permitted to enter into and give effect to the global Assumption Agreement without the consent of Specified Creditors or any other third parties.~~

Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to OPG:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: ~~[■]~~General Counsel
Fax: (416) ~~[■]~~592-4189
~~Email: [■]~~

(b) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section ~~8.02~~7.02.

7.03 ~~8.03~~ Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section ~~8.03~~7.03 shall be null and void.

7.04 ~~8.04~~ Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

7.05 ~~8.05~~ FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

7.06 ~~8.06~~ Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

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

By: _____

Name:
Title:

By: _____

Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Conditions**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Approved Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

~~"**Assumption Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.~~

~~"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.03.~~

"**Beneficiaries**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Breach Event**" ~~means the occurrence or existence of any one or more of the following: (a) a default in the performance, or breach, of any covenants of the FSM under this Agreement; or (b) any representation or warranty made by the FSM, any certification made by the FSM under this Agreement, or any certification made by the FSM in a certificate contemplated by Section 4.03 of the Change of Law Protection Agreement, proves to be incorrect in any material respect on the date made; or (c) OPG is no longer the FSM or the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the FSM or the Manager.~~has the meaning ascribed thereto in Section 6.01.

~~has the meaning ascribed thereto in Section 7.01.~~

~~"**Breach Event Suspension Notice**" has the meaning ascribed thereto in Section 7.02.~~

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Certified Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the FSM on behalf of the Financing Entity and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

"**Election Information NoticeExecutive Officer**" has the meaning ascribed thereto in Section 6.01the Change of Law Protection Agreement.

"**Financing Entity**" means Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Entity Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Financing Entity at such timehas the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(c).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Indenture Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Initial Forecast**" has the meaning ascribed thereto in Section 4.01(a).

"**Initial Forecast Period**" has the meaning ascribed thereto in Section 4.01(a).

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Limited Guarantee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Loan Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**Management Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Manager**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.has the meaning ascribed thereto in the Change of Law Protection Agreement.

~~"**Proposed Assumption Date**" has the meaning ascribed thereto in Section 6.01.~~

"**Protection Agreement Maximum**" means the dollar amount referenced as the Program Agreement Maximum and determined in accordance with Article IV.

"**Protection Event**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture.

"**Reference Documentation**" has the meaning ascribed thereto in Section ~~3.03.~~3.04.

"**Repayment**" has the meaning ascribed to the term "repayment" in the General Regulation as of the date of this Agreement.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Substantially in the Form**" has the meaning ascribed thereto in Section ~~3.04.~~3.05.

"**Suspension Notice**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement; (vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that affects the Province's subrogation rights and/or subrogee interests, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons

having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

EXHIBIT A
FORM OF ELECTION INFORMATION NOTICE

EXHIBIT B
FORM OF BREACH EVENT SUSPENSION NOTICE

Document comparison by Workshare Compare on Sunday, December 03, 2017 11:35:31 AM

Input:	
Document 1 ID	PowerDocs://TOR_2528/23239361/14
Description	TOR_2528-#23239361-v14-Change_of_Law_-_Process_Agreement
Document 2 ID	PowerDocs://TOR_2528/23239361/18
Description	TOR_2528-#23239361-v18-Change_of_Law_-_Process_Agreement
Rendering set	standard

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

Statistics:	
	Count
Insertions	55
Deletions	104
Moved from	1
Moved to	1
Style change	0
Format changed	0
Total changes	161

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE[1]

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST[~~1~~2]

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

[1] This Agreement and the Process Agreement will need to be effective on closing but signed and held in escrow as soon as they are settled. **Note to Torys:** Logistics of closing are under consideration.

~~[1] Torys and Blakes to discuss signatory~~[2] **Torys Note:** Please advise if there are any further issues with the Manager signing the Protection Agreement on behalf of the Trust? If so, can you please explain the issue. The Manager is currently signing all Program Agreements on behalf of the Trust and has authority to do so. We would ~~propose to do the same on the change of law agreement~~like the Manager to sign this Agreement on behalf of the Trust. **Note to Torys:** Manager derives authority under the Management Agreement to sign Program Agreements. Management Agreement powers determined by reference to the Program Agreements, so authority is circular. Ultimately, Province will accept the opinion of Torys on due execution point.

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust under the laws of the Province of Ontario (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council dated as of ■1981/2017 (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust[2][3] dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Primary Obligations ~~Secured~~ that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence

[2] ~~Torys to confirm that Trust is a "financing entity" under OFHPA. Under definition, FSM to establish or cause to be established. DofT indicates Computershare declares trust. Need to have this confirmed for purposes of authority under OFHPA 5(3), among other things.~~

[3] **Torys Note:** We are comfortable on this point because OPG has retained Computershare as issuer trustee. The recitals of the Declaration of Trust provide that Computershare has established the Trust at the request of the FSM. We can also provide you with a copy of the Computershare engagement letter upon request. **Note to Torys:** The Province will accept authorities opinion regarding the Trust from Torys.

Conditions at the time the Approved Obligation is incurred~~ or amended~~. This Agreement sets out the terms and conditions of such protections and assurances.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 ~~Proof of Approved Obligations~~Intentionally Deleted

~~The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Indenture Trustee deems to be sufficient.~~

~~Any statement of account prepared by the Indenture Trustee as regards the Primary Obligations shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and the Province hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Indenture Trustee agrees to provide the Province with the computations and calculations used by the Indenture Trustee to prepare each such statement of account promptly following a request therefor.~~

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture as of the date of this Agreement.

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 2.01 or Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee, the Financing Entity, the Financing Entity Trustee, the Manager or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR

OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest

calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able

on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee ~~may~~shall (absent the Rating Agency Condition being satisfied with respect to the Protection Event not occurring) deliver a written demand, substantially in the form attached as Exhibit A (a "**Payment Demand**"), to the Province requiring the Province to make payments in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in this Agreement. From and after such delivery of a Payment Demand, the Province shall make the following payments in respect of the Approved Obligations (the "**Limited Guarantee**"), and the Financing Entity shall pay, and the Province shall be entitled to be paid, the Subrogation Amounts specified below, on the specified Guarantee Payment Date:

i. Not less than ~~[~~3~~]~~ Business Days prior to each day when any payment or payments are to be made in respect of one or more Approved Obligations occurring after such delivery of a Payment Demand~~ and prior to the Assumption Effective Date, if any,~~ (a "**Guarantee Payment Date**"), the Manager shall deliver a written statement~~, substantially in the form attached as Exhibit A.1 (a "**Guarantor Settlement Statement**")~~ setting forth the Aggregate Approved Obligations Amount, if any, in respect of the Approved Obligations that are due and payable on such Guarantee Payment Date, together with a detailed description identifying such Approved Obligations and the nature and amount of payments due and payable thereunder on the Guarantee Payment Date, the aggregate outstanding amount payable by the Financing Entity under such Approved Obligations as of the date of ~~the Guarantor Settlement Statement~~such written statement, and details regarding any default in performance by any party obligated thereunder.

ii. On each such Guarantee Payment Date, the Province shall deposit the Aggregate Approved Obligations Amount into the Protection Account.

iii. On each such Guarantee Payment Date, the Financing Entity and the Indenture Trustee shall ensure that the amounts on deposit in the Protection Account are applied to pay each Beneficiary to

whom an amount is due and payable under an Approved Obligation on the Guarantee Payment Date the Approved Obligation Amount for such Beneficiary in respect of such Approved Obligation on such Guarantee Payment Date; provided that if the amount deposited pursuant to clause 2.01(a)ii is insufficient to pay all such Approved Obligation Amounts in full, the amount on deposit in the Protection Account on the Guarantee Payment Date shall be applied to pay Beneficiaries in the order of priority in which such Approved Obligations are payable under the payment provisions of the Trust Indenture applicable to the making of such payments on the Guarantee Payment Date (each, a "**Beneficiary Payee**").

iv. On any Guarantee Payment Date on which an amount is paid by the Province pursuant to clause 2.01(a)ii, the applicable payment provisions of the Trust Indenture shall, notwithstanding the express terms of such provisions set forth in the Trust Indenture, be applied and operate on the following basis:

(A) ~~(i)~~ the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available under such payment provisions on such Guarantee Payment Date shall be reduced by the amount paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on such Guarantee Payment Date;

(B) ~~(ii)~~ the Province shall be paid the ~~amount by which~~lesser of (x) the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available to pay the Beneficiary Payee under such payment provisions on the Guarantee Payment Date, determined without regard to subclause 2.01(a)iv(~~i~~A), ~~exceeds~~and (y) the amount paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on the Guarantee Payment Date (such ~~payments to the Province~~amounts paid to Beneficiary Payees being "**Subrogation Amounts**"); and[4]

[4] **Note:** The Province will be entitled to receive cash flows that would have been required to pay Approved Obligations remaining under the payment waterfalls after satisfaction of all Approved Obligations. Further consideration is required in order to ensure these amounts are paid to the Province, despite those amounts not being paid on a "Guarantee Payment Date" (ie. no amount is paid by the Province under the Limited Guarantee on those later Payment Dates, so currently not covered as not arising on a Guarantee Payment Date). Those residual entitlements must be included as "Subrogation Amounts".

(C) ~~(iii)~~ no Beneficiary having a right to be paid an amount in respect of an Approved Obligation that ranks equal with or subordinate to an Approved Obligation in respect of which an amount is payable to the Province under subclause 2.01(a)iv(~~ii~~B) shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under such subclause (including any right or reimbursement, contribution or indemnity) and no such Beneficiary shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of such amounts.

v. On any Guarantee Payment Date, the Indenture Trustee shall release and pay to the Province free and clear of any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay Beneficiary Payees on the Guarantee Payment Date in accordance with clause 2.01(a)iii.

vi. In preparing any payment instructions under the Trust Indenture, the Manager shall reflect the amounts payable for the Guarantee Payment Date under Section 2.01(a).

(b) The Province shall, as a payee of Subrogation Amounts under clause 2.01(a)(iv)(B) and any amounts payable under clause 2.01(a)(v)**,** be a "Specified Creditor" under the Trust Indenture and have the benefit of the Collateral thereunder.

(c) For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the Approved Obligation Amounts, if any, for payment to Beneficiary Payees and will be subject to the priorities and to the Province's rights to Subrogation Amounts, set forth in Section 2.01(a).

(d) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(e) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation by their terms.

(f) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the

Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under and in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any amount due and payable to a Beneficiary Payee under the Limited Guarantee.

2.02 Intentionally Deleted.

2.03 Absence of Set-off

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 Payment into Protection Account[3] in Satisfaction

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account" for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section **[7.03]** of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Financing Entity and the Indenture Trustee shall ensure that all amounts paid by the Province into the Protection Account on a Guarantee Payment Date in respect of an Approved Obligation are applied to pay the amounts due and payable to the

[3] ~~Mechanics of Protection Account to be considered by Province after required modifications to Trust Indenture have been provided.~~

Beneficiaries as and to the extent provided for in Section 2.01(a). Upon a payment having been made by or on behalf of the Province into the Protection Account, the amounts so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiaries as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such Beneficiaries in respect of the applicable Approved Obligations, whereupon an affected Beneficiary shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid[4]. For greater certainty, the obligations arising in respect of an applicable Approved Obligation shall not be reduced by such payment as the Province shall become entitled to be paid related Subrogation Amounts and the rights contemplated under Section 2.01(a) and Section 5.01 in relation to such continuing obligations.

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

[4] ~~A corresponding provision needs to be added to the Trust Indenture and each other Funding Obligation Agreement under which the Obligation Secured arises, so that the Beneficiaries are bound by these applications and the agreement of the Indenture Trustee under this Agreement.~~

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations~~, or until the Province is no longer required to provide and perform the Limited Guarantee~~ in accordance with Section ~~6.03 or Section 8.02.~~8.01.

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but

nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

A Primary Obligation shall constitute an Approved Obligation if (i) the Adherence Conditions applicable thereto have been satisfied at the time the Primary Obligation was incurred, or (ii) the Province, in its sole discretion, designates in writing that it is an Approved Obligation.

4.02 Adherence Conditions[5]

The following shall be the Adherence Conditions applicable in relation to each Certified Primary Obligation other than any Funding Obligation under which not more than $■ in the aggregate may become payable by the Financing Entity:

(a) the Certified Primary Obligation when incurred is an Obligation Secured under the Trust Indenture; and

(b) OPG, as FSM, delivers a certificate signed by the Chief Financial Officer and the Treasurer of OPG (or their respective designees, provided that such designees are executive officers of OPG and, , or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee, one Business Day prior to the Financing Entity entering into or becoming bound by the related Funding Obligation Agreementon or before the incurrence of a Certified Primary Obligation (provided that delivery may not be more than 5 Business Days before the incurrence of the Certified Primary Obligation), confirming that OPG has delivered to the Province a certificate signed by the Chief Financial Officer and the Treasurer of OPG, (or their respective

[5] Dealers to explain how the current structure requiring satisfaction of the adherence conditions in the Protection Agreement is more onerous than ordinary adherence conditions applicable to government guaranteed bonds and to estimate the quantum impact on the marketability of the transaction and explain what uncertainty an ordinary closing condition of this type poses for investors.

~~designees, provided that such designees are executive officers of OPG and,~~ or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation; and

(c) in respect of a Certified Primary Obligation other than a Refinancing of a Primary Obligation in respect of which the Adherence Conditions had been satisfied, the Province has not provided a Suspension Notice to the Indenture Trustee, OPG and the Financing Entity.

For greater certainty, (y) satisfaction of the Adherence Conditions for a ~~Funding~~Certified Primary Obligation shall be deemed satisfaction of the Adherence Conditions in respect of all principal, interest and other amounts owing under the ~~Funding~~Certified Primary Obligation, as such ~~Funding~~Certified Primary Obligation may be amended, restated, supplemented or otherwise modified from time to time, and (z) there shall be no Adherence Conditions applicable in relation to a Primary Obligation that is not a Certified Primary Obligation.

4.03 Evidence of Satisfaction

A closing certificate delivered in accordance with Section 4.02(b~~)(x~~) in connection with an incurrence of a Certified Primary Obligation shall be determinative as to whether the applicable Adherence Conditions with respect thereto have been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same. A closing certificate that purports on its face to be signed by officers specified in Section 4.02(b) may be relied upon by any addressee without further enquiry or evidence as to the incumbency or signatures of such officers. If a closing certificate is not delivered in accordance with the timing requirements of Section 4.02(b) in respect of a Certified Primary Obligation, such certificate may be delivered at a later date, and be effective as if it had been delivered in accordance with the timing requirement of Section 4.02(b), if at the time such certificate was required to be delivered OPG had delivered to the Province all certifications required by the Province in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation.

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the

applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, including (i) the right and entitlement to be paid and receive the related Subrogation Amounts, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including **[Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section ~~7.11~~7.12 (Payments Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), ~~Sections 7.04 and 8.13 (Payment Priorities),~~ Section 8.14 (Limited Recourse), Article IX (The Indenture Trustee), including all limitations of liability thereunder, Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition)~~ thereof]~~ and (ii) confirms that the Indenture Trustee shall send notices to the Province, in its capacity as a Specified Creditor, in accordance with Section 9.02.~~[6]~~]**; (ii) consents, requests and authorizes the Issuer and the Indenture Trustee to (x) add the Province to the register of Specified Creditors described in subsection **[13.13(b)]** of the Trust Indenture and (y) disseminate the notice details of the Province to other Specified Creditors for the purposes set out in subsection **[9.14(b)]**

~~[6] Section to be updated to conform with section in the Trust Indenture once settled.~~

of the Trust Indenture, and (iii) confirms that it will execute and deliver, or cause to be executed and delivered, all such further agreements, documents and instruments in connection with this Section 5.01 as the Indenture Trustee may request from time to time for the purpose of giving effect to the terms of this Section 5.01.

5.02 Priorities

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation shall rank equally with the rights, interests and entitlements of a Beneficiary to whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture in the manner and to the extent contemplated in Section ~~2.01.~~7.10(d) of the Trust Indenture.

5.03 Intentionally Deleted

5.04 Representations and Warranties

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

~~**ARTICLE VI**~~
~~**NOTICE OF ASSUMPTION OF OBLIGATIONS SECURED**~~

~~**6.01 Delivery of Assumption Notice**~~

~~Following the occurrence of a Protection Event, the Province may (but shall not be obligated to) provide notice (in the form of Exhibit B) to the Indenture Trustee that the Province has elected to assume the Financing Entity's obligations in respect of all Obligations Secured, as obligor and debtor (the "**Assumption Notice**"). The Assumption Notice shall specify the date on which the assignment and assumption of the Obligations Secured will be effective (the "**Assumption Closing Date**").~~

~~6.02 Cooperation to Implement the Assignment and Assumption~~

~~The Indenture Trustee, the FSM, the Financing Entity and the Province will cooperate and use best efforts to complete the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province, by the Assumption Closing Date.~~[7]

~~6.03 Effect of Assumption~~

~~On the date that the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province becomes effective (the "**Assumption Effective Date**"), the Province shall no longer be required to provide and perform the Limited Guarantee but will instead become a primary obligor under the Obligations Secured assumed pursuant to and in accordance with an applicable Assumption Agreement. For greater certainty, the obligations of the Province so assumed will not be secured obligations of the Province and the obligees thereof will have no right, interest or claim to or in respect of the Collateral or any proceeds therefrom.~~ ~~**[NTD: the forms of assumption agreement(s) need to be settled before this agreement is finalized.]**~~

~~6.04 Interim Period~~

~~Until the effective time of the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province on the Assumption Effective Date, the Province shall continue to perform and be obligated under the Limited Guarantee.~~

~~6.05 Rights in respect of the Assets Comprising the Collateral~~

~~Upon assuming the Financing Entity's obligations in respect of all Obligations Secured under Article VI, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the Financing Entity's rights and interests under and in respect of the assets, property and undertaking comprising the Collateral and all proceeds therefrom, free and clear of any liens, encumbrances or restrictions arising under or as a result of the Trust Indenture. The Province shall have and be entitled to enforce all such rights and interests as an absolute assignee of the Financing Entity, with effect from and after the time of such assumption, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing to the Financing Entity and unaffected by any other rights, interests or equities that arise thereafter in respect of the assets, property and undertaking comprising the Collateral as between the Beneficiaries and the Financing Entity. The Indenture Trustee and the Beneficiaries shall thereupon recognize the Province as the absolute owner of the assets, property and undertaking comprising the Collateral.~~

[7] ~~Further details regarding obtaining of third party consents and rating agency approvals to be provided by OPG.~~

ARTICLE VI~~ARTICLE VII~~
INDENTURE TRUSTEE MATTERS

6.01 ~~7.01~~ Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

6.02 ~~7.02~~ Not Responsible for Recitals ~~or Issuance of Notes~~

The recitals contained herein will be taken as the statements of the Province, the Financing Entity and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

6.03 ~~7.03~~ Representations and Covenants of the Indenture Trustee[5]

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada; and

~~(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Agreement and has taken all necessary action to authorize the execution, delivery and performance by it of this Agreement and other documents to which it is a party;~~

~~(c) each of this Agreement and the other documents to which it is a party has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and~~

(b) ~~(d)~~ the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada.

[5] **Torys Note:** The Indenture Trustee asked us to delete these representations. They will not provide these types of representations without attaining a legal opinion from outside counsel. To avoid delay, we would ask that the parties agree to this deletion. **Note to Torys:** The representations provided by the Indenture Trustee should be consistent with those in the Trust Indenture.

ARTICLE VIIARTICLE VIII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

7.01 8.01 Suspension Notice

Upon:

(a) a Program Breach;

(b) a default in the performance, or breach, of any covenants of OPG, as FSM, or OPG, in its corporate capacity, in each case to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the provision of the Limited Guarantee, which continues for thirty (30) days after written notice by the Province to OPG of such default or breach;

(c) a representation or warranty made by OPG or a certification made by one or more officers of OPG, in each case whether as FSM or in its corporate capacity, to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the provision of the Limited Guarantee, proves to be incorrect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation; or

(d) the FSM no longer being the Manager or actions having been taken by or on behalf of the Indenture Trustee to remove the FSM as the Manager,

Thethe Province may, at any time and for any reason, declare that the Limited Guarantee under this Agreement shall not apply to any Obligation SecuredPrimary Obligations incurred on or after such declaration, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied (provided that the Refinancing is an Approved Obligation), by delivering a written notice in the form of Exhibit CB (a "**Suspension Notice**") to the Province to the Indenture Trustee, the FSM and the Financing Entity.

The Limited Guarantee shall apply to any Certified Primary Obligation incurred after a Suspension Event on the basis that it is a Refinancing (provided that such Refinancing is an Approved Obligation) only if the FSM certifies to the Province in writing prior to the incurrence that the proceeds of such incurrence will be used solely for the purposes of repaying one or more Certified Primary Obligations incurred prior to the Suspension Event and to which the Limited Guarantee adhered as of the time the Suspension Event occurred, and the delivery of such written certification by the FSM to the Province shall be determinative for the purposes of concluding that such incurrence is a Refinancing for the purposes of Sections 7.01, 7.02 and 7.03.

7.02 8.02 Suspension

If a Suspension Notice has been provided under Section 8.017.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of any

Primary Obligation~~ Secured~~ incurred or amended on or after the time such Suspension Notice is delivered, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied~~. For greater certainty, the rights of the Province under Article VI shall apply in respect of all Obligations Secured, including if incurred or amended on or after the time such Suspension Notice is delivered.~~ (provided that the Refinancing is an Approved Obligation).

~~**8.03 Termination Notice**~~

~~On (a) the occurrence of a Suspension Event or (b) the Assumption Effective Date, the Province may provide to the Indenture Trustee, the FSM and the Financing Entity a notice in the form of Exhibit D (a "**Termination Notice**").~~

7.03 ~~8.04~~ No Impact on Adherence

For greater certainty, the occurrence of a Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event or in respect of any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied~~, nor will it in any way impact the Obligations Secured which are assumed by the Province in accordance with Article VI~~ (provided that the Refinancing is an Approved Obligation).

ARTICLE VIII~~ARTICLE IX~~
MISCELLANEOUS

8.01 ~~9.01~~ Term of Agreement

~~This Agreement will continue until the later of:~~

~~(a) the~~ This Agreement will continue until the date that no amount is or may become due and payable by the Province under the Limited Guarantee~~; and~~.

~~(b) the date that a Termination Notice delivered in accordance with Section 8.03 is received by the Indenture Trustee, the FSM and the Financing Entity.~~

8.02 ~~9.02~~ Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the

time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust

700 University Avenue

Toronto, Ontario M5G 1X6
Attention: ~~[■]~~General Counsel
Fax: (416) ~~[■]~~
~~Email: [■]~~592-4189

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: ~~[■]~~Manager, Corporate Trust
Fax: (416) ~~[■]~~981-9777
Email: ~~[■]~~corporatetrust.toronto@computershare.com

~~[■]~~

(b) if to the FSM:

Ontario Power Generation Inc.

700 University Avenue

Toronto, Ontario M5G 1X6

Attention: ~~[■]~~General Counsel
Fax: (416) ~~[■]~~592-4189

~~Email: [■]~~

(c) if to the Province:

Ministry of Finance

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section ~~9.02~~8.02.

8.03 ~~9.03~~ Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section ~~9.03~~8.03 shall be null and void.

8.04 ~~9.04~~ Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

8.05 ~~9.05~~ FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 ~~9.06~~ No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

~~9.07 Intentionally Deleted~~

8.07 Notice to Rating Agencies

OPG, as FSM, shall deliver prompt written notice to the Rating Agencies on occurrence of (i) a Protection Event; (ii) receipt of a Suspension Notice delivered by the Province pursuant to Section 7.01; and (iii) an assignment of this Agreement by any party pursuant to Section 8.03.

8.08 ~~9.08~~ Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their benefits hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

8.09 ~~9.09~~ Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, IN ITS CAPACITY AS TRUSTEE OF FAIR HYDRO TRUST, AS ISSUER, ~~[~~BY ONTARIO POWER GENERATION INC., NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS MANAGER~~]~~[8]

By: _____
Name:
Title:
By: _____
Name:
Title:

~~[8] To be discussed.~~

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Action**" has the meaning ascribed thereto under the Trust Indenture.

"**Adherence Conditions**", means, in respect of a Certified Primary Obligation, means the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of a Guarantee Payment Date, the aggregate of the Approved Obligation Amounts for such Guarantee Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, for a Beneficiary in respect of an Approved Obligation under which an amount is due and payable on a Guarantee Payment Date:

(a) if no Acceleration has occurred in respect of any Obligation Secured on or before the Guarantee Payment Date, the amount due and payable to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation (for greater certainty, determined on the assumption that there are adequate amounts available under the applicable payment provisions of the Trust Indenture to pay in full all amounts referred to in such payment provisions that are due and payable on the Guarantee Payment Date); and

(b) if an Acceleration has occurred in respect of any Obligations Secured on or before the Guarantee Payment Date, the amount that would be available to be paid to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation under the applicable payment provisions of the Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with such applicable payment provisions of the Trust Indenture in respect of each relevant month [during each Reference Period from and after May, 2021][9] is equal to the [estimated finance amountFinance Amount determined in respect of such Reference Period pursuant tofor purposes of section •15(1) of the General Regulation (as set forthAct (in effect on

[9] What about earlier periods? Are the earlier periods covered at all, or is the intention that they would be determined without regard to the acceleration mechanics of the Regulation?

the date hereof)~~]~~[10] divided by the number of months in such Reference Period.

~~"**Assumption Agreement**" means the agreement among the Province, the Indenture Trustee, the Financing Entity and any other person that is party to the Funding Obligation Agreement affected by the assignment and assumption contemplated under Article VI, which agreement shall be in substantially the form of the form of assumption agreement set forth in Exhibit E.~~

~~"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.01.~~

~~"**Assumption Effective Date**" has the meaning ascribed thereto in Section 6.03.~~

~~"**Assumption Notice**" has the meaning ascribed thereto in Section 6.01.~~

~~"**Available Collections**" has the meaning ascribed thereto in the Trust Indenture.~~

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Beneficiary Payee**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Certified Primary Obligations**" means Primary Obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest or to repay payment obligations that were incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest,[6] (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not each individual trade confirmation, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and aggregate payments by the Financing Entity thereunder during the term of such contract is in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).[7]

"**Change of Law Protection Agreement**" means this Agreement.

~~[10] This needs to tie into the "estimated finance amount" determined under the General Regulation applicable during the Reference Period.~~

[6] **Torys Query**: For a warehouse facility, does the Province want a Certificate for each monthly draw? **Note to Torys:** Yes.

[7] **Note to Province**: Torys suggests that this concept reflects what Primary Obligations the parties agreed to be subject to the adherence conditions. Province to confirm that this is their understanding from meeting on Tuesday, November 21, particularly prongs (ii) and (iii) of the definition.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Eligible Deposit Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Eligible Institution**" has the meaning ascribed thereto in the Trust Indenture.

"**Executive Officer**" has the meaning ascribed to the term "executive officer" in National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators.

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" ~~means, at any time, the Person who is, in accordance with~~has the meaning ascribed thereto in the first paragraph of this Agreement until a successor Financing Entity Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and the Declaration of Trust, ~~the trustee of the~~ and thereafter "Financing Entity ~~at~~Trustee" means and includes such ~~time~~Person.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Guarantee Payment Date**" has the meaning ascribed thereto in Section 2.01(a)i.

~~"**Guarantor Settlement Statement**" has the meaning ascribed thereto in Section 2.01(a).~~

~~"**General Regulation**" means O. Reg. 206/17 made under the Act.~~

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Issuer Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Issuer Funding Obligation**" has the meaning ascribed thereto in the Trust Indenture.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Lien**" has the meaning ascribed thereto in the Trust Indenture.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(a).

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity, as amended, supplemented, restated or otherwise modified from time to time.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Agreement**" means an agreement in the form of an ISDA Master Agreement as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, as amended, supplemented, restated or otherwise modified from time to time.

~~"**Note**" or "**Notes**" has the meaning ascribed thereto under the Trust Indenture.~~

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

~~"**Paying Agent**" has the meaning ascribed thereto in the Trust Indenture.~~

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account~~,~~ or Finance Reserve Account~~, or Supplemental Reserve Account~~; and (ii) any ~~amounts that would be remaining amounts of Available Collections required by the to be held in the Collection Account for distribution on a succeeding Payment Date pursuant to the Trust Indenture; and (iii) any obligation to pay the Trust~~obligation to pay the Financing Entity or on the ~~Trust~~Financing Entity's direction any remaining amounts ~~of Available Collections.~~in the Collection Account pursuant to the Trust Indenture.[8]

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.[9]

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

[8] **Torys Note:** These changes were made to conform to the most current version of the Trust Indenture, a copy of which will be circulated soon. Additionally, money in the Collection Account is required to flow through the waterfall and is not required to be held in the Collection Account otherwise. **Note to Torys:** Please confirm. The Trust Indenture states that if extra cash is available in the Collections Account, it can be held until a subsequent Payment Date.

[9] **Torys Note:** We deleted early amortization events because that is no longer a concept used in the Trust Indenture. **Note to Torys:** Early amortization events may be included in a supplemental indenture so we think retaining that reference makes sense.

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the ~~[~~Crown~~]~~, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that materially and adversely affects (a) the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured, or (b) this Agreement or any of the agreements under which Obligations Secured arise; or

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that materially and adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Obligations Secured that have become due and payable.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency** ~~**Condition**~~" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency Condition" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Reference Period**" has the meaning ascribed thereto in the Act.

"**Refinancing**" has the meaning ascribed to the term "refinancing" in the Act as of the date hereof, as more particularly described and given meaning in ~~in~~ the General Regulation as of the date hereof.[10]

~~"**Repayment**" has the meaning ascribed thereto in the General Regulation.~~

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Subrogation Amounts**" has the meaning ascribed thereto in subclause 2.01(a)iv(~~ii~~B).

"**Supplemental Indenture**" has the meaning ascribed in the Trust Indenture.

"**Supplemental Reserve Account**" has the meaning ascribed in the Trust Indenture.

"**Suspension Event**" has the meaning ascribed thereto in Section ~~8.02~~7.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section ~~8.01~~7.01.

~~"**Termination Notice**" has the meaning ascribed thereto in Section 8.03.~~

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

[10] **Torys Note:** Refinancings can occur up to six months prior to the application of the refinancing proceeds to the existing obligation. The regulations provide that if the refinancing proceeds are not applied to repay the intended funding obligation, then it is not a Refinancing. Accordingly, we have revised the definition to ensure that Refinancings do not have to be simultaneous with repayment of the existing Approved Obligation (we understand from the dealers that in most circumstances they will not be). **Note to Torys**: The General Regulation specifically provides that debt can be considered a "Refinancing" when incurred within the 6 months prior to the maturity date of a funding obligation. The Act/Regulation's definition doesn't require that "Refinancings" are simultaneous with the repayment of existing Approved Obligations. We have added a certificate mechanic in 7.01 by which there can be certainty when an obligation is incurred that if the obligation is intended to be a refinancing, it will be covered by the guarantee.

EXHIBIT A
FORM OF PAYMENT DEMAND

TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Pursuant to and in accordance with section 2.01(a) of the Change of the Law Protection Agreement, the Indenture Trustee hereby demands payment from the Province in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in the Change of Law Protection Agreement.

DATED as of the [■] day of [■], [■].

BNY TRUST COMPANY OF CANADA

By:
Name:
Title:

By:
Name:
Title:

~~EXHIBIT A.1~~
~~FORM OF GUARANTOR SETTLEMENT STATEMENT~~

EXHIBIT B
~~ASSUMPTION~~SUSPENSION NOTICE

TO:	Ontario Power Generation Inc., in its capacity as Financial Services Manager
AND TO:	Fair Hydro Trust
AND TO:	Computershare Trust Company of Canada, in its capacity as trustee of Fair Hydro Trust
AND TO:	BNY Trust Company of Canada, as Indenture Trustee

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement. All references in this Suspension Notice to "Articles" or "Sections" refer to Articles or Sections of the Change of Law Protection Agreement.

The Province has a reasonable basis for concluding that an event described in Section 7.01 has occurred. Pursuant to Section 7.01, the Province hereby declares that the Limited Guarantee shall not apply in respect of any Primary Obligation incurred or amended on or after the delivery of this Suspension Notice, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied, in accordance with the terms and conditions in Article VII.

The Limited Guarantee shall hereby not apply in respect of any Primary Obligation incurred or amended on or after delivery of this Suspension Notice, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied.

This Suspension Notice is hereby delivered to the FSM, the Financing Entity and the Indenture Trustee in accordance with Section 8.02 of the Change of Law Protection Agreement.

* * * *

~~**EXHIBIT C**~~
~~**SUSPENSION NOTICE**~~**DATED** as of the [■] day of [■], [■].

~~EXHIBIT D~~
~~TERMINATION NOTICE~~

~~EXHIBIT E~~

~~FORM OF ASSUMPTION AGREEMENT~~

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

Document comparison by Workshare Compare on Sunday, December 03, 2017 11:32:17 AM

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Document 1 ID	PowerDocs://TOR_2528/23239360/17
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Description	TOR_2528-#23239360-v21-Change_of_Law_Protection_Agreement
Rendering set	standard

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Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	189
Deletions	187
Moved from	5
Moved to	5
Style change	0
Format changed	0
Total changes	386

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.

CHANGE OF LAW PROCESS AGREEMENT[1]

Dated as of [■], 2017

[1] This Agreement and the Protection Agreement will need to be effective on closing but signed and held in escrow as soon as they are settled ~~and prior to pricing of the term deal~~. **Note to Torys:** Closing mechanics under consideration by the Province.

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**") is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.

Pursuant to a Declaration of Trust dated as of [■], 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.[2]

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of ~~Primary~~ Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions.

Prior to entering into this Agreement, OPG provided the Province with the proposed forms of certain of the Transaction Documents ~~listed on Exhibit "A"~~, and the Province has not objected to such forms ~~and has confirmed to OPG that such Transaction Documents constitute "Reference Documentation" for purposes of this Agreement~~.

~~Prior to entering into this Agreement, OPG, as the FSM, provided the Province with the initial Financing Plan attached hereto as Exhibit "B" (the "**Initial Financing Plan**"), and the Province has not objected to such Initial Financing Plan.~~

~~Prior to entering into this Agreement, OPG, as the FSM, provided to the Province (i) the initial forecast attached hereto as Exhibit "C" (the "**Initial Forecast**") setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the 24 month period following the date hereof (the "**Initial Forecast Period**"); and (ii) notice of the initial Protection Agreement Maximum of C$■ (the "**Initial Protection Agreement Maximum**").~~[3]

[2] ~~We are comfortable on this point because OPG has retained Computershare as issuer trustee. The recitals of the Declaration of Trust provide that Computershare has established the Trust at the request of the FSM. We can also provide you with a copy of the Computershare engagement letter upon request.~~

[3] ~~Given that this Agreement would now be delivered on or immediately prior to closing, we thought it would be acceptable to reference these initial items as delivered versus as future deliverables. Please note that OPG is working with the Province to deliver the initial financing plan and the initial forecast and to confirm the initial protection agreement maximum.~~

~~The Province has not objected to the Initial Forecast and the Initial Protection Agreement Maximum on the basis that (i) there does not appear to be inaccuracies in the Initial Financing Plan or the Initial Forecast, (ii) the Initial Forecast is consistent with the Initial Financing Plan, and (iii) the Initial Protection Agreement Maximum is less than the Initial Forecast.~~

This Agreement sets out the obligations OPG has agreed to perform and assurances OPG has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the Adherence Conditions have been satisfied, maintaining information related to the Program Agreements and the Approved Obligations, and ensuring that the Province's assumption rights pursuant to Article VI of the Change of Law Protection Agreement may be exercised without impediment on the terms and conditions contemplated in this Agreement and the Change of Law Protection Agreement.

All things necessary to make this Agreement a valid and legally binding agreement of OPG and the Province, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect,

including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 References to the Financing Entity

For greater certainty, each reference to the Financing Entity shall be construed as a reference to the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 Effect of Headings

The Article and Section headings herein and are for convenience only and will not affect the construction hereof.

1.04 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof.

To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.06 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise

expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF OPG

2.01 Deliveries to the Province

(a) Not less than 15 Business Days, or such lesser period as the Province may agree to in writing, prior to the initial issuance of any Funding Obligation by the Financing Entity, OPG shall deliver to the Province a copy of the initial Financing Plan. Thereafter, OPG shall promptly deliver to the Province a copy of any proposed change to or replacement of the ~~Initial~~ Financing Plan.

(b) Not less than 10 Business Days, or such lesser period as the Province may agree to in writing, prior to (i) any proposed change or supplement to a previously provided Transaction Document becoming effective or otherwise being used, (ii) any additional or replacement Transaction Document becoming effective or otherwise being used, OPG shall deliver to the Province a copy of such proposed change or supplement to the Transaction Document and any such additional or replacement Transaction Document.

(c) Promptly following (i) any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor being made, (ii) any new, additional or replacement instruments, documents, agreements or security being used or granted in connection with all or any part of the Approved Obligations, or (iii) any waiver, release, reconveyance, termination, abandonment, subordination, exchange, substitution, transfer, compound, compromise, liquidation or enforcement of all or any part of the Approved Obligations or any security or guarantee therefor being effected, OPG shall deliver to the Province a detailed description of such event and the reasons for it together with any related documents, agreements and instruments.

(d) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, OPG shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations (including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(e) Promptly upon request, OPG shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

2.02 Covenants

(a) OPG shall use commercially reasonable efforts to cause the Financing Entity to:

(i) punctually perform and observe all of the Financing Entity's obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not (unless waived in writing by the Province):

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement or replacement or waiver or consent could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any change in particular financial terms, rates and levels;

(B) extend, renew, compromise, novate, replace, suspend, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, liquidate or enforce the terms of all or any part of the Approved Obligations or any Collateral, if any such action could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to the extent that only particular financial terms, rates and levels are affected;

(C) permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired; or

(D) allow the Financing Entity to enter into any Supplemental Indenture or Loan Agreement where any penalty or make-whole payment, or any requirement for further consent, approval or agreement, of the Specified Creditor party thereto would be required for the Province to assume the Obligations Secured thereunder.[4]

(b) OPG shall:

(i) comply, and shall use commercially reasonable efforts to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

(ii) punctually perform and observe all of its (including as the FSM and as Manager) obligations and agreements contained in the Program Agreements;

(iii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation; and

(iv) after the occurrence of any Protection Event[5] (or any event known to OPG that with the passage of time or the giving of notice would be a Protection Event), not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.

~~(c) For greater certainty, the parties hereto acknowledge and agree that OPG's obligations under this Agreement are subject to (i) OPG's obligations as FSM under the Act, and (ii) OPG's obligations under the Management Agreement.[6]~~

(c) ~~(d)~~ Nothing in this Agreement ~~nor in the Change of Law Protection Agreement[7]~~ shall limit the obligations of the Province under the Indemnity Agreement by the

~~[4] Please see our cover note regarding the proposed assumption by the Province. Lawyers to discuss if appropriate mechanics for the first two deals are possible given timing.~~

~~[5] OPG is not in a position to be aware of events that may lead to a Protection Event.~~

~~[6] We would like to ensure that there is an acknowledgement that OPG has certain obligations under the Act and the Management Agreement.~~

~~[7] This language has extra-contractual implications and so its meaning as between only 2 of the parties to the Protection Agreement is uncertain. Torys to explain intention. Torys: This provision is intended to clarify that neither the Protection Agreement nor the Process Agreement supersedes or otherwise amends the Province's obligations under the Provincial Indemnity Agreement. It is effectively an acknowledgment by the Province in favour of OPG and does not involve the other parties to the Protection Agreement and so we are comfortable including it here only. However, we do not have an issue with putting an equivalent clause in the Protection Agreement if that is preferable from your perspective.~~

Province in favour of OPG dated June 1, 2017 (as amended, the "**Indemnity Agreement**") and to the extent of any conflict between this Agreement~~, the Change of Law Protection Agreement~~ and such Indemnity Agreement, in respect of any matter relating to the Province's obligations to indemnify OPG, the Indemnity Agreement shall prevail.

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate[8]

OPG shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Province, on or before the incurrence or any amendment of a ~~Certified Primary Obligation~~Funding Obligation, other than any Funding Obligation under which not more than $**[5,000,000]** in the aggregate may become payable by the Financing Entity (provided that delivery may not be more than 5 Business Days before the incurrence or amendment of the ~~Certified Primary~~Funding Obligation), setting out the following with respect to such ~~Certified Primary~~Funding Obligation:

(a) the material terms of the ~~Certified Primary~~Funding Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a ~~Master~~Derivative Agreement[9]~~, events of default, termination events and any amendment to the standard terms of the Master Agreement relating to the calculation of termination amounts (and, for greater certainty, it shall not be necessary to set out the terms of any trade confirmation)~~, the notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

(b) if an existing Funding Obligation is proposed to be amended, material details respecting such amendment, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

(c) ~~(b)~~ a statement to the effect that: (i) the ~~Certified Primary~~Funding Obligation to be incurred or amended (1) will arise under terms and conditions that are

[8] ~~The Process Certificate conforms to the certificate delivered under the Change of Law Protection Agreement including the changes to ensure that the Process Certificate is only provided here when a concurrent certificate is required to be delivered by OPG under the Protection Agreement. Without this consistency, the obligations can become confusing and the intent of the parties of when Primary Obligations are subject to the adherence conditions may not be clear.~~

[9] ~~Since we agreed at our meeting that OPG only needs to provide a certificate under section 4.02 of the Change of Law Protection Agreement when they enter into a Master Agreement (and not the broader concept of the Derivative Agreement), we had to revise the language here to conform to what would be expected to be found in a Master Agreement.~~

Substantially in the Form of the Reference Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reference Documentation;

(d) ~~(c)~~ a statement confirming that any disclosure made in respect of the ~~Certified Primary~~Funding Obligation (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to the ~~Certified Primary~~Funding Obligation) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement has been made available to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made;

(e) ~~(d)~~ a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and

(f) ~~(e)~~ confirmation that, at the time the ~~Certified Primary~~Funding Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the ~~Certified Primary~~Funding Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the ~~then applicable~~ Protection Agreement Maximum~~;~~ applicable on the date that the Process Certificate is delivered;[2] for clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be determined on the date the Process Certificate is delivered hereunder in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

[2] **Note to Torys:** We believe the revision makes clear that OPG is only certifying as to the Protection Agreement Maximum as at the date the Process Certificate is delivered.

3.02 Acknowledgement[10] regarding delivery of certificate under Change of Law protection Agreement

The Province acknowledges and agrees that, concurrent with the delivery of the Process Certificate pursuant to Section 3.01 of this Agreement, the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) are authorized to deliver the certificate referred to in **[Subsection [4.02(b)]** of the Change of Law Protection Agreement to the Indenture Trustee confirming that OPG has delivered all required certifications to the Province in connection with adherence of the Limited Guarantee to the incurrence of the Certified Primary Obligations in respect of which the certificate in **[Subsection [4.02(b)]** of the Change of Law Protection Agreement is being delivered; provided that, upon receipt of a Suspension Notice under the Change of Law Protection Agreement, OPG covenants not to deliver any further certificates to the Indenture Trustee under **[Subsection [4.02(b)]** of the Change of Law Protection Agreement other than in connection with a Refinancing of a Primary Obligation in respect of which the Adherence Conditions had been satisfied at the time such Primary Obligation was incurred.[11]

3.03 Acknowledgement regarding delivery of Suspension Notice

The parties acknowledge and agree that the Province is entitled to deliver a Suspension Notice under **[Section 7.01]** of the Change of Law Protection Agreement if a Program Breach or Breach Event has occurred. The Province agrees not to deliver a Suspension Notice pursuant to **[Section 7.01]** of the Change of Law Protection Agreement unless a Program Breach or a Breach Event has occurred.

3.04 3.03 Meaning of "Reference Documentation"

For the purposes of Subsection 3.01(b c), the term "Reference Documentation" shall mean each Transaction Document (including any change, addition or supplement thereto) that, at the relevant time:

(a) is a Transaction Document provided to, and not objected to by, the Province prior to the making of this Agreement, as contemplated in the fifth recital to this Agreement; or

(b) is a Transaction Document provided to the Province in accordance with Subsection 2.01(b) that has not been objected to by the Province, by delivery of an objection notice in writing delivered to OPG, within 10 Business Days after it is provided to the Province.

[10] OPG needs certainty on the conditions in which it is permitted to deliver the certificate under the Change of Law adherence conditions.

[11] Since OPG receives a Suspension Notice under the Change of Law Protection Agreement, we removed the concept of such notice here other than to provide the covenant above.

3.05 ~~3.04~~ Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(~~b~~c), the term "Substantially in the Form" shall mean:

(a) with respect to the Reference Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such Reference Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation, including regarding the timing of or circumstances under which related payments are or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that would affect the Province's rights of subrogation or assignment (including pursuant to **[Section 5.01~~ or Article VI~~]** of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation~~ or upon the assumption of obligations in accordance with **[Article VI]** of the Change of Law Protection Agreement~~; provided, however, that the foregoing does not apply to any variable terms to be set forth in the proposed documents as are reasonably contemplated in the Reference Documentation, including the particular financial terms, rates and levels set forth in the proposed documents other than to the extent that the forms of Reference Documentation themselves specify specific requirements, limitations or parameters with respect to such financial terms, rates, levels and parameters; and

(b) with respect to the Reference Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum~~[12]~~

(a) Not less than 15 Business Days, or such lesser period as the Province may agree to in writing, prior to the proposed incurrence of the first Funding Obligation, OPG shall, as the FSM, deliver to the Province: (i) a forecast setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the next following 24 month period (the "**Initial Forecast Period**"), which expectations shall be consistent with the Financing Plan (the "**Initial Forecast**"); and (ii) notice of the initial Protection Agreement Maximum, which may not exceed the Initial Forecast.

~~[12] Per an earlier footnote, the items in previous draft (a) and (b) were moved to the recitals.~~

(b) Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of the Initial Forecast and notice of the initial Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province may disagree with the Initial Forecast and the initial Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or the Initial Forecast, (ii) the Initial Forecast is inconsistent with the Financing Plan, or (iii) the initial Protection Agreement Maximum is more than the Initial Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the initial Protection Agreement Maximum will be revised accordingly and confirmed by an amended notice to the Province.

(c) ~~(a)~~ Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Approved Obligations that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast shall be further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum, which may not exceed such Forecast.

(d) ~~(b)~~ Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of any further Forecast and notice of the revised Protection Agreement Maximum from OPG pursuant to Section 4.01(~~a~~c), the Province may disagree with such further Forecast or revised Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or such further Forecast, (ii) the further Forecast is inconsistent with the Financing Plan, or (iii) the revised Protection Agreement Maximum is more than the further Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the revised Protection Agreement Maximum will be further revised accordingly and confirmed by an amended notice to the Province.

(e) ~~(c)~~ For clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be valued at the time to be determined for the purposes of this Section 4.01 in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of OPG

OPG represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, may cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario and has the power and authority to enter into and perform its obligations under this Agreement and all instruments and agreements delivered pursuant hereto.

(c) OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Financing Entity or in

the ability of the Financing Entity to perform its obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

5.02 <u>Representations and Warranties of the Province</u>

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
~~PROCESS FOR ELECTION TO ASSUME APPROVED OBLIGATIONS[13]~~BREACH EVENTS

6.01 ~~Election by the Province~~Breach Events

~~Pursuant to Section 6.01 of the Change of Law Protection Agreement, at any time following the occurrence of a Protection Event, the Province may (but shall not be obligated) elect to assume the Financing Entity's obligations in respect of all Obligations Secured permitted to be assumed by their terms as obligor and debtor by giving notice to the Indenture Trustee. Prior to determining whether or not to exercise its election, the Province may deliver to OPG a notice in the form of Exhibit "D" (an "**Election Information Notice**"). The Election Information Notice shall, among other things, specify the date or dates on which the Province proposes to assume the Obligations Secured referred to in this Section 6.01, which date or dates shall be no earlier than 60 days[14] following delivery of the Election Information Notice to OPG (with respect to each such Obligation Secured, the "**Proposed Assumption Date**").~~

~~6.02 Details regarding Obligations Secured~~

~~Within 10 Business Days following the delivery of the Election Information Notice to OPG, OPG shall provide the following information and documentation to the Province:~~

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

(a) ~~a summary of the amounts that will be owing under the Obligations Secured referred to in Section 6.01 as of the Proposed Assumption Date, together with a detailed schedule setting out the dates on which such amounts will become due and payable under such Obligations Secured;~~a default in the performance, or breach, of any covenants of OPG under this Agreement, which continues for thirty (30) days after written notice by the Province to OPG of such default or breach;

~~(b) a summary of the rights arising under the Obligations Secured referred to in Section 6.01 that permit the Province to assume such Obligations Secured, including details regarding any conditions precedent to such assignment and the related assumption becoming effective and any notices, filings, consents or other actions that will be required in order to implement and effect such assignment and assumption;~~

~~(c) current versions of all documentation under which the Obligations Secured referred to in Section 6.01 arise;~~

~~[13] Please see Torys' cover email to explain changes made in this Article and the related Article in the Protection Agreement. Section 6.05 was deleted and moved up as a covenant in section 2.02(a)(v)(D).~~

~~[14] This process will take time and require appropriate notice to holders of the applicable Obligations Secured.~~

(d) copies of all correspondence exchanged between OPG, as the FSM, or the Financing Entity, on the one hand, and any Specified Creditor, Rating Agency or the Indenture Trustee, on the other hand, in each case that may reasonably be considered to be material to the assumption and performance of the Obligations Secured referred to in Section 6.01 by the Province; and

(e) all income tax returns and assessments, financial statements and notices of proceedings of or pertaining to the Financing Entity or its business and any documentation related thereto, including any pleadings, appeals, objections, qualifications or other similar materials in respect of the Financing Entity or any Program Agreement.

6.03 Settlement of Terms

(b) Following receipt and consideration by the Province of the information and documentation to be provided under Section 6.02, the Province shall confirm in writing whether or not it expects to proceed with the assignment and assumption of the Obligations Secured referred to in Section 6.01 and, if it will be proceeding with the assignment and assumption, the date on which the Province expects that assignment and assumption will be effected. If it will be proceeding with such assignment and assumption, the Province will deliver an Assumption Notice as contemplated under Section **[6.01]** of the Change of Law Protection Agreement. A decision not to proceed with an election at any time will not limit the Province from proceeding with an election at a later date, including by issuing a further Election Information Notice, and Article VI of this Agreement shall continue to apply unaffected.any representation or warranty made by OPG in this Agreement, any certification made in a Process Certificate, or any certification made in a certificate contemplated by Section **[4.02]** of the Change of Law Protection Agreement, proves to be incorrect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation; or

6.04 Cooperation to Implement the Assignment and Assumption

(c) OPG shall cooperate with the Province and, as FSM, shall use commercially reasonable efforts to cause the Financing Entity to cooperate, and shall use its commercially reasonable efforts, to complete the assignment and assumption of the Obligations Secured referred to in Section 6.01 by and from the Financing Entity to and by the Province, by the applicable Assumption Closing Date.is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the Manager.

ARTICLE VII[15]
MISCELLANEOUS

7.01 Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

7.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to OPG:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

(b) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]

[15] Breach events not required to be listed since OPG receives a Suspension Notice under the Change of Law Protection Agreement. See also the proviso in section 3.02.

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 7.02.

7.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 7.03 shall be null and void.

7.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

7.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

7.06 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

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

By: _____

Name:
Title:

By: _____

Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Conditions**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Approved Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

~~"**Assumption Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.~~

~~"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.03.~~

"**Beneficiaries**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Breach Event**" ~~means the occurrence of an event described~~has the meaning ascribed thereto in Section ~~**[8.01(b) or (c)]** of the Change of Law Protection Agreement.~~ 6.01.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Certified Primary Obligations**" ~~means Primary Obligations that are payment obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest or to repay payment obligations that were incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest,[16] (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not each individual trade confirmation, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and aggregate payments by the Financing Entity thereunder during the term of such contract is in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).[17]~~has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the FSM on behalf of the Financing Entity and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

~~[16] Query: For a warehouse facility, does the Province want a Certificate for each monthly draw?~~
~~[17] This concept reflects what Primary Obligations the parties agreed to be subject to the adherence conditions.~~

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

~~"**Election Information Notice**" has the meaning ascribed thereto in Section 6.01.~~

"**Executive Officer**" has the meaning ascribed thereto in the ~~*Securities Act* (Ontario)~~Change of Law Protection Agreement.

"**Financing Entity**" means Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(~~a~~c).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other

instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Indenture Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

~~"**Initial Financing Plan**" has the meaning ascribed thereto in the recitals of this Agreement.~~

"**Initial Forecast**" has the meaning ascribed thereto in ~~the recitals of this Agreement.~~Section 4.01(a)

"**Initial Forecast Period**" has the meaning ascribed thereto in ~~the recitals of this Agreement.~~Section 4.01(a)

~~"**Initial Protection Agreement Maximum**" has the meaning ascribed thereto in the recitals of this Agreement.~~

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

~~18~~

"**Limited Guarantee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Loan Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**Management Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Manager**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

~~"**Master Agreement**" means an agreement in the form of a 1992 ISDA Master Agreement (Multi-Currency – Cross Border) as published by ISDA or any replacement or substitute or functional equivalent of such agreement.~~

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

~~18 Definition of Legislature not used here.~~

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"~~**Proposed Assumption Date**~~**Program Breach**" has the meaning ascribed thereto in ~~Section 6.01~~the Change of Law Protection Agreement.

"**Protection Agreement Maximum**" means the dollar amount referenced as the Program Agreement Maximum and determined in accordance with Article IV.

"**Protection Event**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture.

"**Reference Documentation**" has the meaning ascribed thereto in Section ~~3.03~~3.04.

"**Repayment**" has the meaning ascribed to the term "repayment" in the General Regulation as of the date of this Agreement.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Substantially in the Form**" has the meaning ascribed thereto in Section ~~3.04~~3.05.

"**Suspension Notice**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement;

(vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to ~~a~~an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that affects the Province's subrogation rights and/or subrogee interests, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

~~**EXHIBIT "A"**~~
~~**INITIAL REFERENCE DOCUMENTATION**~~

- ~~Declaration of Trust;~~
- ~~Management Agreement;~~
- ~~Master Transfer and Servicing Agreement;~~
- ~~Acknowledgement and indemnity agreement dated as of [■], 2017 made by IESO in favour of the Indenture Trustee;~~
- ~~Security agreement made by IESO in favour of the Financing Entity to secure certain of its obligations under the Master Transfer and Servicing Agreement;~~
- ~~Trust Indenture;~~
- ~~Term Senior Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;~~
- ~~Term Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;~~
- ~~Term Junior Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;~~
- ~~Warehouse Senior Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;~~
- ~~Warehouse Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;~~
- ~~Warehouse Junior Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;~~
- ~~Schedule to the ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time;~~
- ~~Confidential shelf offering memorandum of the Financing Entity dated as of [■], 2017, including the term sheet incorporated by reference therein; and~~

- ~~Agency agreement between the Financing Entity, CIBC World Markets Inc., RBC Dominion Securities Inc., Goldman Sachs Canada Inc. and the other agents named therein dated as of [■], 2017.~~

~~**[NTD: List above to be confirmed.]**~~

~~EXHIBIT "B"~~
~~INITIAL FINANCING PLAN~~

~~(see attached)~~

~~EXHIBIT "C"~~
~~INITIAL FORECAST~~

~~(see attached)~~

~~EXHIBIT "D"~~
~~FORM OF ELECTION INFORMATION NOTICE~~

~~[NTD: Blakes to provide draft.]~~

Document comparison by Workshare Compare on Sunday, December 03, 2017 11:33:56 AM

Input:	
Document 1 ID	PowerDocs://TOR_2528/23239361/15
Description	TOR_2528-#23239361-v15-Change_of_Law_-_Process_Agreement
Document 2 ID	PowerDocs://TOR_2528/23239361/18
Description	TOR_2528-#23239361-v18-Change_of_Law_-_Process_Agreement
Rendering set	standard

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

Statistics:	
	Count
Insertions	73
Deletions	155
Moved from	5
Moved to	5
Style change	0
Format changed	0
Total changes	238

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE[1]

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST[2]

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

[1] This Agreement and the Process Agreement will need to be effective on closing but signed and held in escrow as soon as they are settled~~ and prior to pricing of the term deal~~. **Note to Torys:** Logistics of closing are under consideration.

[2] **Torys Note:** Please advise if there are any further issues with the Manager signing the Protection Agreement on behalf of the Trust? If so, can you please explain the issue. The Manager is currently signing all Program Agreements on behalf of the Trust and has authority to do so. We would like the Manager to sign this Agreement on behalf of the Trust. **Note to Torys:** Manager derives authority under the Management Agreement to sign Program Agreements. Management Agreement powers determined by reference to the Program Agreements, so authority is circular. Ultimately, Province will accept the opinion of Torys on due execution point.

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust under the laws of the Province of Ontario (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council dated as of ■1981/2017 (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust[3] dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Primary Obligations that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred. This Agreement sets out the terms and conditions of such protections and assurances.

[3] **Torys Note:** We are comfortable on this point because OPG has retained Computershare as issuer trustee. The recitals of the Declaration of Trust provide that Computershare has established the Trust at the request of the FSM. We can also provide you with a copy of the Computershare engagement letter upon request. **Note to Torys:** The Province will accept authorities opinion regarding the Trust from Torys.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other

subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 ~~Proof of Approved Obligations~~Intentionally Deleted

~~The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Indenture Trustee deems to be sufficient.~~

~~Any statement of account prepared by the Indenture Trustee as regards the Primary Obligations shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and the Province hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Indenture Trustee agrees to provide the Province with the computations and calculations used by the Indenture Trustee to prepare each such statement of account promptly following a request therefor.~~

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture as of the date of this Agreement.

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 2.01 or Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a

Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee, the Financing Entity, the Financing Entity Trustee, the Manager or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee ~~may~~shall (absent the Rating Agency Condition being satisfied with respect to the Protection Event not occurring) deliver a written demand, substantially in the form attached as Exhibit A (a "**Payment Demand**"), to the Province requiring the Province to make payments in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in this Agreement. From and after such delivery of a Payment Demand, the Province shall make the following payments in respect of the Approved Obligations (the "**Limited Guarantee**"), and the Financing Entity shall pay, and the Province shall be entitled to be paid, the Subrogation Amounts specified below, on the specified Guarantee Payment Date:

i. Not less than 3 Business Days prior to each day when any payment or payments are to be made in respect of one or more Approved Obligations occurring after such delivery of a Payment Demand~~ and prior to the Assumption Effective Date, if any,~~ (a "**Guarantee Payment Date**"), the Manager shall deliver a written statement setting forth the Aggregate Approved Obligations Amount, if any, in respect of the Approved Obligations that are due and payable on such Guarantee Payment Date, together with a detailed description identifying such Approved Obligations and the nature and amount of payments due and payable thereunder on the Guarantee Payment Date, the aggregate outstanding amount payable by the Financing Entity under such Approved Obligations as of the date of ~~the Guarantor Settlement Statement~~such written statement, and details regarding any default in performance by any party obligated thereunder~~ (a "**Guarantor Settlement Statement**")~~[4] .

ii. On each such Guarantee Payment Date, the Province shall deposit the Aggregate Approved Obligations Amount into the Protection Account.

iii. On each such Guarantee Payment Date, the Financing Entity and the Indenture Trustee shall ensure that the amounts on deposit in the Protection Account are applied to pay each Beneficiary to whom an amount is due and payable under an Approved Obligation on the Guarantee Payment Date the Approved Obligation Amount for such Beneficiary in respect of such

[4] ~~Given timing, we would appreciate if the parties did not negotiate this form now.~~

Approved Obligation on such Guarantee Payment Date; provided that if the amount deposited pursuant to clause 2.01(a)ii is insufficient to pay all such Approved Obligation Amounts in full, the amount on deposit in the Protection Account on the Guarantee Payment Date shall be applied to pay Beneficiaries in the order of priority in which such Approved Obligations are payable under the payment provisions of the Trust Indenture applicable to the making of such payments on the Guarantee Payment Date (each, a "**Beneficiary Payee**").

iv. On any Guarantee Payment Date on which an amount is paid by the Province pursuant to clause 2.01(a)ii, the applicable payment provisions of the Trust Indenture shall, notwithstanding the express terms of such provisions set forth in the Trust Indenture, be applied and operate on the following basis:

(A) the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available under such payment provisions on such Guarantee Payment Date shall be reduced by the amount paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on such Guarantee Payment Date;

(B) the Province shall be paid the lesser of (x) the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available to pay the Beneficiary Payee under such payment provisions on the Guarantee Payment Date, determined without regard to subclause 2.01(a)iv(A), and (y) the amount paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on the Guarantee Payment Date (such ~~payments~~amounts paid to ~~the Province~~Beneficiary Payees being "**Subrogation Amounts**"); and~~5~~[4]

(C) no Beneficiary having a right to be paid an amount in respect of an Approved Obligation that ranks equal with or subordinate to an Approved Obligation in respect of which an amount is payable to the

~~5 We thought this section~~[4] **Note:** The Province will be entitled to receive cash flows that would have been required ~~tweaking to reflect the intention of~~to pay Approved Obligations remaining under the payment waterfalls after satisfaction of all Approved Obligations. Further consideration is required in order to ensure these amounts are paid to the ~~parties.~~ Province, despite those amounts not being paid on a "Guarantee Payment Date" (ie. no amount is paid by the Province under the Limited Guarantee on those later Payment Dates, so currently not covered as not arising on a Guarantee Payment Date). Those residual entitlements must be included as "Subrogation Amounts".

Province under subclause 2.01(a)iv(B) shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under such subclause (including any right or reimbursement, contribution or indemnity) and no such Beneficiary shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of such amounts.

v. On any Guarantee Payment Date, the Indenture Trustee shall release and pay to the Province free and clear of any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay Beneficiary Payees on the Guarantee Payment Date in accordance with clause 2.01(a)iii.

vi. In preparing any payment instructions under the Trust Indenture, the Manager shall reflect the amounts payable for the Guarantee Payment Date under Section 2.01(a).

(b) The Province shall, as a payee of Subrogation Amounts under clause 2.01(a)(iv)(B) and any amounts payable under clause 2.01(a)(~~iv)(B~~v)**,** be a "Specified Creditor" under the Trust Indenture and have the benefit of the Collateral thereunder.

(c) For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the Approved Obligation Amounts, if any, for payment to Beneficiary Payees and will be subject to the priorities and to the Province's rights to Subrogation Amounts, set forth in Section 2.01(a).

(d) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(e) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation by their terms.

(f) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under and in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the

Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any amount due and payable to a Beneficiary Payee under the Limited Guarantee.

2.02 Intentionally Deleted.

2.03 Absence of Set-off

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 Payment into Protection Account in Satisfaction

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account" for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section **[7.03]** of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Financing Entity and the Indenture Trustee shall ensure that all amounts paid by the Province into the Protection Account on a Guarantee Payment Date in respect of an Approved Obligation are applied to pay the amounts due and payable to the Beneficiaries as and to the extent provided for in Section 2.01(a). Upon a payment having been made by or on behalf of the Province into the Protection Account, the amounts so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiaries as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such Beneficiaries in respect of the applicable Approved Obligations, whereupon an affected Beneficiary shall have no

continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid. For greater certainty, the obligations arising in respect of an applicable Approved Obligation shall not be reduced by such payment as the Province shall become entitled to be paid related Subrogation Amounts and the rights contemplated under Section 2.01(a) and Section 5.01 in relation to such continuing obligations.

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by

settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations in accordance with Section ~~9.01~~8.01.[6]

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

[6] ~~We made this change to be consistent with the termination clause in section 9.01.~~

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

A Primary Obligation shall constitute an Approved Obligation if (i) the Adherence Conditions applicable thereto have been satisfied at the time the Primary Obligation was incurred, or (ii) the Province, in its sole discretion, ~~agrees~~designates in writing that it is an Approved Obligation.

4.02 Adherence Conditions[7]

The following shall be the Adherence Conditions applicable in relation to each Certified Primary Obligation:

(a) the Certified Primary Obligation when incurred is an Obligation Secured under the Trust Indenture; and

(b) OPG, as FSM, delivers a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee, on or before the incurrence of a Certified Primary Obligation[8] (provided that delivery may not be more than 5 Business Days before the incurrence of the Certified Primary Obligation), confirming that OPG has ~~provided to the Province all certifications required by~~delivered to the Province a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with the ~~incurrence of such~~adherence of the Limited Guarantee to the Certified Primary Obligation; and

[7] ~~We would propose that the certification in section 4.02(b) of the Protection Agreement track the requirements of section 3.01 of the Process Agreement to ensure that the two sections are consistent. Accordingly, we have revised section 4.02(b) of the Protection Agreement to state the certificate delivered to the Indenture Trustee under this section should confirm that all certifications to the Province required in connection with the incurrence of such Certified Primary Obligations have been delivered to the Province.~~

[8] ~~We tried to address all parties concerns expressed at our last meeting by this language. The Province can be assured that no certificate earlier than 5 Business Days prior to incurring the Certified Primary Obligation is delivered and the dealers have comfort that the clause is not too prescriptive.~~

(c) in respect of a Certified Primary Obligation other than a Refinancing of a Primary Obligation in respect of which the Adherence Conditions had been satisfied, the Province has not provided a Suspension Notice to the Indenture Trustee, OPG and the Financing Entity.

For greater certainty, (y) satisfaction of the Adherence Conditions for a Certified Primary Obligation shall be deemed satisfaction of the Adherence Conditions in respect of all principal, interest and other amounts owing under the Certified Primary Obligation, as such Certified Primary Obligation may be amended, restated, supplemented or otherwise modified from time to time, and (z) there shall be no Adherence Conditions applicable in relation to a Primary Obligation that is not a Certified Primary Obligation.

4.03 Evidence of Satisfaction

A closing certificate delivered in accordance with Section 4.02(b) in connection with an incurrence of a Certified Primary Obligation shall be determinative as to whether the applicable Adherence Conditions with respect thereto have been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same. A closing certificate that purports on its face to be signed by officers specified in Section 4.02(b) may be relied upon by any addressee without further enquiry or evidence as to the incumbency or signatures of such officers. If a closing certificate is not delivered in accordance with the timing requirements of Section 4.02(b) in respect of a Certified Primary Obligation, such certificate may be delivered at a later date, and be effective as if it had been delivered in accordance with the timing requirement of Section 4.02(b), if at the time such certificate was required to be delivered OPG had delivered to the Province all certifications required by the Province in connection with the ~~incurrence of a~~adherence of the Limited Guarantee to the Certified Primary Obligation.[9]

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, including (i) the right and entitlement to be paid and receive the related Subrogation Amounts, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved

[9] ~~This additional language was added to address the concerns of the dealers and Oslers discussed at our last meeting.~~

Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including **[Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 7.12 (Payments Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Section 8.14 (Limited Recourse), Article IX (The Indenture Trustee), including all limitations of liability thereunder, Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition)]**; (ii) consents, requests and authorizes the Issuer and the Indenture Trustee to (x) add the Province to the register of Specified Creditors described in subsection **[13.13(b)]** of the Trust Indenture and (y) disseminate the notice details of the Province to other Specified Creditors for the purposes set out in subsection **[9.14(b)]** of the Trust Indenture, and (iii) confirms that it will execute and deliver, or cause to be executed and delivered, all such further agreements, documents and instruments in connection with this Section 5.01 as the Indenture Trustee ~~shall send notices to the Province, in its capacity as a Specified Creditor, in accordance with Section 9.02.~~[10]may request from time to time for the purpose of giving effect to the terms of this Section 5.01.

[10] ~~These changes were made to conform to the latest draft of the Trust Indenture, a copy of which will be circulated soon.~~

5.02 Priorities

For greater certainty, the rights, interests and entitlements of the Province as an assignee ~~or~~and subrogee~~, as applicable,~~ of and with respect to an Approved Obligation shall rank equally with the rights, interests and entitlements of a Beneficiary to whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture in the manner and to the extent contemplated in Section ~~2.01.~~7.10(d) of the Trust Indenture.

5.03 Intentionally Deleted

5.04 Representations and Warranties

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

~~ARTICLE VI~~
~~NOTICE OF ASSUMPTION OF CERTAIN OBLIGATIONS SECURED~~[11]

~~6.01 Delivery of Assumption Notice~~

~~Following the occurrence of a Protection Event, the Province may (but shall not be obligated to) provide notice (in the form of Exhibit B) to the Indenture Trustee that the Province has elected to assume the Financing Entity's obligations in respect of all Obligations Secured permitted to be assumed by their terms (the "**Assumption Notice**"). The Assumption Notice shall specify the date on which the assignment and assumption of such Obligations Secured will be effective (each such date being an "**Assumption Closing Date**").~~[12]

[11] ~~Please see Torys' cover email to explain changes made in this Article and the related Article in the Process Agreement. Section 6.05 was deleted since it was not applicable in a context where only some of the Obligations Secured would be assumed.~~

[12] ~~It is not realistic to think that the assumptions of Secured Obligations will all occur on one day. We think it has to happen on a contract by contract basis. As a Secured Obligation is assumed, the Limited Guarantee falls away with respect to it (it becomes a "zero" item in the waterfalls).~~

~~6.02 Cooperation to Implement the Assignment and Assumption~~

~~The Indenture Trustee, the FSM, the Financing Entity and the Province will cooperate and use best efforts to complete the assignment and assumption of the Obligations Secured referenced in Section 6.01 by and from the Financing Entity to and by the Province by the applicable Assumption Closing Date.~~

~~6.03 Effect of Assignment and Assumption~~

~~On the date that the assignment and assumption of the Obligations Secured referenced in Section 6.01 by and from the Financing Entity to and by the Province becomes effective (the "**Assumption Effective Date**"), the Province shall no longer be required to provide and perform the Limited Guarantee but will instead become a primary obligor under such Obligations Secured assumed pursuant to and in accordance with an applicable Assumption Agreement. For greater certainty, the obligations of the Province so assumed will not be secured obligations of the Province and the obligees thereof will have no right, interest or claim to or in respect of the Collateral or any proceeds therefrom.~~

~~6.04 Interim Period~~

~~Until the effective time of the assignment and assumption of the Obligations Secured referenced in Section 6.01 by and from the Financing Entity to and by the Province on the Assumption Effective Date, the Province shall continue to perform and be obligated under the Limited Guarantee with respect to those Obligations Secured.~~

ARTICLE VI~~ARTICLE VII~~
INDENTURE TRUSTEE MATTERS

6.01 ~~7.01~~ Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

6.02 ~~7.02~~ Not Responsible for Recitals

The recitals contained herein will be taken as the statements of the Province, the Financing Entity and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

6.03 7.03 Representations and Covenants of the Indenture Trustee[13][5]

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada; and

(b) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada.

ARTICLE VII ARTICLE VIII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

7.01 8.01 Suspension Notice

Upon:

(a) a Program Breach; or

(b) a default in the performance, or breach, of any covenants or representations of the FSMof OPG, as FSM, or OPG, in its corporate capacity, in each case to the Province in connection with an incurrence or amendment of Primary Obligationsits obligations to the Province pursuant to internal requirements and processes in connection with the provision of the Limited Guarantee, which continues for thirty (30) days after written notice by the Province to the FSMOPG of such default or breach;

(c) a representation or warranty made by OPG or a certification made by one or more officers of OPG, in each case whether as FSM or in its corporate capacity, to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the provision of the Limited Guarantee, proves to be incorrect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation; or

(d) (c) the FSM no longer being the Manager or actions having been taken by or on behalf of the Indenture Trustee to remove the FSM as the Manager,

the Province may declare that the Limited Guarantee under this Agreement shall not apply to any Primary Obligations incurred[14] on or after such declaration, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied (provided that the Refinancing is an Approved Obligation), by delivering a written notice in the

[13][5] **Torys Note:** The Indenture Trustee asked us to delete these representations. They will not provide these types of representations without attaining a legal opinion from outside counsel. To avoid delay, we would ask that the parties agree to this deletion. **Note to Torys:** The representations provided by the Indenture Trustee should be consistent with those in the Trust Indenture.

[14] We will need the ability to amend the Primary Obligations after a Suspension Notice to deal with the Suspension Notice itself.

form of Exhibit ~~C~~B (a "**Suspension Notice**")~~ to the Province~~ to the Indenture Trustee, the FSM and the Financing Entity.[15]

The Limited Guarantee shall apply to any Certified Primary Obligation incurred after a Suspension Event on the basis that it is a Refinancing (provided that such Refinancing is an Approved Obligation) only if the FSM certifies to the Province in writing prior to the incurrence that the proceeds of such incurrence will be used solely for the purposes of repaying one or more Certified Primary Obligations incurred prior to the Suspension Event and to which the Limited Guarantee adhered as of the time the Suspension Event occurred, and the delivery of such written certification by the FSM to the Province shall be determinative for the purposes of concluding that such incurrence is a Refinancing for the purposes of Sections 7.01, 7.02 and 7.03.

7.02 ~~8.02~~ Suspension

If a Suspension Notice has been provided under Section ~~8.01~~7.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of any Primary Obligation incurred[16] or amended on or after the time such Suspension Notice is delivered, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied~~. For greater certainty, the rights of the Province under Article VI shall apply in respect of the Obligations Secured referenced in Section 6.01, including if incurred on or after the time such Suspension Notice is delivered.~~[17] (provided that the Refinancing is an Approved Obligation).

7.03 ~~8.03~~ No Impact on Adherence

For greater certainty, the occurrence of a Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event or in respect of any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied~~, nor will it in any way impact the Obligations Secured which are assumed by the Province in accordance with ARTICLE VI~~ (provided that the Refinancing is an Approved Obligation).

[15] ~~OPG has confirmed that it is problematic from an accounting perspective to give the Province a broad right to suspend at any time. As discussed in the meeting, we therefore reintroduced the concept of the Program Breach and Breach Event but we made the breach event generic to ensure we do not have to reference the Process Agreement in this document.~~

[16] ~~We will need the ability to amend the Primary Obligations after a Suspension Notice to deal with the Suspension Notice itself.~~

[17] ~~We have deleted the concept of the termination notice since it no longer serves a purpose and is potentially confusing to the reader.~~

ARTICLE VIII~~ARTICLE IX~~
MISCELLANEOUS

8.01 ~~9.01~~ Term of Agreement

This Agreement will continue until the date that no amount is or may become due and payable by the Province under the Limited Guarantee.

8.02 ~~9.02~~ Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust

700 University Avenue

Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity
Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: Manager, Corporate Trust

Fax: (416) 981-9777
Email: corporatetrust.toronto@computershare.com

(b) if to the FSM:

Ontario Power Generation Inc.

700 University Avenue

Toronto, Ontario M5G 1X6

Attention: General Counsel
Fax: (416) 592-4189

(c) if to the Province:

Ministry of Finance

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section ~~9.02~~8.02.

8.03 ~~9.03~~ Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section ~~9.03~~8.03 shall be null and void.

8.04 ~~9.04~~ Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

8.05 ~~9.05~~ FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 ~~9.06~~ No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

~~9.07~~ ~~Intentionally Deleted~~

8.07 Notice to Rating Agencies

OPG, as FSM, shall deliver prompt written notice to the Rating Agencies on occurrence of (i) a Protection Event; (ii) receipt of a Suspension Notice delivered by the Province pursuant to Section 7.01; and (iii) an assignment of this Agreement by any party pursuant to Section 8.03.

8.08 ~~9.08~~ Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their benefits hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

8.09 ~~9.09~~ Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, IN ITS CAPACITY AS TRUSTEE OF FAIR HYDRO TRUST, AS ISSUER, BY ONTARIO POWER GENERATION INC., NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Action**" has the meaning ascribed thereto under the Trust Indenture.

"**Adherence Conditions**", means, in respect of ~~the~~a Certified Primary ~~Obligations~~Obligation, the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of a Guarantee Payment Date, the aggregate of the Approved Obligation Amounts for such Guarantee Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, for a Beneficiary in respect of an Approved Obligation under which an amount is due and payable on a Guarantee Payment Date:

(a) if no Acceleration has occurred in respect of any Obligation Secured on or before the Guarantee Payment Date, the amount due and payable to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation (for greater certainty, determined on the assumption that there are adequate amounts available under the applicable payment provisions of the Trust Indenture to pay in full all amounts referred to in such payment provisions that are due and payable on the Guarantee Payment Date); and

(b) if an Acceleration has occurred in respect of any Obligations Secured on or before the Guarantee Payment Date, the amount that would be available to be paid to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation under the applicable payment provisions of the Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with such applicable payment provisions of the Trust Indenture in respect of each relevant month during each Reference Period is equal to the estimated Finance Amount determined in respect of such Reference Period for purposes of section 15(1) of the Act (in effect on the date hereof) divided by the number of months in such Reference Period.

~~"**Assumption Agreement**" means the agreement among the Province, the Indenture Trustee, the Financing Entity and any other person that is party to the applicable Supplemental Indenture or Loan Agreement affected by the assignment and assumption contemplated under Article VI,~~

~~which agreement shall be in substantially the form of assumption agreement set forth in the applicable Supplemental Indenture or Loan Agreement.~~

~~"**Assumption Effective Date**" has the meaning ascribed thereto in Section 6.03.~~

~~"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.01.~~

~~"**Assumption Notice**" has the meaning ascribed thereto in Section 6.01.~~

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Beneficiary Payee**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Certified Primary Obligations**" means Primary Obligations that ~~are payment obligations that~~ are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest or to repay payment obligations that were incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest,[~~18~~6] (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not each individual trade confirmation, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and aggregate payments by the Financing Entity thereunder during the term of such contract is in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).[~~19~~7]

"**Change of Law Protection Agreement**" means this Agreement.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

[~~18~~6] **Torys Query**: For a warehouse facility, does the Province want a Certificate for each monthly draw? **Note to Torys:** Yes.

[~~19~~ ~~This~~7] **Note to Province**: Torys suggests that this concept reflects what Primary Obligations the parties agreed to be subject to the adherence conditions. Province to confirm that this is their understanding from meeting on Tuesday, November 21, particularly prongs (ii) and (iii) of the definition.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Eligible Deposit Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Eligible Institution**" has the meaning ascribed thereto in the Trust Indenture.

"**Executive Officer**" has the meaning ascribed ~~thereto in the~~to the term "executive officer" in National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities ~~*Act* (Ontario)~~Administrators.

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the first paragraph of this Agreement until a successor Financing Entity Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and the Declaration of Trust, and thereafter "Financing Entity Trustee" means and includes such Person.[~~20~~]

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Guarantee Payment Date**" has the meaning ascribed thereto in Section 2.01(a)i.

~~"**Guarantor Settlement Statement**" has the meaning ascribed thereto in Section 2.01(a).~~

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

~~[20] We are merely conforming this definition to the definition of Indenture Trustee.~~

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Issuer Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Issuer Funding Obligation**" has the meaning ascribed thereto in the Trust Indenture.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Lien**" has the meaning ascribed thereto in the Trust Indenture.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(a).

~~"**Loan Agreement**" has the meaning ascribed thereto in the Trust Indenture.~~

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity, as amended, supplemented, restated or otherwise modified from time to time.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Agreement**" means an agreement in the form of ~~a 1992~~an ISDA Master Agreement ~~(Multi-Currency – Cross-Border)~~ as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, as amended, supplemented, restated or otherwise modified from time to time.

~~21~~

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

~~21 The definition of Notes is not used in the Agreement.~~

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account or Finance Reserve Account; and (ii) any obligation to pay the Financing Entity or on the Financing Entity's direction any remaining amounts in the Collection Account pursuant to the Trust Indenture.[22][8]

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.[23][9]

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the

[22][8] **Torys Note:** These changes were made to conform to the most current version of the Trust Indenture, a copy of which will be circulated soon. Additionally, money in the Collection Account is required to flow through the wate rfall and is not required to be held in the Collection Account otherwise. **Note to Torys:** Please confirm. The Trust Indenture states that if extra cash is available in the Collections Account, it can be held until a subsequent Payment Date.

[23][9] **Torys Note:** We deleted early amortization events because that is no longer a concept used in the Trust Indenture. **Note to Torys:** Early amortization events may be included in a supplemental indenture so we think retaining that reference makes sense.

members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that materially and adversely affects (a) the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured, or (b) this Agreement or any of the agreements under which Obligations Secured arise; or

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that materially and adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Obligations Secured that have become due and payable.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency Condition" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Reference Period**" has the meaning ascribed thereto in the Act.

"**Refinancing**" ~~means the incurrence of debt where at the time of issuance the use of the proceeds thereof are identified by the Issuer as to be used to repay an existing Approved Obligation.~~[24]has the meaning ascribed to the term "refinancing" in the Act as of the date hereof,

as more particularly described and given meaning in the General Regulation as of the date hereof.[10]

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Subrogation Amounts**" has the meaning ascribed thereto in subclause 2.01(a)iv(~~ii~~B).

"**Supplemental Indenture**" has the meaning ascribed in the Trust Indenture.

"**Supplemental Reserve Account**" has the meaning ascribed in the Trust Indenture.

"**Suspension Event**" has the meaning ascribed thereto in Section ~~8.02~~7.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section ~~8.01~~7.01.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

~~24~~10 **Torys Note:** Refinancings can occur up to six months prior to the application of the refinancing proceeds to the existing obligation. The regulations provide that if the refinancing proceeds are not applied to repay the intended funding obligation, then it is not a Refinancing. Accordingly, we have revised the definition to ensure that Refinancings do not have to be simultaneous with repayment of the existing Approved Obligation (we understand from the dealers that in most circumstances they will not be). **Note to Torys**: The General Regulation specifically provides that debt can be considered a "Refinancing" when incurred within the 6 months prior to the maturity date of a funding obligation. The Act/Regulation's definition doesn't require that "Refinancings" are simultaneous with the repayment of existing Approved Obligations. We have added a certificate mechanic in 7.01 by which there can be certainty when an obligation is incurred that if the obligation is intended to be a refinancing, it will be covered by the guarantee.

EXHIBIT A
FORM OF PAYMENT DEMAND

TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Pursuant to and in accordance with section 2.01(a) of the Change of the Law Protection Agreement, the Indenture Trustee hereby demands payment from the Province in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in the Change of Law Protection Agreement.

DATED as of the [■] day of [■], [■].

BNY TRUST COMPANY OF CANADA

By:
Name:
Title:

By:
Name:
Title:

EXHIBIT B
~~ASSUMPTION~~SUSPENSION NOTICE

~~[NTD: Blakes to provide draft]~~

~~EXHIBIT C~~
~~SUSPENSION NOTICE~~

~~**[NTD: Blakes to provide draft]**~~

TO:	Ontario Power Generation Inc., in its capacity as Financial Services Manager
AND TO:	Fair Hydro Trust
AND TO:	Computershare Trust Company of Canada, in its capacity as trustee of Fair Hydro Trust
AND TO:	BNY Trust Company of Canada, as Indenture Trustee

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement. All references in this Suspension Notice to "Articles" or "Sections" refer to Articles or Sections of the Change of Law Protection Agreement.

The Province has a reasonable basis for concluding that an event described in Section 7.01 has occurred. Pursuant to Section 7.01, the Province hereby declares that the Limited Guarantee shall not apply in respect of any Primary Obligation incurred or amended on or after the delivery of this Suspension Notice, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied, in accordance with the terms and conditions in Article VII.

The Limited Guarantee shall hereby not apply in respect of any Primary Obligation incurred or amended on or after delivery of this Suspension Notice, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied.

This Suspension Notice is hereby delivered to the FSM, the Financing Entity and the Indenture Trustee in accordance with Section 8.02 of the Change of Law Protection Agreement.

* * * *

DATED as of the [■] day of [■], [■].

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

Document comparison by Workshare Compare on Sunday, December 03, 2017 11:30:57 AM

Input:	
Document 1 ID	PowerDocs://TOR_2528/23239360/18
Description	TOR_2528-#23239360-v18-Change_of_Law_Protection_Agreement
Document 2 ID	PowerDocs://TOR_2528/23239360/21
Description	TOR_2528-#23239360-v21-Change_of_Law_Protection_Agreement
Rendering set	standard

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

Statistics:	
	Count
Insertions	126
Deletions	149
Moved from	1
Moved to	1
Style change	0
Format changed	0
Total changes	277

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE[1]

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST[2]

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

[1] This Agreement and the Process Agreement will need to be effective on closing but signed and held in escrow as soon as they are settled~~ and prior to pricing of the term deal~~. **Note to Torys:** Logistics of closing are under consideration.

[2] **Torys Note:** Please advise if there are any further issues with the Manager signing the Protection Agreement on behalf of the Trust? If so, can you please explain the issue. The Manager is currently signing all Program Agreements on behalf of the Trust and has authority to do so. We would like the Manager to sign this Agreement on behalf of the Trust. **Note to Torys:** Manager derives authority under the Management Agreement to sign Program Agreements. Management Agreement powers determined by reference to the Program Agreements, so authority is circular. Ultimately, Province will accept the opinion of Torys on due execution point.

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust under the laws of the Province of Ontario (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council dated as of ■1981/2017 (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust[3] dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Primary Obligations that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred. This Agreement sets out the terms and conditions of such protections and assurances.

[3] **Torys Note:** We are comfortable on this point because OPG has retained Computershare as issuer trustee. The recitals of the Declaration of Trust provide that Computershare has established the Trust at the request of the FSM. We can also provide you with a copy of the Computershare engagement letter upon request. **Note to Torys:** The Province will accept authorities opinion regarding the Trust from Torys.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other

subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 ~~Proof of Approved Obligations~~Intentionally Deleted

~~The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Indenture Trustee deems to be sufficient.~~

~~Any statement of account prepared by the Indenture Trustee as regards the Primary Obligations shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and the Province hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Indenture Trustee agrees to provide the Province with the computations and calculations used by the Indenture Trustee to prepare each such statement of account promptly following a request therefor.~~

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture as of the date of this Agreement.

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 2.01 or Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a

Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee, the Financing Entity, the Financing Entity Trustee, the Manager or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee ~~may~~shall (absent the Rating Agency Condition being satisfied with respect to the Protection Event not occurring) deliver a written demand, substantially in the form attached as Exhibit A (a "**Payment Demand**"), to the Province requiring the Province to make payments in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in this Agreement. From and after such delivery of a Payment Demand, the Province shall make the following payments in respect of the Approved Obligations (the "**Limited Guarantee**"), and the Financing Entity shall pay, and the Province shall be entitled to be paid, the Subrogation Amounts specified below, on the specified Guarantee Payment Date:

i. Not less than 3 Business Days prior to each day when any payment or payments are to be made in respect of one or more Approved Obligations occurring after such delivery of a Payment Demand (a "**Guarantee Payment Date**"), the Manager shall deliver a written statement setting forth the Aggregate Approved Obligations Amount, if any, in respect of the Approved Obligations that are due and payable on such Guarantee Payment Date, together with a detailed description identifying such Approved Obligations and the nature and amount of payments due and payable thereunder on the Guarantee Payment Date, the aggregate outstanding amount payable by the Financing Entity under such Approved Obligations as of the date of such written statement, and details regarding any default in performance by any party obligated thereunder.

ii. On each such Guarantee Payment Date, the Province shall deposit the Aggregate Approved Obligations Amount into the Protection Account.

iii. On each such Guarantee Payment Date, the Financing Entity and the Indenture Trustee shall ensure that the amounts on deposit in the Protection Account are applied to pay each Beneficiary to whom an amount is due and payable under an Approved Obligation on the Guarantee Payment Date the Approved Obligation Amount for such Beneficiary in respect of such Approved Obligation on such Guarantee Payment Date; provided that if the amount deposited pursuant to clause 2.01(a)ii is insufficient to pay all such Approved Obligation Amounts in full, the

amount on deposit in the Protection Account on the Guarantee Payment Date shall be applied to pay Beneficiaries in the order of priority in which such Approved Obligations are payable under the payment provisions of the Trust Indenture applicable to the making of such payments on the Guarantee Payment Date (each, a "**Beneficiary Payee**").

iv. On any Guarantee Payment Date on which an amount is paid by the Province pursuant to clause 2.01(a)ii, the applicable payment provisions of the Trust Indenture shall, notwithstanding the express terms of such provisions set forth in the Trust Indenture, be applied and operate on the following basis:

(A) the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available under such payment provisions on such Guarantee Payment Date shall be reduced by the amount paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on such Guarantee Payment Date;

(B) the Province shall be paid the lesser of (x) the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available to pay the Beneficiary Payee under such payment provisions on the Guarantee Payment Date, determined without regard to subclause 2.01(a)iv(A), and (y) the amount paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on the Guarantee Payment Date (such ~~payments~~amounts paid to ~~the Province~~Beneficiary Payees being "**Subrogation Amounts**"); and[4]

(C) no Beneficiary having a right to be paid an amount in respect of an Approved Obligation that ranks equal with or subordinate to an Approved Obligation in respect of which an amount is payable to the Province under subclause 2.01(a)iv(B) shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under

[4] **Note:** The Province will be entitled to receive cash flows that would have been required to pay Approved Obligations remaining under the payment waterfalls after satisfaction of all Approved Obligations. Further consideration is required in order to ensure these amounts are paid to the Province, despite those amounts not being paid on a "Guarantee Payment Date" (ie. no amount is paid by the Province under the Limited Guarantee on those later Payment Dates, so currently not covered as not arising on a Guarantee Payment Date). Those residual entitlements must be included as "Subrogation Amounts".

such subclause (including any right or reimbursement, contribution or indemnity) and no such Beneficiary shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of such amounts.

v. On any Guarantee Payment Date, the Indenture Trustee shall release and pay to the Province free and clear of any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay Beneficiary Payees on the Guarantee Payment Date in accordance with clause 2.01(a)iii.

vi. In preparing any payment instructions under the Trust Indenture, the Manager shall reflect the amounts payable for the Guarantee Payment Date under Section 2.01(a).

(b) The Province shall, as a payee of Subrogation Amounts under clause 2.01(a)(iv)(B) and any amounts payable under clause 2.01(a)(v)**,** be a "Specified Creditor" under the Trust Indenture and have the benefit of the Collateral thereunder.

(c) For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the Approved Obligation Amounts, if any, for payment to Beneficiary Payees and will be subject to the priorities and to the Province's rights to Subrogation Amounts, set forth in Section 2.01(a).

(d) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(e) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation by their terms.

(f) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under and in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any

amount due and payable to a Beneficiary Payee under the Limited Guarantee.

2.02 Intentionally Deleted.

2.03 Absence of Set-off

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 Payment into Protection Account in Satisfaction

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account" for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section **[7.03]** of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Financing Entity and the Indenture Trustee shall ensure that all amounts paid by the Province into the Protection Account on a Guarantee Payment Date in respect of an Approved Obligation are applied to pay the amounts due and payable to the Beneficiaries as and to the extent provided for in Section 2.01(a). Upon a payment having been made by or on behalf of the Province into the Protection Account, the amounts so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiaries as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such Beneficiaries in respect of the applicable Approved Obligations, whereupon an affected Beneficiary shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid. For greater certainty, the obligations arising in respect of an applicable Approved Obligation shall not be

reduced by such payment as the Province shall become entitled to be paid related Subrogation Amounts and the rights contemplated under Section 2.01(a) and Section 5.01 in relation to such continuing obligations.

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations in accordance with Section 8.01.

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

A Primary Obligation shall constitute an Approved Obligation if (i) the Adherence Conditions applicable thereto have been satisfied at the time the Primary Obligation was incurred, or (ii) the Province, in its sole discretion, designates in writing that it is an Approved Obligation.

4.02 Adherence Conditions

The following shall be the Adherence Conditions applicable in relation to each Certified Primary Obligation:

(a) the Certified Primary Obligation when incurred is an Obligation Secured under the Trust Indenture; and

(b) OPG, as FSM, delivers a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee, on or before the incurrence of a Certified Primary Obligation (provided that delivery may not be more than 5 Business Days before the incurrence of the Certified Primary Obligation), confirming that OPG has delivered to the Province a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation; and

(c) in respect of a Certified Primary Obligation other than a Refinancing of a Primary Obligation in respect of which the Adherence Conditions had been satisfied, the Province has not provided a Suspension Notice to the Indenture Trustee, OPG and the Financing Entity.

For greater certainty, (y) satisfaction of the Adherence Conditions for a Certified Primary Obligation shall be deemed satisfaction of the Adherence Conditions in respect of all principal, interest and other amounts owing under the Certified Primary Obligation, as such Certified Primary Obligation may be amended, restated, supplemented or otherwise modified from time to time, and (z) there shall be no Adherence Conditions applicable in relation to a Primary Obligation that is not a Certified Primary Obligation.

4.03 Evidence of Satisfaction

A closing certificate delivered in accordance with Section 4.02(b) in connection with an incurrence of a Certified Primary Obligation shall be determinative as to whether the applicable Adherence Conditions with respect thereto have been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same. A closing certificate that purports on its face to be signed by officers specified in Section 4.02(b) may be relied upon by any addressee without further enquiry or evidence as to the incumbency or signatures of such officers. If a closing certificate is not delivered in accordance with the timing requirements of Section 4.02(b) in respect of a Certified Primary Obligation, such certificate may be delivered at a later date, and be effective as if it had been delivered in accordance with the timing requirement of Section 4.02(b), if at the time such certificate was required to be delivered OPG had delivered to the Province all certifications required by the Province in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation.

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, including (i) the right and entitlement to be paid and receive the related Subrogation Amounts, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and

the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including **[Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 7.12 (Payments Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Section 8.14 (Limited Recourse), Article IX (The Indenture Trustee), including all limitations of liability thereunder, Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition)]**; (ii) consents, requests and authorizes the Issuer and the Indenture Trustee to (x) add the Province to the register of Specified Creditors described in subsection **[13.13(b)]** of the Trust Indenture and (y) disseminate the notice details of the Province to other Specified Creditors for the purposes set out in subsection **[9.14(b)]** of the Trust Indenture, and (iii) confirms that it will execute and deliver, or cause to be executed and delivered, all such further agreements, documents and instruments in connection with this Section 5.01 as the Indenture Trustee ~~shall send notices to the Province, in its capacity as a Specified Creditor, in accordance with Section 8.02.~~may request from time to time for the purpose of giving effect to the terms of this Section 5.01.

5.02 Priorities

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation shall rank equally with the rights, interests and entitlements of a Beneficiary to whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture in the manner and to the extent contemplated in Section ~~7.1~~7.10(d) of the Trust Indenture.

5.03 Intentionally Deleted

5.04 Representations and Warranties

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
INDENTURE TRUSTEE MATTERS

6.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

6.02 Not Responsible for Recitals

The recitals contained herein will be taken as the statements of the Province, the Financing Entity and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

6.03 Representations and Covenants of the Indenture Trustee[45]

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada; and

(b) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada.

[45] **Torys Note:** The Indenture Trustee asked us to delete these representations. They will not provide these types of representations without attaining a legal opinion from outside counsel. To avoid delay, we would ask that the parties agree to this deletion. **Note to Torys:** The representations provided by the Indenture Trustee should be consistent with those in the Trust Indenture.

ARTICLE VII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

7.01 Suspension Notice

Upon:

(a) a Program Breach;

(b) a default in the performance, or breach, of any covenants of OPG, as FSM, or OPG, in its corporate capacity, in each case to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the ~~adherence~~provision of the Limited Guarantee, which continues for thirty (30) days after written notice by the Province to OPG of such default or breach;

(c) a representation or warranty made by OPG or a certification made by one or more officers of OPG, in each case whether as FSM or in its corporate capacity, to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the ~~adherence~~provision of the Limited Guarantee, proves to be incorrect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation; or

(d) the FSM no longer being the Manager or actions having been taken by or on behalf of the Indenture Trustee to remove the FSM as the Manager,

the Province may declare that the Limited Guarantee under this Agreement shall not apply to any Primary Obligations incurred on or after such declaration, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied (provided that the Refinancing is an Approved Obligation), by delivering a written notice in the form of Exhibit B (a "**Suspension Notice**") to the Indenture Trustee, the FSM and the Financing Entity.

The Limited Guarantee shall apply to any Certified Primary Obligation incurred after a Suspension Event on the basis that it is a Refinancing (provided that such Refinancing is an Approved Obligation) only if the FSM certifies to the Province in writing prior to the incurrence that the proceeds of such incurrence will be used solely for the purposes of repaying one or more Certified Primary Obligations incurred prior to the Suspension Event and to which the Limited Guarantee adhered as of the time the Suspension Event occurred, and the delivery of such written certification by the FSM to the Province shall be determinative for the purposes of concluding that such incurrence is a Refinancing for the purposes of Sections 7.01, 7.02 and 7.03.

7.02 Suspension

If a Suspension Notice has been provided under Section 7.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of any

Primary Obligation incurred or amended on or after the time such Suspension Notice is delivered, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied (provided that the Refinancing is an Approved Obligation).

7.03 No Impact on Adherence

For greater certainty, the occurrence of a Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event or in respect of any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied (provided that the Refinancing is an Approved Obligation).

ARTICLE VIII
MISCELLANEOUS

8.01 Term of Agreement

This Agreement will continue until the date that no amount is or may become due and payable by the Province under the Limited Guarantee.

8.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust

700 University Avenue

Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: Manager, Corporate Trust
Fax: (416) 981-9777
Email: corporatetrust.toronto@computershare.com

(b) if to the FSM:

Ontario Power Generation Inc.

700 University Avenue

Toronto, Ontario M5G 1X6

Attention: General Counsel
Fax: (416) 592-4189

(c) if to the Province:

Ministry of Finance

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 8.02.

8.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section 8.03 shall be null and void.

8.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

8.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

8.07 ~~Intentionally Deleted~~Notice to Rating Agencies

OPG, as FSM, shall deliver prompt written notice to the Rating Agencies on occurrence of (i) a Protection Event; (ii) receipt of a Suspension Notice delivered by the Province pursuant to Section 7.01; and (iii) an assignment of this Agreement by any party pursuant to Section 8.03.

8.08 Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their benefits hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

8.09 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, IN ITS CAPACITY AS TRUSTEE OF FAIR HYDRO TRUST, AS ISSUER, BY ONTARIO POWER GENERATION INC., NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Action**" has the meaning ascribed thereto under the Trust Indenture.

"**Adherence Conditions**", means, in respect of a Certified Primary Obligation, the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of a Guarantee Payment Date, the aggregate of the Approved Obligation Amounts for such Guarantee Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, for a Beneficiary in respect of an Approved Obligation under which an amount is due and payable on a Guarantee Payment Date:

(a) if no Acceleration has occurred in respect of any Obligation Secured on or before the Guarantee Payment Date, the amount due and payable to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation (for greater certainty, determined on the assumption that there are adequate amounts available under the applicable payment provisions of the Trust Indenture to pay in full all amounts referred to in such payment provisions that are due and payable on the Guarantee Payment Date); and

(b) if an Acceleration has occurred in respect of any Obligations Secured on or before the Guarantee Payment Date, the amount that would be available to be paid to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation under the applicable payment provisions of the Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with such applicable payment provisions of the Trust Indenture in respect of each relevant month during each Reference Period is equal to the estimated Finance Amount determined in respect of such Reference Period for purposes of section 15(1) of the Act (in effect on the date hereof)[5] divided by the number of months in such Reference Period.

[5] ~~**Note to Province**: MOE should confirm that this captures the limitations contemplated in connection with any "acceleration" under the revised Regulation. Consider whether it is necessary to refer specifically to the Regulation to avoid any disconnect, and to tie-in specifically to the context of the acceleration scenario applicable at the time.~~

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Beneficiary Payee**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Certified Primary Obligations**" means Primary Obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest or to repay payment obligations that were incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest,[6] (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not each individual trade confirmation, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and aggregate payments by the Financing Entity thereunder during the term of such contract is in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).[7]

"**Change of Law Protection Agreement**" means this Agreement.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Eligible Deposit Account**" has the meaning ascribed thereto in the Trust Indenture.

[6] **Torys Query**: For a warehouse facility, does the Province want a Certificate for each monthly draw? **Note to ~~Province:~~** ~~Please advise. We may respond that to extent the draw is a Certified Primary Obligation, we would like to maintain the process set out in this Agreement~~**Torys:** Yes.

[7] **Note to Province**: Torys suggests that this concept reflects what Primary Obligations the parties agreed to be subject to the adherence conditions. Province to confirm that this is their understanding from meeting on Tuesday, November 21, particularly prongs (ii) and (iii) of the definition.

"**Eligible Institution**" has the meaning ascribed thereto in the Trust Indenture.

"**Executive Officer**" has the meaning ascribed~~ thereto in~~ to the term "executive officer" in National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators.[8]

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the first paragraph of this Agreement until a successor Financing Entity Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and the Declaration of Trust, and thereafter "Financing Entity Trustee" means and includes such Person.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Guarantee Payment Date**" has the meaning ascribed thereto in Section 2.01(a)i.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act.

[8] ~~**Note to Torys:** We have used the definition from NI 51-102 as there is only a definition of "officer" (but not "executive officer") in the OSA. **Note to Province:** Province to confirm that scope is acceptable. In NI 51-102, "Executive officer" means an individual who is (a) a chair, vice-chair or president; (a.1) a chief executive officer or chief financial officer; (b) a vice-president in charge of a principal business unit, division or function including sales, finance or production; or (c) performing a policy-making function in respect of the issuer". If you prefer, we may use the definition of "officer" from the *Securities Act*. "Officer" means (a) a chair or vice-chair of the board of directors, a chief executive officer, a chief operating officer, a chief financial officer, a president, a vice-president, a secretary, an assistant secretary, a treasurer, an assistant treasurer and a general manager; (b) every individual who is designated as an officer under a by-law or similar authority of the registrant or issuer, and (c) every individual who performs functions similar to those normally performed by an individual referred to in clause (a) or (b).~~

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Issuer Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Issuer Funding Obligation**" has the meaning ascribed thereto in the Trust Indenture.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Lien**" has the meaning ascribed thereto in the Trust Indenture.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(a).

~~"**Loan Agreement**" has the meaning ascribed thereto in the Trust Indenture.~~

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity, as amended, supplemented, restated or otherwise modified from time to time.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Agreement**" means an agreement in the form of an ISDA Master Agreement as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, as amended, supplemented, restated or otherwise modified from time to time.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account or Finance Reserve Account; and (ii) any obligation to pay the Financing Entity or on the Financing Entity's direction any remaining amounts in the Collection Account pursuant to the Trust Indenture.[~~9~~8]

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.[~~10~~9]

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

[~~9~~8] **Torys Note:** These changes were made to conform to the most current version of the Trust Indenture, a copy of which will be circulated soon. Additionally, money in the Collection Account is required to flow through the waterfall and is not required to be held in the Collection Account otherwise. **Note to Torys:** Please confirm. The Trust Indenture states that if extra cash is available in the Collections Account, it can be held until a subsequent Payment Date.

[~~10~~9] **Torys Note:** We deleted early amortization events because that is no longer a concept used in the Trust Indenture. **Note to Torys:** Early amortization events may be included in a supplemental indenture so we think retaining that reference makes sense.

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that materially and adversely affects (a) the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured, or (b) this Agreement or any of the agreements under which Obligations Secured arise; or

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that materially and adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Obligations Secured that have become due and payable.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency Condition" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Reference Period**" has the meaning ascribed thereto in the Act.

"**Refinancing**" has the meaning ascribed to the term "refinancing" in the Act as of the date hereof, as more particularly described and given meaning in the General Regulation as of the date hereof.[11][10]

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

[11][10] **Torys Note:** Refinancings can occur up to six months prior to the application of the refinancing proceeds to the existing obligation. The regulations provide that if the refinancing proceeds are not applied to repay the intended funding obligation, then it is not a Refinancing. Accordingly, we have revised the definition to ensure that Refinancings do not have to be simultaneous with repayment of the existing Approved Obligation (we understand from the dealers that in most circumstances they will not be). **Note to Province Torys**: The General Regulation specifically provides that debt can be considered a "Refinancing" when incurred within the 6 months prior to the maturity date of a funding obligation. The Act/Regulation's definition doesn't require that "Refinancings" are simultaneous with the repayment of existing Approved Obligations. Consider if further discussion is required and MOE to specifically confirm understanding of the Regulation on this point We have added a certificate mechanic in 7.01 by which there can be certainty when an obligation is incurred that if the obligation is intended to be a refinancing, it will be covered by the guarantee.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Subrogation Amounts**" has the meaning ascribed thereto in subclause 2.01(a)iv(B).

"**Supplemental Indenture**" has the meaning ascribed in the Trust Indenture.

"**Supplemental Reserve Account**" has the meaning ascribed in the Trust Indenture.

"**Suspension Event**" has the meaning ascribed thereto in Section 7.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 7.01.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

EXHIBIT A
FORM OF PAYMENT DEMAND

TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Pursuant to and in accordance with section 2.01(a) of the Change of the Law Protection Agreement, the Indenture Trustee hereby demands payment from the Province in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in the Change of Law Protection Agreement.

DATED as of the [■] day of [■], [■].

BNY TRUST COMPANY OF CANADA

By:
Name:
Title:

By:
Name:
Title:

EXHIBIT B
SUSPENSION NOTICE

TO: Ontario Power Generation Inc., in its capacity as Financial Services Manager

AND TO: Fair Hydro Trust

AND TO: Computershare Trust Company of Canada, in its capacity as trustee of Fair Hydro Trust

AND TO: BNY Trust Company of Canada, as Indenture Trustee

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement. All references in this Suspension Notice to "Articles" or "Sections" refer to Articles or Sections of the Change of Law Protection Agreement.

The Province has a reasonable basis for concluding that an event described in Section 7.01 has occurred. Pursuant to Section 7.01, the Province hereby declares that the Limited Guarantee shall not apply in respect of any Primary Obligation incurred or amended on or after the delivery of this Suspension Notice, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied, in accordance with the terms and conditions in Article VII.

The Limited Guarantee shall hereby not apply in respect of any Primary Obligation incurred or amended on or after delivery of this Suspension Notice, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied.

This Suspension Notice is hereby delivered to the FSM, the Financing Entity and the Indenture Trustee in accordance with Section 8.02 of the Change of Law Protection Agreement.

* * * *

DATED as of the [■] day of [■], [■].

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

Document comparison by Workshare Compare on Sunday, December 03, 2017 11:39:43 AM

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Document 1 ID	PowerDocs://TOR_2528/23239360/20
Description	TOR_2528-#23239360-v20-Change_of_Law_Protection_Agreement
Document 2 ID	PowerDocs://TOR_2528/23239360/21
Description	TOR_2528-#23239360-v21-Change_of_Law_Protection_Agreement
Rendering set	standard

Legend:	
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Split/Merged cell	
Padding cell	

Statistics:	
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Deletions	47
Moved from	1
Moved to	1
Style change	0
Format changed	0
Total changes	104

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.

CHANGE OF LAW PROCESS AGREEMENT[1]

Dated as of [■], 2017

[1] This Agreement and the Protection Agreement will need to be effective on closing but signed and held in escrow as soon as they are settled ~~and prior to pricing of the term deal~~. **Note to Torys:** Closing mechanics under consideration by the Province.

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**") is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.

Pursuant to a Declaration of Trust dated as of [■], 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions.

Prior to entering into this Agreement, OPG provided the Province with the proposed forms of certain of the Transaction Documents, and the Province has not objected to such forms.

This Agreement sets out the obligations OPG has agreed to perform and assurances OPG has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the Adherence Conditions have been satisfied, maintaining information related to the Program Agreements and the Approved Obligations, and ensuring that the Province's assumption rights pursuant to Article VI of the Change of Law Protection Agreement may be exercised without impediment on the terms and conditions contemplated in this Agreement and the Change of Law Protection Agreement.

All things necessary to make this Agreement a valid and legally binding agreement of OPG and the Province, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this

Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 References to the Financing Entity

For greater certainty, each reference to the Financing Entity shall be construed as a reference to the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 Effect of Headings

The Article and Section headings herein and are for convenience only and will not affect the construction hereof.

1.04 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.06 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF OPG

2.01 Deliveries to the Province

(a) Not less than 15 Business Days, or such lesser period as the Province may agree to in writing, prior to the initial issuance of any Funding Obligation by the Financing Entity, OPG shall deliver to the Province a copy of the initial Financing Plan. Thereafter, OPG shall promptly deliver to the Province a copy of any proposed change to or replacement of the Financing Plan.

(b) Not less than 10 Business Days, or such lesser period as the Province may agree to in writing, prior to (i) any proposed change or supplement to a previously provided Transaction Document becoming effective or otherwise being used, (ii) any additional or replacement Transaction Document becoming effective or otherwise being used, OPG shall deliver to the Province a copy of such proposed change or supplement to the Transaction Document and any such additional or replacement Transaction Document.

(c) Promptly following (i) any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor being made, (ii) any new, additional or replacement instruments, documents, agreements or security being used or granted in connection with all or any part of the Approved Obligations, or (iii) any waiver, release, reconveyance, termination, abandonment, subordination, exchange, substitution, transfer, compound, compromise, liquidation or enforcement of all or any part of the Approved Obligations or any security or guarantee therefor being effected, OPG shall deliver to the Province a detailed description of such event and the reasons for it together with any related documents, agreements and instruments.

(d) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, OPG shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations (including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(e) Promptly upon request, OPG shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

2.02 <u>Covenants</u>

(a) OPG shall use commercially reasonable efforts to cause the Financing Entity to:

(i) punctually perform and observe all of the Financing Entity's obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not (unless waived in writing by the Province):

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement or replacement or waiver or consent could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any change in particular financial terms, rates and levels;

(B) extend, renew, compromise, novate, replace, suspend, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, liquidate or enforce the terms of all or any part of the Approved Obligations or any Collateral, if any such action could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to the extent that only particular financial terms, rates and levels are affected;

(C) permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired; or

(D) allow the Financing Entity to enter into any Supplemental Indenture or Loan Agreement where any penalty or make-whole payment, or any requirement for further consent, approval or agreement, of the Specified Creditor party thereto would be required for the Province to assume the Obligations Secured thereunder.

(b) OPG shall:

(i) comply, and shall use commercially reasonable efforts to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

(ii) punctually perform and observe all of its (including as the FSM and as Manager) obligations and agreements contained in the Program Agreements;

(iii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation; and

(iv) after the occurrence of any Protection Event (or any event known to OPG that with the passage of time or the giving of notice would be a Protection Event), not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.

(c) Nothing in this Agreement shall limit the obligations of the Province under the Indemnity Agreement by the Province in favour of OPG dated June 1, 2017 (as amended, the "**Indemnity Agreement**") and to the extent of any conflict between this Agreement and such Indemnity Agreement, in respect of any matter relating to the Province's obligations to indemnify OPG, the Indemnity Agreement shall prevail.

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate

OPG shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Province, on or before the incurrence or any amendment[2] of a Funding Obligation, other than any Funding Obligation under which not more than $~~•~~**[5,000,000]** in the aggregate may become payable by the Financing Entity (provided that delivery may not be more than 5 Business Days before the incurrence or amendment of the Funding Obligation), setting out the following with respect to such Funding Obligation:

(a) the material terms of the Funding Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a Derivative Agreement, the notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

(b) if an existing Funding Obligation is proposed to be amended, material details respecting such amendment, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

[2] ~~**Note to Province:** Please confirm that the timing of the delivery of the Process Certificate is satisfactory to you. The Process Certificate is delivered "on or before" incurrence or amendment. If preferable, we can revert back to the prior timing, which was delivery on the earlier of incurrence/ amendment, or pricing.~~

(c) a statement to the effect that: (i) the Funding Obligation to be incurred or amended (1) will arise under terms and conditions that are Substantially in the Form of the Reference Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reference Documentation;

(d) a statement confirming that any disclosure made in respect of the Funding Obligation (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to the Funding Obligation) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement has been made available to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made;

(e) a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and

(f) confirmation that, at the time the Funding Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Funding Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the ~~then applicable~~ Protection Agreement Maximum~~;~~ applicable on the date that the Process Certificate is delivered;[2] for clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be determined on the date the Process Certificate is delivered hereunder in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

[2] **Note to Torys:** We believe the revision makes clear that OPG is only certifying as to the Protection Agreement Maximum as at the date the Process Certificate is delivered.

3.02 Acknowledgement regarding delivery of certificate under Change of Law protection Agreement

The Province acknowledges and agrees that, concurrent with the delivery of the Process Certificate pursuant to Section 3.01 of this Agreement, the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) are authorized to deliver the certificate referred to in **[Subsection 4.02(b)]** of the Change of Law Protection Agreement to the Indenture Trustee confirming that OPG has delivered all required certifications to the Province in connection with adherence of the Limited Guarantee to the incurrence of the Certified Primary Obligations in respect of which the certificate in **[Subsection 4.02(b)]** of the Change of Law Protection Agreement is being delivered; provided that, upon receipt of a Suspension Notice under the Change of Law Protection Agreement, OPG covenants not to deliver any further certificates to the Indenture Trustee under **[Subsection 4.02(b)]** of the Change of Law Protection Agreement other than in connection with a Refinancing of a Primary Obligation in respect of which the Adherence Conditions had been satisfied at the time such Primary Obligation was incurred.

3.03 Acknowledgement regarding delivery of Suspension Notice

The parties acknowledge and agree that the Province is entitled to deliver a Suspension Notice under **[Section 7.01]** of the Change of Law Protection Agreement if a Program Breach or Breach Event has occurred. The Province agrees not to deliver a Suspension Notice pursuant to **[Section 7.01]** of the Change of Law Protection Agreement unless a Program Breach or a Breach Event has occurred.

3.04 <u>Meaning of "Reference Documentation"</u>

For the purposes of Subsection 3.01(c), the term "Reference Documentation" shall mean each Transaction Document (including any change, addition or supplement thereto) that, at the relevant time:

(a) is a Transaction Document provided to, and not objected to by, the Province prior to the making of this Agreement, as contemplated in the fifth recital to this Agreement; or

(b) is a Transaction Document provided to the Province in accordance with Subsection 2.01(b) that has not been objected to by the Province, by delivery of an objection notice in writing delivered to OPG, within 10 Business Days after it is provided to the Province.

3.05 <u>Meaning of "Substantially in the Form"</u>

For the purposes of Subsection 3.01(c), the term "Substantially in the Form" shall mean:

(a) with respect to the Reference Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between

the proposed documents and such Reference Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation, including regarding the timing of or circumstances under which related payments are or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that would affect the Province's rights of subrogation or assignment (including pursuant to **[Section 5.01]** of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation; provided, however, that the foregoing does not apply to any variable terms to be set forth in the proposed documents as are reasonably contemplated in the Reference Documentation, including the particular financial terms, rates and levels set forth in the proposed documents other than to the extent that the forms of Reference Documentation themselves specify specific requirements, limitations or parameters with respect to such financial terms, rates, levels and parameters; and

(b) with respect to the Reference Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum

(a) Not less than 15 Business Days, or such lesser period as the Province may agree to in writing, prior to the proposed incurrence of the first Funding Obligation, OPG shall, as the FSM, deliver to the Province: (i) a forecast setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the next following 24 month period (the "**Initial Forecast Period**"), which expectations shall be consistent with the Financing Plan (the "**Initial Forecast**"); and (ii) notice of the initial Protection Agreement Maximum, which may not exceed the Initial Forecast.

(b) Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of the Initial Forecast and notice of the initial Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province may disagree with the Initial Forecast and the initial Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or the Initial Forecast, (ii) the Initial Forecast is inconsistent with the Financing Plan, or (iii) the initial Protection Agreement Maximum is more than the Initial Forecast. If the Province disagrees, OPG shall discuss any

discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the initial Protection Agreement Maximum will be revised accordingly and confirmed by an amended notice to the Province.

(c) Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Approved Obligations that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast shall be further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum, which may not exceed such Forecast.

(d) Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of any further Forecast and notice of the revised Protection Agreement Maximum from OPG pursuant to Section 4.01(c), the Province may disagree with such further Forecast or revised Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or such further Forecast, (ii) the further Forecast is inconsistent with the Financing Plan, or (iii) the revised Protection Agreement Maximum is more than the further Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the revised Protection Agreement Maximum will be further revised accordingly and confirmed by an amended notice to the Province.

(e) For clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be valued at the time to be determined for the purposes of this Section 4.01 in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of OPG

OPG represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, may cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario and has the power and authority to enter into and perform its obligations under this Agreement and all instruments and agreements delivered pursuant hereto.

(c) OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Financing Entity or in the ability of the Financing Entity to perform its obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

5.02 Representations and Warranties of the Province

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
BREACH EVENTS

6.01 Breach Events

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

(a) a default in the performance, or breach, of any covenants of OPG under this Agreement, which continues for thirty (30) days after written notice by the Province to OPG of such default or breach;

(b) any representation or warranty made by OPG in this Agreement, any certification made in a Process Certificate, or any certification made in a certificate contemplated by Section **[4.02]** of the Change of Law Protection Agreement, proves to be incorrect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation; or

(c) OPG is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the Manager.

ARTICLE VII
MISCELLANEOUS

7.01 Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

7.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to OPG:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

(b) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 7.02.

7.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 7.03 shall be null and void.

7.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

7.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

7.06 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

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

By: _____

Name:
Title:

By: _____

Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Conditions**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Approved Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Beneficiaries**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Breach Event**" has the meaning ascribed thereto in Section 6.01.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Certified Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the FSM on behalf of the Financing Entity and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes,

bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

"**Executive Officer**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Financing Entity**" means Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(c).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Indenture Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Initial Forecast**" has the meaning ascribed thereto in Section 4.01(a)

"**Initial Forecast Period**" has the meaning ascribed thereto in Section 4.01(a)

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Limited Guarantee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Loan Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**Management Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Manager**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Program Breach**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Protection Agreement Maximum**" means the dollar amount referenced as the Program Agreement Maximum and determined in accordance with Article IV.

"**Protection Event**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture.

"**Reference Documentation**" has the meaning ascribed thereto in Section 3.04.

"**Repayment**" has the meaning ascribed to the term "repayment" in the General Regulation as of the date of this Agreement.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Substantially in the Form**" has the meaning ascribed thereto in Section 3.05.

"**Suspension Notice**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement; (vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that affects the Province's subrogation rights and/or subrogee interests, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

Document comparison by Workshare Compare on Sunday, December 03, 2017 11:41:21 AM

Input:	
Document 1 ID	PowerDocs://TOR_2528/23239361/17
Description	TOR_2528-#23239361-v17-Change_of_Law_-_Process_Agreement
Document 2 ID	PowerDocs://TOR_2528/23239361/18
Description	TOR_2528-#23239361-v18-Change_of_Law_-_Process_Agreement
Rendering set	standard

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

Statistics:	
	Count
Insertions	13
Deletions	15
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	28

From:	Hanslep, Malle (MOF)
To:	Ken Kandeepan; Mike Manning; Gadi Mayman; Anna Strathy
Cc:	Tobias P. Whitfield (MOF)
Subject:	Fw: Fair Hydro -- Revised Program Agreements
Date:	Monday, December 18, 2017 11:18:07 AM
Attachments:	Redline Dec 14 Warehouse Snr Supp Indenture from Torys Hydro.pdf Redline of Junior Warehouse against Senior Warehouse Dec 14 from Torys Hydro.pdf Redline Dec 14 Master Trust Indenture from Torys Hydro.pdf

---

Unfortunately I'm not in today but it does seem that some of these points need to be worked through.

Sent from my BlackBerry 10 smartphone on the Rogers network.
From: ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>
Sent: Monday, December 18, 2017 11:00
To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); McKinlay, Tom (MAG); Thouin, Alena (ENERGY)
Cc: PALMER, AARON
Subject: Fair Hydro -- Revised Program Agreements

Hi,

Based on our limited review of the changes to the attached financing documents (circulated by Torys), we thought the following points may be of interest to the Province:

· Several new Events of Default have been introduced in the Trust Indenture, which will give senior noteholders an acceleration right, including:

· the Trust fails to maintain its existence or its status as a “financing entity” under the Act (as you will recall, we had some technical concerns regarding whether a “trust” fits the Act’s description – and since this point was not specifically addressed, someone could make that technical argument to try to cause an acceleration of the Trust’s obligations)

· a Suspension Notice being delivered by the Province (this will significantly raise the stakes for the Province if it wishes to address OPG issues through the suspension mechanics of the Process Agreement – and it is not clear to us why this circumstance should be considered to be an event that necessarily accelerates the obligations of the Trust) – see 2017-1 Warehouse Supplemental, definition of Series 2017-1 Event of Default

· any “Servicer Default” (e.g., an OPG or IESO insolvency event, or OPG failing to remit Clean Energy Adjustment collections to the Trust for 3 days after notice is given)

· a provision in respect of aggregate drawings from the cash reserve account (if you are interested to understand this one, we will need Torys to explain because the drafting and intention is unclear (see Section 8.01(i)).

There are also several instances where prior terms have been tightened or cure periods have been removed in the most recent drafting.

· The Protection Agreement subrogation provisions are now adequately reflected in the Trust Indenture, subject to a couple of technical points where the drafting does not precisely track Protection Agreement s. 2.01. We will provide Torys those clean-ups.

· A deeming provision has been added (Trust Indenture s. 12.02) that provides that if the Trust fails to deliver adherence certificates under the Protection Agreement, the Trust will be deemed to represent to the Indenture Trustee that the obligations incurred not to be Certified Primary Obligations (i.e., no adherence conditions to apply). It is unclear what this provision is meant to do generally, but its effect from the Province’s standpoint may be that the Indenture Trustee may be less likely to enquire as to the requirements for adherence since they will have a safe harbour if no adherence certificate is in fact delivered. You will recall that we had worked to incorporate a failsafe mechanic so that the Indenture Trustee would know to ask for confirmation of adherence conditions. On the plus side, the conditions precedent in the Trust Indenture have now been revised so that new issuances by the Trust will pick-up the corresponding deliveries related to adherence under the Protection Agreement.

· There are a number of changes that reflect the relative composition of the Senior, Subordinated and Junior debt and related requirements (described below). These are beyond the scope of our review, but may be of interest to the Province to the extent that these changes relate to internal arrangements struck with OPG or impact accounting considerations.

· Several changes introduce an “IESO Cash Reserve Account” and related mechanics. These are beyond the scope of our

review, but may be of interest to the Province to the extent that these changes may impact anticipated internal arrangements between IESO and OPG or impact accounting considerations.

· There is now (see Trust Indenture s. 13.08) a prohibition on incurring debt other than pursuant to the warehouse, where a refinancing would be needed to repay principal. During our Monday meeting, the suggestion had been that this sort of prohibition would be lifted upon satisfaction of the Rating Agency Condition – which practically would let OPG issue shorter maturities so long as the rating agencies were satisfied that the prospects for refinancing were sufficient. That opportunity is not reflected in the drafting, with the result that OPG will be effectively prevented from issuing shorter maturity debt – even if that would be the economically efficient outcome for the Trust. This is also self-benefiting for the warehouse banks since the prohibition exempts mismatch financings through the warehouse – entrenching the warehouse's singular importance in the funding scheme.

· The Process Agreement is now baked into some of the financing terms (e.g., 2017-1 Warehouse Supplemental Indenture, s.4.1(c) and 6.1(f)), making it more likely that the Process Agreement will be viewed at the relevant time as a "Program Agreement" – with the result that the Province's ability to agree to changes with OPG behind the scenes will be materially curtailed (see my notes on this point from last Thursday). Any change to a Program Agreement will require (pursuant to 2017-1 Warehouse Supplemental Indenture, s.6.01(e)), the consent of all of the warehouse banks (and in the future, possibly some % of Noteholders to be specified in the applicable future supplemental indenture).

Also, FYI, some additional colour on the Warehouse Financing has now been provided as a result of some blanks being completed in the Supplemental Indentures and Trust Indenture:

· Issuance could occur as soon as December 21. (Issuance may close two days after signing unless the note purchasers waive the two day notice requirement.)

· The Warehouse revolving period will run through December 2019, with principal repayment due Oct. 2021 if not prepaid and not extended

· No commitment size for the facility has yet been indicated and there is no indication who is in the lending syndicate (except that RBC is Admin Agent)

· The fee letter (which has not been provided) will specify the commitment fees and applicable margins above the BA Rate that will apply on Senior Warehouse Notes.

· Subordinated Warehouse Notes to be purchased by OPG will earn the average rate earned on Senior Warehouse Notes plus 0.10% per annum. Junior Subordinated Warehouse Notes to be purchased by OPG will earn the average rate earned on Senior Warehouse Notes plus [1.10%] per annum.

· The Trust Indenture now specifies that the required level of Subordinated Notes (subordinated plus junior subordinated) is 35% of the aggregate amount of Notes outstanding, and at least 10% of outstanding Notes must be Junior Subordinated Notes. Based on the specified increase ratios in the Warehouse supplements, it appears that the actual breakdown will be approximately 50:39:10 (Senior:Subordinated:Junior).

· It appears that the intention is that there will be no cash reserve amounts required for the warehouse notes until May 2021. However, there appears to be unclear drafting in the Supplements s. 4.2(f)(ii) which could be read as suggesting that following any additional drawing on the warehouse facility (after Dec 2017) (an "Increase") all additional interest amounts arising from such Increase date out to May 2021 shall be pre-funded in a reserve account

· IESO will fund a reserve account in April 2021 with a reserve amount equal to 0.5% of outstanding Note principal.

We hope this high-level summary is useful for you. Please let us know if you would like to discuss any of these items or if you would like us to follow up directly with Torys on any of these points.

Regards, Steve
Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com>
Dir: 416-863-3086

_____

[cid:image0a6176.GIF@983db453.4590a049]

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From: Saulnier, Brett [mailto:bsaulnier@torys.com]
Sent: Thursday, December 14, 2017 9:11 PM
To: Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>; Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>; Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>; Tom.McKinlay@ontario.ca<mailto:Tom.McKinlay@ontario.ca>; ASHBOURNE, STEPHEN; VINER, JON; PRESTAGE, JA; PALMER, AARON
Cc: 'leslie.wong@opg.com'; dup-john.s.lee@opg.com<mailto:dup-john.s.lee@opg.com>; 'ken.ryfa@opg.com'; Feldman, Michael; Ramchandani, Rima; Mansoori, Nina; Olusoga, Yinka
Subject: RE: Fair Hydro -- Revised Program Agreements

All,

Please find attached the latest drafts of the following documents:

1. Declaration of Trust
2. Management Agreement
3. Master Transfer and Servicing Agreement
4. IESO Security Agreement
5. IESO Acknowledgement and Indemnity Agreement
6. OPG Indemnity Agreement
7. Master Trust Indenture
8. Change of Law Protection Agreement
9. Change of Law Process Agreement
10. Warehouse Senior Supplemental Indenture

11. Warehouse Junior Supplemental Indenture

12. Warehouse Junior Subordinated Supplemental Indenture

Thanks,
Brett

Brett Saulnier
P. 416.865.8148 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.torys.com&d=DwIF-g&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=gV-xgZHI0tggSwOPXBdMOr4DyITzOyaIKJLqH9Oy-40&m=A29scS9ywRFqu4lSZQQy6uqJOGdc87rou25JjCvbEPI&s=A2KvZMH7P4Fi6Vk2Xu5e-8_aGDA9UEjg4k7vbnojqBE&e=
>

[Torys LLP]<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.torys.com_&d=DwIF-g&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=gV-xgZHI0tggSwOPXBdMOr4DyITzOyaIKJLqH9Oy-40&m=A29scS9ywRFqu4lSZQQy6uqJOGdc87rou25JjCvbEPI&s=pXepJuss1FjJfWFLx_Zio54f2IAH7jcfZZWaVpMt3mI&e= >

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WAREHOUSE

SENIOR SERIES 2017-1

SUPPLEMENTAL INDENTURE

between

FAIR HYDRO TRUST

by

COMPUTERSHARE TRUST COMPANY OF CANADA
as Issuer Trustee

and

BNY TRUST COMPANY OF CANADA
as Indenture Trustee

and

●ROYAL BANK OF CANADA
as Administrative Agent

and

CERTAIN CP CONDUIT PURCHASERS,
CERTAIN NON-CONDUIT PURCHASERS
CERTAIN FUNDING AGENTS
and CERTAIN GROUP BANKS

Made as of ●December [21], 2017

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FLOATING RATE VARIABLE FUNDING,
SERIES 2017-1 SENIOR NOTES

SUPPLEMENTAL INDENTURE made as of ●December [21], 2017, between **Computershare Trust Company of Canada**, a trust company established under the laws of Canada (the "**Issuer Trustee**"), in its capacity as trustee of **Fair Hydro Trust**, a trust existing under the laws of the Province of Ontario (in such capacity, the "**Issuer**"), **BNY Trust Company of Canada**, a trust company established under the laws of Canada (the "**Indenture Trustee**"), ●**Royal Bank of Canada**, in its capacity as the administrative agent for the Purchaser Groups (the "**Administrative Agent**"), the **Non-Conduit Purchasers** from time to time party hereto, the **CP Conduit Purchasers** from time to time party hereto, and the **Funding Agents** for the CP Conduit Purchaser Groups from time to time party hereto.

WHEREAS pursuant to the Trust Indenture, provision was made for the issuance of Notes from time to time;

AND WHEREAS pursuant to the Trust Indenture, Notes may be issued in one or more Series by the execution and delivery of a Supplemental Indenture;

AND WHEREAS the parties hereto are entering into this Supplemental Indenture to provide for the creation and issuance of the Series 2017-1 Senior Notes;

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

ARTICLE 1~~Article 1~~
INTERPRETATION

1.1 Definitions

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

(b) ~~The provisions of Section 1.1 of the Trust Indenture are applicable to this Supplemental Indenture.~~ Except as otherwise expressly provided or unless the context otherwise requires, all terms used herein which are defined in the Trust Indenture, either directly or by reference therein, have the meanings assigned to them in the Trust Indenture.

1.2 Interpretation

Subject to the next following sentences, this Supplemental Indenture is supplemental to the Trust Indenture and the Trust Indenture shall be read in conjunction with this Supplemental Indenture and all of the provisions of the Trust Indenture shall apply to and shall have effect in connection with this Supplemental Indenture in the same manner as if all of the provisions of the Trust Indenture and of this Supplemental Indenture were contained in one instrument. This

Supplemental Indenture shall, unless the context otherwise requires, be subject to the interpretative provisions contained in Article 1 of the Trust Indenture. If any terms of the Trust Indenture are inconsistent with the express terms or provisions hereof, the terms and provisions of the Trust Indenture shall be, solely in respect of the Series 2017-1 Senior Notes, amended and supplemented so as to be consistent herewith. The provisions of this Supplemental Indenture are applicable only in respect of the Series 2017-1 Senior Notes and not the Notes of any other Series.

1.3 Application of this Supplemental Indenture

With respect to the Series 2017-1 Senior Notes only, the terms of the Trust Indenture are amended, supplemented, modified, restated and replaced to the extent applicable by the terms of this Supplemental Indenture in respect of the Series 2017-1 Senior Notes in accordance with Section 1.2 above.

ARTICLE 2~~Article 2~~
PRINCIPAL TERMS

2.1 Creation of Series 2017-1 Senior Notes

There is hereby created a Series of Notes to be issued pursuant to the Trust Indenture and this Supplemental Indenture designated as the "**Floating Rate Variable Funding Senior Notes, Series 2017-1**."

2.2 Principal Terms

In addition to and without limiting any of the provisions of this Supplemental Indenture, the Series 2017-1 Senior Notes:

(a) will be designated as set out in Section 2.1;

(b) will be Senior Notes;

(c) will have a Stated Principal Amount equal to the Series 2017-1 Maximum Principal Amount;

(d) will not be issued in ~~Classes or~~ Tranches;

(e) will be denominated in Canadian dollars;

(f) will not be listed on any securities exchange;

(g) will have an Initial Dollar Principal Amount equal to the Series 2017-1 Initial Principal Amount;

(h) will be issued as definitive notes and will not be in the form of a Global Note;

(i) will be issued as Registered Notes and will be without coupons;

~~(j) will be Senior Notes;~~

(j) (k) will be substantially in the form of Schedule B, with such appropriate insertions, omissions, substitutions and variations as may be approved by the Issuer;

(k) (l) will have each Payment Date on and after the Payment Date in January, 2018 as an Interest Payment Date;

(l) (m) will have a Principal Payment Date that is the Series 2017-1 Principal Payment Date; Dates as determined under Section 3.7;

(m) (n) will have a Principal Payment Default Date that is the Series 2017-1 Principal Payment Default DateDates as defined herein; and

(n) (o) will have no minimum issue amount.

ARTICLE 3Article 3
NOTE PURCHASE FACILITY

3.1 Purchase of Notes by the Purchasers

(a) ***Initial Purchases***. Subject to the terms and conditions of this Supplemental Indenture, including delivery of notice in accordance with Section 3.3, (i) each Non-Conduit Purchaser shall purchase, and each CP Conduit Purchaser may, in its sole discretion, purchase a Series 2017-1 Senior Note in an amount equal to all or a portion of its Commitment Percentage of the Series 2017-1 Initial Principal Amount on any Business Day during the period from the date hereof to and including [December **15, 2017[21]**, 2017, and if any such CP Conduit Purchaser shall have notified the Administrative Agent and the Funding Agent with respect to such CP Conduit Purchaser that it has elected not to fund a Series 2017-1 Senior Note in an amount equal to its Commitment Percentage of the Series 2017-1 Initial Principal Amount on the Closing Date, the Group Bank with respect to such CP Conduit Purchaser shall fund on the Closing Date that portion of such Series 2017-1 Senior Note not to be funded by such CP Conduit Purchaser; and (ii) thereafter, (A) each Non-Conduit Purchaser shall maintain its Series 2017-1 Senior Note, subject to increase or decrease during the period from the Closing Date to and including the Commitment Expiry Date, in accordance with the provisions of this Supplemental Indenture, (B) if a CP Conduit Purchaser shall have purchased a Series 2017-1 Senior Note on the Closing Date, such CP Conduit Purchaser may, in its sole discretion, maintain its Series 2017-1 Senior Note, subject to increase or decrease during the period from the Closing Date to and including the Commitment Expiry Date, in accordance with the provisions of this Supplemental Indenture, and (C) the Group Bank shall maintain its Series 2017-1 Senior Note with respect to its Related Purchaser Group, subject to increase or decrease during the period from the Closing Date to and including the Commitment Expiry Date, in accordance with the provisions of this Supplemental Indenture. Payments by the Non-Conduit Purchasers, the CP Conduit Purchasers and/or the Group Bank with respect to the CP Conduit Purchasers shall be made in immediately available funds on the Closing Date in accordance with Section 3.3(d).

(b) ***Maximum Purchaser Group Principal Amounts***. Notwithstanding anything to the contrary contained in this Supplemental Indenture, at no time shall a Purchaser Group be required to make the initial purchase of a Series 2017-1 Senior Note or increase its Purchaser Group Principal Amount if the sum of (x) Purchaser Group Principal Amount with respect to such Purchaser Group, after giving effect to such purchase or increase, and (y) the sum of any unfunded Delayed Amounts with respect to such Purchaser Group, would exceed the Maximum Purchaser Group Principal Amount with respect to such Purchaser Group at such time.

3.2 Delivery

(a) On the Closing Date (or on any later date that any Purchaser Group becomes a party to this Supplemental Indenture), Series 2017-1 Senior Notes shall be executed, authenticated and delivered by the Issuer in accordance with Section 4.03 of the Trust Indenture (i) in the case of a CP Conduit Purchaser Group, in the name of the Funding Agent with respect to such CP Conduit Purchaser Group (or as otherwise requested by such CP Conduit Purchaser Group and agreed to by the Issuer) in an amount equal to the Maximum Purchaser Group Principal Amount with respect to such CP Conduit Purchaser Group and delivered to such Funding Agent; or (ii) in the case of a Non-Conduit Purchaser Group, in the name of the Related Non-Conduit Purchaser in an amount equal to the Maximum Purchaser Group Principal Amount with respect to such Related Non-Conduit Purchaser ~~Group~~ and delivered to such Related Non-Conduit Purchaser.

(b) The Administrative Agent shall maintain a record of the actual Purchaser Group Principal Amount outstanding with respect to each Purchaser Group and the actual Series 2017-1 Principal Amount outstanding on any date of determination, which, absent manifest error, shall constitute prima facie evidence of the outstanding Purchaser Group Principal Amounts and outstanding Series 2017-1 Principal Amount from time to time. Upon a written request from the Indenture Trustee, the Administrative Agent shall provide in writing the identity of the Purchaser Groups, the related Funding Agents for each CP Conduit Purchaser Group, the Purchaser Group Principal Amount for each Purchaser Group and the Commitment Percentage with respect to such Purchaser Group to the Indenture Trustee.

3.3 Procedure for Initial Issuance and for Increasing the Series 2017-1 Principal Amount

(a) (i) On any Business Day prior to ~~[~~December ~~**15, 2017**~~**[21]**, 2017, in the case of a Non-Conduit Purchaser Group, the Related Non-Conduit Purchaser hereby agrees, or in the case of a CP Conduit Purchaser Group, the CP Conduit Purchaser in such CP Conduit Purchaser Group may agree, in its sole discretion, and the Group Bank with respect to such CP Conduit Purchaser hereby agrees, that it will purchase a Series 2017-1 Senior Note for an initial purchase price equal to the Commitment Percentage with respect to such Purchaser Group of the Series 2017-1 Initial Principal Amount upon the request of the Issuer (the date on which the initial purchase occurs being referred to as the "**Closing Date**"); provided, however, that

the Issuer shall have given each of the Administrative AgentFunding Agents (with a copy to the Indenture Trustee) irrevocable written notice (effective upon receipt), by email communication, substantially in the form of Schedule C no later than [3 12:00 p.m.] (Toronto time) on the thirdsecond Business Day prior to the Closing Date. The written notice of the initial purchase of the Series 2017-1 Senior Notes shall state (x) the Closing Date, and (y) the initial total purchase price to be paid for the Series 2017-1 Senior Notes (the "**Series 2017-1 Initial Principal Amount**"); and (ii) subject to Section 3.3(e), on any Business Day during the period from the initial purchase of the Series 2017-1 Senior Notes hereunder to and including the Commitment Expiry Date, in the case of a Non-Conduit Purchaser Group, the Related Non-Conduit Purchaser hereby agrees, or in the case of a CP Conduit Purchaser Group, the CP Conduit Purchaser in such CP Conduit Purchaser Group may agree, in its sole discretion, and the Group Bank with respect to such CP Conduit Purchaser hereby agrees that the Purchaser Group Principal Amount with respect to such Purchaser Group may be increased by an amount equal to the Commitment Percentage with respect to such Purchaser Group of the Increase Amount (an "**Increase**"), upon the request of the Issuer (each date on which an increase in the Series 2017-1 Principal Amount occurs hereunder being herein referred to as the "**Increase Date**" applicable to such Increase); provided, however, that the Issuer shall have given the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser (with a copy to the Indenture Trustee) irrevocable (other than as specified in Section 3.3(e)) written notice (effective upon receipt), by email communication, substantially in the form of Schedule C (an "**Increase Notice**") no later than [3 12:00 p.m.] (Toronto time) on (A) with respect to a Deferrable Increase Notice, the third Business Day prior to such Increase Date, or (B) with respect to a Non-Deferrable Increase Notice, the second Business Day prior to such Increase Date. Each Increase Notice shall state (x) the Increase Date, (y) the proposed amount of the increase in the Series 2017-1 Principal Amount (an "**Increase Amount**"), (z) whether a Delayed Funding Notice may be delivered in connection with such Increase pursuant to Section 3.3(e) and whether the Increase is to fund a Transfer (a "**Transfer Increase**") or is in respect of a Refinancing (a "**Refinancing Increase**"). The Commitment Percentage with respect to any Purchaser Group of the Increase Amount set forth in any Non-Deferrable Increase Notice shall not exceed such Purchaser Group's Non-Deferrable Draw Amount as of the related Increase Date.

(b) If a CP Conduit Purchaser elects not to fund the full amount of its Commitment Percentage of a requested Increase, such CP Conduit Purchaser shall notify the Administrative Agent and the Funding Agent with respect to such CP Conduit Purchaser, and the Group Bank with respect to such CP Conduit Purchaser shall fund the portion of the Commitment Percentage with respect to such Related Purchaser Group of such Increase not funded by such CP Conduit Purchaser.

(c) No Purchaser Group shall be required to increase its Purchaser Group Principal Amount on any Increase Date hereunder unless:

(i) such Purchaser Group's Commitment Percentage of such Increase Amount is (A) equal to $1,000,000 or more, or (B) if less than $1,000,000, the difference between the Maximum Purchaser Group Principal Amount with respect to such Purchaser Group and the Purchaser Group Principal Amount with respect to such Purchaser Group; and

(ii) after giving effect to such Increase Amount, the sum of the (x) the Purchaser Group Principal Amount, and (y) any unfunded Delayed Amounts with respect to such Purchaser Group would not exceed the Maximum Purchaser Group Principal Amount with respect to such Purchaser Group;

(d) ~~Upon~~After receipt by any Funding Agent with respect to a CP Conduit Purchaser Group of any notice required by Section 3.3(a) or permitted by Section 3.3(e) from the Issuer, ~~the Administrative Agent shall forward (by email communication) a copy of such notice to each Non-Conduit Purchaser and the Funding Agent with respect to each CP Conduit Purchaser Group (or, with respect to any notice pursuant to Section 3.3(e) requiring a Delayed Funding Purchaser Group to decrease its Delayed Amount, the applicable Non-Conduit Purchaser or Funding Agent), no later than **[5:00 p.m.]** (Toronto time) on the Business Day received. After receipt by any Funding Agent with respect to a CP Conduit Purchaser Group of such notice from the Administrative Agent,~~ such Funding Agent shall, so long as the conditions set forth in Sections 3.3(a) and (c) and Article 4 are satisfied, promptly provide notice by email communication to the related CP Conduit Purchaser and the related Group Bank, of the Increase Date and of such CP Conduit Purchaser Group's Commitment Percentage of the Closing Date or Increase Amount, as applicable. Subject to Section 3.3(e), if such CP Conduit Purchaser elects to fund all or a portion of its Commitment Percentage of the Series 2017-1 Initial Principal Amount or the Increase Amount, as applicable, such CP Conduit Purchaser shall pay in immediately available funds its Commitment Percentage (or any portion thereof) of the amount of the Series 2017-1 Initial Principal Amount or Increase Amount, as applicable, on the Closing Date or the related Increase Date, as applicable, to the Funding Agent with respect to such CP Conduit Purchaser Group for remittance to the Issuer for application in accordance with Section 3.3(h). Subject to Section 3.3(e), if such CP Conduit Purchaser does not fund the full amount of the Commitment Percentage of such CP Conduit Purchaser Group of the Series 2017-1 Initial Principal Amount or an Increase Amount, as applicable, and the related Group Bank is required to fund the portion thereof not funded by the CP Conduit Purchaser, such Group Bank shall pay in immediately available funds such portion on the Closing Date or the related Increase Date, as applicable, to the Funding Agent with respect to such CP Conduit Purchaser Group. Each Funding Agent shall remit the amounts received by it from its CP Conduit Purchaser or the related Group Bank pursuant to this Section 3.3(d) to the Issuer for application in accordance with Section 3.3(h). Subject to Section 3.3(e), so long as the conditions set forth in Sections 3.3(a) and (c) and Article 4 are satisfied, each Non-Conduit Purchaser shall pay in immediately available funds the Commitment Percentage of such Non-Conduit Purchaser of the amount of the Series 2017-1 Initial Principal

Amount or Increase Amount, as applicable, on the Closing Date or the Increase Date, as applicable, to the Issuer for application in accordance with Section 3.3(h).

(e) Notwithstanding any of the foregoing, any Group Bank or Non-Conduit Purchaser who shall have previously notified the Issuer in writing that it or any related Program Support Provider may, in the absence of the Group Bank or Non-Conduit Purchaser having the ability to deliver Delayed Funding Notices hereunder, incur charges under, or in anticipation of, Basel III (which may include external charges incurred by the Group Bank, Non-Conduit Purchaser or Program Support Provider or internal charges incurred by any of their businesses) in respect of its Commitment hereunder or any agreement to support such Commitment, or in respect of its interest in the Series 2017-1 Senior Notes, based on its "liquidity coverage ratio" calculated under Basel III, may, upon receipt of any Deferrable Increase Notice pursuant to Section 3.3(a), notify the Issuer in writing (a "**Delayed Funding Notice**") on or prior to [12:00 noon] (Toronto time) on the second Business Day preceding the related Increase Date, of its intent to fund an amount up to its Commitment Percentage of the related Increase Amount (such amount, subject to any adjustment described below, the "**Delayed Amount**") on a Business Day that is on or before the thirty-third (33rd) day following the Increase Date specified in such Deferrable Increase Notice (the "**Delayed Funding Date**") rather than on such Increase Date. If any Group Bank or Non-Conduit Purchaser provides a Delayed Funding Notice to the Issuer following the Issuer's delivery of an Increase Notice pursuant to Section 3.3(a), the Issuer may with written notice to the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser delivered prior to 3:00 pm on the second Business Day preceding such Increase Date, (x) decrease the Increase Amount with respect to such Deferrable Increase Notice (or revoke such Deferrable Increase Notice by decreasing the Increase Amount to zero), and/or (y) require any Group Bank or Non-Conduit Purchaser who has provided a Delayed Funding Notice to reduce the Delayed Amount with respect to such Increase by an amount no greater than the Non-Deferrable Draw Amount with respect to such Purchaser Group as of the related Increase Date. In the event that the Increase Amount with respect to such Deferrable Increase Notice is reduced, but not to zero, then any Delayed Amount with respect to any Purchaser Group shall be reduced on a pro rata basis unless otherwise specified by the Issuer pursuant to clause (y) above. No Purchaser Group that has provided a Delayed Funding Notice in respect of an Increase (each a "**Delayed Funding Purchaser Group**") shall be considered to be in default of its obligation to fund its Delayed Amount pursuant to this Section 3.3 unless and until it has failed to fund the Delayed Amount (and/or the Delayed Funding Reimbursement Amount with respect to such Delayed Amount) on or before the Delayed Funding Date.

(f) If (i) one or more Delayed Funding Purchaser Groups provides a Delayed Funding Notice to the Issuer in respect of any Increase Date; and (ii) the Issuer shall not have decreased the related Increase Amount to zero or required each such Delayed Funding Purchaser Group to reduce the Delayed Amount with respect to such Increase to zero, in each case, pursuant to Section 3.3(e), the Administrative Agent shall, by no later than [125:00 noon]p.m. (Toronto time) on the second Business

Day preceding such Increase Date, direct each Purchaser Group that is not a Delayed Funding Purchaser Group with respect to such Increase Date (each a "**Non-Delayed Funding Purchaser Group**") to fund an additional portion of such Increase Amount on such Increase Date equal to such Non-Delayed Funding Purchaser Group's proportionate share (based upon the Maximum Purchaser Group Principal Amount with respect to such Non-Delayed Funding Purchaser Group relative to the sum of the Maximum Purchaser Group Principal Amounts with respect to all Non-Delayed Funding Purchaser Groups) of the aggregate Delayed Amounts with respect to such Increase Date; provided that no Non-Delayed Funding Purchaser Group shall be required to fund any portion of the aggregate Delayed Amounts that would cause its Purchaser Group Principal Amount to exceed its Maximum Purchaser Group Principal Amount. Subject to Section 3.3(a), in the case of a Non-Delayed Funding Purchaser Group that is a Non-Conduit Purchaser, such Non-Conduit Purchaser hereby agrees, or, in the case of a Non-Delayed Funding Purchaser Group that is a CP Conduit Purchaser Group, the CP Conduit Purchaser in such CP Conduit Purchaser Group may agree, in its sole discretion, and the Group Bank in such CP Conduit Purchaser Group hereby agrees, to fund such portion of the Increase Amount on such Increase Date.

(g) After the Non-Delayed Funding Purchaser Groups fund a Delayed Amount on any Increase Date in accordance with Section 3.3(f), the Delayed Funding Purchaser Group in respect of such Delayed Amount will be obligated to fund the Delayed Funding Reimbursement Amount with respect to such Delayed Amount on or before its Delayed Funding Date, irrespective of whether the Scheduled Commitment Expiry Date shall have occurred on or prior to such Delayed Funding Date or the Issuer would be able to satisfy the conditions set forth in Section 3.3(c) to an Increase in an amount equal to such Delayed Funding Reimbursement Amount on such Delayed Funding Date. Such Delayed Funding Purchaser Group shall fund such Delayed Funding Reimbursement Amount on such Delayed Funding Date by paying such amount ~~to the Administrative Agent~~ in immediately available funds~~, and the Administrative Agent shall distribute such funds~~ to each such Non-Delayed Funding Purchaser Group, *pro rata* based on the relative amount of such Delayed Amount funded by such Non-Delayed Funding Purchaser Group on such Increase Date pursuant to Section 3.3(f).

~~(h) The Issuer shall apply amounts paid to it pursuant to Sections 3.3(d) and 3.3(f) in the following order of priority:~~

~~(i) **[As to an amount equal to ●% of the amounts paid to pursuant to Sections 3.3(d) and 3.3(f), by deposit to the Program Cash Reserve Account; and [NTD: Initial funding of Program Cash Reserve Account to be determined.]]**~~

(h) ~~(ii) as to the balance, in respect of the proceeds of the initial purchase of the Series 2017-1 Notes or a Transfer Increase,~~ The Issuer shall apply amounts paid to it pursuant to Sections 3.3(d) and 3.3(f) by application to payment of the purchase price payable by the Issuer to the IESO under the Master Transfer and Servicing

Agreement in respect of the relatedda Transfer and, in respect of the proceeds of a Refinancing Increase,or by deposit to the Refinancing Account.

3.4 Procedure for Decreasing the Series 2017-1 Principal Amount; Optional Termination

(a) In the case of a Non-Conduit Purchaser Group, the Related Non-Conduit Purchaser hereby agrees, and in the case of a CP Conduit Purchaser Group, each of the CP Conduit Purchasers and the Group Bank in such CP Conduit Purchaser Group hereby agrees, that the Purchaser Group Principal Amount with respect to such Purchaser Group may be decreased on any Payment Date by such Purchaser Group's Commitment Percentage of a Decrease Amount (a "**Decrease**"), upon the request of the Issuer. Each Payment Date on which a Decrease in the Series 2017-1 Principal Amount occurs hereunder being herein referred to as the "**Decrease Date**" applicable to such Decrease; provided, however, that the Issuer shall have given the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser (with a copy to the Indenture Trustee and DBRS) irrevocable written notice (effective upon receipt), by email communication, substantially in the form of Schedule D (a "**Decrease Notice**") no later than [3312:00 p.m.] (Toronto time) on the secondfifth Business Day prior to any Payment Date that is a Decrease Date; provided that if the Decrease is greater than $[●],250,000,000, the Decrease Notice shall, subject to the second following sentence, be provided no later than [3312:00 p.m.] (Toronto time) on the [45]th day prior to any Payment Date that is a Decrease Date . If a Decrease Notice with respect to a Decrease of $250,000,000 or more is not provided prior to the 45th day preceding the related Payment Date, the Issuer shall be required to pay to each Funding Agent any Breakage Costs incurred by any of its related CP Conduit Purchasers with respect to such Decrease on the related Payment Date. Each Decrease Notice shall state (x) the Decrease Date, and (y) the proposed amount of the decrease in the Series 2017-1 Principal Amount (a "**Decrease Amount**"). **[NTD: notice of paydown and potential breakage to be determined]**

(b) Upon each Decrease, the Administrative Agent shall indicate in its records such Decrease and the Purchaser Group Principal Amount outstanding with respect to each Purchaser Group after giving effect to such Decrease. Upon receipt of any notice required by Section 3.4(a) from the Issuer, the Administrative Agent shall forward (by email communication) a copy of such notice to each Non-Conduit Purchaser and the Funding Agent with respect to each CP Conduit Purchaser Group, no later than **[1:00 p.m.]** (Toronto time) on the Business Day received.

(c) On any Business Day, the Issuer shall have the right to deliver an irrevocable written notice (an "**Optional Termination Notice**") to the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser (with a copy to DBRS) in which the Issuer declares that the Commitments shall terminate on the date (the "**Optional Termination Date**") set forth in such notice (which date, in any event, shall be a Payment Date not less than twenty (20) Business Days from the date on which such notice is delivered). Upon receipt of any Optional Termination Notice

from the Issuer, the Administrative Agent shall promptly notify each Non-Conduit Purchaser and the Funding Agent with respect to each CP Conduit Purchaser Group thereof.

3.5 Increases and Reductions of the Commitments

(a) The Issuer may from time to time request that any Purchaser Group agree to increase its Maximum Purchaser Group Principal Amount. An increase in such amount shall be effective hereunder if such Purchaser Group shall have agreed in its sole discretion to such increase and the Rating Agency Condition has been satisfied with respect thereto.

(b) On any Business Day, the Issuer may, upon two (2) Business Days' prior written notice to the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser (effective upon receipt) (with copies to the Indenture Trustee) reduce the Series 2017-1 Maximum Principal Amount in an amount equal to $10,000,000 or a whole multiple of $1,000,000 in excess thereof; provided that no such termination or reduction shall be permitted if, after giving effect thereto and to any reduction in the Series 2017-1 Principal Amount on such date, the Purchaser Group Principal Amount with respect to any Purchaser Group would exceed the Maximum Purchaser Group Principal Amount with respect to such Purchaser Group then in effect. Any reduction in the Series 2017-1 Maximum Principal Amount shall be made on a pro rata basis to the Maximum Purchaser Group Principal Amounts with respect to the Purchaser Groups, based on the Maximum Purchaser Group Principal Amount with respect to each Purchaser Group. Once reduced, the Maximum Purchaser Group Principal Amounts may not be subsequently reinstated without each such Purchaser Group's prior written consent, which consent shall be granted or not in the sole discretion of such Purchaser Group, and with written notice to DBRS.

(c) The Issuer may extend the Scheduled Commitment Expiry Date only with the prior written consent of the Administrative Agent, each Non-Conduit Purchaser and each Funding Agent, and satisfaction of the Rating Agency Condition. Any request for an extension of the Scheduled Commitment Expiry Date by the Issuer shall be made pursuant to a written request (a "**Commitment Extension Request**") to the Administrative Agent, each Non-Conduit Purchaser and each Funding Agent, and such request shall specify the proposed dates and amounts that shall constitute the "Principal Accumulation Date", "Principal Payment Amounts" and "Principal Payment Default Dates" with respect to such extension.

3.6 Interest; Fees and Other Amounts

(a) Interest shall be payable on the Series 2017-1 Senior Notes on each Payment Date.

(b) The Issuer shall pay to each CP Conduit Purchaser Group and each Non-Conduit Purchaser, on each Payment Date, a commitment fee with respect to the preceding Interest Period (the "**Commitment Fee**") during the period from the Closing Date

to and including the Commitment Expiry Date in an amount equal to the sum of the following amounts calculated for each day during such Interest Period: (x) the Commitment Fee Rate, multiplied by (y) the amount by which Maximum Purchaser Group Principal Amount with respect to such Purchaser Group on such day exceeds the Purchaser Group Principal Amount with respect to such Purchaser Group on such day, and divided by (z) 365. The Commitment Fees shall be payable monthly in arrears on each Payment Date.

(c) The Funding Agent with respect to each CP Conduit Purchaser Group and each Non-Conduit Purchaser shall provide written notice to the Issuer and the Paying Agent no later than ~~two~~five (~~2~~5) Business Days prior to each Payment Date, setting forth the Group Monthly Interest and the Group Monthly Fees and Other Amounts with respect to its Related Purchaser Group with respect to the Payment Date.

(d) The Monthly Interest shall be included in each calculation of the Interest Accrual Amount (Senior) for the purposes of Section 7.04(e)(iii) of the Trust Indenture and shall be payable pursuant to Sections 7.05(a), ~~7.08~~7.06(a)~~(i~~, 7.07, 7.10(b) or 8.13(c) of the Trust Indenture, as applicable. On each Payment Date, the Monthly Fees and Other Amounts shall be payable in respect of the Series 2017-1 Senior Notes pursuant to Sections 7.04(e)(~~iii~~viii), 7.10(b) or 8.13(c) of the Trust Indenture, as applicable. On each Interest Payment Date or Payment Date, as applicable, the Paying Agent shall, subject to availability of funds, pay to each CP Conduit Purchaser Group and each Non-Conduit Purchaser its Group Monthly Interest and its Group Monthly Fees and Other Amounts with respect to the Payment Date; provided that if the amounts available to pay such Group Monthly Interest and Group Monthly Fees and Other Amounts are insufficient, the amounts available shall be paid *pro rata* based on the amounts owing to each Purchaser Group.

3.7 ~~Accumulation and~~ Repayment of Principal

~~(a) For the purposes of the Trust Indenture and the Series 2017-1 Notes:~~

~~(i) for each Payment Date before the Principal Accumulation Date, the Principal Accumulation Amount shall be the Principal Payment Amount for such Payment Date; and~~

~~(ii) for each Payment Date on or after the Principal Accumulation Date, the Principal Accumulation Amount shall be the greater of (x) the Principal Payment Amount for such Payment Date, and (y) the Principal Accumulation Amount, for such Payment Date.~~

~~(b)~~ Each Payment Date where the Principal Payment Amount is not nil shall be a Principal Payment Date in respect of the Series 2017-1 Senior Notes. On each Principal Payment Date in respect of the Series 2017-1 Senior Notes, the Paying Agent shall pay to each Non-Conduit Purchaser and each Funding Agent with respect to its Related Purchaser Group, such Purchaser Group's Pro Rata Share of the Principal Payment Amount for such Principal Payment Date out of funds allocated to the Series 2017-1 Senior Notes pursuant to Sections 7.04(e)(~~iv)(A~~vi),

7.06(a)b)(i), 7.08(b)(i), 7.10(b) or 8.13(d)f) of the Trust Indenture, as applicable, in repayment of the principal amount of the Series 2017-1 Senior Notes.

3.8 Indemnification by the Issuer

The Issuer agrees to indemnify and hold harmless the Indenture Trustee, the Administrative Agent, each Funding Agent, each CP Conduit Purchaser, the Group Bank, each Non-Conduit Purchaser and each of their respective officers, directors, agents and employees (each, an "**Issuer Indemnified Person**") from and against any loss, liability, expense, damage or injury suffered or sustained by such Issuer Indemnified Person by reason of (a) any acts, omissions or alleged acts or omissions arising out of, or relating to, activities of the Issuer pursuant to the Program Agreements to which it is a party; (b) a breach of any representation or warranty made or deemed made by the Issuer (or any of its officers) in any Program Agreement; or (c) a failure by the Issuer to comply with any applicable law or regulation or to perform its covenants, agreements, duties or obligations required to be performed or observed by it in accordance with the provisions of the Program Agreements, including, but not limited to, any judgment, award, settlement, reasonable attorneys' fees and other reasonable costs or expenses incurred in connection with the defense of any actual or threatened action, proceeding or claim, except to the extent such loss, liability, expense, damage or injury resulted from the gross negligence, bad faith or willful misconduct of such Issuer Indemnified Person or its officers, directors, agents, principals, employees or employers as determined by a court of competent jurisdiction in a final non-appealable judgement or includes any Excluded Taxes; provided that any payments made by the Issuer pursuant to this Section 3.8 shall be made solely from funds available pursuant to Section [7.04] or [8.13] of the Trust Indenture, as applicable, shall be non-recourse other than with respect to such funds, and shall not constitute a claim against the Issuer to the extent that such funds are insufficient to make such payment.

3.9 Funding Agents

(a) The Funding Agent with respect to each CP Conduit Purchaser Group is hereby authorized to determine the Group Monthly Interest and Group Monthly Fees and Other Amounts with respect to each Payment Date and such CP Conduit Purchaser Group. Any such determination by a Funding Agent, absent manifest error, shall constitute prima facie evidence of the accuracy of the calculation. Furthermore, the Funding Agent with respect to each CP Conduit Purchaser Group will maintain records sufficient to identify the percentage interest of the related CP Conduit Purchaser and the Group Bank with respect to such CP Conduit Purchaser Group holding an interest in the Series 2017-1 Senior Note registered in the name of such Funding Agent and any amounts owing thereunder.

(b) Upon receipt of funds on each Payment Date, each Funding Agent shall pay such funds to the related CP Conduit Purchaser and/or the related Group Bank owed such funds. If a Funding Agent shall have paid to any CP Conduit Purchaser or Group Bank any funds that (i) must be returned for any reason (including bankruptcy); or (ii) exceeds that which such CP Conduit Purchaser or Group Bank was entitled to receive, such amount shall be promptly repaid to such Funding Agent by such CP Conduit Purchaser or Group Bank.

3.10 Taxes

(a) All payments by or on account of any obligation of the Issuer hereunder shall, to the extent allowed by law, be made free and clear of, and without deduction or withholding for or on account of Taxes, excluding (i) income taxes (including branch profit taxes, minimum taxes and taxes computed under alternative methods, at least one of which is based on or measured by net income), franchise taxes (imposed in lieu of income taxes), or any other Taxes based on or measured by the net income of any person legally entitled to receive such payments (each a "**Recipient**") as a result of a present or former connection between the Recipient and the jurisdiction of the Governmental Authority imposing such Taxes (other than any such connection arising solely from the Recipient having executed, delivered or performed its obligations or received a payment under, disposed of, or enforced, this Supplemental Indenture); (ii) any withholding or deduction imposed pursuant to (A) Sections 1471 to 1474 of the U.S. Internal Revenue Code of 1986, as amended ("**FATCA**"), or any successor version thereof, or any similar legislation imposed by any other Governmental Authority, or (B) any treaty, law or regulation or other official guidance enacted by Canada implementing FATCA or any intergovernmental agreement with respect to FATCA or any similar legislation imposed by any other Governmental Authority, including, for greater certainty, the Canada-United States Enhanced Tax Information Exchange Agreement Implementation Act (Canada) and Parts XVIII and XIX of the Income Tax Act (Canada), as amended (collectively, and including FATCA, the "**AEOI Legislation**"); and (iii) any interest, penalties and additions to Taxes in respect of (i) and (ii) (all such excluded Taxes being hereinafter called "**Excluded Taxes**"). If any Taxes, other than Excluded Taxes, are required to be withheld from any amounts payable to a Recipient hereunder, the amounts so payable to the Recipient shall be increased, and the Recipient shall be entitled to be paid by the Issuer the amount of such increase to the extent necessary to yield to the Recipient (after payment of all such Taxes other than Excluded Taxes) interest or any such other amounts payable hereunder or thereunder at the rates or in the amounts specified hereunder. Where the amount payable by the Issuer is increased in accordance with the previous sentence, the Group Monthly Interest shall be increased by the amount of such increase. Whenever any Taxes are payable on or with respect to amounts distributed to a Recipient, as promptly as possible thereafter the Issuer shall send to such Recipient a certified copy of an original official receipt showing payment thereof.

(b) If a payment by or on account of any obligation of the Issuer hereunder would be subject to withholding Taxes under any AEOI Legislation if the Recipient were to fail to comply with the applicable reporting requirements of any AEOI Legislation, such Recipient shall deliver to the Issuer at the time or times prescribed by law and at such time or times reasonably requested by the Issuer such documentation prescribed by applicable law and such additional documentation reasonably requested by the Issuer as may be necessary for the Issuer to comply with its obligations under any AEOI Legislation and to determine that such Recipient has complied with its obligations under any AEOI Legislation, or to determine the

amount to deduct and withhold from such payment. If any form or certification it previously delivered by a Recipient expires or becomes obsolete or inaccurate in any respect, the Recipient shall update such form or certification or promptly notify the Issuer in writing of its legal inability to do so.

(c) If a Recipient is legally entitled to receive a refund of any Taxes (other than Excluded Taxes) as to which it has been indemnified or with respect to which additional amounts have been paid to it hereunder or it is legally entitled to receive a credit or deduction with respect to such Taxes or with respect to such additional amounts that have been paid hereunder (in each case pursuant to Section 3.10(a)), it shall use commercially reasonable efforts to obtain or claim such refund, credit or deduction and pay over such refund or the value of such credit or deduction to the Issuer, together with any interest thereon.

3.11 Increased Costs

(a) (i) If any Regulatory Change (x) subjects any Affected Party to any charge or withholding on or with respect to any Support Facility or this Supplemental Indenture or an Affected Party's obligations under a Support Facility or this Supplemental Indenture, or changes the basis of taxation of payments to any Affected Party of any amounts payable under any Support Facility or this Supplemental Indenture Agreement (except for changes in the rate of tax on the overall net income of an Affected Party or Excluded Taxes) or (y) imposes, modifies or deems applicable any reserve, assessment, fee, tax, insurance charge, special deposit or similar requirement against assets of, deposits with or for the account of, or liabilities of an Affected Party, or credit extended by an Affected Party pursuant to a Support Facility or this Supplemental Indenture or (z) imposes any other condition the result of which is to increase the cost to an Affected Party of performing its obligations under a Support Facility or this Supplemental Indenture, or to reduce the rate of return on an Affected Party's capital or assets as a consequence of its obligations under a Support Facility or this Supplemental Indenture, or to reduce the amount of any sum received or receivable by an Affected Party under a Support Facility or this Supplemental Indenture, or to require any payment calculated by reference to the amount of interests or loans held or interest received by it, then, upon written request by such Affected Party (through the Funding Agent for its Purchaser Group if the Affected Party is a Program Support Provider, CP Conduit Purchaser or Group Bank)~~ of a written request therefore~~ to the Issuer, such Affected Party (through the Funding Agent for its Purchaser Group if the Affected Party is a Program Support Provider, CP Conduit Purchaser or Group Bank) shall be entitled to be paid~~,~~ such amounts charged to such Affected Party or such amounts to otherwise compensate such Affected Party for such increased cost or such reduction~~, no later than the Payment Date~~ following a receipt by the Issuer of such request for compensation under this Section 3.11(a)(i), ~~if~~which payment shall be made on the earlier of (i) the first Payment Date on which amounts are available to pay such amounts pursuant to Section 7.04(e) of the Trust Indenture (provided that such request is received by the Issuer no later than five (5) Business Days prior to the end of the Interest Period

related to such Payment Date), and otherwise on(ii) the twelfth Payment Date following Payment Datesuch request.

(ii) The Issuer acknowledges that any Affected Party may implement, as an internal institutional matter, measures in anticipation of a final or proposed Regulatory Change (including, without limitation, the imposition of internal charges on such Affected Party's interest or obligations under any Support Agreement or this Supplemental Indenture) and may commence recognizing the incurrence of charges by seeking compensation under Section 3.11(a)(i) in connection with such measures, in advance of the effective date of such final or proposed Regulatory Change, and the Issuer agrees that such charges or compensation shall be payable, to the related Funding Agent, for the benefit of Affected Party, following demand therefor without regard to whether such proposed Regulatory Change has been adopted or whether such effective date has occurred; provided, that (I) the Affected Party shall provide thirty (30) days prior written notice to the Issuer of its intent to impose or incur any such charges or compensation, (II) an Affected Party shall not be compensated for any such amount pursuant to this subsection 3.11(a)(ii) relating to any period ending, and of which such Affected Party has had knowledge, more than 180 days prior to the date that such Affected Party provided the Issuer with the written notice contemplated by the preceding clause (I) of this subsection 3.11(a)(ii), (III) if, after the payment by the Trust of any charges or compensation pursuant to this subsection 3.11(a)(ii), either (A) the Issuer requests in writing that the applicable Affected Party re-compute any such charge or compensation in light of differences between a proposed Regulatory Change and the final effective version thereof or (B) the applicable Affected Party determines that the amount of the charge imposed on and required to be compensated by the Issuer exceeds the amount necessary to compensate it for the applicable Regulatory Change as contemplated by subsection 3.11(a)(i), then (x) the amount of such charge or compensation shall, from and after such determination, be reduced by the amount of such excess and (y) such Affected Party shall, within thirty (30) days of such determination, either repay the amount of such excess or credit the amount of such excess against future charges under this subsection 3.11(a)(ii). The Issuer further acknowledges that any charge or compensation demanded hereunder may take the form of a monthly charge to be assessed by such Affected Party.

(b) Each Affected Party claiming increased amounts described in subsection 3.11(a) of this Supplemental Indenture will furnish to the Issuer (together with its request for compensation) a certificate prepared in good faith setting forth the basis and the calculation of the amount (in reasonable detail) of each request by such Affected Party for any such increased amounts referred to in subsection 3.11(a) hereof. Any such certificate shall be conclusive absent manifest error. Failure on the part of any Affected Party to demand compensation for any amount pursuant to subsection 3.11(a) hereof with respect to any period shall not constitute a waiver of such Affected Party's right to demand compensation with respect to such period.

~~3.12 **Warehouse Cash Reserve**~~

~~(a) On or before [February 1, 2021], the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "Warehouse Cash Reserve Account") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Series 2017-1 Noteholders. The Warehouse Cash Reserve Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Series 2017-1 Noteholders. If, at any time, the institution holding the Warehouse Cash Reserve Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Warehouse Cash Reserve Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Warehouse Cash Reserve Account to such new Warehouse Cash Reserve Account. From the date each such new Warehouse Cash Reserve Account is established, it shall be the "Warehouse Cash Reserve Account." The Warehouse Cash Reserve Account is a "Series Finance Reserve Account" under, and as defined under, the Trust Indenture and a "finance reserve account" under, and as defined under, the Fair Hydro Regulations.~~

~~(b) On the Cash Reserve Deposit Date, the Issuer shall deposit the Cash Reserve Deposit Amount to the Warehouse Cash Reserve Account pursuant to an allocation under Section [7.04(e)(vii)] of the Trust Indenture. The Cash Reserve Deposit Amount shall be an amount required to replenish a Series Finance Reserve Account.~~

~~(c) If on any Interest Payment Date on or after May 1, 2021, the amounts available under Sections [7.05(a), 7.08 or 8.13[(c)]], as applicable, of the Trust Indenture are less than the amount of interest due and payable on the Series 2017-1 Senior Notes, the amounts on deposit in the Warehouse Cash Reserve Account shall be applied to the payment of interest due and payable on the Series 2017-1 Senior Notes on such Interest Payment Date and remaining unpaid after the application of any funds available under Sections [7.05(a), 7.08 or 8.13[(c)]], as applicable, of the Trust Indenture. **[NTD: when this account will be emptied is to be determined.]**~~

ARTICLE 4~~Article 4~~
CONDITIONS PRECEDENT

4.1 Conditions Precedent to Initial Purchase of Series 2017-1 Senior Notes

On or prior to the initial purchase of Series 2017-1 Senior Notes hereunder, the following conditions precedent shall be satisfied: ~~[**NTD: changes to the conditions precedent may be required to reflect the final Change of Law Protection Agreement.**]~~

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

(b) The Indenture Trustee shall have received (i) the adherence compliance certificate required pursuant to Section 4.02(a) of the Change of Law Protection Agreement with respect to the incurrence of Funding Obligations under this Supplemental

Indenture, or (B) written confirmation from the Province that the Funding Obligations incurred under this Supplemental Indenture constitute Approved Obligations.

(c) (b) The Administrative Agent and each of the Funding Agents shall have received:

(i) executed copies of the Fee Letter, and this Supplemental Indenture, and copies of each of the other Program AgreementsTrust Indenture, Declaration of Trust, the Management Agreement, the Master Transfer and Servicing Agreement, the Indemnity Agreement, the IESO Security Agreement, the Change of Law Protection Agreement and the Change of Law Process Agreement dated December **[21]**, 2017 between the Province and OPG, certified by an Authorized Officer of the Issuer;

(ii) certificates of status or compliance or other similar documents issued by the applicable governmental authority to evidence that each of the Issuer Trustee, the IESO and the Manager is validly existing pursuant to the laws of the jurisdiction of their respective establishment or incorporation;

(iii) a copy of the incorporating documents and all amendments thereto and applicable by-laws of each of the Issuer Trustee, the IESO and the Manager certified by an Authorized Officer of the applicable entity, as applicable;

(iv) a copy of the Declaration of Trust certified by an Authorized Officer of the Issuer;

(iv) (v) copies of resolutions of the board of directors of the IESO and the Manager approving and authorizing the execution, delivery and performance of each Program Agreement they are party to, in each case certified by an Authorized Officer of the applicable entity;

(v) (vi) incumbency certificates for each of the Issuer Trustee, the Manager and the IESO executing this Supplemental Indenture and any other Program Agreements and the other documents to be delivered by either the Issuer Trustee, the Manager or the IESO thereunder, in each case showing their names, offices and specimen signatures on which certificates the Administrative Agent and the Purchaser Groups shall be entitled to conclusively rely until such time as the Administrative Agent and the Funding Agents receive a replacement certificate meeting the requirements of this Section 4.1(b)(vi);

(vi) (vii) the following Opinions of Counsel:

(A) the opinion of external counsel to the Manager as to the non-consolidation of the Issuer with the Manager in the event of the insolvency of the Manager in form and substance satisfactory to the Administrative Agent and the Funding Agents;

(B) the opinion of external counsel to the IESO as to the Investment Asset acquired by the Issuer not being subject to the claims of creditors of the IESO in form and substance satisfactory to the Administrative Agent and the Funding Agents;

(C) favourable opinions of external counsel to the Manager covering general corporate matters, the due execution and delivery of, and the enforceability of, each of the Program Agreements to which the Manager, the Issuer and the Issuer Trustee are party which opinion, as to certain matters, may rely on opinion of internal counsel to the Manager and the Issuer Trustee; and

(D) a favourable opinion of external counsel to the Province with respect to the due authorization, execution, delivery and enforceability of the Change of Law Protection Agreement in form and substance satisfactory to the ~~Administration~~Administrative Agent and the Funding Agents;

(vii) ~~(viii)~~ a certificate of an Authorized Officer of the Manager confirming that the representations and warranties set forth in Section ~~[~~12.01~~]~~ of the Trust Indenture and Section 5.1 of this Supplemental Indenture are true and correct in all material respects, that the Issuer is in compliance in all material respects with all of its covenants and obligations under the Program Agreements to which it is a party and that no Termination Event has occurred; and

(viii) ~~(ix)~~ such additional documents, instruments, certificates or letters as the Administrative Agent or any Funding Agent may reasonably request.

(d) ~~(c)~~ The representations and warranties set forth in Section ~~[~~12.01~~]~~ of the Trust Indenture and Section 5.1 of this Supplemental Indenture shall be true and correct in all material respects, the Issuer shall be compliance in all material respects with all of its covenants and obligations under the Program Agreements to which it is a party and no Termination Event shall have occurred.

(e) ~~(d)~~ The Series 2017-1 Senior Notes shall have been duly issued in accordance with the Trust Indenture and each Funding Agent and Non-Conduit Purchaser shall have received its Series 2017-1 Senior Note registered in its name or a nominee in a face amount equal to its Maximum Purchaser Group Principal Amount.

~~(e) After giving effect to the purchase, the covenant of the Issuer in Section 6.1(d) will be satisfied.~~

(f) All fees payable on or before the Closing Date pursuant to the Fee Letter shall have been paid in full (or arrangements satisfactory to the Administrative Agent and the Funding Agents have been made).

(g) The Rating Agency Condition shall have been satisfied in respect of the initial purchase.

4.2 Conditions Precedent to each Increase under Series 2017-1 Senior Notes

On or prior to each Increase, the following conditions precedent shall be satisfied:

(a) the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser shall have received an Increase Notice;

(b) no Termination Event shall have occurred or would occur after giving effect to such Increase;

(c) the Increase Date in respect of the Increase is prior to the Commitment Expiry Date;

(d) if the Increase is identified as a Transfer Increase in the Increase Notice, then the related Transfer under the Master Transfer and Servicing Agreement shall have been completed or contemporaneously completed;

(e) after giving effect to the Increase, the Rating Agency Condition will be satisfied if so required; and

(f) after giving effect the Increase, the aggregate of the amounts on deposit in the Program Cash Reserve Account and the IESO Cash Reserve Account shall be equal to or greater than the sum of:

(i) the Program Cash Reserve Required Amount,

plus

(ii) an amount equal to the sum of (x) the amount originally determined under clause (b) of the definition of IESO Cash Reserve Deposit Amount in the Trust Indenture, less any amounts withdrawn from the IESO Cash Reserve Account to pay any obligations secured described in Subsections 7.04(e)(i) through (v) of the Trust Indenture prior to the date of such Increase, and (y) to the extent the amount originally determined under clause (b) of the definition of IESO Cash Reserve Deposit Amount in the Trust Indenture was not determined in a manner which included the amount of such Increase, an amount estimated by the Manager, acting reasonably, equal to the additional Monthly Interest payable with respect to such Increase up to and including the Payment Date in July, 2021.

(g) (f) there shall have been no reduction or withdrawal of any credit rating previously provided by any Rating Agency in respect of any outstanding Series of Senior Funding Obligations. ;

(h) after giving effect to such Increase, the aggregate Outstanding Dollar Principal Amount of Subordinated Funding Obligations and Junior Subordinated Funding Obligations will not be less than 35% of the aggregate Outstanding Dollar Principal

Amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations; and

(i) the Indenture Trustee shall have received (i) the adherence compliance certificate required pursuant to Section 4.02(a) of the Change of Law Protection Agreement with respect to such Increase, or (B) written confirmation from the Province that the Funding Obligations incurred under this Supplemental Indenture with respect to such Increase constitute Approved Obligations.;

The Issuer's acceptance of funds in connection with each Increase occurring on any Increase Date shall constitute a representation and warranty by the Issuer to the Administrative Agent and the Purchaser Groups as of such Increase Date that all of the conditions contained in Section 3.3(a) and this Section 4.2 are satisfied.

ARTICLE 5Article 5
REPRESENTATIONS AND WARRANTIES

5.1 Representations and Warranties of the Issuer

The Issuer hereby represents and warrants to the Administrative Agent and the Purchaser Groups as of the Closing Date, and shall be deemed to represent and warrant to the Administrative Agent and the Purchaser Groups on each Increase Date, that:

(a) no Termination Event has occurred or would result from the initial purchase of the Issuer Investment Interest on the Closing Date or any increase in the Issuer Investment Interest on an Increase Date, as applicable;

(b) the Issuer Trustee and the Issuer are not Non-residents;

(c) all tax returns (federal, provincial and local) required to be filed with respect to the Issuer have been filed and there has been paid or adequate provision made for the payment of all material Taxes in respect of the Issuer;

(d) the Issuer has complied in all material respects with all laws in respect of the conduct of its business and ownership of its property including the Issuer Investment Interest;

(e) all information provided to the Administrative Agent and the Purchaser Groups by or on behalf of the Issuer in respect of the Issuer Investment Interest is and will be true and accurate in all material respects; and

(f) to its knowledge, there is no set of circumstances existing at such time that will have an Adverse Effect or will reasonably be expected to have an Adverse Effect.

5.2 Representations and Warranties of the Purchasers

Each Purchaser Group member represents and warrants to the Issuer as of the Closing Date, and shall be deemed to represent and warrant to the Issuer on each Increase Date, that:

(a) it is resident in Ontario or is otherwise subject to the securities legislation of the Province of Ontario;

(b) it is purchasing the applicable Series 2017-1 Senior Notes (i) as principal for its own account and not for the benefit of any other "person" (as defined in the *Securities Act* (Ontario)) or company; and (ii) for cash consideration in excess of $150,000; and

(c) it was not created and is not being used solely to purchase or hold securities in reliance on the exemption from the prospectus and dealer registration requirements contained in Section 2.10 of National Instrument 45-106 − Prospectus and Registration Exemptions.

5.3 Survival

The representations and warranties set out in this Article 5 shall survive the execution hereof.

ARTICLE 6Article 6
COVENANTS

6.1 Covenants of the Issuer

(a) The Issuer shall promptly provide to the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser (in multiple copies if requested) copies of all material reports, notices, financial statements and other documents delivered by the IESO to the Issuer with respect to the Issuer Investment Interest or pursuant to the Master Transfer and Servicing Agreement.

(b) The Issuer shall provide to the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser (in multiple copies, if requested) such other information, documents, records or reports respecting the Issuer Investment Interest, the Issuer or the IESO which is in the possession or under the control of the Issuer or the Manager, as the Administrative Agent, a Funding Agent or a Non-Conduit Purchaser may from time to time reasonably request, including any correspondence with a Rating Agency.

(c) The Issuer shall furnish to the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser promptly after known to the Issuer or the Manager, information with respect to any action, suit or proceeding involving the Manager, the Issuer or the IESO or any of their respective Affiliates by or before any court or any Governmental Authority which, if adversely determined, would have an Adverse Effect.

~~(d) The Issuer will, at all times, cause the aggregate outstanding principal amount of Subordinated Funding Obligations and Junior Subordinated Funding Obligations to be not less than ●% of the aggregate outstanding principal amount of all Issuer Funding Obligations. [**NTD: this requirement to be moved to Trust Indenture.**]~~

(d) (e) The Issuer will not make any amendments to the Funding Obligation Agreements governing any outstanding Subordinated Funding Obligations or Junior Subordinated Funding Obligations without the prior written consent of the Requisite Series 2017-1 Noteholders.

(e) The Issuer will not make any amendments to any of the Program Agreements without the prior written consent of all of the Series 2017-1 Noteholders.

(f) The Issuer will provide prompt notice to the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser of any amendments to the Change of Law Process Agreement dated December **[21]**, 2017 between the Province and OPG.

(g) (f) The Issuer will not hold or own, directly or indirectly, any share or equity security of, or any equity interest in, any Person.

(h) (g) The Issuer confirms that this Supplemental Indenture is a Warehouse Facility Agreement. The Issuer will not enter into any other Warehouse Facility Agreement creating Senior Funding Obligations without the prior written consent of the Requisite Series 2017-1 Noteholders unless the Commitment Expiry Date has occurred.

(i) The Issuer will not enter into any Funding Obligation Agreement (other than a Credit Enhancement Agreement or Derivative Agreement or a Warehouse Facility Agreement for Subordinated Funding Obligations or Junior Subordinated Funding Obligations) in respect of any Funding Obligation that has a Principal Payment Date prior to May 1, 2022.

(j) (h) Each issuance of Senior Funding Obligations completed on or after the Commitment Expiry Date shall be treated by the Issuer as a Refinancing with the proceeds thereof (net of expenses incurred in connection with such issuance and amounts required to be deposited in Issuer Accounts in accordance with the Program Agreements) applied to effect Decreases hereunder until such time as the Series 2017-1 Principal Amount has been reduced to zero.

(k) Upon the request of the Administrative Agent or any Funding Agent at any time after January 1, 2022, the Issuer shall request, not more than once per year (except following and during the continuance of a Termination Event, when the Administrative Agent or any Funding Agent may request as frequently as once per month), the Issuer will, at its expense, appoint Ernst &Young LLP, or another independent public accounting firm selected by the Issuer with the consent of such the Administrative Agent or such Funding Agent (such consent not to be unreasonably withheld), to prepare and deliver to each Funding Agent a written report, on a scope and in a form reasonably requested by the Administrative Agent or the Funding Agent making such request, to provide assurances to the Funding Agents that the information certified on each Monthly Report is accurate in all material respects.

ARTICLE 7Article 7
ACCELERATION

7.1 Acceleration of Series 2017-1 Principal Amount

If a Series 2017-1 Event of Default occurs and is continuing, then and in each and every such case, and without regard to whether all Issuer Funding Obligations have been declared due and payable immediately pursuant to Section [8.02(a)] of the Trust Indenture, any Purchaser Group may by notice in writing to the Issuer and to the Indenture Trustee declare the Series 2017-1 Principal Amount and all interest accrued and unpaid (if any) thereon to be due and payable immediately, and upon any such declaration the same will become and will be immediately due and payable, notwithstanding anything in this Supplemental Indenture or the Trust Indenture to the contrary.

ARTICLE 8Article 8
AGENTS

8.1 Administrative Agent

(a) Each of the Non-Conduit Purchasers, CP Conduit Purchasers, the Group Banks and the Funding Agents hereby irrevocably designates and appoints the Administrative Agent as the agent of such Person under this Supplemental Indenture and irrevocably authorizes the Administrative Agent, in such capacity, to take such action on its behalf under the provisions of this Supplemental Indenture and to exercise such powers and perform such duties as are expressly delegated to the Administrative Agent by the terms of this Supplemental Indenture, together with such other powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Supplemental Indenture, the Administrative Agent shall not have any duties or responsibilities except those expressly set forth herein, or any fiduciary relationship with any Non-Conduit Purchaser, any CP Conduit Purchaser, any Group Bank or any Funding Agent, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Supplemental Indenture or otherwise exist against the Administrative Agent.

(b) The Administrative Agent may execute any of its duties under this Supplemental Indenture by or through agents or attorneys in fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. The Administrative Agent shall not be responsible for the negligence or misconduct of any agents or attorneys-in-fact selected by it with reasonable care.

(c) Neither the Administrative Agent nor any of its officers, directors, employees, agents, attorneys in fact or Affiliates shall be (i) liable for any action lawfully taken or omitted to be taken by it or such Person under or in connection with the Trust Indenture, this Supplemental Indenture or any other Program Agreement (except to the extent that any of the foregoing are found by a final and nonappealablenon-appealable decision of a court of competent jurisdiction to have

resulted from its or such Person's own gross negligence or willful misconduct) or (ii) responsible in any manner to any of the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks or the Funding Agents for any recitals, statements, representations or warranties made by the Issuer, the IESO, the Manager or any officer thereof contained in this Supplemental Indenture or any other Program Agreement or in any certificate, report, statement or other document referred to or provided for in, or received by the Administrative Agent under or in connection with, this Supplemental Indenture or any other Program Agreement or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Supplemental Indenture, any other Program Agreement, or for any failure of any of the Issuer, the Manager or the IESO to perform its obligations hereunder or thereunder. The Administrative Agent shall not be under any obligation to any Non-Conduit Purchaser, any CP Conduit Purchaser, any Group Bank or any Funding Agent to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Supplemental Indenture, any other Program Agreement or to inspect the properties, books or records of the Issuer, the Manager or the IESO.

(d) The Administrative Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, resolution, notice, consent, certificate, affidavit, letter or electronic message, statement, order or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including, without limitation, counsel to the Issuer, the Manager or the IESO), independent accountants and other experts selected by the Administrative Agent.

(e) The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Termination Event unless the Administrative Agent has received written notice from a Non-Conduit Purchaser, a CP Conduit Purchaser, a Group Bank, a Funding Agent, the Issuer or the Manager referring to the Trust Indenture or this Supplemental Indenture, describing such Termination Event and stating that such notice is a "notice of a Termination Event". In the event that the Administrative Agent receives such a notice, the Administrative Agent shall give notice thereof to DBRS, the Non-Conduit Purchasers, the Funding Agents, the Issuer Trustee and the Manager.

(f) Each of the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks and the Funding Agents expressly acknowledges that neither the Administrative Agent nor any of its officers, directors, employees, agents, attorneys in fact or Affiliates has made any representations or warranties to it and that no act by the Administrative Agent hereinafter taken, including any review of the affairs of the Issuer, the Manager or the IESO shall be deemed to constitute any representation or warranty by the Administrative Agent to any such Person. Each of the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks and the Funding Agents represents to the Administrative Agent that it has, independently and without reliance upon the Administrative Agent or any other Non-Conduit Purchaser, CP Conduit Purchaser, Group Bank or Funding Agent and based on

such documents and information as it has deemed appropriate, made its own appraisal of, and investigation into, the business, operations, property, financial and other condition and creditworthiness of the Issuer, the Manager and the IESO and made its own decision to enter into this Supplemental Indenture. Each of the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks and the Funding Agents also represents that it will, independently and without reliance upon the Administrative Agent or any other Non-Conduit Purchaser, CP Conduit Purchaser, Group Bank or Funding Agent, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Supplemental Indenture and the other Program Agreements, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other condition and creditworthiness of the Issuer, the Manager and the IESO. Except for notices, reports and other documents expressly required to be furnished to the Non-Conduit Purchasers and the Funding Agents by the Administrative Agent hereunder, the Administrative Agent shall have no duty or responsibility to provide any Non-Conduit Purchaser, any CP Conduit Purchaser, any Group Bank or any Funding Agent with any credit or other information concerning the business, operations, property, condition (financial or otherwise), prospects or creditworthiness of the Issuer, the Manager or the IESO which may come into the possession of the Administrative Agent or any of its officers, directors, employees, agents, attorneys in fact or Affiliates.

(g) The Administrative Agent and its Affiliates may make loans to, accept deposits from and generally engage in any kind of business with the Issuer, the Manager and the IESO as though the Administrative Agent were not the Administrative Agent hereunder. With respect to any Series 2017-1 Senior Note held by the Administrative Agent, the Administrative Agent shall have the same rights and powers under this Supplemental Indenture and the other Program Agreements as any Group Bank or Funding Agent and may exercise the same as though it were not the Administrative Agent, and the terms "Group Bank," and "Funding Agent" shall include the Administrative Agent in its individual capacity.

(h) The Administrative Agent may resign as Administrative Agent at any time by giving 30 days' notice to the Non-Conduit Purchasers, the Funding Agents, the Indenture Trustee, the Issuer and the Manager. If Royal Bank of Canada shall resign as Administrative Agent under this Supplemental Indenture, then the Requisite Series 2017-1 Noteholders shall appoint a successor administrative agent from among the Non-Conduit Purchasers and Funding Agents, whereupon such successor agent shall succeed to the rights, powers and duties of the Administrative Agent, and the term "Administrative Agent" shall mean such successor agent effective upon such appointment and approval, and the former Administrative Agent's rights, powers and duties as Administrative Agent shall be terminated, without any other or further act or deed on the part of such former Administrative Agent or any of the parties to this Supplemental Indenture. If no successor administrative agent has accepted appointment as Administrative Agent prior to the effective date of the resignation of the Administrative Agent, the retiring

Administrative Agent may appoint, after consulting with the Non-Conduit Purchasers and the Funding Agents, a successor Administrative Agent from among the Non-Conduit Purchasers and the Funding Agents. If no successor administrative agent has accepted appointment by the date which is thirty (30) days following a retiring Administrative Agent's notice of resignation, the retiring Administrative Agent's resignation shall nevertheless thereupon become effective and Manager shall assume and perform all of the duties of the Administrative Agent hereunder until such time, if any, as the Requisite Series 2017-1 Noteholders appoint a successor administrative agent as provided for above. After any retiring Administrative Agent's resignation as Administrative Agent, the provisions of this Article 8 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent under this Supplemental Indenture. The Issuer will provide prompt written notice of a resignation of the Administrative Agent and the appointment of any successor administrative agent.

8.2 Funding Agents

(a) Each CP Conduit Purchaser and each Group Bank with respect to such CP Conduit Purchaser hereby irrevocably designates and appoints the Funding Agent set forth next to such CP Conduit Purchaser's name on Schedule E as the agent of such Person under this Supplemental Indenture and irrevocably authorizes such Funding Agent, in such capacity, to take such action on its behalf under the provisions of this Supplemental Indenture and to exercise such powers and perform such duties as are expressly delegated to such Funding Agent by the terms of this Supplemental Indenture, together with such other powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Supplemental Indenture, each Funding Agent shall not have any duties or responsibilities except those expressly set forth herein, or any fiduciary relationship with any CP Conduit Purchaser or Group Bank and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Supplemental Indenture or otherwise exist against each Funding Agent.

(b) Each Funding Agent may execute any of its duties under this Supplemental Indenture by or through agents or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. Each Funding Agent shall not be responsible to the CP Conduit Purchaser or any Group Bank in its CP Conduit Purchaser Group for the negligence or misconduct of any agents or attorneys in fact selected by it with reasonable care.

(c) Each Funding Agent and any of its officers, directors, employees, agents, attorneys in fact or Affiliates shall not be (i) liable for any action lawfully taken or omitted to be taken by it or such Person under or in connection with the Trust Indenture, this Supplemental Indenture or any other Program Agreement (except to the extent that any of the foregoing are found by a final and ~~nonappealable~~non-appealable decision of a court of competent jurisdiction to have resulted from its or such Person's own gross negligence or willful misconduct) or (ii) responsible in any manner to any of the CP Conduit Purchasers and/or Group Banks for any recitals,

statements, representations or warranties made by the Issuer, the Manager or the IESO, or any officer thereof contained in this Supplemental Indenture or any other Program Agreement or in any certificate, report, statement or other document referred to or provided for in, or received by such Funding Agent under or in connection with, this Supplemental Indenture or any other Program Agreement or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Supplemental Indenture, any other Program Agreement, or for any failure of any of the Issuer, the Manager or the IESO to perform its obligations hereunder or thereunder. Each Funding Agent shall not be under any obligation to the CP Conduit Purchaser or any Group Bank in its CP Conduit Purchaser Group to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Supplemental Indenture, any other Program Agreement or to inspect the properties, books or records of the Issuer, the Manager or the IESO.

(d) Each Funding Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, resolution, notice, consent, certificate, affidavit, letter or electronic message, statement, order or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including, without limitation, counsel to the Issuer, the Manager or the IESO), independent accountants and other experts selected by such Funding Agent. Each Funding Agent shall be fully justified in failing or refusing to take any action under this Supplemental Indenture or any other Program Agreement unless it shall first receive such advice or concurrence of the Related Purchaser Group, as it deems appropriate or it shall first be indemnified to its satisfaction by the Related Purchaser Group against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action.

(e) Each Funding Agent shall not be deemed to have knowledge or notice of the occurrence of any Termination Event unless such Funding Agent has received written notice from a Non-Conduit Purchaser, a CP Conduit Purchaser, a Group Bank, the Issuer, the Manager or the Administrative Agent referring to the Trust Indenture or this Supplemental Indenture, describing such Termination Event and stating that such notice is a "notice of a Termination Event," as the case may be. In the event that any Funding Agent receives such a notice, such Funding Agent shall give notice thereof to DBRS, the CP Conduit Purchaser and Group Bank in its CP Conduit Purchaser Group. Such Funding Agent shall take such action with respect to such event as shall be reasonably directed by the CP Conduit Purchaser and Group Bank in its CP Conduit Purchaser Group, provided that unless and until such Funding Agent shall have received such directions, such Funding Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such event as it shall deem advisable in the best interests of the CP Conduit Purchaser and Group Bank in its CP Conduit Purchaser Group.

(f) Each CP Conduit Purchaser and each of the related Group Banks expressly acknowledge that neither its Funding Agent nor any of its officers, directors,

employees, agents, attorneys in fact or Affiliates has made any representations or warranties to it and that no act by such Funding Agent hereinafter taken, including any review of the affairs of the Issuer, the Manager or the IESO shall be deemed to constitute any representation or warranty by such Funding Agent to any such Person. Each CP Conduit Purchaser and each of the related Group Banks represents to its Funding Agent that it has, independently and without reliance upon such Funding Agent and based on such documents and information as it has deemed appropriate, made its own appraisal of, and investigation into, the business, operations, property, financial and other condition and creditworthiness of the Issuer, the Manager and the IESO and made its own decision to enter into this Supplemental Indenture. Each CP Conduit Purchaser and each of the related Group Banks also represents that it will, independently and without reliance upon its Funding Agent and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Supplemental Indenture and the other Program Agreements, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other conditions and creditworthiness of the Issuer, the Manager and the IESO.

(g) Each Group Bank in a CP Conduit Purchaser Group agrees to indemnify its Funding Agent in its capacity as such (to the extent not reimbursed by the Issuer and without limiting the obligation of the Issuer to do so), from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever which may at any time be imposed on, incurred by or asserted against such Funding Agent in any way relating to or arising out of this Supplemental Indenture, any of the other Program Agreements or any documents contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby or any action taken or omitted by such Funding Agent under or in connection with any of the foregoing; provided that no Group Bank shall be liable for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements that are found by a final and nonappealablenon-appealable decision of a court of competent jurisdiction to have resulted from such related Funding Agent's gross negligence or willful misconduct. The agreements in this Section shall survive the payment of all amounts payable hereunder.

ARTICLE 9Article 9
GENERAL

9.1 Successor and Assigns

(a) This Supplemental Indenture shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, except that (i) the Issuer may not assign or transfer any of its rights under this Supplemental Indenture without the prior written consent of all of the Series 2017-1 Noteholders and at least 10 Business Days' notice having been given to DBRS; (ii) no Non-Conduit Purchaser may assign or transfer any of its rights under this Supplemental

Indenture other than pursuant to paragraph (e) or (f) below; (iii) no CP Conduit Purchaser may assign or transfer any of its rights under this Supplemental Indenture other than to the Group Bank with respect to such CP Conduit Purchaser or a Program Support Provider with respect to such CP Conduit Purchaser or pursuant to clause (b) or (e) below of this Section 9.1; and (iv) no Group Bank may assign or transfer any of its rights or obligations under this Supplemental Indenture except to a Program Support Provider or pursuant to clause (c), (d) or (e) below of this Section 9.1.

(b) Without limiting the foregoing, each CP Conduit Purchaser may assign all or a portion of the Purchaser Group Principal Amount with respect to such CP Conduit Purchaser and its rights and obligations under this Supplemental Indenture to a Conduit Assignee with respect to such CP Conduit Purchaser. Prior to~~ or concurrently with~~ the effectiveness of any such assignment~~ (or if impracticable, immediately thereafter)~~, the assigning CP Conduit Purchaser shall notify DBRS, the Administrative Agent, each Funding Agent, each Non-Conduit Purchaser and the Issuer of such assignment. Upon such assignment by a CP Conduit Purchaser to a Conduit Assignee, (i) such Conduit Assignee shall be the owner of the Purchaser Group Principal Amount or such portion thereof with respect to such CP Conduit Purchaser; (ii) the related administrative or managing agent for such Conduit Assignee will act as the administrative agent for such Conduit Assignee hereunder, with all corresponding rights and powers, express or implied, granted to the Funding Agent hereunder; (iii) such Conduit Assignee and its liquidity support provider(s) and credit support provider(s) and other related parties shall have the benefit of all the rights and protections provided to such CP Conduit Purchaser herein (including, without limitation, any limitation on recourse against such Conduit Assignee as provided in this paragraph); (iv) such Conduit Assignee shall assume all of such CP Conduit Purchaser's obligations, if any, hereunder with respect to such portion of the Purchaser Group Principal Amount and such CP Conduit Purchaser shall be released from such obligations; (v) all distributions in respect of the Purchaser Group Principal Amount or such portion thereof with respect to such CP Conduit Purchaser shall be made to the applicable agent or administrative agent, as applicable, on behalf of such Conduit Assignee; and (vi) if requested by the Administrative Agent or the agent or administrative agent with respect to the Conduit Assignee, the parties will execute and deliver such further agreements and documents and take such other actions as the Administrative Agent or such agent or administrative agent may reasonably request to evidence and give effect to the foregoing. No assignment by any CP Conduit Purchaser to a Conduit Assignee of the Purchaser Group Principal Amount with respect to such CP Conduit Purchaser shall in any way diminish the obligations of the Group Bank with respect to such CP Conduit Purchaser under Section 3.3 to fund any Increase.

(c) Any Group Bank may, in the ordinary course of its business and in accordance with applicable law, at any time, sell all or any part of its rights and obligations under this Supplemental Indenture and the Series 2017-1 Senior Notes, with the prior written consent of the Administrative Agent and the Issuer (in each case, which consent shall not be unreasonably withheld) and with prior notice to DBRS, to one

or more banks (an "**Acquiring Group Bank**") pursuant to a transfer supplement, substantially in the form of Exhibit H (the "**Transfer Supplement**"), executed by such Acquiring Group Bank, such assigning Group Bank, the Funding Agent with respect to such Group Bank, the Administrative Agent and the Issuer and delivered to the Administrative Agent. Notwithstanding the foregoing, no Group Bank shall so sell its rights hereunder if such Acquiring Group Bank is not an Eligible Assignee.

(d) Any Group Bank may, in the ordinary course of its business and in accordance with applicable law at any time and with prior notice to DBRS, sell to one or more financial institutions or other entities ("**Group Bank Participants**") participations in its Commitment ~~Amount~~ with respect to its related CP Conduit Purchaser Group, its Series 2017-1 Senior Note and its rights hereunder pursuant to documentation in form and substance satisfactory to such Group Bank and the Group Bank Participant; provided, however, that (i) in the event of any such sale by a Group Bank to a Group Bank Participant, (A) such Group Bank's obligations under this Supplemental Indenture shall remain unchanged, (B) such Group Bank shall remain solely responsible for the performance thereof, and (C) the Issuer and the Administrative Agent shall continue to deal solely and directly with such Group Bank in connection with its rights and obligations under this Supplemental Indenture; and (ii) no Group Bank shall sell any participating interest under which the Group Bank Participant shall have rights to approve any amendment to, or any consent or waiver with respect to, this Supplemental Indenture, the Trust Indenture or any Program Agreement, except to the extent that the approval of such amendment, consent or waiver otherwise would require the unanimous consent of all Group Banks hereunder. A Group Bank Participant shall have the right to receive compensation pursuant to Sections 3.10 and 3.11 but only to the extent that the related selling Group Bank would have had such right absent the sale of the related participation and, with respect to amounts due pursuant to Sections 3.10 and 3.11, only to the extent such Group Bank Participant shall have complied with the provisions of Sections 3.10 and 3.11 as if such Group Bank Participant were a Group Bank.

(e) Any CP Conduit Purchaser and the Group Bank with respect to such CP Conduit Purchaser may, at any time, sell all or any part of their respective rights and obligations, and any Non-Conduit Purchaser may, at any time, sell all or any part of its rights and obligations, under this Supplemental Indenture and the Series 2017-1 Senior Notes, with the prior written consent of the Administrative Agent and the Issuer (in each case, which consent shall not be unreasonably withheld) and with prior notice to DBRS, (x) to a multi-seller commercial paper conduit and one or more banks providing support to such multi-seller commercial paper conduit, or (y) to a financial institution or other entity (an "**Acquiring Purchaser Group**") pursuant to a transfer supplement, substantially in the form of Exhibit I (the "**Purchaser Group Supplement**"), executed by such Acquiring Purchaser Group (including the CP Conduit Purchaser and the Group Banks, if any, with respect to such Acquiring Purchaser Group), the Funding Agent, if any, with respect to such Acquiring Purchaser Group, such assigning Purchaser Group (including the Group

Banks, if any, with respect to such assigning Purchaser Group), the Funding Agent, if any, with respect to such assigning Purchaser Group and the Administrative Agent and the Issuer and delivered to the Administrative Agent.

(f) Any Non-Conduit Purchaser may, in the ordinary course of its business and in accordance with applicable law and with prior notice to DBRS, at any time sell to one or more financial institutions or other entities ("**Non-Conduit Purchaser Participants**") participations in its Commitment, its Series 2017-1 Senior Note and its rights hereunder pursuant to documentation in form and substance satisfactory to such Non-Conduit Purchaser and the Non-Conduit Purchaser Participant; provided, however, that (i) in the event of any such sale by a Non-Conduit Purchaser to a Non-Conduit Purchaser Participant, (A) such Non-Conduit Purchaser's obligations under this Supplemental Indenture shall remain unchanged, (B) such Non-Conduit Purchaser shall remain solely responsible for the performance thereof, and (C) the Issuer and the Administrative Agent shall continue to deal solely and directly with such Non-Conduit Purchaser in connection with its rights and obligations under this Supplemental Indenture; and (ii) no Non-Conduit Purchaser shall sell any participating interest under which the Non-Conduit Purchaser Participant shall have rights to approve any amendment to, or any consent or waiver with respect to, this Supplemental Indenture, the Trust Indenture or any Program Agreement, except to the extent that the approval of such amendment, consent or waiver otherwise would require the unanimous consent of all Series 2017-1 Noteholders hereunder. A Non-Conduit Purchaser Participant shall have the right to receive compensation under Sections 3.10 and 3.11 but only to the extent that the related selling Non-Conduit Purchaser would have had such right absent the sale of the related participation and, with respect to amounts due pursuant to Sections 3.10 and 3.11, only to the extent such Non-Conduit Purchaser Participant shall have complied with the provisions of Sections 3.10 and 3.11 as if such Non-Conduit Purchaser Participant were a Non-Conduit Purchaser.

(g) The Issuer authorizes each Group Bank and Non-Conduit Purchaser to disclose to any Group Bank Participant, Acquiring Group Bank, Non-Conduit Purchaser Participant or Acquiring Purchaser Group (each, a "**Transferee**") and any prospective Transferee any and all financial information in such Group Bank's or Non-Conduit Purchaser's possession concerning the Issuer, the Issuer Investment Asset and the Program Agreements which has been delivered to such Group Bank by the Issuer or the Manager in connection with such Group Bank's credit evaluation of the Issuer and the Issuer Investment ~~Asset~~Interest.

(h) Notwithstanding any other provision of this Supplemental Indenture to the contrary, any Non-Conduit Purchaser, any Group Bank or any Program Support Provider may at any time pledge or grant a security interest in all or any portion of its rights under its Series 2017-1 Senior Note and this Supplemental Indenture to secure obligations of such Non-Conduit Purchaser, such Group Bank or such Program Support Provider to a Federal Reserve Bank or the Bank of Canada, without notice to or consent of the Administrative Agent or the Issuer; provided that no such pledge or grant of a security interest shall release a Non-Conduit

Purchaser or ~~an~~a Group Bank from any of its obligations hereunder or substitute any such pledgee or grantee for such Non-Conduit Purchaser or such Group Bank as a party hereto.

(i) Notwithstanding any other provision of this Supplemental Indenture to the contrary, no consent of the Issuer to any assignment referred to in this Section 9.1 shall be required at any time after the occurrence of ~~an~~a Series 2017-1 Event of Default.

9.2 Waiver

Without limiting the requirements of Section ~~[~~11.02~~]~~ of the Trust Indenture which shall be applicable to this Supplemental Indenture, no waiver of any provision of this Supplemental Indenture or consent to any departure by the Issuer from any provision of this Supplemental Indenture will be effective (in whole or in part) unless in writing and signed by the Requisite Series 2017-1 Noteholders. Such waiver will be effective only in the specific instance, for the specific purpose and for the specific length of time for which it is given by the Requisite Series 2017-1 Noteholders.

9.3 Notice

All notices, requests, instructions and demands to or upon any party hereto to be effective shall be given (a) in the case of the Issuer and the Indenture Trustee, in the manner set forth in Article ~~[~~15~~]~~ of the Trust Indenture; and (b) in the case of the Administrative Agent, the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks and the Funding Agents, in writing, and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when delivered by hand or three days after being deposited in the mail, postage prepaid, in the case of facsimile notice, when received, or in the case of overnight air courier, one Business Day after the date such notice is delivered to such overnight courier, addressed as follows in the case of the Administrative Agent and to the addresses therefor set forth in Schedule E, in the case of the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks and the Funding Agents; or to such other address as may be hereafter notified by the respective parties hereto:

Administrative Agent:~~●~~

Royal Bank of Canada **[NTD: Oslers to provide]**

9.4 No Waiver: Remedies

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

9.5 Entire Agreement

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

9.6 Governing Law and Attornment

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

9.7 Acknowledgment of Trust Indenture and No Proceedings

The Administrative Agent, each Non-Conduit Purchaser, each CP Conduit Purchaser, each Group Bank and each Funding Agent hereby acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor under the Trust Indenture and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Trust Indenture including, without limitation, Section **[7.06]**7.12 (Payments To Be Held in Trust), Section **[8.12]**8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Sections **[**7.04 through 7.11 and 8.13**]** (Payment Priorities), Section **[**8.14**]** (Limited Recourse), Article IX (Indenture Trustee) (including all limitations of liability thereunder), Section 9.14 (Communications to Specified Creditors) and Section **[**16.01**]** (No Petition).

9.8 Expenses

The Issuer agrees to pay on demand (a) to the Indenture Trustee, the Administrative Agent and the Purchaser Groups all reasonable costs and expenses in connection with the preparation, execution, and delivery of this Supplemental Indenture and the other documents to be delivered hereunder or in connection herewith, including, the reasonable fees and out-of-pocket expenses of counsel for the Administrative Agent and the Purchaser Groups, with respect thereto, and the reasonable fees and out-of-pocket expenses incurred by the CP Conduit Purchasers in connection with the review by each rating agency then rating the Commercial Paper of such CP Conduit Purchaser of the transactions contemplated by this Supplemental Indenture and the Program Agreements; (b) to the Indenture Trustee, the Administrative Agent and each Purchaser Group all reasonable costs and expenses in connection with any amendments of or waivers or consents under this Supplemental Indenture or the Program Agreements, including in each case the reasonable fees and out-of-pocket expenses of counsel with respect thereto, and the reasonable fees and out-of-pocket expenses incurred by the CP Conduit Purchasers in connection with the review by any rating agency then rating the Commercial Paper of such CP Conduit Purchasers; and (c) to the Indenture Trustee, the Administrative Agent and each Purchaser Group, on demand, all reasonable costs and expenses (including reasonable fees and expenses of counsel to the Administrative Agent and each Purchaser Group), if any, in connection with the enforcement of this Supplemental

Indenture or any of the Program Agreements, and the other documents delivered thereunder or in connection therewith.

9.9 Further Assurances

Each of the parties hereto upon the request of the other party or parties hereto shall do, execute, acknowledge and deliver or cause to be done, executed acknowledged or delivered all such further acts, deeds, documents, assignments, transfers, conveyances, powers of attorney and assurances as may be reasonably necessary or desirable to effect or complete the consummation of the transactions contemplated by this Supplemental Indenture.

9.10 Confidentiality

(a) Each Purchaser Group and the Administrative Agent covenants and agrees that any non-public information obtained by it pursuant to this Supplemental Indenture and the other Program Agreements shall be held in confidence except that the Purchaser Groups or Administrative Agent may disclose such information (i) pursuant to the order of any court or administrative agency or in any pending legal or administrative proceeding (whether or not having the force or effect of law) provided that, unless prohibited by applicable law, a Purchaser Group or the Administrative Agent, as applicable, shall provide prompt notice of such order to the affected party; (ii) upon the request or demand of any regulatory authority having or claiming jurisdiction over any Purchaser Group or the Administrative Agent; (iii) as required by applicable law including, without limitation, all applicable securities laws; (iv) to the extent that such information becomes publicly available other than by reason of improper disclosure by a Purchaser Group or the Administrative Agent; (v) to its affiliates, officers, directors, employees, legal counsel, independent auditors, accountants, advisors, investors, potential investors, commercial paper dealers, providers of surety, guaranty, credit or liquidity enhancement (including the directors, officers and accountants of such surety, guaranty, credit or liquidity enhancement provider), legal counsel of any of the foregoing and other experts or agents who need to know such information and are informed of the confidential nature of such information (provided that the Persons permitted to make such disclosures under clauses (i), (ii) and (iii) of this Section 9.10 shall also include credit or liquidity enhancers of a CP Conduit Purchaser); (vi) for purposes of establishing a "due diligence" defense; (vii) which was available to a Purchaser Group or the Administrative Agent on a non-confidential basis from a source other than the affected party, provided that such source was not to the knowledge of the Purchaser Group or the Administrative Agent, as applicable, bound by a confidentiality agreement with the affected party; (viii) has been independently acquired or developed by a Purchaser Group or the Administrative Agent without violating any of the Purchaser Group's or the Administrative Agent's obligations under this Supplemental Indenture; (ix) if such disclosure has been approved in writing in advance by the Issuer or the Manager; (x) regarding the existence of this Supplemental Indenture, but not the financial terms thereof; and (xi) to DBRS and Moody's and any other Rating Agencies.

(b) The Issuer covenants and agrees to hold in confidence, and not disclose to any Person, the terms of this Supplemental Indenture (including any fees payable in connection with this Supplemental Indenture or the identity of any CP Conduit Purchaser under this Supplemental Indenture), except as the applicable Purchaser Group may have consented to in writing prior to any proposed disclosure and except (i) it may also disclose such information (A) to its officers, directors, employees, legal counsel, independent auditors, accountants and other advisors who are directly involved in the consideration of this Supplemental Indenture (and then only on a confidential basis), (B) to the Manager and its officers, directors, employees, legal counsel, independent auditors, accountants and other advisors, (C) any ministry or agency of the Province of Ontario and, in each case, their respective employees, officials, agents and advisors, (D) as required by applicable law (including, without limitation, applicable securities law) or compulsory legal process, (E) as expressly permitted by the terms of the Program Agreements, and (F) to DBRS and Moody's and any other Rating Agencies; provided, that, in the case of clause (D), the Issuer will use all commercially reasonable efforts to maintain confidentiality and will (unless otherwise prohibited by law) notify the affected Administrative Agent or Purchaser Group of its intention to make any such disclosure prior to making such disclosure; and (ii) it may also disclose the existence (but not the financial terms) of this Supplemental Indenture, including to any actual or prospective purchaser of other Notes.

(c) The parties hereto acknowledge that a description of this Supplemental Indenture and the Series 2017-1 Senior Note will be included in the preliminary and final offering memoranda of the Issuer relating to the issue of other Notes from time to time.

(d) The confidentiality provisions set forth in this Section 9.10 shall expire on the second year anniversary of the date on which the Series 2017-1 Senior Notes have been paid in full.

9.11 Acknowledgement and Consent to Bail-In of EEA Financial Institutions

Notwithstanding anything to the contrary in this Supplemental Indenture or in any other Program Agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any EEA Financial Institution arising under this Supplemental Indenture or any other Program Agreement, to the extent such liability is unsecured, may be subject to the write-down and conversion powers of an EEA Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

(a) the application of any Write-Down and Conversion Powers by an EEA Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an EEA Financial Institution; and

(b) the effects of any Bail-~~in~~In Action on any such liability, including, if applicable

(i) a reduction in full or in part or cancellation of any such liability;

(ii) a conversion of all, or a portion of, such liability into shares or other instruments or ownership in such EEA Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Supplemental Indenture or any other Facility Agreement; or

(iii) the variation of the terms of such liability in connection with the exercise of the write-down and conversion powers of any EEA Resolution Authority.

9.12 Limitation of Liability of Issuer Trustee

Each party hereto other than the Issuer acknowledges that the Issuer is a trust, and that Computershare Trust Company of Canada is the Issuer Trustee. The other parties hereto agree that the Issuer Trustee will not be subject to any liability whatsoever to them, in tort, contract or otherwise, in connection with the Issuer's assets or the trust activities, for any action taken or permitted by it to be taken, or for its failure to take any action; provided that the foregoing limitation will not apply in respect of any action or failure to act arising from or in connection with wilful misconduct, negligence or reckless disregard of a duty by the Issuer Trustee. The Issuer Trustee in doing anything or permitting anything to be done in respect of assets or the trust activities is, and shall be conclusively deemed to be, acting as trustee of the Issuer and not in any other capacity. Except as to the extent provided in this Section 9.12, the Issuer Trustee will not be subject to any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Issuer, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the Issuer's assets or the trust activities and resort will be had solely to the Collateral for the payment or performance thereof. No property or assets of the Issuer Trustee, whether owned in its personal capacity or otherwise, will be subject to levy, execution or other enforcement procedure with regard to any obligation under this Supplemental Indenture. Nothing contained in this Section 9.12 shall be construed so as to limit the liability of the Issuer under this Supplemental Indenture. This Supplemental Indenture, and every deed, transfer, assignment, agreement or other instrument made pursuant hereto including, without limitation, the Series 2017-1 Senior Notes, made or purporting to be made by or creating an obligation of the Issuer or the Issuer Trustee on behalf of, or as trustee of, the Issuer shall be deemed and construed for all purposes as if made by the Issuer Trustee, in and only in its capacity as trustee of the Issuer. Any obligations of the Issuer Trustee hereunder or thereunder are non-recourse to the Issuer Trustee in its personal capacity.

9.13 Execution in Counterparts

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

9.14 Delivery of Executed Copies

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

[signature page follows]

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

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of FAIR HYDRO TRUST, as Issuer, by

ONTARIO POWER GENERATION INC., not in its individual capacity but solely as Manager

By:

_____

Name:

Title:

By:

_____

Name:

Title:

BNY TRUST COMPANY OF CANADA, as Indenture Trustee

By:

_____

Name:

Title:

By: _____

Name:

Title:

●, **ROYAL BANK OF CANADA**, as Administrative Agent,

By: _____

Name:

Title:

[NTD: Detailed signing pages to be prepared.]

~~**SCHEDULE A**~~

SCHEDULE A

DEFINITIONS

"**Acceleration Event**" means either:

(a) all Issuer Funding Obligations are declared due and payable under Section 8.02 of the Trust Indenture, or

(b) the Series 2017-1 Principal Amount and all interest accrued and unpaid thereon is declared to be due and payable under Section 7.1.

"**Administrative Agent**" ~~shall have the meaning specified~~is defined in the preamble to this Supplemental Indenture.

"**AEOI Legislation**" ~~has the meaning specified~~is defined in Section 3.10(a).

"**Affected Party**" means any Non-Conduit Purchaser, CP Conduit Purchaser and any Program Support Provider with respect to any CP Conduit Purchaser.

"**Applicable Margin**" is the Program Fee as defined in the Fee Letter.

"**Authorized Officer**" means, with respect to: (a) the Issuer, any authorized director or officer of the Manager; (b) the Manager, any authorized director of officer of OPG; (c) the IESO, any authorized director or officer of the IESO; (d) the Issuer Trustee, any officer within the corporate trust office of such trustee (including the President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Treasurer or any other officer of the Issuer Trustee customarily performing functions similar to those performed by persons who at the time shall be such officers, respectively, and that has direct responsibility for the administration of the Issuer and also, with respect to a particular matter, any other officer to whom such matter is referred to because of such officer's knowledge and familiarity with the particular subject).

"**Bail-In Action**" shall mean the exercise of any Write-Down and Conversion Powers by the applicable EEA Resolution Authority in respect of any liability of an EEA Financial Institution.

"**Bail-In Legislation**" shall mean, with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule.

~~"**Basel III**" means the revised Basel Accord prepared by the Basel Committee on Banking Supervision as set out in the publication entitled "A Global Regulatory Framework for More Resilient Banks and Banking Systems" developed by the Basel Committee on Banking Supervision, initially published in December 2010, as updated from time to time, and any rules, regulations, guidance, requests, interpretations or directives from any Official Body relating thereto (whether or not having the force of law).~~"**Breakage Costs**" means, with respect to a CP

Conduit Purchaser, the net interest costs, if any, with respect to any portion of the Commercial Paper it has issued to fund its investment in the Series 2017-1 Senior Notes that will be incurred by such CP Conduit Purchaser as a result of the maturity of such Commercial Paper falling after the date of a Decrease.

~~"**Cash Reserve Deposit Date**" means the Payment Date occurring in the month of April, 2021.~~

~~"**Cash Reserve Deposit Amount**" means ●.~~

"**CDOR**" means, on any day, an annual rate of interest equal to the average rate applicable to Canadian dollar bankers' acceptances for a 1 month period appearing on the "Reuters Screen CDOR Page" (as defined in the International Swaps and Derivatives Association, Inc. 2000 definitions, as modified and amended from time to time) at approximately 10:00 a.m. on such day, or if such day is not a Business Day, then on the immediately preceding Business Day, provided that if such rate does not appear on the Reuters Screen CDOR Page on such day as contemplated, then CDOR on such day shall be calculated as the average of the rates for such period applicable to Canadian dollar bankers' acceptances quoted by the banks listed in Schedule I of the *Bank Act* (Canada) as of 10:00 a.m. on such day or, if such day is not a Business Day, then on the immediately preceding Business Day.

"**Closing Date**" is defined in Section 3.3(a).

~~"**Code**" is defined in Section 3.10(a).~~

"**Commercial Paper**" means, with respect to any CP Conduit Purchaser, the promissory notes issued by, or for the benefit of, such CP Conduit Purchaser in the commercial paper market.

"**Commitment**" means, with respect to (a) the Group Bank included in any CP Conduit Purchaser Group, the obligation of such Group Bank to purchase a Series 2017-1 Senior Note on the Closing Date and, thereafter, to maintain and, subject to certain conditions, increase the Purchaser Group Principal Amount with respect to such CP Conduit Purchaser Group, in each case, in an amount up to the Maximum Purchaser Group Principal Amount with respect to such CP Conduit Purchaser Group; or (b) any Non-Conduit Purchaser Group, the obligation of the Related Non-Conduit Purchaser to purchase a Series 2017-1 Senior Note on the Closing Date and, thereafter, to maintain and, subject to certain conditions, increase the Purchaser Group Principal Amount with respect to such Non-Conduit Purchaser Group, in each case, in an amount up to the Maximum Purchaser Group Principal Amount with respect to such Non-Conduit Purchaser Group.

"**Commitment Expiry Date**" means the earlier of (a) the Scheduled Commitment Expiry Date; and (b) the date on which an Event of Default or a Series 2017-1 Event of Default shall have been declared or automatically occurred.

"**Commitment Extension**" means an extension of the Scheduled Commitment Expiry Date effected in accordance with Section 3.5(c).

"**Commitment Extension Request**" is defined in Section 3.5(c).

"**Commitment Fee**" is defined in Section 3.6(b).

"**Commitment Fee Rate**" is defined in the Fee Letter.

"**Commitment Percentage**" means, on any date of determination, with respect to any Purchaser Group, the ratio, expressed as a percentage, which such Purchaser Group's Maximum Purchaser Group Principal Amount bears to the Series 2017-1 Maximum Principal Amount on such date.

"**Conduit Assignee**" means, with respect to any CP Conduit Purchaser, any commercial paper conduit administered by the Funding Agent with respect to such CP Conduit Purchaser and designated by such Funding Agent to accept an assignment from such CP Conduit Purchaser of the Purchaser Group Principal Amount or a portion thereof with respect to such CP Conduit Purchaser pursuant to Section 9.1(b).

"**CP Conduit Funded Amount**" means, with respect to any CP Conduit Purchaser Group for any day, the portion of the Purchaser Group Principal Amount with respect to such CP Conduit Purchaser Group funded by the CP Conduit Purchaser in respect of such CP Conduit Purchaser Group.

"**CP Conduit Purchaser**" means each commercial paper conduit listed on Schedule E or party to a Purchaser Group Supplement pursuant to which such commercial paper conduit became a party to this Supplemental Indenture

"**CP Conduit Purchaser Group**" means, collectively, a CP Conduit Purchaser and the Group Bank with respect to such CP Conduit Purchaser.

"**CP Conduit Rating Agencies**" means, with respect to any CP Conduit Purchaser, each of DBRS and Moody's and any other nationally recognized statistical rating organization which may, from time to time, rate the Commercial Paper of the CP Conduit Purchaser at the request of the CP Conduit Purchaser.

"**CP Rate**" means with respect to any CP Conduit Purchaser for any day during an Interest Period, the weighted average annual rate of interest applicable to all Commercial Paper of the CP Conduit Purchaser; and provided further that (x) any such Commercial Paper may be issued in either United States dollars or Canadian dollars with the appropriate market rate currency swap agreements being entered into to match such issuance to the funding requirements of such CP Conduit Purchaser, and (y) such weighted average annual rate of interest shall be calculated to reflect any costs incurred by such CP Conduit Purchaser in connection with such swap transactions or in connection with any redemption or repurchase transaction between such CP Conduit Purchaser and the holders of such commercial paper; provided that no amount shall be included in the calculation of the CP Rate which reflects any termination amounts payable by such CP Conduit Purchaser in respect of the early termination of any market rate currency swap referred to in this definition.

"**Decrease**" is defined in Section 3.4(a).

"**Decrease Amount**" is defined in Section 3.4(a).

"**Deferrable Increase Notice**" means a notice of Increase that provides that a Delayed Funding Notice may be provided by any Purchaser Group with respect to such Increase in accordance with Section 3.3(e).

"**Delayed Amount**" is defined in Section 3.3(e).

"**Delayed Funding Date**" is defined in Section 3.3(e).

"**Delayed Funding Notice**" is defined in Section 3.3(e).

"**Delayed Funding Purchaser Group**" is defined in Section 3.3(e).

"**Delayed Funding Reimbursement Amount**" means, with respect to any Delayed Amount of a Delayed Funding Purchaser Group funded by Non-Delayed Funding Purchaser Groups on an Increase Date, an amount equal to the excess, if any, of (a) such Delayed Amount; over (b) the amount, if any, by which the portion of any principal payment made by the Issuer to such Non-Delayed Funding Purchaser Group pursuant to Section 3.7 on any date during the period from and including such Increase Date to but excluding the Delayed Funding Date for such Delayed Amount, was greater than what it would have been had such Delayed Amount been funded by such Delayed Funding Purchaser Group on such Increase Date.

"**EEA Financial Institution**" shall mean (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority; (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition; or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clause (a) or (b) of this definition and is subject to consolidated supervision with its parent.

"**EEA Member Country**" shall mean any of the member states of the European Union, Iceland, Liechtenstein and Norway.

"**EEA Resolution Authority**" shall mean any public administrative authority or any person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

"**Eligible Assignee**" means a financial institution having (i) a short-term debt ~~ratings~~rating of at least ~~"A-1" from Standard & Poor's and~~ "P-1" from Moody's, and (ii) either (A) a short-term debt rating of at least "R-1(low)" from DBRS, or (B) a long-term debt rating of at least "A" from DBRS.

"**EU Bail-In Legislation Schedule**" shall mean the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor person), as in effect from time to time.

"**Excluded Taxes**" ~~shall have the meaning specified~~is defined in Section 3.10(a).

"**FATCA**" ~~has the meaning specified~~is defined in Section 3.10(a).

"**Fee Letter**" means the fee letter dated the date hereof~~, from the Issuer addressed to the Administrative Agent, each Non-Conduit Purchaser and each of the CP Conduit Purchasers, the Funding Agents and the Group Banks, setting forth certain fees payable from time to time to the Purchaser Groups~~ between the Issuer, Canadian Imperial Bank of Commerce, Royal Bank of Canada and Goldman Sachs Canada Inc., as such letter may be amended or replaced from time to time.

"**Funding Agent**" means, with respect to each CP Conduit Purchaser and its CP Conduit Purchaser Group, the agent bank set forth opposite the name of such CP Conduit Purchaser on Schedule E or in the Purchaser Group Supplement pursuant to which such CP Conduit Purchaser became a party to this Supplemental Indenture.

"**Group Bank**" means, with respect to a CP Conduit Purchaser, the bank or other Person set forth opposite the name of such CP Conduit Purchaser on Schedule E or in the Purchaser Group Supplement pursuant to which such CP Conduit Purchaser became a party to this Supplemental Indenture and any assignee thereof, to the extent such assignee has assumed all or a portion of the Commitments of the Group Bank pursuant to a Transfer Supplement entered into in accordance with Section 9.1(c).

"**Group Bank Funded Amount**" means, with respect to any CP Conduit Purchaser Group for any day, the excess, if any, of the Purchaser Group Principal Amount with respect to such CP Conduit Purchaser Group over the CP Conduit Funded Amount with respect to such CP Conduit Purchaser Group for such day.

"**Group Bank Participants**" is defined in Section 9.1(d).

"**Group Monthly Fees and Other Amounts**" shall mean, for any Payment Date and a Purchaser Group the sum of (a) the Commitment Fee with respect to the related Interest Period for such Purchaser Group; plus (b) any amounts payable to such Purchaser Group hereunder including, without limitation, pursuant to Sections 3.8, 3.10, 3.11 and 9.8; plus (c) the Monthly Fees and Other Amounts Shortfall for such Purchaser Group for such Payment Date.

"**Group Monthly Interest**" means, with respect to each Interest Period and:

(a) any CP Conduit Purchaser Group, the sum of:

(i) for each day during such Interest Period, the product of (x) the portion of the CP Conduit Funded Amount with respect to the CP Conduit Purchaser Group on such day funded through the issuance of Commercial Paper outstanding on such day, times (y) the sum of the CP Rate for such day plus the Applicable Margin, divided by (z) 365; plus

(ii) for each day during such Interest Period, the product of (x) the portion of the CP Conduit Funded Amount with respect to the CP Conduit Purchaser in such ~~GP~~CP Conduit Purchaser Group on such day not funded through the issuance of Commercial Paper outstanding on such day, times (y) the sum of CDOR for such day plus the Applicable Margin, divided by (z) 365; plus

(iii) for each day during such Interest Period the product of (x) the Group Bank Funded Amount with respect to such Purchaser Group on such day, times (y) the sum of CDOR for such day plus the Applicable Margin, divided by (x) 365.

(b) any Non-Conduit Purchaser Group, the sum for each day during such Interest Period of the product of (i) the Purchaser Group Principal Amount with respect to such Non-Conduit Purchaser Group on such day; times (ii) the sum of CDOR for such day plus the Applicable Margin, divided by (iii) 365.

For the purposes of determining the Group Monthly Interest in respect of an Interest Period prior to the end of the Interest Period, the Funding Agent in respect of a CP Conduit Purchaser Group or a Non-Conduit Purchaser Group may estimate the interest for the remaining days in the Interest Period. If the actual interest for such days is less than the estimated interest, the Group Monthly Interest for the following Interest Period shall be reduced to adjust for such lower actual interest and if the actual interest for such days is higher than the estimated interest, the Group Monthly Interest for the following Interest Period shall be increased to adjust for such higher interest.

"**Increase**" is defined in Section 3.3(a).

"**Increase Amount**" is defined in Section 3.3(a).

"**Increase Date**" is defined in Section 3.3(a).

"**Increase Notice**" is defined in Section 3.3(a).

"**Interest Period**" means each of the consecutive periods that begins on, and includes, each Payment Date and ends on and excludes, the following Payment Date; provided that the first Interest Period shall begin on the Closing Date and end on ~~●~~ the Payment Date in January, 2018.

"**Issuer Indemnified Person**" is defined in Section 3.8.

"**Maximum Purchaser Group Principal Amount**" means, with respect to (a) any CP Conduit Purchaser Group, the amount set forth opposite the name of the CP Conduit Purchaser included in such CP Conduit Purchaser Group on Schedule E or in the Purchaser Group Supplement pursuant to which such CP Conduit Purchaser Group became a party to this Supplemental Indenture; or (b) any Non-Conduit Purchaser Group, the amount set forth opposite the name of such Non-Conduit Purchaser Group on Schedule E or in the Purchaser Group Supplement pursuant to which such Non-Conduit Purchaser Group became a party to this Supplemental Indenture, in each case, as such amount may be increased or reduced from time to time as provided in Section 3.5.

"**Monthly Fees and Other Amounts**" shall mean, for any Payment Date, the aggregate of the Group Monthly Fees and Other Amounts for all Purchaser Groups.

"**Monthly Fees and Other Amounts Shortfall**" means, for any Payment Date and a Purchaser Group, if the amount of the Monthly Fees and Other Amounts for the preceding Payment Date was greater than the amount distributed to the payment of such amounts pursuant to Section 3.6(d), an amount equal to the Monthly Fees and Other Amounts owing to such Purchaser Group which were

unpaid on the preceding Payment Date plus interest on such unpaid amount for the period from the preceding Payment Date to the current Payment Date at a rate equal to the Prime Rate plus 1.00% per annum.

"**Monthly Interest**" shall mean, for any Payment Date, the aggregate for all Purchaser Groups of the sum of (a) Group Monthly Interest for the related Interest Period for each Purchaser Group; plus (b) the Monthly Interest Shortfall for such Payment Date for each Purchaser Group.

~~"**Monthly Fees and Other Amounts**" shall mean, for any Payment Date, the aggregate of the Monthly Fees and Other Amounts for all Purchaser Groups.~~ "**Monthly Interest Shortfall**" means, for any Payment Date and a Purchaser Group, if the amount of the Group Monthly Interest for the preceding Payment Date was greater than the amount distributed to the payment of such amounts pursuant to Section 3.6(d), an amount equal to the Group Monthly Interest owing to such Purchaser Group which were unpaid on the preceding Payment Date plus interest on such unpaid amount for the period from the preceding Payment Date to the current Payment Date at a rate equal to the Prime Rate plus 1.00% per annum.

~~"**Monthly Interest Shortfall**" means, for any Payment Date and a Purchaser Group, if the amount of the Group Monthly Interest for the preceding Payment Date was greater than the amount distributed to the payment of such amounts pursuant to Section 3.6(d), an amount equal to the Group Monthly Interest owing to such Purchaser Group which were unpaid on the preceding Payment Date plus interest on such unpaid amount for the period from the preceding Payment Date to the current Payment Date at a rate equal to the Prime Rate plus ●% per annum.~~

~~"**Monthly Fees and Other Amounts Shortfall**" means, for any Payment Date and a Purchaser Group, if the amount of the Monthly Fees and Other Amounts for the preceding Payment Date was greater than the amount distributed to the payment of such amounts pursuant to Section 3.6(d), an amount equal to the Monthly Fees and Other Amounts owing to such Purchaser Group which were unpaid on the preceding Payment Date plus interest on such unpaid amount for the period from the preceding Payment Date to the current Payment Date at a rate equal to the Prime Rate plus ●% per annum.~~

"**Non-Conduit Purchaser**" means each financial institution or other entity (other than a commercial paper conduit, Group Bank or Funding Agent) listed on Schedule E or party to a Purchaser Group Supplement pursuant to which such financial institution or entity became a party to this Supplemental Indenture.

"**Non-Conduit Purchaser Group**" means a Non-Conduit Purchaser.

"**Non-Conduit Purchaser Participants**" is defined in Section 9.1(f).

"**Non-Deferrable Draw Amount**" means, with respect to any Purchaser Group as of any Increase Date, an amount equal to the lesser of (a) the excess, if any, of (x) the product of (i) $100,000,000 and (ii) the Commitment Percentage of such Purchaser Group over (y) the portion of any Increase Amounts funded by such Purchaser Group during the preceding thirty-five (35) days pursuant to a Non-Deferrable Increase Notice or, to the extent of any decrease pursuant to Section 3.3(e) in the Delayed Amount set forth in a Delayed Funding Notice delivered by such Purchaser Group, a Deferrable Increase Notice; and (b) the excess, if any, of (x) the Maximum Purchaser Group

Principal Amount with respect to such Purchaser Group, over (y) the sum of (i) the Purchaser Group Principal Amount with respect to such Purchaser Group; and (ii) any unfunded Delayed Amounts with respect to such Purchaser Group, in each case as of such Increase Date.

"**Non-Deferrable Increase Notice**" means a notice of Increase that provides that a Delayed Funding Notice may not be provided by any Purchaser Group with respect to such Increase in accordance with Section 3.3(a).

"**Non-Delayed Funding Purchaser Group**" is defined in Section 3.3(f).

"**Optional Termination Date**" is defined in Section 3.4.

"**Optional Termination Notice**" is defined in Section 3.4.

"**Prime Rate**" means the annual rate of interest announced by ●Royal Bank of Canada from time to time as being its reference rate for the determination of interest rates on Canadian dollar denominated commercial loans made by it and commonly referred to by ●Royal Bank of Canada as its "prime rate."

~~"**Principal Accumulation Amount**" means, in respect of each Payment Date occurring on or after the Principal Accumulation Date, an amount equal to the lesser of (x) $●, and (y) the Series 2017-1 Principal Amount.~~

"**Principal Accumulation Date**" means (i) if a Commitment Extension has occurred, the date specified as the "**Principal Accumulation Date**" in the related Commitment Extension Request, or (ii) otherwise, the Payment Date occurring in the month of ●July, ~~[2021]~~ 2021.

"**Principal Payment Amount**" means, in respect of the Series 2017-1 ~~Notes~~Senior Notes, (i) if a Commitment Extension has occurred, the amount specified as the "**Principal Payment Amount**" in the related Commitment Extension Request, or (ii) otherwise:

(a) ~~on~~On any Payment Date ~~that is a Decrease Date before~~occurring on or after the earlier of (i) the ~~Series 2017-1 Principal~~ Payment Date occurring in October, 2021; and (ii) the occurrence of an Acceleration Event, the ~~Decrease Amount of the Decrease occurring on such Payment Date;~~ Series 2017-1 Principal Amount.

(b) Unless clause (a) above is applicable, on the Payment Dates in the month of July, August, September and October of 2021, an amount equal the lesser of (x) the sum of (A) 25% of the Series 2017-1 Principal Amount on the Business Day prior to the Principal Accumulation Date, plus (B) the Decrease Amount of any Decrease occurring on such Payment Date, and (y) the Series 2017-1 Principal Amount.

(c) ~~(b)~~ Unless either of clauses (a) or (b) above is applicable, on any Payment Date that is not a Decrease Date ~~before the earlier of (i) the Series 2017-1 Principal Payment Date; and (ii) the occurrence of an Acceleration Event, nil; and~~ , nil.

(d) Unless either of clauses (a) or (b) is applicable, on any Payment Date that is a Decrease Date, the Decrease Amount of the Decrease occurring on such Payment Date.

(c) on any Payment Date occurring on or after the earlier of (i) the Series 2017-1 Principal Payment Date; and (ii) the occurrence of an Acceleration Event, the Series 2017-1 Principal Amount. "**Principal Payment Default Date**" means, in respect of any Principal Payment Amount, (i) if a Commitment Extension has occurred, the date specified as the "**Principal Payment Default Date**" with respect to such Principal Payment Amount in the related Commitment Extension Request, or (ii) otherwise, the Business Day that is two years after the Principal Payment Date in respect of such Principal Payment Amount.

"**Pro Rata Share**" means, with respect to any Purchaser Group, on any date, the ratio, expressed as a percentage, which the Purchaser Group Principal Amount with respect to such Purchaser Group bears to the Series 2017-1 Principal Amount on such date.

"**Program Support Provider**" means, with respect to any CP Conduit Purchaser, the Group Bank with respect to such CP Conduit Purchaser and any other or additional Person now or hereafter extending credit, or having a commitment to extend credit to or for the account of, or to make purchases from, such CP Conduit Purchaser or issuing a letter of credit, surety bond or other instrument to support any obligations arising under or in connection with such CP Conduit Purchaser's securitization program.

"**Purchaser Group**" means a CP Conduit Purchaser Group or a Non-Conduit Purchaser Group.

"**Purchaser Group Increase Amount**" means, with respect to any Purchaser Group, for any Business Day, such Purchaser Group's Commitment Percentage of the Increase Amount, if any, on such Business Day.

"**Purchaser Group Principal Amount**" means, with respect to any Purchaser Group, (a) when used with respect to the Closing Date, such Purchaser Group's Commitment Percentage of the Series 2017-1 Initial Principal Amount; and (b) when used with respect to any other date, an amount equal to (i) the Purchaser Group Principal Amount with respect to such Purchaser Group on the immediately preceding Business Day; plus (ii) the Purchaser Group Increase Amount with respect to such Purchaser Group on such date; minus (iii) the amount of principal payments made to such Purchaser Group pursuant to Section 3.7 on such date. For the avoidance of doubt, (x) so long as any Purchaser Group has failed to fund any portion of its Purchaser Group Increase Amount with respect to any Increase Date (including any Delayed Amount), such unfunded amount shall not be included in the Purchaser Group Principal Amount for such Purchaser Group unless and until such amount has been funded (including by Funding funding any Delayed Funding Reimbursement Amount, if applicable), and (y) any Delayed Amounts funded on an Increase Date by a Non-Delayed Funding Purchaser Group shall be included in the Purchaser Group Principal Amount for such Non-Delayed Funding Purchaser Group until the related Delayed Funding Reimbursement Amount has been funded.

"**Purchaser Group Supplement**" is defined in Section 9.1(e).

"**Rating Agency Condition**" means, with respect to any action in respect of the Series 2017-1 Senior Notes subject to such condition, each of the CP Conduit Purchasers shall deliver written notice of the proposed action to the CP Conduit Rating Agencies at least 10 Business Days prior to the effective date of such action (or if 10 Business Days prior notice is impractical, such advance notice as is practicable) and the CP Conduit Rating Agencies (i) shall not have informed any CP Conduit Purchaser prior to the effective date of such action that such action will result in the reduction or withdrawal of the rating in effect with respect to the Commercial Paper of the CP Conduit Purchaser immediately before the taking of such action, or (ii) in the case of DBRS, or any successor thereto, when it is a CP Conduit Rating Agency, DBRS shall have informed each of the CP Conduit Purchasers in writing prior to the effective date of such action that such action will not result in the reduction or withdrawal of the rating of any Commercial Paper of such CP Conduit Purchasers immediately before the taking of such action. For purposes of the Trust Indenture, this Supplemental Indenture and the Master Transfer and Servicing Agreement, the Indenture Trustee shall receive, and shall be entitled to rely on, a certificate of a CP Conduit Purchaser confirming the satisfaction of the Rating Agency Condition.

"**Recipient**" ~~has the meaning specified~~is defined in Section 3.10(a).

"**Refinancing Increase**" is defined in Section 3.3(a).

"**Regulatory Change**" shall mean (i) the adoption after the date hereof of any applicable law, rule or regulation (including any applicable law, rule or regulation regarding capital adequacy, deposits, reserves or liquidity coverage) or any change therein after the date hereof, (ii) any change after the date hereof in the interpretation, administration, scope or timing of implementation thereof by any governmental authority, central bank, self-regulating professional body or comparable agency or authority charged with the interpretation or administration thereof, or compliance with any guidance, request or directive (whether or not having the force of law) of any such authority, central bank, self-regulating professional body or comparable agency or authority; provided that for purposes of this definition, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder, issued in connection therewith or in implementation thereof, and (y) all requests, rules, guidelines and directives (whether or not having the force of law) promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or Canadian or United States or other foreign regulatory authorities, shall in each case be deemed to be a "Regulatory Change", regardless of the date enacted, adopted, issued or implemented.

"**Related Non-Conduit Purchaser**" means, with respect to any Non-Conduit Purchaser Group, the Non-Conduit Purchaser that constitutes such Non-Conduit Purchaser Group.

"**Related Purchaser Group**" means, with respect to (a) any Funding Agent, the CP Conduit Purchaser identified next to such Funding Agent on Schedule E and the Group Bank identified on Schedule I next to such CP Conduit Purchaser or the CP Conduit Purchaser and Group Bank party to the Purchaser Group Supplement pursuant to which such Funding Agent became a party to this Supplemental Indenture; (b) any CP Conduit Purchaser, the CP Conduit Purchaser Group of which such CP Conduit Purchaser is a member; and (c) any Non-Conduit Purchaser, the Non-Conduit Purchaser Group that such Non-Conduit Purchaser constitutes.

"**Requisite Series 2017-1 Noteholders**" means Purchaser Groups having Commitment Percentages aggregating more than 50% (or if all Commitments have terminated, Purchaser Groups whose aggregate Purchaser Group Principal Amounts exceed 50% of the Series 2017-1 Principal Amount).

"**Scheduled Commitment Expiry Date**" means, ●~~,~~the Payment Date in December, 2019, as such date may be extended in accordance with Section 3.5(c). ~~[NTD: to be determined.]~~

"Series 2017-1 Event of Default" means any one of the following events (whatever the reason for such Series 2017-1 Event of Default and whether it will be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any Governmental Authority):

(a) a default by the Issuer in the payment of any interest on any Series 2017-1 Senior Notes when such interest becomes due and payable, and continuance of such default for a period of ~~[~~five~~]~~ days following the date on which such interest became due and payable;

(b) a default by the Issuer in the payment of any principal of any Series 2017-1 Senior Notes at its Principal Payment Default Date;

(c) any representation or warranty contained in Section 5.1 of this Supplemental Indenture or Section ~~[~~12.01~~]~~ of the Trust Indenture proves to be incorrect in any material respect when made and such incorrect representation or warranty if capable of being remedied by the Issuer, has not been remedied for a period of ~~60~~30 days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by a Purchaser Group, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default" hereunder and, as a result of such default, the interests of such Purchaser Group is materially and adversely affected and continue to be materially and adversely affected during the ~~60~~30-day period;

(d) a default in the performance, or breach, of any covenant of the Issuer in the Trust Indenture or this Supplemental Indenture in respect of any Series 2017-1 Senior Notes (other than an agreement, covenant or warranty a default in the performance of which or the breach of which is elsewhere specifically dealt with in this definition of Series 2017-1 Event of Default), and continuance of such default or breach for a period of ~~60~~30 days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by a Purchaser Group, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default" hereunder and, as a result of such default, the interests of such Purchaser Group is materially and adversely affected and continue to be materially and adversely affected during the ~~60~~30-day period; ~~or~~

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

(f) a Suspension Notice is issued by the Province.

"**Series 2017-1 Initial Principal Amount**" is defined in Section 3.3(a).

"**Series 2017-1 Maximum Principal Amount**" means, on any date of determination, the sum of the Maximum Purchaser Group Principal Amounts with respect to each of the Purchaser Groups on such date.

"**Series 2017-1 Noteholder**" means a Person in whose name a Series 2017-1 Senior Note is registered in the Note Register.

"**Series 2017-1 Principal Amount**" means, on any date of determination, the sum of the Purchaser Group Principal Amounts with respect to each of the Purchaser Groups on such date.

~~"**Series 2017-1 Principal Payment Date**" means ●. [**NTD: the date upon which the Series 2017-1 Senior Notes become due and payable – a date after May 1, 2021?**]~~

~~"**Series 2017-1 Principal Payment Default Date**" means ●. [**NTD: the "cure period" number of days after the Series 2017-1 Principal Payment Date when an Event of Default will occur if the Series 2017-1 Senior Notes are not paid in full.**]~~

"**Series 2017-1 Senior Note**" means any one of the Floating Rate Variable Funding Senior Notes, Series 2017-1, executed by the Issuer and authenticated and delivered by or on behalf of the Indenture Trustee, substantially in the form of Exhibit B.

~~"**Standard & Poor's**" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc.~~

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

"**Support Facility**" shall mean any liquidity or credit support agreement with a CP Conduit Purchaser which relates to, or is otherwise available to such CP Conduit Purchaser in relation to its funding activities under, this Supplemental Indenture.

"**Suspension Notice**" is defined in the Change of Law Protection Agreement.

"**Termination Event**" means any Acceleration Event or Series 2017-1 Event of Default or any event which with the giving of notice or the passage of time, or both, could become an Acceleration Event or a Series 2017-1 Event of Default.

"**Transfer Increase**" is defined in Section 3.3(a).

"**Transfer Supplement**" is defined in Section 9.1(c).

"**Transferee**" is defined in Section 9.1(g).

"**Trust Indenture**" means the trust indenture dated as of ~~●~~December **[21]**, 2017 between the Issuer and the Indenture Trustee, as amended or restated from time to time.

~~"**Warehouse Cash Reserve Account**" is defined in Section 3.12(a).~~

"**Write-Down and Conversion Powers**" shall mean, with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule.

~~SCHEDULE B~~

~~[FORM OF NOTE]~~

SCHEDULE B

SERIES 2017-1 SENIOR NOTE

REGISTERED	INITIAL DOLLAR PRINCIPAL AMOUNT
No. R [●]	$[●]

FAIR HYDRO TRUST

FLOATING RATE VARIABLE FUNDING SENIOR NOTE, SERIES 2017-1

Fair Hydro Trust (herein referred to as the "**Issuer**"), a trust governed by the laws of Ontario and established under a Declaration of Trust dated as of December ■, 2017 for value received, hereby promises to pay to ■, or registered assigns, subject to the following provisions, a principal sum of $■, or, if less, the aggregate unpaid principal amount shown on the schedule attached hereto (and any continuation thereof), which amount shall be payable in the amounts and at the times set forth in the Indenture and the Indenture Supplement; provided, that, the entire unpaid amount of any Principal Payment Amount payable with respect to this Series 2017-1 Note shall be due on the related Principal Payment Default Date. The Issuer will pay interest on this Series 2017-1 Note in accordance with Section 3.6 of the Indenture Supplement on each Payment Date until the principal of this Series 2017-1 Note is paid or made available for payment, to the extent funds are available in accordance with the terms of the Indenture Supplement. Pursuant to Sections 3.3 and 3.4 of the Indenture Supplement, the principal amount of this Series 2017-1 Note shall be subject to Increases and Decreases on any Business Day during the period commencing on the Closing Date and ending on the Commitment Expiry Date (the "**Revolving Period**"), and accordingly, such principal amount is subject to prepayment in whole or in part at any time. During the Revolving Period, this Series 2017-1 Note is subject to mandatory prepayment, to the extent funds have been allocated to the Principal Accumulation Account and are available therefor, in accordance with Sections 3.4 and Section 3.7 of the Indenture Supplement. Beginning on the first Payment Date following the occurrence of a Series 2017-1 Event of Default or an Event of Default (collectively, a "**Default Event**"), subject to cure in accordance with the Base Indenture or the Indenture Supplement, as applicable, the principal of this Series 2017-1 Note shall be paid in installments on each subsequent Principal Payment Date to the extent of funds available for payment therefor pursuant to the Indenture. Such principal of and interest on this Series 2017-1 Note shall be paid in the manner specified on the reverse hereof.

The principal of and interest on this Series 2017-1 Note are payable in Canadian Dollars. Except as otherwise provided in the Indenture, payments made by the Issuer with respect to this Series 2017-1 Note shall be applied first to interest due and payable on this Series 2017-1 Note as provided above and then to the unpaid principal of this Series 2017-1 Note.

Reference is made to the further provisions of this Series 2017-1 Note set forth on the reverse hereof, which shall have the same effect as though fully set forth on the face of this Series 2017-1 Note. Although a summary of certain provisions of the Indenture is set forth below and on the reverse hereof and made a part hereof, this Series 2017-1 Note does not purport to summarize the Indenture and reference is made to the Indenture for information with respect to the interests, rights, benefits, obligations, proceeds and duties evidenced hereby and the rights, duties and obligations of the Issuer and the Trustee. A copy of the Indenture may be requested from the Trustee by writing to the Trustee at: BNY Trust Company of Canada, One York Street, 6th Floor, Toronto, Ontario M5J 0B6, Attention: Corporate Trust Administration.

Reference is made to the further provisions of this Note set forth on the reverse hereof, which shall have the same effect as though fully set forth on the face of this Note.

Unless the certificate of authentication hereon has been executed by or on behalf of the Indenture Trustee, by manual signature, this Note shall not be entitled to any benefit under the Indenture or the Indenture Supplement referred to on the reverse hereof, or be valid for any purpose.

IN WITNESS WHEREOF, the Issuer has caused this Series 2017-1 Note to be duly executed.

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

By: _____
Name:
Title:

By: _____
Name:
Title:

Dated: ■, 201■

INDENTURE TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Series 2017-1 Notes described in the within mentioned Indenture.

BNY TRUST COMPANY OF CANADA, as Indenture Trustee

By: _____
Authorized Signatory

FAIR HYDRO TRUST

SERIES 2017-1 SERIES 2017-1 FLOATING RATE ASSET BACKED NOTE

Summary of Terms and Conditions

This Series 2017-1 Note is one of a duly authorized issue of Notes of the Issuer, designated as its Fair Hydro Trust, Floating Rate Variable Funding Senior Note, Series 2017-1 (the "**Series 2017-1 Notes**"), issued under an Trust Indenture, dated as of December **[21]**, 2017 (as may be amended, supplemented, restated, replaced or otherwise modified from time to time, the "**Base Indenture**"), between the Issuer and BNY Trust Company of Canada, as indenture trustee (the "**Indenture Trustee**," which term includes any successor Indenture Trustee under the Indenture), as supplemented by the Warehouse Senior Series 2017-Indenture Supplement, dated as of December **[21]**, 2017 (the "**Indenture Supplemen**t"), and representing the right to receive certain payments from the Issuer. The term "**Indenture**," unless the context otherwise requires, refers to the Indenture as supplemented by the Indenture Supplement. Except as set forth in the Indenture Supplement, the Series 2017-1 Note is subject to all of the terms of the Base Indenture. All terms used in this Series 2017-1 Note that are defined in the Indenture Supplement shall have the meanings assigned to them in or pursuant to the Indenture Supplement.

The Series 2017-1 Note is and will be equally and ratably secured by the Collateral pledged as security therefor as provided in the Indenture.

"**Payment Date**" means the 15th day of each calendar month, or, if any such date is not a Business Day, the next succeeding Business Day, commencing January 15, 2018.

As described above, the entire unpaid amount of any Principal Payment Amount payable with respect to this Series 2017-1 Note shall be due and payable on the related Principal Payment Default Date, in accordance with Section 3.7 of the Indenture Supplement. Notwithstanding the foregoing, if a Default Event with respect to the Series 2017-1 Notes shall have occurred and be continuing then, in certain circumstances, principal of the Series 2017-1 Note may be paid earlier, as described in the Indenture. All principal payments of the Series 2017-1 Note shall be made to the Series 2017-1 Noteholders.

Payments of interest on this Series 2017-1 Note are due and payable on each Payment Date or such other date as may be specified in the Indenture Supplement, together with the installment of principal then due, if any, and any payments of principal made on any Business Day in respect of any Decreases, to the extent not in full payment of this Series 2017-1 Note, shall be made by wire transfer to the holder of record of this Series 2017-1 Note (or one or more predecessor Series 2017-1 Notes) on the Note Register as of the close of business on each Record Date. Any reduction in the principal amount of this Series 2017-1 Note (or one or more predecessor Series 2017-1 Notes) effected by any payments made on any Payment Date shall be binding upon all future holders of this Series 2017-1 Note and of any Series 2017-1 Note issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof, whether or not noted thereon.

The Issuer shall pay interest on Monthly Interest Shortfalls at the rate specified in the definition thereof, to the extent lawful.

Subject to the terms of the Indenture, the holder of any Series 2017-1 Note may transfer the same in whole or in part, in an amount equivalent to an authorized denomination, by surrendering such Series 2017-1 Note at the office maintained by the Note Registrar for such purpose pursuant to Section 4.05(c) of the Base Indenture, with the form of transfer endorsed on it duly completed and executed by, or accompanied by a written instrument of transfer in form satisfactory to the Issuer and the Note Registrar by, the holder thereof. In exchange for any Series 2017-1 Note properly presented for transfer, the Issuer shall execute and promptly authenticate and deliver or cause to be authenticated and delivered in compliance with applicable law, to the transferee at such office, or send by mail (at the risk of the transferee) to such address as the transferee may request, Series 2017-1 Notes for the same aggregate principal amount as was transferred. In the case of the transfer of any Series 2017-1 Note in part, the Issuer shall execute and promptly authenticate and deliver or cause to be authenticated and delivered to the transferor at such office, or send by mail (at the risk of the transferor) to such address as the transferor may request, Series 2017-1 Notes for the aggregate principal amount that was not transferred. No transfer of any Series 2017-1 Note shall be made unless the request for such transfer is made by the Series 2017-1 Noteholder at such office. Upon the issuance of transferred Series 2017-1 Notes, the Trustee shall recognize the holders of such Series 2017-1 Note as Series 2017-1 Noteholders.

Each Series 2017-1 Noteholder, by acceptance of a Series 2017-1 Note, hereby acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor under the Base Indenture and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Base Indenture including, without limitation, Section 7.12 (Payments To Be Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse), Article IX (Indenture Trustee) (including all limitations of liability thereunder), Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition).

Prior to the due presentment for registration of transfer of this Series 2017-1 Note, the Issuer, the Trustee and any agent of the Issuer or the Trustee may treat the Person in whose name this Series 2017-1 Note (as of the day of determination or as of such other date as may be specified in the Indenture) is registered as the owner hereof for all purposes, whether or not this Series 2017-1 Note shall be overdue, and neither the Issuer, the Trustee nor any such agent shall be affected by notice to the contrary.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the rights of the holder of the Series 2017-1 Notes under the Indenture at any time by the Issuer with the consent of the applicable Person(s) specified therein. The Indenture also contains provisions permitting the applicable Person(s) specified therein to waive compliance by the Issuer with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences with respect to the Series 2017-1 Notes. Any such consent or waiver by such Person(s) shall be conclusive and binding upon the Series 2017-1 Noteholders and upon all future holders of this Series 2017-1 Note and of any Series 2017-1 Note issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof whether or not notation of such consent or waiver is made upon this Series 2017-1 Note. The Indenture also permits the Issuer and the Trustee to amend or waive certain terms and conditions set forth in the Indenture without the consent of any other Person.

The term "the Issuer" as used in this Series 2017-1 Note includes any successor to the Issuer under the Indenture.

The Series 2017-1 Note is issuable only in registered form in denominations as provided in the Indenture, subject to certain limitations set forth therein.

This Series 2017-1 Note and the Indenture, and all matters arising out of or relating to this Series 2017-1 Note or Indenture, shall be governed by, and construed and interpreted in accordance with, the laws of the Province of Ontario and the federal laws applicable therein, and the obligations, rights and remedies of the parties hereto shall be determined in accordance with such laws.

No reference herein to the Indenture and no provision of this Series 2017-1 Note or of the Indenture shall alter or impair the obligation of the Issuer, which is absolute and unconditional, to pay the principal of and interest on this Series 2017-1 Note at the times, place and rate, and in the coin or currency herein prescribed, subject to any duty of the Issuer to deduct or withhold any amounts as required by law, including any applicable taxes.

INCREASES AND DECREASES

Date	Unpaid Principal Amount	Increase	Decrease	Total	Notation Made By

~~**SCHEDULE C**~~

SCHEDULE C

FORM OF INCREASE NOTICE

~~**SCHEDULE D**~~

SCHEDULE D

FORM OF DECREASE NOTICE

●

~~**SCHEDULE E**~~

SCHEDULE E

PURCHASER GROUPS

Document comparison by Workshare Compare on Friday, December 15, 2017 10:45:18 AM

Input:	
Document 1 ID	file://C:\Users\CMMY\Desktop\Old-10. Senior Warehouse Supplement - Nov 15, 2017 (Osler).DOCX
Description	Old-10. Senior Warehouse Supplement - Nov 15, 2017 (Osler)
Document 2 ID	file://C:\Users\CMMY\Desktop\new-10.Senior Warehouse Supplement.docx
Description	new-10.Senior Warehouse Supplement
Rendering set	Standard

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

Statistics:	
	Count
Insertions	415
Deletions	339
Moved from	16
Moved to	16
Style change	0
Format changed	0
Total changes	786

WAREHOUSE

~~SENIOR~~SUBORDINATED SERIES 2017-1

SUPPLEMENTAL INDENTURE

between

FAIR HYDRO TRUST

by

COMPUTERSHARE TRUST COMPANY OF CANADA
as Issuer Trustee

and

BNY TRUST COMPANY OF CANADA
as Indenture Trustee

and

~~**ROYAL BANK OF CANADA**~~
~~**as Administrative Agent**~~

~~**and**~~

~~**CERTAIN CP CONDUIT PURCHASERS,**~~
~~**CERTAIN NON-CONDUIT PURCHASERS**~~
~~**CERTAIN FUNDING AGENTS**~~
~~**and CERTAIN GROUP BANKS**~~

ONTARIO POWER GENERATION INC.
as Purchaser

Made as of December [21], 2017

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FLOATING RATE VARIABLE FUNDING, SERIES 2017-1 ~~SENIOR~~SUBORDINATED NOTES

SUPPLEMENTAL INDENTURE made as of December [21], 2017, between **Computershare Trust Company of Canada**, a trust company established under the laws of Canada (the "**Issuer Trustee**"), in its capacity as trustee of **Fair Hydro Trust**, a trust existing under the laws of the Province of Ontario (in such capacity, the "**Issuer**"), **BNY Trust Company of Canada**, a trust company established under the laws of Canada (the "**Indenture Trustee**"), ~~**Royal Bank of Canada**~~and Ontario Power Generation Inc., in its capacity as the ~~administrative agent for the~~ purchaser (the "**Purchaser**~~ Groups (the "**Administrative Agent**"), the **Non-Conduit Purchasers** from time to time party hereto, the **CP Conduit Purchasers** from time to time party hereto, and the **Funding Agents** for the CP Conduit Purchaser Groups from time to time party hereto.~~");

WHEREAS pursuant to the Trust Indenture, provision was made for the issuance of Notes from time to time;

AND WHEREAS pursuant to the Trust Indenture, Notes may be issued in one or more Series by the execution and delivery of a Supplemental Indenture;

AND WHEREAS pursuant to a Supplemental Indenture dated the date hereof between the Issuer Trustee, in its capacity as trustee of the Issuer, the Indenture Trustee, Royal Bank of Canada, in its capacity as the administrative agent for certain purchaser groups (the "**Administrative Agent**"), certain non-conduit purchasers from time to time party thereto, certain commercial paper conduit purchasers from time to time party thereto, and certain funding agents from time to time party thereto (the "**Senior Series 2017-1 Supplemental Indenture**"), the Issuer issued floating rate variable funding Series 2017-1 Senior Notes (the "**Series 2017-1 Senior Notes**");

AND WHEREAS the parties hereto are entering into this Supplemental Indenture to provide for the creation and issuance of the Series 2017-1 ~~Senior~~Subordinated Notes;

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

ARTICLE 1~~ARTICLE~~
INTERPRETATION

1.1 Definitions

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

(b) Except as otherwise expressly provided or unless the context otherwise requires, all terms used herein which are defined in the Trust Indenture, either directly or by reference therein, have the meanings assigned to them in the Trust Indenture.

1.2 Interpretation

Subject to the next following sentences, this Supplemental Indenture is supplemental to the Trust Indenture and the Trust Indenture shall be read in conjunction with this Supplemental Indenture and all of the provisions of the Trust Indenture shall apply to and shall have effect in connection with this Supplemental Indenture in the same manner as if all of the provisions of the Trust Indenture and of this Supplemental Indenture were contained in one instrument. This Supplemental Indenture shall, unless the context otherwise requires, be subject to the interpretative provisions contained in Article 1 of the Trust Indenture. If any terms of the Trust Indenture are inconsistent with the express terms or provisions hereof, the terms and provisions of the Trust Indenture shall be, solely in respect of the Series 2017-1 ~~Senior~~Subordinated Notes, amended and supplemented so as to be consistent herewith. The provisions of this Supplemental Indenture are applicable only in respect of the Series 2017-1 ~~Senior~~Subordinated Notes and not the Notes of any other Series.

1.3 Application of this Supplemental Indenture

With respect to the Series 2017-1 ~~Senior~~Subordinated Notes only, the terms of the Trust Indenture are amended, supplemented, modified, restated and replaced to the extent applicable by the terms of this Supplemental Indenture in respect of the Series 2017-1 ~~Senior~~Subordinated Notes in accordance with Section 1.2 above.

ARTICLE 2~~ARTICLE~~
PRINCIPAL TERMS

2.1 Creation of Series 2017-1 ~~Senior~~Subordinated Notes

There is hereby created a Series of Notes to be issued pursuant to the Trust Indenture and this Supplemental Indenture designated as the "**Floating Rate Variable Funding ~~Senior~~Subordinated Notes, Series 2017-1**."

2.2 Principal Terms

In addition to and without limiting any of the provisions of this Supplemental Indenture, the Series 2017-1 ~~Senior~~Subordinated Notes:

(a) will be designated as set out in Section 2.1;

(b) will be ~~Senior~~Subordinated Notes;

(c) will have a Stated Principal Amount equal to the Series 2017-1 Maximum Subordinated Principal Amount;

(d) will not be issued in Tranches;

(e) will be denominated in Canadian dollars;

(f) will not be listed on any securities exchange;

(g) will have an Initial Dollar Principal Amount equal to the Series 2017-1 Initial Subordinated Principal Amount;

(h) will be issued as definitive notes and will not be in the form of a Global Note;

(i) will be issued as Registered Notes and will be without coupons;

(j) will be substantially in the form of Schedule B, with such appropriate insertions, omissions, substitutions and variations as may be approved by the Issuer;

(k) will have each Payment Date on and after the Payment Date in ~~January~~February, 2018 as an Interest Payment Date;

(l) will have Principal Payment Dates as determined under Section 3.7;

(m) will have Principal Payment Default Dates as defined herein; and

(n) will have no minimum issue amount.

ARTICLE 3~~ARTICLE~~
NOTE PURCHASE FACILITY

3.1 Purchase of Notes by the ~~Purchasers~~Purchaser

(a) ***Initial ~~Purchases~~ Purchase.*** Subject to the terms and conditions of this Supplemental Indenture, including delivery of notice in accordance with Section 3.3, ~~(i) each Non-Conduit~~the Purchaser shall purchase~~, and each CP Conduit Purchaser may, in its sole discretion, purchase a Series 2017-1 Senior Note in an amount equal to all or a portion of its Commitment Percentage of the Series 2017-1 Initial Principal Amount on any Business Day during the period from the date hereof to and including December **[21]**, 2017, and if any such CP Conduit Purchaser shall have notified the Administrative Agent and the Funding Agent with respect to such CP Conduit Purchaser that it has elected not to fund a Series 2017-1 Senior~~ a Series 2017-1 Subordinated Note in an amount equal to ~~its Commitment Percentage of~~ the Series 2017-1 Initial Subordinated Principal Amount on the Closing Date~~, the Group Bank with respect to such CP Conduit Purchaser shall fund on the Closing Date that portion of such Series 2017-1 Senior Note not to be funded by such CP Conduit Purchaser; and (ii) thereafter, (A) each Non-Conduit Purchaser shall maintain its Series 2017-1 Senior Note, subject to increase or decrease during the period from the Closing Date to and including the Commitment Expiry Date, in accordance with the provisions of this Supplemental Indenture, (B) if a CP Conduit Purchaser shall have purchased a Series 2017-1 Senior Note on the Closing Date, such CP Conduit Purchaser may, in its sole discretion, maintain its Series 2017-1 Senior Note, subject to increase or decrease during the period from the Closing Date to and including the Commitment Expiry Date, in accordance with the provisions of this Supplemental Indenture, and (C) the Group Bank shall maintain its Series 2017-1 Senior Note with respect to its Related Purchaser Group, subject to increase or decrease during the period from the Closing Date to and including the Commitment Expiry Date, in accordance with the provisions of this Supplemental Indenture.~~ . Payments by the ~~Non-Conduit Purchasers, the CP Conduit Purchasers and/or the Group Bank with respect to the CP Conduit~~

~~Purchasers~~Purchaser for such purchase shall be made in immediately available funds on the Closing Date in accordance with Section 3.3(~~d~~c).

(b) ***Series 2017-1 Maximum ~~Purchaser Group~~Subordinated Principal ~~Amounts~~ Amount.*** Notwithstanding anything to the contrary contained in this Supplemental Indenture, at no time shall ~~a~~the Purchaser~~ Group~~ be required to ~~make the initial purchase of a Series 2017-1 Senior Note or increase its Purchaser Group Principal Amount if the sum of (x) Purchaser Group Principal Amount with respect to such Purchaser Group, after giving effect to such purchase or increase, and (y) the sum of any unfunded Delayed Amounts with respect to such Purchaser Group, would exceed the Maximum Purchaser Group Principal Amount with respect to such Purchaser Group at such time~~purchase Series 2017-1 Subordinated Notes in an amount that exceeds the Series 2017-1 Maximum Subordinated Principal Amount.

3.2 Delivery

(a) On the Closing Date~~ (or on any later date that any Purchaser Group becomes a party to this Supplemental Indenture)~~, Series 2017-1 ~~Senior~~Subordinated Notes shall be executed, authenticated and delivered by the Issuer in accordance with Section 4.03 of the Trust Indenture ~~(i) in the case of a CP Conduit Purchaser Group, in the name of the Funding Agent with respect to such CP Conduit Purchaser Group (or as otherwise requested by such CP Conduit Purchaser Group and agreed to by the Issuer) in an amount equal to the Maximum Purchaser Group Principal Amount with respect to such CP Conduit Purchaser Group and delivered to such Funding Agent; or (ii) in the case of a Non-Conduit Purchaser Group, in the name of the Related Non-Conduit Purchaser in an amount equal to the Maximum Purchaser Group Principal Amount with respect to such Related Non-Conduit Purchaser and delivered to such Related Non-Conduit Purchaser.~~in the name of the Purchaser in an amount equal to the Series 2017-1 Maximum Subordinated Principal Amount. On each Increase Date, Series 2017-1 Subordinated Notes shall be executed, authenticated and delivered by the Issuer in accordance with Section 4.03 of the Trust Indenture in the name of the Purchaser in an amount equal to the Increase Amount.

(b) The ~~Administrative Agent~~Purchaser shall maintain a record of the actual ~~Purchaser Group Principal Amount outstanding with respect to each Purchaser Group and the actual~~ Series 2017-1 Subordinated Principal Amount outstanding on any date of determination, which, absent manifest error, shall constitute prima facie evidence of the outstanding~~ Purchaser Group Principal Amounts and outstanding~~ Series 2017-1 Subordinated Principal Amount from time to time. ~~Upon a written request from the Indenture Trustee, the Administrative Agent shall provide in writing the identity of the Purchaser Groups, the related Funding Agents for each CP Conduit Purchaser Group, the Purchaser Group Principal Amount for each Purchaser Group and the Commitment Percentage with respect to such Purchaser Group to the Indenture Trustee.~~

3.3 Procedure for Initial Issuance and for Increasing the Series 2017-1 Subordinated Principal Amount

(a) (i) On any Business Day prior to December [21], 2017, ~~in the case of a Non-Conduit Purchaser Group, the Related Non-Conduit Purchaser hereby agrees, or in the case of a CP Conduit Purchaser Group, the CP Conduit Purchaser in such CP Conduit Purchaser Group may agree, in its sole discretion, and the Group Bank with respect to such CP Conduit~~concurrent with

the initial purchase of the Series 2017-1 Senior Notes under the Senior Series 2017-1 Supplemental Indenture, the Issuer shall request that the Purchaser purchase, and the Purchaser hereby agrees, that it willshall purchase, a Series 2017-1 SeniorSubordinated Note for an initial purchase price equal to the Commitment Percentage with respect to such Purchaser Group of the Series 2017-1 Initial Subordinated Principal Amount upon the request of the Issuer (the date on which the initial purchase occurs being referred to as the "**Closing Date**"); provided, however, that the Issuer shall have given each of the Funding Agents by giving the Purchaser (with a copy to the Indenture Trustee) irrevocable written notice (effective upon receipt), by email communication, substantially in the form of Schedule C no later than 12:00 p.m. (Toronto time) on the second Business Day prior to the Closing Date. The written notice of the initial purchase of the Series 2017-1 SeniorSubordinated Notes shall (x) state (x) the Closing Date, and (y) state the initial total purchase price to be paid for the Series 2017-1 Senior Notes (the "Series 2017-1 Initial Subordinated Principal Amount"); and (ii) subject to Section 3.3(e), and (z) attach a copy of the irrevocable written notice delivered to the Administrative Agent pursuant to Section 3.3(a) of the Senior Series 2017-1 Supplemental Indenture in connection with the concurrent initial purchase of the Series 2017-1 Senior Notes thereunder; and (ii) on any Business Day during the period from after the initial purchase of the Series 2017-1 SeniorSubordinated Notes hereunder to and including the Commitment Expiry Date, in the case of a Non-Conduit Purchaser Group, the Related Non-Conduit Purchaser hereby agrees, or in the case of a CP Conduit Purchaser Group, the CP Conduit Purchaser in such CP Conduit Purchaser Group may agree, in its sole discretion, and the Group Bank with respect to such CP Conduit Purchaser hereby agrees that the Purchaser Group, the Issuer and the Purchaser hereby agree that the Series 2017-1 Subordinated Principal Amount with respect to such Purchaser Group maywill be increased by an amount equal to the Commitment Percentage with respect to such Purchaser Group of the Increase Amount (an "**Increase**"), upon the request of the Issuer(an "**Increase**") such that following such Increase the Outstanding Dollar Principal Amount of the Series 2017-1 Subordinated Notes will be equal to or greater than seventy-eight percent (78%) of the Outstanding Dollar Principal Amount of the Series 2017-1 Senior Notes on such Business Day (each date on which an increase in the Series 2017-1 Subordinated Principal Amount occurs hereunder being herein referred to as the "**Increase Date**" applicable to such Increase); provided, however, that by the Issuer shall have given the Administrative Agent, each Funding Agent and each Non-Conduitproviding the Purchaser (with a copy to the Indenture Trustee) irrevocable (other than as specified in Section 3.3(e)) written notice (effective upon receipt), by email communication, substantially in the form of Schedule C (an "**Increase Notice**") no later than 12:00 p.m. (Toronto time) on (A) with respect to a Deferrable Increase Notice, the third Business Day prior to such Increase Date, or (B) with respect to a Non-Deferrable Increase Notice, the second Business Day prior to such Increase Date. Each Increase Notice shall (w) state the Increase Date, (x) state the Increase Date, (y) the proposed amount of the increase in the Series 2017-1 Subordinated Principal Amount (an "**Increase Amount**"), (z) whether a Delayed Funding Notice may be delivered in connection with such Increase pursuant to Section 3.3(e) and(y) state whether the Increase is to fund a Transfer (a "**Transfer Increase**") or is in respect of a Refinancing (a "**Refinancing Increase**"). The Commitment Percentage with respect to any Purchaser Group of the Increase Amount set forth in any Non-Deferrable Increase Notice shall not exceed such Purchaser Group's Non-Deferrable Draw Amount as of the related Increase Date., and (z) attach a copy of the irrevocable written increase notice delivered to the Administrative Agent pursuant to Section

3.3(a) of the Senior Series 2017-1 Supplemental Indenture in connection with the applicable Series 2017-1 Senior Increase proposed to be made thereunder.

(b) If a CP Conduit Purchaser elects not to fund the full amount of its Commitment Percentage of a requested Increase, such CP Conduit Purchaser shall notify the Administrative Agent and the Funding Agent with respect to such CP Conduit Purchaser, and the Group Bank with respect to such CP Conduit Purchaser shall fund the portion of the Commitment Percentage with respect to such Related Purchaser Group of such Increase not funded by such CP Conduit Purchaser. The Purchaser shall not be required to increase the Series 2017-1 Subordinated Principal Amount on any Increase Date hereunder if after giving effect to such Increase Amount, the Series 2017-1 Maximum Subordinated Principal Amount will be exceeded.

(c) No Purchaser Group shall be required to increase its Purchaser Group Principal Amount on any Increase Date hereunder unless:

(i) such Purchaser Group's Commitment Percentage of such Increase Amount is (A) equal to $1,000,000 or more, or (B) if less than $1,000,000, the difference between the Maximum Purchaser Group Principal Amount with respect to such Purchaser Group and the Purchaser Group Principal Amount with respect to such Purchaser Group; and

(ii) after giving effect to such Increase Amount, the sum of the (x) the Purchaser Group Principal Amount, and (y) any unfunded Delayed Amounts with respect to such Purchaser Group would not exceed the Maximum Purchaser Group Principal Amount with respect to such Purchaser Group;

(d) After receipt by any Funding Agent with respect to a CP Conduit Purchaser Group of any notice required by Section 3.3(a) or permitted by Section 3.3(e) from the Issuer, such Funding Agent shall, so long as the conditions set forth in Sections 3.3(a) and (c) and Article 4 are satisfied, promptly provide notice by email communication to the related CP Conduit Purchaser and the related Group Bank, of the Increase Date and of such CP Conduit Purchaser Group's Commitment Percentage of the Closing Date or Increase Amount, as applicable. Subject to Section 3.3(e), if such CP Conduit Purchaser elects to fund all or a portion of its Commitment Percentage of the Series 2017-1 Initial Principal Amount or the Increase Amount, as applicable, such CP Conduit Purchaser shall pay in immediately available funds its Commitment Percentage (or any portion thereof) of the amount of the Series 2017-1 Initial Principal Amount or Increase Amount, as applicable, on the Closing Date or the related Increase Date, as applicable, to the Funding Agent with respect to such CP Conduit Purchaser Group for remittance to the Issuer for application in accordance with Section 3.3(h). Subject to Section 3.3(e), if such CP Conduit Purchaser does not fund the full amount of the Commitment Percentage of such CP Conduit Purchaser Group of the Series 2017-1 Initial Principal Amount or an Increase Amount, as applicable, and the related Group Bank is required to fund the portion thereof not funded by the CP Conduit Purchaser, such Group Bank shall pay in immediately available funds

such portion on the Closing Date or the related Increase Date, as applicable, to the Funding Agent with respect to such CP Conduit Purchaser Group. Each Funding Agent shall remit the amounts received by it from its CP Conduit Purchaser or the related Group Bank pursuant to this Section 3.3(d) to the Issuer for application in accordance with Section 3.3(h). Subject to Section 3.3(e), so long as the conditions set forth in Sections 3.3(a) and (c) and Article 4 are satisfied, each Non-Conduit Purchaser shall pay in immediately available funds the Commitment Percentage of such Non-Conduit Purchaser of the amount of the Series 2017-1 Initial Principal Amount or Increase Amount, as applicable, on the Closing Date or the Increase Date, as applicable, to the Issuer for application in accordance with Section 3.3(h).

(e) Notwithstanding any of the foregoing, any Group Bank or Non-Conduit Purchaser may, upon receipt of any Deferrable Increase Notice pursuant to Section 3.3(a), notify the Issuer in writing (a "**Delayed Funding Notice**") on or prior to 12:00 noon (Toronto time) on the second Business Day preceding the related Increase Date, of its intent to fund an amount up to its Commitment Percentage of the related Increase Amount (such amount, subject to any adjustment described below, the "**Delayed Amount**") on a Business Day that is on or before the thirty-third (33rd) day following the Increase Date specified in such Deferrable Increase Notice (the "**Delayed Funding Date**") rather than on such Increase Date. If any Group Bank or Non-Conduit Purchaser provides a Delayed Funding Notice to the Issuer following the Issuer's delivery of an Increase Notice pursuant to Section 3.3(a), the Issuer may with written notice to the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser delivered prior to 3:00 pm on the second Business Day preceding such Increase Date, (x) decrease the Increase Amount with respect to such Deferrable Increase Notice (or revoke such Deferrable Increase Notice by decreasing the Increase Amount to zero), and/or (y) require any Group Bank or Non-Conduit Purchaser who has provided a Delayed Funding Notice to reduce the Delayed Amount with respect to such Increase by an amount no greater than the Non-Deferrable Draw Amount with respect to such Purchaser Group as of the related Increase Date. In the event that the Increase Amount with respect to such Deferrable Increase Notice is reduced, but not to zero, then any Delayed Amount with respect to any Purchaser Group shall be reduced on a pro rata basis unless otherwise specified by the Issuer pursuant to clause (y) above. No Purchaser Group that has provided a Delayed Funding Notice in respect of an Increase (each a "**Delayed Funding Purchaser Group**") shall be considered to be in default of its obligation to fund its Delayed Amount pursuant to this Section 3.3 unless and until it has failed to fund the Delayed Amount (and/or the Delayed Funding Reimbursement Amount with respect to such Delayed Amount) on or before the Delayed Funding Date.

(f) If (i) one or more Delayed Funding Purchaser Groups provides a Delayed Funding Notice to the Issuer in respect of any Increase Date; and (ii) the Issuer shall not have decreased the related Increase Amount to zero or required each such Delayed Funding Purchaser Group to reduce the Delayed Amount with respect to such Increase to zero, in each case, pursuant to Section 3.3(e), the Administrative

~~Agent shall, by no later than 5:00 p.m. (Toronto time) on the second Business Day preceding such Increase Date, direct each Purchaser Group that is not a Delayed Funding Purchaser Group with respect to such Increase Date (each a "**Non-Delayed Funding Purchaser Group**") to fund an additional portion of such Increase Amount on such Increase Date equal to such Non-Delayed Funding Purchaser Group's proportionate share (based upon the Maximum Purchaser Group Principal Amount with respect to such Non-Delayed Funding Purchaser Group relative to the sum of the Maximum Purchaser Group Principal Amounts with respect to all Non-Delayed Funding Purchaser Groups) of the aggregate Delayed Amounts with respect to such Increase Date; provided that no Non-Delayed Funding Purchaser Group shall be required to fund any portion of the aggregate Delayed Amounts that would cause its Purchaser Group Principal Amount to exceed its Maximum Purchaser Group Principal Amount. Subject to Section 3.3(a), in the case of a Non-Delayed Funding Purchaser Group that is a Non-Conduit Purchaser, such Non-Conduit Purchaser hereby agrees, or, in the case of a Non-Delayed Funding Purchaser Group that is a CP Conduit Purchaser Group, the CP Conduit Purchaser in such CP Conduit Purchaser Group may agree, in its sole discretion, and the Group Bank in such CP Conduit Purchaser Group hereby agrees, to fund such portion of the Increase Amount on such Increase Date.~~

~~(g) After the Non-Delayed Funding Purchaser Groups fund a Delayed Amount on any Increase Date in accordance with Section 3.3(f), the Delayed Funding Purchaser Group in respect of such Delayed Amount will be obligated to fund the Delayed Funding Reimbursement Amount with respect to such Delayed Amount on or before its Delayed Funding Date, irrespective of whether the Scheduled Commitment Expiry Date shall have occurred on or prior to such Delayed Funding Date or the Issuer would be able to satisfy the conditions set forth in Section 3.3(c) to an Increase in an amount equal to such Delayed Funding Reimbursement Amount on such Delayed Funding Date. Such Delayed Funding Purchaser Group shall fund such Delayed Funding Reimbursement Amount on such Delayed Funding Date by paying such amount in immediately available funds to each such Non-Delayed Funding Purchaser Group, *pro rata* based on the relative amount of such Delayed Amount funded by such Non-Delayed Funding Purchaser Group on such Increase Date pursuant to Section 3.3(f).~~

(c) ~~(h)~~ The Issuer shall apply amounts paid to it pursuant to ~~Sections~~Section 3.3(~~d~~a) ~~and 3.3(f)~~ by application to payment of the purchase price payable by the Issuer to the IESO under the Master Transfer and Servicing Agreement in respect of a Transfer or by deposit to the Refinancing Account.

3.4 Procedure for Decreasing the Series 2017-1 Subordinated Principal Amount~~; Optional Termination~~

~~(a) In the case of a Non-Conduit Purchaser Group, the Related Non-Conduit Purchaser hereby agrees, and in the case of a CP Conduit Purchaser Group, each of the CP Conduit Purchasers and the Group Bank in such CP Conduit Purchaser Group hereby agrees, that the~~

Purchaser Group Principal Amount with respect to such Purchaser GroupOn any Business Day after the initial purchase of the Series 2017-1 Subordinated Notes hereunder, the Issuer and the Purchaser hereby agree that the Series 2017-1 Subordinated Principal Amount may be decreased on any Payment Date by such Purchaser Group's Commitment Percentage of a Decrease Amount (a "**Decrease**"), upon the request of the Issuer. by an amount (a "**Decrease**") such that following such decrease the Outstanding Dollar Principal Amount of the Series 2017-1 Subordinated Notes will not be less than seventy-eight percent (78%) of the Outstanding Dollar Principal Amount of the Series 2017-1 Senior Notes. Each Payment Date on which a Decrease in the Series 2017-1 Subordinated Principal Amount occurs hereunder being herein referred to as the "**Decrease Date**" applicable to such Decrease; provided, however, thatand the Issuer shall have given the Administrative Agent, each Funding Agent and each Non-Conduitprovide to the Purchaser (with a copy to the Indenture Trustee and DBRS) irrevocable written notice (effective upon receipt), by email communication, substantially in the form of Schedule D (a "**Decrease Notice**") no later than 12:00 p.m. (Toronto time) on the fifth Business Day prior to any Payment Date that is a Decrease Date; provided that if the Decrease is greater than $250,000,000, the Decrease Notice shall, subject to the second following sentence, be provided no later than 12:00 p.m. (Toronto time) on the 45th day prior to any Payment Date that is a Decrease Date. If a Decrease Notice with respect to a Decrease of $250,000,000 or more is not provided prior to the 45th day preceding the related Payment Date, the Issuer shall be required to pay to each Funding Agent any Breakage Costs incurred by any of its related CP Conduit Purchasers with respect to such Decrease on the related Payment that is a Decrease Date. Each Decrease Notice shall (x) state (x) the Decrease Date, and (y) state the proposed amount of the decrease in the Series 2017-1 Subordinated Principal Amount (a "**Decrease Amount**"). , and (z) attach a copy of the irrevocable written decrease notice delivered to the Administrative Agent pursuant to Section 3.4 of the Senior Series 2017-1 Supplemental Indenture in connection with the applicable Series 2017-1 Senior Decrease proposed to be made thereunder. Upon receipt of any notice required by this Section 3.4 from the Issuer, the Purchaser shall forward (by email communication) a copy of such notice to DBRS on the Business Day received.

(b) Upon each Decrease, the Administrative Agent shall indicate in its records such Decrease and the Purchaser Group Principal Amount outstanding with respect to each Purchaser Group after giving effect to such Decrease.

(c) On any Business Day, the Issuer shall have the right to deliver an irrevocable written notice (an "**Optional Termination Notice**") to the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser (with a copy to DBRS) in which the Issuer declares that the Commitments shall terminate on the date (the "**Optional Termination Date**") set forth in such notice (which date, in any event, shall be a Payment Date not less than twenty (20) Business Days from the date on which such notice is delivered).

3.5 Increases and Reductions of the Commitments2017-1 Maximum Subordinated Principal Amount

(a) The Issuer may from time to time request that any Purchaser Group agree to increase its Maximum Purchaser Group Principal Amount. An increase in such amount shall be effective hereunder if such Purchaser Group shall have agreed in its sole discretion to such increase and

the Rating Agency Condition has been satisfied with respect thereto.If one or more Maximum Purchaser Group Principal Amounts are increased pursuant to Section 3.5(a) of the Senior Series 2017-1 Supplemental Indenture, the Series 2017-1 Maximum Subordinated Principal Amount shall be automatically increased by an amount equal to seventy-eight percent (78%) of the Outstanding Dollar Principal Amount of the Maximum Purchaser Group Principal Amounts.

(b) On any Business Day, the Issuer may, upon two (2) Business Days' prior written notice to the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser (effective upon receipt) (with copies to the Indenture Trustee) reduce the Series 2017-1 Maximum Principal Amount in an amount equal to $10,000,000 or a whole multiple of $1,000,000 in excess thereof; provided that no such termination or reduction shall be permitted if, after giving effect thereto and to any reduction in the Series 2017-1 Principal Amount on such date, the Purchaser Group Principal Amount with respect to any Purchaser Group would exceed the Maximum Purchaser Group Principal Amount with respect to such Purchaser Group then in effect. Any reduction in the Series 2017-1 Maximum Principal Amount shall be made on a pro rata basis to the Maximum Purchaser Group Principal Amounts with respect to the Purchaser Groups, based on the Maximum Purchaser Group Principal Amount with respect to each Purchaser Group. Once reduced, the Maximum Purchaser Group Principal Amounts may not be subsequently reinstated without each such Purchaser Group's prior written consent, which consent shall be granted or not in the sole discretion of such Purchaser Group, and with written notice to DBRS.If the Series 2017-1 Maximum Senior Principal Amount is reduced pursuant to Section 3.5(b) of the Senior Series 2017-1 Supplemental Indenture, the Series 2017-1 Maximum Subordinated Principal Amount shall be automatically decreased to an amount equal to seventy-eight percent (78%) of such aggregate decrease to the Series 2017-1 Maximum Senior Principal Amount pursuant to Section 3.5(b) of the Senior Series 2017-1 Supplemental Indenture.

(c) The Issuer may extend the Scheduled Commitment Expiry Date only with the prior written consent of the Administrative Agent, each Non-Conduit Purchaser and each Funding Agent, and satisfaction of the Rating Agency Condition. Any request for an extension of the Scheduled Commitment Expiry Date by the Issuer shall be made pursuant to a written request (a "**Commitment Extension Request**") to the Administrative Agent, each Non-Conduit Purchaser and each Funding Agent, and such request shall specify the proposed dates and amounts that shall constitute the "If a Commitment Extension has occurred with respect to the Series 2017-1 Senior Notes, the Principal Accumulation Date", "Principal Payment Amounts" and "Amount and Principal Payment Default Dates" with respect to such extension.Date shall be amended to the "Principal Accumulation Date", "Principal Payment Amount" and "Principal Payment Default Date" set out in the request related to such Commitment Extension, as applicable.

3.6 Interest; Fees and Other Amounts

(a) Interest shall be payable on the Series 2017-1 SeniorSubordinated Notes on each Payment Date.

(b) The Issuer shall pay to each CP Conduit Purchaser Group and each Non-Conduit Purchaser, on each Payment Date, a commitment fee with respect to the preceding Interest Period (the "**Commitment Fee**") during the period from the Closing Date to and including the Commitment Expiry Date in an amount equal to the sum of

the following amounts calculated for each day during such Interest Period: (x) the Commitment Fee Rate, multiplied by (y) the amount by which Maximum Purchaser Group Principal Amount with respect to such Purchaser Group on such day exceeds the Purchaser Group Principal Amount with respect to such Purchaser Group on such day, and divided by (z) 365. The Commitment Fees shall be payable monthly in arrears on each Payment Date.

(b) (c) The Funding Agent with respect to each CP Conduit Purchaser Group and each Non-ConduitThe Purchaser shall provide written notice to the Issuer and the Paying Agent no later than five (5) Business Days prior to each Payment Date, setting forth the Group Monthly Interest and the Group Monthly Fees and Other Amounts with respect to its Related Purchaser Group with respect to the Payment Date.

(c) (d) The Monthly Interest shall be included in each calculation of the Interest Accrual Amount (SeniorSubordinated) for the purposes of Section 7.04(e)(iiiiv) of the Trust Indenture and shall be payable pursuant to Sections 7.05(ab), 7.06(a), 7.07, 7.10(b) or 8.13(c) of the Trust Indenture, as applicable. On each Payment Date, the Monthly Fees andd) of the Trust Indenture, as applicable. On each Payment Date, the Monthly Other Amounts shall be payable in respect of the Series 2017-1 SeniorSubordinated Notes pursuant to Sections 7.04(e)(viii), 7.10(b) or 8.13(c) of the Trust Indenture, as applicable. On each Interest Payment Date or Payment Date, as applicable, the xi), 7.10(b) or 8.13(d) of the Trust Indenture, as applicable. On each Payment Date, the Paying Agent shall, subject to availability of funds, pay to each CP Conduit Purchaser Group and each Non-Conduit Purchaser its Group Monthly Interest and its Group Monthly Fees andthe Purchaser the Monthly Other Amounts with respect to the Payment Date; provided that if the amounts available to pay such Group Monthly Interest and Group Monthly Fees and Other Amounts are insufficient, the amounts available shall be paid *pro rata* based on the amounts owing to each Purchaser Group.

3.7 Repayment of Principal

Each Payment Date where the Principal Payment Amount is not nil shall be a Principal Payment Date in respect of the Series 2017-1 SeniorSubordinated Notes. On each Principal Payment Date in respect of the Series 2017-1 SeniorSubordinated Notes, the Paying Agent shall pay to each Non-Conduit Purchaser and each Funding Agent with respect to its Related Purchaser Group, such Purchaser Group's Pro Rata Share ofthe Purchaser the Principal Payment Amount for such Principal Payment Date out of funds allocated to the Series 2017-1 SeniorSubordinated Notes pursuant to Sections 7.04(e)(vix), 7.06(b)(iiii), 7.08(b)(iiii), 7.10(b) or 8.13(fi) of the Trust Indenture, as applicable, in repayment of the principal amount of the Series 2017-1 SeniorSubordinated Notes.

3.8 Indemnification by the Issuer

The Issuer agrees to indemnify and hold harmless the Indenture Trustee, the Administrative Agent, each Funding Agent, each CP Conduit Purchaser, the Group Bank, each Non-Conduit and the Purchaser and each of their respective officers, directors, agents and employees (each, an "**Issuer Indemnified Person**") from and against any loss, liability, expense, damage or injury suffered or sustained by such Issuer Indemnified Person by reason of (a) any acts, omissions or

alleged acts or omissions arising out of, or relating to, activities of the Issuer pursuant to the Program Agreements to which it is a party; (b) a breach of any representation or warranty made or deemed made by the Issuer (or any of its officers) in any Program Agreement; or (c) a failure by the Issuer to comply with any applicable law or regulation or to perform its covenants, agreements, duties or obligations required to be performed or observed by it in accordance with the provisions of the Program Agreements, including, but not limited to, any judgment, award, settlement, reasonable attorneys' fees and other reasonable costs or expenses incurred in connection with the defense of any actual or threatened action, proceeding or claim, except to the extent such loss, liability, expense, damage or injury resulted from the gross negligence, bad faith or willful misconduct of such Issuer Indemnified Person or its officers, directors, agents, principals, employees or employers as determined by a court of competent jurisdiction in a final non-appealable judgement or includes any Excluded Taxes; provided that any payments made by the Issuer pursuant to this Section 3.8 shall be made solely from funds available pursuant to Section 7.04 or 8.13 of the Trust Indenture, as applicable, shall be non-recourse other than with respect to such funds, and shall not constitute a claim against the Issuer to the extent that such funds are insufficient to make such payment.

~~**3.9 Funding Agents**~~

~~(a) The Funding Agent with respect to each CP Conduit Purchaser Group is hereby authorized to determine the Group Monthly Interest and Group Monthly Fees and Other Amounts with respect to each Payment Date and such CP Conduit Purchaser Group. Any such determination by a Funding Agent, absent manifest error, shall constitute prima facie evidence of the accuracy of the calculation. Furthermore, the Funding Agent with respect to each CP Conduit Purchaser Group will maintain records sufficient to identify the percentage interest of the related CP Conduit Purchaser and the Group Bank with respect to such CP Conduit Purchaser Group holding an interest in the Series 2017-1 Senior Note registered in the name of such Funding Agent and any amounts owing thereunder.~~

~~(b) Upon receipt of funds on each Payment Date, each Funding Agent shall pay such funds to the related CP Conduit Purchaser and/or the related Group Bank owed such funds. If a Funding Agent shall have paid to any CP Conduit Purchaser or Group Bank any funds that (i) must be returned for any reason (including bankruptcy); or (ii) exceeds that which such CP Conduit Purchaser or Group Bank was entitled to receive, such amount shall be promptly repaid to such Funding Agent by such CP Conduit Purchaser or Group Bank.~~

3.9 ~~3.10~~ Taxes

(a) All payments by or on account of any obligation of the Issuer hereunder shall, to the extent allowed by law, be made free and clear of, and without deduction or withholding for or on account of Taxes, excluding (i) income taxes (including branch profit taxes, minimum taxes and taxes computed under alternative methods, at least one of which is based on or measured by net income), franchise taxes (imposed in lieu of income taxes), or any other Taxes based on or measured by the net income of any person legally entitled to receive such payments (each a "**Recipient**") as a result of a present or former connection between the Recipient and the

jurisdiction of the Governmental Authority imposing such Taxes (other than any such connection arising solely from the Recipient having executed, delivered or performed its obligations or received a payment under, disposed of, or enforced, this Supplemental Indenture); (ii) any withholding or deduction imposed pursuant to (A) Sections 1471 to 1474 of the U.S. Internal Revenue Code of 1986, as amended ("**FATCA**"), or any successor version thereof, or any similar legislation imposed by any other Governmental Authority, or (B) any treaty, law or regulation or other official guidance enacted by Canada implementing FATCA or any intergovernmental agreement with respect to FATCA or any similar legislation imposed by any other Governmental Authority, including, for greater certainty, the *Canada-United States Enhanced Tax Information Exchange Agreement Implementation Act* (Canada) and Parts XVIII and XIX of the Income Tax Act (Canada), as amended (collectively, and including FATCA, the "**AEOI Legislation**"); and (iii) any interest, penalties and additions to Taxes in respect of (i) and (ii) (all such excluded Taxes being hereinafter called "**Excluded Taxes**"). If any Taxes, other than Excluded Taxes, are required to be withheld from any amounts payable to a Recipient hereunder, the amounts so payable to the Recipient shall be increased, and the Recipient shall be entitled to be paid by the Issuer the amount of such increase to the extent necessary to yield to the Recipient (after payment of all such Taxes other than Excluded Taxes) interest or any such other amounts payable hereunder or thereunder at the rates or in the amounts specified hereunder. Where the amount payable by the Issuer is increased in accordance with the previous sentence, the Group Monthly Interest shall be increased by the amount of such increase. Whenever any Taxes are payable on or with respect to amounts distributed to a Recipient, as promptly as possible thereafter the Issuer shall send to such Recipient a certified copy of an original official receipt showing payment thereof.

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

(c) If a Recipient is legally entitled to receive a refund of any Taxes (other than Excluded Taxes) as to which it has been indemnified or with respect to which additional amounts have been paid to it hereunder or it is legally entitled to receive a credit or deduction with respect to such Taxes or with respect to such additional amounts that have been paid hereunder (in each case pursuant to Section 3.103.9(a)), it shall use commercially reasonable efforts to obtain or claim such refund, credit or deduction and pay over such refund or the value of such credit or deduction to the Issuer, together with any interest thereon.

3.10 3.11 Increased Costs

(a) (i) If any Regulatory Change (x) subjects any Affected Partythe Purchaser to any charge or withholding on or with respect to any Support Facility or this Supplemental Indenture or an Affected Partythe Purchaser's obligations under a Support Facility or this Supplemental Indenture, or changes the basis of taxation of payments to any Affected Partythe Purchaser of any amounts payable under any Support Facility or this Supplemental Indenture Agreement (except for changes in the rate of tax on the overall net income of an Affected Partythe Purchaser or Excluded Taxes) or (y) imposes, modifies or deems applicable any reserve, assessment, fee, tax, insurance charge, special deposit or similar requirement against assets of, deposits with or for the account of, or liabilities of an Affected Partythe Purchaser, or credit extended by an Affected Partythe Purchaser pursuant to a Support Facility or this Supplemental Indenture or (z) imposes any other condition the result of which is to increase the cost to an Affected Partythe Purchaser of performing its obligations under a Support Facility or this Supplemental Indenture, or to reduce the rate of return on an Affected Partythe Purchaser's capital or assets as a consequence of its obligations under a Support Facility or this Supplemental Indenture, or to reduce the amount of any sum received or receivable by an Affected Partythe Purchaser under a Support Facility or this Supplemental Indenture, or to require any payment calculated by reference to the amount of interests or loans held or interest received by it, then, upon written request by such Affected Party (through the Funding Agent for its Purchaser Group if the Affected Party is a Program Support Provider, CP Conduit Purchaser or Group Bank) to the Issuer, such Affected Party (through the Funding Agent for its Purchaser Group if the Affected Party is a Program Support Provider, CP Conduit Purchaser or Group Bank)the Purchaser therefore to the Issuer, the Purchaser shall be entitled to be paid such amounts charged to such Affected Partythe Purchaser or such amounts to otherwise compensate such Affected Partythe Purchaser for such increased cost or such reduction following a receipt by the Issuer of such request for compensation under this Section 3.113.10(a)(i), which payment shall be made on the earlier of (iA) the first Payment Date on which amounts are available to pay such amounts pursuant to Section 7.04(e) of the Trust Indenture (provided that such request is received by the Issuer no later than five (5) Business Days prior to the end of the Interest Period related to such Payment Date), and (iiB) the twelfth Payment Date following such request.

(ii) The Issuer acknowledges that any Affected Partythe Purchaser may implement, as an internal institutional matter, measures in anticipation of a final or proposed Regulatory Change (including, without limitation, the imposition of internal charges on such Affected Partythe Purchaser's interest or obligations under any Support Agreement or this Supplemental Indenture) and may commence recognizing the incurrence of charges by seeking compensation under Section 3.113.10(a)(i) in connection with such measures, in advance of the effective date of such final or proposed Regulatory Change, and the Issuer agrees that such charges or compensation shall be payable, to the related Funding Agent, for the benefit of Affected PartyPurchaser, following demand therefor without regard to whether such proposed Regulatory Change has been adopted or whether such effective date has occurred; provided, that (I) the Affected PartyPurchaser shall provide thirty (30) days prior written notice to the Issuer of its intent to impose or incur any such charges or compensation, (II) an Affected Partythe Purchaser shall not be compensated for any such amount pursuant to this subsection 3.113.10(a)(ii) relating to any period ending, and of which such Affected Partythe Purchaser has had knowledge, more than 180 days prior to the date that such Affected Partythe Purchaser provided the Issuer with the written

notice contemplated by the preceding clause (I) of this subsection 3.113.10(a)(ii), (III) if, after the payment by the TrustIssuer of any charges or compensation pursuant to this subsection 3.113.10(a)(ii), either (A) the Issuer requests in writing that the applicable Affected PartyPurchaser re-compute any such charge or compensation in light of differences between a proposed Regulatory Change and the final effective version thereof or (B) the applicable Affected PartyPurchaser determines that the amount of the charge imposed on and required to be compensated by the Issuer exceeds the amount necessary to compensate it for the applicable Regulatory Change as contemplated by subsection 3.113.10(a)(i), then (x) the amount of such charge or compensation shall, from and after such determination, be reduced by the amount of such excess and (y) such Affected Party the Purchaser shall, within thirty (30) days of such determination, either repay the amount of such excess or credit the amount of such excess against future charges under this subsection 3.113.10(a)(ii). The Issuer further acknowledges that any charge or compensation demanded hereunder may take the form of a monthly charge to be assessed by such Affected Partythe Purchaser.

(b) Each Affected PartyThe Purchaser claiming increased amounts described in subsection 3.113.10(a) of this Supplemental Indenture will furnish to the Issuer (together with its request for compensation) a certificate prepared in good faith setting forth the basis and the calculation of the amount (in reasonable detail) of each request by such Affected Partythe Purchaser for any such increased amounts referred to in subsection 3.113.10(a) hereof. Any such certificate shall be conclusive absent manifest error. Failure on the part of any Affected Partythe Purchaser to demand compensation for any amount pursuant to subsection 3.113.10(a) hereof with respect to any period shall not constitute a waiver of such Affected Partythe Purchaser's right to demand compensation with respect to such period.

ARTICLE 4ARTICLE
CONDITIONS PRECEDENT

4.1 Conditions Precedent to Initial Purchase of Series 2017-1 SeniorSubordinated Notes

On or prior to the initial purchase of Series 2017-1 SeniorSubordinated Notes hereunder, the following conditions precedent shall be satisfied:

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

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

(c) The Administrative Agent and each of the Funding AgentsPurchaser shall have received:

(i) executed copies of the Fee Letter and this Supplemental Indenture, and copies of each of the Trust Indenture, Declaration of Trust, the Management Agreement, the Master Transfer and Servicing Agreement, the Indemnity Agreement, the IESO

Security Agreement, the Change of Law Protection Agreement and the Change of Law Process Agreement dated December **[21]**, 2017 between the Province and OPG, certified by an Authorized Officer of the Issuer;

(ii) certificates of status or compliance or other similar documents issued by the applicable governmental authority to evidence that each of the Issuer Trustee and the Manager is validly existing pursuant to the laws of the jurisdiction of their respective establishment or incorporation;

(iii) a copy of the incorporating documents and all amendments thereto and applicable by-laws, as applicable, of each of the Issuer Trustee, the IESO and the Manager certified by an Authorized Officer of the applicable entity, as applicable;

(iv) copies of resolutions of the board of directors of the IESO and the Manager approving and authorizing the execution, delivery and performance of each Program Agreement they are party to, in each case certified by an Authorized Officer of the applicable entity;

(v) incumbency certificates for each of the Issuer Trustee, the Manager and the IESO executing this Supplemental Indenture and any other Program Agreements and the other documents to be delivered by either the Issuer Trustee, the Manager or the IESO thereunder, in each case showing their names, offices and specimen signatures on which certificates the Administrative Agent and the Purchaser Groups shall be entitled to conclusively rely until such time as the Administrative Agent and the Funding Agents receivePurchaser receives a replacement certificate meeting the requirements of this Section 4.1(bc)(vi)v);

(vi) the following Opinions of Counsel:

(A) the opinion of external counsel to the Manager as to the non-consolidation of the Issuer with the Manager in the event of the insolvency of the Manager in form and substance satisfactory to the Administrative Agent and the Funding AgentsPurchaser;

(B) the opinion of external counsel to the IESO as to the Investment Asset acquired by the Issuer not being subject to the claims of creditors of the IESO in form and substance satisfactory to the Administrative Agent and the Funding Agents;Purchaser;

(C) favourable opinions of external counsel to the Manager covering general corporate matters, the due execution and delivery of, and the enforceability of, each of the Program Agreements to which the Manager, the Issuer and the Issuer Trustee are party which opinion, as to certain matters, may rely on opinion of internal counsel to the Manager and the Issuer Trustee; and

(D) a favourable opinion of external counsel to the Province with respect to the due authorization, execution, delivery and enforceability of the Change

of Law Protection Agreement in form and substance satisfactory to the ~~Administrative Agent and the Funding Agents~~Purchaser;

(vii) a certificate of an Authorized Officer of the Manager confirming that the representations and warranties set forth in Section 12.01 of the Trust Indenture and Section 5.1 of this Supplemental Indenture are true and correct in all material respects, that the Issuer is in compliance in all material respects with all of its covenants and obligations under the Program Agreements to which it is a party and that no Termination Event has occurred; and

(viii) such additional documents, instruments, certificates or letters as the ~~Administrative Agent or any Funding Agent~~Purchaser may reasonably request.

(d) The representations and warranties set forth in Section ~~12.01 of the Trust Indenture and Section~~ 5.1 of this Supplemental Indenture shall be true and correct in all material respects, the Issuer shall be compliance in all material respects with all of its covenants and obligations under the Program Agreements to which it is a party and no Termination Event shall have occurred.

~~(e) The Series 2017-1 Senior Notes shall have been duly issued in accordance with the Trust Indenture and each Funding Agent and Non-Conduit Purchaser shall have received its Series 2017-1 Senior Note registered in its name or a nominee in a face amount equal to its Maximum Purchaser Group Principal Amount.~~

~~(f) All fees payable on or before the Closing Date pursuant to the Fee Letter shall have been paid in full (or arrangements satisfactory to the Administrative Agent and the Funding Agents have been made).~~

~~(g) The Rating Agency Condition shall have been satisfied in respect of the initial purchase.~~

4.2 Conditions Precedent to each Increase under Series 2017-1 ~~Senior~~Subordinated Notes

On or prior to each Increase, the following conditions precedent shall be satisfied:

(a) the ~~Administrative Agent, each Funding Agent and each Non-Conduit~~ Purchaser shall have received an Increase Notice;

(b) no Termination Event shall have occurred or would occur after giving effect to such Increase;

~~(c) the Increase Date in respect of the Increase is prior to the Commitment Expiry Date;~~

(c) ~~(d)~~ if the Increase is identified as a Transfer Increase in the Increase Notice, then the related Transfer under the Master Transfer and Servicing Agreement shall have been completed or contemporaneously completed;

(e) after giving effect to the Increase, the Rating Agency Condition will be satisfied if so required;

(d) (f) after giving effect the Increase, the aggregate of the amounts on deposit in the Program Cash Reserve Account and the IESO Cash Reserve Account shall be equal to or greater than the sum of:

(i) the Program Cash Reserve Required Amount,

plus

(ii) an amount equal to the sum of (x) the amount originally determined under clause (b) of the definition of IESO Cash Reserve Deposit Amount in the Trust Indenture, less any amounts withdrawn from the IESO Cash Reserve Account to pay any obligations securedObligations Secured described in Subsectionssubsections 7.04(e)(i) through (v) of the Trust Indenture prior to the date of such Increase, and (y) to the extent the amount originally determined under clause (b) of the definition of IESO Cash Reserve Deposit Amount in the Trust Indenture was not determined in a manner which included the amount of such Increase, an amount estimated by the Manager, acting reasonably, equal to the additional Monthly Interest payable with respect to such Increase up to and including the Payment Date in July, 2021.

(g) there shall have been no reduction or withdrawal of any credit rating previously provided by any Rating Agency in respect of any outstanding Series of Senior Funding Obligations;

(e) (h) after giving effect to such Increase, the aggregate Outstanding Dollar Principal Amount of Subordinated Funding Obligations and Junior Subordinated Funding Obligations will not be less than 35 10% of the aggregate Outstanding Dollar Principal Amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations; and.

(f) (i) the Indenture Trustee shall have received (i) the adherence compliance certificate required pursuant to Section 4.02(a) of the Change of Law Protection Agreement with respect to such Increase, or (B) written confirmation from the Province that the Funding Obligations incurred under this Supplemental Indenture with respect to such Increase constitute Approved Obligations.;

The Issuer's acceptance of funds in connection with each Increase occurring on any Increase Date shall constitute a representation and warranty by the Issuer to the Administrative Agent and the Purchaser Groups as of such Increase Date that all of the conditions contained in Section 3.3(a) and this Section 4.2 are satisfied.

ARTICLE 5ARTICLE
REPRESENTATIONS AND WARRANTIES

5.1 Representations and Warranties of the Issuer

The Issuer hereby represents and warrants to the Administrative Agent and the Purchaser Groups as of the Closing Date, and shall be deemed to represent and warrant to the Administrative Agent and the Purchaser Groups on each Increase Date, that:

(a) no Termination Event has occurred or would result from the initial purchase of the Issuer Investment Interest on the Closing Date or any increase in the Issuer Investment Interest on an Increase Date, as applicable;

(b) the Issuer Trustee and the Issuer are not Non-residents;

(c) all tax returns (federal, provincial and local) required to be filed with respect to the Issuer have been filed and there has been paid or adequate provision made for the payment of all material Taxes in respect of the Issuer;

(d) the Issuer has complied in all material respects with all laws in respect of the conduct of its business and ownership of its property including the Issuer Investment Interest;

(e) all information provided to the Administrative Agent and the Purchaser Groups by or on behalf of the Issuer in respect of the Issuer Investment Interest is and will be true and accurate in all material respects; and

(f) to its knowledge, there is no set of circumstances existing at such time that will have an Adverse Effect or will reasonably be expected to have an Adverse Effect.

5.2 Representations and Warranties of the PurchasersPurchaser

EachThe Purchaser Group member represents and warrants to the Issuer as of the Closing Date, and shall be deemed to represent and warrant to the Issuer on each Increase Date, that:

(a) it is resident in Ontario or is otherwise subject to the securities legislation of the Province of Ontario;

(b) it is purchasing the applicable Series 2017-1 SeniorSubordinated Notes (i) as principal for its own account and not for the benefit of any other "person" (as defined in the *Securities Act* (Ontario)) or company; and (ii) for cash consideration in excess of $150,000; and

(c) it was not created and is not being used solely to purchase or hold securities in reliance on the exemption from the prospectus and dealer registration requirements contained in Section 2.10 of National Instrument 45-106 − Prospectus and Registration Exemptions.

5.3 Survival

The representations and warranties set out in this Article 5 shall survive the execution hereof.

ARTICLE 6ARTICLE
COVENANTS

6.1 Covenants of the Issuer

(a) The Issuer shall promptly provide to the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser (in multiple copies if requested) copies of all material reports, notices, financial statements and other documents delivered by the IESO to the Issuer with respect to the Issuer Investment Interest or pursuant to the Master Transfer and Servicing Agreement; provided such documents shall be deemed to be delivered hereunder so long as the Purchaser is the Manager.

(b) The Issuer shall provide to the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser (in multiple copies, if requested) such other information, documents, records or reports respecting the Issuer Investment Interest, the Issuer or the IESO which is in the possession or under the control of the Issuer or the Manager, as the Administrative Agent, a Funding Agent or a Non-Conduit Purchaser may from time to time reasonably request, including any correspondence with a Rating Agency; provided such documents shall be deemed to be delivered hereunder so long as the Purchaser is the Manager.

(c) The Issuer shall furnish to the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser promptly after known to the Issuer or the Manager, information with respect to any action, suit or proceeding involving the Manager, the Issuer or the IESO or any of their respective Affiliates by or before any court or any Governmental Authority which, if adversely determined, would have an Adverse Effect; provided that the Purchaser shall be deemed to have knowledge of such actions, suits or proceedings so long as it is the Manager.

(d) The Issuer will not make any amendments to the Funding Obligation Agreements governing any outstanding Subordinated Funding Obligations or Junior Subordinated Funding Obligations without the prior written consent of the Requisite Series 2017-1 Noteholders.

(e) The Issuer will not make any amendments to any of the Program Agreements without the prior written consent of all of the Series 2017-1 Noteholders.

(f) The Issuer will provide prompt notice to the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser of any amendments to the Change of Law Process Agreement dated December **[21]**, 2017 between the Province and OPG.

(g) The Issuer will not hold or own, directly or indirectly, any share or equity security of, or any equity interest in, any Person.

(h) The Issuer confirms that this Supplemental Indenture is a Warehouse Facility Agreement. The Issuer will not enter into any other Warehouse Facility Agreement creating Senior Funding Obligations without the prior written consent of the Requisite Series 2017-1 Noteholders unless the Commitment Expiry Date has occurred.

(i) The Issuer will not enter into any Funding Obligation Agreement (other than a Credit Enhancement Agreement or Derivative Agreement or a Warehouse Facility Agreement for Subordinated Funding Obligations or Junior Subordinated Funding Obligations) in respect of any Funding Obligation that has a Principal Payment Date prior to May 1, 2022.

(j) Each issuance of Senior Funding Obligations completed on or after the Commitment Expiry Date shall be treated by the Issuer as a Refinancing with the proceeds thereof (net of expenses incurred in connection with such issuance and amounts required to be deposited in Issuer Accounts in accordance with the Program Agreements) applied to effect Decreases hereunder until such time as the Series 2017-1 Principal Amount has been reduced to zero.

(k) Upon the request of the Administrative Agent or any Funding Agent at any time after January 1, 2022, the Issuer shall request, not more than once per year (except following and during the continuance of a Termination Event, when the Administrative Agent or any Funding Agent may request as frequently as once per month), the Issuer will, at its expense, appoint Ernst &Young LLP, or another independent public accounting firm selected by the Issuer with the consent of such the Administrative Agent or such Funding Agent (such consent not to be unreasonably withheld), to prepare and deliver to each Funding Agent a written report, on a scope and in a form reasonably requested by the Administrative Agent or the Funding Agent making such request, to provide assurances to the Funding Agents that the information certified on each Monthly Report is accurate in all material respects.

ARTICLE 7ARTICLE
ACCELERATION

7.1 Acceleration of Series 2017-1 Subordinated Principal Amount

If a Series 2017-1 Event of Default occurs and is continuing, then and in each and every such case, and without regard to whether all Issuer Funding Obligations have been declared due and payable immediately pursuant to Section 8.02(a) of the Trust Indenture, anythe Purchaser Group may by notice in writing to the Issuer and to the Indenture Trustee declare the Series 2017-1 Subordinated Principal Amount and all interest accrued and unpaid (if any) thereon to be due and payable immediately, and upon any such declaration the same will become and will be immediately due and payable, notwithstanding anything in this Supplemental Indenture or the Trust Indenture to the contrary.

ARTICLE
AGENTS

8.1 Administrative Agent

(a) Each of the Non-Conduit Purchasers, CP Conduit Purchasers, the Group Banks and the Funding Agents hereby irrevocably designates and appoints the Administrative Agent as the agent of such Person under this Supplemental

Indenture and irrevocably authorizes the Administrative Agent, in such capacity, to take such action on its behalf under the provisions of this Supplemental Indenture and to exercise such powers and perform such duties as are expressly delegated to the Administrative Agent by the terms of this Supplemental Indenture, together with such other powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Supplemental Indenture, the Administrative Agent shall not have any duties or responsibilities except those expressly set forth herein, or any fiduciary relationship with any Non-Conduit Purchaser, any CP Conduit Purchaser, any Group Bank or any Funding Agent, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Supplemental Indenture or otherwise exist against the Administrative Agent.

(b) The Administrative Agent may execute any of its duties under this Supplemental Indenture by or through agents or attorneys in fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. The Administrative Agent shall not be responsible for the negligence or misconduct of any agents or attorneys-in-fact selected by it with reasonable care.

(c) Neither the Administrative Agent nor any of its officers, directors, employees, agents, attorneys in fact or Affiliates shall be (i) liable for any action lawfully taken or omitted to be taken by it or such Person under or in connection with the Trust Indenture, this Supplemental Indenture or any other Program Agreement (except to the extent that any of the foregoing are found by a final and non-appealable decision of a court of competent jurisdiction to have resulted from its or such Person's own gross negligence or willful misconduct) or (ii) responsible in any manner to any of the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks or the Funding Agents for any recitals, statements, representations or warranties made by the Issuer, the IESO, the Manager or any officer thereof contained in this Supplemental Indenture or any other Program Agreement or in any certificate, report, statement or other document referred to or provided for in, or received by the Administrative Agent under or in connection with, this Supplemental Indenture or any other Program Agreement or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Supplemental Indenture, any other Program Agreement, or for any failure of any of the Issuer, the Manager or the IESO to perform its obligations hereunder or thereunder. The Administrative Agent shall not be under any obligation to any Non-Conduit Purchaser, any CP Conduit Purchaser, any Group Bank or any Funding Agent to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Supplemental Indenture, any other Program Agreement or to inspect the properties, books or records of the Issuer, the Manager or the IESO.

(d) The Administrative Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, resolution, notice, consent, certificate, affidavit, letter or electronic message, statement, order or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by

the proper Person or Persons and upon advice and statements of legal counsel (including, without limitation, counsel to the Issuer, the Manager or the IESO), independent accountants and other experts selected by the Administrative Agent.

(e) The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Termination Event unless the Administrative Agent has received written notice from a Non-Conduit Purchaser, a CP Conduit Purchaser, a Group Bank, a Funding Agent, the Issuer or the Manager referring to the Trust Indenture or this Supplemental Indenture, describing such Termination Event and stating that such notice is a "notice of a Termination Event". In the event that the Administrative Agent receives such a notice, the Administrative Agent shall give notice thereof to DBRS, the Non-Conduit Purchasers, the Funding Agents, the Issuer Trustee and the Manager.

(f) Each of the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks and the Funding Agents expressly acknowledges that neither the Administrative Agent nor any of its officers, directors, employees, agents, attorneys in fact or Affiliates has made any representations or warranties to it and that no act by the Administrative Agent hereinafter taken, including any review of the affairs of the Issuer, the Manager or the IESO shall be deemed to constitute any representation or warranty by the Administrative Agent to any such Person. Each of the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks and the Funding Agents represents to the Administrative Agent that it has, independently and without reliance upon the Administrative Agent or any other Non-Conduit Purchaser, CP Conduit Purchaser, Group Bank or Funding Agent and based on such documents and information as it has deemed appropriate, made its own appraisal of, and investigation into, the business, operations, property, financial and other condition and creditworthiness of the Issuer, the Manager and the IESO and made its own decision to enter into this Supplemental Indenture. Each of the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks and the Funding Agents also represents that it will, independently and without reliance upon the Administrative Agent or any other Non-Conduit Purchaser, CP Conduit Purchaser, Group Bank or Funding Agent, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Supplemental Indenture and the other Program Agreements, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other condition and creditworthiness of the Issuer, the Manager and the IESO. Except for notices, reports and other documents expressly required to be furnished to the Non-Conduit Purchasers and the Funding Agents by the Administrative Agent hereunder, the Administrative Agent shall have no duty or responsibility to provide any Non-Conduit Purchaser, any CP Conduit Purchaser, any Group Bank or any Funding Agent with any credit or other information concerning the business, operations, property, condition (financial or otherwise), prospects or creditworthiness of the Issuer, the Manager or the IESO which may come into the possession of the Administrative Agent or any of its officers, directors, employees, agents, attorneys in fact or Affiliates.

(g) The Administrative Agent and its Affiliates may make loans to, accept deposits from and generally engage in any kind of business with the Issuer, the Manager and the IESO as though the Administrative Agent were not the Administrative Agent hereunder. With respect to any Series 2017-1 Senior Note held by the Administrative Agent, the Administrative Agent shall have the same rights and powers under this Supplemental Indenture and the other Program Agreements as any Group Bank or Funding Agent and may exercise the same as though it were not the Administrative Agent, and the terms "Group Bank," and "Funding Agent" shall include the Administrative Agent in its individual capacity.

(h) The Administrative Agent may resign as Administrative Agent at any time by giving 30 days' notice to the Non-Conduit Purchasers, the Funding Agents, the Indenture Trustee, the Issuer and the Manager. If Royal Bank of Canada shall resign as Administrative Agent under this Supplemental Indenture, then the Requisite Series 2017-1 Noteholders shall appoint a successor administrative agent from among the Non-Conduit Purchasers and Funding Agents, whereupon such successor agent shall succeed to the rights, powers and duties of the Administrative Agent, and the term "Administrative Agent" shall mean such successor agent effective upon such appointment and approval, and the former Administrative Agent's rights, powers and duties as Administrative Agent shall be terminated, without any other or further act or deed on the part of such former Administrative Agent or any of the parties to this Supplemental Indenture. If no successor administrative agent has accepted appointment as Administrative Agent prior to the effective date of the resignation of the Administrative Agent, the retiring Administrative Agent may appoint, after consulting with the Non-Conduit Purchasers and the Funding Agents, a successor Administrative Agent from among the Non-Conduit Purchasers and the Funding Agents. If no successor administrative agent has accepted appointment by the date which is thirty (30) days following a retiring Administrative Agent's notice of resignation, the retiring Administrative Agent's resignation shall nevertheless thereupon become effective and Manager shall assume and perform all of the duties of the Administrative Agent hereunder until such time, if any, as the Requisite Series 2017-1 Noteholders appoint a successor administrative agent as provided for above. After any retiring Administrative Agent's resignation as Administrative Agent, the provisions of this Article 8 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent under this Supplemental Indenture. The Issuer will provide prompt written notice of a resignation of the Administrative Agent and the appointment of any successor administrative agent.

8.2 Funding Agents

(a) Each CP Conduit Purchaser and each Group Bank with respect to such CP Conduit Purchaser hereby irrevocably designates and appoints the Funding Agent set forth next to such CP Conduit Purchaser's name on Schedule E as the agent of such Person under this Supplemental Indenture and irrevocably authorizes such Funding Agent, in such capacity, to take such action on its behalf under the

provisions of this Supplemental Indenture and to exercise such powers and perform such duties as are expressly delegated to such Funding Agent by the terms of this Supplemental Indenture, together with such other powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Supplemental Indenture, each Funding Agent shall not have any duties or responsibilities except those expressly set forth herein, or any fiduciary relationship with any CP Conduit Purchaser or Group Bank and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Supplemental Indenture or otherwise exist against each Funding Agent.

(b) Each Funding Agent may execute any of its duties under this Supplemental Indenture by or through agents or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. Each Funding Agent shall not be responsible to the CP Conduit Purchaser or any Group Bank in its CP Conduit Purchaser Group for the negligence or misconduct of any agents or attorneys in fact selected by it with reasonable care.

(c) Each Funding Agent and any of its officers, directors, employees, agents, attorneys in fact or Affiliates shall not be (i) liable for any action lawfully taken or omitted to be taken by it or such Person under or in connection with the Trust Indenture, this Supplemental Indenture or any other Program Agreement (except to the extent that any of the foregoing are found by a final and non-appealable decision of a court of competent jurisdiction to have resulted from its or such Person's own gross negligence or willful misconduct) or (ii) responsible in any manner to any of the CP Conduit Purchasers and/or Group Banks for any recitals, statements, representations or warranties made by the Issuer, the Manager or the IESO, or any officer thereof contained in this Supplemental Indenture or any other Program Agreement or in any certificate, report, statement or other document referred to or provided for in, or received by such Funding Agent under or in connection with, this Supplemental Indenture or any other Program Agreement or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Supplemental Indenture, any other Program Agreement, or for any failure of any of the Issuer, the Manager or the IESO to perform its obligations hereunder or thereunder. Each Funding Agent shall not be under any obligation to the CP Conduit Purchaser or any Group Bank in its CP Conduit Purchaser Group to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Supplemental Indenture, any other Program Agreement or to inspect the properties, books or records of the Issuer, the Manager or the IESO.

(d) Each Funding Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, resolution, notice, consent, certificate, affidavit, letter or electronic message, statement, order or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including, without limitation, counsel to the Issuer, the Manager or the IESO), independent accountants and other experts selected by such Funding Agent. Each

Funding Agent shall be fully justified in failing or refusing to take any action under this Supplemental Indenture or any other Program Agreement unless it shall first receive such advice or concurrence of the Related Purchaser Group, as it deems appropriate or it shall first be indemnified to its satisfaction by the Related Purchaser Group against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action.

(e) Each Funding Agent shall not be deemed to have knowledge or notice of the occurrence of any Termination Event unless such Funding Agent has received written notice from a Non-Conduit Purchaser, a CP Conduit Purchaser, a Group Bank, the Issuer, the Manager or the Administrative Agent referring to the Trust Indenture or this Supplemental Indenture, describing such Termination Event and stating that such notice is a "notice of a Termination Event," as the case may be. In the event that any Funding Agent receives such a notice, such Funding Agent shall give notice thereof to DBRS, the CP Conduit Purchaser and Group Bank in its CP Conduit Purchaser Group. Such Funding Agent shall take such action with respect to such event as shall be reasonably directed by the CP Conduit Purchaser and Group Bank in its CP Conduit Purchaser Group, provided that unless and until such Funding Agent shall have received such directions, such Funding Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such event as it shall deem advisable in the best interests of the CP Conduit Purchaser and Group Bank in its CP Conduit Purchaser Group.

(f) Each CP Conduit Purchaser and each of the related Group Banks expressly acknowledge that neither its Funding Agent nor any of its officers, directors, employees, agents, attorneys in fact or Affiliates has made any representations or warranties to it and that no act by such Funding Agent hereinafter taken, including any review of the affairs of the Issuer, the Manager or the IESO shall be deemed to constitute any representation or warranty by such Funding Agent to any such Person. Each CP Conduit Purchaser and each of the related Group Banks represents to its Funding Agent that it has, independently and without reliance upon such Funding Agent and based on such documents and information as it has deemed appropriate, made its own appraisal of, and investigation into, the business, operations, property, financial and other condition and creditworthiness of the Issuer, the Manager and the IESO and made its own decision to enter into this Supplemental Indenture. Each CP Conduit Purchaser and each of the related Group Banks also represents that it will, independently and without reliance upon its Funding Agent and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Supplemental Indenture and the other Program Agreements, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other conditions and creditworthiness of the Issuer, the Manager and the IESO.

(g) Each Group Bank in a CP Conduit Purchaser Group agrees to indemnify its Funding Agent in its capacity as such (to the extent not reimbursed by the Issuer and without limiting the obligation of the Issuer to do so), from and against any

and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever which may at any time be imposed on, incurred by or asserted against such Funding Agent in any way relating to or arising out of this Supplemental Indenture, any of the other Program Agreements or any documents contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby or any action taken or omitted by such Funding Agent under or in connection with any of the foregoing; provided that no Group Bank shall be liable for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements that are found by a final and non-appealable decision of a court of competent jurisdiction to have resulted from such related Funding Agent's gross negligence or willful misconduct. The agreements in this Section shall survive the payment of all amounts payable hereunder.

ARTICLE 8ARTICLE
GENERAL

8.1 9.1 Successor and Assigns

(a) This Supplemental Indenture shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, except that (i) the Issuer may not assign or transfer any of its rights or obligations under this Supplemental Indenture without the prior written consent of all of the Series 2017-1 Noteholdersthe Purchaser and at least 10 Business Days' notice having been given to DBRS; and (ii) no Non-Conduitthe Purchaser may , without the prior written consent of the Issuer but with prior notice to DBRS, assign or transfer any of its rights under this Supplemental Indenture other than pursuant to paragraph (c) or (f) below; (iii) no CP Conduit Purchaser may assign or transfer any of its rights under this Supplemental Indenture other than to the Group Bank with respect to such CP Conduit Purchaser or a Program Support Provider with respect to such CP Conduit Purchaser or pursuant to clause (b) or (e) below of this Section 9.1; and (iv) no Group Bank may assign or transfer any of its rights or obligations under this Supplemental Indenture except to a Program Support Provider or pursuant to clause (c), (d) or (e) below of this Section 9.1or obligations under this Supplemental Indenture to any of its wholly-owned affiliates (a "**Transferee**") pursuant to a transfer supplement, substantially in the form of Exhibit E (the "**Transfer Supplement**").

(b) Without limiting the foregoing, each CP Conduit Purchaser may assign all or a portion of the Purchaser Group Principal Amount with respect to such CP Conduit Purchaser and its rights and obligations under this Supplemental Indenture to a Conduit Assignee with respect to such CP Conduit Purchaser. Prior to the effectiveness of any such assignment, the assigning CP Conduit Purchaser shall notify DBRS, the Administrative Agent, each Funding Agent, each Non-Conduit Purchaser and the Issuer of such assignment. Upon such assignment by a CP Conduit Purchaser to a Conduit Assignee, (i) such Conduit Assignee shall be the owner of the Purchaser Group Principal Amount or such portion thereof with respect to such CP Conduit Purchaser; (ii) the related administrative or managing agent for such Conduit Assignee will act as the administrative agent for such Conduit Assignee hereunder, with all corresponding rights and powers, express or

~~implied, granted to the Funding Agent hereunder; (iii) such Conduit Assignee and its liquidity support provider(s) and credit support provider(s) and other related parties shall have the benefit of all the rights and protections provided to such CP Conduit Purchaser herein (including, without limitation, any limitation on recourse against such Conduit Assignee as provided in this paragraph); (iv) such Conduit Assignee shall assume all of such CP Conduit Purchaser's obligations, if any, hereunder with respect to such portion of the Purchaser Group Principal Amount and such CP Conduit Purchaser shall be released from such obligations; (v) all distributions in respect of the Purchaser Group Principal Amount or such portion thereof with respect to such CP Conduit Purchaser shall be made to the applicable agent or administrative agent, as applicable, on behalf of such Conduit Assignee; and (vi) if requested by the Administrative Agent or the agent or administrative agent with respect to the Conduit Assignee, the parties will execute and deliver such further agreements and documents and take such other actions as the Administrative Agent or such agent or administrative agent may reasonably request to evidence and give effect to the foregoing. No assignment by any CP Conduit Purchaser to a Conduit Assignee of the Purchaser Group Principal Amount with respect to such CP Conduit Purchaser shall in any way diminish the obligations of the Group Bank with respect to such CP Conduit Purchaser under Section 3.3 to fund any Increase.~~

~~(c)~~ ~~Any Group Bank may, in the ordinary course of its business and in accordance with applicable law, at any time, sell all or any part of its rights and obligations under this Supplemental Indenture and the Series 2017-1 Senior Notes, with the prior written consent of the Administrative Agent and the Issuer (in each case, which consent shall not be unreasonably withheld) and with prior notice to DBRS, to one or more banks (an "**Acquiring Group Bank**") pursuant to a transfer supplement, substantially in the form of Exhibit H (the "**Transfer Supplement**"), executed by such Acquiring Group Bank, such assigning Group Bank, the Funding Agent with respect to such Group Bank, the Administrative Agent and the Issuer and delivered to the Administrative Agent. Notwithstanding the foregoing, no Group Bank shall so sell its rights hereunder if such Acquiring Group Bank is not an Eligible Assignee.~~

~~(d)~~ ~~Any Group Bank may, in the ordinary course of its business and in accordance with applicable law at any time and with prior notice to DBRS, sell to one or more financial institutions or other entities ("**Group Bank Participants**") participations in its Commitment with respect to its related CP Conduit Purchaser Group, its Series 2017-1 Senior Note and its rights hereunder pursuant to documentation in form and substance satisfactory to such Group Bank and the Group Bank Participant; provided, however, that (i) in the event of any such sale by a Group Bank to a Group Bank Participant, (A) such Group Bank's obligations under this Supplemental Indenture shall remain unchanged, (B) such Group Bank shall remain solely responsible for the performance thereof, and (C) the Issuer and the Administrative Agent shall continue to deal solely and directly with such Group Bank in connection with its rights and obligations under this Supplemental Indenture; and (ii) no Group Bank shall sell any participating interest under which~~

the Group Bank Participant shall have rights to approve any amendment to, or any consent or waiver with respect to, this Supplemental Indenture, the Trust Indenture or any Program Agreement, except to the extent that the approval of such amendment, consent or waiver otherwise would require the unanimous consent of all Group Banks hereunder. A Group Bank Participant shall have the right to receive compensation pursuant to Sections 3.10 and 3.11 but only to the extent that the related selling Group Bank would have had such right absent the sale of the related participation and, with respect to amounts due pursuant to Sections 3.10 and 3.11, only to the extent such Group Bank Participant shall have complied with the provisions of Sections 3.10 and 3.11 as if such Group Bank Participant were a Group Bank.

(e) Any CP Conduit Purchaser and the Group Bank with respect to such CP Conduit Purchaser may, at any time, sell all or any part of their respective rights and obligations, and any Non-Conduit Purchaser may, at any time, sell all or any part of its rights and obligations, under this Supplemental Indenture and the Series 2017-1 Senior Notes, with the prior written consent of the Administrative Agent and the Issuer (in each case, which consent shall not be unreasonably withheld) and with prior notice to DBRS, (x) to a multi-seller commercial paper conduit and one or more banks providing support to such multi-seller commercial paper conduit, or (y) to a financial institution or other entity (an "**Acquiring Purchaser Group**") pursuant to a transfer supplement, substantially in the form of Exhibit I (the "**Purchaser Group Supplement**"), executed by such Acquiring Purchaser Group (including the CP Conduit Purchaser and the Group Banks, if any, with respect to such Acquiring Purchaser Group), the Funding Agent, if any, with respect to such Acquiring Purchaser Group, such assigning Purchaser Group (including the Group Banks, if any, with respect to such assigning Purchaser Group), the Funding Agent, if any, with respect to such assigning Purchaser Group and the Administrative Agent and the Issuer and delivered to the Administrative Agent.

(f) Any Non-Conduit Purchaser may, in the ordinary course of its business and in accordance with applicable law and with prior notice to DBRS, at any time sell to one or more financial institutions or other entities ("**Non-Conduit Purchaser Participants**") participations in its Commitment, its Series 2017-1 Senior Note and its rights hereunder pursuant to documentation in form and substance satisfactory to such Non-Conduit Purchaser and the Non-Conduit Purchaser Participant; provided, however, that (i) in the event of any such sale by a Non-Conduit Purchaser to a Non-Conduit Purchaser Participant, (A) such Non-Conduit Purchaser's obligations under this Supplemental Indenture shall remain unchanged, (B) such Non-Conduit Purchaser shall remain solely responsible for the performance thereof, and (C) the Issuer and the Administrative Agent shall continue to deal solely and directly with such Non-Conduit Purchaser in connection with its rights and obligations under this Supplemental Indenture; and (ii) no Non-Conduit Purchaser shall sell any participating interest under which the Non-Conduit Purchaser Participant shall have rights to approve any amendment to, or any consent or waiver with respect to, this Supplemental

Indenture, the Trust Indenture or any Program Agreement, except to the extent that the approval of such amendment, consent or waiver otherwise would require the unanimous consent of all Series 2017-1 Noteholders hereunder. A Non-Conduit Purchaser Participant shall have the right to receive compensation under Sections 3.10 and 3.11 but only to the extent that the related selling Non-Conduit Purchaser would have had such right absent the sale of the related participation and, with respect to amounts due pursuant to Sections 3.10 and 3.11, only to the extent such Non-Conduit Purchaser Participant shall have complied with the provisions of Sections 3.10 and 3.11 as if such Non-Conduit Purchaser Participant were a Non-Conduit Purchaser.

(b) (g) The Issuer authorizes each Group Bank and Non-Conduitthe Purchaser to disclose to any Group Bank Participant, Acquiring Group Bank, Non-Conduit Purchaser Participant or Acquiring Purchaser Group (each, a "**Transferee**")Transferee and any prospective Transferee any and all financial information in such Group Bank's or Non-Conduitthe Purchaser's possession concerning the Issuer, the Issuer Investment AssetInterest and the Program Agreements which has been delivered to such Group Bankthe Purchaser by the Issuer or the Manager in connection with such Group Bank's credit evaluation of the Issuer and the Issuer Investment Interest.

(c) (h) Notwithstanding any other provision of this Supplemental Indenture to the contrary, any Non-Conduitthe Purchaser, any Group Bank or any Program Support Provider may at any time pledge or grant a security interest in all or any portion of its rights under its Series 2017-1 SeniorSubordinated Note and this Supplemental Indenture to secure obligations of such Non-Conduitthe Purchaser, such Group Bank or such Program Support Provider to a Federal Reserve Bank or the Bank of Canada to any Person, without notice to or consent of the Administrative Agent or the Issuer; provided that no such pledge or grant of a security interest shall release a Non-Conduitthe Purchaser or a Group Bank from any of its obligations hereunder or substitute any such pledgee or grantee for such Non-Conduitthe Purchaser or such Group Bank as a party hereto.

(i) Notwithstanding any other provision of this Supplemental Indenture to the contrary, no consent of the Issuer to any assignment referred to in this Section 9.1 shall be required at any time after the occurrence of a Series 2017-1 Event of Default.

8.2 9.2 Waiver

Without limiting the requirements of Section 11.02 of the Trust Indenture which shall be applicable to this Supplemental Indenture, no waiver of any provision of this Supplemental Indenture or consent to any departure by the Issuer from any provision of this Supplemental Indenture will be effective (in whole or in part) unless in writing and signed by the Requisite Series 2017-1 Noteholders. Purchaser. Such waiver will be effective only in the specific instance, for the specific purpose and for the specific length of time for which it is given by the Requisite Series 2017-1 NoteholdersPurchaser.

8.3 9.3 Notice

All notices, requests, instructions and demands to or upon any party hereto to be effective shall be given (a) in the case of the Issuer and the Indenture Trustee, in the manner set forth in Article 15 of the Trust Indenture; and (b) in the case of the Administrative Agent, the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks and the Funding AgentsPurchaser, in writing, and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when delivered by hand or three days after being deposited in the mail, postage prepaid, in the case of facsimile notice, when received, or in the case of overnight air courier, one Business Day after the date such notice is delivered to such overnight courier, addressed as follows in the case of the Administrative Agent and to the addresses therefor set forth in Schedule E, in the case of the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks and the Funding Agents; or to such other address as may be hereafter notified by the respective parties hereto:

Administrative Agent:Purchaser:

Royal Bank of Canada **[NTD: Oslers to provide]**

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6

Attention: Vice President, Fair Hydro Plan
Fax: (416) 592-4189
Email: FHP@opg.com

8.4 9.4 No Waiver: Remedies

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

8.5 9.5 Entire Agreement

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

8.6 9.6 Governing Law and Attornment

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

8.7 9.7 Acknowledgment of Trust Indenture and No Proceedings

(a) The Administrative Agent, each Non-Conduit Purchaser, each CP Conduit Purchaser, each Group Bank and each Funding AgentPurchaser hereby acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor under the Trust Indenture and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Trust Indenture including, without limitation, Section 7.12 (Payments To Be Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse), Article IX (Indenture Trustee) (including all limitations of liability thereunder), Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition).

(b) The Purchaser irrevocably authorizes and directs the Indenture Trustee on its behalf to take such action (including the execution and delivery of documents of subordination) as may be necessary or appropriate to further assure the priority arrangements provided for in Article VI, Article VII and Section 8.13 of the Trust Indenture, and appoints the Indenture Trustee as its agent for any and all such purposes.

(c) The Purchaser consents, requests and authorizes the Issuer and the Indenture Trustee to (i) add the Purchaser (or its agent) to the register of Specified Creditors described in Section 13.13 of the Trust Indenture and (ii) disseminate the notice details of the Purchaser to other Specified Creditors for the purposes set out in subsection 9.14(b) of the Trust Indenture.

8.8 9.8 Expenses

The Issuer agrees to pay on demand (a) to the Indenture Trustee, the Administrative Agent and the Purchaser Groups all reasonable costs and expenses in connection with the preparation, execution, and delivery of this Supplemental Indenture and the other documents to be delivered hereunder or in connection herewith, including, the reasonable fees and out-of-pocket expenses of counsel for the Administrative Agent and the Purchaser Groups, with respect thereto, and the reasonable fees and out-of-pocket expenses incurred by the CP Conduit Purchasers in connection with the review by each rating agency then rating the Commercial Paper of such CP Conduit Purchaser of the transactions contemplated by this Supplemental Indenture and the Program Agreements, with respect thereto; (b) to the Indenture Trustee, the Administrative Agent and eachthe Purchaser Group, all reasonable costs and expenses in connection with any amendments of or waivers or consents under this Supplemental Indenture or the Program Agreements, including in each case the reasonable fees and out-of-pocket expenses of counsel with respect thereto, and the reasonable fees and out-of-pocket expenses incurred by the CP Conduit Purchasers in connection with the review by any rating agency then rating the Commercial Paper of such CP Conduit Purchasers; and (c) to the Indenture Trustee, the Administrative Agent and eachthe Purchaser Group, on demand, all reasonable costs and expenses (including reasonable fees and expenses of counsel to the Administrative Agent and each Purchaser Group), if any, in

connection with the enforcement of this Supplemental Indenture or any of the Program Agreements, and the other documents delivered thereunder or in connection therewith.

8.9 9.9 Further Assurances

Each of the parties hereto upon the request of the other party or parties hereto shall do, execute, acknowledge and deliver or cause to be done, executed acknowledged or delivered all such further acts, deeds, documents, assignments, transfers, conveyances, powers of attorney and assurances as may be reasonably necessary or desirable to effect or complete the consummation of the transactions contemplated by this Supplemental Indenture.

8.10 9.10 Confidentiality

(a) EachThe Purchaser Group and the Administrative Agent covenants and agrees that any non-public information obtained by it pursuant to this Supplemental Indenture and the other Program Agreements shall be held in confidence except that the Purchaser Groups or Administrative Agent may disclose such information (i) pursuant to the order of any court or administrative agency or in any pending legal or administrative proceeding (whether or not having the force or effect of law) provided that, unless prohibited by applicable law, athe Purchaser Group or the Administrative Agent, as applicable, shall provide prompt notice of such order to the affected party; (ii) upon the request or demand of any regulatory authority having or claiming jurisdiction over anythe Purchaser Group or the Administrative Agent; (iii) as required by applicable law including, without limitation, all applicable securities laws; (iv) to the extent that such information becomes publicly available other than by reason of improper disclosure by athe Purchaser Group or the Administrative Agent; (v) to its affiliates, officers, directors, employees, legal counsel, independent auditors, accountants, advisors, investors, potential investors, commercial paper dealers, providers of surety, guaranty, credit or liquidity enhancement (including the directors, officers and accountants of such surety, guaranty, credit or liquidity enhancement provider), legal counsel of any of the foregoing and other experts or agents who need to know such information and are informed of the confidential nature of such information (provided that the Persons permitted to make such disclosures under clauses (i), (ii) and (iii) of this Section 9.10 shall also include credit or liquidity enhancers of a CP Conduit Purchaser); (vi) for purposes of establishing a "due diligence" defense; (vii) which was available to athe Purchaser Group or the Administrative Agent on a non-confidential basis from a source other than the affected party, provided that such source was not to the knowledge of the Purchaser Group or the Administrative Agent, as applicable, bound by a confidentiality agreement with the affected party; (viii) has been independently acquired or developed by athe Purchaser Group or the Administrative Agent without violating any of the Purchaser Group's or the Administrative Agent's obligations under this Supplemental Indenture; (ix) if such disclosure has been approved in writing in advance by the Issuer or the Manager; (x) regarding the existence of this Supplemental Indenture, but not the financial terms thereof; and (xi) to DBRS and Moody's and any other Rating Agencies.

(b) The Issuer covenants and agrees to hold in confidence, and not disclose to any Person, the terms of this Supplemental Indenture (including any fees payable in connection with this Supplemental Indenture or the identity of any CP Conduit Purchaser under this Supplemental Indenture), except as the applicable, except as the Purchaser Group may have consented to in

writing prior to any proposed disclosure and except (i) it may also disclose such information (A) to its officers, directors, employees, legal counsel, independent auditors, accountants and other advisors who are directly involved in the consideration of this Supplemental Indenture (and then only on a confidential basis), (B) to the Manager and its officers, directors, employees, legal counsel, independent auditors, accountants and other advisors, (C) any ministry or agency of the Province of Ontario and, in each case, their respective employees, officials, agents and advisors, (D) as required by applicable law (including, without limitation, applicable securities law) or compulsory legal process, (E) as expressly permitted by the terms of the Program Agreements, and (F) to DBRS and Moody's and any other Rating Agencies; provided, that, in the case of clause (D), the Issuer will use all commercially reasonable efforts to maintain confidentiality and will (unless otherwise prohibited by law) notify the ~~affected Administrative Agent or~~ Purchaser ~~Group~~ of its intention to make any such disclosure prior to making such disclosure; and (ii) it may also disclose the existence (but not the financial terms) of this Supplemental Indenture, including to any actual or prospective purchaser of other Notes.

(c) The parties hereto acknowledge that a description of this Supplemental Indenture and the Series 2017-1 ~~Senior~~Subordinated Note will be included in the preliminary and final offering memoranda of the Issuer relating to the issue of other Notes from time to time.

(d) The confidentiality provisions set forth in this Section ~~9.10~~8.10 shall expire on the second year anniversary of the date on which the Series 2017-1 ~~Senior~~Subordinated Notes have been paid in full.

~~**9.11 Acknowledgement and Consent to Bail-In of EEA Financial Institutions**~~

~~Notwithstanding anything to the contrary in this Supplemental Indenture or in any other Program Agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any EEA Financial Institution arising under this Supplemental Indenture or any other Program Agreement, to the extent such liability is unsecured, may be subject to the write-down and conversion powers of an EEA Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:~~

~~(a) the application of any Write-Down and Conversion Powers by an EEA Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an EEA Financial Institution; and~~

~~(b) the effects of any Bail-In Action on any such liability, including, if applicable~~

~~(i) a reduction in full or in part or cancellation of any such liability;~~

~~(ii) a conversion of all, or a portion of, such liability into shares or other instruments or ownership in such EEA Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Supplemental Indenture or any other Facility Agreement; or~~

~~(iii) the variation of the terms of such liability in connection with the exercise of the write-down and conversion powers of any EEA Resolution Authority.~~

8.11 ~~9.12~~ Limitation of Liability of Issuer Trustee

Each party hereto other than the Issuer acknowledges that the Issuer is a trust, and that Computershare Trust Company of Canada is the Issuer Trustee. The other parties hereto agree that the Issuer Trustee will not be subject to any liability whatsoever to them, in tort, contract or otherwise, in connection with the Issuer's assets or the trust activities, for any action taken or permitted by it to be taken, or for its failure to take any action; provided that the foregoing limitation will not apply in respect of any action or failure to act arising from or in connection with wilful misconduct, negligence or reckless disregard of a duty by the Issuer Trustee. The Issuer Trustee in doing anything or permitting anything to be done in respect of assets or the trust activities is, and shall be conclusively deemed to be, acting as trustee of the Issuer and not in any other capacity. Except as to the extent provided in this Section ~~9.12~~8.11, the Issuer Trustee will not be subject to any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Issuer, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the Issuer's assets or the trust activities and resort will be had solely to the Collateral for the payment or performance thereof. No property or assets of the Issuer Trustee, whether owned in its personal capacity or otherwise, will be subject to levy, execution or other enforcement procedure with regard to any obligation under this Supplemental Indenture. Nothing contained in this Section ~~9.12~~8.11 shall be construed so as to limit the liability of the Issuer under this Supplemental Indenture. This Supplemental Indenture, and every deed, transfer, assignment, agreement or other instrument made pursuant hereto including, without limitation, the Series 2017-1 ~~Senior~~Subordinated Notes, made or purporting to be made by or creating an obligation of the Issuer or the Issuer Trustee on behalf of, or as trustee of, the Issuer shall be deemed and construed for all purposes as if made by the Issuer Trustee, in and only in its capacity as trustee of the Issuer. Any obligations of the Issuer Trustee hereunder or thereunder are non-recourse to the Issuer Trustee in its personal capacity.

8.12 ~~9.13~~ Execution in Counterparts

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

8.13 ~~9.14~~ Delivery of Executed Copies

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

[signature page follows]

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

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

By:

Name:

Title:

By:

Name:

Title:

BNY TRUST COMPANY OF CANADA, as Indenture Trustee

By:

Name:

Title:

By:

Name:

Title:

~~**ROYAL BANK OF CANADA**, as Administrative Agent,~~**ONTARIO POWER GENERATION INC.**, as Purchaser

By:

Name:

Title:

By:

Name:

Title:

~~**[NTD: Detailed signing pages to be prepared.]**~~

SCHEDULE A

~~SCHEDULE~~
DEFINITIONS

"**Acceleration Event**" means either:

(a) all Issuer Funding Obligations are declared due and payable under Section 8.02 of the Trust Indenture, or

(b) the Series 2017-1 Subordinated Principal Amount and all interest accrued and unpaid thereon is declared to be due and payable under Section 7.1.

"**Administrative Agent**" is defined in the ~~preamble~~recitals to this Supplemental Indenture.

"**AEOI Legislation**" is defined in Section ~~3.10~~3.9(a).

~~"**Affected Party**" means any Non-Conduit Purchaser, CP Conduit Purchaser and any Program Support Provider with respect to any CP Conduit Purchaser.~~

"**Applicable Margin**" ~~is the Program Fee as defined in the Fee Letter~~means 0.10% per annum.

"**Authorized Officer**" means, with respect to: (a) the Issuer, any authorized director or officer of the Manager; (b) the Manager, any authorized director of officer of OPG; (c) the IESO, any authorized director or officer of the IESO; (d) the Issuer Trustee, any officer within the corporate trust office of such trustee (including the President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Treasurer or any other officer of the Issuer Trustee customarily performing functions similar to those performed by persons who at the time shall be such officers, respectively, and that has direct responsibility for the administration of the Issuer and also, with respect to a particular matter, any other officer to whom such matter is referred to because of such officer's knowledge and familiarity with the particular subject).

"~~**Bail-In Action**" shall mean the exercise of any Write-Down and Conversion Powers by the applicable EEA Resolution Authority in respect of any liability of an EEA Financial Institution.~~**Base Rate**" means the weighted average interest rate applicable to the Series 2017-1 Senior Notes.

~~"**Bail-In Legislation**" shall mean, with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule.~~

~~"**Breakage Costs**" means, with respect to a CP Conduit Purchaser, the net interest costs, if any, with respect to any portion of the Commercial Paper it has issued to fund its investment in the Series 2017-1 Senior Notes that will be incurred by such CP Conduit Purchaser as a result of the maturity of such Commercial Paper falling after the date of a Decrease.~~

~~"**CDOR**" means, on any day, an annual rate of interest equal to the average rate applicable to Canadian dollar bankers' acceptances for a 1 month period appearing on the "Reuters Screen CDOR Page" (as defined in the International Swaps and Derivatives Association, Inc. 2000 definitions, as modified and amended from time to time) at approximately 10:00 a.m. on such day, or if such day is not a Business Day, then on the immediately preceding Business Day, provided that if such rate does not appear on the Reuters Screen CDOR Page on such day as contemplated, then CDOR on such day shall be calculated as the average of the rates for such period applicable to Canadian dollar bankers' acceptances quoted by the banks listed in Schedule I of the *Bank Act* (Canada) as of 10:00 a.m. on such day or, if such day is not a Business Day, then on the immediately preceding Business Day.~~

"**Closing Date**" is defined in Section 3.3(a).

~~"**Commercial Paper**" means, with respect to any CP Conduit Purchaser, the promissory notes issued by, or for the benefit of, such CP Conduit Purchaser in the commercial paper market.~~

~~"**Commitment**" means, with respect to (a) the Group Bank included in any CP Conduit Purchaser Group, the obligation of such Group Bank to purchase a Series 2017-1 Senior Note on the Closing Date and, thereafter, to maintain and, subject to certain conditions, increase the Purchaser Group Principal Amount with respect to such CP Conduit Purchaser Group, in each case, in an amount up to the Maximum Purchaser Group Principal Amount with respect to such CP Conduit Purchaser Group; or (b) any Non-Conduit Purchaser Group, the obligation of the Related Non-Conduit Purchaser to purchase a Series 2017-1 Senior Note on the Closing Date and, thereafter, to maintain and, subject to certain conditions, increase the Purchaser Group Principal Amount with respect to such Non-Conduit Purchaser Group, in each case, in an amount up to the Maximum Purchaser Group Principal Amount with respect to such Non-Conduit Purchaser Group.~~

~~"**Commitment Expiry Date**" means the earlier of (a) the Scheduled Commitment Expiry Date; and (b) the date on which an Event of Default or a Series 2017-1 Event of Default shall have been declared or automatically occurred.~~

"**Commitment Extension**" ~~means an extension of the Scheduled Commitment Expiry Date effected in accordance with Section 3.5(c)~~is defined in the Senior Series 2017-1 Supplemental Indenture.

~~"**Commitment Extension Request**" is defined in Section 3.5(c).~~

~~"**Commitment Fee**" is defined in Section 3.6(b).~~

~~"**Commitment Fee Rate**" is defined in the Fee Letter.~~

~~"**Commitment Percentage**" means, on any date of determination, with respect to any Purchaser Group, the ratio, expressed as a percentage, which such Purchaser Group's Maximum Purchaser Group Principal Amount bears to the Series 2017-1 Maximum Principal Amount on such date.~~

~~"**Conduit Assignee**" means, with respect to any CP Conduit Purchaser, any commercial paper conduit administered by the Funding Agent with respect to such CP Conduit Purchaser and~~

~~designated by such Funding Agent to accept an assignment from such CP Conduit Purchaser of the Purchaser Group Principal Amount or a portion thereof with respect to such CP Conduit Purchaser pursuant to Section 9.1(b).~~

~~"**CP Conduit Funded Amount**" means, with respect to any CP Conduit Purchaser Group for any day, the portion of the Purchaser Group Principal Amount with respect to such CP Conduit Purchaser Group funded by the CP Conduit Purchaser in respect of such CP Conduit Purchaser Group.~~

~~"**CP Conduit Purchaser**" means each commercial paper conduit listed on Schedule E or party to a Purchaser Group Supplement pursuant to which such commercial paper conduit became a party to this Supplemental Indenture~~

~~"**CP Conduit Purchaser Group**" means, collectively, a CP Conduit Purchaser and the Group Bank with respect to such CP Conduit Purchaser.~~

~~"**CP Conduit Rating Agencies**" means, with respect to any CP Conduit Purchaser, each of DBRS and Moody's and any other nationally recognized statistical rating organization which may, from time to time, rate the Commercial Paper of the CP Conduit Purchaser at the request of the CP Conduit Purchaser.~~

~~"**CP Rate**" means with respect to any CP Conduit Purchaser for any day during an Interest Period, the weighted average annual rate of interest applicable to all Commercial Paper of the CP Conduit Purchaser; and provided further that (x) any such Commercial Paper may be issued in either United States dollars or Canadian dollars with the appropriate market rate currency swap agreements being entered into to match such issuance to the funding requirements of such CP Conduit Purchaser, and (y) such weighted average annual rate of interest shall be calculated to reflect any costs incurred by such CP Conduit Purchaser in connection with such swap transactions or in connection with any redemption or repurchase transaction between such CP Conduit Purchaser and the holders of such commercial paper; provided that no amount shall be included in the calculation of the CP Rate which reflects any termination amounts payable by such CP Conduit Purchaser in respect of the early termination of any market rate currency swap referred to in this definition.~~

"**Decrease**" is defined in Section 3.4~~(a)~~.

"**Decrease Amount**" is defined in Section 3.4~~(a)~~.

~~"**Deferrable Increase Notice**" means a notice of Increase that provides that a Delayed Funding Notice may be provided by any Purchaser Group with respect to such Increase in accordance with Section 3.3(e).~~

~~"**Delayed Amount**" is defined in Section 3.3(e).~~

~~"**Delayed Funding Date**" is defined in Section 3.3(e).~~

~~"**Delayed Funding Notice**" is defined in Section 3.3(e).~~

~~"**Delayed Funding Purchaser Group**" is defined in Section 3.3(e).~~

~~"**Delayed Funding Reimbursement Amount**" means, with respect to any Delayed Amount of a Delayed Funding Purchaser Group funded by Non-Delayed Funding Purchaser Groups on an Increase Date, an amount equal to the excess, if any, of (a) such Delayed Amount; over (b) the amount, if any, by which the portion of any principal payment made by the Issuer to such Non-Delayed Funding Purchaser Group pursuant to Section 3.7 on any date during the period from and including such Increase Date to but excluding the Delayed Funding Date for such Delayed Amount, was greater than what it would have been had such Delayed Amount been funded by such Delayed Funding Purchaser Group on such Increase Date.~~

~~"**EEA Financial Institution**" shall mean (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority; (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition; or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clause (a) or (b) of this definition and is subject to consolidated supervision with its parent.~~

~~"**EEA Member Country**" shall mean any of the member states of the European Union, Iceland, Liechtenstein and Norway.~~

~~"**EEA Resolution Authority**" shall mean any public administrative authority or any person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.~~

~~"**Eligible Assignee**" means a financial institution having (i) a short-term debt rating of at least "P-1" from Moody's, and (ii) either (A) a short-term debt rating of at least "R-1(low)" from DBRS, or (B) a long-term debt rating of at least "A" from DBRS.~~

~~"**EU Bail-In Legislation Schedule**" shall mean the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor person), as in effect from time to time.~~

"**Excluded Taxes**" is defined in Section ~~3.10~~3.9(a).

"**FATCA**" is defined in Section ~~3.10~~3.9(a).

~~"**Fee Letter**" means the fee letter dated the date hereof between the Issuer, Canadian Imperial Bank of Commerce, Royal Bank of Canada and Goldman Sachs Canada Inc., as such letter may be amended or replaced from time to time.~~

~~"**Funding Agent**" means, with respect to each CP Conduit Purchaser and its CP Conduit Purchaser Group, the agent bank set forth opposite the name of such CP Conduit Purchaser on Schedule E or in the Purchaser Group Supplement pursuant to which such CP Conduit Purchaser became a party to this Supplemental Indenture.~~

~~"**Group Bank**" means, with respect to a CP Conduit Purchaser, the bank or other Person set forth opposite the name of such CP Conduit Purchaser on Schedule E or in the Purchaser Group Supplement pursuant to which such CP Conduit Purchaser became a party to this Supplemental~~

~~Indenture and any assignee thereof, to the extent such assignee has assumed all or a portion of the Commitments of the Group Bank pursuant to a Transfer Supplement entered into in accordance with Section 9.1(c).~~

"~~**Group Bank Funded Amount**~~" ~~means, with respect to any CP Conduit Purchaser Group for any day, the excess, if any, of the Purchaser Group Principal Amount with respect to such CP Conduit Purchaser Group over the CP Conduit Funded Amount with respect to such CP Conduit Purchaser Group for such day.~~

"~~**Group Bank Participants**~~" ~~is defined in Section 9.1(d).~~

"~~**Group Monthly Fees and Other Amounts**~~" ~~shall mean, for any Payment Date and a Purchaser Group the sum of (a) the Commitment Fee with respect to the related Interest Period for such Purchaser Group; plus (b) any amounts payable to such Purchaser Group hereunder including, without limitation, pursuant to Sections 3.8, 3.10, 3.11 and 9.8; plus (c) the Monthly Fees and Other Amounts Shortfall for such Purchaser Group for such Payment Date.~~

"~~**Group Monthly Interest**~~" ~~means, with respect to each Interest Period and:~~

~~(a) any CP Conduit Purchaser Group, the sum of:~~

~~(i) for each day during such Interest Period, the product of (x) the portion of the CP Conduit Funded Amount with respect to the CP Conduit Purchaser Group on such day funded through the issuance of Commercial Paper outstanding on such day, times (y) the sum of the CP Rate for such day plus the Applicable Margin, divided by (z) 365; plus~~

~~(ii) for each day during such Interest Period, the product of (x) the portion of the CP Conduit Funded Amount with respect to the CP Conduit Purchaser in such CP Conduit Purchaser Group on such day not funded through the issuance of Commercial Paper outstanding on such day, times (y) the sum of CDOR for such day plus the Applicable Margin, divided by (z) 365; plus~~

~~(iii) for each day during such Interest Period the product of (x) the Group Bank Funded Amount with respect to such Purchaser Group on such day, times (y) the sum of CDOR for such day plus the Applicable Margin, divided by (x) 365.~~

~~(b) any Non-Conduit Purchaser Group, the sum for each day during such Interest Period of the product of (i) the Purchaser Group Principal Amount with respect to such Non-Conduit Purchaser Group on such day; times (ii) the sum of CDOR for such day plus the Applicable Margin, divided by (iii) 365.~~

~~For the purposes of determining the Group Monthly Interest in respect of an Interest Period prior to the end of the Interest Period, the Funding Agent in respect of a CP Conduit Purchaser Group or a Non-Conduit Purchaser Group may estimate the interest for the remaining days in the Interest Period. If the actual interest for such days is less than the estimated interest, the Group~~

~~Monthly Interest for the following Interest Period shall be reduced to adjust for such lower actual interest and if the actual interest for such days is higher than the estimated interest, the Group Monthly Interest for the following Interest Period shall be increased to adjust for such higher interest.~~

"**Increase**" is defined in Section 3.3(a).

"**Increase Amount**" is defined in Section 3.3(a).

"**Increase Date**" is defined in Section 3.3(a).

"**Increase Notice**" is defined in Section 3.3(a).

"**Indenture Trustee**" is defined in the recitals to this Supplemental Indenture.

"**Interest Period**" means each of the consecutive periods that begins on, and includes, each Payment Date and ends on and excludes, the following Payment Date; provided that the first Interest Period shall begin on the Closing Date and end on the Payment Date in January, 2018.

"**Issuer**" is defined in the recitals to this Supplemental Indenture.

"**Issuer Indemnified Person**" is defined in Section 3.8.

"**Issuer Trustee**" is defined in the recitals to this Supplemental Indenture.

"**Maximum Purchaser Group Principal Amount**" ~~means, with respect to (a) any CP Conduit Purchaser Group, the amount set forth opposite the name of the CP Conduit Purchaser included in such CP Conduit Purchaser Group on Schedule E or in the Purchaser Group Supplement pursuant to which such CP Conduit Purchaser Group became a party to this Supplemental Indenture; or (b) any Non-Conduit Purchaser Group, the amount set forth opposite the name of such Non-Conduit Purchaser Group on Schedule E or in the Purchaser Group Supplement pursuant to which such Non-Conduit Purchaser Group became a party to this Supplemental Indenture, in each case, as such amount may be increased or reduced from time to time as provided in Section 3.5.~~has the meaning specified in the Senior Series 2017-1 Supplemental Indenture.

~~"**Monthly Fees and Other Amounts**" shall mean, for any Payment Date, the aggregate of the Group Monthly Fees and Other Amounts for all Purchaser Groups.~~

~~"**Monthly Fees and Other Amounts Shortfall**" means, for any Payment Date and a Purchaser Group, if the amount of the Monthly Fees and Other Amounts for the preceding Payment Date was greater than the amount distributed to the payment of such amounts pursuant to Section 3.6(d), an amount equal to the Monthly Fees and Other Amounts owing to such Purchaser Group which were unpaid on the preceding Payment Date plus interest on such unpaid amount for the period from the preceding Payment Date to the current Payment Date at a rate equal to the Prime Rate plus 1.00% per annum.~~

"**Monthly Interest**" shall mean, for any Payment Date, ~~the aggregate for all Purchaser Groups of~~ the sum of (~~a) Group Monthly Interest for the related Interest Period for each Purchaser Group; plus (b)~~A) the sum for each day during such Interest Period of the product of (i) the Series 2017-1 Subordinated Principal Amount on such day; times (ii) the sum of the Base Rate for such day plus the Applicable Margin, divided by (iii) 365, and (B) the Monthly Interest Shortfall ~~for such Payment Date for each Purchaser Group~~; provided that, for the purposes of determining the Monthly Interest in respect of an Interest Period prior to the end of the Interest Period, the Purchaser may estimate the interest for the remaining days in the Interest Period and provided further, if the actual interest for such days is less than the estimated interest, the Monthly Interest for the following Interest Period shall be reduced to adjust for such lower actual interest and if the actual interest for such days is higher than the estimated interest, the Monthly Interest for the following Interest Period shall be increased to adjust for such higher interest.

"**Monthly Interest Shortfall**" means, for any Payment Date ~~and a Purchaser Group~~, if the amount in clause (A) of the ~~Group~~definition of Monthly Interest for the preceding Payment Date was greater than the amount distributed to the payment of such amounts pursuant to Section 3.6(~~d~~c), an amount equal to the ~~Group~~amount in clause (A) of the definition of Monthly Interest owing to ~~such~~the Purchaser ~~Group~~ which ~~were~~was unpaid on the preceding Payment Date plus interest on such unpaid amount for the period from the preceding Payment Date to the current Payment Date at a rate equal to the Prime Rate plus 1.00% per annum.

"~~**Non-Conduit Purchaser**" means each financial institution or other entity (other than a commercial paper conduit, Group Bank or Funding Agent) listed on Schedule E or party to a Purchaser Group Supplement pursuant to which such financial institution or entity became a party to this Supplemental Indenture.~~**Monthly Other Amounts**" shall mean, for any Payment Date the sum of (a) any amounts payable to the Purchaser hereunder (other than Monthly Interest) including, without limitation, pursuant to Sections 3.8, 3.9, 3.10 and 8.8; plus (c) the Monthly Other Amounts Shortfall for such Payment Date.

"~~**Non-Conduit Purchaser Group**" means a Non-Conduit Purchaser.~~

~~"**Non-Conduit Purchaser Participants**" is defined in Section 9.1(f).~~

~~"**Non-Deferrable Draw Amount**" means, with respect to any Purchaser Group as of any Increase Date, an amount equal to the lesser of (a) the excess, if any, of (x) the product of (i) $100,000,000 and (ii) the Commitment Percentage of such Purchaser Group over (y) the portion of any Increase Amounts funded by such Purchaser Group during the preceding thirty-five (35) days pursuant to a Non-Deferrable Increase Notice or, to the extent of any decrease pursuant to Section 3.3(e) in the Delayed Amount set forth in a Delayed Funding Notice delivered by such Purchaser Group, a Deferrable Increase Notice; and (b) the excess, if any, of (x) the Maximum Purchaser Group Principal Amount with respect to such Purchaser Group, over (y) the sum of (i) the Purchaser Group Principal Amount with respect to such Purchaser Group; and (ii) any unfunded Delayed Amounts with respect to such Purchaser Group, in each case as of such Increase Date.~~

~~"**Non-Deferrable Increase Notice**" means a notice of Increase that provides that a Delayed Funding Notice may not be provided by any Purchaser Group with respect to such Increase in accordance with Section 3.3(a).~~

~~"**Non-Delayed Funding Purchaser Group**" is defined in Section 3.3(f).~~

~~"**Optional Termination Date**" is defined in Section 3.4.~~

~~"**Optional Termination Notice**" is defined in Section 3.4.~~**Monthly Other Amounts Shortfall**" means, for any Payment Date, if the amount of the Monthly Other Amounts for the preceding Payment Date was greater than the amount distributed to the payment of such amounts pursuant to Section 3.6(c), an amount equal to the Monthly Other Amounts owing to the Purchaser which were unpaid on the preceding Payment Date plus interest on such unpaid amount for the period from the preceding Payment Date to the current Payment Date at a rate equal to the Prime Rate plus 1.00% per annum.

"**Prime Rate**" means the annual rate of interest announced by Royal Bank of Canada from time to time as being its reference rate for the determination of interest rates on Canadian dollar denominated commercial loans made by it and commonly referred to by Royal Bank of Canada as its "prime rate."

"**Principal Accumulation Date**" means ~~(i) if a Commitment Extension has occurred, the date specified as the "**Principal Accumulation Date**" in the related Commitment Extension Request, or (ii) otherwise, the~~ the Payment Date occurring in the month of July, ~~2021.~~2021, as such date may be modified pursuant to Section 3.5(c).

"**Principal Payment Amount**" means, in respect of the Series 2017-1 ~~Senior~~Subordinated Notes~~,~~ (~~i) if a Commitment Extension has occurred, the amount specified as the "**Principal Payment Amount**" in the related Commitment Extension Request, or (ii) otherwise~~unless modified pursuant to Section 3.5(c)):

(a) On any Payment Date occurring on or after the earlier of (i) the Payment Date occurring in October, 2021; and (ii) the occurrence of an Acceleration Event, the Series 2017-1 Subordinated Principal Amount.

(b) Unless clause (a) above is applicable, on the Payment Dates in the month of July, August, September and October of 2021, an amount equal the lesser of (x) the sum of (A) 25% of the Series 2017-1 Subordinated Principal Amount on the Business Day prior to the Principal Accumulation Date~~,~~ plus (B) the Decrease Amount of any Decrease occurring on such Payment Date, and (y) the Series 2017-1 Subordinated Principal Amount.

(c) Unless either of clauses (a) or (b) above is applicable, on any Payment Date that is not a Decrease Date, nil.

(d) Unless either of clauses (a) or (b) above is applicable, on any Payment Date that is a Decrease Date, the Decrease Amount of the Decrease occurring on such Payment Date.

"**Principal Payment Default Date**" means~~,~~ the Business Day that is two years after the Payment Date in respect of ~~any~~such Principal Payment Amount, ~~(i) if a Commitment Extension has occurred, the date specified as the "**Principal Payment Default Date**" with respect to such Principal Payment Amount in the related Commitment Extension Request, or (ii) otherwise, the Business Day that is two years after the Principal Payment Date in respect of such Principal Payment Amount~~as such date may be modified pursuant to Section 3.5(c).

~~"**Pro Rata Share**" means, with respect to any Purchaser Group, on any date, the ratio, expressed as a percentage, which the Purchaser Group Principal Amount with respect to such Purchaser Group bears to the Series 2017-1 Principal Amount on such date.~~

~~"**Program Support Provider**" means, with respect to any CP Conduit Purchaser, the Group Bank with respect to such CP Conduit Purchaser and any other or additional Person now or hereafter extending credit, or having a commitment to extend credit to or for the account of, or to make purchases from, such CP Conduit Purchaser or issuing a letter of credit, surety bond or other instrument to support any obligations arising under or in connection with such CP Conduit Purchaser's securitization program.~~

~~"**Purchaser Group**" means a CP Conduit Purchaser Group or a Non-Conduit Purchaser Group.~~

~~"**Purchaser Group Increase Amount**" means, with respect to any Purchaser Group, for any Business Day, such Purchaser Group's Commitment Percentage of the Increase Amount, if any, on such Business Day.~~

~~"**Purchaser Group Principal Amount**" means, with respect to any Purchaser Group, (a) when used with respect to the Closing Date, such Purchaser Group's Commitment Percentage of the Series 2017-1 Initial Principal Amount; and (b) when used with respect to any other date, an amount equal to (i) the Purchaser Group Principal Amount with respect to such Purchaser Group on the immediately preceding Business Day; plus (ii) the Purchaser Group Increase Amount with respect to such Purchaser Group on such date; minus (iii) the amount of principal payments made to such Purchaser Group pursuant to Section 3.7 on such date. For the avoidance of doubt, (x) so long as any Purchaser Group has failed to fund any portion of its Purchaser Group Increase Amount with respect to any Increase Date (including any Delayed Amount), such unfunded amount shall not be included in the Purchaser Group Principal Amount for such Purchaser Group unless and until such amount has been funded (including by funding any Delayed Funding Reimbursement Amount, if applicable), and (y) any Delayed Amounts funded on an Increase Date by a Non-Delayed Funding Purchaser Group shall be included in the Purchaser Group Principal Amount for such Non-Delayed Funding Purchaser Group until the related Delayed Funding Reimbursement Amount has been funded.~~

~~"**Purchaser Group Supplement**" is defined in Section 9.1(e).~~

~~"**Rating Agency Condition**" means, with respect to any action in respect of the Series 2017-1 Senior Notes subject to such condition, each of the CP Conduit Purchasers shall deliver written notice of the proposed action to the CP Conduit Rating Agencies at least 10 Business Days prior to the effective date of such action (or if 10 Business Days prior notice is impractical, such advance notice as is practicable) and the CP Conduit Rating Agencies (i) shall not have informed~~

~~any CP Conduit Purchaser prior to the effective date of such action that such action will result in the reduction or withdrawal of the rating in effect with respect to the Commercial Paper of the CP Conduit Purchaser immediately before the taking of such action, or (ii) in the case of DBRS, or any successor thereto, when it is a CP Conduit Rating Agency, DBRS shall have informed each of the CP Conduit Purchasers in writing prior to the effective date of such action that such action will not result in the reduction or withdrawal of the rating of any Commercial Paper of such CP Conduit Purchasers immediately before the taking of such action. For purposes of the Trust Indenture, this Supplemental Indenture and the Master Transfer and Servicing Agreement, the Indenture Trustee shall receive, and shall be entitled to rely on, a certificate of a CP Conduit Purchaser confirming the satisfaction of the Rating Agency Condition.~~**Purchaser**" is defined in the recitals to this Supplemental Indenture.

"**Recipient**" is defined in Section ~~3.10~~3.9(a).

"**Refinancing Increase**" is defined in Section 3.3(a).

"**Regulatory Change**" shall mean (i) the adoption after the date hereof of any applicable law, rule or regulation (including any applicable law, rule or regulation regarding capital adequacy, deposits, reserves or liquidity coverage) or any change therein after the date hereof, (ii) any change after the date hereof in the interpretation, administration, scope or timing of implementation thereof by any governmental authority, central bank, self-regulating professional body or comparable agency or authority charged with the interpretation or administration thereof, or compliance with any guidance, request or directive (whether or not having the force of law) of any such authority, central bank, self-regulating professional body or comparable agency or authority; provided that for purposes of this definition, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder, issued in connection therewith or in implementation thereof, and (y) all requests, rules, guidelines and directives (whether or not having the force of law) promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or Canadian or United States or other foreign regulatory authorities, shall in each case be deemed to be a "Regulatory Change", regardless of the date enacted, adopted, issued or implemented.

"~~**Related Non-Conduit Purchaser**" means, with respect to any Non-Conduit Purchaser Group, the Non-Conduit Purchaser that constitutes such Non-Conduit Purchaser Group.~~**Senior Series 2017-1 Supplemental Indenture**" is defined in the recitals to this Supplemental Indenture.

~~"**Related Purchaser Group**" means, with respect to (a) any Funding Agent, the CP Conduit Purchaser identified next to such Funding Agent on Schedule E and the Group Bank identified on Schedule I next to such CP Conduit Purchaser or the CP Conduit Purchaser and Group Bank party to the Purchaser Group Supplement pursuant to which such Funding Agent became a party to this Supplemental Indenture; (b) any CP Conduit Purchaser, the CP Conduit Purchaser Group of which such CP Conduit Purchaser is a member; and (c) any Non-Conduit Purchaser, the Non-Conduit Purchaser Group that such Non-Conduit Purchaser constitutes.~~

~~"**Requisite Series 2017-1 Noteholders**" means Purchaser Groups having Commitment Percentages aggregating more than 50% (or if all Commitments have terminated, Purchaser~~

~~Groups whose aggregate Purchaser Group Principal Amounts exceed 50% of the Series 2017-1 Principal Amount).~~

~~"**Scheduled Commitment Expiry Date**" means, the Payment Date in December, 2019, as such date may be extended in accordance with Section 3.5(c).~~

"**Series 2017-1 Event of Default**" means any one of the following events occurs at any time that the Subordinated Funding Obligations constitute the Controlling Class Obligations (whatever the reason for such Series 2017-1 Event of Default and whether it will be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any Governmental Authority):

(a) a default by the Issuer in the payment of any interest on any Series 2017-1 ~~Senior~~Subordinated Notes when such interest becomes due and payable, and continuance of such default for a period of five days following the date on which such interest became due and payable;

(b) a default by the Issuer in the payment of any principal of any Series 2017-1 ~~Senior~~Subordinated Notes at its Principal Payment Default Date;

(c) any representation or warranty contained in Section 5.1 of this Supplemental Indenture or Section 12.01 of the Trust Indenture proves to be incorrect in any material respect when made and such incorrect representation or warranty if capable of being remedied by the Issuer, has not been remedied for a period of 30 days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by ~~a~~the Purchaser ~~Group~~, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default" hereunder and, as a result of such default, the interests of ~~such~~the Purchaser ~~Group~~ is materially and adversely affected and continue to be materially and adversely affected during the 30-day period;

(d) a default in the performance, or breach, of any covenant of the Issuer in the Trust Indenture or this Supplemental Indenture in respect of any Series 2017-1 ~~Senior~~Subordinated Notes (other than an agreement, covenant or warranty a default in the performance of which or the breach of which is elsewhere specifically dealt with in this definition of Series 2017-1 Event of Default), and continuance of such default or breach for a period of 30 days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by ~~a~~the Purchaser ~~Group~~, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default" hereunder and, as a result of such default, the interests of ~~such~~the Purchaser ~~Group~~ is materially and adversely affected and continue to be materially and adversely affected during the 30-day period;

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

(f) a Suspension Notice is issued by the Province.

"**Series 2017-1 Initial Senior Principal Amount**" ~~is~~means the "Series 2017-1 Initial Principal Amount" as defined in ~~Section 3.3(a)~~the Senior Series 2017-1 Supplemental Indenture.

"**Series 2017-1 ~~Maximum Principal Amount~~**~~" means, on any date of determination, the sum of the Maximum Purchaser Group Principal Amounts with respect to each of the Purchaser Groups on such date.~~

~~"**Series 2017-1 Noteholder**" means a Person in whose name a Series 2017-1 Senior Note is registered in the Note Register.~~

~~"**Series 2017-1 Principal Amount**" means, on any date of determination, the sum of the Purchaser Group Principal Amounts with respect to each of the Purchaser Groups on such date.~~**Initial Subordinated Principal Amount**" means an amount equal to seventy-eight percent (78%) of the Series 2017-1 Initial Senior Principal Amount.

"**Series 2017-1 Maximum Senior Principal Amount**" means the "Series 2017-1 Maximum Principal Amount" as defined in the Senior Series 2017-1 Supplemental Indenture.

"**Series 2017-1 Maximum Subordinated Principal Amount**" means an amount equal to seventy-eight percent (78%) of the Series 2017-1 Maximum Senior Principal Amount.

"**Series 2017-1 Senior Decrease**" means, with respect to a Business Day, the sum of all amounts of Decreases (as defined in the Senior Series 2017-1 Supplemental Indenture) on such Business Day.

"**Series 2017-1 Senior Increase**" means, with respect to a Business Day, the sum of all amounts of Increases (as defined in the Senior Series 2017-1 Supplemental Indenture) on such Business Day.

"**Series 2017-1 Senior Notes**" is defined in the recitals to this Supplemental Indenture.

"**Series 2017-1 ~~Senior~~Subordinated Note**" means any one of the Floating Rate Variable Funding ~~Senior~~Subordinated Notes, Series 2017-1, executed by the Issuer and authenticated and delivered by or on behalf of the Indenture Trustee, substantially in the form of Exhibit B.

"**Series 2017-1 Subordinated Principal Amount**" means (a) when used with respect to the Closing Date, the Series 2017-1 Initial Subordinated Principal Amount; and (b) when used with respect to any other date, an amount equal to (i) the Series 2017-1 Subordinated Principal Amount on the immediately preceding Business Day; plus (ii) the Increase Amount on such date; minus (iii) the Decrease Amount on such date; minus (iv) the amount of principal payments made to the Purchaser pursuant to Section 3.7 on such date.

"**Supplemental Indenture**" means this Amended and Restated Supplemental Indenture, together with the Schedules hereto, as amended, supplemented, modified, restated or replaced from time

to time, together with all schedules hereto and the expressions "hereof," "herein," "hereto," "hereunder," "hereby" and similar expressions refer to this Supplemental Indenture and not to any Article, Section, paragraph, subparagraph or clause hereof.

"**Support Facility**" shall mean any liquidity or credit support agreement with ~~a CP Conduit~~the Purchaser which relates to, or is otherwise available to ~~such CP Conduit~~the Purchaser in relation to its funding activities under, this Supplemental Indenture.

"**Suspension Notice**" ~~is defined~~has the meaning specified in the Change of Law Protection Agreement.

"**Termination Event**" means any Acceleration Event or Series 2017-1 Event of Default or any event which with the giving of notice or the passage of time, or both, could become an Acceleration Event or a Series 2017-1 Event of Default.

"**Transfer Increase**" is defined in Section 3.3(a).

"**Transfer Supplement**" is defined in Section ~~9.1~~8.1(~~c~~a).

"**Transferee**" is defined in Section ~~9.1~~8.1(~~g~~b).

"**Trust Indenture**" means the trust indenture dated as of December **[21]**, 2017 between the Issuer and the Indenture Trustee.

SCHEDULE B

[FORM OF NOTE]

FLOATING RATE VARIABLE FUNDING SUBORDINATED NOTE, ~~as amended or restated from time to time.~~

~~"**Write-Down and Conversion Powers**" shall mean, with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule.~~**~~SCHEDULE~~SERIES 2017-1~~ SENIOR NOTE~~**

REGISTERED INITIAL DOLLAR PRINCIPAL AMOUNT
No. R -[●] $[●]

FAIR HYDRO TRUST

FLOATING RATE VARIABLE FUNDING ~~SENIOR~~SUBORDINATED NOTE, SERIES 2017-1

Fair Hydro Trust (herein referred to as the "**Issuer**"), a trust governed by the laws of Ontario and established under a Declaration of Trust dated as of December ■[21], 2017 for value received, hereby promises to pay to ■Ontario Power Generation Inc., or registered assigns, subject to the following provisions, a principal sum of $■●, or, if less, the aggregate unpaid principal amount shown on the schedule attached hereto (and any continuation thereof), which amount shall be payable in the amounts and at the times set forth in the Base Indenture and the ~~Indenture Supplement~~Supplemental; provided, that, the entire unpaid amount of any Principal Payment Amount payable with respect to this Series 2017-1 Subordinated Note shall be due on the related Principal Payment Default Date. The Issuer will pay interest on this Series 2017-1 Subordinated Note in accordance with Section 3.6 of the ~~Indenture Supplement~~Supplemental on each Payment Date until the principal of this Series 2017-1 Subordinated Note is paid or made available for payment, to the extent funds are available in accordance with the terms of the ~~Indenture Supplement~~Supplemental. Pursuant to Sections 3.3 and 3.4 of the ~~Indenture Supplement~~Supplemental, the principal amount of this Series 2017-1 Subordinated Note shall be subject to Increases and Decreases on any Business Day ~~during the period commencing on the Closing Date and ending on the Commitment Expiry Date (the "**Revolving Period**"), and accordingly, such principal amount is subject to prepayment in whole or in part at any time. During the Revolving Period, this~~on or after the date hereof. This Series 2017-1 Subordinated Note is subject to mandatory prepayment, to the extent funds have been allocated to the Principal Accumulation Account and are available therefor, in accordance with Sections 3.4 and Section 3.7 of the ~~Indenture Supplement~~Supplemental. Beginning on the first Payment Date following the occurrence of a Series 2017-1 Event of Default or an Event of Default (collectively, a

"**Default Event**"), subject to cure in accordance with the Base Indenture or the ~~Indenture Supplement~~Supplemental, as applicable, the principal of this Series 2017-1 Subordinated Note shall be paid in installments on each subsequent Principal Payment Date to the extent of funds available for payment therefor pursuant to the Trust Indenture. Such principal of and interest on this Series 2017-1 Subordinated Note shall be paid in the manner specified on the reverse hereof.

The principal of and interest on this Series 2017-1 Subordinated Note are payable in Canadian Dollars. ~~Except as otherwise provided in the Indenture, payments~~Payments made by the Issuer with respect to this Series 2017-1 Subordinated Note shall be applied ~~first to interest due and payable on this Series 2017-1 Note as provided above and then to the unpaid principal of this Series 2017-1 Note~~in accordance with the payment priorities in Section 7.04(e) and 8.13 of the Base Indenture, as applicable.

Reference is made to the further provisions of this Series 2017-1 Subordinated Note set forth on the reverse hereof, which shall have the same effect as though fully set forth on the face of this Series 2017-1 Subordinated Note. Although a summary of certain provisions of the Trust Indenture is set forth below and on the reverse hereof and made a part hereof, this Series 2017-1 Subordinated Note does not purport to summarize the Trust Indenture and reference is made to the Trust Indenture for information with respect to the interests, rights, benefits, obligations, proceeds and duties evidenced hereby and the rights, duties and obligations of the Issuer and the Indenture Trustee. A copy of the Trust Indenture may be requested from the Indenture Trustee by writing to the Indenture Trustee at: BNY Trust Company of Canada, One York Street, 6th Floor, Toronto, Ontario M5J 0B6, Attention: Corporate Trust Administration.

~~Reference is made to the further provisions of this Note set forth on the reverse hereof, which shall have the same effect as though fully set forth on the face of this Note.~~

Unless the certificate of authentication hereon has been executed by or on behalf of the Indenture Trustee, by manual signature, this Series 2017-1 Subordinated Note shall not be entitled to any benefit under the Trust Indenture ~~or the Indenture Supplement~~ referred to on the reverse hereof, or be valid for any purpose.

IN WITNESS WHEREOF, the Issuer has caused this Series 2017-1 Subordinated Note to be duly executed.

B
y:

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

By: _____
Name:
Name:
Title:

By: _____
Name:
Name:
Title:

Dated: ■, 201■December [21], 2017

INDENTURE TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Series 2017-1 Subordinated Notes described in the within -mentioned Trust Indenture.

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

~~By:~~ _____
~~Authorized Signatory~~

BNY TRUST COMPANY OF CANADA, as Indenture Trustee

By: _____
Authorized Signatory

By: _____
Authorized Signatory

FAIR HYDRO TRUST

SERIES 2017-1 SERIES 2017-1 FLOATING RATE ASSET BACKED NOTE

Summary of Terms and Conditions

This Series 2017-1 Subordinated Note is one of a duly authorized issue of Subordinated Notes of the Issuer, designated as ~~its Fair Hydro Trust,~~the Floating Rate Variable Funding ~~Senior~~Subordinated Note, Series 2017-1 (the "**Series 2017-1 Subordinated Notes**"), issued under an Trust Indenture, dated as of December [21], 2017 (as may be amended, supplemented, restated, replaced or otherwise modified from time to time, the "**Base Indenture**"), between the Issuer and BNY Trust Company of Canada, as indenture trustee (the "**Indenture Trustee,**" which term includes any successor Indenture Trustee under the Base Indenture), as supplemented by the Warehouse ~~Senior~~Subordinated Series 2017-Indenture Supplement, dated as of December [21], 2017 (the "~~**Indenture Supplement**~~**Supplemental**"), and representing the right to receive certain payments from the Issuer. The term "**Trust Indenture,**" unless the context otherwise requires, refers to the Base Indenture as supplemented by the ~~Indenture Supplement.~~ Supplemental. Except as set forth in the ~~Indenture Supplement~~Supplemental, the Series 2017-1 Subordinated Note is subject to all of the terms of the ~~Base~~Trust Indenture. All terms used in this Series 2017-1 Subordinated Note that are defined in the ~~Indenture Supplement~~Supplemental shall have the meanings assigned to them in or pursuant to the ~~Indenture Supplement~~Supplemental.

The Series 2017-1 Subordinated Note is and will be equally and ratably secured by the Collateral pledged as security therefor as provided in the Trust Indenture.

"**Payment Date**" means the 15th day of each calendar month, or, if any such date is not a Business Day, the next succeeding Business Day, commencing January 15, 2018.

As described above, the entire unpaid amount of any Principal Payment Amount payable with respect to this Series 2017-1 Subordinated Note shall be due and payable on the related Principal Payment Default Date, in accordance with Section 3.7 of the ~~Indenture Supplement~~Supplemental. Notwithstanding the foregoing, if a Default Event with respect to the Series 2017-1 Subordinated Notes shall have occurred and be continuing then, in certain circumstances, principal of the Series 2017-1 Subordinated Note may be paid earlier, as described in the Trust Indenture. All principal payments of the Series 2017-1 Subordinated Note shall be made to ~~the Series 2017-1 Noteholders~~Ontario Power Generation Inc.

Payments of interest on this Series 2017-1 Subordinated Note are due and payable on each Payment Date or such other date as may be specified in the ~~Indenture Supplement~~ Supplemental, together with the installment of principal then due, if any, and any payments of principal made on any Business Day in respect of any Decreases, to the extent not in full payment of this Series 2017-1 Subordinated Note, shall be made by wire transfer to the holder of record of this Series 2017-1 Subordinated Note (or one or more predecessor Series 2017-1 Subordinated Notes) on the Note Register as of the close of business on each Record Date. Any reduction in the principal amount of this Series 2017-1 Subordinated Note (or one or more predecessor Series 2017-1 Subordinated Notes) effected by any payments made on any Payment Date shall be

binding upon all future holders of this Series 2017-1 Subordinated Note and of any Series 2017-1 Subordinated Note issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof, whether or not noted thereon.

The Issuer shall pay interest on Monthly Interest Shortfalls at the rate specified in the definition thereof, to the extent lawful.

Subject to the terms of the Trust Indenture, the holder of any Series 2017-1 Subordinated Note may transfer the same in whole or in part, in an amount equivalent to an authorized denomination, by surrendering such Series 2017-1 Subordinated Note at the office maintained by the Note Registrar for such purpose pursuant to Section 4.05(c) of the Base Indenture, with the form of transfer endorsed on it duly completed and executed by, or accompanied by a written instrument of transfer in form satisfactory to the Issuer and the Note Registrar by, the holder thereof. In exchange for any Series 2017-1 Subordinated Note properly presented for transfer, the Issuer shall execute and promptly authenticate and deliver or cause to be authenticated and delivered in compliance with applicable law, to the transferee at such office, or send by mail (at the risk of the transferee) to such address as the transferee may request, Series 2017-1 Subordinated Notes for the same aggregate principal amount as was transferred. In the case of the transfer of any Series 2017-1 Subordinated Note in part, the Issuer shall execute and promptly authenticate and deliver or cause to be authenticated and delivered to the transferor at such office, or send by mail (at the risk of the transferor) to such address as the transferor may request, Series 2017-1 ~~Notes~~Subordinated Note for the aggregate principal amount that was not transferred. No transfer of any Series 2017-1 Subordinated Note shall be made unless the request for such transfer is made by the holder of a Series 2017-1 ~~Noteholder~~Subordinated Note at such office. Upon the issuance of transferred Series 2017-1 Subordinated Notes, the Indenture Trustee shall recognize the holders of such Series 2017-1 Subordinated Note as a Noteholder of Series 2017-1 ~~Noteholders~~Subordinated Notes.~~Each Series 2017-1 Noteholder~~

Ontario Power Generation Inc., by acceptance of ~~a~~this Series 2017-1 Subordinated Note, hereby acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor under the Base Indenture and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Base Indenture including, without limitation, Section 7.12 (Payments To Be Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse), Article IX (Indenture Trustee) (including all limitations of liability thereunder), Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition).

Prior to the due presentment for registration of transfer of this Series 2017-1 Subordinated Note, the Issuer, the Indenture Trustee and any agent of the Issuer or the Indenture Trustee may treat the Person in whose name this Series 2017-1 Subordinated Note (as of the day of determination or as of such other date as may be specified in the Trust Indenture) is registered as the owner hereof for all purposes, whether or not this Series 2017-1 Subordinated Note shall be overdue, and neither the Issuer, the Indenture Trustee nor any such agent shall be affected by notice to the contrary.

The Trust Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the rights of the holder of the Series 2017-1 Subordinated Notes under the Trust Indenture at any time by the Issuer with the consent of the applicable Person(s) specified therein. The Trust Indenture also contains provisions permitting the applicable Person(s) specified therein to waive compliance by the Issuer with certain provisions of the Trust Indenture and certain past defaults under the Trust Indenture and their consequences with respect to the Series 2017-1 Subordinated Notes. Any such consent or waiver by such Person(s) shall be conclusive and binding upon ~~the Series 2017-1 Noteholders~~Ontario Power Generation Inc. and upon all future holders of this Series 2017-1 Subordinated Note and of any Series 2017-1 ~~Note~~Subordinated Notes issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof whether or not notation of such consent or waiver is made upon this Series 2017-1 Subordinated Note. The Trust Indenture also permits the Issuer and the Indenture Trustee to amend or waive certain terms and conditions set forth in the Trust Indenture without the consent of any other Person.

The term "the Issuer" as used in this Series 2017-1 Subordinated Note includes any successor to the Issuer under the Trust Indenture.

The Series 2017-1 Subordinated Note is issuable only in registered form in denominations as provided in the Trust Indenture, subject to certain limitations set forth therein.

This Series 2017-1 Subordinated Note and the Trust Indenture, and all matters arising out of or relating to this Series 2017-1 Subordinated Note or Trust Indenture, shall be governed by, and construed and interpreted in accordance with, the laws of the Province of Ontario and the federal laws applicable therein, and the obligations, rights and remedies of the parties hereto shall be determined in accordance with such laws.

No reference herein to the Trust Indenture and no provision of this Series 2017-1 Subordinated Note or of the Trust Indenture shall alter or impair the obligation of the Issuer, which is absolute and unconditional, to pay the principal of and interest on this Series 2017-1 Subordinated Note at the times, place and rate, and in the coin or currency herein prescribed, subject to any duty of the Issuer to deduct or withhold any amounts as required by law, including any applicable taxes.

INCREASES AND DECREASES

Date	Unpaid Principal Amount	Increase	Decrease	Total	Notation Made By

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

_____
(name and address of assignee)

the within certificate and all rights thereunder, and hereby irrevocably constitutes and appoints, _____, attorney, to transfer said certificate on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____ _____[1]
Signature Guaranteed:

REGISTRATION PANEL

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

Date of Registration	In Whose Name Registered	Signature of Note Registrar
●, 201●	●	

[1] NOTE: The signature to this assignment must correspond with the name of the registered owner as it appears on the face of the within Note in every particular, without alteration, enlargement or any change whatsoever.

SCHEDULE C

~~SCHEDULE~~
FORM OF INCREASE NOTICE

●

SCHEDULE D

~~SCHEDULE~~
FORM OF DECREASE NOTICE

•

SCHEDULE E~~SCHEDULE~~

~~PURCHASER GROUPS~~

FORM OF TRANSFER SUPPLEMENT

Document comparison by Workshare Compare on Friday, December 15, 2017 10:36:06 AM

Input:	
Document 1 ID	file://C:\Users\CMMY\Desktop\new-10.Senior Warehouse Supplement.docx
Description	new-10.Senior Warehouse Supplement
Document 2 ID	file://C:\Users\CMMY\Desktop\New-11. Subordinated Warehouse Supplement.docx
Description	New-11. Subordinated Warehouse Supplement
Rendering set	Standard

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

Statistics:	
	Count
Insertions	642
Deletions	953
Moved from	26
Moved to	26
Style change	0
Format changed	0
Total changes	1647

FAIR HYDRO TRUST

as Issuer

AND

BNY TRUST COMPANY OF CANADA

as Indenture Trustee

TRUST INDENTURE

DATED AS OF DECEMBER [■21], 2017

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This **TRUST INDENTURE**, between **COMPUTERSHARE TRUST COMPANY OF CANADA** in its capacity as trustee of **FAIR HYDRO TRUST**, a trust formed under the laws of the Province of Ontario (the "**Issuer**"), and **BNY TRUST COMPANY OF CANADA**, a trust company existing under the laws of Canada, in its capacity as Indenture Trustee (the "**Indenture Trustee**"), is made and entered into as of [■]December [21], 2017.

RECITALS OF THE ISSUER

The Issuer wishes to provide for the incurrence of Issuer Funding Obligations in one or more Classes, Series or Tranches.

All things necessary to make this Indenture a valid and legally binding agreement of the Issuer, in accordance with its terms, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Definitions

For all purposes of this Indenture and of any Supplemental Indenture, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms defined in Schedule A have the meanings assigned to them in Schedule A, and include the plural as well as the singular;

(b) all accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles (including the International Financial Reporting Standards published by the International Accounting Standards Board or the Accounting Standards Certification published by the Financial Accounting Standards Board (US GAAP)) and, except as otherwise herein expressly provided, the term "generally accepted accounting principles" with respect to any computation required or permitted hereunder means such accounting principles as are generally accepted in Canada or the United States at the date of such computation;

(c) unless the context otherwise requires, terms defined in the PPSA and not otherwise defined in this Indenture or a Supplemental Indenture shall have the meanings set forth in the PPSA;

(d) references to an agreement shall mean such agreement, as amended, modified, restated and supplemented from time to time in accordance with the provisions hereof;

(e) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(f) references to any law, rule, regulation or order of a Governmental Authority shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(g) references to any statute shall include all regulations promulgated thereunder;

(h) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(i) all references in this Indenture to designated "Articles", "Sections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Schedules, Exhibits and other subdivisions of this Indenture as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision;

(j) "including" and words of similar import will be deemed to be followed by "without limitation";

(k) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding"; and

(l) references to a specific rating by a Rating Agency shall mean such rating or the equivalent rating if such Rating Agency changes its rating scale.

1.02 Compliance Certificates and Opinions

Upon any application or request by the Issuer to the Indenture Trustee to take any action under any provision of this Indenture, the Issuer will furnish to the Indenture Trustee (i) an Issuer's Certificate stating that all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with, and (ii) an Opinion of Counsel stating that, in the opinion of such counsel, all such conditions precedent, if any, have been complied with, except that in the case of any such application or request as to which the furnishing of such documents are specifically required by any provision of this Indenture relating to such particular application or request, no additional certificate or opinion need be furnished.

The Indenture Trustee may rely, as to authorization by the Issuer of any Series or Tranche of Notes, the form and terms thereof and the legality, validity, binding effect and enforceability thereof, upon the Opinion of Counsel and the other documents delivered pursuant to Article V and this Section 1.02, as applicable, in connection with the authentication of Notes of such Series or Tranche.

Every certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture (except for the written statement required by Section 13.10) will include:

(a) a statement that each individual signing such certificate or opinion has read such covenant or condition and the definitions herein relating thereto;

(b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(c) a statement that such individual has made such examination or investigation as is necessary to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(d) a statement as to whether, in the opinion of each such individual, such condition or covenant has been complied with.

1.03 Form of Documents Delivered to Indenture Trustee

In any case where several matters are required to be certified by, or covered by an opinion of, one or more specified Persons, one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to the other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

Any certificate or opinion of the Issuer may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless the Issuer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations are erroneous. Any such certificate or opinion of, or representation by, counsel may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, the Issuer stating that the information with respect to such factual matters is in the possession of the Issuer, unless such counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations are erroneous.

Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

1.04 Actions by Noteholders

(a) Any request, demand, authorization, direction, notice, consent, resolution, waiver or other action (collectively, an "**Action**") provided by this Indenture to be given or taken by Noteholders of any Class, Series or Tranche may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Noteholders in person or by an agent duly appointed in writing. In addition, any Action provided by this Indenture to be given or taken by such Noteholders may, alternatively, be embodied in and evidenced by the record of such Noteholders voting in favor thereof, either in person or by proxies duly appointed

in writing, at any meeting of Noteholders duly called and held in accordance with the provisions of Article X or a combination of such instruments and any such record. Except as herein otherwise expressly provided, such Action will become effective when such instrument or instruments or record are delivered to the Indenture Trustee, and, where it is hereby expressly required, to the Issuer. Proof of execution of any such instrument or of a writing appointing any such agent, or the holding by any Person of a Note, will be sufficient for any purpose of this Indenture and (subject to Section 9.01) conclusive in favor of the Indenture Trustee and the Issuer, if made in the manner provided in this Section 1.04. The record of any meeting of Noteholders shall be proved in the manner provided in Article X.

(b) The fact and date of the execution of any such instrument or writing, or the authority of the person executing the same, may be proved in any manner which the Indenture Trustee deems sufficient.

(c) (i) The ownership of Registered Notes will be proved by the Note Register.

(ii) The ownership of Bearer Notes or coupons will be proved by the production of such Bearer Notes or coupons or by a certificate, satisfactory to the Issuer and the Indenture Trustee, executed, as depositary, by any bank, trust company, recognized securities dealer, as depositary, wherever situated, satisfactory to the Issuer. Each such certificate will be dated and will state that on the date thereof a Bearer Note or coupon bearing a specified serial number was deposited with or exhibited to such bank, trust company or recognized securities dealer by the Person named in such certificate. Any such certificate may be issued in respect of one or more Bearer Notes or coupons specified therein. The holding by the Person named in any such certificate of any Bearer Note specified therein will be presumed to continue for a period of one year from the date of such certificate unless at the time of any determination of such holding (A) another certificate bearing a later date is issued in respect of the same Bearer Note or coupon produced, (B) the Bearer Note or coupon specified in such certificate is produced by some other Person or (C) the Bearer Note or coupon specified in such certificate has ceased to be Outstanding.

(d) The fact and date of execution of any such instrument or writing, the authority of the Person executing the same and the principal amount and serial numbers of Bearer Notes held by the Person so executing such instrument or writing and the date of holding the same may also be proved in any other manner which the Indenture Trustee deems sufficient; and the Indenture Trustee may in any instance require further proof with respect to any of the matters referred to in this Section 1.04.

(e) If the Issuer will solicit from the Noteholders any Action, the Issuer may, at its option, by an Issuer Certificate, fix in advance a record date for the determination of Noteholders entitled to give such Action, but the Issuer will have no obligation

to do so. If the Issuer does not so fix a record date, such record date will be the later of 30 days before the first solicitation of such Action or the date of the most recent list of Noteholders furnished to the Indenture Trustee pursuant to Section 13.13 before such solicitation. Such Action may be given before or after the record date, but only the Noteholders of record at the close of business on the record date will be deemed to be Noteholders for the purposes of determining whether Noteholders of the requisite proportion of Outstanding Notes have authorized or agreed or consented to such Action, and for that purpose the Outstanding Notes will be computed as of the record date; provided that no such authorization, agreement or consent by the Noteholders on the record date will be deemed effective unless it will become effective pursuant to the provisions of this Indenture not later than six (6) months after the record date.

(f) Any Action by a Noteholder will bind the holder of every Note issued upon the transfer thereof or in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Indenture Trustee or the Issuer in reliance thereon whether or not notation of such Action is made upon such Note.

(g) Without limiting the foregoing, a Noteholder entitled hereunder to take any Action hereunder with regard to any particular Note may do so with regard to all or any part of the principal amount of such Note or by one or more duly appointed agents each of which may do so pursuant to such appointment with regard to all or any part of such principal amount. Any notice given or Action taken by a Noteholder or its agents with regard to different parts of such principal amount pursuant to this paragraph shall have the same effect as if given or taken by separate Noteholders of each such different part.

(h) Without limiting the generality of the foregoing, unless otherwise specified pursuant to one or more Supplemental Indentures, a Noteholder, including a Depository that is the holder of a Global Note, may make, give or take, by a proxy or proxies duly appointed in writing, any Action provided in this Indenture to be made, given or taken by Noteholders, and a Depository that is the holder of a Global Note may provide its proxy or proxies to the beneficial owners of interests in or security entitlements to any such Global Note through such Depository's standing instructions and customary practices.

(i) The Issuer may fix a record date for the purpose of determining the Persons who are beneficial owners of interests in or security entitlements to any Global Note held by a Depository entitled under the procedures of such Depository to make, give or take, by a proxy or proxies duly appointed in writing, any Action provided in this Indenture to be made, given or taken by Noteholders. If such a record date is fixed, the Noteholders on such record date or their duly appointed proxy or proxies, and only such Persons, shall be entitled to make, give or take such Action, whether or not such Noteholders remain Noteholders after such record date. No such Action shall be valid or effective if made, given or taken more than six (6) months after such record date.

1.05 Actions of Lenders

Any Action provided by this Indenture to be given or taken by any Lender or group of Lenders may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Lender(s) in person or an agent duly appointed in writing. Proof of execution of any such instrument or of a writing appointing any such agent will be sufficient for any purpose of this Indenture and (subject to Section 9.01) conclusive in favour of the Indenture Trustee and the Issuer, if made in the manner provided in Section 1.04(b).

1.06 Effect of Headings and Table of Contents

The Article and Section headings herein and the Table of Contents are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Indenture by the Issuer will bind its successors and assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee in this Indenture shall bind its successors, co-trustees and agents of the Indenture Trustee.

1.08 Severability

In case any provision in this Indenture or in the Notes will be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions will not in any way be affected or impaired thereby.

1.09 Governing Law

THIS INDENTURE WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS. EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS INDENTURE. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS INDENTURE.

1.10 Counterparts

This Indenture may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument.

1.11 Indenture Referred to in the Declaration of Trust and the Master Transfer and Servicing Agreement

This is the Indenture referred to in the Declaration of Trust and the Master Transfer and Servicing Agreement.

1.12 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, in each case on a day other than a Business Day, then (notwithstanding any other provision of the Notes or this Indenture) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.13 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Indenture that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Indenture or the Notes, and (ii) the rates of interest stipulated in this Indenture or the Notes are intended to be nominal rates and not effective rates or yields.

1.14 Currency

Unless stated otherwise, all amounts herein are stated in Dollars.

1.15 References to Acts of the Issuer

For greater certainty, where any reference is made in this Indenture, or in any other instrument executed pursuant hereto or contemplated hereby to which the Issuer or the Issuer Trustee, as trustee of the Issuer, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Issuer) by or with respect to (i) the Issuer or (ii) the Issuer Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Issuer) by or with respect to, the Issuer Trustee as trustee of the Issuer.

1.16 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in this Indenture), it is necessary to convert any amount due under this Indenture from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Issuer in respect of any Original Currency due from it to the Indenture Trustee under this Indenture shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Indenture in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Issuer shall indemnify the Indenture Trustee against such loss.

(b) The term "**rate of exchange**" in this Section 1.16 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

1.17 Obligations in a Foreign Currency

Unless otherwise specified in a Related Funding Obligation Agreement with respect to a particular Series or Tranche of Issuer Funding Obligations, whenever for purposes of this Indenture any Action may be taken by the Debtholders of a specified percentage of Outstanding Dollar Principal Amount of Issuer Funding Obligations and, at such time, there are outstanding Issuer Funding Obligations of any relevant Series which are denominated in a Foreign Currency, then the principal amount of the Issuer Funding Obligations of such Series which shall be deemed to be outstanding for the purpose of taking such Action shall be the amount of Dollars which could be obtained for such principal amount at the Market Exchange Rate on the applicable Record Date, or if no such Record Date shall have been established, on the date that the taking of such Action shall be authorized by Debtholders of the applicable Series.

ARTICLE II
COLLATERAL

2.01 Security for Obligations Secured

As security for the due payment of all Obligations Secured including, without limitation, all principal of and interest, if any, on the Notes from time to time issued and certified under this

Indenture and on any Borrowings, and the performance by the Issuer of all of the obligations of the Issuer in relation thereto, the Issuer hereby:

(a) mortgages, charges, pledges, grants, transfers, assigns, hypothecates and sets over unto the Indenture Trustee, for the benefit and security of the applicable Specified Creditors and the Indenture Trustee, in its individual capacity, as and by way of a fixed and specific mortgage, assignment, pledge, hypothec and charge and grants to the Indenture Trustee for the benefit and security of the applicable Specified Creditors and the Indenture Trustee, in its individual capacity, a security interest in all of its right, title and interest, whether now owned or hereafter acquired, in and to the following:

(i) the Issuer Investment Interest;

(ii) each Issuer Account (including all Sub-Accounts of each Issuer Account);

(iii) all Eligible Investments and all investment property, money and other property held in the Issuer Accounts (including any Sub-Accounts of each Issuer Account);

(iv) all rights, benefits and powers of the Issuer under any Program Agreement;

(v) all rights, benefits and powers of the Issuer under the Act;

(vi) all present and future claims, demands, causes of and choses in action in respect of any of the foregoing and all interest, principal, payments and distributions of any nature or type on any of the foregoing;

(vii) all accounts, general intangibles, chattel paper, instruments, documents, goods, money, investment property, deposit accounts, letters of credit and letter-of-credit rights consisting of, arising from, or relating to any of the foregoing;

(viii) all debts, accounts, claims, monies and choses in action due or to become due with respect to all of the foregoing and also all securities, bills, notes, evidences of deposits of money, and other documents now held or owned or which may be hereafter taken, held or owned by the Issuer, or anyone on behalf of the Issuer, and all renewals thereof, accretions thereto, substitutions therefor and all interest, income and revenue arising therefrom or by virtue thereof;

(ix) all amounts received with respect to all of the foregoing; and

(x) all proceeds of the foregoing; and

(b) mortgages, charges, pledges, grants, transfers, assigns, hypothecates and sets over unto the Indenture Trustee, for the benefit and security of the Specified Creditors and the Indenture Trustee, in its individual capacity, a floating charge over, and

grants to the Indenture Trustee for the benefit and security of the Specified Creditors and the Indenture Trustee, in its individual capacity, a security interest in all of the property, assets and undertaking now owned or hereafter acquired by the Issuer.

The property described in the preceding sentence is collectively referred to as the "**Collateral**".

The Indenture Trustee acknowledges the grant of such Security Interest, and accepts the Collateral in trust hereunder in accordance with the provisions hereof and agrees to perform the duties herein such that the interests of the Specified Creditors may be adequately and effectively protected.

To have and to hold the Collateral and all rights hereby conferred unto the Indenture Trustee, its successors and assigns forever but in trust nevertheless for the benefit of the Specified Creditors, including the Indenture Trustee, in its individual capacity, and for the uses and purposes and subject to the terms and conditions herein set forth.

The Issuer acknowledges that value has been given and that the security granted shall attach and be effective on the date of execution of this Indenture and when the Issuer has rights in the Collateral, whether or not the monies and the Notes or any other evidence of Obligations Secured or any part thereof hereby secured or intended to be hereby secured shall be advanced or issued before or after or upon the date of the execution of this Indenture.

2.02 Recording, Etc.

(a) The Issuer intends the Security Interest granted pursuant to this Indenture in favor of the Indenture Trustee to be prior to all other Liens in respect of the Collateral. The Issuer will take all actions necessary to maintain a perfected Lien on the Collateral in favor of the Indenture Trustee.

(b) The Indenture Trustee shall hold each item of the Collateral separate and apart from all other property held by the Indenture Trustee.

(c) The Issuer will from time to time execute, authorize and deliver all such supplements and amendments hereto and all such financing statements, amendments thereto, instruments of further assurance and other instruments, all as prepared by the Issuer, and will take such other action necessary or advisable to:

(i) grant the Security Interest more effectively in all or any portion of the Collateral;

(ii) maintain or preserve the Security Interest (and the priority thereof) or carry out more effectively the purposes hereof;

(iii) perfect, publish notice of or protect the validity of any grant made or to be made by this Indenture;

(iv) enforce its rights under the Investment Asset, ~~the Master Transfer and Servicing Agreement, the IESO Security Agreement, any Derivative Agreement, any Credit Enhancement Agreement, any Liquidity Agreement~~any Program Agreement to which it is a party and each other instrument or agreement designated for inclusion in the Collateral;

(v) preserve and defend title to the Collateral and the rights of the Indenture Trustee in the Collateral against the claims of all Persons; or

(vi) pay all Taxes levied or assessed upon the Collateral when due.

(d) The Issuer will from time to time promptly pay and discharge all PPSA recording and filing fees, charges and Taxes relating to this Indenture, any amendments hereto and any other instruments of further assurance.

(e) Without limiting the generality of subsection 2.02(c) or (d):

(i) The Issuer will cause this Indenture, all amendments and supplements hereto and all financing statements and all amendments to such financing statements and any other necessary documents covering the Indenture Trustee's right, title and interest in and to the Collateral to be promptly recorded, registered and filed, and at all times to be kept recorded, registered and filed, all in such manner and in such places as may be required by applicable law to fully preserve and protect the right, title and interest of the Indenture Trustee in and to all property comprising the Collateral. The Issuer will deliver to the Indenture Trustee file-stamped copies of, or filing receipts for, any document recorded, registered or filed as provided above, as soon as available following such recording, registration or filing. The Issuer hereby authorizes the filing of financing statements (and amendments of financing statements) that name the Issuer as debtor and the Indenture Trustee as secured party and that cover all personal property of the Issuer. The Issuer also hereby ratifies the filing of any such financing statements (or amendments of financing statements) that were filed prior to the execution hereof.

(ii) The Issuer shall not change its name, its jurisdiction of formation or its type of organization unless it has provided the Indenture Trustee and each Rating Agency with 30 days prior written notice and it has first (A) made all filings and taken all actions in all relevant jurisdictions under the PPSA and other applicable law as are necessary to continue and maintain the first priority perfected Security Interest of the Indenture Trustee in the Collateral, and (B) delivered to the Indenture Trustee (with a copy to each Rating Agency) an Opinion of Counsel to the effect that all necessary filings have been made under the PPSA (and where applicable, the equivalent thereof) in all relevant jurisdictions as are necessary to continue and maintain the first priority perfected Security Interest of the Indenture Trustee in the Collateral.

2.03 Use of Collateral

Subject to the express terms of this Indenture, until the Issuer Funding Obligations have become due and payable pursuant to Section 8.02, the Issuer will be permitted to possess and use the Collateral in connection with the activities of the Issuer, including, without limitation, the right to (a) exercise all of its rights and perform all of its obligations under each Program Agreement without consultation with or the consent of the Indenture Trustee, and (b) use the funds in any Issuer Account for any purpose not in violation of this Indenture or the Program Agreements.

2.04 Suits to Protect the Collateral

Subject to the provisions of this Indenture, the Indenture Trustee will have the power to institute and to maintain such suits and proceedings as it may deem expedient to prevent any impairment of the Collateral by any acts which may be unlawful or in violation of this Indenture, and such suits and proceedings as the Indenture Trustee may deem expedient to preserve or protect the interests of the Specified Creditors and the interests of the Indenture Trustee in the Collateral (including the power to institute and maintain suits or proceedings to restrain the enforcement of, or compliance with, any legislative or other governmental enactment, rule or order that may be unconstitutional or otherwise invalid if the enforcement of, or compliance with, such enactment, rule or order would impair the Security Interest or be prejudicial to the interests of the Specified Creditors or the Indenture Trustee).

2.05 Purchaser Protected

In no event will any purchaser in good faith of any property purported to be released hereunder be bound to ascertain the authority of the Indenture Trustee to execute the release or to inquire as to the satisfaction of any conditions required by the provisions hereof for the exercise of such authority or to see to the application of any consideration given by such purchaser or other transferee; nor will any purchaser or other transferee of any property or rights permitted by this Article II to be sold be under any obligation to ascertain or inquire into the authority of the Issuer to make any such sale or other transfer.

2.06 Powers Exercisable by Receiver or Indenture Trustee

In case the Collateral shall be in the possession of a receiver or trustee lawfully appointed, the powers conferred in this Article II upon the Issuer with respect to the release, sale or other disposition of such property may be exercised by such receiver or trustee, and an instrument signed by such receiver or trustee shall be deemed the equivalent of any similar instrument of the Issuer or of any officer or officers thereof required by the provisions of this Article II.

2.07 Determinations Relating to Collateral

In the event (i) the Indenture Trustee shall receive any written request from the Issuer for consent or approval with respect to any matter or thing relating to any Collateral or the Issuer's obligations with respect thereto, (ii) there shall be due to or from the Indenture Trustee under the provisions hereof any performance or the delivery of any instrument, or (iii) the Indenture Trustee shall become aware of any nonperformance by the Issuer of any covenant or any breach

of any representation or warranty of the Issuer set forth in this Indenture, then, in each such event, the Indenture Trustee shall be entitled to hire experts, consultants, agents and attorneys to advise the Indenture Trustee on the manner in which the Indenture Trustee should respond to such request or render any requested performance or response to such nonperformance or breach (the expenses of which will be reimbursed to the Indenture Trustee pursuant to Section 9.05). The Indenture Trustee will be fully protected in the taking of any action recommended or approved by any such expert, consultant, agent or attorney, or agreed to by Extraordinary Resolution.

2.08 Satisfaction and Discharge of Indenture

(a) The Issuer may at any time, for the purpose of obtaining the satisfaction and discharge of this Indenture with respect to any Class, Series or Tranche of Issuer Funding Obligations or for any other purpose, pay, or by an Issuer Certificate direct any Paying Agent to pay, to the Indenture Trustee all sums held in trust by the Issuer or such Paying Agent in respect of each and every Class, Series or Tranche of Issuer Funding Obligations as to which it seeks to discharge this Indenture or, if for any other purpose, all sums so held in trust by the Issuer in respect of all Issuer Funding Obligations, such sums to be held by the Indenture Trustee upon the same trusts as those upon which such sums were held by the Issuer or such Paying Agent; and, upon such payment by any Paying Agent to the Indenture Trustee, such Paying Agent will be released from all further liability with respect to such money.

(b) This Indenture will cease to be of further effect with respect to any Class, Series or Tranche of Issuer Funding Obligations (except as to any surviving rights of transfer or exchange of Notes of that Class, Series or Tranche expressly provided for herein or in any form of Note for that Class, Series or Tranche), and the Indenture Trustee, on demand of and at the expense of the Issuer, will execute proper instruments acknowledging satisfaction and discharge of this Indenture as to that Class, Series or Tranche, when:

(i) (A) in the case of Notes, all Notes of that Class, Series or Tranche theretofore Outstanding (other than (x) Notes of that Class, Series or Tranche which have been destroyed, lost or stolen and which have been replaced or paid as provided in Section 16.05(b), and (y) Notes of that Class, Series or Tranche for whose payment money has theretofore been deposited in trust or segregated and held in trust by the Issuer and thereafter repaid to the Issuer or discharged from that trust, as provided in Section 16.05(b)) have been delivered to the Indenture Trustee for cancellation or been cancelled, or (B) in the case of all other Issuer Funding Obligations, all Issuer Funding Obligations of that Class, Series or Tranche have been paid in full, as certified by the Issuer to the Indenture Trustee;

(ii) the Issuer has paid or caused to be paid all other sums payable under the Indenture (including payments to the Indenture Trustee pursuant to Section

9.05) by the Issuer with respect to the Issuer Funding Obligations of that Class, Series or Tranche; and

(iii) the Issuer has delivered to the Indenture Trustee an Issuer Certificate and an Opinion of Counsel each stating that all conditions precedent herein provided for relating to the satisfaction and discharge of this Indenture with respect to the Issuer Funding Obligations of that Class, Series or Tranche have been complied with.

Notwithstanding the satisfaction and discharge of this Indenture with respect to any Class, Series or Tranche of Issuer Funding Obligations, the obligations of the Issuer to the Indenture Trustee with respect to that Class, Series or Tranche of Issuer Funding Obligations under Section 9.05 and the obligations of the Indenture Trustee under Sections 7.13 and 16.05(b) will survive such satisfaction and discharge.

(c) This Indenture will cease to be of further effect, and the Indenture Trustee, on demand of and at the expense of the Issuer, will execute proper instruments acknowledging satisfaction and discharge of this Indenture, when all Issuer Funding Obligations have been satisfied and discharged in accordance with clause (b) and all other ~~Obligation~~Obligations Secured have been paid in full, as certified by the Issuer to the Indenture Trustee.

2.09 Release of all Collateral

(a) Subject to the payment of its fees and expenses pursuant to Section 9.05, the Indenture Trustee shall, at the request of the Issuer or when otherwise required by the provisions of this Indenture, execute instruments to release Collateral from the Security Interest of this Indenture, or convey the Indenture Trustee's interest (which is held by the Indenture Trustee for the benefit of the Specified Creditors) in the same, in a manner and under circumstances which are not inconsistent with the provisions of this Indenture. No party relying upon an instrument executed by the Indenture Trustee as provided in this Article II will be bound to ascertain the Indenture Trustee's authority, inquire into the satisfaction of any conditions precedent or see to the application of any funds.

(b) Upon delivery of an Officer's Certificate of the Issuer certifying that all Issuer Funding Obligations and all other Obligations Secured have been satisfied and discharged by complying with the provisions of Section 2.08 and all applicable Program Agreements, the Indenture Trustee shall execute and deliver such releases, termination statements and other instruments (in recordable form, where appropriate) as the Issuer may reasonably request evidencing the termination of the Security Interest created by this Indenture.

(c) The Issuer and the Specified Creditors shall be entitled to receive at least 10 days' written notice when the Indenture Trustee proposes to take any action pursuant to clause (a), accompanied by copies of any instruments involved, and the Indenture

Trustee shall also be entitled to require, as a condition to such action, an Opinion of Counsel, stating the legal effect of any such action, outlining the steps required to complete the same, and concluding that all conditions precedent to the taking of such action have been complied with. Counsel rendering any such opinion may rely, without independent investigation, on the accuracy and validity of any certificate or other instrument delivered to the Indenture Trustee in connection with any such action.

2.10 Certain Commercial Law Representations and Warranties

The Issuer hereby makes the following representations and warranties. Such representations and warranties shall survive until the termination of this Indenture. Such representations and warranties speak of the date that a Lien in the Collateral is granted to the Indenture Trustee and shall not be waived by any of the parties to this Indenture unless the Rating Agency Condition is satisfied.

(a) This Indenture constitutes the grant of a first priority perfected Lien by the Issuer to the Indenture Trustee in the Collateral which, in the case of the existing Collateral and the proceeds thereof, is enforceable upon execution and delivery of this Indenture or, with respect to after-acquired property, as of the date such property is acquired, and which will be enforceable with respect to the Collateral hereafter and thereafter created and the proceeds thereof upon such creation. Upon the filing of the assignments, financing statements and continuation statements (and other documents where applicable) and, in the case of after-acquired Collateral and the proceeds thereof, upon its creation, the Indenture Trustee shall have a first priority perfected Lien in such property and proceeds.

(b) At the time of its grant of any Lien in the Collateral pursuant to this Indenture, the Issuer owned and had good and marketable title to such Collateral free and clear of any Lien of any other Person (other than Permitted Liens).

(c) The Issuer has caused the filing of all appropriate financing statements in the proper filing office in the Province of Ontario under applicable law in order to perfect the Security Interest.

(d) Other than the Security Interest, the Issuer has not pledged, assigned, sold, granted a Lien in, or otherwise conveyed, the Collateral. The Issuer has not authorized the filing of and is not aware of any financing statements against the Issuer that include a description of the Collateral other than any financing statement relating to the Security Interest or that has been terminated. The Issuer is not aware of any judgment or Tax lien filings against the Issuer.

ARTICLE III
NOTE FORMS

3.01 Forms Generally

The Notes will have such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture or the Related Supplemental Indenture and may have such letters, numbers or other marks of identification and such legends or endorsements placed thereon, as may be required to comply with applicable laws or regulations or with the rules of any securities exchange, or as may, consistently herewith, be determined by the Issuer, as evidenced by the Issuer's execution of such Notes. Any portion of the text of any Note may be set forth on the reverse thereof, with an appropriate reference thereto on the face of the Note.

Definitive Notes will be typewritten, printed, lithographed or engraved or produced by any combination of these methods (with or without steel engraved borders) or may be produced in any other manner, all as determined by the Issuer, as evidenced by the Issuer's execution of such Notes, subject, with respect to the Notes of any Class, Series or Tranche, to the rules of any securities exchange on which such Notes are listed.

3.02 Forms of Notes

Before the delivery of a Note to the Indenture Trustee for authentication, the Issuer will deliver to the Indenture Trustee the Issuer Certificate by or pursuant to which such form of Note has been approved, which Issuer Certificate will have attached thereto a true and correct copy of the form of Note which has been approved thereby or, if an Issuer Certificate authorizes a specific officer or officers of the Manager to approve a form of Note, a certificate of such officer or officers approving the form of Note attached thereto. Any form of Note approved by or pursuant to an Issuer Certificate must be acceptable as to form to the Indenture Trustee, such acceptance to be evidenced by the Indenture Trustee's authentication of Notes in that form or a certificate signed by a Responsible Officer of the Indenture Trustee and delivered to the Issuer.

3.03 Form of Indenture Trustee's Certificate of Authentication

The form of Indenture Trustee's Certificate of Authentication for any Note issued pursuant to this Indenture will be substantially as follows:

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Notes of the Class, Series or Tranche designated therein referred to in the within-mentioned Indenture.

BNY TRUST COMPANY OF CANADA, as Indenture Trustee

By: _____

Authorized Signatory

Dated: _____

3.04 Notes Issuable in the Form of a Global Note

(a) If the Issuer establishes that the Notes of a particular Class, Series or Tranche are to be issued in whole or in part in the form of one or more Global Notes, then the Issuer will execute and the Indenture Trustee or its agent will, in accordance with Section 4.03 and the Issuer Certificate delivered to the Indenture Trustee or its agent thereunder, authenticate and deliver, such Global Note or Global Notes, which, unless otherwise provided in the Related Supplemental Indenture (i) will represent, and will be denominated in an amount equal to the aggregate Stated Principal Amount (or in the case of Discount Notes, the aggregate Stated Principal Amount at the Principal Payment Date of such Notes) of the Outstanding Notes of such Class, Series or Tranche to be represented by such Global Note or Global Notes, or such portion thereof as the Issuer will specify in an Issuer Certificate, (ii) in the case of Registered Notes, will be registered in the name of the Depository for such Global Note or Global Notes or its nominee, (iii) will be delivered by the Issuer or its agent to the Depository or pursuant to the Depository's instruction, (iv) if applicable, will bear a legend substantially to the following effect: (A) "Unless this Note is presented by an authorized representative of The Depository Trust Company ("**DTC**"), to Fair Hydro Trust (the "**Issuer**") or its agent for registration of transfer, exchange or payment, and any Note issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), any transfer, pledge or other use hereof for value or otherwise by or to any Person is wrongful inasmuch as the registered owner hereof, Cede & Co., has an interest herein", or (B) "Unless this Note is presented by an authorized representative of CDS Clearing and Depository Services Inc. ("**CDS**"), to Fair Hydro Trust (the "**Issuer**") or its agent for registration of transfer, exchange or payment, and any Note issued is registered in the name of CDS & Co. or in such other name as is requested by an authorized representative of CDS (and any payment is made to CDS & Co. or to such other entity as is requested by an authorized representative of CDS), any transfer, pledge or other use hereof for

value or otherwise by or to any Person is wrongful since the registered owner hereof, CDS & Co., has a property interest in the securities represented by this Note and it is a violation of its rights for another Person to hold, transfer or deal with this Note", and (v) may bear such other legend as the Issuer, upon advice of counsel, deems to be applicable.

(b) Notwithstanding any other provisions of this Section 3.04 or of Section 4.05, and subject to the provisions of paragraph (c) below, unless the terms of a Global Note or the Related Supplemental Indenture expressly permit such Global Note to be exchanged in whole or in part for individual Notes, a Global Note may be transferred, in whole but not in part and in the manner provided in Section 4.05, only to a nominee of the Depository for such Global Note, or to the Depository, or a successor Depository for such Global Note selected or approved by the Issuer, or to a nominee of such successor Depository.

(c) With respect to Notes issued within the United States or Canada, unless otherwise specified in the Related Supplemental Indenture, or with respect to Notes issued outside the United States and Canada, if specified in the Related Supplemental Indenture:

(i) If at any time the Depository for a Global Note notifies the Issuer that it is unwilling or unable to continue as Depository for such Global Note or if at any time the Depository for the Notes for such Class, Series or Tranche ceases to be a clearing agency registered under the Securities Exchange Act, or other applicable statute or regulation, in the case of Notes issued within the United States, or ceases to be a clearing agency registered under the *Securities Act* (Ontario), or other applicable statute or regulation, in the case of Notes issued within Canada, the Issuer will appoint a successor Depository with respect to such Global Note. If a successor Depository for such Global Note is not appointed by the Issuer within 90 days after the Issuer receives such notice or becomes aware of such ineligibility, the Issuer will execute, and the Indenture Trustee or its agent, upon receipt of an Issuer Certificate requesting the authentication and delivery of individual Notes of such Class, Series or Tranche in exchange for such Global Note, will authenticate and deliver, individual Notes of such Class, Series or Tranche of like tenor and terms in definitive form in an aggregate Stated Principal Amount equal to the Stated Principal Amount of the Global Note in exchange for such Global Note.

(ii) The Issuer may at any time and in its sole discretion determine that the Notes of any Class, Series or Tranche or portion thereof issued or issuable in the form of one or more Global Notes will no longer be represented by such Global Note or Global Notes. In such event the Issuer will execute, and the Indenture Trustee, upon receipt of a written request by the Issuer for the authentication and delivery of individual Notes of such Class, Series or Tranche in exchange in whole or in part for such Global Note, will authenticate and deliver individual Notes of such Class, Series or

Tranche of like tenor and terms in definitive form in an aggregate Stated Principal Amount equal to the Stated Principal Amount of such Global Note or Global Notes representing such Class, Series or Tranche or portion thereof in exchange for such Global Note or Global Notes.

(iii) If any Event of Default has occurred and is continuing and Noteholders holding more than 50% of the Outstanding Dollar Principal Amount of the Controlling Class Obligations of any Series of Notes held as Global Notes advise the Indenture Trustee and the Depository that Global Notes are no longer in the best interest of the Noteholders of that Series, the holders of those Global Notes may exchange such Notes for individual Notes.

(iv) In any exchange provided for in any of the preceding three paragraphs, the Issuer will execute and the Indenture Trustee or its agent will authenticate and deliver individual Notes in definitive registered form in authorized denominations. Upon the exchange of the entire Stated Principal Amount of a Global Note for individual Notes, such Global Note will be canceled by the Indenture Trustee or its agent. Except as provided in the preceding paragraphs, Notes issued in exchange for a Global Note pursuant to this Section 3.04 will be registered in such names and in such authorized denominations as the Depository for such Global Note, pursuant to instructions from its direct or indirect participants or otherwise, will instruct the Indenture Trustee or the Note Registrar. The Indenture Trustee or the Note Registrar will deliver such Notes to the Persons in whose names such Notes are so registered.

3.05 <u>Temporary Global Notes and Permanent Global Notes</u>

(a) If specified in the Related Supplemental Indenture for any Series, all or any portion of a Global Note may initially be issued in the form of a single temporary global Bearer Note or Registered Note (the "**Temporary Global Note**"), without interest coupons, in the denomination of the entire aggregate principal amount of such Series and substantially in the form set forth in the exhibit with respect thereto attached to the Related Supplemental Indenture. Any Temporary Global Note shall bear such notations as the Issuer may determine to distinguish them from the Permanent Global Notes. The Temporary Global Note will be authenticated by the Indenture Trustee upon the same conditions, in substantially the same manner and with the same effect as the Notes in definitive form. The Temporary Global Note may be exchanged as described below or in the Related Supplemental Indenture for permanent global Bearer Notes or Registered Notes (the "**Permanent Global Notes**").

(b) Unless otherwise provided in the Related Supplemental Indenture, exchanges of beneficial interests in or security entitlements to Temporary Global Notes for beneficial interests in or security entitlements to Permanent Global Notes will be made as provided in this subsection 3.05(b). The Manager will, upon its determination of the date of completion of the distribution of the Notes of such

Series, so advise the Indenture Trustee, the Issuer and the Depository forthwith. Without unnecessary delay, but in any event not prior to the Exchange Date, the Issuer will execute and deliver to the Indenture Trustee (at the office of its designated agent outside the United States in the case of Global Notes in bearer form) Permanent Global Notes in bearer or registered form (as specified in the Related Supplemental Indenture) in an aggregate principal amount equal to the Outstanding Dollar Principal Amount or the Outstanding Currency Specific Dollar Principal Amount of such Series of Notes. Bearer Notes so issued and delivered may have coupons attached. The Temporary Global Note may be exchanged for an equal aggregate principal amount of Permanent Global Notes only on or after the Exchange Date; provided, however, that such Temporary Global Note is accompanied by a certificate dated the Exchange Date or a subsequent date and signed by the beneficial owner as to the portion of such Temporary Global Note held for its account then to be exchanged and a certificate dated the Exchange Date or a subsequent date and signed by the Depository in the form set forth in Exhibit 6-B (or in such other form as may be established pursuant to Section 4.01); and provided further that definitive Bearer Notes shall be delivered in exchange for a portion of a Temporary Global Note only in compliance with the requirements of Section 4.03. A beneficial owner of a Temporary Global Note may instruct the Depository to request an exchange on its behalf on or after the Exchange Date by delivering to the Depository, a certificate in the form set forth in Exhibit 6-A (or in such other form as may be established pursuant to Section 4.01), dated no earlier than 15 days prior to the Exchange Date, copies of which certificate shall be available from the offices of the Depository~~ or the Indenture Trustee~~. A United States Person may exchange its beneficial interest in or security entitlement to the Temporary Global Note only for an equal aggregate principal amount of Permanent Global Notes in registered form bearing the applicable legend set forth in the form of Registered Note attached to the Related Supplemental Indenture and having a minimum denomination of 500,000 units of the applicable currency, which may be in temporary form if the Issuer so elects. The Issuer may waive the 500,000 minimum denomination requirement if it so elects. Upon any demand for exchange for Permanent Global Notes in accordance with this subsection 3.05(b), the Issuer will cause the Indenture Trustee to authenticate and deliver the Permanent Global Notes to the Noteholder (x) outside the United States, in the case of Bearer Notes and (y) according to the instructions of the Noteholder, in the case of Registered Notes. Upon receipt of the certification of the Depository, the Indenture Trustee will cause the Temporary Global Note to be endorsed in accordance with subsection 3.05(d). Any exchange as provided in this Section 3.05 will be made free of charge to the Noteholders and the beneficial owners of the Temporary Global Note and to the beneficial owners of the Permanent Global Note issued in exchange, except that a Person receiving the Permanent Global Note must bear the cost of insurance, postage, transportation and the like in the event that such Person does not receive such Permanent Global Note in person at the offices of a Depository.

(c) The delivery to the Indenture Trustee by a Depository of any written statement referred to above may be relied upon by the Issuer and the Indenture Trustee as

conclusive evidence that a corresponding certification or certifications has or have been delivered to such Foreign Depository pursuant to the terms of this Indenture.

(d) Upon any such exchange of all or a portion of the Temporary Global Note for a Permanent Global Note(s), such Temporary Global Note will be endorsed by or on behalf of the Indenture Trustee to reflect the reduction of its principal amount by an amount equal to the aggregate principal amount of such Permanent Global Note(s). Until so exchanged in full, such Temporary Global Note will in all respects be entitled to the same benefits under this Indenture as Permanent Global Notes authenticated and delivered hereunder except that the beneficial owners of such Temporary Global Note will not be entitled to receive payments of interest on the Notes until they have exchanged their beneficial interests in or security entitlements to such Temporary Global Note for Permanent Global Notes.

3.06 Beneficial Ownership of Global Notes

Until definitive Notes have been issued to the applicable Noteholders pursuant to Section 3.04 or as otherwise specified in any Related Supplemental Indenture:

(a) the Issuer and the Indenture Trustee may deal with the applicable Depository and the Depository's participants for all purposes (including the making of distributions) as the authorized representatives of the respective Note Owners; and

(b) the rights of the respective Note Owners will be exercised only through the Depository and the Depository's participants. Unless and until Notes in definitive form are issued pursuant to Section 3.04, the Depository will make book-entry transfers among the Depository's participants and receive and transmit distributions of principal and interest on the related Notes to such Depository's participants in accordance with the Depository's applicable procedures from time to time.

For purposes of any provision of this Indenture requiring or permitting Actions with the consent of, or at the direction of, Noteholders evidencing a specified percentage of the Outstanding Dollar Principal Amount of Notes, such direction or consent may be given by Note Owners (acting through the Depository and the Depository's participants) owning interests in or security entitlements to Notes evidencing the requisite percentage of principal amount of Notes in accordance with the applicable procedures of the Depository and the Depository's participants.

3.07 Notices to Depository

Whenever any notice or other communication is required to be given to Noteholders with respect to which book-entry Notes have been issued, unless and until Notes in definitive form will have been issued to the related Note Owners, the Indenture Trustee will give all such notices and communications to the applicable Depository.

3.08 CUSIP Numbers

In issuing the Notes, the Issuer may use "CUSIP" numbers (if then generally in use), and, if so, the Indenture Trustee shall use such CUSIP numbers in notices of redemption as a convenience to Noteholders; provided that, subject to Section 9.01, any such notice may state that (a) no representation is made as to the correctness of such CUSIP numbers as printed on the related Notes or as contained in any notice of redemption, (b) reliance may be placed only on the other identification numbers, if any, printed on the Notes and (c) any such redemption shall not be affected by any defect in or omission of such CUSIP numbers. The Issuer will promptly provide the Indenture Trustee with written notice of any change in the CUSIP numbers for any Outstanding Note.

ARTICLE IV
THE NOTES

4.01 General Title, General Limitations, Issuable in Series, Terms of a Series or Tranche of Notes

(a) The aggregate Stated Principal Amount of Notes which may be authenticated and delivered and Outstanding under this Indenture is not limited.

(b) The Notes of any Class may be issued in one or more Series or Tranches.

(c) The Classes of Notes are as set forth in this Indenture. Each Note issued must be part of a Class and Series of Notes for purposes of allocations pursuant to this Indenture and the Related Supplemental Indenture. A Series of Notes is created pursuant to a Supplemental Indenture. A Tranche of Notes is created pursuant to a Supplemental Indenture or pursuant to a Terms Document related to the Supplemental Indenture for the applicable Series.

(d) Each Series of Notes shall be designated in the Related Supplemental Indenture as either Senior Notes, Subordinated Notes or Junior Subordinated Notes. If the Notes of a Series of Notes belong to different Tranches, all Notes of such Series, without regard to the Tranche they are included in, shall be Senior Notes, Subordinated Notes or Junior Subordinated Notes, as applicable to the Series of Notes.

(e) Each Series of Notes may consist of a single Tranche or may be subdivided into multiple Tranches. Notes of a single Series of a Class will belong to different Tranches if they have different terms and conditions. With respect to any Series of Notes, Notes which have identical terms, conditions and Tranche designation will be deemed to be part of a single Tranche of Notes.

(f) Before the initial issuance of Notes of each Series or Tranche, there shall also be established in or pursuant to a Supplemental Indenture or pursuant to a Terms Document related to the applicable Supplemental Indenture, provision for:

(i) the Class ~~[or Classes in respect]~~ of such Series;

(ii) the Series designation;

(iii) the Stated Principal Amount of the Notes;

(iv) whether such Notes are of a particular Tranche of Notes;

(v) the currency or currencies in which such Notes will be denominated and in which payments of principal of, and interest on, such Notes will or may be payable;

(vi) the price or prices at which such Series or Tranche of Notes will be issued;

(vii) the times at which such Series or Tranche of Notes may, pursuant to any optional redemption provisions, be redeemed, and the other terms and provisions of any such redemption;

(viii) the rate per annum at which such Series or Tranche of Notes will bear interest, if any, or the formula or index on which such rate will be determined, including all relevant definitions, and the date from which interest will accrue;

(ix) each Interest Payment Date, each Principal Payment Date and the Principal Payment Default Date for such Series or Tranche of Notes;

(x) the Principal Accumulation Date for such Series of Notes;

(xi) the Principal Accumulation Amounts for such Series of Notes;

(xii) the Initial Dollar Principal Amount or the Initial Currency Specific Dollar Principal Amount of such Notes, and the means for calculating the Outstanding Dollar Principal Amount or the Outstanding Currency Specific Dollar Principal Amount, as applicable, of such Series or Tranche of Notes;

(xiii) whether or not application will be made to list such Series or Tranche of Notes on any securities exchange;

(xiv) any events of default with respect to such Series or Tranche of Notes;

(xv) if such Series or Tranche of Notes will be issued in whole or in part in the form of a Global Note or Global Notes, the terms and conditions, if any, upon which such Global Note or Global Notes may be exchanged in whole or in part for other individual Notes, and the Depository for such Global Note or Global Notes;

(xvi) if such Series or Tranche of Notes will be issued in whole or in part as Registered Notes, Bearer Notes or both, whether such Series or Tranche of Notes are to be issued with or without coupons or both;

(xvii) if such Series or Tranche of Notes are to have the benefit of any Credit Enhancement Agreement or Liquidity Agreement, the terms and provisions of the applicable agreement;

(xviii) the Record Date for any Interest Payment Date or Principal Payment Date of such Series or Tranche of Notes, if different from the last day of the month before the related Interest Payment Date or Principal Payment Date;

(xix) whether and under what conditions, additional amounts will be payable to Noteholders of such Series or Tranche of Notes; and

~~(xx) whether and under what conditions, the obligations of the Issuer under such Series or Tranche of Notes may be assumed or exchanged, and the form of assumption or exchange agreement applicable to such Series or Tranche of Notes; and~~

(xx) ~~(xxi)~~ any other terms of such Notes as stated in the Related Supplemental Indenture;

all upon such terms as may be determined in or pursuant to the Related Supplemental Indenture.

(g) The Notes of each Class, Series or Tranche will be distinguished from the Notes of each other Class, Series or Tranche in such manner, reasonably satisfactory to the Indenture Trustee, as the Issuer may determine.

(h) Any terms or provisions in respect of the Notes of any Class, Series or Tranche issued under this Indenture may be determined pursuant to this Section 4.01 by providing in the Related Supplemental Indenture for the method by which such terms or provisions will be determined.

4.02 Denominations

The Notes of each Series or Tranche will be issuable in such denominations and currency as will be provided in the provisions of this Indenture or in or pursuant to the Related Supplemental Indenture. In the absence of any such provisions with respect to the Registered Notes of any Series or Tranche, the Registered Notes of that Series or Tranche will be issued in denominations of 100,000 units of the applicable currency and integral multiples of 1,000. In the absence of any such provisions with respect to the Bearer Notes of any Series or Tranche, the Bearer Notes of that Series or Tranche will be issued in denominations of 1,000, 5,000, 50,000 and 100,000 units of the applicable currency.

4.03 Execution, Authentication and Delivery and Dating

(a) The Notes will be executed on behalf of the Issuer by a Responsible Officer of the Issuer. The signature of any Responsible Officer of the Issuer on the Notes may be manual or facsimile or may be given by other electronic means.

(b) Notes bearing the manual, facsimile or other electronic signatures of individuals who were at any time a Responsible Officer of the Issuer will bind the Issuer, notwithstanding that such individuals or any of them have ceased to hold such offices before the authentication and delivery of such Notes or did not hold such offices at the date of issuance of such Notes.

(c) At any time and from time to time after the execution and delivery of this Indenture, the Issuer may deliver Notes executed by the Issuer to the Indenture Trustee for authentication; and the Indenture Trustee will, upon request by an Issuer Certificate, authenticate and deliver such Notes as provided in this Indenture and not otherwise; provided however, that, in connection with its original issuance, no Bearer Note shall be mailed or otherwise delivered to any location in the United States; and provided further that, unless otherwise specified with respect to any Series or Tranche of Notes pursuant to Section 4.01, a Bearer Note may be delivered in connection with its original issuance only if the Person entitled to receive such Bearer Note shall have furnished a certificate in the form set forth in Exhibit 6-A, dated no earlier than 15 days prior to the earlier of the date on which such Bearer Note is delivered and the date on which any temporary Note first becomes exchangeable for such Bearer Note in accordance with the terms of such temporary Note and this Indenture. If any Note shall be represented by a permanent Bearer Note issued as a Global Note, then, for purposes of this Section, Section 3.05, and Section 4.04, the notation of a beneficial owner's interest therein upon original issuance of such Note or upon exchange of a portion of a temporary Global Note shall be deemed to be delivery in connection with its original issuance of such beneficial owner's interest in such permanent Global Note. Except as permitted by Section 4.06, the Indenture Trustee shall not authenticate and deliver any Bearer Note unless all appurtenant coupons for interest then matured have been detached and cancelled.

(d) Before any such authentication and delivery, the Indenture Trustee will be entitled to receive, in addition to any Officer's Certificate and Opinion of Counsel required to be furnished to the Indenture Trustee pursuant to Section 1.02, the Issuer Certificate and any other opinion or certificate relating to the issuance of the Series or Tranche of Notes required to be furnished pursuant to Section 3.02 or Article V.

(e) The Indenture Trustee will not be required to authenticate such Notes if the issue thereof will adversely affect the Indenture Trustee's own rights, duties or immunities under the Notes and this Indenture.

(f) Unless otherwise provided in the form of Note for any Series or Tranche, all Notes will be dated the date of their authentication.

(g) No Note will be entitled to any benefit under this Indenture or be valid or obligatory for any purpose unless there appears on such Note a Certificate of Authentication executed by the Indenture Trustee by manual signature of an authorized signatory, and such certificate upon any Note will be conclusive

evidence, and the only evidence, that such Note has been duly authenticated and delivered hereunder.

4.04 Temporary Notes

(a) Pending the preparation of definitive Notes of any Series or Tranche, the Issuer may execute, and, upon receipt of the documents required by Section 4.03, the Indenture Trustee will authenticate and deliver, temporary Notes which are printed, lithographed, typewritten, mimeographed or otherwise produced, in any authorized denomination, substantially of the tenor of the definitive Notes in lieu of which they are issued and with such appropriate insertions, omissions, substitutions and other variations as the Issuer may determine, as evidenced by the Issuer's execution of such Notes. Any temporary Note shall bear such notations as the Issuer may determine to distinguish them from the definitive Notes.

(b) If temporary Notes of any Series or Tranche are issued, the Issuer will cause definitive Notes of such Series or Tranche to be prepared without unreasonable delay. After the preparation of definitive Notes, the temporary Notes of such Series or Tranche will be exchangeable for definitive Notes of such Series or Tranche upon surrender of the temporary Notes of such Series or Tranche at the office or agency of the Issuer in a Place of Payment, without charge to the Noteholder; and upon surrender for cancellation of any one or more temporary Notes, the Issuer will execute and the Indenture Trustee will authenticate and deliver in exchange therefor a like Stated Principal Amount of definitive Notes of such Series or Tranche of authorized denominations and of like tenor and terms; provided, however, that no definitive Bearer Note shall be delivered in exchange for a temporary Registered Note; and provided further that a definitive Bearer Note shall be delivered in exchange for a temporary Bearer Note only in compliance with the conditions set forth in Section 4.03. Until so exchanged, the temporary Notes of such Series or Tranche will in all respects be entitled to the same benefits under this Indenture as definitive Notes of such Series or Tranche.

4.05 Registration, Transfer and Exchange

(a) The Issuer will keep or cause to be kept a register (herein sometimes referred to as the "**Note Register**") in which, subject to such reasonable regulations as it may prescribe, the Issuer will provide for the registration of Registered Notes, or of Registered Notes of a particular Class, Series or Tranche, and for transfers of Registered Notes or of Registered Notes of such Class, Series or Tranche. Any such register will be in written form or in any other form capable of being converted into written form within a reasonable time. At all reasonable times, the information contained in such register or registers will be available for inspection by the Indenture Trustee at the office or agency to be maintained by the Issuer as provided in Section 13.03.

(b) Subject to Section 3.04, upon surrender for transfer of any Registered Note of any Class, Series or Tranche at the office or agency of the Issuer in a Place of

Payment, the Issuer will execute, and, upon receipt of such surrendered Note, the Indenture Trustee will authenticate and deliver, in the name of the designated transferee or transferees, one or more new Registered Notes of such Class, Series or Tranche of any authorized denominations, of a like aggregate Stated Principal Amount, Principal Payment Date(s) and Principal Payment Default Date and of like terms.

(c) Subject to Section 3.04, at the option of the Noteholder, Notes of any Class, Series or Tranche may be exchanged for other Notes of such Class, Series or Tranche of any authorized denominations, of a like aggregate Stated Principal Amount, Principal Payment Date(s) and Principal Payment Default Date and of like terms, upon surrender of the Notes to be exchanged at the office or agency of the Issuer in a Place of Payment. Registered Notes, including Registered Notes received in exchange for Bearer Notes, may not be exchanged for Bearer Notes. At the option of the holder of a Bearer Note, subject to applicable laws and regulations, Bearer Notes may be exchanged for other Bearer Notes or Registered Notes (of the same Class, Series and Tranche of Notes) of authorized denominations of like aggregate fractional undivided interests in the Noteholders' interest, upon surrender of the Bearer Notes to be exchanged at an office or agency of the Note Registrar located outside the United States. Each Bearer Note surrendered pursuant to this Section 4.05 will have attached thereto all unmatured coupons; provided, however, that any Bearer Note~~,~~ so surrendered after the close of business on the last day of the month preceding the relevant Interest Payment Date need not have attached the coupon relating to such Interest Payment Date. Whenever any Notes are so surrendered for exchange, the Issuer will execute, and the Indenture Trustee will authenticate and deliver (in the case of Bearer Notes, outside the United States), the Notes which the Noteholders making the exchange are entitled to receive.

(d) All Notes issued upon any transfer or exchange of Notes will be the valid and legally binding obligations of the Issuer, evidencing the same debt, and entitled to the same benefits under this Indenture, as the Notes surrendered upon such transfer or exchange.

(e) Every Note presented or surrendered for transfer or exchange will (if so required by the Issuer or the Indenture Trustee) be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Issuer and the Note Registrar duly executed, by the Noteholder or his attorney duly authorized in writing.

(f) Unless otherwise provided in the Note to be transferred or exchanged, no service charge will be made on any Noteholder for any transfer or exchange of Notes, but the Issuer may (unless otherwise provided in such Note) require payment of a sum sufficient to cover any Tax or other governmental charge that may be imposed in connection with any transfer or exchange of Notes before the transfer or exchange will be complete, other than exchanges pursuant to Section 4.04 or Section 11.05 not involving any transfer.

(g) None of the Issuer, the Note Registrar or the Indenture Trustee shall be required (i) to issue, register the transfer of or exchange any Notes of any Class, Series or Tranche during a period beginning at the opening of business 15 days before the day of selection of Notes of such Class, Series or Tranche to be redeemed and ending at the close of business on (A) if Notes of such Class, Series or Tranche are issuable only as Registered Notes, the day of the mailing of the relevant notice of redemption of Registered Notes of such Class, Series or Tranche so selected for redemption or (B) if Notes of the Class, Series or Tranche are issuable as Bearer Notes, the day of the first publication of the relevant notice of redemption or, if Notes of the Class, Series or Tranche are also issuable as Registered Notes and there is no publication, the mailing of the relevant notice of redemption or (ii) to register the transfer or exchange of any Notes or portions thereof so selected for redemption.

(h) Notwithstanding anything herein to the contrary, the exchange of Bearer Notes into Registered Notes shall be subject to applicable laws and regulations in effect at the time of exchange; none of the Issuer, the Indenture Trustee or the Note Registrar shall exchange any Bearer Notes into Registered Notes if it has received an Opinion of Counsel that as a result of such exchanges the Issuer would suffer adverse consequences under the Canadian or United States federal income tax laws and regulations then in effect, or the income tax laws of the jurisdiction of the holder of the Bearer Note, and the Issuer has delivered to the Indenture Trustee an Issuer Certificate directing the Indenture Trustee not to make such exchanges unless and until the Indenture Trustee receives a subsequent Issuer Certificate to the contrary. The Issuer shall deliver copies of such Issuer Certificates to the Note Registrar.

(i) None of the Issuer, the Indenture Trustee, any agent of the Indenture Trustee, any Paying Agent or the Note Registrar will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership of a Global Note or for maintaining, supervising or reviewing any records relating to such beneficial ownership.

(j) The Issuer initially appoints the Indenture Trustee to act as Note Registrar for the Registered Notes on its behalf. The Issuer may at any time and from time to time authorize any Person to act as Note Registrar in place of the Indenture Trustee with respect to any Class, Series or Tranche of Notes issued under this Indenture.

(k) Registration of transfer of Notes containing the following legend or to which the following legend is applicable:

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT IN ACCORDANCE WITH THE TRUST INDENTURE

AND THE INDENTURE SUPPLEMENT AND PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT.

will be effected only if such transfer is made pursuant to an effective registration statement under the U.S. Securities Act, or is exempt from the registration requirements under the U.S. Securities Act. In the event that registration of a transfer is to be made in reliance upon an exemption from the registration requirements under the U.S. Securities Act other than Rule 144A under the U.S. Securities Act or Rule 903 or Rule 904 of Regulation S under the U.S. Securities Act, the transferor or the transferee will deliver, at its expense, to the Issuer and the Indenture Trustee, an investment letter from the transferee, substantially in a form appended to a Supplemental Indenture authorizing the applicable Series of Notes or such other form as the Issuer may determine, and no registration of transfer will be made until such letter is so delivered.

Notes issued upon registration or transfer of, or Notes issued in exchange for, Notes bearing the legend referred to above will also bear such legend and any other legends required by the Related Supplemental Indenture unless the Issuer, the Indenture Trustee and the Note Registrar receive an Opinion of Counsel, satisfactory to each of them, to the effect that such legend may be removed.

Whenever a Note containing the legend referred to above is presented to the Note Registrar for registration of transfer, the Note Registrar will promptly seek instructions from the Issuer regarding such transfer and will be entitled to receive an Issuer Certificate prior to registering any such transfer. The Issuer hereby agrees to indemnify the Note Registrar and the Indenture Trustee and to hold each of them harmless against any loss, liability or expense incurred without negligence or bad faith on their part arising out of or in connection with actions taken or omitted by them in relation to any such instructions furnished pursuant to this clause. The Indenture Trustee shall have no obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer imposed under this Indenture, the Related Supplemental Indenture, or under applicable law with respect to any transfer of any interest in any Note other than to require delivery of such certificates and other documentation or evidence as are expressly required by, and to do so if and when expressly required by the terms of, this Indenture, and to examine the same to determine substantial compliance as to form with the express requirements hereof.

(l) By acquiring a Note, each Noteholder that is a United States Person will be deemed to represent, warrant and covenant that either: (i) it is not acquiring the Note (or any interest therein) with the assets of a Benefit Plan or a governmental, church or non-U.S. plan that is subject to any federal, state, local or other non-U.S. law that is substantially similar to Section 406 of ERISA or Section 4975 of the Internal Revenue Code ("**Similar Law**"); or (ii) (A) the Note is rated at least "BBB-" or its equivalent by a nationally recognized statistical rating

agency at the time of purchase or transfer, and (B) the acquisition, holding and disposition of the Note will not give rise to a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Internal Revenue Code or a violation of any Similar Law.

4.06 Mutilated, Destroyed, Lost and Stolen Notes

(a) If (i) any mutilated Note (together, in the case of Bearer Notes, with all unmatured coupons, if any, appertaining thereto) is surrendered to the Indenture Trustee or the Note Registrar, or the Issuer, the Note Registrar or the Indenture Trustee receive evidence to their satisfaction of the destruction, loss or theft of any Note, and (ii) there is delivered to the Issuer, the Note Registrar or the Indenture Trustee such security or indemnity as may be required by them to save each of them harmless, then, in the absence of notice to the Issuer, the Note Registrar or the Indenture Trustee that such Note has been acquired by a protected purchaser, the Issuer will execute and upon its request the Indenture Trustee will authenticate and deliver (in the case of Bearer Notes, outside the United States), in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Note, a new Note of like tenor, Class, Series or Tranche, Principal Payment Date(s), Principal Payment Default Date and Stated Principal Amount, bearing a number not contemporaneously Outstanding.

(b) In case any such mutilated, destroyed, lost or stolen Note has become or is about to become due and payable, the Issuer in its discretion may, instead of issuing a new Note, pay such Note.

(c) Upon the issuance of any new Note under this Section 4.06, the Issuer may require the payment of a sum sufficient to cover any Tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Indenture Trustee) connected therewith.

(d) Every new Note issued pursuant to this Section 4.06 in lieu of any destroyed, lost or stolen Note will constitute an original additional contractual obligation of the Issuer, whether or not the destroyed, lost or stolen Note will be at any time enforceable by anyone, and will be entitled to all the benefits of this Indenture equally and proportionately with any and all other Notes of the same Class, Series or Tranche duly issued hereunder.

(e) The provisions of this Section 4.06 are exclusive and will preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Notes.

4.07 Persons Entitled to Payment

(a) Unless otherwise provided with respect to such Note pursuant to Section 4.01, interest payable on any Registered Note will be paid to the Person in whose name that Note is registered at the close of business on the most recent Record Date and

interest payable on any Bearer Note will be paid to the bearer of that Note (or the applicable coupon) outside of the United States.

(b) Subject to clause (a), each Note delivered under this Indenture upon transfer of or in exchange for or in lieu of any other Note will carry the rights to interest accrued or principal accreted and unpaid, and to accrue or accrete, which were carried by such other Note.

(c) Title to any Bearer Note, including any coupons appertaining thereto, shall pass by delivery. The Issuer, the Indenture Trustee, the Manager and any agent of the Issuer, the Indenture Trustee or the Manager may treat the Person who is proved to be the owner of such Note pursuant to subsection 1.04(c) as the owner of such Note for the purpose of receiving payment of principal of and (subject to this Section 4.07) interest on such Note and for all other purposes whatsoever, whether or not such Note be overdue, and none of the Issuer, the Indenture Trustee, the Manager or any agent of the Issuer, the Indenture Trustee or the Manager will be affected by notice to the contrary.

(d) Delivery of a Note to the Paying Agent by the holder of such Note shall, upon payment thereof, be a good discharge to the Issuer of all obligations evidenced by such Note. The Paying Agent shall not be bound to enquire into the title of any such Noteholder, save as ordered by a court of competent jurisdiction or as required by statute, nor shall it be bound to see to the execution of any trust affecting the ownership of any Note or be affected by notice of any equity that may be subsisting in respect thereof.

(e) Any payment of principal or interest on any Note which is due on a day other than a Business Day shall be payable on the next succeeding Business Day without adjustment for interest thereon and such payment shall be deemed to have been made with the same force and effect as if made on the due date.

(f) Upon the Paying Agent's reasonable request therefor, the Issuer will (i) provide the Paying Agent with any information in its possession or (ii) assist the Paying Agent (to the extent necessary and it is commercially reasonable for the Issuer to do so) to obtain information, in each case, to the extent such information is required by the Paying Agent to comply with its tax reporting and withholding obligations under applicable law with respect to payments to be made to Specified Creditors pursuant to this Indenture and the other Program Agreements, unless the Issuer is prohibited from doing so by applicable law or an obligation of confidentiality by which the Issuer is bound.

4.08 Protection of Notes

(a) The Indenture Trustee shall hold in safekeeping the Notes which have not been issued (but which have been delivered to the Indenture Trustee by or on behalf of the Issuer) pending receipt of an Issuer Certificate. The Indenture Trustee shall acknowledge receipt of the Notes so delivered by signing and returning to the

Issuer an acknowledgement of receipt of the Notes, such acknowledgement to be in a form satisfactory to the Issuer.

(b) The Indenture Trustee's responsibility for any Notes held in its custody hereunder shall be limited to using the same diligence in physically safeguarding such Notes as it does for its own securities. The Indenture Trustee shall account for the unissued Notes held in its custody whenever so required by the Issuer. If at any time the Indenture Trustee shall discover that any of such Notes have been lost, damaged, destroyed, stolen or misappropriated, it shall promptly advise the Issuer thereof and identify, to the extent practicable, such Notes.

4.09 Additional Issuances of Notes

(a) There are no restrictions on the timing or amount of any additional issuance of Notes of an Outstanding Series or Tranche of Notes, so long as the conditions described in Article V are satisfied. As of the date of any additional issuance of Notes of an Outstanding Series or Tranche of Notes, the Stated Principal Amount and Outstanding Dollar Principal Amount of that Series or Tranche will be increased to reflect the principal amount of the additional Notes. If the additional Notes are a Series or Tranche of Notes that has the benefit of a Derivative Agreement, the Issuer will enter into a Derivative Agreement for the benefit of the additional Notes. In addition, if the additional Notes are a Series or Tranche of Notes that has the benefit of any Credit Enhancement Agreement or Liquidity Agreement, the Issuer will enter into a Credit Enhancement Agreement or Liquidity Agreement, as applicable, for the benefit of the additional Notes.

(b) When issued, the additional Notes of a Series or Tranche will be identical in all respects to the other Outstanding Notes of that Series or Tranche and will be equally and ratably entitled to the benefits of this Indenture and the Related Supplemental Indenture as the other Outstanding Notes of that Series or Tranche without preference, priority or distinction; provided, however, that if such additional Notes are not fungible with such other Outstanding Notes for United States federal income tax purposes, then such additional Notes shall have a separate ISIN, CUSIP or other identifying number from such other Outstanding Notes.

4.10 Redemption of Notes

(a) Subject to Section 13.24, if the Related Supplemental Indenture for a Series or Tranche of Notes specifies that the Notes of such Series or Tranche will be redeemable, in whole at any time or in part from time to time, such Notes may be redeemed at a redemption price (the "**Redemption Price**") provided for in such Related Supplemental Indenture. In case of any redemption, the provisions of this Section 4.10 shall apply except to the extent provided otherwise in such Related Supplemental Indenture.

(b) The Redemption Price, plus accrued and unpaid interest and other amounts (if any) due thereon to the redemption date, will be payable upon presentation and surrender of the Notes called for redemption at any of the places where the principal of such Series or Tranche of Notes is expressed to be payable and at any other places specified in the notice of redemption.

(c) If less than all the Notes of any Series or Tranche are to be redeemed at one time, the Notes of such Series or Tranche to be redeemed will be selected by the Indenture Trustee on a *pro rata* basis, disregarding fractions, according to the principal amount of Notes registered in the name of each Noteholder, or in such other manner (which may include random selection by computer) as the Indenture Trustee may consider equitable, provided that such selection will be proportionate (to the nearest 1,000 units of the applicable currency). For this purpose, the Indenture Trustee may make, and from time to time amend, regulations with regard to the manner in which such Notes may be called for redemption and regulations so made will be valid and binding upon all Noteholders notwithstanding the fact that, as a result of such regulations, one or more Notes become subject to redemption in part only. Unless the context otherwise requires, the terms "Note" and "Notes" as used in this Section 4.10 will be deemed to include any part of the principal amount of any Note which in accordance with the foregoing provisions has become subject to redemption.

(d) The holder of any Note called for redemption in part only will be entitled to receive, upon surrender of such Note for payment and without expense to such holder, a new Note or Notes of an aggregate principal amount equal to the unredeemed part of the Note so surrendered, and the Issuer will execute and the Indenture Trustee will certify and deliver to such holder such new Note or Notes; provided, however, that, in the case of a Global Note, an appropriate notation may instead be made on such Global Note to decrease the principal amount thereof to an amount equal to the unredeemed portion thereof.

(e) Notice of intention to redeem any Series or Tranche of Notes will be given by the Issuer in the manner provided in Section 15.03 or otherwise in accordance with the procedures of the Depository at least 15 days but not more than 30 days prior to the date fixed for redemption. Notwithstanding the foregoing, a redemption notice may be delivered more than 30 days prior to the date fixed for redemption if such notice is issued in connection with a satisfaction and discharge of this Indenture with respect to any Series or Tranche of Notes. Every such notice will specify that portion of the principal amount of such Note to be redeemed (provided that no Notes in an aggregate principal amount of 1,000 units of the applicable currency or less will be redeemed in part), the redemption date, the Redemption Price and places of payment, and will state that all interest on the Notes called for redemption will cease to be payable from the redemption date.

(f) Upon notice having been given as provided in Section 4.10(e), the Notes called for redemption or the principal amount to be redeemed of the Notes called for redemption in part, as the case may be, will thereupon become due and payable at

the Redemption Price, on the redemption date specified in such notice, in the same manner and with the same effect as if it were the maturity date for such Notes, notwithstanding anything contained in this Indenture or in the Notes to the contrary. From and after such redemption date, if the money necessary to redeem such Notes has been deposited as provided in Section 4.10(h) or 4.10(i) and affidavits or other proof satisfactory to the Indenture Trustee as to the delivery or mailing of such notices have been delivered to it, such Notes will not be considered as Outstanding under this Indenture and interest upon such Notes will cease to accrue after such date.

(g) If any question arises as to whether notice of redemption or deposit of the redemption money has been given or made available as provided above, such question will be decided by the Indenture Trustee, whose decision will be final and binding upon all interested parties.

(h) Except as may otherwise be provided in the Related Supplemental Indenture or in any Series or Tranche of Notes, or as part of a satisfaction and discharge of this Indenture with respect to any Series or Tranche of Notes where payment has been made in accordance with another provision of this Indenture, upon Notes of a Series or Tranche being called for redemption, the Issuer will deposit with the Indenture Trustee immediately available funds no later than 10:00 a.m. on the date fixed for redemption in the relevant notice of redemption (or such later time on such date as is acceptable to the Indenture Trustee), such sums as may be sufficient to pay the Redemption Price of the Notes to be redeemed, plus accrued and unpaid interest and other amounts (if any) due on such Notes to the redemption date, and will pay to the order of the Indenture Trustee the estimated charges and expenses to be incurred in connection with such redemption. From the sums so deposited and upon surrender of such Notes, the Indenture Trustee will pay or cause to be paid to the holders of the Notes called for redemption the principal thereof, interest and other amounts (if any) thereon to which they are entitled on redemption.

(i) Alternatively, in respect of any Global Notes, the Issuer may, at its option, cause the amount payable on redemption to be sent by wire transfer on the day such redemption payment is due to an account maintained by such Noteholder or any other method acceptable to the Issuer and such Noteholder.

4.11 Purchase of Notes for Cancellation

(a) Provided no Event of Default has occurred and is continuing, the Issuer may purchase or otherwise acquire, at any time and from time to time, all or any of the Outstanding Notes of any Series or Tranche in the market (which will include purchase from or through an investment dealer, participant or a firm holding membership on a recognized stock exchange) or by invitation to tender or by private contract at such prices as it may determine in its sole discretion. The Issuer will deliver to the Indenture Trustee all Notes purchased as aforesaid, when paid, as evidence of such payment.

(b) If, upon an invitation to tender, more Notes of a Series or Tranche are tendered in response to such invitation at the same lowest price than the Issuer is prepared to accept, Notes of the Series or Tranche to be purchased by the Issuer will be selected by the Indenture Trustee on a *pro rata* basis, disregarding fractions, according to the Outstanding Dollar Principal Amount of Notes registered in the name of each Noteholder, or in such other manner as the Indenture Trustee may consider equitable (which may include random selection by computer), from the Notes tendered by each Noteholder which tendered at such lowest price. For this purpose, the Indenture Trustee may make, and from time to time amend, regulations with respect to the manner in which Notes may be so selected and regulations so made will be valid and binding upon all Noteholders, notwithstanding the fact that, as a result thereof, one or more of such Notes becomes subject to purchase in part only. The holder of any Note of which a part only is purchased, will be entitled to receive upon surrender of such Note for payment and without expense to such holder, a new Note or Notes of an aggregate principal amount equal to the unpurchased part of the Note so surrendered and the Indenture Trustee will certify and deliver to such holder a new Note or Notes; provided, however, that, in the case of a Global Note, an appropriate notation may instead be made on such Global Note to decrease the principal amount thereof to an amount equal to the unpurchased portion thereof.

4.12 Cancellation

All Notes surrendered for payment, redemption, repurchase, transfer, conversion or exchange will, if surrendered to any Person other than the Indenture Trustee, be delivered to the Indenture Trustee and~~, if not already canceled,~~ will be promptly canceled by it. The Issuer may at any time deliver to the Indenture Trustee for cancellation any Notes previously authenticated and delivered hereunder which the Issuer may have acquired in any manner whatsoever, and all Notes so delivered will be promptly canceled by the Indenture Trustee. No Note will be authenticated in lieu of or in exchange for any Notes canceled as provided in this Section 4.12, except as expressly permitted by this Indenture. The Indenture Trustee will dispose of all canceled Notes in accordance with its customary procedures and will deliver a certificate of such disposition to the Issuer.

ARTICLE V
CONDITIONS PRECEDENT

5.01 Conditions Precedent for Incurrence of Indebtedness

On or prior to the date that the Issuer enters into a definitive agreement for the incurrence of new Issuer Funding Obligations ~~(~~or the renewal or extension of any existing Issuer Funding Obligations (in each case, other than Derivative Funding Obligations), the following conditions precedent shall be satisfied:

(a) the Issuer ~~delivers~~shall have delivered to the Indenture Trustee and each Rating Agency notice of the incurrence of such Issuer Funding Obligation;

(b) the Issuer ~~delivers~~shall have delivered to the Indenture Trustee and each Rating Agency an Issuer Certificate to the effect that:

(i) the Issuer reasonably believes that the incurrence of such Issuer Funding Obligation will not cause an Adverse Effect;

(ii) all instruments furnished to the Indenture Trustee conform to the requirements of this Indenture and constitute sufficient authority hereunder for the Indenture Trustee to (A) in the case of a Note issuance only, authenticate and deliver such Notes, and (B) in the case of all other Issuer Funding Obligations, execute and deliver the Related Funding Obligation Agreement in accordance with Section 5.05;

(iii) in the case of a Note issuance only, the form and terms of such Notes have been established in conformity with the provisions of this Indenture;

(iv) the incurrence of such Issuer Funding Obligation is consistent in all material respects with the Financing Plan;

(v) the conditions set out in subsections 5.01(c), (d), (g) and (k) have been met; and

(vi) ~~(v)~~ such other matters as the Indenture Trustee may reasonably request;

(c) the representations and warranties set forth in Section 12.01 shall be true and correct in all material respects;

(d) the Rating Agency Condition with respect to all outstanding Series or Tranches of Issuer Funding Obligations shall have been satisfied with respect to ~~the~~such incurrence ~~of such Issuer Funding Obligation~~;

(e) the Indenture Trustee shall have received either:

(i) a certified copy of the instrument whereby the Province designated in writing that the new Issuer Funding Obligations are Approved Obligations as contemplated by clause (ii) of Section 4.01 of the Change of Law Protection Agreement; or

(ii) ~~(e) the Indenture Trustee shall have received a certificate addressed to the Indenture Trustee and signed by the Chief Financial Officer and the Treasurer of OPG (or their respective designees, provided that such designees are executive officers of OPG and, for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as Financial Services Manager) confirming that OPG has provided to the Province all certifications required by the Province; provided that such certificate shall not be delivered more than **[five (5)]** Business Days prior to such incurrence;~~both (A) an Adherence Compliance Certificate addressed to the Indenture Trustee with respect to

the new Issuer Funding Obligations delivered in accordance with Section 4.02(a)(ii) of the Change of Law Protection Agreement; such Adherence Compliance Certificate to be delivered not more than five (5) Business Days prior to the incurrence of the new Issuer Funding Obligation, and (B) a certificate signed by the Manager certifying that the Province has not provided a Suspension Notice to the Manager or the Issuer;

(f) the Issuer ~~delivers~~shall have delivered to the Indenture Trustee copies of the Related Funding Obligation Agreement, including in the case of Notes, a Supplemental Indenture, and if applicable, a Terms Document relating to the applicable Tranche of Notes;

(g) in the case of Senior Funding Obligations only, the Issuer will have Subordinated Funding Obligations and Junior Subordinated Funding Obligations in an aggregate Outstanding Dollar Principal Amount equal to not less than 35% of the aggregate Outstanding Dollar Principal Amount of ~~all Senior~~the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations (after giving effect to such incurrence) and in the case of Subordinated Funding Obligations only, the Issuer will have Junior Subordinated Funding Obligations in an aggregate Outstanding Dollar Principal Amount equal to not less than 10% of the aggregate Outstanding Dollar Principal Amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations (after giving effect to such incurrence);

(h) except in the case of Notes, the Issuer delivers to the Indenture Trustee an updated copy of the Specified Creditor list described in Section 13.13(b);

(i) each Debtholder in respect of such Issuer Funding Obligation (or an authorized agent on their behalf) shall have made the acknowledgements and agreements set out in Section 5.04;

(j) the Change of Law Protection Agreement shall be in full force and effect against the Province or shall have been replaced with a new agreement that is in form and substance satisfactory to Controlling Class Creditors pursuant to an Ordinary Resolution;

(k) the conditions precedent, if any, specified in the applicable Funding Obligation Agreement shall ~~be~~have been satisfied;

(l) in the case of a Note issuance only, the Indenture Trustee shall have received an Issuer Certificate for the certification and delivery of such Notes and specifying the particulars relating to such Notes;

(m) in the case of Bearer Notes described in section 163(f)(2)(A) of the Internal Revenue Code, if such Notes are not in registered form (including by reason of a book entry system described in section 163(f)(3) of the Internal Revenue Code), then such Notes shall be described in section 4701(b)(1)(B) of the Internal Revenue Code and such section shall apply to such Notes; and

(n) in the case of Foreign Currency Notes only, the Issuer shall have appointed one or more Paying Agents in the appropriate countries, if requested by the Indenture Trustee.

For greater certainty, periodic drawdowns under existing Funding Obligation Agreements, or a renewal or extension thereof in accordance with the terms of a Funding Obligation Agreement, shall not constitute a new incurrence of Issuer Funding Obligations. However, an increase in the aggregate commitment under an existing Funding Obligation Agreement or the issuance of additional Notes of an Outstanding Series or Tranche of Notes shall constitute a new incurrence of Issuer Funding Obligations.

5.02 No Consent

The Indenture Trustee will not be required to and, except as otherwise provided in any Funding Obligation Agreement, the Issuer will not be required to, provide prior notice to or obtain the consent of any Debtholder or any other Specified Creditor to incur any Issuer Funding Obligations.

5.03 Conditions Precedent for the Incurrence of other Obligations Secured

On or prior to the date that the Issuer enters into any agreement that would give rise to Obligations Secured (other than Issuer Funding Obligations referred to in Section 5.01 but including Derivative Funding Obligations), the following conditions precedent shall be satisfied:

(a) the Issuer ~~delivers~~shall have delivered to the Indenture Trustee a copy of the applicable agreement; and

(b) the Issuer ~~delivers~~shall have delivered to the Indenture Trustee an updated copy of the Specified Creditor list described in Section 13.13(b);

(c) each counterparty to such agreement (or an authorized agent on their behalf) shall have made the acknowledgements and agreements set out in Section 5.04; and

(d) if the Obligations Secured are Certified Primary Obligations, the Indenture Trustee shall have received either:

(i) a certified copy of the instrument whereby the Province designated in writing that the new Obligations Secured are Approved Obligations as contemplated by clause (ii) of Section 4.01 of the Change of Law Protection Agreement; or

(ii) ~~(d) in the case of entry into (i) an ISDA Master Agreement, or (ii) a non-terminable contract having a term of more than three (3) years with aggregate payments during such term in excess of $5,000,000 only, the Indenture Trustee shall have received a certificate addressed to the Indenture Trustee and signed by the Chief Financial Officer and the Treasurer of OPG (or their respective designees, provided that such designees are executive officers of OPG and, for clarity, such certificate is~~

~~to be provided by such officers in their capacity as officers of OPG acting in its capacity as Financial Services Manager) confirming that OPG has provided to the Province all certifications required by the Province; provided that such certificate shall not be delivered more than **[five (5)]** Business Days prior to such incurrence.~~both (A) an Adherence Compliance Certificate addressed to the Indenture Trustee with respect to the new Obligations Secured delivered in accordance with Section 4.02(a)(ii) of the Change of Law Protection Agreement; such Adherence Compliance Certificate to be delivered not more than five (5) Business Days prior to the incurrence of the new Obligations Secured, and (B) a certificate signed by the Manager certifying that the Province has not provided a Suspension Notice to the Manager or the Issuer.

5.04 Specified Creditor Acknowledgements

Each Specified Creditor:

(a) acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor hereunder and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under this Indenture including, without limitation, Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 7.12 (Payments Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Section 8.14 (Limited Recourse), Article IX (Indenture Trustee) (including all limitations of liability thereunder), Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition);

(b) except in the case of the Province, irrevocably authorizes and directs the Indenture Trustee on its behalf to take such action (including the execution and delivery of documents of subordination) as may be necessary or appropriate to further assure the priority arrangements provided for in Article VI, Article VII and Section 8.13, and appoints the Indenture Trustee as its agent for any and all such purposes; and

(c) consents, requests and authorizes the Issuer and the Indenture Trustee to (i) add such Specified Creditor (or its agent) to the register of Specified Creditors described in ~~subsection~~Section 13.13~~(b)~~ and (ii) disseminate the notice details of such Specified Creditor to other Specified Creditors for the purposes set out in subsection 9.14(b).

5.05 Acknowledgement of Program Agreement by Indenture Trustee

Upon receipt of an Issuer Certificate directing it to do so (provided the conditions set forth in Section 5.01 or 5.03, as applicable, have been satisfied, as certified by the Issuer), the Indenture Trustee shall execute an acknowledgement with respect to any Program Agreement or any evidence of indebtedness issued pursuant to a Program Agreement confirming that such Program Agreement or evidence of indebtedness is an Obligation Secured under this Indenture

and the creditors listed in such Program Agreements are Specified Creditors for the purposes of this Indenture.

ARTICLE VI
SUBORDINATION

6.01 Subordination

The payment of all Subordinated Funding Obligations shall be subordinate and rank junior, to the extent and in the manner set forth in this Article VI, Article VII and Article VIII, if applicable, to the prior payment in full of all amounts owing from time to time with respect to the Senior Funding Obligations and the Derivative Funding Obligations. The payment of all Junior Subordinated Funding Obligations shall be subordinate and rank junior, to the extent and in the manner set forth in this Article VI, Article VII and Article VIII, if applicable, to the prior payment in full of all amounts owing from time to time with respect to the Senior Funding Obligations, the Derivative Funding Obligations and the Subordinated Funding Obligations. Subject to the provisions of the Related Funding Obligation Agreement, (i) prior to the acceleration of the Issuer Funding Obligations pursuant to Section 8.02, payment in respect of the Subordinated Funding Obligations and the Junior Subordinated Funding Obligations shall be made as provided for in Sections 7.04 to 7.11; and (ii) after the acceleration of the Issuer Funding Obligations pursuant to Section 8.02, payment on account of the Subordinated Funding Obligations and the Junior Subordinated Funding Obligations shall be made as provided for in Section 8.13.

6.02 Subrogation to Senior Funding Obligations and Derivative Funding Obligations

(a) Subject to the payment in full of the Senior Funding Obligations and the Derivative Funding Obligations or the making of due provision for such payment, the Debtholders of Subordinated Funding Obligations shall be subrogated to the rights of the Debtholders of Senior Funding Obligations and Derivative Counterparties to receive payments or distributions of assets of the Issuer, to the extent of the application thereto of moneys or other assets which would have been received by the Debtholders of Subordinated Funding Obligations but for the provisions of this Article VI, until the principal of and interest on the Subordinated Funding Obligations shall be paid in full.

(b) Subject to the payment in full of the Senior Funding Obligations, the Derivative Funding Obligations and the Subordinated Funding Obligations or the making of due provision for such payment, the Debtholders of Junior Subordinated Funding Obligations shall be subrogated to the rights of the Debtholders of Senior Funding Obligations and Subordinated Funding Obligations, and Derivative Counterparties, to receive payments or distributions of assets of the Issuer, to the extent of the application thereto of moneys or other assets which would have been received by the Debtholders of Junior Subordinated Funding Obligations but for the provisions of this Article VI, until the principal of and interest on the Junior Subordinated Funding Obligations shall be paid in full.

6.03 Rights of Specified Creditors Preserved

The provisions of this Article VI are and are intended solely for the purpose of defining the relative rights of the Debtholders of Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations, and Derivative Counterparties, as applicable. Nothing in this Article VI is intended to or shall impair the obligation of the Issuer, subject to the rights of the Debtholders of Senior Funding Obligations and Derivative Counterparties, to pay the Subordinated Funding Obligations and Junior Subordinated Funding Obligations as and when the same shall become due and payable in accordance herewith, or affect the relative rights of the Debtholders of Subordinated Funding Obligations and Junior Subordinated Funding Obligations, and creditors of the Issuer other than Debtholders of such Senior Funding Obligations and Derivative Counterparties, nor shall anything in this Article VI prevent the Indenture Trustee or such Debtholders from exercising all remedies otherwise permitted by this Indenture, subject to the rights (if any) under this Article VI of Debtholders of Senior Funding Obligations, Derivative Counterparties and the Indenture Trustee on their behalves in respect of any payment or distribution of cash, property or securities of the Issuer received upon the exercise of any such remedy.

6.04 Renewal or Extension of Senior Funding Obligations

(a) Except as provided in this Indenture or the Related Funding Obligation Agreement, Debtholders of Senior Funding Obligations and Derivative Counterparties may at any time in their discretion renew or extend the time of payment of their Issuer Funding Obligations or exercise any other of their rights in respect thereof, including, without limitation, the waiver of an Event of Default thereunder, all without notice to or assent from the Debtholders of the Subordinated Funding Obligations or Junior Subordinated Funding Obligations, or the Indenture Trustee.

(b) No compromise, alteration, amendment, modification, extension, renewal or other change of, or waiver, consent or other action in respect of, any liability or obligation under or in respect of any Senior Funding Obligations, Derivative Funding Obligations or of any of the terms, covenants or conditions of any Related Funding Obligation Agreement under which any Senior Funding Obligations or Derivative Funding Obligations shall have been issued, shall in any way alter or affect any of the provisions of this Article VI.

ARTICLE VII
ISSUER ACCOUNTS AND INVESTMENTS; ORDINARY COURSE ALLOCATIONS

7.01 Available Collections

Except as otherwise expressly provided in this Indenture, the Indenture Trustee may demand payment or delivery of, and shall receive and collect, directly and without intervention or assistance from any fiscal agent or other intermediary, all money and other property payable to or receivable by the Indenture Trustee pursuant to this Indenture including, without limitation, all funds and other property payable to the Indenture Trustee in connection with the Collateral. The

Indenture Trustee will hold all such money and property received by it as part of the Collateral and will apply it, or cause it to be applied, as provided in this Indenture and any applicable Program Agreement.

7.02 Issuer Accounts

(a) On or before the date hereof, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**Collection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. All Available Collections received shall be credited to the Collection Account. The Collection Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the Collection Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 calendar days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition is satisfied) establish a new Collection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Collection Account to such new Collection Account. From the date each such new Collection Account is established, it shall be the "Collection Account."

(b) On or before the date hereof, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**Interest Accumulation Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. The Interest Accumulation Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the Interest Accumulation Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Interest Accumulation Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Interest Accumulation Account to such new Interest Accumulation Account. From the date each such new Interest Accumulation Account is established, it shall be the "Interest Accumulation Account." The Interest Accumulation Account is a "finance reserve account" under, and as defined in, the Fair Hydro Regulations.

(c) On or before the date hereof, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**Principal Accumulation Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. The Principal Accumulation Account shall be under the control of the Indenture Trustee for the

benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the Principal Accumulation Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition is satisfied) establish a new Principal Accumulation Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Principal Accumulation Account to such new Principal Accumulation Account. From the date each such new Principal Accumulation Account is established, it shall be the "Principal Accumulation Account." The Principal Accumulation Account is a "capital account" under, and as defined in, the Fair Hydro Regulations.

(d) On or before the date hereof, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**Program Cash Reserve Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. The Program Cash Reserve Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the Program Cash Reserve Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Program Cash Reserve Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Program Cash Reserve Account to such new Program Cash Reserve Account. From the date each such new Program Cash Reserve Account is established, it shall be the "Program Cash Reserve Account." The Program Cash Reserve Account is a "finance reserve account" under, and as defined in, the Fair Hydro Regulations. The Issuer shall deposit the Program Cash Reserve Required Amount to the Program Cash Reserve Account during the Reference Period commencing May 1, 2021 pursuant to the application of amounts available under subsection 7.04(e)(xiii).

(e) On or before the date hereof, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**IESO Cash Reserve Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. The IESO Cash Reserve Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the IESO Cash Reserve Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new IESO Cash Reserve Account that is an Eligible Deposit

Account and shall transfer any funds or other property from such IESO Cash Reserve Account to such new IESO Cash Reserve Account. From the date each such new IESO Cash Reserve Account is established, it shall be the "IESO Cash Reserve Account." The IESO Cash Reserve Account is a "finance reserve account" under, and as defined in, the Fair Hydro Regulations. The Issuer shall deposit the IESO Cash Reserve Deposit Amount directly to the IESO Cash Reserve Account on the earlier of (x) April 30, 2021, and (y) the receipt of the IESO Cash Reserve Deposit Amount from the IESO. Other than such deposit of the IESO Cash Reserve Deposit Amount to the IESO Cash Reserve Account, no other amounts shall be deposited to the IESO Cash Reserve Account.

(f) ~~(e)~~ On or before the date hereof, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**Refinancing Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. All proceeds arising from Notes and Borrowings related to Refinancings shall be deposited to the Refinancing Account. For greater certainty, the Refinancing Account may contain Sub-Accounts to account for proceeds in different currencies. The Refinancing Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the Refinancing Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition is satisfied) establish a new Refinancing Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Refinancing Account to such new Refinancing Account. From the date each such new Refinancing Account is established, it shall be the "Refinancing Account."

(g) ~~(f)~~ From time to time in connection with the creation of any Series of Issuer Funding Obligations, the Issuer may cause to be established and maintained an Eligible Deposit Account (a "**Series Capital Reserve Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the applicable Debtholders or Derivative Counterparties. A Series Capital Reserve Account may be established for the sole purpose of allowing the Issuer to accumulate funds to be used to make repayments in respect of a Series of Issuer Funding Obligations. Details of any period of accumulation and the amounts to be accumulated shall be specified in the Related Funding Obligation Agreement. Each Series Capital Reserve Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the applicable Debtholders or Derivative Counterparties. If, at any time, the institution holding a Series Capital Reserve Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency

Condition in respect of the applicable Series is satisfied) establish a new Series Capital Reserve Account that is an Eligible Deposit Account and shall transfer any funds or other property to such new Series Capital Reserve Account. From the date each such new Series Capital Reserve Account is established, it shall be a "Series Capital Reserve Account." Each Series Capital Reserve Account shall be a "capital account" under, and as defined in, the Fair Hydro Regulations.

(h) ~~(g)~~ From time to time in connection with the creation of any Series of Issuer Funding Obligations, the Issuer may cause to be established and maintained an Eligible Deposit Account (a "**Series Finance Reserve Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the applicable Debtholders or Derivative Counterparties. A Series Finance Reserve Account may be established for the purpose of allowing the Issuer to reserve funds to pay finance charges (including, without limitation, interest and payments under Derivative Agreements) for a Series of Issuer Funding Obligations. Details of any reserve requirements shall be specified in the Related Funding Obligation Agreement. Each Series Finance Reserve Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the applicable Debtholders or Derivative Counterparties. If, at any time, the institution holding a Series Finance Reserve Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition in respect of the applicable Series is satisfied) establish a new Series Finance Reserve Account that is an Eligible Deposit Account and shall transfer any funds or other property to such new Series Finance Reserve Account. From the date each such new Series Finance Reserve Account is established, it shall be a "Series Finance Reserve Account." Each Series Finance Reserve Account shall be a "finance reserve account" under, and as defined in, the Fair Hydro Regulations.

(i) ~~(h)~~ On or before the making of any demand for payment under the Change of Law Protection Agreement, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. All payments received from the Province pursuant to the Change of Law Protection Agreement shall be deposited to the Protection Account. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any

funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account."

(j) From time to time in connection with the establishment of any Program Account (other than the Protection Account) or Series Account, the Issuer may cause to be established and maintained one or more Eligible Securities Accounts (each, a "**Securities Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. A Securities Account may be established for the purpose of allowing the Issuer to invest funds held in any Program Account or Series Account in Eligible Investments in accordance with Section 7.03. Each Securities Account shall relate to only one Program Account or Series Account. Each Securities Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution at which a Securities Account is maintained ceases to be an Affiliate of an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition (only in respect of the Series if related to a Series Account) is satisfied) establish a new Securities Account that is an Eligible Securities Account and shall transfer any funds or other property to such new Securities Account. From the date each such new Securities Account is established, it shall be a "Securities Account."

7.03 Investment of Funds in the Issuer Accounts

(a) Funds credited to the Issuer Accounts will (unless otherwise stated in this Indenture or, with respect to a Series Account, any applicable Funding Obligation Agreement) be invested and reinvested by the Indenture Trustee at the written direction of the Manager in one or more Eligible Investments. The Manager may appoint as its agent under a separate agreement a registered investment advisor and authorize such agent to give instructions on behalf of the Manager to the Indenture Trustee for funds to be invested and reinvested in one or more Eligible Investments. The Manager shall provide the Indenture Trustee with a written direction certifying any such appointment, together with an incumbency for such agent in a form acceptable to the Indenture Trustee, acting reasonably. The Indenture Trustee shall be entitled to conclusively rely on, and shall be protected in acting upon, instructions received from such agent on behalf of the Manager. The Manager (or its agent appointed pursuant to the preceding sentence) may authorize the Indenture Trustee to make specific investments pursuant to written instructions, in such amounts as the Manager will specify. Any direction from the Manager (or its agent appointed pursuant to this Section) to the Indenture Trustee shall be in writing and shall be provided to the Indenture Trustee no later than 9:00 a.m. (Toronto time) on the day on which the investment is to be made. Any such direction received by the Indenture Trustee after 9:00 a.m. (Toronto time) or

received on a day that is not a Business Day shall be deemed to have been given prior to 9:00 a.m. (Toronto time) on the next Business Day. ~~Notwithstanding the foregoing, funds held by the Indenture Trustee in any of the Issuer Accounts will be invested in Eligible Investments that will mature so that a sufficient amount of such funds shall be available to the extent required to pay all Obligations Secured that are payable on the following Payment Date, Interest Payment Date or Principal Payment Date, as applicable.~~

(b) Notwithstanding anything to the contrary herein, for purposes of making investments in accordance with this Section 7.03, the Issuer shall be entitled to make transfers of cash from any Program Account or Series Account to the Related Securities Account, provided that the Issuer shall ensure that Eligible Investments in the Related Securities Account mature at such times as may be required so that a sufficient amount of cash shall be available for transfer to the applicable Program Account or Series Account to the extent required to pay all Obligations Secured that are payable on the following Payment Date, Interest Payment Date or Principal Payment Date, as applicable. Transfers of cash between a Program Account or a Series Account and the Related Securities Account shall not require the delivery of a Payment Instruction and may be effected in accordance with the Indenture Trustee's standard practices.

(c) ~~(b)~~ All funds from time to time credited to the Issuer Accounts pursuant to this Indenture and the Funding Obligation Agreements, and all investments made with such funds, if any, are property of the Issuer until such time as they are allocated or paid to satisfy Obligations Secured and will be held by the Indenture Trustee in the Issuer Accounts as part of the Collateral as herein provided, subject to withdrawal by the Paying Agent or the Indenture Trustee for the purposes specified herein.

(d) ~~(c)~~ Funds and other property in any of the Issuer Accounts will not be commingled with any other funds or property of the Issuer or the Indenture Trustee.

(e) ~~(d)~~ All interest and earnings (net of losses and investment expenses), if any, on funds credited to an Issuer Account will be part of that Issuer Account ~~and applied as specified in the applicable Payment Waterfall~~.

(f) ~~(e)~~ Subject to subsection 9.01(d), neither the Indenture Trustee nor the Manager will in any way be held liable by reason of any losses incurred in the investment of any funds in any Eligible Investments and any insufficiency in an Issuer Account resulting from any loss on any Eligible Investment included therein.

(g) ~~(f)~~ Funds credited to the Issuer Accounts will be invested and reinvested by the Indenture Trustee as provided in the written direction of the Manager; provided,

however, that such funds shall remain uninvested upon the occurrence of any of the following events:

(i) the Manager (or its agent appointed pursuant to paragraph (a) above) shall have failed to give investment directions to the Indenture Trustee; or

(ii) an Event of Default shall have occurred and be continuing but no Issuer Funding Obligations have been declared due and payable pursuant to Section 8.02.

7.04 Allocation of Amounts on Deposit in Collection Account

(a) ~~All~~Subject to the applicable Payment Waterfall, all Senior Funding Obligations of each Series or Tranche will in all respects be equally and ratably entitled to the benefits hereof with respect to such Series or Tranche without preference, priority or distinction on account of (i) the actual time of the incurrence, (ii) the Principal Payment Date(s), (iii) the Principal Payment Default Date, or (iv) the Principal Accumulation Date, except as specified in the Related Funding Obligation Agreement. All Subordinated Funding Obligations of each Series or Tranche will in all respects be equally and ratably entitled to the benefits hereof with respect to such Series or Tranche without preference, priority or distinction on account of (i) the actual time of the incurrence, (ii) the Principal Payment Date(s), (iii) the Principal Payment Default Date, or (iv) the Principal Accumulation Date, except as specified in the Related Funding Obligation Agreement. All Junior Subordinated Funding Obligations of each Series or Tranche will in all respects be equally and ratably entitled to the benefits hereof with respect to such Series or Tranche without preference, priority or distinction on account of (i) the actual time of the incurrence, (ii) the Principal Payment Date(s), (iii) the Principal Payment Default Date, or (iv) the Principal Accumulation Date, except as specified in the Related Funding Obligation Agreement.

(b) On each Payment Date, Available Collections credited to the Collection Account since the previous Payment Date will be distributed in accordance with Section 7.04(e).

(c) ~~If~~Subject to subsection 7.04(f), if any amount below is payable on a date other than a Payment Date, prior to such payment being made, an amount will be reserved in the Collection Account equal to the amount estimated by the Manager in its commercially reasonable judgment, based upon amounts then known and/or reasonably expected to be or become payable on or before the next Payment Date, to be the aggregate amount of items *pari passu* or more senior in priority than such obligation, calculated on a *pro forma* basis, and if, due to such reservation of funds, there are insufficient funds available in the Collection Account to make such payment, such payment will be made only on the following Payment Date (and then only if funds are available pursuant to this Section 7.04).

(d) In the event of non-payment on any Payment Date of any amounts referred to in subsection 7.04(e), such amounts shall remain due and shall be payable on each subsequent Payment Date in the order of priority provided for in subsection 7.04(e), subject to ~~Section~~Sections 7.10 and 8.13.

(e) Subject to ~~Section~~Sections 7.04(f), 7.10 and 8.13, on each Payment Date (after making the applications provided for in Section 7.07(a)), any amount standing to the credit of the Collection Account will be distributed by the Paying Agent in the order of priority specified below, based upon the Payment ~~Instructions~~Instruction received from the Manager in respect of such Payment Date, *pro rata* in proportion to the claims represented by each subclause except as otherwise specifically provided below:

(i) First, to the payment or remittance of all Taxes exigible for which a Governmental Authority is given priority over the Specified Creditors under the laws of the applicable jurisdiction;

(ii) Second, on a *pro rata* basis, to the Indenture Trustee and the Issuer Trustee in respect of the amount of fees, expenses and reimbursements owing, up to a maximum aggregate amount (without duplication of any amounts previously paid in respect of such fees, expenses~~,~~ and reimbursements~~ and indemnified claims~~) ~~of [■ percent (■%)] [NTD: Dealers~~equal to ~~advise] of the Outstanding Dollar Principal Amount of all Issuer Funding Obligations at such time~~the Trustee Cap with respect to each of the Issuer Trustee and the Indenture Trustee;

(iii) Third, *pari passu* (A) to transfer to the Interest Accumulation Account, the Interest Accrual Amount (Senior) for such Payment Date, and (B) to Derivative Counterparties, on a *pro rata* basis, all Derivative Funding Obligations payable other than Termination Payments;

(iv) Fourth, to transfer to the Interest Accumulation Account, the Interest Accrual Amount (Subordinated) for such Payment Date;

(v) Fifth, to transfer to the Interest Accumulation Account, the Interest Accrual Amount (Junior Subordinated) for such Payment Date,

(vi) Sixth, to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Warehouse) for such Payment Date;

(vii) Seventh, *pari passu* (A) to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Senior) for such Payment Date, and (B) to Derivative Counterparties, on a *pro rata* basis, any Termination Payment where the Derivative Counterparty is not the Defaulting Party or the sole Affected Party;

(viii) Eighth, to Debtholders, on a *pro rata* basis, all fees and other amounts (other than interest or principal) due and payable on the Senior Funding Obligations;

(ix) Ninth, to deposit to the Program Cash Reserve Account, the Program Cash Reserve Required Deposit Amount (Senior);

(x) Tenth, to transfer such amounts as is sufficient to replenish, on a *pro rata* basis, any Series Capital Account or Series Finance Reserve Account as required by any Related Funding Obligation Agreement, other than any Series Capital Account or Series Finance Reserve Account related solely to Subordinated Funding Obligations or Junior Subordinated Funding Obligations;

(ix) (xi) EleventhNinth, to the Manager in respect of all fees, expenses and reimbursement amounts owing;

(x) (xii) TwelfthTenth, to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Subordinated) for such Payment Date;;

(xi) (xiii) ThirteenthEleventh, to Debtholders, on a *pro rata* basis, all fees and other amounts (other than interest or principal) due and payable on the Subordinated Funding Obligations;

(xii) Twelfth, to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Junior Subordinated) for such Payment Date,

(xiii) (xiv) Fourteenth, Thirteenth, to deposit to the Program Cash Reserve Account, the , the amount, if any, by which the amount on deposit in the Program Cash Reserve Account is less than the Program Cash Reserve Required Deposit Amount (Subordinated);

(xiv) Fourteenth, to transfer such amounts as is sufficient to replenish, on a *pro rata* basis, any Series Capital Account or Series Finance Reserve Account as required by any Related Funding Obligation Agreement, other than any Series Capital Account or Series Finance Reserve Account related solely to Subordinated Funding Obligations or Junior Subordinated Funding Obligations;

(xv) Fifteenth, to transfer such amounts as is sufficient to replenish, on a *pro rata* basis, any Series Capital Reserve Account or Series Finance Reserve Account related solely to Subordinated Funding Obligations as required by any Related Funding Obligation Agreement;

(xvi) Sixteenth, to the Manager in respect of all indemnity amounts owing;

~~(xvii)~~ ~~Seventeenth, to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Junior Subordinated) for such Payment Date,~~

(xvi) ~~(xviii) Eighteenth~~Sixteenth, to Debtholders, on a *pro rata* basis, all fees and other amounts (other than interest or principal) due and payable on the Junior Subordinated Funding Obligations;

~~(xix)~~ ~~Nineteenth, to deposit to the Program Cash Reserve Account, the Program Cash Reserve Required Deposit Amount (Junior Subordinated);~~

(xvii) ~~(xx) Twentieth~~Seventeenth, to transfer such amounts as is sufficient to replenish, on a *pro rata* basis, any Series Capital Account or Series Finance Reserve Account related solely to Junior Subordinated Funding Obligations as required by any Related Funding Obligation Agreement;

(xviii) ~~(xxi) Twenty-First~~Eighteenth, to Derivative Counterparties, on a *pro rata* basis, any Termination Payment where the Derivative Counterparty is the Defaulting Party or the sole Affected Party;

(xix) ~~(xxii) Twenty-Second~~Nineteenth, to the Issuer Trustee for the account of the beneficiaries of the Issuer, such amount as is required pursuant to the Declaration of Trust;

(xx) Twentieth, to the Manager in respect of all indemnity amounts owing;

(xxi) ~~(xxiii)~~ Twenty-~~Third~~First, *pari passu* (A) to the Indenture Trustee and the Issuer Trustee, in each case, in respect of the amount of any fees, expenses, reimbursements and indemnity amounts owing and not previously paid pursuant to clause (ii); (B) to the payment or remittance of all Taxes exigible and not previously paid pursuant to clause (i); and (C) to all other Specified Creditors not specifically referred to in this Section 7.04(e); in each case, including for each referenced party in subclauses (A), (B) and (C), any amounts payable to their respective Affiliates under the terms of any relevant indemnity; and

(xxii) ~~(xxiv)~~ Twenty-~~Fourth~~Second, any amounts remaining: (A) to be held in the Collection Account for distribution in the above order of priority on the succeeding Payment Date (or for distribution prior thereto as permitted or required pursuant to this Indenture); or (B) after the final Issuer Funding Obligation has been paid in full and discharged, and all of the other foregoing amounts are paid in full, together with all amounts due to the Indenture Trustee under Section 9.05 or otherwise, to the Issuer or as the Issuer designates.

(f) Notwithstanding subsections 7.04(b), (c) and (e):

(i) the transfer of any amounts deposited by IESO into the Collection Account on account of the IESO Cash Reserve Deposit Amount to the IESO Cash Reserve Account, and

(ii) the transfer of any amounts deposited into the Collection Account on account of one-time transaction costs and expenses in connection with the incurrence of Issuer Funding Obligations on or within three (3) Business Days of the closing date of such transaction,

shall, in each case, be made by the Paying Agent, based upon the Payment Instruction received from the Manager on the date applicable thereto without reserving for or paying amounts which are senior in priority to such obligation under subsection 7.04(e).

7.05 Allocation of Amounts on Deposit in Interest Accumulation Account

[Subject to Section 7.077.10,] on each Interest Payment Date, any amountamounts on deposit in the Interest Accumulation Account will be distributed by the Paying Agent in the order of priority specified below, based upon the Payment InstructionsInstruction received from the Manager in respect of such Interest Payment Date:

(a) First, to Debtholders, on a *pro rata* basis, in respect of all interest due and payable on the Senior Funding Obligations on such Interest Payment Date;

(b) Second, to Debtholders, on a *pro rata* basis, in respect of all interest due and payable on Subordinated Funding Obligations on such Interest Payment Date; provided that no payment of interest on Subordinated Funding Obligations shall be made under this Section 7.05(b) unless, after making such payment (i) the amount remaining on deposit in the Interest Accumulation Account equals or exceeds the amount of accrued and unpaid interest on the Senior Funding Obligations as of such Interest Payment Date, and (ii) the amount on deposit in the Principal Accumulation Account equals or exceeds the Required Principal Accumulation Amount (Senior) as of the Interest Payment Date; ;

(c) Third, to Debtholders, on a *pro rata* basis, in respect of all interest due and payable on Junior Subordinated Funding Obligations on such Interest Payment Date; provided that no payment of interest on Junior Subordinated Funding Obligations shall be made under this Section 7.05(c) unless, after making such payment (i) the amount remaining on deposit in the Interest Accumulation Account equals or exceeds the amount of accrued and unpaid interest on the Senior Funding Obligations and the Subordinated Funding Obligations as of such Interest Payment Date; and (ii) the amount remaining on deposit in the Principal Accumulation Account equals or exceeds the sum of the Required Principal Accumulation Amount (Senior) and the Required Principal Accumulation Amount (Subordinated) as of such Interest Payment Date; and

(d) Fourth, any amounts remaining: (i) to be held in the Interest Accumulation Account for distribution in the above order of priority on the succeeding Interest Payment Date; or (ii) after the final Issuer Funding Obligation has been repaid in full, including all interest thereon, to be transferred to the Collection Account and applied in accordance with subsection 7.04(e);

provided that upon the occurrence and during the continuance of any Event of Default and acceleration of the Issuer Funding Obligations in accordance with Section 8.02, any amounts in the Interest Accumulation Account shall be applied in accordance with Section 8.13.

7.06 Allocation of Amounts on Deposit in Principal Accumulation Account

(a) Subject to Section 7.10, on each Interest Payment Date (after making the applications provided for in Section 7.05), to the extent that any interest which is due and payable on the Senior Funding Obligations, the Subordinated Funding Obligations and the Junior Subordinated Funding Obligations has not been paid, an amount equal to such deficiency shall be withdrawn from the Principal Accumulation Account and applied to the payment of interest due and payable on such Issuer Funding Obligations, provided that if the amount to be applied pursuant to this clause (a) is insufficient to pay all such interest, the application of such amounts shall be made first to Senior Funding Obligations, then to Subordinated Funding Obligations, and finally to Junior Subordinated Funding Obligations, in each case, on a *pro rata* basis.

(b) ~~On~~Subject to Section 7.10, on each Principal Payment Date~~, any amount~~ (after making the applications provided for in subsection 7.06(a)), amounts on deposit in the Principal Accumulation Account will be distributed by the Paying Agent in the order of priority specified below, based upon the Payment ~~Instructions~~Instruction received from the Manager in respect of such Principal Payment Date:

(i) ~~(a)~~ First, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of Warehouse Obligations payable on such Principal Payment Date;

(ii) ~~(b)~~ Second, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of Senior Funding Obligations (other than Warehouse Obligations) payable on such Principal Payment Date;

(iii) ~~(c)~~ Third, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of Subordinated Funding Obligations payable on such Principal Payment Date; provided that no payment of principal on Subordinated Funding Obligations shall be made under this ~~Section~~subsection 7.06(~~c~~b)(iii) unless, after making such payment, the amount remaining on deposit in the Principal Accumulation Account equals or exceeds the Required Principal Accumulation Amount (Senior) as of such Principal Payment Date; and

(iv) ~~(d)~~ Fourth, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of Junior Subordinated Funding Obligations payable on such Principal Payment Date; provided that no payment of principal on Junior Subordinated Funding Obligations shall be made under this ~~Section~~subsection 7.06(~~d~~b)(iv) unless, after making such payment, the amount remaining on deposit in the Principal Accumulation Account equals or exceeds the sum of the Required Principal Accumulation Amount (Senior) and the Required Principal Accumulation Amount (Subordinated) as of such Principal Payment Date~~; and~~.

(c) ~~(e) Fifth, any~~Any amounts remaining after making the applications referred to in subsection 7.06(a) and subsection 7.06(b) shall: (i) ~~to~~ be held in the Principal Accumulation Account for distribution ~~in the above order of priority~~under this Section 7.06 on the succeeding Interest Payment Date or Principal Payment Date; or (ii) after the final Issuer Funding Obligation has been repaid in full, ~~to~~ be transferred to the Collection Account and applied in accordance with subsection 7.04(e)~~;~~.

(d) ~~provided that~~Notwithstanding the foregoing clauses in this Section 7.06, upon the occurrence and during the continuance of any Event of Default and acceleration of the Issuer Funding Obligations in accordance with Section 8.02, any amounts in the Principal Accumulation Account shall be applied in accordance with Section 8.13.

7.07 **~~[Transfers from Interest Accumulation Account to Principal Accumulation Account~~Allocation of Amounts on Deposit in IESO Cash Reserve Account**

~~(a) If on any Principal Payment Date, the amount on deposit in the Principal Accumulation Account is less than the aggregate outstanding principal amount of Senior Funding Obligations and Subordinated Funding Obligations payable on such Principal Payment Date (the deficiency being a "**Subordinated/Senior Principal Shortfall**"), an amount equal to the lesser of:~~

~~(i) the Subordinated/Senior Principal Shortfall, and~~

(a) ~~(ii)~~ On each Payment Date beginning on the Payment Date in November, 2021, an amount equal to the lesser of (x) the amounts to be paid or transferred pursuant to clauses (i) through (v) of subsection 7.04(e), and (y) the amount, if any, by which the amount on deposit in the ~~Interest Accumulation~~IESO Cash Reserve Account ~~equals or exceeds the amount of accrued and unpaid interest on the Senior Funding Obligations and Subordinated Funding Obligations as of such Principal Payment Date,~~exceeds the IESO Cash Reserve Required Amount shall be withdrawn from the IESO Cash Reserve Account and applied to make the payments or transfers described in clauses (i) through (v) of subsection 7.04(e) in the order in which they are to be paid or transferred under Section 7.04(e).

shall be transferred from the Interest Accumulation Account to the Principal Accumulation Account on such Principal Payment Date.

(b) If on any Principal Payment Date after making any transfer contemplated by subsection 7.07(a), the amount on deposit in the Principal Accumulation Account is less than the aggregate outstanding principal amount of Senior Funding Obligations payable on such Principal Payment Date (the deficiency being a "**Senior Principal Shortfall**"), an amount equal to the lesser of:On each Payment Date to the extent that the amount available for distribution under subsection 7.04(e) and the amounts, if any, available pursuant to subsection 7.07(a) is less than the sum of the amounts to be paid or transferred pursuant to clauses (i) through (v) of subsection 7.04(e), an amount equal to such deficiency shall be withdrawn from the IESO Cash Reserve Account and applied to the making of such payments and transfers in the order in which they are to be paid or transferred under subsection 7.04(e).

(i) the Senior Principal Shortfall, and

(ii) the amount, if any, by which the amount on deposit in the Interest Accumulation Account equals or exceeds the amount of accrued and unpaid interest on the Senior Funding Obligations as of such Principal Payment Date,

shall be transferred from the Interest Accumulation Account to the Principal Accumulation Account on such Principal Payment Date.] **[NTD: consider deleting in order to allow for carrying costs funded by the IESO to be paid into the Interest Accumulation Account]**

(c) Upon all funds in the IESO Cash Reserve Account being paid in accordance with clauses (a) and (b), the IESO Cash Reserve Account shall be closed.

7.08 Allocation of Amounts on Deposit in Program Cash Reserve Account

(a) On each Interest Payment Date, amounts on deposit in the Program Cash Reserve Account shall be applied in the following order of priority:

(i) First, to the extent that the amount on deposit in the Interest Accumulation Account is less than the amount of interest due and payable on the Senior Funding Obligations on such Interest Payment Date, an amount equal to such deficiency shall be applied, on a *pro rata* basis, to the payment of interest due and payable on the Senior Funding Obligations on such Interest Payment Date;

(ii) Second, to the extent that the amount available from the Interest Accumulation Account under subsection 7.05(b) is less than the amount of interest due and payable on the Subordinated Funding Obligations on such Interest Payment Date, an amount equal to such deficiency shall be applied, on a *pro rata* basis, to the payment of interest due and payable on

~~the Subordinated Funding Obligations on such Interest Payment Date; provided that after making such payment, the amount remaining on deposit in the Program Cash Reserve Account is equal to or greater than the Program Cash Reserve Required Amount (Senior); and~~

(a) ~~(iii) Third~~On each Payment Date (after making the applications provided for in Section 7.07 and 7.04(e)), to the extent that the amount ~~available from~~on deposit in the Interest Accumulation Account~~ under subsection 7.05(c)~~ is less than the ~~amount of interest due and payable on~~sum of the Interest Accrual Amount (Senior), the Interest Accrual Amount (Subordinated) and the Interest Accrual Amount (Junior Subordinated~~ Funding Obligations on such Interest~~), in each case for such Payment Date, an amount equal to such deficiency shall be ~~applied, on a *pro rata* basis, to the payment of interest due and payable on the Junior Subordinated Funding Obligations on such Interest Payment Date; provided that after making such payment, the amount remaining on deposit in~~withdrawn from the Program Cash Reserve Account and deposited into the Interest Accumulation Account~~ is equal to or greater than the sum of the Program Cash Reserve Required Amount (Senior) and the Program Cash Reserve Required Amount (Subordinated).~~ .

(b) ~~[~~On each Principal Payment Date (~~and if the Principal Payment Date is also an Interest Payment Date,~~ after making the applications provided for in subsection 7.08(a)~~ and Section 7.07~~), amounts on deposit in the Program Cash Reserve Account ~~shall be applied~~will be distributed by the Paying Agent in the~~ following~~ order of priority specified below, based upon the Payment Instruction received from the Manager in respect of such Principal Payment Date:

(i) First, to the extent that the amount on deposit in the Principal Accumulation Account is less than the amount of principal due and payable on the Warehouse Obligations on such Principal Payment Date, an amount equal to such deficiency shall be applied, on a *pro rata* basis, to the payment of principal due and payable on the Warehouse Obligations on such Principal Payment Date;

(ii) Second, to the extent that the amount on deposit in the Principal Accumulation Account is less than the amount of principal due and payable on the Senior Funding Obligations (other than Warehouse Obligations) on such Principal Payment Date, an amount equal to such deficiency shall be applied, on a *pro rata* basis, to the payment of principal due and payable on the Senior Funding Obligations (other than Warehouse Obligations) on such Principal Payment Date;

(iii) Third, to the extent that the amount available from the Principal Accumulation Account under ~~Section~~subsection 7.06(~~c~~b)(iii) is less than the amount of principal due and payable on the Subordinated Funding Obligations on such Principal Payment Date, an amount equal to such deficiency shall be applied, on a *pro rata* basis, to the payment of principal

due and payable on the Subordinated Funding Obligations on such Principal Payment Date;~~ provided that after making such payment, the amount remaining on deposit in the Program Cash Reserve Account is equal to or greater than the Program Cash Reserve Required Amount (Senior);~~ and

(iv) Fourth, to the extent that the amount available from the Principal Accumulation Account under ~~Section~~subsection 7.06(~~d~~b)(iv) is less than the amount of principal due and payable on the Junior Subordinated Funding Obligations on such Principal Payment Date, an amount equal to such deficiency shall be applied, on a *pro rata* basis, to the payment of principal due and payable on the Junior Subordinated Funding Obligations on such Principal Payment Date~~; provided that after making such payment, the amount remaining on deposit in the Program Cash Reserve Account is equal to or greater than the sum of the Program Cash Reserve Required Amount (Senior) and the Program Cash Reserve Required Amount (Subordinated).] **[NTD: consider deleting in order to allow for carrying costs funded by the IESO to be paid into the Interest Accumulation Account]**~~.

(c) Any amounts remaining after making the applications referred to in subsection 7.08(a) ~~[~~and subsection 7.08(b)~~]~~ shall: (i) be held in the Program Cash Reserve Account for distribution under this Section 7.08 on the succeeding Interest Payment Date or Principal Payment Date; or (ii) after the final Issuer Funding Obligation has been repaid in full, be transferred to the Collection Account and applied in accordance with subsection 7.04(e).

(d) Notwithstanding the foregoing clauses in this Section 7.08, upon the occurrence and during the continuance of any Event of Default and acceleration of the Issuer Funding Obligations in accordance with Section ~~8.02,~~8.02, any amounts in the Program Cash Reserve Account shall be applied in accordance with Section 8.13.

7.09 Allocation of Amounts on Deposit in Refinancing Account

(a) Not less than 30 days prior to the first day of the Reference Period that includes the Principal Accumulation Date or Principal Payment Date in respect of a Series of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations, the Issuer shall, if it intends to repay all or a portion of the principal obligations of such Funding Obligation Agreement pursuant to a Refinancing, issue a Refinancing Notice to the Indenture Trustee.

(b) On completion of a Refinancing, all proceeds received by the Issuer shall be deposited to the Refinancing Account.

(c) On each Principal Payment Date, an amount shall be transferred from the Refinancing Account to the Principal Accumulation Account equal to the lesser of:

(i) the amount on deposit in the Refinancing Account; and

(ii) the Deferred Principal Accumulation Amount.

(d) After the final Issuer Funding Obligation has been repaid in full, any amounts remaining in the Refinancing Account shall be deposited to the Collection Account and applied in accordance with subsection 7.04(e).

(e) Notwithstanding the foregoing clauses in this Section 7.09, upon the occurrence and during the continuance of any Event of Default and the acceleration of the Issuer Funding Obligations in accordance with Section 8.02, any amounts in the Refinancing Account shall be applied in accordance with Section 8.13.

7.10 Allocation of Amounts on Deposit in Protection Account

(a) All amounts received by the Issuer from the Province ~~in connection with its guarantee under~~pursuant to the Change of Law Protection Agreement shall be deposited in the Protection Account.

(b) On each ~~date that~~Guarantee Payment Date in respect of which the Province makes a payment pursuant to the Change of Law Protection Agreement, the Paying Agent will, prior to making any payments under any other Payment Waterfall, distribute all amounts in the Protection Account solely to satisfy payments in respect of Approved Obligations as set out in the written statement delivered by the Manager to the Province under Section 2.01(a)i. of the Change of Law Protection Agreement in the order of priority the applicable Obligation Secured ~~would have had~~has under the applicable Payment Waterfall and based upon the Payment ~~Instructions~~Instruction received from the Manager in respect of such ~~date~~Guarantee Payment Date.

~~(c) Any amounts remaining after making the applications referred to in clause (b) above shall be transferred to the Province free and clear of the Security Interest.~~

(c) ~~(d) Upon payment by the Province of an Obligation Secured pursuant to the Change of Law Protection Agreement, the Province shall become subrogated to the rights and interests of the Specified Creditor(s) benefitting from such payment (the "**Provincial Subrogation Claims**") and shall be entitled to receive distributions in accordance with the applicable Payment Waterfall in the priority and to the extent that such Obligation Secured would have received had such Obligation Secured not been paid by the Province pursuant to this Section 7.10.~~Upon the Province paying any amount in respect of an Approved Obligation as contemplated in subsection 7.10(b), the Province shall be subrogated and entitled to each applicable Specified Creditor's rights and interests under and in respect of the Approved Obligation to the extent of payments made to the Specified Creditor out of the Protection Account and shall be entitled to (i) the right and entitlement to be paid and receive the related Subrogation Amounts and (ii) the benefits of the related Collateral and all proceeds therefrom. The Province

shall have and be entitled to enforce all rights and interests under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Specified Creditor, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Issuer of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Specified Creditor to the Issuer and unaffected by any other rights or equities that arise thereafter as between the Specified Creditor and the Issuer. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the relevant Specified Creditor in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under this Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under this Indenture and any other agreement under which the Approved Obligation arises. For greater certainty, the entitlements of the Province in respect of Subrogation Amounts arising in respect of Approved Obligations that are interest and principal obligations on Notes shall be treated for all purposes of this Indenture as interest and principal obligations, respectively, arising under Notes having the same priority as and any applicable voting rights under the related Approved Obligations, and accordingly the Province (and any successor, assignee or transferee of such entitlements) shall be entitled to all of the rights, entitlements, interests and privileges of a holder of such Notes in accordance with this Indenture and the Related Funding Obligation Agreement.

(d) On each Guarantee Payment Date, Payment Date or other day on which any amount is required to be paid in respect of any Obligation Secured, commencing with the first Guarantee Payment Date, the following shall apply:

(i) if such day is a Guarantee Payment Date, then for each Approved Obligation for which amounts are paid from the Protection Account to a Specified Creditor pursuant to subsection 7.10(b), the amount payable to such Specified Creditor under such Approved Obligation shall be reduced by the amount of such payment, and an equivalent amount (the "**Subrogation Amount**") shall be payable by the Issuer to the Province in respect of such Approved Obligation, such Subrogation Amount to be payable in the same order of priority under the applicable Payment Waterfall as the Obligation Secured previously owing to such Specified Creditor.

(ii) if the Province has made all deposits required to be made by it on each Guarantee Payment Date occurring on or before such day in accordance with subsection 7.10(b) (or the related Approved Obligation Amounts have otherwise all been paid in full), then in respect of each Approved Obligation for which any related Subrogation Amounts have not yet been paid in full to the Province, the Issuer shall pay to the Province from amounts available under the applicable Payment Waterfall in accordance

with the priority of payment provisions in such Payment Waterfall the amount that would be payable on such date in satisfaction of the relevant Approved Obligation, as determined without regard to any amounts paid on any Guarantee Payment Date pursuant to subsection 7.10(b) and also without regard to the corresponding reduction of the amounts owing to present and former Specified Creditors pursuant to subsection 7.10(d)(i) up to the amount of the unpaid related Subrogation Amounts.

(e) No Specified Creditor having a right to be paid an amount in respect of an Approved Obligation, and no other Person entitled under an Obligation Secured, in each case that ranks equal with or subordinate to the Approved Obligation in respect of which a Subrogation Amount is payable to the Province under subsection 7.10(d), shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under subsection 7.10(d) (including any right of set-off, offset, reimbursement, contribution or indemnity) and no such Specified Creditor or other Person shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of any such Subrogation Amount.

(f) Any amount payable to the Province in respect of a Subrogation Amount shall bear interest from and including the date of payment by the Province of the related amount pursuant to subsection 7.10(b) to but excluding the date of payment of the Subrogation Amount to the Province, such interest to accrue at the rate equivalent to the applicable interest rate borne by the related Approved Obligation, and such interest amounts shall be added to their respective Subrogation Amounts and shall consequently be payable in the same priority as the relevant Subrogation Amount under subsection 7.10(d), all such accruing interest amounts to be calculated and added to the Subrogation Amounts by the Manager in its discretion acting in a commercially reasonable fashion.

(g) On each Guarantee Payment Date and upon demand by the Province, the Indenture Trustee shall release and the Paying Agent shall, upon receipt of a Payment Instruction, pay to the Province free and clear of any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay Specified Creditors on the Guarantee Payment Date in accordance with subsection 7.10(b) or that otherwise remains on deposit in the Protection Account on the relevant date.

7.11 Allocation of Amounts on Deposit in Series Accounts

If, after giving effect to payments made on any Payment Date, the amount in the Collection Account is insufficient to satisfy all amounts required to be paid to Specified Creditors on such date, amounts on deposit in any Series Account may be withdrawn from such Series Account and allocated to Specified Creditors in accordance with the terms of the Related Funding Obligation Agreement.

7.12 Payments to be Held in Trust

If, notwithstanding the Payment Waterfalls, any payment on Obligations Secured shall be received at any time by any Specified Creditor, other than in accordance with this Indenture, then the funds received in respect of such payment shall be held by such Specified Creditor in trust for the Issuer and the other Specified Creditors and such Specified Creditor shall forthwith remit to the Indenture Trustee such funds.

7.13 Application of Trust Money

All money and obligations deposited with the Indenture Trustee pursuant to this Article VII and all money received by the Indenture Trustee in respect of such obligations will be held in trust and applied by it, in accordance with the provisions of the Program Agreements in respect of which it was deposited and this Indenture, to the payment, either directly or through any Paying Agent (including the Issuer acting as its own Paying Agent) as the Indenture Trustee, at the direction of the Manager, may determine, to the Persons entitled thereto, of the principal, interest, fees and other amounts for whose payment that money and obligations have been deposited with or received by the Indenture Trustee. Money held by the Indenture Trustee in trust hereunder need not be segregated from other funds except to the extent required by this Indenture or by applicable law. The Indenture Trustee will be under no liability for interest on any money received by it hereunder except as otherwise agreed with the Issuer.

ARTICLE VIII
EVENTS OF DEFAULT AND REMEDIES

8.01 Events of Default

"**Event of Default**," wherever used herein, means any one of the following events (whatever the reason for such Event of Default and whether it will be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any Governmental Authority): ~~**[NTD: cure periods to be confirmed]**~~

(a) a default by the Issuer in the payment of any interest on any Controlling Class Obligations when such interest becomes due and payable, and continuance of such default for a period of ~~**[65]**~~five (5) days following the date on which such interest became due and payable;~~ provided that Controlling Class Creditors holding at least 25% of the Outstanding Dollar Principal Amount of all Controlling Class Obligations have given, by registered or certified mail, notice to the Issuer and the Indenture Trustee specifying such default and stating that such notice is a "Notice of Default" hereunder;~~

(b) a default by the Issuer in the payment of any principal of any Controlling Class Obligations at its Principal Payment Default Date;~~ provided that Controlling Class Creditors holding at least 25% of the Outstanding Dollar Principal Amount of all Controlling Class Obligations have given, by registered or certified mail, notice to the Issuer and the Indenture Trustee specifying such default and stating that such notice is a "Notice of Default" hereunder;~~

(c) any representation or warranty contained in Section 12.01 proves to be incorrect in any material respect when made and such incorrect representation or warranty if capable of being remedied by the Issuer, has not been remedied for a period of 60 days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by Controlling Class Creditors holding at least 25% of the Outstanding Dollar Principal Amount of all Controlling Class Obligations, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default" hereunder and, as a result of such default, the interests of such Controlling Class Creditors are materially and adversely affected and continue to be materially and adversely affected during the 60-day period;

(d) a default in the performance, or breach, of any covenant of the Issuer in this Indenture in respect of any Controlling Class Obligations (other than an agreement, covenant or warranty a default in the performance of which or the breach of which is elsewhere specifically dealt with in this Section 8.01), all of such covenants in this Indenture which are not expressly stated to be for the benefit of a particular Series of Issuer Funding Obligations being deemed to be in respect of all Series of Issuer Funding Obligations for this purpose, and continuance of such default or breach for a period of 60 days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by Controlling Class Creditors holding at least 25% of the Outstanding Dollar Principal Amount of all Controlling Class Obligations, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default" hereunder and, as a result of such default, the interests of such Controlling Class Creditors are materially and adversely affected and continue to be materially and adversely affected during the 60-day period;

(e) the Issuer fails to maintain its existence or its status as a Financing Entity or an Insolvency Event occurs in respect of the Issuer;

~~(f) the Change of Law Protection Agreement ceases to be in full force and effect against the Province and if the Province does not, within **[60]** days of receipt of notice of such agreement not being in full force and effect, cause such agreement to be in full force and effect or replace such agreement with a new agreement that is in form and substance satisfactory to Controlling Class Creditors, acting reasonably, pursuant to an Ordinary Resolution;~~

(f) ~~(g)~~ the Change of Law Protection Agreement ceases to be in full force and effect against the Province, or the validity of the Change of Law Protection Agreement or the applicability thereof to the Province or to any Controlling Class Obligations or any other obligations purported to be secured thereby or any material part thereof shall be disaffirmed in writing by or on behalf of the Province; ~~or~~

(g) ~~(h)~~ an Acceleration Event has occurred; provided that Controlling Class Creditors holding at least 25% of the Outstanding Dollar Principal Amount of all

Controlling Class Obligations have given, by registered or certified mail, notice to the Issuer and the Indenture Trustee specifying such default and stating that such notice is a "Notice of Default" hereunder;

(h) a default in the performance or breach by the Issuer of its covenant in Section 13.11 and the continuance of such default or breach for a period of three (3) Business Days after notice thereof has been given to the Issuer by the Indenture Trustee;

(i) at any time, the amounts, if any, withdrawn from the Program Cash Reserve Account pursuant to Section 7.08(a) prior to such time, exceeds the aggregate of (x) an amount equal to 0.50% of the largest Outstanding Dollar Principal Amount of all Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations at any time on or before such time, plus (y) the sum of all amounts deposited to the Program Cash Reserve Account pursuant to Section 7.04(e)(xiii) prior to such time; or

(j) a Servicer Default shall occur.

If Controlling Class Obligations constituting 25% or more of the Outstanding Dollar Principal Amount of all Controlling Class Obligations have been accelerated in accordance with the Related Funding Obligation Agreements, the threshold required to declare an Event of Default described in clause ~~(a), (b),~~ (c), (d) or (~~h~~g) shall be deemed to have been met and no vote of Controlling Class Creditors to declare an Event of Default shall be required. For greater certainty, failure to pay amounts owing pursuant to a Derivative Agreement shall not constitute grounds for an Event of Default.

8.02 Acceleration of Maturity; Rescission and Annulment

(a) If an Event of Default (other than an Event of Default described in clause (e)~~, (f)~~ or (~~g~~f) of Section 8.01) occurs and is continuing, then and in each and every such case, unless the principal of all the Controlling Class Obligations shall have already become due and payable, either the Indenture Trustee or Controlling Class Creditors holding not less than 50% of the Outstanding Dollar Principal Amount of all Controlling Class Obligations (treated as one class), by notice in writing to the Issuer (and to the Indenture Trustee if given by such Controlling Class Creditors), may declare the Outstanding Dollar Principal Amount of all Issuer Funding Obligations (other than Derivative Funding Obligations) and all interest accrued or principal accreted and unpaid (if any) thereon to be due and payable immediately, and upon any such declaration the same will become and will be immediately due and payable, notwithstanding anything in this Indenture or any Funding Obligation Agreement to the contrary. In any vote to determine whether the requisite number of Controlling Class Creditors have agreed to accelerate the Issuer Funding Obligations pursuant to this subsection 8.02(a), Controlling Class Creditors whose Controlling Class Obligations have been accelerated in accordance with the Related Funding Obligation Agreements shall be deemed to have voted in favour of acceleration to the extent of the Outstanding Dollar

Principal Amount of those Controlling Class Obligations which have been accelerated. If Controlling Class Obligations constituting 50% or more of the Outstanding Dollar Principal Amount of all Controlling Class Obligations have been accelerated in accordance with the Related Funding Obligation Agreements, no vote of Controlling Class Creditors to accelerate the Issuer Funding Obligations shall be required and all remaining Issuer Funding Obligations (other than Derivative Funding Obligations) will become and will be immediately due and payable, notwithstanding anything in this Indenture or any Funding Obligation Agreement to the contrary.

(b) If an Event of Default described in clause (e)~~, (f)~~ or (~~g~~f) of Section 8.01 occurs and is continuing, then all Issuer Funding Obligations (other than Derivative Funding Obligations) will automatically be and become immediately due and payable by the Issuer, without notice or demand to any Person, and the Issuer will automatically and immediately be obligated to pay off the Issuer Funding Obligations.

(c) At any time after such a declaration of acceleration has been made or an automatic acceleration has occurred with respect to the Issuer Funding Obligations (other than Derivative Funding Obligations) and before a judgment or decree for payment of the money due has been obtained by the Indenture Trustee as hereinafter provided in this Article VIII, Controlling Class Creditors may, by Extraordinary Resolution, rescind and annul such declaration and its consequences if:

(i) the Issuer has paid or deposited with the Indenture Trustee a sum sufficient to pay (A) all overdue installments of interest on the Controlling Class Obligations, (B) the principal of any Controlling Class Obligations which have become due otherwise than by such declaration of acceleration, and interest thereon at the rate or rates prescribed therefor by the terms of the Related Funding Obligation Agreements, to the extent that payment of such interest is lawful, (C) interest upon overdue installments of interest at the rate or rates prescribed therefor by the terms of the Related Funding Obligation Agreements, to the extent that payment of such interest is lawful, and (D) all sums paid by the Indenture Trustee hereunder and the reasonable compensation, expenses and disbursements of the Indenture Trustee, its agents and counsel and all other amounts due to the Indenture Trustee under Section 9.05; and

(ii) all Events of Default, other than the nonpayment of the principal of the Controlling Class Obligations which has become due solely by such acceleration, have been cured or waived as provided in Section 8.03.

(d) If, at any time, any Event of Default capable of being remedied has been remedied by the Issuer to the satisfaction of the Indenture Trustee: (i) the Security Interest will no longer be or be deemed to be enforceable by reason of such Event of Default; (ii) any rights which had become vested in the Indenture Trustee by

virtue thereof will be and be deemed to be cancelled as fully and to the same extent as though no such Event of Default had occurred; and (iii) the Indenture Trustee will, or will instruct any receiver appointed pursuant to this Indenture to restore to the Issuer any Collateral in the possession of the Indenture Trustee or receiver, as the case may be.

(e) No such rescission will affect any subsequent Default or impair any right consequent thereon, nor will any such rescission apply to any event of default applicable solely to any Series or Tranche of Issuer Funding Obligations and contained in any Related Funding Obligation Agreement.

8.03 Waiver of Past Defaults

Subject to Section 8.02(c), Controlling Class Creditors may, by Ordinary Resolution, waive any past Default hereunder and its consequences, provided that the Rating Agency Condition in respect of each Series or Tranche of the Controlling Class Obligations has been satisfied. Upon any such waiver, such Default will cease to exist, and any Event of Default arising therefrom will be deemed to have been cured, for every purpose of this Indenture; but no such waiver will extend to any subsequent or other Default or impair any right consequent thereon.

8.04 Notice of Defaults

(a) Within 90 days after the occurrence of any Default, Event of Default or Acceleration Event of which the Indenture Trustee has received written notice:

(i) the Indenture Trustee will transmit by mail to all Registered Noteholders, as their names and addresses appear in the Note Register, notice of such Default, Event of Default or Acceleration Event;

(ii) the Indenture Trustee will notify all holders of Bearer Notes by publication of notice of such Default, Event of Default or Acceleration Event in an Authorized Newspaper, or as otherwise provided in the Related Supplemental Indenture;

(iii) the Indenture Trustee will give prompt written notification of such Default, Event of Default or Acceleration Event to those Lenders and other Specified Creditors that are included on the Specified Creditor list provided by the Issuer pursuant to ~~Section~~subsection 13.13(b); and

(iv) the Indenture Trustee will give prompt written notification of such Default, Event of Default or Acceleration Event to the Rating Agencies~~, unless such Default, Event of Default or Acceleration Event will have been cured or waived~~;

provided, however, that (A) the Indenture Trustee shall not be liable for failing to distribute any written notice pursuant to this Section 8.04 to any party that is at the time of delivery a Specified Creditor but is not on the list of Specified Creditors

~~provided~~held by the ~~Issuer~~Indenture Trustee pursuant to subsection ~~13.13(b~~9.14(a), and (B) except in the case of a default in the payment of the principal of or interest on any Issuer Funding Obligation, the Indenture Trustee will be protected in withholding such notice if and so long as a Responsible Officer of the Indenture Trustee in good faith determines that the withholding of such notice is in the interests of Debtholders.

(b) When notice of the occurrence of a Default, Event of Default or Acceleration Event has been given and the Default, Event of Default or Acceleration Event is thereafter cured, notice that the Default, Event of Default or Acceleration Event is no longer continuing shall be given by the Indenture Trustee to Persons to whom notice was sent pursuant to subsection 8.04(a) within a reasonable time, but not exceeding 30 days in any event, after the Indenture Trustee receives notice from the applicable Debtholders that the Default, Event of Default or Acceleration Event has been cured.

8.05 Remedies Generally

Subject to subsections 8.02(c) and (d)~~,~~ and Section 8.03, if the Controlling Class Obligations become due and payable pursuant to Section 8.02 and the Issuer has failed to pay such Controlling Class Obligations, the Indenture Trustee (subject, however, to compliance with the provisions of Section 9.02(d) with respect to the giving of indemnity and funds) may proceed to realize upon the Security Interest and to enforce the rights of the Indenture Trustee and of the Specified Creditors to whom Obligations Secured are owed by (i) application to any court of competent jurisdiction for an order of sequestration and payment of amounts in respect of clean energy adjustments, collections or remittances in accordance with the Act, (ii) possession of the Collateral, (iii) appointment of a receiver with respect to the Collateral, (iv) proceedings in any court of competent jurisdiction for the appointment of a receiver or for sale of the Collateral or any part thereof, or for foreclosure, (v) subject to Section 10.02, exercise any of the rights of the Issuer under any of the Program Agreements, including the right to replace the Manager or the Servicer in accordance with Section 8.10, or (vi) any other action, suit, remedy or proceeding authorized or permitted by this Indenture or by applicable law or by equity.

8.06 Default Interest and Expenses

The Issuer covenants that if:

(a) the Issuer defaults in the payment of interest on any Series of ~~Issuer Funding~~Controlling Class Obligations when such interest becomes due and payable and such default continues for a period of ~~65~~five (5) days following the Interest Payment Date on which such interest became due and payable, or

(b) the Issuer defaults in the payment of the principal amount of any Series of ~~Issuer Funding~~Controlling Class Obligations on the Principal Payment Default Date thereof;

the Issuer will, upon demand of the Indenture Trustee, pay (subject to the allocation provided in Article VII and this Article VIII and any Related Funding Obligation Agreement) to the Indenture

Trustee, for the benefit of the Debtholders of any such Issuer Funding Obligations, the whole amount then due and payable on any such Issuer Funding Obligations for principal and interest, with interest, to the extent that payment of such interest will be legally enforceable, upon the overdue principal and upon overdue installments of interest, (i) in the case of interest-bearing Issuer Funding Obligations, at the rate of interest applicable to the principal amount thereof, unless otherwise specified in the Related Funding Obligation Agreement; and (ii) in the case of Discount Notes, as specified in the Related Supplemental Indenture, and in addition thereto, will pay such further amount as will be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Indenture Trustee, its agents and counsel and all other amounts due to the Indenture Trustee under Section 9.05.

If the Issuer fails to pay such amounts forthwith upon such demand, the Indenture Trustee may, if the Issuer Funding Obligations have been accelerated in accordance with Section 8.02, take immediate steps to enforce the Security Interest, including instituting, in its own name and as trustee of an express trust, a judicial proceeding seeking the appointment of a receiver or a judicial proceeding for the collection of the sums so due and unpaid, and may directly prosecute such proceeding to judgment or final decree, and the Indenture Trustee may enforce the same against the Issuer and collect the money adjudged or decreed to be payable in the manner provided by applicable law out of the Collateral, wherever situated.

8.07 Indenture Trustee May File Proofs of Claim

In case of the pendency of any receivership, insolvency, liquidation, bankruptcy or other similar proceeding relative to the Issuer or the property of the Issuer, the Indenture Trustee (irrespective of whether the principal of the Issuer Funding Obligations will then be due and payable as therein expressed or by declaration or otherwise) will be entitled and empowered by intervention in such proceeding or otherwise:

(a) to file and prove a claim for the whole amount of principal, interest, fees and other amounts owing and unpaid in respect of the Issuer Funding Obligations and to file such other papers or documents as may be necessary and advisable in order to have the claims of the Indenture Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Indenture Trustee, its agents and counsel and all other amounts due to the Indenture Trustee under Section 9.05) and of the Debtholders allowed in such judicial proceeding, and

(b) to collect and receive any funds or other property payable or deliverable on any such claims and to distribute the same;

and any receiver, assignee, trustee, liquidator or other similar official in any such proceeding is hereby authorized by each Specified Creditor to make such payment to the Indenture Trustee, and in the event that the Indenture Trustee will consent to the making of such payments directly to the Specified Creditors, to pay to the Indenture Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Indenture Trustee, its agents and counsel, and any other amounts due to the Indenture Trustee under Section 9.05.

8.08 Indenture Trustee May Enforce Claims Without Possession of Notes

All rights of action and claims under this Indenture or the Notes of any Class, Series or Tranche may be prosecuted and enforced by the Indenture Trustee without the possession of any of the Notes of such Class, Series or Tranche or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Indenture Trustee will be brought in its own name as trustee of an express trust.

8.09 Indenture Trustee May Elect to Hold the Collateral

Following an acceleration of Issuer Funding Obligations in accordance with Section 8.02, the Indenture Trustee may elect to continue to hold the Collateral and apply distributions on the Collateral in accordance with the distribution provisions of Section 8.13.

8.10 Termination by Indenture Trustee of Manager and Servicer

Upon the occurrence and during the continuance of an Event of Default, the Indenture Trustee shall have the right to (and, upon receipt of an Extraordinary Resolution to that effect, shall) terminate the appointment of the then existing Manager under the Management Agreement and/or the Servicer under the Master Transfer and Servicing Agreement, and appoint new Persons under such agreements in accordance with such direction, provided that the Issuer shall have the right to reinstate any appointee under such agreements at such time as the Event of Default is no longer continuing.

8.11 Control by Controlling Class Creditors

(a) Subject to Section 10.02(b), Controlling Class Creditors will, by Ordinary Resolution, have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Indenture Trustee, or exercising any trust or power conferred on the Indenture Trustee with respect to all Issuer Funding Obligations, provided that:

(i) the Indenture Trustee will have the right to decline to follow any such direction if the Indenture Trustee, being advised by counsel, determines that the action so directed may not lawfully be taken or would conflict with this Indenture, or if the Indenture Trustee in good faith determines that the proceedings so directed would involve it in personal liability or be unjustly prejudicial to the Controlling Class Creditors not taking part in such direction; and

(ii) the Indenture Trustee may take any other action permitted hereunder deemed proper by the Indenture Trustee which is not inconsistent with such direction.

(b) For greater certainty, Specified Creditors other than Debtholders shall not and do not have any right to direct the time, method and place of conducting any proceeding for any remedy available to the Indenture Trustee, or exercising any trust or power conferred on the Indenture Trustee. Specified Creditors other than

Debtholders shall only have the right to receive proceeds following an Event of Default in the manner provided for in Section 8.13.

8.12 Limitation on Suits

To the fullest extent permitted by applicable law, no Specified Creditor will have any right to institute any proceeding, judicial or otherwise, with respect to this Indenture, or for the appointment of a receiver or trustee or similar official, or for any other remedy hereunder, unless:

(a) the Issuer or a Controlling Class Creditor has previously given written notice to the Indenture Trustee of a continuing Event of Default;

(b) Controlling Class Creditors, by way of Ordinary Resolution, have made written request to the Indenture Trustee to institute proceedings in respect of such Event of Default in the name of the Indenture Trustee hereunder;

(c) such Controlling Class Creditors have offered to the Indenture Trustee (when so requested by the Indenture Trustee) indemnity reasonably satisfactory to it against the costs, expenses and liabilities to be incurred in compliance with such request; and

(d) the Indenture Trustee, for 60 days after the Indenture Trustee has received such notice, request and offer of indemnity has failed to institute any such proceeding;

it being understood and intended that no one or more Specified Creditors will have any right in any manner whatsoever by virtue of, or by availing of, any provision of this Indenture to affect, disturb or prejudice the rights of any other Specified Creditor, or to obtain or to seek to obtain priority or preference over any other Specified Creditor or to enforce any right under this Indenture, except in the manner herein provided and for the benefit of all Specified Creditors. If the above conditions have been met, a Controlling Class Creditor may exercise such rights in accordance with this Indenture.

8.13 Application of Money Following an Event of Default

Subject to the following paragraph and to Section 7.10, upon the occurrence and during the continuance of an Event of Default which has been accelerated in accordance with Section 8.02, any money or other property standing in each Issuer Account or otherwise received by the Indenture Trustee pursuant to this Article VIII will be applied in the order of priority specified in this Section 8.13, *pro rata* in proportion to the claims represented by each subclause, except as otherwise specifically provided below:

(a) First, to the payment or remittance of all Taxes exigible for which a Governmental Authority is given priority over the Specified Creditors under the laws of the applicable jurisdiction;

(b) Second, to the Indenture Trustee and the Issuer Trustee in respect of the amount of fees, expenses and reimbursements owing~~, up to a maximum aggregate amount (without duplication of amounts previously paid in respect of such fees, expenses,~~

~~reimbursements and indemnified claims) of **[■ percent (■%)] [NTD: Dealers to advise]** of the Outstanding Dollar Principal Amount of all Issuer Funding Obligations at such time~~;

(c) Third, *pari passu*, (A) to Debtholders, on a *pro rata* basis, in respect of all interest accrued and unpaid, if any, and fees and other amounts (other than principal) due and payable on the Senior Funding Obligations, and (B) to Derivative Counterparties, on a *pro rata* basis, all Derivative Funding Obligations payable other than Termination Payments;

(d) Fourth, to Debtholders, on a *pro rata* basis, in respect of all interest accrued and unpaid, if any, and fees and other amounts (other than principal) due and payable on the Subordinated Funding Obligations;

(e) Fifth, to Debtholders, on a *pro rata* basis, in respect of all interest accrued and unpaid, if any, and fees and other amounts (other than principal) due and payable on the Junior Subordinated Funding Obligations;

(f) Sixth, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of the Warehouse Obligations until such amount has been paid in full;

(g) ~~(e) Fifth~~Seventh, *pari passu*, (A) to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of the Senior Funding Obligations (other than Warehouse Obligations) until such amount has been paid in full, and (B) to Derivative Counterparties, on a *pro rata* basis, any Termination Payment where the Derivative Counterparty is not the Defaulting Party or the sole Affected Party;

(h) ~~(f) Sixth~~Eighth, to the Manager in respect of all fees, expenses and reimbursement amounts owing;

~~(g) Seventh, to Debtholders, on a *pro rata* basis, in respect of all interest accrued and unpaid, if any, and fees and other amounts (other than principal) due and payable on the Subordinated Funding Obligations;~~

(i) ~~(h) Eighth~~Ninth, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of the Subordinated Funding Obligations until such amount has been paid in full;

~~(i) Ninth, to the Manager in respect of all indemnity amounts owing;~~

~~(j) Tenth, to Debtholders, on a *pro rata* basis, in respect of all interest accrued and unpaid, if any, and fees and other amounts (other than principal) due and payable on the Junior Subordinated Funding Obligations;~~

(j) ~~(k) Eleventh~~Tenth, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of the Junior Subordinated Funding Obligations until such amount has been paid in full;

(k) ~~(l) Twelfth~~Eleventh, to each Derivative Counterparty, on a *pro rata* basis, any Termination Payment where the Derivative Counterparty is the Defaulting Party or the sole Affected Party;

(l) Twelfth, to the Manager in respect of all indemnity amounts owing;

(m) Thirteenth, *pari passu* (i) ~~to the Indenture Trustee and the Issuer Trustee, in each case, in respect of the amount of any fees, expenses, reimbursements and indemnity amounts owing and not previously paid pursuant to clause (b); (ii)~~ to the payment or remittance of all Taxes exigible and not previously paid pursuant to clause (a); and (~~iii~~ii) to all other Specified Creditors not specifically referred to in this Section 8.13; in each case, including for each referenced party in subclauses (i~~), (ii~~) and (~~iii~~ii), any amounts payable to their respective Affiliates under the terms of any relevant indemnity; and

(n) Fourteenth, to the Issuer or as the Issuer otherwise directs.

Notwithstanding the foregoing, amounts on deposit in a Series Account established solely for the benefit of one or more Series of Issuer Funding Obligations shall first be used to satisfy all obligations owing to those Debtholders or Derivative Counterparties for whom such Series Account was established. If any amounts remain following such application, such amounts shall constitute Available Collections and shall be applied in accordance with the priorities set out above. In addition, amounts on deposit in the Protection Account shall only be used to satisfy the obligations for which such amounts were deposited.

8.14 Limited Recourse

(a) Notwithstanding any other provision of this Indenture to the contrary, the obligation to pay principal of or interest on any Issuer Funding Obligation or any other amount payable to any Specified Creditor will be without recourse to the Indenture Trustee, the Issuer Trustee, the Manager or any Affiliate, officer, employee, member or director of any of them, and the satisfaction of the obligation of the Issuer to pay principal of or interest on any Issuer Funding Obligation or any other amount payable to any Specified Creditor will be subject to the allocation and payment provisions of this Indenture and any Related Funding Obligation Agreement, and limited to amounts available from the Collateral.

(b) No recourse may be taken, directly or indirectly, with respect to the obligations of the Issuer under the Issuer Funding Obligations or under this Indenture, or any certificate or other writing delivered in connection herewith or therewith, against (i) the Issuer Trustee in its individual capacity, (ii) any owner of a unit in the Issuer or (iii) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Issuer Trustee in its individual capacity, any holder of a unit in the

Issuer or the Issuer Trustee or of any successor or assign of the Issuer Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Issuer Trustee has no such obligations in its individual capacity).

(c) Under no circumstances shall the Manager or any of its Affiliates be deemed an obligor or guarantor or otherwise deemed to be responsible for payment from its own funds of principal, interest, dividends or other amounts due on the Collateral, the Issuer Funding Obligations or any other Obligations Secured.

8.15 Restoration of Rights and Remedies

If the Indenture Trustee or any Controlling Class Creditor (to the extent and in the manner provided for in Section 8.12) has instituted any proceeding to enforce any right or remedy under this Indenture and such proceeding has been discontinued or abandoned for any reason, then and in every such case the Issuer, the Indenture Trustee and the Specified Creditors will, subject to any determination in such proceeding, be restored severally and respectively to their former positions hereunder, and thereafter all rights and remedies of the Indenture Trustee and the Specified Creditors will continue as though no such proceeding had been instituted.

8.16 Rights and Remedies Cumulative

No right or remedy herein conferred upon or reserved to the Indenture Trustee or to the Specified Creditors is intended to be exclusive of any other right or remedy, and every right and remedy will, to the extent permitted by applicable law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, will not prevent the concurrent assertion or employment of any other appropriate right or remedy.

8.17 Delay or Omission Not Waiver

No delay or omission of the Indenture Trustee or of any Controlling Class Creditor to exercise any right or remedy accruing upon any Event of Default will impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article VIII or by applicable law to the Indenture Trustee or to the Controlling Class Creditors may be exercised from time to time, and as often as may be deemed expedient, by the Indenture Trustee or by the Controlling Class Creditors, as the case may be.

8.18 Waiver of Stay or Extension Laws

The Issuer covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law wherever enacted, now or at any time hereafter in force, which may affect the covenants or the performance of this Indenture; and the Issuer (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Indenture Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

8.19 Indenture Trustee Appointed Attorney

The Issuer irrevocably constitutes and appoints the Indenture Trustee and any officer or employee thereof, with full power of substitution, as its true and lawful attorney coupled with an interest with full power and authority in the name of the Issuer or in its own name, in its discretion, upon the occurrence and during the continuance of any Event of Default and acceleration in accordance with Section 8.02, for the purpose of carrying out the terms of this Indenture to take all appropriate action and to execute any and all documents and instruments which may be necessary or desirable to accomplish the purposes hereof, and without limiting the generality of the foregoing, hereby gives the Indenture Trustee the power and right on behalf of the Issuer, without notice to or assent by the Issuer, to the extent permitted by applicable law, to do the following:

(a) to ask for, demand, sue for, collect and receive all and any monies due or becoming due with respect to the Collateral;

(b) to receive, take, endorse, assign and deliver any and all cheques, notes, drafts, acceptances, documents and other negotiable and non-negotiable instruments, documents and chattel paper taken or received by the Indenture Trustee in connection therewith and herewith; and

(c) to commence, file, prosecute, defend, settle, compromise or adjust any claim, suit, action or proceeding with respect to the Collateral.

8.20 Disclaimer of Marshalling

In the event that the Security Interest shall become enforceable and the Indenture Trustee shall have determined or become bound to enforce the same, the Issuer covenants not to invoke the doctrine of marshalling or any other equitable principle for the purpose of requiring the Indenture Trustee to realize or to have realized on any particular asset forming part of the Collateral.

ARTICLE IX
THE INDENTURE TRUSTEE

9.01 Certain Duties and Responsibilities

(a) The Indenture Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture with respect to the Obligations Secured, and no implied covenants or obligations will be read into this Indenture against the Indenture Trustee.

(b) In the exercise of the rights and duties prescribed or conferred by the terms of this Indenture, the Indenture Trustee will act honestly and in good faith with a view to the best interests of the Debtholders as a whole and exercise that degree of care, diligence and skill that a reasonably prudent trustee would exercise in comparable circumstances. When all Issuer Funding Obligations have been satisfied and discharged in accordance with Section 2.08(b), the Indenture Trustee shall no

longer act as Indenture Trustee under this Indenture and shall have no fiduciary responsibilities to any remaining Specified Creditors. From and after such time, the Indenture Trustee shall act only as the security agent for those Specified Creditors.

(c) In the absence of bad faith on its part, the Indenture Trustee may, with respect to any Obligations Secured, conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Indenture Trustee and conforming to the requirements of this Indenture; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Indenture Trustee, the Indenture Trustee will be under a duty to examine the same to determine whether or not they substantially conform to the requirements of this Indenture (but need not confirm or investigate the accuracy of any mathematical calculations or other facts stated therein).

(d) No provision of this Indenture will be construed to relieve the Indenture Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(i) this clause (d) will not be construed to limit the effect of subsection 9.01(a);

(ii) the Indenture Trustee will not be liable for any error of judgment made in good faith, unless it will be proved that the Indenture Trustee was negligent in ascertaining the pertinent facts;

(iii) the Indenture Trustee will not be liable with respect to any action taken or omitted to be taken by it in good faith if so directed by Extraordinary Resolution, relating to the time, method and place of conducting any proceeding for any remedy available to the Indenture Trustee, or exercising any trust or power conferred upon the Indenture Trustee, under this Indenture with respect to the Obligations Secured; and

(iv) no provision of this Indenture will require the Indenture Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers.

(e) Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Indenture Trustee will be subject to the provisions of this Section 9.01.

9.02 Certain Rights of Indenture Trustee

Except as otherwise provided in Section 9.01:

(a) the Indenture Trustee may conclusively rely and will be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture or other paper or document (whether in its original, facsimile or other electronic form) believed by it to be genuine and to have been signed or presented by the proper party or parties;

(b) whenever in the administration of this Indenture the Indenture Trustee will deem it desirable that a matter be proved or established before taking, suffering or omitting any action hereunder, the Indenture Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon an Officer's Certificate;

(c) the Indenture Trustee may consult with counsel of its own selection and the advice of such counsel or any Opinion of Counsel will be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon;

(d) the Indenture Trustee will be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Controlling Class Creditors pursuant to this Indenture, unless such Controlling Class Creditors shall have offered to the Indenture Trustee security or indemnity reasonably satisfactory to it against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction;

(e) the Indenture Trustee will not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture or other paper or document, but the Indenture Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Indenture Trustee will determine to make such further inquiry or investigation, it will be entitled to examine the books, records and premises of the Issuer, personally or by agent or attorney;

(f) the Indenture Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Indenture Trustee will not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder;

(g) the Indenture Trustee will not be responsible for filing any financing statements or continuation statements in connection with the Obligations Secured or the Security Interest, but will cooperate with the Issuer in connection with the filing of such financing statements or amendments to such financing statements;

(h) the Indenture Trustee shall not be deemed to have notice of any default (including any Servicer Default, Default or Event of Default) unless written notice of any event which is in fact such a default is received by the Indenture Trustee at the Corporate Trust Office of the Indenture Trustee, and such notice references the Issuer Funding Obligations and this Indenture;

(i) the rights, privileges, protections, immunities and benefits given to the Indenture Trustee, including, without limitation, its right to be indemnified, are extended to, and shall be enforceable by, the Indenture Trustee in each of its capacities hereunder, and each agent, custodian and other Person employed to act hereunder;

(j) the Indenture Trustee shall not be liable for any action taken, suffered or omitted to be taken by it in good faith and reasonably believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture;

(k) the Indenture Trustee shall be entitled to and may rely absolutely upon each Payment ~~Instructions~~Instruction and the Indenture Trustee will have no obligation (i) to ~~calculate any amount due or owing or to be allocated as provided in this Indenture, including interest or principal for any Issuer Funding Obligations;~~ perform any calculations under any of the Program Agreements, (ii) to reconcile any Issuer Account against the other(s) or the Program Agreements, or (iii) to monitor any change in the legislation governing any of the Program Agreements;

(l) the Indenture Trustee will be entitled to rely and act upon any direction, order, instruction, notice or communication provided to it under this Indenture which is sent to it by Electronic Methods. The Indenture Trustee shall have no liability for any losses, liabilities, costs or expenses incurred by it as a result of such reliance upon or compliance with such instructions or directions. The Issuer agrees: (i) to assume all risks arising out of the use of such Electronic Methods to submit instructions and directions to the Indenture Trustee, including without limitation the risk of the Indenture Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting instructions to the Indenture Trustee and that there may be more secure methods of transmitting instructions than the method(s) selected by the Issuer; and (iii) that the security procedures (if any) to be followed in connection with its transmission of instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and

(m) the Indenture Trustee will not be liable for any consequential, punitive or special damages.

9.03 Not Responsible for Recitals or Issuer Funding Obligations

The recitals contained herein and in the Funding Obligation Agreements, except the Certificates of Authentication, will be taken as the statements of the Issuer, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no

representations as to the validity or sufficiency of this Indenture or of the Funding Obligation Agreements. The Indenture Trustee will not be accountable for the use or application by the Issuer of Notes, Borrowings or the proceeds thereof.

9.04 May Hold Notes

The Indenture Trustee, the Issuer Trustee, any Paying Agent, the Note Registrar, the Manager or any other agent of the Issuer, in its individual or any other capacity, may become the owner or pledgee of Notes and, subject to subsection 9.07(e) and applicable legislation, may otherwise deal with the Issuer with the same rights it would have if it were not Indenture Trustee, Issuer Trustee, Paying Agent, Note Registrar, Manager or such other agent.

9.05 Compensation and Reimbursement; Limit on Compensation Reimbursement and Indemnity

(a) The Issuer agrees:

(i) to pay to the Indenture Trustee from time to time reasonable compensation for all services rendered by it hereunder (which compensation will not be limited by any provision of law in regard to the compensation of a trustee of an express trust);

(ii) except as otherwise expressly provided herein, to reimburse the Indenture Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Indenture Trustee in accordance with any provision of this Indenture (including the reasonable compensation and the reasonable expenses and disbursements of its agents and counsel), except any such expense, disbursement or advance as may be attributable to its own negligence or bad faith; and

(iii) to indemnify the Indenture Trustee for, and to hold it harmless against, any and all loss, liability, expense, claim, damage or injury incurred without negligence or bad faith on its part, arising out of or in connection with the acceptance or administration of the trusts hereunder, including the costs and expenses of defending itself against any claim or liability (whether asserted by the Issuer, any Specified Creditor or any other Person) in connection with the exercise or performance of any of its powers or duties hereunder.

The Indenture Trustee will have no recourse to any asset of the Issuer other than funds available pursuant to Section 7.04, 7.10 or 8.13, or to any Person other than the Issuer.

(b) This Section 9.05 will survive the termination of this Indenture and the resignation or replacement of the Indenture Trustee under Section 9.07.

9.06 Corporate Indenture Trustee Required; Eligibility

There will at all times be an Indenture Trustee hereunder which will be either a bank, a trust company or a corporation organized and doing business under the laws of Canada or of any province or territory thereof, authorized under such laws to carry on a trust business as contemplated hereby in each of the provinces and territories of Canada. The Issuer may not, nor may any Person directly or indirectly controlling, controlled by, or under common control with the Issuer, serve as Indenture Trustee. If at any time the Indenture Trustee will cease to be eligible in accordance with the provisions of this Section 9.06, it will resign immediately in the manner and with the effect hereinafter specified in this Article IX.

9.07 Resignation and Removal; Appointment of Successor

(a) No resignation or removal of the Indenture Trustee and no appointment of a successor Indenture Trustee pursuant to this Article IX will become effective until the acceptance of appointment by the successor Indenture Trustee under Section 9.08.

(b) The Indenture Trustee may resign at any time by giving written notice thereof to the Issuer. If an instrument of acceptance by a successor Indenture Trustee shall not have been delivered to the Indenture Trustee within 30 days after the giving of such notice of resignation, the resigning Indenture Trustee may petition any court of competent jurisdiction for the appointment of a successor Indenture Trustee.

(c) The Indenture Trustee may be removed at any time by Ordinary Resolution of the Controlling Class Creditors delivered to the Indenture Trustee and to the Issuer. If an instrument of acceptance by a successor Indenture Trustee shall not have been delivered to the Indenture Trustee within 30 days after the giving of such notice of removal, the Indenture Trustee being removed may petition any court of competent jurisdiction for the appointment of a successor Indenture Trustee.

(d) If at any time:

(i) the Indenture Trustee ceases to be eligible under Section 9.06 and fails to resign after written request therefor by the Issuer or by any Controlling Class Creditor, or

(ii) the Indenture Trustee becomes incapable of acting, or

(iii) the Indenture Trustee is adjudged bankrupt or insolvent, or a receiver of the Indenture Trustee or of its property is appointed, or any public officer takes charge or control of the Indenture Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation,

then, in any such case, (A) the Issuer may remove the Indenture Trustee, or (B) any Controlling Class Creditor who has been a *bona fide* Controlling Class Creditor for at least six (6) months may, on behalf of itself and all other

Debtholders, petition any court of competent jurisdiction for the removal of the Indenture Trustee and the appointment of a successor Indenture Trustee.

(e) The Indenture Trustee shall resign if a material conflict of interest arises in its role as a trustee under this Indenture that is not eliminated within 90 days after the Indenture Trustee becomes aware that it has such a material conflict of interest. Forthwith after the Indenture Trustee becomes aware that it has a material conflict of interest, it shall provide the Issuer with written notice of the nature of that conflict. If, notwithstanding the foregoing provisions of this subsection 9.07(e), the Indenture Trustee has such a material conflict of interest, the validity and enforceability of this Indenture and of the Funding Obligation Agreements shall not be affected in any manner whatsoever by reason only of the existence of such material conflict of interest. If the Indenture Trustee contravenes the foregoing provisions of this subsection 9.07(e), any interested Person may apply to a court of competent jurisdiction for an order that the Indenture Trustee be replaced as trustee hereunder. The Indenture Trustee represents to the Issuer that at the time of the execution and delivery hereof, no material conflict of interest exists in the Indenture Trustee's role as a fiduciary hereunder.

(f) If the Indenture Trustee resigns, is removed or becomes incapable of acting, or if a vacancy shall occur in the office of the Indenture Trustee for any cause, the Issuer will promptly appoint a successor Indenture Trustee. If, within one (1) year after such resignation, removal or incapacity, or the occurrence of such vacancy, a successor Indenture Trustee is appointed by Ordinary Resolution of Controlling Class Creditors delivered to the Issuer and the retiring Indenture Trustee, the successor Indenture Trustee so appointed will, forthwith upon its acceptance of such appointment, become the successor Indenture Trustee and supersede the successor Indenture Trustee appointed by the Issuer. If no successor Indenture Trustee shall have been so appointed by the Issuer or Controlling Class Creditors and accepted in the manner hereinafter provided, any Controlling Class Creditor who has been a *bona fide* Controlling Class Creditor for at least six (6) months may, on behalf of itself and all other Debtholders, petition any court of competent jurisdiction for the appointment of a successor Indenture Trustee.

(g) The Issuer will give written notice of each resignation and each removal of the Indenture Trustee and each appointment of a successor Indenture Trustee to each Specified Creditor as provided in Article XV and to each Rating Agency. To facilitate delivery of such notice, upon request by the Issuer, the retiring Indenture Trustee shall provide to the Issuer a list of all Specified Creditors. Each notice will include the name of the successor Indenture Trustee and the address of its Corporate Trust Office.

(h) Upon such resignation, the Indenture Trustee shall be discharged from all further duties and liabilities under this Indenture.

9.08 Acceptance of Appointment by Successor

Every successor Indenture Trustee appointed hereunder will execute, acknowledge and deliver to the Issuer and to the predecessor Indenture Trustee an instrument accepting such appointment, with a copy to the Rating Agencies, and thereupon the resignation or removal of the predecessor Indenture Trustee will become effective, and such successor Indenture Trustee, without any further act, deed or conveyance, will become vested with all the rights, powers, trusts and duties of the predecessor Indenture Trustee; but, on request of the Issuer or the successor Indenture Trustee, such predecessor Indenture Trustee will execute and deliver an instrument transferring to such successor Indenture Trustee all the rights, powers and trusts of the predecessor Indenture Trustee, and will duly assign, transfer and deliver to such successor Indenture Trustee all property and money held by such predecessor Indenture Trustee hereunder, subject nevertheless to its Lien, if any, provided for in Section 9.05. Upon request of any such successor Indenture Trustee, the Issuer will execute any and all instruments for more fully and certainly vesting in and confirming to such successor Indenture Trustee all such rights, powers and trusts.

No successor Indenture Trustee will accept its appointment unless at the time of such acceptance, such successor Indenture Trustee will be qualified and eligible under this Article IX.

9.09 Merger, Conversion, Consolidation or Succession to Business

Any corporation into which the Indenture Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Indenture Trustee shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Indenture Trustee, will be the successor of the Indenture Trustee hereunder, provided such corporation shall be otherwise qualified and eligible under this Article IX, without the execution or filing of any paper or any further act on the part of any of the parties hereto. The Indenture Trustee shall give prompt written notice of such merger, conversion, consolidation or succession to the Issuer and the Rating Agencies. In case any Notes shall have been authenticated, but not delivered, by the Indenture Trustee then in office, any successor by merger, conversion or consolidation to such authenticating Indenture Trustee may adopt such authentication and deliver the Notes so authenticated with the same effect as if such successor Indenture Trustee had itself authenticated such Notes.

9.10 Trust Indenture Legislation

(a) In this Article IX, the term "**applicable legislation**" means the provisions, if any, of the *Trust and Loan Companies Act* (Canada) and any other statute of Canada or a province thereof, and of regulations under any such statute, in each case, as amended, restated or re-enacted from time to time, relating to trust indentures and to the rights, duties and obligations of trustees under trust indentures and of entities issuing debt obligations under trust indentures, to the extent that in the opinion of counsel to the Issuer such provisions are at the time in force and applicable to this Indenture.

(b) If and to the extent that any provision of this Indenture limits, qualifies or conflicts with a mandatory requirement of applicable legislation, such mandatory requirement shall prevail.

(c) The Issuer and the Indenture Trustee agree that each will at all times in relation to this Indenture and any action to be taken hereunder, observe and comply with and be entitled to the benefits of applicable legislation.

9.11 Representations and Covenants of the Indenture Trustee

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Indenture and has taken all necessary action to authorize the execution, delivery and performance by it of this Indenture and other documents to which it is a party;

(c) each of this Indenture and the other documents to which it is a party has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada. If, notwithstanding the provisions of this subsection 9.11(d), the Indenture Trustee ceases to be so authorized to carry on business, the validity and enforceability of this Indenture and the Funding Obligation Agreements shall not be affected in any manner whatsoever by reason only of such event.

9.12 Indenture Trustee's Application for Instructions from the Issuer

Any application by the Indenture Trustee for written instructions from the Issuer may, at the option of the Indenture Trustee, set forth in writing any action proposed to be taken or omitted by the Indenture Trustee under and in accordance with this Indenture and the date on and/or after which such action shall be taken or such omission shall be effective; provided that such application shall make specific reference to this Section 9.12. The Indenture Trustee shall not be liable for any action taken by, or omission of, the Indenture Trustee in accordance with a proposal included in such application on or after the date specified in such application (which date shall not be less than five (5) Business Days after the date the Issuer actually receives such application, unless the Issuer shall have consented in writing to any earlier date) unless prior to taking any such action (or the effective date in the case of an omission), the Indenture Trustee shall have received written instructions in response to such application specifying the action be taken or omitted.

9.13 Appointment of Co-Trustee or Separate Indenture Trustee

(a) Notwithstanding any other provisions of this Indenture, at any time, for the purpose of meeting any legal requirements of any relevant jurisdiction, the Indenture Trustee shall have the power and shall execute and deliver all instruments, subject to the prior written consent of the Manager, which consent shall not be unreasonably withheld, to appoint one or more Persons reasonably acceptable to the Issuer to act as a co-trustee or co-trustees, or separate trustee or separate trustees, of all or any part of the Issuer's property, and to vest in such Person or Persons, in such capacity and for the benefit of the Specified Creditors, such title to the Issuer's property, or any part thereof, and, subject to the other provisions of this Section 9.13, such powers, duties, obligations, rights and trusts as the Indenture Trustee may consider necessary or desirable. No co-trustee or separate trustee hereunder shall be required to meet the terms of eligibility as a successor trustee under Section 9.06 and no notice to Specified Creditors of the appointment of any co-trustee or separate trustee shall be required under Section 9.07.

(b) Every separate trustee and co-trustee shall, to the extent permitted by applicable law, be appointed and act subject to the following provisions and conditions:

(i) all rights, powers, duties and obligations conferred or imposed upon the Indenture Trustee shall be conferred or imposed upon and exercised or performed by the Indenture Trustee and such separate trustee or co-trustee jointly (it being understood that such separate trustee or co-trustee is not authorized to act separately without the Indenture Trustee joining in such act), except to the extent that under any law of any jurisdiction in which any particular act or acts are to be performed, the Indenture Trustee shall be incompetent or unqualified to perform such act or acts, in which event such rights, powers, duties and obligations (including the holding of title to the Issuer's property or any portion thereof in any such jurisdiction) shall be exercised and performed singly by such separate trustee or co-trustee, but solely at the direction of the Indenture Trustee;

(ii) no trustee hereunder shall be personally liable by reason of any act or omission of any other trustee hereunder; and

(iii) the Indenture Trustee may at any time accept the resignation of or remove any separate trustee or co-trustee.

(c) Any notice, request or other writing given to the Indenture Trustee shall be deemed to have been given to each of the then separate trustees and co-trustees, as effectively as if given to each of them. Every instrument appointing any separate trustee or co-trustee shall refer to this Indenture and the conditions of this Article IX. Each separate trustee and co-trustee, upon its acceptance of the trusts conferred, shall be vested with the estates or property specified in its instrument of appointment, either jointly with the Indenture Trustee or separately, as may be

provided therein, subject to all the provisions of this Indenture, specifically including every provision of this Indenture relating to the conduct of, affecting the liability of, or affording protection to, the Indenture Trustee. Every such instrument shall be filed with the Indenture Trustee.

(d) Any separate trustee or co-trustee may at any time appoint the Indenture Trustee, its agent or attorney-in-fact with full power and authority, to the extent not prohibited by applicable law, to do any lawful act under or in respect of this Indenture on its behalf and in its name. If any separate trustee or co-trustee shall die, become incapable of acting, resign or be removed, all of its estates, properties, rights, remedies and trusts shall vest in and be exercised by the Indenture Trustee, to the extent permitted by applicable law, without the appointment of a new or successor trustee.

(e) All such appointments made in accordance with this Section 9.13 shall be subject to the approval of the Issuer. The Issuer will give prior written notice of the appointment of any separate trustee or co-trustee to each Rating Agency.

9.14 Preservation of Information; Communications to Specified Creditors

(a) The Indenture Trustee will preserve, in as current a form as is reasonably practicable, the names and addresses of Registered Noteholders contained in the most recent list furnished to the Indenture Trustee as provided in ~~Section~~subsection 13.13(a) and the names and addresses of Registered Noteholders received by the Indenture Trustee in its capacity as Note Registrar. The Indenture Trustee will also preserve, in as current a form as is reasonably practicable, the names and addresses of all other Specified Creditors contained in the most recent list furnished to the Indenture Trustee as provided in subsection 13.13(b). The Indenture Trustee may destroy any such list furnished to it upon receipt of a new list.

(b) If three (3) or more Debtholders of any Class, Series or Tranche (hereinafter referred to as "**applicants**") (or, if there are less than three (3) such Debtholders, all of the Debtholders) apply in writing to the Indenture Trustee by way of an application substantially in the form of Exhibit 4, then the Indenture Trustee will, within five (5) Business Days after the receipt of such application, afford such applicants access to the information preserved at the time by the Indenture Trustee in accordance with subsection 9.14(a); provided, however, that (i) such Debtholders are identified on the most recent lists of Debtholders held by the Indenture Trustee pursuant to subsection 9.14(a), and (ii) the Indenture Trustee shall not release any information other than the names and addresses (including email addresses) of the Debtholders on such lists.

(c) By accepting its rights as a third party beneficiary hereunder, every Debtholder agrees with the Issuer and the Indenture Trustee that neither the Issuer nor the Indenture Trustee will be held accountable by reason of the disclosure of any such information as to the names and addresses (including email addresses) of the

Debtholders in accordance with subsection 9.14(b), regardless of the source from which such information was derived.

(d) Any Specified Creditor wishing to be removed from the list of Specified Creditors may deliver a notice to the Indenture Trustee in the form attached as Exhibit 5. Within five (5) Business Days of the receipt of such notice, the Indenture Trustee shall notify the Issuer to have that Specified Creditor removed from the list provided in accordance with subsection 13.13(b). The Indenture Trustee shall not be responsible, nor shall it be liable for any losses, costs or expenses (including special, indirect, punitive or consequential losses or damages) of the Issuer, any Specified Creditor, or any other party, with respect to any Specified Creditor that fails to, or is delayed in sending, such notice and whose information is disseminated in accordance with this Section 9.14.

(e) The Indenture Trustee shall not be liable for, or held accountable by reason of, distributing any information pursuant to this Section 9.14 regarding any Specified Creditor that is on the list of Specified Creditors ~~delivered to~~held by the Indenture Trustee pursuant to subsection ~~13.13(b~~9.14(a).

9.15 Acceptance of Trusts by Indenture Trustee

The Indenture Trustee hereby accepts the trusts in this Indenture and agrees to perform the same upon the terms and conditions herein set forth.

9.16 Paying Agent

(a) The Paying Agent, on behalf of the Indenture Trustee, will make distributions to Specified Creditors from the Collection Account or other applicable Issuer Account pursuant to the provisions of this Indenture and any applicable Program Agreement. Any Paying Agent will have the revocable power to withdraw funds from the Collection Account or other applicable Issuer Account for the purpose of making the distributions referred to above.

(b) The Indenture Trustee may revoke such power and remove the Paying Agent if the Indenture Trustee determines in its sole discretion that the Paying Agent has failed to perform its obligations under this Indenture in any material respect. The Paying Agent upon removal will return all funds in its possession to the Indenture Trustee.

(c) The Issuer will cause each Paying Agent (other than the Indenture Trustee) to execute and deliver to the Indenture Trustee an instrument in which such Paying Agent will agree with the Indenture Trustee (and if the Indenture Trustee acts as Paying Agent, it so agrees), subject to the provisions of this Section 9.16, that such Paying Agent will:

(i) hold all sums held by it for the payment of principal of, interest, fees or other amounts in trust for the benefit of the Persons entitled thereto until

such sums will be paid to such Persons or otherwise disposed of as herein provided;

(ii) if such Paying Agent is not the Indenture Trustee, give the Indenture Trustee notice of any default by the Issuer in the making of any such payment of principal or interest on any Issuer Funding Obligations;

(iii) if such Paying Agent is not the Indenture Trustee, at any time during the continuance of any such default, upon the written request of the Indenture Trustee, forthwith pay to the Indenture Trustee all sums so held in trust by such Paying Agent;

(iv) open and maintain appropriate records with respect to each Note; record by appropriate entries therein each payment made on account of interest, principal, fees and other amounts owing with respect to each such Note. For the purposes thereof, the Paying Agent shall make available upon request of the Issuer ~~and~~or the Indenture Trustee satisfactory evidence of each payment as soon as practicable after making such payment. The failure to record, or any error in recording, any such payment shall not, however, limit or otherwise affect the obligations of the Issuer as to the principal amount or accrued interest owing with respect to any Note. Such records of payment shall be conclusive evidence of the unpaid principal balance and interest owing in respect of the Notes in the absence of demonstrable error;

(v) immediately resign as a Paying Agent and, if such Paying Agent is not the Indenture Trustee, forthwith pay to the Indenture Trustee all sums held by it in trust for the payment of Issuer Funding Obligations if at any time it ceases to meet the standards described in this Section 9.16 required to be met by a Paying Agent at the time of its appointment; and

(vi) comply with all requirements of the Income Tax Act or any other applicable tax law with respect to the withholding from any payments made by it on any amounts contemplated under this Indenture of any applicable withholding taxes imposed thereon and with respect to any applicable reporting requirements in connection therewith.

(d) Each Paying Agent, if not OPG, will at all times have, or be a wholly owned subsidiary of a corporation which has, a combined capital and surplus of at least $50,000,000 and be subject to supervision or examination by a Canadian federal, provincial or territorial authority or be regulated by or subject to the supervision or examination of a Governmental Authority of a nation that is a member of the Organization for Economic Co-operation and Development. If such Paying Agent publishes reports of condition at least annually, pursuant to law or to the requirements of the aforesaid supervising or examining authority, then for the purposes of this subsection 9.16(d), the combined capital and surplus of such

Paying Agent will be deemed to be its combined capital and surplus as set forth in its most recent report of condition as so published.

(e) Unless and until the Issuer rescinds one or more of such appointments, the Issuer hereby appoints the Indenture Trustee as its Paying Agent. The Issuer will give prior written notice of the appointment of any Paying Agent (if such Paying Agent is not the Indenture Trustee) to each Rating Agency.

ARTICLE X
MEETINGS

10.01 Conduct of Meetings

Meetings of Debtholders of any Class, Series or Tranche, of all Issuer Funding Obligations, of Controlling Class Obligations of a Series or of all Controlling Class Obligations, as the case may be, may be convened, held and conducted in the following manner:

(a) At any time, and from time to time, the Indenture Trustee or the Issuer may, and the Indenture Trustee shall, on receipt of a written request of the Issuer or a requisition signed by Debtholders of a particular Class, Series or Tranche, of all Issuer Funding Obligations, of Controlling Class Obligations of a Series or of all Controlling Class Obligations (each of such groups of Debtholders being a "**Debtholder Group**"), as the case may be, holding at least 25% of the aggregate Outstanding Dollar Principal Amount of the applicable Issuer Funding Obligations, convene, or cause to be convened, a meeting of the Debtholders of that Debtholder Group. If the Indenture Trustee fails to convene, or cause to be convened, a meeting after 30 days of being duly required by the Issuer or such Debtholders, the Issuer or such Debtholders may themselves convene such meeting and, in the case of a meeting called by such Debtholders, the notice calling such meeting may be signed by such Person as those Debtholders specify. Every such meeting shall be held in the City of Toronto or such other place in Ontario, Canada as the Indenture Trustee may in any case determine or approve.

(b) At least 7 days' prior notice of any meeting shall be given to the Debtholders of the Debtholder Group to which such meeting relates and to the Issuer, unless the meeting has been called by the Issuer, and such notice shall state the date, time and the place the meeting is to be held and shall specify, in general terms, the nature of the business to be transacted. It shall not be necessary to specify in the notice the text of the resolutions to be passed. Subject to Section 10.01(c), notices shall be given in the manner set forth in Article XV and a copy thereof shall be delivered to the Indenture Trustee unless the meeting has been called by it. It shall not be necessary to specify in the notice of any adjournment of a meeting the nature of the business to be transacted at the adjourned meeting. The non-receipt of any such notice by a Debtholder shall not invalidate any resolution passed at such meeting.

(c) At any meeting of a Debtholders Group, subject as herein provided, a quorum shall consist of ~~two~~one or more Persons present in person or by proxy holding either personally or as proxies not less than 25% of the Outstanding Dollar Principal Amount of the Issuer Funding Obligations of the Debtholder Group entitled to vote at such meeting. If a quorum is not present on the date for which the meeting is called within 30 minutes after the time fixed for the holding of such meeting, the meeting shall be adjourned to be held at a place and upon a date and at an hour to be fixed by the Indenture Trustee who shall give not less than seven (7) days' notice of the date and time to which such meeting is to be adjourned and at such adjourned meeting a quorum shall consist of the Debtholders of that Debtholder Group then and there represented in person or by proxy and entitled to vote at such meeting.

(d) An individual, who need not be a Debtholder, nominated in writing by the Indenture Trustee shall be chairman of the meeting (a "**Chairman**"). If no individual is so nominated or if the individual nominated is not present within 25 minutes after the time fixed for the holding of the meeting, the Debtholders and proxies for Debtholders present shall choose one of their number to be Chairman.

(e) Every question submitted to a meeting, except matters requiring an Extraordinary Resolution, shall be decided by a majority of the votes given on a show of hands or, if a poll shall be requested as hereinafter provided, by a majority of the votes cast on the poll (in either case, an "**Ordinary Resolution**") and shall be binding on all Debtholders of the applicable Debtholder Group. On a show of hands, each Debtholder who is present, whether in person or by proxy, will have one vote for every $1,000 of Outstanding Dollar Principal Amount of applicable Issuer Funding Obligations of which he or she shall be the Debtholder. A poll shall be taken on every Extraordinary Resolution and otherwise whenever requested by a Debtholder or its proxy. On a poll, each Debtholder shall have one vote for every $1,000 of Outstanding Dollar Principal Amount of applicable Issuer Funding Obligations of which he or she shall be the Debtholder. Votes may be given in person or by proxy and a proxy need not be a Debtholder. If at any meeting a poll is so demanded as aforesaid on the election of a Chairman or on a question of adjournment, it shall be taken forthwith. If at any meeting a poll is so demanded on any other question, or an Extraordinary Resolution is to be voted upon, a poll shall be taken in such manner and either at once or after an adjournment as the Chairman directs. The result of a poll shall be deemed to be the decision of the meeting at which the poll was demanded and shall be binding on all Debtholders of the applicable Debtholder Group. In the case of joint Registered Noteholders, any one of them present in person or by proxy at the meeting may vote in the absence of the other or others but, if more than one of them is present in person or by proxy, they shall vote together in respect of the Notes of which they are joint Registered Noteholders.

10.02 Powers Exercisable by Ordinary Resolution and Extraordinary Resolution

(a) ~~In~~Subject to Section 11.02, in addition to any powers hereinbefore given, Debtholders of a Class, Series or Tranche of Issuer Funding Obligations shall by Ordinary Resolution have the power to:

(i) require the Indenture Trustee (subject to receipt by the Indenture Trustee of reasonable funding and indemnity) to exercise or refrain from exercising any of the powers conferred upon it by this Indenture insofar as they apply solely to such Class, Series or Tranche or by the Related Funding Obligation Agreement;

(ii) sanction, insofar as they apply to the Class, Series or Tranche, the release of the Issuer from its covenants and obligations hereunder;

(iii) subject to the provisions of this Indenture or of the Related Funding Obligation Agreement, sanction any change whatsoever to any provision of the Issuer Funding Obligations of such Class, Series or Tranche which shall be agreed to by the Issuer and any modification, alteration, abrogation, compromise or arrangement of or in respect of the rights of the Debtholders of such Class, Series or Tranche or the Indenture Trustee against the Issuer, whether such rights shall arise under the provisions of this Indenture or otherwise;

(iv) subject to the provisions of this Indenture, assent to any modification of or change in or addition to or omission from the provisions contained in this Indenture, a Related Supplemental Indenture or any instrument ancillary or supplementary hereto or thereto, in each case, insofar as they apply to the Class, Series or Tranche, which shall be agreed to by the Issuer and to authorize the Indenture Trustee to concur in and execute any deed, instrument or agreement embodying any such modification, change, addition or omission or any other deeds, documents or writings authorized by such Ordinary Resolution; provided that no such assent shall be necessary for any modification of or change in or addition otherwise permitted hereunder or under a Related Supplemental Indenture; and

(v) take any other Action authorized by this Indenture or a Related Supplemental Indenture to be taken by Ordinary Resolution of the Debtholders of a Class, Series or Tranche of Issuer Funding Obligations.

(b) ~~In~~Subject to Section 11.02, in addition to any powers hereinbefore given, Controlling Class Creditors shall by Extraordinary Resolution have the power to:

(i) after the Security Interest has become enforceable, authorize the Indenture Trustee to accept, in satisfaction or partial satisfaction, all or any part of the Collateral;

(ii) after the Security Interest has become enforceable, sanction the selling of the Collateral or any part thereof or interest therein;

(iii) after the Security Interest has become enforceable, authorize the Indenture Trustee or any other Person to bid or tender at any sale of the Collateral or any part thereof and take such actions in connection with such sale as it determines to be in the best interests of all Controlling Class Creditors;

(iv) assent to any compromise or arrangement by the Issuer with any creditor, creditors or class or classes of creditors or with the holders of any securities of the Issuer whose claims are payable from the Collateral;

(v) restrain any Debtholder from taking or instituting any suit, action or proceeding for the purpose of realizing on the Collateral or for the execution of any trust or power hereunder or for the appointment of a liquidator, receiver or trustee in bankruptcy or to have the Issuer liquidated or for any other remedy hereunder and to direct such Debtholder to waive any Event of Default on which any suit or proceeding is founded;

(vi) require the Indenture Trustee (subject to receipt by the Indenture Trustee of reasonable funding and indemnity) to exercise or refrain from exercising any other powers conferred upon it by this Indenture of general application to all Classes of Issuer Funding Obligations, including the exercise of any rights of the Issuer under any of the Program Agreements upon the occurrence and during the continuance of an Event of Default, or cancel any declaration of acceleration made pursuant to Article VIII upon such terms and/or conditions as may be decided;

(vii) authorize the Indenture Trustee, in the event of the Issuer making an authorized assignment or proposal or in the event of an administrator, trustee, receiver or liquidator being appointed under any applicable bankruptcy or insolvency legislation for and on behalf of all Debtholders and, in addition to any claim or debt provided or made for its own account as Indenture Trustee hereunder, to file and prove a claim or debt against the Issuer or its property for an amount equivalent to the aggregate amount which may be payable in respect of all Issuer Funding Obligations, to value the Collateral, and to vote such claim or debt at meetings of creditors and generally act for and on behalf of all Debtholders in such proceedings as such Extraordinary Resolution may provide;

(viii) appoint a committee with power and authority (subject to such limitations, if any, as may be prescribed in such Extraordinary Resolution) to exercise, and to direct the Indenture Trustee to exercise, on behalf of all Controlling Class Creditors, such of the powers of such Controlling Class Creditors as are exercisable by Extraordinary Resolution or other resolution as shall be included in the Extraordinary Resolution appointing the committee. The Extraordinary Resolution making such appointment may provide for

payment of the expenses and disbursements of and compensation to such committee from the Collateral in portions allocated to each Series as may be specified in such Extraordinary Resolution. Such committee shall consist of such number of Persons as shall be prescribed in the Extraordinary Resolution appointing it and the members need not themselves be Controlling Class Creditors or Debtholders. Each such committee may elect a chairman and may make regulations respecting its quorum, the calling of its meetings, the filling of vacancies occurring in its number and its procedures generally. Such regulations may provide that the committee may act at a meeting at which a quorum is present or may act by minutes signed by the number of members thereof necessary to constitute a quorum. All acts of any such committee within the authority delegated to it shall be binding upon all Debtholders. Neither the committee nor any member thereof shall be liable for any loss arising from or in connection with any action taken or omitted to be taken by them in good faith; and

(ix) take any other action authorized by this Indenture to be taken by Extraordinary Resolution.

(c) The foregoing powers shall be deemed to be several and cumulative and not dependent on each other and the exercise of one or more of such powers, or any combination of such powers, from time to time, shall not be deemed to exhaust the rights of the Debtholders to exercise such power or powers, or combinations of powers, thereafter from time to time. No powers exercisable by Extraordinary Resolution shall derogate in any way from any rights of the Issuer under or pursuant to this Indenture without the agreement of the Issuer. The Issuer shall give the Rating Agency notice of any Ordinary Resolution or Extraordinary Resolution adopted.

10.03 Extraordinary Resolution

An Extraordinary Resolution, adopted in accordance with the provisions hereof, shall be binding upon each and every Debtholder and each other Specified Creditor and their respective heirs, executors, administrators, successors and assigns, whether present or absent, and the Indenture Trustee (subject to the provisions for funding and its indemnity herein contained) shall be bound to give effect thereto accordingly.

Except as expressly provided to the contrary in this Indenture, no action shall be taken at a meeting of the Debtholders of a Debtholder Group which changes any provision of this Indenture or changes or prejudices the exercise of any right of any Debtholder except by Extraordinary Resolution.

10.04 Declaration by Chairman of Result of Vote

At any meeting of Debtholders of any Debtholder Group in cases where no poll is required or requested, a declaration made by the Chairman that a resolution has been carried, or carried by any particular majority, or lost, shall be conclusive evidence thereof.

10.05 Minutes

Minutes of all resolutions and proceedings at every such meeting, as aforesaid, shall be made and duly entered in books to be provided from time to time for that purpose by an agent of the Issuer at the expense of the Issuer and any such minutes, as aforesaid, if signed by the Chairman of the meeting at which such resolutions were passed or proceedings had shall be *prima facie* evidence of the matters therein stated and, until the contrary is proved, every such meeting in respect of the proceedings of which minutes shall have been made shall be deemed to have been duly held and convened and all resolutions passed or proceedings had thereat to have been duly passed and had.

10.06 Signed Instruments

Any resolution or instrument signed in one or more counterparts by (a) Debtholders holding not less than 50% of the aggregate Outstanding Dollar Principal Amount of Issuer Funding Obligations of a Debtholder Group, in the case of matters capable of being decided by Ordinary Resolution, and (b) Controlling Class Creditors holding not less than 66⅔% of the aggregate Outstanding Dollar Principal Amount of all Controlling Class Obligations in the case of matters required to be decided by Extraordinary Resolution, shall, in either case, have the same force and effect as a resolution duly passed at a meeting of such Debtholders by the affirmative vote of all of the votes cast upon a poll. Notice of any Ordinary Resolution or Extraordinary Resolution passed in accordance with this Section 10.06 shall be given by the Indenture Trustee to all applicable Debtholders within 30 days of the date on which such Ordinary Resolution or Extraordinary Resolution was passed.

10.07 Persons Who May Attend

Each Debtholder, by their respective officers, directors, employees, and the legal advisers of such parties, may attend any meeting of Debtholders.

10.08 Binding Effect of Resolutions

Every Ordinary Resolution and every Extraordinary Resolution passed in accordance with the provisions of this Article X at a meeting of Debtholders of a Debtholder Group will be binding upon all of the Debtholders of such Debtholder Group whether present at or absent from such meeting, and every instrument in writing signed by Debtholders in accordance with Section 10.06 will be binding upon all of the Debtholders of such Debtholder Group, whether signatories thereto or not, and the Indenture Trustee will be bound to give effect accordingly to every such Ordinary Resolution, Extraordinary Resolution and instrument in writing. For greater certainty, any Extraordinary Resolution shall bind all Debtholders and all other Specified Creditors in accordance with Section 10.03.

10.09 Notes Regarded as Not Outstanding for Certain Purposes

If, in the opinion of the Indenture Trustee and upon receipt of an Issuer Certificate in respect of the following, any business to be transacted at any meeting of Debtholders or any action to be taken or power exercised by instrument in writing under Section 10.06 does not materially adversely affect the rights of the Debtholders of one or more particular Class, Series or Tranche of Issuer Funding Obligations, the provisions of this Article X shall apply as if the Issuer Funding Obligations of that Class, Series or Tranche were not Outstanding, and no notice of any such meeting need be given to the Debtholders of that Class, Series or Tranche.

ARTICLE XI
SUPPLEMENTAL INDENTURES

11.01 Supplemental Indentures and Amendments Without Consent of Specified Creditors

Without the consent of Specified Creditors but with 10 Business Days' prior notice to each Rating Agency and the Province, the Issuer and the Indenture Trustee, at any time and from time to time, and upon delivery by the Issuer to the Indenture Trustee of an Issuer Certificate to the effect that the Issuer reasonably believes that such amendment will not have an Adverse Effect and is not reasonably expected to have an Adverse Effect at any time in the future, the Issuer may amend this Indenture, including any Supplemental Indenture or enter into one or more Supplemental Indentures, in form satisfactory to the Indenture Trustee, for any of the following purposes:

(a) to evidence the succession or successive successions of another Financing Entity to the Issuer, and the assumption by any such successor of the covenants of the Issuer herein and in the Notes; or

(b) to add to the covenants of the Issuer, or to surrender any right or power herein conferred upon the Issuer by the Issuer, for the benefit of Debtholders of any or all Classes, Series or Tranches of Issuer Funding Obligations; or

(c) to cure any ambiguity, to correct or supplement any provision herein which may be inconsistent with any other provision herein, to correct a clear clerical or administrative error, or to make any other provisions with respect to matters or questions arising under this Indenture; or

(d) to provide for the issuance of any Series or Tranche of Notes as provided in Article IV and Article V and to set forth the terms thereof, and/or to add to the rights of the Noteholders of any Class, Series or Tranche; or

(e) to evidence and provide for the acceptance of appointment by another corporation as a successor Indenture Trustee hereunder; or

(f) to add any additional Events of Default in respect of any or all Classes, Series or Tranches of Issuer Funding Obligations; or

(g) to provide for the consolidation of any Financing Entity and the Issuer into a single Person or the transfer of assets in any Financing Entity to the Issuer; or

(h) if IESO is replaced under the Master Transfer and Servicing Agreement as Servicer, to make any necessary changes to this Indenture or any other related document; or

(i) to provide for additional forms of Credit Enhancement for any Class, Series or Tranche of Issuer Funding Obligations; or

(j) to facilitate the issuance of Foreign Currency Issuer Funding Obligations; or

(k) to comply with any regulatory, accounting, securities or tax laws, rules, regulations or requirements, or changes to Rating Agency ratings criteria; or

(l) to enable the Issuer to file a registration statement (and any related exhibits thereto) for the offering of securities registered under the U.S. Securities Act and to comply with Regulation AB (including, without limitation, ongoing reporting obligations thereunder); or

(m) to qualify for sale treatment under generally accepted accounting principles.

Additionally, notwithstanding any provision of this Article XI to the contrary and in addition to clauses (a) through (m) above, the Issuer and the Indenture Trustee may amend this Indenture, including any Supplemental Indenture, without the consent of any Specified Creditor but with 10 Business Days' prior notice to each Rating Agency and the Province, to modify, eliminate or add to the provisions of this Indenture (i) to facilitate compliance with any amendment to any change of law or regulation which applies to the Issuer or the transactions governed by the Program Agreements, or (ii) to cause the provisions hereof to conform to or be consistent with or in furtherance of the statements made with respect to this Indenture in any applicable offering document; in each case, provided that the Issuer shall deliver to the Indenture Trustee an Issuer Certificate to the effect that (A) the Issuer reasonably believes that such amendment will not have an Adverse Effect and is not reasonably expected to have an Adverse Effect at any time in the future or (B) such amendment is required to remain in compliance with any change of law or regulation which applies to the Issuer or the transactions governed by the Program Agreements, or such amendment is required to cause the provisions hereof to conform to or be consistent with or in furtherance of the statements made with respect to this Indenture in any applicable offering document.

Additionally, notwithstanding any provision of this Article XI to the contrary and in addition to clauses (a) through (m) above and the immediately preceding paragraph, this Indenture, including any Supplemental Indenture, may also be amended by the Issuer and the Indenture Trustee, without the consent of any Specified Creditor but with 10 Business Days' prior notice to each Rating Agency and the Province, for the purpose of (i) adding any provisions to, or changing in any manner or eliminating any of the provisions of, this Indenture or any Supplemental Indenture or (ii) modifying in any manner the rights of the Specified Creditors under this Indenture or any Supplemental Indenture; provided, however, that (A) the Issuer shall deliver to the Indenture Trustee an Issuer Certificate to the effect that the Issuer reasonably

believes that such amendment will not have an Adverse Effect and is not reasonably expected to have an Adverse Effect at any time in the future, and (B) the Rating Agency Condition shall be satisfied.

Additionally, notwithstanding any provision of this Article XI to the contrary and in addition to clauses (a) through (m) above and the immediately preceding paragraphs, this Indenture, including any Supplemental Indenture, may also be amended by the Issuer and the Indenture Trustee, without the consent of any Specified Creditor but with 10 Business Days' prior notice to each Rating Agency and the Province, to provide for those changes necessary for compliance with securities law requirements or banking laws or regulations; provided, however, that (i) the Issuer shall deliver to the Indenture Trustee an Issuer Certificate to the effect that the Issuer reasonably believes that such amendment will not have an Adverse Effect and is not reasonably expected to have an Adverse Effect at any time in the future, and (ii) the Rating Agency Condition shall be satisfied.

Prior written notice of any amendment to this Indenture or any Supplemental Indenture to the Province in accordance with the above paragraphs shall be sent by the Issuer and the Indenture Trustee. The Issuer and the Indenture Trustee shall send a copy of any amendment pursuant to this Section 11.01 to each Rating Agency and the Province; provided that failure to send copies of any amendment to this Indenture or any Supplemental Indenture, or failure to provide any notice under this Section 11.01 shall not invalidate such amendment.

The Indenture Trustee may, but shall not be obligated to, enter into any amendment which adversely affects the Indenture Trustee's rights, duties, benefits, protections, privileges or immunities under this Indenture or otherwise.

11.02 Supplemental Indentures and Amendments with Consent of Debtholders

In addition to any amendment permitted pursuant to Section 11.01, with 10 Business Days' prior notice to each Rating Agency and the Province, the consent of Debtholders of each Class, Series or Tranche of Issuer Funding Obligations affected by such amendment of this Indenture, including any Supplemental Indenture, by Ordinary Resolution delivered to the Issuer and the Indenture Trustee, and satisfaction of the Rating Agency Condition, the Issuer and the Indenture Trustee may enter into an amendment of this Indenture or any Supplemental Indenture for the purpose of adding any provisions to, or changing in any manner or eliminating any of the provisions of, this Indenture or of modifying in any manner the rights of the Debtholders of each such Class, Series or Tranche of Issuer Funding Obligations under this Indenture or any Supplemental Indenture; provided, however, that no such amendment of this Indenture or any Supplemental Indenture will, without the consent of each Debtholder of Issuer Funding Obligations affected thereby and satisfaction of the Rating Agency Condition:

(a) change an Interest Payment Date, Principal Payment Date or Principal Payment Default Date of any Issuer Funding Obligation;

(b) reduce the principal amount of, or the interest rate on any Note, or change the method of computing the Outstanding Dollar Principal Amount, the Outstanding

Currency Specific Dollar Principal Amount or the Outstanding Dollar Principal Amount in a manner that is adverse to any Debtholders;

(c) reduce the amount of a Discount Note payable upon its acceleration;

(d) reduce the percentage in Outstanding Dollar Principal Amount of Issuer Funding Obligations of any Class, Series or Tranche, the consent of whose holders is required for any such amendment, or the consent of whose holders is required for any waiver of compliance with the provisions of this Indenture or of defaults hereunder and their consequences, provided for in this Indenture;

(e) modify any of the provisions of this Section 11.02 or Section 8.03, except to increase any percentage of Debtholders required to consent to any such amendment or to provide that other provisions of this Indenture cannot be modified or waived without the consent of the Debtholders affected thereby;

(f) change any Place of Payment where any principal of, or interest on, any Note is payable, unless otherwise provided in the Related Supplemental Indenture; or

(g) change the method of computing the amount of principal of, or interest on, any Note on any date.

An amendment of this Indenture or a Supplemental Indenture which changes or eliminates any covenant or other provision of this Indenture which has expressly been included solely for the benefit of one or more particular Classes, Series or Tranches of Issuer Funding Obligations, or which modifies the rights of the Debtholders of such Class, Series or Tranche with respect to such covenant or other provision, will be deemed not to affect the rights under this Indenture of the Debtholders of any other Class, Series or Tranche of Issuer Funding Obligations.

It will not be necessary for any Ordinary Resolution or Extraordinary Resolution under this Section 11.02 to approve the particular form of any proposed amendment or Supplemental Indenture, but it will be sufficient if such Ordinary Resolution or Extraordinary Resolution will approve the substance thereof.

The Issuer and the Indenture Trustee shall send a copy of any amendment pursuant to this Section 11.02 to each Rating Agency and the Province; provided that failure to send copies of any amendment to this Indenture or any Supplemental Indenture, or failure to provide any notice under this Section 11.02 shall not invalidate such amendment.

11.03 Execution of Amendments and Supplemental Indentures

In executing or accepting the additional trusts created by any amendment of this Indenture or Supplemental Indenture permitted by this Article XI or the modifications thereby of the trusts created by this Indenture, the Indenture Trustee will be provided with, and (subject to Section 9.01) will be fully protected in relying upon, an Opinion of Counsel stating that the execution of such amendment or Supplemental Indenture is authorized or permitted by this Indenture and that all conditions precedent thereto have been satisfied. The Indenture Trustee may, but will not

(except to the extent required in the case of an amendment or Supplemental Indenture entered into under subsection 11.01(e)) be obligated to, enter into any such amendment or Supplemental Indenture which affects the Indenture Trustee's own rights, duties or immunities under this Indenture or otherwise.

11.04 Effect of Amendments and Supplemental Indentures

Upon the execution of any amendment of this Indenture or any Supplemental Indenture under this Article XI, this Indenture and/or such Supplemental Indenture will be modified in accordance therewith with respect to each Class, Series or Tranche of Issuer Funding Obligations affected thereby, or all Issuer Funding Obligations, as the case may be, and such amendment or Supplemental Indenture will form a part of this Indenture and such Supplemental Indenture for all purposes; and every holder of Issuer Funding Obligations theretofore or thereafter incurred and every other Specified Creditor will be bound thereby to the extent provided therein.

11.05 Reference in Notes to Supplemental Indentures

Notes authenticated and delivered after the execution of any amendment of this Indenture or any Supplemental Indenture pursuant to this Article XI may, and will if required by the Indenture Trustee, bear a notation in form approved by the Indenture Trustee as to any matter provided for in such amendment or Supplemental Indenture. If the Issuer will so determine, new Notes so modified as to conform, in the opinion of the Indenture Trustee and the Issuer, to any such amendment or Supplemental Indenture may be prepared and executed by the Issuer and authenticated and delivered by the Indenture Trustee in exchange for Outstanding Notes.

ARTICLE XII
REPRESENTATIONS AND WARRANTIES OF THE ISSUER

12.01 Representations and Warranties of the Issuer

The Issuer hereby represents and warrants to the Indenture Trustee and shall be deemed to represent and warrant to the Indenture Trustee on the issuance of Notes of any particular Class, Series or Tranche hereunder, and upon each Borrowing under the applicable Funding Obligation Agreement, that:

(a) The Issuer is a Financing Entity.

(b) The indebtedness incurred pursuant to each issuance of Notes and each Borrowing is a Funding Obligation.

(c) The Issuer (i) is a trust duly constituted and validly existing under the laws of the Province of Ontario, (ii) is duly qualified to carry on its business in each jurisdiction in which it carries on business, (iii) has the power and authority to enter into and perform its obligations under this Indenture and the other Program Agreements executed by it and all instruments and agreements delivered pursuant hereto, and thereto and to own its property and carry on its business as currently conducted including, without limitation, the power and authority and legal right to acquire Investment Interests, and (iv) has obtained all approvals from all

Governmental Authorities required in connection with the execution, delivery and performance of the Program Agreements.

(d) The execution, delivery and performance of this Indenture, and at the time it enters into such document, the other Program Agreements executed by it and every instrument or agreement delivered pursuant hereto and thereto has been or will be duly authorized by all requisite action and this Indenture and such other Program Agreements, instruments and agreements have been or will be duly executed and delivered by the Issuer and constitute valid and binding obligations of the Issuer enforceable against the Issuer in accordance with their respective terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of the Issuer, threatened against or affecting the Issuer at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Issuer or in the ability of the Issuer to perform its obligations under this Indenture, the other Program Agreements executed by it or any agreement or instrument delivered pursuant hereto or thereto; and the Issuer is not aware of any existing ground on which such action, suit or proceeding might be commenced with any reasonable likelihood of success or of any default with respect to any judgment, order, writ, injunction, decree, award, rule or regulation of any court, arbitrator or Governmental Authority, which, either separately or in the aggregate, would result in any such material adverse change.

(f) The Issuer is not a party to any agreement or instrument which materially adversely affects its ability to perform its obligations under this Indenture, the other Program Agreements executed by it or any agreements or instruments delivered pursuant hereto or thereto or materially adversely affects the business, operations, prospects, properties, assets or condition, financial or otherwise of the Issuer.

(g) The Issuer is not subject to any restriction or any judgment, order, writ, injunction, decree, award, rule or regulation which materially adversely affects, or in the future may materially adversely affect, the business, operations, prospects, properties, assets or condition, financial or otherwise of the Issuer or its ability to perform its obligations under this Indenture, the other Program Agreements executed by it or any agreements or instruments delivered pursuant hereto or thereto.

(h) Neither the execution nor delivery of this Indenture, the other Program Agreements executed by it or any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein and therein

contemplated, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the Declaration of Trust or any agreements or instruments to which the Issuer is a party or by which it or any of its property and assets are bound, or results or will result in the creation or imposition of any Lien of any nature whatsoever upon any of the property or assets of the Issuer.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of the Issuer is required in connection with the execution and delivery of this Indenture, the other Program Agreements executed by it or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or in connection with the enforcement of this Indenture, the other Program Agreements executed by it or any agreements or instruments delivered pursuant hereto or thereto (except those which have been obtained or deemed to have been obtained).

12.02 Certified Primary Obligations

The Issuer shall be deemed to represent and warrant to the Indenture Trustee on the incurrence of any Obligations Secured (other than Issuer Funding Obligations) that if the Issuer does not deliver the certificates contemplated by subsection 5.03(d), that the Obligations Secured are not Certified Primary Obligations.

ARTICLE XIII
COVENANTS OF THE ISSUER

13.01 Payment of Principal and Interest

With respect to each Class, Series or Tranche of Issuer Funding Obligations, the Issuer will duly and punctually pay the principal of and interest on such Issuer Funding Obligations in accordance with their terms, this Indenture and any Related Funding Obligation Agreement, and will duly comply with all the other terms, agreements and conditions contained in, or made in this Indenture and any Funding Obligation Agreement.

13.02 Use of Proceeds; Funding of Program Cash Reserve Account

~~(a)~~ The Issuer will use the proceeds of Notes and Borrowings solely for: (i) the acquisition by the Issuer of an Investment Interest; (ii) the redemption, repayment or repurchase of any existing Issuer Funding Obligations; (iii) the funding of Issuer Accounts; and (iv) the payment of transaction fees and expenses in connection with the incurrence of Issuer Funding Obligations.

~~(b) [On or before April 30, 2021, the Issuer will deposit, or cause to be deposited, to the Program Cash Reserve Account an amount equal to the Program Cash Reserve Required Amount (Total).] **[NTD: we can include this covenant if it is intended**~~

~~for the IESO to provide the initial funding for the Program Cash Reserve Account]~~

13.03 Maintenance of Office or Agency

The Issuer will maintain an office or agency in each Place of Payment where Notes may be presented or surrendered for payment, where Notes may be surrendered for transfer or exchange and where notices and demands to or upon the Issuer in respect of the Notes and this Indenture may be served. The Issuer will give prompt written notice to the Indenture Trustee of the location, and of any change in the location, of such office or agency. If at any time the Issuer will fail to maintain such office or agency or will fail to furnish the Indenture Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office of the Indenture Trustee, and the Issuer hereby appoints the Indenture Trustee its agent to receive all such presentations, surrenders, notices and demands.

The Issuer may also from time to time designate one or more other offices or agencies where the Notes of one or more Classes, Series or Tranches may be presented or surrendered for any or all of such purposes specified above and may constitute and appoint one or more Paying Agents for the payments of such Notes, in one or more other cities, and may from time to time rescind such designations and appointments; provided, however, that no such designation, appointment or rescission shall in any matter relieve the Issuer of its obligations to maintain an office or agency in each Place of Payment for Notes of any Class, Series or Tranche for such purposes. The Issuer will give prompt written notice to the Indenture Trustee of any such designation or rescission and of any change in the location of any such other office or agency.

13.04 Legal Existence

The Issuer will do or cause to be done all things necessary to preserve and keep in full force and effect its legal existence and maintain its status as a Financing Entity.

13.05 Separateness Covenants

The Issuer will take all reasonable steps to maintain the Issuer's identity as a distinct entity with assets and liabilities distinct from those of the Manager and any of its Affiliates. Without limiting the generality of the foregoing and in addition to the other covenants set forth herein, the Issuer shall:

(a) not identify the offices of the Manager or any Affiliate thereof as its offices (by signage or otherwise);

(b) not identify the telephone number of the Manager as its telephone number and it will not utilize the stationery, invoices or cheques of the Manager;

(c) conduct all transactions with the Manager strictly on an arm's length basis and in good faith, allocate all overhead expenses for items shared between the Issuer and the Manager on the basis of actual use to the extent practicable and, to the extent such allocation is not practicable, on a basis reasonably related to actual use;

(d) conduct its affairs strictly in accordance with the Declaration of Trust, and observe all necessary, appropriate and trust formalities;

(e) maintain the Issuer's books and records separate from those of the Manager or any Affiliate thereof and otherwise readily identifiable as its own assets rather than assets of the Manager or any Affiliate thereof;

(f) prepare its financial statements separately from those of the Manager and ensure that any consolidated financial statements of the Manager that include the Issuer have notes clearly stating that the Issuer is a separate entity;

(g) only maintain bank accounts or other depository accounts to which the Issuer alone is the account party (or where the Issuer Trustee or the Indenture Trustee will maintain them on behalf of the Issuer), and from which only the Issuer or its agent has the power to make withdrawals;

(h) pay all of the Issuer's operating expenses from the Issuer's own assets (including, for greater certainty, reimbursing the Manager for any such expenses);

(i) continuously maintain the resolutions, agreements and other instruments of the Issuer underlying the transactions described in the Program Agreements as official records of the Issuer separately identified and held apart from the records of the Manager;

(j) maintain its property in such a manner that it is not costly or difficult to segregate, ascertain or otherwise identify its individual assets from or against those of the Manager or any Affiliate thereof; and

(k) not become liable to any Person for any obligations of the Manager or any Affiliate thereof.

13.06 <u>Compliance with Laws</u>

The Issuer will comply with the requirements of all applicable laws, the noncompliance with which would, individually or in the aggregate, materially and adversely affect the ability of the Issuer to perform its obligations under the Program Agreements.

13.07 <u>Performance of Obligations</u>

(a) The Issuer will punctually perform and observe all of its obligations and agreements contained in this Indenture, the Declaration of Trust, the Master Transfer and Servicing Agreement, the other Program Agreements and in the instruments and agreements relating to the Collateral, including but not limited to filing or causing to be filed all PPSA financing statements and amendments thereto required to be filed by the terms of this Indenture in accordance with and within the time periods provided for herein.

(b) The Issuer (i) will diligently pursue any and all actions to enforce its rights under each instrument or agreement included in the Collateral and (ii) will not take any action and will use its best efforts not to permit any action to be taken by others that would release any Person from any of such Person's covenants or obligations under any such instrument or agreement or that would result in the amendment, hypothecation, subordination, termination or discharge of, or impair the validity or effectiveness of, any such instrument or agreement, except, in each case, as expressly provided in this Indenture, the Master Transfer and Servicing Agreement or any other Program Agreement.

(c) The Issuer will enforce the Servicer's compliance with and performance of all of the Servicer's material obligations under the Master Transfer and Servicing Agreement. The Issuer will enforce the Manager's compliance with and performance of all of the Manager's material obligations under the Management Agreement.

13.08 Funding Obligations

The Issuer will ensure that all indebtedness is incurred pursuant to and in accordance with Article V. The Issuer will not enter into any Funding Obligation Agreement, other than a Warehouse Facility Agreement, that provides for Issuer Funding Obligations that have principal repayment obligations that the Manager believes, acting reasonably having regard to the Financing Plan and all Issuer Funding Obligations then outstanding, would likely require the Issuer to satisfy payments of principal on any Principal Payment Date in respect of such Issuer Funding Obligations by means of a Refinancing other than a Pre-Approved Refinancing.

13.09 Financial Statements

The Issuer will deliver or cause to be delivered to the Indenture Trustee and the Rating Agencies within 140 days after the end of each fiscal year audited financial statements of the Issuer for the fiscal year, including the balance sheet and statements of income, retained earnings and changes in financial position of the Issuer, and within 90 days after the end of each fiscal quarter, other than the fiscal quarter of the Issuer ending on the fiscal year end of the Issuer, unaudited financial statements of the Issuer for such fiscal quarter of the Issuer, including the balance sheet and statements of income, retained earnings and changes in financial position of the Issuer. The Indenture Trustee shall send a copy of each financial statement delivered pursuant to this Section 13.09 to each Noteholder.

13.10 Statement as to Compliance

The Issuer will deliver to the Indenture Trustee and the Rating Agencies, on or before March 31 of each year, beginning in 2018, a written statement signed by a Responsible Officer of the Issuer stating that:

(a) a review of the activities of the Issuer during the prior year and of the Issuer's performance under this Indenture and under the terms of the Notes has been made under such Responsible Officer's supervision; and

(b) to the best of such Responsible Officer's knowledge, based on such review, the Issuer has complied in all material respects with all conditions and covenants under this Indenture throughout such year and that no Default or Event of Default has occurred, or, if there has been a material Default or an Event of Default has occurred, specifying each such Default or Event of Default known to such Responsible Officer and the nature and status thereof.

13.11 Payment Instructions

Promptly after the receipt by the Issuer of each Monthly Report under the Master Transfer and Servicing Agreement, the Issuer will, in cooperation with the Manager, complete the Payment ~~Instructions~~Instruction in respect of the Collection Account and deliver a copy thereof to the Indenture Trustee and the Paying Agent (if the Paying Agent is not the Indenture Trustee) at least ~~three~~two (~~3~~2) Business Days prior to the applicable Payment Date. At least ~~three~~two (~~3~~2) Business Days prior to any date on which payments are to be made pursuant to Sections 7.05 to 7.11, the Issuer will, in cooperation with the Manager, complete and deliver to the Indenture Trustee and the Paying Agent (if the Paying Agent is not the Indenture Trustee) a copy of the Payment ~~Instructions~~Instruction in respect of the Interest Accumulation Account, the Principal Accumulation Account, the IESO Cash Reserve Account, the Program Cash Reserve Account, the Protection Account or ~~the~~any Series Account, as applicable.

13.12 Notice of Certain Events; Protection Event

(a) The Issuer agrees to give the Indenture Trustee and the Rating Agencies prompt written notice of: (i) each Event of Default; (ii) each breach on the part of the Issuer or the Servicer of its respective obligations under the Master Transfer and Servicing Agreement, including any Servicer Default (notice of which Servicer Default shall state that it is a "Notice of Servicer Default"); (iii) each breach on the part of the Manager of its obligations under the Management Agreement; (iv) any default of the Issuer or a Derivative Counterparty under a Derivative Agreement; and (v) any Protection Event and the nature thereof.

(b) Within 10 Business Days after receipt by the Indenture Trustee of notice of any Servicer Default or Protection Event, the Indenture Trustee shall provide notice thereof to each Specified Creditor; provided, however, that the Indenture Trustee shall not be liable for failing to distribute any written notice pursuant to this subsection 13.12(b) to any party that is at the time of delivery a Specified Creditor but is not on the ~~list~~lists of Specified Creditors ~~provided~~held by the ~~Issuer~~Indenture Trustee pursuant to subsection ~~13.13(b). Upon the occurrence of a Protection Event and at the request of the Issuer or Controlling Class Creditors, by Ordinary Resolution, the Indenture Trustee shall deliver a written demand to the Province requiring the Province to make payments on Obligations Secured pursuant to and in accordance with the Change of Law Protection Agreement.~~9.14(a).

(c) Upon the occurrence of a Protection Event and at the request of the Issuer or any Controlling Class Creditor, the Indenture Trustee shall deliver a written demand to

the Province requiring the Province to make payments on Obligations Secured pursuant to and in accordance with the Change of Law Protection Agreement. If, following such request, the Indenture Trustee does not deliver such written demand to the Province within 10 days of such request, any Controlling Class Creditor shall be entitled to deliver such written demand to the Province.

13.13 Issuer To Furnish Indenture Trustee Names and Addresses of Specified Creditors

(a) The Issuer will furnish or cause to be furnished to the Indenture Trustee:

(i) not more than 15 days after each Record Date, in such form as the Indenture Trustee may reasonably require, a list of the names and addresses of the Registered Noteholders of each applicable Class, Series or Tranche as of such date, and

(ii) at such other times as the Indenture Trustee may request in writing, within 30 days after the receipt by the Issuer of any such request, a list of similar form and content as of a date not more than 15 days before the time such list is furnished;

provided, however, that so long as the Indenture Trustee is the Note Registrar, no such lists shall be required to be furnished.

(b) Upon written request from the Indenture Trustee, within 10 Business Days after the receipt by the Issuer of any such request, the Issuer will furnish or cause to be furnished to the Indenture Trustee a list, substantially in the form of Exhibit 3 of the names and addresses of all Specified Creditors (other than Noteholders), together with a reference to such Specified Creditor's Program Agreement, provided that no written request shall be required for the deliveries in subsection 5.01(h) or 5.03(c).

13.14 Other Positive Covenants

The Issuer will:

(a) in the event that the Issuer shall be required to file tax returns, the Manager shall prepare or shall cause to be prepared such tax returns and shall provide such tax returns to the Issuer for signature at least five (5) Business Days before such tax returns are due to be filed. The Issuer, in accordance with the terms of each applicable Supplemental Indenture, shall also prepare or shall cause to be prepared all tax information required by applicable law to be distributed to any Noteholder and shall deliver such information to the Indenture Trustee at least five (5) Business Days prior to the date it is required by applicable law to be distributed to any Noteholder. The Indenture Trustee, upon written request, will furnish the Manager with all such information known to the Indenture Trustee as may be reasonably requested and required in connection with the preparation of all tax returns of the Issuer;

(b) subject to the payment priorities provided in Sections 7.04(e) and 8.13, pay or cause to be paid all Taxes levied, assessed or imposed upon the Issuer and its property or any part thereof, as and when the same become due and payable; provided that the Issuer may protest the payment of any such Taxes if it is acting in good faith and if it either provides the Indenture Trustee with cash in an amount sufficient to satisfy the same or otherwise satisfies the Indenture Trustee that its interests are not prejudiced thereby and the Rating Agency Condition is satisfied;

(c) upon the written request of the Indenture Trustee, use reasonable commercial efforts, following any (i) termination or resignation of the Servicer, the Manager or the Paying Agent or, in each case, any successor thereof; or (ii) termination, non-renewal or expiry of a Liquidity Agreement or a Credit Enhancement Agreement (other than, in the latter case, a termination, non-renewal or expiry which occurs because neither party thereto has any further obligation thereunder), to appoint and enter into an agreement with a successor to such Servicer, Manager or Paying Agent, or replace or renew such Liquidity Agreement or Credit Enhancement Agreement, in form and substance the same as the applicable provisions in the previously existing Program Agreement and will notify the Indenture Trustee and the Rating Agencies of each such occurrence and new agreement, and will execute and deliver all Supplemental Indentures and amendments hereto and all instruments of further assurance and other instruments and will take other and further action as the Indenture Trustee, relying on the advice of counsel, may consider necessary or advisable to assign and render subject to this Indenture any such agreement; and

(d) deliver or cause to be delivered to the Indenture Trustee and the Rating Agencies on a confidential basis (excepting only, on the part of the Rating Agencies, for purposes of rating the securities of the Issuer) (i) copies of all Program Agreements (including any amendments thereto) in effect from time to time; and (ii) such reports and other information relating to the conduct of the business and affairs of the Issuer as the Indenture Trustee and the Rating Agencies may reasonably require including, without limitation, information pertaining to any actual or anticipated Event of Default or other event which could reasonably be anticipated to have a material adverse effect on the affairs of the Issuer.

13.15 Rule 144A Information

For so long as Notes of any Class, Series or Tranche are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Exchange Act, the Issuer agrees to provide to any Noteholder of such Class, Series or Tranche and to any prospective purchaser of Notes designated by such Noteholder, upon the request of such Noteholder or prospective purchaser, any information required to be provided to such Noteholder or prospective purchaser to satisfy the conditions set forth in Rule 144A(d)(4) under the Securities Exchange Act.

13.16 Further Instruments and Acts

Upon request of the Indenture Trustee or as necessary, the Issuer will execute and deliver such further instruments and do such further acts (including, but not limited to, disclosing or causing to be disclosed information) as may be reasonably necessary or proper to carry out more effectively the purpose of this Indenture.

13.17 No Other Business

The Issuer will not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto.

13.18 Amendments to Program Agreements

(a) Unless the Rating Agency Condition is satisfied, the Issuer will not~~:~~ make any material amendments to any Program Agreement (other than this Indenture and Derivative Agreements).

(b) Without in any way limiting clause (a), the Issuer will not:

(i) ~~without 10 Business Days' prior notice to the Province,~~ amend, supplement, modify, restate or replace, or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to, any of the Program Agreements (other than this Indenture, Derivative Agreements and the Declaration of Trust) if any such supplementation, amendment, modification, restatement or replacement, or waiver or consent, could reasonably be considered to be materially prejudicial to the rights or interests of ~~[~~any~~] [the relevant]~~ Specified Creditor(s), except as expressly permitted by such Specified Creditor(s) and subject to the Province having been given 10 Business Days' prior notice; provided that failure to provide such notice shall not invalidate such amendment, supplementation, modification, restatement or replacement, or waiver or consent~~)~~; or

(ii) consent, if consent is required, to the resignation of the Manager under the Management Agreement.

(c) ~~(b) The~~Without in any way limiting clause (a), the Issuer will not amend the Declaration of Trust if such amendment would have an Adverse Effect or would reasonably be expected to have an Adverse Effect at any time in the future; provided that if an amendment would have, or would reasonably be expected to have, an Adverse Effect, such amendment may only be made ~~with~~if the Issuer has obtained the consent of the Debtholders affected thereby, acting pursuant to an Ordinary Resolution.

(d) ~~(c)~~ Upon receipt of an Issuer Certificate directing it to do so (provided that the Issuer has certified that the conditions set forth in Section 13.18(~~a~~b) or 13.18(~~b~~c), as applicable, have been satisfied), the Indenture Trustee shall execute any

amendment, supplementation, modification, restatement or replacement of any Program Agreement to which it is a party (by acknowledgment or otherwise).

13.19 Issuer May Consolidate, Etc., Only on Certain Terms

The Issuer shall not consolidate or merge with or into any other Person, or sell, convey, exchange, transfer or otherwise dispose of any of its properties or assets included in the Collateral to any Person (in this Section 13.19, a "**transaction**"), unless:

(a) the Person (if other than the Issuer) formed by or surviving the consolidation or merger, or the Person that acquires by conveyance or transfer the properties and assets of the Issuer the conveyance or transfer of which is restricted, as applicable, shall: (i) be a Financing Entity, (ii) be organized and existing under the laws of Canada or any province or territory thereof, (iii) not be a Non-resident, (iv) not be subject to regulation as an "investment company" under the Investment Company Act, (v) expressly assume, pursuant to an assignment and/or assumption agreement or supplement executed and delivered to the Indenture Trustee, in a form satisfactory to the Indenture Trustee, the due and punctual payment of all Obligations Secured then outstanding and the performance or observance of every agreement and covenant of the Issuer in this Indenture and the other Program Agreements to which the Issuer is a party; and (vi) in the case of a conveyance or transfer only, expressly agree, by means of such assignment and/or assumption agreement or supplement, that (A) all right, title and interest so conveyed or transferred is subject and subordinate to the Security Interest, and (B) it shall make all filings required by applicable securities laws in connection with the Notes;

(b) immediately after giving effect to such transaction, no Event of Default shall have occurred and be continuing;

(c) the Issuer shall have delivered to the Indenture Trustee an Issuer Certificate and an Opinion of Counsel each stating that (i) such transaction and the agreements delivered in connection therewith comply with this Section 13.19, (ii) all conditions precedent in this Section 13.19 relating to such transaction have been complied with, and (iii) each agreement delivered in connection with such transaction has been duly authorized, executed and delivered, and is valid, binding and enforceable against the surviving Person or transferee, as applicable;

(d) the Rating Agency Condition shall have been satisfied with respect to such transaction; and

(e) any action that is necessary to maintain the Security Interest shall have been taken.

13.20 Successor Substituted

Upon any consolidation or merger, or any conveyance or transfer of the properties and assets of the Issuer substantially as an entirety in accordance with Section 13.19, the Person formed by or surviving such consolidation or merger (if other than the Issuer) or the Person to

which such conveyance or transfer is made shall succeed to, and be substituted for, and may exercise every right and power of, the Issuer under this Indenture with the same effect as if such Person had been named as the Issuer herein. In the event of any such conveyance or transfer, the Person named as the Issuer in the first paragraph of this Indenture or any successor which shall theretofore have become such in the manner prescribed in this Section 13.20 shall be released from its obligations under this Indenture as issued immediately upon the effectiveness of such conveyance or transfer.

13.21 Guarantees, Loans, Advances and Other Liabilities

Except as contemplated by this Indenture or the Declaration of Trust, the Issuer shall not make any loan or advance or credit to, or guarantee (directly or indirectly or by an instrument having the effect of assuring another's payment or performance on any obligation or capability of so doing or otherwise), endorse or otherwise become contingently liable, directly or indirectly, in connection with the obligations, stocks or dividends of, or own, purchase, repurchase or acquire (or agree contingently to do so) any stock, obligations, assets or securities of, or any other interest in, or make any capital contribution to, any other Person.

13.22 Capital Expenditures

The Issuer shall not make any expenditure (by long-term or operating lease or otherwise) for capital assets.

13.23 Restricted Payments

The Issuer is permitted to declare or make payable any amounts to the owner of units in the Issuer as permitted by and in accordance with the Declaration of Trust, and redeem (at the request of an owner or otherwise), purchase, retire or otherwise acquire for value any units in the Issuer, provided that the Issuer may only satisfy the distribution declared or made payable, or the redemption or purchase price of any units so redeemed, purchased, retired or otherwise acquired, in cash or property to the extent that cash or property is available for such purpose, subject to Sections 7.04, 7.10 and 8.13. For greater certainty, if the Issuer is restricted from satisfying the foregoing amounts in cash or property pursuant to the provisions of this Section, then the Issuer shall satisfy such amounts through the issuance of additional units and/or a promissory note to its unitholders in accordance with the Declaration of Trust.

13.24 Redemption of Subordinated Notes or Junior Subordinated Notes

Notwithstanding anything in the Related Supplemental Indenture to the contrary, the Issuer may not redeem any Series or Tranche of Subordinated Notes or Junior Subordinated Notes, in whole at any time or in part from time to time, unless the following conditions have been satisfied both before and after giving effect to the redemption, as certified by the Issuer pursuant to an Issuer Certificate:

(a) no Default or Event of Default shall have occurred and be continuing;

(b) all Issuer Accounts shall have been fully funded in accordance with the provisions of this Indenture and any Funding Obligation Agreement; and

(c) the sum of ~~outstanding~~the Outstanding Dollar Principal Amount of Subordinated Funding Obligations and Junior Subordinated Funding Obligations after giving effect to the redemption shall be no less than 35% of the ~~outstanding~~aggregate Outstanding Dollar Principal Amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations.

13.25 No Borrowing

The Issuer will not issue, incur, assume, guarantee or otherwise become liable, directly or indirectly, for any additional indebtedness, except for Funding Obligations and except pursuant to the Program Agreements.

13.26 Minimum Subordinated Funding Obligations

(a) The Issuer will not permit the aggregate Outstanding Dollar Principal Amount of Subordinated Funding Obligations and Junior Subordinated Funding Obligations to be less than 35% of the aggregate Outstanding Dollar Principal Amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations.

(b) The Issuer will not permit the aggregate Outstanding Dollar Principal Amount of Junior Subordinated Funding Obligations to be less than 10% of the aggregate Outstanding Dollar Principal Amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations.

13.27 ~~13.26~~ Other Negative Covenants

The Issuer will not:

(a) claim any credit on, or make any deduction from the principal or interest payable in respect of, the Notes or Borrowings (other than amounts withheld or deducted as described in Section 16.02);

(b) permit the validity or effectiveness of this Indenture to be impaired, or permit the Security Interest to be amended, hypothecated, subordinated, terminated or discharged, or permit any Person to be released from any covenants or obligations hereunder with respect to any Program Agreements except as may be expressly permitted hereby;

(c) permit any Lien (other than Permitted Liens) to be created on or extend to or otherwise arise upon or burden the Collateral or any part thereof or any interest therein or the proceeds thereof;

(d) sell, transfer, exchange or otherwise dispose of any of the Collateral except as may be expressly permitted hereby;

(e) release any security or guarantee in respect of the Collateral;

(f) voluntarily dissolve or liquidate; or

(g) take any action that would cause it to be treated as engaged in a "trade or business within the United States" within the meaning of applicable U.S. tax law interpreting section 864 of the Internal Revenue Code or its successor or predecessor provisions.

13.28 ~~13.27~~ Indenture Trustee May Perform Covenants

If the Issuer fails to perform any of its covenants herein contained, the Indenture Trustee may, subject to the receipt of indemnification and funding reasonably acceptable to the Indenture Trustee as provided in Section 9.02(d), itself perform the covenant if the covenant is capable of being performed by the Indenture Trustee and, if the covenant requires the payment or expenditure of money, the Indenture Trustee may make the payment or expenditure with money borrowed by or advanced to it for such purpose, but will be under no obligation to do so; and all sums so expended or advanced will bear interest at the rate of interest charged to the Indenture Trustee by its bankers from the date of expenditure until repayment and will (together with such interest) be paid by the Issuer upon demand and will until paid form part of the Obligations Secured and constitute a Lien on the Collateral to which such covenant related in priority to the Security Interest and will be payable out of any funds coming into possession of the Indenture Trustee hereunder. No performance or payment will be deemed to relieve the Issuer from the consequences of the occurrence of any Event of Default hereunder.

ARTICLE XIV
~~MANAGEMENT AGREEMENT AND CREDIT ENHANCEMENT~~CERTAIN PROGRAM AGREEMENTS

14.01 Management Agreement

The Indenture Trustee acknowledges that the Issuer has entered into the Management Agreement which provides, among other things, for the provision of certain services and the performance by the Manager of certain obligations of the Issuer under this Indenture connected with the Issuer Investment Interest, the incurrence of Issuer Funding Obligations and all registrations required pursuant to Section 4.05. Accordingly, any obligation of the Issuer hereunder performed by the Manager on behalf of the Issuer will be deemed to have been performed by the Issuer and any payments referred to hereunder received or received and applied against the Issuer Funding Obligations by the Manager on behalf of the Issuer will be deemed to have been received or received and applied by the Issuer. The Indenture Trustee may act and rely on any instrument or report referred to hereunder prepared by the Manager on behalf of the Issuer as if the instrument or report had been prepared by the Issuer.

14.02 Credit Enhancement Agreements

The Indenture Trustee acknowledges that the Issuer may enter into one or more Credit Enhancement Agreements which provide, among other things, for the right of the Issuer, the Indenture Trustee or the Manager, as attorney for the Issuer, to make drawings on Credit Enhancers for the purpose of paying maturing Issuer Funding Obligations and repaying Borrowings under Liquidity Agreements. The Indenture Trustee hereby appoints the Manager as

the Indenture Trustee's attorney, with full authority in the place and stead of and in the name of the Indenture Trustee or otherwise, from time to time to make any drawings pursuant to a Credit Enhancement Agreement (provided that written notice of any drawings shall be given by the Manager to the Indenture Trustee) and, in that connection, to execute and deliver all such documents, instruments and certificates including, without limitation, any drawing certificates required to be delivered to a Credit Enhancer at the time any drawing is made, and to do all such further acts and things and to take all such proceedings as the Manager in its sole discretion deems necessary or desirable to enforce compliance by a Credit Enhancer with the terms of a Credit Enhancement Agreement.

14.03 Declaration of Trust

The Indenture Trustee acknowledges that pursuant to the Declaration of Trust, the Indenture Trustee may appoint a successor Issuer Trustee if the Issuer Trustee and the unitholders of the Issuer fail to appoint such a successor. The Indenture Trustee will only exercise such right if it has received an Ordinary Resolution of Controlling Class Creditors directing it to take such action.

ARTICLE XV
NOTICES

15.01 Notice to Issuer

Any notice, document or other communication required or permitted to be given or delivered to the Issuer hereunder will be in writing and will be valid and effective if given by delivery to the addresses indicated below or by facsimile or email transmission at such addresses (with, in the case of facsimile or email transmission, receipt confirmed, either by telephone, reply facsimile or reply email, or, in the case of email transmission, through the email software itself) and such notice, document or other communication shall be deemed to have been received, if given by delivery, on the day of delivery, and, if sent by facsimile or email transmission, on the day receipt thereof has been confirmed in accordance with the provisions of this Section 15.01. Such notice shall, if given on a day other than a Business Day or after the normal business hours of the recipient on a Business Day, be deemed to have been given on the next Business Day:

Fair Hydro Trust
c/o Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6

Attention: Vice President, Fair Hydro Plan
Fax: (416) 592-4189
~~[~~Email: ~~■~~FHP@opg.com~~]~~

Attention: General Counsel
Fax: (416) 592-4189
~~[Email: ■@opg.com]~~

with copies to:

Computershare Trust Company of Canada, in its capacity as
Issuer Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1

Attention: Manager, Corporate Trust
Fax: (416) 981-9777
Email: corporatetrust.toronto@computershare.com

15.02 Notice to the Indenture Trustee

Any notice, document or other communication required or permitted to be given or delivered to the Indenture Trustee hereunder will be in writing and will be valid and effective if given by delivery to the address indicated below or by facsimile transmission at such address (with, in the case of facsimile transmission, receipt confirmed, either by telephone or reply facsimile) and such notice, document or other communication shall be deemed to have been received, if given by delivery, on the day of delivery, and, if sent by facsimile transmission, on the day receipt thereof has been confirmed in accordance with the provisions of this Section 15.02. Such notice shall, if given on a day other than a Business Day or after the normal business hours (being 5:00 p.m. (Toronto time)) of the Indenture Trustee on a Business Day, be deemed to have been given on the next Business Day:

BNY Trust Company of Canada
One York Street, 6th Floor
Toronto, Ontario M5J 0B6

Attention: Corporate Trust Administration
Fax: (416) 360-1711

15.03 Notice to Noteholders

(a) Any notice, document or other communication required or permitted to be given or delivered hereunder to Registered Noteholders will be deemed to be validly given if sent to a destination within Canada by first class mail and if sent to a destination outside of Canada by airmail, postage prepaid in each case, sent by facsimile transmission or email transmission, addressed in each case to the Registered Noteholder at its address appearing in the Note Register, not later than the latest date, and not earlier than the earliest date, prescribed for the giving of such notice. In any case where notice to Registered Noteholders is given by mail, facsimile or electronic transmission, neither the failure to mail, send by facsimile or send by electronic transmission such notice, nor any defect in any notice so mailed, to any particular Noteholders will affect the sufficiency of such notice with respect to other Noteholders and any notice that is mailed, sent by facsimile or sent by electronic transmission in the manner herein provided shall conclusively have been presumed to have been duly given. In the case where CDS is the Registered Noteholder, notices, documents or other communications may be

given by hand-delivery and such notice, document or other communication shall be deemed to have been received on the day of delivery.

(b) No notice will be given by mail, facsimile, email transmission or otherwise delivered to a holder of Bearer Notes or coupons in bearer form. In the case of any Class, Series or Tranche with respect to which any Bearer Notes are Outstanding, any notice required or permitted to be given to holders of such Bearer Notes will be published in an Authorized Newspaper within the time period prescribed in this Indenture or the Related Supplemental Indenture.

(c) In case, by reason of the suspension of regular mail service as a result of a strike, work stoppage or otherwise, it will be impractical to mail notice of any event to any holder of a Registered Note when such notice is required to be given pursuant to any provision of this Indenture, then any method of notification as will be satisfactory to the Indenture Trustee and the Issuer will be deemed to be a sufficient giving of such notice.

(d) With respect to any Series or Tranche of Notes, the Related Supplemental Indenture or Terms Document may specify different or additional means of giving notice to the Noteholders of such Series or Tranche.

(e) Where this Indenture, any Supplemental Indenture or any Registered Note provides for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver will be the equivalent of such notice. Waivers of notice by Registered Noteholders will be filed with the Indenture Trustee, but such filing will not be a condition precedent to the validity of any action taken in reliance upon such waiver.

15.04 Notice to Other Specified Creditors

Any notice, document or other communication required or permitted to be given or delivered to any Specified Creditor (other than Noteholders) hereunder will be in writing and will be given by delivery to the applicable addresses provided to the Issuer by such Specified Creditor and set forth in the Specified Creditor list delivered pursuant to subsection 13.13(b) or by facsimile or electronic transmission. Any such notice shall, if given on a day other than a Business Day or after the normal business hours of the recipient on a Business Day, be deemed to have been given on the next Business Day.

15.05 Notice to Rating Agencies

Any notice, document or other communication required or permitted to be given or delivered to the Rating Agencies hereunder will be in writing and will be given by delivery to the applicable addresses provided to the Issuer by the Rating Agencies or by facsimile or electronic transmission. Any such notice shall, if given on a day other than a Business Day or after the normal business hours of the recipient on a Business Day, be deemed to have been given on the next Business Day. Where this Indenture provides for notice to any Rating Agency, failure to

give such notice will not affect any other rights or obligations created hereunder and will not under any circumstance constitute an Adverse Effect.

15.06 Change of Address

Any Person referenced above may from time to time notify any other interested Person, in accordance with the provisions hereof, of any change of address which thereafter, until changed by like notice, shall be the address of such Person for all purposes of this Indenture.

ARTICLE XVI
MISCELLANEOUS

16.01 No Petition

The Indenture Trustee, by entering into this Indenture, and each Specified Creditor by accepting its rights as a third party beneficiary hereunder, agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Issuer Funding Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Issuer.

16.02 Withholding Rights

The right of any Person to receive amounts described in this Indenture, including rights of a Noteholder to receive interest on or principal of a Note, or the rights of a Person to receive payments described in the Payment Waterfalls, shall be subject to any applicable withholding or deduction imposed pursuant to the Income Tax Act or other applicable tax law, including foreign withholding and deduction. Any amounts properly withheld or deducted shall be treated as actually paid to the appropriate recipient, provided that such deduction or withheld amounts are actually remitted in accordance with applicable law to the appropriate Governmental Authority.

16.03 U.S. Tax Treatment

The Issuer and each Noteholder that is a United States Person agree that the Notes are intended to be debt for United States federal, state and local income and franchise tax purposes and agree to treat the Notes accordingly for all such purposes, unless otherwise required by a taxing authority. Each Noteholder that is a United States Person further agrees that it will cause any Note Owner that is a United States Person acquiring an interest in a Note through it to comply with this Indenture as to treatment as indebtedness for United States federal, state and local income and franchise tax purposes as described in this Section 16.03.

16.04 Alternate Payment Provisions

Notwithstanding any provision of this Indenture or any of the Notes to the contrary, the Issuer, with the written consent of the Indenture Trustee, may enter into any agreement with any Noteholder providing for a method of payment or notice that is different from the methods provided for in this Indenture for such payments or notices. The Issuer will furnish to the Indenture Trustee a copy of each such agreement and the Indenture Trustee will cause payments or notices, as applicable, to be made in accordance with such agreements.

16.05 Final Distribution

(a) The Issuer shall give the Indenture Trustee at least 30 days written notice of the Principal Payment Date on which the Noteholders of any Class, Series or Tranche may surrender their Notes for payment of the final distribution on and cancellation of such Notes. Not later than the fifth day of the month in which the final distribution in respect of such Class, Series or Tranche is payable to Noteholders, the Indenture Trustee shall provide notice to Noteholders of such Class, Series or Tranche specifying (i) the date upon which final payment of such Class, Series or Tranche will be made upon presentation and surrender of Notes of such Class, Series or Tranche at the office or offices therein designated, (ii) the amount of any such final payment, and (iii) that the Record Date otherwise applicable to such Principal Payment Date is not applicable, payments being made only upon presentation and surrender of such Notes at the office or offices therein specified (which, in the case of Bearer Notes, shall be outside the United States). The Indenture Trustee shall give such notice to the Note Registrar and the Paying Agent at the time such notice is given to Noteholders.

(b) Notwithstanding a final distribution to the Noteholders of any Class, Series or Tranche of Notes (or the termination of the Issuer), except as otherwise provided in this paragraph, all funds then on deposit in any Series Account allocated solely to such Noteholders shall continue to be held in trust for the benefit of such Noteholders, and the Paying Agent or the Indenture Trustee shall pay such funds to such Noteholders upon surrender of their Notes, if certificated. In the event that all such Noteholders shall not surrender their Notes for cancellation within six (6) months after the date specified in the notice from the Indenture Trustee described in paragraph (a), the Indenture Trustee shall give a second notice to the remaining such Noteholders to surrender their Notes for cancellation and receive the final distribution with respect thereto (which surrender and payment, in the case of Bearer Notes, shall be outside the United States). If within one (1) year after the second notice all such Notes shall not have been surrendered for cancellation, the Indenture Trustee may take appropriate steps, or may appoint an agent to take appropriate steps, to contact the remaining such Noteholders concerning surrender of their Notes, and the cost thereof shall be paid out of the funds in the Collection Account or any Series Account held for the benefit of such Noteholders. The Indenture Trustee and the Paying Agent shall pay to the Issuer any monies held by them for the payment of principal or interest that remains unclaimed for two (2) years. After payment to the Issuer, Noteholders entitled to the money must look to the Issuer for payment as general creditors unless an applicable abandoned property law designates another Person.

16.06 Force Majeure

In no event shall the Indenture Trustee or the Issuer Trustee be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural

catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services; it being understood that the Indenture Trustee and the Issuer Trustee shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

16.07 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Indenture.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly executed as of the day and year first above written.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of **FAIR HYDRO TRUST**, as Issuer

By: **ONTARIO POWER GENERATION INC.**, not in its individual capacity but solely as Manager

By: _____

Name:
Title:

By: _____

Name:
Title:

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

By: _____

Name:
Title:

Schedule A
DEFINED TERMS

"**Acceleration Event**" means the acceleration of any Series of Controlling Class Obligations pursuant to and in accordance with the Related Funding Obligation Agreement.

"**Act**" means *Ontario Fair Hydro Plan Act, 2017*.

"**Action**" has the meaning specified in Section 1.04.

"**Adherence Compliance Certificate**" has the meaning specified in the Change of Law Protection Agreement.

"**Adverse Effect**" means, whenever used in this Indenture with respect to any action, that such action will at the time of its occurrence (a) result in the occurrence of an Event of Default or any event which with the giving of notice or passage of time, or both, would become an Event of Default, (b) adversely affect the amount or timing of any payment to be made to any Debtholder or Derivative Counterparty pursuant to this Indenture or any Program Agreement, (c) materially adversely affect the amount or timing of payments to be made to the Specified Creditors (other than Debtholders and Derivative Counterparties) pursuant to this Indenture or any Program Agreement, or (d) adversely affect the Security Interest and the rights and remedies of the Indenture Trustee in respect thereof.

"**Affected Party**" has the meaning specified in the applicable Derivative Agreement.

"**Affiliate**" means, with respect to any specified Person, any other Person controlling or controlled by or under common control with such specified Person. For the purposes of this definition, "**control**" when used with respect to any specified Person means the power to direct the management and policies of such specified Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, and the terms "**controlling**" and "**controlled**" have meanings correlative to the foregoing.

"**Agency Agreement**" means an agency agreement made between the Issuer and one or more Persons acting on behalf of the Issuer, providing for the sale and distribution of Notes on an agency basis.

"**Approved Obligation**" has the meaning specified in the Change of Law Protection Agreement.

"**Approved Obligation Amount**" has the meaning specified in the Change of Law Protection Agreement.

"**Authorized Newspaper**" means any newspaper or newspapers of general circulation, in the case of Notes issued in the United States, in the Borough of Manhattan, The City of New York, and in the case of Notes issued in Canada, in the City of Toronto, in each case printed in the English language and customarily published on each Business Day at such place, whether or not published on Saturdays, Sundays or holidays, or if and so long as Notes of any Class, Series or Tranche are listed on any securities exchange and that exchange so requires, the newspaper of

record required by the applicable securities exchange, printed in any language satisfying the requirements of such exchange.

"**Available Collections**" means, for any Monthly Period, without duplication: (a) the Servicer CEA Receipts paid to the Issuer in accordance with Section 3.3 of the Master Transfer and Servicing Agreement, plus investment earnings allocable to the amounts on deposit in the Collection Account, plus any other amounts, or allocable portion thereof, to be treated as Available Collections, subject to this Indenture and any applicable Supplemental Indenture; (b) the IESO Carrying Cost Payments (other than the IESO Cash Reserve Deposit Amount); and (c) amounts received by the Issuer pursuant to Derivative Agreements.

"**Bearer Note**" means a Note in bearer form.

"**Benefit Plan**" means an "employee benefit plan" as defined in Section 3(3) of ERISA, which is subject to the provisions of Title I of ERISA, a "plan" described in and subject to Section 4975 of the Code, or an entity whose underlying assets include "plan assets" by reason of an employee benefit plan's investment in the entity.

"**Borrowing**" means a borrowing or drawing by the Issuer pursuant to a Liquidity Agreement, a Loan Agreement or a Credit Enhancement Agreement.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are, or the office of the Indenture Trustee is, authorized or obligated by applicable law, regulation or executive order to be closed.

"**Canadian Depository**" means, unless otherwise specified by the Issuer pursuant to any of Section 3.04, 3.06, or 4.01, with respect to Notes issuable or issued as a Global Note within Canada, CDS Clearing and Depository Services Inc., or any successor thereto registered as a clearing agency under the *Securities Act* (Ontario), or other applicable statute or regulation.

"**Carrying Costs**" has the meaning ascribed to the term "carrying costs" in the Fair Hydro Regulations.

"**Certificate of Authentication**" means the certificate of authentication of the Indenture Trustee, the form of which is described in Section 3.03.

"**Certified Primary Obligations**" has the meaning specified in the Change of Law Protection Agreement.

"**Chairman**" has the meaning specified in subsection 10.01(d).

"**Change of Law Protection Agreement**" means the change of law protection agreement dated December [21], 2017 among the Province, the Issuer and the Indenture Trustee.

"**Class**" means the Senior Funding Obligations, the Subordinated Funding Obligations, the Junior Subordinated Funding Obligations, each of which shall be a Class of Issuer Funding Obligations.

"**Collateral**" has the meaning specified in Section 2.01.

"**Collection Account**" has the meaning specified in subsection 7.02(a).

"**Commission**" means the U.S. Securities and Exchange Commission.

"**Controlling Class Creditors**" means, at any time, the Debtholders holding Controlling Class Obligations.

"**Controlling Class Obligations**" means: (a) Senior Funding Obligations until such time as all Senior Funding Obligations have been paid in full; then (b) if all Senior Funding Obligations have been paid in full, Subordinated Funding Obligations until such time as all Subordinated Funding Obligations have been paid in full; and finally (c) if all Senior Funding Obligations and Subordinated Funding Obligations have been paid in full, Junior Subordinated Funding Obligations until such time as all Junior Subordinated Funding Obligations have been paid in full.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Issuer and any other owner or owners of an Investment Interest as contemplated by subsection 29(5) of the Act.

"**Corporate Trust Office**" means the office of the Indenture Trustee at which, at any particular time, its corporate trust business shall be administered, which office as of the date hereof is located at One York Street, 6th Floor, Toronto, Ontario M5J 0B6, or at such other address as the Indenture Trustee may designate from time to time by notice to the Specified Creditors and the Issuer, or the principal corporate trust office of any successor trustee designated by like notice.

"**Credit Enhancement**" means any form of credit enhancement (howsoever characterized) for any Issuer Funding Obligation, including any letter of credit, letter of guarantee, insurance policy, surety bond, cash reserve account, spread account, guaranteed rate agreement, note purchase agreement, loan facility or other similar agreement established for the benefit of a Lender or Noteholder, as applicable, and including any facility provided by a Person to the Issuer which is specified or acknowledged in writing by the Issuer as "Credit Enhancement" for purposes hereof.

"**Credit Enhancement Agreement**" means any credit enhancement agreement entered into hereafter between the Issuer and one or more Credit Enhancers, and acknowledged and accepted by the Indenture Trustee in accordance with Article V, providing Credit Enhancement in respect of any Issuer Funding Obligation, and includes any letter of credit, guarantee, surety bond or other instrument executed and delivered by such Credit Enhancer(s).

"**Credit Enhancer**" means any Person providing Credit Enhancement to the Issuer or in respect of any Issuer Funding Obligation.

"**DBRS**" means DBRS Limited, or any successor thereof.

"**Debtholder**" means a Noteholder or a Lender.

"**Debtholder Group**" has the meaning specified in subsection 10.01(a).

"**Declaration of Trust**" means the declaration of trust made as of December [■15], 2017 under which the Issuer was established.

"**Default**" means the occurrence of any event which, after the passage of time and, the required notification to the Indenture Trustee and, if required, approval by the required Controlling Class Creditors, would become an Event of Default.

"**Defaulting Party**" has the meaning specified in the applicable Derivative Agreement.

"**Deferred Principal Accumulation Amount**" means, on any Principal Payment Date, the amount by which the aggregate of the Principal Accumulation Amount (Warehouse), the Principal Accumulation Amount (Senior), the Principal Accumulation Amount (Subordinated) and the Principal Accumulation Amount (Junior Subordinated) for such Principal Payment Date determined without reference to any Refinancing Notices is greater than the amount on deposit in the Principal Accumulation Account.

"**Depository**" means a Canadian Depository, a U.S. Depository or a Foreign Depository, as the case may be.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Issuer in connection with or related to Borrowings or Notes.

"**Derivative Counterparty**" means any party to any Derivative Agreement other than the Issuer or the Indenture Trustee.

"**Derivative Funding Obligations**" means Funding Obligations arising under, or in connection with, Derivative Agreements.

"**Discount Note**" means a Note that provides for an amount less than the Stated Principal Amount (but not less than the Initial Currency Specific Dollar Principal Amount) thereof to be due and payable upon the occurrence of an optional redemption, or the occurrence of an Event of Default and the acceleration of such Note, in each case before the Principal Payment Date of the applicable Note.

"**Dollar**," "**$**" or "**Cdn. $**" means Canadian dollars.

"**Electronic Methods**" means delivery of any notice or form of communication by facsimile, pdf or e-mail, or by other similar electronic means in a form satisfactory to the Issuer.

"**Eligible Deposit Account**" means, in relation to any Issuer Account, an account that is a segregated account with an Eligible Institution.

"**Eligible Institution**" means (a) a trust company or Schedule I chartered bank (or an Affiliate thereof) incorporated under the laws of Canada or any province thereof (i) which has either (x) a long-term unsecured debt rating of "A" or better by DBRS, or (y) a short-term deposit rating of "R-1 (low)" or better by DBRS, and (ii) which has either (x) a long-term unsecured debt rating of "A2" or better by Moody's, or (y) a short-term deposit rating of "P-1" or better by Moody's, or (b) any institution that otherwise satisfies the Rating Agency Condition.

"**Eligible Investments**" means instruments or investment property that evidence:

(a) direct obligations of, or obligations fully and unconditionally guaranteed as to timely payment by, Canada or the United States of America;

(b) demand or time deposits of, unsecured certificates of deposit of, money market deposit accounts of, bank deposit products of or bankers' acceptances issued by, any depository institution (including, but not limited to, bank deposit products of the Indenture Trustee, acting in its commercial capacity) incorporated or organized under the laws of the United States of America, Canada or any state or province thereof and subject to supervision and examination by applicable banking authorities, so long as the commercial paper or other short-term debt obligations of such depository institution are, at the time of deposit, rated at least "R-1 (low)" and "P-1" by each of DBRS and Moody's, or such lower rating as will not result in the downgrading or withdrawal of the ratings of the Issuer or any of the Issuer Funding Obligations;

(c) commercial paper (including commercial paper of the Indenture Trustee, acting in its commercial capacity), which at the time of purchase is rated at least "R-1 (low)" and "P-1" by each of DBRS and Moody's, or such lower rating as will not result in the downgrading or withdrawal of the ratings of the Issuer or any of the Issuer Funding Obligations;

(d) investments in money market funds having a rating in the highest investment category granted thereby (including funds for which the Indenture Trustee or any of its Affiliates is investment manager or advisor) from DBRS and Moody's;

(e) repurchase obligations with respect to any security that is a direct obligation of, or fully guaranteed by, the United States of America, Canada or their respective agencies or instrumentalities, entered into with Eligible Institutions;

(f) repurchase obligations with respect to any security or whole loan entered into with an Eligible Institution or with a registered broker/dealer acting as principal and that meets the ratings criteria set forth below:

(i) a broker/dealer (acting as principal) registered as a broker or dealer under the Securities Act (any such broker/dealer being referred to in this

definition as a "**broker/dealer**"), the unsecured short-term debt obligations of which are rated at least "P-1" by Moody's and "R-1" by DBRS at the time of entering into such repurchase obligation; or

(ii) an unrated broker/dealer, acting as principal, that is a wholly-owned subsidiary of a non-bank or bank holding company the unsecured short-term debt obligations of which are rated at least "P-1" by Moody's and "R-1" by DBRS at the time of purchase so long as the obligations of such unrated broker/dealer are unconditionally guaranteed by such non-bank or bank holding company; and

(g) any other investment permitted by each of the Rating Agencies;

in each case maturing not later than the Business Day preceding the next Payment Date, Interest Payment Date or Principal Payment Date, as applicable (for the avoidance of doubt, investments in money market funds or similar instruments that are redeemable on demand shall be deemed to satisfy the foregoing requirement). Notwithstanding the foregoing~~: (A)~~, no securities or investments that mature in 30 days or more shall be "Eligible Investments" unless the issuer thereof has (x) either a short-term unsecured debt rating of at least "P-1" from Moody's or a long-term unsecured debt rating of at least "A2" from Moody's and also has (y) either a short-term unsecured debt rating of at least "R-1 (low)" from DBRS or a long-term unsecured debt rating of at least "A" from DBRS~~; and (B) no securities or investments described in clauses (b) through (d) above that have maturities of more than 30 days but less than or equal to 3 months shall be "Eligible Investments" unless the issuer thereof has (x) a long-term unsecured debt rating of at least "A1" from Moody's and a short-term unsecured debt rating of at least "P-1" from Moody's, or (y) a long-term unsecured debt rating of at least "A" from DBRS and a short-term unsecured debt rating of at least "R-1 (low)" from DBRS.~~.

"**Eligible Securities Account**" means a securities account that is a segregated account with an Affiliate of an Eligible Institution, which Affiliate is licensed to maintain securities accounts.

"**ERISA**" means the *Employee Retirement Income Security Act* of 1974, as amended.

"**Event of Default**" has the meaning specified in Section 8.01.

"**Exchange Date**" means, with respect to any Class, Series or Tranche of Notes, the latest of:

(a) in the case of exchanges of beneficial interests in Temporary Global Notes for beneficial interests in Permanent Global Notes in registered form, any date that is after the related issuance date;

(b) in the case of exchanges of beneficial interests in Temporary Global Notes for beneficial interests in Permanent Global Notes in bearer form, the date of presentation of certification of non-United States beneficial ownership (as described in Section 3.05); and

(c) the earliest date on which such an exchange of a beneficial interest in a Temporary Global Note for a beneficial interest in a Permanent Global Note is permitted by applicable law.

"**Exchange Rate Agent**" means, with respect to any Series of Issuer Funding Obligations (unless otherwise specified with respect to any Series of Issuer Funding Obligations pursuant to the Related Funding Obligation Agreement), a chartered bank listed on Schedule I to the *Bank Act* (Canada) designated pursuant to the Related Funding Obligation Agreement.

"**Extraordinary Resolution**" means a resolution passed by the affirmative votes of Controlling Class Creditors holding not less than 66⅔% of the Outstanding Dollar Principal Amount of all Controlling Class Obligations represented and voting at a meeting of all Controlling Class Creditors duly convened and held in accordance with the provisions of this Indenture.

"**Fair Hydro Regulations**" means the regulations made under the Act, including Ontario regulations 206/17 and 195/17.

"**~~Financial Services Manager~~Finance Amount**" has the meaning ascribed to the term "~~financial services manager~~finance amount" in the Act and the Fair Hydro Regulations as of the date of this Indenture.

"**Financing Entity**" has the meaning ascribed to the term "financing entity" in the Act as of the date of this Indenture.

"**Financing Plan**" has the meaning ascribed to the term "financing plan" in the Act as of the date of this Indenture.

"**Foreign Currency**" means (a) a currency other than Dollars, or (b) denominated in a currency other than Dollars.

"**Foreign Currency Note**" means a Note denominated in a Foreign Currency.

"**Foreign Depository**" means the Person specified in the Related Supplemental Indenture, in its capacity as depository for the accounts of any clearing agencies located outside Canada and the United States.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Indenture.

"**Funding Obligation Agreement**" means any Notes, any Supplemental Indenture (including any Terms Document), any Liquidity Agreement, any Loan Agreement, any Credit Enhancement Agreement or any Derivative Agreement.

"**Global Note**" means any Note issued pursuant to Section 3.04.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other

instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**Guarantee Payment Date**" means each day when any payment or payments are to be made in respect of one or more Approved Obligations occurring following the delivery of a Payment Demand to the Province pursuant to the Change of Law Protection Agreement.

"**IESO**" means the Independent Electricity System Operator, a statutory corporation without share capital established by the *Electricity Act, 1998*, SO, 1998.

"**IESO Carrying Cost Payments**" means those amounts paid to the Issuer by the IESO pursuant to the Fair Hydro Regulations.

"**IESO Cash Reserve Account**" has the meaning specified in subsection 7.02(e).

"**IESO Cash Reserve Deposit Amount**" means an amount equal to the aggregate of:

(a) 0.50% of the aggregate outstanding principal amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations determined as of the Payment Date occurring in April, 2021; and

(b) an amount estimated by the Manager, acting reasonably, as the amount of Carrying Costs payable by the Issuer during May, June and July, 2021 on outstanding Issuer Funding Obligations and any Issuer Funding Obligations to be issued in accordance with the Financing Plan, provided that such estimate satisfies the Rating Agency Condition.

"**IESO Cash Reserve Required Amount**" means, on any Payment Date on or after the Payment Date in November, 2021, the amount, if any, by which (a) an amount equal to 0.50% of the aggregate Outstanding Dollar Principal Amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations, exceeds (b) the amount on deposit in the Program Cash Reserve Account, determined after giving effect to all settlements on such Payment Date.

"**IESO Security Agreement**" means the security agreement made by the IESO in favour of the Issuer to secure its obligations to pay IESO Carrying Cost Payments.

"**Income Tax Act**" means the *Income Tax Act* (Canada).

"**Indemnity Agreement**" means the Indemnity Agreement dated December [21], 2017 by the Manager in favour of the Indenture Trustee.

"**Indenture**" or "**this Indenture**" means this Trust Indenture, as amended, supplemented, restated or otherwise modified from time to time, including by Supplemental Indentures for the issuance of Series of Notes entered into pursuant to the applicable provisions hereof.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Indenture until a successor Indenture Trustee shall have become such pursuant to the

applicable provisions of this Indenture, and thereafter "Indenture Trustee" means and includes such Person.

"**Initial Currency Specific Dollar Principal Amount**" means with respect to a Series or Tranche in a Series that includes Foreign Currency Notes, the amount specified in the applicable Supplemental Indenture as the Initial Currency Specific Dollar Principal Amount thereof.

"**Initial Dollar Principal Amount**" means (a) unless otherwise specified in the applicable Supplemental Indenture, with respect to a Class, Series or Tranche of Notes, the aggregate initial principal amount of the Outstanding Notes of such Class, Series or Tranche plus the aggregate initial principal amount of any additional Notes of such Class, Series or Tranche, and (b) with respect to a Class, Series or Tranche of Discount Notes that includes Foreign Currency Notes, the amount specified in the applicable Supplemental Indenture as the Initial Dollar Principal Amount thereof.

"**Insolvency Event**" means, with respect to a specified Person, the specified Person admits the inability of such specified Person to pay its liabilities generally as they become due or makes a general assignment for the benefit of the creditors of such specified Person or otherwise acknowledges the insolvency of such specified Person or any proceeding shall be instituted by or against such specified Person seeking to adjudicate it a bankrupt or insolvent or seeking liquidation, winding up, dissolution, reorganization, arrangement, adjustment, protection, relief or composition of its debts under any law relating to bankruptcy, insolvency, reorganization, moratorium or relief of debtors or seeking the entry of an order for relief by the appointment of a receiver, trustee or other similar official for such specified Person or for any substantial part of its property and if such proceeding has been instituted against such specified Person either such proceeding has not been stayed or dismissed within 45 days or any of the actions sought in such proceeding (including the entry of an order for relief or the appointment of a receiver) are granted in whole or in part, or if a receiver is privately appointed in respect of such specified Person or of the property of such specified Person or any substantial part thereof.

"**Interest Accrual Amount (Junior Subordinated)**" means, in respect of any Payment Date and all Junior Subordinated Funding Obligations, the amount of interest that accrued on such Junior Subordinated Funding Obligations during the period from and including the issuance date of such Junior Subordinated Funding Obligations or the last date to which interest has been paid in respect of such Junior Subordinated Funding Obligations, as applicable, to such Payment Date less any amounts deposited to the Interest Accumulation Account in respect of such interest accruing during such period pursuant to ~~subsection 7.04(e)(v) [plus any amounts transferred from the Interest Accumulation Account to the Principal Accumulation Account pursuant to subsection 7.07(a)]~~subsections 7.04(e)(v) and 7.07.

"**Interest Accrual Amount (Senior)**" means, in respect of any Payment Date and all Senior Funding Obligations, the amount of interest that accrued on such Senior Funding Obligations during the period from and including the issuance date of such Senior Funding Obligations or the last date to which interest has been paid in respect of such Senior Funding Obligations, as applicable, to such Payment Date less any amounts deposited to the Interest Accumulation Account in respect of such interest accruing during such period pursuant to ~~Section~~subsections 7.04(e)(iii)(A) and 7.07.

"**Interest Accrual Amount (Subordinated)**" means, in respect of any Payment Date and all Subordinated Funding Obligations, the amount of interest that accrued on such Subordinated Funding Obligations during the period from and including the issuance date of such Subordinated Funding Obligations or the last date to which interest has been paid in respect of such Subordinated Funding Obligations, as applicable, to such Payment Date less any amounts deposited to the Interest Accumulation Account in respect of such interest accruing during such period pursuant to ~~subsection 7.04(e)(iv) [plus any amounts transferred from the Interest Accumulation Account to the Principal Accumulation Account pursuant to subsection 7.07(b)]~~subsections 7.04(e)(iv) and 7.07.

"**Interest Accumulation Account**" has the meaning specified in subsection 7.02(b).

"**Interest Payment Date**" means each Business Day on which interest is due and payable in respect of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations, as set out in the Related Funding Obligation Agreement.

"**Internal Revenue Code**" means the United States Internal Revenue Code of 1986, as amended.

"**Investment Asset**" has the meaning ascribed to the term "investment asset" in the Act as of the date of this Indenture.

"**Investment Company Act**" means the United States Investment Company Act of 1940, as amended.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Indenture.

"**Issuer**" has the meaning specified in the first paragraph of this Indenture.

"**Issuer Accounts**" means, collectively, the Program Accounts~~ and~~, the Series Accounts and the Related Securities Accounts, and including any Sub-Accounts ~~thereof~~of the foregoing.

"**Issuer Certificate**" means a certificate (including an Officer's Certificate) signed in the name of the Issuer by a Responsible Officer of the Manager on behalf of the Issuer and, in each case delivered to the Indenture Trustee relating to, among other things, the issuance of a new Series or Tranche of Notes. Wherever this Indenture requires that an Issuer Certificate be signed also by an accountant or other expert, such accountant or other expert (except as otherwise expressly provided in this Indenture) may be an employee of the Manager.

"**Issuer Funding Obligations**" means, the Funding Obligations of the Issuer, including the Senior Funding Obligations, the Subordinated Funding Obligations, the Junior Subordinated Funding Obligations and the Derivative Funding Obligations.

"**Issuer Investment Interest**" means, initially, the Investment Interest acquired by the Issuer pursuant to the first Transfer completed under the Master Transfer and Servicing Agreement and, upon the completion of each Transfer thereafter, the cumulative Investment Interest acquired by the Issuer.

"**Issuer Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Issuer at such time.

"**Junior Subordinated Borrowings**" means Borrowings that have been designated as "Junior Subordinated Borrowings" in the Related Loan Agreement, Related Liquidity Agreement or Related Credit Enhancement Agreement.

"**Junior Subordinated Funding Obligations**" means Funding Obligations arising under, or in connection with, Junior Subordinated Notes and Junior Subordinated Borrowings.

"**Junior Subordinated Notes**" means Notes of a Series that have been designated as "Junior Subordinated Notes" in the Related Supplemental Indenture.

"**Lender**" means any Person providing credit facilities, note purchase facilities or advances under a Liquidity Agreement, Loan Agreement or Credit Enhancement Agreement, as applicable.

"**Lien**" means a security interest, lien, mortgage, charge, pledge, claim or encumbrance of any kind.

"**Liquidity Agreement**" means an agreement between the Issuer and one or more Lenders, and acknowledged and accepted by the Indenture Trustee in accordance with Article V, providing for the creation of one or more liquidity facilities in respect of all or a portion of the Notes in favour of the Issuer, including a facility to fund the repayment of all or a portion of Notes or that permits the Issuer to require the purchase of Notes by a counterparty, and including further any facility provided by a Person to the Issuer which is specified or acknowledged in writing by the Issuer as a "Liquidity Agreement" for the purposes hereof.

"**Loan Agreement**" means an agreement between the Issuer and one or more Lenders, and acknowledged and accepted by the Indenture Trustee in accordance with Article V, providing for the creation of one or more credit facilities in favour of the Issuer for purposes of purchasing Investment Interests.

"**Management Agreement**" means the management agreement dated December [~~■~~15], 2017 between the Manager and the Issuer, and acknowledged by the Indenture Trustee in accordance with Article V.

"**Manager**" means OPG, in its capacity as manager of the Issuer under the Management Agreement.

"**Market Exchange Rate**" means ~~[■] [NTD: to be updated]~~, unless otherwise specified with respect to any Series of Issuer Funding Obligations, (a) for any conversion involving a currency unit on the one hand and Dollars or any Foreign Currency on the other, the exchange rate between the relevant currency unit and Dollars or such Foreign Currency calculated by the method specified pursuant to Section 3.1 for the Notes of the relevant Series, (b) for any conversion of Dollars into any Foreign Currency, the Bank of Canada noon rate as published on the Reuters Screen Page BOFC (or such other means of reporting the Bank of Canada noon rate as may be agreed upon by each of the parties to this Indenture) and (c) for any conversion of one Foreign Currency into Dollars or another Foreign Currency, the spot rate at noon local time in the

relevant market at which, in accordance with normal banking procedures, the Dollars or Foreign Currency into which conversion is being made could be purchased with the Foreign Currency from which conversion is being made from major banks located in either Toronto, New York City or any other principal market for Dollars or such purchased Foreign Currency, in each case determined by the Exchange Rate Agent. Unless otherwise specified with respect to any Series of Issuer Funding Obligations, in the event of the unavailability of any of the exchange rates provided for in the foregoing clauses (a), (b) and (c), the Exchange Rate Agent shall use, in its sole discretion and without liability on its part, such Bank of Canada noon rate as of the most recent available date, or quotations from one or more major banks in Toronto, New York City, or another principal market for the currency in question, or such other quotations as the Exchange Rate Agent shall deem appropriate. Unless otherwise specified by the Exchange Rate Agent, if there is more than one market for dealing in any currency by reason of foreign exchange regulations or otherwise, the market to be used in respect of such currency shall be that upon which a non-resident issuer of securities designated in such currency would purchase such currency in order to make payments in respect of such securities.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated December [~~1~~21], 2017 between the Issuer and IESO.

"**Monthly Period**" means, with respect to each Payment Date, the period from and including the first day of each calendar month and to and including the last day of such calendar month.

"**Monthly Report**" has the meaning ascribed thereto in Section 3.5(a) of the Master Transfer and Servicing Agreement.

"**Moody's**" means Moody's Investors Service, Inc., or any successor thereof.

"**MTSA Acknowledgement**" means the acknowledgement and indemnity agreement dated December [~~1~~21], 2017 by the IESO in favour of the Indenture Trustee.

"**Non-resident**" means a non-resident of Canada as such term is defined in the Income Tax Act or a partnership that is not a Canadian partnership within the meaning of the Income Tax Act.

"**Note**" or "**Notes**" means any note or notes of any Class, Series or Tranche created pursuant to Supplemental Indentures and authenticated and delivered from time to time under this Indenture.

"**Note Owner**" means the beneficial owner of an interest in a Global Note.

"**Note Purchase Agreement**" means an agreement providing for the purchase of Notes from the Issuer by one or more Persons.

"**Note Register**" has the meaning specified in subsection 4.05(a).

"**Note Registrar**" means the Person who keeps the Note Register.

"**Noteholder**" means a Person in whose name a Note is registered in the Note Register or the bearer of any Bearer Note (including a Global Note in bearer form), as the case may be.

"**Obligations Secured**" means all present and future debts, expenses and liabilities, direct or indirect, absolute or contingent, due, owing or accruing due or owing from time to time by the Issuer to the Specified Creditors in their capacity as such. For greater certainty, amounts owing to any Specified Creditors by the Issuer at any time shall include (a) the unpaid face amount of any Notes issued on a discount basis; (b) the principal amount owing at such time, together with the accrued and unpaid interest on interest bearing Notes or Borrowings; (c) accrued fees, whether or not then due and payable; and (d) any evidence of indebtedness issued pursuant to or in respect of an amount owing under a Program Agreement (other than amounts payable by the Issuer to its beneficiaries pursuant to the Declaration of Trust or a promissory note issued by the Issuer to a beneficiary as contemplated in the Declaration of Trust).

"**Officer's Certificate**" means a certificate on behalf of any Person that is signed by any Responsible Officer of such Person and states that the certifications set forth in such certificate are based upon the results of a due inquiry into the matters in question conducted by or under the supervision of the signing Responsible Officer and that the facts stated in such certifications are made to such signing Responsible Officer's knowledge and belief.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Opinion of Counsel**" means one or more written opinions of counsel, who may, except as otherwise expressly provided in the Program Agreements, be employees of or counsel to the party providing such opinion of counsel, which counsel shall be reasonably acceptable to the party receiving such opinion of counsel, and shall be in form and substance reasonably acceptable to such party.

"**Ordinary Resolution**" has the meaning specified in subsection 10.01(e).

"**Outstanding**" means, in respect of Notes, as of the date of determination, all Notes theretofore authenticated and delivered under this Indenture, except:

(a) any Notes theretofore canceled by the Indenture Trustee or delivered to the Indenture Trustee for cancellation pursuant to Section 4.12~~, or canceled by the Issuer and delivered to the Indenture Trustee pursuant to Section 4.12~~;

(b) any Notes for whose full payment (including principal and interest) or redemption money in the necessary amount has been theretofore deposited with the Indenture Trustee or any Paying Agent in trust for the holders of such Notes; provided that, if such Notes are to be redeemed, notice of such redemption has been duly given in accordance with subsection 4.10(e), or provision therefor satisfactory to the Indenture Trustee has been made; and

(c) any Notes in exchange for or in lieu of which other Notes have been authenticated and delivered pursuant to this Indenture, or which will have been paid pursuant to the terms of Section 4.06 (except with respect to any such Note as to which proof satisfactory to the Indenture Trustee is presented that such Note is held by a

Person in whose hands such Note is a legal, valid and binding obligation of the Issuer).

For purposes of determining the amounts of deposits, allocations, reallocations or payments to be made, unless the context clearly requires otherwise, references to "Notes" will be deemed to be references to "Outstanding Notes". In determining whether Noteholders of the requisite principal amount of Outstanding Notes have taken any Action hereunder, and for purposes of Article X, (i) Senior Notes beneficially owned by the Issuer, ~~OPG~~the Manager or any Affiliate of the Issuer or ~~OPG~~the Manager and (ii) any Class of Notes (or any portion thereof) in which the Province has an interest pursuant to ~~a Provincial Subrogation Claim~~Section 7.10 will, in each case, be disregarded and deemed not to be Outstanding at any time that a Specified Creditor other than the Province has an interest in such Class of Notes. In determining whether the Indenture Trustee will be protected in relying upon any such Action, only Senior Notes (or in the case of the Province, any Notes) which a Responsible Officer of the Indenture Trustee knows to be owned by the Issuer, ~~OPG~~the Manager or any Affiliate of the Issuer or ~~OPG~~the Manager, or with respect to which the Province has an interest pursuant to Section 7.10, will be so disregarded. Senior Notes so owned which have been pledged in good faith may be regarded as Outstanding if the pledgee creates to the satisfaction of the Indenture Trustee the pledgee's right to act as owner with respect to such Notes and that the pledgee is not the Issuer, ~~OPG~~the Manager or any Affiliate of the Issuer or ~~OPG~~the Manager.

"**Outstanding Currency Specific Dollar Principal Amount**" means at any time, with respect to any Notes in a Series that includes Foreign Currency Notes, the Initial Currency Specific Dollar Principal Amount of the Outstanding Notes of such Series or Tranche at such time, less the amount of any payments of principal to the holders of such Series of Notes; plus, the amount of any increase in the Outstanding Currency Specific Dollar Principal Amount of such Series of Notes due to the issuance of additional Notes of such Series.

"**Outstanding Dollar Principal Amount**" means at any time:

(a) in respect of Notes, either:

(i) with respect to any Class, Series or Tranche of Notes (other than Discount Notes), the aggregate Initial Dollar Principal Amount of the Outstanding Notes of such Class, Series or Tranche at such time, less the amount of any payments of principal to the holders of such Class, Series or Tranche of Notes pursuant to the Related Supplemental Indenture, or

(ii) with respect to any Series or Tranche of Discount Notes, an amount of the Outstanding Notes of such Series or Tranche calculated by reference to the applicable formula set forth in the Related Supplemental Indenture, taking into account the amount and timing of payments of principal made to the holders of such Series or Tranche pursuant to the Related Supplemental Indenture;

plus, in either case, the amount of any increase in the Outstanding Dollar Principal Amount of such Class, Series or Tranche of Notes due to the issuance of additional Notes of such Class, Series or Tranche pursuant to Article V; and

(b) in respect of other Issuer Funding Obligations, the aggregate principal amount (converted into Dollars, if applicable) of Borrowings.

"**Paying Agent**" means any Person authorized by the Issuer to pay any Obligations Secured on behalf of the Issuer as provided in subsection 9.16(e).

"**Payment Date**" means the 15th day of each calendar month (subject to Section 1.12).

"**Payment ~~Instructions~~Demand**" has the meaning specified in the Change of Law Protection Agreement.

"**Payment Instruction**" means ~~the instructions~~an instruction of the Manager substantially in one of the ~~form of~~forms in Exhibit 1.

"**Payment Waterfall**" means a priority of payment set out in any one of Section 7.04(e), 7.05, 7.06, 7.07, 7.08, 7.09, 7.10, 7.11 or 8.13.

"**Permanent Global Note**" has the meaning specified in subsection 3.05(a).

"**Permitted Liens**" means:

(a) Liens for Taxes not yet due or for which installments have been paid based on reasonable estimates pending final assessments, or if due, the validity of which is being contested diligently and in good faith by appropriate proceedings by that Person for which reasonable reserves under GAAP are maintained;

(b) the Lien of any Indenture Trustee, as provided in Section 9.05;

(c) the Security Interest; and

(d) any Lien created pursuant to a Co-Owner Agreement.

"**Person**" means any individual, corporation, limited liability company, unlimited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Place of Payment**" means, with respect to any Class, Series or Tranche of Notes issued hereunder, the city or political subdivision so designated with respect to such Class, Series or Tranche of Notes in accordance with the provisions of Article V.

"**PPSA**" shall mean the *Personal Property Security Act* (Ontario).

"**Pre-Approved Refinancing**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Principal Accumulation Account**" has the meaning specified in subsection 7.02(c).

"**Principal Accumulation Amount**" means, in respect of any Series of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations and a Payment Date occurring on or after the Principal Accumulation Date for such Series, the amount specified for such Payment Date in the Related Funding Obligation Agreement plus any amounts specified in the Related Funding Obligation Agreement in respect of prior Payment Dates after the Principal Accumulation Date for such Series which were not deposited to the Principal Accumulation Account; provided that if the Issuer has delivered a Refinancing Notice in respect of such Series pursuant to Section 7.09, the Principal Accumulation Amounts in respect of such Series shall be adjusted as provided for in such Refinancing Notice.

"**Principal Accumulation Amount (Junior Subordinated)**" means, in respect of any Payment Date, the sum of the Principal Accumulation Amounts for all Series of Junior Subordinated Funding Obligations for such Payment Date.

"**Principal Accumulation Amount (Senior)**" means, in respect of any Payment Date, the sum of the Principal Accumulation Amounts for all Series of Senior Funding Obligations (other than Warehouse Obligations) for such Payment Date.

"**Principal Accumulation Amount (Subordinated)**" means, in respect of any Payment Date, the sum of the Principal Accumulation Amounts for all Series of Subordinated Funding Obligations for such Payment Date.

"**Principal Accumulation Amount (Warehouse)**" means, in respect of any Payment Date, the sum of the Principal Accumulation Amounts for all Series of Warehouse Obligations for such Payment Date.

"**Principal Accumulation Date**" means, in respect of any Series of Issuer Funding Obligations, other than Derivative Funding Obligations, the date, if any, specified in the Related Funding Obligation Agreement.

"**Principal Payment Date**" means each Business Day on which principal is due and payable in respect of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations, as set out in the Related Funding Obligation Agreement.

"**Principal Payment Default Date**" has, with respect to any Issuer Funding Obligation, the meaning specified in the Related Funding Obligation Agreement.

"**Program Account**" means each of the Collection Account, the Principal Accumulation Account, the Interest Accumulation Account, the Program Cash Reserve Account, the IESO Cash Reserve Account, the Refinancing Account and the Protection Account.

"**Program Agreements**" means this Indenture, each Supplemental Indenture, the Declaration of Trust, the Management Agreement, the Master Transfer and Servicing Agreement, the MTSA Acknowledgement, the Indemnity Agreement, each Transfer Notice, any Co-Owner Agreements, the IESO Security Agreement, the Change of Law Protection Agreement, the Notes, any Derivative Agreements, Credit Enhancement Agreements, Liquidity Agreements, Loan

Agreements, Underwriting Agreements, Agency Agreements or Note Purchase Agreements and all other documents and certificates delivered in connection therewith.

"**Program Cash Reserve Account**" has the meaning specified in subsection 7.02(d).

~~"**Program Cash Reserve Balance**" means, at any time, the amount on deposit in the Program Cash Reserve Account.~~

"**Program Cash Reserve Required Amount** ~~**(Junior Subordinated)**" means, on any Payment Date~~" means (a) on each Payment Date prior to the Payment Date in May, 2021, nil, and (b) on each Payment Date thereafter, an amount equal to ~~[■]~~0.50% of the aggregate outstanding principal amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations after giving effect to all settlements on such Payment Date, or such lesser amount proposed by the Manager that satisfies the Rating Agency Condition.

~~"**Program Cash Reserve Required Amount (Senior)**" means, on any Payment Date, an amount equal to [■]% of the outstanding principal amount of Senior Funding Obligations after giving effect to all settlements on such Payment Date.~~

~~"**Program Cash Reserve Required Amount (Subordinated)**" means, on any Payment Date, an amount equal to [■]% of the outstanding principal amount of Subordinated Funding Obligations after giving effect to all settlements on such Payment Date.~~

~~"**Program Cash Reserve Required Amount (Total)**" means, on any Payment Date, an amount equal to the sum of the Program Cash Reserve Required Amount (Senior), the Program Cash Reserve Required Amount (Subordinated) and the Program Cash Reserve Required Amount (Junior Subordinated).~~

~~"**Program Cash Reserve Required Deposit Amount (Junior Subordinated)**" means, on any Payment Date, the amount by which the aggregate of the Program Cash Reserve Required Amount (Total) exceeds the Program Cash Reserve Balance.~~

~~"**Program Cash Reserve Required Deposit Amount (Senior)**" means, on any Payment Date, the amount by which the Program Cash Reserve Required Amount (Senior) exceeds the Program Cash Reserve Balance.~~

~~"**Program Cash Reserve Required Deposit Amount (Subordinated)**" means, on any Payment Date, the amount by which the aggregate of the Program Cash Reserve Required Amount (Senior) plus the Program Cash Reserve Required Amount (Subordinated) exceeds the Program Cash Reserve Balance.~~

"**Protection Account**" has the meaning specified in subsection 7.02(~~h~~i).

"**Protection Event**" has the meaning ascribed thereto in Schedule A of the Change of Law Protection Agreement.

"**Province**" means Her Majesty the Queen in Right of Ontario as represented by the Minister of Energy and the Minister of Finance.

~~"**Provincial Subrogation Claims**" has the meaning specified in subsection 7.10(d).~~

"**Rating Agency**" means, with respect to any Issuer Funding Obligation, each nationally recognized statistical rating organization or designated rating organization, as specified in the Related Funding Obligation Agreement, selected by the Manager to rate such Issuer Funding Obligation.

"**Rating Agency Condition**" means, unless otherwise specified in the Related Funding Obligation Agreement for any Series or Tranche of Issuer Funding Obligations, with respect to any action subject to such condition, the Issuer shall deliver written notice of the proposed action to such Rating Agency or Rating Agencies at least 10 Business Days prior to the effective date of such action (or such shorter notice period if specified in the Related Funding Obligation Agreement with respect to any specific action, or if 10 Business Days prior notice is impractical, such advance notice as is practicable) and the Rating Agencies shall have informed the Issuer prior to the effective date of such action that such action will not result in the reduction or withdrawal of the rating in effect with respect to any Issuer Funding Obligation immediately before the taking of such action, provided that wherever there is reference to satisfaction of a Rating Agency Condition in this Indenture or any other Program Agreement, subject to the terms of the specific Program Agreement which shall govern, such condition need not be satisfied if there is no Rating Agency then rating the applicable Issuer Funding Obligation in respect of which the Rating Agency Condition is applicable. For purposes of this Indenture and any Supplemental Indenture, the Indenture Trustee shall receive, and shall be entitled to rely on, an Issuer Certificate confirming the satisfaction of the Rating Agency Condition. If the Rating Agency Condition is required to be satisfied without specifying one or more specific Series or Tranches of Issuer Funding Obligations, it shall be required to be satisfied in respect of all outstanding Series or Tranches of Issuer Funding Obligations.

"**Record Date**" means, for the interest or principal payable on any Note on any applicable Interest Payment Date or Principal Payment Date, the last day of the calendar month immediately preceding such Interest Payment Date or Principal Payment Date, unless otherwise specified in the Related Supplemental Indenture.

"**Redemption Price**" has the meaning specified in subsection 4.10(a).

"**Reference Period**" has the meaning ascribed to the term "reference period" in the Act as of the date of this Indenture.

"**Refinancing**" has the meaning ascribed to the term "refinancing" in the Act as of the date of this Indenture.

"**Refinancing Account**" has the meaning specified in subsection 7.02(~~e~~f).

"**Refinancing Notice**" means a notice substantially in the form of Exhibit 2.

"**Registered Note**" means a Note issued in registered form.

"**Registered Noteholder**" means a Noteholder of a Registered Note.

"**Regulation AB**" means Subpart 229.1100 – Asset Backed Securities (Regulation AB), 17 C.F.R. §§229.1100-229.1125, and all related rules and regulations of the Commission, as such rules may be amended from time to time, and subject to such clarification and interpretation as have been provided by the Commission or by the staff of the Commission, or as may be provided by the Commission or its staff from time to time.

"**Related**" is used in reference to the Issuer Funding Obligations of a particular Series and means, when used in conjunction with:

(a) "Credit Enhancement Agreement": a Credit Enhancement Agreement pursuant to which Credit Enhancement has been provided in respect of such Issuer Funding Obligations;

(b) "Funding Obligation Agreement": a Funding Obligation Agreement entered into in connection with the incurrence of such Issuer Funding Obligations;

(c) "Liquidity Agreement": a Liquidity Agreement pursuant to which one or more liquidity facilities have been made available to fund the repayment of such Issuer Funding Obligations constituting Notes or, if specified in such Liquidity Agreement, a Series or Tranche of such Issuer Funding Obligations constituting Notes;

(d) "Loan Agreement": a Loan Agreement in respect of Issuer Funding Obligations constituting Borrowings; and

(e) "Supplemental Indenture": a supplement to this Indenture executed in connection with the issuance of such Issuer Funding Obligations constituting Notes.

"**Related Securities Account**" means, in respect of any Program Account or Series Account, a Securities Account which has been established for the purpose of allowing the Issuer to invest the funds credited to such Program Account or Series Account in Eligible Investments in accordance with Section 7.03.

"**Required Principal Accumulation Amount (Senior)**" means, in respect of any Principal Payment Date~~ or Interest Payment Date~~, the aggregate of the Principal Accumulation Amounts (Warehouse) and the Principal Accumulation Amounts (Senior) for all Payment Dates up to and including such Principal Payment Date~~ or Interest Payment Date, as applicable~~, less all amounts that have been applied to principal repayments of Senior Funding Obligations on or prior to such Principal Payment Date~~ or Interest Payment Date, as applicable~~.

"**Required Principal Accumulation Amount (Subordinated)**" means, in respect of any Principal Payment Date~~ or Interest Payment Date~~, the aggregate of the Principal Accumulation Amounts (Subordinated) for all Payment Dates up to and including such Principal Payment Date~~ or Interest Payment Date, as applicable~~, less all amounts that have been applied to principal repayments of Subordinated Funding Obligations on or prior to such Principal Payment Date~~ or Interest Payment Date, as applicable~~.

"**Responsible Officer**" means, with respect to: (a) the Issuer, any director or officer of the Manager; (b) the Servicer, any director or officer of the IESO; and (c) the Indenture Trustee, any officer within the Corporate Trust Office of such trustee (including the President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Treasurer or any other officer of the Indenture Trustee customarily performing functions similar to those performed by persons who at the time shall be such officers, respectively, and that has direct responsibility for the administration of this Indenture and also, with respect to a particular matter, any other officer to whom such matter is referred to because of such officer's knowledge and familiarity with the particular subject).

"**Securities Account**" has the meaning specified in subsection 7.02(j).

"**Securities Exchange Act**" means the United States Securities Exchange Act of 1934, as amended from time to time.

"**Security Interest**" means the Lien granted pursuant to Section 2.01.

"**Senior Borrowings**" means Borrowings that have been designated as "Senior Borrowings" in the Related Loan Agreement, Related Liquidity Agreement or Related Credit Enhancement Agreement.

"**Senior Funding Obligations**" means Funding Obligations arising under, or in connection with, Senior Notes and Senior Borrowings.

"**Senior Notes**" means Notes of a Series that have been designated as "Senior Notes" in the Related Supplemental Indenture.

~~[**"Senior Principal Shortfall**" has the meaning specified in subsection 7.07(b).]~~

"**Series**" means, with respect to any Class of Issuer Funding Obligation, the Series of the Class specified in the Related Funding Obligation Agreement.

"**Series Account**" means each Series Finance Reserve Account and each Series Capital Account.

"**Series Capital Account**" has the meaning specified in subsection 7.02(~~f~~g).

"**Series Finance Reserve Account**" has the meaning specified in subsection 7.02(~~g~~h).

"**Servicer**" has the meaning specified in the Master Transfer and Servicing Agreement.

"**Servicer CEA Receipts**" has the meaning ascribed thereto in Section ~~[~~3.3(e)~~]~~ of the Master Transfer and Servicing Agreement.

"**Servicer Default**" has the meaning ascribed thereto in Section ~~[~~7.1~~]~~ of the Master Transfer and Servicing Agreement.

"**Specified Creditors**" means, collectively, Noteholders, Lenders, the Paying Agent, the Indenture Trustee, the Issuer Trustee, the Manager, the Servicer, the Province, Derivative

Counterparties, Credit Enhancers, Rating Agencies and counterparties to Underwriting Agreements, Agency Agreements or Note Purchase Agreements, ~~and other Persons in respect of Obligations Secured,~~ in each case, to the extent of their claims related to Program Agreements, and any other Person that is owed a payment obligation by the Issuer that gives rise to a Finance Amount in respect of the Issuer.

"**Stated Principal Amount**," has, with respect to any Note, the meaning specified in the Related Supplemental Indenture (including a Terms Document).

"**Sub-Account**" means each sub-account of an Issuer Account maintained pursuant to this Indenture or any Funding Obligation Agreement.

"**Subordinated Borrowings**" means Borrowings that have been designated as "Subordinated Borrowings" in the Related Loan Agreement, Related Liquidity Agreement or Related Credit Enhancement Agreement.

"**Subordinated Funding Obligations**" means Funding Obligations arising under, or in connection with, Subordinated Notes and Subordinated Borrowings.

"**Subordinated Notes**" means Notes of a Series that have been designated as "Subordinated Notes" in the Related Supplemental Indenture.

~~[**"Subordinated/Senior Principal Shortfall"**~~ "**Subrogation Amount**", in respect of any Approved Obligation, has the meaning specified in subsection ~~7.07(a~~7.10(d)(i).~~]~~

"**Supplemental Indenture**" means, with respect to any Series of Notes, a supplement to this Indenture, executed and delivered in conjunction with the issuance of such Notes pursuant to Section 4.01, together with any applicable Terms Document for any Tranches of Notes belonging to such Series and any amendment to the Supplemental Indenture executed pursuant to Section 11.01 or 11.02.

"**Suspension Notice**" has the meaning specified in the Change of Law Protection Agreement.

"**Tax**" has the meaning ascribed to the term "tax" in the Fair Hydro Regulations as of the date of this Indenture.

"**Temporary Global Note**" has the meaning specified in Section 3.05(a).

"**Termination Payment**" means all amounts payable upon early termination of any Derivative Agreement calculated in accordance with the terms of such Derivative Agreement.

"**Terms Document**" means, with respect to any Tranche of Notes, a supplement to the Related Supplemental Indenture.

"**Tranche**" means, with respect to any Series of Notes, Notes of such Series which have identical terms, conditions and Tranche designation. Notes of a single Tranche may be issued on different dates.

"**Transfer**" has the meaning ascribed to the term "transfer" in the Act as of the date of this Indenture.

"**Transfer Notice**" has the meaning ascribed thereto in Section 1.1 of the Master Transfer and Servicing Agreement.

"**Trustee Cap**" means, on any Payment Date, an amount equal to (x) $150,000, multiplied by (y) the number of Series of Senior Funding Obligations outstanding on such Payment Date, divided by (z) 12.

"**Underwriting Agreement**" means an agreement providing for the purchase of Notes from the Issuer by one or more Persons as principals for the purpose of resale.

"**United States**" means, unless otherwise specified with respect to any Notes pursuant to Section 4.10, the United States of America (including the states and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction.

"**United States Person**" means a citizen or resident of the United States, a corporation, partnership or other entity created or organized in or under the laws of the United States of America, any one of the states thereof, the District of Columbia or any political subdivision thereof, or an estate or trust the income of which is subject to United States federal income taxation regardless of its source.

"**U.S. Depository**" means, unless otherwise specified by the Issuer pursuant to any of Section 3.04, 3.06, or 4.01, with respect to Notes issuable or issued as a Global Note within the United States, The Depository Trust Company, or any successor thereto registered as a clearing agency under the Securities Exchange Act, or other applicable statute or regulation.

"**U.S. Securities Act**" means the United States Securities Act of 1933, as amended from time to time.

"**Warehouse Facility Agreement**" means a Funding Obligation Agreement that provides the Issuer with a revolving facility under which principal amounts can be advanced, repaid and again advanced during a committed revolving period and does not provide any other type of credit facility.

"**Warehouse Obligations**" means Senior Funding Obligations incurred pursuant to Warehouse Facility Agreements.

EXHIBIT 1
~~FORM~~FORMS OF PAYMENT ~~INSTRUCTIONS~~INSTRUCTION

See Attached.

Payment Instruction – Collection Account
Fair Hydro Trust

Pursuant to the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and BNY Trust Company of Canada, as indenture trustee (as amended, modified, supplemented, replaced or restated from time to time, the "**Trust Indenture**"), the Manager hereby instructs the Paying Agent to pay or transfer, as applicable, the amounts set out below in accordance with the wire, check or other payment details set out in Schedule A to this Payment Instruction. Such payments or transfers are to made on: _____ [*insert date of payment(s) / transfer(s)*].

Capitalized terms used in this Payment Instruction have the meanings given to such terms in the Trust Indenture.

COLLECTION ACCOUNT

1. Opening Balance	$[ ]
2. Additions	$[ ]
3. Withdrawals	$[ ]
a. Taxes	$[ ]
b. Issuer Trustee and Indenture Trustee fees	$[ ]
c. Interest and Derivative Funding Obligations – Total	$[ ]
i. Interest Accrual Amount (Senior)	$[ ]
ii. Payments on Derivative Funding Obligations (other than Termination Payments)	$[ ]
1. [*break out for each non-defaulting Derivative Counterparty*]	$[ ]
d. Interest Accrual Amount (Subordinated)	$[ ]
e. Interest Accrual Amount (Junior Subordinated)	$[ ]
f. Principal Accumulation Amount (Warehouse)	$[ ]
g. Principal and Derivative Funding Obligations – Total	$[ ]
i. Principal Accumulation Amount (Senior)	$[ ]
ii. Termination Payments – Total	$[ ]
1. [*break out for each Derivative Counterparty*]	$[ ]
h. Fees and other amounts on Senior Funding Obligations – Total	$[ ]
i. [*break out on series by series basis*]	$[ ]
~~i. Program Cash Reserve Required Deposit Amount (Senior)~~	~~$[ ]~~
~~j. Reserve amounts for Series Accounts (other than for Subordinated Funding Obligations or Junior Subordinated Funding Obligations) – Total~~	~~$[ ]~~
~~i. [*break out on series by series basis*]~~	~~$[ ]~~
i. ~~k.~~ Manager fees and other amounts (excluding indemnity amounts)	$[ ]
j. ~~l.~~ Principal Accumulation Amount (Subordinated)	$[ ]

k.	~~m.~~ Fees and other amounts on Subordinated Funding Obligations – Total	$[ ]
	i. [*break out on series by series basis*]	$[ ]
l.	~~n. Program Cash Reserve Required Deposit~~Principal Accumulation Amount (Junior Subordinated)	$[ ]
m.	Program Cash Reserve Required Amount	$[ ]
n.	Reserve amounts for Series Accounts (other than for Subordinated Funding Obligations or Junior Subordinated Funding Obligations) – Total	$[ ]
	i. [*break out on series by series basis*]	$[ ]
o.	Reserve amounts for Series Accounts for Subordinated Funding Obligations – Total	$[ ]
	i. [*break out on series by series basis*]	$[ ]
~~p.~~	~~Manager indemnity amounts~~	~~$[ ]~~
~~q.~~	~~Principal Accumulation Amount (Junior Subordinated)~~	~~$[ ]~~
~~r.~~	~~Fees and other amounts on Junior Subordinated Funding Obligations – Total~~	~~$[ ]~~
	~~i. [*break out on series by series basis*]~~	~~$[ ]~~
p.	~~s. Program Cash Reserve Required Deposit Amount (~~Fees and other amounts on Junior Subordinated~~)~~ Funding Obligations – Total	$[ ]
	i. [*break out on series by series basis*]	$[ ]
q.	~~t.~~ Reserve amounts for Series Accounts for Junior Subordinated Funding Obligations – Total	$[ ]
	~~i. [break out on series by series basis]~~	~~$[ ]~~
	i. [break out on series by series basis]	$[ ]
r.	~~u.~~ Derivative Funding Obligations – Total	$[ ]
	i. [*break out for each defaulting Derivative Counterparty*]	$[ ]
s.	Beneficiaries of Issuer	$[ ]
t.	Manager indemnity amounts	$[ ]
u.	~~v.~~ Payments to other Specified Creditors – Total	$[ ]
	i. [*break out for each obligation*]	$[ ]
4.	Ending Balance	$[ ]
5.	Investment Proceeds on Collection Account	$[ ]

~~INTEREST ACCUMULATION ACCOUNT~~

~~1.~~	~~Opening Balance~~	~~$[ ]~~
~~2.~~	~~Additions for Senior Funding Obligations~~	~~$[ ]~~
~~3.~~	~~Additions for Subordinated Funding Obligations~~	~~$[ ]~~
~~4.~~	~~Additions for Junior Subordinated Funding Obligations~~	~~$[ ]~~
~~5.~~	~~Withdrawals for Senior Funding Obligations – Total~~	~~$[ ]~~
	~~a. [*break out on series by series basis*]~~	~~$[ ]~~
~~6.~~	~~Withdrawals for Subordinated Funding Obligations – Total~~	~~$[ ]~~
	~~a. [*break out on series by series basis*]~~	~~$[ ]~~

~~7.~~	~~Withdrawals for Junior Subordinated Funding Obligations – Total~~	~~$[ ]~~
	~~a. [*break out on series by series basis*]~~	~~$[ ]~~
~~8.~~	~~Ending Balance~~	~~$[ ]~~
~~9.~~	~~Investment Proceeds on Interest Accumulation Account~~	~~$[ ]~~
~~10.~~	~~Interest Accrual Amount (Senior)~~	~~$[ ]~~
~~11.~~	~~Interest Accrual Amount (Subordinated)~~	~~$[ ]~~
~~12.~~	~~Interest Accrual Amount (Junior Subordinated)~~	~~$[ ]~~

~~PRINCIPAL ACCUMULATION ACCOUNT~~

~~1.~~	~~Opening Balance~~	~~$[ ]~~
~~2.~~	~~Additions for Warehouse Obligations~~	~~$[ ]~~
~~3.~~	~~Additions for Senior Funding Obligations (other than Warehouse Obligations)~~	~~$[ ]~~
~~4.~~	~~Additions for Subordinated Funding Obligations~~	~~$[ ]~~
~~5.~~	~~Additions for Junior Subordinated Funding Obligations~~	~~$[ ]~~
~~6.~~	~~Withdrawals for Warehouse Obligations – Total~~	~~$[ ]~~
	~~a. [*break out on series by series basis*]~~	~~$[ ]~~
~~7.~~	~~Withdrawals for Senior Funding Obligations (other than Warehouse Obligations) – Total~~	~~$[ ]~~
	~~a. [*break out on series by series basis*]~~	~~$[ ]~~
~~8.~~	~~Withdrawals for Subordinated Funding Obligations – Total~~	~~$[ ]~~
	~~a. [*break out on series by series basis*]~~	~~$[ ]~~
~~9.~~	~~Withdrawals for Junior Subordinated Funding Obligations – Total~~	~~$[ ]~~
	~~a. [*break out on series by series basis*]~~	~~$[ ]~~
~~10.~~	~~Ending Balance~~	~~$[ ]~~
~~11.~~	~~Investment Proceeds on Principal Accumulation Account~~	~~$[ ]~~
~~12.~~	~~Principal Accumulation Amount (Warehouse)~~	~~$[ ]~~
~~13.~~	~~Principal Accumulation Amount (Senior)~~	~~$[ ]~~
~~14.~~	~~Principal Accumulation Amount (Subordinated)~~	~~$[ ]~~
~~15.~~	~~Principal Accumulation Amount (Junior Subordinated)~~	~~$[ ]~~

~~PROGRAM CASH RESERVE ACCOUNT~~

~~1.~~	~~Opening Balance~~	~~$[ ]~~
~~2.~~	~~Additions for Senior Funding Obligations~~	~~$[ ]~~
~~3.~~	~~Additions for Subordinated Funding Obligations~~	~~$[ ]~~
~~4.~~	~~Additions for Junior Subordinated Funding Obligations~~	~~$[ ]~~
~~5.~~	~~Withdrawals for Senior Funding Obligations – Total~~	~~$[ ]~~
	~~a. [*break out on series by series basis*]~~	~~$[ ]~~
~~6.~~	~~Withdrawals for Subordinated Funding Obligations – Total~~	~~$[ ]~~
	~~a. [*break out on series by series basis*]~~	~~$[ ]~~
~~7.~~	~~Withdrawals for Junior Subordinated Funding Obligations – Total~~	~~$[ ]~~
	~~a. [*break out on series by series basis*]~~	~~$[ ]~~
~~8.~~	~~Ending Balance~~	~~$[ ]~~
~~9.~~	~~Investment Proceeds on Program Cash Reserve Account~~	~~$[ ]~~

~~10.~~	~~Program Cash Reserve Required Deposit Amount (Senior)~~	~~$[ ]~~
~~11.~~	~~Program Cash Reserve Required Deposit Amount (Subordinated)~~	~~$[ ]~~
~~12.~~	~~Program Cash Reserve Required Deposit Amount (Junior Subordinated)~~	~~$[ ]~~

~~REFINANCING ACCOUNT~~

~~1.~~	~~Opening Balance~~	~~$[ ]~~
~~2.~~	~~Additions~~	~~$[ ]~~
~~3.~~	~~Withdrawals – Total~~	~~$[ ]~~
	~~a. [*break out on series by series basis*]~~	~~$[ ]~~
~~4.~~	~~Ending Balance~~	~~$[ ]~~
~~5.~~	~~Investment Proceeds on Series Reserve Account~~	~~$[ ]~~

~~PROTECTION ACCOUNT~~

~~1.~~	~~Opening Balance~~	~~$0~~
~~2.~~	~~Additions~~	~~$[ ]~~
~~3.~~	~~Withdrawals for Specified Creditors – Total~~	~~$[ ]~~
	~~a. [*break out for each obligation*]~~	~~$[ ]~~
~~4.~~	~~Withdrawals for Province (return of remaining amounts)~~	~~$[ ]~~
~~5.~~	~~Ending Balance~~	~~$0~~

~~SERIES ACCOUNT [*duplicate on a series by series basis*]~~

~~1.~~	~~Opening Balance~~	~~$[ ]~~
~~2.~~	~~Additions~~	~~$[ ]~~
~~3.~~	~~Withdrawals – Total~~	~~$[ ]~~
	~~a. [*break out for each obligation*]~~	~~$[ ]~~
~~4.~~	~~Ending Balance~~	~~$[ ]~~
~~5.~~	~~Investment Proceeds on Series Reserve Account~~	~~$[ ]~~
~~6.~~	~~Required Series Account amount~~	~~$[ ]~~

DATED _____.

FAIR HYDRO TRUST, by its Manager, **ONTARIO POWER GENERATION INC.**

By: _____

Name:
Title:

By: _____

Name:
Title:

Schedule A

[*insert wire, cheques or other payment details for each payment*]

Payment Instruction – Interest Accumulation Account
Fair Hydro Trust

Pursuant to the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and BNY Trust Company of Canada, as indenture trustee (as amended, modified, supplemented, replaced or restated from time to time, the "**Trust Indenture**"), the Manager hereby instructs the Paying Agent to pay or transfer, as applicable, the amounts set out below in accordance with the wire, check or other payment details set out in Schedule A to this Payment Instruction. Such payments or transfers are to made on: _____ [*insert date of payment(s) / transfer(s)*].

Capitalized terms used in this Payment Instruction have the meanings given to such terms in the Trust Indenture.

INTEREST ACCUMULATION ACCOUNT		
1.	Opening Balance	$[ ]
2.	Additions for Senior Funding Obligations	$[ ]
3.	Additions for Subordinated Funding Obligations	$[ ]
4.	Additions for Junior Subordinated Funding Obligations	$[ ]
5.	Withdrawals for Senior Funding Obligations – Total	$[ ]
	a. [*break out on series by series basis*]	$[ ]
6.	Withdrawals for Subordinated Funding Obligations – Total	$[ ]
	a. [*break out on series by series basis*]	$[ ]
7.	Withdrawals for Junior Subordinated Funding Obligations – Total	$[ ]
	a. [*break out on series by series basis*]	$[ ]
8.	Ending Balance	$[ ]
9.	Investment Proceeds on Interest Accumulation Account	$[ ]
10.	Interest Accrual Amount (Senior)	$[ ]
11.	Interest Accrual Amount (Subordinated)	$[ ]
12.	Interest Accrual Amount (Junior Subordinated)	$[ ]

DATED _____.

FAIR HYDRO TRUST, by its Manager, **ONTARIO POWER GENERATION INC.**

By: _____

Name:
Title:

By: _____

Name:
Title:

Schedule A

[*insert wire, cheques or other payment details for each payment*]

Payment Instruction – Principal Accumulation Account
Fair Hydro Trust

Pursuant to the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and BNY Trust Company of Canada, as indenture trustee (as amended, modified, supplemented, replaced or restated from time to time, the "**Trust Indenture**"), the Manager hereby instructs the Paying Agent to pay or transfer, as applicable, the amounts set out below in accordance with the wire, check or other payment details set out in Schedule A to this Payment Instruction. Such payments or transfers are to made on: _____ [*insert date of payment(s) / transfer(s)*].

Capitalized terms used in this Payment Instruction have the meanings given to such terms in the Trust Indenture.

PRINCIPAL ACCUMULATION ACCOUNT		
1.	Opening Balance	$[ ]
2.	Additions for Warehouse Obligations	$[ ]
3.	Additions for Senior Funding Obligations (other than Warehouse Obligations)	$[ ]
4.	Additions for Subordinated Funding Obligations	$[ ]
5.	Additions for Junior Subordinated Funding Obligations	$[ ]
6.	Withdrawals for Warehouse Obligations – Total	$[ ]
	a. [*break out on series by series basis*]	$[ ]
7.	Withdrawals for Senior Funding Obligations (other than Warehouse Obligations) – Total	$[ ]
	a. [*break out on series by series basis*]	$[ ]
8.	Withdrawals for Subordinated Funding Obligations – Total	$[ ]
	a. [*break out on series by series basis*]	$[ ]
9.	Withdrawals for Junior Subordinated Funding Obligations – Total	$[ ]
	a. [*break out on series by series basis*]	$[ ]
10.	Ending Balance	$[ ]
11.	Investment Proceeds on Principal Accumulation Account	$[ ]
12.	Principal Accumulation Amount (Warehouse)	$[ ]
13.	Principal Accumulation Amount (Senior)	$[ ]
14.	Principal Accumulation Amount (Subordinated)	$[ ]
15.	Principal Accumulation Amount (Junior Subordinated)	$[ ]

DATED _____.

FAIR HYDRO TRUST, by its Manager, **ONTARIO POWER GENERATION INC.**

By: _____

Name:
Title:

By: _____

Name:
Title:

Schedule A

[*insert wire, cheques or other payment details for each payment*]

Payment Instruction – IESO Cash Reserve Account
Fair Hydro Trust

Pursuant to the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and BNY Trust Company of Canada, as indenture trustee (as amended, modified, supplemented, replaced or restated from time to time, the "**Trust Indenture**"), the Manager hereby instructs the Paying Agent to pay or transfer, as applicable, the amounts set out below in accordance with the wire, check or other payment details set out in Schedule A to this Payment Instruction. Such payments or transfers are to made on: _____ [*insert date of payment(s) / transfer(s)*].

Capitalized terms used in this Payment Instruction have the meanings given to such terms in the Trust Indenture.

IESO CASH RESERVE ACCOUNT	
1. Opening Balance	$[ ]
2. Withdrawals	$[ ]
a. Taxes	$[ ]
b. Issuer Trustee and Indenture Trustee fees	$[ ]
c. Interest and Derivative Funding Obligations – Total	$[ ]
i. Interest Accrual Amount (Senior)	$[ ]
ii. Payments on Derivative Funding Obligations (other than Termination Payments)	$[ ]
1. [*break out for each non-defaulting Derivative Counterparty*]	$[ ]
d. Interest Accrual Amount (Subordinated)	$[ ]
e. Interest Accrual Amount (Junior Subordinated)	$[ ]
3. Ending Balance	$[ ]
4. Investment Proceeds on IESO Cash Reserve Account	$[ ]

DATED _____.

FAIR HYDRO TRUST, by its Manager, **ONTARIO POWER GENERATION INC.**

By: _____
Name:
Title:

By: _____
Name:
Title:

Schedule A

[*insert wire, cheques or other payment details for each payment*]

Payment Instruction – Program Cash Reserve Account
Fair Hydro Trust

Pursuant to the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and BNY Trust Company of Canada, as indenture trustee (as amended, modified, supplemented, replaced or restated from time to time, the "**Trust Indenture**"), the Manager hereby instructs the Paying Agent to pay or transfer, as applicable, the amounts set out below in accordance with the wire, check or other payment details set out in Schedule A to this Payment Instruction. Such payments or transfers are to made on: _____ [*insert date of payment(s) / transfer(s)*].

Capitalized terms used in this Payment Instruction have the meanings given to such terms in the Trust Indenture.

PROGRAM CASH RESERVE ACCOUNT		
1.	Opening Balance	$[ ]
2.	Additions	$[ ]
3.	Withdrawals for Senior Funding Obligations (Interest) – Total	$[ ]
	a. [*break out on series by series basis*]	$[ ]
4.	Withdrawals for Subordinated Funding Obligations (Interest) – Total	$[ ]
	a. [*break out on series by series basis*]	$[ ]
5.	Withdrawals for Junior Subordinated Funding Obligations (Interest) – Total	$[ ]
	a. [*break out on series by series basis*]	$[ ]
6.	Withdrawals for Senior Funding Obligations (Principal) – Total	$[ ]
	a. [*break out on series by series basis*]	$[ ]
7.	Withdrawals for Subordinated Funding Obligations (Principal) – Total	$[ ]
	a. [*break out on series by series basis*]	$[ ]
8.	Withdrawals for Junior Subordinated Funding Obligations (Principal) – Total	$[ ]
	a. [*break out on series by series basis*]	$[ ]
9.	Ending Balance	$[ ]
10.	Investment Proceeds on Program Cash Reserve Account	$[ ]
11.	Program Cash Reserve Required Amount	$[ ]

DATED _____.

FAIR HYDRO TRUST, by its Manager, **ONTARIO POWER GENERATION INC.**

By: _____

Name:
Title:

By: _____

Name:
Title:

Schedule A

[*insert wire, cheques or other payment details for each payment*]

Payment Instruction – Refinancing Account
Fair Hydro Trust

Pursuant to the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and BNY Trust Company of Canada, as indenture trustee (as amended, modified, supplemented, replaced or restated from time to time, the "**Trust Indenture**"), the Manager hereby instructs the Paying Agent to pay or transfer, as applicable, the amounts set out below in accordance with the wire, check or other payment details set out in Schedule A to this Payment Instruction. Such payments or transfers are to made on: _____ [*insert date of payment(s) / transfer(s)*].

Capitalized terms used in this Payment Instruction have the meanings given to such terms in the Trust Indenture.

REFINANCING ACCOUNT		
1.	Opening Balance	$[ ]
2.	Additions	$[ ]
3.	Withdrawals – Total	$[ ]
	a. [*break out on series by series basis*]	$[ ]
4.	Ending Balance	$[ ]
5.	Investment Proceeds on Series Reserve Account	$[ ]

DATED _____.

FAIR HYDRO TRUST, by its Manager, **ONTARIO POWER GENERATION INC.**

By: _____
Name:
Title:

By: _____
Name:
Title:

Schedule A

[*insert wire, cheques or other payment details for each payment*]

Payment Instruction – Protection Account
Fair Hydro Trust

Pursuant to the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and BNY Trust Company of Canada, as indenture trustee (as amended, modified, supplemented, replaced or restated from time to time, the "**Trust Indenture**"), the Manager hereby instructs the Paying Agent to pay or transfer, as applicable, the amounts set out below in accordance with the wire, check or other payment details set out in Schedule A to this Payment Instruction. Such payments or transfers are to made on: _____ [*insert date of payment(s) / transfer(s)*].

Capitalized terms used in this Payment Instruction have the meanings given to such terms in the Trust Indenture.

PROTECTION ACCOUNT		
1.	Opening Balance	**$0**
2.	Additions	$[ ]
3.	Withdrawals for Specified Creditors – Total	$[ ]
	a. [*break out for each obligation*]	$[ ]
4.	Withdrawals for Province (return of remaining amounts)	$[ ]
5.	Ending Balance	**$0**

DATED _____.

FAIR HYDRO TRUST, by its Manager, **ONTARIO POWER GENERATION INC.**

By: _____
Name:
Title:

By: _____
Name:
Title:

Schedule A

[*insert wire, cheques or other payment details for each payment*]

Payment Instruction – [*Specify Series*] Account
Fair Hydro Trust

Pursuant to the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and BNY Trust Company of Canada, as indenture trustee (as amended, modified, supplemented, replaced or restated from time to time, the "**Trust Indenture**"), the Manager hereby instructs the Paying Agent to pay or transfer, as applicable, the amounts set out below in accordance with the wire, check or other payment details set out in Schedule A to this Payment Instruction. Such payments or transfers are to made on: _____ [*insert date of payment(s) / transfer(s)*].

Capitalized terms used in this Payment Instruction have the meanings given to such terms in the Trust Indenture.

[*SPECIFY SERIES*] ACCOUNT [*duplicate on a series by series basis*]

1.	Opening Balance	$[ ]
2.	Additions	$[ ]
3.	Withdrawals – Total	$[ ]
	a. [*break out for each obligation*]	$[ ]
4.	Ending Balance	$[ ]
5.	Investment Proceeds on Series Account	$[ ]
6.	Required Series Account amount	$[ ]

DATED _____.

FAIR HYDRO TRUST, by its Manager, **ONTARIO POWER GENERATION INC.**

By: _____
Name:
Title:

By: _____
Name:
Title:

Schedule A

[*insert wire, cheques or other payment details for each payment*]

EXHIBIT 2
FORM OF REFINANCING NOTICE

See Attached.

[NTD: Notice must specify Series and the amount of the Principal Accumulation Amounts specified in the related Supplemental Indenture that will be repaid with the proceeds of the Refinancing.] [NTD: Osler to provide]

EXHIBIT 3
FORM OF SPECIFIED CREDITOR LIST

Program Agreement	**Name of Specified Creditor / Agent**	**Address**	**City**	**Province/ State**	**Postal/Zip Code**	**Country**	**Email**	**Issuer Funding Obligation**	**Value [Lenders only]**
Issuer Funding Obligations (other than Notes and Derivative Funding Obligations)									
[Insert name of Program Agreement]	[Insert name of institution]	[insert address]	[insert city]	[insert province/ state]	[insert postal/zip code]	[insert country]	[email]	[Y / N] [If Yes, Type of Funding Obligation]	[insert $ amount hold]
Derivative Funding Obligations									
[Insert name of Program Agreement]	[Insert name of institution]	[insert address]	[insert city]	[insert province/ state]	[insert postal/zip code]	[insert country]	[email]	N/A	N/A
Other Obligations Secured									
[Insert name of Program Agreement]	[Insert name of institution]	[insert address]	[insert city]	[insert province/ state]	[insert postal/zip code]	[insert country]	[email]	N/A	N/A

EXHIBIT 4
FORM OF REQUEST FOR SPECIFIED CREDITOR INFORMATION

TO: BNY Trust Company of Canada, as indenture trustee (the "**Indenture Trustee**") under the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust ~~(the "**Issuer**")~~ and the Indenture Trustee (as amended, modified, supplemented, replaced or restated from time to time, the "**Trust Indenture**")

RE: Request for Provision of Information pursuant to Section 9.14 of the Trust Indenture

DATE: [■]

All capitalized terms used but not otherwise defined herein shall have the meanings ascribed thereto in the Trust Indenture.

First Declaration

1. The undersigned, being the duly appointed [*state position*] of [*insert name of Debtholder 1*] ("**Debtholder 1**"), hereby certifies, in that capacity and without personal liability, as follows:

2. The undersigned has made, or caused to be made, such examinations or investigations as are, in my belief, necessary to enable me to make the statements or give the opinions contained or expressed in this certificate.

3. Debtholder 1 forms part of the Debtholders of the following Series or Tranche:

   [*insert details of all applicable Issuer Funding Obligations*]

4. Debtholder 1 has owned an Issuer Funding Obligation of such Series or Tranche for a period of at least six (6) months preceding the date of this application.

Second Declaration

5. The undersigned, being the duly appointed [*state position*] of [*insert name of Debtholder 2*] ("**Debtholder 2**"), hereby certifies, in that capacity and without personal liability, as follows:

6. The undersigned has made, or caused to be made, such examinations or investigations as are, in my belief, necessary to enable me to make the statements or give the opinions contained or expressed in this certificate.

7. Debtholder 2 forms part of the Debtholders of the following Series or Tranche:

   [*insert details of all applicable Issuer Funding Obligations*]

8. Debtholder 2 has owned an Issuer Funding Obligation of such Series or Tranche for a period of at least six (6) months preceding the date of this application.

Third Declaration

9. The undersigned, being the duly appointed [*state position*] of [*insert name of Debtholder 3*] ("**Debtholder 3**"), hereby certifies, in that capacity and without personal liability, as follows:

10. The undersigned has made, or caused to be made, such examinations or investigations as are, in my belief, necessary to enable me to make the statements or give the opinions contained or expressed in this certificate.

11. Debtholder 3 forms part of the Debtholders of the following Series or Tranche:

    [*insert details of all applicable Issuer Funding Obligations*]

12. Debtholder 3 has owned an Issuer Funding Obligation of such Series or Tranche for a period of at least six (6) months preceding the date of this application.

Request

13. The undersigned Debtholders desire to communicate [*insert applicable Debtholder Group*] with respect to their rights under ~~this~~the Trust Indenture or under the applicable Program Agreement.

14. Attached hereto is a copy of the form of proxy or other communication which such applicants propose to transmit.

15. The Debtholders request that the Indenture Trustee deliver to them the information preserved at the time by the Indenture Trustee in accordance with Section 9.14 of the Trust Indenture.

DATED this ___ day of _____, 20___.

[DEBTHOLDER 1]

By: _____

Name:
Title:

[DEBTHOLDER 2]

By: _____

Name:
Title:

[DEBTHOLDER 3]

By: _____

Name:
Title:

EXHIBIT 5
FORM OF CANCELLATION NOTICE

TO: BNY Trust Company of Canada, as indenture trustee (the "**Indenture Trustee**") under the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust ~~(the "**Issuer**")~~ and the Indenture Trustee (as amended, modified, supplemented, replaced or restated from time to time, the "**Trust Indenture**")

RE: Request for Removal from Specified Creditor Register

DATE: [■]

All capitalized terms used but not otherwise defined herein shall have the meanings ascribed thereto in the Trust Indenture.

1. The undersigned, being the duly appointed [*state position*] of [*insert name of institution*].

2. You are hereby requested pursuant to Section 9.14 of the Trust Indenture to, within five (5) Business Days of receipt of this notice, notify the Issuer to remove the following Specified Creditor from the list provided for in subsection 13.13(b) of the Trust Indenture.

   Name of Specified Creditor to be Removed: [*enter details*]

   Name of Program Agreement: [*enter details*]

DATED this ___ day of _____, 20___.

[SPECIFIED CREDITOR]

By: _____

Name:
Title:

EXHIBIT 6
FORMS OF CERTIFICATION

See attached.

Exhibit 6-A

FORM OF CERTIFICATE TO BE GIVEN BY
PERSON ENTITLED TO RECEIVE BEARER NOTE

CERTIFICATE

FAIR HYDRO TRUST

■% Notes due ■

This is to certify that as of the date hereof, and except as set forth below, the above-captioned Notes held by you for our account (i) are owned by any person(s) that is not a citizen or resident of the United States; a corporation or partnership (including any entity treated as a corporation or partnership for United States federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia unless, in the case of a partnership, Treasury Regulations provide otherwise; any estate whose income is subject to United States federal income tax regardless of its source or; a trust if (A) a United States court can exercise primary supervision over the trust's administration and one of more United States persons are authorized to control all substantial decisions of the trust or (B) a trust in existence on August 20, 1996, and treated as a United States person before this date that timely elected to continue to be treated as a United States person ("**United States ~~persons~~person(s)**"), (ii) are owned by United States person(s) that are (a) foreign branches of United States financial institutions (financial institutions, as defined in United States Treasury Regulation Section 1.165-12(c)(1)(iv) are herein referred to as "**financial institutions**") purchasing for their own account or for resale, or (b) United States person(s) who acquired the Notes through foreign branches of United States financial institutions and who hold the Notes through such United States financial institutions on the date hereof (and in either case (a) or (b), each such United States financial institution hereby agrees, on its own behalf or through its agent, that you may advise Fair Hydro Trust or its agent that such financial institution will comply with the requirements of Section 165(j)(3)(A), (B) or (C) of the United States Internal Revenue Code of 1986, as amended, and the regulations thereunder), or (iii) are owned by United States or foreign financial institution(s) for purposes of resale during the restricted period (as defined in United States Treasury Regulation Section 1.163-5(c)(2)(i)(D)(7)), and, in addition, if the owner is a United States or foreign financial institution described in clause (iii) above (whether or not also described in clause (i) or (ii)), this is to further certify that such financial institution has not acquired the Notes for purposes of resale directly or indirectly to a United States person or to a person within the United States or its possessions.

As used herein, "United States" means the United States of America (including the states and the District of Columbia); and its "possessions" include Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands.

We undertake to advise you promptly by in writing or by electronic transmission on or prior to the date on which you intend to submit your certification relating to the above-captioned Notes held by you for our account in accordance with your operating procedures if any applicable

statement herein is not correct on such date, and in the absence of any such notification it may be assumed that this certification applies as of such date.

This certificate excepts and does not relate to $■ of such interest in the above-captioned Notes in respect of which we are not able to certify and as to which we understand an exchange for an interest in a permanent Global Note or an exchange for and delivery of definitive Notes (or, if relevant, collection of any interest) cannot be made until we do so certify.

We understand that this certificate may be required in connection with certain tax legislation in the United States. If administrative or legal proceedings are commenced or threatened in connection with which this certificate is or would be relevant, we irrevocably authorize you to produce this certificate or a copy thereof to any interested party in such proceedings.

Dated: ■

[To be dated no earlier than the 15th day prior to (i) the date of original issuance or (ii) the Exchange Date, as applicable]

[Name of Person Making Certification]

_____

Name:
Title:

Exhibit 6-B

FORM OF CERTIFICATE TO BE GIVEN BY A DEPOSITORY
IN CONNECTION WITH THE EXCHANGE OF A PORTION OF A
TEMPORARY GLOBAL NOTE

CERTIFICATE

FAIR HYDRO TRUST

■% Notes due ■

This is to certify that based solely on written certifications that we have received in writing or by electronic transmission from each of the persons appearing in our records as persons entitled to a portion of the principal amount set forth below (our "**Member Organizations**") substantially in the form attached hereto, as of the date hereof, $■ principal amount of the above-captioned Notes (i) is owned by any person(s) that is not a citizen or resident of the United States; a corporation or partnership (including any entity treated as a corporation or partnership for United States federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia unless, in the case of a partnership, Treasury Regulations provide otherwise; any estate whose income is subject to United States federal income tax regardless of its source or; a trust if (A) a United States court can exercise primary supervision over the trust's administration and one of more United States persons are authorized to control all substantial decisions of the trust or (B) a trust in existence on August 20, 1996, and treated as a United States person before this date that timely elected to continue to be treated as a United States person ("**United States person(s)**"), (ii) is owned by United States person(s) that are (a) foreign branches of United States financial institutions (financial institutions, as defined in U.S. Treasury Regulation Section 1.165-12(c)(1)(iv) are herein referred to as "**financial institutions**") purchasing for their own account or for resale, or (b) United States person(s) who acquired the Notes through foreign branches of United States financial institutions and who hold the Notes through such United States financial institutions on the date hereof (and in either case (a) or (b), each such financial institution has agreed, on its own behalf or through its agent, that we may advise Fair Hydro Trust or its agent that such financial institution will comply with the requirements of Section 165(j)(3)(A), (B) or (C) of the Internal Revenue Code of 1986, as amended, and the regulations thereunder), or (iii) is owned by United States or foreign financial institution(s) for purposes of resale during the restricted period (as defined in United States Treasury Regulation Section 1.163-5(c)(2)(i)(D)(7)) and, to the further effect, that financial institutions described in clause (iii) above (whether or not also described in clause (i) or (ii)) have certified that they have not acquired the Notes for purposes of resale directly or indirectly to a United States person or to a person within the United States or its possessions.

As used herein, "United States" means the United States of America (including the states and the District of Columbia); and its "possessions" include Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands.

We further certify that (i) we are not making available herewith for exchange (or, if relevant, collection of any interest) any portion of the temporary Global Note representing the

above-captioned Notes excepted in the above-referenced certificates of Member Organizations and (ii) as of the date hereof we have not received any notification from any of our Member Organizations to the effect that the statements made by such Member Organizations with respect to any portion of the part submitted herewith for exchange (or, if relevant, collection of any interest) are no longer true and cannot be relied upon as of the date hereof.

We understand that this certification is required in connection with certain tax legislation in the United States. If administrative or legal proceedings are commenced or threatened in connection with which this certificate is or would be relevant, we irrevocably authorize you to produce this certificate or a copy thereof to any interested party in such proceedings.

Dated: ■

[To be dated no earlier than the 15th day prior to the Exchange Date]

[DEPOSITORY]

By: _____

Document comparison by Workshare Compare on Friday, December 15, 2017 10:10:46 AM

Input:	
Document 1 ID	file://C:\Users\CMMY\Desktop\Old - Master Trust Indenture.docx
Description	Old - Master Trust Indenture
Document 2 ID	file://C:\Users\CMMY\Desktop\New-7. Master Trust Indenture.docx
Description	New-7. Master Trust Indenture
Rendering set	Standard

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

Statistics:	
	Count
Insertions	943
Deletions	716
Moved from	26
Moved to	26
Style change	0
Format changed	0
Total changes	1711

From: Hanslep, Malle (MOF)
To: Anna Strathy; Ronald Kwan; Mike Manning; Ken Kandeepan; Gadi Mayman
Subject: Fw: Fair Hydro -- Revised Program Agreements
Date: Wednesday, December 20, 2017 9:17:34 AM
Attachments: _Fair Hydro -- Management Agreement.docx
_Fair Hydro -- Declaration of Trust.docx
_Fair Hydro -- Master Transfer and Servicing Agreement.docx
_Fair Hydro - IESO Security Agreement.docx
_Fair Hydro - OPG Indemnity Agreement.doc
_Fair Hydro - IESO Acknowledgement and Indemnity Agreement.doc
_Fair Hydro -- Change of Law Protection Agreement.docx
_Fair Hydro -- Change of Law Process Agreement.docx
Blackline_Management Agreement.pdf
Blackline_Declaration of Trust.pdf
Blackline_Master Transfer and Servicing Agreement.pdf
Blackline_IESO Security Agreement.pdf
Blackline_OPG Indemnity.pdf
Blackline_IESO Acknowledgement and Indemnity.pdf
Blackline_Change of Law Protection Agreement.pdf
Blackline_Change of Law Process Agreement.pdf
#24471144v11_TorysAtWork_ - Master Trust Indenture (December 19).docx
Blackline__Fair Hydro -- Master Trust Indenture - 24471144v11.pdf
#24592224v7_TorysAtWork_ - Junior Subordinated Warehouse Supplement - Fa....docx
Blackline_Junior Subordinated Warehouse Supplement (002) - 24592224v7.pdf
#24463900v11_TorysAtWork_ - Subordinated Warehouse Supplement - Fair Hyd....docx
Blackline_Subordinated Warehouse Supplement (002) - 24463900v11.pdf
Senior Warehouse Supplement (Osler) - Dec. 19, 2017.docx
Blackline Warehouse Supplement vs RA Draft of Nov 14.pdf

Latest drafts.

Sent from my BlackBerry 10 smartphone on the Rogers network.
From: Saulnier, Brett <bsaulnier@torys.com>
Sent: Tuesday, December 19, 2017 18:37
To: Thouin, Alena (ENERGY); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); McKinlay, Tom (MAG); STEPHEN.ASHBOURNE@blakes.com; VINER, JON; PRESTAGE, JA; PALMER, AARON
Cc: 'leslie.wong@opg.com'; dup-john.s.lee@opg.com; 'ken.ryfa@opg.com'; Feldman, Michael; Ramchandani, Rima; Mansoori, Nina; Olusoga, Yinka
Subject: Fair Hydro -- Revised Program Agreements

All,

Please find attached the latest drafts of the following documents, together with blacklines against the versions last circulated:

1. Management Agreement

2. Declaration of Trust

3. MTSA

4. IESO Security Agreement

5. OPG Indemnity

6. IESO Indemnity

7. Change of Law Protection Agreement

8. Change of Law Process Agreement

9. Master Trust Indenture

10. Warehouse Senior Supplemental Indenture

11. Warehouse Subordinated Supplemental Indenture

12. Warehouse Junior Subordinated Supplemental Indenture

Thanks,
Brett

Brett Saulnier
P. 416.865.8148 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.torys.com&d=DwIFAw&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=gV-xgZHI0tggSwOPXBdMOr4DyITzOyaIKJLqH9Oy-40&m=OCPGIxH6yV6Ai2bE8nge8sgCcLrAYfU-arRmwHKW4mQ&s=Mc2fMekkUjshGDWMexIV_XVaqVn6G720qY6I1cAJvn0&e= >
[Torys LLP]<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.torys.com&d=DwIFAw&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=gV-xgZHI0tggSwOPXBdMOr4DyITzOyaIKJLqH9Oy-40&m=OCPGIxH6yV6Ai2bE8nge8sgCcLrAYfU-arRmwHKW4mQ&s=Mc2fMekkUjshGDWMexIV_XVaqVn6G720qY6I1cAJvn0&e= >

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DRAFT: DECEMBER 19, 2017

MANAGEMENT AGREEMENT

between

FAIR HYDRO TRUST
as Issuer

- and -

ONTARIO POWER GENERATION INC.
as Manager

Acknowledged and Accepted by

BNY TRUST COMPANY OF CANADA
as Indenture Trustee

Dated as of December 20, 2017

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Exhibit A – Annual Compliance Certificate
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MANAGEMENT AGREEMENT

THIS AGREEMENT made as of December 20, 2017,

BETWEEN:

FAIR HYDRO TRUST, a trust formed under the laws of the Province of Ontario

(the "**Issuer**")

- and -

ONTARIO POWER GENERATION INC., a corporation established under the laws of the Province of Ontario

(the "**Manager**")

- acknowledged and accepted by -

BNY TRUST COMPANY OF CANADA, a trust company existing under the laws of Canada and duly authorized to carry on the business of a trust company in all of the provinces and territories of Canada, as indenture trustee

(the "**Indenture Trustee**")

WHEREAS the Government of Ontario has passed the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**") for the purpose of, among other things, ensuring that Clean Energy Costs and Clean Energy Benefits are fairly allocated among present and future Specified Consumers;

AND WHEREAS Ontario Power Generation Inc. has been appointed as Financial Services Manager under the Act to, among other things, evaluate whether potential Funding Obligations should be incurred by Financing Entities for the purposes of acquiring and financing Investment Interests;

AND WHEREAS the Issuer is a Financing Entity established, at the request of the Financial Services Manager and pursuant to the Act, by Computershare Trust Company of Canada;

AND WHEREAS the Issuer may from time to time finance the acquisition from the IESO of an Investment Interest pursuant to the terms of the Master Transfer and Servicing Agreement;

AND WHEREAS the Indenture Trustee has been appointed pursuant to the Indenture to act on behalf of all Specified Creditors and wishes to acknowledge and accept the rights and obligations granted to it thereby, including, but not limited to, its rights set forth in this Agreement;

AND WHEREAS the Issuer and the Manager are entering into this Agreement in furtherance of, and in accordance with, the Act;

NOW THEREFORE in consideration of the foregoing and the mutual covenants and agreements contained herein (the receipt and adequacy of which are hereby acknowledged), the parties hereto agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

(a) In this Agreement, the following terms have the following meanings:

"**Act**" has the meaning ascribed thereto in the recitals;

"**Agreement**" means this Agreement, as amended, supplemented, modified, replaced or amended and restated from time to time, and the expressions "herein", "hereof", "hereto", "hereunder" and similar expressions refer to this Agreement and not to any Article, Section, paragraph, subparagraph or clause hereof;

"**Approved Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement;

"**Board**" means the Ontario Energy Board, a statutory corporation without share capital continued under the *Ontario Energy Board Act, 1998*, S.O., 1998;

"**Carrying Costs**" has the meaning ascribed to the term "carrying costs" in the Regulations;

"**CEA Consumer Invoice Amounts**" has the meaning ascribed thereto in the Master Transfer and Servicing Agreement;

"**Change of Law Process Agreement**" means the change of law process agreement to be dated December ■, 2017 between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance and Ontario Power Generation Inc.;

"**Clean Energy Adjustment**" has the meaning ascribed to the term "clean energy adjustment" in the Act;

"**Clean Energy Benefits**" has the meaning ascribed to the term "clean energy benefits" in the Act;

"**Clean Energy Costs**" has the meaning ascribed to the term "clean energy costs" in the Act;

"**Declaration of Trust**" means the declaration of trust made as of December 20, 2017 under which the Issuer was established, as may be amended, supplemented, modified, replaced or amended and restated from time to time;

"**Electricity Vendor**" has the meaning ascribed to the term "electricity vendor" in the Act;

"**Electricity Vendor CEA Collections**" has the meaning ascribed thereto in the Master Transfer and Servicing Agreement;

"**Fair Allocation Amount**" has the meaning ascribed to the term "fair allocation amount" in the Act;

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act;

"**Financial Services Manager**" has the meaning ascribed to such term under the Act;

"**Financing Entity**" has the meaning ascribed to the term "financing entity" in the Act;

"**Financing Plan**" has the meaning ascribed to such term under the Act;

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act;

"**IESO**" means the Independent Electricity System Operator, a statutory corporation without share capital amalgamated under the *Electricity Act, 1998*, S.O. 1998;

"**Implementation Plan**" has the meaning ascribed to such term in Section 4.3(a);

"**Indemnified Losses**" has the meaning ascribed to such term in Section 5.6(a);

"**Indenture**" means the master trust indenture to be dated December 21, 2017 between the Indenture Trustee and the Issuer, as may be amended, supplemented, modified, replaced or amended and restated from time to time;

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act;

"**Investment Interest Records**" means, collectively, any and all documents and records the Manager shall keep on file, in accordance with its customary procedures, relating to the Issuer Investment Interest, including copies of all documents filed with the Board in connection with any Clean Energy Adjustments and computational records relating thereto;

"**Issuer Compensation**" has the meaning ascribed to such term in Section 5.5;

"**Issuer Funding Obligation**" means a Funding Obligation incurred by the Issuer;

"**Issuer Investment Interest**" means, initially, the Investment Interest acquired by the Issuer pursuant to the first Transfer completed under the Master Transfer and Servicing Agreement and, upon the completion of each Transfer thereafter, the cumulative Investment Interest acquired by the Issuer;

"**Issuer Property**" means, as of any particular time, all assets of the Issuer and all property, real, personal or otherwise, tangible or intangible, which has been transferred, conveyed or paid to, or acquired by the Issuer, including all income, earnings, profits and gains therefrom, and which at such time is owned or held by the Issuer;

"**Management Fees**" means the fees established and charged by the Financial Services Manager in accordance with section 19(3) of the Act and the Regulations and approved by the Board in accordance with section 19(4) of the Act;

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement to be dated December 21, 2017 between the Issuer and the IESO, as may be amended, supplemented, modified, replaced or amended and restated from time to time;

"**Minister**" means the Minister of Energy or such other member of the Executive Council as may be assigned the administration of the Act under the *Executive Council Act*, S.O. 1990;

"**Monthly Servicer Report**" means the report delivered by the IESO under Section 3.5(a) of the Master Transfer and Servicing Agreement;

"**Offering Materials**" means any document used by the Issuer in connection with offering securities representing Issuer Funding Obligations for sale including, without limitation, any information circular, offering memorandum, annual information form, preliminary prospectus, prospectus, prospectus supplement, term sheet, registration statement or other similar document, or any amendments to such documents;

"**Perpetuity Date**" means the date that is one day prior to the 21st anniversary of the death of the last surviving lineal descendant of Queen Elizabeth, II of England living as of the date of the Declaration of Trust;

"**Primary Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement;

"**Proceeding**" means any suit in equity, action at law or other judicial or administrative proceeding;

"**Reference Period**" has the meaning ascribed to the term "reference period" in the Act;

"**Regulation AB**" means Subpart 229.1100 – Asset Backed Securities (Regulation AB), 17 C.F.R. §§229.1100-229.1125, and all related rules and regulations of the U.S. Securities and Exchange Commission, as such rules may be amended from time to time, and subject to such clarification and interpretation as have been provided by the U.S. Securities and Exchange Commission or by the staff of the U.S. Securities and Exchange Commission, or as may be provided by the U.S. Securities and Exchange Commission or its staff from time to time;

"**Regulations**" means Ontario Regulation 206/17: General, together with any other regulations promulgated under the Act;

"**Servicer CEA Receipts**" has the meaning ascribed thereto in the Master Transfer and Servicing Agreement;

"**Specified Consumer**" has the meaning ascribed to the term "specified consumer" in the Act;

"**Standard of Care**" has the meaning ascribed to such term in Section 5.1;

"**Transfer**" has the meaning ascribed to the term "transfer" in the Act; and

"**True Up Amount**" has the meaning ascribed to the term "true up amount" in the Act.

(b) Unless otherwise defined in this Agreement, all capitalized terms used in this Agreement shall have the meanings ascribed thereto in the Indenture.

ARTICLE 2
INTRODUCTORY PROVISIONS

2.1 Sections and Headings

The table of contents does not form part of this Agreement. The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and will not affect the construction or interpretation of this Agreement. Unless something in the subject matter or context is inconsistent therewith, references herein to Articles and Sections are to Articles and Sections of this Agreement.

2.2 Extended Meanings

Words importing the singular number only will include the plural and vice versa and words importing the masculine gender will include the feminine and neuter genders and vice versa. Unless otherwise specified, a reference to any agreement, instrument or declaration means such agreement, instrument or declaration as the same may be amended, supplemented, modified, restated or replaced from time to time.

2.3 References to Acts of the Issuer or the Issuer Trustee

For greater certainty, where any reference is made in this Agreement to an act to be performed by the Issuer, such reference will be construed and applied for all purposes as if it referred to an act to be performed by the Issuer Trustee as trustee of the Issuer. Where any reference is made in this Agreement to an act to be performed by the Issuer Trustee, such reference will be construed and applied for all purposes as if it referred to an act to be performed by the Issuer Trustee as trustee of the Issuer.

ARTICLE 3
APPOINTMENT OF THE MANAGER

3.1 Appointment and Authority of the Manager

The Issuer hereby appoints Ontario Power Generation Inc. as the Manager to act as its agent to provide services and perform duties for and on behalf of and for the account of the Issuer, as hereinafter provided, in connection with the activities of the Issuer relating to:

(a) the acquisition, administration and possible transfer of the Issuer Investment Interest on behalf of the Issuer in accordance with the Act;

(b) acting as custodian of the Investment Interest Records;

(c) the entering into and execution and delivery on behalf of the Issuer of any Program Agreements;

(d) the incurrence of Issuer Funding Obligations, and repayment thereof, to fund the acquisition of the Issuer Investment Interest;

(e) the negotiation, execution and delivering or filing on behalf of the Issuer of any Offering Materials;

(f) the implementation and administration of the provisions of the Program Agreements to which the Issuer or the Manager on its behalf is a party;

(g) the acquisition, administration and sale of investments that may from time to time be made by the Issuer; and

(h) all activities as may be reasonably incidental to the foregoing or necessary in connection with the performance by the Issuer of its obligations under the Program Agreements, the Act and the Regulations.

The Manager accepts such appointment and agrees to act in such capacity and to provide or cause to be provided the services and to perform the duties set forth in this Agreement on and subject to the terms and conditions in this Agreement. The Issuer hereby grants to the Manager the power and authority to act in the name of and on behalf of the Issuer, and to execute and deliver all documents, agreements and instruments in the name and on behalf of the Issuer, for the sole purpose of providing the services and performing the duties to be provided and performed by the Manager pursuant to this Agreement. The Manager shall provide all the services and perform all the duties contemplated under this Agreement, including its duties as Financial Services Manager under the Act, in Ontario, Canada.

ARTICLE 4
DUTIES AND OBLIGATIONS OF THE MANAGER

4.1 Program Agreements

(a) The Manager will administer as agent for and on behalf of and for the account of the Issuer the activities of the Issuer in connection with the Program Agreements and, in this regard, its services and duties will include:

(i) negotiating and executing, on behalf of the Issuer, Program Agreements and any documents related thereto with any Person and any amendments, supplements, replacements or restatements that may be necessary or desirable from time to time;

(ii) arranging for liquidity coverage required pursuant to the Program Agreements, negotiating and settling Liquidity Agreements and administering on behalf of the Issuer the activities of the Issuer in connection with such Liquidity Agreements;

(iii) when necessary or desirable, arranging for the Credit Enhancement of the Issuer Investment Interest, negotiating and settling Credit Enhancement Agreements and administering on behalf of the Issuer the activities of the Issuer in connection with such Credit Enhancement Agreements;

(iv) seeking satisfaction of the Rating Agency Condition from the Rating Agencies in respect of the Program Agreements and proposed amendments thereto if required;

(v) based on reports submitted to it, monitoring the recording, accounting for and enforcement of payment of amounts distributable or payable to the Issuer in connection with any Program Agreement;

(vi) maintaining accounts and banking records of the Issuer with respect to acquisitions or investments in and distributions and payments in connection with the Issuer Property, including Eligible Investments;

(vii) promptly after obtaining knowledge thereof, notifying the Issuer, the Indenture Trustee and the Rating Agencies of a breach in any material respect of any of the Manager's representations, warranties or covenants contained herein;

(viii) to the extent that the Issuer shall from time to time have funds the application of which is not then necessary to the repayment of outstanding indebtedness of the Issuer or to the payment of any costs, fees, expenses or disbursements of the Issuer, applying such funds on behalf of and for the account of the Issuer to the acquisition of Eligible Investments as the Manager may select pending the application of such funds to the repayment of outstanding indebtedness of the Issuer or to the payment of any costs, fees, expenses or disbursements of the Issuer; provided, however, that in making any such Eligible Investments, the Manager shall adhere to the requirements of the Program Agreements in all respects;

(ix) taking all other necessary and appropriate action to enable the Issuer to exercise its rights and perform its obligations in accordance with the provisions of any Program Agreement, including exercising rights of termination under Program Agreements and the enforcement of security or in respect of Eligible Investments;

(x) providing for the defense of any action, suit or proceeding brought against the Issuer or affecting the Issuer or any Issuer Property;

(xi) taking all such steps as may be necessary or appropriate to enable the Issuer to collect on any security relating to the Issuer Investment Interest;

(xii) determining, in accordance with the Financing Plan, when it is appropriate for the Issuer to enter into Derivative Agreements, selecting suitable

counterparties thereto and negotiating the terms thereof in accordance with the terms of the Program Agreements;

(xiii) determining, in accordance with the Financing Plan, when it is appropriate for the Issuer to incur Funding Obligations, including the determination of applicable principal (or face amount), amortization/sinking fund schedule(s), interest rates (or rate of discount), interest payment frequency, issuance date and maturities of such Funding Obligations;

(xiv) ensuring that all Primary Obligations of the Issuer are and remain Approved Obligations;

(xv) making determinations under the Declaration of Trust regarding any distributions to beneficiaries of the Issuer;

(xvi) promptly providing the Issuer Trustee notice of the Perpetuity Date once determined;

(xvii) administering all activities of the Issuer in connection with the issuance, sale, payment, repurchase and redemption of Issuer Funding Obligations and the execution and performance by the Issuer of its obligations under the Program Agreements, including all reporting obligations, applying for and monitoring the ratings of any Issuer Funding Obligations and coordinating all aspects of obtaining and maintaining ratings from the Rating Agencies;

(xviii) preparing, executing and delivering, in accordance with the requirements of all applicable securities laws, any Offering Materials to be furnished by the Issuer to any dealer or prospective purchaser of Issuer Funding Obligations, in accordance with the Issuer's obligations to prepare such Offering Materials under any Underwriting Agreement or Agency Agreement, and preparing amendments to or revising or updating information for such Offering Materials as required from time to time (it being understood that the Manager, as between it and the Issuer, shall not be responsible for the accuracy of any portion of the Offering Materials prepared from information obtained from any Person other than the Issuer and the Manager);

(xix) ensuring that all statements of the Issuer made in any Offering Materials or in connection with entering into any Program Agreement are at all times true and correct in all material respects (it being understood that the Manager, as between it and the Issuer, shall not be responsible for the accuracy of any portion of the Offering Materials prepared from information obtained from any Person other than the Issuer and the Manager);

(xx) arranging for compliance by the Issuer with any continuous disclosure obligations it may have under any applicable securities laws;

(xxi) preparing and filing all reports, certificates and other documents that are required to be prepared and filed pursuant to the Indenture in order to comply with Regulation AB and delivering all such reports, certificates and other documents to the Issuer, the Indenture Trustee and the Rating Agencies;

(xxii) arranging for the retention of legal counsel as may be necessary to perform for the Issuer the services necessary or appropriate to its organization or the conduct of its operations and all general services customarily provided by legal counsel;

(xxiii) arranging for the appointment, discharge and reappointment of an auditor of the Issuer and negotiating and fixing the fees of any such auditor;

(xxiv) arranging for the retention of an accounting firm and ensuring that proper books of account and complete records of all transactions of the Issuer undertaken or performed by it under the Program Agreements are maintained and rendering statements or copies thereof from time to time as requested by the Indenture Trustee and any issuing and paying agent, Lender or Credit Enhancer and co-operating in all audits of the Issuer;

(xxv) preparing, or arranging for the preparation of, all required financial statements of the Issuer;

(xxvi) preparing, procuring, delivering and filing, or causing to be prepared, procured, delivered or filed, any reports, attestations, exhibits, certificates or other documents required to be delivered or filed with the applicable securities regulator by the Issuer under the applicable securities or other applicable laws;

(xxvii) providing clerical and bookkeeping services necessary and appropriate for the Issuer relating to all transactions of the Issuer undertaken or performed by the Manager hereunder, and the Issuer's incurrence and repayment of Funding Obligations and other borrowings of money and maintaining and preserving records regarding the foregoing;

(xxviii) paying all taxes or assessments of whatever kind or nature imposed on the Issuer, and withholding and remitting all taxes required to be withheld and remitted by the Issuer under applicable laws, in each case, on behalf of and for the account of the Issuer and in accordance with the requirements of any applicable laws and subject to the payment priorities specified in the Program Agreements;

(xxix) preparing and filing, in accordance with the requirements of the Indenture and any applicable laws, all returns (including, for greater certainty, all returns, information returns, elections, designations, declarations, schedules, statements or supporting documents in relation thereto) required to be filed with any government authority, or prepared as support for any

such filing, in connection with (A) the determination, assessment or collection of any taxes of the Issuer or taxes, or amounts on account of taxes, that the Issuer is required to withhold and remit by applicable laws, or (B) the administration of any laws, regulations or administrative requirements relating to taxes; and

(xxx) providing such other services as are incidental to the foregoing or as the Issuer and the Manager may agree.

(b) The Manager will not offer to enter into any Program Agreement:

(i) after the Manager receives a notice of termination pursuant to Section 7.1; or

(ii) if the entering into of the Program Agreement would violate any other Program Agreements.

(c) The Manager will not consent to or execute any material amendment or waiver of the Change of Law Process Agreement unless the Rating Agency Condition shall have been satisfied and the Manager will notify the Rating Agencies of any assignment, amendment or waiver of the Change of Law Process Agreement.

4.2 Issuer Investment Interest

The Manager will administer as agent for and on behalf of and for the account of the Issuer the following activities of the Issuer in connection with the acquisition and administration of the Issuer Investment Interest in accordance with the Program Agreements:

(a) enforcing the rights of the Issuer under the Program Agreements;

(b) seeking to protect the Issuer and the Specified Creditors from claims, actions or other proceedings of third parties that, if successfully pursued, would result in a breach of any representation by the IESO set forth in the Master Transfer and Servicing Agreement;

(c) executing and filing such filings, including filings under the PPSA, and causing such filings to be executed and filed, all in such manner and in such places as may be required by law to fully preserve, maintain, protect and perfect the ownership interest of the Issuer and the first priority security interest of the Indenture Trustee in the Issuer Investment Interest, including all filings required under the Act and the PPSA (and equivalent statutes in any applicable jurisdiction) relating to the transfer of the ownership of the rights and interest in the Issuer Investment Interest by the IESO to the Issuer or the pledge of the Issuer Investment Interest to the Indenture Trustee;

(d) maintaining accounts and records as to the Issuer Investment Interest accurately and in accordance with its standard accounting procedures and in sufficient detail

to permit reconciliation between Servicer CEA Receipts and the Clean Energy Adjustment;

(e) instituting any Proceeding necessary to compel performance by the Board, the IESO, the Province of Ontario, the Indenture Trustee, the Issuer Trustee or any of their respective agents of any of their obligations or duties under the Act, the Regulations or any Program Agreement, as the case may be, and taking such legal or administrative actions, including defending against or instituting and pursuing legal actions and appearing or testifying at hearings or similar proceedings, in each case as may be reasonably necessary;

(f) seeking to block or overturn any attempts to cause a repeal of, modification of or supplement to the Act or the Regulations or the rights of holders of any Funding Obligations, by legislative enactment that would be materially adverse to the Issuer or the Specified Creditors or that would otherwise cause an impairment of the rights of the Issuer or the Specified Creditors; and

(g) instituting any Proceeding necessary to appeal or challenge the decision of a court that would be materially adverse to the Issuer or the Specified Creditors or that would otherwise cause an impairment of the rights of the Issuer or the Specified Creditors.

4.3 Implementation Plan

(a) The Manager will work with the IESO to develop on or before January 31, 2020 a written implementation plan identifying in reasonable detail the actions to be taken by the IESO and the Issuer in order to facilitate the Board, the Issuer, the IESO and the Electricity Vendors being prepared to perform their obligations under the Act and the Regulations when the setting, invoicing and collection of Clean Energy Adjustments commences (the "**Implementation Plan**"). The Implementation Plan should include the following:

(i) a process and a schedule for contacting Electricity Vendors and providing instructions with respect to the establishment of a segregated account by each Electricity Vendor, the procedures for invoicing Clean Energy Adjustments, the identification, deposit and segregation of collections of Clean Energy Adjustments by Electricity Vendors and their remittance to the IESO;

(ii) the development of processes for the necessary exchanges of information with respect to Clean Energy Adjustments among the Board, the Issuer, the Manger, the IESO, Electricity Vendors and Specified Consumers;

(iii) procedures for the testing of the processes for the collection and remittance of Clean Energy Adjustment before February 28, 2021; and

(iv) target dates for the achievement of specified objectives under the Implementation Plan.

(b) The Manager will deliver the Implementation Plan to the Issuer and the Indenture Trustee on or before January 31, 2020.

(c) The Manager will deliver written progress reports on the status of the implementation of the Implementation Plan on or before June 30, 2020, October 31, 2020 and January 31, 2021.

4.4 Collection of Clean Energy Adjustments

(a) The Manager will as agent for and on behalf of the Issuer perform the following in connection with the collection of Clean Energy Adjustments:

(i) review each Monthly Servicer Report and make commercially reasonable efforts to resolve any failures and discrepancies identified in such report that have not been remedied or adequately explained by Electricity Vendors;

(ii) institute any Proceeding necessary to compel performance by the Electricity Vendors of any of their obligations or duties under the Act and the Regulations including with respect to the invoicing, collection, receipt, remittance and reporting in respect of Clean Energy Adjustments; and

(iii) commencing May 1, 2021 and pursuant to its rights under Section 10(4) of the Regulations:

(A) the Manager shall review or caused to be reviewed, on an annual basis or, subject to the satisfaction of the Rating Agency Condition, less frequently as may be determined by the Manager, the records maintained by each Electricity Vendor with respect to Clean Energy Adjustments, such review to include, in respect of each Electricity Vendor: (a) an assessment of compliance with the requirements imposed under the Act, (b) a reconciliation of CEA Consumer Invoice Amounts and Electricity Vendor CEA Collections, (c) a review of amounts deposited into the segregated account established for the purpose of receiving Clean Energy Adjustment amounts, and (d) a reconciliation of Servicer CEA Receipts and Electricity Vendor CEA Collections; and

(B) if there is evidence of material non-compliance by an Electricity Vendor with its duties and obligations in respect of Clean Energy Adjustments, the Manager shall promptly review or cause to be reviewed the records of such Electricity Vendor as the Manager deems reasonably necessary to cause compliance by such Electricity Vendor; and

(C) the Manager shall notify each Rating Agency of any material non-compliance identified as a result of any review completed pursuant to this Section 4.4(a)(iii).

4.5 Investment Interest Records

(a) The Manager will act as custodian of the Investment Interest Records as agent for and on behalf of and for the account of the Issuer, which are hereby constructively delivered to the Indenture Trustee, as pledgee of the Issuer with respect to the Issuer Investment Interest, and, in this regard, the Manager shall:

(i) hold the Investment Interest Records on behalf of the Issuer and the Indenture Trustee and maintain such accurate and complete accounts, records and computer systems pertaining to the Investment Interest Records as shall enable the Issuer and the Indenture Trustee, as applicable, to comply with the Program Agreements;

(ii) promptly report to the Issuer, the Indenture Trustee and the Rating Agencies any failure on its part to hold the Investment Interest Records and maintain its accounts, records and computer systems as herein provided and promptly take appropriate action to remedy any such failure;

(iii) maintain the Investment Interest Records at its offices at 700 University Avenue, Toronto, Ontario or at such other office as shall be specified to the Issuer and the Indenture Trustee by written notice at least 30 days prior to any change in location;

(iv) make available for inspection, audit and copying to the Issuer and the Indenture Trustee or their respective duly authorized representatives, attorneys or auditors the Investment Interest Records at such times during normal business hours as the Issuer or the Indenture Trustee shall reasonably request and that do not unreasonably interfere with the Manager's normal operations; and

(v) upon instruction from the Indenture Trustee in accordance with the Indenture or any other Person in accordance with another Program Agreement, release any Investment Interest Records to the Indenture Trustee, the Indenture Trustee's agent or the Indenture Trustee's designee, as the case may be, at such place or places as the Indenture Trustee may designate, as soon as practicable.

(b) Nothing in this Section 4.5 shall affect the obligation of the Manager to observe any applicable law prohibiting disclosure of information regarding Specified Consumers, and the failure of the Manager to provide access to such information as a result of such obligation shall not constitute a breach of this Section 4.5.

(c) Nothing in this Section 4.5 shall be deemed to require an initial review or any periodic review by the Issuer or the Indenture Trustee of the Investment Interest Records. The Manager's duties to hold the Investment Interest Records set forth in this Section 4.5, to the extent the Investment Interest Records have not been previously transferred to a successor Manager pursuant to Section 7.1, shall terminate one year and one day after the earlier of (i) the date on which the Manager

is succeeded by a successor Manager in accordance with Section 7.1 and (ii) the day after the termination of the Indenture and payment in full of the Issuer Funding Obligations or any other amounts owed under the Indenture.

(d) The Manager shall, on or before the 25th Business Day following the end of each month (or if such day is not a Business Day, the first Business Day following such day), prepare and deliver to the Issuer Trustee and each Rating Agency a report substantially in the form of Exhibit B (a "**Monthly Portfolio Report**").

4.6 Payment of Other Issuer Fees and Expenses

The Manager in accordance with the Program Agreements may, at its option, pay from its own funds the fees and expenses properly incurred on behalf of the Issuer in the ordinary course of the Issuer's operations. To the extent such fees and expenses are paid by the Manager from its own funds, the Issuer will reimburse the Manager for such payments, subject to the payment priorities specified in the Program Agreements.

4.7 Delegation

In connection with the services to be provided or duties to be performed by it under this Agreement, the Manager may, subject to any limitation on delegation imposed by applicable law, by the Declaration of Trust or by the Issuer, engage or employ any Persons as employees, agents, representatives, independent contractors or otherwise, including, without limitation, banks, underwriters, accountants, investment advisers, tax advisers, insurance advisers, lawyers, appraisers, bankers, brokers, dealers, depositories, custodians, agents for collection or others in one or more capacities and any other advisers which the Manager deems advisable, and may delegate any of the powers and duties of the Manager to any such Persons upon such terms and conditions as it may determine. For greater certainty, the Manager shall remain liable and responsible for any of the powers and duties of the Manager which it delegates to a third party.

4.8 Annual Compliance Certificates

The Manager shall provide to the Issuer Trustee a certificate in the form of Exhibit A within 120 days after the end of each fiscal year of the Issuer confirming compliance with the matters referred to in such certificate. The Issuer shall be entitled to rely on such certificate for the period between the effective dates of two consecutive certificates certifying such compliance unless the Issuer has received written notice to the contrary.

4.9 Acknowledgment of Duties as Financial Services Manager

The parties hereto acknowledge that, for so long as Ontario Power Generation Inc. is the Financial Services Manager appointed under the Act, Ontario Power Generation Inc., in its capacity as the Financial Services Manager, will satisfy its obligations as Financial Services Manager in accordance with the Act and the Regulations, and, for greater certainty, its services and duties in this regard will include:

(a) preparing the Financing Plan and, in accordance therewith, evaluating whether Funding Obligations should be incurred by the Issuer for the purposes of acquiring an Investment Interest or refinancing maturing Issuer Funding Obligations;

(b) determining the Clean Energy Adjustment (inclusive of any True Up Amount) payable by Specified Consumers in respect of each month in a Reference Period;

(c) calculating the True Up Amount;

(d) notifying the Board of the Clean Energy Adjustment (inclusive of any True Up Amount) in respect of a Reference Period or such other period as prescribed by the Regulations and sending a copy of such notice, as required, to the Issuer, the Indenture Trustee and the Rating Agencies concurrently therewith; and

(e) if, for any reason any Clean Energy Adjustment is not implemented and effective in respect of the Reference Period set forth in the notice and commencing on the date required under the Act, notifying the Issuer, the Indenture Trustee and each Rating Agency by the end of the second Business Day after such applicable date.

ARTICLE 5
OTHER PROVISIONS RELATING TO THE DUTIES AND COMPENSATION

5.1 Standard of Care

The Manager will perform its duties hereunder (including, for so long as it is the Financial Services Manager, its duties as Financial Services Manager under the Act and the Regulations) diligently and in conformity with the Issuer's obligations under the Program Agreements and with the Act and the Regulations, as applicable, and honestly, in good faith and in the best interests of the Issuer and, in connection therewith, will exercise the degree of care, diligence and skill that a reasonably prudent Person would exercise in comparable circumstances (the "**Standard of Care**"). In carrying out its obligations hereunder, the Manager may rely upon the opinion or advice of or information obtained from any counsel, auditor, valuer or certificates from officers of any of the other parties to Program Agreements. Unless otherwise required by applicable law, the Manager will not be required to give bond, surety or security in any jurisdiction for the performance of any duties or obligations hereunder. The Manager will not be required to devote its entire time to its duties hereunder. Notwithstanding anything else to the contrary herein contained, nothing herein shall be interpreted or construed as an obligation of or on the part of the Manager, and the Manager shall not be liable or obligated, to pay or make any payment of, on or in respect of any debt, liability or obligation of the Issuer (including any payment of, on or in respect of any Issuer Funding Obligations or under any other Program Agreement), as agent for or on behalf of the Issuer or otherwise, except from the monies or funds of the Issuer which are made available to the Manager pursuant to this Agreement or the other Program Agreements for the purpose of such payment.

5.2 Compliance with Program Agreements; Conformity with Law

The Manager acknowledges that it has received copies of the Program Agreements, the Act and the Regulations in effect on the date hereof and is familiar with and understands the duties of the respective parties thereto or governed thereby, including those duties of the Issuer which are being delegated to the Manager hereunder. Notwithstanding anything herein to the contrary, the Manager shall perform its duties hereunder in a manner consistent with any applicable provisions of the Program Agreements in effect from time to time, and the Manager will not, in performing its obligations hereunder, take any action which it knows or ought reasonably to know would cause it or the Issuer to be in violation of any law, rule or regulation applicable to it. The Manager will use reasonable commercial efforts to comply with the terms applicable to the Issuer when acting on its behalf under all Program Agreements and will use reasonable commercial efforts in accordance with its Standard of Care to take such actions as would reasonably be expected to result in the representations and warranties given by the Issuer in any Program Agreement being true and correct in all material respects when made.

5.3 Liabilities

Except as provided in Section 5.6,

(a) the Manager will not be liable for any liabilities of the Issuer; and

(b) subject to the payment priorities specified in the Program Agreements, the Issuer agrees to indemnify, defend and hold harmless the Manager from and against any and all liabilities which may be imposed on, incurred by or assessed against the Manager as a result of any act or omission of the Issuer or the Manager under this Agreement or under any Program Agreement; provided that this Section 5.3(b) does not apply to the extent that in any circumstances there has been wilful misconduct or gross negligence of the Manager or its respective officers, employees or agents or any failure to comply with the Standard of Care.

To the extent that a liability is attributable solely to a single Series or a number of specific Series of Issuer Funding Obligations, the Manager will first exhaust its recourse against the assets available for recovery of such liability and designated to such Series of Issuer Funding Obligations. If such assets are insufficient to satisfy the indemnity set out in this Section 5.3, or if the liability is not attributable to a single Series or a number of specific Series of Issuer Funding Obligations, the liability will be satisfied on a pro rata basis as among the assets available for recovery of such liability and designated to all Issuer Funding Obligations.

Each party expressly disclaims any intention to create a partnership, and neither the Issuer nor the Manager will be deemed to be carrying on business in partnership by reason of its execution and delivery of this Agreement or the exercise or performance by it of its respective rights and obligations hereunder.

5.4 Compensation of the Manager

In consideration of and as compensation for all services provided and duties performed by the Manager pursuant to this Agreement, and so long as the Financial Services

Manager is also the Manager, all services provided and duties performed by the Financial Services Manager, the Issuer will pay to the Manager, subject to the payment priorities specified in the Program Agreements, the Management Fees. The Management Fees are exclusive of any applicable sales taxes and the Issuer shall pay to the Manager the amount of any applicable sales taxes in addition to such fees.

5.5 Compensation of the Issuer

In consideration of the Issuer engaging in the activities contemplated by the Act, the Manager will pay to the Issuer, on a monthly basis, the sum of $10 per month for any month or part thereof that the Issuer is engaged in such activities (the "**Issuer Compensation**"). The Issuer Compensation is exclusive of any applicable sales taxes and the Manager shall pay to the Issuer the amount of any applicable sales taxes in addition to the Issuer Compensation.

5.6 Indemnification by Manager

(a) The Manager shall indemnify the Issuer and defend and hold harmless the Issuer from and against, any and all liabilities, obligations, losses, damages, payments and claims, and reasonable costs or expenses, of any kind whatsoever (collectively, "**Indemnified Losses**") imposed on, incurred by or asserted against the Issuer, as a result of (i) the failure of the Manager to perform its covenants and other obligations under this Agreement or any other Program Agreement to which the Manager is a party; or (ii) the breach by the Manager of any of its representations or warranties under this Agreement or any other Program Agreement to which the Manager is a party and, except to the extent of Indemnified Losses resulting from the willful misconduct, bad faith or gross negligence of the Issuer, seeking indemnification hereunder; provided that, in each case, the Manager shall not be required to indemnify the Issuer for any amount paid or payable by the Issuer in the settlement of any Proceeding or investigation without the written consent of the Manager, which consent shall not be unreasonably withheld or delayed. Promptly after receipt by the Issuer of notice of the commencement of any Proceeding or investigation, the Issuer shall, if a claim in respect thereof is to be made against the Manager under this Section 5.6(a), notify the Manager in writing of the commencement thereof. Failure by the Issuer to so notify the Manager shall relieve the Manger from the obligation to indemnify and hold harmless the Issuer under this Section 5.6(a) only to the extent that the Manager suffers actual prejudice as a result of such failure. With respect to any Proceeding or investigation brought by a third party for which indemnification may be sought under this Section 5.6(a), the Manager shall be entitled to conduct and control, at its expense and with counsel of its choosing that is reasonably satisfactory to the Issuer, the defence of any such Proceeding or investigation (in which case the Manager shall not thereafter be responsible for the fees and expenses of any separate counsel retained by the Issuer except as set forth below); provided, that the Issuer shall have the right to participate in such Proceeding or investigation through counsel chosen by it and at its own expense. Notwithstanding the Manager's election to assume the defence of any Proceeding or investigation, the Issuer shall have the right to employ separate counsel, and the Manager shall bear the reasonable fees, costs and expenses of such separate

counsel, if (i) the defendants in any such action include both the Issuer and the Manager and the Issuer shall have reasonably concluded that there may be legal defences available to it that are different from or additional to those available to the Manager, (ii) the Manager shall not have employed counsel reasonably satisfactory to the Issuer to represent the Issuer within a reasonable time after notice of the institution of such action, (iii) the Issuer shall have been advised by counsel to the Issuer that there may be a conflict of interest between the Manager and the Issuer, or (iv) the Manager authorizes the Issuer to employ separate counsel at the expense of the Manager. Notwithstanding the foregoing, the Manager shall not be obligated to pay for the fees, costs and expenses of more than one separate counsel for the Issuer other than one local counsel, if appropriate. The Manager will not, without the prior written consent of the Issuer, settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim or Proceeding in respect of which indemnification may be sought under this Section 5.6(a) (whether or not the Issuer is an actual or potential party to such claim or action) unless such settlement, compromise or consent includes an unconditional release of the Issuer from all liability arising out of such claim or Proceeding

(b) Indemnification under Section 5.6(a) shall survive any repeal of, modification of, or supplement to, or judicial invalidation of, the Act and shall survive the termination of this Agreement and will rank pari passu with other general, unsecured obligations of the Manager.

(c) Notwithstanding anything contained in this Agreement, it is expressly understood that the Manager is not agreeing to indemnify or hold the Issuer harmless with respect to any of the following:

(i) any losses resulting from any breach or failure to perform by the Manager caused by a breach or failure to perform on the part of any other third party under any Program Agreement, the Act or the Regulations; provided that this Section 5.6(c)(i) shall not apply to limit the liability of the Manager in respect of any delegation to a third party as provided for in Section 4.7.

(ii) any losses resulting from changes in law after the date hereof, whether such changes in law are effected by means of any legislative enactment or any final and non-appealable judicial decision, other than losses resulting solely from the Manager's failure to comply with Section 4.1(a)(xiv);

(iii) any losses resulting from the validity of the Change of Law Protection Agreement or the applicability thereof to the Province, the Issuer or the Indenture Trustee or any material part thereof being disaffirmed by or on behalf of the Province; or

(iv) any liability of the Issuer incurred after the termination of this Agreement unless attributable to the actions or omissions of the Manager prior to such

termination or in respect of a representation, warranty or covenant of the Manager that survives termination of this Agreement.

(d) To the fullest extent permitted by applicable law, no Specified Creditor (other than the Indenture Trustee) will have any right to institute any proceeding, judicial or otherwise, or to make any claim for indemnification, with respect to this Agreement, or for the appointment of a receiver or trustee or similar official, or for any other remedy hereunder, except in accordance with Section 8.12 of the Indenture.

(e) The parties hereto agree that the Manager is not providing any representations, warranties or covenants in this Agreement, and shall have no liability to the Issuer, with respect to the collectability of the Clean Energy Adjustment or the Carrying Costs, or that the Clean Energy Adjustment amounts or Carrying Costs collected will be sufficient to satisfy the Issuer Funding Obligations.

(f) Notwithstanding anything contained in this Agreement, it is expressly understood that the Manager is not agreeing to indemnify or hold harmless the Issuer Trustee with respect to any liabilities resulting from the failure of the Issuer Trustee to satisfy the standard of care set out in the Declaration of Trust. Where the Manager has assumed total defense of a claim, it shall agree to ensure that any settlement of such claim does not include any form of admission of liability on the part of the Issuer Trustee (in its personal capacity).

5.7 Contracting with Itself and Affiliates

In the exercise of its rights, duties and obligations, the Manager may, if it is acting in good faith, enter into, as Manager for the Issuer, agreements and other contracts to which the Manager, in its personal capacity, or an Affiliate of the Manager, is a party.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES

6.1 Representations of the Issuer

The Issuer represents and warrants to the Manager that (a) the execution, delivery and performance by the Issuer of this Agreement are within the powers of the Issuer and have been duly authorized by all necessary action on the part of the Issuer and do not contravene (i) the Program Agreements in effect on the date hereof or (ii) any law or contractual restriction binding on or affecting the Issuer and (b) this Agreement is a legal, valid and binding obligation of the Issuer, enforceable against the Issuer.

6.2 Representations of the Manager

The Manager represents and warrants to the Issuer that (a) the execution, delivery and performance by the Manager of this Agreement are within the powers of the Manager and have been duly authorized by all necessary action on the part of the Manager and do not contravene any law or contractual restriction binding on or affecting the Manager, (b) this Agreement is a

legal, valid and binding obligation of the Manager enforceable against the Manager and (c) it is a resident of Canada for purposes of the *Income Tax Act* (Canada).

ARTICLE 7
TERMINATION AND RESIGNATION

7.1 Termination

The Manager shall not be entitled to resign as manager of the Issuer or to terminate this Agreement for so long as any Funding Obligations remain outstanding. The Manager's rights and obligations under this Agreement (other than under Sections 5.3, 5.4, 5.6 and 8.5) will terminate, if the Manager receives a termination notice from (i) the Issuer Trustee, with the consent of the Indenture Trustee, or (ii) the Indenture Trustee, subject to the terms and conditions of the Indenture, in each case, on the 30th day after receipt of such notice. Notwithstanding the foregoing, no termination shall be effective until a replacement manager that satisfies the Rating Agency Condition has been approved and has entered into a management agreement whereby the replacement manager agrees to assume, in substance, the obligations of the Manager hereunder. Upon the termination of its rights and obligations under this Agreement, the Manager will notify the Rating Agencies and, promptly and upon the request of the Issuer, deliver to the Issuer all records (including Investment Interest Records) in the possession of the Manager relating to the performance of its services hereunder.

ARTICLE 8
MISCELLANEOUS

8.1 Acknowledgement of Indenture

The Manager (i) acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor under the Indenture and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Indenture including, without limitation, Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 7.12 (Payments Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Section 8.14 (Limited Recourse), Article IX (Indenture Trustee) (including all limitations of liability thereunder), Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition) of the Indenture; (ii) irrevocably authorizes and directs the Indenture Trustee on its behalf to take such action (including the execution and delivery of documents of subordination) as may be necessary or appropriate to further assure the priority arrangements provided for in Article VI, Article VII and Section 8.13 of the Indenture, and appoints the Indenture Trustee as its agent for any and all such purposes; and (iii) consents, requests and authorizes the Issuer and the Indenture Trustee to (X) add the Manager (or its agent) to the register of Specified Creditors described in Section 13.13 of the Indenture and (Y) disseminate the notice details of the Manager to other Specified Creditors for the purposes set out in subsection 9.14(b) of the Indenture.

8.2 Appointment of Manager as Attorney-in-Fact

Subject to any Program Agreement, the Issuer hereby irrevocably appoints the Manager as the Issuer's attorney-in-fact during the term of this Agreement, with full authority in the place and stead of and in the name of the Issuer or otherwise, including full power of

substitution, from time to time in the Manager's discretion or as required by this Agreement, to take such actions on behalf of the Issuer as the Manager may deem necessary or advisable to comply with or effect the purposes of this Agreement and any Program Agreement including, without limitation, to execute any documents, instruments or certificates in connection therewith, to ask, demand, collect, sue for, recover, compound, receive and give acquittances and receipts for monies due or becoming due to the Issuer or otherwise owed thereto, to receive, endorse and collect any drafts or other instruments, documents and chattel paper in connection therewith, and to file any claims or take any action or institute any proceedings which the Manager may deem necessary or desirable for the collection thereof, or to enforce compliance with the terms and conditions of any Program Agreement.

8.3 Amendments and Waivers

(a) Subject to Section 8.3(b), this Agreement may be amended, supplemented, modified, restated or replaced from time to time by written instrument signed by the Issuer and the Manager. The Manager will forthwith after the execution of any such instrument by the Issuer and the Manager provide the Rating Agencies with a copy of such instrument.

(b) No provision of this Agreement may be amended, supplemented, modified, restated or replaced in any material respect without first obtaining the written consent of the Indenture Trustee in accordance with the Indenture and such amendment, supplement, modification or replacement will only be effective if the Rating Agency Condition has been satisfied.

(c) No waiver of any provision of this Agreement, nor consent to any departure by any party therefrom, shall in any event be effective unless the same shall be in writing and signed by such party and such waiver or consent, if material, will only be effective if the Rating Agency Condition has been satisfied, and then said waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. The Manager will forthwith after the execution of any waiver by the Issuer and the Manager provide the Rating Agencies with a copy of such instrument. No failure on the part of any party to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof.

8.4 Withholding Rights

The parties hereto shall be entitled to deduct and withhold from amounts payable under this Agreement such amounts as each is required to deduct and withhold with respect to such payment under the *Income Tax Act* (Canada) or any provision of any applicable federal, provincial, territorial, state, local or foreign tax law. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes as having been paid to the recipient of the payment in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted in accordance with applicable law to the appropriate taxing authority.

8.5 No Petition

The Manager hereby agrees that it will not, prior to the date that is one year and one day after the termination of the Indenture and payment in full of the Issuer Funding Obligations and any other amounts owed under the Indenture, institute or encourage against the Issuer, or join or acquiesce in any institution against the Issuer of, any bankruptcy, reorganization, arrangement, insolvency, winding-up or liquidation proceedings, or other proceedings under any federal or provincial bankruptcy, insolvency or similar law in connection with any obligations relating to this Agreement or any of the other Program Agreements. The foregoing shall not limit the rights of the Manager to file any claim in or otherwise take any action with respect to any insolvency proceeding that was instituted against the Issuer by any Person other than the Manager.

8.6 Notice

All demands, notices and communications hereunder will be in writing (unless otherwise expressly provided herein) and will be personally delivered or transmitted electronically to:

(a) in the case of the Issuer:

Fair Hydro Trust
c/o Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario
M5G 1X6

Email: FHT@opg.com
Attention: Vice President, Fair Hydro Plan

with a copy to:

Computershare Trust Company of Canada
100 University Avenue, 11th Floor
Toronto, Ontario
M5J 2Y1

Email: corporatetrust.toronto@computershare.com
Attention: Manager, Corporate Trust

(b) in the case of the Manager:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario
M5G 1X6

Email: FHT@opg.com
Attention: Vice President, Fair Hydro Plan

or such other address or email address as may hereafter by furnished to each of the parties hereto in writing. Notices transmitted by facsimile will be deemed to have been received when delivered (with receipt confirmed).

8.7 Recourse to Issuer Trustee and the Issuer

Nothing contained herein will be deemed to cause the Issuer Trustee to be personally liable for any obligations of the Issuer hereunder, and the Manager will not seek any personal or deficiency judgment in respect of such obligations against the Issuer Trustee in its personal capacity; provided, however, that the foregoing will not in any way affect any rights that the Manager may have hereunder to (a) proceed against any Person with respect to the enforcement of any guarantee of, or collateral security for, payment of such obligations or (b) recover any funds, damages, expenses or costs as a result of fraud or misrepresentation by the Issuer Trustee in its personal capacity. The obligations hereunder are not binding upon the Issuer Trustee except in its capacity as trustee of the Issuer nor will resort be had to the property of the Issuer Trustee except where liability is expressly imposed on the Issuer Trustee in its personal capacity hereunder, but the Issuer Property will be bound hereby.

8.8 Severability

If one or more provision of this Agreement is for any reason whatever held invalid, such provision will be deemed severable from the remaining covenants, agreements and provisions of this Agreement and will in no way affect the validity or enforceability of such remaining provisions or the rights of any parties hereto.

8.9 Execution of Counterparts; Electronic Delivery

This Agreement may be executed in several counterparts, each of which when so executed shall be deemed to be an original and the counterparts together shall constitute one and the same instrument. Delivery of an executed signature page to this Agreement by any party by electronic transmission will be as effective as delivery of a manually executed copy of this Agreement by such party.

8.10 Governing Law

This Agreement will be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

8.11 Grant of Security Interest to Indenture Trustee; Acknowledgement of Rights of Indenture Trustee

The Manager hereby acknowledges and consents to any mortgage, pledge, assignment and grant of a security interest by the Issuer to the Indenture Trustee for the benefit of the Specified Creditors pursuant to the Indenture of any or all of the Issuer's rights hereunder. The Manager further acknowledges and agrees that, pursuant to the terms of the Indenture, if the Issuer fails to exercise any of its rights under this Agreement, including any right to be indemnified by the Manager pursuant to Section 5.6 of this Agreement, the Indenture Trustee shall be entitled,

subject to the terms of the Indenture, to enforce such rights against the Manager directly on the Issuer's behalf.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective officers as of the day and year first above written.

FAIR HYDRO TRUST, by its sole trustee, COMPUTERSHARE TRUST COMPANY OF CANADA
as Issuer

By: _____
Name:
Title:

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC.
as Manager

By: _____
Name:
Title:

By: _____
Name:
Title:

ACKNOWLEDGED AND ACCEPTED:

BNY TRUST COMPANY OF CANADA
as Indenture Trustee

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT A

ANNUAL COMPLIANCE CERTIFICATE

TO: Computer Share Trust Company of Canada, (the "**Issuer Trustee**") in its capacity as issuer trustee of Fair Hydro Trust (the "**Issuer**")

Ontario Power Generation Inc., as manager (the "**Manager**") appointed by the Issuer Trustee under the Management Agreement dated as of December 20, 2017 between the Issuer Trustee and the Manager, and acknowledged and accepted by the Indenture Trustee (as amended, supplement, modified, restated or replaced from time to time, the "**Management Agreement**"), confirms, on behalf of the Issuer, the following:

(a) The books and records of the Issuer maintained by the Manager are current and accurate in all material respects.

(b) All debt obligations and expenses due and payable by the Issuer have been paid to date.

(c) All required filings with tax and regulatory authorities have been completed to date.

(d) All material statements and reports to be delivered by the Issuer under the Program Agreements have been delivered and all material statements and reports to be received by the Issuer under the Program Agreements have been received.

Capitalized terms used but not defined herein have the meanings given to them in the Management Agreement.

Dated this ■ day of ■, ■.

ONTARIO POWER GENERATION INC.
as Manager

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT B

MONTHLY REPORT

See attached.

DRAFT: DECEMBER 19, 2017

COMPUTERSHARE TRUST COMPANY OF CANADA

as Issuer Trustee of

FAIR HYDRO TRUST

DECLARATION OF TRUST

Made as of December 20, 2017

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THIS DECLARATION OF TRUST is made as of December 20, 2017 by Computershare Trust Company of Canada, a trust company established under the laws of Canada (the "**Issuer Trustee**").

WHEREAS the Government of Ontario has enacted the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**") for the purpose of, among other things, ensuring that clean energy costs and clean energy benefits (each as defined in the Act) are fairly allocated among present and future Specified Consumers (as defined below);

AND WHEREAS the Issuer Trustee has determined, at the request of OPG, to establish a Trust (as defined below) for the purpose of carrying on the activities of a financing entity (as defined in the Act) as hereinafter described for the benefit of the Unitholders (as defined below);

NOW THEREFORE the Issuer Trustee hereby declares that it holds in trust as trustee the sum of TEN DOLLARS ($10.00) now contributed by it and all property of every nature and kind which it may acquire in its capacity as trustee of the Trust, and all income therefrom, for the benefit of the Unitholders, in accordance with and subject to the provisions of this Declaration of Trust.

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Declaration of Trust, the following terms have the following meanings:

"**Act**" has the meaning ascribed thereto in the Recitals.

"**Adjusted Redemption Price**" has the meaning ascribed thereto in subsection 4.1(3).

"**Affiliate**" means, with respect to any specified Person, any other Person controlling or controlled by or under common control with such specified Person. For the purposes of this definition, "**control**" when used with respect to any specified Person means the power to direct the management and policies of such specified Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, and the terms "**controlling**" and "**controlled**" have meanings correlative to the foregoing.

"**Agency Agreement**" means an agency agreement made between the Trust and one or more Persons acting on behalf of the Trust, providing for the sale and distribution of Notes on an agency basis.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are, or the office of the Indenture Trustee is, authorized or obligated by law, regulation or executive order to be closed.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement to be entered into between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance, the Indenture Trustee and the Trust.

"**Claim**" has the meaning ascribed thereto in Section 7.3.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Trust and any other owner or owners of an Investment Interest.

"**Dealer**" means one or more Persons (other than the Issuer Trustee or the Manager) who have entered into an agreement with the Trust for the purpose of facilitating the sale and distribution of Funding Obligations.

"**Declaration of Trust**" means this declaration of trust.

"**Derivative Agreement**" means any agreement evidencing an interest rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into by the Trust in connection with or related to, and at the time of or prior to, the issuance of Funding Obligations or acquisition of Investment Interests by the Trust in accordance with and subject to the terms of the Program Agreements.

"**Designated Beneficiary**" has the meaning ascribed thereto in section 3.6.

"**Eligible Investments**" means investments permitted to be made by the Trust under the Indenture.

"**Excess Income on Redemption**" has the meaning ascribed thereto in subsection 11.1(2).

"**Funding Obligation**" means a payment obligation incurred by or on behalf of the Trust to fund its ownership of an Investment Interest or a payment obligation that meets such other criteria as may be prescribed by the Regulations.

"**GAAP**" or "**generally accepted accounting principles**" means generally accepted accounting principles in Canada.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" means the Independent Electricity System Operator, a statutory corporation without share capital established by the *Electricity Act, 1998*, SO, 1998.

"**IESO Security Agreement**" means the security agreement made by the IESO in favour of the Trust to secure certain of its obligations under the Master Transfer and Servicing Agreement.

"**Income of the Trust**" for any taxation year of the Trust means the net income for the year determined pursuant to the provisions of the ITA having regard to the provisions thereof

which relate to the calculation of income for the purposes of determining the "taxable income" of a trust, without reference to paragraph 82(1)(b) and subsection 104(6) thereof, less any non-capital losses of the Trust carried forward from prior taxation years that are deductible in the taxation year, and taking into account such other adjustments as may be determined in the discretion of the Issuer Trustee; provided, however, that capital gains and capital losses will be excluded from the computation of net income.

"**Indenture**" means the master trust indenture to be entered into between the Trust and the Indenture Trustee.

"**Indenture Trustee**" means BNY Trust Company of Canada, a trust company existing under the laws of Canada and duly authorized to carry on the business of a trust company in all of the provinces and territories of Canada, as indenture trustee for the benefit of Specified Creditors under the Indenture.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act.

"**Issuer Trustee**" means Computershare Trust Company of Canada and any successor thereto appointed pursuant to Article 6.

"**ITA**" means the *Income Tax Act* (Canada) and the regulations promulgated thereunder.

"**Management Agreement**" means the management agreement to be entered into between the Manager and the Trust.

"**Manager**" means OPG, in its capacity as manager appointed under the Management Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement to be entered into between the Trust and the IESO.

"**MTSA Acknowledgement**" means the acknowledgement and indemnity agreement to be given by the IESO in favour of the Indenture Trustee.

"**Net Realized Capital Gains of the Trust**" for any taxation year means the amount, if any, by which the aggregate amount of the realized capital gains of the Trust for the year, calculated in accordance with the provisions of the ITA, exceeds the aggregate of: (i) the aggregate amount of any realized capital losses of the Trust for the year, calculated in accordance with the provisions of the ITA; and (ii) the amount determined by the Issuer Trustee in respect of any net capital losses of the Trust carried forward from prior taxation years that are deductible in the taxation year; provided that in the discretion of the Issuer Trustee, the Net Realized Capital Gains of the Trust for a taxation year may be calculated without subtracting the full amount of the net capital losses of the Trust carried forward from prior years.

"**Net Realized Capital Gains of the Trust Allocated on Redemption**" has the meaning ascribed thereto in subsection 4.1(5).

"**New Holder**" has the meaning ascribed thereto in subsection 3.6(1).

"**Note**" or "**Notes**" means any note or notes of any class, series or tranche created pursuant to Supplemental Indentures and authenticated and delivered from time to time under the Indenture.

"**OPG**" means Ontario Power Generation Inc.

"**Person**" means any individual, corporation, limited liability company, unlimited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Government Authority.

"**Program Agreements**" means the Indenture, each Supplemental Indenture, this Declaration of Trust, the Management Agreement, the Master Transfer and Servicing Agreement, the MTSA Acknowledgement, each Transfer Notice, any Co-Owner Agreements, the IESO Security Agreement, the Change of Law Protection Agreement, the Notes, any derivative agreements, credit enhancement agreements, liquidity agreements, loan agreements, Underwriting Agreements, Agency Agreements and note purchase agreements and all other documents and certificates delivered in connection therewith.

"**Rating Agencies**" means, at any time, the credit rating agencies which at the request of the Trust are rating the Funding Obligations at such time.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Indenture.

"**Records**" means all contracts, books, records and other documents and information, including, without limitation, data and information, including any stored on computer-related or other electronic media, computer programs, data processing software and related property and rights, maintained with respect to, but solely to, the assets of the Trust.

"**Redemption Price**" has the meaning ascribed thereto in subsection 4.1(3).

"**Regulations**" means the regulations promulgated under the Act.

"**Specified Consumer**" has the meaning ascribed to the term "specified consumer" in the Act.

"**Specified Creditors**" has the meaning ascribed thereto in the Indenture.

"**Specified Unitholder**" means a Unitholder that is either: (a) a taxable Canadian corporation (as defined in subsection 89(1) of the ITA), or (b) a corporation that is exempt from tax under the ITA and in respect of which no amounts paid or payable from the Trust are subject to the special payments under Part VI the *Electricity Act, 1998* (Ontario).

"**Supplemental Indenture**" means any supplemental indenture to the Indenture.

"**Transfer**" has the meaning ascribed to the term "transfer" in the Act.

"**Transfer Notice**" means a Transfer Notice in respect of a Transfer substantially in the form of Exhibit A to the Master Transfer and Servicing Agreement and delivered pursuant to such Program Agreement.

"**Trust**" means Fair Hydro Trust, a trust established under the laws of the Province of Ontario pursuant to this Declaration of Trust.

"**Trust Activities**" means the activities of the Trust described in Section 2.1.

"**Trust Company**" means a federally or provincially established trust company licensed to carry on business in all provinces and territories of Canada and which is resident in Canada for purposes of the ITA.

"**Trust Property**" means, as of any particular time, all assets of the Trust and all property, real, personal or otherwise, tangible or intangible, which have been transferred, conveyed or paid to, or acquired by the Trust, including all income, earnings, profits and gains therefrom, and which at such time are owned or held by the Trust.

"**Underwriting Agreement**" means an agreement providing for the purchase of Notes from the Trust by one or more Persons as principals for the purpose of resale.

"**Unitholders**" means at any time, the holders at such time of one or more Units, and "**Unitholder**" means any such holder.

"**Units**" means the units of beneficial interest of the Trust authorized and issued hereunder as such and for the time being outstanding and entitled to the benefits hereof.

1.2 Interpretation

In this Declaration of Trust, unless otherwise expressly stated or the context otherwise requires:

(a) references to "herein", "hereby", "hereunder", "hereof" and similar expressions are references to this Declaration of Trust and not to any particular Article or Section of this Declaration of Trust;

(b) references to an "Article" or "Section" are references to an Article or Section of this Declaration of Trust;

(c) words importing the singular shall include the plural and vice versa, and words importing gender shall include the masculine, feminine and neuter genders;

(d) the use of headings is for convenience of reference only and shall not affect the construction or interpretation hereof;

(e) the words "includes" and "including", when following any general term or statement, are not to be construed as limiting the general term or statement to the specific items or matters set forth or to similar items or matters, but rather as

referring to all other items or matters that could reasonably fall within the broadest possible scope of the general term or statement;

(f) references to any Person include such Person's successors and permitted assigns;

(g) any reference to a statute, regulation, policy, rule or instrument shall include, and shall be deemed to be a reference also to, all amendments made to such statute, regulation, policy, rule or instrument and to any statute, regulation, policy, rule or instrument that may be passed which has the effect of supplementing or superseding the statute, regulation, policy, rule or instrument so referred to;

(h) any reference to this Declaration of Trust or any other agreement, document or instrument shall be construed as a reference to this Declaration of Trust or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated or supplemented;

(i) in the event that any day on which any amount is to be determined or any action is required to be taken hereunder is not a Business Day, then such amount shall be determined or such action shall be required to be taken at or before the requisite time on the next succeeding day that is a Business Day; and

(j) unless otherwise specified, all references to "$" or "dollars" are to lawful currency of Canada.

1.3 Accounting Principles

Where the character or amount of any asset or liability or item of revenue or expense is required to be determined, or any consolidation or other accounting computation is required to be made for the purpose of this Declaration of Trust, such determination or calculation shall, to the extent applicable and except as otherwise specified herein or as the Issuer Trustee otherwise determines, be made in accordance with GAAP applied on a consistent basis.

1.4 References to Acts of the Trust

For greater certainty, where any reference is made in this Declaration of Trust to an act to be performed or not by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty by or with respect to either (i) the Trust; or (ii) the Issuer Trustee, such reference will be construed and applied for all purposes as if it referred to an act to be performed by or not, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty by or with respect to, the Issuer Trustee in its capacity as trustee of the Trust, and not in any other capacity.

ARTICLE 2
THE TRUST

2.1 Purpose and Activities of the Trust

The purpose of the Trust is to establish and carry on activities for the exclusive benefit of the Unitholders and to distribute the Trust Property upon termination of those activities by the Trust in accordance with Article 11. The Trust is permitted to engage in any activity, undertaking, transaction or event authorized or permitted by the Act (the "**Trust Activities**"), including:

(a) issuing Units;

(b) redeeming Units;

(c) acquiring, owning, holding, administering or entering into agreements regarding the acquisition and servicing of Investment Interests, along with certain other related assets;

(d) managing, selling, assigning, pledging and collecting amounts due on or otherwise deal with Investment Interests and the other related assets to be so acquired in accordance with the terms of the Program Agreements;

(e) negotiating, authorizing, executing, delivering, assuming the obligations under, and performing its duties under, the Program Agreements and any other agreement or instrument or document relating to the activities set forth in clauses (c) and (d) above; provided, that the Trust shall be permitted to incur additional indebtedness or other liabilities payable to service providers and trade creditors in the ordinary course of business in connection with the foregoing activities;

(f) filing with any applicable securities commission one or more prospectuses, offering memoranda or registration statements, and filing such applications, reports, irrevocable consents, appointments of attorney for service of process and other papers and documents necessary or desirable to register one or more series of Funding Obligations under the securities laws of any applicable jurisdiction;

(g) authorizing, executing, delivering, issuing and registering one or more series of Funding Obligations;

(h) making payments on the Funding Obligations;

(i) pledging its interest in Investment Interests and related assets to the Indenture Trustee in order to secure the Funding Obligations; and

(j) engaging in any lawful act or activity and exercise any powers permitted to trusts formed under the laws of the Province of Ontario that, in each case, are incidental to, or necessary, suitable or convenient for the accomplishment of the above-mentioned purposes.

The Trust shall engage only in any activities related to the foregoing purposes or required or authorized by the terms of the Program Agreements or other agreements referenced above.

2.2 Limitation on Certain Activities

Notwithstanding any other provision of this Declaration of Trust or the Management Agreement, at any time that any Funding Obligations remain outstanding, the consent of the Indenture Trustee shall be required for the Trust to:

(a) take any action to wind-up or dissolve the Trust; or

(b) institute any voluntary proceedings to be adjudicated bankrupt or insolvent, or consent to the institution of any bankruptcy or insolvency proceedings against it, or file a petition seeking or consent to any assignment, petition, application or proceeding under any applicable bankruptcy or insolvency law, or consent to the appointment of a receiver, liquidator, assignee, trustee or other similar official of the Trust or a substantial part of its property, or make any assignment for the benefit of creditors, or admit in writing its inability to pay its debts generally as they become due, or take any similar action in respect of the Trust.

2.3 Name and Head Office

The English form of the name of the Trust is “Fair Hydro Trust” and the French form of the name of the Trust is “Fiducie pour des frais d’électricité équitables”. The Trust may use and may be legally designated by either the English form or the French form of its name. Should the Issuer Trustee determine that the use of such name is not practicable, legal or convenient, it may use such other designation or adopt such other name for the Trust as it deems proper and the Trust may hold property and conduct the Trust Activities under such other designation or name. The head office, chief executive office, chief place of business and situs of administration of the Trust will initially be situated at the offices of the Issuer Trustee situated at 100 University Avenue, 11th Floor, Toronto, Ontario M5J 2Y1.

2.4 Nature of the Trust

The Trust is an unincorporated open-ended unit trust established for the purposes specified in Section 2.1. The Trust shall be governed by the general law of trusts, except as such general law of trusts has been or is from time to time modified, altered or abridged for the Trust by:

(a) applicable laws and regulations or other requirements imposed by applicable securities or other regulatory authorities, including the Act and Regulations; and

(b) the terms, conditions and trusts set forth in this Declaration of Trust.

The beneficial interest and rights generally of the Unitholders in the Trust shall be limited to the right to participate in distributions when and as declared by the Issuer Trustee and distributions upon the termination of the Trust. The Trust is not and is not intended to be, shall not be deemed to be and shall not be treated as a general partnership, limited partnership, syndicate, association, joint venture, company, corporation or joint stock company nor shall the Issuer Trustee or the

Unitholders or any of them for any purpose be, or be deemed to be treated in any way whatsoever to be, liable or responsible hereunder as partners or joint venturers. The Issuer Trustee shall not be, or be deemed to be, an agent of the Unitholders. The relationship of the Unitholders to the Issuer Trustee, to the Trust and to the Trust Property shall be solely that of beneficiaries in accordance with this Declaration of Trust.

2.5 Rights of Unitholders

No Unitholder shall be entitled to call for any partition or division of the Trust Property or for a distribution of any particular asset forming part of the Trust Property or of any particular monies or funds received by the Issuer Trustee. The legal ownership of the Trust Property and the right to conduct the activities of the Trust are vested exclusively in the Issuer Trustee, and no Unitholder has or is deemed to have any right of ownership in any of the Trust Property, except as specifically provided herein. Except as specifically provided herein, no Unitholder or Unitholders shall be entitled to interfere with or give any direction to the Issuer Trustee with respect to the affairs of the Trust or in connection with the exercise of any powers or authorities conferred upon the Issuer Trustee under this Declaration of Trust. The Units shall be personal property and shall confer upon the holders thereof only the interest and rights, and impose upon the holders thereof only those liabilities and obligations, specifically set forth in this Declaration of Trust.

ARTICLE 3
UNITS

3.1 Nature of Units

The beneficial interests in the Trust shall be divided into a single class of Units. Each Unit represents an equal undivided beneficial interest in any distributions by the Trust, whether of Income of the Trust, Net Realized Capital Gains of the Trust (other than Net Realized Capital Gains of the Trust Allocated on Redemption to redeeming Unitholders), or other amounts, and, in the event of termination or winding up of the Trust, in the net assets of the Trust remaining after satisfaction of all liabilities. All Units rank equally among themselves and rateably without discrimination, preference or priority. Each Unit will entitle the Unitholder of record thereof to one vote at all meetings of the Unitholders or in respect of any written resolution of the Unitholders. Each Unit, when issued, shall vest indefeasibly in the holder thereof.

The number of Units which the Trust may issue is unlimited. The issued and outstanding Units may be subdivided or consolidated from time to time by the Issuer Trustee without notice to or approval of the Unitholders. Unless the Issuer Trustee determines otherwise, immediately after any *pro rata* issuance of additional Units to all Unitholders pursuant to subsection 11.3(3), the number of outstanding Units will automatically be consolidated such that each such holder will hold after the consolidation the same number of Units as such holder held before the issuance of additional Units.

3.2 Consideration of Units

A Unit will not be fully paid until the consideration therefor has been received in full by or on behalf of the Trust. The consideration for any Unit will be paid in money or in property (including, without limitation, a debt instrument issued to the Trust) or in past services received

by the Trust that are not less in value than the fair equivalent of the money that the Trust would have received if the Unit had been issued for money. In determining whether property or past services are the fair equivalent of consideration paid in money, the Issuer Trustee may take into account reasonable charges and expenses of organization and reorganization and payments for property and past services reasonably expected to benefit the Trust. In no case will a Unit be issued to a Designated Beneficiary.

3.3 No Pre-Emptive Rights

No Person shall be entitled, as a matter of right, to subscribe for or purchase any Units of the Trust. There are no pre-emptive rights attaching to the Units.

3.4 Fractional Units

If as a result of any act of the Issuer Trustee hereunder, any Person becomes entitled to a fraction of a Unit, such Person will not be entitled to receive a certificate therefor. Fractional Units will not, except to the extent that they may represent in the aggregate one or more whole Units, entitle the holders thereof to notice of or to attend or to vote at meetings of the Unitholders. Subject to the foregoing, such fractional Units will have attached thereto the rights, restrictions, conditions and limitations attaching to whole Units in the proportion that they bear to a whole Unit.

3.5 Allotment and Issue

Subject to Section 3.6, the Issuer Trustee may allot and issue Units at such time or times and in such manner (including pursuant to any plan from time to time in effect relating to reinvestment by the Unitholders of distributions of the Trust in Units) and to such Person, Persons or class of Persons as the Issuer Trustee in its sole discretion will determine. The price or the value of the consideration for which Units may be issued and the terms and conditions of issuance of the Units will be determined by the Issuer Trustee in its sole discretion. Not restricting the generality of the foregoing, the Issuer Trustee may accept amounts received from a Unitholder as a prepayment in respect of the obligation of the Unitholder to pay all or any part of the subscription price of Units to be issued at a later date by the Issuer Trustee. In such circumstances, such prepayment will form part of the Trust Property. In the event that Units are issued in whole or in part for a consideration other than money, the resolution of the Issuer Trustee allotting and issuing such Units will express the fair equivalent in money of the other consideration received.

3.6 Prohibited Issuances and Transfers

(1) Notwithstanding any other provision in this Declaration of Trust, at no time, may Units be issued or transferred to a Person who would be a "designated beneficiary" within the meaning of Part XII.2 of the ITA ("**Designated Beneficiary**"), and the Issuer Trustee will not accept a subscription for Units from, or issue or register a transfer of Units to, a Person unless the Person provides a declaration to the Issuer Trustee that it would not be a Designated Beneficiary and covenants to maintain such representation true for as long as it continues to hold one or more Units. If, notwithstanding the foregoing, the Issuer Trustee determines that a Person has purported to become or remain a Unitholder in breach of the above mentioned declaration or covenant, or if the Unitholder fails to provide, upon request, a declaration in form and content satisfactory to the Issuer Trustee that it is not a

Designated Beneficiary, (i) the Issuer Trustee will require such Person to dispose of the Units within a specified period not to exceed 60 days to a Person who does not contravene the above mentioned limitation on ownership ("**New Holder**"), and (ii) effective immediately prior to the breach, such Person will be deemed to have ceased to be a holder of such Units, the voting and distribution rights attached to such Units will be suspended and such Units will be deemed not to be outstanding until acquired by a New Holder (provided that holders of other Units will not be entitled to any portion of the distributions that may have been paid in respect of Units that have been so deemed not to be outstanding) and such Person's rights in respect of such Units will be limited to receiving the net proceeds of the sale thereof. If such Person has not, within such period, sold such Units or provided the Issuer Trustee with a declaration in form and content satisfactory to the Issuer Trustee that it is not a Designated Beneficiary, the Issuer Trustee may sell such Units on behalf of such Person (and the Issuer Trustee will have the power of attorney of such Person to do so), and such Person's rights in respect of such Units will be limited to receiving the net proceeds of sale upon surrender of the certificates representing such Units.

(2) Subject to this section 3.6, and until the Issuer Trustee will have been required to do so under the terms hereof, the Issuer Trustee will not be bound to do or take any proceeding or action with respect to this section 3.6 by virtue of the powers conferred on it hereby. The Issuer Trustee will have the sole right and authority to make any determination required for the administration of the provisions of, or contemplated under this section 3.6, and without limiting the generality of the foregoing, if the Issuer Trustee considers that there are reasonable grounds for believing that a contravention of the above mentioned limitation on ownership has occurred or may occur, the Issuer Trustee will make a determination with respect to the matter. Any such determination will be conclusive, final and binding for the purposes of this section 3.6 except to the extent modified by any subsequent determination by the Issuer Trustee. The Issuer Trustee may require declarations as to whether a Unitholder is a Designated Beneficiary or as to factual information that will enable the Issuer Trustee to determine whether a Unitholder or a prospective transferee of a Unit may be a Designated Beneficiary. In any situation where it is unclear whether Units may be held by a Person who may be a Designated Beneficiary, the Issuer Trustee may exercise its discretion in determining whether such Person is or is not a Designated Beneficiary, and any such exercise by it of its discretion will be binding for the purposes of this section 3.6.

3.7 Liability of Unitholders

No Unitholder of the Trust, in its capacity as such, will incur or be subject to any liability, direct or indirect, absolute or contingent, in contract or in tort or of any other kind, to any Person in connection with: (i) the Trust Property or the ownership, use, operation, acquisition or disposition thereof or exercise or enjoyment of the rights, privileges, conditions or benefits attached thereto, associated therewith or derived therefrom; (ii) the obligations, liabilities, activities or affairs of the Trust; (iii) any actual or alleged act or omission of the Issuer Trustee or any other Person in respect of the activities or affairs of the Trust (whether or not authorized by or pursuant to this Declaration of Trust); (iv) any actual or alleged act or omission of the Issuer Trustee or any other Person in the performance or exercise, or purported or attempted performance or exercise, of any obligation, power, discretion or authority conferred upon the Issuer Trustee or such other Person in respect of the activities or affairs of the Trust (whether or not authorized by

or pursuant to this Declaration of Trust); (v) any transaction entered into by the Issuer Trustee or by any other Person in respect of the activities or affairs of the Trust (whether or not authorized by or pursuant to this Declaration of Trust); or (vi) any taxes, levies, imposts or charges or fines, penalties or interest in respect thereof payable by the Trust or by the Issuer Trustee or by any other Person (except the Unitholders to the extent required by applicable tax laws) on behalf of or in connection with the activities or affairs of the Trust. No Unitholder will be liable to indemnify the Issuer Trustee or any other Person with respect to any such liability or liabilities incurred by the Issuer Trustee or by any such other Person or Persons or with respect to any taxes payable by the Trust or by the Issuer Trustee or any other Person on behalf of or in connection with the Trust. To the extent that any such liabilities of the Unitholders may arise, they will be enforceable only against, and will be satisfied only out of, the Trust Property to the full extent of such liability and the costs of any litigation or other proceedings in which such liability will have been determined, including without limitation, the fees and disbursements of counsel.

ARTICLE 4
REDEMPTION OF UNITS

4.1 Redemption of Units

Each Unitholder will be entitled to require the Trust to redeem at any time and from time to time at the demand of such Unitholder all or any part of the Units held by such Unitholder as follows:

(1) The Unitholder will give notice in writing to the Trust at its head office of its intention to redeem Units and the number of Units to be redeemed.

(2) Upon receipt by the Trust of such notice from the Unitholder to redeem Units, the Unitholder will be entitled to receive, subject to subsection 4.1(3), an amount equal to the aggregate fair market value of such Units immediately before the redemption (the "**Redemption Price**") established by the Issuer Trustee, acting reasonably, payable by certified cheque or via wire transfer of funds.

(3) In the event that the Trust has insufficient funds to make the payment required pursuant to subsection 4.1(2) or such payment is restricted under the terms of the Indenture, the Trust will satisfy the Redemption Price, subject to compliance with any regulatory requirements, by either issuing a promissory note to the Unitholder, which note shall have a principal amount equal to the Redemption Price and such other terms as is determined at the time of issuance by the Issuer Trustee, or by distributing to the redeeming Unitholder *in specie* a proportionate amount of the Trust Property, the fair market value of which, as determined by the Issuer Trustee, acting reasonably, is equal to the Redemption Price. In the event that property is distributed *in specie*, the amount of Net Realized Capital Gains of the Trust Allocated on Redemption as contemplated by subsection 4.1(5) payable in connection with the redemption of Units shall be payable to the Unitholder in kind, and to the extent of the amount thereof, the Redemption Price of the Units being redeemed shall be reduced accordingly (the "**Adjusted Redemption Price**").

(4) Upon satisfaction of the Redemption Price or the Adjusted Redemption Price, as the case may be, the redeeming Unitholder will not be entitled to any rights or benefits, including voting and the right to receive distributions, in connection with the Units redeemed.

(5) Where the Trust distributes Trust Property *in specie* as contemplated in subsection 4.1(3), the Issuer Trustee shall designate and pay to the redeeming Unitholder such part of the Net Realized Capital Gains of the Trust as is realized by the Trust in connection with such *in specie* distribution, provided that the amount of the Net Realize Capital Gains on the Trust so allocated shall not exceed the amount, if any, by which the Redemption Price of the particular Units being redeemed exceeds the aggregate adjusted cost base of such Units to the Unitholder for the purpose of the ITA immediately before the redemption (the "**Net Realized Capital Gains of the Trust Allocated on Redemption**"). If the total Net Realized Capital Gains of the Trust Allocated on Redemption determined by the Issuer Trustee pursuant to the preceding sentence for all redeeming Unitholders in any taxation year exceeds the Net Realized Capital Gains of the Trust for that year, the Net Realized Capital Gains of the Trust for that taxation year shall be allocated rateably to all redeeming Unitholders for the year based on the Net Realized Capital Gains of the Trust Allocated on Redemption as otherwise determined pursuant to the preceding sentence. The Net Realized Capital Gains of the Trust Allocated on Redemption designated and paid on the redemption of Units as determined under this subsection shall be deemed to be a distribution of Net Realized Capital Gains of the Trust for the particular taxation year in which the redemption occurs. If the Issuer Trustee is required to deduct or withhold an amount from such distribution, the Unitholder shall make the cash payment described in Section 11.7 to the Issuer Trustee on or prior to the date the Units are to be redeemed.

ARTICLE 5
RIGHTS AND POWERS OF ISSUER TRUSTEE

5.1 General Rights and Powers

Subject to the specific restrictions and limitations set forth in this Declaration of Trust and notwithstanding the provisions of the *Trustee Act* (Ontario) or any other similar legislation in any jurisdiction, the Issuer Trustee will have, without the necessity of authorization by, and free from any power or control on the part of, the Unitholders, full, exclusive and absolute power, control and authority over the Trust Property and the Trust Activities to the same extent as if the Issuer Trustee were the sole and absolute owner thereof in its own right including, without limitation, such power, control and authority to do all such acts and things as in its sole judgment and discretion are necessary, incidental or desirable for carrying on the Trust Activities in accordance with the Program Agreements with such powers of delegation as may be permitted by this Declaration of Trust, including the right, power and authority to amend this Declaration of Trust subject to and in accordance with the terms hereof and to appoint, employ or contract with any Person as the Issuer Trustee may deem necessary, appropriate or desirable for the transaction of the Trust Activities, including for the administration of the Trust. The Issuer Trustee shall exercise the functions of the trustee of the Trust in Ontario, Canada. For greater certainty, the powers of the Issuer Trustee that may be exercised as aforesaid include the powers set forth in Section 5.2 to and including Section 5.18. The enumeration of any specific power or authority in this Declaration of Trust will not be construed as limiting the aforesaid power or authority or any other specific power

or authority. Subject only to the express limitations contained in this Declaration of Trust, every discretion or power hereby conferred on the Issuer Trustee is an absolute and uncontrolled discretion or power.

5.2 Acquisition of Assets and Deposit of Funds

Subject to Section 2.1, the Issuer Trustee will have the power to acquire Investment Interests in accordance with the Program Agreements. Subject to compliance with the terms of the Program Agreements, the Issuer Trustee will have the power to deposit any money forming part of the Trust Property with any bank (which bank may be an Affiliate of the Issuer Trustee) licensed under the laws of Canada or any trust company (which includes the Issuer Trustee) licensed under the laws of any province of Canada and to withdraw such deposits in accordance with the Program Agreements. The Issuer Trustee will have no liability for any loss which may occur by reason of the failure of any depository with whom such money has been deposited or for the depreciation of any investment.

5.3 Legal Title and Custody

The Issuer Trustee will have the power to cause any and all Trust Property to be held by and/or registered in the name of any Person.

5.4 Disposition of Trust Property

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power to sell, convey, transfer and assign all Trust Property free and clear of any and all trusts hereby established, at public or private sale, for cash or on terms, with or without advertisement and subject to such restrictions, stipulations, agreements and reservations as it may deem proper.

5.5 Management of Trust Property

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power to own, manage, use, invest and hold the Trust Property (including, without limitation, the power to make investments in Eligible Investments) and to enter into agreements in respect of the Trust Property or its use including, without limitation, agreements to modify, amend, extend, renew or terminate any grant or agreement relating to the Trust Property and to waive compliance with any of the terms and conditions thereof, all, in each case, without the approval of or notice to the Unitholders.

5.6 Power to Borrow Money and Issue Funding Obligations

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power to:

(a) borrow or in any other manner raise money and to evidence the same by the issuance of Funding Obligations, by private placement, public offering or otherwise;

(b) reacquire or redeem Funding Obligations;

(c) execute and deliver any trust indenture or supplement thereto, security agreement, mortgage, pledge, hypothec, assignment or other instrument to secure Funding Obligations, and amendments, modifications, restatements or replacements thereof, whether by fixed or floating charge or by assignment or by the granting of a security interest, free and clear of any and all trusts hereby established and, in lieu of or in addition to granting any security, to grant to any Person a negative pledge whereby the Issuer Trustee agrees not to encumber any Trust Property and such other covenants as may be consistent with those set out in the Program Agreements or as may otherwise be specified by any applicable Rating Agency in accordance with the foregoing; and

(d) execute and/or deliver any agreement, instrument, certificate, direction or other document necessary or desirable in order to permit or give effect to the provisions of this Section 5.6, including, without limitation, prospectuses, offering memoranda, regulatory filings, dealer agreements, Underwriting Agreements, Agency Agreements, subscription agreements, letters of representation, consent letters, and any instruments ancillary thereto.

5.7 Derivative Agreements

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power to enter into Derivative Agreements in connection with or related to the borrowing or other raising of money by the Issuer Trustee or the purchase or ownership of Investment Interests, provided that such Derivative Agreements may be entered into only at or prior to the time that such securities are sold, or such borrowing, other raising of money or purchase takes place, as applicable, or as otherwise expressly permitted in the Management Agreement; provided, however, that amendments, modifications or novations of or to a Derivative Agreement may be entered into at any time after the original Derivative Agreement was executed.

5.8 Execution of Instruments

Every deed, transfer, assignment, hypothec, agreement, certificate, direction, instrument, prospectus, or any other document which is necessary or desirable to be executed by the Trust, including, without limitation, any document evidencing Funding Obligations or relating to the issuance of Funding Obligations, will be signed on behalf of the Trust by the Issuer Trustee or its duly appointed agent, including the Manager.

5.9 Facsimile Signatures

The Issuer Trustee may authorize the use of facsimile signatures on the documents evidencing Funding Obligations, provided, however, that where facsimile signatures are so used, documents evidencing Funding Obligations will be manually countersigned or certified by a transfer agent, trustee, registrar or similar Person. If a Funding Obligation contains a printed or mechanically reproduced signature of a Person, the Issuer Trustee may issue the Funding Obligation notwithstanding that the Person has ceased to be a director, officer or signing officer of

the Issuer Trustee, and the Funding Obligation will be as valid as if the Person were a director, an officer or a signing officer at the date of its issue.

5.10 Taxes

The Issuer Trustee will have the power to pay all taxes or assessments of whatever kind or nature imposed upon the Issuer Trustee and/or the Trust in connection with the Trust Property or the Trust Activities or upon or against the income from the Trust Activities or any part thereof, to settle and compromise disputed tax liabilities and, for the foregoing purposes, to make such returns and do all such other acts and things as may be deemed by the Issuer Trustee necessary or desirable. The Issuer Trustee will have the power to deduct and remit any taxes which are required by law to be deducted and remitted from any payment made by the Issuer Trustee under any Program Agreements or otherwise.

5.11 Collection

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power to:

(a) collect, receive, give receipts for and sue for all sums of money or other property due to the Trust;

(b) consent to extensions of time for payment of, or the renewal of, any securities or obligations of the Trust;

(c) engage or intervene in, prosecute, defend, compound, compromise, abandon or adjust by arbitration or otherwise deal with or settle any actions, suits, proceedings, disputes, claims, demands or things relating to the Trust Property or the Trust Activities;

(d) exercise any and all remedies available to it under any Program Agreements or otherwise, including any power of foreclosure or sale available to the Issuer Trustee at law or pursuant to any agreement and, in connection with any such foreclosure or sale, to purchase or otherwise acquire title to any property and to convey good title thereto free of any and all trusts hereby established, or to take or retake possession of any property secured or unsecured thereunder or such other security;

(e) extend the time, with or without security, for the payment or delivery of any debts or property and to execute and enter into releases, agreements and other instruments; and

(f) pay or satisfy any debts or claims upon any evidence that the Issuer Trustee determines to be sufficient.

5.12 Expenses and Compensation of Issuer Trustee

(a) The Issuer Trustee will have the power to incur and make payment of any charges or expenses which in the opinion of the Issuer Trustee are necessary or incidental

to or proper for carrying out any of the purposes of this Declaration of Trust and the Trust Activities, and to pay appropriate compensation or fees from the Trust Property to Persons with whom the Trust has contracted or transacted business including, without limitation, any charges, expenses, compensation or fees payable under or in connection with the Program Agreements.

(b) The Issuer Trustee will be entitled to be paid from the funds of the Trust, without any requirement of a passing of accounts in respect thereof or approval of the Unitholders, such fees as the Issuer Trustee and the Manager may agree to from time to time for its services hereunder and all reasonable expenses, disbursements and advances incurred or made by the Issuer Trustee in the administration or execution of the trusts hereby created (including the reasonable compensation and the disbursements of its counsel and all other advisers and assistants not regularly in its employ) until all the duties of the Issuer Trustee under the trusts hereby created shall be finally and fully performed, except any such expense, disbursement or advance as may arise from or in connection with the dishonesty, bad faith, wilful misconduct, negligence or reckless disregard of any duty or the failure to comply with the standard of care referred to in Section 7.1 by the Issuer Trustee, its officers, employees or agents. All such amounts will be payable at such times as the Issuer Trustee and the Manager may agree from time to time. All such amounts shall be exclusive of any applicable taxes and any applicable taxes shall be paid to the Issuer Trustee in addition to such amounts. Any amount not paid when due shall bear interest at a rate per annum equal to the rate designated by the Issuer Trustee as the then current rate charged by the Issuer Trustee or its successors from time to time to its corporate customers, payable on demand. After default and unless otherwise provided in the Indenture and any documents contemplated thereunder, all amounts so payable and the interest thereon shall be payable out of any funds coming into the possession of the Issuer Trustee or its successors in the trusts hereunder in priority to any payments to other Specified Creditors.

5.13 Allocation

The Issuer Trustee will have the power to determine conclusively whether money or other assets received by the Trust or expenses or disbursements made by the Trust will be charged or credited to income or capital or allocated between income and capital, provided, however, that such determination will not be inconsistent with calculation of income in accordance with the ITA at the time the determination is made.

5.14 Fiscal Year and Form of Accounts

The fiscal year of the Trust will end on December 31. The Issuer Trustee will have the power to determine and from time to time change the method or form in which the accounts of the Trust will be kept, provided such method or form reasonably complies with Canadian generally accepted accounting principles as applicable from time to time.

5.15 Power to Contract

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power to appoint, employ or contract with any Person as the Issuer Trustee may deem necessary or desirable for the transaction of the Trust Activities and may transfer assets to such Person and, save and except for such matters as are listed in Section 2.2, delegate to such Person any or all of the discretionary powers given to the Issuer Trustee with respect to the management of the Trust Property. Without in any way limiting the generality of the foregoing, the Issuer Trustee will have the power to:

(a) enter into, execute, deliver, perform the obligations of the Trust under, and grant security as provided for in, the Program Agreements;

(b) appoint, employ or contract with the Manager or any other Person who, under the supervision of the Manager, may, among other things: (i) furnish and supervise or cause to be furnished and supervised the performance of the clerical and administrative services necessary to the administration of the Trust and the Trust Property including, without limitation, the provision of office space, office equipment and personnel for the performance of such services, property management, administration and servicing, the maintenance of documents, books and Records for the Trust (including those described in Section 8.1), the receipt and disbursement of Trust Property, the servicing and payment of debt and other obligations and generally all matters relating to the obtaining of and the administration and servicing of Trust Property, including, without limitation, as provided in the Management Agreement; (ii) serve as an advisor to the Issuer Trustee, furnish reports to the Issuer Trustee and provide research, economic and statistical data in connection with the Trust Activities; (iii) act as consultant, accountant, correspondent, lender, technical advisor, counsel, broker and dealer, underwriter, fiscal agent, corporate fiduciary, escrow agent, depository, custodian or agent for collection from obligors, loan administrator, appraiser, bank, insurer or insurance agent, transfer agent or registrar or issuing and paying agent for Funding Obligations or in any other capacity deemed by the Issuer Trustee necessary or desirable; (iv) act as attorney or agent in the purchase or sale or other disposition of the Trust Property or the property secured thereby and the handling, prosecution or settling of any claims of the Trust and assist in the performance of such functions necessary in the management of the Trust as may be agreed upon with the Issuer Trustee; and (v) execute and deliver the Program Agreements. For greater certainty, the appointment by the Issuer Trustee of the Manager under the Management Agreement will, where applicable, be deemed to constitute adequate supervision by the Issuer Trustee for purposes of the *Trustee Act* (Ontario) and this Declaration of Trust of any Person thereby engaged in connection with the foregoing activities; and

(c) investigate, select and conduct negotiations with Persons acting in the capacities referred to in Section 5.15(b) and pay appropriate fees to, and enter into appropriate contracts with, employ or retain the services of, any of them in connection with the Trust Property or property secured thereby, other assets and any security related

thereto funded, acquired, sold or otherwise disposed of, or committed, negotiated or contemplated to be funded, acquired, sold, or otherwise disposed of in connection with Funding Obligations.

5.16 Indemnification

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power to indemnify or enter into agreements with respect to indemnification with any Person with whom the Issuer Trustee or the Trust deals to such extent as the Issuer Trustee determines necessary or desirable.

5.17 Further Powers

Subject to Section 2.1, the Issuer Trustee will have the power to perform and do all such other acts and things and to execute itself (or have executed by any Person appointed by it pursuant to Section 5.15) all such deeds, transfers, assignments, hypothecs, agreements, certificates, directions, instruments or other documents whatsoever as it deems necessary, proper or desirable in order to carry on the Trust Activities in accordance with and subject to the Program Agreements notwithstanding that such acts, things, deeds, transfers, assignments, hypothecs, agreements, certificates, directions, instruments or other documents are not herein specifically mentioned. Any determination as to what is necessary, proper or desirable in order to carry on the Trust Activities in accordance with the Program Agreements or otherwise, provided it is made by the Issuer Trustee honestly and in good faith, will be conclusive. Any construction of this Declaration of Trust or the existence of any power or authority hereunder, made honestly and in good faith by the Issuer Trustee upon the advice of counsel, will be conclusive to the extent consistent with the law. In construing the provisions of this Declaration of Trust, there will be a presumption in favour of a grant of power to the Issuer Trustee.

5.18 Auditors

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power from time to time to select and appoint and discharge and reappoint an auditor of the Trust in its discretion and to negotiate and fix the fees of any such auditor.

5.19 Defect in Appointment

Notwithstanding anything to the contrary herein contained, no action taken by the Issuer Trustee will be invalid by reason only of any defect that is thereafter discovered in its appointment.

5.20 Status

The Issuer Trustee shall not have the status of bankrupt and shall be resident in Canada for purposes of the ITA.

ARTICLE 6
REPLACEMENT OF ISSUER TRUSTEE

6.1 Resignation of Issuer Trustee

(a) If the Issuer Trustee desires to resign and be discharged from the trusts and powers reposed in or conferred on it by this Declaration of Trust, it will provide 120 days written notice (or such shorter period of notice as the Unitholders , the Indenture Trustee and the Rating Agencies may agree to) thereof to the Unitholders, the Indenture Trustee and the Rating Agencies provided that no such voluntary resignation shall be effective until a replacement Issuer Trustee acceptable to the Unitholders and the Indenture Trustee has been appointed and has executed a written agreement whereby such replacement Issuer Trustee agrees to assume the obligations of the Issuer Trustee hereunder, under the Program Agreements and under any other contract pursuant to which the Issuer Trustee is obligated.

(b) The Issuer Trustee shall resign if a material conflict of interest arises in its role as a trustee under this Declaration of Trust that is not eliminated within 90 days after the Issuer Trustee becomes aware that it has such a material conflict of interest. Forthwith after the Issuer Trustee becomes aware that it has such a material conflict of interest, it shall provide the Unitholders, the Indenture Trustee and the Rating Agencies with written notice of the nature of such material conflict of interest. Upon such resignation, the Issuer Trustee shall (subject to Section 6.6) be discharged from its office under this Declaration of Trust. If, notwithstanding the foregoing provisions of this Section 6.1(b), the Issuer Trustee has such a material conflict of interest, the validity and enforceability of this Declaration of Trust and any agreement entered into by the Issuer Trustee shall not be affected in any manner whatsoever by reason only of the existence of such material conflict of interest. If the Issuer Trustee contravenes the foregoing provisions of this Section 6.1(b), the Unitholders, may apply, on notice to the Rating Agencies, to a court of competent jurisdiction for an order that the Issuer Trustee be replaced as Issuer Trustee hereunder.

6.2 Removal of Issuer Trustee

The Issuer Trustee may be removed from its office under this Declaration of Trust by the Unitholders, at any time by notice in writing delivered to the Issuer Trustee not less than 90 days prior to the date that such removal is to take effect.

6.3 Vacancy

In the event of the bankruptcy or insolvency of the Issuer Trustee or the inability of the Issuer Trustee to exercise its duties under this Declaration of Trust, the Unitholders may forthwith terminate the term of office of the Issuer Trustee as trustee and, in such instance, a vacancy will occur. No vacancy (including upon a resignation of the Issuer Trustee pursuant to Section 6.1(b)) shall operate to annul this Declaration of Trust or affect the continuity of the Trust or terminate the appointment of the Manager under the Management Agreement.

6.4 Appointment of New Issuer Trustee

If, pursuant to this Article 6, the Issuer Trustee resigns or a vacancy occurs in the office of the Issuer Trustee for any reason, the Unitholders may, subject to the satisfaction of the Rating Agency Condition, by instrument in writing appoint a Trust Company, which has risk-based capital of at least $50,000,000 or, in the case of an entity that is not subject to risk-based capital adequacy requirements, has a combined capital and surplus of at least $50,000,000, in order to replace the Issuer Trustee. If the Unitholders fail to make such appointment within 60 days of the occurrence of any such resignation, removal or vacancy, then the Issuer Trustee may make an application, on notice to the Rating Agencies, to a court of competent jurisdiction to appoint a successor Issuer Trustee hereunder. If the Issuer Trustee elects not to make such an application, the Unitholders may do so on notice to the Rating Agencies. If the Issuer Trustee and the Unitholders elect not to make such an application, the Indenture Trustee may do so on notice to the Rating Agencies if so directed in accordance with the Indenture. The expense of any act, document, deed or other instrument or thing required under this Section 6.4 will be satisfied from the Trust Property.

6.5 Merger, Consolidation and Amalgamation

Any company into which the Issuer Trustee may be merged or with which it may be consolidated or amalgamated, or any company resulting from any merger, consolidation or amalgamation to which the Issuer Trustee is a party or any company succeeding to the corporate trust business of the Issuer Trustee will be a successor Issuer Trustee under this Declaration of Trust without any further action on the part of the Issuer Trustee, provided that such company shall be a Trust Company.

6.6 Vesting in Successor Issuer Trustee

Any successor Issuer Trustee will become vested with all the estates, properties, rights, powers, duties, responsibilities and trusts of its predecessors in the trusts hereunder as if it had been originally named as Issuer Trustee pursuant to this Declaration of Trust. In furtherance of the foregoing, upon written request of the successor Issuer Trustee, the Issuer Trustee ceasing to act will do, make, execute, deliver or cause to be done, made, executed or delivered all such acts, documents, deeds or other instruments and things as may be necessary or desirable in order to more effectively assign, transfer and deliver to, and vest in, the successor Issuer Trustee, upon the trusts herein expressed, all the rights, powers and trusts of, and all property and money held by the Issuer Trustee so ceasing to act. The expense of any act, document, deed or other instrument or thing required under this Section 6.6 will be satisfied from the Trust Property.

6.7 Confidentiality

At all times (including, without limitation, at any time the Issuer Trustee should resign or be discharged from the trusts and powers reposed in or conferred on it by this Declaration of Trust), the Issuer Trustee (or the trustee so resigning and being discharged, as the case may be) will treat as confidential all information relating to the Trust, the Trust Activities and the transactions contemplated by the Program Agreements obtained by it in its capacity as Issuer Trustee.

6.8 Right to Disclose

The Issuer Trustee shall have the right to disclose any information disclosed or released to it if in the opinion of legal counsel to the Issuer Trustee it is required to disclose under any applicable laws, court order or directions of Governmental Authorities or if it is requested by a Rating Agency. The Issuer Trustee shall not be responsible or liable to any party for any loss or damage arising out of or in any way sustained or incurred or in any way relating to such disclosure.

ARTICLE 7
STANDARD OF CARE, LIMITATION OF LIABILITY OF ISSUER TRUSTEE AND OTHER MATTERS

7.1 Standard of Care

The Issuer Trustee will exercise its powers and carry out its obligations hereunder as Issuer Trustee honestly, in good faith and in the best interests of the Trust and the Unitholders and in connection therewith will exercise that degree of care, diligence and skill that a reasonably prudent Person would exercise in comparable circumstances. To the extent that the Issuer Trustee has delegated or subcontracted the performance of all or a portion of its duties to the Manager as contemplated by Section 5.15, it will be deemed to have satisfied the aforesaid standard of care. Unless otherwise required by law, the Issuer Trustee will not be required to give bond, surety or security in any jurisdiction for the performance of any duties or obligations hereunder. The Issuer Trustee will not be required to devote its entire time to the Trust Activities. For greater certainty, the entering into of any Program Agreement by the Trust and the performance by the Trust of its obligations thereunder will be deemed to be in the best interests of the Unitholders and the Trust.

7.2 Limitation of Liability of Issuer Trustee

The Issuer Trustee has entered into this Declaration of Trust solely in its capacity as trustee of the Trust and not in its personal capacity, and any and all of the representations, warranties, undertakings, covenants, indemnities, agreements and other obligations made on the part of the Issuer Trustee herein are made and intended not as personal representations, warranties, undertakings, covenants, indemnities, agreements and other obligations by the Issuer Trustee or for the purpose or with the intention of binding the Issuer Trustee in its personal capacity, but are made and intended for the purpose of binding only the Trust Property or a specific portion thereof. No property or assets of the Issuer Trustee, whether owned beneficially by it in its personal capacity or otherwise (other than the Trust Property), will be subject to levy, execution or other enforcement procedures with regard to any of the representations, warranties, undertakings, covenants, indemnities, agreements and other obligations of the Trust or the Issuer Trustee hereunder, and no recourse may be had or taken, directly or indirectly, against the Issuer Trustee in its personal capacity, any Unitholder or any Affiliate, shareholder, director, officer, representative, employee or agent of the Issuer Trustee or any predecessor or successor of the Issuer Trustee with regard to the representations, warranties, undertakings, covenants, indemnities, agreements and other obligations of the Trust or the Issuer Trustee hereunder; provided that the foregoing limitation will not apply in respect of any action or failure to act arising from or in connection with the wilful misconduct, gross negligence or the failure to comply with the standard of care referred to in Section 7.1. Notwithstanding any other provision of this Article 7, but subject

to the Indenture, each Specified Creditor is entitled to recourse to the Trust Property to satisfy in full the obligations of the Trust to it even if the Issuer Trustee has no right, or only an impaired right, to seek indemnification from the Trust Property or to apply the Trust Property in satisfaction of such obligations.

7.3 Indemnification of the Issuer Trustee

The Issuer Trustee, its directors, officers, agents, representatives and employees will at all times be indemnified and saved harmless out of the Trust Property from and against all claims (including any claim arising out of the assessment of any tax on income by a taxing authority), demands, levies, penalties, suits, losses, actions, causes of action, costs, charges, fees and expenses, damages and liabilities whatsoever, including, without limitation, those arising out of or related to actions taken or omitted to be taken by any agent of the Issuer Trustee, including, without limitation, the Manager, as contemplated hereby, legal fees and disbursements on a substantial indemnity basis and costs and expenses incurred in connection with the enforcement of this indemnity (each, a "**Claim**"), which the Issuer Trustee, its directors, officers, representatives and employees may suffer or incur, whether at law or in equity, in any way caused by or arising, directly or indirectly, in respect of any act, deed, matter or thing whatsoever made, done, acquiesced in or omitted in or about or in relation to the execution of its duties as Issuer Trustee or which it sustains or incurs in or about or in relation to the Trust Property and the Trust Activities. Further, the Issuer Trustee will not be liable to the Trust, to any Unitholder or to any other Person for any loss or damage relating to any matter regarding the Trust, including any loss or diminution in the value of the Trust Property. The foregoing provisions of this Section 7.3 do not apply to the extent that in any circumstances there has been wilful misconduct, gross negligence or the failure to comply with standard of care referred to in Section 7.1 on the part of the Issuer Trustee, its directors, officers, agents, representatives or employees excluding the other parties to the Program Agreements. Notwithstanding any other provision hereof, this indemnity will survive the removal or resignation of the Issuer Trustee, the termination of this Declaration of Trust and the termination of any trust created hereby.

7.4 Reliance upon Advice

The Issuer Trustee may rely and act upon any statement, notice, report or opinion prepared by or any advice received from the Manager or from the auditors, counsel or other professional advisors of the Issuer Trustee and will not be responsible or held liable for any loss or damage resulting from so relying or acting if the Issuer Trustee acted reasonably and in good faith relied upon the advice received and if the professional advisor was aware that the Issuer Trustee was receiving the advice in its capacity as Issuer Trustee. The Issuer Trustee is entitled to be reimbursed from the Trust Property for all costs, charges and expenses it incurs in connection with obtaining any such statement, notice, report, opinion or advice. The Issuer Trustee is entitled to rely and act upon the genuineness and authenticity of any writing submitted to it that it in good faith believes to be genuine.

7.5 Retain Experts

The Issuer Trustee may appoint such agents and employ or retain such counsel, accountants, engineers, appraisers or other experts or advisers as it may reasonably require for the

purpose of discharging its duties hereunder and shall not be responsible for any misconduct on the part of any of them. The Issuer Trustee may pay remuneration out of the Trust Property for all services performed for it in the discharge of the trusts hereof without taxation for costs or fees of any counsel, solicitor or attorney.

7.6 Reliance on Experts

The Issuer Trustee may act and rely and shall be protected in acting in good faith on the opinion or advice of or information obtained from any agent, counsel, accountant, engineer, appraiser or other expert or adviser in relation to any matter arising in the performance of its duties under the Program Agreements.

7.7 Provisions Regarding Liability

Any written instrument creating an obligation of the Issuer Trustee will be conclusively deemed to have been executed by the Issuer Trustee only in its capacity as Issuer Trustee. Any written instrument creating an obligation of the Issuer Trustee will contain a provision to the effect that the obligations thereunder are not binding upon the Issuer Trustee except in its capacity as Issuer Trustee, nor will recourse be had to the property of the Issuer Trustee except in its capacity as Issuer Trustee, but that the Trust Property or a specific portion thereof only will be bound, and may at the request of the Issuer Trustee make specific provision to the foregoing effect and contain any further provisions which the Issuer Trustee may deem appropriate, but the omission of any such provisions will not operate to invalidate any such instrument or to impose liability on the Issuer Trustee, except as aforesaid. The Issuer Trustee shall not be required to expend or risk its own funds or otherwise incur financial liability in the performance of its duties hereunder.

ARTICLE 8
RECORDS

8.1 Records to be Kept

The Issuer Trustee will keep or cause to be kept at the head office of the Trust a copy of this Declaration of Trust, a register of Unitholders, minutes of meetings and resolutions of Unitholders, minutes of meetings and resolutions of the Issuer Trustee, and such Records as are by law or good business practice necessary. The Records may be kept at the office of any Person whom the Issuer Trustee has appointed to maintain the same, provided that the Issuer Trustee has access to the Records on one Business Day’s notice to such Person.

8.2 Segregation of Assets

The Issuer Trustee shall maintain the Trust Property separate from all other property in its possession.

8.3 Method of Keeping Records

Where this Declaration of Trust requires the Issuer Trustee to cause a Record to be kept, it may be kept in bound or loose-leaf form or by means of a mechanical, electronic or other device.

8.4 Annual Financial Statements

A copy of the annual financial statements of the Trust, signed by the Issuer Trustee, shall be mailed or otherwise made available within 120 days following the end of a fiscal year to which they relate to each Unitholder. The financial statements shall include all information required to be included in annual financial statements of the Trust by applicable laws.

ARTICLE 9
MEETINGS OF UNITHOLDERS AND DECISION OF UNITHOLDERS

9.1 Annual Meeting

There will not be an annual meeting of the Unitholders.

9.2 Other Meetings

The Issuer Trustee will have power at any time to call meetings of the Unitholders at such time and place as the Issuer Trustee may determine. Unitholders holding in the aggregate not less than a majority of the outstanding Units may requisition the Issuer Trustee in writing to call a meeting of the Unitholders for the purposes stated in the requisition. The requisition shall state in reasonable detail the business proposed to be transacted at the meeting and will be sent to the Issuer Trustee at the address of the Issuer Trustee. Upon receiving the requisition, the Issuer Trustee will call a meeting of the Unitholders to transact the business referred to in the requisition. If the Issuer Trustee does not within 10 days after receiving the requisition call a meeting, any Unitholder who signed the requisition may call the meeting.

9.3 Quorum and Voting

A quorum for any meeting of the Unitholders will be persons present being Unitholders or representing by proxy Unitholders who hold in the aggregate a majority of the total number of outstanding Units. Unitholders may attend and vote at all meetings of the Unitholders either in person or by proxy. Each Unit will be entitled to one vote at all meetings of the Unitholders. Any action to be taken by the Unitholders will, except as otherwise required by this Declaration of Trust, or by law, be authorized when approved by a majority of the votes cast at a meeting of the Unitholders. The chairman of any such meeting will not have a second or casting vote.

9.4 Written Resolution

Any business which may be conducted at a meeting of the Unitholders may be approved by a resolution in writing in lieu thereof. Notice of such resolution will be given to all Unitholders and approval of such resolution will be evidenced by the signature on any such resolution or counterpart thereof by the required percentage of Unitholders for the matter to be determined.

ARTICLE 10
AMENDMENT

10.1 Amendment

Subject to Section 2.1 and compliance with the terms of the applicable Program Agreements, the Issuer Trustee may, from time to time, amend, vary, supplement, replace or restate the provisions of this Declaration of Trust without the consent or approval of the Unitholders or any court as follows:

(a) to the extent deemed necessary by the Issuer Trustee in good faith to be necessary to ensure compliance with, or to remove any conflicts or other inconsistencies which may exist between any term of this Declaration of Trust and the provisions of, any applicable law in effect from time to time;

(b) to the extent deemed necessary by the Issuer Trustee in good faith to be necessary to make any change or correction in this Declaration of Trust which is a typographical change or correction or which the Issuer Trustee has been advised by legal counsel is required for the purpose of curing any ambiguity or defect or inconsistent provision or clerical omission or mistake or manifest error contained herein, or

(c) subject to the satisfaction of the Rating Agency Condition, to the extent deemed necessary or desirable in the sole discretion of the Issuer Trustee to permit or facilitate the carrying on of the Trust Activities, including the accommodation of requests made by the Rating Agencies or regulatory authorities in relation to the issuance of Funding Obligations.

However, any such amendment may be made only if: (i) it will not materially adversely affect the interest of any Unitholder, unless that Unitholder has also approved of the amendment in writing and (ii) in respect of any material amendment, the Rating Agency Condition has been satisfied. The Issuer Trustee will immediately upon the entering into thereof, provide the Rating Agencies and the Indenture Trustee with a copy of any amendment, variation, supplement, replacement or restatement of this Declaration of Trust.

10.2 Automatic Amendment

Upon the Issuer Trustee ceasing to be a trustee of the Trust, this Declaration of Trust will be automatically amended to delete any reference to the name of the trustee so ceasing to be a trustee of the Trust and to substitute therefor the name of the successor trustee of the Trust. Notice of any change in the Issuer Trustee may be endorsed upon or attached to this Declaration of Trust and signed by the successor Issuer Trustee and every such notice will be sufficient evidence to any Person dealing with the Issuer Trustee under this Declaration of Trust as to the facts to which it relates.

10.3 Supplemental Declaration of Trust

The Issuer Trustee is authorized to execute any supplemental declaration of trust to give effect to amendments to this Declaration of Trust made pursuant to this Article 10. The Issuer Trustee shall not be obligated to enter into any such supplemental declaration if it adversely affects the Issuer Trustee's rights, duties or immunities under this Declaration of Trust or otherwise. No amendment to or amendment and restatement of this Declaration of Trust, whether pursuant to this Article 10 or otherwise, shall be construed as a termination of the Trust or the settlement or establishment of a new trust.

ARTICLE 11
DISTRIBUTION OF TRUST PROPERTY

11.1 Distributions

(1) The Issuer Trustee may declare to be payable and make distributions, from time to time, out of Income of the Trust, Net Realized Capital Gains of the Trust, capital of the Trust or otherwise, in any year, in such amount or amounts, and on such dates as the Issuer Trustee may determine, to the Unitholders at the record date for such distribution. The Issuer Trustee may declare such amounts to be payable or authorize such distributions in advance by way of a standing resolution that is effective for a period not exceeding 12 months after the date of the resolution.

(2) Where the Trust proposes to distribute Trust Property in specie to a redeeming Unitholder as contemplated in subsection 4.1(3), and the Issuer Trustee reasonably expects that such in specie distribution will give rise to Income of the Trust and / or Net Realized Capital Gains of the Trust in excess of the amount of the Net Realized Capital Gains of the Trust Allocated on Redemption to the particular Unitholder whose Units are being redeemed (collectively, the "**Excess Income on Redemption**"), the Issuer Trustee shall declare to be payable and make a distribution, on the record date that is one Business Day before the redemption, to Unitholders at such record date in an amount equal to the estimated Excess Income on Redemption. Such distribution will be satisfied by the issuance of additional Units, or fractions of Units, having a fair market value equal to the amount of such distribution. If the Issuer Trustee is required to deduct or withhold an amount from such distribution, the applicable Unitholder shall make the cash payment described in Section 11.7 to the Issuer Trustee on or prior to the date the distribution.

(3) If the Issuer Trustee declares to be payable or makes a distribution pursuant to subsections 11.1(1) or 11.1(2) without determining the portion of such distribution that is payable out of Income of the Trust, Net Realized Capital Gains of the Trust, capital of the Trust or otherwise, such allocation shall be made pursuant to subsection 11.2(2).

(4) The Issuer Trustee intends to make payable to Unitholders all of the Income of the Trust and Net Realized Capital Gains of the Trust for each taxation year throughout which all Unitholders are Specified Unitholders so that the Trust will not have any liability for tax under Part I of the ITA in any such taxation year (other than alternative minimum tax or taxes payable under the "SIFT trust" rules in the ITA). Unless the Issuer Trustee, in its sole

discretion determines otherwise, the following amounts will, without any further actions on the part of the Issuer Trustee, be due and payable to the Unitholders of record on the last day in each taxation year throughout which all Unitholders are Specified Unitholders:

(a) an amount equal to the amount, if any, by which the Income of the Trust for such year exceeds the aggregate of (A) the aggregate of the portions of the distributions paid or payable by the Trust which have been determined by the Issuer Trustee to have been payable by the Trust out of the Income of the Trust for such year, if any, and (B) the aggregate of the portions of distributions deemed by subsection 11.2(2)(a) to be paid or payable by the Trust out of the Income of the Trust for such year; and

(b) an amount equal to the amount, if any, by which the Net Realized Capital Gains of the Trust for such year exceeds the aggregate of (A) any amount of the Net Realized Capital Gains of the Trust Allocated on Redemption for the year payable to redeeming Unitholders pursuant to subsection 4.1(5), (B) the aggregate of the portions of the distributions paid or payable by the Trust which have been determined by the Issuer Trustee to have been payable by the Trust out of Net Realized Capital Gains of the Trust for such year, if any, and (C) the aggregate of the portions of distributions deemed by subsection 11.2(2)(b) to be paid or payable by the Trust out of the Net Realized Capital Gains of the Trust for such year, if any.

Any determinations by the Issuer Trustee not to make a distribution described in this subsection 11.1(4) must be exercised by the Issuer Trustee in writing prior to December 31 of the applicable taxation year.

(5) The Issuer Trustee retains discretion to make payable to Unitholders all of the Income of the Trust and Net Realized Capital Gains of the Trust for each taxation year not described in subsection 11.1(4) above, but any such distribution would require the consent of all Unitholders in such year (other than a Unitholder described in paragraph (a) of the definition of Specified Unitholder).

(6) The proportionate share of each Unit of the amount of any distribution made pursuant to this section will be determined by dividing such amount by the number of issued and outstanding Units on the applicable record date in respect of a distribution pursuant to subsections 4.1(5), 11.1(1) or 11.1(2) and on the last day of the taxation year in respect of a distribution pursuant to subsection 11.1(4). Each Unitholder's share of the amount of any such distribution will be an amount equal to the proportionate share of each Unit of such amount multiplied by the number of Units owned of record by each such Unitholder on such applicable record date or the last day of the taxation year, as the case may be, and such Unitholder shall, on such date, be entitled to enforce payment of the Unitholder's share. Subject to subsections 4.1(5) and 11.1(2) and section 11.3, amounts which are payable to Unitholders will be paid in cash.

11.2 Allocation

(1) Subject to subsection 11.2(2), distributions payable to the Unitholders pursuant to Article 11 will be deemed to be distributions of Income of the Trust (including dividends), Net Realized Capital Gains of the Trust, returns of capital of the Trust or other items in such amount as the Issuer Trustee in its absolute discretion determines and will be allocated to the Unitholders in the same proportions as distributions received by the Unitholders.

(2) If the Issuer Trustee has declared to be payable or made one or more distributions in a taxation year pursuant to subsection 11.1(1) without determining the portion of such distributions that is payable out of Income of the Trust, Net Realized Capital Gains of the Trust, capital of the Trust or otherwise, such distributions shall be deemed to be paid or payable out of:

(a) first, the Income of the Trust for such year to the extent, if any, that the Income of the Trust for such year exceeds the aggregate of the amounts in subsection 11.1(4)(a)(A);

(b) second, the Net Realized Capital Gains of the Trust for such year to the extent, if any, that the Net Realized Capital Gains of the Trust for such year exceeds the aggregate of the amounts in subsection 11.1(4)(b)(A) and 11.1(4)(b)(B); and

(c) as to any balance, the capital of the Trust;

and such amounts will be allocated to the Unitholders in the same proportions as such distributions were received by the Unitholders.

(3) For greater certainty it is hereby declared that any distribution of Net Realized Capital Gains of the Trust will include the non-taxable portion of the capital gains of the Trust which are included in such distribution.

11.3 Payment of Distributions

(1) Distributions to a Unitholder (other than distributions described in subsections 4.1(5) and 11.1(2)) will be made by cash, wire transfer or cheque payable to or to the order of the Unitholder or by such other manner provided for in subsection 11.3(3). The payment, if made by cheque, will be conclusively deemed to have been made upon hand delivery of a cheque to the Unitholder or to its agent duly authorized in writing or upon the mailing of a cheque by prepaid first-class mail addressed to the Unitholder at its address set out in the records of the Issuer Trustee unless the cheque is not paid on presentation, or in any other manner determined by the Issuer Trustee in its discretion. The Issuer Trustee may issue a replacement cheque if it is satisfied that the original cheque has not been received or has been lost or destroyed upon being furnished with such evidence of loss, indemnity or other document in connection therewith that the Issuer Trustee may in its discretion consider necessary.

(2) The Issuer Trustee may, in its sole discretion, transfer temporarily from capital to income within the Trust sufficient cash to facilitate payments of Income of the Trust to Unitholders.

A permanent transfer from capital to income may be effected if payments made by and /or expenses of the Trust in any year exceed the aggregate of the net income and Net Realized Capital Gains of the Trust in such year.

(3) Without limiting the generality of the foregoing, a distribution to a Unitholder may be paid (i) by the issuance of additional Units, or fractions of Units having a fair market value equal to the amount of such distribution, (ii) by the issuance of a promissory note for a principal amount equal to the amount of such distribution and/or (iii) *in specie* by the transfer of Trust Property having a fair market value equal to the amount of such distribution, all as may be determined by the Issuer Trustee, acting reasonably. The Issuer Trustee acknowledges and agrees that it will elect to make payment to a Unitholder of the amount of a distribution in the manner described in this subsection 11.3(3) only if it has received prior written notice from the Unitholder that such payment method is acceptable, and the Unitholder makes the cash payment described in Section 11.7 to the Issuer Trustee, which written notice may be revoked in writing by the Unitholder at any time. If the Issuer Trustee elects to make payment of the amount of a distribution by the issuance of a promissory note, such promissory note shall bear interest at a fixed or floating rate, shall be repayable on demand or on the expiry of a stated term, and shall contain such other terms all of which may be determined by the Issuer Trustee such that the fair market value of such promissory note is equal to the amount of the distribution. Any such promissory note or additional Units issued, or Trust Property transferred, by the Trust shall constitute absolute and unconditional payment in full of the distribution and, by becoming a Unitholder, each Unitholder hereby acknowledges that any such note, additional Units or transfer of Trust Property will be accepted by the Unitholder as such absolute and unconditional payment of the distribution payable to the Unitholder.

11.4 Legal Rights

For greater certainty, it is hereby declared that the Unitholders shall have the legal right to enforce payment of any amount to be distributed or payable hereunder at the time such amount is due and payable.

11.5 Income Tax Matters

In reporting income for income tax purposes, the Trust will claim the maximum amount available to it as deductions under the relevant law, unless the Issuer Trustee determines otherwise.

11.6 Designations

In accordance with and to the extent permitted by the ITA, the Issuer Trustee will, in each taxation year, make such designations for income tax purposes in respect of amounts paid or payable or deemed to be paid to the Unitholders for such amounts that the Issuer Trustee considers to be reasonable in all circumstances, including designations relating to taxable dividends received or deemed to be received by the Trust in the year on shares of taxable Canadian corporations, net taxable capital gains of the Trust in the year and foreign source income of the Trust and foreign taxes in respect of such foreign source income for the year, if any.

11.7 Withholding Taxes

The Issuer Trustee will deduct or withhold from distributions or other amounts payable under this Declaration of Trust amounts required by law to be deducted or withheld from such distributions or payments, whether such distributions or payments are satisfied in the form of cash, cheque, promissory note, additional Units or otherwise. To the extent that any amounts are deducted or withheld from payments made by cash, cheque or wire transfer, including those described in subsection 11.3(1), such deducted or withheld amounts shall be treated for all purposes as having been paid to the recipient of the payment in respect of the distribution or other amount payable, provided that such deducted or withheld amounts are actually remitted in accordance with applicable law to the appropriate taxing authority. In the event that the Issuer Trustee makes a distribution or payment that is satisfied in a manner other than cash, cheque or wire transfer, including those described in subsections 4.1(3), 4.1(5) or 11.3(3), the recipient of the payment shall provide cash to the Issuer Trustee in amount equal to any required deduction or withholding, which the Issuer Trustee shall forthwith remit to the appropriate taxing authority on behalf of the Unitholder.

ARTICLE 12
TERMINATION OF THE TRUST

12.1 Termination

(a) The Trust will continue in full force and effect for a period of twelve months from the date hereof and thereafter for so long as any Funding Obligations remain outstanding and until the Trust has satisfied all of its obligations under the Program Agreements or otherwise for the purposes of carrying on the Trust Activities. Notwithstanding the foregoing, the Issuer Trustee may, with the unanimous approval of Unitholders, wind-up the affairs of the Trust and terminate the Trust and distribute the Trust Property then remaining to the Unitholders in proportion to the number of Units held by each Unitholder no later than the date that is one day prior to the 21st anniversary of the death of the last surviving lineal descendent of Queen Elizabeth, II of England living at the date this declaration is made.

(b) Subject to Section 12.1(a), the Issuer Trustee may, with the unanimous approval of the Unitholders, wind up the affairs of the Trust and terminate the Trust. To the fullest extent permitted by law, and notwithstanding any duty otherwise existing at law or in equity, the Issuer Trustee shall consider only the interests of the Trust, including its creditors, in acting on the matters referred to in this Section 12.1. On the date the Trust is terminated, the Issuer Trustee will, upon receipt of such releases, indemnities and refunding agreements as the Issuer Trustee may deem necessary for its protection, distribute the remaining Trust Property, after payment of all other obligations of the Trust, in cash or in kind , or partly in each, to the Unitholders in proportion to the number of Units held by each Unitholder

ARTICLE 13
GENERAL

13.1 Acknowledgement of Indenture

The Issuer Trustee (i) acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor under the Indenture and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Indenture including, without limitation, Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 7.12 (Payments Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Section 8.14 (Limited Recourse), Article IX (Indenture Trustee) (including all limitations of liability thereunder), Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition) of the Indenture; (ii) irrevocably authorizes and directs the Indenture Trustee on its behalf to take such action (including the execution and delivery of documents of subordination) as may be necessary or appropriate to further assure the priority arrangements provided for in Article VI, Article VII and Section 8.13 of the Indenture, and appoints the Indenture Trustee as its agent for any and all such purposes; and (iii) consents, requests and authorizes the Trust and the Indenture Trustee to (X) add the Issuer Trustee (or its agent) to the register of Specified Creditors described in Section 13.13 of the Indenture and (Y) disseminate the notice details of the Issuer Trustee to other Specified Creditors for the purposes set out in subsection 9.14(b) of the Indenture.

13.2 Irrevocability

The Trust shall be irrevocable.

13.3 Change of Office

The Issuer Trustee may at any time and from time to time during the existence of the trusts hereby created change the head office, chief executive office, chief place of business and situs of the administration of the Trust to another location within Ontario or have such other offices or places of administration within Canada as the Issuer Trustee may from time to time determine is necessary or desirable.

13.4 Execution of Instruments

The Issuer Trustee shall have power from time to time to appoint any Person or Persons on behalf of the Trust either to sign instruments in writing generally or to sign specific instruments in writing.

13.5 Manner of Giving Notice

Except as otherwise permitted herein, any notice required or permitted by the provisions of this Declaration of Trust to be given to a Unitholder or the Issuer Trustee shall be deemed conclusively to have been given if given either by delivery or by prepaid first-class mail addressed to each Unitholder at its address shown on the register of Unitholders or to the Issuer Trustee at the last address provided by the Issuer Trustee for such purpose. Any notice so given shall be deemed to have been given on the day of hand delivery or the day following that on which the notice was mailed.

13.6 Taxation Information

On or before March 30 in each year, or such earlier day as is required by applicable legislation or regulation, the Issuer Trustee will provide to Unitholders who received distributions from the Trust in the prior calendar year such information regarding the Trust required by applicable law to be submitted to Unitholders for income tax purposes to enable Unitholders to complete their tax returns in respect of the prior calendar year.

13.7 Severability

The provisions of this Declaration of Trust are severable and if any provisions are in conflict with any applicable law, the conflicting provisions shall be deemed never to have constituted a part of this Declaration of Trust and shall not affect or impair any of the remaining provisions thereof. If any provision of this Declaration of Trust shall be held invalid or unenforceable in any jurisdiction, such invalidity or unenforceability shall attach only to such provision in such jurisdiction and shall not in any manner affect or render invalid or unenforceable such provision in any other jurisdiction or any other provision of this Declaration of Trust in any jurisdiction.

13.8 Governing Law

This Declaration of Trust shall be interpreted and governed by and take effect exclusively in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. Any and all disputes arising under this Declaration of Trust, whether as to interpretation, performance or otherwise, shall be subject to the exclusive jurisdiction of the courts of the Province of Ontario and the Issuer Trustee hereby irrevocably attorns, and each Unitholder shall be deemed to hereby irrevocably attorn, to the exclusive jurisdiction of the courts of such province.

13.9 Language

Les parties aux présentes ont exigés que la présente convention ainsi que tous les documents et avis qui s'y rattachent et/ou qui en découleront soient rédigés en la langue anglaise. The parties hereto have required that this Declaration of Trust and all documents and notices resulting herefrom be drawn up in English.

IN WITNESS WHEREOF the Issuer Trustee has caused this Declaration of Trust to be executed as of the day and year first above written by its duly authorized signatories.

COMPUTERSHARE TRUST COMPANY OF CANADA,
as Issuer Trustee

By: _____
Name:
Title:

By: _____
Name:
Title:

DRAFT: DECEMBER 19, 2017

MASTER TRANSFER AND SERVICING AGREEMENT

between

FAIR HYDRO TRUST
as Issuer

- and -

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Transferor and Servicer

Dated as of December 21, 2017

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MASTER TRANSFER AND SERVICING AGREEMENT

THIS AGREEMENT made as of December 21, 2017.

BETWEEN:

FAIR HYDRO TRUST, a trust formed under the laws of the Province of Ontario

(the "**Issuer**")

- and -

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital amalgamated under the laws of the Province of Ontario

(the "**Transferor**" in its capacity as transferor, the "**Servicer**", in its capacity as servicer, and the "**IESO**" in its capacity as both Transferor and Servicer)

WHEREAS the Government of Ontario has enacted the *Ontario Fair Hydro Act, 2017* (the "**Act**") for the purpose of, among other things, ensuring that clean energy costs and clean energy benefits (each as defined in the Act) are fairly allocated among present and future Specified Consumers;

AND WHEREAS, under the Act, the IESO is required to establish and maintain the Fair Hydro Variance Account, and has the right under the Act and the Regulations to record certain amounts in the Fair Hydro Variance Account and recover the balance from time to time of the Fair Hydro Variance Account from Specified Consumers (such right, the "**Regulatory Asset**");

AND WHEREAS the IESO may from time to time, in accordance with the Act, Transfer Specified Portions of the Regulatory Asset to the Issuer pursuant to Section 26(1) of the Act;

AND WHEREAS the Issuer may finance the acquisition from the IESO, from time to time, of an Investment Interest through the incurrence of Funding Obligations under the Indenture;

AND WHEREAS the Issuer will grant a security interest over all of the Issuer Investment Interest to and in favour of the Indenture Trustee on behalf of all Specified Creditors;

AND WHEREAS in connection with its ownership of the Issuer Investment Interest and in order to collect the associated Clean Energy Adjustments in accordance with the Act, the Issuer desires to engage the Servicer to carry out the services described herein and the Servicer agrees to be so engaged;

NOW THEREFORE in consideration of the foregoing and the mutual covenants and agreements contained herein (the receipt and adequacy of which are hereby acknowledged), the parties hereto agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Agreement, the following terms have the following meanings:

"**Act**" has the meaning ascribed thereto in the recitals;

"**Agreement**" means this master transfer and servicing agreement, as amended, supplemented, modified, restated or replaced from time to time, and the expressions "herein", "hereof", "hereto", "hereunder" and similar expressions refer to this Agreement and not to any Article, Section, paragraph, subparagraph or clause hereof;

"**Billing Period**" means a calendar month in which the Clean Energy Adjustment is billed to Specified Consumers;

"**Board**" means the Ontario Energy Board, a statutory corporation without share capital continued under the *Ontario Energy Board Act, 1998*, S.O., 1998;

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by law, regulation or executive order to be closed;

"**Carrying Costs**" has the meaning ascribed to the term "carrying costs" in the Regulations;

"**CEA Consumer Invoice Amounts**" means amounts invoiced by an Electricity Vendor to Specified Consumers in respect of the Clean Energy Adjustment based on the rates established by the Board;

"**Clean Energy Adjustment**" has the meaning ascribed to the term "clean energy adjustment" in the Act;

"**Closing Date**" means the date on which a Transfer is to be completed as specified in the applicable Transfer Notice;

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the parties hereto and any other owner or owners of an Investment Interest as contemplated by Section 29(5) of the Act in form and substance satisfactory to the parties hereto, acting reasonably;

"**Co-Owner Implementation Date**" means the date, if any, upon which the Issuer Investment Interest ceases to be the only Investment Interest outstanding representing the full Investment Asset;

"**Collection Account**" means an Eligible Deposit Account established by the Issuer for the purpose of receiving the Issuer Share of the Servicer CEA Receipts;

"**Daily Remittance Event**" means the occurrence of either: (i) a Servicer Default or (ii) the IESO (or any successor thereto) ceasing to have the Required Servicer Rating;

"**Declaration of Trust**" means the declaration of trust made as of December 20, 2017 under which the Issuer was established, as may be supplemented, amended, replaced or amended and restated from time to time;

"**Electricity Vendor**" has the meaning ascribed to the term "electricity vendor" in the Act;

"**Electricity Vendor CEA Collections**" means payments actually received by Electricity Vendors from Specified Consumers in respect of Clean Energy Adjustments;

"**Electricity Vendor Billing Period Report**" means a report as contemplated by Section 17(2) of the Act from each Electricity Vendor in respect of each Billing Period where Clean Energy Adjustments are billed to Specified Consumers containing:

(a) its total electricity consumption of Specified Consumers invoiced in such Billing Period;

(b) its total CEA Consumer Invoice Amounts in such Billing Period;

(c) its total Electricity Vendor CEA Collections during such Billing Period; and

(d) such other information as may be prescribed in the Regulations or any other Requirement of Law, or which otherwise may be agreed to by the applicable Electricity Vendor;

"**Eligible Deposit Account**" means an account in Canada with an Eligible Institution;

"**Eligible Institution**" means:

(a) at any time before the Co-Owner Implementation Date, an "Eligible Institution" as defined in the Indenture; and

(b) at any time on or after the Co-Owner Implementation Date, an "Eligible Institution" as defined in the applicable Co-Owner Agreement;

"**Fair Hydro Variance Account**" means the variance account established by the IESO pursuant to Section 24(1) of the Act;

"**Financing Entity**" has the meaning ascribed to the term "financing entity" in the Act;

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act;

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other

instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government;

"**IESO**" or "**Independent Electricity System Operator**" means the Independent Electricity System Operator, a statutory corporation without share capital established by the *Electricity Act, 1998*, SO, 1998;

"**IESO Deferral**" has the meaning ascribed to the term "IESO deferral" in the Act;

"**IESO Disclosure**" has the meaning ascribed thereto in Section 5.7;

"**IESO Segregated Account**" has the meaning ascribed thereto in Section 3.4(a);

"**Implementation Plan**" has the meaning ascribed thereto in Section 3.3(a);

"**Indemnified Losses**" has the meaning ascribed thereto in Section 6.1(a);

"**Indemnified Party**" has the meaning ascribed thereto in Section 6.1(a);

"**Indenture**" means the master trust indenture dated December 21, 2017 between the Indenture Trustee and the Issuer;

"**Indenture Trustee**" means BNY Trust Company of Canada, a trust company existing under the laws of Canada and duly authorized to carry on the business of a trust company in all of the provinces and territories of Canada, as indenture trustee for the benefit of Specified Creditors, or any successor thereto, under the Indenture;

"**Insolvency Event**" means, with respect to a specified Person, the specified Person admits the inability of such specified Person to pay its liabilities generally as they become due or makes a general assignment for the benefit of the creditors of such specified Person or otherwise acknowledges the insolvency of such specified Person or any proceeding shall be instituted by or against such specified Person seeking to adjudicate it a bankrupt or insolvent or seeking liquidation, winding up, dissolution, reorganization, arrangement, adjustment, protection, relief or composition of its debts under any law relating to bankruptcy, insolvency, reorganization, moratorium or relief of debtors or seeking the entry of an order for relief by the appointment of a receiver, trustee or other similar official for such specified Person or for any substantial part of its property and if such proceeding has been instituted against such specified Person either such proceeding has not been stayed or dismissed within 45 days or any of the actions sought in such proceeding (including the entry of an order for relief or the appointment of a receiver) are granted in whole or in part, or if a receiver is privately appointed in respect of such specified Person or of the property of such specified Person or any substantial part thereof;

"**Investment Asset**" has the meaning ascribed to the term "investment asset" in the Act;

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act;

"**Issuer**" means Fair Hydro Trust, a trust formed under the laws of the Province of Ontario;

"**Issuer Funding Obligations**" means the Funding Obligations of the Issuer;

"**Issuer Investment Interest**" means, initially, the Investment Interest acquired by the Issuer pursuant to the first Transfer completed under this Agreement and, upon the completion of each Transfer thereafter, the cumulative Investment Interest acquired by the Issuer;

"**Issuer Share**" means:

(a) at any time before the Co-Owner Implementation Date, 100%; and

(b) at any time on or after the Co-Owner Implementation Date, the percentage determined in accordance with the applicable Co-Owner Agreement;

"**Issuer Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Issuer at such time;

"**Lien**" means a security interest, lien, mortgage, charge, pledge, claim or encumbrance of any kind;

"**Management Agreement**" means the management agreement dated December 20, 2017 between the Manager and the Issuer;

"**Manager**" means OPG, in its capacity as manager of the Issuer, and any successor appointed in accordance with the Management Agreement;

"**Minister**" means the Minister of Energy or such other member of the Executive Council as may be assigned the administration of the Act under the *Executive Council Act*;

"**Monthly Carrying Costs**" has the meaning ascribed thereto in Section 3.14(b);

"**Monthly Carrying Costs Statement**" has the meaning ascribed thereto in Section 3.14(b);

"**Monthly Servicer Report**" means a report from the Servicer in respect of each Billing Period where Clean Energy Adjustments are billed to Specified Consumers containing:

(a) the information provided in each Electricity Vendor Billing Period Report;

(b) total electricity consumption of Specified Consumers invoiced in such Billing Period, as reported by all Electricity Vendors, and for the current Reference Period to the last day of such Billing Period, compared to the forecast information provided by the Servicer to the Board pursuant to Section 3.2(a) (to the extent possible, recognizing timing mismatches);

(c) total CEA Consumer Invoice Amounts reported by all Electricity Vendors for such Billing Period;

(d) total Electricity Vendor CEA Collections reported by all Electricity Vendors for such Billing Period;

(e) total Servicer CEA Receipts for such Billing Period, including the amount representing total Electricity Vendor CEA Collections received and the amount representing Clean Energy Adjustments received by the Servicer directly from Specified Consumers;

(f) the difference between total CEA Consumer Invoice Amounts reported to the Servicer by all Electricity Vendors and total Servicer CEA Receipts, in each case, for such Billing Period and for the current Reference Period to the last day of such Billing Period, recognizing that there will be timing differences;

(g) a summary of any matters referred to in Section 3.4(k) which have not been resolved and any explanation provided therefor by the Electricity Vendor; and

(h) such other information which otherwise may be agreed to by the Servicer;

"**Non-Investment Grade Rated Electricity Vendors**" means any Electricity Vendor that does not have a rating of: (i) "Baa3" or higher by Moody's Investors Services, Inc. (or any successor thereof), unless otherwise agreed to by Moody's Investors Services, Inc. (or any successor thereof); and "BBB(low)" or higher by DBRS Limited (or any successor thereof), unless otherwise agreed to by DBRS Limited (or any successor thereof);

"**Officer's Certificate**" means a certificate on behalf of any Person that is signed by any Responsible Officer of such Person and states that the certifications set forth in such certificate are based upon the results of a due inquiry into the matters in question conducted by or under the supervision of the signing Responsible Officer and that the facts stated in such certifications are made to such signing Responsible Officer's knowledge and belief and without personal liability;

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario;

"**Opinion of Counsel**" means one or more written opinions of counsel, which counsel shall be reasonably acceptable to the party receiving such opinion of counsel, and shall be in form and substance reasonably acceptable to such party;

"**Permitted Successor**" means any successor to the IESO under the Act, whether pursuant to any bankruptcy, reorganization or other insolvency proceeding or pursuant to any merger, conversion, acquisition, sale or transfer, by operation of law, as a result of any restructuring, or otherwise, but only to the extent such successor is approved by the Minister;

"**Permitted Transfer**" means (i) a Transfer to the Issuer pursuant to this Agreement; and (ii) a Transfer to a person who has entered into a Co-Owner Agreement with, inter alia, the Issuer.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority;

"**Prescribed Period**" has the meaning ascribed thereto in Section 3.14(a);

"**Proceeding**" means any suit in equity, action at law or other judicial or administrative proceeding;

"**Program Agreements**" has the meaning ascribed thereto in the Indenture;

"**Purchase Price**" has the meaning ascribed thereto in Section 2.1(c);

"**Rating Agency**" has the meaning ascribed thereto in the Indenture;

"**Rating Agency Condition**" has the meaning ascribed thereto in the Indenture;

"**Records**" has the meaning ascribed thereto in Section 7.1;

"**Regulations**" means Ontario Regulation 206/17: General, together with any other regulations promulgated under the Act;

"**Regulatory Asset**" has the meaning ascribed thereto in the recitals;

"**Remittance Date**" means, in respect of each Billing Period, the 18th Business Day following the last day of each Billing Period;

"**Required Servicer Rating**" means a rating of "Baa2" or higher by Moody's Investors Service, Inc. (or any successor thereof) and a rating of "BBB(low)" or higher by DBRS Limited (or any successor thereof);

"**Requirement of Law**" means any foreign, Canadian federal, provincial or local laws, statutes, regulations, rules, codes or ordinances enacted, adopted, issued or promulgated by any Governmental Authority or common law;

"**Responsible Officer**" means, with respect to: (a) the Issuer, any authorized director or officer of the Manager; (b) the Servicer, any authorized director or officer of the IESO; and (c) a Successor Servicer, any authorized director or officer of the Successor Servicer;

"**Servicer**" means the Independent Electricity System Operator, as Servicer under this Agreement, or any Successor Servicer to the extent permitted under this Agreement;

"**Servicer CEA Receipts**" has the meaning ascribed thereto in Section 3.4(f);

"**Servicer Default**" has the meaning ascribed thereto in Section 7.1;

"**Specified Consumer**" has the meaning ascribed to the term "specified consumer" in the Act;

"**Specified Creditors**" has the meaning ascribed thereto in the Indenture;

"**Specified Portion**" means, in respect of the Regulatory Asset and any Transfer, the portion of the Regulatory Asset subject to such Transfer, as set out in the applicable Transfer Notice.

"**Successor Servicer**" has the meaning ascribed thereto in Section 7.2(a);

"**Supplemental Indenture**" means an indenture supplemental to the Indenture that authorizes the incurrence of Funding Obligations;

"**Termination Event**" has the meaning ascribed thereto in Section 3.11;

"**Termination Notice**" has the meaning ascribed thereto in Section 7.1;

"**Transfer**" has the meaning ascribed to the term "transfer" in Section 1(3) of the Act, and "**Transferred**" has a corresponding meaning;

"**Transfer Notice**" means a Transfer Notice in respect of a Transfer substantially in the form of Exhibit A to this Agreement and delivered pursuant to Section 2.1(c) of this Agreement; and

"**Transferor**" means the Independent Electricity System Operator, as transferor under this Agreement;

1.2 Sections and Headings

The table of contents does not form part of this Agreement. The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and will not affect the construction or interpretation of this Agreement. Unless something in the subject matter or context is inconsistent therewith, references herein to Articles and Sections are to Articles and Sections of this Agreement.

1.3 Extended Meanings

(a) Words importing the singular number only will include the plural and vice versa and words importing the masculine gender will include the feminine and neuter genders and vice versa. A reference to any agreement, instrument or declaration means such agreement, instrument or declaration as the same may be amended, supplemented, modified, restated or replaced from time to time.

(b) The term "**including**" means "including without limitation", and other forms of the verb "**include**" have correlative meanings.

(c) All references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities.

(d) Unless otherwise stated, in the computation of a period of time from a specified date to a later specified date, the word "**from**" means "**from and including**" and each of the words "**to**" and "**until**" means "**to but excluding**".

(e) The words "**hereof**", "**herein**" and "**hereunder**" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, unless otherwise specified. References to Articles, Sections, Appendices and Exhibits in this Agreement are references to

Articles, Sections, Appendices and Exhibits in or to this Agreement unless otherwise specified.

(f) References to any law, rule, regulation or order of a Governmental Authority shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor.

(g) The word "**will**" shall be construed to have the same meaning and effect as the word "**shall**". The word "**or**" is not exclusive.

(h) References to a specific rating by a Rating Agency shall mean such rating or the equivalent rating if such Rating Agency changes its rating scale.

ARTICLE 2
TRANSFER OF SPECIFIED PORTIONS OF THE REGULATORY ASSET

2.1 Transfer Notices and Agreement to Transfer Specified Portions of the Regulatory Asset

(a) The Transferor shall determine the IESO Deferral as required by Section 23(1) of the Act and the Regulations.

(b) The Transferor shall maintain the Fair Hydro Variance Account as required by Section 24 of the Act and the Regulations.

(c) The Transferor may, no more frequently than monthly and no later than the 8th Business Day of any calendar month, offer to Transfer to the Issuer a Specified Portion of the Regulatory Asset by providing to the Issuer a Transfer Notice executed by the Transferor and setting out (i) the Specified Portion of the Regulatory Asset that the Transferor is offering to Transfer to the Issuer, (ii) the consideration to be paid to the Transferor by the Issuer for the Transfer (the "**Purchase Price**") which shall be equal to the amount of such Specified Portion of the Regulatory Asset, (iii) the Closing Date to effect such transfer which shall be no earlier than the 5th Business Day after the delivery of the Transfer Notice and no later than the last Business Day of the calendar month in which the Transfer Notice was delivered, or such other Business Day as may be agreed by the Transferor and the Issuer, and (iv) such other information as required in the form of Transfer Notice attached as Exhibit A hereto.

(d) On or before the 2nd Business Day following receipt of a Transfer Notice, the Issuer shall have the right, but not the obligation, to accept the Transferor's offer to Transfer the Specified Portion of the Regulatory Asset referred to in the Transfer Notice by executing and returning such Transfer Notice to the Transferor. Upon acceptance by the Issuer of the Transfer Notice, there shall be a binding agreement for IESO to Transfer the Specified Portion of the Regulatory

Asset referred to in the Transfer Notice and for the Issuer to pay the Purchase Price, subject to satisfaction of all conditions precedent in Section 2.2.

(e) Provided that all conditions precedent set out in Section 2.2 have been satisfied on or prior to the applicable Closing Date, on the applicable Closing Date, the Issuer shall deliver or cause to be delivered to the Transferor, by wire transfer or electronic funds transfer, in immediately available funds, an amount in Canadian dollars equal to the Purchase Price set forth in the applicable Transfer Notice. The Transferor agrees that receipt by the Transferor of the payment referred to in this Section 2.1(e) is receipt by the Transferor of a payment referred to in Section 26(3) of the Act.

(f) Upon receipt by the Transferor of the payment referred to in Section 2.1(e), the Transferor shall reduce the balance of the Fair Hydro Variance Account by an amount equal to the Purchase Price received and shall retain no further right, title or interest in the Issuer Investment Interest corresponding to the Specified Portion of the Regulatory Asset Transferred.

(g) The parties state that they intend that this Agreement, together with each Transfer Notice accepted by the Issuer, constitute an agreement, for purposes of Section 27(2) of the Act for the Transferor to dispose, upon receipt by the Transferor of the payment referred to in Section 2.1(e), of the Specified Portion of the Regulatory Asset referred to in the Transfer Notice and to assign, convey or sell a corresponding Investment Interest to the Issuer.

2.2 Conditions Precedent to each Transfer of a Specified Portion of the Regulatory Asset

(a) The obligation of the Issuer to pay the Purchase Price related to the initial Transfer of a Specified Portion of the Regulatory Asset shall be subject to the satisfaction by the Transferor, or waiver by the Issuer, of the following conditions:

(i) the Issuer shall have received from the Transferor the following documents, in form and substance satisfactory to the Issuer:

(A) a certificate of an officer of the IESO certifying (1) that attached thereto is a true and complete copy of the by-laws of the IESO, each as in effect on the date of such certificate, (2) that attached thereto is a true and complete copy of a resolution adopted by the IESO's board of directors authorizing the execution, delivery and performance of this Agreement and the performance by the IESO of its obligations hereunder, and that such resolution has not been modified, rescinded or amended and is in full force and effect, and (3) as to the incumbency and true specimen signature of each of the IESO officers or delegates executing this Agreement and authorized to give notices and instructions hereunder (which can

be changed by notice hereunder), provided that this condition may be satisfied by delivery of a certificate of an officer of the IESO to the effect that there has been no change to the items listed in (1), (2) and (3) above since the date of the previous certificate delivered under this Section 2.2(a)(i)(A) which certificate delivery condition may be satisfied by a representation and warranty to like effect in the applicable Transfer Notice; and

(B) the Transferor shall have delivered to the Rating Agencies and the Issuer any Opinions of Counsel reasonably required by them.

(b) The obligation of the Issuer to pay the Purchase Price related to each Transfer of a Specified Portion of the Regulatory Asset (including the initial Transfer) shall be subject to the satisfaction or waiver by the Issuer of each of the following conditions:

(i) as of the applicable Closing Date, all Program Agreements shall have been entered into on terms and conditions satisfactory to the Issuer and shall be in full force and effect as of such Closing Date;

(ii) as of the applicable Closing Date, no Insolvency Event in respect of the Transferor shall have occurred and the Transferor is not aware of any pending Insolvency Event with respect to itself;

(iii) as of the applicable Closing Date, (A) the representations and warranties of the IESO in this Agreement must be true and correct with the same force and effect as if made on that date (except to the extent they relate to an earlier date), (B) no breach of any covenant or agreement of the IESO contained in this Agreement shall have occurred and be continuing, and (C) no Servicer Default shall have occurred and be continuing;

(iv) the Transferor shall have delivered to the Issuer an Officer's Certificate confirming the satisfaction of each condition precedent specified in Sections 2.2(b)(ii) and (iii);

(v) as of the applicable Closing Date, (A) the Issuer shall have sufficient funds available to pay the Purchase Price as set forth in the applicable Transfer Notice, (B) all conditions to any incurrence of Funding Obligations intended to provide such funds set forth in the Indenture (and any applicable Supplemental Indenture) or other instrument shall have been satisfied or waived, (C) if applicable, the Rating Agency Condition in respect of the issuance of the Funding Obligations funding the payment of the Purchase Price shall have been satisfied or, if a new issuance of Funding Obligations without an existing rating, the required ratings have been established by the applicable Rating Agencies, and (D) the Funding Obligation required to fund the payment of the Purchase Price shall have been issued at the same time as, or prior to, the Transfer; and

(vi) immediately after giving effect to the Transfer, each of the Fair Hydro Variance Account and the Regulatory Asset will have a balance or amount, as applicable, equal to or greater than zero.

ARTICLE 3
ROLE OF THE SERVICER

3.1 Designation of Servicer

Each Transfer of a Specified Portion of the Regulatory Asset shall be made on the basis that the related Issuer Investment Interest shall be serviced by the Servicer in accordance with this Article 3, and the IESO or any Permitted Successor of the IESO that is the Servicer shall not be entitled, except as otherwise provided in Section 3.7 or agreed by the Parties, to receive any further compensation from the Issuer for its services in connection therewith.

3.2 Forecasts and Other Information

The IESO shall:

(a) provide to the Board the forecast information contemplated by Section 8(3) of the Regulations;

(b) provide to the Issuer the forecast information provided to the Board pursuant to Section 3.2(a), which information shall be provided on a non-reliance basis other than with respect to the use thereof in relation to the duties, obligations or rights of the Issuer or the Manager pursuant to the Act and the Regulations; and

(c) provide to the Issuer such other information and reports as the Issuer may reasonably request in connection with the calculation of the Clean Energy Adjustments, which is reasonably available to the Transferor directly or upon request, can lawfully be provided and can be provided without incurring material incremental expense (unless the Issuer has agreed to reimburse the IESO for such material incremental expenses).

3.3 Implementation Plan

(a) The Servicer will work with the Issuer to develop on or before January 31, 2020 a written implementation plan identifying in reasonable detail the actions to be taken by the Servicer and the Issuer in order to facilitate the Board, the Issuer, the Servicer and the Electricity Vendors being prepared to perform their obligations under the Act and the Regulations when the setting, invoicing and collection of Clean Energy Adjustments commences (the "**Implementation Plan**"). The Implementation Plan should include the following:

(i) a process and a schedule for contacting Electricity Vendors and providing instructions with respect to the establishment of a segregated account by each Electricity Vendor, the procedures for invoicing Clean Energy

Adjustments, the identification, deposit and segregation of Electricity Vendor CEA Collections and their remittance to the Servicer;

(ii) the development of processes for the necessary exchanges of information with respect to Clean Energy Adjustments among the Board, the Issuer, the Manager, the Servicer, Electricity Vendors and Specified Consumers;

(iii) procedures for the testing of the processes for the collection and remittance of Clean Energy Adjustment before February 28, 2021; and

(iv) target dates for the achievement of specified objectives under the Implementation Plan.

(b) The Servicer and the Issuer will prepare written progress reports on the status of the implementation of the Implementation Plan on or before June 30, 2020, October 31, 2020 and January 31, 2021.

3.4 Clean Energy Adjustments and Electricity Vendors

The Servicer shall:

(a) prior to receiving Servicer CEA Receipts, establish an Eligible Deposit Account (the "**IESO Segregated Account**") bearing a designation indicating that the funds deposited therein are held in trust for the benefit of the Issuer and, after the Co-Owner Implementation Date, for the benefit of any other owner or owners of an Investment Interest. If at any time the IESO Segregated Account ceases to be an Eligible Deposit Account, the Servicer shall within 30 days establish a new IESO Segregated Account as an Eligible Deposit Account and shall transfer any cash and/or any investments held in the former account to such new account and make all future deposits to such new account;

(b) prior to the first Billing Period when amounts are invoiced by Electricity Vendors to Specified Consumers in respect of Clean Energy Adjustments, make commercially reasonable efforts to:

(i) cause each Electricity Vendor to establish a segregated account into which Electricity Vendor CEA Collections are to be deposited as required by Section 10(2) of the Regulations;

(ii) settle a form of Electricity Vendor Billing Period Report to be used by such Electricity Vendor;

(iii) cause each Electricity Vendor to establish procedures for the invoicing by such Electricity Vendor of amounts in respect of the Clean Energy Adjustment, the identification, deposit and segregation of Electricity Vendor CEA Collections, the remittance of Electricity Vendor CEA Collections to the Servicer and reporting to the Servicer; and

(iv) respond to inquiries from Electricity Vendors with respect to any of the foregoing matters.

(c) together with the Issuer, prior to the first Billing Period when amounts are invoiced by Electricity Vendors to Specified Consumers in respect of Clean Energy Adjustments, settle a form of Monthly Servicer Report;

(d) request certification from each Electricity Vendor that the segregated account required by Section 10(2) of the Regulations has been established by that Electricity Vendor;

(e) as agent of the Issuer and, after the Co-Owner Implementation Date, as agent of any other owner or owners of an Investment Interest, receive Electricity Vendor CEA Collections from Electricity Vendors;

(f) as agent of the Issuer and, after the Co-Owner Implementation Date, as agent of any other owner or owners of an Investment Interest, receive any amounts in respect of Clean Energy Adjustments payable directly by Specified Consumers to the Servicer (such amounts, together with the amounts referred to in Section 3.4(e), the "**Servicer CEA Receipts**");

(g) deposit the Servicer CEA Receipts into the IESO Segregated Account promptly following receipt by the Servicer and, in any event, within two Business Days of receipt by the Servicer and the Issuer Share of such Servicer CEA Receipts shall remain in the IESO Segregated Account until remitted in accordance with Section 3.6;

(h) respond to inquiries by Electricity Vendors with respect to the Clean Energy Adjustment and amounts payable in respect thereof;

(i) request from each Electricity Vendor an Electricity Vendor Billing Period Report in respect of each Billing Period during which Clean Energy Adjustments are billed to Specified Consumers; such report to be requested to be delivered within twelve Business Days of the end of each Billing Period;

(j) review each Electricity Vendor Billing Period Report received by the Servicer for material manifest discrepancies, including any discrepancy between the Electricity Vendor CEA Collections reported in respect of the Billing Period and the amount received pursuant to Section 3.4(e);

(k) contact each Electricity Vendor:

(i) that does not deliver an Electricity Vendor Billing Period Report in respect of a Billing Period where Clean Energy Adjustments were payable by Specified Consumers;

(ii) from which no Electricity Vendor CEA Collections are received in respect of the Billing Period,

(iii) for whom Electricity Vendor CEA Collections do not match the amount thereof reported in its Electricity Vendor Billing Period Report,

(iv) that delivers an Electricity Vendor Billing Period Report that has any other material manifest discrepancy detected by the Servicer, or

(v) that has not certified that it has established the segregated account required by Section 10(2) of the Regulations,

and attempt to resolve the applicable issue; and

(l) hold the Issuer Share of Servicer CEA Receipts and the Issuer Share of any other proceeds in respect of the Clean Energy Adjustment received by it in trust for the benefit of the Issuer and remit such amounts in accordance with Section 3.6 without any surcharge, fee, offset, charge or other deduction.

3.5 Reporting

The Servicer shall:

(a) on or before the 20th Business Day following the end of each Billing Period when amounts are invoiced by Electricity Vendors to Specified Consumers in respect of Clean Energy Adjustments, prepare and deliver to the Issuer a Monthly Servicer Report;

(b) promptly notify the Issuer in writing of any Requirement of Law hereafter adopted or announced or the occurrence of any other event or circumstance of which it becomes aware that has a material adverse effect on the Servicer's ability to perform its duties and obligations under this Agreement; and

(c) upon the reasonable request of the Issuer provide to the Issuer any public financial information in respect of the Servicer, or any material information regarding the Clean Energy Adjustment, to the extent it is reasonably available to the Servicer, and as may be reasonably necessary and permitted by law, to enable the Issuer to monitor the performance by the Servicer of its duties and obligations hereunder.

3.6 Remittances

(a) The Issuer shall provide the Servicer with notice of the Collection Account at least ten Business Days prior to the first Remittance Date and shall provide the Servicer with notice of any change to the Collection Account at least ten Business Days prior to any subsequent Remittance Date.

(b) Absent the occurrence of a Daily Remittance Event, the Issuer Share of Servicer CEA Receipts received by the Servicer and any interest earned thereon received on or subsequent to a Remittance Date shall be remitted by the Servicer to the Collection Account no later than the immediately following Remittance Date.

(c) Following the occurrence of a Daily Remittance Event, the Issuer Share of all Servicer CEA Receipts on deposit in the IESO Segregated Account and any interest earned thereon shall be remitted by the Servicer to the Collection Account on the second following Business Day.

3.7 Reimbursement of Servicer

The Issuer shall reimburse the Servicer for its direct costs relating to the performance by the Servicer of its duties and obligations hereunder and that are not otherwise recovered by the Servicer pursuant to sections 25.1(1) and 25.1(2) of the *Electricity Act, 1998*, which direct costs the IESO shall have no obligation to seek recovery for under sections 25.1(1) and 25.1(2) of the *Electricity Act, 1998*; provided, however, that this Section 3.7 shall not apply to any costs relating to the performance by the Servicer of its duties and obligations under the Act or the Regulations, including, for greater certainty the Servicer's obligations to pay monthly Carrying Costs.

3.8 Limits to Obligations

Notwithstanding anything to the contrary in this Agreement, the parties hereto agree that the duties, liabilities and obligations of IESO under this Agreement are limited as provided in this Section 3.8.

(a) IESO is not responsible for, or in respect of, any amounts not collected by Electricity Vendors from their customers or not remitted by Electricity Vendors to the Servicer.

(b) IESO is not responsible to confirm, verify or audit the amount of the Clean Energy Adjustment invoiced by Electricity Vendors or the Electricity Vendor CEA Collections collected by Electricity Vendors and reported to the IESO.

(c) IESO is not responsible for enforcing the obligations of Specified Consumers to pay, or the obligations of Electricity Vendors to invoice, collect or remit Clean Energy Adjustments or any other amounts, or to establish a segregated account into which Electricity Vendor CEA Collections are to be deposited, and IESO is under no obligation to initiate or prosecute any legal action relating to the collection of the Clean Energy Adjustments or the Issuer Investment Interest.

(d) IESO is not responsible or liable for the performance by Electricity Vendors of their duties and responsibilities under the Act or the Regulations including (i) the invoicing of Specified Consumers in respect of the Clean Energy Adjustment and ancillary matters related thereto; (ii) the collection from Specified Consumers of amounts due in respect of such invoices and the remittance of such payments to the Servicer; (iii) the accuracy of any information provided by the Electricity Vendors; and (iv) any reporting by the Electricity Vendors, including the reporting to the Servicer of the total CEA Consumer Invoice Amounts invoiced by such Electricity Vendor to its Specified Consumers in respect of the Clean Energy Adjustment, the total Electricity Vendor CEA Collections received by such Electricity Vendor and the Issuer Share of Electricity Vendor CEA

Collections received by such Electricity Vendor and any other reporting in the Electricity Vendor Billing Period Report.

(e) IESO is under no responsibility or obligation to the Issuer with respect to the nature or extent of the Issuer Investment Interest, the collectability of the Issuer Share of Servicer CEA Receipts or that the Issuer Share of Servicer CEA Receipts will be sufficient to satisfy the Issuer's Funding Obligations.

(f) IESO may rely in good faith on the advice of counsel or on any document of any kind, prima facie properly executed and submitted by any Person, respecting any matters arising under this Agreement.

(g) IESO shall have no liability or responsibility to any Person in respect of any forecasts or other information provided pursuant to Section 3.2, provided only that such forecasts or other information has been prepared and provided in good faith.

(h) None of the directors, officers, employees or agents of IESO shall be liable to the Issuer or any other Person for any action taken or for refraining from the taking of any action pursuant to this Agreement or for good faith errors in judgment.

3.9 Servicing and Maintenance Standards

Subject to Section 3.8, the Servicer shall discharge its duties, responsibilities and obligations hereunder with reasonable care and in material compliance with the Requirements of Law, including the Act and the Regulations and, in doing so, shall follow standards, policies and procedures in performing its duties as Servicer hereunder that are customary for an electricity market operator and administrator that regularly performs settlement functions.

3.10 Appointments

The Servicer may at any time appoint OPG or any other Person to act as its agent to perform all or any portion of its obligations as Servicer hereunder; provided however, that in respect of the appointment of a Person other than OPG, the Rating Agency Condition shall have been satisfied in connection therewith; and provided further that the Servicer shall remain obligated and be liable for the performance of its obligations under this Agreement without diminution of such obligation and liability by virtue of the appointment of OPG or such other Person and to the same extent and under the same terms and conditions as if the Servicer alone were performing such obligations. The fees and expenses of OPG or any other such Person shall be as agreed between the Servicer and OPG or such other Person from time to time, and the Issuer shall not have any responsibility therefor or right or claim thereto. Any such appointment shall not constitute a resignation of the Servicer under Section 3.13.

3.11 Term

The Servicer's appointment as Servicer under this Agreement shall become effective as of the execution hereof and shall continue in full force and effect until the earlier of (a) the effective date of resignation of the Servicer in accordance with the provisions of this

Agreement, (b) termination of all of the rights and obligations of the Servicer under Article 7, and (c) the date on which all Issuer Funding Obligations have been paid in full and all CEA Consumer Invoice Amounts have been received or written off (in each case, a "**Termination Event**"). The appointment of the Servicer as servicer under this Agreement shall be terminated effective as of the date of the Termination Event.

3.12 Mergers

Any Person (a) into which the Servicer may be merged, converted or amalgamated and that is a Permitted Successor, (b) that may result from any merger, conversion or amalgamation to which the Servicer shall be a party and that is a Permitted Successor, (c) that may succeed to the properties and assets of the Servicer substantially as a whole and that is a Permitted Successor, or (d) that otherwise is a Permitted Successor, which Person in any of the foregoing cases executes an agreement of assumption to perform all of the obligations of the Servicer hereunder, shall be the successor to the Servicer under this Agreement without further act on the part of any of the parties to this Agreement; provided, however, that (i) immediately after giving effect to such transaction, no representation or warranty made pursuant to Section 4.1 shall have been breached and no Servicer Default and no event that, after notice or lapse of time, or both, would become a Servicer Default shall have occurred and be continuing, (ii) the Servicer shall have delivered to the Issuer an Officer's Certificate and an Opinion of Counsel from external counsel stating that such consolidation, conversion, merger or succession and such agreement of assumption complies with this Section 3.12 and that all conditions precedent, if any, provided for in this Agreement relating to such transaction have been complied with, and (iii) the Servicer shall have given to the Issuer and each Rating Agency prior written notice of such transaction. When any Person that is a Permitted Successor acquires the properties and assets of the Servicer substantially as a whole or otherwise becomes the successor, by merger, conversion, consolidation, sale, transfer, lease or otherwise, to all or substantially all the assets of the Servicer in accordance with the terms of this Section 3.12, then, upon satisfaction of all of the other conditions of this Section 3.12, the preceding Servicer shall automatically and without further notice be released from all of its obligations hereunder (except for responsibilities for its actions prior to such release).

3.13 The IESO Not to Resign as Servicer

Subject to the provisions of Section 3.12, the IESO shall not resign from the obligations and duties imposed on it as Servicer under this Agreement except upon a determination that the performance of its duties under this Agreement shall no longer be permissible under applicable Requirements of Law. Notice of any such determination permitting the resignation of the IESO as Servicer shall be communicated to the Issuer and each Rating Agency at the earliest practicable time (and, if such communication is not in writing, shall be confirmed in writing at the earliest practicable time), and any such determination shall be evidenced by an Opinion of Counsel to such effect delivered to the Issuer and each Rating Agency concurrently with or promptly after such notice. No such resignation shall become effective until a Successor Servicer that is a Permitted Successor has assumed the servicing obligations and duties hereunder of the Servicer in accordance with Section 7.2.

3.14 IESO Regulatory Obligation to Pay Carrying Costs

(a) The IESO acknowledges that it has an obligation pursuant to the Regulations to pay monthly Carrying Costs to the Issuer for the prescribed period set out in the Regulations (the "**Prescribed Period**") and agrees to comply with its obligations under the Regulations to pay and remit the Carrying Costs to the Issuer.

(b) On or before the 4th Business Day of each calendar month during the Prescribed Period, the Issuer shall prepare and deliver to the IESO a written statement substantially in the form of Exhibit B (a "**Monthly Carrying Costs Statement**") certifying the amount of the Carrying Costs expected to be incurred in the following calendar month ("**Monthly Carrying Costs**"). If requested by the IESO, the Issuer shall, in lieu of providing the Monthly Carrying Costs Statement, enter the amount of such expected Monthly Carrying Costs in the IESO operated portal, or such other similar facility operated by the IESO, and such entry shall be deemed to be a certification of the accuracy of the amount entered.

(c) On or before the 14th Business Day following receipt by the IESO of the Monthly Carrying Costs Statement, the IESO shall, as required under the Regulations, deliver or cause to be delivered to the Issuer, by wire transfer or electronic funds transfer in immediately available funds, an amount in Canadian dollars equal to the expected Monthly Carrying Costs certified by the Issuer in the applicable Monthly Carrying Costs Statement.

(d) To the extent that the expected Monthly Carrying Costs certified in a Monthly Carrying Costs Statement are less than or greater than the actual Monthly Carrying Costs incurred in respect of a calendar month, an adjustment shall be made to the expected Monthly Carrying Costs for the calendar month for which the first Monthly Carrying Costs Statement is issued after the amount of the discrepancy is determined or any such overpayment shall be returned to the IESO.

3.15 IESO Security for CEA Remittances

The IESO shall provide to the Issuer, on or prior to the first day of the first Billing Period when amounts are invoiced to Specified Consumers in respect of Clean Energy Adjustments, security for any failure of Non-Investment Grade Rated Electricity Vendors to remit their Electricity Vendor CEA Collections in the form of (x) a letter of credit from a provider that satisfies the Rating Agency Condition and with a term extending to the first day of the immediately following calendar year, or (y) a performance guarantee or such other form of security as may be acceptable to the Issuer and that satisfies the Rating Agency Condition.

The amount of security required by the IESO pursuant to this Section 3.15 will be calculated on an annual basis and will be equal to the amount determined in accordance with the following formula, or such other lower amount as may be proposed by the Servicer, is acceptable to the Issuer and satisfies the Rating Agency Condition:

((A / B) x C x D / 365 x E)

where A, B, C, D and E are as follows:

A = for the most recent completed 12 month period for which information is available, as provided by the Servicer, the aggregate amount of energy consumed by Specified Consumers of all Non-Investment Grade Rated Electricity Vendors.

B = for the same 12 month period used for A, as provided by the Servicer, the aggregate amount of energy consumed by all Specified Consumers.

C = for the most current 12 month forecast period available, as provided by OPG, in its capacity as the Financial Services Manager under the Act, the Clean Energy Adjustment amounts estimated to be payable by all Specified Consumers.

D = 45, which represents an estimated number of days that total Clean Energy Adjustment amounts are expected to be held by Electricity Vendors, or such other number as mutually agreed to in writing by the Issuer and the Servicer and that satisfies the Rating Agency Condition;

E = 0.50, or another value as mutually agreed to in writing by the Issuer and the Servicer and that satisfies the Rating Agency Condition.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES OF THE IESO

4.1 Representations and Warranties

Subject to Section 3.8, the IESO makes the following representations and warranties as of the date hereof and as of each applicable Closing Date, and the IESO acknowledges that the Issuer will rely thereon in paying the Purchase Price related to Transfers of Specified Portions of the Regulatory Asset, and the Issuer has relied thereon in entering into this Agreement relating to the servicing of the corresponding Investment Interests.

(a) Organization and Good Standing. The IESO is a statutory corporation amalgamated under the laws of the Province of Ontario, with requisite corporate power and authority to own its properties, to conduct its business as such properties are currently owned and such business is presently conducted by it.

(b) Due Qualification. The IESO has obtained all necessary licences and approvals, in all jurisdictions in which the ownership or lease of property or the conduct of its business (including acting as Servicer under this Agreement) shall require such licences or approvals, except where the failure to so qualify or obtain such licences and approvals would not be reasonably likely to have a material adverse effect on the IESO's business, operations, assets, revenues or properties, the Regulatory Asset or the servicing of related Investment Interests.

(c) Power and Authority. The IESO has the requisite corporate power and authority to execute and deliver this Agreement and to carry out its terms. The IESO has full corporate power and authority to hold the Regulatory Asset and to Transfer Specified Portions of the Regulatory Asset to the Issuer and the IESO has duly authorized such Transfer to the Issuer by all necessary corporate action. The

execution, delivery and performance of all obligations under this Agreement have been duly authorized by all necessary corporate action on the part of the IESO under all applicable laws.

(d) Binding Obligation. This Agreement constitutes a legal, valid and binding obligation of the IESO, enforceable against the IESO in accordance with its terms, subject to bankruptcy, receivership, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally from time to time in effect and to general principles of equity (including concepts of materiality, reasonableness, good faith and fair dealing).

(e) No Violation. The consummation of the transactions contemplated by this Agreement and the fulfillment of the terms hereof by the IESO do not conflict with, result in any breach of any of the terms and provisions of, or constitute (with or without notice or lapse of time, or both) a default under, the IESO's by-laws, or any indenture, or other material agreement or instrument to which the IESO is a party or by which it is bound, result in the creation or imposition of any Lien upon any of the IESO's properties pursuant to the terms of any such indenture, agreement or other instrument or violate any existing law or any order, rule or regulation applicable to the IESO issued by any Governmental Authority having jurisdiction over the IESO or its properties, except, in each case, where such breach would not reasonably be expected to materially and adversely affect the performance by the IESO of its obligations under this Agreement or the Act or the validity or enforceability of this Agreement.

(f) No Proceedings. To the IESO's knowledge, except as disclosed in writing to the Issuer, there are no Proceedings pending or threatened against the IESO or its properties: (a) asserting the invalidity of this Agreement or the Act, (b) seeking to prevent the consummation of any of the transactions contemplated by this Agreement or the Act, or (c) seeking a determination or ruling that could reasonably be expected to materially and adversely affect the performance by the IESO of its obligations under this Agreement or the Act or the validity or enforceability of this Agreement.

(g) Approvals. No approvals, authorizations, consents, orders or other actions or filings with any Governmental Authority are required for the IESO to execute, deliver and perform its obligations under this Agreement except those which have previously been obtained or made.

(h) Information. Except in respect of information provided by a third party, all written information, as amended or supplemented from time to time, provided by the Transferor to the Issuer with respect to the Issuer in a Transfer Notice and a Monthly Servicer Report is true and correct in all material respects and does not omit any material fact.

(i) The Transfer. After the completion of the Transfer on the applicable Closing Date, the IESO will have no right, title or interest in the Investment Interest

related to the Specified Portion of the Regulatory Asset as set forth in the applicable Transfer Notice, and the related Investment Interest shall not form part of the estate of the IESO in the event of an Insolvency Event in respect of the IESO.

(j) No Transfer. Except for Permitted Transfers, the IESO has not sold, transferred, assigned or otherwise conveyed any interest in the Regulatory Asset to any Person.

(k) Liens. IESO has not pledged or otherwise granted a Lien to any Person in the Regulatory Asset and to the IESO's knowledge (after due inquiry), there is no registered financing statement listing the IESO as debtor covering or extending to the Regulatory Asset.

(l) Tax Liens. The IESO (i) is not aware, after due inquiry, of any judgment or tax lien filing against the IESO, and (ii) is not a non-resident of Canada for purposes of the *Income Tax Act* (Canada).

(m) Solvency. On the date hereof and after giving effect to each Transfer, the IESO:

(i) reasonably believes that it will be able to pay its debts as they come due; and

(ii) is able to pay its debts as they mature and does not intend to incur, or believes that it will not incur, indebtedness that it will not be able to repay at its maturity.

(n) No Court Order. There is no order by any court that seeks to enjoin the performance of any obligations of the IESO under the Act or this Agreement.

4.2 Survival

The representations and warranties set forth in Section 4.1 shall survive the execution and delivery of this Agreement, each Transfer of a Specified Portion of a Regulatory Asset to the Issuer and the pledge of the corresponding Investment Asset to the Indenture Trustee pursuant to the Indenture and may not be waived by any party hereto except pursuant to a written agreement executed in accordance with Section 8.2 and as to which the Rating Agency Condition has been satisfied.

ARTICLE 5
COVENANTS OF THE IESO

5.1 Existence

So long as any Issuer Funding Obligations are outstanding, the IESO (a) shall not take any action to impair its corporate existence, and (b) will obtain and preserve its qualification to do business in the Province of Ontario.

5.2 No Transfer or Liens

Except for Transfers under this Agreement to the Issuer or Permitted Transfers, the IESO will not Transfer the Regulatory Asset or any portion thereof to any person. The IESO will not grant, create, incur, assume or suffer to exist any Lien on the Regulatory Asset or any portion thereof. The IESO will not at any time assert any Lien against or with respect to the Issuer Investment Interest, except for any Lien granted by the Issuer to the IESO.

5.3 Notice of Liens

The IESO shall notify the Issuer promptly after becoming aware of any Lien on any portion of the Regulatory Asset.

5.4 Compliance with Law

The IESO will comply with all Requirements of Law applicable to, and binding upon, the IESO or relating to the Regulatory Asset, except to the extent that failure to so comply would not materially adversely affect the Transfer of Specified Portions of the Regulatory Asset or the IESO's performance of its obligations under this Agreement; provided, however, that the foregoing is not intended to, and shall not, impose any liability on the IESO for non-compliance with any Requirement of Law that the IESO is contesting in good faith in accordance with its customary standards and procedures.

5.5 Covenants Related to the Investment Interest

(a) So long as any Issuer Funding Obligations are outstanding, the IESO shall treat the Issuer Investment Interest as the Issuer's property for all purposes.

(b) Except for investments held for employee benefit purposes, the IESO shall not at any time become a holder of Issuer Funding Obligations.

(c) The IESO shall disclose the effects of all transactions between the IESO and the Issuer in accordance with generally accepted accounting principles (for government entities).

(d) (i) In all Proceedings relating directly or indirectly to the Issuer Investment Interest, the IESO shall affirmatively certify and confirm that it has Transferred all of its rights and interests in and to the Specified Portions of the Regulatory Asset giving rise to the Issuer Investment Interest, (ii) the IESO shall not make any statement or reference in respect of the Issuer Investment Interest that is inconsistent with the ownership interest of the Issuer, and (iii) the IESO shall not take any action in respect of the Issuer Investment Interest except solely in its capacity as the Servicer thereof pursuant to this Agreement.

5.6 Non-petition Covenants

Notwithstanding any prior termination of this Agreement or the Indenture, the IESO shall not, prior to the date that is one year plus one day after termination of the Indenture

and the payment in full of all Issuer Funding Obligations and any other amounts owed under the Indenture, petition or otherwise invoke the process of any Governmental Authority for the purpose of commencing or sustaining a Proceeding against the Issuer under any Canadian bankruptcy, insolvency or similar law, appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official or any substantial part of the property of the Issuer.

5.7 Disclosure

The IESO shall provide such non-confidential information regarding IESO, the Regulatory Asset and the services provided by the Servicer hereunder (collectively, the "**IESO Disclosure**") as may be reasonably requested by the Issuer for inclusion in any offering document of the Issuer from time to time, including but not limited to offering memoranda, prospectuses, registration statements and continuous disclosure documents (the "**Offering Documents**"). Provided that the IESO has been given a reasonable opportunity by the Issuer to review any such Offering Documents and has provided its consent to the use of such IESO Disclosure, the IESO will represent that, except in respect of information provided by a third party, all IESO Disclosure, as at the respective dates of delivery to the Issuer, is true and correct in all material respects and contains no misrepresentation.

5.8 Further Assurances

Upon the request of the Issuer, the IESO shall execute and deliver such further instruments and do such further acts as may reasonably be necessary to carry out the provisions and purposes of this Agreement.

5.9 Access to Certain Records and Information

The IESO shall provide to the Issuer access to all records relating to the IESO Deferral, the Fair Hydro Variance Account, the IESO Segregated Account and Servicer CEA Receipts, as is reasonably required for the Issuer to confirm compliance by the IESO with its obligations under this Agreement. Access shall be afforded without charge, but only upon reasonable request and during normal business hours at the offices of the IESO. Nothing in this Section 5.9 shall affect the obligation of the IESO to comply with any Requirement of Law prohibiting disclosure of information, and the failure of the IESO to provide access to such information as a result of such obligation shall not constitute a breach of this Section 5.9.

5.10 Maintenance of Operations

Subject to Section 3.12, the IESO agrees to continue, unless prevented by circumstances beyond its control, to operate as the electricity system operator in the Province of Ontario so long as it is acting as the Servicer under this Agreement.

ARTICLE 6
IESO INDEMNITIES

6.1 Liability of the IESO; Indemnities

(a) The IESO shall indemnify the Issuer and each of its trustees, officers, directors and employees (each, an "**Indemnified Party**"), for, and defend and hold harmless each such Person from and against, any and all liabilities, obligations, losses, damages, payments and claims, and reasonable costs or expenses, of any kind whatsoever (collectively, "**Indemnified Losses**") imposed on, incurred by or asserted against such Person, as a result of (i) the failure of the IESO to perform its covenants and other obligations under this Agreement or any other Program Agreement to which the IESO is a party; or (ii) the breach by the IESO of any of its representations or warranties under this Agreement or any other Program Agreement to which the IESO is a party and, except to the extent of Indemnified Losses resulting from the willful misconduct, bad faith or gross negligence of such Person, seeking indemnification hereunder; provided that, in each case, the IESO shall not be required to indemnify an Indemnified Party for any amount paid or payable by such Indemnified Party in the settlement of any Proceeding or investigation without the written consent of the IESO, which consent shall not be unreasonably withheld or delayed. Promptly after receipt by an Indemnified Party of notice of the commencement of any Proceeding or investigation, such Indemnified Party shall, if a claim in respect thereof is to be made against the IESO under this Section 6.1(a), notify the IESO in writing of the commencement thereof. Failure by an Indemnified Party to so notify the IESO shall relieve the IESO from the obligation to indemnify and hold harmless such Indemnified Party under this Section 6.1(a) only to the extent that the IESO suffers actual prejudice as a result of such failure. With respect to any Proceeding or investigation brought by a third party for which indemnification may be sought under this Section 6.1(a), the IESO shall be entitled to conduct and control, at its expense and with counsel of its choosing that is reasonably satisfactory to such Indemnified Party, the defence of any such Proceeding or investigation (in which case the IESO shall not thereafter be responsible for the fees and expenses of any separate counsel retained by the Indemnified Party except as set forth below); provided, that the Indemnified Party shall have the right to participate in such Proceeding or investigation through counsel chosen by it and at its own expense. Notwithstanding the IESO's election to assume the defence of any Proceeding or investigation, the Indemnified Party shall have the right to employ separate counsel, and the IESO shall bear the reasonable fees, costs and expenses of such separate counsel, if (i) the defendants in any such action include both the Indemnified Party and the IESO and the Indemnified Party shall have reasonably concluded that there may be legal defences available to it that are different from or additional to those available to the IESO, (ii) the IESO shall not have employed counsel reasonably satisfactory to the Indemnified Party to represent the Indemnified Party within a reasonable time after notice of the institution of such action, (iii) the Indemnified Party shall have been advised by counsel to the Indemnified Party that there may be a conflict of interest between the IESO and the Indemnified Party, or (iv) the IESO authorizes the Indemnified Party to employ separate counsel at the expense of the IESO. Notwithstanding the foregoing, the IESO shall not be obligated to pay for the fees, costs and expenses

of more than one separate counsel for the Indemnified Parties other than one local counsel, if appropriate. The IESO will not, without the prior written consent of the Indemnified Party, settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim or Proceeding in respect of which indemnification may be sought under this Section 6.1(a) (whether or not the Indemnified Party is an actual or potential party to such claim or action) unless such settlement, compromise or consent includes an unconditional release of the Indemnified Party from all liability arising out of such claim or Proceeding.

(b) For purposes of Section 6.1(a), in the event of the termination of the rights and obligations of the IESO (or any successor thereto pursuant to Section 3.12) as Servicer pursuant to Section 7.1, or a resignation by such Servicer pursuant to Section 3.13 of this Agreement, the IESO shall be deemed to be the Servicer pending appointment of a Successor Servicer pursuant to Section 7.2.

(c) Indemnification under Section 6.1(a) shall survive any repeal of, modification of, or supplement to, or judicial invalidation of, the Act and shall survive the termination of this Agreement and will rank *pari passu* with other general, unsecured obligations of the IESO.

(d) Notwithstanding anything contained in this Agreement, it is expressly understood that the IESO is not agreeing to indemnify or hold the Issuer or any Indemnified Party harmless with respect to any of the following:

(i) any losses resulting from any breach or failure to perform by the IESO caused by a breach or failure to perform on the part of any other third party under any Program Agreement, the Act or the Regulations; provided that this Section 6.1(d)(i) shall not apply to limit the liability of the IESO in respect of any appointments as provided for in Section 3.10;

(ii) any losses resulting from changes in law after the date hereof, whether such changes in law are effected by means of any legislative enactment or any final and non-appealable judicial decision; or

(iii) any liability of the Issuer or any Indemnified Party incurred after the termination of this Agreement unless attributable to the actions or omissions of the IESO prior to such termination.

(e) The parties hereto agree that the IESO is not providing any representations, warranties or covenants in this Agreement, and shall have no liability to the Issuer or any Indemnified Party, with respect to the Clean Energy Adjustment amounts being sufficient to satisfy the Issuer Funding Obligations.

ARTICLE 7
SERVICER DEFAULT

7.1 Servicer Default

If any one or more of the following events (each, a "**Servicer Default**") shall occur and be continuing:

(a) any failure by the Servicer to remit to the Collection Account any required remittance that shall continue unremedied for a period of three Business Days after written notice of such failure is received by the Servicer from the Issuer or after discovery of such failure by a Responsible Officer of the Servicer;

(b) any failure on the part of the Servicer or, so long as the Servicer is the IESO, any failure on the part of the IESO, as the case may be, duly to observe or to perform in any respect any covenants or agreements of the Servicer or the IESO, as the case may be, set forth in this Agreement or in any other Program Agreement to which it is a party (other than as provided in Section 7.1(a)), which failure shall (i) materially and adversely affect the rights of the Specified Creditors and (ii) continue unremedied for a period of 30 days after the date on which (A) written notice of such failure, requiring the same to be remedied, shall have been given to the Servicer or the IESO, as the case may be, by the Issuer or (B) such failure is discovered by a Responsible Officer of the Servicer;

(c) any representation or warranty made by the Servicer in this Agreement, any other Program Agreement to which it is a party, any Transfer Notice or any Monthly Servicer Report shall prove to have been incorrect when made, which has a material adverse effect on the Issuer and which remains unremedied for a period of 30 days after the date on which (i) written notice thereof, requiring the same to be remedied, shall have been delivered to the Servicer by the Issuer or (ii) such failure is discovered by a Responsible Officer of the Servicer;

(d) an Insolvency Event occurs with respect to the Servicer or the IESO; or

(e) any additional "Servicer Default" as specified in any Co-Owner Agreement occurs;

then, and in each and every case, the Issuer may, subject to the terms of any Co-Owner Agreement, by notice then given in writing to the Servicer (a "**Termination Notice**"), terminate all the rights and obligations (other than the obligations set forth in Section 6.1 and the obligation under Section 7.2 to continue performing its functions as Servicer until a Successor Servicer is appointed) of the Servicer under this Agreement and under the Co-Owner Agreement. In addition, upon a Servicer Default described in Section 7.1(a), Issuer shall be entitled to apply to a court of appropriate jurisdiction for an order for sequestration and payment of revenues arising with respect to the Issuer. On or after the receipt by the Servicer of a Termination Notice, all authority and power of the Servicer under this Agreement, whether with respect to the Investment Interest, the Clean Energy Adjustments or otherwise, shall, without further action, pass to and be vested in such Successor Servicer as may be appointed under Section 7.2; and,

without limitation, the Issuer is hereby authorized and empowered to execute and deliver, on behalf of the predecessor Servicer, as attorney-in-fact or otherwise, any and all documents and other instruments, and to do or accomplish all other acts or things necessary or appropriate to effect the purposes of such Termination Notice, whether to complete the transfer of all documents and records related to the Regulatory Asset, the Fair Hydro Variance Account and related documents or records, or otherwise (the "**Records**"). The predecessor Servicer shall cooperate with the Successor Servicer and the Issuer in effecting the termination of the responsibilities and rights of the predecessor Servicer under this Agreement, including the transfer to the Successor Servicer for administration by it of all Records and all cash amounts that shall at the time be held by the predecessor Servicer for remittance, or shall thereafter be received by it with respect to the Investment Interest or the Clean Energy Adjustment. As soon as practicable after receipt by the Servicer of such Termination Notice, the Servicer shall deliver the Records to the Successor Servicer. If a Successor Servicer has been appointed as a result of a Servicer Default, all reasonable costs and expenses (including reasonable legal fees and expenses) incurred in connection with transferring the Records to the Successor Servicer and amending this Agreement and any Co-Owner Agreement to reflect such succession as Servicer pursuant to this Section 7.1 shall be paid by the predecessor Servicer upon presentation of reasonable documentation of such costs and expenses. Termination of the IESO as Servicer shall not terminate the IESO's rights or obligations under this Agreement (except rights thereunder deriving from its rights as the Servicer hereunder).

7.2 Appointment of Successor Servicer

(a) Upon the Servicer's receipt of a Termination Notice pursuant to Section 7.1 or the Servicer's resignation or removal in accordance with the terms of this Agreement, the predecessor Servicer shall continue to perform its functions as Servicer under this Agreement, until a successor (a "**Successor Servicer**") shall have assumed in writing the obligations of the Servicer hereunder as described below. In the event of the Servicer's removal or resignation hereunder, the Issuer may, but subject to the provisions of the applicable Co-Owner Agreement, appoint a Successor Servicer and the Successor Servicer shall accept its appointment by a written assumption in form reasonably acceptable to the Issuer. If, within 30 days after the delivery of the Termination Notice, a Successor Servicer shall not have been appointed, the Issuer may petition a court of competent jurisdiction to appoint a Successor Servicer under this Agreement. A Person shall qualify as a Successor Servicer only if (i) such Person is permitted under the Act to perform the duties of the Servicer, (ii) the Rating Agency Condition shall have been satisfied with respect to such appointment, (iii) such Person enters into a master transfer and servicing agreement with the Issuer having substantially the same provisions as this Agreement and (iv) such Person agrees to perform the obligations of the Servicer under any Co-Owner Agreement. In no event shall the Issuer be liable for its appointment of a Successor Servicer.

(b) Upon appointment, the Successor Servicer shall be the successor in all respects to the predecessor Servicer and shall be subject to all the responsibilities, duties and liabilities arising thereafter placed on the predecessor Servicer and shall be

entitled to all the rights granted to the predecessor Servicer by the terms and provisions of this Agreement.

7.3 Waiver of Past Defaults

The Issuer may waive in writing any default by the Servicer in the performance of its obligations hereunder and its consequences, subject to satisfaction of the Rating Agency Condition in respect of any waiver of a material default by the Servicer, and with prompt written notice of any waiver to be provided to the Rating Agencies. Upon any such waiver of a past default, such default shall cease to exist, and any Servicer Default arising therefrom shall be deemed to have been remedied for every purpose of this Agreement. No such waiver shall extend to any subsequent or other default or impair any right consequent thereto.

7.4 Notice of Servicer Default

The Servicer shall deliver to the Issuer and each Rating Agency, promptly after having obtained knowledge thereof, but in no event later than five Business Days thereafter, written notice of any event that, with the giving of notice or lapse of time, or both, would become a Servicer Default under Section 7.1.

7.5 Cooperation with Successor Servicer

The Servicer covenants and agrees with the Issuer that it will, on an ongoing basis, cooperate with the Successor Servicer and provide whatever information is, and take whatever actions are, reasonably necessary to assist the Successor Servicer in performing its obligations hereunder.

ARTICLE 8
MISCELLANEOUS

8.1 Acknowledgement of Indenture

The IESO (i) acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor under the Indenture and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Indenture including, without limitation, Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 7.12 (Payments Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Section 8.14 (Limited Recourse), Article IX (Indenture Trustee) (including all limitations of liability thereunder), Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition) of the Indenture; (ii) irrevocably authorizes and directs the Indenture Trustee on its behalf to take such action (including the execution and delivery of documents of subordination) as may be necessary or appropriate to further assure the priority arrangements provided for in Article VI, Article VII and Section 8.13 of the Indenture, and appoints the Indenture Trustee as its agent for any and all such purposes; and (iii) consents, requests and authorizes the Issuer and the Indenture Trustee to (X) add the IESO (or its agent) to the register of Specified Creditors described in Section 13.13 of the Indenture and (Y) disseminate the notice details of the IESO to other Specified Creditors for the purposes set out in subsection 9.14(b) of the Indenture.

8.2 Amendment

This Agreement may be amended in writing by the IESO and the Issuer, and with satisfaction of the Rating Agency Condition, such satisfaction to be confirmed by the Issuer at the time of such amendment. Promptly after the execution of any such amendment, the Issuer shall furnish copies of such amendment to each of the Rating Agencies.

8.3 Withholding Rights

The parties shall be entitled to deduct and withhold from amounts payable under this Agreement such amounts as each is required to deduct and withhold with respect to such payment under the *Income Tax Act* (Canada) or any provision of any applicable federal, provincial, territorial, state, local or foreign tax law. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes as having been paid to the recipient of the payment in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted in accordance with applicable law to the appropriate taxing authority.

8.4 No Partnership

Each party expressly disclaims any intention to create a partnership, and none of the Issuer or the IESO will be deemed to be carrying on business in partnership by reason of its execution and delivery of this Agreement or the exercise or performance by it of its respective rights and obligations hereunder.

8.5 Notices

Any notice, report or other communication given hereunder shall be in writing and shall be effective (a) upon receipt when sent through the mails, registered or certified mail, return receipt requested, postage prepaid, with such receipt to be effective the date of delivery indicated on the return receipt, (b) upon receipt when sent by an overnight courier, (c) on the date personally delivered to an authorized officer of the party to which sent, or (d) on the date transmitted by electronic transmission with a confirmation of receipt in all cases, addressed as follows:

(a) in the case of the IESO, in its capacity as Transferor or Servicer:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, Ontario M5H 1T1

Attention: Chief Financial Officer, General Counsel and Associate General Counsel
Email: Kim.Marshall@ieso.ca
General.Counsel@ieso.ca
Michael.Boll@ieso.ca

(b) in the case of the Issuer or the Manager (on behalf of the Issuer):

Fair Hydro Trust
c/o Ontario Power Generation Inc., as Manager
700 University Avenue
Toronto, Ontario
M5G 1X6

Attention: FHT@opg.com
Email: Vice President, Fair Hydro Plan

Each party hereto may, by notice given in accordance herewith to the other party or parties hereto, designate any further or different address to which subsequent notices, reports and other communications shall be sent. Any notice, report or communication required to be given by the IESO hereunder to a Rating Agency shall be given to the address provided by the Issuer from time to time.

8.6 Assignment

Notwithstanding anything to the contrary contained herein, except as provided in the provisions of this Agreement concerning the resignation of the Servicer, this Agreement may not be assigned by the IESO.

8.7 Limitations on Rights of Third Parties

The provisions of this Agreement are solely for the benefit of the IESO and the Issuer, and such Persons shall have the right to enforce the relevant provisions of this Agreement. Nothing in this Agreement, whether express or implied, shall be construed to give to any other Person any legal or equitable right, remedy or claim in the Issuer Investment Interest or under or in respect of this Agreement or any covenants, conditions or provisions contained herein.

8.8 Severability

Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remainder of such provision (if any) or the remaining provisions hereof (unless such construction shall be unreasonable), and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

8.9 Separate Counterparts; Electronic Delivery

This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of this Agreement by such party.

8.10 Governing Law

This Agreement shall be construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein, and each party to this Agreement attorns to the non-exclusive jurisdiction of the courts of the Province of Ontario.

8.11 Grant of Security Interest to Indenture Trustee

The IESO hereby acknowledges and consents to the grant of a Lien by the Issuer to the Indenture Trustee pursuant to the Indenture for the benefit of the Specified Creditors against all right, title and interest of the Issuer in, to and under this Agreement, the Investment Interest and the proceeds thereof and the assignment of any or all of the Issuer's rights hereunder to the Indenture Trustee for the benefit of the Specified Creditors. The IESO further acknowledges and agrees that, pursuant to the terms of the Indenture, if the Issuer fails to exercise any of its rights under this Agreement, including any right to be indemnified by the IESO for Indemnified Losses pursuant to Article 6 of this Agreement, the Indenture Trustee shall be entitled, subject to the terms of the Indenture, to enforce such rights against the IESO directly on the Issuer's behalf.

8.12 Limitation of Liability of the Issuer Trustee

(a) It is expressly understood and agreed by the parties hereto that the Issuer Trustee is acting solely in its capacity as trustee of the Issuer, and not in any other capacity. The Issuer solely shall be responsible for the performance of the Issuer's obligations hereunder and the assets of the Issuer solely shall be subject to levy or execution in satisfaction of such obligations.

(b) The Issuer Trustee will not be subject to any liability whatsoever, in tort, in contract or otherwise, in connection with the Issuer's property or the Issuer's activities, to the Issuer's beneficiaries or to any other Person, for any action taken or permitted by the Issuer Trustee to be taken, or the Issuer Trustee's failure to compel in any way any former or acting Issuer Trustee to redress any breach of trust with respect to the execution of the duties of its office or in respect of the Issuer's property or the Issuer's activities, provided that the foregoing limitation will not apply in respect of action or failure to act arising from or in connection with dishonesty, bad faith, willful misconduct, gross negligence or reckless disregard of a duty by the Issuer Trustee. The Issuer Trustee, in doing anything or permitting anything to be done in respect of the execution of the duties of its office or in respect of the Issuer's property or the Issuer's activities, is, and will be conclusively deemed to be, acting as trustee of the Issuer and not in any other capacity. Except as to the extent provided in this Section 8.12, the Issuer Trustee will not be subject to any liability for any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Issuer, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the execution of the duties of its office or for or in respect of the Issuer's property or the Issuer's activities and resort will be had solely to the Issuer's property for the payment or performance thereof. No

property or assets of the Issuer Trustee owned in its personal capacity will be subject to levy, execution or other enforcement procedure with regard to any obligation under this Agreement.

(c) The holders of the units of the Issuer will not be subject to any liability whatsoever, in tort, in contract or otherwise, in connection with the Issuer's property or the Issuer's activities, to the Issuer's beneficiaries or to any other Person, for any action taken or permitted by it to be taken. The holders of the units of the Issuer will not be subject to any liability for any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Issuer, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the execution of the duties of its office or for or in respect of the Issuer's property or the Issuer's activities and resort will be had solely to the Issuer's property for the payment or performance thereof. No property or assets of the holders of the units of the Issuer owned in their personal capacity will be subject to levy, execution or other enforcement procedure with regard to any obligation under this Agreement.

8.13 Waivers

Any term or provision of this Agreement may be waived, or the time for its performance may be extended, by the party or parties entitled to the benefit thereof, subject to the satisfaction of the Rating Agency Condition in respect of any material waiver. Any such waiver shall be validly and sufficiently authorized for the purposes of this Agreement if, as to any party, it is authorized in writing by an authorized representative of such party, with prompt written notice of any such waiver to be provided to the Rating Agencies. The failure of any party hereto to enforce at any time any provision of this Agreement shall not be construed to be a waiver of such provision, nor in any way to affect the validity of this Agreement or any part hereof or the right of any party thereafter to enforce each and every such provision. No waiver of any breach of this Agreement shall be held to constitute a waiver of any other or subsequent breach.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective officers as of the day and year first above written.

FAIR HYDRO TRUST, by its Manager,
ONTARIO POWER GENERATION INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Transferor and Servicer

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT A

FORM OF TRANSFER NOTICE

See attached

TRANSFER NOTICE

TO: Fair Hydro Trust
c/o Ontario Power Generation Inc., as Manager
700 University Avenue
Toronto, Ontario
M5G 1X6

Attention: Vice President, Fair Hydro Plan
Email: FHT@opg.com

This Transfer Notice is delivered to you pursuant to Section 2.1 of a master transfer and servicing agreement made as of December 21, 2017 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "**Master Transfer and Servicing Agreement**") between **FAIR HYDRO TRUST**, a trust formed under the laws of the Province of Ontario (the "**Issuer**"), the **INDEPENDENT ELECTRICITY SYSTEM OPERATOR** ("**Transferor**" in its capacity as transferor, "**Servicer**", in its capacity as servicer, and "**IESO**" in its capacity as both Transferor and Servicer), a statutory corporation without share capital amalgamated under the laws of the Province of Ontario. All capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed to such terms in the Master Transfer and Servicing Agreement.

The Transferor hereby gives notice to the Issuer of its offer to transfer to the Issuer on the Closing Date set out below, the Specified Portion of the Regulatory Asset referred to below, all in accordance with the terms and conditions of the Master Transfer and Servicing Agreement. In consideration for (i) the Transferor's Transfer to the Issuer of the Specified Portion of the Regulatory Asset referred to below, the Issuer shall deliver or cause to be delivered to the Transferor on the Closing Date set out below, by wire transfer or electronic funds transfer in immediately available funds, an amount in Canadian dollars equal to the Purchase Price set out below.

Upon receipt by the Transferor of the Purchase Price on the Closing Date the Transferor shall reduce the balance of the Fair Hydro Variance Account by an amount equal to the Purchase Price, and the Regulatory Asset shall be adjusted accordingly.

Specified portion of Regulatory Asset: $■

Purchase Price: $■

Closing Date: ■

The Transferor hereby represents, warrants and confirms that:

(i) each of the representations and warranties on the part of the Transferor contained in the Master Transfer and Servicing Agreement are true and correct in all respects on the date hereof as if made on the date hereof;

(ii) the Transferor is not in breach of any of its covenants in the Master Transfer and Servicing Agreement; [and

(iii) since the date of the last Transfer Notice there has been no change to the information described in Section 2.2(a)(i)(A) of the Master Transfer and Servicing Agreement;] and

(iv) as of the date hereof, each condition precedent that must be satisfied by the Transferor under Section 2.2 of the Master Transfer and Servicing Agreement is capable of being satisfied prior to Closing Date.

[Note: If the representation and warranty in clause (iii) cannot be made, it should be deleted and a new certificate provided under Section 2.2(a)(i)(A).]

The closing shall take place at ■ (Toronto time) on the Closing Date referred to above at the offices of ■, except as may be otherwise mutually agreed. The Purchase Price shall be paid on that date by wire transfer or electronic funds transfer to **[insert IESO bank account details]**.

DATED this ■ day of ■, 20■.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Transferor

By: _____
Name:
Title:

By: _____
Name:
Title:

The undersigned hereby accepts the foregoing offer.

DATED this ■ day of ■, 20■.

FAIR HYDRO TRUST, by its Manager,
ONTARIO POWER GENERATION INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT B

FORM OF MONTHLY CARRYING COSTS STATEMENT

See Attached

MONTHLY CARRYING COSTS STATEMENT

TO: Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, Ontario M5H 1T1

Attention: Chief Financial Officer, General Counsel and Associate General Counsel
Email: Kim.Marshall@ieso.ca; General.Counsel@ieso.ca; Michael.Boll@ieso.ca

Reference is made to the master transfer and servicing agreement made as of December 21, 2017 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "**Master Transfer and Servicing Agreement**") between **FAIR HYDRO TRUST**, a trust formed under the laws of the Province of Ontario (the "**Issuer**") and the **INDEPENDENT ELECTRICITY SYSTEM OPERATOR** ("**Transferor**" in its capacity as transferor, "**Servicer**", in its capacity as servicer, and "**IESO**" in its capacity as both Transferor and Servicer), a statutory corporation without share capital amalgamated under the laws of the Province of Ontario. Capitalized terms used but not defined in this Monthly Carrying Costs Statement have their respective meanings as set forth in the Master Transfer and Servicing Agreement.

Pursuant to Section 3.14 of the Master Transfer and Servicing Agreement, the undersigned hereby certifies that the Monthly Carrying Costs (including any adjustments pursuant to Section 3.14(d)) in respect of the calendar month of ■, ■ are expected to be as follows:

[Provide breakdown, including any adjustments pursuant to Section 3.14(d)]

In accordance with Section 3.14(c) of the Master Transfer and Servicing Agreement, the undersigned hereby directs you to deliver to the Issuer, by wire transfer or electronic funds transfer to the account set forth below, an amount in Canadian dollars equal to the Monthly Carrying Costs set forth above on or before ■, 20■, and this shall be your good and valid authority for so doing.

[Wire transfer instructions to be provided by Issuer.]

DATED this ■ day of ■, 20■.

FAIR HYDRO TRUST, by its Manager,
ONTARIO POWER GENERATION INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

SECURITY AGREEMENT

THIS AGREEMENT made as of the 21st day of December, 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital established by the *Electricity Act, 1998*, SO, 1998,

(hereinafter referred to as the "**Grantor**"),

IN FAVOUR OF:

FAIR HYDRO TRUST, a trust formed under the laws of the Province of Ontario,

(hereinafter referred to as the "**Secured Party**"),

WHEREAS under Regulation 206/17 made under the *Ontario Fair Hydro Plan Act, 2017* (the "**Regulation**"), the Grantor is required to pay to the Secured Party the Carrying Costs of the Secured Party during the period beginning on April 1, 2017 and ending on June 30, 2021 (the "**Statutory Obligation**");

AND WHEREAS the Grantor (together with the Secured Party, collectively referred to as the "**Parties**") has agreed to enter into a security agreement in favour of the Secured Party to secure payment of the Statutory Obligation;

NOW THEREFORE THIS AGREEMENT WITNESSES that, for and in consideration of the premises, mutual covenants and conditions herein contained and such other lawful and valuable consideration the receipt of sufficiency of which is hereby acknowledged, the Parties hereby agree as follows:

1. INTERPRETATION

1.1 Defined Terms

In this Agreement, unless there is something in the context or subject matter inconsistent therewith,

(a) "**Account**" shall have the meaning attributed to such term in the PPSA;

(b) "**Business Day**" means any day other than a Saturday or a Sunday on which banks generally are open for business in Toronto, Ontario;

(c) "**Carrying Costs**" shall have the meaning attributed to the term "carrying costs" in the Regulation;

(d) "**Collateral**" shall have the meaning attributed to such term in Section 2.1;

(e) "**Electricity Vendor**" shall mean a licensed distributor and a licensed retailer, each as defined in the *Ontario Fair Hydro Plan Act, 2017*;

(f) "**Indenture**" means the master trust indenture dated as of the date hereof between the Secured Party and BNY Trust Company of Canada, as indenture trustee;

(g) "**Money**" shall have the meaning attributed to such term in the PPSA;

(h) "**Permitted Liens**" means liens approved in writing by the Secured Party;

(i) "**PPSA**" means the *Personal Property Security Act* (Ontario), as amended from time to time, and any regulations thereto;

(j) "**Proceeds**" means "proceeds", as defined in the PPSA, of the Collateral;

(k) **"Receiver"** shall have the meaning attributed to such term in Section 6.2 of this Agreement;

(l) "**Rating Agency Condition**" shall have the meaning attributed to such term in the Indenture;

(m) "**Rating Agency**" shall have the meaning attributed to such term in the Indenture;

(n) "**Regulation**" shall have the meaning attributed to such term in the recitals hereto; and

(o) "**Statutory Obligation**" shall have the meaning attributed to such term in the recitals hereto.

1.2 Other Usages

References to "this Agreement", "hereof", "herein", "hereto" and like references refer to this Security Agreement and not to any particular Article, Section or other subdivision of this Agreement.

1.3 Plural and Singular

Where the context so requires, the words importing the singular number shall include the plural and vice versa.

1.4 Headings

The division of this Agreement into Articles and Sections and the insertion of headings in this Agreement are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

1.5 Applicable Law

This Agreement and all documents delivered pursuant hereto shall be governed by and construed and interpreted in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein and the Parties do hereby attorn to the non-exclusive jurisdiction of the courts of the Province of Ontario.

1.6 Prohibited Provisions

In the event that any provision or any part of any provision hereof is deemed to be invalid by reason of the operation of any law or by reason of the interpretation placed thereon by a court, this Agreement shall be construed as not containing such provision or such part of such provision and the invalidity of such provision or such part shall not affect the validity of any other provision or the remainder of such provision hereof, and all other provisions hereof which are otherwise lawful and valid shall remain in full force and effect.

1.7 Time of the Essence

Time shall in all respects be of the essence of this Agreement.

1.8 Recitals and Schedules

Each and every one of the recitals and schedules which are referred to in this Agreement and attached to this Agreement shall form an integral part of this Agreement.

2. SECURITY INTEREST

2.1 Grant of Security Interest

As general and continuing security for the payment of the Statutory Obligation, the Grantor hereby grants a security interest to the Secured Party in the following (collectively, the "**Collateral**"):

(a) all Accounts, which are now due, owing or accruing or growing due to, or which may hereafter become due, owing or accruing or growing due, to the Grantor by an Electricity Vendor;

(b) all Proceeds and renewals of the foregoing, in whatever form, together with all substitutions therefore.

Whenever used elsewhere in this Agreement, the expression "**security interest**" refers to the security interest created in this Section 2.1.

2.2 Attachment of Security Interest

The Grantor acknowledges and agrees that (i) value has been given, (ii) the Grantor has rights in such of the Collateral as constitutes present property of the Grantor, and (iii) the security interest shall attach to existing Collateral upon execution of this Agreement by the Grantor and to each item of after-acquired Collateral at the time that the Grantor acquires any rights therein.

3. COVENANTS OF THE GRANTOR

3.1 Covenants

The Grantor hereby covenants and agrees with the Secured Party as follows:

(a) To promptly pay all taxes, assessments, rates, levies, payroll deductions, vacation pay, workers' compensation assessments, and any other charges which could result in the creation of a statutory lien or deemed trust in respect of the Collateral.

(b) To defend the Collateral against the claims and demands of all other persons claiming the same or an interest therein and to promptly notify the Secured Party of any such claim or demand.

(c) To do, make, execute and deliver such further and other assignments, transfers, deeds, agreements and other documents as may be required by the Secured Party to establish in favour of the Secured Party the security interest intended to be created hereby.

3.2 Performance of Covenants by the Secured Party

The Secured Party may, in its sole discretion and upon notice to and at the expense of the Grantor, perform any covenant of the Grantor under this Agreement that the Grantor fails to perform and that the Secured Party is capable of performing, provided that the Secured Party will not be obligated to perform any such covenant on behalf of the Grantor and no such performance by the Secured Party will require the Secured Party further to perform the Grantor’s covenants nor operate as a derogation of the rights and remedies of the Secured Party under this Agreement.

4. DEALING WITH COLLATERAL

4.1 Grantor’s Rights

Until the Secured Party is entitled to exercise its rights and remedies under Section 6.2, the Grantor shall be entitled to deal with the Collateral in the ordinary course of business, provided however, that no such action shall be taken which would impair the effectiveness of the security interests created hereby, the provisions of this Agreement or any other written agreement between the Secured Party and the Grantor.

4.2 General Restrictions

The Grantor shall not, without the prior written consent of the Secured Party:

(a) sell, lease or otherwise dispose of the Collateral or any part thereof except in the ordinary course of business; or

(b) enter into or grant, create, assume or suffer to exist any mortgage, charge, hypothec, assignment, pledge, lien or other security interest or encumbrance affecting any of the Collateral except the Permitted Liens.

4.3 Release by the Secured Party

The Secured Party may, at its discretion, at any time release from the security interest created by this Agreement any part or parts of the Collateral or any other security or any surety for the Statutory Obligation either with or without sufficient consideration therefor without thereby releasing any other part of the Collateral or any person from this Agreement.

5. REPRESENTATIONS AND WARRANTIES

5.1 Representations and Warranties

The Grantor hereby represents and warrants to the Secured Party, the matters set out below:

(a) **Incorporation and Qualifications** – The Grantor is a statutory corporation amalgamated under the laws of the Province of Ontario, with requisite power and authority to own its properties, to conduct its business as such properties are currently owned and such business is presently conducted by it, and to execute, deliver and carry out the terms of this Agreement.

(b) **Corporate Authority and Power** – The Grantor has the requisite power and authority to execute and deliver this Agreement and to carry out its terms. The execution, delivery and performance of all obligations under this Agreement have been duly authorized by all necessary action on the part of the Grantor under all applicable laws.

(c) **Non-Conflict** – Neither the execution nor the performance of this Agreement requires the approval of any regulatory agency having jurisdiction over the Grantor nor is this Agreement in contravention of or in conflict with the by-laws or resolutions of the directors or shareholders of the Grantor or of the provisions of any agreement to which the Grantor is a party or by which any of its property may be bound or of any statute, regulation, by-law, ordinance or other law, or to the best of its knowledge of any judgement, decree, award, ruling or order to which the Grantor or any of its property may be subject, other than approvals that have been obtained.

(d) **Ownership of Collateral Free of Liens** – The Grantor is the owner of or has rights in the existing Collateral free and clear of any liens other than Permitted Liens.

(e) **Grantor Information** – Schedule A sets forth (a) the Grantor's jurisdiction of incorporation, (b) the location of the Grantor's registered office and business operations and records, and (c) the Grantor's exact legal name (in English and French).

(f) **Enforceability** – This Agreement constitutes a valid and legally binding obligation of the Grantor enforceable against it in accordance with its terms, subject to general equitable principles, including the fact that the availability of equitable remedies, such as injunctive relief and specific performance, is in the discretion of the court.

5.2 Reliance and Survival

All representations and warranties of the Grantor made in this Agreement shall survive the execution and delivery of this Agreement and shall continue in full force and effect without time limit. The Secured Party shall be deemed to have relied upon each such representation and warranty notwithstanding any investigation made by or on behalf of the Secured Party at any time.

6. ENFORCEMENT

6.1 Enforceability of Security

The security hereby constituted shall become enforceable only upon the failure of the Grantor to pay the Statutory Obligations when due, and then only to the extent of the Statutory Obligations not then paid when due. The Grantor acknowledges that it has no right in any circumstance to accelerate payment of the Statutory Obligations, to apply proceeds of Collateral on account of Statutory Obligations not yet due, or to reserve or hold proceeds of Collateral on account of Statutory Obligations not yet due.

6.2 Remedies

At any time that the security hereby constituted shall have become enforceable, the Secured Party may give notice of its intention to its exercise rights and remedies hereunder. At any time ten Business Days following the giving of such notice, and unless the amounts due and owing on account of the carrying Costs at the time of the Notice have been paid, the Secured Party shall have the following rights, powers and remedies:

(a) to appoint any person to be an agent or any person to be a receiver, manager or receiver and manager (herein called the "**Receiver**") of the Collateral and to remove any Receiver so appointed and to appoint another if the Secured Party so desires; it being agreed that any Receiver appointed pursuant to the provisions of this Agreement shall have all of the powers of the Secured Party hereunder;

(b) to make payments to parties having prior charges or encumbrances on the Collateral;

(c) to preserve, protect and maintain the Collateral;

(d) to enjoy and exercise all powers necessary or incidental to the performance of all functions provided for in this Agreement;

(e) to sell or dispose of all or any part of the Collateral whether by public or private sale or otherwise and on any terms so long as every aspect of the disposition is

commercially reasonable, including without limitation, terms that provide time for payment on credit;

(f) to enjoy and exercise in respect of the Collateral all of the rights and remedies of a secured party under the PPSA;

(g) to notify the account debtors or obligors under any Accounts which constitute part of the Collateral of the assignment of such Accounts to the Secured Party and to direct such account debtors or obligors to make payment of all amounts due or to become due to the Grantor thereunder directly to the Secured Party and to give valid and binding receipts and discharges therefor and in respect thereof and, upon such notification and at the expense of the Grantor, to enforce collection of any such Accounts, and to adjust, settle or compromise the amount or payment thereof, in the same manner and to the same extent as the Grantor might have done; and

(h) to commence, continue or defend proceedings in any court of competent jurisdiction in the name of the Secured Party, the Receiver or the Grantor for the purpose of exercising any of the rights, powers and remedies set out in this Section, including the institution of proceedings for the appointment of a receiver, manager or receiver and manager of the Collateral.

6.3 Special Rules re Accounts

At any time that the Secured Party is entitled to exercise its rights and remedies under Section 6.2,

(a) all Money or other form of payment received by the Grantor in respect of the Collateral shall be received in trust for the benefit of the Secured Party hereunder, shall be segregated from other funds of the Grantor and shall be forthwith paid over to the Secured Party in the same form as so received (with any necessary endorsement) to be held as cash collateral and applied as provided by Section 6.8; and

(b) the Grantor shall not adjust, settle or compromise the amount or payment of any Collateral.

6.4 Receiver as Agent

The Receiver shall be deemed to be the agent of the Grantor for the purpose of establishing liability for the acts or omissions of the Receiver and the Secured Party shall not be liable for such acts or omissions and, without restricting the generality of the foregoing, the Grantor hereby irrevocably authorizes the Secured Party to give instructions to the Receiver relating to the performance of its duties as set out herein.

6.5 Expenses of Enforcement

The Grantor shall pay to the Receiver the remuneration of the Receiver and all costs and expenses (including, without limitation, legal fees and disbursements on a full indemnity basis)

properly incurred by the Receiver pursuant to its appointment and the exercise of its powers hereunder, and shall pay to the Secured Party and the Receiver as required all amounts of Money (including interest thereon) borrowed or advanced by either of them pursuant to the powers set out herein, and the obligations of the Grantor to the Secured Party and the Receiver pursuant to this Section 6.5 shall be payable on demand.

6.6 Indulgences and Releases

Either the Secured Party or the Receiver may grant extensions of time and other indulgences, take and give up securities, accept compositions, grant releases and discharges, release any part of the Collateral to third parties and otherwise deal with the Grantor, debtors of the Grantor, sureties and others and with the Collateral and other security as the Secured Party or the Receiver may see fit without prejudice to the right of the Secured Party and the Receiver to repossess, hold, collect and realize the Collateral.

6.7 No Liability for Failure to Exercise Remedies

The Secured Party and the Receiver shall not be liable or accountable to the Grantor or to any other person for any failure to exercise any of the rights, powers and remedies set out in this Agreement, and shall not be bound to commence, continue or defend proceedings for the purpose of preserving or protecting any rights of the Secured Party, the Receiver, the Grantor or any other party in respect of the same.

6.8 Proceeds of Disposition

All Moneys received by the Secured Party or by the Receiver pursuant to Section 6.2 shall be promptly applied as follows:

(a) first, in payment of all costs and expenses incurred by the Secured Party in the exercise of all or any of the powers granted to it under this Agreement and in payment of all of the remuneration of the Receiver and all costs and expenses properly incurred by the Receiver in the exercise of all or any of the powers granted to it under this Agreement, including, without limitation, the remuneration, costs and expenses referred to in Section 6.5;

(b) second, in payment of all amounts of Money borrowed or advanced by either of the Secured Party or the Receiver pursuant to the powers set out in this Agreement and any interest thereon;

(c) third, in payment of the Statutory Obligation, provided that if there are not sufficient Moneys to fully pay and perform the Statutory Obligation, the Secured Party may apply the Moneys available to such part or parts thereof as the Secured Party, in its sole discretion, may determine; and

(d) fourth, in payment of any surplus in accordance with applicable law.

6.9 Grantor Liable for Deficiency

If the Moneys received by the Secured Party or the Receiver pursuant to Section 6.2 are not sufficient to pay the claims set out in Section 6.8, the Grantor shall immediately pay the Secured Party the amount of such deficiency.

6.10 Restriction on Grantor

Upon notification of the account debtors or obligors under any Accounts which constitute part of the Collateral of the assignment of such Accounts to the Secured Party or the appointment of a Receiver in respect of the Collateral, all the powers, functions, rights and privileges of the Grantor or any officer, director, servant or agent of the Grantor with respect to the Collateral shall, to the extent permitted by applicable law, be suspended unless specifically continued by the written consent of the Secured Party; however, all other powers, functions, rights and privileges of the Grantor or any officer, director, servant or agent of the Grantor shall be unaffected by such events.

6.11 Rights Cumulative

All rights and remedies of the Secured Party set out in this Agreement shall be cumulative and no right or remedy contained herein is intended to be exclusive but each shall be in addition to every other right or remedy contained herein or in any existing or future security document or now or hereafter existing at law or in equity or by statute.

7. GENERAL

7.1 Waiver

Any default by the Grantor in the observance or performance of any covenant or condition required to be observed or performed by the Grantor hereunder, may only be waived by the Secured Party in writing, provided that (i) no such waiver by the Secured Party shall extend to or be taken in any manner to affect any subsequent breach or default or the rights resulting therefrom, (ii) the Rating Agency Condition is satisfied in respect of any waiver of a material default by the Grantor and (iii) prompt written notice of any waiver is provided to each Rating Agency.

7.2 The Secured Party as Attorney

At any time that the Secured Party is entitled to exercise its rights and remedies under Section 6.2, the Grantor hereby irrevocably appoints the Secured Party and any person further designated by the Secured Party to be the attorney of the Grantor for and in the name of the Grantor to execute and do any deeds, documents, transfers, demands, assignments, assurances, consents and things which the Grantor is obliged to sign, execute or do hereunder and, to commence, continue and defend any proceedings authorized to be taken hereunder and generally to use the name of the Grantor in the exercise of all or any of the powers hereby conferred on the Secured Party. These powers are coupled with an interest, have been given for valuable consideration (the receipt and adequacy of which is acknowledged), survive, and do not terminate upon, the bankruptcy, dissolution, winding up or insolvency of the Grantor, and are irrevocable until the Statutory Obligation has been satisfied in full and this Agreement is terminated and the security

interest created herein has been released. This power of attorney extends to and is binding upon the Grantor's successors and permitted assigns. The Grantor authorizes the Secured Party to delegate in writing to another person any power and authority of the Secured Party under this power of attorney as may be necessary or desirable in the opinion of the Secured Party, and to revoke or suspend such delegation.

7.3 Further Assurances

The Grantor shall do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, such further acts, deeds, mortgages, transfers and assurances as the Secured Party shall reasonably require for the better assuring, charging, assigning and conferring unto the Secured Party a security interest in the Collateral, or which the Grantor may hereafter become bound to charge in favour of the Secured Party, for the purpose of accomplishing and effecting the intention of this Agreement.

7.4 Amalgamation of the Grantor

The Grantor acknowledges and agrees that in the event that it amalgamates with any other persons, then (i) the Collateral and the security interest shall extend to and include all of the property and undertaking that any of the amalgamating corporations then owns, all of the property and undertaking that the amalgamated corporation thereafter acquires, all of the property and undertaking in which any of the amalgamating corporations then has any interest, and all of the property and undertaking in which the amalgamated corporation thereafter acquires any interest, and (ii) all references herein to the Grantor shall extend to and include the amalgamated corporation.

7.5 Continuing Security

The security interest constituted hereby shall be deemed to be a continuing security for the Statutory Obligation until the Statutory Obligation is paid and performed in full.

7.6 Notices

All notices and other communications provided for herein shall be in writing and shall be personally delivered to an officer or other responsible employee of the addressee or sent by facsimile, charges prepaid, at or to the applicable address or facsimile number, as the case may be, of the party set opposite its name below or at or to such other address or addresses or facsimile number or numbers as either party may from time to time designate to the other party in such manner. Any communication which is personally delivered as aforesaid shall be deemed to have been validly and effectively given on the date of such delivery if such date is a Business Day and such delivery was made during normal business hours of the recipient; otherwise, it shall be deemed to have been validly and effectively given on the Business Day next following such date of delivery. Any communication which is transmitted by facsimile as aforesaid shall be deemed to have been validly and effectively given on the date of transmission if such date is a Business Day and such transmission was made during normal business hours of the recipient; otherwise, it shall be deemed to have been validly and effectively given on the Business Day next following such date of transmission.

In the case of the Grantor:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, Ontario
M5H 1T1

Attention: Chief Financial Officer, General Counsel and Associate General Counsel
Email: Kim.Marshall@ieso.ca
General.Counsel@ieso.ca
Michael.Boll@ieso.ca

In the case of the Secured Party:

Fair Hydro Trust
c/o Ontario Power Generation Inc., as Manager
700 University Avenue
Toronto, Ontario
M5G 1X6

Attention: Vice President, Fair Hydro Plan
Email: FHT@opg.com

7.7 Assignment

The Secured Party may from time to time upon notice to, but without the consent of, the Grantor and each Rating Agency, assign or transfer this Agreement to any other person. The Grantor shall not be entitled to assign or transfer this Agreement or any of the Grantor's rights, duties or obligations hereunder without the prior written consent of the Secured Party.

7.8 Successors and Assigns

This Agreement shall enure to the benefit of the Secured Party and its successors and assigns and shall be binding upon the Grantor and its successors and permitted assigns.

7.9 Amendments

This Agreement may not be amended or otherwise modified except by an instrument in writing executed by the Parties, subject to the satisfaction of the Rating Agency Condition in respect of any material amendment or modification, and with prompt written notice of any amendment or modification to be provided to each Rating Agency.

7.10 Entire Agreement

This Agreement and the agreements referred to herein and any document, agreement or instrument delivered pursuant to such agreements constitute the entire agreement between the Parties and supersede any prior agreements, undertakings, declarations, representations and undertakings, both written and verbal, in respect of the subject matter hereof.

7.11 Receipt of Agreement and Financing Statement.

The Grantor hereby acknowledges receipt of an executed copy of this Agreement and of the financing statement registered under the PPSA evidencing the security interest created hereby.

7.12 Counterpart

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same instrument, and it shall not be necessary in making proof of this Agreement to produce or account for more than one such counterpart.

7.13 Delivery by Facsimile or Electronic Transmission

This Agreement may be executed and delivered by facsimile or electronic transmission and each of the Parties may rely on such facsimile or electronic signature as though such facsimile signature were an original signature.

[NEXT PAGE IS SIGNATURE PAGE]

IN WITNESS WHEREOF the Parties have duly executed this Agreement as of the date first written above.

FAIR HYDRO TRUST, by its Manager,
ONTARIO POWER GENERATION INC., as Secured Party

By: _____
Name:
Title:

By: _____
Name:
Title:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Grantor

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A

GRANTOR INFORMATION

1. Grantor's exact legal name:

Independent Electricity System Operator
Société indépendante d'exploitation du réseau d'électricité

2. Grantor's jurisdiction of incorporation:

Ontario

3. **Grantor's registered office address:**

120 Adelaide Street West, Suite 1600
Toronto, Ontario
M5H 1T1

4. Location of Grantor's business operations and records:

120 Adelaide Street West, Suite 1600
Toronto, Ontario
M5H 1T1

2635 Lakeshore Road West
Mississauga, Ontario
L5J 4T5

2265 Upper Middle Road East
Oakville, Ontario
L6H 0G5

INDEMNITY AGREEMENT

TO: BNY Trust Company of Canada, in its capacity as Indenture Trustee of Fair Hydro Trust (in such capacity, the "**Indenture Trustee**")

RE: Management Agreement dated as of December 20, 2017 (the "**Management Agreement**") made between Ontario Power Generation, as manager (in such capacity, the "**Manager**") and Fair Hydro Trust (the "**Issuer**")

AND RE: Warehouse Senior Series 2017-1 Supplemental Indenture dated as of December 21, 2017 (as in effect on the date hereof, the "**Supplemental Indenture**") made between, *inter alios*, the Issuer and the Indenture Trustee

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WHEREAS the Government of Ontario has passed the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**") for the purpose of, among other things, ensuring that Clean Energy Costs and Clean Energy Benefits are fairly allocated among present and future Specified Consumers;

AND WHEREAS Ontario Power Generation Inc. has been appointed as Financial Services Manager under the Act to, among other things, evaluate whether potential Funding Obligations should be incurred by Financing Entities for the purposes of acquiring and financing Investment Interests;

AND WHEREAS the Issuer is a Financing Entity established, at the request of the Financial Services Manager and pursuant to the Act, by Computershare Trust Company of Canada;

AND WHEREAS the Issuer and the Manager have entered into the Management Agreement in furtherance of, and in accordance with, the Act;

AND WHEREAS the Manager has agreed to execute this Indemnity Agreement to provide certain indemnities with respect to its duties and obligations under the Management Agreement.

IN CONSIDERATION OF the mutual covenants and agreements herein and the sum of $1.00 and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged) the parties hereto agree as follows:

1. Unless otherwise defined in this Indemnity Agreement, all capitalized terms used herein shall have the meanings ascribed thereto, either directly or by incorporation therein, in the Management Agreement.

2. The Manager shall indemnify the Indenture Trustee, on behalf of itself and on behalf of the Administrative Agent, each Funding Agent, each CP Conduit Purchaser, each Group Bank and each Non-Conduit Purchaser (in each case, in their respective capacities as such under the Supplemental Indenture) (each, an "**Indemnified Person**") and defend and hold harmless each such Indemnified Person from and against, any and all liabilities, obligations, losses, damages, payments and claims, and reasonable costs or expenses, of any kind whatsoever (collectively, "**Indemnified Losses**") imposed on, incurred by or asserted against each such Indemnified Person in connection with the Supplemental Indenture or the Series 2017-1 Notes issued thereunder, as a result of (i) the failure of the Manager to perform its covenants and other obligations under the Management

Agreement or any other Program Agreement to which the Manager is a party; or (ii) the breach by the Manager of any of its representations or warranties under the Management Agreement or any other Program Agreement to which the Manager is a party and, except to the extent of Indemnified Losses resulting from the willful misconduct, bad faith or gross negligence of such Indemnified Person seeking indemnification hereunder; provided that, in each case, the Manager shall not be required to indemnify an Indemnified Person for any amount paid or payable by such Indemnified Person in the settlement of any Proceeding or investigation without the written consent of the Manager, which consent shall not be unreasonably withheld or delayed. Promptly after receipt by an Indemnified Person of notice of the commencement of any Proceeding or investigation, such Indemnified Person shall, if a claim in respect thereof is to be made against the Manager under this Section 2, notify the Manager in writing of the commencement thereof. Failure by an Indemnified Person to so notify the Manager shall relieve the Manager from the obligation to indemnify and hold harmless such Indemnified Person under this Section 2 only to the extent that the Manager suffers actual prejudice as a result of such failure. With respect to any Proceeding or investigation brought by a third party for which indemnification may be sought under this Section 2, the Manager shall be entitled to conduct and control, at its expense and with counsel of its choosing that is reasonably satisfactory to such Indemnified Person, the defence of any such Proceeding or investigation (in which case the Manager shall not thereafter be responsible for the fees and expenses of any separate counsel retained by the Indemnified Person except as set forth below); provided, that the Indemnified Person shall have the right to participate in such Proceeding or investigation through counsel chosen by it and at its own expense. Notwithstanding the Manager's election to assume the defence of any Proceeding or investigation, the Indemnified Person shall have the right to employ separate counsel, and the Manager shall bear the reasonable fees, costs and expenses of such separate counsel, if (i) the defendants in any such action include both the Indemnified Person and the Manager and the Indemnified Person shall have reasonably concluded that there may be legal defences available to it that are different from or additional to those available to the Manager, (ii) the Manager shall not have employed counsel reasonably satisfactory to the Indemnified Person to represent the Indemnified Person within a reasonable time after notice of the institution of such action, (iii) the Indemnified Person shall have been advised by counsel to the Indemnified Person that there may be a conflict of interest between the Manager and the Indemnified Person, or (iv) the Manager authorizes the Indemnified Person to employ separate counsel at the expense of the Manager. Notwithstanding the foregoing, the Manager shall not be obligated to pay for the fees, costs and expenses of more than one separate counsel for the Indemnified Persons other than one local counsel, if appropriate. The Manager will not, without the prior written consent of the Indemnified Person, settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim or Proceeding in respect of which indemnification may be sought under this Section 2 (whether or not the Indemnified Person is an actual or potential party to such claim or action) unless such settlement, compromise or consent includes an unconditional release of the Indemnified Person from all liability arising out of such claim or Proceeding.

Indemnification under Section this 2 shall survive any repeal of, modification of, or supplement to, or judicial invalidation of, the Act and shall survive the termination of this

Indemnity Agreement or the Management Agreement and will rank pari passu with other general, unsecured obligations of the Manager.

Notwithstanding anything contained in this Indemnity Agreement or the Management Agreement, it is expressly understood that the Manager is not agreeing to indemnify or hold any Indemnified Person harmless with respect to any of the following: (i) any losses resulting from any breach or failure to perform by the Manager caused by a breach or failure to perform on the part of any other third party under any Program Agreement, the Act or the Regulations; provided that the foregoing clause (i) shall not apply to limit the liability of the Manager in respect of any delegation to a third party as provided for in section 4.7 of the Management Agreement; (ii) any losses resulting from changes in law after the date hereof, whether such changes in law are effected by means of any legislative enactment or any final and non-appealable judicial decision, other than losses resulting solely from the Manager's failure to comply with section 4.1(a)(xiv) of the Management Agreement; (iii) any losses resulting from the validity of the Change of Law Protection Agreement or the applicability thereof to the Province or to any Indemnified Person or any material part thereof being disaffirmed by or on behalf of the Province; or (iv) any liability of any Indemnified Person incurred after the termination of this Indemnity Agreement or the Management Agreement unless attributable to the actions or omissions of the Manager prior to such termination or in respect of a representation, warranty or covenant of the Manager that survives termination of this Indemnity Agreement or the Management Agreement.

To the fullest extent permitted by applicable law, no Specified Creditor (other than the Indenture Trustee) will have any right to institute any proceeding, judicial or otherwise, or to make any claim for indemnification, with respect to this Indemnity Agreement or the Management Agreement, or for the appointment of a receiver or trustee or similar official, or for any other remedy hereunder, except in accordance with Section 8.12 of the Indenture.

The parties hereto agree that the Manager is not providing any representations, warranties or covenants in this Indemnity Agreement or the Management Agreement, and shall have no liability to any Indemnified Person, with respect to the collectability of the Clean Energy Adjustment or the Carrying Costs, or that the Clean Energy Adjustment amounts or Carrying Costs collected will be sufficient to satisfy the Issuer Funding Obligations.

3. This Indemnity Agreement may be amended in writing by the Manager and the Indenture Trustee, and with satisfaction of the Rating Agency Condition, such satisfaction to be confirmed by the Indenture Trustee at the time of such amendment. Promptly after the execution of any such amendment, the Indenture Trustee shall furnish copies of such amendment to each of the Rating Agencies.

4. This Indemnity Agreement shall enure to the benefit of and shall be binding upon the Manager and the Indemnified Parties and their respective successors and assigns.

5. If one or more provision of this Indemnity Agreement is for any reason whatever held invalid, such provision will be deemed severable from the remaining covenants, agreements and provisions of this Indemnity Agreement and will in no way affect the validity or enforceability of such remaining provisions or the rights of any parties hereto.

6. This Indemnity Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

7. This Indemnity Agreement may be executed in counterparts, each of which when so executed shall be deemed to be an original and the counterparts together shall constitute one and the same instrument. Delivery of an executed signature page to this Indemnity Agreement by any party by electronic transmission will be as effective as delivery of a manually executed copy of this Indemnity Agreement by such party.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF the undersigned have executed this Indemnity Agreement as of December ____, 2017.

ONTARIO POWER GENERATION INC.

By: _____

Name:

Title:

By: _____

Name:

Title:

BNY TRUST COMPANY OF CANADA, in its capacity as Indenture Trustee of **FAIR HYDRO TRUST**, and not in its personal capacity

By: _____

Name:

Title:

By: _____

Name:

Title:

ACKNOWLEDGEMENT AND INDEMNITY AGREEMENT

TO: BNY Trust Company of Canada, in its capacity as Indenture Trustee of Fair Hydro Trust (in such capacity, the "**Indenture Trustee**")

RE: Master Transfer and Servicing Agreement dated as of December 21, 2017 (the "**MTSA**") made between Independent Electricity System Operator (the "**IESO**"), as servicer (in such capacity, the "**Servicer**") and Fair Hydro Trust (the "**Issuer**")

AND RE: Warehouse Senior Series 2017-1 Supplemental Indenture dated as of December 21, 2017 (as in effect on the date hereof, the "**Supplemental Indenture**") made between, *inter alios*, the Issuer and the Indenture Trustee

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WHEREAS the Government of Ontario has enacted the *Ontario Fair Hydro Plan Act*, 2017 (the "**Act**") for the purpose of, among other things, ensuring that clean energy costs and clean energy benefits (each as defined in the Act) are fairly allocated among present and future Specified Consumers;

AND WHEREAS, under the Act, the IESO is required to establish and maintain the Fair Hydro Variance Account, and has the right under the Act and the Regulations to record certain amounts in the Fair Hydro Variance Account and recover the balance from time to time of the Fair Hydro Variance Account from Specified Consumers (such right, the "**Regulatory Asset**");

AND WHEREAS the IESO may from time to time, in accordance with the Act, Transfer Specified Portions of the Regulatory Asset to the Issuer pursuant to Section 26(1) of the Act;

AND WHEREAS the Issuer and the Indenture Trustee are parties to a master trust indenture dated as of December 21, 2017 (as amended, restated, modified or supplemented (including by way of Supplemental Indentures) from time to time, the "**Indenture**");

AND WHEREAS the Issuer may finance the acquisition from the IESO, from time to time, of an Investment Interest through the incurrence of Funding Obligations under the Indenture;

AND WHEREAS in connection with its ownership of the Issuer Investment Interest and in order to collect the associated Clean Energy Adjustments in accordance with the Act, pursuant to the MTSA the Issuer has engaged the Servicer to carry out the services described therein;

AND WHEREAS, pursuant to the Indenture, the Issuer has granted a security interest (the "**Security Interest**") over, *inter alia*, all rights, benefits and powers of the Issuer under the MTSA, to and in favour of the Indenture Trustee on behalf of the Specified Creditors, as security for the due payment of all Obligations Secured;

AND WHEREAS the Servicer has agreed to execute this Acknowledgement and Indemnity Agreement to (i) acknowledge that the Security Interest has been granted to the Indenture Trustee, on behalf of the Specified Creditors, thereby assigning as security all of the rights,

benefits and powers of the Issuer under the MTSA to the Indenture Trustee, and (ii) provide certain indemnities with respect to its duties and obligations under the MTSA.

IN CONSIDERATION OF the mutual covenants and agreements herein and the sum of $1.00 and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged) the parties hereto agree as follows:

1. Unless otherwise defined in this Acknowledgement and Indemnity Agreement, all capitalized terms used herein shall have the meanings ascribed thereto, either directly or by incorporation therein, in the MTSA.

2. The Servicer hereby acknowledges receipt of notice that (i) the Issuer has granted the Security Interest to the Indenture Trustee, on behalf of the Specified Creditors, and (ii) as a result of the grant of the Security Interest, the Issuer has assigned as security all of its rights, benefits and powers under the MTSA to the Indenture Trustee, on behalf of the Specified Creditors, and the Servicer hereby consents to such assignment.

3. The Servicer acknowledges and agrees that (i) the Indenture Trustee has the right to exercise remedies against, and enforce the duties and obligations of, the Servicer under the MTSA in place of the Issuer in all circumstances in which the Indenture Trustee is entitled to do so under the Indenture, (ii) upon receipt of notice from the Indenture Trustee that the Indenture Trustee is entitled to instruct the Servicer under the Indenture, the Servicer shall take instructions from the Indenture Trustee with respect to the performance of the Servicer's duties and obligations under the MTSA, and (iii) the Indenture Trustee has not assumed any of the obligations of the Issuer pursuant to the MTSA.

4. The Servicer shall indemnify the Indenture Trustee, on behalf of itself and on behalf of the Administrative Agent, each Funding Agent, each CP Conduit Purchaser, each Group Bank and each Non-Conduit Purchaser (in each case, in their respective capacities as such under the Supplemental Indenture) (each, an "**Indemnified Person**") and defend and hold harmless each such Indemnified Person from and against, any and all liabilities, obligations, losses, damages, payments and claims, and reasonable costs or expenses, of any kind whatsoever (collectively, "**Indemnified Losses**") imposed on, incurred by or asserted against each such Indemnified Person in connection with the Supplemental Indenture or the Series 2017-1 Notes issued thereunder, as a result of (i) the failure of the Servicer to perform its covenants and other obligations under the MTSA or any other Program Agreement to which the Servicer is a party; or (ii) the breach by the Servicer of any of its representations or warranties under the MTSA or any other Program Agreement to which the Servicer is a party and, except to the extent of Indemnified Losses resulting from the willful misconduct, bad faith or gross negligence of such Indemnified Person seeking indemnification hereunder; provided that, in each case, the Servicer shall not be required to indemnify an Indemnified Person for any amount paid or

payable by such Indemnified Person in the settlement of any Proceeding or investigation without the written consent of the Servicer, which consent shall not be unreasonably withheld or delayed. Promptly after receipt by an Indemnified Person of notice of the commencement of any Proceeding or investigation, such Indemnified Person shall, if a claim in respect thereof is to be made against the Servicer under this Section 4, notify the Servicer in writing of the commencement thereof. Failure by an Indemnified Person to so notify the Servicer shall relieve the Servicer from the obligation to indemnify and hold harmless such Indemnified Person under this Section 4 only to the extent that the Servicer suffers actual prejudice as a result of such failure. With respect to any Proceeding or investigation brought by a third party for which indemnification may be sought under this Section 4, the Servicer shall be entitled to conduct and control, at its expense and with counsel of its choosing that is reasonably satisfactory to such Indemnified Person, the defence of any such Proceeding or investigation (in which case the Servicer shall not thereafter be responsible for the fees and expenses of any separate counsel retained by the Indemnified Person except as set forth below); provided, that the Indemnified Person shall have the right to participate in such Proceeding or investigation through counsel chosen by it and at its own expense. Notwithstanding the Servicer's election to assume the defence of any Proceeding or investigation, the Indemnified Person shall have the right to employ separate counsel, and the Servicer shall bear the reasonable fees, costs and expenses of such separate counsel, if (i) the defendants in any such action include both the Indemnified Person and the Servicer and the Indemnified Person shall have reasonably concluded that there may be legal defences available to it that are different from or additional to those available to the Servicer, (ii) the Servicer shall not have employed counsel reasonably satisfactory to the Indemnified Person to represent the Indemnified Person within a reasonable time after notice of the institution of such action, (iii) the Indemnified Person shall have been advised by counsel to the Indemnified Person that there may be a conflict of interest between the Servicer and the Indemnified Person, or (iv) the Servicer authorizes the Indemnified Person to employ separate counsel at the expense of the Servicer. Notwithstanding the foregoing, the Servicer shall not be obligated to pay for the fees, costs and expenses of more than one separate counsel for the Indemnified Persons other than one local counsel, if appropriate. The Servicer will not, without the prior written consent of the Indemnified Person, settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim or Proceeding in respect of which indemnification may be sought under this Section 4 (whether or not the Indemnified Person is an actual or potential party to such claim or action) unless such settlement, compromise or consent includes an unconditional release of the Indemnified Person from all liability arising out of such claim or Proceeding.

Indemnification under this Section 4 shall survive any repeal of, modification of, or supplement to, or judicial invalidation of, the Act and shall survive the termination of the MTSA or this Acknowledgement and Indemnity Agreement and will rank pari passu with other general, unsecured obligations of the Servicer.

Notwithstanding anything contained in the MTSA or this Acknowledgement and Indemnity Agreement, it is expressly understood that the Servicer is not agreeing to indemnify or hold any Indemnified Person harmless with respect to any of the following: (i) any losses resulting from any breach or failure to perform by the Servicer caused by a breach or failure to perform on the part of any other third party under any Program Agreement, the Act or the Regulations; provided that this provision shall not apply to limit the liability of the IESO in respect of any appointments as provided for in Section 3.10 of the MTSA; (ii) any losses resulting from changes in law after the date hereof, whether such changes in law are effected by means of any legislative enactment or any final and non-appealable judicial decision; or (iii) any liability of the Indemnified Person incurred after the termination of the MTSA and this Acknowledgement and Indemnity Agreement unless attributable to the actions or omissions of the Servicer prior to such termination or in respect of a representation, warranty or covenant of the Servicer that survives termination of the MTSA or this Acknowledgement and Indemnity Agreement.

To the fullest extent permitted by applicable law, no Specified Creditor (other than the Indenture Trustee) will have any right to institute any proceeding, judicial or otherwise, or to make any claim for indemnification, with respect to this Acknowledgement and Indemnity Agreement, or for the appointment of a receiver or trustee or similar official, or for any other remedy hereunder, except in accordance with Section 8.12 of the Indenture.

The parties hereto agree that the IESO is not providing any representations, warranties or covenants in the MTSA or this Acknowledgement and Indemnity Agreement, and shall have no liability to any Indemnified Person, with respect to the collectability of the Clean Energy Adjustment, or whether the Clean Energy Adjustment Amounts or Carrying Costs collected will be sufficient to satisfy the Funding Obligations.

5. The parties hereto acknowledge and agree that the duties, liabilities and obligations of the IESO are limited as provided in this Section 5.

(a) IESO is not responsible for, or in respect of, any amounts not collected by Electricity Vendors from their customers or not remitted by Electricity Vendors to the Servicer.

(b) IESO is not responsible to confirm, verify or audit the amount of the Clean Energy Adjustment invoiced by Electricity Vendors or the Electricity Vendor CEA Collections collected by Electricity Vendors and reported to the IESO.

(c) IESO is not responsible for enforcing the obligations of Specified Consumers to pay, or the obligations of Electricity Vendors to invoice, collect or remit Clean Energy Adjustments or any other amounts, or to establish a segregated account into which Electricity Vendor CEA Collections are to be deposited, and IESO is

under no obligation to initiate or prosecute any legal action relating to the collection of the Clean Energy Adjustments or the Issuer Investment Interest.

(d) IESO is not responsible or liable for the performance by Electricity Vendors of their duties and responsibilities under the Act or the Regulations including (i) the invoicing of Specified Consumers in respect of the Clean Energy Adjustment and ancillary matters related thereto; (ii) the collection from Specified Consumers of amounts due in respect of such invoices and the remittance of such payments to the Servicer; (iii) the accuracy of any information provided by the Electricity Vendors; and (iv) any reporting by the Electricity Vendors, including the reporting to the Servicer of the total CEA Consumer Invoice Amounts invoiced by such Electricity Vendor to its Specified Consumers in respect of the Clean Energy Adjustment, the total Electricity Vendor CEA Collections received by such Electricity Vendor and the Issuer Share of Electricity Vendor CEA Collections received by such Electricity Vendor and any other reporting in the Electricity Vendor Billing Period Report.

(e) IESO is under no responsibility or obligation to any Person with respect to the nature or extent of the Issuer Investment Interest, the collectability of the Issuer Share of Servicer CEA Receipts or that the Issuer Share of Servicer CEA Receipts will be sufficient to satisfy the Issuer's Funding Obligations.

(f) IESO may rely in good faith on the advice of counsel or on any document of any kind, prima facie properly executed and submitted by any Person, respecting any matters arising under the MTSA.

(g) IESO shall have no liability or responsibility to any Person in respect of any forecasts or other information provided pursuant to the MTSA, provided only that such forecasts or other information has been prepared and provided in good faith.

(h) None of the directors, officers, employees or agents of IESO shall be liable to any Person for any action taken or for refraining from the taking of any action pursuant to the MTSA or this Acknowledgement and Indemnity Agreement or for good faith errors in judgment.

6. The Servicer and the Indenture Trustee shall execute and deliver, or cause to be executed and delivered, such instruments or further assurances as may be necessary or desirable to give effect to the provisions of this Acknowledgement and Indemnity Agreement.

7. This Acknowledgement and Indemnity Agreement may be amended in writing by the IESO and the Indenture Trustee, and with satisfaction of the Rating Agency Condition, such satisfaction to be confirmed by the Indenture Trustee at the time of such amendment. Promptly after the execution of any such amendment, the Indenture Trustee shall furnish copies of such amendment to each of the Rating Agencies.

8. This Acknowledgement and Indemnity Agreement shall enure to the benefit of and shall be binding upon the Servicer and the Indenture Indemnified Parties and their respective successors and assigns.

9. If one or more provision of this Acknowledgement and Indemnity Agreement is for any reason whatever held invalid, such provision will be deemed severable from the remaining covenants, agreements and provisions of this Acknowledgement and Indemnity Agreement and will in no way affect the validity or enforceability of such remaining provisions or the rights of any parties hereto.

10. This Acknowledgement and Indemnity Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

11. This Acknowledgement and Indemnity Agreement may be executed in counterparts, each of which when so executed shall be deemed to be an original and the counterparts together shall constitute one and the same instrument. Delivery of an executed signature page to this Acknowledgement and Indemnity Agreement by any party by electronic transmission will be as effective as delivery of a manually executed copy of this Acknowledgement and Indemnity Agreement by such party.

[Signature page follows.]

IN WITNESS WHEREOF the undersigned have executed this Acknowledgement and Indemnity Agreement as of December 21, 2017.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

Name:

Title:

BNY TRUST COMPANY OF CANADA, in its capacity as Indenture Trustee of **FAIR HYDRO TRUST**, and not in its personal capacity

By: _____

Name:

Title:

By: _____

Name:

Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of December [■], 2017

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust organized under the laws of the Province of Ontario (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of December [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council 1981/2017 (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust dated as of December 20, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Primary Obligations that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred. This Agreement sets out the terms and conditions of such protections and assurances.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A, and any other capitalized terms not defined herein shall have the meanings assigned to them in the Trust Indenture;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 Proof of Approved Obligations

The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Manager deems to be sufficient.

Each statement delivered by the Manager under Section 2.01(a)i shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and each of the parties hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Manager shall act diligently in the preparation of each such statement and shall provide the Indenture Trustee and the Province with all supporting computations and calculations used by the Manager to prepare each such statement promptly following a request therefor made by the Indenture Trustee or the Province.

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture as of the date of this Agreement.

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 2.01 or Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee, the Financing Entity, the Financing Entity Trustee, the Manager or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by

electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the

Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 <u>Judgment Currency</u>

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 <u>Limited Guarantee</u>

(a) Upon the occurrence of a Protection Event, the Indenture Trustee may deliver a written demand, substantially in the form attached as Exhibit A (a "**Payment Demand**"), to the Province requiring the Province to make payments in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in this Agreement. From and after such delivery of a

Payment Demand, the Province shall make the following payments in respect of the Approved Obligations (the "**Limited Guarantee**"), the Financing Entity shall pay, and the Province shall be entitled to be paid, the Subrogation Amounts specified below, and the following terms shall apply:

i. Not less than three (3) Business Days prior to each day when any payment or payments are to be made in respect of one or more Approved Obligations occurring after such delivery of a Payment Demand (each such day, a "**Guarantee Payment Date**"), the Manager shall deliver a written statement setting forth the Aggregate Approved Obligations Amount, if any, in respect of the Approved Obligations that are due and payable on such Guarantee Payment Date, together with a detailed description identifying such Approved Obligations and the nature and amount of payments due and payable thereunder on the Guarantee Payment Date, the aggregate outstanding amount payable by the Financing Entity under such Approved Obligations as of the date of such written statement, and details regarding any default in performance by any party obligated thereunder.

ii. On each such Guarantee Payment Date, the Province shall deposit the Aggregate Approved Obligations Amount into the Protection Account.

iii. On each such Guarantee Payment Date, the Financing Entity and the Indenture Trustee shall ensure that the amounts on deposit in the Protection Account are applied to pay each Beneficiary to whom an amount is due and payable under an Approved Obligation on the Guarantee Payment Date the Approved Obligation Amount for such Beneficiary in respect of such Approved Obligation on such Guarantee Payment Date; provided that if the amount deposited pursuant to clause 2.01(a)ii is insufficient to pay all such Approved Obligation Amounts in full, the amount on deposit in the Protection Account on the Guarantee Payment Date shall be applied to pay Beneficiaries in the order of priority in which such Approved Obligations are payable under the payment provisions of the Trust Indenture applicable to the making of such payments on the Guarantee Payment Date (each, a "**Beneficiary Payee**" and each payment made to a Beneficiary Payee on a Guarantee Payment Date, a "**Guarantee Payment**").

iv. On the first Guarantee Payment Date and on each subsequent Guarantee Payment Date, Payment Date or other day on which any amount is required to be paid in respect of any Obligations Secured under the Trust Indenture (a "**Subrogation Payment Date**"), the Issuer and the Indenture Trustee shall ensure that the applicable payment provisions of the Trust Indenture shall be applied and operate on the following basis:

(A) If such day is a Guarantee Payment Date, then for each Approved Obligation for which amounts are paid to a

Beneficiary Payee on such day pursuant to clause 2.01(a)iii in respect of principal, interest or any other amounts ("**Payable Approved Amounts**"), the amounts payable by the Financing Entity in respect of such amounts for such Approved Obligation shall be reduced by the respective amounts of such payments to the Beneficiary Payee, and equivalent amounts shall be payable by the Financing Entity to the Province as "**Subrogation Amounts**" in respect of such Approved Obligations, such Subrogation Amounts being payable in the same order of priority and with the same entitlements accruing to the Province as applied in respect of the related Payable Approved Amounts which were previously owing to the Beneficiary Payee, and to reflect this subrogation the payments set out in clause 2.01(a)iv(B) below shall be made by the Financing Entity.

(B) If the Province has made all deposits required to be made by it on each Guarantee Payment Date occurring on or before such day in accordance with clause 2.01(a)ii (or the related Approved Obligation Amounts have otherwise all been paid in full), then in respect of each Approved Obligation for which any related Subrogation Amounts have not yet been paid in full to the Province, the Financing Entity shall pay to the Province from amounts available under the Trust Indenture payment provisions and in accordance with the priority of payment provisions in the Trust Indenture the amount that would be payable on such date in satisfaction of the relevant Payable Approved Amounts, as determined without regard to any Guarantee Payment paid on any Guarantee Payment Date and also without regard to the corresponding reduction of the amounts owing to present and former Beneficiary Payees pursuant to subclause 2.01(a)iv(A) up to the amount of the unpaid related Subrogation Amounts.

(C) No Beneficiary having a right to be paid an amount in respect of an Approved Obligation, and no other Person entitled under an Obligation Secured, in each case that ranks equal with or subordinate to the Payable Approved Amount in respect of which a Subrogation Amount is payable to the Province under subclause 2.01(a)iv(B), shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under such subclause (including any right of set-off, offset, reimbursement, contribution or indemnity) and no such Beneficiary or other Person shall have any right or

interest in, to or under the Collateral or any proceeds therefrom in respect of any such Subrogation Amount.

(D) For greater certainty, the entitlements of the Province in respect of Subrogation Amounts arising in respect of Payable Approved Obligations that are interest and principal obligations on Notes shall be treated for all purposes of the Trust Indenture as interest and principal obligations, respectively, arising under Notes having the same priority as and any applicable voting rights under the related Approved Obligations, and accordingly the Province (and any successor, assignee or transferee of such entitlements) shall be entitled to all of the rights, entitlements, interests and privileges of a Holder of such a Notes in accordance with the Trust Indenture, as supplemented by the Supplemental Indenture or other indenture document under which the related Approved Obligations were issued.

(b) On each Guarantee Payment Date and upon demand by the Province, the Indenture Trustee shall release and pay to the Province free and clear of any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay Guarantee Payments to Beneficiary Payees on the Guarantee Payment Date in accordance with clause 2.01(a)iii or that otherwise remains on deposit in the Protection Account on the relevant date.

(c) In preparing any payment instructions under the Trust Indenture, the Manager shall reflect the amounts payable under Section 2.01(a), if applicable.

(d) The Province shall, as a payee of Subrogation Amounts under clause 2.01(a)iv(B) and as a payee of any amounts payable under clause 2.01(b), be a “Specified Creditor” under the Trust Indenture and have the benefit of the Collateral thereunder.

(e) For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the Approved Obligation Amounts, if any, for payment to Beneficiary Payees and will be subject to the priorities and to the Province’s rights to Subrogation Amounts, set forth in Section 2.01(a).

(f) Except as expressly provided in this Agreement, the Province’s obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(g) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein

shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation by their terms.

(h) Any amount payable to the Province in respect of a Subrogation Amount shall bear interest from and including the date of payment by the Province of the related Guarantee Payment to but excluding the date of payment of the Subrogation Amount to the Province, such interest to accrue at the rate equivalent to the applicable interest rate borne by the related Approved Obligation, and such interest amounts shall be added to their respective Subrogated Amounts and shall consequently be payable in the same priority as the relevant Subrogated Amount under clause 2.01(a)iv(B), all such accruing interest amounts to be calculated and added to the Subrogation Amounts by the Manager in its discretion acting in a commercially reasonable fashion.

(i) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under and in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any amount due and payable to a Beneficiary Payee under the Limited Guarantee.

2.02 Intentionally Deleted.

2.03 <u>Absence of Set-off</u>

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 <u>Payment into Protection Account in Satisfaction</u>

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall

transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account" for purposes of this Agreement.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Financing Entity and the Indenture Trustee shall ensure that all amounts paid by the Province into the Protection Account on a Guarantee Payment Date in respect of an Approved Obligation are applied to pay the amounts due and payable to the Beneficiary Payee as and to the extent provided for in Section 2.01(a). Upon a payment having been made by or on behalf of the Province into the Protection Account, the amounts so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiary Payee as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such Beneficiary Payee in respect of the applicable Approved Obligations, whereupon an affected Beneficiary Payee shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid. For greater certainty, the obligations arising in respect of an applicable Approved Obligation shall not be reduced by such payment as the Province shall become entitled to be paid related Subrogation Amounts and the rights contemplated under Section 2.01(a) and Section 5.01 in relation to such continuing obligations.

2.05 <u>Certain Waivers</u>

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations in accordance with Section 8.01.

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

Except in respect of any Primary Obligation to which the Limited Guarantee will not apply on or after a Suspension Notice is delivered in accordance with Section 7.02, a Primary Obligation that is not a Certified Primary Obligation shall be an Approved Obligation. A Certified Primary Obligation shall constitute an Approved Obligation if (i) the Adherence Conditions applicable thereto have been satisfied at the time the Primary Obligation was incurred or (ii) the Province, in its sole discretion, designates in writing that it is an Approved Obligation.

4.02 Adherence Conditions

(a) The following shall be the Adherence Conditions applicable in relation to each Certified Primary Obligation:

i. the Certified Primary Obligation when incurred is an Obligation Secured under the Trust Indenture; and

ii. OPG, as FSM, delivers an Adherence Compliance Certificate in the form attached hereto as Exhibit B signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee, on or before the incurrence of the Certified Primary Obligation (provided that delivery may not be more than 5 Business Days before the incurrence of the Certified Primary Obligation); and

iii. the Province has not provided a Suspension Notice to the Indenture Trustee, OPG and the Financing Entity.

(b) Without limiting any obligations of OPG to the Province arising other than pursuant to this Agreement, satisfaction of the Adherence Conditions for a Certified Primary Obligation shall be deemed satisfaction of the Adherence Conditions in respect of all principal, interest and other amounts owing under the Certified Primary Obligation, as such Certified Primary Obligation may be amended, restated, supplemented or modified from time to time.

(c) For greater certainty, there shall be no Adherence Conditions applicable in relation to a Primary Obligation that is not a Certified Primary Obligation.

4.03 <u>Evidence of Satisfaction</u>

An Adherence Compliance Certificate delivered in accordance with clause 4.02(a)ii shall be determinative as to whether the applicable Adherence Condition with respect thereto has been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same. An Adherence Compliance Certificate that purports on its face to be signed by officers specified in clause 4.02(a)ii may be relied upon by any addressee without further enquiry or evidence as to the incumbency or signatures of such officers. If an Adherence Compliance Certificate is not delivered in accordance with the timing requirements of clause 4.02(a)ii such certificate may be delivered at a later date, and be effective as if it had been delivered in accordance with the timing requirement of clause 4.02(a)ii if at the time such certificate was otherwise required to be delivered OPG had delivered to the Province all certifications required by the Province in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation.

ARTICLE V
PROVINCE MATTERS

5.01 <u>Assignment and Subrogation</u>

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, and shall be entitled to (i) the right and entitlement to be paid and receive the related Subrogation Amounts, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any

further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 7.12 (Payments Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Section 8.14 (Limited Recourse), Article IX (The Indenture Trustee), including all limitations of liability thereunder, Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition); (ii) consents, requests and authorizes the Issuer and the Indenture Trustee to (x) add the Province to the register of Specified Creditors described in subsection 13.13 of the Trust Indenture and (y) disseminate the notice details of the Province to other Specified Creditors for the purposes set out in subsection 9.14(b) of the Trust Indenture, and (iii) confirms that it will execute and deliver, or cause to be executed and delivered, all such further agreements, documents and instruments in connection with this Section 5.01 as the Indenture Trustee may request from time to time for the purpose of giving effect to the terms of this Section 5.01.

5.02 <u>Priorities</u>

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation and the Payable Approved Amounts thereunder shall rank equally with the rights, interests and entitlements of a Beneficiary to whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture in the manner and to the extent contemplated in Section 7.10 of the Trust Indenture.

5.03 Intentionally Deleted

5.04 Representations and Warranties

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
INDENTURE TRUSTEE MATTERS

6.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

6.02 Not Responsible for Recitals

The recitals contained herein will be taken as the statements of the Province, the Financing Entity and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

6.03 Representations and Covenants of the Indenture Trustee

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Agreement and has taken all necessary action to authorize the execution, delivery and performance by it of this Agreement;

(c) this Agreement has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada. If, notwithstanding the provisions of this subsection 6.03(d), the Indenture Trustee ceases to be so authorized to carry on business, the validity and enforceability of this Agreement shall not be affected in any manner whatsoever by reason only of such event.

ARTICLE VII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

7.01 Suspension Notice

Upon:

(a) a Program Breach;

(b) a default in the performance, or breach, of any covenants of OPG, as FSM, or OPG, in its corporate capacity, in each case to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligation and the expiration of any applicable cure period;

(c) a representation or warranty made by OPG or a certification made by one or more officers of OPG, in each case whether as FSM or in its corporate capacity, to the Province in connection with its obligations to the Province and its internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligations, proves to be incorrect in any material respect on the date made and the expiration of any applicable cure period; or

(d) the FSM no longer being the Manager or actions having been taken by or on behalf of the Indenture Trustee to remove the FSM as the Manager;

the Province may deliver a written notice in the form of Exhibit C (a "**Suspension Notice**") to the Indenture Trustee, the FSM and the Financing Entity.

7.02 Suspension

If a Suspension Notice has been provided under Section 7.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of: (i) any Primary Obligation incurred, excluding Post-Suspension Refinancings, or (ii) any amendment of any Primary Obligation that has a Material Effect, unless otherwise agreed to by the Province, in each case, on or after the time such Suspension Notice is delivered.

7.03 Additional Right of the Province Regarding Post-Suspension Refinancings

Following the occurrence of a Suspension Event, the Limited Guarantee shall continue to apply in respect of any Post-Suspension Refinancing (for greater certainty, without regard to the satisfaction of any Adherence Conditions); provided that prior to the Financing Entity incurring any Primary Obligation constituting a Post-Suspension Refinancing, the Manager shall provide the Province with at least 30 days' notice of its intention to seek a Post-Suspension Refinancing and prior to incurrence, which notice shall describe the material covenants, events of default, representations and warranties and indemnities of the Financing Entity and other material terms, excluding financial terms, rates and levels, and that shall be in respect of the full amount of the amount becoming due and payable in respect of the applicable Primary Obligation less amounts otherwise available to the Financing Entity from other available or committed sources (the "**Proposal**"), and during such 30 day period the Province may, but is not obligated to, offer to fund such Post-Suspension Refinancing or arrange for another Person to fund such Post-Suspension Refinancing on the same terms as set out in the Proposal or on such other terms as may be considered by the Province to be not more onerous on the Financing Entity and that are acceptable on that basis to the Financing Entity, acting reasonably. If, within such 30-day period, the Province elects to offer to fund such Post-Suspension Refinancing as provided in the preceding sentence, the Manager shall accept such offer; however, if the Province does not elect to offer to fund such Post-Suspension Refinancing, the Manager shall cause the Financing Entity to incur Primary Obligations constituting such a Post-Suspension Refinancing on substantially the same terms (excluding, for greater certainty, any financial terms, rates or levels) as those set out in the Proposal if the Post-Suspension Refinancing can be completed by the Financing Entity in compliance with the Act, or on such other terms as would not have a Material Effect, without taking into account any financial terms, rates or levels.

7.04 No Impact on Adherence

For greater certainty, the occurrence of a Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event or in respect of any Post-Suspension Refinancing.

ARTICLE VIII
MISCELLANEOUS

8.01 Term of Agreement

This Agreement will continue until the later of: (a) the date that no amount is or may become due and payable by the Province under the Limited Guarantee and (b) the date that no amount is or may become due and payable to the Province in respect of any Subrogation Amount.

8.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic

communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: Manager, Corporate Trust
Fax: (416) 981-9777
Email: corporatetrust.toronto@computershare.com

(b) if to the FSM:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

(c) if to the Province:

Ministry of Finance
7 Queen’s Park Crescent, 7th Floor
Toronto, Ontario M7A 1Y7
Attention: Minister of Finance
Fax: (416) 325-0374

- and -

Ministry of Finance
7 Queen's Park Crescent, 7th Floor
Toronto, Ontario M7A 1Y7
Attention: Deputy Minister of Finance
Fax: (416) 325-1595

- and -

Ministry of Energy
Hearst Block 4th Floor, 900 Bay Street
Toronto, Ontario M7A 2E1
Attention: Minister of Energy
Fax: (416) 327-6754

- and -

Ministry of Energy
Hearst Block 4th Floor, 900 Bay Street
Toronto, Ontario M7A 2E1
Attention: Deputy Minister
Fax: (416) 327-6755

(d) if to the Indenture Trustee:

BNY Trust Company of Canada
One York Street, 6th Floor
Toronto, Ontario M5J 0B6
Attention: Corporate Trust Administration
Fax: (416) 360-1711

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 8.02.

8.03 <u>Assignment</u>

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section 8.03 shall be null and void.

8.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

8.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

8.07 Notice to Rating Agencies

OPG, as FSM, shall deliver prompt written notice to the Rating Agencies of the occurrence of (i) a Protection Event; (ii) receipt of a Suspension Notice delivered by the Province pursuant to Section 7.01; and (iii) an assignment of this Agreement by any party pursuant to Section 8.03.

8.08 Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their benefits hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

8.09 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, IN ITS CAPACITY AS TRUSTEE OF FAIR HYDRO TRUST, AS ISSUER, BY ONTARIO POWER GENERATION INC., NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration of a funding obligation" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Compliance Certificate**" means a certificate in the form attached hereto as Exhibit B delivered by the FSM in accordance with Section 4.02(a)ii.

"**Adherence Conditions**", means, in respect of a Certified Primary Obligation, the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of a Guarantee Payment Date, the aggregate of the Approved Obligation Amounts for such Guarantee Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, for a Beneficiary in respect of an Approved Obligation under which an amount is due and payable on a Guarantee Payment Date:

(a) if no Acceleration has occurred in respect of any Obligation Secured on or before the Guarantee Payment Date, the amount due and payable to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation (for greater certainty, determined on the assumption that there are adequate amounts available under the applicable payment provisions of the Trust Indenture to pay in full all amounts referred to in such payment provisions that are due and payable on the Guarantee Payment Date); and

(b) if an Acceleration has occurred in respect of any Obligations Secured on or before the Guarantee Payment Date, the amount that would be available to be paid to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation under the applicable payment provisions of the Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with such applicable payment provisions of the Trust Indenture in respect of each relevant month during each Reference Period is equal to the estimated Finance Amount determined in respect of such Reference Period for purposes of section 15(1) of the Act (in effect on the date hereof), including section 6.1 of the General Regulation (in effect on the date hereof), divided by the number of months in such Reference Period.

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Beneficiary Payee**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Certified Primary Obligations**" means Primary Obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest, including any Refinancing, other than a Post-Suspension Refinancing or a Pre-Approved Refinancing, of such a Primary Obligation (for greater certainty, including, in the case of any Certified Primary Obligation permitting funding transactions pursuant to a Funding Obligation Agreement applicable to the Certified Primary Obligation, each individual borrowing or funding utilization thereunder), (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not any individual trade confirmation other than a trade confirmation that modifies or purports to override the express terms or conditions of the related Master Agreement, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and expected (as determined by the Manager, acting reasonably) aggregate payments by the Financing Entity thereunder during the term of such contract are or would be in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).

"**Change of Law Process Agreement**" means the change of law process agreement between the Province and OPG.

"**Change of Law Protection Agreement**" means this Agreement.

"**Declaration of Trust**" means the declaration of trust made as of December 20, 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Executive Officer**" has the meaning ascribed to the term "executive officer" in National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators.

"**Fair Allocation Amount**" has the meaning ascribed to the term "fair allocation amount" in the Act as of the date of this Agreement.

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the first paragraph of this Agreement until a successor Financing Entity Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and the Declaration of Trust, and thereafter "Financing Entity Trustee" means and includes such Person.

"**Financing Plan**" has the meaning ascribed to the term "Financing Plan" in the Act as of the date of this Agreement.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Guarantee Payment**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Guarantee Payment Date**" has the meaning ascribed thereto in Section 2.01(a)i.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**Holder**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Liens**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(a).

"**Management Agreement**" means the management agreement dated December 20, 2017 between the Manager and the Financing Entity, as amended, supplemented, restated or otherwise modified from time to time.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Agreement**" means an agreement in the form of a Master Agreement as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated December 21, 2017 between the Financing Entity and IESO, as amended, supplemented, restated or otherwise modified from time to time.

"**Material Effect**" means a material adverse effect on the obligations or the rights of the Province under the Limited Guarantee that relates to, and in each case, differs in any material respect from the terms or conditions applicable to any other Transaction Document that forms part of the Reference Documentation at the relevant time, the following: (i) the timing of or circumstances under which Primary Obligations would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization) that, in each case, is inconsistent with the Fair Allocation Amount; (ii) the appointment, obligations or duties of OPG as the Manager; (iii) the existence, powers or authority of the Financing Entity or the Financing Entity Trustee; (iv) the obligations of the Indenture Trustee to or in respect of the Province as a Specified Creditor; (v) the payment provisions and associated priorities set forth in the Trust Indenture; (vi) compliance by the FSM with the then applicable Financing Plan; (vii) compliance by the FSM or the Financing Entity with the Act or the General Regulation; or (viii) the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of this Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation.

"**Notes**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Payable Approved Amounts**" has the meaning ascribed thereto in 2.01(a).

"**Payment Date**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, unlimited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Post-Suspension Refinancing**" means a Funding Obligation that is an Obligation Secured and that is incurred on or after the occurrence of a Suspension Event in compliance with the requirements of Section 7.03, as a Refinancing of one or more Series of Approved Obligations (including any Pre-Approved Refinancing incurred on or after the occurrence of a Suspension Event), in each case the proceeds of which, together with any other funds that may be available, are used solely for the purpose of paying in full such Series of Approved Obligations and any costs and expenses associated with such Refinancing.

"**Pre-Approved Refinancing**" means a Refinancing of a Certified Primary Obligation in respect of which the Province has, prior to the incurrence of such Certified Primary Obligation, agreed shall be an Approved Obligation, subject to compliance with such conditions and requirements as may be specified in such agreement.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account or Finance Reserve Account; and (ii) any obligation to pay the Financing Entity or on the Financing Entity's direction any remaining amounts in the Collection Account pursuant to the Trust Indenture.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any

"regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that (X) adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations when due and payable, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any Finance Reserve Account, Capital Account or collateral posting account applicable under a Derivative Agreement, (ii) the availability of any credit enhancement agreement to which the Financing Entity is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in any of clauses (i) to (v) of this paragraph (a), or (Y) adversely affects the enforceability of, or adversely changes, the terms and conditions of this Agreement or of any of the agreements under which Approved Obligations arise; or

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations when due and payable and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Approved Obligations that have become due and payable, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any Finance Reserve Account, Capital Account or collateral posting account applicable under a Derivative Agreement, (ii) the availability of any credit enhancement agreement to which the Financing Entity is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in paragraph (b).

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency Condition" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Reference Documentation**" has the meaning ascribed thereto in the Change of Law Process Agreement.

"**Reference Period**" has the meaning ascribed to the term "reference period" in the Act as of the date of this Agreement.

"**Refinancing**" has the meaning ascribed to the term "refinancing" in the Act as of the date of this Agreement, as more particularly described and given meaning in the General Regulation as of the date of this Agreement.

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Specified Creditor**" has the meaning ascribed thereto in the Trust Indenture on the date hereof.

"**Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(B).

"**Subrogation Payment Date**" has the meaning ascribed thereto in clause 2.01(a)iv.

"**Suspension Event**" has the meaning ascribed thereto in Section 7.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 7.01.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" has the meaning ascribed thereto in the Change of Law Process Agreement.

"**True-up Amount**" has the meaning ascribed to the term "true up amount" in the Act as of the date of this Agreement.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of December 21, 2017, as amended, supplemented, restated or otherwise modified from time to time.

EXHIBIT A
FORM OF PAYMENT DEMAND

TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

Reference is made to the Change of Law Protection Agreement dated December [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Pursuant to and in accordance with section 2.01(a) of the Change of the Law Protection Agreement, the Indenture Trustee hereby demands payment from the Province in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in the Change of Law Protection Agreement.

DATED as of the [■] day of [■], [■].

BNY TRUST COMPANY OF CANADA

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT B
FORM OF ADHERENCE COMPLIANCE CERTIFICATE UNDER SECTION 4.02(a)

TO: **BNY TRUST COMPANY OF CANADA**, in its capacity as Indenture Trustee (the "**Indenture Trustee**") under the Master Trust Indenture dated as of December 21, 2017 between Fair Hydro Trust and the Indenture Trustee (the "**Master Trust Indenture**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province of Ontario, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust, Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Each of the undersigned, being the [■] and [■] of OPG acting in its capacity as FSM and holding the offices set forth under their names and signatures below, pursuant to and accordance with clause 4.02(a)ii of the Change of Law Protection Agreement, hereby certifies for and on behalf of OPG, in its capacity as Financial Services Manager, and not in such officer's personal capacity and intending that this certificate may be relied on by the addressees hereof without independent inquiry, that:

1. I have read and understand the provisions of the Change of Law Protection Agreement, the Master Trust Indenture and all other documents and materials necessary to enable me to deliver this certificate.
2. If the Certified Primary Obligation is a Refinancing, the proceeds of the Refinancing will be used solely for the purpose of repaying one or more Certified Primary Obligations in respect of which the Adherence Conditions in Subsection 4.02(a) of the Change of Law Protection Agreement had been satisfied, including one or more other Refinancings in respect of which the Adherence Conditions in Subsection 4.02(a) of the Change of Law Protection Agreement had been satisfied.
3. OPG has delivered to the Province a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate was provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation.

DATED as of the [■] day of [■], [■].

Name: [1]	Name:
Office:	Office:

[1] This certificate must be signed by two officers of OPG being either (i) the Chief Financial Officer and the Treasurer, or (ii) any two Executive Officers (as defined in the Change of Law Protection Agreement) of OPG.

EXHIBIT C
SUSPENSION NOTICE

TO: Ontario Power Generation Inc., in its capacity as Financial Services Manager

AND TO: Fair Hydro Trust

AND TO: Computershare Trust Company of Canada, in its capacity as trustee of Fair Hydro Trust

AND TO: BNY Trust Company of Canada, as Indenture Trustee

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement. All references in this Suspension Notice to "Articles" or "Sections" refer to Articles or Sections of the Change of Law Protection Agreement.

The Province has a reasonable basis for concluding that an event described in clauses (a) to (d) of Section 7.01 has occurred. Pursuant to Section 7.01, the Province hereby declares that the Limited Guarantee shall hereby not apply in respect of (i) any Primary Obligation incurred, excluding Post-Suspension Refinancings or Pre-Approved Refinancings or (ii) any amendment of any Primary Obligation that has a Material Effect, unless otherwise agreed to by the Province, in each case, on or after delivery of this Suspension Notice.

This Suspension Notice is hereby delivered to the FSM, the Financing Entity and the Indenture Trustee in accordance with Section 8.02 of the Change of Law Protection Agreement.

* * * *

DATED as of the [■] day of [■], [■].

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.

CHANGE OF LAW PROCESS AGREEMENT

Dated as of December [■], 2017

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**") is made and entered into as of December [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.

Pursuant to a Declaration of Trust dated as of December 20, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the applicable Adherence Conditions.

Prior to entering into this Agreement, OPG provided the Province with the final forms of certain of the Transaction Documents, as described on Exhibit "A", and the Province has not objected to such forms and hereby confirms to OPG that such Transaction Documents will constitute "Reference Documentation" for purposes of this Agreement.

Prior to entering into this Agreement, OPG, as the FSM, provided the Minister of Energy, in compliance with the Act, with the initial Financing Plan, which includes the initial forecast (the "**Initial Forecast**") setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Obligations Secured to be incurred during the 24 month period from December 1, 2017 to November 30, 2019 (the "**Initial Forecast Period**"). Prior to entering into this Agreement, OPG provided the Province with the initial Protection Agreement Maximum (the "**Initial Protection Agreement Maximum**"). The Province has received the initial Financing Plan and has not disagreed with the Initial Forecast or the Initial Protection Agreement Maximum on the basis of an apparent inaccuracy in the Initial Forecast, an inconsistency between the Initial Forecast and the initial Financing Plan, or as a result of the Initial Protection Agreement Maximum being more than the Initial Forecast.

This Agreement sets out the obligations OPG has agreed to perform and assurances OPG has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the applicable Adherence Conditions have been satisfied and maintaining information related to the Program Agreements and the Approved Obligations.

All things necessary to make this Agreement a valid and legally binding agreement of OPG and the Province, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall"; the word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other

subdivisions of this Agreement as originally executed; the words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 References to the Financing Entity

For greater certainty, each reference to the Financing Entity shall be construed as a reference to the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.04 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.06 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby, and any material amendment or waiver of this Agreement will only be binding if the Rating Agency Condition has been satisfied. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF OPG

2.01 Deliveries to the Province

(a) OPG shall promptly deliver to the Province a copy of any proposed change to or replacement of the Financing Plan.

(b) Not less than 10 Business Days, or such lesser period as the Province may agree to in writing, prior to:

(i) any proposed material change in the terms or conditions applicable to a Primary Obligation in a previously provided Transaction Document becoming effective or otherwise being used; provided, however, that a proposed change in particular financial terms, rates or levels shall not constitute a material change, and

(ii) any additional, supplemental or replacement Transaction Document becoming effective or otherwise being used,

OPG shall deliver to the Province a copy of such proposed change to the Transaction Document and any such additional, supplemental or replacement Transaction Document.

(c) Without limiting Subsection 2.01(b), and except as has previously been provided to the Province under Subsection 2.01(b), promptly following (i) any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor being made, (ii) any new, additional, supplemental or replacement instruments, documents, agreements or security being used or granted in connection with all or any part of the Approved Obligations, or (iii) any waiver, release, reconveyance, termination, abandonment, subordination, exchange, substitution, transfer, compound, compromise, liquidation or enforcement of all or any part of the Approved Obligations or any security or guarantee therefor being effected, OPG shall deliver to the Province a detailed description of such event and the reasons for it together with any related documents, agreements and instruments.

(d) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, OPG shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations (including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(e) Promptly upon request, OPG shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

2.02 <u>Covenants</u>

(a) OPG shall use commercially reasonable efforts to cause the Financing Entity to:

(i) punctually perform and observe all of the Financing Entity's obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not (unless waived in writing by the Province):

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement, replacement, waiver or consent could reasonably be considered to have a Material Effect; provided, however, that the foregoing does not apply to any supplement, amendment, modification, restatement, replacement, waiver or consent in respect of particular financial terms, rates or levels;

(B) extend, renew, compromise, novate, replace, suspend, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, liquidate or enforce the terms of all or any part of the Approved Obligations or any Collateral, if any such action could reasonably be considered to have a Material Effect; provided, however, that the foregoing does not apply to any such action taken in respect of particular financial terms, rates or levels; or

(C) permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired.

(b) If any action restricted pursuant to Section 2.02(a)(v) is reflected in a delivery required to be made by OPG to the Province pursuant to Section 2.01(b) and is not objected to by the Province under Section 3.04(b), the Province shall be

deemed to have waived its rights in respect of such action under Section 2.02(a)(v).

(c) OPG shall:

(i) comply, and shall use commercially reasonable efforts to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

(ii) punctually perform and observe all of its (including as the FSM and as Manager) obligations and agreements contained in the Program Agreements;

(iii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation; and

(iv) notify the Province of (1) the occurrence of any Breach Event and any Program Breach, in each case within 2 Business Days of any such occurrence, and (2) any event or circumstance known to OPG that with the passage of time or the giving of notice would be a Breach Event or a Program Breach, in each case within 1 Business Day of OPG first becoming aware of such event or circumstance; and

(v) after the occurrence of any Protection Event (or any event or circumstance known to OPG that with the passage of time or the giving of notice would be a Protection Event), not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.

(d) The Province and OPG acknowledge that their obligations to each other under the Indemnity Agreement between the Province and OPG dated June 1, 2017 (as amended, the "**Indemnity Agreement**") are not amended by this Agreement and continue in full force and effect, notwithstanding that this Agreement is entered into subsequent to the Indemnity Agreement.

(e) The Province and OPG acknowledge that their obligations to each other under the Indemnity Agreement are not amended by the Change of Law Protection Agreement and continue in full force and effect, notwithstanding that the Change of Law Protection Agreement was entered into subsequent to the Indemnity Agreement.

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate

OPG shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Province, on or before the incurrence or any amendment of a Funding Obligation, other than any Funding Obligation under which not more than $5,000,000 in the aggregate may become payable by the Financing Entity (provided that delivery may not be more than 5 Business Days before the incurrence or amendment of the Funding Obligation), setting out the following with respect to such Funding Obligation:

(a) the material terms of the Funding Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a Derivative Agreement, OPG's best estimate of the expected notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

(b) if an existing Funding Obligation is proposed to be amended, material details respecting such amendment, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

(c) a statement to the effect that: (i) the Funding Obligation to be incurred or amended (1) will arise under terms and conditions that are Substantially in the Form of the Reference Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reference Documentation;

(d) a statement confirming that any disclosure made in respect of the Funding Obligation (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to the Funding Obligation) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement has been made available to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made;

(e) a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and

(f) confirmation that, at the time the Funding Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Funding Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the Protection Agreement Maximum applicable on the date that the Process Certificate is delivered; for clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be determined on the date the Process Certificate is delivered hereunder in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

3.02 Acknowledgement regarding delivery of certificate under Change of Law Protection Agreement

The Province acknowledges and agrees that, concurrent with the delivery of the Process Certificate pursuant to Section 3.01 of this Agreement, the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) are authorized to deliver the certificate referred to in Subsection 4.02(a)(ii) of the Change of Law Protection Agreement to the Indenture Trustee confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with adherence of the Limited Guarantee to the incurrence of the Certified Primary Obligations in respect of which the certificate in Subsection 4.02(a)(ii) of the Change of Law Protection Agreement is being delivered; provided that, upon receipt of a Suspension Notice under the Change of Law Protection Agreement, OPG covenants not to deliver any further certificates to the Indenture Trustee under Subsection 4.02(a)(ii) of the Change of Law Protection Agreement.

3.03 Acknowledgement regarding delivery of Suspension Notice

The parties acknowledge and agree that the Province is entitled to deliver a Suspension Notice under Section 7.01 of the Change of Law Protection Agreement if a Program Breach or Breach Event has occurred. The Province agrees not to deliver a Suspension Notice pursuant to Section 7.01 of the Change of Law Protection Agreement unless a Program Breach or a Breach Event has occurred.

3.04 Meaning of "Reference Documentation"

For the purposes of Subsection 3.01(c), the term "Reference Documentation" shall mean each Transaction Document that, at the relevant time:

(a) is a Transaction Document listed on Exhibit "A"; or

(b) is a Transaction Document (including any amended or amended and restated Transaction Document) provided to the Province in accordance with Subsection 2.01(b) that has not been objected to by the Province, by delivery of an objection notice in writing delivered to OPG, within 10 Business Days after it is provided to the Province; provided that the Province (i) shall only be entitled to deliver an objection notice if the Transaction Document (including any amended or amended and restated Transaction Document) has a Material Effect and (ii) shall not be entitled to deliver an objection notice in respect of any Post-Suspension Refinancing.

3.05 Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(c), the term "Substantially in the Form" shall mean:

(a) with respect to the Reference Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such Reference Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation that could have a Material Effect; provided, however, that the foregoing does not apply to any particular financial terms, rates or levels; and

(b) with respect to the Reference Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum

(a) Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Obligations Secured that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Obligations Secured to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast

shall be further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum, which may not exceed such Forecast.

(b) Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of any further Forecast and notice of the revised Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province may disagree with such further Forecast or revised Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in such further Forecast, (ii) the further Forecast is inconsistent with the Financing Plan, or (iii) the revised Protection Agreement Maximum is more than the further Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the revised Protection Agreement Maximum will be further revised accordingly and confirmed by an amended notice to the Province.

(c) For clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be valued at the time to be determined for the purposes of this Section 4.01 in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of OPG

OPG represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, may cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario and has the power and authority to enter into and perform its obligations under this Agreement and all instruments and agreements delivered pursuant hereto.

(c) OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Financing Entity or in the ability of the Financing Entity to perform its obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

5.02 Representations and Warranties of the Province

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
BREACH EVENTS

6.01 Breach Events

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

(a) a default in the performance, or breach, by OPG of Section 2.01(b)(i), Section 2.02(c)(iv) or Section 3.01;

(b) a default in the performance, or breach, of any other covenants of OPG under this Agreement (excluding Section 2.01(b)(i), Section 2.02(c)(iv) and Section 3.01), which, if curable in a way such that the default or breach would not have or have had a material adverse effect on the rights or interests of the Province under this Agreement or the Change of Law Protection Agreement, is not so cured within thirty (30) days;

(c) any representation or warranty made by OPG in this Agreement, any certification made in a Process Certificate, or any certification made in a certificate contemplated by Subsection 4.02 of the Change of Law Protection Agreement, proves to be incorrect in a material respect on the date made and which, if curable in a way such that the incorrect representation or warranty may be remedied without having or having had a material adverse effect on the rights or interests of

the Province under this Agreement or the Change of Law Protection Agreement as a result of the Province's reliance thereon, is not so cured within thirty (30) days; or

(d) OPG is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the Manager.

ARTICLE VII
MISCELLANEOUS

7.01 Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

7.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to OPG:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

(b) if to the Province:

Ministry of Finance
7 Queen's Park Crescent, 7th Floor
Toronto, Ontario M7A 1Y7

Attention: Minister of Finance
Fax: (416) 325-0374

- and -

Ministry of Finance
7 Queen's Park Crescent, 7th Floor
Toronto, Ontario M7A 1Y7
Attention: Deputy Minister of Finance
Fax: (416) 325-1595

- and -

Ministry of Energy
Hearst Block 4th Floor, 900 Bay Street
Toronto, Ontario M7A 2E1
Attention: Minister of Energy
Fax: (416) 327-6754

- and -

Ministry of Energy
Hearst Block 4th Floor, 900 Bay Street
Toronto, Ontario M7A 2E1
Attention: Deputy Minister
Fax: (416) 327-6755

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 7.02.

7.03 <u>Assignment</u>

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 7.03 shall be null and void.

7.04 <u>Enurement</u>

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

7.05 <u>FIPPA</u>

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or

any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

7.06 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

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

By: _____

Name:
Title:

By: _____

Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Breach Event**" has the meaning ascribed thereto in Section 6.01.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated December [■], 2017 among the Province, the Financing Entity, OPG (as the FSM and the Manager) and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of December 21, 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

"**Fair Allocation Amount**" has the meaning ascribed to the term "fair allocation amount" in the Act as of the date of this Agreement.

"**Financing Entity**" means Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(a).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**IESO Security Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**Initial Forecast**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Initial Forecast Period**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Initial Protection Agreement Maximum**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated December 21, 2017 between the Financing Entity and IESO.

"**Material Effect**" means a material adverse effect on the obligations or the rights of the Province under the Limited Guarantee, the Change of Law Protection Agreement or this Agreement that relates to, and in each case, differs in any material respect from the terms or conditions applicable to any other Transaction Document that forms part of the Reference Documentation at the relevant time, the following: (i) the timing of or circumstances under which related payments would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization) that, in each case, is inconsistent with the Fair Allocation Amount; (ii) the appointment, obligations or duties of OPG as the Manager; (iii) the existence, powers or authority of the Financing Entity or the Financing Entity Trustee; (iv) the obligations of the Indenture Trustee to or in respect of the Province as a Specified Creditor; (v) the payment provisions and associated priorities set forth in the Trust Indenture; (vi) compliance by the FSM with the then applicable Financing Plan; (vii) compliance by the FSM or the Financing Entity with the Act or the General Regulation; or (viii) the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that

would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Protection Agreement Maximum**" means the dollar amount referenced as the Program Agreement Maximum and determined in accordance with Section 4.01.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture.

"**Reference Documentation**" has the meaning ascribed thereto in Section 3.04.

"**Repayment**" has the meaning ascribed to the term "repayment" in the General Regulation as of the date of this Agreement.

"**Substantially in the Form**" has the meaning ascribed thereto in Section 3.05.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement; (vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to an ISDA Master Agreement governing derivative

transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that could affect the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of December 21, 2017.

EXHIBIT "A"
INITIAL REFERENCE DOCUMENTATION

- Declaration of Trust;
- Management Agreement;
- Master Transfer and Servicing Agreement;
- Acknowledgement and indemnity agreement dated as of December 21, 2017 made by IESO in favour of the Indenture Trustee;
- IESO Security Agreement;
- Trust Indenture;
- Warehouse Senior Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of December 21, 2017;
- Warehouse Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of December 21, 2017; and
- Warehouse Junior Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of December 21, 2017.

MANAGEMENT AGREEMENT

between

FAIR HYDRO TRUST
as Issuer

- and -

ONTARIO POWER GENERATION INC.
as Manager

Acknowledged and Accepted by

BNY TRUST COMPANY OF CANADA
as Indenture Trustee

Dated as of December ~~■,~~20, 2017

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Exhibit A – Annual Compliance Certificate
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MANAGEMENT AGREEMENT

THIS AGREEMENT made as of December ■~~,~~**20,** 2017,

BETWEEN:

FAIR HYDRO TRUST, a trust formed under the laws of the Province of Ontario

(the "**Issuer**")

- and -

ONTARIO POWER GENERATION INC., a corporation established under the laws of the Province of Ontario

(the "**Manager**")

- acknowledged and accepted by -

BNY TRUST COMPANY OF CANADA, a trust company existing under the laws of Canada and duly authorized to carry on the business of a trust company in all of the provinces and territories of Canada, as indenture trustee

(the "**Indenture Trustee**")

WHEREAS the Government of Ontario has passed the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**") for the purpose of, among other things, ensuring that Clean Energy Costs and Clean Energy Benefits are fairly allocated among present and future Specified Consumers;

AND WHEREAS Ontario Power Generation Inc. has been appointed as Financial Services Manager under the Act to, among other things, evaluate whether potential Funding Obligations should be incurred by Financing Entities for the purposes of acquiring and financing Investment Interests;

AND WHEREAS the Issuer is a Financing Entity established, at the request of the Financial Services Manager and pursuant to the Act, by Computershare Trust Company of Canada;

AND WHEREAS the Issuer may from time to time finance the acquisition from the IESO of an Investment Interest pursuant to the terms of the Master Transfer and Servicing Agreement;

AND WHEREAS the Indenture Trustee has been appointed pursuant to the Indenture to act on behalf of all Specified Creditors and wishes to acknowledge and accept the rights and

obligations granted to it thereby, including, but not limited to, its rights set forth in this Agreement;

AND WHEREAS the Issuer and the Manager are entering into this Agreement in furtherance of, and in accordance with, the Act;

NOW THEREFORE in consideration of the foregoing and the mutual covenants and agreements contained herein (the receipt and adequacy of which are hereby acknowledged), the parties hereto agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

(a) In this Agreement, the following terms have the following meanings:

"**Act**" has the meaning ascribed thereto in the recitals;

"**Agreement**" means this Agreement, as amended, supplemented, modified, replaced or amended and restated from time to time, and the expressions "herein", "hereof", "hereto", "hereunder" and similar expressions refer to this Agreement and not to any Article, Section, paragraph, subparagraph or clause hereof;

"**Approved Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement;

"**Board**" means the Ontario Energy Board, a statutory corporation without share capital continued under the *Ontario Energy Board Act, 1998*, S.O., 1998;

"**Carrying Costs**" has the meaning ascribed to the term "carrying costs" in the Regulations;

"**CEA Consumer Invoice Amounts**" has the meaning ascribed thereto in the Master Transfer and Servicing Agreement;

"**Change of Law Process Agreement**" means the change of law process agreement **to be dated December ■, 2017** between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance and Ontario Power Generation Inc.;

"**Clean Energy Adjustment**" has the meaning ascribed to the term "clean energy adjustment" in the Act;

"**Clean Energy Benefits**" has the meaning ascribed to the term "clean energy benefits" in the Act;

"**Clean Energy Costs**" has the meaning ascribed to the term "clean energy costs" in the Act;

"**Declaration of Trust**" means the declaration of trust made as of December ■,**20,** 2017 under which the Issuer was established, as may be amended, supplemented, modified, replaced or amended and restated from time to time;

"**Electricity Vendor**" has the meaning ascribed to the term "electricity vendor" in the Act;

"**Electricity Vendor CEA Collections**" has the meaning ascribed thereto in the Master Transfer and Servicing Agreement;

"**Fair Allocation Amount**" has the meaning ascribed to the term "fair allocation amount" in the Act;

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act;

"**Financial Services Manager**" has the meaning ascribed to such term under the Act;

"**Financing Entity**" has the meaning ascribed to the term "financing entity" in the Act;

"**Financing Plan**" has the meaning ascribed to such term under the Act;

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act;

"**IESO**" means the Independent Electricity System Operator, a statutory corporation without share capital amalgamated under the *Electricity Act, 1998*, S.O. 1998;

"**Implementation Plan**" has the meaning ascribed to such term in Section 4.3(a);

"**Indemnified Losses**" has the meaning ascribed to such term in Section 5.6(a);

"**Indenture**" means the master trust indenture **to be** dated as of December ■,**21,** 2017 between the Indenture Trustee and the Issuer, as may be amended, supplemented, modified, replaced or amended and restated from time to time;

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act;

"**Investment Interest Records**" means, collectively, any and all documents and records the Manager shall keep on file, in accordance with its customary procedures, relating to the Issuer Investment Interest, including copies of all documents filed with the Board in connection with any Clean Energy Adjustments and computational records relating thereto;

"**Issuer Compensation**" has the meaning ascribed to such term in Section 5.5;

"**Issuer Funding Obligation**" means a Funding Obligation incurred by the Issuer;

"**Issuer Investment Interest**" means, initially, the Investment Interest acquired by the Issuer pursuant to the first Transfer completed under the Master Transfer and Servicing Agreement and, upon the completion of each Transfer thereafter, the cumulative Investment Interest acquired by the Issuer;

"**Issuer Property**" means, as of any particular time, all assets of the Issuer and all property, real, personal or otherwise, tangible or intangible, which has been transferred, conveyed or paid to, or acquired by the Issuer, including all income, earnings, profits and gains therefrom, and which at such time is owned or held by the Issuer;

"**Management Fees**" means the fees established and charged by the Financial Services Manager in accordance with section 19(3) of the Act and the Regulations and approved by the Board in accordance with section 19(4) of the Act;

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement **to be** dated December ~~7~~ **21,** 2017 between the Issuer and the IESO, as may be amended, supplemented, modified, replaced or amended and restated from time to time;

"**Minister**" means the Minister of Energy or such other member of the Executive Council as may be assigned the administration of the Act under the *Executive Council Act*, S.O. 1990;

"**Monthly Servicer Report**" means the report delivered by the IESO under Section 3.5(a) of the Master Transfer and Servicing Agreement;

"**Offering Materials**" means any document used by the Issuer in connection with offering securities representing Issuer Funding Obligations for sale including, without limitation, any information circular, offering memorandum, annual information form, preliminary prospectus, prospectus, prospectus supplement, term sheet, registration statement or other similar document, or any amendments to such documents;

"**Perpetuity Date**" means the date that is one day prior to the 21st anniversary of the death of the last surviving lineal descendant of Queen Elizabeth, II of England living as of the date of the Declaration of Trust;

"**Primary Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement;

"**Proceeding**" means any suit in equity, action at law or other judicial or administrative proceeding;

"**Reference Period**" has the meaning ascribed to the term "reference period" in the Act;

"**Regulation AB**" means Subpart 229.1100 – Asset Backed Securities (Regulation AB), 17 C.F.R. §§229.1100-229.1125, and all related rules and regulations of the U.S. Securities and Exchange Commission, as such rules may be amended from time to time, and subject to such clarification and interpretation as have been provided by the U.S. Securities and Exchange Commission or by the staff of the U.S. Securities and Exchange Commission, or as may be provided by the U.S. Securities and Exchange Commission or its staff from time to time;

"**Regulations**" means Ontario Regulation 206/17: General, together with any other regulations promulgated under the Act;

"**Servicer CEA Receipts**" has the meaning ascribed thereto in the Master Transfer and Servicing Agreement;

"**Specified Consumer**" has the meaning ascribed to the term "specified consumer" in the Act;

"**Standard of Care**" has the meaning ascribed to such term in Section 5.1;

"**Transfer**" has the meaning ascribed to the term "transfer" in the Act; and

"**True Up Amount**" has the meaning ascribed to the term "true up amount" in the Act.

(b) Unless otherwise defined in this Agreement, all capitalized terms used in this Agreement shall have the meanings ascribed thereto in the Indenture.

ARTICLE 2
INTRODUCTORY PROVISIONS

2.1 Sections and Headings

The table of contents does not form part of this Agreement. The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and will not affect the construction or interpretation of this Agreement. Unless something in the subject matter or context is inconsistent therewith, references herein to Articles and Sections are to Articles and Sections of this Agreement.

2.2 Extended Meanings

Words importing the singular number only will include the plural and vice versa and words importing the masculine gender will include the feminine and neuter genders and vice versa. Unless otherwise specified, a reference to any agreement, instrument or declaration means such agreement, instrument or declaration as the same may be amended, supplemented, modified, restated or replaced from time to time.

2.3 References to Acts of the Issuer or the Issuer Trustee

For greater certainty, where any reference is made in this Agreement to an act to be performed by the Issuer, such reference will be construed and applied for all purposes as if it referred to an act to be performed by the Issuer Trustee as trustee of the Issuer. Where any reference is made in this Agreement to an act to be performed by the Issuer Trustee, such reference will be construed and applied for all purposes as if it referred to an act to be performed by the Issuer Trustee as trustee of the Issuer.

ARTICLE 3
APPOINTMENT OF THE MANAGER

3.1 Appointment and Authority of the Manager

The Issuer hereby appoints Ontario Power Generation Inc. as the Manager to act as its agent to provide services and perform duties for and on behalf of and for the account of the Issuer, as hereinafter provided, in connection with the activities of the Issuer relating to:

(a) the acquisition, administration and possible transfer of the Issuer Investment Interest on behalf of the Issuer in accordance with the Act;

(b) acting as custodian of the Investment Interest Records;

(c) the entering into and execution and delivery on behalf of the Issuer of any Program Agreements;

(d) the incurrence of Issuer Funding Obligations, and repayment thereof, to fund the acquisition of the Issuer Investment Interest;

(e) the negotiation, execution and delivering or filing on behalf of the Issuer of any Offering Materials;

(f) the implementation and administration of the provisions of the Program Agreements to which the Issuer or the Manager on its behalf is a party;

(g) the acquisition, administration and sale of investments that may from time to time be made by the Issuer; and

(h) all activities as may be reasonably incidental to the foregoing or necessary in connection with the performance by the Issuer of its obligations under the Program Agreements, the Act and the Regulations.

The Manager accepts such appointment and agrees to act in such capacity and to provide or cause to be provided the services and to perform the duties set forth in this Agreement on and subject to the terms and conditions in this Agreement. The Issuer hereby grants to the Manager the power and authority to act in the name of and on behalf of the Issuer, and to execute and deliver all documents, agreements and instruments in the name and on behalf of the Issuer, for the sole purpose of providing the services and performing the duties to be provided and performed by the Manager pursuant to this Agreement. The Manager shall provide all the services and perform all the duties contemplated under this Agreement, including its duties as Financial Services Manager under the Act, in Ontario, Canada.

ARTICLE 4
DUTIES AND OBLIGATIONS OF THE MANAGER

4.1 Program Agreements

(a) The Manager will administer as agent for and on behalf of and for the account of the Issuer the activities of the Issuer in connection with the Program Agreements and, in this regard, its services and duties will include:

(i) negotiating and executing, on behalf of the Issuer, Program Agreements and any documents related thereto with any Person and any amendments, supplements, replacements or restatements that may be necessary or desirable from time to time;

(ii) arranging for liquidity coverage required pursuant to the Program Agreements, negotiating and settling Liquidity Agreements and administering on behalf of the Issuer the activities of the Issuer in connection with such Liquidity Agreements;

(iii) when necessary or desirable, arranging for the Credit Enhancement of the Issuer Investment Interest, negotiating and settling Credit Enhancement Agreements and administering on behalf of the Issuer the activities of the Issuer in connection with such Credit Enhancement Agreements;

(iv) seeking satisfaction of the Rating Agency Condition from the Rating Agencies in respect of the Program Agreements and proposed amendments thereto if required;

(v) based on reports submitted to it, monitoring the recording, accounting for and enforcement of payment of amounts distributable or payable to the Issuer in connection with any Program Agreement;

(vi) maintaining accounts and banking records of the Issuer with respect to acquisitions or investments in and distributions and payments in connection with the Issuer Property, including Eligible Investments;

(vii) promptly after obtaining knowledge thereof, notifying the Issuer, the Indenture Trustee and the Rating Agencies of a breach in any material respect of any of the Manager's representations, warranties or covenants contained herein;

(viii) to the extent that the Issuer shall from time to time have funds the application of which is not then necessary to the repayment of outstanding indebtedness of the Issuer or to the payment of any costs, fees, expenses or disbursements of the Issuer, applying such funds on behalf of and for the account of the Issuer to the acquisition of Eligible Investments as the Manager may select pending the application of such funds to the repayment of outstanding indebtedness of the Issuer or to the payment of

any costs, fees, expenses or disbursements of the Issuer; provided, however, that in making any such Eligible Investments, the Manager shall adhere to the requirements of the Program Agreements in all respects;

(ix) taking all other necessary and appropriate action to enable the Issuer to exercise its rights and perform its obligations in accordance with the provisions of any Program Agreement, including exercising rights of termination under Program Agreements and the enforcement of security or in respect of Eligible Investments;

(x) providing for the defense of any action, suit or proceeding brought against the Issuer or affecting the Issuer or any Issuer Property;

(xi) taking all such steps as may be necessary or appropriate to enable the Issuer to collect on any security relating to the Issuer Investment Interest;

(xii) determining, in accordance with the Financing Plan, when it is appropriate for the Issuer to enter into Derivative Agreements, selecting suitable counterparties thereto and negotiating the terms thereof in accordance with the terms of the Program Agreements;

(xiii) determining, in accordance with the Financing Plan, when it is appropriate for the Issuer to incur Funding Obligations, including the determination of applicable principal (or face amount), amortization/sinking fund schedule(s), interest rates (or rate of discount), interest payment frequency, issuance date and maturities of such Funding Obligations;

(xiv) ensuring that all Primary Obligations of the Issuer are and remain Approved Obligations;

(xv) making determinations under the Declaration of Trust regarding any distributions to beneficiaries of the Issuer;

(xvi) promptly providing the Issuer Trustee notice of the Perpetuity Date once determined;

(xvii) administering all activities of the Issuer in connection with the issuance, sale, payment, repurchase and redemption of Issuer Funding Obligations and the execution and performance by the Issuer of its obligations under the Program Agreements, including all reporting obligations, applying for and monitoring the ratings of any Issuer Funding Obligations and coordinating all aspects of obtaining and maintaining ratings from the Rating Agencies;

(xviii) preparing, executing and delivering, in accordance with the requirements of all applicable securities laws, any Offering Materials to be furnished by the Issuer to any dealer or prospective purchaser of Issuer Funding Obligations, in accordance with the Issuer's obligations to prepare such

Offering Materials under any Underwriting Agreement or Agency Agreement, and preparing amendments to or revising or updating information for such Offering Materials as required from time to time (it being understood that the Manager, as between it and the Issuer, shall not be responsible for the accuracy of any portion of the Offering Materials prepared from information obtained from any Person other than the Issuer and the Manager);

(xix) ensuring that all statements of the Issuer made in any Offering Materials or in connection with entering into any Program Agreement are at all times true and correct in all material respects (it being understood that the Manager, as between it and the Issuer, shall not be responsible for the accuracy of any portion of the Offering Materials prepared from information obtained from any Person other than the Issuer and the Manager);

(xx) arranging for compliance by the Issuer with any continuous disclosure obligations it may have under any applicable securities laws;

(xxi) preparing and filing all reports, certificates and other documents that are required to be prepared and filed pursuant to the Indenture in order to comply with Regulation AB and delivering all such reports, certificates and other documents to the Issuer, the Indenture Trustee and the Rating Agencies;

(xxii) arranging for the retention of legal counsel as may be necessary to perform for the Issuer the services necessary or appropriate to its organization or the conduct of its operations and all general services customarily provided by legal counsel;

(xxiii) arranging for the appointment, discharge and reappointment of an auditor of the Issuer and negotiating and fixing the fees of any such auditor;

(xxiv) arranging for the retention of an accounting firm and ensuring that proper books of account and complete records of all transactions of the Issuer undertaken or performed by it under the Program Agreements are maintained and rendering statements or copies thereof from time to time as requested by the Indenture Trustee and any issuing and paying agent, Lender or Credit Enhancer and co-operating in all audits of the Issuer;

(xxv) preparing, or arranging for the preparation of, all required financial statements of the Issuer;

(xxvi) preparing, procuring, delivering and filing, or causing to be prepared, procured, delivered or filed, any reports, attestations, exhibits, certificates or other documents required to be delivered or filed with the applicable securities regulator by the Issuer under the applicable securities or other applicable laws;

(xxvii) providing clerical and bookkeeping services necessary and appropriate for the Issuer relating to all transactions of the Issuer undertaken or performed by the Manager hereunder, and the Issuer's incurrence and repayment of Funding Obligations and other borrowings of money and maintaining and preserving records regarding the foregoing;

(xxviii) paying all taxes or assessments of whatever kind or nature imposed on the Issuer, and withholding and remitting all taxes required to be withheld and remitted by the Issuer under applicable laws, in each case, on behalf of and for the account of the Issuer and in accordance with the requirements of any applicable laws and subject to the payment priorities specified in the Program Agreements;

(xxix) preparing and filing, in accordance with the requirements of the Indenture and any applicable laws, all returns (including, for greater certainty, all returns, information returns, elections, designations, declarations, schedules, statements or supporting documents in relation thereto) required to be filed with any government authority, or prepared as support for any such filing, in connection with (A) the determination, assessment or collection of any taxes of the Issuer or taxes, or amounts on account of taxes, that the Issuer is required to withhold and remit by applicable laws, or (B) the administration of any laws, regulations or administrative requirements relating to taxes; and

(xxx) providing such other services as are incidental to the foregoing or as the Issuer and the Manager may agree.

(b) The Manager will not offer to enter into any Program Agreement:

(i) after the Manager receives a notice of termination pursuant to Section 7.1; or

(ii) if the entering into of the Program Agreement would violate any other Program Agreements.

(c) The Manager will not consent to or execute any material amendment **or waiver** of the Change of Law Process Agreement unless the Rating Agency Condition shall have been satisfied **and the Manager will notify the Rating Agencies of any assignment, amendment or waiver of the Change of Law Process Agreement**.

4.2 Issuer Investment Interest

The Manager will administer as agent for and on behalf of and for the account of the Issuer the following activities of the Issuer in connection with the acquisition and administration of the Issuer Investment Interest in accordance with the Program Agreements:

(a) enforcing the rights of the Issuer under the Program Agreements;

(b) seeking to protect the Issuer and the Specified Creditors from claims, actions or other proceedings of third parties that, if successfully pursued, would result in a breach of any representation by the IESO set forth in the Master Transfer and Servicing Agreement;

(c) executing and filing such filings, including filings under the PPSA, and causing such filings to be executed and filed, all in such manner and in such places as may be required by law to fully preserve, maintain, protect and perfect the ownership interest of the Issuer and the first priority security interest of the Indenture Trustee in the Issuer Investment Interest, including all filings required under the Act and the PPSA (and equivalent statutes in any applicable jurisdiction) relating to the transfer of the ownership of the rights and interest in the Issuer Investment Interest by the IESO to the Issuer or the pledge of the Issuer Investment Interest to the Indenture Trustee;

(d) maintaining accounts and records as to the Issuer Investment Interest accurately and in accordance with its standard accounting procedures and in sufficient detail to permit reconciliation between Servicer CEA Receipts and the Clean Energy Adjustment;

(e) instituting any Proceeding necessary to compel performance by the Board, the IESO, the Province of Ontario, the Indenture Trustee, the Issuer Trustee or any of their respective agents of any of their obligations or duties under the Act, the Regulations or any Program Agreement, as the case may be, and taking such legal or administrative actions, including defending against or instituting and pursuing legal actions and appearing or testifying at hearings or similar proceedings, in each case as may be reasonably necessary;

(f) seeking to block or overturn any attempts to cause a repeal of, modification of or supplement to the Act or the Regulations or the rights of holders of any Funding Obligations, by legislative enactment that would be materially adverse to the Issuer or the Specified Creditors or that would otherwise cause an impairment of the rights of the Issuer or the Specified Creditors; and

(g) instituting any Proceeding necessary to appeal or challenge the decision of a court that would be materially adverse to the Issuer or the Specified Creditors or that would otherwise cause an impairment of the rights of the Issuer or the Specified Creditors.

4.3 Implementation Plan

(a) The Manager will work with the IESO to develop on or before January 31, 2020 a written implementation plan identifying in reasonable detail the actions to be taken by the IESO and the Issuer in order to facilitate the Board, the Issuer, the IESO and the Electricity Vendors being prepared to perform their obligations under the Act and the Regulations when the setting, invoicing and collection of

Clean Energy Adjustments commences (the "**Implementation Plan**"). The Implementation Plan should include the following:

(i) a process and a schedule for contacting Electricity Vendors and providing instructions with respect to the establishment of a segregated account by each Electricity Vendor, the procedures for invoicing Clean Energy Adjustments, the identification, deposit and segregation of collections of Clean Energy Adjustments by Electricity Vendors and their remittance to the IESO;

(ii) the development of processes for the necessary exchanges of information with respect to Clean Energy Adjustments among the Board, the Issuer, the Manger, the IESO, Electricity Vendors and Specified Consumers;

(iii) procedures for the testing of the processes for the collection and remittance of Clean Energy Adjustment before February 28, 2021; and

(iv) target dates for the achievement of specified objectives under the Implementation Plan.

(b) The Manager will deliver the Implementation Plan to the Issuer and the Indenture Trustee on or before January 31, 2020.

(c) The Manager will deliver written progress reports on the status of the implementation of the Implementation Plan on or before June 30, 2020, October 31, 2020 and January 31, 2021.

4.4 Collection of Clean Energy Adjustments

(a) The Manager will as agent for and on behalf of the Issuer perform the following in connection with the collection of Clean Energy Adjustments:

(i) review each Monthly Servicer Report and make commercially reasonable efforts to resolve any failures and discrepancies identified in such report that have not been remedied or adequately explained by Electricity Vendors;

(ii) institute any Proceeding necessary to compel performance by the Electricity Vendors of any of their obligations or duties under the Act and the Regulations including with respect to the invoicing, collection, receipt, remittance and reporting in respect of Clean Energy Adjustments; and

(iii) commencing May 1, 2021 and pursuant to its rights under Section 10(4) of the Regulations:

(A) the Manager shall review or caused to be reviewed, on an annual basis or, subject to the satisfaction of the Rating Agency Condition, less frequently as may be determined by the Manager, the records

maintained by each Electricity Vendor with respect to Clean Energy Adjustments, such review to include, in respect of each Electricity Vendor: (a) an assessment of compliance with the requirements imposed under the Act, (b) a reconciliation of CEA Consumer Invoice Amounts and Electricity Vendor CEA Collections, (c) a review of amounts deposited into the segregated account established for the purpose of receiving Clean Energy Adjustment amounts, and (d) a reconciliation of Servicer CEA Receipts and Electricity Vendor CEA Collections; and

(B) if there is evidence of material non-compliance by an Electricity Vendor with its duties and obligations in respect of Clean Energy Adjustments, the Manager shall promptly review or cause to be reviewed the records of such Electricity Vendor as the Manager deems reasonably necessary to cause compliance by such Electricity Vendor; and

(C) the Manager shall notify each Rating Agency of any material non-compliance identified as a result of any review completed pursuant to this Section 4.4(a)(iii).

4.5 Investment Interest Records

(a) The Manager will act as custodian of the Investment Interest Records as agent for and on behalf of and for the account of the Issuer, which are hereby constructively delivered to the Indenture Trustee, as pledgee of the Issuer with respect to the Issuer Investment Interest, and, in this regard, the Manager shall:

(i) hold the Investment Interest Records on behalf of the Issuer and the Indenture Trustee and maintain such accurate and complete accounts, records and computer systems pertaining to the Investment Interest Records as shall enable the Issuer and the Indenture Trustee, as applicable, to comply with the Program Agreements;

(ii) promptly report to the Issuer, the Indenture Trustee and the Rating Agencies any failure on its part to hold the Investment Interest Records and maintain its accounts, records and computer systems as herein provided and promptly take appropriate action to remedy any such failure;

(iii) maintain the Investment Interest Records at its offices at 700 University Avenue, Toronto, Ontario or at such other office as shall be specified to the Issuer and the Indenture Trustee by written notice at least 30 days prior to any change in location;

(iv) make available for inspection, audit and copying to the Issuer and the Indenture Trustee or their respective duly authorized representatives, attorneys or auditors the Investment Interest Records at such times during normal business hours as the Issuer or the Indenture Trustee shall

reasonably request and that do not unreasonably interfere with the Manager's normal operations; and

(v) upon instruction from the Indenture Trustee in accordance with the Indenture or any other Person in accordance with another Program Agreement, release any Investment Interest Records to the Indenture Trustee, the Indenture Trustee's agent or the Indenture Trustee's designee, as the case may be, at such place or places as the Indenture Trustee may designate, as soon as practicable.

(b) Nothing in this Section 4.5 shall affect the obligation of the Manager to observe any applicable law prohibiting disclosure of information regarding Specified Consumers, and the failure of the Manager to provide access to such information as a result of such obligation shall not constitute a breach of this Section 4.5.

(c) Nothing in this Section 4.5 shall be deemed to require an initial review or any periodic review by the Issuer or the Indenture Trustee of the Investment Interest Records. The Manager's duties to hold the Investment Interest Records set forth in this Section 4.5, to the extent the Investment Interest Records have not been previously transferred to a successor Manager pursuant to Section 7.1, shall terminate one year and one day after the earlier of (i) the date on which the Manager is succeeded by a successor Manager in accordance with Section 7.1 and (ii) the day after the termination of the Indenture and payment in full of the Issuer Funding Obligations or any other amounts owed under the Indenture.

(d) The Manager shall, on or before the 25th Business Day following the end of each month (or if such day is not a Business Day, the first Business Day following such day), prepare and deliver to the Issuer Trustee and each Rating Agency a report substantially in the form of Exhibit B (a "**Monthly Portfolio Report**").

4.6 Payment of Other Issuer Fees and Expenses

The Manager in accordance with the Program Agreements may, at its option, pay from its own funds the fees and expenses properly incurred on behalf of the Issuer in the ordinary course of the Issuer's operations. To the extent such fees and expenses are paid by the Manager from its own funds, the Issuer will reimburse the Manager for such payments, subject to the payment priorities specified in the Program Agreements.

4.7 Delegation

In connection with the services to be provided or duties to be performed by it under this Agreement, the Manager may, subject to any limitation on delegation imposed by applicable law, by the Declaration of Trust or by the Issuer, engage or employ any Persons as employees, agents, representatives, independent contractors or otherwise, including, without limitation, banks, underwriters, accountants, investment advisers, tax advisers, insurance advisers, lawyers, appraisers, bankers, brokers, dealers, depositories, custodians, agents for collection or others in one or more capacities and any other advisers which the Manager deems

advisable, and may delegate any of the powers and duties of the Manager to any such Persons upon such terms and conditions as it may determine. For greater certainty, the Manager shall remain liable and responsible for any of the powers and duties of the Manager which it delegates to a third party.

4.8 Annual Compliance Certificates

The Manager shall provide to the Issuer Trustee a certificate in the form of Exhibit A within 120 days after the end of each fiscal year of the Issuer confirming compliance with the matters referred to in such certificate. The Issuer shall be entitled to rely on such certificate for the period between the effective dates of two consecutive certificates certifying such compliance unless the Issuer has received written notice to the contrary.

4.9 Acknowledgment of Duties as Financial Services Manager

The parties hereto acknowledge that, for so long as Ontario Power Generation Inc. is the Financial Services Manager appointed under the Act, Ontario Power Generation Inc., in its capacity as the Financial Services Manager, will satisfy its obligations as Financial Services Manager in accordance with the Act and the Regulations, and, for greater certainty, its services and duties in this regard will include:

(a) preparing the Financing Plan and, in accordance therewith, evaluating whether Funding Obligations should be incurred by the Issuer for the purposes of acquiring an Investment Interest or refinancing maturing Issuer Funding Obligations;

(b) determining the Clean Energy Adjustment (inclusive of any True Up Amount) payable by Specified Consumers in respect of each month in a Reference Period;

(c) calculating the True Up Amount;

(d) notifying the Board of the Clean Energy Adjustment (inclusive of any True Up Amount) in respect of a Reference Period or such other period as prescribed by the Regulations and sending a copy of such notice, as required, to the Issuer, the Indenture Trustee and the Rating Agencies concurrently therewith; and

(e) if, for any reason any Clean Energy Adjustment is not implemented and effective in respect of the Reference Period set forth in the notice and commencing on the date required under the Act, notifying the Issuer, the Indenture Trustee and each Rating Agency by the end of the second Business Day after such applicable date.

ARTICLE 5
OTHER PROVISIONS RELATING TO THE DUTIES AND COMPENSATION

5.1 Standard of Care

The Manager will perform its duties hereunder (including, for so long as it is the Financial Services Manager, its duties as Financial Services Manager under the Act and the

Regulations) diligently and in conformity with the Issuer's obligations under the Program Agreements and with the Act and the Regulations, as applicable, and honestly, in good faith and in the best interests of the Issuer and, in connection therewith, will exercise the degree of care, diligence and skill that a reasonably prudent Person would exercise in comparable circumstances (the "**Standard of Care**"). In carrying out its obligations hereunder, the Manager may rely upon the opinion or advice of or information obtained from any counsel, auditor, valuer or certificates from officers of any of the other parties to Program Agreements. Unless otherwise required by applicable law, the Manager will not be required to give bond, surety or security in any jurisdiction for the performance of any duties or obligations hereunder. The Manager will not be required to devote its entire time to its duties hereunder. Notwithstanding anything else to the contrary herein contained, nothing herein shall be interpreted or construed as an obligation of or on the part of the Manager, and the Manager shall not be liable or obligated, to pay or make any payment of, on or in respect of any debt, liability or obligation of the Issuer (including any payment of, on or in respect of any Issuer Funding Obligations or under any other Program Agreement), as agent for or on behalf of the Issuer or otherwise, except from the monies or funds of the Issuer which are made available to the Manager pursuant to this Agreement or the other Program Agreements for the purpose of such payment.

5.2 Compliance with Program Agreements; Conformity with Law

The Manager acknowledges that it has received copies of the Program Agreements, the Act and the Regulations in effect on the date hereof and is familiar with and understands the duties of the respective parties thereto or governed thereby, including those duties of the Issuer which are being delegated to the Manager hereunder. Notwithstanding anything herein to the contrary, the Manager shall perform its duties hereunder in a manner consistent with any applicable provisions of the Program Agreements in effect from time to time, and the Manager will not, in performing its obligations hereunder, take any action which it knows or ought reasonably to know would cause it or the Issuer to be in violation of any law, rule or regulation applicable to it. The Manager will use reasonable commercial efforts to comply with the terms applicable to the Issuer when acting on its behalf under all Program Agreements and will use reasonable commercial efforts in accordance with its Standard of Care to take such actions as would reasonably be expected to result in the representations and warranties given by the Issuer in any Program Agreement being true and correct in all material respects when made.

5.3 Liabilities

Except as provided in Section 5.6,

(a) the Manager will not be liable for any liabilities of the Issuer; and

(b) subject to the payment priorities specified in the Program Agreements, the Issuer agrees to indemnify, defend and hold harmless the Manager from and against any and all liabilities which may be imposed on, incurred by or assessed against the Manager as a result of any act or omission of the Issuer or the Manager under this Agreement or under any Program Agreement; provided that this Section 5.3(b) does not apply to the extent that in any circumstances there has been wilful

misconduct or gross negligence of the Manager or its respective officers, employees or agents or any failure to comply with the Standard of Care.

To the extent that a liability is attributable solely to a single Series or a number of specific Series of Issuer Funding Obligations, the Manager will first exhaust its recourse against the assets available for recovery of such liability and designated to such Series of Issuer Funding Obligations. If such assets are insufficient to satisfy the indemnity set out in this Section 5.3, or if the liability is not attributable to a single Series or a number of specific Series of Issuer Funding Obligations, the liability will be satisfied on a pro rata basis as among the assets available for recovery of such liability and designated to all Issuer Funding Obligations.

Each party expressly disclaims any intention to create a partnership, and neither the Issuer nor the Manager will be deemed to be carrying on business in partnership by reason of its execution and delivery of this Agreement or the exercise or performance by it of its respective rights and obligations hereunder.

5.4 Compensation of the Manager

In consideration of and as compensation for all services provided and duties performed by the Manager pursuant to this Agreement, and so long as the Financial Services Manager is also the Manager, all services provided and duties performed by the Financial Services Manager, the Issuer will pay to the Manager, subject to the payment priorities specified in the Program Agreements, the Management Fees. The Management Fees are exclusive of any applicable sales taxes and the Issuer shall pay to the Manager the amount of any applicable sales taxes in addition to such fees.

5.5 Compensation of the Issuer

In consideration of the Issuer engaging in the activities contemplated by the Act, the Manager will pay to the Issuer, on a monthly basis, the sum of $10 per month for any month or part thereof that the Issuer is engaged in such activities (the "**Issuer Compensation**"). The Issuer Compensation is exclusive of any applicable sales taxes and the Manager shall pay to the Issuer the amount of any applicable sales taxes in addition to the Issuer Compensation.

5.6 Indemnification by Manager

(a) The Manager shall indemnify the Issuer and defend and hold harmless the Issuer from and against, any and all liabilities, obligations, losses, damages, payments and claims, and reasonable costs or expenses, of any kind whatsoever (collectively, "**Indemnified Losses**") imposed on, incurred by or asserted against the Issuer, as a result of (i) the failure of the Manager to perform its covenants and other obligations under this Agreement or any other Program Agreement to which the Manager is a party; or (ii) the breach by the Manager of any of its representations or warranties under this Agreement or any other Program Agreement to which the Manager is a party and, except to the extent of Indemnified Losses resulting from the willful misconduct, bad faith or gross negligence of the Issuer, seeking indemnification hereunder; provided that, in each

case, the Manager shall not be required to indemnify the Issuer for any amount paid or payable by the Issuer in the settlement of any Proceeding or investigation without the written consent of the Manager, which consent shall not be unreasonably withheld or delayed. Promptly after receipt by the Issuer of notice of the commencement of any Proceeding or investigation, the Issuer shall, if a claim in respect thereof is to be made against the Manager under this Section 5.6(a), notify the Manager in writing of the commencement thereof. Failure by the Issuer to so notify the Manager shall relieve the Manger from the obligation to indemnify and hold harmless the Issuer under this Section 5.6(a) only to the extent that the Manager suffers actual prejudice as a result of such failure. With respect to any Proceeding or investigation brought by a third party for which indemnification may be sought under this Section 5.6(a), the Manager shall be entitled to conduct and control, at its expense and with counsel of its choosing that is reasonably satisfactory to the Issuer, the defence of any such Proceeding or investigation (in which case the Manager shall not thereafter be responsible for the fees and expenses of any separate counsel retained by the Issuer except as set forth below); provided, that the Issuer shall have the right to participate in such Proceeding or investigation through counsel chosen by it and at its own expense. Notwithstanding the Manager's election to assume the defence of any Proceeding or investigation, the Issuer shall have the right to employ separate counsel, and the Manager shall bear the reasonable fees, costs and expenses of such separate counsel, if (i) the defendants in any such action include both the Issuer and the Manager and the Issuer shall have reasonably concluded that there may be legal defences available to it that are different from or additional to those available to the Manager, (ii) the Manager shall not have employed counsel reasonably satisfactory to the Issuer to represent the Issuer within a reasonable time after notice of the institution of such action, (iii) the Issuer shall have been advised by counsel to the Issuer that there may be a conflict of interest between the Manager and the Issuer, or (iv) the Manager authorizes the Issuer to employ separate counsel at the expense of the Manager. Notwithstanding the foregoing, the Manager shall not be obligated to pay for the fees, costs and expenses of more than one separate counsel for the Issuer other than one local counsel, if appropriate. The Manager will not, without the prior written consent of the Issuer, settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim or Proceeding in respect of which indemnification may be sought under this Section 5.6(a) (whether or not the Issuer is an actual or potential party to such claim or action) unless such settlement, compromise or consent includes an unconditional release of the Issuer from all liability arising out of such claim or Proceeding

(b) Indemnification under Section 5.6(a) shall survive any repeal of, modification of, or supplement to, or judicial invalidation of, the Act and shall survive the termination of this Agreement and will rank pari passu with other general, unsecured obligations of the Manager.

(c) Notwithstanding anything contained in this Agreement, it is expressly understood that the Manager is not agreeing to indemnify or hold the Issuer harmless with respect to any of the following:

(i) any losses resulting from any breach or failure to perform by the Manager caused by a breach or failure to perform on the part of any other third party under any Program Agreement, the Act or the Regulations; provided that this Section 5.6(c)(i) shall not apply to limit the liability of the Manager in respect of any delegation to a third party as provided for in Section 4.7.

(ii) any losses resulting from changes in law after the date hereof, whether such changes in law are effected by means of any legislative enactment or any final and non-appealable judicial decision, other than losses resulting solely from the Manager's failure to comply with Section 4.1(a)(xiv);

(iii) any losses resulting from the validity of the Change of Law Protection Agreement or the applicability thereof to the Province, the Issuer or the Indenture Trustee or any material part thereof being disaffirmed by or on behalf of the Province; or

(iv) any liability of the Issuer incurred after the termination of this Agreement unless attributable to the actions or omissions of the Manager prior to such termination or in respect of a representation, warranty or covenant of the Manager that survives termination of this Agreement.

(d) To the fullest extent permitted by applicable law, no Specified Creditor (other than the Indenture Trustee) will have any right to institute any proceeding, judicial or otherwise, or to make any claim for indemnification, with respect to this Agreement, or for the appointment of a receiver or trustee or similar official, or for any other remedy hereunder, except in accordance with Section 8.12 of the Indenture.

(e) The parties hereto agree that the Manager is not providing any representations, warranties or covenants in this Agreement, and shall have no liability to the Issuer, with respect to the collectability of the Clean Energy Adjustment or the Carrying Costs, or that the Clean Energy Adjustment amounts or Carrying Costs collected will be sufficient to satisfy the Issuer Funding Obligations.

(f) Notwithstanding anything contained in this Agreement, it is expressly understood that the Manager is not agreeing to indemnify or hold harmless the Issuer Trustee with respect to any liabilities resulting from the failure of the Issuer Trustee to satisfy the standard of care set out in the Declaration of Trust. Where the Manager has assumed total defense of a claim, it shall agree to ensure that any settlement of such claim does not include any form of admission of liability on the part of the Issuer Trustee (in its personal capacity).

5.7 Contracting with Itself and Affiliates

In the exercise of its rights, duties and obligations, the Manager may, if it is acting in good faith, enter into, as Manager for the Issuer, agreements and other contracts to which the Manager, in its personal capacity, or an Affiliate of the Manager, is a party.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES

6.1 Representations of the Issuer

The Issuer represents and warrants to the Manager that (a) the execution, delivery and performance by the Issuer of this Agreement are within the powers of the Issuer and have been duly authorized by all necessary action on the part of the Issuer and do not contravene (i) the Program Agreements in effect on the date hereof or (ii) any law or contractual restriction binding on or affecting the Issuer and (b) this Agreement is a legal, valid and binding obligation of the Issuer, enforceable against the Issuer.

6.2 Representations of the Manager

The Manager represents and warrants to the Issuer that (a) the execution, delivery and performance by the Manager of this Agreement are within the powers of the Manager and have been duly authorized by all necessary action on the part of the Manager and do not contravene any law or contractual restriction binding on or affecting the Manager, (b) this Agreement is a legal, valid and binding obligation of the Manager enforceable against the Manager and (c) it is a resident of Canada for purposes of the *Income Tax Act* (Canada).

ARTICLE 7
TERMINATION AND RESIGNATION

7.1 Termination

The Manager shall not be entitled to resign as manager of the Issuer or to terminate this Agreement for so long as any Funding Obligations remain outstanding. The Manager's rights and obligations under this Agreement (other than under Sections 5.3, 5.4, 5.6 and 8.5) will terminate, if the Manager receives a termination notice from (i) the Issuer Trustee, with the consent of the Indenture Trustee, or (ii) the Indenture Trustee, subject to the terms and conditions of the Indenture, in each case, on the 30th day after receipt of such notice. Notwithstanding the foregoing, no termination shall be effective until a replacement manager that satisfies the Rating Agency Condition has been approved and has entered into a management agreement whereby the replacement manager agrees to assume, in substance, the obligations of the Manager hereunder. Upon the termination of its rights and obligations under this Agreement, the Manager will notify the Rating Agencies and, promptly and upon the request of the Issuer, deliver to the Issuer all records (including Investment Interest Records) in the possession of the Manager relating to the performance of its services hereunder.

ARTICLE 8
MISCELLANEOUS

8.1 Acknowledgement of Indenture

The Manager (i) acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor under the Indenture and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Indenture~~,~~ **including, without limitation, Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 7.12 (Payments Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Section 8.14 (Limited Recourse), Article IX (Indenture Trustee) (including all limitations of liability thereunder), Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition) of the Indenture;** (ii) irrevocably authorizes and directs the Indenture Trustee on its behalf to take such action (including the execution and delivery of documents of subordination) as may be necessary or appropriate to further assure the priority arrangements provided for in **Article VI, Article VII and Section 8.13 of** the Indenture**,** and ~~(iii)~~ appoints the Indenture Trustee as its agent for any and all such purposes**; and (iii) consents, requests and authorizes the Issuer and the Indenture Trustee to (X) add the Manager (or its agent) to the register of Specified Creditors described in Section 13.13 of the Indenture and (Y) disseminate the notice details of the Manager to other Specified Creditors for the purposes set out in subsection 9.14(b) of the Indenture**.

8.2 Appointment of Manager as Attorney-in-Fact

Subject to any Program Agreement, the Issuer hereby irrevocably appoints the Manager as the Issuer's attorney-in-fact during the term of this Agreement, with full authority in the place and stead of and in the name of the Issuer or otherwise, including full power of substitution, from time to time in the Manager's discretion or as required by this Agreement, to take such actions on behalf of the Issuer as the Manager may deem necessary or advisable to comply with or effect the purposes of this Agreement and any Program Agreement including, without limitation, to execute any documents, instruments or certificates in connection therewith, to ask, demand, collect, sue for, recover, compound, receive and give acquittances and receipts for monies due or becoming due to the Issuer or otherwise owed thereto, to receive, endorse and collect any drafts or other instruments, documents and chattel paper in connection therewith, and to file any claims or take any action or institute any proceedings which the Manager may deem necessary or desirable for the collection thereof, or to enforce compliance with the terms and conditions of any Program Agreement.

8.3 Amendments and Waivers

(a) Subject to Section 8.3(b), this Agreement may be amended, supplemented, modified, restated or replaced from time to time by written instrument signed by the Issuer and the Manager. The Manager will forthwith after the execution of any such instrument by the Issuer and the Manager provide the Rating Agencies with a copy of such instrument.

(b) No provision of this Agreement may be amended, supplemented, modified, restated or replaced in any material respect without first obtaining the written consent of the Indenture Trustee in accordance with the Indenture and such amendment, supplement, modification or replacement will only be effective if the Rating Agency Condition has been satisfied.

(c) No waiver of any provision of this Agreement, nor consent to any departure by any party therefrom, shall in any event be effective unless the same shall be in writing and signed by such party and such waiver or consent, if material, will only be effective if the Rating Agency Condition has been satisfied, and then said waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. The Manager will forthwith after the execution of any waiver by the Issuer and the Manager provide the Rating Agencies with a copy of such instrument. No failure on the part of any party to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof.

8.4 Withholding Rights

The parties hereto shall be entitled to deduct and withhold from amounts payable under this Agreement such amounts as each is required to deduct and withhold with respect to such payment under the *Income Tax Act* (Canada) or any provision of any applicable federal, provincial, territorial, state, local or foreign tax law. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes as having been paid to the recipient of the payment in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted in accordance with applicable law to the appropriate taxing authority.

8.5 No Petition

The Manager hereby agrees that it will not, prior to the date that is one year and one day after the termination of the Indenture and payment in full of the Issuer Funding Obligations and any other amounts owed under the Indenture, institute or encourage against the Issuer, or join or acquiesce in any institution against the Issuer of, any bankruptcy, reorganization, arrangement, insolvency, winding-up or liquidation proceedings, or other proceedings under any federal or provincial bankruptcy, insolvency or similar law in connection with any obligations relating to this Agreement or any of the other Program Agreements. The foregoing shall not limit the rights of the Manager to file any claim in or otherwise take any action with respect to any insolvency proceeding that was instituted against the Issuer by any Person other than the Manager.

8.6 Notice

All demands, notices and communications hereunder will be in writing (unless otherwise expressly provided herein) and will be personally delivered or transmitted electronically to:

(a) in the case of the Issuer:

Fair Hydro Trust
c/o Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario
M5G 1X6

Email: FHT@opg.com
Attention: Vice President, Fair Hydro Plan

with a copy to:

Computershare Trust Company of Canada
100 University Avenue, 11th Floor
Toronto, Ontario
M5J 2Y1

Email: corporatetrust.toronto@computershare.com
Attention: Manager, Corporate Trust

(b) in the case of the Manager:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario
M5G 1X6

Email: FHT@opg.com
Attention: Vice President, Fair Hydro Plan

or such other address or email address as may hereafter by furnished to each of the parties hereto in writing. Notices transmitted by facsimile will be deemed to have been received when delivered (with receipt confirmed).

8.7 Recourse to Issuer Trustee and the Issuer

Nothing contained herein will be deemed to cause the Issuer Trustee to be personally liable for any obligations of the Issuer hereunder, and the Manager will not seek any personal or deficiency judgment in respect of such obligations against the Issuer Trustee in its personal capacity; provided, however, that the foregoing will not in any way affect any rights that the Manager may have hereunder to (a) proceed against any Person with respect to the enforcement of any guarantee of, or collateral security for, payment of such obligations or (b) recover any funds, damages, expenses or costs as a result of fraud or misrepresentation by the Issuer Trustee in its personal capacity. The obligations hereunder are not binding upon the Issuer Trustee except in its capacity as trustee of the Issuer nor will resort be had to the property of the Issuer Trustee except where liability is expressly imposed on the Issuer Trustee in its personal capacity hereunder, but the Issuer Property will be bound hereby.

8.8 Severability

If one or more provision of this Agreement is for any reason whatever held invalid, such provision will be deemed severable from the remaining covenants, agreements and provisions of this Agreement and will in no way affect the validity or enforceability of such remaining provisions or the rights of any parties hereto.

8.9 Execution of Counterparts; Electronic Delivery

This Agreement may be executed in several counterparts, each of which when so executed shall be deemed to be an original and the counterparts together shall constitute one and the same instrument. Delivery of an executed signature page to this Agreement by any party by electronic transmission will be as effective as delivery of a manually executed copy of this Agreement by such party.

8.10 Governing Law

This Agreement will be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

8.11 Grant of Security Interest to Indenture Trustee; Acknowledgement of Rights of Indenture Trustee

The Manager hereby acknowledges and consents to any mortgage, pledge, assignment and grant of a security interest by the Issuer to the Indenture Trustee for the benefit of the Specified Creditors pursuant to the Indenture of any or all of the Issuer's rights hereunder. The Manager further acknowledges and agrees that, pursuant to the terms of the Indenture, if the Issuer fails to exercise any of its rights under this Agreement, including any right to be indemnified by the Manager pursuant to Section 5.6 of this Agreement, the Indenture Trustee shall be entitled, subject to the terms of the Indenture, to enforce such rights against the Manager directly on the Issuer's behalf.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective officers as of the day and year first above written.

FAIR HYDRO TRUST, by its sole trustee, COMPUTERSHARE TRUST COMPANY OF CANADA

as Issuer

By:
Name:
Title:

By:
Name:
Title:

ONTARIO POWER GENERATION INC.
as Manager

By:
Name:
Title:

By:
Name:
Title:

ACKNOWLEDGED AND ACCEPTED:

BNY TRUST COMPANY OF CANADA
as Indenture Trustee

By:
Name:
Title:

By:
Name:
Title:

EXHIBIT A

ANNUAL COMPLIANCE CERTIFICATE

TO: Computer Share Trust Company of Canada, (the "**Issuer Trustee**") in its capacity as issuer trustee of Fair Hydro Trust (the "**Issuer**")

Ontario Power Generation Inc., as manager (the "**Manager**") appointed by the Issuer Trustee under the Management Agreement dated **as of** December ■, **20,** 2017 between the Issuer Trustee and the Manager, and acknowledged and accepted by the Indenture Trustee (as amended, supplement, modified, restated or replaced from time to time, the "**Management Agreement**"), confirms, on behalf of the Issuer, the following:

(a) The books and records of the Issuer maintained by the Manager are current and accurate in all material respects.

(b) All debt obligations and expenses due and payable by the Issuer have been paid to date.

(c) All required filings with tax and regulatory authorities have been completed to date.

(d) All material statements and reports to be delivered by the Issuer under the Program Agreements have been delivered and all material statements and reports to be received by the Issuer under the Program Agreements have been received.

Capitalized terms used but not defined herein have the meanings given to them in the Management Agreement.

Dated this ■ day of ■, ■.

ONTARIO POWER GENERATION INC.

as Manager

By:
Name:
Title:

By:
Name:
Title:

EXHIBIT B

MONTHLY REPORT

~~**[NTD: Form of monthly report is in progress and will include:**~~

- ~~**the amount of Monthly Carrying Costs received by the IESO under the MTSA;**~~
- ~~**a copy of the Monthly Servicer Report delivered by IESO under the MTSA;**~~
- ~~**the amounts paid for each series and class of note, broken down by principal and interest;**~~
- ~~**the opening and closing balance of the notes of the various series;**~~
- ~~**the opening and closing amounts in the various reserve accounts; and**~~
- ~~**amounts paid by the Issuer to various other third parties (Manager fees, Issuer Trustee fees, etc.).]**~~

See attached.

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Moved to	0
Style change	0
Format changed	0

Total changes	51

COMPUTERSHARE TRUST COMPANY OF CANADA

as Issuer Trustee of

FAIR HYDRO TRUST

DECLARATION OF TRUST

Made as of December ~~■,~~**20,** 2017

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THIS DECLARATION OF TRUST is made as of December ■~~,~~**20,** 2017 by Computershare Trust Company of Canada, a trust company established under the laws of Canada (the "**Issuer Trustee**").

WHEREAS the Government of Ontario has enacted the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**") for the purpose of, among other things, ensuring that clean energy costs and clean energy benefits (each as defined in the Act) are fairly allocated among present and future Specified Consumers (as defined below);

AND WHEREAS the Issuer Trustee has determined, at the request of OPG, to establish a Trust (as defined below) for the purpose of carrying on the activities of a financing entity (as defined in the Act) as hereinafter described for the benefit of the Unitholders (as defined below);

NOW THEREFORE the Issuer Trustee hereby declares that it holds in trust as trustee the sum of TEN DOLLARS ($10.00) now contributed by it and all property of every nature and kind which it may acquire in its capacity as trustee of the Trust, and all income therefrom, for the benefit of the Unitholders, in accordance with and subject to the provisions of this Declaration of Trust.

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Declaration of Trust, the following terms have the following meanings:

"**Act**" has the meaning ascribed thereto in the Recitals.

"**Adjusted Redemption Price**" has the meaning ascribed thereto in subsection 4.1(3).

"**Affiliate**" means, with respect to any specified Person, any other Person controlling or controlled by or under common control with such specified Person. For the purposes of this definition, "**control**" when used with respect to any specified Person means the power to direct the management and policies of such specified Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, and the terms "**controlling**" and "**controlled**" have meanings correlative to the foregoing.

"**Agency Agreement**" means an agency agreement made between the Trust and one or more Persons acting on behalf of the Trust, providing for the sale and distribution of Notes on an agency basis.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are, or the office of the Indenture Trustee is, authorized or obligated by law, regulation or executive order to be closed.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement to be entered into between Her Majesty the Queen in Right of Ontario, as

represented by the Minister of Energy and the Minister of Finance, the Indenture Trustee and the Trust.

"**Claim**" has the meaning ascribed thereto in Section 7.3.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Trust and any other owner or owners of an Investment Interest.

"**Dealer**" means one or more Persons (other than the Issuer Trustee or the Manager) who have entered into an agreement with the Trust for the purpose of facilitating the sale and distribution of Funding Obligations.

"**Declaration of Trust**" means this declaration of trust.

"**Derivative Agreement**" means any agreement evidencing an interest rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into by the Trust in connection with or related to, and at the time of or prior to, the issuance of Funding Obligations or acquisition of Investment Interests by the Trust in accordance with and subject to the terms of the Program Agreements.

"**Designated Beneficiary**" has the meaning ascribed thereto in section 3.6.

"**Eligible Investments**" means investments permitted to be made by the Trust under the Indenture.

"**Excess Income on Redemption**" has the meaning ascribed thereto in subsection 11.1(2).

"**Funding Obligation**" means a payment obligation incurred by or on behalf of the Trust to fund its ownership of an Investment Interest or a payment obligation that meets such other criteria as may be prescribed by the Regulations.

"**GAAP**" or "**generally accepted accounting principles**" means generally accepted accounting principles in Canada.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" means the Independent Electricity System Operator, a statutory corporation without share capital established by the *Electricity Act, 1998*, SO, 1998.

"**IESO Security Agreement**" means the security agreement made by the IESO in favour of the Trust to secure certain of its obligations under the Master Transfer and Servicing Agreement.

"**Income of the Trust**" for any taxation year of the Trust means the net income for the year determined pursuant to the provisions of the ITA having regard to the provisions thereof which relate to the calculation of income for the purposes of determining the "taxable income" of a trust, without reference to paragraph 82(1)(b) and subsection 104(6) thereof, less any non-capital losses of the Trust carried forward from prior taxation years that are deductible in the taxation year, and taking into account such other adjustments as may be determined in the discretion of the Issuer Trustee; provided, however, that capital gains and capital losses will be excluded from the computation of net income.

"**Indenture**" means the master trust indenture to be entered into between the Trust and the Indenture Trustee.

"**Indenture Trustee**" means BNY Trust Company of Canada, a trust company existing under the laws of Canada and duly authorized to carry on the business of a trust company in all of the provinces and territories of Canada, as indenture trustee for the benefit of Specified Creditors under the Indenture.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act.

"**Issuer Trustee**" means Computershare Trust Company of Canada and any successor thereto appointed pursuant to Article 6.

"**ITA**" means the *Income Tax Act* (Canada) and the regulations promulgated thereunder.

"**Management Agreement**" means the management agreement to be entered into between the Manager and the Trust.

"**Manager**" means OPG, in its capacity as manager appointed under the Management Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement to be entered into between the Trust and the IESO.

"**MTSA Acknowledgement**" means the acknowledgement and indemnity agreement to be given by the IESO in favour of the Indenture Trustee.

"**Net Realized Capital Gains of the Trust**" for any taxation year means the amount, if any, by which the aggregate amount of the realized capital gains of the Trust for the year, calculated in accordance with the provisions of the ITA, exceeds the aggregate of: (i) the aggregate amount of any realized capital losses of the Trust for the year, calculated in accordance with the provisions of the ITA; and (ii) the amount determined by the Issuer Trustee in respect of any net capital losses of the Trust carried forward from prior

taxation years that are deductible in the taxation year; provided that in the discretion of the Issuer Trustee, the Net Realized Capital Gains of the Trust for a taxation year may be calculated without subtracting the full amount of the net capital losses of the Trust carried forward from prior years.

"**Net Realized Capital Gains of the Trust Allocated on Redemption**" has the meaning ascribed thereto in subsection 4.1(5).

"**New Holder**" has the meaning ascribed thereto in subsection 3.6(1).

"**Note**" or "**Notes**" means any note or notes of any class, series or tranche created pursuant to Supplemental Indentures and authenticated and delivered from time to time under the Indenture.

"**OPG**" means Ontario Power Generation Inc.

"**Person**" means any individual, corporation, limited liability company, unlimited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Government Authority.

"**Program Agreements**" means the Indenture, each Supplemental Indenture, this Declaration of Trust, the Management Agreement, the Master Transfer and Servicing Agreement, the MTSA Acknowledgement, each Transfer Notice, any Co-Owner Agreements, the IESO Security Agreement, the Change of Law Protection Agreement, the Notes, any derivative agreements, credit enhancement agreements, liquidity agreements, loan agreements, Underwriting Agreements, Agency Agreements and note purchase agreements and all other documents and certificates delivered in connection therewith.

"**Rating Agencies**" means, at any time, the credit rating agencies which at the request of the Trust are rating the Funding Obligations at such time.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Indenture.

"**Records**" means all contracts, books, records and other documents and information, including, without limitation, data and information, including any stored on computer-related or other electronic media, computer programs, data processing software and related property and rights, maintained with respect to, but solely to, the assets of the Trust.

"**Redemption Price**" has the meaning ascribed thereto in subsection 4.1(3).

"**Regulations**" means the regulations promulgated under the Act.

"**Specified Consumer**" has the meaning ascribed to the term "specified consumer" in the Act.

"**Specified Creditors**" has the meaning ascribed thereto in the Indenture.

"**Specified Unitholder**" means a Unitholder that is either: (a) a taxable Canadian corporation (as defined in subsection 89(1) of the ITA), or (b) a corporation that is exempt from tax under the ITA and in respect of which no amounts paid or payable from the Trust are subject to the special payments under Part VI the *Electricity Act, 1998* (Ontario).

"**Supplemental Indenture**" means any supplemental indenture to the Indenture.

"**Transfer**" has the meaning ascribed to the term "transfer" in the Act.

"**Transfer Notice**" means a Transfer Notice in respect of a Transfer substantially in the form of Exhibit A to the Master Transfer and Servicing Agreement and delivered pursuant to such Program Agreement.

"**Trust**" means Fair Hydro Trust, a trust established under the laws of the Province of Ontario pursuant to this Declaration of Trust.

"**Trust Activities**" means the activities of the Trust described in Section 2.1.

"**Trust Company**" means a federally or provincially established trust company licensed to carry on business in all provinces and territories of Canada and which is resident in Canada for purposes of the ITA.

"**Trust Property**" means, as of any particular time, all assets of the Trust and all property, real, personal or otherwise, tangible or intangible, which have been transferred, conveyed or paid to, or acquired by the Trust, including all income, earnings, profits and gains therefrom, and which at such time are owned or held by the Trust.

"**Underwriting Agreement**" means an agreement providing for the purchase of Notes from the Trust by one or more Persons as principals for the purpose of resale.

"**Unitholders**" means at any time, the holders at such time of one or more Units, and "**Unitholder**" means any such holder.

"**Units**" means the units of beneficial interest of the Trust authorized and issued hereunder as such and for the time being outstanding and entitled to the benefits hereof.

1.2 Interpretation

In this Declaration of Trust, unless otherwise expressly stated or the context otherwise requires:

(a) references to "herein", "hereby", "hereunder", "hereof" and similar expressions are references to this Declaration of Trust and not to any particular Article or Section of this Declaration of Trust;

(b) references to an "Article" or "Section" are references to an Article or Section of this Declaration of Trust;

(c) words importing the singular shall include the plural and vice versa, and words importing gender shall include the masculine, feminine and neuter genders;

(d) the use of headings is for convenience of reference only and shall not affect the construction or interpretation hereof;

(e) the words "includes" and "including", when following any general term or statement, are not to be construed as limiting the general term or statement to the specific items or matters set forth or to similar items or matters, but rather as referring to all other items or matters that could reasonably fall within the broadest possible scope of the general term or statement;

(f) references to any Person include such Person's successors and permitted assigns;

(g) any reference to a statute, regulation, policy, rule or instrument shall include, and shall be deemed to be a reference also to, all amendments made to such statute, regulation, policy, rule or instrument and to any statute, regulation, policy, rule or instrument that may be passed which has the effect of supplementing or superseding the statute, regulation, policy, rule or instrument so referred to;

(h) any reference to this Declaration of Trust or any other agreement, document or instrument shall be construed as a reference to this Declaration of Trust or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated or supplemented;

(i) in the event that any day on which any amount is to be determined or any action is required to be taken hereunder is not a Business Day, then such amount shall be determined or such action shall be required to be taken at or before the requisite time on the next succeeding day that is a Business Day; and

(j) unless otherwise specified, all references to "$" or "dollars" are to lawful currency of Canada.

1.3 Accounting Principles

Where the character or amount of any asset or liability or item of revenue or expense is required to be determined, or any consolidation or other accounting computation is required to be made for the purpose of this Declaration of Trust, such determination or calculation shall, to the extent applicable and except as otherwise specified herein or as the Issuer Trustee otherwise determines, be made in accordance with GAAP applied on a consistent basis.

1.4 References to Acts of the Trust

For greater certainty, where any reference is made in this Declaration of Trust to an act to be performed or not by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty by or with respect to either (i) the Trust; or (ii) the Issuer Trustee, such reference will be construed and applied for all purposes as if it referred to an act to be performed by or not, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty by or with respect to, the Issuer Trustee in its capacity as trustee of the Trust, and not in any other capacity.

ARTICLE 2
THE TRUST

2.1 Purpose and Activities of the Trust

The purpose of the Trust is to establish and carry on activities for the exclusive benefit of the Unitholders and to distribute the Trust Property upon termination of those activities by the Trust in accordance with Article 11. The Trust is permitted to engage in any activity, undertaking, transaction or event authorized or permitted by the Act (the "**Trust Activities**"), including:

(a) issuing Units;

(b) redeeming Units;

(c) acquiring, owning, holding, administering or entering into agreements regarding the acquisition and servicing of Investment Interests, along with certain other related assets;

(d) managing, selling, assigning, pledging and collecting amounts due on or otherwise deal with Investment Interests and the other related assets to be so acquired in accordance with the terms of the Program Agreements;

(e) negotiating, authorizing, executing, delivering, assuming the obligations under, and performing its duties under, the Program Agreements and any other agreement or instrument or document relating to the activities set forth in clauses (c) and (d) above; provided, that the Trust shall be permitted to incur additional indebtedness or other liabilities payable to service providers and trade creditors in the ordinary course of business in connection with the foregoing activities;

(f) filing with any applicable securities commission one or more prospectuses, offering memoranda or registration statements, and filing such applications, reports, irrevocable consents, appointments of attorney for service of process and other papers and documents necessary or desirable to register one or more series of Funding Obligations under the securities laws of any applicable jurisdiction;

(g) authorizing, executing, delivering, issuing and registering one or more series of Funding Obligations;

(h) making payments on the Funding Obligations;

(i) pledging its interest in Investment Interests and related assets to the Indenture Trustee in order to secure the Funding Obligations; and

(j) engaging in any lawful act or activity and exercise any powers permitted to trusts formed under the laws of the Province of Ontario that, in each case, are incidental to, or necessary, suitable or convenient for the accomplishment of the above-mentioned purposes.

The Trust shall engage only in any activities related to the foregoing purposes or required or authorized by the terms of the Program Agreements or other agreements referenced above.

2.2 Limitation on Certain Activities

Notwithstanding any other provision of this Declaration of Trust or the Management Agreement, at any time that any Funding Obligations remain outstanding, the consent of the Indenture Trustee shall be required for the Trust to:

(a) take any action to wind-up or dissolve the Trust; or

(b) institute any voluntary proceedings to be adjudicated bankrupt or insolvent, or consent to the institution of any bankruptcy or insolvency proceedings against it, or file a petition seeking or consent to any assignment, petition, application or proceeding under any applicable bankruptcy or insolvency law, or consent to the appointment of a receiver, liquidator, assignee, trustee or other similar official of the Trust or a substantial part of its property, or make any assignment for the benefit of creditors, or admit in writing its inability to pay its debts generally as they become due, or take any similar action in respect of the Trust.

2.3 Name and Head Office

The English form of the name of the Trust is "Fair Hydro Trust" and the French form of the name of the Trust is "Fiducie pour des frais d'électricité équitables". The Trust may use and may be legally designated by either the English form or the French form of its name. Should the Issuer Trustee determine that the use of such name is not practicable, legal or convenient, it may use such other designation or adopt such other name for the Trust as it deems proper and the Trust may hold property and conduct the Trust Activities under such other designation or name. The head office, chief executive office, chief place of business and situs of administration of the Trust will initially be situated at the offices of the Issuer Trustee situated at 100 University Avenue, 11th Floor, Toronto, Ontario M5J 2Y1.

2.4 Nature of the Trust

The Trust is an unincorporated open-ended unit trust established for the purposes specified in Section 2.1. The Trust shall be governed by the general law of trusts, except as such general law of trusts has been or is from time to time modified, altered or abridged for the Trust by:

(a) applicable laws and regulations or other requirements imposed by applicable securities or other regulatory authorities, including the Act and Regulations; and

(b) the terms, conditions and trusts set forth in this Declaration of Trust.

The beneficial interest and rights generally of the Unitholders in the Trust shall be limited to the right to participate in distributions when and as declared by the Issuer Trustee and distributions upon the termination of the Trust. The Trust is not and is not intended to be, shall not be deemed to be and shall not be treated as a general partnership, limited partnership, syndicate, association, joint venture, company, corporation or joint stock company nor shall the Issuer Trustee or the Unitholders or any of them for any purpose be, or be deemed to be treated in any way whatsoever to be, liable or responsible hereunder as partners or joint venturers. The Issuer Trustee shall not be, or be deemed to be, an agent of the Unitholders. The relationship of the Unitholders to the Issuer Trustee, to the Trust and to the Trust Property shall be solely that of beneficiaries in accordance with this Declaration of Trust.

2.5 Rights of Unitholders

No Unitholder shall be entitled to call for any partition or division of the Trust Property or for a distribution of any particular asset forming part of the Trust Property or of any particular monies or funds received by the Issuer Trustee. The legal ownership of the Trust Property and the right to conduct the activities of the Trust are vested exclusively in the Issuer Trustee, and no Unitholder has or is deemed to have any right of ownership in any of the Trust Property, except as specifically provided herein. Except as specifically provided herein, no Unitholder or Unitholders shall be entitled to interfere with or give any direction to the Issuer Trustee with respect to the affairs of the Trust or in connection with the exercise of any powers or authorities conferred upon the Issuer Trustee under this Declaration of Trust. The Units shall be personal property and shall confer upon the holders thereof only the interest and rights, and impose upon the holders thereof only those liabilities and obligations, specifically set forth in this Declaration of Trust.

ARTICLE 3
UNITS

3.1 Nature of Units

The beneficial interests in the Trust shall be divided into a single class of Units. Each Unit represents an equal undivided beneficial interest in any distributions by the Trust, whether of Income of the Trust, Net Realized Capital Gains of the Trust (other than Net Realized Capital Gains of the Trust Allocated on Redemption to redeeming Unitholders), or other amounts, and, in the event of termination or winding up of the Trust, in the net assets of the Trust remaining

after satisfaction of all liabilities. All Units rank equally among themselves and rateably without discrimination, preference or priority. Each Unit will entitle the Unitholder of record thereof to one vote at all meetings of the Unitholders or in respect of any written resolution of the Unitholders. Each Unit, when issued, shall vest indefeasibly in the holder thereof.

The number of Units which the Trust may issue is unlimited. The issued and outstanding Units may be subdivided or consolidated from time to time by the Issuer Trustee without notice to or approval of the Unitholders. Unless the Issuer Trustee determines otherwise, immediately after any *pro rata* issuance of additional Units to all Unitholders pursuant to subsection 11.3(3), the number of outstanding Units will automatically be consolidated such that each such holder will hold after the consolidation the same number of Units as such holder held before the issuance of additional Units.

3.2 Consideration of Units

A Unit will not be fully paid until the consideration therefor has been received in full by or on behalf of the Trust. The consideration for any Unit will be paid in money or in property (including, without limitation, a debt instrument issued to the Trust) or in past services received by the Trust that are not less in value than the fair equivalent of the money that the Trust would have received if the Unit had been issued for money. In determining whether property or past services are the fair equivalent of consideration paid in money, the Issuer Trustee may take into account reasonable charges and expenses of organization and reorganization and payments for property and past services reasonably expected to benefit the Trust. In no case will a Unit be issued to a Designated Beneficiary.

3.3 No Pre-Emptive Rights

No Person shall be entitled, as a matter of right, to subscribe for or purchase any Units of the Trust. There are no pre-emptive rights attaching to the Units.

3.4 Fractional Units

If as a result of any act of the Issuer Trustee hereunder, any Person becomes entitled to a fraction of a Unit, such Person will not be entitled to receive a certificate therefor. Fractional Units will not, except to the extent that they may represent in the aggregate one or more whole Units, entitle the holders thereof to notice of or to attend or to vote at meetings of the Unitholders. Subject to the foregoing, such fractional Units will have attached thereto the rights, restrictions, conditions and limitations attaching to whole Units in the proportion that they bear to a whole Unit.

3.5 Allotment and Issue

Subject to Section 3.6, the Issuer Trustee may allot and issue Units at such time or times and in such manner (including pursuant to any plan from time to time in effect relating to reinvestment by the Unitholders of distributions of the Trust in Units) and to such Person, Persons or class of Persons as the Issuer Trustee in its sole discretion will determine. The price or the value of the consideration for which Units may be issued and the terms and conditions of issuance of the Units will be determined by the Issuer Trustee in its sole discretion. Not

restricting the generality of the foregoing, the Issuer Trustee may accept amounts received from a Unitholder as a prepayment in respect of the obligation of the Unitholder to pay all or any part of the subscription price of Units to be issued at a later date by the Issuer Trustee. In such circumstances, such prepayment will form part of the Trust Property. In the event that Units are issued in whole or in part for a consideration other than money, the resolution of the Issuer Trustee allotting and issuing such Units will express the fair equivalent in money of the other consideration received.

3.6 Prohibited Issuances and Transfers

(1) Notwithstanding any other provision in this Declaration of Trust, at no time, may Units be issued or transferred to a Person who would be a "designated beneficiary" within the meaning of Part XII.2 of the ITA ("**Designated Beneficiary**"), and the Issuer Trustee will not accept a subscription for Units from, or issue or register a transfer of Units to, a Person unless the Person provides a declaration to the Issuer Trustee that it would not be a Designated Beneficiary and covenants to maintain such representation true for as long as it continues to hold one or more Units. If, notwithstanding the foregoing, the Issuer Trustee determines that a Person has purported to become or remain a Unitholder in breach of the above mentioned declaration or covenant, or if the Unitholder fails to provide, upon request, a declaration in form and content satisfactory to the Issuer Trustee that it is not a Designated Beneficiary, (i) the Issuer Trustee will require such Person to dispose of the Units within a specified period not to exceed 60 days to a Person who does not contravene the above mentioned limitation on ownership ("**New Holder**"), and (ii) effective immediately prior to the breach, such Person will be deemed to have ceased to be a holder of such Units, the voting and distribution rights attached to such Units will be suspended and such Units will be deemed not to be outstanding until acquired by a New Holder (provided that holders of other Units will not be entitled to any portion of the distributions that may have been paid in respect of Units that have been so deemed not to be outstanding) and such Person's rights in respect of such Units will be limited to receiving the net proceeds of the sale thereof. If such Person has not, within such period, sold such Units or provided the Issuer Trustee with a declaration in form and content satisfactory to the Issuer Trustee that it is not a Designated Beneficiary, the Issuer Trustee may sell such Units on behalf of such Person (and the Issuer Trustee will have the power of attorney of such Person to do so), and such Person's rights in respect of such Units will be limited to receiving the net proceeds of sale upon surrender of the certificates representing such Units.

(2) Subject to this section 3.6, and until the Issuer Trustee will have been required to do so under the terms hereof, the Issuer Trustee will not be bound to do or take any proceeding or action with respect to this section 3.6 by virtue of the powers conferred on it hereby. The Issuer Trustee will have the sole right and authority to make any determination required for the administration of the provisions of, or contemplated under this section 3.6, and without limiting the generality of the foregoing, if the Issuer Trustee considers that there are reasonable grounds for believing that a contravention of the above mentioned limitation on ownership has occurred or may occur, the Issuer Trustee will make a determination with respect to the matter. Any such determination will be conclusive, final and binding for the purposes of this section 3.6 except to the extent

modified by any subsequent determination by the Issuer Trustee. The Issuer Trustee may require declarations as to whether a Unitholder is a Designated Beneficiary or as to factual information that will enable the Issuer Trustee to determine whether a Unitholder or a prospective transferee of a Unit may be a Designated Beneficiary. In any situation where it is unclear whether Units may be held by a Person who may be a Designated Beneficiary, the Issuer Trustee may exercise its discretion in determining whether such Person is or is not a Designated Beneficiary, and any such exercise by it of its discretion will be binding for the purposes of this section 3.6.

3.7 Liability of Unitholders

No Unitholder of the Trust, in its capacity as such, will incur or be subject to any liability, direct or indirect, absolute or contingent, in contract or in tort or of any other kind, to any Person in connection with: (i) the Trust Property or the ownership, use, operation, acquisition or disposition thereof or exercise or enjoyment of the rights, privileges, conditions or benefits attached thereto, associated therewith or derived therefrom; (ii) the obligations, liabilities, activities or affairs of the Trust; (iii) any actual or alleged act or omission of the Issuer Trustee or any other Person in respect of the activities or affairs of the Trust (whether or not authorized by or pursuant to this Declaration of Trust); (iv) any actual or alleged act or omission of the Issuer Trustee or any other Person in the performance or exercise, or purported or attempted performance or exercise, of any obligation, power, discretion or authority conferred upon the Issuer Trustee or such other Person in respect of the activities or affairs of the Trust (whether or not authorized by or pursuant to this Declaration of Trust); (v) any transaction entered into by the Issuer Trustee or by any other Person in respect of the activities or affairs of the Trust (whether or not authorized by or pursuant to this Declaration of Trust); or (vi) any taxes, levies, imposts or charges or fines, penalties or interest in respect thereof payable by the Trust or by the Issuer Trustee or by any other Person (except the Unitholders to the extent required by applicable tax laws) on behalf of or in connection with the activities or affairs of the Trust. No Unitholder will be liable to indemnify the Issuer Trustee or any other Person with respect to any such liability or liabilities incurred by the Issuer Trustee or by any such other Person or Persons or with respect to any taxes payable by the Trust or by the Issuer Trustee or any other Person on behalf of or in connection with the Trust. To the extent that any such liabilities of the Unitholders may arise, they will be enforceable only against, and will be satisfied only out of, the Trust Property to the full extent of such liability and the costs of any litigation or other proceedings in which such liability will have been determined, including without limitation, the fees and disbursements of counsel.

ARTICLE 4
REDEMPTION OF UNITS

4.1 Redemption of Units

Each Unitholder will be entitled to require the Trust to redeem at any time and from time to time at the demand of such Unitholder all or any part of the Units held by such Unitholder as follows:

(1) The Unitholder will give notice in writing to the Trust at its head office of its intention to redeem Units and the number of Units to be redeemed.

(2) Upon receipt by the Trust of such notice from the Unitholder to redeem Units, the Unitholder will be entitled to receive, subject to subsection 4.1(3), an amount equal to the aggregate fair market value of such Units immediately before the redemption (the "**Redemption Price**") established by the Issuer Trustee, acting reasonably, payable by certified cheque or via wire transfer of funds.

(3) In the event that the Trust has insufficient funds to make the payment required pursuant to subsection 4.1(2) or such payment is restricted under the terms of the Indenture, the Trust will satisfy the Redemption Price, subject to compliance with any regulatory requirements, by either issuing a promissory note to the Unitholder, which note shall have a principal amount equal to the Redemption Price and such other terms as is determined at the time of issuance by the Issuer Trustee, or by distributing to the redeeming Unitholder *in specie* a proportionate amount of the Trust Property, the fair market value of which, as determined by the Issuer Trustee, acting reasonably, is equal to the Redemption Price. In the event that property is distributed *in specie*, the amount of Net Realized Capital Gains of the Trust Allocated on Redemption as contemplated by subsection 4.1(5) payable in connection with the redemption of Units shall be payable to the Unitholder in kind, and to the extent of the amount thereof, the Redemption Price of the Units being redeemed shall be reduced accordingly (the "**Adjusted Redemption Price**").

(4) Upon satisfaction of the Redemption Price or the Adjusted Redemption Price, as the case may be, the redeeming Unitholder will not be entitled to any rights or benefits, including voting and the right to receive distributions, in connection with the Units redeemed.

(5) Where the Trust distributes Trust Property *in specie* as contemplated in subsection 4.1(3), the Issuer Trustee shall designate and pay to the redeeming Unitholder such part of the Net Realized Capital Gains of the Trust as is realized by the Trust in connection with such *in specie* distribution, provided that the amount of the Net Realize Capital Gains on the Trust so allocated shall not exceed the amount, if any, by which the Redemption Price of the particular Units being redeemed exceeds the aggregate adjusted cost base of such Units to the Unitholder for the purpose of the ITA immediately before the redemption (the "**Net Realized Capital Gains of the Trust Allocated on Redemption**"). If the total Net Realized Capital Gains of the Trust Allocated on Redemption determined by the Issuer Trustee pursuant to the preceding sentence for all redeeming Unitholders in any taxation year exceeds the Net Realized Capital Gains of the Trust for that year, the Net Realized Capital Gains of the Trust for that taxation year shall be allocated rateably to all redeeming Unitholders for the year based on the Net Realized Capital Gains of the Trust Allocated on Redemption as otherwise determined pursuant to the preceding sentence. The Net Realized Capital Gains of the Trust Allocated on Redemption designated and paid on the redemption of Units as determined under this subsection shall be deemed to be a distribution of Net Realized Capital Gains of the Trust for the particular taxation year in which the redemption occurs. If the Issuer Trustee is required to deduct or withhold an amount from such distribution, the Unitholder shall make the cash payment

described in Section 11.7 to the Issuer Trustee on or prior to the date the Units are to be redeemed.

ARTICLE 5
RIGHTS AND POWERS OF ISSUER TRUSTEE

5.1 General Rights and Powers

Subject to the specific restrictions and limitations set forth in this Declaration of Trust and notwithstanding the provisions of the *Trustee Act* (Ontario) or any other similar legislation in any jurisdiction, the Issuer Trustee will have, without the necessity of authorization by, and free from any power or control on the part of, the Unitholders, full, exclusive and absolute power, control and authority over the Trust Property and the Trust Activities to the same extent as if the Issuer Trustee were the sole and absolute owner thereof in its own right including, without limitation, such power, control and authority to do all such acts and things as in its sole judgment and discretion are necessary, incidental or desirable for carrying on the Trust Activities in accordance with the Program Agreements with such powers of delegation as may be permitted by this Declaration of Trust, including the right, power and authority to amend this Declaration of Trust subject to and in accordance with the terms hereof and to appoint, employ or contract with any Person as the Issuer Trustee may deem necessary, appropriate or desirable for the transaction of the Trust Activities, including for the administration of the Trust. The Issuer Trustee shall exercise the functions of the trustee of the Trust in Ontario, Canada. For greater certainty, the powers of the Issuer Trustee that may be exercised as aforesaid include the powers set forth in Section 5.2 to and including Section 5.18. The enumeration of any specific power or authority in this Declaration of Trust will not be construed as limiting the aforesaid power or authority or any other specific power or authority. Subject only to the express limitations contained in this Declaration of Trust, every discretion or power hereby conferred on the Issuer Trustee is an absolute and uncontrolled discretion or power.

5.2 Acquisition of Assets and Deposit of Funds

Subject to Section 2.1, the Issuer Trustee will have the power to acquire Investment Interests in accordance with the Program Agreements. Subject to compliance with the terms of the Program Agreements, the Issuer Trustee will have the power to deposit any money forming part of the Trust Property with any bank (which bank may be an Affiliate of the Issuer Trustee) licensed under the laws of Canada or any trust company (which includes the Issuer Trustee) licensed under the laws of any province of Canada and to withdraw such deposits in accordance with the Program Agreements. The Issuer Trustee will have no liability for any loss which may occur by reason of the failure of any depository with whom such money has been deposited or for the depreciation of any investment.

5.3 Legal Title and Custody

The Issuer Trustee will have the power to cause any and all Trust Property to be held by and/or registered in the name of any Person.

5.4 Disposition of Trust Property

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power to sell, convey, transfer and assign all Trust Property free and clear of any and all trusts hereby established, at public or private sale, for cash or on terms, with or without advertisement and subject to such restrictions, stipulations, agreements and reservations as it may deem proper.

5.5 Management of Trust Property

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power to own, manage, use, invest and hold the Trust Property (including, without limitation, the power to make investments in Eligible Investments) and to enter into agreements in respect of the Trust Property or its use including, without limitation, agreements to modify, amend, extend, renew or terminate any grant or agreement relating to the Trust Property and to waive compliance with any of the terms and conditions thereof, all, in each case, without the approval of or notice to the Unitholders.

5.6 Power to Borrow Money and Issue Funding Obligations

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power to:

(a) borrow or in any other manner raise money and to evidence the same by the issuance of Funding Obligations, by private placement, public offering or otherwise;

(b) reacquire or redeem Funding Obligations;

(c) execute and deliver any trust indenture or supplement thereto, security agreement, mortgage, pledge, hypothec, assignment or other instrument to secure Funding Obligations, and amendments, modifications, restatements or replacements thereof, whether by fixed or floating charge or by assignment or by the granting of a security interest, free and clear of any and all trusts hereby established and, in lieu of or in addition to granting any security, to grant to any Person a negative pledge whereby the Issuer Trustee agrees not to encumber any Trust Property and such other covenants as may be consistent with those set out in the Program Agreements or as may otherwise be specified by any applicable Rating Agency in accordance with the foregoing; and

(d) execute and/or deliver any agreement, instrument, certificate, direction or other document necessary or desirable in order to permit or give effect to the provisions of this Section 5.6, including, without limitation, prospectuses, offering memoranda, regulatory filings, dealer agreements, Underwriting Agreements, Agency Agreements, subscription agreements, letters of representation, consent letters, and any instruments ancillary thereto.

5.7 Derivative Agreements

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power to enter into Derivative Agreements in connection with or related to the borrowing or other raising of money by the Issuer Trustee or the purchase or ownership of Investment Interests, provided that such Derivative Agreements may be entered into only at or prior to the time that such securities are sold, or such borrowing, other raising of money or purchase takes place, as applicable, or as otherwise expressly permitted in the Management Agreement; provided, however, that amendments, modifications or novations of or to a Derivative Agreement may be entered into at any time after the original Derivative Agreement was executed.

5.8 Execution of Instruments

Every deed, transfer, assignment, hypothec, agreement, certificate, direction, instrument, prospectus, or any other document which is necessary or desirable to be executed by the Trust, including, without limitation, any document evidencing Funding Obligations or relating to the issuance of Funding Obligations, will be signed on behalf of the Trust by the Issuer Trustee or its duly appointed agent, including the Manager.

5.9 Facsimile Signatures

The Issuer Trustee may authorize the use of facsimile signatures on the documents evidencing Funding Obligations, provided, however, that where facsimile signatures are so used, documents evidencing Funding Obligations will be manually countersigned or certified by a transfer agent, trustee, registrar or similar Person. If a Funding Obligation contains a printed or mechanically reproduced signature of a Person, the Issuer Trustee may issue the Funding Obligation notwithstanding that the Person has ceased to be a director, officer or signing officer of the Issuer Trustee, and the Funding Obligation will be as valid as if the Person were a director, an officer or a signing officer at the date of its issue.

5.10 Taxes

The Issuer Trustee will have the power to pay all taxes or assessments of whatever kind or nature imposed upon the Issuer Trustee and/or the Trust in connection with the Trust Property or the Trust Activities or upon or against the income from the Trust Activities or any part thereof, to settle and compromise disputed tax liabilities and, for the foregoing purposes, to make such returns and do all such other acts and things as may be deemed by the Issuer Trustee necessary or desirable. The Issuer Trustee will have the power to deduct and remit any taxes which are required by law to be deducted and remitted from any payment made by the Issuer Trustee under any Program Agreements or otherwise.

5.11 Collection

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power to:

(a) collect, receive, give receipts for and sue for all sums of money or other property due to the Trust;

(b) consent to extensions of time for payment of, or the renewal of, any securities or obligations of the Trust;

(c) engage or intervene in, prosecute, defend, compound, compromise, abandon or adjust by arbitration or otherwise deal with or settle any actions, suits, proceedings, disputes, claims, demands or things relating to the Trust Property or the Trust Activities;

(d) exercise any and all remedies available to it under any Program Agreements or otherwise, including any power of foreclosure or sale available to the Issuer Trustee at law or pursuant to any agreement and, in connection with any such foreclosure or sale, to purchase or otherwise acquire title to any property and to convey good title thereto free of any and all trusts hereby established, or to take or retake possession of any property secured or unsecured thereunder or such other security;

(e) extend the time, with or without security, for the payment or delivery of any debts or property and to execute and enter into releases, agreements and other instruments; and

(f) pay or satisfy any debts or claims upon any evidence that the Issuer Trustee determines to be sufficient.

5.12 Expenses and Compensation of Issuer Trustee

(a) The Issuer Trustee will have the power to incur and make payment of any charges or expenses which in the opinion of the Issuer Trustee are necessary or incidental to or proper for carrying out any of the purposes of this Declaration of Trust and the Trust Activities, and to pay appropriate compensation or fees from the Trust Property to Persons with whom the Trust has contracted or transacted business including, without limitation, any charges, expenses, compensation or fees payable under or in connection with the Program Agreements.

(b) The Issuer Trustee will be entitled to be paid from the funds of the Trust, without any requirement of a passing of accounts in respect thereof or approval of the Unitholders, such fees as the Issuer Trustee and the Manager may agree to from time to time for its services hereunder and all reasonable expenses, disbursements and advances incurred or made by the Issuer Trustee in the administration or execution of the trusts hereby created (including the reasonable compensation and the disbursements of its counsel and all other advisers and assistants not regularly in its employ) until all the duties of the Issuer Trustee under the trusts hereby created shall be finally and fully performed, except any such expense, disbursement or advance as may arise from or in connection with the dishonesty, bad faith, wilful misconduct, negligence or reckless disregard of any duty or the failure to comply with the standard of care referred to in Section 7.1 by the Issuer

Trustee, its officers, employees or agents. All such amounts will be payable at such times as the Issuer Trustee and the Manager may agree from time to time. All such amounts shall be exclusive of any applicable taxes and any applicable taxes shall be paid to the Issuer Trustee in addition to such amounts. Any amount not paid when due shall bear interest at a rate per annum equal to the rate designated by the Issuer Trustee as the then current rate charged by the Issuer Trustee or its successors from time to time to its corporate customers, payable on demand. After default and unless otherwise provided in the Indenture and any documents contemplated thereunder, all amounts so payable and the interest thereon shall be payable out of any funds coming into the possession of the Issuer Trustee or its successors in the trusts hereunder in priority to any payments to other Specified Creditors.

5.13 Allocation

The Issuer Trustee will have the power to determine conclusively whether money or other assets received by the Trust or expenses or disbursements made by the Trust will be charged or credited to income or capital or allocated between income and capital, provided, however, that such determination will not be inconsistent with calculation of income in accordance with the ITA at the time the determination is made.

5.14 Fiscal Year and Form of Accounts

The fiscal year of the Trust will end on December 31. The Issuer Trustee will have the power to determine and from time to time change the method or form in which the accounts of the Trust will be kept, provided such method or form reasonably complies with Canadian generally accepted accounting principles as applicable from time to time.

5.15 Power to Contract

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power to appoint, employ or contract with any Person as the Issuer Trustee may deem necessary or desirable for the transaction of the Trust Activities and may transfer assets to such Person and, save and except for such matters as are listed in Section 2.2, delegate to such Person any or all of the discretionary powers given to the Issuer Trustee with respect to the management of the Trust Property. Without in any way limiting the generality of the foregoing, the Issuer Trustee will have the power to:

(a) enter into, execute, deliver, perform the obligations of the Trust under, and grant security as provided for in, the Program Agreements;

(b) appoint, employ or contract with the Manager or any other Person who, under the supervision of the Manager, may, among other things: (i) furnish and supervise or cause to be furnished and supervised the performance of the clerical and administrative services necessary to the administration of the Trust and the Trust Property including, without limitation, the provision of office space, office equipment and personnel for the performance of such services, property management, administration and servicing, the maintenance of documents, books

and Records for the Trust (including those described in Section 8.1), the receipt and disbursement of Trust Property, the servicing and payment of debt and other obligations and generally all matters relating to the obtaining of and the administration and servicing of Trust Property, including, without limitation, as provided in the Management Agreement; (ii) serve as an advisor to the Issuer Trustee, furnish reports to the Issuer Trustee and provide research, economic and statistical data in connection with the Trust Activities; (iii) act as consultant, accountant, correspondent, lender, technical advisor, counsel, broker and dealer, underwriter, fiscal agent, corporate fiduciary, escrow agent, depository, custodian or agent for collection from obligors, loan administrator, appraiser, bank, insurer or insurance agent, transfer agent or registrar or issuing and paying agent for Funding Obligations or in any other capacity deemed by the Issuer Trustee necessary or desirable; (iv) act as attorney or agent in the purchase or sale or other disposition of the Trust Property or the property secured thereby and the handling, prosecution or settling of any claims of the Trust and assist in the performance of such functions necessary in the management of the Trust as may be agreed upon with the Issuer Trustee; and (v) execute and deliver the Program Agreements. For greater certainty, the appointment by the Issuer Trustee of the Manager under the Management Agreement will, where applicable, be deemed to constitute adequate supervision by the Issuer Trustee for purposes of the *Trustee Act* (Ontario) and this Declaration of Trust of any Person thereby engaged in connection with the foregoing activities; and

(c) investigate, select and conduct negotiations with Persons acting in the capacities referred to in Section 5.15(b) and pay appropriate fees to, and enter into appropriate contracts with, employ or retain the services of, any of them in connection with the Trust Property or property secured thereby, other assets and any security related thereto funded, acquired, sold or otherwise disposed of, or committed, negotiated or contemplated to be funded, acquired, sold, or otherwise disposed of in connection with Funding Obligations.

5.16 Indemnification

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power to indemnify or enter into agreements with respect to indemnification with any Person with whom the Issuer Trustee or the Trust deals to such extent as the Issuer Trustee determines necessary or desirable.

5.17 Further Powers

Subject to Section 2.1, the Issuer Trustee will have the power to perform and do all such other acts and things and to execute itself (or have executed by any Person appointed by it pursuant to Section 5.15) all such deeds, transfers, assignments, hypothecs, agreements, certificates, directions, instruments or other documents whatsoever as it deems necessary, proper or desirable in order to carry on the Trust Activities in accordance with and subject to the Program Agreements notwithstanding that such acts, things, deeds, transfers, assignments, hypothecs, agreements, certificates, directions, instruments or other documents are not herein

specifically mentioned. Any determination as to what is necessary, proper or desirable in order to carry on the Trust Activities in accordance with the Program Agreements or otherwise, provided it is made by the Issuer Trustee honestly and in good faith, will be conclusive. Any construction of this Declaration of Trust or the existence of any power or authority hereunder, made honestly and in good faith by the Issuer Trustee upon the advice of counsel, will be conclusive to the extent consistent with the law. In construing the provisions of this Declaration of Trust, there will be a presumption in favour of a grant of power to the Issuer Trustee.

5.18 Auditors

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power from time to time to select and appoint and discharge and reappoint an auditor of the Trust in its discretion and to negotiate and fix the fees of any such auditor.

5.19 Defect in Appointment

Notwithstanding anything to the contrary herein contained, no action taken by the Issuer Trustee will be invalid by reason only of any defect that is thereafter discovered in its appointment.

5.20 Status

The Issuer Trustee shall not have the status of bankrupt and shall be resident in Canada for purposes of the ITA.

ARTICLE 6
REPLACEMENT OF ISSUER TRUSTEE

6.1 Resignation of Issuer Trustee

(a) If the Issuer Trustee desires to resign and be discharged from the trusts and powers reposed in or conferred on it by this Declaration of Trust, it will provide 120 days written notice (or such shorter period of notice as the Unitholders , the Indenture Trustee and the Rating Agencies may agree to) thereof to the Unitholders, the Indenture Trustee and the Rating Agencies provided that no such voluntary resignation shall be effective until a replacement Issuer Trustee acceptable to the Unitholders and the Indenture Trustee has been appointed and has executed a written agreement whereby such replacement Issuer Trustee agrees to assume the obligations of the Issuer Trustee hereunder, under the Program Agreements and under any other contract pursuant to which the Issuer Trustee is obligated.

(b) The Issuer Trustee shall resign if a material conflict of interest arises in its role as a trustee under this Declaration of Trust that is not eliminated within 90 days after the Issuer Trustee becomes aware that it has such a material conflict of interest. Forthwith after the Issuer Trustee becomes aware that it has such a material conflict of interest, it shall provide the Unitholders, the Indenture Trustee and the Rating Agencies with written notice of the nature of such material conflict of

interest. Upon such resignation, the Issuer Trustee shall (subject to Section 6.6) be discharged from its office under this Declaration of Trust. If, notwithstanding the foregoing provisions of this Section 6.1(b), the Issuer Trustee has such a material conflict of interest, the validity and enforceability of this Declaration of Trust and any agreement entered into by the Issuer Trustee shall not be affected in any manner whatsoever by reason only of the existence of such material conflict of interest. If the Issuer Trustee contravenes the foregoing provisions of this Section 6.1(b), the Unitholders, may apply, on notice to the Rating Agencies, to a court of competent jurisdiction for an order that the Issuer Trustee be replaced as Issuer Trustee hereunder.

6.2 Removal of Issuer Trustee

The Issuer Trustee may be removed from its office under this Declaration of Trust by the Unitholders, at any time by notice in writing delivered to the Issuer Trustee not less than 90 days prior to the date that such removal is to take effect.

6.3 Vacancy

In the event of the bankruptcy or insolvency of the Issuer Trustee or the inability of the Issuer Trustee to exercise its duties under this Declaration of Trust, the Unitholders may forthwith terminate the term of office of the Issuer Trustee as trustee and, in such instance, a vacancy will occur. No vacancy (including upon a resignation of the Issuer Trustee pursuant to Section 6.1(b)) shall operate to annul this Declaration of Trust or affect the continuity of the Trust or terminate the appointment of the Manager under the Management Agreement.

6.4 Appointment of New Issuer Trustee

If, pursuant to this Article 6, the Issuer Trustee resigns or a vacancy occurs in the office of the Issuer Trustee for any reason, the Unitholders may, subject to the satisfaction of the Rating Agency Condition, by instrument in writing appoint a Trust Company, which has risk-based capital of at least $50,000,000 or, in the case of an entity that is not subject to risk-based capital adequacy requirements, has a combined capital and surplus of at least $50,000,000, in order to replace the Issuer Trustee. If the Unitholders fail to make such appointment within 60 days of the occurrence of any such resignation, removal or vacancy, then the Issuer Trustee may make an application, on notice to the Rating Agencies, to a court of competent jurisdiction to appoint a successor Issuer Trustee hereunder. If the Issuer Trustee elects not to make such an application, the Unitholders may do so on notice to the Rating Agencies. If the Issuer Trustee and the Unitholders elect not to make such an application, the Indenture Trustee may do so on notice to the Rating Agencies if so directed in accordance with the Indenture. The expense of any act, document, deed or other instrument or thing required under this Section 6.4 will be satisfied from the Trust Property.

6.5 Merger, Consolidation and Amalgamation

Any company into which the Issuer Trustee may be merged or with which it may be consolidated or amalgamated, or any company resulting from any merger, consolidation or amalgamation to which the Issuer Trustee is a party or any company succeeding to the corporate

trust business of the Issuer Trustee will be a successor Issuer Trustee under this Declaration of Trust without any further action on the part of the Issuer Trustee, provided that such company shall be a Trust Company.

6.6 Vesting in Successor Issuer Trustee

Any successor Issuer Trustee will become vested with all the estates, properties, rights, powers, duties, responsibilities and trusts of its predecessors in the trusts hereunder as if it had been originally named as Issuer Trustee pursuant to this Declaration of Trust. In furtherance of the foregoing, upon written request of the successor Issuer Trustee, the Issuer Trustee ceasing to act will do, make, execute, deliver or cause to be done, made, executed or delivered all such acts, documents, deeds or other instruments and things as may be necessary or desirable in order to more effectively assign, transfer and deliver to, and vest in, the successor Issuer Trustee, upon the trusts herein expressed, all the rights, powers and trusts of, and all property and money held by the Issuer Trustee so ceasing to act. The expense of any act, document, deed or other instrument or thing required under this Section 6.6 will be satisfied from the Trust Property.

6.7 Confidentiality

At all times (including, without limitation, at any time the Issuer Trustee should resign or be discharged from the trusts and powers reposed in or conferred on it by this Declaration of Trust), the Issuer Trustee (or the trustee so resigning and being discharged, as the case may be) will treat as confidential all information relating to the Trust, the Trust Activities and the transactions contemplated by the Program Agreements obtained by it in its capacity as Issuer Trustee.

6.8 Right to Disclose

The Issuer Trustee shall have the right to disclose any information disclosed or released to it if in the opinion of legal counsel to the Issuer Trustee it is required to disclose under any applicable laws, court order or directions of Governmental Authorities or if it is requested by a Rating Agency. The Issuer Trustee shall not be responsible or liable to any party for any loss or damage arising out of or in any way sustained or incurred or in any way relating to such disclosure.

ARTICLE 7
STANDARD OF CARE, LIMITATION OF LIABILITY OF ISSUER TRUSTEE AND OTHER MATTERS

7.1 Standard of Care

The Issuer Trustee will exercise its powers and carry out its obligations hereunder as Issuer Trustee honestly, in good faith and in the best interests of the Trust and the Unitholders and in connection therewith will exercise that degree of care, diligence and skill that a reasonably prudent Person would exercise in comparable circumstances. To the extent that the Issuer Trustee has delegated or subcontracted the performance of all or a portion of its duties to the Manager as contemplated by Section 5.15, it will be deemed to have satisfied the aforesaid standard of care. Unless otherwise required by law, the Issuer Trustee will not be required to give bond, surety or

security in any jurisdiction for the performance of any duties or obligations hereunder. The Issuer Trustee will not be required to devote its entire time to the Trust Activities. For greater certainty, the entering into of any Program Agreement by the Trust and the performance by the Trust of its obligations thereunder will be deemed to be in the best interests of the Unitholders and the Trust.

7.2 Limitation of Liability of Issuer Trustee

The Issuer Trustee has entered into this Declaration of Trust solely in its capacity as trustee of the Trust and not in its personal capacity, and any and all of the representations, warranties, undertakings, covenants, indemnities, agreements and other obligations made on the part of the Issuer Trustee herein are made and intended not as personal representations, warranties, undertakings, covenants, indemnities, agreements and other obligations by the Issuer Trustee or for the purpose or with the intention of binding the Issuer Trustee in its personal capacity, but are made and intended for the purpose of binding only the Trust Property or a specific portion thereof. No property or assets of the Issuer Trustee, whether owned beneficially by it in its personal capacity or otherwise (other than the Trust Property), will be subject to levy, execution or other enforcement procedures with regard to any of the representations, warranties, undertakings, covenants, indemnities, agreements and other obligations of the Trust or the Issuer Trustee hereunder, and no recourse may be had or taken, directly or indirectly, against the Issuer Trustee in its personal capacity, any Unitholder or any Affiliate, shareholder, director, officer, representative, employee or agent of the Issuer Trustee or any predecessor or successor of the Issuer Trustee with regard to the representations, warranties, undertakings, covenants, indemnities, agreements and other obligations of the Trust or the Issuer Trustee hereunder; provided that the foregoing limitation will not apply in respect of any action or failure to act arising from or in connection with the wilful misconduct, gross negligence or the failure to comply with the standard of care referred to in Section 7.1. Notwithstanding any other provision of this Article 7, but subject to the Indenture, each Specified Creditor is entitled to recourse to the Trust Property to satisfy in full the obligations of the Trust to it even if the Issuer Trustee has no right, or only an impaired right, to seek indemnification from the Trust Property or to apply the Trust Property in satisfaction of such obligations.

7.3 Indemnification of the Issuer Trustee

The Issuer Trustee, its directors, officers, agents, representatives and employees will at all times be indemnified and saved harmless out of the Trust Property from and against all claims (including any claim arising out of the assessment of any tax on income by a taxing authority), demands, levies, penalties, suits, losses, actions, causes of action, costs, charges, fees and expenses, damages and liabilities whatsoever, including, without limitation, those arising out of or related to actions taken or omitted to be taken by any agent of the Issuer Trustee, including, without limitation, the Manager, as contemplated hereby, legal fees and disbursements on a substantial indemnity basis and costs and expenses incurred in connection with the enforcement of this indemnity (each, a "**Claim**"), which the Issuer Trustee, its directors, officers, representatives and employees may suffer or incur, whether at law or in equity, in any way caused by or arising, directly or indirectly, in respect of any act, deed, matter or thing whatsoever made, done, acquiesced in or omitted in or about or in relation to the execution of its duties as Issuer Trustee or which it sustains or incurs in or about or in relation to the Trust Property and the Trust Activities. Further, the Issuer Trustee will not be liable to the Trust, to any Unitholder

or to any other Person for any loss or damage relating to any matter regarding the Trust, including any loss or diminution in the value of the Trust Property. The foregoing provisions of this Section 7.3 do not apply to the extent that in any circumstances there has been wilful misconduct, gross negligence or the failure to comply with standard of care referred to in Section 7.1 on the part of the Issuer Trustee, its directors, officers, agents, representatives or employees excluding the other parties to the Program Agreements. Notwithstanding any other provision hereof, this indemnity will survive the removal or resignation of the Issuer Trustee, the termination of this Declaration of Trust and the termination of any trust created hereby.

7.4 Reliance upon Advice

The Issuer Trustee may rely and act upon any statement, notice, report or opinion prepared by or any advice received from the Manager or from the auditors, counsel or other professional advisors of the Issuer Trustee and will not be responsible or held liable for any loss or damage resulting from so relying or acting if the Issuer Trustee acted reasonably and in good faith relied upon the advice received and if the professional advisor was aware that the Issuer Trustee was receiving the advice in its capacity as Issuer Trustee. The Issuer Trustee is entitled to be reimbursed from the Trust Property for all costs, charges and expenses it incurs in connection with obtaining any such statement, notice, report, opinion or advice. The Issuer Trustee is entitled to rely and act upon the genuineness and authenticity of any writing submitted to it that it in good faith believes to be genuine.

7.5 Retain Experts

The Issuer Trustee may appoint such agents and employ or retain such counsel, accountants, engineers, appraisers or other experts or advisers as it may reasonably require for the purpose of discharging its duties hereunder and shall not be responsible for any misconduct on the part of any of them. The Issuer Trustee may pay remuneration out of the Trust Property for all services performed for it in the discharge of the trusts hereof without taxation for costs or fees of any counsel, solicitor or attorney.

7.6 Reliance on Experts

The Issuer Trustee may act and rely and shall be protected in acting in good faith on the opinion or advice of or information obtained from any agent, counsel, accountant, engineer, appraiser or other expert or adviser in relation to any matter arising in the performance of its duties under the Program Agreements.

7.7 Provisions Regarding Liability

Any written instrument creating an obligation of the Issuer Trustee will be conclusively deemed to have been executed by the Issuer Trustee only in its capacity as Issuer Trustee. Any written instrument creating an obligation of the Issuer Trustee will contain a provision to the effect that the obligations thereunder are not binding upon the Issuer Trustee except in its capacity as Issuer Trustee, nor will recourse be had to the property of the Issuer Trustee except in its capacity as Issuer Trustee, but that the Trust Property or a specific portion thereof only will be bound, and may at the request of the Issuer Trustee make specific provision to the foregoing effect and contain any further provisions which the Issuer Trustee may deem appropriate, but the

omission of any such provisions will not operate to invalidate any such instrument or to impose liability on the Issuer Trustee, except as aforesaid. The Issuer Trustee shall not be required to expend or risk its own funds or otherwise incur financial liability in the performance of its duties hereunder.

ARTICLE 8
RECORDS

8.1 Records to be Kept

The Issuer Trustee will keep or cause to be kept at the head office of the Trust a copy of this Declaration of Trust, a register of Unitholders, minutes of meetings and resolutions of Unitholders, minutes of meetings and resolutions of the Issuer Trustee, and such Records as are by law or good business practice necessary. The Records may be kept at the office of any Person whom the Issuer Trustee has appointed to maintain the same, provided that the Issuer Trustee has access to the Records on one Business Day's notice to such Person.

8.2 Segregation of Assets

The Issuer Trustee shall maintain the Trust Property separate from all other property in its possession.

8.3 Method of Keeping Records

Where this Declaration of Trust requires the Issuer Trustee to cause a Record to be kept, it may be kept in bound or loose-leaf form or by means of a mechanical, electronic or other device.

8.4 Annual Financial Statements

A copy of the annual financial statements of the Trust, signed by the Issuer Trustee, shall be mailed or otherwise made available within 120 days following the end of a fiscal year to which they relate to each Unitholder. The financial statements shall include all information required to be included in annual financial statements of the Trust by applicable laws.

ARTICLE 9
MEETINGS OF UNITHOLDERS AND DECISION OF UNITHOLDERS

9.1 Annual Meeting

There will not be an annual meeting of the Unitholders.

9.2 Other Meetings

The Issuer Trustee will have power at any time to call meetings of the Unitholders at such time and place as the Issuer Trustee may determine. Unitholders holding in the aggregate not less than a majority of the outstanding Units may requisition the Issuer Trustee in writing to call a meeting of the Unitholders for the purposes stated in the requisition. The requisition shall state in

reasonable detail the business proposed to be transacted at the meeting and will be sent to the Issuer Trustee at the address of the Issuer Trustee. Upon receiving the requisition, the Issuer Trustee will call a meeting of the Unitholders to transact the business referred to in the requisition. If the Issuer Trustee does not within 10 days after receiving the requisition call a meeting, any Unitholder who signed the requisition may call the meeting.

9.3 Quorum and Voting

A quorum for any meeting of the Unitholders will be persons present being Unitholders or representing by proxy Unitholders who hold in the aggregate a majority of the total number of outstanding Units. Unitholders may attend and vote at all meetings of the Unitholders either in person or by proxy. Each Unit will be entitled to one vote at all meetings of the Unitholders. Any action to be taken by the Unitholders will, except as otherwise required by this Declaration of Trust, or by law, be authorized when approved by a majority of the votes cast at a meeting of the Unitholders. The chairman of any such meeting will not have a second or casting vote.

9.4 Written Resolution

Any business which may be conducted at a meeting of the Unitholders may be approved by a resolution in writing in lieu thereof. Notice of such resolution will be given to all Unitholders and approval of such resolution will be evidenced by the signature on any such resolution or counterpart thereof by the required percentage of Unitholders for the matter to be determined.

ARTICLE 10
AMENDMENT

10.1 Amendment

Subject to Section 2.1 and compliance with the terms of the applicable Program Agreements, the Issuer Trustee may, from time to time, amend, vary, supplement, replace or restate the provisions of this Declaration of Trust without the consent or approval of the Unitholders or any court as follows:

(a) to the extent deemed necessary by the Issuer Trustee in good faith to be necessary to ensure compliance with, or to remove any conflicts or other inconsistencies which may exist between any term of this Declaration of Trust and the provisions of, any applicable law in effect from time to time;

(b) to the extent deemed necessary by the Issuer Trustee in good faith to be necessary to make any change or correction in this Declaration of Trust which is a typographical change or correction or which the Issuer Trustee has been advised by legal counsel is required for the purpose of curing any ambiguity or defect or inconsistent provision or clerical omission or mistake or manifest error contained herein, or

(c) subject to the satisfaction of the Rating Agency Condition, to the extent deemed necessary or desirable in the sole discretion of the Issuer Trustee to permit or

facilitate the carrying on of the Trust Activities, including the accommodation of requests made by the Rating Agencies or regulatory authorities in relation to the issuance of Funding Obligations.

However, any such amendment may be made only if: (i) it will not materially adversely affect the interest of any Unitholder, unless that Unitholder has also approved of the amendment in writing and (ii) in respect of any material amendment, the Rating Agency Condition has been satisfied. The Issuer Trustee will immediately upon the entering into thereof, provide the Rating Agencies and the Indenture Trustee with a copy of any amendment, variation, supplement, replacement or restatement of this Declaration of Trust.

10.2 Automatic Amendment

Upon the Issuer Trustee ceasing to be a trustee of the Trust, this Declaration of Trust will be automatically amended to delete any reference to the name of the trustee so ceasing to be a trustee of the Trust and to substitute therefor the name of the successor trustee of the Trust. Notice of any change in the Issuer Trustee may be endorsed upon or attached to this Declaration of Trust and signed by the successor Issuer Trustee and every such notice will be sufficient evidence to any Person dealing with the Issuer Trustee under this Declaration of Trust as to the facts to which it relates.

10.3 Supplemental Declaration of Trust

The Issuer Trustee is authorized to execute any supplemental declaration of trust to give effect to amendments to this Declaration of Trust made pursuant to this Article 10. The Issuer Trustee shall not be obligated to enter into any such supplemental declaration if it adversely affects the Issuer Trustee's rights, duties or immunities under this Declaration of Trust or otherwise. No amendment to or amendment and restatement of this Declaration of Trust, whether pursuant to this Article 10 or otherwise, shall be construed as a termination of the Trust or the settlement or establishment of a new trust.

ARTICLE 11
DISTRIBUTION OF TRUST PROPERTY

11.1 Distributions

(1) The Issuer Trustee may declare to be payable and make distributions, from time to time, out of Income of the Trust, Net Realized Capital Gains of the Trust, capital of the Trust or otherwise, in any year, in such amount or amounts, and on such dates as the Issuer Trustee may determine, to the Unitholders at the record date for such distribution. The Issuer Trustee may declare such amounts to be payable or authorize such distributions in advance by way of a standing resolution that is effective for a period not exceeding 12 months after the date of the resolution.

(2) Where the Trust proposes to distribute Trust Property in specie to a redeeming Unitholder as contemplated in subsection 4.1(3), and the Issuer Trustee reasonably expects that such in specie distribution will give rise to Income of the Trust and / or Net Realized Capital Gains of the Trust in excess of the amount of the Net Realized Capital Gains of the Trust

Allocated on Redemption to the particular Unitholder whose Units are being redeemed (collectively, the "**Excess Income on Redemption**"), the Issuer Trustee shall declare to be payable and make a distribution, on the record date that is one Business Day before the redemption, to Unitholders at such record date in an amount equal to the estimated Excess Income on Redemption. Such distribution will be satisfied by the issuance of additional Units, or fractions of Units, having a fair market value equal to the amount of such distribution. If the Issuer Trustee is required to deduct or withhold an amount from such distribution, the applicable Unitholder shall make the cash payment described in Section 11.7 to the Issuer Trustee on or prior to the date the distribution.

(3) If the Issuer Trustee declares to be payable or makes a distribution pursuant to subsections 11.1(1) or 11.1(2) without determining the portion of such distribution that is payable out of Income of the Trust, Net Realized Capital Gains of the Trust, capital of the Trust or otherwise, such allocation shall be made pursuant to subsection 11.2(2).

(4) The Issuer Trustee intends to make payable to Unitholders all of the Income of the Trust and Net Realized Capital Gains of the Trust for each taxation year throughout which all Unitholders are Specified Unitholders so that the Trust will not have any liability for tax under Part I of the ITA in any such taxation year (other than alternative minimum tax or taxes payable under the "SIFT trust" rules in the ITA). Unless the Issuer Trustee, in its sole discretion determines otherwise, the following amounts will, without any further actions on the part of the Issuer Trustee, be due and payable to the Unitholders of record on the last day in each taxation year throughout which all Unitholders are Specified Unitholders:

(a) an amount equal to the amount, if any, by which the Income of the Trust for such year exceeds the aggregate of (A) the aggregate of the portions of the distributions paid or payable by the Trust which have been determined by the Issuer Trustee to have been payable by the Trust out of the Income of the Trust for such year, if any, and (B) the aggregate of the portions of distributions deemed by subsection 11.2(2)(a) to be paid or payable by the Trust out of the Income of the Trust for such year; and

(b) an amount equal to the amount, if any, by which the Net Realized Capital Gains of the Trust for such year exceeds the aggregate of (A) any amount of the Net Realized Capital Gains of the Trust Allocated on Redemption for the year payable to redeeming Unitholders pursuant to subsection 4.1(5), (B) the aggregate of the portions of the distributions paid or payable by the Trust which have been determined by the Issuer Trustee to have been payable by the Trust out of Net Realized Capital Gains of the Trust for such year, if any, and (C) the aggregate of the portions of distributions deemed by subsection 11.2(2)(b) to be paid or payable by the Trust out of the Net Realized Capital Gains of the Trust for such year, if any.

Any determinations by the Issuer Trustee not to make a distribution described in this subsection 11.1(4) must be exercised by the Issuer Trustee in writing prior to December 31 of the applicable taxation year.

(1) The Issuer Trustee retains discretion to make payable to Unitholders all of the Income of the Trust and Net Realized Capital Gains of the Trust for each taxation year not described in subsection 11.1(4) above, but any such distribution would require the consent of all Unitholders in such year (other than a Unitholder described in paragraph (a) of the definition of Specified Unitholder).

(2) The proportionate share of each Unit of the amount of any distribution made pursuant to this section will be determined by dividing such amount by the number of issued and outstanding Units on the applicable record date in respect of a distribution pursuant to subsections 4.1(5), 11.1(1) or 11.1(2) and on the last day of the taxation year in respect of a distribution pursuant to subsection 11.1(4). Each Unitholder's share of the amount of any such distribution will be an amount equal to the proportionate share of each Unit of such amount multiplied by the number of Units owned of record by each such Unitholder on such applicable record date or the last day of the taxation year, as the case may be, and such Unitholder shall, on such date, be entitled to enforce payment of the Unitholder's share. Subject to subsections 4.1(5) and 11.1(2) and section 11.3, amounts which are payable to Unitholders will be paid in cash.

11.2 Allocation

(1) Subject to subsection 11.2(2), distributions payable to the Unitholders pursuant to Article 11 will be deemed to be distributions of Income of the Trust (including dividends), Net Realized Capital Gains of the Trust, returns of capital of the Trust or other items in such amount as the Issuer Trustee in its absolute discretion determines and will be allocated to the Unitholders in the same proportions as distributions received by the Unitholders.

(2) If the Issuer Trustee has declared to be payable or made one or more distributions in a taxation year pursuant to subsection 11.1(1) without determining the portion of such distributions that is payable out of Income of the Trust, Net Realized Capital Gains of the Trust, capital of the Trust or otherwise, such distributions shall be deemed to be paid or payable out of:

(a) first, the Income of the Trust for such year to the extent, if any, that the Income of the Trust for such year exceeds the aggregate of the amounts in subsection 11.1(4)(a)(A);

(b) second, the Net Realized Capital Gains of the Trust for such year to the extent, if any, that the Net Realized Capital Gains of the Trust for such year exceeds the aggregate of the amounts in subsection 11.1(4)(b)(A) and 11.1(4)(b)(B); and

(c) as to any balance, the capital of the Trust;

and such amounts will be allocated to the Unitholders in the same proportions as such distributions were received by the Unitholders.

(1) For greater certainty it is hereby declared that any distribution of Net Realized Capital Gains of the Trust will include the non-taxable portion of the capital gains of the Trust which are included in such distribution.

11.3 Payment of Distributions

(1) Distributions to a Unitholder (other than distributions described in subsections 4.1(5) and 11.1(2)) will be made by cash, wire transfer or cheque payable to or to the order of the Unitholder or by such other manner provided for in subsection 11.3(3). The payment, if made by cheque, will be conclusively deemed to have been made upon hand delivery of a cheque to the Unitholder or to its agent duly authorized in writing or upon the mailing of a cheque by prepaid first-class mail addressed to the Unitholder at its address set out in the records of the Issuer Trustee unless the cheque is not paid on presentation, or in any other manner determined by the Issuer Trustee in its discretion. The Issuer Trustee may issue a replacement cheque if it is satisfied that the original cheque has not been received or has been lost or destroyed upon being furnished with such evidence of loss, indemnity or other document in connection therewith that the Issuer Trustee may in its discretion consider necessary.

(2) The Issuer Trustee may, in its sole discretion, transfer temporarily from capital to income within the Trust sufficient cash to facilitate payments of Income of the Trust to Unitholders. A permanent transfer from capital to income may be effected if payments made by and /or expenses of the Trust in any year exceed the aggregate of the net income and Net Realized Capital Gains of the Trust in such year.

(3) Without limiting the generality of the foregoing, a distribution to a Unitholder may be paid (i) by the issuance of additional Units, or fractions of Units having a fair market value equal to the amount of such distribution, (ii) by the issuance of a promissory note for a principal amount equal to the amount of such distribution and/or (iii) *in specie* by the transfer of Trust Property having a fair market value equal to the amount of such distribution, all as may be determined by the Issuer Trustee, acting reasonably. The Issuer Trustee acknowledges and agrees that it will elect to make payment to a Unitholder of the amount of a distribution in the manner described in this subsection 11.3(3) only if it has received prior written notice from the Unitholder that such payment method is acceptable, and the Unitholder makes the cash payment described in Section 11.7 to the Issuer Trustee, which written notice may be revoked in writing by the Unitholder at any time. If the Issuer Trustee elects to make payment of the amount of a distribution by the issuance of a promissory note, such promissory note shall bear interest at a fixed or floating rate, shall be repayable on demand or on the expiry of a stated term, and shall contain such other terms all of which may be determined by the Issuer Trustee such that the fair market value of such promissory note is equal to the amount of the distribution. Any such promissory note or additional Units issued, or Trust Property transferred, by the Trust shall constitute absolute and unconditional payment in full of the distribution and, by becoming a Unitholder, each Unitholder hereby acknowledges that any such note, additional Units or transfer of Trust Property will be accepted by the Unitholder as such absolute and unconditional payment of the distribution payable to the Unitholder.

11.4 Legal Rights

For greater certainty, it is hereby declared that the Unitholders shall have the legal right to enforce payment of any amount to be distributed or payable hereunder at the time such amount is due and payable.

11.5 Income Tax Matters

In reporting income for income tax purposes, the Trust will claim the maximum amount available to it as deductions under the relevant law, unless the Issuer Trustee determines otherwise.

11.6 Designations

In accordance with and to the extent permitted by the ITA, the Issuer Trustee will, in each taxation year, make such designations for income tax purposes in respect of amounts paid or payable or deemed to be paid to the Unitholders for such amounts that the Issuer Trustee considers to be reasonable in all circumstances, including designations relating to taxable dividends received or deemed to be received by the Trust in the year on shares of taxable Canadian corporations, net taxable capital gains of the Trust in the year and foreign source income of the Trust and foreign taxes in respect of such foreign source income for the year, if any.

11.7 Withholding Taxes

The Issuer Trustee will deduct or withhold from distributions or other amounts payable under this Declaration of Trust amounts required by law to be deducted or withheld from such distributions or payments, whether such distributions or payments are satisfied in the form of cash, cheque, promissory note, additional Units or otherwise. To the extent that any amounts are deducted or withheld from payments made by cash, cheque or wire transfer, including those described in subsection 11.3(1), such deducted or withheld amounts shall be treated for all purposes as having been paid to the recipient of the payment in respect of the distribution or other amount payable, provided that such deducted or withheld amounts are actually remitted in accordance with applicable law to the appropriate taxing authority. In the event that the Issuer Trustee makes a distribution or payment that is satisfied in a manner other than cash, cheque or wire transfer, including those described in subsections 4.1(3), 4.1(5) or 11.3(3), the recipient of the payment shall provide cash to the Issuer Trustee in amount equal to any required deduction or withholding, which the Issuer Trustee shall forthwith remit to the appropriate taxing authority on behalf of the Unitholder.

ARTICLE 12
TERMINATION OF THE TRUST

12.1 Termination

(a) The Trust will continue in full force and effect for a period of twelve months from the date hereof and thereafter for so long as any Funding Obligations remain outstanding and until the Trust has satisfied all of its obligations under the

Program Agreements or otherwise for the purposes of carrying on the Trust Activities. Notwithstanding the foregoing, the Issuer Trustee may, with the unanimous approval of Unitholders, wind-up the affairs of the Trust and terminate the Trust and distribute the Trust Property then remaining to the Unitholders in proportion to the number of Units held by each Unitholder no later than the date that is one day prior to the 21st anniversary of the death of the last surviving lineal descendent of Queen Elizabeth, II of England living at the date this declaration is made.

(b) Subject to Section 12.1(a), the Issuer Trustee may, with the unanimous approval of the Unitholders, wind up the affairs of the Trust and terminate the Trust. To the fullest extent permitted by law, and notwithstanding any duty otherwise existing at law or in equity, the Issuer Trustee shall consider only the interests of the Trust, including its creditors, in acting on the matters referred to in this Section 12.1. On the date the Trust is terminated, the Issuer Trustee will, upon receipt of such releases, indemnities and refunding agreements as the Issuer Trustee may deem necessary for its protection, distribute the remaining Trust Property, after payment of all other obligations of the Trust, in cash or in kind , or partly in each, to the Unitholders in proportion to the number of Units held by each Unitholder

ARTICLE 13
GENERAL

13.1 Acknowledgement of Indenture

The Issuer Trustee (i) acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor under the Indenture and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Indenture including, without limitation, Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 7.12 (Payments Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Section 8.14 (Limited Recourse), Article IX (Indenture Trustee) (including all limitations of liability thereunder), Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition) of the Indenture; (ii) irrevocably authorizes and directs the Indenture Trustee on its behalf to take such action (including the execution and delivery of documents of subordination) as may be necessary or appropriate to further assure the priority arrangements provided for in Article VI, Article VII and Section 8.13 of the Indenture, and appoints the Indenture Trustee as its agent for any and all such purposes; and (iii) consents, requests and authorizes the Trust and the Indenture Trustee to (X) add the Issuer Trustee (or its agent) to the register of Specified Creditors described in Section 13.13 of the Indenture and (Y) disseminate the notice details of the Issuer Trustee to other Specified Creditors for the purposes set out in subsection 9.14(b) of the Indenture.

13.2 ~~13.1~~ Irrevocability

The Trust shall be irrevocable.

13.3 ~~13.2~~ Change of Office

The Issuer Trustee may at any time and from time to time during the existence of the trusts hereby created change the head office, chief executive office, chief place of business and situs of the administration of the Trust to another location within Ontario or have such other offices or places of administration within Canada as the Issuer Trustee may from time to time determine is necessary or desirable.

13.4 ~~13.3~~ Execution of Instruments

The Issuer Trustee shall have power from time to time to appoint any Person or Persons on behalf of the Trust either to sign instruments in writing generally or to sign specific instruments in writing.

13.5 ~~13.4~~ Manner of Giving Notice

Except as otherwise permitted herein, any notice required or permitted by the provisions of this Declaration of Trust to be given to a Unitholder or the Issuer Trustee shall be deemed conclusively to have been given if given either by delivery or by prepaid first-class mail addressed to each Unitholder at its address shown on the register of Unitholders or to the Issuer Trustee at the last address provided by the Issuer Trustee for such purpose. Any notice so given shall be deemed to have been given on the day of hand delivery or the day following that on which the notice was mailed.

13.6 ~~13.5~~ Taxation Information

On or before March 30 in each year, or such earlier day as is required by applicable legislation or regulation, the Issuer Trustee will provide to Unitholders who received distributions from the Trust in the prior calendar year such information regarding the Trust required by applicable law to be submitted to Unitholders for income tax purposes to enable Unitholders to complete their tax returns in respect of the prior calendar year.

13.7 ~~13.6~~ Severability

The provisions of this Declaration of Trust are severable and if any provisions are in conflict with any applicable law, the conflicting provisions shall be deemed never to have constituted a part of this Declaration of Trust and shall not affect or impair any of the remaining provisions thereof. If any provision of this Declaration of Trust shall be held invalid or unenforceable in any jurisdiction, such invalidity or unenforceability shall attach only to such provision in such jurisdiction and shall not in any manner affect or render invalid or unenforceable such provision in any other jurisdiction or any other provision of this Declaration of Trust in any jurisdiction.

13.8 ~~13.7~~ Governing Law

This Declaration of Trust shall be interpreted and governed by and take effect exclusively in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. Any and all disputes arising under this Declaration of Trust, whether as to interpretation,

performance or otherwise, shall be subject to the exclusive jurisdiction of the courts of the Province of Ontario and the Issuer Trustee hereby irrevocably attorns, and each Unitholder shall be deemed to hereby irrevocably attorn, to the exclusive jurisdiction of the courts of such province.

13.9 ~~13.8~~ Language

Les parties aux présentes ont exigés que la présente convention ainsi que tous les documents et avis qui s'y rattachent et/ou qui en découleront soient rédigés en la langue anglaise. The parties hereto have required that this Declaration of Trust and all documents and notices resulting herefrom be drawn up in English.

IN WITNESS WHEREOF the Issuer Trustee has caused this Declaration of Trust to be executed as of the day and year first above written by its duly authorized signatories.

COMPUTERSHARE TRUST COMPANY OF CANADA,
as Issuer Trustee

By: _____
Name:
Title:

By: _____
Name:
Title:

Document comparison by Workshare Compare on December-19-17 12:17:38 PM

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Document 2 ID	interwovenSite://INVENTORYS1/TorysAtWork/23163129/14
Description	#23163129v14<TorysAtWork> - *Fair Hydro -- Declaration of Trust
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Deletions	34
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Moved to	0
Style change	0
Format changed	0

Total changes	65

MASTER TRANSFER AND SERVICING AGREEMENT

between

FAIR HYDRO TRUST
as Issuer

- and -

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Transferor and Servicer

Dated as of December ~~7,~~21, 2017

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Exhibit A – Form of Transfer Notice

Exhibit B – Form of Monthly Carrying Costs Statement

MASTER TRANSFER AND SERVICING AGREEMENT

THIS AGREEMENT made as of December ~~[redacted],~~**21,** 2017.

BETWEEN:

FAIR HYDRO TRUST, a trust formed under the laws of the Province of Ontario

(the "**Issuer**")

- and -

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital amalgamated under the laws of the Province of Ontario

(the "**Transferor**" in its capacity as transferor, the "**Servicer**", in its capacity as servicer, and the "**IESO**" in its capacity as both Transferor and Servicer)

WHEREAS the Government of Ontario has enacted the *Ontario Fair Hydro Act, 2017* (the "**Act**") for the purpose of, among other things, ensuring that clean energy costs and clean energy benefits (each as defined in the Act) are fairly allocated among present and future Specified Consumers;

AND WHEREAS, under the Act, the IESO is required to establish and maintain the Fair Hydro Variance Account, and has the right under the Act and the Regulations to record certain amounts in the Fair Hydro Variance Account and recover the balance from time to time of the Fair Hydro Variance Account from Specified Consumers (such right, the "**Regulatory Asset**");

AND WHEREAS the IESO may from time to time, in accordance with the Act, Transfer Specified Portions of the Regulatory Asset to the Issuer pursuant to Section 26(1) of the Act;

AND WHEREAS the Issuer may finance the acquisition from the IESO, from time to time, of an Investment Interest through the incurrence of Funding Obligations under the Indenture;

AND WHEREAS the Issuer will grant a security interest over all of the Issuer Investment Interest to and in favour of the Indenture Trustee on behalf of all Specified Creditors;

AND WHEREAS in connection with its ownership of the Issuer Investment Interest and in order to collect the associated Clean Energy Adjustments in accordance with the Act, the Issuer desires to engage the Servicer to carry out the services described herein and the Servicer agrees to be so engaged;

NOW THEREFORE in consideration of the foregoing and the mutual covenants and agreements contained herein (the receipt and adequacy of which are hereby acknowledged), the parties hereto agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Agreement, the following terms have the following meanings:

"**Act**" has the meaning ascribed thereto in the recitals;

"**Agreement**" means this master transfer and servicing agreement, as amended, supplemented, modified, restated or replaced from time to time, and the expressions "herein", "hereof", "hereto", "hereunder" and similar expressions refer to this Agreement and not to any Article, Section, paragraph, subparagraph or clause hereof;

"**Billing Period**" means a calendar month in which the Clean Energy Adjustment is billed to Specified Consumers;

"**Board**" means the Ontario Energy Board, a statutory corporation without share capital continued under the *Ontario Energy Board Act, 1998*, S.O., 1998;

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by law, regulation or executive order to be closed;

"**Carrying Costs**" has the meaning ascribed to the term "carrying costs" in the Regulations;

"**CEA Consumer Invoice Amounts**" means amounts invoiced by an Electricity Vendor to Specified Consumers in respect of the Clean Energy Adjustment based on the rates established by the Board;

"**Clean Energy Adjustment**" has the meaning ascribed to the term "clean energy adjustment" in the Act;

"**Closing Date**" means the date on which a Transfer is to be completed as specified in the applicable Transfer Notice;

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the parties hereto and any other owner or owners of an Investment Interest as contemplated by Section 29(5) of the Act in form and substance satisfactory to the parties hereto, acting reasonably;

"**Co-Owner Implementation Date**" means the date, if any, upon which the Issuer Investment Interest ceases to be the only Investment Interest outstanding representing the full Investment Asset;

"**Collection Account**" means an Eligible Deposit Account established by the Issuer for the purpose of receiving the Issuer Share of the Servicer CEA Receipts;

"**Daily Remittance Event**" means the occurrence of either: (i) a Servicer Default or (ii) the IESO (or any successor thereto) ceasing to have the Required Servicer Rating;

"**Declaration of Trust**" means the declaration of trust made as of December ■,**20,** 2017 under which the Issuer was established, as may be supplemented, amended, replaced or amended and restated from time to time;

"**Electricity Vendor**" has the meaning ascribed to the term "electricity vendor" in the Act;

"**Electricity Vendor CEA Collections**" means payments actually received by Electricity Vendors from Specified Consumers in respect of Clean Energy Adjustments;

"**Electricity Vendor Billing Period Report**" means a report as contemplated by Section 17(2) of the Act from each Electricity Vendor in respect of each Billing Period where Clean Energy Adjustments are billed to Specified Consumers containing:

(a) its total electricity consumption of Specified Consumers invoiced in such Billing Period;

(b) its total CEA Consumer Invoice Amounts in such Billing Period;

(c) its total Electricity Vendor CEA Collections during such Billing Period; and

(d) such other information as may be prescribed in the Regulations or any other Requirement of Law, or which otherwise may be agreed to by the applicable Electricity Vendor;

"**Eligible Deposit Account**" means an account in Canada with an Eligible Institution;

"**Eligible Institution**" means:

(a) at any time before the Co-Owner Implementation Date, an "Eligible Institution" as defined in the Indenture; and

(b) at any time on or after the Co-Owner Implementation Date, an "Eligible Institution" as defined in the applicable Co-Owner Agreement;

"**Fair Hydro Variance Account**" means the variance account established by the IESO pursuant to Section 24(1) of the Act;

"**Financing Entity**" has the meaning ascribed to the term "financing entity" in the Act;

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act;

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government;

"**IESO**" or "**Independent Electricity System Operator**" means the Independent Electricity System Operator, a statutory corporation without share capital established by the *Electricity Act, 1998*, SO, 1998;

"**IESO Deferral**" has the meaning ascribed to the term "IESO deferral" in the Act;

"**IESO Disclosure**" has the meaning ascribed thereto in Section 5.7;

"**IESO Segregated Account**" has the meaning ascribed thereto in Section 3.4(a);

"**Implementation Plan**" has the meaning ascribed thereto in Section 3.3(a);

"**Indemnified Losses**" has the meaning ascribed thereto in Section 6.1(a);

"**Indemnified Party**" has the meaning ascribed thereto in Section 6.1(a);

"**Indenture**" means the master trust indenture dated December ~~-,~~**21,** 2017 between the Indenture Trustee and the Issuer;

"**Indenture Trustee**" means BNY Trust Company of Canada, a trust company existing under the laws of Canada and duly authorized to carry on the business of a trust company in all of the provinces and territories of Canada, as indenture trustee for the benefit of Specified Creditors, or any successor thereto, under the Indenture;

"**Insolvency Event**" means, with respect to a specified Person, the specified Person admits the inability of such specified Person to pay its liabilities generally as they become due or makes a general assignment for the benefit of the creditors of such specified Person or otherwise acknowledges the insolvency of such specified Person or any proceeding shall be instituted by or against such specified Person seeking to adjudicate it a bankrupt or insolvent or seeking liquidation, winding up, dissolution, reorganization, arrangement, adjustment, protection, relief or composition of its debts under any law relating to bankruptcy, insolvency, reorganization, moratorium or relief of debtors or seeking the entry of an order for relief by the appointment of a receiver, trustee or other similar official for such specified Person or for any substantial part of its property and if such proceeding has been instituted against such specified Person either such proceeding has not been stayed or dismissed within 45 days or any of the actions sought in such proceeding (including the entry of an order for relief or the appointment of a receiver) are granted

in whole or in part, or if a receiver is privately appointed in respect of such specified Person or of the property of such specified Person or any substantial part thereof;

"**Investment Asset**" has the meaning ascribed to the term "investment asset" in the Act;

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act;

"**Issuer**" means Fair Hydro Trust, a trust formed under the laws of the Province of Ontario;

"**Issuer Funding Obligations**" means the Funding Obligations of the Issuer;

"**Issuer Investment Interest**" means, initially, the Investment Interest acquired by the Issuer pursuant to the first Transfer completed under this Agreement and, upon the completion of each Transfer thereafter, the cumulative Investment Interest acquired by the Issuer;

"**Issuer Share**" means:

(a) at any time before the Co-Owner Implementation Date, 100%; and

(b) at any time on or after the Co-Owner Implementation Date, the percentage determined in accordance with the applicable Co-Owner Agreement;

"**Issuer Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Issuer at such time;

"**Lien**" means a security interest, lien, mortgage, charge, pledge, claim or encumbrance of any kind;

"**Management Agreement**" means the management agreement dated December ~~,~~**20,** 2017 between the Manager and the Issuer;

"**Manager**" means OPG, in its capacity as manager of the Issuer, and any successor appointed in accordance with the Management Agreement;

"**Minister**" means the Minister of Energy or such other member of the Executive Council as may be assigned the administration of the Act under the *Executive Council Act*;

"**Monthly Carrying Costs**" has the meaning ascribed thereto in Section 3.14(b);

"**Monthly Carrying Costs Statement**" has the meaning ascribed thereto in Section 3.14(b);

"**Monthly Servicer Report**" means a report from the Servicer in respect of each Billing Period where Clean Energy Adjustments are billed to Specified Consumers containing:

(a) the information provided in each Electricity Vendor Billing Period Report;

(b) total electricity consumption of Specified Consumers invoiced in such Billing Period, as reported by all Electricity Vendors, and for the current Reference

Period to the last day of such Billing Period, compared to the forecast information provided by the Servicer to the Board pursuant to Section 3.2(a) (to the extent possible, recognizing timing mismatches);

(c) total CEA Consumer Invoice Amounts reported by all Electricity Vendors for such Billing Period;

(d) total Electricity Vendor CEA Collections reported by all Electricity Vendors for such Billing Period;

(e) total Servicer CEA Receipts for such Billing Period, including the amount representing total Electricity Vendor CEA Collections received and the amount representing Clean Energy Adjustments received by the Servicer directly from Specified Consumers;

(f) the difference between total CEA Consumer Invoice Amounts reported to the Servicer by all Electricity Vendors and total Servicer CEA Receipts, in each case, for such Billing Period and for the current Reference Period to the last day of such Billing Period, recognizing that there will be timing differences;

(g) a summary of any matters referred to in Section 3.4(k) which have not been resolved and any explanation provided therefor by the Electricity Vendor; and

(h) such other information which otherwise may be agreed to by the Servicer;

"**Non-Investment Grade Rated Electricity Vendors**" means any Electricity Vendor that does not have a rating of: (i) "Baa3" or higher by Moody's Investors Services, Inc. (or any successor thereof), unless otherwise agreed to by Moody's Investors Services, Inc. (or any successor thereof); and "BBB(low)" or higher by DBRS Limited (or any successor thereof), unless otherwise agreed to by DBRS Limited (or any successor thereof);

"**Officer's Certificate**" means a certificate **on behalf of any Person that is** signed by ~~a Responsible Officer of the Issuer under the circumstances described in, and otherwise complying with, the applicable requirements of Section **[10.01]** of the Indenture~~**any Responsible Officer of such Person and states that the certifications set forth in such certificate are based upon the results of a due inquiry into the matters in question conducted by or under the supervision of the signing Responsible Officer and that the facts stated in such certifications are made to such signing Responsible Officer's knowledge and belief and without personal liability**;

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario;

"**Opinion of Counsel**" means one or more written opinions of counsel, which counsel shall be reasonably acceptable to the party receiving such opinion of counsel, and shall be in form and substance reasonably acceptable to such party;

"**Permitted Successor**" means any successor to the IESO under the Act, whether pursuant to any bankruptcy, reorganization or other insolvency proceeding or pursuant to any merger, conversion,

acquisition, sale or transfer, by operation of law, as a result of any restructuring, or otherwise, but only to the extent such successor is approved by the Minister;

"**Permitted Transfer**" means (i) a Transfer to the Issuer pursuant to this Agreement; and (ii) a Transfer to a person who has entered into a Co-Owner Agreement with, inter alia, the Issuer.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority;

"**Prescribed Period**" has the meaning ascribed thereto in Section 3.14(a);

"**Proceeding**" means any suit in equity, action at law or other judicial or administrative proceeding;

"**Program Agreements**" has the meaning ascribed thereto in the Indenture;

"**Purchase Price**" has the meaning ascribed thereto in Section 2.1(c);

"**Rating Agency**" has the meaning ascribed thereto in the Indenture;

"**Rating Agency Condition**" has the meaning ascribed thereto in the Indenture;

"**Records**" has the meaning ascribed thereto in Section 7.1;

"**Regulations**" means Ontario Regulation 206/17: General, together with any other regulations promulgated under the Act;

"**Regulatory Asset**" has the meaning ascribed thereto in the recitals;

"**Remittance Date**" means, in respect of each Billing Period, the 18th Business Day following the last day of each Billing Period;

"**Required Servicer Rating**" means a rating of "Baa2" or higher by Moody's Investors Service, Inc. (or any successor thereof) and a rating of "BBB(low)" or higher by DBRS Limited (or any successor thereof);

"**Requirement of Law**" means any foreign, Canadian federal, provincial or local laws, statutes, regulations, rules, codes or ordinances enacted, adopted, issued or promulgated by any Governmental Authority or common law;

"**Responsible Officer**" means, with respect to: (a) the Issuer, any authorized director or officer of the Manager; (b) the Servicer, any authorized director or officer of the IESO; and (c) a Successor Servicer, any authorized director or officer of the Successor Servicer;

"**Servicer**" means the Independent Electricity System Operator, as Servicer under this Agreement, or any Successor Servicer to the extent permitted under this Agreement;

"**Servicer CEA Receipts**" has the meaning ascribed thereto in Section 3.4(f);

"**Servicer Default**" has the meaning ascribed thereto in Section 7.1;

"**Specified Consumer**" has the meaning ascribed to the term "specified consumer" in the Act;

"**Specified Creditors**" has the meaning ascribed thereto in the Indenture;

"**Specified Portion**" means, in respect of the Regulatory Asset and any Transfer, the portion of the Regulatory Asset subject to such Transfer, as set out in the applicable Transfer Notice.

"**Successor Servicer**" has the meaning ascribed thereto in Section ~~[3.07~~7.2(~~e)] of the Indenture~~a);

"**Supplemental Indenture**" means an indenture supplemental to the Indenture that authorizes the incurrence of Funding Obligations;

"**Termination Event**" has the meaning ascribed thereto in Section 3.11;

"**Termination Notice**" has the meaning ascribed thereto in Section 7.1;

"**Transfer**" has the meaning ascribed to the term "transfer" in Section 1(3) of the Act, and "**Transferred**" has a corresponding meaning;

"**Transfer Notice**" means a Transfer Notice in respect of a Transfer substantially in the form of Exhibit A to this Agreement and delivered pursuant to Section 2.1(c) of this Agreement; and

"**Transferor**" means the Independent Electricity System Operator, as transferor under this Agreement;

1.2 Sections and Headings

The table of contents does not form part of this Agreement. The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and will not affect the construction or interpretation of this Agreement. Unless something in the subject matter or context is inconsistent therewith, references herein to Articles and Sections are to Articles and Sections of this Agreement.

1.3 Extended Meanings

(a) Words importing the singular number only will include the plural and vice versa and words importing the masculine gender will include the feminine and neuter genders and vice versa. A reference to any agreement, instrument or declaration means such agreement, instrument or declaration as the same may be amended, supplemented, modified, restated or replaced from time to time.

(b) The term "**including**" means "including without limitation", and other forms of the verb "**include**" have correlative meanings.

(c) All references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities.

(d) Unless otherwise stated, in the computation of a period of time from a specified date to a later specified date, the word "**from**" means "**from and including**" and each of the words "**to**" and "**until**" means "**to but excluding**".

(e) The words "**hereof**", "**herein**" and "**hereunder**" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, unless otherwise specified. References to Articles, Sections, Appendices and Exhibits in this Agreement are references to Articles, Sections, Appendices and Exhibits in or to this Agreement unless otherwise specified.

(f) References to any law, rule, regulation or order of a Governmental Authority shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor.

(g) The word "**will**" shall be construed to have the same meaning and effect as the word "**shall**". The word "**or**" is not exclusive.

(h) References to a specific rating by a Rating Agency shall mean such rating or the equivalent rating if such Rating Agency changes its rating scale.

ARTICLE 2
TRANSFER OF SPECIFIED PORTIONS OF THE REGULATORY ASSET

2.1 Transfer Notices and Agreement to Transfer Specified Portions of the Regulatory Asset

(a) The Transferor shall determine the IESO Deferral as required by Section 23(1) of the Act and the Regulations.

(b) The Transferor shall maintain the Fair Hydro Variance Account as required by Section 24 of the Act and the Regulations.

(c) The Transferor may, no more frequently than monthly and no later than the 8th Business Day of any calendar month, offer to Transfer to the Issuer a Specified Portion of the Regulatory Asset by providing to the Issuer a Transfer Notice executed by the Transferor and setting out (i) the Specified Portion of the Regulatory Asset that the Transferor is offering to Transfer to the Issuer, (ii) the consideration to be paid to the Transferor by the Issuer for the Transfer (the "**Purchase Price**") which shall be equal to the amount of such Specified Portion of the Regulatory Asset, (iii) the Closing Date to effect such transfer which shall be no earlier than the 5th Business Day after the delivery of the Transfer Notice and no later than the last Business Day of the calendar month in which the Transfer Notice was delivered, or such other Business Day as may be agreed by the Transferor and the Issuer, and (iv) such other information as required in the form of Transfer Notice attached as Exhibit A hereto.

(d) On or before the 2nd Business Day following receipt of a Transfer Notice, the Issuer shall have the right, but not the obligation, to accept the Transferor's offer to Transfer the Specified Portion of the Regulatory Asset referred to in the Transfer Notice by executing and returning such Transfer Notice to the Transferor. Upon acceptance by the Issuer of the Transfer Notice, there shall be a binding agreement for IESO to Transfer the Specified Portion of the Regulatory Asset referred to in the Transfer Notice and for the Issuer to pay the Purchase Price, subject to satisfaction of all conditions precedent in Section 2.2.

(e) Provided that all conditions precedent set out in Section 2.2 have been satisfied on or prior to the applicable Closing Date, on the applicable Closing Date, the Issuer shall deliver or cause to be delivered to the Transferor, by wire transfer or electronic funds transfer, in immediately available funds, an amount in Canadian dollars equal to the Purchase Price set forth in the applicable Transfer Notice. The Transferor agrees that receipt by the Transferor of the payment referred to in this Section 2.1(e) is receipt by the Transferor of a payment referred to in Section 26(3) of the Act.

(f) Upon receipt by the Transferor of the payment referred to in Section 2.1(e), the Transferor shall reduce the balance of the Fair Hydro Variance Account by an amount equal to the Purchase Price received and shall retain no further right, title or interest in the Issuer Investment Interest corresponding to the Specified Portion of the Regulatory Asset Transferred.

(g) The parties state that they intend that this Agreement, together with each Transfer Notice accepted by the Issuer, constitute an agreement, for purposes of Section 27(2) of the Act for the Transferor to dispose, upon receipt by the Transferor of the payment referred to in Section 2.1(e), of the Specified Portion of the Regulatory Asset referred to in the Transfer Notice and to assign, convey or sell a corresponding Investment Interest to the Issuer.

2.2 Conditions Precedent to each Transfer of a Specified Portion of the Regulatory Asset

(a) The obligation of the Issuer to pay the Purchase Price related to the initial Transfer of a Specified Portion of the Regulatory Asset shall be subject to the satisfaction by the Transferor, or waiver by the Issuer, of the following conditions:

(i) the Issuer shall have received from the Transferor the following documents, in form and substance satisfactory to the Issuer:

(A) a certificate of an officer of the IESO certifying (1) that attached thereto is a true and complete copy of the by-laws of the IESO, each as in effect on the date of such certificate, (2) that attached thereto is a true and complete copy of a resolution adopted by the IESO's board of directors authorizing the execution, delivery and performance of this Agreement and the performance by the IESO of its obligations hereunder, and that such resolution has not been modified, rescinded or amended and is in full force and effect, and (3) as to the incumbency and true specimen signature of each of the IESO officers or delegates executing this Agreement and authorized to give notices and instructions hereunder (which can be changed by notice hereunder), provided that this condition may be satisfied by delivery of a certificate of an officer of the IESO to the effect that there has been no change to the items listed in (1), (2) and (3) above since the date of the previous certificate delivered under this Section 2.2(a)(i)(A) which certificate delivery condition may be satisfied by a representation and warranty to like effect in the applicable Transfer Notice; and

(B) the Transferor shall have delivered to the Rating Agencies and the Issuer any Opinions of Counsel reasonably required by them.

(b) The obligation of the Issuer to pay the Purchase Price related to each Transfer of a Specified Portion of the Regulatory Asset (including the initial Transfer) shall be subject to the satisfaction or waiver by the Issuer of each of the following conditions:

(i) as of the applicable Closing Date, all Program Agreements shall have been entered into on terms and conditions satisfactory to the Issuer and shall be in full force and effect as of such Closing Date;

(ii) as of the applicable Closing Date, no Insolvency Event in respect of the Transferor shall have occurred and the Transferor is not aware of any pending Insolvency Event with respect to itself;

(iii) as of the applicable Closing Date, (A) the representations and warranties of the IESO in this Agreement must be true and correct with the same force and effect as if made on that date (except to the extent they relate to an earlier date), (B) no breach of any covenant or agreement of the IESO contained in this Agreement shall have occurred and be continuing, and (C) no Servicer Default shall have occurred and be continuing;

(iv) the Transferor shall have delivered to the Issuer an Officer's Certificate confirming the satisfaction of each condition precedent specified in Sections 2.2(b)(ii) and (iii);

(v) as of the applicable Closing Date, (A) the Issuer shall have sufficient funds available to pay the Purchase Price as set forth in the applicable Transfer Notice, (B) all conditions to any incurrence of Funding Obligations intended to provide such funds set forth in the Indenture (and any applicable Supplemental Indenture) or other instrument shall have been satisfied or waived, (C) if applicable, the Rating Agency Condition in respect of the issuance of the Funding Obligations funding the payment of the Purchase Price shall have been satisfied or, if a new issuance of Funding Obligations without an existing rating, the required ratings have been established by the applicable Rating Agencies, and (D) the Funding Obligation required to fund the payment of the Purchase Price shall have been issued at the same time as, or prior to, the Transfer; and

(vi) immediately after giving effect to the Transfer, each of the Fair Hydro Variance Account and the Regulatory Asset will have a balance or amount, as applicable, equal to or greater than zero.

ARTICLE 3
ROLE OF THE SERVICER

3.1 Designation of Servicer

Each Transfer of a Specified Portion of the Regulatory Asset shall be made on the basis that the related Issuer Investment Interest shall be serviced by the Servicer in accordance with this Article 3, and the IESO or any Permitted Successor of the IESO that is the Servicer shall not be entitled, except as otherwise provided in Section 3.7 or agreed by the Parties, to receive any further compensation from the Issuer for its services in connection therewith.

3.2 Forecasts and Other Information

The IESO shall:

(a) provide to the Board the forecast information contemplated by Section 8(3) of the Regulations;

(b) provide to the Issuer the forecast information provided to the Board pursuant to Section 3.2(a), which information shall be provided on a non-reliance basis other than with respect to the use thereof in relation to the duties, obligations or rights of the Issuer or the Manager pursuant to the Act and the Regulations; and

(c) provide to the Issuer such other information and reports as the Issuer may reasonably request in connection with the calculation of the Clean Energy Adjustments, which is reasonably available to the Transferor directly or upon request, can lawfully be provided and can be provided without incurring material incremental expense (unless the Issuer has agreed to reimburse the IESO for such material incremental expenses).

3.3 Implementation Plan

(a) The Servicer will work with the Issuer to develop on or before January 31, 2020 a written implementation plan identifying in reasonable detail the actions to be taken by the Servicer and the Issuer in order to facilitate the Board, the Issuer, the Servicer and the Electricity Vendors being prepared to perform their obligations under the Act and the Regulations when the setting, invoicing and collection of Clean Energy Adjustments commences (the "**Implementation Plan**"). The Implementation Plan should include the following:

(i) a process and a schedule for contacting Electricity Vendors and providing instructions with respect to the establishment of a segregated account by each Electricity Vendor, the procedures for invoicing Clean Energy Adjustments, the identification, deposit and segregation of Electricity Vendor CEA Collections and their remittance to the Servicer;

(ii) the development of processes for the necessary exchanges of information with respect to Clean Energy Adjustments among the Board, the Issuer, the Manager, the Servicer, Electricity Vendors and Specified Consumers;

(iii) procedures for the testing of the processes for the collection and remittance of Clean Energy Adjustment before February 28, 2021; and

(iv) target dates for the achievement of specified objectives under the Implementation Plan.

(b) The Servicer and the Issuer will prepare written progress reports on the status of the implementation of the Implementation Plan on or before June 30, 2020, October 31, 2020 and January 31, 2021.

3.4 Clean Energy Adjustments and Electricity Vendors

The Servicer shall:

(a) prior to receiving Servicer CEA Receipts, establish an Eligible Deposit Account (the "**IESO Segregated Account**") bearing a designation indicating that the funds

deposited therein are held in trust for the benefit of the Issuer and, after the Co-Owner Implementation Date, for the benefit of any other owner or owners of an Investment Interest. If at any time the IESO Segregated Account ceases to be an Eligible Deposit Account, the Servicer shall within 30 days establish a new IESO Segregated Account as an Eligible Deposit Account and shall transfer any cash and/or any investments held in the former account to such new account and make all future deposits to such new account;

(b) prior to the first Billing Period when amounts are invoiced by Electricity Vendors to Specified Consumers in respect of Clean Energy Adjustments, make commercially reasonable efforts to:

(i) cause each Electricity Vendor to establish a segregated account into which Electricity Vendor CEA Collections are to be deposited as required by Section 10(2) of the Regulations;

(ii) settle a form of Electricity Vendor Billing Period Report to be used by such Electricity Vendor;

(iii) cause each Electricity Vendor to establish procedures for the invoicing by such Electricity Vendor of amounts in respect of the Clean Energy Adjustment, the identification, deposit and segregation of Electricity Vendor CEA Collections, the remittance of Electricity Vendor CEA Collections to the Servicer and reporting to the Servicer; and

(iv) respond to inquiries from Electricity Vendors with respect to any of the foregoing matters.

(c) together with the Issuer, prior to the first Billing Period when amounts are invoiced by Electricity Vendors to Specified Consumers in respect of Clean Energy Adjustments, settle a form of Monthly Servicer Report;

(d) request certification from each Electricity Vendor that the segregated account required by Section 10(2) of the Regulations has been established by that Electricity Vendor;

(e) as agent of the Issuer and, after the Co-Owner Implementation Date, as agent of any other owner or owners of an Investment Interest, receive Electricity Vendor CEA Collections from Electricity Vendors;

(f) as agent of the Issuer and, after the Co-Owner Implementation Date, as agent of any other owner or owners of an Investment Interest, receive any amounts in respect of Clean Energy Adjustments payable directly by Specified Consumers to the Servicer (such amounts, together with the amounts referred to in Section 3.4(e), the "**Servicer CEA Receipts**");

(g) deposit the Servicer CEA Receipts into the IESO Segregated Account promptly following receipt by the Servicer and, in any event, within two Business Days of

receipt by the Servicer and the Issuer Share of such Servicer CEA Receipts shall remain in the IESO Segregated Account until remitted in accordance with Section 3.6;

(h) respond to inquiries by Electricity Vendors with respect to the Clean Energy Adjustment and amounts payable in respect thereof;

(i) request from each Electricity Vendor an Electricity Vendor Billing Period Report in respect of each Billing Period during which Clean Energy Adjustments are billed to Specified Consumers; such report to be requested to be delivered within twelve Business Days of the end of each Billing Period;

(j) review each Electricity Vendor Billing Period Report received by the Servicer for material manifest discrepancies, including any discrepancy between the Electricity Vendor CEA Collections reported in respect of the Billing Period and the amount received pursuant to Section 3.4(e);

(k) contact each Electricity Vendor:

(i) that does not deliver an Electricity Vendor Billing Period Report in respect of a Billing Period where Clean Energy Adjustments were payable by Specified Consumers;

(ii) from which no Electricity Vendor CEA Collections are received in respect of the Billing Period,

(iii) for whom Electricity Vendor CEA Collections do not match the amount thereof reported in its Electricity Vendor Billing Period Report,

(iv) that delivers an Electricity Vendor Billing Period Report that has any other material manifest discrepancy detected by the Servicer, or

(v) that has not certified that it has established the segregated account required by Section 10(2) of the Regulations,

and attempt to resolve the applicable issue; and

(l) hold the Issuer Share of Servicer CEA Receipts and the Issuer Share of any other proceeds in respect of the Clean Energy Adjustment received by it in trust for the benefit of the Issuer and remit such amounts in accordance with Section 3.6 without any surcharge, fee, offset, charge or other deduction.

3.5 Reporting

The Servicer shall:

(a) on or before the 20th Business Day following the end of each Billing Period when amounts are invoiced by Electricity Vendors to Specified Consumers in respect of

Clean Energy Adjustments, prepare and deliver to the Issuer a Monthly Servicer Report;

(b) promptly notify the Issuer in writing of any Requirement of Law hereafter adopted or announced or the occurrence of any other event or circumstance of which it becomes aware that has a material adverse effect on the Servicer's ability to perform its duties and obligations under this Agreement; and

(c) upon the reasonable request of the Issuer provide to the Issuer any public financial information in respect of the Servicer, or any material information regarding the Clean Energy Adjustment, to the extent it is reasonably available to the Servicer, and as may be reasonably necessary and permitted by law, to enable the Issuer to monitor the performance by the Servicer of its duties and obligations hereunder.

3.6 Remittances

(a) The Issuer shall provide the Servicer with notice of the Collection Account at least ten Business Days prior to the first Remittance Date and shall provide the Servicer with notice of any change to the Collection Account at least ten Business Days prior to any subsequent Remittance Date.

(b) Absent the occurrence of a Daily Remittance Event, the Issuer Share of Servicer CEA Receipts received by the Servicer and any interest earned thereon received on or subsequent to a Remittance Date shall be remitted by the Servicer to the Collection Account no later than the immediately following Remittance Date.

(c) Following the occurrence of a Daily Remittance Event, the Issuer Share of all Servicer CEA Receipts on deposit in the IESO Segregated Account and any interest earned thereon shall be remitted by the Servicer to the Collection Account on the second following Business Day.

3.7 Reimbursement of Servicer

The Issuer shall reimburse the Servicer for its direct costs relating to the performance by the Servicer of its duties and obligations hereunder and that are not otherwise recovered by the Servicer pursuant to sections 25.1(1) and 25.1(2) of the *Electricity Act, 1998*, which direct costs the IESO shall have no obligation to seek recovery for under sections 25.1(1) and 25.1(2) of the *Electricity Act, 1998*; provided, however, that this Section 3.7 shall not apply to any costs relating to the performance by the Servicer of its duties and obligations under the Act or the Regulations, including, for greater certainty the Servicer's obligations to pay monthly Carrying Costs.

3.8 Limits to Obligations

Notwithstanding anything to the contrary in this Agreement, the parties hereto agree that the duties, liabilities and obligations of IESO under this Agreement are limited as provided in this Section 3.8.

(a) IESO is not responsible for, or in respect of, any amounts not collected by Electricity Vendors from their customers or not remitted by Electricity Vendors to the Servicer.

(b) IESO is not responsible to confirm, verify or audit the amount of the Clean Energy Adjustment invoiced by Electricity Vendors or the Electricity Vendor CEA Collections collected by Electricity Vendors and reported to the IESO.

(c) IESO is not responsible for enforcing the obligations of Specified Consumers to pay, or the obligations of Electricity Vendors to invoice, collect or remit Clean Energy Adjustments or any other amounts, or to establish a segregated account into which Electricity Vendor CEA Collections are to be deposited, and IESO is under no obligation to initiate or prosecute any legal action relating to the collection of the Clean Energy Adjustments or the Issuer Investment Interest.

(d) IESO is not responsible or liable for the performance by Electricity Vendors of their duties and responsibilities under the Act or the Regulations including (i) the invoicing of Specified Consumers in respect of the Clean Energy Adjustment and ancillary matters related thereto; (ii) the collection from Specified Consumers of amounts due in respect of such invoices and the remittance of such payments to the Servicer; (iii) the accuracy of any information provided by the Electricity Vendors; and (iv) any reporting by the Electricity Vendors, including the reporting to the Servicer of the total CEA Consumer Invoice Amounts invoiced by such Electricity Vendor to its Specified Consumers in respect of the Clean Energy Adjustment, the total Electricity Vendor CEA Collections received by such Electricity Vendor and the Issuer Share of Electricity Vendor CEA Collections received by such Electricity Vendor and any other reporting in the Electricity Vendor Billing Period Report.

(e) IESO is under no responsibility or obligation to the Issuer with respect to the nature or extent of the Issuer Investment Interest, the collectability of the Issuer Share of Servicer CEA Receipts or that the Issuer Share of Servicer CEA Receipts will be sufficient to satisfy the Issuer's Funding Obligations.

(f) IESO may rely in good faith on the advice of counsel or on any document of any kind, prima facie properly executed and submitted by any Person, respecting any matters arising under this Agreement.

(g) IESO shall have no liability or responsibility to any Person in respect of any forecasts or other information provided pursuant to Section 3.2, provided only that such forecasts or other information has been prepared and provided in good faith.

(h) None of the directors, officers, employees or agents of IESO shall be liable to the Issuer or any other Person for any action taken or for refraining from the taking of any action pursuant to this Agreement or for good faith errors in judgment.

3.9 Servicing and Maintenance Standards

Subject to Section 3.8, the Servicer shall discharge its duties, responsibilities and obligations hereunder with reasonable care and in material compliance with the Requirements of Law, including the Act and the Regulations and, in doing so, shall follow standards, policies and procedures in performing its duties as Servicer hereunder that are customary for an electricity market operator and administrator that regularly performs settlement functions.

3.10 Appointments

The Servicer may at any time appoint OPG or any other Person to act as its agent to perform all or any portion of its obligations as Servicer hereunder; provided however, that in respect of the appointment of a Person other than OPG, the Rating Agency Condition shall have been satisfied in connection therewith; and provided further that the Servicer shall remain obligated and be liable for the performance of its obligations under this Agreement without diminution of such obligation and liability by virtue of the appointment of OPG or such other Person and to the same extent and under the same terms and conditions as if the Servicer alone were performing such obligations. The fees and expenses of OPG or any other such Person shall be as agreed between the Servicer and OPG or such other Person from time to time, and the Issuer shall not have any responsibility therefor or right or claim thereto. Any such appointment shall not constitute a resignation of the Servicer under Section 3.13.

3.11 Term

The Servicer's appointment as Servicer under this Agreement shall become effective as of the execution hereof and shall continue in full force and effect until the earlier of (a) the effective date of resignation of the Servicer in accordance with the provisions of this Agreement, (b) termination of all of the rights and obligations of the Servicer under Article 7, and (c) the date on which all Issuer Funding Obligations have been paid in full and all CEA Consumer Invoice Amounts have been received or written off (in each case, a "**Termination Event**"). The appointment of the Servicer as servicer under this Agreement shall be terminated effective as of the date of the Termination Event.

3.12 Mergers

Any Person (a) into which the Servicer may be merged, converted or amalgamated and that is a Permitted Successor, (b) that may result from any merger, conversion or amalgamation to which the Servicer shall be a party and that is a Permitted Successor, (c) that may succeed to the properties and assets of the Servicer substantially as a whole and that is a Permitted Successor, or (d) that otherwise is a Permitted Successor, which Person in any of the foregoing cases executes an agreement of assumption to perform all of the obligations of the Servicer hereunder, shall be the successor to the Servicer under this Agreement without further act on the part of any of the parties to this Agreement; provided, however, that (i) immediately after giving effect to such transaction, no representation or warranty made pursuant to Section 4.1 shall have been breached and no Servicer Default and no event that, after notice or lapse of time, or both, would become a Servicer Default shall have occurred and be continuing, (ii) the Servicer shall have delivered to the Issuer an Officer's Certificate and an Opinion of Counsel from

external counsel stating that such consolidation, conversion, merger or succession and such agreement of assumption complies with this Section 3.12 and that all conditions precedent, if any, provided for in this Agreement relating to such transaction have been complied with, and (iii) the Servicer shall have given to the Issuer and each Rating Agency prior written notice of such transaction. When any Person that is a Permitted Successor acquires the properties and assets of the Servicer substantially as a whole or otherwise becomes the successor, by merger, conversion, consolidation, sale, transfer, lease or otherwise, to all or substantially all the assets of the Servicer in accordance with the terms of this Section 3.12, then, upon satisfaction of all of the other conditions of this Section 3.12, the preceding Servicer shall automatically and without further notice be released from all of its obligations hereunder (except for responsibilities for its actions prior to such release).

3.13 The IESO Not to Resign as Servicer

Subject to the provisions of Section 3.12, the IESO shall not resign from the obligations and duties imposed on it as Servicer under this Agreement except upon a determination that the performance of its duties under this Agreement shall no longer be permissible under applicable Requirements of Law. Notice of any such determination permitting the resignation of the IESO as Servicer shall be communicated to the Issuer and each Rating Agency at the earliest practicable time (and, if such communication is not in writing, shall be confirmed in writing at the earliest practicable time), and any such determination shall be evidenced by an Opinion of Counsel to such effect delivered to the Issuer and each Rating Agency concurrently with or promptly after such notice. No such resignation shall become effective until a Successor Servicer that is a Permitted Successor has assumed the servicing obligations and duties hereunder of the Servicer in accordance with Section 7.2.

3.14 IESO Regulatory Obligation to Pay Carrying Costs

(a) The IESO acknowledges that it has an obligation pursuant to the Regulations to pay monthly Carrying Costs to the Issuer for the prescribed period set out in the Regulations (the "**Prescribed Period**") and agrees to comply with its obligations under the Regulations to pay and remit the Carrying Costs to the Issuer.

(b) On or before the 4th Business Day of each calendar month during the Prescribed Period, the Issuer shall prepare and deliver to the IESO a written statement substantially in the form of Exhibit B (a "**Monthly Carrying Costs Statement**") certifying the amount of the Carrying Costs expected to be incurred in the following calendar month ("**Monthly Carrying Costs**"). If requested by the IESO, the Issuer shall, in lieu of providing the Monthly Carrying Costs Statement, enter the amount of such expected Monthly Carrying Costs in the IESO operated portal, or such other similar facility operated by the IESO, and such entry shall be deemed to be a certification of the accuracy of the amount entered.

(c) On or before the 14th Business Day following receipt by the IESO of the Monthly Carrying Costs Statement, the IESO shall, as required under the Regulations, deliver or cause to be delivered to the Issuer, by wire transfer or electronic funds transfer in immediately available funds, an amount in Canadian dollars equal to

the expected Monthly Carrying Costs certified by the Issuer in the applicable Monthly Carrying Costs Statement.

(d) To the extent that the expected Monthly Carrying Costs certified in a Monthly Carrying Costs Statement are less than or greater than the actual Monthly Carrying Costs incurred in respect of a calendar month, an adjustment shall be made to the expected Monthly Carrying Costs for the calendar month for which the first Monthly Carrying Costs Statement is issued after the amount of the discrepancy is determined or any such overpayment shall be returned to the IESO.

3.15 IESO Security for CEA Remittances

The IESO shall provide to the Issuer, on or prior to the first day of the first Billing Period when amounts are invoiced to Specified Consumers in respect of Clean Energy Adjustments, security for any failure of Non-Investment Grade Rated Electricity Vendors to remit their Electricity Vendor CEA Collections in the form of (x) a letter of credit **from a provider that satisfies the Rating Agency Condition and** with a term extending to the first day of the immediately following calendar year, or (y) a performance guarantee or such other form of security as may be acceptable to the Issuer and that satisfies the Rating Agency Condition.

The amount of security required by the IESO pursuant to this Section 3.15 will be calculated on an annual basis and will be equal to the amount determined in accordance with the following formula, or such other lower amount as may be proposed by the Servicer, is acceptable to the Issuer and satisfies the Rating Agency Condition:

((A / B) x C x D / 365 x E)

where A, B, C, D and E are as follows:

A = for the most recent completed 12 month period for which information is available, as provided by the Servicer, the aggregate amount of energy consumed by Specified Consumers of all Non-Investment Grade Rated Electricity Vendors.

B = for the same 12 month period used for A, as provided by the Servicer, the aggregate amount of energy consumed by all Specified Consumers.

C = for the most current 12 month forecast period available, as provided by OPG, in its capacity as the Financial Services Manager under the Act, the Clean Energy Adjustment amounts estimated to be payable by all Specified Consumers.

D = 45, which represents an estimated number of days that total Clean Energy Adjustment amounts are expected to be held by Electricity Vendors, or such other number as mutually agreed to in writing by the Issuer and the Servicer and that satisfies the Rating Agency Condition;

E = 0.50, or another value as mutually agreed to in writing by the Issuer and the Servicer and that satisfies the Rating Agency Condition.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES OF THE IESO

4.1 Representations and Warranties

Subject to Section 3.8, the IESO makes the following representations and warranties as of the date hereof and as of each applicable Closing Date, and the IESO acknowledges that the Issuer will rely thereon in paying the Purchase Price related to Transfers of Specified Portions of the Regulatory Asset, and the Issuer has relied thereon in entering into this Agreement relating to the servicing of the corresponding Investment Interests.

(a) Organization and Good Standing. The IESO is a statutory corporation amalgamated under the laws of the Province of Ontario, with requisite corporate power and authority to own its properties, to conduct its business as such properties are currently owned and such business is presently conducted by it.

(b) Due Qualification. The IESO has obtained all necessary licences and approvals, in all jurisdictions in which the ownership or lease of property or the conduct of its business (including acting as Servicer under this Agreement) shall require such licences or approvals, except where the failure to so qualify or obtain such licences and approvals would not be reasonably likely to have a material adverse effect on the IESO's business, operations, assets, revenues or properties, the Regulatory Asset or the servicing of related Investment Interests.

(c) Power and Authority. The IESO has the requisite corporate power and authority to execute and deliver this Agreement and to carry out its terms. The IESO has full corporate power and authority to hold the Regulatory Asset and to Transfer Specified Portions of the Regulatory Asset to the Issuer and the IESO has duly authorized such Transfer to the Issuer by all necessary corporate action. The execution, delivery and performance of all obligations under this Agreement have been duly authorized by all necessary corporate action on the part of the IESO under all applicable laws.

(d) Binding Obligation. This Agreement constitutes a legal, valid and binding obligation of the IESO, enforceable against the IESO in accordance with its terms, subject to bankruptcy, receivership, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally from time to time in effect and to general principles of equity (including concepts of materiality, reasonableness, good faith and fair dealing).

(e) No Violation. The consummation of the transactions contemplated by this Agreement and the fulfillment of the terms hereof by the IESO do not conflict with, result in any breach of any of the terms and provisions of, or constitute (with or without notice or lapse of time, or both) a default under, the IESO's by-laws, or any indenture, or other material agreement or instrument to which the IESO is a party or by which it is bound, result in the creation or imposition of any Lien upon any of the IESO's properties pursuant to the terms of any such indenture, agreement or other instrument or violate any existing law or any order, rule or regulation applicable to the IESO issued by any Governmental Authority having jurisdiction over the IESO or its properties, except, in each case, where such breach would not reasonably be expected to materially and adversely affect the performance by the IESO of its obligations under this Agreement or the Act or the validity or enforceability of this Agreement.

(f) No Proceedings. To the IESO's knowledge, except as disclosed in writing to the Issuer, there are no Proceedings pending or threatened against the IESO or its properties: (a) asserting the invalidity of this Agreement or the Act, (b) seeking to prevent the consummation of any of the transactions contemplated by this Agreement or the Act, or (c) seeking a determination or ruling that could reasonably be expected to materially and adversely affect the performance by the IESO of its obligations under this Agreement or the Act or the validity or enforceability of this Agreement.

(g) Approvals. No approvals, authorizations, consents, orders or other actions or filings with any Governmental Authority are required for the IESO to execute, deliver and perform its obligations under this Agreement except those which have previously been obtained or made.

(h) Information. Except in respect of information provided by a third party, all written information, as amended or supplemented from time to time, provided by the Transferor to the Issuer with respect to the Issuer in a Transfer Notice and a Monthly Servicer Report is true and correct in all material respects and does not omit any material fact.

(i) The Transfer. After the completion of the Transfer on the applicable Closing Date, the IESO will have no right, title or interest in the Investment Interest related to the Specified Portion of the Regulatory Asset as set forth in the applicable Transfer Notice, and the related Investment Interest shall not form part of the estate of the IESO in the event of an Insolvency Event in respect of the IESO.

(j) No Transfer. Except for Permitted Transfers, the IESO has not sold, transferred, assigned or otherwise conveyed any interest in the Regulatory Asset to any Person.

(k) Liens. IESO has not pledged or otherwise granted a Lien to any Person in the Regulatory Asset and to the IESO's knowledge (after due inquiry), there is no registered financing statement listing the IESO as debtor covering or extending to the Regulatory Asset.

(l) Tax Liens. The IESO (i) is not aware, after due inquiry, of any judgment or tax lien filing against the IESO, and (ii) is not a non-resident of Canada for purposes of the *Income Tax Act* (Canada).

(m) Solvency. On the date hereof and after giving effect to each Transfer, the IESO:

(i) reasonably believes that it will be able to pay its debts as they come due; and

(ii) is able to pay its debts as they mature and does not intend to incur, or believes that it will not incur, indebtedness that it will not be able to repay at its maturity.

(n) No Court Order. There is no order by any court that seeks to enjoin the performance of any obligations of the IESO under the Act or this Agreement.

4.2 Survival

The representations and warranties set forth in Section 4.1 shall survive the execution and delivery of this Agreement, each Transfer of a Specified Portion of a Regulatory Asset to the Issuer and the pledge of the corresponding Investment Asset to the Indenture Trustee pursuant to the Indenture and may not be waived by any party hereto except pursuant to a written agreement executed in accordance with Section ~~8.1~~**8.2** and as to which the Rating Agency Condition has been satisfied.

ARTICLE 5
COVENANTS OF THE IESO

5.1 Existence

So long as any Issuer Funding Obligations are outstanding, the IESO (a) shall not take any action to impair its corporate existence, and (b) will obtain and preserve its qualification to do business in the Province of Ontario.

5.2 No Transfer or Liens

Except for Transfers under this Agreement to the Issuer or Permitted Transfers, the IESO will not Transfer the Regulatory Asset or any portion thereof to any person. The IESO will not grant, create, incur, assume or suffer to exist any Lien on the Regulatory Asset or any portion thereof. The IESO will not at any time assert any Lien against or with respect to the Issuer Investment Interest, except for any Lien granted by the Issuer to the IESO.

5.3 Notice of Liens

The IESO shall notify the Issuer promptly after becoming aware of any Lien on any portion of the Regulatory Asset.

5.4 Compliance with Law

The IESO will comply with all Requirements of Law applicable to, and binding upon, the IESO or relating to the Regulatory Asset, except to the extent that failure to so comply would not materially adversely affect the Transfer of Specified Portions of the Regulatory Asset or the IESO's performance of its obligations under this Agreement; provided, however, that the foregoing is not intended to, and shall not, impose any liability on the IESO for non-compliance with any Requirement of Law that the IESO is contesting in good faith in accordance with its customary standards and procedures.

5.5 Covenants Related to the Investment Interest

(a) So long as any Issuer Funding Obligations are outstanding, the IESO shall treat the Issuer Investment Interest as the Issuer's property for all purposes.

(b) Except for investments held for employee benefit purposes, the IESO shall not at any time become a holder of Issuer Funding Obligations.

(c) The IESO shall disclose the effects of all transactions between the IESO and the Issuer in accordance with generally accepted accounting principles (for government entities).

(d) (i) In all Proceedings relating directly or indirectly to the Issuer Investment Interest, the IESO shall affirmatively certify and confirm that it has Transferred all of its rights and interests in and to the Specified Portions of the Regulatory Asset giving rise to the Issuer Investment Interest, (ii) the IESO shall not make any statement or reference in respect of the Issuer Investment Interest that is inconsistent with the ownership interest of the Issuer, and (iii) the IESO shall not

take any action in respect of the Issuer Investment Interest except solely in its capacity as the Servicer thereof pursuant to this Agreement.

5.6 Non-petition Covenants

Notwithstanding any prior termination of this Agreement or the Indenture, the IESO shall not, prior to the date that is one year plus one day after termination of the Indenture and the payment in full of all Issuer Funding Obligations and any other amounts owed under the Indenture, petition or otherwise invoke the process of any Governmental Authority for the purpose of commencing or sustaining a Proceeding against the Issuer under any Canadian bankruptcy, insolvency or similar law, appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official or any substantial part of the property of the Issuer.

5.7 Disclosure

The IESO shall provide such non-confidential information regarding IESO, the Regulatory Asset and the services provided by the Servicer hereunder (collectively, the "**IESO Disclosure**") as may be reasonably requested by the Issuer for inclusion in any offering document of the Issuer from time to time, including but not limited to offering memoranda, prospectuses, registration statements and continuous disclosure documents (the "**Offering Documents**"). Provided that the IESO has been given a reasonable opportunity by the Issuer to review any such Offering Documents and has provided its consent to the use of such IESO Disclosure, the IESO will represent that, except in respect of information provided by a third party, all IESO Disclosure, as at the respective dates of delivery to the Issuer, is true and correct in all material respects and contains no misrepresentation.

5.8 Further Assurances

Upon the request of the Issuer, the IESO shall execute and deliver such further instruments and do such further acts as may reasonably be necessary to carry out the provisions and purposes of this Agreement.

5.9 Access to Certain Records and Information

The IESO shall provide to the Issuer access to all records relating to the IESO Deferral, the Fair Hydro Variance Account, the IESO Segregated Account and Servicer CEA Receipts, as is reasonably required for the Issuer to confirm compliance by the IESO with its obligations under this Agreement. Access shall be afforded without charge, but only upon reasonable request and during normal business hours at the offices of the IESO. Nothing in this Section 5.9 shall affect the obligation of the IESO to comply with any Requirement of Law prohibiting disclosure of information, and the failure of the IESO to provide access to such information as a result of such obligation shall not constitute a breach of this Section 5.9.

5.10 Maintenance of Operations

Subject to Section 3.12, the IESO agrees to continue, unless prevented by circumstances beyond its control, to operate as the electricity system operator in the Province of Ontario so long as it is acting as the Servicer under this Agreement.

ARTICLE 6
IESO INDEMNITIES

6.1 Liability of the IESO; Indemnities

(a) The IESO shall indemnify the Issuer and each of its trustees, officers, directors and employees (each, an "**Indemnified Party**"), for, and defend and hold harmless each such Person from and against, any and all liabilities, obligations, losses, damages, payments and claims, and reasonable costs or expenses, of any kind whatsoever (collectively, "**Indemnified Losses**") imposed on, incurred by or asserted against such Person, as a result of (i) the failure of the IESO to perform its covenants and other obligations under this Agreement or any other Program Agreement to which the IESO is a party; or (ii) the breach by the IESO of any of its representations or warranties under this Agreement or any other Program Agreement to which the IESO is a party and, except to the extent of Indemnified Losses resulting from the willful misconduct, bad faith or gross negligence of such Person, seeking indemnification hereunder; provided that, in each case, the IESO shall not be required to indemnify an Indemnified Party for any amount paid or payable by such Indemnified Party in the settlement of any Proceeding or investigation without the written consent of the IESO, which consent shall not be unreasonably withheld or delayed. Promptly after receipt by an Indemnified Party of notice of the commencement of any Proceeding or investigation, such Indemnified Party shall, if a claim in respect thereof is to be made against the IESO under this Section 6.1(a), notify the IESO in writing of the commencement thereof. Failure by an Indemnified Party to so notify the IESO shall relieve the IESO from the obligation to indemnify and hold harmless such Indemnified Party under this Section 6.1(a) only to the extent that the IESO suffers actual prejudice as a result of such failure. With respect to any Proceeding or investigation brought by a third party for which indemnification may be sought under this Section 6.1(a), the IESO shall be entitled to conduct and control, at its expense and with counsel of its choosing that is reasonably satisfactory to such Indemnified Party, the defence of any such Proceeding or investigation (in which case the IESO shall not thereafter be responsible for the fees and expenses of any separate counsel retained by the Indemnified Party except as set forth below); provided, that the Indemnified Party shall have the right to participate in such Proceeding or

investigation through counsel chosen by it and at its own expense. Notwithstanding the IESO's election to assume the defence of any Proceeding or investigation, the Indemnified Party shall have the right to employ separate counsel, and the IESO shall bear the reasonable fees, costs and expenses of such separate counsel, if (i) the defendants in any such action include both the Indemnified Party and the IESO and the Indemnified Party shall have reasonably concluded that there may be legal defences available to it that are different from or additional to those available to the IESO, (ii) the IESO shall not have employed counsel reasonably satisfactory to the Indemnified Party to represent the Indemnified Party within a reasonable time after notice of the institution of such action, (iii) the Indemnified Party shall have been advised by counsel to the Indemnified Party that there may be a conflict of interest between the IESO and the Indemnified Party, or (iv) the IESO authorizes the Indemnified Party to employ separate counsel at the expense of the IESO. Notwithstanding the foregoing, the IESO shall not be obligated to pay for the fees, costs and expenses of more than one separate counsel for the Indemnified Parties other than one local counsel, if appropriate. The IESO will not, without the prior written consent of the Indemnified Party, settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim or Proceeding in respect of which indemnification may be sought under this Section 6.1(a) (whether or not the Indemnified Party is an actual or potential party to such claim or action) unless such settlement, compromise or consent includes an unconditional release of the Indemnified Party from all liability arising out of such claim or Proceeding.

(b) For purposes of Section 6.1(a), in the event of the termination of the rights and obligations of the IESO (or any successor thereto pursuant to Section 3.12) as Servicer pursuant to Section 7.1, or a resignation by such Servicer pursuant to Section 3.13 of this Agreement, the IESO shall be deemed to be the Servicer pending appointment of a Successor Servicer pursuant to Section 7.2.

(c) Indemnification under Section 6.1(a) shall survive any repeal of, modification of, or supplement to, or judicial invalidation of, the Act and shall survive the termination of this Agreement and will rank *pari passu* with other general, unsecured obligations of the IESO.

(d) Notwithstanding anything contained in this Agreement, it is expressly understood that the IESO is not agreeing to indemnify or hold the Issuer or any Indemnified Party harmless with respect to any of the following:

(i) any losses resulting from any breach or failure to perform by the IESO caused by a breach or failure to perform on the part of any other third party under any Program Agreement, the Act or the Regulations; provided that this Section 6.1(d)(i) shall not apply to limit the liability of the IESO in respect of any appointments as provided for in Section 3.10;

(ii) any losses resulting from changes in law after the date hereof, whether such changes in law are effected by means of any legislative enactment or any final and non-appealable judicial decision; or

(iii) any liability of the Issuer or any Indemnified Party incurred after the termination of this Agreement unless attributable to the actions or omissions of the IESO prior to such termination.

(e) The parties hereto agree that the IESO is not providing any representations, warranties or covenants in this Agreement, and shall have no liability to the Issuer or any Indemnified Party, with respect to the Clean Energy Adjustment amounts being sufficient to satisfy the Issuer Funding Obligations.

ARTICLE 7
SERVICER DEFAULT

7.1 Servicer Default

If any one or more of the following events (each, a "**Servicer Default**") shall occur and be continuing:

(a) any failure by the Servicer to remit to the Collection Account any required remittance that shall continue unremedied for a period of three Business Days after written notice of such failure is received by the Servicer from the Issuer or after discovery of such failure by a Responsible Officer of the Servicer;

(b) any failure on the part of the Servicer or, so long as the Servicer is the IESO, any failure on the part of the IESO, as the case may be, duly to observe or to perform in any respect any covenants or agreements of the Servicer or the IESO, as the case may be, set forth in this Agreement or in any other Program Agreement to which it is a party (other than as provided in Section 7.1(a)), which failure shall (i) materially and adversely affect the rights of the Specified Creditors and (ii) continue unremedied for a period of 30 days after the date on which (A) written notice of such failure, requiring the same to be remedied, shall have been given to the Servicer or the IESO, as the case may be, by the Issuer or (B) such failure is discovered by a Responsible Officer of the Servicer;

(c) any representation or warranty made by the Servicer in this Agreement, any other Program Agreement to which it is a party, any Transfer Notice or any Monthly Servicer Report shall prove to have been incorrect when made, which has a material adverse effect on the Issuer and which remains unremedied for a period of 30 days after the date on which (i) written notice thereof, requiring the same to be remedied, shall have been delivered to the Servicer by the Issuer or (ii) such failure is discovered by a Responsible Officer of the Servicer;

(d) an Insolvency Event occurs with respect to the Servicer or the IESO; or

(e) any additional "Servicer Default" as specified in any Co-Owner Agreement occurs;

then, and in each and every case, the Issuer may, subject to the terms of any Co-Owner Agreement, by notice then given in writing to the Servicer (a "**Termination Notice**"), terminate all the rights and obligations (other than the obligations set forth in Section 6.1 and the obligation under Section 7.2 to continue performing its functions as Servicer until a Successor Servicer is appointed) of the Servicer under this Agreement and under the Co-Owner Agreement. In addition, upon a Servicer Default described in Section 7.1(a), Issuer shall be entitled to apply to a court of appropriate jurisdiction for an order for sequestration and payment of revenues arising with respect to the Issuer. On or after the receipt by the Servicer of a Termination Notice, all authority and power of the Servicer under this Agreement, whether with respect to the Investment Interest, the Clean Energy Adjustments or otherwise, shall, without further action, pass to and be vested in such Successor Servicer as may be appointed under Section 7.2; and, without limitation, the Issuer is hereby authorized and empowered to execute and deliver, on behalf of the predecessor Servicer, as attorney-in-fact or otherwise, any and all documents and other instruments, and to do or accomplish all other acts or things necessary or appropriate to effect the purposes of such Termination Notice, whether to complete the transfer of all documents and records related to the Regulatory Asset, the Fair Hydro Variance Account and related documents or records, or otherwise (the "**Records**"). The predecessor Servicer shall cooperate with the Successor Servicer and the Issuer in effecting the termination of the responsibilities and rights of the predecessor Servicer under this Agreement, including the transfer to the Successor Servicer for administration by it of all Records and all cash amounts that shall at the time be held by the predecessor Servicer for remittance, or shall thereafter be received by it with respect to the Investment Interest or the Clean Energy Adjustment. As soon as practicable after receipt by the Servicer of such Termination Notice, the Servicer shall deliver the Records to the Successor Servicer. If a Successor Servicer has been appointed as a result of a Servicer Default, all reasonable costs and expenses (including reasonable legal fees and expenses) incurred in connection with transferring the Records to the Successor Servicer and amending this Agreement and any Co-Owner Agreement to reflect such succession as Servicer pursuant to this Section 7.1 shall be paid by the predecessor Servicer upon presentation of reasonable documentation of such costs and expenses. Termination of the IESO as Servicer shall not terminate the IESO's rights or obligations under this Agreement (except rights thereunder deriving from its rights as the Servicer hereunder).

7.2 Appointment of Successor Servicer

(a) Upon the Servicer's receipt of a Termination Notice pursuant to Section 7.1 or the Servicer's resignation or removal in accordance with the terms of this Agreement, the predecessor Servicer shall continue to perform its functions as Servicer under this Agreement, until a **successor (a "Successor Servicer")** shall have assumed in writing the obligations of the Servicer hereunder as described below. In the event of the Servicer's removal or resignation hereunder, the Issuer may, but subject to the provisions of the applicable Co-Owner Agreement, appoint a Successor Servicer and the Successor Servicer shall accept its appointment by a written

assumption in form reasonably acceptable to the Issuer. If, within 30 days after the delivery of the Termination Notice, a Successor Servicer shall not have been appointed, the Issuer may petition a court of competent jurisdiction to appoint a Successor Servicer under this Agreement. A Person shall qualify as a Successor Servicer only if (i) such Person is permitted under the Act to perform the duties of the Servicer, (ii) the Rating Agency Condition shall have been satisfied with respect to such appointment, (iii) such Person enters into a master transfer and servicing agreement with the Issuer having substantially the same provisions as this Agreement and (iv) such Person agrees to perform the obligations of the Servicer under any Co-Owner Agreement. In no event shall the Issuer be liable for its appointment of a Successor Servicer.

(b) Upon appointment, the Successor Servicer shall be the successor in all respects to the predecessor Servicer and shall be subject to all the responsibilities, duties and liabilities arising thereafter placed on the predecessor Servicer and shall be entitled to all the rights granted to the predecessor Servicer by the terms and provisions of this Agreement.

7.3 Waiver of Past Defaults

The Issuer may waive in writing any default by the Servicer in the performance of its obligations hereunder and its consequences, subject to satisfaction of the Rating Agency Condition in respect of any waiver of a material default by the Servicer, and with prompt written notice of any waiver to be provided to the Rating Agencies. Upon any such waiver of a past default, such default shall cease to exist, and any Servicer Default arising therefrom shall be deemed to have been remedied for every purpose of this Agreement. No such waiver shall extend to any subsequent or other default or impair any right consequent thereto.

7.4 Notice of Servicer Default

The Servicer shall deliver to the Issuer and each Rating Agency, promptly after having obtained knowledge thereof, but in no event later than five Business Days thereafter, written notice of any event that, with the giving of notice or lapse of time, or both, would become a Servicer Default under Section 7.1.

7.5 Cooperation with Successor Servicer

The Servicer covenants and agrees with the Issuer that it will, on an ongoing basis, cooperate with the Successor Servicer and provide whatever information is, and take whatever actions are, reasonably necessary to assist the Successor Servicer in performing its obligations hereunder.

ARTICLE 8
MISCELLANEOUS

8.1 Acknowledgement of Indenture

The IESO (i) acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor under the Indenture and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Indenture including, without limitation, Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 7.12 (Payments Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Section 8.14 (Limited Recourse), Article IX (Indenture Trustee) (including all limitations of liability thereunder), Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition) of the Indenture; (ii) irrevocably authorizes and directs the Indenture Trustee on its behalf to take such action (including the execution and delivery of documents of subordination) as may be necessary or appropriate to further assure the priority arrangements provided for in Article VI, Article VII and Section 8.13 of the Indenture, and appoints the Indenture Trustee as its agent for any and all such purposes; and (iii) consents, requests and authorizes the Issuer and the Indenture Trustee to (X) add the IESO (or its agent) to the register of Specified Creditors described in Section 13.13 of the Indenture and (Y) disseminate the notice details of the IESO to other Specified Creditors for the purposes set out in subsection 9.14(b) of the Indenture.

8.2 ~~8.1~~ Amendment

This Agreement may be amended in writing by the IESO and the Issuer, and with satisfaction of the Rating Agency Condition, such satisfaction to be confirmed by the Issuer at the time of such amendment. Promptly after the execution of any such amendment, the Issuer shall furnish copies of such amendment to each of the Rating Agencies.

8.3 ~~8.2~~ Withholding Rights

The parties shall be entitled to deduct and withhold from amounts payable under this Agreement such amounts as each is required to deduct and withhold with respect to such payment under the *Income Tax Act* (Canada) or any provision of any applicable federal, provincial, territorial, state, local or foreign tax law. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes as having been paid to the recipient of the payment in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted in accordance with applicable law to the appropriate taxing authority.

8.4 ~~8.3~~ No Partnership

Each party expressly disclaims any intention to create a partnership, and none of the Issuer or the IESO will be deemed to be carrying on business in partnership by reason of its

execution and delivery of this Agreement or the exercise or performance by it of its respective rights and obligations hereunder.

8.5 ~~8.4~~ Notices

Any notice, report or other communication given hereunder shall be in writing and shall be effective (a) upon receipt when sent through the mails, registered or certified mail, return receipt requested, postage prepaid, with such receipt to be effective the date of delivery indicated on the return receipt, (b) upon receipt when sent by an overnight courier, (c) on the date personally delivered to an authorized officer of the party to which sent, or (d) on the date transmitted by electronic transmission with a confirmation of receipt in all cases, addressed as follows:

(a) in the case of the IESO, in its capacity as Transferor or Servicer:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, Ontario M5H 1T1

Attention: Chief Financial Officer, General Counsel and Associate General Counsel
Email: Kim.Marshall@ieso.ca
General.Counsel@ieso.ca
Michael.Boll@ieso.ca

(b) in the case of the Issuer or the Manager (on behalf of the Issuer):

Fair Hydro Trust
c/o Ontario Power Generation Inc., as Manager
700 University Avenue
Toronto, Ontario
M5G 1X6

Attention: FHT@opg.com
Email: Vice President, Fair Hydro Plan

Each party hereto may, by notice given in accordance herewith to the other party or parties hereto, designate any further or different address to which subsequent notices, reports and other communications shall be sent. Any notice, report or communication required to be

given by the IESO hereunder to a Rating Agency shall be given to the address provided by the Issuer from time to time.

8.6 ~~8.5~~ Assignment

Notwithstanding anything to the contrary contained herein, except as provided in the provisions of this Agreement concerning the resignation of the Servicer, this Agreement may not be assigned by the IESO.

8.7 ~~8.6~~ Limitations on Rights of Third Parties

The provisions of this Agreement are solely for the benefit of the IESO and the Issuer, and such Persons shall have the right to enforce the relevant provisions of this Agreement. Nothing in this Agreement, whether express or implied, shall be construed to give to any other Person any legal or equitable right, remedy or claim in the Issuer Investment Interest or under or in respect of this Agreement or any covenants, conditions or provisions contained herein.

8.8 ~~8.7~~ Severability

Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remainder of such provision (if any) or the remaining provisions hereof (unless such construction shall be unreasonable), and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

8.9 ~~8.8~~ Separate Counterparts; Electronic Delivery

This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of this Agreement by such party.

8.10 ~~8.9~~ Governing Law

This Agreement shall be construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein, and each party to this Agreement attorns to the non-exclusive jurisdiction of the courts of the Province of Ontario.

8.11 **~~8.10~~ Grant of Security Interest to Indenture Trustee**

The IESO hereby acknowledges and consents to the grant of a Lien by the Issuer to the Indenture Trustee pursuant to the Indenture for the benefit of the Specified Creditors against all right, title and interest of the Issuer in, to and under this Agreement, the Investment Interest and the proceeds thereof and the assignment of any or all of the Issuer's rights hereunder to the Indenture Trustee for the benefit of the Specified Creditors. The IESO further acknowledges and agrees that, pursuant to the terms of the Indenture, if the Issuer fails to exercise any of its rights under this Agreement, including any right to be indemnified by the IESO for Indemnified Losses pursuant to Article 6 of this Agreement, the Indenture Trustee shall be entitled, subject to the terms of the Indenture, to enforce such rights against the IESO directly on the Issuer's behalf.

8.12 **~~8.11~~ Limitation of Liability of the Issuer Trustee**

(a) It is expressly understood and agreed by the parties hereto that the Issuer Trustee is acting solely in its capacity as trustee of the Issuer, and not in any other capacity. The Issuer solely shall be responsible for the performance of the Issuer's obligations hereunder and the assets of the Issuer solely shall be subject to levy or execution in satisfaction of such obligations.

(b) The Issuer Trustee will not be subject to any liability whatsoever, in tort, in contract or otherwise, in connection with the Issuer's property or the Issuer's activities, to the Issuer's beneficiaries or to any other Person, for any action taken or permitted by the Issuer Trustee to be taken, or the Issuer Trustee's failure to compel in any way any former or acting Issuer Trustee to redress any breach of trust with respect to the execution of the duties of its office or in respect of the Issuer's property or the Issuer's activities, provided that the foregoing limitation will not apply in respect of action or failure to act arising from or in connection with dishonesty, bad faith, willful misconduct, gross negligence or reckless disregard of a duty by the Issuer Trustee. The Issuer Trustee, in doing anything or permitting anything to be done in respect of the execution of the duties of its office or in respect of the Issuer's property or the Issuer's activities, is, and will be conclusively deemed to be, acting as trustee of the Issuer and not in any other capacity. Except as to the extent provided in this Section ~~8.11~~**8.12**, the Issuer Trustee will not be subject to any liability for any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Issuer, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the execution of the duties of its office or for or in respect of the Issuer's property or the Issuer's activities and resort will be had solely to the Issuer's property for the payment or performance thereof. No property or assets of the Issuer Trustee owned in its personal capacity will be subject to levy, execution or other enforcement procedure with regard to any obligation under this Agreement.

(c) The holders of the units of the Issuer will not be subject to any liability whatsoever, in tort, in contract or otherwise, in connection with the Issuer's

property or the Issuer's activities, to the Issuer's beneficiaries or to any other Person, for any action taken or permitted by it to be taken. The holders of the units of the Issuer will not be subject to any liability for any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Issuer, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the execution of the duties of its office or for or in respect of the Issuer's property or the Issuer's activities and resort will be had solely to the Issuer's property for the payment or performance thereof. No property or assets of the holders of the units of the Issuer owned in their personal capacity will be subject to levy, execution or other enforcement procedure with regard to any obligation under this Agreement.

8.13 ~~8.12~~ Waivers

Any term or provision of this Agreement may be waived, or the time for its performance may be extended, by the party or parties entitled to the benefit thereof, subject to the satisfaction of the Rating Agency Condition in respect of any material waiver. Any such waiver shall be validly and sufficiently authorized for the purposes of this Agreement if, as to any party, it is authorized in writing by an authorized representative of such party, with prompt written notice of any such waiver to be provided to the Rating Agencies. The failure of any party hereto to enforce at any time any provision of this Agreement shall not be construed to be a waiver of such provision, nor in any way to affect the validity of this Agreement or any part hereof or the right of any party thereafter to enforce each and every such provision. No waiver of any breach of this Agreement shall be held to constitute a waiver of any other or subsequent breach.

[~~REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]~~Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective officers as of the day and year first above written.

FAIR HYDRO TRUST, by its Manager,
ONTARIO POWER GENERATION INC.

By:
Name:
Title:

By:
Name:
Title:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Transferor and Servicer

By:
Name:
Title:

By:
Name:
Title:

EXHIBIT A

FORM OF TRANSFER NOTICE

See attached

TRANSFER NOTICE

TO: Fair Hydro Trust
c/o Ontario Power Generation Inc., as Manager
700 University Avenue
Toronto, Ontario
M5G 1X6

Attention: ■**Vice President, Fair Hydro Plan**
Email: ■**FHT@opg.com**

This Transfer Notice is delivered to you pursuant to Section 2.1 of a master transfer and servicing agreement made as of December ■,**21,** 2017 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "**Master Transfer and Servicing Agreement**") between **FAIR HYDRO TRUST**, a trust formed under the laws of the Province of Ontario (the "**Issuer**"), the **INDEPENDENT ELECTRICITY SYSTEM OPERATOR** ("**Transferor**" in its capacity as transferor, "**Servicer**", in its capacity as servicer, and "**IESO**" in its capacity as both Transferor and Servicer), a statutory corporation without share capital amalgamated under the laws of the Province of Ontario. All capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed to such terms in the Master Transfer and Servicing Agreement.

The Transferor hereby gives notice to the Issuer of its offer to transfer to the Issuer on the Closing Date set out below, the Specified Portion of the Regulatory Asset referred to below, all in accordance with the terms and conditions of the Master Transfer and Servicing Agreement. In consideration for (i) the Transferor's Transfer to the Issuer of the Specified Portion of the Regulatory Asset referred to below, the Issuer shall deliver or cause to be delivered to the Transferor on the Closing Date set out below, by wire transfer or electronic funds transfer in immediately available funds, an amount in Canadian dollars equal to the Purchase Price set out below.

Upon receipt by the Transferor of the Purchase Price on the Closing Date the Transferor shall reduce the balance of the Fair Hydro Variance Account by an amount equal to the Purchase Price, and the Regulatory Asset shall be adjusted accordingly.

Specified portion of Regulatory Asset: $■

Purchase Price: $■

Closing Date: ■

The Transferor hereby represents, warrants and confirms that:

(i) each of the representations and warranties on the part of the Transferor contained in the Master Transfer and Servicing Agreement are true and correct in all respects on the date hereof as if made on the date hereof;

(ii) the Transferor is not in breach of any of its covenants in the Master Transfer and Servicing Agreement; [and

(iii) since the date of the last Transfer Notice there has been no change to the information described in Section 2.2(a)(i)(A) of the Master Transfer and Servicing Agreement;] and

(iv) as of the date hereof, each condition precedent that must be satisfied by the Transferor under Section 2.2 of the Master Transfer and Servicing Agreement is capable of being satisfied prior to Closing Date.

[Note: If the representation and warranty in clause (iii) cannot be made, it should be deleted and a new certificate provided under Section 2.2(a)(i)(A).]

The closing shall take place at ■ (Toronto time) on the Closing Date referred to above at the offices of ■, except as may be otherwise mutually agreed. The Purchase Price shall be paid on that date by wire transfer or electronic funds transfer to **[insert IESO bank account details]**.

DATED this ■ day of ■, 20■.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Transferor

By:
Name:
Title:

By: _____
Name:
Title:

The undersigned hereby accepts the foregoing offer.

DATED this ■ day of ■, 20■.

FAIR HYDRO TRUST, by its Manager,
ONTARIO POWER GENERATION INC.

By:
Name:
Title:

By: _____
Name:
Title:

EXHIBIT B

FORM OF MONTHLY CARRYING COSTS STATEMENT

See Attached

MONTHLY CARRYING COSTS STATEMENT

TO: ~~INDEPENDENT ELECTRICITY SYSTEM OPERATOR~~
~~[Address]~~**Independent Electricity System Operator**
120 Adelaide Street West, Suite 1600
Toronto, Ontario M5H 1T1

Attention: ~~■~~
~~Email:~~ ~~■~~ **Chief Financial Officer, General Counsel and Associate General Counsel**
Email: Kim.Marshall@ieso.ca; General.Counsel@ieso.ca; Michael.Boll@ieso.ca

Reference is made to the master transfer and servicing agreement made as of December ~~■,~~**21,** 2017 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "**Master Transfer and Servicing Agreement**") between **FAIR HYDRO TRUST**, a trust formed under the laws of the Province of Ontario (the "**Issuer**") and the **INDEPENDENT ELECTRICITY SYSTEM OPERATOR** ("**Transferor**" in its capacity as transferor, "**Servicer**", in its capacity as servicer, and "**IESO**" in its capacity as both Transferor and Servicer), a statutory corporation without share capital amalgamated under the laws of the Province of Ontario. Capitalized terms used but not defined in this Monthly Carrying Costs Statement have their respective meanings as set forth in the Master Transfer and Servicing Agreement.

Pursuant to Section 3.14 of the Master Transfer and Servicing Agreement, the undersigned hereby certifies that the Monthly Carrying Costs (including any adjustments pursuant to Section 3.14(d)) in respect of the calendar month of ■, ■ are expected to be as follows:

[Provide breakdown, including any adjustments pursuant to Section 3.14(d)]

In accordance with Section 3.14(c) of the Master Transfer and Servicing Agreement, the undersigned hereby directs you to deliver to the Issuer, by wire transfer or electronic funds transfer to the account set forth below, an amount in Canadian dollars equal to the Monthly Carrying Costs set forth above on or before ■, 20■, and this shall be your good and valid authority for so doing.

[~~NTD:~~ Wire transfer instructions to be provided by ~~OPG~~Issuer.]

DATED this ■ day of ■, 20■.

FAIR HYDRO TRUST, by its Manager, **ONTARIO POWER GENERATION INC.**

By: _____
Name:
Title:

By: _____
Name:
Title:

Document comparison by Workshare Compare on December-19-17 12:20:37 PM

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Document 1 ID	interwovenSite://INVENTORYS1/TorysAtWork/24517772/10
Description	#24517772v10<TorysAtWork> - *Fair Hydro -- Master Transfer and Servicing Agreement
Document 2 ID	interwovenSite://INVENTORYS1/TorysAtWork/24517772/12
Description	#24517772v12<TorysAtWork> - *Fair Hydro -- Master Transfer and Servicing Agreement
Rendering set	Firm_Standard

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

Statistics:	
	Count
Insertions	61
Deletions	65
Moved from	0
Moved to	0
Style change	0
Format changed	0

Total changes	126

DRAFT: DECEMBER ~~14,~~19, 2017

SECURITY AGREEMENT

THIS AGREEMENT made as of the ~~____~~21st day of December, 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital established by the *Electricity Act, 1998*, SO, 1998,

(hereinafter referred to as the "**Grantor**"),

IN FAVOUR OF:

FAIR HYDRO TRUST, a trust formed under the laws of the Province of Ontario,

(hereinafter referred to as the "**Secured Party**"),

WHEREAS under Regulation 206/17 made under the *Ontario Fair Hydro Plan Act, 2017* (the "**Regulation**"), the Grantor is required to pay to the Secured Party the Carrying Costs of the Secured Party during the period beginning on April 1, 2017 and ending on June 30, 2021 (the "**Statutory Obligation**");

AND WHEREAS the Grantor (together with the Secured Party, collectively referred to as the "**Parties**") has agreed to enter into a security agreement in favour of the Secured Party to secure payment of the Statutory Obligation;

NOW THEREFORE THIS AGREEMENT WITNESSES that, for and in consideration of the premises, mutual covenants and conditions herein contained and such other lawful and valuable consideration the receipt of sufficiency of which is hereby acknowledged, the Parties hereby agree as follows:

1. INTERPRETATION

1.1 Defined Terms

In this Agreement, unless there is something in the context or subject matter inconsistent therewith,

(a) "**Account**" shall have the meaning attributed to such term in the PPSA;

(b) "**Business Day**" means any day other than a Saturday or a Sunday on which banks generally are open for business in Toronto, Ontario;

(c) "**Carrying Costs**" shall have the meaning attributed to the term "carrying costs" in the Regulation;

(d) "**Collateral**" shall have the meaning attributed to such term in Section 2.1;

(e) "**Electricity Vendor**" shall mean a licensed distributor and a licensed retailer, each as defined in the *Ontario Fair Hydro Plan Act, 2017*;

(f) "**Indenture**" means the master trust indenture dated as of the date hereof between the Secured Party and BNY Trust Company of Canada, as indenture trustee;

(g) "**Money**" shall have the meaning attributed to such term in the PPSA;

(h) "**Permitted Liens**" means liens approved in writing by the Secured Party;

(i) "**PPSA**" means the *Personal Property Security Act* (Ontario), as amended from time to time, and any regulations thereto;

(j) "**Proceeds**" means "proceeds", as defined in the PPSA, of the Collateral;

(k) **"Receiver"** shall have the meaning attributed to such term in Section 6.2 of this Agreement;

(l) "**Rating Agency Condition**" shall have the meaning attributed to such term in the Indenture;

(m) "**Rating Agency**" shall have the meaning attributed to such term in the Indenture;

(n) "**Regulation**" shall have the meaning attributed to such term in the recitals hereto; and

(o) "**Statutory Obligation**" shall have the meaning attributed to such term in the recitals hereto.

1.2 Other Usages

References to "this Agreement", "hereof", "herein", "hereto" and like references refer to this Security Agreement and not to any particular Article, Section or other subdivision of this Agreement.

1.3 Plural and Singular

Where the context so requires, the words importing the singular number shall include the plural and vice versa.

1.4 Headings

The division of this Agreement into Articles and Sections and the insertion of headings in this Agreement are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

1.5 Applicable Law

This Agreement and all documents delivered pursuant hereto shall be governed by and construed and interpreted in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein and the Parties do hereby attorn to the non-exclusive jurisdiction of the courts of the Province of Ontario.

1.6 Prohibited Provisions

In the event that any provision or any part of any provision hereof is deemed to be invalid by reason of the operation of any law or by reason of the interpretation placed thereon by a court, this Agreement shall be construed as not containing such provision or such part of such provision and the invalidity of such provision or such part shall not affect the validity of any other provision or the remainder of such provision hereof, and all other provisions hereof which are otherwise lawful and valid shall remain in full force and effect.

1.7 Time of the Essence

Time shall in all respects be of the essence of this Agreement.

1.8 Recitals and Schedules

Each and every one of the recitals and schedules which are referred to in this Agreement and attached to this Agreement shall form an integral part of this Agreement.

2. SECURITY INTEREST

2.1 Grant of Security Interest

As general and continuing security for the payment of the Statutory Obligation, the Grantor hereby grants a security interest to the Secured Party in the following (collectively, the "**Collateral**"):

(a) all Accounts, which are now due, owing or accruing or growing due to, or which may hereafter become due, owing or accruing or growing due, to the Grantor by an Electricity Vendor;

(b) all Proceeds and renewals of the foregoing, in whatever form, together with all substitutions therefore.

Whenever used elsewhere in this Agreement, the expression "**security interest**" refers to the security interest created in this Section 2.1.

2.2 Attachment of Security Interest

The Grantor acknowledges and agrees that (i) value has been given, (ii) the Grantor has rights in such of the Collateral as constitutes present property of the Grantor, and (iii) the security interest shall attach to existing Collateral upon execution of this Agreement by the Grantor and to each item of after-acquired Collateral at the time that the Grantor acquires any rights therein.

3. COVENANTS OF THE GRANTOR

3.1 Covenants

The Grantor hereby covenants and agrees with the Secured Party as follows:

(a) To promptly pay all taxes, assessments, rates, levies, payroll deductions, vacation pay, workers' compensation assessments, and any other charges which could result in the creation of a statutory lien or deemed trust in respect of the Collateral.

(b) To defend the Collateral against the claims and demands of all other persons claiming the same or an interest therein and to promptly notify the Secured Party of any such claim or demand.

(c) To do, make, execute and deliver such further and other assignments, transfers, deeds, agreements and other documents as may be required by the Secured Party to establish in favour of the Secured Party the security interest intended to be created hereby.

3.2 Performance of Covenants by the Secured Party

The Secured Party may, in its sole discretion and upon notice to and at the expense of the Grantor, perform any covenant of the Grantor under this Agreement that the Grantor fails to perform and that the Secured Party is capable of performing, provided that the Secured Party will not be obligated to perform any such covenant on behalf of the Grantor and no such performance by the Secured Party will require the Secured Party further to perform the Grantor's covenants nor operate as a derogation of the rights and remedies of the Secured Party under this Agreement.

4. DEALING WITH COLLATERAL

4.1 Grantor's Rights

Until the Secured Party is entitled to exercise its rights and remedies under Section 6.2, the Grantor shall be entitled to deal with the Collateral in the ordinary course of business, provided however, that no such action shall be taken which would impair the effectiveness of the security interests created hereby, the provisions of this Agreement or any other written agreement between the Secured Party and the Grantor.

4.2 General Restrictions

The Grantor shall not, without the prior written consent of the Secured Party:

(a) sell, lease or otherwise dispose of the Collateral or any part thereof except in the ordinary course of business; or

(b) enter into or grant, create, assume or suffer to exist any mortgage, charge, hypothec, assignment, pledge, lien or other security interest or encumbrance affecting any of the Collateral except the Permitted Liens.

4.3 Release by the Secured Party

The Secured Party may, at its discretion, at any time release from the security interest created by this Agreement any part or parts of the Collateral or any other security or any surety for the Statutory Obligation either with or without sufficient consideration therefor without thereby releasing any other part of the Collateral or any person from this Agreement.

5. REPRESENTATIONS AND WARRANTIES

5.1 Representations and Warranties

The Grantor hereby represents and warrants to the Secured Party, the matters set out below:

(a) **Incorporation and Qualifications** – The Grantor is a statutory corporation amalgamated under the laws of the Province of Ontario, with requisite power and authority to own its properties, to conduct its business as such properties are currently owned and such business is presently conducted by it, and to execute, deliver and carry out the terms of this Agreement.

(b) **Corporate Authority and Power** – The Grantor has the requisite power and authority to execute and deliver this Agreement and to carry out its terms. The execution, delivery and performance of all obligations under this Agreement have been duly authorized by all necessary action on the part of the Grantor under all applicable laws.

(c) **Non-Conflict** – Neither the execution nor the performance of this Agreement requires the approval of any regulatory agency having jurisdiction over the Grantor nor is this Agreement in contravention of or in conflict with the by-laws or resolutions of the directors or shareholders of the Grantor or of the provisions of any agreement to which the Grantor is a party or by which any of its property may be bound or of any statute, regulation, by-law, ordinance or other law, or to the best of its knowledge of any judgement, decree, award, ruling or order to which the Grantor or any of its property may be subject, other than approvals that have been obtained.

(d) **Ownership of Collateral Free of Liens** – The Grantor is the owner of or has rights in the existing Collateral free and clear of any liens other than Permitted Liens.

(e) **Grantor Information** – Schedule A sets forth (a) the Grantor's jurisdiction of incorporation, (b) the location of the Grantor's registered office and business operations and records, and (c) the Grantor's exact legal name (in English and French).

(f) **Enforceability** – This Agreement constitutes a valid and legally binding obligation of the Grantor enforceable against it in accordance with its terms, subject to general equitable principles, including the fact that the availability of equitable remedies, such as injunctive relief and specific performance, is in the discretion of the court.

5.2 Reliance and Survival

All representations and warranties of the Grantor made in this Agreement shall survive the execution and delivery of this Agreement and shall continue in full force and effect without time limit. The Secured Party shall be deemed to have relied upon each such representation and warranty notwithstanding any investigation made by or on behalf of the Secured Party at any time.

6. ENFORCEMENT

6.1 Enforceability of Security

The security hereby constituted shall become enforceable only upon the failure of the Grantor to pay the Statutory Obligations when due, and then only to the extent of the Statutory Obligations not then paid when due. The Grantor acknowledges that it has no right in any circumstance to accelerate payment of the Statutory Obligations, to apply proceeds of Collateral on account of Statutory Obligations not yet due, or to reserve or hold proceeds of Collateral on account of Statutory Obligations not yet due.

6.2 Remedies

At any time that the security hereby constituted shall have become enforceable, the Secured Party may give notice of its intention to its exercise rights and remedies hereunder. At any time ten Business Days following the giving of such notice, and unless the amounts due and owing on account of the carrying Costs at the time of the Notice have been paid, the Secured Party shall have the following rights, powers and remedies:

(a) to appoint any person to be an agent or any person to be a receiver, manager or receiver and manager (herein called the "**Receiver**") of the Collateral and to remove any Receiver so appointed and to appoint another if the Secured Party so desires; it being agreed that any Receiver appointed pursuant to the provisions of this Agreement shall have all of the powers of the Secured Party hereunder;

(b) to make payments to parties having prior charges or encumbrances on the Collateral;

(c) to preserve, protect and maintain the Collateral;

(d) to enjoy and exercise all powers necessary or incidental to the performance of all functions provided for in this Agreement;

(e) to sell or dispose of all or any part of the Collateral whether by public or private sale or otherwise and on any terms so long as every aspect of the disposition is commercially reasonable, including without limitation, terms that provide time for payment on credit;

(f) to enjoy and exercise in respect of the Collateral all of the rights and remedies of a secured party under the PPSA;

(g) to notify the account debtors or obligors under any Accounts which constitute part of the Collateral of the assignment of such Accounts to the Secured Party and to direct such account debtors or obligors to make payment of all amounts due or to become due to the Grantor thereunder directly to the Secured Party and to give valid and binding receipts and discharges therefor and in respect thereof and, upon such notification and at the expense of the Grantor, to enforce collection of any such Accounts, and to adjust, settle or compromise the amount or payment thereof, in the same manner and to the same extent as the Grantor might have done; and

(h) to commence, continue or defend proceedings in any court of competent jurisdiction in the name of the Secured Party, the Receiver or the Grantor for the purpose of exercising any of the rights, powers and remedies set out in this Section, including the institution of proceedings for the appointment of a receiver, manager or receiver and manager of the Collateral.

6.3 Special Rules re Accounts

At any time that the Secured Party is entitled to exercise its rights and remedies under Section 6.2,

(a) all Money or other form of payment received by the Grantor in respect of the Collateral shall be received in trust for the benefit of the Secured Party hereunder, shall be segregated from other funds of the Grantor and shall be forthwith paid over to the Secured Party in the same form as so received (with any necessary endorsement) to be held as cash collateral and applied as provided by Section 6.8; and

(b) the Grantor shall not adjust, settle or compromise the amount or payment of any Collateral.

6.4 Receiver as Agent

The Receiver shall be deemed to be the agent of the Grantor for the purpose of establishing liability for the acts or omissions of the Receiver and the Secured Party shall not be liable for such acts or omissions and, without restricting the generality of the foregoing, the Grantor hereby irrevocably authorizes the Secured Party to give instructions to the Receiver relating to the performance of its duties as set out herein.

6.5 Expenses of Enforcement

The Grantor shall pay to the Receiver the remuneration of the Receiver and all costs and expenses (including, without limitation, legal fees and disbursements on a full indemnity basis) properly incurred by the Receiver pursuant to its appointment and the exercise of its powers hereunder, and shall pay to the Secured Party and the Receiver as required all amounts of Money (including interest thereon) borrowed or advanced by either of them pursuant to the powers set out herein, and the obligations of the Grantor to the Secured Party and the Receiver pursuant to this Section 6.5 shall be payable on demand.

6.6 Indulgences and Releases

Either the Secured Party or the Receiver may grant extensions of time and other indulgences, take and give up securities, accept compositions, grant releases and discharges, release any part of the Collateral to third parties and otherwise deal with the Grantor, debtors of the Grantor, sureties and others and with the Collateral and other security as the Secured Party or the Receiver may see fit without prejudice to the right of the Secured Party and the Receiver to repossess, hold, collect and realize the Collateral.

6.7 No Liability for Failure to Exercise Remedies

The Secured Party and the Receiver shall not be liable or accountable to the Grantor or to any other person for any failure to exercise any of the rights, powers and remedies set out in this Agreement, and shall not be bound to commence, continue or defend proceedings for the purpose of preserving or protecting any rights of the Secured Party, the Receiver, the Grantor or any other party in respect of the same.

6.8 Proceeds of Disposition

All Moneys received by the Secured Party or by the Receiver pursuant to Section 6.2 shall be promptly applied as follows:

(a) first, in payment of all costs and expenses incurred by the Secured Party in the exercise of all or any of the powers granted to it under this Agreement and in payment of all of the remuneration of the Receiver and all costs and expenses properly incurred by the Receiver in the exercise of all or any of the powers granted to it under this Agreement, including, without limitation, the remuneration, costs and expenses referred to in Section 6.5;

(b) second, in payment of all amounts of Money borrowed or advanced by either of the Secured Party or the Receiver pursuant to the powers set out in this Agreement and any interest thereon;

(c) third, in payment of the Statutory Obligation, provided that if there are not sufficient Moneys to fully pay and perform the Statutory Obligation, the Secured Party may apply the Moneys available to such part or parts thereof as the Secured Party, in its sole discretion, may determine; and

(d) fourth, in payment of any surplus in accordance with applicable law.

6.9 Grantor Liable for Deficiency

If the Moneys received by the Secured Party or the Receiver pursuant to Section 6.2 are not sufficient to pay the claims set out in Section 6.8, the Grantor shall immediately pay the Secured Party the amount of such deficiency.

6.10 Restriction on Grantor

Upon notification of the account debtors or obligors under any Accounts which constitute part of the Collateral of the assignment of such Accounts to the Secured Party or the appointment of a Receiver in respect of the Collateral, all the powers, functions, rights and privileges of the Grantor or any officer, director, servant or agent of the Grantor with respect to the Collateral shall, to the extent permitted by applicable law, be suspended unless specifically continued by the written consent of the Secured Party; however, all other powers, functions, rights and privileges of the Grantor or any officer, director, servant or agent of the Grantor shall be unaffected by such events.

6.11 Rights Cumulative

All rights and remedies of the Secured Party set out in this Agreement shall be cumulative and no right or remedy contained herein is intended to be exclusive but each shall be in addition to every other right or remedy contained herein or in any existing or future security document or now or hereafter existing at law or in equity or by statute.

7. GENERAL

7.1 Waiver

Any default by the Grantor in the observance or performance of any covenant or condition required to be observed or performed by the Grantor hereunder, may only be waived by the Secured Party in writing, provided that (i) no such waiver by the Secured Party shall extend to or be taken in any manner to affect any subsequent breach or default or the rights resulting therefrom, (ii) the Rating Agency Condition is satisfied in respect of any waiver of a material default by the Grantor and (iii) prompt written notice of any waiver is provided to each Rating Agency.

7.2 The Secured Party as Attorney

At any time that the Secured Party is entitled to exercise its rights and remedies under Section 6.2, the Grantor hereby irrevocably appoints the Secured Party and any person further designated by the Secured Party to be the attorney of the Grantor for and in the name of the Grantor to execute and do any deeds, documents, transfers, demands, assignments, assurances, consents and things which the Grantor is obliged to sign, execute or do hereunder and, to commence, continue and defend any proceedings authorized to be taken hereunder and generally to use the name of the Grantor in the exercise of all or any of the powers hereby conferred on the Secured Party. These powers are coupled with an interest, have been given for valuable consideration (the receipt and adequacy of which is acknowledged), survive, and do not terminate upon, the bankruptcy, dissolution, winding up or insolvency of the Grantor, and are irrevocable until the Statutory Obligation has been satisfied in full and this Agreement is terminated and the security interest created herein has been released. This power of attorney extends to and is binding upon the Grantor's successors and permitted assigns. The Grantor authorizes the Secured Party to delegate in writing to another person any power and authority of the Secured Party under this power of attorney as may be necessary or desirable in the opinion of the Secured Party, and to revoke or suspend such delegation.

7.3 Further Assurances

The Grantor shall do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, such further acts, deeds, mortgages, transfers and assurances as the Secured Party shall reasonably require for the better assuring, charging, assigning and conferring unto the Secured Party a security interest in the Collateral, or which the Grantor may hereafter become bound to charge in favour of the Secured Party, for the purpose of accomplishing and effecting the intention of this Agreement.

7.4 Amalgamation of the Grantor

The Grantor acknowledges and agrees that in the event that it amalgamates with any other persons, then (i) the Collateral and the security interest shall extend to and include all of the property and undertaking that any of the amalgamating corporations then owns, all of the property and undertaking that the amalgamated corporation thereafter acquires, all of the property and undertaking in which any of the amalgamating corporations then has any interest, and all of the property and undertaking in which the amalgamated corporation thereafter acquires any interest, and (ii) all references herein to the Grantor shall extend to and include the amalgamated corporation.

7.5 Continuing Security

The security interest constituted hereby shall be deemed to be a continuing security for the Statutory Obligation until the Statutory Obligation is paid and performed in full.

7.6 Notices

All notices and other communications provided for herein shall be in writing and shall be personally delivered to an officer or other responsible employee of the addressee or sent by facsimile, charges prepaid, at or to the applicable address or facsimile number, as the case may be, of the party set opposite its name below or at or to such other address or addresses or facsimile number or numbers as either party may from time to time designate to the other party in such manner. Any communication which is personally delivered as aforesaid shall be deemed to have been validly and effectively given on the date of such delivery if such date is a Business Day and such delivery was made during normal business hours of the recipient; otherwise, it shall be deemed to have been validly and effectively given on the Business Day next following such date of delivery. Any communication which is transmitted by facsimile as aforesaid shall be deemed to have been validly and effectively given on the date of transmission if such date is a Business Day and such transmission was made during normal business hours of the recipient; otherwise, it shall be deemed to have been validly and effectively given on the Business Day next following such date of transmission.

In the case of the Grantor:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, Ontario
M5H 1T1

Attention: Chief Financial Officer, General Counsel and Associate General Counsel
Email: Kim.Marshall@ieso.ca
General.Counsel@ieso.ca
Michael.Boll@ieso.ca

In the case of the Secured Party:

Fair Hydro Trust
c/o Ontario Power Generation Inc., as Manager
700 University Avenue
Toronto, Ontario
M5G 1X6

Attention: Vice President, Fair Hydro Plan
Email: FHT@opg.com

7.7 Assignment

The Secured Party may from time to time upon notice to, but without the consent of, the Grantor and each Rating Agency, assign or transfer this Agreement to any other person. The Grantor shall not be entitled to assign or transfer this Agreement or any of the Grantor's rights, duties or obligations hereunder without the prior written consent of the Secured Party.

7.8 Successors and Assigns

This Agreement shall enure to the benefit of the Secured Party and its successors and assigns and shall be binding upon the Grantor and its successors and permitted assigns.

7.9 Amendments

This Agreement may not be amended or otherwise modified except by an instrument in writing executed by the Parties, subject to the satisfaction of the Rating Agency Condition in respect of any material amendment or modification, and with prompt written notice of any amendment or modification to be provided to each Rating Agency.

7.10 Entire Agreement

This Agreement and the agreements referred to herein and any document, agreement or instrument delivered pursuant to such agreements constitute the entire agreement between the Parties and supersede any prior agreements, undertakings, declarations, representations and undertakings, both written and verbal, in respect of the subject matter hereof.

7.11 Receipt of Agreement and Financing Statement.

The Grantor hereby acknowledges receipt of an executed copy of this Agreement and of the financing statement registered under the PPSA evidencing the security interest created hereby.

7.12 Counterpart

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same instrument, and it shall not be necessary in making proof of this Agreement to produce or account for more than one such counterpart.

7.13 Delivery by Facsimile or Electronic Transmission

This Agreement may be executed and delivered by facsimile or electronic transmission and each of the Parties may rely on such facsimile or electronic signature as though such facsimile signature were an original signature.

[NEXT PAGE IS SIGNATURE PAGE]

IN WITNESS WHEREOF the Parties have duly executed this Agreement as of the date first written above.

FAIR HYDRO TRUST, by its Manager,
ONTARIO POWER GENERATION INC., as Secured Party

By:
Name:
Title:

By:
Name:
Title:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Grantor

By:
Name:
Title:

By:
Name:
Title:

SCHEDULE A

GRANTOR INFORMATION

1. Grantor's exact legal name:

Independent Electricity System Operator
Société indépendante d'exploitation du réseau d'électricité

2. Grantor's jurisdiction of incorporation:

Ontario

3. **Grantor's registered office address:**

120 Adelaide Street West, Suite 1600
Toronto, Ontario
M5H 1T1

4. Location of Grantor's business operations and records:

120 Adelaide Street West, Suite 1600
Toronto, Ontario
M5H 1T1

2635 Lakeshore Road West
Mississauga, Ontario
L5J 4T5

2265 Upper Middle Road East
Oakville, Ontario
L6H 0G5

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INDEMNITY AGREEMENT

TO: BNY Trust Company of Canada, in its capacity as Indenture Trustee of Fair Hydro Trust (in such capacity, the "**Indenture Trustee**")

RE: Management Agreement dated as of ■~~,~~**December 20,** 2017 (the "**Management Agreement**") made between Ontario Power Generation, as manager (in such capacity, the "**Manager**") and Fair Hydro Trust (the "**Issuer**")

AND RE: Warehouse Senior Series 2017-1 Supplemental Indenture dated as of ■~~,~~**December 21,** 2017 (as in effect on the date hereof, the "**Supplemental Indenture**") made between, *inter alios*, the Issuer and the Indenture Trustee

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WHEREAS the Government of Ontario has passed the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**") for the purpose of, among other things, ensuring that Clean Energy Costs and Clean Energy Benefits are fairly allocated among present and future Specified Consumers;

AND WHEREAS Ontario Power Generation Inc. has been appointed as Financial Services Manager under the Act to, among other things, evaluate whether potential Funding Obligations should be incurred by Financing Entities for the purposes of acquiring and financing Investment Interests;

AND WHEREAS the Issuer is a Financing Entity established, at the request of the Financial Services Manager and pursuant to the Act, by Computershare Trust Company of Canada;

AND WHEREAS the Issuer and the Manager have entered into the Management Agreement in furtherance of, and in accordance with, the Act;

AND WHEREAS the Manager has agreed to execute this Indemnity Agreement to provide certain indemnities with respect to its duties and obligations under the Management Agreement.

IN CONSIDERATION OF the mutual covenants and agreements herein and the sum of $1.00 and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged) the parties hereto agree as follows:

1. Unless otherwise defined in this Indemnity Agreement, all capitalized terms used herein shall have the meanings ascribed thereto, either directly or by incorporation therein, in the Management Agreement.

2. The Manager shall indemnify the Indenture Trustee, on behalf of itself and on behalf of the Administrative Agent, each Funding Agent, each CP Conduit Purchaser, each Group Bank and each Non-Conduit Purchaser (in each case, in their respective capacities as such under the Supplemental Indenture) (each, an "**Indemnified Person**") and defend and hold harmless each such Indemnified Person from and against, any and all liabilities, obligations, losses, damages, payments and claims, and reasonable costs or expenses, of any kind whatsoever (collectively, "**Indemnified Losses**") imposed on, incurred by or asserted against each such Indemnified Person in connection with the Supplemental Indenture or the Series 2017-1 Notes issued thereunder, as a result of (i) the failure of the

Manager to perform its covenants and other obligations under the Management Agreement or any other Program Agreement to which the Manager is a party; or (ii) the breach by the Manager of any of its representations or warranties under the Management Agreement or any other Program Agreement to which the Manager is a party and, except to the extent of Indemnified Losses resulting from the willful misconduct, bad faith or gross negligence of such Indemnified Person seeking indemnification hereunder; provided that, in each case, the Manager shall not be required to indemnify an Indemnified Person for any amount paid or payable by such Indemnified Person in the settlement of any Proceeding or investigation without the written consent of the Manager, which consent shall not be unreasonably withheld or delayed. Promptly after receipt by an Indemnified Person of notice of the commencement of any Proceeding or investigation, such Indemnified Person shall, if a claim in respect thereof is to be made against the Manager under this Section 2, notify the Manager in writing of the commencement thereof. Failure by an Indemnified Person to so notify the Manager shall relieve the Manager from the obligation to indemnify and hold harmless such Indemnified Person under this Section 2 only to the extent that the Manager suffers actual prejudice as a result of such failure. With respect to any Proceeding or investigation brought by a third party for which indemnification may be sought under this Section 2, the Manager shall be entitled to conduct and control, at its expense and with counsel of its choosing that is reasonably satisfactory to such Indemnified Person, the defence of any such Proceeding or investigation (in which case the Manager shall not thereafter be responsible for the fees and expenses of any separate counsel retained by the Indemnified Person except as set forth below); provided, that the Indemnified Person shall have the right to participate in such Proceeding or investigation through counsel chosen by it and at its own expense. Notwithstanding the Manager's election to assume the defence of any Proceeding or investigation, the Indemnified Person shall have the right to employ separate counsel, and the Manager shall bear the reasonable fees, costs and expenses of such separate counsel, if (i) the defendants in any such action include both the Indemnified Person and the Manager and the Indemnified Person shall have reasonably concluded that there may be legal defences available to it that are different from or additional to those available to the Manager, (ii) the Manager shall not have employed counsel reasonably satisfactory to the Indemnified Person to represent the Indemnified Person within a reasonable time after notice of the institution of such action, (iii) the Indemnified Person shall have been advised by counsel to the Indemnified Person that there may be a conflict of interest between the Manager and the Indemnified Person, or (iv) the Manager authorizes the Indemnified Person to employ separate counsel at the expense of the Manager. Notwithstanding the foregoing, the Manager shall not be obligated to pay for the fees, costs and expenses of more than one separate counsel for the Indemnified Persons other than one local counsel, if appropriate. The Manager will not, without the prior written consent of the Indemnified Person, settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim or Proceeding in respect of which indemnification may be sought under this Section 2 (whether or not the Indemnified Person is an actual or potential party to such claim or action) unless such settlement, compromise or consent includes an unconditional release of the Indemnified Person from all liability arising out of such claim or Proceeding.

Indemnification under Section this 2 shall survive any repeal of, modification of, or supplement to, or judicial invalidation of, the Act and shall survive the termination of this

Indemnity Agreement or the Management Agreement and will rank pari passu with other general, unsecured obligations of the Manager.

Notwithstanding anything contained in this Indemnity Agreement or the Management Agreement, it is expressly understood that the Manager is not agreeing to indemnify or hold any Indemnified Person harmless with respect to any of the following: (i) any losses resulting from any breach or failure to perform by the Manager caused by a breach or failure to perform on the part of any other third party under any Program Agreement, the Act or the Regulations; provided that the foregoing clause (i) shall not apply to limit the liability of the Manager in respect of any delegation to a third party as provided for in section 4.7 of the Management Agreement; (ii) any losses resulting from changes in law after the date hereof, whether such changes in law are effected by means of any legislative enactment or any final and non-appealable judicial decision, other than losses resulting solely from the Manager's failure to comply with section 4.1(a)(xiv) of the Management Agreement; (iii) any losses resulting from the validity of the Change of Law Protection Agreement or the applicability thereof to the Province or to any Indemnified Person or any material part thereof being disaffirmed by or on behalf of the Province; or (iv) any liability of any Indemnified Person incurred after the termination of this Indemnity Agreement or the Management Agreement unless attributable to the actions or omissions of the Manager prior to such termination or in respect of a representation, warranty or covenant of the Manager that survives termination of this Indemnity Agreement or the Management Agreement.

To the fullest extent permitted by applicable law, no Specified Creditor (other than the Indenture Trustee) will have any right to institute any proceeding, judicial or otherwise, or to make any claim for indemnification, with respect to this Indemnity Agreement or the Management Agreement, or for the appointment of a receiver or trustee or similar official, or for any other remedy hereunder, except in accordance with Section 8.12 of the Indenture.

The parties hereto agree that the Manager is not providing any representations, warranties or covenants in this Indemnity Agreement or the Management Agreement, and shall have no liability to any Indemnified Person, with respect to the collectability of the Clean Energy Adjustment or the Carrying Costs, or that the Clean Energy Adjustment amounts or Carrying Costs collected will be sufficient to satisfy the Issuer Funding Obligations.

3. This Indemnity Agreement may be amended in writing by the Manager and the Indenture Trustee, and with satisfaction of the Rating Agency Condition, such satisfaction to be confirmed by the Indenture Trustee at the time of such amendment. Promptly after the execution of any such amendment, the Indenture Trustee shall furnish copies of such amendment to each of the Rating Agencies.

4. This Indemnity Agreement shall enure to the benefit of and shall be binding upon the Manager and the Indemnified Parties and their respective successors and assigns.

5. If one or more provision of this Indemnity Agreement is for any reason whatever held invalid, such provision will be deemed severable from the remaining covenants, agreements and provisions of this Indemnity Agreement and will in no way affect the validity or enforceability of such remaining provisions or the rights of any parties hereto.

6. This Indemnity Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

7. This Indemnity Agreement may be executed in counterparts, each of which when so executed shall be deemed to be an original and the counterparts together shall constitute one and the same instrument. Delivery of an executed signature page to this Indemnity Agreement by any party by electronic transmission will be as effective as delivery of a manually executed copy of this Indemnity Agreement by such party.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF the undersigned have executed this Indemnity Agreement as of December ____, 2017.

ONTARIO POWER GENERATION INC.

By:

Name:

Title:

By:

Name:

Title:

~~**ONTARIO POWER GENERATION INC.**~~

~~By:~~

~~Name:~~

~~Title:~~

BNY TRUST COMPANY OF CANADA, in its capacity as Indenture Trustee of **FAIR HYDRO TRUST**, and not in its personal capacity

By: _____

Name:

Title:

By: _____

Name:

Title:

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ACKNOWLEDGEMENT AND INDEMNITY AGREEMENT

TO: BNY Trust Company of Canada, in its capacity as Indenture Trustee of Fair Hydro Trust (in such capacity, the "**Indenture Trustee**")

RE: Master Transfer and Servicing Agreement dated as of ■~~,~~**December 21,** 2017 (the "**MTSA**") made between Independent Electricity System Operator (the "**IESO**"), as servicer (in such capacity, the "**Servicer**") and Fair Hydro Trust (the "**Issuer**")

AND RE: Warehouse Senior Series 2017-1 Supplemental Indenture dated as of ■~~,~~**December 21,** 2017 (as in effect on the date hereof, the "**Supplemental Indenture**") made between, *inter alios*, the Issuer and the Indenture Trustee

---

WHEREAS the Government of Ontario has enacted the *Ontario Fair Hydro Plan Act*, 2017 (the "**Act**") for the purpose of, among other things, ensuring that clean energy costs and clean energy benefits (each as defined in the Act) are fairly allocated among present and future Specified Consumers;

AND WHEREAS, under the Act, the IESO is required to establish and maintain the Fair Hydro Variance Account, and has the right under the Act and the Regulations to record certain amounts in the Fair Hydro Variance Account and recover the balance from time to time of the Fair Hydro Variance Account from Specified Consumers (such right, the "**Regulatory Asset**");

AND WHEREAS the IESO may from time to time, in accordance with the Act, Transfer Specified Portions of the Regulatory Asset to the Issuer pursuant to Section 26(1) of the Act;

AND WHEREAS the Issuer and the Indenture Trustee are parties to a master trust indenture dated as of ■~~,~~**December 21,** 2017 (as amended, restated, modified or supplemented (including by way of Supplemental Indentures) from time to time, the "**Indenture**");

AND WHEREAS the Issuer may finance the acquisition from the IESO, from time to time, of an Investment Interest through the incurrence of Funding Obligations under the Indenture;

AND WHEREAS in connection with its ownership of the Issuer Investment Interest and in order to collect the associated Clean Energy Adjustments in accordance with the Act, pursuant to the MTSA the Issuer has engaged the Servicer to carry out the services described therein;

AND WHEREAS, pursuant to the Indenture, the Issuer has granted a security interest (the "**Security Interest**") over, *inter alia*, all rights, benefits and powers of the Issuer under the MTSA, to and in favour of the Indenture Trustee on behalf of the Specified Creditors, as security for the due payment of all Obligations Secured;

AND WHEREAS the Servicer has agreed to execute this Acknowledgement and Indemnity Agreement to (i) acknowledge that the Security Interest has been granted to the Indenture Trustee, on behalf of the Specified Creditors, thereby assigning as security all of the rights,

benefits and powers of the Issuer under the MTSA to the Indenture Trustee, and (ii) provide certain indemnities with respect to its duties and obligations under the MTSA.

IN CONSIDERATION OF the mutual covenants and agreements herein and the sum of $1.00 and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged) the parties hereto agree as follows:

1. Unless otherwise defined in this Acknowledgement and Indemnity Agreement, all capitalized terms used herein shall have the meanings ascribed thereto, either directly or by incorporation therein, in the MTSA.

2. The Servicer hereby acknowledges receipt of notice that (i) the Issuer has granted the Security Interest to the Indenture Trustee, on behalf of the Specified Creditors, and (ii) as a result of the grant of the Security Interest, the Issuer has assigned as security all of its rights, benefits and powers under the MTSA to the Indenture Trustee, on behalf of the Specified Creditors, and the Servicer hereby consents to such assignment.

3. The Servicer acknowledges and agrees that (i) the Indenture Trustee has the right to exercise remedies against, and enforce the duties and obligations of, the Servicer under the MTSA in place of the Issuer in all circumstances in which the Indenture Trustee is entitled to do so under the Indenture, (ii) upon receipt of notice from the Indenture Trustee that the Indenture Trustee is entitled to instruct the Servicer under the Indenture, the Servicer shall take instructions from the Indenture Trustee with respect to the performance of the Servicer's duties and obligations under the MTSA, and (iii) the Indenture Trustee has not assumed any of the obligations of the Issuer pursuant to the MTSA.

4. The Servicer shall indemnify the Indenture Trustee, on behalf of itself and on behalf of the Administrative Agent, each Funding Agent, each CP Conduit Purchaser, each Group Bank and each Non-Conduit Purchaser (in each case, in their respective capacities as such under the Supplemental Indenture) (each, an "**Indemnified Person**") and defend and hold harmless each such Indemnified Person from and against, any and all liabilities, obligations, losses, damages, payments and claims, and reasonable costs or expenses, of any kind whatsoever (collectively, "**Indemnified Losses**") imposed on, incurred by or asserted against each such Indemnified Person in connection with the Supplemental Indenture or the Series 2017-1 Notes issued thereunder, as a result of (i) the failure of the Servicer to perform its covenants and other obligations under the MTSA or any other Program Agreement to which the Servicer is a party; or (ii) the breach by the Servicer of any of its representations or warranties under the MTSA or any other Program Agreement to which the Servicer is a party and, except to the extent of Indemnified Losses resulting from the willful misconduct, bad faith or gross negligence of such Indemnified Person seeking indemnification hereunder; provided that, in each case, the Servicer shall not be required to indemnify an Indemnified Person for any amount paid or payable by such

Indemnified Person in the settlement of any Proceeding or investigation without the written consent of the Servicer, which consent shall not be unreasonably withheld or delayed. Promptly after receipt by an Indemnified Person of notice of the commencement of any Proceeding or investigation, such Indemnified Person shall, if a claim in respect thereof is to be made against the Servicer under this Section 4, notify the Servicer in writing of the commencement thereof. Failure by an Indemnified Person to so notify the Servicer shall relieve the Servicer from the obligation to indemnify and hold harmless such Indemnified Person under this Section 4 only to the extent that the Servicer suffers actual prejudice as a result of such failure. With respect to any Proceeding or investigation brought by a third party for which indemnification may be sought under this Section 4, the Servicer shall be entitled to conduct and control, at its expense and with counsel of its choosing that is reasonably satisfactory to such Indemnified Person, the defence of any such Proceeding or investigation (in which case the Servicer shall not thereafter be responsible for the fees and expenses of any separate counsel retained by the Indemnified Person except as set forth below); provided, that the Indemnified Person shall have the right to participate in such Proceeding or investigation through counsel chosen by it and at its own expense. Notwithstanding the Servicer's election to assume the defence of any Proceeding or investigation, the Indemnified Person shall have the right to employ separate counsel, and the Servicer shall bear the reasonable fees, costs and expenses of such separate counsel, if (i) the defendants in any such action include both the Indemnified Person and the Servicer and the Indemnified Person shall have reasonably concluded that there may be legal defences available to it that are different from or additional to those available to the Servicer, (ii) the Servicer shall not have employed counsel reasonably satisfactory to the Indemnified Person to represent the Indemnified Person within a reasonable time after notice of the institution of such action, (iii) the Indemnified Person shall have been advised by counsel to the Indemnified Person that there may be a conflict of interest between the Servicer and the Indemnified Person, or (iv) the Servicer authorizes the Indemnified Person to employ separate counsel at the expense of the Servicer. Notwithstanding the foregoing, the Servicer shall not be obligated to pay for the fees, costs and expenses of more than one separate counsel for the Indemnified Persons other than one local counsel, if appropriate. The Servicer will not, without the prior written consent of the Indemnified Person, settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim or Proceeding in respect of which indemnification may be sought under this Section 4 (whether or not the Indemnified Person is an actual or potential party to such claim or action) unless such settlement, compromise or consent includes an unconditional release of the Indemnified Person from all liability arising out of such claim or Proceeding.

Indemnification under this Section 4 shall survive any repeal of, modification of, or supplement to, or judicial invalidation of, the Act and shall survive the termination of the MTSA or this Acknowledgement and Indemnity Agreement and will rank pari passu with other general, unsecured obligations of the Servicer.

Notwithstanding anything contained in the MTSA or this Acknowledgement and Indemnity Agreement, it is expressly understood that the Servicer is not agreeing to indemnify or hold any Indemnified Person harmless with respect to any of the following: (i) any losses resulting from any breach or failure to perform by the Servicer caused by a breach or failure to perform on the part of any other third party under any Program Agreement, the Act or the Regulations; provided that this provision shall not apply to limit the liability of the IESO in respect of any appointments as provided for in Section 3.10 of the MTSA; (ii) any losses resulting from changes in law after the date hereof, whether such changes in law are effected by means of any legislative enactment or any final and non-appealable judicial decision; or (iii) any liability of the Indemnified Person incurred after the termination of the MTSA and this Acknowledgement and Indemnity Agreement unless attributable to the actions or omissions of the Servicer prior to such termination or in respect of a representation, warranty or covenant of the Servicer that survives termination of the MTSA or this Acknowledgement and Indemnity Agreement.

To the fullest extent permitted by applicable law, no Specified Creditor (other than the Indenture Trustee) will have any right to institute any proceeding, judicial or otherwise, or to make any claim for indemnification, with respect to this Acknowledgement and Indemnity Agreement, or for the appointment of a receiver or trustee or similar official, or for any other remedy hereunder, except in accordance with Section 8.12 of the Indenture.

The parties hereto agree that the IESO is not providing any representations, warranties or covenants in the MTSA or this Acknowledgement and Indemnity Agreement, and shall have no liability to any Indemnified Person, with respect to the collectability of the Clean Energy Adjustment, or whether the Clean Energy Adjustment Amounts or Carrying Costs collected will be sufficient to satisfy the Funding Obligations.

5. The parties hereto acknowledge and agree that the duties, liabilities and obligations of the IESO~~ under the MTSA~~ are limited as provided in this Section 5.[1]

(a) IESO is not responsible for, or in respect of, any amounts not collected by Electricity Vendors from their customers or not remitted by Electricity Vendors to the Servicer.

(b) IESO is not responsible to confirm, verify or audit the amount of the Clean Energy Adjustment invoiced by Electricity Vendors or the Electricity Vendor CEA Collections collected by Electricity Vendors and reported to the IESO.

(c) IESO is not responsible for enforcing the obligations of Specified Consumers to pay, or the obligations of Electricity Vendors to invoice, collect or remit Clean Energy Adjustments or any other amounts, or to establish a segregated account into which Electricity Vendor CEA Collections are to be deposited, and IESO is

[1] ~~The language included in this Section tracks Section 3.8 of the MTSA.~~

under no obligation to initiate or prosecute any legal action relating to the collection of the Clean Energy Adjustments or the Issuer Investment Interest.

(d) IESO is not responsible or liable for the performance by Electricity Vendors of their duties and responsibilities under the Act or the Regulations including (i) the invoicing of Specified Consumers in respect of the Clean Energy Adjustment and ancillary matters related thereto; (ii) the collection from Specified Consumers of amounts due in respect of such invoices and the remittance of such payments to the Servicer; (iii) the accuracy of any information provided by the Electricity Vendors; and (iv) any reporting by the Electricity Vendors, including the reporting to the Servicer of the total CEA Consumer Invoice Amounts invoiced by such Electricity Vendor to its Specified Consumers in respect of the Clean Energy Adjustment, the total Electricity Vendor CEA Collections received by such Electricity Vendor and the Issuer Share of Electricity Vendor CEA Collections received by such Electricity Vendor and any other reporting in the Electricity Vendor Billing Period Report.

(e) IESO is under no responsibility or obligation to ~~the Issuer~~**any Person** with respect to the nature or extent of the Issuer Investment Interest, the collectability of the Issuer Share of Servicer CEA Receipts or that the Issuer Share of Servicer CEA Receipts will be sufficient to satisfy the Issuer's Funding Obligations.

(f) IESO may rely in good faith on the advice of counsel or on any document of any kind, prima facie properly executed and submitted by any Person, respecting any matters arising under the MTSA.

(g) IESO shall have no liability or responsibility to any Person in respect of any forecasts or other information provided pursuant to the MTSA, provided only that such forecasts or other information has been prepared and provided in good faith.

(h) None of the directors, officers, employees or agents of IESO shall be liable to any Person for any action taken or for refraining from the taking of any action pursuant to the MTSA or this Acknowledgement and Indemnity Agreement or for good faith errors in judgment.

6. The Servicer and the Indenture Trustee shall execute and deliver, or cause to be executed and delivered, such instruments or further assurances as may be necessary or desirable to give effect to the provisions of this Acknowledgement and Indemnity Agreement.

7. This Acknowledgement and Indemnity Agreement may be amended in writing by the IESO and the Indenture Trustee, and with satisfaction of the Rating Agency Condition, such satisfaction to be confirmed by the Indenture Trustee at the time of such amendment. Promptly after the execution of any such amendment, the Indenture Trustee shall furnish copies of such amendment to each of the Rating Agencies.

8. This Acknowledgement and Indemnity Agreement shall enure to the benefit of and shall be binding upon the Servicer and the Indenture Indemnified Parties and their respective successors and assigns.

9. If one or more provision of this Acknowledgement and Indemnity Agreement is for any reason whatever held invalid, such provision will be deemed severable from the remaining covenants, agreements and provisions of this Acknowledgement and Indemnity Agreement and will in no way affect the validity or enforceability of such remaining provisions or the rights of any parties hereto.

10. This Acknowledgement and Indemnity Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

11. This Acknowledgement and Indemnity Agreement may be executed in counterparts, each of which when so executed shall be deemed to be an original and the counterparts together shall constitute one and the same instrument. Delivery of an executed signature page to this Acknowledgement and Indemnity Agreement by any party by electronic transmission will be as effective as delivery of a manually executed copy of this Acknowledgement and Indemnity Agreement by such party.

[Signature page follows.]

IN WITNESS WHEREOF the undersigned have executed this Acknowledgement and Indemnity Agreement as of ~~●,~~**December 21,** 2017.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

Name:

Title:

BNY TRUST COMPANY OF CANADA, in its capacity as Indenture Trustee of **FAIR HYDRO TRUST**, and not in its personal capacity

By: _____

Name:

Title:

By: _____

Name:

Title:

Document comparison by Workshare Compare on December-19-17 12:18:14 PM

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Document 1 ID	interwovenSite://INVENTORYS1/TorysAtWork/24543718/7
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Document 2 ID	interwovenSite://INVENTORYS1/TorysAtWork/24543718/8
Description	#24543718v8<TorysAtWork> - *Fair Hydro - IESO Acknowledgement and Indemnity Agreement
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Statistics:	
	Count
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Deletions	15
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Moved to	0
Style change	0
Format changed	0

Total changes	23

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of December [■], 2017

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust organized under the laws of the Province of Ontario (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of **December** [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council 1981/2017 (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust dated as of ■, **December 20,** 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Primary Obligations that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred. This Agreement sets out the terms and conditions of such protections and assurances.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A, and any other capitalized terms not defined herein shall have the meanings assigned to them in the Trust Indenture;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 Proof of Approved Obligations

The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Manager deems to be sufficient.

Each statement delivered by the Manager under Section 2.01(a)i shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and each of the parties hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Manager shall act diligently in the preparation of each such statement and shall provide the Indenture Trustee and the Province with all supporting computations and calculations used by the Manager to prepare each such statement promptly following a request therefor made by the Indenture Trustee or the Province.

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture as of the date of this Agreement.

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 2.01 or Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee, the Financing Entity, the Financing Entity Trustee, the Manager or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by

electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by,

an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee may deliver a written demand, substantially in the form attached as ~~[~~Exhibit A~~]~~ (a "**Payment Demand**"), to the Province requiring the Province to make payments in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in this Agreement. From and after such delivery of a Payment Demand, the Province shall make the following payments in respect of

the Approved Obligations (the "**Limited Guarantee**"), the Financing Entity shall pay, and the Province shall be entitled to be paid, the Subrogation Amounts specified below, and the following terms shall apply:

i. Not less than three (3) Business Days prior to each day when any payment or payments are to be made in respect of one or more Approved Obligations occurring after such delivery of a Payment Demand (each such day, a "**Guarantee Payment Date**"), the Manager shall deliver a written statement setting forth the Aggregate Approved Obligations Amount, if any, in respect of the Approved Obligations that are due and payable on such Guarantee Payment Date, together with a detailed description identifying such Approved Obligations and the nature and amount of payments due and payable thereunder on the Guarantee Payment Date, the aggregate outstanding amount payable by the Financing Entity under such Approved Obligations as of the date of such written statement, and details regarding any default in performance by any party obligated thereunder.

ii. On each such Guarantee Payment Date, the Province shall deposit the Aggregate Approved Obligations Amount into the Protection Account.

iii. On each such Guarantee Payment Date, the Financing Entity and the Indenture Trustee shall ensure that the amounts on deposit in the Protection Account are applied to pay each Beneficiary to whom an amount is due and payable under an Approved Obligation on the Guarantee Payment Date the Approved Obligation Amount for such Beneficiary in respect of such Approved Obligation on such Guarantee Payment Date; provided that if the amount deposited pursuant to clause 2.01(a)ii is insufficient to pay all such Approved Obligation Amounts in full, the amount on deposit in the Protection Account on the Guarantee Payment Date shall be applied to pay Beneficiaries in the order of priority in which such Approved Obligations are payable under the payment provisions of the Trust Indenture applicable to the making of such payments on the Guarantee Payment Date (each, a "**Beneficiary Payee**" and each payment made to a Beneficiary Payee on a Guarantee Payment Date, a "**Guarantee Payment**").

iv. On the first Guarantee Payment Date and on each subsequent Guarantee Payment Date, Payment Date or other day on which any amount is required to be paid in respect of any Obligations Secured under the Trust Indenture (a "**Subrogation Payment Date**"), the Issuer and the Indenture Trustee shall ensure that the applicable payment provisions of the Trust Indenture shall be applied and operate on the following basis:

(A) If such day is a Guarantee Payment Date, then for each Approved Obligation for which amounts are paid to a Beneficiary Payee on such day pursuant to clause 2.01(a)iii in respect of principal, interest or any other

amounts ("**Payable Approved Amounts**"), the amounts payable by the Financing Entity in respect of such amounts for such Approved Obligation shall be reduced by the respective amounts of such payments to the Beneficiary Payee, and equivalent amounts shall be payable by the Financing Entity to the Province as "**Subrogation Amounts**" in respect of such Approved Obligations, such Subrogation Amounts being payable in the same order of priority and with the same entitlements accruing to the Province as applied in respect of the related Payable Approved Amounts which were previously owing to the Beneficiary Payee, and to reflect this subrogation the payments set out in clause 2.01(a)iv(B) below shall be made by the Financing Entity.

(B) If the Province has made all deposits required to be made by it on each Guarantee Payment Date occurring on or before such day in accordance with clause 2.01(a)ii (or the related Approved Obligation Amounts have otherwise all been paid in full), then in respect of each Approved Obligation for which any related Subrogation Amounts have not yet been paid in full to the Province, the Financing Entity shall pay to the Province from amounts available under the Trust Indenture payment provisions and in accordance with the priority of payment provisions in the Trust Indenture the amount that would be payable on such date in satisfaction of the relevant Payable Approved Amounts, as determined without regard to any Guarantee Payment paid on any Guarantee Payment Date and also without regard to the corresponding reduction of the amounts owing to present and former Beneficiary Payees pursuant to subclause 2.01(a)iv(A) up to the amount of the unpaid related Subrogation Amounts.

(C) No Beneficiary having a right to be paid an amount in respect of an Approved Obligation, and no other Person entitled under an Obligation Secured, in each case that ranks equal with or subordinate to the Payable Approved Amount in respect of which a Subrogation Amount is payable to the Province under subclause 2.01(a)iv(B), shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under such subclause (including any right of set-off, offset, reimbursement, contribution or indemnity) and no such Beneficiary or other Person shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of any such Subrogation Amount.

(D) For greater certainty, the entitlements of the Province in respect of Subrogation Amounts arising in respect of Payable Approved Obligations that are interest and principal obligations on Notes shall be treated for all purposes of the Trust Indenture as interest and principal obligations, respectively, arising under Notes having the same priority as and any applicable voting rights under the related Approved Obligations, and accordingly the Province (and any successor, assignee or transferee of such entitlements) shall be entitled to all of the rights, entitlements, interests and privileges of a Holder of such a Notes in accordance with the Trust Indenture, as supplemented by the Supplemental Indenture or other indenture document under which the related Approved Obligations were issued.

(b) On each Guarantee Payment Date and upon demand by the Province, the Indenture Trustee shall release and pay to the Province free and clear of any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay Guarantee Payments to Beneficiary Payees on the Guarantee Payment Date in accordance with clause 2.01(a)iii or that otherwise remains on deposit in the Protection Account on the relevant date.

(c) In preparing any payment instructions under the Trust Indenture, the Manager shall reflect the amounts payable under Section 2.01(a), if applicable.

(d) The Province shall, as a payee of Subrogation Amounts under clause 2.01(a)iv(B) and as a payee of any amounts payable under clause 2.01(b), be a "Specified Creditor" under the Trust Indenture and have the benefit of the Collateral thereunder.

(e) For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the Approved Obligation Amounts, if any, for payment to Beneficiary Payees and will be subject to the priorities and to the Province's rights to Subrogation Amounts, set forth in Section 2.01(a).

(f) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(g) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation by their terms.

(h) Any amount payable to the Province in respect of a Subrogation Amount shall bear interest from and including the date of payment by the Province of the related Guarantee Payment to but excluding the date of payment of the Subrogation Amount to the Province, such interest to accrue at the rate equivalent to the applicable interest rate borne by the related Approved Obligation, and such interest amounts shall be added to their respective Subrogated Amounts and shall consequently be payable in the same priority as the relevant Subrogated Amount under clause 2.01(a)iv(B), all such accruing interest amounts to be calculated and added to the Subrogation Amounts by the Manager in its discretion acting in a commercially reasonable fashion.

(i) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under and in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any amount due and payable to a Beneficiary Payee under the Limited Guarantee.

2.02 Intentionally Deleted.

2.03 <u>Absence of Set-off</u>

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 <u>Payment into Protection Account in Satisfaction</u>

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account" for purposes of this Agreement.

~~Funds credited to the Protection Account will be invested and held in accordance with Section **[7.03]** of the Trust Indenture on the basis that it is an Issuer Account.~~

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Financing Entity and the Indenture Trustee shall ensure that all amounts paid by the Province into the Protection Account on a Guarantee Payment Date in respect of an Approved Obligation are applied to pay the amounts due and payable to the Beneficiary Payee as and to the extent provided for in Section 2.01(a). Upon a payment having been made by or on behalf of the Province into the Protection Account, the amounts so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiary Payee as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such Beneficiary Payee in respect of the applicable Approved Obligations, whereupon an affected Beneficiary Payee shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid. For greater certainty, the obligations arising in respect of an applicable Approved Obligation shall not be reduced by such payment as the Province shall become entitled to be paid related Subrogation Amounts and the rights contemplated under Section 2.01(a) and Section 5.01 in relation to such continuing obligations.

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations in accordance with Section 8.01.

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

Except in respect of any Primary Obligation to which the Limited Guarantee will not apply on or after a Suspension Notice is delivered in accordance with Section 7.02, a Primary Obligation that is not a Certified Primary Obligation shall be an Approved Obligation. A Certified Primary Obligation shall constitute an Approved Obligation if (i) the Adherence Conditions applicable thereto have been satisfied at the time the Primary Obligation was incurred or (ii) the Province, in its sole discretion, designates in writing that it is an Approved Obligation.

4.02 Adherence Conditions

(a) The following shall be the Adherence Conditions applicable in relation to each Certified Primary Obligation:

i. the Certified Primary Obligation when incurred is an Obligation Secured under the Trust Indenture; and

ii. OPG, as FSM, delivers an Adherence Compliance Certificate in the form attached hereto as Exhibit B signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee, on or before the incurrence of the Certified Primary Obligation (provided that delivery may not be more than 5 Business Days before the incurrence of the Certified Primary Obligation); and

iii. the Province has not provided a Suspension Notice to the Indenture Trustee, OPG and the Financing Entity.

(b) Without limiting any obligations of OPG to the Province arising other than pursuant to this Agreement, satisfaction of the Adherence Conditions for a Certified Primary Obligation shall be deemed satisfaction of the Adherence Conditions in respect of all principal, interest and other amounts owing under the Certified Primary Obligation, as such Certified Primary Obligation may be amended, restated, supplemented or modified from time to time.

(c) For greater certainty, there shall be no Adherence Conditions applicable in relation to a Primary Obligation that is not a Certified Primary Obligation.

4.03 Evidence of Satisfaction

An Adherence Compliance Certificate delivered in accordance with clause 4.02(a)ii shall be determinative as to whether the applicable Adherence Condition with respect thereto has been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same. An Adherence Compliance Certificate that purports on its face to be signed by officers specified in clause 4.02(a)ii may be relied upon by any addressee without further enquiry or evidence as to the incumbency or signatures of such officers. If an Adherence Compliance Certificate is not delivered in accordance with the timing requirements of clause 4.02(a)ii such certificate may be delivered at a later date, and be effective as if it had been delivered in accordance with the timing requirement of clause 4.02(a)ii if at the time such certificate was otherwise required to be delivered OPG had delivered to the Province all certifications required by the Province in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation.

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, and shall be entitled to (i) the right and entitlement to be paid and receive the related Subrogation Amounts, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any

further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including Sections [7.04] through [7.11] and [8.13] (Payment Priorities), Section [7.12] (Payments Held in Trust), Section [8.11] (Control by Controlling Class Creditors), Section [8.12] (Limitation on Suits), Section [8.14] (Limited Recourse), Article IX (The Indenture Trustee), including all limitations of liability thereunder, Section [9.14] (Communications to Specified Creditors) and Section [16.01] (No Petition); (ii) consents, requests and authorizes the Issuer and the Indenture Trustee to (x) add the Province to the register of Specified Creditors described in subsection [13.13~~(b)~~] of the Trust Indenture and (y) disseminate the notice details of the Province to other Specified Creditors for the purposes set out in subsection [9.14(b)] of the Trust Indenture, and (iii) confirms that it will execute and deliver, or cause to be executed and delivered, all such further agreements, documents and instruments in connection with this Section 5.01 as the Indenture Trustee may request from time to time for the purpose of giving effect to the terms of this Section 5.01.

5.02 Priorities

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation and the Payable Approved Amounts thereunder shall rank equally with the rights, interests and entitlements of a Beneficiary to whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture in the manner and to the extent contemplated in Section [7.10] of the Trust Indenture.

5.03 Intentionally Deleted

5.04 Representations and Warranties

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
INDENTURE TRUSTEE MATTERS

6.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

6.02 Not Responsible for Recitals

The recitals contained herein will be taken as the statements of the Province, the Financing Entity and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

6.03 Representations and Covenants of the Indenture Trustee

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Agreement and has taken all necessary action to authorize the execution, delivery and performance by it of this Agreement;

(c) this Agreement has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada. If, notwithstanding the provisions of this subsection 6.03(d), the Indenture Trustee ceases to be so authorized to carry on business, the validity and enforceability of this Agreement shall not be affected in any manner whatsoever by reason only of such event.

ARTICLE VII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

7.01 Suspension Notice

Upon:

(a) a Program Breach;

(b) a default in the performance, or breach, of any covenants of OPG, as FSM, or OPG, in its corporate capacity, in each case to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligation and the expiration of any applicable cure period;

(c) a representation or warranty made by OPG or a certification made by one or more officers of OPG, in each case whether as FSM or in its corporate capacity, to the Province in connection with its obligations to the Province and its internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligations, proves to be incorrect in any material respect on the date made and the expiration of any applicable cure period; or

(d) the FSM no longer being the Manager or actions having been taken by or on behalf of the Indenture Trustee to remove the FSM as the Manager;

the Province may deliver a written notice in the form of Exhibit C (a "**Suspension Notice**") to the Indenture Trustee, the FSM and the Financing Entity.

7.02 Suspension

If a Suspension Notice has been provided under Section 7.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of: (i) any Primary Obligation incurred, excluding Post-Suspension Refinancings, or (ii) any amendment of any Primary Obligation that has a Material Effect, unless otherwise agreed to by the Province, in each case, on or after the time such Suspension Notice is delivered.

7.03 Additional Right of the Province Regarding Post-Suspension Refinancings

Following the occurrence of a Suspension Event, the Limited Guarantee shall continue to apply in respect of any Post-Suspension Refinancing (for greater certainty, without regard to the satisfaction of any Adherence Conditions); provided that prior to the Financing Entity incurring any Primary Obligation constituting a Post-Suspension Refinancing, the Manager shall provide the Province with at least 30 days' notice of its intention to seek a Post-Suspension Refinancing and prior to incurrence, which notice shall describe the material covenants, events of default, representations and warranties and indemnities of the Financing Entity and other material terms, excluding financial terms, rates and levels, and that shall be in respect of the full amount of the amount becoming due and payable in respect of the applicable Primary Obligation less amounts otherwise available to the Financing Entity from other available or committed sources (the "**Proposal**"), and during such 30 day period the Province may, but is not obligated to, offer to fund such Post-Suspension Refinancing or arrange for another Person to fund such Post-Suspension Refinancing on the same terms as set out in the Proposal or on such other terms as may be considered by the Province to be not more onerous on the Financing Entity and that are acceptable on that basis to the Financing Entity, acting reasonably. If, within such 30-day period, the Province elects to offer to fund such Post-Suspension Refinancing as provided in the preceding sentence, the Manager shall accept such offer; however, if the Province does not elect to offer to fund such Post-Suspension Refinancing, the Manager shall cause the Financing Entity to incur Primary Obligations constituting such a Post-Suspension Refinancing on substantially the same terms (excluding, for greater certainty, any financial terms, rates or levels) as those set out in the Proposal if the Post-Suspension Refinancing can be completed by the Financing Entity in compliance with the Act, or on such other terms as would not have a Material Effect, without taking into account any financial terms, rates or levels.

7.04 No Impact on Adherence

For greater certainty, the occurrence of a Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event or in respect of any Post-Suspension Refinancing.

ARTICLE VIII
MISCELLANEOUS

8.01 Term of Agreement

This Agreement will continue until the later of: (a) the date that no amount is or may become due and payable by the Province under the Limited Guarantee and (b) the date that no amount is or may become due and payable to the Province in respect of any Subrogation Amount.

8.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust

700 University Avenue

Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: Manager, Corporate Trust
Fax: (416) 981-9777
Email: corporatetrust.toronto@computershare.com

(b) if to the FSM:

Ontario Power Generation Inc.

700 University Avenue

Toronto, Ontario M5G 1X6

Attention: General Counsel
Fax: (416) 592-4189

(c) if to the Province:

Ministry of Finance
7 Queen's Park Crescent, 7th Floor
Toronto, Ontario M7A 1Y7
Attention: Minister of Finance
~~[Address]~~

~~Attention: [■]~~
Fax: (416) ~~[■]~~
~~Email: [■]~~ **325-0374**
~~and~~

~~Minister of Energy~~

~~[Address]~~

~~Attention: [■]~~
~~Fax: (416) [■]~~
~~Email: [■]~~

~~With copies to:~~

- and -

~~Deputy Minister~~**Ministry** of Finance
~~[Address]~~

7 Queen's Park Crescent, 7th Floor
Toronto, Ontario M7A 1Y7
Attention: ~~[■]~~
~~Fax: (416) [■]~~
~~Email: [■]~~
~~and~~Deputy Minister of ~~Energy~~**Finance**

~~[Address]~~

Fax: (416) 325-1595

- and -

Ministry of Energy
Hearst Block 4th Floor, 900 Bay Street
Toronto, Ontario M7A 2E1
Attention: ~~[■]~~
Minister of Energy

Fax: (416) ~~[■]~~
~~Email: [■]~~**327-6754**

- and -

Ministry of Energy
Hearst Block 4th Floor, 900 Bay Street
Toronto, Ontario M7A 2E1
Attention: Deputy Minister
Fax: (416) 327-6755

(d) if to the Indenture Trustee:
~~[Address]~~

BNY Trust Company of Canada

One York Street, 6th Floor

Toronto, Ontario M5J 0B6

Attention: ~~[■]~~**Corporate Trust Administration**
Fax: (416) ~~[■]~~
~~Email: [■]~~**360-1711**

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 8.02.

8.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section 8.03 shall be null and void.

8.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

8.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

8.07 Notice to Rating Agencies

OPG, as FSM, shall deliver prompt written notice to the Rating Agencies of the occurrence of (i) a Protection Event; (ii) receipt of a Suspension Notice delivered by the Province pursuant to Section 7.01; and (iii) an assignment of this Agreement by any party pursuant to Section 8.03.

8.08 Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their benefits hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

8.09 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, IN ITS CAPACITY AS TRUSTEE OF FAIR HYDRO TRUST, AS ISSUER, BY ONTARIO POWER GENERATION INC., NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration of a funding obligation" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Compliance Certificate**" means a certificate in the form attached hereto as Exhibit B delivered by the FSM in accordance with Section 4.02(a)ii.

"**Adherence Conditions**", means, in respect of a Certified Primary Obligation, the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of a Guarantee Payment Date, the aggregate of the Approved Obligation Amounts for such Guarantee Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, for a Beneficiary in respect of an Approved Obligation under which an amount is due and payable on a Guarantee Payment Date:

(a) if no Acceleration has occurred in respect of any Obligation Secured on or before the Guarantee Payment Date, the amount due and payable to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation (for greater certainty, determined on the assumption that there are adequate amounts available under the applicable payment provisions of the Trust Indenture to pay in full all amounts referred to in such payment provisions that are due and payable on the Guarantee Payment Date); and

(b) if an Acceleration has occurred in respect of any Obligations Secured on or before the Guarantee Payment Date, the amount that would be available to be paid to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation under the applicable payment provisions of the Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with such applicable payment provisions of the Trust Indenture in respect of each relevant month during each Reference Period is equal to the estimated Finance Amount determined in respect of such Reference Period for purposes of section 15(1) of the Act (in effect on the date hereof), including section 6.1 of the General Regulation (in effect on the date hereof), divided by the number of months in such Reference Period.

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Beneficiary Payee**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Certified Primary Obligations**" means Primary Obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest, including any Refinancing, other than a Post-Suspension Refinancing or a Pre-Approved Refinancing, of such a Primary Obligation (for greater certainty, including, in the case of any Certified Primary Obligation permitting funding transactions pursuant to a Funding Obligation Agreement applicable to the Certified Primary Obligation, each individual borrowing or funding utilization thereunder), (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not any individual trade confirmation other than a trade confirmation that modifies or purports to override the express terms or conditions of the related Master Agreement, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and expected (as determined by the Manager, acting reasonably) aggregate payments by the Financing Entity thereunder during the term of such contract are or would be in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).

"**Change of Law Process Agreement**" means the change of law process agreement between the Province and OPG.

"**Change of Law Protection Agreement**" means this Agreement.

"**Declaration of Trust**" means the declaration of trust made as of [■],**December 20,** 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Executive Officer**" has the meaning ascribed to the term "executive officer" in National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators.

"**Fair Allocation Amount**" has the meaning ascribed to the term "fair allocation amount" in the Act as of the date of this Agreement.

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the first paragraph of this Agreement until a successor Financing Entity Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and the Declaration of Trust, and thereafter "Financing Entity Trustee" means and includes such Person.

"**Financing Plan**" has the meaning ascribed to the term "Financing Plan" in the Act as of the date of this Agreement.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Guarantee Payment**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Guarantee Payment Date**" has the meaning ascribed thereto in Section 2.01(a)i.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**Holder**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Liens**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(a).

"**Management Agreement**" means the management agreement dated [■],**December 20,** 2017 between the Manager and the Financing Entity, as amended, supplemented, restated or otherwise modified from time to time.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Agreement**" means an agreement in the form of a Master Agreement as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■],**December 21,** 2017 between the Financing Entity and IESO, as amended, supplemented, restated or otherwise modified from time to time.

"**Material Effect**" means a material adverse effect on the obligations or the rights of the Province under the Limited Guarantee that relates to, and in each case, differs in any material respect from the terms or conditions applicable to any other Transaction Document that forms part of the Reference Documentation at the relevant time, the following: (i) the timing of or circumstances under which Primary Obligations would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization) that, in each case, is inconsistent with the Fair Allocation Amount; (ii) the appointment, obligations or duties of OPG as the Manager; (iii) the existence, powers or authority of the Financing Entity or the Financing Entity Trustee; (iv) the obligations of the Indenture Trustee to or in respect of the Province as a Specified Creditor; (v) the payment provisions and associated priorities set forth in the Trust Indenture; (vi) compliance by the FSM with the then applicable Financing Plan; (vii) compliance by the FSM or the Financing Entity with the Act or the General Regulation; or (viii) the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of this Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation.

"**Notes**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Payable Approved Amounts**" has the meaning ascribed thereto in 2.01(a).

"**Payment Date**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, unlimited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Post-Suspension Refinancing**" means a Funding Obligation that is an Obligation Secured and that is incurred on or after the occurrence of a Suspension Event in compliance with the requirements of Section 7.03, as a Refinancing of one or more Series of Approved Obligations (including any Pre-Approved Refinancing incurred on or after the occurrence of a Suspension Event), in each case the proceeds of which, together with any other funds that may be available, are used solely for the purpose of paying in full such Series of Approved Obligations and any costs and expenses associated with such Refinancing.

"**Pre-Approved Refinancing**" means a Refinancing of a Certified Primary Obligation in respect of which the Province has, prior to the incurrence of such Certified Primary Obligation, agreed shall be an Approved Obligation, subject to compliance with such conditions and requirements as may be specified in such agreement.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account or Finance Reserve Account; and (ii) any obligation to pay the Financing Entity or on the Financing Entity's direction any remaining amounts in the Collection Account pursuant to the Trust Indenture.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are

appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that (X) adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations when due and payable, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any Finance Reserve Account, Capital Account or collateral posting account applicable under a Derivative Agreement, (ii) the availability of any credit enhancement agreement to which the Financing Entity is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in any of clauses (i) to (v) of this paragraph (a), or (Y) adversely affects the enforceability of, or adversely changes, the terms and conditions of this Agreement or of any of the agreements under which Approved Obligations arise; or

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations when due and payable and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Approved Obligations that have become due and payable, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any Finance Reserve Account, Capital Account or collateral posting account applicable under a Derivative Agreement, (ii) the availability of any credit enhancement agreement to which the Financing Entity is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in paragraph (b).

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency Condition" in

the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Reference Documentation**" has the meaning ascribed thereto in the Change of Law Process Agreement.

"**Reference Period**" has the meaning ascribed to the term "reference period" in the Act as of the date of this Agreement.

"**Refinancing**" has the meaning ascribed to the term "refinancing" in the Act as of the date of this Agreement, as more particularly described and given meaning in the General Regulation as of the date of this Agreement.

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Specified Creditor**" has the meaning ascribed thereto in the Trust Indenture on the date hereof.

"**Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(B).

"**Subrogation Payment Date**" has the meaning ascribed thereto in clause 2.01(a)iv.

"**Suspension Event**" has the meaning ascribed thereto in Section 7.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 7.01.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" has the meaning ascribed thereto in the Change of Law Process Agreement.

"**True-up Amount**" has the meaning ascribed to the term "true up amount" in the Act as of the date of this Agreement.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], **December 21,** 2017, as amended, supplemented, restated or otherwise modified from time to time.

EXHIBIT A
FORM OF PAYMENT DEMAND

TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

Reference is made to the Change of Law Protection Agreement dated **December** [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Pursuant to and in accordance with section 2.01(a) of the Change of the Law Protection Agreement, the Indenture Trustee hereby demands payment from the Province in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in the Change of Law Protection Agreement.

DATED as of the [■] day of [■], [■].

BNY TRUST COMPANY OF CANADA

By:
Name:
Title:

By:
Name:
Title:

EXHIBIT B
FORM OF ADHERENCE COMPLIANCE CERTIFICATE UNDER SECTION 4.02(a)

TO: **BNY TRUST COMPANY OF CANADA**, in its capacity as Indenture Trustee (the "**Indenture Trustee**") under the Master Trust Indenture dated as of December ●~~,~~**21,** 2017 between Fair Hydro Trust and the Indenture Trustee (the "**Master Trust Indenture**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province of Ontario, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust, Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Each of the undersigned, being the ●**[■]** and ●**[■]** of OPG acting in its capacity as FSM and holding the offices set forth under their names and signatures below, pursuant to and accordance with clause 4.02(a)ii of the Change of Law Protection Agreement, hereby certifies for and on behalf of OPG, in its capacity as Financial Services Manager, and not in such officer's personal capacity and intending that this certificate may be relied on by the addressees hereof without independent inquiry, that:

1. I have read and understand the provisions of the Change of Law Protection Agreement, the Master Trust Indenture and all other documents and materials necessary to enable me to deliver this certificate.
2. If the Certified Primary Obligation is a Refinancing, the proceeds of the Refinancing will be used solely for the purpose of repaying one or more Certified Primary Obligations in respect of which the Adherence Conditions in Subsection 4.02(a) of the Change of Law Protection Agreement had been satisfied, including one or more other Refinancings in respect of which the Adherence Conditions in Subsection 4.02(a) of the Change of Law Protection Agreement had been satisfied.
3. OPG has delivered to the Province a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate was provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation.

DATED as of the [■] day of [■], [■].

Name: [1]	Name:
Office:	Office:

[1] This certificate must be signed by two officers of OPG being either (i) the Chief Financial Officer and the Treasurer, or (ii) any two Executive Officers (as defined in the Change of Law Protection Agreement) of OPG.

EXHIBIT C
SUSPENSION NOTICE

TO: Ontario Power Generation Inc., in its capacity as Financial Services Manager

AND TO: Fair Hydro Trust

AND TO: Computershare Trust Company of Canada, in its capacity as trustee of Fair Hydro Trust

BNY Trust Company of Canada, as Indenture Trustee

AND TO:

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement. All references in this Suspension Notice to "Articles" or "Sections" refer to Articles or Sections of the Change of Law Protection Agreement.

The Province has a reasonable basis for concluding that an event described in clauses (a) to (d) of Section 7.01 has occurred. Pursuant to Section 7.01, the Province hereby declares that the Limited Guarantee shall hereby not apply in respect of (i) any Primary Obligation incurred, excluding Post-Suspension Refinancings or Pre-Approved Refinancings or (ii) any amendment of any Primary Obligation that has a Material Effect, unless otherwise agreed to by the Province, in each case, on or after delivery of this Suspension Notice.

This Suspension Notice is hereby delivered to the FSM, the Financing Entity and the Indenture Trustee in accordance with Section 8.02 of the Change of Law Protection Agreement.

* * * *

DATED as of the [■] day of [■], [■].

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

Document comparison by Workshare Compare on December-19-17 12:17:00 PM

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Document 1 ID	interwovenSite://INVENTORYS1/TorysAtWork/24626868/4
Description	#24626868v4<TorysAtWork> - *Fair Hydro -- Change of Law Protection Agreement
Document 2 ID	interwovenSite://INVENTORYS1/TorysAtWork/24626868/5
Description	#24626868v5<TorysAtWork> - *Fair Hydro -- Change of Law Protection Agreement
Rendering set	Firm_Standard

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

Statistics:	
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Deletions	79
Moved from	0
Moved to	0
Style change	0
Format changed	0

Total changes	128

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.

CHANGE OF LAW PROCESS AGREEMENT

Dated as of December [■], 2017

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**") is made and entered into as of **December** [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.

Pursuant to a Declaration of Trust dated as of ~~[■],~~**December 20,** 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the applicable Adherence Conditions.

Prior to entering into this Agreement, OPG provided the Province with the final forms of certain of the Transaction Documents, as described on Exhibit "A", and the Province has not objected to such forms and hereby confirms to OPG that such Transaction Documents will constitute "Reference Documentation" for purposes of this Agreement.

Prior to entering into this Agreement, OPG, as the FSM, provided the Minister of Energy, in compliance with the Act, with the initial Financing Plan, which includes the initial forecast (the "**Initial Forecast**") setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Obligations Secured to be incurred during the 24 month period from December 1, 2017 to November 30, 2019 (the "**Initial Forecast Period**"). Prior to entering into this Agreement, OPG provided the Province with the initial Protection Agreement Maximum (the "**Initial Protection Agreement Maximum**"). The Province has received the initial Financing Plan and has not disagreed with the Initial Forecast or the Initial Protection Agreement Maximum on the basis of an apparent inaccuracy in the Initial Forecast, an inconsistency between the Initial Forecast and the initial Financing Plan, or as a result of the Initial Protection Agreement Maximum being more than the Initial Forecast.

This Agreement sets out the obligations OPG has agreed to perform and assurances OPG has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the applicable Adherence Conditions have been satisfied and maintaining information related to the Program Agreements and the Approved Obligations.

All things necessary to make this Agreement a valid and legally binding agreement of OPG and the Province, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall"; the word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other

subdivisions of this Agreement as originally executed; the words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 References to the Financing Entity

For greater certainty, each reference to the Financing Entity shall be construed as a reference to the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.04 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.06 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby, and any material amendment **or waiver** of this Agreement will only be binding if the Rating Agency Condition has been satisfied. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF OPG

2.01 Deliveries to the Province

(a) OPG shall promptly deliver to the Province a copy of any proposed change to or replacement of the Financing Plan.

(b) Not less than 10 Business Days, or such lesser period as the Province may agree to in writing, prior to:

(i) any proposed material change in the terms or conditions applicable to a Primary Obligation in a previously provided Transaction Document becoming effective or otherwise being used; provided, however, that a proposed change in particular financial terms, rates or levels shall not constitute a material change, and

(ii) any additional, supplemental or replacement Transaction Document becoming effective or otherwise being used,

OPG shall deliver to the Province a copy of such proposed change to the Transaction Document and any such additional, supplemental or replacement Transaction Document.

(c) Without limiting Subsection 2.01(b), and except as has previously been provided to the Province under Subsection 2.01(b), promptly following (i) any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor being made, (ii) any new, additional, supplemental or replacement instruments, documents, agreements or security being used or granted in connection with all or any part of the Approved Obligations, or (iii) any waiver, release, reconveyance, termination, abandonment, subordination, exchange, substitution, transfer, compound, compromise, liquidation or enforcement of all or any part of the Approved Obligations or any security or guarantee therefor being effected, OPG shall deliver to the Province a detailed description of such event and the reasons for it together with any related documents, agreements and instruments.

(d) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, OPG shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations

(including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(e) Promptly upon request, OPG shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

2.02 Covenants

(a) OPG shall use commercially reasonable efforts to cause the Financing Entity to:

(i) punctually perform and observe all of the Financing Entity's obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not (unless waived in writing by the Province):

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement, replacement, waiver or consent could reasonably be considered to have a Material Effect; provided, however, that the foregoing does not apply to any supplement, amendment, modification, restatement, replacement, waiver or consent in respect of particular financial terms, rates or levels;

(B) extend, renew, compromise, novate, replace, suspend, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, liquidate or enforce the terms of all or any part of the Approved Obligations or any Collateral, if any such action could reasonably be considered to have a Material Effect; provided, however, that the foregoing does not apply to any such action taken in respect of particular financial terms, rates or levels; or

(C) permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired.

(b) If any action restricted pursuant to Section 2.02(a)(v) is reflected in a delivery required to be made by OPG to the Province pursuant to Section 2.01(b) and is not objected to by the Province under Section 3.04(b), the Province shall be deemed to have waived its rights in respect of such action under Section 2.02(a)(v).

(c) OPG shall:

(i) comply, and shall use commercially reasonable efforts to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

(ii) punctually perform and observe all of its (including as the FSM and as Manager) obligations and agreements contained in the Program Agreements;

(iii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation; and

(iv) notify the Province of (1) the occurrence of any Breach Event and any Program Breach, in each case within 2 Business Days of any such occurrence, and (2) any event or circumstance known to OPG that with the passage of time or the giving of notice would be a Breach Event or a Program Breach, in each case within 1 Business Day of OPG first becoming aware of such event or circumstance; and

(v) after the occurrence of any Protection Event (or any event or circumstance known to OPG that with the passage of time or the giving of notice would be a Protection Event), not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.

(d) The Province and OPG acknowledge that their obligations to each other under the Indemnity Agreement between the Province and OPG dated June 1, 2017 (as amended, the "**Indemnity Agreement**") are not amended by this Agreement and continue in full force and effect, notwithstanding that this Agreement is entered into subsequent to the Indemnity Agreement.

(e) The Province and OPG acknowledge that their obligations to each other under the Indemnity Agreement are not amended by the Change of Law Protection Agreement and continue in full force and effect, notwithstanding that the Change of Law Protection Agreement was entered into subsequent to the Indemnity Agreement.

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate

OPG shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Province, on or before the incurrence or any amendment of a Funding Obligation, other than any Funding Obligation under which not more than $5,000,000 in the aggregate may become payable by the Financing Entity (provided that delivery may not be more than 5 Business Days before the incurrence or amendment of the Funding Obligation), setting out the following with respect to such Funding Obligation:

(a) the material terms of the Funding Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a Derivative Agreement, OPG's best estimate of the expected notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

(b) if an existing Funding Obligation is proposed to be amended, material details respecting such amendment, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

(c) a statement to the effect that: (i) the Funding Obligation to be incurred or amended (1) will arise under terms and conditions that are Substantially in the Form of the Reference Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reference Documentation;

(d) a statement confirming that any disclosure made in respect of the Funding Obligation (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to the Funding Obligation) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement has been made available to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made;

(e) a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and

(f) confirmation that, at the time the Funding Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Funding Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the Protection Agreement Maximum applicable on the date that the Process Certificate is delivered; for clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be determined on the date the Process Certificate is delivered hereunder in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

3.02 Acknowledgement regarding delivery of certificate under Change of Law Protection Agreement

The Province acknowledges and agrees that, concurrent with the delivery of the Process Certificate pursuant to Section 3.01 of this Agreement, the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) are authorized to deliver the certificate referred to in Subsection 4.02(a)(ii) of the Change of Law Protection Agreement to the Indenture Trustee confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with adherence of the Limited Guarantee to the incurrence of the Certified Primary Obligations in respect of which the certificate in Subsection 4.02(a)(ii) of the Change of Law Protection Agreement is being delivered; provided that, upon receipt of a Suspension Notice under the Change of Law Protection Agreement, OPG covenants not to deliver any further certificates to the Indenture Trustee under Subsection 4.02(a)(ii) of the Change of Law Protection Agreement.

3.03 Acknowledgement regarding delivery of Suspension Notice

The parties acknowledge and agree that the Province is entitled to deliver a Suspension Notice under Section 7.01 of the Change of Law Protection Agreement if a Program Breach or Breach Event has occurred. The Province agrees not to deliver a Suspension Notice pursuant to Section 7.01 of the Change of Law Protection Agreement unless a Program Breach or a Breach Event has occurred.

3.04 Meaning of "Reference Documentation"

For the purposes of Subsection 3.01(c), the term "Reference Documentation" shall mean each Transaction Document that, at the relevant time:

(a) is a Transaction Document listed on Exhibit "A"; or

(b) is a Transaction Document (including any amended or amended and restated Transaction Document) provided to the Province in accordance with Subsection 2.01(b) that has not been objected to by the Province, by delivery of an objection notice in writing delivered to OPG, within 10 Business Days after it is provided to the Province; provided that the Province (i) shall only be entitled to deliver an objection notice if the Transaction Document (including any amended or amended and restated Transaction Document) has a Material Effect and (ii) shall not be entitled to deliver an objection notice in respect of any Post-Suspension Refinancing.

3.05 Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(c), the term "Substantially in the Form" shall mean:

(a) with respect to the Reference Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such Reference Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation that could have a Material Effect; provided, however, that the foregoing does not apply to any particular financial terms, rates or levels; and

(b) with respect to the Reference Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum

(a) Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Obligations Secured that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Obligations Secured to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast shall be

further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum, which may not exceed such Forecast.

(b) Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of any further Forecast and notice of the revised Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province may disagree with such further Forecast or revised Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in such further Forecast, (ii) the further Forecast is inconsistent with the Financing Plan, or (iii) the revised Protection Agreement Maximum is more than the further Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the revised Protection Agreement Maximum will be further revised accordingly and confirmed by an amended notice to the Province.

(c) For clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be valued at the time to be determined for the purposes of this Section 4.01 in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of OPG

OPG represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, may cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario and has the power and authority to enter into and perform its

obligations under this Agreement and all instruments and agreements delivered pursuant hereto.

(c) OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Financing Entity or in the ability of the Financing Entity to perform its obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

5.02 Representations and Warranties of the Province

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
BREACH EVENTS

6.01 Breach Events

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

(a) a default in the performance, or breach, by OPG of Section 2.01(b)(i), Section 2.02(~~b~~**c**)(iv) or Section 3.01;

(b) a default in the performance, or breach, of any other covenants of OPG under this Agreement (excluding Section 2.01(b)(i), Section 2.02(~~b~~**c**)(iv) and Section 3.01), which, if curable in a way such that the default or breach would not have or have had a ~~Material Effect~~**material adverse effect on the rights or interests of the Province under this Agreement or the Change of Law Protection Agreement**, is not so cured within thirty (30) days;

(c) any representation or warranty made by OPG in this Agreement, any certification made in a Process Certificate, or any certification made in a certificate contemplated by Subsection 4.02 of the Change of Law Protection Agreement, proves to be incorrect in a material respect on the date made and which, if curable in a way such that the incorrect representation or warranty may be remedied without ~~any Material Effect having occurred~~**having or having had a material**

adverse effect on the rights or interests of the Province under this Agreement or the Change of Law Protection Agreement as a result of the Province's reliance thereon, is not so cured within thirty (30) days; or

(d) OPG is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the Manager.

ARTICLE VII
MISCELLANEOUS

7.01 Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

7.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to OPG:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

(b) if to the Province:

~~Deputy Minister of Finance~~
~~[Address]~~
~~Attention: [■]~~
~~Fax: (416) [■]~~
~~Email: [■]~~

~~and~~

~~Deputy~~ Ministry of ~~Energy~~**Finance**
~~[Address]~~
7 Queen's Park Crescent, 7th Floor
Toronto, Ontario M7A 1Y7

Attention: ~~[■]~~**Minister of Finance**
Fax: (416) ~~[■]~~
~~Email: [■]~~**325-0374**

- and -

Ministry of Finance
7 Queen's Park Crescent, 7th Floor
Toronto, Ontario M7A 1Y7
Attention: Deputy Minister of Finance
Fax: (416) 325-1595

- and -

Ministry of Energy
Hearst Block 4th Floor, 900 Bay Street
Toronto, Ontario M7A 2E1
Attention: Minister of Energy
Fax: (416) 327-6754

- and -

Ministry of Energy
Hearst Block 4th Floor, 900 Bay Street
Toronto, Ontario M7A 2E1
Attention: Deputy Minister
Fax: (416) 327-6755

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 7.02.

7.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 7.03 shall be null and void.

7.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

7.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

7.06 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

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

By: _____

Name:
Title:

By: _____

Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Breach Event**" has the meaning ascribed thereto in Section 6.01.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated **December** [■], 2017 among the Province, the Financing Entity, OPG (as the FSM and the Manager) and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], **December 21,** 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

"**Fair Allocation Amount**" has the meaning ascribed to the term "fair allocation amount" in the Act as of the date of this Agreement.

"**Financing Entity**" means Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(a).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**IESO Security Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**Initial Forecast**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Initial Forecast Period**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Initial Protection Agreement Maximum**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated ~~[■],~~**December 21,** 2017 between the Financing Entity and IESO.

"**Material Effect**" means a material adverse effect on the obligations or the rights of the Province under the Limited Guarantee, the Change of Law Protection Agreement or this Agreement that relates to, and in each case, differs in any material respect from the terms or conditions applicable to any other Transaction Document that forms part of the Reference Documentation at the relevant time, the following: (i) the timing of or circumstances under which related payments would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization) that, in each case, is inconsistent with the Fair Allocation Amount; (ii) the appointment, obligations or duties of OPG as the Manager; (iii) the existence, powers or authority of the Financing Entity or the Financing Entity Trustee; (iv) the obligations of the Indenture Trustee to or in respect of the Province as a Specified Creditor; (v) the payment provisions and associated priorities set forth in the Trust Indenture; (vi) compliance by the FSM with the then applicable Financing Plan; (vii) compliance by the FSM or the Financing Entity with the Act or the General Regulation; or (viii) the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that

would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Protection Agreement Maximum**" means the dollar amount referenced as the Program Agreement Maximum and determined in accordance with Section ~~4.01.~~**4.01.**

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture.

"Rating Agency Condition" has the meaning ascribed thereto in the Trust Indenture.

"**Reference Documentation**" has the meaning ascribed thereto in Section 3.04.

"**Repayment**" has the meaning ascribed to the term "repayment" in the General Regulation as of the date of this Agreement.

"**Substantially in the Form**" has the meaning ascribed thereto in Section 3.05.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement; (vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to an ISDA Master Agreement governing derivative

transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that could affect the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of ~~[■],~~**December 21,** 2017.

EXHIBIT "A"
INITIAL REFERENCE DOCUMENTATION

- Declaration of Trust;
- Management Agreement;
- Master Transfer and Servicing Agreement;
- Acknowledgement and indemnity agreement dated as of ~~[■],~~**December 21,** 2017 made by IESO in favour of the Indenture Trustee;
- IESO Security Agreement;
- Trust Indenture;
- Warehouse Senior Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of ~~[■],~~**December 21,** 2017;
- Warehouse Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of ~~[■],~~**December 21,** 2017; and
- Warehouse Junior Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of ~~[■],~~**December 21,** 2017.

Document comparison by Workshare Compare on December-19-17 12:16:21 PM

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Description	#24622622v6<TorysAtWork> - *Fair Hydro -- Change of Law Process Agreement
Rendering set	Firm_Standard

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Moved to	
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Moved cell	
Split/Merged cell	
Padding cell	

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Moved to	0
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Format changed	0

Total changes	80

Draft Date: December 19, 2017

FAIR HYDRO TRUST

as Issuer

AND

BNY TRUST COMPANY OF CANADA

as Indenture Trustee

TRUST INDENTURE

DATED AS OF DECEMBER 21, 2017

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This **TRUST INDENTURE**, between **COMPUTERSHARE TRUST COMPANY OF CANADA** in its capacity as trustee of **FAIR HYDRO TRUST**, a trust formed under the laws of the Province of Ontario (the "**Issuer**"), and **BNY TRUST COMPANY OF CANADA**, a trust company existing under the laws of Canada, in its capacity as Indenture Trustee (the "**Indenture Trustee**"), is made and entered into as of December 21, 2017.

RECITALS OF THE ISSUER

The Issuer wishes to provide for the incurrence of Issuer Funding Obligations in one or more Classes, Series or Tranches.

All things necessary to make this Indenture a valid and legally binding agreement of the Issuer, in accordance with its terms, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Definitions

For all purposes of this Indenture and of any Supplemental Indenture, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms defined in Schedule A have the meanings assigned to them in Schedule A, and include the plural as well as the singular;

(b) all accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles (including the International Financial Reporting Standards published by the International Accounting Standards Board or the Accounting Standards Certification published by the Financial Accounting Standards Board (US GAAP)) and, except as otherwise herein expressly provided, the term "generally accepted accounting principles" with respect to any computation required or permitted hereunder means such accounting principles as are generally accepted in Canada or the United States at the date of such computation;

(c) unless the context otherwise requires, terms defined in the PPSA and not otherwise defined in this Indenture or a Supplemental Indenture shall have the meanings set forth in the PPSA;

(d) references to an agreement shall mean such agreement, as amended, modified, restated and supplemented from time to time in accordance with the provisions hereof;

(e) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(f) references to any law, rule, regulation or order of a Governmental Authority shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(g) references to any statute shall include all regulations promulgated thereunder;

(h) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(i) all references in this Indenture to designated "Articles", "Sections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Schedules, Exhibits and other subdivisions of this Indenture as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision;

(j) "including" and words of similar import will be deemed to be followed by "without limitation";

(k) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding"; and

(l) references to a specific rating by a Rating Agency shall mean such rating or the equivalent rating if such Rating Agency changes its rating scale.

1.02 <u>Compliance Certificates and Opinions</u>

Upon any application or request by the Issuer to the Indenture Trustee to take any action under any provision of this Indenture, the Issuer will furnish to the Indenture Trustee (i) an Issuer's Certificate stating that all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with, and (ii) an Opinion of Counsel stating that, in the opinion of such counsel, all such conditions precedent, if any, have been complied with, except that in the case of any such application or request as to which the furnishing of such documents are specifically required by any provision of this Indenture relating to such particular application or request, no additional certificate or opinion need be furnished.

The Indenture Trustee may rely, as to authorization by the Issuer of any Series or Tranche of Notes, the form and terms thereof and the legality, validity, binding effect and enforceability thereof, upon the Opinion of Counsel and the other documents delivered pursuant to Article V and this Section 1.02, as applicable, in connection with the authentication of Notes of such Series or Tranche.

Every certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture (except for the written statement required by Section 13.10) will include:

(a) a statement that each individual signing such certificate or opinion has read such covenant or condition and the definitions herein relating thereto;

(b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(c) a statement that such individual has made such examination or investigation as is necessary to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(d) a statement as to whether, in the opinion of each such individual, such condition or covenant has been complied with.

1.03 Form of Documents Delivered to Indenture Trustee

In any case where several matters are required to be certified by, or covered by an opinion of, one or more specified Persons, one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to the other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

Any certificate or opinion of the Issuer may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless the Issuer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations are erroneous. Any such certificate or opinion of, or representation by, counsel may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, the Issuer stating that the information with respect to such factual matters is in the possession of the Issuer, unless such counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations are erroneous.

Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

1.04 Actions by Noteholders

(a) Any request, demand, authorization, direction, notice, consent, resolution, waiver or other action (collectively, an "**Action**") provided by this Indenture to be given or taken by Noteholders of any Class, Series or Tranche may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Noteholders in person or by an agent duly appointed in writing. In addition, any Action provided by this Indenture to be given or taken by such Noteholders may, alternatively, be embodied in and evidenced by the record of such Noteholders voting in favor thereof, either in person or by proxies duly appointed in writing, at any meeting of Noteholders duly called and held in accordance with the provisions

of Article X or a combination of such instruments and any such record. Except as herein otherwise expressly provided, such Action will become effective when such instrument or instruments or record are delivered to the Indenture Trustee, and, where it is hereby expressly required, to the Issuer. Proof of execution of any such instrument or of a writing appointing any such agent, or the holding by any Person of a Note, will be sufficient for any purpose of this Indenture and (subject to Section 9.01) conclusive in favor of the Indenture Trustee and the Issuer, if made in the manner provided in this Section 1.04. The record of any meeting of Noteholders shall be proved in the manner provided in Article X.

(b) The fact and date of the execution of any such instrument or writing, or the authority of the person executing the same, may be proved in any manner which the Indenture Trustee deems sufficient.

(c) (i) The ownership of Registered Notes will be proved by the Note Register.

(ii) The ownership of Bearer Notes or coupons will be proved by the production of such Bearer Notes or coupons or by a certificate, satisfactory to the Issuer and the Indenture Trustee, executed, as depositary, by any bank, trust company, recognized securities dealer, as depositary, wherever situated, satisfactory to the Issuer. Each such certificate will be dated and will state that on the date thereof a Bearer Note or coupon bearing a specified serial number was deposited with or exhibited to such bank, trust company or recognized securities dealer by the Person named in such certificate. Any such certificate may be issued in respect of one or more Bearer Notes or coupons specified therein. The holding by the Person named in any such certificate of any Bearer Note specified therein will be presumed to continue for a period of one year from the date of such certificate unless at the time of any determination of such holding (A) another certificate bearing a later date is issued in respect of the same Bearer Note or coupon produced, (B) the Bearer Note or coupon specified in such certificate is produced by some other Person or (C) the Bearer Note or coupon specified in such certificate has ceased to be Outstanding.

(d) The fact and date of execution of any such instrument or writing, the authority of the Person executing the same and the principal amount and serial numbers of Bearer Notes held by the Person so executing such instrument or writing and the date of holding the same may also be proved in any other manner which the Indenture Trustee deems sufficient; and the Indenture Trustee may in any instance require further proof with respect to any of the matters referred to in this Section 1.04.

(e) If the Issuer will solicit from the Noteholders any Action, the Issuer may, at its option, by an Issuer Certificate, fix in advance a record date for the determination of Noteholders entitled to give such Action, but the Issuer will have no obligation to do so. If the Issuer does not so fix a record date, such record date will be the later of 30 days before the first solicitation of such Action or the date of the most recent

list of Noteholders furnished to the Indenture Trustee pursuant to Section 13.13 before such solicitation. Such Action may be given before or after the record date, but only the Noteholders of record at the close of business on the record date will be deemed to be Noteholders for the purposes of determining whether Noteholders of the requisite proportion of Outstanding Notes have authorized or agreed or consented to such Action, and for that purpose the Outstanding Notes will be computed as of the record date; provided that no such authorization, agreement or consent by the Noteholders on the record date will be deemed effective unless it will become effective pursuant to the provisions of this Indenture not later than six (6) months after the record date.

(f) Any Action by a Noteholder will bind the holder of every Note issued upon the transfer thereof or in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Indenture Trustee or the Issuer in reliance thereon whether or not notation of such Action is made upon such Note.

(g) Without limiting the foregoing, a Noteholder entitled hereunder to take any Action hereunder with regard to any particular Note may do so with regard to all or any part of the principal amount of such Note or by one or more duly appointed agents each of which may do so pursuant to such appointment with regard to all or any part of such principal amount. Any notice given or Action taken by a Noteholder or its agents with regard to different parts of such principal amount pursuant to this paragraph shall have the same effect as if given or taken by separate Noteholders of each such different part.

(h) Without limiting the generality of the foregoing, unless otherwise specified pursuant to one or more Supplemental Indentures, a Noteholder, including a Depository that is the holder of a Global Note, may make, give or take, by a proxy or proxies duly appointed in writing, any Action provided in this Indenture to be made, given or taken by Noteholders, and a Depository that is the holder of a Global Note may provide its proxy or proxies to the beneficial owners of interests in or security entitlements to any such Global Note through such Depository's standing instructions and customary practices.

(i) The Issuer may fix a record date for the purpose of determining the Persons who are beneficial owners of interests in or security entitlements to any Global Note held by a Depository entitled under the procedures of such Depository to make, give or take, by a proxy or proxies duly appointed in writing, any Action provided in this Indenture to be made, given or taken by Noteholders. If such a record date is fixed, the Noteholders on such record date or their duly appointed proxy or proxies, and only such Persons, shall be entitled to make, give or take such Action, whether or not such Noteholders remain Noteholders after such record date. No such Action shall be valid or effective if made, given or taken more than six (6) months after such record date.

1.05 Actions of Lenders

Any Action provided by this Indenture to be given or taken by any Lender or group of Lenders may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Lender(s) in person or an agent duly appointed in writing. Proof of execution of any such instrument or of a writing appointing any such agent will be sufficient for any purpose of this Indenture and (subject to Section 9.01) conclusive in favour of the Indenture Trustee and the Issuer, if made in the manner provided in Section 1.04(b).

1.06 Effect of Headings and Table of Contents

The Article and Section headings herein and the Table of Contents are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Indenture by the Issuer will bind its successors and assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee in this Indenture shall bind its successors, co-trustees and agents of the Indenture Trustee.

1.08 Severability

In case any provision in this Indenture or in the Notes will be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions will not in any way be affected or impaired thereby.

1.09 Governing Law

THIS INDENTURE WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS. EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS INDENTURE. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS INDENTURE.

1.10 Counterparts

This Indenture may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument.

1.11 Indenture Referred to in the Declaration of Trust and the Master Transfer and Servicing Agreement

This is the Indenture referred to in the Declaration of Trust and the Master Transfer and Servicing Agreement.

1.12 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, in each case on a day other than a Business Day, then (notwithstanding any other provision of the Notes or this Indenture) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.13 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Indenture that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Indenture or the Notes, and (ii) the rates of interest stipulated in this Indenture or the Notes are intended to be nominal rates and not effective rates or yields.

1.14 Currency

Unless stated otherwise, all amounts herein are stated in Dollars.

1.15 References to Acts of the Issuer

For greater certainty, where any reference is made in this Indenture, or in any other instrument executed pursuant hereto or contemplated hereby to which the Issuer or the Issuer Trustee, as trustee of the Issuer, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Issuer) by or with respect to (i) the Issuer or (ii) the Issuer Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Issuer) by or with respect to, the Issuer Trustee as trustee of the Issuer.

1.16 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in this Indenture), it is necessary to convert any amount due under this Indenture from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Issuer in respect of any Original Currency due from it to the Indenture Trustee under this Indenture shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Indenture in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Issuer shall indemnify the Indenture Trustee against such loss.

(b) The term "**rate of exchange**" in this Section 1.16 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

1.17 Obligations in a Foreign Currency

Unless otherwise specified in a Related Funding Obligation Agreement with respect to a particular Series or Tranche of Issuer Funding Obligations, whenever for purposes of this Indenture any Action may be taken by the Debtholders of a specified percentage of Outstanding Dollar Principal Amount of Issuer Funding Obligations and, at such time, there are outstanding Issuer Funding Obligations of any relevant Series which are denominated in a Foreign Currency, then the principal amount of the Issuer Funding Obligations of such Series which shall be deemed to be outstanding for the purpose of taking such Action shall be the amount of Dollars which could be obtained for such principal amount at the Market Exchange Rate on the applicable Record Date, or if no such Record Date shall have been established, on the date that the taking of such Action shall be authorized by Debtholders of the applicable Series.

ARTICLE II
COLLATERAL

2.01 Security for Obligations Secured

As security for the due payment of all Obligations Secured including, without limitation, all principal of and interest, if any, on the Notes from time to time issued and certified under this Indenture and on any Borrowings, and the performance by the Issuer of all of the obligations of the Issuer in relation thereto, the Issuer hereby:

(a) mortgages, charges, pledges, grants, transfers, assigns, hypothecates and sets over unto the Indenture Trustee, for the benefit and security of the applicable Specified Creditors and the Indenture Trustee, in its individual capacity, as and by way of a fixed and specific mortgage, assignment, pledge, hypothec and charge and grants to the Indenture Trustee for the benefit and security of the applicable Specified Creditors and the Indenture Trustee, in its individual capacity, a security interest in all of its right, title and interest, whether now owned or hereafter acquired, in and to the following:

(i) the Issuer Investment Interest;

(ii) each Issuer Account (including all Sub-Accounts of each Issuer Account);

(iii) all Eligible Investments and all investment property, money and other property held in the Issuer Accounts (including any Sub-Accounts of each Issuer Account);

(iv) all rights, benefits and powers of the Issuer under any Program Agreement;

(v) all rights, benefits and powers of the Issuer under the Act;

(vi) all present and future claims, demands, causes of and choses in action in respect of any of the foregoing and all interest, principal, payments and distributions of any nature or type on any of the foregoing;

(vii) all accounts, general intangibles, chattel paper, instruments, documents, goods, money, investment property, deposit accounts, letters of credit and letter-of-credit rights consisting of, arising from, or relating to any of the foregoing;

(viii) all debts, accounts, claims, monies and choses in action due or to become due with respect to all of the foregoing and also all securities, bills, notes, evidences of deposits of money, and other documents now held or owned or which may be hereafter taken, held or owned by the Issuer, or anyone on behalf of the Issuer, and all renewals thereof, accretions thereto, substitutions therefor and all interest, income and revenue arising therefrom or by virtue thereof;

(ix) all amounts received with respect to all of the foregoing; and

(x) all proceeds of the foregoing; and

(b) mortgages, charges, pledges, grants, transfers, assigns, hypothecates and sets over unto the Indenture Trustee, for the benefit and security of the Specified Creditors and the Indenture Trustee, in its individual capacity, a floating charge over, and grants to the Indenture Trustee for the benefit and security of the Specified Creditors and the Indenture Trustee, in its individual capacity, a security interest in

all of the property, assets and undertaking now owned or hereafter acquired by the Issuer.

The property described in the preceding sentence is collectively referred to as the "**Collateral**".

The Indenture Trustee acknowledges the grant of such Security Interest, and accepts the Collateral in trust hereunder in accordance with the provisions hereof and agrees to perform the duties herein such that the interests of the Specified Creditors may be adequately and effectively protected.

To have and to hold the Collateral and all rights hereby conferred unto the Indenture Trustee, its successors and assigns forever but in trust nevertheless for the benefit of the Specified Creditors, including the Indenture Trustee, in its individual capacity, and for the uses and purposes and subject to the terms and conditions herein set forth.

The Issuer acknowledges that value has been given and that the security granted shall attach and be effective on the date of execution of this Indenture and when the Issuer has rights in the Collateral, whether or not the monies and the Notes or any other evidence of Obligations Secured or any part thereof hereby secured or intended to be hereby secured shall be advanced or issued before or after or upon the date of the execution of this Indenture.

2.02 <u>Recording, Etc.</u>

(a) The Issuer intends the Security Interest granted pursuant to this Indenture in favor of the Indenture Trustee to be prior to all other Liens in respect of the Collateral. The Issuer will take all actions necessary to maintain a perfected Lien on the Collateral in favor of the Indenture Trustee.

(b) The Indenture Trustee shall hold each item of the Collateral separate and apart from all other property held by the Indenture Trustee.

(c) The Issuer will from time to time execute, authorize and deliver all such supplements and amendments hereto and all such financing statements, amendments thereto, instruments of further assurance and other instruments, all as prepared by the Issuer, and will take such other action necessary or advisable to:

(i) grant the Security Interest more effectively in all or any portion of the Collateral;

(ii) maintain or preserve the Security Interest (and the priority thereof) or carry out more effectively the purposes hereof;

(iii) perfect, publish notice of or protect the validity of any grant made or to be made by this Indenture;

(iv) enforce its rights under the Investment Asset, any Program Agreement to which it is a party and each other instrument or agreement designated for inclusion in the Collateral;

(v) preserve and defend title to the Collateral and the rights of the Indenture Trustee in the Collateral against the claims of all Persons; or

(vi) pay all Taxes levied or assessed upon the Collateral when due.

(d) The Issuer will from time to time promptly pay and discharge all PPSA recording and filing fees, charges and Taxes relating to this Indenture, any amendments hereto and any other instruments of further assurance.

(e) Without limiting the generality of subsection 2.02(c) or (d):

(i) The Issuer will cause this Indenture, all amendments and supplements hereto and all financing statements and all amendments to such financing statements and any other necessary documents covering the Indenture Trustee's right, title and interest in and to the Collateral to be promptly recorded, registered and filed, and at all times to be kept recorded, registered and filed, all in such manner and in such places as may be required by applicable law to fully preserve and protect the right, title and interest of the Indenture Trustee in and to all property comprising the Collateral. The Issuer will deliver to the Indenture Trustee file-stamped copies of, or filing receipts for, any document recorded, registered or filed as provided above, as soon as available following such recording, registration or filing. The Issuer hereby authorizes the filing of financing statements (and amendments of financing statements) that name the Issuer as debtor and the Indenture Trustee as secured party and that cover all personal property of the Issuer. The Issuer also hereby ratifies the filing of any such financing statements (or amendments of financing statements) that were filed prior to the execution hereof.

(ii) The Issuer shall not change its name, its jurisdiction of formation or its type of organization unless it has provided the Indenture Trustee and each Rating Agency with 30 days prior written notice and it has first (A) made all filings and taken all actions in all relevant jurisdictions under the PPSA and other applicable law as are necessary to continue and maintain the first priority perfected Security Interest of the Indenture Trustee in the Collateral, and (B) delivered to the Indenture Trustee (with a copy to each Rating Agency) an Opinion of Counsel to the effect that all necessary filings have been made under the PPSA (and where applicable, the equivalent thereof) in all relevant jurisdictions as are necessary to continue and maintain the first priority perfected Security Interest of the Indenture Trustee in the Collateral.

2.03 Use of Collateral

Subject to the express terms of this Indenture, until the Issuer Funding Obligations have become due and payable pursuant to Section 8.02, the Issuer will be permitted to possess and use the Collateral in connection with the activities of the Issuer, including, without limitation, the right to (a) exercise all of its rights and perform all of its obligations under each Program Agreement without consultation with or the consent of the Indenture Trustee, and (b) use the funds in any Issuer Account for any purpose not in violation of this Indenture or the Program Agreements.

2.04 Suits to Protect the Collateral

Subject to the provisions of this Indenture, the Indenture Trustee will have the power to institute and to maintain such suits and proceedings as it may deem expedient to prevent any impairment of the Collateral by any acts which may be unlawful or in violation of this Indenture, and such suits and proceedings as the Indenture Trustee may deem expedient to preserve or protect the interests of the Specified Creditors and the interests of the Indenture Trustee in the Collateral (including the power to institute and maintain suits or proceedings to restrain the enforcement of, or compliance with, any legislative or other governmental enactment, rule or order that may be unconstitutional or otherwise invalid if the enforcement of, or compliance with, such enactment, rule or order would impair the Security Interest or be prejudicial to the interests of the Specified Creditors or the Indenture Trustee).

2.05 Purchaser Protected

In no event will any purchaser in good faith of any property purported to be released hereunder be bound to ascertain the authority of the Indenture Trustee to execute the release or to inquire as to the satisfaction of any conditions required by the provisions hereof for the exercise of such authority or to see to the application of any consideration given by such purchaser or other transferee; nor will any purchaser or other transferee of any property or rights permitted by this Article II to be sold be under any obligation to ascertain or inquire into the authority of the Issuer to make any such sale or other transfer.

2.06 Powers Exercisable by Receiver or Indenture Trustee

In case the Collateral shall be in the possession of a receiver or trustee lawfully appointed, the powers conferred in this Article II upon the Issuer with respect to the release, sale or other disposition of such property may be exercised by such receiver or trustee, and an instrument signed by such receiver or trustee shall be deemed the equivalent of any similar instrument of the Issuer or of any officer or officers thereof required by the provisions of this Article II.

2.07 Determinations Relating to Collateral

In the event (i) the Indenture Trustee shall receive any written request from the Issuer for consent or approval with respect to any matter or thing relating to any Collateral or the Issuer's obligations with respect thereto, (ii) there shall be due to or from the Indenture Trustee under the provisions hereof any performance or the delivery of any instrument, or (iii) the Indenture Trustee shall become aware of any nonperformance by the Issuer of any covenant or any breach of any representation or warranty of the Issuer set forth in this Indenture, then, in each such event, the

Indenture Trustee shall be entitled to hire experts, consultants, agents and attorneys to advise the Indenture Trustee on the manner in which the Indenture Trustee should respond to such request or render any requested performance or response to such nonperformance or breach (the expenses of which will be reimbursed to the Indenture Trustee pursuant to Section 9.05). The Indenture Trustee will be fully protected in the taking of any action recommended or approved by any such expert, consultant, agent or attorney, or agreed to by Extraordinary Resolution.

2.08 Satisfaction and Discharge of Indenture

(a) The Issuer may at any time, for the purpose of obtaining the satisfaction and discharge of this Indenture with respect to any Class, Series or Tranche of Issuer Funding Obligations or for any other purpose, pay, or by an Issuer Certificate direct any Paying Agent to pay, to the Indenture Trustee all sums held in trust by the Issuer or such Paying Agent in respect of each and every Class, Series or Tranche of Issuer Funding Obligations as to which it seeks to discharge this Indenture or, if for any other purpose, all sums so held in trust by the Issuer in respect of all Issuer Funding Obligations, such sums to be held by the Indenture Trustee upon the same trusts as those upon which such sums were held by the Issuer or such Paying Agent; and, upon such payment by any Paying Agent to the Indenture Trustee, such Paying Agent will be released from all further liability with respect to such money.

(b) This Indenture will cease to be of further effect with respect to any Class, Series or Tranche of Issuer Funding Obligations (except as to any surviving rights of transfer or exchange of Notes of that Class, Series or Tranche expressly provided for herein or in any form of Note for that Class, Series or Tranche), and the Indenture Trustee, on demand of and at the expense of the Issuer, will execute proper instruments acknowledging satisfaction and discharge of this Indenture as to that Class, Series or Tranche, when:

(i) (A) in the case of Notes, all Notes of that Class, Series or Tranche theretofore Outstanding (other than (x) Notes of that Class, Series or Tranche which have been destroyed, lost or stolen and which have been replaced or paid as provided in Section 16.05(b), and (y) Notes of that Class, Series or Tranche for whose payment money has theretofore been deposited in trust or segregated and held in trust by the Issuer and thereafter repaid to the Issuer or discharged from that trust, as provided in Section 16.05(b)) have been delivered to the Indenture Trustee for cancellation or been cancelled, or (B) in the case of all other Issuer Funding Obligations, all Issuer Funding Obligations of that Class, Series or Tranche have been paid in full, as certified by the Issuer to the Indenture Trustee;

(ii) the Issuer has paid or caused to be paid all other sums payable under the Indenture (including payments to the Indenture Trustee pursuant to Section 9.05) by the Issuer with respect to the Issuer Funding Obligations of that Class, Series or Tranche; and

(iii) the Issuer has delivered to the Indenture Trustee an Issuer Certificate and an Opinion of Counsel each stating that all conditions precedent herein provided for relating to the satisfaction and discharge of this Indenture with respect to the Issuer Funding Obligations of that Class, Series or Tranche have been complied with.

Notwithstanding the satisfaction and discharge of this Indenture with respect to any Class, Series or Tranche of Issuer Funding Obligations, the obligations of the Issuer to the Indenture Trustee with respect to that Class, Series or Tranche of Issuer Funding Obligations under Section 9.05 and the obligations of the Indenture Trustee under Sections 7.13 and 16.05(b) will survive such satisfaction and discharge.

(c) This Indenture will cease to be of further effect, and the Indenture Trustee, on demand of and at the expense of the Issuer, will execute proper instruments acknowledging satisfaction and discharge of this Indenture, when all Issuer Funding Obligations have been satisfied and discharged in accordance with clause (b) and all other Obligations Secured have been paid in full, as certified by the Issuer to the Indenture Trustee.

2.09 <u>Release of all Collateral</u>

(a) Subject to the payment of its fees and expenses pursuant to Section 9.05, the Indenture Trustee shall, at the request of the Issuer or when otherwise required by the provisions of this Indenture, execute instruments to release Collateral from the Security Interest of this Indenture, or convey the Indenture Trustee's interest (which is held by the Indenture Trustee for the benefit of the Specified Creditors) in the same, in a manner and under circumstances which are not inconsistent with the provisions of this Indenture. No party relying upon an instrument executed by the Indenture Trustee as provided in this Article II will be bound to ascertain the Indenture Trustee's authority, inquire into the satisfaction of any conditions precedent or see to the application of any funds.

(b) Upon delivery of an Officer's Certificate of the Issuer certifying that all Issuer Funding Obligations and all other Obligations Secured have been satisfied and discharged by complying with the provisions of Section 2.08 and all applicable Program Agreements, the Indenture Trustee shall execute and deliver such releases, termination statements and other instruments (in recordable form, where appropriate) as the Issuer may reasonably request evidencing the termination of the Security Interest created by this Indenture.

(c) The Issuer and the Specified Creditors shall be entitled to receive at least 10 days' written notice when the Indenture Trustee proposes to take any action pursuant to clause (a), accompanied by copies of any instruments involved, and the Indenture Trustee shall also be entitled to require, as a condition to such action, an Opinion of Counsel, stating the legal effect of any such action, outlining the steps required to complete the same, and concluding that all conditions precedent to the taking of

such action have been complied with. Counsel rendering any such opinion may rely, without independent investigation, on the accuracy and validity of any certificate or other instrument delivered to the Indenture Trustee in connection with any such action.

2.10 Certain Commercial Law Representations and Warranties

The Issuer hereby makes the following representations and warranties. Such representations and warranties shall survive until the termination of this Indenture. Such representations and warranties speak of the date that a Lien in the Collateral is granted to the Indenture Trustee and shall not be waived by any of the parties to this Indenture unless the Rating Agency Condition is satisfied.

(a) This Indenture constitutes the grant of a first priority perfected Lien by the Issuer to the Indenture Trustee in the Collateral which, in the case of the existing Collateral and the proceeds thereof, is enforceable upon execution and delivery of this Indenture or, with respect to after-acquired property, as of the date such property is acquired, and which will be enforceable with respect to the Collateral hereafter and thereafter created and the proceeds thereof upon such creation. Upon the filing of the assignments, financing statements and continuation statements (and other documents where applicable) and, in the case of after-acquired Collateral and the proceeds thereof, upon its creation, the Indenture Trustee shall have a first priority perfected Lien in such property and proceeds.

(b) At the time of its grant of any Lien in the Collateral pursuant to this Indenture, the Issuer owned and had good and marketable title to such Collateral free and clear of any Lien of any other Person (other than Permitted Liens).

(c) The Issuer has caused the filing of all appropriate financing statements in the proper filing office in the Province of Ontario under applicable law in order to perfect the Security Interest.

(d) Other than the Security Interest, the Issuer has not pledged, assigned, sold, granted a Lien in, or otherwise conveyed, the Collateral. The Issuer has not authorized the filing of and is not aware of any financing statements against the Issuer that include a description of the Collateral other than any financing statement relating to the Security Interest or that has been terminated. The Issuer is not aware of any judgment or Tax lien filings against the Issuer.

ARTICLE III
NOTE FORMS

3.01 Forms Generally

The Notes will have such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture or the Related Supplemental Indenture and may have such letters, numbers or other marks of identification and such legends or endorsements placed thereon, as may be required to comply with applicable laws or regulations or

with the rules of any securities exchange, or as may, consistently herewith, be determined by the Issuer, as evidenced by the Issuer's execution of such Notes. Any portion of the text of any Note may be set forth on the reverse thereof, with an appropriate reference thereto on the face of the Note.

Definitive Notes will be typewritten, printed, lithographed or engraved or produced by any combination of these methods (with or without steel engraved borders) or may be produced in any other manner, all as determined by the Issuer, as evidenced by the Issuer's execution of such Notes, subject, with respect to the Notes of any Class, Series or Tranche, to the rules of any securities exchange on which such Notes are listed.

3.02 Forms of Notes

Before the delivery of a Note to the Indenture Trustee for authentication, the Issuer will deliver to the Indenture Trustee the Issuer Certificate by or pursuant to which such form of Note has been approved, which Issuer Certificate will have attached thereto a true and correct copy of the form of Note which has been approved thereby or, if an Issuer Certificate authorizes a specific officer or officers of the Manager to approve a form of Note, a certificate of such officer or officers approving the form of Note attached thereto. Any form of Note approved by or pursuant to an Issuer Certificate must be acceptable as to form to the Indenture Trustee, such acceptance to be evidenced by the Indenture Trustee's authentication of Notes in that form or a certificate signed by a Responsible Officer of the Indenture Trustee and delivered to the Issuer.

3.03 Form of Indenture Trustee's Certificate of Authentication

The form of Indenture Trustee's Certificate of Authentication for any Note issued pursuant to this Indenture will be substantially as follows:

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Notes of the Class, Series or Tranche designated therein referred to in the within-mentioned Indenture.

BNY TRUST COMPANY OF CANADA, as Indenture Trustee

By: _____

Authorized Signatory

Dated: _____

3.04 Notes Issuable in the Form of a Global Note

(a) If the Issuer establishes that the Notes of a particular Class, Series or Tranche are to be issued in whole or in part in the form of one or more Global Notes, then the Issuer will execute and the Indenture Trustee or its agent will, in accordance with

Section 4.03 and the Issuer Certificate delivered to the Indenture Trustee or its agent thereunder, authenticate and deliver, such Global Note or Global Notes, which, unless otherwise provided in the Related Supplemental Indenture (i) will represent, and will be denominated in an amount equal to the aggregate Stated Principal Amount (or in the case of Discount Notes, the aggregate Stated Principal Amount at the Principal Payment Date of such Notes) of the Outstanding Notes of such Class, Series or Tranche to be represented by such Global Note or Global Notes, or such portion thereof as the Issuer will specify in an Issuer Certificate, (ii) in the case of Registered Notes, will be registered in the name of the Depository for such Global Note or Global Notes or its nominee, (iii) will be delivered by the Issuer or its agent to the Depository or pursuant to the Depository's instruction, (iv) if applicable, will bear a legend substantially to the following effect: (A) "Unless this Note is presented by an authorized representative of The Depository Trust Company ("**DTC**"), to Fair Hydro Trust (the "**Issuer**") or its agent for registration of transfer, exchange or payment, and any Note issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), any transfer, pledge or other use hereof for value or otherwise by or to any Person is wrongful inasmuch as the registered owner hereof, Cede & Co., has an interest herein", or (B) "Unless this Note is presented by an authorized representative of CDS Clearing and Depository Services Inc. ("**CDS**"), to Fair Hydro Trust (the "**Issuer**") or its agent for registration of transfer, exchange or payment, and any Note issued is registered in the name of CDS & Co. or in such other name as is requested by an authorized representative of CDS (and any payment is made to CDS & Co. or to such other entity as is requested by an authorized representative of CDS), any transfer, pledge or other use hereof for value or otherwise by or to any Person is wrongful since the registered owner hereof, CDS & Co., has a property interest in the securities represented by this Note and it is a violation of its rights for another Person to hold, transfer or deal with this Note", and (v) may bear such other legend as the Issuer, upon advice of counsel, deems to be applicable.

(b) Notwithstanding any other provisions of this Section 3.04 or of Section 4.05, and subject to the provisions of paragraph (c) below, unless the terms of a Global Note or the Related Supplemental Indenture expressly permit such Global Note to be exchanged in whole or in part for individual Notes, a Global Note may be transferred, in whole but not in part and in the manner provided in Section 4.05, only to a nominee of the Depository for such Global Note, or to the Depository, or a successor Depository for such Global Note selected or approved by the Issuer, or to a nominee of such successor Depository.

(c) With respect to Notes issued within the United States or Canada, unless otherwise specified in the Related Supplemental Indenture, or with respect to Notes issued outside the United States and Canada, if specified in the Related Supplemental Indenture:

(i) If at any time the Depository for a Global Note notifies the Issuer that it is unwilling or unable to continue as Depository for such Global Note or if at any time the Depository for the Notes for such Class, Series or Tranche ceases to be a clearing agency registered under the Securities Exchange Act, or other applicable statute or regulation, in the case of Notes issued within the United States, or ceases to be a clearing agency registered under the *Securities Act* (Ontario), or other applicable statute or regulation, in the case of Notes issued within Canada, the Issuer will appoint a successor Depository with respect to such Global Note. If a successor Depository for such Global Note is not appointed by the Issuer within 90 days after the Issuer receives such notice or becomes aware of such ineligibility, the Issuer will execute, and the Indenture Trustee or its agent, upon receipt of an Issuer Certificate requesting the authentication and delivery of individual Notes of such Class, Series or Tranche in exchange for such Global Note, will authenticate and deliver, individual Notes of such Class, Series or Tranche of like tenor and terms in definitive form in an aggregate Stated Principal Amount equal to the Stated Principal Amount of the Global Note in exchange for such Global Note.

(ii) The Issuer may at any time and in its sole discretion determine that the Notes of any Class, Series or Tranche or portion thereof issued or issuable in the form of one or more Global Notes will no longer be represented by such Global Note or Global Notes. In such event the Issuer will execute, and the Indenture Trustee, upon receipt of a written request by the Issuer for the authentication and delivery of individual Notes of such Class, Series or Tranche in exchange in whole or in part for such Global Note, will authenticate and deliver individual Notes of such Class, Series or Tranche of like tenor and terms in definitive form in an aggregate Stated Principal Amount equal to the Stated Principal Amount of such Global Note or Global Notes representing such Class, Series or Tranche or portion thereof in exchange for such Global Note or Global Notes.

(iii) If any Event of Default has occurred and is continuing and Noteholders holding more than 50% of the Outstanding Dollar Principal Amount of the Controlling Class Obligations of any Series of Notes held as Global Notes advise the Indenture Trustee and the Depository that Global Notes are no longer in the best interest of the Noteholders of that Series, the holders of those Global Notes may exchange such Notes for individual Notes.

(iv) In any exchange provided for in any of the preceding three paragraphs, the Issuer will execute and the Indenture Trustee or its agent will authenticate and deliver individual Notes in definitive registered form in authorized denominations. Upon the exchange of the entire Stated Principal Amount of a Global Note for individual Notes, such Global Note will be canceled by the Indenture Trustee or its agent. Except as provided in the preceding paragraphs, Notes issued in exchange for a Global Note pursuant to this Section 3.04 will be registered in such names and in such authorized

denominations as the Depository for such Global Note, pursuant to instructions from its direct or indirect participants or otherwise, will instruct the Indenture Trustee or the Note Registrar. The Indenture Trustee or the Note Registrar will deliver such Notes to the Persons in whose names such Notes are so registered.

3.05 <u>Temporary Global Notes and Permanent Global Notes</u>

(a) If specified in the Related Supplemental Indenture for any Series, all or any portion of a Global Note may initially be issued in the form of a single temporary global Bearer Note or Registered Note (the "**Temporary Global Note**"), without interest coupons, in the denomination of the entire aggregate principal amount of such Series and substantially in the form set forth in the exhibit with respect thereto attached to the Related Supplemental Indenture. Any Temporary Global Note shall bear such notations as the Issuer may determine to distinguish them from the Permanent Global Notes. The Temporary Global Note will be authenticated by the Indenture Trustee upon the same conditions, in substantially the same manner and with the same effect as the Notes in definitive form. The Temporary Global Note may be exchanged as described below or in the Related Supplemental Indenture for permanent global Bearer Notes or Registered Notes (the "**Permanent Global Notes**").

(b) Unless otherwise provided in the Related Supplemental Indenture, exchanges of beneficial interests in or security entitlements to Temporary Global Notes for beneficial interests in or security entitlements to Permanent Global Notes will be made as provided in this subsection 3.05(b). The Manager will, upon its determination of the date of completion of the distribution of the Notes of such Series, so advise the Indenture Trustee, the Issuer and the Depository forthwith. Without unnecessary delay, but in any event not prior to the Exchange Date, the Issuer will execute and deliver to the Indenture Trustee (at the office of its designated agent outside the United States in the case of Global Notes in bearer form) Permanent Global Notes in bearer or registered form (as specified in the Related Supplemental Indenture) in an aggregate principal amount equal to the Outstanding Dollar Principal Amount or the Outstanding Currency Specific Dollar Principal Amount of such Series of Notes. Bearer Notes so issued and delivered may have coupons attached. The Temporary Global Note may be exchanged for an equal aggregate principal amount of Permanent Global Notes only on or after the Exchange Date; provided, however, that such Temporary Global Note is accompanied by a certificate dated the Exchange Date or a subsequent date and signed by the beneficial owner as to the portion of such Temporary Global Note held for its account then to be exchanged and a certificate dated the Exchange Date or a subsequent date and signed by the Depository in the form set forth in Exhibit 6-B (or in such other form as may be established pursuant to Section 4.01); and provided further that definitive Bearer Notes shall be delivered in exchange for a portion of a Temporary Global Note only in compliance with the requirements of Section 4.03. A beneficial owner of a Temporary Global Note may instruct the Depository to request an exchange on its behalf on or after the Exchange Date by

delivering to the Depository, a certificate in the form set forth in Exhibit 6-A (or in such other form as may be established pursuant to Section 4.01), dated no earlier than 15 days prior to the Exchange Date, copies of which certificate shall be available from the offices of the Depository. A United States Person may exchange its beneficial interest in or security entitlement to the Temporary Global Note only for an equal aggregate principal amount of Permanent Global Notes in registered form bearing the applicable legend set forth in the form of Registered Note attached to the Related Supplemental Indenture and having a minimum denomination of 500,000 units of the applicable currency, which may be in temporary form if the Issuer so elects. The Issuer may waive the 500,000 minimum denomination requirement if it so elects. Upon any demand for exchange for Permanent Global Notes in accordance with this subsection 3.05(b), the Issuer will cause the Indenture Trustee to authenticate and deliver the Permanent Global Notes to the Noteholder (x) outside the United States, in the case of Bearer Notes and (y) according to the instructions of the Noteholder, in the case of Registered Notes. Upon receipt of the certification of the Depository, the Indenture Trustee will cause the Temporary Global Note to be endorsed in accordance with subsection 3.05(d). Any exchange as provided in this Section 3.05 will be made free of charge to the Noteholders and the beneficial owners of the Temporary Global Note and to the beneficial owners of the Permanent Global Note issued in exchange, except that a Person receiving the Permanent Global Note must bear the cost of insurance, postage, transportation and the like in the event that such Person does not receive such Permanent Global Note in person at the offices of a Depository.

(c) The delivery to the Indenture Trustee by a Depository of any written statement referred to above may be relied upon by the Issuer and the Indenture Trustee as conclusive evidence that a corresponding certification or certifications has or have been delivered to such Foreign Depository pursuant to the terms of this Indenture.

(d) Upon any such exchange of all or a portion of the Temporary Global Note for a Permanent Global Note(s), such Temporary Global Note will be endorsed by or on behalf of the Indenture Trustee to reflect the reduction of its principal amount by an amount equal to the aggregate principal amount of such Permanent Global Note(s). Until so exchanged in full, such Temporary Global Note will in all respects be entitled to the same benefits under this Indenture as Permanent Global Notes authenticated and delivered hereunder except that the beneficial owners of such Temporary Global Note will not be entitled to receive payments of interest on the Notes until they have exchanged their beneficial interests in or security entitlements to such Temporary Global Note for Permanent Global Notes.

3.06 <u>Beneficial Ownership of Global Notes</u>

Until definitive Notes have been issued to the applicable Noteholders pursuant to Section 3.04 or as otherwise specified in any Related Supplemental Indenture:

(a) the Issuer and the Indenture Trustee may deal with the applicable Depository and the Depository's participants for all purposes (including the making of distributions) as the authorized representatives of the respective Note Owners; and

(b) the rights of the respective Note Owners will be exercised only through the Depository and the Depository's participants. Unless and until Notes in definitive form are issued pursuant to Section 3.04, the Depository will make book-entry transfers among the Depository's participants and receive and transmit distributions of principal and interest on the related Notes to such Depository's participants in accordance with the Depository's applicable procedures from time to time.

For purposes of any provision of this Indenture requiring or permitting Actions with the consent of, or at the direction of, Noteholders evidencing a specified percentage of the Outstanding Dollar Principal Amount of Notes, such direction or consent may be given by Note Owners (acting through the Depository and the Depository's participants) owning interests in or security entitlements to Notes evidencing the requisite percentage of principal amount of Notes in accordance with the applicable procedures of the Depository and the Depository's participants.

3.07 Notices to Depository

Whenever any notice or other communication is required to be given to Noteholders with respect to which book-entry Notes have been issued, unless and until Notes in definitive form will have been issued to the related Note Owners, the Indenture Trustee will give all such notices and communications to the applicable Depository.

3.08 CUSIP Numbers

In issuing the Notes, the Issuer may use "CUSIP" numbers (if then generally in use), and, if so, the Indenture Trustee shall use such CUSIP numbers in notices of redemption as a convenience to Noteholders; provided that, subject to Section 9.01, any such notice may state that (a) no representation is made as to the correctness of such CUSIP numbers as printed on the related Notes or as contained in any notice of redemption, (b) reliance may be placed only on the other identification numbers, if any, printed on the Notes and (c) any such redemption shall not be affected by any defect in or omission of such CUSIP numbers. The Issuer will promptly provide the Indenture Trustee with written notice of any change in the CUSIP numbers for any Outstanding Note.

ARTICLE IV
THE NOTES

4.01 General Title, General Limitations, Issuable in Series, Terms of a Series or Tranche of Notes

(a) The aggregate Stated Principal Amount of Notes which may be authenticated and delivered and Outstanding under this Indenture is not limited.

(b) The Notes of any Class may be issued in one or more Series or Tranches.

(c) The Classes of Notes are as set forth in this Indenture. Each Note issued must be part of a Class and Series of Notes for purposes of allocations pursuant to this Indenture and the Related Supplemental Indenture. A Series of Notes is created pursuant to a Supplemental Indenture. A Tranche of Notes is created pursuant to a Supplemental Indenture or pursuant to a Terms Document related to the Supplemental Indenture for the applicable Series.

(d) Each Series of Notes shall be designated in the Related Supplemental Indenture as either Senior Notes, Subordinated Notes or Junior Subordinated Notes. If the Notes of a Series of Notes belong to different Tranches, all Notes of such Series, without regard to the Tranche they are included in, shall be Senior Notes, Subordinated Notes or Junior Subordinated Notes, as applicable to the Series of Notes.

(e) Each Series of Notes may consist of a single Tranche or may be subdivided into multiple Tranches. Notes of a single Series of a Class will belong to different Tranches if they have different terms and conditions. With respect to any Series of Notes, Notes which have identical terms, conditions and Tranche designation will be deemed to be part of a single Tranche of Notes.

(f) Before the initial issuance of Notes of each Series or Tranche, there shall also be established in or pursuant to a Supplemental Indenture or pursuant to a Terms Document related to the applicable Supplemental Indenture, provision for:

(i) the Class of such Series;

(ii) the Series designation;

(iii) the Stated Principal Amount of the Notes;

(iv) whether such Notes are of a particular Tranche of Notes;

(v) the currency or currencies in which such Notes will be denominated and in which payments of principal of, and interest on, such Notes will or may be payable;

(vi) the price or prices at which such Series or Tranche of Notes will be issued;

(vii) the times at which such Series or Tranche of Notes may, pursuant to any optional redemption provisions, be redeemed, and the other terms and provisions of any such redemption;

(viii) the rate per annum at which such Series or Tranche of Notes will bear interest, if any, or the formula or index on which such rate will be determined, including all relevant definitions, and the date from which interest will accrue;

(ix) each Interest Payment Date, each Principal Payment Date and the Principal Payment Default Date for such Series or Tranche of Notes;

(x) the Principal Accumulation Date for such Series of Notes;

(xi) the Principal Accumulation Amounts for such Series of Notes;

(xii) the Initial Dollar Principal Amount or the Initial Currency Specific Dollar Principal Amount of such Notes, and the means for calculating the Outstanding Dollar Principal Amount or the Outstanding Currency Specific Dollar Principal Amount, as applicable, of such Series or Tranche of Notes;

(xiii) whether or not application will be made to list such Series or Tranche of Notes on any securities exchange;

(xiv) any events of default with respect to such Series or Tranche of Notes;

(xv) if such Series or Tranche of Notes will be issued in whole or in part in the form of a Global Note or Global Notes, the terms and conditions, if any, upon which such Global Note or Global Notes may be exchanged in whole or in part for other individual Notes, and the Depository for such Global Note or Global Notes;

(xvi) if such Series or Tranche of Notes will be issued in whole or in part as Registered Notes, Bearer Notes or both, whether such Series or Tranche of Notes are to be issued with or without coupons or both;

(xvii) if such Series or Tranche of Notes are to have the benefit of any Credit Enhancement Agreement or Liquidity Agreement, the terms and provisions of the applicable agreement;

(xviii) the Record Date for any Interest Payment Date or Principal Payment Date of such Series or Tranche of Notes, if different from the last day of the month before the related Interest Payment Date or Principal Payment Date;

(xix) whether and under what conditions, additional amounts will be payable to Noteholders of such Series or Tranche of Notes; and

(xx) any other terms of such Notes as stated in the Related Supplemental Indenture;

all upon such terms as may be determined in or pursuant to the Related Supplemental Indenture.

(g) The Notes of each Class, Series or Tranche will be distinguished from the Notes of each other Class, Series or Tranche in such manner, reasonably satisfactory to the Indenture Trustee, as the Issuer may determine.

(h) Any terms or provisions in respect of the Notes of any Class, Series or Tranche issued under this Indenture may be determined pursuant to this Section 4.01 by

providing in the Related Supplemental Indenture for the method by which such terms or provisions will be determined.

4.02 Denominations

The Notes of each Series or Tranche will be issuable in such denominations and currency as will be provided in the provisions of this Indenture or in or pursuant to the Related Supplemental Indenture. In the absence of any such provisions with respect to the Registered Notes of any Series or Tranche, the Registered Notes of that Series or Tranche will be issued in denominations of 100,000 units of the applicable currency and integral multiples of 1,000. In the absence of any such provisions with respect to the Bearer Notes of any Series or Tranche, the Bearer Notes of that Series or Tranche will be issued in denominations of 1,000, 5,000, 50,000 and 100,000 units of the applicable currency.

4.03 Execution, Authentication and Delivery and Dating

(a) The Notes will be executed on behalf of the Issuer by a Responsible Officer of the Issuer. The signature of any Responsible Officer of the Issuer on the Notes may be manual or facsimile or may be given by other electronic means.

(b) Notes bearing the manual, facsimile or other electronic signatures of individuals who were at any time a Responsible Officer of the Issuer will bind the Issuer, notwithstanding that such individuals or any of them have ceased to hold such offices before the authentication and delivery of such Notes or did not hold such offices at the date of issuance of such Notes.

(c) At any time and from time to time after the execution and delivery of this Indenture, the Issuer may deliver Notes executed by the Issuer to the Indenture Trustee for authentication; and the Indenture Trustee will, upon request by an Issuer Certificate, authenticate and deliver such Notes as provided in this Indenture and not otherwise; provided however, that, in connection with its original issuance, no Bearer Note shall be mailed or otherwise delivered to any location in the United States; and provided further that, unless otherwise specified with respect to any Series or Tranche of Notes pursuant to Section 4.01, a Bearer Note may be delivered in connection with its original issuance only if the Person entitled to receive such Bearer Note shall have furnished a certificate in the form set forth in Exhibit 6-A, dated no earlier than 15 days prior to the earlier of the date on which such Bearer Note is delivered and the date on which any temporary Note first becomes exchangeable for such Bearer Note in accordance with the terms of such temporary Note and this Indenture. If any Note shall be represented by a permanent Bearer Note issued as a Global Note, then, for purposes of this Section, Section 3.05, and Section 4.04, the notation of a beneficial owner's interest therein upon original issuance of such Note or upon exchange of a portion of a temporary Global Note shall be deemed to be delivery in connection with its original issuance of such beneficial owner's interest in such permanent Global Note. Except as permitted by Section 4.06, the Indenture Trustee shall not authenticate and deliver any Bearer

Note unless all appurtenant coupons for interest then matured have been detached and cancelled.

(d) Before any such authentication and delivery, the Indenture Trustee will be entitled to receive, in addition to any Officer's Certificate and Opinion of Counsel required to be furnished to the Indenture Trustee pursuant to Section 1.02, the Issuer Certificate and any other opinion or certificate relating to the issuance of the Series or Tranche of Notes required to be furnished pursuant to Section 3.02 or Article V.

(e) The Indenture Trustee will not be required to authenticate such Notes if the issue thereof will adversely affect the Indenture Trustee's own rights, duties or immunities under the Notes and this Indenture.

(f) Unless otherwise provided in the form of Note for any Series or Tranche, all Notes will be dated the date of their authentication.

(g) No Note will be entitled to any benefit under this Indenture or be valid or obligatory for any purpose unless there appears on such Note a Certificate of Authentication executed by the Indenture Trustee by manual signature of an authorized signatory, and such certificate upon any Note will be conclusive evidence, and the only evidence, that such Note has been duly authenticated and delivered hereunder.

4.04 <u>Temporary Notes</u>

(a) Pending the preparation of definitive Notes of any Series or Tranche, the Issuer may execute, and, upon receipt of the documents required by Section 4.03, the Indenture Trustee will authenticate and deliver, temporary Notes which are printed, lithographed, typewritten, mimeographed or otherwise produced, in any authorized denomination, substantially of the tenor of the definitive Notes in lieu of which they are issued and with such appropriate insertions, omissions, substitutions and other variations as the Issuer may determine, as evidenced by the Issuer's execution of such Notes. Any temporary Note shall bear such notations as the Issuer may determine to distinguish them from the definitive Notes.

(b) If temporary Notes of any Series or Tranche are issued, the Issuer will cause definitive Notes of such Series or Tranche to be prepared without unreasonable delay. After the preparation of definitive Notes, the temporary Notes of such Series or Tranche will be exchangeable for definitive Notes of such Series or Tranche upon surrender of the temporary Notes of such Series or Tranche at the office or agency of the Issuer in a Place of Payment, without charge to the Noteholder; and upon surrender for cancellation of any one or more temporary Notes, the Issuer will execute and the Indenture Trustee will authenticate and deliver in exchange therefor a like Stated Principal Amount of definitive Notes of such Series or Tranche of authorized denominations and of like tenor and terms; provided, however, that no definitive Bearer Note shall be delivered in exchange for a temporary Registered Note; and provided further that a definitive Bearer Note shall be delivered in exchange for a temporary Bearer Note only in compliance with the conditions set

forth in Section 4.03. Until so exchanged, the temporary Notes of such Series or Tranche will in all respects be entitled to the same benefits under this Indenture as definitive Notes of such Series or Tranche.

4.05 Registration, Transfer and Exchange

(a) The Issuer will keep or cause to be kept a register (herein sometimes referred to as the "**Note Register**") in which, subject to such reasonable regulations as it may prescribe, the Issuer will provide for the registration of Registered Notes, or of Registered Notes of a particular Class, Series or Tranche, and for transfers of Registered Notes or of Registered Notes of such Class, Series or Tranche. Any such register will be in written form or in any other form capable of being converted into written form within a reasonable time. At all reasonable times, the information contained in such register or registers will be available for inspection by the Indenture Trustee at the office or agency to be maintained by the Issuer as provided in Section 13.03.

(b) Subject to Section 3.04, upon surrender for transfer of any Registered Note of any Class, Series or Tranche at the office or agency of the Issuer in a Place of Payment, the Issuer will execute, and, upon receipt of such surrendered Note, the Indenture Trustee will authenticate and deliver, in the name of the designated transferee or transferees, one or more new Registered Notes of such Class, Series or Tranche of any authorized denominations, of a like aggregate Stated Principal Amount, Principal Payment Date(s) and Principal Payment Default Date and of like terms.

(c) Subject to Section 3.04, at the option of the Noteholder, Notes of any Class, Series or Tranche may be exchanged for other Notes of such Class, Series or Tranche of any authorized denominations, of a like aggregate Stated Principal Amount, Principal Payment Date(s) and Principal Payment Default Date and of like terms, upon surrender of the Notes to be exchanged at the office or agency of the Issuer in a Place of Payment. Registered Notes, including Registered Notes received in exchange for Bearer Notes, may not be exchanged for Bearer Notes. At the option of the holder of a Bearer Note, subject to applicable laws and regulations, Bearer Notes may be exchanged for other Bearer Notes or Registered Notes (of the same Class, Series and Tranche of Notes) of authorized denominations of like aggregate fractional undivided interests in the Noteholders' interest, upon surrender of the Bearer Notes to be exchanged at an office or agency of the Note Registrar located outside the United States. Each Bearer Note surrendered pursuant to this Section 4.05 will have attached thereto all unmatured coupons; provided, however, that any Bearer Note so surrendered after the close of business on the last day of the month preceding the relevant Interest Payment Date need not have attached the coupon relating to such Interest Payment Date. Whenever any Notes are so surrendered for exchange, the Issuer will execute, and the Indenture Trustee will authenticate and deliver (in the case of Bearer Notes, outside the United States), the Notes which the Noteholders making the exchange are entitled to receive.

(d) All Notes issued upon any transfer or exchange of Notes will be the valid and legally binding obligations of the Issuer, evidencing the same debt, and entitled to the same benefits under this Indenture, as the Notes surrendered upon such transfer or exchange.

(e) Every Note presented or surrendered for transfer or exchange will (if so required by the Issuer or the Indenture Trustee) be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Issuer and the Note Registrar duly executed, by the Noteholder or his attorney duly authorized in writing.

(f) Unless otherwise provided in the Note to be transferred or exchanged, no service charge will be made on any Noteholder for any transfer or exchange of Notes, but the Issuer may (unless otherwise provided in such Note) require payment of a sum sufficient to cover any Tax or other governmental charge that may be imposed in connection with any transfer or exchange of Notes before the transfer or exchange will be complete, other than exchanges pursuant to Section 4.04 or Section 11.05 not involving any transfer.

(g) None of the Issuer, the Note Registrar or the Indenture Trustee shall be required (i) to issue, register the transfer of or exchange any Notes of any Class, Series or Tranche during a period beginning at the opening of business 15 days before the day of selection of Notes of such Class, Series or Tranche to be redeemed and ending at the close of business on (A) if Notes of such Class, Series or Tranche are issuable only as Registered Notes, the day of the mailing of the relevant notice of redemption of Registered Notes of such Class, Series or Tranche so selected for redemption or (B) if Notes of the Class, Series or Tranche are issuable as Bearer Notes, the day of the first publication of the relevant notice of redemption or, if Notes of the Class, Series or Tranche are also issuable as Registered Notes and there is no publication, the mailing of the relevant notice of redemption or (ii) to register the transfer or exchange of any Notes or portions thereof so selected for redemption.

(h) Notwithstanding anything herein to the contrary, the exchange of Bearer Notes into Registered Notes shall be subject to applicable laws and regulations in effect at the time of exchange; none of the Issuer, the Indenture Trustee or the Note Registrar shall exchange any Bearer Notes into Registered Notes if it has received an Opinion of Counsel that as a result of such exchanges the Issuer would suffer adverse consequences under the Canadian or United States federal income tax laws and regulations then in effect, or the income tax laws of the jurisdiction of the holder of the Bearer Note, and the Issuer has delivered to the Indenture Trustee an Issuer Certificate directing the Indenture Trustee not to make such exchanges unless and until the Indenture Trustee receives a subsequent Issuer Certificate to the contrary. The Issuer shall deliver copies of such Issuer Certificates to the Note Registrar.

(i) None of the Issuer, the Indenture Trustee, any agent of the Indenture Trustee, any Paying Agent or the Note Registrar will have any responsibility or liability for any

aspect of the records relating to or payments made on account of beneficial ownership of a Global Note or for maintaining, supervising or reviewing any records relating to such beneficial ownership.

(j) The Issuer initially appoints the Indenture Trustee to act as Note Registrar for the Registered Notes on its behalf. The Issuer may at any time and from time to time authorize any Person to act as Note Registrar in place of the Indenture Trustee with respect to any Class, Series or Tranche of Notes issued under this Indenture.

(k) Registration of transfer of Notes containing the following legend or to which the following legend is applicable:

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT IN ACCORDANCE WITH THE TRUST INDENTURE AND THE INDENTURE SUPPLEMENT AND PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT.

will be effected only if such transfer is made pursuant to an effective registration statement under the U.S. Securities Act, or is exempt from the registration requirements under the U.S. Securities Act. In the event that registration of a transfer is to be made in reliance upon an exemption from the registration requirements under the U.S. Securities Act other than Rule 144A under the U.S. Securities Act or Rule 903 or Rule 904 of Regulation S under the U.S. Securities Act, the transferor or the transferee will deliver, at its expense, to the Issuer and the Indenture Trustee, an investment letter from the transferee, substantially in a form appended to a Supplemental Indenture authorizing the applicable Series of Notes or such other form as the Issuer may determine, and no registration of transfer will be made until such letter is so delivered.

Notes issued upon registration or transfer of, or Notes issued in exchange for, Notes bearing the legend referred to above will also bear such legend and any other legends required by the Related Supplemental Indenture unless the Issuer, the Indenture Trustee and the Note Registrar receive an Opinion of Counsel, satisfactory to each of them, to the effect that such legend may be removed.

Whenever a Note containing the legend referred to above is presented to the Note Registrar for registration of transfer, the Note Registrar will promptly seek instructions from the Issuer regarding such transfer and will be entitled to receive an Issuer Certificate prior to registering any such transfer. The Issuer hereby agrees to indemnify the Note Registrar and the Indenture Trustee and to hold each of them harmless against any loss, liability or expense incurred without negligence or bad

faith on their part arising out of or in connection with actions taken or omitted by them in relation to any such instructions furnished pursuant to this clause. The Indenture Trustee shall have no obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer imposed under this Indenture, the Related Supplemental Indenture, or under applicable law with respect to any transfer of any interest in any Note other than to require delivery of such certificates and other documentation or evidence as are expressly required by, and to do so if and when expressly required by the terms of, this Indenture, and to examine the same to determine substantial compliance as to form with the express requirements hereof.

(l) By acquiring a Note, each Noteholder that is a United States Person will be deemed to represent, warrant and covenant that either: (i) it is not acquiring the Note (or any interest therein) with the assets of a Benefit Plan or a governmental, church or non-U.S. plan that is subject to any federal, state, local or other non-U.S. law that is substantially similar to Section 406 of ERISA or Section 4975 of the Internal Revenue Code ("**Similar Law**"); or (ii) (A) the Note is rated at least "BBB-" or its equivalent by a nationally recognized statistical rating agency at the time of purchase or transfer, and (B) the acquisition, holding and disposition of the Note will not give rise to a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Internal Revenue Code or a violation of any Similar Law.

4.06 <u>Mutilated, Destroyed, Lost and Stolen Notes</u>

(a) If (i) any mutilated Note (together, in the case of Bearer Notes, with all unmatured coupons, if any, appertaining thereto) is surrendered to the Indenture Trustee or the Note Registrar, or the Issuer, the Note Registrar or the Indenture Trustee receive evidence to their satisfaction of the destruction, loss or theft of any Note, and (ii) there is delivered to the Issuer, the Note Registrar or the Indenture Trustee such security or indemnity as may be required by them to save each of them harmless, then, in the absence of notice to the Issuer, the Note Registrar or the Indenture Trustee that such Note has been acquired by a protected purchaser, the Issuer will execute and upon its request the Indenture Trustee will authenticate and deliver (in the case of Bearer Notes, outside the United States), in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Note, a new Note of like tenor, Class, Series or Tranche, Principal Payment Date(s), Principal Payment Default Date and Stated Principal Amount, bearing a number not contemporaneously Outstanding.

(b) In case any such mutilated, destroyed, lost or stolen Note has become or is about to become due and payable, the Issuer in its discretion may, instead of issuing a new Note, pay such Note.

(c) Upon the issuance of any new Note under this Section 4.06, the Issuer may require the payment of a sum sufficient to cover any Tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Indenture Trustee) connected therewith.

(d) Every new Note issued pursuant to this Section 4.06 in lieu of any destroyed, lost or stolen Note will constitute an original additional contractual obligation of the Issuer, whether or not the destroyed, lost or stolen Note will be at any time enforceable by anyone, and will be entitled to all the benefits of this Indenture equally and proportionately with any and all other Notes of the same Class, Series or Tranche duly issued hereunder.

(e) The provisions of this Section 4.06 are exclusive and will preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Notes.

4.07 <u>Persons Entitled to Payment</u>

(a) Unless otherwise provided with respect to such Note pursuant to Section 4.01, interest payable on any Registered Note will be paid to the Person in whose name that Note is registered at the close of business on the most recent Record Date and interest payable on any Bearer Note will be paid to the bearer of that Note (or the applicable coupon) outside of the United States.

(b) Subject to clause (a), each Note delivered under this Indenture upon transfer of or in exchange for or in lieu of any other Note will carry the rights to interest accrued or principal accreted and unpaid, and to accrue or accrete, which were carried by such other Note.

(c) Title to any Bearer Note, including any coupons appertaining thereto, shall pass by delivery. The Issuer, the Indenture Trustee, the Manager and any agent of the Issuer, the Indenture Trustee or the Manager may treat the Person who is proved to be the owner of such Note pursuant to subsection 1.04(c) as the owner of such Note for the purpose of receiving payment of principal of and (subject to this Section 4.07) interest on such Note and for all other purposes whatsoever, whether or not such Note be overdue, and none of the Issuer, the Indenture Trustee, the Manager or any agent of the Issuer, the Indenture Trustee or the Manager will be affected by notice to the contrary.

(d) Delivery of a Note to the Paying Agent by the holder of such Note shall, upon payment thereof, be a good discharge to the Issuer of all obligations evidenced by such Note. The Paying Agent shall not be bound to enquire into the title of any such Noteholder, save as ordered by a court of competent jurisdiction or as required by statute, nor shall it be bound to see to the execution of any trust affecting the ownership of any Note or be affected by notice of any equity that may be subsisting in respect thereof.

(e) Any payment of principal or interest on any Note which is due on a day other than a Business Day shall be payable on the next succeeding Business Day without adjustment for interest thereon and such payment shall be deemed to have been made with the same force and effect as if made on the due date.

(f) Upon the Paying Agent's reasonable request therefor, the Issuer will (i) provide the Paying Agent with any information in its possession or (ii) assist the Paying Agent (to the extent necessary and it is commercially reasonable for the Issuer to do so) to obtain information, in each case, to the extent such information is required by the Paying Agent to comply with its tax reporting and withholding obligations under applicable law with respect to payments to be made to Specified Creditors pursuant to this Indenture and the other Program Agreements, unless the Issuer is prohibited from doing so by applicable law or an obligation of confidentiality by which the Issuer is bound.

4.08 <u>Protection of Notes</u>

(a) The Indenture Trustee shall hold in safekeeping the Notes which have not been issued (but which have been delivered to the Indenture Trustee by or on behalf of the Issuer) pending receipt of an Issuer Certificate. The Indenture Trustee shall acknowledge receipt of the Notes so delivered by signing and returning to the Issuer an acknowledgement of receipt of the Notes, such acknowledgement to be in a form satisfactory to the Issuer.

(b) The Indenture Trustee's responsibility for any Notes held in its custody hereunder shall be limited to using the same diligence in physically safeguarding such Notes as it does for its own securities. The Indenture Trustee shall account for the unissued Notes held in its custody whenever so required by the Issuer. If at any time the Indenture Trustee shall discover that any of such Notes have been lost, damaged, destroyed, stolen or misappropriated, it shall promptly advise the Issuer thereof and identify, to the extent practicable, such Notes.

4.09 <u>Additional Issuances of Notes</u>

(a) There are no restrictions on the timing or amount of any additional issuance of Notes of an Outstanding Series or Tranche of Notes, so long as the conditions described in Article V are satisfied. As of the date of any additional issuance of Notes of an Outstanding Series or Tranche of Notes, the Stated Principal Amount and Outstanding Dollar Principal Amount of that Series or Tranche will be increased to reflect the principal amount of the additional Notes. If the additional Notes are a Series or Tranche of Notes that has the benefit of a Derivative Agreement, the Issuer will enter into a Derivative Agreement for the benefit of the additional Notes. In addition, if the additional Notes are a Series or Tranche of Notes that has the benefit of any Credit Enhancement Agreement or Liquidity Agreement, the Issuer will enter into a Credit Enhancement Agreement or Liquidity Agreement, as applicable, for the benefit of the additional Notes.

(b) When issued, the additional Notes of a Series or Tranche will be identical in all respects to the other Outstanding Notes of that Series or Tranche and will be equally and ratably entitled to the benefits of this Indenture and the Related Supplemental Indenture as the other Outstanding Notes of that Series or Tranche without preference, priority or distinction; provided, however, that if such additional Notes

are not fungible with such other Outstanding Notes for United States federal income tax purposes, then such additional Notes shall have a separate ISIN, CUSIP or other identifying number from such other Outstanding Notes.

4.10 Redemption of Notes

(a) Subject to Section 13.24, if the Related Supplemental Indenture for a Series or Tranche of Notes specifies that the Notes of such Series or Tranche will be redeemable, in whole at any time or in part from time to time, such Notes may be redeemed at a redemption price (the "**Redemption Price**") provided for in such Related Supplemental Indenture. In case of any redemption, the provisions of this Section 4.10 shall apply except to the extent provided otherwise in such Related Supplemental Indenture.

(b) The Redemption Price, plus accrued and unpaid interest and other amounts (if any) due thereon to the redemption date, will be payable upon presentation and surrender of the Notes called for redemption at any of the places where the principal of such Series or Tranche of Notes is expressed to be payable and at any other places specified in the notice of redemption.

(c) If less than all the Notes of any Series or Tranche are to be redeemed at one time, the Notes of such Series or Tranche to be redeemed will be selected by the Indenture Trustee on a *pro rata* basis, disregarding fractions, according to the principal amount of Notes registered in the name of each Noteholder, or in such other manner (which may include random selection by computer) as the Indenture Trustee may consider equitable, provided that such selection will be proportionate (to the nearest 1,000 units of the applicable currency). For this purpose, the Indenture Trustee may make, and from time to time amend, regulations with regard to the manner in which such Notes may be called for redemption and regulations so made will be valid and binding upon all Noteholders notwithstanding the fact that, as a result of such regulations, one or more Notes become subject to redemption in part only. Unless the context otherwise requires, the terms "Note" and "Notes" as used in this Section 4.10 will be deemed to include any part of the principal amount of any Note which in accordance with the foregoing provisions has become subject to redemption.

(d) The holder of any Note called for redemption in part only will be entitled to receive, upon surrender of such Note for payment and without expense to such holder, a new Note or Notes of an aggregate principal amount equal to the unredeemed part of the Note so surrendered, and the Issuer will execute and the Indenture Trustee will certify and deliver to such holder such new Note or Notes; provided, however, that, in the case of a Global Note, an appropriate notation may instead be made on such Global Note to decrease the principal amount thereof to an amount equal to the unredeemed portion thereof.

(e) Notice of intention to redeem any Series or Tranche of Notes will be given by the Issuer in the manner provided in Section 15.03 or otherwise in accordance with the procedures of the Depository at least 15 days but not more than 30 days prior to the

date fixed for redemption. Notwithstanding the foregoing, a redemption notice may be delivered more than 30 days prior to the date fixed for redemption if such notice is issued in connection with a satisfaction and discharge of this Indenture with respect to any Series or Tranche of Notes. Every such notice will specify that portion of the principal amount of such Note to be redeemed (provided that no Notes in an aggregate principal amount of 1,000 units of the applicable currency or less will be redeemed in part), the redemption date, the Redemption Price and places of payment, and will state that all interest on the Notes called for redemption will cease to be payable from the redemption date.

(f) Upon notice having been given as provided in Section 4.10(e), the Notes called for redemption or the principal amount to be redeemed of the Notes called for redemption in part, as the case may be, will thereupon become due and payable at the Redemption Price, on the redemption date specified in such notice, in the same manner and with the same effect as if it were the maturity date for such Notes, notwithstanding anything contained in this Indenture or in the Notes to the contrary. From and after such redemption date, if the money necessary to redeem such Notes has been deposited as provided in Section 4.10(h) or 4.10(i) and affidavits or other proof satisfactory to the Indenture Trustee as to the delivery or mailing of such notices have been delivered to it, such Notes will not be considered as Outstanding under this Indenture and interest upon such Notes will cease to accrue after such date.

(g) If any question arises as to whether notice of redemption or deposit of the redemption money has been given or made available as provided above, such question will be decided by the Indenture Trustee, whose decision will be final and binding upon all interested parties.

(h) Except as may otherwise be provided in the Related Supplemental Indenture or in any Series or Tranche of Notes, or as part of a satisfaction and discharge of this Indenture with respect to any Series or Tranche of Notes where payment has been made in accordance with another provision of this Indenture, upon Notes of a Series or Tranche being called for redemption, the Issuer will deposit with the Indenture Trustee immediately available funds no later than 10:00 a.m. on the date fixed for redemption in the relevant notice of redemption (or such later time on such date as is acceptable to the Indenture Trustee), such sums as may be sufficient to pay the Redemption Price of the Notes to be redeemed, plus accrued and unpaid interest and other amounts (if any) due on such Notes to the redemption date, and will pay to the order of the Indenture Trustee the estimated charges and expenses to be incurred in connection with such redemption. From the sums so deposited and upon surrender of such Notes, the Indenture Trustee will pay or cause to be paid to the holders of the Notes called for redemption the principal thereof, interest and other amounts (if any) thereon to which they are entitled on redemption.

(i) Alternatively, in respect of any Global Notes, the Issuer may, at its option, cause the amount payable on redemption to be sent by wire transfer on the day such

redemption payment is due to an account maintained by such Noteholder or any other method acceptable to the Issuer and such Noteholder.

4.11 Purchase of Notes for Cancellation

(a) Provided no Event of Default has occurred and is continuing, the Issuer may purchase or otherwise acquire, at any time and from time to time, all or any of the Outstanding Notes of any Series or Tranche in the market (which will include purchase from or through an investment dealer, participant or a firm holding membership on a recognized stock exchange) or by invitation to tender or by private contract at such prices as it may determine in its sole discretion. The Issuer will deliver to the Indenture Trustee all Notes purchased as aforesaid, when paid, as evidence of such payment.

(b) If, upon an invitation to tender, more Notes of a Series or Tranche are tendered in response to such invitation at the same lowest price than the Issuer is prepared to accept, Notes of the Series or Tranche to be purchased by the Issuer will be selected by the Indenture Trustee on a *pro rata* basis, disregarding fractions, according to the Outstanding Dollar Principal Amount of Notes registered in the name of each Noteholder, or in such other manner as the Indenture Trustee may consider equitable (which may include random selection by computer), from the Notes tendered by each Noteholder which tendered at such lowest price. For this purpose, the Indenture Trustee may make, and from time to time amend, regulations with respect to the manner in which Notes may be so selected and regulations so made will be valid and binding upon all Noteholders, notwithstanding the fact that, as a result thereof, one or more of such Notes becomes subject to purchase in part only. The holder of any Note of which a part only is purchased, will be entitled to receive upon surrender of such Note for payment and without expense to such holder, a new Note or Notes of an aggregate principal amount equal to the unpurchased part of the Note so surrendered and the Indenture Trustee will certify and deliver to such holder a new Note or Notes; provided, however, that, in the case of a Global Note, an appropriate notation may instead be made on such Global Note to decrease the principal amount thereof to an amount equal to the unpurchased portion thereof.

4.12 Cancellation

All Notes surrendered for payment, redemption, repurchase, transfer, conversion or exchange will, if surrendered to any Person other than the Indenture Trustee, be delivered to the Indenture Trustee and will be promptly canceled by it. The Issuer may at any time deliver to the Indenture Trustee for cancellation any Notes previously authenticated and delivered hereunder which the Issuer may have acquired in any manner whatsoever, and all Notes so delivered will be promptly canceled by the Indenture Trustee. No Note will be authenticated in lieu of or in exchange for any Notes canceled as provided in this Section 4.12, except as expressly permitted by this Indenture. The Indenture Trustee will dispose of all canceled Notes in accordance with its customary procedures and will deliver a certificate of such disposition to the Issuer.

ARTICLE V
CONDITIONS PRECEDENT

5.01 Conditions Precedent for Incurrence of Indebtedness

On or prior to the date that the Issuer enters into a definitive agreement for the incurrence of new Issuer Funding Obligations or the renewal or extension of any existing Issuer Funding Obligations (in each case, other than Derivative Funding Obligations), the following conditions precedent shall be satisfied:

(a) the Issuer shall have delivered to the Indenture Trustee and each Rating Agency notice of the incurrence of such Issuer Funding Obligation;

(b) the Issuer shall have delivered to the Indenture Trustee and each Rating Agency an Issuer Certificate to the effect that:

(i) the Issuer reasonably believes that the incurrence of such Issuer Funding Obligation will not cause an Adverse Effect;

(ii) all instruments furnished to the Indenture Trustee conform to the requirements of this Indenture and constitute sufficient authority hereunder for the Indenture Trustee to (A) in the case of a Note issuance only, authenticate and deliver such Notes, and (B) in the case of all other Issuer Funding Obligations, execute and deliver the Related Funding Obligation Agreement in accordance with Section 5.05;

(iii) in the case of a Note issuance only, the form and terms of such Notes have been established in conformity with the provisions of this Indenture;

(iv) the incurrence of such Issuer Funding Obligation is consistent in all material respects with the Financing Plan;

(v) the conditions set out in subsections 5.01(c), (d), (g) and (k) have been met; and

(vi) such other matters as the Indenture Trustee may reasonably request;

(c) the representations and warranties set forth in Section 12.01 shall be true and correct in all material respects;

(d) the Rating Agency Condition with respect to all outstanding Series or Tranches of Issuer Funding Obligations shall have been satisfied with respect to such incurrence;

(e) the Indenture Trustee shall have received either:

(i) a certified copy of the instrument whereby the Province designated in writing that the new Issuer Funding Obligations are Approved Obligations

as contemplated by clause (ii) of Section 4.01 of the Change of Law Protection Agreement; or

(ii) both (A) an Adherence Compliance Certificate addressed to the Indenture Trustee with respect to the new Issuer Funding Obligations delivered in accordance with Section 4.02(a)(ii) of the Change of Law Protection Agreement; such Adherence Compliance Certificate to be delivered not more than five (5) Business Days prior to the incurrence of the new Issuer Funding Obligation, and (B) a certificate signed by the Manager certifying that the Province has not provided a Suspension Notice to the Manager or the Issuer;

(f) the Issuer shall have delivered to the Indenture Trustee copies of the Related Funding Obligation Agreement, including in the case of Notes, a Supplemental Indenture, and if applicable, a Terms Document relating to the applicable Tranche of Notes;

(g) in the case of Senior Funding Obligations only, the Issuer will have Subordinated Funding Obligations and Junior Subordinated Funding Obligations in an aggregate Outstanding Dollar Principal Amount equal to not less than 35% of the aggregate Outstanding Dollar Principal Amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations (after giving effect to such incurrence) and in the case of Subordinated Funding Obligations only, the Issuer will have Junior Subordinated Funding Obligations in an aggregate Outstanding Dollar Principal Amount equal to not less than 10% of the aggregate Outstanding Dollar Principal Amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations (after giving effect to such incurrence);

(h) except in the case of Notes, the Issuer delivers to the Indenture Trustee an updated copy of the Specified Creditor list described in Section 13.13(b);

(i) each Debtholder in respect of such Issuer Funding Obligation (or an authorized agent on their behalf) shall have made the acknowledgements and agreements set out in Section 5.04;

(j) the Change of Law Protection Agreement shall be in full force and effect against the Province or shall have been replaced with a new agreement that is in form and substance satisfactory to Controlling Class Creditors pursuant to an Ordinary Resolution;

(k) the conditions precedent, if any, specified in the applicable Funding Obligation Agreement shall have been satisfied;

(l) in the case of a Note issuance only, the Indenture Trustee shall have received an Issuer Certificate for the certification and delivery of such Notes and specifying the particulars relating to such Notes;

(m) in the case of Bearer Notes described in section 163(f)(2)(A) of the Internal Revenue Code, if such Notes are not in registered form (including by reason of a book entry system described in section 163(f)(3) of the Internal Revenue Code), then such Notes shall be described in section 4701(b)(1)(B) of the Internal Revenue Code and such section shall apply to such Notes; and

(n) in the case of Foreign Currency Notes only, the Issuer shall have appointed one or more Paying Agents in the appropriate countries, if requested by the Indenture Trustee.

For greater certainty, periodic drawdowns under existing Funding Obligation Agreements shall not constitute a new incurrence of Issuer Funding Obligations. However, an increase in the aggregate commitment under an existing Funding Obligation Agreement or the issuance of additional Notes of an Outstanding Series or Tranche of Notes shall constitute a new incurrence of Issuer Funding Obligations.

5.02 <u>No Consent</u>

The Indenture Trustee will not be required to and, except as otherwise provided in any Funding Obligation Agreement, the Issuer will not be required to, provide prior notice to or obtain the consent of any Debtholder or any other Specified Creditor to incur any Issuer Funding Obligations.

5.03 <u>Conditions Precedent for the Incurrence of other Obligations Secured</u>

On or prior to the date that the Issuer enters into any agreement that would give rise to Obligations Secured (other than Issuer Funding Obligations referred to in Section 5.01 but including Derivative Funding Obligations), the following conditions precedent shall be satisfied:

(a) the Issuer shall have delivered to the Indenture Trustee a copy of the applicable agreement;

(b) the Issuer shall have delivered to the Indenture Trustee an updated copy of the Specified Creditor list described in Section 13.13(b);

(c) each counterparty to such agreement (or an authorized agent on their behalf) shall have made the acknowledgements and agreements set out in Section 5.04; and

(d) if the Obligations Secured are Certified Primary Obligations, the Indenture Trustee shall have received either:

(i) a certified copy of the instrument whereby the Province designated in writing that the new Obligations Secured are Approved Obligations as contemplated by clause (ii) of Section 4.01 of the Change of Law Protection Agreement; or

(ii) both (A) an Adherence Compliance Certificate addressed to the Indenture Trustee with respect to the new Obligations Secured delivered in

accordance with Section 4.02(a)(ii) of the Change of Law Protection Agreement; such Adherence Compliance Certificate to be delivered not more than five (5) Business Days prior to the incurrence of the new Obligations Secured, and (B) a certificate signed by the Manager certifying that the Province has not provided a Suspension Notice to the Manager or the Issuer;

provided that, if the Issuer enters into a Derivative Agreement, the Issuer shall have delivered to each Rating Agency notice of the identity of the Derivative Counterparty and the terms of the applicable master agreement and related schedules (but for greater certainty, not each trade confirmation).

5.04 <u>Specified Creditor Acknowledgements</u>

Each Specified Creditor:

(a) acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor hereunder and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under this Indenture including, without limitation, Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 7.12 (Payments Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Section 8.14 (Limited Recourse), Article IX (Indenture Trustee) (including all limitations of liability thereunder), Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition);

(b) except in the case of the Province, irrevocably authorizes and directs the Indenture Trustee on its behalf to take such action (including the execution and delivery of documents of subordination) as may be necessary or appropriate to further assure the priority arrangements provided for in Article VI, Article VII and Section 8.13, and appoints the Indenture Trustee as its agent for any and all such purposes; and

(c) consents, requests and authorizes the Issuer and the Indenture Trustee to (i) add such Specified Creditor (or its agent) to the register of Specified Creditors described in Section 13.13 and (ii) disseminate the notice details of such Specified Creditor to other Specified Creditors for the purposes set out in subsection 9.14(b).

5.05 <u>Acknowledgement of Program Agreement by Indenture Trustee</u>

Upon receipt of an Issuer Certificate directing it to do so (provided the conditions set forth in Section 5.01 or 5.03, as applicable, have been satisfied, as certified by the Issuer), the Indenture Trustee shall execute an acknowledgement with respect to any Program Agreement or any evidence of indebtedness issued pursuant to a Program Agreement confirming that such Program Agreement or evidence of indebtedness is an Obligation Secured under this Indenture and the creditors listed in such Program Agreements are Specified Creditors for the purposes of this Indenture.

ARTICLE VI
SUBORDINATION

6.01 Subordination

The payment of all Subordinated Funding Obligations shall be subordinate and rank junior, to the extent and in the manner set forth in this Article VI, Article VII and Article VIII, if applicable, to the prior payment in full of all amounts owing from time to time with respect to the Senior Funding Obligations and the Derivative Funding Obligations. The payment of all Junior Subordinated Funding Obligations shall be subordinate and rank junior, to the extent and in the manner set forth in this Article VI, Article VII and Article VIII, if applicable, to the prior payment in full of all amounts owing from time to time with respect to the Senior Funding Obligations, the Derivative Funding Obligations and the Subordinated Funding Obligations. Subject to the provisions of the Related Funding Obligation Agreement, (i) prior to the acceleration of the Issuer Funding Obligations pursuant to Section 8.02, payment in respect of the Subordinated Funding Obligations and the Junior Subordinated Funding Obligations shall be made as provided for in Sections 7.04 to 7.11; and (ii) after the acceleration of the Issuer Funding Obligations pursuant to Section 8.02, payment on account of the Subordinated Funding Obligations and the Junior Subordinated Funding Obligations shall be made as provided for in Section 8.13.

6.02 Subrogation to Senior Funding Obligations and Derivative Funding Obligations

(a) Subject to the payment in full of the Senior Funding Obligations and the Derivative Funding Obligations or the making of due provision for such payment, the Debtholders of Subordinated Funding Obligations shall be subrogated to the rights of the Debtholders of Senior Funding Obligations and Derivative Counterparties to receive payments or distributions of assets of the Issuer, to the extent of the application thereto of moneys or other assets which would have been received by the Debtholders of Subordinated Funding Obligations but for the provisions of this Article VI, until the principal of and interest on the Subordinated Funding Obligations shall be paid in full.

(b) Subject to the payment in full of the Senior Funding Obligations, the Derivative Funding Obligations and the Subordinated Funding Obligations or the making of due provision for such payment, the Debtholders of Junior Subordinated Funding Obligations shall be subrogated to the rights of the Debtholders of Senior Funding Obligations and Subordinated Funding Obligations, and Derivative Counterparties, to receive payments or distributions of assets of the Issuer, to the extent of the application thereto of moneys or other assets which would have been received by the Debtholders of Junior Subordinated Funding Obligations but for the provisions of this Article VI, until the principal of and interest on the Junior Subordinated Funding Obligations shall be paid in full.

6.03 Rights of Specified Creditors Preserved

The provisions of this Article VI are and are intended solely for the purpose of defining the relative rights of the Debtholders of Senior Funding Obligations, Subordinated Funding

Obligations and Junior Subordinated Funding Obligations, and Derivative Counterparties, as applicable. Nothing in this Article VI is intended to or shall impair the obligation of the Issuer, subject to the rights of the Debtholders of Senior Funding Obligations and Derivative Counterparties, to pay the Subordinated Funding Obligations and Junior Subordinated Funding Obligations as and when the same shall become due and payable in accordance herewith, or affect the relative rights of the Debtholders of Subordinated Funding Obligations and Junior Subordinated Funding Obligations, and creditors of the Issuer other than Debtholders of such Senior Funding Obligations and Derivative Counterparties, nor shall anything in this Article VI prevent the Indenture Trustee or such Debtholders from exercising all remedies otherwise permitted by this Indenture, subject to the rights (if any) under this Article VI of Debtholders of Senior Funding Obligations, Derivative Counterparties and the Indenture Trustee on their behalves in respect of any payment or distribution of cash, property or securities of the Issuer received upon the exercise of any such remedy.

6.04 Renewal or Extension of Senior Funding Obligations

(a) Except as provided in this Indenture or the Related Funding Obligation Agreement, Debtholders of Senior Funding Obligations and Derivative Counterparties may at any time in their discretion renew or extend the time of payment of their Issuer Funding Obligations or exercise any other of their rights in respect thereof, including, without limitation, the waiver of an Event of Default thereunder, all without notice to or assent from the Debtholders of the Subordinated Funding Obligations or Junior Subordinated Funding Obligations, or the Indenture Trustee.

(b) No compromise, alteration, amendment, modification, extension, renewal or other change of, or waiver, consent or other action in respect of, any liability or obligation under or in respect of any Senior Funding Obligations, Derivative Funding Obligations or of any of the terms, covenants or conditions of any Related Funding Obligation Agreement under which any Senior Funding Obligations or Derivative Funding Obligations shall have been issued, shall in any way alter or affect any of the provisions of this Article VI.

ARTICLE VII
ISSUER ACCOUNTS AND INVESTMENTS; ORDINARY COURSE ALLOCATIONS

7.01 Available Collections

Except as otherwise expressly provided in this Indenture, the Indenture Trustee may demand payment or delivery of, and shall receive and collect, directly and without intervention or assistance from any fiscal agent or other intermediary, all money and other property payable to or receivable by the Indenture Trustee pursuant to this Indenture including, without limitation, all funds and other property payable to the Indenture Trustee in connection with the Collateral. The Indenture Trustee will hold all such money and property received by it as part of the Collateral and will apply it, or cause it to be applied, as provided in this Indenture and any applicable Program Agreement.

7.02 Issuer Accounts

(a) On or before the date hereof, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**Collection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. All Available Collections received shall be credited to the Collection Account. The Collection Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the Collection Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 calendar days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition is satisfied) establish a new Collection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Collection Account to such new Collection Account. From the date each such new Collection Account is established, it shall be the "Collection Account."

(b) On or before the date hereof, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**Interest Accumulation Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. The Interest Accumulation Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the Interest Accumulation Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Interest Accumulation Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Interest Accumulation Account to such new Interest Accumulation Account. From the date each such new Interest Accumulation Account is established, it shall be the "Interest Accumulation Account." The Interest Accumulation Account is a "finance reserve account" under, and as defined in, the Fair Hydro Regulations.

(c) On or before the date hereof, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**Principal Accumulation Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. The Principal Accumulation Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the Principal Accumulation Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer

period, not to exceed 45 calendar days, so long as the Rating Agency Condition is satisfied) establish a new Principal Accumulation Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Principal Accumulation Account to such new Principal Accumulation Account. From the date each such new Principal Accumulation Account is established, it shall be the "Principal Accumulation Account." The Principal Accumulation Account is a "capital account" under, and as defined in, the Fair Hydro Regulations.

(d) On or before the date hereof, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**Program Cash Reserve Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. The Program Cash Reserve Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the Program Cash Reserve Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Program Cash Reserve Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Program Cash Reserve Account to such new Program Cash Reserve Account. From the date each such new Program Cash Reserve Account is established, it shall be the "Program Cash Reserve Account." The Program Cash Reserve Account is a "finance reserve account" under, and as defined in, the Fair Hydro Regulations. The Issuer shall deposit the Program Cash Reserve Required Amount to the Program Cash Reserve Account during the Reference Period commencing May 1, 2021 pursuant to the application of amounts available under subsection 7.04(e)(xiii).

(e) On or before the date hereof, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**IESO Cash Reserve Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. The IESO Cash Reserve Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the IESO Cash Reserve Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new IESO Cash Reserve Account that is an Eligible Deposit Account and shall transfer any funds or other property from such IESO Cash Reserve Account to such new IESO Cash Reserve Account. From the date each such new IESO Cash Reserve Account is established, it shall be the "IESO Cash Reserve Account." The IESO Cash Reserve Account is a "finance reserve account" under, and as defined in, the Fair Hydro Regulations. The Issuer shall deposit the IESO Cash Reserve Deposit Amount directly to the IESO Cash Reserve Account on the earlier of (x) April 30,

2021, and (y) the receipt of the IESO Cash Reserve Deposit Amount from the IESO. Other than such deposit of the IESO Cash Reserve Deposit Amount to the IESO Cash Reserve Account, no other amounts shall be deposited to the IESO Cash Reserve Account.

(f) On or before the date hereof, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**Refinancing Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. All proceeds arising from Notes and Borrowings related to Refinancings shall be deposited to the Refinancing Account. For greater certainty, the Refinancing Account may contain Sub-Accounts to account for proceeds in different currencies. The Refinancing Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the Refinancing Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition is satisfied) establish a new Refinancing Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Refinancing Account to such new Refinancing Account. From the date each such new Refinancing Account is established, it shall be the "Refinancing Account."

(g) From time to time in connection with the creation of any Series of Issuer Funding Obligations, the Issuer may cause to be established and maintained an Eligible Deposit Account (a "**Series Capital Reserve Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the applicable Debtholders or Derivative Counterparties. A Series Capital Reserve Account may be established for the sole purpose of allowing the Issuer to accumulate funds to be used to make repayments in respect of a Series of Issuer Funding Obligations. Details of any period of accumulation and the amounts to be accumulated shall be specified in the Related Funding Obligation Agreement. Each Series Capital Reserve Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the applicable Debtholders or Derivative Counterparties. If, at any time, the institution holding a Series Capital Reserve Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition in respect of the applicable Series is satisfied) establish a new Series Capital Reserve Account that is an Eligible Deposit Account and shall transfer any funds or other property to such new Series Capital Reserve Account. From the date each such new Series Capital Reserve Account is established, it shall be a "Series Capital Reserve Account." Each Series Capital Reserve Account shall be a "capital account" under, and as defined in, the Fair Hydro Regulations.

(h) From time to time in connection with the creation of any Series of Issuer Funding Obligations, the Issuer may cause to be established and maintained an Eligible Deposit Account (a "**Series Finance Reserve Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the applicable Debtholders or Derivative Counterparties. A Series Finance Reserve Account may be established for the purpose of allowing the Issuer to reserve funds to pay finance charges (including, without limitation, interest and payments under Derivative Agreements) for a Series of Issuer Funding Obligations. Details of any reserve requirements shall be specified in the Related Funding Obligation Agreement. Each Series Finance Reserve Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the applicable Debtholders or Derivative Counterparties. If, at any time, the institution holding a Series Finance Reserve Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition in respect of the applicable Series is satisfied) establish a new Series Finance Reserve Account that is an Eligible Deposit Account and shall transfer any funds or other property to such new Series Finance Reserve Account. From the date each such new Series Finance Reserve Account is established, it shall be a "Series Finance Reserve Account." Each Series Finance Reserve Account shall be a "finance reserve account" under, and as defined in, the Fair Hydro Regulations.

(i) On or before the making of any demand for payment under the Change of Law Protection Agreement, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. All payments received from the Province pursuant to the Change of Law Protection Agreement shall be deposited to the Protection Account. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account."

(j) From time to time in connection with the establishment of any Program Account (other than the Protection Account) or Series Account, the Issuer may cause to be established and maintained one or more Eligible Securities Accounts (each, a "**Securities Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the

benefit of the Indenture Trustee and the Specified Creditors. A Securities Account may be established for the purpose of allowing the Issuer to invest funds held in any Program Account or Series Account in Eligible Investments in accordance with Section 7.03. Each Securities Account shall relate to only one Program Account or Series Account. Each Securities Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution at which a Securities Account is maintained ceases to be an Affiliate of an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition (only in respect of the Series if related to a Series Account) is satisfied) establish a new Securities Account that is an Eligible Securities Account and shall transfer any funds or other property to such new Securities Account. From the date each such new Securities Account is established, it shall be a "Securities Account."

7.03 <u>Investment of Funds in the Issuer Accounts</u>

(a) Funds credited to the Issuer Accounts will (unless otherwise stated in this Indenture or, with respect to a Series Account, any applicable Funding Obligation Agreement) be invested and reinvested by the Indenture Trustee at the written direction of the Manager in one or more Eligible Investments. The Manager may appoint as its agent under a separate agreement a registered investment advisor and authorize such agent to give instructions on behalf of the Manager to the Indenture Trustee for funds to be invested and reinvested in one or more Eligible Investments. The Manager shall provide the Indenture Trustee with a written direction certifying any such appointment, together with an incumbency for such agent in a form acceptable to the Indenture Trustee, acting reasonably. The Indenture Trustee shall be entitled to conclusively rely on, and shall be protected in acting upon, instructions received from such agent on behalf of the Manager. The Manager (or its agent appointed pursuant to the preceding sentence) may authorize the Indenture Trustee to make specific investments pursuant to written instructions, in such amounts as the Manager will specify. Any direction from the Manager (or its agent appointed pursuant to this Section) to the Indenture Trustee shall be in writing and shall be provided to the Indenture Trustee no later than 9:00 a.m. (Toronto time) on the day on which the investment is to be made. Any such direction received by the Indenture Trustee after 9:00 a.m. (Toronto time) or received on a day that is not a Business Day shall be deemed to have been given prior to 9:00 a.m. (Toronto time) on the next Business Day.

(b) Notwithstanding anything to the contrary herein, for purposes of making investments in accordance with this Section 7.03, the Issuer shall be entitled to make transfers of cash from any Program Account or Series Account to the Related Securities Account, provided that the Issuer shall ensure that Eligible Investments in the Related Securities Account mature at such times as may be required so that a sufficient amount of cash shall be available for transfer to the applicable Program Account or Series Account to the extent required to pay all Obligations Secured

that are payable on the following Payment Date, Interest Payment Date or Principal Payment Date, as applicable. Transfers of cash between a Program Account or a Series Account and the Related Securities Account shall not require the delivery of a Payment Instruction and may be effected in accordance with a written direction and the Indenture Trustee's standard practices.

(c) All funds from time to time credited to the Issuer Accounts pursuant to this Indenture and the Funding Obligation Agreements, and all investments made with such funds, if any, are property of the Issuer until such time as they are allocated or paid to satisfy Obligations Secured and will be held by the Indenture Trustee in the Issuer Accounts as part of the Collateral as herein provided, subject to withdrawal by the Paying Agent or the Indenture Trustee for the purposes specified herein.

(d) Funds and other property in any of the Issuer Accounts will not be commingled with any other funds or property of the Issuer or the Indenture Trustee.

(e) All interest and earnings (net of losses and investment expenses), if any, on funds credited to an Issuer Account will be part of that Issuer Account.

(f) Subject to subsection 9.01(d), neither the Indenture Trustee nor the Manager will in any way be held liable by reason of any losses incurred in the investment of any funds in any Eligible Investments and any insufficiency in an Issuer Account resulting from any loss on any Eligible Investment included therein.

(g) Funds credited to the Issuer Accounts will be invested and reinvested by the Indenture Trustee as provided in the written direction of the Manager; provided, however, that such funds shall remain uninvested upon the occurrence of any of the following events:

(i) the Manager (or its agent appointed pursuant to paragraph (a) above) shall have failed to give investment directions to the Indenture Trustee; or

(ii) an Event of Default shall have occurred and be continuing but no Issuer Funding Obligations have been declared due and payable pursuant to Section 8.02.

7.04 Allocation of Amounts on Deposit in Collection Account

(a) Subject to the applicable Payment Waterfall, all Senior Funding Obligations of each Series or Tranche will in all respects be equally and ratably entitled to the benefits hereof with respect to such Series or Tranche without preference, priority or distinction on account of (i) the actual time of the incurrence, (ii) the Principal Payment Date(s), (iii) the Principal Payment Default Date, or (iv) the Principal Accumulation Date, except as specified in the Related Funding Obligation Agreement. All Subordinated Funding Obligations of each Series or Tranche will in all respects be equally and ratably entitled to the benefits hereof with respect to such Series or Tranche without preference, priority or distinction on account of (i) the actual time of the incurrence, (ii) the Principal Payment Date(s), (iii) the

Principal Payment Default Date, or (iv) the Principal Accumulation Date, except as specified in the Related Funding Obligation Agreement. All Junior Subordinated Funding Obligations of each Series or Tranche will in all respects be equally and ratably entitled to the benefits hereof with respect to such Series or Tranche without preference, priority or distinction on account of (i) the actual time of the incurrence, (ii) the Principal Payment Date(s), (iii) the Principal Payment Default Date, or (iv) the Principal Accumulation Date, except as specified in the Related Funding Obligation Agreement.

(b) On each Payment Date, Available Collections credited to the Collection Account since the previous Payment Date will be distributed in accordance with Section 7.04(e).

(c) Subject to subsection 7.04(f), if any amount below is payable on a date other than a Payment Date, prior to such payment being made, an amount will be reserved in the Collection Account equal to the amount estimated by the Manager in its commercially reasonable judgment, based upon amounts then known and/or reasonably expected to be or become payable on or before the next Payment Date, to be the aggregate amount of items *pari passu* or more senior in priority than such obligation, calculated on a *pro forma* basis, and if, due to such reservation of funds, there are insufficient funds available in the Collection Account to make such payment, such payment will be made only on the following Payment Date (and then only if funds are available pursuant to this Section 7.04).

(d) In the event of non-payment on any Payment Date of any amounts referred to in subsection 7.04(e), such amounts shall remain due and shall be payable on each subsequent Payment Date in the order of priority provided for in subsection 7.04(e), subject to Sections 7.10 and 8.13.

(e) Subject to Sections 7.04(f), 7.10 and 8.13, on each Payment Date (after making the applications provided for in Section 7.07(a)), any amount standing to the credit of the Collection Account will be distributed by the Paying Agent in the order of priority specified below, based upon the Payment Instruction received from the Manager in respect of such Payment Date, *pro rata* in proportion to the claims represented by each subclause except as otherwise specifically provided below:

(i) First, to the payment or remittance of all Taxes exigible for which a Governmental Authority is given priority over the Specified Creditors under the laws of the applicable jurisdiction;

(ii) Second, on a *pro rata* basis, to the Indenture Trustee and the Issuer Trustee in respect of the amount of fees, expenses and reimbursements owing, up to a maximum aggregate amount (without duplication of any amounts previously paid in respect of such fees, expenses and reimbursements) equal to the Trustee Cap with respect to each of the Issuer Trustee and the Indenture Trustee;

(iii) Third, *pari passu* (A) to transfer to the Interest Accumulation Account, the Interest Accrual Amount (Senior) for such Payment Date, and (B) to Derivative Counterparties, on a *pro rata* basis, all Derivative Funding Obligations payable other than Termination Payments;

(iv) Fourth, to transfer to the Interest Accumulation Account, the Interest Accrual Amount (Subordinated) for such Payment Date;

(v) Fifth, to transfer to the Interest Accumulation Account, the Interest Accrual Amount (Junior Subordinated) for such Payment Date,

(vi) Sixth, to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Warehouse) for such Payment Date;

(vii) Seventh, *pari passu* (A) to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Senior) for such Payment Date, and (B) to Derivative Counterparties, on a *pro rata* basis, any Termination Payment where the Derivative Counterparty is not the Defaulting Party or the sole Affected Party;

(viii) Eighth, to Debtholders, on a *pro rata* basis, all fees and other amounts (other than interest or principal) due and payable on the Senior Funding Obligations;

(ix) Ninth, to the Manager in respect of all fees, expenses and reimbursement amounts owing;

(x) Tenth, to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Subordinated) for such Payment Date;

(xi) Eleventh, to Debtholders, on a *pro rata* basis, all fees and other amounts (other than interest or principal) due and payable on the Subordinated Funding Obligations;

(xii) Twelfth, to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Junior Subordinated) for such Payment Date,

(xiii) Thirteenth, to deposit to the Program Cash Reserve Account, the amount, if any, by which the amount on deposit in the Program Cash Reserve Account is less than the Program Cash Reserve Required Amount;

(xiv) Fourteenth, to transfer such amounts as is sufficient to replenish, on a *pro rata* basis, any Series Capital Account or Series Finance Reserve Account as required by any Related Funding Obligation Agreement, other than any Series Capital Account or Series Finance Reserve Account related solely to Subordinated Funding Obligations or Junior Subordinated Funding Obligations;

(xv) Fifteenth, to transfer such amounts as is sufficient to replenish, on a *pro rata* basis, any Series Capital Reserve Account or Series Finance Reserve Account related solely to Subordinated Funding Obligations as required by any Related Funding Obligation Agreement;

(xvi) Sixteenth, to Debtholders, on a *pro rata* basis, all fees and other amounts (other than interest or principal) due and payable on the Junior Subordinated Funding Obligations;

(xvii) Seventeenth, to transfer such amounts as is sufficient to replenish, on a *pro rata* basis, any Series Capital Account or Series Finance Reserve Account related solely to Junior Subordinated Funding Obligations as required by any Related Funding Obligation Agreement;

(xviii) Eighteenth, to Derivative Counterparties, on a *pro rata* basis, any Termination Payment where the Derivative Counterparty is the Defaulting Party or the sole Affected Party;

(xix) Nineteenth, to the Issuer Trustee for the account of the beneficiaries of the Issuer, such amount as is required pursuant to the Declaration of Trust;

(xx) Twentieth, to the Manager in respect of all indemnity amounts owing;

(xxi) Twenty-First, *pari passu* (A) to the Indenture Trustee and the Issuer Trustee, in each case, in respect of the amount of any fees, expenses, reimbursements and indemnity amounts owing and not previously paid pursuant to clause (ii); (B) to the payment or remittance of all Taxes exigible and not previously paid pursuant to clause (i); and (C) to all other Specified Creditors not specifically referred to in this Section 7.04(e); in each case, including for each referenced party in subclauses (A), (B) and (C), any amounts payable to their respective Affiliates under the terms of any relevant indemnity; and

(xxii) Twenty-Second, any amounts remaining: (A) to be held in the Collection Account for distribution in the above order of priority on the succeeding Payment Date (or for distribution prior thereto as permitted or required pursuant to this Indenture); or (B) after the final Issuer Funding Obligation has been paid in full and discharged, and all of the other foregoing amounts are paid in full, together with all amounts due to the Indenture Trustee under Section 9.05 or otherwise, to the Issuer or as the Issuer designates.

(f) Notwithstanding subsections 7.04(b), (c) and (e):

(i) the transfer of any amounts deposited by IESO into the Collection Account on account of the IESO Cash Reserve Deposit Amount to the IESO Cash Reserve Account, and

(ii) the transfer of any amounts deposited into the Collection Account on account of one-time transaction costs and expenses in connection with the incurrence of Issuer Funding Obligations on or within three (3) Business Days of the closing date of such transaction,

shall, in each case, be made by the Paying Agent, based upon the Payment Instruction received from the Manager on the date applicable thereto without reserving for or paying amounts which are senior in priority to such obligation under subsection 7.04(e).

7.05 Allocation of Amounts on Deposit in Interest Accumulation Account

Subject to Section 7.10, on each Interest Payment Date, amounts on deposit in the Interest Accumulation Account will be distributed by the Paying Agent in the order of priority specified below, based upon the Payment Instruction received from the Manager in respect of such Interest Payment Date:

(a) First, to Debtholders, on a *pro rata* basis, in respect of all interest due and payable on the Senior Funding Obligations on such Interest Payment Date;

(b) Second, to Debtholders, on a *pro rata* basis, in respect of all interest due and payable on Subordinated Funding Obligations on such Interest Payment Date; provided that no payment of interest on Subordinated Funding Obligations shall be made under this Section 7.05(b) unless, after making such payment the amount remaining on deposit in the Interest Accumulation Account equals or exceeds the amount of accrued and unpaid interest on the Senior Funding Obligations as of such Interest Payment Date;

(c) Third, to Debtholders, on a *pro rata* basis, in respect of all interest due and payable on Junior Subordinated Funding Obligations on such Interest Payment Date; provided that no payment of interest on Junior Subordinated Funding Obligations shall be made under this Section 7.05(c) unless, after making such payment the amount remaining on deposit in the Interest Accumulation Account equals or exceeds the amount of accrued and unpaid interest on the Senior Funding Obligations and the Subordinated Funding Obligations as of such Interest Payment Date; and

(d) Fourth, any amounts remaining: (i) to be held in the Interest Accumulation Account for distribution in the above order of priority on the succeeding Interest Payment Date; or (ii) after the final Issuer Funding Obligation has been repaid in full, including all interest thereon, to be transferred to the Collection Account and applied in accordance with subsection 7.04(e);

provided that upon the occurrence and during the continuance of any Event of Default and acceleration of the Issuer Funding Obligations in accordance with Section 8.02, any amounts in the Interest Accumulation Account shall be applied in accordance with Section 8.13.

7.06 <u>Allocation of Amounts on Deposit in Principal Accumulation Account</u>

(a) Subject to Section 7.10, on each Interest Payment Date (after making the applications provided for in Section 7.05), to the extent that any interest which is due and payable on the Senior Funding Obligations, the Subordinated Funding Obligations and the Junior Subordinated Funding Obligations has not been paid, an amount equal to such deficiency shall be withdrawn from the Principal Accumulation Account and applied to the payment of interest due and payable on such Issuer Funding Obligations, provided that if the amount to be applied pursuant to this clause (a) is insufficient to pay all such interest, the application of such amounts shall be made first to Senior Funding Obligations, then to Subordinated Funding Obligations, and finally to Junior Subordinated Funding Obligations, in each case, on a *pro rata* basis.

(b) Subject to Section 7.10, on each Principal Payment Date (after making the applications provided for in subsection 7.06(a)), amounts on deposit in the Principal Accumulation Account will be distributed by the Paying Agent in the order of priority specified below, based upon the Payment Instruction received from the Manager in respect of such Principal Payment Date:

(i) <u>First</u>, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of Warehouse Obligations payable on such Principal Payment Date;

(ii) <u>Second</u>, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of Senior Funding Obligations (other than Warehouse Obligations) payable on such Principal Payment Date;

(iii) <u>Third</u>, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of Subordinated Funding Obligations payable on such Principal Payment Date; provided that no payment of principal on Subordinated Funding Obligations shall be made under this subsection 7.06(b)(iii) unless, after making such payment, the amount remaining on deposit in the Principal Accumulation Account equals or exceeds the Required Principal Accumulation Amount (Senior) as of such Principal Payment Date; and

(iv) <u>Fourth</u>, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of Junior Subordinated Funding Obligations payable on such Principal Payment Date; provided that no payment of principal on Junior Subordinated Funding Obligations shall be made under this subsection 7.06(b)(iv) unless, after making such payment, the amount remaining on deposit in the Principal Accumulation Account equals or

exceeds the sum of the Required Principal Accumulation Amount (Senior) and the Required Principal Accumulation Amount (Subordinated) as of such Principal Payment Date.

(c) Any amounts remaining after making the applications referred to in subsection 7.06(a) and subsection 7.06(b) shall: (i) be held in the Principal Accumulation Account for distribution under this Section 7.06 on the succeeding Interest Payment Date or Principal Payment Date; or (ii) after the final Issuer Funding Obligation has been repaid in full, be transferred to the Collection Account and applied in accordance with subsection 7.04(e).

(d) Notwithstanding the foregoing clauses in this Section 7.06, upon the occurrence and during the continuance of any Event of Default and acceleration of the Issuer Funding Obligations in accordance with Section 8.02, any amounts in the Principal Accumulation Account shall be applied in accordance with Section 8.13.

7.07 Allocation of Amounts on Deposit in IESO Cash Reserve Account

(a) On each Payment Date beginning on the Payment Date in November, 2021, an amount equal to the lesser of (x) the amounts to be paid or transferred pursuant to clauses (i) through (v) of subsection 7.04(e), and (y) the amount, if any, by which the amount on deposit in the IESO Cash Reserve Account exceeds the IESO Cash Reserve Required Amount shall be withdrawn from the IESO Cash Reserve Account and applied to make the payments or transfers described in clauses (i) through (v) of subsection 7.04(e) in the order in which they are to be paid or transferred under Section 7.04(e).

(b) On each Payment Date to the extent that the amount available for distribution under subsection 7.04(e) and the amounts, if any, available pursuant to subsection 7.07(a) is less than the sum of the amounts to be paid or transferred pursuant to clauses (i) through (v) of subsection 7.04(e), an amount equal to such deficiency shall be withdrawn from the IESO Cash Reserve Account and applied to the making of such payments and transfers in the order in which they are to be paid or transferred under subsection 7.04(e).

(c) Upon all funds in the IESO Cash Reserve Account being paid in accordance with clauses (a) and (b), the IESO Cash Reserve Account shall be closed.

7.08 Allocation of Amounts on Deposit in Program Cash Reserve Account

(a) On each Payment Date (after making the applications provided for in Section 7.07 and 7.04(e)), to the extent that the amount on deposit in the Interest Accumulation Account is less than the sum of the Interest Accrual Amount (Senior), the Interest Accrual Amount (Subordinated) and the Interest Accrual Amount (Junior Subordinated), in each case for such Payment Date, an amount equal to such deficiency shall be withdrawn from the Program Cash Reserve Account and deposited into the Interest Accumulation Account.

(b) On each Principal Payment Date (after making the applications provided for in subsection 7.08(a)), amounts on deposit in the Program Cash Reserve Account will be distributed by the Paying Agent in the order of priority specified below, based upon the Payment Instruction received from the Manager in respect of such Principal Payment Date:

(i) First, to the extent that the amount on deposit in the Principal Accumulation Account is less than the amount of principal due and payable on the Warehouse Obligations on such Principal Payment Date, an amount equal to such deficiency shall be applied, on a *pro rata* basis, to the payment of principal due and payable on the Warehouse Obligations on such Principal Payment Date;

(ii) Second, to the extent that the amount on deposit in the Principal Accumulation Account is less than the amount of principal due and payable on the Senior Funding Obligations (other than Warehouse Obligations) on such Principal Payment Date, an amount equal to such deficiency shall be applied, on a *pro rata* basis, to the payment of principal due and payable on the Senior Funding Obligations (other than Warehouse Obligations) on such Principal Payment Date;

(iii) Third, to the extent that the amount available from the Principal Accumulation Account under subsection 7.06(b)(iii) is less than the amount of principal due and payable on the Subordinated Funding Obligations on such Principal Payment Date, an amount equal to such deficiency shall be applied, on a *pro rata* basis, to the payment of principal due and payable on the Subordinated Funding Obligations on such Principal Payment Date; and

(iv) Fourth, to the extent that the amount available from the Principal Accumulation Account under subsection 7.06(b)(iv) is less than the amount of principal due and payable on the Junior Subordinated Funding Obligations on such Principal Payment Date, an amount equal to such deficiency shall be applied, on a *pro rata* basis, to the payment of principal due and payable on the Junior Subordinated Funding Obligations on such Principal Payment Date.

(c) Any amounts remaining after making the applications referred to in subsection 7.08(a) and subsection 7.08(b) shall: (i) be held in the Program Cash Reserve Account for distribution under this Section 7.08 on the succeeding Interest Payment Date or Principal Payment Date; or (ii) after the final Issuer Funding Obligation has been repaid in full, be transferred to the Collection Account and applied in accordance with subsection 7.04(e).

(d) Notwithstanding the foregoing clauses in this Section 7.08, upon the occurrence and during the continuance of any Event of Default and acceleration of the Issuer Funding Obligations in accordance with Section 8.02, any amounts in the Program Cash Reserve Account shall be applied in accordance with Section 8.13.

7.09 Allocation of Amounts on Deposit in Refinancing Account

(a) Subject to the provisions of any applicable Funding Obligation Agreement, not less than 30 days prior to the first day of the Reference Period that includes the Principal Accumulation Date or Principal Payment Date in respect of a Series of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations, the Issuer shall, if it intends to repay all or a portion of the principal obligations of such Funding Obligation Agreement pursuant to a Refinancing, issue a Refinancing Notice to the Indenture Trustee.

(b) On completion of a Refinancing, all proceeds received by the Issuer shall be deposited to the Refinancing Account.

(c) On each Principal Payment Date, an amount shall be transferred from the Refinancing Account to the Principal Accumulation Account equal to the lesser of:

(i) the amount on deposit in the Refinancing Account; and

(ii) the Deferred Principal Accumulation Amount.

(d) After the final Issuer Funding Obligation has been repaid in full, any amounts remaining in the Refinancing Account shall be deposited to the Collection Account and applied in accordance with subsection 7.04(e).

(e) Notwithstanding the foregoing clauses in this Section 7.09, upon the occurrence and during the continuance of any Event of Default and the acceleration of the Issuer Funding Obligations in accordance with Section 8.02, any amounts in the Refinancing Account shall be applied in accordance with Section 8.13.

7.10 Allocation of Amounts on Deposit in Protection Account

(a) All amounts received by the Issuer from the Province pursuant to the Change of Law Protection Agreement shall be deposited in the Protection Account.

(b) On each Guarantee Payment Date in respect of which the Province makes a payment pursuant to the Change of Law Protection Agreement, the Paying Agent will, prior to making any payments under any other Payment Waterfall, distribute all amounts in the Protection Account solely to satisfy payments in respect of Approved Obligations as set out in the written statement delivered by the Manager to the Province under Section 2.01(a)i. of the Change of Law Protection Agreement in the order of priority the applicable Obligation Secured has under the applicable Payment Waterfall and based upon the Payment Instruction received from the Manager in respect of such Guarantee Payment Date.

(c) Upon the Province paying any amount in respect of an Approved Obligation as contemplated in subsection 7.10(b), the Province shall be subrogated and entitled to each applicable Specified Creditor's rights and interests under and in respect of the Approved Obligation to the extent of payments made to the Specified Creditor

out of the Protection Account and shall be entitled to (i) the right and entitlement to be paid and receive the related Subrogation Amounts and (ii) the benefits of the related Collateral and all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Specified Creditor, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Issuer of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Specified Creditor to the Issuer and unaffected by any other rights or equities that arise thereafter as between the Specified Creditor and the Issuer. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the relevant Specified Creditor in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under this Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under this Indenture and any other agreement under which the Approved Obligation arises. For greater certainty, the entitlements of the Province in respect of Subrogation Amounts arising in respect of Approved Obligations that are interest and principal obligations on Notes shall be treated for all purposes of this Indenture as interest and principal obligations, respectively, arising under Notes having the same priority as and any applicable voting rights under the related Approved Obligations, and accordingly the Province (and any successor, assignee or transferee of such entitlements) shall be entitled to all of the rights, entitlements, interests and privileges of a holder of such Notes in accordance with this Indenture and the Related Funding Obligation Agreement.

(d) On each Guarantee Payment Date, Payment Date or other day on which any amount is required to be paid in respect of any Obligation Secured, commencing with the first Guarantee Payment Date, the following shall apply:

(i) if such day is a Guarantee Payment Date, then for each Approved Obligation for which amounts are paid from the Protection Account to a Specified Creditor pursuant to subsection 7.10(b), the amount payable to such Specified Creditor under such Approved Obligation shall be reduced by the respective amounts of such payments, and equivalent amounts (each, a "**Subrogation Amount**") shall be payable by the Issuer to the Province in respect of such Approved Obligation, such Subrogation Amounts to be payable in the same order of priority under the applicable Payment Waterfall as the related amounts under the Obligation Secured previously owing to such Specified Creditor.

(ii) if the Province has made all deposits required to be made by it on each Guarantee Payment Date occurring on or before such day in accordance with subsection 7.10(b) (or the related Approved Obligation Amounts have otherwise all been paid in full), then in respect of each Approved Obligation for which any related Subrogation Amounts have not yet been paid in full

to the Province, the Issuer shall pay to the Province from amounts available under the applicable Payment Waterfall in accordance with the priority of payment provisions in such Payment Waterfall the amount that would be payable on such date in satisfaction of the relevant Approved Obligation, as determined without regard to any amounts paid on any Guarantee Payment Date pursuant to subsection 7.10(b) and also without regard to the corresponding reduction of the amounts owing to present and former Specified Creditors pursuant to subsection 7.10(d)(i) up to the amount of the unpaid related Subrogation Amounts.

(e) No Specified Creditor having a right to be paid an amount in respect of an Approved Obligation, and no other Person entitled under an Obligation Secured, in each case that ranks equal with or subordinate to the Approved Obligation in respect of which a Subrogation Amount is payable to the Province under subsection 7.10(d), shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under subsection 7.10(d) (including any right of set-off, offset, reimbursement, contribution or indemnity) and no such Specified Creditor or other Person shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of any such Subrogation Amount.

(f) Any amount payable to the Province in respect of a Subrogation Amount shall bear interest from and including the date of payment by the Province of the related amount pursuant to subsection 7.10(b) to but excluding the date of payment of the Subrogation Amount to the Province, such interest to accrue at the rate equivalent to the applicable interest rate borne by the related Approved Obligation, and such interest amounts shall be added to their respective Subrogation Amounts and shall consequently be payable in the same priority as the relevant Subrogation Amount under subsection 7.10(d), all such accruing interest amounts to be calculated and added to the Subrogation Amounts by the Manager in its discretion acting in a commercially reasonable fashion.

(g) On each Guarantee Payment Date and upon demand by the Province, the Indenture Trustee shall release and the Paying Agent shall, upon receipt of a Payment Instruction, pay to the Province free and clear of any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay Specified Creditors on the Guarantee Payment Date in accordance with subsection 7.10(b) or that otherwise remains on deposit in the Protection Account on the relevant date.

(h) In preparing any Payment Instructions, the Manager shall reflect the amounts payable under Section 2.01(a) of the Change of Law Protection Agreement, if applicable.

7.11 <u>Allocation of Amounts on Deposit in Series Accounts</u>

If, after giving effect to payments made on any Payment Date, the amount in the Collection Account is insufficient to satisfy all amounts required to be paid to Specified Creditors on such date, amounts on deposit in any Series Account may be withdrawn from such Series Account and

allocated to Specified Creditors in accordance with the terms of the Related Funding Obligation Agreement.

7.12 Payments to be Held in Trust

If, notwithstanding the Payment Waterfalls, any payment on Obligations Secured shall be received at any time by any Specified Creditor, other than in accordance with this Indenture, then the funds received in respect of such payment shall be held by such Specified Creditor in trust for the Issuer and the other Specified Creditors and such Specified Creditor shall forthwith remit to the Indenture Trustee such funds.

7.13 Application of Trust Money

All money and obligations deposited with the Indenture Trustee pursuant to this Article VII and all money received by the Indenture Trustee in respect of such obligations will be held in trust and applied by it, in accordance with the provisions of the Program Agreements in respect of which it was deposited and this Indenture, to the payment, either directly or through any Paying Agent (including the Issuer acting as its own Paying Agent) as the Indenture Trustee, at the direction of the Manager, may determine, to the Persons entitled thereto, of the principal, interest, fees and other amounts for whose payment that money and obligations have been deposited with or received by the Indenture Trustee. Money held by the Indenture Trustee in trust hereunder need not be segregated from other funds except to the extent required by this Indenture or by applicable law. The Indenture Trustee will be under no liability for interest on any money received by it hereunder except as otherwise agreed with the Issuer.

ARTICLE VIII
EVENTS OF DEFAULT AND REMEDIES

8.01 Events of Default

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

(a) a default by the Issuer in the payment of any interest on any Controlling Class Obligations when such interest becomes due and payable, and continuance of such default for a period of five (5) days following the date on which such interest became due and payable;

(b) a default by the Issuer in the payment of any principal of any Controlling Class Obligations at its Principal Payment Default Date;

(c) any representation or warranty contained in Section 12.01 proves to be incorrect in any material respect when made and such incorrect representation or warranty if capable of being remedied by the Issuer, has not been remedied for a period of 60 days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by

Controlling Class Creditors holding at least 25% of the Outstanding Dollar Principal Amount of all Controlling Class Obligations, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default" hereunder and, as a result of such default, the interests of such Controlling Class Creditors are materially and adversely affected and continue to be materially and adversely affected during the 60-day period;

(d) a default in the performance, or breach, of any covenant of the Issuer in this Indenture in respect of any Controlling Class Obligations (other than an agreement, covenant or warranty a default in the performance of which or the breach of which is elsewhere specifically dealt with in this Section 8.01), all of such covenants in this Indenture which are not expressly stated to be for the benefit of a particular Series of Issuer Funding Obligations being deemed to be in respect of all Series of Issuer Funding Obligations for this purpose, and continuance of such default or breach for a period of 60 days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by Controlling Class Creditors holding at least 25% of the Outstanding Dollar Principal Amount of all Controlling Class Obligations, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default" hereunder and, as a result of such default, the interests of such Controlling Class Creditors are materially and adversely affected and continue to be materially and adversely affected during the 60-day period;

(e) the Issuer fails to maintain its existence or its status as a Financing Entity or an Insolvency Event occurs in respect of the Issuer;

(f) the Change of Law Protection Agreement ceases to be in full force and effect against the Province, or the validity of the Change of Law Protection Agreement or the applicability thereof to the Province or to any Controlling Class Obligations or any other obligations purported to be secured thereby or any material part thereof shall be disaffirmed in writing by or on behalf of the Province;

(g) an Acceleration Event has occurred; provided that Controlling Class Creditors holding at least 25% of the Outstanding Dollar Principal Amount of all Controlling Class Obligations have given, by registered or certified mail, notice to the Issuer and the Indenture Trustee specifying such default and stating that such notice is a "Notice of Default" hereunder;

(h) a default in the performance or breach by the Issuer of its covenant in Section 13.11 and the continuance of such default or breach for a period of three (3) Business Days after notice thereof has been given to the Issuer by the Indenture Trustee;

(i) at any time, the amounts, if any, withdrawn from the Program Cash Reserve Account pursuant to Section 7.08(a) prior to such time, exceeds the aggregate of (x) an amount equal to 0.50% of the largest Outstanding Dollar Principal Amount of all Senior Funding Obligations, Subordinated Funding Obligations and Junior

Subordinated Funding Obligations at any time on or before such time, plus (y) the sum of all amounts deposited to the Program Cash Reserve Account pursuant to Section 7.04(e)(xiii) prior to such time; or

(j) a Servicer Default shall occur.

If Controlling Class Obligations constituting 25% or more of the Outstanding Dollar Principal Amount of all Controlling Class Obligations have been accelerated in accordance with the Related Funding Obligation Agreements, the threshold required to declare an Event of Default described in clause (c), (d) or (g) shall be deemed to have been met and no vote of Controlling Class Creditors to declare an Event of Default shall be required. For greater certainty, failure to pay amounts owing pursuant to a Derivative Agreement shall not constitute grounds for an Event of Default.

8.02 <u>Acceleration of Maturity; Rescission and Annulment</u>

(a) If an Event of Default (other than an Event of Default described in clause (e) or (f) of Section 8.01) occurs and is continuing, then and in each and every such case, unless the principal of all the Controlling Class Obligations shall have already become due and payable, either the Indenture Trustee or Controlling Class Creditors holding not less than 50% of the Outstanding Dollar Principal Amount of all Controlling Class Obligations (treated as one class), by notice in writing to the Issuer (and to the Indenture Trustee if given by such Controlling Class Creditors), may declare the Outstanding Dollar Principal Amount of all Issuer Funding Obligations (other than Derivative Funding Obligations) and all interest accrued or principal accreted and unpaid (if any) thereon to be due and payable immediately, and upon any such declaration the same will become and will be immediately due and payable, notwithstanding anything in this Indenture or any Funding Obligation Agreement to the contrary. In any vote to determine whether the requisite number of Controlling Class Creditors have agreed to accelerate the Issuer Funding Obligations pursuant to this subsection 8.02(a), Controlling Class Creditors whose Controlling Class Obligations have been accelerated in accordance with the Related Funding Obligation Agreements shall be deemed to have voted in favour of acceleration to the extent of the Outstanding Dollar Principal Amount of those Controlling Class Obligations which have been accelerated. If Controlling Class Obligations constituting 50% or more of the Outstanding Dollar Principal Amount of all Controlling Class Obligations have been accelerated in accordance with the Related Funding Obligation Agreements, no vote of Controlling Class Creditors to accelerate the Issuer Funding Obligations shall be required and all remaining Issuer Funding Obligations (other than Derivative Funding Obligations) will become and will be immediately due and payable, notwithstanding anything in this Indenture or any Funding Obligation Agreement to the contrary.

(b) If an Event of Default described in clause (e) or (f) of Section 8.01 occurs and is continuing, then all Issuer Funding Obligations (other than Derivative Funding Obligations) will automatically be and become immediately due and payable by the Issuer, without notice or demand to any Person, and the Issuer will automatically and immediately be obligated to pay off the Issuer Funding Obligations.

(c) At any time after such a declaration of acceleration has been made or an automatic acceleration has occurred with respect to the Issuer Funding Obligations (other than Derivative Funding Obligations) and before a judgment or decree for payment of the money due has been obtained by the Indenture Trustee as hereinafter provided in this Article VIII, Controlling Class Creditors may, by Extraordinary Resolution, rescind and annul such declaration and its consequences if:

(i) the Issuer has paid or deposited with the Indenture Trustee a sum sufficient to pay (A) all overdue installments of interest on the Controlling Class Obligations, (B) the principal of any Controlling Class Obligations which have become due otherwise than by such declaration of acceleration, and interest thereon at the rate or rates prescribed therefor by the terms of the Related Funding Obligation Agreements, to the extent that payment of such interest is lawful, (C) interest upon overdue installments of interest at the rate or rates prescribed therefor by the terms of the Related Funding Obligation Agreements, to the extent that payment of such interest is lawful, and (D) all sums paid by the Indenture Trustee hereunder and the reasonable compensation, expenses and disbursements of the Indenture Trustee, its agents and counsel and all other amounts due to the Indenture Trustee under Section 9.05; and

(ii) all Events of Default, other than the nonpayment of the principal of the Controlling Class Obligations which has become due solely by such acceleration, have been cured or waived as provided in Section 8.03.

(d) If, at any time, any Event of Default capable of being remedied has been remedied by the Issuer to the satisfaction of the Indenture Trustee: (i) the Security Interest will no longer be or be deemed to be enforceable by reason of such Event of Default; (ii) any rights which had become vested in the Indenture Trustee by virtue thereof will be and be deemed to be cancelled as fully and to the same extent as though no such Event of Default had occurred; and (iii) the Indenture Trustee will, or will instruct any receiver appointed pursuant to this Indenture to restore to the Issuer any Collateral in the possession of the Indenture Trustee or receiver, as the case may be.

(e) No such rescission will affect any subsequent Default or impair any right consequent thereon, nor will any such rescission apply to any event of default applicable solely to any Series or Tranche of Issuer Funding Obligations and contained in any Related Funding Obligation Agreement.

8.03 Waiver of Past Defaults

Subject to Section 8.02(c), Controlling Class Creditors may, by Ordinary Resolution, waive any past Default hereunder and its consequences, provided that the Rating Agency Condition in respect of each Series or Tranche of the Controlling Class Obligations has been satisfied. Upon any such waiver, such Default will cease to exist, and any Event of Default arising

therefrom will be deemed to have been cured, for every purpose of this Indenture; but no such waiver will extend to any subsequent or other Default or impair any right consequent thereon.

8.04 Notice of Defaults

(a) Within 90 days after the occurrence of any Default, Event of Default or Acceleration Event of which the Indenture Trustee has received written notice:

(i) the Indenture Trustee will transmit by mail to all Registered Noteholders, as their names and addresses appear in the Note Register, notice of such Default, Event of Default or Acceleration Event;

(ii) the Indenture Trustee will notify all holders of Bearer Notes by publication of notice of such Default, Event of Default or Acceleration Event in an Authorized Newspaper, or as otherwise provided in the Related Supplemental Indenture;

(iii) the Indenture Trustee will give prompt written notification of such Default, Event of Default or Acceleration Event to those Lenders and other Specified Creditors that are included on the Specified Creditor list provided by the Issuer pursuant to subsection 13.13(b); and

(iv) the Indenture Trustee will give prompt written notification of such Default, Event of Default or Acceleration Event to the Rating Agencies;

provided, however, that (A) the Indenture Trustee shall not be liable for failing to distribute any written notice pursuant to this Section 8.04 to any party that is at the time of delivery a Specified Creditor but is not on the list of Specified Creditors held by the Indenture Trustee pursuant to subsection 9.14(a), and (B) except in the case of a default in the payment of the principal of or interest on any Issuer Funding Obligation, the Indenture Trustee will be protected in withholding such notice if and so long as a Responsible Officer of the Indenture Trustee in good faith determines that the withholding of such notice is in the interests of Debtholders.

(b) When notice of the occurrence of a Default, Event of Default or Acceleration Event has been given and the Default, Event of Default or Acceleration Event is thereafter cured, notice that the Default, Event of Default or Acceleration Event is no longer continuing shall be given by the Indenture Trustee to Persons to whom notice was sent pursuant to subsection 8.04(a) within a reasonable time, but not exceeding 30 days in any event, after the Indenture Trustee receives notice from the applicable Debtholders that the Default, Event of Default or Acceleration Event has been cured.

8.05 Remedies Generally

Subject to subsections 8.02(c) and (d) and Section 8.03, if the Controlling Class Obligations become due and payable pursuant to Section 8.02 and the Issuer has failed to pay such Controlling Class Obligations, the Indenture Trustee (subject, however, to compliance with the

provisions of Section 9.02(d) with respect to the giving of indemnity and funds) may proceed to realize upon the Security Interest and to enforce the rights of the Indenture Trustee and of the Specified Creditors to whom Obligations Secured are owed by (i) application to any court of competent jurisdiction for an order of sequestration and payment of amounts in respect of clean energy adjustments, collections or remittances in accordance with the Act, (ii) possession of the Collateral, (iii) appointment of a receiver with respect to the Collateral, (iv) proceedings in any court of competent jurisdiction for the appointment of a receiver or for sale of the Collateral or any part thereof, or for foreclosure, (v) subject to Section 10.02, exercise any of the rights of the Issuer under any of the Program Agreements, including the right to replace the Manager or the Servicer in accordance with Section 8.10, or (vi) any other action, suit, remedy or proceeding authorized or permitted by this Indenture or by applicable law or by equity.

8.06 <u>Default Interest and Expenses</u>

The Issuer covenants that if:

(a) the Issuer defaults in the payment of interest on any Series of Controlling Class Obligations when such interest becomes due and payable and such default continues for a period of five (5) days following the Interest Payment Date on which such interest became due and payable, or

(b) the Issuer defaults in the payment of the principal amount of any Series of Controlling Class Obligations on the Principal Payment Default Date thereof;

the Issuer will, upon demand of the Indenture Trustee, pay (subject to the allocation provided in Article VII and this Article VIII and any Related Funding Obligation Agreement) to the Indenture Trustee, for the benefit of the Debtholders of any such Issuer Funding Obligations, the whole amount then due and payable on any such Issuer Funding Obligations for principal and interest, with interest, to the extent that payment of such interest will be legally enforceable, upon the overdue principal and upon overdue installments of interest, (i) in the case of interest-bearing Issuer Funding Obligations, at the rate of interest applicable to the principal amount thereof, unless otherwise specified in the Related Funding Obligation Agreement; and (ii) in the case of Discount Notes, as specified in the Related Supplemental Indenture, and in addition thereto, will pay such further amount as will be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Indenture Trustee, its agents and counsel and all other amounts due to the Indenture Trustee under Section 9.05.

If the Issuer fails to pay such amounts forthwith upon such demand, the Indenture Trustee may, if the Issuer Funding Obligations have been accelerated in accordance with Section 8.02, take immediate steps to enforce the Security Interest, including instituting, in its own name and as trustee of an express trust, a judicial proceeding seeking the appointment of a receiver or a judicial proceeding for the collection of the sums so due and unpaid, and may directly prosecute such proceeding to judgment or final decree, and the Indenture Trustee may enforce the same against the Issuer and collect the money adjudged or decreed to be payable in the manner provided by applicable law out of the Collateral, wherever situated.

8.07 Indenture Trustee May File Proofs of Claim

In case of the pendency of any receivership, insolvency, liquidation, bankruptcy or other similar proceeding relative to the Issuer or the property of the Issuer, the Indenture Trustee (irrespective of whether the principal of the Issuer Funding Obligations will then be due and payable as therein expressed or by declaration or otherwise) will be entitled and empowered by intervention in such proceeding or otherwise:

(a) to file and prove a claim for the whole amount of principal, interest, fees and other amounts owing and unpaid in respect of the Issuer Funding Obligations and to file such other papers or documents as may be necessary and advisable in order to have the claims of the Indenture Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Indenture Trustee, its agents and counsel and all other amounts due to the Indenture Trustee under Section 9.05) and of the Debtholders allowed in such judicial proceeding, and

(b) to collect and receive any funds or other property payable or deliverable on any such claims and to distribute the same;

and any receiver, assignee, trustee, liquidator or other similar official in any such proceeding is hereby authorized by each Specified Creditor to make such payment to the Indenture Trustee, and in the event that the Indenture Trustee will consent to the making of such payments directly to the Specified Creditors, to pay to the Indenture Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Indenture Trustee, its agents and counsel, and any other amounts due to the Indenture Trustee under Section 9.05.

8.08 Indenture Trustee May Enforce Claims Without Possession of Notes

All rights of action and claims under this Indenture or the Notes of any Class, Series or Tranche may be prosecuted and enforced by the Indenture Trustee without the possession of any of the Notes of such Class, Series or Tranche or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Indenture Trustee will be brought in its own name as trustee of an express trust.

8.09 Indenture Trustee May Elect to Hold the Collateral

Following an acceleration of Issuer Funding Obligations in accordance with Section 8.02, the Indenture Trustee may elect to continue to hold the Collateral and apply distributions on the Collateral in accordance with the distribution provisions of Section 8.13.

8.10 Termination by Indenture Trustee of Manager and Servicer

Upon the occurrence and during the continuance of an Event of Default, the Indenture Trustee shall have the right to (and, upon receipt of an Extraordinary Resolution to that effect, shall) terminate the appointment of the then existing Manager under the Management Agreement and/or the Servicer under the Master Transfer and Servicing Agreement, and appoint new Persons under such agreements in accordance with such direction, provided that the Issuer shall have the

right to reinstate any appointee under such agreements at such time as the Event of Default is no longer continuing.

8.11 Control by Controlling Class Creditors

(a) Subject to Section 10.02(b), Controlling Class Creditors will, by Ordinary Resolution, have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Indenture Trustee, or exercising any trust or power conferred on the Indenture Trustee with respect to all Issuer Funding Obligations, provided that:

(i) the Indenture Trustee will have the right to decline to follow any such direction if the Indenture Trustee, being advised by counsel, determines that the action so directed may not lawfully be taken or would conflict with this Indenture, or if the Indenture Trustee in good faith determines that the proceedings so directed would involve it in personal liability or be unjustly prejudicial to the Controlling Class Creditors not taking part in such direction; and

(ii) the Indenture Trustee may take any other action permitted hereunder deemed proper by the Indenture Trustee which is not inconsistent with such direction.

(b) For greater certainty, Specified Creditors other than Debtholders shall not and do not have any right to direct the time, method and place of conducting any proceeding for any remedy available to the Indenture Trustee, or exercising any trust or power conferred on the Indenture Trustee. Specified Creditors other than Debtholders shall only have the right to receive proceeds following an Event of Default in the manner provided for in Section 8.13.

8.12 Limitation on Suits

To the fullest extent permitted by applicable law, no Specified Creditor will have any right to institute any proceeding, judicial or otherwise, with respect to this Indenture, or for the appointment of a receiver or trustee or similar official, or for any other remedy hereunder, unless:

(a) the Issuer or a Controlling Class Creditor has previously given written notice to the Indenture Trustee of a continuing Event of Default;

(b) Controlling Class Creditors, by way of Ordinary Resolution, have made written request to the Indenture Trustee to institute proceedings in respect of such Event of Default in the name of the Indenture Trustee hereunder;

(c) such Controlling Class Creditors have offered to the Indenture Trustee (when so requested by the Indenture Trustee) indemnity reasonably satisfactory to it against the costs, expenses and liabilities to be incurred in compliance with such request; and

(d) the Indenture Trustee, for 60 days after the Indenture Trustee has received such notice, request and offer of indemnity has failed to institute any such proceeding;

it being understood and intended that no one or more Specified Creditors will have any right in any manner whatsoever by virtue of, or by availing of, any provision of this Indenture to affect, disturb or prejudice the rights of any other Specified Creditor, or to obtain or to seek to obtain priority or preference over any other Specified Creditor or to enforce any right under this Indenture, except in the manner herein provided and for the benefit of all Specified Creditors. If the above conditions have been met, a Controlling Class Creditor may exercise such rights in accordance with this Indenture.

8.13 Application of Money Following an Event of Default

Subject to the following paragraph and to Section 7.10, upon the occurrence and during the continuance of an Event of Default which has been accelerated in accordance with Section 8.02, any money or other property standing in each Issuer Account or otherwise received by the Indenture Trustee pursuant to this Article VIII will be applied in the order of priority specified in this Section 8.13, *pro rata* in proportion to the claims represented by each subclause, except as otherwise specifically provided below:

(a) First, to the payment or remittance of all Taxes exigible for which a Governmental Authority is given priority over the Specified Creditors under the laws of the applicable jurisdiction;

(b) Second, to the Indenture Trustee and the Issuer Trustee in respect of the amount of fees, expenses and reimbursements owing;

(c) Third, *pari passu*, (A) to Debtholders, on a *pro rata* basis, in respect of all interest accrued and unpaid, if any, and fees and other amounts (other than principal) due and payable on the Senior Funding Obligations, and (B) to Derivative Counterparties, on a *pro rata* basis, all Derivative Funding Obligations payable other than Termination Payments;

(d) Fourth, to Debtholders, on a *pro rata* basis, in respect of all interest accrued and unpaid, if any, and fees and other amounts (other than principal) due and payable on the Subordinated Funding Obligations;

(e) Fifth, to Debtholders, on a *pro rata* basis, in respect of all interest accrued and unpaid, if any, and fees and other amounts (other than principal) due and payable on the Junior Subordinated Funding Obligations;

(f) Sixth, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of the Warehouse Obligations until such amount has been paid in full;

(g) Seventh, *pari passu*, (A) to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of the Senior Funding Obligations (other than Warehouse Obligations) until such amount has been paid in full, and (B) to

Derivative Counterparties, on a *pro rata* basis, any Termination Payment where the Derivative Counterparty is not the Defaulting Party or the sole Affected Party;

(h) Eighth, to the Manager in respect of all fees, expenses and reimbursement amounts owing;

(i) Ninth, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of the Subordinated Funding Obligations until such amount has been paid in full;

(j) Tenth, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of the Junior Subordinated Funding Obligations until such amount has been paid in full;

(k) Eleventh, to each Derivative Counterparty, on a *pro rata* basis, any Termination Payment where the Derivative Counterparty is the Defaulting Party or the sole Affected Party;

(l) Twelfth, to the Manager in respect of all indemnity amounts owing;

(m) Thirteenth, *pari passu* (i) to the payment or remittance of all Taxes exigible and not previously paid pursuant to clause (a); and (ii) to all other Specified Creditors not specifically referred to in this Section 8.13; in each case, including for each referenced party in subclauses (i) and (ii), any amounts payable to their respective Affiliates under the terms of any relevant indemnity; and

(n) Fourteenth, to the Issuer or as the Issuer otherwise directs.

Notwithstanding the foregoing, amounts on deposit in a Series Account established solely for the benefit of one or more Series of Issuer Funding Obligations shall first be used to satisfy all obligations owing to those Debtholders or Derivative Counterparties for whom such Series Account was established. If any amounts remain following such application, such amounts shall constitute Available Collections and shall be applied in accordance with the priorities set out above. In addition, amounts on deposit in the Protection Account shall only be used to satisfy the obligations for which such amounts were deposited.

8.14 Limited Recourse

(a) Notwithstanding any other provision of this Indenture to the contrary, the obligation to pay principal of or interest on any Issuer Funding Obligation or any other amount payable to any Specified Creditor will be without recourse to the Indenture Trustee, the Issuer Trustee, the Manager or any Affiliate, officer, employee, member or director of any of them, and the satisfaction of the obligation of the Issuer to pay principal of or interest on any Issuer Funding Obligation or any other amount payable to any Specified Creditor will be subject to the allocation and payment provisions of this Indenture and any Related Funding Obligation Agreement, and limited to amounts available from the Collateral.

(b) No recourse may be taken, directly or indirectly, with respect to the obligations of the Issuer under the Issuer Funding Obligations or under this Indenture, or any certificate or other writing delivered in connection herewith or therewith, against (i) the Issuer Trustee in its individual capacity, (ii) any owner of a unit in the Issuer or (iii) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Issuer Trustee in its individual capacity, any holder of a unit in the Issuer or the Issuer Trustee or of any successor or assign of the Issuer Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Issuer Trustee has no such obligations in its individual capacity).

(c) Under no circumstances shall the Manager or any of its Affiliates be deemed an obligor or guarantor or otherwise deemed to be responsible for payment from its own funds of principal, interest, dividends or other amounts due on the Collateral, the Issuer Funding Obligations or any other Obligations Secured.

8.15 Restoration of Rights and Remedies

If the Indenture Trustee or any Controlling Class Creditor (to the extent and in the manner provided for in Section 8.12) has instituted any proceeding to enforce any right or remedy under this Indenture and such proceeding has been discontinued or abandoned for any reason, then and in every such case the Issuer, the Indenture Trustee and the Specified Creditors will, subject to any determination in such proceeding, be restored severally and respectively to their former positions hereunder, and thereafter all rights and remedies of the Indenture Trustee and the Specified Creditors will continue as though no such proceeding had been instituted.

8.16 Rights and Remedies Cumulative

No right or remedy herein conferred upon or reserved to the Indenture Trustee or to the Specified Creditors is intended to be exclusive of any other right or remedy, and every right and remedy will, to the extent permitted by applicable law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, will not prevent the concurrent assertion or employment of any other appropriate right or remedy.

8.17 Delay or Omission Not Waiver

No delay or omission of the Indenture Trustee or of any Controlling Class Creditor to exercise any right or remedy accruing upon any Event of Default will impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article VIII or by applicable law to the Indenture Trustee or to the Controlling Class Creditors may be exercised from time to time, and as often as may be deemed expedient, by the Indenture Trustee or by the Controlling Class Creditors, as the case may be.

8.18 Waiver of Stay or Extension Laws

The Issuer covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law wherever enacted, now or at any time hereafter in force, which may affect

the covenants or the performance of this Indenture; and the Issuer (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Indenture Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

8.19 Indenture Trustee Appointed Attorney

The Issuer irrevocably constitutes and appoints the Indenture Trustee and any officer or employee thereof, with full power of substitution, as its true and lawful attorney coupled with an interest with full power and authority in the name of the Issuer or in its own name, in its discretion, upon the occurrence and during the continuance of any Event of Default and acceleration in accordance with Section 8.02, for the purpose of carrying out the terms of this Indenture to take all appropriate action and to execute any and all documents and instruments which may be necessary or desirable to accomplish the purposes hereof, and without limiting the generality of the foregoing, hereby gives the Indenture Trustee the power and right on behalf of the Issuer, without notice to or assent by the Issuer, to the extent permitted by applicable law, to do the following:

(a) to ask for, demand, sue for, collect and receive all and any monies due or becoming due with respect to the Collateral;

(b) to receive, take, endorse, assign and deliver any and all cheques, notes, drafts, acceptances, documents and other negotiable and non-negotiable instruments, documents and chattel paper taken or received by the Indenture Trustee in connection therewith and herewith; and

(c) to commence, file, prosecute, defend, settle, compromise or adjust any claim, suit, action or proceeding with respect to the Collateral.

8.20 Disclaimer of Marshalling

In the event that the Security Interest shall become enforceable and the Indenture Trustee shall have determined or become bound to enforce the same, the Issuer covenants not to invoke the doctrine of marshalling or any other equitable principle for the purpose of requiring the Indenture Trustee to realize or to have realized on any particular asset forming part of the Collateral.

ARTICLE IX
THE INDENTURE TRUSTEE

9.01 Certain Duties and Responsibilities

(a) The Indenture Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture with respect to the Obligations Secured, and no implied covenants or obligations will be read into this Indenture against the Indenture Trustee.

(b) In the exercise of the rights and duties prescribed or conferred by the terms of this Indenture, the Indenture Trustee will act honestly and in good faith with a view to the best interests of the Debtholders as a whole and exercise that degree of care, diligence and skill that a reasonably prudent trustee would exercise in comparable circumstances. When all Issuer Funding Obligations have been satisfied and discharged in accordance with Section 2.08(b), the Indenture Trustee shall no longer act as Indenture Trustee under this Indenture and shall have no fiduciary responsibilities to any remaining Specified Creditors. From and after such time, the Indenture Trustee shall act only as the security agent for those Specified Creditors.

(c) In the absence of bad faith on its part, the Indenture Trustee may, with respect to any Obligations Secured, conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Indenture Trustee and conforming to the requirements of this Indenture; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Indenture Trustee, the Indenture Trustee will be under a duty to examine the same to determine whether or not they substantially conform to the requirements of this Indenture (but need not confirm or investigate the accuracy of any mathematical calculations or other facts stated therein).

(d) No provision of this Indenture will be construed to relieve the Indenture Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(i) this clause (d) will not be construed to limit the effect of subsection 9.01(a);

(ii) the Indenture Trustee will not be liable for any error of judgment made in good faith, unless it will be proved that the Indenture Trustee was negligent in ascertaining the pertinent facts;

(iii) the Indenture Trustee will not be liable with respect to any action taken or omitted to be taken by it in good faith if so directed by Extraordinary Resolution, relating to the time, method and place of conducting any proceeding for any remedy available to the Indenture Trustee, or exercising any trust or power conferred upon the Indenture Trustee, under this Indenture with respect to the Obligations Secured; and

(iv) no provision of this Indenture will require the Indenture Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers.

(e) Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Indenture Trustee will be subject to the provisions of this Section 9.01.

9.02 Certain Rights of Indenture Trustee

Except as otherwise provided in Section 9.01:

(a) the Indenture Trustee may conclusively rely and will be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture or other paper or document (whether in its original, facsimile or other electronic form) believed by it to be genuine and to have been signed or presented by the proper party or parties;

(b) whenever in the administration of this Indenture the Indenture Trustee will deem it desirable that a matter be proved or established before taking, suffering or omitting any action hereunder, the Indenture Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon an Officer's Certificate;

(c) the Indenture Trustee may consult with counsel of its own selection and the advice of such counsel or any Opinion of Counsel will be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon;

(d) the Indenture Trustee will be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Controlling Class Creditors pursuant to this Indenture, unless such Controlling Class Creditors shall have offered to the Indenture Trustee security or indemnity reasonably satisfactory to it against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction;

(e) the Indenture Trustee will not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture or other paper or document, but the Indenture Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Indenture Trustee will determine to make such further inquiry or investigation, it will be entitled to examine the books, records and premises of the Issuer, personally or by agent or attorney;

(f) the Indenture Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Indenture Trustee will not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder;

(g) the Indenture Trustee will not be responsible for filing any financing statements or continuation statements in connection with the Obligations Secured or the Security Interest, but will cooperate with the Issuer in connection with the filing of such financing statements or amendments to such financing statements;

(h) the Indenture Trustee shall not be deemed to have notice of any default (including any Servicer Default, Default or Event of Default) unless written notice of any event which is in fact such a default is received by the Indenture Trustee at the Corporate Trust Office of the Indenture Trustee, and such notice references the Issuer Funding Obligations and this Indenture;

(i) the rights, privileges, protections, immunities and benefits given to the Indenture Trustee, including, without limitation, its right to be indemnified, are extended to, and shall be enforceable by, the Indenture Trustee in each of its capacities hereunder, and each agent, custodian and other Person employed to act hereunder;

(j) the Indenture Trustee shall not be liable for any action taken, suffered or omitted to be taken by it in good faith and reasonably believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture;

(k) the Indenture Trustee shall be entitled to and may rely absolutely upon each Payment Instruction and the Indenture Trustee will have no obligation (i) to perform any calculations under any of the Program Agreements, (ii) to reconcile any Issuer Account against the other(s) or the Program Agreements, or (iii) to monitor any change in the legislation governing any of the Program Agreements;

(l) the Indenture Trustee will be entitled to rely and act upon any direction, order, instruction, notice or communication provided to it under this Indenture which is sent to it by Electronic Methods. The Indenture Trustee shall have no liability for any losses, liabilities, costs or expenses incurred by it as a result of such reliance upon or compliance with such instructions or directions. The Issuer agrees: (i) to assume all risks arising out of the use of such Electronic Methods to submit instructions and directions to the Indenture Trustee, including without limitation the risk of the Indenture Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting instructions to the Indenture Trustee and that there may be more secure methods of transmitting instructions than the method(s) selected by the Issuer; and (iii) that the security procedures (if any) to be followed in connection with its transmission of instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and

(m) the Indenture Trustee will not be liable for any consequential, punitive or special damages.

9.03 <u>Not Responsible for Recitals or Issuer Funding Obligations</u>

The recitals contained herein and in the Funding Obligation Agreements, except the Certificates of Authentication, will be taken as the statements of the Issuer, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Indenture or of the Funding Obligation

Agreements. The Indenture Trustee will not be accountable for the use or application by the Issuer of Notes, Borrowings or the proceeds thereof.

9.04 May Hold Notes

The Indenture Trustee, the Issuer Trustee, any Paying Agent, the Note Registrar, the Manager or any other agent of the Issuer, in its individual or any other capacity, may become the owner or pledgee of Notes and, subject to subsection 9.07(e) and applicable legislation, may otherwise deal with the Issuer with the same rights it would have if it were not Indenture Trustee, Issuer Trustee, Paying Agent, Note Registrar, Manager or such other agent.

9.05 Compensation and Reimbursement; Limit on Compensation Reimbursement and Indemnity

(a) The Issuer agrees:

(i) to pay to the Indenture Trustee from time to time reasonable compensation for all services rendered by it hereunder (which compensation will not be limited by any provision of law in regard to the compensation of a trustee of an express trust);

(ii) except as otherwise expressly provided herein, to reimburse the Indenture Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Indenture Trustee in accordance with any provision of this Indenture (including the reasonable compensation and the reasonable expenses and disbursements of its agents and counsel), except any such expense, disbursement or advance as may be attributable to its own negligence or bad faith; and

(iii) to indemnify the Indenture Trustee for, and to hold it harmless against, any and all loss, liability, expense, claim, damage or injury incurred without negligence or bad faith on its part, arising out of or in connection with the acceptance or administration of the trusts hereunder, including the costs and expenses of defending itself against any claim or liability (whether asserted by the Issuer, any Specified Creditor or any other Person) in connection with the exercise or performance of any of its powers or duties hereunder.

The Indenture Trustee will have no recourse to any asset of the Issuer other than funds available pursuant to Section 7.04, 7.10 or 8.13, or to any Person other than the Issuer.

(b) This Section 9.05 will survive the termination of this Indenture and the resignation or replacement of the Indenture Trustee under Section 9.07.

9.06 Corporate Indenture Trustee Required; Eligibility

There will at all times be an Indenture Trustee hereunder which will be either a bank, a trust company or a corporation organized and doing business under the laws of Canada or of any

province or territory thereof, authorized under such laws to carry on a trust business as contemplated hereby in each of the provinces and territories of Canada. The Issuer may not, nor may any Person directly or indirectly controlling, controlled by, or under common control with the Issuer, serve as Indenture Trustee. If at any time the Indenture Trustee will cease to be eligible in accordance with the provisions of this Section 9.06, it will resign immediately in the manner and with the effect hereinafter specified in this Article IX.

9.07 <u>Resignation and Removal; Appointment of Successor</u>

(a) No resignation or removal of the Indenture Trustee and no appointment of a successor Indenture Trustee pursuant to this Article IX will become effective until the acceptance of appointment by the successor Indenture Trustee under Section 9.08.

(b) The Indenture Trustee may resign at any time by giving written notice thereof to the Issuer. If an instrument of acceptance by a successor Indenture Trustee shall not have been delivered to the Indenture Trustee within 30 days after the giving of such notice of resignation, the resigning Indenture Trustee may petition any court of competent jurisdiction for the appointment of a successor Indenture Trustee.

(c) The Indenture Trustee may be removed at any time by Ordinary Resolution of the Controlling Class Creditors delivered to the Indenture Trustee and to the Issuer. If an instrument of acceptance by a successor Indenture Trustee shall not have been delivered to the Indenture Trustee within 30 days after the giving of such notice of removal, the Indenture Trustee being removed may petition any court of competent jurisdiction for the appointment of a successor Indenture Trustee.

(d) If at any time:

(i) the Indenture Trustee ceases to be eligible under Section 9.06 and fails to resign after written request therefor by the Issuer or by any Controlling Class Creditor, or

(ii) the Indenture Trustee becomes incapable of acting, or

(iii) the Indenture Trustee is adjudged bankrupt or insolvent, or a receiver of the Indenture Trustee or of its property is appointed, or any public officer takes charge or control of the Indenture Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation,

then, in any such case, (A) the Issuer may remove the Indenture Trustee, or (B) any Controlling Class Creditor who has been a *bona fide* Controlling Class Creditor for at least six (6) months may, on behalf of itself and all other Debtholders, petition any court of competent jurisdiction for the removal of the Indenture Trustee and the appointment of a successor Indenture Trustee.

(e) The Indenture Trustee shall resign if a material conflict of interest arises in its role as a trustee under this Indenture that is not eliminated within 90 days after the

Indenture Trustee becomes aware that it has such a material conflict of interest. Forthwith after the Indenture Trustee becomes aware that it has a material conflict of interest, it shall provide the Issuer with written notice of the nature of that conflict. If, notwithstanding the foregoing provisions of this subsection 9.07(e), the Indenture Trustee has such a material conflict of interest, the validity and enforceability of this Indenture and of the Funding Obligation Agreements shall not be affected in any manner whatsoever by reason only of the existence of such material conflict of interest. If the Indenture Trustee contravenes the foregoing provisions of this subsection 9.07(e), any interested Person may apply to a court of competent jurisdiction for an order that the Indenture Trustee be replaced as trustee hereunder. The Indenture Trustee represents to the Issuer that at the time of the execution and delivery hereof, no material conflict of interest exists in the Indenture Trustee's role as a fiduciary hereunder.

(f) If the Indenture Trustee resigns, is removed or becomes incapable of acting, or if a vacancy shall occur in the office of the Indenture Trustee for any cause, the Issuer will promptly appoint a successor Indenture Trustee. If, within one (1) year after such resignation, removal or incapacity, or the occurrence of such vacancy, a successor Indenture Trustee is appointed by Ordinary Resolution of Controlling Class Creditors delivered to the Issuer and the retiring Indenture Trustee, the successor Indenture Trustee so appointed will, forthwith upon its acceptance of such appointment, become the successor Indenture Trustee and supersede the successor Indenture Trustee appointed by the Issuer. If no successor Indenture Trustee shall have been so appointed by the Issuer or Controlling Class Creditors and accepted in the manner hereinafter provided, any Controlling Class Creditor who has been a *bona fide* Controlling Class Creditor for at least six (6) months may, on behalf of itself and all other Debtholders, petition any court of competent jurisdiction for the appointment of a successor Indenture Trustee.

(g) The Issuer will give written notice of each resignation and each removal of the Indenture Trustee and each appointment of a successor Indenture Trustee to each Specified Creditor as provided in Article XV and to each Rating Agency. To facilitate delivery of such notice, upon request by the Issuer, the retiring Indenture Trustee shall provide to the Issuer a list of all Specified Creditors. Each notice will include the name of the successor Indenture Trustee and the address of its Corporate Trust Office.

(h) Upon such resignation, the Indenture Trustee shall be discharged from all further duties and liabilities under this Indenture.

9.08 <u>Acceptance of Appointment by Successor</u>

Every successor Indenture Trustee appointed hereunder will execute, acknowledge and deliver to the Issuer and to the predecessor Indenture Trustee an instrument accepting such appointment, with a copy to the Rating Agencies, and thereupon the resignation or removal of the predecessor Indenture Trustee will become effective, and such successor Indenture Trustee, without any further act, deed or conveyance, will become vested with all the rights, powers, trusts

and duties of the predecessor Indenture Trustee; but, on request of the Issuer or the successor Indenture Trustee, such predecessor Indenture Trustee will execute and deliver an instrument transferring to such successor Indenture Trustee all the rights, powers and trusts of the predecessor Indenture Trustee, and will duly assign, transfer and deliver to such successor Indenture Trustee all property and money held by such predecessor Indenture Trustee hereunder, subject nevertheless to its Lien, if any, provided for in Section 9.05. Upon request of any such successor Indenture Trustee, the Issuer will execute any and all instruments for more fully and certainly vesting in and confirming to such successor Indenture Trustee all such rights, powers and trusts.

No successor Indenture Trustee will accept its appointment unless at the time of such acceptance, such successor Indenture Trustee will be qualified and eligible under this Article IX.

9.09 Merger, Conversion, Consolidation or Succession to Business

Any corporation into which the Indenture Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Indenture Trustee shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Indenture Trustee, will be the successor of the Indenture Trustee hereunder, provided such corporation shall be otherwise qualified and eligible under this Article IX, without the execution or filing of any paper or any further act on the part of any of the parties hereto. The Indenture Trustee shall give prompt written notice of such merger, conversion, consolidation or succession to the Issuer and the Rating Agencies. In case any Notes shall have been authenticated, but not delivered, by the Indenture Trustee then in office, any successor by merger, conversion or consolidation to such authenticating Indenture Trustee may adopt such authentication and deliver the Notes so authenticated with the same effect as if such successor Indenture Trustee had itself authenticated such Notes.

9.10 Trust Indenture Legislation

(a) In this Article IX, the term "**applicable legislation**" means the provisions, if any, of the *Trust and Loan Companies Act* (Canada) and any other statute of Canada or a province thereof, and of regulations under any such statute, in each case, as amended, restated or re-enacted from time to time, relating to trust indentures and to the rights, duties and obligations of trustees under trust indentures and of entities issuing debt obligations under trust indentures, to the extent that in the opinion of counsel to the Issuer such provisions are at the time in force and applicable to this Indenture.

(b) If and to the extent that any provision of this Indenture limits, qualifies or conflicts with a mandatory requirement of applicable legislation, such mandatory requirement shall prevail.

(c) The Issuer and the Indenture Trustee agree that each will at all times in relation to this Indenture and any action to be taken hereunder, observe and comply with and be entitled to the benefits of applicable legislation.

9.11 Representations and Covenants of the Indenture Trustee

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Indenture and has taken all necessary action to authorize the execution, delivery and performance by it of this Indenture and other documents to which it is a party;

(c) each of this Indenture and the other documents to which it is a party has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada. If, notwithstanding the provisions of this subsection 9.11(d), the Indenture Trustee ceases to be so authorized to carry on business, the validity and enforceability of this Indenture and the Funding Obligation Agreements shall not be affected in any manner whatsoever by reason only of such event.

9.12 Indenture Trustee's Application for Instructions from the Issuer

Any application by the Indenture Trustee for written instructions from the Issuer may, at the option of the Indenture Trustee, set forth in writing any action proposed to be taken or omitted by the Indenture Trustee under and in accordance with this Indenture and the date on and/or after which such action shall be taken or such omission shall be effective; provided that such application shall make specific reference to this Section 9.12. The Indenture Trustee shall not be liable for any action taken by, or omission of, the Indenture Trustee in accordance with a proposal included in such application on or after the date specified in such application (which date shall not be less than five (5) Business Days after the date the Issuer actually receives such application, unless the Issuer shall have consented in writing to any earlier date) unless prior to taking any such action (or the effective date in the case of an omission), the Indenture Trustee shall have received written instructions in response to such application specifying the action be taken or omitted.

9.13 Appointment of Co-Trustee or Separate Indenture Trustee

(a) Notwithstanding any other provisions of this Indenture, at any time, for the purpose of meeting any legal requirements of any relevant jurisdiction, the Indenture Trustee shall have the power and shall execute and deliver all instruments, subject to the prior written consent of the Manager, which consent shall not be unreasonably withheld, to appoint one or more Persons reasonably acceptable to the Issuer to act as a co-trustee or co-trustees, or separate trustee or separate trustees, of all or any part of the Issuer's property, and to vest in such Person or Persons, in such capacity and for the benefit of the Specified Creditors, such title to the Issuer's property, or any part thereof, and, subject to the other provisions of this Section 9.13, such powers, duties, obligations, rights and trusts as the Indenture

Trustee may consider necessary or desirable. No co-trustee or separate trustee hereunder shall be required to meet the terms of eligibility as a successor trustee under Section 9.06 and no notice to Specified Creditors of the appointment of any co-trustee or separate trustee shall be required under Section 9.07.

(b) Every separate trustee and co-trustee shall, to the extent permitted by applicable law, be appointed and act subject to the following provisions and conditions:

(i) all rights, powers, duties and obligations conferred or imposed upon the Indenture Trustee shall be conferred or imposed upon and exercised or performed by the Indenture Trustee and such separate trustee or co-trustee jointly (it being understood that such separate trustee or co-trustee is not authorized to act separately without the Indenture Trustee joining in such act), except to the extent that under any law of any jurisdiction in which any particular act or acts are to be performed, the Indenture Trustee shall be incompetent or unqualified to perform such act or acts, in which event such rights, powers, duties and obligations (including the holding of title to the Issuer's property or any portion thereof in any such jurisdiction) shall be exercised and performed singly by such separate trustee or co-trustee, but solely at the direction of the Indenture Trustee;

(ii) no trustee hereunder shall be personally liable by reason of any act or omission of any other trustee hereunder; and

(iii) the Indenture Trustee may at any time accept the resignation of or remove any separate trustee or co-trustee.

(c) Any notice, request or other writing given to the Indenture Trustee shall be deemed to have been given to each of the then separate trustees and co-trustees, as effectively as if given to each of them. Every instrument appointing any separate trustee or co-trustee shall refer to this Indenture and the conditions of this Article IX. Each separate trustee and co-trustee, upon its acceptance of the trusts conferred, shall be vested with the estates or property specified in its instrument of appointment, either jointly with the Indenture Trustee or separately, as may be provided therein, subject to all the provisions of this Indenture, specifically including every provision of this Indenture relating to the conduct of, affecting the liability of, or affording protection to, the Indenture Trustee. Every such instrument shall be filed with the Indenture Trustee.

(d) Any separate trustee or co-trustee may at any time appoint the Indenture Trustee, its agent or attorney-in-fact with full power and authority, to the extent not prohibited by applicable law, to do any lawful act under or in respect of this Indenture on its behalf and in its name. If any separate trustee or co-trustee shall die, become incapable of acting, resign or be removed, all of its estates, properties, rights, remedies and trusts shall vest in and be exercised by the Indenture Trustee, to the extent permitted by applicable law, without the appointment of a new or successor trustee.

(e) All such appointments made in accordance with this Section 9.13 shall be subject to the approval of the Issuer. The Issuer will give prior written notice of the appointment of any separate trustee or co-trustee to each Rating Agency.

9.14 Preservation of Information; Communications to Specified Creditors

(a) The Indenture Trustee will preserve, in as current a form as is reasonably practicable, the names and addresses of Registered Noteholders contained in the most recent list furnished to the Indenture Trustee as provided in subsection 13.13(a) and the names and addresses of Registered Noteholders received by the Indenture Trustee in its capacity as Note Registrar. The Indenture Trustee will also preserve, in as current a form as is reasonably practicable, the names and addresses of all other Specified Creditors contained in the most recent list furnished to the Indenture Trustee as provided in subsection 13.13(b). The Indenture Trustee may destroy any such list furnished to it upon receipt of a new list.

(b) If three (3) or more Debtholders of any Class, Series or Tranche (hereinafter referred to as "**applicants**") (or, if there are less than three (3) such Debtholders, all of the Debtholders) apply in writing to the Indenture Trustee by way of an application substantially in the form of Exhibit 4, then the Indenture Trustee will, within five (5) Business Days after the receipt of such application, afford such applicants access to the information preserved at the time by the Indenture Trustee in accordance with subsection 9.14(a); provided, however, that (i) such Debtholders are identified on the most recent lists of Debtholders held by the Indenture Trustee pursuant to subsection 9.14(a), and (ii) the Indenture Trustee shall not release any information other than the names and addresses (including email addresses) of the Debtholders on such lists.

(c) By accepting its rights as a third party beneficiary hereunder, every Debtholder agrees with the Issuer and the Indenture Trustee that neither the Issuer nor the Indenture Trustee will be held accountable by reason of the disclosure of any such information as to the names and addresses (including email addresses) of the Debtholders in accordance with subsection 9.14(b), regardless of the source from which such information was derived.

(d) Any Specified Creditor wishing to be removed from the list of Specified Creditors may deliver a notice to the Indenture Trustee in the form attached as Exhibit 5. Within five (5) Business Days of the receipt of such notice, the Indenture Trustee shall notify the Issuer to have that Specified Creditor removed from the list provided in accordance with subsection 13.13(b). The Indenture Trustee shall not be responsible, nor shall it be liable for any losses, costs or expenses (including special, indirect, punitive or consequential losses or damages) of the Issuer, any Specified Creditor, or any other party, with respect to any Specified Creditor that fails to, or is delayed in sending, such notice and whose information is disseminated in accordance with this Section 9.14.

(e) The Indenture Trustee shall not be liable for, or held accountable by reason of, distributing any information pursuant to this Section 9.14 regarding any Specified Creditor that is on the list of Specified Creditors held by the Indenture Trustee pursuant to subsection 9.14(a).

9.15 Acceptance of Trusts by Indenture Trustee

The Indenture Trustee hereby accepts the trusts in this Indenture and agrees to perform the same upon the terms and conditions herein set forth.

9.16 Paying Agent

(a) The Paying Agent, on behalf of the Indenture Trustee, will make distributions to Specified Creditors from the Collection Account or other applicable Issuer Account pursuant to the provisions of this Indenture and any applicable Program Agreement. Any Paying Agent will have the revocable power to withdraw funds from the Collection Account or other applicable Issuer Account for the purpose of making the distributions referred to above.

(b) The Indenture Trustee may revoke such power and remove the Paying Agent if the Indenture Trustee determines in its sole discretion that the Paying Agent has failed to perform its obligations under this Indenture in any material respect. The Paying Agent upon removal will return all funds in its possession to the Indenture Trustee.

(c) The Issuer will cause each Paying Agent (other than the Indenture Trustee) to execute and deliver to the Indenture Trustee an instrument in which such Paying Agent will agree with the Indenture Trustee (and if the Indenture Trustee acts as Paying Agent, it so agrees), subject to the provisions of this Section 9.16, that such Paying Agent will:

(i) hold all sums held by it for the payment of principal of, interest, fees or other amounts in trust for the benefit of the Persons entitled thereto until such sums will be paid to such Persons or otherwise disposed of as herein provided;

(ii) if such Paying Agent is not the Indenture Trustee, give the Indenture Trustee notice of any default by the Issuer in the making of any such payment of principal or interest on any Issuer Funding Obligations;

(iii) if such Paying Agent is not the Indenture Trustee, at any time during the continuance of any such default, upon the written request of the Indenture Trustee, forthwith pay to the Indenture Trustee all sums so held in trust by such Paying Agent;

(iv) open and maintain appropriate records with respect to each Note; record by appropriate entries therein each payment made on account of interest, principal, fees and other amounts owing with respect to each such Note. For the purposes thereof, the Paying Agent shall make available upon request

of the Issuer or the Indenture Trustee satisfactory evidence of each payment as soon as practicable after making such payment. The failure to record, or any error in recording, any such payment shall not, however, limit or otherwise affect the obligations of the Issuer as to the principal amount or accrued interest owing with respect to any Note. Such records of payment shall be conclusive evidence of the unpaid principal balance and interest owing in respect of the Notes in the absence of demonstrable error;

(v) immediately resign as a Paying Agent and, if such Paying Agent is not the Indenture Trustee, forthwith pay to the Indenture Trustee all sums held by it in trust for the payment of Issuer Funding Obligations if at any time it ceases to meet the standards described in this Section 9.16 required to be met by a Paying Agent at the time of its appointment; and

(vi) comply with all requirements of the Income Tax Act or any other applicable tax law with respect to the withholding from any payments made by it on any amounts contemplated under this Indenture of any applicable withholding taxes imposed thereon and with respect to any applicable reporting requirements in connection therewith.

(d) Each Paying Agent, if not OPG, will at all times have, or be a wholly owned subsidiary of a corporation which has, a combined capital and surplus of at least $50,000,000 and be subject to supervision or examination by a Canadian federal, provincial or territorial authority or be regulated by or subject to the supervision or examination of a Governmental Authority of a nation that is a member of the Organization for Economic Co-operation and Development. If such Paying Agent publishes reports of condition at least annually, pursuant to law or to the requirements of the aforesaid supervising or examining authority, then for the purposes of this subsection 9.16(d), the combined capital and surplus of such Paying Agent will be deemed to be its combined capital and surplus as set forth in its most recent report of condition as so published.

(e) Unless and until the Issuer rescinds one or more of such appointments, the Issuer hereby appoints the Indenture Trustee as its Paying Agent. The Issuer will give prior written notice of the appointment of any Paying Agent (if such Paying Agent is not the Indenture Trustee) to each Rating Agency.

ARTICLE X
MEETINGS

10.01 Conduct of Meetings

Meetings of Debtholders of any Class, Series or Tranche, of all Issuer Funding Obligations, of Controlling Class Obligations of a Series or of all Controlling Class Obligations, as the case may be, may be convened, held and conducted in the following manner:

(a) At any time, and from time to time, the Indenture Trustee or the Issuer may, and the Indenture Trustee shall, on receipt of a written request of the Issuer or a

requisition signed by Debtholders of a particular Class, Series or Tranche, of all Issuer Funding Obligations, of Controlling Class Obligations of a Series or of all Controlling Class Obligations (each of such groups of Debtholders being a "**Debtholder Group**"), as the case may be, holding at least 25% of the aggregate Outstanding Dollar Principal Amount of the applicable Issuer Funding Obligations, convene, or cause to be convened, a meeting of the Debtholders of that Debtholder Group. If the Indenture Trustee fails to convene, or cause to be convened, a meeting after 30 days of being duly required by the Issuer or such Debtholders, the Issuer or such Debtholders may themselves convene such meeting and, in the case of a meeting called by such Debtholders, the notice calling such meeting may be signed by such Person as those Debtholders specify. Every such meeting shall be held in the City of Toronto or such other place in Ontario, Canada as the Indenture Trustee may in any case determine or approve.

(b) At least 7 days' prior notice of any meeting shall be given to the Debtholders of the Debtholder Group to which such meeting relates and to the Issuer, unless the meeting has been called by the Issuer, and such notice shall state the date, time and the place the meeting is to be held and shall specify, in general terms, the nature of the business to be transacted. It shall not be necessary to specify in the notice the text of the resolutions to be passed. Subject to Section 10.01(c), notices shall be given in the manner set forth in Article XV and a copy thereof shall be delivered to the Indenture Trustee unless the meeting has been called by it. It shall not be necessary to specify in the notice of any adjournment of a meeting the nature of the business to be transacted at the adjourned meeting. The non-receipt of any such notice by a Debtholder shall not invalidate any resolution passed at such meeting.

(c) At any meeting of a Debtholders Group, subject as herein provided, a quorum shall consist of one or more Persons present in person or by proxy holding either personally or as proxies not less than 25% of the Outstanding Dollar Principal Amount of the Issuer Funding Obligations of the Debtholder Group entitled to vote at such meeting. If a quorum is not present on the date for which the meeting is called within 30 minutes after the time fixed for the holding of such meeting, the meeting shall be adjourned to be held at a place and upon a date and at an hour to be fixed by the Indenture Trustee who shall give not less than seven (7) days' notice of the date and time to which such meeting is to be adjourned and at such adjourned meeting a quorum shall consist of the Debtholders of that Debtholder Group then and there represented in person or by proxy and entitled to vote at such meeting.

(d) An individual, who need not be a Debtholder, nominated in writing by the Indenture Trustee shall be chairman of the meeting (a "**Chairman**"). If no individual is so nominated or if the individual nominated is not present within 25 minutes after the time fixed for the holding of the meeting, the Debtholders and proxies for Debtholders present shall choose one of their number to be Chairman.

(e) Every question submitted to a meeting, except matters requiring an Extraordinary Resolution, shall be decided by a majority of the votes given on a show of hands or, if a poll shall be requested as hereinafter provided, by a majority of the votes

cast on the poll (in either case, an "**Ordinary Resolution**") and shall be binding on all Debtholders of the applicable Debtholder Group. On a show of hands, each Debtholder who is present, whether in person or by proxy, will have one vote for every $1,000 of Outstanding Dollar Principal Amount of applicable Issuer Funding Obligations of which he or she shall be the Debtholder. A poll shall be taken on every Extraordinary Resolution and otherwise whenever requested by a Debtholder or its proxy. On a poll, each Debtholder shall have one vote for every $1,000 of Outstanding Dollar Principal Amount of applicable Issuer Funding Obligations of which he or she shall be the Debtholder. Votes may be given in person or by proxy and a proxy need not be a Debtholder. If at any meeting a poll is so demanded as aforesaid on the election of a Chairman or on a question of adjournment, it shall be taken forthwith. If at any meeting a poll is so demanded on any other question, or an Extraordinary Resolution is to be voted upon, a poll shall be taken in such manner and either at once or after an adjournment as the Chairman directs. The result of a poll shall be deemed to be the decision of the meeting at which the poll was demanded and shall be binding on all Debtholders of the applicable Debtholder Group. In the case of joint Registered Noteholders, any one of them present in person or by proxy at the meeting may vote in the absence of the other or others but, if more than one of them is present in person or by proxy, they shall vote together in respect of the Notes of which they are joint Registered Noteholders.

10.02 <u>Powers Exercisable by Ordinary Resolution and Extraordinary Resolution</u>

(a) Subject to Section 11.02, in addition to any powers hereinbefore given, Debtholders of a Class, Series or Tranche of Issuer Funding Obligations shall by Ordinary Resolution have the power to:

(i) require the Indenture Trustee (subject to receipt by the Indenture Trustee of reasonable funding and indemnity) to exercise or refrain from exercising any of the powers conferred upon it by this Indenture insofar as they apply solely to such Class, Series or Tranche or by the Related Funding Obligation Agreement;

(ii) sanction, insofar as they apply to the Class, Series or Tranche, the release of the Issuer from its covenants and obligations hereunder;

(iii) subject to the provisions of this Indenture or of the Related Funding Obligation Agreement, sanction any change whatsoever to any provision of the Issuer Funding Obligations of such Class, Series or Tranche which shall be agreed to by the Issuer and any modification, alteration, abrogation, compromise or arrangement of or in respect of the rights of the Debtholders of such Class, Series or Tranche or the Indenture Trustee against the Issuer, whether such rights shall arise under the provisions of this Indenture or otherwise;

(iv) subject to the provisions of this Indenture, assent to any modification of or change in or addition to or omission from the provisions contained in this

Indenture, a Related Supplemental Indenture or any instrument ancillary or supplementary hereto or thereto, in each case, insofar as they apply to the Class, Series or Tranche, which shall be agreed to by the Issuer and to authorize the Indenture Trustee to concur in and execute any deed, instrument or agreement embodying any such modification, change, addition or omission or any other deeds, documents or writings authorized by such Ordinary Resolution; provided that no such assent shall be necessary for any modification of or change in or addition otherwise permitted hereunder or under a Related Supplemental Indenture; and

(v) take any other Action authorized by this Indenture or a Related Supplemental Indenture to be taken by Ordinary Resolution of the Debtholders of a Class, Series or Tranche of Issuer Funding Obligations.

(b) Subject to Section 11.02, in addition to any powers hereinbefore given, Controlling Class Creditors shall by Extraordinary Resolution have the power to:

(i) after the Security Interest has become enforceable, authorize the Indenture Trustee to accept, in satisfaction or partial satisfaction, all or any part of the Collateral;

(ii) after the Security Interest has become enforceable, sanction the selling of the Collateral or any part thereof or interest therein;

(iii) after the Security Interest has become enforceable, authorize the Indenture Trustee or any other Person to bid or tender at any sale of the Collateral or any part thereof and take such actions in connection with such sale as it determines to be in the best interests of all Controlling Class Creditors;

(iv) assent to any compromise or arrangement by the Issuer with any creditor, creditors or class or classes of creditors or with the holders of any securities of the Issuer whose claims are payable from the Collateral;

(v) restrain any Debtholder from taking or instituting any suit, action or proceeding for the purpose of realizing on the Collateral or for the execution of any trust or power hereunder or for the appointment of a liquidator, receiver or trustee in bankruptcy or to have the Issuer liquidated or for any other remedy hereunder and to direct such Debtholder to waive any Event of Default on which any suit or proceeding is founded;

(vi) require the Indenture Trustee (subject to receipt by the Indenture Trustee of reasonable funding and indemnity) to exercise or refrain from exercising any other powers conferred upon it by this Indenture of general application to all Classes of Issuer Funding Obligations, including the exercise of any rights of the Issuer under any of the Program Agreements upon the occurrence and during the continuance of an Event of Default, or cancel any declaration of acceleration made pursuant to Article VIII upon such terms and/or conditions as may be decided;

(vii) authorize the Indenture Trustee, in the event of the Issuer making an authorized assignment or proposal or in the event of an administrator, trustee, receiver or liquidator being appointed under any applicable bankruptcy or insolvency legislation for and on behalf of all Debtholders and, in addition to any claim or debt provided or made for its own account as Indenture Trustee hereunder, to file and prove a claim or debt against the Issuer or its property for an amount equivalent to the aggregate amount which may be payable in respect of all Issuer Funding Obligations, to value the Collateral, and to vote such claim or debt at meetings of creditors and generally act for and on behalf of all Debtholders in such proceedings as such Extraordinary Resolution may provide;

(viii) appoint a committee with power and authority (subject to such limitations, if any, as may be prescribed in such Extraordinary Resolution) to exercise, and to direct the Indenture Trustee to exercise, on behalf of all Controlling Class Creditors, such of the powers of such Controlling Class Creditors as are exercisable by Extraordinary Resolution or other resolution as shall be included in the Extraordinary Resolution appointing the committee. The Extraordinary Resolution making such appointment may provide for payment of the expenses and disbursements of and compensation to such committee from the Collateral in portions allocated to each Series as may be specified in such Extraordinary Resolution. Such committee shall consist of such number of Persons as shall be prescribed in the Extraordinary Resolution appointing it and the members need not themselves be Controlling Class Creditors or Debtholders. Each such committee may elect a chairman and may make regulations respecting its quorum, the calling of its meetings, the filling of vacancies occurring in its number and its procedures generally. Such regulations may provide that the committee may act at a meeting at which a quorum is present or may act by minutes signed by the number of members thereof necessary to constitute a quorum. All acts of any such committee within the authority delegated to it shall be binding upon all Debtholders. Neither the committee nor any member thereof shall be liable for any loss arising from or in connection with any action taken or omitted to be taken by them in good faith; and

(ix) take any other action authorized by this Indenture to be taken by Extraordinary Resolution.

(c) The foregoing powers shall be deemed to be several and cumulative and not dependent on each other and the exercise of one or more of such powers, or any combination of such powers, from time to time, shall not be deemed to exhaust the rights of the Debtholders to exercise such power or powers, or combinations of powers, thereafter from time to time. No powers exercisable by Extraordinary Resolution shall derogate in any way from any rights of the Issuer under or pursuant to this Indenture without the agreement of the Issuer. The Issuer shall give the Rating Agency notice of any Ordinary Resolution or Extraordinary Resolution adopted.

10.03 Extraordinary Resolution

An Extraordinary Resolution, adopted in accordance with the provisions hereof, shall be binding upon each and every Debtholder and each other Specified Creditor and their respective heirs, executors, administrators, successors and assigns, whether present or absent, and the Indenture Trustee (subject to the provisions for funding and its indemnity herein contained) shall be bound to give effect thereto accordingly.

Except as expressly provided to the contrary in this Indenture, no action shall be taken at a meeting of the Debtholders of a Debtholder Group which changes any provision of this Indenture or changes or prejudices the exercise of any right of any Debtholder except by Extraordinary Resolution.

10.04 Declaration by Chairman of Result of Vote

At any meeting of Debtholders of any Debtholder Group in cases where no poll is required or requested, a declaration made by the Chairman that a resolution has been carried, or carried by any particular majority, or lost, shall be conclusive evidence thereof.

10.05 Minutes

Minutes of all resolutions and proceedings at every such meeting, as aforesaid, shall be made and duly entered in books to be provided from time to time for that purpose by an agent of the Issuer at the expense of the Issuer and any such minutes, as aforesaid, if signed by the Chairman of the meeting at which such resolutions were passed or proceedings had shall be *prima facie* evidence of the matters therein stated and, until the contrary is proved, every such meeting in respect of the proceedings of which minutes shall have been made shall be deemed to have been duly held and convened and all resolutions passed or proceedings had thereat to have been duly passed and had.

10.06 Signed Instruments

Any resolution or instrument signed in one or more counterparts by (a) Debtholders holding not less than 50% of the aggregate Outstanding Dollar Principal Amount of Issuer Funding Obligations of a Debtholder Group, in the case of matters capable of being decided by Ordinary Resolution, and (b) Controlling Class Creditors holding not less than 66⅔% of the aggregate Outstanding Dollar Principal Amount of all Controlling Class Obligations in the case of matters required to be decided by Extraordinary Resolution, shall, in either case, have the same force and effect as a resolution duly passed at a meeting of such Debtholders by the affirmative vote of all of the votes cast upon a poll. Notice of any Ordinary Resolution or Extraordinary Resolution passed in accordance with this Section 10.06 shall be given by the Indenture Trustee to all applicable Debtholders within 30 days of the date on which such Ordinary Resolution or Extraordinary Resolution was passed.

10.07 Persons Who May Attend

Each Debtholder, by their respective officers, directors, employees, and the legal advisers of such parties, may attend any meeting of Debtholders.

10.08 Binding Effect of Resolutions

Every Ordinary Resolution and every Extraordinary Resolution passed in accordance with the provisions of this Article X at a meeting of Debtholders of a Debtholder Group will be binding upon all of the Debtholders of such Debtholder Group whether present at or absent from such meeting, and every instrument in writing signed by Debtholders in accordance with Section 10.06 will be binding upon all of the Debtholders of such Debtholder Group, whether signatories thereto or not, and the Indenture Trustee will be bound to give effect accordingly to every such Ordinary Resolution, Extraordinary Resolution and instrument in writing. For greater certainty, any Extraordinary Resolution shall bind all Debtholders and all other Specified Creditors in accordance with Section 10.03.

10.09 Notes Regarded as Not Outstanding for Certain Purposes

If, in the opinion of the Indenture Trustee and upon receipt of an Issuer Certificate in respect of the following, any business to be transacted at any meeting of Debtholders or any action to be taken or power exercised by instrument in writing under Section 10.06 does not materially adversely affect the rights of the Debtholders of one or more particular Class, Series or Tranche of Issuer Funding Obligations, the provisions of this Article X shall apply as if the Issuer Funding Obligations of that Class, Series or Tranche were not Outstanding, and no notice of any such meeting need be given to the Debtholders of that Class, Series or Tranche.

ARTICLE XI
SUPPLEMENTAL INDENTURES

11.01 Supplemental Indentures and Amendments Without Consent of Specified Creditors

Without the consent of Specified Creditors but with 10 Business Days' prior notice to each Rating Agency and the Province, the Issuer and the Indenture Trustee, at any time and from time to time, and upon delivery by the Issuer to the Indenture Trustee of an Issuer Certificate to the effect that the Issuer reasonably believes that such amendment will not have an Adverse Effect and is not reasonably expected to have an Adverse Effect at any time in the future, the Issuer may amend this Indenture, including any Supplemental Indenture or enter into one or more Supplemental Indentures, in form satisfactory to the Indenture Trustee, for any of the following purposes:

(a) to evidence the succession or successive successions of another Financing Entity to the Issuer, and the assumption by any such successor of the covenants of the Issuer herein and in the Notes; or

(b) to add to the covenants of the Issuer, or to surrender any right or power herein conferred upon the Issuer by the Issuer, for the benefit of Debtholders of any or all Classes, Series or Tranches of Issuer Funding Obligations; or

(c) to cure any ambiguity, to correct or supplement any provision herein which may be inconsistent with any other provision herein, to correct a clear clerical or administrative error, or to make any other provisions with respect to matters or questions arising under this Indenture; or

(d) to provide for the issuance of any Series or Tranche of Notes as provided in Article IV and Article V and to set forth the terms thereof, and/or to add to the rights of the Noteholders of any Class, Series or Tranche; or

(e) to evidence and provide for the acceptance of appointment by another corporation as a successor Indenture Trustee hereunder; or

(f) to add any additional Events of Default in respect of any or all Classes, Series or Tranches of Issuer Funding Obligations; or

(g) to provide for the consolidation of any Financing Entity and the Issuer into a single Person or the transfer of assets in any Financing Entity to the Issuer; or

(h) if IESO is replaced under the Master Transfer and Servicing Agreement as Servicer, to make any necessary changes to this Indenture or any other related document; or

(i) to provide for additional forms of Credit Enhancement for any Class, Series or Tranche of Issuer Funding Obligations; or

(j) to facilitate the issuance of Foreign Currency Issuer Funding Obligations; or

(k) to comply with any regulatory, accounting, securities or tax laws, rules, regulations or requirements, or changes to Rating Agency ratings criteria; or

(l) to enable the Issuer to file a registration statement (and any related exhibits thereto) for the offering of securities registered under the U.S. Securities Act and to comply with Regulation AB (including, without limitation, ongoing reporting obligations thereunder); or

(m) to qualify for sale treatment under generally accepted accounting principles.

Additionally, notwithstanding any provision of this Article XI to the contrary and in addition to clauses (a) through (m) above, the Issuer and the Indenture Trustee may amend this Indenture, including any Supplemental Indenture, without the consent of any Specified Creditor but with 10 Business Days' prior notice to each Rating Agency and the Province, to modify, eliminate or add to the provisions of this Indenture (i) to facilitate compliance with any amendment to any change of law or regulation which applies to the Issuer or the transactions governed by the Program Agreements, or (ii) to cause the provisions hereof to conform to or be consistent with or in furtherance of the statements made with respect to this Indenture in any applicable offering document; in each case, provided that the Issuer shall deliver to the Indenture Trustee an Issuer Certificate to the effect that (A) the Issuer reasonably believes that such amendment will not have an Adverse Effect and is not reasonably expected to have an Adverse Effect at any time in the future or (B) such amendment is required to remain in compliance with any change of law or regulation which applies to the Issuer or the transactions governed by the Program Agreements, or such amendment is required to cause the provisions hereof to conform to or be consistent with or in furtherance of the statements made with respect to this Indenture in any applicable offering document.

Additionally, notwithstanding any provision of this Article XI to the contrary and in addition to clauses (a) through (m) above and the immediately preceding paragraph, this Indenture, including any Supplemental Indenture, may also be amended by the Issuer and the Indenture Trustee, without the consent of any Specified Creditor but with 10 Business Days' prior notice to each Rating Agency and the Province, for the purpose of (i) adding any provisions to, or changing in any manner or eliminating any of the provisions of, this Indenture or any Supplemental Indenture or (ii) modifying in any manner the rights of the Specified Creditors under this Indenture or any Supplemental Indenture; provided, however, that (A) the Issuer shall deliver to the Indenture Trustee an Issuer Certificate to the effect that the Issuer reasonably believes that such amendment will not have an Adverse Effect and is not reasonably expected to have an Adverse Effect at any time in the future, and (B) the Rating Agency Condition shall be satisfied.

Additionally, notwithstanding any provision of this Article XI to the contrary and in addition to clauses (a) through (m) above and the immediately preceding paragraphs, this Indenture, including any Supplemental Indenture, may also be amended by the Issuer and the Indenture Trustee, without the consent of any Specified Creditor but with 10 Business Days' prior notice to each Rating Agency and the Province, to provide for those changes necessary for compliance with securities law requirements or banking laws or regulations; provided, however, that (i) the Issuer shall deliver to the Indenture Trustee an Issuer Certificate to the effect that the Issuer reasonably believes that such amendment will not have an Adverse Effect and is not reasonably expected to have an Adverse Effect at any time in the future, and (ii) the Rating Agency Condition shall be satisfied.

Prior written notice of any amendment to this Indenture or any Supplemental Indenture to the Province in accordance with the above paragraphs shall be sent by the Issuer and the Indenture Trustee. The Issuer and the Indenture Trustee shall send a copy of any amendment pursuant to this Section 11.01 to each Rating Agency and the Province; provided that failure to send copies of any amendment to this Indenture or any Supplemental Indenture, or failure to provide any notice under this Section 11.01 shall not invalidate such amendment.

The Indenture Trustee may, but shall not be obligated to, enter into any amendment which adversely affects the Indenture Trustee's rights, duties, benefits, protections, privileges or immunities under this Indenture or otherwise.

11.02 Supplemental Indentures and Amendments with Consent of Debtholders

In addition to any amendment permitted pursuant to Section 11.01, with 10 Business Days' prior notice to each Rating Agency and the Province, the consent of Debtholders of each Class, Series or Tranche of Issuer Funding Obligations affected by such amendment of this Indenture, including any Supplemental Indenture, by Ordinary Resolution delivered to the Issuer and the Indenture Trustee, and satisfaction of the Rating Agency Condition, the Issuer and the Indenture Trustee may enter into an amendment of this Indenture or any Supplemental Indenture for the purpose of adding any provisions to, or changing in any manner or eliminating any of the provisions of, this Indenture or of modifying in any manner the rights of the Debtholders of each such Class, Series or Tranche of Issuer Funding Obligations under this Indenture or any Supplemental Indenture; provided, however, that no such amendment of this Indenture or any

Supplemental Indenture will, without the consent of each Debtholder of Issuer Funding Obligations affected thereby and satisfaction of the Rating Agency Condition:

(a) change an Interest Payment Date, Principal Payment Date or Principal Payment Default Date of any Issuer Funding Obligation;

(b) reduce the principal amount of, or the interest rate on any Note, or change the method of computing the Outstanding Dollar Principal Amount, the Outstanding Currency Specific Dollar Principal Amount or the Outstanding Dollar Principal Amount in a manner that is adverse to any Debtholders;

(c) reduce the amount of a Discount Note payable upon its acceleration;

(d) reduce the percentage in Outstanding Dollar Principal Amount of Issuer Funding Obligations of any Class, Series or Tranche, the consent of whose holders is required for any such amendment, or the consent of whose holders is required for any waiver of compliance with the provisions of this Indenture or of defaults hereunder and their consequences, provided for in this Indenture;

(e) modify any of the provisions of this Section 11.02 or Section 8.03, except to increase any percentage of Debtholders required to consent to any such amendment or to provide that other provisions of this Indenture cannot be modified or waived without the consent of the Debtholders affected thereby;

(f) change any Place of Payment where any principal of, or interest on, any Note is payable, unless otherwise provided in the Related Supplemental Indenture; or

(g) change the method of computing the amount of principal of, or interest on, any Note on any date.

An amendment of this Indenture or a Supplemental Indenture which changes or eliminates any covenant or other provision of this Indenture which has expressly been included solely for the benefit of one or more particular Classes, Series or Tranches of Issuer Funding Obligations, or which modifies the rights of the Debtholders of such Class, Series or Tranche with respect to such covenant or other provision, will be deemed not to affect the rights under this Indenture of the Debtholders of any other Class, Series or Tranche of Issuer Funding Obligations.

It will not be necessary for any Ordinary Resolution or Extraordinary Resolution under this Section 11.02 to approve the particular form of any proposed amendment or Supplemental Indenture, but it will be sufficient if such Ordinary Resolution or Extraordinary Resolution will approve the substance thereof.

The Issuer and the Indenture Trustee shall send a copy of any amendment pursuant to this Section 11.02 to each Rating Agency and the Province; provided that failure to send copies of any amendment to this Indenture or any Supplemental Indenture, or failure to provide any notice under this Section 11.02 shall not invalidate such amendment.

11.03 Execution of Amendments and Supplemental Indentures

In executing or accepting the additional trusts created by any amendment of this Indenture or Supplemental Indenture permitted by this Article XI or the modifications thereby of the trusts created by this Indenture, the Indenture Trustee will be provided with, and (subject to Section 9.01) will be fully protected in relying upon, an Opinion of Counsel stating that the execution of such amendment or Supplemental Indenture is authorized or permitted by this Indenture and that all conditions precedent thereto have been satisfied. The Indenture Trustee may, but will not (except to the extent required in the case of an amendment or Supplemental Indenture entered into under subsection 11.01(e)) be obligated to, enter into any such amendment or Supplemental Indenture which affects the Indenture Trustee's own rights, duties or immunities under this Indenture or otherwise.

11.04 Effect of Amendments and Supplemental Indentures

Upon the execution of any amendment of this Indenture or any Supplemental Indenture under this Article XI, this Indenture and/or such Supplemental Indenture will be modified in accordance therewith with respect to each Class, Series or Tranche of Issuer Funding Obligations affected thereby, or all Issuer Funding Obligations, as the case may be, and such amendment or Supplemental Indenture will form a part of this Indenture and such Supplemental Indenture for all purposes; and every holder of Issuer Funding Obligations theretofore or thereafter incurred and every other Specified Creditor will be bound thereby to the extent provided therein.

11.05 Reference in Notes to Supplemental Indentures

Notes authenticated and delivered after the execution of any amendment of this Indenture or any Supplemental Indenture pursuant to this Article XI may, and will if required by the Indenture Trustee, bear a notation in form approved by the Indenture Trustee as to any matter provided for in such amendment or Supplemental Indenture. If the Issuer will so determine, new Notes so modified as to conform, in the opinion of the Indenture Trustee and the Issuer, to any such amendment or Supplemental Indenture may be prepared and executed by the Issuer and authenticated and delivered by the Indenture Trustee in exchange for Outstanding Notes.

ARTICLE XII
REPRESENTATIONS AND WARRANTIES OF THE ISSUER

12.01 Representations and Warranties of the Issuer

The Issuer hereby represents and warrants to the Indenture Trustee and shall be deemed to represent and warrant to the Indenture Trustee on the issuance of Notes of any particular Class, Series or Tranche hereunder, and upon each Borrowing under the applicable Funding Obligation Agreement, that:

(a) The Issuer is a Financing Entity.

(b) The indebtedness incurred pursuant to each issuance of Notes and each Borrowing is a Funding Obligation.

(c) The Issuer (i) is a trust duly constituted and validly existing under the laws of the Province of Ontario, (ii) is duly qualified to carry on its business in each jurisdiction in which it carries on business, (iii) has the power and authority to enter into and perform its obligations under this Indenture and the other Program Agreements executed by it and all instruments and agreements delivered pursuant hereto, and thereto and to own its property and carry on its business as currently conducted including, without limitation, the power and authority and legal right to acquire Investment Interests, and (iv) has obtained all approvals from all Governmental Authorities required in connection with the execution, delivery and performance of the Program Agreements.

(d) The execution, delivery and performance of this Indenture, and at the time it enters into such document, the other Program Agreements executed by it and every instrument or agreement delivered pursuant hereto and thereto has been or will be duly authorized by all requisite action and this Indenture and such other Program Agreements, instruments and agreements have been or will be duly executed and delivered by the Issuer and constitute valid and binding obligations of the Issuer enforceable against the Issuer in accordance with their respective terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of the Issuer, threatened against or affecting the Issuer at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Issuer or in the ability of the Issuer to perform its obligations under this Indenture, the other Program Agreements executed by it or any agreement or instrument delivered pursuant hereto or thereto; and the Issuer is not aware of any existing ground on which such action, suit or proceeding might be commenced with any reasonable likelihood of success or of any default with respect to any judgment, order, writ, injunction, decree, award, rule or regulation of any court, arbitrator or Governmental Authority, which, either separately or in the aggregate, would result in any such material adverse change.

(f) The Issuer is not a party to any agreement or instrument which materially adversely affects its ability to perform its obligations under this Indenture, the other Program Agreements executed by it or any agreements or instruments delivered pursuant hereto or thereto or materially adversely affects the business, operations, prospects, properties, assets or condition, financial or otherwise of the Issuer.

(g) The Issuer is not subject to any restriction or any judgment, order, writ, injunction, decree, award, rule or regulation which materially adversely affects, or in the future may materially adversely affect, the business, operations, prospects, properties, assets or condition, financial or otherwise of the Issuer or its ability to perform its

obligations under this Indenture, the other Program Agreements executed by it or any agreements or instruments delivered pursuant hereto or thereto.

(h) Neither the execution nor delivery of this Indenture, the other Program Agreements executed by it or any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein and therein contemplated, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the Declaration of Trust or any agreements or instruments to which the Issuer is a party or by which it or any of its property and assets are bound, or results or will result in the creation or imposition of any Lien of any nature whatsoever upon any of the property or assets of the Issuer.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of the Issuer is required in connection with the execution and delivery of this Indenture, the other Program Agreements executed by it or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or in connection with the enforcement of this Indenture, the other Program Agreements executed by it or any agreements or instruments delivered pursuant hereto or thereto (except those which have been obtained or deemed to have been obtained).

12.02 Certified Primary Obligations

The Issuer shall be deemed to represent and warrant to the Indenture Trustee on the incurrence of any Obligations Secured (other than Issuer Funding Obligations) that if the Issuer does not deliver the certificates contemplated by subsection 5.03(d), that the Obligations Secured are not Certified Primary Obligations.

ARTICLE XIII
COVENANTS OF THE ISSUER

13.01 Payment of Principal and Interest

With respect to each Class, Series or Tranche of Issuer Funding Obligations, the Issuer will duly and punctually pay the principal of and interest on such Issuer Funding Obligations in accordance with their terms, this Indenture and any Related Funding Obligation Agreement, and will duly comply with all the other terms, agreements and conditions contained in, or made in this Indenture and any Funding Obligation Agreement.

13.02 Use of Proceeds; Funding of Program Cash Reserve Account

The Issuer will use the proceeds of Notes and Borrowings solely for: (i) the acquisition by the Issuer of an Investment Interest; (ii) the redemption, repayment or repurchase of any existing Issuer Funding Obligations; (iii) the funding of Issuer Accounts; and (iv) the payment of transaction fees and expenses in connection with the incurrence of Issuer Funding Obligations.

13.03 Maintenance of Office or Agency

The Issuer will maintain an office or agency in each Place of Payment where Notes may be presented or surrendered for payment, where Notes may be surrendered for transfer or exchange and where notices and demands to or upon the Issuer in respect of the Notes and this Indenture may be served. The Issuer will give prompt written notice to the Indenture Trustee of the location, and of any change in the location, of such office or agency. If at any time the Issuer will fail to maintain such office or agency or will fail to furnish the Indenture Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office of the Indenture Trustee, and the Issuer hereby appoints the Indenture Trustee its agent to receive all such presentations, surrenders, notices and demands.

The Issuer may also from time to time designate one or more other offices or agencies where the Notes of one or more Classes, Series or Tranches may be presented or surrendered for any or all of such purposes specified above and may constitute and appoint one or more Paying Agents for the payments of such Notes, in one or more other cities, and may from time to time rescind such designations and appointments; provided, however, that no such designation, appointment or rescission shall in any matter relieve the Issuer of its obligations to maintain an office or agency in each Place of Payment for Notes of any Class, Series or Tranche for such purposes. The Issuer will give prompt written notice to the Indenture Trustee of any such designation or rescission and of any change in the location of any such other office or agency.

13.04 Legal Existence

The Issuer will do or cause to be done all things necessary to preserve and keep in full force and effect its legal existence and maintain its status as a Financing Entity.

13.05 Separateness Covenants

The Issuer will take all reasonable steps to maintain the Issuer's identity as a distinct entity with assets and liabilities distinct from those of the Manager and any of its Affiliates. Without limiting the generality of the foregoing and in addition to the other covenants set forth herein, the Issuer shall:

(a) not identify the offices of the Manager or any Affiliate thereof as its offices (by signage or otherwise);

(b) not identify the telephone number of the Manager as its telephone number and it will not utilize the stationery, invoices or cheques of the Manager;

(c) conduct all transactions with the Manager strictly on an arm's length basis and in good faith, allocate all overhead expenses for items shared between the Issuer and the Manager on the basis of actual use to the extent practicable and, to the extent such allocation is not practicable, on a basis reasonably related to actual use;

(d) conduct its affairs strictly in accordance with the Declaration of Trust, and observe all necessary, appropriate and trust formalities;

(e) maintain the Issuer's books and records separate from those of the Manager or any Affiliate thereof and otherwise readily identifiable as its own assets rather than assets of the Manager or any Affiliate thereof;

(f) prepare its financial statements separately from those of the Manager and ensure that any consolidated financial statements of the Manager that include the Issuer have notes clearly stating that the Issuer is a separate entity;

(g) only maintain bank accounts or other depository accounts to which the Issuer alone is the account party (or where the Issuer Trustee or the Indenture Trustee will maintain them on behalf of the Issuer), and from which only the Issuer or its agent has the power to make withdrawals;

(h) pay all of the Issuer's operating expenses from the Issuer's own assets (including, for greater certainty, reimbursing the Manager for any such expenses);

(i) continuously maintain the resolutions, agreements and other instruments of the Issuer underlying the transactions described in the Program Agreements as official records of the Issuer separately identified and held apart from the records of the Manager;

(j) maintain its property in such a manner that it is not costly or difficult to segregate, ascertain or otherwise identify its individual assets from or against those of the Manager or any Affiliate thereof; and

(k) not become liable to any Person for any obligations of the Manager or any Affiliate thereof.

13.06 <u>Compliance with Laws</u>

The Issuer will comply with the requirements of all applicable laws, the noncompliance with which would, individually or in the aggregate, materially and adversely affect the ability of the Issuer to perform its obligations under the Program Agreements.

13.07 <u>Performance of Obligations</u>

(a) The Issuer will punctually perform and observe all of its obligations and agreements contained in this Indenture, the Declaration of Trust, the Master Transfer and Servicing Agreement, the other Program Agreements and in the instruments and agreements relating to the Collateral, including but not limited to filing or causing to be filed all PPSA financing statements and amendments thereto required to be filed by the terms of this Indenture in accordance with and within the time periods provided for herein.

(b) The Issuer (i) will diligently pursue any and all actions to enforce its rights under each instrument or agreement included in the Collateral and (ii) will not take any action and will use its best efforts not to permit any action to be taken by others that would release any Person from any of such Person's covenants or obligations under

any such instrument or agreement or that would result in the amendment, hypothecation, subordination, termination or discharge of, or impair the validity or effectiveness of, any such instrument or agreement, except, in each case, as expressly provided in this Indenture, the Master Transfer and Servicing Agreement or any other Program Agreement.

(c) The Issuer will enforce the Servicer's compliance with and performance of all of the Servicer's material obligations under the Master Transfer and Servicing Agreement. The Issuer will enforce the Manager's compliance with and performance of all of the Manager's material obligations under the Management Agreement.

13.08 Funding Obligations

The Issuer will ensure that all indebtedness is incurred pursuant to and in accordance with Article V. The Issuer will not enter into any Funding Obligation Agreement, other than a Warehouse Facility Agreement, that provides for Issuer Funding Obligations that have principal repayment obligations that the Manager believes, acting reasonably having regard to the Financing Plan and all Issuer Funding Obligations then outstanding, would likely require the Issuer to satisfy payments of principal on any Principal Payment Date in respect of such Issuer Funding Obligations by means of a Refinancing other than a Pre-Approved Refinancing.

13.09 Financial Statements

The Issuer will deliver or cause to be delivered to the Indenture Trustee and the Rating Agencies within 140 days after the end of each fiscal year audited financial statements of the Issuer for the fiscal year, including the balance sheet and statements of income, retained earnings and changes in financial position of the Issuer, and within 90 days after the end of each fiscal quarter, other than the fiscal quarter of the Issuer ending on the fiscal year end of the Issuer, unaudited financial statements of the Issuer for such fiscal quarter of the Issuer, including the balance sheet and statements of income, retained earnings and changes in financial position of the Issuer. The Indenture Trustee shall send a copy of each financial statement delivered pursuant to this Section 13.09 to each Noteholder.

13.10 Statement as to Compliance

The Issuer will deliver to the Indenture Trustee and the Rating Agencies, on or before March 31 of each year, beginning in 2018, a written statement signed by a Responsible Officer of the Issuer stating that:

(a) a review of the activities of the Issuer during the prior year and of the Issuer's performance under this Indenture and under the terms of the Notes has been made under such Responsible Officer's supervision; and

(b) to the best of such Responsible Officer's knowledge, based on such review, the Issuer has complied in all material respects with all conditions and covenants under this Indenture throughout such year and that no Default or Event of Default has occurred, or, if there has been a material Default or an Event of Default has

occurred, specifying each such Default or Event of Default known to such Responsible Officer and the nature and status thereof.

13.11 Payment Instructions

Promptly after the receipt by the Issuer of each Monthly Report under the Master Transfer and Servicing Agreement, the Issuer will, in cooperation with the Manager, complete the Payment Instruction in respect of the Collection Account and deliver a copy thereof to the Indenture Trustee and the Paying Agent (if the Paying Agent is not the Indenture Trustee) at least two (2) Business Days prior to the applicable Payment Date. At least two (2) Business Days prior to any date on which payments are to be made pursuant to Sections 7.05 to 7.11, the Issuer will, in cooperation with the Manager, complete and deliver to the Indenture Trustee and the Paying Agent (if the Paying Agent is not the Indenture Trustee) a copy of the Payment Instruction in respect of the Interest Accumulation Account, the Principal Accumulation Account, the IESO Cash Reserve Account, the Program Cash Reserve Account, the Protection Account or any Series Account, as applicable.

13.12 Notice of Certain Events; Protection Event

(a) The Issuer agrees to give the Indenture Trustee and the Rating Agencies prompt written notice of: (i) each Event of Default; (ii) each breach on the part of the Issuer or the Servicer of its respective obligations under the Master Transfer and Servicing Agreement, including any Servicer Default (notice of which Servicer Default shall state that it is a "Notice of Servicer Default"); (iii) each breach on the part of the Manager of its obligations under the Management Agreement; (iv) any default of the Issuer or a Derivative Counterparty under a Derivative Agreement; and (v) any Protection Event and the nature thereof.

(b) Within 10 Business Days after receipt by the Indenture Trustee of notice of any Servicer Default or Protection Event, the Indenture Trustee shall provide notice thereof to each Specified Creditor; provided, however, that the Indenture Trustee shall not be liable for failing to distribute any written notice pursuant to this subsection 13.12(b) to any party that is at the time of delivery a Specified Creditor but is not on the lists of Specified Creditors held by the Indenture Trustee pursuant to subsection 9.14(a).

(c) Upon the occurrence of a Protection Event, if a request has been made by the Issuer or any Controlling Class Creditor, the Indenture Trustee shall deliver a written demand to the Province requiring the Province to make payments on Obligations Secured pursuant to and in accordance with the Change of Law Protection Agreement. If, following such request, the Indenture Trustee does not deliver such written demand to the Province within 10 days of such request, any Controlling Class Creditor shall be entitled to deliver such written demand to the Province.

13.13 Issuer To Furnish Indenture Trustee Names and Addresses of Specified Creditors

(a) The Issuer will furnish or cause to be furnished to the Indenture Trustee:

(i) not more than 15 days after each Record Date, in such form as the Indenture Trustee may reasonably require, a list of the names and addresses of the Registered Noteholders of each applicable Class, Series or Tranche as of such date, and

(ii) at such other times as the Indenture Trustee may request in writing, within 30 days after the receipt by the Issuer of any such request, a list of similar form and content as of a date not more than 15 days before the time such list is furnished;

provided, however, that so long as the Indenture Trustee is the Note Registrar, no such lists shall be required to be furnished.

(b) Upon written request from the Indenture Trustee, within 10 Business Days after the receipt by the Issuer of any such request, the Issuer will furnish or cause to be furnished to the Indenture Trustee a list, substantially in the form of Exhibit 3 (and in .pdf file format) of the names and addresses of all Specified Creditors (other than Noteholders), together with a reference to such Specified Creditor's Program Agreement, provided that no written request shall be required for the deliveries in subsection 5.01(h) or 5.03(c).

13.14 Other Positive Covenants

The Issuer will:

(a) in the event that the Issuer shall be required to file tax returns, the Manager shall prepare or shall cause to be prepared such tax returns and shall provide such tax returns to the Issuer for signature at least five (5) Business Days before such tax returns are due to be filed. The Issuer, in accordance with the terms of each applicable Supplemental Indenture, shall also prepare or shall cause to be prepared all tax information required by applicable law to be distributed to any Noteholder and shall deliver such information to the Indenture Trustee at least five (5) Business Days prior to the date it is required by applicable law to be distributed to any Noteholder. The Indenture Trustee, upon written request, will furnish the Manager with all such information known to the Indenture Trustee as may be reasonably requested and required in connection with the preparation of all tax returns of the Issuer;

(b) subject to the payment priorities provided in Sections 7.04(e) and 8.13, pay or cause to be paid all Taxes levied, assessed or imposed upon the Issuer and its property or any part thereof, as and when the same become due and payable; provided that the Issuer may protest the payment of any such Taxes if it is acting in good faith and if it either provides the Indenture Trustee with cash in an amount sufficient to satisfy the same or otherwise satisfies the Indenture Trustee that its interests are not prejudiced thereby and the Rating Agency Condition is satisfied;

(c) upon the written request of the Indenture Trustee, use reasonable commercial efforts, following any (i) termination or resignation of the Servicer, the Manager or

the Paying Agent or, in each case, any successor thereof; or (ii) termination, non-renewal or expiry of a Liquidity Agreement or a Credit Enhancement Agreement (other than, in the latter case, a termination, non-renewal or expiry which occurs because neither party thereto has any further obligation thereunder), to appoint and enter into an agreement with a successor to such Servicer, Manager or Paying Agent, or replace or renew such Liquidity Agreement or Credit Enhancement Agreement, in form and substance the same as the applicable provisions in the previously existing Program Agreement and will notify the Indenture Trustee and the Rating Agencies of each such occurrence and new agreement, and will execute and deliver all Supplemental Indentures and amendments hereto and all instruments of further assurance and other instruments and will take other and further action as the Indenture Trustee, relying on the advice of counsel, may consider necessary or advisable to assign and render subject to this Indenture any such agreement; and

(d) deliver or cause to be delivered to the Indenture Trustee and the Rating Agencies on a confidential basis (excepting only, on the part of the Rating Agencies, for purposes of rating the securities of the Issuer) (i) copies of all Program Agreements (including any amendments thereto) in effect from time to time; and (ii) such reports and other information relating to the conduct of the business and affairs of the Issuer as the Indenture Trustee and the Rating Agencies may reasonably require including, without limitation, information pertaining to any actual or anticipated Event of Default or other event which could reasonably be anticipated to have a material adverse effect on the affairs of the Issuer.

13.15 Rule 144A Information

For so long as Notes of any Class, Series or Tranche are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Exchange Act, the Issuer agrees to provide to any Noteholder of such Class, Series or Tranche and to any prospective purchaser of Notes designated by such Noteholder, upon the request of such Noteholder or prospective purchaser, any information required to be provided to such Noteholder or prospective purchaser to satisfy the conditions set forth in Rule 144A(d)(4) under the Securities Exchange Act.

13.16 Further Instruments and Acts

Upon request of the Indenture Trustee or as necessary, the Issuer will execute and deliver such further instruments and do such further acts (including, but not limited to, disclosing or causing to be disclosed information) as may be reasonably necessary or proper to carry out more effectively the purpose of this Indenture.

13.17 No Other Business

The Issuer will not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto.

13.18 Amendments to Program Agreements

(a) Unless the Rating Agency Condition is satisfied, the Issuer will not make any material amendments to any Program Agreement (other than this Indenture and individual trade confirmations under Derivative Agreements).

(b) Without in any way limiting clause (a), the Issuer will not:

(i) enter into any Co-Owner Agreement without the consent of Controlling Class Creditors, acting pursuant to an Ordinary Resolution;

(ii) amend, supplement, modify, restate or replace, or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to, any of the Program Agreements (other than this Indenture, Derivative Agreements and the Declaration of Trust), if any such supplementation, amendment, modification, restatement or replacement, or waiver or consent, could reasonably be considered to be materially prejudicial to the rights or interests of any Specified Creditor(s), except as expressly permitted by such Specified Creditor(s) and subject to the Province having been given 10 Business Days' prior notice; provided that failure to provide such notice shall not invalidate such amendment, supplementation, modification, restatement or replacement, or waiver or consent; or

(iii) consent, if consent is required, to the resignation of the Manager under the Management Agreement.

(c) Without in any way limiting clause (a), the Issuer will not amend the Declaration of Trust if such amendment would have an Adverse Effect or would reasonably be expected to have an Adverse Effect at any time in the future; provided that if an amendment would have, or would reasonably be expected to have, an Adverse Effect, such amendment may only be made if the Issuer has obtained the consent of the Debtholders affected thereby, acting pursuant to an Ordinary Resolution.

(d) Upon receipt of an Issuer Certificate directing it to do so (provided that the Issuer has certified that the conditions set forth in Section 13.18(b) or 13.18(c), as applicable, have been satisfied), the Indenture Trustee shall execute any amendment, supplementation, modification, restatement or replacement of any Program Agreement to which it is a party (by acknowledgment or otherwise).

13.19 Issuer May Consolidate, Etc., Only on Certain Terms

The Issuer shall not consolidate or merge with or into any other Person, or sell, convey, exchange, transfer or otherwise dispose of any of its properties or assets included in the Collateral to any Person (in this Section 13.19, a "**transaction**"), unless:

(a) the Person (if other than the Issuer) formed by or surviving the consolidation or merger, or the Person that acquires by conveyance or transfer the properties and

assets of the Issuer the conveyance or transfer of which is restricted, as applicable, shall: (i) be a Financing Entity, (ii) be organized and existing under the laws of Canada or any province or territory thereof, (iii) not be a Non-resident, (iv) not be subject to regulation as an "investment company" under the Investment Company Act, (v) expressly assume, pursuant to an assignment and/or assumption agreement or supplement executed and delivered to the Indenture Trustee, in a form satisfactory to the Indenture Trustee, the due and punctual payment of all Obligations Secured then outstanding and the performance or observance of every agreement and covenant of the Issuer in this Indenture and the other Program Agreements to which the Issuer is a party; and (vi) in the case of a conveyance or transfer only, expressly agree, by means of such assignment and/or assumption agreement or supplement, that (A) all right, title and interest so conveyed or transferred is subject and subordinate to the Security Interest, and (B) it shall make all filings required by applicable securities laws in connection with the Notes;

(b) immediately after giving effect to such transaction, no Event of Default shall have occurred and be continuing;

(c) the Issuer shall have delivered to the Indenture Trustee an Issuer Certificate and an Opinion of Counsel each stating that (i) such transaction and the agreements delivered in connection therewith comply with this Section 13.19, (ii) all conditions precedent in this Section 13.19 relating to such transaction have been complied with, and (iii) each agreement delivered in connection with such transaction has been duly authorized, executed and delivered, and is valid, binding and enforceable against the surviving Person or transferee, as applicable;

(d) the Rating Agency Condition shall have been satisfied with respect to such transaction; and

(e) any action that is necessary to maintain the Security Interest shall have been taken.

13.20 Successor Substituted

Upon any consolidation or merger, or any conveyance or transfer of the properties and assets of the Issuer substantially as an entirety in accordance with Section 13.19, the Person formed by or surviving such consolidation or merger (if other than the Issuer) or the Person to which such conveyance or transfer is made shall succeed to, and be substituted for, and may exercise every right and power of, the Issuer under this Indenture with the same effect as if such Person had been named as the Issuer herein. In the event of any such conveyance or transfer, the Person named as the Issuer in the first paragraph of this Indenture or any successor which shall theretofore have become such in the manner prescribed in this Section 13.20 shall be released from its obligations under this Indenture as issued immediately upon the effectiveness of such conveyance or transfer.

13.21 Guarantees, Loans, Advances and Other Liabilities

Except as contemplated by this Indenture or the Declaration of Trust, the Issuer shall not make any loan or advance or credit to, or guarantee (directly or indirectly or by an instrument having the effect of assuring another's payment or performance on any obligation or capability of

so doing or otherwise), endorse or otherwise become contingently liable, directly or indirectly, in connection with the obligations, stocks or dividends of, or own, purchase, repurchase or acquire (or agree contingently to do so) any stock, obligations, assets or securities of, or any other interest in, or make any capital contribution to, any other Person.

13.22 Capital Expenditures

The Issuer shall not make any expenditure (by long-term or operating lease or otherwise) for capital assets.

13.23 Restricted Payments

The Issuer is permitted to declare or make payable any amounts to the owner of units in the Issuer as permitted by and in accordance with the Declaration of Trust, and redeem (at the request of an owner or otherwise), purchase, retire or otherwise acquire for value any units in the Issuer, provided that the Issuer may only satisfy the distribution declared or made payable, or the redemption or purchase price of any units so redeemed, purchased, retired or otherwise acquired, in cash or property to the extent that cash or property is available for such purpose, subject to Sections 7.04, 7.10 and 8.13. For greater certainty, if the Issuer is restricted from satisfying the foregoing amounts in cash or property pursuant to the provisions of this Section, then the Issuer shall satisfy such amounts through the issuance of additional units and/or a promissory note to its unitholders in accordance with the Declaration of Trust.

13.24 Redemption of Subordinated Notes or Junior Subordinated Notes

Notwithstanding anything in the Related Supplemental Indenture to the contrary, the Issuer may not redeem any Series or Tranche of Subordinated Notes or Junior Subordinated Notes, in whole at any time or in part from time to time, unless the following conditions have been satisfied both before and after giving effect to the redemption, as certified by the Issuer pursuant to an Issuer Certificate:

(a) no Default or Event of Default shall have occurred and be continuing;

(b) all Issuer Accounts shall have been fully funded in accordance with the provisions of this Indenture and any Funding Obligation Agreement; and

(c) the sum of the Outstanding Dollar Principal Amount of Subordinated Funding Obligations and Junior Subordinated Funding Obligations after giving effect to the redemption shall be no less than 35% of the aggregate Outstanding Dollar Principal Amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations.

13.25 No Borrowing

The Issuer will not issue, incur, assume, guarantee or otherwise become liable, directly or indirectly, for any additional indebtedness, except for Funding Obligations and except pursuant to the Program Agreements.

13.26 Minimum Subordinated Funding Obligations

(a) The Issuer will not permit the aggregate Outstanding Dollar Principal Amount of Subordinated Funding Obligations and Junior Subordinated Funding Obligations to be less than 35% of the aggregate Outstanding Dollar Principal Amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations.

(b) The Issuer will not permit the aggregate Outstanding Dollar Principal Amount of Junior Subordinated Funding Obligations to be less than 10% of the aggregate Outstanding Dollar Principal Amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations.

13.27 Other Negative Covenants

The Issuer will not:

(a) claim any credit on, or make any deduction from the principal or interest payable in respect of, the Notes or Borrowings (other than amounts withheld or deducted as described in Section 16.02);

(b) permit the validity or effectiveness of this Indenture to be impaired, or permit the Security Interest to be amended, hypothecated, subordinated, terminated or discharged, or permit any Person to be released from any covenants or obligations hereunder with respect to any Program Agreements except as may be expressly permitted hereby;

(c) permit any Lien (other than Permitted Liens) to be created on or extend to or otherwise arise upon or burden the Collateral or any part thereof or any interest therein or the proceeds thereof;

(d) sell, transfer, exchange or otherwise dispose of any of the Collateral except as may be expressly permitted hereby;

(e) release any security or guarantee in respect of the Collateral;

(f) voluntarily dissolve or liquidate; or

(g) take any action that would cause it to be treated as engaged in a “trade or business within the United States” within the meaning of applicable U.S. tax law interpreting section 864 of the Internal Revenue Code or its successor or predecessor provisions.

13.28 Indenture Trustee May Perform Covenants

If the Issuer fails to perform any of its covenants herein contained, the Indenture Trustee may, subject to the receipt of indemnification and funding reasonably acceptable to the Indenture Trustee as provided in Section 9.02(d), itself perform the covenant if the covenant is capable of being performed by the Indenture Trustee and, if the covenant requires the payment or expenditure

of money, the Indenture Trustee may make the payment or expenditure with money borrowed by or advanced to it for such purpose, but will be under no obligation to do so; and all sums so expended or advanced will bear interest at the rate of interest charged to the Indenture Trustee by its bankers from the date of expenditure until repayment and will (together with such interest) be paid by the Issuer upon demand and will until paid form part of the Obligations Secured and constitute a Lien on the Collateral to which such covenant related in priority to the Security Interest and will be payable out of any funds coming into possession of the Indenture Trustee hereunder. No performance or payment will be deemed to relieve the Issuer from the consequences of the occurrence of any Event of Default hereunder.

ARTICLE XIV
CERTAIN PROGRAM AGREEMENTS

14.01 Management Agreement

The Indenture Trustee acknowledges that the Issuer has entered into the Management Agreement which provides, among other things, for the provision of certain services and the performance by the Manager of certain obligations of the Issuer under this Indenture connected with the Issuer Investment Interest, the incurrence of Issuer Funding Obligations and all registrations required pursuant to Section 4.05. Accordingly, any obligation of the Issuer hereunder performed by the Manager on behalf of the Issuer will be deemed to have been performed by the Issuer and any payments referred to hereunder received or received and applied against the Issuer Funding Obligations by the Manager on behalf of the Issuer will be deemed to have been received or received and applied by the Issuer. The Indenture Trustee may act and rely on any instrument or report referred to hereunder prepared by the Manager on behalf of the Issuer as if the instrument or report had been prepared by the Issuer.

14.02 Credit Enhancement Agreements

The Indenture Trustee acknowledges that the Issuer may enter into one or more Credit Enhancement Agreements which provide, among other things, for the right of the Issuer, the Indenture Trustee or the Manager, as attorney for the Issuer, to make drawings on Credit Enhancers for the purpose of paying maturing Issuer Funding Obligations and repaying Borrowings under Liquidity Agreements. The Indenture Trustee hereby appoints the Manager as the Indenture Trustee's attorney, with full authority in the place and stead of and in the name of the Indenture Trustee or otherwise, from time to time to make any drawings pursuant to a Credit Enhancement Agreement (provided that written notice of any drawings shall be given by the Manager to the Indenture Trustee) and, in that connection, to execute and deliver all such documents, instruments and certificates including, without limitation, any drawing certificates required to be delivered to a Credit Enhancer at the time any drawing is made, and to do all such further acts and things and to take all such proceedings as the Manager in its sole discretion deems necessary or desirable to enforce compliance by a Credit Enhancer with the terms of a Credit Enhancement Agreement.

14.03 Declaration of Trust

The Indenture Trustee acknowledges that pursuant to the Declaration of Trust, the Indenture Trustee may appoint a successor Issuer Trustee if the Issuer Trustee and the unitholders

of the Issuer fail to appoint such a successor. The Indenture Trustee will only exercise such right if it has received an Ordinary Resolution of Controlling Class Creditors directing it to take such action.

ARTICLE XV
NOTICES

15.01 Notice to Issuer

Any notice, document or other communication required or permitted to be given or delivered to the Issuer hereunder will be in writing and will be valid and effective if given by delivery to the addresses indicated below or by facsimile or email transmission at such addresses (with, in the case of facsimile or email transmission, receipt confirmed, either by telephone, reply facsimile or reply email, or, in the case of email transmission, through the email software itself) and such notice, document or other communication shall be deemed to have been received, if given by delivery, on the day of delivery, and, if sent by facsimile or email transmission, on the day receipt thereof has been confirmed in accordance with the provisions of this Section 15.01. Such notice shall, if given on a day other than a Business Day or after the normal business hours of the recipient on a Business Day, be deemed to have been given on the next Business Day:

Fair Hydro Trust
c/o Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6

Attention: Vice President, Fair Hydro Plan
Fax: (416) 592-4189
Email: FHP@opg.com

Attention: General Counsel
Fax: (416) 592-4189

with copies to:

Computershare Trust Company of Canada, in its capacity as
Issuer Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1

Attention: Manager, Corporate Trust
Fax: (416) 981-9777
Email: corporatetrust.toronto@computershare.com

15.02 Notice to the Indenture Trustee

Any notice, document or other communication required or permitted to be given or delivered to the Indenture Trustee hereunder will be in writing and will be valid and effective if given by delivery to the address indicated below or by facsimile transmission at such address (with,

in the case of facsimile transmission, receipt confirmed, either by telephone or reply facsimile) and such notice, document or other communication shall be deemed to have been received, if given by delivery, on the day of delivery, and, if sent by facsimile transmission, on the day receipt thereof has been confirmed in accordance with the provisions of this Section 15.02. Such notice shall, if given on a day other than a Business Day or after the normal business hours (being 5:00 p.m. (Toronto time)) of the Indenture Trustee on a Business Day, be deemed to have been given on the next Business Day:

BNY Trust Company of Canada
One York Street, 6th Floor
Toronto, Ontario M5J 0B6

Attention: Corporate Trust Administration
Fax: (416) 360-1711

15.03 <u>Notice to Noteholders</u>

(a) Any notice, document or other communication required or permitted to be given or delivered hereunder to Registered Noteholders will be deemed to be validly given if sent to a destination within Canada by first class mail and if sent to a destination outside of Canada by airmail, postage prepaid in each case, sent by facsimile transmission or email transmission, addressed in each case to the Registered Noteholder at its address appearing in the Note Register, not later than the latest date, and not earlier than the earliest date, prescribed for the giving of such notice. In any case where notice to Registered Noteholders is given by mail, facsimile or electronic transmission, neither the failure to mail, send by facsimile or send by electronic transmission such notice, nor any defect in any notice so mailed, to any particular Noteholders will affect the sufficiency of such notice with respect to other Noteholders and any notice that is mailed, sent by facsimile or sent by electronic transmission in the manner herein provided shall conclusively have been presumed to have been duly given. In the case where CDS is the Registered Noteholder, notices, documents or other communications may be given by hand-delivery and such notice, document or other communication shall be deemed to have been received on the day of delivery.

(b) No notice will be given by mail, facsimile, email transmission or otherwise delivered to a holder of Bearer Notes or coupons in bearer form. In the case of any Class, Series or Tranche with respect to which any Bearer Notes are Outstanding, any notice required or permitted to be given to holders of such Bearer Notes will be published in an Authorized Newspaper within the time period prescribed in this Indenture or the Related Supplemental Indenture.

(c) In case, by reason of the suspension of regular mail service as a result of a strike, work stoppage or otherwise, it will be impractical to mail notice of any event to any holder of a Registered Note when such notice is required to be given pursuant to any provision of this Indenture, then any method of notification as will be

satisfactory to the Indenture Trustee and the Issuer will be deemed to be a sufficient giving of such notice.

(d) With respect to any Series or Tranche of Notes, the Related Supplemental Indenture or Terms Document may specify different or additional means of giving notice to the Noteholders of such Series or Tranche.

(e) Where this Indenture, any Supplemental Indenture or any Registered Note provides for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver will be the equivalent of such notice. Waivers of notice by Registered Noteholders will be filed with the Indenture Trustee, but such filing will not be a condition precedent to the validity of any action taken in reliance upon such waiver.

15.04 Notice to Other Specified Creditors

Any notice, document or other communication required or permitted to be given or delivered to any Specified Creditor (other than Noteholders) hereunder will be in writing and will be given by delivery to the applicable addresses provided to the Issuer by such Specified Creditor and set forth in the Specified Creditor list delivered pursuant to subsection 13.13(b) or by facsimile or electronic transmission. Any such notice shall, if given on a day other than a Business Day or after the normal business hours of the recipient on a Business Day, be deemed to have been given on the next Business Day.

15.05 Notice to Rating Agencies

Any notice, document or other communication required or permitted to be given or delivered to the Rating Agencies hereunder will be in writing and will be given by delivery to the applicable addresses provided to the Issuer by the Rating Agencies or by facsimile or electronic transmission. Any such notice shall, if given on a day other than a Business Day or after the normal business hours of the recipient on a Business Day, be deemed to have been given on the next Business Day. Where this Indenture provides for notice to any Rating Agency, failure to give such notice will not affect any other rights or obligations created hereunder and will not under any circumstance constitute an Adverse Effect.

15.06 Change of Address

Any Person referenced above may from time to time notify any other interested Person, in accordance with the provisions hereof, of any change of address which thereafter, until changed by like notice, shall be the address of such Person for all purposes of this Indenture.

ARTICLE XVI
MISCELLANEOUS

16.01 No Petition

The Indenture Trustee, by entering into this Indenture, and each Specified Creditor by accepting its rights as a third party beneficiary hereunder, agrees, to the fullest extent permitted by

applicable law, that at no time until one year and one day following repayment in full of all Issuer Funding Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Issuer.

16.02 Withholding Rights

The right of any Person to receive amounts described in this Indenture, including rights of a Noteholder to receive interest on or principal of a Note, or the rights of a Person to receive payments described in the Payment Waterfalls, shall be subject to any applicable withholding or deduction imposed pursuant to the Income Tax Act or other applicable tax law, including foreign withholding and deduction. Any amounts properly withheld or deducted shall be treated as actually paid to the appropriate recipient, provided that such deduction or withheld amounts are actually remitted in accordance with applicable law to the appropriate Governmental Authority.

16.03 U.S. Tax Treatment

The Issuer and each Noteholder that is a United States Person agree that the Notes are intended to be debt for United States federal, state and local income and franchise tax purposes and agree to treat the Notes accordingly for all such purposes, unless otherwise required by a taxing authority. Each Noteholder that is a United States Person further agrees that it will cause any Note Owner that is a United States Person acquiring an interest in a Note through it to comply with this Indenture as to treatment as indebtedness for United States federal, state and local income and franchise tax purposes as described in this Section 16.03.

16.04 Alternate Payment Provisions

Notwithstanding any provision of this Indenture or any of the Notes to the contrary, the Issuer, with the written consent of the Indenture Trustee, may enter into any agreement with any Noteholder providing for a method of payment or notice that is different from the methods provided for in this Indenture for such payments or notices. The Issuer will furnish to the Indenture Trustee a copy of each such agreement and the Indenture Trustee will cause payments or notices, as applicable, to be made in accordance with such agreements.

16.05 Final Distribution

(a) The Issuer shall give the Indenture Trustee at least 30 days written notice of the Principal Payment Date on which the Noteholders of any Class, Series or Tranche may surrender their Notes for payment of the final distribution on and cancellation of such Notes. Not later than the fifth day of the month in which the final distribution in respect of such Class, Series or Tranche is payable to Noteholders, the Indenture Trustee shall provide notice to Noteholders of such Class, Series or Tranche specifying (i) the date upon which final payment of such Class, Series or Tranche will be made upon presentation and surrender of Notes of such Class, Series or Tranche at the office or offices therein designated, (ii) the amount of any such final payment, and (iii) that the Record Date otherwise applicable to such Principal Payment Date is not applicable, payments being made only upon presentation and surrender of such Notes at the office or offices therein specified (which, in the case of Bearer Notes, shall be outside the United States). The

Indenture Trustee shall give such notice to the Note Registrar and the Paying Agent at the time such notice is given to Noteholders.

(b) Notwithstanding a final distribution to the Noteholders of any Class, Series or Tranche of Notes (or the termination of the Issuer), except as otherwise provided in this paragraph, all funds then on deposit in any Series Account allocated solely to such Noteholders shall continue to be held in trust for the benefit of such Noteholders, and the Paying Agent or the Indenture Trustee shall pay such funds to such Noteholders upon surrender of their Notes, if certificated. In the event that all such Noteholders shall not surrender their Notes for cancellation within six (6) months after the date specified in the notice from the Indenture Trustee described in paragraph (a), the Indenture Trustee shall give a second notice to the remaining such Noteholders to surrender their Notes for cancellation and receive the final distribution with respect thereto (which surrender and payment, in the case of Bearer Notes, shall be outside the United States). If within one (1) year after the second notice all such Notes shall not have been surrendered for cancellation, the Indenture Trustee may take appropriate steps, or may appoint an agent to take appropriate steps, to contact the remaining such Noteholders concerning surrender of their Notes, and the cost thereof shall be paid out of the funds in the Collection Account or any Series Account held for the benefit of such Noteholders. The Indenture Trustee and the Paying Agent shall pay to the Issuer any monies held by them for the payment of principal or interest that remains unclaimed for two (2) years. After payment to the Issuer, Noteholders entitled to the money must look to the Issuer for payment as general creditors unless an applicable abandoned property law designates another Person.

16.06 <u>Force Majeure</u>

In no event shall the Indenture Trustee or the Issuer Trustee be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services; it being understood that the Indenture Trustee and the Issuer Trustee shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

16.07 <u>Delivery of Executed Copies</u>

Each party acknowledges delivery of a fully executed copy of this Indenture.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly executed as of the day and year first above written.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of **FAIR HYDRO TRUST**, as Issuer

By: **ONTARIO POWER GENERATION INC.**, not in its individual capacity but solely as Manager

By: _____

Name:
Title:

By: _____

Name:
Title:

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

By: _____

Name:
Title:

Schedule A
DEFINED TERMS

"**Acceleration Event**" means the acceleration of any Series of Controlling Class Obligations pursuant to and in accordance with the Related Funding Obligation Agreement.

"**Act**" means *Ontario Fair Hydro Plan Act, 2017*.

"**Action**" has the meaning specified in Section 1.04.

"**Adherence Compliance Certificate**" has the meaning specified in the Change of Law Protection Agreement.

"**Adverse Effect**" means, whenever used in this Indenture with respect to any action, that such action will at the time of its occurrence (a) result in the occurrence of an Event of Default or any event which with the giving of notice or passage of time, or both, would become an Event of Default, (b) adversely affect the amount or timing of any payment to be made to any Debtholder or Derivative Counterparty pursuant to this Indenture or any Program Agreement, (c) materially adversely affect the amount or timing of payments to be made to the Specified Creditors (other than Debtholders and Derivative Counterparties) pursuant to this Indenture or any Program Agreement, or (d) adversely affect the Security Interest and the rights and remedies of the Indenture Trustee in respect thereof.

"**Affected Party**" has the meaning specified in the applicable Derivative Agreement.

"**Affiliate**" means, with respect to any specified Person, any other Person controlling or controlled by or under common control with such specified Person. For the purposes of this definition, "**control**" when used with respect to any specified Person means the power to direct the management and policies of such specified Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, and the terms "**controlling**" and "**controlled**" have meanings correlative to the foregoing.

"**Agency Agreement**" means an agency agreement made between the Issuer and one or more Persons acting on behalf of the Issuer, providing for the sale and distribution of Notes on an agency basis.

"**Approved Obligation**" has the meaning specified in the Change of Law Protection Agreement.

"**Approved Obligation Amount**" has the meaning specified in the Change of Law Protection Agreement.

"**Authorized Newspaper**" means any newspaper or newspapers of general circulation, in the case of Notes issued in the United States, in the Borough of Manhattan, The City of New York, and in the case of Notes issued in Canada, in the City of Toronto, in each case printed in the English language and customarily published on each Business Day at such place, whether or not published on Saturdays, Sundays or holidays, or if and so long as Notes of any Class, Series or Tranche are listed on any securities exchange and that exchange so requires, the newspaper of record required

by the applicable securities exchange, printed in any language satisfying the requirements of such exchange.

"**Available Collections**" means, for any Monthly Period, without duplication: (a) the Servicer CEA Receipts paid to the Issuer in accordance with Section 3.3 of the Master Transfer and Servicing Agreement, plus investment earnings allocable to the amounts on deposit in the Collection Account, plus any other amounts, or allocable portion thereof, to be treated as Available Collections, subject to this Indenture and any applicable Supplemental Indenture; (b) the IESO Carrying Cost Payments (other than the IESO Cash Reserve Deposit Amount); and (c) amounts received by the Issuer pursuant to Derivative Agreements.

"**Bearer Note**" means a Note in bearer form.

"**Benefit Plan**" means an "employee benefit plan" as defined in Section 3(3) of ERISA, which is subject to the provisions of Title I of ERISA, a "plan" described in and subject to Section 4975 of the Code, or an entity whose underlying assets include "plan assets" by reason of an employee benefit plan's investment in the entity.

"**Borrowing**" means a borrowing or drawing by the Issuer pursuant to a Liquidity Agreement, a Loan Agreement or a Credit Enhancement Agreement.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are, or the office of the Indenture Trustee is, authorized or obligated by applicable law, regulation or executive order to be closed.

"**Canadian Depository**" means, unless otherwise specified by the Issuer pursuant to any of Section 3.04, 3.06, or 4.01, with respect to Notes issuable or issued as a Global Note within Canada, CDS Clearing and Depository Services Inc., or any successor thereto registered as a clearing agency under the *Securities Act* (Ontario), or other applicable statute or regulation.

"**Carrying Costs**" has the meaning ascribed to the term "carrying costs" in the Fair Hydro Regulations.

"**Certificate of Authentication**" means the certificate of authentication of the Indenture Trustee, the form of which is described in Section 3.03.

"**Certified Primary Obligations**" has the meaning specified in the Change of Law Protection Agreement.

"**Chairman**" has the meaning specified in subsection 10.01(d).

"**Change of Law Protection Agreement**" means the change of law protection agreement dated December 21, 2017 among the Province, the Issuer and the Indenture Trustee.

"**Class**" means the Senior Funding Obligations, the Subordinated Funding Obligations, the Junior Subordinated Funding Obligations, each of which shall be a Class of Issuer Funding Obligations.

"**Collateral**" has the meaning specified in Section 2.01.

"**Collection Account**" has the meaning specified in subsection 7.02(a).

"**Commission**" means the U.S. Securities and Exchange Commission.

"**Controlling Class Creditors**" means, at any time, the Debtholders holding Controlling Class Obligations.

"**Controlling Class Obligations**" means: (a) Senior Funding Obligations until such time as all Senior Funding Obligations have been paid in full; then (b) if all Senior Funding Obligations have been paid in full, Subordinated Funding Obligations until such time as all Subordinated Funding Obligations have been paid in full; and finally (c) if all Senior Funding Obligations and Subordinated Funding Obligations have been paid in full, Junior Subordinated Funding Obligations until such time as all Junior Subordinated Funding Obligations have been paid in full.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Issuer and any other owner or owners of an Investment Interest as contemplated by subsection 29(5) of the Act.

"**Corporate Trust Office**" means the office of the Indenture Trustee at which, at any particular time, its corporate trust business shall be administered, which office as of the date hereof is located at One York Street, 6th Floor, Toronto, Ontario M5J 0B6, or at such other address as the Indenture Trustee may designate from time to time by notice to the Specified Creditors and the Issuer, or the principal corporate trust office of any successor trustee designated by like notice.

"**Credit Enhancement**" means any form of credit enhancement (howsoever characterized) for any Issuer Funding Obligation, including any letter of credit, letter of guarantee, insurance policy, surety bond, cash reserve account, spread account, guaranteed rate agreement, note purchase agreement, loan facility or other similar agreement established for the benefit of a Lender or Noteholder, as applicable, and including any facility provided by a Person to the Issuer which is specified or acknowledged in writing by the Issuer as "Credit Enhancement" for purposes hereof.

"**Credit Enhancement Agreement**" means any credit enhancement agreement entered into hereafter between the Issuer and one or more Credit Enhancers, and acknowledged and accepted by the Indenture Trustee in accordance with Article V, providing Credit Enhancement in respect of any Issuer Funding Obligation, and includes any letter of credit, guarantee, surety bond or other instrument executed and delivered by such Credit Enhancer(s).

"**Credit Enhancer**" means any Person providing Credit Enhancement to the Issuer or in respect of any Issuer Funding Obligation.

"**DBRS**" means DBRS Limited, or any successor thereof.

"**Debtholder**" means a Noteholder or a Lender.

"**Debtholder Group**" has the meaning specified in subsection 10.01(a).

"**Declaration of Trust**" means the declaration of trust made as of December 20, 2017 under which the Issuer was established.

"**Default**" means the occurrence of any event which, after the passage of time, the required notification to the Indenture Trustee and, if required, approval by the required Controlling Class Creditors, would become an Event of Default.

"**Defaulting Party**" has the meaning specified in the applicable Derivative Agreement.

"**Deferred Principal Accumulation Amount**" means, on any Principal Payment Date, the amount by which the aggregate of the Principal Accumulation Amount (Warehouse), the Principal Accumulation Amount (Senior), the Principal Accumulation Amount (Subordinated) and the Principal Accumulation Amount (Junior Subordinated) for such Principal Payment Date determined without reference to any Refinancing Notices is greater than the amount on deposit in the Principal Accumulation Account.

"**Depository**" means a Canadian Depository, a U.S. Depository or a Foreign Depository, as the case may be.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Issuer in connection with or related to Borrowings or Notes.

"**Derivative Counterparty**" means any party to any Derivative Agreement other than the Issuer or the Indenture Trustee.

"**Derivative Funding Obligations**" means Funding Obligations arising under, or in connection with, Derivative Agreements.

"**Discount Note**" means a Note that provides for an amount less than the Stated Principal Amount (but not less than the Initial Currency Specific Dollar Principal Amount) thereof to be due and payable upon the occurrence of an optional redemption, or the occurrence of an Event of Default and the acceleration of such Note, in each case before the Principal Payment Date of the applicable Note.

"**Dollar**," "**$**" or "**Cdn. $**" means Canadian dollars.

"**Electronic Methods**" means delivery of any notice or form of communication by facsimile, pdf or e-mail, or by other similar electronic means in a form satisfactory to the Issuer.

"**Eligible Deposit Account**" means an account that is a segregated account with an Eligible Institution.

"**Eligible Institution**" means (a) a trust company or Schedule I chartered bank (or an Affiliate thereof) incorporated under the laws of Canada or any province thereof (i) which has either (x) a long-term unsecured debt rating of "A" or better by DBRS, or (y) a short-term deposit rating of "R-1 (low)" or better by DBRS, and (ii) which has either (x) a long-term unsecured debt rating of

"A2" or better by Moody's, or (y) a short-term deposit rating of "P-1" or better by Moody's, or (b) any institution that otherwise satisfies the Rating Agency Condition.

"**Eligible Investments**" means instruments or investment property that evidence:

(a) direct obligations of, or obligations fully and unconditionally guaranteed as to timely payment by, Canada or the United States of America;

(b) demand or time deposits of, unsecured certificates of deposit of, money market deposit accounts of, bank deposit products of or bankers' acceptances issued by, any depository institution (including, but not limited to, bank deposit products of the Indenture Trustee, acting in its commercial capacity) incorporated or organized under the laws of the United States of America, Canada or any state or province thereof and subject to supervision and examination by applicable banking authorities, so long as the commercial paper or other short-term debt obligations of such depository institution are, at the time of deposit, rated at least "R-1 (low)" and "P-1" by each of DBRS and Moody's, or such lower rating as will not result in the downgrading or withdrawal of the ratings of the Issuer or any of the Issuer Funding Obligations;

(c) commercial paper (including commercial paper of the Indenture Trustee, acting in its commercial capacity), which at the time of purchase is rated at least "R-1 (low)" and "P-1" by each of DBRS and Moody's, or such lower rating as will not result in the downgrading or withdrawal of the ratings of the Issuer or any of the Issuer Funding Obligations;

(d) investments in money market funds having a rating in the highest investment category granted thereby (including funds for which the Indenture Trustee or any of its Affiliates is investment manager or advisor) from DBRS and Moody's;

(e) repurchase obligations with respect to any security that is a direct obligation of, or fully guaranteed by, the United States of America, Canada or their respective agencies or instrumentalities, entered into with Eligible Institutions;

(f) repurchase obligations with respect to any security or whole loan entered into with an Eligible Institution or with a registered broker/dealer acting as principal and that meets the ratings criteria set forth below:

(i) a broker/dealer (acting as principal) registered as a broker or dealer under the Securities Act (any such broker/dealer being referred to in this definition as a "**broker/dealer**"), the unsecured short-term debt obligations of which are rated at least "P-1" by Moody's and "R-1" by DBRS at the time of entering into such repurchase obligation; or

(ii) an unrated broker/dealer, acting as principal, that is a wholly-owned subsidiary of a non-bank or bank holding company the unsecured short-term debt obligations of which are rated at least "P-1" by Moody's and "R-1" by DBRS at the time of purchase so long as the obligations of such unrated

broker/dealer are unconditionally guaranteed by such non-bank or bank holding company; and

(g) any other investment permitted by each of the Rating Agencies;

in each case maturing not later than the Business Day preceding the next Payment Date, Interest Payment Date or Principal Payment Date, as applicable (for the avoidance of doubt, investments in money market funds or similar instruments that are redeemable on demand shall be deemed to satisfy the foregoing requirement). Notwithstanding the foregoing, no securities or investments that mature in 30 days or more shall be "Eligible Investments" unless the issuer thereof has (x) either a short-term unsecured debt rating of at least "P-1" from Moody's or a long-term unsecured debt rating of at least "A2" from Moody's and also has (y) either a short-term unsecured debt rating of at least "R-1 (low)" from DBRS or a long-term unsecured debt rating of at least "A" from DBRS.

"**Eligible Securities Account**" means a securities account that is a segregated account with an Affiliate of an Eligible Institution, which Affiliate is licensed to maintain securities accounts.

"**ERISA**" means the *Employee Retirement Income Security Act* of 1974, as amended.

"**Event of Default**" has the meaning specified in Section 8.01.

"**Exchange Date**" means, with respect to any Class, Series or Tranche of Notes, the latest of:

(a) in the case of exchanges of beneficial interests in Temporary Global Notes for beneficial interests in Permanent Global Notes in registered form, any date that is after the related issuance date;

(b) in the case of exchanges of beneficial interests in Temporary Global Notes for beneficial interests in Permanent Global Notes in bearer form, the date of presentation of certification of non-United States beneficial ownership (as described in Section 3.05); and

(c) the earliest date on which such an exchange of a beneficial interest in a Temporary Global Note for a beneficial interest in a Permanent Global Note is permitted by applicable law.

"**Exchange Rate Agent**" means, with respect to any Series of Issuer Funding Obligations (unless otherwise specified with respect to any Series of Issuer Funding Obligations pursuant to the Related Funding Obligation Agreement), a chartered bank listed on Schedule I to the *Bank Act* (Canada) designated pursuant to the Related Funding Obligation Agreement.

"**Extraordinary Resolution**" means a resolution passed by the affirmative votes of Controlling Class Creditors holding not less than 66⅔% of the Outstanding Dollar Principal Amount of all Controlling Class Obligations represented and voting at a meeting of all Controlling Class Creditors duly convened and held in accordance with the provisions of this Indenture.

"**Fair Hydro Regulations**" means the regulations made under the Act, including Ontario regulations 206/17 and 195/17.

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act and the Fair Hydro Regulations as of the date of this Indenture.

"**Financing Entity**" has the meaning ascribed to the term "financing entity" in the Act as of the date of this Indenture.

"**Financing Plan**" has the meaning ascribed to the term "financing plan" in the Act as of the date of this Indenture.

"**Foreign Currency**" means (a) a currency other than Dollars, or (b) denominated in a currency other than Dollars.

"**Foreign Currency Note**" means a Note denominated in a Foreign Currency.

"**Foreign Depository**" means the Person specified in the Related Supplemental Indenture, in its capacity as depository for the accounts of any clearing agencies located outside Canada and the United States.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Indenture.

"**Funding Obligation Agreement**" means any Notes, any Supplemental Indenture (including any Terms Document), any Liquidity Agreement, any Loan Agreement, any Credit Enhancement Agreement or any Derivative Agreement.

"**Global Note**" means any Note issued pursuant to Section 3.04.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**Guarantee Payment Date**" means each day when any payment or payments are to be made in respect of one or more Approved Obligations occurring following the delivery of a Payment Demand to the Province pursuant to the Change of Law Protection Agreement.

"**IESO**" means the Independent Electricity System Operator, a statutory corporation without share capital established by the *Electricity Act, 1998*, SO, 1998.

"**IESO Carrying Cost Payments**" means those amounts paid to the Issuer by the IESO pursuant to the Fair Hydro Regulations.

"**IESO Cash Reserve Account**" has the meaning specified in subsection 7.02(e).

"**IESO Cash Reserve Deposit Amount**" means an amount equal to the aggregate of:

(a) 0.50% of the aggregate outstanding principal amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations determined as of the Payment Date occurring in April, 2021; and

(b) an amount estimated by the Manager, acting reasonably, as the amount of Carrying Costs payable by the Issuer during May, June and July, 2021 on outstanding Issuer Funding Obligations and any Issuer Funding Obligations to be issued in accordance with the Financing Plan, provided that such estimate satisfies the Rating Agency Condition.

"**IESO Cash Reserve Required Amount**" means, on any Payment Date on or after the Payment Date in November, 2021, the amount, if any, by which (a) an amount equal to 0.50% of the aggregate Outstanding Dollar Principal Amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations, exceeds (b) the amount on deposit in the Program Cash Reserve Account, determined after giving effect to all settlements on such Payment Date.

"**IESO Security Agreement**" means the security agreement made by the IESO in favour of the Issuer to secure its obligations to pay IESO Carrying Cost Payments.

"**Income Tax Act**" means the *Income Tax Act* (Canada).

"**Indemnity Agreement**" means the Indemnity Agreement dated December 21, 2017 by the Manager in favour of the Indenture Trustee.

"**Indenture**" or "**this Indenture**" means this Trust Indenture, as amended, supplemented, restated or otherwise modified from time to time, including by Supplemental Indentures for the issuance of Series of Notes entered into pursuant to the applicable provisions hereof.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Indenture until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "Indenture Trustee" means and includes such Person.

"**Initial Currency Specific Dollar Principal Amount**" means with respect to a Series or Tranche in a Series that includes Foreign Currency Notes, the amount specified in the applicable Supplemental Indenture as the Initial Currency Specific Dollar Principal Amount thereof.

"**Initial Dollar Principal Amount**" means (a) unless otherwise specified in the applicable Supplemental Indenture, with respect to a Class, Series or Tranche of Notes, the aggregate initial principal amount of the Outstanding Notes of such Class, Series or Tranche plus the aggregate initial principal amount of any additional Notes of such Class, Series or Tranche, and (b) with respect to a Class, Series or Tranche of Discount Notes that includes Foreign Currency Notes, the amount specified in the applicable Supplemental Indenture as the Initial Dollar Principal Amount thereof.

"**Insolvency Event**" means, with respect to a specified Person, the specified Person admits the inability of such specified Person to pay its liabilities generally as they become due or makes a general assignment for the benefit of the creditors of such specified Person or otherwise acknowledges the insolvency of such specified Person or any proceeding shall be instituted by or against such specified Person seeking to adjudicate it a bankrupt or insolvent or seeking liquidation, winding up, dissolution, reorganization, arrangement, adjustment, protection, relief or composition of its debts under any law relating to bankruptcy, insolvency, reorganization, moratorium or relief of debtors or seeking the entry of an order for relief by the appointment of a receiver, trustee or other similar official for such specified Person or for any substantial part of its property and if such proceeding has been instituted against such specified Person either such proceeding has not been stayed or dismissed within 45 days or any of the actions sought in such proceeding (including the entry of an order for relief or the appointment of a receiver) are granted in whole or in part, or if a receiver is privately appointed in respect of such specified Person or of the property of such specified Person or any substantial part thereof.

"**Interest Accrual Amount (Junior Subordinated)**" means, in respect of any Payment Date and all Junior Subordinated Funding Obligations, the amount of interest that accrued on such Junior Subordinated Funding Obligations during the period from and including the issuance date of such Junior Subordinated Funding Obligations or the last date to which interest has been paid in respect of such Junior Subordinated Funding Obligations, as applicable, to such Payment Date less any amounts deposited to the Interest Accumulation Account in respect of such interest accruing during such period pursuant to subsections 7.04(e)(v) and 7.07.

"**Interest Accrual Amount (Senior)**" means, in respect of any Payment Date and all Senior Funding Obligations, the amount of interest that accrued on such Senior Funding Obligations during the period from and including the issuance date of such Senior Funding Obligations or the last date to which interest has been paid in respect of such Senior Funding Obligations, as applicable, to such Payment Date less any amounts deposited to the Interest Accumulation Account in respect of such interest accruing during such period pursuant to subsections 7.04(e)(iii)(A) and 7.07.

"**Interest Accrual Amount (Subordinated)**" means, in respect of any Payment Date and all Subordinated Funding Obligations, the amount of interest that accrued on such Subordinated Funding Obligations during the period from and including the issuance date of such Subordinated Funding Obligations or the last date to which interest has been paid in respect of such Subordinated Funding Obligations, as applicable, to such Payment Date less any amounts deposited to the Interest Accumulation Account in respect of such interest accruing during such period pursuant to subsections 7.04(e)(iv) and 7.07.

"**Interest Accumulation Account**" has the meaning specified in subsection 7.02(b).

"**Interest Payment Date**" means each Business Day on which interest is due and payable in respect of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations, as set out in the Related Funding Obligation Agreement.

"**Internal Revenue Code**" means the United States Internal Revenue Code of 1986, as amended.

"**Investment Asset**" has the meaning ascribed to the term "investment asset" in the Act as of the date of this Indenture.

"**Investment Company Act**" means the United States Investment Company Act of 1940, as amended.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Indenture.

"**Issuer**" has the meaning specified in the first paragraph of this Indenture.

"**Issuer Accounts**" means, collectively, the Program Accounts, the Series Accounts and the Related Securities Accounts, and including any Sub-Accounts of the foregoing.

"**Issuer Certificate**" means a certificate (including an Officer's Certificate) signed in the name of the Issuer by a Responsible Officer of the Manager on behalf of the Issuer and, in each case delivered to the Indenture Trustee relating to, among other things, the issuance of a new Series or Tranche of Notes. Wherever this Indenture requires that an Issuer Certificate be signed also by an accountant or other expert, such accountant or other expert (except as otherwise expressly provided in this Indenture) may be an employee of the Manager.

"**Issuer Funding Obligations**" means, the Funding Obligations of the Issuer, including the Senior Funding Obligations, the Subordinated Funding Obligations, the Junior Subordinated Funding Obligations and the Derivative Funding Obligations.

"**Issuer Investment Interest**" means, initially, the Investment Interest acquired by the Issuer pursuant to the first Transfer completed under the Master Transfer and Servicing Agreement and, upon the completion of each Transfer thereafter, the cumulative Investment Interest acquired by the Issuer.

"**Issuer Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Issuer at such time.

"**Junior Subordinated Borrowings**" means Borrowings that have been designated as "Junior Subordinated Borrowings" in the Related Loan Agreement, Related Liquidity Agreement or Related Credit Enhancement Agreement.

"**Junior Subordinated Funding Obligations**" means Funding Obligations arising under, or in connection with, Junior Subordinated Notes and Junior Subordinated Borrowings.

"**Junior Subordinated Notes**" means Notes of a Series that have been designated as "Junior Subordinated Notes" in the Related Supplemental Indenture.

"**Lender**" means any Person providing credit facilities, note purchase facilities or advances under a Liquidity Agreement, Loan Agreement or Credit Enhancement Agreement, as applicable.

"**Lien**" means a security interest, lien, mortgage, charge, pledge, claim or encumbrance of any kind.

"**Liquidity Agreement**" means an agreement between the Issuer and one or more Lenders, and acknowledged and accepted by the Indenture Trustee in accordance with Article V, providing for the creation of one or more liquidity facilities in respect of all or a portion of the Notes in favour of the Issuer, including a facility to fund the repayment of all or a portion of Notes or that permits the Issuer to require the purchase of Notes by a counterparty, and including further any facility provided by a Person to the Issuer which is specified or acknowledged in writing by the Issuer as a "Liquidity Agreement" for the purposes hereof.

"**Loan Agreement**" means an agreement between the Issuer and one or more Lenders, and acknowledged and accepted by the Indenture Trustee in accordance with Article V, providing for the creation of one or more credit facilities in favour of the Issuer for purposes of purchasing Investment Interests.

"**Management Agreement**" means the management agreement dated December 20, 2017 between the Manager and the Issuer, and acknowledged by the Indenture Trustee in accordance with Article V.

"**Manager**" means OPG, in its capacity as manager of the Issuer under the Management Agreement.

"**Market Exchange Rate**" means, unless otherwise specified with respect to any Series of Issuer Funding Obligations, (a) for any conversion involving a currency unit on the one hand and Dollars or any Foreign Currency on the other, the exchange rate between the relevant currency unit and Dollars or such Foreign Currency calculated by the method specified pursuant to Section 3.1 for the Notes of the relevant Series, (b) for any conversion of Dollars into any Foreign Currency, the Bank of Canada noon rate as published on the Reuters Screen Page BOFC (or such other means of reporting the Bank of Canada noon rate as may be agreed upon by each of the parties to this Indenture) and (c) for any conversion of one Foreign Currency into Dollars or another Foreign Currency, the spot rate at noon local time in the relevant market at which, in accordance with normal banking procedures, the Dollars or Foreign Currency into which conversion is being made could be purchased with the Foreign Currency from which conversion is being made from major banks located in either Toronto, New York City or any other principal market for Dollars or such purchased Foreign Currency, in each case determined by the Exchange Rate Agent. Unless otherwise specified with respect to any Series of Issuer Funding Obligations, in the event of the unavailability of any of the exchange rates provided for in the foregoing clauses (a), (b) and (c), the Exchange Rate Agent shall use, in its sole discretion and without liability on its part, such Bank of Canada noon rate as of the most recent available date, or quotations from one or more major banks in Toronto, New York City, or another principal market for the currency in question, or such other quotations as the Exchange Rate Agent shall deem appropriate. Unless otherwise specified by the Exchange Rate Agent, if there is more than one market for dealing in any currency by reason of foreign exchange regulations or otherwise, the market to be used in respect of such currency shall be that upon which a non-resident issuer of securities designated in such currency would purchase such currency in order to make payments in respect of such securities.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated December 21, 2017 between the Issuer and IESO.

"**Monthly Period**" means, with respect to each Payment Date, the period from and including the first day of each calendar month and to and including the last day of such calendar month.

"**Monthly Report**" has the meaning ascribed thereto in Section 3.5(a) of the Master Transfer and Servicing Agreement.

"**Moody's**" means Moody's Investors Service, Inc., or any successor thereof.

"**MTSA Acknowledgement**" means the acknowledgement and indemnity agreement dated December 21, 2017 by the IESO in favour of the Indenture Trustee.

"**Non-resident**" means a non-resident of Canada as such term is defined in the Income Tax Act or a partnership that is not a Canadian partnership within the meaning of the Income Tax Act.

"**Note**" or "**Notes**" means any note or notes of any Class, Series or Tranche created pursuant to Supplemental Indentures and authenticated and delivered from time to time under this Indenture.

"**Note Owner**" means the beneficial owner of an interest in a Global Note.

"**Note Purchase Agreement**" means an agreement providing for the purchase of Notes from the Issuer by one or more Persons.

"**Note Register**" has the meaning specified in subsection 4.05(a).

"**Note Registrar**" means the Person who keeps the Note Register.

"**Noteholder**" means a Person in whose name a Note is registered in the Note Register or the bearer of any Bearer Note (including a Global Note in bearer form), as the case may be.

"**Obligations Secured**" means all present and future debts, expenses and liabilities, direct or indirect, absolute or contingent, due, owing or accruing due or owing from time to time by the Issuer to the Specified Creditors in their capacity as such. For greater certainty, amounts owing to any Specified Creditors by the Issuer at any time shall include (a) the unpaid face amount of any Notes issued on a discount basis; (b) the principal amount owing at such time, together with the accrued and unpaid interest on interest bearing Notes or Borrowings; (c) accrued fees, whether or not then due and payable; and (d) any evidence of indebtedness issued pursuant to or in respect of an amount owing under a Program Agreement (other than amounts payable by the Issuer to its beneficiaries pursuant to the Declaration of Trust or a promissory note issued by the Issuer to a beneficiary as contemplated in the Declaration of Trust).

"**Officer's Certificate**" means a certificate on behalf of any Person that is signed by any Responsible Officer of such Person and states that the certifications set forth in such certificate are based upon the results of a due inquiry into the matters in question conducted by or under the supervision of the signing Responsible Officer and that the facts stated in such certifications are made to such signing Responsible Officer's knowledge and belief.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Opinion of Counsel**" means one or more written opinions of counsel, who may, except as otherwise expressly provided in the Program Agreements, be employees of or counsel to the party providing such opinion of counsel, which counsel shall be reasonably acceptable to the party receiving such opinion of counsel, and shall be in form and substance reasonably acceptable to such party.

"**Ordinary Resolution**" has the meaning specified in subsection 10.01(e).

"**Outstanding**" means, in respect of Notes, as of the date of determination, all Notes theretofore authenticated and delivered under this Indenture, except:

(a) any Notes theretofore canceled by the Indenture Trustee or delivered to the Indenture Trustee for cancellation pursuant to Section 4.12;

(b) any Notes for whose full payment (including principal and interest) or redemption money in the necessary amount has been theretofore deposited with the Indenture Trustee or any Paying Agent in trust for the holders of such Notes; provided that, if such Notes are to be redeemed, notice of such redemption has been duly given in accordance with subsection 4.10(e), or provision therefor satisfactory to the Indenture Trustee has been made; and

(c) any Notes in exchange for or in lieu of which other Notes have been authenticated and delivered pursuant to this Indenture, or which will have been paid pursuant to the terms of Section 4.06 (except with respect to any such Note as to which proof satisfactory to the Indenture Trustee is presented that such Note is held by a Person in whose hands such Note is a legal, valid and binding obligation of the Issuer).

For purposes of determining the amounts of deposits, allocations, reallocations or payments to be made, unless the context clearly requires otherwise, references to "Notes" will be deemed to be references to "Outstanding Notes". In determining whether Noteholders of the requisite principal amount of Outstanding Notes have taken any Action hereunder, and for purposes of Article X, (i) Senior Notes beneficially owned by the Issuer, the Manager or any Affiliate of the Issuer or the Manager and (ii) any Class of Notes (or any portion thereof) in which the Province has an interest pursuant to Section 7.10 will, in each case, be disregarded and deemed not to be Outstanding at any time that a Specified Creditor other than the Province has an interest in such Class of Notes. In determining whether the Indenture Trustee will be protected in relying upon any such Action, only Senior Notes (or in the case of the Province, any Notes) which a Responsible Officer of the Indenture Trustee knows to be owned by the Issuer, the Manager or any Affiliate of the Issuer or the Manager, or with respect to which the Province has an interest pursuant to Section 7.10, will be so disregarded. Senior Notes so owned which have been pledged in good faith may be regarded as Outstanding if the pledgee creates to the satisfaction of the Indenture Trustee the pledgee's right to act as owner with respect to such Notes and that the pledgee is not the Issuer, the Manager or any Affiliate of the Issuer or the Manager.

"**Outstanding Currency Specific Dollar Principal Amount**" means at any time, with respect to any Notes in a Series that includes Foreign Currency Notes, the Initial Currency Specific Dollar Principal Amount of the Outstanding Notes of such Series or Tranche at such time, less the amount

of any payments of principal to the holders of such Series of Notes; plus, the amount of any increase in the Outstanding Currency Specific Dollar Principal Amount of such Series of Notes due to the issuance of additional Notes of such Series.

"**Outstanding Dollar Principal Amount**" means at any time:

(a) in respect of Notes, either:

(i) with respect to any Class, Series or Tranche of Notes (other than Discount Notes), the aggregate Initial Dollar Principal Amount of the Outstanding Notes of such Class, Series or Tranche at such time, less the amount of any payments of principal to the holders of such Class, Series or Tranche of Notes pursuant to the Related Supplemental Indenture, or

(ii) with respect to any Series or Tranche of Discount Notes, an amount of the Outstanding Notes of such Series or Tranche calculated by reference to the applicable formula set forth in the Related Supplemental Indenture, taking into account the amount and timing of payments of principal made to the holders of such Series or Tranche pursuant to the Related Supplemental Indenture;

plus, in either case, the amount of any increase in the Outstanding Dollar Principal Amount of such Class, Series or Tranche of Notes due to the issuance of additional Notes of such Class, Series or Tranche pursuant to Article V; and

(b) in respect of other Issuer Funding Obligations, the aggregate principal amount (converted into Dollars, if applicable) of Borrowings.

"**Paying Agent**" means any Person authorized by the Issuer to pay any Obligations Secured on behalf of the Issuer as provided in subsection 9.16(e).

"**Payment Date**" means the 15th day of each calendar month (subject to Section 1.12).

"**Payment Demand**" has the meaning specified in the Change of Law Protection Agreement.

"**Payment Instruction**" means an instruction of the Manager substantially in one of the forms in Exhibit 1.

"**Payment Waterfall**" means a priority of payment set out in any one of Section 7.04(e), 7.05, 7.06, 7.07, 7.08, 7.09, 7.10, 7.11 or 8.13.

"**Permanent Global Note**" has the meaning specified in subsection 3.05(a).

"**Permitted Liens**" means:

(a) Liens for Taxes not yet due or for which installments have been paid based on reasonable estimates pending final assessments, or if due, the validity of which is

being contested diligently and in good faith by appropriate proceedings by that Person for which reasonable reserves under GAAP are maintained;

(b) the Lien of any Indenture Trustee, as provided in Section 9.05;

(c) the Security Interest; and

(d) any Lien created pursuant to a Co-Owner Agreement.

"**Person**" means any individual, corporation, limited liability company, unlimited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Place of Payment**" means, with respect to any Class, Series or Tranche of Notes issued hereunder, the city or political subdivision so designated with respect to such Class, Series or Tranche of Notes in accordance with the provisions of Article V.

"**PPSA**" shall mean the *Personal Property Security Act* (Ontario).

"**Pre-Approved Refinancing**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Principal Accumulation Account**" has the meaning specified in subsection 7.02(c).

"**Principal Accumulation Amount**" means, in respect of any Series of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations and a Payment Date occurring on or after the Principal Accumulation Date for such Series, the amount specified for such Payment Date in the Related Funding Obligation Agreement plus any amounts specified in the Related Funding Obligation Agreement in respect of prior Payment Dates after the Principal Accumulation Date for such Series which were not deposited to the Principal Accumulation Account; provided that if the Issuer has delivered a Refinancing Notice in respect of such Series pursuant to Section 7.09, the Principal Accumulation Amounts in respect of such Series shall be adjusted as provided for in such Refinancing Notice.

"**Principal Accumulation Amount (Junior Subordinated)**" means, in respect of any Payment Date, the sum of the Principal Accumulation Amounts for all Series of Junior Subordinated Funding Obligations for such Payment Date.

"**Principal Accumulation Amount (Senior)**" means, in respect of any Payment Date, the sum of the Principal Accumulation Amounts for all Series of Senior Funding Obligations (other than Warehouse Obligations) for such Payment Date.

"**Principal Accumulation Amount (Subordinated)**" means, in respect of any Payment Date, the sum of the Principal Accumulation Amounts for all Series of Subordinated Funding Obligations for such Payment Date.

"**Principal Accumulation Amount (Warehouse)**" means, in respect of any Payment Date, the sum of the Principal Accumulation Amounts for all Series of Warehouse Obligations for such Payment Date.

"**Principal Accumulation Date**" means, in respect of any Series of Issuer Funding Obligations, other than Derivative Funding Obligations, the date, if any, specified in the Related Funding Obligation Agreement.

"**Principal Payment Date**" means each Business Day on which principal is due and payable in respect of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations, as set out in the Related Funding Obligation Agreement.

"**Principal Payment Default Date**" has, with respect to any Issuer Funding Obligation, the meaning specified in the Related Funding Obligation Agreement.

"**Program Account**" means each of the Collection Account, the Principal Accumulation Account, the Interest Accumulation Account, the Program Cash Reserve Account, the IESO Cash Reserve Account, the Refinancing Account and the Protection Account.

"**Program Agreements**" means this Indenture, each Supplemental Indenture, the Declaration of Trust, the Management Agreement, the Master Transfer and Servicing Agreement, the MTSA Acknowledgement, the Indemnity Agreement, each Transfer Notice, any Co-Owner Agreements, the IESO Security Agreement, the Change of Law Protection Agreement, the Notes, any Derivative Agreements, Credit Enhancement Agreements, Liquidity Agreements, Loan Agreements, Underwriting Agreements, Agency Agreements or Note Purchase Agreements and all other documents and certificates delivered in connection therewith.

"**Program Cash Reserve Account**" has the meaning specified in subsection 7.02(d).

"**Program Cash Reserve Required Amount**" means (a) on each Payment Date prior to the Payment Date in May, 2021, nil, and (b) on each Payment Date thereafter, an amount equal to 0.50% of the aggregate outstanding principal amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations after giving effect to all settlements on such Payment Date, or such lesser amount proposed by the Manager that satisfies the Rating Agency Condition.

"**Protection Account**" has the meaning specified in subsection 7.02(i).

"**Protection Event**" has the meaning ascribed thereto in Schedule A of the Change of Law Protection Agreement.

"**Province**" means Her Majesty the Queen in Right of Ontario as represented by the Minister of Energy and the Minister of Finance.

"**Rating Agency**" means, with respect to any Issuer Funding Obligation, each nationally recognized statistical rating organization or designated rating organization, as specified in the Related Funding Obligation Agreement, selected by the Manager to rate such Issuer Funding Obligation.

"**Rating Agency Condition**" means, unless otherwise specified in the Related Funding Obligation Agreement for any Series or Tranche of Issuer Funding Obligations, with respect to any action subject to such condition, the Issuer shall deliver written notice of the proposed action to such Rating Agency or Rating Agencies at least 10 Business Days prior to the effective date of such action (or such shorter notice period if specified in the Related Funding Obligation Agreement with respect to any specific action, or if 10 Business Days prior notice is impractical, such advance notice as is practicable) and the Rating Agencies shall have informed the Issuer prior to the effective date of such action that such action will not result in the reduction or withdrawal of the rating in effect with respect to any Issuer Funding Obligation immediately before the taking of such action, provided that wherever there is reference to satisfaction of a Rating Agency Condition in this Indenture or any other Program Agreement, subject to the terms of the specific Program Agreement which shall govern, such condition need not be satisfied if there is no Rating Agency then rating the applicable Issuer Funding Obligation in respect of which the Rating Agency Condition is applicable. For purposes of this Indenture and any Supplemental Indenture, the Indenture Trustee shall receive, and shall be entitled to rely on, an Issuer Certificate confirming the satisfaction of the Rating Agency Condition. If the Rating Agency Condition is required to be satisfied without specifying one or more specific Series or Tranches of Issuer Funding Obligations, it shall be required to be satisfied in respect of all outstanding Series or Tranches of Issuer Funding Obligations.

"**Record Date**" means, for the interest or principal payable on any Note on any applicable Interest Payment Date or Principal Payment Date, the last day of the calendar month immediately preceding such Interest Payment Date or Principal Payment Date, unless otherwise specified in the Related Supplemental Indenture.

"**Redemption Price**" has the meaning specified in subsection 4.10(a).

"**Reference Period**" has the meaning ascribed to the term "reference period" in the Act as of the date of this Indenture.

"**Refinancing**" has the meaning ascribed to the term "refinancing" in the Act as of the date of this Indenture.

"**Refinancing Account**" has the meaning specified in subsection 7.02(f).

"**Refinancing Notice**" means a notice substantially in the form of Exhibit 2.

"**Registered Note**" means a Note issued in registered form.

"**Registered Noteholder**" means a Noteholder of a Registered Note.

"**Regulation AB**" means Subpart 229.1100 – Asset Backed Securities (Regulation AB), 17 C.F.R. §§229.1100-229.1125, and all related rules and regulations of the Commission, as such rules may be amended from time to time, and subject to such clarification and interpretation as have been provided by the Commission or by the staff of the Commission, or as may be provided by the Commission or its staff from time to time.

"**Related**" is used in reference to the Issuer Funding Obligations of a particular Series and means, when used in conjunction with:

(a) "Credit Enhancement Agreement": a Credit Enhancement Agreement pursuant to which Credit Enhancement has been provided in respect of such Issuer Funding Obligations;

(b) "Funding Obligation Agreement": a Funding Obligation Agreement entered into in connection with the incurrence of such Issuer Funding Obligations;

(c) "Liquidity Agreement": a Liquidity Agreement pursuant to which one or more liquidity facilities have been made available to fund the repayment of such Issuer Funding Obligations constituting Notes or, if specified in such Liquidity Agreement, a Series or Tranche of such Issuer Funding Obligations constituting Notes;

(d) "Loan Agreement": a Loan Agreement in respect of Issuer Funding Obligations constituting Borrowings; and

(e) "Supplemental Indenture": a supplement to this Indenture executed in connection with the issuance of such Issuer Funding Obligations constituting Notes.

"**Related Securities Account**" means, in respect of any Program Account or Series Account, a Securities Account which has been established for the purpose of allowing the Issuer to invest the funds credited to such Program Account or Series Account in Eligible Investments in accordance with Section 7.03.

"**Required Principal Accumulation Amount (Senior)**" means, in respect of any Principal Payment Date, the aggregate of the Principal Accumulation Amounts (Warehouse) and the Principal Accumulation Amounts (Senior) for all Payment Dates up to and including such Principal Payment Date, less all amounts that have been applied to principal repayments of Senior Funding Obligations on or prior to such Principal Payment Date.

"**Required Principal Accumulation Amount (Subordinated)**" means, in respect of any Principal Payment Date, the aggregate of the Principal Accumulation Amounts (Subordinated) for all Payment Dates up to and including such Principal Payment Date, less all amounts that have been applied to principal repayments of Subordinated Funding Obligations on or prior to such Principal Payment Date.

"**Responsible Officer**" means, with respect to: (a) the Issuer, any director or officer of the Manager; (b) the Servicer, any director or officer of the IESO; and (c) the Indenture Trustee, any officer within the Corporate Trust Office of such trustee (including the President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Treasurer or any other officer of the Indenture Trustee customarily performing functions similar to those performed by persons who at the time shall be such officers, respectively, and that has direct responsibility for the administration of this Indenture and also, with respect to a particular matter, any other officer to whom such matter is referred to because of such officer's knowledge and familiarity with the particular subject).

"**Securities Account**" has the meaning specified in subsection 7.02(j).

"**Securities Exchange Act**" means the United States Securities Exchange Act of 1934, as amended from time to time.

"**Security Interest**" means the Lien granted pursuant to Section 2.01.

"**Senior Borrowings**" means Borrowings that have been designated as "Senior Borrowings" in the Related Loan Agreement, Related Liquidity Agreement or Related Credit Enhancement Agreement.

"**Senior Funding Obligations**" means Funding Obligations arising under, or in connection with, Senior Notes and Senior Borrowings.

"**Senior Notes**" means Notes of a Series that have been designated as "Senior Notes" in the Related Supplemental Indenture.

"**Series**" means, with respect to any Class of Issuer Funding Obligation, the Series of the Class specified in the Related Funding Obligation Agreement.

"**Series Account**" means each Series Finance Reserve Account and each Series Capital Account.

"**Series Capital Account**" has the meaning specified in subsection 7.02(g).

"**Series Finance Reserve Account**" has the meaning specified in subsection 7.02(h).

"**Servicer**" has the meaning specified in the Master Transfer and Servicing Agreement.

"**Servicer CEA Receipts**" has the meaning ascribed thereto in Section 3.3(e) of the Master Transfer and Servicing Agreement.

"**Servicer Default**" has the meaning ascribed thereto in Section 7.1 of the Master Transfer and Servicing Agreement.

"**Specified Creditors**" means, collectively, Noteholders, Lenders, the Paying Agent, the Indenture Trustee, the Issuer Trustee, the Manager, the Servicer, the Province, Derivative Counterparties, Credit Enhancers, Rating Agencies and counterparties to Underwriting Agreements, Agency Agreements or Note Purchase Agreements, in each case, to the extent of their claims related to Program Agreements, and any other Person that is owed a payment obligation by the Issuer that gives rise to a Finance Amount in respect of the Issuer.

"**Stated Principal Amount**," has, with respect to any Note, the meaning specified in the Related Supplemental Indenture (including a Terms Document).

"**Sub-Account**" means each sub-account of an Issuer Account maintained pursuant to this Indenture or any Funding Obligation Agreement.

"**Subordinated Borrowings**" means Borrowings that have been designated as "Subordinated Borrowings" in the Related Loan Agreement, Related Liquidity Agreement or Related Credit Enhancement Agreement.

"**Subordinated Funding Obligations**" means Funding Obligations arising under, or in connection with, Subordinated Notes and Subordinated Borrowings.

"**Subordinated Notes**" means Notes of a Series that have been designated as "Subordinated Notes" in the Related Supplemental Indenture.

"**Subrogation Amount**", in respect of any Approved Obligation, has the meaning specified in subsection 7.10(d)(i).

"**Supplemental Indenture**" means, with respect to any Series of Notes, a supplement to this Indenture, executed and delivered in conjunction with the issuance of such Notes pursuant to Section 4.01, together with any applicable Terms Document for any Tranches of Notes belonging to such Series and any amendment to the Supplemental Indenture executed pursuant to Section 11.01 or 11.02.

"**Suspension Notice**" has the meaning specified in the Change of Law Protection Agreement.

"**Tax**" has the meaning ascribed to the term "tax" in the Fair Hydro Regulations as of the date of this Indenture.

"**Temporary Global Note**" has the meaning specified in Section 3.05(a).

"**Termination Payment**" means all amounts payable upon early termination of any Derivative Agreement calculated in accordance with the terms of such Derivative Agreement.

"**Terms Document**" means, with respect to any Tranche of Notes, a supplement to the Related Supplemental Indenture.

"**Tranche**" means, with respect to any Series of Notes, Notes of such Series which have identical terms, conditions and Tranche designation. Notes of a single Tranche may be issued on different dates.

"**Transfer**" has the meaning ascribed to the term "transfer" in the Act as of the date of this Indenture.

"**Transfer Notice**" has the meaning ascribed thereto in Section 1.1 of the Master Transfer and Servicing Agreement.

"**Trustee Cap**" means, on any Payment Date, an amount equal to (x) $150,000, multiplied by (y) the number of Series of Senior Funding Obligations outstanding on such Payment Date, divided by (z) 12.

"**Underwriting Agreement**" means an agreement providing for the purchase of Notes from the Issuer by one or more Persons as principals for the purpose of resale.

"**United States**" means, unless otherwise specified with respect to any Notes pursuant to Section 4.10, the United States of America (including the states and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction.

"**United States Person**" means a citizen or resident of the United States, a corporation, partnership or other entity created or organized in or under the laws of the United States of America, any one of the states thereof, the District of Columbia or any political subdivision thereof, or an estate or trust the income of which is subject to United States federal income taxation regardless of its source.

"**U.S. Depository**" means, unless otherwise specified by the Issuer pursuant to any of Section 3.04, 3.06, or 4.01, with respect to Notes issuable or issued as a Global Note within the United States, The Depository Trust Company, or any successor thereto registered as a clearing agency under the Securities Exchange Act, or other applicable statute or regulation.

"**U.S. Securities Act**" means the United States Securities Act of 1933, as amended from time to time.

"**Warehouse Facility Agreement**" means a Funding Obligation Agreement that provides the Issuer with a revolving facility under which principal amounts can be advanced, repaid and again advanced during a committed revolving period and does not provide any other type of credit facility.

"**Warehouse Obligations**" means Senior Funding Obligations incurred pursuant to Warehouse Facility Agreements.

EXHIBIT 1
FORMS OF PAYMENT INSTRUCTION

See Attached.

Payment Instruction – Collection Account
Fair Hydro Trust

Pursuant to the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and BNY Trust Company of Canada, as indenture trustee (as amended, modified, supplemented, replaced or restated from time to time, the "**Trust Indenture**"), the Manager hereby instructs the Paying Agent to pay or transfer, as applicable, the amounts set out below in accordance with the wire, check or other payment details set out in Schedule A to this Payment Instruction. Such payments or transfers are to made on: _____ [*insert date of payment(s) / transfer(s)*].

Capitalized terms used in this Payment Instruction have the meanings given to such terms in the Trust Indenture.

COLLECTION ACCOUNT

1.	Opening Balance	**$[ ]**
2.	Additions	**$[ ]**
3.	Withdrawals	**$[ ]**
	a. Taxes	**$[ ]**
	b. Issuer Trustee and Indenture Trustee fees and expenses	**$[ ]**
	c. Interest and Derivative Funding Obligations – Total	**$[ ]**
	i. Interest Accrual Amount (Senior)	**$[ ]**
	ii. Payments on Derivative Funding Obligations (other than Termination Payments)	**$[ ]**
	1. [*break out for each non-defaulting Derivative Counterparty*]	**$[ ]**
	d. Interest Accrual Amount (Subordinated)	**$[ ]**
	e. Interest Accrual Amount (Junior Subordinated)	**$[ ]**
	f. Principal Accumulation Amount (Warehouse)	**$[ ]**
	g. Principal and Derivative Funding Obligations – Total	**$[ ]**
	i. Principal Accumulation Amount (Senior)	**$[ ]**
	ii. Termination Payments – Total	**$[ ]**
	1. [*break out for each Derivative Counterparty*]	**$[ ]**
	h. Fees and other amounts on Senior Funding Obligations – Total	**$[ ]**
	i. [*break out on series by series basis*]	**$[ ]**
	i. Manager fees and other amounts (excluding indemnity amounts)	**$[ ]**
	j. Principal Accumulation Amount (Subordinated)	**$[ ]**
	k. Fees and other amounts on Subordinated Funding Obligations – Total	**$[ ]**
	i. [*break out on series by series basis*]	**$[ ]**
	l. Principal Accumulation Amount (Junior Subordinated)	**$[ ]**
	m. Program Cash Reserve Required Amount	**$[ ]**

n.	Reserve amounts for Series Accounts (other than for Subordinated Funding Obligations or Junior Subordinated Funding Obligations) – Total	**$[ ]**
	i. [*break out on series by series basis*]	**$[ ]**
o.	Reserve amounts for Series Accounts for Subordinated Funding Obligations – Total	**$[ ]**
	i. [*break out on series by series basis*]	**$[ ]**
p.	Fees and other amounts on Junior Subordinated Funding Obligations – Total	**$[ ]**
	i. [*break out on series by series basis*]	**$[ ]**
q.	Reserve amounts for Series Accounts for Junior Subordinated Funding Obligations – Total	**$[ ]**
	i. [break out on series by series basis]	**$[ ]**
r.	Derivative Funding Obligations – Total	**$[ ]**
	i. [*break out for each defaulting Derivative Counterparty*]	**$[ ]**
s.	Beneficiaries of Issuer	**$[ ]**
t.	Manager indemnity amounts	**$[ ]**
u.	Payments to other Specified Creditors – Total	**$[ ]**
	i. [*break out for each obligation*]	**$[ ]**
4.	Ending Balance	**$[ ]**
5.	Investment Proceeds on Collection Account	**$[ ]**

DATED _____.

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

By: _____

Name:
Title:

By: _____

Name:
Title:

Schedule A

[*insert wire, cheques or other payment details for each payment*]

Payment Instruction – Interest Accumulation Account
Fair Hydro Trust

Pursuant to the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and BNY Trust Company of Canada, as indenture trustee (as amended, modified, supplemented, replaced or restated from time to time, the "**Trust Indenture**"), the Manager hereby instructs the Paying Agent to pay or transfer, as applicable, the amounts set out below in accordance with the wire, check or other payment details set out in Schedule A to this Payment Instruction. Such payments or transfers are to made on: _____ [*insert date of payment(s) / transfer(s)*].

Capitalized terms used in this Payment Instruction have the meanings given to such terms in the Trust Indenture.

INTEREST ACCUMULATION ACCOUNT

1.	Opening Balance	**$[ ]**
2.	Additions for Senior Funding Obligations	**$[ ]**
3.	Additions for Subordinated Funding Obligations	**$[ ]**
4.	Additions for Junior Subordinated Funding Obligations	**$[ ]**
5.	Withdrawals for Senior Funding Obligations – Total	**$[ ]**
	a. [*break out on series by series basis*]	**$[ ]**
6.	Withdrawals for Subordinated Funding Obligations – Total	**$[ ]**
	a. [*break out on series by series basis*]	**$[ ]**
7.	Withdrawals for Junior Subordinated Funding Obligations – Total	**$[ ]**
	a. [*break out on series by series basis*]	**$[ ]**
8.	Ending Balance	**$[ ]**
9.	Investment Proceeds on Interest Accumulation Account	**$[ ]**
10.	Interest Accrual Amount (Senior)	**$[ ]**
11.	Interest Accrual Amount (Subordinated)	**$[ ]**
12.	Interest Accrual Amount (Junior Subordinated)	**$[ ]**

DATED _____.

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

By: _____

Name:
Title:

By: _____

Name:
Title:

Schedule A

[*insert wire, cheques or other payment details for each payment*]

Payment Instruction – Principal Accumulation Account
Fair Hydro Trust

Pursuant to the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and BNY Trust Company of Canada, as indenture trustee (as amended, modified, supplemented, replaced or restated from time to time, the "**Trust Indenture**"), the Manager hereby instructs the Paying Agent to pay or transfer, as applicable, the amounts set out below in accordance with the wire, check or other payment details set out in Schedule A to this Payment Instruction. Such payments or transfers are to made on: _____ [*insert date of payment(s) / transfer(s)*].

Capitalized terms used in this Payment Instruction have the meanings given to such terms in the Trust Indenture.

PRINCIPAL ACCUMULATION ACCOUNT

1.	Opening Balance	**$[ ]**
2.	Additions for Warehouse Obligations	**$[ ]**
3.	Additions for Senior Funding Obligations (other than Warehouse Obligations)	**$[ ]**
4.	Additions for Subordinated Funding Obligations	**$[ ]**
5.	Additions for Junior Subordinated Funding Obligations	**$[ ]**
6.	Withdrawals for Warehouse Obligations – Total	**$[ ]**
	a. [*break out on series by series basis*]	**$[ ]**
7.	Withdrawals for Senior Funding Obligations (other than Warehouse Obligations) – Total	**$[ ]**
	a. [*break out on series by series basis*]	**$[ ]**
8.	Withdrawals for Subordinated Funding Obligations – Total	**$[ ]**
	a. [*break out on series by series basis*]	**$[ ]**
9.	Withdrawals for Junior Subordinated Funding Obligations – Total	**$[ ]**
	a. [*break out on series by series basis*]	**$[ ]**
10.	Ending Balance	**$[ ]**
11.	Investment Proceeds on Principal Accumulation Account	**$[ ]**
12.	Principal Accumulation Amount (Warehouse)	**$[ ]**
13.	Principal Accumulation Amount (Senior)	**$[ ]**
14.	Principal Accumulation Amount (Subordinated)	**$[ ]**
15.	Principal Accumulation Amount (Junior Subordinated)	**$[ ]**

DATED _____.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of **FAIR HYDRO TRUST**, as Issuer by **ONTARIO**

POWER GENERATION INC., not in its individual capacity but solely as Manager

By: _____

Name:
Title:

By: _____

Name:
Title:

Schedule A

[*insert wire, cheques or other payment details for each payment*]

Payment Instruction – IESO Cash Reserve Account
Fair Hydro Trust

Pursuant to the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and BNY Trust Company of Canada, as indenture trustee (as amended, modified, supplemented, replaced or restated from time to time, the "**Trust Indenture**"), the Manager hereby instructs the Paying Agent to pay or transfer, as applicable, the amounts set out below in accordance with the wire, check or other payment details set out in Schedule A to this Payment Instruction. Such payments or transfers are to made on: _____ [*insert date of payment(s) / transfer(s)*].

Capitalized terms used in this Payment Instruction have the meanings given to such terms in the Trust Indenture.

IESO CASH RESERVE ACCOUNT

1.	Opening Balance	**$[ ]**
2.	Withdrawals	**$[ ]**
	a. Taxes	**$[ ]**
	b. Issuer Trustee and Indenture Trustee fees	**$[ ]**
	c. Interest and Derivative Funding Obligations – Total	**$[ ]**
	i. Interest Accrual Amount (Senior)	**$[ ]**
	ii. Payments on Derivative Funding Obligations (other than Termination Payments)	**$[ ]**
	1. [*break out for each non-defaulting Derivative Counterparty*]	**$[ ]**
	d. Interest Accrual Amount (Subordinated)	**$[ ]**
	e. Interest Accrual Amount (Junior Subordinated)	**$[ ]**
3.	Ending Balance	**$[ ]**
4.	Investment Proceeds on IESO Cash Reserve Account	**$[ ]**

DATED _____.

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

By: _____

Name:
Title:

By: _____

Name:
Title:

Schedule A

[*insert wire, cheques or other payment details for each payment*]

Payment Instruction – Program Cash Reserve Account
Fair Hydro Trust

Pursuant to the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and BNY Trust Company of Canada, as indenture trustee (as amended, modified, supplemented, replaced or restated from time to time, the "**Trust Indenture**"), the Manager hereby instructs the Paying Agent to pay or transfer, as applicable, the amounts set out below in accordance with the wire, check or other payment details set out in Schedule A to this Payment Instruction. Such payments or transfers are to made on: _____ [*insert date of payment(s) / transfer(s)*].

Capitalized terms used in this Payment Instruction have the meanings given to such terms in the Trust Indenture.

PROGRAM CASH RESERVE ACCOUNT

1.	Opening Balance	**$[ ]**
2.	Additions	**$[ ]**
3.	Withdrawals for Senior Funding Obligations (Interest) – Total	**$[ ]**
	a. [*break out on series by series basis*]	**$[ ]**
4.	Withdrawals for Subordinated Funding Obligations (Interest) – Total	**$[ ]**
	a. [*break out on series by series basis*]	**$[ ]**
5.	Withdrawals for Junior Subordinated Funding Obligations (Interest) – Total	**$[ ]**
	a. [*break out on series by series basis*]	**$[ ]**
6.	Withdrawals for Senior Funding Obligations (Principal) – Total	**$[ ]**
	a. [*break out on series by series basis*]	**$[ ]**
7.	Withdrawals for Subordinated Funding Obligations (Principal) – Total	**$[ ]**
	a. [*break out on series by series basis*]	**$[ ]**
8.	Withdrawals for Junior Subordinated Funding Obligations (Principal) – Total	**$[ ]**
	a. [*break out on series by series basis*]	**$[ ]**
9.	Ending Balance	**$[ ]**
10.	Investment Proceeds on Program Cash Reserve Account	**$[ ]**
11.	Program Cash Reserve Required Amount	**$[ ]**

DATED _____.

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

By: _____

Name:
Title:

By: _____

Name:
Title:

Schedule A

[*insert wire, cheques or other payment details for each payment*]

Payment Instruction – Refinancing Account
Fair Hydro Trust

Pursuant to the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and BNY Trust Company of Canada, as indenture trustee (as amended, modified, supplemented, replaced or restated from time to time, the "**Trust Indenture**"), the Manager hereby instructs the Paying Agent to pay or transfer, as applicable, the amounts set out below in accordance with the wire, check or other payment details set out in Schedule A to this Payment Instruction. Such payments or transfers are to made on: _____ [*insert date of payment(s) / transfer(s)*].

Capitalized terms used in this Payment Instruction have the meanings given to such terms in the Trust Indenture.

REFINANCING ACCOUNT

1.	Opening Balance	**$[ ]**
2.	Additions	**$[ ]**
3.	Withdrawals – Total	**$[ ]**
	a. [*break out on series by series basis*]	**$[ ]**
4.	Ending Balance	**$[ ]**
5.	Investment Proceeds on Series Reserve Account	**$[ ]**

DATED _____.

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

By: _____

Name:
Title:

By: _____

Name:
Title:

Schedule A

[*insert wire, cheques or other payment details for each payment*]

Payment Instruction – Protection Account
Fair Hydro Trust

Pursuant to the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and BNY Trust Company of Canada, as indenture trustee (as amended, modified, supplemented, replaced or restated from time to time, the "**Trust Indenture**"), the Manager hereby instructs the Paying Agent to pay or transfer, as applicable, the amounts set out below in accordance with the wire, check or other payment details set out in Schedule A to this Payment Instruction. Such payments or transfers are to made on: _____ [*insert date of payment(s) / transfer(s)*].

Capitalized terms used in this Payment Instruction have the meanings given to such terms in the Trust Indenture.

PROTECTION ACCOUNT

1.	Opening Balance	**$0**
2.	Additions	**$[ ]**
3.	Withdrawals for Specified Creditors – Total	**$[ ]**
	a. [*break out for each obligation*]	**$[ ]**
4.	Withdrawals for Province (return of remaining amounts)	**$[ ]**
5.	Ending Balance	**$0**

DATED _____.

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

By: _____

Name:
Title:

By: _____

Name:
Title:

Schedule A

[*insert wire, cheques or other payment details for each payment*]

Payment Instruction – [*Specify Series*] Account
Fair Hydro Trust

Pursuant to the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and BNY Trust Company of Canada, as indenture trustee (as amended, modified, supplemented, replaced or restated from time to time, the "**Trust Indenture**"), the Manager hereby instructs the Paying Agent to pay or transfer, as applicable, the amounts set out below in accordance with the wire, check or other payment details set out in Schedule A to this Payment Instruction. Such payments or transfers are to made on: _____ [*insert date of payment(s) / transfer(s)*].

Capitalized terms used in this Payment Instruction have the meanings given to such terms in the Trust Indenture.

[*SPECIFY SERIES*] ACCOUNT [*duplicate on a series by series basis*]

1.	Opening Balance	**$[ ]**
2.	Additions	**$[ ]**
3.	Withdrawals – Total	**$[ ]**
	a. [*break out for each obligation*]	**$[ ]**
4.	Ending Balance	**$[ ]**
5.	Investment Proceeds on Series Account	**$[ ]**
6.	Required Series Account amount	**$[ ]**

DATED _____.

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

By: _____
Name:
Title:

By: _____
Name:
Title:

Schedule A

[*insert wire, cheques or other payment details for each payment*]

EXHIBIT 2
FORM OF REFINANCING NOTICE

TO: BNY Trust Company of Canada, as indenture trustee (the "**Indenture Trustee**") under the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and the Indenture Trustee (as amended, modified, supplemented, replaced or restated from time to time, the "**Trust Indenture**")

RE: Refinancing Notice in respect of [*identify Funding Obligation Agreement to which the Refinancing Notice applies*] (the "**Refinanced Funding Obligation Agreement**")

DATE: [■]

All capitalized terms used but not otherwise defined herein shall have the meanings ascribed thereto in the Trust Indenture or the Refinanced Funding Obligation Agreement, as applicable.

1. This Refinancing Notice is delivered pursuant to Section 7.09(a) of the Trust Indenture in respect of the Refinanced Funding Obligation Agreement.

2. The Issuer hereby advises that notwithstanding the provisions of the Refinanced Funding Obligation Agreement, the Principal Accumulation Amounts in respect of the Payment Dates on or after the Principal Accumulation Date are adjusted as follows:

Payment Date	**Adjusted Principal Accumulation Amount**
[*Insert details*]	[*Insert details*]

[signature page follows]

DATED _____.

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

By: _____

Name:
Title:

By: _____

Name:
Title:

EXHIBIT 3
FORM OF SPECIFIED CREDITOR LIST

Program Agreement	**Name of Specified Creditor / Agent**	**Address**	**City**	**Province/ State**	**Postal/Zip Code**	**Country**	**Email**	**Issuer Funding Obligation**	**Value [Lenders only]**
Issuer Funding Obligations (other than Notes and Derivative Funding Obligations)									
[Insert name of Program Agreement]	[Insert name of institution]	[insert address]	[insert city]	[insert province/ state]	[insert postal/zip code]	[insert country]	[email]	[Y / N] [If Yes, Type of Funding Obligation]	[insert $ amount hold]
Derivative Funding Obligations									
[Insert name of Program Agreement]	[Insert name of institution]	[insert address]	[insert city]	[insert province/ state]	[insert postal/zip code]	[insert country]	[email]	N/A	N/A
Other Obligations Secured									
[Insert name of Program Agreement]	[Insert name of institution]	[insert address]	[insert city]	[insert province/ state]	[insert postal/zip code]	[insert country]	[email]	N/A	N/A

EXHIBIT 4
FORM OF REQUEST FOR SPECIFIED CREDITOR INFORMATION

TO: BNY Trust Company of Canada, as indenture trustee (the "**Indenture Trustee**") under the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and the Indenture Trustee (as amended, modified, supplemented, replaced or restated from time to time, the "**Trust Indenture**")

RE: Request for Provision of Information pursuant to Section 9.14 of the Trust Indenture

DATE: [■]

All capitalized terms used but not otherwise defined herein shall have the meanings ascribed thereto in the Trust Indenture.

First Declaration

1. The undersigned, being the duly appointed [*state position*] of [*insert name of Debtholder 1*] ("**Debtholder 1**"), hereby certifies, in that capacity and without personal liability, as follows:

2. The undersigned has made, or caused to be made, such examinations or investigations as are, in my belief, necessary to enable me to make the statements or give the opinions contained or expressed in this certificate.

3. Debtholder 1 forms part of the Debtholders of the following Series or Tranche:

   [*insert details of all applicable Issuer Funding Obligations*]

4. Debtholder 1 has owned an Issuer Funding Obligation of such Series or Tranche for a period of at least six (6) months preceding the date of this application.

Second Declaration

5. The undersigned, being the duly appointed [*state position*] of [*insert name of Debtholder 2*] ("**Debtholder 2**"), hereby certifies, in that capacity and without personal liability, as follows:

6. The undersigned has made, or caused to be made, such examinations or investigations as are, in my belief, necessary to enable me to make the statements or give the opinions contained or expressed in this certificate.

7. Debtholder 2 forms part of the Debtholders of the following Series or Tranche:

   [*insert details of all applicable Issuer Funding Obligations*]

8. Debtholder 2 has owned an Issuer Funding Obligation of such Series or Tranche for a period of at least six (6) months preceding the date of this application.

Third Declaration

9. The undersigned, being the duly appointed [*state position*] of [*insert name of Debtholder 3*] ("**Debtholder 3**"), hereby certifies, in that capacity and without personal liability, as follows:

10. The undersigned has made, or caused to be made, such examinations or investigations as are, in my belief, necessary to enable me to make the statements or give the opinions contained or expressed in this certificate.

11. Debtholder 3 forms part of the Debtholders of the following Series or Tranche:

    [*insert details of all applicable Issuer Funding Obligations*]

12. Debtholder 3 has owned an Issuer Funding Obligation of such Series or Tranche for a period of at least six (6) months preceding the date of this application.

Request

13. The undersigned Debtholders desire to communicate [*insert applicable Debtholder Group*] with respect to their rights under the Trust Indenture or under the applicable Program Agreement.

14. Attached hereto is a copy of the form of proxy or other communication which such applicants propose to transmit.

15. The Debtholders request that the Indenture Trustee deliver to them the information preserved at the time by the Indenture Trustee in accordance with Section 9.14 of the Trust Indenture.

DATED this ___ day of _____, 20___.

[DEBTHOLDER 1]

By: _____

Name:
Title:

[DEBTHOLDER 2]

By: _____

Name:
Title:

[DEBTHOLDER 3]

By: _____

Name:
Title:

EXHIBIT 5
FORM OF CANCELLATION NOTICE

TO: BNY Trust Company of Canada, as indenture trustee (the "**Indenture Trustee**") under the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and the Indenture Trustee (as amended, modified, supplemented, replaced or restated from time to time, the "**Trust Indenture**")

RE: Request for Removal from Specified Creditor Register

DATE: [■]

All capitalized terms used but not otherwise defined herein shall have the meanings ascribed thereto in the Trust Indenture.

1. The undersigned, being the duly appointed [*state position*] of [*insert name of institution*].

2. You are hereby requested pursuant to Section 9.14 of the Trust Indenture to, within five (5) Business Days of receipt of this notice, notify the Issuer to remove the following Specified Creditor from the list provided for in subsection 13.13(b) of the Trust Indenture.

   Name of Specified Creditor to be Removed: [*enter details*]

   Name of Program Agreement: [*enter details*]

DATED this ___ day of _____, 20___.

[SPECIFIED CREDITOR]

By: _____

Name:
Title:

EXHIBIT 6
FORMS OF CERTIFICATION

See attached.

Exhibit 6-A

FORM OF CERTIFICATE TO BE GIVEN BY
PERSON ENTITLED TO RECEIVE BEARER NOTE

CERTIFICATE

FAIR HYDRO TRUST

■% Notes due ■

This is to certify that as of the date hereof, and except as set forth below, the above-captioned Notes held by you for our account (i) are owned by any person(s) that is not a citizen or resident of the United States; a corporation or partnership (including any entity treated as a corporation or partnership for United States federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia unless, in the case of a partnership, Treasury Regulations provide otherwise; any estate whose income is subject to United States federal income tax regardless of its source or; a trust if (A) a United States court can exercise primary supervision over the trust's administration and one of more United States persons are authorized to control all substantial decisions of the trust or (B) a trust in existence on August 20, 1996, and treated as a United States person before this date that timely elected to continue to be treated as a United States person ("**United States person(s)**"), (ii) are owned by United States person(s) that are (a) foreign branches of United States financial institutions (financial institutions, as defined in United States Treasury Regulation Section 1.165-12(c)(1)(iv) are herein referred to as "**financial institutions**") purchasing for their own account or for resale, or (b) United States person(s) who acquired the Notes through foreign branches of United States financial institutions and who hold the Notes through such United States financial institutions on the date hereof (and in either case (a) or (b), each such United States financial institution hereby agrees, on its own behalf or through its agent, that you may advise Fair Hydro Trust or its agent that such financial institution will comply with the requirements of Section 165(j)(3)(A), (B) or (C) of the United States Internal Revenue Code of 1986, as amended, and the regulations thereunder), or (iii) are owned by United States or foreign financial institution(s) for purposes of resale during the restricted period (as defined in United States Treasury Regulation Section 1.163-5(c)(2)(i)(D)(7)), and, in addition, if the owner is a United States or foreign financial institution described in clause (iii) above (whether or not also described in clause (i) or (ii)), this is to further certify that such financial institution has not acquired the Notes for purposes of resale directly or indirectly to a United States person or to a person within the United States or its possessions.

As used herein, "United States" means the United States of America (including the states and the District of Columbia); and its "possessions" include Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands.

We undertake to advise you promptly by in writing or by electronic transmission on or prior to the date on which you intend to submit your certification relating to the above-captioned Notes held by you for our account in accordance with your operating procedures if any applicable statement herein is not correct on such date, and in the absence of any such notification it may be assumed that this certification applies as of such date.

This certificate excepts and does not relate to $■ of such interest in the above-captioned Notes in respect of which we are not able to certify and as to which we understand an exchange for an interest in a permanent Global Note or an exchange for and delivery of definitive Notes (or, if relevant, collection of any interest) cannot be made until we do so certify.

We understand that this certificate may be required in connection with certain tax legislation in the United States. If administrative or legal proceedings are commenced or threatened in connection with which this certificate is or would be relevant, we irrevocably authorize you to produce this certificate or a copy thereof to any interested party in such proceedings.

Dated: ■

[To be dated no earlier than the 15th day prior to (i) the date of original issuance or (ii) the Exchange Date, as applicable]

[Name of Person Making Certification]

_____

Name:
Title:

Exhibit 6-B

FORM OF CERTIFICATE TO BE GIVEN BY A DEPOSITORY
IN CONNECTION WITH THE EXCHANGE OF A PORTION OF A
TEMPORARY GLOBAL NOTE

CERTIFICATE

FAIR HYDRO TRUST

■% Notes due ■

This is to certify that based solely on written certifications that we have received in writing or by electronic transmission from each of the persons appearing in our records as persons entitled to a portion of the principal amount set forth below (our "**Member Organizations**") substantially in the form attached hereto, as of the date hereof, $■ principal amount of the above-captioned Notes (i) is owned by any person(s) that is not a citizen or resident of the United States; a corporation or partnership (including any entity treated as a corporation or partnership for United States federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia unless, in the case of a partnership, Treasury Regulations provide otherwise; any estate whose income is subject to United States federal income tax regardless of its source or; a trust if (A) a United States court can exercise primary supervision over the trust's administration and one of more United States persons are authorized to control all substantial decisions of the trust or (B) a trust in existence on August 20, 1996, and treated as a United States person before this date that timely elected to continue to be treated as a United States person ("**United States person(s)**"), (ii) is owned by United States person(s) that are (a) foreign branches of United States financial institutions (financial institutions, as defined in U.S. Treasury Regulation Section 1.165-12(c)(1)(iv) are herein referred to as "**financial institutions**") purchasing for their own account or for resale, or (b) United States person(s) who acquired the Notes through foreign branches of United States financial institutions and who hold the Notes through such United States financial institutions on the date hereof (and in either case (a) or (b), each such financial institution has agreed, on its own behalf or through its agent, that we may advise Fair Hydro Trust or its agent that such financial institution will comply with the requirements of Section 165(j)(3)(A), (B) or (C) of the Internal Revenue Code of 1986, as amended, and the regulations thereunder), or (iii) is owned by United States or foreign financial institution(s) for purposes of resale during the restricted period (as defined in United States Treasury Regulation Section 1.163-5(c)(2)(i)(D)(7)) and, to the further effect, that financial institutions described in clause (iii) above (whether or not also described in clause (i) or (ii)) have certified that they have not acquired the Notes for purposes of resale directly or indirectly to a United States person or to a person within the United States or its possessions.

As used herein, "United States" means the United States of America (including the states and the District of Columbia); and its "possessions" include Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands.

We further certify that (i) we are not making available herewith for exchange (or, if relevant, collection of any interest) any portion of the temporary Global Note representing the

above-captioned Notes excepted in the above-referenced certificates of Member Organizations and (ii) as of the date hereof we have not received any notification from any of our Member Organizations to the effect that the statements made by such Member Organizations with respect to any portion of the part submitted herewith for exchange (or, if relevant, collection of any interest) are no longer true and cannot be relied upon as of the date hereof.

We understand that this certification is required in connection with certain tax legislation in the United States. If administrative or legal proceedings are commenced or threatened in connection with which this certificate is or would be relevant, we irrevocably authorize you to produce this certificate or a copy thereof to any interested party in such proceedings.

Dated: ■

[To be dated no earlier than the 15th day prior to the Exchange Date]

[DEPOSITORY]

By: _____

FAIR HYDRO TRUST

as Issuer

AND

BNY TRUST COMPANY OF CANADA

as Indenture Trustee

TRUST INDENTURE

DATED AS OF DECEMBER ~~[21],~~21, 2017

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This **TRUST INDENTURE**, between **COMPUTERSHARE TRUST COMPANY OF CANADA** in its capacity as trustee of **FAIR HYDRO TRUST**, a trust formed under the laws of the Province of Ontario (the "**Issuer**"), and **BNY TRUST COMPANY OF CANADA**, a trust company existing under the laws of Canada, in its capacity as Indenture Trustee (the "**Indenture Trustee**"), is made and entered into as of December ~~[21],~~**21,** 2017.

RECITALS OF THE ISSUER

The Issuer wishes to provide for the incurrence of Issuer Funding Obligations in one or more Classes, Series or Tranches.

All things necessary to make this Indenture a valid and legally binding agreement of the Issuer, in accordance with its terms, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Definitions

For all purposes of this Indenture and of any Supplemental Indenture, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms defined in Schedule A have the meanings assigned to them in Schedule A, and include the plural as well as the singular;

(b) all accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles (including the International Financial Reporting Standards published by the International Accounting Standards Board or the Accounting Standards Certification published by the Financial Accounting Standards Board (US GAAP)) and, except as otherwise herein expressly provided, the term "generally accepted accounting principles" with respect to any computation required or permitted hereunder means such accounting principles as are generally accepted in Canada or the United States at the date of such computation;

(c) unless the context otherwise requires, terms defined in the PPSA and not otherwise defined in this Indenture or a Supplemental Indenture shall have the meanings set forth in the PPSA;

(d) references to an agreement shall mean such agreement, as amended, modified, restated and supplemented from time to time in accordance with the provisions hereof;

(e) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(f) references to any law, rule, regulation or order of a Governmental Authority shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(g) references to any statute shall include all regulations promulgated thereunder;

(h) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(i) all references in this Indenture to designated "Articles", "Sections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Schedules, Exhibits and other subdivisions of this Indenture as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision;

(j) "including" and words of similar import will be deemed to be followed by "without limitation";

(k) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding"; and

(l) references to a specific rating by a Rating Agency shall mean such rating or the equivalent rating if such Rating Agency changes its rating scale.

1.02 Compliance Certificates and Opinions

Upon any application or request by the Issuer to the Indenture Trustee to take any action under any provision of this Indenture, the Issuer will furnish to the Indenture Trustee (i) an Issuer's Certificate stating that all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with, and (ii) an Opinion of Counsel stating that, in the opinion of such counsel, all such conditions precedent, if any, have been complied with, except that in the case of any such application or request as to which the furnishing of such documents are specifically required by any provision of this Indenture relating to such particular application or request, no additional certificate or opinion need be furnished.

The Indenture Trustee may rely, as to authorization by the Issuer of any Series or Tranche of Notes, the form and terms thereof and the legality, validity, binding effect and enforceability thereof, upon the Opinion of Counsel and the other documents delivered pursuant to Article V and this Section 1.02, as applicable, in connection with the authentication of Notes of such Series or Tranche.

Every certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture (except for the written statement required by Section 13.10) will include:

(a) a statement that each individual signing such certificate or opinion has read such covenant or condition and the definitions herein relating thereto;

(b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(c) a statement that such individual has made such examination or investigation as is necessary to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(d) a statement as to whether, in the opinion of each such individual, such condition or covenant has been complied with.

1.03 Form of Documents Delivered to Indenture Trustee

In any case where several matters are required to be certified by, or covered by an opinion of, one or more specified Persons, one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to the other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

Any certificate or opinion of the Issuer may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless the Issuer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations are erroneous. Any such certificate or opinion of, or representation by, counsel may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, the Issuer stating that the information with respect to such factual matters is in the possession of the Issuer, unless such counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations are erroneous.

Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

1.04 Actions by Noteholders

(a) Any request, demand, authorization, direction, notice, consent, resolution, waiver or other action (collectively, an "**Action**") provided by this Indenture to be given or taken by Noteholders of any Class, Series or Tranche may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Noteholders in person or by an agent duly appointed in writing. In addition, any Action provided by this Indenture to be given or taken by such Noteholders may, alternatively, be embodied in and evidenced by the record of such Noteholders voting in favor thereof, either in person or by proxies duly appointed

in writing, at any meeting of Noteholders duly called and held in accordance with the provisions of Article X or a combination of such instruments and any such record. Except as herein otherwise expressly provided, such Action will become effective when such instrument or instruments or record are delivered to the Indenture Trustee, and, where it is hereby expressly required, to the Issuer. Proof of execution of any such instrument or of a writing appointing any such agent, or the holding by any Person of a Note, will be sufficient for any purpose of this Indenture and (subject to Section 9.01) conclusive in favor of the Indenture Trustee and the Issuer, if made in the manner provided in this Section 1.04. The record of any meeting of Noteholders shall be proved in the manner provided in Article X.

(b) The fact and date of the execution of any such instrument or writing, or the authority of the person executing the same, may be proved in any manner which the Indenture Trustee deems sufficient.

(c) (i) The ownership of Registered Notes will be proved by the Note Register.

(ii) The ownership of Bearer Notes or coupons will be proved by the production of such Bearer Notes or coupons or by a certificate, satisfactory to the Issuer and the Indenture Trustee, executed, as depositary, by any bank, trust company, recognized securities dealer, as depositary, wherever situated, satisfactory to the Issuer. Each such certificate will be dated and will state that on the date thereof a Bearer Note or coupon bearing a specified serial number was deposited with or exhibited to such bank, trust company or recognized securities dealer by the Person named in such certificate. Any such certificate may be issued in respect of one or more Bearer Notes or coupons specified therein. The holding by the Person named in any such certificate of any Bearer Note specified therein will be presumed to continue for a period of one year from the date of such certificate unless at the time of any determination of such holding (A) another certificate bearing a later date is issued in respect of the same Bearer Note or coupon produced, (B) the Bearer Note or coupon specified in such certificate is produced by some other Person or (C) the Bearer Note or coupon specified in such certificate has ceased to be Outstanding.

(d) The fact and date of execution of any such instrument or writing, the authority of the Person executing the same and the principal amount and serial numbers of Bearer Notes held by the Person so executing such instrument or writing and the date of holding the same may also be proved in any other manner which the Indenture Trustee deems sufficient; and the Indenture Trustee may in any instance require further proof with respect to any of the matters referred to in this Section 1.04.

(e) If the Issuer will solicit from the Noteholders any Action, the Issuer may, at its option, by an Issuer Certificate, fix in advance a record date for the determination of Noteholders entitled to give such Action, but the Issuer will have no obligation

to do so. If the Issuer does not so fix a record date, such record date will be the later of 30 days before the first solicitation of such Action or the date of the most recent list of Noteholders furnished to the Indenture Trustee pursuant to Section 13.13 before such solicitation. Such Action may be given before or after the record date, but only the Noteholders of record at the close of business on the record date will be deemed to be Noteholders for the purposes of determining whether Noteholders of the requisite proportion of Outstanding Notes have authorized or agreed or consented to such Action, and for that purpose the Outstanding Notes will be computed as of the record date; provided that no such authorization, agreement or consent by the Noteholders on the record date will be deemed effective unless it will become effective pursuant to the provisions of this Indenture not later than six (6) months after the record date.

(f) Any Action by a Noteholder will bind the holder of every Note issued upon the transfer thereof or in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Indenture Trustee or the Issuer in reliance thereon whether or not notation of such Action is made upon such Note.

(g) Without limiting the foregoing, a Noteholder entitled hereunder to take any Action hereunder with regard to any particular Note may do so with regard to all or any part of the principal amount of such Note or by one or more duly appointed agents each of which may do so pursuant to such appointment with regard to all or any part of such principal amount. Any notice given or Action taken by a Noteholder or its agents with regard to different parts of such principal amount pursuant to this paragraph shall have the same effect as if given or taken by separate Noteholders of each such different part.

(h) Without limiting the generality of the foregoing, unless otherwise specified pursuant to one or more Supplemental Indentures, a Noteholder, including a Depository that is the holder of a Global Note, may make, give or take, by a proxy or proxies duly appointed in writing, any Action provided in this Indenture to be made, given or taken by Noteholders, and a Depository that is the holder of a Global Note may provide its proxy or proxies to the beneficial owners of interests in or security entitlements to any such Global Note through such Depository's standing instructions and customary practices.

(i) The Issuer may fix a record date for the purpose of determining the Persons who are beneficial owners of interests in or security entitlements to any Global Note held by a Depository entitled under the procedures of such Depository to make, give or take, by a proxy or proxies duly appointed in writing, any Action provided in this Indenture to be made, given or taken by Noteholders. If such a record date is fixed, the Noteholders on such record date or their duly appointed proxy or proxies, and only such Persons, shall be entitled to make, give or take such Action, whether or not such Noteholders remain Noteholders after such record date. No such Action shall be valid or effective if made, given or taken more than six (6) months after such record date.

1.05 Actions of Lenders

Any Action provided by this Indenture to be given or taken by any Lender or group of Lenders may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Lender(s) in person or an agent duly appointed in writing. Proof of execution of any such instrument or of a writing appointing any such agent will be sufficient for any purpose of this Indenture and (subject to Section 9.01) conclusive in favour of the Indenture Trustee and the Issuer, if made in the manner provided in Section 1.04(b).

1.06 Effect of Headings and Table of Contents

The Article and Section headings herein and the Table of Contents are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Indenture by the Issuer will bind its successors and assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee in this Indenture shall bind its successors, co-trustees and agents of the Indenture Trustee.

1.08 Severability

In case any provision in this Indenture or in the Notes will be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions will not in any way be affected or impaired thereby.

1.09 Governing Law

THIS INDENTURE WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS. EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS INDENTURE. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS INDENTURE.

1.10 Counterparts

This Indenture may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument.

1.11 Indenture Referred to in the Declaration of Trust and the Master Transfer and Servicing Agreement

This is the Indenture referred to in the Declaration of Trust and the Master Transfer and Servicing Agreement.

1.12 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, in each case on a day other than a Business Day, then (notwithstanding any other provision of the Notes or this Indenture) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.13 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Indenture that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Indenture or the Notes, and (ii) the rates of interest stipulated in this Indenture or the Notes are intended to be nominal rates and not effective rates or yields.

1.14 Currency

Unless stated otherwise, all amounts herein are stated in Dollars.

1.15 References to Acts of the Issuer

For greater certainty, where any reference is made in this Indenture, or in any other instrument executed pursuant hereto or contemplated hereby to which the Issuer or the Issuer Trustee, as trustee of the Issuer, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Issuer) by or with respect to (i) the Issuer or (ii) the Issuer Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Issuer) by or with respect to, the Issuer Trustee as trustee of the Issuer.

1.16 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in this Indenture), it is necessary to convert any amount due under this Indenture from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Issuer in respect of any Original Currency due from it to the Indenture Trustee under this Indenture shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Indenture in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Issuer shall indemnify the Indenture Trustee against such loss.

(b) The term "**rate of exchange**" in this Section 1.16 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

1.17 Obligations in a Foreign Currency

Unless otherwise specified in a Related Funding Obligation Agreement with respect to a particular Series or Tranche of Issuer Funding Obligations, whenever for purposes of this Indenture any Action may be taken by the Debtholders of a specified percentage of Outstanding Dollar Principal Amount of Issuer Funding Obligations and, at such time, there are outstanding Issuer Funding Obligations of any relevant Series which are denominated in a Foreign Currency, then the principal amount of the Issuer Funding Obligations of such Series which shall be deemed to be outstanding for the purpose of taking such Action shall be the amount of Dollars which could be obtained for such principal amount at the Market Exchange Rate on the applicable Record Date, or if no such Record Date shall have been established, on the date that the taking of such Action shall be authorized by Debtholders of the applicable Series.

ARTICLE II
COLLATERAL

2.01 Security for Obligations Secured

As security for the due payment of all Obligations Secured including, without limitation, all principal of and interest, if any, on the Notes from time to time issued and certified under this

Indenture and on any Borrowings, and the performance by the Issuer of all of the obligations of the Issuer in relation thereto, the Issuer hereby:

(a) mortgages, charges, pledges, grants, transfers, assigns, hypothecates and sets over unto the Indenture Trustee, for the benefit and security of the applicable Specified Creditors and the Indenture Trustee, in its individual capacity, as and by way of a fixed and specific mortgage, assignment, pledge, hypothec and charge and grants to the Indenture Trustee for the benefit and security of the applicable Specified Creditors and the Indenture Trustee, in its individual capacity, a security interest in all of its right, title and interest, whether now owned or hereafter acquired, in and to the following:

(i) the Issuer Investment Interest;

(ii) each Issuer Account (including all Sub-Accounts of each Issuer Account);

(iii) all Eligible Investments and all investment property, money and other property held in the Issuer Accounts (including any Sub-Accounts of each Issuer Account);

(iv) all rights, benefits and powers of the Issuer under any Program Agreement;

(v) all rights, benefits and powers of the Issuer under the Act;

(vi) all present and future claims, demands, causes of and choses in action in respect of any of the foregoing and all interest, principal, payments and distributions of any nature or type on any of the foregoing;

(vii) all accounts, general intangibles, chattel paper, instruments, documents, goods, money, investment property, deposit accounts, letters of credit and letter-of-credit rights consisting of, arising from, or relating to any of the foregoing;

(viii) all debts, accounts, claims, monies and choses in action due or to become due with respect to all of the foregoing and also all securities, bills, notes, evidences of deposits of money, and other documents now held or owned or which may be hereafter taken, held or owned by the Issuer, or anyone on behalf of the Issuer, and all renewals thereof, accretions thereto, substitutions therefor and all interest, income and revenue arising therefrom or by virtue thereof;

(ix) all amounts received with respect to all of the foregoing; and

(x) all proceeds of the foregoing; and

(b) mortgages, charges, pledges, grants, transfers, assigns, hypothecates and sets over unto the Indenture Trustee, for the benefit and security of the Specified Creditors and the Indenture Trustee, in its individual capacity, a floating charge over, and

grants to the Indenture Trustee for the benefit and security of the Specified Creditors and the Indenture Trustee, in its individual capacity, a security interest in all of the property, assets and undertaking now owned or hereafter acquired by the Issuer.

The property described in the preceding sentence is collectively referred to as the "**Collateral**".

The Indenture Trustee acknowledges the grant of such Security Interest, and accepts the Collateral in trust hereunder in accordance with the provisions hereof and agrees to perform the duties herein such that the interests of the Specified Creditors may be adequately and effectively protected.

To have and to hold the Collateral and all rights hereby conferred unto the Indenture Trustee, its successors and assigns forever but in trust nevertheless for the benefit of the Specified Creditors, including the Indenture Trustee, in its individual capacity, and for the uses and purposes and subject to the terms and conditions herein set forth.

The Issuer acknowledges that value has been given and that the security granted shall attach and be effective on the date of execution of this Indenture and when the Issuer has rights in the Collateral, whether or not the monies and the Notes or any other evidence of Obligations Secured or any part thereof hereby secured or intended to be hereby secured shall be advanced or issued before or after or upon the date of the execution of this Indenture.

2.02 Recording, Etc.

(a) The Issuer intends the Security Interest granted pursuant to this Indenture in favor of the Indenture Trustee to be prior to all other Liens in respect of the Collateral. The Issuer will take all actions necessary to maintain a perfected Lien on the Collateral in favor of the Indenture Trustee.

(b) The Indenture Trustee shall hold each item of the Collateral separate and apart from all other property held by the Indenture Trustee.

(c) The Issuer will from time to time execute, authorize and deliver all such supplements and amendments hereto and all such financing statements, amendments thereto, instruments of further assurance and other instruments, all as prepared by the Issuer, and will take such other action necessary or advisable to:

(i) grant the Security Interest more effectively in all or any portion of the Collateral;

(ii) maintain or preserve the Security Interest (and the priority thereof) or carry out more effectively the purposes hereof;

(iii) perfect, publish notice of or protect the validity of any grant made or to be made by this Indenture;

(iv) enforce its rights under the Investment Asset, any Program Agreement to which it is a party and each other instrument or agreement designated for inclusion in the Collateral;

(v) preserve and defend title to the Collateral and the rights of the Indenture Trustee in the Collateral against the claims of all Persons; or

(vi) pay all Taxes levied or assessed upon the Collateral when due.

(d) The Issuer will from time to time promptly pay and discharge all PPSA recording and filing fees, charges and Taxes relating to this Indenture, any amendments hereto and any other instruments of further assurance.

(e) Without limiting the generality of subsection 2.02(c) or (d):

(i) The Issuer will cause this Indenture, all amendments and supplements hereto and all financing statements and all amendments to such financing statements and any other necessary documents covering the Indenture Trustee's right, title and interest in and to the Collateral to be promptly recorded, registered and filed, and at all times to be kept recorded, registered and filed, all in such manner and in such places as may be required by applicable law to fully preserve and protect the right, title and interest of the Indenture Trustee in and to all property comprising the Collateral. The Issuer will deliver to the Indenture Trustee file-stamped copies of, or filing receipts for, any document recorded, registered or filed as provided above, as soon as available following such recording, registration or filing. The Issuer hereby authorizes the filing of financing statements (and amendments of financing statements) that name the Issuer as debtor and the Indenture Trustee as secured party and that cover all personal property of the Issuer. The Issuer also hereby ratifies the filing of any such financing statements (or amendments of financing statements) that were filed prior to the execution hereof.

(ii) The Issuer shall not change its name, its jurisdiction of formation or its type of organization unless it has provided the Indenture Trustee and each Rating Agency with 30 days prior written notice and it has first (A) made all filings and taken all actions in all relevant jurisdictions under the PPSA and other applicable law as are necessary to continue and maintain the first priority perfected Security Interest of the Indenture Trustee in the Collateral, and (B) delivered to the Indenture Trustee (with a copy to each Rating Agency) an Opinion of Counsel to the effect that all necessary filings have been made under the PPSA (and where applicable, the equivalent thereof) in all relevant jurisdictions as are necessary to continue and maintain the first priority perfected Security Interest of the Indenture Trustee in the Collateral.

2.03 Use of Collateral

Subject to the express terms of this Indenture, until the Issuer Funding Obligations have become due and payable pursuant to Section 8.02, the Issuer will be permitted to possess and use the Collateral in connection with the activities of the Issuer, including, without limitation, the right to (a) exercise all of its rights and perform all of its obligations under each Program Agreement without consultation with or the consent of the Indenture Trustee, and (b) use the funds in any Issuer Account for any purpose not in violation of this Indenture or the Program Agreements.

2.04 Suits to Protect the Collateral

Subject to the provisions of this Indenture, the Indenture Trustee will have the power to institute and to maintain such suits and proceedings as it may deem expedient to prevent any impairment of the Collateral by any acts which may be unlawful or in violation of this Indenture, and such suits and proceedings as the Indenture Trustee may deem expedient to preserve or protect the interests of the Specified Creditors and the interests of the Indenture Trustee in the Collateral (including the power to institute and maintain suits or proceedings to restrain the enforcement of, or compliance with, any legislative or other governmental enactment, rule or order that may be unconstitutional or otherwise invalid if the enforcement of, or compliance with, such enactment, rule or order would impair the Security Interest or be prejudicial to the interests of the Specified Creditors or the Indenture Trustee).

2.05 Purchaser Protected

In no event will any purchaser in good faith of any property purported to be released hereunder be bound to ascertain the authority of the Indenture Trustee to execute the release or to inquire as to the satisfaction of any conditions required by the provisions hereof for the exercise of such authority or to see to the application of any consideration given by such purchaser or other transferee; nor will any purchaser or other transferee of any property or rights permitted by this Article II to be sold be under any obligation to ascertain or inquire into the authority of the Issuer to make any such sale or other transfer.

2.06 Powers Exercisable by Receiver or Indenture Trustee

In case the Collateral shall be in the possession of a receiver or trustee lawfully appointed, the powers conferred in this Article II upon the Issuer with respect to the release, sale or other disposition of such property may be exercised by such receiver or trustee, and an instrument signed by such receiver or trustee shall be deemed the equivalent of any similar instrument of the Issuer or of any officer or officers thereof required by the provisions of this Article II.

2.07 Determinations Relating to Collateral

In the event (i) the Indenture Trustee shall receive any written request from the Issuer for consent or approval with respect to any matter or thing relating to any Collateral or the Issuer's obligations with respect thereto, (ii) there shall be due to or from the Indenture Trustee under the provisions hereof any performance or the delivery of any instrument, or (iii) the Indenture Trustee shall become aware of any nonperformance by the Issuer of any covenant or any breach

of any representation or warranty of the Issuer set forth in this Indenture, then, in each such event, the Indenture Trustee shall be entitled to hire experts, consultants, agents and attorneys to advise the Indenture Trustee on the manner in which the Indenture Trustee should respond to such request or render any requested performance or response to such nonperformance or breach (the expenses of which will be reimbursed to the Indenture Trustee pursuant to Section 9.05). The Indenture Trustee will be fully protected in the taking of any action recommended or approved by any such expert, consultant, agent or attorney, or agreed to by Extraordinary Resolution.

2.08 Satisfaction and Discharge of Indenture

(a) The Issuer may at any time, for the purpose of obtaining the satisfaction and discharge of this Indenture with respect to any Class, Series or Tranche of Issuer Funding Obligations or for any other purpose, pay, or by an Issuer Certificate direct any Paying Agent to pay, to the Indenture Trustee all sums held in trust by the Issuer or such Paying Agent in respect of each and every Class, Series or Tranche of Issuer Funding Obligations as to which it seeks to discharge this Indenture or, if for any other purpose, all sums so held in trust by the Issuer in respect of all Issuer Funding Obligations, such sums to be held by the Indenture Trustee upon the same trusts as those upon which such sums were held by the Issuer or such Paying Agent; and, upon such payment by any Paying Agent to the Indenture Trustee, such Paying Agent will be released from all further liability with respect to such money.

(b) This Indenture will cease to be of further effect with respect to any Class, Series or Tranche of Issuer Funding Obligations (except as to any surviving rights of transfer or exchange of Notes of that Class, Series or Tranche expressly provided for herein or in any form of Note for that Class, Series or Tranche), and the Indenture Trustee, on demand of and at the expense of the Issuer, will execute proper instruments acknowledging satisfaction and discharge of this Indenture as to that Class, Series or Tranche, when:

(i) (A) in the case of Notes, all Notes of that Class, Series or Tranche theretofore Outstanding (other than (x) Notes of that Class, Series or Tranche which have been destroyed, lost or stolen and which have been replaced or paid as provided in Section 16.05(b), and (y) Notes of that Class, Series or Tranche for whose payment money has theretofore been deposited in trust or segregated and held in trust by the Issuer and thereafter repaid to the Issuer or discharged from that trust, as provided in Section 16.05(b)) have been delivered to the Indenture Trustee for cancellation or been cancelled, or (B) in the case of all other Issuer Funding Obligations, all Issuer Funding Obligations of that Class, Series or Tranche have been paid in full, as certified by the Issuer to the Indenture Trustee;

(ii) the Issuer has paid or caused to be paid all other sums payable under the Indenture (including payments to the Indenture Trustee pursuant to Section

9.05) by the Issuer with respect to the Issuer Funding Obligations of that Class, Series or Tranche; and

(iii) the Issuer has delivered to the Indenture Trustee an Issuer Certificate and an Opinion of Counsel each stating that all conditions precedent herein provided for relating to the satisfaction and discharge of this Indenture with respect to the Issuer Funding Obligations of that Class, Series or Tranche have been complied with.

Notwithstanding the satisfaction and discharge of this Indenture with respect to any Class, Series or Tranche of Issuer Funding Obligations, the obligations of the Issuer to the Indenture Trustee with respect to that Class, Series or Tranche of Issuer Funding Obligations under Section 9.05 and the obligations of the Indenture Trustee under Sections 7.13 and 16.05(b) will survive such satisfaction and discharge.

(c) This Indenture will cease to be of further effect, and the Indenture Trustee, on demand of and at the expense of the Issuer, will execute proper instruments acknowledging satisfaction and discharge of this Indenture, when all Issuer Funding Obligations have been satisfied and discharged in accordance with clause (b) and all other Obligations Secured have been paid in full, as certified by the Issuer to the Indenture Trustee.

2.09 <u>Release of all Collateral</u>

(a) Subject to the payment of its fees and expenses pursuant to Section 9.05, the Indenture Trustee shall, at the request of the Issuer or when otherwise required by the provisions of this Indenture, execute instruments to release Collateral from the Security Interest of this Indenture, or convey the Indenture Trustee's interest (which is held by the Indenture Trustee for the benefit of the Specified Creditors) in the same, in a manner and under circumstances which are not inconsistent with the provisions of this Indenture. No party relying upon an instrument executed by the Indenture Trustee as provided in this Article II will be bound to ascertain the Indenture Trustee's authority, inquire into the satisfaction of any conditions precedent or see to the application of any funds.

(b) Upon delivery of an Officer's Certificate of the Issuer certifying that all Issuer Funding Obligations and all other Obligations Secured have been satisfied and discharged by complying with the provisions of Section 2.08 and all applicable Program Agreements, the Indenture Trustee shall execute and deliver such releases, termination statements and other instruments (in recordable form, where appropriate) as the Issuer may reasonably request evidencing the termination of the Security Interest created by this Indenture.

(c) The Issuer and the Specified Creditors shall be entitled to receive at least 10 days' written notice when the Indenture Trustee proposes to take any action pursuant to clause (a), accompanied by copies of any instruments involved, and the Indenture

Trustee shall also be entitled to require, as a condition to such action, an Opinion of Counsel, stating the legal effect of any such action, outlining the steps required to complete the same, and concluding that all conditions precedent to the taking of such action have been complied with. Counsel rendering any such opinion may rely, without independent investigation, on the accuracy and validity of any certificate or other instrument delivered to the Indenture Trustee in connection with any such action.

2.10 Certain Commercial Law Representations and Warranties

The Issuer hereby makes the following representations and warranties. Such representations and warranties shall survive until the termination of this Indenture. Such representations and warranties speak of the date that a Lien in the Collateral is granted to the Indenture Trustee and shall not be waived by any of the parties to this Indenture unless the Rating Agency Condition is satisfied.

(a) This Indenture constitutes the grant of a first priority perfected Lien by the Issuer to the Indenture Trustee in the Collateral which, in the case of the existing Collateral and the proceeds thereof, is enforceable upon execution and delivery of this Indenture or, with respect to after-acquired property, as of the date such property is acquired, and which will be enforceable with respect to the Collateral hereafter and thereafter created and the proceeds thereof upon such creation. Upon the filing of the assignments, financing statements and continuation statements (and other documents where applicable) and, in the case of after-acquired Collateral and the proceeds thereof, upon its creation, the Indenture Trustee shall have a first priority perfected Lien in such property and proceeds.

(b) At the time of its grant of any Lien in the Collateral pursuant to this Indenture, the Issuer owned and had good and marketable title to such Collateral free and clear of any Lien of any other Person (other than Permitted Liens).

(c) The Issuer has caused the filing of all appropriate financing statements in the proper filing office in the Province of Ontario under applicable law in order to perfect the Security Interest.

(d) Other than the Security Interest, the Issuer has not pledged, assigned, sold, granted a Lien in, or otherwise conveyed, the Collateral. The Issuer has not authorized the filing of and is not aware of any financing statements against the Issuer that include a description of the Collateral other than any financing statement relating to the Security Interest or that has been terminated. The Issuer is not aware of any judgment or Tax lien filings against the Issuer.

ARTICLE III
NOTE FORMS

3.01 Forms Generally

The Notes will have such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture or the Related Supplemental Indenture and may have such letters, numbers or other marks of identification and such legends or endorsements placed thereon, as may be required to comply with applicable laws or regulations or with the rules of any securities exchange, or as may, consistently herewith, be determined by the Issuer, as evidenced by the Issuer's execution of such Notes. Any portion of the text of any Note may be set forth on the reverse thereof, with an appropriate reference thereto on the face of the Note.

Definitive Notes will be typewritten, printed, lithographed or engraved or produced by any combination of these methods (with or without steel engraved borders) or may be produced in any other manner, all as determined by the Issuer, as evidenced by the Issuer's execution of such Notes, subject, with respect to the Notes of any Class, Series or Tranche, to the rules of any securities exchange on which such Notes are listed.

3.02 Forms of Notes

Before the delivery of a Note to the Indenture Trustee for authentication, the Issuer will deliver to the Indenture Trustee the Issuer Certificate by or pursuant to which such form of Note has been approved, which Issuer Certificate will have attached thereto a true and correct copy of the form of Note which has been approved thereby or, if an Issuer Certificate authorizes a specific officer or officers of the Manager to approve a form of Note, a certificate of such officer or officers approving the form of Note attached thereto. Any form of Note approved by or pursuant to an Issuer Certificate must be acceptable as to form to the Indenture Trustee, such acceptance to be evidenced by the Indenture Trustee's authentication of Notes in that form or a certificate signed by a Responsible Officer of the Indenture Trustee and delivered to the Issuer.

3.03 Form of Indenture Trustee's Certificate of Authentication

The form of Indenture Trustee's Certificate of Authentication for any Note issued pursuant to this Indenture will be substantially as follows:

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Notes of the Class, Series or Tranche designated therein referred to in the within-mentioned Indenture.

BNY TRUST COMPANY OF CANADA, as Indenture Trustee

By:

Authorized Signatory

Dated:

3.04 Notes Issuable in the Form of a Global Note

(a) If the Issuer establishes that the Notes of a particular Class, Series or Tranche are to be issued in whole or in part in the form of one or more Global Notes, then the Issuer will execute and the Indenture Trustee or its agent will, in accordance with Section 4.03 and the Issuer Certificate delivered to the Indenture Trustee or its agent thereunder, authenticate and deliver, such Global Note or Global Notes, which, unless otherwise provided in the Related Supplemental Indenture (i) will represent, and will be denominated in an amount equal to the aggregate Stated Principal Amount (or in the case of Discount Notes, the aggregate Stated Principal Amount at the Principal Payment Date of such Notes) of the Outstanding Notes of such Class, Series or Tranche to be represented by such Global Note or Global Notes, or such portion thereof as the Issuer will specify in an Issuer Certificate, (ii) in the case of Registered Notes, will be registered in the name of the Depository for such Global Note or Global Notes or its nominee, (iii) will be delivered by the Issuer or its agent to the Depository or pursuant to the Depository's instruction, (iv) if applicable, will bear a legend substantially to the following effect: (A) "Unless this Note is presented by an authorized representative of The Depository Trust Company ("**DTC**"), to Fair Hydro Trust (the "**Issuer**") or its agent for registration of transfer, exchange or payment, and any Note issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), any transfer, pledge or other use hereof for value or otherwise by or to any Person is wrongful inasmuch as the registered owner hereof, Cede & Co., has an interest herein", or (B) "Unless this Note is presented by an authorized representative of CDS Clearing and Depository Services Inc. ("**CDS**"), to Fair Hydro Trust (the "**Issuer**") or its agent for registration of transfer, exchange or payment, and any Note issued is registered in the name of CDS & Co. or in such other name as is requested by an authorized representative of CDS (and any payment is made to CDS & Co. or to such other entity as is requested by an authorized representative of CDS), any transfer, pledge or other use hereof for

value or otherwise by or to any Person is wrongful since the registered owner hereof, CDS & Co., has a property interest in the securities represented by this Note and it is a violation of its rights for another Person to hold, transfer or deal with this Note", and (v) may bear such other legend as the Issuer, upon advice of counsel, deems to be applicable.

(b) Notwithstanding any other provisions of this Section 3.04 or of Section 4.05, and subject to the provisions of paragraph (c) below, unless the terms of a Global Note or the Related Supplemental Indenture expressly permit such Global Note to be exchanged in whole or in part for individual Notes, a Global Note may be transferred, in whole but not in part and in the manner provided in Section 4.05, only to a nominee of the Depository for such Global Note, or to the Depository, or a successor Depository for such Global Note selected or approved by the Issuer, or to a nominee of such successor Depository.

(c) With respect to Notes issued within the United States or Canada, unless otherwise specified in the Related Supplemental Indenture, or with respect to Notes issued outside the United States and Canada, if specified in the Related Supplemental Indenture:

(i) If at any time the Depository for a Global Note notifies the Issuer that it is unwilling or unable to continue as Depository for such Global Note or if at any time the Depository for the Notes for such Class, Series or Tranche ceases to be a clearing agency registered under the Securities Exchange Act, or other applicable statute or regulation, in the case of Notes issued within the United States, or ceases to be a clearing agency registered under the *Securities Act* (Ontario), or other applicable statute or regulation, in the case of Notes issued within Canada, the Issuer will appoint a successor Depository with respect to such Global Note. If a successor Depository for such Global Note is not appointed by the Issuer within 90 days after the Issuer receives such notice or becomes aware of such ineligibility, the Issuer will execute, and the Indenture Trustee or its agent, upon receipt of an Issuer Certificate requesting the authentication and delivery of individual Notes of such Class, Series or Tranche in exchange for such Global Note, will authenticate and deliver, individual Notes of such Class, Series or Tranche of like tenor and terms in definitive form in an aggregate Stated Principal Amount equal to the Stated Principal Amount of the Global Note in exchange for such Global Note.

(ii) The Issuer may at any time and in its sole discretion determine that the Notes of any Class, Series or Tranche or portion thereof issued or issuable in the form of one or more Global Notes will no longer be represented by such Global Note or Global Notes. In such event the Issuer will execute, and the Indenture Trustee, upon receipt of a written request by the Issuer for the authentication and delivery of individual Notes of such Class, Series or Tranche in exchange in whole or in part for such Global Note, will authenticate and deliver individual Notes of such Class, Series or

Tranche of like tenor and terms in definitive form in an aggregate Stated Principal Amount equal to the Stated Principal Amount of such Global Note or Global Notes representing such Class, Series or Tranche or portion thereof in exchange for such Global Note or Global Notes.

(iii) If any Event of Default has occurred and is continuing and Noteholders holding more than 50% of the Outstanding Dollar Principal Amount of the Controlling Class Obligations of any Series of Notes held as Global Notes advise the Indenture Trustee and the Depository that Global Notes are no longer in the best interest of the Noteholders of that Series, the holders of those Global Notes may exchange such Notes for individual Notes.

(iv) In any exchange provided for in any of the preceding three paragraphs, the Issuer will execute and the Indenture Trustee or its agent will authenticate and deliver individual Notes in definitive registered form in authorized denominations. Upon the exchange of the entire Stated Principal Amount of a Global Note for individual Notes, such Global Note will be canceled by the Indenture Trustee or its agent. Except as provided in the preceding paragraphs, Notes issued in exchange for a Global Note pursuant to this Section 3.04 will be registered in such names and in such authorized denominations as the Depository for such Global Note, pursuant to instructions from its direct or indirect participants or otherwise, will instruct the Indenture Trustee or the Note Registrar. The Indenture Trustee or the Note Registrar will deliver such Notes to the Persons in whose names such Notes are so registered.

3.05 <u>Temporary Global Notes and Permanent Global Notes</u>

(a) If specified in the Related Supplemental Indenture for any Series, all or any portion of a Global Note may initially be issued in the form of a single temporary global Bearer Note or Registered Note (the "**Temporary Global Note**"), without interest coupons, in the denomination of the entire aggregate principal amount of such Series and substantially in the form set forth in the exhibit with respect thereto attached to the Related Supplemental Indenture. Any Temporary Global Note shall bear such notations as the Issuer may determine to distinguish them from the Permanent Global Notes. The Temporary Global Note will be authenticated by the Indenture Trustee upon the same conditions, in substantially the same manner and with the same effect as the Notes in definitive form. The Temporary Global Note may be exchanged as described below or in the Related Supplemental Indenture for permanent global Bearer Notes or Registered Notes (the "**Permanent Global Notes**").

(b) Unless otherwise provided in the Related Supplemental Indenture, exchanges of beneficial interests in or security entitlements to Temporary Global Notes for beneficial interests in or security entitlements to Permanent Global Notes will be made as provided in this subsection 3.05(b). The Manager will, upon its determination of the date of completion of the distribution of the Notes of such

Series, so advise the Indenture Trustee, the Issuer and the Depository forthwith. Without unnecessary delay, but in any event not prior to the Exchange Date, the Issuer will execute and deliver to the Indenture Trustee (at the office of its designated agent outside the United States in the case of Global Notes in bearer form) Permanent Global Notes in bearer or registered form (as specified in the Related Supplemental Indenture) in an aggregate principal amount equal to the Outstanding Dollar Principal Amount or the Outstanding Currency Specific Dollar Principal Amount of such Series of Notes. Bearer Notes so issued and delivered may have coupons attached. The Temporary Global Note may be exchanged for an equal aggregate principal amount of Permanent Global Notes only on or after the Exchange Date; provided, however, that such Temporary Global Note is accompanied by a certificate dated the Exchange Date or a subsequent date and signed by the beneficial owner as to the portion of such Temporary Global Note held for its account then to be exchanged and a certificate dated the Exchange Date or a subsequent date and signed by the Depository in the form set forth in Exhibit 6-B (or in such other form as may be established pursuant to Section 4.01); and provided further that definitive Bearer Notes shall be delivered in exchange for a portion of a Temporary Global Note only in compliance with the requirements of Section 4.03. A beneficial owner of a Temporary Global Note may instruct the Depository to request an exchange on its behalf on or after the Exchange Date by delivering to the Depository, a certificate in the form set forth in Exhibit 6-A (or in such other form as may be established pursuant to Section 4.01), dated no earlier than 15 days prior to the Exchange Date, copies of which certificate shall be available from the offices of the Depository. A United States Person may exchange its beneficial interest in or security entitlement to the Temporary Global Note only for an equal aggregate principal amount of Permanent Global Notes in registered form bearing the applicable legend set forth in the form of Registered Note attached to the Related Supplemental Indenture and having a minimum denomination of 500,000 units of the applicable currency, which may be in temporary form if the Issuer so elects. The Issuer may waive the 500,000 minimum denomination requirement if it so elects. Upon any demand for exchange for Permanent Global Notes in accordance with this subsection 3.05(b), the Issuer will cause the Indenture Trustee to authenticate and deliver the Permanent Global Notes to the Noteholder (x) outside the United States, in the case of Bearer Notes and (y) according to the instructions of the Noteholder, in the case of Registered Notes. Upon receipt of the certification of the Depository, the Indenture Trustee will cause the Temporary Global Note to be endorsed in accordance with subsection 3.05(d). Any exchange as provided in this Section 3.05 will be made free of charge to the Noteholders and the beneficial owners of the Temporary Global Note and to the beneficial owners of the Permanent Global Note issued in exchange, except that a Person receiving the Permanent Global Note must bear the cost of insurance, postage, transportation and the like in the event that such Person does not receive such Permanent Global Note in person at the offices of a Depository.

(c) The delivery to the Indenture Trustee by a Depository of any written statement referred to above may be relied upon by the Issuer and the Indenture Trustee as

conclusive evidence that a corresponding certification or certifications has or have been delivered to such Foreign Depository pursuant to the terms of this Indenture.

(d) Upon any such exchange of all or a portion of the Temporary Global Note for a Permanent Global Note(s), such Temporary Global Note will be endorsed by or on behalf of the Indenture Trustee to reflect the reduction of its principal amount by an amount equal to the aggregate principal amount of such Permanent Global Note(s). Until so exchanged in full, such Temporary Global Note will in all respects be entitled to the same benefits under this Indenture as Permanent Global Notes authenticated and delivered hereunder except that the beneficial owners of such Temporary Global Note will not be entitled to receive payments of interest on the Notes until they have exchanged their beneficial interests in or security entitlements to such Temporary Global Note for Permanent Global Notes.

3.06 Beneficial Ownership of Global Notes

Until definitive Notes have been issued to the applicable Noteholders pursuant to Section 3.04 or as otherwise specified in any Related Supplemental Indenture:

(a) the Issuer and the Indenture Trustee may deal with the applicable Depository and the Depository's participants for all purposes (including the making of distributions) as the authorized representatives of the respective Note Owners; and

(b) the rights of the respective Note Owners will be exercised only through the Depository and the Depository's participants. Unless and until Notes in definitive form are issued pursuant to Section 3.04, the Depository will make book-entry transfers among the Depository's participants and receive and transmit distributions of principal and interest on the related Notes to such Depository's participants in accordance with the Depository's applicable procedures from time to time.

For purposes of any provision of this Indenture requiring or permitting Actions with the consent of, or at the direction of, Noteholders evidencing a specified percentage of the Outstanding Dollar Principal Amount of Notes, such direction or consent may be given by Note Owners (acting through the Depository and the Depository's participants) owning interests in or security entitlements to Notes evidencing the requisite percentage of principal amount of Notes in accordance with the applicable procedures of the Depository and the Depository's participants.

3.07 Notices to Depository

Whenever any notice or other communication is required to be given to Noteholders with respect to which book-entry Notes have been issued, unless and until Notes in definitive form will have been issued to the related Note Owners, the Indenture Trustee will give all such notices and communications to the applicable Depository.

3.08 CUSIP Numbers

In issuing the Notes, the Issuer may use "CUSIP" numbers (if then generally in use), and, if so, the Indenture Trustee shall use such CUSIP numbers in notices of redemption as a convenience to Noteholders; provided that, subject to Section 9.01, any such notice may state that (a) no representation is made as to the correctness of such CUSIP numbers as printed on the related Notes or as contained in any notice of redemption, (b) reliance may be placed only on the other identification numbers, if any, printed on the Notes and (c) any such redemption shall not be affected by any defect in or omission of such CUSIP numbers. The Issuer will promptly provide the Indenture Trustee with written notice of any change in the CUSIP numbers for any Outstanding Note.

ARTICLE IV
THE NOTES

4.01 General Title, General Limitations, Issuable in Series, Terms of a Series or Tranche of Notes

(a) The aggregate Stated Principal Amount of Notes which may be authenticated and delivered and Outstanding under this Indenture is not limited.

(b) The Notes of any Class may be issued in one or more Series or Tranches.

(c) The Classes of Notes are as set forth in this Indenture. Each Note issued must be part of a Class and Series of Notes for purposes of allocations pursuant to this Indenture and the Related Supplemental Indenture. A Series of Notes is created pursuant to a Supplemental Indenture. A Tranche of Notes is created pursuant to a Supplemental Indenture or pursuant to a Terms Document related to the Supplemental Indenture for the applicable Series.

(d) Each Series of Notes shall be designated in the Related Supplemental Indenture as either Senior Notes, Subordinated Notes or Junior Subordinated Notes. If the Notes of a Series of Notes belong to different Tranches, all Notes of such Series, without regard to the Tranche they are included in, shall be Senior Notes, Subordinated Notes or Junior Subordinated Notes, as applicable to the Series of Notes.

(e) Each Series of Notes may consist of a single Tranche or may be subdivided into multiple Tranches. Notes of a single Series of a Class will belong to different Tranches if they have different terms and conditions. With respect to any Series of Notes, Notes which have identical terms, conditions and Tranche designation will be deemed to be part of a single Tranche of Notes.

(f) Before the initial issuance of Notes of each Series or Tranche, there shall also be established in or pursuant to a Supplemental Indenture or pursuant to a Terms Document related to the applicable Supplemental Indenture, provision for:

(i) the Class of such Series;

(ii) the Series designation;

(iii) the Stated Principal Amount of the Notes;

(iv) whether such Notes are of a particular Tranche of Notes;

(v) the currency or currencies in which such Notes will be denominated and in which payments of principal of, and interest on, such Notes will or may be payable;

(vi) the price or prices at which such Series or Tranche of Notes will be issued;

(vii) the times at which such Series or Tranche of Notes may, pursuant to any optional redemption provisions, be redeemed, and the other terms and provisions of any such redemption;

(viii) the rate per annum at which such Series or Tranche of Notes will bear interest, if any, or the formula or index on which such rate will be determined, including all relevant definitions, and the date from which interest will accrue;

(ix) each Interest Payment Date, each Principal Payment Date and the Principal Payment Default Date for such Series or Tranche of Notes;

(x) the Principal Accumulation Date for such Series of Notes;

(xi) the Principal Accumulation Amounts for such Series of Notes;

(xii) the Initial Dollar Principal Amount or the Initial Currency Specific Dollar Principal Amount of such Notes, and the means for calculating the Outstanding Dollar Principal Amount or the Outstanding Currency Specific Dollar Principal Amount, as applicable, of such Series or Tranche of Notes;

(xiii) whether or not application will be made to list such Series or Tranche of Notes on any securities exchange;

(xiv) any events of default with respect to such Series or Tranche of Notes;

(xv) if such Series or Tranche of Notes will be issued in whole or in part in the form of a Global Note or Global Notes, the terms and conditions, if any, upon which such Global Note or Global Notes may be exchanged in whole or in part for other individual Notes, and the Depository for such Global Note or Global Notes;

(xvi) if such Series or Tranche of Notes will be issued in whole or in part as Registered Notes, Bearer Notes or both, whether such Series or Tranche of Notes are to be issued with or without coupons or both;

(xvii) if such Series or Tranche of Notes are to have the benefit of any Credit Enhancement Agreement or Liquidity Agreement, the terms and provisions of the applicable agreement;

(xviii) the Record Date for any Interest Payment Date or Principal Payment Date of such Series or Tranche of Notes, if different from the last day of the month before the related Interest Payment Date or Principal Payment Date;

(xix) whether and under what conditions, additional amounts will be payable to Noteholders of such Series or Tranche of Notes; and

(xx) any other terms of such Notes as stated in the Related Supplemental Indenture;

all upon such terms as may be determined in or pursuant to the Related Supplemental Indenture.

(g) The Notes of each Class, Series or Tranche will be distinguished from the Notes of each other Class, Series or Tranche in such manner, reasonably satisfactory to the Indenture Trustee, as the Issuer may determine.

(h) Any terms or provisions in respect of the Notes of any Class, Series or Tranche issued under this Indenture may be determined pursuant to this Section 4.01 by providing in the Related Supplemental Indenture for the method by which such terms or provisions will be determined.

4.02 Denominations

The Notes of each Series or Tranche will be issuable in such denominations and currency as will be provided in the provisions of this Indenture or in or pursuant to the Related Supplemental Indenture. In the absence of any such provisions with respect to the Registered Notes of any Series or Tranche, the Registered Notes of that Series or Tranche will be issued in denominations of 100,000 units of the applicable currency and integral multiples of 1,000. In the absence of any such provisions with respect to the Bearer Notes of any Series or Tranche, the Bearer Notes of that Series or Tranche will be issued in denominations of 1,000, 5,000, 50,000 and 100,000 units of the applicable currency.

4.03 Execution, Authentication and Delivery and Dating

(a) The Notes will be executed on behalf of the Issuer by a Responsible Officer of the Issuer. The signature of any Responsible Officer of the Issuer on the Notes may be manual or facsimile or may be given by other electronic means.

(b) Notes bearing the manual, facsimile or other electronic signatures of individuals who were at any time a Responsible Officer of the Issuer will bind the Issuer, notwithstanding that such individuals or any of them have ceased to hold such offices before the authentication and delivery of such Notes or did not hold such offices at the date of issuance of such Notes.

(c) At any time and from time to time after the execution and delivery of this Indenture, the Issuer may deliver Notes executed by the Issuer to the Indenture Trustee for authentication; and the Indenture Trustee will, upon request by an Issuer Certificate, authenticate and deliver such Notes as provided in this Indenture and not otherwise; provided however, that, in connection with its original issuance, no Bearer Note shall be mailed or otherwise delivered to any location in the United States; and provided further that, unless otherwise specified with respect to any Series or Tranche of Notes pursuant to Section 4.01, a Bearer Note may be delivered in connection with its original issuance only if the Person entitled to receive such Bearer Note shall have furnished a certificate in the form set forth in Exhibit 6-A, dated no earlier than 15 days prior to the earlier of the date on which such Bearer Note is delivered and the date on which any temporary Note first becomes exchangeable for such Bearer Note in accordance with the terms of such temporary Note and this Indenture. If any Note shall be represented by a permanent Bearer Note issued as a Global Note, then, for purposes of this Section, Section 3.05, and Section 4.04, the notation of a beneficial owner's interest therein upon original issuance of such Note or upon exchange of a portion of a temporary Global Note shall be deemed to be delivery in connection with its original issuance of such beneficial owner's interest in such permanent Global Note. Except as permitted by Section 4.06, the Indenture Trustee shall not authenticate and deliver any Bearer Note unless all appurtenant coupons for interest then matured have been detached and cancelled.

(d) Before any such authentication and delivery, the Indenture Trustee will be entitled to receive, in addition to any Officer's Certificate and Opinion of Counsel required to be furnished to the Indenture Trustee pursuant to Section 1.02, the Issuer Certificate and any other opinion or certificate relating to the issuance of the Series or Tranche of Notes required to be furnished pursuant to Section 3.02 or Article V.

(e) The Indenture Trustee will not be required to authenticate such Notes if the issue thereof will adversely affect the Indenture Trustee's own rights, duties or immunities under the Notes and this Indenture.

(f) Unless otherwise provided in the form of Note for any Series or Tranche, all Notes will be dated the date of their authentication.

(g) No Note will be entitled to any benefit under this Indenture or be valid or obligatory for any purpose unless there appears on such Note a Certificate of Authentication executed by the Indenture Trustee by manual signature of an authorized signatory, and such certificate upon any Note will be conclusive evidence, and the only evidence, that such Note has been duly authenticated and delivered hereunder.

4.04 Temporary Notes

(a) Pending the preparation of definitive Notes of any Series or Tranche, the Issuer may execute, and, upon receipt of the documents required by Section 4.03, the Indenture Trustee will authenticate and deliver, temporary Notes which are printed, lithographed, typewritten, mimeographed or otherwise produced, in any authorized denomination, substantially of the tenor of the definitive Notes in lieu of which they are issued and with such appropriate insertions, omissions, substitutions and other variations as the Issuer may determine, as evidenced by the Issuer's execution of such Notes. Any temporary Note shall bear such notations as the Issuer may determine to distinguish them from the definitive Notes.

(b) If temporary Notes of any Series or Tranche are issued, the Issuer will cause definitive Notes of such Series or Tranche to be prepared without unreasonable delay. After the preparation of definitive Notes, the temporary Notes of such Series or Tranche will be exchangeable for definitive Notes of such Series or Tranche upon surrender of the temporary Notes of such Series or Tranche at the office or agency of the Issuer in a Place of Payment, without charge to the Noteholder; and upon surrender for cancellation of any one or more temporary Notes, the Issuer will execute and the Indenture Trustee will authenticate and deliver in exchange therefor a like Stated Principal Amount of definitive Notes of such Series or Tranche of authorized denominations and of like tenor and terms; provided, however, that no definitive Bearer Note shall be delivered in exchange for a temporary Registered Note; and provided further that a definitive Bearer Note shall be delivered in exchange for a temporary Bearer Note only in compliance with the conditions set forth in Section 4.03. Until so exchanged, the temporary Notes of such Series or Tranche will in all respects be entitled to the same benefits under this Indenture as definitive Notes of such Series or Tranche.

4.05 Registration, Transfer and Exchange

(a) The Issuer will keep or cause to be kept a register (herein sometimes referred to as the "**Note Register**") in which, subject to such reasonable regulations as it may prescribe, the Issuer will provide for the registration of Registered Notes, or of Registered Notes of a particular Class, Series or Tranche, and for transfers of Registered Notes or of Registered Notes of such Class, Series or Tranche. Any such register will be in written form or in any other form capable of being converted into written form within a reasonable time. At all reasonable times, the information contained in such register or registers will be available for inspection by the Indenture Trustee at the office or agency to be maintained by the Issuer as provided in Section 13.03.

(b) Subject to Section 3.04, upon surrender for transfer of any Registered Note of any Class, Series or Tranche at the office or agency of the Issuer in a Place of Payment, the Issuer will execute, and, upon receipt of such surrendered Note, the Indenture Trustee will authenticate and deliver, in the name of the designated transferee or transferees, one or more new Registered Notes of such Class, Series

or Tranche of any authorized denominations, of a like aggregate Stated Principal Amount, Principal Payment Date(s) and Principal Payment Default Date and of like terms.

(c) Subject to Section 3.04, at the option of the Noteholder, Notes of any Class, Series or Tranche may be exchanged for other Notes of such Class, Series or Tranche of any authorized denominations, of a like aggregate Stated Principal Amount, Principal Payment Date(s) and Principal Payment Default Date and of like terms, upon surrender of the Notes to be exchanged at the office or agency of the Issuer in a Place of Payment. Registered Notes, including Registered Notes received in exchange for Bearer Notes, may not be exchanged for Bearer Notes. At the option of the holder of a Bearer Note, subject to applicable laws and regulations, Bearer Notes may be exchanged for other Bearer Notes or Registered Notes (of the same Class, Series and Tranche of Notes) of authorized denominations of like aggregate fractional undivided interests in the Noteholders' interest, upon surrender of the Bearer Notes to be exchanged at an office or agency of the Note Registrar located outside the United States. Each Bearer Note surrendered pursuant to this Section 4.05 will have attached thereto all unmatured coupons; provided, however, that any Bearer Note so surrendered after the close of business on the last day of the month preceding the relevant Interest Payment Date need not have attached the coupon relating to such Interest Payment Date. Whenever any Notes are so surrendered for exchange, the Issuer will execute, and the Indenture Trustee will authenticate and deliver (in the case of Bearer Notes, outside the United States), the Notes which the Noteholders making the exchange are entitled to receive.

(d) All Notes issued upon any transfer or exchange of Notes will be the valid and legally binding obligations of the Issuer, evidencing the same debt, and entitled to the same benefits under this Indenture, as the Notes surrendered upon such transfer or exchange.

(e) Every Note presented or surrendered for transfer or exchange will (if so required by the Issuer or the Indenture Trustee) be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Issuer and the Note Registrar duly executed, by the Noteholder or his attorney duly authorized in writing.

(f) Unless otherwise provided in the Note to be transferred or exchanged, no service charge will be made on any Noteholder for any transfer or exchange of Notes, but the Issuer may (unless otherwise provided in such Note) require payment of a sum sufficient to cover any Tax or other governmental charge that may be imposed in connection with any transfer or exchange of Notes before the transfer or exchange will be complete, other than exchanges pursuant to Section 4.04 or Section 11.05 not involving any transfer.

(g) None of the Issuer, the Note Registrar or the Indenture Trustee shall be required (i) to issue, register the transfer of or exchange any Notes of any Class, Series or Tranche during a period beginning at the opening of business 15 days before the

day of selection of Notes of such Class, Series or Tranche to be redeemed and ending at the close of business on (A) if Notes of such Class, Series or Tranche are issuable only as Registered Notes, the day of the mailing of the relevant notice of redemption of Registered Notes of such Class, Series or Tranche so selected for redemption or (B) if Notes of the Class, Series or Tranche are issuable as Bearer Notes, the day of the first publication of the relevant notice of redemption or, if Notes of the Class, Series or Tranche are also issuable as Registered Notes and there is no publication, the mailing of the relevant notice of redemption or (ii) to register the transfer or exchange of any Notes or portions thereof so selected for redemption.

(h) Notwithstanding anything herein to the contrary, the exchange of Bearer Notes into Registered Notes shall be subject to applicable laws and regulations in effect at the time of exchange; none of the Issuer, the Indenture Trustee or the Note Registrar shall exchange any Bearer Notes into Registered Notes if it has received an Opinion of Counsel that as a result of such exchanges the Issuer would suffer adverse consequences under the Canadian or United States federal income tax laws and regulations then in effect, or the income tax laws of the jurisdiction of the holder of the Bearer Note, and the Issuer has delivered to the Indenture Trustee an Issuer Certificate directing the Indenture Trustee not to make such exchanges unless and until the Indenture Trustee receives a subsequent Issuer Certificate to the contrary. The Issuer shall deliver copies of such Issuer Certificates to the Note Registrar.

(i) None of the Issuer, the Indenture Trustee, any agent of the Indenture Trustee, any Paying Agent or the Note Registrar will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership of a Global Note or for maintaining, supervising or reviewing any records relating to such beneficial ownership.

(j) The Issuer initially appoints the Indenture Trustee to act as Note Registrar for the Registered Notes on its behalf. The Issuer may at any time and from time to time authorize any Person to act as Note Registrar in place of the Indenture Trustee with respect to any Class, Series or Tranche of Notes issued under this Indenture.

(k) Registration of transfer of Notes containing the following legend or to which the following legend is applicable:

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT IN ACCORDANCE WITH THE TRUST INDENTURE AND THE INDENTURE SUPPLEMENT AND PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR

PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT.

will be effected only if such transfer is made pursuant to an effective registration statement under the U.S. Securities Act, or is exempt from the registration requirements under the U.S. Securities Act. In the event that registration of a transfer is to be made in reliance upon an exemption from the registration requirements under the U.S. Securities Act other than Rule 144A under the U.S. Securities Act or Rule 903 or Rule 904 of Regulation S under the U.S. Securities Act, the transferor or the transferee will deliver, at its expense, to the Issuer and the Indenture Trustee, an investment letter from the transferee, substantially in a form appended to a Supplemental Indenture authorizing the applicable Series of Notes or such other form as the Issuer may determine, and no registration of transfer will be made until such letter is so delivered.

Notes issued upon registration or transfer of, or Notes issued in exchange for, Notes bearing the legend referred to above will also bear such legend and any other legends required by the Related Supplemental Indenture unless the Issuer, the Indenture Trustee and the Note Registrar receive an Opinion of Counsel, satisfactory to each of them, to the effect that such legend may be removed.

Whenever a Note containing the legend referred to above is presented to the Note Registrar for registration of transfer, the Note Registrar will promptly seek instructions from the Issuer regarding such transfer and will be entitled to receive an Issuer Certificate prior to registering any such transfer. The Issuer hereby agrees to indemnify the Note Registrar and the Indenture Trustee and to hold each of them harmless against any loss, liability or expense incurred without negligence or bad faith on their part arising out of or in connection with actions taken or omitted by them in relation to any such instructions furnished pursuant to this clause. The Indenture Trustee shall have no obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer imposed under this Indenture, the Related Supplemental Indenture, or under applicable law with respect to any transfer of any interest in any Note other than to require delivery of such certificates and other documentation or evidence as are expressly required by, and to do so if and when expressly required by the terms of, this Indenture, and to examine the same to determine substantial compliance as to form with the express requirements hereof.

(l) By acquiring a Note, each Noteholder that is a United States Person will be deemed to represent, warrant and covenant that either: (i) it is not acquiring the Note (or any interest therein) with the assets of a Benefit Plan or a governmental, church or non-U.S. plan that is subject to any federal, state, local or other non-U.S. law that is substantially similar to Section 406 of ERISA or Section 4975 of the Internal Revenue Code ("**Similar Law**"); or (ii) (A) the Note is rated at least "BBB-" or its equivalent by a nationally recognized statistical rating agency at the time of purchase or transfer, and (B) the acquisition, holding and disposition of the Note will not give rise to a non-exempt prohibited transaction

under Section 406 of ERISA or Section 4975 of the Internal Revenue Code or a violation of any Similar Law.

4.06 Mutilated, Destroyed, Lost and Stolen Notes

(a) If (i) any mutilated Note (together, in the case of Bearer Notes, with all unmatured coupons, if any, appertaining thereto) is surrendered to the Indenture Trustee or the Note Registrar, or the Issuer, the Note Registrar or the Indenture Trustee receive evidence to their satisfaction of the destruction, loss or theft of any Note, and (ii) there is delivered to the Issuer, the Note Registrar or the Indenture Trustee such security or indemnity as may be required by them to save each of them harmless, then, in the absence of notice to the Issuer, the Note Registrar or the Indenture Trustee that such Note has been acquired by a protected purchaser, the Issuer will execute and upon its request the Indenture Trustee will authenticate and deliver (in the case of Bearer Notes, outside the United States), in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Note, a new Note of like tenor, Class, Series or Tranche, Principal Payment Date(s), Principal Payment Default Date and Stated Principal Amount, bearing a number not contemporaneously Outstanding.

(b) In case any such mutilated, destroyed, lost or stolen Note has become or is about to become due and payable, the Issuer in its discretion may, instead of issuing a new Note, pay such Note.

(c) Upon the issuance of any new Note under this Section 4.06, the Issuer may require the payment of a sum sufficient to cover any Tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Indenture Trustee) connected therewith.

(d) Every new Note issued pursuant to this Section 4.06 in lieu of any destroyed, lost or stolen Note will constitute an original additional contractual obligation of the Issuer, whether or not the destroyed, lost or stolen Note will be at any time enforceable by anyone, and will be entitled to all the benefits of this Indenture equally and proportionately with any and all other Notes of the same Class, Series or Tranche duly issued hereunder.

(e) The provisions of this Section 4.06 are exclusive and will preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Notes.

4.07 Persons Entitled to Payment

(a) Unless otherwise provided with respect to such Note pursuant to Section 4.01, interest payable on any Registered Note will be paid to the Person in whose name that Note is registered at the close of business on the most recent Record Date and interest payable on any Bearer Note will be paid to the bearer of that Note (or the applicable coupon) outside of the United States.

(b) Subject to clause (a), each Note delivered under this Indenture upon transfer of or in exchange for or in lieu of any other Note will carry the rights to interest accrued or principal accreted and unpaid, and to accrue or accrete, which were carried by such other Note.

(c) Title to any Bearer Note, including any coupons appertaining thereto, shall pass by delivery. The Issuer, the Indenture Trustee, the Manager and any agent of the Issuer, the Indenture Trustee or the Manager may treat the Person who is proved to be the owner of such Note pursuant to subsection 1.04(c) as the owner of such Note for the purpose of receiving payment of principal of and (subject to this Section 4.07) interest on such Note and for all other purposes whatsoever, whether or not such Note be overdue, and none of the Issuer, the Indenture Trustee, the Manager or any agent of the Issuer, the Indenture Trustee or the Manager will be affected by notice to the contrary.

(d) Delivery of a Note to the Paying Agent by the holder of such Note shall, upon payment thereof, be a good discharge to the Issuer of all obligations evidenced by such Note. The Paying Agent shall not be bound to enquire into the title of any such Noteholder, save as ordered by a court of competent jurisdiction or as required by statute, nor shall it be bound to see to the execution of any trust affecting the ownership of any Note or be affected by notice of any equity that may be subsisting in respect thereof.

(e) Any payment of principal or interest on any Note which is due on a day other than a Business Day shall be payable on the next succeeding Business Day without adjustment for interest thereon and such payment shall be deemed to have been made with the same force and effect as if made on the due date.

(f) Upon the Paying Agent's reasonable request therefor, the Issuer will (i) provide the Paying Agent with any information in its possession or (ii) assist the Paying Agent (to the extent necessary and it is commercially reasonable for the Issuer to do so) to obtain information, in each case, to the extent such information is required by the Paying Agent to comply with its tax reporting and withholding obligations under applicable law with respect to payments to be made to Specified Creditors pursuant to this Indenture and the other Program Agreements, unless the Issuer is prohibited from doing so by applicable law or an obligation of confidentiality by which the Issuer is bound.

4.08 Protection of Notes

(a) The Indenture Trustee shall hold in safekeeping the Notes which have not been issued (but which have been delivered to the Indenture Trustee by or on behalf of the Issuer) pending receipt of an Issuer Certificate. The Indenture Trustee shall acknowledge receipt of the Notes so delivered by signing and returning to the Issuer an acknowledgement of receipt of the Notes, such acknowledgement to be in a form satisfactory to the Issuer.

(b) The Indenture Trustee's responsibility for any Notes held in its custody hereunder shall be limited to using the same diligence in physically safeguarding such Notes as it does for its own securities. The Indenture Trustee shall account for the unissued Notes held in its custody whenever so required by the Issuer. If at any time the Indenture Trustee shall discover that any of such Notes have been lost, damaged, destroyed, stolen or misappropriated, it shall promptly advise the Issuer thereof and identify, to the extent practicable, such Notes.

4.09 Additional Issuances of Notes

(a) There are no restrictions on the timing or amount of any additional issuance of Notes of an Outstanding Series or Tranche of Notes, so long as the conditions described in Article V are satisfied. As of the date of any additional issuance of Notes of an Outstanding Series or Tranche of Notes, the Stated Principal Amount and Outstanding Dollar Principal Amount of that Series or Tranche will be increased to reflect the principal amount of the additional Notes. If the additional Notes are a Series or Tranche of Notes that has the benefit of a Derivative Agreement, the Issuer will enter into a Derivative Agreement for the benefit of the additional Notes. In addition, if the additional Notes are a Series or Tranche of Notes that has the benefit of any Credit Enhancement Agreement or Liquidity Agreement, the Issuer will enter into a Credit Enhancement Agreement or Liquidity Agreement, as applicable, for the benefit of the additional Notes.

(b) When issued, the additional Notes of a Series or Tranche will be identical in all respects to the other Outstanding Notes of that Series or Tranche and will be equally and ratably entitled to the benefits of this Indenture and the Related Supplemental Indenture as the other Outstanding Notes of that Series or Tranche without preference, priority or distinction; provided, however, that if such additional Notes are not fungible with such other Outstanding Notes for United States federal income tax purposes, then such additional Notes shall have a separate ISIN, CUSIP or other identifying number from such other Outstanding Notes.

4.10 Redemption of Notes

(a) Subject to Section 13.24, if the Related Supplemental Indenture for a Series or Tranche of Notes specifies that the Notes of such Series or Tranche will be redeemable, in whole at any time or in part from time to time, such Notes may be redeemed at a redemption price (the "**Redemption Price**") provided for in such Related Supplemental Indenture. In case of any redemption, the provisions of this Section 4.10 shall apply except to the extent provided otherwise in such Related Supplemental Indenture.

(b) The Redemption Price, plus accrued and unpaid interest and other amounts (if any) due thereon to the redemption date, will be payable upon presentation and surrender of the Notes called for redemption at any of the places where the

principal of such Series or Tranche of Notes is expressed to be payable and at any other places specified in the notice of redemption.

(c) If less than all the Notes of any Series or Tranche are to be redeemed at one time, the Notes of such Series or Tranche to be redeemed will be selected by the Indenture Trustee on a *pro rata* basis, disregarding fractions, according to the principal amount of Notes registered in the name of each Noteholder, or in such other manner (which may include random selection by computer) as the Indenture Trustee may consider equitable, provided that such selection will be proportionate (to the nearest 1,000 units of the applicable currency). For this purpose, the Indenture Trustee may make, and from time to time amend, regulations with regard to the manner in which such Notes may be called for redemption and regulations so made will be valid and binding upon all Noteholders notwithstanding the fact that, as a result of such regulations, one or more Notes become subject to redemption in part only. Unless the context otherwise requires, the terms "Note" and "Notes" as used in this Section 4.10 will be deemed to include any part of the principal amount of any Note which in accordance with the foregoing provisions has become subject to redemption.

(d) The holder of any Note called for redemption in part only will be entitled to receive, upon surrender of such Note for payment and without expense to such holder, a new Note or Notes of an aggregate principal amount equal to the unredeemed part of the Note so surrendered, and the Issuer will execute and the Indenture Trustee will certify and deliver to such holder such new Note or Notes; provided, however, that, in the case of a Global Note, an appropriate notation may instead be made on such Global Note to decrease the principal amount thereof to an amount equal to the unredeemed portion thereof.

(e) Notice of intention to redeem any Series or Tranche of Notes will be given by the Issuer in the manner provided in Section 15.03 or otherwise in accordance with the procedures of the Depository at least 15 days but not more than 30 days prior to the date fixed for redemption. Notwithstanding the foregoing, a redemption notice may be delivered more than 30 days prior to the date fixed for redemption if such notice is issued in connection with a satisfaction and discharge of this Indenture with respect to any Series or Tranche of Notes. Every such notice will specify that portion of the principal amount of such Note to be redeemed (provided that no Notes in an aggregate principal amount of 1,000 units of the applicable currency or less will be redeemed in part), the redemption date, the Redemption Price and places of payment, and will state that all interest on the Notes called for redemption will cease to be payable from the redemption date.

(f) Upon notice having been given as provided in Section 4.10(e), the Notes called for redemption or the principal amount to be redeemed of the Notes called for redemption in part, as the case may be, will thereupon become due and payable at the Redemption Price, on the redemption date specified in such notice, in the same manner and with the same effect as if it were the maturity date for such Notes, notwithstanding anything contained in this Indenture or in the Notes to the

contrary. From and after such redemption date, if the money necessary to redeem such Notes has been deposited as provided in Section 4.10(h) or 4.10(i) and affidavits or other proof satisfactory to the Indenture Trustee as to the delivery or mailing of such notices have been delivered to it, such Notes will not be considered as Outstanding under this Indenture and interest upon such Notes will cease to accrue after such date.

(g) If any question arises as to whether notice of redemption or deposit of the redemption money has been given or made available as provided above, such question will be decided by the Indenture Trustee, whose decision will be final and binding upon all interested parties.

(h) Except as may otherwise be provided in the Related Supplemental Indenture or in any Series or Tranche of Notes, or as part of a satisfaction and discharge of this Indenture with respect to any Series or Tranche of Notes where payment has been made in accordance with another provision of this Indenture, upon Notes of a Series or Tranche being called for redemption, the Issuer will deposit with the Indenture Trustee immediately available funds no later than 10:00 a.m. on the date fixed for redemption in the relevant notice of redemption (or such later time on such date as is acceptable to the Indenture Trustee), such sums as may be sufficient to pay the Redemption Price of the Notes to be redeemed, plus accrued and unpaid interest and other amounts (if any) due on such Notes to the redemption date, and will pay to the order of the Indenture Trustee the estimated charges and expenses to be incurred in connection with such redemption. From the sums so deposited and upon surrender of such Notes, the Indenture Trustee will pay or cause to be paid to the holders of the Notes called for redemption the principal thereof, interest and other amounts (if any) thereon to which they are entitled on redemption.

(i) Alternatively, in respect of any Global Notes, the Issuer may, at its option, cause the amount payable on redemption to be sent by wire transfer on the day such redemption payment is due to an account maintained by such Noteholder or any other method acceptable to the Issuer and such Noteholder.

4.11 Purchase of Notes for Cancellation

(a) Provided no Event of Default has occurred and is continuing, the Issuer may purchase or otherwise acquire, at any time and from time to time, all or any of the Outstanding Notes of any Series or Tranche in the market (which will include purchase from or through an investment dealer, participant or a firm holding membership on a recognized stock exchange) or by invitation to tender or by private contract at such prices as it may determine in its sole discretion. The Issuer will deliver to the Indenture Trustee all Notes purchased as aforesaid, when paid, as evidence of such payment.

(b) If, upon an invitation to tender, more Notes of a Series or Tranche are tendered in response to such invitation at the same lowest price than the Issuer is prepared to

accept, Notes of the Series or Tranche to be purchased by the Issuer will be selected by the Indenture Trustee on a *pro rata* basis, disregarding fractions, according to the Outstanding Dollar Principal Amount of Notes registered in the name of each Noteholder, or in such other manner as the Indenture Trustee may consider equitable (which may include random selection by computer), from the Notes tendered by each Noteholder which tendered at such lowest price. For this purpose, the Indenture Trustee may make, and from time to time amend, regulations with respect to the manner in which Notes may be so selected and regulations so made will be valid and binding upon all Noteholders, notwithstanding the fact that, as a result thereof, one or more of such Notes becomes subject to purchase in part only. The holder of any Note of which a part only is purchased, will be entitled to receive upon surrender of such Note for payment and without expense to such holder, a new Note or Notes of an aggregate principal amount equal to the unpurchased part of the Note so surrendered and the Indenture Trustee will certify and deliver to such holder a new Note or Notes; provided, however, that, in the case of a Global Note, an appropriate notation may instead be made on such Global Note to decrease the principal amount thereof to an amount equal to the unpurchased portion thereof.

4.12 Cancellation

All Notes surrendered for payment, redemption, repurchase, transfer, conversion or exchange will, if surrendered to any Person other than the Indenture Trustee, be delivered to the Indenture Trustee and will be promptly canceled by it. The Issuer may at any time deliver to the Indenture Trustee for cancellation any Notes previously authenticated and delivered hereunder which the Issuer may have acquired in any manner whatsoever, and all Notes so delivered will be promptly canceled by the Indenture Trustee. No Note will be authenticated in lieu of or in exchange for any Notes canceled as provided in this Section 4.12, except as expressly permitted by this Indenture. The Indenture Trustee will dispose of all canceled Notes in accordance with its customary procedures and will deliver a certificate of such disposition to the Issuer.

ARTICLE V
CONDITIONS PRECEDENT

5.01 Conditions Precedent for Incurrence of Indebtedness

On or prior to the date that the Issuer enters into a definitive agreement for the incurrence of new Issuer Funding Obligations or the renewal or extension of any existing Issuer Funding Obligations (in each case, other than Derivative Funding Obligations), the following conditions precedent shall be satisfied:

(a) the Issuer shall have delivered to the Indenture Trustee and each Rating Agency notice of the incurrence of such Issuer Funding Obligation;

(b) the Issuer shall have delivered to the Indenture Trustee and each Rating Agency an Issuer Certificate to the effect that:

(i) the Issuer reasonably believes that the incurrence of such Issuer Funding Obligation will not cause an Adverse Effect;

(ii) all instruments furnished to the Indenture Trustee conform to the requirements of this Indenture and constitute sufficient authority hereunder for the Indenture Trustee to (A) in the case of a Note issuance only, authenticate and deliver such Notes, and (B) in the case of all other Issuer Funding Obligations, execute and deliver the Related Funding Obligation Agreement in accordance with Section 5.05;

(iii) in the case of a Note issuance only, the form and terms of such Notes have been established in conformity with the provisions of this Indenture;

(iv) the incurrence of such Issuer Funding Obligation is consistent in all material respects with the Financing Plan;

(v) the conditions set out in subsections 5.01(c), (d), (g) and (k) have been met; and

(vi) such other matters as the Indenture Trustee may reasonably request;

(c) the representations and warranties set forth in Section 12.01 shall be true and correct in all material respects;

(d) the Rating Agency Condition with respect to all outstanding Series or Tranches of Issuer Funding Obligations shall have been satisfied with respect to such incurrence;

(e) the Indenture Trustee shall have received either:

(i) a certified copy of the instrument whereby the Province designated in writing that the new Issuer Funding Obligations are Approved Obligations as contemplated by clause (ii) of Section 4.01 of the Change of Law Protection Agreement; or

(ii) both (A) an Adherence Compliance Certificate addressed to the Indenture Trustee with respect to the new Issuer Funding Obligations delivered in accordance with Section 4.02(a)(ii) of the Change of Law Protection Agreement; such Adherence Compliance Certificate to be delivered not more than five (5) Business Days prior to the incurrence of the new Issuer Funding Obligation, and (B) a certificate signed by the Manager certifying that the Province has not provided a Suspension Notice to the Manager or the Issuer;

(f) the Issuer shall have delivered to the Indenture Trustee copies of the Related Funding Obligation Agreement, including in the case of Notes, a Supplemental Indenture, and if applicable, a Terms Document relating to the applicable Tranche of Notes;

(g) in the case of Senior Funding Obligations only, the Issuer will have Subordinated Funding Obligations and Junior Subordinated Funding Obligations in an aggregate Outstanding Dollar Principal Amount equal to not less than 35% of the aggregate Outstanding Dollar Principal Amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations (after giving effect to such incurrence) and in the case of Subordinated Funding Obligations only, the Issuer will have Junior Subordinated Funding Obligations in an aggregate Outstanding Dollar Principal Amount equal to not less than 10% of the aggregate Outstanding Dollar Principal Amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations (after giving effect to such incurrence);

(h) except in the case of Notes, the Issuer delivers to the Indenture Trustee an updated copy of the Specified Creditor list described in Section 13.13(b);

(i) each Debtholder in respect of such Issuer Funding Obligation (or an authorized agent on their behalf) shall have made the acknowledgements and agreements set out in Section 5.04;

(j) the Change of Law Protection Agreement shall be in full force and effect against the Province or shall have been replaced with a new agreement that is in form and substance satisfactory to Controlling Class Creditors pursuant to an Ordinary Resolution;

(k) the conditions precedent, if any, specified in the applicable Funding Obligation Agreement shall have been satisfied;

(l) in the case of a Note issuance only, the Indenture Trustee shall have received an Issuer Certificate for the certification and delivery of such Notes and specifying the particulars relating to such Notes;

(m) in the case of Bearer Notes described in section 163(f)(2)(A) of the Internal Revenue Code, if such Notes are not in registered form (including by reason of a book entry system described in section 163(f)(3) of the Internal Revenue Code), then such Notes shall be described in section 4701(b)(1)(B) of the Internal Revenue Code and such section shall apply to such Notes; and

(n) in the case of Foreign Currency Notes only, the Issuer shall have appointed one or more Paying Agents in the appropriate countries, if requested by the Indenture Trustee.

For greater certainty, periodic drawdowns under existing Funding Obligation Agreements~~, or a renewal or extension thereof in accordance with the terms of a Funding Obligation Agreement,~~ shall not constitute a new incurrence of Issuer Funding Obligations. However, an increase in the aggregate commitment under an existing Funding Obligation Agreement or the issuance of additional Notes of an Outstanding Series or Tranche of Notes shall constitute a new incurrence of Issuer Funding Obligations.

5.02 No Consent

The Indenture Trustee will not be required to and, except as otherwise provided in any Funding Obligation Agreement, the Issuer will not be required to, provide prior notice to or obtain the consent of any Debtholder or any other Specified Creditor to incur any Issuer Funding Obligations.

5.03 Conditions Precedent for the Incurrence of other Obligations Secured

On or prior to the date that the Issuer enters into any agreement that would give rise to Obligations Secured (other than Issuer Funding Obligations referred to in Section 5.01 but including Derivative Funding Obligations), the following conditions precedent shall be satisfied:

(a) the Issuer shall have delivered to the Indenture Trustee a copy of the applicable agreement; ~~and~~

(b) the Issuer shall have delivered to the Indenture Trustee an updated copy of the Specified Creditor list described in Section 13.13(b);

(c) each counterparty to such agreement (or an authorized agent on their behalf) shall have made the acknowledgements and agreements set out in Section 5.04; and

(d) if the Obligations Secured are Certified Primary Obligations, the Indenture Trustee shall have received either:

(i) a certified copy of the instrument whereby the Province designated in writing that the new Obligations Secured are Approved Obligations as contemplated by clause (ii) of Section 4.01 of the Change of Law Protection Agreement; or

(ii) both (A) an Adherence Compliance Certificate addressed to the Indenture Trustee with respect to the new Obligations Secured delivered in accordance with Section 4.02(a)(ii) of the Change of Law Protection Agreement; such Adherence Compliance Certificate to be delivered not more than five (5) Business Days prior to the incurrence of the new Obligations Secured, and (B) a certificate signed by the Manager certifying that the Province has not provided a Suspension Notice to the Manager or the Issuer**;**

provided that, if the Issuer enters into a Derivative Agreement, the Issuer shall have delivered to each Rating Agency notice of the identity of the Derivative Counterparty and the terms of the applicable master agreement and related schedules (but for greater certainty, not each trade confirmation).

5.04 Specified Creditor Acknowledgements

Each Specified Creditor:

(a) acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor hereunder and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under this Indenture including, without limitation, Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 7.12 (Payments Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Section 8.14 (Limited Recourse), Article IX (Indenture Trustee) (including all limitations of liability thereunder), Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition);

(b) except in the case of the Province, irrevocably authorizes and directs the Indenture Trustee on its behalf to take such action (including the execution and delivery of documents of subordination) as may be necessary or appropriate to further assure the priority arrangements provided for in Article VI, Article VII and Section 8.13, and appoints the Indenture Trustee as its agent for any and all such purposes; and

(c) consents, requests and authorizes the Issuer and the Indenture Trustee to (i) add such Specified Creditor (or its agent) to the register of Specified Creditors described in Section 13.13 and (ii) disseminate the notice details of such Specified Creditor to other Specified Creditors for the purposes set out in subsection 9.14(b).

5.05 Acknowledgement of Program Agreement by Indenture Trustee

Upon receipt of an Issuer Certificate directing it to do so (provided the conditions set forth in Section 5.01 or 5.03, as applicable, have been satisfied, as certified by the Issuer), the Indenture Trustee shall execute an acknowledgement with respect to any Program Agreement or any evidence of indebtedness issued pursuant to a Program Agreement confirming that such Program Agreement or evidence of indebtedness is an Obligation Secured under this Indenture and the creditors listed in such Program Agreements are Specified Creditors for the purposes of this Indenture.

ARTICLE VI
SUBORDINATION

6.01 Subordination

The payment of all Subordinated Funding Obligations shall be subordinate and rank junior, to the extent and in the manner set forth in this Article VI, Article VII and Article VIII, if applicable, to the prior payment in full of all amounts owing from time to time with respect to the Senior Funding Obligations and the Derivative Funding Obligations. The payment of all Junior Subordinated Funding Obligations shall be subordinate and rank junior, to the extent and in the manner set forth in this Article VI, Article VII and Article VIII, if applicable, to the prior payment in full of all amounts owing from time to time with respect to the Senior Funding Obligations, the Derivative Funding Obligations and the Subordinated Funding Obligations. Subject to the provisions of the Related Funding Obligation Agreement, (i) prior to the acceleration of the Issuer Funding Obligations pursuant to Section 8.02, payment in respect of the

Subordinated Funding Obligations and the Junior Subordinated Funding Obligations shall be made as provided for in Sections 7.04 to 7.11; and (ii) after the acceleration of the Issuer Funding Obligations pursuant to Section 8.02, payment on account of the Subordinated Funding Obligations and the Junior Subordinated Funding Obligations shall be made as provided for in Section 8.13.

6.02 Subrogation to Senior Funding Obligations and Derivative Funding Obligations

(a) Subject to the payment in full of the Senior Funding Obligations and the Derivative Funding Obligations or the making of due provision for such payment, the Debtholders of Subordinated Funding Obligations shall be subrogated to the rights of the Debtholders of Senior Funding Obligations and Derivative Counterparties to receive payments or distributions of assets of the Issuer, to the extent of the application thereto of moneys or other assets which would have been received by the Debtholders of Subordinated Funding Obligations but for the provisions of this Article VI, until the principal of and interest on the Subordinated Funding Obligations shall be paid in full.

(b) Subject to the payment in full of the Senior Funding Obligations, the Derivative Funding Obligations and the Subordinated Funding Obligations or the making of due provision for such payment, the Debtholders of Junior Subordinated Funding Obligations shall be subrogated to the rights of the Debtholders of Senior Funding Obligations and Subordinated Funding Obligations, and Derivative Counterparties, to receive payments or distributions of assets of the Issuer, to the extent of the application thereto of moneys or other assets which would have been received by the Debtholders of Junior Subordinated Funding Obligations but for the provisions of this Article VI, until the principal of and interest on the Junior Subordinated Funding Obligations shall be paid in full.

6.03 Rights of Specified Creditors Preserved

The provisions of this Article VI are and are intended solely for the purpose of defining the relative rights of the Debtholders of Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations, and Derivative Counterparties, as applicable. Nothing in this Article VI is intended to or shall impair the obligation of the Issuer, subject to the rights of the Debtholders of Senior Funding Obligations and Derivative Counterparties, to pay the Subordinated Funding Obligations and Junior Subordinated Funding Obligations as and when the same shall become due and payable in accordance herewith, or affect the relative rights of the Debtholders of Subordinated Funding Obligations and Junior Subordinated Funding Obligations, and creditors of the Issuer other than Debtholders of such Senior Funding Obligations and Derivative Counterparties, nor shall anything in this Article VI prevent the Indenture Trustee or such Debtholders from exercising all remedies otherwise permitted by this Indenture, subject to the rights (if any) under this Article VI of Debtholders of Senior Funding Obligations, Derivative Counterparties and the Indenture Trustee on their behalves in respect of any payment or distribution of cash, property or securities of the Issuer received upon the exercise of any such remedy.

6.04 Renewal or Extension of Senior Funding Obligations

(a) Except as provided in this Indenture or the Related Funding Obligation Agreement, Debtholders of Senior Funding Obligations and Derivative Counterparties may at any time in their discretion renew or extend the time of payment of their Issuer Funding Obligations or exercise any other of their rights in respect thereof, including, without limitation, the waiver of an Event of Default thereunder, all without notice to or assent from the Debtholders of the Subordinated Funding Obligations or Junior Subordinated Funding Obligations, or the Indenture Trustee.

(b) No compromise, alteration, amendment, modification, extension, renewal or other change of, or waiver, consent or other action in respect of, any liability or obligation under or in respect of any Senior Funding Obligations, Derivative Funding Obligations or of any of the terms, covenants or conditions of any Related Funding Obligation Agreement under which any Senior Funding Obligations or Derivative Funding Obligations shall have been issued, shall in any way alter or affect any of the provisions of this Article VI.

ARTICLE VII
ISSUER ACCOUNTS AND INVESTMENTS; ORDINARY COURSE ALLOCATIONS

7.01 Available Collections

Except as otherwise expressly provided in this Indenture, the Indenture Trustee may demand payment or delivery of, and shall receive and collect, directly and without intervention or assistance from any fiscal agent or other intermediary, all money and other property payable to or receivable by the Indenture Trustee pursuant to this Indenture including, without limitation, all funds and other property payable to the Indenture Trustee in connection with the Collateral. The Indenture Trustee will hold all such money and property received by it as part of the Collateral and will apply it, or cause it to be applied, as provided in this Indenture and any applicable Program Agreement.

7.02 Issuer Accounts

(a) On or before the date hereof, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**Collection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. All Available Collections received shall be credited to the Collection Account. The Collection Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the Collection Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 calendar days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition is satisfied)

establish a new Collection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Collection Account to such new Collection Account. From the date each such new Collection Account is established, it shall be the "Collection Account."

(b) On or before the date hereof, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**Interest Accumulation Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. The Interest Accumulation Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the Interest Accumulation Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Interest Accumulation Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Interest Accumulation Account to such new Interest Accumulation Account. From the date each such new Interest Accumulation Account is established, it shall be the "Interest Accumulation Account." The Interest Accumulation Account is a "finance reserve account" under, and as defined in, the Fair Hydro Regulations.

(c) On or before the date hereof, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**Principal Accumulation Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. The Principal Accumulation Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the Principal Accumulation Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition is satisfied) establish a new Principal Accumulation Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Principal Accumulation Account to such new Principal Accumulation Account. From the date each such new Principal Accumulation Account is established, it shall be the "Principal Accumulation Account." The Principal Accumulation Account is a "capital account" under, and as defined in, the Fair Hydro Regulations.

(d) On or before the date hereof, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**Program Cash Reserve Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. The Program Cash Reserve

Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the Program Cash Reserve Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Program Cash Reserve Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Program Cash Reserve Account to such new Program Cash Reserve Account. From the date each such new Program Cash Reserve Account is established, it shall be the "Program Cash Reserve Account." The Program Cash Reserve Account is a "finance reserve account" under, and as defined in, the Fair Hydro Regulations. The Issuer shall deposit the Program Cash Reserve Required Amount to the Program Cash Reserve Account during the Reference Period commencing May 1, 2021 pursuant to the application of amounts available under subsection 7.04(e)(xiii).

(e) On or before the date hereof, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**IESO Cash Reserve Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. The IESO Cash Reserve Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the IESO Cash Reserve Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new IESO Cash Reserve Account that is an Eligible Deposit Account and shall transfer any funds or other property from such IESO Cash Reserve Account to such new IESO Cash Reserve Account. From the date each such new IESO Cash Reserve Account is established, it shall be the "IESO Cash Reserve Account." The IESO Cash Reserve Account is a "finance reserve account" under, and as defined in, the Fair Hydro Regulations. The Issuer shall deposit the IESO Cash Reserve Deposit Amount directly to the IESO Cash Reserve Account on the earlier of (x) April 30, 2021, and (y) the receipt of the IESO Cash Reserve Deposit Amount from the IESO. Other than such deposit of the IESO Cash Reserve Deposit Amount to the IESO Cash Reserve Account, no other amounts shall be deposited to the IESO Cash Reserve Account.

(f) On or before the date hereof, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**Refinancing Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. All proceeds arising from Notes and Borrowings related to Refinancings shall be deposited to the Refinancing Account. For greater certainty, the Refinancing Account may contain

Sub-Accounts to account for proceeds in different currencies. The Refinancing Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the Refinancing Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition is satisfied) establish a new Refinancing Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Refinancing Account to such new Refinancing Account. From the date each such new Refinancing Account is established, it shall be the "Refinancing Account."

(g) From time to time in connection with the creation of any Series of Issuer Funding Obligations, the Issuer may cause to be established and maintained an Eligible Deposit Account (a "**Series Capital Reserve Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the applicable Debtholders or Derivative Counterparties. A Series Capital Reserve Account may be established for the sole purpose of allowing the Issuer to accumulate funds to be used to make repayments in respect of a Series of Issuer Funding Obligations. Details of any period of accumulation and the amounts to be accumulated shall be specified in the Related Funding Obligation Agreement. Each Series Capital Reserve Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the applicable Debtholders or Derivative Counterparties. If, at any time, the institution holding a Series Capital Reserve Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition in respect of the applicable Series is satisfied) establish a new Series Capital Reserve Account that is an Eligible Deposit Account and shall transfer any funds or other property to such new Series Capital Reserve Account. From the date each such new Series Capital Reserve Account is established, it shall be a "Series Capital Reserve Account." Each Series Capital Reserve Account shall be a "capital account" under, and as defined in, the Fair Hydro Regulations.

(h) From time to time in connection with the creation of any Series of Issuer Funding Obligations, the Issuer may cause to be established and maintained an Eligible Deposit Account (a "**Series Finance Reserve Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the applicable Debtholders or Derivative Counterparties. A Series Finance Reserve Account may be established for the purpose of allowing the Issuer to reserve funds to pay finance charges (including, without limitation, interest and payments under Derivative Agreements) for a Series of Issuer Funding Obligations. Details of any reserve requirements shall be specified in the Related Funding Obligation Agreement. Each Series Finance Reserve Account shall be under the control of

the Indenture Trustee for the benefit of the Indenture Trustee and the applicable Debtholders or Derivative Counterparties. If, at any time, the institution holding a Series Finance Reserve Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition in respect of the applicable Series is satisfied) establish a new Series Finance Reserve Account that is an Eligible Deposit Account and shall transfer any funds or other property to such new Series Finance Reserve Account. From the date each such new Series Finance Reserve Account is established, it shall be a "Series Finance Reserve Account." Each Series Finance Reserve Account shall be a "finance reserve account" under, and as defined in, the Fair Hydro Regulations.

(i) On or before the making of any demand for payment under the Change of Law Protection Agreement, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. All payments received from the Province pursuant to the Change of Law Protection Agreement shall be deposited to the Protection Account. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account."

(j) From time to time in connection with the establishment of any Program Account (other than the Protection Account) or Series Account, the Issuer may cause to be established and maintained one or more Eligible Securities Accounts (each, a "**Securities Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. A Securities Account may be established for the purpose of allowing the Issuer to invest funds held in any Program Account or Series Account in Eligible Investments in accordance with Section 7.03. Each Securities Account shall relate to only one Program Account or Series Account. Each Securities Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution at which a Securities Account is maintained ceases to be an Affiliate of an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in

writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition (only in respect of the Series if related to a Series Account) is satisfied) establish a new Securities Account that is an Eligible Securities Account and shall transfer any funds or other property to such new Securities Account. From the date each such new Securities Account is established, it shall be a "Securities Account."

7.03 Investment of Funds in the Issuer Accounts

(a) Funds credited to the Issuer Accounts will (unless otherwise stated in this Indenture or, with respect to a Series Account, any applicable Funding Obligation Agreement) be invested and reinvested by the Indenture Trustee at the written direction of the Manager in one or more Eligible Investments. The Manager may appoint as its agent under a separate agreement a registered investment advisor and authorize such agent to give instructions on behalf of the Manager to the Indenture Trustee for funds to be invested and reinvested in one or more Eligible Investments. The Manager shall provide the Indenture Trustee with a written direction certifying any such appointment, together with an incumbency for such agent in a form acceptable to the Indenture Trustee, acting reasonably. The Indenture Trustee shall be entitled to conclusively rely on, and shall be protected in acting upon, instructions received from such agent on behalf of the Manager. The Manager (or its agent appointed pursuant to the preceding sentence) may authorize the Indenture Trustee to make specific investments pursuant to written instructions, in such amounts as the Manager will specify. Any direction from the Manager (or its agent appointed pursuant to this Section) to the Indenture Trustee shall be in writing and shall be provided to the Indenture Trustee no later than 9:00 a.m. (Toronto time) on the day on which the investment is to be made. Any such direction received by the Indenture Trustee after 9:00 a.m. (Toronto time) or received on a day that is not a Business Day shall be deemed to have been given prior to 9:00 a.m. (Toronto time) on the next Business Day.

(b) Notwithstanding anything to the contrary herein, for purposes of making investments in accordance with this Section 7.03, the Issuer shall be entitled to make transfers of cash from any Program Account or Series Account to the Related Securities Account, provided that the Issuer shall ensure that Eligible Investments in the Related Securities Account mature at such times as may be required so that a sufficient amount of cash shall be available for transfer to the applicable Program Account or Series Account to the extent required to pay all Obligations Secured that are payable on the following Payment Date, Interest Payment Date or Principal Payment Date, as applicable. Transfers of cash between a Program Account or a Series Account and the Related Securities Account shall not require the delivery of a Payment Instruction and may be effected in accordance with **a written direction and** the Indenture Trustee's standard practices.

(c) All funds from time to time credited to the Issuer Accounts pursuant to this Indenture and the Funding Obligation Agreements, and all investments made with such funds, if any, are property of the Issuer until such time as they are allocated or paid to satisfy Obligations Secured and will be held by the Indenture Trustee in the Issuer Accounts as part of the Collateral as herein provided, subject to withdrawal by the Paying Agent or the Indenture Trustee for the purposes specified herein.

(d) Funds and other property in any of the Issuer Accounts will not be commingled with any other funds or property of the Issuer or the Indenture Trustee.

(e) All interest and earnings (net of losses and investment expenses), if any, on funds credited to an Issuer Account will be part of that Issuer Account.

(f) Subject to subsection 9.01(d), neither the Indenture Trustee nor the Manager will in any way be held liable by reason of any losses incurred in the investment of any funds in any Eligible Investments and any insufficiency in an Issuer Account resulting from any loss on any Eligible Investment included therein.

(g) Funds credited to the Issuer Accounts will be invested and reinvested by the Indenture Trustee as provided in the written direction of the Manager; provided, however, that such funds shall remain uninvested upon the occurrence of any of the following events:

(i) the Manager (or its agent appointed pursuant to paragraph (a) above) shall have failed to give investment directions to the Indenture Trustee; or

(ii) an Event of Default shall have occurred and be continuing but no Issuer Funding Obligations have been declared due and payable pursuant to Section 8.02.

7.04 <u>Allocation of Amounts on Deposit in Collection Account</u>

(a) Subject to the applicable Payment Waterfall, all Senior Funding Obligations of each Series or Tranche will in all respects be equally and ratably entitled to the benefits hereof with respect to such Series or Tranche without preference, priority or distinction on account of (i) the actual time of the incurrence, (ii) the Principal Payment Date(s), (iii) the Principal Payment Default Date, or (iv) the Principal Accumulation Date, except as specified in the Related Funding Obligation Agreement. All Subordinated Funding Obligations of each Series or Tranche will in all respects be equally and ratably entitled to the benefits hereof with respect to such Series or Tranche without preference, priority or distinction on account of (i) the actual time of the incurrence, (ii) the Principal Payment Date(s), (iii) the Principal Payment Default Date, or (iv) the Principal Accumulation Date, except as specified in the Related Funding Obligation Agreement. All Junior Subordinated Funding Obligations of each Series or Tranche will in all respects be equally and ratably entitled to the benefits hereof with respect to such Series or Tranche without preference, priority or distinction on account of (i) the actual

time of the incurrence, (ii) the Principal Payment Date(s), (iii) the Principal Payment Default Date, or (iv) the Principal Accumulation Date, except as specified in the Related Funding Obligation Agreement.

(b) On each Payment Date, Available Collections credited to the Collection Account since the previous Payment Date will be distributed in accordance with Section 7.04(e).

(c) Subject to subsection 7.04(f), if any amount below is payable on a date other than a Payment Date, prior to such payment being made, an amount will be reserved in the Collection Account equal to the amount estimated by the Manager in its commercially reasonable judgment, based upon amounts then known and/or reasonably expected to be or become payable on or before the next Payment Date, to be the aggregate amount of items *pari passu* or more senior in priority than such obligation, calculated on a *pro forma* basis, and if, due to such reservation of funds, there are insufficient funds available in the Collection Account to make such payment, such payment will be made only on the following Payment Date (and then only if funds are available pursuant to this Section 7.04).

(d) In the event of non-payment on any Payment Date of any amounts referred to in subsection 7.04(e), such amounts shall remain due and shall be payable on each subsequent Payment Date in the order of priority provided for in subsection 7.04(e), subject to Sections 7.10 and 8.13.

(e) Subject to Sections 7.04(f), 7.10 and 8.13, on each Payment Date (after making the applications provided for in Section 7.07(a)), any amount standing to the credit of the Collection Account will be distributed by the Paying Agent in the order of priority specified below, based upon the Payment Instruction received from the Manager in respect of such Payment Date, *pro rata* in proportion to the claims represented by each subclause except as otherwise specifically provided below:

(i) First, to the payment or remittance of all Taxes exigible for which a Governmental Authority is given priority over the Specified Creditors under the laws of the applicable jurisdiction;

(ii) Second, on a *pro rata* basis, to the Indenture Trustee and the Issuer Trustee in respect of the amount of fees, expenses and reimbursements owing, up to a maximum aggregate amount (without duplication of any amounts previously paid in respect of such fees, expenses and reimbursements) equal to the Trustee Cap with respect to each of the Issuer Trustee and the Indenture Trustee;

(iii) Third, *pari passu* (A) to transfer to the Interest Accumulation Account, the Interest Accrual Amount (Senior) for such Payment Date, and (B) to Derivative Counterparties, on a *pro rata* basis, all Derivative Funding Obligations payable other than Termination Payments;

(iv) Fourth, to transfer to the Interest Accumulation Account, the Interest Accrual Amount (Subordinated) for such Payment Date;

(v) Fifth, to transfer to the Interest Accumulation Account, the Interest Accrual Amount (Junior Subordinated) for such Payment Date,

(vi) Sixth, to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Warehouse) for such Payment Date;

(vii) Seventh, *pari passu* (A) to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Senior) for such Payment Date, and (B) to Derivative Counterparties, on a *pro rata* basis, any Termination Payment where the Derivative Counterparty is not the Defaulting Party or the sole Affected Party;

(viii) Eighth, to Debtholders, on a *pro rata* basis, all fees and other amounts (other than interest or principal) due and payable on the Senior Funding Obligations;

(ix) Ninth, to the Manager in respect of all fees, expenses and reimbursement amounts owing;

(x) Tenth, to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Subordinated) for such Payment Date;

(xi) Eleventh, to Debtholders, on a *pro rata* basis, all fees and other amounts (other than interest or principal) due and payable on the Subordinated Funding Obligations;

(xii) Twelfth, to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Junior Subordinated) for such Payment Date,

(xiii) Thirteenth, to deposit to the Program Cash Reserve Account, the amount, if any, by which the amount on deposit in the Program Cash Reserve Account is less than the Program Cash Reserve Required Amount;

(xiv) Fourteenth, to transfer such amounts as is sufficient to replenish, on a *pro rata* basis, any Series Capital Account or Series Finance Reserve Account as required by any Related Funding Obligation Agreement, other than any Series Capital Account or Series Finance Reserve Account related solely to Subordinated Funding Obligations or Junior Subordinated Funding Obligations;

(xv) Fifteenth, to transfer such amounts as is sufficient to replenish, on a *pro rata* basis, any Series Capital Reserve Account or Series Finance Reserve Account related solely to Subordinated Funding Obligations as required by any Related Funding Obligation Agreement;

(xvi) Sixteenth, to Debtholders, on a *pro rata* basis, all fees and other amounts (other than interest or principal) due and payable on the Junior Subordinated Funding Obligations;

(xvii) Seventeenth, to transfer such amounts as is sufficient to replenish, on a *pro rata* basis, any Series Capital Account or Series Finance Reserve Account related solely to Junior Subordinated Funding Obligations as required by any Related Funding Obligation Agreement;

(xviii) Eighteenth, to Derivative Counterparties, on a *pro rata* basis, any Termination Payment where the Derivative Counterparty is the Defaulting Party or the sole Affected Party;

(xix) Nineteenth, to the Issuer Trustee for the account of the beneficiaries of the Issuer, such amount as is required pursuant to the Declaration of Trust;

(xx) Twentieth, to the Manager in respect of all indemnity amounts owing;

(xxi) Twenty-First, *pari passu* (A) to the Indenture Trustee and the Issuer Trustee, in each case, in respect of the amount of any fees, expenses, reimbursements and indemnity amounts owing and not previously paid pursuant to clause (ii); (B) to the payment or remittance of all Taxes exigible and not previously paid pursuant to clause (i); and (C) to all other Specified Creditors not specifically referred to in this Section 7.04(e); in each case, including for each referenced party in subclauses (A), (B) and (C), any amounts payable to their respective Affiliates under the terms of any relevant indemnity; and

(xxii) Twenty-Second, any amounts remaining: (A) to be held in the Collection Account for distribution in the above order of priority on the succeeding Payment Date (or for distribution prior thereto as permitted or required pursuant to this Indenture); or (B) after the final Issuer Funding Obligation has been paid in full and discharged, and all of the other foregoing amounts are paid in full, together with all amounts due to the Indenture Trustee under Section 9.05 or otherwise, to the Issuer or as the Issuer designates.

(f) Notwithstanding subsections 7.04(b), (c) and (e):

(i) the transfer of any amounts deposited by IESO into the Collection Account on account of the IESO Cash Reserve Deposit Amount to the IESO Cash Reserve Account, and

(ii) the transfer of any amounts deposited into the Collection Account on account of one-time transaction costs and expenses in connection with the incurrence of Issuer Funding Obligations on or within three (3) Business Days of the closing date of such transaction,

shall, in each case, be made by the Paying Agent, based upon the Payment Instruction received from the Manager on the date applicable thereto without reserving for or paying amounts which are senior in priority to such obligation under subsection 7.04(e).

7.05 Allocation of Amounts on Deposit in Interest Accumulation Account

Subject to Section 7.10, on each Interest Payment Date, amounts on deposit in the Interest Accumulation Account will be distributed by the Paying Agent in the order of priority specified below, based upon the Payment Instruction received from the Manager in respect of such Interest Payment Date:

(a) First, to Debtholders, on a *pro rata* basis, in respect of all interest due and payable on the Senior Funding Obligations on such Interest Payment Date;

(b) Second, to Debtholders, on a *pro rata* basis, in respect of all interest due and payable on Subordinated Funding Obligations on such Interest Payment Date; provided that no payment of interest on Subordinated Funding Obligations shall be made under this Section 7.05(b) unless, after making such payment the amount remaining on deposit in the Interest Accumulation Account equals or exceeds the amount of accrued and unpaid interest on the Senior Funding Obligations as of such Interest Payment Date;

(c) Third, to Debtholders, on a *pro rata* basis, in respect of all interest due and payable on Junior Subordinated Funding Obligations on such Interest Payment Date; provided that no payment of interest on Junior Subordinated Funding Obligations shall be made under this Section 7.05(c) unless, after making such payment the amount remaining on deposit in the Interest Accumulation Account equals or exceeds the amount of accrued and unpaid interest on the Senior Funding Obligations and the Subordinated Funding Obligations as of such Interest Payment Date; and

(d) Fourth, any amounts remaining: (i) to be held in the Interest Accumulation Account for distribution in the above order of priority on the succeeding Interest Payment Date; or (ii) after the final Issuer Funding Obligation has been repaid in full, including all interest thereon, to be transferred to the Collection Account and applied in accordance with subsection 7.04(e);

provided that upon the occurrence and during the continuance of any Event of Default and acceleration of the Issuer Funding Obligations in accordance with Section 8.02, any amounts in the Interest Accumulation Account shall be applied in accordance with Section 8.13.

7.06 Allocation of Amounts on Deposit in Principal Accumulation Account

(a) Subject to Section 7.10, on each Interest Payment Date (after making the applications provided for in Section 7.05), to the extent that any interest which is due and payable on the Senior Funding Obligations, the Subordinated Funding Obligations and the Junior Subordinated Funding Obligations has not been paid,

an amount equal to such deficiency shall be withdrawn from the Principal Accumulation Account and applied to the payment of interest due and payable on such Issuer Funding Obligations, provided that if the amount to be applied pursuant to this clause (a) is insufficient to pay all such interest, the application of such amounts shall be made first to Senior Funding Obligations, then to Subordinated Funding Obligations, and finally to Junior Subordinated Funding Obligations, in each case, on a *pro rata* basis.

(b) Subject to Section 7.10, on each Principal Payment Date (after making the applications provided for in subsection 7.06(a)), amounts on deposit in the Principal Accumulation Account will be distributed by the Paying Agent in the order of priority specified below, based upon the Payment Instruction received from the Manager in respect of such Principal Payment Date:

(i) First, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of Warehouse Obligations payable on such Principal Payment Date;

(ii) Second, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of Senior Funding Obligations (other than Warehouse Obligations) payable on such Principal Payment Date;

(iii) Third, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of Subordinated Funding Obligations payable on such Principal Payment Date; provided that no payment of principal on Subordinated Funding Obligations shall be made under this subsection 7.06(b)(iii) unless, after making such payment, the amount remaining on deposit in the Principal Accumulation Account equals or exceeds the Required Principal Accumulation Amount (Senior) as of such Principal Payment Date; and

(iv) Fourth, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of Junior Subordinated Funding Obligations payable on such Principal Payment Date; provided that no payment of principal on Junior Subordinated Funding Obligations shall be made under this subsection 7.06(b)(iv) unless, after making such payment, the amount remaining on deposit in the Principal Accumulation Account equals or exceeds the sum of the Required Principal Accumulation Amount (Senior) and the Required Principal Accumulation Amount (Subordinated) as of such Principal Payment Date.

(c) Any amounts remaining after making the applications referred to in subsection 7.06(a) and subsection 7.06(b) shall: (i) be held in the Principal Accumulation Account for distribution under this Section 7.06 on the succeeding Interest Payment Date or Principal Payment Date; or (ii) after the final Issuer Funding Obligation has been repaid in full, be transferred to the Collection Account and applied in accordance with subsection 7.04(e).

(d) Notwithstanding the foregoing clauses in this Section 7.06, upon the occurrence and during the continuance of any Event of Default and acceleration of the Issuer Funding Obligations in accordance with Section 8.02, any amounts in the Principal Accumulation Account shall be applied in accordance with Section 8.13.

7.07 Allocation of Amounts on Deposit in IESO Cash Reserve Account

(a) On each Payment Date beginning on the Payment Date in November, 2021, an amount equal to the lesser of (x) the amounts to be paid or transferred pursuant to clauses (i) through (v) of subsection 7.04(e), and (y) the amount, if any, by which the amount on deposit in the IESO Cash Reserve Account exceeds the IESO Cash Reserve Required Amount shall be withdrawn from the IESO Cash Reserve Account and applied to make the payments or transfers described in clauses (i) through (v) of subsection 7.04(e) in the order in which they are to be paid or transferred under Section 7.04(e).

(b) On each Payment Date to the extent that the amount available for distribution under subsection 7.04(e) and the amounts, if any, available pursuant to subsection 7.07(a) is less than the sum of the amounts to be paid or transferred pursuant to clauses (i) through (v) of subsection 7.04(e), an amount equal to such deficiency shall be withdrawn from the IESO Cash Reserve Account and applied to the making of such payments and transfers in the order in which they are to be paid or transferred under subsection 7.04(e).

(c) Upon all funds in the IESO Cash Reserve Account being paid in accordance with clauses (a) and (b), the IESO Cash Reserve Account shall be closed.

7.08 Allocation of Amounts on Deposit in Program Cash Reserve Account

(a) On each Payment Date (after making the applications provided for in Section 7.07 and 7.04(e)), to the extent that the amount on deposit in the Interest Accumulation Account is less than the sum of the Interest Accrual Amount (Senior), the Interest Accrual Amount (Subordinated) and the Interest Accrual Amount (Junior Subordinated), in each case for such Payment Date, an amount equal to such deficiency shall be withdrawn from the Program Cash Reserve Account and deposited into the Interest Accumulation Account.

(b) On each Principal Payment Date (after making the applications provided for in subsection 7.08(a)), amounts on deposit in the Program Cash Reserve Account will be distributed by the Paying Agent in the order of priority specified below, based upon the Payment Instruction received from the Manager in respect of such Principal Payment Date:

(i) First, to the extent that the amount on deposit in the Principal Accumulation Account is less than the amount of principal due and payable on the Warehouse Obligations on such Principal Payment Date, an amount equal to such deficiency shall be applied, on a *pro rata* basis, to

the payment of principal due and payable on the Warehouse Obligations on such Principal Payment Date;

(ii) Second, to the extent that the amount on deposit in the Principal Accumulation Account is less than the amount of principal due and payable on the Senior Funding Obligations (other than Warehouse Obligations) on such Principal Payment Date, an amount equal to such deficiency shall be applied, on a *pro rata* basis, to the payment of principal due and payable on the Senior Funding Obligations (other than Warehouse Obligations) on such Principal Payment Date;

(iii) Third, to the extent that the amount available from the Principal Accumulation Account under subsection 7.06(b)(iii) is less than the amount of principal due and payable on the Subordinated Funding Obligations on such Principal Payment Date, an amount equal to such deficiency shall be applied, on a *pro rata* basis, to the payment of principal due and payable on the Subordinated Funding Obligations on such Principal Payment Date; and

(iv) Fourth, to the extent that the amount available from the Principal Accumulation Account under subsection 7.06(b)(iv) is less than the amount of principal due and payable on the Junior Subordinated Funding Obligations on such Principal Payment Date, an amount equal to such deficiency shall be applied, on a *pro rata* basis, to the payment of principal due and payable on the Junior Subordinated Funding Obligations on such Principal Payment Date.

(c) Any amounts remaining after making the applications referred to in subsection 7.08(a) and subsection 7.08(b) shall: (i) be held in the Program Cash Reserve Account for distribution under this Section 7.08 on the succeeding Interest Payment Date or Principal Payment Date; or (ii) after the final Issuer Funding Obligation has been repaid in full, be transferred to the Collection Account and applied in accordance with subsection 7.04(e).

(d) Notwithstanding the foregoing clauses in this Section 7.08, upon the occurrence and during the continuance of any Event of Default and acceleration of the Issuer Funding Obligations in accordance with Section 8.02, any amounts in the Program Cash Reserve Account shall be applied in accordance with Section 8.13.

7.09 Allocation of Amounts on Deposit in Refinancing Account

(a) ~~Not~~**Subject to the provisions of any applicable Funding Obligation Agreement, not** less than 30 days prior to the first day of the Reference Period that includes the Principal Accumulation Date or Principal Payment Date in respect of a Series of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations, the Issuer shall, if it intends to repay all or a portion of the principal obligations of such Funding

Obligation Agreement pursuant to a Refinancing, issue a Refinancing Notice to the Indenture Trustee.

(b) On completion of a Refinancing, all proceeds received by the Issuer shall be deposited to the Refinancing Account.

(c) On each Principal Payment Date, an amount shall be transferred from the Refinancing Account to the Principal Accumulation Account equal to the lesser of:

(i) the amount on deposit in the Refinancing Account; and

(ii) the Deferred Principal Accumulation Amount.

(d) After the final Issuer Funding Obligation has been repaid in full, any amounts remaining in the Refinancing Account shall be deposited to the Collection Account and applied in accordance with subsection 7.04(e).

(e) Notwithstanding the foregoing clauses in this Section 7.09, upon the occurrence and during the continuance of any Event of Default and the acceleration of the Issuer Funding Obligations in accordance with Section 8.02, any amounts in the Refinancing Account shall be applied in accordance with Section 8.13.

7.10 Allocation of Amounts on Deposit in Protection Account

(a) All amounts received by the Issuer from the Province pursuant to the Change of Law Protection Agreement shall be deposited in the Protection Account.

(b) On each Guarantee Payment Date in respect of which the Province makes a payment pursuant to the Change of Law Protection Agreement, the Paying Agent will, prior to making any payments under any other Payment Waterfall, distribute all amounts in the Protection Account solely to satisfy payments in respect of Approved Obligations as set out in the written statement delivered by the Manager to the Province under Section 2.01(a)i. of the Change of Law Protection Agreement in the order of priority the applicable Obligation Secured has under the applicable Payment Waterfall and based upon the Payment Instruction received from the Manager in respect of such Guarantee Payment Date.

(c) Upon the Province paying any amount in respect of an Approved Obligation as contemplated in subsection 7.10(b), the Province shall be subrogated and entitled to each applicable Specified Creditor's rights and interests under and in respect of the Approved Obligation to the extent of payments made to the Specified Creditor out of the Protection Account and shall be entitled to (i) the right and entitlement to be paid and receive the related Subrogation Amounts and (ii) the benefits of the related Collateral and all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Specified Creditor,

with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Issuer of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Specified Creditor to the Issuer and unaffected by any other rights or equities that arise thereafter as between the Specified Creditor and the Issuer. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the relevant Specified Creditor in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under this Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under this Indenture and any other agreement under which the Approved Obligation arises. For greater certainty, the entitlements of the Province in respect of Subrogation Amounts arising in respect of Approved Obligations that are interest and principal obligations on Notes shall be treated for all purposes of this Indenture as interest and principal obligations, respectively, arising under Notes having the same priority as and any applicable voting rights under the related Approved Obligations, and accordingly the Province (and any successor, assignee or transferee of such entitlements) shall be entitled to all of the rights, entitlements, interests and privileges of a holder of such Notes in accordance with this Indenture and the Related Funding Obligation Agreement.

(d) On each Guarantee Payment Date, Payment Date or other day on which any amount is required to be paid in respect of any Obligation Secured, commencing with the first Guarantee Payment Date, the following shall apply:

(i) if such day is a Guarantee Payment Date, then for each Approved Obligation for which amounts are paid from the Protection Account to a Specified Creditor pursuant to subsection 7.10(b), the amount payable to such Specified Creditor under such Approved Obligation shall be reduced by the ~~amount~~**respective amounts** of such ~~payment~~**payments**, and ~~an~~ equivalent ~~amount (the~~**amounts (each, a** "**Subrogation Amount**") shall be payable by the Issuer to the Province in respect of such Approved Obligation, such Subrogation ~~Amount~~**Amounts** to be payable in the same order of priority under the applicable Payment Waterfall as the **related amounts under the** Obligation Secured previously owing to such Specified Creditor.

(ii) if the Province has made all deposits required to be made by it on each Guarantee Payment Date occurring on or before such day in accordance with subsection 7.10(b) (or the related Approved Obligation Amounts have otherwise all been paid in full), then in respect of each Approved Obligation for which any related Subrogation Amounts have not yet been paid in full to the Province, the Issuer shall pay to the Province from amounts available under the applicable Payment Waterfall in accordance with the priority of payment provisions in such Payment Waterfall the amount that would be payable on such date in satisfaction of the relevant

Approved Obligation, as determined without regard to any amounts paid on any Guarantee Payment Date pursuant to subsection 7.10(b) and also without regard to the corresponding reduction of the amounts owing to present and former Specified Creditors pursuant to subsection 7.10(d)(i) up to the amount of the unpaid related Subrogation Amounts.

(e) No Specified Creditor having a right to be paid an amount in respect of an Approved Obligation, and no other Person entitled under an Obligation Secured, in each case that ranks equal with or subordinate to the Approved Obligation in respect of which a Subrogation Amount is payable to the Province under subsection 7.10(d), shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under subsection 7.10(d) (including any right of set-off, offset, reimbursement, contribution or indemnity) and no such Specified Creditor or other Person shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of any such Subrogation Amount.

(f) Any amount payable to the Province in respect of a Subrogation Amount shall bear interest from and including the date of payment by the Province of the related amount pursuant to subsection 7.10(b) to but excluding the date of payment of the Subrogation Amount to the Province, such interest to accrue at the rate equivalent to the applicable interest rate borne by the related Approved Obligation, and such interest amounts shall be added to their respective Subrogation Amounts and shall consequently be payable in the same priority as the relevant Subrogation Amount under subsection 7.10(d), all such accruing interest amounts to be calculated and added to the Subrogation Amounts by the Manager in its discretion acting in a commercially reasonable fashion.

(g) On each Guarantee Payment Date and upon demand by the Province, the Indenture Trustee shall release and the Paying Agent shall, upon receipt of a Payment Instruction, pay to the Province free and clear of any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay Specified Creditors on the Guarantee Payment Date in accordance with subsection 7.10(b) or that otherwise remains on deposit in the Protection Account on the relevant date.

(h) In preparing any Payment Instructions, the Manager shall reflect the amounts payable under Section 2.01(a) of the Change of Law Protection Agreement, if applicable.

7.11 Allocation of Amounts on Deposit in Series Accounts

If, after giving effect to payments made on any Payment Date, the amount in the Collection Account is insufficient to satisfy all amounts required to be paid to Specified Creditors on such date, amounts on deposit in any Series Account may be withdrawn from such Series Account and allocated to Specified Creditors in accordance with the terms of the Related Funding Obligation Agreement.

7.12 Payments to be Held in Trust

If, notwithstanding the Payment Waterfalls, any payment on Obligations Secured shall be received at any time by any Specified Creditor, other than in accordance with this Indenture, then the funds received in respect of such payment shall be held by such Specified Creditor in trust for the Issuer and the other Specified Creditors and such Specified Creditor shall forthwith remit to the Indenture Trustee such funds.

7.13 Application of Trust Money

All money and obligations deposited with the Indenture Trustee pursuant to this Article VII and all money received by the Indenture Trustee in respect of such obligations will be held in trust and applied by it, in accordance with the provisions of the Program Agreements in respect of which it was deposited and this Indenture, to the payment, either directly or through any Paying Agent (including the Issuer acting as its own Paying Agent) as the Indenture Trustee, at the direction of the Manager, may determine, to the Persons entitled thereto, of the principal, interest, fees and other amounts for whose payment that money and obligations have been deposited with or received by the Indenture Trustee. Money held by the Indenture Trustee in trust hereunder need not be segregated from other funds except to the extent required by this Indenture or by applicable law. The Indenture Trustee will be under no liability for interest on any money received by it hereunder except as otherwise agreed with the Issuer.

ARTICLE VIII
EVENTS OF DEFAULT AND REMEDIES

8.01 Events of Default

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

(a) a default by the Issuer in the payment of any interest on any Controlling Class Obligations when such interest becomes due and payable, and continuance of such default for a period of five (5) days following the date on which such interest became due and payable;

(b) a default by the Issuer in the payment of any principal of any Controlling Class Obligations at its Principal Payment Default Date;

(c) any representation or warranty contained in Section 12.01 proves to be incorrect in any material respect when made and such incorrect representation or warranty if capable of being remedied by the Issuer, has not been remedied for a period of 60 days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by Controlling Class Creditors holding at least 25% of the Outstanding Dollar Principal Amount of all Controlling Class Obligations, a written notice specifying such default or breach and requesting it to be remedied and stating that such

notice is a "Notice of Default" hereunder and, as a result of such default, the interests of such Controlling Class Creditors are materially and adversely affected and continue to be materially and adversely affected during the 60-day period;

(d) a default in the performance, or breach, of any covenant of the Issuer in this Indenture in respect of any Controlling Class Obligations (other than an agreement, covenant or warranty a default in the performance of which or the breach of which is elsewhere specifically dealt with in this Section 8.01), all of such covenants in this Indenture which are not expressly stated to be for the benefit of a particular Series of Issuer Funding Obligations being deemed to be in respect of all Series of Issuer Funding Obligations for this purpose, and continuance of such default or breach for a period of 60 days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by Controlling Class Creditors holding at least 25% of the Outstanding Dollar Principal Amount of all Controlling Class Obligations, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default" hereunder and, as a result of such default, the interests of such Controlling Class Creditors are materially and adversely affected and continue to be materially and adversely affected during the 60-day period;

(e) the Issuer fails to maintain its existence or its status as a Financing Entity or an Insolvency Event occurs in respect of the Issuer;

(f) the Change of Law Protection Agreement ceases to be in full force and effect against the Province, or the validity of the Change of Law Protection Agreement or the applicability thereof to the Province or to any Controlling Class Obligations or any other obligations purported to be secured thereby or any material part thereof shall be disaffirmed in writing by or on behalf of the Province;

(g) an Acceleration Event has occurred; provided that Controlling Class Creditors holding at least 25% of the Outstanding Dollar Principal Amount of all Controlling Class Obligations have given, by registered or certified mail, notice to the Issuer and the Indenture Trustee specifying such default and stating that such notice is a "Notice of Default" hereunder;

(h) a default in the performance or breach by the Issuer of its covenant in Section 13.11 and the continuance of such default or breach for a period of three (3) Business Days after notice thereof has been given to the Issuer by the Indenture Trustee;

(i) at any time, the amounts, if any, withdrawn from the Program Cash Reserve Account pursuant to Section 7.08(a) prior to such time, exceeds the aggregate of (x) an amount equal to 0.50% of the largest Outstanding Dollar Principal Amount of all Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations at any time on or before such time, plus (y) the

sum of all amounts deposited to the Program Cash Reserve Account pursuant to Section 7.04(e)(xiii) prior to such time; or

(j) a Servicer Default shall occur.

If Controlling Class Obligations constituting 25% or more of the Outstanding Dollar Principal Amount of all Controlling Class Obligations have been accelerated in accordance with the Related Funding Obligation Agreements, the threshold required to declare an Event of Default described in clause (c), (d) or (g) shall be deemed to have been met and no vote of Controlling Class Creditors to declare an Event of Default shall be required. For greater certainty, failure to pay amounts owing pursuant to a Derivative Agreement shall not constitute grounds for an Event of Default.

8.02 Acceleration of Maturity; Rescission and Annulment

(a) If an Event of Default (other than an Event of Default described in clause (e) or (f) of Section 8.01) occurs and is continuing, then and in each and every such case, unless the principal of all the Controlling Class Obligations shall have already become due and payable, either the Indenture Trustee or Controlling Class Creditors holding not less than 50% of the Outstanding Dollar Principal Amount of all Controlling Class Obligations (treated as one class), by notice in writing to the Issuer (and to the Indenture Trustee if given by such Controlling Class Creditors), may declare the Outstanding Dollar Principal Amount of all Issuer Funding Obligations (other than Derivative Funding Obligations) and all interest accrued or principal accreted and unpaid (if any) thereon to be due and payable immediately, and upon any such declaration the same will become and will be immediately due and payable, notwithstanding anything in this Indenture or any Funding Obligation Agreement to the contrary. In any vote to determine whether the requisite number of Controlling Class Creditors have agreed to accelerate the Issuer Funding Obligations pursuant to this subsection 8.02(a), Controlling Class Creditors whose Controlling Class Obligations have been accelerated in accordance with the Related Funding Obligation Agreements shall be deemed to have voted in favour of acceleration to the extent of the Outstanding Dollar Principal Amount of those Controlling Class Obligations which have been accelerated. If Controlling Class Obligations constituting 50% or more of the Outstanding Dollar Principal Amount of all Controlling Class Obligations have been accelerated in accordance with the Related Funding Obligation Agreements, no vote of Controlling Class Creditors to accelerate the Issuer Funding Obligations shall be required and all remaining Issuer Funding Obligations (other than Derivative Funding Obligations) will become and will be immediately due and payable, notwithstanding anything in this Indenture or any Funding Obligation Agreement to the contrary.

(b) If an Event of Default described in clause (e) or (f) of Section 8.01 occurs and is continuing, then all Issuer Funding Obligations (other than Derivative Funding Obligations) will automatically be and become immediately due and payable by the Issuer, without notice or demand to any Person, and the Issuer will

automatically and immediately be obligated to pay off the Issuer Funding Obligations.

(c) At any time after such a declaration of acceleration has been made or an automatic acceleration has occurred with respect to the Issuer Funding Obligations (other than Derivative Funding Obligations) and before a judgment or decree for payment of the money due has been obtained by the Indenture Trustee as hereinafter provided in this Article VIII, Controlling Class Creditors may, by Extraordinary Resolution, rescind and annul such declaration and its consequences if:

(i) the Issuer has paid or deposited with the Indenture Trustee a sum sufficient to pay (A) all overdue installments of interest on the Controlling Class Obligations, (B) the principal of any Controlling Class Obligations which have become due otherwise than by such declaration of acceleration, and interest thereon at the rate or rates prescribed therefor by the terms of the Related Funding Obligation Agreements, to the extent that payment of such interest is lawful, (C) interest upon overdue installments of interest at the rate or rates prescribed therefor by the terms of the Related Funding Obligation Agreements, to the extent that payment of such interest is lawful, and (D) all sums paid by the Indenture Trustee hereunder and the reasonable compensation, expenses and disbursements of the Indenture Trustee, its agents and counsel and all other amounts due to the Indenture Trustee under Section 9.05; and

(ii) all Events of Default, other than the nonpayment of the principal of the Controlling Class Obligations which has become due solely by such acceleration, have been cured or waived as provided in Section 8.03.

(d) If, at any time, any Event of Default capable of being remedied has been remedied by the Issuer to the satisfaction of the Indenture Trustee: (i) the Security Interest will no longer be or be deemed to be enforceable by reason of such Event of Default; (ii) any rights which had become vested in the Indenture Trustee by virtue thereof will be and be deemed to be cancelled as fully and to the same extent as though no such Event of Default had occurred; and (iii) the Indenture Trustee will, or will instruct any receiver appointed pursuant to this Indenture to restore to the Issuer any Collateral in the possession of the Indenture Trustee or receiver, as the case may be.

(e) No such rescission will affect any subsequent Default or impair any right consequent thereon, nor will any such rescission apply to any event of default applicable solely to any Series or Tranche of Issuer Funding Obligations and contained in any Related Funding Obligation Agreement.

8.03 Waiver of Past Defaults

Subject to Section 8.02(c), Controlling Class Creditors may, by Ordinary Resolution, waive any past Default hereunder and its consequences, provided that the Rating Agency Condition in respect of each Series or Tranche of the Controlling Class Obligations has been satisfied. Upon any such waiver, such Default will cease to exist, and any Event of Default arising therefrom will be deemed to have been cured, for every purpose of this Indenture; but no such waiver will extend to any subsequent or other Default or impair any right consequent thereon.

8.04 Notice of Defaults

(a) Within 90 days after the occurrence of any Default, Event of Default or Acceleration Event of which the Indenture Trustee has received written notice:

(i) the Indenture Trustee will transmit by mail to all Registered Noteholders, as their names and addresses appear in the Note Register, notice of such Default, Event of Default or Acceleration Event;

(ii) the Indenture Trustee will notify all holders of Bearer Notes by publication of notice of such Default, Event of Default or Acceleration Event in an Authorized Newspaper, or as otherwise provided in the Related Supplemental Indenture;

(iii) the Indenture Trustee will give prompt written notification of such Default, Event of Default or Acceleration Event to those Lenders and other Specified Creditors that are included on the Specified Creditor list provided by the Issuer pursuant to subsection 13.13(b); and

(iv) the Indenture Trustee will give prompt written notification of such Default, Event of Default or Acceleration Event to the Rating Agencies;

provided, however, that (A) the Indenture Trustee shall not be liable for failing to distribute any written notice pursuant to this Section 8.04 to any party that is at the time of delivery a Specified Creditor but is not on the list of Specified Creditors held by the Indenture Trustee pursuant to subsection 9.14(a), and (B) except in the case of a default in the payment of the principal of or interest on any Issuer Funding Obligation, the Indenture Trustee will be protected in withholding such notice if and so long as a Responsible Officer of the Indenture Trustee in good faith determines that the withholding of such notice is in the interests of Debtholders.

(b) When notice of the occurrence of a Default, Event of Default or Acceleration Event has been given and the Default, Event of Default or Acceleration Event is thereafter cured, notice that the Default, Event of Default or Acceleration Event is no longer continuing shall be given by the Indenture Trustee to Persons to whom notice was sent pursuant to subsection 8.04(a) within a reasonable time, but not exceeding 30 days in any event, after the Indenture Trustee receives notice from

the applicable Debtholders that the Default, Event of Default or Acceleration Event has been cured.

8.05 Remedies Generally

Subject to subsections 8.02(c) and (d) and Section 8.03, if the Controlling Class Obligations become due and payable pursuant to Section 8.02 and the Issuer has failed to pay such Controlling Class Obligations, the Indenture Trustee (subject, however, to compliance with the provisions of Section 9.02(d) with respect to the giving of indemnity and funds) may proceed to realize upon the Security Interest and to enforce the rights of the Indenture Trustee and of the Specified Creditors to whom Obligations Secured are owed by (i) application to any court of competent jurisdiction for an order of sequestration and payment of amounts in respect of clean energy adjustments, collections or remittances in accordance with the Act, (ii) possession of the Collateral, (iii) appointment of a receiver with respect to the Collateral, (iv) proceedings in any court of competent jurisdiction for the appointment of a receiver or for sale of the Collateral or any part thereof, or for foreclosure, (v) subject to Section 10.02, exercise any of the rights of the Issuer under any of the Program Agreements, including the right to replace the Manager or the Servicer in accordance with Section 8.10, or (vi) any other action, suit, remedy or proceeding authorized or permitted by this Indenture or by applicable law or by equity.

8.06 Default Interest and Expenses

The Issuer covenants that if:

(a) the Issuer defaults in the payment of interest on any Series of Controlling Class Obligations when such interest becomes due and payable and such default continues for a period of five (5) days following the Interest Payment Date on which such interest became due and payable, or

(b) the Issuer defaults in the payment of the principal amount of any Series of Controlling Class Obligations on the Principal Payment Default Date thereof;

the Issuer will, upon demand of the Indenture Trustee, pay (subject to the allocation provided in Article VII and this Article VIII and any Related Funding Obligation Agreement) to the Indenture Trustee, for the benefit of the Debtholders of any such Issuer Funding Obligations, the whole amount then due and payable on any such Issuer Funding Obligations for principal and interest, with interest, to the extent that payment of such interest will be legally enforceable, upon the overdue principal and upon overdue installments of interest, (i) in the case of interest-bearing Issuer Funding Obligations, at the rate of interest applicable to the principal amount thereof, unless otherwise specified in the Related Funding Obligation Agreement; and (ii) in the case of Discount Notes, as specified in the Related Supplemental Indenture, and in addition thereto, will pay such further amount as will be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Indenture Trustee, its agents and counsel and all other amounts due to the Indenture Trustee under Section 9.05.

If the Issuer fails to pay such amounts forthwith upon such demand, the Indenture Trustee may, if the Issuer Funding Obligations have been accelerated in accordance with Section 8.02,

take immediate steps to enforce the Security Interest, including instituting, in its own name and as trustee of an express trust, a judicial proceeding seeking the appointment of a receiver or a judicial proceeding for the collection of the sums so due and unpaid, and may directly prosecute such proceeding to judgment or final decree, and the Indenture Trustee may enforce the same against the Issuer and collect the money adjudged or decreed to be payable in the manner provided by applicable law out of the Collateral, wherever situated.

8.07 Indenture Trustee May File Proofs of Claim

In case of the pendency of any receivership, insolvency, liquidation, bankruptcy or other similar proceeding relative to the Issuer or the property of the Issuer, the Indenture Trustee (irrespective of whether the principal of the Issuer Funding Obligations will then be due and payable as therein expressed or by declaration or otherwise) will be entitled and empowered by intervention in such proceeding or otherwise:

(a) to file and prove a claim for the whole amount of principal, interest, fees and other amounts owing and unpaid in respect of the Issuer Funding Obligations and to file such other papers or documents as may be necessary and advisable in order to have the claims of the Indenture Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Indenture Trustee, its agents and counsel and all other amounts due to the Indenture Trustee under Section 9.05) and of the Debtholders allowed in such judicial proceeding, and

(b) to collect and receive any funds or other property payable or deliverable on any such claims and to distribute the same;

and any receiver, assignee, trustee, liquidator or other similar official in any such proceeding is hereby authorized by each Specified Creditor to make such payment to the Indenture Trustee, and in the event that the Indenture Trustee will consent to the making of such payments directly to the Specified Creditors, to pay to the Indenture Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Indenture Trustee, its agents and counsel, and any other amounts due to the Indenture Trustee under Section 9.05.

8.08 Indenture Trustee May Enforce Claims Without Possession of Notes

All rights of action and claims under this Indenture or the Notes of any Class, Series or Tranche may be prosecuted and enforced by the Indenture Trustee without the possession of any of the Notes of such Class, Series or Tranche or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Indenture Trustee will be brought in its own name as trustee of an express trust.

8.09 Indenture Trustee May Elect to Hold the Collateral

Following an acceleration of Issuer Funding Obligations in accordance with Section 8.02, the Indenture Trustee may elect to continue to hold the Collateral and apply distributions on the Collateral in accordance with the distribution provisions of Section 8.13.

8.10 Termination by Indenture Trustee of Manager and Servicer

Upon the occurrence and during the continuance of an Event of Default, the Indenture Trustee shall have the right to (and, upon receipt of an Extraordinary Resolution to that effect, shall) terminate the appointment of the then existing Manager under the Management Agreement and/or the Servicer under the Master Transfer and Servicing Agreement, and appoint new Persons under such agreements in accordance with such direction, provided that the Issuer shall have the right to reinstate any appointee under such agreements at such time as the Event of Default is no longer continuing.

8.11 Control by Controlling Class Creditors

(a) Subject to Section 10.02(b), Controlling Class Creditors will, by Ordinary Resolution, have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Indenture Trustee, or exercising any trust or power conferred on the Indenture Trustee with respect to all Issuer Funding Obligations, provided that:

(i) the Indenture Trustee will have the right to decline to follow any such direction if the Indenture Trustee, being advised by counsel, determines that the action so directed may not lawfully be taken or would conflict with this Indenture, or if the Indenture Trustee in good faith determines that the proceedings so directed would involve it in personal liability or be unjustly prejudicial to the Controlling Class Creditors not taking part in such direction; and

(ii) the Indenture Trustee may take any other action permitted hereunder deemed proper by the Indenture Trustee which is not inconsistent with such direction.

(b) For greater certainty, Specified Creditors other than Debtholders shall not and do not have any right to direct the time, method and place of conducting any proceeding for any remedy available to the Indenture Trustee, or exercising any trust or power conferred on the Indenture Trustee. Specified Creditors other than Debtholders shall only have the right to receive proceeds following an Event of Default in the manner provided for in Section 8.13.

8.12 Limitation on Suits

To the fullest extent permitted by applicable law, no Specified Creditor will have any right to institute any proceeding, judicial or otherwise, with respect to this Indenture, or for the appointment of a receiver or trustee or similar official, or for any other remedy hereunder, unless:

(a) the Issuer or a Controlling Class Creditor has previously given written notice to the Indenture Trustee of a continuing Event of Default;

(b) Controlling Class Creditors, by way of Ordinary Resolution, have made written request to the Indenture Trustee to institute proceedings in respect of such Event of Default in the name of the Indenture Trustee hereunder;

(c) such Controlling Class Creditors have offered to the Indenture Trustee (when so requested by the Indenture Trustee) indemnity reasonably satisfactory to it against the costs, expenses and liabilities to be incurred in compliance with such request; and

(d) the Indenture Trustee, for 60 days after the Indenture Trustee has received such notice, request and offer of indemnity has failed to institute any such proceeding;

it being understood and intended that no one or more Specified Creditors will have any right in any manner whatsoever by virtue of, or by availing of, any provision of this Indenture to affect, disturb or prejudice the rights of any other Specified Creditor, or to obtain or to seek to obtain priority or preference over any other Specified Creditor or to enforce any right under this Indenture, except in the manner herein provided and for the benefit of all Specified Creditors. If the above conditions have been met, a Controlling Class Creditor may exercise such rights in accordance with this Indenture.

8.13 Application of Money Following an Event of Default

Subject to the following paragraph and to Section 7.10, upon the occurrence and during the continuance of an Event of Default which has been accelerated in accordance with Section 8.02, any money or other property standing in each Issuer Account or otherwise received by the Indenture Trustee pursuant to this Article VIII will be applied in the order of priority specified in this Section 8.13, *pro rata* in proportion to the claims represented by each subclause, except as otherwise specifically provided below:

(a) First, to the payment or remittance of all Taxes exigible for which a Governmental Authority is given priority over the Specified Creditors under the laws of the applicable jurisdiction;

(b) Second, to the Indenture Trustee and the Issuer Trustee in respect of the amount of fees, expenses and reimbursements owing;

(c) Third, *pari passu*, (A) to Debtholders, on a *pro rata* basis, in respect of all interest accrued and unpaid, if any, and fees and other amounts (other than principal) due and payable on the Senior Funding Obligations, and (B) to Derivative Counterparties, on a *pro rata* basis, all Derivative Funding Obligations payable other than Termination Payments;

(d) Fourth, to Debtholders, on a *pro rata* basis, in respect of all interest accrued and unpaid, if any, and fees and other amounts (other than principal) due and payable on the Subordinated Funding Obligations;

(e) Fifth, to Debtholders, on a *pro rata* basis, in respect of all interest accrued and unpaid, if any, and fees and other amounts (other than principal) due and payable on the Junior Subordinated Funding Obligations;

(f) Sixth, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of the Warehouse Obligations until such amount has been paid in full;

(g) Seventh, *pari passu*, (A) to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of the Senior Funding Obligations (other than Warehouse Obligations) until such amount has been paid in full, and (B) to Derivative Counterparties, on a *pro rata* basis, any Termination Payment where the Derivative Counterparty is not the Defaulting Party or the sole Affected Party;

(h) Eighth, to the Manager in respect of all fees, expenses and reimbursement amounts owing;

(i) Ninth, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of the Subordinated Funding Obligations until such amount has been paid in full;

(j) Tenth, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of the Junior Subordinated Funding Obligations until such amount has been paid in full;

(k) Eleventh, to each Derivative Counterparty, on a *pro rata* basis, any Termination Payment where the Derivative Counterparty is the Defaulting Party or the sole Affected Party;

(l) Twelfth, to the Manager in respect of all indemnity amounts owing;

(m) Thirteenth, *pari passu* (i) to the payment or remittance of all Taxes exigible and not previously paid pursuant to clause (a); and (ii) to all other Specified Creditors not specifically referred to in this Section 8.13; in each case, including for each referenced party in subclauses (i) and (ii), any amounts payable to their respective Affiliates under the terms of any relevant indemnity; and

(n) Fourteenth, to the Issuer or as the Issuer otherwise directs.

Notwithstanding the foregoing, amounts on deposit in a Series Account established solely for the benefit of one or more Series of Issuer Funding Obligations shall first be used to satisfy all obligations owing to those Debtholders or Derivative Counterparties for whom such Series Account was established. If any amounts remain following such application, such amounts shall constitute Available Collections and shall be applied in accordance with the priorities set out above. In addition, amounts on deposit in the Protection Account shall only be used to satisfy the obligations for which such amounts were deposited.

8.14 Limited Recourse

(a) Notwithstanding any other provision of this Indenture to the contrary, the obligation to pay principal of or interest on any Issuer Funding Obligation or any other amount payable to any Specified Creditor will be without recourse to the Indenture Trustee, the Issuer Trustee, the Manager or any Affiliate, officer, employee, member or director of any of them, and the satisfaction of the obligation of the Issuer to pay principal of or interest on any Issuer Funding Obligation or any other amount payable to any Specified Creditor will be subject to the allocation and payment provisions of this Indenture and any Related Funding Obligation Agreement, and limited to amounts available from the Collateral.

(b) No recourse may be taken, directly or indirectly, with respect to the obligations of the Issuer under the Issuer Funding Obligations or under this Indenture, or any certificate or other writing delivered in connection herewith or therewith, against (i) the Issuer Trustee in its individual capacity, (ii) any owner of a unit in the Issuer or (iii) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Issuer Trustee in its individual capacity, any holder of a unit in the Issuer or the Issuer Trustee or of any successor or assign of the Issuer Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Issuer Trustee has no such obligations in its individual capacity).

(c) Under no circumstances shall the Manager or any of its Affiliates be deemed an obligor or guarantor or otherwise deemed to be responsible for payment from its own funds of principal, interest, dividends or other amounts due on the Collateral, the Issuer Funding Obligations or any other Obligations Secured.

8.15 Restoration of Rights and Remedies

If the Indenture Trustee or any Controlling Class Creditor (to the extent and in the manner provided for in Section 8.12) has instituted any proceeding to enforce any right or remedy under this Indenture and such proceeding has been discontinued or abandoned for any reason, then and in every such case the Issuer, the Indenture Trustee and the Specified Creditors will, subject to any determination in such proceeding, be restored severally and respectively to their former positions hereunder, and thereafter all rights and remedies of the Indenture Trustee and the Specified Creditors will continue as though no such proceeding had been instituted.

8.16 Rights and Remedies Cumulative

No right or remedy herein conferred upon or reserved to the Indenture Trustee or to the Specified Creditors is intended to be exclusive of any other right or remedy, and every right and remedy will, to the extent permitted by applicable law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, will not prevent the concurrent assertion or employment of any other appropriate right or remedy.

8.17 Delay or Omission Not Waiver

No delay or omission of the Indenture Trustee or of any Controlling Class Creditor to exercise any right or remedy accruing upon any Event of Default will impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article VIII or by applicable law to the Indenture Trustee or to the Controlling Class Creditors may be exercised from time to time, and as often as may be deemed expedient, by the Indenture Trustee or by the Controlling Class Creditors, as the case may be.

8.18 Waiver of Stay or Extension Laws

The Issuer covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law wherever enacted, now or at any time hereafter in force, which may affect the covenants or the performance of this Indenture; and the Issuer (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Indenture Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

8.19 Indenture Trustee Appointed Attorney

The Issuer irrevocably constitutes and appoints the Indenture Trustee and any officer or employee thereof, with full power of substitution, as its true and lawful attorney coupled with an interest with full power and authority in the name of the Issuer or in its own name, in its discretion, upon the occurrence and during the continuance of any Event of Default and acceleration in accordance with Section 8.02, for the purpose of carrying out the terms of this Indenture to take all appropriate action and to execute any and all documents and instruments which may be necessary or desirable to accomplish the purposes hereof, and without limiting the generality of the foregoing, hereby gives the Indenture Trustee the power and right on behalf of the Issuer, without notice to or assent by the Issuer, to the extent permitted by applicable law, to do the following:

(a) to ask for, demand, sue for, collect and receive all and any monies due or becoming due with respect to the Collateral;

(b) to receive, take, endorse, assign and deliver any and all cheques, notes, drafts, acceptances, documents and other negotiable and non-negotiable instruments, documents and chattel paper taken or received by the Indenture Trustee in connection therewith and herewith; and

(c) to commence, file, prosecute, defend, settle, compromise or adjust any claim, suit, action or proceeding with respect to the Collateral.

8.20 Disclaimer of Marshalling

In the event that the Security Interest shall become enforceable and the Indenture Trustee shall have determined or become bound to enforce the same, the Issuer covenants not to invoke

the doctrine of marshalling or any other equitable principle for the purpose of requiring the Indenture Trustee to realize or to have realized on any particular asset forming part of the Collateral.

ARTICLE IX
THE INDENTURE TRUSTEE

9.01 Certain Duties and Responsibilities

(a) The Indenture Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture with respect to the Obligations Secured, and no implied covenants or obligations will be read into this Indenture against the Indenture Trustee.

(b) In the exercise of the rights and duties prescribed or conferred by the terms of this Indenture, the Indenture Trustee will act honestly and in good faith with a view to the best interests of the Debtholders as a whole and exercise that degree of care, diligence and skill that a reasonably prudent trustee would exercise in comparable circumstances. When all Issuer Funding Obligations have been satisfied and discharged in accordance with Section 2.08(b), the Indenture Trustee shall no longer act as Indenture Trustee under this Indenture and shall have no fiduciary responsibilities to any remaining Specified Creditors. From and after such time, the Indenture Trustee shall act only as the security agent for those Specified Creditors.

(c) In the absence of bad faith on its part, the Indenture Trustee may, with respect to any Obligations Secured, conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Indenture Trustee and conforming to the requirements of this Indenture; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Indenture Trustee, the Indenture Trustee will be under a duty to examine the same to determine whether or not they substantially conform to the requirements of this Indenture (but need not confirm or investigate the accuracy of any mathematical calculations or other facts stated therein).

(d) No provision of this Indenture will be construed to relieve the Indenture Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(i) this clause (d) will not be construed to limit the effect of subsection 9.01(a);

(ii) the Indenture Trustee will not be liable for any error of judgment made in good faith, unless it will be proved that the Indenture Trustee was negligent in ascertaining the pertinent facts;

(iii) the Indenture Trustee will not be liable with respect to any action taken or omitted to be taken by it in good faith if so directed by Extraordinary Resolution, relating to the time, method and place of conducting any proceeding for any remedy available to the Indenture Trustee, or exercising any trust or power conferred upon the Indenture Trustee, under this Indenture with respect to the Obligations Secured; and

(iv) no provision of this Indenture will require the Indenture Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers.

(e) Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Indenture Trustee will be subject to the provisions of this Section 9.01.

9.02 <u>Certain Rights of Indenture Trustee</u>

Except as otherwise provided in Section 9.01:

(a) the Indenture Trustee may conclusively rely and will be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture or other paper or document (whether in its original, facsimile or other electronic form) believed by it to be genuine and to have been signed or presented by the proper party or parties;

(b) whenever in the administration of this Indenture the Indenture Trustee will deem it desirable that a matter be proved or established before taking, suffering or omitting any action hereunder, the Indenture Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon an Officer's Certificate;

(c) the Indenture Trustee may consult with counsel of its own selection and the advice of such counsel or any Opinion of Counsel will be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon;

(d) the Indenture Trustee will be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Controlling Class Creditors pursuant to this Indenture, unless such Controlling Class Creditors shall have offered to the Indenture Trustee security or indemnity reasonably satisfactory to it against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction;

(e) the Indenture Trustee will not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture or other paper or

document, but the Indenture Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Indenture Trustee will determine to make such further inquiry or investigation, it will be entitled to examine the books, records and premises of the Issuer, personally or by agent or attorney;

(f) the Indenture Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Indenture Trustee will not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder;

(g) the Indenture Trustee will not be responsible for filing any financing statements or continuation statements in connection with the Obligations Secured or the Security Interest, but will cooperate with the Issuer in connection with the filing of such financing statements or amendments to such financing statements;

(h) the Indenture Trustee shall not be deemed to have notice of any default (including any Servicer Default, Default or Event of Default) unless written notice of any event which is in fact such a default is received by the Indenture Trustee at the Corporate Trust Office of the Indenture Trustee, and such notice references the Issuer Funding Obligations and this Indenture;

(i) the rights, privileges, protections, immunities and benefits given to the Indenture Trustee, including, without limitation, its right to be indemnified, are extended to, and shall be enforceable by, the Indenture Trustee in each of its capacities hereunder, and each agent, custodian and other Person employed to act hereunder;

(j) the Indenture Trustee shall not be liable for any action taken, suffered or omitted to be taken by it in good faith and reasonably believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture;

(k) the Indenture Trustee shall be entitled to and may rely absolutely upon each Payment Instruction and the Indenture Trustee will have no obligation (i) to perform any calculations under any of the Program Agreements, (ii) to reconcile any Issuer Account against the other(s) or the Program Agreements, or (iii) to monitor any change in the legislation governing any of the Program Agreements;

(l) the Indenture Trustee will be entitled to rely and act upon any direction, order, instruction, notice or communication provided to it under this Indenture which is sent to it by Electronic Methods. The Indenture Trustee shall have no liability for any losses, liabilities, costs or expenses incurred by it as a result of such reliance upon or compliance with such instructions or directions. The Issuer agrees: (i) to assume all risks arising out of the use of such Electronic Methods to submit instructions and directions to the Indenture Trustee, including without limitation the risk of the Indenture Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the

protections and risks associated with the various methods of transmitting instructions to the Indenture Trustee and that there may be more secure methods of transmitting instructions than the method(s) selected by the Issuer; and (iii) that the security procedures (if any) to be followed in connection with its transmission of instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and

(m) the Indenture Trustee will not be liable for any consequential, punitive or special damages.

9.03 Not Responsible for Recitals or Issuer Funding Obligations

The recitals contained herein and in the Funding Obligation Agreements, except the Certificates of Authentication, will be taken as the statements of the Issuer, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Indenture or of the Funding Obligation Agreements. The Indenture Trustee will not be accountable for the use or application by the Issuer of Notes, Borrowings or the proceeds thereof.

9.04 May Hold Notes

The Indenture Trustee, the Issuer Trustee, any Paying Agent, the Note Registrar, the Manager or any other agent of the Issuer, in its individual or any other capacity, may become the owner or pledgee of Notes and, subject to subsection 9.07(e) and applicable legislation, may otherwise deal with the Issuer with the same rights it would have if it were not Indenture Trustee, Issuer Trustee, Paying Agent, Note Registrar, Manager or such other agent.

9.05 Compensation and Reimbursement; Limit on Compensation Reimbursement and Indemnity

(a) The Issuer agrees:

(i) to pay to the Indenture Trustee from time to time reasonable compensation for all services rendered by it hereunder (which compensation will not be limited by any provision of law in regard to the compensation of a trustee of an express trust);

(ii) except as otherwise expressly provided herein, to reimburse the Indenture Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Indenture Trustee in accordance with any provision of this Indenture (including the reasonable compensation and the reasonable expenses and disbursements of its agents and counsel), except any such expense, disbursement or advance as may be attributable to its own negligence or bad faith; and

(iii) to indemnify the Indenture Trustee for, and to hold it harmless against, any and all loss, liability, expense, claim, damage or injury incurred without negligence or bad faith on its part, arising out of or in connection with the

acceptance or administration of the trusts hereunder, including the costs and expenses of defending itself against any claim or liability (whether asserted by the Issuer, any Specified Creditor or any other Person) in connection with the exercise or performance of any of its powers or duties hereunder.

The Indenture Trustee will have no recourse to any asset of the Issuer other than funds available pursuant to Section 7.04, 7.10 or 8.13, or to any Person other than the Issuer.

(b) This Section 9.05 will survive the termination of this Indenture and the resignation or replacement of the Indenture Trustee under Section 9.07.

9.06 Corporate Indenture Trustee Required; Eligibility

There will at all times be an Indenture Trustee hereunder which will be either a bank, a trust company or a corporation organized and doing business under the laws of Canada or of any province or territory thereof, authorized under such laws to carry on a trust business as contemplated hereby in each of the provinces and territories of Canada. The Issuer may not, nor may any Person directly or indirectly controlling, controlled by, or under common control with the Issuer, serve as Indenture Trustee. If at any time the Indenture Trustee will cease to be eligible in accordance with the provisions of this Section 9.06, it will resign immediately in the manner and with the effect hereinafter specified in this Article IX.

9.07 Resignation and Removal; Appointment of Successor

(a) No resignation or removal of the Indenture Trustee and no appointment of a successor Indenture Trustee pursuant to this Article IX will become effective until the acceptance of appointment by the successor Indenture Trustee under Section 9.08.

(b) The Indenture Trustee may resign at any time by giving written notice thereof to the Issuer. If an instrument of acceptance by a successor Indenture Trustee shall not have been delivered to the Indenture Trustee within 30 days after the giving of such notice of resignation, the resigning Indenture Trustee may petition any court of competent jurisdiction for the appointment of a successor Indenture Trustee.

(c) The Indenture Trustee may be removed at any time by Ordinary Resolution of the Controlling Class Creditors delivered to the Indenture Trustee and to the Issuer. If an instrument of acceptance by a successor Indenture Trustee shall not have been delivered to the Indenture Trustee within 30 days after the giving of such notice of removal, the Indenture Trustee being removed may petition any court of competent jurisdiction for the appointment of a successor Indenture Trustee.

(d) If at any time:

(i) the Indenture Trustee ceases to be eligible under Section 9.06 and fails to resign after written request therefor by the Issuer or by any Controlling Class Creditor, or

(ii) the Indenture Trustee becomes incapable of acting, or

(iii) the Indenture Trustee is adjudged bankrupt or insolvent, or a receiver of the Indenture Trustee or of its property is appointed, or any public officer takes charge or control of the Indenture Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation,

then, in any such case, (A) the Issuer may remove the Indenture Trustee, or (B) any Controlling Class Creditor who has been a *bona fide* Controlling Class Creditor for at least six (6) months may, on behalf of itself and all other Debtholders, petition any court of competent jurisdiction for the removal of the Indenture Trustee and the appointment of a successor Indenture Trustee.

(e) The Indenture Trustee shall resign if a material conflict of interest arises in its role as a trustee under this Indenture that is not eliminated within 90 days after the Indenture Trustee becomes aware that it has such a material conflict of interest. Forthwith after the Indenture Trustee becomes aware that it has a material conflict of interest, it shall provide the Issuer with written notice of the nature of that conflict. If, notwithstanding the foregoing provisions of this subsection 9.07(e), the Indenture Trustee has such a material conflict of interest, the validity and enforceability of this Indenture and of the Funding Obligation Agreements shall not be affected in any manner whatsoever by reason only of the existence of such material conflict of interest. If the Indenture Trustee contravenes the foregoing provisions of this subsection 9.07(e), any interested Person may apply to a court of competent jurisdiction for an order that the Indenture Trustee be replaced as trustee hereunder. The Indenture Trustee represents to the Issuer that at the time of the execution and delivery hereof, no material conflict of interest exists in the Indenture Trustee's role as a fiduciary hereunder.

(f) If the Indenture Trustee resigns, is removed or becomes incapable of acting, or if a vacancy shall occur in the office of the Indenture Trustee for any cause, the Issuer will promptly appoint a successor Indenture Trustee. If, within one (1) year after such resignation, removal or incapacity, or the occurrence of such vacancy, a successor Indenture Trustee is appointed by Ordinary Resolution of Controlling Class Creditors delivered to the Issuer and the retiring Indenture Trustee, the successor Indenture Trustee so appointed will, forthwith upon its acceptance of such appointment, become the successor Indenture Trustee and supersede the successor Indenture Trustee appointed by the Issuer. If no successor Indenture Trustee shall have been so appointed by the Issuer or Controlling Class Creditors and accepted in the manner hereinafter provided, any Controlling Class Creditor who has been a *bona fide* Controlling Class Creditor for at least six (6) months

may, on behalf of itself and all other Debtholders, petition any court of competent jurisdiction for the appointment of a successor Indenture Trustee.

(g) The Issuer will give written notice of each resignation and each removal of the Indenture Trustee and each appointment of a successor Indenture Trustee to each Specified Creditor as provided in Article XV and to each Rating Agency. To facilitate delivery of such notice, upon request by the Issuer, the retiring Indenture Trustee shall provide to the Issuer a list of all Specified Creditors. Each notice will include the name of the successor Indenture Trustee and the address of its Corporate Trust Office.

(h) Upon such resignation, the Indenture Trustee shall be discharged from all further duties and liabilities under this Indenture.

9.08 Acceptance of Appointment by Successor

Every successor Indenture Trustee appointed hereunder will execute, acknowledge and deliver to the Issuer and to the predecessor Indenture Trustee an instrument accepting such appointment, with a copy to the Rating Agencies, and thereupon the resignation or removal of the predecessor Indenture Trustee will become effective, and such successor Indenture Trustee, without any further act, deed or conveyance, will become vested with all the rights, powers, trusts and duties of the predecessor Indenture Trustee; but, on request of the Issuer or the successor Indenture Trustee, such predecessor Indenture Trustee will execute and deliver an instrument transferring to such successor Indenture Trustee all the rights, powers and trusts of the predecessor Indenture Trustee, and will duly assign, transfer and deliver to such successor Indenture Trustee all property and money held by such predecessor Indenture Trustee hereunder, subject nevertheless to its Lien, if any, provided for in Section 9.05. Upon request of any such successor Indenture Trustee, the Issuer will execute any and all instruments for more fully and certainly vesting in and confirming to such successor Indenture Trustee all such rights, powers and trusts.

No successor Indenture Trustee will accept its appointment unless at the time of such acceptance, such successor Indenture Trustee will be qualified and eligible under this Article IX.

9.09 Merger, Conversion, Consolidation or Succession to Business

Any corporation into which the Indenture Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Indenture Trustee shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Indenture Trustee, will be the successor of the Indenture Trustee hereunder, provided such corporation shall be otherwise qualified and eligible under this Article IX, without the execution or filing of any paper or any further act on the part of any of the parties hereto. The Indenture Trustee shall give prompt written notice of such merger, conversion, consolidation or succession to the Issuer and the Rating Agencies. In case any Notes shall have been authenticated, but not delivered, by the Indenture Trustee then in office, any successor by merger, conversion or consolidation to such authenticating Indenture

Trustee may adopt such authentication and deliver the Notes so authenticated with the same effect as if such successor Indenture Trustee had itself authenticated such Notes.

9.10 Trust Indenture Legislation

(a) In this Article IX, the term "**applicable legislation**" means the provisions, if any, of the *Trust and Loan Companies Act* (Canada) and any other statute of Canada or a province thereof, and of regulations under any such statute, in each case, as amended, restated or re-enacted from time to time, relating to trust indentures and to the rights, duties and obligations of trustees under trust indentures and of entities issuing debt obligations under trust indentures, to the extent that in the opinion of counsel to the Issuer such provisions are at the time in force and applicable to this Indenture.

(b) If and to the extent that any provision of this Indenture limits, qualifies or conflicts with a mandatory requirement of applicable legislation, such mandatory requirement shall prevail.

(c) The Issuer and the Indenture Trustee agree that each will at all times in relation to this Indenture and any action to be taken hereunder, observe and comply with and be entitled to the benefits of applicable legislation.

9.11 Representations and Covenants of the Indenture Trustee

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Indenture and has taken all necessary action to authorize the execution, delivery and performance by it of this Indenture and other documents to which it is a party;

(c) each of this Indenture and the other documents to which it is a party has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada. If, notwithstanding the provisions of this subsection 9.11(d), the Indenture Trustee ceases to be so authorized to carry on business, the validity and enforceability of this Indenture and the Funding Obligation Agreements shall not be affected in any manner whatsoever by reason only of such event.

9.12 Indenture Trustee's Application for Instructions from the Issuer

Any application by the Indenture Trustee for written instructions from the Issuer may, at the option of the Indenture Trustee, set forth in writing any action proposed to be taken or omitted by the Indenture Trustee under and in accordance with this Indenture and the date on and/or after which such action shall be taken or such omission shall be effective; provided that such application shall make specific reference to this Section 9.12. The Indenture Trustee shall not be liable for any action taken by, or omission of, the Indenture Trustee in accordance with a proposal included in such application on or after the date specified in such application (which date shall not be less than five (5) Business Days after the date the Issuer actually receives such application, unless the Issuer shall have consented in writing to any earlier date) unless prior to taking any such action (or the effective date in the case of an omission), the Indenture Trustee shall have received written instructions in response to such application specifying the action be taken or omitted.

9.13 Appointment of Co-Trustee or Separate Indenture Trustee

(a) Notwithstanding any other provisions of this Indenture, at any time, for the purpose of meeting any legal requirements of any relevant jurisdiction, the Indenture Trustee shall have the power and shall execute and deliver all instruments, subject to the prior written consent of the Manager, which consent shall not be unreasonably withheld, to appoint one or more Persons reasonably acceptable to the Issuer to act as a co-trustee or co-trustees, or separate trustee or separate trustees, of all or any part of the Issuer's property, and to vest in such Person or Persons, in such capacity and for the benefit of the Specified Creditors, such title to the Issuer's property, or any part thereof, and, subject to the other provisions of this Section 9.13, such powers, duties, obligations, rights and trusts as the Indenture Trustee may consider necessary or desirable. No co-trustee or separate trustee hereunder shall be required to meet the terms of eligibility as a successor trustee under Section 9.06 and no notice to Specified Creditors of the appointment of any co-trustee or separate trustee shall be required under Section 9.07.

(b) Every separate trustee and co-trustee shall, to the extent permitted by applicable law, be appointed and act subject to the following provisions and conditions:

(i) all rights, powers, duties and obligations conferred or imposed upon the Indenture Trustee shall be conferred or imposed upon and exercised or performed by the Indenture Trustee and such separate trustee or co-trustee jointly (it being understood that such separate trustee or co-trustee is not authorized to act separately without the Indenture Trustee joining in such act), except to the extent that under any law of any jurisdiction in which any particular act or acts are to be performed, the Indenture Trustee shall be incompetent or unqualified to perform such act or acts, in which event such rights, powers, duties and obligations (including the holding of title to the Issuer's property or any portion thereof in any such jurisdiction)

shall be exercised and performed singly by such separate trustee or co-trustee, but solely at the direction of the Indenture Trustee;

(ii) no trustee hereunder shall be personally liable by reason of any act or omission of any other trustee hereunder; and

(iii) the Indenture Trustee may at any time accept the resignation of or remove any separate trustee or co-trustee.

(c) Any notice, request or other writing given to the Indenture Trustee shall be deemed to have been given to each of the then separate trustees and co-trustees, as effectively as if given to each of them. Every instrument appointing any separate trustee or co-trustee shall refer to this Indenture and the conditions of this Article IX. Each separate trustee and co-trustee, upon its acceptance of the trusts conferred, shall be vested with the estates or property specified in its instrument of appointment, either jointly with the Indenture Trustee or separately, as may be provided therein, subject to all the provisions of this Indenture, specifically including every provision of this Indenture relating to the conduct of, affecting the liability of, or affording protection to, the Indenture Trustee. Every such instrument shall be filed with the Indenture Trustee.

(d) Any separate trustee or co-trustee may at any time appoint the Indenture Trustee, its agent or attorney-in-fact with full power and authority, to the extent not prohibited by applicable law, to do any lawful act under or in respect of this Indenture on its behalf and in its name. If any separate trustee or co-trustee shall die, become incapable of acting, resign or be removed, all of its estates, properties, rights, remedies and trusts shall vest in and be exercised by the Indenture Trustee, to the extent permitted by applicable law, without the appointment of a new or successor trustee.

(e) All such appointments made in accordance with this Section 9.13 shall be subject to the approval of the Issuer. The Issuer will give prior written notice of the appointment of any separate trustee or co-trustee to each Rating Agency.

9.14 <u>Preservation of Information; Communications to Specified Creditors</u>

(a) The Indenture Trustee will preserve, in as current a form as is reasonably practicable, the names and addresses of Registered Noteholders contained in the most recent list furnished to the Indenture Trustee as provided in subsection 13.13(a) and the names and addresses of Registered Noteholders received by the Indenture Trustee in its capacity as Note Registrar. The Indenture Trustee will also preserve, in as current a form as is reasonably practicable, the names and addresses of all other Specified Creditors contained in the most recent list furnished to the Indenture Trustee as provided in subsection 13.13(b). The Indenture Trustee may destroy any such list furnished to it upon receipt of a new list.

(b) If three (3) or more Debtholders of any Class, Series or Tranche (hereinafter referred to as "**applicants**") (or, if there are less than three (3) such Debtholders, all of the Debtholders) apply in writing to the Indenture Trustee by way of an application substantially in the form of Exhibit 4, then the Indenture Trustee will, within five (5) Business Days after the receipt of such application, afford such applicants access to the information preserved at the time by the Indenture Trustee in accordance with subsection 9.14(a); provided, however, that (i) such Debtholders are identified on the most recent lists of Debtholders held by the Indenture Trustee pursuant to subsection 9.14(a), and (ii) the Indenture Trustee shall not release any information other than the names and addresses (including email addresses) of the Debtholders on such lists.

(c) By accepting its rights as a third party beneficiary hereunder, every Debtholder agrees with the Issuer and the Indenture Trustee that neither the Issuer nor the Indenture Trustee will be held accountable by reason of the disclosure of any such information as to the names and addresses (including email addresses) of the Debtholders in accordance with subsection 9.14(b), regardless of the source from which such information was derived.

(d) Any Specified Creditor wishing to be removed from the list of Specified Creditors may deliver a notice to the Indenture Trustee in the form attached as Exhibit 5. Within five (5) Business Days of the receipt of such notice, the Indenture Trustee shall notify the Issuer to have that Specified Creditor removed from the list provided in accordance with subsection 13.13(b). The Indenture Trustee shall not be responsible, nor shall it be liable for any losses, costs or expenses (including special, indirect, punitive or consequential losses or damages) of the Issuer, any Specified Creditor, or any other party, with respect to any Specified Creditor that fails to, or is delayed in sending, such notice and whose information is disseminated in accordance with this Section 9.14.

(e) The Indenture Trustee shall not be liable for, or held accountable by reason of, distributing any information pursuant to this Section 9.14 regarding any Specified Creditor that is on the list of Specified Creditors held by the Indenture Trustee pursuant to subsection 9.14(a).

9.15 Acceptance of Trusts by Indenture Trustee

The Indenture Trustee hereby accepts the trusts in this Indenture and agrees to perform the same upon the terms and conditions herein set forth.

9.16 Paying Agent

(a) The Paying Agent, on behalf of the Indenture Trustee, will make distributions to Specified Creditors from the Collection Account or other applicable Issuer Account pursuant to the provisions of this Indenture and any applicable Program Agreement. Any Paying Agent will have the revocable power to withdraw funds

from the Collection Account or other applicable Issuer Account for the purpose of making the distributions referred to above.

(b) The Indenture Trustee may revoke such power and remove the Paying Agent if the Indenture Trustee determines in its sole discretion that the Paying Agent has failed to perform its obligations under this Indenture in any material respect. The Paying Agent upon removal will return all funds in its possession to the Indenture Trustee.

(c) The Issuer will cause each Paying Agent (other than the Indenture Trustee) to execute and deliver to the Indenture Trustee an instrument in which such Paying Agent will agree with the Indenture Trustee (and if the Indenture Trustee acts as Paying Agent, it so agrees), subject to the provisions of this Section 9.16, that such Paying Agent will:

(i) hold all sums held by it for the payment of principal of, interest, fees or other amounts in trust for the benefit of the Persons entitled thereto until such sums will be paid to such Persons or otherwise disposed of as herein provided;

(ii) if such Paying Agent is not the Indenture Trustee, give the Indenture Trustee notice of any default by the Issuer in the making of any such payment of principal or interest on any Issuer Funding Obligations;

(iii) if such Paying Agent is not the Indenture Trustee, at any time during the continuance of any such default, upon the written request of the Indenture Trustee, forthwith pay to the Indenture Trustee all sums so held in trust by such Paying Agent;

(iv) open and maintain appropriate records with respect to each Note; record by appropriate entries therein each payment made on account of interest, principal, fees and other amounts owing with respect to each such Note. For the purposes thereof, the Paying Agent shall make available upon request of the Issuer or the Indenture Trustee satisfactory evidence of each payment as soon as practicable after making such payment. The failure to record, or any error in recording, any such payment shall not, however, limit or otherwise affect the obligations of the Issuer as to the principal amount or accrued interest owing with respect to any Note. Such records of payment shall be conclusive evidence of the unpaid principal balance and interest owing in respect of the Notes in the absence of demonstrable error;

(v) immediately resign as a Paying Agent and, if such Paying Agent is not the Indenture Trustee, forthwith pay to the Indenture Trustee all sums held by it in trust for the payment of Issuer Funding Obligations if at any time it ceases to meet the standards described in this Section 9.16 required to be met by a Paying Agent at the time of its appointment; and

(vi) comply with all requirements of the Income Tax Act or any other applicable tax law with respect to the withholding from any payments made by it on any amounts contemplated under this Indenture of any applicable withholding taxes imposed thereon and with respect to any applicable reporting requirements in connection therewith.

(d) Each Paying Agent, if not OPG, will at all times have, or be a wholly owned subsidiary of a corporation which has, a combined capital and surplus of at least $50,000,000 and be subject to supervision or examination by a Canadian federal, provincial or territorial authority or be regulated by or subject to the supervision or examination of a Governmental Authority of a nation that is a member of the Organization for Economic Co-operation and Development. If such Paying Agent publishes reports of condition at least annually, pursuant to law or to the requirements of the aforesaid supervising or examining authority, then for the purposes of this subsection 9.16(d), the combined capital and surplus of such Paying Agent will be deemed to be its combined capital and surplus as set forth in its most recent report of condition as so published.

(e) Unless and until the Issuer rescinds one or more of such appointments, the Issuer hereby appoints the Indenture Trustee as its Paying Agent. The Issuer will give prior written notice of the appointment of any Paying Agent (if such Paying Agent is not the Indenture Trustee) to each Rating Agency.

ARTICLE X
MEETINGS

10.01 Conduct of Meetings

Meetings of Debtholders of any Class, Series or Tranche, of all Issuer Funding Obligations, of Controlling Class Obligations of a Series or of all Controlling Class Obligations, as the case may be, may be convened, held and conducted in the following manner:

(a) At any time, and from time to time, the Indenture Trustee or the Issuer may, and the Indenture Trustee shall, on receipt of a written request of the Issuer or a requisition signed by Debtholders of a particular Class, Series or Tranche, of all Issuer Funding Obligations, of Controlling Class Obligations of a Series or of all Controlling Class Obligations (each of such groups of Debtholders being a "**Debtholder Group**"), as the case may be, holding at least 25% of the aggregate Outstanding Dollar Principal Amount of the applicable Issuer Funding Obligations, convene, or cause to be convened, a meeting of the Debtholders of that Debtholder Group. If the Indenture Trustee fails to convene, or cause to be convened, a meeting after 30 days of being duly required by the Issuer or such Debtholders, the Issuer or such Debtholders may themselves convene such meeting and, in the case of a meeting called by such Debtholders, the notice calling such meeting may be signed by such Person as those Debtholders specify. Every such meeting shall be held in the City of Toronto or such other place in Ontario, Canada as the Indenture Trustee may in any case determine or approve.

(b) At least 7 days' prior notice of any meeting shall be given to the Debtholders of the Debtholder Group to which such meeting relates and to the Issuer, unless the meeting has been called by the Issuer, and such notice shall state the date, time and the place the meeting is to be held and shall specify, in general terms, the nature of the business to be transacted. It shall not be necessary to specify in the notice the text of the resolutions to be passed. Subject to Section 10.01(c), notices shall be given in the manner set forth in Article XV and a copy thereof shall be delivered to the Indenture Trustee unless the meeting has been called by it. It shall not be necessary to specify in the notice of any adjournment of a meeting the nature of the business to be transacted at the adjourned meeting. The non-receipt of any such notice by a Debtholder shall not invalidate any resolution passed at such meeting.

(c) At any meeting of a Debtholders Group, subject as herein provided, a quorum shall consist of one or more Persons present in person or by proxy holding either personally or as proxies not less than 25% of the Outstanding Dollar Principal Amount of the Issuer Funding Obligations of the Debtholder Group entitled to vote at such meeting. If a quorum is not present on the date for which the meeting is called within 30 minutes after the time fixed for the holding of such meeting, the meeting shall be adjourned to be held at a place and upon a date and at an hour to be fixed by the Indenture Trustee who shall give not less than seven (7) days' notice of the date and time to which such meeting is to be adjourned and at such adjourned meeting a quorum shall consist of the Debtholders of that Debtholder Group then and there represented in person or by proxy and entitled to vote at such meeting.

(d) An individual, who need not be a Debtholder, nominated in writing by the Indenture Trustee shall be chairman of the meeting (a "**Chairman**"). If no individual is so nominated or if the individual nominated is not present within 25 minutes after the time fixed for the holding of the meeting, the Debtholders and proxies for Debtholders present shall choose one of their number to be Chairman.

(e) Every question submitted to a meeting, except matters requiring an Extraordinary Resolution, shall be decided by a majority of the votes given on a show of hands or, if a poll shall be requested as hereinafter provided, by a majority of the votes cast on the poll (in either case, an "**Ordinary Resolution**") and shall be binding on all Debtholders of the applicable Debtholder Group. On a show of hands, each Debtholder who is present, whether in person or by proxy, will have one vote for every $1,000 of Outstanding Dollar Principal Amount of applicable Issuer Funding Obligations of which he or she shall be the Debtholder. A poll shall be taken on every Extraordinary Resolution and otherwise whenever requested by a Debtholder or its proxy. On a poll, each Debtholder shall have one vote for every $1,000 of Outstanding Dollar Principal Amount of applicable Issuer Funding Obligations of which he or she shall be the Debtholder. Votes may be given in person or by proxy and a proxy need not be a Debtholder. If at any meeting a poll is so demanded as aforesaid on the election of a Chairman or on a question of adjournment, it shall be taken forthwith. If at any meeting a poll is so demanded

on any other question, or an Extraordinary Resolution is to be voted upon, a poll shall be taken in such manner and either at once or after an adjournment as the Chairman directs. The result of a poll shall be deemed to be the decision of the meeting at which the poll was demanded and shall be binding on all Debtholders of the applicable Debtholder Group. In the case of joint Registered Noteholders, any one of them present in person or by proxy at the meeting may vote in the absence of the other or others but, if more than one of them is present in person or by proxy, they shall vote together in respect of the Notes of which they are joint Registered Noteholders.

10.02 Powers Exercisable by Ordinary Resolution and Extraordinary Resolution

(a) Subject to Section 11.02, in addition to any powers hereinbefore given, Debtholders of a Class, Series or Tranche of Issuer Funding Obligations shall by Ordinary Resolution have the power to:

(i) require the Indenture Trustee (subject to receipt by the Indenture Trustee of reasonable funding and indemnity) to exercise or refrain from exercising any of the powers conferred upon it by this Indenture insofar as they apply solely to such Class, Series or Tranche or by the Related Funding Obligation Agreement;

(ii) sanction, insofar as they apply to the Class, Series or Tranche, the release of the Issuer from its covenants and obligations hereunder;

(iii) subject to the provisions of this Indenture or of the Related Funding Obligation Agreement, sanction any change whatsoever to any provision of the Issuer Funding Obligations of such Class, Series or Tranche which shall be agreed to by the Issuer and any modification, alteration, abrogation, compromise or arrangement of or in respect of the rights of the Debtholders of such Class, Series or Tranche or the Indenture Trustee against the Issuer, whether such rights shall arise under the provisions of this Indenture or otherwise;

(iv) subject to the provisions of this Indenture, assent to any modification of or change in or addition to or omission from the provisions contained in this Indenture, a Related Supplemental Indenture or any instrument ancillary or supplementary hereto or thereto, in each case, insofar as they apply to the Class, Series or Tranche, which shall be agreed to by the Issuer and to authorize the Indenture Trustee to concur in and execute any deed, instrument or agreement embodying any such modification, change, addition or omission or any other deeds, documents or writings authorized by such Ordinary Resolution; provided that no such assent shall be necessary for any modification of or change in or addition otherwise permitted hereunder or under a Related Supplemental Indenture; and

(v) take any other Action authorized by this Indenture or a Related Supplemental Indenture to be taken by Ordinary Resolution of the Debtholders of a Class, Series or Tranche of Issuer Funding Obligations.

(b) Subject to Section 11.02, in addition to any powers hereinbefore given, Controlling Class Creditors shall by Extraordinary Resolution have the power to:

(i) after the Security Interest has become enforceable, authorize the Indenture Trustee to accept, in satisfaction or partial satisfaction, all or any part of the Collateral;

(ii) after the Security Interest has become enforceable, sanction the selling of the Collateral or any part thereof or interest therein;

(iii) after the Security Interest has become enforceable, authorize the Indenture Trustee or any other Person to bid or tender at any sale of the Collateral or any part thereof and take such actions in connection with such sale as it determines to be in the best interests of all Controlling Class Creditors;

(iv) assent to any compromise or arrangement by the Issuer with any creditor, creditors or class or classes of creditors or with the holders of any securities of the Issuer whose claims are payable from the Collateral;

(v) restrain any Debtholder from taking or instituting any suit, action or proceeding for the purpose of realizing on the Collateral or for the execution of any trust or power hereunder or for the appointment of a liquidator, receiver or trustee in bankruptcy or to have the Issuer liquidated or for any other remedy hereunder and to direct such Debtholder to waive any Event of Default on which any suit or proceeding is founded;

(vi) require the Indenture Trustee (subject to receipt by the Indenture Trustee of reasonable funding and indemnity) to exercise or refrain from exercising any other powers conferred upon it by this Indenture of general application to all Classes of Issuer Funding Obligations, including the exercise of any rights of the Issuer under any of the Program Agreements upon the occurrence and during the continuance of an Event of Default, or cancel any declaration of acceleration made pursuant to Article VIII upon such terms and/or conditions as may be decided;

(vii) authorize the Indenture Trustee, in the event of the Issuer making an authorized assignment or proposal or in the event of an administrator, trustee, receiver or liquidator being appointed under any applicable bankruptcy or insolvency legislation for and on behalf of all Debtholders and, in addition to any claim or debt provided or made for its own account as Indenture Trustee hereunder, to file and prove a claim or debt against the Issuer or its property for an amount equivalent to the aggregate amount which may be payable in respect of all Issuer Funding Obligations, to value the Collateral, and to vote such claim or debt at meetings of creditors

and generally act for and on behalf of all Debtholders in such proceedings as such Extraordinary Resolution may provide;

(viii) appoint a committee with power and authority (subject to such limitations, if any, as may be prescribed in such Extraordinary Resolution) to exercise, and to direct the Indenture Trustee to exercise, on behalf of all Controlling Class Creditors, such of the powers of such Controlling Class Creditors as are exercisable by Extraordinary Resolution or other resolution as shall be included in the Extraordinary Resolution appointing the committee. The Extraordinary Resolution making such appointment may provide for payment of the expenses and disbursements of and compensation to such committee from the Collateral in portions allocated to each Series as may be specified in such Extraordinary Resolution. Such committee shall consist of such number of Persons as shall be prescribed in the Extraordinary Resolution appointing it and the members need not themselves be Controlling Class Creditors or Debtholders. Each such committee may elect a chairman and may make regulations respecting its quorum, the calling of its meetings, the filling of vacancies occurring in its number and its procedures generally. Such regulations may provide that the committee may act at a meeting at which a quorum is present or may act by minutes signed by the number of members thereof necessary to constitute a quorum. All acts of any such committee within the authority delegated to it shall be binding upon all Debtholders. Neither the committee nor any member thereof shall be liable for any loss arising from or in connection with any action taken or omitted to be taken by them in good faith; and

(ix) take any other action authorized by this Indenture to be taken by Extraordinary Resolution.

(c) The foregoing powers shall be deemed to be several and cumulative and not dependent on each other and the exercise of one or more of such powers, or any combination of such powers, from time to time, shall not be deemed to exhaust the rights of the Debtholders to exercise such power or powers, or combinations of powers, thereafter from time to time. No powers exercisable by Extraordinary Resolution shall derogate in any way from any rights of the Issuer under or pursuant to this Indenture without the agreement of the Issuer. The Issuer shall give the Rating Agency notice of any Ordinary Resolution or Extraordinary Resolution adopted.

10.03 Extraordinary Resolution

An Extraordinary Resolution, adopted in accordance with the provisions hereof, shall be binding upon each and every Debtholder and each other Specified Creditor and their respective heirs, executors, administrators, successors and assigns, whether present or absent, and the Indenture Trustee (subject to the provisions for funding and its indemnity herein contained) shall be bound to give effect thereto accordingly.

Except as expressly provided to the contrary in this Indenture, no action shall be taken at a meeting of the Debtholders of a Debtholder Group which changes any provision of this Indenture or changes or prejudices the exercise of any right of any Debtholder except by Extraordinary Resolution.

10.04 Declaration by Chairman of Result of Vote

At any meeting of Debtholders of any Debtholder Group in cases where no poll is required or requested, a declaration made by the Chairman that a resolution has been carried, or carried by any particular majority, or lost, shall be conclusive evidence thereof.

10.05 Minutes

Minutes of all resolutions and proceedings at every such meeting, as aforesaid, shall be made and duly entered in books to be provided from time to time for that purpose by an agent of the Issuer at the expense of the Issuer and any such minutes, as aforesaid, if signed by the Chairman of the meeting at which such resolutions were passed or proceedings had shall be *prima facie* evidence of the matters therein stated and, until the contrary is proved, every such meeting in respect of the proceedings of which minutes shall have been made shall be deemed to have been duly held and convened and all resolutions passed or proceedings had thereat to have been duly passed and had.

10.06 Signed Instruments

Any resolution or instrument signed in one or more counterparts by (a) Debtholders holding not less than 50% of the aggregate Outstanding Dollar Principal Amount of Issuer Funding Obligations of a Debtholder Group, in the case of matters capable of being decided by Ordinary Resolution, and (b) Controlling Class Creditors holding not less than 66⅔% of the aggregate Outstanding Dollar Principal Amount of all Controlling Class Obligations in the case of matters required to be decided by Extraordinary Resolution, shall, in either case, have the same force and effect as a resolution duly passed at a meeting of such Debtholders by the affirmative vote of all of the votes cast upon a poll. Notice of any Ordinary Resolution or Extraordinary Resolution passed in accordance with this Section 10.06 shall be given by the Indenture Trustee to all applicable Debtholders within 30 days of the date on which such Ordinary Resolution or Extraordinary Resolution was passed.

10.07 Persons Who May Attend

Each Debtholder, by their respective officers, directors, employees, and the legal advisers of such parties, may attend any meeting of Debtholders.

10.08 Binding Effect of Resolutions

Every Ordinary Resolution and every Extraordinary Resolution passed in accordance with the provisions of this Article X at a meeting of Debtholders of a Debtholder Group will be binding upon all of the Debtholders of such Debtholder Group whether present at or absent from such meeting, and every instrument in writing signed by Debtholders in accordance with Section 10.06 will be binding upon all of the Debtholders of such Debtholder Group, whether signatories

thereto or not, and the Indenture Trustee will be bound to give effect accordingly to every such Ordinary Resolution, Extraordinary Resolution and instrument in writing. For greater certainty, any Extraordinary Resolution shall bind all Debtholders and all other Specified Creditors in accordance with Section 10.03.

10.09 Notes Regarded as Not Outstanding for Certain Purposes

If, in the opinion of the Indenture Trustee and upon receipt of an Issuer Certificate in respect of the following, any business to be transacted at any meeting of Debtholders or any action to be taken or power exercised by instrument in writing under Section 10.06 does not materially adversely affect the rights of the Debtholders of one or more particular Class, Series or Tranche of Issuer Funding Obligations, the provisions of this Article X shall apply as if the Issuer Funding Obligations of that Class, Series or Tranche were not Outstanding, and no notice of any such meeting need be given to the Debtholders of that Class, Series or Tranche.

ARTICLE XI
SUPPLEMENTAL INDENTURES

11.01 Supplemental Indentures and Amendments Without Consent of Specified Creditors

Without the consent of Specified Creditors but with 10 Business Days' prior notice to each Rating Agency and the Province, the Issuer and the Indenture Trustee, at any time and from time to time, and upon delivery by the Issuer to the Indenture Trustee of an Issuer Certificate to the effect that the Issuer reasonably believes that such amendment will not have an Adverse Effect and is not reasonably expected to have an Adverse Effect at any time in the future, the Issuer may amend this Indenture, including any Supplemental Indenture or enter into one or more Supplemental Indentures, in form satisfactory to the Indenture Trustee, for any of the following purposes:

(a) to evidence the succession or successive successions of another Financing Entity to the Issuer, and the assumption by any such successor of the covenants of the Issuer herein and in the Notes; or

(b) to add to the covenants of the Issuer, or to surrender any right or power herein conferred upon the Issuer by the Issuer, for the benefit of Debtholders of any or all Classes, Series or Tranches of Issuer Funding Obligations; or

(c) to cure any ambiguity, to correct or supplement any provision herein which may be inconsistent with any other provision herein, to correct a clear clerical or administrative error, or to make any other provisions with respect to matters or questions arising under this Indenture; or

(d) to provide for the issuance of any Series or Tranche of Notes as provided in Article IV and Article V and to set forth the terms thereof, and/or to add to the rights of the Noteholders of any Class, Series or Tranche; or

(e) to evidence and provide for the acceptance of appointment by another corporation as a successor Indenture Trustee hereunder; or

(f) to add any additional Events of Default in respect of any or all Classes, Series or Tranches of Issuer Funding Obligations; or

(g) to provide for the consolidation of any Financing Entity and the Issuer into a single Person or the transfer of assets in any Financing Entity to the Issuer; or

(h) if IESO is replaced under the Master Transfer and Servicing Agreement as Servicer, to make any necessary changes to this Indenture or any other related document; or

(i) to provide for additional forms of Credit Enhancement for any Class, Series or Tranche of Issuer Funding Obligations; or

(j) to facilitate the issuance of Foreign Currency Issuer Funding Obligations; or

(k) to comply with any regulatory, accounting, securities or tax laws, rules, regulations or requirements, or changes to Rating Agency ratings criteria; or

(l) to enable the Issuer to file a registration statement (and any related exhibits thereto) for the offering of securities registered under the U.S. Securities Act and to comply with Regulation AB (including, without limitation, ongoing reporting obligations thereunder); or

(m) to qualify for sale treatment under generally accepted accounting principles.

Additionally, notwithstanding any provision of this Article XI to the contrary and in addition to clauses (a) through (m) above, the Issuer and the Indenture Trustee may amend this Indenture, including any Supplemental Indenture, without the consent of any Specified Creditor but with 10 Business Days' prior notice to each Rating Agency and the Province, to modify, eliminate or add to the provisions of this Indenture (i) to facilitate compliance with any amendment to any change of law or regulation which applies to the Issuer or the transactions governed by the Program Agreements, or (ii) to cause the provisions hereof to conform to or be consistent with or in furtherance of the statements made with respect to this Indenture in any applicable offering document; in each case, provided that the Issuer shall deliver to the Indenture Trustee an Issuer Certificate to the effect that (A) the Issuer reasonably believes that such amendment will not have an Adverse Effect and is not reasonably expected to have an Adverse Effect at any time in the future or (B) such amendment is required to remain in compliance with any change of law or regulation which applies to the Issuer or the transactions governed by the Program Agreements, or such amendment is required to cause the provisions hereof to conform to or be consistent with or in furtherance of the statements made with respect to this Indenture in any applicable offering document.

Additionally, notwithstanding any provision of this Article XI to the contrary and in addition to clauses (a) through (m) above and the immediately preceding paragraph, this Indenture, including any Supplemental Indenture, may also be amended by the Issuer and the Indenture Trustee, without the consent of any Specified Creditor but with 10 Business Days' prior notice to each Rating Agency and the Province, for the purpose of (i) adding any provisions to, or changing in any manner or eliminating any of the provisions of, this Indenture or any

Supplemental Indenture or (ii) modifying in any manner the rights of the Specified Creditors under this Indenture or any Supplemental Indenture; provided, however, that (A) the Issuer shall deliver to the Indenture Trustee an Issuer Certificate to the effect that the Issuer reasonably believes that such amendment will not have an Adverse Effect and is not reasonably expected to have an Adverse Effect at any time in the future, and (B) the Rating Agency Condition shall be satisfied.

Additionally, notwithstanding any provision of this Article XI to the contrary and in addition to clauses (a) through (m) above and the immediately preceding paragraphs, this Indenture, including any Supplemental Indenture, may also be amended by the Issuer and the Indenture Trustee, without the consent of any Specified Creditor but with 10 Business Days' prior notice to each Rating Agency and the Province, to provide for those changes necessary for compliance with securities law requirements or banking laws or regulations; provided, however, that (i) the Issuer shall deliver to the Indenture Trustee an Issuer Certificate to the effect that the Issuer reasonably believes that such amendment will not have an Adverse Effect and is not reasonably expected to have an Adverse Effect at any time in the future, and (ii) the Rating Agency Condition shall be satisfied.

Prior written notice of any amendment to this Indenture or any Supplemental Indenture to the Province in accordance with the above paragraphs shall be sent by the Issuer and the Indenture Trustee. The Issuer and the Indenture Trustee shall send a copy of any amendment pursuant to this Section 11.01 to each Rating Agency and the Province; provided that failure to send copies of any amendment to this Indenture or any Supplemental Indenture, or failure to provide any notice under this Section 11.01 shall not invalidate such amendment.

The Indenture Trustee may, but shall not be obligated to, enter into any amendment which adversely affects the Indenture Trustee's rights, duties, benefits, protections, privileges or immunities under this Indenture or otherwise.

11.02 Supplemental Indentures and Amendments with Consent of Debtholders

In addition to any amendment permitted pursuant to Section 11.01, with 10 Business Days' prior notice to each Rating Agency and the Province, the consent of Debtholders of each Class, Series or Tranche of Issuer Funding Obligations affected by such amendment of this Indenture, including any Supplemental Indenture, by Ordinary Resolution delivered to the Issuer and the Indenture Trustee, and satisfaction of the Rating Agency Condition, the Issuer and the Indenture Trustee may enter into an amendment of this Indenture or any Supplemental Indenture for the purpose of adding any provisions to, or changing in any manner or eliminating any of the provisions of, this Indenture or of modifying in any manner the rights of the Debtholders of each such Class, Series or Tranche of Issuer Funding Obligations under this Indenture or any Supplemental Indenture; provided, however, that no such amendment of this Indenture or any Supplemental Indenture will, without the consent of each Debtholder of Issuer Funding Obligations affected thereby and satisfaction of the Rating Agency Condition:

(a) change an Interest Payment Date, Principal Payment Date or Principal Payment Default Date of any Issuer Funding Obligation;

(b) reduce the principal amount of, or the interest rate on any Note, or change the method of computing the Outstanding Dollar Principal Amount, the Outstanding Currency Specific Dollar Principal Amount or the Outstanding Dollar Principal Amount in a manner that is adverse to any Debtholders;

(c) reduce the amount of a Discount Note payable upon its acceleration;

(d) reduce the percentage in Outstanding Dollar Principal Amount of Issuer Funding Obligations of any Class, Series or Tranche, the consent of whose holders is required for any such amendment, or the consent of whose holders is required for any waiver of compliance with the provisions of this Indenture or of defaults hereunder and their consequences, provided for in this Indenture;

(e) modify any of the provisions of this Section 11.02 or Section 8.03, except to increase any percentage of Debtholders required to consent to any such amendment or to provide that other provisions of this Indenture cannot be modified or waived without the consent of the Debtholders affected thereby;

(f) change any Place of Payment where any principal of, or interest on, any Note is payable, unless otherwise provided in the Related Supplemental Indenture; or

(g) change the method of computing the amount of principal of, or interest on, any Note on any date.

An amendment of this Indenture or a Supplemental Indenture which changes or eliminates any covenant or other provision of this Indenture which has expressly been included solely for the benefit of one or more particular Classes, Series or Tranches of Issuer Funding Obligations, or which modifies the rights of the Debtholders of such Class, Series or Tranche with respect to such covenant or other provision, will be deemed not to affect the rights under this Indenture of the Debtholders of any other Class, Series or Tranche of Issuer Funding Obligations.

It will not be necessary for any Ordinary Resolution or Extraordinary Resolution under this Section 11.02 to approve the particular form of any proposed amendment or Supplemental Indenture, but it will be sufficient if such Ordinary Resolution or Extraordinary Resolution will approve the substance thereof.

The Issuer and the Indenture Trustee shall send a copy of any amendment pursuant to this Section 11.02 to each Rating Agency and the Province; provided that failure to send copies of any amendment to this Indenture or any Supplemental Indenture, or failure to provide any notice under this Section 11.02 shall not invalidate such amendment.

11.03 Execution of Amendments and Supplemental Indentures

In executing or accepting the additional trusts created by any amendment of this Indenture or Supplemental Indenture permitted by this Article XI or the modifications thereby of the trusts created by this Indenture, the Indenture Trustee will be provided with, and (subject to Section 9.01) will be fully protected in relying upon, an Opinion of Counsel stating that the execution of

such amendment or Supplemental Indenture is authorized or permitted by this Indenture and that all conditions precedent thereto have been satisfied. The Indenture Trustee may, but will not (except to the extent required in the case of an amendment or Supplemental Indenture entered into under subsection 11.01(e)) be obligated to, enter into any such amendment or Supplemental Indenture which affects the Indenture Trustee's own rights, duties or immunities under this Indenture or otherwise.

11.04 Effect of Amendments and Supplemental Indentures

Upon the execution of any amendment of this Indenture or any Supplemental Indenture under this Article XI, this Indenture and/or such Supplemental Indenture will be modified in accordance therewith with respect to each Class, Series or Tranche of Issuer Funding Obligations affected thereby, or all Issuer Funding Obligations, as the case may be, and such amendment or Supplemental Indenture will form a part of this Indenture and such Supplemental Indenture for all purposes; and every holder of Issuer Funding Obligations theretofore or thereafter incurred and every other Specified Creditor will be bound thereby to the extent provided therein.

11.05 Reference in Notes to Supplemental Indentures

Notes authenticated and delivered after the execution of any amendment of this Indenture or any Supplemental Indenture pursuant to this Article XI may, and will if required by the Indenture Trustee, bear a notation in form approved by the Indenture Trustee as to any matter provided for in such amendment or Supplemental Indenture. If the Issuer will so determine, new Notes so modified as to conform, in the opinion of the Indenture Trustee and the Issuer, to any such amendment or Supplemental Indenture may be prepared and executed by the Issuer and authenticated and delivered by the Indenture Trustee in exchange for Outstanding Notes.

ARTICLE XII
REPRESENTATIONS AND WARRANTIES OF THE ISSUER

12.01 Representations and Warranties of the Issuer

The Issuer hereby represents and warrants to the Indenture Trustee and shall be deemed to represent and warrant to the Indenture Trustee on the issuance of Notes of any particular Class, Series or Tranche hereunder, and upon each Borrowing under the applicable Funding Obligation Agreement, that:

(a) The Issuer is a Financing Entity.

(b) The indebtedness incurred pursuant to each issuance of Notes and each Borrowing is a Funding Obligation.

(c) The Issuer (i) is a trust duly constituted and validly existing under the laws of the Province of Ontario, (ii) is duly qualified to carry on its business in each jurisdiction in which it carries on business, (iii) has the power and authority to enter into and perform its obligations under this Indenture and the other Program Agreements executed by it and all instruments and agreements delivered pursuant hereto, and thereto and to own its property and carry on its business as currently

conducted including, without limitation, the power and authority and legal right to acquire Investment Interests, and (iv) has obtained all approvals from all Governmental Authorities required in connection with the execution, delivery and performance of the Program Agreements.

(d) The execution, delivery and performance of this Indenture, and at the time it enters into such document, the other Program Agreements executed by it and every instrument or agreement delivered pursuant hereto and thereto has been or will be duly authorized by all requisite action and this Indenture and such other Program Agreements, instruments and agreements have been or will be duly executed and delivered by the Issuer and constitute valid and binding obligations of the Issuer enforceable against the Issuer in accordance with their respective terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of the Issuer, threatened against or affecting the Issuer at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Issuer or in the ability of the Issuer to perform its obligations under this Indenture, the other Program Agreements executed by it or any agreement or instrument delivered pursuant hereto or thereto; and the Issuer is not aware of any existing ground on which such action, suit or proceeding might be commenced with any reasonable likelihood of success or of any default with respect to any judgment, order, writ, injunction, decree, award, rule or regulation of any court, arbitrator or Governmental Authority, which, either separately or in the aggregate, would result in any such material adverse change.

(f) The Issuer is not a party to any agreement or instrument which materially adversely affects its ability to perform its obligations under this Indenture, the other Program Agreements executed by it or any agreements or instruments delivered pursuant hereto or thereto or materially adversely affects the business, operations, prospects, properties, assets or condition, financial or otherwise of the Issuer.

(g) The Issuer is not subject to any restriction or any judgment, order, writ, injunction, decree, award, rule or regulation which materially adversely affects, or in the future may materially adversely affect, the business, operations, prospects, properties, assets or condition, financial or otherwise of the Issuer or its ability to perform its obligations under this Indenture, the other Program Agreements executed by it or any agreements or instruments delivered pursuant hereto or thereto.

(h) Neither the execution nor delivery of this Indenture, the other Program Agreements executed by it or any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein and therein contemplated, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the Declaration of Trust or any agreements or instruments to which the Issuer is a party or by which it or any of its property and assets are bound, or results or will result in the creation or imposition of any Lien of any nature whatsoever upon any of the property or assets of the Issuer.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of the Issuer is required in connection with the execution and delivery of this Indenture, the other Program Agreements executed by it or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or in connection with the enforcement of this Indenture, the other Program Agreements executed by it or any agreements or instruments delivered pursuant hereto or thereto (except those which have been obtained or deemed to have been obtained).

12.02 Certified Primary Obligations

The Issuer shall be deemed to represent and warrant to the Indenture Trustee on the incurrence of any Obligations Secured (other than Issuer Funding Obligations) that if the Issuer does not deliver the certificates contemplated by subsection 5.03(d), that the Obligations Secured are not Certified Primary Obligations.

ARTICLE XIII
COVENANTS OF THE ISSUER

13.01 Payment of Principal and Interest

With respect to each Class, Series or Tranche of Issuer Funding Obligations, the Issuer will duly and punctually pay the principal of and interest on such Issuer Funding Obligations in accordance with their terms, this Indenture and any Related Funding Obligation Agreement, and will duly comply with all the other terms, agreements and conditions contained in, or made in this Indenture and any Funding Obligation Agreement.

13.02 Use of Proceeds; Funding of Program Cash Reserve Account

The Issuer will use the proceeds of Notes and Borrowings solely for: (i) the acquisition by the Issuer of an Investment Interest; (ii) the redemption, repayment or repurchase of any existing Issuer Funding Obligations; (iii) the funding of Issuer Accounts; and (iv) the payment of transaction fees and expenses in connection with the incurrence of Issuer Funding Obligations.

13.03 Maintenance of Office or Agency

The Issuer will maintain an office or agency in each Place of Payment where Notes may be presented or surrendered for payment, where Notes may be surrendered for transfer or exchange and where notices and demands to or upon the Issuer in respect of the Notes and this Indenture may be served. The Issuer will give prompt written notice to the Indenture Trustee of the location, and of any change in the location, of such office or agency. If at any time the Issuer will fail to maintain such office or agency or will fail to furnish the Indenture Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office of the Indenture Trustee, and the Issuer hereby appoints the Indenture Trustee its agent to receive all such presentations, surrenders, notices and demands.

The Issuer may also from time to time designate one or more other offices or agencies where the Notes of one or more Classes, Series or Tranches may be presented or surrendered for any or all of such purposes specified above and may constitute and appoint one or more Paying Agents for the payments of such Notes, in one or more other cities, and may from time to time rescind such designations and appointments; provided, however, that no such designation, appointment or rescission shall in any matter relieve the Issuer of its obligations to maintain an office or agency in each Place of Payment for Notes of any Class, Series or Tranche for such purposes. The Issuer will give prompt written notice to the Indenture Trustee of any such designation or rescission and of any change in the location of any such other office or agency.

13.04 Legal Existence

The Issuer will do or cause to be done all things necessary to preserve and keep in full force and effect its legal existence and maintain its status as a Financing Entity.

13.05 Separateness Covenants

The Issuer will take all reasonable steps to maintain the Issuer's identity as a distinct entity with assets and liabilities distinct from those of the Manager and any of its Affiliates. Without limiting the generality of the foregoing and in addition to the other covenants set forth herein, the Issuer shall:

(a) not identify the offices of the Manager or any Affiliate thereof as its offices (by signage or otherwise);

(b) not identify the telephone number of the Manager as its telephone number and it will not utilize the stationery, invoices or cheques of the Manager;

(c) conduct all transactions with the Manager strictly on an arm's length basis and in good faith, allocate all overhead expenses for items shared between the Issuer and the Manager on the basis of actual use to the extent practicable and, to the extent such allocation is not practicable, on a basis reasonably related to actual use;

(d) conduct its affairs strictly in accordance with the Declaration of Trust, and observe all necessary, appropriate and trust formalities;

(e) maintain the Issuer's books and records separate from those of the Manager or any Affiliate thereof and otherwise readily identifiable as its own assets rather than assets of the Manager or any Affiliate thereof;

(f) prepare its financial statements separately from those of the Manager and ensure that any consolidated financial statements of the Manager that include the Issuer have notes clearly stating that the Issuer is a separate entity;

(g) only maintain bank accounts or other depository accounts to which the Issuer alone is the account party (or where the Issuer Trustee or the Indenture Trustee will maintain them on behalf of the Issuer), and from which only the Issuer or its agent has the power to make withdrawals;

(h) pay all of the Issuer's operating expenses from the Issuer's own assets (including, for greater certainty, reimbursing the Manager for any such expenses);

(i) continuously maintain the resolutions, agreements and other instruments of the Issuer underlying the transactions described in the Program Agreements as official records of the Issuer separately identified and held apart from the records of the Manager;

(j) maintain its property in such a manner that it is not costly or difficult to segregate, ascertain or otherwise identify its individual assets from or against those of the Manager or any Affiliate thereof; and

(k) not become liable to any Person for any obligations of the Manager or any Affiliate thereof.

13.06 Compliance with Laws

The Issuer will comply with the requirements of all applicable laws, the noncompliance with which would, individually or in the aggregate, materially and adversely affect the ability of the Issuer to perform its obligations under the Program Agreements.

13.07 Performance of Obligations

(a) The Issuer will punctually perform and observe all of its obligations and agreements contained in this Indenture, the Declaration of Trust, the Master Transfer and Servicing Agreement, the other Program Agreements and in the instruments and agreements relating to the Collateral, including but not limited to filing or causing to be filed all PPSA financing statements and amendments thereto required to be filed by the terms of this Indenture in accordance with and within the time periods provided for herein.

(b) The Issuer (i) will diligently pursue any and all actions to enforce its rights under each instrument or agreement included in the Collateral and (ii) will not take any action and will use its best efforts not to permit any action to be taken by others that would release any Person from any of such Person's covenants or obligations

under any such instrument or agreement or that would result in the amendment, hypothecation, subordination, termination or discharge of, or impair the validity or effectiveness of, any such instrument or agreement, except, in each case, as expressly provided in this Indenture, the Master Transfer and Servicing Agreement or any other Program Agreement.

(c) The Issuer will enforce the Servicer's compliance with and performance of all of the Servicer's material obligations under the Master Transfer and Servicing Agreement. The Issuer will enforce the Manager's compliance with and performance of all of the Manager's material obligations under the Management Agreement.

13.08 Funding Obligations

The Issuer will ensure that all indebtedness is incurred pursuant to and in accordance with Article V. The Issuer will not enter into any Funding Obligation Agreement, other than a Warehouse Facility Agreement, that provides for Issuer Funding Obligations that have principal repayment obligations that the Manager believes, acting reasonably having regard to the Financing Plan and all Issuer Funding Obligations then outstanding, would likely require the Issuer to satisfy payments of principal on any Principal Payment Date in respect of such Issuer Funding Obligations by means of a Refinancing other than a Pre-Approved Refinancing.

13.09 Financial Statements

The Issuer will deliver or cause to be delivered to the Indenture Trustee and the Rating Agencies within 140 days after the end of each fiscal year audited financial statements of the Issuer for the fiscal year, including the balance sheet and statements of income, retained earnings and changes in financial position of the Issuer, and within 90 days after the end of each fiscal quarter, other than the fiscal quarter of the Issuer ending on the fiscal year end of the Issuer, unaudited financial statements of the Issuer for such fiscal quarter of the Issuer, including the balance sheet and statements of income, retained earnings and changes in financial position of the Issuer. The Indenture Trustee shall send a copy of each financial statement delivered pursuant to this Section 13.09 to each Noteholder.

13.10 Statement as to Compliance

The Issuer will deliver to the Indenture Trustee and the Rating Agencies, on or before March 31 of each year, beginning in 2018, a written statement signed by a Responsible Officer of the Issuer stating that:

(a) a review of the activities of the Issuer during the prior year and of the Issuer's performance under this Indenture and under the terms of the Notes has been made under such Responsible Officer's supervision; and

(b) to the best of such Responsible Officer's knowledge, based on such review, the Issuer has complied in all material respects with all conditions and covenants under this Indenture throughout such year and that no Default or Event of Default has occurred, or, if there has been a material Default or an Event of Default has

occurred, specifying each such Default or Event of Default known to such Responsible Officer and the nature and status thereof.

13.11 Payment Instructions

Promptly after the receipt by the Issuer of each Monthly Report under the Master Transfer and Servicing Agreement, the Issuer will, in cooperation with the Manager, complete the Payment Instruction in respect of the Collection Account and deliver a copy thereof to the Indenture Trustee and the Paying Agent (if the Paying Agent is not the Indenture Trustee) at least two (2) Business Days prior to the applicable Payment Date. At least two (2) Business Days prior to any date on which payments are to be made pursuant to Sections 7.05 to 7.11, the Issuer will, in cooperation with the Manager, complete and deliver to the Indenture Trustee and the Paying Agent (if the Paying Agent is not the Indenture Trustee) a copy of the Payment Instruction in respect of the Interest Accumulation Account, the Principal Accumulation Account, the IESO Cash Reserve Account, the Program Cash Reserve Account, the Protection Account or any Series Account, as applicable.

13.12 Notice of Certain Events; Protection Event

(a) The Issuer agrees to give the Indenture Trustee and the Rating Agencies prompt written notice of: (i) each Event of Default; (ii) each breach on the part of the Issuer or the Servicer of its respective obligations under the Master Transfer and Servicing Agreement, including any Servicer Default (notice of which Servicer Default shall state that it is a "Notice of Servicer Default"); (iii) each breach on the part of the Manager of its obligations under the Management Agreement; (iv) any default of the Issuer or a Derivative Counterparty under a Derivative Agreement; and (v) any Protection Event and the nature thereof.

(b) Within 10 Business Days after receipt by the Indenture Trustee of notice of any Servicer Default or Protection Event, the Indenture Trustee shall provide notice thereof to each Specified Creditor; provided, however, that the Indenture Trustee shall not be liable for failing to distribute any written notice pursuant to this subsection 13.12(b) to any party that is at the time of delivery a Specified Creditor but is not on the lists of Specified Creditors held by the Indenture Trustee pursuant to subsection 9.14(a).

(c) Upon the occurrence of a Protection Event~~ and at the~~**, if a** request ~~of~~**has been made by** the Issuer or any Controlling Class Creditor, the Indenture Trustee shall deliver a written demand to the Province requiring the Province to make payments on Obligations Secured pursuant to and in accordance with the Change of Law Protection Agreement. If, following such request, the Indenture Trustee does not deliver such written demand to the Province within 10 days of such request, any Controlling Class Creditor shall be entitled to deliver such written demand to the Province.

13.13 Issuer To Furnish Indenture Trustee Names and Addresses of Specified Creditors

(a) The Issuer will furnish or cause to be furnished to the Indenture Trustee:

(i) not more than 15 days after each Record Date, in such form as the Indenture Trustee may reasonably require, a list of the names and addresses of the Registered Noteholders of each applicable Class, Series or Tranche as of such date, and

(ii) at such other times as the Indenture Trustee may request in writing, within 30 days after the receipt by the Issuer of any such request, a list of similar form and content as of a date not more than 15 days before the time such list is furnished;

provided, however, that so long as the Indenture Trustee is the Note Registrar, no such lists shall be required to be furnished.

(b) Upon written request from the Indenture Trustee, within 10 Business Days after the receipt by the Issuer of any such request, the Issuer will furnish or cause to be furnished to the Indenture Trustee a list, substantially in the form of Exhibit 3 **(and in .pdf file format)** of the names and addresses of all Specified Creditors (other than Noteholders), together with a reference to such Specified Creditor's Program Agreement, provided that no written request shall be required for the deliveries in subsection 5.01(h) or 5.03(c).

13.14 Other Positive Covenants

The Issuer will:

(a) in the event that the Issuer shall be required to file tax returns, the Manager shall prepare or shall cause to be prepared such tax returns and shall provide such tax returns to the Issuer for signature at least five (5) Business Days before such tax returns are due to be filed. The Issuer, in accordance with the terms of each applicable Supplemental Indenture, shall also prepare or shall cause to be prepared all tax information required by applicable law to be distributed to any Noteholder and shall deliver such information to the Indenture Trustee at least five (5) Business Days prior to the date it is required by applicable law to be distributed to any Noteholder. The Indenture Trustee, upon written request, will furnish the Manager with all such information known to the Indenture Trustee as may be reasonably requested and required in connection with the preparation of all tax returns of the Issuer;

(b) subject to the payment priorities provided in Sections 7.04(e) and 8.13, pay or cause to be paid all Taxes levied, assessed or imposed upon the Issuer and its property or any part thereof, as and when the same become due and payable; provided that the Issuer may protest the payment of any such Taxes if it is acting in good faith and if it either provides the Indenture Trustee with cash in an amount

sufficient to satisfy the same or otherwise satisfies the Indenture Trustee that its interests are not prejudiced thereby and the Rating Agency Condition is satisfied;

(c) upon the written request of the Indenture Trustee, use reasonable commercial efforts, following any (i) termination or resignation of the Servicer, the Manager or the Paying Agent or, in each case, any successor thereof; or (ii) termination, non-renewal or expiry of a Liquidity Agreement or a Credit Enhancement Agreement (other than, in the latter case, a termination, non-renewal or expiry which occurs because neither party thereto has any further obligation thereunder), to appoint and enter into an agreement with a successor to such Servicer, Manager or Paying Agent, or replace or renew such Liquidity Agreement or Credit Enhancement Agreement, in form and substance the same as the applicable provisions in the previously existing Program Agreement and will notify the Indenture Trustee and the Rating Agencies of each such occurrence and new agreement, and will execute and deliver all Supplemental Indentures and amendments hereto and all instruments of further assurance and other instruments and will take other and further action as the Indenture Trustee, relying on the advice of counsel, may consider necessary or advisable to assign and render subject to this Indenture any such agreement; and

(d) deliver or cause to be delivered to the Indenture Trustee and the Rating Agencies on a confidential basis (excepting only, on the part of the Rating Agencies, for purposes of rating the securities of the Issuer) (i) copies of all Program Agreements (including any amendments thereto) in effect from time to time; and (ii) such reports and other information relating to the conduct of the business and affairs of the Issuer as the Indenture Trustee and the Rating Agencies may reasonably require including, without limitation, information pertaining to any actual or anticipated Event of Default or other event which could reasonably be anticipated to have a material adverse effect on the affairs of the Issuer.

13.15 Rule 144A Information

For so long as Notes of any Class, Series or Tranche are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Exchange Act, the Issuer agrees to provide to any Noteholder of such Class, Series or Tranche and to any prospective purchaser of Notes designated by such Noteholder, upon the request of such Noteholder or prospective purchaser, any information required to be provided to such Noteholder or prospective purchaser to satisfy the conditions set forth in Rule 144A(d)(4) under the Securities Exchange Act.

13.16 Further Instruments and Acts

Upon request of the Indenture Trustee or as necessary, the Issuer will execute and deliver such further instruments and do such further acts (including, but not limited to, disclosing or causing to be disclosed information) as may be reasonably necessary or proper to carry out more effectively the purpose of this Indenture.

13.17 No Other Business

The Issuer will not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto.

13.18 Amendments to Program Agreements

(a) Unless the Rating Agency Condition is satisfied, the Issuer will not make any material amendments to any Program Agreement (other than this Indenture and **individual trade confirmations under** Derivative Agreements).

(b) Without in any way limiting clause (a), the Issuer will not:

(i) **enter into any Co-Owner Agreement without the consent of Controlling Class Creditors, acting pursuant to an Ordinary Resolution;**

(ii) ~~(i)~~ amend, supplement, modify, restate or replace, or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to, any of the Program Agreements (other than this Indenture, Derivative Agreements and the Declaration of Trust)**,** if any such supplementation, amendment, modification, restatement or replacement, or waiver or consent, could reasonably be considered to be materially prejudicial to the rights or interests of any Specified Creditor(s), except as expressly permitted by such Specified Creditor(s) and subject to the Province having been given 10 Business Days' prior notice; provided that failure to provide such notice shall not invalidate such amendment, supplementation, modification, restatement or replacement, or waiver or consent; or

(iii) ~~(ii)~~ consent, if consent is required, to the resignation of the Manager under the Management Agreement.

(c) Without in any way limiting clause (a), the Issuer will not amend the Declaration of Trust if such amendment would have an Adverse Effect or would reasonably be expected to have an Adverse Effect at any time in the future; provided that if an amendment would have, or would reasonably be expected to have, an Adverse Effect, such amendment may only be made if the Issuer has obtained the consent of the Debtholders affected thereby, acting pursuant to an Ordinary Resolution.

(d) Upon receipt of an Issuer Certificate directing it to do so (provided that the Issuer has certified that the conditions set forth in Section 13.18(b) or 13.18(c), as applicable, have been satisfied), the Indenture Trustee shall execute any amendment, supplementation, modification, restatement or replacement of any Program Agreement to which it is a party (by acknowledgment or otherwise).

13.19 Issuer May Consolidate, Etc., Only on Certain Terms

The Issuer shall not consolidate or merge with or into any other Person, or sell, convey, exchange, transfer or otherwise dispose of any of its properties or assets included in the Collateral to any Person (in this Section 13.19, a "**transaction**"), unless:

(a) the Person (if other than the Issuer) formed by or surviving the consolidation or merger, or the Person that acquires by conveyance or transfer the properties and assets of the Issuer the conveyance or transfer of which is restricted, as applicable, shall: (i) be a Financing Entity, (ii) be organized and existing under the laws of Canada or any province or territory thereof, (iii) not be a Non-resident, (iv) not be subject to regulation as an "investment company" under the Investment Company Act, (v) expressly assume, pursuant to an assignment and/or assumption agreement or supplement executed and delivered to the Indenture Trustee, in a form satisfactory to the Indenture Trustee, the due and punctual payment of all Obligations Secured then outstanding and the performance or observance of every agreement and covenant of the Issuer in this Indenture and the other Program Agreements to which the Issuer is a party; and (vi) in the case of a conveyance or transfer only, expressly agree, by means of such assignment and/or assumption agreement or supplement, that (A) all right, title and interest so conveyed or transferred is subject and subordinate to the Security Interest, and (B) it shall make all filings required by applicable securities laws in connection with the Notes;

(b) immediately after giving effect to such transaction, no Event of Default shall have occurred and be continuing;

(c) the Issuer shall have delivered to the Indenture Trustee an Issuer Certificate and an Opinion of Counsel each stating that (i) such transaction and the agreements delivered in connection therewith comply with this Section 13.19, (ii) all conditions precedent in this Section 13.19 relating to such transaction have been complied with, and (iii) each agreement delivered in connection with such transaction has been duly authorized, executed and delivered, and is valid, binding and enforceable against the surviving Person or transferee, as applicable;

(d) the Rating Agency Condition shall have been satisfied with respect to such transaction; and

(e) any action that is necessary to maintain the Security Interest shall have been taken.

13.20 Successor Substituted

Upon any consolidation or merger, or any conveyance or transfer of the properties and assets of the Issuer substantially as an entirety in accordance with Section 13.19, the Person formed by or surviving such consolidation or merger (if other than the Issuer) or the Person to which such conveyance or transfer is made shall succeed to, and be substituted for, and may exercise every right and power of, the Issuer under this Indenture with the same effect as if such

Person had been named as the Issuer herein. In the event of any such conveyance or transfer, the Person named as the Issuer in the first paragraph of this Indenture or any successor which shall theretofore have become such in the manner prescribed in this Section 13.20 shall be released from its obligations under this Indenture as issued immediately upon the effectiveness of such conveyance or transfer.

13.21 Guarantees, Loans, Advances and Other Liabilities

Except as contemplated by this Indenture or the Declaration of Trust, the Issuer shall not make any loan or advance or credit to, or guarantee (directly or indirectly or by an instrument having the effect of assuring another's payment or performance on any obligation or capability of so doing or otherwise), endorse or otherwise become contingently liable, directly or indirectly, in connection with the obligations, stocks or dividends of, or own, purchase, repurchase or acquire (or agree contingently to do so) any stock, obligations, assets or securities of, or any other interest in, or make any capital contribution to, any other Person.

13.22 Capital Expenditures

The Issuer shall not make any expenditure (by long-term or operating lease or otherwise) for capital assets.

13.23 Restricted Payments

The Issuer is permitted to declare or make payable any amounts to the owner of units in the Issuer as permitted by and in accordance with the Declaration of Trust, and redeem (at the request of an owner or otherwise), purchase, retire or otherwise acquire for value any units in the Issuer, provided that the Issuer may only satisfy the distribution declared or made payable, or the redemption or purchase price of any units so redeemed, purchased, retired or otherwise acquired, in cash or property to the extent that cash or property is available for such purpose, subject to Sections 7.04, 7.10 and 8.13. For greater certainty, if the Issuer is restricted from satisfying the foregoing amounts in cash or property pursuant to the provisions of this Section, then the Issuer shall satisfy such amounts through the issuance of additional units and/or a promissory note to its unitholders in accordance with the Declaration of Trust.

13.24 Redemption of Subordinated Notes or Junior Subordinated Notes

Notwithstanding anything in the Related Supplemental Indenture to the contrary, the Issuer may not redeem any Series or Tranche of Subordinated Notes or Junior Subordinated Notes, in whole at any time or in part from time to time, unless the following conditions have been satisfied both before and after giving effect to the redemption, as certified by the Issuer pursuant to an Issuer Certificate:

(a) no Default or Event of Default shall have occurred and be continuing;

(b) all Issuer Accounts shall have been fully funded in accordance with the provisions of this Indenture and any Funding Obligation Agreement; and

(c) the sum of the Outstanding Dollar Principal Amount of Subordinated Funding Obligations and Junior Subordinated Funding Obligations after giving effect to the redemption shall be no less than 35% of the aggregate Outstanding Dollar Principal Amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations.

13.25 No Borrowing

The Issuer will not issue, incur, assume, guarantee or otherwise become liable, directly or indirectly, for any additional indebtedness, except for Funding Obligations and except pursuant to the Program Agreements.

13.26 Minimum Subordinated Funding Obligations

(a) The Issuer will not permit the aggregate Outstanding Dollar Principal Amount of Subordinated Funding Obligations and Junior Subordinated Funding Obligations to be less than 35% of the aggregate Outstanding Dollar Principal Amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations.

(b) The Issuer will not permit the aggregate Outstanding Dollar Principal Amount of Junior Subordinated Funding Obligations to be less than 10% of the aggregate Outstanding Dollar Principal Amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations.

13.27 Other Negative Covenants

The Issuer will not:

(a) claim any credit on, or make any deduction from the principal or interest payable in respect of, the Notes or Borrowings (other than amounts withheld or deducted as described in Section 16.02);

(b) permit the validity or effectiveness of this Indenture to be impaired, or permit the Security Interest to be amended, hypothecated, subordinated, terminated or discharged, or permit any Person to be released from any covenants or obligations hereunder with respect to any Program Agreements except as may be expressly permitted hereby;

(c) permit any Lien (other than Permitted Liens) to be created on or extend to or otherwise arise upon or burden the Collateral or any part thereof or any interest therein or the proceeds thereof;

(d) sell, transfer, exchange or otherwise dispose of any of the Collateral except as may be expressly permitted hereby;

(e) release any security or guarantee in respect of the Collateral;

(f) voluntarily dissolve or liquidate; or

(g) take any action that would cause it to be treated as engaged in a "trade or business within the United States" within the meaning of applicable U.S. tax law interpreting section 864 of the Internal Revenue Code or its successor or predecessor provisions.

13.28 Indenture Trustee May Perform Covenants

If the Issuer fails to perform any of its covenants herein contained, the Indenture Trustee may, subject to the receipt of indemnification and funding reasonably acceptable to the Indenture Trustee as provided in Section 9.02(d), itself perform the covenant if the covenant is capable of being performed by the Indenture Trustee and, if the covenant requires the payment or expenditure of money, the Indenture Trustee may make the payment or expenditure with money borrowed by or advanced to it for such purpose, but will be under no obligation to do so; and all sums so expended or advanced will bear interest at the rate of interest charged to the Indenture Trustee by its bankers from the date of expenditure until repayment and will (together with such interest) be paid by the Issuer upon demand and will until paid form part of the Obligations Secured and constitute a Lien on the Collateral to which such covenant related in priority to the Security Interest and will be payable out of any funds coming into possession of the Indenture Trustee hereunder. No performance or payment will be deemed to relieve the Issuer from the consequences of the occurrence of any Event of Default hereunder.

ARTICLE XIV
CERTAIN PROGRAM AGREEMENTS

14.01 Management Agreement

The Indenture Trustee acknowledges that the Issuer has entered into the Management Agreement which provides, among other things, for the provision of certain services and the performance by the Manager of certain obligations of the Issuer under this Indenture connected with the Issuer Investment Interest, the incurrence of Issuer Funding Obligations and all registrations required pursuant to Section 4.05. Accordingly, any obligation of the Issuer hereunder performed by the Manager on behalf of the Issuer will be deemed to have been performed by the Issuer and any payments referred to hereunder received or received and applied against the Issuer Funding Obligations by the Manager on behalf of the Issuer will be deemed to have been received or received and applied by the Issuer. The Indenture Trustee may act and rely on any instrument or report referred to hereunder prepared by the Manager on behalf of the Issuer as if the instrument or report had been prepared by the Issuer.

14.02 Credit Enhancement Agreements

The Indenture Trustee acknowledges that the Issuer may enter into one or more Credit Enhancement Agreements which provide, among other things, for the right of the Issuer, the Indenture Trustee or the Manager, as attorney for the Issuer, to make drawings on Credit Enhancers for the purpose of paying maturing Issuer Funding Obligations and repaying Borrowings under Liquidity Agreements. The Indenture Trustee hereby appoints the Manager as the Indenture Trustee's attorney, with full authority in the place and stead of and in the name of

the Indenture Trustee or otherwise, from time to time to make any drawings pursuant to a Credit Enhancement Agreement (provided that written notice of any drawings shall be given by the Manager to the Indenture Trustee) and, in that connection, to execute and deliver all such documents, instruments and certificates including, without limitation, any drawing certificates required to be delivered to a Credit Enhancer at the time any drawing is made, and to do all such further acts and things and to take all such proceedings as the Manager in its sole discretion deems necessary or desirable to enforce compliance by a Credit Enhancer with the terms of a Credit Enhancement Agreement.

14.03 Declaration of Trust

The Indenture Trustee acknowledges that pursuant to the Declaration of Trust, the Indenture Trustee may appoint a successor Issuer Trustee if the Issuer Trustee and the unitholders of the Issuer fail to appoint such a successor. The Indenture Trustee will only exercise such right if it has received an Ordinary Resolution of Controlling Class Creditors directing it to take such action.

ARTICLE XV
NOTICES

15.01 Notice to Issuer

Any notice, document or other communication required or permitted to be given or delivered to the Issuer hereunder will be in writing and will be valid and effective if given by delivery to the addresses indicated below or by facsimile or email transmission at such addresses (with, in the case of facsimile or email transmission, receipt confirmed, either by telephone, reply facsimile or reply email, or, in the case of email transmission, through the email software itself) and such notice, document or other communication shall be deemed to have been received, if given by delivery, on the day of delivery, and, if sent by facsimile or email transmission, on the day receipt thereof has been confirmed in accordance with the provisions of this Section 15.01. Such notice shall, if given on a day other than a Business Day or after the normal business hours of the recipient on a Business Day, be deemed to have been given on the next Business Day:

Fair Hydro Trust
c/o Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6

Attention: Vice President, Fair Hydro Plan
Fax: (416) 592-4189
Email: FHP@opg.com

Attention: General Counsel
Fax: (416) 592-4189

with copies to:

Computershare Trust Company of Canada, in its capacity as
Issuer Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1

Attention: Manager, Corporate Trust
Fax: (416) 981-9777
Email: corporatetrust.toronto@computershare.com

15.02 Notice to the Indenture Trustee

Any notice, document or other communication required or permitted to be given or delivered to the Indenture Trustee hereunder will be in writing and will be valid and effective if given by delivery to the address indicated below or by facsimile transmission at such address (with, in the case of facsimile transmission, receipt confirmed, either by telephone or reply facsimile) and such notice, document or other communication shall be deemed to have been received, if given by delivery, on the day of delivery, and, if sent by facsimile transmission, on the day receipt thereof has been confirmed in accordance with the provisions of this Section 15.02. Such notice shall, if given on a day other than a Business Day or after the normal business hours (being 5:00 p.m. (Toronto time)) of the Indenture Trustee on a Business Day, be deemed to have been given on the next Business Day:

BNY Trust Company of Canada
One York Street, 6th Floor
Toronto, Ontario M5J 0B6

Attention: Corporate Trust Administration
Fax: (416) 360-1711

15.03 Notice to Noteholders

(a) Any notice, document or other communication required or permitted to be given or delivered hereunder to Registered Noteholders will be deemed to be validly given if sent to a destination within Canada by first class mail and if sent to a destination outside of Canada by airmail, postage prepaid in each case, sent by facsimile transmission or email transmission, addressed in each case to the Registered Noteholder at its address appearing in the Note Register, not later than the latest date, and not earlier than the earliest date, prescribed for the giving of such notice. In any case where notice to Registered Noteholders is given by mail, facsimile or electronic transmission, neither the failure to mail, send by facsimile or send by electronic transmission such notice, nor any defect in any notice so mailed, to any particular Noteholders will affect the sufficiency of such notice with respect to other Noteholders and any notice that is mailed, sent by facsimile or sent by electronic transmission in the manner herein provided shall conclusively have been presumed to have been duly given. In the case where CDS is the Registered Noteholder, notices, documents or other communications may be

given by hand-delivery and such notice, document or other communication shall be deemed to have been received on the day of delivery.

(b) No notice will be given by mail, facsimile, email transmission or otherwise delivered to a holder of Bearer Notes or coupons in bearer form. In the case of any Class, Series or Tranche with respect to which any Bearer Notes are Outstanding, any notice required or permitted to be given to holders of such Bearer Notes will be published in an Authorized Newspaper within the time period prescribed in this Indenture or the Related Supplemental Indenture.

(c) In case, by reason of the suspension of regular mail service as a result of a strike, work stoppage or otherwise, it will be impractical to mail notice of any event to any holder of a Registered Note when such notice is required to be given pursuant to any provision of this Indenture, then any method of notification as will be satisfactory to the Indenture Trustee and the Issuer will be deemed to be a sufficient giving of such notice.

(d) With respect to any Series or Tranche of Notes, the Related Supplemental Indenture or Terms Document may specify different or additional means of giving notice to the Noteholders of such Series or Tranche.

(e) Where this Indenture, any Supplemental Indenture or any Registered Note provides for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver will be the equivalent of such notice. Waivers of notice by Registered Noteholders will be filed with the Indenture Trustee, but such filing will not be a condition precedent to the validity of any action taken in reliance upon such waiver.

15.04 Notice to Other Specified Creditors

Any notice, document or other communication required or permitted to be given or delivered to any Specified Creditor (other than Noteholders) hereunder will be in writing and will be given by delivery to the applicable addresses provided to the Issuer by such Specified Creditor and set forth in the Specified Creditor list delivered pursuant to subsection 13.13(b) or by facsimile or electronic transmission. Any such notice shall, if given on a day other than a Business Day or after the normal business hours of the recipient on a Business Day, be deemed to have been given on the next Business Day.

15.05 Notice to Rating Agencies

Any notice, document or other communication required or permitted to be given or delivered to the Rating Agencies hereunder will be in writing and will be given by delivery to the applicable addresses provided to the Issuer by the Rating Agencies or by facsimile or electronic transmission. Any such notice shall, if given on a day other than a Business Day or after the normal business hours of the recipient on a Business Day, be deemed to have been given on the next Business Day. Where this Indenture provides for notice to any Rating Agency, failure to

give such notice will not affect any other rights or obligations created hereunder and will not under any circumstance constitute an Adverse Effect.

15.06 Change of Address

Any Person referenced above may from time to time notify any other interested Person, in accordance with the provisions hereof, of any change of address which thereafter, until changed by like notice, shall be the address of such Person for all purposes of this Indenture.

ARTICLE XVI
MISCELLANEOUS

16.01 No Petition

The Indenture Trustee, by entering into this Indenture, and each Specified Creditor by accepting its rights as a third party beneficiary hereunder, agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Issuer Funding Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Issuer.

16.02 Withholding Rights

The right of any Person to receive amounts described in this Indenture, including rights of a Noteholder to receive interest on or principal of a Note, or the rights of a Person to receive payments described in the Payment Waterfalls, shall be subject to any applicable withholding or deduction imposed pursuant to the Income Tax Act or other applicable tax law, including foreign withholding and deduction. Any amounts properly withheld or deducted shall be treated as actually paid to the appropriate recipient, provided that such deduction or withheld amounts are actually remitted in accordance with applicable law to the appropriate Governmental Authority.

16.03 U.S. Tax Treatment

The Issuer and each Noteholder that is a United States Person agree that the Notes are intended to be debt for United States federal, state and local income and franchise tax purposes and agree to treat the Notes accordingly for all such purposes, unless otherwise required by a taxing authority. Each Noteholder that is a United States Person further agrees that it will cause any Note Owner that is a United States Person acquiring an interest in a Note through it to comply with this Indenture as to treatment as indebtedness for United States federal, state and local income and franchise tax purposes as described in this Section 16.03.

16.04 Alternate Payment Provisions

Notwithstanding any provision of this Indenture or any of the Notes to the contrary, the Issuer, with the written consent of the Indenture Trustee, may enter into any agreement with any Noteholder providing for a method of payment or notice that is different from the methods provided for in this Indenture for such payments or notices. The Issuer will furnish to the Indenture Trustee a copy of each such agreement and the Indenture Trustee will cause payments or notices, as applicable, to be made in accordance with such agreements.

16.05 Final Distribution

(a) The Issuer shall give the Indenture Trustee at least 30 days written notice of the Principal Payment Date on which the Noteholders of any Class, Series or Tranche may surrender their Notes for payment of the final distribution on and cancellation of such Notes. Not later than the fifth day of the month in which the final distribution in respect of such Class, Series or Tranche is payable to Noteholders, the Indenture Trustee shall provide notice to Noteholders of such Class, Series or Tranche specifying (i) the date upon which final payment of such Class, Series or Tranche will be made upon presentation and surrender of Notes of such Class, Series or Tranche at the office or offices therein designated, (ii) the amount of any such final payment, and (iii) that the Record Date otherwise applicable to such Principal Payment Date is not applicable, payments being made only upon presentation and surrender of such Notes at the office or offices therein specified (which, in the case of Bearer Notes, shall be outside the United States). The Indenture Trustee shall give such notice to the Note Registrar and the Paying Agent at the time such notice is given to Noteholders.

(b) Notwithstanding a final distribution to the Noteholders of any Class, Series or Tranche of Notes (or the termination of the Issuer), except as otherwise provided in this paragraph, all funds then on deposit in any Series Account allocated solely to such Noteholders shall continue to be held in trust for the benefit of such Noteholders, and the Paying Agent or the Indenture Trustee shall pay such funds to such Noteholders upon surrender of their Notes, if certificated. In the event that all such Noteholders shall not surrender their Notes for cancellation within six (6) months after the date specified in the notice from the Indenture Trustee described in paragraph (a), the Indenture Trustee shall give a second notice to the remaining such Noteholders to surrender their Notes for cancellation and receive the final distribution with respect thereto (which surrender and payment, in the case of Bearer Notes, shall be outside the United States). If within one (1) year after the second notice all such Notes shall not have been surrendered for cancellation, the Indenture Trustee may take appropriate steps, or may appoint an agent to take appropriate steps, to contact the remaining such Noteholders concerning surrender of their Notes, and the cost thereof shall be paid out of the funds in the Collection Account or any Series Account held for the benefit of such Noteholders. The Indenture Trustee and the Paying Agent shall pay to the Issuer any monies held by them for the payment of principal or interest that remains unclaimed for two (2) years. After payment to the Issuer, Noteholders entitled to the money must look to the Issuer for payment as general creditors unless an applicable abandoned property law designates another Person.

16.06 Force Majeure

In no event shall the Indenture Trustee or the Issuer Trustee be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural

catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services; it being understood that the Indenture Trustee and the Issuer Trustee shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

16.07 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Indenture.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly executed as of the day and year first above written.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of **FAIR HYDRO TRUST**, as Issuer

By: **ONTARIO POWER GENERATION INC.**, not in its individual capacity but solely as Manager

By: _____

Name:
Title:

By: _____

Name:
Title:

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

By:

Name:
Title:

Schedule A
DEFINED TERMS

"**Acceleration Event**" means the acceleration of any Series of Controlling Class Obligations pursuant to and in accordance with the Related Funding Obligation Agreement.

"**Act**" means *Ontario Fair Hydro Plan Act, 2017*.

"**Action**" has the meaning specified in Section 1.04.

"**Adherence Compliance Certificate**" has the meaning specified in the Change of Law Protection Agreement.

"**Adverse Effect**" means, whenever used in this Indenture with respect to any action, that such action will at the time of its occurrence (a) result in the occurrence of an Event of Default or any event which with the giving of notice or passage of time, or both, would become an Event of Default, (b) adversely affect the amount or timing of any payment to be made to any Debtholder or Derivative Counterparty pursuant to this Indenture or any Program Agreement, (c) materially adversely affect the amount or timing of payments to be made to the Specified Creditors (other than Debtholders and Derivative Counterparties) pursuant to this Indenture or any Program Agreement, or (d) adversely affect the Security Interest and the rights and remedies of the Indenture Trustee in respect thereof.

"**Affected Party**" has the meaning specified in the applicable Derivative Agreement.

"**Affiliate**" means, with respect to any specified Person, any other Person controlling or controlled by or under common control with such specified Person. For the purposes of this definition, "**control**" when used with respect to any specified Person means the power to direct the management and policies of such specified Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, and the terms "**controlling**" and "**controlled**" have meanings correlative to the foregoing.

"**Agency Agreement**" means an agency agreement made between the Issuer and one or more Persons acting on behalf of the Issuer, providing for the sale and distribution of Notes on an agency basis.

"**Approved Obligation**" has the meaning specified in the Change of Law Protection Agreement.

"**Approved Obligation Amount**" has the meaning specified in the Change of Law Protection Agreement.

"**Authorized Newspaper**" means any newspaper or newspapers of general circulation, in the case of Notes issued in the United States, in the Borough of Manhattan, The City of New York, and in the case of Notes issued in Canada, in the City of Toronto, in each case printed in the English language and customarily published on each Business Day at such place, whether or not published on Saturdays, Sundays or holidays, or if and so long as Notes of any Class, Series or Tranche are listed on any securities exchange and that exchange so requires, the newspaper of

record required by the applicable securities exchange, printed in any language satisfying the requirements of such exchange.

"**Available Collections**" means, for any Monthly Period, without duplication: (a) the Servicer CEA Receipts paid to the Issuer in accordance with Section 3.3 of the Master Transfer and Servicing Agreement, plus investment earnings allocable to the amounts on deposit in the Collection Account, plus any other amounts, or allocable portion thereof, to be treated as Available Collections, subject to this Indenture and any applicable Supplemental Indenture; (b) the IESO Carrying Cost Payments (other than the IESO Cash Reserve Deposit Amount); and (c) amounts received by the Issuer pursuant to Derivative Agreements.

"**Bearer Note**" means a Note in bearer form.

"**Benefit Plan**" means an "employee benefit plan" as defined in Section 3(3) of ERISA, which is subject to the provisions of Title I of ERISA, a "plan" described in and subject to Section 4975 of the Code, or an entity whose underlying assets include "plan assets" by reason of an employee benefit plan's investment in the entity.

"**Borrowing**" means a borrowing or drawing by the Issuer pursuant to a Liquidity Agreement, a Loan Agreement or a Credit Enhancement Agreement.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are, or the office of the Indenture Trustee is, authorized or obligated by applicable law, regulation or executive order to be closed.

"**Canadian Depository**" means, unless otherwise specified by the Issuer pursuant to any of Section 3.04, 3.06, or 4.01, with respect to Notes issuable or issued as a Global Note within Canada, CDS Clearing and Depository Services Inc., or any successor thereto registered as a clearing agency under the *Securities Act* (Ontario), or other applicable statute or regulation.

"**Carrying Costs**" has the meaning ascribed to the term "carrying costs" in the Fair Hydro Regulations.

"**Certificate of Authentication**" means the certificate of authentication of the Indenture Trustee, the form of which is described in Section 3.03.

"**Certified Primary Obligations**" has the meaning specified in the Change of Law Protection Agreement.

"**Chairman**" has the meaning specified in subsection 10.01(d).

"**Change of Law Protection Agreement**" means the change of law protection agreement dated December ~~[21],~~**21,** 2017 among the Province, the Issuer and the Indenture Trustee.

"**Class**" means the Senior Funding Obligations, the Subordinated Funding Obligations, the Junior Subordinated Funding Obligations, each of which shall be a Class of Issuer Funding Obligations.

"**Collateral**" has the meaning specified in Section 2.01.

"**Collection Account**" has the meaning specified in subsection 7.02(a).

"**Commission**" means the U.S. Securities and Exchange Commission.

"**Controlling Class Creditors**" means, at any time, the Debtholders holding Controlling Class Obligations.

"**Controlling Class Obligations**" means: (a) Senior Funding Obligations until such time as all Senior Funding Obligations have been paid in full; then (b) if all Senior Funding Obligations have been paid in full, Subordinated Funding Obligations until such time as all Subordinated Funding Obligations have been paid in full; and finally (c) if all Senior Funding Obligations and Subordinated Funding Obligations have been paid in full, Junior Subordinated Funding Obligations until such time as all Junior Subordinated Funding Obligations have been paid in full.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Issuer and any other owner or owners of an Investment Interest as contemplated by subsection 29(5) of the Act.

"**Corporate Trust Office**" means the office of the Indenture Trustee at which, at any particular time, its corporate trust business shall be administered, which office as of the date hereof is located at One York Street, 6th Floor, Toronto, Ontario M5J 0B6, or at such other address as the Indenture Trustee may designate from time to time by notice to the Specified Creditors and the Issuer, or the principal corporate trust office of any successor trustee designated by like notice.

"**Credit Enhancement**" means any form of credit enhancement (howsoever characterized) for any Issuer Funding Obligation, including any letter of credit, letter of guarantee, insurance policy, surety bond, cash reserve account, spread account, guaranteed rate agreement, note purchase agreement, loan facility or other similar agreement established for the benefit of a Lender or Noteholder, as applicable, and including any facility provided by a Person to the Issuer which is specified or acknowledged in writing by the Issuer as "Credit Enhancement" for purposes hereof.

"**Credit Enhancement Agreement**" means any credit enhancement agreement entered into hereafter between the Issuer and one or more Credit Enhancers, and acknowledged and accepted by the Indenture Trustee in accordance with Article V, providing Credit Enhancement in respect of any Issuer Funding Obligation, and includes any letter of credit, guarantee, surety bond or other instrument executed and delivered by such Credit Enhancer(s).

"**Credit Enhancer**" means any Person providing Credit Enhancement to the Issuer or in respect of any Issuer Funding Obligation.

"**DBRS**" means DBRS Limited, or any successor thereof.

"**Debtholder**" means a Noteholder or a Lender.

"**Debtholder Group**" has the meaning specified in subsection 10.01(a).

"**Declaration of Trust**" means the declaration of trust made as of December ~~[15],~~**20,** 2017 under which the Issuer was established.

"**Default**" means the occurrence of any event which, after the passage of time, the required notification to the Indenture Trustee and, if required, approval by the required Controlling Class Creditors, would become an Event of Default.

"**Defaulting Party**" has the meaning specified in the applicable Derivative Agreement.

"**Deferred Principal Accumulation Amount**" means, on any Principal Payment Date, the amount by which the aggregate of the Principal Accumulation Amount (Warehouse), the Principal Accumulation Amount (Senior), the Principal Accumulation Amount (Subordinated) and the Principal Accumulation Amount (Junior Subordinated) for such Principal Payment Date determined without reference to any Refinancing Notices is greater than the amount on deposit in the Principal Accumulation Account.

"**Depository**" means a Canadian Depository, a U.S. Depository or a Foreign Depository, as the case may be.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Issuer in connection with or related to Borrowings or Notes.

"**Derivative Counterparty**" means any party to any Derivative Agreement other than the Issuer or the Indenture Trustee.

"**Derivative Funding Obligations**" means Funding Obligations arising under, or in connection with, Derivative Agreements.

"**Discount Note**" means a Note that provides for an amount less than the Stated Principal Amount (but not less than the Initial Currency Specific Dollar Principal Amount) thereof to be due and payable upon the occurrence of an optional redemption, or the occurrence of an Event of Default and the acceleration of such Note, in each case before the Principal Payment Date of the applicable Note.

"**Dollar**," "**$**" or "**Cdn. $**" means Canadian dollars.

"**Electronic Methods**" means delivery of any notice or form of communication by facsimile, pdf or e-mail, or by other similar electronic means in a form satisfactory to the Issuer.

"**Eligible Deposit Account**" means an account that is a segregated account with an Eligible Institution.

"**Eligible Institution**" means (a) a trust company or Schedule I chartered bank (or an Affiliate thereof) incorporated under the laws of Canada or any province thereof (i) which has either (x) a long-term unsecured debt rating of "A" or better by DBRS, or (y) a short-term deposit rating of "R-1 (low)" or better by DBRS, and (ii) which has either (x) a long-term unsecured debt rating of "A2" or better by Moody's, or (y) a short-term deposit rating of "P-1" or better by Moody's, or (b) any institution that otherwise satisfies the Rating Agency Condition.

"**Eligible Investments**" means instruments or investment property that evidence:

(a) direct obligations of, or obligations fully and unconditionally guaranteed as to timely payment by, Canada or the United States of America;

(b) demand or time deposits of, unsecured certificates of deposit of, money market deposit accounts of, bank deposit products of or bankers' acceptances issued by, any depository institution (including, but not limited to, bank deposit products of the Indenture Trustee, acting in its commercial capacity) incorporated or organized under the laws of the United States of America, Canada or any state or province thereof and subject to supervision and examination by applicable banking authorities, so long as the commercial paper or other short-term debt obligations of such depository institution are, at the time of deposit, rated at least "R-1 (low)" and "P-1" by each of DBRS and Moody's, or such lower rating as will not result in the downgrading or withdrawal of the ratings of the Issuer or any of the Issuer Funding Obligations;

(c) commercial paper (including commercial paper of the Indenture Trustee, acting in its commercial capacity), which at the time of purchase is rated at least "R-1 (low)" and "P-1" by each of DBRS and Moody's, or such lower rating as will not result in the downgrading or withdrawal of the ratings of the Issuer or any of the Issuer Funding Obligations;

(d) investments in money market funds having a rating in the highest investment category granted thereby (including funds for which the Indenture Trustee or any of its Affiliates is investment manager or advisor) from DBRS and Moody's;

(e) repurchase obligations with respect to any security that is a direct obligation of, or fully guaranteed by, the United States of America, Canada or their respective agencies or instrumentalities, entered into with Eligible Institutions;

(f) repurchase obligations with respect to any security or whole loan entered into with an Eligible Institution or with a registered broker/dealer acting as principal and that meets the ratings criteria set forth below:

(i) a broker/dealer (acting as principal) registered as a broker or dealer under the Securities Act (any such broker/dealer being referred to in this

definition as a "**broker/dealer**"), the unsecured short-term debt obligations of which are rated at least "P-1" by Moody's and "R-1" by DBRS at the time of entering into such repurchase obligation; or

(ii) an unrated broker/dealer, acting as principal, that is a wholly-owned subsidiary of a non-bank or bank holding company the unsecured short-term debt obligations of which are rated at least "P-1" by Moody's and "R-1" by DBRS at the time of purchase so long as the obligations of such unrated broker/dealer are unconditionally guaranteed by such non-bank or bank holding company; and

(g) any other investment permitted by each of the Rating Agencies;

in each case maturing not later than the Business Day preceding the next Payment Date, Interest Payment Date or Principal Payment Date, as applicable (for the avoidance of doubt, investments in money market funds or similar instruments that are redeemable on demand shall be deemed to satisfy the foregoing requirement). Notwithstanding the foregoing, no securities or investments that mature in 30 days or more shall be "Eligible Investments" unless the issuer thereof has (x) either a short-term unsecured debt rating of at least "P-1" from Moody's or a long-term unsecured debt rating of at least "A2" from Moody's and also has (y) either a short-term unsecured debt rating of at least "R-1 (low)" from DBRS or a long-term unsecured debt rating of at least "A" from DBRS.

"**Eligible Securities Account**" means a securities account that is a segregated account with an Affiliate of an Eligible Institution, which Affiliate is licensed to maintain securities accounts.

"**ERISA**" means the *Employee Retirement Income Security Act* of 1974, as amended.

"**Event of Default**" has the meaning specified in Section 8.01.

"**Exchange Date**" means, with respect to any Class, Series or Tranche of Notes, the latest of:

(a) in the case of exchanges of beneficial interests in Temporary Global Notes for beneficial interests in Permanent Global Notes in registered form, any date that is after the related issuance date;

(b) in the case of exchanges of beneficial interests in Temporary Global Notes for beneficial interests in Permanent Global Notes in bearer form, the date of presentation of certification of non-United States beneficial ownership (as described in Section 3.05); and

(c) the earliest date on which such an exchange of a beneficial interest in a Temporary Global Note for a beneficial interest in a Permanent Global Note is permitted by applicable law.

"**Exchange Rate Agent**" means, with respect to any Series of Issuer Funding Obligations (unless otherwise specified with respect to any Series of Issuer Funding Obligations pursuant to the Related Funding Obligation Agreement), a chartered bank listed on Schedule I to the *Bank Act* (Canada) designated pursuant to the Related Funding Obligation Agreement.

"**Extraordinary Resolution**" means a resolution passed by the affirmative votes of Controlling Class Creditors holding not less than 66⅔% of the Outstanding Dollar Principal Amount of all Controlling Class Obligations represented and voting at a meeting of all Controlling Class Creditors duly convened and held in accordance with the provisions of this Indenture.

"**Fair Hydro Regulations**" means the regulations made under the Act, including Ontario regulations 206/17 and 195/17.

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act and the Fair Hydro Regulations as of the date of this Indenture.

"**Financing Entity**" has the meaning ascribed to the term "financing entity" in the Act as of the date of this Indenture.

"**Financing Plan**" has the meaning ascribed to the term "financing plan" in the Act as of the date of this Indenture.

"**Foreign Currency**" means (a) a currency other than Dollars, or (b) denominated in a currency other than Dollars.

"**Foreign Currency Note**" means a Note denominated in a Foreign Currency.

"**Foreign Depository**" means the Person specified in the Related Supplemental Indenture, in its capacity as depository for the accounts of any clearing agencies located outside Canada and the United States.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Indenture.

"**Funding Obligation Agreement**" means any Notes, any Supplemental Indenture (including any Terms Document), any Liquidity Agreement, any Loan Agreement, any Credit Enhancement Agreement or any Derivative Agreement.

"**Global Note**" means any Note issued pursuant to Section 3.04.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**Guarantee Payment Date**" means each day when any payment or payments are to be made in respect of one or more Approved Obligations occurring following the delivery of a Payment Demand to the Province pursuant to the Change of Law Protection Agreement.

"**IESO**" means the Independent Electricity System Operator, a statutory corporation without share capital established by the *Electricity Act, 1998*, SO, 1998.

"**IESO Carrying Cost Payments**" means those amounts paid to the Issuer by the IESO pursuant to the Fair Hydro Regulations.

"**IESO Cash Reserve Account**" has the meaning specified in subsection 7.02(e).

"**IESO Cash Reserve Deposit Amount**" means an amount equal to the aggregate of:

(a) 0.50% of the aggregate outstanding principal amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations determined as of the Payment Date occurring in April, 2021; and

(b) an amount estimated by the Manager, acting reasonably, as the amount of Carrying Costs payable by the Issuer during May, June and July, 2021 on outstanding Issuer Funding Obligations and any Issuer Funding Obligations to be issued in accordance with the Financing Plan, provided that such estimate satisfies the Rating Agency Condition.

"**IESO Cash Reserve Required Amount**" means, on any Payment Date on or after the Payment Date in November, 2021, the amount, if any, by which (a) an amount equal to 0.50% of the aggregate Outstanding Dollar Principal Amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations, exceeds (b) the amount on deposit in the Program Cash Reserve Account, determined after giving effect to all settlements on such Payment Date.

"**IESO Security Agreement**" means the security agreement made by the IESO in favour of the Issuer to secure its obligations to pay IESO Carrying Cost Payments.

"**Income Tax Act**" means the *Income Tax Act* (Canada).

"**Indemnity Agreement**" means the Indemnity Agreement dated December ~~[21],~~**21,** 2017 by the Manager in favour of the Indenture Trustee.

"**Indenture**" or "**this Indenture**" means this Trust Indenture, as amended, supplemented, restated or otherwise modified from time to time, including by Supplemental Indentures for the issuance of Series of Notes entered into pursuant to the applicable provisions hereof.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Indenture until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "Indenture Trustee" means and includes such Person.

"**Initial Currency Specific Dollar Principal Amount**" means with respect to a Series or Tranche in a Series that includes Foreign Currency Notes, the amount specified in the applicable Supplemental Indenture as the Initial Currency Specific Dollar Principal Amount thereof.

"**Initial Dollar Principal Amount**" means (a) unless otherwise specified in the applicable Supplemental Indenture, with respect to a Class, Series or Tranche of Notes, the aggregate initial principal amount of the Outstanding Notes of such Class, Series or Tranche plus the aggregate initial principal amount of any additional Notes of such Class, Series or Tranche, and (b) with respect to a Class, Series or Tranche of Discount Notes that includes Foreign Currency Notes, the amount specified in the applicable Supplemental Indenture as the Initial Dollar Principal Amount thereof.

"**Insolvency Event**" means, with respect to a specified Person, the specified Person admits the inability of such specified Person to pay its liabilities generally as they become due or makes a general assignment for the benefit of the creditors of such specified Person or otherwise acknowledges the insolvency of such specified Person or any proceeding shall be instituted by or against such specified Person seeking to adjudicate it a bankrupt or insolvent or seeking liquidation, winding up, dissolution, reorganization, arrangement, adjustment, protection, relief or composition of its debts under any law relating to bankruptcy, insolvency, reorganization, moratorium or relief of debtors or seeking the entry of an order for relief by the appointment of a receiver, trustee or other similar official for such specified Person or for any substantial part of its property and if such proceeding has been instituted against such specified Person either such proceeding has not been stayed or dismissed within 45 days or any of the actions sought in such proceeding (including the entry of an order for relief or the appointment of a receiver) are granted in whole or in part, or if a receiver is privately appointed in respect of such specified Person or of the property of such specified Person or any substantial part thereof.

"**Interest Accrual Amount (Junior Subordinated)**" means, in respect of any Payment Date and all Junior Subordinated Funding Obligations, the amount of interest that accrued on such Junior Subordinated Funding Obligations during the period from and including the issuance date of such Junior Subordinated Funding Obligations or the last date to which interest has been paid in respect of such Junior Subordinated Funding Obligations, as applicable, to such Payment Date less any amounts deposited to the Interest Accumulation Account in respect of such interest accruing during such period pursuant to subsections 7.04(e)(v) and 7.07.

"**Interest Accrual Amount (Senior)**" means, in respect of any Payment Date and all Senior Funding Obligations, the amount of interest that accrued on such Senior Funding Obligations during the period from and including the issuance date of such Senior Funding Obligations or the last date to which interest has been paid in respect of such Senior Funding Obligations, as applicable, to such Payment Date less any amounts deposited to the Interest Accumulation Account in respect of such interest accruing during such period pursuant to subsections 7.04(e)(iii)(A) and 7.07.

"**Interest Accrual Amount (Subordinated)**" means, in respect of any Payment Date and all Subordinated Funding Obligations, the amount of interest that accrued on such Subordinated Funding Obligations during the period from and including the issuance date of such Subordinated Funding Obligations or the last date to which interest has been paid in respect of such Subordinated Funding Obligations, as applicable, to such Payment Date less any amounts deposited to the Interest Accumulation Account in respect of such interest accruing during such period pursuant to subsections 7.04(e)(iv) and 7.07.

"**Interest Accumulation Account**" has the meaning specified in subsection 7.02(b).

"**Interest Payment Date**" means each Business Day on which interest is due and payable in respect of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations, as set out in the Related Funding Obligation Agreement.

"**Internal Revenue Code**" means the United States Internal Revenue Code of 1986, as amended.

"**Investment Asset**" has the meaning ascribed to the term "investment asset" in the Act as of the date of this Indenture.

"**Investment Company Act**" means the United States Investment Company Act of 1940, as amended.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Indenture.

"**Issuer**" has the meaning specified in the first paragraph of this Indenture.

"**Issuer Accounts**" means, collectively, the Program Accounts, the Series Accounts and the Related Securities Accounts, and including any Sub-Accounts of the foregoing.

"**Issuer Certificate**" means a certificate (including an Officer's Certificate) signed in the name of the Issuer by a Responsible Officer of the Manager on behalf of the Issuer and, in each case delivered to the Indenture Trustee relating to, among other things, the issuance of a new Series or Tranche of Notes. Wherever this Indenture requires that an Issuer Certificate be signed also by an accountant or other expert, such accountant or other expert (except as otherwise expressly provided in this Indenture) may be an employee of the Manager.

"**Issuer Funding Obligations**" means, the Funding Obligations of the Issuer, including the Senior Funding Obligations, the Subordinated Funding Obligations, the Junior Subordinated Funding Obligations and the Derivative Funding Obligations.

"**Issuer Investment Interest**" means, initially, the Investment Interest acquired by the Issuer pursuant to the first Transfer completed under the Master Transfer and Servicing Agreement and, upon the completion of each Transfer thereafter, the cumulative Investment Interest acquired by the Issuer.

"**Issuer Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Issuer at such time.

"**Junior Subordinated Borrowings**" means Borrowings that have been designated as "Junior Subordinated Borrowings" in the Related Loan Agreement, Related Liquidity Agreement or Related Credit Enhancement Agreement.

"**Junior Subordinated Funding Obligations**" means Funding Obligations arising under, or in connection with, Junior Subordinated Notes and Junior Subordinated Borrowings.

"**Junior Subordinated Notes**" means Notes of a Series that have been designated as "Junior Subordinated Notes" in the Related Supplemental Indenture.

"**Lender**" means any Person providing credit facilities, note purchase facilities or advances under a Liquidity Agreement, Loan Agreement or Credit Enhancement Agreement, as applicable.

"**Lien**" means a security interest, lien, mortgage, charge, pledge, claim or encumbrance of any kind.

"**Liquidity Agreement**" means an agreement between the Issuer and one or more Lenders, and acknowledged and accepted by the Indenture Trustee in accordance with Article V, providing for the creation of one or more liquidity facilities in respect of all or a portion of the Notes in favour of the Issuer, including a facility to fund the repayment of all or a portion of Notes or that permits the Issuer to require the purchase of Notes by a counterparty, and including further any facility provided by a Person to the Issuer which is specified or acknowledged in writing by the Issuer as a "Liquidity Agreement" for the purposes hereof.

"**Loan Agreement**" means an agreement between the Issuer and one or more Lenders, and acknowledged and accepted by the Indenture Trustee in accordance with Article V, providing for the creation of one or more credit facilities in favour of the Issuer for purposes of purchasing Investment Interests.

"**Management Agreement**" means the management agreement dated December ~~[15],~~**20,** 2017 between the Manager and the Issuer, and acknowledged by the Indenture Trustee in accordance with Article V.

"**Manager**" means OPG, in its capacity as manager of the Issuer under the Management Agreement.

"**Market Exchange Rate**" means, unless otherwise specified with respect to any Series of Issuer Funding Obligations, (a) for any conversion involving a currency unit on the one hand and Dollars or any Foreign Currency on the other, the exchange rate between the relevant currency unit and Dollars or such Foreign Currency calculated by the method specified pursuant to Section 3.1 for the Notes of the relevant Series, (b) for any conversion of Dollars into any Foreign Currency, the Bank of Canada noon rate as published on the Reuters Screen Page BOFC (or such other means of reporting the Bank of Canada noon rate as may be agreed upon by each of the parties to this Indenture) and (c) for any conversion of one Foreign Currency into Dollars or another Foreign Currency, the spot rate at noon local time in the relevant market at which, in accordance with normal banking procedures, the Dollars or Foreign Currency into which conversion is being made could be purchased with the Foreign Currency from which conversion is being made from major banks located in either Toronto, New York City or any other principal market for Dollars or such purchased Foreign Currency, in each case determined by the Exchange Rate Agent. Unless otherwise specified with respect to any Series of Issuer Funding Obligations, in the event of the unavailability of any of the exchange rates provided for in the foregoing clauses (a), (b) and (c), the Exchange Rate Agent shall use, in its sole discretion and without liability on its part, such Bank of Canada noon rate as of the most recent available date, or quotations from one or more major banks in Toronto, New York City, or another principal

market for the currency in question, or such other quotations as the Exchange Rate Agent shall deem appropriate. Unless otherwise specified by the Exchange Rate Agent, if there is more than one market for dealing in any currency by reason of foreign exchange regulations or otherwise, the market to be used in respect of such currency shall be that upon which a non-resident issuer of securities designated in such currency would purchase such currency in order to make payments in respect of such securities.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated December ~~[21],~~**21,** 2017 between the Issuer and IESO.

"**Monthly Period**" means, with respect to each Payment Date, the period from and including the first day of each calendar month and to and including the last day of such calendar month.

"**Monthly Report**" has the meaning ascribed thereto in Section 3.5(a) of the Master Transfer and Servicing Agreement.

"**Moody's**" means Moody's Investors Service, Inc., or any successor thereof.

"**MTSA Acknowledgement**" means the acknowledgement and indemnity agreement dated December ~~[21],~~**21,** 2017 by the IESO in favour of the Indenture Trustee.

"**Non-resident**" means a non-resident of Canada as such term is defined in the Income Tax Act or a partnership that is not a Canadian partnership within the meaning of the Income Tax Act.

"**Note**" or "**Notes**" means any note or notes of any Class, Series or Tranche created pursuant to Supplemental Indentures and authenticated and delivered from time to time under this Indenture.

"**Note Owner**" means the beneficial owner of an interest in a Global Note.

"**Note Purchase Agreement**" means an agreement providing for the purchase of Notes from the Issuer by one or more Persons.

"**Note Register**" has the meaning specified in subsection 4.05(a).

"**Note Registrar**" means the Person who keeps the Note Register.

"**Noteholder**" means a Person in whose name a Note is registered in the Note Register or the bearer of any Bearer Note (including a Global Note in bearer form), as the case may be.

"**Obligations Secured**" means all present and future debts, expenses and liabilities, direct or indirect, absolute or contingent, due, owing or accruing due or owing from time to time by the Issuer to the Specified Creditors in their capacity as such. For greater certainty, amounts owing to any Specified Creditors by the Issuer at any time shall include (a) the unpaid face amount of any Notes issued on a discount basis; (b) the principal amount owing at such time, together with the accrued and unpaid interest on interest bearing Notes or Borrowings; (c) accrued fees, whether or not then due and payable; and (d) any evidence of indebtedness issued pursuant to or in respect of an amount owing under a Program Agreement (other than amounts payable by the Issuer to its

beneficiaries pursuant to the Declaration of Trust or a promissory note issued by the Issuer to a beneficiary as contemplated in the Declaration of Trust).

"**Officer's Certificate**" means a certificate on behalf of any Person that is signed by any Responsible Officer of such Person and states that the certifications set forth in such certificate are based upon the results of a due inquiry into the matters in question conducted by or under the supervision of the signing Responsible Officer and that the facts stated in such certifications are made to such signing Responsible Officer's knowledge and belief.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Opinion of Counsel**" means one or more written opinions of counsel, who may, except as otherwise expressly provided in the Program Agreements, be employees of or counsel to the party providing such opinion of counsel, which counsel shall be reasonably acceptable to the party receiving such opinion of counsel, and shall be in form and substance reasonably acceptable to such party.

"**Ordinary Resolution**" has the meaning specified in subsection 10.01(e).

"**Outstanding**" means, in respect of Notes, as of the date of determination, all Notes theretofore authenticated and delivered under this Indenture, except:

(a) any Notes theretofore canceled by the Indenture Trustee or delivered to the Indenture Trustee for cancellation pursuant to Section 4.12;

(b) any Notes for whose full payment (including principal and interest) or redemption money in the necessary amount has been theretofore deposited with the Indenture Trustee or any Paying Agent in trust for the holders of such Notes; provided that, if such Notes are to be redeemed, notice of such redemption has been duly given in accordance with subsection 4.10(e), or provision therefor satisfactory to the Indenture Trustee has been made; and

(c) any Notes in exchange for or in lieu of which other Notes have been authenticated and delivered pursuant to this Indenture, or which will have been paid pursuant to the terms of Section 4.06 (except with respect to any such Note as to which proof satisfactory to the Indenture Trustee is presented that such Note is held by a Person in whose hands such Note is a legal, valid and binding obligation of the Issuer).

For purposes of determining the amounts of deposits, allocations, reallocations or payments to be made, unless the context clearly requires otherwise, references to "Notes" will be deemed to be references to "Outstanding Notes". In determining whether Noteholders of the requisite principal amount of Outstanding Notes have taken any Action hereunder, and for purposes of Article X, (i) Senior Notes beneficially owned by the Issuer, the Manager or any Affiliate of the Issuer or the Manager and (ii) any Class of Notes (or any portion thereof) in which the Province has an interest pursuant to Section 7.10 will, in each case, be disregarded and deemed not to be Outstanding at any time that a Specified Creditor other than the Province has an interest in such Class of Notes.

In determining whether the Indenture Trustee will be protected in relying upon any such Action, only Senior Notes (or in the case of the Province, any Notes) which a Responsible Officer of the Indenture Trustee knows to be owned by the Issuer, the Manager or any Affiliate of the Issuer or the Manager, or with respect to which the Province has an interest pursuant to Section 7.10, will be so disregarded. Senior Notes so owned which have been pledged in good faith may be regarded as Outstanding if the pledgee creates to the satisfaction of the Indenture Trustee the pledgee's right to act as owner with respect to such Notes and that the pledgee is not the Issuer, the Manager or any Affiliate of the Issuer or the Manager.

"**Outstanding Currency Specific Dollar Principal Amount**" means at any time, with respect to any Notes in a Series that includes Foreign Currency Notes, the Initial Currency Specific Dollar Principal Amount of the Outstanding Notes of such Series or Tranche at such time, less the amount of any payments of principal to the holders of such Series of Notes; plus, the amount of any increase in the Outstanding Currency Specific Dollar Principal Amount of such Series of Notes due to the issuance of additional Notes of such Series.

"**Outstanding Dollar Principal Amount**" means at any time:

(a) in respect of Notes, either:

(i) with respect to any Class, Series or Tranche of Notes (other than Discount Notes), the aggregate Initial Dollar Principal Amount of the Outstanding Notes of such Class, Series or Tranche at such time, less the amount of any payments of principal to the holders of such Class, Series or Tranche of Notes pursuant to the Related Supplemental Indenture, or

(ii) with respect to any Series or Tranche of Discount Notes, an amount of the Outstanding Notes of such Series or Tranche calculated by reference to the applicable formula set forth in the Related Supplemental Indenture, taking into account the amount and timing of payments of principal made to the holders of such Series or Tranche pursuant to the Related Supplemental Indenture;

plus, in either case, the amount of any increase in the Outstanding Dollar Principal Amount of such Class, Series or Tranche of Notes due to the issuance of additional Notes of such Class, Series or Tranche pursuant to Article V; and

(b) in respect of other Issuer Funding Obligations, the aggregate principal amount (converted into Dollars, if applicable) of Borrowings.

"**Paying Agent**" means any Person authorized by the Issuer to pay any Obligations Secured on behalf of the Issuer as provided in subsection 9.16(e).

"**Payment Date**" means the 15th day of each calendar month (subject to Section 1.12).

"**Payment Demand**" has the meaning specified in the Change of Law Protection Agreement.

"**Payment Instruction**" means an instruction of the Manager substantially in one of the forms in Exhibit 1.

"**Payment Waterfall**" means a priority of payment set out in any one of Section 7.04(e), 7.05, 7.06, 7.07, 7.08, 7.09, 7.10, 7.11 or 8.13.

"**Permanent Global Note**" has the meaning specified in subsection 3.05(a).

"**Permitted Liens**" means:

(a) Liens for Taxes not yet due or for which installments have been paid based on reasonable estimates pending final assessments, or if due, the validity of which is being contested diligently and in good faith by appropriate proceedings by that Person for which reasonable reserves under GAAP are maintained;

(b) the Lien of any Indenture Trustee, as provided in Section 9.05;

(c) the Security Interest; and

(d) any Lien created pursuant to a Co-Owner Agreement.

"**Person**" means any individual, corporation, limited liability company, unlimited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Place of Payment**" means, with respect to any Class, Series or Tranche of Notes issued hereunder, the city or political subdivision so designated with respect to such Class, Series or Tranche of Notes in accordance with the provisions of Article V.

"**PPSA**" shall mean the *Personal Property Security Act* (Ontario).

"**Pre-Approved Refinancing**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Principal Accumulation Account**" has the meaning specified in subsection 7.02(c).

"**Principal Accumulation Amount**" means, in respect of any Series of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations and a Payment Date occurring on or after the Principal Accumulation Date for such Series, the amount specified for such Payment Date in the Related Funding Obligation Agreement plus any amounts specified in the Related Funding Obligation Agreement in respect of prior Payment Dates after the Principal Accumulation Date for such Series which were not deposited to the Principal Accumulation Account; provided that if the Issuer has delivered a Refinancing Notice in respect of such Series pursuant to Section 7.09, the Principal Accumulation Amounts in respect of such Series shall be adjusted as provided for in such Refinancing Notice.

"**Principal Accumulation Amount (Junior Subordinated)**" means, in respect of any Payment Date, the sum of the Principal Accumulation Amounts for all Series of Junior Subordinated Funding Obligations for such Payment Date.

"**Principal Accumulation Amount (Senior)**" means, in respect of any Payment Date, the sum of the Principal Accumulation Amounts for all Series of Senior Funding Obligations (other than Warehouse Obligations) for such Payment Date.

"**Principal Accumulation Amount (Subordinated)**" means, in respect of any Payment Date, the sum of the Principal Accumulation Amounts for all Series of Subordinated Funding Obligations for such Payment Date.

"**Principal Accumulation Amount (Warehouse)**" means, in respect of any Payment Date, the sum of the Principal Accumulation Amounts for all Series of Warehouse Obligations for such Payment Date.

"**Principal Accumulation Date**" means, in respect of any Series of Issuer Funding Obligations, other than Derivative Funding Obligations, the date, if any, specified in the Related Funding Obligation Agreement.

"**Principal Payment Date**" means each Business Day on which principal is due and payable in respect of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations, as set out in the Related Funding Obligation Agreement.

"**Principal Payment Default Date**" has, with respect to any Issuer Funding Obligation, the meaning specified in the Related Funding Obligation Agreement.

"**Program Account**" means each of the Collection Account, the Principal Accumulation Account, the Interest Accumulation Account, the Program Cash Reserve Account, the IESO Cash Reserve Account, the Refinancing Account and the Protection Account.

"**Program Agreements**" means this Indenture, each Supplemental Indenture, the Declaration of Trust, the Management Agreement, the Master Transfer and Servicing Agreement, the MTSA Acknowledgement, the Indemnity Agreement, each Transfer Notice, any Co-Owner Agreements, the IESO Security Agreement, the Change of Law Protection Agreement, the Notes, any Derivative Agreements, Credit Enhancement Agreements, Liquidity Agreements, Loan Agreements, Underwriting Agreements, Agency Agreements or Note Purchase Agreements and all other documents and certificates delivered in connection therewith.

"**Program Cash Reserve Account**" has the meaning specified in subsection 7.02(d).

"**Program Cash Reserve Required Amount**" means (a) on each Payment Date prior to the Payment Date in May, 2021, nil, and (b) on each Payment Date thereafter, an amount equal to 0.50% of the aggregate outstanding principal amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations after giving effect to all settlements on such Payment Date, or such lesser amount proposed by the Manager that satisfies the Rating Agency Condition.

"**Protection Account**" has the meaning specified in subsection 7.02(i).

"**Protection Event**" has the meaning ascribed thereto in Schedule A of the Change of Law Protection Agreement.

"**Province**" means Her Majesty the Queen in Right of Ontario as represented by the Minister of Energy and the Minister of Finance.

"**Rating Agency**" means, with respect to any Issuer Funding Obligation, each nationally recognized statistical rating organization or designated rating organization, as specified in the Related Funding Obligation Agreement, selected by the Manager to rate such Issuer Funding Obligation.

"**Rating Agency Condition**" means, unless otherwise specified in the Related Funding Obligation Agreement for any Series or Tranche of Issuer Funding Obligations, with respect to any action subject to such condition, the Issuer shall deliver written notice of the proposed action to such Rating Agency or Rating Agencies at least 10 Business Days prior to the effective date of such action (or such shorter notice period if specified in the Related Funding Obligation Agreement with respect to any specific action, or if 10 Business Days prior notice is impractical, such advance notice as is practicable) and the Rating Agencies shall have informed the Issuer prior to the effective date of such action that such action will not result in the reduction or withdrawal of the rating in effect with respect to any Issuer Funding Obligation immediately before the taking of such action, provided that wherever there is reference to satisfaction of a Rating Agency Condition in this Indenture or any other Program Agreement, subject to the terms of the specific Program Agreement which shall govern, such condition need not be satisfied if there is no Rating Agency then rating the applicable Issuer Funding Obligation in respect of which the Rating Agency Condition is applicable. For purposes of this Indenture and any Supplemental Indenture, the Indenture Trustee shall receive, and shall be entitled to rely on, an Issuer Certificate confirming the satisfaction of the Rating Agency Condition. If the Rating Agency Condition is required to be satisfied without specifying one or more specific Series or Tranches of Issuer Funding Obligations, it shall be required to be satisfied in respect of all outstanding Series or Tranches of Issuer Funding Obligations.

"**Record Date**" means, for the interest or principal payable on any Note on any applicable Interest Payment Date or Principal Payment Date, the last day of the calendar month immediately preceding such Interest Payment Date or Principal Payment Date, unless otherwise specified in the Related Supplemental Indenture.

"**Redemption Price**" has the meaning specified in subsection 4.10(a).

"**Reference Period**" has the meaning ascribed to the term "reference period" in the Act as of the date of this Indenture.

"**Refinancing**" has the meaning ascribed to the term "refinancing" in the Act as of the date of this Indenture.

"**Refinancing Account**" has the meaning specified in subsection 7.02(f).

"**Refinancing Notice**" means a notice substantially in the form of Exhibit 2.

"**Registered Note**" means a Note issued in registered form.

"**Registered Noteholder**" means a Noteholder of a Registered Note.

"**Regulation AB**" means Subpart 229.1100 – Asset Backed Securities (Regulation AB), 17 C.F.R. §§229.1100-229.1125, and all related rules and regulations of the Commission, as such rules may be amended from time to time, and subject to such clarification and interpretation as have been provided by the Commission or by the staff of the Commission, or as may be provided by the Commission or its staff from time to time.

"**Related**" is used in reference to the Issuer Funding Obligations of a particular Series and means, when used in conjunction with:

(a) "Credit Enhancement Agreement": a Credit Enhancement Agreement pursuant to which Credit Enhancement has been provided in respect of such Issuer Funding Obligations;

(b) "Funding Obligation Agreement": a Funding Obligation Agreement entered into in connection with the incurrence of such Issuer Funding Obligations;

(c) "Liquidity Agreement": a Liquidity Agreement pursuant to which one or more liquidity facilities have been made available to fund the repayment of such Issuer Funding Obligations constituting Notes or, if specified in such Liquidity Agreement, a Series or Tranche of such Issuer Funding Obligations constituting Notes;

(d) "Loan Agreement": a Loan Agreement in respect of Issuer Funding Obligations constituting Borrowings; and

(e) "Supplemental Indenture": a supplement to this Indenture executed in connection with the issuance of such Issuer Funding Obligations constituting Notes.

"**Related Securities Account**" means, in respect of any Program Account or Series Account, a Securities Account which has been established for the purpose of allowing the Issuer to invest the funds credited to such Program Account or Series Account in Eligible Investments in accordance with Section 7.03.

"**Required Principal Accumulation Amount (Senior)**" means, in respect of any Principal Payment Date, the aggregate of the Principal Accumulation Amounts (Warehouse) and the Principal Accumulation Amounts (Senior) for all Payment Dates up to and including such Principal Payment Date, less all amounts that have been applied to principal repayments of Senior Funding Obligations on or prior to such Principal Payment Date.

"**Required Principal Accumulation Amount (Subordinated)**" means, in respect of any Principal Payment Date, the aggregate of the Principal Accumulation Amounts (Subordinated) for all Payment Dates up to and including such Principal Payment Date, less all amounts that

have been applied to principal repayments of Subordinated Funding Obligations on or prior to such Principal Payment Date.

"**Responsible Officer**" means, with respect to: (a) the Issuer, any director or officer of the Manager; (b) the Servicer, any director or officer of the IESO; and (c) the Indenture Trustee, any officer within the Corporate Trust Office of such trustee (including the President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Treasurer or any other officer of the Indenture Trustee customarily performing functions similar to those performed by persons who at the time shall be such officers, respectively, and that has direct responsibility for the administration of this Indenture and also, with respect to a particular matter, any other officer to whom such matter is referred to because of such officer's knowledge and familiarity with the particular subject).

"**Securities Account**" has the meaning specified in subsection 7.02(j).

"**Securities Exchange Act**" means the United States Securities Exchange Act of 1934, as amended from time to time.

"**Security Interest**" means the Lien granted pursuant to Section 2.01.

"**Senior Borrowings**" means Borrowings that have been designated as "Senior Borrowings" in the Related Loan Agreement, Related Liquidity Agreement or Related Credit Enhancement Agreement.

"**Senior Funding Obligations**" means Funding Obligations arising under, or in connection with, Senior Notes and Senior Borrowings.

"**Senior Notes**" means Notes of a Series that have been designated as "Senior Notes" in the Related Supplemental Indenture.

"**Series**" means, with respect to any Class of Issuer Funding Obligation, the Series of the Class specified in the Related Funding Obligation Agreement.

"**Series Account**" means each Series Finance Reserve Account and each Series Capital Account.

"**Series Capital Account**" has the meaning specified in subsection 7.02(g).

"**Series Finance Reserve Account**" has the meaning specified in subsection 7.02(h).

"**Servicer**" has the meaning specified in the Master Transfer and Servicing Agreement.

"**Servicer CEA Receipts**" has the meaning ascribed thereto in Section 3.3(e) of the Master Transfer and Servicing Agreement.

"**Servicer Default**" has the meaning ascribed thereto in Section 7.1 of the Master Transfer and Servicing Agreement.

"**Specified Creditors**" means, collectively, Noteholders, Lenders, the Paying Agent, the Indenture Trustee, the Issuer Trustee, the Manager, the Servicer, the Province, Derivative Counterparties, Credit Enhancers, Rating Agencies and counterparties to Underwriting Agreements, Agency Agreements or Note Purchase Agreements, in each case, to the extent of their claims related to Program Agreements, and any other Person that is owed a payment obligation by the Issuer that gives rise to a Finance Amount in respect of the Issuer.

"**Stated Principal Amount**," has, with respect to any Note, the meaning specified in the Related Supplemental Indenture (including a Terms Document).

"**Sub-Account**" means each sub-account of an Issuer Account maintained pursuant to this Indenture or any Funding Obligation Agreement.

"**Subordinated Borrowings**" means Borrowings that have been designated as "Subordinated Borrowings" in the Related Loan Agreement, Related Liquidity Agreement or Related Credit Enhancement Agreement.

"**Subordinated Funding Obligations**" means Funding Obligations arising under, or in connection with, Subordinated Notes and Subordinated Borrowings.

"**Subordinated Notes**" means Notes of a Series that have been designated as "Subordinated Notes" in the Related Supplemental Indenture.

"**Subrogation Amount**", in respect of any Approved Obligation, has the meaning specified in subsection 7.10(d)(i).

"**Supplemental Indenture**" means, with respect to any Series of Notes, a supplement to this Indenture, executed and delivered in conjunction with the issuance of such Notes pursuant to Section 4.01, together with any applicable Terms Document for any Tranches of Notes belonging to such Series and any amendment to the Supplemental Indenture executed pursuant to Section 11.01 or 11.02.

"**Suspension Notice**" has the meaning specified in the Change of Law Protection Agreement.

"**Tax**" has the meaning ascribed to the term "tax" in the Fair Hydro Regulations as of the date of this Indenture.

"**Temporary Global Note**" has the meaning specified in Section 3.05(a).

"**Termination Payment**" means all amounts payable upon early termination of any Derivative Agreement calculated in accordance with the terms of such Derivative Agreement.

"**Terms Document**" means, with respect to any Tranche of Notes, a supplement to the Related Supplemental Indenture.

"**Tranche**" means, with respect to any Series of Notes, Notes of such Series which have identical terms, conditions and Tranche designation. Notes of a single Tranche may be issued on different dates.

"**Transfer**" has the meaning ascribed to the term "transfer" in the Act as of the date of this Indenture.

"**Transfer Notice**" has the meaning ascribed thereto in Section 1.1 of the Master Transfer and Servicing Agreement.

"**Trustee Cap**" means, on any Payment Date, an amount equal to (x) $150,000, multiplied by (y) the number of Series of Senior Funding Obligations outstanding on such Payment Date, divided by (z) 12.

"**Underwriting Agreement**" means an agreement providing for the purchase of Notes from the Issuer by one or more Persons as principals for the purpose of resale.

"**United States**" means, unless otherwise specified with respect to any Notes pursuant to Section 4.10, the United States of America (including the states and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction.

"**United States Person**" means a citizen or resident of the United States, a corporation, partnership or other entity created or organized in or under the laws of the United States of America, any one of the states thereof, the District of Columbia or any political subdivision thereof, or an estate or trust the income of which is subject to United States federal income taxation regardless of its source.

"**U.S. Depository**" means, unless otherwise specified by the Issuer pursuant to any of Section 3.04, 3.06, or 4.01, with respect to Notes issuable or issued as a Global Note within the United States, The Depository Trust Company, or any successor thereto registered as a clearing agency under the Securities Exchange Act, or other applicable statute or regulation.

"**U.S. Securities Act**" means the United States Securities Act of 1933, as amended from time to time.

"**Warehouse Facility Agreement**" means a Funding Obligation Agreement that provides the Issuer with a revolving facility under which principal amounts can be advanced, repaid and again advanced during a committed revolving period and does not provide any other type of credit facility.

"**Warehouse Obligations**" means Senior Funding Obligations incurred pursuant to Warehouse Facility Agreements.

EXHIBIT 1
FORMS OF PAYMENT INSTRUCTION

See Attached.

Payment Instruction – Collection Account
Fair Hydro Trust

Pursuant to the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and BNY Trust Company of Canada, as indenture trustee (as amended, modified, supplemented, replaced or restated from time to time, the "**Trust Indenture**"), the Manager hereby instructs the Paying Agent to pay or transfer, as applicable, the amounts set out below in accordance with the wire, check or other payment details set out in Schedule A to this Payment Instruction. Such payments or transfers are to made on: _____ [*insert date of payment(s) / transfer(s)*].

Capitalized terms used in this Payment Instruction have the meanings given to such terms in the Trust Indenture.

COLLECTION ACCOUNT

1. Opening Balance	$[ ]
2. Additions	$[ ]
3. Withdrawals	$[ ]
a. Taxes	$[ ]
b. Issuer Trustee and Indenture Trustee fees **and expenses**	$[ ]
c. Interest and Derivative Funding Obligations – Total	$[ ]
i. Interest Accrual Amount (Senior)	$[ ]
ii. Payments on Derivative Funding Obligations (other than Termination Payments)	$[ ]
1. [*break out for each non-defaulting Derivative Counterparty*]	$[ ]
d. Interest Accrual Amount (Subordinated)	$[ ]
e. Interest Accrual Amount (Junior Subordinated)	$[ ]
f. Principal Accumulation Amount (Warehouse)	$[ ]
g. Principal and Derivative Funding Obligations – Total	$[ ]
i. Principal Accumulation Amount (Senior)	$[ ]
ii. Termination Payments – Total	$[ ]
1. [*break out for each Derivative Counterparty*]	$[ ]
h. Fees and other amounts on Senior Funding Obligations – Total	$[ ]
i. [*break out on series by series basis*]	$[ ]
i. Manager fees and other amounts (excluding indemnity amounts)	$[ ]
j. Principal Accumulation Amount (Subordinated)	$[ ]
k. Fees and other amounts on Subordinated Funding Obligations – Total	$[ ]
i. [*break out on series by series basis*]	$[ ]
l. Principal Accumulation Amount (Junior Subordinated)	$[ ]
m. Program Cash Reserve Required Amount	$[ ]

n. Reserve amounts for Series Accounts (other than for Subordinated Funding Obligations or Junior Subordinated Funding Obligations) – Total	$[ ]
i. [*break out on series by series basis*]	$[ ]
o. Reserve amounts for Series Accounts for Subordinated Funding Obligations – Total	$[ ]
i. [*break out on series by series basis*]	$[ ]
p. Fees and other amounts on Junior Subordinated Funding Obligations – Total	$[ ]
i. [*break out on series by series basis*]	$[ ]
q. Reserve amounts for Series Accounts for Junior Subordinated Funding Obligations – Total	$[ ]
i. [break out on series by series basis]	$[ ]
r. Derivative Funding Obligations – Total	$[ ]
i. [*break out for each defaulting Derivative Counterparty*]	$[ ]
s. Beneficiaries of Issuer	$[ ]
t. Manager indemnity amounts	$[ ]
u. Payments to other Specified Creditors – Total	$[ ]
i. [*break out for each obligation*]	$[ ]
4. Ending Balance	$[ ]
5. Investment Proceeds on Collection Account	$[ ]

DATED _____.

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

By: _____

Name:
Title:

By: _____

Name:
Title:

Schedule A

[*insert wire, cheques or other payment details for each payment*]

Payment Instruction – Interest Accumulation Account
Fair Hydro Trust

Pursuant to the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and BNY Trust Company of Canada, as indenture trustee (as amended, modified, supplemented, replaced or restated from time to time, the "**Trust Indenture**"), the Manager hereby instructs the Paying Agent to pay or transfer, as applicable, the amounts set out below in accordance with the wire, check or other payment details set out in Schedule A to this Payment Instruction. Such payments or transfers are to made on: _____ [*insert date of payment(s) / transfer(s)*].

Capitalized terms used in this Payment Instruction have the meanings given to such terms in the Trust Indenture.

INTEREST ACCUMULATION ACCOUNT

1.	Opening Balance	$[ ]
2.	Additions for Senior Funding Obligations	$[ ]
3.	Additions for Subordinated Funding Obligations	$[ ]
4.	Additions for Junior Subordinated Funding Obligations	$[ ]
5.	Withdrawals for Senior Funding Obligations – Total	$[ ]
	a. [*break out on series by series basis*]	$[ ]
6.	Withdrawals for Subordinated Funding Obligations – Total	$[ ]
	a. [*break out on series by series basis*]	$[ ]
7.	Withdrawals for Junior Subordinated Funding Obligations – Total	$[ ]
	a. [*break out on series by series basis*]	$[ ]
8.	Ending Balance	$[ ]
9.	Investment Proceeds on Interest Accumulation Account	$[ ]
10.	Interest Accrual Amount (Senior)	$[ ]
11.	Interest Accrual Amount (Subordinated)	$[ ]
12.	Interest Accrual Amount (Junior Subordinated)	$[ ]

DATED _____.

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

By: _____

Name:
Title:

By: _____

Name:
Title:

Schedule A

[*insert wire, cheques or other payment details for each payment*]

Payment Instruction – Principal Accumulation Account
Fair Hydro Trust

Pursuant to the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and BNY Trust Company of Canada, as indenture trustee (as amended, modified, supplemented, replaced or restated from time to time, the "**Trust Indenture**"), the Manager hereby instructs the Paying Agent to pay or transfer, as applicable, the amounts set out below in accordance with the wire, check or other payment details set out in Schedule A to this Payment Instruction. Such payments or transfers are to made on: _____ [*insert date of payment(s) / transfer(s)*].

Capitalized terms used in this Payment Instruction have the meanings given to such terms in the Trust Indenture.

PRINCIPAL ACCUMULATION ACCOUNT

1.	Opening Balance	$[ ]
2.	Additions for Warehouse Obligations	$[ ]
3.	Additions for Senior Funding Obligations (other than Warehouse Obligations)	$[ ]
4.	Additions for Subordinated Funding Obligations	$[ ]
5.	Additions for Junior Subordinated Funding Obligations	$[ ]
6.	Withdrawals for Warehouse Obligations – Total	$[ ]
	a. [*break out on series by series basis*]	$[ ]
7.	Withdrawals for Senior Funding Obligations (other than Warehouse Obligations) – Total	$[ ]
	a. [*break out on series by series basis*]	$[ ]
8.	Withdrawals for Subordinated Funding Obligations – Total	$[ ]
	a. [*break out on series by series basis*]	$[ ]
9.	Withdrawals for Junior Subordinated Funding Obligations – Total	$[ ]
	a. [*break out on series by series basis*]	$[ ]
10.	Ending Balance	$[ ]
11.	Investment Proceeds on Principal Accumulation Account	$[ ]
12.	Principal Accumulation Amount (Warehouse)	$[ ]
13.	Principal Accumulation Amount (Senior)	$[ ]
14.	Principal Accumulation Amount (Subordinated)	$[ ]
15.	Principal Accumulation Amount (Junior Subordinated)	$[ ]

DATED _____.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of FAIR HYDRO TRUST, **as Issuer** by ~~its~~

~~Manager,~~ **ONTARIO POWER GENERATION INC.**, **not in its individual capacity but solely as Manager**

By: _____

Name:
Title:

By: _____

Name:
Title:

Schedule A

[*insert wire, cheques or other payment details for each payment*]

Payment Instruction – IESO Cash Reserve Account
Fair Hydro Trust

Pursuant to the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and BNY Trust Company of Canada, as indenture trustee (as amended, modified, supplemented, replaced or restated from time to time, the "**Trust Indenture**"), the Manager hereby instructs the Paying Agent to pay or transfer, as applicable, the amounts set out below in accordance with the wire, check or other payment details set out in Schedule A to this Payment Instruction. Such payments or transfers are to made on: _____ [*insert date of payment(s) / transfer(s)*].

Capitalized terms used in this Payment Instruction have the meanings given to such terms in the Trust Indenture.

IESO CASH RESERVE ACCOUNT

1.	Opening Balance	$[ ]
2.	Withdrawals	$[ ]
	a. Taxes	$[ ]
	b. Issuer Trustee and Indenture Trustee fees	$[ ]
	c. Interest and Derivative Funding Obligations – Total	$[ ]
	i. Interest Accrual Amount (Senior)	$[ ]
	ii. Payments on Derivative Funding Obligations (other than Termination Payments)	$[ ]
	1. [*break out for each non-defaulting Derivative Counterparty*]	$[ ]
	d. Interest Accrual Amount (Subordinated)	$[ ]
	e. Interest Accrual Amount (Junior Subordinated)	$[ ]
3.	Ending Balance	$[ ]
4.	Investment Proceeds on IESO Cash Reserve Account	$[ ]

DATED _____.

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

By: _____

Name:
Title:

By: _____

Name:
Title:

Schedule A

[*insert wire, cheques or other payment details for each payment*]

Payment Instruction – Program Cash Reserve Account
Fair Hydro Trust

Pursuant to the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and BNY Trust Company of Canada, as indenture trustee (as amended, modified, supplemented, replaced or restated from time to time, the "**Trust Indenture**"), the Manager hereby instructs the Paying Agent to pay or transfer, as applicable, the amounts set out below in accordance with the wire, check or other payment details set out in Schedule A to this Payment Instruction. Such payments or transfers are to made on: _____ [*insert date of payment(s) / transfer(s)*].

Capitalized terms used in this Payment Instruction have the meanings given to such terms in the Trust Indenture.

PROGRAM CASH RESERVE ACCOUNT

1.	Opening Balance	$[ ]
2.	Additions	$[ ]
3.	Withdrawals for Senior Funding Obligations (Interest) – Total	$[ ]
	a. [*break out on series by series basis*]	$[ ]
4.	Withdrawals for Subordinated Funding Obligations (Interest) – Total	$[ ]
	a. [*break out on series by series basis*]	$[ ]
5.	Withdrawals for Junior Subordinated Funding Obligations (Interest) – Total	$[ ]
	a. [*break out on series by series basis*]	$[ ]
6.	Withdrawals for Senior Funding Obligations (Principal) – Total	$[ ]
	a. [*break out on series by series basis*]	$[ ]
7.	Withdrawals for Subordinated Funding Obligations (Principal) – Total	$[ ]
	a. [*break out on series by series basis*]	$[ ]
8.	Withdrawals for Junior Subordinated Funding Obligations (Principal) – Total	$[ ]
	a. [*break out on series by series basis*]	$[ ]
9.	Ending Balance	$[ ]
10.	Investment Proceeds on Program Cash Reserve Account	$[ ]
11.	Program Cash Reserve Required Amount	$[ ]

DATED _____.

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

as Manager

By: _____

Name:
Title:

By: _____

Name:
Title:

Schedule A

[*insert wire, cheques or other payment details for each payment*]

Payment Instruction – Refinancing Account
Fair Hydro Trust

Pursuant to the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and BNY Trust Company of Canada, as indenture trustee (as amended, modified, supplemented, replaced or restated from time to time, the "**Trust Indenture**"), the Manager hereby instructs the Paying Agent to pay or transfer, as applicable, the amounts set out below in accordance with the wire, check or other payment details set out in Schedule A to this Payment Instruction. Such payments or transfers are to made on: _____ [*insert date of payment(s) / transfer(s)*].

Capitalized terms used in this Payment Instruction have the meanings given to such terms in the Trust Indenture.

REFINANCING ACCOUNT

1.	Opening Balance	$[ ]
2.	Additions	$[ ]
3.	Withdrawals – Total	$[ ]
	a. [*break out on series by series basis*]	$[ ]
4.	Ending Balance	$[ ]
5.	Investment Proceeds on Series Reserve Account	$[ ]

DATED _____.

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

By: _____
Name:
Title:

By: _____
Name:
Title:

Schedule A

[*insert wire, cheques or other payment details for each payment*]

Payment Instruction – Protection Account
Fair Hydro Trust

Pursuant to the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and BNY Trust Company of Canada, as indenture trustee (as amended, modified, supplemented, replaced or restated from time to time, the "**Trust Indenture**"), the Manager hereby instructs the Paying Agent to pay or transfer, as applicable, the amounts set out below in accordance with the wire, check or other payment details set out in Schedule A to this Payment Instruction. Such payments or transfers are to made on: _____ [*insert date of payment(s) / transfer(s)*].

Capitalized terms used in this Payment Instruction have the meanings given to such terms in the Trust Indenture.

PROTECTION ACCOUNT

1.	Opening Balance	**$0**
2.	Additions	**$[ ]**
3.	Withdrawals for Specified Creditors – Total	**$[ ]**
	a. [*break out for each obligation*]	**$[ ]**
4.	Withdrawals for Province (return of remaining amounts)	**$[ ]**
5.	Ending Balance	**$0**

DATED _____.

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

By: _____

Name:
Title:

By: _____

Name:
Title:

Schedule A

[*insert wire, cheques or other payment details for each payment*]

Payment Instruction – [*Specify Series*] Account
Fair Hydro Trust

Pursuant to the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and BNY Trust Company of Canada, as indenture trustee (as amended, modified, supplemented, replaced or restated from time to time, the "**Trust Indenture**"), the Manager hereby instructs the Paying Agent to pay or transfer, as applicable, the amounts set out below in accordance with the wire, check or other payment details set out in Schedule A to this Payment Instruction. Such payments or transfers are to made on: _____ [*insert date of payment(s) / transfer(s)*].

Capitalized terms used in this Payment Instruction have the meanings given to such terms in the Trust Indenture.

[*SPECIFY SERIES*] ACCOUNT [*duplicate on a series by series basis*]

1.	Opening Balance	$[ ]
2.	Additions	$[ ]
3.	Withdrawals – Total	$[ ]
	a. [*break out for each obligation*]	$[ ]
4.	Ending Balance	$[ ]
5.	Investment Proceeds on Series Account	$[ ]
6.	Required Series Account amount	$[ ]

DATED _____.

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

By: _____
Name:
Title:

By: _____
Name:
Title:

Schedule A

[*insert wire, cheques or other payment details for each payment*]

EXHIBIT 2
FORM OF REFINANCING NOTICE

EXHIBIT 3~~See Attached.~~

TO: **BNY Trust Company of Canada, as indenture trustee (the "Indenture Trustee") under the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and the Indenture Trustee (as amended, modified, supplemented, replaced or restated from time to time, the "Trust Indenture")**

RE: **Refinancing Notice in respect of [*identify Funding Obligation Agreement to which the Refinancing Notice applies*] (the "Refinanced Funding Obligation Agreement")**

DATE: **[■]**

All capitalized terms used but not otherwise defined herein shall have the meanings ascribed thereto in the Trust Indenture or the Refinanced Funding Obligation Agreement, as applicable.

1. **This Refinancing Notice is delivered pursuant to Section 7.09(a) of the Trust Indenture in respect of the Refinanced Funding Obligation Agreement.**

2. ~~**[NTD: Notice must specify Series and the amount of**~~**The Issuer hereby advises that notwithstanding the provisions of the Refinanced Funding Obligation Agreement,** the Principal Accumulation Amounts ~~**specified in the related Supplemental Indenture that will be repaid with the proceeds of the Refinancing.] [NTD: Osler to provide**~~**in respect of the Payment Dates on or after the Principal Accumulation Date are adjusted as follows:**

Payment Date	**Adjusted Principal Accumulation Amount**
[*Insert details*]	[*Insert details*]

[signature page follows]

DATED _____.

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

By: _____

Name:
Title:

By: _____

Name:
Title:

EXHIBIT 4
FORM OF SPECIFIED CREDITOR LIST

Program Agreement	**Name of Specified Creditor / Agent**	**Address**	**City**	**Province/ State**	**Postal/Zip Code**	**Country**	**Email**	**Issuer Funding Obligation**	**Value [Lenders only]**
Issuer Funding Obligations (other than Notes and Derivative Funding Obligations)									
[Insert name of Program Agreement]	[Insert name of institution]	[insert address]	[insert city]	[insert province/ state]	[insert postal/zip code]	[insert country]	[email]	[Y / N] [If Yes, Type of Funding Obligation]	[insert $ amount hold]
Derivative Funding Obligations									
[Insert name of Program Agreement]	[Insert name of institution]	[insert address]	[insert city]	[insert province/ state]	[insert postal/zip code]	[insert country]	[email]	N/A	N/A
Other Obligations Secured									
[Insert name of Program Agreement]	[Insert name of institution]	[insert address]	[insert city]	[insert province/ state]	[insert postal/zip code]	[insert country]	[email]	N/A	N/A

EXHIBIT 5
FORM OF REQUEST FOR SPECIFIED CREDITOR INFORMATION

TO: BNY Trust Company of Canada, as indenture trustee (the "**Indenture Trustee**") under the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and the Indenture Trustee (as amended, modified, supplemented, replaced or restated from time to time, the "**Trust Indenture**")

RE: Request for Provision of Information pursuant to Section 9.14 of the Trust Indenture

DATE: [■]

All capitalized terms used but not otherwise defined herein shall have the meanings ascribed thereto in the Trust Indenture.

First Declaration

1. The undersigned, being the duly appointed [*state position*] of [*insert name of Debtholder 1*] ("**Debtholder 1**"), hereby certifies, in that capacity and without personal liability, as follows:

2. The undersigned has made, or caused to be made, such examinations or investigations as are, in my belief, necessary to enable me to make the statements or give the opinions contained or expressed in this certificate.

3. Debtholder 1 forms part of the Debtholders of the following Series or Tranche:

   [*insert details of all applicable Issuer Funding Obligations*]

4. Debtholder 1 has owned an Issuer Funding Obligation of such Series or Tranche for a period of at least six (6) months preceding the date of this application.

Second Declaration

5. The undersigned, being the duly appointed [*state position*] of [*insert name of Debtholder 2*] ("**Debtholder 2**"), hereby certifies, in that capacity and without personal liability, as follows:

6. The undersigned has made, or caused to be made, such examinations or investigations as are, in my belief, necessary to enable me to make the statements or give the opinions contained or expressed in this certificate.

7. Debtholder 2 forms part of the Debtholders of the following Series or Tranche:

   [*insert details of all applicable Issuer Funding Obligations*]

8. Debtholder 2 has owned an Issuer Funding Obligation of such Series or Tranche for a period of at least six (6) months preceding the date of this application.

Third Declaration

9. The undersigned, being the duly appointed [*state position*] of [*insert name of Debtholder 3*] ("**Debtholder 3**"), hereby certifies, in that capacity and without personal liability, as follows:

10. The undersigned has made, or caused to be made, such examinations or investigations as are, in my belief, necessary to enable me to make the statements or give the opinions contained or expressed in this certificate.

11. Debtholder 3 forms part of the Debtholders of the following Series or Tranche:

    [*insert details of all applicable Issuer Funding Obligations*]

12. Debtholder 3 has owned an Issuer Funding Obligation of such Series or Tranche for a period of at least six (6) months preceding the date of this application.

Request

13. The undersigned Debtholders desire to communicate [*insert applicable Debtholder Group*] with respect to their rights under the Trust Indenture or under the applicable Program Agreement.

14. Attached hereto is a copy of the form of proxy or other communication which such applicants propose to transmit.

15. The Debtholders request that the Indenture Trustee deliver to them the information preserved at the time by the Indenture Trustee in accordance with Section 9.14 of the Trust Indenture.

DATED this ___ day of _____, 20___.

[DEBTHOLDER 1]

By: _____

Name:
Title:

[DEBTHOLDER 2]

By: _____

Name:
Title:

[DEBTHOLDER 3]

By: _____

Name:
Title:

EXHIBIT 6
FORM OF CANCELLATION NOTICE

TO: BNY Trust Company of Canada, as indenture trustee (the "**Indenture Trustee**") under the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and the Indenture Trustee (as amended, modified, supplemented, replaced or restated from time to time, the "**Trust Indenture**")

RE: Request for Removal from Specified Creditor Register

DATE: [■]

All capitalized terms used but not otherwise defined herein shall have the meanings ascribed thereto in the Trust Indenture.

1. The undersigned, being the duly appointed [*state position*] of [*insert name of institution*].

2. You are hereby requested pursuant to Section 9.14 of the Trust Indenture to, within five (5) Business Days of receipt of this notice, notify the Issuer to remove the following Specified Creditor from the list provided for in subsection 13.13(b) of the Trust Indenture.

   Name of Specified Creditor to be Removed: [*enter details*]

   Name of Program Agreement: [*enter details*]

DATED this ___ day of _____, 20___.

[SPECIFIED CREDITOR]

By: _____

Name:
Title:

EXHIBIT 7
FORMS OF CERTIFICATION

See attached.

Exhibit 6-A

FORM OF CERTIFICATE TO BE GIVEN BY
PERSON ENTITLED TO RECEIVE BEARER NOTE

CERTIFICATE

FAIR HYDRO TRUST

■% Notes due ■

This is to certify that as of the date hereof, and except as set forth below, the above-captioned Notes held by you for our account (i) are owned by any person(s) that is not a citizen or resident of the United States; a corporation or partnership (including any entity treated as a corporation or partnership for United States federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia unless, in the case of a partnership, Treasury Regulations provide otherwise; any estate whose income is subject to United States federal income tax regardless of its source or; a trust if (A) a United States court can exercise primary supervision over the trust's administration and one of more United States persons are authorized to control all substantial decisions of the trust or (B) a trust in existence on August 20, 1996, and treated as a United States person before this date that timely elected to continue to be treated as a United States person ("**United States person(s)**"), (ii) are owned by United States person(s) that are (a) foreign branches of United States financial institutions (financial institutions, as defined in United States Treasury Regulation Section 1.165-12(c)(1)(iv) are herein referred to as "**financial institutions**") purchasing for their own account or for resale, or (b) United States person(s) who acquired the Notes through foreign branches of United States financial institutions and who hold the Notes through such United States financial institutions on the date hereof (and in either case (a) or (b), each such United States financial institution hereby agrees, on its own behalf or through its agent, that you may advise Fair Hydro Trust or its agent that such financial institution will comply with the requirements of Section 165(j)(3)(A), (B) or (C) of the United States Internal Revenue Code of 1986, as amended, and the regulations thereunder), or (iii) are owned by United States or foreign financial institution(s) for purposes of resale during the restricted period (as defined in United States Treasury Regulation Section 1.163-5(c)(2)(i)(D)(7)), and, in addition, if the owner is a United States or foreign financial institution described in clause (iii) above (whether or not also described in clause (i) or (ii)), this is to further certify that such financial institution has not acquired the Notes for purposes of resale directly or indirectly to a United States person or to a person within the United States or its possessions.

As used herein, "United States" means the United States of America (including the states and the District of Columbia); and its "possessions" include Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands.

We undertake to advise you promptly by in writing or by electronic transmission on or prior to the date on which you intend to submit your certification relating to the above-captioned Notes held by you for our account in accordance with your operating procedures if any applicable

statement herein is not correct on such date, and in the absence of any such notification it may be assumed that this certification applies as of such date.

This certificate excepts and does not relate to $■ of such interest in the above-captioned Notes in respect of which we are not able to certify and as to which we understand an exchange for an interest in a permanent Global Note or an exchange for and delivery of definitive Notes (or, if relevant, collection of any interest) cannot be made until we do so certify.

We understand that this certificate may be required in connection with certain tax legislation in the United States. If administrative or legal proceedings are commenced or threatened in connection with which this certificate is or would be relevant, we irrevocably authorize you to produce this certificate or a copy thereof to any interested party in such proceedings.

Dated: ■

[To be dated no earlier than the 15th day prior to (i) the date of original issuance or (ii) the Exchange Date, as applicable]

[Name of Person Making Certification]

_____

Name:
Title:

Exhibit 6-B

FORM OF CERTIFICATE TO BE GIVEN BY A DEPOSITORY
IN CONNECTION WITH THE EXCHANGE OF A PORTION OF A
TEMPORARY GLOBAL NOTE

CERTIFICATE

FAIR HYDRO TRUST

■% Notes due ■

This is to certify that based solely on written certifications that we have received in writing or by electronic transmission from each of the persons appearing in our records as persons entitled to a portion of the principal amount set forth below (our "**Member Organizations**") substantially in the form attached hereto, as of the date hereof, $■ principal amount of the above-captioned Notes (i) is owned by any person(s) that is not a citizen or resident of the United States; a corporation or partnership (including any entity treated as a corporation or partnership for United States federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia unless, in the case of a partnership, Treasury Regulations provide otherwise; any estate whose income is subject to United States federal income tax regardless of its source or; a trust if (A) a United States court can exercise primary supervision over the trust's administration and one of more United States persons are authorized to control all substantial decisions of the trust or (B) a trust in existence on August 20, 1996, and treated as a United States person before this date that timely elected to continue to be treated as a United States person ("**United States person(s)**"), (ii) is owned by United States person(s) that are (a) foreign branches of United States financial institutions (financial institutions, as defined in U.S. Treasury Regulation Section 1.165-12(c)(1)(iv) are herein referred to as "**financial institutions**") purchasing for their own account or for resale, or (b) United States person(s) who acquired the Notes through foreign branches of United States financial institutions and who hold the Notes through such United States financial institutions on the date hereof (and in either case (a) or (b), each such financial institution has agreed, on its own behalf or through its agent, that we may advise Fair Hydro Trust or its agent that such financial institution will comply with the requirements of Section 165(j)(3)(A), (B) or (C) of the Internal Revenue Code of 1986, as amended, and the regulations thereunder), or (iii) is owned by United States or foreign financial institution(s) for purposes of resale during the restricted period (as defined in United States Treasury Regulation Section 1.163-5(c)(2)(i)(D)(7)) and, to the further effect, that financial institutions described in clause (iii) above (whether or not also described in clause (i) or (ii)) have certified that they have not acquired the Notes for purposes of resale directly or indirectly to a United States person or to a person within the United States or its possessions.

As used herein, "United States" means the United States of America (including the states and the District of Columbia); and its "possessions" include Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands.

We further certify that (i) we are not making available herewith for exchange (or, if relevant, collection of any interest) any portion of the temporary Global Note representing the

above-captioned Notes excepted in the above-referenced certificates of Member Organizations and (ii) as of the date hereof we have not received any notification from any of our Member Organizations to the effect that the statements made by such Member Organizations with respect to any portion of the part submitted herewith for exchange (or, if relevant, collection of any interest) are no longer true and cannot be relied upon as of the date hereof.

We understand that this certification is required in connection with certain tax legislation in the United States. If administrative or legal proceedings are commenced or threatened in connection with which this certificate is or would be relevant, we irrevocably authorize you to produce this certificate or a copy thereof to any interested party in such proceedings.

Dated: ■

[To be dated no earlier than the 15th day prior to the Exchange Date]

[DEPOSITORY]

By: _____

Document comparison by Workshare Compare on December-19-17 5:03:22 PM

Input:	
Document 1 ID	file://C:\Users\yolusoga\AppData\Local\Microsoft\Windows\Temporary Internet Files\Content.Outlook\BDP8ZGDZ_Fair Hydro -- Master Trust Indenture.DOCX
Description	_Fair Hydro -- Master Trust Indenture
Document 2 ID	interwovenSite://INVENTORYS1/TorysAtWork/24471144/11
Description	#24471144v11<TorysAtWork> - Master Trust Indenture (December 19)
Rendering set	strikeout (colour)

Legend:	
Insertion	
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>*Moved to* <	
Style change	
Format change	
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Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	105
Deletions	66
Moved from	0
Moved to	0
Style change	0
Format changed	0

Total changes	171

WAREHOUSE

JUNIOR SUBORDINATED SERIES 2017-1

SUPPLEMENTAL INDENTURE

between

FAIR HYDRO TRUST

by

COMPUTERSHARE TRUST COMPANY OF CANADA
as Issuer Trustee

and

BNY TRUST COMPANY OF CANADA
as Indenture Trustee

and

ONTARIO POWER GENERATION INC.
as Purchaser

Made as of December 21, 2017

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FLOATING RATE VARIABLE FUNDING, SERIES 2017-1 JUNIOR SUBORDINATED NOTES

SUPPLEMENTAL INDENTURE made as of December 21, 2017, between **Computershare Trust Company of Canada**, a trust company established under the laws of Canada (the "**Issuer Trustee**"), in its capacity as trustee of **Fair Hydro Trust**, a trust existing under the laws of the Province of Ontario (in such capacity, the "**Issuer**"), **BNY Trust Company of Canada**, a trust company established under the laws of Canada (the "**Indenture Trustee**"), and Ontario Power Generation Inc., in its capacity as the purchaser (the "**Purchaser**");

WHEREAS pursuant to the Trust Indenture, provision was made for the issuance of Notes from time to time;

AND WHEREAS pursuant to the Trust Indenture, Notes may be issued in one or more Series by the execution and delivery of a Supplemental Indenture;

AND WHEREAS pursuant to a Supplemental Indenture dated the date hereof between the Issuer Trustee, in its capacity as trustee of the Issuer, the Indenture Trustee, Royal Bank of Canada, in its capacity as the administrative agent for certain purchaser groups (the "**Administrative Agent**"), certain non-conduit purchasers from time to time party thereto, certain commercial paper conduit purchasers from time to time party thereto, and certain funding agents from time to time party thereto (the "**Senior Series 2017-1 Supplemental Indenture**"), the Issuer issued floating rate variable funding Series 2017-1 Senior Notes (the "**Series 2017-1 Senior Notes**");

AND WHEREAS the parties hereto are entering into this Supplemental Indenture to provide for the creation and issuance of the Series 2017-1 Junior Subordinated Notes;

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

ARTICLE 1
INTERPRETATION

1.1 Definitions

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

(b) Except as otherwise expressly provided or unless the context otherwise requires, all terms used herein which are defined in the Trust Indenture, either directly or by reference therein, have the meanings assigned to them in the Trust Indenture.

1.2 Interpretation

Subject to the next following sentences, this Supplemental Indenture is supplemental to the Trust Indenture and the Trust Indenture shall be read in conjunction with this Supplemental Indenture and all of the provisions of the Trust Indenture shall apply to and shall have effect in connection

with this Supplemental Indenture in the same manner as if all of the provisions of the Trust Indenture and of this Supplemental Indenture were contained in one instrument. This Supplemental Indenture shall, unless the context otherwise requires, be subject to the interpretative provisions contained in Article 1 of the Trust Indenture. If any terms of the Trust Indenture are inconsistent with the express terms or provisions hereof, the terms and provisions of the Trust Indenture shall be, solely in respect of the Series 2017-1 Junior Subordinated Notes, amended and supplemented so as to be consistent herewith. The provisions of this Supplemental Indenture are applicable only in respect of the Series 2017-1 Junior Subordinated Notes and not the Notes of any other Series.

1.3 Application of this Supplemental Indenture

With respect to the Series 2017-1 Junior Subordinated Notes only, the terms of the Trust Indenture are amended, supplemented, modified, restated and replaced to the extent applicable by the terms of this Supplemental Indenture in respect of the Series 2017-1 Junior Subordinated Notes in accordance with Section 1.2 above.

ARTICLE 2
PRINCIPAL TERMS

2.1 Creation of Series 2017-1 Junior Subordinated Notes

There is hereby created a Series of Notes to be issued pursuant to the Trust Indenture and this Supplemental Indenture designated as the "**Floating Rate Variable Funding Junior Subordinated Notes, Series 2017-1**."

2.2 Principal Terms

In addition to and without limiting any of the provisions of this Supplemental Indenture, the Series 2017-1 Junior Subordinated Notes:

(a) will be designated as set out in Section 2.1;

(b) will be Junior Subordinated Notes;

(c) will have a Stated Principal Amount equal to the Series 2017-1 Maximum Junior Subordinated Principal Amount;

(d) will not be issued in Tranches;

(e) will be denominated in Canadian dollars;

(f) will not be listed on any securities exchange;

(g) will have an Initial Dollar Principal Amount equal to the Series 2017-1 Initial Junior Subordinated Principal Amount;

(h) will be issued as definitive notes and will not be in the form of a Global Note;

(i) will be issued as Registered Notes and will be without coupons;

(j) will be substantially in the form of Schedule B, with such appropriate insertions, omissions, substitutions and variations as may be approved by the Issuer;

(k) will have each Payment Date on and after the Payment Date in January, 2018 as an Interest Payment Date;

(l) will have Principal Payment Dates as determined under Section 3.7;

(m) will have Principal Payment Default Dates as defined herein; and

(n) will have no minimum issue amount.

ARTICLE 3
NOTE PURCHASE FACILITY

3.1 Purchase of Notes by the Purchaser

(a) ***Initial Purchase***. Subject to the terms and conditions of this Supplemental Indenture, including delivery of notice in accordance with Section 3.3, the Purchaser shall purchase a Series 2017-1 Junior Subordinated Note in an amount equal to the Series 2017-1 Initial Junior Subordinated Principal Amount on the Closing Date. Payments by the Purchaser for such purchase shall be made in immediately available funds on the Closing Date in accordance with Section 3.3(c).

(b) ***Series 2017-1 Maximum Junior Subordinated Principal Amount***. Notwithstanding anything to the contrary contained in this Supplemental Indenture, at no time shall the Purchaser be required to purchase Series 2017-1 Junior Subordinated Notes in an amount that exceeds the Series 2017-1 Maximum Junior Subordinated Principal Amount.

3.2 Delivery

(a) On the Closing Date, Series 2017-1 Junior Subordinated Notes shall be executed, authenticated and delivered by the Issuer in accordance with Section 4.03 of the Trust Indenture in the name of the Purchaser in an amount equal to the Series 2017-1 Maximum Junior Subordinated Principal Amount. On each Increase Date, Series 2017-1 Junior Subordinated Notes shall be executed, authenticated and delivered by the Issuer in accordance with Section 4.03 of the Trust Indenture in the name of the Purchaser in an amount equal to the Increase Amount.

(b) The Purchaser shall maintain a record of the actual Series 2017-1 Junior Subordinated Principal Amount outstanding on any date of determination, which, absent manifest error, shall constitute prima facie evidence of the outstanding Series 2017-1 Junior Subordinated Principal Amount from time to time.

3.3 Procedure for Initial Issuance and for Increasing the Series 2017-1 Junior Subordinated Principal Amount

(a) (i) On any Business Day on or prior to December 21, 2017, concurrent with the initial purchase of the Series 2017-1 Senior Notes under the Senior Series 2017-1 Supplemental

Indenture, the Issuer shall request that the Purchaser purchase, and the Purchaser shall purchase, a Series 2017-1 Junior Subordinated Note for an initial purchase price equal to the Series 2017-1 Initial Junior Subordinated Principal Amount (the date on which the initial purchase occurs being referred to as the "**Closing Date**") by giving the Purchaser (with a copy to the Indenture Trustee) irrevocable written notice (effective upon receipt), by email communication, substantially in the form of Schedule C no later than 12:00 p.m. (Toronto time) on the second Business Day prior to the Closing Date. The written notice of the initial purchase of the Series 2017-1 Junior Subordinated Notes shall (x) state the Closing Date, (y) state the Series 2017-1 Initial Junior Subordinated Principal Amount, and (z) attach a copy of the irrevocable written notice delivered to the Administrative Agent pursuant to Section 3.3(a) of the Senior Series 2017-1 Supplemental Indenture in connection with the concurrent initial purchase of the Series 2017-1 Senior Notes thereunder; and (ii) on any Business Day after the initial purchase of the Series 2017-1 Junior Subordinated Notes hereunder, the Issuer and the Purchaser hereby agree that the Series 2017-1 Junior Subordinated Principal Amount will be increased by an amount (an "**Increase**") such that following such Increase the Outstanding Dollar Principal Amount of the Series 2017-1 Junior Subordinated Notes will be equal to or greater than the Requisite Percentage of the Outstanding Dollar Principal Amount of the Series 2017-1 Senior Notes on such Business Day (each date on which an increase in the Series 2017-1 Junior Subordinated Principal Amount occurs hereunder being herein referred to as the "**Increase Date**" applicable to such Increase) by the Issuer providing the Purchaser (with a copy to the Indenture Trustee) irrevocable written notice (effective upon receipt), by email communication, substantially in the form of Schedule C (an "**Increase Notice**") no later than 12:00 p.m. (Toronto time) on the third Business Day prior to such Increase Date. Each Increase Notice shall (w) state the Increase Date, (x) state the amount of the increase in the Series 2017-1 Junior Subordinated Principal Amount (an "**Increase Amount**"), (y) state whether the Increase is to fund a Transfer (a "**Transfer Increase**") or is in respect of a Refinancing (a "**Refinancing Increase**"), and (z) attach a copy of the irrevocable written increase notice delivered to the Administrative Agent pursuant to Section 3.3(a) of the Senior Series 2017-1 Supplemental Indenture in connection with the applicable Series 2017-1 Senior Increase proposed to be made thereunder.

(b) The Purchaser shall not be required to increase the Series 2017-1 Junior Subordinated Principal Amount on any Increase Date hereunder if after giving effect to such Increase Amount, the Series 2017-1 Maximum Junior Subordinated Principal Amount will be exceeded.

(c) The Issuer shall apply amounts paid to it pursuant to Section 3.3(a) by application to payment of the purchase price payable by the Issuer to the IESO under the Master Transfer and Servicing Agreement in respect of a Transfer or by deposit to the Refinancing Account.

3.4 Procedure for Decreasing the Series 2017-1 Junior Subordinated Principal Amount

On any Business Day after the initial purchase of the Series 2017-1 Junior Subordinated Notes hereunder, the Issuer and the Purchaser hereby agree that the Series 2017-1 Junior Subordinated Principal Amount may be decreased by an amount (a "**Decrease**") such that following such decrease the Outstanding Dollar Principal Amount of the Series 2017-1 Junior Subordinated Notes will not be less than the Requisite Percentage of the Outstanding Dollar Principal Amount of the Series 2017-1 Senior Notes. Each Payment Date on which a Decrease in the Series 2017-1 Junior Subordinated Principal Amount occurs hereunder being herein referred to as the "**Decrease Date**"

applicable to such Decrease; and the Issuer shall provide to the Purchaser (with a copy to the Indenture Trustee) irrevocable written notice (effective upon receipt), by email communication, substantially in the form of Schedule D (a "**Decrease Notice**") no later than 12:00 p.m. (Toronto time) on the fifth Business Day prior to any Payment Date that is a Decrease Date. Each Decrease Notice shall (x) state the Decrease Date, (y) state the amount of the decrease in the Series 2017-1 Junior Subordinated Principal Amount (a "**Decrease Amount**"), and (z) attach a copy of the irrevocable written decrease notice delivered to the Administrative Agent pursuant to Section 3.4 of the Senior Series 2017-1 Supplemental Indenture in connection with the applicable Series 2017-1 Senior Decrease proposed to be made thereunder. Upon receipt of any notice required by this Section 3.4 from the Issuer, the Purchaser shall forward (by email communication) a copy of such notice to DBRS on the Business Day received.

3.5 Increases and Reductions of the 2017-1 Maximum Junior Subordinated Principal Amount

(a) If one or more Maximum Purchaser Group Principal Amounts are increased pursuant to Section 3.5(a) of the Senior Series 2017-1 Supplemental Indenture, the Series 2017-1 Maximum Junior Subordinated Principal Amount shall be automatically increased by an amount equal to the Requisite Percentage of the Outstanding Dollar Principal Amount of the Maximum Purchaser Group Principal Amounts.

(b) If the Series 2017-1 Maximum Senior Principal Amount is reduced pursuant to Section 3.5(b) of the Senior Series 2017-1 Supplemental Indenture, the Series 2017-1 Maximum Junior Subordinated Principal Amount shall be automatically decreased to an amount equal to the Requisite Percentage of such aggregate decrease to the Series 2017-1 Maximum Senior Principal Amount pursuant to Section 3.5(b) of the Senior Series 2017-1 Supplemental Indenture.

(c) If a Commitment Extension has occurred with respect to the Series 2017-1 Senior Notes, the Principal Accumulation Date, Principal Payment Amount and Principal Payment Default Date shall be amended to the "Principal Accumulation Date", "Principal Payment Amount" and "Principal Payment Default Date" set out in the request related to such Commitment Extension, as applicable.

3.6 Interest; Other Amounts

(a) Interest shall be payable on the Series 2017-1 Junior Subordinated Notes on each Payment Date.

(b) The Purchaser shall provide written notice to the Issuer and the Paying Agent no later than five (5) Business Days prior to each Payment Date, setting forth the Monthly Interest and the Monthly Other Amounts with respect to the Payment Date.

(c) The Monthly Interest shall be included in each calculation of the Interest Accrual Amount (Junior Subordinated) for the purposes of Section 7.04(e)(v) of the Trust Indenture and shall be payable pursuant to Sections 7.05(c), 7.06(a), 7.07, 7.10(b) or 8.13(e) of the Trust Indenture, as applicable. On each Payment Date, the Monthly Other Amounts shall be payable in respect of the Series 2017-1 Junior Subordinated Notes pursuant to Sections 7.04(e)(xvi), 7.10(b) or 8.13(e) of the Trust Indenture, as applicable. On each Payment Date, the Paying Agent shall, subject to

availability of funds, pay to the Purchaser the Monthly Other Amounts with respect to the Payment Date.

3.7 Repayment of Principal

Each Payment Date where the Principal Payment Amount is not nil shall be a Principal Payment Date in respect of the Series 2017-1 Junior Subordinated Notes. On each Principal Payment Date in respect of the Series 2017-1 Junior Subordinated Notes, the Paying Agent shall pay to the Purchaser the Principal Payment Amount for such Principal Payment Date out of funds allocated to the Series 2017-1 Junior Subordinated Notes pursuant to Sections 7.04(e)(xii), 7.06(b)(iv), 7.08(b)(iv), 7.10(b) or 8.13(j) of the Trust Indenture, as applicable, in repayment of the principal amount of the Series 2017-1 Junior Subordinated Notes.

3.8 Indemnification by the Issuer

The Issuer agrees to indemnify and hold harmless the Indenture Trustee and the Purchaser and each of their respective officers, directors, agents and employees (each, an "**Issuer Indemnified Person**") from and against any loss, liability, expense, damage or injury suffered or sustained by such Issuer Indemnified Person by reason of (a) any acts, omissions or alleged acts or omissions arising out of, or relating to, activities of the Issuer pursuant to the Program Agreements to which it is a party; (b) a breach of any representation or warranty made or deemed made by the Issuer (or any of its officers) in any Program Agreement; or (c) a failure by the Issuer to comply with any applicable law or regulation or to perform its covenants, agreements, duties or obligations required to be performed or observed by it in accordance with the provisions of the Program Agreements, including, but not limited to, any judgment, award, settlement, reasonable attorneys' fees and other reasonable costs or expenses incurred in connection with the defense of any actual or threatened action, proceeding or claim, except to the extent such loss, liability, expense, damage or injury resulted from the gross negligence, bad faith or willful misconduct of such Issuer Indemnified Person or its officers, directors, agents, principals, employees or employers as determined by a court of competent jurisdiction in a final non-appealable judgement or includes any Excluded Taxes; provided that any payments made by the Issuer pursuant to this Section 3.8 shall be made solely from funds available pursuant to Section 7.04 or 8.13 of the Trust Indenture, as applicable, shall be non-recourse other than with respect to such funds, and shall not constitute a claim against the Issuer to the extent that such funds are insufficient to make such payment.

3.9 Taxes

(a) All payments by or on account of any obligation of the Issuer hereunder shall, to the extent allowed by law, be made free and clear of, and without deduction or withholding for or on account of Taxes, excluding (i) income taxes (including branch profit taxes, minimum taxes and taxes computed under alternative methods, at least one of which is based on or measured by net income), franchise taxes (imposed in lieu of income taxes), or any other Taxes based on or measured by the net income of any person legally entitled to receive such payments (each a "**Recipient**") as a result of a present or former connection between the Recipient and the jurisdiction of the Governmental Authority imposing such Taxes (other than any such connection arising solely from the Recipient having executed, delivered or performed its obligations or received a payment under, disposed of, or enforced, this Supplemental Indenture); (ii) any withholding or deduction imposed pursuant to

(A) Sections 1471 to 1474 of the Internal Revenue Code ("**FATCA**"), or any successor version thereof, or any similar legislation imposed by any other Governmental Authority, or (B) any treaty, law or regulation or other official guidance enacted by Canada implementing FATCA or any intergovernmental agreement with respect to FATCA or any similar legislation imposed by any other Governmental Authority, including, for greater certainty, the *Canada-United States Enhanced Tax Information Exchange Agreement Implementation Act* (Canada) and Parts XVIII and XIX of the Income Tax Act (collectively, and including FATCA, the "**AEOI Legislation**"); and (iii) any interest, penalties and additions to Taxes in respect of (i) and (ii) (all such excluded Taxes being hereinafter called "**Excluded Taxes**"). If any Taxes, other than Excluded Taxes, are required to be withheld from any amounts payable to a Recipient hereunder, the amounts so payable to the Recipient shall be increased, and the Recipient shall be entitled to be paid by the Issuer the amount of such increase to the extent necessary to yield to the Recipient (after payment of all such Taxes other than Excluded Taxes) interest or any such other amounts payable hereunder or thereunder at the rates or in the amounts specified hereunder. Where the amount payable by the Issuer is increased in accordance with the previous sentence, the Monthly Interest shall be increased by the amount of such increase. Whenever any Taxes are payable on or with respect to amounts distributed to a Recipient, as promptly as possible thereafter the Issuer shall send to such Recipient a certified copy of an original official receipt showing payment thereof.

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

(c) If a Recipient is legally entitled to receive a refund of any Taxes (other than Excluded Taxes) as to which it has been indemnified or with respect to which additional amounts have been paid to it hereunder or it is legally entitled to receive a credit or deduction with respect to such Taxes or with respect to such additional amounts that have been paid hereunder (in each case pursuant to Section 3.9(a)), it shall use commercially reasonable efforts to obtain or claim such refund, credit or deduction and pay over such refund or the value of such credit or deduction to the Issuer, together with any interest thereon.

3.10 Increased Costs

(a) (i) If any Regulatory Change (x) subjects the Purchaser to any charge or withholding on or with respect to any Support Facility or this Supplemental Indenture or the Purchaser's obligations under a Support Facility or this Supplemental Indenture, or changes the basis of taxation of payments to the Purchaser of any amounts payable under any Support Facility or this Supplemental Indenture Agreement (except for changes in the rate of tax on the overall net income of the Purchaser or Excluded Taxes) or (y) imposes, modifies or deems applicable any reserve,

assessment, fee, tax, insurance charge, special deposit or similar requirement against assets of, deposits with or for the account of, or liabilities of the Purchaser, or credit extended by the Purchaser pursuant to a Support Facility or this Supplemental Indenture or (z) imposes any other condition the result of which is to increase the cost to the Purchaser of performing its obligations under a Support Facility or this Supplemental Indenture, or to reduce the rate of return on the Purchaser's capital or assets as a consequence of its obligations under a Support Facility or this Supplemental Indenture, or to reduce the amount of any sum received or receivable by the Purchaser under a Support Facility or this Supplemental Indenture, or to require any payment calculated by reference to the amount of interests or loans held or interest received by it, then, upon written request by the Purchaser therefore to the Issuer, the Purchaser shall be entitled to be paid such amounts charged to the Purchaser or such amounts to otherwise compensate the Purchaser for such increased cost or such reduction following a receipt by the Issuer of such request for compensation under this Section 3.10(a)(i), which payment shall be made on the earlier of (A) the first Payment Date on which amounts are available to pay such amounts pursuant to Section 7.04(e) of the Trust Indenture (provided that such request is received by the Issuer no later than five (5) Business Days prior to the end of the Interest Period related to such Payment Date), and (B) the twelfth Payment Date following such request.

(ii) The Issuer acknowledges that the Purchaser may implement, as an internal institutional matter, measures in anticipation of a final or proposed Regulatory Change (including, without limitation, the imposition of internal charges on the Purchaser's interest or obligations under any Support Agreement or this Supplemental Indenture) and may commence recognizing the incurrence of charges by seeking compensation under Section 3.10(a)(i) in connection with such measures, in advance of the effective date of such final or proposed Regulatory Change, and the Issuer agrees that such charges or compensation shall be payable, to the Purchaser, following demand therefor without regard to whether such proposed Regulatory Change has been adopted or whether such effective date has occurred; provided, that (I) the Purchaser shall provide thirty (30) days prior written notice to the Issuer of its intent to impose or incur any such charges or compensation, (II) the Purchaser shall not be compensated for any such amount pursuant to this subsection 3.10(a)(ii) relating to any period ending, and of which the Purchaser has had knowledge, more than 180 days prior to the date that the Purchaser provided the Issuer with the written notice contemplated by the preceding clause (I) of this subsection 3.10(a)(ii), (III) if, after the payment by the Issuer of any charges or compensation pursuant to this subsection 3.10(a)(ii), either (A) the Issuer requests in writing that the Purchaser re-compute any such charge or compensation in light of differences between a proposed Regulatory Change and the final effective version thereof or (B) the Purchaser determines that the amount of the charge imposed on and required to be compensated by the Issuer exceeds the amount necessary to compensate it for the applicable Regulatory Change as contemplated by subsection 3.10(a)(i), then (x) the amount of such charge or compensation shall, from and after such determination, be reduced by the amount of such excess and (y) the Purchaser shall, within thirty (30) days of such determination, either repay the amount of such excess or credit the amount of such excess against future charges under this subsection 3.10(a)(ii). The Issuer further acknowledges that any charge or compensation demanded hereunder may take the form of a monthly charge to be assessed by the Purchaser.

(b) The Purchaser claiming increased amounts described in subsection 3.10(a) of this Supplemental Indenture will furnish to the Issuer (together with its request for compensation) a certificate prepared in good faith setting forth the basis and the calculation of the amount (in

reasonable detail) of each request by the Purchaser for any such increased amounts referred to in subsection 3.10(a) hereof. Any such certificate shall be conclusive absent manifest error. Failure on the part of the Purchaser to demand compensation for any amount pursuant to subsection 3.10(a) hereof with respect to any period shall not constitute a waiver of the Purchaser's right to demand compensation with respect to such period.

ARTICLE 4
CONDITIONS PRECEDENT

4.1 Conditions Precedent to Initial Purchase of Series 2017-1 Junior Subordinated Notes

On or prior to the initial purchase of Series 2017-1 Junior Subordinated Notes hereunder, the following conditions precedent shall be satisfied:

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

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

(c) The Purchaser shall have received:

(i) executed copies of this Supplemental Indenture;

(ii) certificates of status or compliance or other similar documents issued by the applicable governmental authority to evidence that each of the Issuer Trustee and the Manager is validly existing pursuant to the laws of the jurisdiction of their respective establishment or incorporation;

(iii) a copy of the incorporating documents and all amendments thereto and applicable by-laws, as applicable, of each of the Issuer Trustee, the IESO and the Manager certified by an Authorized Officer of the applicable entity;

(iv) copies of resolutions of the board of directors of the IESO and the Manager approving and authorizing the execution, delivery and performance of each Program Agreement they are party to, in each case certified by an Authorized Officer of the applicable entity;

(v) incumbency certificates for each of the Issuer Trustee, the Manager and the IESO executing this Supplemental Indenture and any other Program Agreements and the other documents to be delivered by either the Issuer Trustee, the Manager or the IESO thereunder, in each case showing their names, offices and specimen signatures on which certificates the Purchaser shall be entitled to conclusively rely

until such time as the Purchaser receives a replacement certificate meeting the requirements of this Section 4.1(c)(v);

(vi) the following Opinions of Counsel:

(A) the opinion of external counsel to the Manager as to the non-consolidation of the Issuer with the Manager in the event of the insolvency of the Manager in form and substance satisfactory to the Purchaser;

(B) the opinion of external counsel to the IESO as to the Investment Asset acquired by the Issuer not being subject to the claims of creditors of the IESO in form and substance satisfactory to the Purchaser;

(C) favourable opinions of external counsel to the Manager covering general corporate matters, the due execution and delivery of, and the enforceability of, each of the Program Agreements to which the Manager, the Issuer and the Issuer Trustee are party which opinion, as to certain matters, may rely on opinion of internal counsel to the Manager and the Issuer Trustee; and

(D) a favourable opinion of external counsel to the Province with respect to the due authorization, execution, delivery and enforceability of the Change of Law Protection Agreement in form and substance satisfactory to the Purchaser;

(vii) a certificate of an Authorized Officer of the Manager confirming that the representations and warranties set forth in Section 12.01 of the Trust Indenture and Section 5.1 of this Supplemental Indenture are true and correct in all material respects, that the Issuer is in compliance in all material respects with all of its covenants and obligations under the Program Agreements to which it is a party and that no Termination Event has occurred; and

(viii) such additional documents, instruments, certificates or letters as the Purchaser may reasonably request.

(d) The representations and warranties set forth in Section 5.1 of this Supplemental Indenture shall be true and correct in all material respects, the Issuer shall be compliance in all material respects with all of its covenants and obligations under the Program Agreements to which it is a party and no Termination Event shall have occurred.

4.2 Conditions Precedent to each Increase under Series 2017-1 Junior Subordinated Notes

On or prior to each Increase, the following conditions precedent shall be satisfied:

(a) the Purchaser shall have received an Increase Notice;

(b) no Termination Event shall have occurred or would occur after giving effect to such Increase;

(c) if the Increase is identified as a Transfer Increase in the Increase Notice, then the related Transfer under the Master Transfer and Servicing Agreement shall have been completed or contemporaneously completed;

(d) after giving effect the Increase, the aggregate of the amounts on deposit in the Program Cash Reserve Account and the IESO Cash Reserve Account shall be equal to or greater than the sum of:

(i) the Program Cash Reserve Required Amount,

plus

(ii) if the Increase Date is on or after May 1, 2021, an amount equal to the sum of (x) the amount originally determined under clause (b) of the definition of IESO Cash Reserve Deposit Amount in the Trust Indenture, less any amounts withdrawn from the IESO Cash Reserve Account to pay any Obligations Secured described in subsections 7.04(e)(i) through (v) of the Trust Indenture prior to the date of such Increase, and (y) to the extent the amount originally determined under clause (b) of the definition of IESO Cash Reserve Deposit Amount in the Trust Indenture was not determined in a manner which included the amount of such Increase, an amount estimated by the Manager, acting reasonably, equal to the additional Monthly Interest payable with respect to such Increase up to and including the Payment Date in July, 2021.

(e) the Indenture Trustee shall have received (i) the adherence compliance certificate required pursuant to Section 4.02(a) of the Change of Law Protection Agreement with respect to such Increase, or (B) written confirmation from the Province that the Funding Obligations incurred under this Supplemental Indenture with respect to such Increase constitute Approved Obligations.

The Issuer's acceptance of funds in connection with each Increase occurring on any Increase Date shall constitute a representation and warranty by the Issuer to the Purchaser as of such Increase Date that all of the conditions contained in Section 3.3(a) and this Section 4.2 are satisfied.

ARTICLE 5
REPRESENTATIONS AND WARRANTIES

5.1 Representations and Warranties of the Issuer

The Issuer hereby represents and warrants to the Purchaser as of the Closing Date, and shall be deemed to represent and warrant to the Purchaser on each Increase Date, that:

(a) no Termination Event has occurred or would result from the initial purchase of the Issuer Investment Interest on the Closing Date or any increase in the Issuer Investment Interest on an Increase Date, as applicable;

(b) the Issuer Trustee and the Issuer are not Non-residents;

(c) all tax returns (federal, provincial and local) required to be filed with respect to the Issuer have been filed and there has been paid or adequate provision made for the payment of all material Taxes in respect of the Issuer;

(d) the Issuer has complied in all material respects with all laws in respect of the conduct of its business and ownership of its property including the Issuer Investment Interest;

(e) all information provided to the Purchaser by or on behalf of the Issuer in respect of the Issuer Investment Interest is and will be true and accurate in all material respects; and

(f) to its knowledge, there is no set of circumstances existing at such time that will have an Adverse Effect or will reasonably be expected to have an Adverse Effect.

5.2 Representations and Warranties of the Purchaser

The Purchaser represents and warrants to the Issuer as of the Closing Date, and shall be deemed to represent and warrant to the Issuer on each Increase Date, that:

(a) it is resident in Ontario or is otherwise subject to the securities legislation of the Province of Ontario;

(b) it is purchasing the applicable Series 2017-1 Junior Subordinated Notes (i) as principal for its own account and not for the benefit of any other "person" (as defined in the *Securities Act* (Ontario)) or company; and (ii) for cash consideration in excess of $150,000; and

(c) it was not created and is not being used solely to purchase or hold securities in reliance on the exemption from the prospectus and dealer registration requirements contained in Section 2.10 of National Instrument 45-106 − Prospectus and Registration Exemptions.

5.3 Survival

The representations and warranties set out in this Article 5 shall survive the execution hereof.

ARTICLE 6
COVENANTS

6.1 Covenants of the Issuer

(a) The Issuer shall promptly provide to the Purchaser (in multiple copies if requested) copies of all material reports, notices, financial statements and other documents delivered by the IESO to the Issuer with respect to the Issuer Investment Interest or pursuant to the Master Transfer and Servicing Agreement; provided such documents shall be deemed to be delivered hereunder so long as the Purchaser is the Manager.

(b) The Issuer shall provide to the Purchaser (in multiple copies, if requested) such other information, documents, records or reports respecting the Issuer Investment Interest, the Issuer or the IESO which is in the possession or under the control of the Issuer or the Manager, as the Purchaser may from time to time reasonably request, including any correspondence with a Rating

Agency; provided such documents shall be deemed to be delivered hereunder so long as the Purchaser is the Manager.

(c) The Issuer shall furnish to the Purchaser promptly after known to the Issuer or the Manager, information with respect to any action, suit or proceeding involving the Manager, the Issuer or the IESO or any of their respective Affiliates by or before any court or any Governmental Authority which, if adversely determined, would have an Adverse Effect; provided that the Purchaser shall be deemed to have knowledge of such actions, suits or proceedings so long as it is the Manager.

ARTICLE 7
ACCELERATION

7.1 Acceleration of Series 2017-1 Junior Subordinated Principal Amount

If a Series 2017-1 Event of Default occurs and is continuing, then and in each and every such case, and without regard to whether all Issuer Funding Obligations have been declared due and payable immediately pursuant to Section 8.02(a) of the Trust Indenture, the Purchaser may by notice in writing to the Issuer and to the Indenture Trustee declare the Series 2017-1 Junior Subordinated Principal Amount and all interest accrued and unpaid (if any) thereon to be due and payable immediately, and upon any such declaration the same will become and will be immediately due and payable, notwithstanding anything in this Supplemental Indenture or the Trust Indenture to the contrary.

ARTICLE 8
GENERAL

8.1 Successor and Assigns

(a) This Supplemental Indenture shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, except that (i) the Issuer may not assign or transfer any of its rights or obligations under this Supplemental Indenture without the prior written consent of the Purchaser and at least 10 Business Days' notice having been given to DBRS; and (ii) the Purchaser may, without the prior written consent of the Issuer but with prior notice to DBRS, assign or transfer any of its rights or obligations under this Supplemental Indenture to any of its wholly-owned affiliates (a "**Transferee**") pursuant to a transfer supplement, in such form and substance as shall be acceptable to the Purchaser and the Issuer (acting reasonably), executed by the Purchaser, the Transferee and the Issuer.

(b) The Issuer authorizes the Purchaser to disclose to any Transferee and any prospective Transferee any and all financial information in the Purchaser's possession concerning the Issuer, the Issuer Investment Interest and the Program Agreements which has been delivered to the Purchaser by the Issuer or the Manager.

(c) Notwithstanding any other provision of this Supplemental Indenture to the contrary, the Purchaser may at any time pledge or grant a security interest in all or any portion of its rights under its Series 2017-1 Junior Subordinated Note and this Supplemental Indenture to secure obligations of the Purchaser to any Person, without notice to or consent of the Issuer; provided that no such

pledge or grant of a security interest shall release the Purchaser from any of its obligations hereunder or substitute any such pledgee or grantee for the Purchaser as a party hereto.

8.2 Waiver

Without limiting the requirements of Section 11.02 of the Trust Indenture which shall be applicable to this Supplemental Indenture, no waiver of any provision of this Supplemental Indenture or consent to any departure by the Issuer from any provision of this Supplemental Indenture will be effective (in whole or in part) unless in writing and signed by the Purchaser. Such waiver will be effective only in the specific instance, for the specific purpose and for the specific length of time for which it is given by the Purchaser.

8.3 Notice

All notices, requests, instructions and demands to or upon any party hereto to be effective shall be given (a) in the case of the Issuer and the Indenture Trustee, in the manner set forth in Article 15 of the Trust Indenture; and (b) in the case of the Purchaser, in writing, and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when delivered by hand or three days after being deposited in the mail, postage prepaid, in the case of facsimile notice, when received, or in the case of overnight air courier, one Business Day after the date such notice is delivered to such overnight courier, addressed as follows; or to such other address as may be hereafter notified by the respective parties hereto:

Purchaser:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6

Attention: Vice President, Fair Hydro Plan
Fax: (416) 592-4189
Email: FHP@opg.com

8.4 No Waiver: Remedies

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

8.5 Entire Agreement

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

between the parties in connection with the subject matter hereof except as specifically set forth in this Supplemental Indenture, the Trust Indenture and the other Program Agreements.

8.6 Governing Law and Attornment

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

8.7 Acknowledgment of Trust Indenture and No Proceedings

The Purchaser hereby acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor under the Trust Indenture and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Trust Indenture including, without limitation, Section 7.12 (Payments To Be Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse), Article IX (Indenture Trustee) (including all limitations of liability thereunder), Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition).

8.8 Expenses

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

8.9 Further Assurances

Each of the parties hereto upon the request of the other party or parties hereto shall do, execute, acknowledge and deliver or cause to be done, executed acknowledged or delivered all such further acts, deeds, documents, assignments, transfers, conveyances, powers of attorney and assurances as may be reasonably necessary or desirable to effect or complete the consummation of the transactions contemplated by this Supplemental Indenture.

8.10 Confidentiality

(a) The Purchaser covenants and agrees that any non-public information obtained by it pursuant to this Supplemental Indenture and the other Program Agreements shall be held in confidence except that the Purchaser may disclose such information (i) pursuant to the order of any court or administrative agency or in any pending legal or administrative proceeding (whether

or not having the force or effect of law) provided that, unless prohibited by applicable law, the Purchaser shall provide prompt notice of such order to the affected party; (ii) upon the request or demand of any regulatory authority having or claiming jurisdiction over the Purchaser; (iii) as required by applicable law including, without limitation, all applicable securities laws; (iv) to the extent that such information becomes publicly available other than by reason of improper disclosure by the Purchaser; (v) to its affiliates, officers, directors, employees, legal counsel, independent auditors, accountants, advisors, investors, potential investors, commercial paper dealers, providers of surety, guaranty, credit or liquidity enhancement (including the directors, officers and accountants of such surety, guaranty, credit or liquidity enhancement provider), legal counsel of any of the foregoing and other experts or agents who need to know such information and are informed of the confidential nature of such information; (vi) for purposes of establishing a "due diligence" defense; (vii) which was available to the Purchaser on a non-confidential basis from a source other than the affected party, provided that such source was not to the knowledge of the Purchaser bound by a confidentiality agreement with the affected party; (viii) has been independently acquired or developed by the Purchaser without violating any of the Purchaser's obligations under this Supplemental Indenture; (ix) if such disclosure has been approved in writing in advance by the Issuer or the Manager; (x) regarding the existence of this Supplemental Indenture, but not the financial terms thereof; and (xi) to DBRS and Moody's and any other Rating Agencies.

(b) The Issuer covenants and agrees to hold in confidence, and not disclose to any Person, the terms of this Supplemental Indenture, except as the Purchaser may have consented to in writing prior to any proposed disclosure and except (i) it may also disclose such information (A) to its officers, directors, employees, legal counsel, independent auditors, accountants and other advisors who are directly involved in the consideration of this Supplemental Indenture (and then only on a confidential basis), (B) to the Manager and its officers, directors, employees, legal counsel, independent auditors, accountants and other advisors, (C) any ministry or agency of the Province of Ontario and, in each case, their respective employees, officials, agents and advisors, (D) as required by applicable law (including, without limitation, applicable securities law) or compulsory legal process, (E) as expressly permitted by the terms of the Program Agreements, and (F) to DBRS and Moody's and any other Rating Agencies; provided, that, in the case of clause (D), the Issuer will use all commercially reasonable efforts to maintain confidentiality and will (unless otherwise prohibited by law) notify the Purchaser of its intention to make any such disclosure prior to making such disclosure; and (ii) it may also disclose the existence (but not the financial terms) of this Supplemental Indenture, including to any actual or prospective purchaser of other Notes.

(c) The parties hereto acknowledge that a description of this Supplemental Indenture and the Series 2017-1 Junior Subordinated Note will be included in the preliminary and final offering memoranda of the Issuer relating to the issue of other Notes from time to time.

(d) The confidentiality provisions set forth in this Section 8.10 shall expire on the second year anniversary of the date on which the Series 2017-1 Junior Subordinated Notes have been paid in full.

8.11 Limitation of Liability of Issuer Trustee

Each party hereto other than the Issuer acknowledges that the Issuer is a trust, and that Computershare Trust Company of Canada is the Issuer Trustee. The other parties hereto agree that the Issuer Trustee will not be subject to any liability whatsoever to them, in tort, contract or otherwise, in connection with the Issuer's assets or the trust activities, for any action taken or permitted by it to be taken, or for its failure to take any action; provided that the foregoing limitation will not apply in respect of any action or failure to act arising from or in connection with wilful misconduct, negligence or reckless disregard of a duty by the Issuer Trustee. The Issuer Trustee in doing anything or permitting anything to be done in respect of assets or the trust activities is, and shall be conclusively deemed to be, acting as trustee of the Issuer and not in any other capacity. Except as to the extent provided in this Section 8.11, the Issuer Trustee will not be subject to any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Issuer, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the Issuer's assets or the trust activities and resort will be had solely to the Collateral for the payment or performance thereof. No property or assets of the Issuer Trustee, whether owned in its personal capacity or otherwise, will be subject to levy, execution or other enforcement procedure with regard to any obligation under this Supplemental Indenture. Nothing contained in this Section 8.11 shall be construed so as to limit the liability of the Issuer under this Supplemental Indenture. This Supplemental Indenture, and every deed, transfer, assignment, agreement or other instrument made pursuant hereto including, without limitation, the Series 2017-1 Junior Subordinated Notes, made or purporting to be made by or creating an obligation of the Issuer or the Issuer Trustee on behalf of, or as trustee of, the Issuer shall be deemed and construed for all purposes as if made by the Issuer Trustee, in and only in its capacity as trustee of the Issuer. Any obligations of the Issuer Trustee hereunder or thereunder are non-recourse to the Issuer Trustee in its personal capacity.

8.12 Execution in Counterparts

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

8.13 Delivery of Executed Copies

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

[signature page follows]

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

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

By: _____
Name:
Title:

By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, as Indenture Trustee

By: _____
Name:
Title:

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., as Purchaser

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A

DEFINITIONS

"**Acceleration Event**" means either:

(a) all Issuer Funding Obligations are declared due and payable under Section 8.02 of the Trust Indenture, or

(b) the Series 2017-1 Junior Subordinated Principal Amount and all interest accrued and unpaid thereon is declared to be due and payable under Section 7.1.

"**Administrative Agent**" is defined in the recitals to this Supplemental Indenture.

"**AEOI Legislation**" is defined in Section 3.9(a).

"**Applicable Margin**" means 0.10% per annum.

"**Authorized Officer**" means, with respect to: (a) the Issuer, any authorized director or officer of the Manager; (b) the Manager, any authorized director of officer of OPG; (c) the IESO, any authorized director or officer of the IESO; (d) the Issuer Trustee, any officer within the corporate trust office of such trustee (including the President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Treasurer or any other officer of the Issuer Trustee customarily performing functions similar to those performed by persons who at the time shall be such officers, respectively, and that has direct responsibility for the administration of the Issuer and also, with respect to a particular matter, any other officer to whom such matter is referred to because of such officer's knowledge and familiarity with the particular subject).

"**Base Rate**" means, for any Payment Date, the amount of interest and fees payable to the holders of Series 2017-1 Senior Notes on such Payment Date, expressed as a rate per annum on the weighted average outstanding principal amount of Series 2017-1 Senior Notes from the preceding Payment Date to such Payment Date.

"**Closing Date**" is defined in Section 3.3(a).

"**Commitment Extension**" is defined in the Senior Series 2017-1 Supplemental Indenture.

"**Decrease**" is defined in Section 3.4.

"**Decrease Amount**" is defined in Section 3.4.

"**Excluded Taxes**" is defined in Section 3.9(a).

"**FATCA**" is defined in Section 3.9(a).

"**Increase**" is defined in Section 3.3(a).

"**Increase Amount**" is defined in Section 3.3(a).

"**Increase Date**" is defined in Section 3.3(a).

"**Increase Notice**" is defined in Section 3.3(a).

"**Indenture Trustee**" is defined in the recitals to this Supplemental Indenture.

"**Interest Period**" means each of the consecutive periods that begins on, and includes, each Payment Date and ends on and excludes, the following Payment Date; provided that the first Interest Period shall begin on the Closing Date and end on the Payment Date in January, 2018.

"**Issuer**" is defined in the recitals to this Supplemental Indenture.

"**Issuer Indemnified Person**" is defined in Section 3.8.

"**Issuer Trustee**" is defined in the recitals to this Supplemental Indenture.

"**Maximum Purchaser Group Principal Amount**" has the meaning specified in the Senior Series 2017-1 Supplemental Indenture.

"**Monthly Interest**" shall mean, for any Payment Date, the sum of (A) the sum for each day during such Interest Period of the product of (i) the Series 2017-1 Junior Subordinated Principal Amount on such day; times (ii) the sum of the Base Rate for such day plus the Applicable Margin, divided by (iii) 365, and (B) the Monthly Interest Shortfall; provided that, for the purposes of determining the Monthly Interest in respect of an Interest Period prior to the end of the Interest Period, the Purchaser may estimate the interest for the remaining days in the Interest Period and provided further, if the actual interest for such days is less than the estimated interest, the Monthly Interest for the following Interest Period shall be reduced to adjust for such lower actual interest and if the actual interest for such days is higher than the estimated interest, the Monthly Interest for the following Interest Period shall be increased to adjust for such higher interest.

"**Monthly Interest Shortfall**" means, for any Payment Date, if the amount in clause (A) of the definition of Monthly Interest for the preceding Payment Date was greater than the amount distributed to the payment of such amounts pursuant to Section 3.6(c), an amount equal to the amount in clause (A) of the definition of Monthly Interest owing to the Purchaser which was unpaid on the preceding Payment Date plus interest on such unpaid amount for the period from the preceding Payment Date to the current Payment Date at a rate equal to the Prime Rate plus 1.00% per annum.

"**Monthly Other Amounts**" shall mean, for any Payment Date the sum of (a) any amounts payable to the Purchaser hereunder (other than Monthly Interest) including, without limitation, pursuant to Sections 3.8, 3.9, 3.10 and 8.8; plus (c) the Monthly Other Amounts Shortfall for such Payment Date.

"**Monthly Other Amounts Shortfall**" means, for any Payment Date, if the amount of the Monthly Other Amounts for the preceding Payment Date was greater than the amount distributed to the payment of such amounts pursuant to Section 3.6(c), an amount equal to the Monthly Other Amounts owing to the Purchaser which were unpaid on the preceding Payment Date plus interest

on such unpaid amount for the period from the preceding Payment Date to the current Payment Date at a rate equal to the Prime Rate plus 1.00% per annum.

"**Prime Rate**" means the annual rate of interest announced by Royal Bank of Canada from time to time as being its reference rate for the determination of interest rates on Canadian dollar denominated commercial loans made by it and commonly referred to by Royal Bank of Canada as its "prime rate."

"**Principal Accumulation Date**" means the Payment Date occurring in the month of July, 2021, as such date may be modified pursuant to Section 3.5(c).

"**Principal Payment Amount**" means, in respect of the Series 2017-1 Junior Subordinated Notes (unless modified pursuant to Section 3.5(c)):

(a) On any Payment Date occurring on or after the earlier of (i) the Payment Date occurring in October, 2021; and (ii) the occurrence of an Acceleration Event, the Series 2017-1 Junior Subordinated Principal Amount.

(b) Unless clause (a) above is applicable, on the Payment Dates in the month of July, August, September and October of 2021, an amount equal the lesser of (x) the sum of (A) 25% of the Series 2017-1 Junior Subordinated Principal Amount on the Business Day prior to the Principal Accumulation Date plus (B) the Decrease Amount of any Decrease occurring on such Payment Date, and (y) the Series 2017-1 Junior Subordinated Principal Amount.

(c) Unless either of clauses (a) or (b) above is applicable, on any Payment Date that is not a Decrease Date, nil.

(d) Unless either of clauses (a) or (b) above is applicable, on any Payment Date that is a Decrease Date, the Decrease Amount of the Decrease occurring on such Payment Date.

"**Principal Payment Default Date**" means the Business Day that is two years after the Payment Date in respect of such Principal Payment Amount, as such date may be modified pursuant to Section 3.5(c).

"**Purchaser**" is defined in the recitals to this Supplemental Indenture.

"**Recipient**" is defined in Section 3.9(a).

"**Refinancing Increase**" is defined in Section 3.3(a).

"**Regulatory Change**" shall mean (i) the adoption after the date hereof of any applicable law, rule or regulation (including any applicable law, rule or regulation regarding capital adequacy, deposits, reserves or liquidity coverage) or any change therein after the date hereof, (ii) any change after the date hereof in the interpretation, administration, scope or timing of implementation thereof by any governmental authority, central bank, self-regulating professional body or comparable agency or authority charged with the interpretation or administration thereof, or compliance with any guidance, request or directive (whether or not having the force of law) of any such authority, central bank, self-regulating professional body or comparable agency or authority; provided that

for purposes of this definition, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder, issued in connection therewith or in implementation thereof, and (y) all requests, rules, guidelines and directives (whether or not having the force of law) promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or Canadian or United States or other foreign regulatory authorities, shall in each case be deemed to be a "Regulatory Change", regardless of the date enacted, adopted, issued or implemented.

"**Requisite Percentage**" means the quotient of 10 divided by 51, expressed as a percentage.

"**Senior Series 2017-1 Supplemental Indenture**" is defined in the recitals to this Supplemental Indenture.

"**Series 2017-1 Event of Default**" means any one of the following events occurs at any time that the Junior Subordinated Funding Obligations constitute the Controlling Class Obligations (whatever the reason for such Series 2017-1 Event of Default and whether it will be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any Governmental Authority):

(a) a default by the Issuer in the payment of any interest on any Series 2017-1 Junior Subordinated Notes when such interest becomes due and payable, and continuance of such default for a period of five days following the date on which such interest became due and payable;

(b) a default by the Issuer in the payment of any principal of any Series 2017-1 Junior Subordinated Notes at its Principal Payment Default Date;

(c) any representation or warranty contained in Section 5.1 of this Supplemental Indenture or Section 12.01 of the Trust Indenture proves to be incorrect in any material respect when made and such incorrect representation or warranty if capable of being remedied by the Issuer, has not been remedied for a period of 30 days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by the Purchaser, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default" hereunder and, as a result of such default, the interests of the Purchaser is materially and adversely affected and continue to be materially and adversely affected during the 30-day period;

(d) a default in the performance, or breach, of any covenant of the Issuer in the Trust Indenture or this Supplemental Indenture in respect of any Series 2017-1 Junior Subordinated Notes (other than an agreement, covenant or warranty a default in the performance of which or the breach of which is elsewhere specifically dealt with in this definition of Series 2017-1 Event of Default), and continuance of such default or breach for a period of 30 days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by the Purchaser, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default" hereunder and, as a result of such default, the interests of the Purchaser is materially and adversely affected and continue to be materially and adversely affected during the 30-day period;

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

(f) a Suspension Notice is issued by the Province.

"**Series 2017-1 Initial Junior Subordinated Principal Amount**" means an amount equal to the Requisite Percentage of the Series 2017-1 Initial Senior Principal Amount.

"**Series 2017-1 Initial Senior Principal Amount**" means the "Series 2017-1 Initial Principal Amount" as defined in the Senior Series 2017-1 Supplemental Indenture.

"**Series 2017-1 Junior Subordinated Note**" means any one of the Floating Rate Variable Funding Junior Subordinated Notes, Series 2017-1, executed by the Issuer and authenticated and delivered by or on behalf of the Indenture Trustee, substantially in the form of Exhibit B.

"**Series 2017-1 Junior Subordinated Principal Amount**" means (a) when used with respect to the Closing Date, the Series 2017-1 Initial Junior Subordinated Principal Amount; and (b) when used with respect to any other date, an amount equal to (i) the Series 2017-1 Junior Subordinated Principal Amount on the immediately preceding Business Day; plus (ii) the Increase Amount on such date; minus (iii) the Decrease Amount on such date; minus (iv) the amount of principal payments made to the Purchaser pursuant to Section 3.7 on such date.

"**Series 2017-1 Maximum Junior Subordinated Principal Amount**" means an amount equal to the Requisite Percentage of the Series 2017-1 Maximum Senior Principal Amount.

"**Series 2017-1 Maximum Senior Principal Amount**" means the "Series 2017-1 Maximum Principal Amount" as defined in the Senior Series 2017-1 Supplemental Indenture.

"**Series 2017-1 Senior Decrease**" means, with respect to a Business Day, the sum of all amounts of Decreases (as defined in the Senior Series 2017-1 Supplemental Indenture) on such Business Day.

"**Series 2017-1 Senior Increase**" means, with respect to a Business Day, the sum of all amounts of Increases (as defined in the Senior Series 2017-1 Supplemental Indenture) on such Business Day.

"**Series 2017-1 Senior Notes**" is defined in the recitals to this Supplemental Indenture.

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

"**Support Facility**" shall mean any liquidity or credit support agreement with the Purchaser which relates to, or is otherwise available to the Purchaser in relation to its funding activities under, this Supplemental Indenture.

"**Suspension Notice**" has the meaning specified in the Change of Law Protection Agreement.

"**Termination Event**" means any Acceleration Event or Series 2017-1 Event of Default or any event which with the giving of notice or the passage of time, or both, could become an Acceleration Event or a Series 2017-1 Event of Default.

"**Transfer Increase**" is defined in Section 3.3(a).

"**Transferee**" is defined in Section 8.1(b).

"**Trust Indenture**" means the trust indenture dated as of December 21, 2017 between the Issuer and the Indenture Trustee.

SCHEDULE B

[FORM OF NOTE]

FLOATING RATE VARIABLE FUNDING JUNIOR SUBORDINATED NOTE, SERIES 2017-1

REGISTERED	INITIAL DOLLAR PRINCIPAL AMOUNT
No. R-[●]	$[●]

FAIR HYDRO TRUST

FLOATING RATE VARIABLE FUNDING JUNIOR SUBORDINATED NOTE, SERIES 2017-1

Fair Hydro Trust (herein referred to as the "**Issuer**"), a trust governed by the laws of Ontario and established under a Declaration of Trust dated as of December 20, 2017 for value received, hereby promises to pay to Ontario Power Generation Inc., or registered assigns, subject to the following provisions, a principal sum of $[●], or, if less, the aggregate unpaid principal amount shown on the schedule attached hereto (and any continuation thereof), which amount shall be payable in the amounts and at the times set forth in the Base Indenture and the Supplemental; provided, that, any Principal Payment Amount due and payable with respect to this Series 2017-1 Junior Subordinated Note shall be due on the related Principal Payment Date. The Issuer will pay interest on this Series 2017-1 Junior Subordinated Note in accordance with Section 3.6 of the Supplemental on each Payment Date until the principal of this Series 2017-1 Junior Subordinated Note is paid or made available for payment, to the extent funds are available in accordance with the terms of the Supplemental. Pursuant to Sections 3.3 and 3.4 of the Supplemental, the principal amount of this Series 2017-1 Junior Subordinated Note shall be subject to Increases and Decreases on any Business Day on or after the date hereof. This Series 2017-1 Junior Subordinated Note is subject to mandatory prepayment, to the extent funds have been allocated to the Principal Accumulation Account and are available therefor, in accordance with Sections 3.4 and Section 3.7 of the Supplemental. Beginning on the first Payment Date following the occurrence of a Series 2017-1 Event of Default or an Event of Default (collectively, a "**Default Event**"), subject to cure in accordance with the Base Indenture or the Supplemental, as applicable, the principal of this Series 2017-1 Junior Subordinated Note shall be paid in installments on each subsequent Principal Payment Date to the extent of funds available for payment therefor pursuant to the Trust Indenture. Such principal of and interest on this Series 2017-1 Junior Subordinated Note shall be paid in the manner specified on the reverse hereof.

The principal of and interest on this Series 2017-1 Junior Subordinated Note are payable in Canadian Dollars. Except as otherwise provided in the Trust Indenture, payments made by the Issuer with respect to this Series 2017-1 Junior Subordinated Note shall be applied first to interest due and payable on this Series 2017-1 Junior Subordinated Note as provided above and then to the unpaid principal of this Series 2017-1 Junior Subordinated Note.

Reference is made to the further provisions of this Series 2017-1 Junior Subordinated Note set forth on the reverse hereof, which shall have the same effect as though fully set forth on the face of this Series 2017-1 Junior Subordinated Note. Although a summary of certain provisions of the Trust Indenture is set forth below and on the reverse hereof and made a part hereof, this Series 2017-1 Junior Subordinated Note does not purport to summarize the Trust Indenture and reference is made to the Trust Indenture for information with respect to the interests, rights, benefits, obligations, proceeds and duties evidenced hereby and the rights, duties and obligations of the Issuer and the Indenture Trustee. A copy of the Trust Indenture may be requested from the Indenture Trustee by writing to the Indenture Trustee at: BNY Trust Company of Canada, One York Street, 6th Floor, Toronto, Ontario M5J 0B6, Attention: Corporate Trust Administration.

Unless the certificate of authentication hereon has been executed by or on behalf of the Indenture Trustee, by manual signature, this Series 2017-1 Junior Subordinated Note shall not be entitled to any benefit under the Trust Indenture referred to on the reverse hereof, or be valid for any purpose.

IN WITNESS WHEREOF, the Issuer has caused this Series 2017-1 Junior Subordinated Note to be duly executed.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of FAIR HYDRO TRUST, as Issuer

By: **ONTARIO POWER GENERATION INC., not in its individual capacity but solely as Manager**

By: _____
Name:
Title:

By: _____
Name:
Title:

Dated: ●, 20●

INDENTURE TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Series 2017-1 Junior Subordinated Notes described in the within-mentioned Trust Indenture.

BNY TRUST COMPANY OF CANADA, as Indenture Trustee

By: _____
Authorized Signatory

By: _____
Authorized Signatory

FAIR HYDRO TRUST

SERIES 2017-1 FLOATING RATE ASSET BACKED NOTE

Summary of Terms and Conditions

This Series 2017-1 Junior Subordinated Note is one of a duly authorized issue of Junior Subordinated Notes of the Issuer, designated as the Floating Rate Variable Funding Junior Subordinated Note, Series 2017-1 (the "**Series 2017-1 Junior Subordinated Notes**"), issued under a Trust Indenture, dated as of December 21, 2017 (as may be amended, supplemented, restated, replaced or otherwise modified from time to time, the "**Base Indenture**"), between the Issuer and BNY Trust Company of Canada, as indenture trustee (the "**Indenture Trustee,**" which term includes any successor Indenture Trustee under the Base Indenture), as supplemented by the Warehouse Junior Subordinated Series 2017-1 Supplemental Indenture, dated as of December 21, 2017 (the "**Supplemental**"), and representing the right to receive certain payments from the Issuer. The term "**Trust Indenture**," unless the context otherwise requires, refers to the Base Indenture as supplemented by the Supplemental. Except as set forth in the Supplemental, the Series 2017-1 Junior Subordinated Note is subject to all of the terms of the Base Indenture. All terms used in this Series 2017-1 Junior Subordinated Note that are defined in the Supplemental shall have the meanings assigned to them in or pursuant to the Supplemental.

The Series 2017-1 Junior Subordinated Note is and will be equally and ratably secured by the Collateral pledged as security therefor as provided in the Trust Indenture.

"**Payment Date**" means the 15th day of each calendar month, or, if any such date is not a Business Day, the next succeeding Business Day, commencing January 15, 2018.

As described above, any Principal Payment Amount payable with respect to this Series 2017-1 Junior Subordinated Note shall be due and payable on the related Principal Payment Date, in accordance with Section 3.7 of the Supplemental. All principal payments of the Series 2017-1 Junior Subordinated Note shall be made to the registered holder of this Series 2017-1 Junior Subordinated Note.

Payments of interest on this Series 2017-1 Junior Subordinated Note are due and payable on each Payment Date or such other date as may be specified in the Supplemental, together with the installment of principal then due, if any, and any payments of principal made on any Business Day in respect of any Decreases, to the extent not in full payment of this Series 2017-1 Junior Subordinated Note, shall be made by wire transfer to the holder of record of this Series 2017-1 Junior Subordinated Note on the Note Register as of the close of business on each Record Date. Any reduction in the principal amount of this Series 2017-1 Junior Subordinated Note effected by any payments made on any Payment Date shall be binding upon all future holders of this Series 2017-1 Junior Subordinated Note and of any Series 2017-1 Junior Subordinated Note issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof, whether or not noted thereon.

The Issuer shall pay interest on Monthly Interest Shortfalls at the rate specified in the definition thereof, to the extent lawful.

Subject to the terms of the Trust Indenture, the holder of any Series 2017-1 Junior Subordinated Note may transfer the same in whole or in part, in an amount equivalent to an authorized denomination, by surrendering such Series 2017-1 Junior Subordinated Note at the office maintained by the Note Registrar for such purpose pursuant to Section 4.05(c) of the Base Indenture, with the form of transfer endorsed on it duly completed and executed by, or accompanied by a written instrument of transfer in form satisfactory to the Issuer and the Note Registrar by, the holder thereof. In exchange for any Series 2017-1 Junior Subordinated Note properly presented for transfer, the Issuer shall execute and promptly authenticate and deliver or cause to be authenticated and delivered in compliance with applicable law, to the transferee at such office, or send by mail (at the risk of the transferee) to such address as the transferee may request, Series 2017-1 Junior Subordinated Notes for the same aggregate principal amount as was transferred. In the case of the transfer of any Series 2017-1 Junior Subordinated Note in part, the Issuer shall execute and promptly authenticate and deliver or cause to be authenticated and delivered to the transferor at such office, or send by mail (at the risk of the transferor) to such address as the transferor may request, Series 2017-1 Junior Subordinated Note for the aggregate principal amount that was not transferred. No transfer of any Series 2017-1 Junior Subordinated Note shall be made unless the request for such transfer is made by the holder of a Series 2017-1 Junior Subordinated Note at such office. Upon the issuance of transferred Series 2017-1 Junior Subordinated Notes, the Indenture Trustee shall recognize the holders of such Series 2017-1 Junior Subordinated Note as a Noteholder of Series 2017-1 Junior Subordinated Notes.

The registered holder of this Series 2017-1 Junior Subordinated Note, by acceptance of this Series 2017-1 Junior Subordinated Note, hereby acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor under the Base Indenture and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Base Indenture including, without limitation, Section 7.12 (Payments To Be Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse), Article IX (Indenture Trustee) (including all limitations of liability thereunder), Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition).

Prior to the due presentment for registration of transfer of this Series 2017-1 Junior Subordinated Note, the Issuer, the Indenture Trustee and any agent of the Issuer or the Indenture Trustee may treat the Person in whose name this Series 2017-1 Junior Subordinated Note (as of the day of determination or as of such other date as may be specified in the Trust Indenture) is registered as the owner hereof for all purposes, whether or not this Series 2017-1 Junior Subordinated Note shall be overdue, and neither the Issuer, the Indenture Trustee nor any such agent shall be affected by notice to the contrary.

The Trust Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the rights of the holder of the Series 2017-1 Junior Subordinated Notes under the Trust Indenture at any time by the Issuer with the consent of the applicable Person(s) specified therein. The Trust Indenture also contains provisions permitting the applicable Person(s) specified therein to waive compliance by the Issuer with certain provisions of the Trust Indenture and certain past defaults under the Trust Indenture and their consequences with respect to the Series 2017-1 Junior Subordinated Notes. Any such consent or waiver by such Person(s) shall be conclusive and binding upon the registered holder of

this Series 2017-1 Junior Subordinated Note and upon all future holders of this Series 2017-1 Junior Subordinated Note and of any Series 2017-1 Junior Subordinated Notes issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof whether or not notation of such consent or waiver is made upon this Series 2017-1 Junior Subordinated Note. The Trust Indenture also permits the Issuer and the Indenture Trustee to amend or waive certain terms and conditions set forth in the Trust Indenture without the consent of any other Person.

The term “the Issuer” as used in this Series 2017-1 Junior Subordinated Note includes any successor to the Issuer under the Trust Indenture.

The Series 2017-1 Junior Subordinated Note is issuable only in registered form in denominations as provided in the Trust Indenture, subject to certain limitations set forth therein.

This Series 2017-1 Junior Subordinated Note and the Trust Indenture, and all matters arising out of or relating to this Series 2017-1 Junior Subordinated Note or the Trust Indenture, shall be governed by, and construed and interpreted in accordance with, the laws of the Province of Ontario and the federal laws applicable therein, and the obligations, rights and remedies of the parties hereto shall be determined in accordance with such laws.

No reference herein to the Trust Indenture and no provision of this Series 2017-1 Junior Subordinated Note or of the Trust Indenture shall alter or impair the obligation of the Issuer, which is absolute and unconditional, to pay the principal of and interest on this Series 2017-1 Junior Subordinated Note at the times, place and rate, and in the coin or currency herein prescribed, subject to any duty of the Issuer to deduct or withhold any amounts as required by law, including any applicable Taxes.

INCREASES AND DECREASES

Date	Unpaid Principal Amount	Increase	Decrease	Total	Notation Made By

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

_____
(name and address of assignee)

the within certificate and all rights thereunder, and hereby irrevocably constitutes and appoints, _____, attorney, to transfer said certificate on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____ _____[1]
Signature Guaranteed:

REGISTRATION PANEL

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

Date of Registration	In Whose Name Registered	Signature of Note Registrar
●, 20●	●	

[1] NOTE: The signature to this assignment must correspond with the name of the registered owner as it appears on the face of the within Note in every particular, without alteration, enlargement or any change whatsoever.

SCHEDULE C

FORM OF INCREASE NOTICE

TO: Ontario Power Generation Inc. ("**OPG**")

AND TO: BNY Trust Company of Canada, as Indenture Trustee (the "**Indenture Trustee**")

RE: Warehouse Junior Subordinated Series 2017-1 Supplemental Indenture dated as of December 21, 2017 between Computershare Trust Company of Canada, in its capacity as trustee of Fair Hydro Trust (the "**Issuer**"), the Indenture Trustee and OPG (the "**Junior Subordinated Supplemental Indenture**")

Pursuant to Section 3.3(a)(ii) of the Supplemental Indenture, the Issuer hereby gives irrevocable notice to OPG as follows:

1. The Increase Date shall occur on _____.

2. The Increase Amount shall be _____.

3. The Increase is to [fund a Transfer] [is in respect of a Refinancing].

4. Attached hereto is a copy of the irrevocable written increase notice delivered to the Administrative Agent pursuant to section 3.3(a) of the Senior Series 2017-1 Supplemental Indenture in connection with the applicable Series 2017-1 Senior Increase proposed to be made.

Capitalized terms used and not otherwise defined in this Increase Notice have the meanings assigned to them in the Junior Subordinated Supplemental Indenture, whether directly or by reference.

DATED ●, 20●.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of FAIR HYDRO TRUST, as Issuer

By: **ONTARIO POWER GENERATION INC., not in its individual capacity but solely as Manager**

By: _____
Name:
Title:

By: _____
Name:
Title:

Schedule A
Increase Notice – Senior Series 2017-1

See attached.

SCHEDULE D

FORM OF DECREASE NOTICE

TO: Ontario Power Generation Inc. ("**OPG**")

AND TO: BNY Trust Company of Canada, as Indenture Trustee (the "**Indenture Trustee**")

RE: Warehouse Junior Subordinated Series 2017-1 Supplemental Indenture dated as of December 21, 2017 between Computershare Trust Company of Canada, in its capacity as trustee of Fair Hydro Trust (the "**Issuer**"), the Indenture Trustee and OPG (the "**Junior Subordinated Supplemental Indenture**")

Pursuant to Section 3.4 of the Supplemental Indenture, the Issuer hereby gives irrevocable notice to OPG as follows:

1. The Decrease Date shall occur on _____.

2. The Decrease Amount shall be _____.

3. Attached hereto is a copy of the irrevocable written decrease notice delivered to the Administrative Agent pursuant to section 3.4 of the Senior Series 2017-1 Supplemental Indenture in connection with the applicable Series 2017-1 Senior Decrease proposed to be made.

Capitalized terms used and not otherwise defined in this Decrease Notice have the meanings assigned to them in the Junior Subordinated Supplemental Indenture, whether directly or by reference.

DATED ●, 20●.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of FAIR HYDRO TRUST, as Issuer

By: **ONTARIO POWER GENERATION INC., not in its individual capacity but solely as Manager**

By: _____
Name:
Title:

By: _____
Name:
Title:

Schedule A
Decrease Notice – Senior Series 2017-1

See attached.

WAREHOUSE

JUNIOR SUBORDINATED SERIES 2017-1

SUPPLEMENTAL INDENTURE

between

FAIR HYDRO TRUST

by

COMPUTERSHARE TRUST COMPANY OF CANADA
as Issuer Trustee

and

BNY TRUST COMPANY OF CANADA
as Indenture Trustee

and

ONTARIO POWER GENERATION INC.
as Purchaser

Made as of December ~~[21],~~21, 2017

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FLOATING RATE VARIABLE FUNDING, SERIES 2017-1 JUNIOR SUBORDINATED NOTES

SUPPLEMENTAL INDENTURE made as of December ~~[21],~~**21,** 2017, between **Computershare Trust Company of Canada**, a trust company established under the laws of Canada (the "**Issuer Trustee**"), in its capacity as trustee of **Fair Hydro Trust**, a trust existing under the laws of the Province of Ontario (in such capacity, the "**Issuer**"), **BNY Trust Company of Canada**, a trust company established under the laws of Canada (the "**Indenture Trustee**"), and Ontario Power Generation Inc., in its capacity as the purchaser (the "**Purchaser**");

WHEREAS pursuant to the Trust Indenture, provision was made for the issuance of Notes from time to time;

AND WHEREAS pursuant to the Trust Indenture, Notes may be issued in one or more Series by the execution and delivery of a Supplemental Indenture;

AND WHEREAS pursuant to a Supplemental Indenture dated the date hereof between the Issuer Trustee, in its capacity as trustee of the Issuer, the Indenture Trustee, Royal Bank of Canada, in its capacity as the administrative agent for certain purchaser groups (the "**Administrative Agent**"), certain non-conduit purchasers from time to time party thereto, certain commercial paper conduit purchasers from time to time party thereto, and certain funding agents from time to time party thereto (the "**Senior Series 2017-1 Supplemental Indenture**"), the Issuer issued floating rate variable funding Series 2017-1 Senior Notes (the "**Series 2017-1 Senior Notes**");

AND WHEREAS the parties hereto are entering into this Supplemental Indenture to provide for the creation and issuance of the Series 2017-1 Junior Subordinated Notes;

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

ARTICLE 1
INTERPRETATION

1.1 Definitions

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

(b) Except as otherwise expressly provided or unless the context otherwise requires, all terms used herein which are defined in the Trust Indenture, either directly or by reference therein, have the meanings assigned to them in the Trust Indenture.

1.2 Interpretation

Subject to the next following sentences, this Supplemental Indenture is supplemental to the Trust Indenture and the Trust Indenture shall be read in conjunction with this Supplemental Indenture

and all of the provisions of the Trust Indenture shall apply to and shall have effect in connection with this Supplemental Indenture in the same manner as if all of the provisions of the Trust Indenture and of this Supplemental Indenture were contained in one instrument. This Supplemental Indenture shall, unless the context otherwise requires, be subject to the interpretative provisions contained in Article 1 of the Trust Indenture. If any terms of the Trust Indenture are inconsistent with the express terms or provisions hereof, the terms and provisions of the Trust Indenture shall be, solely in respect of the Series 2017-1 Junior Subordinated Notes, amended and supplemented so as to be consistent herewith. The provisions of this Supplemental Indenture are applicable only in respect of the Series 2017-1 Junior Subordinated Notes and not the Notes of any other Series.

1.3 Application of this Supplemental Indenture

With respect to the Series 2017-1 Junior Subordinated Notes only, the terms of the Trust Indenture are amended, supplemented, modified, restated and replaced to the extent applicable by the terms of this Supplemental Indenture in respect of the Series 2017-1 Junior Subordinated Notes in accordance with Section 1.2 above.

ARTICLE 2
PRINCIPAL TERMS

2.1 Creation of Series 2017-1 Junior Subordinated Notes

There is hereby created a Series of Notes to be issued pursuant to the Trust Indenture and this Supplemental Indenture designated as the "**Floating Rate Variable Funding Junior Subordinated Notes, Series 2017-1**."

2.2 Principal Terms

In addition to and without limiting any of the provisions of this Supplemental Indenture, the Series 2017-1 Junior Subordinated Notes:

(a) will be designated as set out in Section 2.1;

(b) will be Junior Subordinated Notes;

(c) will have a Stated Principal Amount equal to the Series 2017-1 Maximum Junior Subordinated Principal Amount;

(d) will not be issued in Tranches;

(e) will be denominated in Canadian dollars;

(f) will not be listed on any securities exchange;

(g) will have an Initial Dollar Principal Amount equal to the Series 2017-1 Initial Junior Subordinated Principal Amount;

(h) will be issued as definitive notes and will not be in the form of a Global Note;

(i) will be issued as Registered Notes and will be without coupons;

(j) will be substantially in the form of Schedule B, with such appropriate insertions, omissions, substitutions and variations as may be approved by the Issuer;

(k) will have each Payment Date on and after the Payment Date in ~~February~~**January**, 2018 as an Interest Payment Date;

(l) will have Principal Payment Dates as determined under Section 3.7;

(m) will have Principal Payment Default Dates as defined herein; and

(n) will have no minimum issue amount.

ARTICLE 3
NOTE PURCHASE FACILITY

3.1 Purchase of Notes by the Purchaser

(a) ***Initial Purchase***. Subject to the terms and conditions of this Supplemental Indenture, including delivery of notice in accordance with Section 3.3, the Purchaser shall purchase a Series 2017-1 Junior Subordinated Note in an amount equal to the Series 2017-1 Initial Junior Subordinated Principal Amount on the Closing Date. Payments by the Purchaser for such purchase shall be made in immediately available funds on the Closing Date in accordance with Section 3.3(c).

(b) ***Series 2017-1 Maximum Junior Subordinated Principal Amount***. Notwithstanding anything to the contrary contained in this Supplemental Indenture, at no time shall the Purchaser be required to purchase Series 2017-1 Junior Subordinated Notes in an amount that exceeds the Series 2017-1 Maximum Junior Subordinated Principal Amount.

3.2 Delivery

(a) On the Closing Date, Series 2017-1 Junior Subordinated Notes shall be executed, authenticated and delivered by the Issuer in accordance with Section 4.03 of the Trust Indenture in the name of the Purchaser in an amount equal to the Series 2017-1 Maximum Junior Subordinated Principal Amount. On each Increase Date, Series 2017-1 Junior Subordinated Notes shall be executed, authenticated and delivered by the Issuer in accordance with Section 4.03 of the Trust Indenture in the name of the Purchaser in an amount equal to the Increase Amount.

(b) The Purchaser shall maintain a record of the actual Series 2017-1 Junior Subordinated Principal Amount outstanding on any date of determination, which, absent manifest error, shall constitute prima facie evidence of the outstanding Series 2017-1 Junior Subordinated Principal Amount from time to time.

3.3 Procedure for Initial Issuance and for Increasing the Series 2017-1 Junior Subordinated Principal Amount

(a) (i) On any Business Day **on or** prior to December ~~[21],~~**21,** 2017, concurrent with the initial purchase of the Series 2017-1 Senior Notes under the Senior Series 2017-1 Supplemental Indenture, the Issuer shall request that the Purchaser purchase, and the Purchaser shall purchase, a Series 2017-1 Junior Subordinated Note for an initial purchase price equal to the Series 2017-1 Initial Junior Subordinated Principal Amount (the date on which the initial purchase occurs being referred to as the "**Closing Date**") by giving the Purchaser (with a copy to the Indenture Trustee) irrevocable written notice (effective upon receipt), by email communication, substantially in the form of Schedule C no later than 12:00 p.m. (Toronto time) on the second Business Day prior to the Closing Date. The written notice of the initial purchase of the Series 2017-1 Junior Subordinated Notes shall (x) state the Closing Date, (y) state the Series 2017-1 Initial Junior Subordinated Principal Amount, and (z) attach a copy of the irrevocable written notice delivered to the Administrative Agent pursuant to Section 3.3(a) of the Senior Series 2017-1 Supplemental Indenture in connection with the concurrent initial purchase of the Series 2017-1 Senior Notes thereunder; and (ii) on any Business Day after the initial purchase of the Series 2017-1 Junior Subordinated Notes hereunder, the Issuer and the Purchaser hereby agree that the Series 2017-1 Junior Subordinated Principal Amount will be increased by an amount (an "**Increase**") such that following such Increase the Outstanding Dollar Principal Amount of the Series 2017-1 Junior Subordinated Notes will be equal to or greater than ~~twenty percent (20%)~~**the Requisite Percentage** of the Outstanding Dollar Principal Amount of the Series 2017-1 Senior Notes on such Business Day (each date on which an increase in the Series 2017-1 Junior Subordinated Principal Amount occurs hereunder being herein referred to as the "**Increase Date**" applicable to such Increase) by the Issuer providing the Purchaser (with a copy to the Indenture Trustee) irrevocable written notice (effective upon receipt), by email communication, substantially in the form of Schedule C (an "**Increase Notice**") no later than 12:00 p.m. (Toronto time) on the third Business Day prior to such Increase Date. Each Increase Notice shall (w) state the Increase Date, (x) state the amount of the increase in the Series 2017-1 Junior Subordinated Principal Amount (an "**Increase Amount**"), (y) state whether the Increase is to fund a Transfer (a "**Transfer Increase**") or is in respect of a Refinancing (a "**Refinancing Increase**"), and (z) attach a copy of the irrevocable written increase notice delivered to the Administrative Agent pursuant to Section 3.3(a) of the Senior Series 2017-1 Supplemental Indenture in connection with the applicable Series 2017-1 Senior Increase proposed to be made thereunder.

(b) The Purchaser shall not be required to increase the Series 2017-1 Junior Subordinated Principal Amount on any Increase Date hereunder if after giving effect to such Increase Amount, the Series 2017-1 Maximum Junior Subordinated Principal Amount will be exceeded.

(c) The Issuer shall apply amounts paid to it pursuant to Section 3.3(a) by application to payment of the purchase price payable by the Issuer to the IESO under the Master Transfer and Servicing Agreement in respect of a Transfer or by deposit to the Refinancing Account.

3.4 Procedure for Decreasing the Series 2017-1 Junior Subordinated Principal Amount

On any Business Day after the initial purchase of the Series 2017-1 Junior Subordinated Notes hereunder, the Issuer and the Purchaser hereby agree that the Series 2017-1 Junior Subordinated

Principal Amount may be decreased by an amount (a "**Decrease**") such that following such decrease the Outstanding Dollar Principal Amount of the Series 2017-1 Junior Subordinated Notes will not be less than ~~twenty percent (20%)~~**the Requisite Percentage** of the Outstanding Dollar Principal Amount of the Series 2017-1 Senior Notes. Each Payment Date on which a Decrease in the Series 2017-1 Junior Subordinated Principal Amount occurs hereunder being herein referred to as the "**Decrease Date**" applicable to such Decrease; and the Issuer shall provide to the Purchaser (with a copy to the Indenture Trustee) irrevocable written notice (effective upon receipt), by email communication, substantially in the form of Schedule D (a "**Decrease Notice**") no later than 12:00 p.m. (Toronto time) on the fifth Business Day prior to any Payment Date that is a Decrease Date. Each Decrease Notice shall (x) state the Decrease Date, (y) state the amount of the decrease in the Series 2017-1 Junior Subordinated Principal Amount (a "**Decrease Amount**"), and (z) attach a copy of the irrevocable written decrease notice delivered to the Administrative Agent pursuant to Section 3.4 of the Senior Series 2017-1 Supplemental Indenture in connection with the applicable Series 2017-1 Senior Decrease proposed to be made thereunder. Upon receipt of any notice required by this Section 3.4 from the Issuer, the Purchaser shall forward (by email communication) a copy of such notice to DBRS on the Business Day received.

3.5 Increases and Reductions of the 2017-1 Maximum Junior Subordinated Principal Amount

(a) If one or more Maximum Purchaser Group Principal Amounts are increased pursuant to Section 3.5(a) of the Senior Series 2017-1 Supplemental Indenture, the Series 2017-1 Maximum Junior Subordinated Principal Amount shall be automatically increased by an amount equal to ~~twenty percent (20%)~~**the Requisite Percentage** of the Outstanding Dollar Principal Amount of the Maximum Purchaser Group Principal Amounts.

(b) If the Series 2017-1 Maximum Senior Principal Amount is reduced pursuant to Section 3.5(b) of the Senior Series 2017-1 Supplemental Indenture, the Series 2017-1 Maximum Junior Subordinated Principal Amount shall be automatically decreased to an amount equal to ~~twenty percent (20%)~~**the Requisite Percentage** of such aggregate decrease to the Series 2017-1 Maximum Senior Principal Amount pursuant to Section 3.5(b) of the Senior Series 2017-1 Supplemental Indenture.

(c) If a Commitment Extension has occurred with respect to the Series 2017-1 Senior Notes, the Principal Accumulation Date, Principal Payment Amount and Principal Payment Default Date shall be amended to the "Principal Accumulation Date", "Principal Payment Amount" and "Principal Payment Default Date" set out in the request related to such Commitment Extension, as applicable.

3.6 Interest; Other Amounts

(a) Interest shall be payable on the Series 2017-1 Junior Subordinated Notes on each Payment Date.

(b) The Purchaser shall provide written notice to the Issuer and the Paying Agent no later than five (5) Business Days prior to each Payment Date, setting forth the Monthly Interest and the Monthly Other Amounts with respect to the Payment Date.

(c) The Monthly Interest shall be included in each calculation of the Interest Accrual Amount (Junior Subordinated) for the purposes of Section 7.04(e)(v) of the Trust Indenture and shall be payable pursuant to Sections 7.05(c), 7.06(a), 7.07, 7.10(b) or 8.13(e) of the Trust Indenture, as applicable. On each Payment Date, the Monthly Other Amounts shall be payable in respect of the Series 2017-1 Junior Subordinated Notes pursuant to Sections 7.04(e)(xvi), 7.10(b) or 8.13(e) of the Trust Indenture, as applicable. On each Payment Date, the Paying Agent shall, subject to availability of funds, pay to the Purchaser the Monthly Other Amounts with respect to the Payment Date.

3.7 Repayment of Principal

Each Payment Date where the Principal Payment Amount is not nil shall be a Principal Payment Date in respect of the Series 2017-1 Junior Subordinated Notes. On each Principal Payment Date in respect of the Series 2017-1 Junior Subordinated Notes, the Paying Agent shall pay to the Purchaser the Principal Payment Amount for such Principal Payment Date out of funds allocated to the Series 2017-1 Junior Subordinated Notes pursuant to Sections 7.04(e)(xii), 7.06(b)(iv), 7.08(b)(iv), 7.10(b) or 8.13(j) of the Trust Indenture, as applicable, in repayment of the principal amount of the Series 2017-1 Junior Subordinated Notes.

3.8 Indemnification by the Issuer

The Issuer agrees to indemnify and hold harmless the Indenture Trustee and the Purchaser and each of their respective officers, directors, agents and employees (each, an "**Issuer Indemnified Person**") from and against any loss, liability, expense, damage or injury suffered or sustained by such Issuer Indemnified Person by reason of (a) any acts, omissions or alleged acts or omissions arising out of, or relating to, activities of the Issuer pursuant to the Program Agreements to which it is a party; (b) a breach of any representation or warranty made or deemed made by the Issuer (or any of its officers) in any Program Agreement; or (c) a failure by the Issuer to comply with any applicable law or regulation or to perform its covenants, agreements, duties or obligations required to be performed or observed by it in accordance with the provisions of the Program Agreements, including, but not limited to, any judgment, award, settlement, reasonable attorneys' fees and other reasonable costs or expenses incurred in connection with the defense of any actual or threatened action, proceeding or claim, except to the extent such loss, liability, expense, damage or injury resulted from the gross negligence, bad faith or willful misconduct of such Issuer Indemnified Person or its officers, directors, agents, principals, employees or employers as determined by a court of competent jurisdiction in a final non-appealable judgement or includes any Excluded Taxes; provided that any payments made by the Issuer pursuant to this Section 3.8 shall be made solely from funds available pursuant to Section 7.04 or 8.13 of the Trust Indenture, as applicable, shall be non-recourse other than with respect to such funds, and shall not constitute a claim against the Issuer to the extent that such funds are insufficient to make such payment.

3.9 Taxes

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

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

(c) If a Recipient is legally entitled to receive a refund of any Taxes (other than Excluded Taxes) as to which it has been indemnified or with respect to which additional amounts have been paid to it hereunder or it is legally entitled to receive a credit or deduction with respect to

such Taxes or with respect to such additional amounts that have been paid hereunder (in each case pursuant to Section 3.9(a)), it shall use commercially reasonable efforts to obtain or claim such refund, credit or deduction and pay over such refund or the value of such credit or deduction to the Issuer, together with any interest thereon.

3.10 Increased Costs

(a) (i) If any Regulatory Change (x) subjects the Purchaser to any charge or withholding on or with respect to any Support Facility or this Supplemental Indenture or the Purchaser's obligations under a Support Facility or this Supplemental Indenture, or changes the basis of taxation of payments to the Purchaser of any amounts payable under any Support Facility or this Supplemental Indenture Agreement (except for changes in the rate of tax on the overall net income of the Purchaser or Excluded Taxes) or (y) imposes, modifies or deems applicable any reserve, assessment, fee, tax, insurance charge, special deposit or similar requirement against assets of, deposits with or for the account of, or liabilities of the Purchaser, or credit extended by the Purchaser pursuant to a Support Facility or this Supplemental Indenture or (z) imposes any other condition the result of which is to increase the cost to the Purchaser of performing its obligations under a Support Facility or this Supplemental Indenture, or to reduce the rate of return on the Purchaser's capital or assets as a consequence of its obligations under a Support Facility or this Supplemental Indenture, or to reduce the amount of any sum received or receivable by the Purchaser under a Support Facility or this Supplemental Indenture, or to require any payment calculated by reference to the amount of interests or loans held or interest received by it, then, upon written request by the Purchaser therefore to the Issuer, the Purchaser shall be entitled to be paid such amounts charged to the Purchaser or such amounts to otherwise compensate the Purchaser for such increased cost or such reduction following a receipt by the Issuer of such request for compensation under this Section 3.10(a)(i), which payment shall be made on the earlier of (A) the first Payment Date on which amounts are available to pay such amounts pursuant to Section 7.04(e) of the Trust Indenture (provided that such request is received by the Issuer no later than five (5) Business Days prior to the end of the Interest Period related to such Payment Date), and (B) the twelfth Payment Date following such request.

(ii) The Issuer acknowledges that the Purchaser may implement, as an internal institutional matter, measures in anticipation of a final or proposed Regulatory Change (including, without limitation, the imposition of internal charges on the Purchaser's interest or obligations under any Support Agreement or this Supplemental Indenture) and may commence recognizing the incurrence of charges by seeking compensation under Section 3.10(a)(i) in connection with such measures, in advance of the effective date of such final or proposed Regulatory Change, and the Issuer agrees that such charges or compensation shall be payable, to the Purchaser, following demand therefor without regard to whether such proposed Regulatory Change has been adopted or whether such effective date has occurred; provided, that (I) the Purchaser shall provide thirty (30) days prior written notice to the Issuer of its intent to impose or incur any such charges or compensation, (II) the Purchaser shall not be compensated for any such amount pursuant to this subsection 3.10(a)(ii) relating to any period ending, and of which the Purchaser has had knowledge, more than 180 days prior to the date that the Purchaser provided the Issuer with the written notice contemplated by the preceding clause (I) of this subsection 3.10(a)(ii), (III) if, after the payment by the Issuer of any charges or compensation pursuant to this subsection 3.10(a)(ii), either (A) the Issuer requests in writing that the Purchaser re-compute any such charge or

compensation in light of differences between a proposed Regulatory Change and the final effective version thereof or (B) the Purchaser determines that the amount of the charge imposed on and required to be compensated by the Issuer exceeds the amount necessary to compensate it for the applicable Regulatory Change as contemplated by subsection 3.10(a)(i), then (x) the amount of such charge or compensation shall, from and after such determination, be reduced by the amount of such excess and (y) the Purchaser shall, within thirty (30) days of such determination, either repay the amount of such excess or credit the amount of such excess against future charges under this subsection 3.10(a)(ii). The Issuer further acknowledges that any charge or compensation demanded hereunder may take the form of a monthly charge to be assessed by the Purchaser.

(b) The Purchaser claiming increased amounts described in subsection 3.10(a) of this Supplemental Indenture will furnish to the Issuer (together with its request for compensation) a certificate prepared in good faith setting forth the basis and the calculation of the amount (in reasonable detail) of each request by the Purchaser for any such increased amounts referred to in subsection 3.10(a) hereof. Any such certificate shall be conclusive absent manifest error. Failure on the part of the Purchaser to demand compensation for any amount pursuant to subsection 3.10(a) hereof with respect to any period shall not constitute a waiver of the Purchaser's right to demand compensation with respect to such period.

ARTICLE 4
CONDITIONS PRECEDENT

4.1 Conditions Precedent to Initial Purchase of Series 2017-1 Junior Subordinated Notes

On or prior to the initial purchase of Series 2017-1 Junior Subordinated Notes hereunder, the following conditions precedent shall be satisfied:

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

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

(c) The Purchaser shall have received:

(i) executed copies of this Supplemental Indenture;

(ii) certificates of status or compliance or other similar documents issued by the applicable governmental authority to evidence that each of the Issuer Trustee and the Manager is validly existing pursuant to the laws of the jurisdiction of their respective establishment or incorporation;

(iii) a copy of the incorporating documents and all amendments thereto and applicable by-laws, as applicable, of each of the Issuer Trustee, the IESO and the Manager certified by an Authorized Officer of the applicable entity;

(iv) copies of resolutions of the board of directors of the IESO and the Manager approving and authorizing the execution, delivery and performance of each Program Agreement they are party to, in each case certified by an Authorized Officer of the applicable entity;

(v) incumbency certificates for each of the Issuer Trustee, the Manager and the IESO executing this Supplemental Indenture and any other Program Agreements and the other documents to be delivered by either the Issuer Trustee, the Manager or the IESO thereunder, in each case showing their names, offices and specimen signatures on which certificates the Purchaser shall be entitled to conclusively rely until such time as the Purchaser receives a replacement certificate meeting the requirements of this Section 4.1(c)(v);

(vi) the following Opinions of Counsel:

(A) the opinion of external counsel to the Manager as to the non-consolidation of the Issuer with the Manager in the event of the insolvency of the Manager in form and substance satisfactory to the Purchaser;

(B) the opinion of external counsel to the IESO as to the Investment Asset acquired by the Issuer not being subject to the claims of creditors of the IESO in form and substance satisfactory to the Purchaser;

(C) favourable opinions of external counsel to the Manager covering general corporate matters, the due execution and delivery of, and the enforceability of, each of the Program Agreements to which the Manager, the Issuer and the Issuer Trustee are party which opinion, as to certain matters, may rely on opinion of internal counsel to the Manager and the Issuer Trustee; and

(D) a favourable opinion of external counsel to the Province with respect to the due authorization, execution, delivery and enforceability of the Change of Law Protection Agreement in form and substance satisfactory to the Purchaser;

(vii) a certificate of an Authorized Officer of the Manager confirming that the representations and warranties set forth in Section 12.01 of the Trust Indenture and Section 5.1 of this Supplemental Indenture are true and correct in all material respects, that the Issuer is in compliance in all material respects with all of its covenants and obligations under the Program Agreements to which it is a party and that no Termination Event has occurred; and

(viii) such additional documents, instruments, certificates or letters as the Purchaser may reasonably request.

(d) The representations and warranties set forth in Section 5.1 of this Supplemental Indenture shall be true and correct in all material respects, the Issuer shall be compliance in all material respects with all of its covenants and obligations under the Program Agreements to which it is a party and no Termination Event shall have occurred.

4.2 Conditions Precedent to each Increase under Series 2017-1 Junior Subordinated Notes

On or prior to each Increase, the following conditions precedent shall be satisfied:

(a) the Purchaser shall have received an Increase Notice;

(b) no Termination Event shall have occurred or would occur after giving effect to such Increase;

(c) if the Increase is identified as a Transfer Increase in the Increase Notice, then the related Transfer under the Master Transfer and Servicing Agreement shall have been completed or contemporaneously completed;

(d) after giving effect the Increase, the aggregate of the amounts on deposit in the Program Cash Reserve Account and the IESO Cash Reserve Account shall be equal to or greater than the sum of:

(i) the Program Cash Reserve Required Amount,

plus

(ii) **if the Increase Date is on or after May 1, 2021,** an amount equal to the sum of (x) the amount originally determined under clause (b) of the definition of IESO Cash Reserve Deposit Amount in the Trust Indenture, less any amounts withdrawn from the IESO Cash Reserve Account to pay any Obligations Secured described in subsections 7.04(e)(i) through (v) of the Trust Indenture prior to the date of such Increase, and (y) to the extent the amount originally determined under clause (b) of the definition of IESO Cash Reserve Deposit Amount in the Trust Indenture was not determined in a manner which included the amount of such Increase, an amount estimated by the Manager, acting reasonably, equal to the additional Monthly Interest payable with respect to such Increase up to and including the Payment Date in July, 2021.

(e) the Indenture Trustee shall have received (i) the adherence compliance certificate required pursuant to Section 4.02(a) of the Change of Law Protection Agreement with respect to such Increase, or (B) written confirmation from the Province that the Funding Obligations incurred under this Supplemental Indenture with respect to such Increase constitute Approved Obligations.

The Issuer's acceptance of funds in connection with each Increase occurring on any Increase Date shall constitute a representation and warranty by the Issuer to the Purchaser as of such Increase Date that all of the conditions contained in Section 3.3(a) and this Section 4.2 are satisfied.

ARTICLE 5
REPRESENTATIONS AND WARRANTIES

5.1 Representations and Warranties of the Issuer

The Issuer hereby represents and warrants to the Purchaser as of the Closing Date, and shall be deemed to represent and warrant to the Purchaser on each Increase Date, that:

(a) no Termination Event has occurred or would result from the initial purchase of the Issuer Investment Interest on the Closing Date or any increase in the Issuer Investment Interest on an Increase Date, as applicable;

(b) the Issuer Trustee and the Issuer are not Non-residents;

(c) all tax returns (federal, provincial and local) required to be filed with respect to the Issuer have been filed and there has been paid or adequate provision made for the payment of all material Taxes in respect of the Issuer;

(d) the Issuer has complied in all material respects with all laws in respect of the conduct of its business and ownership of its property including the Issuer Investment Interest;

(e) all information provided to the Purchaser by or on behalf of the Issuer in respect of the Issuer Investment Interest is and will be true and accurate in all material respects; and

(f) to its knowledge, there is no set of circumstances existing at such time that will have an Adverse Effect or will reasonably be expected to have an Adverse Effect.

5.2 Representations and Warranties of the Purchaser

The Purchaser represents and warrants to the Issuer as of the Closing Date, and shall be deemed to represent and warrant to the Issuer on each Increase Date, that:

(a) it is resident in Ontario or is otherwise subject to the securities legislation of the Province of Ontario;

(b) it is purchasing the applicable Series 2017-1 Junior Subordinated Notes (i) as principal for its own account and not for the benefit of any other "person" (as defined in the *Securities Act* (Ontario)) or company; and (ii) for cash consideration in excess of $150,000; and

(c) it was not created and is not being used solely to purchase or hold securities in reliance on the exemption from the prospectus and dealer registration requirements contained in Section 2.10 of National Instrument 45-106 − Prospectus and Registration Exemptions.

5.3 Survival

The representations and warranties set out in this Article 5 shall survive the execution hereof.

ARTICLE 6
COVENANTS

6.1 Covenants of the Issuer

(a) The Issuer shall promptly provide to the Purchaser (in multiple copies if requested) copies of all material reports, notices, financial statements and other documents delivered by the IESO to the Issuer with respect to the Issuer Investment Interest or pursuant to the Master Transfer and Servicing Agreement; provided such documents shall be deemed to be delivered hereunder so long as the Purchaser is the Manager.

(b) The Issuer shall provide to the Purchaser (in multiple copies, if requested) such other information, documents, records or reports respecting the Issuer Investment Interest, the Issuer or the IESO which is in the possession or under the control of the Issuer or the Manager, as the Purchaser may from time to time reasonably request, including any correspondence with a Rating Agency; provided such documents shall be deemed to be delivered hereunder so long as the Purchaser is the Manager.

(c) The Issuer shall furnish to the Purchaser promptly after known to the Issuer or the Manager, information with respect to any action, suit or proceeding involving the Manager, the Issuer or the IESO or any of their respective Affiliates by or before any court or any Governmental Authority which, if adversely determined, would have an Adverse Effect; provided that the Purchaser shall be deemed to have knowledge of such actions, suits or proceedings so long as it is the Manager.

ARTICLE 7
ACCELERATION

7.1 Acceleration of Series 2017-1 Junior Subordinated Principal Amount

If a Series 2017-1 Event of Default occurs and is continuing, then and in each and every such case, and without regard to whether all Issuer Funding Obligations have been declared due and payable immediately pursuant to Section 8.02(a) of the Trust Indenture, the Purchaser may by notice in writing to the Issuer and to the Indenture Trustee declare the Series 2017-1 Junior Subordinated Principal Amount and all interest accrued and unpaid (if any) thereon to be due and payable immediately, and upon any such declaration the same will become and will be immediately due and payable, notwithstanding anything in this Supplemental Indenture or the Trust Indenture to the contrary.

ARTICLE 8
GENERAL

8.1 Successor and Assigns

(a) This Supplemental Indenture shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, except that (i) the Issuer may not assign or transfer any of its rights or obligations under this Supplemental Indenture without the prior written consent of the Purchaser and at least 10 Business Days' notice having been given to

DBRS; and (ii) the Purchaser may, without the prior written consent of the Issuer but with prior notice to DBRS, assign or transfer any of its rights or obligations under this Supplemental Indenture to any of its wholly-owned affiliates (a "**Transferee**") pursuant to a transfer supplement, ~~substantially in the form of Exhibit E (the "**Transfer Supplement**")~~**in such form and substance as shall be acceptable to the Purchaser and the Issuer (acting reasonably), executed by the Purchaser, the Transferee and the Issuer**.

(b) The Issuer authorizes the Purchaser to disclose to any Transferee and any prospective Transferee any and all financial information in the Purchaser's possession concerning the Issuer, the Issuer Investment Interest and the Program Agreements which has been delivered to the Purchaser by the Issuer or the Manager.

(c) Notwithstanding any other provision of this Supplemental Indenture to the contrary, the Purchaser may at any time pledge or grant a security interest in all or any portion of its rights under its Series 2017-1 Junior Subordinated Note and this Supplemental Indenture to secure obligations of the Purchaser to any Person, without notice to or consent of the Issuer; provided that no such pledge or grant of a security interest shall release the Purchaser from any of its obligations hereunder or substitute any such pledgee or grantee for the Purchaser as a party hereto.

8.2 Waiver

Without limiting the requirements of Section 11.02 of the Trust Indenture which shall be applicable to this Supplemental Indenture, no waiver of any provision of this Supplemental Indenture or consent to any departure by the Issuer from any provision of this Supplemental Indenture will be effective (in whole or in part) unless in writing and signed by the Purchaser. Such waiver will be effective only in the specific instance, for the specific purpose and for the specific length of time for which it is given by the Purchaser.

8.3 Notice

All notices, requests, instructions and demands to or upon any party hereto to be effective shall be given (a) in the case of the Issuer and the Indenture Trustee, in the manner set forth in Article 15 of the Trust Indenture; and (b) in the case of the Purchaser, in writing, and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when delivered by hand or three days after being deposited in the mail, postage prepaid, in the case of facsimile notice, when received, or in the case of overnight air courier, one Business Day after the date such notice is delivered to such overnight courier, addressed as follows; or to such other address as may be hereafter notified by the respective parties hereto:

Purchaser:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6

Attention: Vice President, Fair Hydro Plan
Fax: (416) 592-4189
Email: FHP@opg.com

8.4 No Waiver: Remedies

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

8.5 Entire Agreement

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

8.6 Governing Law and Attornment

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

8.7 Acknowledgment of Trust Indenture and No Proceedings

~~(a)~~ The Purchaser hereby acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor under the Trust Indenture and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Trust Indenture including, without limitation, Section 7.12 (Payments To Be Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse), Article IX (Indenture Trustee) (including all limitations of liability thereunder), Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition).

~~(b) The Purchaser irrevocably authorizes and directs the Indenture Trustee on its behalf to take such action (including the execution and delivery of documents of subordination) as may be necessary or appropriate to further assure the priority arrangements provided for in Article VI, Article VII and Section 8.13 of the Trust Indenture, and appoints the Indenture Trustee as its agent for any and all such purposes.~~

~~(c) The Purchaser consents, requests and authorizes the Issuer and the Indenture Trustee to (i) add the Purchaser (or its agent) to the register of Specified Creditors described in Section 13.13 of the Trust Indenture and (ii) disseminate the notice details of the Purchaser to other Specified Creditors for the purposes set out in subsection 9.14(b) of the Trust Indenture.~~

8.8 Expenses

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

8.9 Further Assurances

Each of the parties hereto upon the request of the other party or parties hereto shall do, execute, acknowledge and deliver or cause to be done, executed acknowledged or delivered all such further acts, deeds, documents, assignments, transfers, conveyances, powers of attorney and assurances as may be reasonably necessary or desirable to effect or complete the consummation of the transactions contemplated by this Supplemental Indenture.

8.10 Confidentiality

(a) The Purchaser covenants and agrees that any non-public information obtained by it pursuant to this Supplemental Indenture and the other Program Agreements shall be held in confidence except that the Purchaser may disclose such information (i) pursuant to the order of any court or administrative agency or in any pending legal or administrative proceeding (whether or not having the force or effect of law) provided that, unless prohibited by applicable law, the Purchaser shall provide prompt notice of such order to the affected party; (ii) upon the request or demand of any regulatory authority having or claiming jurisdiction over the Purchaser; (iii) as required by applicable law including, without limitation, all applicable securities laws; (iv) to the extent that such information becomes publicly available other than by reason of improper disclosure by the Purchaser; (v) to its affiliates, officers, directors, employees, legal counsel, independent auditors, accountants, advisors, investors, potential investors, commercial paper dealers, providers of surety, guaranty, credit or liquidity enhancement (including the directors, officers and accountants of such surety, guaranty, credit or liquidity enhancement provider), legal counsel of any of the foregoing and other experts or agents who need to know such information and are informed of the confidential nature of such information; (vi) for purposes of establishing a "due diligence" defense; (vii) which was available to the Purchaser on a non-confidential basis from a source other than the affected party, provided that such source was not to the knowledge of the Purchaser bound by a confidentiality agreement with the affected party; (viii) has been independently acquired or developed by the Purchaser without violating any of the Purchaser's obligations under this Supplemental Indenture; (ix) if such disclosure has been approved in writing in advance by the Issuer or the Manager; (x) regarding the existence of this Supplemental

Indenture, but not the financial terms thereof; and (xi) to DBRS and Moody's and any other Rating Agencies.

(b) The Issuer covenants and agrees to hold in confidence, and not disclose to any Person, the terms of this Supplemental Indenture, except as the Purchaser may have consented to in writing prior to any proposed disclosure and except (i) it may also disclose such information (A) to its officers, directors, employees, legal counsel, independent auditors, accountants and other advisors who are directly involved in the consideration of this Supplemental Indenture (and then only on a confidential basis), (B) to the Manager and its officers, directors, employees, legal counsel, independent auditors, accountants and other advisors, (C) any ministry or agency of the Province of Ontario and, in each case, their respective employees, officials, agents and advisors, (D) as required by applicable law (including, without limitation, applicable securities law) or compulsory legal process, (E) as expressly permitted by the terms of the Program Agreements, and (F) to DBRS and Moody's and any other Rating Agencies; provided, that, in the case of clause (D), the Issuer will use all commercially reasonable efforts to maintain confidentiality and will (unless otherwise prohibited by law) notify the Purchaser of its intention to make any such disclosure prior to making such disclosure; and (ii) it may also disclose the existence (but not the financial terms) of this Supplemental Indenture, including to any actual or prospective purchaser of other Notes.

(c) The parties hereto acknowledge that a description of this Supplemental Indenture and the Series 2017-1 Junior Subordinated Note will be included in the preliminary and final offering memoranda of the Issuer relating to the issue of other Notes from time to time.

(d) The confidentiality provisions set forth in this Section 8.10 shall expire on the second year anniversary of the date on which the Series 2017-1 Junior Subordinated Notes have been paid in full.

8.11 Limitation of Liability of Issuer Trustee

Each party hereto other than the Issuer acknowledges that the Issuer is a trust, and that Computershare Trust Company of Canada is the Issuer Trustee. The other parties hereto agree that the Issuer Trustee will not be subject to any liability whatsoever to them, in tort, contract or otherwise, in connection with the Issuer's assets or the trust activities, for any action taken or permitted by it to be taken, or for its failure to take any action; provided that the foregoing limitation will not apply in respect of any action or failure to act arising from or in connection with wilful misconduct, negligence or reckless disregard of a duty by the Issuer Trustee. The Issuer Trustee in doing anything or permitting anything to be done in respect of assets or the trust activities is, and shall be conclusively deemed to be, acting as trustee of the Issuer and not in any other capacity. Except as to the extent provided in this Section 8.11, the Issuer Trustee will not be subject to any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Issuer, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the Issuer's assets or the trust activities and resort will be had solely to the Collateral for the payment or performance thereof. No property or assets of the Issuer Trustee, whether owned in its personal capacity or otherwise, will be subject to levy, execution or other enforcement procedure with regard to any obligation under this Supplemental Indenture. Nothing contained in this Section 8.11 shall be construed so as to limit

the liability of the Issuer under this Supplemental Indenture. This Supplemental Indenture, and every deed, transfer, assignment, agreement or other instrument made pursuant hereto including, without limitation, the Series 2017-1 Junior Subordinated Notes, made or purporting to be made by or creating an obligation of the Issuer or the Issuer Trustee on behalf of, or as trustee of, the Issuer shall be deemed and construed for all purposes as if made by the Issuer Trustee, in and only in its capacity as trustee of the Issuer. Any obligations of the Issuer Trustee hereunder or thereunder are non-recourse to the Issuer Trustee in its personal capacity.

8.12 Execution in Counterparts

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

8.13 Delivery of Executed Copies

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

[signature page follows]

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

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

By:
Name:
Title:

By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, as Indenture Trustee

By:
Name:
Title:

By:
Name:
Title:

ONTARIO POWER GENERATION INC., as Purchaser

By:
Name:
Title:

By:
Name:
Title:

SCHEDULE A

DEFINITIONS

"**Acceleration Event**" means either:

(a) all Issuer Funding Obligations are declared due and payable under Section 8.02 of the Trust Indenture, or

(b) the Series 2017-1 Junior Subordinated Principal Amount and all interest accrued and unpaid thereon is declared to be due and payable under Section 7.1.

"**Administrative Agent**" is defined in the recitals to this Supplemental Indenture.

"**AEOI Legislation**" is defined in Section 3.9(a).

"**Applicable Margin**" means ~~[1.10]~~**0.10**% per annum.

"**Authorized Officer**" means, with respect to: (a) the Issuer, any authorized director or officer of the Manager; (b) the Manager, any authorized director of officer of OPG; (c) the IESO, any authorized director or officer of the IESO; (d) the Issuer Trustee, any officer within the corporate trust office of such trustee (including the President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Treasurer or any other officer of the Issuer Trustee customarily performing functions similar to those performed by persons who at the time shall be such officers, respectively, and that has direct responsibility for the administration of the Issuer and also, with respect to a particular matter, any other officer to whom such matter is referred to because of such officer's knowledge and familiarity with the particular subject).

"**Base Rate**" means ~~the weighted average interest rate applicable to the~~**, for any Payment Date, the amount of interest and fees payable to the holders of Series 2017-1 Senior Notes on such Payment Date, expressed as a rate per annum on the weighted average outstanding principal amount of** Series 2017-1 Senior Notes **from the preceding Payment Date to such Payment Date**.

"**Closing Date**" is defined in Section 3.3(a).

"**Commitment Extension**" is defined in the Senior Series 2017-1 Supplemental Indenture.

"**Decrease**" is defined in Section 3.4.

"**Decrease Amount**" is defined in Section 3.4.

"**Excluded Taxes**" is defined in Section 3.9(a).

"**FATCA**" is defined in Section 3.9(a).

"**Increase**" is defined in Section 3.3(a).

"**Increase Amount**" is defined in Section 3.3(a).

"**Increase Date**" is defined in Section 3.3(a).

"**Increase Notice**" is defined in Section 3.3(a).

"**Indenture Trustee**" is defined in the recitals to this Supplemental Indenture.

"**Interest Period**" means each of the consecutive periods that begins on, and includes, each Payment Date and ends on and excludes, the following Payment Date; provided that the first Interest Period shall begin on the Closing Date and end on the Payment Date in January, 2018.

"**Issuer**" is defined in the recitals to this Supplemental Indenture.

"**Issuer Indemnified Person**" is defined in Section 3.8.

"**Issuer Trustee**" is defined in the recitals to this Supplemental Indenture.

"**Maximum Purchaser Group Principal Amount**" has the meaning specified in the Senior Series 2017-1 Supplemental Indenture.

"**Monthly Interest**" shall mean, for any Payment Date, the sum of (A) the sum for each day during such Interest Period of the product of (i) the Series 2017-1 Junior Subordinated Principal Amount on such day; times (ii) the sum of the Base Rate for such day plus the Applicable Margin, divided by (iii) 365, and (B) the Monthly Interest Shortfall; provided that, for the purposes of determining the Monthly Interest in respect of an Interest Period prior to the end of the Interest Period, the Purchaser may estimate the interest for the remaining days in the Interest Period and provided further, if the actual interest for such days is less than the estimated interest, the Monthly Interest for the following Interest Period shall be reduced to adjust for such lower actual interest and if the actual interest for such days is higher than the estimated interest, the Monthly Interest for the following Interest Period shall be increased to adjust for such higher interest.

"**Monthly Interest Shortfall**" means, for any Payment Date, if the amount in clause (A) of the definition of Monthly Interest for the preceding Payment Date was greater than the amount distributed to the payment of such amounts pursuant to Section 3.6(c), an amount equal to the amount in clause (A) of the definition of Monthly Interest owing to the Purchaser which was unpaid on the preceding Payment Date plus interest on such unpaid amount for the period from the preceding Payment Date to the current Payment Date at a rate equal to the Prime Rate plus 1.00% per annum.

"**Monthly Other Amounts**" shall mean, for any Payment Date the sum of (a) any amounts payable to the Purchaser hereunder (other than Monthly Interest) including, without limitation, pursuant to Sections 3.8, 3.9, 3.10 and 8.8; plus (c) the Monthly Other Amounts Shortfall for such Payment Date.

"**Monthly Other Amounts Shortfall**" means, for any Payment Date, if the amount of the Monthly Other Amounts for the preceding Payment Date was greater than the amount distributed

to the payment of such amounts pursuant to Section 3.6(c), an amount equal to the Monthly Other Amounts owing to the Purchaser which were unpaid on the preceding Payment Date plus interest on such unpaid amount for the period from the preceding Payment Date to the current Payment Date at a rate equal to the Prime Rate plus 1.00% per annum.

"**Prime Rate**" means the annual rate of interest announced by Royal Bank of Canada from time to time as being its reference rate for the determination of interest rates on Canadian dollar denominated commercial loans made by it and commonly referred to by Royal Bank of Canada as its "prime rate."

"**Principal Accumulation Date**" means the Payment Date occurring in the month of July, 2021, as such date may be modified pursuant to Section 3.5(c).

"**Principal Payment Amount**" means, in respect of the Series 2017-1 Junior Subordinated Notes (unless modified pursuant to Section 3.5(c)):

(a) On any Payment Date occurring on or after the earlier of (i) the Payment Date occurring in October, 2021; and (ii) the occurrence of an Acceleration Event, the Series 2017-1 Junior Subordinated Principal Amount.

(b) Unless clause (a) above is applicable, on the Payment Dates in the month of July, August, September and October of 2021, an amount equal the lesser of (x) the sum of (A) 25% of the Series 2017-1 Junior Subordinated Principal Amount on the Business Day prior to the Principal Accumulation Date plus (B) the Decrease Amount of any Decrease occurring on such Payment Date, and (y) the Series 2017-1 Junior Subordinated Principal Amount.

(c) Unless either of clauses (a) or (b) above is applicable, on any Payment Date that is not a Decrease Date, nil.

(d) Unless either of clauses (a) or (b) above is applicable, on any Payment Date that is a Decrease Date, the Decrease Amount of the Decrease occurring on such Payment Date.

"**Principal Payment Default Date**" means the Business Day that is two years after the Payment Date in respect of such Principal Payment Amount, as such date may be modified pursuant to Section 3.5(c).

"**Purchaser**" is defined in the recitals to this Supplemental Indenture.

"**Recipient**" is defined in Section 3.9(a).

"**Refinancing Increase**" is defined in Section 3.3(a).

"**Regulatory Change**" shall mean (i) the adoption after the date hereof of any applicable law, rule or regulation (including any applicable law, rule or regulation regarding capital adequacy, deposits, reserves or liquidity coverage) or any change therein after the date hereof, (ii) any change after the date hereof in the interpretation, administration, scope or timing of implementation thereof by any governmental authority, central bank, self-regulating professional body or comparable agency or authority charged with the interpretation or administration thereof,

or compliance with any guidance, request or directive (whether or not having the force of law) of any such authority, central bank, self-regulating professional body or comparable agency or authority; provided that for purposes of this definition, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder, issued in connection therewith or in implementation thereof, and (y) all requests, rules, guidelines and directives (whether or not having the force of law) promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or Canadian or United States or other foreign regulatory authorities, shall in each case be deemed to be a "Regulatory Change", regardless of the date enacted, adopted, issued or implemented.

"Requisite Percentage" means the quotient of 10 divided by 51, expressed as a percentage.

"**Senior Series 2017-1 Supplemental Indenture**" is defined in the recitals to this Supplemental Indenture.

"**Series 2017-1 Event of Default**" means any one of the following events occurs at any time that the Junior Subordinated Funding Obligations constitute the Controlling Class Obligations (whatever the reason for such Series 2017-1 Event of Default and whether it will be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any Governmental Authority):

(a) a default by the Issuer in the payment of any interest on any Series 2017-1 Junior Subordinated Notes when such interest becomes due and payable, and continuance of such default for a period of five days following the date on which such interest became due and payable;

(b) a default by the Issuer in the payment of any principal of any Series 2017-1 Junior Subordinated Notes at its Principal Payment Default Date;

(c) any representation or warranty contained in Section 5.1 of this Supplemental Indenture or Section 12.01 of the Trust Indenture proves to be incorrect in any material respect when made and such incorrect representation or warranty if capable of being remedied by the Issuer, has not been remedied for a period of 30 days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by the Purchaser, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default" hereunder and, as a result of such default, the interests of the Purchaser is materially and adversely affected and continue to be materially and adversely affected during the 30-day period;

(d) a default in the performance, or breach, of any covenant of the Issuer in the Trust Indenture or this Supplemental Indenture in respect of any Series 2017-1 Junior Subordinated Notes (other than an agreement, covenant or warranty a default in the performance of which or the breach of which is elsewhere specifically dealt with in this definition of Series 2017-1 Event of Default), and continuance of such default or breach for a period of 30 days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by the Purchaser, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default"

hereunder and, as a result of such default, the interests of the Purchaser is materially and adversely affected and continue to be materially and adversely affected during the 30-day period;

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

(f) a Suspension Notice is issued by the Province.

"**Series 2017-1 Initial Junior Subordinated Principal Amount**" means an amount equal to ~~twenty percent (20%)~~**the Requisite Percentage** of the Series 2017-1 Initial Senior Principal Amount.

"**Series 2017-1 Initial Senior Principal Amount**" means the "Series 2017-1 Initial Principal Amount" as defined in the Senior Series 2017-1 Supplemental Indenture.

"**Series 2017-1 Junior Subordinated Note**" means any one of the Floating Rate Variable Funding Junior Subordinated Notes, Series 2017-1, executed by the Issuer and authenticated and delivered by or on behalf of the Indenture Trustee, substantially in the form of Exhibit B.

"**Series 2017-1 Junior Subordinated Principal Amount**" means (a) when used with respect to the Closing Date, the Series 2017-1 Initial Junior Subordinated Principal Amount; and (b) when used with respect to any other date, an amount equal to (i) the Series 2017-1 Junior Subordinated Principal Amount on the immediately preceding Business Day; plus (ii) the Increase Amount on such date; minus (iii) the Decrease Amount on such date; minus (iv) the amount of principal payments made to the Purchaser pursuant to Section 3.7 on such date.

"**Series 2017-1 Maximum Junior Subordinated Principal Amount**" means an amount equal to ~~twenty percent (20%)~~**the Requisite Percentage** of the Series 2017-1 Maximum Senior Principal Amount.

"**Series 2017-1 Maximum Senior Principal Amount**" means the "Series 2017-1 Maximum Principal Amount" as defined in the Senior Series 2017-1 Supplemental Indenture.

"**Series 2017-1 Senior Decrease**" means, with respect to a Business Day, the sum of all amounts of Decreases (as defined in the Senior Series 2017-1 Supplemental Indenture) on such Business Day.

"**Series 2017-1 Senior Increase**" means, with respect to a Business Day, the sum of all amounts of Increases (as defined in the Senior Series 2017-1 Supplemental Indenture) on such Business Day.

"**Series 2017-1 Senior Notes**" is defined in the recitals to this Supplemental Indenture.

"**Supplemental Indenture**" means this Amended and Restated Supplemental Indenture, together with the Schedules hereto, as amended, supplemented, modified, restated or replaced from time

to time, together with all schedules hereto and the expressions "hereof," "herein," "hereto," "hereunder," "hereby" and similar expressions refer to this Supplemental Indenture and not to any Article, Section, paragraph, subparagraph or clause hereof.

"**Support Facility**" shall mean any liquidity or credit support agreement with the Purchaser which relates to, or is otherwise available to the Purchaser in relation to its funding activities under, this Supplemental Indenture.

"**Suspension Notice**" has the meaning specified in the Change of Law Protection Agreement.

"**Termination Event**" means any Acceleration Event or Series 2017-1 Event of Default or any event which with the giving of notice or the passage of time, or both, could become an Acceleration Event or a Series 2017-1 Event of Default.

"**Transfer Increase**" is defined in Section 3.3(a).

~~"**Transfer Supplement**" is defined in Section 8.1(a).~~

"**Transferee**" is defined in Section 8.1(b).

"**Trust Indenture**" means the trust indenture dated as of December ~~[21],~~**21,** 2017 between the Issuer and the Indenture Trustee.

SCHEDULE B

[FORM OF NOTE]

~~SERIES 2017-1~~FLOATING RATE VARIABLE FUNDING JUNIOR SUBORDINATED NOTE,
SERIES 2017-1

REGISTERED	**INITIAL DOLLAR PRINCIPAL AMOUNT**
No. R-[●]	**$[●]**

FAIR HYDRO TRUST

FLOATING RATE VARIABLE FUNDING JUNIOR SUBORDINATED NOTE, SERIES 2017-1

Fair Hydro Trust (herein referred to as the "Issuer"), a trust governed by the laws of Ontario and established under a Declaration of Trust dated as of December 20, 2017 for value received, hereby promises to pay to Ontario Power Generation Inc., or registered assigns, subject to the following provisions, a principal sum of $[●], or, if less, the aggregate unpaid principal amount shown on the schedule attached hereto (and any continuation thereof), which amount shall be payable in the amounts and at the times set forth in the Base Indenture and the Supplemental; provided, that, any Principal Payment Amount due and payable with respect to this Series 2017-1 Junior Subordinated Note shall be due on the related Principal Payment Date. The Issuer will pay interest on this Series 2017-1 Junior Subordinated Note in accordance with Section 3.6 of the Supplemental on each Payment Date until the principal of this Series 2017-1 Junior Subordinated Note is paid or made available for payment, to the extent funds are available in accordance with the terms of the Supplemental. Pursuant to Sections 3.3 and 3.4 of the Supplemental, the principal amount of this Series 2017-1 Junior Subordinated Note shall be subject to Increases and Decreases on any Business Day on or after the date hereof. This Series 2017-1 Junior Subordinated Note is subject to mandatory prepayment, to the extent funds have been allocated to the Principal Accumulation Account and are available therefor, in accordance with Sections 3.4 and Section 3.7 of the Supplemental. Beginning on the first Payment Date following the occurrence of a Series 2017-1 Event of Default or an Event of Default (collectively, a "Default Event"), subject to cure in accordance with the Base Indenture or the Supplemental, as applicable, the principal of this Series 2017-1 Junior Subordinated Note shall be paid in installments on each subsequent Principal Payment Date to the extent of funds available for payment therefor pursuant to the Trust Indenture. Such principal of and interest on this Series 2017-1 Junior Subordinated Note shall be paid in the manner specified on the reverse hereof.

The principal of and interest on this Series 2017-1 Junior Subordinated Note are payable in Canadian Dollars. Except as otherwise provided in the Trust Indenture,

payments made by the Issuer with respect to this Series 2017-1 Junior Subordinated Note shall be applied first to interest due and payable on this Series 2017-1 Junior Subordinated Note as provided above and then to the unpaid principal of this Series 2017-1 Junior Subordinated Note.

Reference is made to the further provisions of this Series 2017-1 Junior Subordinated Note set forth on the reverse hereof, which shall have the same effect as though fully set forth on the face of this Series 2017-1 Junior Subordinated Note. Although a summary of certain provisions of the Trust Indenture is set forth below and on the reverse hereof and made a part hereof, this Series 2017-1 Junior Subordinated Note does not purport to summarize the Trust Indenture and reference is made to the Trust Indenture for information with respect to the interests, rights, benefits, obligations, proceeds and duties evidenced hereby and the rights, duties and obligations of the Issuer and the Indenture Trustee. A copy of the Trust Indenture may be requested from the Indenture Trustee by writing to the Indenture Trustee at: BNY Trust Company of Canada, One York Street, 6th Floor, Toronto, Ontario M5J 0B6, Attention: Corporate Trust Administration.

Unless the certificate of authentication hereon has been executed by or on behalf of the Indenture Trustee, by manual signature, this Series 2017-1 Junior Subordinated Note shall not be entitled to any benefit under the Trust Indenture referred to on the reverse hereof, or be valid for any purpose.

IN WITNESS WHEREOF, the Issuer has caused this Series 2017-1 Junior Subordinated Note to be duly executed.

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

By:
Name:
Title:

By: _____
Name:
Title:

Dated: ●, 20●

INDENTURE TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Series 2017-1 Junior Subordinated Notes described in the within-mentioned Trust Indenture.

BNY TRUST COMPANY OF CANADA, as Indenture Trustee

By:
Authorized Signatory

By:
Authorized Signatory

FAIR HYDRO TRUST

SERIES 2017-1 FLOATING RATE ASSET BACKED NOTE

Summary of Terms and Conditions

This Series 2017-1 Junior Subordinated Note is one of a duly authorized issue of Junior Subordinated Notes of the Issuer, designated as the Floating Rate Variable Funding Junior Subordinated Note, Series 2017-1 (the "Series 2017-1 Junior Subordinated Notes"), issued under a Trust Indenture, dated as of December 21, 2017 (as may be amended, supplemented, restated, replaced or otherwise modified from time to time, the "Base Indenture"), between the Issuer and BNY Trust Company of Canada, as indenture trustee (the "Indenture Trustee," which term includes any successor Indenture Trustee under the Base Indenture), as supplemented by the Warehouse Junior Subordinated Series 2017-1 Supplemental Indenture, dated as of December 21, 2017 (the "Supplemental"), and representing the right to receive certain payments from the Issuer. The term "Trust Indenture," unless the context otherwise requires, refers to the Base Indenture as supplemented by the Supplemental. Except as set forth in the Supplemental, the Series 2017-1 Junior Subordinated Note is subject to all of the terms of the Base Indenture. All terms used in this Series 2017-1 Junior Subordinated Note that are defined in the Supplemental shall have the meanings assigned to them in or pursuant to the Supplemental.

The Series 2017-1 Junior Subordinated Note is and will be equally and ratably secured by the Collateral pledged as security therefor as provided in the Trust Indenture.

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

As described above, any Principal Payment Amount payable with respect to this Series 2017-1 Junior Subordinated Note shall be due and payable on the related Principal Payment Date, in accordance with Section 3.7 of the Supplemental. All principal payments of the Series 2017-1 Junior Subordinated Note shall be made to the registered holder of this Series 2017-1 Junior Subordinated Note.

Payments of interest on this Series 2017-1 Junior Subordinated Note are due and payable on each Payment Date or such other date as may be specified in the Supplemental, together with the installment of principal then due, if any, and any payments of principal made on any Business Day in respect of any Decreases, to the extent not in full payment of this Series 2017-1 Junior Subordinated Note, shall be made by wire transfer to the holder of record of this Series 2017-1 Junior Subordinated Note on the Note Register as of the close of business on each Record Date. Any reduction in the principal amount of this Series 2017-1 Junior Subordinated Note effected by any payments made on any Payment Date shall be binding upon all future holders of this Series 2017-1 Junior Subordinated Note and of any Series 2017-1 Junior Subordinated Note issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof, whether or not noted thereon.

The Issuer shall pay interest on Monthly Interest Shortfalls at the rate specified in the definition thereof, to the extent lawful.

Subject to the terms of the Trust Indenture, the holder of any Series 2017-1 Junior Subordinated Note may transfer the same in whole or in part, in an amount equivalent to an authorized denomination, by surrendering such Series 2017-1 Junior Subordinated Note at the office maintained by the Note Registrar for such purpose pursuant to Section 4.05(c) of the Base Indenture, with the form of transfer endorsed on it duly completed and executed by, or accompanied by a written instrument of transfer in form satisfactory to the Issuer and the Note Registrar by, the holder thereof. In exchange for any Series 2017-1 Junior Subordinated Note properly presented for transfer, the Issuer shall execute and promptly authenticate and deliver or cause to be authenticated and delivered in compliance with applicable law, to the transferee at such office, or send by mail (at the risk of the transferee) to such address as the transferee may request, Series 2017-1 Junior Subordinated Notes for the same aggregate principal amount as was transferred. In the case of the transfer of any Series 2017-1 Junior Subordinated Note in part, the Issuer shall execute and promptly authenticate and deliver or cause to be authenticated and delivered to the transferor at such office, or send by mail (at the risk of the transferor) to such address as the transferor may request, Series 2017-1 Junior Subordinated Note for the aggregate principal amount that was not transferred. No transfer of any Series 2017-1 Junior Subordinated Note shall be made unless the request for such transfer is made by the holder of a Series 2017-1 Junior Subordinated Note at such office. Upon the issuance of transferred Series 2017-1 Junior Subordinated Notes, the Indenture Trustee shall recognize the holders of such Series 2017-1 Junior Subordinated Note as a Noteholder of Series 2017-1 Junior Subordinated Notes.

The registered holder of this Series 2017-1 Junior Subordinated Note, by acceptance of this Series 2017-1 Junior Subordinated Note, hereby acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor under the Base Indenture and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Base Indenture including, without limitation, Section 7.12 (Payments To Be Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse), Article IX (Indenture Trustee) (including all limitations of liability thereunder), Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition).

Prior to the due presentment for registration of transfer of this Series 2017-1 Junior Subordinated Note, the Issuer, the Indenture Trustee and any agent of the Issuer or the Indenture Trustee may treat the Person in whose name this Series 2017-1 Junior Subordinated Note (as of the day of determination or as of such other date as may be specified in the Trust Indenture) is registered as the owner hereof for all purposes, whether or not this Series 2017-1 Junior Subordinated Note shall be overdue, and neither the Issuer, the Indenture Trustee nor any such agent shall be affected by notice to the contrary.

The Trust Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the

rights of the holder of the Series 2017-1 Junior Subordinated Notes under the Trust Indenture at any time by the Issuer with the consent of the applicable Person(s) specified therein. The Trust Indenture also contains provisions permitting the applicable Person(s) specified therein to waive compliance by the Issuer with certain provisions of the Trust Indenture and certain past defaults under the Trust Indenture and their consequences with respect to the Series 2017-1 Junior Subordinated Notes. Any such consent or waiver by such Person(s) shall be conclusive and binding upon the registered holder of this Series 2017-1 Junior Subordinated Note and upon all future holders of this Series 2017-1 Junior Subordinated Note and of any Series 2017-1 Junior Subordinated Notes issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof whether or not notation of such consent or waiver is made upon this Series 2017-1 Junior Subordinated Note. The Trust Indenture also permits the Issuer and the Indenture Trustee to amend or waive certain terms and conditions set forth in the Trust Indenture without the consent of any other Person.

The term "the Issuer" as used in this Series 2017-1 Junior Subordinated Note includes any successor to the Issuer under the Trust Indenture.

The Series 2017-1 Junior Subordinated Note is issuable only in registered form in denominations as provided in the Trust Indenture, subject to certain limitations set forth therein.

This Series 2017-1 Junior Subordinated Note and the Trust Indenture, and all matters arising out of or relating to this Series 2017-1 Junior Subordinated Note or the Trust Indenture, shall be governed by, and construed and interpreted in accordance with, the laws of the Province of Ontario and the federal laws applicable therein, and the obligations, rights and remedies of the parties hereto shall be determined in accordance with such laws.

No reference herein to the Trust Indenture and no provision of this Series 2017-1 Junior Subordinated Note or of the Trust Indenture shall alter or impair the obligation of the Issuer, which is absolute and unconditional, to pay the principal of and interest on this Series 2017-1 Junior Subordinated Note at the times, place and rate, and in the coin or currency herein prescribed, subject to any duty of the Issuer to deduct or withhold any amounts as required by law, including any applicable Taxes.

INCREASES AND DECREASES

Date	Unpaid Principal Amount	Increase	Decrease	Total	Notation Made By

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

_____
(name and address of assignee)

the within certificate and all rights thereunder, and hereby irrevocably constitutes and appoints, _____, attorney, to transfer said certificate on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____ **_____[1]**
Signature Guaranteed:

REGISTRATION PANEL

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

Date of Registration	In Whose Name Registered	Signature of Note Registrar
●, 20●	●	

●

[1] **NOTE: The signature to this assignment must correspond with the name of the registered owner as it appears on the face of the within Note in every particular, without alteration, enlargement or any change whatsoever.**

SCHEDULE C

FORM OF INCREASE NOTICE

●

TO: **Ontario Power Generation Inc. ("OPG")**

AND TO: **BNY Trust Company of Canada, as Indenture Trustee (the "Indenture Trustee")**

RE: **Warehouse Junior Subordinated Series 2017-1 Supplemental Indenture dated as of December 21, 2017 between Computershare Trust Company of Canada, in its capacity as trustee of Fair Hydro Trust (the "Issuer"), the Indenture Trustee and OPG (the "Junior Subordinated Supplemental Indenture")**

Pursuant to Section 3.3(a)(ii) of the Supplemental Indenture, the Issuer hereby gives irrevocable notice to OPG as follows:

1. **The Increase Date shall occur on _____.**

2. **The Increase Amount shall be _____.**

3. **The Increase is to [fund a Transfer] [is in respect of a Refinancing].**

4. **Attached hereto is a copy of the irrevocable written increase notice delivered to the Administrative Agent pursuant to section 3.3(a) of the Senior Series 2017-1 Supplemental Indenture in connection with the applicable Series 2017-1 Senior Increase proposed to be made.**

Capitalized terms used and not otherwise defined in this Increase Notice have the meanings assigned to them in the Junior Subordinated Supplemental Indenture, whether directly or by reference.

DATED ●, 20●.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of FAIR HYDRO TRUST, as Issuer

By: **ONTARIO POWER GENERATION INC., not in its individual capacity but solely as Manager**

By:

Name:
Title:

By: _____
Name:
Title:

Schedule A
Increase Notice – Senior Series 2017-1

See attached.

SCHEDULE D

FORM OF DECREASE NOTICE

●

~~SCHEDULE E~~

~~FORM OF TRANSFER SUPPLEMENT~~

TO: **Ontario Power Generation Inc. ("OPG")**

AND TO: **BNY Trust Company of Canada, as Indenture Trustee (the "Indenture Trustee")**

RE: **Warehouse Junior Subordinated Series 2017-1 Supplemental Indenture dated as of December 21, 2017 between Computershare Trust Company of Canada, in its capacity as trustee of Fair Hydro Trust (the "Issuer"), the Indenture Trustee and OPG (the "Junior Subordinated Supplemental Indenture")**

Pursuant to Section 3.4 of the Supplemental Indenture, the Issuer hereby gives irrevocable notice to OPG as follows:

1. **The Decrease Date shall occur on _____.**

2. **The Decrease Amount shall be _____.**

3. **Attached hereto is a copy of the irrevocable written decrease notice delivered to the Administrative Agent pursuant to section 3.4 of the Senior Series 2017-1 Supplemental Indenture in connection with the applicable Series 2017-1 Senior Decrease proposed to be made.**

Capitalized terms used and not otherwise defined in this Decrease Notice have the meanings assigned to them in the Junior Subordinated Supplemental Indenture, whether directly or by reference.

DATED ●, 20●.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of FAIR HYDRO TRUST, as Issuer

By: **ONTARIO POWER GENERATION INC., not in its individual capacity but solely as Manager**

By:

Name:
Title:

By: _____

Name:
Title:

Schedule A
Decrease Notice – Senior Series 2017-1

See attached.

Document comparison by Workshare Compare on December-19-17 4:53:05 PM

Input:	
Document 1 ID	file://C:\Users\yolusoga\AppData\Local\Microsoft\Windows\Temporary Internet Files\Content.Outlook\BDP8ZGDZ\Junior Subordinated Warehouse Supplement (002).DOCX
Description	Junior Subordinated Warehouse Supplement (002)
Document 2 ID	interwovenSite://INVENTORYS1/TorysAtWork/24592224/7
Description	#24592224v7<TorysAtWork> - Junior Subordinated Warehouse Supplement - Fair Hydro
Rendering set	strikeout (colour)

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

Statistics:	
	Count
Insertions	154
Deletions	46
Moved from	0
Moved to	0
Style change	0
Format changed	0

Total changes	200

WAREHOUSE

SUBORDINATED SERIES 2017-1

SUPPLEMENTAL INDENTURE

between

FAIR HYDRO TRUST

by

COMPUTERSHARE TRUST COMPANY OF CANADA
as Issuer Trustee

and

BNY TRUST COMPANY OF CANADA
as Indenture Trustee

and

ONTARIO POWER GENERATION INC.
as Purchaser

Made as of December 21, 2017

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FLOATING RATE VARIABLE FUNDING, SERIES 2017-1 SUBORDINATED NOTES

SUPPLEMENTAL INDENTURE made as of December 21, 2017, between **Computershare Trust Company of Canada**, a trust company established under the laws of Canada (the "**Issuer Trustee**"), in its capacity as trustee of **Fair Hydro Trust**, a trust existing under the laws of the Province of Ontario (in such capacity, the "**Issuer**"), **BNY Trust Company of Canada**, a trust company established under the laws of Canada (the "**Indenture Trustee**"), and Ontario Power Generation Inc., in its capacity as the purchaser (the "**Purchaser**");

WHEREAS pursuant to the Trust Indenture, provision was made for the issuance of Notes from time to time;

AND WHEREAS pursuant to the Trust Indenture, Notes may be issued in one or more Series by the execution and delivery of a Supplemental Indenture;

AND WHEREAS pursuant to a Supplemental Indenture dated the date hereof between the Issuer Trustee, in its capacity as trustee of the Issuer, the Indenture Trustee, Royal Bank of Canada, in its capacity as the administrative agent for certain purchaser groups (the "**Administrative Agent**"), certain non-conduit purchasers from time to time party thereto, certain commercial paper conduit purchasers from time to time party thereto, and certain funding agents from time to time party thereto (the "**Senior Series 2017-1 Supplemental Indenture**"), the Issuer issued floating rate variable funding Series 2017-1 Senior Notes (the "**Series 2017-1 Senior Notes**");

AND WHEREAS the parties hereto are entering into this Supplemental Indenture to provide for the creation and issuance of the Series 2017-1 Subordinated Notes;

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

ARTICLE 1
INTERPRETATION

1.1 Definitions

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

(b) Except as otherwise expressly provided or unless the context otherwise requires, all terms used herein which are defined in the Trust Indenture, either directly or by reference therein, have the meanings assigned to them in the Trust Indenture.

1.2 Interpretation

Subject to the next following sentences, this Supplemental Indenture is supplemental to the Trust Indenture and the Trust Indenture shall be read in conjunction with this Supplemental Indenture and all of the provisions of the Trust Indenture shall apply to and shall have effect in connection

with this Supplemental Indenture in the same manner as if all of the provisions of the Trust Indenture and of this Supplemental Indenture were contained in one instrument. This Supplemental Indenture shall, unless the context otherwise requires, be subject to the interpretative provisions contained in Article 1 of the Trust Indenture. If any terms of the Trust Indenture are inconsistent with the express terms or provisions hereof, the terms and provisions of the Trust Indenture shall be, solely in respect of the Series 2017-1 Subordinated Notes, amended and supplemented so as to be consistent herewith. The provisions of this Supplemental Indenture are applicable only in respect of the Series 2017-1 Subordinated Notes and not the Notes of any other Series.

1.3 Application of this Supplemental Indenture

With respect to the Series 2017-1 Subordinated Notes only, the terms of the Trust Indenture are amended, supplemented, modified, restated and replaced to the extent applicable by the terms of this Supplemental Indenture in respect of the Series 2017-1 Subordinated Notes in accordance with Section 1.2 above.

ARTICLE 2
PRINCIPAL TERMS

2.1 Creation of Series 2017-1 Subordinated Notes

There is hereby created a Series of Notes to be issued pursuant to the Trust Indenture and this Supplemental Indenture designated as the "**Floating Rate Variable Funding Subordinated Notes, Series 2017-1**."

2.2 Principal Terms

In addition to and without limiting any of the provisions of this Supplemental Indenture, the Series 2017-1 Subordinated Notes:

(a) will be designated as set out in Section 2.1;

(b) will be Subordinated Notes;

(c) will have a Stated Principal Amount equal to the Series 2017-1 Maximum Subordinated Principal Amount;

(d) will not be issued in Tranches;

(e) will be denominated in Canadian dollars;

(f) will not be listed on any securities exchange;

(g) will have an Initial Dollar Principal Amount equal to the Series 2017-1 Initial Subordinated Principal Amount;

(h) will be issued as definitive notes and will not be in the form of a Global Note;

(i) will be issued as Registered Notes and will be without coupons;

(j) will be substantially in the form of Schedule B, with such appropriate insertions, omissions, substitutions and variations as may be approved by the Issuer;

(k) will have each Payment Date on and after the Payment Date in January, 2018 as an Interest Payment Date;

(l) will have Principal Payment Dates as determined under Section 3.7;

(m) will have Principal Payment Default Dates as defined herein; and

(n) will have no minimum issue amount.

ARTICLE 3
NOTE PURCHASE FACILITY

3.1 Purchase of Notes by the Purchaser

(a) ***Initial Purchase***. Subject to the terms and conditions of this Supplemental Indenture, including delivery of notice in accordance with Section 3.3, the Purchaser shall purchase a Series 2017-1 Subordinated Note in an amount equal to the Series 2017-1 Initial Subordinated Principal Amount on the Closing Date. Payments by the Purchaser for such purchase shall be made in immediately available funds on the Closing Date in accordance with Section 3.3(c).

(b) ***Series 2017-1 Maximum Subordinated Principal Amount***. Notwithstanding anything to the contrary contained in this Supplemental Indenture, at no time shall the Purchaser be required to purchase Series 2017-1 Subordinated Notes in an amount that exceeds the Series 2017-1 Maximum Subordinated Principal Amount.

3.2 Delivery

(a) On the Closing Date, Series 2017-1 Subordinated Notes shall be executed, authenticated and delivered by the Issuer in accordance with Section 4.03 of the Trust Indenture in the name of the Purchaser in an amount equal to the Series 2017-1 Maximum Subordinated Principal Amount. On each Increase Date, Series 2017-1 Subordinated Notes shall be executed, authenticated and delivered by the Issuer in accordance with Section 4.03 of the Trust Indenture in the name of the Purchaser in an amount equal to the Increase Amount.

(b) The Purchaser shall maintain a record of the actual Series 2017-1 Subordinated Principal Amount outstanding on any date of determination, which, absent manifest error, shall constitute prima facie evidence of the outstanding Series 2017-1 Subordinated Principal Amount from time to time.

3.3 Procedure for Initial Issuance and for Increasing the Series 2017-1 Subordinated Principal Amount

(a) (i) On any Business Day on or prior to December 21, 2017, concurrent with the initial purchase of the Series 2017-1 Senior Notes under the Senior Series 2017-1 Supplemental Indenture, the Issuer shall request that the Purchaser purchase, and the Purchaser shall purchase, a

Series 2017-1 Subordinated Note for an initial purchase price equal to the Series 2017-1 Initial Subordinated Principal Amount (the date on which the initial purchase occurs being referred to as the "**Closing Date**") by giving the Purchaser (with a copy to the Indenture Trustee) irrevocable written notice (effective upon receipt), by email communication, substantially in the form of Schedule C no later than 12:00 p.m. (Toronto time) on the second Business Day prior to the Closing Date. The written notice of the initial purchase of the Series 2017-1 Subordinated Notes shall (x) state the Closing Date, (y) state the Series 2017-1 Initial Subordinated Principal Amount, and (z) attach a copy of the irrevocable written notice delivered to the Administrative Agent pursuant to Section 3.3(a) of the Senior Series 2017-1 Supplemental Indenture in connection with the concurrent initial purchase of the Series 2017-1 Senior Notes thereunder; and (ii) on any Business Day after the initial purchase of the Series 2017-1 Subordinated Notes hereunder, the Issuer and the Purchaser hereby agree that the Series 2017-1 Subordinated Principal Amount will be increased by an amount (an "**Increase**") such that following such Increase the Outstanding Dollar Principal Amount of the Series 2017-1 Subordinated Notes will be equal to or greater than the Requisite Percentage of the Outstanding Dollar Principal Amount of the Series 2017-1 Senior Notes on such Business Day (each date on which an increase in the Series 2017-1 Subordinated Principal Amount occurs hereunder being herein referred to as the "**Increase Date**" applicable to such Increase) by the Issuer providing the Purchaser (with a copy to the Indenture Trustee) irrevocable written notice (effective upon receipt), by email communication, substantially in the form of Schedule C (an "**Increase Notice**") no later than 12:00 p.m. (Toronto time) on the third Business Day prior to such Increase Date. Each Increase Notice shall (w) state the Increase Date, (x) state the amount of the increase in the Series 2017-1 Subordinated Principal Amount (an "**Increase Amount**"), (y) state whether the Increase is to fund a Transfer (a "**Transfer Increase**") or is in respect of a Refinancing (a "**Refinancing Increase**"), and (z) attach a copy of the irrevocable written increase notice delivered to the Administrative Agent pursuant to Section 3.3(a) of the Senior Series 2017-1 Supplemental Indenture in connection with the applicable Series 2017-1 Senior Increase proposed to be made thereunder.

(b) The Purchaser shall not be required to increase the Series 2017-1 Subordinated Principal Amount on any Increase Date hereunder if after giving effect to such Increase Amount, the Series 2017-1 Maximum Subordinated Principal Amount will be exceeded.

(c) The Issuer shall apply amounts paid to it pursuant to Section 3.3(a) by application to payment of the purchase price payable by the Issuer to the IESO under the Master Transfer and Servicing Agreement in respect of a Transfer or by deposit to the Refinancing Account.

3.4 Procedure for Decreasing the Series 2017-1 Subordinated Principal Amount

On any Business Day after the initial purchase of the Series 2017-1 Subordinated Notes hereunder, the Issuer and the Purchaser hereby agree that the Series 2017-1 Subordinated Principal Amount may be decreased by an amount (a "**Decrease**") such that following such decrease the Outstanding Dollar Principal Amount of the Series 2017-1 Subordinated Notes will not be less than the Requisite Percentage of the Outstanding Dollar Principal Amount of the Series 2017-1 Senior Notes. Each Payment Date on which a Decrease in the Series 2017-1 Subordinated Principal Amount occurs hereunder being herein referred to as the "**Decrease Date**" applicable to such Decrease; and the Issuer shall provide to the Purchaser (with a copy to the Indenture Trustee) irrevocable written notice (effective upon receipt), by email communication, substantially in the

form of Schedule D (a "**Decrease Notice**") no later than 12:00 p.m. (Toronto time) on the fifth Business Day prior to any Payment Date that is a Decrease Date. Each Decrease Notice shall (x) state the Decrease Date, (y) state the amount of the decrease in the Series 2017-1 Subordinated Principal Amount (a "**Decrease Amount**"), and (z) attach a copy of the irrevocable written decrease notice delivered to the Administrative Agent pursuant to Section 3.4 of the Senior Series 2017-1 Supplemental Indenture in connection with the applicable Series 2017-1 Senior Decrease proposed to be made thereunder. Upon receipt of any notice required by this Section 3.4 from the Issuer, the Purchaser shall forward (by email communication) a copy of such notice to DBRS on the Business Day received.

3.5 Increases and Reductions of the 2017-1 Maximum Subordinated Principal Amount

(a) If one or more Maximum Purchaser Group Principal Amounts are increased pursuant to Section 3.5(a) of the Senior Series 2017-1 Supplemental Indenture, the Series 2017-1 Maximum Subordinated Principal Amount shall be automatically increased by an amount equal to the Requisite Percentage of the Outstanding Dollar Principal Amount of the Maximum Purchaser Group Principal Amounts.

(b) If the Series 2017-1 Maximum Senior Principal Amount is reduced pursuant to Section 3.5(b) of the Senior Series 2017-1 Supplemental Indenture, the Series 2017-1 Maximum Subordinated Principal Amount shall be automatically decreased to an amount equal to the Requisite Percentage of such aggregate decrease to the Series 2017-1 Maximum Senior Principal Amount pursuant to Section 3.5(b) of the Senior Series 2017-1 Supplemental Indenture.

(c) If a Commitment Extension has occurred with respect to the Series 2017-1 Senior Notes, the Principal Accumulation Date, Principal Payment Amount and Principal Payment Default Date shall be amended to the "Principal Accumulation Date", "Principal Payment Amount" and "Principal Payment Default Date" set out in the request related to such Commitment Extension, as applicable.

3.6 Interest; Other Amounts

(a) Interest shall be payable on the Series 2017-1 Subordinated Notes on each Payment Date.

(b) The Purchaser shall provide written notice to the Issuer and the Paying Agent no later than five (5) Business Days prior to each Payment Date, setting forth the Monthly Interest and the Monthly Other Amounts with respect to the Payment Date.

(c) The Monthly Interest shall be included in each calculation of the Interest Accrual Amount (Subordinated) for the purposes of Section 7.04(e)(iv) of the Trust Indenture and shall be payable pursuant to Sections 7.05(b), 7.06(a), 7.07, 7.10(b) or 8.13(d) of the Trust Indenture, as applicable. On each Payment Date, the Monthly Other Amounts shall be payable in respect of the Series 2017-1 Subordinated Notes pursuant to Sections 7.04(e)(xi), 7.10(b) or 8.13(d) of the Trust Indenture, as applicable. On each Payment Date, the Paying Agent shall, subject to availability of funds, pay to the Purchaser the Monthly Other Amounts with respect to the Payment Date.

3.7 Repayment of Principal

Each Payment Date where the Principal Payment Amount is not nil shall be a Principal Payment Date in respect of the Series 2017-1 Subordinated Notes. On each Principal Payment Date in respect of the Series 2017-1 Subordinated Notes, the Paying Agent shall pay to the Purchaser the Principal Payment Amount for such Principal Payment Date out of funds allocated to the Series 2017-1 Subordinated Notes pursuant to Sections 7.04(e)(x), 7.06(b)(iii), 7.08(b)(iii), 7.10(b) or 8.13(i) of the Trust Indenture, as applicable, in repayment of the principal amount of the Series 2017-1 Subordinated Notes.

3.8 Indemnification by the Issuer

The Issuer agrees to indemnify and hold harmless the Indenture Trustee and the Purchaser and each of their respective officers, directors, agents and employees (each, an "**Issuer Indemnified Person**") from and against any loss, liability, expense, damage or injury suffered or sustained by such Issuer Indemnified Person by reason of (a) any acts, omissions or alleged acts or omissions arising out of, or relating to, activities of the Issuer pursuant to the Program Agreements to which it is a party; (b) a breach of any representation or warranty made or deemed made by the Issuer (or any of its officers) in any Program Agreement; or (c) a failure by the Issuer to comply with any applicable law or regulation or to perform its covenants, agreements, duties or obligations required to be performed or observed by it in accordance with the provisions of the Program Agreements, including, but not limited to, any judgment, award, settlement, reasonable attorneys' fees and other reasonable costs or expenses incurred in connection with the defense of any actual or threatened action, proceeding or claim, except to the extent such loss, liability, expense, damage or injury resulted from the gross negligence, bad faith or willful misconduct of such Issuer Indemnified Person or its officers, directors, agents, principals, employees or employers as determined by a court of competent jurisdiction in a final non-appealable judgement or includes any Excluded Taxes; provided that any payments made by the Issuer pursuant to this Section 3.8 shall be made solely from funds available pursuant to Section 7.04 or 8.13 of the Trust Indenture, as applicable, shall be non-recourse other than with respect to such funds, and shall not constitute a claim against the Issuer to the extent that such funds are insufficient to make such payment.

3.9 Taxes

(a) All payments by or on account of any obligation of the Issuer hereunder shall, to the extent allowed by law, be made free and clear of, and without deduction or withholding for or on account of Taxes, excluding (i) income taxes (including branch profit taxes, minimum taxes and taxes computed under alternative methods, at least one of which is based on or measured by net income), franchise taxes (imposed in lieu of income taxes), or any other Taxes based on or measured by the net income of any person legally entitled to receive such payments (each a "**Recipient**") as a result of a present or former connection between the Recipient and the jurisdiction of the Governmental Authority imposing such Taxes (other than any such connection arising solely from the Recipient having executed, delivered or performed its obligations or received a payment under, disposed of, or enforced, this Supplemental Indenture); (ii) any withholding or deduction imposed pursuant to (A) Sections 1471 to 1474 of the Internal Revenue Code ("**FATCA**"), or any successor version thereof, or any similar legislation imposed by any other Governmental Authority, or (B) any treaty, law or regulation or other official guidance enacted by Canada implementing FATCA or any

intergovernmental agreement with respect to FATCA or any similar legislation imposed by any other Governmental Authority, including, for greater certainty, the *Canada-United States Enhanced Tax Information Exchange Agreement Implementation Act* (Canada) and Parts XVIII and XIX of the Income Tax Act (collectively, and including FATCA, the "**AEOI Legislation**"); and (iii) any interest, penalties and additions to Taxes in respect of (i) and (ii) (all such excluded Taxes being hereinafter called "**Excluded Taxes**"). If any Taxes, other than Excluded Taxes, are required to be withheld from any amounts payable to a Recipient hereunder, the amounts so payable to the Recipient shall be increased, and the Recipient shall be entitled to be paid by the Issuer the amount of such increase to the extent necessary to yield to the Recipient (after payment of all such Taxes other than Excluded Taxes) interest or any such other amounts payable hereunder or thereunder at the rates or in the amounts specified hereunder. Where the amount payable by the Issuer is increased in accordance with the previous sentence, the Monthly Interest shall be increased by the amount of such increase. Whenever any Taxes are payable on or with respect to amounts distributed to a Recipient, as promptly as possible thereafter the Issuer shall send to such Recipient a certified copy of an original official receipt showing payment thereof.

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

(c) If a Recipient is legally entitled to receive a refund of any Taxes (other than Excluded Taxes) as to which it has been indemnified or with respect to which additional amounts have been paid to it hereunder or it is legally entitled to receive a credit or deduction with respect to such Taxes or with respect to such additional amounts that have been paid hereunder (in each case pursuant to Section 3.9(a)), it shall use commercially reasonable efforts to obtain or claim such refund, credit or deduction and pay over such refund or the value of such credit or deduction to the Issuer, together with any interest thereon.

3.10 Increased Costs

(a) (i) If any Regulatory Change (x) subjects the Purchaser to any charge or withholding on or with respect to any Support Facility or this Supplemental Indenture or the Purchaser's obligations under a Support Facility or this Supplemental Indenture, or changes the basis of taxation of payments to the Purchaser of any amounts payable under any Support Facility or this Supplemental Indenture Agreement (except for changes in the rate of tax on the overall net income of the Purchaser or Excluded Taxes) or (y) imposes, modifies or deems applicable any reserve, assessment, fee, tax, insurance charge, special deposit or similar requirement against assets of, deposits with or for the account of, or liabilities of the Purchaser, or credit extended by the Purchaser pursuant to a Support Facility or this Supplemental Indenture or (z) imposes any other

condition the result of which is to increase the cost to the Purchaser of performing its obligations under a Support Facility or this Supplemental Indenture, or to reduce the rate of return on the Purchaser's capital or assets as a consequence of its obligations under a Support Facility or this Supplemental Indenture, or to reduce the amount of any sum received or receivable by the Purchaser under a Support Facility or this Supplemental Indenture, or to require any payment calculated by reference to the amount of interests or loans held or interest received by it, then, upon written request by the Purchaser therefore to the Issuer, the Purchaser shall be entitled to be paid such amounts charged to the Purchaser or such amounts to otherwise compensate the Purchaser for such increased cost or such reduction following a receipt by the Issuer of such request for compensation under this Section 3.10(a)(i), which payment shall be made on the earlier of (A) the first Payment Date on which amounts are available to pay such amounts pursuant to Section 7.04(e) of the Trust Indenture (provided that such request is received by the Issuer no later than five (5) Business Days prior to the end of the Interest Period related to such Payment Date), and (B) the twelfth Payment Date following such request.

(ii) The Issuer acknowledges that the Purchaser may implement, as an internal institutional matter, measures in anticipation of a final or proposed Regulatory Change (including, without limitation, the imposition of internal charges on the Purchaser's interest or obligations under any Support Agreement or this Supplemental Indenture) and may commence recognizing the incurrence of charges by seeking compensation under Section 3.10(a)(i) in connection with such measures, in advance of the effective date of such final or proposed Regulatory Change, and the Issuer agrees that such charges or compensation shall be payable, to the Purchaser, following demand therefor without regard to whether such proposed Regulatory Change has been adopted or whether such effective date has occurred; provided, that (I) the Purchaser shall provide thirty (30) days prior written notice to the Issuer of its intent to impose or incur any such charges or compensation, (II) the Purchaser shall not be compensated for any such amount pursuant to this subsection 3.10(a)(ii) relating to any period ending, and of which the Purchaser has had knowledge, more than 180 days prior to the date that the Purchaser provided the Issuer with the written notice contemplated by the preceding clause (I) of this subsection 3.10(a)(ii), (III) if, after the payment by the Issuer of any charges or compensation pursuant to this subsection 3.10(a)(ii), either (A) the Issuer requests in writing that the Purchaser re-compute any such charge or compensation in light of differences between a proposed Regulatory Change and the final effective version thereof or (B) the Purchaser determines that the amount of the charge imposed on and required to be compensated by the Issuer exceeds the amount necessary to compensate it for the applicable Regulatory Change as contemplated by subsection 3.10(a)(i), then (x) the amount of such charge or compensation shall, from and after such determination, be reduced by the amount of such excess and (y) the Purchaser shall, within thirty (30) days of such determination, either repay the amount of such excess or credit the amount of such excess against future charges under this subsection 3.10(a)(ii). The Issuer further acknowledges that any charge or compensation demanded hereunder may take the form of a monthly charge to be assessed by the Purchaser.

(b) The Purchaser claiming increased amounts described in subsection 3.10(a) of this Supplemental Indenture will furnish to the Issuer (together with its request for compensation) a certificate prepared in good faith setting forth the basis and the calculation of the amount (in reasonable detail) of each request by the Purchaser for any such increased amounts referred to in subsection 3.10(a) hereof. Any such certificate shall be conclusive absent manifest error. Failure on the part of the Purchaser to demand compensation for any amount pursuant to

subsection 3.10(a) hereof with respect to any period shall not constitute a waiver of the Purchaser's right to demand compensation with respect to such period.

ARTICLE 4
CONDITIONS PRECEDENT

4.1 Conditions Precedent to Initial Purchase of Series 2017-1 Subordinated Notes

On or prior to the initial purchase of Series 2017-1 Subordinated Notes hereunder, the following conditions precedent shall be satisfied:

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

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

(c) The Purchaser shall have received:

(i) executed copies of this Supplemental Indenture;

(ii) certificates of status or compliance or other similar documents issued by the applicable governmental authority to evidence that each of the Issuer Trustee and the Manager is validly existing pursuant to the laws of the jurisdiction of their respective establishment or incorporation;

(iii) a copy of the incorporating documents and all amendments thereto and applicable by-laws, as applicable, of each of the Issuer Trustee, the IESO and the Manager certified by an Authorized Officer of the applicable entity;

(iv) copies of resolutions of the board of directors of the IESO and the Manager approving and authorizing the execution, delivery and performance of each Program Agreement they are party to, in each case certified by an Authorized Officer of the applicable entity;

(v) incumbency certificates for each of the Issuer Trustee, the Manager and the IESO executing this Supplemental Indenture and any other Program Agreements and the other documents to be delivered by either the Issuer Trustee, the Manager or the IESO thereunder, in each case showing their names, offices and specimen signatures on which certificates the Purchaser shall be entitled to conclusively rely until such time as the Purchaser receives a replacement certificate meeting the requirements of this Section 4.1(c)(v);

(vi) the following Opinions of Counsel:

(A) the opinion of external counsel to the Manager as to the non-consolidation of the Issuer with the Manager in the event of the insolvency of the Manager in form and substance satisfactory to the Purchaser;

(B) the opinion of external counsel to the IESO as to the Investment Asset acquired by the Issuer not being subject to the claims of creditors of the IESO in form and substance satisfactory to the Purchaser;

(C) favourable opinions of external counsel to the Manager covering general corporate matters, the due execution and delivery of, and the enforceability of, each of the Program Agreements to which the Manager, the Issuer and the Issuer Trustee are party which opinion, as to certain matters, may rely on opinion of internal counsel to the Manager and the Issuer Trustee; and

(D) a favourable opinion of external counsel to the Province with respect to the due authorization, execution, delivery and enforceability of the Change of Law Protection Agreement in form and substance satisfactory to the Purchaser;

(vii) a certificate of an Authorized Officer of the Manager confirming that the representations and warranties set forth in Section 12.01 of the Trust Indenture and Section 5.1 of this Supplemental Indenture are true and correct in all material respects, that the Issuer is in compliance in all material respects with all of its covenants and obligations under the Program Agreements to which it is a party and that no Termination Event has occurred; and

(viii) such additional documents, instruments, certificates or letters as the Purchaser may reasonably request.

(d) The representations and warranties set forth in Section 5.1 of this Supplemental Indenture shall be true and correct in all material respects, the Issuer shall be compliance in all material respects with all of its covenants and obligations under the Program Agreements to which it is a party and no Termination Event shall have occurred.

4.2 Conditions Precedent to each Increase under Series 2017-1 Subordinated Notes

On or prior to each Increase, the following conditions precedent shall be satisfied:

(a) the Purchaser shall have received an Increase Notice;

(b) no Termination Event shall have occurred or would occur after giving effect to such Increase;

(c) if the Increase is identified as a Transfer Increase in the Increase Notice, then the related Transfer under the Master Transfer and Servicing Agreement shall have been completed or contemporaneously completed;

(d) after giving effect the Increase, the aggregate of the amounts on deposit in the Program Cash Reserve Account and the IESO Cash Reserve Account shall be equal to or greater than the sum of:

(i) the Program Cash Reserve Required Amount,

plus

(ii) if the Increase Date is on or after May 1, 2021, an amount equal to the sum of (x) the amount originally determined under clause (b) of the definition of IESO Cash Reserve Deposit Amount in the Trust Indenture, less any amounts withdrawn from the IESO Cash Reserve Account to pay any Obligations Secured described in subsections 7.04(e)(i) through (v) of the Trust Indenture prior to the date of such Increase, and (y) to the extent the amount originally determined under clause (b) of the definition of IESO Cash Reserve Deposit Amount in the Trust Indenture was not determined in a manner which included the amount of such Increase, an amount estimated by the Manager, acting reasonably, equal to the additional Monthly Interest payable with respect to such Increase up to and including the Payment Date in July, 2021.

(e) after giving effect to such Increase, the aggregate Outstanding Dollar Principal Amount of Junior Subordinated Funding Obligations will not be less than 10% of the aggregate Outstanding Dollar Principal Amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations.

(f) the Indenture Trustee shall have received (i) the adherence compliance certificate required pursuant to Section 4.02(a) of the Change of Law Protection Agreement with respect to such Increase, or (B) written confirmation from the Province that the Funding Obligations incurred under this Supplemental Indenture with respect to such Increase constitute Approved Obligations.

The Issuer's acceptance of funds in connection with each Increase occurring on any Increase Date shall constitute a representation and warranty by the Issuer to the Purchaser as of such Increase Date that all of the conditions contained in Section 3.3(a) and this Section 4.2 are satisfied.

ARTICLE 5
REPRESENTATIONS AND WARRANTIES

5.1 Representations and Warranties of the Issuer

The Issuer hereby represents and warrants to the Purchaser as of the Closing Date, and shall be deemed to represent and warrant to the Purchaser on each Increase Date, that:

(a) no Termination Event has occurred or would result from the initial purchase of the Issuer Investment Interest on the Closing Date or any increase in the Issuer Investment Interest on an Increase Date, as applicable;

(b) the Issuer Trustee and the Issuer are not Non-residents;

(c) all tax returns (federal, provincial and local) required to be filed with respect to the Issuer have been filed and there has been paid or adequate provision made for the payment of all material Taxes in respect of the Issuer;

(d) the Issuer has complied in all material respects with all laws in respect of the conduct of its business and ownership of its property including the Issuer Investment Interest;

(e) all information provided to the Purchaser by or on behalf of the Issuer in respect of the Issuer Investment Interest is and will be true and accurate in all material respects; and

(f) to its knowledge, there is no set of circumstances existing at such time that will have an Adverse Effect or will reasonably be expected to have an Adverse Effect.

5.2 Representations and Warranties of the Purchaser

The Purchaser represents and warrants to the Issuer as of the Closing Date, and shall be deemed to represent and warrant to the Issuer on each Increase Date, that:

(a) it is resident in Ontario or is otherwise subject to the securities legislation of the Province of Ontario;

(b) it is purchasing the applicable Series 2017-1 Subordinated Notes (i) as principal for its own account and not for the benefit of any other "person" (as defined in the *Securities Act* (Ontario)) or company; and (ii) for cash consideration in excess of $150,000; and

(c) it was not created and is not being used solely to purchase or hold securities in reliance on the exemption from the prospectus and dealer registration requirements contained in Section 2.10 of National Instrument 45-106 − Prospectus and Registration Exemptions.

5.3 Survival

The representations and warranties set out in this Article 5 shall survive the execution hereof.

ARTICLE 6
COVENANTS

6.1 Covenants of the Issuer

(a) The Issuer shall promptly provide to the Purchaser (in multiple copies if requested) copies of all material reports, notices, financial statements and other documents delivered by the IESO to the Issuer with respect to the Issuer Investment Interest or pursuant to the Master Transfer and Servicing Agreement; provided such documents shall be deemed to be delivered hereunder so long as the Purchaser is the Manager.

(b) The Issuer shall provide to the Purchaser (in multiple copies, if requested) such other information, documents, records or reports respecting the Issuer Investment Interest, the Issuer or the IESO which is in the possession or under the control of the Issuer or the Manager, as the Purchaser may from time to time reasonably request, including any correspondence with a Rating

Agency; provided such documents shall be deemed to be delivered hereunder so long as the Purchaser is the Manager.

(c) The Issuer shall furnish to the Purchaser promptly after known to the Issuer or the Manager, information with respect to any action, suit or proceeding involving the Manager, the Issuer or the IESO or any of their respective Affiliates by or before any court or any Governmental Authority which, if adversely determined, would have an Adverse Effect; provided that the Purchaser shall be deemed to have knowledge of such actions, suits or proceedings so long as it is the Manager.

ARTICLE 7
ACCELERATION

7.1 Acceleration of Series 2017-1 Subordinated Principal Amount

If a Series 2017-1 Event of Default occurs and is continuing, then and in each and every such case, and without regard to whether all Issuer Funding Obligations have been declared due and payable immediately pursuant to Section 8.02(a) of the Trust Indenture, the Purchaser may by notice in writing to the Issuer and to the Indenture Trustee declare the Series 2017-1 Subordinated Principal Amount and all interest accrued and unpaid (if any) thereon to be due and payable immediately, and upon any such declaration the same will become and will be immediately due and payable, notwithstanding anything in this Supplemental Indenture or the Trust Indenture to the contrary.

ARTICLE 8
GENERAL

8.1 Successor and Assigns

(a) This Supplemental Indenture shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, except that (i) the Issuer may not assign or transfer any of its rights or obligations under this Supplemental Indenture without the prior written consent of the Purchaser and at least 10 Business Days' notice having been given to DBRS; and (ii) the Purchaser may, without the prior written consent of the Issuer but with prior notice to DBRS, assign or transfer any of its rights or obligations under this Supplemental Indenture to any of its wholly-owned affiliates (a "**Transferee**") pursuant to a transfer supplement, in such form and substance as shall be acceptable to the Purchaser and the Issuer (acting reasonably), executed by the Purchaser, the Transferee and the Issuer.

(b) The Issuer authorizes the Purchaser to disclose to any Transferee and any prospective Transferee any and all financial information in the Purchaser's possession concerning the Issuer, the Issuer Investment Interest and the Program Agreements which has been delivered to the Purchaser by the Issuer or the Manager.

(c) Notwithstanding any other provision of this Supplemental Indenture to the contrary, the Purchaser may at any time pledge or grant a security interest in all or any portion of its rights under its Series 2017-1 Subordinated Note and this Supplemental Indenture to secure obligations of the Purchaser to any Person, without notice to or consent of the Issuer; provided that no such pledge or grant of a security interest shall release the Purchaser from any of its obligations hereunder or substitute any such pledgee or grantee for the Purchaser as a party hereto.

8.2 Waiver

Without limiting the requirements of Section 11.02 of the Trust Indenture which shall be applicable to this Supplemental Indenture, no waiver of any provision of this Supplemental Indenture or consent to any departure by the Issuer from any provision of this Supplemental Indenture will be effective (in whole or in part) unless in writing and signed by the Purchaser. Such waiver will be effective only in the specific instance, for the specific purpose and for the specific length of time for which it is given by the Purchaser.

8.3 Notice

All notices, requests, instructions and demands to or upon any party hereto to be effective shall be given (a) in the case of the Issuer and the Indenture Trustee, in the manner set forth in Article 15 of the Trust Indenture; and (b) in the case of the Purchaser, in writing, and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when delivered by hand or three days after being deposited in the mail, postage prepaid, in the case of facsimile notice, when received, or in the case of overnight air courier, one Business Day after the date such notice is delivered to such overnight courier, addressed as follows; or to such other address as may be hereafter notified by the respective parties hereto:

Purchaser:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6

Attention: Vice President, Fair Hydro Plan
Fax: (416) 592-4189
Email: FHP@opg.com

8.4 No Waiver: Remedies

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

8.5 Entire Agreement

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

8.6 Governing Law and Attornment

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

8.7 Acknowledgment of Trust Indenture and No Proceedings

The Purchaser hereby acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor under the Trust Indenture and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Trust Indenture including, without limitation, Section 7.12 (Payments To Be Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse), Article IX (Indenture Trustee) (including all limitations of liability thereunder), Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition).

8.8 Expenses

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

8.9 Further Assurances

Each of the parties hereto upon the request of the other party or parties hereto shall do, execute, acknowledge and deliver or cause to be done, executed acknowledged or delivered all such further acts, deeds, documents, assignments, transfers, conveyances, powers of attorney and assurances as may be reasonably necessary or desirable to effect or complete the consummation of the transactions contemplated by this Supplemental Indenture.

8.10 Confidentiality

(a) The Purchaser covenants and agrees that any non-public information obtained by it pursuant to this Supplemental Indenture and the other Program Agreements shall be held in confidence except that the Purchaser may disclose such information (i) pursuant to the order of any court or administrative agency or in any pending legal or administrative proceeding (whether or not having the force or effect of law) provided that, unless prohibited by applicable law, the Purchaser shall provide prompt notice of such order to the affected party; (ii) upon the request or demand of any regulatory authority having or claiming jurisdiction over the Purchaser; (iii) as

required by applicable law including, without limitation, all applicable securities laws; (iv) to the extent that such information becomes publicly available other than by reason of improper disclosure by the Purchaser; (v) to its affiliates, officers, directors, employees, legal counsel, independent auditors, accountants, advisors, investors, potential investors, commercial paper dealers, providers of surety, guaranty, credit or liquidity enhancement (including the directors, officers and accountants of such surety, guaranty, credit or liquidity enhancement provider), legal counsel of any of the foregoing and other experts or agents who need to know such information and are informed of the confidential nature of such information; (vi) for purposes of establishing a "due diligence" defense; (vii) which was available to the Purchaser on a non-confidential basis from a source other than the affected party, provided that such source was not to the knowledge of the Purchaser bound by a confidentiality agreement with the affected party; (viii) has been independently acquired or developed by the Purchaser without violating any of the Purchaser's obligations under this Supplemental Indenture; (ix) if such disclosure has been approved in writing in advance by the Issuer or the Manager; (x) regarding the existence of this Supplemental Indenture, but not the financial terms thereof; and (xi) to DBRS and Moody's and any other Rating Agencies.

(b) The Issuer covenants and agrees to hold in confidence, and not disclose to any Person, the terms of this Supplemental Indenture, except as the Purchaser may have consented to in writing prior to any proposed disclosure and except (i) it may also disclose such information (A) to its officers, directors, employees, legal counsel, independent auditors, accountants and other advisors who are directly involved in the consideration of this Supplemental Indenture (and then only on a confidential basis), (B) to the Manager and its officers, directors, employees, legal counsel, independent auditors, accountants and other advisors, (C) any ministry or agency of the Province of Ontario and, in each case, their respective employees, officials, agents and advisors, (D) as required by applicable law (including, without limitation, applicable securities law) or compulsory legal process, (E) as expressly permitted by the terms of the Program Agreements, and (F) to DBRS and Moody's and any other Rating Agencies; provided, that, in the case of clause (D), the Issuer will use all commercially reasonable efforts to maintain confidentiality and will (unless otherwise prohibited by law) notify the Purchaser of its intention to make any such disclosure prior to making such disclosure; and (ii) it may also disclose the existence (but not the financial terms) of this Supplemental Indenture, including to any actual or prospective purchaser of other Notes.

(c) The parties hereto acknowledge that a description of this Supplemental Indenture and the Series 2017-1 Subordinated Note will be included in the preliminary and final offering memoranda of the Issuer relating to the issue of other Notes from time to time.

(d) The confidentiality provisions set forth in this Section 8.10 shall expire on the second year anniversary of the date on which the Series 2017-1 Subordinated Notes have been paid in full.

8.11 Limitation of Liability of Issuer Trustee

Each party hereto other than the Issuer acknowledges that the Issuer is a trust, and that Computershare Trust Company of Canada is the Issuer Trustee. The other parties hereto agree that the Issuer Trustee will not be subject to any liability whatsoever to them, in tort, contract or otherwise, in connection with the Issuer's assets or the trust activities, for any action taken or permitted by it to be taken, or for its failure to take any action; provided that the foregoing

limitation will not apply in respect of any action or failure to act arising from or in connection with wilful misconduct, negligence or reckless disregard of a duty by the Issuer Trustee. The Issuer Trustee in doing anything or permitting anything to be done in respect of assets or the trust activities is, and shall be conclusively deemed to be, acting as trustee of the Issuer and not in any other capacity. Except as to the extent provided in this Section 8.11, the Issuer Trustee will not be subject to any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Issuer, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the Issuer's assets or the trust activities and resort will be had solely to the Collateral for the payment or performance thereof. No property or assets of the Issuer Trustee, whether owned in its personal capacity or otherwise, will be subject to levy, execution or other enforcement procedure with regard to any obligation under this Supplemental Indenture. Nothing contained in this Section 8.11 shall be construed so as to limit the liability of the Issuer under this Supplemental Indenture. This Supplemental Indenture, and every deed, transfer, assignment, agreement or other instrument made pursuant hereto including, without limitation, the Series 2017-1 Subordinated Notes, made or purporting to be made by or creating an obligation of the Issuer or the Issuer Trustee on behalf of, or as trustee of, the Issuer shall be deemed and construed for all purposes as if made by the Issuer Trustee, in and only in its capacity as trustee of the Issuer. Any obligations of the Issuer Trustee hereunder or thereunder are non-recourse to the Issuer Trustee in its personal capacity.

8.12 Execution in Counterparts

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

8.13 Delivery of Executed Copies

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

[signature page follows]

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

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

By: _____
Name:
Title:

By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, as Indenture Trustee

By: _____
Name:
Title:

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., as Purchaser

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A

DEFINITIONS

"**Acceleration Event**" means either:

(a) all Issuer Funding Obligations are declared due and payable under Section 8.02 of the Trust Indenture, or

(b) the Series 2017-1 Subordinated Principal Amount and all interest accrued and unpaid thereon is declared to be due and payable under Section 7.1.

"**Administrative Agent**" is defined in the recitals to this Supplemental Indenture.

"**AEOI Legislation**" is defined in Section 3.9(a).

"**Applicable Margin**" means 0.10% per annum.

"**Authorized Officer**" means, with respect to: (a) the Issuer, any authorized director or officer of the Manager; (b) the Manager, any authorized director of officer of OPG; (c) the IESO, any authorized director or officer of the IESO; (d) the Issuer Trustee, any officer within the corporate trust office of such trustee (including the President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Treasurer or any other officer of the Issuer Trustee customarily performing functions similar to those performed by persons who at the time shall be such officers, respectively, and that has direct responsibility for the administration of the Issuer and also, with respect to a particular matter, any other officer to whom such matter is referred to because of such officer's knowledge and familiarity with the particular subject).

"**Base Rate**" means, for any Payment Date, the amount of interest and fees payable to the holders of Series 2017-1 Senior Notes on such Payment Date, expressed as a rate per annum on the weighted average outstanding principal amount of Series 2017-1 Senior Notes from the preceding Payment Date to such Payment Date.

"**Closing Date**" is defined in Section 3.3(a).

"**Commitment Extension**" is defined in the Senior Series 2017-1 Supplemental Indenture.

"**Decrease**" is defined in Section 3.4.

"**Decrease Amount**" is defined in Section 3.4.

"**Excluded Taxes**" is defined in Section 3.9(a).

"**FATCA**" is defined in Section 3.9(a).

"**Increase**" is defined in Section 3.3(a).

"**Increase Amount**" is defined in Section 3.3(a).

"**Increase Date**" is defined in Section 3.3(a).

"**Increase Notice**" is defined in Section 3.3(a).

"**Indenture Trustee**" is defined in the recitals to this Supplemental Indenture.

"**Interest Period**" means each of the consecutive periods that begins on, and includes, each Payment Date and ends on and excludes, the following Payment Date; provided that the first Interest Period shall begin on the Closing Date and end on the Payment Date in January, 2018.

"**Issuer**" is defined in the recitals to this Supplemental Indenture.

"**Issuer Indemnified Person**" is defined in Section 3.8.

"**Issuer Trustee**" is defined in the recitals to this Supplemental Indenture.

"**Maximum Purchaser Group Principal Amount**" has the meaning specified in the Senior Series 2017-1 Supplemental Indenture.

"**Monthly Interest**" shall mean, for any Payment Date, the sum of (A) the sum for each day during such Interest Period of the product of (i) the Series 2017-1 Subordinated Principal Amount on such day; times (ii) the sum of the Base Rate for such day plus the Applicable Margin, divided by (iii) 365, and (B) the Monthly Interest Shortfall; provided that, for the purposes of determining the Monthly Interest in respect of an Interest Period prior to the end of the Interest Period, the Purchaser may estimate the interest for the remaining days in the Interest Period and provided further, if the actual interest for such days is less than the estimated interest, the Monthly Interest for the following Interest Period shall be reduced to adjust for such lower actual interest and if the actual interest for such days is higher than the estimated interest, the Monthly Interest for the following Interest Period shall be increased to adjust for such higher interest.

"**Monthly Interest Shortfall**" means, for any Payment Date, if the amount in clause (A) of the definition of Monthly Interest for the preceding Payment Date was greater than the amount distributed to the payment of such amounts pursuant to Section 3.6(c), an amount equal to the amount in clause (A) of the definition of Monthly Interest owing to the Purchaser which was unpaid on the preceding Payment Date plus interest on such unpaid amount for the period from the preceding Payment Date to the current Payment Date at a rate equal to the Prime Rate plus 1.00% per annum.

"**Monthly Other Amounts**" shall mean, for any Payment Date the sum of (a) any amounts payable to the Purchaser hereunder (other than Monthly Interest) including, without limitation, pursuant to Sections 3.8, 3.9, 3.10 and 8.8; plus (c) the Monthly Other Amounts Shortfall for such Payment Date.

"**Monthly Other Amounts Shortfall**" means, for any Payment Date, if the amount of the Monthly Other Amounts for the preceding Payment Date was greater than the amount distributed to the payment of such amounts pursuant to Section 3.6(c), an amount equal to the Monthly Other Amounts owing to the Purchaser which were unpaid on the preceding Payment Date plus interest

on such unpaid amount for the period from the preceding Payment Date to the current Payment Date at a rate equal to the Prime Rate plus 1.00% per annum.

"**Prime Rate**" means the annual rate of interest announced by Royal Bank of Canada from time to time as being its reference rate for the determination of interest rates on Canadian dollar denominated commercial loans made by it and commonly referred to by Royal Bank of Canada as its "prime rate."

"**Principal Accumulation Date**" means the Payment Date occurring in the month of July, 2021, as such date may be modified pursuant to Section 3.5(c).

"**Principal Payment Amount**" means, in respect of the Series 2017-1 Subordinated Notes (unless modified pursuant to Section 3.5(c)):

(a) On any Payment Date occurring on or after the earlier of (i) the Payment Date occurring in October, 2021; and (ii) the occurrence of an Acceleration Event, the Series 2017-1 Subordinated Principal Amount.

(b) Unless clause (a) above is applicable, on the Payment Dates in the month of July, August, September and October of 2021, an amount equal the lesser of (x) the sum of (A) 25% of the Series 2017-1 Subordinated Principal Amount on the Business Day prior to the Principal Accumulation Date plus (B) the Decrease Amount of any Decrease occurring on such Payment Date, and (y) the Series 2017-1 Subordinated Principal Amount.

(c) Unless either of clauses (a) or (b) above is applicable, on any Payment Date that is not a Decrease Date, nil.

(d) Unless either of clauses (a) or (b) above is applicable, on any Payment Date that is a Decrease Date, the Decrease Amount of the Decrease occurring on such Payment Date.

"**Principal Payment Default Date**" means the Business Day that is two years after the Payment Date in respect of such Principal Payment Amount, as such date may be modified pursuant to Section 3.5(c).

"**Purchaser**" is defined in the recitals to this Supplemental Indenture.

"**Recipient**" is defined in Section 3.9(a).

"**Refinancing Increase**" is defined in Section 3.3(a).

"**Regulatory Change**" shall mean (i) the adoption after the date hereof of any applicable law, rule or regulation (including any applicable law, rule or regulation regarding capital adequacy, deposits, reserves or liquidity coverage) or any change therein after the date hereof, (ii) any change after the date hereof in the interpretation, administration, scope or timing of implementation thereof by any governmental authority, central bank, self-regulating professional body or comparable agency or authority charged with the interpretation or administration thereof, or compliance with any guidance, request or directive (whether or not having the force of law) of any such authority, central bank, self-regulating professional body or comparable agency or authority; provided that

for purposes of this definition, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder, issued in connection therewith or in implementation thereof, and (y) all requests, rules, guidelines and directives (whether or not having the force of law) promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or Canadian or United States or other foreign regulatory authorities, shall in each case be deemed to be a "Regulatory Change", regardless of the date enacted, adopted, issued or implemented.

"Requisite Percentage" means the quotient of 39 divided by 51, expressed as a percentage.

"**Senior Series 2017-1 Supplemental Indenture**" is defined in the recitals to this Supplemental Indenture.

"**Series 2017-1 Event of Default**" means any one of the following events occurs at any time that the Subordinated Funding Obligations constitute the Controlling Class Obligations (whatever the reason for such Series 2017-1 Event of Default and whether it will be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any Governmental Authority):

(a) a default by the Issuer in the payment of any interest on any Series 2017-1 Subordinated Notes when such interest becomes due and payable, and continuance of such default for a period of five days following the date on which such interest became due and payable;

(b) a default by the Issuer in the payment of any principal of any Series 2017-1 Subordinated Notes at its Principal Payment Default Date;

(c) any representation or warranty contained in Section 5.1 of this Supplemental Indenture or Section 12.01 of the Trust Indenture proves to be incorrect in any material respect when made and such incorrect representation or warranty if capable of being remedied by the Issuer, has not been remedied for a period of 30 days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by the Purchaser, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default" hereunder and, as a result of such default, the interests of the Purchaser is materially and adversely affected and continue to be materially and adversely affected during the 30-day period;

(d) a default in the performance, or breach, of any covenant of the Issuer in the Trust Indenture or this Supplemental Indenture in respect of any Series 2017-1 Subordinated Notes (other than an agreement, covenant or warranty a default in the performance of which or the breach of which is elsewhere specifically dealt with in this definition of Series 2017-1 Event of Default), and continuance of such default or breach for a period of 30 days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by the Purchaser, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default" hereunder and, as a result of such default, the interests of the Purchaser is materially and adversely affected and continue to be materially and adversely affected during the 30-day period;

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

(f) a Suspension Notice is issued by the Province.

"**Series 2017-1 Initial Senior Principal Amount**" means the "Series 2017-1 Initial Principal Amount" as defined in the Senior Series 2017-1 Supplemental Indenture.

"**Series 2017-1 Initial Subordinated Principal Amount**" means an amount equal to the Requisite Percentage of the Series 2017-1 Initial Senior Principal Amount.

"**Series 2017-1 Maximum Senior Principal Amount**" means the "Series 2017-1 Maximum Principal Amount" as defined in the Senior Series 2017-1 Supplemental Indenture.

"**Series 2017-1 Maximum Subordinated Principal Amount**" means an amount equal to the Requisite Percentage of the Series 2017-1 Maximum Senior Principal Amount.

"**Series 2017-1 Senior Decrease**" means, with respect to a Business Day, the sum of all amounts of Decreases (as defined in the Senior Series 2017-1 Supplemental Indenture) on such Business Day.

"**Series 2017-1 Senior Increase**" means, with respect to a Business Day, the sum of all amounts of Increases (as defined in the Senior Series 2017-1 Supplemental Indenture) on such Business Day.

"**Series 2017-1 Senior Notes**" is defined in the recitals to this Supplemental Indenture.

"**Series 2017-1 Subordinated Note**" means any one of the Floating Rate Variable Funding Subordinated Notes, Series 2017-1, executed by the Issuer and authenticated and delivered by or on behalf of the Indenture Trustee, substantially in the form of Exhibit B.

"**Series 2017-1 Subordinated Principal Amount**" means (a) when used with respect to the Closing Date, the Series 2017-1 Initial Subordinated Principal Amount; and (b) when used with respect to any other date, an amount equal to (i) the Series 2017-1 Subordinated Principal Amount on the immediately preceding Business Day; plus (ii) the Increase Amount on such date; minus (iii) the Decrease Amount on such date; minus (iv) the amount of principal payments made to the Purchaser pursuant to Section 3.7 on such date.

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

"**Support Facility**" shall mean any liquidity or credit support agreement with the Purchaser which relates to, or is otherwise available to the Purchaser in relation to its funding activities under, this Supplemental Indenture.

"**Suspension Notice**" has the meaning specified in the Change of Law Protection Agreement.

"**Termination Event**" means any Acceleration Event or Series 2017-1 Event of Default or any event which with the giving of notice or the passage of time, or both, could become an Acceleration Event or a Series 2017-1 Event of Default.

"**Transfer Increase**" is defined in Section 3.3(a).

"**Transferee**" is defined in Section 8.1(b).

"**Trust Indenture**" means the trust indenture dated as of December 21, 2017 between the Issuer and the Indenture Trustee.

SCHEDULE B

[FORM OF NOTE]

FLOATING RATE VARIABLE FUNDING SUBORDINATED NOTE, SERIES 2017-1

REGISTERED	INITIAL DOLLAR PRINCIPAL AMOUNT
No. R-[●]	$[●]

FAIR HYDRO TRUST

FLOATING RATE VARIABLE FUNDING SUBORDINATED NOTE, SERIES 2017-1

Fair Hydro Trust (herein referred to as the "**Issuer**"), a trust governed by the laws of Ontario and established under a Declaration of Trust dated as of December 20, 2017 for value received, hereby promises to pay to Ontario Power Generation Inc., or registered assigns, subject to the following provisions, a principal sum of $[●], or, if less, the aggregate unpaid principal amount shown on the schedule attached hereto (and any continuation thereof), which amount shall be payable in the amounts and at the times set forth in the Base Indenture and the Supplemental; provided, that, any Principal Payment Amount due and payable with respect to this Series 2017-1 Subordinated Note shall be due on the related Principal Payment Date. The Issuer will pay interest on this Series 2017-1 Subordinated Note in accordance with Section 3.6 of the Supplemental on each Payment Date until the principal of this Series 2017-1 Subordinated Note is paid or made available for payment, to the extent funds are available in accordance with the terms of the Supplemental. Pursuant to Sections 3.3 and 3.4 of the Supplemental, the principal amount of this Series 2017-1 Subordinated Note shall be subject to Increases and Decreases on any Business Day on or after the date hereof. This Series 2017-1 Subordinated Note is subject to mandatory prepayment, to the extent funds have been allocated to the Principal Accumulation Account and are available therefor, in accordance with Sections 3.4 and Section 3.7 of the Supplemental. Beginning on the first Payment Date following the occurrence of a Series 2017-1 Event of Default or an Event of Default (collectively, a "**Default Event**"), subject to cure in accordance with the Base Indenture or the Supplemental, as applicable, the principal of this Series 2017-1 Subordinated Note shall be paid in installments on each subsequent Principal Payment Date to the extent of funds available for payment therefor pursuant to the Trust Indenture. Such principal of and interest on this Series 2017-1 Subordinated Note shall be paid in the manner specified on the reverse hereof.

The principal of and interest on this Series 2017-1 Subordinated Note are payable in Canadian Dollars. Except as otherwise provided in the Trust Indenture, payments made by the Issuer with respect to this Series 2017-1 Subordinated Note shall be applied first to interest due and payable on this Series 2017-1 Subordinated Note as provided above and then to the unpaid principal of this Series 2017-1 Subordinated Note.

Reference is made to the further provisions of this Series 2017-1 Subordinated Note set forth on the reverse hereof, which shall have the same effect as though fully set forth on the face

of this Series 2017-1 Subordinated Note. Although a summary of certain provisions of the Trust Indenture is set forth below and on the reverse hereof and made a part hereof, this Series 2017-1 Subordinated Note does not purport to summarize the Trust Indenture and reference is made to the Trust Indenture for information with respect to the interests, rights, benefits, obligations, proceeds and duties evidenced hereby and the rights, duties and obligations of the Issuer and the Indenture Trustee. A copy of the Trust Indenture may be requested from the Indenture Trustee by writing to the Indenture Trustee at: BNY Trust Company of Canada, One York Street, 6th Floor, Toronto, Ontario M5J 0B6, Attention: Corporate Trust Administration.

Unless the certificate of authentication hereon has been executed by or on behalf of the Indenture Trustee, by manual signature, this Series 2017-1 Subordinated Note shall not be entitled to any benefit under the Trust Indenture referred to on the reverse hereof, or be valid for any purpose.

IN WITNESS WHEREOF, the Issuer has caused this Series 2017-1 Subordinated Note to be duly executed.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of FAIR HYDRO TRUST, as Issuer

By: **ONTARIO POWER GENERATION INC., not in its individual capacity but solely as Manager**

By: _____
Name:
Title:

By: _____
Name:
Title:

Dated: ●, 20●

INDENTURE TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Series 2017-1 Subordinated Notes described in the within-mentioned Trust Indenture.

BNY TRUST COMPANY OF CANADA, as Indenture Trustee

By: _____
Authorized Signatory

By: _____
Authorized Signatory

FAIR HYDRO TRUST

SERIES 2017-1 FLOATING RATE ASSET BACKED NOTE

Summary of Terms and Conditions

This Series 2017-1 Subordinated Note is one of a duly authorized issue of Subordinated Notes of the Issuer, designated as the Floating Rate Variable Funding Subordinated Note, Series 2017-1 (the "**Series 2017-1 Subordinated Notes**"), issued under a Trust Indenture, dated as of December 21, 2017 (as may be amended, supplemented, restated, replaced or otherwise modified from time to time, the "**Base Indenture**"), between the Issuer and BNY Trust Company of Canada, as indenture trustee (the "**Indenture Trustee,**" which term includes any successor Indenture Trustee under the Base Indenture), as supplemented by the Warehouse Subordinated Series 2017-1 Supplemental Indenture, dated as of December 21, 2017 (the "**Supplemental**"), and representing the right to receive certain payments from the Issuer. The term "**Trust Indenture**," unless the context otherwise requires, refers to the Base Indenture as supplemented by the Supplemental. Except as set forth in the Supplemental, the Series 2017-1 Subordinated Note is subject to all of the terms of the Base Indenture. All terms used in this Series 2017-1 Subordinated Note that are defined in the Supplemental shall have the meanings assigned to them in or pursuant to the Supplemental.

The Series 2017-1 Subordinated Note is and will be equally and ratably secured by the Collateral pledged as security therefor as provided in the Trust Indenture.

"**Payment Date**" means the 15th day of each calendar month, or, if any such date is not a Business Day, the next succeeding Business Day, commencing January 15, 2018.

As described above, any Principal Payment Amount payable with respect to this Series 2017-1 Subordinated Note shall be due and payable on the related Principal Payment Date, in accordance with Section 3.7 of the Supplemental. All principal payments of the Series 2017-1 Subordinated Note shall be made to the registered holder of this Series 2017-1 Subordinated Note.

Payments of interest on this Series 2017-1 Subordinated Note are due and payable on each Payment Date or such other date as may be specified in the Supplemental, together with the installment of principal then due, if any, and any payments of principal made on any Business Day in respect of any Decreases, to the extent not in full payment of this Series 2017-1 Subordinated Note, shall be made by wire transfer to the holder of record of this Series 2017-1 Subordinated Note on the Note Register as of the close of business on each Record Date. Any reduction in the principal amount of this Series 2017-1 Subordinated Note effected by any payments made on any Payment Date shall be binding upon all future holders of this Series 2017-1 Subordinated Note and of any Series 2017-1 Subordinated Note issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof, whether or not noted thereon.

The Issuer shall pay interest on Monthly Interest Shortfalls at the rate specified in the definition thereof, to the extent lawful.

Subject to the terms of the Trust Indenture, the holder of any Series 2017-1 Subordinated Note may transfer the same in whole or in part, in an amount equivalent to an authorized denomination, by surrendering such Series 2017-1 Subordinated Note at the office maintained by the Note Registrar for such purpose pursuant to Section 4.05(c) of the Base Indenture, with the form of transfer endorsed on it duly completed and executed by, or accompanied by a written instrument of transfer in form satisfactory to the Issuer and the Note Registrar by, the holder thereof. In exchange for any Series 2017-1 Subordinated Note properly presented for transfer, the Issuer shall execute and promptly authenticate and deliver or cause to be authenticated and delivered in compliance with applicable law, to the transferee at such office, or send by mail (at the risk of the transferee) to such address as the transferee may request, Series 2017-1 Subordinated Notes for the same aggregate principal amount as was transferred. In the case of the transfer of any Series 2017-1 Subordinated Note in part, the Issuer shall execute and promptly authenticate and deliver or cause to be authenticated and delivered to the transferor at such office, or send by mail (at the risk of the transferor) to such address as the transferor may request, Series 2017-1 Subordinated Note for the aggregate principal amount that was not transferred. No transfer of any Series 2017-1 Subordinated Note shall be made unless the request for such transfer is made by the holder of a Series 2017-1 Subordinated Note at such office. Upon the issuance of transferred Series 2017-1 Subordinated Notes, the Indenture Trustee shall recognize the holders of such Series 2017-1 Subordinated Note as a Noteholder of Series 2017-1 Subordinated Notes.

The registered holder of this Series 2017-1 Subordinated Note, by acceptance of this Series 2017-1 Subordinated Note, hereby acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor under the Base Indenture and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Base Indenture including, without limitation, Section 7.12 (Payments To Be Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse), Article IX (Indenture Trustee) (including all limitations of liability thereunder), Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition).

Prior to the due presentment for registration of transfer of this Series 2017-1 Subordinated Note, the Issuer, the Indenture Trustee and any agent of the Issuer or the Indenture Trustee may treat the Person in whose name this Series 2017-1 Subordinated Note (as of the day of determination or as of such other date as may be specified in the Trust Indenture) is registered as the owner hereof for all purposes, whether or not this Series 2017-1 Subordinated Note shall be overdue, and neither the Issuer, the Indenture Trustee nor any such agent shall be affected by notice to the contrary.

The Trust Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the rights of the holder of the Series 2017-1 Subordinated Notes under the Trust Indenture at any time by the Issuer with the consent of the applicable Person(s) specified therein. The Trust Indenture also contains provisions permitting the applicable Person(s) specified therein to waive compliance by the Issuer with certain provisions of the Trust Indenture and certain past defaults under the Trust Indenture and their consequences with respect to the Series 2017-1 Subordinated Notes. Any such consent or waiver by such Person(s) shall be conclusive and binding upon the registered holder of this Series 2017-1 Subordinated Note and upon all future holders of this Series 2017-1 Subordinated

Note and of any Series 2017-1 Subordinated Notes issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof whether or not notation of such consent or waiver is made upon this Series 2017-1 Subordinated Note. The Trust Indenture also permits the Issuer and the Indenture Trustee to amend or waive certain terms and conditions set forth in the Trust Indenture without the consent of any other Person.

The term "the Issuer" as used in this Series 2017-1 Subordinated Note includes any successor to the Issuer under the Trust Indenture.

The Series 2017-1 Subordinated Note is issuable only in registered form in denominations as provided in the Trust Indenture, subject to certain limitations set forth therein.

This Series 2017-1 Subordinated Note and the Trust Indenture, and all matters arising out of or relating to this Series 2017-1 Subordinated Note or the Trust Indenture, shall be governed by, and construed and interpreted in accordance with, the laws of the Province of Ontario and the federal laws applicable therein, and the obligations, rights and remedies of the parties hereto shall be determined in accordance with such laws.

No reference herein to the Trust Indenture and no provision of this Series 2017-1 Subordinated Note or of the Trust Indenture shall alter or impair the obligation of the Issuer, which is absolute and unconditional, to pay the principal of and interest on this Series 2017-1 Subordinated Note at the times, place and rate, and in the coin or currency herein prescribed, subject to any duty of the Issuer to deduct or withhold any amounts as required by law, including any applicable Taxes.

INCREASES AND DECREASES

Date	Unpaid Principal Amount	Increase	Decrease	Total	Notation Made By

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

_____
(name and address of assignee)

the within certificate and all rights thereunder, and hereby irrevocably constitutes and appoints, _____, attorney, to transfer said certificate on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____ _____[1]
Signature Guaranteed:

REGISTRATION PANEL

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

Date of Registration	In Whose Name Registered	Signature of Note Registrar
●, 20●	●	

[1] NOTE: The signature to this assignment must correspond with the name of the registered owner as it appears on the face of the within Note in every particular, without alteration, enlargement or any change whatsoever.

SCHEDULE C

FORM OF INCREASE NOTICE

TO: Ontario Power Generation Inc. ("**OPG**")

AND TO: BNY Trust Company of Canada, as Indenture Trustee (the "**Indenture Trustee**")

RE: Warehouse Subordinated Series 2017-1 Supplemental Indenture dated as of December 21, 2017 between Computershare Trust Company of Canada, in its capacity as trustee of Fair Hydro Trust (the "**Issuer**"), the Indenture Trustee and OPG (the "**Subordinated Supplemental Indenture**")

Pursuant to Section 3.3(a)(ii) of the Supplemental Indenture, the Issuer hereby gives irrevocable notice to OPG as follows:

1. The Increase Date shall occur on _____.

2. The Increase Amount shall be _____.

3. The Increase is to [fund a Transfer] [is in respect of a Refinancing].

4. Attached hereto is a copy of the irrevocable written increase notice delivered to the Administrative Agent pursuant to section 3.3(a) of the Senior Series 2017-1 Supplemental Indenture in connection with the applicable Series 2017-1 Senior Increase proposed to be made.

Capitalized terms used and not otherwise defined in this Increase Notice have the meanings assigned to them in the Subordinated Supplemental Indenture, whether directly or by reference.

DATED ●, 20●.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of FAIR HYDRO TRUST, as Issuer

By: **ONTARIO POWER GENERATION INC., not in its individual capacity but solely as Manager**

By: _____
Name:
Title:

By: _____
Name:
Title:

Schedule A
Increase Notice – Senior Series 2017-1

See attached.

SCHEDULE D

FORM OF DECREASE NOTICE

TO: Ontario Power Generation Inc. ("**OPG**")

AND TO: BNY Trust Company of Canada, as Indenture Trustee (the "**Indenture Trustee**")

RE: Warehouse Subordinated Series 2017-1 Supplemental Indenture dated as of December 21, 2017 between Computershare Trust Company of Canada, in its capacity as trustee of Fair Hydro Trust (the "**Issuer**"), the Indenture Trustee and OPG (the "**Subordinated Supplemental Indenture**")

Pursuant to Section 3.4 of the Supplemental Indenture, the Issuer hereby gives irrevocable notice to OPG as follows:

1. The Decrease Date shall occur on _____.

2. The Decrease Amount shall be _____.

3. Attached hereto is a copy of the irrevocable written decrease notice delivered to the Administrative Agent pursuant to section 3.4 of the Senior Series 2017-1 Supplemental Indenture in connection with the applicable Series 2017-1 Senior Decrease proposed to be made.

Capitalized terms used and not otherwise defined in this Decrease Notice have the meanings assigned to them in the Subordinated Supplemental Indenture, whether directly or by reference.

DATED ●, 20●.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of FAIR HYDRO TRUST, as Issuer

By: **ONTARIO POWER GENERATION INC., not in its individual capacity but solely as Manager**

By: _____
Name:
Title:

By: _____
Name:
Title:

Schedule A
Decrease Notice – Senior Series 2017-1

See attached.

WAREHOUSE

SUBORDINATED SERIES 2017-1

SUPPLEMENTAL INDENTURE

between

FAIR HYDRO TRUST

by

COMPUTERSHARE TRUST COMPANY OF CANADA
as Issuer Trustee

and

BNY TRUST COMPANY OF CANADA
as Indenture Trustee

and

ONTARIO POWER GENERATION INC.
as Purchaser

Made as of December ~~[21],~~21, 2017

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FLOATING RATE VARIABLE FUNDING, SERIES 2017-1 SUBORDINATED NOTES

SUPPLEMENTAL INDENTURE made as of December ~~[21],~~**21,** 2017, between **Computershare Trust Company of Canada**, a trust company established under the laws of Canada (the "**Issuer Trustee**"), in its capacity as trustee of **Fair Hydro Trust**, a trust existing under the laws of the Province of Ontario (in such capacity, the "**Issuer**"), **BNY Trust Company of Canada**, a trust company established under the laws of Canada (the "**Indenture Trustee**"), and Ontario Power Generation Inc., in its capacity as the purchaser (the "**Purchaser**");

WHEREAS pursuant to the Trust Indenture, provision was made for the issuance of Notes from time to time;

AND WHEREAS pursuant to the Trust Indenture, Notes may be issued in one or more Series by the execution and delivery of a Supplemental Indenture;

AND WHEREAS pursuant to a Supplemental Indenture dated the date hereof between the Issuer Trustee, in its capacity as trustee of the Issuer, the Indenture Trustee, Royal Bank of Canada, in its capacity as the administrative agent for certain purchaser groups (the "**Administrative Agent**"), certain non-conduit purchasers from time to time party thereto, certain commercial paper conduit purchasers from time to time party thereto, and certain funding agents from time to time party thereto (the "**Senior Series 2017-1 Supplemental Indenture**"), the Issuer issued floating rate variable funding Series 2017-1 Senior Notes (the "**Series 2017-1 Senior Notes**");

AND WHEREAS the parties hereto are entering into this Supplemental Indenture to provide for the creation and issuance of the Series 2017-1 Subordinated Notes;

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

ARTICLE 1
INTERPRETATION

1.1 Definitions

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

(b) Except as otherwise expressly provided or unless the context otherwise requires, all terms used herein which are defined in the Trust Indenture, either directly or by reference therein, have the meanings assigned to them in the Trust Indenture.

1.2 Interpretation

Subject to the next following sentences, this Supplemental Indenture is supplemental to the Trust Indenture and the Trust Indenture shall be read in conjunction with this Supplemental Indenture

and all of the provisions of the Trust Indenture shall apply to and shall have effect in connection with this Supplemental Indenture in the same manner as if all of the provisions of the Trust Indenture and of this Supplemental Indenture were contained in one instrument. This Supplemental Indenture shall, unless the context otherwise requires, be subject to the interpretative provisions contained in Article 1 of the Trust Indenture. If any terms of the Trust Indenture are inconsistent with the express terms or provisions hereof, the terms and provisions of the Trust Indenture shall be, solely in respect of the Series 2017-1 Subordinated Notes, amended and supplemented so as to be consistent herewith. The provisions of this Supplemental Indenture are applicable only in respect of the Series 2017-1 Subordinated Notes and not the Notes of any other Series.

1.3 Application of this Supplemental Indenture

With respect to the Series 2017-1 Subordinated Notes only, the terms of the Trust Indenture are amended, supplemented, modified, restated and replaced to the extent applicable by the terms of this Supplemental Indenture in respect of the Series 2017-1 Subordinated Notes in accordance with Section 1.2 above.

ARTICLE 2
PRINCIPAL TERMS

2.1 Creation of Series 2017-1 Subordinated Notes

There is hereby created a Series of Notes to be issued pursuant to the Trust Indenture and this Supplemental Indenture designated as the "**Floating Rate Variable Funding Subordinated Notes, Series 2017-1**."

2.2 Principal Terms

In addition to and without limiting any of the provisions of this Supplemental Indenture, the Series 2017-1 Subordinated Notes:

(a) will be designated as set out in Section 2.1;

(b) will be Subordinated Notes;

(c) will have a Stated Principal Amount equal to the Series 2017-1 Maximum Subordinated Principal Amount;

(d) will not be issued in Tranches;

(e) will be denominated in Canadian dollars;

(f) will not be listed on any securities exchange;

(g) will have an Initial Dollar Principal Amount equal to the Series 2017-1 Initial Subordinated Principal Amount;

(h) will be issued as definitive notes and will not be in the form of a Global Note;

(i) will be issued as Registered Notes and will be without coupons;

(j) will be substantially in the form of Schedule B, with such appropriate insertions, omissions, substitutions and variations as may be approved by the Issuer;

(k) will have each Payment Date on and after the Payment Date in ~~February~~**January**, 2018 as an Interest Payment Date;

(l) will have Principal Payment Dates as determined under Section 3.7;

(m) will have Principal Payment Default Dates as defined herein; and

(n) will have no minimum issue amount.

ARTICLE 3
NOTE PURCHASE FACILITY

3.1 Purchase of Notes by the Purchaser

(a) ***Initial Purchase***. Subject to the terms and conditions of this Supplemental Indenture, including delivery of notice in accordance with Section 3.3, the Purchaser shall purchase a Series 2017-1 Subordinated Note in an amount equal to the Series 2017-1 Initial Subordinated Principal Amount on the Closing Date. Payments by the Purchaser for such purchase shall be made in immediately available funds on the Closing Date in accordance with Section 3.3(c).

(b) ***Series 2017-1 Maximum Subordinated Principal Amount***. Notwithstanding anything to the contrary contained in this Supplemental Indenture, at no time shall the Purchaser be required to purchase Series 2017-1 Subordinated Notes in an amount that exceeds the Series 2017-1 Maximum Subordinated Principal Amount.

3.2 Delivery

(a) On the Closing Date, Series 2017-1 Subordinated Notes shall be executed, authenticated and delivered by the Issuer in accordance with Section 4.03 of the Trust Indenture in the name of the Purchaser in an amount equal to the Series 2017-1 Maximum Subordinated Principal Amount. On each Increase Date, Series 2017-1 Subordinated Notes shall be executed, authenticated and delivered by the Issuer in accordance with Section 4.03 of the Trust Indenture in the name of the Purchaser in an amount equal to the Increase Amount.

(b) The Purchaser shall maintain a record of the actual Series 2017-1 Subordinated Principal Amount outstanding on any date of determination, which, absent manifest error, shall constitute prima facie evidence of the outstanding Series 2017-1 Subordinated Principal Amount from time to time.

3.3 Procedure for Initial Issuance and for Increasing the Series 2017-1 Subordinated Principal Amount

(a) (i) On any Business Day **on or** prior to December ~~[21],~~**21,** 2017, concurrent with the initial purchase of the Series 2017-1 Senior Notes under the Senior Series 2017-1 Supplemental Indenture, the Issuer shall request that the Purchaser purchase, and the Purchaser shall purchase, a Series 2017-1 Subordinated Note for an initial purchase price equal to the Series 2017-1 Initial Subordinated Principal Amount (the date on which the initial purchase occurs being referred to as the "**Closing Date**") by giving the Purchaser (with a copy to the Indenture Trustee) irrevocable written notice (effective upon receipt), by email communication, substantially in the form of Schedule C no later than 12:00 p.m. (Toronto time) on the second Business Day prior to the Closing Date. The written notice of the initial purchase of the Series 2017-1 Subordinated Notes shall (x) state the Closing Date, (y) state the Series 2017-1 Initial Subordinated Principal Amount, and (z) attach a copy of the irrevocable written notice delivered to the Administrative Agent pursuant to Section 3.3(a) of the Senior Series 2017-1 Supplemental Indenture in connection with the concurrent initial purchase of the Series 2017-1 Senior Notes thereunder; and (ii) on any Business Day after the initial purchase of the Series 2017-1 Subordinated Notes hereunder, the Issuer and the Purchaser hereby agree that the Series 2017-1 Subordinated Principal Amount will be increased by an amount (an "**Increase**") such that following such Increase the Outstanding Dollar Principal Amount of the Series 2017-1 Subordinated Notes will be equal to or greater than ~~seventy-eight percent (78%)~~**the Requisite Percentage** of the Outstanding Dollar Principal Amount of the Series 2017-1 Senior Notes on such Business Day (each date on which an increase in the Series 2017-1 Subordinated Principal Amount occurs hereunder being herein referred to as the "**Increase Date**" applicable to such Increase) by the Issuer providing the Purchaser (with a copy to the Indenture Trustee) irrevocable written notice (effective upon receipt), by email communication, substantially in the form of Schedule C (an "**Increase Notice**") no later than 12:00 p.m. (Toronto time) on the third Business Day prior to such Increase Date. Each Increase Notice shall (w) state the Increase Date, (x) state the amount of the increase in the Series 2017-1 Subordinated Principal Amount (an "**Increase Amount**"), (y) state whether the Increase is to fund a Transfer (a "**Transfer Increase**") or is in respect of a Refinancing (a "**Refinancing Increase**"), and (z) attach a copy of the irrevocable written increase notice delivered to the Administrative Agent pursuant to Section 3.3(a) of the Senior Series 2017-1 Supplemental Indenture in connection with the applicable Series 2017-1 Senior Increase proposed to be made thereunder.

(b) The Purchaser shall not be required to increase the Series 2017-1 Subordinated Principal Amount on any Increase Date hereunder if after giving effect to such Increase Amount, the Series 2017-1 Maximum Subordinated Principal Amount will be exceeded.

(c) The Issuer shall apply amounts paid to it pursuant to Section 3.3(a) by application to payment of the purchase price payable by the Issuer to the IESO under the Master Transfer and Servicing Agreement in respect of a Transfer or by deposit to the Refinancing Account.

3.4 Procedure for Decreasing the Series 2017-1 Subordinated Principal Amount

On any Business Day after the initial purchase of the Series 2017-1 Subordinated Notes hereunder, the Issuer and the Purchaser hereby agree that the Series 2017-1 Subordinated

Principal Amount may be decreased by an amount (a "**Decrease**") such that following such decrease the Outstanding Dollar Principal Amount of the Series 2017-1 Subordinated Notes will not be less than ~~seventy-eight percent (78%)~~**the Requisite Percentage** of the Outstanding Dollar Principal Amount of the Series 2017-1 Senior Notes. Each Payment Date on which a Decrease in the Series 2017-1 Subordinated Principal Amount occurs hereunder being herein referred to as the "**Decrease Date**" applicable to such Decrease; and the Issuer shall provide to the Purchaser (with a copy to the Indenture Trustee) irrevocable written notice (effective upon receipt), by email communication, substantially in the form of Schedule D (a "**Decrease Notice**") no later than 12:00 p.m. (Toronto time) on the fifth Business Day prior to any Payment Date that is a Decrease Date. Each Decrease Notice shall (x) state the Decrease Date, (y) state the amount of the decrease in the Series 2017-1 Subordinated Principal Amount (a "**Decrease Amount**"), and (z) attach a copy of the irrevocable written decrease notice delivered to the Administrative Agent pursuant to Section 3.4 of the Senior Series 2017-1 Supplemental Indenture in connection with the applicable Series 2017-1 Senior Decrease proposed to be made thereunder. Upon receipt of any notice required by this Section 3.4 from the Issuer, the Purchaser shall forward (by email communication) a copy of such notice to DBRS on the Business Day received.

3.5 Increases and Reductions of the 2017-1 Maximum Subordinated Principal Amount

(a) If one or more Maximum Purchaser Group Principal Amounts are increased pursuant to Section 3.5(a) of the Senior Series 2017-1 Supplemental Indenture, the Series 2017-1 Maximum Subordinated Principal Amount shall be automatically increased by an amount equal to ~~seventy-eight percent (78%)~~**the Requisite Percentage** of the Outstanding Dollar Principal Amount of the Maximum Purchaser Group Principal Amounts.

(b) If the Series 2017-1 Maximum Senior Principal Amount is reduced pursuant to Section 3.5(b) of the Senior Series 2017-1 Supplemental Indenture, the Series 2017-1 Maximum Subordinated Principal Amount shall be automatically decreased to an amount equal to ~~seventy-eight percent (78%)~~**the Requisite Percentage** of such aggregate decrease to the Series 2017-1 Maximum Senior Principal Amount pursuant to Section 3.5(b) of the Senior Series 2017-1 Supplemental Indenture.

(c) If a Commitment Extension has occurred with respect to the Series 2017-1 Senior Notes, the Principal Accumulation Date, Principal Payment Amount and Principal Payment Default Date shall be amended to the "Principal Accumulation Date", "Principal Payment Amount" and "Principal Payment Default Date" set out in the request related to such Commitment Extension, as applicable.

3.6 Interest; Other Amounts

(a) Interest shall be payable on the Series 2017-1 Subordinated Notes on each Payment Date.

(b) The Purchaser shall provide written notice to the Issuer and the Paying Agent no later than five (5) Business Days prior to each Payment Date, setting forth the Monthly Interest and the Monthly Other Amounts with respect to the Payment Date.

(c) The Monthly Interest shall be included in each calculation of the Interest Accrual Amount (Subordinated) for the purposes of Section 7.04(e)(iv) of the Trust Indenture and shall be payable pursuant to Sections 7.05(b), 7.06(a), 7.07, 7.10(b) or 8.13(d) of the Trust Indenture, as applicable. On each Payment Date, the Monthly Other Amounts shall be payable in respect of the Series 2017-1 Subordinated Notes pursuant to Sections 7.04(e)(xi), 7.10(b) or 8.13(d) of the Trust Indenture, as applicable. On each Payment Date, the Paying Agent shall, subject to availability of funds, pay to the Purchaser the Monthly Other Amounts with respect to the Payment Date.

3.7 Repayment of Principal

Each Payment Date where the Principal Payment Amount is not nil shall be a Principal Payment Date in respect of the Series 2017-1 Subordinated Notes. On each Principal Payment Date in respect of the Series 2017-1 Subordinated Notes, the Paying Agent shall pay to the Purchaser the Principal Payment Amount for such Principal Payment Date out of funds allocated to the Series 2017-1 Subordinated Notes pursuant to Sections 7.04(e)(x), 7.06(b)(iii), 7.08(b)(iii), 7.10(b) or 8.13(i) of the Trust Indenture, as applicable, in repayment of the principal amount of the Series 2017-1 Subordinated Notes.

3.8 Indemnification by the Issuer

The Issuer agrees to indemnify and hold harmless the Indenture Trustee and the Purchaser and each of their respective officers, directors, agents and employees (each, an "**Issuer Indemnified Person**") from and against any loss, liability, expense, damage or injury suffered or sustained by such Issuer Indemnified Person by reason of (a) any acts, omissions or alleged acts or omissions arising out of, or relating to, activities of the Issuer pursuant to the Program Agreements to which it is a party; (b) a breach of any representation or warranty made or deemed made by the Issuer (or any of its officers) in any Program Agreement; or (c) a failure by the Issuer to comply with any applicable law or regulation or to perform its covenants, agreements, duties or obligations required to be performed or observed by it in accordance with the provisions of the Program Agreements, including, but not limited to, any judgment, award, settlement, reasonable attorneys' fees and other reasonable costs or expenses incurred in connection with the defense of any actual or threatened action, proceeding or claim, except to the extent such loss, liability, expense, damage or injury resulted from the gross negligence, bad faith or willful misconduct of such Issuer Indemnified Person or its officers, directors, agents, principals, employees or employers as determined by a court of competent jurisdiction in a final non-appealable judgement or includes any Excluded Taxes; provided that any payments made by the Issuer pursuant to this Section 3.8 shall be made solely from funds available pursuant to Section 7.04 or 8.13 of the Trust Indenture, as applicable, shall be non-recourse other than with respect to such funds, and shall not constitute a claim against the Issuer to the extent that such funds are insufficient to make such payment.

3.9 Taxes

(a) All payments by or on account of any obligation of the Issuer hereunder shall, to the extent allowed by law, be made free and clear of, and without deduction or withholding for or on account of Taxes, excluding (i) income taxes (including branch profit taxes, minimum taxes and taxes computed under alternative methods, at least one of which is based on or measured by net

income), franchise taxes (imposed in lieu of income taxes), or any other Taxes based on or measured by the net income of any person legally entitled to receive such payments (each a "**Recipient**") as a result of a present or former connection between the Recipient and the jurisdiction of the Governmental Authority imposing such Taxes (other than any such connection arising solely from the Recipient having executed, delivered or performed its obligations or received a payment under, disposed of, or enforced, this Supplemental Indenture); (ii) any withholding or deduction imposed pursuant to (A) Sections 1471 to 1474 of the Internal Revenue Code ("**FATCA**"), or any successor version thereof, or any similar legislation imposed by any other Governmental Authority, or (B) any treaty, law or regulation or other official guidance enacted by Canada implementing FATCA or any intergovernmental agreement with respect to FATCA or any similar legislation imposed by any other Governmental Authority, including, for greater certainty, the *Canada-United States Enhanced Tax Information Exchange Agreement Implementation Act* (Canada) and Parts XVIII and XIX of the Income Tax Act (collectively, and including FATCA, the "**AEOI Legislation**"); and (iii) any interest, penalties and additions to Taxes in respect of (i) and (ii) (all such excluded Taxes being hereinafter called "**Excluded Taxes**"). If any Taxes, other than Excluded Taxes, are required to be withheld from any amounts payable to a Recipient hereunder, the amounts so payable to the Recipient shall be increased, and the Recipient shall be entitled to be paid by the Issuer the amount of such increase to the extent necessary to yield to the Recipient (after payment of all such Taxes other than Excluded Taxes) interest or any such other amounts payable hereunder or thereunder at the rates or in the amounts specified hereunder. Where the amount payable by the Issuer is increased in accordance with the previous sentence, the Monthly Interest shall be increased by the amount of such increase. Whenever any Taxes are payable on or with respect to amounts distributed to a Recipient, as promptly as possible thereafter the Issuer shall send to such Recipient a certified copy of an original official receipt showing payment thereof.

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

(c) If a Recipient is legally entitled to receive a refund of any Taxes (other than Excluded Taxes) as to which it has been indemnified or with respect to which additional amounts have been paid to it hereunder or it is legally entitled to receive a credit or deduction with respect to such Taxes or with respect to such additional amounts that have been paid hereunder (in each case pursuant to Section 3.9(a)), it shall use commercially reasonable efforts to obtain or claim such refund, credit or deduction and pay over such refund or the value of such credit or deduction to the Issuer, together with any interest thereon.

3.10 Increased Costs

(a) (i) If any Regulatory Change (x) subjects the Purchaser to any charge or withholding on or with respect to any Support Facility or this Supplemental Indenture or the Purchaser's obligations under a Support Facility or this Supplemental Indenture, or changes the basis of taxation of payments to the Purchaser of any amounts payable under any Support Facility or this Supplemental Indenture Agreement (except for changes in the rate of tax on the overall net income of the Purchaser or Excluded Taxes) or (y) imposes, modifies or deems applicable any reserve, assessment, fee, tax, insurance charge, special deposit or similar requirement against assets of, deposits with or for the account of, or liabilities of the Purchaser, or credit extended by the Purchaser pursuant to a Support Facility or this Supplemental Indenture or (z) imposes any other condition the result of which is to increase the cost to the Purchaser of performing its obligations under a Support Facility or this Supplemental Indenture, or to reduce the rate of return on the Purchaser's capital or assets as a consequence of its obligations under a Support Facility or this Supplemental Indenture, or to reduce the amount of any sum received or receivable by the Purchaser under a Support Facility or this Supplemental Indenture, or to require any payment calculated by reference to the amount of interests or loans held or interest received by it, then, upon written request by the Purchaser therefore to the Issuer, the Purchaser shall be entitled to be paid such amounts charged to the Purchaser or such amounts to otherwise compensate the Purchaser for such increased cost or such reduction following a receipt by the Issuer of such request for compensation under this Section 3.10(a)(i), which payment shall be made on the earlier of (A) the first Payment Date on which amounts are available to pay such amounts pursuant to Section 7.04(e) of the Trust Indenture (provided that such request is received by the Issuer no later than five (5) Business Days prior to the end of the Interest Period related to such Payment Date), and (B) the twelfth Payment Date following such request.

(ii) The Issuer acknowledges that the Purchaser may implement, as an internal institutional matter, measures in anticipation of a final or proposed Regulatory Change (including, without limitation, the imposition of internal charges on the Purchaser's interest or obligations under any Support Agreement or this Supplemental Indenture) and may commence recognizing the incurrence of charges by seeking compensation under Section 3.10(a)(i) in connection with such measures, in advance of the effective date of such final or proposed Regulatory Change, and the Issuer agrees that such charges or compensation shall be payable, to the Purchaser, following demand therefor without regard to whether such proposed Regulatory Change has been adopted or whether such effective date has occurred; provided, that (I) the Purchaser shall provide thirty (30) days prior written notice to the Issuer of its intent to impose or incur any such charges or compensation, (II) the Purchaser shall not be compensated for any such amount pursuant to this subsection 3.10(a)(ii) relating to any period ending, and of which the Purchaser has had knowledge, more than 180 days prior to the date that the Purchaser provided the Issuer with the written notice contemplated by the preceding clause (I) of this subsection 3.10(a)(ii), (III) if, after the payment by the Issuer of any charges or compensation pursuant to this subsection 3.10(a)(ii), either (A) the Issuer requests in writing that the Purchaser re-compute any such charge or compensation in light of differences between a proposed Regulatory Change and the final effective version thereof or (B) the Purchaser determines that the amount of the charge imposed on and required to be compensated by the Issuer exceeds the amount necessary to compensate it for the applicable Regulatory Change as contemplated by subsection 3.10(a)(i), then (x) the amount of such charge or compensation shall, from and after such determination, be reduced by

the amount of such excess and (y) the Purchaser shall, within thirty (30) days of such determination, either repay the amount of such excess or credit the amount of such excess against future charges under this subsection 3.10(a)(ii). The Issuer further acknowledges that any charge or compensation demanded hereunder may take the form of a monthly charge to be assessed by the Purchaser.

(b) The Purchaser claiming increased amounts described in subsection 3.10(a) of this Supplemental Indenture will furnish to the Issuer (together with its request for compensation) a certificate prepared in good faith setting forth the basis and the calculation of the amount (in reasonable detail) of each request by the Purchaser for any such increased amounts referred to in subsection 3.10(a) hereof. Any such certificate shall be conclusive absent manifest error. Failure on the part of the Purchaser to demand compensation for any amount pursuant to subsection 3.10(a) hereof with respect to any period shall not constitute a waiver of the Purchaser's right to demand compensation with respect to such period.

ARTICLE 4
CONDITIONS PRECEDENT

4.1 Conditions Precedent to Initial Purchase of Series 2017-1 Subordinated Notes

On or prior to the initial purchase of Series 2017-1 Subordinated Notes hereunder, the following conditions precedent shall be satisfied:

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

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

(c) The Purchaser shall have received:

(i) executed copies of this Supplemental Indenture;

(ii) certificates of status or compliance or other similar documents issued by the applicable governmental authority to evidence that each of the Issuer Trustee and the Manager is validly existing pursuant to the laws of the jurisdiction of their respective establishment or incorporation;

(iii) a copy of the incorporating documents and all amendments thereto and applicable by-laws, as applicable, of each of the Issuer Trustee, the IESO and the Manager certified by an Authorized Officer of the applicable entity;

(iv) copies of resolutions of the board of directors of the IESO and the Manager approving and authorizing the execution, delivery and performance of each

Program Agreement they are party to, in each case certified by an Authorized Officer of the applicable entity;

(v) incumbency certificates for each of the Issuer Trustee, the Manager and the IESO executing this Supplemental Indenture and any other Program Agreements and the other documents to be delivered by either the Issuer Trustee, the Manager or the IESO thereunder, in each case showing their names, offices and specimen signatures on which certificates the Purchaser shall be entitled to conclusively rely until such time as the Purchaser receives a replacement certificate meeting the requirements of this Section 4.1(c)(v);

(vi) the following Opinions of Counsel:

(A) the opinion of external counsel to the Manager as to the non-consolidation of the Issuer with the Manager in the event of the insolvency of the Manager in form and substance satisfactory to the Purchaser;

(B) the opinion of external counsel to the IESO as to the Investment Asset acquired by the Issuer not being subject to the claims of creditors of the IESO in form and substance satisfactory to the Purchaser;

(C) favourable opinions of external counsel to the Manager covering general corporate matters, the due execution and delivery of, and the enforceability of, each of the Program Agreements to which the Manager, the Issuer and the Issuer Trustee are party which opinion, as to certain matters, may rely on opinion of internal counsel to the Manager and the Issuer Trustee; and

(D) a favourable opinion of external counsel to the Province with respect to the due authorization, execution, delivery and enforceability of the Change of Law Protection Agreement in form and substance satisfactory to the Purchaser;

(vii) a certificate of an Authorized Officer of the Manager confirming that the representations and warranties set forth in Section 12.01 of the Trust Indenture and Section 5.1 of this Supplemental Indenture are true and correct in all material respects, that the Issuer is in compliance in all material respects with all of its covenants and obligations under the Program Agreements to which it is a party and that no Termination Event has occurred; and

(viii) such additional documents, instruments, certificates or letters as the Purchaser may reasonably request.

(d) The representations and warranties set forth in Section 5.1 of this Supplemental Indenture shall be true and correct in all material respects, the Issuer shall be compliance in all material respects with all of its covenants and obligations under the Program Agreements to which it is a party and no Termination Event shall have occurred.

4.2 Conditions Precedent to each Increase under Series 2017-1 Subordinated Notes

On or prior to each Increase, the following conditions precedent shall be satisfied:

(a) the Purchaser shall have received an Increase Notice;

(b) no Termination Event shall have occurred or would occur after giving effect to such Increase;

(c) if the Increase is identified as a Transfer Increase in the Increase Notice, then the related Transfer under the Master Transfer and Servicing Agreement shall have been completed or contemporaneously completed;

(d) after giving effect the Increase, the aggregate of the amounts on deposit in the Program Cash Reserve Account and the IESO Cash Reserve Account shall be equal to or greater than the sum of:

(i) the Program Cash Reserve Required Amount,

plus

(ii) **if the Increase Date is on or after May 1, 2021,** an amount equal to the sum of (x) the amount originally determined under clause (b) of the definition of IESO Cash Reserve Deposit Amount in the Trust Indenture, less any amounts withdrawn from the IESO Cash Reserve Account to pay any Obligations Secured described in subsections 7.04(e)(i) through (v) of the Trust Indenture prior to the date of such Increase, and (y) to the extent the amount originally determined under clause (b) of the definition of IESO Cash Reserve Deposit Amount in the Trust Indenture was not determined in a manner which included the amount of such Increase, an amount estimated by the Manager, acting reasonably, equal to the additional Monthly Interest payable with respect to such Increase up to and including the Payment Date in July, 2021.

(e) after giving effect to such Increase, the aggregate Outstanding Dollar Principal Amount of Junior Subordinated Funding Obligations will not be less than 10% of the aggregate Outstanding Dollar Principal Amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations.

(f) the Indenture Trustee shall have received (i) the adherence compliance certificate required pursuant to Section 4.02(a) of the Change of Law Protection Agreement with respect to such Increase, or (B) written confirmation from the Province that the Funding Obligations incurred under this Supplemental Indenture with respect to such Increase constitute Approved Obligations.

The Issuer's acceptance of funds in connection with each Increase occurring on any Increase Date shall constitute a representation and warranty by the Issuer to the Purchaser as of such Increase Date that all of the conditions contained in Section 3.3(a) and this Section 4.2 are satisfied.

ARTICLE 5
REPRESENTATIONS AND WARRANTIES

5.1 Representations and Warranties of the Issuer

The Issuer hereby represents and warrants to the Purchaser as of the Closing Date, and shall be deemed to represent and warrant to the Purchaser on each Increase Date, that:

(a) no Termination Event has occurred or would result from the initial purchase of the Issuer Investment Interest on the Closing Date or any increase in the Issuer Investment Interest on an Increase Date, as applicable;

(b) the Issuer Trustee and the Issuer are not Non-residents;

(c) all tax returns (federal, provincial and local) required to be filed with respect to the Issuer have been filed and there has been paid or adequate provision made for the payment of all material Taxes in respect of the Issuer;

(d) the Issuer has complied in all material respects with all laws in respect of the conduct of its business and ownership of its property including the Issuer Investment Interest;

(e) all information provided to the Purchaser by or on behalf of the Issuer in respect of the Issuer Investment Interest is and will be true and accurate in all material respects; and

(f) to its knowledge, there is no set of circumstances existing at such time that will have an Adverse Effect or will reasonably be expected to have an Adverse Effect.

5.2 Representations and Warranties of the Purchaser

The Purchaser represents and warrants to the Issuer as of the Closing Date, and shall be deemed to represent and warrant to the Issuer on each Increase Date, that:

(a) it is resident in Ontario or is otherwise subject to the securities legislation of the Province of Ontario;

(b) it is purchasing the applicable Series 2017-1 Subordinated Notes (i) as principal for its own account and not for the benefit of any other "person" (as defined in the *Securities Act* (Ontario)) or company; and (ii) for cash consideration in excess of $150,000; and

(c) it was not created and is not being used solely to purchase or hold securities in reliance on the exemption from the prospectus and dealer registration requirements contained in Section 2.10 of National Instrument 45-106 − Prospectus and Registration Exemptions.

5.3 Survival

The representations and warranties set out in this Article 5 shall survive the execution hereof.

ARTICLE 6
COVENANTS

6.1 Covenants of the Issuer

(a) The Issuer shall promptly provide to the Purchaser (in multiple copies if requested) copies of all material reports, notices, financial statements and other documents delivered by the IESO to the Issuer with respect to the Issuer Investment Interest or pursuant to the Master Transfer and Servicing Agreement; provided such documents shall be deemed to be delivered hereunder so long as the Purchaser is the Manager.

(b) The Issuer shall provide to the Purchaser (in multiple copies, if requested) such other information, documents, records or reports respecting the Issuer Investment Interest, the Issuer or the IESO which is in the possession or under the control of the Issuer or the Manager, as the Purchaser may from time to time reasonably request, including any correspondence with a Rating Agency; provided such documents shall be deemed to be delivered hereunder so long as the Purchaser is the Manager.

(c) The Issuer shall furnish to the Purchaser promptly after known to the Issuer or the Manager, information with respect to any action, suit or proceeding involving the Manager, the Issuer or the IESO or any of their respective Affiliates by or before any court or any Governmental Authority which, if adversely determined, would have an Adverse Effect; provided that the Purchaser shall be deemed to have knowledge of such actions, suits or proceedings so long as it is the Manager.

ARTICLE 7
ACCELERATION

7.1 Acceleration of Series 2017-1 Subordinated Principal Amount

If a Series 2017-1 Event of Default occurs and is continuing, then and in each and every such case, and without regard to whether all Issuer Funding Obligations have been declared due and payable immediately pursuant to Section 8.02(a) of the Trust Indenture, the Purchaser may by notice in writing to the Issuer and to the Indenture Trustee declare the Series 2017-1 Subordinated Principal Amount and all interest accrued and unpaid (if any) thereon to be due and payable immediately, and upon any such declaration the same will become and will be immediately due and payable, notwithstanding anything in this Supplemental Indenture or the Trust Indenture to the contrary.

ARTICLE 8
GENERAL

8.1 Successor and Assigns

(a) This Supplemental Indenture shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, except that (i) the Issuer may not assign or transfer any of its rights or obligations under this Supplemental Indenture without the prior written consent of the Purchaser and at least 10 Business Days' notice having been given to

DBRS; and (ii) the Purchaser may, without the prior written consent of the Issuer but with prior notice to DBRS, assign or transfer any of its rights or obligations under this Supplemental Indenture to any of its wholly-owned affiliates (a "**Transferee**") pursuant to a transfer supplement, ~~substantially in the form of Exhibit E (the "**Transfer Supplement**")~~ **in such form and substance as shall be acceptable to the Purchaser and the Issuer (acting reasonably), executed by the Purchaser, the Transferee and the Issuer**.

(b) The Issuer authorizes the Purchaser to disclose to any Transferee and any prospective Transferee any and all financial information in the Purchaser's possession concerning the Issuer, the Issuer Investment Interest and the Program Agreements which has been delivered to the Purchaser by the Issuer or the Manager.

(c) Notwithstanding any other provision of this Supplemental Indenture to the contrary, the Purchaser may at any time pledge or grant a security interest in all or any portion of its rights under its Series 2017-1 Subordinated Note and this Supplemental Indenture to secure obligations of the Purchaser to any Person, without notice to or consent of the Issuer; provided that no such pledge or grant of a security interest shall release the Purchaser from any of its obligations hereunder or substitute any such pledgee or grantee for the Purchaser as a party hereto.

8.2 Waiver

Without limiting the requirements of Section 11.02 of the Trust Indenture which shall be applicable to this Supplemental Indenture, no waiver of any provision of this Supplemental Indenture or consent to any departure by the Issuer from any provision of this Supplemental Indenture will be effective (in whole or in part) unless in writing and signed by the Purchaser. Such waiver will be effective only in the specific instance, for the specific purpose and for the specific length of time for which it is given by the Purchaser.

8.3 Notice

All notices, requests, instructions and demands to or upon any party hereto to be effective shall be given (a) in the case of the Issuer and the Indenture Trustee, in the manner set forth in Article 15 of the Trust Indenture; and (b) in the case of the Purchaser, in writing, and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when delivered by hand or three days after being deposited in the mail, postage prepaid, in the case of facsimile notice, when received, or in the case of overnight air courier, one Business Day after the date such notice is delivered to such overnight courier, addressed as follows; or to such other address as may be hereafter notified by the respective parties hereto:

Purchaser:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6

Attention: Vice President, Fair Hydro Plan
Fax: (416) 592-4189
Email: FHP@opg.com

8.4 No Waiver: Remedies

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

8.5 Entire Agreement

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

8.6 Governing Law and Attornment

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

8.7 Acknowledgment of Trust Indenture and No Proceedings

~~(a)~~ The Purchaser hereby acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor under the Trust Indenture and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Trust Indenture including, without limitation, Section 7.12 (Payments To Be Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse), Article IX (Indenture Trustee) (including all limitations of liability thereunder), Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition).

~~(b) The Purchaser irrevocably authorizes and directs the Indenture Trustee on its behalf to take such action (including the execution and delivery of documents of subordination) as may be necessary or appropriate to further assure the priority arrangements provided for in Article VI, Article VII and Section 8.13 of the Trust Indenture, and appoints the Indenture Trustee as its agent for any and all such purposes.~~

~~(c) The Purchaser consents, requests and authorizes the Issuer and the Indenture Trustee to (i) add the Purchaser (or its agent) to the register of Specified Creditors described in Section 13.13 of the Trust Indenture and (ii) disseminate the notice details of the Purchaser to other Specified Creditors for the purposes set out in subsection 9.14(b) of the Trust Indenture.~~

8.8 Expenses

The Issuer agrees to pay on demand (a) to the Indenture Trustee and the Purchaser all reasonable costs and expenses in connection with the preparation, execution, and delivery of this

Supplemental Indenture and the other documents to be delivered hereunder or in connection herewith, including, the reasonable fees and out-of-pocket expenses of counsel for the Purchaser, with respect thereto; (b) to the Indenture Trustee and the Purchaser, all reasonable costs and expenses in connection with any amendments of or waivers or consents under this Supplemental Indenture or the Program Agreements, including in each case the reasonable fees and out-of-pocket expenses of counsel with respect thereto; and (c) to the Indenture Trustee and the Purchaser, on demand, all reasonable costs and expenses (including reasonable fees and expenses of counsel to the Purchaser), if any, in connection with the enforcement of this Supplemental Indenture or any of the Program Agreements, and the other documents delivered thereunder or in connection therewith.

8.9 Further Assurances

Each of the parties hereto upon the request of the other party or parties hereto shall do, execute, acknowledge and deliver or cause to be done, executed acknowledged or delivered all such further acts, deeds, documents, assignments, transfers, conveyances, powers of attorney and assurances as may be reasonably necessary or desirable to effect or complete the consummation of the transactions contemplated by this Supplemental Indenture.

8.10 Confidentiality

(a) The Purchaser covenants and agrees that any non-public information obtained by it pursuant to this Supplemental Indenture and the other Program Agreements shall be held in confidence except that the Purchaser may disclose such information (i) pursuant to the order of any court or administrative agency or in any pending legal or administrative proceeding (whether or not having the force or effect of law) provided that, unless prohibited by applicable law, the Purchaser shall provide prompt notice of such order to the affected party; (ii) upon the request or demand of any regulatory authority having or claiming jurisdiction over the Purchaser; (iii) as required by applicable law including, without limitation, all applicable securities laws; (iv) to the extent that such information becomes publicly available other than by reason of improper disclosure by the Purchaser; (v) to its affiliates, officers, directors, employees, legal counsel, independent auditors, accountants, advisors, investors, potential investors, commercial paper dealers, providers of surety, guaranty, credit or liquidity enhancement (including the directors, officers and accountants of such surety, guaranty, credit or liquidity enhancement provider), legal counsel of any of the foregoing and other experts or agents who need to know such information and are informed of the confidential nature of such information; (vi) for purposes of establishing a "due diligence" defense; (vii) which was available to the Purchaser on a non-confidential basis from a source other than the affected party, provided that such source was not to the knowledge of the Purchaser bound by a confidentiality agreement with the affected party; (viii) has been independently acquired or developed by the Purchaser without violating any of the Purchaser's obligations under this Supplemental Indenture; (ix) if such disclosure has been approved in writing in advance by the Issuer or the Manager; (x) regarding the existence of this Supplemental Indenture, but not the financial terms thereof; and (xi) to DBRS and Moody's and any other Rating Agencies.

(b) The Issuer covenants and agrees to hold in confidence, and not disclose to any Person, the terms of this Supplemental Indenture, except as the Purchaser may have consented to in writing

prior to any proposed disclosure and except (i) it may also disclose such information (A) to its officers, directors, employees, legal counsel, independent auditors, accountants and other advisors who are directly involved in the consideration of this Supplemental Indenture (and then only on a confidential basis), (B) to the Manager and its officers, directors, employees, legal counsel, independent auditors, accountants and other advisors, (C) any ministry or agency of the Province of Ontario and, in each case, their respective employees, officials, agents and advisors, (D) as required by applicable law (including, without limitation, applicable securities law) or compulsory legal process, (E) as expressly permitted by the terms of the Program Agreements, and (F) to DBRS and Moody's and any other Rating Agencies; provided, that, in the case of clause (D), the Issuer will use all commercially reasonable efforts to maintain confidentiality and will (unless otherwise prohibited by law) notify the Purchaser of its intention to make any such disclosure prior to making such disclosure; and (ii) it may also disclose the existence (but not the financial terms) of this Supplemental Indenture, including to any actual or prospective purchaser of other Notes.

(c) The parties hereto acknowledge that a description of this Supplemental Indenture and the Series 2017-1 Subordinated Note will be included in the preliminary and final offering memoranda of the Issuer relating to the issue of other Notes from time to time.

(d) The confidentiality provisions set forth in this Section 8.10 shall expire on the second year anniversary of the date on which the Series 2017-1 Subordinated Notes have been paid in full.

8.11 Limitation of Liability of Issuer Trustee

Each party hereto other than the Issuer acknowledges that the Issuer is a trust, and that Computershare Trust Company of Canada is the Issuer Trustee. The other parties hereto agree that the Issuer Trustee will not be subject to any liability whatsoever to them, in tort, contract or otherwise, in connection with the Issuer's assets or the trust activities, for any action taken or permitted by it to be taken, or for its failure to take any action; provided that the foregoing limitation will not apply in respect of any action or failure to act arising from or in connection with wilful misconduct, negligence or reckless disregard of a duty by the Issuer Trustee. The Issuer Trustee in doing anything or permitting anything to be done in respect of assets or the trust activities is, and shall be conclusively deemed to be, acting as trustee of the Issuer and not in any other capacity. Except as to the extent provided in this Section 8.11, the Issuer Trustee will not be subject to any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Issuer, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the Issuer's assets or the trust activities and resort will be had solely to the Collateral for the payment or performance thereof. No property or assets of the Issuer Trustee, whether owned in its personal capacity or otherwise, will be subject to levy, execution or other enforcement procedure with regard to any obligation under this Supplemental Indenture. Nothing contained in this Section 8.11 shall be construed so as to limit the liability of the Issuer under this Supplemental Indenture. This Supplemental Indenture, and every deed, transfer, assignment, agreement or other instrument made pursuant hereto including, without limitation, the Series 2017-1 Subordinated Notes, made or purporting to be made by or creating an obligation of the Issuer or the Issuer Trustee on behalf of, or as trustee of, the Issuer shall be deemed and construed for all purposes as if made by the Issuer Trustee, in and only in its

capacity as trustee of the Issuer. Any obligations of the Issuer Trustee hereunder or thereunder are non-recourse to the Issuer Trustee in its personal capacity.

8.12 Execution in Counterparts

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

8.13 Delivery of Executed Copies

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

[signature page follows]

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

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

By:
Name:
Title:

By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, as Indenture Trustee

By:
Name:
Title:

By:
Name:
Title:

ONTARIO POWER GENERATION INC., as Purchaser

By:
Name:
Title:

By:
Name:
Title:

SCHEDULE A

DEFINITIONS

"**Acceleration Event**" means either:

(a) all Issuer Funding Obligations are declared due and payable under Section 8.02 of the Trust Indenture, or

(b) the Series 2017-1 Subordinated Principal Amount and all interest accrued and unpaid thereon is declared to be due and payable under Section 7.1.

"**Administrative Agent**" is defined in the recitals to this Supplemental Indenture.

"**AEOI Legislation**" is defined in Section 3.9(a).

"**Applicable Margin**" means 0.10% per annum.

"**Authorized Officer**" means, with respect to: (a) the Issuer, any authorized director or officer of the Manager; (b) the Manager, any authorized director of officer of OPG; (c) the IESO, any authorized director or officer of the IESO; (d) the Issuer Trustee, any officer within the corporate trust office of such trustee (including the President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Treasurer or any other officer of the Issuer Trustee customarily performing functions similar to those performed by persons who at the time shall be such officers, respectively, and that has direct responsibility for the administration of the Issuer and also, with respect to a particular matter, any other officer to whom such matter is referred to because of such officer's knowledge and familiarity with the particular subject).

"**Base Rate**" means ~~the weighted average interest rate applicable to the~~**, for any Payment Date, the amount of interest and fees payable to the holders of Series 2017-1 Senior Notes on such Payment Date, expressed as a rate per annum on the weighted average outstanding principal amount of** Series 2017-1 Senior Notes **from the preceding Payment Date to such Payment Date**.

"**Closing Date**" is defined in Section 3.3(a).

"**Commitment Extension**" is defined in the Senior Series 2017-1 Supplemental Indenture.

"**Decrease**" is defined in Section 3.4.

"**Decrease Amount**" is defined in Section 3.4.

"**Excluded Taxes**" is defined in Section 3.9(a).

"**FATCA**" is defined in Section 3.9(a).

"**Increase**" is defined in Section 3.3(a).

"**Increase Amount**" is defined in Section 3.3(a).

"**Increase Date**" is defined in Section 3.3(a).

"**Increase Notice**" is defined in Section 3.3(a).

"**Indenture Trustee**" is defined in the recitals to this Supplemental Indenture.

"**Interest Period**" means each of the consecutive periods that begins on, and includes, each Payment Date and ends on and excludes, the following Payment Date; provided that the first Interest Period shall begin on the Closing Date and end on the Payment Date in January, 2018.

"**Issuer**" is defined in the recitals to this Supplemental Indenture.

"**Issuer Indemnified Person**" is defined in Section 3.8.

"**Issuer Trustee**" is defined in the recitals to this Supplemental Indenture.

"**Maximum Purchaser Group Principal Amount**" has the meaning specified in the Senior Series 2017-1 Supplemental Indenture.

"**Monthly Interest**" shall mean, for any Payment Date, the sum of (A) the sum for each day during such Interest Period of the product of (i) the Series 2017-1 Subordinated Principal Amount on such day; times (ii) the sum of the Base Rate for such day plus the Applicable Margin, divided by (iii) 365, and (B) the Monthly Interest Shortfall; provided that, for the purposes of determining the Monthly Interest in respect of an Interest Period prior to the end of the Interest Period, the Purchaser may estimate the interest for the remaining days in the Interest Period and provided further, if the actual interest for such days is less than the estimated interest, the Monthly Interest for the following Interest Period shall be reduced to adjust for such lower actual interest and if the actual interest for such days is higher than the estimated interest, the Monthly Interest for the following Interest Period shall be increased to adjust for such higher interest.

"**Monthly Interest Shortfall**" means, for any Payment Date, if the amount in clause (A) of the definition of Monthly Interest for the preceding Payment Date was greater than the amount distributed to the payment of such amounts pursuant to Section 3.6(c), an amount equal to the amount in clause (A) of the definition of Monthly Interest owing to the Purchaser which was unpaid on the preceding Payment Date plus interest on such unpaid amount for the period from the preceding Payment Date to the current Payment Date at a rate equal to the Prime Rate plus 1.00% per annum.

"**Monthly Other Amounts**" shall mean, for any Payment Date the sum of (a) any amounts payable to the Purchaser hereunder (other than Monthly Interest) including, without limitation, pursuant to Sections 3.8, 3.9, 3.10 and 8.8; plus (c) the Monthly Other Amounts Shortfall for such Payment Date.

"**Monthly Other Amounts Shortfall**" means, for any Payment Date, if the amount of the Monthly Other Amounts for the preceding Payment Date was greater than the amount distributed

to the payment of such amounts pursuant to Section 3.6(c), an amount equal to the Monthly Other Amounts owing to the Purchaser which were unpaid on the preceding Payment Date plus interest on such unpaid amount for the period from the preceding Payment Date to the current Payment Date at a rate equal to the Prime Rate plus 1.00% per annum.

"**Prime Rate**" means the annual rate of interest announced by Royal Bank of Canada from time to time as being its reference rate for the determination of interest rates on Canadian dollar denominated commercial loans made by it and commonly referred to by Royal Bank of Canada as its "prime rate."

"**Principal Accumulation Date**" means the Payment Date occurring in the month of July, 2021, as such date may be modified pursuant to Section 3.5(c).

"**Principal Payment Amount**" means, in respect of the Series 2017-1 Subordinated Notes (unless modified pursuant to Section 3.5(c)):

(a) On any Payment Date occurring on or after the earlier of (i) the Payment Date occurring in October, 2021; and (ii) the occurrence of an Acceleration Event, the Series 2017-1 Subordinated Principal Amount.

(b) Unless clause (a) above is applicable, on the Payment Dates in the month of July, August, September and October of 2021, an amount equal the lesser of (x) the sum of (A) 25% of the Series 2017-1 Subordinated Principal Amount on the Business Day prior to the Principal Accumulation Date plus (B) the Decrease Amount of any Decrease occurring on such Payment Date, and (y) the Series 2017-1 Subordinated Principal Amount.

(c) Unless either of clauses (a) or (b) above is applicable, on any Payment Date that is not a Decrease Date, nil.

(d) Unless either of clauses (a) or (b) above is applicable, on any Payment Date that is a Decrease Date, the Decrease Amount of the Decrease occurring on such Payment Date.

"**Principal Payment Default Date**" means the Business Day that is two years after the Payment Date in respect of such Principal Payment Amount, as such date may be modified pursuant to Section 3.5(c).

"**Purchaser**" is defined in the recitals to this Supplemental Indenture.

"**Recipient**" is defined in Section 3.9(a).

"**Refinancing Increase**" is defined in Section 3.3(a).

"**Regulatory Change**" shall mean (i) the adoption after the date hereof of any applicable law, rule or regulation (including any applicable law, rule or regulation regarding capital adequacy, deposits, reserves or liquidity coverage) or any change therein after the date hereof, (ii) any change after the date hereof in the interpretation, administration, scope or timing of implementation thereof by any governmental authority, central bank, self-regulating professional body or comparable agency or authority charged with the interpretation or administration thereof,

or compliance with any guidance, request or directive (whether or not having the force of law) of any such authority, central bank, self-regulating professional body or comparable agency or authority; provided that for purposes of this definition, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder, issued in connection therewith or in implementation thereof, and (y) all requests, rules, guidelines and directives (whether or not having the force of law) promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or Canadian or United States or other foreign regulatory authorities, shall in each case be deemed to be a "Regulatory Change", regardless of the date enacted, adopted, issued or implemented.

"Requisite Percentage" means the quotient of 39 divided by 51, expressed as a percentage.

"**Senior Series 2017-1 Supplemental Indenture**" is defined in the recitals to this Supplemental Indenture.

"**Series 2017-1 Event of Default**" means any one of the following events occurs at any time that the Subordinated Funding Obligations constitute the Controlling Class Obligations (whatever the reason for such Series 2017-1 Event of Default and whether it will be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any Governmental Authority):

(a) a default by the Issuer in the payment of any interest on any Series 2017-1 Subordinated Notes when such interest becomes due and payable, and continuance of such default for a period of five days following the date on which such interest became due and payable;

(b) a default by the Issuer in the payment of any principal of any Series 2017-1 Subordinated Notes at its Principal Payment Default Date;

(c) any representation or warranty contained in Section 5.1 of this Supplemental Indenture or Section 12.01 of the Trust Indenture proves to be incorrect in any material respect when made and such incorrect representation or warranty if capable of being remedied by the Issuer, has not been remedied for a period of 30 days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by the Purchaser, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default" hereunder and, as a result of such default, the interests of the Purchaser is materially and adversely affected and continue to be materially and adversely affected during the 30-day period;

(d) a default in the performance, or breach, of any covenant of the Issuer in the Trust Indenture or this Supplemental Indenture in respect of any Series 2017-1 Subordinated Notes (other than an agreement, covenant or warranty a default in the performance of which or the breach of which is elsewhere specifically dealt with in this definition of Series 2017-1 Event of Default), and continuance of such default or breach for a period of 30 days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by the Purchaser, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default"

hereunder and, as a result of such default, the interests of the Purchaser is materially and adversely affected and continue to be materially and adversely affected during the 30-day period;

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

(f) a Suspension Notice is issued by the Province.

"**Series 2017-1 Initial Senior Principal Amount**" means the "Series 2017-1 Initial Principal Amount" as defined in the Senior Series 2017-1 Supplemental Indenture.

"**Series 2017-1 Initial Subordinated Principal Amount**" means an amount equal to ~~seventy-eight percent (78%)~~**the Requisite Percentage** of the Series 2017-1 Initial Senior Principal Amount.

"**Series 2017-1 Maximum Senior Principal Amount**" means the "Series 2017-1 Maximum Principal Amount" as defined in the Senior Series 2017-1 Supplemental Indenture.

"**Series 2017-1 Maximum Subordinated Principal Amount**" means an amount equal to ~~seventy-eight percent (78%)~~**the Requisite Percentage** of the Series 2017-1 Maximum Senior Principal Amount.

"**Series 2017-1 Senior Decrease**" means, with respect to a Business Day, the sum of all amounts of Decreases (as defined in the Senior Series 2017-1 Supplemental Indenture) on such Business Day.

"**Series 2017-1 Senior Increase**" means, with respect to a Business Day, the sum of all amounts of Increases (as defined in the Senior Series 2017-1 Supplemental Indenture) on such Business Day.

"**Series 2017-1 Senior Notes**" is defined in the recitals to this Supplemental Indenture.

"**Series 2017-1 Subordinated Note**" means any one of the Floating Rate Variable Funding Subordinated Notes, Series 2017-1, executed by the Issuer and authenticated and delivered by or on behalf of the Indenture Trustee, substantially in the form of Exhibit B.

"**Series 2017-1 Subordinated Principal Amount**" means (a) when used with respect to the Closing Date, the Series 2017-1 Initial Subordinated Principal Amount; and (b) when used with respect to any other date, an amount equal to (i) the Series 2017-1 Subordinated Principal Amount on the immediately preceding Business Day; plus (ii) the Increase Amount on such date; minus (iii) the Decrease Amount on such date; minus (iv) the amount of principal payments made to the Purchaser pursuant to Section 3.7 on such date.

"**Supplemental Indenture**" means this Amended and Restated Supplemental Indenture, together with the Schedules hereto, as amended, supplemented, modified, restated or replaced from time to time, together with all schedules hereto and the expressions "hereof," "herein," "hereto,"

"hereunder," "hereby" and similar expressions refer to this Supplemental Indenture and not to any Article, Section, paragraph, subparagraph or clause hereof.

"**Support Facility**" shall mean any liquidity or credit support agreement with the Purchaser which relates to, or is otherwise available to the Purchaser in relation to its funding activities under, this Supplemental Indenture.

"**Suspension Notice**" has the meaning specified in the Change of Law Protection Agreement.

"**Termination Event**" means any Acceleration Event or Series 2017-1 Event of Default or any event which with the giving of notice or the passage of time, or both, could become an Acceleration Event or a Series 2017-1 Event of Default.

"**Transfer Increase**" is defined in Section 3.3(a).

~~"**Transfer Supplement**" is defined in Section 8.1(a).~~

"**Transferee**" is defined in Section 8.1(b).

"**Trust Indenture**" means the trust indenture dated as of December ~~[21],~~**21,** 2017 between the Issuer and the Indenture Trustee.

SCHEDULE B

[FORM OF NOTE]

FLOATING RATE VARIABLE FUNDING SUBORDINATED NOTE, SERIES 2017-1

REGISTERED INITIAL DOLLAR PRINCIPAL AMOUNT
No. R-[●] $[●]

FAIR HYDRO TRUST

FLOATING RATE VARIABLE FUNDING SUBORDINATED NOTE, SERIES 2017-1

Fair Hydro Trust (herein referred to as the "**Issuer**"), a trust governed by the laws of Ontario and established under a Declaration of Trust dated as of December ~~[21],~~**20,** 2017 for value received, hereby promises to pay to Ontario Power Generation Inc., or registered assigns, subject to the following provisions, a principal sum of $~~●~~**[●]**, or, if less, the aggregate unpaid principal amount shown on the schedule attached hereto (and any continuation thereof), which amount shall be payable in the amounts and at the times set forth in the Base Indenture and the Supplemental; provided, that, ~~the entire unpaid amount of~~ any Principal Payment Amount **due and** payable with respect to this Series 2017-1 Subordinated Note shall be due on the related Principal Payment ~~Default~~ Date. The Issuer will pay interest on this Series 2017-1 Subordinated Note in accordance with Section 3.6 of the Supplemental on each Payment Date until the principal of this Series 2017-1 Subordinated Note is paid or made available for payment, to the extent funds are available in accordance with the terms of the Supplemental. Pursuant to Sections 3.3 and 3.4 of the Supplemental, the principal amount of this Series 2017-1 Subordinated Note shall be subject to Increases and Decreases on any Business Day on or after the date hereof. This Series 2017-1 Subordinated Note is subject to mandatory prepayment, to the extent funds have been allocated to the Principal Accumulation Account and are available therefor, in accordance with Sections 3.4 and Section 3.7 of the Supplemental. Beginning on the first Payment Date following the occurrence of a Series 2017-1 Event of Default or an Event of Default (collectively, a "**Default Event**"), subject to cure in accordance with the Base Indenture or the Supplemental, as applicable, the principal of this Series 2017-1 Subordinated Note shall be paid in installments on each subsequent Principal Payment Date to the extent of funds available for payment therefor pursuant to the Trust Indenture. Such principal of and interest on this Series 2017-1 Subordinated Note shall be paid in the manner specified on the reverse hereof.

The principal of and interest on this Series 2017-1 Subordinated Note are payable in Canadian Dollars. ~~Payments~~**Except as otherwise provided in the Trust Indenture, payments** made by the Issuer with respect to this Series 2017-1 Subordinated Note shall be applied ~~in accordance with the payment priorities in Section 7.04(e) and 8.13 of the Base Indenture, as applicable~~**first to interest due and payable on this Series 2017-1 Subordinated Note as provided above and then to the unpaid principal of this Series 2017-1 Subordinated Note**.

Reference is made to the further provisions of this Series 2017-1 Subordinated Note set forth on the reverse hereof, which shall have the same effect as though fully set forth on the face of this Series 2017-1 Subordinated Note. Although a summary of certain provisions of the Trust Indenture is set forth below and on the reverse hereof and made a part hereof, this Series 2017-1 Subordinated Note does not purport to summarize the Trust Indenture and reference is made to the Trust Indenture for information with respect to the interests, rights, benefits, obligations, proceeds and duties evidenced hereby and the rights, duties and obligations of the Issuer and the Indenture Trustee. A copy of the Trust Indenture may be requested from the Indenture Trustee by writing to the Indenture Trustee at: BNY Trust Company of Canada, One York Street, 6th Floor, Toronto, Ontario M5J 0B6, Attention: Corporate Trust Administration.

Unless the certificate of authentication hereon has been executed by or on behalf of the Indenture Trustee, by manual signature, this Series 2017-1 Subordinated Note shall not be entitled to any benefit under the Trust Indenture referred to on the reverse hereof, or be valid for any purpose.

IN WITNESS WHEREOF, the Issuer has caused this Series 2017-1 Subordinated Note to be duly executed.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of FAIR HYDRO TRUST, as Issuer

By: **ONTARIO POWER GENERATION INC., not in its individual capacity but solely as Manager**

By:
Name:
Title:

By: _____
Name:
Title:

Dated: ~~December [21], 2017~~**●, 20●**

INDENTURE TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Series 2017-1 Subordinated Notes described in the within-mentioned Trust Indenture.

BNY TRUST COMPANY OF CANADA, as Indenture Trustee

By:
Authorized Signatory

By:
Authorized Signatory

FAIR HYDRO TRUST

~~SERIES 2017-1~~ SERIES 2017-1 FLOATING RATE ASSET BACKED NOTE

Summary of Terms and Conditions

This Series 2017-1 Subordinated Note is one of a duly authorized issue of Subordinated Notes of the Issuer, designated as the Floating Rate Variable Funding Subordinated Note, Series 2017-1 (the "**Series 2017-1 Subordinated Notes**"), issued under ~~an~~**a** Trust Indenture, dated as of December ~~[21],~~**21,** 2017 (as may be amended, supplemented, restated, replaced or otherwise modified from time to time, the "**Base Indenture**"), between the Issuer and BNY Trust Company of Canada, as indenture trustee (the "**Indenture Trustee,**" which term includes any successor Indenture Trustee under the Base Indenture), as supplemented by the Warehouse Subordinated Series 2017-**1 Supplemental** Indenture ~~Supplement~~, dated as of December ~~[21],~~**21,** 2017 (the "**Supplemental**"), and representing the right to receive certain payments from the Issuer. The term "**Trust Indenture**," unless the context otherwise requires, refers to the Base Indenture as supplemented by the Supplemental. Except as set forth in the Supplemental, the Series 2017-1 Subordinated Note is subject to all of the terms of the ~~Trust~~**Base** Indenture. All terms used in this Series 2017-1 Subordinated Note that are defined in the Supplemental shall have the meanings assigned to them in or pursuant to the Supplemental.

The Series 2017-1 Subordinated Note is and will be equally and ratably secured by the Collateral pledged as security therefor as provided in the Trust Indenture.

"**Payment Date**" means the 15th day of each calendar month, or, if any such date is not a Business Day, the next succeeding Business Day, commencing January 15, 2018.

As described above, ~~the entire unpaid amount of~~ any Principal Payment Amount payable with respect to this Series 2017-1 Subordinated Note shall be due and payable on the related Principal Payment ~~Default~~ Date, in accordance with Section 3.7 of the Supplemental. ~~Notwithstanding the foregoing, if a Default Event with respect to the Series 2017-1 Subordinated Notes shall have occurred and be continuing then, in certain circumstances, principal of the~~ <~~*Series 2017-1 Subordinated Note*~~> ~~may be paid earlier, as described in the Trust Indenture.~~ All principal payments of the Series 2017-1 Subordinated Note shall be made to ~~Ontario Power Generation Inc~~**the registered holder of this**> *Series 2017-1 Subordinated Note*<.

Payments of interest on this Series 2017-1 Subordinated Note are due and payable on each Payment Date or such other date as may be specified in the Supplemental, together with the installment of principal then due, if any, and any payments of principal made on any Business Day in respect of any Decreases, to the extent not in full payment of this Series 2017-1 Subordinated Note, shall be made by wire transfer to the holder of record of this Series 2017-1 Subordinated Note ~~(or one or more predecessor Series 2017-1 Subordinated Notes)~~ on the Note Register as of the close of business on each Record Date. Any reduction in the principal amount of this Series 2017-1 Subordinated Note ~~(or one or more predecessor Series 2017-1 Subordinated Notes)~~ effected by any payments made on any Payment Date shall be binding upon all future holders of this Series 2017-1 Subordinated Note and of any Series 2017-1 Subordinated Note

issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof, whether or not noted thereon.

The Issuer shall pay interest on Monthly Interest Shortfalls at the rate specified in the definition thereof, to the extent lawful.

Subject to the terms of the Trust Indenture, the holder of any Series 2017-1 Subordinated Note may transfer the same in whole or in part, in an amount equivalent to an authorized denomination, by surrendering such Series 2017-1 Subordinated Note at the office maintained by the Note Registrar for such purpose pursuant to Section 4.05(c) of the Base Indenture, with the form of transfer endorsed on it duly completed and executed by, or accompanied by a written instrument of transfer in form satisfactory to the Issuer and the Note Registrar by, the holder thereof. In exchange for any Series 2017-1 Subordinated Note properly presented for transfer, the Issuer shall execute and promptly authenticate and deliver or cause to be authenticated and delivered in compliance with applicable law, to the transferee at such office, or send by mail (at the risk of the transferee) to such address as the transferee may request, Series 2017-1 Subordinated Notes for the same aggregate principal amount as was transferred. In the case of the transfer of any Series 2017-1 Subordinated Note in part, the Issuer shall execute and promptly authenticate and deliver or cause to be authenticated and delivered to the transferor at such office, or send by mail (at the risk of the transferor) to such address as the transferor may request, Series 2017-1 Subordinated Note for the aggregate principal amount that was not transferred. No transfer of any Series 2017-1 Subordinated Note shall be made unless the request for such transfer is made by the holder of a Series 2017-1 Subordinated Note at such office. Upon the issuance of transferred Series 2017-1 Subordinated Notes, the Indenture Trustee shall recognize the holders of such Series 2017-1 Subordinated Note as a Noteholder of Series 2017-1 Subordinated Notes.

~~Ontario Power Generation Inc., by acceptance~~**The registered holder** of this Series 2017-1 Subordinated Note, **by acceptance of this Series 2017-1 Subordinated Note,** hereby acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor under the Base Indenture and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Base Indenture including, without limitation, Section 7.12 (Payments To Be Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse), Article IX (Indenture Trustee) (including all limitations of liability thereunder), Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition).

Prior to the due presentment for registration of transfer of this Series 2017-1 Subordinated Note, the Issuer, the Indenture Trustee and any agent of the Issuer or the Indenture Trustee may treat the Person in whose name this Series 2017-1 Subordinated Note (as of the day of determination or as of such other date as may be specified in the Trust Indenture) is registered as the owner hereof for all purposes, whether or not this Series 2017-1 Subordinated Note shall be overdue, and neither the Issuer, the Indenture Trustee nor any such agent shall be affected by notice to the contrary.

The Trust Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the rights of the holder of the Series 2017-1 Subordinated Notes under the Trust Indenture at any time by the Issuer with the consent of the applicable Person(s) specified therein. The Trust Indenture also contains provisions permitting the applicable Person(s) specified therein to waive compliance by the Issuer with certain provisions of the Trust Indenture and certain past defaults under the Trust Indenture and their consequences with respect to the Series 2017-1 Subordinated Notes. Any such consent or waiver by such Person(s) shall be conclusive and binding upon ~~Ontario Power Generation Inc.~~**the registered holder of this Series 2017-1 Subordinated Note** and upon all future holders of this Series 2017-1 Subordinated Note and of any Series 2017-1 Subordinated Notes issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof whether or not notation of such consent or waiver is made upon this Series 2017-1 Subordinated Note. The Trust Indenture also permits the Issuer and the Indenture Trustee to amend or waive certain terms and conditions set forth in the Trust Indenture without the consent of any other Person.

The term "the Issuer" as used in this Series 2017-1 Subordinated Note includes any successor to the Issuer under the Trust Indenture.

The Series 2017-1 Subordinated Note is issuable only in registered form in denominations as provided in the Trust Indenture, subject to certain limitations set forth therein.

This Series 2017-1 Subordinated Note and the Trust Indenture, and all matters arising out of or relating to this Series 2017-1 Subordinated Note or **the** Trust Indenture, shall be governed by, and construed and interpreted in accordance with, the laws of the Province of Ontario and the federal laws applicable therein, and the obligations, rights and remedies of the parties hereto shall be determined in accordance with such laws.

No reference herein to the Trust Indenture and no provision of this Series 2017-1 Subordinated Note or of the Trust Indenture shall alter or impair the obligation of the Issuer, which is absolute and unconditional, to pay the principal of and interest on this Series 2017-1 Subordinated Note at the times, place and rate, and in the coin or currency herein prescribed, subject to any duty of the Issuer to deduct or withhold any amounts as required by law, including any applicable ~~taxes~~**Taxes**.

INCREASES AND DECREASES

Date	Unpaid Principal Amount	Increase	Decrease	Total	Notation Made By

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

_____
(name and address of assignee)

the within certificate and all rights thereunder, and hereby irrevocably constitutes and appoints, _____, attorney, to transfer said certificate on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____ _____[1]
Signature Guaranteed:

REGISTRATION PANEL

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

Date of Registration	In Whose Name Registered	Signature of Note Registrar
●, ~~201~~**20**●	●	

[1] NOTE: The signature to this assignment must correspond with the name of the registered owner as it appears on the face of the within Note in every particular, without alteration, enlargement or any change whatsoever.

SCHEDULE C

FORM OF INCREASE NOTICE

●

TO: **Ontario Power Generation Inc. ("OPG")**

AND TO: **BNY Trust Company of Canada, as Indenture Trustee (the "Indenture Trustee")**

RE: **Warehouse Subordinated Series 2017-1 Supplemental Indenture dated as of December 21, 2017 between Computershare Trust Company of Canada, in its capacity as trustee of Fair Hydro Trust (the "Issuer"), the Indenture Trustee and OPG (the "Subordinated Supplemental Indenture")**

Pursuant to Section 3.3(a)(ii) of the Supplemental Indenture, the Issuer hereby gives irrevocable notice to OPG as follows:

1. **The Increase Date shall occur on _____.**

2. **The Increase Amount shall be _____.**

3. **The Increase is to [fund a Transfer] [is in respect of a Refinancing].**

4. **Attached hereto is a copy of the irrevocable written increase notice delivered to the Administrative Agent pursuant to section 3.3(a) of the Senior Series 2017-1 Supplemental Indenture in connection with the applicable Series 2017-1 Senior Increase proposed to be made.**

Capitalized terms used and not otherwise defined in this Increase Notice have the meanings assigned to them in the Subordinated Supplemental Indenture, whether directly or by reference.

DATED ●, 20●.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of FAIR HYDRO TRUST, as Issuer

By: **ONTARIO POWER GENERATION INC., not in its individual capacity but solely as Manager**

By:

Name:

Title:

By: _____

Name:
Title:

Schedule A
Increase Notice – Senior Series 2017-1

See attached.

SCHEDULE D

FORM OF DECREASE NOTICE

●

~~SCHEDULE E~~

~~FORM OF TRANSFER SUPPLEMENT~~

TO: Ontario Power Generation Inc. ("OPG")

AND TO: BNY Trust Company of Canada, as Indenture Trustee (the "Indenture Trustee")

RE: Warehouse Subordinated Series 2017-1 Supplemental Indenture dated as of December 21, 2017 between Computershare Trust Company of Canada, in its capacity as trustee of Fair Hydro Trust (the "Issuer"), the Indenture Trustee and OPG (the "Subordinated Supplemental Indenture")

Pursuant to Section 3.4 of the Supplemental Indenture, the Issuer hereby gives irrevocable notice to OPG as follows:

1. The Decrease Date shall occur on _____.

2. The Decrease Amount shall be _____.

3. Attached hereto is a copy of the irrevocable written decrease notice delivered to the Administrative Agent pursuant to section 3.4 of the Senior Series 2017-1 Supplemental Indenture in connection with the applicable Series 2017-1 Senior Decrease proposed to be made.

Capitalized terms used and not otherwise defined in this Decrease Notice have the meanings assigned to them in the Subordinated Supplemental Indenture, whether directly or by reference.

DATED ●, 20●.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of FAIR HYDRO TRUST, as Issuer

By: ONTARIO POWER GENERATION INC., not in its individual capacity but solely as Manager

By:

Name:
Title:

By: _____

Name:
Title:

Schedule A
Decrease Notice – Senior Series 2017-1

See attached.

Document comparison by Workshare Compare on December-19-17 4:48:43 PM

Input:	
Document 1 ID	file://C:\Users\yolusoga\AppData\Local\Microsoft\Windows\Temporary Internet Files\Content.Outlook\BDP8ZGDZ\Subordinated Warehouse Supplement (002).DOCX
Description	Subordinated Warehouse Supplement (002)
Document 2 ID	interwovenSite://INVENTORYS1/TorysAtWork/24463900/11
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Rendering set	strikeout (colour)

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Insertion	
~~Deletion~~	
<~~*Moved from*~~>	
>*Moved to* <	
Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	104
Deletions	68
Moved from	1
Moved to	1
Style change	0
Format changed	0

Total changes	174

WAREHOUSE

SENIOR SERIES 2017-1

SUPPLEMENTAL INDENTURE

between

FAIR HYDRO TRUST

by

COMPUTERSHARE TRUST COMPANY OF CANADA
as Issuer Trustee

and

BNY TRUST COMPANY OF CANADA
as Indenture Trustee

and

ROYAL BANK OF CANADA
as Administrative Agent

and

CERTAIN CP CONDUIT PURCHASERS,
CERTAIN NON-CONDUIT PURCHASERS
CERTAIN FUNDING AGENTS
and CERTAIN GROUP BANKS

Made as of December 21, 2017

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FLOATING RATE VARIABLE FUNDING,
SERIES 2017-1 SENIOR NOTES

SUPPLEMENTAL INDENTURE made as of December 21, 2017, between **Computershare Trust Company of Canada**, a trust company established under the laws of Canada (the "**Issuer Trustee**"), in its capacity as trustee of **Fair Hydro Trust**, a trust existing under the laws of the Province of Ontario (in such capacity, the "**Issuer**"), **BNY Trust Company of Canada**, a trust company established under the laws of Canada (the "**Indenture Trustee**"), **Royal Bank of Canada**, in its capacity as the administrative agent for the Purchaser Groups (the "**Administrative Agent**"), the **Non-Conduit Purchasers** from time to time party hereto, the **CP Conduit Purchasers** from time to time party hereto, and the **Funding Agents** for the CP Conduit Purchaser Groups from time to time party hereto.

WHEREAS pursuant to the Trust Indenture, provision was made for the issuance of Notes from time to time;

AND WHEREAS pursuant to the Trust Indenture, Notes may be issued in one or more Series by the execution and delivery of a Supplemental Indenture;

AND WHEREAS the parties hereto are entering into this Supplemental Indenture to provide for the creation and issuance of the Series 2017-1 Senior Notes;

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

ARTICLE 1
INTERPRETATION

1.1 Definitions

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

(b) Except as otherwise expressly provided or unless the context otherwise requires, all terms used herein which are defined in the Trust Indenture, either directly or by reference therein, have the meanings assigned to them in the Trust Indenture.

1.2 Interpretation

Subject to the next following sentences, this Supplemental Indenture is supplemental to the Trust Indenture and the Trust Indenture shall be read in conjunction with this Supplemental Indenture and all of the provisions of the Trust Indenture shall apply to and shall have effect in connection with this Supplemental Indenture in the same manner as if all of the provisions of the Trust Indenture and of this Supplemental Indenture were contained in one instrument. This Supplemental Indenture shall, unless the context otherwise requires, be subject to the interpretative provisions contained in Article 1 of the Trust Indenture. If any terms of the Trust Indenture are

inconsistent with the express terms or provisions hereof, the terms and provisions of the Trust Indenture shall be, solely in respect of the Series 2017-1 Senior Notes, amended and supplemented so as to be consistent herewith. The provisions of this Supplemental Indenture are applicable only in respect of the Series 2017-1 Senior Notes and not the Notes of any other Series.

1.3 Application of this Supplemental Indenture

With respect to the Series 2017-1 Senior Notes only, the terms of the Trust Indenture are amended, supplemented, modified, restated and replaced to the extent applicable by the terms of this Supplemental Indenture in respect of the Series 2017-1 Senior Notes in accordance with Section 1.2 above.

ARTICLE 2
PRINCIPAL TERMS

2.1 Creation of Series 2017-1 Senior Notes

There is hereby created a Series of Notes to be issued pursuant to the Trust Indenture and this Supplemental Indenture designated as the "**Floating Rate Variable Funding Senior Notes, Series 2017-1**."

2.2 Principal Terms

In addition to and without limiting any of the provisions of this Supplemental Indenture, the Series 2017-1 Senior Notes:

(a) will be designated as set out in Section 2.1;

(b) will be Senior Notes;

(c) will have a Stated Principal Amount equal to the Series 2017-1 Maximum Principal Amount;

(d) will not be issued in Tranches;

(e) will be denominated in Canadian dollars;

(f) will not be listed on any securities exchange;

(g) will have an Initial Dollar Principal Amount equal to the Series 2017-1 Initial Principal Amount;

(h) will be issued as definitive notes and will not be in the form of a Global Note;

(i) will be issued as Registered Notes and will be without coupons;

(j) will be substantially in the form of Schedule B, with such appropriate insertions, omissions, substitutions and variations as may be approved by the Issuer;

(k) will have each Payment Date on and after the Payment Date in January, 2018 as an Interest Payment Date;

(l) will have Principal Payment Dates as determined under Section 3.7;

(m) will have Principal Payment Default Dates as defined herein; and

(n) will have no minimum issue amount.

ARTICLE 3
NOTE PURCHASE FACILITY

3.1 Purchase of Notes by the Purchasers

(a) ***Initial Purchases***. Subject to the terms and conditions of this Supplemental Indenture, including delivery of notice in accordance with Section 3.3, (i) each Non-Conduit Purchaser shall purchase, and each CP Conduit Purchaser may, in its sole discretion, purchase a Series 2017-1 Senior Note in an amount equal to all or a portion of its Commitment Percentage of the Series 2017-1 Initial Principal Amount on any Business Day during the period from the date hereof to and including December 21, 2017, and if any such CP Conduit Purchaser shall have notified the Administrative Agent and the Funding Agent with respect to such CP Conduit Purchaser that it has elected not to fund a Series 2017-1 Senior Note in an amount equal to its Commitment Percentage of the Series 2017-1 Initial Principal Amount on the Closing Date, the Group Bank with respect to such CP Conduit Purchaser shall fund on the Closing Date that portion of such Series 2017-1 Senior Note not to be funded by such CP Conduit Purchaser; and (ii) thereafter, (A) each Non-Conduit Purchaser shall maintain its Series 2017-1 Senior Note, subject to increase or decrease during the period from the Closing Date to and including the Commitment Expiry Date, in accordance with the provisions of this Supplemental Indenture, (B) if a CP Conduit Purchaser shall have purchased a Series 2017-1 Senior Note on the Closing Date, such CP Conduit Purchaser may, in its sole discretion, maintain its Series 2017-1 Senior Note, subject to increase or decrease during the period from the Closing Date to and including the Commitment Expiry Date, in accordance with the provisions of this Supplemental Indenture, and (C) the Group Bank shall maintain its Series 2017-1 Senior Note with respect to its Related Purchaser Group, subject to increase or decrease during the period from the Closing Date to and including the Commitment Expiry Date, in accordance with the provisions of this Supplemental Indenture. Payments by the Non-Conduit Purchasers, the CP Conduit Purchasers and/or the Group Bank with respect to the CP Conduit Purchasers shall be made in immediately available funds on the Closing Date in accordance with Section 3.3(d).

(b) ***Maximum Purchaser Group Principal Amounts***. Notwithstanding anything to the contrary contained in this Supplemental Indenture, at no time shall a Purchaser Group be required to make the initial purchase of a Series 2017-1 Senior Note or increase its Purchaser Group Principal Amount if the sum of (x) Purchaser Group

Principal Amount with respect to such Purchaser Group, after giving effect to such purchase or increase, and (y) the sum of any unfunded Delayed Amounts with respect to such Purchaser Group, would exceed the Maximum Purchaser Group Principal Amount with respect to such Purchaser Group at such time.

3.2 Delivery

(a) On or prior to the Closing Date (or on any later date that any Purchaser Group becomes a party to this Supplemental Indenture), Series 2017-1 Senior Notes shall be executed, authenticated and delivered by the Issuer in accordance with Section 4.03 of the Trust Indenture (i) in the case of a CP Conduit Purchaser Group, in the name of the Funding Agent with respect to such CP Conduit Purchaser Group (or as otherwise requested by such CP Conduit Purchaser Group and agreed to by the Issuer) in an amount equal to the Maximum Purchaser Group Principal Amount with respect to such CP Conduit Purchaser Group and delivered to such Funding Agent; or (ii) in the case of a Non-Conduit Purchaser Group, in the name of the Related Non-Conduit Purchaser in an amount equal to the Maximum Purchaser Group Principal Amount with respect to such Related Non-Conduit Purchaser and delivered to such Related Non-Conduit Purchaser.

(b) The Administrative Agent shall maintain a record of the actual Purchaser Group Principal Amount outstanding with respect to each Purchaser Group and the actual Series 2017-1 Principal Amount outstanding on any date of determination, which, absent manifest error, shall constitute prima facie evidence of the outstanding Purchaser Group Principal Amounts and outstanding Series 2017-1 Principal Amount from time to time. Upon a written request from the Indenture Trustee, the Administrative Agent shall provide in writing the identity of the Purchaser Groups, the related Funding Agents for each CP Conduit Purchaser Group, the Purchaser Group Principal Amount for each Purchaser Group and the Commitment Percentage with respect to such Purchaser Group to the Indenture Trustee.

3.3 Procedure for Initial Issuance and for Increasing the Series 2017-1 Principal Amount

(a) (i) On any Business Day prior to December 21, 2017, in the case of a Non-Conduit Purchaser Group, the Related Non-Conduit Purchaser hereby agrees, or in the case of a CP Conduit Purchaser Group, the CP Conduit Purchaser in such CP Conduit Purchaser Group may agree, in its sole discretion, and the Group Bank with respect to such CP Conduit Purchaser hereby agrees, that it will purchase a Series 2017-1 Senior Note for an initial purchase price equal to the Commitment Percentage with respect to such Purchaser Group of the Series 2017-1 Initial Principal Amount upon the request of the Issuer (the date on which the initial purchase occurs being referred to as the "**Closing Date**"); provided, however, that the Issuer shall have given each of the Funding Agents (with a copy to the Indenture Trustee) irrevocable written notice (effective upon receipt), by email communication, substantially in the form of Schedule C no later than 12:00 p.m. (Toronto time) on the second Business Day prior to the Closing Date. The written notice of the initial purchase of the Series

2017-1 Senior Notes shall state (x) the Closing Date, and (y) the initial total purchase price to be paid for the Series 2017-1 Senior Notes (the "**Series 2017-1 Initial Principal Amount**"); and (ii) subject to Section 3.3(e), on any Business Day during the period from the initial purchase of the Series 2017-1 Senior Notes hereunder to and including the Commitment Expiry Date, in the case of a Non-Conduit Purchaser Group, the Related Non-Conduit Purchaser hereby agrees, or in the case of a CP Conduit Purchaser Group, the CP Conduit Purchaser in such CP Conduit Purchaser Group may agree, in its sole discretion, and the Group Bank with respect to such CP Conduit Purchaser hereby agrees that the Purchaser Group Principal Amount with respect to such Purchaser Group may be increased by an amount equal to the Commitment Percentage with respect to such Purchaser Group of the Increase Amount (an "**Increase**"), upon the request of the Issuer (each date on which an increase in the Series 2017-1 Principal Amount occurs hereunder being herein referred to as the "**Increase Date**" applicable to such Increase); provided, however, that the Issuer shall have given the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser (with a copy to the Indenture Trustee) irrevocable (other than as specified in Section 3.3(e)) written notice (effective upon receipt), by email communication, substantially in the form of Schedule C (an "**Increase Notice**") no later than 12:00 p.m. (Toronto time) on (A) with respect to a Deferrable Increase Notice, the third Business Day prior to such Increase Date, or (B) with respect to a Non-Deferrable Increase Notice, the second Business Day prior to such Increase Date. Each Increase Notice shall state (x) the Increase Date, (y) the proposed amount of the increase in the Series 2017-1 Principal Amount (an "**Increase Amount**"), (z) whether a Delayed Funding Notice may be delivered in connection with such Increase pursuant to Section 3.3(e) and whether the Increase is to fund a Transfer (a "**Transfer Increase**") or is in respect of a Refinancing (a "**Refinancing Increase**"). The Commitment Percentage with respect to any Purchaser Group of the Increase Amount set forth in any Non-Deferrable Increase Notice shall not exceed such Purchaser Group's Non-Deferrable Draw Amount as of the related Increase Date.

(b) If a CP Conduit Purchaser elects not to fund the full amount of its Commitment Percentage of a requested Increase, such CP Conduit Purchaser shall notify the Administrative Agent and the Funding Agent with respect to such CP Conduit Purchaser, and the Group Bank with respect to such CP Conduit Purchaser shall fund the portion of the Commitment Percentage with respect to such Related Purchaser Group of such Increase not funded by such CP Conduit Purchaser.

(c) No Purchaser Group shall be required to increase its Purchaser Group Principal Amount on any Increase Date hereunder unless:

(i) such Purchaser Group's Commitment Percentage of such Increase Amount is (A) equal to $1,000,000 or more, or (B) if less than $1,000,000, the difference between the Maximum Purchaser Group Principal Amount with respect to such Purchaser Group and the Purchaser Group Principal Amount with respect to such Purchaser Group; and

(ii) after giving effect to such Increase Amount, the sum of the (x) the Purchaser Group Principal Amount, and (y) any unfunded Delayed Amounts with respect to such Purchaser Group would not exceed the Maximum Purchaser Group Principal Amount with respect to such Purchaser Group;

(d) After receipt by any Funding Agent with respect to a CP Conduit Purchaser Group of any notice required by Section 3.3(a) or permitted by Section 3.3(e) from the Issuer, such Funding Agent shall, so long as the conditions set forth in Sections 3.3(a) and (c) and Article 4 are satisfied, promptly provide notice by email communication to the related CP Conduit Purchaser and the related Group Bank, of the Increase Date and of such CP Conduit Purchaser Group's Commitment Percentage of the Closing Date or Increase Amount, as applicable. Subject to Section 3.3(e), if such CP Conduit Purchaser elects to fund all or a portion of its Commitment Percentage of the Series 2017-1 Initial Principal Amount or the Increase Amount, as applicable, such CP Conduit Purchaser shall pay in immediately available funds its Commitment Percentage (or any portion thereof) of the amount of the Series 2017-1 Initial Principal Amount or Increase Amount, as applicable, on the Closing Date or the related Increase Date, as applicable, to the Funding Agent with respect to such CP Conduit Purchaser Group for remittance to the Issuer for application in accordance with Section 3.3(h). Subject to Section 3.3(e), if such CP Conduit Purchaser does not fund the full amount of the Commitment Percentage of such CP Conduit Purchaser Group of the Series 2017-1 Initial Principal Amount or an Increase Amount, as applicable, and the related Group Bank is required to fund the portion thereof not funded by the CP Conduit Purchaser, such Group Bank shall pay in immediately available funds such portion on the Closing Date or the related Increase Date, as applicable, to the Funding Agent with respect to such CP Conduit Purchaser Group. Each Funding Agent shall remit the amounts received by it from its CP Conduit Purchaser or the related Group Bank pursuant to this Section 3.3(d) to the Issuer for application in accordance with Section 3.3(h). Subject to Section 3.3(e), so long as the conditions set forth in Sections 3.3(a) and (c) and Article 4 are satisfied, each Non-Conduit Purchaser shall pay in immediately available funds the Commitment Percentage of such Non-Conduit Purchaser of the amount of the Series 2017-1 Initial Principal Amount or Increase Amount, as applicable, on the Closing Date or the Increase Date, as applicable, to the Issuer for application in accordance with Section 3.3(h).

(e) Notwithstanding any of the foregoing, any Group Bank or Non-Conduit Purchaser may, upon receipt of any Deferrable Increase Notice pursuant to Section 3.3(a), notify the Issuer in writing (a "**Delayed Funding Notice**") on or prior to 12:00 noon (Toronto time) on the second Business Day preceding the related Increase Date, of its intent to fund an amount up to its Commitment Percentage of the related Increase Amount (such amount, subject to any adjustment described below, the "**Delayed Amount**") on a Business Day that is on or before the thirty-third (33rd) day following the Increase Date specified in such Deferrable Increase Notice (the "**Delayed Funding Date**") rather than on such Increase Date. If any Group Bank or Non-Conduit Purchaser provides a Delayed Funding Notice to the Issuer following the Issuer's delivery of an Increase Notice pursuant to Section 3.3(a), the

Issuer may with written notice to the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser delivered prior to 3:00 pm on the second Business Day preceding such Increase Date, (x) decrease the Increase Amount with respect to such Deferrable Increase Notice (or revoke such Deferrable Increase Notice by decreasing the Increase Amount to zero), and/or (y) require any Group Bank or Non-Conduit Purchaser who has provided a Delayed Funding Notice to reduce the Delayed Amount with respect to such Increase by an amount no greater than the Non-Deferrable Draw Amount with respect to such Purchaser Group as of the related Increase Date. In the event that the Increase Amount with respect to such Deferrable Increase Notice is reduced, but not to zero, then any Delayed Amount with respect to any Purchaser Group shall be reduced on a pro rata basis unless otherwise specified by the Issuer pursuant to clause (y) above. No Purchaser Group that has provided a Delayed Funding Notice in respect of an Increase (each a "**Delayed Funding Purchaser Group**") shall be considered to be in default of its obligation to fund its Delayed Amount pursuant to this Section 3.3 unless and until it has failed to fund the Delayed Amount (and/or the Delayed Funding Reimbursement Amount with respect to such Delayed Amount) on or before the Delayed Funding Date.

(f) If (i) one or more Delayed Funding Purchaser Groups provides a Delayed Funding Notice to the Issuer in respect of any Increase Date; and (ii) the Issuer shall not have decreased the related Increase Amount to zero or required each such Delayed Funding Purchaser Group to reduce the Delayed Amount with respect to such Increase to zero, in each case, pursuant to Section 3.3(e), the Administrative Agent shall, by no later than 5:00 p.m. (Toronto time) on the second Business Day preceding such Increase Date, direct each Purchaser Group that is not a Delayed Funding Purchaser Group with respect to such Increase Date (each a "**Non-Delayed Funding Purchaser Group**") to fund an additional portion of such Increase Amount on such Increase Date equal to such Non-Delayed Funding Purchaser Group's proportionate share (based upon the Maximum Purchaser Group Principal Amount with respect to such Non-Delayed Funding Purchaser Group relative to the sum of the Maximum Purchaser Group Principal Amounts with respect to all Non-Delayed Funding Purchaser Groups) of the aggregate Delayed Amounts with respect to such Increase Date; provided that no Non-Delayed Funding Purchaser Group shall be required to fund any portion of the aggregate Delayed Amounts that would cause its Purchaser Group Principal Amount to exceed its Maximum Purchaser Group Principal Amount. Subject to Section 3.3(a), in the case of a Non-Delayed Funding Purchaser Group that is a Non-Conduit Purchaser, such Non-Conduit Purchaser hereby agrees, or, in the case of a Non-Delayed Funding Purchaser Group that is a CP Conduit Purchaser Group, the CP Conduit Purchaser in such CP Conduit Purchaser Group may agree, in its sole discretion, and the Group Bank in such CP Conduit Purchaser Group hereby agrees, to fund such portion of the Increase Amount on such Increase Date.

(g) After the Non-Delayed Funding Purchaser Groups fund a Delayed Amount on any Increase Date in accordance with Section 3.3(f), the Delayed Funding Purchaser Group in respect of such Delayed Amount will be obligated to fund the Delayed

Funding Reimbursement Amount with respect to such Delayed Amount on or before its Delayed Funding Date, irrespective of whether the Scheduled Commitment Expiry Date shall have occurred on or prior to such Delayed Funding Date or the Issuer would be able to satisfy the conditions set forth in Section 3.3(c) to an Increase in an amount equal to such Delayed Funding Reimbursement Amount on such Delayed Funding Date. Such Delayed Funding Purchaser Group shall fund such Delayed Funding Reimbursement Amount on such Delayed Funding Date by paying such amount in immediately available funds to each such Non-Delayed Funding Purchaser Group, *pro rata* based on the relative amount of such Delayed Amount funded by such Non-Delayed Funding Purchaser Group on such Increase Date pursuant to Section 3.3(f).

(h) The Issuer shall apply amounts paid to it pursuant to Sections 3.3(d) and 3.3(f) by application to payment of the purchase price payable by the Issuer to the IESO under the Master Transfer and Servicing Agreement in respect of a Transfer or by deposit to the Refinancing Account.

3.4 Procedure for Decreasing the Series 2017-1 Principal Amount; Optional Termination

(a) In the case of a Non-Conduit Purchaser Group, the Related Non-Conduit Purchaser hereby agrees, and in the case of a CP Conduit Purchaser Group, each of the CP Conduit Purchasers and the Group Bank in such CP Conduit Purchaser Group hereby agrees, that the Purchaser Group Principal Amount with respect to such Purchaser Group may be decreased on any Payment Date by such Purchaser Group's Commitment Percentage of a Decrease Amount (a "**Decrease**"), upon the request of the Issuer. Each Payment Date on which a Decrease in the Series 2017-1 Principal Amount occurs hereunder being herein referred to as the "**Decrease Date**" applicable to such Decrease; provided, however, that the Issuer shall have given the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser (with a copy to the Indenture Trustee and each CP Conduit Rating Agency) irrevocable written notice (effective upon receipt), by email communication, substantially in the form of Schedule D (a "**Decrease Notice**") no later than 12:00 p.m. (Toronto time) on the fifth Business Day prior to any Payment Date that is a Decrease Date. Each Decrease Notice shall state (x) the Decrease Date, and (y) the proposed amount of the decrease in the Series 2017-1 Principal Amount (a "**Decrease Amount**"). If a Decrease is greater than $250,000,000, the Issuer shall provide written notice to the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser (with a copy to the Indenture Trustee and each CP Conduit Rating Agency) no later than 12:00 p.m. (Toronto time) on the 45th day prior to the Decrease Date that the Issuer intends to issue a Decrease Notice with respect to the applicable Decrease Date. If such a notice is not provided prior to the 45th day preceding the proposed Decrease Date, or if a Decrease Notice is not delivered with respect to the proposed Decrease Date, the Issuer shall be required to pay to each Funding Agent any Breakage Costs incurred by any of its related CP Conduit Purchasers with respect to the proposed Decrease on the related Payment Date on which such Decrease was to occur.

(b) Upon each Decrease, the Administrative Agent shall indicate in its records such Decrease and the Purchaser Group Principal Amount outstanding with respect to each Purchaser Group after giving effect to such Decrease.

(c) On any Business Day, the Issuer shall have the right to deliver an irrevocable written notice (an "**Optional Termination Notice**") to the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser (with a copy to each CP Conduit Rating Agency) in which the Issuer declares that the Commitments shall terminate on the date (the "**Optional Termination Date**") set forth in such notice (which date, in any event, shall be a Payment Date not less than twenty (20) Business Days from the date on which such notice is delivered).

3.5 Increases and Reductions of the Commitments

(a) The Issuer may from time to time request that any Purchaser Group agree to increase its Maximum Purchaser Group Principal Amount. An increase in such amount shall be effective hereunder if such Purchaser Group shall have agreed in its sole discretion to such increase and the Rating Agency Condition has been satisfied with respect thereto.

(b) On any Business Day, the Issuer may, upon two (2) Business Days' prior written notice to the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser (effective upon receipt) (with copies to the Indenture Trustee) reduce the Series 2017-1 Maximum Principal Amount in an amount equal to $10,000,000 or a whole multiple of $1,000,000 in excess thereof; provided that no such termination or reduction shall be permitted if, after giving effect thereto and to any reduction in the Series 2017-1 Principal Amount on such date, the Purchaser Group Principal Amount with respect to any Purchaser Group would exceed the Maximum Purchaser Group Principal Amount with respect to such Purchaser Group then in effect. Any reduction in the Series 2017-1 Maximum Principal Amount shall be made on a pro rata basis to the Maximum Purchaser Group Principal Amounts with respect to the Purchaser Groups, based on the Maximum Purchaser Group Principal Amount with respect to each Purchaser Group. Once reduced, the Maximum Purchaser Group Principal Amounts may not be subsequently reinstated without each such Purchaser Group's prior written consent, which consent shall be granted or not in the sole discretion of such Purchaser Group, and with written notice to each CP Conduit Rating Agency.

(c) The Issuer may extend the Scheduled Commitment Expiry Date only with the prior written consent of the Administrative Agent, each Non-Conduit Purchaser and each Funding Agent, and satisfaction of the Rating Agency Condition. Any request for an extension of the Scheduled Commitment Expiry Date by the Issuer shall be made pursuant to a written request (a "**Commitment Extension Request**") to the Administrative Agent, each Non-Conduit Purchaser and each Funding Agent, and such request shall specify the proposed dates and amounts that shall constitute the "Principal Accumulation Date", "Principal Payment Amounts" and "Principal Payment Default Dates" with respect to such extension.

3.6 Interest; Fees and Other Amounts

(a) Interest shall be payable on the Series 2017-1 Senior Notes on each Payment Date.

(b) The Issuer shall pay to each CP Conduit Purchaser Group and each Non-Conduit Purchaser, on each Payment Date, a commitment fee with respect to the preceding Interest Period (the "**Commitment Fee**") during the period from the Closing Date to and including the Commitment Expiry Date in an amount equal to the sum of the following amounts calculated for each day during such Interest Period: (x) the Commitment Fee Rate, multiplied by (y) the amount by which Maximum Purchaser Group Principal Amount with respect to such Purchaser Group on such day exceeds the Purchaser Group Principal Amount with respect to such Purchaser Group on such day, and divided by (z) 365. The Commitment Fees shall be payable monthly in arrears on each Payment Date.

(c) The Funding Agent with respect to each CP Conduit Purchaser Group and each Non-Conduit Purchaser shall provide written notice to the Issuer and the Paying Agent no later than five (5) Business Days prior to each Payment Date, setting forth the Group Monthly Interest and the Group Monthly Fees and Other Amounts with respect to its Related Purchaser Group with respect to the Payment Date.

(d) The Monthly Interest shall be included in each calculation of the Interest Accrual Amount (Senior) for the purposes of Section 7.04(e)(iii) of the Trust Indenture and shall be payable pursuant to Sections 7.05(a), 7.06(a), 7.07, 7.10(b) or 8.13(c) of the Trust Indenture, as applicable. On each Payment Date, the Monthly Fees and Other Amounts shall be payable in respect of the Series 2017-1 Senior Notes pursuant to Sections 7.04(e)(viii), 7.10(b) or 8.13(c) of the Trust Indenture, as applicable. On each Interest Payment Date or Payment Date, as applicable, the Paying Agent shall, subject to availability of funds, pay to each CP Conduit Purchaser Group and each Non-Conduit Purchaser its Group Monthly Interest and its Group Monthly Fees and Other Amounts with respect to the Payment Date; provided that if the amounts available to pay such Group Monthly Interest and Group Monthly Fees and Other Amounts are insufficient, the amounts available shall be paid *pro rata* based on the amounts owing to each Purchaser Group.

3.7 Repayment of Principal

Each Payment Date where the Principal Payment Amount is not nil shall be a Principal Payment Date in respect of the Series 2017-1 Senior Notes. On each Principal Payment Date in respect of the Series 2017-1 Senior Notes, the Paying Agent shall pay to each Non-Conduit Purchaser and each Funding Agent with respect to its Related Purchaser Group, such Purchaser Group's Pro Rata Share of the Principal Payment Amount for such Principal Payment Date out of funds allocated to the Series 2017-1 Senior Notes pursuant to Sections 7.04(e)(vi), 7.06(b)(i), 7.08(b)(i), 7.10(b) or 8.13(f) of the Trust Indenture, as applicable, in repayment of the principal amount of the Series 2017-1 Senior Notes.

3.8 Indemnification by the Issuer

The Issuer agrees to indemnify and hold harmless the Indenture Trustee, the Administrative Agent, each Funding Agent, each CP Conduit Purchaser, the Group Bank, each Non-Conduit Purchaser and each of their respective officers, directors, agents and employees (each, an "**Issuer Indemnified Person**") from and against any loss, liability, expense, damage or injury suffered or sustained by such Issuer Indemnified Person by reason of (a) any acts, omissions or alleged acts or omissions arising out of, or relating to, activities of the Issuer pursuant to the Program Agreements to which it is a party; (b) a breach of any representation or warranty made or deemed made by the Issuer (or any of its officers) in any Program Agreement; or (c) a failure by the Issuer to comply with any applicable law or regulation or to perform its covenants, agreements, duties or obligations required to be performed or observed by it in accordance with the provisions of the Program Agreements, including, but not limited to, any judgment, award, settlement, reasonable attorneys' fees and other reasonable costs or expenses incurred in connection with the defense of any actual or threatened action, proceeding or claim, except to the extent such loss, liability, expense, damage or injury resulted from the gross negligence, bad faith or willful misconduct of such Issuer Indemnified Person or its officers, directors, agents, principals, employees or employers as determined by a court of competent jurisdiction in a final non-appealable judgement or includes any Excluded Taxes; provided that any payments made by the Issuer pursuant to this Section 3.8 shall be made solely from funds available pursuant to Section 7.04 or 8.13 of the Trust Indenture, as applicable, shall be non-recourse other than with respect to such funds, and shall not constitute a claim against the Issuer to the extent that such funds are insufficient to make such payment.

3.9 Funding Agents

(a) The Funding Agent with respect to each CP Conduit Purchaser Group is hereby authorized to determine the Group Monthly Interest and Group Monthly Fees and Other Amounts with respect to each Payment Date and such CP Conduit Purchaser Group. Any such determination by a Funding Agent, absent manifest error, shall constitute prima facie evidence of the accuracy of the calculation. Furthermore, the Funding Agent with respect to each CP Conduit Purchaser Group will maintain records sufficient to identify the percentage interest of the related CP Conduit Purchaser and the Group Bank with respect to such CP Conduit Purchaser Group holding an interest in the Series 2017-1 Senior Note registered in the name of such Funding Agent and any amounts owing thereunder.

(b) Upon receipt of funds on each Payment Date, each Funding Agent shall pay such funds to the related CP Conduit Purchaser and/or the related Group Bank owed such funds. If a Funding Agent shall have paid to any CP Conduit Purchaser or Group Bank any funds that (i) must be returned for any reason (including bankruptcy); or (ii) exceeds that which such CP Conduit Purchaser or Group Bank was entitled to receive, such amount shall be promptly repaid to such Funding Agent by such CP Conduit Purchaser or Group Bank.

3.10 Taxes

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

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

previously delivered by a Recipient expires or becomes obsolete or inaccurate in any respect, the Recipient shall update such form or certification or promptly notify the Issuer in writing of its legal inability to do so.

(c) If a Recipient is legally entitled to receive a refund of any Taxes (other than Excluded Taxes) as to which it has been indemnified or with respect to which additional amounts have been paid to it hereunder or it is legally entitled to receive a credit or deduction with respect to such Taxes or with respect to such additional amounts that have been paid hereunder (in each case pursuant to Section 3.10(a)), it shall use commercially reasonable efforts to obtain or claim such refund, credit or deduction and pay over such refund or the value of such credit or deduction to the Issuer, together with any interest thereon.

3.11 Increased Costs

(a) (i) If any Regulatory Change (x) subjects any Affected Party to any charge or withholding on or with respect to any Support Facility or this Supplemental Indenture or an Affected Party's obligations under a Support Facility or this Supplemental Indenture, or changes the basis of taxation of payments to any Affected Party of any amounts payable under any Support Facility or this Supplemental Indenture Agreement (except for changes in the rate of tax on the overall net income of an Affected Party or Excluded Taxes) or (y) imposes, modifies or deems applicable any reserve, assessment, fee, tax, insurance charge, special deposit or similar requirement against assets of, deposits with or for the account of, or liabilities of an Affected Party, or credit extended by an Affected Party pursuant to a Support Facility or this Supplemental Indenture or (z) imposes any other condition the result of which is to increase the cost to an Affected Party of performing its obligations under a Support Facility or this Supplemental Indenture, or to reduce the rate of return on an Affected Party's capital or assets as a consequence of its obligations under a Support Facility or this Supplemental Indenture, or to reduce the amount of any sum received or receivable by an Affected Party under a Support Facility or this Supplemental Indenture, or to require any payment calculated by reference to the amount of interests or loans held or interest received by it, then, upon written request by such Affected Party (through the Funding Agent for its Purchaser Group if the Affected Party is a Program Support Provider, CP Conduit Purchaser or Group Bank) to the Issuer, such Affected Party (through the Funding Agent for its Purchaser Group if the Affected Party is a Program Support Provider, CP Conduit Purchaser or Group Bank) shall be entitled to be paid such amounts charged to such Affected Party or such amounts to otherwise compensate such Affected Party for such increased cost or such reduction following a receipt by the Issuer of such request for compensation under this Section 3.11(a)(i), which payment shall be made on the earlier of (A) the first Payment Date on which amounts are available to pay such amounts pursuant to Section 7.04(e) of the Trust Indenture (provided that such request is received by the Issuer no later than five (5) Business Days prior to the end of the Interest Period related to such Payment Date), and (B) the twelfth Payment Date following such request.

(ii) The Issuer acknowledges that any Affected Party may implement, as an internal institutional matter, measures in anticipation of a final or proposed Regulatory Change (including, without limitation, the imposition of internal charges on such Affected Party's interest or obligations under any Support Agreement or this Supplemental Indenture) and may commence recognizing the incurrence of charges by seeking compensation under Section 3.11(a)(i) in connection with such measures, in advance of the effective date of such final or proposed Regulatory Change, and the Issuer agrees that such charges or compensation shall be payable, to the related Funding Agent, for the benefit of Affected Party, following demand therefor without regard to whether such proposed Regulatory Change has been adopted or whether such effective date has occurred; provided, that (I) the Affected Party shall provide thirty (30) days prior written notice to the Issuer of its intent to impose or incur any such charges or compensation, (II) an Affected Party shall not be compensated for any such amount pursuant to this subsection 3.11(a)(ii) relating to any period ending, and of which such Affected Party has had knowledge, more than 180 days prior to the date that such Affected Party provided the Issuer with the written notice contemplated by the preceding clause (I) of this subsection 3.11(a)(ii), (III) if, after the payment by the Issuer of any charges or compensation pursuant to this subsection 3.11(a)(ii), either (A) the Issuer requests in writing that the applicable Affected Party re-compute any such charge or compensation in light of differences between a proposed Regulatory Change and the final effective version thereof or (B) the applicable Affected Party determines that the amount of the charge imposed on and required to be compensated by the Issuer exceeds the amount necessary to compensate it for the applicable Regulatory Change as contemplated by subsection 3.11(a)(i), then (x) the amount of such charge or compensation shall, from and after such determination, be reduced by the amount of such excess and (y) such Affected Party shall, within thirty (30) days of such determination, either repay the amount of such excess or credit the amount of such excess against future charges under this subsection 3.11(a)(ii). The Issuer further acknowledges that any charge or compensation demanded hereunder may take the form of a monthly charge to be assessed by such Affected Party.

(b) Each Affected Party claiming increased amounts described in subsection 3.11(a) of this Supplemental Indenture will furnish to the Issuer (together with its request for compensation) a certificate prepared in good faith setting forth the basis and the calculation of the amount (in reasonable detail) of each request by such Affected Party for any such increased amounts referred to in subsection 3.11(a) hereof. Any such certificate shall be conclusive absent manifest error. Failure on the part of any Affected Party to demand compensation for any amount pursuant to subsection 3.11(a) hereof with respect to any period shall not constitute a waiver of such Affected Party's right to demand compensation with respect to such period.

ARTICLE 4
CONDITIONS PRECEDENT

4.1 Conditions Precedent to Initial Purchase of Series 2017-1 Senior Notes

On or prior to the initial purchase of Series 2017-1 Senior Notes hereunder, the following conditions precedent shall be satisfied:

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

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

(c) The Administrative Agent and each of the Funding Agents shall have received:

(i) executed copies of the Fee Letter and this Supplemental Indenture, and copies of each of the Trust Indenture, Declaration of Trust, the Management Agreement, the Master Transfer and Servicing Agreement, the Indemnity Agreement, the MTSA Acknowledgement, the IESO Security Agreement, the Change of Law Protection Agreement and the Change of Law Process Agreement dated December 21, 2017 between the Province and OPG, certified by an Authorized Officer of the Issuer;

(ii) certificates of status or compliance or other similar documents issued by the applicable governmental authority to evidence that each of the Issuer Trustee and the Manager is validly existing pursuant to the laws of the jurisdiction of their respective establishment or incorporation;

(iii) a copy of the incorporating documents and all amendments thereto and applicable by-laws, as applicable, of each of the Issuer Trustee, the IESO and the Manager certified by an Authorized Officer of the applicable entity;

(iv) copies of resolutions of the board of directors of the IESO and the Manager approving and authorizing the execution, delivery and performance of each Program Agreement they are party to, in each case certified by an Authorized Officer of the applicable entity;

(v) incumbency certificates for each of the Issuer Trustee, the Manager and the IESO executing this Supplemental Indenture and any other Program Agreements and the other documents to be delivered by either the Issuer Trustee, the Manager or the IESO thereunder, in each case showing their names, offices and specimen signatures on which certificates the

Administrative Agent and the Purchaser Groups shall be entitled to conclusively rely until such time as the Administrative Agent and the Funding Agents receive a replacement certificate meeting the requirements of this Section 4.1(c)(v);

(vi) the following Opinions of Counsel:

(A) the opinion of external counsel to the Manager as to the non-consolidation of the Issuer with the Manager in the event of the insolvency of the Manager in form and substance satisfactory to the Administrative Agent and the Funding Agents;

(B) the opinion of external counsel to the IESO as to the Investment Asset acquired by the Issuer not being subject to the claims of creditors of the IESO in form and substance satisfactory to the Administrative Agent and the Funding Agents;

(C) favourable opinions of external counsel to the Manager covering general corporate matters, the due execution and delivery of, and the enforceability of, each of the Program Agreements to which the Manager, the Issuer and the Issuer Trustee are party which opinion, as to certain matters, may rely on opinion of internal counsel to the Manager and the Issuer Trustee; and

(D) a favourable opinion of external counsel to the Province with respect to the due authorization, execution, delivery and enforceability of the Change of Law Protection Agreement in form and substance satisfactory to the Administrative Agent and the Funding Agents;

(vii) a certificate of an Authorized Officer of the Manager confirming that the representations and warranties set forth in Section 12.01 of the Trust Indenture and Section 5.1 of this Supplemental Indenture are true and correct in all material respects, that the Issuer is in compliance in all material respects with all of its covenants and obligations under the Program Agreements to which it is a party and that no Termination Event has occurred; and

(viii) such additional documents, instruments, certificates or letters as the Administrative Agent or any Funding Agent may reasonably request.

(d) The representations and warranties set forth in Section 12.01 of the Trust Indenture and Section 5.1 of this Supplemental Indenture shall be true and correct in all material respects, the Issuer shall be compliance in all material respects with all of its covenants and obligations under the Program Agreements to which it is a party and no Termination Event shall have occurred.

(e) The Series 2017-1 Senior Notes shall have been duly issued in accordance with the Trust Indenture and each Funding Agent and Non-Conduit Purchaser shall have

received its Series 2017-1 Senior Note registered in its name or a nominee in a face amount equal to its Maximum Purchaser Group Principal Amount.

(f) All fees payable on or before the Closing Date pursuant to the Fee Letter shall have been paid in full (or arrangements satisfactory to the Administrative Agent and the Funding Agents have been made).

(g) The Rating Agency Condition shall have been satisfied in respect of the initial purchase.

4.2 Conditions Precedent to each Increase under Series 2017-1 Senior Notes

On or prior to each Increase, the following conditions precedent shall be satisfied:

(a) the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser shall have received an Increase Notice;

(b) no Termination Event shall have occurred or would occur after giving effect to such Increase;

(c) the Increase Date in respect of the Increase is prior to the Commitment Expiry Date;

(d) if the Increase is identified as a Transfer Increase in the Increase Notice, then the related Transfer under the Master Transfer and Servicing Agreement shall have been completed or contemporaneously completed;

(e) after giving effect the Increase, the aggregate of the amounts on deposit in the Program Cash Reserve Account and the IESO Cash Reserve Account shall be equal to or greater than the sum of:

(i) the Program Cash Reserve Required Amount,

plus

(ii) if the Increase Date is on or after May 1, 2021, an amount equal to the sum of (x) the amount originally determined under clause (b) of the definition of IESO Cash Reserve Deposit Amount in the Trust Indenture, less any amounts withdrawn from the IESO Cash Reserve Account to pay any Obligations Secured described in Subsections 7.04(e)(i) through (v) of the Trust Indenture prior to the date of such Increase, and (y) to the extent the amount originally determined under clause (b) of the definition of IESO Cash Reserve Deposit Amount in the Trust Indenture was not determined in a manner which included the amount of such Increase, an amount estimated by the Manager, acting reasonably, equal to the additional Monthly Interest payable with respect to such Increase up to and including the Payment Date in July, 2021;

(f) there shall have been no reduction or withdrawal of any credit rating previously provided by any Rating Agency in respect of any outstanding Series of Senior Funding Obligations;

(g) after giving effect to such Increase, the aggregate Outstanding Dollar Principal Amount of Subordinated Funding Obligations and Junior Subordinated Funding Obligations will not be less than 35% of the aggregate Outstanding Dollar Principal Amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations; and

(h) the Indenture Trustee shall have received (i) the adherence compliance certificate required pursuant to Section 4.02(a) of the Change of Law Protection Agreement with respect to such Increase, or (B) written confirmation from the Province that the Funding Obligations incurred under this Supplemental Indenture with respect to such Increase constitute Approved Obligations.

The Issuer's acceptance of funds in connection with each Increase occurring on any Increase Date shall constitute a representation and warranty by the Issuer to the Administrative Agent and the Purchaser Groups as of such Increase Date that all of the conditions contained in Section 3.3(a) and this Section 4.2 are satisfied.

ARTICLE 5
REPRESENTATIONS AND WARRANTIES

5.1 Representations and Warranties of the Issuer

The Issuer hereby represents and warrants to the Administrative Agent and the Purchaser Groups as of the Closing Date, and shall be deemed to represent and warrant to the Administrative Agent and the Purchaser Groups on each Increase Date, that:

(a) no Termination Event has occurred or would result from the initial purchase of the Issuer Investment Interest on the Closing Date or any increase in the Issuer Investment Interest on an Increase Date, as applicable;

(b) the Issuer Trustee and the Issuer are not Non-residents;

(c) all tax returns (federal, provincial and local) required to be filed with respect to the Issuer have been filed and there has been paid or adequate provision made for the payment of all material Taxes in respect of the Issuer;

(d) the Issuer has complied in all material respects with all laws in respect of the conduct of its business and ownership of its property including the Issuer Investment Interest;

(e) all information provided to the Administrative Agent and the Purchaser Groups by or on behalf of the Issuer in respect of the Issuer Investment Interest is and will be true and accurate in all material respects;

(f) to its knowledge, there is no set of circumstances existing at such time that will have an Adverse Effect or will reasonably be expected to have an Adverse Effect; and

(g) the Issuer is structured so as not to be a "covered fund" under the regulations adopted to implement Section 619 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, commonly known as the "Volcker Rule."

5.2 Representations and Warranties of the Purchasers

Each Purchaser Group member represents and warrants to the Issuer as of the Closing Date, and shall be deemed to represent and warrant to the Issuer on each Increase Date, that:

(a) if such Purchaser Group is resident in Canada,

(i) it is resident in Ontario or is otherwise subject to the securities legislation of the Province of Ontario;

(ii) it is purchasing the applicable Series 2017-1 Senior Notes (i) as principal for its own account and not for the benefit of any other "person" (as defined in the *Securities Act* (Ontario)) or company; and (ii) for cash consideration in excess of $150,000; and

(iii) it was not created and is not being used solely to purchase or hold securities in reliance on the exemption from the prospectus and dealer registration requirements contained in Section 2.10 of National Instrument 45-106 − Prospectus and Registration Exemptions; or

(b) if such Purchaser Group is resident in the United States,

(i) it is an institutional "accredited investor" within the meaning of Rule 501(a)(1),(2),(3) or (7) of the U.S. Securities Act, and (ii) is acquiring the applicable Series 2017-1 Notes for its own account or for one or more separate accounts maintained by such Purchaser Group, in each case, for investment, and not with a view to offer, transfer, assign, participate, pledge or otherwise dispose of the Series 2017-1 Notes.

5.3 Survival

The representations and warranties set out in this Article 5 shall survive the execution hereof.

ARTICLE 6
COVENANTS

6.1 Covenants of the Issuer

(a) The Issuer shall promptly provide to the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser (in multiple copies if requested) copies of all material reports, notices, financial statements and other documents delivered by the IESO to the Issuer with respect to the Issuer Investment Interest or pursuant to the Master Transfer and Servicing Agreement.

(b) The Issuer shall provide to the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser (in multiple copies, if requested) such other information, documents, records or reports respecting the Issuer Investment Interest, the Issuer or the IESO which is in the possession or under the control of the Issuer or the Manager, as the Administrative Agent, a Funding Agent or a Non-Conduit Purchaser may from time to time reasonably request, including any correspondence with a Rating Agency.

(c) The Issuer shall furnish to the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser promptly after known to the Issuer or the Manager, information with respect to any action, suit or proceeding involving the Manager, the Issuer or the IESO or any of their respective Affiliates by or before any court or any Governmental Authority which, if adversely determined, would have an Adverse Effect.

(d) The Issuer will not make any amendments to the Funding Obligation Agreements governing any outstanding Subordinated Funding Obligations or Junior Subordinated Funding Obligations without the prior written consent of the Requisite Series 2017-1 Noteholders.

(e) The Issuer will not enter into any Co-Owner Agreement or make any amendments to any of the Program Agreements without the prior written consent of all of the Series 2017-1 Noteholders.

(f) The Issuer will provide prompt notice to the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser of any amendments to the Change of Law Process Agreement dated December 21, 2017 between the Province and OPG.

(g) The Issuer will not hold or own, directly or indirectly, any share or equity security of, or any equity interest in, any Person.

(h) The Issuer confirms that this Supplemental Indenture is a Warehouse Facility Agreement. The Issuer will not enter into any other Warehouse Facility Agreement creating Senior Funding Obligations without the prior written consent of the Requisite Series 2017-1 Noteholders unless the Commitment Expiry Date has occurred.

(i) The Issuer will not enter into any Funding Obligation Agreement (other than a Credit Enhancement Agreement or Derivative Agreement or a Warehouse Facility Agreement for Subordinated Funding Obligations or Junior Subordinated Funding Obligations) in respect of any Funding Obligation that has a Principal Payment Date prior to May 1, 2022.

(j) Each issuance of Senior Funding Obligations completed on or after the Commitment Expiry Date shall be treated by the Issuer as a Refinancing with the proceeds thereof (net of expenses incurred in connection with such issuance and amounts required to be deposited in Issuer Accounts in accordance with the Program Agreements) applied to effect Decreases hereunder until such time as the Series 2017-1 Principal Amount has been reduced to zero.

(k) Upon the request of the Administrative Agent or any Funding Agent at any time after January 1, 2022, the Issuer shall request, not more than once per year (except following and during the continuance of a Termination Event, when the Administrative Agent or any Funding Agent may request as frequently as once per month), the Issuer will, at its expense, appoint Ernst &Young LLP, or another independent public accounting firm selected by the Issuer with the consent of such the Administrative Agent or such Funding Agent (such consent not to be unreasonably withheld), to prepare and deliver to each Funding Agent a written report, on a scope and in a form reasonably requested by the Administrative Agent or the Funding Agent making such request, to provide assurances to the Funding Agents that the information certified on each Monthly Report is accurate in all material respects.

ARTICLE 7
ACCELERATION

7.1 Acceleration of Series 2017-1 Principal Amount

If a Series 2017-1 Event of Default occurs and is continuing, then and in each and every such case, and without regard to whether all Issuer Funding Obligations have been declared due and payable immediately pursuant to Section 8.02(a) of the Trust Indenture, any Purchaser Group may by notice in writing to the Issuer and to the Indenture Trustee declare the Series 2017-1 Principal Amount and all interest accrued and unpaid (if any) thereon to be due and payable immediately, and upon any such declaration the same will become and will be immediately due and payable, notwithstanding anything in this Supplemental Indenture or the Trust Indenture to the contrary.

ARTICLE 8
AGENTS

8.1 Administrative Agent

(a) Each of the Non-Conduit Purchasers, CP Conduit Purchasers, the Group Banks and the Funding Agents hereby irrevocably designates and appoints the Administrative Agent as the agent of such Person under this Supplemental Indenture and

irrevocably authorizes the Administrative Agent, in such capacity, to take such action on its behalf under the provisions of this Supplemental Indenture and to exercise such powers and perform such duties as are expressly delegated to the Administrative Agent by the terms of this Supplemental Indenture, together with such other powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Supplemental Indenture, the Administrative Agent shall not have any duties or responsibilities except those expressly set forth herein, or any fiduciary relationship with any Non-Conduit Purchaser, any CP Conduit Purchaser, any Group Bank or any Funding Agent, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Supplemental Indenture or otherwise exist against the Administrative Agent.

(b) The Administrative Agent may execute any of its duties under this Supplemental Indenture by or through agents or attorneys in fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. The Administrative Agent shall not be responsible for the negligence or misconduct of any agents or attorneys-in-fact selected by it with reasonable care.

(c) Neither the Administrative Agent nor any of its officers, directors, employees, agents, attorneys in fact or Affiliates shall be (i) liable for any action lawfully taken or omitted to be taken by it or such Person under or in connection with the Trust Indenture, this Supplemental Indenture or any other Program Agreement (except to the extent that any of the foregoing are found by a final and non-appealable decision of a court of competent jurisdiction to have resulted from its or such Person's own gross negligence or willful misconduct) or (ii) responsible in any manner to any of the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks or the Funding Agents for any recitals, statements, representations or warranties made by the Issuer, the IESO, the Manager or any officer thereof contained in this Supplemental Indenture or any other Program Agreement or in any certificate, report, statement or other document referred to or provided for in, or received by the Administrative Agent under or in connection with, this Supplemental Indenture or any other Program Agreement or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Supplemental Indenture, any other Program Agreement, or for any failure of any of the Issuer, the Manager or the IESO to perform its obligations hereunder or thereunder. The Administrative Agent shall not be under any obligation to any Non-Conduit Purchaser, any CP Conduit Purchaser, any Group Bank or any Funding Agent to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Supplemental Indenture, any other Program Agreement or to inspect the properties, books or records of the Issuer, the Manager or the IESO.

(d) The Administrative Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, resolution, notice, consent, certificate, affidavit, letter or electronic message, statement, order or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including,

without limitation, counsel to the Issuer, the Manager or the IESO), independent accountants and other experts selected by the Administrative Agent.

(e) The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Termination Event unless the Administrative Agent has received written notice from a Non-Conduit Purchaser, a CP Conduit Purchaser, a Group Bank, a Funding Agent, the Issuer or the Manager referring to the Trust Indenture or this Supplemental Indenture, describing such Termination Event and stating that such notice is a "notice of a Termination Event". In the event that the Administrative Agent receives such a notice, the Administrative Agent shall give notice thereof to each CP Conduit Rating Agency, the Non-Conduit Purchasers, the Funding Agents, the Issuer Trustee and the Manager.

(f) Each of the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks and the Funding Agents expressly acknowledges that neither the Administrative Agent nor any of its officers, directors, employees, agents, attorneys in fact or Affiliates has made any representations or warranties to it and that no act by the Administrative Agent hereinafter taken, including any review of the affairs of the Issuer, the Manager or the IESO shall be deemed to constitute any representation or warranty by the Administrative Agent to any such Person. Each of the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks and the Funding Agents represents to the Administrative Agent that it has, independently and without reliance upon the Administrative Agent or any other Non-Conduit Purchaser, CP Conduit Purchaser, Group Bank or Funding Agent and based on such documents and information as it has deemed appropriate, made its own appraisal of, and investigation into, the business, operations, property, financial and other condition and creditworthiness of the Issuer, the Manager and the IESO and made its own decision to enter into this Supplemental Indenture. Each of the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks and the Funding Agents also represents that it will, independently and without reliance upon the Administrative Agent or any other Non-Conduit Purchaser, CP Conduit Purchaser, Group Bank or Funding Agent, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Supplemental Indenture and the other Program Agreements, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other condition and creditworthiness of the Issuer, the Manager and the IESO. Except for notices, reports and other documents expressly required to be furnished to the Non-Conduit Purchasers and the Funding Agents by the Administrative Agent hereunder, the Administrative Agent shall have no duty or responsibility to provide any Non-Conduit Purchaser, any CP Conduit Purchaser, any Group Bank or any Funding Agent with any credit or other information concerning the business, operations, property, condition (financial or otherwise), prospects or creditworthiness of the Issuer, the Manager or the IESO which may come into the possession of the Administrative Agent or any of its officers, directors, employees, agents, attorneys in fact or Affiliates.

(g) The Administrative Agent and its Affiliates may make loans to, accept deposits from and generally engage in any kind of business with the Issuer, the Manager and the IESO as though the Administrative Agent were not the Administrative Agent hereunder. With respect to any Series 2017-1 Senior Note held by the Administrative Agent, the Administrative Agent shall have the same rights and powers under this Supplemental Indenture and the other Program Agreements as any Group Bank or Funding Agent and may exercise the same as though it were not the Administrative Agent, and the terms "Group Bank," and "Funding Agent" shall include the Administrative Agent in its individual capacity.

(h) The Administrative Agent may resign as Administrative Agent at any time by giving 30 days' notice to the Non-Conduit Purchasers, the Funding Agents, the Indenture Trustee, the Issuer and the Manager. If Royal Bank of Canada shall resign as Administrative Agent under this Supplemental Indenture, then the Requisite Series 2017-1 Noteholders shall appoint a successor administrative agent from among the Non-Conduit Purchasers and Funding Agents, whereupon such successor agent shall succeed to the rights, powers and duties of the Administrative Agent, and the term "Administrative Agent" shall mean such successor agent effective upon such appointment and approval, and the former Administrative Agent's rights, powers and duties as Administrative Agent shall be terminated, without any other or further act or deed on the part of such former Administrative Agent or any of the parties to this Supplemental Indenture. If no successor administrative agent has accepted appointment as Administrative Agent prior to the effective date of the resignation of the Administrative Agent, the retiring Administrative Agent may appoint, after consulting with the Non-Conduit Purchasers and the Funding Agents, a successor Administrative Agent from among the Non-Conduit Purchasers and the Funding Agents. If no successor administrative agent has accepted appointment by the date which is thirty (30) days following a retiring Administrative Agent's notice of resignation, the retiring Administrative Agent's resignation shall nevertheless thereupon become effective and Manager shall assume and perform all of the duties of the Administrative Agent hereunder until such time, if any, as the Requisite Series 2017-1 Noteholders appoint a successor administrative agent as provided for above. After any retiring Administrative Agent's resignation as Administrative Agent, the provisions of this Article 8 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent under this Supplemental Indenture. The Issuer will provide prompt written notice of a resignation of the Administrative Agent and the appointment of any successor administrative agent.

8.2 Funding Agents

(a) Each CP Conduit Purchaser and each Group Bank with respect to such CP Conduit Purchaser hereby irrevocably designates and appoints the Funding Agent set forth next to such CP Conduit Purchaser's name on Schedule E as the agent of such Person under this Supplemental Indenture and irrevocably authorizes such Funding Agent, in such capacity, to take such action on its behalf under the provisions of this Supplemental Indenture and to exercise such powers and perform such duties

as are expressly delegated to such Funding Agent by the terms of this Supplemental Indenture, together with such other powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Supplemental Indenture, each Funding Agent shall not have any duties or responsibilities except those expressly set forth herein, or any fiduciary relationship with any CP Conduit Purchaser or Group Bank and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Supplemental Indenture or otherwise exist against each Funding Agent.

(b) Each Funding Agent may execute any of its duties under this Supplemental Indenture by or through agents or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. Each Funding Agent shall not be responsible to the CP Conduit Purchaser or any Group Bank in its CP Conduit Purchaser Group for the negligence or misconduct of any agents or attorneys in fact selected by it with reasonable care.

(c) Each Funding Agent and any of its officers, directors, employees, agents, attorneys in fact or Affiliates shall not be (i) liable for any action lawfully taken or omitted to be taken by it or such Person under or in connection with the Trust Indenture, this Supplemental Indenture or any other Program Agreement (except to the extent that any of the foregoing are found by a final and non-appealable decision of a court of competent jurisdiction to have resulted from its or such Person's own gross negligence or willful misconduct) or (ii) responsible in any manner to any of the CP Conduit Purchasers and/or Group Banks for any recitals, statements, representations or warranties made by the Issuer, the Manager or the IESO, or any officer thereof contained in this Supplemental Indenture or any other Program Agreement or in any certificate, report, statement or other document referred to or provided for in, or received by such Funding Agent under or in connection with, this Supplemental Indenture or any other Program Agreement or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Supplemental Indenture, any other Program Agreement, or for any failure of any of the Issuer, the Manager or the IESO to perform its obligations hereunder or thereunder. Each Funding Agent shall not be under any obligation to the CP Conduit Purchaser or any Group Bank in its CP Conduit Purchaser Group to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Supplemental Indenture, any other Program Agreement or to inspect the properties, books or records of the Issuer, the Manager or the IESO.

(d) Each Funding Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, resolution, notice, consent, certificate, affidavit, letter or electronic message, statement, order or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including, without limitation, counsel to the Issuer, the Manager or the IESO), independent accountants and other experts selected by such Funding Agent. Each Funding Agent shall be fully justified in failing or refusing to take any action under this

Supplemental Indenture or any other Program Agreement unless it shall first receive such advice or concurrence of the Related Purchaser Group, as it deems appropriate or it shall first be indemnified to its satisfaction by the Related Purchaser Group against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action.

(e) Each Funding Agent shall not be deemed to have knowledge or notice of the occurrence of any Termination Event unless such Funding Agent has received written notice from a Non-Conduit Purchaser, a CP Conduit Purchaser, a Group Bank, the Issuer, the Manager or the Administrative Agent referring to the Trust Indenture or this Supplemental Indenture, describing such Termination Event and stating that such notice is a "notice of a Termination Event," as the case may be. In the event that any Funding Agent receives such a notice, such Funding Agent shall give notice thereof to each CP Conduit Rating Agency, the CP Conduit Purchaser and Group Bank in its CP Conduit Purchaser Group. Such Funding Agent shall take such action with respect to such event as shall be reasonably directed by the CP Conduit Purchaser and Group Bank in its CP Conduit Purchaser Group, provided that unless and until such Funding Agent shall have received such directions, such Funding Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such event as it shall deem advisable in the best interests of the CP Conduit Purchaser and Group Bank in its CP Conduit Purchaser Group.

(f) Each CP Conduit Purchaser and each of the related Group Banks expressly acknowledge that neither its Funding Agent nor any of its officers, directors, employees, agents, attorneys in fact or Affiliates has made any representations or warranties to it and that no act by such Funding Agent hereinafter taken, including any review of the affairs of the Issuer, the Manager or the IESO shall be deemed to constitute any representation or warranty by such Funding Agent to any such Person. Each CP Conduit Purchaser and each of the related Group Banks represents to its Funding Agent that it has, independently and without reliance upon such Funding Agent and based on such documents and information as it has deemed appropriate, made its own appraisal of, and investigation into, the business, operations, property, financial and other condition and creditworthiness of the Issuer, the Manager and the IESO and made its own decision to enter into this Supplemental Indenture. Each CP Conduit Purchaser and each of the related Group Banks also represents that it will, independently and without reliance upon its Funding Agent and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Supplemental Indenture and the other Program Agreements, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other conditions and creditworthiness of the Issuer, the Manager and the IESO.

(g) Each Group Bank in a CP Conduit Purchaser Group agrees to indemnify its Funding Agent in its capacity as such (to the extent not reimbursed by the Issuer and without limiting the obligation of the Issuer to do so), from and against any and all

liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever which may at any time be imposed on, incurred by or asserted against such Funding Agent in any way relating to or arising out of this Supplemental Indenture, any of the other Program Agreements or any documents contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby or any action taken or omitted by such Funding Agent under or in connection with any of the foregoing; provided that no Group Bank shall be liable for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements that are found by a final and non-appealable decision of a court of competent jurisdiction to have resulted from such related Funding Agent's gross negligence or willful misconduct. The agreements in this Section shall survive the payment of all amounts payable hereunder.

ARTICLE 9
GENERAL

9.1 Successor and Assigns

(a) This Supplemental Indenture shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, except that (i) the Issuer may not assign or transfer any of its rights or obligations under this Supplemental Indenture without the prior written consent of all of the Series 2017-1 Noteholders and at least 10 Business Days' notice having been given to each CP Conduit Rating Agency; (ii) no Non-Conduit Purchaser may assign or transfer any of its rights under this Supplemental Indenture other than pursuant to paragraph (e) or (f) below; (iii) no CP Conduit Purchaser may assign or transfer any of its rights under this Supplemental Indenture other than to the Group Bank with respect to such CP Conduit Purchaser or a Program Support Provider with respect to such CP Conduit Purchaser or pursuant to clause (b) or (e) below of this Section 9.1; and (iv) no Group Bank may assign or transfer any of its rights or obligations under this Supplemental Indenture except to a Program Support Provider or pursuant to clause (c), (d) or (e) below of this Section 9.1.

(b) Without limiting the foregoing, each CP Conduit Purchaser may assign all or a portion of the Purchaser Group Principal Amount with respect to such CP Conduit Purchaser and its rights and obligations under this Supplemental Indenture to a Conduit Assignee with respect to such CP Conduit Purchaser. Prior to the effectiveness of any such assignment, the assigning CP Conduit Purchaser shall notify each CP Conduit Rating Agency, the Administrative Agent, each Funding Agent, each Non-Conduit Purchaser and the Issuer of such assignment. Upon such assignment by a CP Conduit Purchaser to a Conduit Assignee, (i) such Conduit Assignee shall be the owner of the Purchaser Group Principal Amount or such portion thereof with respect to such CP Conduit Purchaser; (ii) the related administrative or managing agent for such Conduit Assignee will act as the administrative agent for such Conduit Assignee hereunder, with all corresponding rights and powers, express or implied, granted to the Funding Agent hereunder; (iii)

such Conduit Assignee and its liquidity support provider(s) and credit support provider(s) and other related parties shall have the benefit of all the rights and protections provided to such CP Conduit Purchaser herein (including, without limitation, any limitation on recourse against such Conduit Assignee as provided in this paragraph); (iv) such Conduit Assignee shall assume all of such CP Conduit Purchaser's obligations, if any, hereunder with respect to such portion of the Purchaser Group Principal Amount and such CP Conduit Purchaser shall be released from such obligations; (v) all distributions in respect of the Purchaser Group Principal Amount or such portion thereof with respect to such CP Conduit Purchaser shall be made to the applicable agent or administrative agent, as applicable, on behalf of such Conduit Assignee; and (vi) if requested by the Administrative Agent or the agent or administrative agent with respect to the Conduit Assignee, the parties will execute and deliver such further agreements and documents and take such other actions as the Administrative Agent or such agent or administrative agent may reasonably request to evidence and give effect to the foregoing. No assignment by any CP Conduit Purchaser to a Conduit Assignee of the Purchaser Group Principal Amount with respect to such CP Conduit Purchaser shall in any way diminish the obligations of the Group Bank with respect to such CP Conduit Purchaser under Section 3.3 to fund any Increase.

(c) Any Group Bank may, in the ordinary course of its business and in accordance with applicable law, at any time, sell all or any part of its rights and obligations under this Supplemental Indenture and the Series 2017-1 Senior Notes, with the prior written consent of the Administrative Agent and the Issuer (in each case, which consent shall not be unreasonably withheld) and with prior notice to each CP Conduit Rating Agency, to one or more banks (an "**Acquiring Group Bank**") pursuant to a transfer supplement in such form and substance as shall be acceptable to the Administrative Agent and the Issuer (acting reasonably), executed by such Acquiring Group Bank, such assigning Group Bank, the Funding Agent with respect to such Group Bank, the Administrative Agent and the Issuer and delivered to the Administrative Agent. Notwithstanding the foregoing, no Group Bank shall so sell its rights hereunder if such Acquiring Group Bank is not an Eligible Assignee.

(d) Any Group Bank may, in the ordinary course of its business and in accordance with applicable law at any time and with prior notice to each CP Conduit Rating Agency, sell to one or more financial institutions or other entities ("**Group Bank Participants**") participations in its Commitment with respect to its related CP Conduit Purchaser Group, its Series 2017-1 Senior Note and its rights hereunder pursuant to documentation in form and substance satisfactory to such Group Bank and the Group Bank Participant; provided, however, that (i) in the event of any such sale by a Group Bank to a Group Bank Participant, (A) such Group Bank's obligations under this Supplemental Indenture shall remain unchanged, (B) such Group Bank shall remain solely responsible for the performance thereof, and (C) the Issuer and the Administrative Agent shall continue to deal solely and directly with such Group Bank in connection with its rights and obligations under this Supplemental Indenture; and (ii) no Group Bank shall sell any participating

interest under which the Group Bank Participant shall have rights to approve any amendment to, or any consent or waiver with respect to, this Supplemental Indenture, the Trust Indenture or any Program Agreement, except to the extent that the approval of such amendment, consent or waiver otherwise would require the unanimous consent of all Group Banks hereunder. A Group Bank Participant shall have the right to receive compensation pursuant to Sections 3.10 and 3.11 but only to the extent that the related selling Group Bank would have had such right absent the sale of the related participation and, with respect to amounts due pursuant to Sections 3.10 and 3.11, only to the extent such Group Bank Participant shall have complied with the provisions of Sections 3.10 and 3.11 as if such Group Bank Participant were a Group Bank.

(e) Any CP Conduit Purchaser and the Group Bank with respect to such CP Conduit Purchaser may, at any time, sell all or any part of their respective rights and obligations, and any Non-Conduit Purchaser may, at any time, sell all or any part of its rights and obligations, under this Supplemental Indenture and the Series 2017-1 Senior Notes, with the prior written consent of the Administrative Agent and the Issuer (in each case, which consent shall not be unreasonably withheld) and with prior notice to each CP Conduit Rating Agency, (x) to a multi-seller commercial paper conduit and one or more banks providing support to such multi-seller commercial paper conduit, or (y) to a financial institution or other entity (an "**Acquiring Purchaser Group**") pursuant to a transfer supplement, substantially in the form of Schedule F (the "**Purchaser Group Supplement**"), executed by such Acquiring Purchaser Group (including the CP Conduit Purchaser and the Group Banks, if any, with respect to such Acquiring Purchaser Group), the Funding Agent, if any, with respect to such Acquiring Purchaser Group, such assigning Purchaser Group (including the Group Banks, if any, with respect to such assigning Purchaser Group), the Funding Agent, if any, with respect to such assigning Purchaser Group and the Administrative Agent and the Issuer and delivered to the Administrative Agent.

(f) Any Non-Conduit Purchaser may, in the ordinary course of its business and in accordance with applicable law and with prior notice to each CP Conduit Rating Agency, at any time sell to one or more financial institutions or other entities ("**Non-Conduit Purchaser Participants**") participations in its Commitment, its Series 2017-1 Senior Note and its rights hereunder pursuant to documentation in form and substance satisfactory to such Non-Conduit Purchaser and the Non-Conduit Purchaser Participant; provided, however, that (i) in the event of any such sale by a Non-Conduit Purchaser to a Non-Conduit Purchaser Participant, (A) such Non-Conduit Purchaser's obligations under this Supplemental Indenture shall remain unchanged, (B) such Non-Conduit Purchaser shall remain solely responsible for the performance thereof, and (C) the Issuer and the Administrative Agent shall continue to deal solely and directly with such Non-Conduit Purchaser in connection with its rights and obligations under this Supplemental Indenture; and (ii) no Non-Conduit Purchaser shall sell any participating interest under which the Non-Conduit Purchaser Participant shall have rights to approve any amendment to, or any consent or waiver with respect to, this Supplemental Indenture, the Trust

Indenture or any Program Agreement, except to the extent that the approval of such amendment, consent or waiver otherwise would require the unanimous consent of all Series 2017-1 Noteholders hereunder. A Non-Conduit Purchaser Participant shall have the right to receive compensation under Sections 3.10 and 3.11 but only to the extent that the related selling Non-Conduit Purchaser would have had such right absent the sale of the related participation and, with respect to amounts due pursuant to Sections 3.10 and 3.11, only to the extent such Non-Conduit Purchaser Participant shall have complied with the provisions of Sections 3.10 and 3.11 as if such Non-Conduit Purchaser Participant were a Non-Conduit Purchaser.

(g) The Issuer authorizes each Group Bank and Non-Conduit Purchaser to disclose to any Group Bank Participant, Acquiring Group Bank, Non-Conduit Purchaser Participant or Acquiring Purchaser Group (each, a "**Transferee**") and any prospective Transferee any and all financial information in such Group Bank's or Non-Conduit Purchaser's possession concerning the Issuer, the Issuer Investment Asset and the Program Agreements which has been delivered to such Group Bank by the Issuer or the Manager in connection with such Group Bank's credit evaluation of the Issuer and the Issuer Investment Interest.

(h) Notwithstanding any other provision of this Supplemental Indenture to the contrary, any Non-Conduit Purchaser, any Group Bank or any Program Support Provider may at any time pledge or grant a security interest in all or any portion of its rights under its Series 2017-1 Senior Note and this Supplemental Indenture to secure obligations of such Non-Conduit Purchaser, such Group Bank or such Program Support Provider to a Federal Reserve Bank or the Bank of Canada, without notice to or consent of the Administrative Agent or the Issuer; provided that no such pledge or grant of a security interest shall release a Non-Conduit Purchaser or a Group Bank from any of its obligations hereunder or substitute any such pledgee or grantee for such Non-Conduit Purchaser or such Group Bank as a party hereto.

(i) Notwithstanding any other provision of this Supplemental Indenture to the contrary, no consent of the Issuer to any assignment referred to in this Section 9.1 shall be required at any time after the occurrence of a Series 2017-1 Event of Default.

9.2 Waiver

Without limiting the requirements of Section 11.02 of the Trust Indenture which shall be applicable to this Supplemental Indenture, no waiver of any provision of this Supplemental Indenture or consent to any departure by the Issuer from any provision of this Supplemental Indenture will be effective (in whole or in part) unless in writing and signed by the Requisite Series 2017-1 Noteholders. Such waiver will be effective only in the specific instance, for the specific purpose and for the specific length of time for which it is given by the Requisite Series 2017-1 Noteholders.

9.3 Notice

All notices, requests, instructions and demands to or upon any party hereto to be effective shall be given (a) in the case of the Issuer and the Indenture Trustee, in the manner set forth in Article 15 of the Trust Indenture; and (b) in the case of the Administrative Agent, the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks and the Funding Agents, in writing, and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when delivered by hand or three days after being deposited in the mail, postage prepaid, in the case of facsimile notice, when received, or in the case of overnight air courier, one Business Day after the date such notice is delivered to such overnight courier, addressed as follows in the case of the Administrative Agent and to the addresses therefor set forth in Schedule E, in the case of the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks and the Funding Agents; or to such other address as may be hereafter notified by the respective parties hereto:

Administrative Agent:

Royal Bank of Canada
Attention: Ian Benaiah
200 Bay Street, Royal Bank Plaza
North Tower, 2nd Floor
Toronto, ON M5J 2W7
Fax No. 416-842-3888
Email: conduit.management@rbccm.com

9.4 No Waiver: Remedies

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

9.5 Entire Agreement

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

9.6 Governing Law and Attornment

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

9.7 Acknowledgment of Trust Indenture and No Proceedings

The Administrative Agent, each Non-Conduit Purchaser, each CP Conduit Purchaser, each Group Bank and each Funding Agent hereby acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor under the Trust Indenture and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Trust Indenture including, without limitation, Section 7.12 (Payments To Be Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse), Article IX (Indenture Trustee) (including all limitations of liability thereunder), Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition).

9.8 Expenses

The Issuer agrees to pay on demand (a) to the Indenture Trustee, the Administrative Agent and the Purchaser Groups all reasonable costs and expenses in connection with the preparation, execution, and delivery of this Supplemental Indenture and the other documents to be delivered hereunder or in connection herewith, including, the reasonable fees and out-of-pocket expenses of counsel for the Administrative Agent and the Purchaser Groups, with respect thereto, and the reasonable fees and out-of-pocket expenses incurred by the CP Conduit Purchasers in connection with the review by each rating agency then rating the Commercial Paper of such CP Conduit Purchaser of the transactions contemplated by this Supplemental Indenture and the Program Agreements; (b) to the Indenture Trustee, the Administrative Agent and each Purchaser Group all reasonable costs and expenses in connection with any amendments of or waivers or consents under this Supplemental Indenture or the Program Agreements, including in each case the reasonable fees and out-of-pocket expenses of counsel with respect thereto, and the reasonable fees and out-of-pocket expenses incurred by the CP Conduit Purchasers in connection with the review by any rating agency then rating the Commercial Paper of such CP Conduit Purchasers; and (c) to the Indenture Trustee, the Administrative Agent and each Purchaser Group, on demand, all reasonable costs and expenses (including reasonable fees and expenses of counsel to the Administrative Agent and each Purchaser Group), if any, in connection with the enforcement of this Supplemental Indenture or any of the Program Agreements, and the other documents delivered thereunder or in connection therewith.

9.9 Further Assurances

Each of the parties hereto upon the request of the other party or parties hereto shall do, execute, acknowledge and deliver or cause to be done, executed acknowledged or delivered all such further acts, deeds, documents, assignments, transfers, conveyances, powers of attorney and assurances as may be reasonably necessary or desirable to effect or complete the consummation of the transactions contemplated by this Supplemental Indenture.

9.10 Confidentiality

(a) Each Purchaser Group and the Administrative Agent covenants and agrees that any non-public information obtained by it pursuant to this Supplemental Indenture and the other Program Agreements shall be held in confidence except that the Purchaser

Groups or Administrative Agent may disclose such information (i) pursuant to the order of any court or administrative agency or in any pending legal or administrative proceeding (whether or not having the force or effect of law) provided that, unless prohibited by applicable law, a Purchaser Group or the Administrative Agent, as applicable, shall provide prompt notice of such order to the affected party; (ii) upon the request or demand of any regulatory authority having or claiming jurisdiction over any Purchaser Group or the Administrative Agent; (iii) as required by applicable law including, without limitation, all applicable securities laws; (iv) to the extent that such information becomes publicly available other than by reason of improper disclosure by a Purchaser Group or the Administrative Agent; (v) to its affiliates, officers, directors, employees, legal counsel, independent auditors, accountants, advisors, investors, potential investors, commercial paper dealers, providers of surety, guaranty, credit or liquidity enhancement (including the directors, officers and accountants of such surety, guaranty, credit or liquidity enhancement provider), legal counsel of any of the foregoing and other experts or agents who need to know such information and are informed of the confidential nature of such information (provided that the Persons permitted to make such disclosures under clauses (i), (ii) and (iii) of this Section 9.10 shall also include credit or liquidity enhancers of a CP Conduit Purchaser); (vi) for purposes of establishing a "due diligence" defense; (vii) which was available to a Purchaser Group or the Administrative Agent on a non-confidential basis from a source other than the affected party, provided that such source was not to the knowledge of the Purchaser Group or the Administrative Agent, as applicable, bound by a confidentiality agreement with the affected party; (viii) has been independently acquired or developed by a Purchaser Group or the Administrative Agent without violating any of the Purchaser Group's or the Administrative Agent's obligations under this Supplemental Indenture; (ix) if such disclosure has been approved in writing in advance by the Issuer or the Manager; (x) regarding the existence of this Supplemental Indenture, but not the financial terms thereof; and (xi) to DBRS and Moody's and any other Rating Agencies.

(b) The Issuer covenants and agrees to hold in confidence, and not disclose to any Person, the terms of this Supplemental Indenture (including any fees payable in connection with this Supplemental Indenture or the identity of any CP Conduit Purchaser under this Supplemental Indenture), except as the applicable Purchaser Group may have consented to in writing prior to any proposed disclosure and except (i) it may also disclose such information (A) to its officers, directors, employees, legal counsel, independent auditors, accountants and other advisors who are directly involved in the consideration of this Supplemental Indenture (and then only on a confidential basis), (B) to the Manager and its officers, directors, employees, legal counsel, independent auditors, accountants and other advisors, (C) any ministry or agency of the Province of Ontario and, in each case, their respective employees, officials, agents and advisors, (D) as required by applicable law (including, without limitation, applicable securities law) or compulsory legal process, (E) as expressly permitted by the terms of the Program Agreements, and (F) to DBRS and Moody's and any other Rating Agencies; provided, that, in the case of clause (D), the Issuer will use all commercially reasonable efforts to

maintain confidentiality and will (unless otherwise prohibited by law) notify the affected Administrative Agent or Purchaser Group of its intention to make any such disclosure prior to making such disclosure; and (ii) it may also disclose the existence (but not the financial terms) of this Supplemental Indenture, including to any actual or prospective purchaser of other Notes.

(c) The parties hereto acknowledge that a description of this Supplemental Indenture and the Series 2017-1 Senior Note will be included in the preliminary and final offering memoranda of the Issuer relating to the issue of other Notes from time to time.

(d) The confidentiality provisions set forth in this Section 9.10 shall expire on the second year anniversary of the date on which the Series 2017-1 Senior Notes have been paid in full.

9.11 Acknowledgement and Consent to Bail-In of EEA Financial Institutions

Notwithstanding anything to the contrary in this Supplemental Indenture or in any other Program Agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any EEA Financial Institution arising under this Supplemental Indenture or any other Program Agreement, to the extent such liability is unsecured, may be subject to the write-down and conversion powers of an EEA Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

(a) the application of any Write-Down and Conversion Powers by an EEA Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an EEA Financial Institution; and

(b) the effects of any Bail-In Action on any such liability, including, if applicable

(i) a reduction in full or in part or cancellation of any such liability;

(ii) a conversion of all, or a portion of, such liability into shares or other instruments or ownership in such EEA Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Supplemental Indenture or any other Facility Agreement; or

(iii) the variation of the terms of such liability in connection with the exercise of the write-down and conversion powers of any EEA Resolution Authority.

9.12 Limitation of Liability of Issuer Trustee

Each party hereto other than the Issuer acknowledges that the Issuer is a trust, and that Computershare Trust Company of Canada is the Issuer Trustee. The other parties hereto agree that the Issuer Trustee will not be subject to any liability whatsoever to them, in tort, contract or otherwise, in connection with the Issuer's assets or the trust activities, for any action taken or

permitted by it to be taken, or for its failure to take any action; provided that the foregoing limitation will not apply in respect of any action or failure to act arising from or in connection with wilful misconduct, negligence or reckless disregard of a duty by the Issuer Trustee. The Issuer Trustee in doing anything or permitting anything to be done in respect of assets or the trust activities is, and shall be conclusively deemed to be, acting as trustee of the Issuer and not in any other capacity. Except as to the extent provided in this Section 9.12, the Issuer Trustee will not be subject to any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Issuer, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the Issuer's assets or the trust activities and resort will be had solely to the Collateral for the payment or performance thereof. No property or assets of the Issuer Trustee, whether owned in its personal capacity or otherwise, will be subject to levy, execution or other enforcement procedure with regard to any obligation under this Supplemental Indenture. Nothing contained in this Section 9.12 shall be construed so as to limit the liability of the Issuer under this Supplemental Indenture. This Supplemental Indenture, and every deed, transfer, assignment, agreement or other instrument made pursuant hereto including, without limitation, the Series 2017-1 Senior Notes, made or purporting to be made by or creating an obligation of the Issuer or the Issuer Trustee on behalf of, or as trustee of, the Issuer shall be deemed and construed for all purposes as if made by the Issuer Trustee, in and only in its capacity as trustee of the Issuer. Any obligations of the Issuer Trustee hereunder or thereunder are non-recourse to the Issuer Trustee in its personal capacity.

9.13 Execution in Counterparts

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

9.14 Delivery of Executed Copies

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

[signature page follows]

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

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

By:

_____

Name:

Title:

By:

_____

Name:

Title:

BNY TRUST COMPANY OF CANADA, as Indenture Trustee

By:

_____

Name:

Title:

By:

_____

Name:

Title:

ROYAL BANK OF CANADA, as Administrative Agent,

By:

_____

Name:

Title:

CIBC MELLON TRUST COMPANY, in its capacity as trustee of **LAKESHORE TRUST**, by

its Financial Services Agent, **ROYAL BANK OF CANADA**, as a CP Conduit Purchaser

By:_____
Name:
Title:

By:_____
Name:
Title:

ROYAL BANK OF CANADA,
as a Group Bank

By:_____
Name:
Title:

By:_____
Name:
Title:

CANADIAN IMPERIAL BANK OF COMMERCE,
as a Group Bank

By:_____
Name:
Title:

By:_____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of **SOUND TRUST**, by its Financial Services Agent,
CANADIAN IMPERIAL BANK OF COMMERCE,
as a CP Conduit Purchaser

By:_____
Name:
Title:

By:_____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of **SURE TRUST**, by its Financial Services Agent,
CANADIAN IMPERIAL BANK OF COMMERCE,
as a CP Conduit Purchaser

By:_____
Name:
Title:

By:_____
Name:
Title:

GOLDMAN SACHS BANK USA,
as a Non-Conduit Purchaser

By:_____
Name:
Title:

By:_____
Name:
Title:

SCHEDULE A

DEFINITIONS

"**Acceleration Event**" means either:

(a) all Issuer Funding Obligations are declared due and payable under Section 8.02 of the Trust Indenture, or

(b) the Series 2017-1 Principal Amount and all interest accrued and unpaid thereon is declared to be due and payable under Section 7.1.

"**Administrative Agent**" is defined in the recitals to this Supplemental Indenture.

"**AEOI Legislation**" is defined in Section 3.10(a).

"**Affected Party**" means any Non-Conduit Purchaser, CP Conduit Purchaser and any Program Support Provider with respect to any CP Conduit Purchaser.

"**Applicable Margin**" is the Program Fee as defined in the Fee Letter.

"**Authorized Officer**" means, with respect to: (a) the Issuer, any authorized director or officer of the Manager; (b) the Manager, any authorized director of officer of OPG; (c) the IESO, any authorized director or officer of the IESO; (d) the Issuer Trustee, any officer within the corporate trust office of such trustee (including the President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Treasurer or any other officer of the Issuer Trustee customarily performing functions similar to those performed by persons who at the time shall be such officers, respectively, and that has direct responsibility for the administration of the Issuer and also, with respect to a particular matter, any other officer to whom such matter is referred to because of such officer's knowledge and familiarity with the particular subject).

"**Bail-In Action**" shall mean the exercise of any Write-Down and Conversion Powers by the applicable EEA Resolution Authority in respect of any liability of an EEA Financial Institution.

"**Bail-In Legislation**" shall mean, with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule.

"**Breakage Costs**" means, with respect to a CP Conduit Purchaser, the net interest costs, if any, with respect to any portion of the Commercial Paper it has issued to fund its investment in the Series 2017-1 Senior Notes that will be incurred by such CP Conduit Purchaser as a result of the maturity of such Commercial Paper falling after the date of a Decrease.

"**CDOR**" means, on any day, an annual rate of interest equal to the average rate applicable to Canadian dollar bankers' acceptances for a 1 month period appearing on the "Reuters Screen CDOR Page" (as defined in the International Swaps and Derivatives Association, Inc. 2000 definitions, as modified and amended from time to time) at approximately 10:00 a.m. on such day,

or if such day is not a Business Day, then on the immediately preceding Business Day, provided that if such rate does not appear on the Reuters Screen CDOR Page on such day as contemplated, then CDOR on such day shall be calculated as the average of the rates for such period applicable to Canadian dollar bankers' acceptances quoted by the banks listed in Schedule I of the *Bank Act* (Canada) as of 10:00 a.m. on such day or, if such day is not a Business Day, then on the immediately preceding Business Day.

"**Closing Date**" is defined in Section 3.3(a).

"**Commercial Paper**" means, with respect to any CP Conduit Purchaser, the promissory notes issued by, or for the benefit of, such CP Conduit Purchaser in the commercial paper market.

"**Commitment**" means, with respect to (a) the Group Bank included in any CP Conduit Purchaser Group, the obligation of such Group Bank to purchase a Series 2017-1 Senior Note on the Closing Date and, thereafter, to maintain and, subject to certain conditions, increase the Purchaser Group Principal Amount with respect to such CP Conduit Purchaser Group, in each case, in an amount up to the Maximum Purchaser Group Principal Amount with respect to such CP Conduit Purchaser Group; or (b) any Non-Conduit Purchaser Group, the obligation of the Related Non-Conduit Purchaser to purchase a Series 2017-1 Senior Note on the Closing Date and, thereafter, to maintain and, subject to certain conditions, increase the Purchaser Group Principal Amount with respect to such Non-Conduit Purchaser Group, in each case, in an amount up to the Maximum Purchaser Group Principal Amount with respect to such Non-Conduit Purchaser Group.

"**Commitment Expiry Date**" means the earlier of (a) the Scheduled Commitment Expiry Date; and (b) the date on which an Event of Default or a Series 2017-1 Event of Default shall have been declared or automatically occurred.

"**Commitment Extension**" means an extension of the Scheduled Commitment Expiry Date effected in accordance with Section 3.5(c).

"**Commitment Extension Request**" is defined in Section 3.5(c).

"**Commitment Fee**" is defined in Section 3.6(b).

"**Commitment Fee Rate**" is defined in the Fee Letter.

"**Commitment Percentage**" means, on any date of determination, with respect to any Purchaser Group, the ratio, expressed as a percentage, which such Purchaser Group's Maximum Purchaser Group Principal Amount bears to the Series 2017-1 Maximum Principal Amount on such date.

"**Conduit Assignee**" means, with respect to any CP Conduit Purchaser, any commercial paper conduit administered by the Funding Agent with respect to such CP Conduit Purchaser and designated by such Funding Agent to accept an assignment from such CP Conduit Purchaser of the Purchaser Group Principal Amount or a portion thereof with respect to such CP Conduit Purchaser pursuant to Section 9.1(b).

"**CP Conduit Funded Amount**" means, with respect to any CP Conduit Purchaser Group for any day, the portion of the Purchaser Group Principal Amount with respect to such CP Conduit

Purchaser Group funded by the CP Conduit Purchaser in respect of such CP Conduit Purchaser Group.

"**CP Conduit Purchaser**" means each commercial paper conduit listed on Schedule E or party to a Purchaser Group Supplement pursuant to which such commercial paper conduit became a party to this Supplemental Indenture

"**CP Conduit Purchaser Group**" means, collectively, a CP Conduit Purchaser and the Group Bank with respect to such CP Conduit Purchaser.

"**CP Conduit Rating Agencies**" means, with respect to any CP Conduit Purchaser, each of DBRS and Moody's and any other nationally recognized statistical rating organization which may, from time to time, rate the Commercial Paper of the CP Conduit Purchaser at the request of the CP Conduit Purchaser.

"**CP Rate**" means with respect to any CP Conduit Purchaser for any day during an Interest Period, the weighted average annual rate of interest applicable to all Commercial Paper of the CP Conduit Purchaser; and provided further that (x) any such Commercial Paper may be issued in either United States dollars or Canadian dollars with the appropriate market rate currency swap agreements being entered into to match such issuance to the funding requirements of such CP Conduit Purchaser, and (y) such weighted average annual rate of interest shall be calculated to reflect any costs incurred by such CP Conduit Purchaser in connection with such swap transactions or in connection with any redemption or repurchase transaction between such CP Conduit Purchaser and the holders of such commercial paper; provided that no amount shall be included in the calculation of the CP Rate which reflects any termination amounts payable by such CP Conduit Purchaser in respect of the early termination of any market rate currency swap referred to in this definition.

"**Decrease**" is defined in Section 3.4(a).

"**Decrease Amount**" is defined in Section 3.4(a).

"**Deferrable Increase Notice**" means a notice of Increase that provides that a Delayed Funding Notice may be provided by any Purchaser Group with respect to such Increase in accordance with Section 3.3(e).

"**Delayed Amount**" is defined in Section 3.3(e).

"**Delayed Funding Date**" is defined in Section 3.3(e).

"**Delayed Funding Notice**" is defined in Section 3.3(e).

"**Delayed Funding Purchaser Group**" is defined in Section 3.3(e).

"**Delayed Funding Reimbursement Amount**" means, with respect to any Delayed Amount of a Delayed Funding Purchaser Group funded by Non-Delayed Funding Purchaser Groups on an Increase Date, an amount equal to the excess, if any, of (a) such Delayed Amount; over (b) the amount, if any, by which the portion of any principal payment made by the Issuer to such Non-

Delayed Funding Purchaser Group pursuant to Section 3.7 on any date during the period from and including such Increase Date to but excluding the Delayed Funding Date for such Delayed Amount, was greater than what it would have been had such Delayed Amount been funded by such Delayed Funding Purchaser Group on such Increase Date.

"**EEA Financial Institution**" shall mean (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority; (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition; or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clause (a) or (b) of this definition and is subject to consolidated supervision with its parent.

"**EEA Member Country**" shall mean any of the member states of the European Union, Iceland, Liechtenstein and Norway.

"**EEA Resolution Authority**" shall mean any public administrative authority or any person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

"**Eligible Assignee**" means a financial institution having (i) a short-term debt rating of at least "P-1" from Moody's, and (ii) either (A) a short-term debt rating of at least "R-1(low)" from DBRS, or (B) a long-term debt rating of at least "A" from DBRS.

"**EU Bail-In Legislation Schedule**" shall mean the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor person), as in effect from time to time.

"**Excluded Taxes**" is defined in Section 3.10(a).

"**FATCA**" is defined in Section 3.10(a).

"**Fee Letter**" means the fee letter dated the date hereof between the Issuer, Canadian Imperial Bank of Commerce, Royal Bank of Canada and Goldman Sachs Canada Inc., as such letter may be amended or replaced from time to time.

"**Funding Agent**" means, with respect to each CP Conduit Purchaser and its CP Conduit Purchaser Group, the agent bank set forth opposite the name of such CP Conduit Purchaser on Schedule E or in the Purchaser Group Supplement pursuant to which such CP Conduit Purchaser became a party to this Supplemental Indenture.

"**Group Bank**" means, with respect to a CP Conduit Purchaser, the bank or other Person set forth opposite the name of such CP Conduit Purchaser on Schedule E or in the Purchaser Group Supplement pursuant to which such CP Conduit Purchaser became a party to this Supplemental Indenture and any assignee thereof, to the extent such assignee has assumed all or a portion of the Commitments of the Group Bank pursuant to a Transfer Supplement entered into in accordance with Section 9.1(c).

"**Group Bank Funded Amount**" means, with respect to any CP Conduit Purchaser Group for any day, the excess, if any, of the Purchaser Group Principal Amount with respect to such CP Conduit

Purchaser Group over the CP Conduit Funded Amount with respect to such CP Conduit Purchaser Group for such day.

"**Group Bank Participants**" is defined in Section 9.1(d).

"**Group Monthly Fees and Other Amounts**" shall mean, for any Payment Date and a Purchaser Group the sum of (a) the Commitment Fee with respect to the related Interest Period for such Purchaser Group; plus (b) any amounts payable to such Purchaser Group hereunder including, without limitation, pursuant to Sections 3.8, 3.10, 3.11 and 9.8; plus (c) the Monthly Fees and Other Amounts Shortfall for such Purchaser Group for such Payment Date.

"**Group Monthly Interest**" means, with respect to each Interest Period and:

(a) any CP Conduit Purchaser Group, the sum of:

(i) for each day during such Interest Period, the product of (x) the portion of the CP Conduit Funded Amount with respect to the CP Conduit Purchaser Group on such day funded through the issuance of Commercial Paper outstanding on such day, times (y) the sum of the CP Rate for such day plus the Applicable Margin, divided by (z) 365; plus

(ii) for each day during such Interest Period, the product of (x) the portion of the CP Conduit Funded Amount with respect to the CP Conduit Purchaser in such CP Conduit Purchaser Group on such day not funded through the issuance of Commercial Paper outstanding on such day, times (y) the sum of CDOR for such day plus the Applicable Margin, divided by (z) 365; plus

(iii) for each day during such Interest Period the product of (x) the Group Bank Funded Amount with respect to such Purchaser Group on such day, times (y) the sum of CDOR for such day plus the Applicable Margin, divided by (x) 365.

(b) any Non-Conduit Purchaser Group, the sum for each day during such Interest Period of the product of (i) the Purchaser Group Principal Amount with respect to such Non-Conduit Purchaser Group on such day; times (ii) the sum of CDOR for such day plus the Applicable Margin, divided by (iii) 365.

For the purposes of determining the Group Monthly Interest in respect of an Interest Period prior to the end of the Interest Period, the Funding Agent in respect of a CP Conduit Purchaser Group or a Non-Conduit Purchaser Group may estimate the interest for the remaining days in the Interest Period. If the actual interest for such days is less than the estimated interest, the Group Monthly Interest for the following Interest Period shall be reduced to adjust for such lower actual interest and if the actual interest for such days is higher than the estimated interest, the Group Monthly Interest for the following Interest Period shall be increased to adjust for such higher interest.

"**Increase**" is defined in Section 3.3(a).

"**Increase Amount**" is defined in Section 3.3(a).

"**Increase Date**" is defined in Section 3.3(a).

"**Increase Notice**" is defined in Section 3.3(a).

"**Interest Period**" means each of the consecutive periods that begins on, and includes, each Payment Date and ends on and excludes, the following Payment Date; provided that the first Interest Period shall begin on the Closing Date and end on the Payment Date in January, 2018.

"**Issuer Indemnified Person**" is defined in Section 3.8.

"**Maximum Purchaser Group Principal Amount**" means, with respect to (a) any CP Conduit Purchaser Group, the amount set forth opposite the name of the CP Conduit Purchaser included in such CP Conduit Purchaser Group on Schedule E or in the Purchaser Group Supplement pursuant to which such CP Conduit Purchaser Group became a party to this Supplemental Indenture; or (b) any Non-Conduit Purchaser Group, the amount set forth opposite the name of such Non-Conduit Purchaser Group on Schedule E or in the Purchaser Group Supplement pursuant to which such Non-Conduit Purchaser Group became a party to this Supplemental Indenture, in each case, as such amount may be increased or reduced from time to time as provided in Section 3.5.

"**Monthly Fees and Other Amounts**" shall mean, for any Payment Date, the aggregate of the Group Monthly Fees and Other Amounts for all Purchaser Groups.

"**Monthly Fees and Other Amounts Shortfall**" means, for any Payment Date and a Purchaser Group, if the amount of the Monthly Fees and Other Amounts for the preceding Payment Date was greater than the amount distributed to the payment of such amounts pursuant to Section 3.6(d), an amount equal to the Monthly Fees and Other Amounts owing to such Purchaser Group which were unpaid on the preceding Payment Date plus interest on such unpaid amount for the period from the preceding Payment Date to the current Payment Date at a rate equal to the Prime Rate plus 1.00% per annum.

"**Monthly Interest**" shall mean, for any Payment Date, the aggregate for all Purchaser Groups of the sum of (a) Group Monthly Interest for the related Interest Period for each Purchaser Group; plus (b) the Monthly Interest Shortfall for such Payment Date for each Purchaser Group.

"**Monthly Interest Shortfall**" means, for any Payment Date and a Purchaser Group, if the amount of the Group Monthly Interest for the preceding Payment Date was greater than the amount distributed to the payment of such amounts pursuant to Section 3.6(d), an amount equal to the Group Monthly Interest owing to such Purchaser Group which were unpaid on the preceding Payment Date plus interest on such unpaid amount for the period from the preceding Payment Date to the current Payment Date at a rate equal to the Prime Rate plus 1.00% per annum.

"**Non-Conduit Purchaser**" means each financial institution or other entity (other than a commercial paper conduit, Group Bank or Funding Agent) listed on Schedule E or party to a Purchaser Group Supplement pursuant to which such financial institution or entity became a party to this Supplemental Indenture.

"**Non-Conduit Purchaser Group**" means a Non-Conduit Purchaser.

"**Non-Conduit Purchaser Participants**" is defined in Section 9.1(f).

"**Non-Deferrable Draw Amount**" means, with respect to any Purchaser Group as of any Increase Date, an amount equal to the lesser of (a) the excess, if any, of (x) the product of (i) $100,000,000 and (ii) the Commitment Percentage of such Purchaser Group over (y) the portion of any Increase Amounts funded by such Purchaser Group during the preceding thirty-five (35) days pursuant to a Non-Deferrable Increase Notice or, to the extent of any decrease pursuant to Section 3.3(e) in the Delayed Amount set forth in a Delayed Funding Notice delivered by such Purchaser Group, a Deferrable Increase Notice; and (b) the excess, if any, of (x) the Maximum Purchaser Group Principal Amount with respect to such Purchaser Group, over (y) the sum of (i) the Purchaser Group Principal Amount with respect to such Purchaser Group; and (ii) any unfunded Delayed Amounts with respect to such Purchaser Group, in each case as of such Increase Date.

"**Non-Deferrable Increase Notice**" means a notice of Increase that provides that a Delayed Funding Notice may not be provided by any Purchaser Group with respect to such Increase in accordance with Section 3.3(a).

"**Non-Delayed Funding Purchaser Group**" is defined in Section 3.3(f).

"**Optional Termination Date**" is defined in Section 3.4.

"**Optional Termination Notice**" is defined in Section 3.4.

"**Prime Rate**" means the annual rate of interest announced by Royal Bank of Canada from time to time as being its reference rate for the determination of interest rates on Canadian dollar denominated commercial loans made by it and commonly referred to by Royal Bank of Canada as its "prime rate."

"**Principal Accumulation Date**" means (i) if a Commitment Extension has occurred, the date specified as the "**Principal Accumulation Date**" in the related Commitment Extension Request, or (ii) otherwise, the Payment Date occurring in the month of July, 2021.

"**Principal Payment Amount**" means, in respect of the Series 2017-1 Senior Notes, (i) if a Commitment Extension has occurred, the amount specified as the "**Principal Payment Amount**" in the related Commitment Extension Request, or (ii) otherwise:

(a) On any Payment Date occurring on or after the earlier of (i) the Payment Date occurring in October, 2021; and (ii) the occurrence of an Acceleration Event, the Series 2017-1 Principal Amount.

(b) Unless clause (a) above is applicable, on the Payment Dates in the month of July, August, September and October of 2021, an amount equal the lesser of (x) the sum of (A) 25% of the Series 2017-1 Principal Amount on the Business Day prior to the Principal Accumulation Date, plus (B) the Decrease Amount of any Decrease occurring on such Payment Date, and (y) the Series 2017-1 Principal Amount.

(c) Unless either of clauses (a) or (b) above is applicable, on any Payment Date that is not a Decrease Date, nil.

(d) Unless either of clauses (a) or (b) above is applicable, on any Payment Date that is a Decrease Date, the Decrease Amount of the Decrease occurring on such Payment Date.

"**Principal Payment Default Date**" means, in respect of any Principal Payment Amount, (i) if a Commitment Extension has occurred, the date specified as the "**Principal Payment Default Date**" with respect to such Principal Payment Amount in the related Commitment Extension Request, or (ii) otherwise, the Business Day that is two years after the Principal Payment Date in respect of such Principal Payment Amount.

"**Pro Rata Share**" means, with respect to any Purchaser Group, on any date, the ratio, expressed as a percentage, which the Purchaser Group Principal Amount with respect to such Purchaser Group bears to the Series 2017-1 Principal Amount on such date.

"**Program Support Provider**" means, with respect to any CP Conduit Purchaser, the Group Bank with respect to such CP Conduit Purchaser and any other or additional Person now or hereafter extending credit, or having a commitment to extend credit to or for the account of, or to make purchases from, such CP Conduit Purchaser or issuing a letter of credit, surety bond or other instrument to support any obligations arising under or in connection with such CP Conduit Purchaser's securitization program.

"**Purchaser Group**" means a CP Conduit Purchaser Group or a Non-Conduit Purchaser Group.

"**Purchaser Group Increase Amount**" means, with respect to any Purchaser Group, for any Business Day, such Purchaser Group's Commitment Percentage of the Increase Amount, if any, on such Business Day.

"**Purchaser Group Principal Amount**" means, with respect to any Purchaser Group, (a) when used with respect to the Closing Date, such Purchaser Group's Commitment Percentage of the Series 2017-1 Initial Principal Amount; and (b) when used with respect to any other date, an amount equal to (i) the Purchaser Group Principal Amount with respect to such Purchaser Group on the immediately preceding Business Day; plus (ii) the Purchaser Group Increase Amount with respect to such Purchaser Group on such date; minus (iii) the amount of principal payments made to such Purchaser Group pursuant to Section 3.7 on such date. For the avoidance of doubt, (x) so long as any Purchaser Group has failed to fund any portion of its Purchaser Group Increase Amount with respect to any Increase Date (including any Delayed Amount), such unfunded amount shall not be included in the Purchaser Group Principal Amount for such Purchaser Group unless and until such amount has been funded (including by funding any Delayed Funding Reimbursement Amount, if applicable), and (y) any Delayed Amounts funded on an Increase Date by a Non-Delayed Funding Purchaser Group shall be included in the Purchaser Group Principal Amount for such Non-Delayed Funding Purchaser Group until the related Delayed Funding Reimbursement Amount has been funded.

"**Purchaser Group Supplement**" is defined in Section 9.1(e).

"**Rating Agency Condition**" means, with respect to any action in respect of the Series 2017-1 Senior Notes subject to such condition, each of the CP Conduit Purchasers shall deliver written notice of the proposed action to the CP Conduit Rating Agencies at least 10 Business Days prior

to the effective date of such action (or if 10 Business Days prior notice is impractical, such advance notice as is practicable) and the CP Conduit Rating Agencies (i) shall not have informed any CP Conduit Purchaser prior to the effective date of such action that such action will result in the reduction or withdrawal of the rating in effect with respect to the Commercial Paper of the CP Conduit Purchaser immediately before the taking of such action, or (ii) in the case of DBRS, or any successor thereto, when it is a CP Conduit Rating Agency, DBRS shall have informed each of the CP Conduit Purchasers in writing prior to the effective date of such action that such action will not result in the reduction or withdrawal of the rating of any Commercial Paper of such CP Conduit Purchasers immediately before the taking of such action. For purposes of the Trust Indenture, this Supplemental Indenture and the Master Transfer and Servicing Agreement, the Indenture Trustee shall receive, and shall be entitled to rely on, a certificate of a CP Conduit Purchaser confirming the satisfaction of the Rating Agency Condition.

"**Recipient**" is defined in Section 3.10(a).

"**Refinancing Increase**" is defined in Section 3.3(a).

"**Regulatory Change**" shall mean (i) the adoption after the date hereof of any applicable law, rule or regulation (including any applicable law, rule or regulation regarding capital adequacy, deposits, reserves or liquidity coverage) or any change therein after the date hereof, (ii) any change after the date hereof in the interpretation, administration, scope or timing of implementation thereof by any governmental authority, central bank, self-regulating professional body or comparable agency or authority charged with the interpretation or administration thereof, or compliance with any guidance, request or directive (whether or not having the force of law) of any such authority, central bank, self-regulating professional body or comparable agency or authority; provided that for purposes of this definition, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder, issued in connection therewith or in implementation thereof, and (y) all requests, rules, guidelines and directives (whether or not having the force of law) promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or Canadian or United States or other foreign regulatory authorities, shall in each case be deemed to be a "Regulatory Change", regardless of the date enacted, adopted, issued or implemented.

"**Related Non-Conduit Purchaser**" means, with respect to any Non-Conduit Purchaser Group, the Non-Conduit Purchaser that constitutes such Non-Conduit Purchaser Group.

"**Related Purchaser Group**" means, with respect to (a) any Funding Agent, the CP Conduit Purchaser identified next to such Funding Agent on Schedule E and the Group Bank identified on Schedule I next to such CP Conduit Purchaser or the CP Conduit Purchaser and Group Bank party to the Purchaser Group Supplement pursuant to which such Funding Agent became a party to this Supplemental Indenture; (b) any CP Conduit Purchaser, the CP Conduit Purchaser Group of which such CP Conduit Purchaser is a member; and (c) any Non-Conduit Purchaser, the Non-Conduit Purchaser Group that such Non-Conduit Purchaser constitutes.

"**Requisite Series 2017-1 Noteholders**" means Purchaser Groups having Commitment Percentages aggregating more than 50% (or if all Commitments have terminated, Purchaser

Groups whose aggregate Purchaser Group Principal Amounts exceed 50% of the Series 2017-1 Principal Amount).

"**Scheduled Commitment Expiry Date**" means, the Payment Date in December, 2019, as such date may be extended in accordance with Section 3.5(c).

"Series 2017-1 Event of Default" means any one of the following events (whatever the reason for such Series 2017-1 Event of Default and whether it will be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any Governmental Authority):

(a) a default by the Issuer in the payment of any interest on any Series 2017-1 Senior Notes when such interest becomes due and payable, and continuance of such default for a period of five days following the date on which such interest became due and payable;

(b) a default by the Issuer in the payment of any principal of any Series 2017-1 Senior Notes at its Principal Payment Default Date;

(c) any representation or warranty contained in Section 5.1 of this Supplemental Indenture or Section 12.01 of the Trust Indenture proves to be incorrect in any material respect when made and such incorrect representation or warranty if capable of being remedied by the Issuer, has not been remedied for a period of 30 days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by a Purchaser Group, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default" hereunder and, as a result of such default, the interests of such Purchaser Group is materially and adversely affected and continue to be materially and adversely affected during the 30-day period;

(d) a default in the performance, or breach, of any covenant of the Issuer in the Trust Indenture or this Supplemental Indenture in respect of any Series 2017-1 Senior Notes (other than an agreement, covenant or warranty a default in the performance of which or the breach of which is elsewhere specifically dealt with in this definition of Series 2017-1 Event of Default), and continuance of such default or breach for a period of 30 days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by a Purchaser Group, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default" hereunder and, as a result of such default, the interests of such Purchaser Group is materially and adversely affected and continue to be materially and adversely affected during the 30-day period;

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

payment date, maturity date or redemption date in respect of such other Series of Senior Funding Obligations; or

(f) a Suspension Notice is issued by the Province.

"**Series 2017-1 Initial Principal Amount**" is defined in Section 3.3(a).

"**Series 2017-1 Maximum Principal Amount**" means, on any date of determination, the sum of the Maximum Purchaser Group Principal Amounts with respect to each of the Purchaser Groups on such date.

"**Series 2017-1 Noteholder**" means a Person in whose name a Series 2017-1 Senior Note is registered in the Note Register.

"**Series 2017-1 Principal Amount**" means, on any date of determination, the sum of the Purchaser Group Principal Amounts with respect to each of the Purchaser Groups on such date.

"**Series 2017-1 Senior Note**" means any one of the Floating Rate Variable Funding Senior Notes, Series 2017-1, executed by the Issuer and authenticated and delivered by or on behalf of the Indenture Trustee, substantially in the form of Exhibit B.

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

"**Support Facility**" shall mean any liquidity or credit support agreement with a CP Conduit Purchaser which relates to, or is otherwise available to such CP Conduit Purchaser in relation to its funding activities under, this Supplemental Indenture.

"**Suspension Notice**" has the meaning specified in the Change of Law Protection Agreement.

"**Termination Event**" means any Acceleration Event or Series 2017-1 Event of Default or any event which with the giving of notice or the passage of time, or both, could become an Acceleration Event or a Series 2017-1 Event of Default.

"**Transfer Increase**" is defined in Section 3.3(a).

"**Transfer Supplement**" is defined in Section 9.1(c).

"**Transferee**" is defined in Section 9.1(g).

"**Trust Indenture**" means the trust indenture dated as of December 21, 2017 between the Issuer and the Indenture Trustee, as amended or restated from time to time.

"**U.S. Securities Act**" means the U.S. Securities Act of 1933, as amended.

"**Write-Down and Conversion Powers**" shall mean, with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule.

SCHEDULE B

SERIES 2017-1 SENIOR NOTE

REGISTERED	INITIAL DOLLAR PRINCIPAL AMOUNT
No. R [●]	$[●]

FAIR HYDRO TRUST

FLOATING RATE VARIABLE FUNDING SENIOR NOTE, SERIES 2017-1

Fair Hydro Trust (herein referred to as the "**Issuer**"), a trust governed by the laws of Ontario and established under a Declaration of Trust dated as of December 20, 2017 for value received, hereby promises to pay to ■, or registered assigns, subject to the following provisions, a principal sum of $■, or, if less, the aggregate unpaid principal amount shown on the schedule attached hereto (and any continuation thereof), which amount shall be payable in the amounts and at the times set forth in the Base Indenture and the Supplemental; provided, that, any Principal Payment Amount due and payable with respect to this Series 2017-1 Note shall be due and payable on the related Principal Payment Date. The Issuer will pay interest on this Series 2017-1 Note in accordance with Section 3.6 of the Supplemental on each Payment Date until the principal of this Series 2017-1 Note is paid or made available for payment, to the extent funds are available in accordance with the terms of the Supplemental. Pursuant to Sections 3.3 and 3.4 of the Supplemental, the principal amount of this Series 2017-1 Note shall be subject to Increases and Decreases on any Business Day during the period commencing on the Closing Date and ending on the Commitment Expiry Date (the "**Revolving Period**"), and accordingly, such principal amount is subject to prepayment in whole or in part at any time. During the Revolving Period, this Series 2017-1 Note is subject to mandatory prepayment, to the extent funds have been allocated to the Principal Accumulation Account and are available therefor, in accordance with Sections 3.4 and Section 3.7 of the Supplemental. Beginning on the first Payment Date following the occurrence of a Series 2017-1 Event of Default or an Event of Default (collectively, a "**Default Event**"), subject to cure in accordance with the Base Indenture or the Supplemental, as applicable, the principal of this Series 2017-1 Note shall be paid in installments on each subsequent Principal Payment Date to the extent of funds available for payment therefor pursuant to the Trust Indenture. Such principal of and interest on this Series 2017-1 Note shall be paid in the manner specified on the reverse hereof.

The principal of and interest on this Series 2017-1 Note are payable in Canadian Dollars. Except as otherwise provided in the Trust Indenture, payments made by the Issuer with respect to this Series 2017-1 Note shall be applied first to interest due and payable on this Series 2017-1 Note as provided above and then to the unpaid principal of this Series 2017-1 Note.

Reference is made to the further provisions of this Series 2017-1 Note set forth on the reverse hereof, which shall have the same effect as though fully set forth on the face of this Series 2017-1 Note. Although a summary of certain provisions of the Trust Indenture is set forth below

and on the reverse hereof and made a part hereof, this Series 2017-1 Note does not purport to summarize the Trust Indenture and reference is made to the Trust Indenture for information with respect to the interests, rights, benefits, obligations, proceeds and duties evidenced hereby and the rights, duties and obligations of the Issuer and the Indenture Trustee. A copy of the Trust Indenture may be requested from the Indenture Trustee by writing to the Indenture Trustee at: BNY Trust Company of Canada, One York Street, 6th Floor, Toronto, Ontario M5J 0B6, Attention: Corporate Trust Administration.

Reference is made to the further provisions of this Note set forth on the reverse hereof, which shall have the same effect as though fully set forth on the face of this Note.

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

IN WITNESS WHEREOF, the Issuer has caused this Series 2017-1 Note to be duly executed.

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

By: _____
Name:
Title:

By: _____
Name:
Title:

Dated: ■, 201■

INDENTURE TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Series 2017-1 Notes described in the within-mentioned Trust Indenture.

BNY TRUST COMPANY OF CANADA, as Indenture Trustee

By: _____
Authorized Signatory

By: _____
Authorized Signatory

FAIR HYDRO TRUST

SERIES 2017-1 SERIES 2017-1 FLOATING RATE ASSET BACKED NOTE

Summary of Terms and Conditions

This Series 2017-1 Note is one of a duly authorized issue of Notes of the Issuer, designated as the Floating Rate Variable Funding Senior Note, Series 2017-1 (the "**Series 2017-1 Notes**"), issued under a Trust Indenture, dated as of December 21, 2017 (as may be amended, supplemented, restated, replaced or otherwise modified from time to time, the "**Base Indenture**"), between the Issuer and BNY Trust Company of Canada, as indenture trustee (the "**Indenture Trustee**," which term includes any successor Indenture Trustee under the Base Indenture), as supplemented by the Warehouse Senior Series 2017-1 Supplemental Indenture, dated as of December 21, 2017 (the "**Supplemental**"), and representing the right to receive certain payments from the Issuer. The term "**Trust Indenture**," unless the context otherwise requires, refers to the Base Indenture as supplemented by the Supplemental. Except as set forth in the Supplemental, the Series 2017-1 Note is subject to all of the terms of the Base Indenture. All terms used in this Series 2017-1 Note that are defined in the Supplemental shall have the meanings assigned to them in or pursuant to the Supplemental.

The Series 2017-1 Note is and will be equally and ratably secured by the Collateral pledged as security therefor as provided in the Trust Indenture.

"**Payment Date**" means the 15th day of each calendar month, or, if any such date is not a Business Day, the next succeeding Business Day, commencing January 15, 2018.

As described above, any Principal Payment Amount payable with respect to this Series 2017-1 Note shall be due and payable on the related Principal Payment Date, in accordance with Section 3.7 of the Supplemental. All principal payments of the Series 2017-1 Note shall be made to the Series 2017-1 Noteholders.

Payments of interest on this Series 2017-1 Note are due and payable on each Payment Date or such other date as may be specified in the Supplemental, together with the installment of principal then due, if any, and any payments of principal made on any Business Day in respect of any Decreases, to the extent not in full payment of this Series 2017-1 Note, shall be made by wire transfer to the holder of record of this Series 2017-1 Note (or one or more predecessor Series 2017-1 Notes) on the Note Register as of the close of business on each Record Date. Any reduction in the principal amount of this Series 2017-1 Note (or one or more predecessor Series 2017-1 Notes) effected by any payments made on any Payment Date shall be binding upon all future holders of this Series 2017-1 Note and of any Series 2017-1 Note issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof, whether or not noted thereon.

The Issuer shall pay interest on Monthly Interest Shortfalls at the rate specified in the definition thereof, to the extent lawful.

Subject to the terms of the Trust Indenture, the holder of any Series 2017-1 Note may transfer the same in whole or in part, in an amount equivalent to an authorized denomination, by surrendering such Series 2017-1 Note at the office maintained by the Note Registrar for such

purpose pursuant to Section 4.05(c) of the Base Indenture, with the form of transfer endorsed on it duly completed and executed by, or accompanied by a written instrument of transfer in form satisfactory to the Issuer and the Note Registrar by, the holder thereof. In exchange for any Series 2017-1 Note properly presented for transfer, the Issuer shall execute and promptly authenticate and deliver or cause to be authenticated and delivered in compliance with applicable law, to the transferee at such office, or send by mail (at the risk of the transferee) to such address as the transferee may request, Series 2017-1 Notes for the same aggregate principal amount as was transferred. In the case of the transfer of any Series 2017-1 Note in part, the Issuer shall execute and promptly authenticate and deliver or cause to be authenticated and delivered to the transferor at such office, or send by mail (at the risk of the transferor) to such address as the transferor may request, Series 2017-1 Notes for the aggregate principal amount that was not transferred. No transfer of any Series 2017-1 Note shall be made unless the request for such transfer is made by the Series 2017-1 Noteholder at such office. Upon the issuance of transferred Series 2017-1 Notes, the Indenture Trustee shall recognize the holders of such Series 2017-1 Note as Series 2017-1 Noteholders.

Each Series 2017-1 Noteholder, by acceptance of a Series 2017-1 Note, hereby acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor under the Base Indenture and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Base Indenture including, without limitation, Section 7.12 (Payments To Be Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse), Article IX (Indenture Trustee) (including all limitations of liability thereunder), Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition).

Prior to the due presentment for registration of transfer of this Series 2017-1 Note, the Issuer, the Indenture Trustee and any agent of the Issuer or the Indenture Trustee may treat the Person in whose name this Series 2017-1 Note (as of the day of determination or as of such other date as may be specified in the Trust Indenture) is registered as the owner hereof for all purposes, whether or not this Series 2017-1 Note shall be overdue, and neither the Issuer, the Indenture Trustee nor any such agent shall be affected by notice to the contrary.

The Trust Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the rights of the holder of the Series 2017-1 Notes under the Trust Indenture at any time by the Issuer with the consent of the applicable Person(s) specified therein. The Trust Indenture also contains provisions permitting the applicable Person(s) specified therein to waive compliance by the Issuer with certain provisions of the Trust Indenture and certain past defaults under the Trust Indenture and their consequences with respect to the Series 2017-1 Notes. Any such consent or waiver by such Person(s) shall be conclusive and binding upon the Series 2017-1 Noteholders and upon all future holders of this Series 2017-1 Note and of any Series 2017-1 Note issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof whether or not notation of such consent or waiver is made upon this Series 2017-1 Note. The Trust Indenture also permits the Issuer and the Indenture Trustee to amend or waive certain terms and conditions set forth in the Trust Indenture without the consent of any other Person.

The term “the Issuer” as used in this Series 2017-1 Note includes any successor to the Issuer under the Trust Indenture.

The Series 2017-1 Note is issuable only in registered form in denominations as provided in the Trust Indenture, subject to certain limitations set forth therein.

This Series 2017-1 Note and the Trust Indenture, and all matters arising out of or relating to this Series 2017-1 Note or the Trust Indenture, shall be governed by, and construed and interpreted in accordance with, the laws of the Province of Ontario and the federal laws applicable therein, and the obligations, rights and remedies of the parties hereto shall be determined in accordance with such laws.

No reference herein to the Trust Indenture and no provision of this Series 2017-1 Note or of the Trust Indenture shall alter or impair the obligation of the Issuer, which is absolute and unconditional, to pay the principal of and interest on this Series 2017-1 Note at the times, place and rate, and in the coin or currency herein prescribed, subject to any duty of the Issuer to deduct or withhold any amounts as required by law, including any applicable Taxes.

INCREASES AND DECREASES

Date	Unpaid Principal Amount	Increase	Decrease	Total	Notation Made By

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

_____
(name and address of assignee)

the within certificate and all rights thereunder, and hereby irrevocably constitutes and appoints, _____, attorney, to transfer said certificate on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____ _____[1]
Signature Guaranteed:

REGISTRATION PANEL

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

Date of Registration	In Whose Name Registered	Signature of Note Registrar
●, 20●	●	

1 NOTE: The signature to this assignment must correspond with the name of the registered owner as it appears on the face of the within Note in every particular, without alteration, enlargement or any change whatsoever.

SCHEDULE C

FORM OF INCREASE NOTICE

INCREASE NOTICE

TO: Royal Bank of Canada ("**RBC"**), as Administrative Agent

AND TO: **[Funding Agents]**

AND TO: **[Non-Conduit Purchasers]**

AND TO: BNY Trust Company of Canada, as Indenture Trustee (the "**Indenture Trustee**")

RE: Warehouse Senior Series 2017-1 Supplemental Indenture dated as of December 21, 2017 between, *inter alios*, Fair Hydro Trust (the "**Issuer**"), the Indenture Trustee, the Funding Agents and the Administrative Agent (the "**Senior Supplemental Indenture**")

Pursuant to Section 3.3(a)(ii) of the Supplemental Indenture, the Issuer hereby gives irrevocable notice to the Administrative Agent, the Funding Agents and the Non-Conduit Purchasers that an Increase in the amount of $● (the "**Increase Amount**") shall occur on ●, 20● (the "**Increase Date**"), which Increase shall be **[to fund a Transfer/is in respect of a Refinancing]**. A Delayed Funding Notice may **[not]** be delivered in connection with such Increase.

Capitalized terms used and not otherwise defined in this Increase Notice have the meanings assigned to them in the Supplemental Indenture, whether directly or by reference.

[*Signature Page Follows*]

DATED the ___ day of _____, 20___.

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

By:

_____

Name:

Title:

By:

_____

Name:

Title:

SCHEDULE D

FORM OF DECREASE NOTICE

DECREASE NOTICE

TO: Royal Bank of Canada ("RBC"), as Administrative Agent

AND TO: [Funding Agents]

AND TO: [Non-Conduit Purchasers]

AND TO: BNY Trust Company of Canada, as Indenture Trustee (the "Indenture Trustee")

RE: Warehouse Senior Series 2017-1 Supplemental Indenture dated as of December 21, 2017 between, *inter alios*, Fair Hydro Trust (the "**Issuer**"), the Indenture Trustee, the Funding Agents and the Administrative Agent (the "**Senior Supplemental Indenture**")

Pursuant to Section 3.4(a) of the Supplemental Indenture, the Issuer hereby gives irrevocable notice to the Administrative Agent, the Funding Agents and the Non-Conduit Purchasers that a Decrease in the amount of $● (the "**Decrease Amount**") shall occur on ●, 20● (the "**Decrease Date**").

Capitalized terms used and not otherwise defined in this Decrease Notice have the meanings assigned to them in the Supplemental Indenture, whether directly or by reference.

[Signature page follows.]

DATED the ___ day of _____, 20___.

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

By:

_____

Name:

Title:

By:

_____

Name:

Title:

SCHEDULE E

PURCHASER GROUPS

CP Conduit Purchaser	Funding Agent	Group Bank	Maximum Purchaser Group Principal Amount
Lakeshore Trust Attention: Ian Benaiah 200 Bay Street, Royal Bank Plaza, North Tower, 2nd Floor Toronto, ON M5J 2W7 Fax No. 416-842-3888 Email: conduit.management@rbccm.com	**Royal Bank of Canada** Attention: Ian Benaiah 200 Bay Street, Royal Bank Plaza, North Tower, 2nd Floor Toronto, ON M5J 2W7 Fax No. 416-842-3888 Email: conduit.management@rbccm.com	**Royal Bank of Canada** Attention: Ian Benaiah 200 Bay Street, Royal Bank Plaza, North Tower, 2nd Floor Toronto, ON M5J 2W7 Fax No. 416-842-3888 Email: conduit.management@rbccm.com	$325,000,000
SOUND Trust Attention: Andrew Maciel 161 Bay Street, Brookfield Place, 5th Floor Toronto, ON M5J 2S8 Fax No. 416-956-6220 Email: conduit.management@cibc.com	**Canadian Imperial Bank of Commerce** Attention: Andrew Maciel 161 Bay Street, Brookfield Place, 5th Floor Toronto, ON M5J 2S8 Fax No. 416-956-6220 Email: conduit.management@cibc.com	**Canadian Imperial Bank of Commerce** Attention: Andrew Maciel 161 Bay Street, Brookfield Place, 5th Floor Toronto, ON M5J 2S8 Fax No. 416-956-6220 Email: conduit.management@cibc.com	$325,000,000
SURE Trust Attention: Andrew Maciel 161 Bay Street, Brookfield Place, 5th Floor Toronto, ON M5J 2S8 Fax No. 416-956-6220 Email: conduit.management@cibc.com	**Canadian Imperial Bank of Commerce** Attention: Andrew Maciel 161 Bay Street, Brookfield Place, 5th Floor Toronto, ON M5J 2S8 Fax No. 416-956-6220 Email: conduit.management@cibc.com	**Canadian Imperial Bank of Commerce** Attention: Andrew Maciel 161 Bay Street, Brookfield Place, 5th Floor Toronto, ON M5J 2S8 Fax No. 416-956-6220 Email: conduit.management@cibc.com	$325,000,000

Non-Conduit Purchaser	Maximum Purchaser Group Principal Amount
Goldman Sachs Bank USA 200 West Street New York, NY 10282 Fax No.: 646-769-5285 Emails: gs-warehouse-ops@gs.com Copy to: gs-warehouse-am@gs.com	$150,000,000

SCHEDULE F
FORM OF PURCHASER GROUP SUPPLEMENT

PURCHASER GROUP SUPPLEMENT (this "Supplement"), dated as of the date set forth in Item 1 of Schedule I hereto, among the Selling Purchaser Group set forth in Item 2 of Schedule I hereto (the "Selling Purchaser"), the Acquiring Purchaser Group set forth in Item 3 of Schedule I hereto (the "Acquiring Purchaser"), and the Funding Agent set forth in Item 4 of Schedule I hereto (in such capacity, the "New Funding Agent") for the Purchaser Group set forth in Item 5 of Schedule I hereto].

W I T N E S E T H:

WHEREAS, this Supplement is being executed and delivered in accordance with Section 9.1(e) of the Warehouse Senior Series 2017-1 Supplemental Indenture, dated as of December 21, 2017, among Computershare Trust Company of Canada, its capacity as trustee of Fair Hydro Trust, BNY Trust Company of Canada, as Indenture Trustee, and the CP Conduit Purchasers, Group Banks, Non-Conduit Purchasers and Funding Agents parties thereto, and Royal Bank of Canada, as Administrative Agent (as from time to time amended, supplemented or otherwise modified in accordance with the terms thereof, the "Supplemental Indenture"; unless otherwise defined herein, terms defined in the Supplemental Indenture are used herein as therein defined);

WHEREAS, the Acquiring Purchaser (if it is not already a Purchaser Group party to the Supplemental Indenture) wishes to become a Purchaser Group party to the Supplemental Indenture and the Acquiring Purchaser wishes to acquire and assume from the Selling Purchaser, certain of the rights, obligations and commitments under the Supplemental Indenture; and

WHEREAS, the Selling Purchaser wishes to sell and assign to the Acquiring Purchaser, certain of its rights, obligations and commitments under the Supplemental Indenture.

NOW, THEREFORE, the parties hereto hereby agree as follows:

(a) Upon receipt by the New Funding Agent of five counterparts of this Supplement, to each of which is attached a fully completed Schedule I and Schedule II, each of which has been executed by the Selling Purchaser, the Acquiring Purchaser and the New Funding Agent, the New Funding Agent will promptly transmit to the Manager on behalf of the Issuer, the Indenture Trustee, the Selling Purchaser and the Acquiring Purchaser a Transfer Effective Notice, substantially in the form of Schedule III to this Supplement (a "Transfer Effective Notice"). Such Transfer Effective Notice shall be executed by the New Funding Agent and shall set forth, *inter alia*, the date on which the transfer effected by this Supplement shall become effective (the "Transfer Effective Date"). From and after the Transfer Effective Date, the Acquiring Purchaser shall be a Purchaser Group party to the Supplemental Indenture for all purposes thereof as a CP Conduit Purchaser or a Non-Conduit Purchaser, as specified on Schedule II to this Supplement.

(b) At or before 12:00 Noon, local time of the Selling Purchaser, on the Transfer Effective Date, the Acquiring Purchaser shall pay to the Selling Purchaser, in immediately available funds, an amount equal to the purchase price, as agreed between the Selling Purchaser and such Acquiring Purchaser (the "Purchase Price"), of the portion set forth on Schedule II hereto

being purchased by such Acquiring Purchaser of the Selling Purchaser's Maximum Purchaser Group Principal Amount (such Acquiring Purchaser's "Transferor Percentage") and other amounts owing to the Selling Purchaser under the Supplemental Indenture or otherwise in respect of the Series 2017-1 Senior Notes.

Effective upon receipt by the Selling Purchaser of the Purchase Price from the Acquiring Purchaser, the Selling Purchaser hereby irrevocably sells, assigns and transfers to the Acquiring Purchaser, without recourse, representation or warranty, and the Acquiring Purchaser hereby irrevocably purchases, takes and assumes from the Selling Purchaser, (i) the Transferor Percentage of the presently outstanding Maximum Purchaser Group Principal Amount of the Selling Purchaser and other amounts owing to the Selling Purchaser in respect of the Series 2017-1 Senior Notes, together with all instruments, documents and collateral security pertaining thereto, and (ii) the Transferor Percentage of the Selling Purchaser's Commitment Percentage and other rights, duties and obligations of the Selling Purchaser under the Supplemental Indenture.

This Supplement is intended by the parties hereto to effect a purchase by the Acquiring Purchaser and sale by the Selling Purchaser of interests in the Series 2017-1 Senior Notes, and it is not to be construed as a loan or a commitment to make a loan by the Acquiring Purchaser to the Selling Purchaser. The Selling Purchaser hereby confirms that the amount of the Series 2017-1 Maximum Principal Amount is $_____ and its Commitment Percentage thereof is _%, which equals $_____ as of _____, 20___. Upon and after the Transfer Effective Date (until further modified in accordance with the Supplemental Indenture), the Commitment Percentage of the Selling Purchaser and the Acquiring Purchaser shall be as set forth in Schedule II to this Supplement.

(c) The Selling Purchaser has made arrangements with the Acquiring Purchaser with respect to (i) the portion, if any, to be paid, and the date or dates for payment, by the Selling Purchaser to the Acquiring Purchaser of any fees heretofore received by the Selling Purchaser pursuant to the Supplemental Indenture and Fee Letter prior to the Transfer Effective Date and (ii) the portion, if any, to be paid, and the date or dates for payment, by the Acquiring Purchaser to the Selling Purchaser of fees or interest received by the Acquiring Purchaser pursuant to the Supplemental Indenture, Fee Letter or otherwise in respect of the Series 2017-1 Senior Notes from and after the Transfer Effective Date.

(d) (i) All principal payments that would otherwise be payable from and after the Transfer Effective Date to or for the account of the Selling Purchaser in respect of the Series 2017-1 Senior Notes shall, instead, be payable to or for the account of the Selling Purchaser and the Acquiring Purchaser, as the case may be, in accordance with their respective interests as reflected in this Supplement.

(ii) All interest, fees and other amounts that would otherwise accrue for the account of the Selling Purchaser from and after the Transfer Effective Date pursuant to the Supplemental Indenture and Fee Letter or in respect of the Series 2017-1 Senior Notes shall, instead, accrue for the account of, and be payable to or for the account of, the Selling Purchaser and the Acquiring Purchaser, as the case may be, in accordance with their respective interests as reflected in this Supplement. In the event that any amount of interest, fees or other amounts accruing prior to the Transfer Effective Date was included in the Purchase Price paid by the Acquiring Purchaser, the Selling Purchaser and the Acquiring Purchaser will make appropriate

arrangements for payment by the Selling Purchaser to the Acquiring Purchaser of such amount upon receipt thereof from the New Funding Agent.

(e) Concurrently with the execution and delivery hereof, the Acquiring Purchaser will deliver to the New Funding Agent and the Issuer the forms, if any, required by subsection 3.10(b) of the Supplemental Indenture.

(f) Each of the parties to this Supplement agrees and acknowledges that (i) at any time and from time to time upon the written request of any other party, it will execute and deliver such further documents and do such further acts and things as such other party may reasonably request in order to effect the purposes of this Supplement, and (ii) the New Funding Agent shall apply each payment made to it under the Supplemental Indenture, whether in its individual capacity or as Agent, in accordance with the provisions of the Supplemental Indenture, as appropriate.

(g) By executing and delivering this Supplement, the Selling Purchaser and the Acquiring Purchaser confirm to and agree with each other, the Funding Agents (including the New Funding Agent), the CP Conduit Purchasers, the Group Banks and the Non-Conduit Purchasers as follows: (i) other than the representation and warranty that it is the legal and beneficial owner of the interest being assigned hereby free and clear of any adverse claim, the Selling Purchaser makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with the Supplemental Indenture or any related documents or the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Supplemental Indenture or any other instrument or document furnished pursuant thereto; (ii) the Selling Purchaser makes no representation or warranty and assumes no responsibility with respect to the Issuer, the financial condition of the Issuer or the Indenture Trustee or the performance or observance by the Issuer or the Indenture Trustee of any of their respective obligations under the Supplemental Indenture or any other instrument or document furnished pursuant hereto; (iii) the Acquiring Purchaser confirms that it has received a copy of such documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Supplement; (iv) the Acquiring Purchaser will, independently and without reliance upon the Administrative Agent, any Funding Agent (as defined in the Supplemental Indenture), the Selling Purchaser or any other Purchaser Group and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Supplemental Indenture or the related documents; (v) the Acquiring Purchaser appoints and authorizes the New Funding Agent and the Administrative Agent to take such action as agent on its behalf and to exercise such powers under the Supplemental Indenture and any related documents as are delegated to the New Funding Agent or the Administrative Agent, as the case may be, by the terms thereof, together with such powers as are reasonably incidental thereto, all in accordance with Article 8 of the Supplemental Indenture; and (vi) the Acquiring Purchaser agrees (for the benefit of the Selling Purchaser, the Administrative Agent, the Funding Agents (as defined in the Supplemental Indenture), the Group Banks, the CP Conduit Purchasers, the Non-Conduit Purchasers, the Issuer and the Indenture Trustee) that it will perform in accordance with their terms all of the obligations which by the terms of the Supplemental Indenture are required to be performed by it as a Purchaser Group and that its rights under the Series 2017-1 Senior Notes are subject to the terms and conditions of the Supplemental Indenture (including section 9.7 thereof).

(h) Schedule II hereto sets forth the revised Commitment Percentage of the Selling Purchaser and the Acquiring Purchaser as well as administrative information with respect to the Acquiring Purchaser.

(i) **THIS SUPPLEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN.**

IN WITNESS WHEREOF, the parties hereto have caused this Supplement to be executed by their respective duly authorized officers on Schedule I hereto as of the date set forth in Item 1 of Schedule I hereto.

SCHEDULE I TO
PURCHASER GROUP SUPPLEMENT

COMPLETION OF INFORMATION AND
SIGNATURES FOR PURCHASER GROUP SUPPLEMENT

Re: Supplemental Indenture, dated as of December 21, 2017, 2017, among Computershare Trust Company of Canada, as trustee of Fair Hydro Trust, BNY Trust Company of Canada, as Indenture Trustee, the CP Conduit Purchasers, the Non-Conduit Purchasers, the Group Banks and the Funding Agents parties thereto, and Royal Bank of Canada, as Administrative Agent

Item 1: Date of Purchaser Group Supplement:
Item 2: Selling Purchaser:
Item 3: Acquiring Purchaser:
Item 4: Name of New Funding Agent:
Item 5: Name of Purchaser Group:
Item 6: Signatures of Parties to Agreement:

_____
as Selling Purchaser

By: _____
Name:
Title:

By: _____
Name:
Title:

_____
as Acquiring Purchaser

By: _____
Name:
Title:

By: _____
Name:
Title:

CONSENTED TO AND ACCEPTED BY:

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

By: _____
Name:
Title:

By: _____
Name:
Title:

ROYAL BANK OF CANADA,

as Administrative Agent

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE II TO
PURCHASER GROUP SUPPLEMENT

LIST OF ADDRESSES FOR NOTICES, ASSIGNED INTERESTS AND COMMITMENT PERCENTAGES

[Selling Purchaser]

A. Purchaser Group Commitment Percentage:

Selling Purchaser Commitment Percentage Prior to Sale:	_____%
Commitment Percentage Sold:	_____%
Commitment Percentage Retained:	_____%

B. Series 2017-1 Maximum Principal Amount:

Selling Purchaser Portion of Series 2017-1 Maximum Principal Amount Prior to Sale:	_____%
Portion of Series 2017-1 Maximum Principal Amount Sold:	_____%
Portion of Series 2017-1 Maximum Principal Amount Retained:	_____%

[Acquiring Purchaser]

A. Purchaser Group Commitment Percentage:

Transferee Purchaser Commitment Percentage After Sale:	_____%

B. Series 2017-1 Maximum Principal Amount:

Transferee Purchaser Portion of Series 2017-1 Maximum Principal Amount After Sale:	_____%

Address for Notices:

SCHEDULE III TO
PURCHASER GROUP SUPPLEMENT

Form of
Transfer Effective Notice

To: [Name and address of Seller, Servicer, Trust, Administrative Agent, Selling Purchaser and Acquiring Purchaser]

The undersigned, as New Funding Agent under the Supplemental Indenture, dated as of December 21, 2017, among Computershare Trust Company of Canada, as trustee of Fair Hydro Trust, BNY Trust Company of Canada, as Indenture Trustee, the CP Conduit Purchasers, the Non-Conduit Purchasers, the Group Banks and the Funding Agents parties thereto, and Royal Bank of Canada, as Administrative Agent, acknowledges receipt of five executed counterparts of a completed Purchaser Group Supplement. [Note: attach copies of Schedules I and II from such Purchaser Group Supplement.] Terms defined in such Purchaser Group Supplement are used herein as therein defined.

Pursuant to such Purchaser Group Supplement, you are advised that the Transfer Effective Date will be _____, _____.

Very truly yours,

[NAME OF NEW FUNDING AGENT]

By: _____
Name:
Title:

WAREHOUSE

SENIOR SERIES 2017-1

SUPPLEMENTAL INDENTURE

between

FAIR HYDRO TRUST

by

COMPUTERSHARE TRUST COMPANY OF CANADA
as Issuer Trustee

and

BNY TRUST COMPANY OF CANADA
as Indenture Trustee

and

ROYAL BANK OF CANADA
as Administrative Agent

and

CERTAIN CP CONDUIT PURCHASERS,
CERTAIN NON-CONDUIT PURCHASERS
CERTAIN FUNDING AGENTS
and CERTAIN GROUP BANKS

Made as of December ~~[21],~~21, 2017

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FLOATING RATE VARIABLE FUNDING,
SERIES 2017-1 SENIOR NOTES

SUPPLEMENTAL INDENTURE made as of December ~~[21],~~21, 2017, between **Computershare Trust Company of Canada**, a trust company established under the laws of Canada (the "**Issuer Trustee**"), in its capacity as trustee of **Fair Hydro Trust**, a trust existing under the laws of the Province of Ontario (in such capacity, the "**Issuer**"), **BNY Trust Company of Canada**, a trust company established under the laws of Canada (the "**Indenture Trustee**"), **Royal Bank of Canada**, in its capacity as the administrative agent for the Purchaser Groups (the "**Administrative Agent**"), the **Non-Conduit Purchasers** from time to time party hereto, the **CP Conduit Purchasers** from time to time party hereto, and the **Funding Agents** for the CP Conduit Purchaser Groups from time to time party hereto.

WHEREAS pursuant to the Trust Indenture, provision was made for the issuance of Notes from time to time;

AND WHEREAS pursuant to the Trust Indenture, Notes may be issued in one or more Series by the execution and delivery of a Supplemental Indenture;

AND WHEREAS the parties hereto are entering into this Supplemental Indenture to provide for the creation and issuance of the Series 2017-1 Senior Notes;

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

ARTICLE 1
INTERPRETATION

1.1 Definitions

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

(b) Except as otherwise expressly provided or unless the context otherwise requires, all terms used herein which are defined in the Trust Indenture, either directly or by reference therein, have the meanings assigned to them in the Trust Indenture.

1.2 Interpretation

Subject to the next following sentences, this Supplemental Indenture is supplemental to the Trust Indenture and the Trust Indenture shall be read in conjunction with this Supplemental Indenture and all of the provisions of the Trust Indenture shall apply to and shall have effect in connection with this Supplemental Indenture in the same manner as if all of the provisions of the Trust Indenture and of this Supplemental Indenture were contained in one instrument. This Supplemental Indenture shall, unless the context otherwise requires, be subject to the interpretative provisions contained in Article 1 of the Trust Indenture. If any terms of the Trust

Indenture are inconsistent with the express terms or provisions hereof, the terms and provisions of the Trust Indenture shall be, solely in respect of the Series 2017-1 Senior Notes, amended and supplemented so as to be consistent herewith. The provisions of this Supplemental Indenture are applicable only in respect of the Series 2017-1 Senior Notes and not the Notes of any other Series.

1.3 Application of this Supplemental Indenture

With respect to the Series 2017-1 Senior Notes only, the terms of the Trust Indenture are amended, supplemented, modified, restated and replaced to the extent applicable by the terms of this Supplemental Indenture in respect of the Series 2017-1 Senior Notes in accordance with Section 1.2 above.

ARTICLE 2
PRINCIPAL TERMS

2.1 Creation of Series 2017-1 Senior Notes

There is hereby created a Series of Notes to be issued pursuant to the Trust Indenture and this Supplemental Indenture designated as the "**Floating Rate Variable Funding Senior Notes, Series 2017-1**."

2.2 Principal Terms

In addition to and without limiting any of the provisions of this Supplemental Indenture, the Series 2017-1 Senior Notes:

(a) will be designated as set out in Section 2.1;

(b) will be Senior Notes;

(c) will have a Stated Principal Amount equal to the Series 2017-1 Maximum Principal Amount;

(d) will not be issued in Tranches;

(e) will be denominated in Canadian dollars;

(f) will not be listed on any securities exchange;

(g) will have an Initial Dollar Principal Amount equal to the Series 2017-1 Initial Principal Amount;

(h) will be issued as definitive notes and will not be in the form of a Global Note;

(i) will be issued as Registered Notes and will be without coupons;

(j) will be substantially in the form of Schedule B, with such appropriate insertions, omissions, substitutions and variations as may be approved by the Issuer;

(k) will have each Payment Date on and after the Payment Date in January, 2018 as an Interest Payment Date;

(l) will have Principal Payment Dates as determined under Section 3.7;

(m) will have Principal Payment Default Dates as defined herein; and

(n) will have no minimum issue amount.

ARTICLE 3
NOTE PURCHASE FACILITY

3.1 Purchase of Notes by the Purchasers

(a) ***Initial Purchases***. Subject to the terms and conditions of this Supplemental Indenture, including delivery of notice in accordance with Section 3.3, (i) each Non-Conduit Purchaser shall purchase, and each CP Conduit Purchaser may, in its sole discretion, purchase a Series 2017-1 Senior Note in an amount equal to all or a portion of its Commitment Percentage of the Series 2017-1 Initial Principal Amount on any Business Day during the period from the date hereof to and including December ~~[21],~~21, 2017, and if any such CP Conduit Purchaser shall have notified the Administrative Agent and the Funding Agent with respect to such CP Conduit Purchaser that it has elected not to fund a Series 2017-1 Senior Note in an amount equal to its Commitment Percentage of the Series 2017-1 Initial Principal Amount on the Closing Date, the Group Bank with respect to such CP Conduit Purchaser shall fund on the Closing Date that portion of such Series 2017-1 Senior Note not to be funded by such CP Conduit Purchaser; and (ii) thereafter, (A) each Non-Conduit Purchaser shall maintain its Series 2017-1 Senior Note, subject to increase or decrease during the period from the Closing Date to and including the Commitment Expiry Date, in accordance with the provisions of this Supplemental Indenture, (B) if a CP Conduit Purchaser shall have purchased a Series 2017-1 Senior Note on the Closing Date, such CP Conduit Purchaser may, in its sole discretion, maintain its Series 2017-1 Senior Note, subject to increase or decrease during the period from the Closing Date to and including the Commitment Expiry Date, in accordance with the provisions of this Supplemental Indenture, and (C) the Group Bank shall maintain its Series 2017-1 Senior Note with respect to its Related Purchaser Group, subject to increase or decrease during the period from the Closing Date to and including the Commitment Expiry Date, in accordance with the provisions of this Supplemental Indenture. Payments by the Non-Conduit Purchasers, the CP Conduit Purchasers and/or the Group Bank with respect to the CP Conduit Purchasers shall be made in immediately available funds on the Closing Date in accordance with Section 3.3(d).

(b) ***Maximum Purchaser Group Principal Amounts***. Notwithstanding anything to the contrary contained in this Supplemental Indenture, at no time shall a Purchaser Group be required to make the initial purchase of a Series 2017-1 Senior Note or

increase its Purchaser Group Principal Amount if the sum of (x) Purchaser Group Principal Amount with respect to such Purchaser Group, after giving effect to such purchase or increase, and (y) the sum of any unfunded Delayed Amounts with respect to such Purchaser Group, would exceed the Maximum Purchaser Group Principal Amount with respect to such Purchaser Group at such time.

3.2 Delivery

(a) On or prior to the Closing Date (or on any later date that any Purchaser Group becomes a party to this Supplemental Indenture), Series 2017-1 Senior Notes shall be executed, authenticated and delivered by the Issuer in accordance with Section 4.03 of the Trust Indenture (i) in the case of a CP Conduit Purchaser Group, in the name of the Funding Agent with respect to such CP Conduit Purchaser Group (or as otherwise requested by such CP Conduit Purchaser Group and agreed to by the Issuer) in an amount equal to the Maximum Purchaser Group Principal Amount with respect to such CP Conduit Purchaser Group and delivered to such Funding Agent; or (ii) in the case of a Non-Conduit Purchaser Group, in the name of the Related Non-Conduit Purchaser in an amount equal to the Maximum Purchaser Group Principal Amount with respect to such Related Non-Conduit Purchaser and delivered to such Related Non-Conduit Purchaser.

(b) The Administrative Agent shall maintain a record of the actual Purchaser Group Principal Amount outstanding with respect to each Purchaser Group and the actual Series 2017-1 Principal Amount outstanding on any date of determination, which, absent manifest error, shall constitute prima facie evidence of the outstanding Purchaser Group Principal Amounts and outstanding Series 2017-1 Principal Amount from time to time. Upon a written request from the Indenture Trustee, the Administrative Agent shall provide in writing the identity of the Purchaser Groups, the related Funding Agents for each CP Conduit Purchaser Group, the Purchaser Group Principal Amount for each Purchaser Group and the Commitment Percentage with respect to such Purchaser Group to the Indenture Trustee.

3.3 Procedure for Initial Issuance and for Increasing the Series 2017-1 Principal Amount

(a) (i) On any Business Day prior to December ~~[21],~~21, 2017, in the case of a Non-Conduit Purchaser Group, the Related Non-Conduit Purchaser hereby agrees, or in the case of a CP Conduit Purchaser Group, the CP Conduit Purchaser in such CP Conduit Purchaser Group may agree, in its sole discretion, and the Group Bank with respect to such CP Conduit Purchaser hereby agrees, that it will purchase a Series 2017-1 Senior Note for an initial purchase price equal to the Commitment Percentage with respect to such Purchaser Group of the Series 2017-1 Initial Principal Amount upon the request of the Issuer (the date on which the initial purchase occurs being referred to as the "**Closing Date**"); provided, however, that the Issuer shall have given each of the Funding Agents (with a copy to the Indenture Trustee) irrevocable written notice (effective upon receipt), by

email communication, substantially in the form of Schedule C no later than 12:00 p.m. (Toronto time) on the second Business Day prior to the Closing Date. The written notice of the initial purchase of the Series 2017-1 Senior Notes shall state (x) the Closing Date, and (y) the initial total purchase price to be paid for the Series 2017-1 Senior Notes (the "**Series 2017-1 Initial Principal Amount**"); and (ii) subject to Section 3.3(e), on any Business Day during the period from the initial purchase of the Series 2017-1 Senior Notes hereunder to and including the Commitment Expiry Date, in the case of a Non-Conduit Purchaser Group, the Related Non-Conduit Purchaser hereby agrees, or in the case of a CP Conduit Purchaser Group, the CP Conduit Purchaser in such CP Conduit Purchaser Group may agree, in its sole discretion, and the Group Bank with respect to such CP Conduit Purchaser hereby agrees that the Purchaser Group Principal Amount with respect to such Purchaser Group may be increased by an amount equal to the Commitment Percentage with respect to such Purchaser Group of the Increase Amount (an "**Increase**"), upon the request of the Issuer (each date on which an increase in the Series 2017-1 Principal Amount occurs hereunder being herein referred to as the "**Increase Date**" applicable to such Increase); provided, however, that the Issuer shall have given the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser (with a copy to the Indenture Trustee) irrevocable (other than as specified in Section 3.3(e)) written notice (effective upon receipt), by email communication, substantially in the form of Schedule C (an "**Increase Notice**") no later than 12:00 p.m. (Toronto time) on (A) with respect to a Deferrable Increase Notice, the third Business Day prior to such Increase Date, or (B) with respect to a Non-Deferrable Increase Notice, the second Business Day prior to such Increase Date. Each Increase Notice shall state (x) the Increase Date, (y) the proposed amount of the increase in the Series 2017-1 Principal Amount (an "**Increase Amount**"), (z) whether a Delayed Funding Notice may be delivered in connection with such Increase pursuant to Section 3.3(e) and whether the Increase is to fund a Transfer (a "**Transfer Increase**") or is in respect of a Refinancing (a "**Refinancing Increase**"). The Commitment Percentage with respect to any Purchaser Group of the Increase Amount set forth in any Non-Deferrable Increase Notice shall not exceed such Purchaser Group's Non-Deferrable Draw Amount as of the related Increase Date.

(b) If a CP Conduit Purchaser elects not to fund the full amount of its Commitment Percentage of a requested Increase, such CP Conduit Purchaser shall notify the Administrative Agent and the Funding Agent with respect to such CP Conduit Purchaser, and the Group Bank with respect to such CP Conduit Purchaser shall fund the portion of the Commitment Percentage with respect to such Related Purchaser Group of such Increase not funded by such CP Conduit Purchaser.

(c) No Purchaser Group shall be required to increase its Purchaser Group Principal Amount on any Increase Date hereunder unless:

(i) such Purchaser Group's Commitment Percentage of such Increase Amount is (A) equal to $1,000,000 or more, or (B) if less than $1,000,000, the difference between the Maximum Purchaser Group Principal Amount with

respect to such Purchaser Group and the Purchaser Group Principal Amount with respect to such Purchaser Group; and

(ii) after giving effect to such Increase Amount, the sum of the (x) the Purchaser Group Principal Amount, and (y) any unfunded Delayed Amounts with respect to such Purchaser Group would not exceed the Maximum Purchaser Group Principal Amount with respect to such Purchaser Group;

(d) After receipt by any Funding Agent with respect to a CP Conduit Purchaser Group of any notice required by Section 3.3(a) or permitted by Section 3.3(e) from the Issuer, such Funding Agent shall, so long as the conditions set forth in Sections 3.3(a) and (c) and Article 4 are satisfied, promptly provide notice by email communication to the related CP Conduit Purchaser and the related Group Bank, of the Increase Date and of such CP Conduit Purchaser Group's Commitment Percentage of the Closing Date or Increase Amount, as applicable. Subject to Section 3.3(e), if such CP Conduit Purchaser elects to fund all or a portion of its Commitment Percentage of the Series 2017-1 Initial Principal Amount or the Increase Amount, as applicable, such CP Conduit Purchaser shall pay in immediately available funds its Commitment Percentage (or any portion thereof) of the amount of the Series 2017-1 Initial Principal Amount or Increase Amount, as applicable, on the Closing Date or the related Increase Date, as applicable, to the Funding Agent with respect to such CP Conduit Purchaser Group for remittance to the Issuer for application in accordance with Section 3.3(h). Subject to Section 3.3(e), if such CP Conduit Purchaser does not fund the full amount of the Commitment Percentage of such CP Conduit Purchaser Group of the Series 2017-1 Initial Principal Amount or an Increase Amount, as applicable, and the related Group Bank is required to fund the portion thereof not funded by the CP Conduit Purchaser, such Group Bank shall pay in immediately available funds such portion on the Closing Date or the related Increase Date, as applicable, to the Funding Agent with respect to such CP Conduit Purchaser Group. Each Funding Agent shall remit the amounts received by it from its CP Conduit Purchaser or the related Group Bank pursuant to this Section 3.3(d) to the Issuer for application in accordance with Section 3.3(h). Subject to Section 3.3(e), so long as the conditions set forth in Sections 3.3(a) and (c) and Article 4 are satisfied, each Non-Conduit Purchaser shall pay in immediately available funds the Commitment Percentage of such Non-Conduit Purchaser of the amount of the Series 2017-1 Initial Principal Amount or Increase Amount, as applicable, on the Closing Date or the Increase Date, as applicable, to the Issuer for application in accordance with Section 3.3(h).

(e) Notwithstanding any of the foregoing, any Group Bank or Non-Conduit Purchaser may, upon receipt of any Deferrable Increase Notice pursuant to Section 3.3(a), notify the Issuer in writing (a "**Delayed Funding Notice**") on or prior to 12:00 noon (Toronto time) on the second Business Day preceding the related Increase Date, of its intent to fund an amount up to its Commitment Percentage of the related Increase Amount (such amount, subject to any adjustment described

below, the "**Delayed Amount**") on a Business Day that is on or before the thirty-third (33rd) day following the Increase Date specified in such Deferrable Increase Notice (the "**Delayed Funding Date**") rather than on such Increase Date. If any Group Bank or Non-Conduit Purchaser provides a Delayed Funding Notice to the Issuer following the Issuer's delivery of an Increase Notice pursuant to Section 3.3(a), the Issuer may with written notice to the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser delivered prior to 3:00 pm on the second Business Day preceding such Increase Date, (x) decrease the Increase Amount with respect to such Deferrable Increase Notice (or revoke such Deferrable Increase Notice by decreasing the Increase Amount to zero), and/or (y) require any Group Bank or Non-Conduit Purchaser who has provided a Delayed Funding Notice to reduce the Delayed Amount with respect to such Increase by an amount no greater than the Non-Deferrable Draw Amount with respect to such Purchaser Group as of the related Increase Date. In the event that the Increase Amount with respect to such Deferrable Increase Notice is reduced, but not to zero, then any Delayed Amount with respect to any Purchaser Group shall be reduced on a pro rata basis unless otherwise specified by the Issuer pursuant to clause (y) above. No Purchaser Group that has provided a Delayed Funding Notice in respect of an Increase (each a "**Delayed Funding Purchaser Group**") shall be considered to be in default of its obligation to fund its Delayed Amount pursuant to this Section 3.3 unless and until it has failed to fund the Delayed Amount (and/or the Delayed Funding Reimbursement Amount with respect to such Delayed Amount) on or before the Delayed Funding Date.

(f) If (i) one or more Delayed Funding Purchaser Groups provides a Delayed Funding Notice to the Issuer in respect of any Increase Date; and (ii) the Issuer shall not have decreased the related Increase Amount to zero or required each such Delayed Funding Purchaser Group to reduce the Delayed Amount with respect to such Increase to zero, in each case, pursuant to Section 3.3(e), the Administrative Agent shall, by no later than 5:00 p.m. (Toronto time) on the second Business Day preceding such Increase Date, direct each Purchaser Group that is not a Delayed Funding Purchaser Group with respect to such Increase Date (each a "**Non-Delayed Funding Purchaser Group**") to fund an additional portion of such Increase Amount on such Increase Date equal to such Non-Delayed Funding Purchaser Group's proportionate share (based upon the Maximum Purchaser Group Principal Amount with respect to such Non-Delayed Funding Purchaser Group relative to the sum of the Maximum Purchaser Group Principal Amounts with respect to all Non-Delayed Funding Purchaser Groups) of the aggregate Delayed Amounts with respect to such Increase Date; provided that no Non-Delayed Funding Purchaser Group shall be required to fund any portion of the aggregate Delayed Amounts that would cause its Purchaser Group Principal Amount to exceed its Maximum Purchaser Group Principal Amount. Subject to Section 3.3(a), in the case of a Non-Delayed Funding Purchaser Group that is a Non-Conduit Purchaser, such Non-Conduit Purchaser hereby agrees, or, in the case of a Non-Delayed Funding Purchaser Group that is a CP Conduit Purchaser Group, the CP Conduit Purchaser in such CP Conduit Purchaser Group may agree, in its sole discretion, and the Group Bank in such CP Conduit Purchaser

Group hereby agrees, to fund such portion of the Increase Amount on such Increase Date.

(g) After the Non-Delayed Funding Purchaser Groups fund a Delayed Amount on any Increase Date in accordance with Section 3.3(f), the Delayed Funding Purchaser Group in respect of such Delayed Amount will be obligated to fund the Delayed Funding Reimbursement Amount with respect to such Delayed Amount on or before its Delayed Funding Date, irrespective of whether the Scheduled Commitment Expiry Date shall have occurred on or prior to such Delayed Funding Date or the Issuer would be able to satisfy the conditions set forth in Section 3.3(c) to an Increase in an amount equal to such Delayed Funding Reimbursement Amount on such Delayed Funding Date. Such Delayed Funding Purchaser Group shall fund such Delayed Funding Reimbursement Amount on such Delayed Funding Date by paying such amount in immediately available funds to each such Non-Delayed Funding Purchaser Group, *pro rata* based on the relative amount of such Delayed Amount funded by such Non-Delayed Funding Purchaser Group on such Increase Date pursuant to Section 3.3(f).

(h) The Issuer shall apply amounts paid to it pursuant to Sections 3.3(d) and 3.3(f) by application to payment of the purchase price payable by the Issuer to the IESO under the Master Transfer and Servicing Agreement in respect of a Transfer or by deposit to the Refinancing Account.

3.4 Procedure for Decreasing the Series 2017-1 Principal Amount; Optional Termination

(a) In the case of a Non-Conduit Purchaser Group, the Related Non-Conduit Purchaser hereby agrees, and in the case of a CP Conduit Purchaser Group, each of the CP Conduit Purchasers and the Group Bank in such CP Conduit Purchaser Group hereby agrees, that the Purchaser Group Principal Amount with respect to such Purchaser Group may be decreased on any Payment Date by such Purchaser Group's Commitment Percentage of a Decrease Amount (a "**Decrease**"), upon the request of the Issuer. Each Payment Date on which a Decrease in the Series 2017-1 Principal Amount occurs hereunder being herein referred to as the "**Decrease Date**" applicable to such Decrease; provided, however, that the Issuer shall have given the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser (with a copy to the Indenture Trustee and ~~DBRS~~each CP Conduit Rating Agency) irrevocable written notice (effective upon receipt), by email communication, substantially in the form of Schedule D (a "**Decrease Notice**") no later than 12:00 p.m. (Toronto time) on the fifth Business Day prior to any Payment Date that is a Decrease Date~~; provided that if the~~. *Each Decrease Notice shall state *(x) the Decrease Date, and (y)* the proposed amount of the decrease in the Series 2017-1 Principal Amount (a "**Decrease Amount**").* If a Decrease is greater than $250,000,000, the ~~Decrease Notice shall, subject to the second following sentence, be provided~~Issuer shall provide written notice to the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser (with a copy to the Indenture Trustee and each CP Conduit Rating Agency) no

later than 12:00 p.m. (Toronto time) on the 45th day prior to ~~any Payment~~the Decrease Date that ~~is a Decrease Date. If~~the Issuer intends to issue a Decrease Notice with respect to ~~a~~the applicable Decrease ~~of $250,000,000 or more~~Date. If such a notice is not provided prior to the 45th day preceding the ~~related Payment~~proposed Decrease Date, or if a Decrease Notice is not delivered with respect to the proposed Decrease Date, the Issuer shall be required to pay to each Funding Agent any Breakage Costs incurred by any of its related CP Conduit Purchasers with respect to ~~such~~the proposed Decrease on the related Payment Date~~.~~ *~~Each Decrease Notice shall state~~ *~~(x) the Decrease Date, and (y)~~* ~~the proposed amount of the decrease in the Series 2017-1 Principal Amount (a "**Decrease Amount**").~~* on which such Decrease was to occur.

(b) Upon each Decrease, the Administrative Agent shall indicate in its records such Decrease and the Purchaser Group Principal Amount outstanding with respect to each Purchaser Group after giving effect to such Decrease.

(c) On any Business Day, the Issuer shall have the right to deliver an irrevocable written notice (an "**Optional Termination Notice**") to the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser (with a copy to ~~DBRS~~each CP Conduit Rating Agency) in which the Issuer declares that the Commitments shall terminate on the date (the "**Optional Termination Date**") set forth in such notice (which date, in any event, shall be a Payment Date not less than twenty (20) Business Days from the date on which such notice is delivered).

3.5 Increases and Reductions of the Commitments

(a) The Issuer may from time to time request that any Purchaser Group agree to increase its Maximum Purchaser Group Principal Amount. An increase in such amount shall be effective hereunder if such Purchaser Group shall have agreed in its sole discretion to such increase and the Rating Agency Condition has been satisfied with respect thereto.

(b) On any Business Day, the Issuer may, upon two (2) Business Days' prior written notice to the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser (effective upon receipt) (with copies to the Indenture Trustee) reduce the Series 2017-1 Maximum Principal Amount in an amount equal to $10,000,000 or a whole multiple of $1,000,000 in excess thereof; provided that no such termination or reduction shall be permitted if, after giving effect thereto and to any reduction in the Series 2017-1 Principal Amount on such date, the Purchaser Group Principal Amount with respect to any Purchaser Group would exceed the Maximum Purchaser Group Principal Amount with respect to such Purchaser Group then in effect. Any reduction in the Series 2017-1 Maximum Principal Amount shall be made on a pro rata basis to the Maximum Purchaser Group Principal Amounts with respect to the Purchaser Groups, based on the Maximum Purchaser Group Principal Amount with respect to each Purchaser Group. Once reduced, the Maximum Purchaser Group Principal Amounts may not be subsequently reinstated without each such Purchaser Group's prior written

consent, which consent shall be granted or not in the sole discretion of such Purchaser Group, and with written notice to ~~DBRS~~each CP Conduit Rating Agency.

(c) The Issuer may extend the Scheduled Commitment Expiry Date only with the prior written consent of the Administrative Agent, each Non-Conduit Purchaser and each Funding Agent, and satisfaction of the Rating Agency Condition. Any request for an extension of the Scheduled Commitment Expiry Date by the Issuer shall be made pursuant to a written request (a "**Commitment Extension Request**") to the Administrative Agent, each Non-Conduit Purchaser and each Funding Agent, and such request shall specify the proposed dates and amounts that shall constitute the "Principal Accumulation Date", "Principal Payment Amounts" and "Principal Payment Default Dates" with respect to such extension.

3.6 Interest; Fees and Other Amounts

(a) Interest shall be payable on the Series 2017-1 Senior Notes on each Payment Date.

(b) The Issuer shall pay to each CP Conduit Purchaser Group and each Non-Conduit Purchaser, on each Payment Date, a commitment fee with respect to the preceding Interest Period (the "**Commitment Fee**") during the period from the Closing Date to and including the Commitment Expiry Date in an amount equal to the sum of the following amounts calculated for each day during such Interest Period: (x) the Commitment Fee Rate, multiplied by (y) the amount by which Maximum Purchaser Group Principal Amount with respect to such Purchaser Group on such day exceeds the Purchaser Group Principal Amount with respect to such Purchaser Group on such day, and divided by (z) 365. The Commitment Fees shall be payable monthly in arrears on each Payment Date.

(c) The Funding Agent with respect to each CP Conduit Purchaser Group and each Non-Conduit Purchaser shall provide written notice to the Issuer and the Paying Agent no later than five (5) Business Days prior to each Payment Date, setting forth the Group Monthly Interest and the Group Monthly Fees and Other Amounts with respect to its Related Purchaser Group with respect to the Payment Date.

(d) The Monthly Interest shall be included in each calculation of the Interest Accrual Amount (Senior) for the purposes of Section 7.04(e)(iii) of the Trust Indenture and shall be payable pursuant to Sections 7.05(a), 7.06(a), 7.07, 7.10(b) or 8.13(c) of the Trust Indenture, as applicable. On each Payment Date, the Monthly Fees and Other Amounts shall be payable in respect of the Series 2017-1 Senior Notes pursuant to Sections 7.04(e)(viii), 7.10(b) or 8.13(c) of the Trust Indenture, as applicable. On each Interest Payment Date or Payment Date, as applicable, the Paying Agent shall, subject to availability of funds, pay to each CP Conduit Purchaser Group and each Non-Conduit Purchaser its Group Monthly Interest and its Group Monthly Fees and Other Amounts with respect to the Payment Date; provided that if the amounts available to pay such Group Monthly Interest and

Group Monthly Fees and Other Amounts are insufficient, the amounts available shall be paid *pro rata* based on the amounts owing to each Purchaser Group.

3.7 Repayment of Principal

Each Payment Date where the Principal Payment Amount is not nil shall be a Principal Payment Date in respect of the Series 2017-1 Senior Notes. On each Principal Payment Date in respect of the Series 2017-1 Senior Notes, the Paying Agent shall pay to each Non-Conduit Purchaser and each Funding Agent with respect to its Related Purchaser Group, such Purchaser Group's Pro Rata Share of the Principal Payment Amount for such Principal Payment Date out of funds allocated to the Series 2017-1 Senior Notes pursuant to Sections 7.04(e)(vi), 7.06(b)(i), 7.08(b)(i), 7.10(b) or 8.13(f) of the Trust Indenture, as applicable, in repayment of the principal amount of the Series 2017-1 Senior Notes.

3.8 Indemnification by the Issuer

The Issuer agrees to indemnify and hold harmless the Indenture Trustee, the Administrative Agent, each Funding Agent, each CP Conduit Purchaser, the Group Bank, each Non-Conduit Purchaser and each of their respective officers, directors, agents and employees (each, an "**Issuer Indemnified Person**") from and against any loss, liability, expense, damage or injury suffered or sustained by such Issuer Indemnified Person by reason of (a) any acts, omissions or alleged acts or omissions arising out of, or relating to, activities of the Issuer pursuant to the Program Agreements to which it is a party; (b) a breach of any representation or warranty made or deemed made by the Issuer (or any of its officers) in any Program Agreement; or (c) a failure by the Issuer to comply with any applicable law or regulation or to perform its covenants, agreements, duties or obligations required to be performed or observed by it in accordance with the provisions of the Program Agreements, including, but not limited to, any judgment, award, settlement, reasonable attorneys' fees and other reasonable costs or expenses incurred in connection with the defense of any actual or threatened action, proceeding or claim, except to the extent such loss, liability, expense, damage or injury resulted from the gross negligence, bad faith or willful misconduct of such Issuer Indemnified Person or its officers, directors, agents, principals, employees or employers as determined by a court of competent jurisdiction in a final non-appealable judgement or includes any Excluded Taxes; provided that any payments made by the Issuer pursuant to this Section 3.8 shall be made solely from funds available pursuant to Section 7.04 or 8.13 of the Trust Indenture, as applicable, shall be non-recourse other than with respect to such funds, and shall not constitute a claim against the Issuer to the extent that such funds are insufficient to make such payment.

3.9 Funding Agents

(a) The Funding Agent with respect to each CP Conduit Purchaser Group is hereby authorized to determine the Group Monthly Interest and Group Monthly Fees and Other Amounts with respect to each Payment Date and such CP Conduit Purchaser Group. Any such determination by a Funding Agent, absent manifest error, shall constitute prima facie evidence of the accuracy of the calculation. Furthermore, the Funding Agent with respect to each CP Conduit Purchaser Group will maintain records sufficient to identify the percentage interest of the

related CP Conduit Purchaser and the Group Bank with respect to such CP Conduit Purchaser Group holding an interest in the Series 2017-1 Senior Note registered in the name of such Funding Agent and any amounts owing thereunder.

(b) Upon receipt of funds on each Payment Date, each Funding Agent shall pay such funds to the related CP Conduit Purchaser and/or the related Group Bank owed such funds. If a Funding Agent shall have paid to any CP Conduit Purchaser or Group Bank any funds that (i) must be returned for any reason (including bankruptcy); or (ii) exceeds that which such CP Conduit Purchaser or Group Bank was entitled to receive, such amount shall be promptly repaid to such Funding Agent by such CP Conduit Purchaser or Group Bank.

3.10 Taxes

(a) All payments by or on account of any obligation of the Issuer hereunder shall, to the extent allowed by law, be made free and clear of, and without deduction or withholding for or on account of Taxes, excluding (i) income taxes (including branch profit taxes, minimum taxes and taxes computed under alternative methods, at least one of which is based on or measured by net income), franchise taxes (imposed in lieu of income taxes), or any other Taxes based on or measured by the net income of any person legally entitled to receive such payments (each a "**Recipient**") as a result of a present or former connection between the Recipient and the jurisdiction of the Governmental Authority imposing such Taxes (other than any such connection arising solely from the Recipient having executed, delivered or performed its obligations or received a payment under, disposed of, or enforced, this Supplemental Indenture); (ii) any withholding or deduction imposed pursuant to (A) Sections 1471 to 1474 of the ~~U.S.~~ Internal Revenue Code ~~of 1986, as amended~~ ("**FATCA**"), or any successor version thereof, or any similar legislation imposed by any other Governmental Authority, or (B) any treaty, law or regulation or other official guidance enacted by Canada implementing FATCA or any intergovernmental agreement with respect to FATCA or any similar legislation imposed by any other Governmental Authority, including, for greater certainty, the Canada-United States Enhanced Tax Information Exchange Agreement Implementation Act (Canada) and Parts XVIII and XIX of the Income Tax Act ~~(Canada), as amended~~ (collectively, and including FATCA, the "**AEOI Legislation**"); and (iii) any interest, penalties and additions to Taxes in respect of (i) and (ii) (all such excluded Taxes being hereinafter called "**Excluded Taxes**"). If any Taxes, other than Excluded Taxes, are required to be withheld from any amounts payable to a Recipient hereunder, the amounts so payable to the Recipient shall be increased, and the Recipient shall be entitled to be paid by the Issuer the amount of such increase to the extent necessary to yield to the Recipient (after payment of all such Taxes other than Excluded Taxes) interest or any such other amounts payable hereunder or thereunder at the rates or in the amounts specified hereunder. Where the amount payable by the Issuer is increased in accordance with the previous sentence, the Group Monthly Interest shall be increased by the amount of such increase. Whenever any Taxes are payable on or with respect to amounts distributed to a Recipient, as promptly as possible

thereafter the Issuer shall send to such Recipient a certified copy of an original official receipt showing payment thereof.

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

(c) If a Recipient is legally entitled to receive a refund of any Taxes (other than Excluded Taxes) as to which it has been indemnified or with respect to which additional amounts have been paid to it hereunder or it is legally entitled to receive a credit or deduction with respect to such Taxes or with respect to such additional amounts that have been paid hereunder (in each case pursuant to Section 3.10(a)), it shall use commercially reasonable efforts to obtain or claim such refund, credit or deduction and pay over such refund or the value of such credit or deduction to the Issuer, together with any interest thereon.

3.11 Increased Costs

(a) (i) If any Regulatory Change (x) subjects any Affected Party to any charge or withholding on or with respect to any Support Facility or this Supplemental Indenture or an Affected Party's obligations under a Support Facility or this Supplemental Indenture, or changes the basis of taxation of payments to any Affected Party of any amounts payable under any Support Facility or this Supplemental Indenture Agreement (except for changes in the rate of tax on the overall net income of an Affected Party or Excluded Taxes) or (y) imposes, modifies or deems applicable any reserve, assessment, fee, tax, insurance charge, special deposit or similar requirement against assets of, deposits with or for the account of, or liabilities of an Affected Party, or credit extended by an Affected Party pursuant to a Support Facility or this Supplemental Indenture or (z) imposes any other condition the result of which is to increase the cost to an Affected Party of performing its obligations under a Support Facility or this Supplemental Indenture, or to reduce the rate of return on an Affected Party's capital or assets as a consequence of its obligations under a Support Facility or this Supplemental Indenture, or to reduce the amount of any sum received or receivable by an Affected Party under a Support Facility or this Supplemental Indenture, or to require any payment calculated by reference to the amount of interests or loans held or interest received by it, then, upon written request by such Affected Party

(through the Funding Agent for its Purchaser Group if the Affected Party is a Program Support Provider, CP Conduit Purchaser or Group Bank) to the Issuer, such Affected Party (through the Funding Agent for its Purchaser Group if the Affected Party is a Program Support Provider, CP Conduit Purchaser or Group Bank) shall be entitled to be paid such amounts charged to such Affected Party or such amounts to otherwise compensate such Affected Party for such increased cost or such reduction following a receipt by the Issuer of such request for compensation under this Section 3.11(a)(i), which payment shall be made on the earlier of (~~i~~A) the first Payment Date on which amounts are available to pay such amounts pursuant to Section 7.04(e) of the Trust Indenture (provided that such request is received by the Issuer no later than five (5) Business Days prior to the end of the Interest Period related to such Payment Date), and (~~ii~~B) the twelfth Payment Date following such request.

(ii) The Issuer acknowledges that any Affected Party may implement, as an internal institutional matter, measures in anticipation of a final or proposed Regulatory Change (including, without limitation, the imposition of internal charges on such Affected Party's interest or obligations under any Support Agreement or this Supplemental Indenture) and may commence recognizing the incurrence of charges by seeking compensation under Section 3.11(a)(i) in connection with such measures, in advance of the effective date of such final or proposed Regulatory Change, and the Issuer agrees that such charges or compensation shall be payable, to the related Funding Agent, for the benefit of Affected Party, following demand therefor without regard to whether such proposed Regulatory Change has been adopted or whether such effective date has occurred; provided, that (I) the Affected Party shall provide thirty (30) days prior written notice to the Issuer of its intent to impose or incur any such charges or compensation, (II) an Affected Party shall not be compensated for any such amount pursuant to this subsection 3.11(a)(ii) relating to any period ending, and of which such Affected Party has had knowledge, more than 180 days prior to the date that such Affected Party provided the Issuer with the written notice contemplated by the preceding clause (I) of this subsection 3.11(a)(ii), (III) if, after the payment by the ~~Trust~~Issuer of any charges or compensation pursuant to this subsection 3.11(a)(ii), either (A) the Issuer requests in writing that the applicable Affected Party re-compute any such charge or compensation in light of differences between a proposed Regulatory Change and the final effective version thereof or (B) the applicable Affected Party determines that the amount of the charge imposed on and required to be compensated by the Issuer exceeds the amount necessary to compensate it for the applicable Regulatory Change as contemplated by subsection 3.11(a)(i), then (x) the amount of such charge or compensation shall, from and after such determination, be reduced by the amount of such excess and (y) such Affected Party shall, within thirty (30) days of such determination, either repay the amount of such excess or credit the amount of such excess against future charges under this subsection 3.11(a)(ii). The Issuer further acknowledges that any charge or compensation demanded hereunder may take the form of a monthly charge to be assessed by such Affected Party.

(b) Each Affected Party claiming increased amounts described in subsection 3.11(a) of this Supplemental Indenture will furnish to the Issuer (together with its request for compensation) a certificate prepared in good faith setting forth the basis and the calculation of the amount (in reasonable detail) of each request by such Affected Party for any such increased amounts referred to in subsection 3.11(a) hereof. Any such certificate shall be conclusive absent manifest error. Failure on the part of any Affected Party to demand compensation for any amount pursuant to subsection 3.11(a) hereof with respect to any period shall not constitute a waiver of such Affected Party's right to demand compensation with respect to such period.

ARTICLE 4
CONDITIONS PRECEDENT

4.1 Conditions Precedent to Initial Purchase of Series 2017-1 Senior Notes

On or prior to the initial purchase of Series 2017-1 Senior Notes hereunder, the following conditions precedent shall be satisfied:

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

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

(c) The Administrative Agent and each of the Funding Agents shall have received:

(i) executed copies of the Fee Letter and this Supplemental Indenture, and copies of each of the Trust Indenture, Declaration of Trust, the Management Agreement, the Master Transfer and Servicing Agreement, the Indemnity Agreement, the MTSA Acknowledgement, the IESO Security Agreement, the Change of Law Protection Agreement and the Change of Law Process Agreement dated December ~~[21],~~21, 2017 between the Province and OPG, certified by an Authorized Officer of the Issuer;

(ii) certificates of status or compliance or other similar documents issued by the applicable governmental authority to evidence that each of the Issuer Trustee and the Manager is validly existing pursuant to the laws of the jurisdiction of their respective establishment or incorporation;

(iii) a copy of the incorporating documents and all amendments thereto and applicable by-laws, as applicable, of each of the Issuer Trustee, the IESO

and the Manager certified by an Authorized Officer of the applicable entity~~, as applicable~~;

(iv) copies of resolutions of the board of directors of the IESO and the Manager approving and authorizing the execution, delivery and performance of each Program Agreement they are party to, in each case certified by an Authorized Officer of the applicable entity;

(v) incumbency certificates for each of the Issuer Trustee, the Manager and the IESO executing this Supplemental Indenture and any other Program Agreements and the other documents to be delivered by either the Issuer Trustee, the Manager or the IESO thereunder, in each case showing their names, offices and specimen signatures on which certificates the Administrative Agent and the Purchaser Groups shall be entitled to conclusively rely until such time as the Administrative Agent and the Funding Agents receive a replacement certificate meeting the requirements of this Section 4.1(~~b~~c)(~~vi~~v);

(vi) the following Opinions of Counsel:

(A) the opinion of external counsel to the Manager as to the non-consolidation of the Issuer with the Manager in the event of the insolvency of the Manager in form and substance satisfactory to the Administrative Agent and the Funding Agents;

(B) the opinion of external counsel to the IESO as to the Investment Asset acquired by the Issuer not being subject to the claims of creditors of the IESO in form and substance satisfactory to the Administrative Agent and the Funding Agents;

(C) favourable opinions of external counsel to the Manager covering general corporate matters, the due execution and delivery of, and the enforceability of, each of the Program Agreements to which the Manager, the Issuer and the Issuer Trustee are party which opinion, as to certain matters, may rely on opinion of internal counsel to the Manager and the Issuer Trustee; and

(D) a favourable opinion of external counsel to the Province with respect to the due authorization, execution, delivery and enforceability of the Change of Law Protection Agreement in form and substance satisfactory to the Administrative Agent and the Funding Agents;

(vii) a certificate of an Authorized Officer of the Manager confirming that the representations and warranties set forth in Section 12.01 of the Trust Indenture and Section 5.1 of this Supplemental Indenture are true and correct in all material respects, that the Issuer is in compliance in all material respects with all of its covenants and obligations under the

Program Agreements to which it is a party and that no Termination Event has occurred; and

(viii) such additional documents, instruments, certificates or letters as the Administrative Agent or any Funding Agent may reasonably request.

(d) The representations and warranties set forth in Section 12.01 of the Trust Indenture and Section 5.1 of this Supplemental Indenture shall be true and correct in all material respects, the Issuer shall be compliance in all material respects with all of its covenants and obligations under the Program Agreements to which it is a party and no Termination Event shall have occurred.

(e) The Series 2017-1 Senior Notes shall have been duly issued in accordance with the Trust Indenture and each Funding Agent and Non-Conduit Purchaser shall have received its Series 2017-1 Senior Note registered in its name or a nominee in a face amount equal to its Maximum Purchaser Group Principal Amount.

(f) All fees payable on or before the Closing Date pursuant to the Fee Letter shall have been paid in full (or arrangements satisfactory to the Administrative Agent and the Funding Agents have been made).

(g) The Rating Agency Condition shall have been satisfied in respect of the initial purchase.

4.2 Conditions Precedent to each Increase under Series 2017-1 Senior Notes

On or prior to each Increase, the following conditions precedent shall be satisfied:

(a) the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser shall have received an Increase Notice;

(b) no Termination Event shall have occurred or would occur after giving effect to such Increase;

(c) the Increase Date in respect of the Increase is prior to the Commitment Expiry Date;

(d) if the Increase is identified as a Transfer Increase in the Increase Notice, then the related Transfer under the Master Transfer and Servicing Agreement shall have been completed or contemporaneously completed;

~~(e) after giving effect to the Increase, the Rating Agency Condition will be satisfied if so required;~~

(e) ~~(f)~~ after giving effect the Increase, the aggregate of the amounts on deposit in the Program Cash Reserve Account and the IESO Cash Reserve Account shall be equal to or greater than the sum of:

(i) the Program Cash Reserve Required Amount,

plus

(ii) if the Increase Date is on or after May 1, 2021, an amount equal to the sum of (x) the amount originally determined under clause (b) of the definition of IESO Cash Reserve Deposit Amount in the Trust Indenture, less any amounts withdrawn from the IESO Cash Reserve Account to pay any oObligations sSecured described in Subsections 7.04(e)(i) through (v) of the Trust Indenture prior to the date of such Increase, and (y) to the extent the amount originally determined under clause (b) of the definition of IESO Cash Reserve Deposit Amount in the Trust Indenture was not determined in a manner which included the amount of such Increase, an amount estimated by the Manager, acting reasonably, equal to the additional Monthly Interest payable with respect to such Increase up to and including the Payment Date in July, 2021.2021;

(f) (g) there shall have been no reduction or withdrawal of any credit rating previously provided by any Rating Agency in respect of any outstanding Series of Senior Funding Obligations;

(g) (h) after giving effect to such Increase, the aggregate Outstanding Dollar Principal Amount of Subordinated Funding Obligations and Junior Subordinated Funding Obligations will not be less than 35% of the aggregate Outstanding Dollar Principal Amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations; and

(h) (i) the Indenture Trustee shall have received (i) the adherence compliance certificate required pursuant to Section 4.02(a) of the Change of Law Protection Agreement with respect to such Increase, or (B) written confirmation from the Province that the Funding Obligations incurred under this Supplemental Indenture with respect to such Increase constitute Approved Obligations.;

The Issuer's acceptance of funds in connection with each Increase occurring on any Increase Date shall constitute a representation and warranty by the Issuer to the Administrative Agent and the Purchaser Groups as of such Increase Date that all of the conditions contained in Section 3.3(a) and this Section 4.2 are satisfied.

ARTICLE 5
REPRESENTATIONS AND WARRANTIES

5.1 Representations and Warranties of the Issuer

The Issuer hereby represents and warrants to the Administrative Agent and the Purchaser Groups as of the Closing Date, and shall be deemed to represent and warrant to the Administrative Agent and the Purchaser Groups on each Increase Date, that:

(a) no Termination Event has occurred or would result from the initial purchase of the Issuer Investment Interest on the Closing Date or any increase in the Issuer Investment Interest on an Increase Date, as applicable;

(b) the Issuer Trustee and the Issuer are not Non-residents;

(c) all tax returns (federal, provincial and local) required to be filed with respect to the Issuer have been filed and there has been paid or adequate provision made for the payment of all material Taxes in respect of the Issuer;

(d) the Issuer has complied in all material respects with all laws in respect of the conduct of its business and ownership of its property including the Issuer Investment Interest;

(e) all information provided to the Administrative Agent and the Purchaser Groups by or on behalf of the Issuer in respect of the Issuer Investment Interest is and will be true and accurate in all material respects; and

(f) to its knowledge, there is no set of circumstances existing at such time that will have an Adverse Effect or will reasonably be expected to have an Adverse Effect. ; and

(g) the Issuer is structured so as not to be a "covered fund" under the regulations adopted to implement Section 619 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, commonly known as the "Volcker Rule."

5.2 Representations and Warranties of the Purchasers

Each Purchaser Group member represents and warrants to the Issuer as of the Closing Date, and shall be deemed to represent and warrant to the Issuer on each Increase Date, that:

(a) if such Purchaser Group is resident in Canada,

(i) (a) it is resident in Ontario or is otherwise subject to the securities legislation of the Province of Ontario;

(ii) (b) it is purchasing the applicable Series 2017-1 Senior Notes (i) as principal for its own account and not for the benefit of any other "person" (as defined in the *Securities Act* (Ontario)) or company; and (ii) for cash consideration in excess of $150,000; and

(iii) (c) it was not created and is not being used solely to purchase or hold securities in reliance on the exemption from the prospectus and dealer registration requirements contained in Section 2.10 of National Instrument 45-106 − Prospectus and Registration Exemptions; or

(b) if such Purchaser Group is resident in the United States,

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(i) it is an institutional "accredited investor" within the meaning of Rule 501(a)(1),(2),(3) or (7) of the U.S. Securities Act, and (ii) is acquiring the applicable Series 2017-1 Notes for its own account or for one or more separate accounts maintained by such Purchaser Group, in each case, for investment, and not with a view to offer, transfer, assign, participate, pledge or otherwise dispose of the Series 2017-1 Notes.

5.3 Survival

The representations and warranties set out in this Article 5 shall survive the execution hereof.

ARTICLE 6
COVENANTS

6.1 Covenants of the Issuer

(a) The Issuer shall promptly provide to the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser (in multiple copies if requested) copies of all material reports, notices, financial statements and other documents delivered by the IESO to the Issuer with respect to the Issuer Investment Interest or pursuant to the Master Transfer and Servicing Agreement.

(b) The Issuer shall provide to the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser (in multiple copies, if requested) such other information, documents, records or reports respecting the Issuer Investment Interest, the Issuer or the IESO which is in the possession or under the control of the Issuer or the Manager, as the Administrative Agent, a Funding Agent or a Non-Conduit Purchaser may from time to time reasonably request, including any correspondence with a Rating Agency.

(c) The Issuer shall furnish to the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser promptly after known to the Issuer or the Manager, information with respect to any action, suit or proceeding involving the Manager, the Issuer or the IESO or any of their respective Affiliates by or before any court or any Governmental Authority which, if adversely determined, would have an Adverse Effect.

(d) The Issuer will not make any amendments to the Funding Obligation Agreements governing any outstanding Subordinated Funding Obligations or Junior Subordinated Funding Obligations without the prior written consent of the Requisite Series 2017-1 Noteholders.

(e) The Issuer will not enter into any Co-Owner Agreement or make any amendments to any of the Program Agreements without the prior written consent of all of the Series 2017-1 Noteholders.

(f) The Issuer will provide prompt notice to the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser of any amendments to the Change of Law Process Agreement dated December ~~[21]~~,21, 2017 between the Province and OPG.

(g) The Issuer will not hold or own, directly or indirectly, any share or equity security of, or any equity interest in, any Person.

(h) The Issuer confirms that this Supplemental Indenture is a Warehouse Facility Agreement. The Issuer will not enter into any other Warehouse Facility Agreement creating Senior Funding Obligations without the prior written consent of the Requisite Series 2017-1 Noteholders unless the Commitment Expiry Date has occurred.

(i) The Issuer will not enter into any Funding Obligation Agreement (other than a Credit Enhancement Agreement or Derivative Agreement or a Warehouse Facility Agreement for Subordinated Funding Obligations or Junior Subordinated Funding Obligations) in respect of any Funding Obligation that has a Principal Payment Date prior to May 1, 2022.

(j) Each issuance of Senior Funding Obligations completed on or after the Commitment Expiry Date shall be treated by the Issuer as a Refinancing with the proceeds thereof (net of expenses incurred in connection with such issuance and amounts required to be deposited in Issuer Accounts in accordance with the Program Agreements) applied to effect Decreases hereunder until such time as the Series 2017-1 Principal Amount has been reduced to zero.

(k) Upon the request of the Administrative Agent or any Funding Agent at any time after January 1, 2022, the Issuer shall request, not more than once per year (except following and during the continuance of a Termination Event, when the Administrative Agent or any Funding Agent may request as frequently as once per month), the Issuer will, at its expense, appoint Ernst &Young LLP, or another independent public accounting firm selected by the Issuer with the consent of such the Administrative Agent or such Funding Agent (such consent not to be unreasonably withheld), to prepare and deliver to each Funding Agent a written report, on a scope and in a form reasonably requested by the Administrative Agent or the Funding Agent making such request, to provide assurances to the Funding Agents that the information certified on each Monthly Report is accurate in all material respects.

ARTICLE 7
ACCELERATION

7.1 Acceleration of Series 2017-1 Principal Amount

If a Series 2017-1 Event of Default occurs and is continuing, then and in each and every such case, and without regard to whether all Issuer Funding Obligations have been declared due

and payable immediately pursuant to Section 8.02(a) of the Trust Indenture, any Purchaser Group may by notice in writing to the Issuer and to the Indenture Trustee declare the Series 2017-1 Principal Amount and all interest accrued and unpaid (if any) thereon to be due and payable immediately, and upon any such declaration the same will become and will be immediately due and payable, notwithstanding anything in this Supplemental Indenture or the Trust Indenture to the contrary.

ARTICLE 8
AGENTS

8.1 Administrative Agent

(a) Each of the Non-Conduit Purchasers, CP Conduit Purchasers, the Group Banks and the Funding Agents hereby irrevocably designates and appoints the Administrative Agent as the agent of such Person under this Supplemental Indenture and irrevocably authorizes the Administrative Agent, in such capacity, to take such action on its behalf under the provisions of this Supplemental Indenture and to exercise such powers and perform such duties as are expressly delegated to the Administrative Agent by the terms of this Supplemental Indenture, together with such other powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Supplemental Indenture, the Administrative Agent shall not have any duties or responsibilities except those expressly set forth herein, or any fiduciary relationship with any Non-Conduit Purchaser, any CP Conduit Purchaser, any Group Bank or any Funding Agent, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Supplemental Indenture or otherwise exist against the Administrative Agent.

(b) The Administrative Agent may execute any of its duties under this Supplemental Indenture by or through agents or attorneys in fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. The Administrative Agent shall not be responsible for the negligence or misconduct of any agents or attorneys-in-fact selected by it with reasonable care.

(c) Neither the Administrative Agent nor any of its officers, directors, employees, agents, attorneys in fact or Affiliates shall be (i) liable for any action lawfully taken or omitted to be taken by it or such Person under or in connection with the Trust Indenture, this Supplemental Indenture or any other Program Agreement (except to the extent that any of the foregoing are found by a final and non-appealable decision of a court of competent jurisdiction to have resulted from its or such Person's own gross negligence or willful misconduct) or (ii) responsible in any manner to any of the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks or the Funding Agents for any recitals, statements, representations or warranties made by the Issuer, the IESO, the Manager or any officer thereof contained in this Supplemental Indenture or any other Program Agreement or in any certificate, report, statement or other document referred to or provided for in, or received by the Administrative Agent under or in connection

with, this Supplemental Indenture or any other Program Agreement or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Supplemental Indenture, any other Program Agreement, or for any failure of any of the Issuer, the Manager or the IESO to perform its obligations hereunder or thereunder. The Administrative Agent shall not be under any obligation to any Non-Conduit Purchaser, any CP Conduit Purchaser, any Group Bank or any Funding Agent to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Supplemental Indenture, any other Program Agreement or to inspect the properties, books or records of the Issuer, the Manager or the IESO.

(d) The Administrative Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, resolution, notice, consent, certificate, affidavit, letter or electronic message, statement, order or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including, without limitation, counsel to the Issuer, the Manager or the IESO), independent accountants and other experts selected by the Administrative Agent.

(e) The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Termination Event unless the Administrative Agent has received written notice from a Non-Conduit Purchaser, a CP Conduit Purchaser, a Group Bank, a Funding Agent, the Issuer or the Manager referring to the Trust Indenture or this Supplemental Indenture, describing such Termination Event and stating that such notice is a "notice of a Termination Event". In the event that the Administrative Agent receives such a notice, the Administrative Agent shall give notice thereof to ~~DBRS~~each CP Conduit Rating Agency, the Non-Conduit Purchasers, the Funding Agents, the Issuer Trustee and the Manager.

(f) Each of the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks and the Funding Agents expressly acknowledges that neither the Administrative Agent nor any of its officers, directors, employees, agents, attorneys in fact or Affiliates has made any representations or warranties to it and that no act by the Administrative Agent hereinafter taken, including any review of the affairs of the Issuer, the Manager or the IESO shall be deemed to constitute any representation or warranty by the Administrative Agent to any such Person. Each of the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks and the Funding Agents represents to the Administrative Agent that it has, independently and without reliance upon the Administrative Agent or any other Non-Conduit Purchaser, CP Conduit Purchaser, Group Bank or Funding Agent and based on such documents and information as it has deemed appropriate, made its own appraisal of, and investigation into, the business, operations, property, financial and other condition and creditworthiness of the Issuer, the Manager and the IESO and made its own decision to enter into this Supplemental Indenture. Each of the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks and the Funding Agents also represents that it will, independently and without reliance upon the Administrative Agent or any other Non-Conduit

Purchaser, CP Conduit Purchaser, Group Bank or Funding Agent, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Supplemental Indenture and the other Program Agreements, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other condition and creditworthiness of the Issuer, the Manager and the IESO. Except for notices, reports and other documents expressly required to be furnished to the Non-Conduit Purchasers and the Funding Agents by the Administrative Agent hereunder, the Administrative Agent shall have no duty or responsibility to provide any Non-Conduit Purchaser, any CP Conduit Purchaser, any Group Bank or any Funding Agent with any credit or other information concerning the business, operations, property, condition (financial or otherwise), prospects or creditworthiness of the Issuer, the Manager or the IESO which may come into the possession of the Administrative Agent or any of its officers, directors, employees, agents, attorneys in fact or Affiliates.

(g) The Administrative Agent and its Affiliates may make loans to, accept deposits from and generally engage in any kind of business with the Issuer, the Manager and the IESO as though the Administrative Agent were not the Administrative Agent hereunder. With respect to any Series 2017-1 Senior Note held by the Administrative Agent, the Administrative Agent shall have the same rights and powers under this Supplemental Indenture and the other Program Agreements as any Group Bank or Funding Agent and may exercise the same as though it were not the Administrative Agent, and the terms "Group Bank," and "Funding Agent" shall include the Administrative Agent in its individual capacity.

(h) The Administrative Agent may resign as Administrative Agent at any time by giving 30 days' notice to the Non-Conduit Purchasers, the Funding Agents, the Indenture Trustee, the Issuer and the Manager. If Royal Bank of Canada shall resign as Administrative Agent under this Supplemental Indenture, then the Requisite Series 2017-1 Noteholders shall appoint a successor administrative agent from among the Non-Conduit Purchasers and Funding Agents, whereupon such successor agent shall succeed to the rights, powers and duties of the Administrative Agent, and the term "Administrative Agent" shall mean such successor agent effective upon such appointment and approval, and the former Administrative Agent's rights, powers and duties as Administrative Agent shall be terminated, without any other or further act or deed on the part of such former Administrative Agent or any of the parties to this Supplemental Indenture. If no successor administrative agent has accepted appointment as Administrative Agent prior to the effective date of the resignation of the Administrative Agent, the retiring Administrative Agent may appoint, after consulting with the Non-Conduit Purchasers and the Funding Agents, a successor Administrative Agent from among the Non-Conduit Purchasers and the Funding Agents. If no successor administrative agent has accepted appointment by the date which is thirty (30) days following a retiring Administrative Agent's notice of resignation, the retiring Administrative Agent's resignation shall nevertheless thereupon become effective and Manager shall assume and perform all of the duties of the Administrative

Agent hereunder until such time, if any, as the Requisite Series 2017-1 Noteholders appoint a successor administrative agent as provided for above. After any retiring Administrative Agent's resignation as Administrative Agent, the provisions of this Article 8 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent under this Supplemental Indenture. The Issuer will provide prompt written notice of a resignation of the Administrative Agent and the appointment of any successor administrative agent.

8.2 Funding Agents

(a) Each CP Conduit Purchaser and each Group Bank with respect to such CP Conduit Purchaser hereby irrevocably designates and appoints the Funding Agent set forth next to such CP Conduit Purchaser's name on Schedule E as the agent of such Person under this Supplemental Indenture and irrevocably authorizes such Funding Agent, in such capacity, to take such action on its behalf under the provisions of this Supplemental Indenture and to exercise such powers and perform such duties as are expressly delegated to such Funding Agent by the terms of this Supplemental Indenture, together with such other powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Supplemental Indenture, each Funding Agent shall not have any duties or responsibilities except those expressly set forth herein, or any fiduciary relationship with any CP Conduit Purchaser or Group Bank and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Supplemental Indenture or otherwise exist against each Funding Agent.

(b) Each Funding Agent may execute any of its duties under this Supplemental Indenture by or through agents or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. Each Funding Agent shall not be responsible to the CP Conduit Purchaser or any Group Bank in its CP Conduit Purchaser Group for the negligence or misconduct of any agents or attorneys in fact selected by it with reasonable care.

(c) Each Funding Agent and any of its officers, directors, employees, agents, attorneys in fact or Affiliates shall not be (i) liable for any action lawfully taken or omitted to be taken by it or such Person under or in connection with the Trust Indenture, this Supplemental Indenture or any other Program Agreement (except to the extent that any of the foregoing are found by a final and non-appealable decision of a court of competent jurisdiction to have resulted from its or such Person's own gross negligence or willful misconduct) or (ii) responsible in any manner to any of the CP Conduit Purchasers and/or Group Banks for any recitals, statements, representations or warranties made by the Issuer, the Manager or the IESO, or any officer thereof contained in this Supplemental Indenture or any other Program Agreement or in any certificate, report, statement or other document referred to or provided for in, or received by such Funding Agent under or in connection with, this Supplemental Indenture or any other Program Agreement or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of

this Supplemental Indenture, any other Program Agreement, or for any failure of any of the Issuer, the Manager or the IESO to perform its obligations hereunder or thereunder. Each Funding Agent shall not be under any obligation to the CP Conduit Purchaser or any Group Bank in its CP Conduit Purchaser Group to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Supplemental Indenture, any other Program Agreement or to inspect the properties, books or records of the Issuer, the Manager or the IESO.

(d) Each Funding Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, resolution, notice, consent, certificate, affidavit, letter or electronic message, statement, order or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including, without limitation, counsel to the Issuer, the Manager or the IESO), independent accountants and other experts selected by such Funding Agent. Each Funding Agent shall be fully justified in failing or refusing to take any action under this Supplemental Indenture or any other Program Agreement unless it shall first receive such advice or concurrence of the Related Purchaser Group, as it deems appropriate or it shall first be indemnified to its satisfaction by the Related Purchaser Group against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action.

(e) Each Funding Agent shall not be deemed to have knowledge or notice of the occurrence of any Termination Event unless such Funding Agent has received written notice from a Non-Conduit Purchaser, a CP Conduit Purchaser, a Group Bank, the Issuer, the Manager or the Administrative Agent referring to the Trust Indenture or this Supplemental Indenture, describing such Termination Event and stating that such notice is a "notice of a Termination Event," as the case may be. In the event that any Funding Agent receives such a notice, such Funding Agent shall give notice thereof to ~~DBRS~~each CP Conduit Rating Agency, the CP Conduit Purchaser and Group Bank in its CP Conduit Purchaser Group. Such Funding Agent shall take such action with respect to such event as shall be reasonably directed by the CP Conduit Purchaser and Group Bank in its CP Conduit Purchaser Group, provided that unless and until such Funding Agent shall have received such directions, such Funding Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such event as it shall deem advisable in the best interests of the CP Conduit Purchaser and Group Bank in its CP Conduit Purchaser Group.

(f) Each CP Conduit Purchaser and each of the related Group Banks expressly acknowledge that neither its Funding Agent nor any of its officers, directors, employees, agents, attorneys in fact or Affiliates has made any representations or warranties to it and that no act by such Funding Agent hereinafter taken, including any review of the affairs of the Issuer, the Manager or the IESO shall be deemed to constitute any representation or warranty by such Funding Agent to any such Person. Each CP Conduit Purchaser and each of the related Group Banks

represents to its Funding Agent that it has, independently and without reliance upon such Funding Agent and based on such documents and information as it has deemed appropriate, made its own appraisal of, and investigation into, the business, operations, property, financial and other condition and creditworthiness of the Issuer, the Manager and the IESO and made its own decision to enter into this Supplemental Indenture. Each CP Conduit Purchaser and each of the related Group Banks also represents that it will, independently and without reliance upon its Funding Agent and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Supplemental Indenture and the other Program Agreements, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other conditions and creditworthiness of the Issuer, the Manager and the IESO.

(g) Each Group Bank in a CP Conduit Purchaser Group agrees to indemnify its Funding Agent in its capacity as such (to the extent not reimbursed by the Issuer and without limiting the obligation of the Issuer to do so), from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever which may at any time be imposed on, incurred by or asserted against such Funding Agent in any way relating to or arising out of this Supplemental Indenture, any of the other Program Agreements or any documents contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby or any action taken or omitted by such Funding Agent under or in connection with any of the foregoing; provided that no Group Bank shall be liable for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements that are found by a final and non-appealable decision of a court of competent jurisdiction to have resulted from such related Funding Agent's gross negligence or willful misconduct. The agreements in this Section shall survive the payment of all amounts payable hereunder.

ARTICLE 9
GENERAL

9.1 Successor and Assigns

(a) This Supplemental Indenture shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, except that (i) the Issuer may not assign or transfer any of its rights or obligations under this Supplemental Indenture without the prior written consent of all of the Series 2017-1 Noteholders and at least 10 Business Days' notice having been given to ~~DBRS~~each CP Conduit Rating Agency; (ii) no Non-Conduit Purchaser may assign or transfer any of its rights under this Supplemental Indenture other than pursuant to paragraph (e) or (f) below; (iii) no CP Conduit Purchaser may assign or transfer any of its rights under this Supplemental Indenture other than to the Group Bank with respect to such CP Conduit Purchaser or a Program Support Provider with respect to such CP Conduit Purchaser or pursuant to clause (b) or (e) below of this

Section 9.1; and (iv) no Group Bank may assign or transfer any of its rights or obligations under this Supplemental Indenture except to a Program Support Provider or pursuant to clause (c), (d) or (e) below of this Section 9.1.

(b) Without limiting the foregoing, each CP Conduit Purchaser may assign all or a portion of the Purchaser Group Principal Amount with respect to such CP Conduit Purchaser and its rights and obligations under this Supplemental Indenture to a Conduit Assignee with respect to such CP Conduit Purchaser. Prior to the effectiveness of any such assignment, the assigning CP Conduit Purchaser shall notify ~~DBRS~~each CP Conduit Rating Agency, the Administrative Agent, each Funding Agent, each Non-Conduit Purchaser and the Issuer of such assignment. Upon such assignment by a CP Conduit Purchaser to a Conduit Assignee, (i) such Conduit Assignee shall be the owner of the Purchaser Group Principal Amount or such portion thereof with respect to such CP Conduit Purchaser; (ii) the related administrative or managing agent for such Conduit Assignee will act as the administrative agent for such Conduit Assignee hereunder, with all corresponding rights and powers, express or implied, granted to the Funding Agent hereunder; (iii) such Conduit Assignee and its liquidity support provider(s) and credit support provider(s) and other related parties shall have the benefit of all the rights and protections provided to such CP Conduit Purchaser herein (including, without limitation, any limitation on recourse against such Conduit Assignee as provided in this paragraph); (iv) such Conduit Assignee shall assume all of such CP Conduit Purchaser's obligations, if any, hereunder with respect to such portion of the Purchaser Group Principal Amount and such CP Conduit Purchaser shall be released from such obligations; (v) all distributions in respect of the Purchaser Group Principal Amount or such portion thereof with respect to such CP Conduit Purchaser shall be made to the applicable agent or administrative agent, as applicable, on behalf of such Conduit Assignee; and (vi) if requested by the Administrative Agent or the agent or administrative agent with respect to the Conduit Assignee, the parties will execute and deliver such further agreements and documents and take such other actions as the Administrative Agent or such agent or administrative agent may reasonably request to evidence and give effect to the foregoing. No assignment by any CP Conduit Purchaser to a Conduit Assignee of the Purchaser Group Principal Amount with respect to such CP Conduit Purchaser shall in any way diminish the obligations of the Group Bank with respect to such CP Conduit Purchaser under Section 3.3 to fund any Increase.

(c) Any Group Bank may, in the ordinary course of its business and in accordance with applicable law, at any time, sell all or any part of its rights and obligations under this Supplemental Indenture and the Series 2017-1 Senior Notes, with the prior written consent of the Administrative Agent and the Issuer (in each case, which consent shall not be unreasonably withheld) and with prior notice to ~~DBRS~~each CP Conduit Rating Agency, to one or more banks (an "**Acquiring Group Bank**") pursuant to a transfer supplement~~, substantially in the form of Exhibit H (the "**Transfer Supplement**"~~ in such form and substance as shall be acceptable to the Administrative Agent and the Issuer (acting reasonably), executed by such Acquiring Group Bank, such assigning Group Bank, the

Funding Agent with respect to such Group Bank, the Administrative Agent and the Issuer and delivered to the Administrative Agent. Notwithstanding the foregoing, no Group Bank shall so sell its rights hereunder if such Acquiring Group Bank is not an Eligible Assignee.

(d) Any Group Bank may, in the ordinary course of its business and in accordance with applicable law at any time and with prior notice to ~~DBRS~~each CP Conduit Rating Agency, sell to one or more financial institutions or other entities ("**Group Bank Participants**") participations in its Commitment with respect to its related CP Conduit Purchaser Group, its Series 2017-1 Senior Note and its rights hereunder pursuant to documentation in form and substance satisfactory to such Group Bank and the Group Bank Participant; provided, however, that (i) in the event of any such sale by a Group Bank to a Group Bank Participant, (A) such Group Bank's obligations under this Supplemental Indenture shall remain unchanged, (B) such Group Bank shall remain solely responsible for the performance thereof, and (C) the Issuer and the Administrative Agent shall continue to deal solely and directly with such Group Bank in connection with its rights and obligations under this Supplemental Indenture; and (ii) no Group Bank shall sell any participating interest under which the Group Bank Participant shall have rights to approve any amendment to, or any consent or waiver with respect to, this Supplemental Indenture, the Trust Indenture or any Program Agreement, except to the extent that the approval of such amendment, consent or waiver otherwise would require the unanimous consent of all Group Banks hereunder. A Group Bank Participant shall have the right to receive compensation pursuant to Sections 3.10 and 3.11 but only to the extent that the related selling Group Bank would have had such right absent the sale of the related participation and, with respect to amounts due pursuant to Sections 3.10 and 3.11, only to the extent such Group Bank Participant shall have complied with the provisions of Sections 3.10 and 3.11 as if such Group Bank Participant were a Group Bank.

(e) Any CP Conduit Purchaser and the Group Bank with respect to such CP Conduit Purchaser may, at any time, sell all or any part of their respective rights and obligations, and any Non-Conduit Purchaser may, at any time, sell all or any part of its rights and obligations, under this Supplemental Indenture and the Series 2017-1 Senior Notes, with the prior written consent of the Administrative Agent and the Issuer (in each case, which consent shall not be unreasonably withheld) and with prior notice to ~~DBRS~~each CP Conduit Rating Agency, (x) to a multi-seller commercial paper conduit and one or more banks providing support to such multi-seller commercial paper conduit, or (y) to a financial institution or other entity (an "**Acquiring Purchaser Group**") pursuant to a transfer supplement, substantially in the form of ~~Exhibit I~~Schedule F (the "**Purchaser Group Supplement**"), executed by such Acquiring Purchaser Group (including the CP Conduit Purchaser and the Group Banks, if any, with respect to such Acquiring Purchaser Group), the Funding Agent, if any, with respect to such Acquiring Purchaser Group, such assigning Purchaser Group (including the Group Banks, if any, with respect to such assigning Purchaser Group), the Funding

Agent, if any, with respect to such assigning Purchaser Group and the Administrative Agent and the Issuer and delivered to the Administrative Agent.

(f) Any Non-Conduit Purchaser may, in the ordinary course of its business and in accordance with applicable law and with prior notice to ~~DBRS~~each CP Conduit Rating Agency, at any time sell to one or more financial institutions or other entities ("**Non-Conduit Purchaser Participants**") participations in its Commitment, its Series 2017-1 Senior Note and its rights hereunder pursuant to documentation in form and substance satisfactory to such Non-Conduit Purchaser and the Non-Conduit Purchaser Participant; provided, however, that (i) in the event of any such sale by a Non-Conduit Purchaser to a Non-Conduit Purchaser Participant, (A) such Non-Conduit Purchaser's obligations under this Supplemental Indenture shall remain unchanged, (B) such Non-Conduit Purchaser shall remain solely responsible for the performance thereof, and (C) the Issuer and the Administrative Agent shall continue to deal solely and directly with such Non-Conduit Purchaser in connection with its rights and obligations under this Supplemental Indenture; and (ii) no Non-Conduit Purchaser shall sell any participating interest under which the Non-Conduit Purchaser Participant shall have rights to approve any amendment to, or any consent or waiver with respect to, this Supplemental Indenture, the Trust Indenture or any Program Agreement, except to the extent that the approval of such amendment, consent or waiver otherwise would require the unanimous consent of all Series 2017-1 Noteholders hereunder. A Non-Conduit Purchaser Participant shall have the right to receive compensation under Sections 3.10 and 3.11 but only to the extent that the related selling Non-Conduit Purchaser would have had such right absent the sale of the related participation and, with respect to amounts due pursuant to Sections 3.10 and 3.11, only to the extent such Non-Conduit Purchaser Participant shall have complied with the provisions of Sections 3.10 and 3.11 as if such Non-Conduit Purchaser Participant were a Non-Conduit Purchaser.

(g) The Issuer authorizes each Group Bank and Non-Conduit Purchaser to disclose to any Group Bank Participant, Acquiring Group Bank, Non-Conduit Purchaser Participant or Acquiring Purchaser Group (each, a "**Transferee**") and any prospective Transferee any and all financial information in such Group Bank's or Non-Conduit Purchaser's possession concerning the Issuer, the Issuer Investment Asset and the Program Agreements which has been delivered to such Group Bank by the Issuer or the Manager in connection with such Group Bank's credit evaluation of the Issuer and the Issuer Investment Interest.

(h) Notwithstanding any other provision of this Supplemental Indenture to the contrary, any Non-Conduit Purchaser, any Group Bank or any Program Support Provider may at any time pledge or grant a security interest in all or any portion of its rights under its Series 2017-1 Senior Note and this Supplemental Indenture to secure obligations of such Non-Conduit Purchaser, such Group Bank or such Program Support Provider to a Federal Reserve Bank or the Bank of Canada, without notice to or consent of the Administrative Agent or the Issuer; provided that no such pledge or grant of a security interest shall release a Non-Conduit

Purchaser or a Group Bank from any of its obligations hereunder or substitute any such pledgee or grantee for such Non-Conduit Purchaser or such Group Bank as a party hereto.

(i) Notwithstanding any other provision of this Supplemental Indenture to the contrary, no consent of the Issuer to any assignment referred to in this Section 9.1 shall be required at any time after the occurrence of a Series 2017-1 Event of Default.

9.2 Waiver

Without limiting the requirements of Section 11.02 of the Trust Indenture which shall be applicable to this Supplemental Indenture, no waiver of any provision of this Supplemental Indenture or consent to any departure by the Issuer from any provision of this Supplemental Indenture will be effective (in whole or in part) unless in writing and signed by the Requisite Series 2017-1 Noteholders. Such waiver will be effective only in the specific instance, for the specific purpose and for the specific length of time for which it is given by the Requisite Series 2017-1 Noteholders.

9.3 Notice

All notices, requests, instructions and demands to or upon any party hereto to be effective shall be given (a) in the case of the Issuer and the Indenture Trustee, in the manner set forth in Article 15 of the Trust Indenture; and (b) in the case of the Administrative Agent, the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks and the Funding Agents, in writing, and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when delivered by hand or three days after being deposited in the mail, postage prepaid, in the case of facsimile notice, when received, or in the case of overnight air courier, one Business Day after the date such notice is delivered to such overnight courier, addressed as follows in the case of the Administrative Agent and to the addresses therefor set forth in Schedule E, in the case of the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks and the Funding Agents; or to such other address as may be hereafter notified by the respective parties hereto:

Administrative Agent:

Royal Bank of Canada ~~[NTD: Oslers to provide]~~
Attention: Ian Benaiah
200 Bay Street, Royal Bank Plaza
North Tower, 2nd Floor
Toronto, ON M5J 2W7
Fax No. 416-842-3888
Email: conduit.management@rbccm.com

9.4 No Waiver: Remedies

No failure on the part of any party to exercise, and no delay in exercising, any power, right or remedy hereunder will operate as a waiver thereof; nor will any single or partial exercise

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of any such power, right or remedy hereunder preclude any other or further exercise thereof or the exercise of any other power, right or remedy. The rights and remedies herein provided are cumulative and not exclusive of any remedies provided by applicable law.

9.5 Entire Agreement

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

9.6 Governing Law and Attornment

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

9.7 Acknowledgment of Trust Indenture and No Proceedings

The Administrative Agent, each Non-Conduit Purchaser, each CP Conduit Purchaser, each Group Bank and each Funding Agent hereby acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor under the Trust Indenture and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Trust Indenture including, without limitation, Section 7.12 (Payments To Be Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse), Article IX (Indenture Trustee) (including all limitations of liability thereunder), Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition).

9.8 Expenses

The Issuer agrees to pay on demand (a) to the Indenture Trustee, the Administrative Agent and the Purchaser Groups all reasonable costs and expenses in connection with the preparation, execution, and delivery of this Supplemental Indenture and the other documents to be delivered hereunder or in connection herewith, including, the reasonable fees and out-of-pocket expenses of counsel for the Administrative Agent and the Purchaser Groups, with respect thereto, and the reasonable fees and out-of-pocket expenses incurred by the CP Conduit Purchasers in connection with the review by each rating agency then rating the Commercial Paper of such CP Conduit Purchaser of the transactions contemplated by this Supplemental Indenture and the Program Agreements; (b) to the Indenture Trustee, the Administrative Agent and each Purchaser Group all reasonable costs and expenses in connection with any amendments of or waivers or consents under this Supplemental Indenture or the Program Agreements, including in each case the reasonable fees and out-of-pocket expenses of counsel with respect thereto, and the reasonable fees and out-of-pocket expenses incurred by the CP Conduit

Purchasers in connection with the review by any rating agency then rating the Commercial Paper of such CP Conduit Purchasers; and (c) to the Indenture Trustee, the Administrative Agent and each Purchaser Group, on demand, all reasonable costs and expenses (including reasonable fees and expenses of counsel to the Administrative Agent and each Purchaser Group), if any, in connection with the enforcement of this Supplemental Indenture or any of the Program Agreements, and the other documents delivered thereunder or in connection therewith.

9.9 Further Assurances

Each of the parties hereto upon the request of the other party or parties hereto shall do, execute, acknowledge and deliver or cause to be done, executed acknowledged or delivered all such further acts, deeds, documents, assignments, transfers, conveyances, powers of attorney and assurances as may be reasonably necessary or desirable to effect or complete the consummation of the transactions contemplated by this Supplemental Indenture.

9.10 Confidentiality

(a) Each Purchaser Group and the Administrative Agent covenants and agrees that any non-public information obtained by it pursuant to this Supplemental Indenture and the other Program Agreements shall be held in confidence except that the Purchaser Groups or Administrative Agent may disclose such information (i) pursuant to the order of any court or administrative agency or in any pending legal or administrative proceeding (whether or not having the force or effect of law) provided that, unless prohibited by applicable law, a Purchaser Group or the Administrative Agent, as applicable, shall provide prompt notice of such order to the affected party; (ii) upon the request or demand of any regulatory authority having or claiming jurisdiction over any Purchaser Group or the Administrative Agent; (iii) as required by applicable law including, without limitation, all applicable securities laws; (iv) to the extent that such information becomes publicly available other than by reason of improper disclosure by a Purchaser Group or the Administrative Agent; (v) to its affiliates, officers, directors, employees, legal counsel, independent auditors, accountants, advisors, investors, potential investors, commercial paper dealers, providers of surety, guaranty, credit or liquidity enhancement (including the directors, officers and accountants of such surety, guaranty, credit or liquidity enhancement provider), legal counsel of any of the foregoing and other experts or agents who need to know such information and are informed of the confidential nature of such information (provided that the Persons permitted to make such disclosures under clauses (i), (ii) and (iii) of this Section 9.10 shall also include credit or liquidity enhancers of a CP Conduit Purchaser); (vi) for purposes of establishing a "due diligence" defense; (vii) which was available to a Purchaser Group or the Administrative Agent on a non-confidential basis from a source other than the affected party, provided that such source was not to the knowledge of the Purchaser Group or the Administrative Agent, as applicable, bound by a confidentiality agreement with the affected party; (viii) has been independently acquired or developed by a Purchaser Group or the Administrative Agent without violating any of the Purchaser Group's or the Administrative Agent's obligations under this

Supplemental Indenture; (ix) if such disclosure has been approved in writing in advance by the Issuer or the Manager; (x) regarding the existence of this Supplemental Indenture, but not the financial terms thereof; and (xi) to DBRS and Moody's and any other Rating Agencies.

(b) The Issuer covenants and agrees to hold in confidence, and not disclose to any Person, the terms of this Supplemental Indenture (including any fees payable in connection with this Supplemental Indenture or the identity of any CP Conduit Purchaser under this Supplemental Indenture), except as the applicable Purchaser Group may have consented to in writing prior to any proposed disclosure and except (i) it may also disclose such information (A) to its officers, directors, employees, legal counsel, independent auditors, accountants and other advisors who are directly involved in the consideration of this Supplemental Indenture (and then only on a confidential basis), (B) to the Manager and its officers, directors, employees, legal counsel, independent auditors, accountants and other advisors, (C) any ministry or agency of the Province of Ontario and, in each case, their respective employees, officials, agents and advisors, (D) as required by applicable law (including, without limitation, applicable securities law) or compulsory legal process, (E) as expressly permitted by the terms of the Program Agreements, and (F) to DBRS and Moody's and any other Rating Agencies; provided, that, in the case of clause (D), the Issuer will use all commercially reasonable efforts to maintain confidentiality and will (unless otherwise prohibited by law) notify the affected Administrative Agent or Purchaser Group of its intention to make any such disclosure prior to making such disclosure; and (ii) it may also disclose the existence (but not the financial terms) of this Supplemental Indenture, including to any actual or prospective purchaser of other Notes.

(c) The parties hereto acknowledge that a description of this Supplemental Indenture and the Series 2017-1 Senior Note will be included in the preliminary and final offering memoranda of the Issuer relating to the issue of other Notes from time to time.

(d) The confidentiality provisions set forth in this Section 9.10 shall expire on the second year anniversary of the date on which the Series 2017-1 Senior Notes have been paid in full.

9.11 Acknowledgement and Consent to Bail-In of EEA Financial Institutions

Notwithstanding anything to the contrary in this Supplemental Indenture or in any other Program Agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any EEA Financial Institution arising under this Supplemental Indenture or any other Program Agreement, to the extent such liability is unsecured, may be subject to the write-down and conversion powers of an EEA Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

(a) the application of any Write-Down and Conversion Powers by an EEA Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an EEA Financial Institution; and

(b) the effects of any Bail-In Action on any such liability, including, if applicable

(i) a reduction in full or in part or cancellation of any such liability;

(ii) a conversion of all, or a portion of, such liability into shares or other instruments or ownership in such EEA Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Supplemental Indenture or any other Facility Agreement; or

(iii) the variation of the terms of such liability in connection with the exercise of the write-down and conversion powers of any EEA Resolution Authority.

9.12 Limitation of Liability of Issuer Trustee

Each party hereto other than the Issuer acknowledges that the Issuer is a trust, and that Computershare Trust Company of Canada is the Issuer Trustee. The other parties hereto agree that the Issuer Trustee will not be subject to any liability whatsoever to them, in tort, contract or otherwise, in connection with the Issuer's assets or the trust activities, for any action taken or permitted by it to be taken, or for its failure to take any action; provided that the foregoing limitation will not apply in respect of any action or failure to act arising from or in connection with wilful misconduct, negligence or reckless disregard of a duty by the Issuer Trustee. The Issuer Trustee in doing anything or permitting anything to be done in respect of assets or the trust activities is, and shall be conclusively deemed to be, acting as trustee of the Issuer and not in any other capacity. Except as to the extent provided in this Section 9.12, the Issuer Trustee will not be subject to any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Issuer, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the Issuer's assets or the trust activities and resort will be had solely to the Collateral for the payment or performance thereof. No property or assets of the Issuer Trustee, whether owned in its personal capacity or otherwise, will be subject to levy, execution or other enforcement procedure with regard to any obligation under this Supplemental Indenture. Nothing contained in this Section 9.12 shall be construed so as to limit the liability of the Issuer under this Supplemental Indenture. This Supplemental Indenture, and every deed, transfer, assignment, agreement or other instrument made pursuant hereto including, without limitation, the Series 2017-1 Senior Notes, made or purporting to be made by or creating an obligation of the Issuer or the Issuer Trustee on behalf of, or as trustee of, the Issuer shall be deemed and construed for all purposes as if made by the Issuer Trustee, in and only in its capacity as trustee of the Issuer. Any obligations of the Issuer Trustee hereunder or thereunder are non-recourse to the Issuer Trustee in its personal capacity.

9.13 Execution in Counterparts

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

9.14 Delivery of Executed Copies

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

[signature page follows]

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

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

By:

Name:

Title:

By:

Name:

Title:

BNY TRUST COMPANY OF CANADA, as Indenture Trustee

By:

Name:

Title:

By:

Name:

Title:

ROYAL BANK OF CANADA, as Administrative Agent,

By:

Name:

Title:

CIBC MELLON TRUST COMPANY, in its capacity as trustee of **LAKESHORE TRUST**, by its Financial Services Agent, **ROYAL BANK OF CANADA**, as a CP Conduit Purchaser

~~**[NTD: Detailed signing pages to be prepared.]**~~

By:_____
Name:
Title:

By:_____
Name:
Title:

ROYAL BANK OF CANADA,
as a Group Bank

By:_____
Name:
Title:

By:_____
Name:
Title:

CANADIAN IMPERIAL BANK OF COMMERCE,
as a Group Bank

By:_____
Name:
Title:

By:_____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of **SOUND TRUST**, by its Financial Services Agent, **CANADIAN IMPERIAL BANK OF COMMERCE,**
as a CP Conduit Purchaser

By:_____
Name:
Title:

By:_____
Name:
Title:

~~**SCHEDULE A**~~**COMPUTERSHARE TRUST COMPANY OF CANADA**, in its capacity as trustee of **SURE TRUST**, by its Financial Services Agent, **CANADIAN IMPERIAL BANK OF COMMERCE,**

as a CP Conduit Purchaser

By:_____
Name:
Title:

By:_____
Name:
Title:

GOLDMAN SACHS BANK USA,
as a Non-Conduit Purchaser

By:_____
Name:
Title:

By:_____
Name:
Title:

SCHEDULE A

DEFINITIONS

"**Acceleration Event**" means either:

(a) all Issuer Funding Obligations are declared due and payable under Section 8.02 of the Trust Indenture, or

(b) the Series 2017-1 Principal Amount and all interest accrued and unpaid thereon is declared to be due and payable under Section 7.1.

"**Administrative Agent**" is defined in the ~~preamble~~recitals to this Supplemental Indenture.

"**AEOI Legislation**" is defined in Section 3.10(a).

"**Affected Party**" means any Non-Conduit Purchaser, CP Conduit Purchaser and any Program Support Provider with respect to any CP Conduit Purchaser.

"**Applicable Margin**" is the Program Fee as defined in the Fee Letter.

"**Authorized Officer**" means, with respect to: (a) the Issuer, any authorized director or officer of the Manager; (b) the Manager, any authorized director of officer of OPG; (c) the IESO, any authorized director or officer of the IESO; (d) the Issuer Trustee, any officer within the corporate trust office of such trustee (including the President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Treasurer or any other officer of the Issuer Trustee customarily performing functions similar to those performed by persons who at the time shall be such officers, respectively, and that has direct responsibility for the administration of the Issuer and also, with respect to a particular matter, any other officer to whom such matter is referred to because of such officer's knowledge and familiarity with the particular subject).

"**Bail-In Action**" shall mean the exercise of any Write-Down and Conversion Powers by the applicable EEA Resolution Authority in respect of any liability of an EEA Financial Institution.

"**Bail-In Legislation**" shall mean, with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule.

"**Breakage Costs**" means, with respect to a CP Conduit Purchaser, the net interest costs, if any, with respect to any portion of the Commercial Paper it has issued to fund its investment in the Series 2017-1 Senior Notes that will be incurred by such CP Conduit Purchaser as a result of the maturity of such Commercial Paper falling after the date of a Decrease.

"**CDOR**" means, on any day, an annual rate of interest equal to the average rate applicable to Canadian dollar bankers' acceptances for a 1 month period appearing on the "Reuters Screen CDOR Page" (as defined in the International Swaps and Derivatives Association, Inc. 2000

definitions, as modified and amended from time to time) at approximately 10:00 a.m. on such day, or if such day is not a Business Day, then on the immediately preceding Business Day, provided that if such rate does not appear on the Reuters Screen CDOR Page on such day as contemplated, then CDOR on such day shall be calculated as the average of the rates for such period applicable to Canadian dollar bankers' acceptances quoted by the banks listed in Schedule I of the *Bank Act* (Canada) as of 10:00 a.m. on such day or, if such day is not a Business Day, then on the immediately preceding Business Day.

"**Closing Date**" is defined in Section 3.3(a).

"**Commercial Paper**" means, with respect to any CP Conduit Purchaser, the promissory notes issued by, or for the benefit of, such CP Conduit Purchaser in the commercial paper market.

"**Commitment**" means, with respect to (a) the Group Bank included in any CP Conduit Purchaser Group, the obligation of such Group Bank to purchase a Series 2017-1 Senior Note on the Closing Date and, thereafter, to maintain and, subject to certain conditions, increase the Purchaser Group Principal Amount with respect to such CP Conduit Purchaser Group, in each case, in an amount up to the Maximum Purchaser Group Principal Amount with respect to such CP Conduit Purchaser Group; or (b) any Non-Conduit Purchaser Group, the obligation of the Related Non-Conduit Purchaser to purchase a Series 2017-1 Senior Note on the Closing Date and, thereafter, to maintain and, subject to certain conditions, increase the Purchaser Group Principal Amount with respect to such Non-Conduit Purchaser Group, in each case, in an amount up to the Maximum Purchaser Group Principal Amount with respect to such Non-Conduit Purchaser Group.

"**Commitment Expiry Date**" means the earlier of (a) the Scheduled Commitment Expiry Date; and (b) the date on which an Event of Default or a Series 2017-1 Event of Default shall have been declared or automatically occurred.

"**Commitment Extension**" means an extension of the Scheduled Commitment Expiry Date effected in accordance with Section 3.5(c).

"**Commitment Extension Request**" is defined in Section 3.5(c).

"**Commitment Fee**" is defined in Section 3.6(b).

"**Commitment Fee Rate**" is defined in the Fee Letter.

"**Commitment Percentage**" means, on any date of determination, with respect to any Purchaser Group, the ratio, expressed as a percentage, which such Purchaser Group's Maximum Purchaser Group Principal Amount bears to the Series 2017-1 Maximum Principal Amount on such date.

"**Conduit Assignee**" means, with respect to any CP Conduit Purchaser, any commercial paper conduit administered by the Funding Agent with respect to such CP Conduit Purchaser and designated by such Funding Agent to accept an assignment from such CP Conduit Purchaser of the Purchaser Group Principal Amount or a portion thereof with respect to such CP Conduit Purchaser pursuant to Section 9.1(b).

"**CP Conduit Funded Amount**" means, with respect to any CP Conduit Purchaser Group for any day, the portion of the Purchaser Group Principal Amount with respect to such CP Conduit Purchaser Group funded by the CP Conduit Purchaser in respect of such CP Conduit Purchaser Group.

"**CP Conduit Purchaser**" means each commercial paper conduit listed on Schedule E or party to a Purchaser Group Supplement pursuant to which such commercial paper conduit became a party to this Supplemental Indenture

"**CP Conduit Purchaser Group**" means, collectively, a CP Conduit Purchaser and the Group Bank with respect to such CP Conduit Purchaser.

"**CP Conduit Rating Agencies**" means, with respect to any CP Conduit Purchaser, each of DBRS and Moody's and any other nationally recognized statistical rating organization which may, from time to time, rate the Commercial Paper of the CP Conduit Purchaser at the request of the CP Conduit Purchaser.

"**CP Rate**" means with respect to any CP Conduit Purchaser for any day during an Interest Period, the weighted average annual rate of interest applicable to all Commercial Paper of the CP Conduit Purchaser; and provided further that (x) any such Commercial Paper may be issued in either United States dollars or Canadian dollars with the appropriate market rate currency swap agreements being entered into to match such issuance to the funding requirements of such CP Conduit Purchaser, and (y) such weighted average annual rate of interest shall be calculated to reflect any costs incurred by such CP Conduit Purchaser in connection with such swap transactions or in connection with any redemption or repurchase transaction between such CP Conduit Purchaser and the holders of such commercial paper; provided that no amount shall be included in the calculation of the CP Rate which reflects any termination amounts payable by such CP Conduit Purchaser in respect of the early termination of any market rate currency swap referred to in this definition.

"**Decrease**" is defined in Section 3.4(a).

"**Decrease Amount**" is defined in Section 3.4(a).

"**Deferrable Increase Notice**" means a notice of Increase that provides that a Delayed Funding Notice may be provided by any Purchaser Group with respect to such Increase in accordance with Section 3.3(e).

"**Delayed Amount**" is defined in Section 3.3(e).

"**Delayed Funding Date**" is defined in Section 3.3(e).

"**Delayed Funding Notice**" is defined in Section 3.3(e).

"**Delayed Funding Purchaser Group**" is defined in Section 3.3(e).

"**Delayed Funding Reimbursement Amount**" means, with respect to any Delayed Amount of a Delayed Funding Purchaser Group funded by Non-Delayed Funding Purchaser Groups on an

Increase Date, an amount equal to the excess, if any, of (a) such Delayed Amount; over (b) the amount, if any, by which the portion of any principal payment made by the Issuer to such Non-Delayed Funding Purchaser Group pursuant to Section 3.7 on any date during the period from and including such Increase Date to but excluding the Delayed Funding Date for such Delayed Amount, was greater than what it would have been had such Delayed Amount been funded by such Delayed Funding Purchaser Group on such Increase Date.

"**EEA Financial Institution**" shall mean (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority; (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition; or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clause (a) or (b) of this definition and is subject to consolidated supervision with its parent.

"**EEA Member Country**" shall mean any of the member states of the European Union, Iceland, Liechtenstein and Norway.

"**EEA Resolution Authority**" shall mean any public administrative authority or any person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

"**Eligible Assignee**" means a financial institution having (i) a short-term debt rating of at least "P-1" from Moody's, and (ii) either (A) a short-term debt rating of at least "R-1(low)" from DBRS, or (B) a long-term debt rating of at least "A" from DBRS.

"**EU Bail-In Legislation Schedule**" shall mean the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor person), as in effect from time to time.

"**Excluded Taxes**" is defined in Section 3.10(a).

"**FATCA**" is defined in Section 3.10(a).

"**Fee Letter**" means the fee letter dated the date hereof between the Issuer, Canadian Imperial Bank of Commerce, Royal Bank of Canada and Goldman Sachs Canada Inc., as such letter may be amended or replaced from time to time.

"**Funding Agent**" means, with respect to each CP Conduit Purchaser and its CP Conduit Purchaser Group, the agent bank set forth opposite the name of such CP Conduit Purchaser on Schedule E or in the Purchaser Group Supplement pursuant to which such CP Conduit Purchaser became a party to this Supplemental Indenture.

"**Group Bank**" means, with respect to a CP Conduit Purchaser, the bank or other Person set forth opposite the name of such CP Conduit Purchaser on Schedule E or in the Purchaser Group Supplement pursuant to which such CP Conduit Purchaser became a party to this Supplemental Indenture and any assignee thereof, to the extent such assignee has assumed all or a portion of the Commitments of the Group Bank pursuant to a Transfer Supplement entered into in accordance with Section 9.1(c).

"**Group Bank Funded Amount**" means, with respect to any CP Conduit Purchaser Group for any day, the excess, if any, of the Purchaser Group Principal Amount with respect to such CP Conduit Purchaser Group over the CP Conduit Funded Amount with respect to such CP Conduit Purchaser Group for such day.

"**Group Bank Participants**" is defined in Section 9.1(d).

"**Group Monthly Fees and Other Amounts**" shall mean, for any Payment Date and a Purchaser Group the sum of (a) the Commitment Fee with respect to the related Interest Period for such Purchaser Group; plus (b) any amounts payable to such Purchaser Group hereunder including, without limitation, pursuant to Sections 3.8, 3.10, 3.11 and 9.8; plus (c) the Monthly Fees and Other Amounts Shortfall for such Purchaser Group for such Payment Date.

"**Group Monthly Interest**" means, with respect to each Interest Period and:

(a) any CP Conduit Purchaser Group, the sum of:

(i) for each day during such Interest Period, the product of (x) the portion of the CP Conduit Funded Amount with respect to the CP Conduit Purchaser Group on such day funded through the issuance of Commercial Paper outstanding on such day, times (y) the sum of the CP Rate for such day plus the Applicable Margin, divided by (z) 365; plus

(ii) for each day during such Interest Period, the product of (x) the portion of the CP Conduit Funded Amount with respect to the CP Conduit Purchaser in such CP Conduit Purchaser Group on such day not funded through the issuance of Commercial Paper outstanding on such day, times (y) the sum of CDOR for such day plus the Applicable Margin, divided by (z) 365; plus

(iii) for each day during such Interest Period the product of (x) the Group Bank Funded Amount with respect to such Purchaser Group on such day, times (y) the sum of CDOR for such day plus the Applicable Margin, divided by (x) 365.

(b) any Non-Conduit Purchaser Group, the sum for each day during such Interest Period of the product of (i) the Purchaser Group Principal Amount with respect to such Non-Conduit Purchaser Group on such day; times (ii) the sum of CDOR for such day plus the Applicable Margin, divided by (iii) 365.

For the purposes of determining the Group Monthly Interest in respect of an Interest Period prior to the end of the Interest Period, the Funding Agent in respect of a CP Conduit Purchaser Group or a Non-Conduit Purchaser Group may estimate the interest for the remaining days in the Interest Period. If the actual interest for such days is less than the estimated interest, the Group Monthly Interest for the following Interest Period shall be reduced to adjust for such lower actual interest and if the actual interest for such days is higher than the estimated interest, the Group Monthly Interest for the following Interest Period shall be increased to adjust for such higher interest.

"**Increase**" is defined in Section 3.3(a).

"**Increase Amount**" is defined in Section 3.3(a).

"**Increase Date**" is defined in Section 3.3(a).

"**Increase Notice**" is defined in Section 3.3(a).

"**Interest Period**" means each of the consecutive periods that begins on, and includes, each Payment Date and ends on and excludes, the following Payment Date; provided that the first Interest Period shall begin on the Closing Date and end on the Payment Date in January, 2018.

"**Issuer Indemnified Person**" is defined in Section 3.8.

"**Maximum Purchaser Group Principal Amount**" means, with respect to (a) any CP Conduit Purchaser Group, the amount set forth opposite the name of the CP Conduit Purchaser included in such CP Conduit Purchaser Group on Schedule E or in the Purchaser Group Supplement pursuant to which such CP Conduit Purchaser Group became a party to this Supplemental Indenture; or (b) any Non-Conduit Purchaser Group, the amount set forth opposite the name of such Non-Conduit Purchaser Group on Schedule E or in the Purchaser Group Supplement pursuant to which such Non-Conduit Purchaser Group became a party to this Supplemental Indenture, in each case, as such amount may be increased or reduced from time to time as provided in Section 3.5.

"**Monthly Fees and Other Amounts**" shall mean, for any Payment Date, the aggregate of the Group Monthly Fees and Other Amounts for all Purchaser Groups.

"**Monthly Fees and Other Amounts Shortfall**" means, for any Payment Date and a Purchaser Group, if the amount of the Monthly Fees and Other Amounts for the preceding Payment Date was greater than the amount distributed to the payment of such amounts pursuant to Section 3.6(d), an amount equal to the Monthly Fees and Other Amounts owing to such Purchaser Group which were unpaid on the preceding Payment Date plus interest on such unpaid amount for the period from the preceding Payment Date to the current Payment Date at a rate equal to the Prime Rate plus 1.00% per annum.

"**Monthly Interest**" shall mean, for any Payment Date, the aggregate for all Purchaser Groups of the sum of (a) Group Monthly Interest for the related Interest Period for each Purchaser Group; plus (b) the Monthly Interest Shortfall for such Payment Date for each Purchaser Group.

"**Monthly Interest Shortfall**" means, for any Payment Date and a Purchaser Group, if the amount of the Group Monthly Interest for the preceding Payment Date was greater than the amount distributed to the payment of such amounts pursuant to Section 3.6(d), an amount equal to the Group Monthly Interest owing to such Purchaser Group which were unpaid on the preceding Payment Date plus interest on such unpaid amount for the period from the preceding Payment Date to the current Payment Date at a rate equal to the Prime Rate plus 1.00% per annum.

"**Non-Conduit Purchaser**" means each financial institution or other entity (other than a commercial paper conduit, Group Bank or Funding Agent) listed on Schedule E or party to a Purchaser Group Supplement pursuant to which such financial institution or entity became a party to this Supplemental Indenture.

"**Non-Conduit Purchaser Group**" means a Non-Conduit Purchaser.

"**Non-Conduit Purchaser Participants**" is defined in Section 9.1(f).

"**Non-Deferrable Draw Amount**" means, with respect to any Purchaser Group as of any Increase Date, an amount equal to the lesser of (a) the excess, if any, of (x) the product of (i) $100,000,000 and (ii) the Commitment Percentage of such Purchaser Group over (y) the portion of any Increase Amounts funded by such Purchaser Group during the preceding thirty-five (35) days pursuant to a Non-Deferrable Increase Notice or, to the extent of any decrease pursuant to Section 3.3(e) in the Delayed Amount set forth in a Delayed Funding Notice delivered by such Purchaser Group, a Deferrable Increase Notice; and (b) the excess, if any, of (x) the Maximum Purchaser Group Principal Amount with respect to such Purchaser Group, over (y) the sum of (i) the Purchaser Group Principal Amount with respect to such Purchaser Group; and (ii) any unfunded Delayed Amounts with respect to such Purchaser Group, in each case as of such Increase Date.

"**Non-Deferrable Increase Notice**" means a notice of Increase that provides that a Delayed Funding Notice may not be provided by any Purchaser Group with respect to such Increase in accordance with Section 3.3(a).

"**Non-Delayed Funding Purchaser Group**" is defined in Section 3.3(f).

"**Optional Termination Date**" is defined in Section 3.4.

"**Optional Termination Notice**" is defined in Section 3.4.

"**Prime Rate**" means the annual rate of interest announced by Royal Bank of Canada from time to time as being its reference rate for the determination of interest rates on Canadian dollar denominated commercial loans made by it and commonly referred to by Royal Bank of Canada as its "prime rate."

"**Principal Accumulation Date**" means (i) if a Commitment Extension has occurred, the date specified as the "**Principal Accumulation Date**" in the related Commitment Extension Request, or (ii) otherwise, the Payment Date occurring in the month of July, 2021.

"**Principal Payment Amount**" means, in respect of the Series 2017-1 Senior Notes, (i) if a Commitment Extension has occurred, the amount specified as the "**Principal Payment Amount**" in the related Commitment Extension Request, or (ii) otherwise:

(a) On any Payment Date occurring on or after the earlier of (i) the Payment Date occurring in October, 2021; and (ii) the occurrence of an Acceleration Event, the Series 2017-1 Principal Amount.

(b) Unless clause (a) above is applicable, on the Payment Dates in the month of July, August, September and October of 2021, an amount equal the lesser of (x) the sum of (A) 25% of the Series 2017-1 Principal Amount on the Business Day prior to the Principal Accumulation Date, plus (B) the Decrease Amount of any Decrease occurring on such Payment Date, and (y) the Series 2017-1 Principal Amount.

(c) Unless either of clauses (a) or (b) above is applicable, on any Payment Date that is not a Decrease Date, nil.

(d) Unless either of clauses (a) or (b) above is applicable, on any Payment Date that is a Decrease Date, the Decrease Amount of the Decrease occurring on such Payment Date.

"**Principal Payment Default Date**" means, in respect of any Principal Payment Amount, (i) if a Commitment Extension has occurred, the date specified as the "**Principal Payment Default Date**" with respect to such Principal Payment Amount in the related Commitment Extension Request, or (ii) otherwise, the Business Day that is two years after the Principal Payment Date in respect of such Principal Payment Amount.

"**Pro Rata Share**" means, with respect to any Purchaser Group, on any date, the ratio, expressed as a percentage, which the Purchaser Group Principal Amount with respect to such Purchaser Group bears to the Series 2017-1 Principal Amount on such date.

"**Program Support Provider**" means, with respect to any CP Conduit Purchaser, the Group Bank with respect to such CP Conduit Purchaser and any other or additional Person now or hereafter extending credit, or having a commitment to extend credit to or for the account of, or to make purchases from, such CP Conduit Purchaser or issuing a letter of credit, surety bond or other instrument to support any obligations arising under or in connection with such CP Conduit Purchaser's securitization program.

"**Purchaser Group**" means a CP Conduit Purchaser Group or a Non-Conduit Purchaser Group.

"**Purchaser Group Increase Amount**" means, with respect to any Purchaser Group, for any Business Day, such Purchaser Group's Commitment Percentage of the Increase Amount, if any, on such Business Day.

"**Purchaser Group Principal Amount**" means, with respect to any Purchaser Group, (a) when used with respect to the Closing Date, such Purchaser Group's Commitment Percentage of the Series 2017-1 Initial Principal Amount; and (b) when used with respect to any other date, an amount equal to (i) the Purchaser Group Principal Amount with respect to such Purchaser Group on the immediately preceding Business Day; plus (ii) the Purchaser Group Increase Amount with respect to such Purchaser Group on such date; minus (iii) the amount of principal payments made to such Purchaser Group pursuant to Section 3.7 on such date. For the avoidance of doubt, (x) so long as any Purchaser Group has failed to fund any portion of its Purchaser Group Increase Amount with respect to any Increase Date (including any Delayed Amount), such unfunded amount shall not be included in the Purchaser Group Principal Amount for such Purchaser Group

unless and until such amount has been funded (including by funding any Delayed Funding Reimbursement Amount, if applicable), and (y) any Delayed Amounts funded on an Increase Date by a Non-Delayed Funding Purchaser Group shall be included in the Purchaser Group Principal Amount for such Non-Delayed Funding Purchaser Group until the related Delayed Funding Reimbursement Amount has been funded.

"**Purchaser Group Supplement**" is defined in Section 9.1(e).

"**Rating Agency Condition**" means, with respect to any action in respect of the Series 2017-1 Senior Notes subject to such condition, each of the CP Conduit Purchasers shall deliver written notice of the proposed action to the CP Conduit Rating Agencies at least 10 Business Days prior to the effective date of such action (or if 10 Business Days prior notice is impractical, such advance notice as is practicable) and the CP Conduit Rating Agencies (i) shall not have informed any CP Conduit Purchaser prior to the effective date of such action that such action will result in the reduction or withdrawal of the rating in effect with respect to the Commercial Paper of the CP Conduit Purchaser immediately before the taking of such action, or (ii) in the case of DBRS, or any successor thereto, when it is a CP Conduit Rating Agency, DBRS shall have informed each of the CP Conduit Purchasers in writing prior to the effective date of such action that such action will not result in the reduction or withdrawal of the rating of any Commercial Paper of such CP Conduit Purchasers immediately before the taking of such action. For purposes of the Trust Indenture, this Supplemental Indenture and the Master Transfer and Servicing Agreement, the Indenture Trustee shall receive, and shall be entitled to rely on, a certificate of a CP Conduit Purchaser confirming the satisfaction of the Rating Agency Condition.

"**Recipient**" is defined in Section 3.10(a).

"**Refinancing Increase**" is defined in Section 3.3(a).

"**Regulatory Change**" shall mean (i) the adoption after the date hereof of any applicable law, rule or regulation (including any applicable law, rule or regulation regarding capital adequacy, deposits, reserves or liquidity coverage) or any change therein after the date hereof, (ii) any change after the date hereof in the interpretation, administration, scope or timing of implementation thereof by any governmental authority, central bank, self-regulating professional body or comparable agency or authority charged with the interpretation or administration thereof, or compliance with any guidance, request or directive (whether or not having the force of law) of any such authority, central bank, self-regulating professional body or comparable agency or authority; provided that for purposes of this definition, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder, issued in connection therewith or in implementation thereof, and (y) all requests, rules, guidelines and directives (whether or not having the force of law) promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or Canadian or United States or other foreign regulatory authorities, shall in each case be deemed to be a "Regulatory Change", regardless of the date enacted, adopted, issued or implemented.

"**Related Non-Conduit Purchaser**" means, with respect to any Non-Conduit Purchaser Group, the Non-Conduit Purchaser that constitutes such Non-Conduit Purchaser Group.

"**Related Purchaser Group**" means, with respect to (a) any Funding Agent, the CP Conduit Purchaser identified next to such Funding Agent on Schedule E and the Group Bank identified on Schedule I next to such CP Conduit Purchaser or the CP Conduit Purchaser and Group Bank party to the Purchaser Group Supplement pursuant to which such Funding Agent became a party to this Supplemental Indenture; (b) any CP Conduit Purchaser, the CP Conduit Purchaser Group of which such CP Conduit Purchaser is a member; and (c) any Non-Conduit Purchaser, the Non-Conduit Purchaser Group that such Non-Conduit Purchaser constitutes.

"**Requisite Series 2017-1 Noteholders**" means Purchaser Groups having Commitment Percentages aggregating more than 50% (or if all Commitments have terminated, Purchaser Groups whose aggregate Purchaser Group Principal Amounts exceed 50% of the Series 2017-1 Principal Amount).

"**Scheduled Commitment Expiry Date**" means, the Payment Date in December, 2019, as such date may be extended in accordance with Section 3.5(c).

"Series 2017-1 Event of Default" means any one of the following events (whatever the reason for such Series 2017-1 Event of Default and whether it will be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any Governmental Authority):

(a) a default by the Issuer in the payment of any interest on any Series 2017-1 Senior Notes when such interest becomes due and payable, and continuance of such default for a period of five days following the date on which such interest became due and payable;

(b) a default by the Issuer in the payment of any principal of any Series 2017-1 Senior Notes at its Principal Payment Default Date;

(c) any representation or warranty contained in Section 5.1 of this Supplemental Indenture or Section 12.01 of the Trust Indenture proves to be incorrect in any material respect when made and such incorrect representation or warranty if capable of being remedied by the Issuer, has not been remedied for a period of 30 days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by a Purchaser Group, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default" hereunder and, as a result of such default, the interests of such Purchaser Group is materially and adversely affected and continue to be materially and adversely affected during the 30-day period;

(d) a default in the performance, or breach, of any covenant of the Issuer in the Trust Indenture or this Supplemental Indenture in respect of any Series 2017-1 Senior Notes (other than an agreement, covenant or warranty a default in the performance of which or the breach of which is elsewhere specifically dealt with in this definition of Series 2017-1 Event of Default), and continuance of such default or breach for a period of 30 days after notice thereof has been given, by registered or

certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by a Purchaser Group, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default" hereunder and, as a result of such default, the interests of such Purchaser Group is materially and adversely affected and continue to be materially and adversely affected during the 30-day period;

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

(f) a Suspension Notice is issued by the Province.

"**Series 2017-1 Initial Principal Amount**" is defined in Section 3.3(a).

"**Series 2017-1 Maximum Principal Amount**" means, on any date of determination, the sum of the Maximum Purchaser Group Principal Amounts with respect to each of the Purchaser Groups on such date.

"**Series 2017-1 Noteholder**" means a Person in whose name a Series 2017-1 Senior Note is registered in the Note Register.

"**Series 2017-1 Principal Amount**" means, on any date of determination, the sum of the Purchaser Group Principal Amounts with respect to each of the Purchaser Groups on such date.

"**Series 2017-1 Senior Note**" means any one of the Floating Rate Variable Funding Senior Notes, Series 2017-1, executed by the Issuer and authenticated and delivered by or on behalf of the Indenture Trustee, substantially in the form of Exhibit B.

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

"**Support Facility**" shall mean any liquidity or credit support agreement with a CP Conduit Purchaser which relates to, or is otherwise available to such CP Conduit Purchaser in relation to its funding activities under, this Supplemental Indenture.

"**Suspension Notice**" ~~is defined~~has the meaning specified in the Change of Law Protection Agreement.

"**Termination Event**" means any Acceleration Event or Series 2017-1 Event of Default or any event which with the giving of notice or the passage of time, or both, could become an Acceleration Event or a Series 2017-1 Event of Default.

"**Transfer Increase**" is defined in Section 3.3(a).

"**Transfer Supplement**" is defined in Section 9.1(c).

"**Transferee**" is defined in Section 9.1(g).

"**Trust Indenture**" means the trust indenture dated as of December ~~[21],~~21, 2017 between the Issuer and the Indenture Trustee, as amended or restated from time to time.

"**U.S. Securities Act**" means the U.S. Securities Act of 1933, as amended.

"**Write-Down and Conversion Powers**" shall mean, with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule.

SCHEDULE B

SERIES 2017-1 SENIOR NOTE

REGISTERED | INITIAL DOLLAR PRINCIPAL AMOUNT

No. R [●] | $[●]

FAIR HYDRO TRUST

FLOATING RATE VARIABLE FUNDING SENIOR NOTE, SERIES 2017-1

Fair Hydro Trust (herein referred to as the "**Issuer**"), a trust governed by the laws of Ontario and established under a Declaration of Trust dated as of December ■~~,~~20, 2017 for value received, hereby promises to pay to ■, or registered assigns, subject to the following provisions, a principal sum of $■, or, if less, the aggregate unpaid principal amount shown on the schedule attached hereto (and any continuation thereof), which amount shall be payable in the amounts and at the times set forth in the Base Indenture and the ~~Indenture Supplement~~Supplemental; provided, that, ~~the entire unpaid amount of~~ any Principal Payment Amount due and payable with respect to this Series 2017-1 Note shall be due and payable on the related Principal Payment ~~Default~~ Date. The Issuer will pay interest on this Series 2017-1 Note in accordance with Section 3.6 of the ~~Indenture Supplement~~Supplemental on each Payment Date until the principal of this Series 2017-1 Note is paid or made available for payment, to the extent funds are available in accordance with the terms of the ~~Indenture Supplement~~Supplemental. Pursuant to Sections 3.3 and 3.4 of the ~~Indenture Supplement~~Supplemental, the principal amount of this Series 2017-1 Note shall be subject to Increases and Decreases on any Business Day during the period commencing on the Closing Date and ending on the Commitment Expiry Date (the "**Revolving Period**"), and accordingly, such principal amount is subject to prepayment in whole or in part at any time. During the Revolving Period, this Series 2017-1 Note is subject to mandatory prepayment, to the extent funds have been allocated to the Principal Accumulation Account and are available therefor, in accordance with Sections 3.4 and Section 3.7 of the ~~Indenture Supplement~~Supplemental. Beginning on the first Payment Date following the occurrence of a Series 2017-1 Event of Default or an Event of Default (collectively, a "**Default Event**"), subject to cure in accordance with the Base Indenture or the ~~Indenture Supplement~~Supplemental, as applicable, the principal of this Series 2017-1 Note shall be paid in installments on each subsequent Principal Payment Date to the extent of funds available for payment therefor pursuant to the Trust Indenture. Such principal of and interest on this Series 2017-1 Note shall be paid in the manner specified on the reverse hereof.

The principal of and interest on this Series 2017-1 Note are payable in Canadian Dollars. Except as otherwise provided in the Trust Indenture, payments made by the Issuer with respect to this Series 2017-1 Note shall be applied first to interest due and payable on this Series 2017-1 Note as provided above and then to the unpaid principal of this Series 2017-1 Note.

Reference is made to the further provisions of this Series 2017-1 Note set forth on the reverse hereof, which shall have the same effect as though fully set forth on the face of this Series 2017-1 Note. Although a summary of certain provisions of the Trust Indenture is set forth below and on the reverse hereof and made a part hereof, this Series 2017-1 Note does not purport to summarize the Trust Indenture and reference is made to the Trust Indenture for information with respect to the interests, rights, benefits, obligations, proceeds and duties evidenced hereby and the rights, duties and obligations of the Issuer and the Indenture Trustee. A copy of the Trust Indenture may be requested from the Indenture Trustee by writing to the Indenture Trustee at: BNY Trust Company of Canada, One York Street, 6th Floor, Toronto, Ontario M5J 0B6, Attention: Corporate Trust Administration.

Reference is made to the further provisions of this Note set forth on the reverse hereof, which shall have the same effect as though fully set forth on the face of this Note.

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

IN WITNESS WHEREOF, the Issuer has caused this Series 2017-1 Note to be duly executed.

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

By:
Name:
Title:

By:
Name:
Title:

Dated: ■, 201■

INDENTURE TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Series 2017-1 Notes described in the within -mentioned Trust Indenture.

BNY TRUST COMPANY OF CANADA, as Indenture Trustee

By:
Authorized Signatory

By:
Authorized Signatory

FAIR HYDRO TRUST

SERIES 2017-1 SERIES 2017-1 FLOATING RATE ASSET BACKED NOTE

Summary of Terms and Conditions

This Series 2017-1 Note is one of a duly authorized issue of Notes of the Issuer, designated as ~~its Fair Hydro Trust,~~the Floating Rate Variable Funding Senior Note, Series 2017-1 (the "**Series 2017-1 Notes**"), issued under ~~an~~a Trust Indenture, dated as of December ~~[21],~~21, 2017 (as may be amended, supplemented, restated, replaced or otherwise modified from time to time, the "**Base Indenture**"), between the Issuer and BNY Trust Company of Canada, as indenture trustee (the "**Indenture Trustee**," which term includes any successor Indenture Trustee under the Base Indenture), as supplemented by the Warehouse Senior Series 2017-1 Supplemental Indenture~~ Supplement~~, dated as of December ~~[21],~~21, 2017 (the "~~**Indenture Supplement**~~**Supplemental**"), and representing the right to receive certain payments from the Issuer. The term "**Trust Indenture**," unless the context otherwise requires, refers to the Base Indenture as supplemented by the ~~Indenture Supplement~~Supplemental. Except as set forth in the ~~Indenture Supplement~~Supplemental, the Series 2017-1 Note is subject to all of the terms of the Base Indenture. All terms used in this Series 2017-1 Note that are defined in the ~~Indenture Supplement~~Supplemental shall have the meanings assigned to them in or pursuant to the ~~Indenture Supplement~~Supplemental.

The Series 2017-1 Note is and will be equally and ratably secured by the Collateral pledged as security therefor as provided in the Trust Indenture.

"**Payment Date**" means the 15th day of each calendar month, or, if any such date is not a Business Day, the next succeeding Business Day, commencing January 15, 2018.

As described above, ~~the entire unpaid amount of~~ any Principal Payment Amount payable with respect to this Series 2017-1 Note shall be due and payable on the related Principal Payment ~~Default~~ Date, in accordance with Section 3.7 of the ~~Indenture Supplement. Notwithstanding the foregoing, if a Default Event with respect to the Series 2017-1 Notes shall have occurred and be continuing then, in certain circumstances, principal of the Series 2017-1 Note may be paid earlier, as described in the Indenture~~Supplemental. All principal payments of the Series 2017-1 Note shall be made to the Series 2017-1 Noteholders.

Payments of interest on this Series 2017-1 Note are due and payable on each Payment Date or such other date as may be specified in the ~~Indenture Supplement~~Supplemental, together with the installment of principal then due, if any, and any payments of principal made on any Business Day in respect of any Decreases, to the extent not in full payment of this Series 2017-1 Note, shall be made by wire transfer to the holder of record of this Series 2017-1 Note (or one or more predecessor Series 2017-1 Notes) on the Note Register as of the close of business on each Record Date. Any reduction in the principal amount of this Series 2017-1 Note (or one or more predecessor Series 2017-1 Notes) effected by any payments made on any Payment Date shall be binding upon all future holders of this Series 2017-1 Note and of any Series 2017-1 Note issued

upon the registration of transfer hereof or in exchange hereof or in lieu hereof, whether or not noted thereon.

The Issuer shall pay interest on Monthly Interest Shortfalls at the rate specified in the definition thereof, to the extent lawful.

Subject to the terms of the Trust Indenture, the holder of any Series 2017-1 Note may transfer the same in whole or in part, in an amount equivalent to an authorized denomination, by surrendering such Series 2017-1 Note at the office maintained by the Note Registrar for such purpose pursuant to Section 4.05(c) of the Base Indenture, with the form of transfer endorsed on it duly completed and executed by, or accompanied by a written instrument of transfer in form satisfactory to the Issuer and the Note Registrar by, the holder thereof. In exchange for any Series 2017-1 Note properly presented for transfer, the Issuer shall execute and promptly authenticate and deliver or cause to be authenticated and delivered in compliance with applicable law, to the transferee at such office, or send by mail (at the risk of the transferee) to such address as the transferee may request, Series 2017-1 Notes for the same aggregate principal amount as was transferred. In the case of the transfer of any Series 2017-1 Note in part, the Issuer shall execute and promptly authenticate and deliver or cause to be authenticated and delivered to the transferor at such office, or send by mail (at the risk of the transferor) to such address as the transferor may request, Series 2017-1 Notes for the aggregate principal amount that was not transferred. No transfer of any Series 2017-1 Note shall be made unless the request for such transfer is made by the Series 2017-1 Noteholder at such office. Upon the issuance of transferred Series 2017-1 Notes, the Indenture Trustee shall recognize the holders of such Series 2017-1 Note as Series 2017-1 Noteholders.

Each Series 2017-1 Noteholder, by acceptance of a Series 2017-1 Note, hereby acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor under the Base Indenture and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Base Indenture including, without limitation, Section 7.12 (Payments To Be Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse), Article IX (Indenture Trustee) (including all limitations of liability thereunder), Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition).

Prior to the due presentment for registration of transfer of this Series 2017-1 Note, the Issuer, the Indenture Trustee and any agent of the Issuer or the Indenture Trustee may treat the Person in whose name this Series 2017-1 Note (as of the day of determination or as of such other date as may be specified in the Trust Indenture) is registered as the owner hereof for all purposes, whether or not this Series 2017-1 Note shall be overdue, and neither the Issuer, the Indenture Trustee nor any such agent shall be affected by notice to the contrary.

The Trust Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the rights of the holder of the Series 2017-1 Notes under the Trust Indenture at any time by the Issuer with the consent of the applicable Person(s) specified therein. The Trust Indenture also contains provisions permitting the applicable Person(s) specified therein to waive compliance by the Issuer with

certain provisions of the Trust Indenture and certain past defaults under the Trust Indenture and their consequences with respect to the Series 2017-1 Notes. Any such consent or waiver by such Person(s) shall be conclusive and binding upon the Series 2017-1 Noteholders and upon all future holders of this Series 2017-1 Note and of any Series 2017-1 Note issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof whether or not notation of such consent or waiver is made upon this Series 2017-1 Note. The Trust Indenture also permits the Issuer and the Indenture Trustee to amend or waive certain terms and conditions set forth in the Trust Indenture without the consent of any other Person.

The term "the Issuer" as used in this Series 2017-1 Note includes any successor to the Issuer under the Trust Indenture.

The Series 2017-1 Note is issuable only in registered form in denominations as provided in the Trust Indenture, subject to certain limitations set forth therein.

This Series 2017-1 Note and the Trust Indenture, and all matters arising out of or relating to this Series 2017-1 Note or the Trust Indenture, shall be governed by, and construed and interpreted in accordance with, the laws of the Province of Ontario and the federal laws applicable therein, and the obligations, rights and remedies of the parties hereto shall be determined in accordance with such laws.

No reference herein to the Trust Indenture and no provision of this Series 2017-1 Note or of the Trust Indenture shall alter or impair the obligation of the Issuer, which is absolute and unconditional, to pay the principal of and interest on this Series 2017-1 Note at the times, place and rate, and in the coin or currency herein prescribed, subject to any duty of the Issuer to deduct or withhold any amounts as required by law, including any applicable ~~t~~Taxes.

INCREASES AND DECREASES

Date	Unpaid Principal Amount	Increase	Decrease	Total	Notation Made By

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

_____
(name and address of assignee)

the within certificate and all rights thereunder, and hereby irrevocably constitutes and appoints, _____, attorney, to transfer said certificate on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____ _____[1]
Signature Guaranteed:

REGISTRATION PANEL

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

Date of Registration	In Whose Name Registered	Signature of Note Registrar
●, 20●	●	

[1] NOTE: The signature to this assignment must correspond with the name of the registered owner as it appears on the face of the within Note in every particular, without alteration, enlargement or any change whatsoever.

SCHEDULE C

FORM OF INCREASE NOTICE

INCREASE NOTICE

TO: Royal Bank of Canada ("**RBC**"), as Administrative Agent

AND TO: **[Funding Agents]**

AND TO: **[Non-Conduit Purchasers]**

AND TO: BNY Trust Company of Canada, as Indenture Trustee (the "**Indenture Trustee**")

RE: Warehouse Senior Series 2017-1 Supplemental Indenture dated as of December 21, 2017 between, *inter alios*, Fair Hydro Trust (the "**Issuer**"), the Indenture Trustee, the Funding Agents and the Administrative Agent (the "**Senior Supplemental Indenture**")

Pursuant to Section 3.3(a)(ii) of the Supplemental Indenture, the Issuer hereby gives irrevocable notice to the Administrative Agent, the Funding Agents and the Non-Conduit Purchasers that an Increase in the amount of $● (the "**Increase Amount**") shall occur on ●, 20● (the "**Increase Date**"), which Increase shall be **[to fund a Transfer/is in respect of a Refinancing]**. A Delayed Funding Notice may **[not]** be delivered in connection with such Increase.

Capitalized terms used and not otherwise defined in this Increase Notice have the meanings assigned to them in the Supplemental Indenture, whether directly or by reference.

[*Signature Page Follows*]

DATED the ___ day of _____, 20___.

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

By:

Name:

Title:

By:

_____

Name:

Title:

SCHEDULE D

FORM OF DECREASE NOTICE

DECREASE NOTICE

TO: Royal Bank of Canada ("RBC"), as Administrative Agent

AND TO: [Funding Agents]

AND TO: [Non-Conduit Purchasers]

AND TO: BNY Trust Company of Canada, as Indenture Trustee (the "Indenture Trustee")

RE: Warehouse Senior Series 2017-1 Supplemental Indenture dated as of December 21, 2017 between, *inter alios*, Fair Hydro Trust (the "**Issuer**"), the Indenture Trustee, the Funding Agents and the Administrative Agent (the "**Senior Supplemental Indenture**")

Pursuant to Section 3.4(a) of the Supplemental Indenture, the Issuer hereby gives irrevocable notice to the Administrative Agent, the Funding Agents and the Non-Conduit Purchasers that a Decrease in the amount of $● (the "**Decrease Amount**") shall occur on ●, 20● (the "**Decrease Date**").

Capitalized terms used and not otherwise defined in this Decrease Notice have the meanings assigned to them in the Supplemental Indenture, whether directly or by reference.

[Signature page follows.]

DATED the____day of_____, 20___.

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

By:

Name:

Title:

By:

Name:

Title:

SCHEDULE E

PURCHASER GROUPS

CP Conduit Purchaser	Funding Agent	Group Bank	Maximum Purchaser Group Principal Amount
Lakeshore Trust Attention: Ian Benaiah 200 Bay Street, Royal Bank Plaza, North Tower, 2nd Floor Toronto, ON M5J 2W7 Fax No. 416-842-3888 Email: conduit.management@rbccm.com	**Royal Bank of Canada** Attention: Ian Benaiah 200 Bay Street, Royal Bank Plaza, North Tower, 2nd Floor Toronto, ON M5J 2W7 Fax No. 416-842-3888 Email: conduit.management@rbccm.com	**Royal Bank of Canada** Attention: Ian Benaiah 200 Bay Street, Royal Bank Plaza, North Tower, 2nd Floor Toronto, ON M5J 2W7 Fax No. 416-842-3888 Email: conduit.management@rbccm.com	$325,000,000
SOUND Trust Attention: Andrew Maciel 161 Bay Street, Brookfield Place, 5th Floor Toronto, ON M5J 2S8 Fax No. 416-956-6220 Email: conduit.management@cibc.com	**Canadian Imperial Bank of Commerce** Attention: Andrew Maciel 161 Bay Street, Brookfield Place, 5th Floor Toronto, ON M5J 2S8 Fax No. 416-956-6220 Email: conduit.management@cibc.com	**Canadian Imperial Bank of Commerce** Attention: Andrew Maciel 161 Bay Street, Brookfield Place, 5th Floor Toronto, ON M5J 2S8 Fax No. 416-956-6220 Email: conduit.management@cibc.com	$325,000,000
SURE Trust Attention: Andrew Maciel 161 Bay Street, Brookfield Place, 5th Floor Toronto, ON M5J 2S8 Fax No. 416-956-6220 Email: conduit.management@cibc.com	**Canadian Imperial Bank of Commerce** Attention: Andrew Maciel 161 Bay Street, Brookfield Place, 5th Floor Toronto, ON M5J 2S8 Fax No. 416-956-6220 Email: conduit.management@cibc.com	**Canadian Imperial Bank of Commerce** Attention: Andrew Maciel 161 Bay Street, Brookfield Place, 5th Floor Toronto, ON M5J 2S8 Fax No. 416-956-6220 Email: conduit.management@cibc.com	$325,000,000

Non-Conduit Purchaser	Maximum Purchaser Group Principal Amount
Goldman Sachs Bank USA 200 West Street New York, NY 10282 Fax No.: 646-769-5285 Emails: gs-warehouse-ops@gs.com Copy to: gs-warehouse-am@gs.com	$150,000,000

SCHEDULE F
FORM OF PURCHASER GROUP SUPPLEMENT

PURCHASER GROUP SUPPLEMENT (this "Supplement"), dated as of the date set forth in Item 1 of Schedule I hereto, among the Selling Purchaser Group set forth in Item 2 of Schedule I hereto (the "Selling Purchaser"), the Acquiring Purchaser Group set forth in Item 3 of Schedule I hereto (the "Acquiring Purchaser"), and the Funding Agent set forth in Item 4 of Schedule I hereto (in such capacity, the "New Funding Agent") for the Purchaser Group set forth in Item 5 of Schedule I hereto].

W I T N E S E T H:

WHEREAS, this Supplement is being executed and delivered in accordance with Section 9.1(e) of the Warehouse Senior Series 2017-1 Supplemental Indenture, dated as of December 21, 2017, among Computershare Trust Company of Canada, its capacity as trustee of Fair Hydro Trust, BNY Trust Company of Canada, as Indenture Trustee, and the CP Conduit Purchasers, Group Banks, Non-Conduit Purchasers and Funding Agents parties thereto, and Royal Bank of Canada, as Administrative Agent (as from time to time amended, supplemented or otherwise modified in accordance with the terms thereof, the "Supplemental Indenture"; unless otherwise defined herein, terms defined in the Supplemental Indenture are used herein as therein defined);

WHEREAS, the Acquiring Purchaser (if it is not already a Purchaser Group party to the Supplemental Indenture) wishes to become a Purchaser Group party to the Supplemental Indenture and the Acquiring Purchaser wishes to acquire and assume from the Selling Purchaser, certain of the rights, obligations and commitments under the Supplemental Indenture; and

WHEREAS, the Selling Purchaser wishes to sell and assign to the Acquiring Purchaser, certain of its rights, obligations and commitments under the Supplemental Indenture.

NOW, THEREFORE, the parties hereto hereby agree as follows:

(a) Upon receipt by the New Funding Agent of five counterparts of this Supplement, to each of which is attached a fully completed Schedule I and Schedule II, each of which has been executed by the Selling Purchaser, the Acquiring Purchaser and the New Funding Agent, the New Funding Agent will promptly transmit to the Manager on behalf of the Issuer, the Indenture Trustee, the Selling Purchaser and the Acquiring Purchaser a Transfer Effective Notice, substantially in the form of Schedule III to this Supplement (a "Transfer Effective Notice"). Such Transfer Effective Notice shall be executed by the New Funding Agent and shall set forth, *inter alia*, the date on which the transfer effected by this Supplement shall become effective (the "Transfer Effective Date"). From and after the Transfer Effective Date, the Acquiring Purchaser shall be a Purchaser Group party to the Supplemental Indenture for all purposes thereof as a CP Conduit Purchaser or a Non-Conduit Purchaser, as specified on Schedule II to this Supplement.

(b) At or before 12:00 Noon, local time of the Selling Purchaser, on the Transfer Effective Date, the Acquiring Purchaser shall pay to the Selling Purchaser, in

immediately available funds, an amount equal to the purchase price, as agreed between the Selling Purchaser and such Acquiring Purchaser (the "Purchase Price"), of the portion set forth on Schedule II hereto being purchased by such Acquiring Purchaser of the Selling Purchaser's Maximum Purchaser Group Principal Amount (such Acquiring Purchaser's "Transferor Percentage") and other amounts owing to the Selling Purchaser under the Supplemental Indenture or otherwise in respect of the Series 2017-1 Senior Notes.

Effective upon receipt by the Selling Purchaser of the Purchase Price from the Acquiring Purchaser, the Selling Purchaser hereby irrevocably sells, assigns and transfers to the Acquiring Purchaser, without recourse, representation or warranty, and the Acquiring Purchaser hereby irrevocably purchases, takes and assumes from the Selling Purchaser, (i) the Transferor Percentage of the presently outstanding Maximum Purchaser Group Principal Amount of the Selling Purchaser and other amounts owing to the Selling Purchaser in respect of the Series 2017-1 Senior Notes, together with all instruments, documents and collateral security pertaining thereto, and (ii) the Transferor Percentage of the Selling Purchaser's Commitment Percentage and other rights, duties and obligations of the Selling Purchaser under the Supplemental Indenture.

This Supplement is intended by the parties hereto to effect a purchase by the Acquiring Purchaser and sale by the Selling Purchaser of interests in the Series 2017-1 Senior Notes, and it is not to be construed as a loan or a commitment to make a loan by the Acquiring Purchaser to the Selling Purchaser. The Selling Purchaser hereby confirms that the amount of the Series 2017-1 Maximum Principal Amount is $ and its Commitment Percentage thereof is %, which equals $ as of , 20 . Upon and after the Transfer Effective Date (until further modified in accordance with the Supplemental Indenture), the Commitment Percentage of the Selling Purchaser and the Acquiring Purchaser shall be as set forth in Schedule II to this Supplement.

(c) The Selling Purchaser has made arrangements with the Acquiring Purchaser with respect to (i) the portion, if any, to be paid, and the date or dates for payment, by the Selling Purchaser to the Acquiring Purchaser of any fees heretofore received by the Selling Purchaser pursuant to the Supplemental Indenture and Fee Letter prior to the Transfer Effective Date and (ii) the portion, if any, to be paid, and the date or dates for payment, by the Acquiring Purchaser to the Selling Purchaser of fees or interest received by the Acquiring Purchaser pursuant to the Supplemental Indenture, Fee Letter or otherwise in respect of the Series 2017-1 Senior Notes from and after the Transfer Effective Date.

(d) (i) All principal payments that would otherwise be payable from and after the Transfer Effective Date to or for the account of the Selling Purchaser in respect of the Series 2017-1 Senior Notes shall, instead, be payable to or for the account of the Selling Purchaser and the Acquiring Purchaser, as the case may be, in accordance with their respective interests as reflected in this Supplement.

(ii) All interest, fees and other amounts that would otherwise accrue for the account of the Selling Purchaser from and after the Transfer Effective Date pursuant to the Supplemental Indenture and Fee Letter or in respect of the Series 2017-1 Senior Notes shall, instead, accrue for the account of, and be payable to or for the account of, the Selling Purchaser and the Acquiring Purchaser, as the case may be, in accordance with their respective interests as

reflected in this Supplement. In the event that any amount of interest, fees or other amounts accruing prior to the Transfer Effective Date was included in the Purchase Price paid by the Acquiring Purchaser, the Selling Purchaser and the Acquiring Purchaser will make appropriate arrangements for payment by the Selling Purchaser to the Acquiring Purchaser of such amount upon receipt thereof from the New Funding Agent.

(e) Concurrently with the execution and delivery hereof, the Acquiring Purchaser will deliver to the New Funding Agent and the Issuer the forms, if any, required by subsection 3.10(b) of the Supplemental Indenture.

(f) Each of the parties to this Supplement agrees and acknowledges that (i) at any time and from time to time upon the written request of any other party, it will execute and deliver such further documents and do such further acts and things as such other party may reasonably request in order to effect the purposes of this Supplement, and (ii) the New Funding Agent shall apply each payment made to it under the Supplemental Indenture, whether in its individual capacity or as Agent, in accordance with the provisions of the Supplemental Indenture, as appropriate.

(g) By executing and delivering this Supplement, the Selling Purchaser and the Acquiring Purchaser confirm to and agree with each other, the Funding Agents (including the New Funding Agent), the CP Conduit Purchasers, the Group Banks and the Non-Conduit Purchasers as follows: (i) other than the representation and warranty that it is the legal and beneficial owner of the interest being assigned hereby free and clear of any adverse claim, the Selling Purchaser makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with the Supplemental Indenture or any related documents or the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Supplemental Indenture or any other instrument or document furnished pursuant thereto; (ii) the Selling Purchaser makes no representation or warranty and assumes no responsibility with respect to the Issuer, the financial condition of the Issuer or the Indenture Trustee or the performance or observance by the Issuer or the Indenture Trustee of any of their respective obligations under the Supplemental Indenture or any other instrument or document furnished pursuant hereto; (iii) the Acquiring Purchaser confirms that it has received a copy of such documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Supplement; (iv) the Acquiring Purchaser will, independently and without reliance upon the Administrative Agent, any Funding Agent (as defined in the Supplemental Indenture), the Selling Purchaser or any other Purchaser Group and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Supplemental Indenture or the related documents; (v) the Acquiring Purchaser appoints and authorizes the New Funding Agent and the Administrative Agent to take such action as agent on its behalf and to exercise such powers under the Supplemental Indenture and any related documents as are delegated to the New Funding Agent or the Administrative Agent, as the case may be, by the terms thereof, together with such powers as are reasonably incidental thereto, all in accordance with Article 8 of the Supplemental Indenture; and (vi) the Acquiring Purchaser agrees (for the benefit of the Selling Purchaser, the Administrative Agent, the Funding Agents (as defined in the Supplemental Indenture), the Group Banks, the CP Conduit Purchasers, the Non-Conduit Purchasers, the Issuer and the Indenture Trustee) that it will perform in accordance with their terms all of the obligations which by the terms of the Supplemental Indenture are

required to be performed by it as a Purchaser Group and that its rights under the Series 2017-1 Senior Notes are subject to the terms and conditions of the Supplemental Indenture (including section 9.7 thereof).

(h) Schedule II hereto sets forth the revised Commitment Percentage of the Selling Purchaser and the Acquiring Purchaser as well as administrative information with respect to the Acquiring Purchaser.

(i) **THIS SUPPLEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN.**

IN WITNESS WHEREOF, the parties hereto have caused this Supplement to be executed by their respective duly authorized officers on Schedule I hereto as of the date set forth in Item 1 of Schedule I hereto.

SCHEDULE I TO
PURCHASER GROUP SUPPLEMENT

COMPLETION OF INFORMATION AND
SIGNATURES FOR PURCHASER GROUP SUPPLEMENT

Re: Supplemental Indenture, dated as of December 21, 2017, 2017, among Computershare Trust Company of Canada, as trustee of Fair Hydro Trust, BNY Trust Company of Canada, as Indenture Trustee, the CP Conduit Purchasers, the Non-Conduit Purchasers, the Group Banks and the Funding Agents parties thereto, and Royal Bank of Canada, as Administrative Agent

Item 1: Date of Purchaser Group Supplement:
Item 2: Selling Purchaser:
Item 3: Acquiring Purchaser:
Item 4: Name of New Funding Agent:
Item 5: Name of Purchaser Group:
Item 6: Signatures of Parties to Agreement:

_____
as Selling Purchaser

By:
Name:
Title:

By:
Name:
Title:

_____

as Acquiring Purchaser

By:
Name:
Title:

By:
Name:
Title:

CONSENTED TO AND ACCEPTED BY:

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

By:
Name:
Title:

By:
Name:
Title:

ROYAL BANK OF CANADA,

as Administrative Agent

By:
Name:
Title:

By:
Name:
Title:

SCHEDULE II TO
PURCHASER GROUP SUPPLEMENT

LIST OF ADDRESSES FOR NOTICES, ASSIGNED INTERESTS AND COMMITMENT PERCENTAGES

[Selling Purchaser]

A. Purchaser Group Commitment Percentage:

Selling Purchaser Commitment Percentage Prior to Sale:	_____%
Commitment Percentage Sold:	_____%
Commitment Percentage Retained:	_____%

B. Series 2017-1 Maximum Principal Amount:

Selling Purchaser Portion of Series 2017-1 Maximum Principal Amount Prior to Sale:	_____%
Portion of Series 2017-1 Maximum Principal Amount Sold:	_____%
Portion of Series 2017-1 Maximum Principal Amount Retained:	_____%

[Acquiring Purchaser]

A. Purchaser Group Commitment Percentage:

Transferee Purchaser Commitment Percentage After Sale:	_____%

B. Series 2017-1 Maximum Principal Amount:

Transferee Purchaser Portion of Series 2017-1 Maximum Principal Amount After Sale:	_____%

Address for Notices:

SCHEDULE III TO
PURCHASER GROUP SUPPLEMENT

Form of
Transfer Effective Notice

To: [Name and address of Seller, Servicer, Trust, Administrative Agent, Selling Purchaser and Acquiring Purchaser]

The undersigned, as New Funding Agent under the Supplemental Indenture, dated as of December 21, 2017, among Computershare Trust Company of Canada, as trustee of Fair Hydro Trust, BNY Trust Company of Canada, as Indenture Trustee, the CP Conduit Purchasers, the Non-Conduit Purchasers, the Group Banks and the Funding Agents parties thereto, and Royal Bank of Canada, as Administrative Agent, acknowledges receipt of five executed counterparts of a completed Purchaser Group Supplement. [Note: attach copies of Schedules I and II from such Purchaser Group Supplement.] Terms defined in such Purchaser Group Supplement are used herein as therein defined.

Pursuant to such Purchaser Group Supplement, you are advised that the Transfer Effective Date will be .

Very truly yours,

[NAME OF NEW FUNDING AGENT]

By:
Name:
Title:

From:	Hanslep, Malle (MOF)
To:	Carlos Yep; Mike Manning; Ken Kandeepan; Ronald Kwan; Gadi Mayman; Tobias P. Whitfield (MOF); Anna Strathy
Subject:	Fw: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt
Date:	Thursday, November 30, 2017 12:20:43 PM
Attachments:	Interest Protocol Agreement (OPG 11-29).doc

Hi

We have not been involved in this to date. Sending it along as it looks like the OFA has had some involvement

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.
From: WONG Leslie -LAWDIV <leslie.wong@opg.com>
Sent: Thursday, November 30, 2017 12:16
To: Thouin, Alena (ENERGY); Hanslep, Malle (MOF)
Cc: LEE John -TREASURY; LIU Sheen -TREASURY; MCAULEY Tyler -LAWDIV; RYFA Ken -TREASURY; PRESTON Stuart -TREASURY
Subject: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Dear Alena and Malle,

Please find attached a draft of the protocol agreement relating to the determination of interest rates on the subordinated and junior subordinated debt to be issued to OPG by the Fair Hydro Trust. Most of this debt will be funded through equity injections by the Province into OPG. OPG's Treasury team has been working with Carlos Yep of the OFA on this agreement. I understand that Alena has previously seen a term sheet setting out the main terms of the agreement.

Let us know if you have any questions or comments on the draft.

Regards,

Les

Leslie Wong
Senior Counsel
Ontario Power Generation Inc.
700 University Avenue, H18 G26.1, Toronto, ON M5G 1X6
T: (416) 592-3110 | E: leslie.wong@opg.com<mailto:leslie.wong@opg.com>

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

Subordinated Debt Pricing Protocol Agreement

THIS AGREEMENT is made as of •, 2017

BETWEEN

ONTARIO POWER GENERATION INC., a corporation incorporated under the laws of Ontario ("**OPG**"), solely in its capacity as financial services manager (the "**FSM**") of the Fair Hydro Trust (the "**Issuer**"), a trust existing under the laws of the Province of Ontario

- and -

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, (the "**Province**") as represented by the Minister of Energy

WHEREAS the Issuer and BNY Trust Company of Canada entered into that certain trust indenture (as supplemented from time to time, the "**Trust Indenture**") dated ■, 2017;

AND WHEREAS pursuant to the Trust Indenture the Issuer may issue, from time to time, certain Subordinated Notes and Junior Subordinated Notes;

AND WHEREAS the FSM and the Province have agreed to establish herein the procedures for establishing the interest rate applicable to each Series of Subordinated Notes and Junior Subordinated Notes where such Notes are to be issued only to OPG or its Affiliates;

NOW THEREFORE, in consideration of the premises and the covenants and agreements herein contained, the parties agree as follows:

ARTICLE 1 - INTERPRETATION

1.01 Definitions

In this Agreement, unless something in the subject matter or context is inconsistent therewith terms used herein have the meanings ascribed in the Trust Indenture. In addition, the following terms shall have the following meanings:

(a) "**Applicable Spread**" has the meaning ascribed to such term in section 2.04(c);

(b) "**Base Rate**" has the meaning ascribed to such term in section 2.03(a) or (b), as applicable;

(c) "**Junior Subordinated Term Note**" means a Junior Subordinated Note that is not incurred pursuant to a Warehouse Facility Agreement;

(d) "**Junior Subordinated Warehouse Note**" means a Junior Subordinated Note that is incurred pursuant to a Warehouse Facility Agreement;

(e) "**Subordinated Term Note**" means a Subordinated Note that is not incurred pursuant to a Warehouse Facility Agreement; and

(f) "**Subordinated Warehouse Note**" means a Subordinated Note that is incurred pursuant to a Warehouse Facility Agreement.

1.02 **Headings**

The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and do not affect the construction or interpretation of this Agreement. The terms "hereof", "hereunder" and similar expressions refer to this Agreement and not to any particular Article, Section or other portion hereof.

ARTICLE 2 - INTEREST RATE PROTOCOLS

2.01 **Interest Rate Protocols**

The interest rate applicable to each Series of Subordinated Notes and Junior Subordinated Notes that are issued only to OPG or its Affiliates shall be established by the FSM in accordance with the procedures set out herein.

2.02 **Composite Interest Rate**

For any Series of Subordinated Notes or Junior Subordinated Notes that are issued only to OPG or its Affiliates, the interest rate shall be the aggregate of the applicable Base Rate and the Applicable Spread.

2.03 **Base Rate**

(a) For Subordinated Term Notes and Junior Subordinated Term Notes, the "Base Rate" shall be an annual rate of interest comprised of the applicable yield for the Benchmark Government of Canada bonds listed at the time and with the same term as that of the Series of Subordinated Notes or Series of Junior Subordinated Notes, as applicable. In the event that there are no such Benchmark Government of Canada bonds listed at the time of issuance, the applicable Base Rate of interest shall be established by interpolating on a straight line basis the terms of the two Benchmark Government of Canada bonds that are closest to the term of the applicable Series of Subordinated Term Notes or Series of Junior Subordinated Term Notes, as applicable, one being for a longer term and the other being for a shorter term; and

(b) For Subordinated Warehouse Notes and Junior Subordinated Warehouse Notes, the "Base Rate" shall be an annual interest rate equal to the all-in funding costs under the related Warehouse Obligations, expressed as a rate per annum, as

determined by the FSM acting reasonably, or at any time when there are no Warehouse Obligations outstanding the "Base Rate" shall be the average of the posted "prime rate of interest" published by the five largest Canadian banks at such time.

2.04 **Applicable Spread**

(a) Prior to the issuance of any new Subordinated Term Notes or Junior Subordinated Term Notes, the FSM will solicit from at least five investment dealers in Canada, a survey of indicative spreads over the applicable Base Rate (collectively, the "**Indicative Spreads**" and each an "**Indicative Spread**") applicable to capital market debt issuances having features comparable to each of the proposed Series of Subordinated Term Notes and Junior Subordinated Term Notes, having regard to the expected credit rating and tenor. Such solicitation of Indicative Spreads shall occur on the pricing date of the applicable Series of Subordinated Term Notes and Junior Subordinated Term Notes and may, at the FSM's option, also occur on other dates selected by the FSM provided that no such date is more than **one week** prior to the pricing date. The Applicable Spread for Subordinated Term Notes or Junior Subordinated Term Notes, as applicable, will be the simple average of the respective Indicative Spreads after excluding the highest and the lowest Indicative Spread for each day (not more than one week prior to the pricing date) that Indicative Spreads were provided;

(b) For Subordinated Warehouse Notes the FSM will solicit from time to time, but no less frequently than on an annual basis, from at least five investment dealers in Canada, a survey of Indicative Spreads over the applicable Base Rate applicable to commercial paper issuances having features comparable to the Subordinated Warehouse Notes including credit rating and tenor. The Applicable Spread for Subordinated Warehouse Notes will be the simple average of the respective Indicative Spreads, after excluding the highest and the lowest Indicative Spread;

(c) The Applicable Spread for Junior Subordinated Warehouse Notes shall be equal to the Applicable Spread derived from Section 2.04(b) for the Subordinated Warehouse Notes, provided the Junior Subordinated Term Notes are rated Investment Grade. If the Junior Subordinated Term Notes are rated below Investment Grade, the Applicable Spread for the Junior Subordinated Warehouse Notes will equal to the Applicable Spread for the Subordinated Warehouse Notes plus 100 bps.

For the purposes of this section "Investment Grade" means an "approved rating" from at least one "designated rating organization" (as such terms are defined for securities law purposes).

2.05 **Credit Ratings**

In order to facilitate the survey of Indicative Spreads, the FSM will solicit from time to time, from an approved rating organization (as such term is defined for securities laws

purposes), a credit rating, which may include a shadow rating, for the Subordinated Notes and the Junior Subordinated Notes.

ARTICLE 3 - GENERAL

3.01 Benefit of the Agreement

This Agreement will enure to the benefit of and be binding upon the respective successors and permitted assigns of the parties.

3.02 Entire Agreement

This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and cancel and supersede any prior understandings and agreements between the parties with respect thereto. There are no representations, warranties, terms, conditions, undertakings or collateral agreements, express, implied or statutory, between the parties other than as expressly set forth in this Agreement.

3.03 Assignment, Amendments and Waivers

No assignment or amendment to this Agreement will be valid or binding unless set forth in writing and duly executed by all of the parties. No waiver of any breach of any provision of this Agreement will be effective or binding unless made in writing and signed by the party purporting to give the same and, unless otherwise provided in the written waiver, will be limited to the specific breach waived.

3.04 Severability

If any provision of this Agreement is determined to be invalid or unenforceable in whole or in part, such invalidity or unenforceability will attach only to such provision or part thereof and the remaining part of such provision and all other provisions hereof will continue in full force and effect.

3.05 Governing Law

This Agreement is governed by and will be construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein. For the purpose of all legal proceedings this Agreement will be deemed to have been performed in the Province of Ontario and the courts of the Province of Ontario will have exclusive jurisdiction to entertain any action arising under this Agreement. The parties hereby attorn to the exclusive jurisdiction of the courts of the Province of Ontario.

3.06 Counterparts

This Agreement may be executed in any number of counterparts, each of which will be deemed to be an original and all of which taken together will be deemed to constitute one and the same instrument.

3.07 **Electronic Execution**

Any party may deliver an executed signature page to this Agreement by electronic transmission and such delivery will be as effective as delivery of a manually executed copy of the Agreement by such party.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF the parties have executed this Agreement.

ONTARIO POWER GENERATION INC.
solely in its capacity as Financial Services Manager of the Fair Hydro Trust

Per: _____
Ken Hartwick
Chief Financial Officer and Senior Vice President

Per: _____
John Lee
Vice President- Treasurer

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, as represented by the Minister of Energy

Per: _____
[Name]
[Position]

From:	Hanslep, Malle (MOF)
To:	Gadi Mayman; Mike Manning; Ken Kandeepan; Anna Strathy; Ronald Kwan
Cc:	Tobias P. Whitfield (MOF); Michael Waterston (MOF)
Subject:	Fw: UPDATED - Fair Hydro -- Change of Law Agreements
Date:	Friday, November 24, 2017 4:35:03 PM

Fyi

Sent from my BlackBerry 10 smartphone on the Rogers network.
From: Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>
Sent: Friday, November 24, 2017 16:32
To: Mansoori, Nina; Whitfield, Tobias P. (MOF); 'ASHBOURNE, STEPHEN'; 'JON.VINER@blakes.com'; 'JA.PRESTAGE@blakes.com'; 'Milligan, Peter'; 'Sebastiano, Rocco'; 'Fullerton, Rick'
Cc: Ramchandani, Rima; Feldman, Michael; Saulnier, Brett; Thouin, Alena (ENERGY); McKinlay, Tom (MAG)
Subject: Re: UPDATED - Fair Hydro -- Change of Law Agreements

Hi Nina

I'm not sure that this timeframe is doable as we have to review and consult with clients before having this call . I think Tuesday is probably more reasonable to give us time to review the draft that we received late this afternoon coming out of comments at a meeting last Tuesday evening

Thanks

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.
From: Mansoori, Nina
Sent: Friday, November 24, 2017 15:58
To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); 'ASHBOURNE, STEPHEN'; 'JON.VINER@blakes.com'; 'JA.PRESTAGE@blakes.com'; 'Milligan, Peter'; 'Sebastiano, Rocco'; 'Fullerton, Rick'
Cc: Ramchandani, Rima; Feldman, Michael; Saulnier, Brett
Subject: RE: UPDATED - Fair Hydro -- Change of Law Agreements

Provincial legal/Blakes/Oslers teams,

As a follow up to my email below and given the challenges with all our schedules, we thought it prudent to block off some time on Monday to discuss the revised Change of Law Agreements. I can confirm that Torys is available for a call between 9:30 am and 2 pm on Monday. Please let us know what times work for you in that window and we will circulate a dial-in.

Best Regards,
Nina

Nina Mansoori

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.torys.com&d=DwIF-g&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=gV-xgZHI0tggSwOPXBdMOr4DyITzOyaIKJLqH9Oy-40&m=5EID5woSuzG-v-w8D0YvDdv4sEIc5ivK01QVJpkgGxQ&s=rUWCNWT3RT-e3o7ISRriewaJvTVdSzJhRaFqtXK1F8U&e= > [Torys LLP]<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.torys.com&d=DwIF-

g&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=gV-xgZHI0tggSwOPXBdMOr4DyITzOyaIKJLqH9Oy-40&m=5EID5woSuzG-v-w8D0YvDdv4sEIc5ivK01QVJpkgGxQ&s=rUWCNWT3RT-e3o7ISRriewaJvTVdSzJhRaFqtXK1F8U&e= >

From: Mansoori, Nina
Sent: November-24-17 2:15 PM
To: 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>; 'JON.VINER@blakes.com' <JON.VINER@blakes.com>; 'JA.PRESTAGE@blakes.com' <JA.PRESTAGE@blakes.com>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca>; Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca) <Daniel.Cayley@ontario.ca>; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca) <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; MAUTI John -FIN & C CTRL <john.mauti@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; 'Sebastiano, Rocco' <RSebastiano@osler.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; Maciel, Andrew <Andrew.Maciel@cibc.com>; Adalja, Sunil <Sunil.Adalja@cibc.com>; Persad, Nicole <Nicole.Persad@cibc.com>; Persaud, Donnie - Debt Capital Markets <Donnie.Persaud@cibc.com>; Steen Hume (CAB) <Steen.Hume@ontario.ca>
Subject: RE: UPDATED - Fair Hydro -- Change of Law Agreements

All – apologies, my email below did not have a blackline for the Process Agreement. It is attached. Thank you.

Nina Mansoori

From: Mansoori, Nina
Sent: November-24-17 2:04 PM
To: 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com<mailto:STEPHEN.ASHBOURNE@blakes.com>>; 'JON.VINER@blakes.com' <JON.VINER@blakes.com<mailto:JON.VINER@blakes.com>>; 'JA.PRESTAGE@blakes.com' <JA.PRESTAGE@blakes.com<mailto:JA.PRESTAGE@blakes.com>>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca<mailto:Cindy.Veinot@ontario.ca>>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca<mailto:Tom.McKinlay@ontario.ca>>; Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca<mailto:Mark.Donaldson@ontario.ca>>; Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca<mailto:Daniel.Cayley@ontario.ca>) <Daniel.Cayley@ontario.ca<mailto:Daniel.Cayley@ontario.ca>>; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>) <Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>; Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com>>; LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>; MAUTI John -FIN & C CTRL <john.mauti@opg.com<mailto:john.mauti@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; 'Sebastiano, Rocco' <RSebastiano@osler.com<mailto:RSebastiano@osler.com>>; Milligan, Peter

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<nmansoori@torys.com<mailto:nmansoori@torys.com>>
Subject: RE: UPDATED - Fair Hydro -- Change of Law Agreements

Blakes team,

Please find attached consolidated comments from the dealers and OPG (and their counsels) on the draft documents circulated below. These changes are drafting changes and clean up changes that reflect our discussions from earlier this week where we addressed all the open business points. Where we changed a concept or revised the drafting, we provided an explanation in the footnote to assist in your review.

The one substantive point we think requires further discussion is on the assumption mechanics; we understand that the Province is no longer seeking an exchange right. Once you have digested these new drafts, we'd like to schedule a lawyers call early next week to finalize them.

Best Regards,
Nina

Nina Mansoori

P. 416.865.7332

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: November-21-17 5:17 PM
To: Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com>>; LEE John -TREASURY
<john.s.lee@opg.com<mailto:john.s.lee@opg.com>>; RYFA Ken -TREASURY
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Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>; LADAK Lubna - TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; Anna Strathy
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<Steen.Hume@ontario.ca<mailto:Steen.Hume@ontario.ca>>
Subject: RE: UPDATED - Fair Hydro -- Change of Law Agreements

Hi Rima. Here are my mark-ups of the agreements Torys circulated yesterday afternoon. These versions have not been reviewed by the Province, but are being circulated to this group to facilitate a discussion shortly at your office. They are/remain subject to Province input, etc. We propose to gather at your office at 5:45, if that makes sense to you. Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com>
Dir: 416-863-3086

-----Original Appointment-----
From: bwood@torys.com<mailto:bwood@torys.com> [mailto:bwood@torys.com] On Behalf Of Ramchandani, Rima
Sent: Tuesday, November 21, 2017 3:43 PM
To: Ramchandani, Rima; LEE John -TREASURY; RYFA Ken -TREASURY; 'HAHN PARKER Janet - TREASURY'; MAUTI John -FIN & C CTRL; LAURETA LAPIRA May -TREASURY; Mansoori, Nina; Feldman, Michael; WONG Leslie -LAWDIV; 'Sebastiano, Rocco'; Milligan, Peter; Fullerton, Rick; Mayman, Gadi (OFA); Manning, Mike (OFA); Hanslep, Malle (MOF); ASHBOURNE, STEPHEN; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com<mailto:nur.khan@rbccm.com>)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; Maciel, Andrew; Adalja, Sunil; Persad, Nicole; Persaud, Donnie - Debt Capital Markets
Cc: Ken Kandeepan; LADAK Lubna -TREASURY; Anna Strathy; Veinot, Cindy (TBS); McKinlay, Tom (MAG); Donaldson, Mark (TBS)
Subject: UPDATED - Fair Hydro -- Change of Law Agreements
When: Tuesday, November 21, 2017 5:00 PM-9:00 PM (UTC-05:00) Eastern Time (US & Canada).
Where: Torys - 79 Wellington 33rd Floor

For those unable to participate in person, here's the dial-in:

Dial-in: 1-800-600-0998
Access Code: 8657666#

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From:	Hanslep, Malle (MOF)
To:	Gadi Mayman; Mike Manning; Ken Kandeepan; Ronald Kwan
Cc:	"ASHBOURNE, STEPHEN"; Tobias P. Whitfield (MOF); Anna Strathy; VINER, JON; PRESTAGE, JA; Thouin, Alena (ENERGY); Tom McKinlay (MAG)
Subject:	Fw: UPDATED - Fair Hydro -- Change of Law Agreements
Date:	Friday, November 24, 2017 4:30:12 PM

Hi all

Before we discuss with Oslers and Torys we will have to review these agreements and if there are issue,s that need to be discussed with clients to do that as well so don't think this timing works well for us. Also I have a number of meetings already scheduled for Monday. So it may be that Tuesday works better for us.

Of course we will be reviewing over the weekend because this is the window that they leave us but not sure we will have time for the review and client consultation we need

Thanks

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.
From: Mansoori, Nina <nmansoori@torys.com>
Sent: Friday, November 24, 2017 15:58
To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); 'ASHBOURNE, STEPHEN'; 'JON.VINER@blakes.com'; 'JA.PRESTAGE@blakes.com'; 'Milligan, Peter'; 'Sebastiano, Rocco'; 'Fullerton, Rick'
Cc: Ramchandani, Rima; Feldman, Michael; Saulnier, Brett
Subject: RE: UPDATED - Fair Hydro -- Change of Law Agreements

Provincial legal/Blakes/Oslers teams,

As a follow up to my email below and given the challenges with all our schedules, we thought it prudent to block off some time on Monday to discuss the revised Change of Law Agreements. I can confirm that Torys is available for a call between 9:30 am and 2 pm on Monday. Please let us know what times work for you in that window and we will circulate a dial-in.

Best Regards,
Nina

Nina Mansoori

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[Torys LLP]<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.torys.com&d=DwIF-g&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=gV-xgZHI0tggSwOPXBdMOr4DyITzOyaIKJLqH9Oy-40&m=qsxSovnFi6TIYUqH6gQvV7W1z3YESarQRCQuZr4rGkA&s=8-3GGfqJKwea7BMDMhikKxqPS-vwcM_z1cWtKwJa068&e= >

From: Mansoori, Nina
Sent: November-24-17 2:15 PM
To: 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>; 'JON.VINER@blakes.com' <JON.VINER@blakes.com>; 'JA.PRESTAGE@blakes.com' <JA.PRESTAGE@blakes.com>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca>; Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca) <Daniel.Cayley@ontario.ca>; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca) <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; MAUTI John -FIN & C CTRL <john.mauti@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; 'Sebastiano, Rocco' <RSebastiano@osler.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; Mayman, Gadi (OFA)

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Subject: RE: UPDATED - Fair Hydro -- Change of Law Agreements

All – apologies, my email below did not have a blackline for the Process Agreement. It is attached. Thank you.

Nina Mansoori

From: Mansoori, Nina
Sent: November-24-17 2:04 PM
To: 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com<mailto:STEPHEN.ASHBOURNE@blakes.com>>; 'JON.VINER@blakes.com' <JON.VINER@blakes.com<mailto:JON.VINER@blakes.com>>; 'JA.PRESTAGE@blakes.com' <JA.PRESTAGE@blakes.com<mailto:JA.PRESTAGE@blakes.com>>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca<mailto:Cindy.Veinot@ontario.ca>>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca<mailto:Tom.McKinlay@ontario.ca>>; Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca<mailto:Mark.Donaldson@ontario.ca>>; Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca<mailto:Daniel.Cayley@ontario.ca>) <Daniel.Cayley@ontario.ca<mailto:Daniel.Cayley@ontario.ca>>; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>) <Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>; Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com>>; LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>; MAUTI John -FIN & C CTRL <john.mauti@opg.com<mailto:john.mauti@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; 'Sebastiano, Rocco' <RSebastiano@osler.com<mailto:RSebastiano@osler.com>>; Milligan, Peter <PMilligan@osler.com<mailto:PMilligan@osler.com>>; Fullerton, Rick <RFullerton@osler.com<mailto:RFullerton@osler.com>>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca<mailto:Gadi.Mayman@ofina.on.ca>>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com<mailto:ian.benaiah@rbccm.com>>; 'Khan, Nur (nur.khan@rbccm.com<mailto:nur.khan@rbccm.com>)' <nur.khan@rbccm.com<mailto:nur.khan@rbccm.com>>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com<mailto:brent.r.taylor@rbccm.com>>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com<mailto:katrina.niehaus@gs.com>>; 'brian.delaney@gs.com' <brian.delaney@gs.com<mailto:brian.delaney@gs.com>>; Maciel, Andrew <Andrew.Maciel@cibc.com<mailto:Andrew.Maciel@cibc.com>>; Adalja, Sunil <Sunil.Adalja@cibc.com<mailto:Sunil.Adalja@cibc.com>>; Persad, Nicole <Nicole.Persad@cibc.com<mailto:Nicole.Persad@cibc.com>>; Persaud, Donnie - Debt Capital Markets <Donnie.Persaud@cibc.com<mailto:Donnie.Persaud@cibc.com>>; Steen Hume (CAB) <Steen.Hume@ontario.ca<mailto:Steen.Hume@ontario.ca>>; Mansoori, Nina <nmansoori@torys.com<mailto:nmansoori@torys.com>>
Subject: RE: UPDATED - Fair Hydro -- Change of Law Agreements

Blakes team,

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Best Regards,
Nina

Nina Mansoori

P. 416.865.7332

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: November-21-17 5:17 PM
To: Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com>>; LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>; MAUTI John -FIN & C CTRL <john.mauti@opg.com<mailto:john.mauti@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; Mansoori, Nina <nmansoori@torys.com<mailto:nmansoori@torys.com>>; Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; 'Sebastiano, Rocco' <RSebastiano@osler.com<mailto:RSebastiano@osler.com>>; Milligan, Peter <PMilligan@osler.com<mailto:PMilligan@osler.com>>; Fullerton, Rick <RFullerton@osler.com<mailto:RFullerton@osler.com>>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca<mailto:Gadi.Mayman@ofina.on.ca>>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com<mailto:ian.benaiah@rbccm.com>>; 'Khan, Nur (nur.khan@rbccm.com<mailto:nur.khan@rbccm.com>)' <nur.khan@rbccm.com<mailto:nur.khan@rbccm.com>>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com<mailto:brent.r.taylor@rbccm.com>>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com<mailto:katrina.niehaus@gs.com>>; 'brian.delaney@gs.com' <brian.delaney@gs.com<mailto:brian.delaney@gs.com>>; Maciel, Andrew <Andrew.Maciel@cibc.com<mailto:Andrew.Maciel@cibc.com>>; Adalja, Sunil <Sunil.Adalja@cibc.com<mailto:Sunil.Adalja@cibc.com>>; Persad, Nicole <Nicole.Persad@cibc.com<mailto:Nicole.Persad@cibc.com>>; Persaud, Donnie - Debt Capital Markets <Donnie.Persaud@cibc.com<mailto:Donnie.Persaud@cibc.com>>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca<mailto:Cindy.Veinot@ontario.ca>>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca<mailto:Tom.McKinlay@ontario.ca>>; Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca<mailto:Mark.Donaldson@ontario.ca>>; Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca<mailto:Daniel.Cayley@ontario.ca>) <Daniel.Cayley@ontario.ca<mailto:Daniel.Cayley@ontario.ca>>; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>) <Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>; Steen Hume (CAB) <Steen.Hume@ontario.ca<mailto:Steen.Hume@ontario.ca>>
Subject: RE: UPDATED - Fair Hydro -- Change of Law Agreements

Hi Rima. Here are my mark-ups of the agreements Torys circulated yesterday afternoon. These versions have not been reviewed by the Province, but are being circulated to this group to facilitate a discussion shortly at your office. They are/remain subject to Province input, etc. We propose to gather at your office at 5:45, if that makes sense to you. Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com>
Dir: 416-863-3086

-----Original Appointment-----
From: bwood@torys.com<mailto:bwood@torys.com> [mailto:bwood@torys.com] On Behalf Of Ramchandani, Rima
Sent: Tuesday, November 21, 2017 3:43 PM
To: Ramchandani, Rima; LEE John -TREASURY; RYFA Ken -TREASURY; 'HAHN PARKER Janet -TREASURY'; MAUTI John -FIN & C CTRL; LAURETA LAPIRA May -TREASURY; Mansoori, Nina; Feldman, Michael; WONG Leslie -LAWDIV; 'Sebastiano, Rocco'; Milligan, Peter; Fullerton, Rick; Mayman, Gadi (OFA); Manning, Mike (OFA); Hanslep, Malle (MOF); ASHBOURNE, STEPHEN; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com<mailto:nur.khan@rbccm.com>)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; Maciel, Andrew; Adalja, Sunil; Persad, Nicole; Persaud, Donnie - Debt Capital Markets
Cc: Ken Kandeepan; LADAK Lubna -TREASURY; Anna Strathy; Veinot, Cindy (TBS); McKinlay, Tom (MAG); Donaldson, Mark (TBS)
Subject: UPDATED - Fair Hydro -- Change of Law Agreements
When: Tuesday, November 21, 2017 5:00 PM-9:00 PM (UTC-05:00) Eastern Time (US & Canada).
Where: Torys - 79 Wellington 33rd Floor

For those unable to participate in person, here's the dial-in:

Dial-in: 1-800-600-0998
Access Code: 8657666#

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From:	Hanslep, Malle (MOF)
To:	Gadi Mayman; Ronald Kwan; Mike Manning; Ken Kandeepan
Cc:	Tobias P. Whitfield (MOF); Anna Strathy
Subject:	Fw: UPDATED - Fair Hydro -- Change of Law Agreements (Rating Agency Comments)
Date:	Wednesday, November 29, 2017 9:40:27 PM
Attachments:	DBRS- Fair Hydro Program Change of Law Protection Agreement.msg RA Feedback.msg

---

You may have received these already from John Lee but in case you haven't.

Sent from my BlackBerry 10 smartphone on the Rogers network.
From: Ramchandani, Rima <rramchandani@torys.com>
Sent: Wednesday, November 29, 2017 20:29
To: Hanslep, Malle (MOF)
Cc: Mansoori, Nina; Whitfield, Tobias P. (MOF); ASHBOURNE, STEPHEN; JON.VINER@blakes.com; JA.PRESTAGE@blakes.com; Milligan, Peter; Sebastiano, Rocco; Fullerton, Rick; Feldman, Michael; Saulnier, Brett; Thouin, Alena (ENERGY); McKinlay, Tom (MAG); LEE John -TREASURY; WONG Leslie -LAWDIV; Ramchandani, Rima
Subject: RE: UPDATED - Fair Hydro -- Change of Law Agreements (Rating Agency Comments)

Malle, Steve and Osler Team, attached are rating agency comments on the change of law protection agreement just received from DBRS. We are reviewing these concurrently but are circulating to all parties now in the interests of time (you will see that many of the comments are simply to provide notices to the rating agencies of certain events and there are also some questions about the subrogation mechanics that Blakes/Osler/Torys will need to consider).

Malle and Steve, I expect you previously received the comments communicated to the dealers from Moodys – for ease of reference, I am attaching those comments to this email as well.

Rima

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679
From: Ramchandani, Rima
Sent: November-29-17 12:12 PM
To: Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>
Cc: Mansoori, Nina <nmansoori@torys.com>; Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>; ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; JON.VINER@blakes.com; JA.PRESTAGE@blakes.com; Milligan, Peter <PMilligan@osler.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Fullerton, Rick <RFullerton@osler.com>; Feldman, Michael <mfeldman@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; LEE John -TREASURY <john.s.lee@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>
Subject: RE: UPDATED - Fair Hydro -- Change of Law Agreements

Malle and Steve, we received a few minor comments from the indenture trustee on the Protection Agreement which are reflected in the attached blackline. We also updated the attached change of law agreements to reflect the following:

n Provide the correct cross-reference in the definition of “executive officers”.

n Update the list of Initial Reference Documentation in Schedule A to the Process Agreement to remove the references to the term debt supplements, Master ISDA and OM (since the term deal is no longer closing this year, we are anticipating that those documents may not be finalized prior to execution of the change of law documents).

n A minor change to Section 3.01(e) of the Process Certificate provisions – as we were drafting the form of this

certificate for OPG, we realized that the clause didn't work as drafted because it required OPG to make a forward-looking certification tied to a rolling Protection Agreement Maximum. Whenever certified primary obligations are incurred, OPG will certify that the principal payable under those certified primary obligations (together with all other principal repayments in respect of Approved Obligations as of that date) do not exceed the Protection Agreement Maximum at the time of incurrence.

Blacklines are to the versions Nina circulated on Friday. Happy to discuss if you have any questions.

Thanks,
Rima

Rima Ramchandani

P. 416.865.7666

From: Ramchandani, Rima
Sent: November-27-17 2:28 PM
To: Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>
Cc: Mansoori, Nina <nmansoori@torys.com<mailto:nmansoori@torys.com>>; Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>; ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com<mailto:STEPHEN.ASHBOURNE@blakes.com>>; JON.VINER@blakes.com<mailto:JON.VINER@blakes.com>; JA.PRESTAGE@blakes.com<mailto:JA.PRESTAGE@blakes.com>; Milligan, Peter <PMilligan@osler.com<mailto:PMilligan@osler.com>>; Sebastiano, Rocco <RSebastiano@osler.com<mailto:RSebastiano@osler.com>>; Fullerton, Rick <RFullerton@osler.com<mailto:RFullerton@osler.com>>; Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; Saulnier, Brett <bsaulnier@torys.com<mailto:bsaulnier@torys.com>>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca<mailto:Tom.McKinlay@ontario.ca>>; LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>
Subject: Re: UPDATED - Fair Hydro -- Change of Law Agreements

Hi Malle, I appreciate there may have been more blacklining than you expected, but we didn't view the changes as deviating from our business discussion last week. From our perspective, the changes were mainly clean up in nature and we tried to include explanatory footnotes to the revisions so you understood our rationale for the changes. The only point we think we need to discuss is how the assumption is intended to work given that we understand the Province is no longer requiring a right to exchange the Fair Hydro bonds with Provincial bonds — this wasn't a point we discussed in any detail in our meeting so I think we we need to just talk through how we think this would work and then address in the docs as appropriate.

We are on standby and will make ourselves available to discuss at your convenience.

Thanks,
Rima

Sent from my iPhone

On Nov 27, 2017, at 1:55 PM, Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>> wrote:
Hi Rima,

Unfortunately we can't set a time yet as the review is taking longer and more client consultation will be required because there were so many revisions made that were outside the discussion of business points on Tuesday.

Malle

-----Original Message-----
From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: November 27, 2017 1:49 PM
To: Hanslep, Malle (MOF); Mansoori, Nina; Whitfield, Tobias P. (MOF); 'ASHBOURNE, STEPHEN'; 'JON.VINER@blakes.com<mailto:JON.VINER@blakes.com>'; 'JA.PRESTAGE@blakes.com<mailto:JA.PRESTAGE@blakes.com>'; 'Milligan, Peter'; 'Sebastiano, Rocco'; 'Fullerton, Rick'
Cc: Feldman, Michael; Saulnier, Brett; Thouin, Alena (ENERGY); McKinlay, Tom (MAG); LEE John - TREASURY; 'WONG Leslie -LAWDIV'
Subject: RE: UPDATED - Fair Hydro -- Change of Law Agreements

Hi Malle, just checking in to see if you think we will need to block off some time to discuss the change of law agreements tomorrow or whether you think we will be able to settle the drafts without a call? -- Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

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-----Original Message-----
From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: November-24-17 4:33 PM
To: Mansoori, Nina <nmansoori@torys.com<mailto:nmansoori@torys.com>>; Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>; 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com<mailto:STEPHEN.ASHBOURNE@blakes.com>>; 'JON.VINER@blakes.com<mailto:JON.VINER@blakes.com>' <JON.VINER@blakes.com<mailto:JON.VINER@blakes.com>>; 'JA.PRESTAGE@blakes.com<mailto:JA.PRESTAGE@blakes.com>' <JA.PRESTAGE@blakes.com<mailto:JA.PRESTAGE@blakes.com>>; 'Milligan, Peter' <PMilligan@osler.com<mailto:PMilligan@osler.com>>; 'Sebastiano, Rocco' <RSebastiano@osler.com<mailto:RSebastiano@osler.com>>; 'Fullerton, Rick' <RFullerton@osler.com<mailto:RFullerton@osler.com>>
Cc: Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com>>; Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; Saulnier, Brett <bsaulnier@torys.com<mailto:bsaulnier@torys.com>>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca<mailto:Tom.McKinlay@ontario.ca>>
Subject: Re: UPDATED - Fair Hydro -- Change of Law Agreements

Hi Nina

I'm not sure that this timeframe is doable as we have to review and consult with clients before having this call . I think Tuesday is probably more reasonable to give us time to review the draft that we received late this afternoon coming out of comments at a meeting last Tuesday evening

Thanks

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.
From: Mansoori, Nina
Sent: Friday, November 24, 2017 15:58
To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); 'ASHBOURNE, STEPHEN'; 'JON.VINER@blakes.com<mailto:JON.VINER@blakes.com>'; 'JA.PRESTAGE@blakes.com<mailto:JA.PRESTAGE@blakes.com>'; 'Milligan, Peter'; 'Sebastiano, Rocco'; 'Fullerton, Rick'
Cc: Ramchandani, Rima; Feldman, Michael; Saulnier, Brett
Subject: RE: UPDATED - Fair Hydro -- Change of Law Agreements

Provincial legal/Blakes/Oslers teams,

As a follow up to my email below and given the challenges with all our schedules, we thought it prudent to block off some time on Monday to discuss the revised Change of Law Agreements. I can confirm that Torys is available for a call between 9:30 am and 2 pm on Monday. Please let us know what times work for you in that window and we will circulate a dial-in.

Best Regards,
Nina

Nina Mansoori

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From: Mansoori, Nina
Sent: November-24-17 2:15 PM
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Subject: RE: UPDATED - Fair Hydro -- Change of Law Agreements

All – apologies, my email below did not have a blackline for the Process Agreement. It is attached. Thank you.

Nina Mansoori

From: Mansoori, Nina
Sent: November-24-17 2:04 PM
To: 'ASHBOURNE, STEPHEN'
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Subject: RE: UPDATED - Fair Hydro -- Change of Law Agreements

Blakes team,

Please find attached consolidated comments from the dealers and OPG (and their counsels) on the draft documents circulated below. These changes are drafting changes and clean up changes that reflect our discussions from earlier this week where we addressed all the open business points. Where we changed a concept or revised the drafting, we provided an explanation in the footnote to assist in your review.

The one substantive point we think requires further discussion is on the assumption mechanics; we understand that the Province is no longer seeking an exchange right. Once you have digested these new drafts, we'd like to schedule a lawyers call early next week to finalize them.

Best Regards,
Nina

Nina Mansoori

P. 416.865.7332

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: November-21-17 5:17 PM
To: Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com> <mailto:rramchandani@torys.com>>; LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com> <mailto:john.s.lee@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com> <mailto:ken.ryfa@opg.com>>; 'HAHN PARKER Janet -TREASURY'

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Subject: RE: UPDATED - Fair Hydro -- Change of Law Agreements

Hi Rima. Here are my mark-ups of the agreements Torys circulated yesterday afternoon. These versions have not been reviewed by the Province, but are being circulated to this group to facilitate a discussion shortly at your office. They are/remain subject to Province input, etc. We propose to gather at your office at 5:45, if that makes sense to you. Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com><mailto:stephen.ashbourne@blakes.com>
Dir: 416-863-3086

-----Original Appointment-----
From: bwood@torys.com<mailto:bwood@torys.com><mailto:bwood@torys.com> [mailto:bwood@torys.com] On Behalf Of Ramchandani, Rima
Sent: Tuesday, November 21, 2017 3:43 PM
To: Ramchandani, Rima; LEE John -TREASURY; RYFA Ken -TREASURY; 'HAHN PARKER Janet - TREASURY'; MAUTI John -FIN & C CTRL; LAURETA LAPIRA May -TREASURY; Mansoori, Nina; Feldman, Michael; WONG Leslie -LAWDIV; 'Sebastiano, Rocco'; Milligan, Peter; Fullerton, Rick; Mayman, Gadi (OFA); Manning, Mike (OFA); Hanslep, Malle (MOF); ASHBOURNE, STEPHEN; 'ian.benaiah@rbccm.com<mailto:ian.benaiah@rbccm.com>'; 'Khan, Nur (nur.khan@rbccm.com<mailto:nur.khan@rbccm.com><mailto:nur.khan@rbccm.com>)'; 'brent.r.taylor@rbccm.com<mailto:brent.r.taylor@rbccm.com>'; 'katrina.niehaus@gs.com<mailto:katrina.niehaus@gs.com>'; 'brian.delaney@gs.com<mailto:brian.delaney@gs.com>'; Maciel, Andrew; Adalja, Sunil; Persad, Nicole; Persaud, Donnie - Debt Capital Markets
Cc: Ken Kandeepan; LADAK Lubna -TREASURY; Anna Strathy; Veinot, Cindy (TBS); McKinlay, Tom (MAG); Donaldson, Mark (TBS)
Subject: UPDATED - Fair Hydro -- Change of Law Agreements
When: Tuesday, November 21, 2017 5:00 PM-9:00 PM (UTC-05:00) Eastern Time (US & Canada).
Where: Torys - 79 Wellington 33rd Floor

For those unable to participate in person, here's the dial-in:

Dial-in: 1-800-600-0998
Access Code: 8657666#

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g&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=gV-xgZHI0tggSwOPXBdMOr4DyITzOyaIKJLqH9Oy-40&m=FREUlmEr5E-whicUzHYXrgAaAzbRU-AiimSGZ2Ywp20&s=q-O6w20B8A7DAsgyPXgqre38l3vww-m5zl0HDcdvb8o&e= >

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From: LEE John -TREASURY [john.s.lee@opg.com]
To: Ramchandani, Rima [rramchandani@torys.com]; Mansoori, Nina [nmansoori@torys.com]
CC: WONG Leslie -LAWDIV [leslie.wong@opg.com]; RYFA Ken -TREASURY [ken.ryfa@opg.com]; LAURETA LAPIRA May -TREASURY [may.lapira@opg.com]; LADAK Lubna -TREASURY [lubna.ladak@opg.com]
Subject: DBRS- Fair Hydro Program: Change of Law Protection Agreement
Date: Wednesday, November 29, 2017 19:45:30

See comments from DBRS

From: Tim O'Neil [mailto:toneil@dbrs.com]
Sent: Wednesday, November 29, 2017 6:42 PM
To: Taylor, Brent R ; Jamie Feehely ; King Lam ; Andrew Lin ; Tom Li ; Arthi Sambasivan
Cc: Benaiah, Ian ; Khan, Nur ; Donnie Persaud (Donnie.Persaud@cibc.com) (Donnie.Persaud@cibc.com) ; andrew.maciel@cibc.com; sunil.adalja@cibc.com; Katrina Niehaus (Katrina.Niehaus@gs.com) (Katrina.Niehaus@gs.com) ; Delaney, Brian (Brian.Delaney@gs.com) ; RYFA Ken -TREASURY ; LEE John -TREASURY
Subject: EXTERNAL – RE: Fair Hydro Program: Change of Law Protection Agreement

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DBRS questions/comments on the draft of the CLPA received Nov 22 below:

- Will there be a legal opinion addressing the binding nature and enforceability of the Protection Agreement on its terms?
- Section 1.15: DBRS expects any material amendment or material waiver to the agreement to be subject to a RAC and prompt notice of any other amendments/waivers/consents.
- Section 2.01: Please provide DBRS prompt written notice of a Protection Event.
    - Section 2.01 (a): "Payment Date" is not defined in this Agreement. Is the reference to the Guarantee Payment Date?
    - Section 2.01 (a)(iv)(ii): Subrogated Amounts: this calculation is confusing and seems to missing the next prong "y". Is the subrogated amount the amount that has been actually paid to the Beneficiary by the Province in relation to the amounts payable from amounts available?
    - To the extent the amounts paid by the Province into the Protection Account exceed the amounts payable to Beneficiary from amounts available – is that excess the subrogation amount or is that excess just returned to the Province?
- **As a general comment**: With respect to subrogation amounts owing to the Province - the Province seems to maintain a subrogated claim against the Financing Entity that has the same ranking as the Beneficiary obligation that has been paid by the Province and that subrogated claim is to be paid on the same date the amounts on deposit in the Protection Account are paid to the Beneficiary (i.e. the Province's subrogated claim becomes a Specified Creditor under the Trust Indenture and potentially ranks in priority or pari passu to all other securityholders claims depending on applicable Beneficiary's obligation's respective ranking within the trust indenture waterfall). How will this subrogated claim be satisfied – from what resources? Why has the right of subrogation of the guarantor (the Province) not been postponed until after all the rated obligations have been paid in full?

- Section 4.02: Adherence Obligations:
    - With respect to Funding Obligations under a certain amount that do not need to meet the Adherence Conditions, what would those Funding Obligations consist of? Are these limited amounts still treated as Primary Obligations pursuant to which the guarantee obligation applies?
- Section 4.03: Is 4.02(b)(x) a typo? There is no "x" in 4.02(b)?
- Section 5.01 (a): As per the question above on section 2.01(a)(iv)(ii), please clarify how the Subrogation Amount is calculated (if not based on the actual amount paid by the Province in respect of amounts payable).
- Section 6.01: Why is it at the Province's election to provide the Indenture Trustee notice of the Province's election to assume the Financing Entity's Obligations Secured? Under what circumstances would the Province decide not to provide the Indenture Trustee notice of its election to assume? In any event, DBRS expects to receive prompt written notice of an election to assume and copy of any such Assumption Notice.
- Section 6.04: How long can the Interim Period be in effect during the implementation and completion of the assumption terms? Are the securityholders and Indenture Trustee stayed from accelerating and enforcing if there is an Event of Default under the rated notes during the Interim Period? Are there any other restrictions on the SPV Financing Entity and/or the securityholders during the Interim Period?
- Section 8.01: Under this section the Province may declare at any time for any reason that the guarantee shall not apply to any Obligation Secured incurred on after the date of such declaration (other than the refinancing of a previously incurred funding obligation) by delivering a "Suspension Notice" to the Indenture Trustee/OPG/SPV.
    - Please provide DBRS with prompt written notice of any such Suspension Notice.
    - Please confirm how the Suspension Notice would apply with respect to refinancing, increases or issuances up the program limits under the Warehouse Supplement. For example if a suspension notice is issued does the suspension apply to any issuance of notes for the purposes of refinancing outstanding ABCP? Or does this type of refinancing fall within the carve-out from a suspension notice, "Refinancing of a Primary Obligation" noted in this section 8.01?" Further, will issuances after the Suspension Notice but up to the program limit or already permitted increases be subject to a Suspension Notice?
- Section 8.03: Please provide DBRS with prompt written notice of any such Termination Notice.
- Section 9.03: Please provide DBRS with prompt written notice of any assignment.
- Definitions: Approved Obligation Amount (subsection (b)): Where an acceleration has occurred, how will this calculation address circumstances under which the CEA is no longer able to be charged or collected? Where amounts that would be available to be paid is compromised in some way and acceleration has occurred, could the Approved Obligation Amount be nil?

Thank you,

Tim O'Neil
Senior Vice President, CDN ABS
Global Structured Finance

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DBRS Tower 181 University Avenue, Suite 700

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From: Taylor, Brent R [mailto:brent.r.taylor@rbccm.com]
Sent: Wednesday, November 22, 2017 9:57 AM
To: Tim O'Neil <toneil@dbrs.com>; Jamie Feehely <jfeehely@dbrs.com>; King Lam <KLam@dbrs.com>; Andrew Lin <andrew.lin@dbrs.com>; Tom Li <TLi@dbrs.com>; Arthi Sambasivan <ASambasivan@dbrs.com>
Cc: Benaiah, Ian <ian.benaiah@rbccm.com>; Khan, Nur <nur.khan@rbccm.com>; Donnie Persaud (Donnie.Persaud@cibc.com) (Donnie.Persaud@cibc.com) <Donnie.Persaud@cibc.com>; andrew.maciel@cibc.com; sunil.adalja@cibc.com; Katrina Niehaus (Katrina.Niehaus@gs.com) (Katrina.Niehaus@gs.com) <Katrina.Niehaus@gs.com>; Delaney, Brian (Brian.Delaney@gs.com) <Brian.Delaney@gs.com>; RYFA Ken -TREASURY (ken.ryfa@opg.com) <ken.ryfa@opg.com>; LEE John -TREASURY (john.s.lee@opg.com) <john.s.lee@opg.com>
Subject: Fair Hydro Program: Change of Law Protection Agreement

DBRS Team,

In connection with the Fair Hydro Program please find attached;

- Change of Law Protection Agreement

We hope you will find this document helpful in your analysis.

Brent R Taylor | Analyst, Securitization Finance | **RBC Capital Markets** | 200 Bay Street, 2nd Floor, Toronto, ON M5J 2W7 | T. 416-842-7284 | C. 647-632-6169 | brent.r.taylor@rbccm.com

---

From: Taylor, Brent R
Sent: November 19, 17 2:11 PM
To: 'toneil@dbrs.com'; 'jfeehely@dbrs.com'; 'klam@dbrs.com'; 'andrew.lin@dbrs.com'; 'tli@dbrs.com'; 'asambasivan@dbrs.com'
Cc: Benaiah, Ian; Khan, Nur; Donnie Persaud (Donnie.Persaud@cibc.com) (Donnie.Persaud@cibc.com); 'andrew.maciel@cibc.com'; 'sunil.adalja@cibc.com'; Katrina Niehaus (Katrina.Niehaus@gs.com) (Katrina.Niehaus@gs.com); Delaney, Brian (Brian.Delaney@gs.com); RYFA Ken -TREASURY (ken.ryfa@opg.com); LEE John -TREASURY (john.s.lee@opg.com)
Subject: Fair Hydro Preliminary Draft Offering Memorandum

DBRS Team,

We have attached a preliminary draft of the Offering Memorandum. Typically we would not share the current form of the OM at this early stage, but we think it may help to advance your process by offering a high-level summary of the market, roles of the various participants and structure. It is worth noting that the OM is not synchronized with the most recent versions of the underlying documents.

As always, please let us know if you have any questions.

<< File: _Fair Hydro Trust - Preliminary Confidential Offering Memorandum.docx >>
Brent R Taylor | Analyst, Securitization Finance | **RBC Capital Markets** | 200 Bay Street, 2nd Floor, Toronto, ON M5J 2W7 | T. 416-842-7284 | C. 647-632-6169 | brent.r.taylor@rbccm.com

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From: Taylor, Brent R
Sent: November 16, 17 9:45 AM
To: 'toneil@dbrs.com'; 'jfeehely@dbrs.com'; 'klam@dbrs.com'; 'andrew.lin@dbrs.com'; 'tli@dbrs.com'; 'asambasivan@dbrs.com'
Cc: Benaiah, Ian; Khan, Nur; Donnie Persaud (Donnie.Persaud@cibc.com) (Donnie.Persaud@cibc.com); 'andrew.maciel@cibc.com'; 'sunil.adalja@cibc.com'; Katrina Niehaus (Katrina.Niehaus@gs.com) (Katrina.Niehaus@gs.com); Delaney, Brian (Brian.Delaney@gs.com); RYFA Ken -TREASURY (ken.ryfa@opg.com); LEE John -TREASURY (john.s.lee@opg.com)
Subject: RE: Fair Hydro Draft Agreements

DBRS Team,

In connection with the Fair Hydro Program please find attached;

- Senior Term Supplement - Nov 15
- Senior Warehouse Supplement - Nov 15

We hope you will find these documents helpful in your analysis.

<< File: Senior Warehouse Supplement - Nov 15.DOCX >> << File: Senior Term Supplement - Nov 15.DOC >>
Brent R Taylor | Analyst, Securitization Finance | **RBC Capital Markets** | 200 Bay Street, 2nd Floor, Toronto, ON M5J 2W7 | T. 416-842-7284 | C. 647-632-6169 | brent.r.taylor@rbccm.com

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From: Taylor, Brent R
Sent: November 7, 17 3:12 PM
To: 'toneil@dbrs.com'; 'jfeehely@dbrs.com'; 'klam@dbrs.com'; 'andrew.lin@dbrs.com'; 'tli@dbrs.com'; 'asambasivan@dbrs.com'
Cc: Benaiah, Ian; Khan, Nur; Donnie Persaud (Donnie.Persaud@cibc.com) (Donnie.Persaud@cibc.com); 'andrew.maciel@cibc.com'; 'sunil.adalja@cibc.com'; Katrina Niehaus (Katrina.Niehaus@gs.com) (Katrina.Niehaus@gs.com); Delaney, Brian (Brian.Delaney@gs.com); RYFA Ken -TREASURY (ken.ryfa@opg.com); LEE John -TREASURY (john.s.lee@opg.com)
Subject: Fair Hydro Draft Agreements

DBRS Team,

In connection with the Fair Hydro Program please find attached;

- Master Trust Indenture (November 7th Rating Agency Draft)
- MTSA (November 7th Rating Agency Draft)
- IESO Security Agreement (November 7th Rating Agency Draft)

We hope you will find these documents helpful in your analysis. We will organize a call tomorrow to discuss next steps.

<< File: MTSA (November 7th Rating Agency Draft).DOCX >> << File: IESO Security Agreement (November 7th Rating Agency Draft).DOCX >> << File: Master Trust Indenture (November 7th Rating Agency Draft).DOCX >>
Regards,

Brent R Taylor | Analyst, Securitization Finance | **RBC Capital Markets** | 200 Bay Street, 2nd Floor, Toronto, ON M5J 2W7 | T. 416-842-7284 | C. 647-632-6169 | brent.r.taylor@rbccm.com

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From: Taylor, Brent R
Sent: October 13, 17 6:18 PM
To: 'toneil@dbrs.com'; 'jfeehely@dbrs.com'; 'klam@dbrs.com'; 'andrew.lin@dbrs.com'; 'tli@dbrs.com'; 'asambasivan@dbrs.com'
Cc: Benaiah, Ian; Khan, Nur; Donnie Persaud (Donnie.Persaud@cibc.com) (Donnie.Persaud@cibc.com); andrew.maciel@cibc.com; sunil.adalja@cibc.com; Katrina Niehaus (Katrina.Niehaus@gs.com) (Katrina.Niehaus@gs.com); Delaney, Brian (Brian.Delaney@gs.com); RYFA Ken -TREASURY (ken.ryfa@opg.com); LEE John -TREASURY (john.s.lee@opg.com)
Subject: Fair Hydro Materials

DBRS Team,

Further to our kick-off meeting on October 10th, I have attached a comprehensive presentation which contains information about the Ontario Electricity Market, Transaction Overview, Key Agreements and other information that we hope you will find helpful in your understanding and analysis.

In addition I have attached drafts of the Declaration of Trust and Management Agreement. The Declaration of Trust establishes a trust for the purpose of carrying on the activities of a financing entity as defined in the Ontario Fair Hydro Act, 2017. The Management Agreement delegates to OPG all powers and duties of managing the financing entity.

Please let us know if you would like us to arrange a call to walk you through these materials and provide context. Alternatively as you are going through the materials please reach-out with any questions you have.

<< File: Fair Hydro Plan Financing Program 2017-10-13.pdf >> << File: Fair Hydro - Declaration of Trust (DRAFT).pdf >> << File: Fair Hydro - Management Agreement (DRAFT).pdf >>
Regards,

Brent R Taylor | Analyst, Securitization Finance | **RBC Capital Markets** | 200 Bay Street, 2nd Floor, Toronto, ON M5J 2W7 | T. 416-842-7284 | C. 647-632-6169 | brent.r.taylor@rbccm.com

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From: LEE John -TREASURY [john.s.lee@opg.com]
To: Ramchandani, Rima [rramchandani@torys.com]; Mansoori, Nina [nmansoori@torys.com]
CC: RYFA Ken -TREASURY [ken.ryfa@opg.com]; LADAK Lubna -TREASURY [lubna.ladak@opg.com]; WONG Leslie -LAWDIV [leslie.wong@opg.com]; Feldman, Michael [mfeldman@torys.com]
Subject: RA Feedback
Date: Monday, November 27, 2017 21:31:36

FYI
Note comments from Rating Agencies

From: Benaiah, Ian [mailto:ian.benaiah@rbccm.com]
Sent: Monday, November 27, 2017 6:31 PM
To: LEE John -TREASURY ; RYFA Ken -TREASURY ; LADAK Lubna -TREASURY
Cc: Donnie Persaud (Donnie.Persaud@cibc.com) ; Adalja, Sunil (Sunil.Adalja@cibc.com) ; Maciel, Andrew (Andrew.Maciel@cibc.com) ; Katrina Niehaus (Katrina.Niehaus@gs.com) ; Brian Delaney (brian.delaney@gs.com) ; Taylor, Brent R
Subject: EXTERNAL – RA Feedback

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John – I spoke with Moody's and DBRS on the Change of Law Protection Agreement ("CPLA"). Here is an update from each rating agency:

Moody's provided the following three comments:

- Section 2.01(a) – "Upon the occurrence of a Protection Event, the Indenture Trustee **may** deliver a written demand to the Province requiring the Province to make payments in respect of the Approved Obligations". Moody's is looking for something that is more iron clad and expected to see "shall" instead of "may".
- Schedule A Defined Terms – "Protection Event":
- at the bottom of paragraph (a) it indicates that the occurrence of any of the events in (i) through (v) are subject to materiality. Moody's view is that if there are any adverse effects it should constitute a Protection Event, and that the materiality threshold should be deleted. The CPLA is a critical piece in their evaluation, and there should be no ambiguity, uncertainty or dispute in determining whether a Protection Event has occurred. Given the large scale of the program, it may be difficult to prove that smaller payment obligations are material, even though it may affect their ability to rate the timely payment of interest, or ultimate payment of principal.
- The test for an adverse effect is that it impairs the ability of the issuer to pay "Obligations Secured". Moody's would like for it to read "Obligations Secured in accordance with their original terms". Since the Moody's rating at the time of issuance addresses the timely payment of scheduled interest and repayment of principal on the stated maturity date, they are concerned there could be a change of law that extends the collection period that would still allow for payment of secured debts, but on an elongated timeline. That ability is an issue in their rating of the notes.

DBRS

- I spoke with DBRS this afternoon, and they have prioritized the CPLA, and expect to provide comments by the end of the day tomorrow.

As for the modelling, Moody's has no further stress cases that it needs evaluated (for now). DBRS mentioned they have asked CIBC to run several different sensitivities and they are awaiting feedback.

Ian

Ian Benaiah | Director, Securitization Finance | RBC Capital Markets | TEL: 416.842.3820 | FAX: 416.842.3888 | ian.benaiah@rbccm.com

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From:	Gadi Mayman
To:	Mike Manning; Ken Kandeepan; Ronald Kwan
Cc:	Anna Strathy
Subject:	Fwd: Change of Law Protection Agreement and Change of Law Process Agreement - Fair Hydro
Date:	Monday, November 20, 2017 2:15:39 PM
Attachments:	ATT00001.htm Blackline_ProtectionAgreement.pdf ATT00002.htm Blackline_ProcessAgreement.pdf ATT00003.htm CLPA - Protection Agreement (COMMENTS).docx ATT00004.htm CLPA - Process Agreement (COMMENTS).docx ATT00005.htm

---

Is this a small ask, or does it undermine the progress that we'd thought we'd made when we met at noon?

Gadi

Begin forwarded message:

> **From:** "Mansoori, Nina" <nmansoori@torys.com>
> **Date:** November 20, 2017 at 2:05:34 PM EST
> **To:** "Mayman, Gadi (OFA)" <Gadi.Mayman@ofina.on.ca>, "'Hanslep, Malle (MOF)'" <Malle.Hanslep@ontario.ca>, "ASHBOURNE, STEPHEN" <STEPHEN.ASHBOURNE@blakes.com>, "Whitfield, Tobias P. (MOF)" <Tobias.Whitfield@ontario.ca>, "Kandeepan, Ken (OFA)" <Ken.Kandeepan@ofina.on.ca>, "Manning, Mike (OFA)" <Mike.Manning@ofina.on.ca>, "Kwan, Ronald (OFA)" <Ronald.Kwan@ofina.on.ca>, "Thouin, Alena (ENERGY)" <Alena.Thouin@ontario.ca>, "McKinlay, Tom (MAG)" <Tom.McKinlay@ontario.ca>, "VINER, JON" <JON.VINER@blakes.com>, "PRESTAGE, JA" <JA.PRESTAGE@blakes.com>, "Cayley, Daniel (ENERGY)" <Daniel.Cayley@ontario.ca>
> **Cc:** "'dup-john.s.lee@opg.com'" <john.s.lee@opg.com>, "'leslie.wong@opg.com'" <leslie.wong@opg.com>, "'sheen.liu@opg.com'" <sheen.liu@opg.com>, "'tyler.mcauley@opg.com'" <tyler.mcauley@opg.com>, "'clara.greco@opg.com'" <clara.greco@opg.com>, "'matthew.go@opg.com'" <matthew.go@opg.com>, "'anthea.yao@opg.com'" <anthea.yao@opg.com>, "'jenny.jorda@opg.com'" <jenny.jorda@opg.com>, "'stuart.preston@opg.com'" <stuart.preston@opg.com>, "'john.drewniak@opg.com'" <john.drewniak@opg.com>, "'j.hahnparker@opg.com'" <j.hahnparker@opg.com>, "Feldman, Michael" <mfeldman@torys.com>, "Ramchandani, Rima" <rramchandani@torys.com>, "Emes, Aaron" <aemes@torys.com>, "Hunter, Rosalind" <RHunter@osler.com>, "'Alvi, Shariq'" <Shariq.Alvi@cibc.com>, "Innes, Michael" <MInnes@osler.com>, "'Stoddart, Jesse - Debt Capital Markets'" <Jesse.Stoddart@cibc.com>, "'Rix, Lindsey - Legal'" <Lindsey.Rix@cibc.com>, "'Hume, Tyler'" <Tyler.Hume@cibc.com>, "'Daou, Hadi'" <Hadi.Daou@cibc.com>, "'Persad, Nicole'" <Nicole.Persad@cibc.com>, "Olusoga, Yinka" <yolusoga@torys.com>, "Saulnier, Brett" <bsaulnier@torys.com>, "'mfitzpatrick@hunton.com'"

<mfitzpatrick@hunton.com>, "'aobrian@hunton.com'" <aobrian@hunton.com>, "Watson, Gwen" <gwatson@torys.com>, "Johnson, Richard" <rjohnson@torys.com>, "Smith, Elliot" <ESmith@osler.com>, "King, Richard" <rking@osler.com>, "Royer, Kate" <KRoyer@osler.com>, "Hughes, Timothy" <THughes@osler.com>, "'Adalja, Sunil'" <Sunil.Adalja@cibc.com>, "'Persaud, Donnie - Debt Capital Markets'" <Donnie.Persaud@cibc.com>, "Sebastiano, Rocco" <RSebastiano@osler.com>, "'Maciel, Andrew'" <Andrew.Maciel@cibc.com>, "'Benaiah, Ian'" <ian.benaiah@rbccm.com>, "'Khan, Nur'" <nur.khan@rbccm.com>, ""Niehaus, Katrina' (Katrina.Niehaus@gs.com)'" <Katrina.Niehaus@gs.com>, "'Delaney, Brian (Brian.Delaney@gs.com)'" <Brian.Delaney@gs.com>, "'Conner, Robbin'" <Robbin.Conner@gs.com>, "'Milligan, Peter'" <PMilligan@osler.com>, "Sebastiano, Rocco" <RSebastiano@osler.com>, "Fullerton, Rick" <RFullerton@osler.com>, "Olusoga, Yinka" <yolusoga@torys.com>, "Emes, Aaron" <aemes@torys.com>, "Saulnier, Brett" <bsaulnier@torys.com>, "Mansoori, Nina" <nmansoori@torys.com>

Subject: RE: Change of Law Protection Agreement and Change of Law Process Agreement - Fair Hydro

All – please find attached consolidated comments on the Process Agreement and the Protection Agreement blacklined to the drafts circulated by Blakes on Friday. We understand that the current structure requiring satisfaction of the adherence conditions in the Protection Agreement impacts the marketability of the transaction and creates uncertainty for investors. Accordingly, the dealers and OPG would like to discuss with the Province the possibility of moving the adherence conditions to the Process Agreement while preserving the Province's oversight of its obligations under the Protection Agreement. We will provide a proposal on that basis to discuss with the Province. Please note that the attached remains subject to the comments of the working group and the rating agencies.

Best Regards,

Nina

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HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST[1]

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

[1] Torys and Blakes to discuss signatory on behalf of the Trust. The Manager is currently signing all Program Agreements on behalf of the Trust and has authority to do so. We would propose to do the same on the change of law agreement.

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust under the laws of the Province of Ontario (the "**Financing Entity**")[1][2], Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council dated as of ■ (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust[2][3] dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred or amended. This Agreement sets out the terms and conditions of such protections and assurances.

[1][2] Province needs the Trust as a party to be assured of its rights of subrogation, step-in, etc.

[2][3] Torys to confirm that Trust is a "financing entity" under OFHPA. Under definition, FSM to establish or cause to be established. DofT indicates Computershare declares trust. Need to have this confirmed for purposes of authority under OFHPA 5(3), among other things.

~~OPG and the Province will concurrently enter into the Process Agreement, under which OPG will agree to perform certain activities and to provide certain assurances in relation to this Agreement, on which the Province will rely.~~

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 Proof of Approved Obligations

The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Indenture Trustee deems to be sufficient.

Any statement of account prepared by the Indenture Trustee as regards the Primary Obligations shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and the Province hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Indenture Trustee agrees to provide the Province with the computations and calculations used by the Indenture Trustee to prepare each such statement of account promptly following a request therefor.

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture[~~3~~4].

[~~3~~4] With respect to the possibility of unsanctioned amendments, the OPG proposal would allow amendments to be made in favour of bondholders to permit individual bondholders to sue the Province under this agreement. This is one circumstance that demonstrates why the Province needs the right to know about and consider all underlying amendments.

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 2.01 or Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the **Province, the** Indenture Trustee, the Financing Entity, the Financing Entity Trustee**, the Manager** or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect. **[The parties will engage in good faith negotiations to replace any provision which is declared invalid or unenforceable with a valid and enforceable provision, the economic effect of which comes as close as possible to that of the invalid or unenforceable provision which it replaces.]**
[NTD: this is unusual. Why is it necessary in this Agreement?]

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT.

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days

comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee may deliver a written demand, substantially in the form attached as Exhibit A (a "**Payment Demand**"), to the Province requiring the Province to make payments in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in this Agreement. From and after such delivery of a Payment Demand, the Province shall make the following payments in respect of the Approved Obligations (the "**Limited Guarantee**"), and the Financing Entity shall pay, and the Province shall be entitled to be paid, the Subrogation Amounts specified below, on the specified Payment Date:

i. Not less than **[**3**]** Business Days prior to each ~~Payment Date~~**day when any payment or payments are to be made in respect of one or more Approved Obligations** occurring after such delivery of a Payment Demand and prior to the Assumption Effective Date **(a "Guarantee Payment Date")**[5], if any, the Manager shall deliver a written statement, substantially in the form attached as Exhibit A.1 (a "**Guarantor Settlement Statement**") setting forth the Aggregate Approved Obligations Amount, if any, in respect of the Approved Obligations that are due and payable on such **Guarantee** Payment Date, together with a detailed description identifying such Approved Obligations~~,~~ **and** the nature and amount of payments due and payable thereunder on the **Guarantee** Payment Date~~, the aggregate outstanding amount payable by the Financing Entity under such Approved Obligations as of the date of the Guarantor Settlement Statement, and details regarding any default in performance by any party obligated thereunder~~.

ii. On each such **Guarantee** Payment Date, the Province shall pay the Aggregate Approved Obligations Amount ~~[~~to the Indenture Trustee and the Indenture Trustee~~]~~[4] shall deposit such amount to the Protection Account.

[5] **PM: Interest Payment Dates and Principal Payment Dates are set in the supplements. While the present intention is to set them on Payment Dates, there is no guarantee that will always be the case.**

[4] ~~Confirm payment mechanics. Consider direct deposit. Confirm that no set-off if pay through indenture trustee.~~

iii. On each such **Guarantee** Payment Date, ~~[the Financing Entity shall cause] the Paying Agent[5] [to]~~**the Indenture Trustee** shall apply all amounts on deposit in the Protection Account to pay each Beneficiary to whom an amount is due and payable under an Approved Obligation on the **Guarantee** Payment Date the Approved Obligation Amount for such Beneficiary in respect of such Approved Obligation on such **Guarantee** Payment Date; provided that if the amount deposited pursuant to clause 2.01(a)ii is insufficient to pay all such Approved Obligation Amounts in full, the amount on deposit in the Protection Account on the **Guarantee** Payment Date shall be applied to pay Beneficiaries in the order of priority in which such Approved Obligations are payable under the ~~applicable~~ payment provisions of the Trust Indenture applicable to the making of such payments on the **Guarantee** Payment Date (each, a "**Beneficiary Payee**")[6].

iv. On any **Guarantee** Payment Date on which an amount is paid by the Province pursuant to clause 2.01(a)ii, the applicable payment provisions of the Trust Indenture shall, notwithstanding the express terms of such provisions set forth in the Trust Indenture ~~and subject to Section 2.04(b)~~, be applied and operate on the following basis:

(i) the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available under such payment provisions on such **Guarantee** Payment Date shall be reduced by the amount paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on such **Guarantee** Payment Date;

(ii) the Province shall be paid the amount by which (x) the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available to pay the Beneficiary Payee under such payment provisions on the **Guarantee** Payment Date, determined without regard to subclause 2.01(a)iv(i), exceeds the amount paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on the **Guarantee** Payment Date (such payments to the Province being "**Subrogation Amounts**"); and

(iii) no Beneficiary having a right to be paid an amount in respect of an Approved Obligation that ranks equal with or subordinate to an Approved Obligation in respect of which an amount is payable to the Province under subclause 2.01(a)iv(ii) shall be entitled to make any claim or assert any right in or to the amounts paid or payable to

~~[5] To be effective, will need to add the Paying Agent as a party to this agreement.~~

[6] For example, the effect of this is that senior notes will receive cash earmarked for sub notes based on the scheduled amounts payable for sub notes. Confirm that is the intention.

the Province under such subclause (including any right or reimbursement, contribution or indemnity) and no such Beneficiary shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of such amounts.

v. On any **Guarantee** Payment Date, the Indenture Trustee shall release and pay to the Province free and clear of any Liens any amount ~~on~~ remaining **on** deposit in the Protection Account that has not been applied to pay Beneficiary Payees on the **Guarantee** Payment Date in accordance with clause 2.01(a)iii.

vi. In preparing any payment instructions under the Trust Indenture, the Manager shall reflect the amounts payable for the **Guarantee** Payment Date under Section 2.01(a).

(b) The Province shall, as a payee of Subrogation Amounts and any amounts payable under clause 2.01(a)v, be a "Specified Creditor" under the Trust Indenture and have the benefit of the Collateral thereunder.

(c) For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the ~~payment amounts~~**Approved Obligation Amounts**, if any, and will be subject to the priorities and to the Province's rights to Subrogation Amounts, set forth in Section 2.01(a).

(d) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(e) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation.

(f) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any amount due and payable to a Beneficiary Payee under the Limited Guarantee.

2.02 Intentionally Deleted.

2.03 Absence of Set-off

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 Payment into Protection Account[7] in Satisfaction

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account" for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section 7.03 of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the [Indenture Trustee][8] shall apply all amounts paid by the Province into the Protection Account on a **Guarantee** Payment Date in respect of an Approved Obligation to pay the amounts due and payable to the Beneficiaries as and to the extent provided for in Section 2.01(a)[9]. Upon a payment having been made by or on behalf of the Province into the Protection Account, the amounts so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiaries as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such Beneficiaries in respect of the applicable Approved Obligations, whereupon an affected Beneficiary shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the

[7] Use of Protection Account to be considered by Province after required modifications to Trust Indenture have been provided.

[8] Conform.

[9] For example, amounts payable in respect of subnotes will not get the amounts payable to them based on scheduled payments since senior notes will preempt them under the acceleration waterfall.

Approved Obligation to the extent so paid[10]. For greater certainty, the obligations arising in respect of an applicable Approved Obligation shall not be reduced by such payment as the Province shall become entitled to be paid related Subrogation Amounts and the rights contemplated under Section 2.01(a) and Section 5.01 in relation to such continuing obligations.

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by

[10] A corresponding provision needs to be added to the Trust Indenture and each other contract under which the Obligation Secured arises, so that the Beneficiaries are bound by these applications and the agreement of the Indenture Trustee under this Agreement.

settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations, or until the Province is no longer required to provide and perform the Limited Guarantee in accordance with ~~Section 6.03 or~~ Section **6.03 or Section** 8.02.

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements[11] and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

[11] The deletion of the earlier proviso in this draft is based on the understanding that the Province will receive adequat e notices of these event under the Trust Indenture. OPG will agree not to allow any of these events without confirming to the Province under the Process Certificate that the changes are within the agreed scope of the Reviewed Documents, etc.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

A Primary Obligation shall constitute an Approved Obligation if the Adherence Conditions applicable thereto have been satisfied ~~[~~at the time the Primary Obligation was incurred~~]~~[12].

4.02 Adherence Conditions[12]

~~[~~There shall be no Adherence Conditions applicable in relation to**: (i)** a Primary Obligation that is not a Funding Obligation **or (ii) a Primary Obligation that (x) arises under a Derivative Agreement, or (x) is a Funding Obligation that does not provide for the advance of more than $■ to the Financing Entity**.~~]~~[13] The following shall be the Adherence Conditions applicable in relation to a Primary Obligation that is a Funding Obligation **that does provide for the advance of more than $■ to the Financing Entity**:

(a) the Primary Obligation ~~is contemplated~~**when incurred will be an Obligation Secured** under the Trust Indenture ~~as an Obligation Secured~~; and

(b) ~~the FSM~~**either (x) OPG** delivers ~~a certificate signed by the Chief Financial Officer and the Treasurer of OPG (or their respective designees, provided that such designees are executive officers of OPG and, for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and~~**an officer's certificate** addressed to the Indenture Trustee, prior to the ~~earlier of (i) one Business Day prior to the incurrence [or any amendment]~~[14] ~~of the Primary Obligation, and (ii) [one Business Day after] [on] the Business Day on which the financial terms of the Primary Obligation are definitively determined (including the interest or discount rate applicable to any notes, bonds or other securities)~~**entering into of the related Funding Obligation Agreement**, confirming that OPG has ~~delivered to the Province a Process Certificate in~~

~~[12] Still under consideration. Tied to the discussion around authorized "amendments".~~

[12] The current structure requiring satisfaction of the adherence conditions in the Protection Agreement impacts the marketability of the transaction and creates uncertainty for investors. Province/OPG/Dealers to discuss moving the adherence conditions to the Process Agreement while preserving Province's oversight of its obligations under the Protection Agreement.

~~[13] Under consideration by the Province. Province is comfortable that immaterial (<1M) obligations need not be subject to these adherence provisions.~~

~~[14] Still under consideration. Tied to the discussion around authorized "amendments".~~

accordance with Section [3.01] of the Process Agreementcomplied with its obligations to the Province in connection with the Primary Obligation, or (y) OPG has in fact complied with its obligations to the Province in connection with the Primary Obligation; and

(c) the Province has not provided a Suspension Notice to the Indenture Trustee, the FSM and the Financing Entity in accordance with the terms of this Agreement.

For greater certainty, satisfaction of the Adherence Conditions for any Funding Obligation shall be deemed satisfaction of the Adherence Conditions in respect of all principal, interest and other amounts owing under, or in respect of, the Funding Obligation and the related Funding Obligation Agreement as such agreement may be amended, restated, supplemented> *or otherwise modified from time to time*<.[13]

4.03 Evidence of Satisfaction

A closing certificate delivered in accordance with Section 4.02(b)(x) in connection with an incurrence or amendment of a Primary Obligation shall be determinative as to whether the applicable Adherence Conditions with respect thereto have been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same.

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, including (i) the right and entitlement to be paid and receive the related Subrogation Amounts, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without

[13] This language was added to track Section 2(2) of the regs and ensure that there is no obligation to satisfy the Adherence Conditions every time interest is incurred in respect of a Funding Obligation for which the Adherence Conditions have already been satisfied.

any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including **[Section 7.11 (Payments Held in Trust), Section 8.12 (Limitation on Suits), Sections 7.04 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse) and Section 16.01 (No Petition) thereof]** and (ii) confirms that the Indenture Trustee shall send notices to the Province, in its capacity as a Specified Creditor, in accordance with Section 9.02.[14]

5.02 Priorities

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation shall rank equally with the rights, interests and entitlements of a Beneficiary to whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture in the manner and to the extent contemplated in Section 2.01.

5.03 Province May Perform Other Program Agreement Covenants.[15]

If the Financing Entity fails to perform any covenant under any Program Agreement, the Province may (but, except as expressly provided for under this Agreement, shall not be obligated to) perform such covenant on behalf of the Financing Entity. If the Province performs such a covenant on behalf of the Financing Entity, all sums expended or advanced by the Province in so performing the covenant will bear interest at the rate of interest determined by the Province to

[14] Section to be updated to conform with section in the Trust Indenture once settled.

[15] To be confirmed this covenant is only meant to apply following a Payment Demand? Note that once the Province exercises this right, ,the desired accounting treatment will be lost.

reflect market terms and conditions for a borrowing made by the Province at the relevant time from the date of expenditure until repayment by the Financing Entity and will (together with such interest) be paid by the Financing Entity upon demand and will until paid form part of the Obligations Secured subject to Sections **[7.04 and 8.13]** of the Trust Indenture and constitute a Finance Amount.[~~15~~16]

5.04 Representations and Warranties

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
NOTICE OF ASSUMPTION OF OBLIGATIONS SECURED

6.01 Delivery of Assumption Notice

Following the occurrence of a Protection Event, the Province may (but shall not be obligated to) provide notice (in the form of Exhibit B) to the Indenture Trustee that the Province has elected to assume the Financing Entity's obligations in respect of all Obligations Secured, as obligor and debtor (the "**Assumption Notice**"). The Assumption Notice shall specify the date on which the assignment and assumption of the Obligations Secured will be effective (the "**Assumption Closing Date**").

6.02 Cooperation to Implement the Assignment and Assumption

The Indenture Trustee, the FSM, the Financing Entity and the Province will cooperate and use best efforts to complete the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province, by the Assumption Closing Date.[~~16~~17]

6.03 Effect of Assumption

On the date that the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province becomes effective (the "**Assumption Effective Date**"), the Province shall no longer be required to provide and perform the Limited Guarantee but will instead become a primary obligor under the Obligations Secured assumed pursuant to and in accordance with an applicable Assumption Agreement. For greater certainty, the obligations of the Province so assumed will not be secured obligations of the Province and the

[~~15~~16] Payments to be addressed in the Trust Indenture like servicer advances under the waterfall provisions.

[~~16~~17] Further details regarding obtaining of third party consents and rating agency approvals to be provided by OPG.

obligees thereof will have no right, interest or claim to or in respect of the Collateral or any proceeds therefrom. **[NTD: the forms of assumption agreement(s) need to be settled before this agreement is finalized.]**

6.04 Interim Period

Until the effective time of the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province on the Assumption Effective Date, the Province shall continue to perform and be obligated under the Limited Guarantee.

6.05 Rights in respect of the Assets Comprising the Collateral

Upon assuming the Financing Entity's obligations in respect of all Obligations Secured under Article VI, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the Financing Entity's rights and interests under and in respect of the assets, property and undertaking comprising the Collateral and all proceeds therefrom, free and clear of any liens, encumbrances or restrictions arising under or as a result of the Trust Indenture. The Province shall have and be entitled to enforce all such rights and interests as an absolute assignee of the Financing Entity, with effect from and after the time of such assumption, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing to the Financing Entity and unaffected by any other rights, interests or equities that arise thereafter in respect of the assets, property and undertaking comprising the Collateral as between the Beneficiaries and the Financing Entity. The Indenture Trustee and the Beneficiaries shall thereupon recognize the Province as the absolute owner of the assets, property and undertaking comprising the Collateral.

ARTICLE VII
INDENTURE TRUSTEE MATTERS

7.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

7.02 Not Responsible for Recitals or Issuance of Notes

The recitals contained herein will be taken as the statements of the Province, the Financing Entity and the FSM, and the Indenture Trustee assumes no responsibility for their

correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

7.03 Representations and Covenants of the Indenture Trustee

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Agreement and has taken all necessary action to authorize the execution, delivery and performance by it of this Agreement and other documents to which it is a party;

(c) each of this Agreement and the other documents to which it is a party has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada.

ARTICLE VIII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

8.01 Suspension Notice

A written notice in the form of Exhibit C (a "**Suspension Notice**") may be provided by the Province to the Indenture Trustee, the FSM and the Financing Entity ~~in any of the following circumstances:(a)~~ following the Province becoming aware of the occurrence of a Program Breach~~; and~~.

~~(b) following the occurrence of a Breach Event that has not been waived in writing by the Province.~~

[NTD: the concept of Breach Event has been removed from Protection Agreement and replaced by provisions in the Process Agreement providing that upon notice of a Breach Event to OPG in the Process Agreement, OPG will not be permitted to deliver the certificate required to satisfy the Adherence Conditions. This was done to cleanse the Protection Agreement of any references to the Process Agreement but leave the Province in the same position of being able to (indirectly) suspend application of the change of law agreement to future issuances upon a Breach Event.]

8.02 Suspension

If a Suspension Notice has been provided under Section 8.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of any Obligation Secured incurred or amended on or after the time such Suspension Notice is delivered. For greater certainty, the rights of the Province under Article VI shall apply in respect of all Obligations Secured, including if incurred or amended on or after the time such Suspension Notice is delivered[17][18].

8.03 Termination Notice

On (a) the occurrence of a Suspension Event or (b) the Assumption Effective Date, the Province may provide to the Indenture Trustee, the FSM and the Financing Entity a notice in the form of Exhibit D (a "**Termination Notice**").

8.04 No Impact on Adherence

For greater certainty, the occurrence of Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event, nor will it in any way impact the Obligations Secured which are assumed by the Province in accordance with Article VI.

ARTICLE IX
MISCELLANEOUS

9.01 Term of Agreement

This Agreement will continue until the later of:

(a) the date that no amount is or may become due and payable by the Province under the Limited Guarantee; and

(b) the date that a Termination Notice delivered in accordance with Section 8.03 is received by the Indenture Trustee, the FSM and the Financing Entity.

9.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the

[17][18] This will be affected by the resolution of the "amendments" point.

time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust

700 University Avenue

Toronto, Ontario M5G 1X6
Attention: [■]
Fax: (416) [■]
Email: [■]

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: [■]
Fax: (416) [■]
Email: [■]

[■]

(b) if to the FSM:

Ontario Power Generation Inc.

700 University Avenue

Toronto, Ontario M5G 1X6

Attention: [■]

Fax: (416) [■]

Email: [■]

(c) if to the Province:

Ministry of Finance

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 9.02.

9.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section 9.03 shall be null and void.

(c) Notwithstanding Section 9.03(a), assignments and participations of the rights and obligations of the Indenture Trustee and Specified Creditors (other than the Province) in accordance with the terms of the Trust Indenture may also assign the rights and obligations of the Indenture Trustee and Specified Creditors under this Agreement.

9.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

9.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

9.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

9.07 Intentionally Deleted

9.08 Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their benefits hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

9.09 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, IN ITS CAPACITY AS TRUSTEE OF FAIR HYDRO TRUST , AS ISSUER, BY ONTARIO POWER GENERATION INC., NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS MANAGER

By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS

INDIVIDUAL CAPACITY

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS[18][19]

"**Acceleration**" has the meaning ascribed to the term "acceleration" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Action**" has the meaning ascribed thereto under the Trust Indenture.

"**Adherence Conditions**", in respect of a Primary Obligation, means the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of a **Guarantee** Payment Date, the aggregate of the Approved Obligation Amounts for such **Guarantee** Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, for a Beneficiary in respect of an Approved Obligation under which an amount is due and payable on a **Guarantee** Payment Date:

(a) if no Acceleration has occurred in respect of any Obligation Secured on or before the **Guarantee** Payment Date, the amount due and payable to the Beneficiary on such **Guarantee** Payment Date in respect of the Approved Obligation (for greater certainty, determined on the assumption that there are adequate amounts available under the applicable payment provisions of the Trust Indenture to pay in full all amounts referred to in such payment provisions that are due and payable on the **Guarantee** Payment Date); and

(b) if an Acceleration has occurred in respect of any Obligations Secured on or before the **Guarantee** Payment Date, the amount that would be available to be paid to the Beneficiary on such **Guarantee** Payment Date in respect of the Approved Obligation under the applicable payment provisions of the Trust Indenture, determined on the assumption that the ~~amounts available under such applicable payment provisions~~**amount available for allocation to Specified Creditors in accordance with the terms** of the Trust Indenture ~~would be limited to the Clean Energy Adjustment payable in respect of such month.~~ **in respect of each relevant month during each Reference Period from and after May,**

[18][19] If Province is satisfied that it will receive notice of any amendments, waivers, etc. under the various agreements, and corresponding rights under the trust indenture, Province will not require veto rights over changes to the defined terms in the MTI. All of this is predicated on Province receiving comfort from OPG that no changes, amendments, waivers, etc. will be made if outside the pre-agreed scope of the reviewed documents.

2021 is equal to the Finance Amount in respect of such Reference Period divided by the number of months in such Reference Period.[20]

"**Assumption Agreement**" means the agreement among the Province, the Indenture Trustee, the Financing Entity and any other person that is party to the ~~Finding~~**Funding** Obligation Agreement affected by the assignment and assumption contemplated under Article VI, which agreement shall be in substantially the form of the form of assumption agreement set forth in Exhibit E.

"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.01.

"**Assumption Effective Date**" has the meaning ascribed thereto in Section 6.03.

"**Assumption Notice**" has the meaning ascribed thereto in Section 6.01.

"**Available Collections**" has the meaning ascribed thereto in the Trust Indenture.

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Beneficiary Payee**" has the meaning ascribed thereto in Section 2.01(a)iii.

~~"**Breach Event**" [means the occurrence or existence of any one or more of the following: (a) a default in the performance, or breach, of any covenants of the FSM under the Process Agreement; or (b) any representation or warranty made by the FSM, any certification made by the FSM under the Process Agreement, or any certification made by the FSM in a certificate contemplated by Section 4.03 of this Agreement, proves to be incorrect in any material respect on the date made; or (c) OPG is no longer the FSM or the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the FSM or the Manager.][has the meaning ascribed thereto in the Process Agreement.]~~[19]

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Change of Law Protection Agreement**" means this Agreement.

~~"**Clean Energy Adjustment**" has the meaning ascribed to the term "clean energy adjustment" in the Act as of the date of this Agreement.~~

[20] **PM: the challenge is that the permitted acceleration amount is determined under the Regulations but in a post-change of law environment, we don't know what provisions of the Regulation remain. By going to "Finance Amount", we are using a defined term that is frozen at the date of this agreement.**

[19] ~~Process Agreement references define Suspension Rights. If dealers and OPG are comfortable with broad suspension rights (subject to the agreement of the Province with OPG under Process Agreement, not to implement suspension rights other than for Program Breach or Breach Event), then may be able to better cleanse this Agreement of operative references to the Process Agreement.~~

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Eligible Deposit Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Eligible Institution**" has the meaning ascribed thereto in the Trust Indenture.

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Financing Entity at such time.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"Guarantee Payment Date" has the meaning ascribed thereto in Section 2.01(a).

"**Guarantor Settlement Statement**" has the meaning ascribed thereto in Section 2.01(a).

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Issuer Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(a).

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity, ~~[~~as amended, supplemented, restated or otherwise modified from time to time~~]~~.~~[20]~~

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, ~~[~~as amended, supplemented, restated or otherwise modified from time to time~~]~~.

"**Note**" or "**Notes**" has the meaning ascribed thereto under the Trust Indenture.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Paying Agent**" has the meaning ascribed thereto in the Trust Indenture.

~~"**Payment Date**" means the 15th day of each month.~~

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

~~[20] Still under consideration. Tied to the discussion around authorized "amendments".~~

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account, Finance Reserve Account, or Supplemental Reserve Account; (ii) any amounts that would be remaining amounts of Available Collections required by the to be held in the Collection Account for distribution on a succeeding Payment Date pursuant to the Trust Indenture; and (iii) any obligation to pay the Trust or on the Trust's direction any remaining amounts of Available Collections.

~~"**Process Agreement**" means the Change of Law Process Agreement dated [■], 2017 between the Province and [the FSM] [as amended, supplemented, restated<~~ ~~*or otherwise modified from time to time*~~>~~].~~

~~[**"Process Certificate**" has the meaning ascribed thereto in the Process Agreement.]~~

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the [Crown], an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that materially and adversely affects (a) the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay ~~Approved Obligation Amounts to persons who would be Beneficiary Payees under this Agreement~~**Obligations Secured**, or (b) this Agreement or any of the agreements under which ~~Approved~~ Obligations **Secured** arise, other than if the Indenture Trustee has confirmed in writing that the effect under such agreements is otherwise acceptable; or

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that materially and adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay ~~Approved Obligation Amounts to persons who would be Beneficiary Payees under this Agreement~~**Obligations Secured** and that has the effect of the Financing Entity not in fact having sufficient funds to pay such ~~Approved Obligation Amounts to persons who would be Beneficiary Payees under this Agreement in respect of Approved~~ Obligations **Secured** that have become due and payable.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture.

"**Repayment**" has the meaning ascribed thereto in the General Regulation.

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Subrogation Amounts**" has the meaning ascribed thereto in subclause 2.01(a)iv(ii).

"**Supplemental Reserve Account**" has the meaning ascribed in the Trust Indenture.

"**Suspension Event**" has the meaning ascribed thereto in Section 8.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 8.01.

"**Termination Notice**" has the meaning ascribed thereto in Section 8.03.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

EXHIBIT A
FORM OF PAYMENT DEMAND

EXHIBIT A.1
FORM OF GUARANTOR SETTLEMENT STATEMENT

EXHIBIT B
ASSUMPTION NOTICE

EXHIBIT C
SUSPENSION NOTICE

EXHIBIT D
TERMINATION NOTICE

EXHIBIT E

FORM OF ASSUMPTION AGREEMENT

Document comparison by Workshare Compare on November-20-17 1:54:22 PM

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Inserted cell	
Deleted cell	
Moved cell	
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Padding cell	

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Moved to	1
Style change	0
Format changed	0
Total changes	196

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.

CHANGE OF LAW PROCESS AGREEMENT

Dated as of [■], 2017

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**") is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.[1]

Pursuant to a Declaration of Trust dated as of [■], 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions.

Prior to entering into this Agreement, OPG provided the Province with copies of certain of the Transaction Documents, and the Province has confirmed by a notice delivered to OPG that the reviewed forms (as further described in such notice) shall be Reviewed Documentation for the purposes of this Agreement.[2]

This Agreement sets out the obligations OPG has agreed to perform and assurances OPG has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the Adherence Conditions have been satisfied, maintaining information related to the Program Agreements and the Approved Obligations, and ensuring that the Province's assumption rights pursuant to Article VI of the Change of Law Protection Agreement may be exercised without impediment on the terms and conditions contemplated in this Agreement and the Change of Law Protection Agreement.

All things necessary to make this Agreement a valid and legally binding agreement of OPG and the Province, have been done.

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[1] Blakes suggests that it be made clear in the Declaration of Trust that OPG is establishing the Trust. Blakes would appreciate the benefit of Torys analysis as to how the Trust is an "entity" under the OFHPA, as opposed to the trustee. Clearly OPG has not established Computershare. **Blakes and Torys to discuss.**

[2] Once agreements are settled, Province to provide draft notice.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this

Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 References to the Financing Entity

For greater certainty, each reference to the Financing Entity shall be construed as a reference to the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 Effect of Headings

The Article and Section headings herein and are for convenience only and will not affect the construction hereof.

1.04 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect. The parties will engage in good faith negotiations to replace any provision which is declared invalid or unenforceable with a valid and enforceable provision, the economic effect of which comes as close as possible to that of the invalid or unenforceable provision which it replaces.

1.06 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT.

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF OPG

2.01 Deliveries to the Province

(a) Not less than [15 Business Days]**, or such lesser period as the Province may agree to,** prior to the initial issuance of any Funding Obligation by the Financing Entity, OPG shall deliver to the Province a copy of the initial Financing Plan. Thereafter, OPG shall promptly deliver to the Province a copy of any proposed change to or replacement of the Financing Plan.

(b) Not less than 10 Business Days**, or such lesser period as the Province may agree to,** prior to (i) any proposed change or supplement to a previously provided Transaction Document becoming effective or otherwise being used, (ii) any additional or replacement Transaction Document becoming effective or otherwise being used, OPG shall deliver to the Province a copy of such proposed change or supplement to the Transaction Document and any such additional or replacement Transaction Document.

(c) ~~Not less than 10 Business Days prior to~~**Promptly following**[3] (i) any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor being made, (ii) any new, additional or replacement instruments, documents, agreements or security being used or granted in connection with all or any part of the Approved Obligations, or (iii) any waiver, release, reconveyance, termination, abandonment, subordination, exchange, substitution, transfer, compound, compromise, liquidation or enforcement of all or any part of the Approved Obligations or any security or guarantee therefor being effected, OPG shall deliver to the Province a detailed description of such event and the reasons for it together with any related documents, agreements and instruments.

(d) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, OPG shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations (including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(e) Promptly upon request, OPG shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

2.02 Covenants

(a) OPG shall use commercially reasonable efforts to cause the Financing Entity to:

[3] **This change was made due to accounting.**

(i) punctually perform and observe all of the Financing Entity's obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not:

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement or replacement or waiver or consent could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any change in particular financial terms, rates and levels; **or**

(B) ~~resign as the Manager under the Management Agreement; or~~ [4]

(C) permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired.

(b) OPG shall:

(i) comply, and shall use commercially reasonable efforts to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

(ii) punctually perform and observe all of its (including as the FSM and as Manager) obligations and agreements contained in the Program Agreements;

(iii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation; and

(iv) after the ~~occurrence of any Protection Event (or any event that with the passage of time or the giving of notice would be a Protection~~

[4] **As discussed in the meeting, this causes an accounting issue. Additionally, OPG is not permitted to resign under the Management Agreement.**

~~Event)~~**delivery of a Payment Demand**[5], not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.

(c) **For greater certainty, nothing in this Agreement is intended to derogate from OPG's obligations as FSM and Manager.**

(d) ~~(c)~~ Nothing in this Agreement nor in the Change of Law Protection Agreement shall limit the obligations of the Province under the Indemnity Agreement by the Province in favour of OPG dated June 1, 2017 (as amended, the "**Indemnity Agreement**") and to the extent of any conflict between this Agreement, the Change of Law Protection Agreement and such Indemnity Agreement, in respect of any matter relating to the Province's obligations to indemnify OPG, the Indemnity Agreement shall prevail.

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate[6]

OPG shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of OPG (or their respective designees, provided that such designees are also executive officers of OPG) and addressed to the Province, on the earlier of (i) one Business Day prior to the incurrence or any amendment of a Funding Obligation[7] **(other than a Funding Obligation that (x) arises under a Derivative Agreement, or (y) is a Funding Obligation that does not provide for the advance of more than $■ to the Financing Entity)**, and (ii) on the Business Day on which the financial terms of such Funding Obligation are definitively determined (including the interest or discount rate applicable to any notes, bonds or other securities), setting out the following with respect to such Funding Obligation:~~:~~[8]

(a) the material terms of the Funding Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features,

[5] **Given that delivery of a Payment Demand is the trigger for the Limited Guarantee, the delivery of the Payment Demand is the more appropriate milestone.**

[6] **The current structure requiring satisfaction of the adherence conditions in the Protection Agreement impacts the marketability of the transaction and creates uncertainty for investors. Province/OPG/Dealers to discuss moving the adherence conditions to the Process Agreement while preserving Province's oversight of its obligations under the Protection Agreement.**

[7] **OPG/Province to discuss circumstances in which a certificate will be required under this Section.**

~~3~~[8] Note to Province: We have revised this section so as to allow the Process Agreement to be cleansed from the Change of Law Protection Agreement. In addition to all the deliverables under section 2.01 of this Agreement, the Province will receive the certifications in section 3.01 in the case of an incurrence of funding obligations and an amendment to funding obligations.

structure and coupon frequency, as applicable, and (ii) in the case of a Derivative Agreement, the notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

(b) if an existing ~~Primary~~**Funding** Obligation is proposed to be amended, material details respecting such amendment, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

(c) a statement to the effect that: (i) the Funding Obligation to be incurred or amended (1) will arise under terms and conditions that are Substantially in the Form of the Reviewed Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reviewed Documentation;

(d) a statement confirming that any disclosure made in respect of the Funding Obligation (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to the Funding Obligation) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement has been made available for review to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made;

(e) a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and[9]

(f) confirmation that, at the time the Funding Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Funding Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the Protection Agreement Maximum; for clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be determined on the date the Process Certificate is delivered hereunder in accordance with the following:

[9] **We have cleansed the Protection Agreement of the concept of the Process Agreement and the related concept of the Breach Event. The process certificate already contemplates that a breach event has not occurred at the time of delivery of the certificate but we have also provided the added comfort of the covenant below in section 3.02.**

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

3.02 ~~Intentionally Deleted~~Acknowledgement

The Province acknowledges and agrees that, concurrent with the delivery of the Process Certificate pursuant to Section 3.01 of this Agreement, any two senior officers of OPG are authorized to deliver the certificate referred to in Subsection 4.02(b) of the Change of Law Protection Agreement to the Indenture Trustee confirming that OPG has complied with its obligations to the Province in connection with the incurrence of the Funding Obligations in respect of which such certificate is delivered; provided that, upon receipt of a Breach Event Suspension Notice, OPG covenants not to deliver the certificate referred to in Subsection 4.02(b) of the Change of Law Protection Agreement to the Indenture Trustee. [10]

3.03 Meaning of "Reviewed Documentation"

For the purposes of Subsection 3.01(c), the term "Reviewed Documentation" shall mean each Transaction Document (including any change, addition or supplement thereto) that, at the relevant time:

(a) is a Transaction Document provided to the Province prior to the making of this Agreement and in respect of which the notice contemplated in the fifth recital to this Agreement has been delivered by the Province to OPG; or

(b) is a Transaction Document provided to the Province in accordance with Subsection 2.01(b) that has been accepted by the Province, as confirmed by way of a written notice of acceptance from the Province delivered to OPG.

3.04 Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(c), the term "Substantially in the Form" shall mean:

(a) with respect to the Reviewed Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such Reviewed Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation, including regarding the timing of or circumstances under which related payments are or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that would affect the Province's rights of subrogation or assignment (including

[10] **OPG needs the authority to provide this certification.**

pursuant to **[Section 5.01 or Article VI]** of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation or upon the assumption of obligations in accordance with **[Article VI]** of the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any variable terms to be set forth in the proposed documents as are reasonably contemplated in the Reviewed Documentation, including the particular financial terms, rates and levels set forth in the proposed documents other than to the extent that the forms of Reviewed Documentation themselves specify specific requirements, limitations or parameters with respect to such financial terms, rates, levels and parameters; and

(b) with respect to the Reviewed Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum

(a) Not less than 15 Business Days**, or such lesser period as the Province may agree to,** prior to the proposed incurrence of the first Funding Obligation, OPG shall, as the FSM, deliver to the Province: (i) a forecast setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the next following 24 month period (the "**Initial Forecast Period**"), which expectations shall be consistent with the Financing Plan (the "**Initial Forecast**"); and (ii) notice of the initial Protection Agreement Maximum, which may not exceed the Initial Forecast.

(b) Not more than 10 Business Days**, or such lesser period as the Province may agree to,** following receipt of the Initial Forecast and notice of the initial Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province may disagree with the Initial Forecast and the initial Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or the Initial Forecast, (ii) the Initial Forecast is inconsistent with the Financing Plan, or (iii) the initial Protection Agreement Maximum is not less than the Initial Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province~~,~~ **and OPG,**[11] and the initial Protection Agreement Maximum will be revised accordingly and confirmed by an amended notice to the Province.

[11] **This is an accounting comment.**

(c) Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Approved Obligations that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast shall be further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum, which may not exceed such Forecast.

(d) Not more than 10 Business Days**, or such lesser period as the Province may agree to,** following receipt of any further Forecast and notice of the revised Protection Agreement Maximum from OPG pursuant to Section 4.01(c), the Province may disagree with such further Forecast or revised Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or such further Forecast, (ii) the further Forecast is inconsistent with the Financing Plan, or (iii) the revised Protection Agreement Maximum is not less than the further Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province~~,~~ **and OPG,**[12] and the revised Protection Agreement Maximum will be further revised accordingly and confirmed by an amended notice to the Province.

(e) For clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be valued at the time to be determined for the purposes of this Section 4.01 in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

[12] **This is an accounting comment.**

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of OPG

OPG represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, may cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario and has the power and authority to enter into and perform its obligations under this Agreement and all instruments and agreements delivered pursuant hereto.

(c) OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Financing Entity or in the ability of the Financing Entity to perform its obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

5.02 Representations and Warranties of the Province

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
PROCESS FOR ELECTION TO ASSUME APPROVED OBLIGATIONS[413]

[413] Note: Lawyers to discuss assumption mechanics.

6.01 Election by the Province

Pursuant to Section 6.01 of the Change of Law Protection Agreement, at any time following the occurrence of a Protection Event, the Province may (but shall not be obligated) elect to assume the Financing Entity's obligations in respect of all Obligations Secured, as obligor and debtor by giving notice to the Indenture Trustee. Prior to determining whether or not to exercise its election, the Province may deliver to OPG a notice in the form of Exhibit A (an "**Election Information Notice**"). The Election Information Notice shall, among other things, specify the date on which the Province proposes to assume the Obligations Secured, which date shall be no earlier than 20 Business Days following delivery of the Election Information Notice to OPG (the "**Proposed Assumption Date**").

6.02 Details regarding Obligations Secured

Promptly following the delivery of the Election Information Notice to OPG, OPG shall provide the following information and documentation to the Province:

(a) a summary of the amounts that will be owing under all Obligations Secured as of the Proposed Assumption Date, together with a detailed schedule setting out the dates on which such amounts will become due and payable under the Obligations Secured;

(b) a summary of the rights arising under the Obligations Secured that permit the Financing Entity to assign the Obligations Secured to the Province, including details regarding any conditions precedent to such assignment and the related assumption becoming effective and any notices, filings, consents or other actions that will be required in order to implement and effect such assignment and assumption;

(c) current versions of all documentation under which the Obligations Secured arise;

(d) copies of all correspondence exchanged between OPG, as the FSM, or the Financing Entity, on the one hand, and any Specified Creditor, Rating Agency or the Indenture Trustee, on the other hand, in each case that may reasonably be considered to be material to the assumption and performance of the Obligations Secured by the Province; and

(e) all income tax returns and assessments, financial statements and notices of proceedings of or pertaining to the Financing Entity or its business and any documentation related thereto, including any pleadings, appeals, objections, qualifications or other similar materials in respect of the Financing Entity or any Program Agreement.

6.03 Settlement of Terms

Following receipt and review by the Province of the information and documentation to be provided under Section 6.02, the Province shall confirm in writing whether or not it expects to proceed with the assignment and assumption of the Obligations Secured and, if it will be

proceeding with the assignment and assumption, the date on which the Province expects that assignment and assumption will be effected. If it will be proceeding with such assignment and assumption, the Province will deliver an Assumption Notice as contemplated under Section 6.01 of the Change of Law Protection Agreement. A decision not to proceed with an election at any time will not limit the Province from proceeding with an election at a later date, including by issuing a further Election Information Notice and Article VI of this Agreement shall continues to apply unaffected.

6.04 Cooperation to Implement the Assignment and Assumption

OPG shall cooperate with the Province and, as FSM, will use commercially reasonable efforts to cause the Financing Entity to cooperate, and shall use its commercially reasonable efforts, to complete the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province, by the applicable Assumption Closing Date.

6.05 Terms of Obligations Secured

In order to permit the Province to assume the Obligations Secured in the circumstances contemplated herein, OPG, as FSM, shall cause the Financing Entity to use commercially reasonable efforts to ensure that all Obligations Secured permit such an assignment to and assumption by the Province substantially in accordance with the terms and on the basis contemplated in the Assumption Agreement, without any penalty or make-whole payment, or any requirement for further consent, approval or agreement, or alternatively, in the case of any Obligations Secured entered into by or on behalf of the Financing Entity for the provision of on-going services to the Financing Entity permitting the satisfaction and termination of such Obligations Secured on or prior to the effective time of such assumption without any acceleration of future fees, profits or other like amounts, ~~[~~other than to the extent of payment obligations arise under market standard mark-to-market payment terms and conditions included on a commercially reasonable basis under a Derivative Agreement~~[[NTD: Subject to the input of the dealers.]~~[~~5~~] [14].

ARTICLE VII
BREACH EVENTS

7.01 Breach Events

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

[~~5~~14] The Trust Indenture will need to be revised to ensure that the Province's assignment and assumption right is fully contemplated and may be implemented without any requirement for further Specified Creditor or other third party consents. Among other changes, it is contemplated that Torys will add the following to the MTI to address this requirement: (i) Specified Creditors will be required to acknowledge the rights of the Province to assume the Obligations Secured on the basis contemplated in the form of assumption agreement, and (ii) the Indenture Trustee will be permitted to enter into and give effect to the global Assumption Agreement without the consent of Specified Creditors or any other third parties.

(a) a default in the performance, or breach, of any covenants of OPG under this Agreement, which continues for thirty (30) days after written notice by the Province to OPG of such default or breach;

(b) any representation or warranty made by OPG in this Agreement, any certification made in a Process Certificate, or any certification made in a certificate contemplated by Section **[4.02]** of the Change of Law Protection Agreement, proves to be incorrect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation; or

(c) OPG is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the Manager.

7.02 Notice on Breach Event

If any Breach Event shall have occurred and not been waived in writing by the Province, the Province shall have the right at its option, ~~upon written notice to OPG,~~ and in addition to and not in substitution for any other remedies available hereunder at law or equity, to provide a **written notice in the form of Exhibit ■ (a "Breach Event** Suspension Notice**")** to ~~the Indenture Trustee, OPG and the Financing Entity in accordance with the terms of the Change of Law Protection Agreement~~**OPG**.

ARTICLE VIII
MISCELLANEOUS

8.01 Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

8.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to OPG:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: [■]
Fax: (416) [■]
Email: [■]

(b) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 8.02.

8.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 8.03 shall be null and void.

8.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

8.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

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

By: _____

Name:
Title:

By: _____

Name:
Title:

SCHEDULE A
DEFINED TERMS[615]

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Conditions**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Approved Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Assumption Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.03.

"**Beneficiaries**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Breach Event**" has the meaning ascribed thereto in Section 7.01.

"Breach Event >*Suspension Notice* *" has the meaning ascribed thereto in* **<Section 7.02.**

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the FSM on behalf of the Financing Entity and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar

[615] If Province is satisfied that it will receive notice of any amendments, waivers, etc. under the various agreements, and corresponding rights under the trust indenture as a secured creditor, Province will not require veto rights over changes to the defined terms in the MTI. All of this is predicated on Province receiving comfort from OPG that no changes, amendments, waivers, etc. will be made if outside the pre-agreed scope of the reviewed documents.

transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

"**Election Information Notice**" has the meaning ascribed thereto in Section 6.01.

"**Financing Entity**" means Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Entity Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Financing Entity at such time.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(c).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement~~ but in no event shall it include obligations to service providers or amounts payable by the Financing Entity to a counterparty under any Funding Obligation Agreement permitted to be entered into by the Financing Entity pursuant to the Program Agreements under which an amount in excess of $1 Million in the aggregate would be payable~~.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Indenture Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Initial Forecast**" has the meaning ascribed thereto in Section 4.01(a).

"**Initial Forecast Period**" has the meaning ascribed thereto in Section 4.01(a).

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Limited Guarantee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Management Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Manager**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Proposed Assumption Date**" has the meaning ascribed thereto in Section 6.01.

"**Protection Agreement Maximum**" means the dollar amount referenced as the Program Agreement Maximum and determined in accordance with Article IV.

"**Protection Event**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture.

"**Reviewed Documentation**" has the meaning ascribed thereto in Section 3.03.

"**Repayment**" has the meaning ascribed to the term "repayment" in the General Regulation as of the date of this Agreement.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Substantially in the Form**" has the meaning ascribed thereto in Section 3.04.

~~"<***Suspension Notice****" has the meaning ascribed thereto in >*~~the Change of Law Protection Agreement.~~

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement; (vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that affects the Province's subrogation rights and/or subrogee interests, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

EXHIBIT A
FORM OF ELECTION INFORMATION NOTICE

Document comparison by Workshare Compare on November-20-17 1:53:34 PM

Input:	
Document 1 ID	interwovenSite://INVENTORYS1/TorysAtWork/24511858/1
Description	#24511858v1<TorysAtWork> - 23239361-v12-CLPA - Process Agreement
Document 2 ID	interwovenSite://INVENTORYS1/TorysAtWork/24511858/3
Description	#24511858v3<TorysAtWork> - CLPA - Process Agreement (COMMENTS)
Rendering set	strikeout-colour

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

Statistics:	
	Count
Insertions	54
Deletions	34
Moved from	1
Moved to	1
Style change	0
Format changed	0
Total changes	90

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST[1]

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

[1] Torys and Blakes to discuss signatory on behalf of the Trust. The Manager is currently signing all Program Agreements on behalf of the Trust and has authority to do so. We would propose to do the same on the change of law agreement.

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust under the laws of the Province of Ontario (the "**Financing Entity**")[2], Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council dated as of ■ (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust[3] dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred or amended. This Agreement sets out the terms and conditions of such protections and assurances.

---

[2] Province needs the Trust as a party to be assured of its rights of subrogation, step-in, etc.

[3] Torys to confirm that Trust is a "financing entity" under OFHPA. Under definition, FSM to establish or cause to be established. DofT indicates Computershare declares trust. Need to have this confirmed for purposes of authority under OFHPA 5(3), among other things.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder"

and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 Proof of Approved Obligations

The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Indenture Trustee deems to be sufficient.

Any statement of account prepared by the Indenture Trustee as regards the Primary Obligations shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and the Province hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Indenture Trustee agrees to provide the Province with the computations and calculations used by the Indenture Trustee to prepare each such statement of account promptly following a request therefor.

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture[4].

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 2.01 or

[4] With respect to the possibility of unsanctioned amendments, the OPG proposal would allow amendments to be made in favour of bondholders to permit individual bondholders to sue the Province under this agreement. This is one circumstance that demonstrates why the Province needs the right to know about and consider all underlying amendments.

Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Province, the Indenture Trustee, the Financing Entity, the Financing Entity Trustee, the Manager or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect. [**The parties will engage in good faith negotiations to replace any provision which is declared invalid or unenforceable with a valid and enforceable provision, the economic effect of which comes as close as possible to that of the invalid or unenforceable provision which it replaces.**] [**NTD: this is unusual. Why is it necessary in this Agreement?**]

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT.

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR

OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee may deliver a written demand, substantially in the form attached as Exhibit A (a "**Payment Demand**"), to the Province requiring the Province to make payments in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in this Agreement. From and after such delivery of a Payment Demand, the Province shall make the following payments in respect of the Approved Obligations (the "**Limited Guarantee**"), and the Financing Entity shall pay, and the Province shall be entitled to be paid, the Subrogation Amounts specified below, on the specified Payment Date:

i. Not less than [3] Business Days prior to each day when any payment or payments are to be made in respect of one or more Approved Obligations occurring after such delivery of a Payment Demand and prior to the Assumption Effective Date (a "**Guarantee Payment Date**")[5], if any, the Manager shall deliver a written statement, substantially in the form attached as Exhibit A.1 (a "**Guarantor Settlement Statement**") setting forth the Aggregate Approved Obligations Amount, if any, in respect of the Approved Obligations that are due and payable on such Guarantee Payment Date, together with a detailed description identifying such Approved Obligations and the nature and amount of payments due and payable thereunder on the Guarantee Payment Date.

ii. On each such Guarantee Payment Date, the Province shall pay the Aggregate Approved Obligations Amount to the Indenture Trustee and the Indenture Trustee shall deposit such amount to the Protection Account.

iii. On each such Guarantee Payment Date, the Indenture Trustee shall apply all amounts on deposit in the Protection Account to pay each Beneficiary to whom an amount is due and payable under an Approved Obligation on the Guarantee Payment Date the Approved Obligation Amount for such Beneficiary in respect of such Approved Obligation on such Guarantee Payment Date; provided that if the amount deposited pursuant to clause 2.01(a)ii is insufficient to pay all such Approved Obligation Amounts in full, the amount on deposit in the Protection Account on the Guarantee Payment Date shall be applied to pay Beneficiaries in the order of priority in which such Approved Obligations are payable under the payment

[5] PM: Interest Payment Dates and Principal Payment Dates are set in the supplements. While the present intention is to set them on Payment Dates, there is no guarantee that will always be the case.

provisions of the Trust Indenture applicable to the making of such payments on the Guarantee Payment Date (each, a "**Beneficiary Payee**")[6].

iv. On any Guarantee Payment Date on which an amount is paid by the Province pursuant to clause 2.01(a)ii, the applicable payment provisions of the Trust Indenture shall, notwithstanding the express terms of such provisions set forth in the Trust Indenture, be applied and operate on the following basis:

(i) the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available under such payment provisions on such Guarantee Payment Date shall be reduced by the amount paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on such Guarantee Payment Date;

(ii) the Province shall be paid the amount by which (x) the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available to pay the Beneficiary Payee under such payment provisions on the Guarantee Payment Date, determined without regard to subclause 2.01(a)iv(i), exceeds the amount paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on the Guarantee Payment Date (such payments to the Province being "**Subrogation Amounts**"); and

(iii) no Beneficiary having a right to be paid an amount in respect of an Approved Obligation that ranks equal with or subordinate to an Approved Obligation in respect of which an amount is payable to the Province under subclause 2.01(a)iv(ii) shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under such subclause (including any right or reimbursement, contribution or indemnity) and no such Beneficiary shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of such amounts.

v. On any Guarantee Payment Date, the Indenture Trustee shall release and pay to the Province free and clear of any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay Beneficiary Payees on the Guarantee Payment Date in accordance with clause 2.01(a)iii.

vi. In preparing any payment instructions under the Trust Indenture, the Manager shall reflect the amounts payable for the Guarantee Payment Date under Section 2.01(a).

[6] For example, the effect of this is that senior notes will receive cash earmarked for sub notes based on the scheduled amounts payable for sub notes. Confirm that is the intention.

(b) The Province shall, as a payee of Subrogation Amounts and any amounts payable under clause 2.01(a)v, be a "Specified Creditor" under the Trust Indenture and have the benefit of the Collateral thereunder.

(c) For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the Approved Obligation Amounts, if any, and will be subject to the priorities and to the Province's rights to Subrogation Amounts, set forth in Section 2.01(a).

(d) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(e) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation.

(f) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any amount due and payable to a Beneficiary Payee under the Limited Guarantee.

2.02 Intentionally Deleted.

2.03 <u>Absence of Set-off</u>

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 <u>Payment into Protection Account[7] in Satisfaction</u>

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The

[7] Use of Protection Account to be considered by Province after required modifications to Trust Indenture have been provided.

Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account" for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section 7.03 of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the [Indenture Trustee][8] shall apply all amounts paid by the Province into the Protection Account on a Guarantee Payment Date in respect of an Approved Obligation to pay the amounts due and payable to the Beneficiaries as and to the extent provided for in Section 2.01(a)[9]. Upon a payment having been made by or on behalf of the Province into the Protection Account, the amounts so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiaries as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such Beneficiaries in respect of the applicable Approved Obligations, whereupon an affected Beneficiary shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid[10]. For greater certainty, the obligations arising in respect of an applicable Approved Obligation shall not be reduced by such payment as the Province shall become entitled to be paid related Subrogation Amounts and the rights contemplated under Section 2.01(a) and Section 5.01 in relation to such continuing obligations.

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

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[8] Conform.

[9] For example, amounts payable in respect of subnotes will not get the amounts payable to them based on scheduled payments since senior notes will preempt them under the acceleration waterfall.

[10] A corresponding provision needs to be added to the Trust Indenture and each other contract under which the Obligation Secured arises, so that the Beneficiaries are bound by these applications and the agreement of the Indenture Trustee under this Agreement.

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations, or until the Province is no longer required to provide and perform the Limited Guarantee in accordance with Section 6.03 or Section 8.02.

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements[11] and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

A Primary Obligation shall constitute an Approved Obligation if the Adherence Conditions applicable thereto have been satisfied at the time the Primary Obligation was incurred.

[11] The deletion of the earlier proviso in this draft is based on the understanding that the Province will receive adequate notices of these event under the Trust Indenture. OPG will agree not to allow any of these events without confirming to the Province under the Process Certificate that the changes are within the agreed scope of the Reviewed Documents, etc.

4.02 Adherence Conditions[12]

There shall be no Adherence Conditions applicable in relation to: (i) a Primary Obligation that is not a Funding Obligation or (ii) a Primary Obligation that (x) arises under a Derivative Agreement, or (x) is a Funding Obligation that does not provide for the advance of more than $■ to the Financing Entity. The following shall be the Adherence Conditions applicable in relation to a Primary Obligation that is a Funding Obligation that does provide for the advance of more than $■ to the Financing Entity:

(a) the Primary Obligation when incurred will be an Obligation Secured under the Trust Indenture; and

(b) either (x) OPG delivers an officer's certificate addressed to the Indenture Trustee, prior to the entering into of the related Funding Obligation Agreement, confirming that OPG has complied with its obligations to the Province in connection with the Primary Obligation, or (y) OPG has in fact complied with its obligations to the Province in connection with the Primary Obligation; and

(c) the Province has not provided a Suspension Notice to the Indenture Trustee, the FSM and the Financing Entity in accordance with the terms of this Agreement.

For greater certainty, satisfaction of the Adherence Conditions for any Funding Obligation shall be deemed satisfaction of the Adherence Conditions in respect of all principal, interest and other amounts owing under, or in respect of, the Funding Obligation and the related Funding Obligation Agreement as such agreement may be amended, restated, supplemented or otherwise modified from time to time.[13]

4.03 Evidence of Satisfaction

A closing certificate delivered in accordance with Section 4.02(b)(x) in connection with an incurrence of a Primary Obligation shall be determinative as to whether the applicable Adherence Conditions with respect thereto have been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same.

[12] The current structure requiring satisfaction of the adherence conditions in the Protection Agreement impacts the marketability of the transaction and creates uncertainty for investors. Province/OPG/Dealers to discuss moving the adherence conditions to the Process Agreement while preserving Province's oversight of its obligations under the Protection Agreement.

[13] This language was added to track Section 2(2) of the regs and ensure that there is no obligation to satisfy the Adherence Conditions every time interest is incurred in respect of a Funding Obligation for which the Adherence Conditions have already been satisfied.

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, including (i) the right and entitlement to be paid and receive the related Subrogation Amounts, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including **[Section 7.11 (Payments Held in Trust), Section 8.12 (Limitation on Suits), Sections 7.04 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse) and Section 16.01 (No Petition) thereof]** and (ii) confirms that the Indenture Trustee shall send notices to the Province, in its capacity as a Specified Creditor, in accordance with Section 9.02.[14]

[14] Section to be updated to conform with section in the Trust Indenture once settled.

5.02 Priorities

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation shall rank equally with the rights, interests and entitlements of a Beneficiary to whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture in the manner and to the extent contemplated in Section 2.01.

5.03 Province May Perform Other Program Agreement Covenants.[15]

If the Financing Entity fails to perform any covenant under any Program Agreement, the Province may (but, except as expressly provided for under this Agreement, shall not be obligated to) perform such covenant on behalf of the Financing Entity. If the Province performs such a covenant on behalf of the Financing Entity, all sums expended or advanced by the Province in so performing the covenant will bear interest at the rate of interest determined by the Province to reflect market terms and conditions for a borrowing made by the Province at the relevant time from the date of expenditure until repayment by the Financing Entity and will (together with such interest) be paid by the Financing Entity upon demand and will until paid form part of the Obligations Secured subject to Sections **[7.04 and 8.13]** of the Trust Indenture and constitute a Finance Amount.[16]

5.04 Representations and Warranties

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
NOTICE OF ASSUMPTION OF OBLIGATIONS SECURED

6.01 Delivery of Assumption Notice

Following the occurrence of a Protection Event, the Province may (but shall not be obligated to) provide notice (in the form of Exhibit B) to the Indenture Trustee that the Province has elected to assume the Financing Entity's obligations in respect of all Obligations Secured, as

[15] To be confirmed this covenant is only meant to apply following a Payment Demand? Note that once the Province exercises this right, ,the desired accounting treatment will be lost.

[16] Payments to be addressed in the Trust Indenture like servicer advances under the waterfall provisions.

obligor and debtor (the "**Assumption Notice**"). The Assumption Notice shall specify the date on which the assignment and assumption of the Obligations Secured will be effective (the "**Assumption Closing Date**").

6.02 Cooperation to Implement the Assignment and Assumption

The Indenture Trustee, the FSM, the Financing Entity and the Province will cooperate and use best efforts to complete the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province, by the Assumption Closing Date.[17]

6.03 Effect of Assumption

On the date that the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province becomes effective (the "**Assumption Effective Date**"), the Province shall no longer be required to provide and perform the Limited Guarantee but will instead become a primary obligor under the Obligations Secured assumed pursuant to and in accordance with an applicable Assumption Agreement. For greater certainty, the obligations of the Province so assumed will not be secured obligations of the Province and the obligees thereof will have no right, interest or claim to or in respect of the Collateral or any proceeds therefrom. **[NTD: the forms of assumption agreement(s) need to be settled before this agreement is finalized.]**

6.04 Interim Period

Until the effective time of the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province on the Assumption Effective Date, the Province shall continue to perform and be obligated under the Limited Guarantee.

6.05 Rights in respect of the Assets Comprising the Collateral

Upon assuming the Financing Entity's obligations in respect of all Obligations Secured under Article VI, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the Financing Entity's rights and interests under and in respect of the assets, property and undertaking comprising the Collateral and all proceeds therefrom, free and clear of any liens, encumbrances or restrictions arising under or as a result of the Trust Indenture. The Province shall have and be entitled to enforce all such rights and interests as an absolute assignee of the Financing Entity, with effect from and after the time of such assumption, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing to the Financing Entity and unaffected by any other rights, interests or equities that arise thereafter in respect of the assets, property and undertaking comprising the Collateral as between the Beneficiaries and the Financing Entity. The Indenture Trustee and the Beneficiaries shall thereupon recognize the Province as the absolute owner of the assets, property and undertaking comprising the Collateral.

[17] Further details regarding obtaining of third party consents and rating agency approvals to be provided by OPG.

ARTICLE VII
INDENTURE TRUSTEE MATTERS

7.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

7.02 Not Responsible for Recitals or Issuance of Notes

The recitals contained herein will be taken as the statements of the Province, the Financing Entity and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

7.03 Representations and Covenants of the Indenture Trustee

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Agreement and has taken all necessary action to authorize the execution, delivery and performance by it of this Agreement and other documents to which it is a party;

(c) each of this Agreement and the other documents to which it is a party has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada.

ARTICLE VIII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

8.01 Suspension Notice

A written notice in the form of Exhibit C (a "**Suspension Notice**") may be provided by the Province to the Indenture Trustee, the FSM and the Financing Entity following the Province becoming aware of the occurrence of a Program Breach.

[NTD: the concept of Breach Event has been removed from Protection Agreement and replaced by provisions in the Process Agreement providing that upon notice of a Breach Event to OPG in the Process Agreement, OPG will not be permitted to deliver the certificate required to satisfy the Adherence Conditions. This was done to cleanse the Protection Agreement of any references to the Process Agreement but leave the Province in the same position of being able to (indirectly) suspend application of the change of law agreement to future issuances upon a Breach Event.]

8.02 Suspension

If a Suspension Notice has been provided under Section 8.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of any Obligation Secured incurred or amended on or after the time such Suspension Notice is delivered. For greater certainty, the rights of the Province under Article VI shall apply in respect of all Obligations Secured, including if incurred or amended on or after the time such Suspension Notice is delivered[18].

8.03 Termination Notice

On (a) the occurrence of a Suspension Event or (b) the Assumption Effective Date, the Province may provide to the Indenture Trustee, the FSM and the Financing Entity a notice in the form of Exhibit D (a "**Termination Notice**").

8.04 No Impact on Adherence

For greater certainty, the occurrence of Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event, nor will it in any way impact the Obligations Secured which are assumed by the Province in accordance with Article VI.

ARTICLE IX
MISCELLANEOUS

9.01 Term of Agreement

This Agreement will continue until the later of:

(a) the date that no amount is or may become due and payable by the Province under the Limited Guarantee; and

(b) the date that a Termination Notice delivered in accordance with Section 8.03 is received by the Indenture Trustee, the FSM and the Financing Entity.

[18] This will be affected by the resolution of the "amendments" point.

9.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: [■]
Fax: (416) [■]
Email: [■]

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: [■]
Fax: (416) [■]
Email: [■]

[■]

(b) if to the FSM:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: [■]
Fax: (416) [■]
Email: [■]

(c) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 9.02.

9.03 <u>Assignment</u>

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section 9.03 shall be null and void.

(c) Notwithstanding Section 9.03(a), assignments and participations of the rights and obligations of the Indenture Trustee and Specified Creditors (other than the Province) in accordance with the terms of the Trust Indenture may also assign the rights and obligations of the Indenture Trustee and Specified Creditors under this Agreement.

9.04 <u>Enurement</u>

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

9.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

9.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

9.07 Intentionally Deleted

9.08 Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their benefits hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

9.09 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, IN ITS CAPACITY AS TRUSTEE OF FAIR HYDRO TRUST, AS ISSUER, BY ONTARIO POWER GENERATION INC., NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS MANAGER

By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS[19]

"**Acceleration**" has the meaning ascribed to the term "acceleration" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Action**" has the meaning ascribed thereto under the Trust Indenture.

"**Adherence Conditions**", in respect of a Primary Obligation, means the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of a Guarantee Payment Date, the aggregate of the Approved Obligation Amounts for such Guarantee Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, for a Beneficiary in respect of an Approved Obligation under which an amount is due and payable on a Guarantee Payment Date:

(a) if no Acceleration has occurred in respect of any Obligation Secured on or before the Guarantee Payment Date, the amount due and payable to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation (for greater certainty, determined on the assumption that there are adequate amounts available under the applicable payment provisions of the Trust Indenture to pay in full all amounts referred to in such payment provisions that are due and payable on the Guarantee Payment Date); and

(b) if an Acceleration has occurred in respect of any Obligations Secured on or before the Guarantee Payment Date, the amount that would be available to be paid to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation under the applicable payment provisions of the Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with the terms of the Trust Indenture in respect of each relevant month during each Reference Period from and after May, 2021 is equal to the Finance Amount in respect of such Reference Period divided by the number of months in such Reference Period.[20]

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[19] If Province is satisfied that it will receive notice of any amendments, waivers, etc. under the various agreements, and corresponding rights under the trust indenture, Province will not require veto rights over changes to the defined terms in the MTI. All of this is predicated on Province receiving comfort from OPG that no changes, amendments, waivers, etc. will be made if outside the pre-agreed scope of the reviewed documents.

[20] PM: the challenge is that the permitted acceleration amount is determined under the Regulations but in a post-change of law environment, we don't know what provisions of the Regulation remain. By going to "Finance Amount", we are using a defined term that is frozen at the date of this agreement.

"**Assumption Agreement**" means the agreement among the Province, the Indenture Trustee, the Financing Entity and any other person that is party to the Funding Obligation Agreement affected by the assignment and assumption contemplated under Article VI, which agreement shall be in substantially the form of the form of assumption agreement set forth in Exhibit E.

"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.01.

"**Assumption Effective Date**" has the meaning ascribed thereto in Section 6.03.

"**Assumption Notice**" has the meaning ascribed thereto in Section 6.01.

"**Available Collections**" has the meaning ascribed thereto in the Trust Indenture.

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Beneficiary Payee**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Change of Law Protection Agreement**" means this Agreement.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Eligible Deposit Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Eligible Institution**" has the meaning ascribed thereto in the Trust Indenture.

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Financing Entity at such time.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**Guarantee Payment Date**" has the meaning ascribed thereto in Section 2.01(a).

"**Guarantor Settlement Statement**" has the meaning ascribed thereto in Section 2.01(a).

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Issuer Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(a).

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity, as amended, supplemented, restated or otherwise modified from time to time.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, as amended, supplemented, restated or otherwise modified from time to time.

"**Note**" or "**Notes**" has the meaning ascribed thereto under the Trust Indenture.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Paying Agent**" has the meaning ascribed thereto in the Trust Indenture.

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account, Finance Reserve Account, or Supplemental Reserve Account; (ii) any amounts that would be remaining amounts of Available Collections required by the to be held in the Collection Account for distribution on a succeeding Payment Date pursuant to the Trust Indenture; and (iii) any obligation to pay the Trust or on the Trust's direction any remaining amounts of Available Collections.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the [Crown], an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that materially and adversely affects (a) the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured, or (b) this Agreement or any of the agreements under which Obligations Secured arise, other than if the Indenture Trustee has confirmed in writing that the effect under such agreements is otherwise acceptable; or

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that materially and adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Obligations Secured that have become due and payable.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture.

"**Repayment**" has the meaning ascribed thereto in the General Regulation.

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Subrogation Amounts**" has the meaning ascribed thereto in subclause 2.01(a)iv(ii).

"**Supplemental Reserve Account**" has the meaning ascribed in the Trust Indenture.

"**Suspension Event**" has the meaning ascribed thereto in Section 8.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 8.01.

"**Termination Notice**" has the meaning ascribed thereto in Section 8.03.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

EXHIBIT A
FORM OF PAYMENT DEMAND

EXHIBIT A.1
FORM OF GUARANTOR SETTLEMENT STATEMENT

EXHIBIT B
ASSUMPTION NOTICE

EXHIBIT C
SUSPENSION NOTICE

EXHIBIT D
TERMINATION NOTICE

EXHIBIT E

FORM OF ASSUMPTION AGREEMENT

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.

CHANGE OF LAW PROCESS AGREEMENT

Dated as of [■], 2017

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**") is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.[1]

Pursuant to a Declaration of Trust dated as of [■], 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions.

Prior to entering into this Agreement, OPG provided the Province with copies of certain of the Transaction Documents, and the Province has confirmed by a notice delivered to OPG that the reviewed forms (as further described in such notice) shall be Reviewed Documentation for the purposes of this Agreement.[2]

This Agreement sets out the obligations OPG has agreed to perform and assurances OPG has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the Adherence Conditions have been satisfied, maintaining information related to the Program Agreements and the Approved Obligations, and ensuring that the Province's assumption rights pursuant to Article VI of the Change of Law Protection Agreement may be exercised without impediment on the terms and conditions contemplated in this Agreement and the Change of Law Protection Agreement.

All things necessary to make this Agreement a valid and legally binding agreement of OPG and the Province, have been done.

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[1] Blakes suggests that it be made clear in the Declaration of Trust that OPG is establishing the Trust. Blakes would appreciate the benefit of Torys analysis as to how the Trust is an "entity" under the OFHPA, as opposed to the trustee. Clearly OPG has not established Computershare. Blakes and Torys to discuss.

[2] Once agreements are settled, Province to provide draft notice.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this

Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 <u>References to the Financing Entity</u>

For greater certainty, each reference to the Financing Entity shall be construed as a reference to the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 <u>Effect of Headings</u>

The Article and Section headings herein and are for convenience only and will not affect the construction hereof.

1.04 <u>Successors and Assigns</u>

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 <u>Severability</u>

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect. The parties will engage in good faith negotiations to replace any provision which is declared invalid or unenforceable with a valid and enforceable provision, the economic effect of which comes as close as possible to that of the invalid or unenforceable provision which it replaces.

1.06 <u>Governing Law</u>

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT.

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF OPG

2.01 Deliveries to the Province

(a) Not less than [15 Business Days] , or such lesser period as the Province may agree to, prior to the initial issuance of any Funding Obligation by the Financing Entity, OPG shall deliver to the Province a copy of the initial Financing Plan. Thereafter, OPG shall promptly deliver to the Province a copy of any proposed change to or replacement of the Financing Plan.

(b) Not less than 10 Business Days, or such lesser period as the Province may agree to, prior to (i) any proposed change or supplement to a previously provided Transaction Document becoming effective or otherwise being used, (ii) any additional or replacement Transaction Document becoming effective or otherwise being used, OPG shall deliver to the Province a copy of such proposed change or supplement to the Transaction Document and any such additional or replacement Transaction Document.

(c) Promptly following[3] (i) any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor being made, (ii) any new, additional or replacement instruments, documents, agreements or security being used or granted in connection with all or any part of the Approved Obligations, or (iii) any waiver, release, reconveyance, termination, abandonment, subordination, exchange, substitution, transfer, compound, compromise, liquidation or enforcement of all or any part of the Approved Obligations or any security or guarantee therefor being effected, OPG shall deliver to the Province a detailed description of such event and the reasons for it together with any related documents, agreements and instruments.

(d) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, OPG shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations (including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(e) Promptly upon request, OPG shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

2.02 Covenants

(a) OPG shall use commercially reasonable efforts to cause the Financing Entity to:

[3] This change was made due to accounting.

(i) punctually perform and observe all of the Financing Entity's obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not:

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement or replacement or waiver or consent could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any change in particular financial terms, rates and levels; or

(B) [4]

(C) permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired.

(b) OPG shall:

(i) comply, and shall use commercially reasonable efforts to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

(ii) punctually perform and observe all of its (including as the FSM and as Manager) obligations and agreements contained in the Program Agreements;

(iii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation; and

(iv) after the delivery of a Payment Demand[5], not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption,

[4] As discussed in the meeting, this causes an accounting issue. Additionally, OPG is not permitted to resign under the Management Agreement.

pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.

(c) For greater certainty, nothing in this Agreement is intended to derogate from OPG's obligations as FSM and Manager.

(d) Nothing in this Agreement nor in the Change of Law Protection Agreement shall limit the obligations of the Province under the Indemnity Agreement by the Province in favour of OPG dated June 1, 2017 (as amended, the "**Indemnity Agreement**") and to the extent of any conflict between this Agreement, the Change of Law Protection Agreement and such Indemnity Agreement, in respect of any matter relating to the Province's obligations to indemnify OPG, the Indemnity Agreement shall prevail.

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate[6]

OPG shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of OPG (or their respective designees, provided that such designees are also executive officers of OPG) and addressed to the Province, on the earlier of (i) one Business Day prior to the incurrence or any amendment of a Funding Obligation[7] (other than a Funding Obligation that (x) arises under a Derivative Agreement, or (y) is a Funding Obligation that does not provide for the advance of more than $■ to the Financing Entity), and (ii) on the Business Day on which the financial terms of such Funding Obligation are definitively determined (including the interest or discount rate applicable to any notes, bonds or other securities), setting out the following with respect to such Funding Obligation:[8]

(a) the material terms of the Funding Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features,

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[5] Given that delivery of a Payment Demand is the trigger for the Limited Guarantee, the delivery of the Payment Demand is the more appropriate milestone.

[6] The current structure requiring satisfaction of the adherence conditions in the Protection Agreement impacts the marketability of the transaction and creates uncertainty for investors. Province/OPG/Dealers to discuss moving the adherence conditions to the Process Agreement while preserving Province's oversight of its obligations under the Protection Agreement.

[7] OPG/Province to discuss circumstances in which a certificate will be required under this Section.

[8] Note to Province: We have revised this section so as to allow the Process Agreement to be cleansed from the Change of Law Protection Agreement. In addition to all the deliverables under section 2.01 of this Agreement, the Province will receive the certifications in section 3.01 in the case of an incurrence of funding obligations and an amendment to funding obligations.

structure and coupon frequency, as applicable, and (ii) in the case of a Derivative Agreement, the notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

(b) if an existing Funding Obligation is proposed to be amended, material details respecting such amendment, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

(c) a statement to the effect that: (i) the Funding Obligation to be incurred or amended (1) will arise under terms and conditions that are Substantially in the Form of the Reviewed Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reviewed Documentation;

(d) a statement confirming that any disclosure made in respect of the Funding Obligation (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to the Funding Obligation) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement has been made available for review to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made;

(e) a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and[9]

(f) confirmation that, at the time the Funding Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Funding Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the Protection Agreement Maximum; for clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be determined on the date the Process Certificate is delivered hereunder in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

[9] We have cleansed the Protection Agreement of the concept of the Process Agreement and the related concept of the Breach Event. The process certificate already contemplates that a breach event has not occurred at the time of delivery of the certificate but we have also provided the added comfort of the covenant below in section 3.02.

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

3.02 Acknowledgement

The Province acknowledges and agrees that, concurrent with the delivery of the Process Certificate pursuant to Section 3.01 of this Agreement, any two senior officers of OPG are authorized to deliver the certificate referred to in Subsection 4.02(b) of the Change of Law Protection Agreement to the Indenture Trustee confirming that OPG has complied with its obligations to the Province in connection with the incurrence of the Funding Obligations in respect of which such certificate is delivered; provided that, upon receipt of a Breach Event Suspension Notice, OPG covenants not to deliver the certificate referred to in Subsection 4.02(b) of the Change of Law Protection Agreement to the Indenture Trustee. [10]

3.03 <u>Meaning of "Reviewed Documentation"</u>

For the purposes of Subsection 3.01(c), the term "Reviewed Documentation" shall mean each Transaction Document (including any change, addition or supplement thereto) that, at the relevant time:

(a) is a Transaction Document provided to the Province prior to the making of this Agreement and in respect of which the notice contemplated in the fifth recital to this Agreement has been delivered by the Province to OPG; or

(b) is a Transaction Document provided to the Province in accordance with Subsection 2.01(b) that has been accepted by the Province, as confirmed by way of a written notice of acceptance from the Province delivered to OPG.

3.04 <u>Meaning of "Substantially in the Form"</u>

For the purposes of Subsection 3.01(c), the term "Substantially in the Form" shall mean:

(a) with respect to the Reviewed Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such Reviewed Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation, including regarding the timing of or circumstances under which related payments are or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that would affect the Province's rights of subrogation or assignment (including pursuant to **[Section 5.01 or Article VI]** of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation or upon the assumption of obligations in accordance with **[Article VI]**

[1010] OPG needs the authority to provide this certification.

of the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any variable terms to be set forth in the proposed documents as are reasonably contemplated in the Reviewed Documentation, including the particular financial terms, rates and levels set forth in the proposed documents other than to the extent that the forms of Reviewed Documentation themselves specify specific requirements, limitations or parameters with respect to such financial terms, rates, levels and parameters; and

(b) with respect to the Reviewed Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum

(a) Not less than 15 Business Days, or such lesser period as the Province may agree to, prior to the proposed incurrence of the first Funding Obligation, OPG shall, as the FSM, deliver to the Province: (i) a forecast setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the next following 24 month period (the "**Initial Forecast Period**"), which expectations shall be consistent with the Financing Plan (the "**Initial Forecast**"); and (ii) notice of the initial Protection Agreement Maximum, which may not exceed the Initial Forecast.

(b) Not more than 10 Business Days, or such lesser period as the Province may agree to, following receipt of the Initial Forecast and notice of the initial Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province may disagree with the Initial Forecast and the initial Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or the Initial Forecast, (ii) the Initial Forecast is inconsistent with the Financing Plan, or (iii) the initial Protection Agreement Maximum is not less than the Initial Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG,[11] and the initial Protection Agreement Maximum will be revised accordingly and confirmed by an amended notice to the Province.

(c) Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting

[11] This is an accounting comment.

out the sum of (1) the aggregate amount of Repayments that will arise in the future under Approved Obligations that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast shall be further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum, which may not exceed such Forecast.

(d) Not more than 10 Business Days, or such lesser period as the Province may agree to, following receipt of any further Forecast and notice of the revised Protection Agreement Maximum from OPG pursuant to Section 4.01(c), the Province may disagree with such further Forecast or revised Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or such further Forecast, (ii) the further Forecast is inconsistent with the Financing Plan, or (iii) the revised Protection Agreement Maximum is not less than the further Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG,[12] and the revised Protection Agreement Maximum will be further revised accordingly and confirmed by an amended notice to the Province.

(e) For clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be valued at the time to be determined for the purposes of this Section 4.01 in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of OPG

OPG represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

[12] This is an accounting comment.

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, may cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario and has the power and authority to enter into and perform its obligations under this Agreement and all instruments and agreements delivered pursuant hereto.

(c) OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Financing Entity or in the ability of the Financing Entity to perform its obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

5.02 Representations and Warranties of the Province

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
PROCESS FOR ELECTION TO ASSUME APPROVED OBLIGATIONS[13]

6.01 Election by the Province

Pursuant to Section 6.01 of the Change of Law Protection Agreement, at any time following the occurrence of a Protection Event, the Province may (but shall not be obligated) elect to assume the Financing Entity's obligations in respect of all Obligations Secured, as obligor and debtor by giving notice to the Indenture Trustee. Prior to determining whether or not to exercise its election, the Province may deliver to OPG a notice in the form of Exhibit A (an "**Election Information Notice**"). The Election Information Notice shall, among other things,

[13] Note: Lawyers to discuss assumption mechanics.

specify the date on which the Province proposes to assume the Obligations Secured, which date shall be no earlier than 20 Business Days following delivery of the Election Information Notice to OPG (the "**Proposed Assumption Date**").

6.02 Details regarding Obligations Secured

Promptly following the delivery of the Election Information Notice to OPG, OPG shall provide the following information and documentation to the Province:

(a) a summary of the amounts that will be owing under all Obligations Secured as of the Proposed Assumption Date, together with a detailed schedule setting out the dates on which such amounts will become due and payable under the Obligations Secured;

(b) a summary of the rights arising under the Obligations Secured that permit the Financing Entity to assign the Obligations Secured to the Province, including details regarding any conditions precedent to such assignment and the related assumption becoming effective and any notices, filings, consents or other actions that will be required in order to implement and effect such assignment and assumption;

(c) current versions of all documentation under which the Obligations Secured arise;

(d) copies of all correspondence exchanged between OPG, as the FSM, or the Financing Entity, on the one hand, and any Specified Creditor, Rating Agency or the Indenture Trustee, on the other hand, in each case that may reasonably be considered to be material to the assumption and performance of the Obligations Secured by the Province; and

(e) all income tax returns and assessments, financial statements and notices of proceedings of or pertaining to the Financing Entity or its business and any documentation related thereto, including any pleadings, appeals, objections, qualifications or other similar materials in respect of the Financing Entity or any Program Agreement.

6.03 Settlement of Terms

Following receipt and review by the Province of the information and documentation to be provided under Section 6.02, the Province shall confirm in writing whether or not it expects to proceed with the assignment and assumption of the Obligations Secured and, if it will be proceeding with the assignment and assumption, the date on which the Province expects that assignment and assumption will be effected. If it will be proceeding with such assignment and assumption, the Province will deliver an Assumption Notice as contemplated under Section 6.01 of the Change of Law Protection Agreement. A decision not to proceed with an election at any time will not limit the Province from proceeding with an election at a later date, including by issuing a further Election Information Notice and Article VI of this Agreement shall continues to apply unaffected.

6.04 Cooperation to Implement the Assignment and Assumption

OPG shall cooperate with the Province and, as FSM, will use commercially reasonable efforts to cause the Financing Entity to cooperate, and shall use its commercially reasonable efforts, to complete the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province, by the applicable Assumption Closing Date.

6.05 Terms of Obligations Secured

In order to permit the Province to assume the Obligations Secured in the circumstances contemplated herein, OPG, as FSM, shall cause the Financing Entity to use commercially reasonable efforts to ensure that all Obligations Secured permit such an assignment to and assumption by the Province substantially in accordance with the terms and on the basis contemplated in the Assumption Agreement, without any penalty or make-whole payment, or any requirement for further consent, approval or agreement, or alternatively, in the case of any Obligations Secured entered into by or on behalf of the Financing Entity for the provision of on-going services to the Financing Entity permitting the satisfaction and termination of such Obligations Secured on or prior to the effective time of such assumption without any acceleration of future fees, profits or other like amounts, other than to the extent of payment obligations arise under market standard mark-to-market payment terms and conditions included on a commercially reasonable basis under a Derivative Agreement.[14]

ARTICLE VII
BREACH EVENTS

7.01 Breach Events

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

(a) a default in the performance, or breach, of any covenants of OPG under this Agreement, which continues for thirty (30) days after written notice by the Province to OPG of such default or breach;

(b) any representation or warranty made by OPG in this Agreement, any certification made in a Process Certificate, or any certification made in a certificate contemplated by Section **[4.02]** of the Change of Law Protection Agreement, proves to be incorrect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation; or

[14] The Trust Indenture will need to be revised to ensure that the Province's assignment and assumption right is fully contemplated and may be implemented without any requirement for further Specified Creditor or other third party consents. Among other changes, it is contemplated that Torys will add the following to the MTI to address this requirement: (i) Specified Creditors will be required to acknowledge the rights of the Province to assume the Obligations Secured on the basis contemplated in the form of assumption agreement, and (ii) the Indenture Trustee will be permitted to enter into and give effect to the global Assumption Agreement without the consent of Specified Creditors or any other third parties.

(c) OPG is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the Manager.

7.02 Notice on Breach Event

If any Breach Event shall have occurred and not been waived in writing by the Province, the Province shall have the right at its option, and in addition to and not in substitution for any other remedies available hereunder at law or equity, to provide a written notice in the form of Exhibit ■ (a "Breach Event Suspension Notice") to OPG.

ARTICLE VIII
MISCELLANEOUS

8.01 Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

8.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to OPG:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: [■]
Fax: (416) [■]
Email: [■]

(b) if to the Province:

Ministry of Finance
[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 8.02.

8.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 8.03 shall be null and void.

8.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

8.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

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

By: _____

Name:
Title:

By: _____

Name:
Title:

SCHEDULE A
DEFINED TERMS[15]

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Conditions**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Approved Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Assumption Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.03.

"**Beneficiaries**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Breach Event**" has the meaning ascribed thereto in Section 7.01.

"**Breach Event Suspension Notice**" has the meaning ascribed thereto in Section 7.02.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the FSM on behalf of the Financing Entity and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar

[15] If Province is satisfied that it will receive notice of any amendments, waivers, etc. under the various agreements, and corresponding rights under the trust indenture as a secured creditor, Province will not require veto rights over changes to the defined terms in the MTI. All of this is predicated on Province receiving comfort from OPG that no changes, amendments, waivers, etc. will be made if outside the pre-agreed scope of the reviewed documents.

transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

"**Election Information Notice**" has the meaning ascribed thereto in Section 6.01.

"**Financing Entity**" means Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Entity Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Financing Entity at such time.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(c).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Indenture Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Initial Forecast**" has the meaning ascribed thereto in Section 4.01(a).

"**Initial Forecast Period**" has the meaning ascribed thereto in Section 4.01(a).

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Limited Guarantee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Management Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Manager**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Proposed Assumption Date**" has the meaning ascribed thereto in Section 6.01.

"**Protection Agreement Maximum**" means the dollar amount referenced as the Program Agreement Maximum and determined in accordance with Article IV.

"**Protection Event**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture.

"**Reviewed Documentation**" has the meaning ascribed thereto in Section 3.03.

"**Repayment**" has the meaning ascribed to the term "repayment" in the General Regulation as of the date of this Agreement.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Substantially in the Form**" has the meaning ascribed thereto in Section 3.04.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement; (vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that affects the Province's subrogation rights and/or subrogee interests, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

EXHIBIT A
FORM OF ELECTION INFORMATION NOTICE

From: LEE John -TREASURY
To: Mike Manning; Ken Kandeepan
Cc: LADAK Lubna -TREASURY
Subject: Fwd: EXTERNAL – Change of Law Protection Agreement
Date: Sunday, December 10, 2017 10:44:54 PM

See Dealers comments

Sent with BlackBerry Work (www.blackberry.com)

_____

From: "Niehaus, Katrina" <Katrina.Niehaus@gs.com>
Sent: Dec 10, 2017 8:02 PM
To: LEE John -TREASURY <john.s.lee@opg.com>
Cc: "'David Dal Bello (david.dalbello@rbccm.com)'" <david.dalbello@rbccm.com>; "'Benaiah, Ian'" <ian.benaiah@rbccm.com>; "'geoffrey.reeves@cibc.com'" <geoffrey.reeves@cibc.com>; "'Persaud, Donnie - Debt Capital Markets'" <Donnie.Persaud@cibc.com>; "'Maciel, Andrew'" <Andrew.Maciel@cibc.com>; "'Adalja, Sunil'" <Sunil.Adalja@cibc.com>; "Bolster, Brian" <brian.bolster@gs.com>; "Sabri, Salina" <Salina.Sabri@gs.com>; "Delaney, Brian" <Brian.Delaney@gs.com>
Subject: EXTERNAL – Change of Law Protection Agreement

*** Exercise caution. This is an EXTERNAL email. DO NOT open attachments or click links from unknown senders or unexpected email. ***

_____

John,

We plan to discuss the below on the call with you at 8:30, but wanted to formalize our thoughts in email for your reference. The Friday draft with the changes to Section 2.01 and to the Adherence Conditions was materially worse from our perspective than the draft which we received from the Province last Monday. The document as is does not work, and we are at the point that continuing iterations around the agreement endangers the closing of the warehouse facility prior to year-end.

More complete thoughts below, but in summary: in order for the rating agencies to rate a deal and the Dealers to be able to close the warehouse financing, the Change of Law Protection Agreement will need to be in the form proposed by Osler/Torys in the draft of December 7 (with the exception that section 2.01(a)iv(D) be entirely deleted (or revised as noted below) as the concepts in section 2.01(a)(iv)(D) in any form will require material changes to the MTI).
Best,
Katrina

****

With respect to the Adherence Conditions, the Dealers have been consistent with our concerns that there should not be trips or traps that could prevent the ability of a Primary Obligation to become an Approved Obligation. Furthermore, we have stressed the importance of the Adherence Conditions not preventing the ability to effect a Refinancing of an Approved Obligation. Our strong preference has been all along that there be no Adherence Conditions; however, in light of the Province's insistence that it needed a level of control that went beyond the protections set out in the Change of Law Process Agreement, we agreed to consider the existence of straightforward Adherence Conditions. The draft of the Adherence Conditions and Adherence Compliance Certificates which were reflect in our draft of the Change of Law Protection Agreement of Thursday evening is as far as the Dealers are prepared to accept under the circumstances.
As relates to the Province's right to object to a Transaction Document under the Process Agreement in connection with a Refinancing, that should remain an issue as between the Province and the FSM and should not be a risk passed on to the Dealers under the Change or Law Protection Agreement. To be clear, the concern with the Province's ability to object to a Refinancing is not simply one which arises following the occurrence of a suspension event. The Dealers have included a step-up in market pricing to deal with a market disruption event which causes a delay in the timing of the Refinancing, but the Dealers are not in a position to accept the risk that a Refinancing cannot proceed, for example, because the rating agencies have determined that there needs to be a change to the Program Agreements. Furthermore, the requirements relating to a Refinancing need to apply equally to any Refinancing, including the refinancing of any term debt.
As relates to Protection Events, we need a clear and objective standard to determine what would satisfy a "materially and adversely" threshold. To be clear, this is not simply an issue raised by the rating agencies. The Dealers have been concerned with this issue dating back to our review of the Province's term sheet. This was included as one of the specific items that the Dealers were concerned about as summarized in the email from Osler to the Province back in September and we expressly asked that it be deleted from the term sheet. Notwithstanding our stated position on this issue, we agreed to permit the "materially and adversely" threshold to remain in the definition provided that there is an objective standard to be able to satisfy this threshold condition which is reflected in our draft "for clarity" language in the definition. Without an objective standard, we would be faced with the potential of a drawn out dispute with the Province before the Province would be obligated to honor its obligations under the Limited Guarantee; for example, would a $10 million impact of the warehouse or another tranche of debt be "material" in the context of $8 to $10 billion in debt at the end of the moratorium period? This is not a risk which the Dealers can take in the face of a Protection Event. The Province must stand behind the Limited Guarantee if there is a downgrade or other negative impact on the rating of such debt which arises because of an event contemplated in the definition of Protection Event.
As relates to section 2.01 of the Friday draft (or the Monday draft), we do not understand why the Limited Guarantee has to include any provisions to deal with the "theoretical" possibility that the Province's subrogation rights to collect on amounts paid under Approved Obligations would compete with then-existing Primary Obligations which are not Approved Obligations. The Program Agreements already contemplate a restriction on the FSM issuing Certified Primary Obligations which are not Approved Obligations. The changes to section 2.01 (as set out in Section 2.01 (a)iv(D) and then further expended by the Province in Friday's draft under Section 2.01(a)v) proposed by the Province to address this "theoretical" possibility would undermine this approach and would require us to explain to the Rating Agencies why the MTI needs extensive revisions to address something which is not supposed to happen. The implications of this would most certainly result in a delay in the rating agency process and would jeopardize the ability to close the warehouse financing before December 31. This is not acceptable and we require that these concepts be abandoned.
As a side note, we have been advised that Blakes today proposed a revised draft of Section 2.01(a) which is somewhat consistent with a proposed draft of Section 2.01(a) which Torys and Osler jointly prepared last Tuesday/Wednesday which Blakes completely dismissed at that time. If this revised draft can be implemented with minimal revisions to the MTI, then we may be prepared to move forward on that basis; however, given that we no longer have any luxury of time, we need Torys and Osler to advise us by the latest midday on Monday as to whether this alternate approach is feasible under the current constraints.

_____

Goldman Sachs

200 West Street | 7th Floor | New York, New York 10282-2198
Tel: 212-357-8161 | Fax: 212-256-5491
Katrina.Niehaus@gs.com<mailto:Katrina.Niehaus@gs.com>

Katrina T. Niehaus
Managing Director
Investment Banking Division

_____

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From: Mike Manning
To: Maille Hanniga (MOF); Tobias P. Whitfield (MOF); STEPHEN.ASHBOURNE@blakes.com; Anna Strathy
Subject: Fwd: EXTERNAL – Change of Law Protection Agreement
Date: Monday, December 11, 2017 6:53:26 AM

In case you haven't seen.
Mike

Begin forwarded message:

> **From:** LEE John -TREASURY <john.s.lee@opg.com>
> **Date:** December 10, 2017 at 10:44:47 PM EST
> **To:** Mike Manning <mmanning@ofina.on.ca>, Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
> **Cc:** LADAK Lubna -TREASURY <lubna.ladak@opg.com>
> **Subject: Fwd: EXTERNAL – Change of Law Protection Agreement**
>
> See Dealers comments
>
> Sent with BlackBerry Work (www.blackberry.com)
> _____
> From: "Niehaus, Katrina" <Katrina.Niehaus@gs.com>
> Sent: Dec 10, 2017 8:02 PM
> To: LEE John -TREASURY <john.s.lee@opg.com>
> Cc: "'David Dal Bello (david.dalbello@rbccm.com)'" <david.dalbello@rbccm.com>; "'Benaiah, Ian'" <ian.benaiah@rbccm.com>; "'geoffrey.reeves@cibc.com'" <geoffrey.reeves@cibc.com>; "'Persaud, Donnie - Debt Capital Markets'" <Donnie.Persaud@cibc.com>; "'Maciel, Andrew'" <Andrew.Maciel@cibc.com>; "'Adalja, Sunil'" <Sunil.Adalja@cibc.com>; "Bolster, Brian" <brian.bolster@gs.com>; "Sabri, Salina" <Salina.Sabri@gs.com>; "Delaney, Brian" <Brian.Delaney@gs.com>
> Subject: EXTERNAL – Change of Law Protection Agreement
>
> *** Exercise caution. This is an EXTERNAL email. DO NOT open attachments or click links from unknown senders or unexpected email. ***
> _____
>
> John,
>
> We plan to discuss the below on the call with you at 8:30, but wanted to formalize our thoughts in email for your reference. The Friday draft with the changes to Section 2.01 and to the Adherence Conditions was materially worse from our perspective than the draft which we received from the Province last Monday. The document as is does not work, and we are at the point that continuing iterations around the agreement endangers the closing of the warehouse facility prior to year-end.
>
> More complete thoughts below, but in summary: in order for the rating agencies to rate a deal and the Dealers to be able to close the warehouse financing, the Change of Law Protection Agreement will need to be in the form proposed by Osler/Torys in the draft of December 7 (with the exception that section 2.01(a)iv(D) be entirely deleted (or revised as noted below) as the concepts in section 2.01(a)(iv)(D) in any form will require material changes to the MTI).
> Best,
> Katrina
>
> *******
>
> With respect to the Adherence Conditions, the Dealers have been consistent with our concerns that there should not be trips or traps that could prevent the ability of a Primary Obligation to become an Approved Obligation. Furthermore, we have stressed the importance of the Adherence Conditions not preventing the ability to effect a Refinancing of an Approved Obligation. Our strong preference has been all along that there be no Adherence Conditions; however, in light of the Province's insistence that it needed a level of control that went beyond the protections set out in the Change of Law Process Agreement, we agreed to consider the existence of straightforward Adherence Conditions. The draft of the Adherence Conditions and Adherence Compliance Certificates which were reflect in our draft of the Change of Law Protection Agreement of Thursday evening is as far as the Dealers are prepared to accept under the circumstances.
> As relates to the Province's right to object to a Transaction Document under the Process Agreement in connection with a Refinancing, that should remain an issue as between the Province and the FSM and should not be a risk passed on to the Dealers under the Change or Law Protection Agreement. To be clear, the concern with the Province's ability to object to a Refinancing is not simply one which arises following the occurrence of a suspension event. The Dealers have included a step-up in market pricing to deal with a market disruption event which causes a delay in the timing of the Refinancing, but the Dealers are not in a position to accept the risk that a Refinancing cannot proceed, for example, because the rating agencies have determined that there needs to be a change to the Program Agreements. Furthermore, the requirements relating to a Refinancing need to apply equally to any Refinancing, including the refinancing of any term debt.
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> _____
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> Goldman Sachs
>
> 200 West Street | 7th Floor | New York, New York 10282-2198
> Tel: 212-357-8161 | Fax: 212-256-5491
> Katrina.Niehaus@gs.com<mailto:Katrina.Niehaus@gs.com>
>
> Katrina T. Niehaus
> Managing Director
> Investment Banking Division
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> See the https://urldefense.proofpoint.com/v2/url?u=http-3A__www.gs.com_disclaimer_afg_&d=DwIF-g&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=faVQc6owhmqW1Epsm1IgKtKdOr6WxW_KgjwibSrG7Ns&m=Ekz2LCemrp0mz6sUzVJZ10qhwUUj5k182xXPKAmdmk4&s=u0lTCpVvNJeWuXpphqjQUUtYpoQQo7rUFH8iHQAFiKQ&e=
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> <https://urldefense.proofpoint.com/v2/url?u=https-3A__na01.safelinks.protection.outlook.com_-3Furl-3Dhttp-253A-252F-252Fwww.gs.com-252Fdisclaimer-252Femail-252F-26data-3D02-257C01-257Cjohn.s.lee-2540opg.com-257Cccf66a30290b4ab24a6408d54032dea7-257C962f21cf93ea449f99bf402e2b2987b2-257C0-257C0-257C636485509596712979-26sdata-3Dz7BDCLAMXmQo3NJB6Sx-252BqmFWcAPU62tDoXW-252BSfoS4vE-253D-26reserved-3D0&d=DwIF-g&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=faVQc6owhmqW1Epsm1IgKtKdOr6WxW_KgjwibSrG7Ns&m=Ekz2LCemrp0mz6sUzVJZ10qhwUUj5k182xXPKAmdmk4&s=BwqyQl18dKqI5YOLaVX5_ZFLzZs9_KRNUXR9LKAlhFI&e=
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From: Mike Manning
To: Malle Hanslep (MOF); Gadi Mayman; Ken Kandeepan; Anna Strathy; Ronald Kwan
Subject: Fwd: EXTERNAL – Protection Agreement / Adherence Conditions
Date: Tuesday, November 21, 2017 4:05:30 PM

Begin forwarded message:

From: LEE John -TREASURY <john.s.lee@opg.com>
Date: November 21, 2017 at 3:40:27 PM EST
To: 'Mike Manning' <Mike.Manning@ofina.on.ca>, Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com>
Subject: FW: EXTERNAL – Protection Agreement / Adherence Conditions

Mike:

Some thoughts from the dealers.

John

From: Benaiah, Ian [mailto:ian.benaiah@rbccm.com]
Sent: Tuesday, November 21, 2017 3:33 PM
To: LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>
Cc: Katrina Niehaus (Katrina.Niehaus@gs.com) <Katrina.Niehaus@gs.com>; Brian Delaney (brian.delaney@gs.com) <brian.delaney@gs.com>; Donnie Persaud (Donnie.Persaud@cibc.com) <Donnie.Persaud@cibc.com>; Adalja, Sunil (Sunil.Adalja@cibc.com) <Sunil.Adalja@cibc.com>; Maciel, Andrew (Andrew.Maciel@cibc.com) <Andrew.Maciel@cibc.com>; Khan, Nur <nur.khan@rbccm.com>; Taylor, Brent R <brent.r.taylor@rbccm.com>
Subject: EXTERNAL – Protection Agreement / Adherence Conditions

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John – We have spent considerable time on the Change of Law Protection Agreement (the "Protection Agreement") to ensure that its benefits can easily be identified and understood by investors. The robustness of the Protection Agreement is critical for obtaining optimal ratings, and the marketability of the warehouse and term debt transactions. Here are our collective thoughts on the concepts of having Adherence Conditions and a suspension right in the Protection Agreement:

<!--[if !supportLists]-->• <!--[endif]-->Investors need certainty that when they invest in the Financing Entity, they have the protection of the change of law agreement for any amounts owing under the terms of their debt

<!--[if !supportLists]-->• <!--[endif]-->It is important for all creditors of the Financing Entity to have the benefit of the Protection Agreement to ensure that there is no misalignment between different groups of creditors

<!--[if !supportLists]-->• <!--[endif]-->Under the current draft, Financing Entity obligations are only protected under the Protection Agreement if they satisfy the "Adherence Conditions"

<!--[if !supportLists]-->• <!--[endif]-->The concept of having any Adherence Conditions makes it uncertain when something is covered; for example, the current draft provides that OPG has to deliver a certificate for some subset of obligations (the scope of that subset of obligations is still an open point in the draft)

<!--[if !supportLists]-->• <!--[endif]-->Even if we could get 100% clarity on when a certificate is required to be delivered in order for an obligation to be protected, the dealers have to rely on OPG delivering that certificate and there is concern that a certificate may not always be delivered

<!--[if !supportLists]-->• <!--[endif]-->Essentially, Adherence Conditions make it impossible to be certain that obligations are or aren't covered under the Protection Agreement

The proposal we shared this morning was designed to give investors (and all creditors) of the Financing Entity assurance that obligations are protected while maintaining the Province's oversight over the program. We should also point out that with respect to the right to suspend the application of the Protection Agreement, its effect on refinancing the warehouse must be addressed.

Thanks, Ian

Ian Benaiah | Director, Securitization Finance | RBC Capital Markets | TEL: 416.842.3820 | FAX: 416.842.3888 | ian.benaiah@rbccm.com

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or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

From: [redacted]
To: [redacted]
Subject: Fwd: EXTERNAL – RE: Change of Law Protection Agreement
Date: Monday, December 11, 2017 11:16:22 AM

Sent with BlackBerry Work (www.blackberry.com)

From: "Adalja, Sunil" <Sunil.Adalja@cibc.com>
Sent: Dec 10, 2017 10:33 PM
To: "Niehaus, Katrina" <Katrina.Niehaus@gs.com>; LEE John -TREASURY <john.x.lee@ogg.com>
Cc: "David Dal Bello (david.dalbello@cibcm.com)" <david.dalbello@cibcm.com>; "Benaiah, Ian" <ian.benaiah@cibcm.com>; "Reeves, Geoffrey" <Geoffrey.Reeves@cibc.com>; "Persaud, Donnie – Debt Capital Markets" <Donnie.Persaud@cibc.com>; "Maciel, Andrew" <Andrew.Maciel@cibc.com>; "Bolster, Brian" <brian.bolster@gs.com>; "Sabri, Salina" <Salina.Sabri@gs.com>; "Delaney, Brian" <Brian.Delaney@gs.com>
Subject: EXTERNAL – RE: Change of Law Protection Agreement

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John, in addition to the points raised in Katrina's email, here are some others that we would like to raise:

1. Process Agreement – we feel that this should be shared with RAs and become a part of the Program Agreements

2. We need some clarification that the Province will continue to running the Fair Hydro Trust in "normal" course even after a Protection Event – for example, they cannot stop paying surveillance fees to RAs as investors will continue to expect a rating on their bond until they are repaid. Similarly, if any amendments need to be made (e.g. a new Trustee is coming onboard etc), then these will be made
3. Changes made by Blakes to Suspension Event language to 7.02 which now does not cover any amendments after a Suspension Event – this is problematic as it can build up any routine amendments. The language proposed by Osler / Tory's in Thursday's draft was much more objective

Sunil.

From: Niehaus, Katrina [mailto:Katrina.Niehaus@gs.com]
Sent: Sunday, December 10, 2017 8:02 PM
To: ttop-johns.lee@ogg.com
Cc: David Dal Bello (david.dalbello@cibcm.com); "Benaiah, Ian"; Reeves, Geoffrey; Persaud, Donnie – Debt Capital Markets; Maciel, Andrew; Adalja, Sunil; Bolster, Brian; Sabri, Salina; Delaney, Brian
Subject: Change of Law Protection Agreement

John,

We plan to discuss the below on the call with you at 8:30, but wanted to formalize our thoughts in email for your reference. The Friday draft with the changes to Section 2.01 and to the Adherence Conditions was materially worse from our perspective than the draft which we received from the Province last Monday. The document as is does not work, and we are at the point that continuing iterations around the agreement endangers the closing of the warehouse facility prior to year-end.

More complete thoughts below, but in summary: in order for the rating agencies to rate a deal and the Dealers to be able to close the warehouse financing, the Change of Law Protection Agreement will need to be in the form proposed by Osler/Torys in the draft of December 7 (with the exception that section 2.01(a)(ii)(D) be entirely deleted (or revised as noted below) as the concepts in section 2.01(a)(ii)(D) in any form will require material changes to the MTI).
Best,
Katrina

****

With respect to the Adherence Conditions, the Dealers have been consistent with our concerns that there should not be trips or traps that could prevent the ability of a Primary Obligation to become an Approved Obligation. Furthermore, we have stressed the importance of the Adherence Conditions not preventing the ability to effect a Refinancing of an Approved Obligation. Our strong preference has been all along that there be no Adherence Conditions; however, in light of the Province's insistence that it needed a level of control that went beyond the protections set out in the Change of Law Process Agreement, we agreed to consider the existence of straightforward Adherence Conditions. The draft of the Adherence Conditions and Adherence Compliance Certificates which were reflect in our draft of the Change of Law Protection Agreement of Thursday evening is as far as the Dealers are prepared to accept under the circumstances.
As relates to the Province's right to object to a Transaction Document under the Process Agreement in connection with a Refinancing, that should remain an issue as between the Province and the FSM and should not be a risk passed on to the Dealers under the Change or Law Protection Agreement. To be clear, the concern with the Province's ability to object to a Refinancing is not simply one which arises following the occurrence of a suspension event. The Dealers have included a step-up in market pricing to deal with a market disruption event which causes a delay in the timing of the Refinancing, but the Dealers are not in a position to accept the risk that a Refinancing cannot proceed, for example, because the rating agencies have determined that there needs to be a change to the Program Agreements. Furthermore, the requirements relating to a Refinancing need to apply equally to any Refinancing, including the refinancing of any term debt.
As relates to Protection Events, we need a clear and objective standard to determine what would satisfy a "materially and adversely" threshold. To be clear, this is not simply an issue raised by the rating agencies. The Dealers have been concerned with this issue dating back to our review of the Province's term sheet. This was included as one of the specific items that the Dealers were concerned about as summarized in the email from Osler to the Province back in September and we expressly asked that it be deleted from the term sheet. Notwithstanding our stated position on this issue, we agreed to permit the "materially and adversely" threshold to remain in the definition provided that there is an objective standard to be able to satisfy this threshold condition which is reflected in our draft "for clarity" language in the definition. Without an objective standard, we would be faced with the potential of a drawn out dispute with the Province before the Province would be obligated to honor its obligations under the Limited Guarantee; for example, would a $10 million impact of the warehouse or another tranche of debt be "material" in the context of $8 to $10 billion in debt at the end of the moratorium period? This is not a risk which the Dealers can take in the face of a Protection Event. The Province must stand behind the Limited Guarantee if there is a downgrade or other negative impact on the rating of such debt which arises because of an event contemplated in the definition of Protection Event.
As relates to section 2.01 of the Friday draft (or the Monday draft), we do not understand why the Limited Guarantee has to include any provisions to deal with the "theoretical" possibility that the Province's subrogation rights to collect on amounts paid under Approved Obligations would compete with three-existing Primary Obligations which are not Approved Obligations. The Program Agreements already contemplate a restriction on the FSM issuing Certified Primary Obligations which are not Approved Obligations. The changes to section 2.01 (as set out in Section 2.01 (a)(ii)(D) and then further expended by the Province in Friday's draft under Section 2.01(a)(v) proposed by the Province to address this "theoretical" possibility would undermine this approach and would require us to explain to the Rating Agencies why the MTI needs extensive revisions to address something which is not supposed to happen. The implications of this would most certainly result in a delay in the rating agency process and would jeopardize the ability to close the warehouse financing before December 31. This is not acceptable and we require that these concepts be abandoned.
As a side note, we have been advised that Blakes today proposed a revised draft of Section 2.01(a) which is somewhat consistent with a proposed draft of Section 2.01(a) which Torys and Osler jointly prepared last Tuesday/Wednesday which Blakes completely dismissed at that time. If this revised draft can be implemented with minimal revisions to the MTI, then we may be prepared to move forward on that basis; however, given that we no longer have any luxury of time, we need Torys and Osler to advise us by the latest midday on Monday as to whether this alternate approach is feasible under the current constraints.

Goldman Sachs

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Katrina T. Niehaus
Managing Director
Investment Banking Division

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From: LEE John -TREASURY
To: Mike Manning; Ken Kandeepan
Subject: Fwd: EXTERNAL – RE: Fair Hydro -- Revised Program Agreements
Date: Friday, December 15, 2017 3:12:41 AM
Attachments: _Fair Hydro -- Management Agreement.docx
_Fair Hydro -- Declaration of Trust.docx
_Fair Hydro -- Master Transfer and Servicing Agreement.docx
_Fair Hydro - IESO Security Agreement.docx
_Fair Hydro -- Master Trust Indenture.docx
_Fair Hydro - OPG Indemnity Agreement.doc
_Fair Hydro - IESO Acknowledgement and Indemnity.doc
_Fair Hydro -- Change of Law Protection Agreement.docx
_Fair Hydro -- Change of Law Process Agreement.docx
Senior Warehouse Supplement.docx
Subordinated Warehouse Supplement.docx
Junior Subordinated Warehouse Supplement.docx
Blackline_Management Agreement.pdf
Blackline - Declaration of Trust.pdf
Blackline_Master Transfer and Servicing Agreement.pdf
Blackline_IESO Security Agreement.pdf
Blackline_Master Trust Indenture.pdf
Blackline_OPG Indemnity.pdf
Blackline_IESO Indemnity.pdf
Blackline_Change of Law Protection Agreement.pdf
Blackline_Change of Law Process Agreement.pdf
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Blackline_Warehouse Subordinated Supplement.pdf
Blackline_Warehouse Junior Subordinated Supplement.pdf

Fyi

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From: "Saulnier, Brett" <bsaulnier@torys.com>
Sent: Dec 15, 2017 12:15 AM
To: Alena.Thouin@ontario.ca; Malle.Hanslep@ontario.ca; Tobias.Whitfield@ontario.ca; Tom.McKinlay@ontario.ca; STEPHEN.ASHBOURNE@blakes.com; "VINER, JON" <JON.VINER@blakes.com>; "PRESTAGE, JA" <JA.PRESTAGE@blakes.com>; "PALMER, AARON" <AARON.PALMER@blakes.com>
Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; "Feldman, Michael" <mfeldman@torys.com>; "Ramchandani, Rima" <rramchandani@torys.com>; "Mansoori, Nina" <nmansoori@torys.com>; "Olusoga, Yinka" <yolusoga@torys.com>
Subject: EXTERNAL – RE: Fair Hydro -- Revised Program Agreements

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All,

Please find attached the latest drafts of the following documents:

1. Declaration of Trust
2. Management Agreement
3. Master Transfer and Servicing Agreement
4. IESO Security Agreement
5. IESO Acknowledgement and Indemnity Agreement
6. OPG Indemnity Agreement
7. Master Trust Indenture

8. Change of Law Protection Agreement

9. Change of Law Process Agreement

10. Warehouse Senior Supplemental Indenture

11. Warehouse Junior Supplemental Indenture

12. Warehouse Junior Subordinated Supplemental Indenture

Thanks,
Brett

Brett Saulnier
P. 416.865.8148 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com<https://urldefense.proofpoint.com/v2/url?u=https-3A__na01.safelinks.protection.outlook.com_-3Furl-3Dhttp-253A-252F-252Fwww.torys.com-26data-3D02-257C01-257Cjohn.s.lee-2540opg.com-257C45d86baa13094f7adf0508d5437a8ff2-257C962f21cf93ea449f99bf402e2b2987b2-257C0-257C0-257C636489117145332903-26sdata-3D1hM89VywhCV42SSImYGBwsjaKD31CFHyo7Ktdr6zELI-253D-26reserved-3D0&d=DwIF-g&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=gV-xgZHI0tggSwOPXBdMOr4DyITzOyaIKJLqH9Oy-40&m=J_xhac1d0GCa3IKCpiF8Q43zONzrozz_pjN_7J_mTBo&s=3N5R9Jh6b2T8SmHYc5mikjVSJ1pEuRyD2A1i7arw1aI&e=>
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DRAFT: DECEMBER 14, 2017

MANAGEMENT AGREEMENT

between

FAIR HYDRO TRUST
as Issuer

- and -

ONTARIO POWER GENERATION INC.
as Manager

Acknowledged and Accepted by

BNY TRUST COMPANY OF CANADA
as Indenture Trustee

Dated as of December ■, 2017

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EXHIBIT

Exhibit A – Annual Compliance Certificate
Exhibit B – Monthly Portfolio Report

MANAGEMENT AGREEMENT

THIS AGREEMENT made as of December ■, 2017,

BETWEEN:

FAIR HYDRO TRUST, a trust formed under the laws of the Province of Ontario

(the "**Issuer**")

- and -

ONTARIO POWER GENERATION INC., a corporation established under the laws of the Province of Ontario

(the "**Manager**")

- acknowledged and accepted by -

BNY TRUST COMPANY OF CANADA, a trust company existing under the laws of Canada and duly authorized to carry on the business of a trust company in all of the provinces and territories of Canada, as indenture trustee

(the "**Indenture Trustee**")

WHEREAS the Government of Ontario has passed the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**") for the purpose of, among other things, ensuring that Clean Energy Costs and Clean Energy Benefits are fairly allocated among present and future Specified Consumers;

AND WHEREAS Ontario Power Generation Inc. has been appointed as Financial Services Manager under the Act to, among other things, evaluate whether potential Funding Obligations should be incurred by Financing Entities for the purposes of acquiring and financing Investment Interests;

AND WHEREAS the Issuer is a Financing Entity established, at the request of the Financial Services Manager and pursuant to the Act, by Computershare Trust Company of Canada;

AND WHEREAS the Issuer may from time to time finance the acquisition from the IESO of an Investment Interest pursuant to the terms of the Master Transfer and Servicing Agreement;

AND WHEREAS the Indenture Trustee has been appointed pursuant to the Indenture to act on behalf of all Specified Creditors and wishes to acknowledge and accept the rights and obligations granted to it thereby, including, but not limited to, its rights set forth in this Agreement;

AND WHEREAS the Issuer and the Manager are entering into this Agreement in furtherance of, and in accordance with, the Act;

NOW THEREFORE in consideration of the foregoing and the mutual covenants and agreements contained herein (the receipt and adequacy of which are hereby acknowledged), the parties hereto agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

(a) In this Agreement, the following terms have the following meanings:

"**Act**" has the meaning ascribed thereto in the recitals;

"**Agreement**" means this Agreement, as amended, supplemented, modified, replaced or amended and restated from time to time, and the expressions "herein", "hereof", "hereto", "hereunder" and similar expressions refer to this Agreement and not to any Article, Section, paragraph, subparagraph or clause hereof;

"**Approved Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement;

"**Board**" means the Ontario Energy Board, a statutory corporation without share capital continued under the *Ontario Energy Board Act, 1998*, S.O., 1998;

"**Carrying Costs**" has the meaning ascribed to the term "carrying costs" in the Regulations;

"**CEA Consumer Invoice Amounts**" has the meaning ascribed thereto in the Master Transfer and Servicing Agreement;

"**Change of Law Process Agreement**" means the change of law process agreement between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance and Ontario Power Generation Inc.;

"**Clean Energy Adjustment**" has the meaning ascribed to the term "clean energy adjustment" in the Act;

"**Clean Energy Benefits**" has the meaning ascribed to the term "clean energy benefits" in the Act;

"**Clean Energy Costs**" has the meaning ascribed to the term "clean energy costs" in the Act;

"**Declaration of Trust**" means the declaration of trust made as of December ■, 2017 under which the Issuer was established, as may be amended, supplemented, modified, replaced or amended and restated from time to time;

"**Electricity Vendor**" has the meaning ascribed to the term "electricity vendor" in the Act;

"**Electricity Vendor CEA Collections**" has the meaning ascribed thereto in the Master Transfer and Servicing Agreement;

"**Fair Allocation Amount**" has the meaning ascribed to the term "fair allocation amount" in the Act;

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act;

"**Financial Services Manager**" has the meaning ascribed to such term under the Act;

"**Financing Entity**" has the meaning ascribed to the term "financing entity" in the Act;

"**Financing Plan**" has the meaning ascribed to such term under the Act;

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act;

"**IESO**" means the Independent Electricity System Operator, a statutory corporation without share capital amalgamated under the *Electricity Act, 1998*, S.O. 1998;

"**Implementation Plan**" has the meaning ascribed to such term in Section 4.3(a);

"**Indemnified Losses**" has the meaning ascribed to such term in Section 5.6(a);

"**Indenture**" means the master trust indenture dated as of December ■, 2017 between the Indenture Trustee and the Issuer, as may be amended, supplemented, modified, replaced or amended and restated from time to time;

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act;

"**Investment Interest Records**" means, collectively, any and all documents and records the Manager shall keep on file, in accordance with its customary procedures, relating to the Issuer Investment Interest, including copies of all documents filed with the Board in connection with any Clean Energy Adjustments and computational records relating thereto;

"**Issuer Compensation**" has the meaning ascribed to such term in Section 5.5;

"**Issuer Funding Obligation**" means a Funding Obligation incurred by the Issuer;

"**Issuer Investment Interest**" means, initially, the Investment Interest acquired by the Issuer pursuant to the first Transfer completed under the Master Transfer and Servicing Agreement and, upon the completion of each Transfer thereafter, the cumulative Investment Interest acquired by the Issuer;

"**Issuer Property**" means, as of any particular time, all assets of the Issuer and all property, real, personal or otherwise, tangible or intangible, which has been transferred, conveyed or paid to, or acquired by the Issuer, including all income, earnings, profits and gains therefrom, and which at such time is owned or held by the Issuer;

"**Management Fees**" means the fees established and charged by the Financial Services Manager in accordance with section 19(3) of the Act and the Regulations and approved by the Board in accordance with section 19(4) of the Act;

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated December ■, 2017 between the Issuer and the IESO, as may be amended, supplemented, modified, replaced or amended and restated from time to time;

"**Minister**" means the Minister of Energy or such other member of the Executive Council as may be assigned the administration of the Act under the *Executive Council Act*, S.O. 1990;

"**Monthly Servicer Report**" means the report delivered by the IESO under Section 3.5(a) of the Master Transfer and Servicing Agreement;

"**Offering Materials**" means any document used by the Issuer in connection with offering securities representing Issuer Funding Obligations for sale including, without limitation, any information circular, offering memorandum, annual information form, preliminary prospectus, prospectus, prospectus supplement, term sheet, registration statement or other similar document, or any amendments to such documents;

"**Perpetuity Date**" means the date that is one day prior to the 21st anniversary of the death of the last surviving lineal descendant of Queen Elizabeth, II of England living as of the date of the Declaration of Trust;

"**Primary Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement;

"**Proceeding**" means any suit in equity, action at law or other judicial or administrative proceeding;

"**Reference Period**" has the meaning ascribed to the term "reference period" in the Act;

"**Regulation AB**" means Subpart 229.1100 – Asset Backed Securities (Regulation AB), 17 C.F.R. §§229.1100-229.1125, and all related rules and regulations of the U.S. Securities and Exchange Commission, as such rules may be amended from time to time, and subject to such clarification and interpretation as have been provided by the U.S. Securities and Exchange Commission or by the staff of the U.S. Securities and Exchange Commission, or as may be provided by the U.S. Securities and Exchange Commission or its staff from time to time;

"**Regulations**" means Ontario Regulation 206/17: General, together with any other regulations promulgated under the Act;

"**Servicer CEA Receipts**" has the meaning ascribed thereto in the Master Transfer and Servicing Agreement;

"**Specified Consumer**" has the meaning ascribed to the term "specified consumer" in the Act;

"**Standard of Care**" has the meaning ascribed to such term in Section 5.1;

"**Transfer**" has the meaning ascribed to the term "transfer" in the Act; and

"**True Up Amount**" has the meaning ascribed to the term "true up amount" in the Act.

(b) Unless otherwise defined in this Agreement, all capitalized terms used in this Agreement shall have the meanings ascribed thereto in the Indenture.

ARTICLE 2
INTRODUCTORY PROVISIONS

2.1 Sections and Headings

The table of contents does not form part of this Agreement. The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and will not affect the construction or interpretation of this Agreement. Unless something in the subject matter or context is inconsistent therewith, references herein to Articles and Sections are to Articles and Sections of this Agreement.

2.2 Extended Meanings

Words importing the singular number only will include the plural and vice versa and words importing the masculine gender will include the feminine and neuter genders and vice versa. Unless otherwise specified, a reference to any agreement, instrument or declaration means such agreement, instrument or declaration as the same may be amended, supplemented, modified, restated or replaced from time to time.

2.3 References to Acts of the Issuer or the Issuer Trustee

For greater certainty, where any reference is made in this Agreement to an act to be performed by the Issuer, such reference will be construed and applied for all purposes as if it referred to an act to be performed by the Issuer Trustee as trustee of the Issuer. Where any reference is made in this Agreement to an act to be performed by the Issuer Trustee, such reference will be construed and applied for all purposes as if it referred to an act to be performed by the Issuer Trustee as trustee of the Issuer.

ARTICLE 3
APPOINTMENT OF THE MANAGER

3.1 Appointment and Authority of the Manager

The Issuer hereby appoints Ontario Power Generation Inc. as the Manager to act as its agent to provide services and perform duties for and on behalf of and for the account of the Issuer, as hereinafter provided, in connection with the activities of the Issuer relating to:

(a) the acquisition, administration and possible transfer of the Issuer Investment Interest on behalf of the Issuer in accordance with the Act;

(b) acting as custodian of the Investment Interest Records;

(c) the entering into and execution and delivery on behalf of the Issuer of any Program Agreements;

(d) the incurrence of Issuer Funding Obligations, and repayment thereof, to fund the acquisition of the Issuer Investment Interest;

(e) the negotiation, execution and delivering or filing on behalf of the Issuer of any Offering Materials;

(f) the implementation and administration of the provisions of the Program Agreements to which the Issuer or the Manager on its behalf is a party;

(g) the acquisition, administration and sale of investments that may from time to time be made by the Issuer; and

(h) all activities as may be reasonably incidental to the foregoing or necessary in connection with the performance by the Issuer of its obligations under the Program Agreements, the Act and the Regulations.

The Manager accepts such appointment and agrees to act in such capacity and to provide or cause to be provided the services and to perform the duties set forth in this Agreement on and subject to the terms and conditions in this Agreement. The Issuer hereby grants to the Manager the power and authority to act in the name of and on behalf of the Issuer, and to execute and deliver all documents, agreements and instruments in the name and on behalf of the Issuer, for the sole purpose of providing the services and performing the duties to be provided and performed by the Manager pursuant to this Agreement. The Manager shall provide all the services and perform all the duties contemplated under this Agreement, including its duties as Financial Services Manager under the Act, in Ontario, Canada.

ARTICLE 4
DUTIES AND OBLIGATIONS OF THE MANAGER

4.1 Program Agreements

(a) The Manager will administer as agent for and on behalf of and for the account of the Issuer the activities of the Issuer in connection with the Program Agreements and, in this regard, its services and duties will include:

(i) negotiating and executing, on behalf of the Issuer, Program Agreements and any documents related thereto with any Person and any amendments, supplements, replacements or restatements that may be necessary or desirable from time to time;

(ii) arranging for liquidity coverage required pursuant to the Program Agreements, negotiating and settling Liquidity Agreements and administering on behalf of the Issuer the activities of the Issuer in connection with such Liquidity Agreements;

(iii) when necessary or desirable, arranging for the Credit Enhancement of the Issuer Investment Interest, negotiating and settling Credit Enhancement Agreements and administering on behalf of the Issuer the activities of the Issuer in connection with such Credit Enhancement Agreements;

(iv) seeking satisfaction of the Rating Agency Condition from the Rating Agencies in respect of the Program Agreements and proposed amendments thereto if required;

(v) based on reports submitted to it, monitoring the recording, accounting for and enforcement of payment of amounts distributable or payable to the Issuer in connection with any Program Agreement;

(vi) maintaining accounts and banking records of the Issuer with respect to acquisitions or investments in and distributions and payments in connection with the Issuer Property, including Eligible Investments;

(vii) promptly after obtaining knowledge thereof, notifying the Issuer, the Indenture Trustee and the Rating Agencies of a breach in any material respect of any of the Manager's representations, warranties or covenants contained herein;

(viii) to the extent that the Issuer shall from time to time have funds the application of which is not then necessary to the repayment of outstanding indebtedness of the Issuer or to the payment of any costs, fees, expenses or disbursements of the Issuer, applying such funds on behalf of and for the account of the Issuer to the acquisition of Eligible Investments as the Manager may select pending the application of such funds to the repayment of outstanding indebtedness of the Issuer or to the payment of any costs, fees, expenses or disbursements of the Issuer; provided, however, that in making any such Eligible Investments, the Manager shall adhere to the requirements of the Program Agreements in all respects;

(ix) taking all other necessary and appropriate action to enable the Issuer to exercise its rights and perform its obligations in accordance with the provisions of any Program Agreement, including exercising rights of termination under Program Agreements and the enforcement of security or in respect of Eligible Investments;

(x) providing for the defense of any action, suit or proceeding brought against the Issuer or affecting the Issuer or any Issuer Property;

(xi) taking all such steps as may be necessary or appropriate to enable the Issuer to collect on any security relating to the Issuer Investment Interest;

(xii) determining, in accordance with the Financing Plan, when it is appropriate for the Issuer to enter into Derivative Agreements, selecting suitable

counterparties thereto and negotiating the terms thereof in accordance with the terms of the Program Agreements;

(xiii) determining, in accordance with the Financing Plan, when it is appropriate for the Issuer to incur Funding Obligations, including the determination of applicable principal (or face amount), amortization/sinking fund schedule(s), interest rates (or rate of discount), interest payment frequency, issuance date and maturities of such Funding Obligations;

(xiv) ensuring that all Primary Obligations of the Issuer are and remain Approved Obligations;

(xv) making determinations under the Declaration of Trust regarding any distributions to beneficiaries of the Issuer;

(xvi) promptly providing the Issuer Trustee notice of the Perpetuity Date once determined;

(xvii) administering all activities of the Issuer in connection with the issuance, sale, payment, repurchase and redemption of Issuer Funding Obligations and the execution and performance by the Issuer of its obligations under the Program Agreements, including all reporting obligations, applying for and monitoring the ratings of any Issuer Funding Obligations and coordinating all aspects of obtaining and maintaining ratings from the Rating Agencies;

(xviii) preparing, executing and delivering, in accordance with the requirements of all applicable securities laws, any Offering Materials to be furnished by the Issuer to any dealer or prospective purchaser of Issuer Funding Obligations, in accordance with the Issuer's obligations to prepare such Offering Materials under any Underwriting Agreement or Agency Agreement, and preparing amendments to or revising or updating information for such Offering Materials as required from time to time (it being understood that the Manager, as between it and the Issuer, shall not be responsible for the accuracy of any portion of the Offering Materials prepared from information obtained from any Person other than the Issuer and the Manager);

(xix) ensuring that all statements of the Issuer made in any Offering Materials or in connection with entering into any Program Agreement are at all times true and correct in all material respects (it being understood that the Manager, as between it and the Issuer, shall not be responsible for the accuracy of any portion of the Offering Materials prepared from information obtained from any Person other than the Issuer and the Manager);

(xx) arranging for compliance by the Issuer with any continuous disclosure obligations it may have under any applicable securities laws;

(xxi) preparing and filing all reports, certificates and other documents that are required to be prepared and filed pursuant to the Indenture in order to comply with Regulation AB and delivering all such reports, certificates and other documents to the Issuer, the Indenture Trustee and the Rating Agencies;

(xxii) arranging for the retention of legal counsel as may be necessary to perform for the Issuer the services necessary or appropriate to its organization or the conduct of its operations and all general services customarily provided by legal counsel;

(xxiii) arranging for the appointment, discharge and reappointment of an auditor of the Issuer and negotiating and fixing the fees of any such auditor;

(xxiv) arranging for the retention of an accounting firm and ensuring that proper books of account and complete records of all transactions of the Issuer undertaken or performed by it under the Program Agreements are maintained and rendering statements or copies thereof from time to time as requested by the Indenture Trustee and any issuing and paying agent, Lender or Credit Enhancer and co-operating in all audits of the Issuer;

(xxv) preparing, or arranging for the preparation of, all required financial statements of the Issuer;

(xxvi) preparing, procuring, delivering and filing, or causing to be prepared, procured, delivered or filed, any reports, attestations, exhibits, certificates or other documents required to be delivered or filed with the applicable securities regulator by the Issuer under the applicable securities or other applicable laws;

(xxvii) providing clerical and bookkeeping services necessary and appropriate for the Issuer relating to all transactions of the Issuer undertaken or performed by the Manager hereunder, and the Issuer's incurrence and repayment of Funding Obligations and other borrowings of money and maintaining and preserving records regarding the foregoing;

(xxviii) paying all taxes or assessments of whatever kind or nature imposed on the Issuer, and withholding and remitting all taxes required to be withheld and remitted by the Issuer under applicable laws, in each case, on behalf of and for the account of the Issuer and in accordance with the requirements of any applicable laws and subject to the payment priorities specified in the Program Agreements;

(xxix) preparing and filing, in accordance with the requirements of the Indenture and any applicable laws, all returns (including, for greater certainty, all returns, information returns, elections, designations, declarations, schedules, statements or supporting documents in relation thereto) required to be filed with any government authority, or prepared as support for any

such filing, in connection with (A) the determination, assessment or collection of any taxes of the Issuer or taxes, or amounts on account of taxes, that the Issuer is required to withhold and remit by applicable laws, or (B) the administration of any laws, regulations or administrative requirements relating to taxes; and

(xxx) providing such other services as are incidental to the foregoing or as the Issuer and the Manager may agree.

(b) The Manager will not offer to enter into any Program Agreement:

(i) after the Manager receives a notice of termination pursuant to Section 7.1; or

(ii) if the entering into of the Program Agreement would violate any other Program Agreements.

(c) The Manager will not consent to or execute any material amendment of the Change of Law Process Agreement unless the Rating Agency Condition shall have been satisfied.

4.2 Issuer Investment Interest

The Manager will administer as agent for and on behalf of and for the account of the Issuer the following activities of the Issuer in connection with the acquisition and administration of the Issuer Investment Interest in accordance with the Program Agreements:

(a) enforcing the rights of the Issuer under the Program Agreements;

(b) seeking to protect the Issuer and the Specified Creditors from claims, actions or other proceedings of third parties that, if successfully pursued, would result in a breach of any representation by the IESO set forth in the Master Transfer and Servicing Agreement;

(c) executing and filing such filings, including filings under the PPSA, and causing such filings to be executed and filed, all in such manner and in such places as may be required by law to fully preserve, maintain, protect and perfect the ownership interest of the Issuer and the first priority security interest of the Indenture Trustee in the Issuer Investment Interest, including all filings required under the Act and the PPSA (and equivalent statutes in any applicable jurisdiction) relating to the transfer of the ownership of the rights and interest in the Issuer Investment Interest by the IESO to the Issuer or the pledge of the Issuer Investment Interest to the Indenture Trustee;

(d) maintaining accounts and records as to the Issuer Investment Interest accurately and in accordance with its standard accounting procedures and in sufficient detail to permit reconciliation between Servicer CEA Receipts and the Clean Energy Adjustment;

(e) instituting any Proceeding necessary to compel performance by the Board, the IESO, the Province of Ontario, the Indenture Trustee, the Issuer Trustee or any of their respective agents of any of their obligations or duties under the Act, the Regulations or any Program Agreement, as the case may be, and taking such legal or administrative actions, including defending against or instituting and pursuing legal actions and appearing or testifying at hearings or similar proceedings, in each case as may be reasonably necessary;

(f) seeking to block or overturn any attempts to cause a repeal of, modification of or supplement to the Act or the Regulations or the rights of holders of any Funding Obligations, by legislative enactment that would be materially adverse to the Issuer or the Specified Creditors or that would otherwise cause an impairment of the rights of the Issuer or the Specified Creditors; and

(g) instituting any Proceeding necessary to appeal or challenge the decision of a court that would be materially adverse to the Issuer or the Specified Creditors or that would otherwise cause an impairment of the rights of the Issuer or the Specified Creditors.

4.3 Implementation Plan

(a) The Manager will work with the IESO to develop on or before January 31, 2020 a written implementation plan identifying in reasonable detail the actions to be taken by the IESO and the Issuer in order to facilitate the Board, the Issuer, the IESO and the Electricity Vendors being prepared to perform their obligations under the Act and the Regulations when the setting, invoicing and collection of Clean Energy Adjustments commences (the "**Implementation Plan**"). The Implementation Plan should include the following:

(i) a process and a schedule for contacting Electricity Vendors and providing instructions with respect to the establishment of a segregated account by each Electricity Vendor, the procedures for invoicing Clean Energy Adjustments, the identification, deposit and segregation of collections of Clean Energy Adjustments by Electricity Vendors and their remittance to the IESO;

(ii) the development of processes for the necessary exchanges of information with respect to Clean Energy Adjustments among the Board, the Issuer, the Manger, the IESO, Electricity Vendors and Specified Consumers;

(iii) procedures for the testing of the processes for the collection and remittance of Clean Energy Adjustment before February 28, 2021; and

(iv) target dates for the achievement of specified objectives under the Implementation Plan.

(b) The Manager will deliver the Implementation Plan to the Issuer and the Indenture Trustee on or before January 31, 2020.

(c) The Manager will deliver written progress reports on the status of the implementation of the Implementation Plan on or before June 30, 2020, October 31, 2020 and January 31, 2021.

4.4 Collection of Clean Energy Adjustments

(a) The Manager will as agent for and on behalf of the Issuer perform the following in connection with the collection of Clean Energy Adjustments:

(i) review each Monthly Servicer Report and make commercially reasonable efforts to resolve any failures and discrepancies identified in such report that have not been remedied or adequately explained by Electricity Vendors;

(ii) institute any Proceeding necessary to compel performance by the Electricity Vendors of any of their obligations or duties under the Act and the Regulations including with respect to the invoicing, collection, receipt, remittance and reporting in respect of Clean Energy Adjustments; and

(iii) commencing May 1, 2021 and pursuant to its rights under Section 10(4) of the Regulations:

(A) the Manager shall review or caused to be reviewed, on an annual basis or, subject to the satisfaction of the Rating Agency Condition, less frequently as may be determined by the Manager, the records maintained by each Electricity Vendor with respect to Clean Energy Adjustments, such review to include, in respect of each Electricity Vendor: (a) an assessment of compliance with the requirements imposed under the Act, (b) a reconciliation of CEA Consumer Invoice Amounts and Electricity Vendor CEA Collections, (c) a review of amounts deposited into the segregated account established for the purpose of receiving Clean Energy Adjustment amounts, and (d) a reconciliation of Servicer CEA Receipts and Electricity Vendor CEA Collections; and

(B) if there is evidence of material non-compliance by an Electricity Vendor with its duties and obligations in respect of Clean Energy Adjustments, the Manager shall promptly review or cause to be reviewed the records of such Electricity Vendor as the Manager deems reasonably necessary to cause compliance by such Electricity Vendor; and

(C) the Manager shall notify each Rating Agency of any material non-compliance identified as a result of any review completed pursuant to this Section 4.4(a)(iii).

4.5 Investment Interest Records

(a) The Manager will act as custodian of the Investment Interest Records as agent for and on behalf of and for the account of the Issuer, which are hereby constructively delivered to the Indenture Trustee, as pledgee of the Issuer with respect to the Issuer Investment Interest, and, in this regard, the Manager shall:

(i) hold the Investment Interest Records on behalf of the Issuer and the Indenture Trustee and maintain such accurate and complete accounts, records and computer systems pertaining to the Investment Interest Records as shall enable the Issuer and the Indenture Trustee, as applicable, to comply with the Program Agreements;

(ii) promptly report to the Issuer, the Indenture Trustee and the Rating Agencies any failure on its part to hold the Investment Interest Records and maintain its accounts, records and computer systems as herein provided and promptly take appropriate action to remedy any such failure;

(iii) maintain the Investment Interest Records at its offices at 700 University Avenue, Toronto, Ontario or at such other office as shall be specified to the Issuer and the Indenture Trustee by written notice at least 30 days prior to any change in location;

(iv) make available for inspection, audit and copying to the Issuer and the Indenture Trustee or their respective duly authorized representatives, attorneys or auditors the Investment Interest Records at such times during normal business hours as the Issuer or the Indenture Trustee shall reasonably request and that do not unreasonably interfere with the Manager's normal operations; and

(v) upon instruction from the Indenture Trustee in accordance with the Indenture or any other Person in accordance with another Program Agreement, release any Investment Interest Records to the Indenture Trustee, the Indenture Trustee's agent or the Indenture Trustee's designee, as the case may be, at such place or places as the Indenture Trustee may designate, as soon as practicable.

(b) Nothing in this Section 4.5 shall affect the obligation of the Manager to observe any applicable law prohibiting disclosure of information regarding Specified Consumers, and the failure of the Manager to provide access to such information as a result of such obligation shall not constitute a breach of this Section 4.5.

(c) Nothing in this Section 4.5 shall be deemed to require an initial review or any periodic review by the Issuer or the Indenture Trustee of the Investment Interest Records. The Manager's duties to hold the Investment Interest Records set forth in this Section 4.5, to the extent the Investment Interest Records have not been previously transferred to a successor Manager pursuant to Section 7.1, shall terminate one year and one day after the earlier of (i) the date on which the Manager

is succeeded by a successor Manager in accordance with Section 7.1 and (ii) the day after the termination of the Indenture and payment in full of the Issuer Funding Obligations or any other amounts owed under the Indenture.

(d) The Manager shall, on or before the 25th Business Day following the end of each month (or if such day is not a Business Day, the first Business Day following such day), prepare and deliver to the Issuer Trustee and each Rating Agency a report substantially in the form of Exhibit B (a "**Monthly Portfolio Report**").

4.6 Payment of Other Issuer Fees and Expenses

The Manager in accordance with the Program Agreements may, at its option, pay from its own funds the fees and expenses properly incurred on behalf of the Issuer in the ordinary course of the Issuer's operations. To the extent such fees and expenses are paid by the Manager from its own funds, the Issuer will reimburse the Manager for such payments, subject to the payment priorities specified in the Program Agreements.

4.7 Delegation

In connection with the services to be provided or duties to be performed by it under this Agreement, the Manager may, subject to any limitation on delegation imposed by applicable law, by the Declaration of Trust or by the Issuer, engage or employ any Persons as employees, agents, representatives, independent contractors or otherwise, including, without limitation, banks, underwriters, accountants, investment advisers, tax advisers, insurance advisers, lawyers, appraisers, bankers, brokers, dealers, depositories, custodians, agents for collection or others in one or more capacities and any other advisers which the Manager deems advisable, and may delegate any of the powers and duties of the Manager to any such Persons upon such terms and conditions as it may determine. For greater certainty, the Manager shall remain liable and responsible for any of the powers and duties of the Manager which it delegates to a third party.

4.8 Annual Compliance Certificates

The Manager shall provide to the Issuer Trustee a certificate in the form of Exhibit A within 120 days after the end of each fiscal year of the Issuer confirming compliance with the matters referred to in such certificate. The Issuer shall be entitled to rely on such certificate for the period between the effective dates of two consecutive certificates certifying such compliance unless the Issuer has received written notice to the contrary.

4.9 Acknowledgment of Duties as Financial Services Manager

The parties hereto acknowledge that, for so long as Ontario Power Generation Inc. is the Financial Services Manager appointed under the Act, Ontario Power Generation Inc., in its capacity as the Financial Services Manager, will satisfy its obligations as Financial Services Manager in accordance with the Act and the Regulations, and, for greater certainty, its services and duties in this regard will include:

(a) preparing the Financing Plan and, in accordance therewith, evaluating whether Funding Obligations should be incurred by the Issuer for the purposes of acquiring an Investment Interest or refinancing maturing Issuer Funding Obligations;

(b) determining the Clean Energy Adjustment (inclusive of any True Up Amount) payable by Specified Consumers in respect of each month in a Reference Period;

(c) calculating the True Up Amount;

(d) notifying the Board of the Clean Energy Adjustment (inclusive of any True Up Amount) in respect of a Reference Period or such other period as prescribed by the Regulations and sending a copy of such notice, as required, to the Issuer, the Indenture Trustee and the Rating Agencies concurrently therewith; and

(e) if, for any reason any Clean Energy Adjustment is not implemented and effective in respect of the Reference Period set forth in the notice and commencing on the date required under the Act, notifying the Issuer, the Indenture Trustee and each Rating Agency by the end of the second Business Day after such applicable date.

ARTICLE 5
OTHER PROVISIONS RELATING TO THE DUTIES AND COMPENSATION

5.1 Standard of Care

The Manager will perform its duties hereunder (including, for so long as it is the Financial Services Manager, its duties as Financial Services Manager under the Act and the Regulations) diligently and in conformity with the Issuer's obligations under the Program Agreements and with the Act and the Regulations, as applicable, and honestly, in good faith and in the best interests of the Issuer and, in connection therewith, will exercise the degree of care, diligence and skill that a reasonably prudent Person would exercise in comparable circumstances (the "**Standard of Care**"). In carrying out its obligations hereunder, the Manager may rely upon the opinion or advice of or information obtained from any counsel, auditor, valuer or certificates from officers of any of the other parties to Program Agreements. Unless otherwise required by applicable law, the Manager will not be required to give bond, surety or security in any jurisdiction for the performance of any duties or obligations hereunder. The Manager will not be required to devote its entire time to its duties hereunder. Notwithstanding anything else to the contrary herein contained, nothing herein shall be interpreted or construed as an obligation of or on the part of the Manager, and the Manager shall not be liable or obligated, to pay or make any payment of, on or in respect of any debt, liability or obligation of the Issuer (including any payment of, on or in respect of any Issuer Funding Obligations or under any other Program Agreement), as agent for or on behalf of the Issuer or otherwise, except from the monies or funds of the Issuer which are made available to the Manager pursuant to this Agreement or the other Program Agreements for the purpose of such payment.

5.2 Compliance with Program Agreements; Conformity with Law

The Manager acknowledges that it has received copies of the Program Agreements, the Act and the Regulations in effect on the date hereof and is familiar with and understands the duties of the respective parties thereto or governed thereby, including those duties of the Issuer which are being delegated to the Manager hereunder. Notwithstanding anything herein to the contrary, the Manager shall perform its duties hereunder in a manner consistent with any applicable provisions of the Program Agreements in effect from time to time, and the Manager will not, in performing its obligations hereunder, take any action which it knows or ought reasonably to know would cause it or the Issuer to be in violation of any law, rule or regulation applicable to it. The Manager will use reasonable commercial efforts to comply with the terms applicable to the Issuer when acting on its behalf under all Program Agreements and will use reasonable commercial efforts in accordance with its Standard of Care to take such actions as would reasonably be expected to result in the representations and warranties given by the Issuer in any Program Agreement being true and correct in all material respects when made.

5.3 Liabilities

Except as provided in Section 5.6,

(a) the Manager will not be liable for any liabilities of the Issuer; and

(b) subject to the payment priorities specified in the Program Agreements, the Issuer agrees to indemnify, defend and hold harmless the Manager from and against any and all liabilities which may be imposed on, incurred by or assessed against the Manager as a result of any act or omission of the Issuer or the Manager under this Agreement or under any Program Agreement; provided that this Section 5.3(b) does not apply to the extent that in any circumstances there has been wilful misconduct or gross negligence of the Manager or its respective officers, employees or agents or any failure to comply with the Standard of Care.

To the extent that a liability is attributable solely to a single Series or a number of specific Series of Issuer Funding Obligations, the Manager will first exhaust its recourse against the assets available for recovery of such liability and designated to such Series of Issuer Funding Obligations. If such assets are insufficient to satisfy the indemnity set out in this Section 5.3, or if the liability is not attributable to a single Series or a number of specific Series of Issuer Funding Obligations, the liability will be satisfied on a pro rata basis as among the assets available for recovery of such liability and designated to all Issuer Funding Obligations.

Each party expressly disclaims any intention to create a partnership, and neither the Issuer nor the Manager will be deemed to be carrying on business in partnership by reason of its execution and delivery of this Agreement or the exercise or performance by it of its respective rights and obligations hereunder.

5.4 Compensation of the Manager

In consideration of and as compensation for all services provided and duties performed by the Manager pursuant to this Agreement, and so long as the Financial Services

Manager is also the Manager, all services provided and duties performed by the Financial Services Manager, the Issuer will pay to the Manager, subject to the payment priorities specified in the Program Agreements, the Management Fees. The Management Fees are exclusive of any applicable sales taxes and the Issuer shall pay to the Manager the amount of any applicable sales taxes in addition to such fees.

5.5 Compensation of the Issuer

In consideration of the Issuer engaging in the activities contemplated by the Act, the Manager will pay to the Issuer, on a monthly basis, the sum of $10 per month for any month or part thereof that the Issuer is engaged in such activities (the "**Issuer Compensation**"). The Issuer Compensation is exclusive of any applicable sales taxes and the Manager shall pay to the Issuer the amount of any applicable sales taxes in addition to the Issuer Compensation.

5.6 Indemnification by Manager

(a) The Manager shall indemnify the Issuer and defend and hold harmless the Issuer from and against, any and all liabilities, obligations, losses, damages, payments and claims, and reasonable costs or expenses, of any kind whatsoever (collectively, "**Indemnified Losses**") imposed on, incurred by or asserted against the Issuer, as a result of (i) the failure of the Manager to perform its covenants and other obligations under this Agreement or any other Program Agreement to which the Manager is a party; or (ii) the breach by the Manager of any of its representations or warranties under this Agreement or any other Program Agreement to which the Manager is a party and, except to the extent of Indemnified Losses resulting from the willful misconduct, bad faith or gross negligence of the Issuer, seeking indemnification hereunder; provided that, in each case, the Manager shall not be required to indemnify the Issuer for any amount paid or payable by the Issuer in the settlement of any Proceeding or investigation without the written consent of the Manager, which consent shall not be unreasonably withheld or delayed. Promptly after receipt by the Issuer of notice of the commencement of any Proceeding or investigation, the Issuer shall, if a claim in respect thereof is to be made against the Manager under this Section 5.6(a), notify the Manager in writing of the commencement thereof. Failure by the Issuer to so notify the Manager shall relieve the Manger from the obligation to indemnify and hold harmless the Issuer under this Section 5.6(a) only to the extent that the Manager suffers actual prejudice as a result of such failure. With respect to any Proceeding or investigation brought by a third party for which indemnification may be sought under this Section 5.6(a), the Manager shall be entitled to conduct and control, at its expense and with counsel of its choosing that is reasonably satisfactory to the Issuer, the defence of any such Proceeding or investigation (in which case the Manager shall not thereafter be responsible for the fees and expenses of any separate counsel retained by the Issuer except as set forth below); provided, that the Issuer shall have the right to participate in such Proceeding or investigation through counsel chosen by it and at its own expense. Notwithstanding the Manager's election to assume the defence of any Proceeding or investigation, the Issuer shall have the right to employ separate counsel, and the Manager shall bear the reasonable fees, costs and expenses of such separate

counsel, if (i) the defendants in any such action include both the Issuer and the Manager and the Issuer shall have reasonably concluded that there may be legal defences available to it that are different from or additional to those available to the Manager, (ii) the Manager shall not have employed counsel reasonably satisfactory to the Issuer to represent the Issuer within a reasonable time after notice of the institution of such action, (iii) the Issuer shall have been advised by counsel to the Issuer that there may be a conflict of interest between the Manager and the Issuer, or (iv) the Manager authorizes the Issuer to employ separate counsel at the expense of the Manager. Notwithstanding the foregoing, the Manager shall not be obligated to pay for the fees, costs and expenses of more than one separate counsel for the Issuer other than one local counsel, if appropriate. The Manager will not, without the prior written consent of the Issuer, settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim or Proceeding in respect of which indemnification may be sought under this Section 5.6(a) (whether or not the Issuer is an actual or potential party to such claim or action) unless such settlement, compromise or consent includes an unconditional release of the Issuer from all liability arising out of such claim or Proceeding

(b) Indemnification under Section 5.6(a) shall survive any repeal of, modification of, or supplement to, or judicial invalidation of, the Act and shall survive the termination of this Agreement and will rank pari passu with other general, unsecured obligations of the Manager.

(c) Notwithstanding anything contained in this Agreement, it is expressly understood that the Manager is not agreeing to indemnify or hold the Issuer harmless with respect to any of the following:

(i) any losses resulting from any breach or failure to perform by the Manager caused by a breach or failure to perform on the part of any other third party under any Program Agreement, the Act or the Regulations; provided that this Section 5.6(c)(i) shall not apply to limit the liability of the Manager in respect of any delegation to a third party as provided for in Section 4.7.

(ii) any losses resulting from changes in law after the date hereof, whether such changes in law are effected by means of any legislative enactment or any final and non-appealable judicial decision, other than losses resulting solely from the Manager's failure to comply with Section 4.1(a)(xiv);

(iii) any losses resulting from the validity of the Change of Law Protection Agreement or the applicability thereof to the Province, the Issuer or the Indenture Trustee or any material part thereof being disaffirmed by or on behalf of the Province; or

(iv) any liability of the Issuer incurred after the termination of this Agreement unless attributable to the actions or omissions of the Manager prior to such

termination or in respect of a representation, warranty or covenant of the Manager that survives termination of this Agreement.

(d) To the fullest extent permitted by applicable law, no Specified Creditor (other than the Indenture Trustee) will have any right to institute any proceeding, judicial or otherwise, or to make any claim for indemnification, with respect to this Agreement, or for the appointment of a receiver or trustee or similar official, or for any other remedy hereunder, except in accordance with Section 8.12 of the Indenture.

(e) The parties hereto agree that the Manager is not providing any representations, warranties or covenants in this Agreement, and shall have no liability to the Issuer, with respect to the collectability of the Clean Energy Adjustment or the Carrying Costs, or that the Clean Energy Adjustment amounts or Carrying Costs collected will be sufficient to satisfy the Issuer Funding Obligations.

(f) Notwithstanding anything contained in this Agreement, it is expressly understood that the Manager is not agreeing to indemnify or hold harmless the Issuer Trustee with respect to any liabilities resulting from the failure of the Issuer Trustee to satisfy the standard of care set out in the Declaration of Trust. Where the Manager has assumed total defense of a claim, it shall agree to ensure that any settlement of such claim does not include any form of admission of liability on the part of the Issuer Trustee (in its personal capacity).

5.7 Contracting with Itself and Affiliates

In the exercise of its rights, duties and obligations, the Manager may, if it is acting in good faith, enter into, as Manager for the Issuer, agreements and other contracts to which the Manager, in its personal capacity, or an Affiliate of the Manager, is a party.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES

6.1 Representations of the Issuer

The Issuer represents and warrants to the Manager that (a) the execution, delivery and performance by the Issuer of this Agreement are within the powers of the Issuer and have been duly authorized by all necessary action on the part of the Issuer and do not contravene (i) the Program Agreements in effect on the date hereof or (ii) any law or contractual restriction binding on or affecting the Issuer and (b) this Agreement is a legal, valid and binding obligation of the Issuer, enforceable against the Issuer.

6.2 Representations of the Manager

The Manager represents and warrants to the Issuer that (a) the execution, delivery and performance by the Manager of this Agreement are within the powers of the Manager and have been duly authorized by all necessary action on the part of the Manager and do not contravene any law or contractual restriction binding on or affecting the Manager, (b) this Agreement is a

legal, valid and binding obligation of the Manager enforceable against the Manager and (c) it is a resident of Canada for purposes of the *Income Tax Act* (Canada).

ARTICLE 7
TERMINATION AND RESIGNATION

7.1 Termination

The Manager shall not be entitled to resign as manager of the Issuer or to terminate this Agreement for so long as any Funding Obligations remain outstanding. The Manager's rights and obligations under this Agreement (other than under Sections 5.3, 5.4, 5.6 and 8.5) will terminate, if the Manager receives a termination notice from (i) the Issuer Trustee, with the consent of the Indenture Trustee, or (ii) the Indenture Trustee, subject to the terms and conditions of the Indenture, in each case, on the 30th day after receipt of such notice. Notwithstanding the foregoing, no termination shall be effective until a replacement manager that satisfies the Rating Agency Condition has been approved and has entered into a management agreement whereby the replacement manager agrees to assume, in substance, the obligations of the Manager hereunder. Upon the termination of its rights and obligations under this Agreement, the Manager will notify the Rating Agencies and, promptly and upon the request of the Issuer, deliver to the Issuer all records (including Investment Interest Records) in the possession of the Manager relating to the performance of its services hereunder.

ARTICLE 8
MISCELLANEOUS

8.1 Acknowledgement of Indenture

The Manager (i) acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor under the Indenture and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Indenture, (ii) irrevocably authorizes and directs the Indenture Trustee on its behalf to take such action (including the execution and delivery of documents of subordination) as may be necessary or appropriate to further assure the priority arrangements provided for in the Indenture and (iii) appoints the Indenture Trustee as its agent for any and all such purposes.

8.2 Appointment of Manager as Attorney-in-Fact

Subject to any Program Agreement, the Issuer hereby irrevocably appoints the Manager as the Issuer's attorney-in-fact during the term of this Agreement, with full authority in the place and stead of and in the name of the Issuer or otherwise, including full power of substitution, from time to time in the Manager's discretion or as required by this Agreement, to take such actions on behalf of the Issuer as the Manager may deem necessary or advisable to comply with or effect the purposes of this Agreement and any Program Agreement including, without limitation, to execute any documents, instruments or certificates in connection therewith, to ask, demand, collect, sue for, recover, compound, receive and give acquittances and receipts for monies due or becoming due to the Issuer or otherwise owed thereto, to receive, endorse and collect any drafts or other instruments, documents and chattel paper in connection therewith, and to file any claims or take any action or institute any proceedings which the Manager may deem necessary

or desirable for the collection thereof, or to enforce compliance with the terms and conditions of any Program Agreement.

8.3 Amendments and Waivers

(a) Subject to Section 8.3(b), this Agreement may be amended, supplemented, modified, restated or replaced from time to time by written instrument signed by the Issuer and the Manager. The Manager will forthwith after the execution of any such instrument by the Issuer and the Manager provide the Rating Agencies with a copy of such instrument.

(b) No provision of this Agreement may be amended, supplemented, modified, restated or replaced in any material respect without first obtaining the written consent of the Indenture Trustee in accordance with the Indenture and such amendment, supplement, modification or replacement will only be effective if the Rating Agency Condition has been satisfied.

(c) No waiver of any provision of this Agreement, nor consent to any departure by any party therefrom, shall in any event be effective unless the same shall be in writing and signed by such party and such waiver or consent, if material, will only be effective if the Rating Agency Condition has been satisfied, and then said waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. The Manager will forthwith after the execution of any waiver by the Issuer and the Manager provide the Rating Agencies with a copy of such instrument. No failure on the part of any party to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof.

8.4 Withholding Rights

The parties hereto shall be entitled to deduct and withhold from amounts payable under this Agreement such amounts as each is required to deduct and withhold with respect to such payment under the *Income Tax Act* (Canada) or any provision of any applicable federal, provincial, territorial, state, local or foreign tax law. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes as having been paid to the recipient of the payment in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted in accordance with applicable law to the appropriate taxing authority.

8.5 No Petition

The Manager hereby agrees that it will not, prior to the date that is one year and one day after the termination of the Indenture and payment in full of the Issuer Funding Obligations and any other amounts owed under the Indenture, institute or encourage against the Issuer, or join or acquiesce in any institution against the Issuer of, any bankruptcy, reorganization, arrangement, insolvency, winding-up or liquidation proceedings, or other proceedings under any federal or provincial bankruptcy, insolvency or similar law in connection with any obligations relating to this Agreement or any of the other Program Agreements. The foregoing shall not limit the rights of the Manager to file any claim in or otherwise take any action with respect to any insolvency proceeding that was instituted against the Issuer by any Person other than the Manager.

8.6 Notice

All demands, notices and communications hereunder will be in writing (unless otherwise expressly provided herein) and will be personally delivered or transmitted electronically to:

(a) in the case of the Issuer:

Fair Hydro Trust
c/o Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario
M5G 1X6

Email: FHT@opg.com
Attention: Vice President, Fair Hydro Plan

with a copy to:

Computershare Trust Company of Canada
100 University Avenue, 11th Floor
Toronto, Ontario
M5J 2Y1

Email: corporatetrust.toronto@computershare.com
Attention: Manager, Corporate Trust

(b) in the case of the Manager:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario
M5G 1X6

Email: FHT@opg.com
Attention: Vice President, Fair Hydro Plan

or such other address or email address as may hereafter by furnished to each of the parties hereto in writing. Notices transmitted by facsimile will be deemed to have been received when delivered (with receipt confirmed).

8.7 Recourse to Issuer Trustee and the Issuer

Nothing contained herein will be deemed to cause the Issuer Trustee to be personally liable for any obligations of the Issuer hereunder, and the Manager will not seek any personal or deficiency judgment in respect of such obligations against the Issuer Trustee in its personal capacity; provided, however, that the foregoing will not in any way affect any rights that the Manager may have hereunder to (a) proceed against any Person with respect to the enforcement

of any guarantee of, or collateral security for, payment of such obligations or (b) recover any funds, damages, expenses or costs as a result of fraud or misrepresentation by the Issuer Trustee in its personal capacity. The obligations hereunder are not binding upon the Issuer Trustee except in its capacity as trustee of the Issuer nor will resort be had to the property of the Issuer Trustee except where liability is expressly imposed on the Issuer Trustee in its personal capacity hereunder, but the Issuer Property will be bound hereby.

8.8 Severability

If one or more provision of this Agreement is for any reason whatever held invalid, such provision will be deemed severable from the remaining covenants, agreements and provisions of this Agreement and will in no way affect the validity or enforceability of such remaining provisions or the rights of any parties hereto.

8.9 Execution of Counterparts; Electronic Delivery

This Agreement may be executed in several counterparts, each of which when so executed shall be deemed to be an original and the counterparts together shall constitute one and the same instrument. Delivery of an executed signature page to this Agreement by any party by electronic transmission will be as effective as delivery of a manually executed copy of this Agreement by such party.

8.10 Governing Law

This Agreement will be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

8.11 Grant of Security Interest to Indenture Trustee; Acknowledgement of Rights of Indenture Trustee

The Manager hereby acknowledges and consents to any mortgage, pledge, assignment and grant of a security interest by the Issuer to the Indenture Trustee for the benefit of the Specified Creditors pursuant to the Indenture of any or all of the Issuer's rights hereunder. The Manager further acknowledges and agrees that, pursuant to the terms of the Indenture, if the Issuer fails to exercise any of its rights under this Agreement, including any right to be indemnified by the Manager pursuant to Section 5.6 of this Agreement, the Indenture Trustee shall be entitled, subject to the terms of the Indenture, to enforce such rights against the Manager directly on the Issuer's behalf.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective officers as of the day and year first above written.

FAIR HYDRO TRUST, by its sole trustee, COMPUTERSHARE TRUST COMPANY OF CANADA
as Issuer

By: _____
Name:
Title:

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC.
as Manager

By: _____
Name:
Title:

By: _____
Name:
Title:

ACKNOWLEDGED AND ACCEPTED:

BNY TRUST COMPANY OF CANADA
as Indenture Trustee

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT A

ANNUAL COMPLIANCE CERTIFICATE

TO: Computer Share Trust Company of Canada, (the "**Issuer Trustee**") in its capacity as issuer trustee of Fair Hydro Trust (the "**Issuer**")

Ontario Power Generation Inc., as manager (the "**Manager**") appointed by the Issuer Trustee under the Management Agreement dated December ■, 2017 between the Issuer Trustee and the Manager, and acknowledged and accepted by the Indenture Trustee (as amended, supplement, modified, restated or replaced from time to time, the "**Management Agreement**"), confirms, on behalf of the Issuer, the following:

(a) The books and records of the Issuer maintained by the Manager are current and accurate in all material respects.

(b) All debt obligations and expenses due and payable by the Issuer have been paid to date.

(c) All required filings with tax and regulatory authorities have been completed to date.

(d) All material statements and reports to be delivered by the Issuer under the Program Agreements have been delivered and all material statements and reports to be received by the Issuer under the Program Agreements have been received.

Capitalized terms used but not defined herein have the meanings given to them in the Management Agreement.

Dated this ■ day of ■, ■.

ONTARIO POWER GENERATION INC.
as Manager

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT B

MONTHLY REPORT

[NTD: Form of monthly report is in progress and will include:

- **the amount of Monthly Carrying Costs received by the IESO under the MTSA;**
- **a copy of the Monthly Servicer Report delivered by IESO under the MTSA;**
- **the amounts paid for each series and class of note, broken down by principal and interest;**
- **the opening and closing balance of the notes of the various series;**
- **the opening and closing amounts in the various reserve accounts; and**
- **amounts paid by the Issuer to various other third parties (Manager fees, Issuer Trustee fees, etc.).]**

COMPUTERSHARE TRUST COMPANY OF CANADA

as Issuer Trustee of

FAIR HYDRO TRUST

DECLARATION OF TRUST

Made as of December ■, 2017

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THIS DECLARATION OF TRUST is made as of December ■, 2017 by Computershare Trust Company of Canada, a trust company established under the laws of Canada (the "**Issuer Trustee**").

WHEREAS the Government of Ontario has enacted the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**") for the purpose of, among other things, ensuring that clean energy costs and clean energy benefits (each as defined in the Act) are fairly allocated among present and future Specified Consumers (as defined below);

AND WHEREAS the Issuer Trustee has determined, at the request of OPG, to establish a Trust (as defined below) for the purpose of carrying on the activities of a financing entity (as defined in the Act) as hereinafter described for the benefit of the Unitholders (as defined below);

NOW THEREFORE the Issuer Trustee hereby declares that it holds in trust as trustee the sum of TEN DOLLARS ($10.00) now contributed by it and all property of every nature and kind which it may acquire in its capacity as trustee of the Trust, and all income therefrom, for the benefit of the Unitholders, in accordance with and subject to the provisions of this Declaration of Trust.

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Declaration of Trust, the following terms have the following meanings:

"**Act**" has the meaning ascribed thereto in the Recitals.

"**Adjusted Redemption Price**" has the meaning ascribed thereto in subsection 4.1(3).

"**Affiliate**" means, with respect to any specified Person, any other Person controlling or controlled by or under common control with such specified Person. For the purposes of this definition, "**control**" when used with respect to any specified Person means the power to direct the management and policies of such specified Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, and the terms "**controlling**" and "**controlled**" have meanings correlative to the foregoing.

"**Agency Agreement**" means an agency agreement made between the Trust and one or more Persons acting on behalf of the Trust, providing for the sale and distribution of Notes on an agency basis.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are, or the office of the Indenture Trustee is, authorized or obligated by law, regulation or executive order to be closed.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement to be entered into between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance, the Indenture Trustee and the Trust.

"**Claim**" has the meaning ascribed thereto in Section 7.3.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Trust and any other owner or owners of an Investment Interest.

"**Dealer**" means one or more Persons (other than the Issuer Trustee or the Manager) who have entered into an agreement with the Trust for the purpose of facilitating the sale and distribution of Funding Obligations.

"**Declaration of Trust**" means this declaration of trust.

"**Derivative Agreement**" means any agreement evidencing an interest rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into by the Trust in connection with or related to, and at the time of or prior to, the issuance of Funding Obligations or acquisition of Investment Interests by the Trust in accordance with and subject to the terms of the Program Agreements.

"**Designated Beneficiary**" has the meaning ascribed thereto in section 3.6.

"**Eligible Investments**" means investments permitted to be made by the Trust under the Indenture.

"**Excess Income on Redemption**" has the meaning ascribed thereto in subsection 11.1(2).

"**Funding Obligation**" means a payment obligation incurred by or on behalf of the Trust to fund its ownership of an Investment Interest or a payment obligation that meets such other criteria as may be prescribed by the Regulations.

"**GAAP**" or "**generally accepted accounting principles**" means generally accepted accounting principles in Canada.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" means the Independent Electricity System Operator, a statutory corporation without share capital established by the *Electricity Act, 1998*, SO, 1998.

"**IESO Security Agreement**" means the security agreement made by the IESO in favour of the Trust to secure certain of its obligations under the Master Transfer and Servicing Agreement.

"**Income of the Trust**" for any taxation year of the Trust means the net income for the year determined pursuant to the provisions of the ITA having regard to the provisions thereof

which relate to the calculation of income for the purposes of determining the "taxable income" of a trust, without reference to paragraph 82(1)(b) and subsection 104(6) thereof, less any non-capital losses of the Trust carried forward from prior taxation years that are deductible in the taxation year, and taking into account such other adjustments as may be determined in the discretion of the Issuer Trustee; provided, however, that capital gains and capital losses will be excluded from the computation of net income.

"**Indenture**" means the master trust indenture to be entered into between the Trust and the Indenture Trustee.

"**Indenture Trustee**" means BNY Trust Company of Canada, a trust company existing under the laws of Canada and duly authorized to carry on the business of a trust company in all of the provinces and territories of Canada, as indenture trustee for the benefit of Specified Creditors under the Indenture.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act.

"**Issuer Trustee**" means Computershare Trust Company of Canada and any successor thereto appointed pursuant to Article 6.

"**ITA**" means the *Income Tax Act* (Canada) and the regulations promulgated thereunder.

"**Management Agreement**" means the management agreement to be entered into between the Manager and the Trust.

"**Manager**" means OPG, in its capacity as manager appointed under the Management Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement to be entered into between the Trust and the IESO.

"**MTSA Acknowledgement**" means the acknowledgement and indemnity agreement to be given by the IESO in favour of the Indenture Trustee.

"**Net Realized Capital Gains of the Trust**" for any taxation year means the amount, if any, by which the aggregate amount of the realized capital gains of the Trust for the year, calculated in accordance with the provisions of the ITA, exceeds the aggregate of: (i) the aggregate amount of any realized capital losses of the Trust for the year, calculated in accordance with the provisions of the ITA; and (ii) the amount determined by the Issuer Trustee in respect of any net capital losses of the Trust carried forward from prior taxation years that are deductible in the taxation year; provided that in the discretion of the Issuer Trustee, the Net Realized Capital Gains of the Trust for a taxation year may be calculated without subtracting the full amount of the net capital losses of the Trust carried forward from prior years.

"**Net Realized Capital Gains of the Trust Allocated on Redemption**" has the meaning ascribed thereto in subsection 4.1(5).

"**New Holder**" has the meaning ascribed thereto in subsection 3.6(1).

"**Note**" or "**Notes**" means any note or notes of any class, series or tranche created pursuant to Supplemental Indentures and authenticated and delivered from time to time under the Indenture.

"**OPG**" means Ontario Power Generation Inc.

"**Person**" means any individual, corporation, limited liability company, unlimited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Government Authority.

"**Program Agreements**" means the Indenture, each Supplemental Indenture, this Declaration of Trust, the Management Agreement, the Master Transfer and Servicing Agreement, the MTSA Acknowledgement, each Transfer Notice, any Co-Owner Agreements, the IESO Security Agreement, the Change of Law Protection Agreement, the Notes, any derivative agreements, credit enhancement agreements, liquidity agreements, loan agreements, Underwriting Agreements, Agency Agreements and note purchase agreements and all other documents and certificates delivered in connection therewith.

"**Rating Agencies**" means, at any time, the credit rating agencies which at the request of the Trust are rating the Funding Obligations at such time.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Indenture.

"**Records**" means all contracts, books, records and other documents and information, including, without limitation, data and information, including any stored on computer-related or other electronic media, computer programs, data processing software and related property and rights, maintained with respect to, but solely to, the assets of the Trust.

"**Redemption Price**" has the meaning ascribed thereto in subsection 4.1(3).

"**Regulations**" means the regulations promulgated under the Act.

"**Specified Consumer**" has the meaning ascribed to the term "specified consumer" in the Act.

"**Specified Creditors**" has the meaning ascribed thereto in the Indenture.

"**Specified Unitholder**" means a Unitholder that is either: (a) a taxable Canadian corporation (as defined in subsection 89(1) of the ITA), or (b) a corporation that is exempt from tax under the ITA and in respect of which no amounts paid or payable from the Trust are subject to the special payments under Part VI the *Electricity Act, 1998* (Ontario).

"**Supplemental Indenture**" means any supplemental indenture to the Indenture.

"**Transfer**" has the meaning ascribed to the term "transfer" in the Act.

"**Transfer Notice**" means a Transfer Notice in respect of a Transfer substantially in the form of Exhibit A to the Master Transfer and Servicing Agreement and delivered pursuant to such Program Agreement.

"**Trust**" means Fair Hydro Trust, a trust established under the laws of the Province of Ontario pursuant to this Declaration of Trust.

"**Trust Activities**" means the activities of the Trust described in Section 2.1.

"**Trust Company**" means a federally or provincially established trust company licensed to carry on business in all provinces and territories of Canada and which is resident in Canada for purposes of the ITA.

"**Trust Property**" means, as of any particular time, all assets of the Trust and all property, real, personal or otherwise, tangible or intangible, which have been transferred, conveyed or paid to, or acquired by the Trust, including all income, earnings, profits and gains therefrom, and which at such time are owned or held by the Trust.

"**Underwriting Agreement**" means an agreement providing for the purchase of Notes from the Trust by one or more Persons as principals for the purpose of resale.

"**Unitholders**" means at any time, the holders at such time of one or more Units, and "**Unitholder**" means any such holder.

"**Units**" means the units of beneficial interest of the Trust authorized and issued hereunder as such and for the time being outstanding and entitled to the benefits hereof.

1.2 Interpretation

In this Declaration of Trust, unless otherwise expressly stated or the context otherwise requires:

(a) references to "herein", "hereby", "hereunder", "hereof" and similar expressions are references to this Declaration of Trust and not to any particular Article or Section of this Declaration of Trust;

(b) references to an "Article" or "Section" are references to an Article or Section of this Declaration of Trust;

(c) words importing the singular shall include the plural and vice versa, and words importing gender shall include the masculine, feminine and neuter genders;

(d) the use of headings is for convenience of reference only and shall not affect the construction or interpretation hereof;

(e) the words "includes" and "including", when following any general term or statement, are not to be construed as limiting the general term or statement to the specific items or matters set forth or to similar items or matters, but rather as

referring to all other items or matters that could reasonably fall within the broadest possible scope of the general term or statement;

(f) references to any Person include such Person's successors and permitted assigns;

(g) any reference to a statute, regulation, policy, rule or instrument shall include, and shall be deemed to be a reference also to, all amendments made to such statute, regulation, policy, rule or instrument and to any statute, regulation, policy, rule or instrument that may be passed which has the effect of supplementing or superseding the statute, regulation, policy, rule or instrument so referred to;

(h) any reference to this Declaration of Trust or any other agreement, document or instrument shall be construed as a reference to this Declaration of Trust or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated or supplemented;

(i) in the event that any day on which any amount is to be determined or any action is required to be taken hereunder is not a Business Day, then such amount shall be determined or such action shall be required to be taken at or before the requisite time on the next succeeding day that is a Business Day; and

(j) unless otherwise specified, all references to "$" or "dollars" are to lawful currency of Canada.

1.3 Accounting Principles

Where the character or amount of any asset or liability or item of revenue or expense is required to be determined, or any consolidation or other accounting computation is required to be made for the purpose of this Declaration of Trust, such determination or calculation shall, to the extent applicable and except as otherwise specified herein or as the Issuer Trustee otherwise determines, be made in accordance with GAAP applied on a consistent basis.

1.4 References to Acts of the Trust

For greater certainty, where any reference is made in this Declaration of Trust to an act to be performed or not by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty by or with respect to either (i) the Trust; or (ii) the Issuer Trustee, such reference will be construed and applied for all purposes as if it referred to an act to be performed by or not, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty by or with respect to, the Issuer Trustee in its capacity as trustee of the Trust, and not in any other capacity.

ARTICLE 2
THE TRUST

2.1 Purpose and Activities of the Trust

The purpose of the Trust is to establish and carry on activities for the exclusive benefit of the Unitholders and to distribute the Trust Property upon termination of those activities by the Trust in accordance with Article 11. The Trust is permitted to engage in any activity, undertaking, transaction or event authorized or permitted by the Act (the "**Trust Activities**"), including:

(a) issuing Units;

(b) redeeming Units;

(c) acquiring, owning, holding, administering or entering into agreements regarding the acquisition and servicing of Investment Interests, along with certain other related assets;

(d) managing, selling, assigning, pledging and collecting amounts due on or otherwise deal with Investment Interests and the other related assets to be so acquired in accordance with the terms of the Program Agreements;

(e) negotiating, authorizing, executing, delivering, assuming the obligations under, and performing its duties under, the Program Agreements and any other agreement or instrument or document relating to the activities set forth in clauses (c) and (d) above; provided, that the Trust shall be permitted to incur additional indebtedness or other liabilities payable to service providers and trade creditors in the ordinary course of business in connection with the foregoing activities;

(f) filing with any applicable securities commission one or more prospectuses, offering memoranda or registration statements, and filing such applications, reports, irrevocable consents, appointments of attorney for service of process and other papers and documents necessary or desirable to register one or more series of Funding Obligations under the securities laws of any applicable jurisdiction;

(g) authorizing, executing, delivering, issuing and registering one or more series of Funding Obligations;

(h) making payments on the Funding Obligations;

(i) pledging its interest in Investment Interests and related assets to the Indenture Trustee in order to secure the Funding Obligations; and

(j) engaging in any lawful act or activity and exercise any powers permitted to trusts formed under the laws of the Province of Ontario that, in each case, are incidental to, or necessary, suitable or convenient for the accomplishment of the above-mentioned purposes.

The Trust shall engage only in any activities related to the foregoing purposes or required or authorized by the terms of the Program Agreements or other agreements referenced above.

2.2 Limitation on Certain Activities

Notwithstanding any other provision of this Declaration of Trust or the Management Agreement, at any time that any Funding Obligations remain outstanding, the consent of the Indenture Trustee shall be required for the Trust to:

(a) take any action to wind-up or dissolve the Trust; or

(b) institute any voluntary proceedings to be adjudicated bankrupt or insolvent, or consent to the institution of any bankruptcy or insolvency proceedings against it, or file a petition seeking or consent to any assignment, petition, application or proceeding under any applicable bankruptcy or insolvency law, or consent to the appointment of a receiver, liquidator, assignee, trustee or other similar official of the Trust or a substantial part of its property, or make any assignment for the benefit of creditors, or admit in writing its inability to pay its debts generally as they become due, or take any similar action in respect of the Trust.

2.3 Name and Head Office

The English form of the name of the Trust is “Fair Hydro Trust” and the French form of the name of the Trust is “Fiducie pour des frais d’électricité équitables”. The Trust may use and may be legally designated by either the English form or the French form of its name. Should the Issuer Trustee determine that the use of such name is not practicable, legal or convenient, it may use such other designation or adopt such other name for the Trust as it deems proper and the Trust may hold property and conduct the Trust Activities under such other designation or name. The head office, chief executive office, chief place of business and situs of administration of the Trust will initially be situated at the offices of the Issuer Trustee situated at 100 University Avenue, 11th Floor, Toronto, Ontario M5J 2Y1.

2.4 Nature of the Trust

The Trust is an unincorporated open-ended unit trust established for the purposes specified in Section 2.1. The Trust shall be governed by the general law of trusts, except as such general law of trusts has been or is from time to time modified, altered or abridged for the Trust by:

(a) applicable laws and regulations or other requirements imposed by applicable securities or other regulatory authorities, including the Act and Regulations; and

(b) the terms, conditions and trusts set forth in this Declaration of Trust.

The beneficial interest and rights generally of the Unitholders in the Trust shall be limited to the right to participate in distributions when and as declared by the Issuer Trustee and distributions upon the termination of the Trust. The Trust is not and is not intended to be, shall not be deemed to be and shall not be treated as a general partnership, limited partnership, syndicate, association, joint venture, company, corporation or joint stock company nor shall the Issuer Trustee or the

Unitholders or any of them for any purpose be, or be deemed to be treated in any way whatsoever to be, liable or responsible hereunder as partners or joint venturers. The Issuer Trustee shall not be, or be deemed to be, an agent of the Unitholders. The relationship of the Unitholders to the Issuer Trustee, to the Trust and to the Trust Property shall be solely that of beneficiaries in accordance with this Declaration of Trust.

2.5 Rights of Unitholders

No Unitholder shall be entitled to call for any partition or division of the Trust Property or for a distribution of any particular asset forming part of the Trust Property or of any particular monies or funds received by the Issuer Trustee. The legal ownership of the Trust Property and the right to conduct the activities of the Trust are vested exclusively in the Issuer Trustee, and no Unitholder has or is deemed to have any right of ownership in any of the Trust Property, except as specifically provided herein. Except as specifically provided herein, no Unitholder or Unitholders shall be entitled to interfere with or give any direction to the Issuer Trustee with respect to the affairs of the Trust or in connection with the exercise of any powers or authorities conferred upon the Issuer Trustee under this Declaration of Trust. The Units shall be personal property and shall confer upon the holders thereof only the interest and rights, and impose upon the holders thereof only those liabilities and obligations, specifically set forth in this Declaration of Trust.

ARTICLE 3
UNITS

3.1 Nature of Units

The beneficial interests in the Trust shall be divided into a single class of Units. Each Unit represents an equal undivided beneficial interest in any distributions by the Trust, whether of Income of the Trust, Net Realized Capital Gains of the Trust (other than Net Realized Capital Gains of the Trust Allocated on Redemption to redeeming Unitholders), or other amounts, and, in the event of termination or winding up of the Trust, in the net assets of the Trust remaining after satisfaction of all liabilities. All Units rank equally among themselves and rateably without discrimination, preference or priority. Each Unit will entitle the Unitholder of record thereof to one vote at all meetings of the Unitholders or in respect of any written resolution of the Unitholders. Each Unit, when issued, shall vest indefeasibly in the holder thereof.

The number of Units which the Trust may issue is unlimited. The issued and outstanding Units may be subdivided or consolidated from time to time by the Issuer Trustee without notice to or approval of the Unitholders. Unless the Issuer Trustee determines otherwise, immediately after any *pro rata* issuance of additional Units to all Unitholders pursuant to subsection 11.3(3), the number of outstanding Units will automatically be consolidated such that each such holder will hold after the consolidation the same number of Units as such holder held before the issuance of additional Units.

3.2 Consideration of Units

A Unit will not be fully paid until the consideration therefor has been received in full by or on behalf of the Trust. The consideration for any Unit will be paid in money or in property (including, without limitation, a debt instrument issued to the Trust) or in past services received

by the Trust that are not less in value than the fair equivalent of the money that the Trust would have received if the Unit had been issued for money. In determining whether property or past services are the fair equivalent of consideration paid in money, the Issuer Trustee may take into account reasonable charges and expenses of organization and reorganization and payments for property and past services reasonably expected to benefit the Trust. In no case will a Unit be issued to a Designated Beneficiary.

3.3 No Pre-Emptive Rights

No Person shall be entitled, as a matter of right, to subscribe for or purchase any Units of the Trust. There are no pre-emptive rights attaching to the Units.

3.4 Fractional Units

If as a result of any act of the Issuer Trustee hereunder, any Person becomes entitled to a fraction of a Unit, such Person will not be entitled to receive a certificate therefor. Fractional Units will not, except to the extent that they may represent in the aggregate one or more whole Units, entitle the holders thereof to notice of or to attend or to vote at meetings of the Unitholders. Subject to the foregoing, such fractional Units will have attached thereto the rights, restrictions, conditions and limitations attaching to whole Units in the proportion that they bear to a whole Unit.

3.5 Allotment and Issue

Subject to Section 3.6, the Issuer Trustee may allot and issue Units at such time or times and in such manner (including pursuant to any plan from time to time in effect relating to reinvestment by the Unitholders of distributions of the Trust in Units) and to such Person, Persons or class of Persons as the Issuer Trustee in its sole discretion will determine. The price or the value of the consideration for which Units may be issued and the terms and conditions of issuance of the Units will be determined by the Issuer Trustee in its sole discretion. Not restricting the generality of the foregoing, the Issuer Trustee may accept amounts received from a Unitholder as a prepayment in respect of the obligation of the Unitholder to pay all or any part of the subscription price of Units to be issued at a later date by the Issuer Trustee. In such circumstances, such prepayment will form part of the Trust Property. In the event that Units are issued in whole or in part for a consideration other than money, the resolution of the Issuer Trustee allotting and issuing such Units will express the fair equivalent in money of the other consideration received.

3.6 Prohibited Issuances and Transfers

(1) Notwithstanding any other provision in this Declaration of Trust, at no time, may Units be issued or transferred to a Person who would be a "designated beneficiary" within the meaning of Part XII.2 of the ITA ("**Designated Beneficiary**"), and the Issuer Trustee will not accept a subscription for Units from, or issue or register a transfer of Units to, a Person unless the Person provides a declaration to the Issuer Trustee that it would not be a Designated Beneficiary and covenants to maintain such representation true for as long as it continues to hold one or more Units. If, notwithstanding the foregoing, the Issuer Trustee determines that a Person has purported to become or remain a Unitholder in breach of the above mentioned declaration or covenant, or if the Unitholder fails to provide, upon request, a declaration in form and content satisfactory to the Issuer Trustee that it is not a

Designated Beneficiary, (i) the Issuer Trustee will require such Person to dispose of the Units within a specified period not to exceed 60 days to a Person who does not contravene the above mentioned limitation on ownership ("**New Holder**"), and (ii) effective immediately prior to the breach, such Person will be deemed to have ceased to be a holder of such Units, the voting and distribution rights attached to such Units will be suspended and such Units will be deemed not to be outstanding until acquired by a New Holder (provided that holders of other Units will not be entitled to any portion of the distributions that may have been paid in respect of Units that have been so deemed not to be outstanding) and such Person's rights in respect of such Units will be limited to receiving the net proceeds of the sale thereof. If such Person has not, within such period, sold such Units or provided the Issuer Trustee with a declaration in form and content satisfactory to the Issuer Trustee that it is not a Designated Beneficiary, the Issuer Trustee may sell such Units on behalf of such Person (and the Issuer Trustee will have the power of attorney of such Person to do so), and such Person's rights in respect of such Units will be limited to receiving the net proceeds of sale upon surrender of the certificates representing such Units.

(2) Subject to this section 3.6, and until the Issuer Trustee will have been required to do so under the terms hereof, the Issuer Trustee will not be bound to do or take any proceeding or action with respect to this section 3.6 by virtue of the powers conferred on it hereby. The Issuer Trustee will have the sole right and authority to make any determination required for the administration of the provisions of, or contemplated under this section 3.6, and without limiting the generality of the foregoing, if the Issuer Trustee considers that there are reasonable grounds for believing that a contravention of the above mentioned limitation on ownership has occurred or may occur, the Issuer Trustee will make a determination with respect to the matter. Any such determination will be conclusive, final and binding for the purposes of this section 3.6 except to the extent modified by any subsequent determination by the Issuer Trustee. The Issuer Trustee may require declarations as to whether a Unitholder is a Designated Beneficiary or as to factual information that will enable the Issuer Trustee to determine whether a Unitholder or a prospective transferee of a Unit may be a Designated Beneficiary. In any situation where it is unclear whether Units may be held by a Person who may be a Designated Beneficiary, the Issuer Trustee may exercise its discretion in determining whether such Person is or is not a Designated Beneficiary, and any such exercise by it of its discretion will be binding for the purposes of this section 3.6.

3.7 Liability of Unitholders

No Unitholder of the Trust, in its capacity as such, will incur or be subject to any liability, direct or indirect, absolute or contingent, in contract or in tort or of any other kind, to any Person in connection with: (i) the Trust Property or the ownership, use, operation, acquisition or disposition thereof or exercise or enjoyment of the rights, privileges, conditions or benefits attached thereto, associated therewith or derived therefrom; (ii) the obligations, liabilities, activities or affairs of the Trust; (iii) any actual or alleged act or omission of the Issuer Trustee or any other Person in respect of the activities or affairs of the Trust (whether or not authorized by or pursuant to this Declaration of Trust); (iv) any actual or alleged act or omission of the Issuer Trustee or any other Person in the performance or exercise, or purported or attempted performance or exercise, of any obligation, power, discretion or authority conferred upon the Issuer Trustee or such other Person in respect of the activities or affairs of the Trust (whether or not authorized by

or pursuant to this Declaration of Trust); (v) any transaction entered into by the Issuer Trustee or by any other Person in respect of the activities or affairs of the Trust (whether or not authorized by or pursuant to this Declaration of Trust); or (vi) any taxes, levies, imposts or charges or fines, penalties or interest in respect thereof payable by the Trust or by the Issuer Trustee or by any other Person (except the Unitholders to the extent required by applicable tax laws) on behalf of or in connection with the activities or affairs of the Trust. No Unitholder will be liable to indemnify the Issuer Trustee or any other Person with respect to any such liability or liabilities incurred by the Issuer Trustee or by any such other Person or Persons or with respect to any taxes payable by the Trust or by the Issuer Trustee or any other Person on behalf of or in connection with the Trust. To the extent that any such liabilities of the Unitholders may arise, they will be enforceable only against, and will be satisfied only out of, the Trust Property to the full extent of such liability and the costs of any litigation or other proceedings in which such liability will have been determined, including without limitation, the fees and disbursements of counsel.

ARTICLE 4
REDEMPTION OF UNITS

4.1 Redemption of Units

Each Unitholder will be entitled to require the Trust to redeem at any time and from time to time at the demand of such Unitholder all or any part of the Units held by such Unitholder as follows:

(1) The Unitholder will give notice in writing to the Trust at its head office of its intention to redeem Units and the number of Units to be redeemed.

(2) Upon receipt by the Trust of such notice from the Unitholder to redeem Units, the Unitholder will be entitled to receive, subject to subsection 4.1(3), an amount equal to the aggregate fair market value of such Units immediately before the redemption (the "**Redemption Price**") established by the Issuer Trustee, acting reasonably, payable by certified cheque or via wire transfer of funds.

(3) In the event that the Trust has insufficient funds to make the payment required pursuant to subsection 4.1(2) or such payment is restricted under the terms of the Indenture, the Trust will satisfy the Redemption Price, subject to compliance with any regulatory requirements, by either issuing a promissory note to the Unitholder, which note shall have a principal amount equal to the Redemption Price and such other terms as is determined at the time of issuance by the Issuer Trustee, or by distributing to the redeeming Unitholder *in specie* a proportionate amount of the Trust Property, the fair market value of which, as determined by the Issuer Trustee, acting reasonably, is equal to the Redemption Price. In the event that property is distributed *in specie*, the amount of Net Realized Capital Gains of the Trust Allocated on Redemption as contemplated by subsection 4.1(5) payable in connection with the redemption of Units shall be payable to the Unitholder in kind, and to the extent of the amount thereof, the Redemption Price of the Units being redeemed shall be reduced accordingly (the "**Adjusted Redemption Price**").

(4) Upon satisfaction of the Redemption Price or the Adjusted Redemption Price, as the case may be, the redeeming Unitholder will not be entitled to any rights or benefits, including voting and the right to receive distributions, in connection with the Units redeemed.

(5) Where the Trust distributes Trust Property *in specie* as contemplated in subsection 4.1(3), the Issuer Trustee shall designate and pay to the redeeming Unitholder such part of the Net Realized Capital Gains of the Trust as is realized by the Trust in connection with such *in specie* distribution, provided that the amount of the Net Realize Capital Gains on the Trust so allocated shall not exceed the amount, if any, by which the Redemption Price of the particular Units being redeemed exceeds the aggregate adjusted cost base of such Units to the Unitholder for the purpose of the ITA immediately before the redemption (the "**Net Realized Capital Gains of the Trust Allocated on Redemption**"). If the total Net Realized Capital Gains of the Trust Allocated on Redemption determined by the Issuer Trustee pursuant to the preceding sentence for all redeeming Unitholders in any taxation year exceeds the Net Realized Capital Gains of the Trust for that year, the Net Realized Capital Gains of the Trust for that taxation year shall be allocated rateably to all redeeming Unitholders for the year based on the Net Realized Capital Gains of the Trust Allocated on Redemption as otherwise determined pursuant to the preceding sentence. The Net Realized Capital Gains of the Trust Allocated on Redemption designated and paid on the redemption of Units as determined under this subsection shall be deemed to be a distribution of Net Realized Capital Gains of the Trust for the particular taxation year in which the redemption occurs. If the Issuer Trustee is required to deduct or withhold an amount from such distribution, the Unitholder shall make the cash payment described in Section 11.7 to the Issuer Trustee on or prior to the date the Units are to be redeemed.

ARTICLE 5
RIGHTS AND POWERS OF ISSUER TRUSTEE

5.1 General Rights and Powers

Subject to the specific restrictions and limitations set forth in this Declaration of Trust and notwithstanding the provisions of the *Trustee Act* (Ontario) or any other similar legislation in any jurisdiction, the Issuer Trustee will have, without the necessity of authorization by, and free from any power or control on the part of, the Unitholders, full, exclusive and absolute power, control and authority over the Trust Property and the Trust Activities to the same extent as if the Issuer Trustee were the sole and absolute owner thereof in its own right including, without limitation, such power, control and authority to do all such acts and things as in its sole judgment and discretion are necessary, incidental or desirable for carrying on the Trust Activities in accordance with the Program Agreements with such powers of delegation as may be permitted by this Declaration of Trust, including the right, power and authority to amend this Declaration of Trust subject to and in accordance with the terms hereof and to appoint, employ or contract with any Person as the Issuer Trustee may deem necessary, appropriate or desirable for the transaction of the Trust Activities, including for the administration of the Trust. The Issuer Trustee shall exercise the functions of the trustee of the Trust in Ontario, Canada. For greater certainty, the powers of the Issuer Trustee that may be exercised as aforesaid include the powers set forth in Section 5.2 to and including Section 5.18. The enumeration of any specific power or authority in this Declaration of Trust will not be construed as limiting the aforesaid power or authority or any other specific power

or authority. Subject only to the express limitations contained in this Declaration of Trust, every discretion or power hereby conferred on the Issuer Trustee is an absolute and uncontrolled discretion or power.

5.2 Acquisition of Assets and Deposit of Funds

Subject to Section 2.1, the Issuer Trustee will have the power to acquire Investment Interests in accordance with the Program Agreements. Subject to compliance with the terms of the Program Agreements, the Issuer Trustee will have the power to deposit any money forming part of the Trust Property with any bank (which bank may be an Affiliate of the Issuer Trustee) licensed under the laws of Canada or any trust company (which includes the Issuer Trustee) licensed under the laws of any province of Canada and to withdraw such deposits in accordance with the Program Agreements. The Issuer Trustee will have no liability for any loss which may occur by reason of the failure of any depository with whom such money has been deposited or for the depreciation of any investment.

5.3 Legal Title and Custody

The Issuer Trustee will have the power to cause any and all Trust Property to be held by and/or registered in the name of any Person.

5.4 Disposition of Trust Property

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power to sell, convey, transfer and assign all Trust Property free and clear of any and all trusts hereby established, at public or private sale, for cash or on terms, with or without advertisement and subject to such restrictions, stipulations, agreements and reservations as it may deem proper.

5.5 Management of Trust Property

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power to own, manage, use, invest and hold the Trust Property (including, without limitation, the power to make investments in Eligible Investments) and to enter into agreements in respect of the Trust Property or its use including, without limitation, agreements to modify, amend, extend, renew or terminate any grant or agreement relating to the Trust Property and to waive compliance with any of the terms and conditions thereof, all, in each case, without the approval of or notice to the Unitholders.

5.6 Power to Borrow Money and Issue Funding Obligations

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power to:

(a) borrow or in any other manner raise money and to evidence the same by the issuance of Funding Obligations, by private placement, public offering or otherwise;

(b) reacquire or redeem Funding Obligations;

(c) execute and deliver any trust indenture or supplement thereto, security agreement, mortgage, pledge, hypothec, assignment or other instrument to secure Funding Obligations, and amendments, modifications, restatements or replacements thereof, whether by fixed or floating charge or by assignment or by the granting of a security interest, free and clear of any and all trusts hereby established and, in lieu of or in addition to granting any security, to grant to any Person a negative pledge whereby the Issuer Trustee agrees not to encumber any Trust Property and such other covenants as may be consistent with those set out in the Program Agreements or as may otherwise be specified by any applicable Rating Agency in accordance with the foregoing; and

(d) execute and/or deliver any agreement, instrument, certificate, direction or other document necessary or desirable in order to permit or give effect to the provisions of this Section 5.6, including, without limitation, prospectuses, offering memoranda, regulatory filings, dealer agreements, Underwriting Agreements, Agency Agreements, subscription agreements, letters of representation, consent letters, and any instruments ancillary thereto.

5.7 Derivative Agreements

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power to enter into Derivative Agreements in connection with or related to the borrowing or other raising of money by the Issuer Trustee or the purchase or ownership of Investment Interests, provided that such Derivative Agreements may be entered into only at or prior to the time that such securities are sold, or such borrowing, other raising of money or purchase takes place, as applicable, or as otherwise expressly permitted in the Management Agreement; provided, however, that amendments, modifications or novations of or to a Derivative Agreement may be entered into at any time after the original Derivative Agreement was executed.

5.8 Execution of Instruments

Every deed, transfer, assignment, hypothec, agreement, certificate, direction, instrument, prospectus, or any other document which is necessary or desirable to be executed by the Trust, including, without limitation, any document evidencing Funding Obligations or relating to the issuance of Funding Obligations, will be signed on behalf of the Trust by the Issuer Trustee or its duly appointed agent, including the Manager.

5.9 Facsimile Signatures

The Issuer Trustee may authorize the use of facsimile signatures on the documents evidencing Funding Obligations, provided, however, that where facsimile signatures are so used, documents evidencing Funding Obligations will be manually countersigned or certified by a transfer agent, trustee, registrar or similar Person. If a Funding Obligation contains a printed or mechanically reproduced signature of a Person, the Issuer Trustee may issue the Funding Obligation notwithstanding that the Person has ceased to be a director, officer or signing officer of

the Issuer Trustee, and the Funding Obligation will be as valid as if the Person were a director, an officer or a signing officer at the date of its issue.

5.10 Taxes

The Issuer Trustee will have the power to pay all taxes or assessments of whatever kind or nature imposed upon the Issuer Trustee and/or the Trust in connection with the Trust Property or the Trust Activities or upon or against the income from the Trust Activities or any part thereof, to settle and compromise disputed tax liabilities and, for the foregoing purposes, to make such returns and do all such other acts and things as may be deemed by the Issuer Trustee necessary or desirable. The Issuer Trustee will have the power to deduct and remit any taxes which are required by law to be deducted and remitted from any payment made by the Issuer Trustee under any Program Agreements or otherwise.

5.11 Collection

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power to:

(a) collect, receive, give receipts for and sue for all sums of money or other property due to the Trust;

(b) consent to extensions of time for payment of, or the renewal of, any securities or obligations of the Trust;

(c) engage or intervene in, prosecute, defend, compound, compromise, abandon or adjust by arbitration or otherwise deal with or settle any actions, suits, proceedings, disputes, claims, demands or things relating to the Trust Property or the Trust Activities;

(d) exercise any and all remedies available to it under any Program Agreements or otherwise, including any power of foreclosure or sale available to the Issuer Trustee at law or pursuant to any agreement and, in connection with any such foreclosure or sale, to purchase or otherwise acquire title to any property and to convey good title thereto free of any and all trusts hereby established, or to take or retake possession of any property secured or unsecured thereunder or such other security;

(e) extend the time, with or without security, for the payment or delivery of any debts or property and to execute and enter into releases, agreements and other instruments; and

(f) pay or satisfy any debts or claims upon any evidence that the Issuer Trustee determines to be sufficient.

5.12 Expenses and Compensation of Issuer Trustee

(a) The Issuer Trustee will have the power to incur and make payment of any charges or expenses which in the opinion of the Issuer Trustee are necessary or incidental

to or proper for carrying out any of the purposes of this Declaration of Trust and the Trust Activities, and to pay appropriate compensation or fees from the Trust Property to Persons with whom the Trust has contracted or transacted business including, without limitation, any charges, expenses, compensation or fees payable under or in connection with the Program Agreements.

(b) The Issuer Trustee will be entitled to be paid from the funds of the Trust, without any requirement of a passing of accounts in respect thereof or approval of the Unitholders, such fees as the Issuer Trustee and the Manager may agree to from time to time for its services hereunder and all reasonable expenses, disbursements and advances incurred or made by the Issuer Trustee in the administration or execution of the trusts hereby created (including the reasonable compensation and the disbursements of its counsel and all other advisers and assistants not regularly in its employ) until all the duties of the Issuer Trustee under the trusts hereby created shall be finally and fully performed, except any such expense, disbursement or advance as may arise from or in connection with the dishonesty, bad faith, wilful misconduct, negligence or reckless disregard of any duty or the failure to comply with the standard of care referred to in Section 7.1 by the Issuer Trustee, its officers, employees or agents. All such amounts will be payable at such times as the Issuer Trustee and the Manager may agree from time to time. All such amounts shall be exclusive of any applicable taxes and any applicable taxes shall be paid to the Issuer Trustee in addition to such amounts. Any amount not paid when due shall bear interest at a rate per annum equal to the rate designated by the Issuer Trustee as the then current rate charged by the Issuer Trustee or its successors from time to time to its corporate customers, payable on demand. After default and unless otherwise provided in the Indenture and any documents contemplated thereunder, all amounts so payable and the interest thereon shall be payable out of any funds coming into the possession of the Issuer Trustee or its successors in the trusts hereunder in priority to any payments to other Specified Creditors.

5.13 Allocation

The Issuer Trustee will have the power to determine conclusively whether money or other assets received by the Trust or expenses or disbursements made by the Trust will be charged or credited to income or capital or allocated between income and capital, provided, however, that such determination will not be inconsistent with calculation of income in accordance with the ITA at the time the determination is made.

5.14 Fiscal Year and Form of Accounts

The fiscal year of the Trust will end on December 31. The Issuer Trustee will have the power to determine and from time to time change the method or form in which the accounts of the Trust will be kept, provided such method or form reasonably complies with Canadian generally accepted accounting principles as applicable from time to time.

5.15 Power to Contract

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power to appoint, employ or contract with any Person as the Issuer Trustee may deem necessary or desirable for the transaction of the Trust Activities and may transfer assets to such Person and, save and except for such matters as are listed in Section 2.2, delegate to such Person any or all of the discretionary powers given to the Issuer Trustee with respect to the management of the Trust Property. Without in any way limiting the generality of the foregoing, the Issuer Trustee will have the power to:

(a) enter into, execute, deliver, perform the obligations of the Trust under, and grant security as provided for in, the Program Agreements;

(b) appoint, employ or contract with the Manager or any other Person who, under the supervision of the Manager, may, among other things: (i) furnish and supervise or cause to be furnished and supervised the performance of the clerical and administrative services necessary to the administration of the Trust and the Trust Property including, without limitation, the provision of office space, office equipment and personnel for the performance of such services, property management, administration and servicing, the maintenance of documents, books and Records for the Trust (including those described in Section 8.1), the receipt and disbursement of Trust Property, the servicing and payment of debt and other obligations and generally all matters relating to the obtaining of and the administration and servicing of Trust Property, including, without limitation, as provided in the Management Agreement; (ii) serve as an advisor to the Issuer Trustee, furnish reports to the Issuer Trustee and provide research, economic and statistical data in connection with the Trust Activities; (iii) act as consultant, accountant, correspondent, lender, technical advisor, counsel, broker and dealer, underwriter, fiscal agent, corporate fiduciary, escrow agent, depository, custodian or agent for collection from obligors, loan administrator, appraiser, bank, insurer or insurance agent, transfer agent or registrar or issuing and paying agent for Funding Obligations or in any other capacity deemed by the Issuer Trustee necessary or desirable; (iv) act as attorney or agent in the purchase or sale or other disposition of the Trust Property or the property secured thereby and the handling, prosecution or settling of any claims of the Trust and assist in the performance of such functions necessary in the management of the Trust as may be agreed upon with the Issuer Trustee; and (v) execute and deliver the Program Agreements. For greater certainty, the appointment by the Issuer Trustee of the Manager under the Management Agreement will, where applicable, be deemed to constitute adequate supervision by the Issuer Trustee for purposes of the *Trustee Act* (Ontario) and this Declaration of Trust of any Person thereby engaged in connection with the foregoing activities; and

(c) investigate, select and conduct negotiations with Persons acting in the capacities referred to in Section 5.15(b) and pay appropriate fees to, and enter into appropriate contracts with, employ or retain the services of, any of them in connection with the Trust Property or property secured thereby, other assets and any security related

thereto funded, acquired, sold or otherwise disposed of, or committed, negotiated or contemplated to be funded, acquired, sold, or otherwise disposed of in connection with Funding Obligations.

5.16 Indemnification

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power to indemnify or enter into agreements with respect to indemnification with any Person with whom the Issuer Trustee or the Trust deals to such extent as the Issuer Trustee determines necessary or desirable.

5.17 Further Powers

Subject to Section 2.1, the Issuer Trustee will have the power to perform and do all such other acts and things and to execute itself (or have executed by any Person appointed by it pursuant to Section 5.15) all such deeds, transfers, assignments, hypothecs, agreements, certificates, directions, instruments or other documents whatsoever as it deems necessary, proper or desirable in order to carry on the Trust Activities in accordance with and subject to the Program Agreements notwithstanding that such acts, things, deeds, transfers, assignments, hypothecs, agreements, certificates, directions, instruments or other documents are not herein specifically mentioned. Any determination as to what is necessary, proper or desirable in order to carry on the Trust Activities in accordance with the Program Agreements or otherwise, provided it is made by the Issuer Trustee honestly and in good faith, will be conclusive. Any construction of this Declaration of Trust or the existence of any power or authority hereunder, made honestly and in good faith by the Issuer Trustee upon the advice of counsel, will be conclusive to the extent consistent with the law. In construing the provisions of this Declaration of Trust, there will be a presumption in favour of a grant of power to the Issuer Trustee.

5.18 Auditors

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power from time to time to select and appoint and discharge and reappoint an auditor of the Trust in its discretion and to negotiate and fix the fees of any such auditor.

5.19 Defect in Appointment

Notwithstanding anything to the contrary herein contained, no action taken by the Issuer Trustee will be invalid by reason only of any defect that is thereafter discovered in its appointment.

5.20 Status

The Issuer Trustee shall not have the status of bankrupt and shall be resident in Canada for purposes of the ITA.

ARTICLE 6
REPLACEMENT OF ISSUER TRUSTEE

6.1 Resignation of Issuer Trustee

(a) If the Issuer Trustee desires to resign and be discharged from the trusts and powers reposed in or conferred on it by this Declaration of Trust, it will provide 120 days written notice (or such shorter period of notice as the Unitholders , the Indenture Trustee and the Rating Agencies may agree to) thereof to the Unitholders, the Indenture Trustee and the Rating Agencies provided that no such voluntary resignation shall be effective until a replacement Issuer Trustee acceptable to the Unitholders and the Indenture Trustee has been appointed and has executed a written agreement whereby such replacement Issuer Trustee agrees to assume the obligations of the Issuer Trustee hereunder, under the Program Agreements and under any other contract pursuant to which the Issuer Trustee is obligated.

(b) The Issuer Trustee shall resign if a material conflict of interest arises in its role as a trustee under this Declaration of Trust that is not eliminated within 90 days after the Issuer Trustee becomes aware that it has such a material conflict of interest. Forthwith after the Issuer Trustee becomes aware that it has such a material conflict of interest, it shall provide the Unitholders, the Indenture Trustee and the Rating Agencies with written notice of the nature of such material conflict of interest. Upon such resignation, the Issuer Trustee shall (subject to Section 6.6) be discharged from its office under this Declaration of Trust. If, notwithstanding the foregoing provisions of this Section 6.1(b), the Issuer Trustee has such a material conflict of interest, the validity and enforceability of this Declaration of Trust and any agreement entered into by the Issuer Trustee shall not be affected in any manner whatsoever by reason only of the existence of such material conflict of interest. If the Issuer Trustee contravenes the foregoing provisions of this Section 6.1(b), the Unitholders, may apply, on notice to the Rating Agencies, to a court of competent jurisdiction for an order that the Issuer Trustee be replaced as Issuer Trustee hereunder.

6.2 Removal of Issuer Trustee

The Issuer Trustee may be removed from its office under this Declaration of Trust by the Unitholders, at any time by notice in writing delivered to the Issuer Trustee not less than 90 days prior to the date that such removal is to take effect.

6.3 Vacancy

In the event of the bankruptcy or insolvency of the Issuer Trustee or the inability of the Issuer Trustee to exercise its duties under this Declaration of Trust, the Unitholders may forthwith terminate the term of office of the Issuer Trustee as trustee and, in such instance, a vacancy will occur. No vacancy (including upon a resignation of the Issuer Trustee pursuant to Section 6.1(b)) shall operate to annul this Declaration of Trust or affect the continuity of the Trust or terminate the appointment of the Manager under the Management Agreement.

6.4 Appointment of New Issuer Trustee

If, pursuant to this Article 6, the Issuer Trustee resigns or a vacancy occurs in the office of the Issuer Trustee for any reason, the Unitholders may, subject to the satisfaction of the Rating Agency Condition, by instrument in writing appoint a Trust Company, which has risk-based capital of at least $50,000,000 or, in the case of an entity that is not subject to risk-based capital adequacy requirements, has a combined capital and surplus of at least $50,000,000, in order to replace the Issuer Trustee. If the Unitholders fail to make such appointment within 60 days of the occurrence of any such resignation, removal or vacancy, then the Issuer Trustee may make an application, on notice to the Rating Agencies, to a court of competent jurisdiction to appoint a successor Issuer Trustee hereunder. If the Issuer Trustee elects not to make such an application, the Unitholders may do so on notice to the Rating Agencies. If the Issuer Trustee and the Unitholders elect not to make such an application, the Indenture Trustee may do so on notice to the Rating Agencies if so directed in accordance with the Indenture. The expense of any act, document, deed or other instrument or thing required under this Section 6.4 will be satisfied from the Trust Property.

6.5 Merger, Consolidation and Amalgamation

Any company into which the Issuer Trustee may be merged or with which it may be consolidated or amalgamated, or any company resulting from any merger, consolidation or amalgamation to which the Issuer Trustee is a party or any company succeeding to the corporate trust business of the Issuer Trustee will be a successor Issuer Trustee under this Declaration of Trust without any further action on the part of the Issuer Trustee, provided that such company shall be a Trust Company.

6.6 Vesting in Successor Issuer Trustee

Any successor Issuer Trustee will become vested with all the estates, properties, rights, powers, duties, responsibilities and trusts of its predecessors in the trusts hereunder as if it had been originally named as Issuer Trustee pursuant to this Declaration of Trust. In furtherance of the foregoing, upon written request of the successor Issuer Trustee, the Issuer Trustee ceasing to act will do, make, execute, deliver or cause to be done, made, executed or delivered all such acts, documents, deeds or other instruments and things as may be necessary or desirable in order to more effectively assign, transfer and deliver to, and vest in, the successor Issuer Trustee, upon the trusts herein expressed, all the rights, powers and trusts of, and all property and money held by the Issuer Trustee so ceasing to act. The expense of any act, document, deed or other instrument or thing required under this Section 6.6 will be satisfied from the Trust Property.

6.7 Confidentiality

At all times (including, without limitation, at any time the Issuer Trustee should resign or be discharged from the trusts and powers reposed in or conferred on it by this Declaration of Trust), the Issuer Trustee (or the trustee so resigning and being discharged, as the case may be) will treat as confidential all information relating to the Trust, the Trust Activities and the transactions contemplated by the Program Agreements obtained by it in its capacity as Issuer Trustee.

6.8 Right to Disclose

The Issuer Trustee shall have the right to disclose any information disclosed or released to it if in the opinion of legal counsel to the Issuer Trustee it is required to disclose under any applicable laws, court order or directions of Governmental Authorities or if it is requested by a Rating Agency. The Issuer Trustee shall not be responsible or liable to any party for any loss or damage arising out of or in any way sustained or incurred or in any way relating to such disclosure.

ARTICLE 7
STANDARD OF CARE, LIMITATION OF LIABILITY OF ISSUER TRUSTEE AND OTHER MATTERS

7.1 Standard of Care

The Issuer Trustee will exercise its powers and carry out its obligations hereunder as Issuer Trustee honestly, in good faith and in the best interests of the Trust and the Unitholders and in connection therewith will exercise that degree of care, diligence and skill that a reasonably prudent Person would exercise in comparable circumstances. To the extent that the Issuer Trustee has delegated or subcontracted the performance of all or a portion of its duties to the Manager as contemplated by Section 5.15, it will be deemed to have satisfied the aforesaid standard of care. Unless otherwise required by law, the Issuer Trustee will not be required to give bond, surety or security in any jurisdiction for the performance of any duties or obligations hereunder. The Issuer Trustee will not be required to devote its entire time to the Trust Activities. For greater certainty, the entering into of any Program Agreement by the Trust and the performance by the Trust of its obligations thereunder will be deemed to be in the best interests of the Unitholders and the Trust.

7.2 Limitation of Liability of Issuer Trustee

The Issuer Trustee has entered into this Declaration of Trust solely in its capacity as trustee of the Trust and not in its personal capacity, and any and all of the representations, warranties, undertakings, covenants, indemnities, agreements and other obligations made on the part of the Issuer Trustee herein are made and intended not as personal representations, warranties, undertakings, covenants, indemnities, agreements and other obligations by the Issuer Trustee or for the purpose or with the intention of binding the Issuer Trustee in its personal capacity, but are made and intended for the purpose of binding only the Trust Property or a specific portion thereof. No property or assets of the Issuer Trustee, whether owned beneficially by it in its personal capacity or otherwise (other than the Trust Property), will be subject to levy, execution or other enforcement procedures with regard to any of the representations, warranties, undertakings, covenants, indemnities, agreements and other obligations of the Trust or the Issuer Trustee hereunder, and no recourse may be had or taken, directly or indirectly, against the Issuer Trustee in its personal capacity, any Unitholder or any Affiliate, shareholder, director, officer, representative, employee or agent of the Issuer Trustee or any predecessor or successor of the Issuer Trustee with regard to the representations, warranties, undertakings, covenants, indemnities, agreements and other obligations of the Trust or the Issuer Trustee hereunder; provided that the foregoing limitation will not apply in respect of any action or failure to act arising from or in connection with the wilful misconduct, gross negligence or the failure to comply with the standard of care referred to in Section 7.1. Notwithstanding any other provision of this Article 7, but subject

to the Indenture, each Specified Creditor is entitled to recourse to the Trust Property to satisfy in full the obligations of the Trust to it even if the Issuer Trustee has no right, or only an impaired right, to seek indemnification from the Trust Property or to apply the Trust Property in satisfaction of such obligations.

7.3 Indemnification of the Issuer Trustee

The Issuer Trustee, its directors, officers, agents, representatives and employees will at all times be indemnified and saved harmless out of the Trust Property from and against all claims (including any claim arising out of the assessment of any tax on income by a taxing authority), demands, levies, penalties, suits, losses, actions, causes of action, costs, charges, fees and expenses, damages and liabilities whatsoever, including, without limitation, those arising out of or related to actions taken or omitted to be taken by any agent of the Issuer Trustee, including, without limitation, the Manager, as contemplated hereby, legal fees and disbursements on a substantial indemnity basis and costs and expenses incurred in connection with the enforcement of this indemnity (each, a "**Claim**"), which the Issuer Trustee, its directors, officers, representatives and employees may suffer or incur, whether at law or in equity, in any way caused by or arising, directly or indirectly, in respect of any act, deed, matter or thing whatsoever made, done, acquiesced in or omitted in or about or in relation to the execution of its duties as Issuer Trustee or which it sustains or incurs in or about or in relation to the Trust Property and the Trust Activities. Further, the Issuer Trustee will not be liable to the Trust, to any Unitholder or to any other Person for any loss or damage relating to any matter regarding the Trust, including any loss or diminution in the value of the Trust Property. The foregoing provisions of this Section 7.3 do not apply to the extent that in any circumstances there has been wilful misconduct, gross negligence or the failure to comply with standard of care referred to in Section 7.1 on the part of the Issuer Trustee, its directors, officers, agents, representatives or employees excluding the other parties to the Program Agreements. Notwithstanding any other provision hereof, this indemnity will survive the removal or resignation of the Issuer Trustee, the termination of this Declaration of Trust and the termination of any trust created hereby.

7.4 Reliance upon Advice

The Issuer Trustee may rely and act upon any statement, notice, report or opinion prepared by or any advice received from the Manager or from the auditors, counsel or other professional advisors of the Issuer Trustee and will not be responsible or held liable for any loss or damage resulting from so relying or acting if the Issuer Trustee acted reasonably and in good faith relied upon the advice received and if the professional advisor was aware that the Issuer Trustee was receiving the advice in its capacity as Issuer Trustee. The Issuer Trustee is entitled to be reimbursed from the Trust Property for all costs, charges and expenses it incurs in connection with obtaining any such statement, notice, report, opinion or advice. The Issuer Trustee is entitled to rely and act upon the genuineness and authenticity of any writing submitted to it that it in good faith believes to be genuine.

7.5 Retain Experts

The Issuer Trustee may appoint such agents and employ or retain such counsel, accountants, engineers, appraisers or other experts or advisers as it may reasonably require for the

purpose of discharging its duties hereunder and shall not be responsible for any misconduct on the part of any of them. The Issuer Trustee may pay remuneration out of the Trust Property for all services performed for it in the discharge of the trusts hereof without taxation for costs or fees of any counsel, solicitor or attorney.

7.6 Reliance on Experts

The Issuer Trustee may act and rely and shall be protected in acting in good faith on the opinion or advice of or information obtained from any agent, counsel, accountant, engineer, appraiser or other expert or adviser in relation to any matter arising in the performance of its duties under the Program Agreements.

7.7 Provisions Regarding Liability

Any written instrument creating an obligation of the Issuer Trustee will be conclusively deemed to have been executed by the Issuer Trustee only in its capacity as Issuer Trustee. Any written instrument creating an obligation of the Issuer Trustee will contain a provision to the effect that the obligations thereunder are not binding upon the Issuer Trustee except in its capacity as Issuer Trustee, nor will recourse be had to the property of the Issuer Trustee except in its capacity as Issuer Trustee, but that the Trust Property or a specific portion thereof only will be bound, and may at the request of the Issuer Trustee make specific provision to the foregoing effect and contain any further provisions which the Issuer Trustee may deem appropriate, but the omission of any such provisions will not operate to invalidate any such instrument or to impose liability on the Issuer Trustee, except as aforesaid. The Issuer Trustee shall not be required to expend or risk its own funds or otherwise incur financial liability in the performance of its duties hereunder.

ARTICLE 8
RECORDS

8.1 Records to be Kept

The Issuer Trustee will keep or cause to be kept at the head office of the Trust a copy of this Declaration of Trust, a register of Unitholders, minutes of meetings and resolutions of Unitholders, minutes of meetings and resolutions of the Issuer Trustee, and such Records as are by law or good business practice necessary. The Records may be kept at the office of any Person whom the Issuer Trustee has appointed to maintain the same, provided that the Issuer Trustee has access to the Records on one Business Day’s notice to such Person.

8.2 Segregation of Assets

The Issuer Trustee shall maintain the Trust Property separate from all other property in its possession.

8.3 Method of Keeping Records

Where this Declaration of Trust requires the Issuer Trustee to cause a Record to be kept, it may be kept in bound or loose-leaf form or by means of a mechanical, electronic or other device.

8.4 Annual Financial Statements

A copy of the annual financial statements of the Trust, signed by the Issuer Trustee, shall be mailed or otherwise made available within 120 days following the end of a fiscal year to which they relate to each Unitholder. The financial statements shall include all information required to be included in annual financial statements of the Trust by applicable laws.

ARTICLE 9
MEETINGS OF UNITHOLDERS AND DECISION OF UNITHOLDERS

9.1 Annual Meeting

There will not be an annual meeting of the Unitholders.

9.2 Other Meetings

The Issuer Trustee will have power at any time to call meetings of the Unitholders at such time and place as the Issuer Trustee may determine. Unitholders holding in the aggregate not less than a majority of the outstanding Units may requisition the Issuer Trustee in writing to call a meeting of the Unitholders for the purposes stated in the requisition. The requisition shall state in reasonable detail the business proposed to be transacted at the meeting and will be sent to the Issuer Trustee at the address of the Issuer Trustee. Upon receiving the requisition, the Issuer Trustee will call a meeting of the Unitholders to transact the business referred to in the requisition. If the Issuer Trustee does not within 10 days after receiving the requisition call a meeting, any Unitholder who signed the requisition may call the meeting.

9.3 Quorum and Voting

A quorum for any meeting of the Unitholders will be persons present being Unitholders or representing by proxy Unitholders who hold in the aggregate a majority of the total number of outstanding Units. Unitholders may attend and vote at all meetings of the Unitholders either in person or by proxy. Each Unit will be entitled to one vote at all meetings of the Unitholders. Any action to be taken by the Unitholders will, except as otherwise required by this Declaration of Trust, or by law, be authorized when approved by a majority of the votes cast at a meeting of the Unitholders. The chairman of any such meeting will not have a second or casting vote.

9.4 Written Resolution

Any business which may be conducted at a meeting of the Unitholders may be approved by a resolution in writing in lieu thereof. Notice of such resolution will be given to all Unitholders and approval of such resolution will be evidenced by the signature on any such resolution or counterpart thereof by the required percentage of Unitholders for the matter to be determined.

ARTICLE 10
AMENDMENT

10.1 Amendment

Subject to Section 2.1 and compliance with the terms of the applicable Program Agreements, the Issuer Trustee may, from time to time, amend, vary, supplement, replace or restate the provisions of this Declaration of Trust without the consent or approval of the Unitholders or any court as follows:

(a) to the extent deemed necessary by the Issuer Trustee in good faith to be necessary to ensure compliance with, or to remove any conflicts or other inconsistencies which may exist between any term of this Declaration of Trust and the provisions of, any applicable law in effect from time to time;

(b) to the extent deemed necessary by the Issuer Trustee in good faith to be necessary to make any change or correction in this Declaration of Trust which is a typographical change or correction or which the Issuer Trustee has been advised by legal counsel is required for the purpose of curing any ambiguity or defect or inconsistent provision or clerical omission or mistake or manifest error contained herein, or

(c) subject to the satisfaction of the Rating Agency Condition, to the extent deemed necessary or desirable in the sole discretion of the Issuer Trustee to permit or facilitate the carrying on of the Trust Activities, including the accommodation of requests made by the Rating Agencies or regulatory authorities in relation to the issuance of Funding Obligations.

However, any such amendment may be made only if: (i) it will not materially adversely affect the interest of any Unitholder, unless that Unitholder has also approved of the amendment in writing and (ii) in respect of any material amendment, the Rating Agency Condition has been satisfied. The Issuer Trustee will immediately upon the entering into thereof, provide the Rating Agencies and the Indenture Trustee with a copy of any amendment, variation, supplement, replacement or restatement of this Declaration of Trust.

10.2 Automatic Amendment

Upon the Issuer Trustee ceasing to be a trustee of the Trust, this Declaration of Trust will be automatically amended to delete any reference to the name of the trustee so ceasing to be a trustee of the Trust and to substitute therefor the name of the successor trustee of the Trust. Notice of any change in the Issuer Trustee may be endorsed upon or attached to this Declaration of Trust and signed by the successor Issuer Trustee and every such notice will be sufficient evidence to any Person dealing with the Issuer Trustee under this Declaration of Trust as to the facts to which it relates.

10.3 Supplemental Declaration of Trust

The Issuer Trustee is authorized to execute any supplemental declaration of trust to give effect to amendments to this Declaration of Trust made pursuant to this Article 10. The Issuer Trustee shall not be obligated to enter into any such supplemental declaration if it adversely affects the Issuer Trustee's rights, duties or immunities under this Declaration of Trust or otherwise. No amendment to or amendment and restatement of this Declaration of Trust, whether pursuant to this Article 10 or otherwise, shall be construed as a termination of the Trust or the settlement or establishment of a new trust.

ARTICLE 11
DISTRIBUTION OF TRUST PROPERTY

11.1 Distributions

(1) The Issuer Trustee may declare to be payable and make distributions, from time to time, out of Income of the Trust, Net Realized Capital Gains of the Trust, capital of the Trust or otherwise, in any year, in such amount or amounts, and on such dates as the Issuer Trustee may determine, to the Unitholders at the record date for such distribution. The Issuer Trustee may declare such amounts to be payable or authorize such distributions in advance by way of a standing resolution that is effective for a period not exceeding 12 months after the date of the resolution.

(2) Where the Trust proposes to distribute Trust Property in specie to a redeeming Unitholder as contemplated in subsection 4.1(3), and the Issuer Trustee reasonably expects that such in specie distribution will give rise to Income of the Trust and / or Net Realized Capital Gains of the Trust in excess of the amount of the Net Realized Capital Gains of the Trust Allocated on Redemption to the particular Unitholder whose Units are being redeemed (collectively, the "**Excess Income on Redemption**"), the Issuer Trustee shall declare to be payable and make a distribution, on the record date that is one Business Day before the redemption, to Unitholders at such record date in an amount equal to the estimated Excess Income on Redemption. Such distribution will be satisfied by the issuance of additional Units, or fractions of Units, having a fair market value equal to the amount of such distribution. If the Issuer Trustee is required to deduct or withhold an amount from such distribution, the applicable Unitholder shall make the cash payment described in Section 11.7 to the Issuer Trustee on or prior to the date the distribution.

(3) If the Issuer Trustee declares to be payable or makes a distribution pursuant to subsections 11.1(1) or 11.1(2) without determining the portion of such distribution that is payable out of Income of the Trust, Net Realized Capital Gains of the Trust, capital of the Trust or otherwise, such allocation shall be made pursuant to subsection 11.2(2).

(4) The Issuer Trustee intends to make payable to Unitholders all of the Income of the Trust and Net Realized Capital Gains of the Trust for each taxation year throughout which all Unitholders are Specified Unitholders so that the Trust will not have any liability for tax under Part I of the ITA in any such taxation year (other than alternative minimum tax or taxes payable under the "SIFT trust" rules in the ITA). Unless the Issuer Trustee, in its sole

discretion determines otherwise, the following amounts will, without any further actions on the part of the Issuer Trustee, be due and payable to the Unitholders of record on the last day in each taxation year throughout which all Unitholders are Specified Unitholders:

(a) an amount equal to the amount, if any, by which the Income of the Trust for such year exceeds the aggregate of (A) the aggregate of the portions of the distributions paid or payable by the Trust which have been determined by the Issuer Trustee to have been payable by the Trust out of the Income of the Trust for such year, if any, and (B) the aggregate of the portions of distributions deemed by subsection 11.2(2)(a) to be paid or payable by the Trust out of the Income of the Trust for such year; and

(b) an amount equal to the amount, if any, by which the Net Realized Capital Gains of the Trust for such year exceeds the aggregate of (A) any amount of the Net Realized Capital Gains of the Trust Allocated on Redemption for the year payable to redeeming Unitholders pursuant to subsection 4.1(5), (B) the aggregate of the portions of the distributions paid or payable by the Trust which have been determined by the Issuer Trustee to have been payable by the Trust out of Net Realized Capital Gains of the Trust for such year, if any, and (C) the aggregate of the portions of distributions deemed by subsection 11.2(2)(b) to be paid or payable by the Trust out of the Net Realized Capital Gains of the Trust for such year, if any.

Any determinations by the Issuer Trustee not to make a distribution described in this subsection 11.1(4) must be exercised by the Issuer Trustee in writing prior to December 31 of the applicable taxation year.

(5) The Issuer Trustee retains discretion to make payable to Unitholders all of the Income of the Trust and Net Realized Capital Gains of the Trust for each taxation year not described in subsection 11.1(4) above, but any such distribution would require the consent of all Unitholders in such year (other than a Unitholder described in paragraph (a) of the definition of Specified Unitholder).

(6) The proportionate share of each Unit of the amount of any distribution made pursuant to this section will be determined by dividing such amount by the number of issued and outstanding Units on the applicable record date in respect of a distribution pursuant to subsections 4.1(5), 11.1(1) or 11.1(2) and on the last day of the taxation year in respect of a distribution pursuant to subsection 11.1(4). Each Unitholder's share of the amount of any such distribution will be an amount equal to the proportionate share of each Unit of such amount multiplied by the number of Units owned of record by each such Unitholder on such applicable record date or the last day of the taxation year, as the case may be, and such Unitholder shall, on such date, be entitled to enforce payment of the Unitholder's share. Subject to subsections 4.1(5) and 11.1(2) and section 11.3, amounts which are payable to Unitholders will be paid in cash.

11.2 Allocation

(1) Subject to subsection 11.2(2), distributions payable to the Unitholders pursuant to Article 11 will be deemed to be distributions of Income of the Trust (including dividends), Net Realized Capital Gains of the Trust, returns of capital of the Trust or other items in such amount as the Issuer Trustee in its absolute discretion determines and will be allocated to the Unitholders in the same proportions as distributions received by the Unitholders.

(2) If the Issuer Trustee has declared to be payable or made one or more distributions in a taxation year pursuant to subsection 11.1(1) without determining the portion of such distributions that is payable out of Income of the Trust, Net Realized Capital Gains of the Trust, capital of the Trust or otherwise, such distributions shall be deemed to be paid or payable out of:

(a) first, the Income of the Trust for such year to the extent, if any, that the Income of the Trust for such year exceeds the aggregate of the amounts in subsection 11.1(4)(a)(A);

(b) second, the Net Realized Capital Gains of the Trust for such year to the extent, if any, that the Net Realized Capital Gains of the Trust for such year exceeds the aggregate of the amounts in subsection 11.1(4)(b)(A) and 11.1(4)(b)(B); and

(c) as to any balance, the capital of the Trust;

and such amounts will be allocated to the Unitholders in the same proportions as such distributions were received by the Unitholders.

(3) For greater certainty it is hereby declared that any distribution of Net Realized Capital Gains of the Trust will include the non-taxable portion of the capital gains of the Trust which are included in such distribution.

11.3 Payment of Distributions

(1) Distributions to a Unitholder (other than distributions described in subsections 4.1(5) and 11.1(2)) will be made by cash, wire transfer or cheque payable to or to the order of the Unitholder or by such other manner provided for in subsection 11.3(3). The payment, if made by cheque, will be conclusively deemed to have been made upon hand delivery of a cheque to the Unitholder or to its agent duly authorized in writing or upon the mailing of a cheque by prepaid first-class mail addressed to the Unitholder at its address set out in the records of the Issuer Trustee unless the cheque is not paid on presentation, or in any other manner determined by the Issuer Trustee in its discretion. The Issuer Trustee may issue a replacement cheque if it is satisfied that the original cheque has not been received or has been lost or destroyed upon being furnished with such evidence of loss, indemnity or other document in connection therewith that the Issuer Trustee may in its discretion consider necessary.

(2) The Issuer Trustee may, in its sole discretion, transfer temporarily from capital to income within the Trust sufficient cash to facilitate payments of Income of the Trust to Unitholders.

A permanent transfer from capital to income may be effected if payments made by and /or expenses of the Trust in any year exceed the aggregate of the net income and Net Realized Capital Gains of the Trust in such year.

(3) Without limiting the generality of the foregoing, a distribution to a Unitholder may be paid (i) by the issuance of additional Units, or fractions of Units having a fair market value equal to the amount of such distribution, (ii) by the issuance of a promissory note for a principal amount equal to the amount of such distribution and/or (iii) *in specie* by the transfer of Trust Property having a fair market value equal to the amount of such distribution, all as may be determined by the Issuer Trustee, acting reasonably. The Issuer Trustee acknowledges and agrees that it will elect to make payment to a Unitholder of the amount of a distribution in the manner described in this subsection 11.3(3) only if it has received prior written notice from the Unitholder that such payment method is acceptable, and the Unitholder makes the cash payment described in Section 11.7 to the Issuer Trustee, which written notice may be revoked in writing by the Unitholder at any time. If the Issuer Trustee elects to make payment of the amount of a distribution by the issuance of a promissory note, such promissory note shall bear interest at a fixed or floating rate, shall be repayable on demand or on the expiry of a stated term, and shall contain such other terms all of which may be determined by the Issuer Trustee such that the fair market value of such promissory note is equal to the amount of the distribution. Any such promissory note or additional Units issued, or Trust Property transferred, by the Trust shall constitute absolute and unconditional payment in full of the distribution and, by becoming a Unitholder, each Unitholder hereby acknowledges that any such note, additional Units or transfer of Trust Property will be accepted by the Unitholder as such absolute and unconditional payment of the distribution payable to the Unitholder.

11.4 Legal Rights

For greater certainty, it is hereby declared that the Unitholders shall have the legal right to enforce payment of any amount to be distributed or payable hereunder at the time such amount is due and payable.

11.5 Income Tax Matters

In reporting income for income tax purposes, the Trust will claim the maximum amount available to it as deductions under the relevant law, unless the Issuer Trustee determines otherwise.

11.6 Designations

In accordance with and to the extent permitted by the ITA, the Issuer Trustee will, in each taxation year, make such designations for income tax purposes in respect of amounts paid or payable or deemed to be paid to the Unitholders for such amounts that the Issuer Trustee considers to be reasonable in all circumstances, including designations relating to taxable dividends received or deemed to be received by the Trust in the year on shares of taxable Canadian corporations, net taxable capital gains of the Trust in the year and foreign source income of the Trust and foreign taxes in respect of such foreign source income for the year, if any.

11.7 Withholding Taxes

The Issuer Trustee will deduct or withhold from distributions or other amounts payable under this Declaration of Trust amounts required by law to be deducted or withheld from such distributions or payments, whether such distributions or payments are satisfied in the form of cash, cheque, promissory note, additional Units or otherwise. To the extent that any amounts are deducted or withheld from payments made by cash, cheque or wire transfer, including those described in subsection 11.3(1), such deducted or withheld amounts shall be treated for all purposes as having been paid to the recipient of the payment in respect of the distribution or other amount payable, provided that such deducted or withheld amounts are actually remitted in accordance with applicable law to the appropriate taxing authority. In the event that the Issuer Trustee makes a distribution or payment that is satisfied in a manner other than cash, cheque or wire transfer, including those described in subsections 4.1(3), 4.1(5) or 11.3(3), the recipient of the payment shall provide cash to the Issuer Trustee in amount equal to any required deduction or withholding, which the Issuer Trustee shall forthwith remit to the appropriate taxing authority on behalf of the Unitholder.

ARTICLE 12
TERMINATION OF THE TRUST

12.1 Termination

(a) The Trust will continue in full force and effect for a period of twelve months from the date hereof and thereafter for so long as any Funding Obligations remain outstanding and until the Trust has satisfied all of its obligations under the Program Agreements or otherwise for the purposes of carrying on the Trust Activities. Notwithstanding the foregoing, the Issuer Trustee may, with the unanimous approval of Unitholders, wind-up the affairs of the Trust and terminate the Trust and distribute the Trust Property then remaining to the Unitholders in proportion to the number of Units held by each Unitholder no later than the date that is one day prior to the 21st anniversary of the death of the last surviving lineal descendent of Queen Elizabeth, II of England living at the date this declaration is made.

(b) Subject to Section 12.1(a), the Issuer Trustee may, with the unanimous approval of the Unitholders, wind up the affairs of the Trust and terminate the Trust. To the fullest extent permitted by law, and notwithstanding any duty otherwise existing at law or in equity, the Issuer Trustee shall consider only the interests of the Trust, including its creditors, in acting on the matters referred to in this Section 12.1. On the date the Trust is terminated, the Issuer Trustee will, upon receipt of such releases, indemnities and refunding agreements as the Issuer Trustee may deem necessary for its protection, distribute the remaining Trust Property, after payment of all other obligations of the Trust, in cash or in kind , or partly in each, to the Unitholders in proportion to the number of Units held by each Unitholder

ARTICLE 13
GENERAL

13.1 Irrevocability

The Trust shall be irrevocable.

13.2 Change of Office

The Issuer Trustee may at any time and from time to time during the existence of the trusts hereby created change the head office, chief executive office, chief place of business and situs of the administration of the Trust to another location within Ontario or have such other offices or places of administration within Canada as the Issuer Trustee may from time to time determine is necessary or desirable.

13.3 Execution of Instruments

The Issuer Trustee shall have power from time to time to appoint any Person or Persons on behalf of the Trust either to sign instruments in writing generally or to sign specific instruments in writing.

13.4 Manner of Giving Notice

Except as otherwise permitted herein, any notice required or permitted by the provisions of this Declaration of Trust to be given to a Unitholder or the Issuer Trustee shall be deemed conclusively to have been given if given either by delivery or by prepaid first-class mail addressed to each Unitholder at its address shown on the register of Unitholders or to the Issuer Trustee at the last address provided by the Issuer Trustee for such purpose. Any notice so given shall be deemed to have been given on the day of hand delivery or the day following that on which the notice was mailed.

13.5 Taxation Information

On or before March 30 in each year, or such earlier day as is required by applicable legislation or regulation, the Issuer Trustee will provide to Unitholders who received distributions from the Trust in the prior calendar year such information regarding the Trust required by applicable law to be submitted to Unitholders for income tax purposes to enable Unitholders to complete their tax returns in respect of the prior calendar year.

13.6 Severability

The provisions of this Declaration of Trust are severable and if any provisions are in conflict with any applicable law, the conflicting provisions shall be deemed never to have constituted a part of this Declaration of Trust and shall not affect or impair any of the remaining provisions thereof. If any provision of this Declaration of Trust shall be held invalid or unenforceable in any jurisdiction, such invalidity or unenforceability shall attach only to such provision in such jurisdiction and shall not in any manner affect or render invalid or unenforceable

such provision in any other jurisdiction or any other provision of this Declaration of Trust in any jurisdiction.

13.7 Governing Law

This Declaration of Trust shall be interpreted and governed by and take effect exclusively in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. Any and all disputes arising under this Declaration of Trust, whether as to interpretation, performance or otherwise, shall be subject to the exclusive jurisdiction of the courts of the Province of Ontario and the Issuer Trustee hereby irrevocably attorns, and each Unitholder shall be deemed to hereby irrevocably attorn, to the exclusive jurisdiction of the courts of such province.

13.8 Language

Les parties aux présentes ont exigés que la présente convention ainsi que tous les documents et avis qui s'y rattachent et/ou qui en découleront soient rédigés en la langue anglaise. The parties hereto have required that this Declaration of Trust and all documents and notices resulting herefrom be drawn up in English.

IN WITNESS WHEREOF the Issuer Trustee has caused this Declaration of Trust to be executed as of the day and year first above written by its duly authorized signatories.

COMPUTERSHARE TRUST COMPANY OF CANADA,
as Issuer Trustee

By: _____
Name:
Title:

By: _____
Name:
Title:

DRAFT: DECEMBER 14, 2017

MASTER TRANSFER AND SERVICING AGREEMENT

between

FAIR HYDRO TRUST
as Issuer

- and -

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Transferor and Servicer

Dated as of December ■, 2017

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EXHIBIT

Exhibit A – Form of Transfer Notice

Exhibit B – Form of Monthly Carrying Costs Statement

MASTER TRANSFER AND SERVICING AGREEMENT

THIS AGREEMENT made as of December ■, 2017.

BETWEEN:

FAIR HYDRO TRUST, a trust formed under the laws of the Province of Ontario

(the "**Issuer**")

- and -

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital amalgamated under the laws of the Province of Ontario

(the "**Transferor**" in its capacity as transferor, the "**Servicer**", in its capacity as servicer, and the "**IESO**" in its capacity as both Transferor and Servicer)

WHEREAS the Government of Ontario has enacted the *Ontario Fair Hydro Act, 2017* (the "**Act**") for the purpose of, among other things, ensuring that clean energy costs and clean energy benefits (each as defined in the Act) are fairly allocated among present and future Specified Consumers;

AND WHEREAS, under the Act, the IESO is required to establish and maintain the Fair Hydro Variance Account, and has the right under the Act and the Regulations to record certain amounts in the Fair Hydro Variance Account and recover the balance from time to time of the Fair Hydro Variance Account from Specified Consumers (such right, the "**Regulatory Asset**");

AND WHEREAS the IESO may from time to time, in accordance with the Act, Transfer Specified Portions of the Regulatory Asset to the Issuer pursuant to Section 26(1) of the Act;

AND WHEREAS the Issuer may finance the acquisition from the IESO, from time to time, of an Investment Interest through the incurrence of Funding Obligations under the Indenture;

AND WHEREAS the Issuer will grant a security interest over all of the Issuer Investment Interest to and in favour of the Indenture Trustee on behalf of all Specified Creditors;

AND WHEREAS in connection with its ownership of the Issuer Investment Interest and in order to collect the associated Clean Energy Adjustments in accordance with the Act, the Issuer desires to engage the Servicer to carry out the services described herein and the Servicer agrees to be so engaged;

NOW THEREFORE in consideration of the foregoing and the mutual covenants and agreements contained herein (the receipt and adequacy of which are hereby acknowledged), the parties hereto agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Agreement, the following terms have the following meanings:

"**Act**" has the meaning ascribed thereto in the recitals;

"**Agreement**" means this master transfer and servicing agreement, as amended, supplemented, modified, restated or replaced from time to time, and the expressions "herein", "hereof", "hereto", "hereunder" and similar expressions refer to this Agreement and not to any Article, Section, paragraph, subparagraph or clause hereof;

"**Billing Period**" means a calendar month in which the Clean Energy Adjustment is billed to Specified Consumers;

"**Board**" means the Ontario Energy Board, a statutory corporation without share capital continued under the *Ontario Energy Board Act, 1998*, S.O., 1998;

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by law, regulation or executive order to be closed;

"**Carrying Costs**" has the meaning ascribed to the term "carrying costs" in the Regulations;

"**CEA Consumer Invoice Amounts**" means amounts invoiced by an Electricity Vendor to Specified Consumers in respect of the Clean Energy Adjustment based on the rates established by the Board;

"**Clean Energy Adjustment**" has the meaning ascribed to the term "clean energy adjustment" in the Act;

"**Closing Date**" means the date on which a Transfer is to be completed as specified in the applicable Transfer Notice;

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the parties hereto and any other owner or owners of an Investment Interest as contemplated by Section 29(5) of the Act in form and substance satisfactory to the parties hereto, acting reasonably;

"**Co-Owner Implementation Date**" means the date, if any, upon which the Issuer Investment Interest ceases to be the only Investment Interest outstanding representing the full Investment Asset;

"**Collection Account**" means an Eligible Deposit Account established by the Issuer for the purpose of receiving the Issuer Share of the Servicer CEA Receipts;

"**Daily Remittance Event**" means the occurrence of either: (i) a Servicer Default or (ii) the IESO (or any successor thereto) ceasing to have the Required Servicer Rating;

"**Declaration of Trust**" means the declaration of trust made as of December ■, 2017 under which the Issuer was established, as may be supplemented, amended, replaced or amended and restated from time to time;

"**Electricity Vendor**" has the meaning ascribed to the term "electricity vendor" in the Act;

"**Electricity Vendor CEA Collections**" means payments actually received by Electricity Vendors from Specified Consumers in respect of Clean Energy Adjustments;

"**Electricity Vendor Billing Period Report**" means a report as contemplated by Section 17(2) of the Act from each Electricity Vendor in respect of each Billing Period where Clean Energy Adjustments are billed to Specified Consumers containing:

(a) its total electricity consumption of Specified Consumers invoiced in such Billing Period;

(b) its total CEA Consumer Invoice Amounts in such Billing Period;

(c) its total Electricity Vendor CEA Collections during such Billing Period; and

(d) such other information as may be prescribed in the Regulations or any other Requirement of Law, or which otherwise may be agreed to by the applicable Electricity Vendor;

"**Eligible Deposit Account**" means an account in Canada with an Eligible Institution;

"**Eligible Institution**" means:

(a) at any time before the Co-Owner Implementation Date, an "Eligible Institution" as defined in the Indenture; and

(b) at any time on or after the Co-Owner Implementation Date, an "Eligible Institution" as defined in the applicable Co-Owner Agreement;

"**Fair Hydro Variance Account**" means the variance account established by the IESO pursuant to Section 24(1) of the Act;

"**Financing Entity**" has the meaning ascribed to the term "financing entity" in the Act;

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act;

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other

instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government;

"**IESO**" or "**Independent Electricity System Operator**" means the Independent Electricity System Operator, a statutory corporation without share capital established by the *Electricity Act, 1998*, SO, 1998;

"**IESO Deferral**" has the meaning ascribed to the term "IESO deferral" in the Act;

"**IESO Disclosure**" has the meaning ascribed thereto in Section 5.7;

"**IESO Segregated Account**" has the meaning ascribed thereto in Section 3.4(a);

"**Implementation Plan**" has the meaning ascribed thereto in Section 3.3(a);

"**Indemnified Losses**" has the meaning ascribed thereto in Section 6.1(a);

"**Indemnified Party**" has the meaning ascribed thereto in Section 6.1(a);

"**Indenture**" means the master trust indenture dated December ■, 2017 between the Indenture Trustee and the Issuer;

"**Indenture Trustee**" means BNY Trust Company of Canada, a trust company existing under the laws of Canada and duly authorized to carry on the business of a trust company in all of the provinces and territories of Canada, as indenture trustee for the benefit of Specified Creditors, or any successor thereto, under the Indenture;

"**Insolvency Event**" means, with respect to a specified Person, the specified Person admits the inability of such specified Person to pay its liabilities generally as they become due or makes a general assignment for the benefit of the creditors of such specified Person or otherwise acknowledges the insolvency of such specified Person or any proceeding shall be instituted by or against such specified Person seeking to adjudicate it a bankrupt or insolvent or seeking liquidation, winding up, dissolution, reorganization, arrangement, adjustment, protection, relief or composition of its debts under any law relating to bankruptcy, insolvency, reorganization, moratorium or relief of debtors or seeking the entry of an order for relief by the appointment of a receiver, trustee or other similar official for such specified Person or for any substantial part of its property and if such proceeding has been instituted against such specified Person either such proceeding has not been stayed or dismissed within 45 days or any of the actions sought in such proceeding (including the entry of an order for relief or the appointment of a receiver) are granted in whole or in part, or if a receiver is privately appointed in respect of such specified Person or of the property of such specified Person or any substantial part thereof;

"**Investment Asset**" has the meaning ascribed to the term "investment asset" in the Act;

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act;

"**Issuer**" means Fair Hydro Trust, a trust formed under the laws of the Province of Ontario;

"**Issuer Funding Obligations**" means the Funding Obligations of the Issuer;

"**Issuer Investment Interest**" means, initially, the Investment Interest acquired by the Issuer pursuant to the first Transfer completed under this Agreement and, upon the completion of each Transfer thereafter, the cumulative Investment Interest acquired by the Issuer;

"**Issuer Share**" means:

(a) at any time before the Co-Owner Implementation Date, 100%; and

(b) at any time on or after the Co-Owner Implementation Date, the percentage determined in accordance with the applicable Co-Owner Agreement;

"**Issuer Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Issuer at such time;

"**Lien**" means a security interest, lien, mortgage, charge, pledge, claim or encumbrance of any kind;

"**Management Agreement**" means the management agreement dated December ■, 2017 between the Manager and the Issuer;

"**Manager**" means OPG, in its capacity as manager of the Issuer, and any successor appointed in accordance with the Management Agreement;

"**Minister**" means the Minister of Energy or such other member of the Executive Council as may be assigned the administration of the Act under the *Executive Council Act*;

"**Monthly Carrying Costs**" has the meaning ascribed thereto in Section 3.14(b);

"**Monthly Carrying Costs Statement**" has the meaning ascribed thereto in Section 3.14(b);

"**Monthly Servicer Report**" means a report from the Servicer in respect of each Billing Period where Clean Energy Adjustments are billed to Specified Consumers containing:

(a) the information provided in each Electricity Vendor Billing Period Report;

(b) total electricity consumption of Specified Consumers invoiced in such Billing Period, as reported by all Electricity Vendors, and for the current Reference Period to the last day of such Billing Period, compared to the forecast information provided by the Servicer to the Board pursuant to Section 3.2(a) (to the extent possible, recognizing timing mismatches);

(c) total CEA Consumer Invoice Amounts reported by all Electricity Vendors for such Billing Period;

(d) total Electricity Vendor CEA Collections reported by all Electricity Vendors for such Billing Period;

(e) total Servicer CEA Receipts for such Billing Period, including the amount representing total Electricity Vendor CEA Collections received and the amount representing Clean Energy Adjustments received by the Servicer directly from Specified Consumers;

(f) the difference between total CEA Consumer Invoice Amounts reported to the Servicer by all Electricity Vendors and total Servicer CEA Receipts, in each case, for such Billing Period and for the current Reference Period to the last day of such Billing Period, recognizing that there will be timing differences;

(g) a summary of any matters referred to in Section 3.4(k) which have not been resolved and any explanation provided therefor by the Electricity Vendor; and

(h) such other information which otherwise may be agreed to by the Servicer;

"**Non-Investment Grade Rated Electricity Vendors**" means any Electricity Vendor that does not have a rating of: (i) "Baa3" or higher by Moody's Investors Services, Inc. (or any successor thereof), unless otherwise agreed to by Moody's Investors Services, Inc. (or any successor thereof); and "BBB(low)" or higher by DBRS Limited (or any successor thereof), unless otherwise agreed to by DBRS Limited (or any successor thereof);

"**Officer's Certificate**" means a certificate signed by a Responsible Officer of the Issuer under the circumstances described in, and otherwise complying with, the applicable requirements of Section **[10.01]** of the Indenture;

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario;

"**Opinion of Counsel**" means one or more written opinions of counsel, which counsel shall be reasonably acceptable to the party receiving such opinion of counsel, and shall be in form and substance reasonably acceptable to such party;

"**Permitted Successor**" means any successor to the IESO under the Act, whether pursuant to any bankruptcy, reorganization or other insolvency proceeding or pursuant to any merger, conversion, acquisition, sale or transfer, by operation of law, as a result of any restructuring, or otherwise, but only to the extent such successor is approved by the Minister;

"**Permitted Transfer**" means (i) a Transfer to the Issuer pursuant to this Agreement; and (ii) a Transfer to a person who has entered into a Co-Owner Agreement with, inter alia, the Issuer.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority;

"**Prescribed Period**" has the meaning ascribed thereto in Section 3.14(a);

"**Proceeding**" means any suit in equity, action at law or other judicial or administrative proceeding;

"**Program Agreements**" has the meaning ascribed thereto in the Indenture;

"**Purchase Price**" has the meaning ascribed thereto in Section 2.1(c);

"**Rating Agency**" has the meaning ascribed thereto in the Indenture;

"**Rating Agency Condition**" has the meaning ascribed thereto in the Indenture;

"**Records**" has the meaning ascribed thereto in Section 7.1;

"**Regulations**" means Ontario Regulation 206/17: General, together with any other regulations promulgated under the Act;

"**Regulatory Asset**" has the meaning ascribed thereto in the recitals;

"**Remittance Date**" means, in respect of each Billing Period, the 18th Business Day following the last day of each Billing Period;

"**Required Servicer Rating**" means a rating of "Baa2" or higher by Moody's Investors Service, Inc. (or any successor thereof) and a rating of "BBB(low)" or higher by DBRS Limited (or any successor thereof);

"**Requirement of Law**" means any foreign, Canadian federal, provincial or local laws, statutes, regulations, rules, codes or ordinances enacted, adopted, issued or promulgated by any Governmental Authority or common law;

"**Responsible Officer**" means, with respect to: (a) the Issuer, any authorized director or officer of the Manager; (b) the Servicer, any authorized director or officer of the IESO; and (c) a Successor Servicer, any authorized director or officer of the Successor Servicer;

"**Servicer**" means the Independent Electricity System Operator, as Servicer under this Agreement, or any Successor Servicer to the extent permitted under this Agreement;

"**Servicer CEA Receipts**" has the meaning ascribed thereto in Section 3.4(f);

"**Servicer Default**" has the meaning ascribed thereto in Section 7.1;

"**Specified Consumer**" has the meaning ascribed to the term "specified consumer" in the Act;

"**Specified Creditors**" has the meaning ascribed thereto in the Indenture;

"**Specified Portion**" means, in respect of the Regulatory Asset and any Transfer, the portion of the Regulatory Asset subject to such Transfer, as set out in the applicable Transfer Notice.

"**Successor Servicer**" has the meaning ascribed thereto in Section **[3.07(e)]** of the Indenture;

"**Supplemental Indenture**" means an indenture supplemental to the Indenture that authorizes the incurrence of Funding Obligations;

"**Termination Event**" has the meaning ascribed thereto in Section 3.11;

"**Termination Notice**" has the meaning ascribed thereto in Section 7.1;

"**Transfer**" has the meaning ascribed to the term "transfer" in Section 1(3) of the Act, and "**Transferred**" has a corresponding meaning;

"**Transfer Notice**" means a Transfer Notice in respect of a Transfer substantially in the form of Exhibit A to this Agreement and delivered pursuant to Section 2.1(c) of this Agreement; and

"**Transferor**" means the Independent Electricity System Operator, as transferor under this Agreement;

1.2 Sections and Headings

The table of contents does not form part of this Agreement. The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and will not affect the construction or interpretation of this Agreement. Unless something in the subject matter or context is inconsistent therewith, references herein to Articles and Sections are to Articles and Sections of this Agreement.

1.3 Extended Meanings

(a) Words importing the singular number only will include the plural and vice versa and words importing the masculine gender will include the feminine and neuter genders and vice versa. A reference to any agreement, instrument or declaration means such agreement, instrument or declaration as the same may be amended, supplemented, modified, restated or replaced from time to time.

(b) The term "**including**" means "including without limitation", and other forms of the verb "**include**" have correlative meanings.

(c) All references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities.

(d) Unless otherwise stated, in the computation of a period of time from a specified date to a later specified date, the word "**from**" means "**from and including**" and each of the words "**to**" and "**until**" means "**to but excluding**".

(e) The words "**hereof**", "**herein**" and "**hereunder**" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, unless otherwise specified. References to Articles, Sections, Appendices and Exhibits in this Agreement are references to Articles, Sections, Appendices and Exhibits in or to this Agreement unless otherwise specified.

(f) References to any law, rule, regulation or order of a Governmental Authority shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor.

(g) The word "**will**" shall be construed to have the same meaning and effect as the word "**shall**". The word "**or**" is not exclusive.

(h) References to a specific rating by a Rating Agency shall mean such rating or the equivalent rating if such Rating Agency changes its rating scale.

ARTICLE 2
TRANSFER OF SPECIFIED PORTIONS OF THE REGULATORY ASSET

2.1 Transfer Notices and Agreement to Transfer Specified Portions of the Regulatory Asset

(a) The Transferor shall determine the IESO Deferral as required by Section 23(1) of the Act and the Regulations.

(b) The Transferor shall maintain the Fair Hydro Variance Account as required by Section 24 of the Act and the Regulations.

(c) The Transferor may, no more frequently than monthly and no later than the 8th Business Day of any calendar month, offer to Transfer to the Issuer a Specified Portion of the Regulatory Asset by providing to the Issuer a Transfer Notice executed by the Transferor and setting out (i) the Specified Portion of the Regulatory Asset that the Transferor is offering to Transfer to the Issuer, (ii) the consideration to be paid to the Transferor by the Issuer for the Transfer (the "**Purchase Price**") which shall be equal to the amount of such Specified Portion of the Regulatory Asset, (iii) the Closing Date to effect such transfer which shall be no earlier than the 5th Business Day after the delivery of the Transfer Notice and no later than the last Business Day of the calendar month in which the Transfer Notice was delivered, or such other Business Day as may be agreed by the Transferor and the Issuer, and (iv) such other information as required in the form of Transfer Notice attached as Exhibit A hereto.

(d) On or before the 2nd Business Day following receipt of a Transfer Notice, the Issuer shall have the right, but not the obligation, to accept the Transferor's offer to Transfer the Specified Portion of the Regulatory Asset referred to in the Transfer Notice by executing and returning such Transfer Notice to the Transferor. Upon acceptance by the Issuer of the Transfer Notice, there shall be a binding agreement for IESO to Transfer the Specified Portion of the Regulatory Asset referred to in the Transfer Notice and for the Issuer to pay the Purchase Price, subject to satisfaction of all conditions precedent in Section 2.2.

(e) Provided that all conditions precedent set out in Section 2.2 have been satisfied on or prior to the applicable Closing Date, on the applicable Closing Date, the Issuer shall deliver or cause to be delivered to the Transferor, by wire transfer or electronic funds transfer, in immediately available funds, an amount in Canadian dollars equal to the Purchase Price set forth in the applicable Transfer Notice. The Transferor agrees that receipt by the Transferor of the payment referred to in this Section 2.1(e) is receipt by the Transferor of a payment referred to in Section 26(3) of the Act.

(f) Upon receipt by the Transferor of the payment referred to in Section 2.1(e), the Transferor shall reduce the balance of the Fair Hydro Variance Account by an amount equal to the Purchase Price received and shall retain no further right, title or interest in the Issuer Investment Interest corresponding to the Specified Portion of the Regulatory Asset Transferred.

(g) The parties state that they intend that this Agreement, together with each Transfer Notice accepted by the Issuer, constitute an agreement, for purposes of Section 27(2) of the Act for the Transferor to dispose, upon receipt by the Transferor of the payment referred to in Section 2.1(e), of the Specified Portion of the Regulatory Asset referred to in the Transfer Notice and to assign, convey or sell a corresponding Investment Interest to the Issuer.

2.2 Conditions Precedent to each Transfer of a Specified Portion of the Regulatory Asset

(a) The obligation of the Issuer to pay the Purchase Price related to the initial Transfer of a Specified Portion of the Regulatory Asset shall be subject to the satisfaction by the Transferor, or waiver by the Issuer, of the following conditions:

(i) the Issuer shall have received from the Transferor the following documents, in form and substance satisfactory to the Issuer:

(A) a certificate of an officer of the IESO certifying (1) that attached thereto is a true and complete copy of the by-laws of the IESO, each as in effect on the date of such certificate, (2) that attached thereto is a true and complete copy of a resolution adopted by the IESO's board of directors authorizing the execution, delivery and performance of this Agreement and the performance by the IESO of its obligations hereunder, and that such resolution has not been modified, rescinded or amended and is in full force and effect, and (3) as to the incumbency and true specimen signature of each of the IESO officers or delegates executing this Agreement and authorized to give notices and instructions hereunder (which can be changed by notice hereunder), provided that this condition may be satisfied by delivery of a certificate of an officer of the IESO to the effect that there has been no change to the items listed in (1),

(2) and (3) above since the date of the previous certificate delivered under this Section 2.2(a)(i)(A) which certificate delivery condition may be satisfied by a representation and warranty to like effect in the applicable Transfer Notice; and

(B) the Transferor shall have delivered to the Rating Agencies and the Issuer any Opinions of Counsel reasonably required by them.

(b) The obligation of the Issuer to pay the Purchase Price related to each Transfer of a Specified Portion of the Regulatory Asset (including the initial Transfer) shall be subject to the satisfaction or waiver by the Issuer of each of the following conditions:

(i) as of the applicable Closing Date, all Program Agreements shall have been entered into on terms and conditions satisfactory to the Issuer and shall be in full force and effect as of such Closing Date;

(ii) as of the applicable Closing Date, no Insolvency Event in respect of the Transferor shall have occurred and the Transferor is not aware of any pending Insolvency Event with respect to itself;

(iii) as of the applicable Closing Date, (A) the representations and warranties of the IESO in this Agreement must be true and correct with the same force and effect as if made on that date (except to the extent they relate to an earlier date), (B) no breach of any covenant or agreement of the IESO contained in this Agreement shall have occurred and be continuing, and (C) no Servicer Default shall have occurred and be continuing;

(iv) the Transferor shall have delivered to the Issuer an Officer's Certificate confirming the satisfaction of each condition precedent specified in Sections 2.2(b)(ii) and (iii);

(v) as of the applicable Closing Date, (A) the Issuer shall have sufficient funds available to pay the Purchase Price as set forth in the applicable Transfer Notice, (B) all conditions to any incurrence of Funding Obligations intended to provide such funds set forth in the Indenture (and any applicable Supplemental Indenture) or other instrument shall have been satisfied or waived, (C) if applicable, the Rating Agency Condition in respect of the issuance of the Funding Obligations funding the payment of the Purchase Price shall have been satisfied or, if a new issuance of Funding Obligations without an existing rating, the required ratings have been established by the applicable Rating Agencies, and (D) the Funding Obligation required to fund the payment of the Purchase Price shall have been issued at the same time as, or prior to, the Transfer; and

(vi) immediately after giving effect to the Transfer, each of the Fair Hydro Variance Account and the Regulatory Asset will have a balance or amount, as applicable, equal to or greater than zero.

ARTICLE 3
ROLE OF THE SERVICER

3.1 Designation of Servicer

Each Transfer of a Specified Portion of the Regulatory Asset shall be made on the basis that the related Issuer Investment Interest shall be serviced by the Servicer in accordance with this Article 3, and the IESO or any Permitted Successor of the IESO that is the Servicer shall not be entitled, except as otherwise provided in Section 3.7 or agreed by the Parties, to receive any further compensation from the Issuer for its services in connection therewith.

3.2 Forecasts and Other Information

The IESO shall:

(a) provide to the Board the forecast information contemplated by Section 8(3) of the Regulations;

(b) provide to the Issuer the forecast information provided to the Board pursuant to Section 3.2(a), which information shall be provided on a non-reliance basis other than with respect to the use thereof in relation to the duties, obligations or rights of the Issuer or the Manager pursuant to the Act and the Regulations; and

(c) provide to the Issuer such other information and reports as the Issuer may reasonably request in connection with the calculation of the Clean Energy Adjustments, which is reasonably available to the Transferor directly or upon request, can lawfully be provided and can be provided without incurring material incremental expense (unless the Issuer has agreed to reimburse the IESO for such material incremental expenses).

3.3 Implementation Plan

(a) The Servicer will work with the Issuer to develop on or before January 31, 2020 a written implementation plan identifying in reasonable detail the actions to be taken by the Servicer and the Issuer in order to facilitate the Board, the Issuer, the Servicer and the Electricity Vendors being prepared to perform their obligations under the Act and the Regulations when the setting, invoicing and collection of Clean Energy Adjustments commences (the "**Implementation Plan**"). The Implementation Plan should include the following:

(i) a process and a schedule for contacting Electricity Vendors and providing instructions with respect to the establishment of a segregated account by each Electricity Vendor, the procedures for invoicing Clean Energy

Adjustments, the identification, deposit and segregation of Electricity Vendor CEA Collections and their remittance to the Servicer;

(ii) the development of processes for the necessary exchanges of information with respect to Clean Energy Adjustments among the Board, the Issuer, the Manager, the Servicer, Electricity Vendors and Specified Consumers;

(iii) procedures for the testing of the processes for the collection and remittance of Clean Energy Adjustment before February 28, 2021; and

(iv) target dates for the achievement of specified objectives under the Implementation Plan.

(b) The Servicer and the Issuer will prepare written progress reports on the status of the implementation of the Implementation Plan on or before June 30, 2020, October 31, 2020 and January 31, 2021.

3.4 Clean Energy Adjustments and Electricity Vendors

The Servicer shall:

(a) prior to receiving Servicer CEA Receipts, establish an Eligible Deposit Account (the "**IESO Segregated Account**") bearing a designation indicating that the funds deposited therein are held in trust for the benefit of the Issuer and, after the Co-Owner Implementation Date, for the benefit of any other owner or owners of an Investment Interest. If at any time the IESO Segregated Account ceases to be an Eligible Deposit Account, the Servicer shall within 30 days establish a new IESO Segregated Account as an Eligible Deposit Account and shall transfer any cash and/or any investments held in the former account to such new account and make all future deposits to such new account;

(b) prior to the first Billing Period when amounts are invoiced by Electricity Vendors to Specified Consumers in respect of Clean Energy Adjustments, make commercially reasonable efforts to:

(i) cause each Electricity Vendor to establish a segregated account into which Electricity Vendor CEA Collections are to be deposited as required by Section 10(2) of the Regulations;

(ii) settle a form of Electricity Vendor Billing Period Report to be used by such Electricity Vendor;

(iii) cause each Electricity Vendor to establish procedures for the invoicing by such Electricity Vendor of amounts in respect of the Clean Energy Adjustment, the identification, deposit and segregation of Electricity Vendor CEA Collections, the remittance of Electricity Vendor CEA Collections to the Servicer and reporting to the Servicer; and

(iv) respond to inquiries from Electricity Vendors with respect to any of the foregoing matters.

(c) together with the Issuer, prior to the first Billing Period when amounts are invoiced by Electricity Vendors to Specified Consumers in respect of Clean Energy Adjustments, settle a form of Monthly Servicer Report;

(d) request certification from each Electricity Vendor that the segregated account required by Section 10(2) of the Regulations has been established by that Electricity Vendor;

(e) as agent of the Issuer and, after the Co-Owner Implementation Date, as agent of any other owner or owners of an Investment Interest, receive Electricity Vendor CEA Collections from Electricity Vendors;

(f) as agent of the Issuer and, after the Co-Owner Implementation Date, as agent of any other owner or owners of an Investment Interest, receive any amounts in respect of Clean Energy Adjustments payable directly by Specified Consumers to the Servicer (such amounts, together with the amounts referred to in Section 3.4(e), the "**Servicer CEA Receipts**");

(g) deposit the Servicer CEA Receipts into the IESO Segregated Account promptly following receipt by the Servicer and, in any event, within two Business Days of receipt by the Servicer and the Issuer Share of such Servicer CEA Receipts shall remain in the IESO Segregated Account until remitted in accordance with Section 3.6;

(h) respond to inquiries by Electricity Vendors with respect to the Clean Energy Adjustment and amounts payable in respect thereof;

(i) request from each Electricity Vendor an Electricity Vendor Billing Period Report in respect of each Billing Period during which Clean Energy Adjustments are billed to Specified Consumers; such report to be requested to be delivered within twelve Business Days of the end of each Billing Period;

(j) review each Electricity Vendor Billing Period Report received by the Servicer for material manifest discrepancies, including any discrepancy between the Electricity Vendor CEA Collections reported in respect of the Billing Period and the amount received pursuant to Section 3.4(e);

(k) contact each Electricity Vendor:

(i) that does not deliver an Electricity Vendor Billing Period Report in respect of a Billing Period where Clean Energy Adjustments were payable by Specified Consumers;

(ii) from which no Electricity Vendor CEA Collections are received in respect of the Billing Period,

(iii) for whom Electricity Vendor CEA Collections do not match the amount thereof reported in its Electricity Vendor Billing Period Report,

(iv) that delivers an Electricity Vendor Billing Period Report that has any other material manifest discrepancy detected by the Servicer, or

(v) that has not certified that it has established the segregated account required by Section 10(2) of the Regulations,

and attempt to resolve the applicable issue; and

(l) hold the Issuer Share of Servicer CEA Receipts and the Issuer Share of any other proceeds in respect of the Clean Energy Adjustment received by it in trust for the benefit of the Issuer and remit such amounts in accordance with Section 3.6 without any surcharge, fee, offset, charge or other deduction.

3.5 Reporting

The Servicer shall:

(a) on or before the 20th Business Day following the end of each Billing Period when amounts are invoiced by Electricity Vendors to Specified Consumers in respect of Clean Energy Adjustments, prepare and deliver to the Issuer a Monthly Servicer Report;

(b) promptly notify the Issuer in writing of any Requirement of Law hereafter adopted or announced or the occurrence of any other event or circumstance of which it becomes aware that has a material adverse effect on the Servicer's ability to perform its duties and obligations under this Agreement; and

(c) upon the reasonable request of the Issuer provide to the Issuer any public financial information in respect of the Servicer, or any material information regarding the Clean Energy Adjustment, to the extent it is reasonably available to the Servicer, and as may be reasonably necessary and permitted by law, to enable the Issuer to monitor the performance by the Servicer of its duties and obligations hereunder.

3.6 Remittances

(a) The Issuer shall provide the Servicer with notice of the Collection Account at least ten Business Days prior to the first Remittance Date and shall provide the Servicer with notice of any change to the Collection Account at least ten Business Days prior to any subsequent Remittance Date.

(b) Absent the occurrence of a Daily Remittance Event, the Issuer Share of Servicer CEA Receipts received by the Servicer and any interest earned thereon received on or subsequent to a Remittance Date shall be remitted by the Servicer to the Collection Account no later than the immediately following Remittance Date.

(c) Following the occurrence of a Daily Remittance Event, the Issuer Share of all Servicer CEA Receipts on deposit in the IESO Segregated Account and any interest earned thereon shall be remitted by the Servicer to the Collection Account on the second following Business Day.

3.7 Reimbursement of Servicer

The Issuer shall reimburse the Servicer for its direct costs relating to the performance by the Servicer of its duties and obligations hereunder and that are not otherwise recovered by the Servicer pursuant to sections 25.1(1) and 25.1(2) of the *Electricity Act, 1998*, which direct costs the IESO shall have no obligation to seek recovery for under sections 25.1(1) and 25.1(2) of the *Electricity Act, 1998*; provided, however, that this Section 3.7 shall not apply to any costs relating to the performance by the Servicer of its duties and obligations under the Act or the Regulations, including, for greater certainty the Servicer's obligations to pay monthly Carrying Costs.

3.8 Limits to Obligations

Notwithstanding anything to the contrary in this Agreement, the parties hereto agree that the duties, liabilities and obligations of IESO under this Agreement are limited as provided in this Section 3.8.

(a) IESO is not responsible for, or in respect of, any amounts not collected by Electricity Vendors from their customers or not remitted by Electricity Vendors to the Servicer.

(b) IESO is not responsible to confirm, verify or audit the amount of the Clean Energy Adjustment invoiced by Electricity Vendors or the Electricity Vendor CEA Collections collected by Electricity Vendors and reported to the IESO.

(c) IESO is not responsible for enforcing the obligations of Specified Consumers to pay, or the obligations of Electricity Vendors to invoice, collect or remit Clean Energy Adjustments or any other amounts, or to establish a segregated account into which Electricity Vendor CEA Collections are to be deposited, and IESO is under no obligation to initiate or prosecute any legal action relating to the collection of the Clean Energy Adjustments or the Issuer Investment Interest.

(d) IESO is not responsible or liable for the performance by Electricity Vendors of their duties and responsibilities under the Act or the Regulations including (i) the invoicing of Specified Consumers in respect of the Clean Energy Adjustment and ancillary matters related thereto; (ii) the collection from Specified Consumers of amounts due in respect of such invoices and the remittance of such payments to the Servicer; (iii) the accuracy of any information provided by the Electricity Vendors; and (iv) any reporting by the Electricity Vendors, including the reporting to the Servicer of the total CEA Consumer Invoice Amounts invoiced by such Electricity Vendor to its Specified Consumers in respect of the Clean Energy Adjustment, the total Electricity Vendor CEA Collections received by such Electricity Vendor and the Issuer Share of Electricity Vendor CEA

Collections received by such Electricity Vendor and any other reporting in the Electricity Vendor Billing Period Report.

(e) IESO is under no responsibility or obligation to the Issuer with respect to the nature or extent of the Issuer Investment Interest, the collectability of the Issuer Share of Servicer CEA Receipts or that the Issuer Share of Servicer CEA Receipts will be sufficient to satisfy the Issuer's Funding Obligations.

(f) IESO may rely in good faith on the advice of counsel or on any document of any kind, prima facie properly executed and submitted by any Person, respecting any matters arising under this Agreement.

(g) IESO shall have no liability or responsibility to any Person in respect of any forecasts or other information provided pursuant to Section 3.2, provided only that such forecasts or other information has been prepared and provided in good faith.

(h) None of the directors, officers, employees or agents of IESO shall be liable to the Issuer or any other Person for any action taken or for refraining from the taking of any action pursuant to this Agreement or for good faith errors in judgment.

3.9 Servicing and Maintenance Standards

Subject to Section 3.8, the Servicer shall discharge its duties, responsibilities and obligations hereunder with reasonable care and in material compliance with the Requirements of Law, including the Act and the Regulations and, in doing so, shall follow standards, policies and procedures in performing its duties as Servicer hereunder that are customary for an electricity market operator and administrator that regularly performs settlement functions.

3.10 Appointments

The Servicer may at any time appoint OPG or any other Person to act as its agent to perform all or any portion of its obligations as Servicer hereunder; provided however, that in respect of the appointment of a Person other than OPG, the Rating Agency Condition shall have been satisfied in connection therewith; and provided further that the Servicer shall remain obligated and be liable for the performance of its obligations under this Agreement without diminution of such obligation and liability by virtue of the appointment of OPG or such other Person and to the same extent and under the same terms and conditions as if the Servicer alone were performing such obligations. The fees and expenses of OPG or any other such Person shall be as agreed between the Servicer and OPG or such other Person from time to time, and the Issuer shall not have any responsibility therefor or right or claim thereto. Any such appointment shall not constitute a resignation of the Servicer under Section 3.13.

3.11 Term

The Servicer's appointment as Servicer under this Agreement shall become effective as of the execution hereof and shall continue in full force and effect until the earlier of (a) the effective date of resignation of the Servicer in accordance with the provisions of this

Agreement, (b) termination of all of the rights and obligations of the Servicer under Article 7, and (c) the date on which all Issuer Funding Obligations have been paid in full and all CEA Consumer Invoice Amounts have been received or written off (in each case, a "**Termination Event**"). The appointment of the Servicer as servicer under this Agreement shall be terminated effective as of the date of the Termination Event.

3.12 Mergers

Any Person (a) into which the Servicer may be merged, converted or amalgamated and that is a Permitted Successor, (b) that may result from any merger, conversion or amalgamation to which the Servicer shall be a party and that is a Permitted Successor, (c) that may succeed to the properties and assets of the Servicer substantially as a whole and that is a Permitted Successor, or (d) that otherwise is a Permitted Successor, which Person in any of the foregoing cases executes an agreement of assumption to perform all of the obligations of the Servicer hereunder, shall be the successor to the Servicer under this Agreement without further act on the part of any of the parties to this Agreement; provided, however, that (i) immediately after giving effect to such transaction, no representation or warranty made pursuant to Section 4.1 shall have been breached and no Servicer Default and no event that, after notice or lapse of time, or both, would become a Servicer Default shall have occurred and be continuing, (ii) the Servicer shall have delivered to the Issuer an Officer's Certificate and an Opinion of Counsel from external counsel stating that such consolidation, conversion, merger or succession and such agreement of assumption complies with this Section 3.12 and that all conditions precedent, if any, provided for in this Agreement relating to such transaction have been complied with, and (iii) the Servicer shall have given to the Issuer and each Rating Agency prior written notice of such transaction. When any Person that is a Permitted Successor acquires the properties and assets of the Servicer substantially as a whole or otherwise becomes the successor, by merger, conversion, consolidation, sale, transfer, lease or otherwise, to all or substantially all the assets of the Servicer in accordance with the terms of this Section 3.12, then, upon satisfaction of all of the other conditions of this Section 3.12, the preceding Servicer shall automatically and without further notice be released from all of its obligations hereunder (except for responsibilities for its actions prior to such release).

3.13 The IESO Not to Resign as Servicer

Subject to the provisions of Section 3.12, the IESO shall not resign from the obligations and duties imposed on it as Servicer under this Agreement except upon a determination that the performance of its duties under this Agreement shall no longer be permissible under applicable Requirements of Law. Notice of any such determination permitting the resignation of the IESO as Servicer shall be communicated to the Issuer and each Rating Agency at the earliest practicable time (and, if such communication is not in writing, shall be confirmed in writing at the earliest practicable time), and any such determination shall be evidenced by an Opinion of Counsel to such effect delivered to the Issuer and each Rating Agency concurrently with or promptly after such notice. No such resignation shall become effective until a Successor Servicer that is a Permitted Successor has assumed the servicing obligations and duties hereunder of the Servicer in accordance with Section 7.2.

3.14 IESO Regulatory Obligation to Pay Carrying Costs

(a) The IESO acknowledges that it has an obligation pursuant to the Regulations to pay monthly Carrying Costs to the Issuer for the prescribed period set out in the Regulations (the "**Prescribed Period**") and agrees to comply with its obligations under the Regulations to pay and remit the Carrying Costs to the Issuer.

(b) On or before the 4th Business Day of each calendar month during the Prescribed Period, the Issuer shall prepare and deliver to the IESO a written statement substantially in the form of Exhibit B (a "**Monthly Carrying Costs Statement**") certifying the amount of the Carrying Costs expected to be incurred in the following calendar month ("**Monthly Carrying Costs**"). If requested by the IESO, the Issuer shall, in lieu of providing the Monthly Carrying Costs Statement, enter the amount of such expected Monthly Carrying Costs in the IESO operated portal, or such other similar facility operated by the IESO, and such entry shall be deemed to be a certification of the accuracy of the amount entered.

(c) On or before the 14th Business Day following receipt by the IESO of the Monthly Carrying Costs Statement, the IESO shall, as required under the Regulations, deliver or cause to be delivered to the Issuer, by wire transfer or electronic funds transfer in immediately available funds, an amount in Canadian dollars equal to the expected Monthly Carrying Costs certified by the Issuer in the applicable Monthly Carrying Costs Statement.

(d) To the extent that the expected Monthly Carrying Costs certified in a Monthly Carrying Costs Statement are less than or greater than the actual Monthly Carrying Costs incurred in respect of a calendar month, an adjustment shall be made to the expected Monthly Carrying Costs for the calendar month for which the first Monthly Carrying Costs Statement is issued after the amount of the discrepancy is determined or any such overpayment shall be returned to the IESO.

3.15 IESO Security for CEA Remittances

The IESO shall provide to the Issuer, on or prior to the first day of the first Billing Period when amounts are invoiced to Specified Consumers in respect of Clean Energy Adjustments, security for any failure of Non-Investment Grade Rated Electricity Vendors to remit their Electricity Vendor CEA Collections in the form of (x) a letter of credit with a term extending to the first day of the immediately following calendar year, or (y) a performance guarantee or such other form of security as may be acceptable to the Issuer and that satisfies the Rating Agency Condition.

The amount of security required by the IESO pursuant to this Section 3.15 will be calculated on an annual basis and will be equal to the amount determined in accordance with the following formula, or such other lower amount as may be proposed by the Servicer, is acceptable to the Issuer and satisfies the Rating Agency Condition:

((A / B) x C x D / 365 x E)

where A, B, C, D and E are as follows:

A = for the most recent completed 12 month period for which information is available, as provided by the Servicer, the aggregate amount of energy consumed by Specified Consumers of all Non-Investment Grade Rated Electricity Vendors.

B = for the same 12 month period used for A, as provided by the Servicer, the aggregate amount of energy consumed by all Specified Consumers.

C = for the most current 12 month forecast period available, as provided by OPG, in its capacity as the Financial Services Manager under the Act, the Clean Energy Adjustment amounts estimated to be payable by all Specified Consumers.

D = 45, which represents an estimated number of days that total Clean Energy Adjustment amounts are expected to be held by Electricity Vendors, or such other number as mutually agreed to in writing by the Issuer and the Servicer and that satisfies the Rating Agency Condition;

E = 0.50, or another value as mutually agreed to in writing by the Issuer and the Servicer and that satisfies the Rating Agency Condition.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES OF THE IESO

4.1 Representations and Warranties

Subject to Section 3.8, the IESO makes the following representations and warranties as of the date hereof and as of each applicable Closing Date, and the IESO acknowledges that the Issuer will rely thereon in paying the Purchase Price related to Transfers of Specified Portions of the Regulatory Asset, and the Issuer has relied thereon in entering into this Agreement relating to the servicing of the corresponding Investment Interests.

(a) Organization and Good Standing. The IESO is a statutory corporation amalgamated under the laws of the Province of Ontario, with requisite corporate power and authority to own its properties, to conduct its business as such properties are currently owned and such business is presently conducted by it.

(b) Due Qualification. The IESO has obtained all necessary licences and approvals, in all jurisdictions in which the ownership or lease of property or the conduct of its business (including acting as Servicer under this Agreement) shall require such licences or approvals, except where the failure to so qualify or obtain such licences and approvals would not be reasonably likely to have a material adverse effect on the IESO's business, operations, assets, revenues or properties, the Regulatory Asset or the servicing of related Investment Interests.

(c) Power and Authority. The IESO has the requisite corporate power and authority to execute and deliver this Agreement and to carry out its terms. The IESO has full corporate power and authority to hold the Regulatory Asset and to Transfer Specified Portions of the Regulatory Asset to the Issuer and the IESO has duly authorized such Transfer to the Issuer by all necessary corporate action. The

execution, delivery and performance of all obligations under this Agreement have been duly authorized by all necessary corporate action on the part of the IESO under all applicable laws.

(d) Binding Obligation. This Agreement constitutes a legal, valid and binding obligation of the IESO, enforceable against the IESO in accordance with its terms, subject to bankruptcy, receivership, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally from time to time in effect and to general principles of equity (including concepts of materiality, reasonableness, good faith and fair dealing).

(e) No Violation. The consummation of the transactions contemplated by this Agreement and the fulfillment of the terms hereof by the IESO do not conflict with, result in any breach of any of the terms and provisions of, or constitute (with or without notice or lapse of time, or both) a default under, the IESO's by-laws, or any indenture, or other material agreement or instrument to which the IESO is a party or by which it is bound, result in the creation or imposition of any Lien upon any of the IESO's properties pursuant to the terms of any such indenture, agreement or other instrument or violate any existing law or any order, rule or regulation applicable to the IESO issued by any Governmental Authority having jurisdiction over the IESO or its properties, except, in each case, where such breach would not reasonably be expected to materially and adversely affect the performance by the IESO of its obligations under this Agreement or the Act or the validity or enforceability of this Agreement.

(f) No Proceedings. To the IESO's knowledge, except as disclosed in writing to the Issuer, there are no Proceedings pending or threatened against the IESO or its properties: (a) asserting the invalidity of this Agreement or the Act, (b) seeking to prevent the consummation of any of the transactions contemplated by this Agreement or the Act, or (c) seeking a determination or ruling that could reasonably be expected to materially and adversely affect the performance by the IESO of its obligations under this Agreement or the Act or the validity or enforceability of this Agreement.

(g) Approvals. No approvals, authorizations, consents, orders or other actions or filings with any Governmental Authority are required for the IESO to execute, deliver and perform its obligations under this Agreement except those which have previously been obtained or made.

(h) Information. Except in respect of information provided by a third party, all written information, as amended or supplemented from time to time, provided by the Transferor to the Issuer with respect to the Issuer in a Transfer Notice and a Monthly Servicer Report is true and correct in all material respects and does not omit any material fact.

(i) The Transfer. After the completion of the Transfer on the applicable Closing Date, the IESO will have no right, title or interest in the Investment Interest

related to the Specified Portion of the Regulatory Asset as set forth in the applicable Transfer Notice, and the related Investment Interest shall not form part of the estate of the IESO in the event of an Insolvency Event in respect of the IESO.

(j) No Transfer. Except for Permitted Transfers, the IESO has not sold, transferred, assigned or otherwise conveyed any interest in the Regulatory Asset to any Person.

(k) Liens. IESO has not pledged or otherwise granted a Lien to any Person in the Regulatory Asset and to the IESO's knowledge (after due inquiry), there is no registered financing statement listing the IESO as debtor covering or extending to the Regulatory Asset.

(l) Tax Liens. The IESO (i) is not aware, after due inquiry, of any judgment or tax lien filing against the IESO, and (ii) is not a non-resident of Canada for purposes of the *Income Tax Act* (Canada).

(m) Solvency. On the date hereof and after giving effect to each Transfer, the IESO:

(i) reasonably believes that it will be able to pay its debts as they come due; and

(ii) is able to pay its debts as they mature and does not intend to incur, or believes that it will not incur, indebtedness that it will not be able to repay at its maturity.

(n) No Court Order. There is no order by any court that seeks to enjoin the performance of any obligations of the IESO under the Act or this Agreement.

4.2 Survival

The representations and warranties set forth in Section 4.1 shall survive the execution and delivery of this Agreement, each Transfer of a Specified Portion of a Regulatory Asset to the Issuer and the pledge of the corresponding Investment Asset to the Indenture Trustee pursuant to the Indenture and may not be waived by any party hereto except pursuant to a written agreement executed in accordance with Section 8.1 and as to which the Rating Agency Condition has been satisfied.

ARTICLE 5
COVENANTS OF THE IESO

5.1 Existence

So long as any Issuer Funding Obligations are outstanding, the IESO (a) shall not take any action to impair its corporate existence, and (b) will obtain and preserve its qualification to do business in the Province of Ontario.

5.2 No Transfer or Liens

Except for Transfers under this Agreement to the Issuer or Permitted Transfers, the IESO will not Transfer the Regulatory Asset or any portion thereof to any person. The IESO will not grant, create, incur, assume or suffer to exist any Lien on the Regulatory Asset or any portion thereof. The IESO will not at any time assert any Lien against or with respect to the Issuer Investment Interest, except for any Lien granted by the Issuer to the IESO.

5.3 Notice of Liens

The IESO shall notify the Issuer promptly after becoming aware of any Lien on any portion of the Regulatory Asset.

5.4 Compliance with Law

The IESO will comply with all Requirements of Law applicable to, and binding upon, the IESO or relating to the Regulatory Asset, except to the extent that failure to so comply would not materially adversely affect the Transfer of Specified Portions of the Regulatory Asset or the IESO's performance of its obligations under this Agreement; provided, however, that the foregoing is not intended to, and shall not, impose any liability on the IESO for non-compliance with any Requirement of Law that the IESO is contesting in good faith in accordance with its customary standards and procedures.

5.5 Covenants Related to the Investment Interest

(a) So long as any Issuer Funding Obligations are outstanding, the IESO shall treat the Issuer Investment Interest as the Issuer's property for all purposes.

(b) Except for investments held for employee benefit purposes, the IESO shall not at any time become a holder of Issuer Funding Obligations.

(c) The IESO shall disclose the effects of all transactions between the IESO and the Issuer in accordance with generally accepted accounting principles (for government entities).

(d) (i) In all Proceedings relating directly or indirectly to the Issuer Investment Interest, the IESO shall affirmatively certify and confirm that it has Transferred all of its rights and interests in and to the Specified Portions of the Regulatory Asset giving rise to the Issuer Investment Interest, (ii) the IESO shall not make any statement or reference in respect of the Issuer Investment Interest that is inconsistent with the ownership interest of the Issuer, and (iii) the IESO shall not take any action in respect of the Issuer Investment Interest except solely in its capacity as the Servicer thereof pursuant to this Agreement.

5.6 Non-petition Covenants

Notwithstanding any prior termination of this Agreement or the Indenture, the IESO shall not, prior to the date that is one year plus one day after termination of the Indenture

and the payment in full of all Issuer Funding Obligations and any other amounts owed under the Indenture, petition or otherwise invoke the process of any Governmental Authority for the purpose of commencing or sustaining a Proceeding against the Issuer under any Canadian bankruptcy, insolvency or similar law, appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official or any substantial part of the property of the Issuer.

5.7 Disclosure

The IESO shall provide such non-confidential information regarding IESO, the Regulatory Asset and the services provided by the Servicer hereunder (collectively, the "**IESO Disclosure**") as may be reasonably requested by the Issuer for inclusion in any offering document of the Issuer from time to time, including but not limited to offering memoranda, prospectuses, registration statements and continuous disclosure documents (the "**Offering Documents**"). Provided that the IESO has been given a reasonable opportunity by the Issuer to review any such Offering Documents and has provided its consent to the use of such IESO Disclosure, the IESO will represent that, except in respect of information provided by a third party, all IESO Disclosure, as at the respective dates of delivery to the Issuer, is true and correct in all material respects and contains no misrepresentation.

5.8 Further Assurances

Upon the request of the Issuer, the IESO shall execute and deliver such further instruments and do such further acts as may reasonably be necessary to carry out the provisions and purposes of this Agreement.

5.9 Access to Certain Records and Information

The IESO shall provide to the Issuer access to all records relating to the IESO Deferral, the Fair Hydro Variance Account, the IESO Segregated Account and Servicer CEA Receipts, as is reasonably required for the Issuer to confirm compliance by the IESO with its obligations under this Agreement. Access shall be afforded without charge, but only upon reasonable request and during normal business hours at the offices of the IESO. Nothing in this Section 5.9 shall affect the obligation of the IESO to comply with any Requirement of Law prohibiting disclosure of information, and the failure of the IESO to provide access to such information as a result of such obligation shall not constitute a breach of this Section 5.9.

5.10 Maintenance of Operations

Subject to Section 3.12, the IESO agrees to continue, unless prevented by circumstances beyond its control, to operate as the electricity system operator in the Province of Ontario so long as it is acting as the Servicer under this Agreement.

ARTICLE 6
IESO INDEMNITIES

6.1 Liability of the IESO; Indemnities

(a) The IESO shall indemnify the Issuer and each of its trustees, officers, directors and employees (each, an "**Indemnified Party**"), for, and defend and hold harmless each such Person from and against, any and all liabilities, obligations, losses, damages, payments and claims, and reasonable costs or expenses, of any kind whatsoever (collectively, "**Indemnified Losses**") imposed on, incurred by or asserted against such Person, as a result of (i) the failure of the IESO to perform its covenants and other obligations under this Agreement or any other Program Agreement to which the IESO is a party; or (ii) the breach by the IESO of any of its representations or warranties under this Agreement or any other Program Agreement to which the IESO is a party and, except to the extent of Indemnified Losses resulting from the willful misconduct, bad faith or gross negligence of such Person, seeking indemnification hereunder; provided that, in each case, the IESO shall not be required to indemnify an Indemnified Party for any amount paid or payable by such Indemnified Party in the settlement of any Proceeding or investigation without the written consent of the IESO, which consent shall not be unreasonably withheld or delayed. Promptly after receipt by an Indemnified Party of notice of the commencement of any Proceeding or investigation, such Indemnified Party shall, if a claim in respect thereof is to be made against the IESO under this Section 6.1(a), notify the IESO in writing of the commencement thereof. Failure by an Indemnified Party to so notify the IESO shall relieve the IESO from the obligation to indemnify and hold harmless such Indemnified Party under this Section 6.1(a) only to the extent that the IESO suffers actual prejudice as a result of such failure. With respect to any Proceeding or investigation brought by a third party for which indemnification may be sought under this Section 6.1(a), the IESO shall be entitled to conduct and control, at its expense and with counsel of its choosing that is reasonably satisfactory to such Indemnified Party, the defence of any such Proceeding or investigation (in which case the IESO shall not thereafter be responsible for the fees and expenses of any separate counsel retained by the Indemnified Party except as set forth below); provided, that the Indemnified Party shall have the right to participate in such Proceeding or investigation through counsel chosen by it and at its own expense. Notwithstanding the IESO's election to assume the defence of any Proceeding or investigation, the Indemnified Party shall have the right to employ separate counsel, and the IESO shall bear the reasonable fees, costs and expenses of such separate counsel, if (i) the defendants in any such action include both the Indemnified Party and the IESO and the Indemnified Party shall have reasonably concluded that there may be legal defences available to it that are different from or additional to those available to the IESO, (ii) the IESO shall not have employed counsel reasonably satisfactory to the Indemnified Party to represent the Indemnified Party within a reasonable time after notice of the institution of such action, (iii) the Indemnified Party shall have been advised by counsel to the Indemnified Party that there may be a conflict of interest between the IESO and the Indemnified Party, or (iv) the IESO authorizes the Indemnified Party to employ separate counsel at the expense of the IESO. Notwithstanding the foregoing, the IESO shall not be obligated to pay for the fees, costs and expenses

of more than one separate counsel for the Indemnified Parties other than one local counsel, if appropriate. The IESO will not, without the prior written consent of the Indemnified Party, settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim or Proceeding in respect of which indemnification may be sought under this Section 6.1(a) (whether or not the Indemnified Party is an actual or potential party to such claim or action) unless such settlement, compromise or consent includes an unconditional release of the Indemnified Party from all liability arising out of such claim or Proceeding.

(b) For purposes of Section 6.1(a), in the event of the termination of the rights and obligations of the IESO (or any successor thereto pursuant to Section 3.12) as Servicer pursuant to Section 7.1, or a resignation by such Servicer pursuant to Section 3.13 of this Agreement, the IESO shall be deemed to be the Servicer pending appointment of a Successor Servicer pursuant to Section 7.2.

(c) Indemnification under Section 6.1(a) shall survive any repeal of, modification of, or supplement to, or judicial invalidation of, the Act and shall survive the termination of this Agreement and will rank *pari passu* with other general, unsecured obligations of the IESO.

(d) Notwithstanding anything contained in this Agreement, it is expressly understood that the IESO is not agreeing to indemnify or hold the Issuer or any Indemnified Party harmless with respect to any of the following:

(i) any losses resulting from any breach or failure to perform by the IESO caused by a breach or failure to perform on the part of any other third party under any Program Agreement, the Act or the Regulations; provided that this Section 6.1(d)(i) shall not apply to limit the liability of the IESO in respect of any appointments as provided for in Section 3.10;

(ii) any losses resulting from changes in law after the date hereof, whether such changes in law are effected by means of any legislative enactment or any final and non-appealable judicial decision; or

(iii) any liability of the Issuer or any Indemnified Party incurred after the termination of this Agreement unless attributable to the actions or omissions of the IESO prior to such termination.

(e) The parties hereto agree that the IESO is not providing any representations, warranties or covenants in this Agreement, and shall have no liability to the Issuer or any Indemnified Party, with respect to the Clean Energy Adjustment amounts being sufficient to satisfy the Issuer Funding Obligations.

ARTICLE 7
SERVICER DEFAULT

7.1 Servicer Default

If any one or more of the following events (each, a "**Servicer Default**") shall occur and be continuing:

(a) any failure by the Servicer to remit to the Collection Account any required remittance that shall continue unremedied for a period of three Business Days after written notice of such failure is received by the Servicer from the Issuer or after discovery of such failure by a Responsible Officer of the Servicer;

(b) any failure on the part of the Servicer or, so long as the Servicer is the IESO, any failure on the part of the IESO, as the case may be, duly to observe or to perform in any respect any covenants or agreements of the Servicer or the IESO, as the case may be, set forth in this Agreement or in any other Program Agreement to which it is a party (other than as provided in Section 7.1(a)), which failure shall (i) materially and adversely affect the rights of the Specified Creditors and (ii) continue unremedied for a period of 30 days after the date on which (A) written notice of such failure, requiring the same to be remedied, shall have been given to the Servicer or the IESO, as the case may be, by the Issuer or (B) such failure is discovered by a Responsible Officer of the Servicer;

(c) any representation or warranty made by the Servicer in this Agreement, any other Program Agreement to which it is a party, any Transfer Notice or any Monthly Servicer Report shall prove to have been incorrect when made, which has a material adverse effect on the Issuer and which remains unremedied for a period of 30 days after the date on which (i) written notice thereof, requiring the same to be remedied, shall have been delivered to the Servicer by the Issuer or (ii) such failure is discovered by a Responsible Officer of the Servicer;

(d) an Insolvency Event occurs with respect to the Servicer or the IESO; or

(e) any additional "Servicer Default" as specified in any Co-Owner Agreement occurs;

then, and in each and every case, the Issuer may, subject to the terms of any Co-Owner Agreement, by notice then given in writing to the Servicer (a "**Termination Notice**"), terminate all the rights and obligations (other than the obligations set forth in Section 6.1 and the obligation under Section 7.2 to continue performing its functions as Servicer until a Successor Servicer is appointed) of the Servicer under this Agreement and under the Co-Owner Agreement. In addition, upon a Servicer Default described in Section 7.1(a), Issuer shall be entitled to apply to a court of appropriate jurisdiction for an order for sequestration and payment of revenues arising with respect to the Issuer. On or after the receipt by the Servicer of a Termination Notice, all authority and power of the Servicer under this Agreement, whether with respect to the Investment Interest, the Clean Energy Adjustments or otherwise, shall, without further action, pass to and be vested in such Successor Servicer as may be appointed under Section 7.2; and,

without limitation, the Issuer is hereby authorized and empowered to execute and deliver, on behalf of the predecessor Servicer, as attorney-in-fact or otherwise, any and all documents and other instruments, and to do or accomplish all other acts or things necessary or appropriate to effect the purposes of such Termination Notice, whether to complete the transfer of all documents and records related to the Regulatory Asset, the Fair Hydro Variance Account and related documents or records, or otherwise (the "**Records**"). The predecessor Servicer shall cooperate with the Successor Servicer and the Issuer in effecting the termination of the responsibilities and rights of the predecessor Servicer under this Agreement, including the transfer to the Successor Servicer for administration by it of all Records and all cash amounts that shall at the time be held by the predecessor Servicer for remittance, or shall thereafter be received by it with respect to the Investment Interest or the Clean Energy Adjustment. As soon as practicable after receipt by the Servicer of such Termination Notice, the Servicer shall deliver the Records to the Successor Servicer. If a Successor Servicer has been appointed as a result of a Servicer Default, all reasonable costs and expenses (including reasonable legal fees and expenses) incurred in connection with transferring the Records to the Successor Servicer and amending this Agreement and any Co-Owner Agreement to reflect such succession as Servicer pursuant to this Section 7.1 shall be paid by the predecessor Servicer upon presentation of reasonable documentation of such costs and expenses. Termination of the IESO as Servicer shall not terminate the IESO's rights or obligations under this Agreement (except rights thereunder deriving from its rights as the Servicer hereunder).

7.2 Appointment of Successor Servicer

(a) Upon the Servicer's receipt of a Termination Notice pursuant to Section 7.1 or the Servicer's resignation or removal in accordance with the terms of this Agreement, the predecessor Servicer shall continue to perform its functions as Servicer under this Agreement, until a Successor Servicer shall have assumed in writing the obligations of the Servicer hereunder as described below. In the event of the Servicer's removal or resignation hereunder, the Issuer may, but subject to the provisions of the applicable Co-Owner Agreement, appoint a Successor Servicer and the Successor Servicer shall accept its appointment by a written assumption in form reasonably acceptable to the Issuer. If, within 30 days after the delivery of the Termination Notice, a Successor Servicer shall not have been appointed, the Issuer may petition a court of competent jurisdiction to appoint a Successor Servicer under this Agreement. A Person shall qualify as a Successor Servicer only if (i) such Person is permitted under the Act to perform the duties of the Servicer, (ii) the Rating Agency Condition shall have been satisfied with respect to such appointment, (iii) such Person enters into a master transfer and servicing agreement with the Issuer having substantially the same provisions as this Agreement and (iv) such Person agrees to perform the obligations of the Servicer under any Co-Owner Agreement. In no event shall the Issuer be liable for its appointment of a Successor Servicer..

(b) Upon appointment, the Successor Servicer shall be the successor in all respects to the predecessor Servicer and shall be subject to all the responsibilities, duties and liabilities arising thereafter placed on the predecessor Servicer and shall be

entitled to all the rights granted to the predecessor Servicer by the terms and provisions of this Agreement.

7.3 Waiver of Past Defaults

The Issuer may waive in writing any default by the Servicer in the performance of its obligations hereunder and its consequences, subject to satisfaction of the Rating Agency Condition in respect of any waiver of a material default by the Servicer, and with prompt written notice of any waiver to be provided to the Rating Agencies. Upon any such waiver of a past default, such default shall cease to exist, and any Servicer Default arising therefrom shall be deemed to have been remedied for every purpose of this Agreement. No such waiver shall extend to any subsequent or other default or impair any right consequent thereto.

7.4 Notice of Servicer Default

The Servicer shall deliver to the Issuer and each Rating Agency, promptly after having obtained knowledge thereof, but in no event later than five Business Days thereafter, written notice of any event that, with the giving of notice or lapse of time, or both, would become a Servicer Default under Section 7.1.

7.5 Cooperation with Successor Servicer

The Servicer covenants and agrees with the Issuer that it will, on an ongoing basis, cooperate with the Successor Servicer and provide whatever information is, and take whatever actions are, reasonably necessary to assist the Successor Servicer in performing its obligations hereunder.

ARTICLE 8
MISCELLANEOUS

8.1 Amendment

This Agreement may be amended in writing by the IESO and the Issuer, and with satisfaction of the Rating Agency Condition, such satisfaction to be confirmed by the Issuer at the time of such amendment. Promptly after the execution of any such amendment, the Issuer shall furnish copies of such amendment to each of the Rating Agencies.

8.2 Withholding Rights

The parties shall be entitled to deduct and withhold from amounts payable under this Agreement such amounts as each is required to deduct and withhold with respect to such payment under the *Income Tax Act* (Canada) or any provision of any applicable federal, provincial, territorial, state, local or foreign tax law. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes as having been paid to the recipient of the payment in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted in accordance with applicable law to the appropriate taxing authority.

8.3 No Partnership

Each party expressly disclaims any intention to create a partnership, and none of the Issuer or the IESO will be deemed to be carrying on business in partnership by reason of its execution and delivery of this Agreement or the exercise or performance by it of its respective rights and obligations hereunder.

8.4 Notices

Any notice, report or other communication given hereunder shall be in writing and shall be effective (a) upon receipt when sent through the mails, registered or certified mail, return receipt requested, postage prepaid, with such receipt to be effective the date of delivery indicated on the return receipt, (b) upon receipt when sent by an overnight courier, (c) on the date personally delivered to an authorized officer of the party to which sent, or (d) on the date transmitted by electronic transmission with a confirmation of receipt in all cases, addressed as follows:

(a) in the case of the IESO, in its capacity as Transferor or Servicer:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, Ontario M5H 1T1

Attention: Chief Financial Officer, General Counsel and Associate General Counsel
Email: Kim.Marshall@ieso.ca
General.Counsel@ieso.ca
Michael.Boll@ieso.ca

(b) in the case of the Issuer or the Manager (on behalf of the Issuer):

Fair Hydro Trust
c/o Ontario Power Generation Inc., as Manager
700 University Avenue
Toronto, Ontario
M5G 1X6

Attention: FHT@opg.com
Email: Vice President, Fair Hydro Plan

Each party hereto may, by notice given in accordance herewith to the other party or parties hereto, designate any further or different address to which subsequent notices, reports and other communications shall be sent. Any notice, report or communication required to be given by the IESO hereunder to a Rating Agency shall be given to the address provided by the Issuer from time to time.

8.5 Assignment

Notwithstanding anything to the contrary contained herein, except as provided in the provisions of this Agreement concerning the resignation of the Servicer, this Agreement may not be assigned by the IESO.

8.6 Limitations on Rights of Third Parties

The provisions of this Agreement are solely for the benefit of the IESO and the Issuer, and such Persons shall have the right to enforce the relevant provisions of this Agreement. Nothing in this Agreement, whether express or implied, shall be construed to give to any other Person any legal or equitable right, remedy or claim in the Issuer Investment Interest or under or in respect of this Agreement or any covenants, conditions or provisions contained herein.

8.7 Severability

Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remainder of such provision (if any) or the remaining provisions hereof (unless such construction shall be unreasonable), and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

8.8 Separate Counterparts; Electronic Delivery

This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of this Agreement by such party.

8.9 Governing Law

This Agreement shall be construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein, and each party to this Agreement attorns to the non-exclusive jurisdiction of the courts of the Province of Ontario.

8.10 Grant of Security Interest to Indenture Trustee

The IESO hereby acknowledges and consents to the grant of a Lien by the Issuer to the Indenture Trustee pursuant to the Indenture for the benefit of the Specified Creditors against all right, title and interest of the Issuer in, to and under this Agreement, the Investment Interest and the proceeds thereof and the assignment of any or all of the Issuer's rights hereunder to the Indenture Trustee for the benefit of the Specified Creditors. The IESO further acknowledges and agrees that, pursuant to the terms of the Indenture, if the Issuer fails to exercise any of its rights under this Agreement, including any right to be indemnified by the IESO for Indemnified Losses pursuant to Article 6 of this Agreement, the Indenture Trustee shall

be entitled, subject to the terms of the Indenture, to enforce such rights against the IESO directly on the Issuer's behalf.

8.11 Limitation of Liability of the Issuer Trustee

(a) It is expressly understood and agreed by the parties hereto that the Issuer Trustee is acting solely in its capacity as trustee of the Issuer, and not in any other capacity. The Issuer solely shall be responsible for the performance of the Issuer's obligations hereunder and the assets of the Issuer solely shall be subject to levy or execution in satisfaction of such obligations.

(b) The Issuer Trustee will not be subject to any liability whatsoever, in tort, in contract or otherwise, in connection with the Issuer's property or the Issuer's activities, to the Issuer's beneficiaries or to any other Person, for any action taken or permitted by the Issuer Trustee to be taken, or the Issuer Trustee's failure to compel in any way any former or acting Issuer Trustee to redress any breach of trust with respect to the execution of the duties of its office or in respect of the Issuer's property or the Issuer's activities, provided that the foregoing limitation will not apply in respect of action or failure to act arising from or in connection with dishonesty, bad faith, willful misconduct, gross negligence or reckless disregard of a duty by the Issuer Trustee. The Issuer Trustee, in doing anything or permitting anything to be done in respect of the execution of the duties of its office or in respect of the Issuer's property or the Issuer's activities, is, and will be conclusively deemed to be, acting as trustee of the Issuer and not in any other capacity. Except as to the extent provided in this Section 8.11, the Issuer Trustee will not be subject to any liability for any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Issuer, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the execution of the duties of its office or for or in respect of the Issuer's property or the Issuer's activities and resort will be had solely to the Issuer's property for the payment or performance thereof. No property or assets of the Issuer Trustee owned in its personal capacity will be subject to levy, execution or other enforcement procedure with regard to any obligation under this Agreement.

(c) The holders of the units of the Issuer will not be subject to any liability whatsoever, in tort, in contract or otherwise, in connection with the Issuer's property or the Issuer's activities, to the Issuer's beneficiaries or to any other Person, for any action taken or permitted by it to be taken. The holders of the units of the Issuer will not be subject to any liability for any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Issuer, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the execution of the duties of its office or for or in respect of the Issuer's property or the Issuer's activities and resort will be had solely to the Issuer's property for the payment or performance thereof. No property or assets of the holders of the units of the Issuer owned in

their personal capacity will be subject to levy, execution or other enforcement procedure with regard to any obligation under this Agreement.

8.12 Waivers

Any term or provision of this Agreement may be waived, or the time for its performance may be extended, by the party or parties entitled to the benefit thereof, subject to the satisfaction of the Rating Agency Condition in respect of any material waiver. Any such waiver shall be validly and sufficiently authorized for the purposes of this Agreement if, as to any party, it is authorized in writing by an authorized representative of such party, with prompt written notice of any such waiver to be provided to the Rating Agencies. The failure of any party hereto to enforce at any time any provision of this Agreement shall not be construed to be a waiver of such provision, nor in any way to affect the validity of this Agreement or any part hereof or the right of any party thereafter to enforce each and every such provision. No waiver of any breach of this Agreement shall be held to constitute a waiver of any other or subsequent breach.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective officers as of the day and year first above written.

FAIR HYDRO TRUST, by its Manager,
ONTARIO POWER GENERATION INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Transferor and Servicer

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT A

FORM OF TRANSFER NOTICE

See attached

TRANSFER NOTICE

TO: Fair Hydro Trust
c/o Ontario Power Generation Inc., as Manager
700 University Avenue
Toronto, Ontario
M5G 1X6

Attention: ■
Email: ■

This Transfer Notice is delivered to you pursuant to Section 2.1 of a master transfer and servicing agreement made as of December ■, 2017 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "**Master Transfer and Servicing Agreement**") between **FAIR HYDRO TRUST**, a trust formed under the laws of the Province of Ontario (the "**Issuer**"), the **INDEPENDENT ELECTRICITY SYSTEM OPERATOR** ("**Transferor**" in its capacity as transferor, "**Servicer**", in its capacity as servicer, and "**IESO**" in its capacity as both Transferor and Servicer), a statutory corporation without share capital amalgamated under the laws of the Province of Ontario. All capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed to such terms in the Master Transfer and Servicing Agreement.

The Transferor hereby gives notice to the Issuer of its offer to transfer to the Issuer on the Closing Date set out below, the Specified Portion of the Regulatory Asset referred to below, all in accordance with the terms and conditions of the Master Transfer and Servicing Agreement. In consideration for (i) the Transferor's Transfer to the Issuer of the Specified Portion of the Regulatory Asset referred to below, the Issuer shall deliver or cause to be delivered to the Transferor on the Closing Date set out below, by wire transfer or electronic funds transfer in immediately available funds, an amount in Canadian dollars equal to the Purchase Price set out below.

Upon receipt by the Transferor of the Purchase Price on the Closing Date the Transferor shall reduce the balance of the Fair Hydro Variance Account by an amount equal to the Purchase Price, and the Regulatory Asset shall be adjusted accordingly.

Specified portion of Regulatory Asset: $■

Purchase Price: $■

Closing Date: ■

The Transferor hereby represents, warrants and confirms that:

(i) each of the representations and warranties on the part of the Transferor contained in the Master Transfer and Servicing Agreement are true and correct in all respects on the date hereof as if made on the date hereof;

(ii) the Transferor is not in breach of any of its covenants in the Master Transfer and Servicing Agreement; [and

(iii) since the date of the last Transfer Notice there has been no change to the information described in Section 2.2(a)(i)(A) of the Master Transfer and Servicing Agreement;] and

(iv) as of the date hereof, each condition precedent that must be satisfied by the Transferor under Section 2.2 of the Master Transfer and Servicing Agreement is capable of being satisfied prior to Closing Date.

[Note: If the representation and warranty in clause (iii) cannot be made, it should be deleted and a new certificate provided under Section 2.2(a)(i)(A).]

The closing shall take place at ■ (Toronto time) on the Closing Date referred to above at the offices of ■, except as may be otherwise mutually agreed. The Purchase Price shall be paid on that date by wire transfer or electronic funds transfer to [insert IESO bank account details].

DATED this ■ day of ■, 20■.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Transferor

By: _____
Name:
Title:

By: _____
Name:
Title:

The undersigned hereby accepts the foregoing offer.

DATED this ■ day of ■, 20■.

FAIR HYDRO TRUST, by its Manager,
ONTARIO POWER GENERATION INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT B

FORM OF MONTHLY CARRYING COSTS STATEMENT

See Attached

MONTHLY CARRYING COSTS STATEMENT

TO: INDEPENDENT ELECTRICITY SYSTEM OPERATOR
[Address]

Attention: ■
Email: ■

Reference is made to the master transfer and servicing agreement made as of December ■, 2017 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "**Master Transfer and Servicing Agreement**") between **FAIR HYDRO TRUST**, a trust formed under the laws of the Province of Ontario (the "**Issuer**") and the **INDEPENDENT ELECTRICITY SYSTEM OPERATOR** ("**Transferor**" in its capacity as transferor, "**Servicer**", in its capacity as servicer, and "**IESO**" in its capacity as both Transferor and Servicer), a statutory corporation without share capital amalgamated under the laws of the Province of Ontario. Capitalized terms used but not defined in this Monthly Carrying Costs Statement have their respective meanings as set forth in the Master Transfer and Servicing Agreement.

Pursuant to Section 3.14 of the Master Transfer and Servicing Agreement, the undersigned hereby certifies that the Monthly Carrying Costs (including any adjustments pursuant to Section 3.14(d)) in respect of the calendar month of ■, ■ are expected to be as follows:

[Provide breakdown, including any adjustments pursuant to Section 3.14(d)]

In accordance with Section 3.14(c) of the Master Transfer and Servicing Agreement, the undersigned hereby directs you to deliver to the Issuer, by wire transfer or electronic funds transfer to the account set forth below, an amount in Canadian dollars equal to the Monthly Carrying Costs set forth above on or before ■, 20■, and this shall be your good and valid authority for so doing.

[NTD: Wire transfer instructions to be provided by OPG.]

DATED this ■ day of ■, 20■.

FAIR HYDRO TRUST, by its Manager,
ONTARIO POWER GENERATION INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

SECURITY AGREEMENT

THIS AGREEMENT made as of the ____ day of December, 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital established by the *Electricity Act, 1998*, SO, 1998,

(hereinafter referred to as the "**Grantor**"),

IN FAVOUR OF:

FAIR HYDRO TRUST, a trust formed under the laws of the Province of Ontario,

(hereinafter referred to as the "**Secured Party**"),

WHEREAS under Regulation 206/17 made under the *Ontario Fair Hydro Plan Act, 2017* (the "**Regulation**"), the Grantor is required to pay to the Secured Party the Carrying Costs of the Secured Party during the period beginning on April 1, 2017 and ending on June 30, 2021 (the "**Statutory Obligation**");

AND WHEREAS the Grantor (together with the Secured Party, collectively referred to as the "**Parties**") has agreed to enter into a security agreement in favour of the Secured Party to secure payment of the Statutory Obligation;

NOW THEREFORE THIS AGREEMENT WITNESSES that, for and in consideration of the premises, mutual covenants and conditions herein contained and such other lawful and valuable consideration the receipt of sufficiency of which is hereby acknowledged, the Parties hereby agree as follows:

1. INTERPRETATION

1.1 Defined Terms

In this Agreement, unless there is something in the context or subject matter inconsistent therewith,

(a) "**Account**" shall have the meaning attributed to such term in the PPSA;

(b) "**Business Day**" means any day other than a Saturday or a Sunday on which banks generally are open for business in Toronto, Ontario;

(c) "**Carrying Costs**" shall have the meaning attributed to the term "carrying costs" in the Regulation;

(d) "**Collateral**" shall have the meaning attributed to such term in Section 2.1;

(e) "**Electricity Vendor**" shall mean a licensed distributor and a licensed retailer, each as defined in the *Ontario Fair Hydro Plan Act, 2017*;

(f) "**Indenture**" means the master trust indenture dated as of the date hereof between the Secured Party and BNY Trust Company of Canada, as indenture trustee;

(g) "**Money**" shall have the meaning attributed to such term in the PPSA;

(h) "**Permitted Liens**" means liens approved in writing by the Secured Party;

(i) "**PPSA**" means the *Personal Property Security Act* (Ontario), as amended from time to time, and any regulations thereto;

(j) "**Proceeds**" means "proceeds", as defined in the PPSA, of the Collateral;

(k) **"Receiver"** shall have the meaning attributed to such term in Section 6.2 of this Agreement;

(l) "**Rating Agency Condition**" shall have the meaning attributed to such term in the Indenture;

(m) "**Rating Agency**" shall have the meaning attributed to such term in the Indenture;

(n) "**Regulation**" shall have the meaning attributed to such term in the recitals hereto; and

(o) "**Statutory Obligation**" shall have the meaning attributed to such term in the recitals hereto.

1.2 Other Usages

References to "this Agreement", "hereof", "herein", "hereto" and like references refer to this Security Agreement and not to any particular Article, Section or other subdivision of this Agreement.

1.3 Plural and Singular

Where the context so requires, the words importing the singular number shall include the plural and vice versa.

1.4 Headings

The division of this Agreement into Articles and Sections and the insertion of headings in this Agreement are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

1.5 Applicable Law

This Agreement and all documents delivered pursuant hereto shall be governed by and construed and interpreted in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein and the Parties do hereby attorn to the non-exclusive jurisdiction of the courts of the Province of Ontario.

1.6 Prohibited Provisions

In the event that any provision or any part of any provision hereof is deemed to be invalid by reason of the operation of any law or by reason of the interpretation placed thereon by a court, this Agreement shall be construed as not containing such provision or such part of such provision and the invalidity of such provision or such part shall not affect the validity of any other provision or the remainder of such provision hereof, and all other provisions hereof which are otherwise lawful and valid shall remain in full force and effect.

1.7 Time of the Essence

Time shall in all respects be of the essence of this Agreement.

1.8 Recitals and Schedules

Each and every one of the recitals and schedules which are referred to in this Agreement and attached to this Agreement shall form an integral part of this Agreement.

2. SECURITY INTEREST

2.1 Grant of Security Interest

As general and continuing security for the payment of the Statutory Obligation, the Grantor hereby grants a security interest to the Secured Party in the following (collectively, the "**Collateral**"):

(a) all Accounts, which are now due, owing or accruing or growing due to, or which may hereafter become due, owing or accruing or growing due, to the Grantor by an Electricity Vendor;

(b) all Proceeds and renewals of the foregoing, in whatever form, together with all substitutions therefore.

Whenever used elsewhere in this Agreement, the expression "**security interest**" refers to the security interest created in this Section 2.1.

2.2 Attachment of Security Interest

The Grantor acknowledges and agrees that (i) value has been given, (ii) the Grantor has rights in such of the Collateral as constitutes present property of the Grantor, and (iii) the security interest shall attach to existing Collateral upon execution of this Agreement by the Grantor and to each item of after-acquired Collateral at the time that the Grantor acquires any rights therein.

3. COVENANTS OF THE GRANTOR

3.1 Covenants

The Grantor hereby covenants and agrees with the Secured Party as follows:

(a) To promptly pay all taxes, assessments, rates, levies, payroll deductions, vacation pay, workers' compensation assessments, and any other charges which could result in the creation of a statutory lien or deemed trust in respect of the Collateral.

(b) To defend the Collateral against the claims and demands of all other persons claiming the same or an interest therein and to promptly notify the Secured Party of any such claim or demand.

(c) To do, make, execute and deliver such further and other assignments, transfers, deeds, agreements and other documents as may be required by the Secured Party to establish in favour of the Secured Party the security interest intended to be created hereby.

3.2 Performance of Covenants by the Secured Party

The Secured Party may, in its sole discretion and upon notice to and at the expense of the Grantor, perform any covenant of the Grantor under this Agreement that the Grantor fails to perform and that the Secured Party is capable of performing, provided that the Secured Party will not be obligated to perform any such covenant on behalf of the Grantor and no such performance by the Secured Party will require the Secured Party further to perform the Grantor’s covenants nor operate as a derogation of the rights and remedies of the Secured Party under this Agreement.

4. DEALING WITH COLLATERAL

4.1 Grantor’s Rights

Until the Secured Party is entitled to exercise its rights and remedies under Section 6.2, the Grantor shall be entitled to deal with the Collateral in the ordinary course of business, provided however, that no such action shall be taken which would impair the effectiveness of the security interests created hereby, the provisions of this Agreement or any other written agreement between the Secured Party and the Grantor.

4.2 General Restrictions

The Grantor shall not, without the prior written consent of the Secured Party:

(a) sell, lease or otherwise dispose of the Collateral or any part thereof except in the ordinary course of business; or

(b) enter into or grant, create, assume or suffer to exist any mortgage, charge, hypothec, assignment, pledge, lien or other security interest or encumbrance affecting any of the Collateral except the Permitted Liens.

4.3 Release by the Secured Party

The Secured Party may, at its discretion, at any time release from the security interest created by this Agreement any part or parts of the Collateral or any other security or any surety for the Statutory Obligation either with or without sufficient consideration therefor without thereby releasing any other part of the Collateral or any person from this Agreement.

5. REPRESENTATIONS AND WARRANTIES

5.1 Representations and Warranties

The Grantor hereby represents and warrants to the Secured Party, the matters set out below:

(a) **Incorporation and Qualifications** – The Grantor is a statutory corporation amalgamated under the laws of the Province of Ontario, with requisite power and authority to own its properties, to conduct its business as such properties are currently owned and such business is presently conducted by it, and to execute, deliver and carry out the terms of this Agreement.

(b) **Corporate Authority and Power** – The Grantor has the requisite power and authority to execute and deliver this Agreement and to carry out its terms. The execution, delivery and performance of all obligations under this Agreement have been duly authorized by all necessary action on the part of the Grantor under all applicable laws.

(c) **Non-Conflict** – Neither the execution nor the performance of this Agreement requires the approval of any regulatory agency having jurisdiction over the Grantor nor is this Agreement in contravention of or in conflict with the by-laws or resolutions of the directors or shareholders of the Grantor or of the provisions of any agreement to which the Grantor is a party or by which any of its property may be bound or of any statute, regulation, by-law, ordinance or other law, or to the best of its knowledge of any judgement, decree, award, ruling or order to which the Grantor or any of its property may be subject, other than approvals that have been obtained.

(d) **Ownership of Collateral Free of Liens** – The Grantor is the owner of or has rights in the existing Collateral free and clear of any liens other than Permitted Liens.

(e) **Grantor Information** – Schedule A sets forth (a) the Grantor's jurisdiction of incorporation, (b) the location of the Grantor's registered office and business operations and records, and (c) the Grantor's exact legal name (in English and French).

(f) **Enforceability** – This Agreement constitutes a valid and legally binding obligation of the Grantor enforceable against it in accordance with its terms, subject to general equitable principles, including the fact that the availability of equitable remedies, such as injunctive relief and specific performance, is in the discretion of the court.

5.2 Reliance and Survival

All representations and warranties of the Grantor made in this Agreement shall survive the execution and delivery of this Agreement and shall continue in full force and effect without time limit. The Secured Party shall be deemed to have relied upon each such representation and warranty notwithstanding any investigation made by or on behalf of the Secured Party at any time.

6. ENFORCEMENT

6.1 Enforceability of Security

The security hereby constituted shall become enforceable only upon the failure of the Grantor to pay the Statutory Obligations when due, and then only to the extent of the Statutory Obligations not then paid when due. The Grantor acknowledges that it has no right in any circumstance to accelerate payment of the Statutory Obligations, to apply proceeds of Collateral on account of Statutory Obligations not yet due, or to reserve or hold proceeds of Collateral on account of Statutory Obligations not yet due.

6.2 Remedies

At any time that the security hereby constituted shall have become enforceable, the Secured Party may give notice of its intention to its exercise rights and remedies hereunder. At any time ten Business Days following the giving of such notice, and unless the amounts due and owing on account of the carrying Costs at the time of the Notice have been paid, the Secured Party shall have the following rights, powers and remedies:

(a) to appoint any person to be an agent or any person to be a receiver, manager or receiver and manager (herein called the "**Receiver**") of the Collateral and to remove any Receiver so appointed and to appoint another if the Secured Party so desires; it being agreed that any Receiver appointed pursuant to the provisions of this Agreement shall have all of the powers of the Secured Party hereunder;

(b) to make payments to parties having prior charges or encumbrances on the Collateral;

(c) to preserve, protect and maintain the Collateral;

(d) to enjoy and exercise all powers necessary or incidental to the performance of all functions provided for in this Agreement;

(e) to sell or dispose of all or any part of the Collateral whether by public or private sale or otherwise and on any terms so long as every aspect of the disposition is

commercially reasonable, including without limitation, terms that provide time for payment on credit;

(f) to enjoy and exercise in respect of the Collateral all of the rights and remedies of a secured party under the PPSA;

(g) to notify the account debtors or obligors under any Accounts which constitute part of the Collateral of the assignment of such Accounts to the Secured Party and to direct such account debtors or obligors to make payment of all amounts due or to become due to the Grantor thereunder directly to the Secured Party and to give valid and binding receipts and discharges therefor and in respect thereof and, upon such notification and at the expense of the Grantor, to enforce collection of any such Accounts, and to adjust, settle or compromise the amount or payment thereof, in the same manner and to the same extent as the Grantor might have done; and

(h) to commence, continue or defend proceedings in any court of competent jurisdiction in the name of the Secured Party, the Receiver or the Grantor for the purpose of exercising any of the rights, powers and remedies set out in this Section, including the institution of proceedings for the appointment of a receiver, manager or receiver and manager of the Collateral.

6.3 Special Rules re Accounts

At any time that the Secured Party is entitled to exercise its rights and remedies under Section 6.2,

(a) all Money or other form of payment received by the Grantor in respect of the Collateral shall be received in trust for the benefit of the Secured Party hereunder, shall be segregated from other funds of the Grantor and shall be forthwith paid over to the Secured Party in the same form as so received (with any necessary endorsement) to be held as cash collateral and applied as provided by Section 6.8; and

(b) the Grantor shall not adjust, settle or compromise the amount or payment of any Collateral.

6.4 Receiver as Agent

The Receiver shall be deemed to be the agent of the Grantor for the purpose of establishing liability for the acts or omissions of the Receiver and the Secured Party shall not be liable for such acts or omissions and, without restricting the generality of the foregoing, the Grantor hereby irrevocably authorizes the Secured Party to give instructions to the Receiver relating to the performance of its duties as set out herein.

6.5 Expenses of Enforcement

The Grantor shall pay to the Receiver the remuneration of the Receiver and all costs and expenses (including, without limitation, legal fees and disbursements on a full indemnity basis)

properly incurred by the Receiver pursuant to its appointment and the exercise of its powers hereunder, and shall pay to the Secured Party and the Receiver as required all amounts of Money (including interest thereon) borrowed or advanced by either of them pursuant to the powers set out herein, and the obligations of the Grantor to the Secured Party and the Receiver pursuant to this Section 6.5 shall be payable on demand.

6.6 Indulgences and Releases

Either the Secured Party or the Receiver may grant extensions of time and other indulgences, take and give up securities, accept compositions, grant releases and discharges, release any part of the Collateral to third parties and otherwise deal with the Grantor, debtors of the Grantor, sureties and others and with the Collateral and other security as the Secured Party or the Receiver may see fit without prejudice to the right of the Secured Party and the Receiver to repossess, hold, collect and realize the Collateral.

6.7 No Liability for Failure to Exercise Remedies

The Secured Party and the Receiver shall not be liable or accountable to the Grantor or to any other person for any failure to exercise any of the rights, powers and remedies set out in this Agreement, and shall not be bound to commence, continue or defend proceedings for the purpose of preserving or protecting any rights of the Secured Party, the Receiver, the Grantor or any other party in respect of the same.

6.8 Proceeds of Disposition

All Moneys received by the Secured Party or by the Receiver pursuant to Section 6.2 shall be promptly applied as follows:

(a) first, in payment of all costs and expenses incurred by the Secured Party in the exercise of all or any of the powers granted to it under this Agreement and in payment of all of the remuneration of the Receiver and all costs and expenses properly incurred by the Receiver in the exercise of all or any of the powers granted to it under this Agreement, including, without limitation, the remuneration, costs and expenses referred to in Section 6.5;

(b) second, in payment of all amounts of Money borrowed or advanced by either of the Secured Party or the Receiver pursuant to the powers set out in this Agreement and any interest thereon;

(c) third, in payment of the Statutory Obligation, provided that if there are not sufficient Moneys to fully pay and perform the Statutory Obligation, the Secured Party may apply the Moneys available to such part or parts thereof as the Secured Party, in its sole discretion, may determine; and

(d) fourth, in payment of any surplus in accordance with applicable law.

6.9 Grantor Liable for Deficiency

If the Moneys received by the Secured Party or the Receiver pursuant to Section 6.2 are not sufficient to pay the claims set out in Section 6.8, the Grantor shall immediately pay the Secured Party the amount of such deficiency.

6.10 Restriction on Grantor

Upon notification of the account debtors or obligors under any Accounts which constitute part of the Collateral of the assignment of such Accounts to the Secured Party or the appointment of a Receiver in respect of the Collateral, all the powers, functions, rights and privileges of the Grantor or any officer, director, servant or agent of the Grantor with respect to the Collateral shall, to the extent permitted by applicable law, be suspended unless specifically continued by the written consent of the Secured Party; however, all other powers, functions, rights and privileges of the Grantor or any officer, director, servant or agent of the Grantor shall be unaffected by such events.

6.11 Rights Cumulative

All rights and remedies of the Secured Party set out in this Agreement shall be cumulative and no right or remedy contained herein is intended to be exclusive but each shall be in addition to every other right or remedy contained herein or in any existing or future security document or now or hereafter existing at law or in equity or by statute.

7. GENERAL

7.1 Waiver

Any default by the Grantor in the observance or performance of any covenant or condition required to be observed or performed by the Grantor hereunder, may only be waived by the Secured Party in writing, provided that (i) no such waiver by the Secured Party shall extend to or be taken in any manner to affect any subsequent breach or default or the rights resulting therefrom, (ii) the Rating Agency Condition is satisfied in respect of any waiver of a material default by the Grantor and (iii) prompt written notice of any waiver is provided to each Rating Agency.

7.2 The Secured Party as Attorney

At any time that the Secured Party is entitled to exercise its rights and remedies under Section 6.2, the Grantor hereby irrevocably appoints the Secured Party and any person further designated by the Secured Party to be the attorney of the Grantor for and in the name of the Grantor to execute and do any deeds, documents, transfers, demands, assignments, assurances, consents and things which the Grantor is obliged to sign, execute or do hereunder and, to commence, continue and defend any proceedings authorized to be taken hereunder and generally to use the name of the Grantor in the exercise of all or any of the powers hereby conferred on the Secured Party. These powers are coupled with an interest, have been given for valuable consideration (the receipt and adequacy of which is acknowledged), survive, and do not terminate upon, the bankruptcy, dissolution, winding up or insolvency of the Grantor, and are irrevocable until the Statutory Obligation has been satisfied in full and this Agreement is terminated and the security

interest created herein has been released. This power of attorney extends to and is binding upon the Grantor's successors and permitted assigns. The Grantor authorizes the Secured Party to delegate in writing to another person any power and authority of the Secured Party under this power of attorney as may be necessary or desirable in the opinion of the Secured Party, and to revoke or suspend such delegation.

7.3 Further Assurances

The Grantor shall do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, such further acts, deeds, mortgages, transfers and assurances as the Secured Party shall reasonably require for the better assuring, charging, assigning and conferring unto the Secured Party a security interest in the Collateral, or which the Grantor may hereafter become bound to charge in favour of the Secured Party, for the purpose of accomplishing and effecting the intention of this Agreement.

7.4 Amalgamation of the Grantor

The Grantor acknowledges and agrees that in the event that it amalgamates with any other persons, then (i) the Collateral and the security interest shall extend to and include all of the property and undertaking that any of the amalgamating corporations then owns, all of the property and undertaking that the amalgamated corporation thereafter acquires, all of the property and undertaking in which any of the amalgamating corporations then has any interest, and all of the property and undertaking in which the amalgamated corporation thereafter acquires any interest, and (ii) all references herein to the Grantor shall extend to and include the amalgamated corporation.

7.5 Continuing Security

The security interest constituted hereby shall be deemed to be a continuing security for the Statutory Obligation until the Statutory Obligation is paid and performed in full.

7.6 Notices

All notices and other communications provided for herein shall be in writing and shall be personally delivered to an officer or other responsible employee of the addressee or sent by facsimile, charges prepaid, at or to the applicable address or facsimile number, as the case may be, of the party set opposite its name below or at or to such other address or addresses or facsimile number or numbers as either party may from time to time designate to the other party in such manner. Any communication which is personally delivered as aforesaid shall be deemed to have been validly and effectively given on the date of such delivery if such date is a Business Day and such delivery was made during normal business hours of the recipient; otherwise, it shall be deemed to have been validly and effectively given on the Business Day next following such date of delivery. Any communication which is transmitted by facsimile as aforesaid shall be deemed to have been validly and effectively given on the date of transmission if such date is a Business Day and such transmission was made during normal business hours of the recipient; otherwise, it shall be deemed to have been validly and effectively given on the Business Day next following such date of transmission.

In the case of the Grantor:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, Ontario
M5H 1T1

Attention: Chief Financial Officer, General Counsel and Associate General Counsel
Email: Kim.Marshall@ieso.ca
General.Counsel@ieso.ca
Michael.Boll@ieso.ca

In the case of the Secured Party:

Fair Hydro Trust
c/o Ontario Power Generation Inc., as Manager
700 University Avenue
Toronto, Ontario
M5G 1X6

Attention: Vice President, Fair Hydro Plan
Email: FHT@opg.com

7.7 Assignment

The Secured Party may from time to time upon notice to, but without the consent of, the Grantor and each Rating Agency, assign or transfer this Agreement to any other person. The Grantor shall not be entitled to assign or transfer this Agreement or any of the Grantor's rights, duties or obligations hereunder without the prior written consent of the Secured Party.

7.8 Successors and Assigns

This Agreement shall enure to the benefit of the Secured Party and its successors and assigns and shall be binding upon the Grantor and its successors and permitted assigns.

7.9 Amendments

This Agreement may not be amended or otherwise modified except by an instrument in writing executed by the Parties, subject to the satisfaction of the Rating Agency Condition in respect of any material amendment or modification, and with prompt written notice of any amendment or modification to be provided to each Rating Agency.

7.10 Entire Agreement

This Agreement and the agreements referred to herein and any document, agreement or instrument delivered pursuant to such agreements constitute the entire agreement between the Parties and supersede any prior agreements, undertakings, declarations, representations and undertakings, both written and verbal, in respect of the subject matter hereof.

7.11 Receipt of Agreement and Financing Statement.

The Grantor hereby acknowledges receipt of an executed copy of this Agreement and of the financing statement registered under the PPSA evidencing the security interest created hereby.

7.12 Counterpart

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same instrument, and it shall not be necessary in making proof of this Agreement to produce or account for more than one such counterpart.

7.13 Delivery by Facsimile or Electronic Transmission

This Agreement may be executed and delivered by facsimile or electronic transmission and each of the Parties may rely on such facsimile or electronic signature as though such facsimile signature were an original signature.

[NEXT PAGE IS SIGNATURE PAGE]

IN WITNESS WHEREOF the Parties have duly executed this Agreement as of the date first written above.

FAIR HYDRO TRUST, by its Manager,
ONTARIO POWER GENERATION INC., as Secured Party

By: _____
Name:
Title:

By: _____
Name:
Title:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Grantor

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A

GRANTOR INFORMATION

1. Grantor's exact legal name:

Independent Electricity System Operator
Société indépendante d'exploitation du réseau d'électricité

2. Grantor's jurisdiction of incorporation:

Ontario

3. **Grantor's registered office address:**

120 Adelaide Street West, Suite 1600
Toronto, Ontario
M5H 1T1

4. Location of Grantor's business operations and records:

120 Adelaide Street West, Suite 1600
Toronto, Ontario
M5H 1T1

2635 Lakeshore Road West
Mississauga, Ontario
L5J 4T5

2265 Upper Middle Road East
Oakville, Ontario
L6H 0G5

Draft Date: December 14, 2017#2

FAIR HYDRO TRUST

as Issuer

AND

BNY TRUST COMPANY OF CANADA

as Indenture Trustee

TRUST INDENTURE

DATED AS OF DECEMBER [21], 2017

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This **TRUST INDENTURE**, between **COMPUTERSHARE TRUST COMPANY OF CANADA** in its capacity as trustee of **FAIR HYDRO TRUST**, a trust formed under the laws of the Province of Ontario (the "**Issuer**"), and **BNY TRUST COMPANY OF CANADA**, a trust company existing under the laws of Canada, in its capacity as Indenture Trustee (the "**Indenture Trustee**"), is made and entered into as of December [21], 2017.

RECITALS OF THE ISSUER

The Issuer wishes to provide for the incurrence of Issuer Funding Obligations in one or more Classes, Series or Tranches.

All things necessary to make this Indenture a valid and legally binding agreement of the Issuer, in accordance with its terms, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Definitions

For all purposes of this Indenture and of any Supplemental Indenture, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms defined in Schedule A have the meanings assigned to them in Schedule A, and include the plural as well as the singular;

(b) all accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles (including the International Financial Reporting Standards published by the International Accounting Standards Board or the Accounting Standards Certification published by the Financial Accounting Standards Board (US GAAP)) and, except as otherwise herein expressly provided, the term "generally accepted accounting principles" with respect to any computation required or permitted hereunder means such accounting principles as are generally accepted in Canada or the United States at the date of such computation;

(c) unless the context otherwise requires, terms defined in the PPSA and not otherwise defined in this Indenture or a Supplemental Indenture shall have the meanings set forth in the PPSA;

(d) references to an agreement shall mean such agreement, as amended, modified, restated and supplemented from time to time in accordance with the provisions hereof;

(e) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(f) references to any law, rule, regulation or order of a Governmental Authority shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(g) references to any statute shall include all regulations promulgated thereunder;

(h) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(i) all references in this Indenture to designated "Articles", "Sections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Schedules, Exhibits and other subdivisions of this Indenture as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision;

(j) "including" and words of similar import will be deemed to be followed by "without limitation";

(k) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding"; and

(l) references to a specific rating by a Rating Agency shall mean such rating or the equivalent rating if such Rating Agency changes its rating scale.

1.02 <u>Compliance Certificates and Opinions</u>

Upon any application or request by the Issuer to the Indenture Trustee to take any action under any provision of this Indenture, the Issuer will furnish to the Indenture Trustee (i) an Issuer's Certificate stating that all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with, and (ii) an Opinion of Counsel stating that, in the opinion of such counsel, all such conditions precedent, if any, have been complied with, except that in the case of any such application or request as to which the furnishing of such documents are specifically required by any provision of this Indenture relating to such particular application or request, no additional certificate or opinion need be furnished.

The Indenture Trustee may rely, as to authorization by the Issuer of any Series or Tranche of Notes, the form and terms thereof and the legality, validity, binding effect and enforceability thereof, upon the Opinion of Counsel and the other documents delivered pursuant to Article V and this Section 1.02, as applicable, in connection with the authentication of Notes of such Series or Tranche.

Every certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture (except for the written statement required by Section 13.10) will include:

(a) a statement that each individual signing such certificate or opinion has read such covenant or condition and the definitions herein relating thereto;

(b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(c) a statement that such individual has made such examination or investigation as is necessary to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(d) a statement as to whether, in the opinion of each such individual, such condition or covenant has been complied with.

1.03 Form of Documents Delivered to Indenture Trustee

In any case where several matters are required to be certified by, or covered by an opinion of, one or more specified Persons, one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to the other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

Any certificate or opinion of the Issuer may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless the Issuer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations are erroneous. Any such certificate or opinion of, or representation by, counsel may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, the Issuer stating that the information with respect to such factual matters is in the possession of the Issuer, unless such counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations are erroneous.

Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

1.04 Actions by Noteholders

(a) Any request, demand, authorization, direction, notice, consent, resolution, waiver or other action (collectively, an "**Action**") provided by this Indenture to be given or taken by Noteholders of any Class, Series or Tranche may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Noteholders in person or by an agent duly appointed in writing. In addition, any Action provided by this Indenture to be given or taken by such Noteholders may, alternatively, be embodied in and evidenced by the record of such Noteholders voting in favor thereof, either in person or by proxies duly appointed in writing, at any meeting of Noteholders duly called and held in accordance with the provisions

of Article X or a combination of such instruments and any such record. Except as herein otherwise expressly provided, such Action will become effective when such instrument or instruments or record are delivered to the Indenture Trustee, and, where it is hereby expressly required, to the Issuer. Proof of execution of any such instrument or of a writing appointing any such agent, or the holding by any Person of a Note, will be sufficient for any purpose of this Indenture and (subject to Section 9.01) conclusive in favor of the Indenture Trustee and the Issuer, if made in the manner provided in this Section 1.04. The record of any meeting of Noteholders shall be proved in the manner provided in Article X.

(b) The fact and date of the execution of any such instrument or writing, or the authority of the person executing the same, may be proved in any manner which the Indenture Trustee deems sufficient.

(c) (i) The ownership of Registered Notes will be proved by the Note Register.

(ii) The ownership of Bearer Notes or coupons will be proved by the production of such Bearer Notes or coupons or by a certificate, satisfactory to the Issuer and the Indenture Trustee, executed, as depositary, by any bank, trust company, recognized securities dealer, as depositary, wherever situated, satisfactory to the Issuer. Each such certificate will be dated and will state that on the date thereof a Bearer Note or coupon bearing a specified serial number was deposited with or exhibited to such bank, trust company or recognized securities dealer by the Person named in such certificate. Any such certificate may be issued in respect of one or more Bearer Notes or coupons specified therein. The holding by the Person named in any such certificate of any Bearer Note specified therein will be presumed to continue for a period of one year from the date of such certificate unless at the time of any determination of such holding (A) another certificate bearing a later date is issued in respect of the same Bearer Note or coupon produced, (B) the Bearer Note or coupon specified in such certificate is produced by some other Person or (C) the Bearer Note or coupon specified in such certificate has ceased to be Outstanding.

(d) The fact and date of execution of any such instrument or writing, the authority of the Person executing the same and the principal amount and serial numbers of Bearer Notes held by the Person so executing such instrument or writing and the date of holding the same may also be proved in any other manner which the Indenture Trustee deems sufficient; and the Indenture Trustee may in any instance require further proof with respect to any of the matters referred to in this Section 1.04.

(e) If the Issuer will solicit from the Noteholders any Action, the Issuer may, at its option, by an Issuer Certificate, fix in advance a record date for the determination of Noteholders entitled to give such Action, but the Issuer will have no obligation to do so. If the Issuer does not so fix a record date, such record date will be the later of 30 days before the first solicitation of such Action or the date of the most recent

list of Noteholders furnished to the Indenture Trustee pursuant to Section 13.13 before such solicitation. Such Action may be given before or after the record date, but only the Noteholders of record at the close of business on the record date will be deemed to be Noteholders for the purposes of determining whether Noteholders of the requisite proportion of Outstanding Notes have authorized or agreed or consented to such Action, and for that purpose the Outstanding Notes will be computed as of the record date; provided that no such authorization, agreement or consent by the Noteholders on the record date will be deemed effective unless it will become effective pursuant to the provisions of this Indenture not later than six (6) months after the record date.

(f) Any Action by a Noteholder will bind the holder of every Note issued upon the transfer thereof or in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Indenture Trustee or the Issuer in reliance thereon whether or not notation of such Action is made upon such Note.

(g) Without limiting the foregoing, a Noteholder entitled hereunder to take any Action hereunder with regard to any particular Note may do so with regard to all or any part of the principal amount of such Note or by one or more duly appointed agents each of which may do so pursuant to such appointment with regard to all or any part of such principal amount. Any notice given or Action taken by a Noteholder or its agents with regard to different parts of such principal amount pursuant to this paragraph shall have the same effect as if given or taken by separate Noteholders of each such different part.

(h) Without limiting the generality of the foregoing, unless otherwise specified pursuant to one or more Supplemental Indentures, a Noteholder, including a Depository that is the holder of a Global Note, may make, give or take, by a proxy or proxies duly appointed in writing, any Action provided in this Indenture to be made, given or taken by Noteholders, and a Depository that is the holder of a Global Note may provide its proxy or proxies to the beneficial owners of interests in or security entitlements to any such Global Note through such Depository's standing instructions and customary practices.

(i) The Issuer may fix a record date for the purpose of determining the Persons who are beneficial owners of interests in or security entitlements to any Global Note held by a Depository entitled under the procedures of such Depository to make, give or take, by a proxy or proxies duly appointed in writing, any Action provided in this Indenture to be made, given or taken by Noteholders. If such a record date is fixed, the Noteholders on such record date or their duly appointed proxy or proxies, and only such Persons, shall be entitled to make, give or take such Action, whether or not such Noteholders remain Noteholders after such record date. No such Action shall be valid or effective if made, given or taken more than six (6) months after such record date.

1.05 Actions of Lenders

Any Action provided by this Indenture to be given or taken by any Lender or group of Lenders may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Lender(s) in person or an agent duly appointed in writing. Proof of execution of any such instrument or of a writing appointing any such agent will be sufficient for any purpose of this Indenture and (subject to Section 9.01) conclusive in favour of the Indenture Trustee and the Issuer, if made in the manner provided in Section 1.04(b).

1.06 Effect of Headings and Table of Contents

The Article and Section headings herein and the Table of Contents are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Indenture by the Issuer will bind its successors and assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee in this Indenture shall bind its successors, co-trustees and agents of the Indenture Trustee.

1.08 Severability

In case any provision in this Indenture or in the Notes will be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions will not in any way be affected or impaired thereby.

1.09 Governing Law

THIS INDENTURE WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS. EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS INDENTURE. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS INDENTURE.

1.10 Counterparts

This Indenture may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument.

1.11 Indenture Referred to in the Declaration of Trust and the Master Transfer and Servicing Agreement

This is the Indenture referred to in the Declaration of Trust and the Master Transfer and Servicing Agreement.

1.12 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, in each case on a day other than a Business Day, then (notwithstanding any other provision of the Notes or this Indenture) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.13 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Indenture that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Indenture or the Notes, and (ii) the rates of interest stipulated in this Indenture or the Notes are intended to be nominal rates and not effective rates or yields.

1.14 Currency

Unless stated otherwise, all amounts herein are stated in Dollars.

1.15 References to Acts of the Issuer

For greater certainty, where any reference is made in this Indenture, or in any other instrument executed pursuant hereto or contemplated hereby to which the Issuer or the Issuer Trustee, as trustee of the Issuer, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Issuer) by or with respect to (i) the Issuer or (ii) the Issuer Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Issuer) by or with respect to, the Issuer Trustee as trustee of the Issuer.

1.16 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in this Indenture), it is necessary to convert any amount due under this Indenture from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Issuer in respect of any Original Currency due from it to the Indenture Trustee under this Indenture shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Indenture in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Issuer shall indemnify the Indenture Trustee against such loss.

(b) The term "**rate of exchange**" in this Section 1.16 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

1.17 Obligations in a Foreign Currency

Unless otherwise specified in a Related Funding Obligation Agreement with respect to a particular Series or Tranche of Issuer Funding Obligations, whenever for purposes of this Indenture any Action may be taken by the Debtholders of a specified percentage of Outstanding Dollar Principal Amount of Issuer Funding Obligations and, at such time, there are outstanding Issuer Funding Obligations of any relevant Series which are denominated in a Foreign Currency, then the principal amount of the Issuer Funding Obligations of such Series which shall be deemed to be outstanding for the purpose of taking such Action shall be the amount of Dollars which could be obtained for such principal amount at the Market Exchange Rate on the applicable Record Date, or if no such Record Date shall have been established, on the date that the taking of such Action shall be authorized by Debtholders of the applicable Series.

ARTICLE II
COLLATERAL

2.01 Security for Obligations Secured

As security for the due payment of all Obligations Secured including, without limitation, all principal of and interest, if any, on the Notes from time to time issued and certified under this Indenture and on any Borrowings, and the performance by the Issuer of all of the obligations of the Issuer in relation thereto, the Issuer hereby:

(a) mortgages, charges, pledges, grants, transfers, assigns, hypothecates and sets over unto the Indenture Trustee, for the benefit and security of the applicable Specified Creditors and the Indenture Trustee, in its individual capacity, as and by way of a fixed and specific mortgage, assignment, pledge, hypothec and charge and grants to the Indenture Trustee for the benefit and security of the applicable Specified Creditors and the Indenture Trustee, in its individual capacity, a security interest in all of its right, title and interest, whether now owned or hereafter acquired, in and to the following:

(i) the Issuer Investment Interest;

(ii) each Issuer Account (including all Sub-Accounts of each Issuer Account);

(iii) all Eligible Investments and all investment property, money and other property held in the Issuer Accounts (including any Sub-Accounts of each Issuer Account);

(iv) all rights, benefits and powers of the Issuer under any Program Agreement;

(v) all rights, benefits and powers of the Issuer under the Act;

(vi) all present and future claims, demands, causes of and choses in action in respect of any of the foregoing and all interest, principal, payments and distributions of any nature or type on any of the foregoing;

(vii) all accounts, general intangibles, chattel paper, instruments, documents, goods, money, investment property, deposit accounts, letters of credit and letter-of-credit rights consisting of, arising from, or relating to any of the foregoing;

(viii) all debts, accounts, claims, monies and choses in action due or to become due with respect to all of the foregoing and also all securities, bills, notes, evidences of deposits of money, and other documents now held or owned or which may be hereafter taken, held or owned by the Issuer, or anyone on behalf of the Issuer, and all renewals thereof, accretions thereto, substitutions therefor and all interest, income and revenue arising therefrom or by virtue thereof;

(ix) all amounts received with respect to all of the foregoing; and

(x) all proceeds of the foregoing; and

(b) mortgages, charges, pledges, grants, transfers, assigns, hypothecates and sets over unto the Indenture Trustee, for the benefit and security of the Specified Creditors and the Indenture Trustee, in its individual capacity, a floating charge over, and grants to the Indenture Trustee for the benefit and security of the Specified Creditors and the Indenture Trustee, in its individual capacity, a security interest in

all of the property, assets and undertaking now owned or hereafter acquired by the Issuer.

The property described in the preceding sentence is collectively referred to as the "**Collateral**".

The Indenture Trustee acknowledges the grant of such Security Interest, and accepts the Collateral in trust hereunder in accordance with the provisions hereof and agrees to perform the duties herein such that the interests of the Specified Creditors may be adequately and effectively protected.

To have and to hold the Collateral and all rights hereby conferred unto the Indenture Trustee, its successors and assigns forever but in trust nevertheless for the benefit of the Specified Creditors, including the Indenture Trustee, in its individual capacity, and for the uses and purposes and subject to the terms and conditions herein set forth.

The Issuer acknowledges that value has been given and that the security granted shall attach and be effective on the date of execution of this Indenture and when the Issuer has rights in the Collateral, whether or not the monies and the Notes or any other evidence of Obligations Secured or any part thereof hereby secured or intended to be hereby secured shall be advanced or issued before or after or upon the date of the execution of this Indenture.

2.02 <u>Recording, Etc.</u>

(a) The Issuer intends the Security Interest granted pursuant to this Indenture in favor of the Indenture Trustee to be prior to all other Liens in respect of the Collateral. The Issuer will take all actions necessary to maintain a perfected Lien on the Collateral in favor of the Indenture Trustee.

(b) The Indenture Trustee shall hold each item of the Collateral separate and apart from all other property held by the Indenture Trustee.

(c) The Issuer will from time to time execute, authorize and deliver all such supplements and amendments hereto and all such financing statements, amendments thereto, instruments of further assurance and other instruments, all as prepared by the Issuer, and will take such other action necessary or advisable to:

(i) grant the Security Interest more effectively in all or any portion of the Collateral;

(ii) maintain or preserve the Security Interest (and the priority thereof) or carry out more effectively the purposes hereof;

(iii) perfect, publish notice of or protect the validity of any grant made or to be made by this Indenture;

(iv) enforce its rights under the Investment Asset, any Program Agreement to which it is a party and each other instrument or agreement designated for inclusion in the Collateral;

(v) preserve and defend title to the Collateral and the rights of the Indenture Trustee in the Collateral against the claims of all Persons; or

(vi) pay all Taxes levied or assessed upon the Collateral when due.

(d) The Issuer will from time to time promptly pay and discharge all PPSA recording and filing fees, charges and Taxes relating to this Indenture, any amendments hereto and any other instruments of further assurance.

(e) Without limiting the generality of subsection 2.02(c) or (d):

(i) The Issuer will cause this Indenture, all amendments and supplements hereto and all financing statements and all amendments to such financing statements and any other necessary documents covering the Indenture Trustee's right, title and interest in and to the Collateral to be promptly recorded, registered and filed, and at all times to be kept recorded, registered and filed, all in such manner and in such places as may be required by applicable law to fully preserve and protect the right, title and interest of the Indenture Trustee in and to all property comprising the Collateral. The Issuer will deliver to the Indenture Trustee file-stamped copies of, or filing receipts for, any document recorded, registered or filed as provided above, as soon as available following such recording, registration or filing. The Issuer hereby authorizes the filing of financing statements (and amendments of financing statements) that name the Issuer as debtor and the Indenture Trustee as secured party and that cover all personal property of the Issuer. The Issuer also hereby ratifies the filing of any such financing statements (or amendments of financing statements) that were filed prior to the execution hereof.

(ii) The Issuer shall not change its name, its jurisdiction of formation or its type of organization unless it has provided the Indenture Trustee and each Rating Agency with 30 days prior written notice and it has first (A) made all filings and taken all actions in all relevant jurisdictions under the PPSA and other applicable law as are necessary to continue and maintain the first priority perfected Security Interest of the Indenture Trustee in the Collateral, and (B) delivered to the Indenture Trustee (with a copy to each Rating Agency) an Opinion of Counsel to the effect that all necessary filings have been made under the PPSA (and where applicable, the equivalent thereof) in all relevant jurisdictions as are necessary to continue and maintain the first priority perfected Security Interest of the Indenture Trustee in the Collateral.

2.03 Use of Collateral

Subject to the express terms of this Indenture, until the Issuer Funding Obligations have become due and payable pursuant to Section 8.02, the Issuer will be permitted to possess and use the Collateral in connection with the activities of the Issuer, including, without limitation, the right to (a) exercise all of its rights and perform all of its obligations under each Program Agreement without consultation with or the consent of the Indenture Trustee, and (b) use the funds in any Issuer Account for any purpose not in violation of this Indenture or the Program Agreements.

2.04 Suits to Protect the Collateral

Subject to the provisions of this Indenture, the Indenture Trustee will have the power to institute and to maintain such suits and proceedings as it may deem expedient to prevent any impairment of the Collateral by any acts which may be unlawful or in violation of this Indenture, and such suits and proceedings as the Indenture Trustee may deem expedient to preserve or protect the interests of the Specified Creditors and the interests of the Indenture Trustee in the Collateral (including the power to institute and maintain suits or proceedings to restrain the enforcement of, or compliance with, any legislative or other governmental enactment, rule or order that may be unconstitutional or otherwise invalid if the enforcement of, or compliance with, such enactment, rule or order would impair the Security Interest or be prejudicial to the interests of the Specified Creditors or the Indenture Trustee).

2.05 Purchaser Protected

In no event will any purchaser in good faith of any property purported to be released hereunder be bound to ascertain the authority of the Indenture Trustee to execute the release or to inquire as to the satisfaction of any conditions required by the provisions hereof for the exercise of such authority or to see to the application of any consideration given by such purchaser or other transferee; nor will any purchaser or other transferee of any property or rights permitted by this Article II to be sold be under any obligation to ascertain or inquire into the authority of the Issuer to make any such sale or other transfer.

2.06 Powers Exercisable by Receiver or Indenture Trustee

In case the Collateral shall be in the possession of a receiver or trustee lawfully appointed, the powers conferred in this Article II upon the Issuer with respect to the release, sale or other disposition of such property may be exercised by such receiver or trustee, and an instrument signed by such receiver or trustee shall be deemed the equivalent of any similar instrument of the Issuer or of any officer or officers thereof required by the provisions of this Article II.

2.07 Determinations Relating to Collateral

In the event (i) the Indenture Trustee shall receive any written request from the Issuer for consent or approval with respect to any matter or thing relating to any Collateral or the Issuer's obligations with respect thereto, (ii) there shall be due to or from the Indenture Trustee under the provisions hereof any performance or the delivery of any instrument, or (iii) the Indenture Trustee shall become aware of any nonperformance by the Issuer of any covenant or any breach of any representation or warranty of the Issuer set forth in this Indenture, then, in each such event, the

Indenture Trustee shall be entitled to hire experts, consultants, agents and attorneys to advise the Indenture Trustee on the manner in which the Indenture Trustee should respond to such request or render any requested performance or response to such nonperformance or breach (the expenses of which will be reimbursed to the Indenture Trustee pursuant to Section 9.05). The Indenture Trustee will be fully protected in the taking of any action recommended or approved by any such expert, consultant, agent or attorney, or agreed to by Extraordinary Resolution.

2.08 Satisfaction and Discharge of Indenture

(a) The Issuer may at any time, for the purpose of obtaining the satisfaction and discharge of this Indenture with respect to any Class, Series or Tranche of Issuer Funding Obligations or for any other purpose, pay, or by an Issuer Certificate direct any Paying Agent to pay, to the Indenture Trustee all sums held in trust by the Issuer or such Paying Agent in respect of each and every Class, Series or Tranche of Issuer Funding Obligations as to which it seeks to discharge this Indenture or, if for any other purpose, all sums so held in trust by the Issuer in respect of all Issuer Funding Obligations, such sums to be held by the Indenture Trustee upon the same trusts as those upon which such sums were held by the Issuer or such Paying Agent; and, upon such payment by any Paying Agent to the Indenture Trustee, such Paying Agent will be released from all further liability with respect to such money.

(b) This Indenture will cease to be of further effect with respect to any Class, Series or Tranche of Issuer Funding Obligations (except as to any surviving rights of transfer or exchange of Notes of that Class, Series or Tranche expressly provided for herein or in any form of Note for that Class, Series or Tranche), and the Indenture Trustee, on demand of and at the expense of the Issuer, will execute proper instruments acknowledging satisfaction and discharge of this Indenture as to that Class, Series or Tranche, when:

(i) (A) in the case of Notes, all Notes of that Class, Series or Tranche theretofore Outstanding (other than (x) Notes of that Class, Series or Tranche which have been destroyed, lost or stolen and which have been replaced or paid as provided in Section 16.05(b), and (y) Notes of that Class, Series or Tranche for whose payment money has theretofore been deposited in trust or segregated and held in trust by the Issuer and thereafter repaid to the Issuer or discharged from that trust, as provided in Section 16.05(b)) have been delivered to the Indenture Trustee for cancellation or been cancelled, or (B) in the case of all other Issuer Funding Obligations, all Issuer Funding Obligations of that Class, Series or Tranche have been paid in full, as certified by the Issuer to the Indenture Trustee;

(ii) the Issuer has paid or caused to be paid all other sums payable under the Indenture (including payments to the Indenture Trustee pursuant to Section 9.05) by the Issuer with respect to the Issuer Funding Obligations of that Class, Series or Tranche; and

(iii) the Issuer has delivered to the Indenture Trustee an Issuer Certificate and an Opinion of Counsel each stating that all conditions precedent herein provided for relating to the satisfaction and discharge of this Indenture with respect to the Issuer Funding Obligations of that Class, Series or Tranche have been complied with.

Notwithstanding the satisfaction and discharge of this Indenture with respect to any Class, Series or Tranche of Issuer Funding Obligations, the obligations of the Issuer to the Indenture Trustee with respect to that Class, Series or Tranche of Issuer Funding Obligations under Section 9.05 and the obligations of the Indenture Trustee under Sections 7.13 and 16.05(b) will survive such satisfaction and discharge.

(c) This Indenture will cease to be of further effect, and the Indenture Trustee, on demand of and at the expense of the Issuer, will execute proper instruments acknowledging satisfaction and discharge of this Indenture, when all Issuer Funding Obligations have been satisfied and discharged in accordance with clause (b) and all other Obligations Secured have been paid in full, as certified by the Issuer to the Indenture Trustee.

2.09 <u>Release of all Collateral</u>

(a) Subject to the payment of its fees and expenses pursuant to Section 9.05, the Indenture Trustee shall, at the request of the Issuer or when otherwise required by the provisions of this Indenture, execute instruments to release Collateral from the Security Interest of this Indenture, or convey the Indenture Trustee's interest (which is held by the Indenture Trustee for the benefit of the Specified Creditors) in the same, in a manner and under circumstances which are not inconsistent with the provisions of this Indenture. No party relying upon an instrument executed by the Indenture Trustee as provided in this Article II will be bound to ascertain the Indenture Trustee's authority, inquire into the satisfaction of any conditions precedent or see to the application of any funds.

(b) Upon delivery of an Officer's Certificate of the Issuer certifying that all Issuer Funding Obligations and all other Obligations Secured have been satisfied and discharged by complying with the provisions of Section 2.08 and all applicable Program Agreements, the Indenture Trustee shall execute and deliver such releases, termination statements and other instruments (in recordable form, where appropriate) as the Issuer may reasonably request evidencing the termination of the Security Interest created by this Indenture.

(c) The Issuer and the Specified Creditors shall be entitled to receive at least 10 days' written notice when the Indenture Trustee proposes to take any action pursuant to clause (a), accompanied by copies of any instruments involved, and the Indenture Trustee shall also be entitled to require, as a condition to such action, an Opinion of Counsel, stating the legal effect of any such action, outlining the steps required to complete the same, and concluding that all conditions precedent to the taking of

such action have been complied with. Counsel rendering any such opinion may rely, without independent investigation, on the accuracy and validity of any certificate or other instrument delivered to the Indenture Trustee in connection with any such action.

2.10 Certain Commercial Law Representations and Warranties

The Issuer hereby makes the following representations and warranties. Such representations and warranties shall survive until the termination of this Indenture. Such representations and warranties speak of the date that a Lien in the Collateral is granted to the Indenture Trustee and shall not be waived by any of the parties to this Indenture unless the Rating Agency Condition is satisfied.

(a) This Indenture constitutes the grant of a first priority perfected Lien by the Issuer to the Indenture Trustee in the Collateral which, in the case of the existing Collateral and the proceeds thereof, is enforceable upon execution and delivery of this Indenture or, with respect to after-acquired property, as of the date such property is acquired, and which will be enforceable with respect to the Collateral hereafter and thereafter created and the proceeds thereof upon such creation. Upon the filing of the assignments, financing statements and continuation statements (and other documents where applicable) and, in the case of after-acquired Collateral and the proceeds thereof, upon its creation, the Indenture Trustee shall have a first priority perfected Lien in such property and proceeds.

(b) At the time of its grant of any Lien in the Collateral pursuant to this Indenture, the Issuer owned and had good and marketable title to such Collateral free and clear of any Lien of any other Person (other than Permitted Liens).

(c) The Issuer has caused the filing of all appropriate financing statements in the proper filing office in the Province of Ontario under applicable law in order to perfect the Security Interest.

(d) Other than the Security Interest, the Issuer has not pledged, assigned, sold, granted a Lien in, or otherwise conveyed, the Collateral. The Issuer has not authorized the filing of and is not aware of any financing statements against the Issuer that include a description of the Collateral other than any financing statement relating to the Security Interest or that has been terminated. The Issuer is not aware of any judgment or Tax lien filings against the Issuer.

ARTICLE III
NOTE FORMS

3.01 Forms Generally

The Notes will have such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture or the Related Supplemental Indenture and may have such letters, numbers or other marks of identification and such legends or endorsements placed thereon, as may be required to comply with applicable laws or regulations or

with the rules of any securities exchange, or as may, consistently herewith, be determined by the Issuer, as evidenced by the Issuer's execution of such Notes. Any portion of the text of any Note may be set forth on the reverse thereof, with an appropriate reference thereto on the face of the Note.

Definitive Notes will be typewritten, printed, lithographed or engraved or produced by any combination of these methods (with or without steel engraved borders) or may be produced in any other manner, all as determined by the Issuer, as evidenced by the Issuer's execution of such Notes, subject, with respect to the Notes of any Class, Series or Tranche, to the rules of any securities exchange on which such Notes are listed.

3.02 Forms of Notes

Before the delivery of a Note to the Indenture Trustee for authentication, the Issuer will deliver to the Indenture Trustee the Issuer Certificate by or pursuant to which such form of Note has been approved, which Issuer Certificate will have attached thereto a true and correct copy of the form of Note which has been approved thereby or, if an Issuer Certificate authorizes a specific officer or officers of the Manager to approve a form of Note, a certificate of such officer or officers approving the form of Note attached thereto. Any form of Note approved by or pursuant to an Issuer Certificate must be acceptable as to form to the Indenture Trustee, such acceptance to be evidenced by the Indenture Trustee's authentication of Notes in that form or a certificate signed by a Responsible Officer of the Indenture Trustee and delivered to the Issuer.

3.03 Form of Indenture Trustee's Certificate of Authentication

The form of Indenture Trustee's Certificate of Authentication for any Note issued pursuant to this Indenture will be substantially as follows:

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Notes of the Class, Series or Tranche designated therein referred to in the within-mentioned Indenture.

BNY TRUST COMPANY OF CANADA, as Indenture Trustee

By: _____

Authorized Signatory

Dated: _____

3.04 Notes Issuable in the Form of a Global Note

(a) If the Issuer establishes that the Notes of a particular Class, Series or Tranche are to be issued in whole or in part in the form of one or more Global Notes, then the Issuer will execute and the Indenture Trustee or its agent will, in accordance with

Section 4.03 and the Issuer Certificate delivered to the Indenture Trustee or its agent thereunder, authenticate and deliver, such Global Note or Global Notes, which, unless otherwise provided in the Related Supplemental Indenture (i) will represent, and will be denominated in an amount equal to the aggregate Stated Principal Amount (or in the case of Discount Notes, the aggregate Stated Principal Amount at the Principal Payment Date of such Notes) of the Outstanding Notes of such Class, Series or Tranche to be represented by such Global Note or Global Notes, or such portion thereof as the Issuer will specify in an Issuer Certificate, (ii) in the case of Registered Notes, will be registered in the name of the Depository for such Global Note or Global Notes or its nominee, (iii) will be delivered by the Issuer or its agent to the Depository or pursuant to the Depository's instruction, (iv) if applicable, will bear a legend substantially to the following effect: (A) "Unless this Note is presented by an authorized representative of The Depository Trust Company ("**DTC**"), to Fair Hydro Trust (the "**Issuer**") or its agent for registration of transfer, exchange or payment, and any Note issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), any transfer, pledge or other use hereof for value or otherwise by or to any Person is wrongful inasmuch as the registered owner hereof, Cede & Co., has an interest herein", or (B) "Unless this Note is presented by an authorized representative of CDS Clearing and Depository Services Inc. ("**CDS**"), to Fair Hydro Trust (the "**Issuer**") or its agent for registration of transfer, exchange or payment, and any Note issued is registered in the name of CDS & Co. or in such other name as is requested by an authorized representative of CDS (and any payment is made to CDS & Co. or to such other entity as is requested by an authorized representative of CDS), any transfer, pledge or other use hereof for value or otherwise by or to any Person is wrongful since the registered owner hereof, CDS & Co., has a property interest in the securities represented by this Note and it is a violation of its rights for another Person to hold, transfer or deal with this Note", and (v) may bear such other legend as the Issuer, upon advice of counsel, deems to be applicable.

(b) Notwithstanding any other provisions of this Section 3.04 or of Section 4.05, and subject to the provisions of paragraph (c) below, unless the terms of a Global Note or the Related Supplemental Indenture expressly permit such Global Note to be exchanged in whole or in part for individual Notes, a Global Note may be transferred, in whole but not in part and in the manner provided in Section 4.05, only to a nominee of the Depository for such Global Note, or to the Depository, or a successor Depository for such Global Note selected or approved by the Issuer, or to a nominee of such successor Depository.

(c) With respect to Notes issued within the United States or Canada, unless otherwise specified in the Related Supplemental Indenture, or with respect to Notes issued outside the United States and Canada, if specified in the Related Supplemental Indenture:

(i) If at any time the Depository for a Global Note notifies the Issuer that it is unwilling or unable to continue as Depository for such Global Note or if at any time the Depository for the Notes for such Class, Series or Tranche ceases to be a clearing agency registered under the Securities Exchange Act, or other applicable statute or regulation, in the case of Notes issued within the United States, or ceases to be a clearing agency registered under the *Securities Act* (Ontario), or other applicable statute or regulation, in the case of Notes issued within Canada, the Issuer will appoint a successor Depository with respect to such Global Note. If a successor Depository for such Global Note is not appointed by the Issuer within 90 days after the Issuer receives such notice or becomes aware of such ineligibility, the Issuer will execute, and the Indenture Trustee or its agent, upon receipt of an Issuer Certificate requesting the authentication and delivery of individual Notes of such Class, Series or Tranche in exchange for such Global Note, will authenticate and deliver, individual Notes of such Class, Series or Tranche of like tenor and terms in definitive form in an aggregate Stated Principal Amount equal to the Stated Principal Amount of the Global Note in exchange for such Global Note.

(ii) The Issuer may at any time and in its sole discretion determine that the Notes of any Class, Series or Tranche or portion thereof issued or issuable in the form of one or more Global Notes will no longer be represented by such Global Note or Global Notes. In such event the Issuer will execute, and the Indenture Trustee, upon receipt of a written request by the Issuer for the authentication and delivery of individual Notes of such Class, Series or Tranche in exchange in whole or in part for such Global Note, will authenticate and deliver individual Notes of such Class, Series or Tranche of like tenor and terms in definitive form in an aggregate Stated Principal Amount equal to the Stated Principal Amount of such Global Note or Global Notes representing such Class, Series or Tranche or portion thereof in exchange for such Global Note or Global Notes.

(iii) If any Event of Default has occurred and is continuing and Noteholders holding more than 50% of the Outstanding Dollar Principal Amount of the Controlling Class Obligations of any Series of Notes held as Global Notes advise the Indenture Trustee and the Depository that Global Notes are no longer in the best interest of the Noteholders of that Series, the holders of those Global Notes may exchange such Notes for individual Notes.

(iv) In any exchange provided for in any of the preceding three paragraphs, the Issuer will execute and the Indenture Trustee or its agent will authenticate and deliver individual Notes in definitive registered form in authorized denominations. Upon the exchange of the entire Stated Principal Amount of a Global Note for individual Notes, such Global Note will be canceled by the Indenture Trustee or its agent. Except as provided in the preceding paragraphs, Notes issued in exchange for a Global Note pursuant to this Section 3.04 will be registered in such names and in such authorized

denominations as the Depository for such Global Note, pursuant to instructions from its direct or indirect participants or otherwise, will instruct the Indenture Trustee or the Note Registrar. The Indenture Trustee or the Note Registrar will deliver such Notes to the Persons in whose names such Notes are so registered.

3.05 <u>Temporary Global Notes and Permanent Global Notes</u>

(a) If specified in the Related Supplemental Indenture for any Series, all or any portion of a Global Note may initially be issued in the form of a single temporary global Bearer Note or Registered Note (the "**Temporary Global Note**"), without interest coupons, in the denomination of the entire aggregate principal amount of such Series and substantially in the form set forth in the exhibit with respect thereto attached to the Related Supplemental Indenture. Any Temporary Global Note shall bear such notations as the Issuer may determine to distinguish them from the Permanent Global Notes. The Temporary Global Note will be authenticated by the Indenture Trustee upon the same conditions, in substantially the same manner and with the same effect as the Notes in definitive form. The Temporary Global Note may be exchanged as described below or in the Related Supplemental Indenture for permanent global Bearer Notes or Registered Notes (the "**Permanent Global Notes**").

(b) Unless otherwise provided in the Related Supplemental Indenture, exchanges of beneficial interests in or security entitlements to Temporary Global Notes for beneficial interests in or security entitlements to Permanent Global Notes will be made as provided in this subsection 3.05(b). The Manager will, upon its determination of the date of completion of the distribution of the Notes of such Series, so advise the Indenture Trustee, the Issuer and the Depository forthwith. Without unnecessary delay, but in any event not prior to the Exchange Date, the Issuer will execute and deliver to the Indenture Trustee (at the office of its designated agent outside the United States in the case of Global Notes in bearer form) Permanent Global Notes in bearer or registered form (as specified in the Related Supplemental Indenture) in an aggregate principal amount equal to the Outstanding Dollar Principal Amount or the Outstanding Currency Specific Dollar Principal Amount of such Series of Notes. Bearer Notes so issued and delivered may have coupons attached. The Temporary Global Note may be exchanged for an equal aggregate principal amount of Permanent Global Notes only on or after the Exchange Date; provided, however, that such Temporary Global Note is accompanied by a certificate dated the Exchange Date or a subsequent date and signed by the beneficial owner as to the portion of such Temporary Global Note held for its account then to be exchanged and a certificate dated the Exchange Date or a subsequent date and signed by the Depository in the form set forth in Exhibit 6-B (or in such other form as may be established pursuant to Section 4.01); and provided further that definitive Bearer Notes shall be delivered in exchange for a portion of a Temporary Global Note only in compliance with the requirements of Section 4.03. A beneficial owner of a Temporary Global Note may instruct the Depository to request an exchange on its behalf on or after the Exchange Date by

delivering to the Depository, a certificate in the form set forth in Exhibit 6-A (or in such other form as may be established pursuant to Section 4.01), dated no earlier than 15 days prior to the Exchange Date, copies of which certificate shall be available from the offices of the Depository. A United States Person may exchange its beneficial interest in or security entitlement to the Temporary Global Note only for an equal aggregate principal amount of Permanent Global Notes in registered form bearing the applicable legend set forth in the form of Registered Note attached to the Related Supplemental Indenture and having a minimum denomination of 500,000 units of the applicable currency, which may be in temporary form if the Issuer so elects. The Issuer may waive the 500,000 minimum denomination requirement if it so elects. Upon any demand for exchange for Permanent Global Notes in accordance with this subsection 3.05(b), the Issuer will cause the Indenture Trustee to authenticate and deliver the Permanent Global Notes to the Noteholder (x) outside the United States, in the case of Bearer Notes and (y) according to the instructions of the Noteholder, in the case of Registered Notes. Upon receipt of the certification of the Depository, the Indenture Trustee will cause the Temporary Global Note to be endorsed in accordance with subsection 3.05(d). Any exchange as provided in this Section 3.05 will be made free of charge to the Noteholders and the beneficial owners of the Temporary Global Note and to the beneficial owners of the Permanent Global Note issued in exchange, except that a Person receiving the Permanent Global Note must bear the cost of insurance, postage, transportation and the like in the event that such Person does not receive such Permanent Global Note in person at the offices of a Depository.

(c) The delivery to the Indenture Trustee by a Depository of any written statement referred to above may be relied upon by the Issuer and the Indenture Trustee as conclusive evidence that a corresponding certification or certifications has or have been delivered to such Foreign Depository pursuant to the terms of this Indenture.

(d) Upon any such exchange of all or a portion of the Temporary Global Note for a Permanent Global Note(s), such Temporary Global Note will be endorsed by or on behalf of the Indenture Trustee to reflect the reduction of its principal amount by an amount equal to the aggregate principal amount of such Permanent Global Note(s). Until so exchanged in full, such Temporary Global Note will in all respects be entitled to the same benefits under this Indenture as Permanent Global Notes authenticated and delivered hereunder except that the beneficial owners of such Temporary Global Note will not be entitled to receive payments of interest on the Notes until they have exchanged their beneficial interests in or security entitlements to such Temporary Global Note for Permanent Global Notes.

3.06 Beneficial Ownership of Global Notes

Until definitive Notes have been issued to the applicable Noteholders pursuant to Section 3.04 or as otherwise specified in any Related Supplemental Indenture:

(a) the Issuer and the Indenture Trustee may deal with the applicable Depository and the Depository's participants for all purposes (including the making of distributions) as the authorized representatives of the respective Note Owners; and

(b) the rights of the respective Note Owners will be exercised only through the Depository and the Depository's participants. Unless and until Notes in definitive form are issued pursuant to Section 3.04, the Depository will make book-entry transfers among the Depository's participants and receive and transmit distributions of principal and interest on the related Notes to such Depository's participants in accordance with the Depository's applicable procedures from time to time.

For purposes of any provision of this Indenture requiring or permitting Actions with the consent of, or at the direction of, Noteholders evidencing a specified percentage of the Outstanding Dollar Principal Amount of Notes, such direction or consent may be given by Note Owners (acting through the Depository and the Depository's participants) owning interests in or security entitlements to Notes evidencing the requisite percentage of principal amount of Notes in accordance with the applicable procedures of the Depository and the Depository's participants.

3.07 Notices to Depository

Whenever any notice or other communication is required to be given to Noteholders with respect to which book-entry Notes have been issued, unless and until Notes in definitive form will have been issued to the related Note Owners, the Indenture Trustee will give all such notices and communications to the applicable Depository.

3.08 CUSIP Numbers

In issuing the Notes, the Issuer may use "CUSIP" numbers (if then generally in use), and, if so, the Indenture Trustee shall use such CUSIP numbers in notices of redemption as a convenience to Noteholders; provided that, subject to Section 9.01, any such notice may state that (a) no representation is made as to the correctness of such CUSIP numbers as printed on the related Notes or as contained in any notice of redemption, (b) reliance may be placed only on the other identification numbers, if any, printed on the Notes and (c) any such redemption shall not be affected by any defect in or omission of such CUSIP numbers. The Issuer will promptly provide the Indenture Trustee with written notice of any change in the CUSIP numbers for any Outstanding Note.

ARTICLE IV
THE NOTES

4.01 General Title, General Limitations, Issuable in Series, Terms of a Series or Tranche of Notes

(a) The aggregate Stated Principal Amount of Notes which may be authenticated and delivered and Outstanding under this Indenture is not limited.

(b) The Notes of any Class may be issued in one or more Series or Tranches.

(c) The Classes of Notes are as set forth in this Indenture. Each Note issued must be part of a Class and Series of Notes for purposes of allocations pursuant to this Indenture and the Related Supplemental Indenture. A Series of Notes is created pursuant to a Supplemental Indenture. A Tranche of Notes is created pursuant to a Supplemental Indenture or pursuant to a Terms Document related to the Supplemental Indenture for the applicable Series.

(d) Each Series of Notes shall be designated in the Related Supplemental Indenture as either Senior Notes, Subordinated Notes or Junior Subordinated Notes. If the Notes of a Series of Notes belong to different Tranches, all Notes of such Series, without regard to the Tranche they are included in, shall be Senior Notes, Subordinated Notes or Junior Subordinated Notes, as applicable to the Series of Notes.

(e) Each Series of Notes may consist of a single Tranche or may be subdivided into multiple Tranches. Notes of a single Series of a Class will belong to different Tranches if they have different terms and conditions. With respect to any Series of Notes, Notes which have identical terms, conditions and Tranche designation will be deemed to be part of a single Tranche of Notes.

(f) Before the initial issuance of Notes of each Series or Tranche, there shall also be established in or pursuant to a Supplemental Indenture or pursuant to a Terms Document related to the applicable Supplemental Indenture, provision for:

(i) the Class of such Series;

(ii) the Series designation;

(iii) the Stated Principal Amount of the Notes;

(iv) whether such Notes are of a particular Tranche of Notes;

(v) the currency or currencies in which such Notes will be denominated and in which payments of principal of, and interest on, such Notes will or may be payable;

(vi) the price or prices at which such Series or Tranche of Notes will be issued;

(vii) the times at which such Series or Tranche of Notes may, pursuant to any optional redemption provisions, be redeemed, and the other terms and provisions of any such redemption;

(viii) the rate per annum at which such Series or Tranche of Notes will bear interest, if any, or the formula or index on which such rate will be determined, including all relevant definitions, and the date from which interest will accrue;

(ix) each Interest Payment Date, each Principal Payment Date and the Principal Payment Default Date for such Series or Tranche of Notes;

(x) the Principal Accumulation Date for such Series of Notes;

(xi) the Principal Accumulation Amounts for such Series of Notes;

(xii) the Initial Dollar Principal Amount or the Initial Currency Specific Dollar Principal Amount of such Notes, and the means for calculating the Outstanding Dollar Principal Amount or the Outstanding Currency Specific Dollar Principal Amount, as applicable, of such Series or Tranche of Notes;

(xiii) whether or not application will be made to list such Series or Tranche of Notes on any securities exchange;

(xiv) any events of default with respect to such Series or Tranche of Notes;

(xv) if such Series or Tranche of Notes will be issued in whole or in part in the form of a Global Note or Global Notes, the terms and conditions, if any, upon which such Global Note or Global Notes may be exchanged in whole or in part for other individual Notes, and the Depository for such Global Note or Global Notes;

(xvi) if such Series or Tranche of Notes will be issued in whole or in part as Registered Notes, Bearer Notes or both, whether such Series or Tranche of Notes are to be issued with or without coupons or both;

(xvii) if such Series or Tranche of Notes are to have the benefit of any Credit Enhancement Agreement or Liquidity Agreement, the terms and provisions of the applicable agreement;

(xviii) the Record Date for any Interest Payment Date or Principal Payment Date of such Series or Tranche of Notes, if different from the last day of the month before the related Interest Payment Date or Principal Payment Date;

(xix) whether and under what conditions, additional amounts will be payable to Noteholders of such Series or Tranche of Notes; and

(xx) any other terms of such Notes as stated in the Related Supplemental Indenture;

all upon such terms as may be determined in or pursuant to the Related Supplemental Indenture.

(g) The Notes of each Class, Series or Tranche will be distinguished from the Notes of each other Class, Series or Tranche in such manner, reasonably satisfactory to the Indenture Trustee, as the Issuer may determine.

(h) Any terms or provisions in respect of the Notes of any Class, Series or Tranche issued under this Indenture may be determined pursuant to this Section 4.01 by

providing in the Related Supplemental Indenture for the method by which such terms or provisions will be determined.

4.02 Denominations

The Notes of each Series or Tranche will be issuable in such denominations and currency as will be provided in the provisions of this Indenture or in or pursuant to the Related Supplemental Indenture. In the absence of any such provisions with respect to the Registered Notes of any Series or Tranche, the Registered Notes of that Series or Tranche will be issued in denominations of 100,000 units of the applicable currency and integral multiples of 1,000. In the absence of any such provisions with respect to the Bearer Notes of any Series or Tranche, the Bearer Notes of that Series or Tranche will be issued in denominations of 1,000, 5,000, 50,000 and 100,000 units of the applicable currency.

4.03 Execution, Authentication and Delivery and Dating

(a) The Notes will be executed on behalf of the Issuer by a Responsible Officer of the Issuer. The signature of any Responsible Officer of the Issuer on the Notes may be manual or facsimile or may be given by other electronic means.

(b) Notes bearing the manual, facsimile or other electronic signatures of individuals who were at any time a Responsible Officer of the Issuer will bind the Issuer, notwithstanding that such individuals or any of them have ceased to hold such offices before the authentication and delivery of such Notes or did not hold such offices at the date of issuance of such Notes.

(c) At any time and from time to time after the execution and delivery of this Indenture, the Issuer may deliver Notes executed by the Issuer to the Indenture Trustee for authentication; and the Indenture Trustee will, upon request by an Issuer Certificate, authenticate and deliver such Notes as provided in this Indenture and not otherwise; provided however, that, in connection with its original issuance, no Bearer Note shall be mailed or otherwise delivered to any location in the United States; and provided further that, unless otherwise specified with respect to any Series or Tranche of Notes pursuant to Section 4.01, a Bearer Note may be delivered in connection with its original issuance only if the Person entitled to receive such Bearer Note shall have furnished a certificate in the form set forth in Exhibit 6-A, dated no earlier than 15 days prior to the earlier of the date on which such Bearer Note is delivered and the date on which any temporary Note first becomes exchangeable for such Bearer Note in accordance with the terms of such temporary Note and this Indenture. If any Note shall be represented by a permanent Bearer Note issued as a Global Note, then, for purposes of this Section, Section 3.05, and Section 4.04, the notation of a beneficial owner's interest therein upon original issuance of such Note or upon exchange of a portion of a temporary Global Note shall be deemed to be delivery in connection with its original issuance of such beneficial owner's interest in such permanent Global Note. Except as permitted by Section 4.06, the Indenture Trustee shall not authenticate and deliver any Bearer

Note unless all appurtenant coupons for interest then matured have been detached and cancelled.

(d) Before any such authentication and delivery, the Indenture Trustee will be entitled to receive, in addition to any Officer's Certificate and Opinion of Counsel required to be furnished to the Indenture Trustee pursuant to Section 1.02, the Issuer Certificate and any other opinion or certificate relating to the issuance of the Series or Tranche of Notes required to be furnished pursuant to Section 3.02 or Article V.

(e) The Indenture Trustee will not be required to authenticate such Notes if the issue thereof will adversely affect the Indenture Trustee's own rights, duties or immunities under the Notes and this Indenture.

(f) Unless otherwise provided in the form of Note for any Series or Tranche, all Notes will be dated the date of their authentication.

(g) No Note will be entitled to any benefit under this Indenture or be valid or obligatory for any purpose unless there appears on such Note a Certificate of Authentication executed by the Indenture Trustee by manual signature of an authorized signatory, and such certificate upon any Note will be conclusive evidence, and the only evidence, that such Note has been duly authenticated and delivered hereunder.

4.04 <u>Temporary Notes</u>

(a) Pending the preparation of definitive Notes of any Series or Tranche, the Issuer may execute, and, upon receipt of the documents required by Section 4.03, the Indenture Trustee will authenticate and deliver, temporary Notes which are printed, lithographed, typewritten, mimeographed or otherwise produced, in any authorized denomination, substantially of the tenor of the definitive Notes in lieu of which they are issued and with such appropriate insertions, omissions, substitutions and other variations as the Issuer may determine, as evidenced by the Issuer's execution of such Notes. Any temporary Note shall bear such notations as the Issuer may determine to distinguish them from the definitive Notes.

(b) If temporary Notes of any Series or Tranche are issued, the Issuer will cause definitive Notes of such Series or Tranche to be prepared without unreasonable delay. After the preparation of definitive Notes, the temporary Notes of such Series or Tranche will be exchangeable for definitive Notes of such Series or Tranche upon surrender of the temporary Notes of such Series or Tranche at the office or agency of the Issuer in a Place of Payment, without charge to the Noteholder; and upon surrender for cancellation of any one or more temporary Notes, the Issuer will execute and the Indenture Trustee will authenticate and deliver in exchange therefor a like Stated Principal Amount of definitive Notes of such Series or Tranche of authorized denominations and of like tenor and terms; provided, however, that no definitive Bearer Note shall be delivered in exchange for a temporary Registered Note; and provided further that a definitive Bearer Note shall be delivered in exchange for a temporary Bearer Note only in compliance with the conditions set

forth in Section 4.03. Until so exchanged, the temporary Notes of such Series or Tranche will in all respects be entitled to the same benefits under this Indenture as definitive Notes of such Series or Tranche.

4.05 <u>Registration, Transfer and Exchange</u>

(a) The Issuer will keep or cause to be kept a register (herein sometimes referred to as the "**Note Register**") in which, subject to such reasonable regulations as it may prescribe, the Issuer will provide for the registration of Registered Notes, or of Registered Notes of a particular Class, Series or Tranche, and for transfers of Registered Notes or of Registered Notes of such Class, Series or Tranche. Any such register will be in written form or in any other form capable of being converted into written form within a reasonable time. At all reasonable times, the information contained in such register or registers will be available for inspection by the Indenture Trustee at the office or agency to be maintained by the Issuer as provided in Section 13.03.

(b) Subject to Section 3.04, upon surrender for transfer of any Registered Note of any Class, Series or Tranche at the office or agency of the Issuer in a Place of Payment, the Issuer will execute, and, upon receipt of such surrendered Note, the Indenture Trustee will authenticate and deliver, in the name of the designated transferee or transferees, one or more new Registered Notes of such Class, Series or Tranche of any authorized denominations, of a like aggregate Stated Principal Amount, Principal Payment Date(s) and Principal Payment Default Date and of like terms.

(c) Subject to Section 3.04, at the option of the Noteholder, Notes of any Class, Series or Tranche may be exchanged for other Notes of such Class, Series or Tranche of any authorized denominations, of a like aggregate Stated Principal Amount, Principal Payment Date(s) and Principal Payment Default Date and of like terms, upon surrender of the Notes to be exchanged at the office or agency of the Issuer in a Place of Payment. Registered Notes, including Registered Notes received in exchange for Bearer Notes, may not be exchanged for Bearer Notes. At the option of the holder of a Bearer Note, subject to applicable laws and regulations, Bearer Notes may be exchanged for other Bearer Notes or Registered Notes (of the same Class, Series and Tranche of Notes) of authorized denominations of like aggregate fractional undivided interests in the Noteholders' interest, upon surrender of the Bearer Notes to be exchanged at an office or agency of the Note Registrar located outside the United States. Each Bearer Note surrendered pursuant to this Section 4.05 will have attached thereto all unmatured coupons; provided, however, that any Bearer Note so surrendered after the close of business on the last day of the month preceding the relevant Interest Payment Date need not have attached the coupon relating to such Interest Payment Date. Whenever any Notes are so surrendered for exchange, the Issuer will execute, and the Indenture Trustee will authenticate and deliver (in the case of Bearer Notes, outside the United States), the Notes which the Noteholders making the exchange are entitled to receive.

(d) All Notes issued upon any transfer or exchange of Notes will be the valid and legally binding obligations of the Issuer, evidencing the same debt, and entitled to the same benefits under this Indenture, as the Notes surrendered upon such transfer or exchange.

(e) Every Note presented or surrendered for transfer or exchange will (if so required by the Issuer or the Indenture Trustee) be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Issuer and the Note Registrar duly executed, by the Noteholder or his attorney duly authorized in writing.

(f) Unless otherwise provided in the Note to be transferred or exchanged, no service charge will be made on any Noteholder for any transfer or exchange of Notes, but the Issuer may (unless otherwise provided in such Note) require payment of a sum sufficient to cover any Tax or other governmental charge that may be imposed in connection with any transfer or exchange of Notes before the transfer or exchange will be complete, other than exchanges pursuant to Section 4.04 or Section 11.05 not involving any transfer.

(g) None of the Issuer, the Note Registrar or the Indenture Trustee shall be required (i) to issue, register the transfer of or exchange any Notes of any Class, Series or Tranche during a period beginning at the opening of business 15 days before the day of selection of Notes of such Class, Series or Tranche to be redeemed and ending at the close of business on (A) if Notes of such Class, Series or Tranche are issuable only as Registered Notes, the day of the mailing of the relevant notice of redemption of Registered Notes of such Class, Series or Tranche so selected for redemption or (B) if Notes of the Class, Series or Tranche are issuable as Bearer Notes, the day of the first publication of the relevant notice of redemption or, if Notes of the Class, Series or Tranche are also issuable as Registered Notes and there is no publication, the mailing of the relevant notice of redemption or (ii) to register the transfer or exchange of any Notes or portions thereof so selected for redemption.

(h) Notwithstanding anything herein to the contrary, the exchange of Bearer Notes into Registered Notes shall be subject to applicable laws and regulations in effect at the time of exchange; none of the Issuer, the Indenture Trustee or the Note Registrar shall exchange any Bearer Notes into Registered Notes if it has received an Opinion of Counsel that as a result of such exchanges the Issuer would suffer adverse consequences under the Canadian or United States federal income tax laws and regulations then in effect, or the income tax laws of the jurisdiction of the holder of the Bearer Note, and the Issuer has delivered to the Indenture Trustee an Issuer Certificate directing the Indenture Trustee not to make such exchanges unless and until the Indenture Trustee receives a subsequent Issuer Certificate to the contrary. The Issuer shall deliver copies of such Issuer Certificates to the Note Registrar.

(i) None of the Issuer, the Indenture Trustee, any agent of the Indenture Trustee, any Paying Agent or the Note Registrar will have any responsibility or liability for any

aspect of the records relating to or payments made on account of beneficial ownership of a Global Note or for maintaining, supervising or reviewing any records relating to such beneficial ownership.

(j) The Issuer initially appoints the Indenture Trustee to act as Note Registrar for the Registered Notes on its behalf. The Issuer may at any time and from time to time authorize any Person to act as Note Registrar in place of the Indenture Trustee with respect to any Class, Series or Tranche of Notes issued under this Indenture.

(k) Registration of transfer of Notes containing the following legend or to which the following legend is applicable:

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT IN ACCORDANCE WITH THE TRUST INDENTURE AND THE INDENTURE SUPPLEMENT AND PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT.

will be effected only if such transfer is made pursuant to an effective registration statement under the U.S. Securities Act, or is exempt from the registration requirements under the U.S. Securities Act. In the event that registration of a transfer is to be made in reliance upon an exemption from the registration requirements under the U.S. Securities Act other than Rule 144A under the U.S. Securities Act or Rule 903 or Rule 904 of Regulation S under the U.S. Securities Act, the transferor or the transferee will deliver, at its expense, to the Issuer and the Indenture Trustee, an investment letter from the transferee, substantially in a form appended to a Supplemental Indenture authorizing the applicable Series of Notes or such other form as the Issuer may determine, and no registration of transfer will be made until such letter is so delivered.

Notes issued upon registration or transfer of, or Notes issued in exchange for, Notes bearing the legend referred to above will also bear such legend and any other legends required by the Related Supplemental Indenture unless the Issuer, the Indenture Trustee and the Note Registrar receive an Opinion of Counsel, satisfactory to each of them, to the effect that such legend may be removed.

Whenever a Note containing the legend referred to above is presented to the Note Registrar for registration of transfer, the Note Registrar will promptly seek instructions from the Issuer regarding such transfer and will be entitled to receive an Issuer Certificate prior to registering any such transfer. The Issuer hereby agrees to indemnify the Note Registrar and the Indenture Trustee and to hold each of them harmless against any loss, liability or expense incurred without negligence or bad

faith on their part arising out of or in connection with actions taken or omitted by them in relation to any such instructions furnished pursuant to this clause. The Indenture Trustee shall have no obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer imposed under this Indenture, the Related Supplemental Indenture, or under applicable law with respect to any transfer of any interest in any Note other than to require delivery of such certificates and other documentation or evidence as are expressly required by, and to do so if and when expressly required by the terms of, this Indenture, and to examine the same to determine substantial compliance as to form with the express requirements hereof.

(l) By acquiring a Note, each Noteholder that is a United States Person will be deemed to represent, warrant and covenant that either: (i) it is not acquiring the Note (or any interest therein) with the assets of a Benefit Plan or a governmental, church or non-U.S. plan that is subject to any federal, state, local or other non-U.S. law that is substantially similar to Section 406 of ERISA or Section 4975 of the Internal Revenue Code ("**Similar Law**"); or (ii) (A) the Note is rated at least "BBB-" or its equivalent by a nationally recognized statistical rating agency at the time of purchase or transfer, and (B) the acquisition, holding and disposition of the Note will not give rise to a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Internal Revenue Code or a violation of any Similar Law.

4.06 <u>Mutilated, Destroyed, Lost and Stolen Notes</u>

(a) If (i) any mutilated Note (together, in the case of Bearer Notes, with all unmatured coupons, if any, appertaining thereto) is surrendered to the Indenture Trustee or the Note Registrar, or the Issuer, the Note Registrar or the Indenture Trustee receive evidence to their satisfaction of the destruction, loss or theft of any Note, and (ii) there is delivered to the Issuer, the Note Registrar or the Indenture Trustee such security or indemnity as may be required by them to save each of them harmless, then, in the absence of notice to the Issuer, the Note Registrar or the Indenture Trustee that such Note has been acquired by a protected purchaser, the Issuer will execute and upon its request the Indenture Trustee will authenticate and deliver (in the case of Bearer Notes, outside the United States), in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Note, a new Note of like tenor, Class, Series or Tranche, Principal Payment Date(s), Principal Payment Default Date and Stated Principal Amount, bearing a number not contemporaneously Outstanding.

(b) In case any such mutilated, destroyed, lost or stolen Note has become or is about to become due and payable, the Issuer in its discretion may, instead of issuing a new Note, pay such Note.

(c) Upon the issuance of any new Note under this Section 4.06, the Issuer may require the payment of a sum sufficient to cover any Tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Indenture Trustee) connected therewith.

(d) Every new Note issued pursuant to this Section 4.06 in lieu of any destroyed, lost or stolen Note will constitute an original additional contractual obligation of the Issuer, whether or not the destroyed, lost or stolen Note will be at any time enforceable by anyone, and will be entitled to all the benefits of this Indenture equally and proportionately with any and all other Notes of the same Class, Series or Tranche duly issued hereunder.

(e) The provisions of this Section 4.06 are exclusive and will preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Notes.

4.07 <u>Persons Entitled to Payment</u>

(a) Unless otherwise provided with respect to such Note pursuant to Section 4.01, interest payable on any Registered Note will be paid to the Person in whose name that Note is registered at the close of business on the most recent Record Date and interest payable on any Bearer Note will be paid to the bearer of that Note (or the applicable coupon) outside of the United States.

(b) Subject to clause (a), each Note delivered under this Indenture upon transfer of or in exchange for or in lieu of any other Note will carry the rights to interest accrued or principal accreted and unpaid, and to accrue or accrete, which were carried by such other Note.

(c) Title to any Bearer Note, including any coupons appertaining thereto, shall pass by delivery. The Issuer, the Indenture Trustee, the Manager and any agent of the Issuer, the Indenture Trustee or the Manager may treat the Person who is proved to be the owner of such Note pursuant to subsection 1.04(c) as the owner of such Note for the purpose of receiving payment of principal of and (subject to this Section 4.07) interest on such Note and for all other purposes whatsoever, whether or not such Note be overdue, and none of the Issuer, the Indenture Trustee, the Manager or any agent of the Issuer, the Indenture Trustee or the Manager will be affected by notice to the contrary.

(d) Delivery of a Note to the Paying Agent by the holder of such Note shall, upon payment thereof, be a good discharge to the Issuer of all obligations evidenced by such Note. The Paying Agent shall not be bound to enquire into the title of any such Noteholder, save as ordered by a court of competent jurisdiction or as required by statute, nor shall it be bound to see to the execution of any trust affecting the ownership of any Note or be affected by notice of any equity that may be subsisting in respect thereof.

(e) Any payment of principal or interest on any Note which is due on a day other than a Business Day shall be payable on the next succeeding Business Day without adjustment for interest thereon and such payment shall be deemed to have been made with the same force and effect as if made on the due date.

(f) Upon the Paying Agent's reasonable request therefor, the Issuer will (i) provide the Paying Agent with any information in its possession or (ii) assist the Paying Agent (to the extent necessary and it is commercially reasonable for the Issuer to do so) to obtain information, in each case, to the extent such information is required by the Paying Agent to comply with its tax reporting and withholding obligations under applicable law with respect to payments to be made to Specified Creditors pursuant to this Indenture and the other Program Agreements, unless the Issuer is prohibited from doing so by applicable law or an obligation of confidentiality by which the Issuer is bound.

4.08 <u>Protection of Notes</u>

(a) The Indenture Trustee shall hold in safekeeping the Notes which have not been issued (but which have been delivered to the Indenture Trustee by or on behalf of the Issuer) pending receipt of an Issuer Certificate. The Indenture Trustee shall acknowledge receipt of the Notes so delivered by signing and returning to the Issuer an acknowledgement of receipt of the Notes, such acknowledgement to be in a form satisfactory to the Issuer.

(b) The Indenture Trustee's responsibility for any Notes held in its custody hereunder shall be limited to using the same diligence in physically safeguarding such Notes as it does for its own securities. The Indenture Trustee shall account for the unissued Notes held in its custody whenever so required by the Issuer. If at any time the Indenture Trustee shall discover that any of such Notes have been lost, damaged, destroyed, stolen or misappropriated, it shall promptly advise the Issuer thereof and identify, to the extent practicable, such Notes.

4.09 <u>Additional Issuances of Notes</u>

(a) There are no restrictions on the timing or amount of any additional issuance of Notes of an Outstanding Series or Tranche of Notes, so long as the conditions described in Article V are satisfied. As of the date of any additional issuance of Notes of an Outstanding Series or Tranche of Notes, the Stated Principal Amount and Outstanding Dollar Principal Amount of that Series or Tranche will be increased to reflect the principal amount of the additional Notes. If the additional Notes are a Series or Tranche of Notes that has the benefit of a Derivative Agreement, the Issuer will enter into a Derivative Agreement for the benefit of the additional Notes. In addition, if the additional Notes are a Series or Tranche of Notes that has the benefit of any Credit Enhancement Agreement or Liquidity Agreement, the Issuer will enter into a Credit Enhancement Agreement or Liquidity Agreement, as applicable, for the benefit of the additional Notes.

(b) When issued, the additional Notes of a Series or Tranche will be identical in all respects to the other Outstanding Notes of that Series or Tranche and will be equally and ratably entitled to the benefits of this Indenture and the Related Supplemental Indenture as the other Outstanding Notes of that Series or Tranche without preference, priority or distinction; provided, however, that if such additional Notes

are not fungible with such other Outstanding Notes for United States federal income tax purposes, then such additional Notes shall have a separate ISIN, CUSIP or other identifying number from such other Outstanding Notes.

4.10 Redemption of Notes

(a) Subject to Section 13.24, if the Related Supplemental Indenture for a Series or Tranche of Notes specifies that the Notes of such Series or Tranche will be redeemable, in whole at any time or in part from time to time, such Notes may be redeemed at a redemption price (the "**Redemption Price**") provided for in such Related Supplemental Indenture. In case of any redemption, the provisions of this Section 4.10 shall apply except to the extent provided otherwise in such Related Supplemental Indenture.

(b) The Redemption Price, plus accrued and unpaid interest and other amounts (if any) due thereon to the redemption date, will be payable upon presentation and surrender of the Notes called for redemption at any of the places where the principal of such Series or Tranche of Notes is expressed to be payable and at any other places specified in the notice of redemption.

(c) If less than all the Notes of any Series or Tranche are to be redeemed at one time, the Notes of such Series or Tranche to be redeemed will be selected by the Indenture Trustee on a *pro rata* basis, disregarding fractions, according to the principal amount of Notes registered in the name of each Noteholder, or in such other manner (which may include random selection by computer) as the Indenture Trustee may consider equitable, provided that such selection will be proportionate (to the nearest 1,000 units of the applicable currency). For this purpose, the Indenture Trustee may make, and from time to time amend, regulations with regard to the manner in which such Notes may be called for redemption and regulations so made will be valid and binding upon all Noteholders notwithstanding the fact that, as a result of such regulations, one or more Notes become subject to redemption in part only. Unless the context otherwise requires, the terms "Note" and "Notes" as used in this Section 4.10 will be deemed to include any part of the principal amount of any Note which in accordance with the foregoing provisions has become subject to redemption.

(d) The holder of any Note called for redemption in part only will be entitled to receive, upon surrender of such Note for payment and without expense to such holder, a new Note or Notes of an aggregate principal amount equal to the unredeemed part of the Note so surrendered, and the Issuer will execute and the Indenture Trustee will certify and deliver to such holder such new Note or Notes; provided, however, that, in the case of a Global Note, an appropriate notation may instead be made on such Global Note to decrease the principal amount thereof to an amount equal to the unredeemed portion thereof.

(e) Notice of intention to redeem any Series or Tranche of Notes will be given by the Issuer in the manner provided in Section 15.03 or otherwise in accordance with the procedures of the Depository at least 15 days but not more than 30 days prior to the

date fixed for redemption. Notwithstanding the foregoing, a redemption notice may be delivered more than 30 days prior to the date fixed for redemption if such notice is issued in connection with a satisfaction and discharge of this Indenture with respect to any Series or Tranche of Notes. Every such notice will specify that portion of the principal amount of such Note to be redeemed (provided that no Notes in an aggregate principal amount of 1,000 units of the applicable currency or less will be redeemed in part), the redemption date, the Redemption Price and places of payment, and will state that all interest on the Notes called for redemption will cease to be payable from the redemption date.

(f) Upon notice having been given as provided in Section 4.10(e), the Notes called for redemption or the principal amount to be redeemed of the Notes called for redemption in part, as the case may be, will thereupon become due and payable at the Redemption Price, on the redemption date specified in such notice, in the same manner and with the same effect as if it were the maturity date for such Notes, notwithstanding anything contained in this Indenture or in the Notes to the contrary. From and after such redemption date, if the money necessary to redeem such Notes has been deposited as provided in Section 4.10(h) or 4.10(i) and affidavits or other proof satisfactory to the Indenture Trustee as to the delivery or mailing of such notices have been delivered to it, such Notes will not be considered as Outstanding under this Indenture and interest upon such Notes will cease to accrue after such date.

(g) If any question arises as to whether notice of redemption or deposit of the redemption money has been given or made available as provided above, such question will be decided by the Indenture Trustee, whose decision will be final and binding upon all interested parties.

(h) Except as may otherwise be provided in the Related Supplemental Indenture or in any Series or Tranche of Notes, or as part of a satisfaction and discharge of this Indenture with respect to any Series or Tranche of Notes where payment has been made in accordance with another provision of this Indenture, upon Notes of a Series or Tranche being called for redemption, the Issuer will deposit with the Indenture Trustee immediately available funds no later than 10:00 a.m. on the date fixed for redemption in the relevant notice of redemption (or such later time on such date as is acceptable to the Indenture Trustee), such sums as may be sufficient to pay the Redemption Price of the Notes to be redeemed, plus accrued and unpaid interest and other amounts (if any) due on such Notes to the redemption date, and will pay to the order of the Indenture Trustee the estimated charges and expenses to be incurred in connection with such redemption. From the sums so deposited and upon surrender of such Notes, the Indenture Trustee will pay or cause to be paid to the holders of the Notes called for redemption the principal thereof, interest and other amounts (if any) thereon to which they are entitled on redemption.

(i) Alternatively, in respect of any Global Notes, the Issuer may, at its option, cause the amount payable on redemption to be sent by wire transfer on the day such

redemption payment is due to an account maintained by such Noteholder or any other method acceptable to the Issuer and such Noteholder.

4.11 Purchase of Notes for Cancellation

(a) Provided no Event of Default has occurred and is continuing, the Issuer may purchase or otherwise acquire, at any time and from time to time, all or any of the Outstanding Notes of any Series or Tranche in the market (which will include purchase from or through an investment dealer, participant or a firm holding membership on a recognized stock exchange) or by invitation to tender or by private contract at such prices as it may determine in its sole discretion. The Issuer will deliver to the Indenture Trustee all Notes purchased as aforesaid, when paid, as evidence of such payment.

(b) If, upon an invitation to tender, more Notes of a Series or Tranche are tendered in response to such invitation at the same lowest price than the Issuer is prepared to accept, Notes of the Series or Tranche to be purchased by the Issuer will be selected by the Indenture Trustee on a *pro rata* basis, disregarding fractions, according to the Outstanding Dollar Principal Amount of Notes registered in the name of each Noteholder, or in such other manner as the Indenture Trustee may consider equitable (which may include random selection by computer), from the Notes tendered by each Noteholder which tendered at such lowest price. For this purpose, the Indenture Trustee may make, and from time to time amend, regulations with respect to the manner in which Notes may be so selected and regulations so made will be valid and binding upon all Noteholders, notwithstanding the fact that, as a result thereof, one or more of such Notes becomes subject to purchase in part only. The holder of any Note of which a part only is purchased, will be entitled to receive upon surrender of such Note for payment and without expense to such holder, a new Note or Notes of an aggregate principal amount equal to the unpurchased part of the Note so surrendered and the Indenture Trustee will certify and deliver to such holder a new Note or Notes; provided, however, that, in the case of a Global Note, an appropriate notation may instead be made on such Global Note to decrease the principal amount thereof to an amount equal to the unpurchased portion thereof.

4.12 Cancellation

All Notes surrendered for payment, redemption, repurchase, transfer, conversion or exchange will, if surrendered to any Person other than the Indenture Trustee, be delivered to the Indenture Trustee and will be promptly canceled by it. The Issuer may at any time deliver to the Indenture Trustee for cancellation any Notes previously authenticated and delivered hereunder which the Issuer may have acquired in any manner whatsoever, and all Notes so delivered will be promptly canceled by the Indenture Trustee. No Note will be authenticated in lieu of or in exchange for any Notes canceled as provided in this Section 4.12, except as expressly permitted by this Indenture. The Indenture Trustee will dispose of all canceled Notes in accordance with its customary procedures and will deliver a certificate of such disposition to the Issuer.

ARTICLE V
CONDITIONS PRECEDENT

5.01 Conditions Precedent for Incurrence of Indebtedness

On or prior to the date that the Issuer enters into a definitive agreement for the incurrence of new Issuer Funding Obligations or the renewal or extension of any existing Issuer Funding Obligations (in each case, other than Derivative Funding Obligations), the following conditions precedent shall be satisfied:

(a) the Issuer shall have delivered to the Indenture Trustee and each Rating Agency notice of the incurrence of such Issuer Funding Obligation;

(b) the Issuer shall have delivered to the Indenture Trustee and each Rating Agency an Issuer Certificate to the effect that:

(i) the Issuer reasonably believes that the incurrence of such Issuer Funding Obligation will not cause an Adverse Effect;

(ii) all instruments furnished to the Indenture Trustee conform to the requirements of this Indenture and constitute sufficient authority hereunder for the Indenture Trustee to (A) in the case of a Note issuance only, authenticate and deliver such Notes, and (B) in the case of all other Issuer Funding Obligations, execute and deliver the Related Funding Obligation Agreement in accordance with Section 5.05;

(iii) in the case of a Note issuance only, the form and terms of such Notes have been established in conformity with the provisions of this Indenture;

(iv) the incurrence of such Issuer Funding Obligation is consistent in all material respects with the Financing Plan;

(v) the conditions set out in subsections 5.01(c), (d), (g) and (k) have been met; and

(vi) such other matters as the Indenture Trustee may reasonably request;

(c) the representations and warranties set forth in Section 12.01 shall be true and correct in all material respects;

(d) the Rating Agency Condition with respect to all outstanding Series or Tranches of Issuer Funding Obligations shall have been satisfied with respect to such incurrence;

(e) the Indenture Trustee shall have received either:

(i) a certified copy of the instrument whereby the Province designated in writing that the new Issuer Funding Obligations are Approved Obligations

as contemplated by clause (ii) of Section 4.01 of the Change of Law Protection Agreement; or

(ii) both (A) an Adherence Compliance Certificate addressed to the Indenture Trustee with respect to the new Issuer Funding Obligations delivered in accordance with Section 4.02(a)(ii) of the Change of Law Protection Agreement; such Adherence Compliance Certificate to be delivered not more than five (5) Business Days prior to the incurrence of the new Issuer Funding Obligation, and (B) a certificate signed by the Manager certifying that the Province has not provided a Suspension Notice to the Manager or the Issuer;

(f) the Issuer shall have delivered to the Indenture Trustee copies of the Related Funding Obligation Agreement, including in the case of Notes, a Supplemental Indenture, and if applicable, a Terms Document relating to the applicable Tranche of Notes;

(g) in the case of Senior Funding Obligations only, the Issuer will have Subordinated Funding Obligations and Junior Subordinated Funding Obligations in an aggregate Outstanding Dollar Principal Amount equal to not less than 35% of the aggregate Outstanding Dollar Principal Amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations (after giving effect to such incurrence) and in the case of Subordinated Funding Obligations only, the Issuer will have Junior Subordinated Funding Obligations in an aggregate Outstanding Dollar Principal Amount equal to not less than 10% of the aggregate Outstanding Dollar Principal Amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations (after giving effect to such incurrence);

(h) except in the case of Notes, the Issuer delivers to the Indenture Trustee an updated copy of the Specified Creditor list described in Section 13.13(b);

(i) each Debtholder in respect of such Issuer Funding Obligation (or an authorized agent on their behalf) shall have made the acknowledgements and agreements set out in Section 5.04;

(j) the Change of Law Protection Agreement shall be in full force and effect against the Province or shall have been replaced with a new agreement that is in form and substance satisfactory to Controlling Class Creditors pursuant to an Ordinary Resolution;

(k) the conditions precedent, if any, specified in the applicable Funding Obligation Agreement shall have been satisfied;

(l) in the case of a Note issuance only, the Indenture Trustee shall have received an Issuer Certificate for the certification and delivery of such Notes and specifying the particulars relating to such Notes;

(m) in the case of Bearer Notes described in section 163(f)(2)(A) of the Internal Revenue Code, if such Notes are not in registered form (including by reason of a book entry system described in section 163(f)(3) of the Internal Revenue Code), then such Notes shall be described in section 4701(b)(1)(B) of the Internal Revenue Code and such section shall apply to such Notes; and

(n) in the case of Foreign Currency Notes only, the Issuer shall have appointed one or more Paying Agents in the appropriate countries, if requested by the Indenture Trustee.

For greater certainty, periodic drawdowns under existing Funding Obligation Agreements, or a renewal or extension thereof in accordance with the terms of a Funding Obligation Agreement, shall not constitute a new incurrence of Issuer Funding Obligations. However, an increase in the aggregate commitment under an existing Funding Obligation Agreement or the issuance of additional Notes of an Outstanding Series or Tranche of Notes shall constitute a new incurrence of Issuer Funding Obligations.

5.02 <u>No Consent</u>

The Indenture Trustee will not be required to and, except as otherwise provided in any Funding Obligation Agreement, the Issuer will not be required to, provide prior notice to or obtain the consent of any Debtholder or any other Specified Creditor to incur any Issuer Funding Obligations.

5.03 <u>Conditions Precedent for the Incurrence of other Obligations Secured</u>

On or prior to the date that the Issuer enters into any agreement that would give rise to Obligations Secured (other than Issuer Funding Obligations referred to in Section 5.01 but including Derivative Funding Obligations), the following conditions precedent shall be satisfied:

(a) the Issuer shall have delivered to the Indenture Trustee a copy of the applicable agreement; and

(b) the Issuer shall have delivered to the Indenture Trustee an updated copy of the Specified Creditor list described in Section 13.13(b);

(c) each counterparty to such agreement (or an authorized agent on their behalf) shall have made the acknowledgements and agreements set out in Section 5.04; and

(d) if the Obligations Secured are Certified Primary Obligations, the Indenture Trustee shall have received either:

(i) a certified copy of the instrument whereby the Province designated in writing that the new Obligations Secured are Approved Obligations as contemplated by clause (ii) of Section 4.01 of the Change of Law Protection Agreement; or

(ii) both (A) an Adherence Compliance Certificate addressed to the Indenture Trustee with respect to the new Obligations Secured delivered in accordance with Section 4.02(a)(ii) of the Change of Law Protection Agreement; such Adherence Compliance Certificate to be delivered not more than five (5) Business Days prior to the incurrence of the new Obligations Secured, and (B) a certificate signed by the Manager certifying that the Province has not provided a Suspension Notice to the Manager or the Issuer.

5.04 Specified Creditor Acknowledgements

Each Specified Creditor:

(a) acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor hereunder and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under this Indenture including, without limitation, Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 7.12 (Payments Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Section 8.14 (Limited Recourse), Article IX (Indenture Trustee) (including all limitations of liability thereunder), Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition);

(b) except in the case of the Province, irrevocably authorizes and directs the Indenture Trustee on its behalf to take such action (including the execution and delivery of documents of subordination) as may be necessary or appropriate to further assure the priority arrangements provided for in Article VI, Article VII and Section 8.13, and appoints the Indenture Trustee as its agent for any and all such purposes; and

(c) consents, requests and authorizes the Issuer and the Indenture Trustee to (i) add such Specified Creditor (or its agent) to the register of Specified Creditors described in Section 13.13 and (ii) disseminate the notice details of such Specified Creditor to other Specified Creditors for the purposes set out in subsection 9.14(b).

5.05 Acknowledgement of Program Agreement by Indenture Trustee

Upon receipt of an Issuer Certificate directing it to do so (provided the conditions set forth in Section 5.01 or 5.03, as applicable, have been satisfied, as certified by the Issuer), the Indenture Trustee shall execute an acknowledgement with respect to any Program Agreement or any evidence of indebtedness issued pursuant to a Program Agreement confirming that such Program Agreement or evidence of indebtedness is an Obligation Secured under this Indenture and the creditors listed in such Program Agreements are Specified Creditors for the purposes of this Indenture.

ARTICLE VI
SUBORDINATION

6.01 Subordination

The payment of all Subordinated Funding Obligations shall be subordinate and rank junior, to the extent and in the manner set forth in this Article VI, Article VII and Article VIII, if applicable, to the prior payment in full of all amounts owing from time to time with respect to the Senior Funding Obligations and the Derivative Funding Obligations. The payment of all Junior Subordinated Funding Obligations shall be subordinate and rank junior, to the extent and in the manner set forth in this Article VI, Article VII and Article VIII, if applicable, to the prior payment in full of all amounts owing from time to time with respect to the Senior Funding Obligations, the Derivative Funding Obligations and the Subordinated Funding Obligations. Subject to the provisions of the Related Funding Obligation Agreement, (i) prior to the acceleration of the Issuer Funding Obligations pursuant to Section 8.02, payment in respect of the Subordinated Funding Obligations and the Junior Subordinated Funding Obligations shall be made as provided for in Sections 7.04 to 7.11; and (ii) after the acceleration of the Issuer Funding Obligations pursuant to Section 8.02, payment on account of the Subordinated Funding Obligations and the Junior Subordinated Funding Obligations shall be made as provided for in Section 8.13.

6.02 Subrogation to Senior Funding Obligations and Derivative Funding Obligations

(a) Subject to the payment in full of the Senior Funding Obligations and the Derivative Funding Obligations or the making of due provision for such payment, the Debtholders of Subordinated Funding Obligations shall be subrogated to the rights of the Debtholders of Senior Funding Obligations and Derivative Counterparties to receive payments or distributions of assets of the Issuer, to the extent of the application thereto of moneys or other assets which would have been received by the Debtholders of Subordinated Funding Obligations but for the provisions of this Article VI, until the principal of and interest on the Subordinated Funding Obligations shall be paid in full.

(b) Subject to the payment in full of the Senior Funding Obligations, the Derivative Funding Obligations and the Subordinated Funding Obligations or the making of due provision for such payment, the Debtholders of Junior Subordinated Funding Obligations shall be subrogated to the rights of the Debtholders of Senior Funding Obligations and Subordinated Funding Obligations, and Derivative Counterparties, to receive payments or distributions of assets of the Issuer, to the extent of the application thereto of moneys or other assets which would have been received by the Debtholders of Junior Subordinated Funding Obligations but for the provisions of this Article VI, until the principal of and interest on the Junior Subordinated Funding Obligations shall be paid in full.

6.03 Rights of Specified Creditors Preserved

The provisions of this Article VI are and are intended solely for the purpose of defining the relative rights of the Debtholders of Senior Funding Obligations, Subordinated Funding

Obligations and Junior Subordinated Funding Obligations, and Derivative Counterparties, as applicable. Nothing in this Article VI is intended to or shall impair the obligation of the Issuer, subject to the rights of the Debtholders of Senior Funding Obligations and Derivative Counterparties, to pay the Subordinated Funding Obligations and Junior Subordinated Funding Obligations as and when the same shall become due and payable in accordance herewith, or affect the relative rights of the Debtholders of Subordinated Funding Obligations and Junior Subordinated Funding Obligations, and creditors of the Issuer other than Debtholders of such Senior Funding Obligations and Derivative Counterparties, nor shall anything in this Article VI prevent the Indenture Trustee or such Debtholders from exercising all remedies otherwise permitted by this Indenture, subject to the rights (if any) under this Article VI of Debtholders of Senior Funding Obligations, Derivative Counterparties and the Indenture Trustee on their behalves in respect of any payment or distribution of cash, property or securities of the Issuer received upon the exercise of any such remedy.

6.04 Renewal or Extension of Senior Funding Obligations

(a) Except as provided in this Indenture or the Related Funding Obligation Agreement, Debtholders of Senior Funding Obligations and Derivative Counterparties may at any time in their discretion renew or extend the time of payment of their Issuer Funding Obligations or exercise any other of their rights in respect thereof, including, without limitation, the waiver of an Event of Default thereunder, all without notice to or assent from the Debtholders of the Subordinated Funding Obligations or Junior Subordinated Funding Obligations, or the Indenture Trustee.

(b) No compromise, alteration, amendment, modification, extension, renewal or other change of, or waiver, consent or other action in respect of, any liability or obligation under or in respect of any Senior Funding Obligations, Derivative Funding Obligations or of any of the terms, covenants or conditions of any Related Funding Obligation Agreement under which any Senior Funding Obligations or Derivative Funding Obligations shall have been issued, shall in any way alter or affect any of the provisions of this Article VI.

ARTICLE VII
ISSUER ACCOUNTS AND INVESTMENTS; ORDINARY COURSE ALLOCATIONS

7.01 Available Collections

Except as otherwise expressly provided in this Indenture, the Indenture Trustee may demand payment or delivery of, and shall receive and collect, directly and without intervention or assistance from any fiscal agent or other intermediary, all money and other property payable to or receivable by the Indenture Trustee pursuant to this Indenture including, without limitation, all funds and other property payable to the Indenture Trustee in connection with the Collateral. The Indenture Trustee will hold all such money and property received by it as part of the Collateral and will apply it, or cause it to be applied, as provided in this Indenture and any applicable Program Agreement.

7.02 Issuer Accounts

(a) On or before the date hereof, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**Collection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. All Available Collections received shall be credited to the Collection Account. The Collection Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the Collection Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 calendar days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition is satisfied) establish a new Collection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Collection Account to such new Collection Account. From the date each such new Collection Account is established, it shall be the "Collection Account."

(b) On or before the date hereof, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**Interest Accumulation Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. The Interest Accumulation Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the Interest Accumulation Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Interest Accumulation Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Interest Accumulation Account to such new Interest Accumulation Account. From the date each such new Interest Accumulation Account is established, it shall be the "Interest Accumulation Account." The Interest Accumulation Account is a "finance reserve account" under, and as defined in, the Fair Hydro Regulations.

(c) On or before the date hereof, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**Principal Accumulation Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. The Principal Accumulation Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the Principal Accumulation Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer

period, not to exceed 45 calendar days, so long as the Rating Agency Condition is satisfied) establish a new Principal Accumulation Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Principal Accumulation Account to such new Principal Accumulation Account. From the date each such new Principal Accumulation Account is established, it shall be the "Principal Accumulation Account." The Principal Accumulation Account is a "capital account" under, and as defined in, the Fair Hydro Regulations.

(d) On or before the date hereof, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**Program Cash Reserve Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. The Program Cash Reserve Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the Program Cash Reserve Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Program Cash Reserve Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Program Cash Reserve Account to such new Program Cash Reserve Account. From the date each such new Program Cash Reserve Account is established, it shall be the "Program Cash Reserve Account." The Program Cash Reserve Account is a "finance reserve account" under, and as defined in, the Fair Hydro Regulations. The Issuer shall deposit the Program Cash Reserve Required Amount to the Program Cash Reserve Account during the Reference Period commencing May 1, 2021 pursuant to the application of amounts available under subsection 7.04(e)(xiii).

(e) On or before the date hereof, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**IESO Cash Reserve Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. The IESO Cash Reserve Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the IESO Cash Reserve Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new IESO Cash Reserve Account that is an Eligible Deposit Account and shall transfer any funds or other property from such IESO Cash Reserve Account to such new IESO Cash Reserve Account. From the date each such new IESO Cash Reserve Account is established, it shall be the "IESO Cash Reserve Account." The IESO Cash Reserve Account is a "finance reserve account" under, and as defined in, the Fair Hydro Regulations. The Issuer shall deposit the IESO Cash Reserve Deposit Amount directly to the IESO Cash Reserve Account on the earlier of (x) April 30,

2021, and (y) the receipt of the IESO Cash Reserve Deposit Amount from the IESO. Other than such deposit of the IESO Cash Reserve Deposit Amount to the IESO Cash Reserve Account, no other amounts shall be deposited to the IESO Cash Reserve Account.

(f) On or before the date hereof, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**Refinancing Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. All proceeds arising from Notes and Borrowings related to Refinancings shall be deposited to the Refinancing Account. For greater certainty, the Refinancing Account may contain Sub-Accounts to account for proceeds in different currencies. The Refinancing Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the Refinancing Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition is satisfied) establish a new Refinancing Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Refinancing Account to such new Refinancing Account. From the date each such new Refinancing Account is established, it shall be the "Refinancing Account."

(g) From time to time in connection with the creation of any Series of Issuer Funding Obligations, the Issuer may cause to be established and maintained an Eligible Deposit Account (a "**Series Capital Reserve Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the applicable Debtholders or Derivative Counterparties. A Series Capital Reserve Account may be established for the sole purpose of allowing the Issuer to accumulate funds to be used to make repayments in respect of a Series of Issuer Funding Obligations. Details of any period of accumulation and the amounts to be accumulated shall be specified in the Related Funding Obligation Agreement. Each Series Capital Reserve Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the applicable Debtholders or Derivative Counterparties. If, at any time, the institution holding a Series Capital Reserve Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition in respect of the applicable Series is satisfied) establish a new Series Capital Reserve Account that is an Eligible Deposit Account and shall transfer any funds or other property to such new Series Capital Reserve Account. From the date each such new Series Capital Reserve Account is established, it shall be a "Series Capital Reserve Account." Each Series Capital Reserve Account shall be a "capital account" under, and as defined in, the Fair Hydro Regulations.

(h) From time to time in connection with the creation of any Series of Issuer Funding Obligations, the Issuer may cause to be established and maintained an Eligible Deposit Account (a "**Series Finance Reserve Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the applicable Debtholders or Derivative Counterparties. A Series Finance Reserve Account may be established for the purpose of allowing the Issuer to reserve funds to pay finance charges (including, without limitation, interest and payments under Derivative Agreements) for a Series of Issuer Funding Obligations. Details of any reserve requirements shall be specified in the Related Funding Obligation Agreement. Each Series Finance Reserve Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the applicable Debtholders or Derivative Counterparties. If, at any time, the institution holding a Series Finance Reserve Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition in respect of the applicable Series is satisfied) establish a new Series Finance Reserve Account that is an Eligible Deposit Account and shall transfer any funds or other property to such new Series Finance Reserve Account. From the date each such new Series Finance Reserve Account is established, it shall be a "Series Finance Reserve Account." Each Series Finance Reserve Account shall be a "finance reserve account" under, and as defined in, the Fair Hydro Regulations.

(i) On or before the making of any demand for payment under the Change of Law Protection Agreement, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. All payments received from the Province pursuant to the Change of Law Protection Agreement shall be deposited to the Protection Account. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account."

(j) From time to time in connection with the establishment of any Program Account (other than the Protection Account) or Series Account, the Issuer may cause to be established and maintained one or more Eligible Securities Accounts (each, a "**Securities Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the

benefit of the Indenture Trustee and the Specified Creditors. A Securities Account may be established for the purpose of allowing the Issuer to invest funds held in any Program Account or Series Account in Eligible Investments in accordance with Section 7.03. Each Securities Account shall relate to only one Program Account or Series Account. Each Securities Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution at which a Securities Account is maintained ceases to be an Affiliate of an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition (only in respect of the Series if related to a Series Account) is satisfied) establish a new Securities Account that is an Eligible Securities Account and shall transfer any funds or other property to such new Securities Account. From the date each such new Securities Account is established, it shall be a "Securities Account."

7.03 <u>Investment of Funds in the Issuer Accounts</u>

(a) Funds credited to the Issuer Accounts will (unless otherwise stated in this Indenture or, with respect to a Series Account, any applicable Funding Obligation Agreement) be invested and reinvested by the Indenture Trustee at the written direction of the Manager in one or more Eligible Investments. The Manager may appoint as its agent under a separate agreement a registered investment advisor and authorize such agent to give instructions on behalf of the Manager to the Indenture Trustee for funds to be invested and reinvested in one or more Eligible Investments. The Manager shall provide the Indenture Trustee with a written direction certifying any such appointment, together with an incumbency for such agent in a form acceptable to the Indenture Trustee, acting reasonably. The Indenture Trustee shall be entitled to conclusively rely on, and shall be protected in acting upon, instructions received from such agent on behalf of the Manager. The Manager (or its agent appointed pursuant to the preceding sentence) may authorize the Indenture Trustee to make specific investments pursuant to written instructions, in such amounts as the Manager will specify. Any direction from the Manager (or its agent appointed pursuant to this Section) to the Indenture Trustee shall be in writing and shall be provided to the Indenture Trustee no later than 9:00 a.m. (Toronto time) on the day on which the investment is to be made. Any such direction received by the Indenture Trustee after 9:00 a.m. (Toronto time) or received on a day that is not a Business Day shall be deemed to have been given prior to 9:00 a.m. (Toronto time) on the next Business Day.

(b) Notwithstanding anything to the contrary herein, for purposes of making investments in accordance with this Section 7.03, the Issuer shall be entitled to make transfers of cash from any Program Account or Series Account to the Related Securities Account, provided that the Issuer shall ensure that Eligible Investments in the Related Securities Account mature at such times as may be required so that a sufficient amount of cash shall be available for transfer to the applicable Program Account or Series Account to the extent required to pay all Obligations Secured

that are payable on the following Payment Date, Interest Payment Date or Principal Payment Date, as applicable. Transfers of cash between a Program Account or a Series Account and the Related Securities Account shall not require the delivery of a Payment Instruction and may be effected in accordance with the Indenture Trustee's standard practices.

(c) All funds from time to time credited to the Issuer Accounts pursuant to this Indenture and the Funding Obligation Agreements, and all investments made with such funds, if any, are property of the Issuer until such time as they are allocated or paid to satisfy Obligations Secured and will be held by the Indenture Trustee in the Issuer Accounts as part of the Collateral as herein provided, subject to withdrawal by the Paying Agent or the Indenture Trustee for the purposes specified herein.

(d) Funds and other property in any of the Issuer Accounts will not be commingled with any other funds or property of the Issuer or the Indenture Trustee.

(e) All interest and earnings (net of losses and investment expenses), if any, on funds credited to an Issuer Account will be part of that Issuer Account.

(f) Subject to subsection 9.01(d), neither the Indenture Trustee nor the Manager will in any way be held liable by reason of any losses incurred in the investment of any funds in any Eligible Investments and any insufficiency in an Issuer Account resulting from any loss on any Eligible Investment included therein.

(g) Funds credited to the Issuer Accounts will be invested and reinvested by the Indenture Trustee as provided in the written direction of the Manager; provided, however, that such funds shall remain uninvested upon the occurrence of any of the following events:

(i) the Manager (or its agent appointed pursuant to paragraph (a) above) shall have failed to give investment directions to the Indenture Trustee; or

(ii) an Event of Default shall have occurred and be continuing but no Issuer Funding Obligations have been declared due and payable pursuant to Section 8.02.

7.04 Allocation of Amounts on Deposit in Collection Account

(a) Subject to the applicable Payment Waterfall, all Senior Funding Obligations of each Series or Tranche will in all respects be equally and ratably entitled to the benefits hereof with respect to such Series or Tranche without preference, priority or distinction on account of (i) the actual time of the incurrence, (ii) the Principal Payment Date(s), (iii) the Principal Payment Default Date, or (iv) the Principal Accumulation Date, except as specified in the Related Funding Obligation Agreement. All Subordinated Funding Obligations of each Series or Tranche will in all respects be equally and ratably entitled to the benefits hereof with respect to such Series or Tranche without preference, priority or distinction on account of (i) the actual time of the incurrence, (ii) the Principal Payment Date(s), (iii) the

Principal Payment Default Date, or (iv) the Principal Accumulation Date, except as specified in the Related Funding Obligation Agreement. All Junior Subordinated Funding Obligations of each Series or Tranche will in all respects be equally and ratably entitled to the benefits hereof with respect to such Series or Tranche without preference, priority or distinction on account of (i) the actual time of the incurrence, (ii) the Principal Payment Date(s), (iii) the Principal Payment Default Date, or (iv) the Principal Accumulation Date, except as specified in the Related Funding Obligation Agreement.

(b) On each Payment Date, Available Collections credited to the Collection Account since the previous Payment Date will be distributed in accordance with Section 7.04(e).

(c) Subject to subsection 7.04(f), if any amount below is payable on a date other than a Payment Date, prior to such payment being made, an amount will be reserved in the Collection Account equal to the amount estimated by the Manager in its commercially reasonable judgment, based upon amounts then known and/or reasonably expected to be or become payable on or before the next Payment Date, to be the aggregate amount of items *pari passu* or more senior in priority than such obligation, calculated on a *pro forma* basis, and if, due to such reservation of funds, there are insufficient funds available in the Collection Account to make such payment, such payment will be made only on the following Payment Date (and then only if funds are available pursuant to this Section 7.04).

(d) In the event of non-payment on any Payment Date of any amounts referred to in subsection 7.04(e), such amounts shall remain due and shall be payable on each subsequent Payment Date in the order of priority provided for in subsection 7.04(e), subject to Sections 7.10 and 8.13.

(e) Subject to Sections 7.04(f), 7.10 and 8.13, on each Payment Date (after making the applications provided for in Section 7.07(a)), any amount standing to the credit of the Collection Account will be distributed by the Paying Agent in the order of priority specified below, based upon the Payment Instruction received from the Manager in respect of such Payment Date, *pro rata* in proportion to the claims represented by each subclause except as otherwise specifically provided below:

(i) First, to the payment or remittance of all Taxes exigible for which a Governmental Authority is given priority over the Specified Creditors under the laws of the applicable jurisdiction;

(ii) Second, on a *pro rata* basis, to the Indenture Trustee and the Issuer Trustee in respect of the amount of fees, expenses and reimbursements owing, up to a maximum aggregate amount (without duplication of any amounts previously paid in respect of such fees, expenses and reimbursements) equal to the Trustee Cap with respect to each of the Issuer Trustee and the Indenture Trustee;

(iii) Third, *pari passu* (A) to transfer to the Interest Accumulation Account, the Interest Accrual Amount (Senior) for such Payment Date, and (B) to Derivative Counterparties, on a *pro rata* basis, all Derivative Funding Obligations payable other than Termination Payments;

(iv) Fourth, to transfer to the Interest Accumulation Account, the Interest Accrual Amount (Subordinated) for such Payment Date;

(v) Fifth, to transfer to the Interest Accumulation Account, the Interest Accrual Amount (Junior Subordinated) for such Payment Date,

(vi) Sixth, to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Warehouse) for such Payment Date;

(vii) Seventh, *pari passu* (A) to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Senior) for such Payment Date, and (B) to Derivative Counterparties, on a *pro rata* basis, any Termination Payment where the Derivative Counterparty is not the Defaulting Party or the sole Affected Party;

(viii) Eighth, to Debtholders, on a *pro rata* basis, all fees and other amounts (other than interest or principal) due and payable on the Senior Funding Obligations;

(ix) Ninth, to the Manager in respect of all fees, expenses and reimbursement amounts owing;

(x) Tenth, to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Subordinated) for such Payment Date;

(xi) Eleventh, to Debtholders, on a *pro rata* basis, all fees and other amounts (other than interest or principal) due and payable on the Subordinated Funding Obligations;

(xii) Twelfth, to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Junior Subordinated) for such Payment Date,

(xiii) Thirteenth, to deposit to the Program Cash Reserve Account, the amount, if any, by which the amount on deposit in the Program Cash Reserve Account is less than the Program Cash Reserve Required Amount;

(xiv) Fourteenth, to transfer such amounts as is sufficient to replenish, on a *pro rata* basis, any Series Capital Account or Series Finance Reserve Account as required by any Related Funding Obligation Agreement, other than any Series Capital Account or Series Finance Reserve Account related solely to Subordinated Funding Obligations or Junior Subordinated Funding Obligations;

(xv) Fifteenth, to transfer such amounts as is sufficient to replenish, on a *pro rata* basis, any Series Capital Reserve Account or Series Finance Reserve Account related solely to Subordinated Funding Obligations as required by any Related Funding Obligation Agreement;

(xvi) Sixteenth, to Debtholders, on a *pro rata* basis, all fees and other amounts (other than interest or principal) due and payable on the Junior Subordinated Funding Obligations;

(xvii) Seventeenth, to transfer such amounts as is sufficient to replenish, on a *pro rata* basis, any Series Capital Account or Series Finance Reserve Account related solely to Junior Subordinated Funding Obligations as required by any Related Funding Obligation Agreement;

(xviii) Eighteenth, to Derivative Counterparties, on a *pro rata* basis, any Termination Payment where the Derivative Counterparty is the Defaulting Party or the sole Affected Party;

(xix) Nineteenth, to the Issuer Trustee for the account of the beneficiaries of the Issuer, such amount as is required pursuant to the Declaration of Trust;

(xx) Twentieth, to the Manager in respect of all indemnity amounts owing;

(xxi) Twenty-First, *pari passu* (A) to the Indenture Trustee and the Issuer Trustee, in each case, in respect of the amount of any fees, expenses, reimbursements and indemnity amounts owing and not previously paid pursuant to clause (ii); (B) to the payment or remittance of all Taxes exigible and not previously paid pursuant to clause (i); and (C) to all other Specified Creditors not specifically referred to in this Section 7.04(e); in each case, including for each referenced party in subclauses (A), (B) and (C), any amounts payable to their respective Affiliates under the terms of any relevant indemnity; and

(xxii) Twenty-Second, any amounts remaining: (A) to be held in the Collection Account for distribution in the above order of priority on the succeeding Payment Date (or for distribution prior thereto as permitted or required pursuant to this Indenture); or (B) after the final Issuer Funding Obligation has been paid in full and discharged, and all of the other foregoing amounts are paid in full, together with all amounts due to the Indenture Trustee under Section 9.05 or otherwise, to the Issuer or as the Issuer designates.

(f) Notwithstanding subsections 7.04(b), (c) and (e):

(i) the transfer of any amounts deposited by IESO into the Collection Account on account of the IESO Cash Reserve Deposit Amount to the IESO Cash Reserve Account, and

(ii) the transfer of any amounts deposited into the Collection Account on account of one-time transaction costs and expenses in connection with the incurrence of Issuer Funding Obligations on or within three (3) Business Days of the closing date of such transaction,

shall, in each case, be made by the Paying Agent, based upon the Payment Instruction received from the Manager on the date applicable thereto without reserving for or paying amounts which are senior in priority to such obligation under subsection 7.04(e).

7.05 Allocation of Amounts on Deposit in Interest Accumulation Account

Subject to Section 7.10, on each Interest Payment Date, amounts on deposit in the Interest Accumulation Account will be distributed by the Paying Agent in the order of priority specified below, based upon the Payment Instruction received from the Manager in respect of such Interest Payment Date:

(a) First, to Debtholders, on a *pro rata* basis, in respect of all interest due and payable on the Senior Funding Obligations on such Interest Payment Date;

(b) Second, to Debtholders, on a *pro rata* basis, in respect of all interest due and payable on Subordinated Funding Obligations on such Interest Payment Date; provided that no payment of interest on Subordinated Funding Obligations shall be made under this Section 7.05(b) unless, after making such payment the amount remaining on deposit in the Interest Accumulation Account equals or exceeds the amount of accrued and unpaid interest on the Senior Funding Obligations as of such Interest Payment Date;

(c) Third, to Debtholders, on a *pro rata* basis, in respect of all interest due and payable on Junior Subordinated Funding Obligations on such Interest Payment Date; provided that no payment of interest on Junior Subordinated Funding Obligations shall be made under this Section 7.05(c) unless, after making such payment the amount remaining on deposit in the Interest Accumulation Account equals or exceeds the amount of accrued and unpaid interest on the Senior Funding Obligations and the Subordinated Funding Obligations as of such Interest Payment Date; and

(d) Fourth, any amounts remaining: (i) to be held in the Interest Accumulation Account for distribution in the above order of priority on the succeeding Interest Payment Date; or (ii) after the final Issuer Funding Obligation has been repaid in full, including all interest thereon, to be transferred to the Collection Account and applied in accordance with subsection 7.04(e);

provided that upon the occurrence and during the continuance of any Event of Default and acceleration of the Issuer Funding Obligations in accordance with Section 8.02, any amounts in the Interest Accumulation Account shall be applied in accordance with Section 8.13.

7.06 Allocation of Amounts on Deposit in Principal Accumulation Account

(a) Subject to Section 7.10, on each Interest Payment Date (after making the applications provided for in Section 7.05), to the extent that any interest which is due and payable on the Senior Funding Obligations, the Subordinated Funding Obligations and the Junior Subordinated Funding Obligations has not been paid, an amount equal to such deficiency shall be withdrawn from the Principal Accumulation Account and applied to the payment of interest due and payable on such Issuer Funding Obligations, provided that if the amount to be applied pursuant to this clause (a) is insufficient to pay all such interest, the application of such amounts shall be made first to Senior Funding Obligations, then to Subordinated Funding Obligations, and finally to Junior Subordinated Funding Obligations, in each case, on a *pro rata* basis.

(b) Subject to Section 7.10, on each Principal Payment Date (after making the applications provided for in subsection 7.06(a)), amounts on deposit in the Principal Accumulation Account will be distributed by the Paying Agent in the order of priority specified below, based upon the Payment Instruction received from the Manager in respect of such Principal Payment Date:

(i) First, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of Warehouse Obligations payable on such Principal Payment Date;

(ii) Second, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of Senior Funding Obligations (other than Warehouse Obligations) payable on such Principal Payment Date;

(iii) Third, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of Subordinated Funding Obligations payable on such Principal Payment Date; provided that no payment of principal on Subordinated Funding Obligations shall be made under this subsection 7.06(b)(iii) unless, after making such payment, the amount remaining on deposit in the Principal Accumulation Account equals or exceeds the Required Principal Accumulation Amount (Senior) as of such Principal Payment Date; and

(iv) Fourth, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of Junior Subordinated Funding Obligations payable on such Principal Payment Date; provided that no payment of principal on Junior Subordinated Funding Obligations shall be made under this subsection 7.06(b)(iv) unless, after making such payment, the amount remaining on deposit in the Principal Accumulation Account equals or

exceeds the sum of the Required Principal Accumulation Amount (Senior) and the Required Principal Accumulation Amount (Subordinated) as of such Principal Payment Date.

(c) Any amounts remaining after making the applications referred to in subsection 7.06(a) and subsection 7.06(b) shall: (i) be held in the Principal Accumulation Account for distribution under this Section 7.06 on the succeeding Interest Payment Date or Principal Payment Date; or (ii) after the final Issuer Funding Obligation has been repaid in full, be transferred to the Collection Account and applied in accordance with subsection 7.04(e).

(d) Notwithstanding the foregoing clauses in this Section 7.06, upon the occurrence and during the continuance of any Event of Default and acceleration of the Issuer Funding Obligations in accordance with Section 8.02, any amounts in the Principal Accumulation Account shall be applied in accordance with Section 8.13.

7.07 Allocation of Amounts on Deposit in IESO Cash Reserve Account

(a) On each Payment Date beginning on the Payment Date in November, 2021, an amount equal to the lesser of (x) the amounts to be paid or transferred pursuant to clauses (i) through (v) of subsection 7.04(e), and (y) the amount, if any, by which the amount on deposit in the IESO Cash Reserve Account exceeds the IESO Cash Reserve Required Amount shall be withdrawn from the IESO Cash Reserve Account and applied to make the payments or transfers described in clauses (i) through (v) of subsection 7.04(e) in the order in which they are to be paid or transferred under Section 7.04(e).

(b) On each Payment Date to the extent that the amount available for distribution under subsection 7.04(e) and the amounts, if any, available pursuant to subsection 7.07(a) is less than the sum of the amounts to be paid or transferred pursuant to clauses (i) through (v) of subsection 7.04(e), an amount equal to such deficiency shall be withdrawn from the IESO Cash Reserve Account and applied to the making of such payments and transfers in the order in which they are to be paid or transferred under subsection 7.04(e).

(c) Upon all funds in the IESO Cash Reserve Account being paid in accordance with clauses (a) and (b), the IESO Cash Reserve Account shall be closed.

7.08 Allocation of Amounts on Deposit in Program Cash Reserve Account

(a) On each Payment Date (after making the applications provided for in Section 7.07 and 7.04(e)), to the extent that the amount on deposit in the Interest Accumulation Account is less than the sum of the Interest Accrual Amount (Senior), the Interest Accrual Amount (Subordinated) and the Interest Accrual Amount (Junior Subordinated), in each case for such Payment Date, an amount equal to such deficiency shall be withdrawn from the Program Cash Reserve Account and deposited into the Interest Accumulation Account.

(b) On each Principal Payment Date (after making the applications provided for in subsection 7.08(a)), amounts on deposit in the Program Cash Reserve Account will be distributed by the Paying Agent in the order of priority specified below, based upon the Payment Instruction received from the Manager in respect of such Principal Payment Date:

(i) First, to the extent that the amount on deposit in the Principal Accumulation Account is less than the amount of principal due and payable on the Warehouse Obligations on such Principal Payment Date, an amount equal to such deficiency shall be applied, on a *pro rata* basis, to the payment of principal due and payable on the Warehouse Obligations on such Principal Payment Date;

(ii) Second, to the extent that the amount on deposit in the Principal Accumulation Account is less than the amount of principal due and payable on the Senior Funding Obligations (other than Warehouse Obligations) on such Principal Payment Date, an amount equal to such deficiency shall be applied, on a *pro rata* basis, to the payment of principal due and payable on the Senior Funding Obligations (other than Warehouse Obligations) on such Principal Payment Date;

(iii) Third, to the extent that the amount available from the Principal Accumulation Account under subsection 7.06(b)(iii) is less than the amount of principal due and payable on the Subordinated Funding Obligations on such Principal Payment Date, an amount equal to such deficiency shall be applied, on a *pro rata* basis, to the payment of principal due and payable on the Subordinated Funding Obligations on such Principal Payment Date; and

(iv) Fourth, to the extent that the amount available from the Principal Accumulation Account under subsection 7.06(b)(iv) is less than the amount of principal due and payable on the Junior Subordinated Funding Obligations on such Principal Payment Date, an amount equal to such deficiency shall be applied, on a *pro rata* basis, to the payment of principal due and payable on the Junior Subordinated Funding Obligations on such Principal Payment Date.

(c) Any amounts remaining after making the applications referred to in subsection 7.08(a) and subsection 7.08(b) shall: (i) be held in the Program Cash Reserve Account for distribution under this Section 7.08 on the succeeding Interest Payment Date or Principal Payment Date; or (ii) after the final Issuer Funding Obligation has been repaid in full, be transferred to the Collection Account and applied in accordance with subsection 7.04(e).

(d) Notwithstanding the foregoing clauses in this Section 7.08, upon the occurrence and during the continuance of any Event of Default and acceleration of the Issuer Funding Obligations in accordance with Section 8.02, any amounts in the Program Cash Reserve Account shall be applied in accordance with Section 8.13.

7.09 Allocation of Amounts on Deposit in Refinancing Account

(a) Not less than 30 days prior to the first day of the Reference Period that includes the Principal Accumulation Date or Principal Payment Date in respect of a Series of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations, the Issuer shall, if it intends to repay all or a portion of the principal obligations of such Funding Obligation Agreement pursuant to a Refinancing, issue a Refinancing Notice to the Indenture Trustee.

(b) On completion of a Refinancing, all proceeds received by the Issuer shall be deposited to the Refinancing Account.

(c) On each Principal Payment Date, an amount shall be transferred from the Refinancing Account to the Principal Accumulation Account equal to the lesser of:

(i) the amount on deposit in the Refinancing Account; and

(ii) the Deferred Principal Accumulation Amount.

(d) After the final Issuer Funding Obligation has been repaid in full, any amounts remaining in the Refinancing Account shall be deposited to the Collection Account and applied in accordance with subsection 7.04(e).

(e) Notwithstanding the foregoing clauses in this Section 7.09, upon the occurrence and during the continuance of any Event of Default and the acceleration of the Issuer Funding Obligations in accordance with Section 8.02, any amounts in the Refinancing Account shall be applied in accordance with Section 8.13.

7.10 Allocation of Amounts on Deposit in Protection Account

(a) All amounts received by the Issuer from the Province pursuant to the Change of Law Protection Agreement shall be deposited in the Protection Account.

(b) On each Guarantee Payment Date in respect of which the Province makes a payment pursuant to the Change of Law Protection Agreement, the Paying Agent will, prior to making any payments under any other Payment Waterfall, distribute all amounts in the Protection Account solely to satisfy payments in respect of Approved Obligations as set out in the written statement delivered by the Manager to the Province under Section 2.01(a)i. of the Change of Law Protection Agreement in the order of priority the applicable Obligation Secured has under the applicable Payment Waterfall and based upon the Payment Instruction received from the Manager in respect of such Guarantee Payment Date.

(c) Upon the Province paying any amount in respect of an Approved Obligation as contemplated in subsection 7.10(b), the Province shall be subrogated and entitled to each applicable Specified Creditor's rights and interests under and in respect of the Approved Obligation to the extent of payments made to the Specified Creditor out of the Protection Account and shall be entitled to (i) the right and entitlement

to be paid and receive the related Subrogation Amounts and (ii) the benefits of the related Collateral and all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Specified Creditor, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Issuer of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Specified Creditor to the Issuer and unaffected by any other rights or equities that arise thereafter as between the Specified Creditor and the Issuer. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the relevant Specified Creditor in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under this Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under this Indenture and any other agreement under which the Approved Obligation arises. For greater certainty, the entitlements of the Province in respect of Subrogation Amounts arising in respect of Approved Obligations that are interest and principal obligations on Notes shall be treated for all purposes of this Indenture as interest and principal obligations, respectively, arising under Notes having the same priority as and any applicable voting rights under the related Approved Obligations, and accordingly the Province (and any successor, assignee or transferee of such entitlements) shall be entitled to all of the rights, entitlements, interests and privileges of a holder of such Notes in accordance with this Indenture and the Related Funding Obligation Agreement.

(d) On each Guarantee Payment Date, Payment Date or other day on which any amount is required to be paid in respect of any Obligation Secured, commencing with the first Guarantee Payment Date, the following shall apply:

(i) if such day is a Guarantee Payment Date, then for each Approved Obligation for which amounts are paid from the Protection Account to a Specified Creditor pursuant to subsection 7.10(b), the amount payable to such Specified Creditor under such Approved Obligation shall be reduced by the amount of such payment, and an equivalent amount (the "**Subrogation Amount**") shall be payable by the Issuer to the Province in respect of such Approved Obligation, such Subrogation Amount to be payable in the same order of priority under the applicable Payment Waterfall as the Obligation Secured previously owing to such Specified Creditor.

(ii) if the Province has made all deposits required to be made by it on each Guarantee Payment Date occurring on or before such day in accordance with subsection 7.10(b) (or the related Approved Obligation Amounts have otherwise all been paid in full), then in respect of each Approved Obligation for which any related Subrogation Amounts have not yet been paid in full to the Province, the Issuer shall pay to the Province from amounts available under the applicable Payment Waterfall in accordance with the priority of

payment provisions in such Payment Waterfall the amount that would be payable on such date in satisfaction of the relevant Approved Obligation, as determined without regard to any amounts paid on any Guarantee Payment Date pursuant to subsection 7.10(b) and also without regard to the corresponding reduction of the amounts owing to present and former Specified Creditors pursuant to subsection 7.10(d)(i) up to the amount of the unpaid related Subrogation Amounts.

(e) No Specified Creditor having a right to be paid an amount in respect of an Approved Obligation, and no other Person entitled under an Obligation Secured, in each case that ranks equal with or subordinate to the Approved Obligation in respect of which a Subrogation Amount is payable to the Province under subsection 7.10(d), shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under subsection 7.10(d) (including any right of set-off, offset, reimbursement, contribution or indemnity) and no such Specified Creditor or other Person shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of any such Subrogation Amount.

(f) Any amount payable to the Province in respect of a Subrogation Amount shall bear interest from and including the date of payment by the Province of the related amount pursuant to subsection 7.10(b) to but excluding the date of payment of the Subrogation Amount to the Province, such interest to accrue at the rate equivalent to the applicable interest rate borne by the related Approved Obligation, and such interest amounts shall be added to their respective Subrogation Amounts and shall consequently be payable in the same priority as the relevant Subrogation Amount under subsection 7.10(d), all such accruing interest amounts to be calculated and added to the Subrogation Amounts by the Manager in its discretion acting in a commercially reasonable fashion.

(g) On each Guarantee Payment Date and upon demand by the Province, the Indenture Trustee shall release and the Paying Agent shall, upon receipt of a Payment Instruction, pay to the Province free and clear of any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay Specified Creditors on the Guarantee Payment Date in accordance with subsection 7.10(b) or that otherwise remains on deposit in the Protection Account on the relevant date.

7.11 Allocation of Amounts on Deposit in Series Accounts

If, after giving effect to payments made on any Payment Date, the amount in the Collection Account is insufficient to satisfy all amounts required to be paid to Specified Creditors on such date, amounts on deposit in any Series Account may be withdrawn from such Series Account and allocated to Specified Creditors in accordance with the terms of the Related Funding Obligation Agreement.

7.12 Payments to be Held in Trust

If, notwithstanding the Payment Waterfalls, any payment on Obligations Secured shall be received at any time by any Specified Creditor, other than in accordance with this Indenture, then the funds received in respect of such payment shall be held by such Specified Creditor in trust for the Issuer and the other Specified Creditors and such Specified Creditor shall forthwith remit to the Indenture Trustee such funds.

7.13 Application of Trust Money

All money and obligations deposited with the Indenture Trustee pursuant to this Article VII and all money received by the Indenture Trustee in respect of such obligations will be held in trust and applied by it, in accordance with the provisions of the Program Agreements in respect of which it was deposited and this Indenture, to the payment, either directly or through any Paying Agent (including the Issuer acting as its own Paying Agent) as the Indenture Trustee, at the direction of the Manager, may determine, to the Persons entitled thereto, of the principal, interest, fees and other amounts for whose payment that money and obligations have been deposited with or received by the Indenture Trustee. Money held by the Indenture Trustee in trust hereunder need not be segregated from other funds except to the extent required by this Indenture or by applicable law. The Indenture Trustee will be under no liability for interest on any money received by it hereunder except as otherwise agreed with the Issuer.

ARTICLE VIII
EVENTS OF DEFAULT AND REMEDIES

8.01 Events of Default

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

(a) a default by the Issuer in the payment of any interest on any Controlling Class Obligations when such interest becomes due and payable, and continuance of such default for a period of five (5) days following the date on which such interest became due and payable;

(b) a default by the Issuer in the payment of any principal of any Controlling Class Obligations at its Principal Payment Default Date;

(c) any representation or warranty contained in Section 12.01 proves to be incorrect in any material respect when made and such incorrect representation or warranty if capable of being remedied by the Issuer, has not been remedied for a period of 60 days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by Controlling Class Creditors holding at least 25% of the Outstanding Dollar Principal Amount of all Controlling Class Obligations, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice

is a "Notice of Default" hereunder and, as a result of such default, the interests of such Controlling Class Creditors are materially and adversely affected and continue to be materially and adversely affected during the 60-day period;

(d) a default in the performance, or breach, of any covenant of the Issuer in this Indenture in respect of any Controlling Class Obligations (other than an agreement, covenant or warranty a default in the performance of which or the breach of which is elsewhere specifically dealt with in this Section 8.01), all of such covenants in this Indenture which are not expressly stated to be for the benefit of a particular Series of Issuer Funding Obligations being deemed to be in respect of all Series of Issuer Funding Obligations for this purpose, and continuance of such default or breach for a period of 60 days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by Controlling Class Creditors holding at least 25% of the Outstanding Dollar Principal Amount of all Controlling Class Obligations, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default" hereunder and, as a result of such default, the interests of such Controlling Class Creditors are materially and adversely affected and continue to be materially and adversely affected during the 60-day period;

(e) the Issuer fails to maintain its existence or its status as a Financing Entity or an Insolvency Event occurs in respect of the Issuer;

(f) the Change of Law Protection Agreement ceases to be in full force and effect against the Province, or the validity of the Change of Law Protection Agreement or the applicability thereof to the Province or to any Controlling Class Obligations or any other obligations purported to be secured thereby or any material part thereof shall be disaffirmed in writing by or on behalf of the Province;

(g) an Acceleration Event has occurred; provided that Controlling Class Creditors holding at least 25% of the Outstanding Dollar Principal Amount of all Controlling Class Obligations have given, by registered or certified mail, notice to the Issuer and the Indenture Trustee specifying such default and stating that such notice is a "Notice of Default" hereunder;

(h) a default in the performance or breach by the Issuer of its covenant in Section 13.11 and the continuance of such default or breach for a period of three (3) Business Days after notice thereof has been given to the Issuer by the Indenture Trustee;

(i) at any time, the amounts, if any, withdrawn from the Program Cash Reserve Account pursuant to Section 7.08(a) prior to such time, <u>exceeds</u> the aggregate of (x) an amount equal to 0.50% of the largest Outstanding Dollar Principal Amount of all Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations at any time on or before such time, plus (y) the sum of all amounts deposited to the Program Cash Reserve Account pursuant to Section 7.04(e)(xiii) prior to such time; or

(j) a Servicer Default shall occur.

If Controlling Class Obligations constituting 25% or more of the Outstanding Dollar Principal Amount of all Controlling Class Obligations have been accelerated in accordance with the Related Funding Obligation Agreements, the threshold required to declare an Event of Default described in clause (c), (d) or (g) shall be deemed to have been met and no vote of Controlling Class Creditors to declare an Event of Default shall be required. For greater certainty, failure to pay amounts owing pursuant to a Derivative Agreement shall not constitute grounds for an Event of Default.

8.02 <u>Acceleration of Maturity; Rescission and Annulment</u>

(a) If an Event of Default (other than an Event of Default described in clause (e) or (f) of Section 8.01) occurs and is continuing, then and in each and every such case, unless the principal of all the Controlling Class Obligations shall have already become due and payable, either the Indenture Trustee or Controlling Class Creditors holding not less than 50% of the Outstanding Dollar Principal Amount of all Controlling Class Obligations (treated as one class), by notice in writing to the Issuer (and to the Indenture Trustee if given by such Controlling Class Creditors), may declare the Outstanding Dollar Principal Amount of all Issuer Funding Obligations (other than Derivative Funding Obligations) and all interest accrued or principal accreted and unpaid (if any) thereon to be due and payable immediately, and upon any such declaration the same will become and will be immediately due and payable, notwithstanding anything in this Indenture or any Funding Obligation Agreement to the contrary. In any vote to determine whether the requisite number of Controlling Class Creditors have agreed to accelerate the Issuer Funding Obligations pursuant to this subsection 8.02(a), Controlling Class Creditors whose Controlling Class Obligations have been accelerated in accordance with the Related Funding Obligation Agreements shall be deemed to have voted in favour of acceleration to the extent of the Outstanding Dollar Principal Amount of those Controlling Class Obligations which have been accelerated. If Controlling Class Obligations constituting 50% or more of the Outstanding Dollar Principal Amount of all Controlling Class Obligations have been accelerated in accordance with the Related Funding Obligation Agreements, no vote of Controlling Class Creditors to accelerate the Issuer Funding Obligations shall be required and all remaining Issuer Funding Obligations (other than Derivative Funding Obligations) will become and will be immediately due and payable, notwithstanding anything in this Indenture or any Funding Obligation Agreement to the contrary.

(b) If an Event of Default described in clause (e) or (f) of Section 8.01 occurs and is continuing, then all Issuer Funding Obligations (other than Derivative Funding Obligations) will automatically be and become immediately due and payable by the Issuer, without notice or demand to any Person, and the Issuer will automatically and immediately be obligated to pay off the Issuer Funding Obligations.

(c) At any time after such a declaration of acceleration has been made or an automatic acceleration has occurred with respect to the Issuer Funding Obligations (other than Derivative Funding Obligations) and before a judgment or decree for payment of

the money due has been obtained by the Indenture Trustee as hereinafter provided in this Article VIII, Controlling Class Creditors may, by Extraordinary Resolution, rescind and annul such declaration and its consequences if:

(i) the Issuer has paid or deposited with the Indenture Trustee a sum sufficient to pay (A) all overdue installments of interest on the Controlling Class Obligations, (B) the principal of any Controlling Class Obligations which have become due otherwise than by such declaration of acceleration, and interest thereon at the rate or rates prescribed therefor by the terms of the Related Funding Obligation Agreements, to the extent that payment of such interest is lawful, (C) interest upon overdue installments of interest at the rate or rates prescribed therefor by the terms of the Related Funding Obligation Agreements, to the extent that payment of such interest is lawful, and (D) all sums paid by the Indenture Trustee hereunder and the reasonable compensation, expenses and disbursements of the Indenture Trustee, its agents and counsel and all other amounts due to the Indenture Trustee under Section 9.05; and

(ii) all Events of Default, other than the nonpayment of the principal of the Controlling Class Obligations which has become due solely by such acceleration, have been cured or waived as provided in Section 8.03.

(d) If, at any time, any Event of Default capable of being remedied has been remedied by the Issuer to the satisfaction of the Indenture Trustee: (i) the Security Interest will no longer be or be deemed to be enforceable by reason of such Event of Default; (ii) any rights which had become vested in the Indenture Trustee by virtue thereof will be and be deemed to be cancelled as fully and to the same extent as though no such Event of Default had occurred; and (iii) the Indenture Trustee will, or will instruct any receiver appointed pursuant to this Indenture to restore to the Issuer any Collateral in the possession of the Indenture Trustee or receiver, as the case may be.

(e) No such rescission will affect any subsequent Default or impair any right consequent thereon, nor will any such rescission apply to any event of default applicable solely to any Series or Tranche of Issuer Funding Obligations and contained in any Related Funding Obligation Agreement.

8.03 <u>Waiver of Past Defaults</u>

Subject to Section 8.02(c), Controlling Class Creditors may, by Ordinary Resolution, waive any past Default hereunder and its consequences, provided that the Rating Agency Condition in respect of each Series or Tranche of the Controlling Class Obligations has been satisfied. Upon any such waiver, such Default will cease to exist, and any Event of Default arising therefrom will be deemed to have been cured, for every purpose of this Indenture; but no such waiver will extend to any subsequent or other Default or impair any right consequent thereon.

8.04 Notice of Defaults

(a) Within 90 days after the occurrence of any Default, Event of Default or Acceleration Event of which the Indenture Trustee has received written notice:

(i) the Indenture Trustee will transmit by mail to all Registered Noteholders, as their names and addresses appear in the Note Register, notice of such Default, Event of Default or Acceleration Event;

(ii) the Indenture Trustee will notify all holders of Bearer Notes by publication of notice of such Default, Event of Default or Acceleration Event in an Authorized Newspaper, or as otherwise provided in the Related Supplemental Indenture;

(iii) the Indenture Trustee will give prompt written notification of such Default, Event of Default or Acceleration Event to those Lenders and other Specified Creditors that are included on the Specified Creditor list provided by the Issuer pursuant to subsection 13.13(b); and

(iv) the Indenture Trustee will give prompt written notification of such Default, Event of Default or Acceleration Event to the Rating Agencies;

provided, however, that (A) the Indenture Trustee shall not be liable for failing to distribute any written notice pursuant to this Section 8.04 to any party that is at the time of delivery a Specified Creditor but is not on the list of Specified Creditors held by the Indenture Trustee pursuant to subsection 9.14(a), and (B) except in the case of a default in the payment of the principal of or interest on any Issuer Funding Obligation, the Indenture Trustee will be protected in withholding such notice if and so long as a Responsible Officer of the Indenture Trustee in good faith determines that the withholding of such notice is in the interests of Debtholders.

(b) When notice of the occurrence of a Default, Event of Default or Acceleration Event has been given and the Default, Event of Default or Acceleration Event is thereafter cured, notice that the Default, Event of Default or Acceleration Event is no longer continuing shall be given by the Indenture Trustee to Persons to whom notice was sent pursuant to subsection 8.04(a) within a reasonable time, but not exceeding 30 days in any event, after the Indenture Trustee receives notice from the applicable Debtholders that the Default, Event of Default or Acceleration Event has been cured.

8.05 Remedies Generally

Subject to subsections 8.02(c) and (d) and Section 8.03, if the Controlling Class Obligations become due and payable pursuant to Section 8.02 and the Issuer has failed to pay such Controlling Class Obligations, the Indenture Trustee (subject, however, to compliance with the provisions of Section 9.02(d) with respect to the giving of indemnity and funds) may proceed to realize upon the Security Interest and to enforce the rights of the Indenture Trustee and of the Specified Creditors to whom Obligations Secured are owed by (i) application to any court of

competent jurisdiction for an order of sequestration and payment of amounts in respect of clean energy adjustments, collections or remittances in accordance with the Act, (ii) possession of the Collateral, (iii) appointment of a receiver with respect to the Collateral, (iv) proceedings in any court of competent jurisdiction for the appointment of a receiver or for sale of the Collateral or any part thereof, or for foreclosure, (v) subject to Section 10.02, exercise any of the rights of the Issuer under any of the Program Agreements, including the right to replace the Manager or the Servicer in accordance with Section 8.10, or (vi) any other action, suit, remedy or proceeding authorized or permitted by this Indenture or by applicable law or by equity.

8.06 <u>Default Interest and Expenses</u>

The Issuer covenants that if:

(a) the Issuer defaults in the payment of interest on any Series of Controlling Class Obligations when such interest becomes due and payable and such default continues for a period of five (5) days following the Interest Payment Date on which such interest became due and payable, or

(b) the Issuer defaults in the payment of the principal amount of any Series of Controlling Class Obligations on the Principal Payment Default Date thereof;

the Issuer will, upon demand of the Indenture Trustee, pay (subject to the allocation provided in Article VII and this Article VIII and any Related Funding Obligation Agreement) to the Indenture Trustee, for the benefit of the Debtholders of any such Issuer Funding Obligations, the whole amount then due and payable on any such Issuer Funding Obligations for principal and interest, with interest, to the extent that payment of such interest will be legally enforceable, upon the overdue principal and upon overdue installments of interest, (i) in the case of interest-bearing Issuer Funding Obligations, at the rate of interest applicable to the principal amount thereof, unless otherwise specified in the Related Funding Obligation Agreement; and (ii) in the case of Discount Notes, as specified in the Related Supplemental Indenture, and in addition thereto, will pay such further amount as will be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Indenture Trustee, its agents and counsel and all other amounts due to the Indenture Trustee under Section 9.05.

If the Issuer fails to pay such amounts forthwith upon such demand, the Indenture Trustee may, if the Issuer Funding Obligations have been accelerated in accordance with Section 8.02, take immediate steps to enforce the Security Interest, including instituting, in its own name and as trustee of an express trust, a judicial proceeding seeking the appointment of a receiver or a judicial proceeding for the collection of the sums so due and unpaid, and may directly prosecute such proceeding to judgment or final decree, and the Indenture Trustee may enforce the same against the Issuer and collect the money adjudged or decreed to be payable in the manner provided by applicable law out of the Collateral, wherever situated.

8.07 <u>Indenture Trustee May File Proofs of Claim</u>

In case of the pendency of any receivership, insolvency, liquidation, bankruptcy or other similar proceeding relative to the Issuer or the property of the Issuer, the Indenture Trustee (irrespective of whether the principal of the Issuer Funding Obligations will then be due and

payable as therein expressed or by declaration or otherwise) will be entitled and empowered by intervention in such proceeding or otherwise:

(a) to file and prove a claim for the whole amount of principal, interest, fees and other amounts owing and unpaid in respect of the Issuer Funding Obligations and to file such other papers or documents as may be necessary and advisable in order to have the claims of the Indenture Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Indenture Trustee, its agents and counsel and all other amounts due to the Indenture Trustee under Section 9.05) and of the Debtholders allowed in such judicial proceeding, and

(b) to collect and receive any funds or other property payable or deliverable on any such claims and to distribute the same;

and any receiver, assignee, trustee, liquidator or other similar official in any such proceeding is hereby authorized by each Specified Creditor to make such payment to the Indenture Trustee, and in the event that the Indenture Trustee will consent to the making of such payments directly to the Specified Creditors, to pay to the Indenture Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Indenture Trustee, its agents and counsel, and any other amounts due to the Indenture Trustee under Section 9.05.

8.08 Indenture Trustee May Enforce Claims Without Possession of Notes

All rights of action and claims under this Indenture or the Notes of any Class, Series or Tranche may be prosecuted and enforced by the Indenture Trustee without the possession of any of the Notes of such Class, Series or Tranche or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Indenture Trustee will be brought in its own name as trustee of an express trust.

8.09 Indenture Trustee May Elect to Hold the Collateral

Following an acceleration of Issuer Funding Obligations in accordance with Section 8.02, the Indenture Trustee may elect to continue to hold the Collateral and apply distributions on the Collateral in accordance with the distribution provisions of Section 8.13.

8.10 Termination by Indenture Trustee of Manager and Servicer

Upon the occurrence and during the continuance of an Event of Default, the Indenture Trustee shall have the right to (and, upon receipt of an Extraordinary Resolution to that effect, shall) terminate the appointment of the then existing Manager under the Management Agreement and/or the Servicer under the Master Transfer and Servicing Agreement, and appoint new Persons under such agreements in accordance with such direction, provided that the Issuer shall have the right to reinstate any appointee under such agreements at such time as the Event of Default is no longer continuing.

8.11 Control by Controlling Class Creditors

(a) Subject to Section 10.02(b), Controlling Class Creditors will, by Ordinary Resolution, have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Indenture Trustee, or exercising any trust or power conferred on the Indenture Trustee with respect to all Issuer Funding Obligations, provided that:

(i) the Indenture Trustee will have the right to decline to follow any such direction if the Indenture Trustee, being advised by counsel, determines that the action so directed may not lawfully be taken or would conflict with this Indenture, or if the Indenture Trustee in good faith determines that the proceedings so directed would involve it in personal liability or be unjustly prejudicial to the Controlling Class Creditors not taking part in such direction; and

(ii) the Indenture Trustee may take any other action permitted hereunder deemed proper by the Indenture Trustee which is not inconsistent with such direction.

(b) For greater certainty, Specified Creditors other than Debtholders shall not and do not have any right to direct the time, method and place of conducting any proceeding for any remedy available to the Indenture Trustee, or exercising any trust or power conferred on the Indenture Trustee. Specified Creditors other than Debtholders shall only have the right to receive proceeds following an Event of Default in the manner provided for in Section 8.13.

8.12 Limitation on Suits

To the fullest extent permitted by applicable law, no Specified Creditor will have any right to institute any proceeding, judicial or otherwise, with respect to this Indenture, or for the appointment of a receiver or trustee or similar official, or for any other remedy hereunder, unless:

(a) the Issuer or a Controlling Class Creditor has previously given written notice to the Indenture Trustee of a continuing Event of Default;

(b) Controlling Class Creditors, by way of Ordinary Resolution, have made written request to the Indenture Trustee to institute proceedings in respect of such Event of Default in the name of the Indenture Trustee hereunder;

(c) such Controlling Class Creditors have offered to the Indenture Trustee (when so requested by the Indenture Trustee) indemnity reasonably satisfactory to it against the costs, expenses and liabilities to be incurred in compliance with such request; and

(d) the Indenture Trustee, for 60 days after the Indenture Trustee has received such notice, request and offer of indemnity has failed to institute any such proceeding;

it being understood and intended that no one or more Specified Creditors will have any right in any manner whatsoever by virtue of, or by availing of, any provision of this Indenture to affect, disturb or prejudice the rights of any other Specified Creditor, or to obtain or to seek to obtain priority or preference over any other Specified Creditor or to enforce any right under this Indenture, except in the manner herein provided and for the benefit of all Specified Creditors. If the above conditions have been met, a Controlling Class Creditor may exercise such rights in accordance with this Indenture.

8.13 Application of Money Following an Event of Default

Subject to the following paragraph and to Section 7.10, upon the occurrence and during the continuance of an Event of Default which has been accelerated in accordance with Section 8.02, any money or other property standing in each Issuer Account or otherwise received by the Indenture Trustee pursuant to this Article VIII will be applied in the order of priority specified in this Section 8.13, *pro rata* in proportion to the claims represented by each subclause, except as otherwise specifically provided below:

(a) First, to the payment or remittance of all Taxes exigible for which a Governmental Authority is given priority over the Specified Creditors under the laws of the applicable jurisdiction;

(b) Second, to the Indenture Trustee and the Issuer Trustee in respect of the amount of fees, expenses and reimbursements owing;

(c) Third, *pari passu*, (A) to Debtholders, on a *pro rata* basis, in respect of all interest accrued and unpaid, if any, and fees and other amounts (other than principal) due and payable on the Senior Funding Obligations, and (B) to Derivative Counterparties, on a *pro rata* basis, all Derivative Funding Obligations payable other than Termination Payments;

(d) Fourth, to Debtholders, on a *pro rata* basis, in respect of all interest accrued and unpaid, if any, and fees and other amounts (other than principal) due and payable on the Subordinated Funding Obligations;

(e) Fifth, to Debtholders, on a *pro rata* basis, in respect of all interest accrued and unpaid, if any, and fees and other amounts (other than principal) due and payable on the Junior Subordinated Funding Obligations;

(f) Sixth, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of the Warehouse Obligations until such amount has been paid in full;

(g) Seventh, *pari passu*, (A) to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of the Senior Funding Obligations (other than Warehouse Obligations) until such amount has been paid in full, and (B) to Derivative Counterparties, on a *pro rata* basis, any Termination Payment where the Derivative Counterparty is not the Defaulting Party or the sole Affected Party;

(h) Eighth, to the Manager in respect of all fees, expenses and reimbursement amounts owing;

(i) Ninth, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of the Subordinated Funding Obligations until such amount has been paid in full;

(j) Tenth, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of the Junior Subordinated Funding Obligations until such amount has been paid in full;

(k) Eleventh, to each Derivative Counterparty, on a *pro rata* basis, any Termination Payment where the Derivative Counterparty is the Defaulting Party or the sole Affected Party;

(l) Twelfth, to the Manager in respect of all indemnity amounts owing;

(m) Thirteenth, *pari passu* (i) to the payment or remittance of all Taxes exigible and not previously paid pursuant to clause (a); and (ii) to all other Specified Creditors not specifically referred to in this Section 8.13; in each case, including for each referenced party in subclauses (i) and (ii), any amounts payable to their respective Affiliates under the terms of any relevant indemnity; and

(n) Fourteenth, to the Issuer or as the Issuer otherwise directs.

Notwithstanding the foregoing, amounts on deposit in a Series Account established solely for the benefit of one or more Series of Issuer Funding Obligations shall first be used to satisfy all obligations owing to those Debtholders or Derivative Counterparties for whom such Series Account was established. If any amounts remain following such application, such amounts shall constitute Available Collections and shall be applied in accordance with the priorities set out above. In addition, amounts on deposit in the Protection Account shall only be used to satisfy the obligations for which such amounts were deposited.

8.14 Limited Recourse

(a) Notwithstanding any other provision of this Indenture to the contrary, the obligation to pay principal of or interest on any Issuer Funding Obligation or any other amount payable to any Specified Creditor will be without recourse to the Indenture Trustee, the Issuer Trustee, the Manager or any Affiliate, officer, employee, member or director of any of them, and the satisfaction of the obligation of the Issuer to pay principal of or interest on any Issuer Funding Obligation or any other amount payable to any Specified Creditor will be subject to the allocation and payment provisions of this Indenture and any Related Funding Obligation Agreement, and limited to amounts available from the Collateral.

(b) No recourse may be taken, directly or indirectly, with respect to the obligations of the Issuer under the Issuer Funding Obligations or under this Indenture, or any certificate or other writing delivered in connection herewith or therewith, against

(i) the Issuer Trustee in its individual capacity, (ii) any owner of a unit in the Issuer or (iii) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Issuer Trustee in its individual capacity, any holder of a unit in the Issuer or the Issuer Trustee or of any successor or assign of the Issuer Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Issuer Trustee has no such obligations in its individual capacity).

(c) Under no circumstances shall the Manager or any of its Affiliates be deemed an obligor or guarantor or otherwise deemed to be responsible for payment from its own funds of principal, interest, dividends or other amounts due on the Collateral, the Issuer Funding Obligations or any other Obligations Secured.

8.15 Restoration of Rights and Remedies

If the Indenture Trustee or any Controlling Class Creditor (to the extent and in the manner provided for in Section 8.12) has instituted any proceeding to enforce any right or remedy under this Indenture and such proceeding has been discontinued or abandoned for any reason, then and in every such case the Issuer, the Indenture Trustee and the Specified Creditors will, subject to any determination in such proceeding, be restored severally and respectively to their former positions hereunder, and thereafter all rights and remedies of the Indenture Trustee and the Specified Creditors will continue as though no such proceeding had been instituted.

8.16 Rights and Remedies Cumulative

No right or remedy herein conferred upon or reserved to the Indenture Trustee or to the Specified Creditors is intended to be exclusive of any other right or remedy, and every right and remedy will, to the extent permitted by applicable law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, will not prevent the concurrent assertion or employment of any other appropriate right or remedy.

8.17 Delay or Omission Not Waiver

No delay or omission of the Indenture Trustee or of any Controlling Class Creditor to exercise any right or remedy accruing upon any Event of Default will impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article VIII or by applicable law to the Indenture Trustee or to the Controlling Class Creditors may be exercised from time to time, and as often as may be deemed expedient, by the Indenture Trustee or by the Controlling Class Creditors, as the case may be.

8.18 Waiver of Stay or Extension Laws

The Issuer covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law wherever enacted, now or at any time hereafter in force, which may affect the covenants or the performance of this Indenture; and the Issuer (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Indenture Trustee,

but will suffer and permit the execution of every such power as though no such law had been enacted.

8.19 Indenture Trustee Appointed Attorney

The Issuer irrevocably constitutes and appoints the Indenture Trustee and any officer or employee thereof, with full power of substitution, as its true and lawful attorney coupled with an interest with full power and authority in the name of the Issuer or in its own name, in its discretion, upon the occurrence and during the continuance of any Event of Default and acceleration in accordance with Section 8.02, for the purpose of carrying out the terms of this Indenture to take all appropriate action and to execute any and all documents and instruments which may be necessary or desirable to accomplish the purposes hereof, and without limiting the generality of the foregoing, hereby gives the Indenture Trustee the power and right on behalf of the Issuer, without notice to or assent by the Issuer, to the extent permitted by applicable law, to do the following:

(a) to ask for, demand, sue for, collect and receive all and any monies due or becoming due with respect to the Collateral;

(b) to receive, take, endorse, assign and deliver any and all cheques, notes, drafts, acceptances, documents and other negotiable and non-negotiable instruments, documents and chattel paper taken or received by the Indenture Trustee in connection therewith and herewith; and

(c) to commence, file, prosecute, defend, settle, compromise or adjust any claim, suit, action or proceeding with respect to the Collateral.

8.20 Disclaimer of Marshalling

In the event that the Security Interest shall become enforceable and the Indenture Trustee shall have determined or become bound to enforce the same, the Issuer covenants not to invoke the doctrine of marshalling or any other equitable principle for the purpose of requiring the Indenture Trustee to realize or to have realized on any particular asset forming part of the Collateral.

ARTICLE IX
THE INDENTURE TRUSTEE

9.01 Certain Duties and Responsibilities

(a) The Indenture Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture with respect to the Obligations Secured, and no implied covenants or obligations will be read into this Indenture against the Indenture Trustee.

(b) In the exercise of the rights and duties prescribed or conferred by the terms of this Indenture, the Indenture Trustee will act honestly and in good faith with a view to the best interests of the Debtholders as a whole and exercise that degree of care,

diligence and skill that a reasonably prudent trustee would exercise in comparable circumstances. When all Issuer Funding Obligations have been satisfied and discharged in accordance with Section 2.08(b), the Indenture Trustee shall no longer act as Indenture Trustee under this Indenture and shall have no fiduciary responsibilities to any remaining Specified Creditors. From and after such time, the Indenture Trustee shall act only as the security agent for those Specified Creditors.

(c) In the absence of bad faith on its part, the Indenture Trustee may, with respect to any Obligations Secured, conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Indenture Trustee and conforming to the requirements of this Indenture; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Indenture Trustee, the Indenture Trustee will be under a duty to examine the same to determine whether or not they substantially conform to the requirements of this Indenture (but need not confirm or investigate the accuracy of any mathematical calculations or other facts stated therein).

(d) No provision of this Indenture will be construed to relieve the Indenture Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(i) this clause (d) will not be construed to limit the effect of subsection 9.01(a);

(ii) the Indenture Trustee will not be liable for any error of judgment made in good faith, unless it will be proved that the Indenture Trustee was negligent in ascertaining the pertinent facts;

(iii) the Indenture Trustee will not be liable with respect to any action taken or omitted to be taken by it in good faith if so directed by Extraordinary Resolution, relating to the time, method and place of conducting any proceeding for any remedy available to the Indenture Trustee, or exercising any trust or power conferred upon the Indenture Trustee, under this Indenture with respect to the Obligations Secured; and

(iv) no provision of this Indenture will require the Indenture Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers.

(e) Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Indenture Trustee will be subject to the provisions of this Section 9.01.

9.02 Certain Rights of Indenture Trustee

Except as otherwise provided in Section 9.01:

(a) the Indenture Trustee may conclusively rely and will be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture or other paper or document (whether in its original, facsimile or other electronic form) believed by it to be genuine and to have been signed or presented by the proper party or parties;

(b) whenever in the administration of this Indenture the Indenture Trustee will deem it desirable that a matter be proved or established before taking, suffering or omitting any action hereunder, the Indenture Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon an Officer's Certificate;

(c) the Indenture Trustee may consult with counsel of its own selection and the advice of such counsel or any Opinion of Counsel will be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon;

(d) the Indenture Trustee will be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Controlling Class Creditors pursuant to this Indenture, unless such Controlling Class Creditors shall have offered to the Indenture Trustee security or indemnity reasonably satisfactory to it against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction;

(e) the Indenture Trustee will not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture or other paper or document, but the Indenture Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Indenture Trustee will determine to make such further inquiry or investigation, it will be entitled to examine the books, records and premises of the Issuer, personally or by agent or attorney;

(f) the Indenture Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Indenture Trustee will not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder;

(g) the Indenture Trustee will not be responsible for filing any financing statements or continuation statements in connection with the Obligations Secured or the Security Interest, but will cooperate with the Issuer in connection with the filing of such financing statements or amendments to such financing statements;

(h) the Indenture Trustee shall not be deemed to have notice of any default (including any Servicer Default, Default or Event of Default) unless written notice of any event which is in fact such a default is received by the Indenture Trustee at the Corporate Trust Office of the Indenture Trustee, and such notice references the Issuer Funding Obligations and this Indenture;

(i) the rights, privileges, protections, immunities and benefits given to the Indenture Trustee, including, without limitation, its right to be indemnified, are extended to, and shall be enforceable by, the Indenture Trustee in each of its capacities hereunder, and each agent, custodian and other Person employed to act hereunder;

(j) the Indenture Trustee shall not be liable for any action taken, suffered or omitted to be taken by it in good faith and reasonably believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture;

(k) the Indenture Trustee shall be entitled to and may rely absolutely upon each Payment Instruction and the Indenture Trustee will have no obligation (i) to perform any calculations under any of the Program Agreements, (ii) to reconcile any Issuer Account against the other(s) or the Program Agreements, or (iii) to monitor any change in the legislation governing any of the Program Agreements;

(l) the Indenture Trustee will be entitled to rely and act upon any direction, order, instruction, notice or communication provided to it under this Indenture which is sent to it by Electronic Methods. The Indenture Trustee shall have no liability for any losses, liabilities, costs or expenses incurred by it as a result of such reliance upon or compliance with such instructions or directions. The Issuer agrees: (i) to assume all risks arising out of the use of such Electronic Methods to submit instructions and directions to the Indenture Trustee, including without limitation the risk of the Indenture Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting instructions to the Indenture Trustee and that there may be more secure methods of transmitting instructions than the method(s) selected by the Issuer; and (iii) that the security procedures (if any) to be followed in connection with its transmission of instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and

(m) the Indenture Trustee will not be liable for any consequential, punitive or special damages.

9.03 <u>Not Responsible for Recitals or Issuer Funding Obligations</u>

The recitals contained herein and in the Funding Obligation Agreements, except the Certificates of Authentication, will be taken as the statements of the Issuer, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Indenture or of the Funding Obligation

Agreements. The Indenture Trustee will not be accountable for the use or application by the Issuer of Notes, Borrowings or the proceeds thereof.

9.04 May Hold Notes

The Indenture Trustee, the Issuer Trustee, any Paying Agent, the Note Registrar, the Manager or any other agent of the Issuer, in its individual or any other capacity, may become the owner or pledgee of Notes and, subject to subsection 9.07(e) and applicable legislation, may otherwise deal with the Issuer with the same rights it would have if it were not Indenture Trustee, Issuer Trustee, Paying Agent, Note Registrar, Manager or such other agent.

9.05 Compensation and Reimbursement; Limit on Compensation Reimbursement and Indemnity

(a) The Issuer agrees:

(i) to pay to the Indenture Trustee from time to time reasonable compensation for all services rendered by it hereunder (which compensation will not be limited by any provision of law in regard to the compensation of a trustee of an express trust);

(ii) except as otherwise expressly provided herein, to reimburse the Indenture Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Indenture Trustee in accordance with any provision of this Indenture (including the reasonable compensation and the reasonable expenses and disbursements of its agents and counsel), except any such expense, disbursement or advance as may be attributable to its own negligence or bad faith; and

(iii) to indemnify the Indenture Trustee for, and to hold it harmless against, any and all loss, liability, expense, claim, damage or injury incurred without negligence or bad faith on its part, arising out of or in connection with the acceptance or administration of the trusts hereunder, including the costs and expenses of defending itself against any claim or liability (whether asserted by the Issuer, any Specified Creditor or any other Person) in connection with the exercise or performance of any of its powers or duties hereunder.

The Indenture Trustee will have no recourse to any asset of the Issuer other than funds available pursuant to Section 7.04, 7.10 or 8.13, or to any Person other than the Issuer.

(b) This Section 9.05 will survive the termination of this Indenture and the resignation or replacement of the Indenture Trustee under Section 9.07.

9.06 Corporate Indenture Trustee Required; Eligibility

There will at all times be an Indenture Trustee hereunder which will be either a bank, a trust company or a corporation organized and doing business under the laws of Canada or of any

province or territory thereof, authorized under such laws to carry on a trust business as contemplated hereby in each of the provinces and territories of Canada. The Issuer may not, nor may any Person directly or indirectly controlling, controlled by, or under common control with the Issuer, serve as Indenture Trustee. If at any time the Indenture Trustee will cease to be eligible in accordance with the provisions of this Section 9.06, it will resign immediately in the manner and with the effect hereinafter specified in this Article IX.

9.07 <u>Resignation and Removal; Appointment of Successor</u>

(a) No resignation or removal of the Indenture Trustee and no appointment of a successor Indenture Trustee pursuant to this Article IX will become effective until the acceptance of appointment by the successor Indenture Trustee under Section 9.08.

(b) The Indenture Trustee may resign at any time by giving written notice thereof to the Issuer. If an instrument of acceptance by a successor Indenture Trustee shall not have been delivered to the Indenture Trustee within 30 days after the giving of such notice of resignation, the resigning Indenture Trustee may petition any court of competent jurisdiction for the appointment of a successor Indenture Trustee.

(c) The Indenture Trustee may be removed at any time by Ordinary Resolution of the Controlling Class Creditors delivered to the Indenture Trustee and to the Issuer. If an instrument of acceptance by a successor Indenture Trustee shall not have been delivered to the Indenture Trustee within 30 days after the giving of such notice of removal, the Indenture Trustee being removed may petition any court of competent jurisdiction for the appointment of a successor Indenture Trustee.

(d) If at any time:

(i) the Indenture Trustee ceases to be eligible under Section 9.06 and fails to resign after written request therefor by the Issuer or by any Controlling Class Creditor, or

(ii) the Indenture Trustee becomes incapable of acting, or

(iii) the Indenture Trustee is adjudged bankrupt or insolvent, or a receiver of the Indenture Trustee or of its property is appointed, or any public officer takes charge or control of the Indenture Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation,

then, in any such case, (A) the Issuer may remove the Indenture Trustee, or (B) any Controlling Class Creditor who has been a *bona fide* Controlling Class Creditor for at least six (6) months may, on behalf of itself and all other Debtholders, petition any court of competent jurisdiction for the removal of the Indenture Trustee and the appointment of a successor Indenture Trustee.

(e) The Indenture Trustee shall resign if a material conflict of interest arises in its role as a trustee under this Indenture that is not eliminated within 90 days after the

Indenture Trustee becomes aware that it has such a material conflict of interest. Forthwith after the Indenture Trustee becomes aware that it has a material conflict of interest, it shall provide the Issuer with written notice of the nature of that conflict. If, notwithstanding the foregoing provisions of this subsection 9.07(e), the Indenture Trustee has such a material conflict of interest, the validity and enforceability of this Indenture and of the Funding Obligation Agreements shall not be affected in any manner whatsoever by reason only of the existence of such material conflict of interest. If the Indenture Trustee contravenes the foregoing provisions of this subsection 9.07(e), any interested Person may apply to a court of competent jurisdiction for an order that the Indenture Trustee be replaced as trustee hereunder. The Indenture Trustee represents to the Issuer that at the time of the execution and delivery hereof, no material conflict of interest exists in the Indenture Trustee's role as a fiduciary hereunder.

(f) If the Indenture Trustee resigns, is removed or becomes incapable of acting, or if a vacancy shall occur in the office of the Indenture Trustee for any cause, the Issuer will promptly appoint a successor Indenture Trustee. If, within one (1) year after such resignation, removal or incapacity, or the occurrence of such vacancy, a successor Indenture Trustee is appointed by Ordinary Resolution of Controlling Class Creditors delivered to the Issuer and the retiring Indenture Trustee, the successor Indenture Trustee so appointed will, forthwith upon its acceptance of such appointment, become the successor Indenture Trustee and supersede the successor Indenture Trustee appointed by the Issuer. If no successor Indenture Trustee shall have been so appointed by the Issuer or Controlling Class Creditors and accepted in the manner hereinafter provided, any Controlling Class Creditor who has been a *bona fide* Controlling Class Creditor for at least six (6) months may, on behalf of itself and all other Debtholders, petition any court of competent jurisdiction for the appointment of a successor Indenture Trustee.

(g) The Issuer will give written notice of each resignation and each removal of the Indenture Trustee and each appointment of a successor Indenture Trustee to each Specified Creditor as provided in Article XV and to each Rating Agency. To facilitate delivery of such notice, upon request by the Issuer, the retiring Indenture Trustee shall provide to the Issuer a list of all Specified Creditors. Each notice will include the name of the successor Indenture Trustee and the address of its Corporate Trust Office.

(h) Upon such resignation, the Indenture Trustee shall be discharged from all further duties and liabilities under this Indenture.

9.08 <u>Acceptance of Appointment by Successor</u>

Every successor Indenture Trustee appointed hereunder will execute, acknowledge and deliver to the Issuer and to the predecessor Indenture Trustee an instrument accepting such appointment, with a copy to the Rating Agencies, and thereupon the resignation or removal of the predecessor Indenture Trustee will become effective, and such successor Indenture Trustee, without any further act, deed or conveyance, will become vested with all the rights, powers, trusts

and duties of the predecessor Indenture Trustee; but, on request of the Issuer or the successor Indenture Trustee, such predecessor Indenture Trustee will execute and deliver an instrument transferring to such successor Indenture Trustee all the rights, powers and trusts of the predecessor Indenture Trustee, and will duly assign, transfer and deliver to such successor Indenture Trustee all property and money held by such predecessor Indenture Trustee hereunder, subject nevertheless to its Lien, if any, provided for in Section 9.05. Upon request of any such successor Indenture Trustee, the Issuer will execute any and all instruments for more fully and certainly vesting in and confirming to such successor Indenture Trustee all such rights, powers and trusts.

No successor Indenture Trustee will accept its appointment unless at the time of such acceptance, such successor Indenture Trustee will be qualified and eligible under this Article IX.

9.09 Merger, Conversion, Consolidation or Succession to Business

Any corporation into which the Indenture Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Indenture Trustee shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Indenture Trustee, will be the successor of the Indenture Trustee hereunder, provided such corporation shall be otherwise qualified and eligible under this Article IX, without the execution or filing of any paper or any further act on the part of any of the parties hereto. The Indenture Trustee shall give prompt written notice of such merger, conversion, consolidation or succession to the Issuer and the Rating Agencies. In case any Notes shall have been authenticated, but not delivered, by the Indenture Trustee then in office, any successor by merger, conversion or consolidation to such authenticating Indenture Trustee may adopt such authentication and deliver the Notes so authenticated with the same effect as if such successor Indenture Trustee had itself authenticated such Notes.

9.10 Trust Indenture Legislation

(a) In this Article IX, the term "**applicable legislation**" means the provisions, if any, of the *Trust and Loan Companies Act* (Canada) and any other statute of Canada or a province thereof, and of regulations under any such statute, in each case, as amended, restated or re-enacted from time to time, relating to trust indentures and to the rights, duties and obligations of trustees under trust indentures and of entities issuing debt obligations under trust indentures, to the extent that in the opinion of counsel to the Issuer such provisions are at the time in force and applicable to this Indenture.

(b) If and to the extent that any provision of this Indenture limits, qualifies or conflicts with a mandatory requirement of applicable legislation, such mandatory requirement shall prevail.

(c) The Issuer and the Indenture Trustee agree that each will at all times in relation to this Indenture and any action to be taken hereunder, observe and comply with and be entitled to the benefits of applicable legislation.

9.11 Representations and Covenants of the Indenture Trustee

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Indenture and has taken all necessary action to authorize the execution, delivery and performance by it of this Indenture and other documents to which it is a party;

(c) each of this Indenture and the other documents to which it is a party has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada. If, notwithstanding the provisions of this subsection 9.11(d), the Indenture Trustee ceases to be so authorized to carry on business, the validity and enforceability of this Indenture and the Funding Obligation Agreements shall not be affected in any manner whatsoever by reason only of such event.

9.12 Indenture Trustee's Application for Instructions from the Issuer

Any application by the Indenture Trustee for written instructions from the Issuer may, at the option of the Indenture Trustee, set forth in writing any action proposed to be taken or omitted by the Indenture Trustee under and in accordance with this Indenture and the date on and/or after which such action shall be taken or such omission shall be effective; provided that such application shall make specific reference to this Section 9.12. The Indenture Trustee shall not be liable for any action taken by, or omission of, the Indenture Trustee in accordance with a proposal included in such application on or after the date specified in such application (which date shall not be less than five (5) Business Days after the date the Issuer actually receives such application, unless the Issuer shall have consented in writing to any earlier date) unless prior to taking any such action (or the effective date in the case of an omission), the Indenture Trustee shall have received written instructions in response to such application specifying the action be taken or omitted.

9.13 Appointment of Co-Trustee or Separate Indenture Trustee

(a) Notwithstanding any other provisions of this Indenture, at any time, for the purpose of meeting any legal requirements of any relevant jurisdiction, the Indenture Trustee shall have the power and shall execute and deliver all instruments, subject to the prior written consent of the Manager, which consent shall not be unreasonably withheld, to appoint one or more Persons reasonably acceptable to the Issuer to act as a co-trustee or co-trustees, or separate trustee or separate trustees, of all or any part of the Issuer's property, and to vest in such Person or Persons, in such capacity and for the benefit of the Specified Creditors, such title to the Issuer's property, or any part thereof, and, subject to the other provisions of this Section 9.13, such powers, duties, obligations, rights and trusts as the Indenture

Trustee may consider necessary or desirable. No co-trustee or separate trustee hereunder shall be required to meet the terms of eligibility as a successor trustee under Section 9.06 and no notice to Specified Creditors of the appointment of any co-trustee or separate trustee shall be required under Section 9.07.

(b) Every separate trustee and co-trustee shall, to the extent permitted by applicable law, be appointed and act subject to the following provisions and conditions:

(i) all rights, powers, duties and obligations conferred or imposed upon the Indenture Trustee shall be conferred or imposed upon and exercised or performed by the Indenture Trustee and such separate trustee or co-trustee jointly (it being understood that such separate trustee or co-trustee is not authorized to act separately without the Indenture Trustee joining in such act), except to the extent that under any law of any jurisdiction in which any particular act or acts are to be performed, the Indenture Trustee shall be incompetent or unqualified to perform such act or acts, in which event such rights, powers, duties and obligations (including the holding of title to the Issuer's property or any portion thereof in any such jurisdiction) shall be exercised and performed singly by such separate trustee or co-trustee, but solely at the direction of the Indenture Trustee;

(ii) no trustee hereunder shall be personally liable by reason of any act or omission of any other trustee hereunder; and

(iii) the Indenture Trustee may at any time accept the resignation of or remove any separate trustee or co-trustee.

(c) Any notice, request or other writing given to the Indenture Trustee shall be deemed to have been given to each of the then separate trustees and co-trustees, as effectively as if given to each of them. Every instrument appointing any separate trustee or co-trustee shall refer to this Indenture and the conditions of this Article IX. Each separate trustee and co-trustee, upon its acceptance of the trusts conferred, shall be vested with the estates or property specified in its instrument of appointment, either jointly with the Indenture Trustee or separately, as may be provided therein, subject to all the provisions of this Indenture, specifically including every provision of this Indenture relating to the conduct of, affecting the liability of, or affording protection to, the Indenture Trustee. Every such instrument shall be filed with the Indenture Trustee.

(d) Any separate trustee or co-trustee may at any time appoint the Indenture Trustee, its agent or attorney-in-fact with full power and authority, to the extent not prohibited by applicable law, to do any lawful act under or in respect of this Indenture on its behalf and in its name. If any separate trustee or co-trustee shall die, become incapable of acting, resign or be removed, all of its estates, properties, rights, remedies and trusts shall vest in and be exercised by the Indenture Trustee, to the extent permitted by applicable law, without the appointment of a new or successor trustee.

(e) All such appointments made in accordance with this Section 9.13 shall be subject to the approval of the Issuer. The Issuer will give prior written notice of the appointment of any separate trustee or co-trustee to each Rating Agency.

9.14 Preservation of Information; Communications to Specified Creditors

(a) The Indenture Trustee will preserve, in as current a form as is reasonably practicable, the names and addresses of Registered Noteholders contained in the most recent list furnished to the Indenture Trustee as provided in subsection 13.13(a) and the names and addresses of Registered Noteholders received by the Indenture Trustee in its capacity as Note Registrar. The Indenture Trustee will also preserve, in as current a form as is reasonably practicable, the names and addresses of all other Specified Creditors contained in the most recent list furnished to the Indenture Trustee as provided in subsection 13.13(b). The Indenture Trustee may destroy any such list furnished to it upon receipt of a new list.

(b) If three (3) or more Debtholders of any Class, Series or Tranche (hereinafter referred to as "**applicants**") (or, if there are less than three (3) such Debtholders, all of the Debtholders) apply in writing to the Indenture Trustee by way of an application substantially in the form of Exhibit 4, then the Indenture Trustee will, within five (5) Business Days after the receipt of such application, afford such applicants access to the information preserved at the time by the Indenture Trustee in accordance with subsection 9.14(a); provided, however, that (i) such Debtholders are identified on the most recent lists of Debtholders held by the Indenture Trustee pursuant to subsection 9.14(a), and (ii) the Indenture Trustee shall not release any information other than the names and addresses (including email addresses) of the Debtholders on such lists.

(c) By accepting its rights as a third party beneficiary hereunder, every Debtholder agrees with the Issuer and the Indenture Trustee that neither the Issuer nor the Indenture Trustee will be held accountable by reason of the disclosure of any such information as to the names and addresses (including email addresses) of the Debtholders in accordance with subsection 9.14(b), regardless of the source from which such information was derived.

(d) Any Specified Creditor wishing to be removed from the list of Specified Creditors may deliver a notice to the Indenture Trustee in the form attached as Exhibit 5. Within five (5) Business Days of the receipt of such notice, the Indenture Trustee shall notify the Issuer to have that Specified Creditor removed from the list provided in accordance with subsection 13.13(b). The Indenture Trustee shall not be responsible, nor shall it be liable for any losses, costs or expenses (including special, indirect, punitive or consequential losses or damages) of the Issuer, any Specified Creditor, or any other party, with respect to any Specified Creditor that fails to, or is delayed in sending, such notice and whose information is disseminated in accordance with this Section 9.14.

(e) The Indenture Trustee shall not be liable for, or held accountable by reason of, distributing any information pursuant to this Section 9.14 regarding any Specified Creditor that is on the list of Specified Creditors held by the Indenture Trustee pursuant to subsection 9.14(a).

9.15 Acceptance of Trusts by Indenture Trustee

The Indenture Trustee hereby accepts the trusts in this Indenture and agrees to perform the same upon the terms and conditions herein set forth.

9.16 Paying Agent

(a) The Paying Agent, on behalf of the Indenture Trustee, will make distributions to Specified Creditors from the Collection Account or other applicable Issuer Account pursuant to the provisions of this Indenture and any applicable Program Agreement. Any Paying Agent will have the revocable power to withdraw funds from the Collection Account or other applicable Issuer Account for the purpose of making the distributions referred to above.

(b) The Indenture Trustee may revoke such power and remove the Paying Agent if the Indenture Trustee determines in its sole discretion that the Paying Agent has failed to perform its obligations under this Indenture in any material respect. The Paying Agent upon removal will return all funds in its possession to the Indenture Trustee.

(c) The Issuer will cause each Paying Agent (other than the Indenture Trustee) to execute and deliver to the Indenture Trustee an instrument in which such Paying Agent will agree with the Indenture Trustee (and if the Indenture Trustee acts as Paying Agent, it so agrees), subject to the provisions of this Section 9.16, that such Paying Agent will:

(i) hold all sums held by it for the payment of principal of, interest, fees or other amounts in trust for the benefit of the Persons entitled thereto until such sums will be paid to such Persons or otherwise disposed of as herein provided;

(ii) if such Paying Agent is not the Indenture Trustee, give the Indenture Trustee notice of any default by the Issuer in the making of any such payment of principal or interest on any Issuer Funding Obligations;

(iii) if such Paying Agent is not the Indenture Trustee, at any time during the continuance of any such default, upon the written request of the Indenture Trustee, forthwith pay to the Indenture Trustee all sums so held in trust by such Paying Agent;

(iv) open and maintain appropriate records with respect to each Note; record by appropriate entries therein each payment made on account of interest, principal, fees and other amounts owing with respect to each such Note. For the purposes thereof, the Paying Agent shall make available upon request

of the Issuer or the Indenture Trustee satisfactory evidence of each payment as soon as practicable after making such payment. The failure to record, or any error in recording, any such payment shall not, however, limit or otherwise affect the obligations of the Issuer as to the principal amount or accrued interest owing with respect to any Note. Such records of payment shall be conclusive evidence of the unpaid principal balance and interest owing in respect of the Notes in the absence of demonstrable error;

(v) immediately resign as a Paying Agent and, if such Paying Agent is not the Indenture Trustee, forthwith pay to the Indenture Trustee all sums held by it in trust for the payment of Issuer Funding Obligations if at any time it ceases to meet the standards described in this Section 9.16 required to be met by a Paying Agent at the time of its appointment; and

(vi) comply with all requirements of the Income Tax Act or any other applicable tax law with respect to the withholding from any payments made by it on any amounts contemplated under this Indenture of any applicable withholding taxes imposed thereon and with respect to any applicable reporting requirements in connection therewith.

(d) Each Paying Agent, if not OPG, will at all times have, or be a wholly owned subsidiary of a corporation which has, a combined capital and surplus of at least $50,000,000 and be subject to supervision or examination by a Canadian federal, provincial or territorial authority or be regulated by or subject to the supervision or examination of a Governmental Authority of a nation that is a member of the Organization for Economic Co-operation and Development. If such Paying Agent publishes reports of condition at least annually, pursuant to law or to the requirements of the aforesaid supervising or examining authority, then for the purposes of this subsection 9.16(d), the combined capital and surplus of such Paying Agent will be deemed to be its combined capital and surplus as set forth in its most recent report of condition as so published.

(e) Unless and until the Issuer rescinds one or more of such appointments, the Issuer hereby appoints the Indenture Trustee as its Paying Agent. The Issuer will give prior written notice of the appointment of any Paying Agent (if such Paying Agent is not the Indenture Trustee) to each Rating Agency.

ARTICLE X
MEETINGS

10.01 Conduct of Meetings

Meetings of Debtholders of any Class, Series or Tranche, of all Issuer Funding Obligations, of Controlling Class Obligations of a Series or of all Controlling Class Obligations, as the case may be, may be convened, held and conducted in the following manner:

(a) At any time, and from time to time, the Indenture Trustee or the Issuer may, and the Indenture Trustee shall, on receipt of a written request of the Issuer or a

requisition signed by Debtholders of a particular Class, Series or Tranche, of all Issuer Funding Obligations, of Controlling Class Obligations of a Series or of all Controlling Class Obligations (each of such groups of Debtholders being a "**Debtholder Group**"), as the case may be, holding at least 25% of the aggregate Outstanding Dollar Principal Amount of the applicable Issuer Funding Obligations, convene, or cause to be convened, a meeting of the Debtholders of that Debtholder Group. If the Indenture Trustee fails to convene, or cause to be convened, a meeting after 30 days of being duly required by the Issuer or such Debtholders, the Issuer or such Debtholders may themselves convene such meeting and, in the case of a meeting called by such Debtholders, the notice calling such meeting may be signed by such Person as those Debtholders specify. Every such meeting shall be held in the City of Toronto or such other place in Ontario, Canada as the Indenture Trustee may in any case determine or approve.

(b) At least 7 days' prior notice of any meeting shall be given to the Debtholders of the Debtholder Group to which such meeting relates and to the Issuer, unless the meeting has been called by the Issuer, and such notice shall state the date, time and the place the meeting is to be held and shall specify, in general terms, the nature of the business to be transacted. It shall not be necessary to specify in the notice the text of the resolutions to be passed. Subject to Section 10.01(c), notices shall be given in the manner set forth in Article XV and a copy thereof shall be delivered to the Indenture Trustee unless the meeting has been called by it. It shall not be necessary to specify in the notice of any adjournment of a meeting the nature of the business to be transacted at the adjourned meeting. The non-receipt of any such notice by a Debtholder shall not invalidate any resolution passed at such meeting.

(c) At any meeting of a Debtholders Group, subject as herein provided, a quorum shall consist of one or more Persons present in person or by proxy holding either personally or as proxies not less than 25% of the Outstanding Dollar Principal Amount of the Issuer Funding Obligations of the Debtholder Group entitled to vote at such meeting. If a quorum is not present on the date for which the meeting is called within 30 minutes after the time fixed for the holding of such meeting, the meeting shall be adjourned to be held at a place and upon a date and at an hour to be fixed by the Indenture Trustee who shall give not less than seven (7) days' notice of the date and time to which such meeting is to be adjourned and at such adjourned meeting a quorum shall consist of the Debtholders of that Debtholder Group then and there represented in person or by proxy and entitled to vote at such meeting.

(d) An individual, who need not be a Debtholder, nominated in writing by the Indenture Trustee shall be chairman of the meeting (a "**Chairman**"). If no individual is so nominated or if the individual nominated is not present within 25 minutes after the time fixed for the holding of the meeting, the Debtholders and proxies for Debtholders present shall choose one of their number to be Chairman.

(e) Every question submitted to a meeting, except matters requiring an Extraordinary Resolution, shall be decided by a majority of the votes given on a show of hands or, if a poll shall be requested as hereinafter provided, by a majority of the votes

cast on the poll (in either case, an "**Ordinary Resolution**") and shall be binding on all Debtholders of the applicable Debtholder Group. On a show of hands, each Debtholder who is present, whether in person or by proxy, will have one vote for every $1,000 of Outstanding Dollar Principal Amount of applicable Issuer Funding Obligations of which he or she shall be the Debtholder. A poll shall be taken on every Extraordinary Resolution and otherwise whenever requested by a Debtholder or its proxy. On a poll, each Debtholder shall have one vote for every $1,000 of Outstanding Dollar Principal Amount of applicable Issuer Funding Obligations of which he or she shall be the Debtholder. Votes may be given in person or by proxy and a proxy need not be a Debtholder. If at any meeting a poll is so demanded as aforesaid on the election of a Chairman or on a question of adjournment, it shall be taken forthwith. If at any meeting a poll is so demanded on any other question, or an Extraordinary Resolution is to be voted upon, a poll shall be taken in such manner and either at once or after an adjournment as the Chairman directs. The result of a poll shall be deemed to be the decision of the meeting at which the poll was demanded and shall be binding on all Debtholders of the applicable Debtholder Group. In the case of joint Registered Noteholders, any one of them present in person or by proxy at the meeting may vote in the absence of the other or others but, if more than one of them is present in person or by proxy, they shall vote together in respect of the Notes of which they are joint Registered Noteholders.

10.02 <u>Powers Exercisable by Ordinary Resolution and Extraordinary Resolution</u>

(a) Subject to Section 11.02, in addition to any powers hereinbefore given, Debtholders of a Class, Series or Tranche of Issuer Funding Obligations shall by Ordinary Resolution have the power to:

(i) require the Indenture Trustee (subject to receipt by the Indenture Trustee of reasonable funding and indemnity) to exercise or refrain from exercising any of the powers conferred upon it by this Indenture insofar as they apply solely to such Class, Series or Tranche or by the Related Funding Obligation Agreement;

(ii) sanction, insofar as they apply to the Class, Series or Tranche, the release of the Issuer from its covenants and obligations hereunder;

(iii) subject to the provisions of this Indenture or of the Related Funding Obligation Agreement, sanction any change whatsoever to any provision of the Issuer Funding Obligations of such Class, Series or Tranche which shall be agreed to by the Issuer and any modification, alteration, abrogation, compromise or arrangement of or in respect of the rights of the Debtholders of such Class, Series or Tranche or the Indenture Trustee against the Issuer, whether such rights shall arise under the provisions of this Indenture or otherwise;

(iv) subject to the provisions of this Indenture, assent to any modification of or change in or addition to or omission from the provisions contained in this

Indenture, a Related Supplemental Indenture or any instrument ancillary or supplementary hereto or thereto, in each case, insofar as they apply to the Class, Series or Tranche, which shall be agreed to by the Issuer and to authorize the Indenture Trustee to concur in and execute any deed, instrument or agreement embodying any such modification, change, addition or omission or any other deeds, documents or writings authorized by such Ordinary Resolution; provided that no such assent shall be necessary for any modification of or change in or addition otherwise permitted hereunder or under a Related Supplemental Indenture; and

(v) take any other Action authorized by this Indenture or a Related Supplemental Indenture to be taken by Ordinary Resolution of the Debtholders of a Class, Series or Tranche of Issuer Funding Obligations.

(b) Subject to Section 11.02, in addition to any powers hereinbefore given, Controlling Class Creditors shall by Extraordinary Resolution have the power to:

(i) after the Security Interest has become enforceable, authorize the Indenture Trustee to accept, in satisfaction or partial satisfaction, all or any part of the Collateral;

(ii) after the Security Interest has become enforceable, sanction the selling of the Collateral or any part thereof or interest therein;

(iii) after the Security Interest has become enforceable, authorize the Indenture Trustee or any other Person to bid or tender at any sale of the Collateral or any part thereof and take such actions in connection with such sale as it determines to be in the best interests of all Controlling Class Creditors;

(iv) assent to any compromise or arrangement by the Issuer with any creditor, creditors or class or classes of creditors or with the holders of any securities of the Issuer whose claims are payable from the Collateral;

(v) restrain any Debtholder from taking or instituting any suit, action or proceeding for the purpose of realizing on the Collateral or for the execution of any trust or power hereunder or for the appointment of a liquidator, receiver or trustee in bankruptcy or to have the Issuer liquidated or for any other remedy hereunder and to direct such Debtholder to waive any Event of Default on which any suit or proceeding is founded;

(vi) require the Indenture Trustee (subject to receipt by the Indenture Trustee of reasonable funding and indemnity) to exercise or refrain from exercising any other powers conferred upon it by this Indenture of general application to all Classes of Issuer Funding Obligations, including the exercise of any rights of the Issuer under any of the Program Agreements upon the occurrence and during the continuance of an Event of Default, or cancel any declaration of acceleration made pursuant to Article VIII upon such terms and/or conditions as may be decided;

(vii) authorize the Indenture Trustee, in the event of the Issuer making an authorized assignment or proposal or in the event of an administrator, trustee, receiver or liquidator being appointed under any applicable bankruptcy or insolvency legislation for and on behalf of all Debtholders and, in addition to any claim or debt provided or made for its own account as Indenture Trustee hereunder, to file and prove a claim or debt against the Issuer or its property for an amount equivalent to the aggregate amount which may be payable in respect of all Issuer Funding Obligations, to value the Collateral, and to vote such claim or debt at meetings of creditors and generally act for and on behalf of all Debtholders in such proceedings as such Extraordinary Resolution may provide;

(viii) appoint a committee with power and authority (subject to such limitations, if any, as may be prescribed in such Extraordinary Resolution) to exercise, and to direct the Indenture Trustee to exercise, on behalf of all Controlling Class Creditors, such of the powers of such Controlling Class Creditors as are exercisable by Extraordinary Resolution or other resolution as shall be included in the Extraordinary Resolution appointing the committee. The Extraordinary Resolution making such appointment may provide for payment of the expenses and disbursements of and compensation to such committee from the Collateral in portions allocated to each Series as may be specified in such Extraordinary Resolution. Such committee shall consist of such number of Persons as shall be prescribed in the Extraordinary Resolution appointing it and the members need not themselves be Controlling Class Creditors or Debtholders. Each such committee may elect a chairman and may make regulations respecting its quorum, the calling of its meetings, the filling of vacancies occurring in its number and its procedures generally. Such regulations may provide that the committee may act at a meeting at which a quorum is present or may act by minutes signed by the number of members thereof necessary to constitute a quorum. All acts of any such committee within the authority delegated to it shall be binding upon all Debtholders. Neither the committee nor any member thereof shall be liable for any loss arising from or in connection with any action taken or omitted to be taken by them in good faith; and

(ix) take any other action authorized by this Indenture to be taken by Extraordinary Resolution.

(c) The foregoing powers shall be deemed to be several and cumulative and not dependent on each other and the exercise of one or more of such powers, or any combination of such powers, from time to time, shall not be deemed to exhaust the rights of the Debtholders to exercise such power or powers, or combinations of powers, thereafter from time to time. No powers exercisable by Extraordinary Resolution shall derogate in any way from any rights of the Issuer under or pursuant to this Indenture without the agreement of the Issuer. The Issuer shall give the Rating Agency notice of any Ordinary Resolution or Extraordinary Resolution adopted.

10.03 Extraordinary Resolution

An Extraordinary Resolution, adopted in accordance with the provisions hereof, shall be binding upon each and every Debtholder and each other Specified Creditor and their respective heirs, executors, administrators, successors and assigns, whether present or absent, and the Indenture Trustee (subject to the provisions for funding and its indemnity herein contained) shall be bound to give effect thereto accordingly.

Except as expressly provided to the contrary in this Indenture, no action shall be taken at a meeting of the Debtholders of a Debtholder Group which changes any provision of this Indenture or changes or prejudices the exercise of any right of any Debtholder except by Extraordinary Resolution.

10.04 Declaration by Chairman of Result of Vote

At any meeting of Debtholders of any Debtholder Group in cases where no poll is required or requested, a declaration made by the Chairman that a resolution has been carried, or carried by any particular majority, or lost, shall be conclusive evidence thereof.

10.05 Minutes

Minutes of all resolutions and proceedings at every such meeting, as aforesaid, shall be made and duly entered in books to be provided from time to time for that purpose by an agent of the Issuer at the expense of the Issuer and any such minutes, as aforesaid, if signed by the Chairman of the meeting at which such resolutions were passed or proceedings had shall be *prima facie* evidence of the matters therein stated and, until the contrary is proved, every such meeting in respect of the proceedings of which minutes shall have been made shall be deemed to have been duly held and convened and all resolutions passed or proceedings had thereat to have been duly passed and had.

10.06 Signed Instruments

Any resolution or instrument signed in one or more counterparts by (a) Debtholders holding not less than 50% of the aggregate Outstanding Dollar Principal Amount of Issuer Funding Obligations of a Debtholder Group, in the case of matters capable of being decided by Ordinary Resolution, and (b) Controlling Class Creditors holding not less than 66⅔% of the aggregate Outstanding Dollar Principal Amount of all Controlling Class Obligations in the case of matters required to be decided by Extraordinary Resolution, shall, in either case, have the same force and effect as a resolution duly passed at a meeting of such Debtholders by the affirmative vote of all of the votes cast upon a poll. Notice of any Ordinary Resolution or Extraordinary Resolution passed in accordance with this Section 10.06 shall be given by the Indenture Trustee to all applicable Debtholders within 30 days of the date on which such Ordinary Resolution or Extraordinary Resolution was passed.

10.07 Persons Who May Attend

Each Debtholder, by their respective officers, directors, employees, and the legal advisers of such parties, may attend any meeting of Debtholders.

10.08 Binding Effect of Resolutions

Every Ordinary Resolution and every Extraordinary Resolution passed in accordance with the provisions of this Article X at a meeting of Debtholders of a Debtholder Group will be binding upon all of the Debtholders of such Debtholder Group whether present at or absent from such meeting, and every instrument in writing signed by Debtholders in accordance with Section 10.06 will be binding upon all of the Debtholders of such Debtholder Group, whether signatories thereto or not, and the Indenture Trustee will be bound to give effect accordingly to every such Ordinary Resolution, Extraordinary Resolution and instrument in writing. For greater certainty, any Extraordinary Resolution shall bind all Debtholders and all other Specified Creditors in accordance with Section 10.03.

10.09 Notes Regarded as Not Outstanding for Certain Purposes

If, in the opinion of the Indenture Trustee and upon receipt of an Issuer Certificate in respect of the following, any business to be transacted at any meeting of Debtholders or any action to be taken or power exercised by instrument in writing under Section 10.06 does not materially adversely affect the rights of the Debtholders of one or more particular Class, Series or Tranche of Issuer Funding Obligations, the provisions of this Article X shall apply as if the Issuer Funding Obligations of that Class, Series or Tranche were not Outstanding, and no notice of any such meeting need be given to the Debtholders of that Class, Series or Tranche.

ARTICLE XI
SUPPLEMENTAL INDENTURES

11.01 Supplemental Indentures and Amendments Without Consent of Specified Creditors

Without the consent of Specified Creditors but with 10 Business Days' prior notice to each Rating Agency and the Province, the Issuer and the Indenture Trustee, at any time and from time to time, and upon delivery by the Issuer to the Indenture Trustee of an Issuer Certificate to the effect that the Issuer reasonably believes that such amendment will not have an Adverse Effect and is not reasonably expected to have an Adverse Effect at any time in the future, the Issuer may amend this Indenture, including any Supplemental Indenture or enter into one or more Supplemental Indentures, in form satisfactory to the Indenture Trustee, for any of the following purposes:

(a) to evidence the succession or successive successions of another Financing Entity to the Issuer, and the assumption by any such successor of the covenants of the Issuer herein and in the Notes; or

(b) to add to the covenants of the Issuer, or to surrender any right or power herein conferred upon the Issuer by the Issuer, for the benefit of Debtholders of any or all Classes, Series or Tranches of Issuer Funding Obligations; or

(c) to cure any ambiguity, to correct or supplement any provision herein which may be inconsistent with any other provision herein, to correct a clear clerical or administrative error, or to make any other provisions with respect to matters or questions arising under this Indenture; or

(d) to provide for the issuance of any Series or Tranche of Notes as provided in Article IV and Article V and to set forth the terms thereof, and/or to add to the rights of the Noteholders of any Class, Series or Tranche; or

(e) to evidence and provide for the acceptance of appointment by another corporation as a successor Indenture Trustee hereunder; or

(f) to add any additional Events of Default in respect of any or all Classes, Series or Tranches of Issuer Funding Obligations; or

(g) to provide for the consolidation of any Financing Entity and the Issuer into a single Person or the transfer of assets in any Financing Entity to the Issuer; or

(h) if IESO is replaced under the Master Transfer and Servicing Agreement as Servicer, to make any necessary changes to this Indenture or any other related document; or

(i) to provide for additional forms of Credit Enhancement for any Class, Series or Tranche of Issuer Funding Obligations; or

(j) to facilitate the issuance of Foreign Currency Issuer Funding Obligations; or

(k) to comply with any regulatory, accounting, securities or tax laws, rules, regulations or requirements, or changes to Rating Agency ratings criteria; or

(l) to enable the Issuer to file a registration statement (and any related exhibits thereto) for the offering of securities registered under the U.S. Securities Act and to comply with Regulation AB (including, without limitation, ongoing reporting obligations thereunder); or

(m) to qualify for sale treatment under generally accepted accounting principles.

Additionally, notwithstanding any provision of this Article XI to the contrary and in addition to clauses (a) through (m) above, the Issuer and the Indenture Trustee may amend this Indenture, including any Supplemental Indenture, without the consent of any Specified Creditor but with 10 Business Days' prior notice to each Rating Agency and the Province, to modify, eliminate or add to the provisions of this Indenture (i) to facilitate compliance with any amendment to any change of law or regulation which applies to the Issuer or the transactions governed by the Program Agreements, or (ii) to cause the provisions hereof to conform to or be consistent with or in furtherance of the statements made with respect to this Indenture in any applicable offering document; in each case, provided that the Issuer shall deliver to the Indenture Trustee an Issuer Certificate to the effect that (A) the Issuer reasonably believes that such amendment will not have an Adverse Effect and is not reasonably expected to have an Adverse Effect at any time in the future or (B) such amendment is required to remain in compliance with any change of law or regulation which applies to the Issuer or the transactions governed by the Program Agreements, or such amendment is required to cause the provisions hereof to conform to or be consistent with or in furtherance of the statements made with respect to this Indenture in any applicable offering document.

Additionally, notwithstanding any provision of this Article XI to the contrary and in addition to clauses (a) through (m) above and the immediately preceding paragraph, this Indenture, including any Supplemental Indenture, may also be amended by the Issuer and the Indenture Trustee, without the consent of any Specified Creditor but with 10 Business Days' prior notice to each Rating Agency and the Province, for the purpose of (i) adding any provisions to, or changing in any manner or eliminating any of the provisions of, this Indenture or any Supplemental Indenture or (ii) modifying in any manner the rights of the Specified Creditors under this Indenture or any Supplemental Indenture; provided, however, that (A) the Issuer shall deliver to the Indenture Trustee an Issuer Certificate to the effect that the Issuer reasonably believes that such amendment will not have an Adverse Effect and is not reasonably expected to have an Adverse Effect at any time in the future, and (B) the Rating Agency Condition shall be satisfied.

Additionally, notwithstanding any provision of this Article XI to the contrary and in addition to clauses (a) through (m) above and the immediately preceding paragraphs, this Indenture, including any Supplemental Indenture, may also be amended by the Issuer and the Indenture Trustee, without the consent of any Specified Creditor but with 10 Business Days' prior notice to each Rating Agency and the Province, to provide for those changes necessary for compliance with securities law requirements or banking laws or regulations; provided, however, that (i) the Issuer shall deliver to the Indenture Trustee an Issuer Certificate to the effect that the Issuer reasonably believes that such amendment will not have an Adverse Effect and is not reasonably expected to have an Adverse Effect at any time in the future, and (ii) the Rating Agency Condition shall be satisfied.

Prior written notice of any amendment to this Indenture or any Supplemental Indenture to the Province in accordance with the above paragraphs shall be sent by the Issuer and the Indenture Trustee. The Issuer and the Indenture Trustee shall send a copy of any amendment pursuant to this Section 11.01 to each Rating Agency and the Province; provided that failure to send copies of any amendment to this Indenture or any Supplemental Indenture, or failure to provide any notice under this Section 11.01 shall not invalidate such amendment.

The Indenture Trustee may, but shall not be obligated to, enter into any amendment which adversely affects the Indenture Trustee's rights, duties, benefits, protections, privileges or immunities under this Indenture or otherwise.

11.02 Supplemental Indentures and Amendments with Consent of Debtholders

In addition to any amendment permitted pursuant to Section 11.01, with 10 Business Days' prior notice to each Rating Agency and the Province, the consent of Debtholders of each Class, Series or Tranche of Issuer Funding Obligations affected by such amendment of this Indenture, including any Supplemental Indenture, by Ordinary Resolution delivered to the Issuer and the Indenture Trustee, and satisfaction of the Rating Agency Condition, the Issuer and the Indenture Trustee may enter into an amendment of this Indenture or any Supplemental Indenture for the purpose of adding any provisions to, or changing in any manner or eliminating any of the provisions of, this Indenture or of modifying in any manner the rights of the Debtholders of each such Class, Series or Tranche of Issuer Funding Obligations under this Indenture or any Supplemental Indenture; provided, however, that no such amendment of this Indenture or any

Supplemental Indenture will, without the consent of each Debtholder of Issuer Funding Obligations affected thereby and satisfaction of the Rating Agency Condition:

(a) change an Interest Payment Date, Principal Payment Date or Principal Payment Default Date of any Issuer Funding Obligation;

(b) reduce the principal amount of, or the interest rate on any Note, or change the method of computing the Outstanding Dollar Principal Amount, the Outstanding Currency Specific Dollar Principal Amount or the Outstanding Dollar Principal Amount in a manner that is adverse to any Debtholders;

(c) reduce the amount of a Discount Note payable upon its acceleration;

(d) reduce the percentage in Outstanding Dollar Principal Amount of Issuer Funding Obligations of any Class, Series or Tranche, the consent of whose holders is required for any such amendment, or the consent of whose holders is required for any waiver of compliance with the provisions of this Indenture or of defaults hereunder and their consequences, provided for in this Indenture;

(e) modify any of the provisions of this Section 11.02 or Section 8.03, except to increase any percentage of Debtholders required to consent to any such amendment or to provide that other provisions of this Indenture cannot be modified or waived without the consent of the Debtholders affected thereby;

(f) change any Place of Payment where any principal of, or interest on, any Note is payable, unless otherwise provided in the Related Supplemental Indenture; or

(g) change the method of computing the amount of principal of, or interest on, any Note on any date.

An amendment of this Indenture or a Supplemental Indenture which changes or eliminates any covenant or other provision of this Indenture which has expressly been included solely for the benefit of one or more particular Classes, Series or Tranches of Issuer Funding Obligations, or which modifies the rights of the Debtholders of such Class, Series or Tranche with respect to such covenant or other provision, will be deemed not to affect the rights under this Indenture of the Debtholders of any other Class, Series or Tranche of Issuer Funding Obligations.

It will not be necessary for any Ordinary Resolution or Extraordinary Resolution under this Section 11.02 to approve the particular form of any proposed amendment or Supplemental Indenture, but it will be sufficient if such Ordinary Resolution or Extraordinary Resolution will approve the substance thereof.

The Issuer and the Indenture Trustee shall send a copy of any amendment pursuant to this Section 11.02 to each Rating Agency and the Province; provided that failure to send copies of any amendment to this Indenture or any Supplemental Indenture, or failure to provide any notice under this Section 11.02 shall not invalidate such amendment.

11.03 Execution of Amendments and Supplemental Indentures

In executing or accepting the additional trusts created by any amendment of this Indenture or Supplemental Indenture permitted by this Article XI or the modifications thereby of the trusts created by this Indenture, the Indenture Trustee will be provided with, and (subject to Section 9.01) will be fully protected in relying upon, an Opinion of Counsel stating that the execution of such amendment or Supplemental Indenture is authorized or permitted by this Indenture and that all conditions precedent thereto have been satisfied. The Indenture Trustee may, but will not (except to the extent required in the case of an amendment or Supplemental Indenture entered into under subsection 11.01(e)) be obligated to, enter into any such amendment or Supplemental Indenture which affects the Indenture Trustee's own rights, duties or immunities under this Indenture or otherwise.

11.04 Effect of Amendments and Supplemental Indentures

Upon the execution of any amendment of this Indenture or any Supplemental Indenture under this Article XI, this Indenture and/or such Supplemental Indenture will be modified in accordance therewith with respect to each Class, Series or Tranche of Issuer Funding Obligations affected thereby, or all Issuer Funding Obligations, as the case may be, and such amendment or Supplemental Indenture will form a part of this Indenture and such Supplemental Indenture for all purposes; and every holder of Issuer Funding Obligations theretofore or thereafter incurred and every other Specified Creditor will be bound thereby to the extent provided therein.

11.05 Reference in Notes to Supplemental Indentures

Notes authenticated and delivered after the execution of any amendment of this Indenture or any Supplemental Indenture pursuant to this Article XI may, and will if required by the Indenture Trustee, bear a notation in form approved by the Indenture Trustee as to any matter provided for in such amendment or Supplemental Indenture. If the Issuer will so determine, new Notes so modified as to conform, in the opinion of the Indenture Trustee and the Issuer, to any such amendment or Supplemental Indenture may be prepared and executed by the Issuer and authenticated and delivered by the Indenture Trustee in exchange for Outstanding Notes.

ARTICLE XII
REPRESENTATIONS AND WARRANTIES OF THE ISSUER

12.01 Representations and Warranties of the Issuer

The Issuer hereby represents and warrants to the Indenture Trustee and shall be deemed to represent and warrant to the Indenture Trustee on the issuance of Notes of any particular Class, Series or Tranche hereunder, and upon each Borrowing under the applicable Funding Obligation Agreement, that:

(a) The Issuer is a Financing Entity.

(b) The indebtedness incurred pursuant to each issuance of Notes and each Borrowing is a Funding Obligation.

(c) The Issuer (i) is a trust duly constituted and validly existing under the laws of the Province of Ontario, (ii) is duly qualified to carry on its business in each jurisdiction in which it carries on business, (iii) has the power and authority to enter into and perform its obligations under this Indenture and the other Program Agreements executed by it and all instruments and agreements delivered pursuant hereto, and thereto and to own its property and carry on its business as currently conducted including, without limitation, the power and authority and legal right to acquire Investment Interests, and (iv) has obtained all approvals from all Governmental Authorities required in connection with the execution, delivery and performance of the Program Agreements.

(d) The execution, delivery and performance of this Indenture, and at the time it enters into such document, the other Program Agreements executed by it and every instrument or agreement delivered pursuant hereto and thereto has been or will be duly authorized by all requisite action and this Indenture and such other Program Agreements, instruments and agreements have been or will be duly executed and delivered by the Issuer and constitute valid and binding obligations of the Issuer enforceable against the Issuer in accordance with their respective terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of the Issuer, threatened against or affecting the Issuer at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Issuer or in the ability of the Issuer to perform its obligations under this Indenture, the other Program Agreements executed by it or any agreement or instrument delivered pursuant hereto or thereto; and the Issuer is not aware of any existing ground on which such action, suit or proceeding might be commenced with any reasonable likelihood of success or of any default with respect to any judgment, order, writ, injunction, decree, award, rule or regulation of any court, arbitrator or Governmental Authority, which, either separately or in the aggregate, would result in any such material adverse change.

(f) The Issuer is not a party to any agreement or instrument which materially adversely affects its ability to perform its obligations under this Indenture, the other Program Agreements executed by it or any agreements or instruments delivered pursuant hereto or thereto or materially adversely affects the business, operations, prospects, properties, assets or condition, financial or otherwise of the Issuer.

(g) The Issuer is not subject to any restriction or any judgment, order, writ, injunction, decree, award, rule or regulation which materially adversely affects, or in the future may materially adversely affect, the business, operations, prospects, properties, assets or condition, financial or otherwise of the Issuer or its ability to perform its

obligations under this Indenture, the other Program Agreements executed by it or any agreements or instruments delivered pursuant hereto or thereto.

(h) Neither the execution nor delivery of this Indenture, the other Program Agreements executed by it or any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein and therein contemplated, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the Declaration of Trust or any agreements or instruments to which the Issuer is a party or by which it or any of its property and assets are bound, or results or will result in the creation or imposition of any Lien of any nature whatsoever upon any of the property or assets of the Issuer.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of the Issuer is required in connection with the execution and delivery of this Indenture, the other Program Agreements executed by it or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or in connection with the enforcement of this Indenture, the other Program Agreements executed by it or any agreements or instruments delivered pursuant hereto or thereto (except those which have been obtained or deemed to have been obtained).

12.02 Certified Primary Obligations

The Issuer shall be deemed to represent and warrant to the Indenture Trustee on the incurrence of any Obligations Secured (other than Issuer Funding Obligations) that if the Issuer does not deliver the certificates contemplated by subsection 5.03(d), that the Obligations Secured are not Certified Primary Obligations.

ARTICLE XIII
COVENANTS OF THE ISSUER

13.01 Payment of Principal and Interest

With respect to each Class, Series or Tranche of Issuer Funding Obligations, the Issuer will duly and punctually pay the principal of and interest on such Issuer Funding Obligations in accordance with their terms, this Indenture and any Related Funding Obligation Agreement, and will duly comply with all the other terms, agreements and conditions contained in, or made in this Indenture and any Funding Obligation Agreement.

13.02 Use of Proceeds; Funding of Program Cash Reserve Account

The Issuer will use the proceeds of Notes and Borrowings solely for: (i) the acquisition by the Issuer of an Investment Interest; (ii) the redemption, repayment or repurchase of any existing Issuer Funding Obligations; (iii) the funding of Issuer Accounts; and (iv) the payment of transaction fees and expenses in connection with the incurrence of Issuer Funding Obligations.

13.03 Maintenance of Office or Agency

The Issuer will maintain an office or agency in each Place of Payment where Notes may be presented or surrendered for payment, where Notes may be surrendered for transfer or exchange and where notices and demands to or upon the Issuer in respect of the Notes and this Indenture may be served. The Issuer will give prompt written notice to the Indenture Trustee of the location, and of any change in the location, of such office or agency. If at any time the Issuer will fail to maintain such office or agency or will fail to furnish the Indenture Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office of the Indenture Trustee, and the Issuer hereby appoints the Indenture Trustee its agent to receive all such presentations, surrenders, notices and demands.

The Issuer may also from time to time designate one or more other offices or agencies where the Notes of one or more Classes, Series or Tranches may be presented or surrendered for any or all of such purposes specified above and may constitute and appoint one or more Paying Agents for the payments of such Notes, in one or more other cities, and may from time to time rescind such designations and appointments; provided, however, that no such designation, appointment or rescission shall in any matter relieve the Issuer of its obligations to maintain an office or agency in each Place of Payment for Notes of any Class, Series or Tranche for such purposes. The Issuer will give prompt written notice to the Indenture Trustee of any such designation or rescission and of any change in the location of any such other office or agency.

13.04 Legal Existence

The Issuer will do or cause to be done all things necessary to preserve and keep in full force and effect its legal existence and maintain its status as a Financing Entity.

13.05 Separateness Covenants

The Issuer will take all reasonable steps to maintain the Issuer's identity as a distinct entity with assets and liabilities distinct from those of the Manager and any of its Affiliates. Without limiting the generality of the foregoing and in addition to the other covenants set forth herein, the Issuer shall:

(a) not identify the offices of the Manager or any Affiliate thereof as its offices (by signage or otherwise);

(b) not identify the telephone number of the Manager as its telephone number and it will not utilize the stationery, invoices or cheques of the Manager;

(c) conduct all transactions with the Manager strictly on an arm's length basis and in good faith, allocate all overhead expenses for items shared between the Issuer and the Manager on the basis of actual use to the extent practicable and, to the extent such allocation is not practicable, on a basis reasonably related to actual use;

(d) conduct its affairs strictly in accordance with the Declaration of Trust, and observe all necessary, appropriate and trust formalities;

(e) maintain the Issuer's books and records separate from those of the Manager or any Affiliate thereof and otherwise readily identifiable as its own assets rather than assets of the Manager or any Affiliate thereof;

(f) prepare its financial statements separately from those of the Manager and ensure that any consolidated financial statements of the Manager that include the Issuer have notes clearly stating that the Issuer is a separate entity;

(g) only maintain bank accounts or other depository accounts to which the Issuer alone is the account party (or where the Issuer Trustee or the Indenture Trustee will maintain them on behalf of the Issuer), and from which only the Issuer or its agent has the power to make withdrawals;

(h) pay all of the Issuer's operating expenses from the Issuer's own assets (including, for greater certainty, reimbursing the Manager for any such expenses);

(i) continuously maintain the resolutions, agreements and other instruments of the Issuer underlying the transactions described in the Program Agreements as official records of the Issuer separately identified and held apart from the records of the Manager;

(j) maintain its property in such a manner that it is not costly or difficult to segregate, ascertain or otherwise identify its individual assets from or against those of the Manager or any Affiliate thereof; and

(k) not become liable to any Person for any obligations of the Manager or any Affiliate thereof.

13.06 <u>Compliance with Laws</u>

The Issuer will comply with the requirements of all applicable laws, the noncompliance with which would, individually or in the aggregate, materially and adversely affect the ability of the Issuer to perform its obligations under the Program Agreements.

13.07 <u>Performance of Obligations</u>

(a) The Issuer will punctually perform and observe all of its obligations and agreements contained in this Indenture, the Declaration of Trust, the Master Transfer and Servicing Agreement, the other Program Agreements and in the instruments and agreements relating to the Collateral, including but not limited to filing or causing to be filed all PPSA financing statements and amendments thereto required to be filed by the terms of this Indenture in accordance with and within the time periods provided for herein.

(b) The Issuer (i) will diligently pursue any and all actions to enforce its rights under each instrument or agreement included in the Collateral and (ii) will not take any action and will use its best efforts not to permit any action to be taken by others that would release any Person from any of such Person's covenants or obligations under

any such instrument or agreement or that would result in the amendment, hypothecation, subordination, termination or discharge of, or impair the validity or effectiveness of, any such instrument or agreement, except, in each case, as expressly provided in this Indenture, the Master Transfer and Servicing Agreement or any other Program Agreement.

(c) The Issuer will enforce the Servicer's compliance with and performance of all of the Servicer's material obligations under the Master Transfer and Servicing Agreement. The Issuer will enforce the Manager's compliance with and performance of all of the Manager's material obligations under the Management Agreement.

13.08 Funding Obligations

The Issuer will ensure that all indebtedness is incurred pursuant to and in accordance with Article V. The Issuer will not enter into any Funding Obligation Agreement, other than a Warehouse Facility Agreement, that provides for Issuer Funding Obligations that have principal repayment obligations that the Manager believes, acting reasonably having regard to the Financing Plan and all Issuer Funding Obligations then outstanding, would likely require the Issuer to satisfy payments of principal on any Principal Payment Date in respect of such Issuer Funding Obligations by means of a Refinancing other than a Pre-Approved Refinancing.

13.09 Financial Statements

The Issuer will deliver or cause to be delivered to the Indenture Trustee and the Rating Agencies within 140 days after the end of each fiscal year audited financial statements of the Issuer for the fiscal year, including the balance sheet and statements of income, retained earnings and changes in financial position of the Issuer, and within 90 days after the end of each fiscal quarter, other than the fiscal quarter of the Issuer ending on the fiscal year end of the Issuer, unaudited financial statements of the Issuer for such fiscal quarter of the Issuer, including the balance sheet and statements of income, retained earnings and changes in financial position of the Issuer. The Indenture Trustee shall send a copy of each financial statement delivered pursuant to this Section 13.09 to each Noteholder.

13.10 Statement as to Compliance

The Issuer will deliver to the Indenture Trustee and the Rating Agencies, on or before March 31 of each year, beginning in 2018, a written statement signed by a Responsible Officer of the Issuer stating that:

(a) a review of the activities of the Issuer during the prior year and of the Issuer's performance under this Indenture and under the terms of the Notes has been made under such Responsible Officer's supervision; and

(b) to the best of such Responsible Officer's knowledge, based on such review, the Issuer has complied in all material respects with all conditions and covenants under this Indenture throughout such year and that no Default or Event of Default has occurred, or, if there has been a material Default or an Event of Default has

occurred, specifying each such Default or Event of Default known to such Responsible Officer and the nature and status thereof.

13.11 Payment Instructions

Promptly after the receipt by the Issuer of each Monthly Report under the Master Transfer and Servicing Agreement, the Issuer will, in cooperation with the Manager, complete the Payment Instruction in respect of the Collection Account and deliver a copy thereof to the Indenture Trustee and the Paying Agent (if the Paying Agent is not the Indenture Trustee) at least two (2) Business Days prior to the applicable Payment Date. At least two (2) Business Days prior to any date on which payments are to be made pursuant to Sections 7.05 to 7.11, the Issuer will, in cooperation with the Manager, complete and deliver to the Indenture Trustee and the Paying Agent (if the Paying Agent is not the Indenture Trustee) a copy of the Payment Instruction in respect of the Interest Accumulation Account, the Principal Accumulation Account, the IESO Cash Reserve Account, the Program Cash Reserve Account, the Protection Account or any Series Account, as applicable.

13.12 Notice of Certain Events; Protection Event

(a) The Issuer agrees to give the Indenture Trustee and the Rating Agencies prompt written notice of: (i) each Event of Default; (ii) each breach on the part of the Issuer or the Servicer of its respective obligations under the Master Transfer and Servicing Agreement, including any Servicer Default (notice of which Servicer Default shall state that it is a "Notice of Servicer Default"); (iii) each breach on the part of the Manager of its obligations under the Management Agreement; (iv) any default of the Issuer or a Derivative Counterparty under a Derivative Agreement; and (v) any Protection Event and the nature thereof.

(b) Within 10 Business Days after receipt by the Indenture Trustee of notice of any Servicer Default or Protection Event, the Indenture Trustee shall provide notice thereof to each Specified Creditor; provided, however, that the Indenture Trustee shall not be liable for failing to distribute any written notice pursuant to this subsection 13.12(b) to any party that is at the time of delivery a Specified Creditor but is not on the lists of Specified Creditors held by the Indenture Trustee pursuant to subsection 9.14(a).

(c) Upon the occurrence of a Protection Event and at the request of the Issuer or any Controlling Class Creditor, the Indenture Trustee shall deliver a written demand to the Province requiring the Province to make payments on Obligations Secured pursuant to and in accordance with the Change of Law Protection Agreement. If, following such request, the Indenture Trustee does not deliver such written demand to the Province within 10 days of such request, any Controlling Class Creditor shall be entitled to deliver such written demand to the Province.

13.13 Issuer To Furnish Indenture Trustee Names and Addresses of Specified Creditors

(a) The Issuer will furnish or cause to be furnished to the Indenture Trustee:

(i) not more than 15 days after each Record Date, in such form as the Indenture Trustee may reasonably require, a list of the names and addresses of the Registered Noteholders of each applicable Class, Series or Tranche as of such date, and

(ii) at such other times as the Indenture Trustee may request in writing, within 30 days after the receipt by the Issuer of any such request, a list of similar form and content as of a date not more than 15 days before the time such list is furnished;

provided, however, that so long as the Indenture Trustee is the Note Registrar, no such lists shall be required to be furnished.

(b) Upon written request from the Indenture Trustee, within 10 Business Days after the receipt by the Issuer of any such request, the Issuer will furnish or cause to be furnished to the Indenture Trustee a list, substantially in the form of Exhibit 3 of the names and addresses of all Specified Creditors (other than Noteholders), together with a reference to such Specified Creditor's Program Agreement, provided that no written request shall be required for the deliveries in subsection 5.01(h) or 5.03(c).

13.14 Other Positive Covenants

The Issuer will:

(a) in the event that the Issuer shall be required to file tax returns, the Manager shall prepare or shall cause to be prepared such tax returns and shall provide such tax returns to the Issuer for signature at least five (5) Business Days before such tax returns are due to be filed. The Issuer, in accordance with the terms of each applicable Supplemental Indenture, shall also prepare or shall cause to be prepared all tax information required by applicable law to be distributed to any Noteholder and shall deliver such information to the Indenture Trustee at least five (5) Business Days prior to the date it is required by applicable law to be distributed to any Noteholder. The Indenture Trustee, upon written request, will furnish the Manager with all such information known to the Indenture Trustee as may be reasonably requested and required in connection with the preparation of all tax returns of the Issuer;

(b) subject to the payment priorities provided in Sections 7.04(e) and 8.13, pay or cause to be paid all Taxes levied, assessed or imposed upon the Issuer and its property or any part thereof, as and when the same become due and payable; provided that the Issuer may protest the payment of any such Taxes if it is acting in good faith and if it either provides the Indenture Trustee with cash in an amount sufficient to satisfy the same or otherwise satisfies the Indenture Trustee that its interests are not prejudiced thereby and the Rating Agency Condition is satisfied;

(c) upon the written request of the Indenture Trustee, use reasonable commercial efforts, following any (i) termination or resignation of the Servicer, the Manager or

the Paying Agent or, in each case, any successor thereof; or (ii) termination, non-renewal or expiry of a Liquidity Agreement or a Credit Enhancement Agreement (other than, in the latter case, a termination, non-renewal or expiry which occurs because neither party thereto has any further obligation thereunder), to appoint and enter into an agreement with a successor to such Servicer, Manager or Paying Agent, or replace or renew such Liquidity Agreement or Credit Enhancement Agreement, in form and substance the same as the applicable provisions in the previously existing Program Agreement and will notify the Indenture Trustee and the Rating Agencies of each such occurrence and new agreement, and will execute and deliver all Supplemental Indentures and amendments hereto and all instruments of further assurance and other instruments and will take other and further action as the Indenture Trustee, relying on the advice of counsel, may consider necessary or advisable to assign and render subject to this Indenture any such agreement; and

(d) deliver or cause to be delivered to the Indenture Trustee and the Rating Agencies on a confidential basis (excepting only, on the part of the Rating Agencies, for purposes of rating the securities of the Issuer) (i) copies of all Program Agreements (including any amendments thereto) in effect from time to time; and (ii) such reports and other information relating to the conduct of the business and affairs of the Issuer as the Indenture Trustee and the Rating Agencies may reasonably require including, without limitation, information pertaining to any actual or anticipated Event of Default or other event which could reasonably be anticipated to have a material adverse effect on the affairs of the Issuer.

13.15 Rule 144A Information

For so long as Notes of any Class, Series or Tranche are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Exchange Act, the Issuer agrees to provide to any Noteholder of such Class, Series or Tranche and to any prospective purchaser of Notes designated by such Noteholder, upon the request of such Noteholder or prospective purchaser, any information required to be provided to such Noteholder or prospective purchaser to satisfy the conditions set forth in Rule 144A(d)(4) under the Securities Exchange Act.

13.16 Further Instruments and Acts

Upon request of the Indenture Trustee or as necessary, the Issuer will execute and deliver such further instruments and do such further acts (including, but not limited to, disclosing or causing to be disclosed information) as may be reasonably necessary or proper to carry out more effectively the purpose of this Indenture.

13.17 No Other Business

The Issuer will not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto.

13.18 Amendments to Program Agreements

(a) Unless the Rating Agency Condition is satisfied, the Issuer will not make any material amendments to any Program Agreement (other than this Indenture and Derivative Agreements).

(b) Without in any way limiting clause (a), the Issuer will not:

(i) amend, supplement, modify, restate or replace, or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to, any of the Program Agreements (other than this Indenture, Derivative Agreements and the Declaration of Trust) if any such supplementation, amendment, modification, restatement or replacement, or waiver or consent, could reasonably be considered to be materially prejudicial to the rights or interests of any Specified Creditor(s), except as expressly permitted by such Specified Creditor(s) and subject to the Province having been given 10 Business Days' prior notice; provided that failure to provide such notice shall not invalidate such amendment, supplementation, modification, restatement or replacement, or waiver or consent; or

(ii) consent, if consent is required, to the resignation of the Manager under the Management Agreement.

(c) Without in any way limiting clause (a), the Issuer will not amend the Declaration of Trust if such amendment would have an Adverse Effect or would reasonably be expected to have an Adverse Effect at any time in the future; provided that if an amendment would have, or would reasonably be expected to have, an Adverse Effect, such amendment may only be made if the Issuer has obtained the consent of the Debtholders affected thereby, acting pursuant to an Ordinary Resolution.

(d) Upon receipt of an Issuer Certificate directing it to do so (provided that the Issuer has certified that the conditions set forth in Section 13.18(b) or 13.18(c), as applicable, have been satisfied), the Indenture Trustee shall execute any amendment, supplementation, modification, restatement or replacement of any Program Agreement to which it is a party (by acknowledgment or otherwise).

13.19 Issuer May Consolidate, Etc., Only on Certain Terms

The Issuer shall not consolidate or merge with or into any other Person, or sell, convey, exchange, transfer or otherwise dispose of any of its properties or assets included in the Collateral to any Person (in this Section 13.19, a "**transaction**"), unless:

(a) the Person (if other than the Issuer) formed by or surviving the consolidation or merger, or the Person that acquires by conveyance or transfer the properties and assets of the Issuer the conveyance or transfer of which is restricted, as applicable, shall: (i) be a Financing Entity, (ii) be organized and existing under the laws of Canada or any province or territory thereof, (iii) not be a Non-resident, (iv) not be

subject to regulation as an "investment company" under the Investment Company Act, (v) expressly assume, pursuant to an assignment and/or assumption agreement or supplement executed and delivered to the Indenture Trustee, in a form satisfactory to the Indenture Trustee, the due and punctual payment of all Obligations Secured then outstanding and the performance or observance of every agreement and covenant of the Issuer in this Indenture and the other Program Agreements to which the Issuer is a party; and (vi) in the case of a conveyance or transfer only, expressly agree, by means of such assignment and/or assumption agreement or supplement, that (A) all right, title and interest so conveyed or transferred is subject and subordinate to the Security Interest, and (B) it shall make all filings required by applicable securities laws in connection with the Notes;

(b) immediately after giving effect to such transaction, no Event of Default shall have occurred and be continuing;

(c) the Issuer shall have delivered to the Indenture Trustee an Issuer Certificate and an Opinion of Counsel each stating that (i) such transaction and the agreements delivered in connection therewith comply with this Section 13.19, (ii) all conditions precedent in this Section 13.19 relating to such transaction have been complied with, and (iii) each agreement delivered in connection with such transaction has been duly authorized, executed and delivered, and is valid, binding and enforceable against the surviving Person or transferee, as applicable;

(d) the Rating Agency Condition shall have been satisfied with respect to such transaction; and

(e) any action that is necessary to maintain the Security Interest shall have been taken.

13.20 <u>Successor Substituted</u>

Upon any consolidation or merger, or any conveyance or transfer of the properties and assets of the Issuer substantially as an entirety in accordance with Section 13.19, the Person formed by or surviving such consolidation or merger (if other than the Issuer) or the Person to which such conveyance or transfer is made shall succeed to, and be substituted for, and may exercise every right and power of, the Issuer under this Indenture with the same effect as if such Person had been named as the Issuer herein. In the event of any such conveyance or transfer, the Person named as the Issuer in the first paragraph of this Indenture or any successor which shall theretofore have become such in the manner prescribed in this Section 13.20 shall be released from its obligations under this Indenture as issued immediately upon the effectiveness of such conveyance or transfer.

13.21 <u>Guarantees, Loans, Advances and Other Liabilities</u>

Except as contemplated by this Indenture or the Declaration of Trust, the Issuer shall not make any loan or advance or credit to, or guarantee (directly or indirectly or by an instrument having the effect of assuring another's payment or performance on any obligation or capability of so doing or otherwise), endorse or otherwise become contingently liable, directly or indirectly, in connection with the obligations, stocks or dividends of, or own, purchase, repurchase or acquire

(or agree contingently to do so) any stock, obligations, assets or securities of, or any other interest in, or make any capital contribution to, any other Person.

13.22 Capital Expenditures

The Issuer shall not make any expenditure (by long-term or operating lease or otherwise) for capital assets.

13.23 Restricted Payments

The Issuer is permitted to declare or make payable any amounts to the owner of units in the Issuer as permitted by and in accordance with the Declaration of Trust, and redeem (at the request of an owner or otherwise), purchase, retire or otherwise acquire for value any units in the Issuer, provided that the Issuer may only satisfy the distribution declared or made payable, or the redemption or purchase price of any units so redeemed, purchased, retired or otherwise acquired, in cash or property to the extent that cash or property is available for such purpose, subject to Sections 7.04, 7.10 and 8.13. For greater certainty, if the Issuer is restricted from satisfying the foregoing amounts in cash or property pursuant to the provisions of this Section, then the Issuer shall satisfy such amounts through the issuance of additional units and/or a promissory note to its unitholders in accordance with the Declaration of Trust.

13.24 Redemption of Subordinated Notes or Junior Subordinated Notes

Notwithstanding anything in the Related Supplemental Indenture to the contrary, the Issuer may not redeem any Series or Tranche of Subordinated Notes or Junior Subordinated Notes, in whole at any time or in part from time to time, unless the following conditions have been satisfied both before and after giving effect to the redemption, as certified by the Issuer pursuant to an Issuer Certificate:

(a) no Default or Event of Default shall have occurred and be continuing;

(b) all Issuer Accounts shall have been fully funded in accordance with the provisions of this Indenture and any Funding Obligation Agreement; and

(c) the sum of the Outstanding Dollar Principal Amount of Subordinated Funding Obligations and Junior Subordinated Funding Obligations after giving effect to the redemption shall be no less than 35% of the aggregate Outstanding Dollar Principal Amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations.

13.25 No Borrowing

The Issuer will not issue, incur, assume, guarantee or otherwise become liable, directly or indirectly, for any additional indebtedness, except for Funding Obligations and except pursuant to the Program Agreements.

13.26 Minimum Subordinated Funding Obligations

(a) The Issuer will not permit the aggregate Outstanding Dollar Principal Amount of Subordinated Funding Obligations and Junior Subordinated Funding Obligations to be less than 35% of the aggregate Outstanding Dollar Principal Amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations.

(b) The Issuer will not permit the aggregate Outstanding Dollar Principal Amount of Junior Subordinated Funding Obligations to be less than 10% of the aggregate Outstanding Dollar Principal Amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations.

13.27 Other Negative Covenants

The Issuer will not:

(a) claim any credit on, or make any deduction from the principal or interest payable in respect of, the Notes or Borrowings (other than amounts withheld or deducted as described in Section 16.02);

(b) permit the validity or effectiveness of this Indenture to be impaired, or permit the Security Interest to be amended, hypothecated, subordinated, terminated or discharged, or permit any Person to be released from any covenants or obligations hereunder with respect to any Program Agreements except as may be expressly permitted hereby;

(c) permit any Lien (other than Permitted Liens) to be created on or extend to or otherwise arise upon or burden the Collateral or any part thereof or any interest therein or the proceeds thereof;

(d) sell, transfer, exchange or otherwise dispose of any of the Collateral except as may be expressly permitted hereby;

(e) release any security or guarantee in respect of the Collateral;

(f) voluntarily dissolve or liquidate; or

(g) take any action that would cause it to be treated as engaged in a “trade or business within the United States” within the meaning of applicable U.S. tax law interpreting section 864 of the Internal Revenue Code or its successor or predecessor provisions.

13.28 Indenture Trustee May Perform Covenants

If the Issuer fails to perform any of its covenants herein contained, the Indenture Trustee may, subject to the receipt of indemnification and funding reasonably acceptable to the Indenture Trustee as provided in Section 9.02(d), itself perform the covenant if the covenant is capable of being performed by the Indenture Trustee and, if the covenant requires the payment or expenditure

of money, the Indenture Trustee may make the payment or expenditure with money borrowed by or advanced to it for such purpose, but will be under no obligation to do so; and all sums so expended or advanced will bear interest at the rate of interest charged to the Indenture Trustee by its bankers from the date of expenditure until repayment and will (together with such interest) be paid by the Issuer upon demand and will until paid form part of the Obligations Secured and constitute a Lien on the Collateral to which such covenant related in priority to the Security Interest and will be payable out of any funds coming into possession of the Indenture Trustee hereunder. No performance or payment will be deemed to relieve the Issuer from the consequences of the occurrence of any Event of Default hereunder.

ARTICLE XIV
CERTAIN PROGRAM AGREEMENTS

14.01 Management Agreement

The Indenture Trustee acknowledges that the Issuer has entered into the Management Agreement which provides, among other things, for the provision of certain services and the performance by the Manager of certain obligations of the Issuer under this Indenture connected with the Issuer Investment Interest, the incurrence of Issuer Funding Obligations and all registrations required pursuant to Section 4.05. Accordingly, any obligation of the Issuer hereunder performed by the Manager on behalf of the Issuer will be deemed to have been performed by the Issuer and any payments referred to hereunder received or received and applied against the Issuer Funding Obligations by the Manager on behalf of the Issuer will be deemed to have been received or received and applied by the Issuer. The Indenture Trustee may act and rely on any instrument or report referred to hereunder prepared by the Manager on behalf of the Issuer as if the instrument or report had been prepared by the Issuer.

14.02 Credit Enhancement Agreements

The Indenture Trustee acknowledges that the Issuer may enter into one or more Credit Enhancement Agreements which provide, among other things, for the right of the Issuer, the Indenture Trustee or the Manager, as attorney for the Issuer, to make drawings on Credit Enhancers for the purpose of paying maturing Issuer Funding Obligations and repaying Borrowings under Liquidity Agreements. The Indenture Trustee hereby appoints the Manager as the Indenture Trustee's attorney, with full authority in the place and stead of and in the name of the Indenture Trustee or otherwise, from time to time to make any drawings pursuant to a Credit Enhancement Agreement (provided that written notice of any drawings shall be given by the Manager to the Indenture Trustee) and, in that connection, to execute and deliver all such documents, instruments and certificates including, without limitation, any drawing certificates required to be delivered to a Credit Enhancer at the time any drawing is made, and to do all such further acts and things and to take all such proceedings as the Manager in its sole discretion deems necessary or desirable to enforce compliance by a Credit Enhancer with the terms of a Credit Enhancement Agreement.

14.03 Declaration of Trust

The Indenture Trustee acknowledges that pursuant to the Declaration of Trust, the Indenture Trustee may appoint a successor Issuer Trustee if the Issuer Trustee and the unitholders

of the Issuer fail to appoint such a successor. The Indenture Trustee will only exercise such right if it has received an Ordinary Resolution of Controlling Class Creditors directing it to take such action.

ARTICLE XV
NOTICES

15.01 Notice to Issuer

Any notice, document or other communication required or permitted to be given or delivered to the Issuer hereunder will be in writing and will be valid and effective if given by delivery to the addresses indicated below or by facsimile or email transmission at such addresses (with, in the case of facsimile or email transmission, receipt confirmed, either by telephone, reply facsimile or reply email, or, in the case of email transmission, through the email software itself) and such notice, document or other communication shall be deemed to have been received, if given by delivery, on the day of delivery, and, if sent by facsimile or email transmission, on the day receipt thereof has been confirmed in accordance with the provisions of this Section 15.01. Such notice shall, if given on a day other than a Business Day or after the normal business hours of the recipient on a Business Day, be deemed to have been given on the next Business Day:

Fair Hydro Trust
c/o Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6

Attention: Vice President, Fair Hydro Plan
Fax: (416) 592-4189
Email: FHP@opg.com

Attention: General Counsel
Fax: (416) 592-4189

with copies to:

Computershare Trust Company of Canada, in its capacity as
Issuer Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1

Attention: Manager, Corporate Trust
Fax: (416) 981-9777
Email: corporatetrust.toronto@computershare.com

15.02 Notice to the Indenture Trustee

Any notice, document or other communication required or permitted to be given or delivered to the Indenture Trustee hereunder will be in writing and will be valid and effective if given by delivery to the address indicated below or by facsimile transmission at such address (with,

in the case of facsimile transmission, receipt confirmed, either by telephone or reply facsimile) and such notice, document or other communication shall be deemed to have been received, if given by delivery, on the day of delivery, and, if sent by facsimile transmission, on the day receipt thereof has been confirmed in accordance with the provisions of this Section 15.02. Such notice shall, if given on a day other than a Business Day or after the normal business hours (being 5:00 p.m. (Toronto time)) of the Indenture Trustee on a Business Day, be deemed to have been given on the next Business Day:

BNY Trust Company of Canada
One York Street, 6th Floor
Toronto, Ontario M5J 0B6

Attention: Corporate Trust Administration
Fax: (416) 360-1711

15.03 <u>Notice to Noteholders</u>

(a) Any notice, document or other communication required or permitted to be given or delivered hereunder to Registered Noteholders will be deemed to be validly given if sent to a destination within Canada by first class mail and if sent to a destination outside of Canada by airmail, postage prepaid in each case, sent by facsimile transmission or email transmission, addressed in each case to the Registered Noteholder at its address appearing in the Note Register, not later than the latest date, and not earlier than the earliest date, prescribed for the giving of such notice. In any case where notice to Registered Noteholders is given by mail, facsimile or electronic transmission, neither the failure to mail, send by facsimile or send by electronic transmission such notice, nor any defect in any notice so mailed, to any particular Noteholders will affect the sufficiency of such notice with respect to other Noteholders and any notice that is mailed, sent by facsimile or sent by electronic transmission in the manner herein provided shall conclusively have been presumed to have been duly given. In the case where CDS is the Registered Noteholder, notices, documents or other communications may be given by hand-delivery and such notice, document or other communication shall be deemed to have been received on the day of delivery.

(b) No notice will be given by mail, facsimile, email transmission or otherwise delivered to a holder of Bearer Notes or coupons in bearer form. In the case of any Class, Series or Tranche with respect to which any Bearer Notes are Outstanding, any notice required or permitted to be given to holders of such Bearer Notes will be published in an Authorized Newspaper within the time period prescribed in this Indenture or the Related Supplemental Indenture.

(c) In case, by reason of the suspension of regular mail service as a result of a strike, work stoppage or otherwise, it will be impractical to mail notice of any event to any holder of a Registered Note when such notice is required to be given pursuant to any provision of this Indenture, then any method of notification as will be

satisfactory to the Indenture Trustee and the Issuer will be deemed to be a sufficient giving of such notice.

(d) With respect to any Series or Tranche of Notes, the Related Supplemental Indenture or Terms Document may specify different or additional means of giving notice to the Noteholders of such Series or Tranche.

(e) Where this Indenture, any Supplemental Indenture or any Registered Note provides for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver will be the equivalent of such notice. Waivers of notice by Registered Noteholders will be filed with the Indenture Trustee, but such filing will not be a condition precedent to the validity of any action taken in reliance upon such waiver.

15.04 Notice to Other Specified Creditors

Any notice, document or other communication required or permitted to be given or delivered to any Specified Creditor (other than Noteholders) hereunder will be in writing and will be given by delivery to the applicable addresses provided to the Issuer by such Specified Creditor and set forth in the Specified Creditor list delivered pursuant to subsection 13.13(b) or by facsimile or electronic transmission. Any such notice shall, if given on a day other than a Business Day or after the normal business hours of the recipient on a Business Day, be deemed to have been given on the next Business Day.

15.05 Notice to Rating Agencies

Any notice, document or other communication required or permitted to be given or delivered to the Rating Agencies hereunder will be in writing and will be given by delivery to the applicable addresses provided to the Issuer by the Rating Agencies or by facsimile or electronic transmission. Any such notice shall, if given on a day other than a Business Day or after the normal business hours of the recipient on a Business Day, be deemed to have been given on the next Business Day. Where this Indenture provides for notice to any Rating Agency, failure to give such notice will not affect any other rights or obligations created hereunder and will not under any circumstance constitute an Adverse Effect.

15.06 Change of Address

Any Person referenced above may from time to time notify any other interested Person, in accordance with the provisions hereof, of any change of address which thereafter, until changed by like notice, shall be the address of such Person for all purposes of this Indenture.

ARTICLE XVI
MISCELLANEOUS

16.01 No Petition

The Indenture Trustee, by entering into this Indenture, and each Specified Creditor by accepting its rights as a third party beneficiary hereunder, agrees, to the fullest extent permitted by

applicable law, that at no time until one year and one day following repayment in full of all Issuer Funding Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Issuer.

16.02 Withholding Rights

The right of any Person to receive amounts described in this Indenture, including rights of a Noteholder to receive interest on or principal of a Note, or the rights of a Person to receive payments described in the Payment Waterfalls, shall be subject to any applicable withholding or deduction imposed pursuant to the Income Tax Act or other applicable tax law, including foreign withholding and deduction. Any amounts properly withheld or deducted shall be treated as actually paid to the appropriate recipient, provided that such deduction or withheld amounts are actually remitted in accordance with applicable law to the appropriate Governmental Authority.

16.03 U.S. Tax Treatment

The Issuer and each Noteholder that is a United States Person agree that the Notes are intended to be debt for United States federal, state and local income and franchise tax purposes and agree to treat the Notes accordingly for all such purposes, unless otherwise required by a taxing authority. Each Noteholder that is a United States Person further agrees that it will cause any Note Owner that is a United States Person acquiring an interest in a Note through it to comply with this Indenture as to treatment as indebtedness for United States federal, state and local income and franchise tax purposes as described in this Section 16.03.

16.04 Alternate Payment Provisions

Notwithstanding any provision of this Indenture or any of the Notes to the contrary, the Issuer, with the written consent of the Indenture Trustee, may enter into any agreement with any Noteholder providing for a method of payment or notice that is different from the methods provided for in this Indenture for such payments or notices. The Issuer will furnish to the Indenture Trustee a copy of each such agreement and the Indenture Trustee will cause payments or notices, as applicable, to be made in accordance with such agreements.

16.05 Final Distribution

(a) The Issuer shall give the Indenture Trustee at least 30 days written notice of the Principal Payment Date on which the Noteholders of any Class, Series or Tranche may surrender their Notes for payment of the final distribution on and cancellation of such Notes. Not later than the fifth day of the month in which the final distribution in respect of such Class, Series or Tranche is payable to Noteholders, the Indenture Trustee shall provide notice to Noteholders of such Class, Series or Tranche specifying (i) the date upon which final payment of such Class, Series or Tranche will be made upon presentation and surrender of Notes of such Class, Series or Tranche at the office or offices therein designated, (ii) the amount of any such final payment, and (iii) that the Record Date otherwise applicable to such Principal Payment Date is not applicable, payments being made only upon presentation and surrender of such Notes at the office or offices therein specified (which, in the case of Bearer Notes, shall be outside the United States). The

Indenture Trustee shall give such notice to the Note Registrar and the Paying Agent at the time such notice is given to Noteholders.

(b) Notwithstanding a final distribution to the Noteholders of any Class, Series or Tranche of Notes (or the termination of the Issuer), except as otherwise provided in this paragraph, all funds then on deposit in any Series Account allocated solely to such Noteholders shall continue to be held in trust for the benefit of such Noteholders, and the Paying Agent or the Indenture Trustee shall pay such funds to such Noteholders upon surrender of their Notes, if certificated. In the event that all such Noteholders shall not surrender their Notes for cancellation within six (6) months after the date specified in the notice from the Indenture Trustee described in paragraph (a), the Indenture Trustee shall give a second notice to the remaining such Noteholders to surrender their Notes for cancellation and receive the final distribution with respect thereto (which surrender and payment, in the case of Bearer Notes, shall be outside the United States). If within one (1) year after the second notice all such Notes shall not have been surrendered for cancellation, the Indenture Trustee may take appropriate steps, or may appoint an agent to take appropriate steps, to contact the remaining such Noteholders concerning surrender of their Notes, and the cost thereof shall be paid out of the funds in the Collection Account or any Series Account held for the benefit of such Noteholders. The Indenture Trustee and the Paying Agent shall pay to the Issuer any monies held by them for the payment of principal or interest that remains unclaimed for two (2) years. After payment to the Issuer, Noteholders entitled to the money must look to the Issuer for payment as general creditors unless an applicable abandoned property law designates another Person.

16.06 <u>Force Majeure</u>

In no event shall the Indenture Trustee or the Issuer Trustee be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services; it being understood that the Indenture Trustee and the Issuer Trustee shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

16.07 <u>Delivery of Executed Copies</u>

Each party acknowledges delivery of a fully executed copy of this Indenture.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly executed as of the day and year first above written.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of **FAIR HYDRO TRUST**, as Issuer

By: **ONTARIO POWER GENERATION INC.**, not in its individual capacity but solely as Manager

By: _____

Name:
Title:

By: _____

Name:
Title:

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

By: _____

Name:
Title:

Schedule A
DEFINED TERMS

"**Acceleration Event**" means the acceleration of any Series of Controlling Class Obligations pursuant to and in accordance with the Related Funding Obligation Agreement.

"**Act**" means *Ontario Fair Hydro Plan Act, 2017*.

"**Action**" has the meaning specified in Section 1.04.

"**Adherence Compliance Certificate**" has the meaning specified in the Change of Law Protection Agreement.

"**Adverse Effect**" means, whenever used in this Indenture with respect to any action, that such action will at the time of its occurrence (a) result in the occurrence of an Event of Default or any event which with the giving of notice or passage of time, or both, would become an Event of Default, (b) adversely affect the amount or timing of any payment to be made to any Debtholder or Derivative Counterparty pursuant to this Indenture or any Program Agreement, (c) materially adversely affect the amount or timing of payments to be made to the Specified Creditors (other than Debtholders and Derivative Counterparties) pursuant to this Indenture or any Program Agreement, or (d) adversely affect the Security Interest and the rights and remedies of the Indenture Trustee in respect thereof.

"**Affected Party**" has the meaning specified in the applicable Derivative Agreement.

"**Affiliate**" means, with respect to any specified Person, any other Person controlling or controlled by or under common control with such specified Person. For the purposes of this definition, "**control**" when used with respect to any specified Person means the power to direct the management and policies of such specified Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, and the terms "**controlling**" and "**controlled**" have meanings correlative to the foregoing.

"**Agency Agreement**" means an agency agreement made between the Issuer and one or more Persons acting on behalf of the Issuer, providing for the sale and distribution of Notes on an agency basis.

"**Approved Obligation**" has the meaning specified in the Change of Law Protection Agreement.

"**Approved Obligation Amount**" has the meaning specified in the Change of Law Protection Agreement.

"**Authorized Newspaper**" means any newspaper or newspapers of general circulation, in the case of Notes issued in the United States, in the Borough of Manhattan, The City of New York, and in the case of Notes issued in Canada, in the City of Toronto, in each case printed in the English language and customarily published on each Business Day at such place, whether or not published on Saturdays, Sundays or holidays, or if and so long as Notes of any Class, Series or Tranche are listed on any securities exchange and that exchange so requires, the newspaper of record required

by the applicable securities exchange, printed in any language satisfying the requirements of such exchange.

"**Available Collections**" means, for any Monthly Period, without duplication: (a) the Servicer CEA Receipts paid to the Issuer in accordance with Section 3.3 of the Master Transfer and Servicing Agreement, plus investment earnings allocable to the amounts on deposit in the Collection Account, plus any other amounts, or allocable portion thereof, to be treated as Available Collections, subject to this Indenture and any applicable Supplemental Indenture; (b) the IESO Carrying Cost Payments (other than the IESO Cash Reserve Deposit Amount); and (c) amounts received by the Issuer pursuant to Derivative Agreements.

"**Bearer Note**" means a Note in bearer form.

"**Benefit Plan**" means an "employee benefit plan" as defined in Section 3(3) of ERISA, which is subject to the provisions of Title I of ERISA, a "plan" described in and subject to Section 4975 of the Code, or an entity whose underlying assets include "plan assets" by reason of an employee benefit plan's investment in the entity.

"**Borrowing**" means a borrowing or drawing by the Issuer pursuant to a Liquidity Agreement, a Loan Agreement or a Credit Enhancement Agreement.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are, or the office of the Indenture Trustee is, authorized or obligated by applicable law, regulation or executive order to be closed.

"**Canadian Depository**" means, unless otherwise specified by the Issuer pursuant to any of Section 3.04, 3.06, or 4.01, with respect to Notes issuable or issued as a Global Note within Canada, CDS Clearing and Depository Services Inc., or any successor thereto registered as a clearing agency under the *Securities Act* (Ontario), or other applicable statute or regulation.

"**Carrying Costs**" has the meaning ascribed to the term "carrying costs" in the Fair Hydro Regulations.

"**Certificate of Authentication**" means the certificate of authentication of the Indenture Trustee, the form of which is described in Section 3.03.

"**Certified Primary Obligations**" has the meaning specified in the Change of Law Protection Agreement.

"**Chairman**" has the meaning specified in subsection 10.01(d).

"**Change of Law Protection Agreement**" means the change of law protection agreement dated December [21], 2017 among the Province, the Issuer and the Indenture Trustee.

"**Class**" means the Senior Funding Obligations, the Subordinated Funding Obligations, the Junior Subordinated Funding Obligations, each of which shall be a Class of Issuer Funding Obligations.

"**Collateral**" has the meaning specified in Section 2.01.

"**Collection Account**" has the meaning specified in subsection 7.02(a).

"**Commission**" means the U.S. Securities and Exchange Commission.

"**Controlling Class Creditors**" means, at any time, the Debtholders holding Controlling Class Obligations.

"**Controlling Class Obligations**" means: (a) Senior Funding Obligations until such time as all Senior Funding Obligations have been paid in full; then (b) if all Senior Funding Obligations have been paid in full, Subordinated Funding Obligations until such time as all Subordinated Funding Obligations have been paid in full; and finally (c) if all Senior Funding Obligations and Subordinated Funding Obligations have been paid in full, Junior Subordinated Funding Obligations until such time as all Junior Subordinated Funding Obligations have been paid in full.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Issuer and any other owner or owners of an Investment Interest as contemplated by subsection 29(5) of the Act.

"**Corporate Trust Office**" means the office of the Indenture Trustee at which, at any particular time, its corporate trust business shall be administered, which office as of the date hereof is located at One York Street, 6th Floor, Toronto, Ontario M5J 0B6, or at such other address as the Indenture Trustee may designate from time to time by notice to the Specified Creditors and the Issuer, or the principal corporate trust office of any successor trustee designated by like notice.

"**Credit Enhancement**" means any form of credit enhancement (howsoever characterized) for any Issuer Funding Obligation, including any letter of credit, letter of guarantee, insurance policy, surety bond, cash reserve account, spread account, guaranteed rate agreement, note purchase agreement, loan facility or other similar agreement established for the benefit of a Lender or Noteholder, as applicable, and including any facility provided by a Person to the Issuer which is specified or acknowledged in writing by the Issuer as "Credit Enhancement" for purposes hereof.

"**Credit Enhancement Agreement**" means any credit enhancement agreement entered into hereafter between the Issuer and one or more Credit Enhancers, and acknowledged and accepted by the Indenture Trustee in accordance with Article V, providing Credit Enhancement in respect of any Issuer Funding Obligation, and includes any letter of credit, guarantee, surety bond or other instrument executed and delivered by such Credit Enhancer(s).

"**Credit Enhancer**" means any Person providing Credit Enhancement to the Issuer or in respect of any Issuer Funding Obligation.

"**DBRS**" means DBRS Limited, or any successor thereof.

"**Debtholder**" means a Noteholder or a Lender.

"**Debtholder Group**" has the meaning specified in subsection 10.01(a).

"**Declaration of Trust**" means the declaration of trust made as of December [15], 2017 under which the Issuer was established.

"**Default**" means the occurrence of any event which, after the passage of time, the required notification to the Indenture Trustee and, if required, approval by the required Controlling Class Creditors, would become an Event of Default.

"**Defaulting Party**" has the meaning specified in the applicable Derivative Agreement.

"**Deferred Principal Accumulation Amount**" means, on any Principal Payment Date, the amount by which the aggregate of the Principal Accumulation Amount (Warehouse), the Principal Accumulation Amount (Senior), the Principal Accumulation Amount (Subordinated) and the Principal Accumulation Amount (Junior Subordinated) for such Principal Payment Date determined without reference to any Refinancing Notices is greater than the amount on deposit in the Principal Accumulation Account.

"**Depository**" means a Canadian Depository, a U.S. Depository or a Foreign Depository, as the case may be.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Issuer in connection with or related to Borrowings or Notes.

"**Derivative Counterparty**" means any party to any Derivative Agreement other than the Issuer or the Indenture Trustee.

"**Derivative Funding Obligations**" means Funding Obligations arising under, or in connection with, Derivative Agreements.

"**Discount Note**" means a Note that provides for an amount less than the Stated Principal Amount (but not less than the Initial Currency Specific Dollar Principal Amount) thereof to be due and payable upon the occurrence of an optional redemption, or the occurrence of an Event of Default and the acceleration of such Note, in each case before the Principal Payment Date of the applicable Note.

"**Dollar**," "**$**" or "**Cdn. $**" means Canadian dollars.

"**Electronic Methods**" means delivery of any notice or form of communication by facsimile, pdf or e-mail, or by other similar electronic means in a form satisfactory to the Issuer.

"**Eligible Deposit Account**" means an account that is a segregated account with an Eligible Institution.

"**Eligible Institution**" means (a) a trust company or Schedule I chartered bank (or an Affiliate thereof) incorporated under the laws of Canada or any province thereof (i) which has either (x) a long-term unsecured debt rating of "A" or better by DBRS, or (y) a short-term deposit rating of "R-1 (low)" or better by DBRS, and (ii) which has either (x) a long-term unsecured debt rating of

"A2" or better by Moody's, or (y) a short-term deposit rating of "P-1" or better by Moody's, or (b) any institution that otherwise satisfies the Rating Agency Condition.

"**Eligible Investments**" means instruments or investment property that evidence:

(a) direct obligations of, or obligations fully and unconditionally guaranteed as to timely payment by, Canada or the United States of America;

(b) demand or time deposits of, unsecured certificates of deposit of, money market deposit accounts of, bank deposit products of or bankers' acceptances issued by, any depository institution (including, but not limited to, bank deposit products of the Indenture Trustee, acting in its commercial capacity) incorporated or organized under the laws of the United States of America, Canada or any state or province thereof and subject to supervision and examination by applicable banking authorities, so long as the commercial paper or other short-term debt obligations of such depository institution are, at the time of deposit, rated at least "R-1 (low)" and "P-1" by each of DBRS and Moody's, or such lower rating as will not result in the downgrading or withdrawal of the ratings of the Issuer or any of the Issuer Funding Obligations;

(c) commercial paper (including commercial paper of the Indenture Trustee, acting in its commercial capacity), which at the time of purchase is rated at least "R-1 (low)" and "P-1" by each of DBRS and Moody's, or such lower rating as will not result in the downgrading or withdrawal of the ratings of the Issuer or any of the Issuer Funding Obligations;

(d) investments in money market funds having a rating in the highest investment category granted thereby (including funds for which the Indenture Trustee or any of its Affiliates is investment manager or advisor) from DBRS and Moody's;

(e) repurchase obligations with respect to any security that is a direct obligation of, or fully guaranteed by, the United States of America, Canada or their respective agencies or instrumentalities, entered into with Eligible Institutions;

(f) repurchase obligations with respect to any security or whole loan entered into with an Eligible Institution or with a registered broker/dealer acting as principal and that meets the ratings criteria set forth below:

(i) a broker/dealer (acting as principal) registered as a broker or dealer under the Securities Act (any such broker/dealer being referred to in this definition as a "**broker/dealer**"), the unsecured short-term debt obligations of which are rated at least "P-1" by Moody's and "R-1" by DBRS at the time of entering into such repurchase obligation; or

(ii) an unrated broker/dealer, acting as principal, that is a wholly-owned subsidiary of a non-bank or bank holding company the unsecured short-term debt obligations of which are rated at least "P-1" by Moody's and "R-1" by DBRS at the time of purchase so long as the obligations of such unrated

broker/dealer are unconditionally guaranteed by such non-bank or bank holding company; and

(g) any other investment permitted by each of the Rating Agencies;

in each case maturing not later than the Business Day preceding the next Payment Date, Interest Payment Date or Principal Payment Date, as applicable (for the avoidance of doubt, investments in money market funds or similar instruments that are redeemable on demand shall be deemed to satisfy the foregoing requirement). Notwithstanding the foregoing, no securities or investments that mature in 30 days or more shall be "Eligible Investments" unless the issuer thereof has (x) either a short-term unsecured debt rating of at least "P-1" from Moody's or a long-term unsecured debt rating of at least "A2" from Moody's and also has (y) either a short-term unsecured debt rating of at least "R-1 (low)" from DBRS or a long-term unsecured debt rating of at least "A" from DBRS.

"**Eligible Securities Account**" means a securities account that is a segregated account with an Affiliate of an Eligible Institution, which Affiliate is licensed to maintain securities accounts.

"**ERISA**" means the *Employee Retirement Income Security Act* of 1974, as amended.

"**Event of Default**" has the meaning specified in Section 8.01.

"**Exchange Date**" means, with respect to any Class, Series or Tranche of Notes, the latest of:

(a) in the case of exchanges of beneficial interests in Temporary Global Notes for beneficial interests in Permanent Global Notes in registered form, any date that is after the related issuance date;

(b) in the case of exchanges of beneficial interests in Temporary Global Notes for beneficial interests in Permanent Global Notes in bearer form, the date of presentation of certification of non-United States beneficial ownership (as described in Section 3.05); and

(c) the earliest date on which such an exchange of a beneficial interest in a Temporary Global Note for a beneficial interest in a Permanent Global Note is permitted by applicable law.

"**Exchange Rate Agent**" means, with respect to any Series of Issuer Funding Obligations (unless otherwise specified with respect to any Series of Issuer Funding Obligations pursuant to the Related Funding Obligation Agreement), a chartered bank listed on Schedule I to the *Bank Act* (Canada) designated pursuant to the Related Funding Obligation Agreement.

"**Extraordinary Resolution**" means a resolution passed by the affirmative votes of Controlling Class Creditors holding not less than 66⅔% of the Outstanding Dollar Principal Amount of all Controlling Class Obligations represented and voting at a meeting of all Controlling Class Creditors duly convened and held in accordance with the provisions of this Indenture.

"**Fair Hydro Regulations**" means the regulations made under the Act, including Ontario regulations 206/17 and 195/17.

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act and the Fair Hydro Regulations as of the date of this Indenture.

"**Financing Entity**" has the meaning ascribed to the term "financing entity" in the Act as of the date of this Indenture.

"**Financing Plan**" has the meaning ascribed to the term "financing plan" in the Act as of the date of this Indenture.

"**Foreign Currency**" means (a) a currency other than Dollars, or (b) denominated in a currency other than Dollars.

"**Foreign Currency Note**" means a Note denominated in a Foreign Currency.

"**Foreign Depository**" means the Person specified in the Related Supplemental Indenture, in its capacity as depository for the accounts of any clearing agencies located outside Canada and the United States.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Indenture.

"**Funding Obligation Agreement**" means any Notes, any Supplemental Indenture (including any Terms Document), any Liquidity Agreement, any Loan Agreement, any Credit Enhancement Agreement or any Derivative Agreement.

"**Global Note**" means any Note issued pursuant to Section 3.04.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**Guarantee Payment Date**" means each day when any payment or payments are to be made in respect of one or more Approved Obligations occurring following the delivery of a Payment Demand to the Province pursuant to the Change of Law Protection Agreement.

"**IESO**" means the Independent Electricity System Operator, a statutory corporation without share capital established by the *Electricity Act, 1998*, SO, 1998.

"**IESO Carrying Cost Payments**" means those amounts paid to the Issuer by the IESO pursuant to the Fair Hydro Regulations.

"**IESO Cash Reserve Account**" has the meaning specified in subsection 7.02(e).

"**IESO Cash Reserve Deposit Amount**" means an amount equal to the aggregate of:

(a) 0.50% of the aggregate outstanding principal amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations determined as of the Payment Date occurring in April, 2021; and

(b) an amount estimated by the Manager, acting reasonably, as the amount of Carrying Costs payable by the Issuer during May, June and July, 2021 on outstanding Issuer Funding Obligations and any Issuer Funding Obligations to be issued in accordance with the Financing Plan, provided that such estimate satisfies the Rating Agency Condition.

"**IESO Cash Reserve Required Amount**" means, on any Payment Date on or after the Payment Date in November, 2021, the amount, if any, by which (a) an amount equal to 0.50% of the aggregate Outstanding Dollar Principal Amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations, exceeds (b) the amount on deposit in the Program Cash Reserve Account, determined after giving effect to all settlements on such Payment Date.

"**IESO Security Agreement**" means the security agreement made by the IESO in favour of the Issuer to secure its obligations to pay IESO Carrying Cost Payments.

"**Income Tax Act**" means the *Income Tax Act* (Canada).

"**Indemnity Agreement**" means the Indemnity Agreement dated December [21], 2017 by the Manager in favour of the Indenture Trustee.

"**Indenture**" or "**this Indenture**" means this Trust Indenture, as amended, supplemented, restated or otherwise modified from time to time, including by Supplemental Indentures for the issuance of Series of Notes entered into pursuant to the applicable provisions hereof.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Indenture until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "Indenture Trustee" means and includes such Person.

"**Initial Currency Specific Dollar Principal Amount**" means with respect to a Series or Tranche in a Series that includes Foreign Currency Notes, the amount specified in the applicable Supplemental Indenture as the Initial Currency Specific Dollar Principal Amount thereof.

"**Initial Dollar Principal Amount**" means (a) unless otherwise specified in the applicable Supplemental Indenture, with respect to a Class, Series or Tranche of Notes, the aggregate initial principal amount of the Outstanding Notes of such Class, Series or Tranche plus the aggregate initial principal amount of any additional Notes of such Class, Series or Tranche, and (b) with respect to a Class, Series or Tranche of Discount Notes that includes Foreign Currency Notes, the amount specified in the applicable Supplemental Indenture as the Initial Dollar Principal Amount thereof.

"**Insolvency Event**" means, with respect to a specified Person, the specified Person admits the inability of such specified Person to pay its liabilities generally as they become due or makes a general assignment for the benefit of the creditors of such specified Person or otherwise acknowledges the insolvency of such specified Person or any proceeding shall be instituted by or against such specified Person seeking to adjudicate it a bankrupt or insolvent or seeking liquidation, winding up, dissolution, reorganization, arrangement, adjustment, protection, relief or composition of its debts under any law relating to bankruptcy, insolvency, reorganization, moratorium or relief of debtors or seeking the entry of an order for relief by the appointment of a receiver, trustee or other similar official for such specified Person or for any substantial part of its property and if such proceeding has been instituted against such specified Person either such proceeding has not been stayed or dismissed within 45 days or any of the actions sought in such proceeding (including the entry of an order for relief or the appointment of a receiver) are granted in whole or in part, or if a receiver is privately appointed in respect of such specified Person or of the property of such specified Person or any substantial part thereof.

"**Interest Accrual Amount (Junior Subordinated)**" means, in respect of any Payment Date and all Junior Subordinated Funding Obligations, the amount of interest that accrued on such Junior Subordinated Funding Obligations during the period from and including the issuance date of such Junior Subordinated Funding Obligations or the last date to which interest has been paid in respect of such Junior Subordinated Funding Obligations, as applicable, to such Payment Date less any amounts deposited to the Interest Accumulation Account in respect of such interest accruing during such period pursuant to subsections 7.04(e)(v) and 7.07.

"**Interest Accrual Amount (Senior)**" means, in respect of any Payment Date and all Senior Funding Obligations, the amount of interest that accrued on such Senior Funding Obligations during the period from and including the issuance date of such Senior Funding Obligations or the last date to which interest has been paid in respect of such Senior Funding Obligations, as applicable, to such Payment Date less any amounts deposited to the Interest Accumulation Account in respect of such interest accruing during such period pursuant to subsections 7.04(e)(iii)(A) and 7.07.

"**Interest Accrual Amount (Subordinated)**" means, in respect of any Payment Date and all Subordinated Funding Obligations, the amount of interest that accrued on such Subordinated Funding Obligations during the period from and including the issuance date of such Subordinated Funding Obligations or the last date to which interest has been paid in respect of such Subordinated Funding Obligations, as applicable, to such Payment Date less any amounts deposited to the Interest Accumulation Account in respect of such interest accruing during such period pursuant to subsections 7.04(e)(iv) and 7.07.

"**Interest Accumulation Account**" has the meaning specified in subsection 7.02(b).

"**Interest Payment Date**" means each Business Day on which interest is due and payable in respect of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations, as set out in the Related Funding Obligation Agreement.

"**Internal Revenue Code**" means the United States Internal Revenue Code of 1986, as amended.

"**Investment Asset**" has the meaning ascribed to the term "investment asset" in the Act as of the date of this Indenture.

"**Investment Company Act**" means the United States Investment Company Act of 1940, as amended.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Indenture.

"**Issuer**" has the meaning specified in the first paragraph of this Indenture.

"**Issuer Accounts**" means, collectively, the Program Accounts, the Series Accounts and the Related Securities Accounts, and including any Sub-Accounts of the foregoing.

"**Issuer Certificate**" means a certificate (including an Officer's Certificate) signed in the name of the Issuer by a Responsible Officer of the Manager on behalf of the Issuer and, in each case delivered to the Indenture Trustee relating to, among other things, the issuance of a new Series or Tranche of Notes. Wherever this Indenture requires that an Issuer Certificate be signed also by an accountant or other expert, such accountant or other expert (except as otherwise expressly provided in this Indenture) may be an employee of the Manager.

"**Issuer Funding Obligations**" means, the Funding Obligations of the Issuer, including the Senior Funding Obligations, the Subordinated Funding Obligations, the Junior Subordinated Funding Obligations and the Derivative Funding Obligations.

"**Issuer Investment Interest**" means, initially, the Investment Interest acquired by the Issuer pursuant to the first Transfer completed under the Master Transfer and Servicing Agreement and, upon the completion of each Transfer thereafter, the cumulative Investment Interest acquired by the Issuer.

"**Issuer Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Issuer at such time.

"**Junior Subordinated Borrowings**" means Borrowings that have been designated as "Junior Subordinated Borrowings" in the Related Loan Agreement, Related Liquidity Agreement or Related Credit Enhancement Agreement.

"**Junior Subordinated Funding Obligations**" means Funding Obligations arising under, or in connection with, Junior Subordinated Notes and Junior Subordinated Borrowings.

"**Junior Subordinated Notes**" means Notes of a Series that have been designated as "Junior Subordinated Notes" in the Related Supplemental Indenture.

"**Lender**" means any Person providing credit facilities, note purchase facilities or advances under a Liquidity Agreement, Loan Agreement or Credit Enhancement Agreement, as applicable.

"**Lien**" means a security interest, lien, mortgage, charge, pledge, claim or encumbrance of any kind.

"**Liquidity Agreement**" means an agreement between the Issuer and one or more Lenders, and acknowledged and accepted by the Indenture Trustee in accordance with Article V, providing for the creation of one or more liquidity facilities in respect of all or a portion of the Notes in favour of the Issuer, including a facility to fund the repayment of all or a portion of Notes or that permits the Issuer to require the purchase of Notes by a counterparty, and including further any facility provided by a Person to the Issuer which is specified or acknowledged in writing by the Issuer as a "Liquidity Agreement" for the purposes hereof.

"**Loan Agreement**" means an agreement between the Issuer and one or more Lenders, and acknowledged and accepted by the Indenture Trustee in accordance with Article V, providing for the creation of one or more credit facilities in favour of the Issuer for purposes of purchasing Investment Interests.

"**Management Agreement**" means the management agreement dated December [15], 2017 between the Manager and the Issuer, and acknowledged by the Indenture Trustee in accordance with Article V.

"**Manager**" means OPG, in its capacity as manager of the Issuer under the Management Agreement.

"**Market Exchange Rate**" means, unless otherwise specified with respect to any Series of Issuer Funding Obligations, (a) for any conversion involving a currency unit on the one hand and Dollars or any Foreign Currency on the other, the exchange rate between the relevant currency unit and Dollars or such Foreign Currency calculated by the method specified pursuant to Section 3.1 for the Notes of the relevant Series, (b) for any conversion of Dollars into any Foreign Currency, the Bank of Canada noon rate as published on the Reuters Screen Page BOFC (or such other means of reporting the Bank of Canada noon rate as may be agreed upon by each of the parties to this Indenture) and (c) for any conversion of one Foreign Currency into Dollars or another Foreign Currency, the spot rate at noon local time in the relevant market at which, in accordance with normal banking procedures, the Dollars or Foreign Currency into which conversion is being made could be purchased with the Foreign Currency from which conversion is being made from major banks located in either Toronto, New York City or any other principal market for Dollars or such purchased Foreign Currency, in each case determined by the Exchange Rate Agent. Unless otherwise specified with respect to any Series of Issuer Funding Obligations, in the event of the unavailability of any of the exchange rates provided for in the foregoing clauses (a), (b) and (c), the Exchange Rate Agent shall use, in its sole discretion and without liability on its part, such Bank of Canada noon rate as of the most recent available date, or quotations from one or more major banks in Toronto, New York City, or another principal market for the currency in question, or such other quotations as the Exchange Rate Agent shall deem appropriate. Unless otherwise specified by the Exchange Rate Agent, if there is more than one market for dealing in any currency by reason of foreign exchange regulations or otherwise, the market to be used in respect of such currency shall be that upon which a non-resident issuer of securities designated in such currency would purchase such currency in order to make payments in respect of such securities.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated December [21], 2017 between the Issuer and IESO.

"**Monthly Period**" means, with respect to each Payment Date, the period from and including the first day of each calendar month and to and including the last day of such calendar month.

"**Monthly Report**" has the meaning ascribed thereto in Section 3.5(a) of the Master Transfer and Servicing Agreement.

"**Moody's**" means Moody's Investors Service, Inc., or any successor thereof.

"**MTSA Acknowledgement**" means the acknowledgement and indemnity agreement dated December [21], 2017 by the IESO in favour of the Indenture Trustee.

"**Non-resident**" means a non-resident of Canada as such term is defined in the Income Tax Act or a partnership that is not a Canadian partnership within the meaning of the Income Tax Act.

"**Note**" or "**Notes**" means any note or notes of any Class, Series or Tranche created pursuant to Supplemental Indentures and authenticated and delivered from time to time under this Indenture.

"**Note Owner**" means the beneficial owner of an interest in a Global Note.

"**Note Purchase Agreement**" means an agreement providing for the purchase of Notes from the Issuer by one or more Persons.

"**Note Register**" has the meaning specified in subsection 4.05(a).

"**Note Registrar**" means the Person who keeps the Note Register.

"**Noteholder**" means a Person in whose name a Note is registered in the Note Register or the bearer of any Bearer Note (including a Global Note in bearer form), as the case may be.

"**Obligations Secured**" means all present and future debts, expenses and liabilities, direct or indirect, absolute or contingent, due, owing or accruing due or owing from time to time by the Issuer to the Specified Creditors in their capacity as such. For greater certainty, amounts owing to any Specified Creditors by the Issuer at any time shall include (a) the unpaid face amount of any Notes issued on a discount basis; (b) the principal amount owing at such time, together with the accrued and unpaid interest on interest bearing Notes or Borrowings; (c) accrued fees, whether or not then due and payable; and (d) any evidence of indebtedness issued pursuant to or in respect of an amount owing under a Program Agreement (other than amounts payable by the Issuer to its beneficiaries pursuant to the Declaration of Trust or a promissory note issued by the Issuer to a beneficiary as contemplated in the Declaration of Trust).

"**Officer's Certificate**" means a certificate on behalf of any Person that is signed by any Responsible Officer of such Person and states that the certifications set forth in such certificate are based upon the results of a due inquiry into the matters in question conducted by or under the supervision of the signing Responsible Officer and that the facts stated in such certifications are made to such signing Responsible Officer's knowledge and belief.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Opinion of Counsel**" means one or more written opinions of counsel, who may, except as otherwise expressly provided in the Program Agreements, be employees of or counsel to the party providing such opinion of counsel, which counsel shall be reasonably acceptable to the party receiving such opinion of counsel, and shall be in form and substance reasonably acceptable to such party.

"**Ordinary Resolution**" has the meaning specified in subsection 10.01(e).

"**Outstanding**" means, in respect of Notes, as of the date of determination, all Notes theretofore authenticated and delivered under this Indenture, except:

(a) any Notes theretofore canceled by the Indenture Trustee or delivered to the Indenture Trustee for cancellation pursuant to Section 4.12;

(b) any Notes for whose full payment (including principal and interest) or redemption money in the necessary amount has been theretofore deposited with the Indenture Trustee or any Paying Agent in trust for the holders of such Notes; provided that, if such Notes are to be redeemed, notice of such redemption has been duly given in accordance with subsection 4.10(e), or provision therefor satisfactory to the Indenture Trustee has been made; and

(c) any Notes in exchange for or in lieu of which other Notes have been authenticated and delivered pursuant to this Indenture, or which will have been paid pursuant to the terms of Section 4.06 (except with respect to any such Note as to which proof satisfactory to the Indenture Trustee is presented that such Note is held by a Person in whose hands such Note is a legal, valid and binding obligation of the Issuer).

For purposes of determining the amounts of deposits, allocations, reallocations or payments to be made, unless the context clearly requires otherwise, references to "Notes" will be deemed to be references to "Outstanding Notes". In determining whether Noteholders of the requisite principal amount of Outstanding Notes have taken any Action hereunder, and for purposes of Article X, (i) Senior Notes beneficially owned by the Issuer, the Manager or any Affiliate of the Issuer or the Manager and (ii) any Class of Notes (or any portion thereof) in which the Province has an interest pursuant to Section 7.10 will, in each case, be disregarded and deemed not to be Outstanding at any time that a Specified Creditor other than the Province has an interest in such Class of Notes. In determining whether the Indenture Trustee will be protected in relying upon any such Action, only Senior Notes (or in the case of the Province, any Notes) which a Responsible Officer of the Indenture Trustee knows to be owned by the Issuer, the Manager or any Affiliate of the Issuer or the Manager, or with respect to which the Province has an interest pursuant to Section 7.10, will be so disregarded. Senior Notes so owned which have been pledged in good faith may be regarded as Outstanding if the pledgee creates to the satisfaction of the Indenture Trustee the pledgee's right to act as owner with respect to such Notes and that the pledgee is not the Issuer, the Manager or any Affiliate of the Issuer or the Manager.

"**Outstanding Currency Specific Dollar Principal Amount**" means at any time, with respect to any Notes in a Series that includes Foreign Currency Notes, the Initial Currency Specific Dollar Principal Amount of the Outstanding Notes of such Series or Tranche at such time, less the amount

of any payments of principal to the holders of such Series of Notes; plus, the amount of any increase in the Outstanding Currency Specific Dollar Principal Amount of such Series of Notes due to the issuance of additional Notes of such Series.

"**Outstanding Dollar Principal Amount**" means at any time:

(a) in respect of Notes, either:

(i) with respect to any Class, Series or Tranche of Notes (other than Discount Notes), the aggregate Initial Dollar Principal Amount of the Outstanding Notes of such Class, Series or Tranche at such time, less the amount of any payments of principal to the holders of such Class, Series or Tranche of Notes pursuant to the Related Supplemental Indenture, or

(ii) with respect to any Series or Tranche of Discount Notes, an amount of the Outstanding Notes of such Series or Tranche calculated by reference to the applicable formula set forth in the Related Supplemental Indenture, taking into account the amount and timing of payments of principal made to the holders of such Series or Tranche pursuant to the Related Supplemental Indenture;

plus, in either case, the amount of any increase in the Outstanding Dollar Principal Amount of such Class, Series or Tranche of Notes due to the issuance of additional Notes of such Class, Series or Tranche pursuant to Article V; and

(b) in respect of other Issuer Funding Obligations, the aggregate principal amount (converted into Dollars, if applicable) of Borrowings.

"**Paying Agent**" means any Person authorized by the Issuer to pay any Obligations Secured on behalf of the Issuer as provided in subsection 9.16(e).

"**Payment Date**" means the 15th day of each calendar month (subject to Section 1.12).

"**Payment Demand**" has the meaning specified in the Change of Law Protection Agreement.

"**Payment Instruction**" means an instruction of the Manager substantially in one of the forms in Exhibit 1.

"**Payment Waterfall**" means a priority of payment set out in any one of Section 7.04(e), 7.05, 7.06, 7.07, 7.08, 7.09, 7.10, 7.11 or 8.13.

"**Permanent Global Note**" has the meaning specified in subsection 3.05(a).

"**Permitted Liens**" means:

(a) Liens for Taxes not yet due or for which installments have been paid based on reasonable estimates pending final assessments, or if due, the validity of which is

being contested diligently and in good faith by appropriate proceedings by that Person for which reasonable reserves under GAAP are maintained;

(b) the Lien of any Indenture Trustee, as provided in Section 9.05;

(c) the Security Interest; and

(d) any Lien created pursuant to a Co-Owner Agreement.

"**Person**" means any individual, corporation, limited liability company, unlimited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Place of Payment**" means, with respect to any Class, Series or Tranche of Notes issued hereunder, the city or political subdivision so designated with respect to such Class, Series or Tranche of Notes in accordance with the provisions of Article V.

"**PPSA**" shall mean the *Personal Property Security Act* (Ontario).

"**Pre-Approved Refinancing**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Principal Accumulation Account**" has the meaning specified in subsection 7.02(c).

"**Principal Accumulation Amount**" means, in respect of any Series of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations and a Payment Date occurring on or after the Principal Accumulation Date for such Series, the amount specified for such Payment Date in the Related Funding Obligation Agreement plus any amounts specified in the Related Funding Obligation Agreement in respect of prior Payment Dates after the Principal Accumulation Date for such Series which were not deposited to the Principal Accumulation Account; provided that if the Issuer has delivered a Refinancing Notice in respect of such Series pursuant to Section 7.09, the Principal Accumulation Amounts in respect of such Series shall be adjusted as provided for in such Refinancing Notice.

"**Principal Accumulation Amount (Junior Subordinated)**" means, in respect of any Payment Date, the sum of the Principal Accumulation Amounts for all Series of Junior Subordinated Funding Obligations for such Payment Date.

"**Principal Accumulation Amount (Senior)**" means, in respect of any Payment Date, the sum of the Principal Accumulation Amounts for all Series of Senior Funding Obligations (other than Warehouse Obligations) for such Payment Date.

"**Principal Accumulation Amount (Subordinated)**" means, in respect of any Payment Date, the sum of the Principal Accumulation Amounts for all Series of Subordinated Funding Obligations for such Payment Date.

"**Principal Accumulation Amount (Warehouse)**" means, in respect of any Payment Date, the sum of the Principal Accumulation Amounts for all Series of Warehouse Obligations for such Payment Date.

"**Principal Accumulation Date**" means, in respect of any Series of Issuer Funding Obligations, other than Derivative Funding Obligations, the date, if any, specified in the Related Funding Obligation Agreement.

"**Principal Payment Date**" means each Business Day on which principal is due and payable in respect of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations, as set out in the Related Funding Obligation Agreement.

"**Principal Payment Default Date**" has, with respect to any Issuer Funding Obligation, the meaning specified in the Related Funding Obligation Agreement.

"**Program Account**" means each of the Collection Account, the Principal Accumulation Account, the Interest Accumulation Account, the Program Cash Reserve Account, the IESO Cash Reserve Account, the Refinancing Account and the Protection Account.

"**Program Agreements**" means this Indenture, each Supplemental Indenture, the Declaration of Trust, the Management Agreement, the Master Transfer and Servicing Agreement, the MTSA Acknowledgement, the Indemnity Agreement, each Transfer Notice, any Co-Owner Agreements, the IESO Security Agreement, the Change of Law Protection Agreement, the Notes, any Derivative Agreements, Credit Enhancement Agreements, Liquidity Agreements, Loan Agreements, Underwriting Agreements, Agency Agreements or Note Purchase Agreements and all other documents and certificates delivered in connection therewith.

"**Program Cash Reserve Account**" has the meaning specified in subsection 7.02(d).

"**Program Cash Reserve Required Amount**" means (a) on each Payment Date prior to the Payment Date in May, 2021, nil, and (b) on each Payment Date thereafter, an amount equal to 0.50% of the aggregate outstanding principal amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations after giving effect to all settlements on such Payment Date, or such lesser amount proposed by the Manager that satisfies the Rating Agency Condition.

"**Protection Account**" has the meaning specified in subsection 7.02(i).

"**Protection Event**" has the meaning ascribed thereto in Schedule A of the Change of Law Protection Agreement.

"**Province**" means Her Majesty the Queen in Right of Ontario as represented by the Minister of Energy and the Minister of Finance.

"**Rating Agency**" means, with respect to any Issuer Funding Obligation, each nationally recognized statistical rating organization or designated rating organization, as specified in the Related Funding Obligation Agreement, selected by the Manager to rate such Issuer Funding Obligation.

"**Rating Agency Condition**" means, unless otherwise specified in the Related Funding Obligation Agreement for any Series or Tranche of Issuer Funding Obligations, with respect to any action subject to such condition, the Issuer shall deliver written notice of the proposed action to such Rating Agency or Rating Agencies at least 10 Business Days prior to the effective date of such action (or such shorter notice period if specified in the Related Funding Obligation Agreement with respect to any specific action, or if 10 Business Days prior notice is impractical, such advance notice as is practicable) and the Rating Agencies shall have informed the Issuer prior to the effective date of such action that such action will not result in the reduction or withdrawal of the rating in effect with respect to any Issuer Funding Obligation immediately before the taking of such action, provided that wherever there is reference to satisfaction of a Rating Agency Condition in this Indenture or any other Program Agreement, subject to the terms of the specific Program Agreement which shall govern, such condition need not be satisfied if there is no Rating Agency then rating the applicable Issuer Funding Obligation in respect of which the Rating Agency Condition is applicable. For purposes of this Indenture and any Supplemental Indenture, the Indenture Trustee shall receive, and shall be entitled to rely on, an Issuer Certificate confirming the satisfaction of the Rating Agency Condition. If the Rating Agency Condition is required to be satisfied without specifying one or more specific Series or Tranches of Issuer Funding Obligations, it shall be required to be satisfied in respect of all outstanding Series or Tranches of Issuer Funding Obligations.

"**Record Date**" means, for the interest or principal payable on any Note on any applicable Interest Payment Date or Principal Payment Date, the last day of the calendar month immediately preceding such Interest Payment Date or Principal Payment Date, unless otherwise specified in the Related Supplemental Indenture.

"**Redemption Price**" has the meaning specified in subsection 4.10(a).

"**Reference Period**" has the meaning ascribed to the term "reference period" in the Act as of the date of this Indenture.

"**Refinancing**" has the meaning ascribed to the term "refinancing" in the Act as of the date of this Indenture.

"**Refinancing Account**" has the meaning specified in subsection 7.02(f).

"**Refinancing Notice**" means a notice substantially in the form of Exhibit 2.

"**Registered Note**" means a Note issued in registered form.

"**Registered Noteholder**" means a Noteholder of a Registered Note.

"**Regulation AB**" means Subpart 229.1100 – Asset Backed Securities (Regulation AB), 17 C.F.R. §§229.1100-229.1125, and all related rules and regulations of the Commission, as such rules may be amended from time to time, and subject to such clarification and interpretation as have been provided by the Commission or by the staff of the Commission, or as may be provided by the Commission or its staff from time to time.

"**Related**" is used in reference to the Issuer Funding Obligations of a particular Series and means, when used in conjunction with:

(a) "Credit Enhancement Agreement": a Credit Enhancement Agreement pursuant to which Credit Enhancement has been provided in respect of such Issuer Funding Obligations;

(b) "Funding Obligation Agreement": a Funding Obligation Agreement entered into in connection with the incurrence of such Issuer Funding Obligations;

(c) "Liquidity Agreement": a Liquidity Agreement pursuant to which one or more liquidity facilities have been made available to fund the repayment of such Issuer Funding Obligations constituting Notes or, if specified in such Liquidity Agreement, a Series or Tranche of such Issuer Funding Obligations constituting Notes;

(d) "Loan Agreement": a Loan Agreement in respect of Issuer Funding Obligations constituting Borrowings; and

(e) "Supplemental Indenture": a supplement to this Indenture executed in connection with the issuance of such Issuer Funding Obligations constituting Notes.

"**Related Securities Account**" means, in respect of any Program Account or Series Account, a Securities Account which has been established for the purpose of allowing the Issuer to invest the funds credited to such Program Account or Series Account in Eligible Investments in accordance with Section 7.03.

"**Required Principal Accumulation Amount (Senior)**" means, in respect of any Principal Payment Date, the aggregate of the Principal Accumulation Amounts (Warehouse) and the Principal Accumulation Amounts (Senior) for all Payment Dates up to and including such Principal Payment Date, less all amounts that have been applied to principal repayments of Senior Funding Obligations on or prior to such Principal Payment Date.

"**Required Principal Accumulation Amount (Subordinated)**" means, in respect of any Principal Payment Date, the aggregate of the Principal Accumulation Amounts (Subordinated) for all Payment Dates up to and including such Principal Payment Date, less all amounts that have been applied to principal repayments of Subordinated Funding Obligations on or prior to such Principal Payment Date.

"**Responsible Officer**" means, with respect to: (a) the Issuer, any director or officer of the Manager; (b) the Servicer, any director or officer of the IESO; and (c) the Indenture Trustee, any officer within the Corporate Trust Office of such trustee (including the President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Treasurer or any other officer of the Indenture Trustee customarily performing functions similar to those performed by persons who at the time shall be such officers, respectively, and that has direct responsibility for the administration of this Indenture and also, with respect to a particular matter, any other officer to whom such matter is referred to because of such officer's knowledge and familiarity with the particular subject).

"**Securities Account**" has the meaning specified in subsection 7.02(j).

"**Securities Exchange Act**" means the United States Securities Exchange Act of 1934, as amended from time to time.

"**Security Interest**" means the Lien granted pursuant to Section 2.01.

"**Senior Borrowings**" means Borrowings that have been designated as "Senior Borrowings" in the Related Loan Agreement, Related Liquidity Agreement or Related Credit Enhancement Agreement.

"**Senior Funding Obligations**" means Funding Obligations arising under, or in connection with, Senior Notes and Senior Borrowings.

"**Senior Notes**" means Notes of a Series that have been designated as "Senior Notes" in the Related Supplemental Indenture.

"**Series**" means, with respect to any Class of Issuer Funding Obligation, the Series of the Class specified in the Related Funding Obligation Agreement.

"**Series Account**" means each Series Finance Reserve Account and each Series Capital Account.

"**Series Capital Account**" has the meaning specified in subsection 7.02(g).

"**Series Finance Reserve Account**" has the meaning specified in subsection 7.02(h).

"**Servicer**" has the meaning specified in the Master Transfer and Servicing Agreement.

"**Servicer CEA Receipts**" has the meaning ascribed thereto in Section 3.3(e) of the Master Transfer and Servicing Agreement.

"**Servicer Default**" has the meaning ascribed thereto in Section 7.1 of the Master Transfer and Servicing Agreement.

"**Specified Creditors**" means, collectively, Noteholders, Lenders, the Paying Agent, the Indenture Trustee, the Issuer Trustee, the Manager, the Servicer, the Province, Derivative Counterparties, Credit Enhancers, Rating Agencies and counterparties to Underwriting Agreements, Agency Agreements or Note Purchase Agreements, in each case, to the extent of their claims related to Program Agreements, and any other Person that is owed a payment obligation by the Issuer that gives rise to a Finance Amount in respect of the Issuer.

"**Stated Principal Amount**," has, with respect to any Note, the meaning specified in the Related Supplemental Indenture (including a Terms Document).

"**Sub-Account**" means each sub-account of an Issuer Account maintained pursuant to this Indenture or any Funding Obligation Agreement.

"**Subordinated Borrowings**" means Borrowings that have been designated as "Subordinated Borrowings" in the Related Loan Agreement, Related Liquidity Agreement or Related Credit Enhancement Agreement.

"**Subordinated Funding Obligations**" means Funding Obligations arising under, or in connection with, Subordinated Notes and Subordinated Borrowings.

"**Subordinated Notes**" means Notes of a Series that have been designated as "Subordinated Notes" in the Related Supplemental Indenture.

"**Subrogation Amount**", in respect of any Approved Obligation, has the meaning specified in subsection 7.10(d)(i).

"**Supplemental Indenture**" means, with respect to any Series of Notes, a supplement to this Indenture, executed and delivered in conjunction with the issuance of such Notes pursuant to Section 4.01, together with any applicable Terms Document for any Tranches of Notes belonging to such Series and any amendment to the Supplemental Indenture executed pursuant to Section 11.01 or 11.02.

"**Suspension Notice**" has the meaning specified in the Change of Law Protection Agreement.

"**Tax**" has the meaning ascribed to the term "tax" in the Fair Hydro Regulations as of the date of this Indenture.

"**Temporary Global Note**" has the meaning specified in Section 3.05(a).

"**Termination Payment**" means all amounts payable upon early termination of any Derivative Agreement calculated in accordance with the terms of such Derivative Agreement.

"**Terms Document**" means, with respect to any Tranche of Notes, a supplement to the Related Supplemental Indenture.

"**Tranche**" means, with respect to any Series of Notes, Notes of such Series which have identical terms, conditions and Tranche designation. Notes of a single Tranche may be issued on different dates.

"**Transfer**" has the meaning ascribed to the term "transfer" in the Act as of the date of this Indenture.

"**Transfer Notice**" has the meaning ascribed thereto in Section 1.1 of the Master Transfer and Servicing Agreement.

"**Trustee Cap**" means, on any Payment Date, an amount equal to (x) $150,000, multiplied by (y) the number of Series of Senior Funding Obligations outstanding on such Payment Date, divided by (z) 12.

"**Underwriting Agreement**" means an agreement providing for the purchase of Notes from the Issuer by one or more Persons as principals for the purpose of resale.

"**United States**" means, unless otherwise specified with respect to any Notes pursuant to Section 4.10, the United States of America (including the states and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction.

"**United States Person**" means a citizen or resident of the United States, a corporation, partnership or other entity created or organized in or under the laws of the United States of America, any one of the states thereof, the District of Columbia or any political subdivision thereof, or an estate or trust the income of which is subject to United States federal income taxation regardless of its source.

"**U.S. Depository**" means, unless otherwise specified by the Issuer pursuant to any of Section 3.04, 3.06, or 4.01, with respect to Notes issuable or issued as a Global Note within the United States, The Depository Trust Company, or any successor thereto registered as a clearing agency under the Securities Exchange Act, or other applicable statute or regulation.

"**U.S. Securities Act**" means the United States Securities Act of 1933, as amended from time to time.

"**Warehouse Facility Agreement**" means a Funding Obligation Agreement that provides the Issuer with a revolving facility under which principal amounts can be advanced, repaid and again advanced during a committed revolving period and does not provide any other type of credit facility.

"**Warehouse Obligations**" means Senior Funding Obligations incurred pursuant to Warehouse Facility Agreements.

EXHIBIT 1
FORMS OF PAYMENT INSTRUCTION

See Attached.

Payment Instruction – Collection Account
Fair Hydro Trust

Pursuant to the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and BNY Trust Company of Canada, as indenture trustee (as amended, modified, supplemented, replaced or restated from time to time, the "**Trust Indenture**"), the Manager hereby instructs the Paying Agent to pay or transfer, as applicable, the amounts set out below in accordance with the wire, check or other payment details set out in Schedule A to this Payment Instruction. Such payments or transfers are to made on: _____ [*insert date of payment(s) / transfer(s)*].

Capitalized terms used in this Payment Instruction have the meanings given to such terms in the Trust Indenture.

COLLECTION ACCOUNT

1.	Opening Balance	**$[ ]**
2.	Additions	**$[ ]**
3.	Withdrawals	**$[ ]**
	a. Taxes	**$[ ]**
	b. Issuer Trustee and Indenture Trustee fees	**$[ ]**
	c. Interest and Derivative Funding Obligations – Total	**$[ ]**
	i. Interest Accrual Amount (Senior)	**$[ ]**
	ii. Payments on Derivative Funding Obligations (other than Termination Payments)	**$[ ]**
	1. [*break out for each non-defaulting Derivative Counterparty*]	**$[ ]**
	d. Interest Accrual Amount (Subordinated)	**$[ ]**
	e. Interest Accrual Amount (Junior Subordinated)	**$[ ]**
	f. Principal Accumulation Amount (Warehouse)	**$[ ]**
	g. Principal and Derivative Funding Obligations – Total	**$[ ]**
	i. Principal Accumulation Amount (Senior)	**$[ ]**
	ii. Termination Payments – Total	**$[ ]**
	1. [*break out for each Derivative Counterparty*]	**$[ ]**
	h. Fees and other amounts on Senior Funding Obligations – Total	**$[ ]**
	i. [*break out on series by series basis*]	**$[ ]**
	i. Manager fees and other amounts (excluding indemnity amounts)	**$[ ]**
	j. Principal Accumulation Amount (Subordinated)	**$[ ]**
	k. Fees and other amounts on Subordinated Funding Obligations – Total	**$[ ]**
	i. [*break out on series by series basis*]	**$[ ]**
	l. Principal Accumulation Amount (Junior Subordinated)	**$[ ]**
	m. Program Cash Reserve Required Amount	**$[ ]**

n.	Reserve amounts for Series Accounts (other than for Subordinated Funding Obligations or Junior Subordinated Funding Obligations) – Total	**$[ ]**
	i. [*break out on series by series basis*]	**$[ ]**
o.	Reserve amounts for Series Accounts for Subordinated Funding Obligations – Total	**$[ ]**
	i. [*break out on series by series basis*]	**$[ ]**
p.	Fees and other amounts on Junior Subordinated Funding Obligations – Total	**$[ ]**
	i. [*break out on series by series basis*]	**$[ ]**
q.	Reserve amounts for Series Accounts for Junior Subordinated Funding Obligations – Total	**$[ ]**
	i. [break out on series by series basis]	**$[ ]**
r.	Derivative Funding Obligations – Total	**$[ ]**
	i. [*break out for each defaulting Derivative Counterparty*]	**$[ ]**
s.	Beneficiaries of Issuer	**$[ ]**
t.	Manager indemnity amounts	**$[ ]**
u.	Payments to other Specified Creditors – Total	**$[ ]**
	i. [*break out for each obligation*]	**$[ ]**
4.	Ending Balance	**$[ ]**
5.	Investment Proceeds on Collection Account	**$[ ]**

DATED _____.

FAIR HYDRO TRUST, by its Manager, **ONTARIO POWER GENERATION INC.**

By: _____

Name:
Title:

By: _____

Name:
Title:

Schedule A

[*insert wire, cheques or other payment details for each payment*]

Payment Instruction – Interest Accumulation Account
Fair Hydro Trust

Pursuant to the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and BNY Trust Company of Canada, as indenture trustee (as amended, modified, supplemented, replaced or restated from time to time, the "**Trust Indenture**"), the Manager hereby instructs the Paying Agent to pay or transfer, as applicable, the amounts set out below in accordance with the wire, check or other payment details set out in Schedule A to this Payment Instruction. Such payments or transfers are to made on: _____ [*insert date of payment(s) / transfer(s)*].

Capitalized terms used in this Payment Instruction have the meanings given to such terms in the Trust Indenture.

INTEREST ACCUMULATION ACCOUNT

1.	Opening Balance	**$[ ]**
2.	Additions for Senior Funding Obligations	**$[ ]**
3.	Additions for Subordinated Funding Obligations	**$[ ]**
4.	Additions for Junior Subordinated Funding Obligations	**$[ ]**
5.	Withdrawals for Senior Funding Obligations – Total	**$[ ]**
	a. [*break out on series by series basis*]	**$[ ]**
6.	Withdrawals for Subordinated Funding Obligations – Total	**$[ ]**
	a. [*break out on series by series basis*]	**$[ ]**
7.	Withdrawals for Junior Subordinated Funding Obligations – Total	**$[ ]**
	a. [*break out on series by series basis*]	**$[ ]**
8.	Ending Balance	**$[ ]**
9.	Investment Proceeds on Interest Accumulation Account	**$[ ]**
10.	Interest Accrual Amount (Senior)	**$[ ]**
11.	Interest Accrual Amount (Subordinated)	**$[ ]**
12.	Interest Accrual Amount (Junior Subordinated)	**$[ ]**

DATED _____.

FAIR HYDRO TRUST, by its Manager, **ONTARIO POWER GENERATION INC.**

By: _____

Name:
Title:

By: _____

Name:
Title:

Schedule A

[*insert wire, cheques or other payment details for each payment*]

Payment Instruction – Principal Accumulation Account
Fair Hydro Trust

Pursuant to the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and BNY Trust Company of Canada, as indenture trustee (as amended, modified, supplemented, replaced or restated from time to time, the "**Trust Indenture**"), the Manager hereby instructs the Paying Agent to pay or transfer, as applicable, the amounts set out below in accordance with the wire, check or other payment details set out in Schedule A to this Payment Instruction. Such payments or transfers are to made on: _____ [*insert date of payment(s) / transfer(s)*].

Capitalized terms used in this Payment Instruction have the meanings given to such terms in the Trust Indenture.

PRINCIPAL ACCUMULATION ACCOUNT

1.	Opening Balance	**$[ ]**
2.	Additions for Warehouse Obligations	**$[ ]**
3.	Additions for Senior Funding Obligations (other than Warehouse Obligations)	**$[ ]**
4.	Additions for Subordinated Funding Obligations	**$[ ]**
5.	Additions for Junior Subordinated Funding Obligations	**$[ ]**
6.	Withdrawals for Warehouse Obligations – Total	**$[ ]**
	a. [*break out on series by series basis*]	**$[ ]**
7.	Withdrawals for Senior Funding Obligations (other than Warehouse Obligations) – Total	**$[ ]**
	a. [*break out on series by series basis*]	**$[ ]**
8.	Withdrawals for Subordinated Funding Obligations – Total	**$[ ]**
	a. [*break out on series by series basis*]	**$[ ]**
9.	Withdrawals for Junior Subordinated Funding Obligations – Total	**$[ ]**
	a. [*break out on series by series basis*]	**$[ ]**
10.	Ending Balance	**$[ ]**
11.	Investment Proceeds on Principal Accumulation Account	**$[ ]**
12.	Principal Accumulation Amount (Warehouse)	**$[ ]**
13.	Principal Accumulation Amount (Senior)	**$[ ]**
14.	Principal Accumulation Amount (Subordinated)	**$[ ]**
15.	Principal Accumulation Amount (Junior Subordinated)	**$[ ]**

DATED _____.

FAIR HYDRO TRUST, by its Manager, **ONTARIO POWER GENERATION INC.**

By: _____

Name:
Title:

By: _____

Name:
Title:

Schedule A

[*insert wire, cheques or other payment details for each payment*]

Payment Instruction – IESO Cash Reserve Account
Fair Hydro Trust

Pursuant to the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and BNY Trust Company of Canada, as indenture trustee (as amended, modified, supplemented, replaced or restated from time to time, the "**Trust Indenture**"), the Manager hereby instructs the Paying Agent to pay or transfer, as applicable, the amounts set out below in accordance with the wire, check or other payment details set out in Schedule A to this Payment Instruction. Such payments or transfers are to made on: _____ [*insert date of payment(s) / transfer(s)*].

Capitalized terms used in this Payment Instruction have the meanings given to such terms in the Trust Indenture.

IESO CASH RESERVE ACCOUNT

1.	Opening Balance	**$[ ]**
2.	Withdrawals	**$[ ]**
	a. Taxes	**$[ ]**
	b. Issuer Trustee and Indenture Trustee fees	**$[ ]**
	c. Interest and Derivative Funding Obligations – Total	**$[ ]**
	i. Interest Accrual Amount (Senior)	**$[ ]**
	ii. Payments on Derivative Funding Obligations (other than Termination Payments)	**$[ ]**
	1. [*break out for each non-defaulting Derivative Counterparty*]	**$[ ]**
	d. Interest Accrual Amount (Subordinated)	**$[ ]**
	e. Interest Accrual Amount (Junior Subordinated)	**$[ ]**
3.	Ending Balance	**$[ ]**
4.	Investment Proceeds on IESO Cash Reserve Account	**$[ ]**

DATED _____.

FAIR HYDRO TRUST, by its Manager, **ONTARIO POWER GENERATION INC.**

By: _____
Name:
Title:

By: _____
Name:
Title:

Schedule A

[*insert wire, cheques or other payment details for each payment*]

Payment Instruction – Program Cash Reserve Account
Fair Hydro Trust

Pursuant to the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and BNY Trust Company of Canada, as indenture trustee (as amended, modified, supplemented, replaced or restated from time to time, the "**Trust Indenture**"), the Manager hereby instructs the Paying Agent to pay or transfer, as applicable, the amounts set out below in accordance with the wire, check or other payment details set out in Schedule A to this Payment Instruction. Such payments or transfers are to made on: _____ [*insert date of payment(s) / transfer(s)*].

Capitalized terms used in this Payment Instruction have the meanings given to such terms in the Trust Indenture.

PROGRAM CASH RESERVE ACCOUNT

1.	Opening Balance	**$[ ]**
2.	Additions	**$[ ]**
3.	Withdrawals for Senior Funding Obligations (Interest) – Total	**$[ ]**
	a. [*break out on series by series basis*]	**$[ ]**
4.	Withdrawals for Subordinated Funding Obligations (Interest) – Total	**$[ ]**
	a. [*break out on series by series basis*]	**$[ ]**
5.	Withdrawals for Junior Subordinated Funding Obligations (Interest) – Total	**$[ ]**
	a. [*break out on series by series basis*]	**$[ ]**
6.	Withdrawals for Senior Funding Obligations (Principal) – Total	**$[ ]**
	a. [*break out on series by series basis*]	**$[ ]**
7.	Withdrawals for Subordinated Funding Obligations (Principal) – Total	**$[ ]**
	a. [*break out on series by series basis*]	**$[ ]**
8.	Withdrawals for Junior Subordinated Funding Obligations (Principal) – Total	**$[ ]**
	a. [*break out on series by series basis*]	**$[ ]**
9.	Ending Balance	**$[ ]**
10.	Investment Proceeds on Program Cash Reserve Account	**$[ ]**
11.	Program Cash Reserve Required Amount	**$[ ]**

DATED _____.

FAIR HYDRO TRUST, by its Manager, **ONTARIO POWER GENERATION INC.**

By: _____

Name:
Title:

By: _____

Name:
Title:

Schedule A

[*insert wire, cheques or other payment details for each payment*]

Payment Instruction – Refinancing Account
Fair Hydro Trust

Pursuant to the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and BNY Trust Company of Canada, as indenture trustee (as amended, modified, supplemented, replaced or restated from time to time, the "**Trust Indenture**"), the Manager hereby instructs the Paying Agent to pay or transfer, as applicable, the amounts set out below in accordance with the wire, check or other payment details set out in Schedule A to this Payment Instruction. Such payments or transfers are to made on: _____ [*insert date of payment(s) / transfer(s)*].

Capitalized terms used in this Payment Instruction have the meanings given to such terms in the Trust Indenture.

REFINANCING ACCOUNT

1.	Opening Balance	**$[ ]**
2.	Additions	**$[ ]**
3.	Withdrawals – Total	**$[ ]**
	a. [*break out on series by series basis*]	**$[ ]**
4.	Ending Balance	**$[ ]**
5.	Investment Proceeds on Series Reserve Account	**$[ ]**

DATED _____.

FAIR HYDRO TRUST, by its Manager, **ONTARIO POWER GENERATION INC.**

By: _____
Name:
Title:

By: _____
Name:
Title:

Schedule A

[*insert wire, cheques or other payment details for each payment*]

Payment Instruction – Protection Account
Fair Hydro Trust

Pursuant to the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and BNY Trust Company of Canada, as indenture trustee (as amended, modified, supplemented, replaced or restated from time to time, the "**Trust Indenture**"), the Manager hereby instructs the Paying Agent to pay or transfer, as applicable, the amounts set out below in accordance with the wire, check or other payment details set out in Schedule A to this Payment Instruction. Such payments or transfers are to made on: _____ [*insert date of payment(s) / transfer(s)*].

Capitalized terms used in this Payment Instruction have the meanings given to such terms in the Trust Indenture.

PROTECTION ACCOUNT

1.	Opening Balance	**$0**
2.	Additions	**$[ ]**
3.	Withdrawals for Specified Creditors – Total	**$[ ]**
	a. [*break out for each obligation*]	**$[ ]**
4.	Withdrawals for Province (return of remaining amounts)	**$[ ]**
5.	Ending Balance	**$0**

DATED _____.

FAIR HYDRO TRUST, by its Manager, **ONTARIO POWER GENERATION INC.**

By: _____
Name:
Title:

By: _____
Name:
Title:

Schedule A

[*insert wire, cheques or other payment details for each payment*]

Payment Instruction – [*Specify Series*] Account
Fair Hydro Trust

Pursuant to the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and BNY Trust Company of Canada, as indenture trustee (as amended, modified, supplemented, replaced or restated from time to time, the "**Trust Indenture**"), the Manager hereby instructs the Paying Agent to pay or transfer, as applicable, the amounts set out below in accordance with the wire, check or other payment details set out in Schedule A to this Payment Instruction. Such payments or transfers are to made on: _____ [*insert date of payment(s) / transfer(s)*].

Capitalized terms used in this Payment Instruction have the meanings given to such terms in the Trust Indenture.

[*SPECIFY SERIES*] ACCOUNT [*duplicate on a series by series basis*]

1.	Opening Balance	**$[ ]**
2.	Additions	**$[ ]**
3.	Withdrawals – Total	**$[ ]**
	a. [*break out for each obligation*]	**$[ ]**
4.	Ending Balance	**$[ ]**
5.	Investment Proceeds on Series Account	**$[ ]**
6.	Required Series Account amount	**$[ ]**

DATED _____.

FAIR HYDRO TRUST, by its Manager, **ONTARIO POWER GENERATION INC.**

By: _____
Name:
Title:

By: _____
Name:
Title:

Schedule A

[*insert wire, cheques or other payment details for each payment*]

EXHIBIT 2
FORM OF REFINANCING NOTICE

See Attached.

[NTD: Notice must specify Series and the amount of the Principal Accumulation Amounts specified in the related Supplemental Indenture that will be repaid with the proceeds of the Refinancing.] [NTD: Osler to provide]

EXHIBIT 3
FORM OF SPECIFIED CREDITOR LIST

Program Agreement	**Name of Specified Creditor / Agent**	**Address**	**City**	**Province/ State**	**Postal/Zip Code**	**Country**	**Email**	**Issuer Funding Obligation**	**Value [Lenders only]**
Issuer Funding Obligations (other than Notes and Derivative Funding Obligations)									
[Insert name of Program Agreement]	[Insert name of institution]	[insert address]	[insert city]	[insert province/ state]	[insert postal/zip code]	[insert country]	[email]	[Y / N] [If Yes, Type of Funding Obligation]	[insert $ amount hold]
Derivative Funding Obligations									
[Insert name of Program Agreement]	[Insert name of institution]	[insert address]	[insert city]	[insert province/ state]	[insert postal/zip code]	[insert country]	[email]	N/A	N/A
Other Obligations Secured									
[Insert name of Program Agreement]	[Insert name of institution]	[insert address]	[insert city]	[insert province/ state]	[insert postal/zip code]	[insert country]	[email]	N/A	N/A

EXHIBIT 4
FORM OF REQUEST FOR SPECIFIED CREDITOR INFORMATION

TO: BNY Trust Company of Canada, as indenture trustee (the "**Indenture Trustee**") under the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and the Indenture Trustee (as amended, modified, supplemented, replaced or restated from time to time, the "**Trust Indenture**")

RE: Request for Provision of Information pursuant to Section 9.14 of the Trust Indenture

DATE: [■]

All capitalized terms used but not otherwise defined herein shall have the meanings ascribed thereto in the Trust Indenture.

First Declaration

1. The undersigned, being the duly appointed [*state position*] of [*insert name of Debtholder 1*] ("**Debtholder 1**"), hereby certifies, in that capacity and without personal liability, as follows:

2. The undersigned has made, or caused to be made, such examinations or investigations as are, in my belief, necessary to enable me to make the statements or give the opinions contained or expressed in this certificate.

3. Debtholder 1 forms part of the Debtholders of the following Series or Tranche:

   [*insert details of all applicable Issuer Funding Obligations*]

4. Debtholder 1 has owned an Issuer Funding Obligation of such Series or Tranche for a period of at least six (6) months preceding the date of this application.

Second Declaration

5. The undersigned, being the duly appointed [*state position*] of [*insert name of Debtholder 2*] ("**Debtholder 2**"), hereby certifies, in that capacity and without personal liability, as follows:

6. The undersigned has made, or caused to be made, such examinations or investigations as are, in my belief, necessary to enable me to make the statements or give the opinions contained or expressed in this certificate.

7. Debtholder 2 forms part of the Debtholders of the following Series or Tranche:

   [*insert details of all applicable Issuer Funding Obligations*]

8. Debtholder 2 has owned an Issuer Funding Obligation of such Series or Tranche for a period of at least six (6) months preceding the date of this application.

Third Declaration

9. The undersigned, being the duly appointed [*state position*] of [*insert name of Debtholder 3*] ("**Debtholder 3**"), hereby certifies, in that capacity and without personal liability, as follows:

10. The undersigned has made, or caused to be made, such examinations or investigations as are, in my belief, necessary to enable me to make the statements or give the opinions contained or expressed in this certificate.

11. Debtholder 3 forms part of the Debtholders of the following Series or Tranche:

    [*insert details of all applicable Issuer Funding Obligations*]

12. Debtholder 3 has owned an Issuer Funding Obligation of such Series or Tranche for a period of at least six (6) months preceding the date of this application.

Request

13. The undersigned Debtholders desire to communicate [*insert applicable Debtholder Group*] with respect to their rights under the Trust Indenture or under the applicable Program Agreement.

14. Attached hereto is a copy of the form of proxy or other communication which such applicants propose to transmit.

15. The Debtholders request that the Indenture Trustee deliver to them the information preserved at the time by the Indenture Trustee in accordance with Section 9.14 of the Trust Indenture.

DATED this ___ day of _____, 20___.

[DEBTHOLDER 1]

By: _____

Name:
Title:

[DEBTHOLDER 2]

By: _____

Name:
Title:

[DEBTHOLDER 3]

By: _____

Name:
Title:

EXHIBIT 5
FORM OF CANCELLATION NOTICE

TO: BNY Trust Company of Canada, as indenture trustee (the "**Indenture Trustee**") under the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and the Indenture Trustee (as amended, modified, supplemented, replaced or restated from time to time, the "**Trust Indenture**")

RE: Request for Removal from Specified Creditor Register

DATE: [■]

All capitalized terms used but not otherwise defined herein shall have the meanings ascribed thereto in the Trust Indenture.

1. The undersigned, being the duly appointed [*state position*] of [*insert name of institution*].

2. You are hereby requested pursuant to Section 9.14 of the Trust Indenture to, within five (5) Business Days of receipt of this notice, notify the Issuer to remove the following Specified Creditor from the list provided for in subsection 13.13(b) of the Trust Indenture.

   Name of Specified Creditor to be Removed: [*enter details*]

   Name of Program Agreement: [*enter details*]

DATED this ___ day of _____, 20___.

[SPECIFIED CREDITOR]

By: _____

Name:
Title:

EXHIBIT 6
FORMS OF CERTIFICATION

See attached.

Exhibit 6-A

FORM OF CERTIFICATE TO BE GIVEN BY
PERSON ENTITLED TO RECEIVE BEARER NOTE

CERTIFICATE

FAIR HYDRO TRUST

■% Notes due ■

This is to certify that as of the date hereof, and except as set forth below, the above-captioned Notes held by you for our account (i) are owned by any person(s) that is not a citizen or resident of the United States; a corporation or partnership (including any entity treated as a corporation or partnership for United States federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia unless, in the case of a partnership, Treasury Regulations provide otherwise; any estate whose income is subject to United States federal income tax regardless of its source or; a trust if (A) a United States court can exercise primary supervision over the trust's administration and one of more United States persons are authorized to control all substantial decisions of the trust or (B) a trust in existence on August 20, 1996, and treated as a United States person before this date that timely elected to continue to be treated as a United States person ("**United States person(s)**"), (ii) are owned by United States person(s) that are (a) foreign branches of United States financial institutions (financial institutions, as defined in United States Treasury Regulation Section 1.165-12(c)(1)(iv) are herein referred to as "**financial institutions**") purchasing for their own account or for resale, or (b) United States person(s) who acquired the Notes through foreign branches of United States financial institutions and who hold the Notes through such United States financial institutions on the date hereof (and in either case (a) or (b), each such United States financial institution hereby agrees, on its own behalf or through its agent, that you may advise Fair Hydro Trust or its agent that such financial institution will comply with the requirements of Section 165(j)(3)(A), (B) or (C) of the United States Internal Revenue Code of 1986, as amended, and the regulations thereunder), or (iii) are owned by United States or foreign financial institution(s) for purposes of resale during the restricted period (as defined in United States Treasury Regulation Section 1.163-5(c)(2)(i)(D)(7)), and, in addition, if the owner is a United States or foreign financial institution described in clause (iii) above (whether or not also described in clause (i) or (ii)), this is to further certify that such financial institution has not acquired the Notes for purposes of resale directly or indirectly to a United States person or to a person within the United States or its possessions.

As used herein, "United States" means the United States of America (including the states and the District of Columbia); and its "possessions" include Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands.

We undertake to advise you promptly by in writing or by electronic transmission on or prior to the date on which you intend to submit your certification relating to the above-captioned Notes held by you for our account in accordance with your operating procedures if any applicable statement herein is not correct on such date, and in the absence of any such notification it may be assumed that this certification applies as of such date.

This certificate excepts and does not relate to $■ of such interest in the above-captioned Notes in respect of which we are not able to certify and as to which we understand an exchange for an interest in a permanent Global Note or an exchange for and delivery of definitive Notes (or, if relevant, collection of any interest) cannot be made until we do so certify.

We understand that this certificate may be required in connection with certain tax legislation in the United States. If administrative or legal proceedings are commenced or threatened in connection with which this certificate is or would be relevant, we irrevocably authorize you to produce this certificate or a copy thereof to any interested party in such proceedings.

Dated: ■

[To be dated no earlier than the 15th day prior to (i) the date of original issuance or (ii) the Exchange Date, as applicable]

[Name of Person Making Certification]

_____

Name:
Title:

Exhibit 6-B

FORM OF CERTIFICATE TO BE GIVEN BY A DEPOSITORY
IN CONNECTION WITH THE EXCHANGE OF A PORTION OF A
TEMPORARY GLOBAL NOTE

CERTIFICATE

FAIR HYDRO TRUST

■% Notes due ■

This is to certify that based solely on written certifications that we have received in writing or by electronic transmission from each of the persons appearing in our records as persons entitled to a portion of the principal amount set forth below (our "**Member Organizations**") substantially in the form attached hereto, as of the date hereof, $■ principal amount of the above-captioned Notes (i) is owned by any person(s) that is not a citizen or resident of the United States; a corporation or partnership (including any entity treated as a corporation or partnership for United States federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia unless, in the case of a partnership, Treasury Regulations provide otherwise; any estate whose income is subject to United States federal income tax regardless of its source or; a trust if (A) a United States court can exercise primary supervision over the trust's administration and one of more United States persons are authorized to control all substantial decisions of the trust or (B) a trust in existence on August 20, 1996, and treated as a United States person before this date that timely elected to continue to be treated as a United States person ("**United States person(s)**"), (ii) is owned by United States person(s) that are (a) foreign branches of United States financial institutions (financial institutions, as defined in U.S. Treasury Regulation Section 1.165-12(c)(1)(iv) are herein referred to as "**financial institutions**") purchasing for their own account or for resale, or (b) United States person(s) who acquired the Notes through foreign branches of United States financial institutions and who hold the Notes through such United States financial institutions on the date hereof (and in either case (a) or (b), each such financial institution has agreed, on its own behalf or through its agent, that we may advise Fair Hydro Trust or its agent that such financial institution will comply with the requirements of Section 165(j)(3)(A), (B) or (C) of the Internal Revenue Code of 1986, as amended, and the regulations thereunder), or (iii) is owned by United States or foreign financial institution(s) for purposes of resale during the restricted period (as defined in United States Treasury Regulation Section 1.163-5(c)(2)(i)(D)(7)) and, to the further effect, that financial institutions described in clause (iii) above (whether or not also described in clause (i) or (ii)) have certified that they have not acquired the Notes for purposes of resale directly or indirectly to a United States person or to a person within the United States or its possessions.

As used herein, "United States" means the United States of America (including the states and the District of Columbia); and its "possessions" include Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands.

We further certify that (i) we are not making available herewith for exchange (or, if relevant, collection of any interest) any portion of the temporary Global Note representing the

above-captioned Notes excepted in the above-referenced certificates of Member Organizations and (ii) as of the date hereof we have not received any notification from any of our Member Organizations to the effect that the statements made by such Member Organizations with respect to any portion of the part submitted herewith for exchange (or, if relevant, collection of any interest) are no longer true and cannot be relied upon as of the date hereof.

We understand that this certification is required in connection with certain tax legislation in the United States. If administrative or legal proceedings are commenced or threatened in connection with which this certificate is or would be relevant, we irrevocably authorize you to produce this certificate or a copy thereof to any interested party in such proceedings.

Dated: ■

[To be dated no earlier than the 15th day prior to the Exchange Date]

[DEPOSITORY]

By: _____

INDEMNITY AGREEMENT

TO: BNY Trust Company of Canada, in its capacity as Indenture Trustee of Fair Hydro Trust (in such capacity, the "**Indenture Trustee**")

RE: Management Agreement dated as of ■, 2017 (the "**Management Agreement**") made between Ontario Power Generation, as manager (in such capacity, the "**Manager**") and Fair Hydro Trust (the "**Issuer**")

AND RE: Warehouse Senior Series 2017-1 Supplemental Indenture dated as of ■, 2017 (as in effect on the date hereof, the "**Supplemental Indenture**") made between, *inter alios*, the Issuer and the Indenture Trustee

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WHEREAS the Government of Ontario has passed the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**") for the purpose of, among other things, ensuring that Clean Energy Costs and Clean Energy Benefits are fairly allocated among present and future Specified Consumers;

AND WHEREAS Ontario Power Generation Inc. has been appointed as Financial Services Manager under the Act to, among other things, evaluate whether potential Funding Obligations should be incurred by Financing Entities for the purposes of acquiring and financing Investment Interests;

AND WHEREAS the Issuer is a Financing Entity established, at the request of the Financial Services Manager and pursuant to the Act, by Computershare Trust Company of Canada;

AND WHEREAS the Issuer and the Manager have entered into the Management Agreement in furtherance of, and in accordance with, the Act;

AND WHEREAS the Manager has agreed to execute this Indemnity Agreement to provide certain indemnities with respect to its duties and obligations under the Management Agreement.

IN CONSIDERATION OF the mutual covenants and agreements herein and the sum of $1.00 and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged) the parties hereto agree as follows:

1. Unless otherwise defined in this Indemnity Agreement, all capitalized terms used herein shall have the meanings ascribed thereto, either directly or by incorporation therein, in the Management Agreement.

2. The Manager shall indemnify the Indenture Trustee, on behalf of itself and on behalf of the Administrative Agent, each Funding Agent, each CP Conduit Purchaser, each Group Bank and each Non-Conduit Purchaser (in each case, in their respective capacities as such under the Supplemental Indenture) (each, an "**Indemnified Person**") and defend and hold harmless each such Indemnified Person from and against, any and all liabilities, obligations, losses, damages, payments and claims, and reasonable costs or expenses, of any kind whatsoever (collectively, "**Indemnified Losses**") imposed on, incurred by or asserted against each such Indemnified Person in connection with the Supplemental Indenture or the Series 2017-1 Notes issued thereunder, as a result of (i) the failure of the Manager to perform its covenants and other obligations under the Management

Agreement or any other Program Agreement to which the Manager is a party; or (ii) the breach by the Manager of any of its representations or warranties under the Management Agreement or any other Program Agreement to which the Manager is a party and, except to the extent of Indemnified Losses resulting from the willful misconduct, bad faith or gross negligence of such Indemnified Person seeking indemnification hereunder; provided that, in each case, the Manager shall not be required to indemnify an Indemnified Person for any amount paid or payable by such Indemnified Person in the settlement of any Proceeding or investigation without the written consent of the Manager, which consent shall not be unreasonably withheld or delayed. Promptly after receipt by an Indemnified Person of notice of the commencement of any Proceeding or investigation, such Indemnified Person shall, if a claim in respect thereof is to be made against the Manager under this Section 2, notify the Manager in writing of the commencement thereof. Failure by an Indemnified Person to so notify the Manager shall relieve the Manager from the obligation to indemnify and hold harmless such Indemnified Person under this Section 2 only to the extent that the Manager suffers actual prejudice as a result of such failure. With respect to any Proceeding or investigation brought by a third party for which indemnification may be sought under this Section 2, the Manager shall be entitled to conduct and control, at its expense and with counsel of its choosing that is reasonably satisfactory to such Indemnified Person, the defence of any such Proceeding or investigation (in which case the Manager shall not thereafter be responsible for the fees and expenses of any separate counsel retained by the Indemnified Person except as set forth below); provided, that the Indemnified Person shall have the right to participate in such Proceeding or investigation through counsel chosen by it and at its own expense. Notwithstanding the Manager's election to assume the defence of any Proceeding or investigation, the Indemnified Person shall have the right to employ separate counsel, and the Manager shall bear the reasonable fees, costs and expenses of such separate counsel, if (i) the defendants in any such action include both the Indemnified Person and the Manager and the Indemnified Person shall have reasonably concluded that there may be legal defences available to it that are different from or additional to those available to the Manager, (ii) the Manager shall not have employed counsel reasonably satisfactory to the Indemnified Person to represent the Indemnified Person within a reasonable time after notice of the institution of such action, (iii) the Indemnified Person shall have been advised by counsel to the Indemnified Person that there may be a conflict of interest between the Manager and the Indemnified Person, or (iv) the Manager authorizes the Indemnified Person to employ separate counsel at the expense of the Manager. Notwithstanding the foregoing, the Manager shall not be obligated to pay for the fees, costs and expenses of more than one separate counsel for the Indemnified Persons other than one local counsel, if appropriate. The Manager will not, without the prior written consent of the Indemnified Person, settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim or Proceeding in respect of which indemnification may be sought under this Section 2 (whether or not the Indemnified Person is an actual or potential party to such claim or action) unless such settlement, compromise or consent includes an unconditional release of the Indemnified Person from all liability arising out of such claim or Proceeding.

Indemnification under Section this 2 shall survive any repeal of, modification of, or supplement to, or judicial invalidation of, the Act and shall survive the termination of this

Indemnity Agreement or the Management Agreement and will rank pari passu with other general, unsecured obligations of the Manager.

Notwithstanding anything contained in this Indemnity Agreement or the Management Agreement, it is expressly understood that the Manager is not agreeing to indemnify or hold any Indemnified Person harmless with respect to any of the following: (i) any losses resulting from any breach or failure to perform by the Manager caused by a breach or failure to perform on the part of any other third party under any Program Agreement, the Act or the Regulations; provided that the foregoing clause (i) shall not apply to limit the liability of the Manager in respect of any delegation to a third party as provided for in section 4.7 of the Management Agreement; (ii) any losses resulting from changes in law after the date hereof, whether such changes in law are effected by means of any legislative enactment or any final and non-appealable judicial decision, other than losses resulting solely from the Manager's failure to comply with section 4.1(a)(xiv) of the Management Agreement; (iii) any losses resulting from the validity of the Change of Law Protection Agreement or the applicability thereof to the Province or to any Indemnified Person or any material part thereof being disaffirmed by or on behalf of the Province; or (iv) any liability of any Indemnified Person incurred after the termination of this Indemnity Agreement or the Management Agreement unless attributable to the actions or omissions of the Manager prior to such termination or in respect of a representation, warranty or covenant of the Manager that survives termination of this Indemnity Agreement or the Management Agreement.

To the fullest extent permitted by applicable law, no Specified Creditor (other than the Indenture Trustee) will have any right to institute any proceeding, judicial or otherwise, or to make any claim for indemnification, with respect to this Indemnity Agreement or the Management Agreement, or for the appointment of a receiver or trustee or similar official, or for any other remedy hereunder, except in accordance with Section 8.12 of the Indenture.

The parties hereto agree that the Manager is not providing any representations, warranties or covenants in this Indemnity Agreement or the Management Agreement, and shall have no liability to any Indemnified Person, with respect to the collectability of the Clean Energy Adjustment or the Carrying Costs, or that the Clean Energy Adjustment amounts or Carrying Costs collected will be sufficient to satisfy the Issuer Funding Obligations.

3. This Indemnity Agreement may be amended in writing by the Manager and the Indenture Trustee, and with satisfaction of the Rating Agency Condition, such satisfaction to be confirmed by the Indenture Trustee at the time of such amendment. Promptly after the execution of any such amendment, the Indenture Trustee shall furnish copies of such amendment to each of the Rating Agencies.

4. This Indemnity Agreement shall enure to the benefit of and shall be binding upon the Manager and the Indemnified Parties and their respective successors and assigns.

5. If one or more provision of this Indemnity Agreement is for any reason whatever held invalid, such provision will be deemed severable from the remaining covenants, agreements and provisions of this Indemnity Agreement and will in no way affect the validity or enforceability of such remaining provisions or the rights of any parties hereto.

6. This Indemnity Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

7. This Indemnity Agreement may be executed in counterparts, each of which when so executed shall be deemed to be an original and the counterparts together shall constitute one and the same instrument. Delivery of an executed signature page to this Indemnity Agreement by any party by electronic transmission will be as effective as delivery of a manually executed copy of this Indemnity Agreement by such party.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF the undersigned have executed this Indemnity Agreement as of December ____, 2017.

ONTARIO POWER GENERATION INC.

By: _____

Name:

Title:

BNY TRUST COMPANY OF CANADA, in its capacity as Indenture Trustee of **FAIR HYDRO TRUST**, and not in its personal capacity

By: _____

Name:

Title:

By: _____

Name:

Title:

ACKNOWLEDGEMENT AND INDEMNITY AGREEMENT

TO: BNY Trust Company of Canada, in its capacity as Indenture Trustee of Fair Hydro Trust (in such capacity, the "**Indenture Trustee**")

RE: Master Transfer and Servicing Agreement dated as of ■, 2017 (the "**MTSA**") made between Independent Electricity System Operator (the "**IESO**"), as servicer (in such capacity, the "**Servicer**") and Fair Hydro Trust (the "**Issuer**")

AND RE: Warehouse Senior Series 2017-1 Supplemental Indenture dated as of ■, 2017 (as in effect on the date hereof, the "**Supplemental Indenture**") made between, *inter alios*, the Issuer and the Indenture Trustee

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WHEREAS the Government of Ontario has enacted the *Ontario Fair Hydro Plan Act*, 2017 (the "**Act**") for the purpose of, among other things, ensuring that clean energy costs and clean energy benefits (each as defined in the Act) are fairly allocated among present and future Specified Consumers;

AND WHEREAS, under the Act, the IESO is required to establish and maintain the Fair Hydro Variance Account, and has the right under the Act and the Regulations to record certain amounts in the Fair Hydro Variance Account and recover the balance from time to time of the Fair Hydro Variance Account from Specified Consumers (such right, the "**Regulatory Asset**");

AND WHEREAS the IESO may from time to time, in accordance with the Act, Transfer Specified Portions of the Regulatory Asset to the Issuer pursuant to Section 26(1) of the Act;

AND WHEREAS the Issuer and the Indenture Trustee are parties to a master trust indenture dated as of ■, 2017 (as amended, restated, modified or supplemented (including by way of Supplemental Indentures) from time to time, the "**Indenture**");

AND WHEREAS the Issuer may finance the acquisition from the IESO, from time to time, of an Investment Interest through the incurrence of Funding Obligations under the Indenture;

AND WHEREAS in connection with its ownership of the Issuer Investment Interest and in order to collect the associated Clean Energy Adjustments in accordance with the Act, pursuant to the MTSA the Issuer has engaged the Servicer to carry out the services described therein;

AND WHEREAS, pursuant to the Indenture, the Issuer has granted a security interest (the "**Security Interest**") over, *inter alia*, all rights, benefits and powers of the Issuer under the MTSA, to and in favour of the Indenture Trustee on behalf of the Specified Creditors, as security for the due payment of all Obligations Secured;

AND WHEREAS the Servicer has agreed to execute this Acknowledgement and Indemnity Agreement to (i) acknowledge that the Security Interest has been granted to the Indenture Trustee, on behalf of the Specified Creditors, thereby assigning as security all of the rights,

benefits and powers of the Issuer under the MTSA to the Indenture Trustee, and (ii) provide certain indemnities with respect to its duties and obligations under the MTSA.

IN CONSIDERATION OF the mutual covenants and agreements herein and the sum of $1.00 and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged) the parties hereto agree as follows:

1. Unless otherwise defined in this Acknowledgement and Indemnity Agreement, all capitalized terms used herein shall have the meanings ascribed thereto, either directly or by incorporation therein, in the MTSA.

2. The Servicer hereby acknowledges receipt of notice that (i) the Issuer has granted the Security Interest to the Indenture Trustee, on behalf of the Specified Creditors, and (ii) as a result of the grant of the Security Interest, the Issuer has assigned as security all of its rights, benefits and powers under the MTSA to the Indenture Trustee, on behalf of the Specified Creditors, and the Servicer hereby consents to such assignment.

3. The Servicer acknowledges and agrees that (i) the Indenture Trustee has the right to exercise remedies against, and enforce the duties and obligations of, the Servicer under the MTSA in place of the Issuer in all circumstances in which the Indenture Trustee is entitled to do so under the Indenture, (ii) upon receipt of notice from the Indenture Trustee that the Indenture Trustee is entitled to instruct the Servicer under the Indenture, the Servicer shall take instructions from the Indenture Trustee with respect to the performance of the Servicer's duties and obligations under the MTSA, and (iii) the Indenture Trustee has not assumed any of the obligations of the Issuer pursuant to the MTSA.

4. The Servicer shall indemnify the Indenture Trustee, on behalf of itself and on behalf of the Administrative Agent, each Funding Agent, each CP Conduit Purchaser, each Group Bank and each Non-Conduit Purchaser (in each case, in their respective capacities as such under the Supplemental Indenture) (each, an "**Indemnified Person**") and defend and hold harmless each such Indemnified Person from and against, any and all liabilities, obligations, losses, damages, payments and claims, and reasonable costs or expenses, of any kind whatsoever (collectively, "**Indemnified Losses**") imposed on, incurred by or asserted against each such Indemnified Person in connection with the Supplemental Indenture or the Series 2017-1 Notes issued thereunder, as a result of (i) the failure of the Servicer to perform its covenants and other obligations under the MTSA or any other Program Agreement to which the Servicer is a party; or (ii) the breach by the Servicer of any of its representations or warranties under the MTSA or any other Program Agreement to which the Servicer is a party and, except to the extent of Indemnified Losses resulting from the willful misconduct, bad faith or gross negligence of such Indemnified Person seeking indemnification hereunder; provided that, in each case, the Servicer shall not be required to indemnify an Indemnified Person for any amount paid or

payable by such Indemnified Person in the settlement of any Proceeding or investigation without the written consent of the Servicer, which consent shall not be unreasonably withheld or delayed. Promptly after receipt by an Indemnified Person of notice of the commencement of any Proceeding or investigation, such Indemnified Person shall, if a claim in respect thereof is to be made against the Servicer under this Section 4, notify the Servicer in writing of the commencement thereof. Failure by an Indemnified Person to so notify the Servicer shall relieve the Servicer from the obligation to indemnify and hold harmless such Indemnified Person under this Section 4 only to the extent that the Servicer suffers actual prejudice as a result of such failure. With respect to any Proceeding or investigation brought by a third party for which indemnification may be sought under this Section 4, the Servicer shall be entitled to conduct and control, at its expense and with counsel of its choosing that is reasonably satisfactory to such Indemnified Person, the defence of any such Proceeding or investigation (in which case the Servicer shall not thereafter be responsible for the fees and expenses of any separate counsel retained by the Indemnified Person except as set forth below); provided, that the Indemnified Person shall have the right to participate in such Proceeding or investigation through counsel chosen by it and at its own expense. Notwithstanding the Servicer's election to assume the defence of any Proceeding or investigation, the Indemnified Person shall have the right to employ separate counsel, and the Servicer shall bear the reasonable fees, costs and expenses of such separate counsel, if (i) the defendants in any such action include both the Indemnified Person and the Servicer and the Indemnified Person shall have reasonably concluded that there may be legal defences available to it that are different from or additional to those available to the Servicer, (ii) the Servicer shall not have employed counsel reasonably satisfactory to the Indemnified Person to represent the Indemnified Person within a reasonable time after notice of the institution of such action, (iii) the Indemnified Person shall have been advised by counsel to the Indemnified Person that there may be a conflict of interest between the Servicer and the Indemnified Person, or (iv) the Servicer authorizes the Indemnified Person to employ separate counsel at the expense of the Servicer. Notwithstanding the foregoing, the Servicer shall not be obligated to pay for the fees, costs and expenses of more than one separate counsel for the Indemnified Persons other than one local counsel, if appropriate. The Servicer will not, without the prior written consent of the Indemnified Person, settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim or Proceeding in respect of which indemnification may be sought under this Section 4 (whether or not the Indemnified Person is an actual or potential party to such claim or action) unless such settlement, compromise or consent includes an unconditional release of the Indemnified Person from all liability arising out of such claim or Proceeding.

Indemnification under this Section 4 shall survive any repeal of, modification of, or supplement to, or judicial invalidation of, the Act and shall survive the termination of the MTSA or this Acknowledgement and Indemnity Agreement and will rank pari passu with other general, unsecured obligations of the Servicer.

Notwithstanding anything contained in the MTSA or this Acknowledgement and Indemnity Agreement, it is expressly understood that the Servicer is not agreeing to indemnify or hold any Indemnified Person harmless with respect to any of the following: (i) any losses resulting from any breach or failure to perform by the Servicer caused by a breach or failure to perform on the part of any other third party under any Program Agreement, the Act or the Regulations; provided that this provision shall not apply to limit the liability of the IESO in respect of any appointments as provided for in Section 3.10 of the MTSA; (ii) any losses resulting from changes in law after the date hereof, whether such changes in law are effected by means of any legislative enactment or any final and non-appealable judicial decision; or (iii) any liability of the Indemnified Person incurred after the termination of the MTSA and this Acknowledgement and Indemnity Agreement unless attributable to the actions or omissions of the Servicer prior to such termination or in respect of a representation, warranty or covenant of the Servicer that survives termination of the MTSA or this Acknowledgement and Indemnity Agreement.

To the fullest extent permitted by applicable law, no Specified Creditor (other than the Indenture Trustee) will have any right to institute any proceeding, judicial or otherwise, or to make any claim for indemnification, with respect to this Acknowledgement and Indemnity Agreement, or for the appointment of a receiver or trustee or similar official, or for any other remedy hereunder, except in accordance with Section 8.12 of the Indenture.

The parties hereto agree that the IESO is not providing any representations, warranties or covenants in the MTSA or this Acknowledgement and Indemnity Agreement, and shall have no liability to any Indemnified Person, with respect to the collectability of the Clean Energy Adjustment, or whether the Clean Energy Adjustment Amounts or Carrying Costs collected will be sufficient to satisfy the Funding Obligations.

5. The parties hereto acknowledge and agree that the duties, liabilities and obligations of the IESO under the MTSA are limited as provided in this Section 5.[1]

(a) IESO is not responsible for, or in respect of, any amounts not collected by Electricity Vendors from their customers or not remitted by Electricity Vendors to the Servicer.

(b) IESO is not responsible to confirm, verify or audit the amount of the Clean Energy Adjustment invoiced by Electricity Vendors or the Electricity Vendor CEA Collections collected by Electricity Vendors and reported to the IESO.

(c) IESO is not responsible for enforcing the obligations of Specified Consumers to pay, or the obligations of Electricity Vendors to invoice, collect or remit Clean

[1] The language included in this Section tracks Section 3.8 of the MTSA.

Energy Adjustments or any other amounts, or to establish a segregated account into which Electricity Vendor CEA Collections are to be deposited, and IESO is under no obligation to initiate or prosecute any legal action relating to the collection of the Clean Energy Adjustments or the Issuer Investment Interest.

(d) IESO is not responsible or liable for the performance by Electricity Vendors of their duties and responsibilities under the Act or the Regulations including (i) the invoicing of Specified Consumers in respect of the Clean Energy Adjustment and ancillary matters related thereto; (ii) the collection from Specified Consumers of amounts due in respect of such invoices and the remittance of such payments to the Servicer; (iii) the accuracy of any information provided by the Electricity Vendors; and (iv) any reporting by the Electricity Vendors, including the reporting to the Servicer of the total CEA Consumer Invoice Amounts invoiced by such Electricity Vendor to its Specified Consumers in respect of the Clean Energy Adjustment, the total Electricity Vendor CEA Collections received by such Electricity Vendor and the Issuer Share of Electricity Vendor CEA Collections received by such Electricity Vendor and any other reporting in the Electricity Vendor Billing Period Report.

(e) IESO is under no responsibility or obligation to the Issuer with respect to the nature or extent of the Issuer Investment Interest, the collectability of the Issuer Share of Servicer CEA Receipts or that the Issuer Share of Servicer CEA Receipts will be sufficient to satisfy the Issuer's Funding Obligations.

(f) IESO may rely in good faith on the advice of counsel or on any document of any kind, prima facie properly executed and submitted by any Person, respecting any matters arising under the MTSA.

(g) IESO shall have no liability or responsibility to any Person in respect of any forecasts or other information provided pursuant to the MTSA, provided only that such forecasts or other information has been prepared and provided in good faith.

(h) None of the directors, officers, employees or agents of IESO shall be liable to any Person for any action taken or for refraining from the taking of any action pursuant to the MTSA or this Acknowledgement and Indemnity Agreement or for good faith errors in judgment.

6. The Servicer and the Indenture Trustee shall execute and deliver, or cause to be executed and delivered, such instruments or further assurances as may be necessary or desirable to give effect to the provisions of this Acknowledgement and Indemnity Agreement.

7. This Acknowledgement and Indemnity Agreement may be amended in writing by the IESO and the Indenture Trustee, and with satisfaction of the Rating Agency Condition, such satisfaction to be confirmed by the Indenture Trustee at the time of such

amendment. Promptly after the execution of any such amendment, the Indenture Trustee shall furnish copies of such amendment to each of the Rating Agencies.

8. This Acknowledgement and Indemnity Agreement shall enure to the benefit of and shall be binding upon the Servicer and the Indenture Indemnified Parties and their respective successors and assigns.

9. If one or more provision of this Acknowledgement and Indemnity Agreement is for any reason whatever held invalid, such provision will be deemed severable from the remaining covenants, agreements and provisions of this Acknowledgement and Indemnity Agreement and will in no way affect the validity or enforceability of such remaining provisions or the rights of any parties hereto.

10. This Acknowledgement and Indemnity Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

11. This Acknowledgement and Indemnity Agreement may be executed in counterparts, each of which when so executed shall be deemed to be an original and the counterparts together shall constitute one and the same instrument. Delivery of an executed signature page to this Acknowledgement and Indemnity Agreement by any party by electronic transmission will be as effective as delivery of a manually executed copy of this Acknowledgement and Indemnity Agreement by such party.

[Signature page follows.]

IN WITNESS WHEREOF the undersigned have executed this Acknowledgement and Indemnity Agreement as of ●, 2017.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

Name:

Title:

BNY TRUST COMPANY OF CANADA, in its capacity as Indenture Trustee of **FAIR HYDRO TRUST**, and not in its personal capacity

By: _____

Name:

Title:

By: _____

Name:

Title:

Draft: December 14, 2017

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust organized under the laws of the Province of Ontario (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council 1981/2017 (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Primary Obligations that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred. This Agreement sets out the terms and conditions of such protections and assurances.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A, and any other capitalized terms not defined herein shall have the meanings assigned to them in the Trust Indenture;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 Proof of Approved Obligations

The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Manager deems to be sufficient.

Each statement delivered by the Manager under Section 2.01(a)i shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and each of the parties hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Manager shall act diligently in the preparation of each such statement and shall provide the Indenture Trustee and the Province with all supporting computations and calculations used by the Manager to prepare each such statement promptly following a request therefor made by the Indenture Trustee or the Province.

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture as of the date of this Agreement.

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 2.01 or Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee, the Financing Entity, the Financing Entity Trustee, the Manager or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by

electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the

Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 <u>Judgment Currency</u>

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 <u>Limited Guarantee</u>

(a) Upon the occurrence of a Protection Event, the Indenture Trustee may deliver a written demand, substantially in the form attached as **[Exhibit A]** (a "**Payment Demand**"), to the Province requiring the Province to make payments in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in this Agreement. From and after such delivery of a

Payment Demand, the Province shall make the following payments in respect of the Approved Obligations (the "**Limited Guarantee**"), the Financing Entity shall pay, and the Province shall be entitled to be paid, the Subrogation Amounts specified below, and the following terms shall apply:

i. Not less than three (3) Business Days prior to each day when any payment or payments are to be made in respect of one or more Approved Obligations occurring after such delivery of a Payment Demand (each such day, a "**Guarantee Payment Date**"), the Manager shall deliver a written statement setting forth the Aggregate Approved Obligations Amount, if any, in respect of the Approved Obligations that are due and payable on such Guarantee Payment Date, together with a detailed description identifying such Approved Obligations and the nature and amount of payments due and payable thereunder on the Guarantee Payment Date, the aggregate outstanding amount payable by the Financing Entity under such Approved Obligations as of the date of such written statement, and details regarding any default in performance by any party obligated thereunder.

ii. On each such Guarantee Payment Date, the Province shall deposit the Aggregate Approved Obligations Amount into the Protection Account.

iii. On each such Guarantee Payment Date, the Financing Entity and the Indenture Trustee shall ensure that the amounts on deposit in the Protection Account are applied to pay each Beneficiary to whom an amount is due and payable under an Approved Obligation on the Guarantee Payment Date the Approved Obligation Amount for such Beneficiary in respect of such Approved Obligation on such Guarantee Payment Date; provided that if the amount deposited pursuant to clause 2.01(a)ii is insufficient to pay all such Approved Obligation Amounts in full, the amount on deposit in the Protection Account on the Guarantee Payment Date shall be applied to pay Beneficiaries in the order of priority in which such Approved Obligations are payable under the payment provisions of the Trust Indenture applicable to the making of such payments on the Guarantee Payment Date (each, a "**Beneficiary Payee**" and each payment made to a Beneficiary Payee on a Guarantee Payment Date, a "**Guarantee Payment**").

iv. On the first Guarantee Payment Date and on each subsequent Guarantee Payment Date, Payment Date or other day on which any amount is required to be paid in respect of any Obligations Secured under the Trust Indenture (a "**Subrogation Payment Date**"), the Issuer and the Indenture Trustee shall ensure that the applicable payment provisions of the Trust Indenture shall be applied and operate on the following basis:

(A) If such day is a Guarantee Payment Date, then for each Approved Obligation for which amounts are paid to a

Beneficiary Payee on such day pursuant to clause 2.01(a)iii in respect of principal, interest or any other amounts ("**Payable Approved Amounts**"), the amounts payable by the Financing Entity in respect of such amounts for such Approved Obligation shall be reduced by the respective amounts of such payments to the Beneficiary Payee, and equivalent amounts shall be payable by the Financing Entity to the Province as "**Subrogation Amounts**" in respect of such Approved Obligations, such Subrogation Amounts being payable in the same order of priority and with the same entitlements accruing to the Province as applied in respect of the related Payable Approved Amounts which were previously owing to the Beneficiary Payee, and to reflect this subrogation the payments set out in clause 2.01(a)iv(B) below shall be made by the Financing Entity.

(B) If the Province has made all deposits required to be made by it on each Guarantee Payment Date occurring on or before such day in accordance with clause 2.01(a)ii (or the related Approved Obligation Amounts have otherwise all been paid in full), then in respect of each Approved Obligation for which any related Subrogation Amounts have not yet been paid in full to the Province, the Financing Entity shall pay to the Province from amounts available under the Trust Indenture payment provisions and in accordance with the priority of payment provisions in the Trust Indenture the amount that would be payable on such date in satisfaction of the relevant Payable Approved Amounts, as determined without regard to any Guarantee Payment paid on any Guarantee Payment Date and also without regard to the corresponding reduction of the amounts owing to present and former Beneficiary Payees pursuant to subclause 2.01(a)iv(A) up to the amount of the unpaid related Subrogation Amounts.

(C) No Beneficiary having a right to be paid an amount in respect of an Approved Obligation, and no other Person entitled under an Obligation Secured, in each case that ranks equal with or subordinate to the Payable Approved Amount in respect of which a Subrogation Amount is payable to the Province under subclause 2.01(a)iv(B), shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under such subclause (including any right of set-off, offset, reimbursement, contribution or indemnity) and no such Beneficiary or other Person shall have any right or

interest in, to or under the Collateral or any proceeds therefrom in respect of any such Subrogation Amount.

(D) For greater certainty, the entitlements of the Province in respect of Subrogation Amounts arising in respect of Payable Approved Obligations that are interest and principal obligations on Notes shall be treated for all purposes of the Trust Indenture as interest and principal obligations, respectively, arising under Notes having the same priority as and any applicable voting rights under the related Approved Obligations, and accordingly the Province (and any successor, assignee or transferee of such entitlements) shall be entitled to all of the rights, entitlements, interests and privileges of a Holder of such a Notes in accordance with the Trust Indenture, as supplemented by the Supplemental Indenture or other indenture document under which the related Approved Obligations were issued.

(b) On each Guarantee Payment Date and upon demand by the Province, the Indenture Trustee shall release and pay to the Province free and clear of any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay Guarantee Payments to Beneficiary Payees on the Guarantee Payment Date in accordance with clause 2.01(a)iii or that otherwise remains on deposit in the Protection Account on the relevant date.

(c) In preparing any payment instructions under the Trust Indenture, the Manager shall reflect the amounts payable under Section 2.01(a), if applicable.

(d) The Province shall, as a payee of Subrogation Amounts under clause 2.01(a)iv(B) and as a payee of any amounts payable under clause 2.01(b), be a "Specified Creditor" under the Trust Indenture and have the benefit of the Collateral thereunder.

(e) For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the Approved Obligation Amounts, if any, for payment to Beneficiary Payees and will be subject to the priorities and to the Province's rights to Subrogation Amounts, set forth in Section 2.01(a).

(f) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(g) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein

shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation by their terms.

(h) Any amount payable to the Province in respect of a Subrogation Amount shall bear interest from and including the date of payment by the Province of the related Guarantee Payment to but excluding the date of payment of the Subrogation Amount to the Province, such interest to accrue at the rate equivalent to the applicable interest rate borne by the related Approved Obligation, and such interest amounts shall be added to their respective Subrogated Amounts and shall consequently be payable in the same priority as the relevant Subrogated Amount under clause 2.01(a)iv(B), all such accruing interest amounts to be calculated and added to the Subrogation Amounts by the Manager in its discretion acting in a commercially reasonable fashion.

(i) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under and in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any amount due and payable to a Beneficiary Payee under the Limited Guarantee.

2.02 Intentionally Deleted.

2.03 <u>Absence of Set-off</u>

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 <u>Payment into Protection Account in Satisfaction</u>

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall

transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account" for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section **[7.03]** of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Financing Entity and the Indenture Trustee shall ensure that all amounts paid by the Province into the Protection Account on a Guarantee Payment Date in respect of an Approved Obligation are applied to pay the amounts due and payable to the Beneficiary Payee as and to the extent provided for in Section 2.01(a). Upon a payment having been made by or on behalf of the Province into the Protection Account, the amounts so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiary Payee as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such Beneficiary Payee in respect of the applicable Approved Obligations, whereupon an affected Beneficiary Payee shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid. For greater certainty, the obligations arising in respect of an applicable Approved Obligation shall not be reduced by such payment as the Province shall become entitled to be paid related Subrogation Amounts and the rights contemplated under Section 2.01(a) and Section 5.01 in relation to such continuing obligations.

2.05 <u>Certain Waivers</u>

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations in accordance with Section 8.01.

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

Except in respect of any Primary Obligation to which the Limited Guarantee will not apply on or after a Suspension Notice is delivered in accordance with Section 7.02, a Primary Obligation that is not a Certified Primary Obligation shall be an Approved Obligation. A Certified Primary Obligation shall constitute an Approved Obligation if (i) the Adherence Conditions applicable thereto have been satisfied at the time the Primary Obligation was incurred or (ii) the Province, in its sole discretion, designates in writing that it is an Approved Obligation.

4.02 Adherence Conditions

(a) The following shall be the Adherence Conditions applicable in relation to each Certified Primary Obligation:

i. the Certified Primary Obligation when incurred is an Obligation Secured under the Trust Indenture; and

ii. OPG, as FSM, delivers an Adherence Compliance Certificate in the form attached hereto as Exhibit B signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee, on or before the incurrence of the Certified Primary Obligation (provided that delivery may not be more than 5 Business Days before the incurrence of the Certified Primary Obligation); and

iii. the Province has not provided a Suspension Notice to the Indenture Trustee, OPG and the Financing Entity.

(b) Without limiting any obligations of OPG to the Province arising other than pursuant to this Agreement, satisfaction of the Adherence Conditions for a Certified Primary Obligation shall be deemed satisfaction of the Adherence Conditions in respect of all principal, interest and other amounts owing under the Certified Primary Obligation, as such Certified Primary Obligation may be amended, restated, supplemented or modified from time to time.

(c) For greater certainty, there shall be no Adherence Conditions applicable in relation to a Primary Obligation that is not a Certified Primary Obligation.

4.03 <u>Evidence of Satisfaction</u>

An Adherence Compliance Certificate delivered in accordance with clause 4.02(a)ii shall be determinative as to whether the applicable Adherence Condition with respect thereto has been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same. An Adherence Compliance Certificate that purports on its face to be signed by officers specified in clause 4.02(a)ii may be relied upon by any addressee without further enquiry or evidence as to the incumbency or signatures of such officers. If an Adherence Compliance Certificate is not delivered in accordance with the timing requirements of clause 4.02(a)ii such certificate may be delivered at a later date, and be effective as if it had been delivered in accordance with the timing requirement of clause 4.02(a)ii if at the time such certificate was otherwise required to be delivered OPG had delivered to the Province all certifications required by the Province in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation.

ARTICLE V
PROVINCE MATTERS

5.01 <u>Assignment and Subrogation</u>

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, and shall be entitled to (i) the right and entitlement to be paid and receive the related Subrogation Amounts, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any

further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including Sections **[7.04]** through **[7.11]** and **[8.13]** (Payment Priorities), Section **[7.12]** (Payments Held in Trust), Section **[8.11]** (Control by Controlling Class Creditors), Section **[8.12]** (Limitation on Suits), Section **[8.14]** (Limited Recourse), Article IX (The Indenture Trustee), including all limitations of liability thereunder, Section **[9.14]** (Communications to Specified Creditors) and Section **[16.01]** (No Petition); (ii) consents, requests and authorizes the Issuer and the Indenture Trustee to (x) add the Province to the register of Specified Creditors described in subsection **[13.13(b)]** of the Trust Indenture and (y) disseminate the notice details of the Province to other Specified Creditors for the purposes set out in subsection **[9.14(b)]** of the Trust Indenture, and (iii) confirms that it will execute and deliver, or cause to be executed and delivered, all such further agreements, documents and instruments in connection with this Section 5.01 as the Indenture Trustee may request from time to time for the purpose of giving effect to the terms of this Section 5.01.

5.02 <u>Priorities</u>

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation and the Payable Approved Amounts thereunder shall rank equally with the rights, interests and entitlements of a Beneficiary to whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture in the manner and to the extent contemplated in Section **[7.10]** of the Trust Indenture.

5.03 Intentionally Deleted

5.04 <u>Representations and Warranties</u>

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
INDENTURE TRUSTEE MATTERS

6.01 <u>Limited Recourse</u>

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

6.02 <u>Not Responsible for Recitals</u>

The recitals contained herein will be taken as the statements of the Province, the Financing Entity and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

6.03 <u>Representations and Covenants of the Indenture Trustee</u>

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Agreement and has taken all necessary action to authorize the execution, delivery and performance by it of this Agreement;

(c) this Agreement has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada. If, notwithstanding the provisions of this subsection 6.03(d), the Indenture Trustee ceases to be so authorized to carry on business, the validity and enforceability of this Agreement shall not be affected in any manner whatsoever by reason only of such event.

ARTICLE VII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

7.01 Suspension Notice

Upon:

(a) a Program Breach;

(b) a default in the performance, or breach, of any covenants of OPG, as FSM, or OPG, in its corporate capacity, in each case to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligation and the expiration of any applicable cure period;

(c) a representation or warranty made by OPG or a certification made by one or more officers of OPG, in each case whether as FSM or in its corporate capacity, to the Province in connection with its obligations to the Province and its internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligations, proves to be incorrect in any material respect on the date made and the expiration of any applicable cure period; or

(d) the FSM no longer being the Manager or actions having been taken by or on behalf of the Indenture Trustee to remove the FSM as the Manager;

the Province may deliver a written notice in the form of Exhibit C (a "**Suspension Notice**") to the Indenture Trustee, the FSM and the Financing Entity.

7.02 Suspension

If a Suspension Notice has been provided under Section 7.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of: (i) any Primary Obligation incurred, excluding Post-Suspension Refinancings, or (ii) any amendment of any Primary Obligation that has a Material Effect, unless otherwise agreed to by the Province, in each case, on or after the time such Suspension Notice is delivered.

7.03 Additional Right of the Province Regarding Post-Suspension Refinancings

Following the occurrence of a Suspension Event, the Limited Guarantee shall continue to apply in respect of any Post-Suspension Refinancing (for greater certainty, without regard to the satisfaction of any Adherence Conditions); provided that prior to the Financing Entity incurring any Primary Obligation constituting a Post-Suspension Refinancing, the Manager shall provide the Province with at least 30 days' notice of its intention to seek a Post-Suspension Refinancing and prior to incurrence, which notice shall describe the material covenants, events of default, representations and warranties and indemnities of the Financing Entity and other material terms, excluding financial terms, rates and levels, and that shall be in respect of the full amount of the amount becoming due and payable in respect of the applicable Primary Obligation less amounts otherwise available to the Financing Entity from other available or committed sources (the "**Proposal**"), and during such 30 day period the Province may, but is not obligated to, offer to fund such Post-Suspension Refinancing or arrange for another Person to fund such Post-Suspension Refinancing on the same terms as set out in the Proposal or on such other terms as may be considered by the Province to be not more onerous on the Financing Entity and that are acceptable on that basis to the Financing Entity, acting reasonably. If, within such 30-day period, the Province elects to offer to fund such Post-Suspension Refinancing as provided in the preceding sentence, the Manager shall accept such offer; however, if the Province does not elect to offer to fund such Post-Suspension Refinancing, the Manager shall cause the Financing Entity to incur Primary Obligations constituting such a Post-Suspension Refinancing on substantially the same terms (excluding, for greater certainty, any financial terms, rates or levels) as those set out in the Proposal if the Post-Suspension Refinancing can be completed by the Financing Entity in compliance with the Act, or on such other terms as would not have a Material Effect, without taking into account any financial terms, rates or levels.

7.04 No Impact on Adherence

For greater certainty, the occurrence of a Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event or in respect of any Post-Suspension Refinancing.

ARTICLE VIII
MISCELLANEOUS

8.01 Term of Agreement

This Agreement will continue until the later of: (a) the date that no amount is or may become due and payable by the Province under the Limited Guarantee and (b) the date that no amount is or may become due and payable to the Province in respect of any Subrogation Amount.

8.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic

communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: Manager, Corporate Trust
Fax: (416) 981-9777
Email: corporatetrust.toronto@computershare.com

(b) if to the FSM:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

(c) if to the Province:

Minister of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Minister of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

With copies to:

Deputy Minister of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Deputy Minister of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 8.02.

8.03 <u>Assignment</u>

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section 8.03 shall be null and void.

8.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

8.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

8.07 Notice to Rating Agencies

OPG, as FSM, shall deliver prompt written notice to the Rating Agencies of the occurrence of (i) a Protection Event; (ii) receipt of a Suspension Notice delivered by the Province pursuant to Section 7.01; and (iii) an assignment of this Agreement by any party pursuant to Section 8.03.

8.08 Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their benefits hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

8.09 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, IN ITS CAPACITY AS TRUSTEE OF FAIR HYDRO TRUST, AS ISSUER, BY ONTARIO POWER GENERATION INC., NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration of a funding obligation" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Compliance Certificate**" means a certificate in the form attached hereto as Exhibit B delivered by the FSM in accordance with Section 4.02(a)ii.

"**Adherence Conditions**", means, in respect of a Certified Primary Obligation, the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of a Guarantee Payment Date, the aggregate of the Approved Obligation Amounts for such Guarantee Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, for a Beneficiary in respect of an Approved Obligation under which an amount is due and payable on a Guarantee Payment Date:

(a) if no Acceleration has occurred in respect of any Obligation Secured on or before the Guarantee Payment Date, the amount due and payable to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation (for greater certainty, determined on the assumption that there are adequate amounts available under the applicable payment provisions of the Trust Indenture to pay in full all amounts referred to in such payment provisions that are due and payable on the Guarantee Payment Date); and

(b) if an Acceleration has occurred in respect of any Obligations Secured on or before the Guarantee Payment Date, the amount that would be available to be paid to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation under the applicable payment provisions of the Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with such applicable payment provisions of the Trust Indenture in respect of each relevant month during each Reference Period is equal to the estimated Finance Amount determined in respect of such Reference Period for purposes of section 15(1) of the Act (in effect on the date hereof), including section 6.1 of the General Regulation (in effect on the date hereof), divided by the number of months in such Reference Period.

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Beneficiary Payee**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Certified Primary Obligations**" means Primary Obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest, including any Refinancing, other than a Post-Suspension Refinancing or a Pre-Approved Refinancing, of such a Primary Obligation (for greater certainty, including, in the case of any Certified Primary Obligation permitting funding transactions pursuant to a Funding Obligation Agreement applicable to the Certified Primary Obligation, each individual borrowing or funding utilization thereunder), (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not any individual trade confirmation other than a trade confirmation that modifies or purports to override the express terms or conditions of the related Master Agreement, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and expected (as determined by the Manager, acting reasonably) aggregate payments by the Financing Entity thereunder during the term of such contract are or would be in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).

"**Change of Law Process Agreement**" means the change of law process agreement between the Province and OPG;

"**Change of Law Protection Agreement**" means this Agreement.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Executive Officer**" has the meaning ascribed to the term "executive officer" in National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators.

"**Fair Allocation Amount**" has the meaning ascribed to the term "fair allocation amount" in the Act as of the date of this Agreement.

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the first paragraph of this Agreement until a successor Financing Entity Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and the Declaration of Trust, and thereafter "Financing Entity Trustee" means and includes such Person.

"**Financing Plan**" has the meaning ascribed to the term "Financing Plan" in the Act as of the date of this Agreement.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Guarantee Payment**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Guarantee Payment Date**" has the meaning ascribed thereto in Section 2.01(a)i.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**Holder**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Liens**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(a).

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity, as amended, supplemented, restated or otherwise modified from time to time.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Agreement**" means an agreement in the form of a Master Agreement as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, as amended, supplemented, restated or otherwise modified from time to time.

"**Material Effect**" means a material adverse effect on the obligations or the rights of the Province under the Limited Guarantee that relates to, and in each case, differs in any material respect from the terms or conditions applicable to any other Transaction Document that forms part of the Reference Documentation at the relevant time, the following: (i) the timing of or circumstances under which Primary Obligations would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization) that, in each case, is inconsistent with the Fair Allocation Amount; (ii) the appointment, obligations or duties of OPG as the Manager; (iii) the existence, powers or authority of the Financing Entity or the Financing Entity Trustee; (iv) the obligations of the Indenture Trustee to or in respect of the Province as a Specified Creditor; (v) the payment provisions and associated priorities set forth in the Trust Indenture; (vi) compliance by the FSM with the then applicable Financing Plan; (vii) compliance by the FSM or the Financing Entity with the Act or the General Regulation; or (viii) the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of this Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation.

"**Notes**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Payable Approved Amounts**" has the meaning ascribed thereto in 2.01(a).

"**Payment Date**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, unlimited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Post-Suspension Refinancing**" means a Funding Obligation that is an Obligation Secured and that is incurred on or after the occurrence of a Suspension Event in compliance with the requirements of Section 7.03, as a Refinancing of one or more Series of Approved Obligations (including any Pre-Approved Refinancing incurred on or after the occurrence of a Suspension Event), in each case the proceeds of which, together with any other funds that may be available, are used solely for the purpose of paying in full such Series of Approved Obligations and any costs and expenses associated with such Refinancing.

"**Pre-Approved Refinancing**" means a Refinancing of a Certified Primary Obligation in respect of which the Province has, prior to the incurrence of such Certified Primary Obligation, agreed shall be an Approved Obligation, subject to compliance with such conditions and requirements as may be specified in such agreement.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account or Finance Reserve Account; and (ii) any obligation to pay the Financing Entity or on the Financing Entity's direction any remaining amounts in the Collection Account pursuant to the Trust Indenture.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any

"regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that (X) adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations when due and payable, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any Finance Reserve Account, Capital Account or collateral posting account applicable under a Derivative Agreement, (ii) the availability of any credit enhancement agreement to which the Financing Entity is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in any of clauses (i) to (v) of this paragraph (a), or (Y) adversely affects the enforceability of, or adversely changes, the terms and conditions of this Agreement or of any of the agreements under which Approved Obligations arise; or

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations when due and payable and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Approved Obligations that have become due and payable, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any Finance Reserve Account, Capital Account or collateral posting account applicable under a Derivative Agreement, (ii) the availability of any credit enhancement agreement to which the Financing Entity is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in paragraph (b).

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency Condition" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Reference Documentation**" has the meaning ascribed thereto in the Change of Law Process Agreement.

"**Reference Period**" has the meaning ascribed to the term "reference period" in the Act as of the date of this Agreement.

"**Refinancing**" has the meaning ascribed to the term "refinancing" in the Act as of the date of this Agreement, as more particularly described and given meaning in the General Regulation as of the date of this Agreement.

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Specified Creditor**" has the meaning ascribed thereto in the Trust Indenture on the date hereof.

"**Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(B).

"**Subrogation Payment Date**" has the meaning ascribed thereto in clause 2.01(a)iv.

"**Suspension Event**" has the meaning ascribed thereto in Section 7.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 7.01.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" has the meaning ascribed thereto in the Change of Law Process Agreement.

"**True-up Amount**" has the meaning ascribed to the term "true up amount" in the Act as of the date of this Agreement.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

EXHIBIT A
FORM OF PAYMENT DEMAND

TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Pursuant to and in accordance with section 2.01(a) of the Change of the Law Protection Agreement, the Indenture Trustee hereby demands payment from the Province in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in the Change of Law Protection Agreement.

DATED as of the [■] day of [■], [■].

BNY TRUST COMPANY OF CANADA

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT B
FORM OF ADHERENCE COMPLIANCE CERTIFICATE UNDER SECTION 4.02(a)

TO: **BNY TRUST COMPANY OF CANADA**, in its capacity as Indenture Trustee (the "**Indenture Trustee**") under the Master Trust Indenture dated as of December ●, 2017 between Fair Hydro Trust and the Indenture Trustee (the "**Master Trust Indenture**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province of Ontario, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust, Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Each of the undersigned, being the ● and ● of OPG acting in its capacity as FSM and holding the offices set forth under their names and signatures below, pursuant to and accordance with clause 4.02(a)ii of the Change of Law Protection Agreement, hereby certifies for and on behalf of OPG, in its capacity as Financial Services Manager, and not in such officer's personal capacity and intending that this certificate may be relied on by the addressees hereof without independent inquiry, that:

1. I have read and understand the provisions of the Change of Law Protection Agreement, the Master Trust Indenture and all other documents and materials necessary to enable me to deliver this certificate.
2. If the Certified Primary Obligation is a Refinancing, the proceeds of the Refinancing will be used solely for the purpose of repaying one or more Certified Primary Obligations in respect of which the Adherence Conditions in Subsection 4.02(a) of the Change of Law Protection Agreement had been satisfied, including one or more other Refinancings in respect of which the Adherence Conditions in Subsection 4.02(a) of the Change of Law Protection Agreement had been satisfied.
3. OPG has delivered to the Province a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate was provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation.

DATED as of the [■] day of [■], [■].

Name: [1]	Name:
Office:	Office:

[1] This certificate must be signed by two officers of OPG being either (i) the Chief Financial Officer and the Treasurer, or (ii) any two Executive Officers (as defined in the Change of Law Protection Agreement) of OPG.

EXHIBIT C
SUSPENSION NOTICE

TO: Ontario Power Generation Inc., in its capacity as Financial Services Manager

AND TO: Fair Hydro Trust

AND TO: Computershare Trust Company of Canada, in its capacity as trustee of Fair Hydro Trust

AND TO: BNY Trust Company of Canada, as Indenture Trustee

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement. All references in this Suspension Notice to "Articles" or "Sections" refer to Articles or Sections of the Change of Law Protection Agreement.

The Province has a reasonable basis for concluding that an event described in clauses (a) to (d) of Section 7.01 has occurred. Pursuant to Section 7.01, the Province hereby declares that the Limited Guarantee shall hereby not apply in respect of (i) any Primary Obligation incurred, excluding Post-Suspension Refinancings or Pre-Approved Refinancings or (ii) any amendment of any Primary Obligation that has a Material Effect, unless otherwise agreed to by the Province, in each case, on or after delivery of this Suspension Notice.

This Suspension Notice is hereby delivered to the FSM, the Financing Entity and the Indenture Trustee in accordance with Section 8.02 of the Change of Law Protection Agreement.

* * * *

DATED as of the [■] day of [■], [■].

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

Draft: December 14, 2017

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.

CHANGE OF LAW PROCESS AGREEMENT

Dated as of [■], 2017

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**") is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.

Pursuant to a Declaration of Trust dated as of [■], 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the applicable Adherence Conditions.

Prior to entering into this Agreement, OPG provided the Province with the final forms of certain of the Transaction Documents, as described on Exhibit "A", and the Province has not objected to such forms and hereby confirms to OPG that such Transaction Documents will constitute "Reference Documentation" for purposes of this Agreement.

Prior to entering into this Agreement, OPG, as the FSM, provided the Minister of Energy, in compliance with the Act, with the initial Financing Plan, which includes the initial forecast (the "**Initial Forecast**") setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Obligations Secured to be incurred during the 24 month period from December 1, 2017 to November 30, 2019 (the "**Initial Forecast Period**"). Prior to entering into this Agreement, OPG provided the Province with the initial Protection Agreement Maximum (the "**Initial Protection Agreement Maximum**"). The Province has received the initial Financing Plan and has not disagreed with the Initial Forecast or the Initial Protection Agreement Maximum on the basis of an apparent inaccuracy in the Initial Forecast, an inconsistency between the Initial Forecast and the initial Financing Plan, or as a result of the Initial Protection Agreement Maximum being more than the Initial Forecast.

This Agreement sets out the obligations OPG has agreed to perform and assurances OPG has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the applicable Adherence Conditions have been satisfied and maintaining information related to the Program Agreements and the Approved Obligations.

All things necessary to make this Agreement a valid and legally binding agreement of OPG and the Province, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall"; the word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other

subdivisions of this Agreement as originally executed; the words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 <u>References to the Financing Entity</u>

For greater certainty, each reference to the Financing Entity shall be construed as a reference to the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 <u>Effect of Headings</u>

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.04 <u>Successors and Assigns</u>

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 <u>Severability</u>

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.06 <u>Governing Law</u>

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 <u>Proceedings Against the Crown Act</u>

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby, and any material amendment of this Agreement will only be binding if the Rating Agency Condition has been satisfied. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF OPG

2.01 Deliveries to the Province

(a) OPG shall promptly deliver to the Province a copy of any proposed change to or replacement of the Financing Plan.

(b) Not less than 10 Business Days, or such lesser period as the Province may agree to in writing, prior to:

(i) any proposed material change in the terms or conditions applicable to a Primary Obligation in a previously provided Transaction Document becoming effective or otherwise being used; provided, however, that a proposed change in particular financial terms, rates or levels shall not constitute a material change, and

(ii) any additional, supplemental or replacement Transaction Document becoming effective or otherwise being used,

OPG shall deliver to the Province a copy of such proposed change to the Transaction Document and any such additional, supplemental or replacement Transaction Document.

(c) Without limiting Subsection 2.01(b), and except as has previously been provided to the Province under Subsection 2.01(b), promptly following (i) any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor being made, (ii) any new, additional, supplemental or replacement instruments, documents, agreements or security being used or granted in connection with all or any part of the Approved Obligations, or (iii) any waiver, release, reconveyance, termination, abandonment, subordination, exchange, substitution, transfer, compound, compromise, liquidation or enforcement of all or any part of the Approved Obligations or any security or guarantee therefor being effected, OPG shall deliver to the Province a detailed description of such event and the reasons for it together with any related documents, agreements and instruments.

(d) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, OPG shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations (including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(e) Promptly upon request, OPG shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

2.02 <u>Covenants</u>

(a) OPG shall use commercially reasonable efforts to cause the Financing Entity to:

(i) punctually perform and observe all of the Financing Entity's obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not (unless waived in writing by the Province):

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement, replacement, waiver or consent could reasonably be considered to have a Material Effect; provided, however, that the foregoing does not apply to any supplement, amendment, modification, restatement, replacement, waiver or consent in respect of particular financial terms, rates or levels;

(B) extend, renew, compromise, novate, replace, suspend, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, liquidate or enforce the terms of all or any part of the Approved Obligations or any Collateral, if any such action could reasonably be considered to have a Material Effect; provided, however, that the foregoing does not apply to any such action taken in respect of particular financial terms, rates or levels; or

(C) permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired.

(b) If any action restricted pursuant to Section 2.02(a)(v) is reflected in a delivery required to be made by OPG to the Province pursuant to Section 2.01(b) and is not objected to by the Province under Section 3.04(b), the Province shall be

deemed to have waived its rights in respect of such action under Section 2.02(a)(v).

(c) OPG shall:

(i) comply, and shall use commercially reasonable efforts to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

(ii) punctually perform and observe all of its (including as the FSM and as Manager) obligations and agreements contained in the Program Agreements;

(iii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation; and

(iv) notify the Province of (1) the occurrence of any Breach Event and any Program Breach, in each case within 2 Business Days of any such occurrence, and (2) any event or circumstance known to OPG that with the passage of time or the giving of notice would be a Breach Event or a Program Breach, in each case within 1 Business Day of OPG first becoming aware of such event or circumstance; and

(v) after the occurrence of any Protection Event (or any event or circumstance known to OPG that with the passage of time or the giving of notice would be a Protection Event), not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.

(d) The Province and OPG acknowledge that their obligations to each other under the Indemnity Agreement between the Province and OPG dated June 1, 2017 (as amended, the "**Indemnity Agreement**") are not amended by this Agreement and continue in full force and effect, notwithstanding that this Agreement is entered into subsequent to the Indemnity Agreement.

(e) The Province and OPG acknowledge that their obligations to each other under the Indemnity Agreement are not amended by the Change of Law Protection Agreement and continue in full force and effect, notwithstanding that the Change of Law Protection Agreement was entered into subsequent to the Indemnity Agreement.

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate

OPG shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Province, on or before the incurrence or any amendment of a Funding Obligation, other than any Funding Obligation under which not more than $5,000,000 in the aggregate may become payable by the Financing Entity (provided that delivery may not be more than 5 Business Days before the incurrence or amendment of the Funding Obligation), setting out the following with respect to such Funding Obligation:

(a) the material terms of the Funding Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a Derivative Agreement, OPG's best estimate of the expected notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

(b) if an existing Funding Obligation is proposed to be amended, material details respecting such amendment, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

(c) a statement to the effect that: (i) the Funding Obligation to be incurred or amended (1) will arise under terms and conditions that are Substantially in the Form of the Reference Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reference Documentation;

(d) a statement confirming that any disclosure made in respect of the Funding Obligation (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to the Funding Obligation) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement has been made available to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made;

(e) a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and

(f) confirmation that, at the time the Funding Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Funding Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the Protection Agreement Maximum applicable on the date that the Process Certificate is delivered; for clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be determined on the date the Process Certificate is delivered hereunder in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

3.02 Acknowledgement regarding delivery of certificate under Change of Law Protection Agreement

The Province acknowledges and agrees that, concurrent with the delivery of the Process Certificate pursuant to Section 3.01 of this Agreement, the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) are authorized to deliver the certificate referred to in Subsection 4.02(a)(ii) of the Change of Law Protection Agreement to the Indenture Trustee confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with adherence of the Limited Guarantee to the incurrence of the Certified Primary Obligations in respect of which the certificate in Subsection 4.02(a)(ii) of the Change of Law Protection Agreement is being delivered; provided that, upon receipt of a Suspension Notice under the Change of Law Protection Agreement, OPG covenants not to deliver any further certificates to the Indenture Trustee under Subsection 4.02(a)(ii) of the Change of Law Protection Agreement.

3.03 Acknowledgement regarding delivery of Suspension Notice

The parties acknowledge and agree that the Province is entitled to deliver a Suspension Notice under Section 7.01 of the Change of Law Protection Agreement if a Program Breach or Breach Event has occurred. The Province agrees not to deliver a Suspension Notice pursuant to Section 7.01 of the Change of Law Protection Agreement unless a Program Breach or a Breach Event has occurred.

3.04 Meaning of "Reference Documentation"

For the purposes of Subsection 3.01(c), the term "Reference Documentation" shall mean each Transaction Document that, at the relevant time:

(a) is a Transaction Document listed on Exhibit "A"; or

(b) is a Transaction Document (including any amended or amended and restated Transaction Document) provided to the Province in accordance with Subsection 2.01(b) that has not been objected to by the Province, by delivery of an objection notice in writing delivered to OPG, within 10 Business Days after it is provided to the Province; provided that the Province (i) shall only be entitled to deliver an objection notice if the Transaction Document (including any amended or amended and restated Transaction Document) has a Material Effect and (ii) shall not be entitled to deliver an objection notice in respect of any Post-Suspension Refinancing.

3.05 Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(c), the term "Substantially in the Form" shall mean:

(a) with respect to the Reference Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such Reference Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation that could have a Material Effect; provided, however, that the foregoing does not apply to any particular financial terms, rates or levels; and

(b) with respect to the Reference Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum

(a) Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Obligations Secured that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Obligations Secured to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast

shall be further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum, which may not exceed such Forecast.

(b) Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of any further Forecast and notice of the revised Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province may disagree with such further Forecast or revised Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in such further Forecast, (ii) the further Forecast is inconsistent with the Financing Plan, or (iii) the revised Protection Agreement Maximum is more than the further Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the revised Protection Agreement Maximum will be further revised accordingly and confirmed by an amended notice to the Province.

(c) For clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be valued at the time to be determined for the purposes of this Section 4.01 in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of OPG

OPG represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, may cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario and has the power and authority to enter into and perform its obligations under this Agreement and all instruments and agreements delivered pursuant hereto.

(c) OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Financing Entity or in the ability of the Financing Entity to perform its obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

5.02 Representations and Warranties of the Province

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
BREACH EVENTS

6.01 Breach Events

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

(a) a default in the performance, or breach, by OPG of Section 2.01(b)(i), Section 2.02(b)(iv) or Section 3.01;

(b) a default in the performance, or breach, of any other covenants of OPG under this Agreement (excluding Section 2.01(b)(i), Section 2.02(b)(iv) and Section 3.01), which, if curable in a way such that the default or breach would not have or have had a Material Effect, is not so cured within thirty (30) days;

(c) any representation or warranty made by OPG in this Agreement, any certification made in a Process Certificate, or any certification made in a certificate contemplated by Subsection 4.02 of the Change of Law Protection Agreement, proves to be incorrect in a material respect on the date made and which, if curable in a way such that the incorrect representation or warranty may be remedied without any Material Effect having occurred as a result of the Province's reliance thereon, is not so cured within thirty (30) days; or

(d) OPG is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the Manager.

ARTICLE VII
MISCELLANEOUS

7.01 Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

7.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to OPG:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

(b) if to the Province:

Deputy Minister of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Deputy Ministry of Energy
[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 7.02.

7.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 7.03 shall be null and void.

7.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

7.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

7.06 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

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

By: _____

Name:
Title:

By: _____

Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Breach Event**" has the meaning ascribed thereto in Section 6.01.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the Financing Entity, OPG (as the FSM and the Manager) and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

"**Fair Allocation Amount**" has the meaning ascribed to the term "fair allocation amount" in the Act as of the date of this Agreement.

"**Financing Entity**" means Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(a).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**IESO Security Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**Initial Forecast**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Initial Forecast Period**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Initial Protection Agreement Maximum**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO.

"**Material Effect**" means a material adverse effect on the obligations or the rights of the Province under the Limited Guarantee, the Change of Law Protection Agreement or this Agreement that relates to, and in each case, differs in any material respect from the terms or conditions applicable to any other Transaction Document that forms part of the Reference Documentation at the relevant time, the following: (i) the timing of or circumstances under which related payments would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization) that, in each case, is inconsistent with the Fair Allocation Amount; (ii) the appointment, obligations or duties of OPG as the Manager; (iii) the existence, powers or authority of the Financing Entity or the Financing Entity Trustee; (iv) the obligations of the Indenture Trustee to or in respect of the Province as a Specified Creditor; (v) the payment provisions and associated priorities set forth in the Trust Indenture; (vi) compliance by the FSM with the then applicable Financing Plan; (vii) compliance by the FSM or the Financing Entity with the Act or the General Regulation; or (viii) the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that

would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Protection Agreement Maximum**" means the dollar amount referenced as the Program Agreement Maximum and determined in accordance with Section 4.01.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture.

"**Reference Documentation**" has the meaning ascribed thereto in Section 3.04.

"**Repayment**" has the meaning ascribed to the term "repayment" in the General Regulation as of the date of this Agreement.

"**Substantially in the Form**" has the meaning ascribed thereto in Section 3.05.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement; (vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected,

including any other agreement under which the Financing Entity incurs a material financial obligation or that could affect the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

EXHIBIT "A"
INITIAL REFERENCE DOCUMENTATION

- Declaration of Trust;
- Management Agreement;
- Master Transfer and Servicing Agreement;
- Acknowledgement and indemnity agreement dated as of [■], 2017 made by IESO in favour of the Indenture Trustee;
- IESO Security Agreement;
- Trust Indenture;
- Warehouse Senior Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;
- Warehouse Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017; and
- Warehouse Junior Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

WAREHOUSE

SENIOR SERIES 2017-1

SUPPLEMENTAL INDENTURE

between

FAIR HYDRO TRUST

by

COMPUTERSHARE TRUST COMPANY OF CANADA
as Issuer Trustee

and

BNY TRUST COMPANY OF CANADA
as Indenture Trustee

and

ROYAL BANK OF CANADA
as Administrative Agent

and

CERTAIN CP CONDUIT PURCHASERS,
CERTAIN NON-CONDUIT PURCHASERS
CERTAIN FUNDING AGENTS
and CERTAIN GROUP BANKS

Made as of December [21], 2017

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FLOATING RATE VARIABLE FUNDING,
SERIES 2017-1 SENIOR NOTES

SUPPLEMENTAL INDENTURE made as of December **[21]**, 2017, between **Computershare Trust Company of Canada**, a trust company established under the laws of Canada (the "**Issuer Trustee**"), in its capacity as trustee of **Fair Hydro Trust**, a trust existing under the laws of the Province of Ontario (in such capacity, the "**Issuer**"), **BNY Trust Company of Canada**, a trust company established under the laws of Canada (the "**Indenture Trustee**"), **Royal Bank of Canada**, in its capacity as the administrative agent for the Purchaser Groups (the "**Administrative Agent**"), the **Non-Conduit Purchasers** from time to time party hereto, the **CP Conduit Purchasers** from time to time party hereto, and the **Funding Agents** for the CP Conduit Purchaser Groups from time to time party hereto.

WHEREAS pursuant to the Trust Indenture, provision was made for the issuance of Notes from time to time;

AND WHEREAS pursuant to the Trust Indenture, Notes may be issued in one or more Series by the execution and delivery of a Supplemental Indenture;

AND WHEREAS the parties hereto are entering into this Supplemental Indenture to provide for the creation and issuance of the Series 2017-1 Senior Notes;

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

ARTICLE 1
INTERPRETATION

1.1 Definitions

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

(b) Except as otherwise expressly provided or unless the context otherwise requires, all terms used herein which are defined in the Trust Indenture, either directly or by reference therein, have the meanings assigned to them in the Trust Indenture.

1.2 Interpretation

Subject to the next following sentences, this Supplemental Indenture is supplemental to the Trust Indenture and the Trust Indenture shall be read in conjunction with this Supplemental Indenture and all of the provisions of the Trust Indenture shall apply to and shall have effect in connection with this Supplemental Indenture in the same manner as if all of the provisions of the Trust Indenture and of this Supplemental Indenture were contained in one instrument. This Supplemental Indenture shall, unless the context otherwise requires, be subject to the interpretative provisions contained in Article 1 of the Trust Indenture. If any terms of the Trust Indenture are

inconsistent with the express terms or provisions hereof, the terms and provisions of the Trust Indenture shall be, solely in respect of the Series 2017-1 Senior Notes, amended and supplemented so as to be consistent herewith. The provisions of this Supplemental Indenture are applicable only in respect of the Series 2017-1 Senior Notes and not the Notes of any other Series.

1.3 Application of this Supplemental Indenture

With respect to the Series 2017-1 Senior Notes only, the terms of the Trust Indenture are amended, supplemented, modified, restated and replaced to the extent applicable by the terms of this Supplemental Indenture in respect of the Series 2017-1 Senior Notes in accordance with Section 1.2 above.

ARTICLE 2
PRINCIPAL TERMS

2.1 Creation of Series 2017-1 Senior Notes

There is hereby created a Series of Notes to be issued pursuant to the Trust Indenture and this Supplemental Indenture designated as the "**Floating Rate Variable Funding Senior Notes, Series 2017-1**."

2.2 Principal Terms

In addition to and without limiting any of the provisions of this Supplemental Indenture, the Series 2017-1 Senior Notes:

(a) will be designated as set out in Section 2.1;

(b) will be Senior Notes;

(c) will have a Stated Principal Amount equal to the Series 2017-1 Maximum Principal Amount;

(d) will not be issued in Tranches;

(e) will be denominated in Canadian dollars;

(f) will not be listed on any securities exchange;

(g) will have an Initial Dollar Principal Amount equal to the Series 2017-1 Initial Principal Amount;

(h) will be issued as definitive notes and will not be in the form of a Global Note;

(i) will be issued as Registered Notes and will be without coupons;

(j) will be substantially in the form of Schedule B, with such appropriate insertions, omissions, substitutions and variations as may be approved by the Issuer;

(k) will have each Payment Date on and after the Payment Date in January, 2018 as an Interest Payment Date;

(l) will have Principal Payment Dates as determined under Section 3.7;

(m) will have Principal Payment Default Dates as defined herein; and

(n) will have no minimum issue amount.

ARTICLE 3
NOTE PURCHASE FACILITY

3.1 Purchase of Notes by the Purchasers

(a) ***Initial Purchases***. Subject to the terms and conditions of this Supplemental Indenture, including delivery of notice in accordance with Section 3.3, (i) each Non-Conduit Purchaser shall purchase, and each CP Conduit Purchaser may, in its sole discretion, purchase a Series 2017-1 Senior Note in an amount equal to all or a portion of its Commitment Percentage of the Series 2017-1 Initial Principal Amount on any Business Day during the period from the date hereof to and including December **[21]**, 2017, and if any such CP Conduit Purchaser shall have notified the Administrative Agent and the Funding Agent with respect to such CP Conduit Purchaser that it has elected not to fund a Series 2017-1 Senior Note in an amount equal to its Commitment Percentage of the Series 2017-1 Initial Principal Amount on the Closing Date, the Group Bank with respect to such CP Conduit Purchaser shall fund on the Closing Date that portion of such Series 2017-1 Senior Note not to be funded by such CP Conduit Purchaser; and (ii) thereafter, (A) each Non-Conduit Purchaser shall maintain its Series 2017-1 Senior Note, subject to increase or decrease during the period from the Closing Date to and including the Commitment Expiry Date, in accordance with the provisions of this Supplemental Indenture, (B) if a CP Conduit Purchaser shall have purchased a Series 2017-1 Senior Note on the Closing Date, such CP Conduit Purchaser may, in its sole discretion, maintain its Series 2017-1 Senior Note, subject to increase or decrease during the period from the Closing Date to and including the Commitment Expiry Date, in accordance with the provisions of this Supplemental Indenture, and (C) the Group Bank shall maintain its Series 2017-1 Senior Note with respect to its Related Purchaser Group, subject to increase or decrease during the period from the Closing Date to and including the Commitment Expiry Date, in accordance with the provisions of this Supplemental Indenture. Payments by the Non-Conduit Purchasers, the CP Conduit Purchasers and/or the Group Bank with respect to the CP Conduit Purchasers shall be made in immediately available funds on the Closing Date in accordance with Section 3.3(d).

(b) ***Maximum Purchaser Group Principal Amounts***. Notwithstanding anything to the contrary contained in this Supplemental Indenture, at no time shall a Purchaser Group be required to make the initial purchase of a Series 2017-1 Senior Note or increase its Purchaser Group Principal Amount if the sum of (x) Purchaser Group

Principal Amount with respect to such Purchaser Group, after giving effect to such purchase or increase, and (y) the sum of any unfunded Delayed Amounts with respect to such Purchaser Group, would exceed the Maximum Purchaser Group Principal Amount with respect to such Purchaser Group at such time.

3.2 Delivery

(a) On the Closing Date (or on any later date that any Purchaser Group becomes a party to this Supplemental Indenture), Series 2017-1 Senior Notes shall be executed, authenticated and delivered by the Issuer in accordance with Section 4.03 of the Trust Indenture (i) in the case of a CP Conduit Purchaser Group, in the name of the Funding Agent with respect to such CP Conduit Purchaser Group (or as otherwise requested by such CP Conduit Purchaser Group and agreed to by the Issuer) in an amount equal to the Maximum Purchaser Group Principal Amount with respect to such CP Conduit Purchaser Group and delivered to such Funding Agent; or (ii) in the case of a Non-Conduit Purchaser Group, in the name of the Related Non-Conduit Purchaser in an amount equal to the Maximum Purchaser Group Principal Amount with respect to such Related Non-Conduit Purchaser and delivered to such Related Non-Conduit Purchaser.

(b) The Administrative Agent shall maintain a record of the actual Purchaser Group Principal Amount outstanding with respect to each Purchaser Group and the actual Series 2017-1 Principal Amount outstanding on any date of determination, which, absent manifest error, shall constitute prima facie evidence of the outstanding Purchaser Group Principal Amounts and outstanding Series 2017-1 Principal Amount from time to time. Upon a written request from the Indenture Trustee, the Administrative Agent shall provide in writing the identity of the Purchaser Groups, the related Funding Agents for each CP Conduit Purchaser Group, the Purchaser Group Principal Amount for each Purchaser Group and the Commitment Percentage with respect to such Purchaser Group to the Indenture Trustee.

3.3 Procedure for Initial Issuance and for Increasing the Series 2017-1 Principal Amount

(a) (i) On any Business Day prior to December **[21]**, 2017, in the case of a Non-Conduit Purchaser Group, the Related Non-Conduit Purchaser hereby agrees, or in the case of a CP Conduit Purchaser Group, the CP Conduit Purchaser in such CP Conduit Purchaser Group may agree, in its sole discretion, and the Group Bank with respect to such CP Conduit Purchaser hereby agrees, that it will purchase a Series 2017-1 Senior Note for an initial purchase price equal to the Commitment Percentage with respect to such Purchaser Group of the Series 2017-1 Initial Principal Amount upon the request of the Issuer (the date on which the initial purchase occurs being referred to as the "**Closing Date**"); provided, however, that the Issuer shall have given each of the Funding Agents (with a copy to the Indenture Trustee) irrevocable written notice (effective upon receipt), by email communication, substantially in the form of Schedule C no later than 12:00 p.m. (Toronto time) on the second Business Day prior to the Closing Date. The written notice of the initial purchase of the Series

2017-1 Senior Notes shall state (x) the Closing Date, and (y) the initial total purchase price to be paid for the Series 2017-1 Senior Notes (the "**Series 2017-1 Initial Principal Amount**"); and (ii) subject to Section 3.3(e), on any Business Day during the period from the initial purchase of the Series 2017-1 Senior Notes hereunder to and including the Commitment Expiry Date, in the case of a Non-Conduit Purchaser Group, the Related Non-Conduit Purchaser hereby agrees, or in the case of a CP Conduit Purchaser Group, the CP Conduit Purchaser in such CP Conduit Purchaser Group may agree, in its sole discretion, and the Group Bank with respect to such CP Conduit Purchaser hereby agrees that the Purchaser Group Principal Amount with respect to such Purchaser Group may be increased by an amount equal to the Commitment Percentage with respect to such Purchaser Group of the Increase Amount (an "**Increase**"), upon the request of the Issuer (each date on which an increase in the Series 2017-1 Principal Amount occurs hereunder being herein referred to as the "**Increase Date**" applicable to such Increase); provided, however, that the Issuer shall have given the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser (with a copy to the Indenture Trustee) irrevocable (other than as specified in Section 3.3(e)) written notice (effective upon receipt), by email communication, substantially in the form of Schedule C (an "**Increase Notice**") no later than 12:00 p.m. (Toronto time) on (A) with respect to a Deferrable Increase Notice, the third Business Day prior to such Increase Date, or (B) with respect to a Non-Deferrable Increase Notice, the second Business Day prior to such Increase Date. Each Increase Notice shall state (x) the Increase Date, (y) the proposed amount of the increase in the Series 2017-1 Principal Amount (an "**Increase Amount**"), (z) whether a Delayed Funding Notice may be delivered in connection with such Increase pursuant to Section 3.3(e) and whether the Increase is to fund a Transfer (a "**Transfer Increase**") or is in respect of a Refinancing (a "**Refinancing Increase**"). The Commitment Percentage with respect to any Purchaser Group of the Increase Amount set forth in any Non-Deferrable Increase Notice shall not exceed such Purchaser Group's Non-Deferrable Draw Amount as of the related Increase Date.

(b) If a CP Conduit Purchaser elects not to fund the full amount of its Commitment Percentage of a requested Increase, such CP Conduit Purchaser shall notify the Administrative Agent and the Funding Agent with respect to such CP Conduit Purchaser, and the Group Bank with respect to such CP Conduit Purchaser shall fund the portion of the Commitment Percentage with respect to such Related Purchaser Group of such Increase not funded by such CP Conduit Purchaser.

(c) No Purchaser Group shall be required to increase its Purchaser Group Principal Amount on any Increase Date hereunder unless:

(i) such Purchaser Group's Commitment Percentage of such Increase Amount is (A) equal to $1,000,000 or more, or (B) if less than $1,000,000, the difference between the Maximum Purchaser Group Principal Amount with respect to such Purchaser Group and the Purchaser Group Principal Amount with respect to such Purchaser Group; and

(ii) after giving effect to such Increase Amount, the sum of the (x) the Purchaser Group Principal Amount, and (y) any unfunded Delayed Amounts with respect to such Purchaser Group would not exceed the Maximum Purchaser Group Principal Amount with respect to such Purchaser Group;

(d) After receipt by any Funding Agent with respect to a CP Conduit Purchaser Group of any notice required by Section 3.3(a) or permitted by Section 3.3(e) from the Issuer, such Funding Agent shall, so long as the conditions set forth in Sections 3.3(a) and (c) and Article 4 are satisfied, promptly provide notice by email communication to the related CP Conduit Purchaser and the related Group Bank, of the Increase Date and of such CP Conduit Purchaser Group's Commitment Percentage of the Closing Date or Increase Amount, as applicable. Subject to Section 3.3(e), if such CP Conduit Purchaser elects to fund all or a portion of its Commitment Percentage of the Series 2017-1 Initial Principal Amount or the Increase Amount, as applicable, such CP Conduit Purchaser shall pay in immediately available funds its Commitment Percentage (or any portion thereof) of the amount of the Series 2017-1 Initial Principal Amount or Increase Amount, as applicable, on the Closing Date or the related Increase Date, as applicable, to the Funding Agent with respect to such CP Conduit Purchaser Group for remittance to the Issuer for application in accordance with Section 3.3(h). Subject to Section 3.3(e), if such CP Conduit Purchaser does not fund the full amount of the Commitment Percentage of such CP Conduit Purchaser Group of the Series 2017-1 Initial Principal Amount or an Increase Amount, as applicable, and the related Group Bank is required to fund the portion thereof not funded by the CP Conduit Purchaser, such Group Bank shall pay in immediately available funds such portion on the Closing Date or the related Increase Date, as applicable, to the Funding Agent with respect to such CP Conduit Purchaser Group. Each Funding Agent shall remit the amounts received by it from its CP Conduit Purchaser or the related Group Bank pursuant to this Section 3.3(d) to the Issuer for application in accordance with Section 3.3(h). Subject to Section 3.3(e), so long as the conditions set forth in Sections 3.3(a) and (c) and Article 4 are satisfied, each Non-Conduit Purchaser shall pay in immediately available funds the Commitment Percentage of such Non-Conduit Purchaser of the amount of the Series 2017-1 Initial Principal Amount or Increase Amount, as applicable, on the Closing Date or the Increase Date, as applicable, to the Issuer for application in accordance with Section 3.3(h).

(e) Notwithstanding any of the foregoing, any Group Bank or Non-Conduit Purchaser may, upon receipt of any Deferrable Increase Notice pursuant to Section 3.3(a), notify the Issuer in writing (a "**Delayed Funding Notice**") on or prior to 12:00 noon (Toronto time) on the second Business Day preceding the related Increase Date, of its intent to fund an amount up to its Commitment Percentage of the related Increase Amount (such amount, subject to any adjustment described below, the "**Delayed Amount**") on a Business Day that is on or before the thirty-third (33rd) day following the Increase Date specified in such Deferrable Increase Notice (the "**Delayed Funding Date**") rather than on such Increase Date. If any Group Bank or Non-Conduit Purchaser provides a Delayed Funding Notice to the Issuer following the Issuer's delivery of an Increase Notice pursuant to Section 3.3(a), the

Issuer may with written notice to the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser delivered prior to 3:00 pm on the second Business Day preceding such Increase Date, (x) decrease the Increase Amount with respect to such Deferrable Increase Notice (or revoke such Deferrable Increase Notice by decreasing the Increase Amount to zero), and/or (y) require any Group Bank or Non-Conduit Purchaser who has provided a Delayed Funding Notice to reduce the Delayed Amount with respect to such Increase by an amount no greater than the Non-Deferrable Draw Amount with respect to such Purchaser Group as of the related Increase Date. In the event that the Increase Amount with respect to such Deferrable Increase Notice is reduced, but not to zero, then any Delayed Amount with respect to any Purchaser Group shall be reduced on a pro rata basis unless otherwise specified by the Issuer pursuant to clause (y) above. No Purchaser Group that has provided a Delayed Funding Notice in respect of an Increase (each a "**Delayed Funding Purchaser Group**") shall be considered to be in default of its obligation to fund its Delayed Amount pursuant to this Section 3.3 unless and until it has failed to fund the Delayed Amount (and/or the Delayed Funding Reimbursement Amount with respect to such Delayed Amount) on or before the Delayed Funding Date.

(f) If (i) one or more Delayed Funding Purchaser Groups provides a Delayed Funding Notice to the Issuer in respect of any Increase Date; and (ii) the Issuer shall not have decreased the related Increase Amount to zero or required each such Delayed Funding Purchaser Group to reduce the Delayed Amount with respect to such Increase to zero, in each case, pursuant to Section 3.3(e), the Administrative Agent shall, by no later than 5:00 p.m. (Toronto time) on the second Business Day preceding such Increase Date, direct each Purchaser Group that is not a Delayed Funding Purchaser Group with respect to such Increase Date (each a "**Non-Delayed Funding Purchaser Group**") to fund an additional portion of such Increase Amount on such Increase Date equal to such Non-Delayed Funding Purchaser Group's proportionate share (based upon the Maximum Purchaser Group Principal Amount with respect to such Non-Delayed Funding Purchaser Group relative to the sum of the Maximum Purchaser Group Principal Amounts with respect to all Non-Delayed Funding Purchaser Groups) of the aggregate Delayed Amounts with respect to such Increase Date; provided that no Non-Delayed Funding Purchaser Group shall be required to fund any portion of the aggregate Delayed Amounts that would cause its Purchaser Group Principal Amount to exceed its Maximum Purchaser Group Principal Amount. Subject to Section 3.3(a), in the case of a Non-Delayed Funding Purchaser Group that is a Non-Conduit Purchaser, such Non-Conduit Purchaser hereby agrees, or, in the case of a Non-Delayed Funding Purchaser Group that is a CP Conduit Purchaser Group, the CP Conduit Purchaser in such CP Conduit Purchaser Group may agree, in its sole discretion, and the Group Bank in such CP Conduit Purchaser Group hereby agrees, to fund such portion of the Increase Amount on such Increase Date.

(g) After the Non-Delayed Funding Purchaser Groups fund a Delayed Amount on any Increase Date in accordance with Section 3.3(f), the Delayed Funding Purchaser Group in respect of such Delayed Amount will be obligated to fund the Delayed

Funding Reimbursement Amount with respect to such Delayed Amount on or before its Delayed Funding Date, irrespective of whether the Scheduled Commitment Expiry Date shall have occurred on or prior to such Delayed Funding Date or the Issuer would be able to satisfy the conditions set forth in Section 3.3(c) to an Increase in an amount equal to such Delayed Funding Reimbursement Amount on such Delayed Funding Date. Such Delayed Funding Purchaser Group shall fund such Delayed Funding Reimbursement Amount on such Delayed Funding Date by paying such amount in immediately available funds to each such Non-Delayed Funding Purchaser Group, *pro rata* based on the relative amount of such Delayed Amount funded by such Non-Delayed Funding Purchaser Group on such Increase Date pursuant to Section 3.3(f).

(h) The Issuer shall apply amounts paid to it pursuant to Sections 3.3(d) and 3.3(f) by application to payment of the purchase price payable by the Issuer to the IESO under the Master Transfer and Servicing Agreement in respect of a Transfer or by deposit to the Refinancing Account.

3.4 Procedure for Decreasing the Series 2017-1 Principal Amount; Optional Termination

(a) In the case of a Non-Conduit Purchaser Group, the Related Non-Conduit Purchaser hereby agrees, and in the case of a CP Conduit Purchaser Group, each of the CP Conduit Purchasers and the Group Bank in such CP Conduit Purchaser Group hereby agrees, that the Purchaser Group Principal Amount with respect to such Purchaser Group may be decreased on any Payment Date by such Purchaser Group's Commitment Percentage of a Decrease Amount (a "**Decrease**"), upon the request of the Issuer. Each Payment Date on which a Decrease in the Series 2017-1 Principal Amount occurs hereunder being herein referred to as the "**Decrease Date**" applicable to such Decrease; provided, however, that the Issuer shall have given the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser (with a copy to the Indenture Trustee and DBRS) irrevocable written notice (effective upon receipt), by email communication, substantially in the form of Schedule D (a "**Decrease Notice**") no later than 12:00 p.m. (Toronto time) on the fifth Business Day prior to any Payment Date that is a Decrease Date; provided that if the Decrease is greater than $250,000,000, the Decrease Notice shall, subject to the second following sentence, be provided no later than 12:00 p.m. (Toronto time) on the 45th day prior to any Payment Date that is a Decrease Date. If a Decrease Notice with respect to a Decrease of $250,000,000 or more is not provided prior to the 45th day preceding the related Payment Date, the Issuer shall be required to pay to each Funding Agent any Breakage Costs incurred by any of its related CP Conduit Purchasers with respect to such Decrease on the related Payment Date. Each Decrease Notice shall state (x) the Decrease Date, and (y) the proposed amount of the decrease in the Series 2017-1 Principal Amount (a "**Decrease Amount**").

(b) Upon each Decrease, the Administrative Agent shall indicate in its records such Decrease and the Purchaser Group Principal Amount outstanding with respect to each Purchaser Group after giving effect to such Decrease.

(c) On any Business Day, the Issuer shall have the right to deliver an irrevocable written notice (an "**Optional Termination Notice**") to the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser (with a copy to DBRS) in which the Issuer declares that the Commitments shall terminate on the date (the "**Optional Termination Date**") set forth in such notice (which date, in any event, shall be a Payment Date not less than twenty (20) Business Days from the date on which such notice is delivered).

3.5 Increases and Reductions of the Commitments

(a) The Issuer may from time to time request that any Purchaser Group agree to increase its Maximum Purchaser Group Principal Amount. An increase in such amount shall be effective hereunder if such Purchaser Group shall have agreed in its sole discretion to such increase and the Rating Agency Condition has been satisfied with respect thereto.

(b) On any Business Day, the Issuer may, upon two (2) Business Days' prior written notice to the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser (effective upon receipt) (with copies to the Indenture Trustee) reduce the Series 2017-1 Maximum Principal Amount in an amount equal to $10,000,000 or a whole multiple of $1,000,000 in excess thereof; provided that no such termination or reduction shall be permitted if, after giving effect thereto and to any reduction in the Series 2017-1 Principal Amount on such date, the Purchaser Group Principal Amount with respect to any Purchaser Group would exceed the Maximum Purchaser Group Principal Amount with respect to such Purchaser Group then in effect. Any reduction in the Series 2017-1 Maximum Principal Amount shall be made on a pro rata basis to the Maximum Purchaser Group Principal Amounts with respect to the Purchaser Groups, based on the Maximum Purchaser Group Principal Amount with respect to each Purchaser Group. Once reduced, the Maximum Purchaser Group Principal Amounts may not be subsequently reinstated without each such Purchaser Group's prior written consent, which consent shall be granted or not in the sole discretion of such Purchaser Group, and with written notice to DBRS.

(c) The Issuer may extend the Scheduled Commitment Expiry Date only with the prior written consent of the Administrative Agent, each Non-Conduit Purchaser and each Funding Agent, and satisfaction of the Rating Agency Condition. Any request for an extension of the Scheduled Commitment Expiry Date by the Issuer shall be made pursuant to a written request (a "**Commitment Extension Request**") to the Administrative Agent, each Non-Conduit Purchaser and each Funding Agent, and such request shall specify the proposed dates and amounts that shall constitute the "Principal Accumulation Date", "Principal Payment Amounts" and "Principal Payment Default Dates" with respect to such extension.

3.6 Interest; Fees and Other Amounts

(a) Interest shall be payable on the Series 2017-1 Senior Notes on each Payment Date.

(b) The Issuer shall pay to each CP Conduit Purchaser Group and each Non-Conduit Purchaser, on each Payment Date, a commitment fee with respect to the preceding Interest Period (the "**Commitment Fee**") during the period from the Closing Date to and including the Commitment Expiry Date in an amount equal to the sum of the following amounts calculated for each day during such Interest Period: (x) the Commitment Fee Rate, multiplied by (y) the amount by which Maximum Purchaser Group Principal Amount with respect to such Purchaser Group on such day exceeds the Purchaser Group Principal Amount with respect to such Purchaser Group on such day, and divided by (z) 365. The Commitment Fees shall be payable monthly in arrears on each Payment Date.

(c) The Funding Agent with respect to each CP Conduit Purchaser Group and each Non-Conduit Purchaser shall provide written notice to the Issuer and the Paying Agent no later than five (5) Business Days prior to each Payment Date, setting forth the Group Monthly Interest and the Group Monthly Fees and Other Amounts with respect to its Related Purchaser Group with respect to the Payment Date.

(d) The Monthly Interest shall be included in each calculation of the Interest Accrual Amount (Senior) for the purposes of Section 7.04(e)(iii) of the Trust Indenture and shall be payable pursuant to Sections 7.05(a), 7.06(a), 7.07, 7.10(b) or 8.13(c) of the Trust Indenture, as applicable. On each Payment Date, the Monthly Fees and Other Amounts shall be payable in respect of the Series 2017-1 Senior Notes pursuant to Sections 7.04(e)(viii), 7.10(b) or 8.13(c) of the Trust Indenture, as applicable. On each Interest Payment Date or Payment Date, as applicable, the Paying Agent shall, subject to availability of funds, pay to each CP Conduit Purchaser Group and each Non-Conduit Purchaser its Group Monthly Interest and its Group Monthly Fees and Other Amounts with respect to the Payment Date; provided that if the amounts available to pay such Group Monthly Interest and Group Monthly Fees and Other Amounts are insufficient, the amounts available shall be paid *pro rata* based on the amounts owing to each Purchaser Group.

3.7 Repayment of Principal

Each Payment Date where the Principal Payment Amount is not nil shall be a Principal Payment Date in respect of the Series 2017-1 Senior Notes. On each Principal Payment Date in respect of the Series 2017-1 Senior Notes, the Paying Agent shall pay to each Non-Conduit Purchaser and each Funding Agent with respect to its Related Purchaser Group, such Purchaser Group's Pro Rata Share of the Principal Payment Amount for such Principal Payment Date out of funds allocated to the Series 2017-1 Senior Notes pursuant to Sections 7.04(e)(vi), 7.06(b)(i), 7.08(b)(i), 7.10(b) or 8.13(f) of the Trust Indenture, as applicable, in repayment of the principal amount of the Series 2017-1 Senior Notes.

3.8 Indemnification by the Issuer

The Issuer agrees to indemnify and hold harmless the Indenture Trustee, the Administrative Agent, each Funding Agent, each CP Conduit Purchaser, the Group Bank, each Non-Conduit Purchaser and each of their respective officers, directors, agents and employees (each, an "**Issuer Indemnified Person**") from and against any loss, liability, expense, damage or injury suffered or sustained by such Issuer Indemnified Person by reason of (a) any acts, omissions or alleged acts or omissions arising out of, or relating to, activities of the Issuer pursuant to the Program Agreements to which it is a party; (b) a breach of any representation or warranty made or deemed made by the Issuer (or any of its officers) in any Program Agreement; or (c) a failure by the Issuer to comply with any applicable law or regulation or to perform its covenants, agreements, duties or obligations required to be performed or observed by it in accordance with the provisions of the Program Agreements, including, but not limited to, any judgment, award, settlement, reasonable attorneys' fees and other reasonable costs or expenses incurred in connection with the defense of any actual or threatened action, proceeding or claim, except to the extent such loss, liability, expense, damage or injury resulted from the gross negligence, bad faith or willful misconduct of such Issuer Indemnified Person or its officers, directors, agents, principals, employees or employers as determined by a court of competent jurisdiction in a final non-appealable judgement or includes any Excluded Taxes; provided that any payments made by the Issuer pursuant to this Section 3.8 shall be made solely from funds available pursuant to Section 7.04 or 8.13 of the Trust Indenture, as applicable, shall be non-recourse other than with respect to such funds, and shall not constitute a claim against the Issuer to the extent that such funds are insufficient to make such payment.

3.9 Funding Agents

(a) The Funding Agent with respect to each CP Conduit Purchaser Group is hereby authorized to determine the Group Monthly Interest and Group Monthly Fees and Other Amounts with respect to each Payment Date and such CP Conduit Purchaser Group. Any such determination by a Funding Agent, absent manifest error, shall constitute prima facie evidence of the accuracy of the calculation. Furthermore, the Funding Agent with respect to each CP Conduit Purchaser Group will maintain records sufficient to identify the percentage interest of the related CP Conduit Purchaser and the Group Bank with respect to such CP Conduit Purchaser Group holding an interest in the Series 2017-1 Senior Note registered in the name of such Funding Agent and any amounts owing thereunder.

(b) Upon receipt of funds on each Payment Date, each Funding Agent shall pay such funds to the related CP Conduit Purchaser and/or the related Group Bank owed such funds. If a Funding Agent shall have paid to any CP Conduit Purchaser or Group Bank any funds that (i) must be returned for any reason (including bankruptcy); or (ii) exceeds that which such CP Conduit Purchaser or Group Bank was entitled to receive, such amount shall be promptly repaid to such Funding Agent by such CP Conduit Purchaser or Group Bank.

3.10 Taxes

(a) All payments by or on account of any obligation of the Issuer hereunder shall, to the extent allowed by law, be made free and clear of, and without deduction or withholding for or on account of Taxes, excluding (i) income taxes (including branch profit taxes, minimum taxes and taxes computed under alternative methods, at least one of which is based on or measured by net income), franchise taxes (imposed in lieu of income taxes), or any other Taxes based on or measured by the net income of any person legally entitled to receive such payments (each a "**Recipient**") as a result of a present or former connection between the Recipient and the jurisdiction of the Governmental Authority imposing such Taxes (other than any such connection arising solely from the Recipient having executed, delivered or performed its obligations or received a payment under, disposed of, or enforced, this Supplemental Indenture); (ii) any withholding or deduction imposed pursuant to (A) Sections 1471 to 1474 of the U.S. Internal Revenue Code of 1986, as amended ("**FATCA**"), or any successor version thereof, or any similar legislation imposed by any other Governmental Authority, or (B) any treaty, law or regulation or other official guidance enacted by Canada implementing FATCA or any intergovernmental agreement with respect to FATCA or any similar legislation imposed by any other Governmental Authority, including, for greater certainty, the Canada-United States Enhanced Tax Information Exchange Agreement Implementation Act (Canada) and Parts XVIII and XIX of the Income Tax Act (Canada), as amended (collectively, and including FATCA, the "**AEOI Legislation**"); and (iii) any interest, penalties and additions to Taxes in respect of (i) and (ii) (all such excluded Taxes being hereinafter called "**Excluded Taxes**"). If any Taxes, other than Excluded Taxes, are required to be withheld from any amounts payable to a Recipient hereunder, the amounts so payable to the Recipient shall be increased, and the Recipient shall be entitled to be paid by the Issuer the amount of such increase to the extent necessary to yield to the Recipient (after payment of all such Taxes other than Excluded Taxes) interest or any such other amounts payable hereunder or thereunder at the rates or in the amounts specified hereunder. Where the amount payable by the Issuer is increased in accordance with the previous sentence, the Group Monthly Interest shall be increased by the amount of such increase. Whenever any Taxes are payable on or with respect to amounts distributed to a Recipient, as promptly as possible thereafter the Issuer shall send to such Recipient a certified copy of an original official receipt showing payment thereof.

(b) If a payment by or on account of any obligation of the Issuer hereunder would be subject to withholding Taxes under any AEOI Legislation if the Recipient were to fail to comply with the applicable reporting requirements of any AEOI Legislation, such Recipient shall deliver to the Issuer at the time or times prescribed by law and at such time or times reasonably requested by the Issuer such documentation prescribed by applicable law and such additional documentation reasonably requested by the Issuer as may be necessary for the Issuer to comply with its obligations under any AEOI Legislation and to determine that such Recipient has complied with its obligations under any AEOI Legislation, or to determine the

amount to deduct and withhold from such payment. If any form or certification it previously delivered by a Recipient expires or becomes obsolete or inaccurate in any respect, the Recipient shall update such form or certification or promptly notify the Issuer in writing of its legal inability to do so.

(c) If a Recipient is legally entitled to receive a refund of any Taxes (other than Excluded Taxes) as to which it has been indemnified or with respect to which additional amounts have been paid to it hereunder or it is legally entitled to receive a credit or deduction with respect to such Taxes or with respect to such additional amounts that have been paid hereunder (in each case pursuant to Section 3.10(a)), it shall use commercially reasonable efforts to obtain or claim such refund, credit or deduction and pay over such refund or the value of such credit or deduction to the Issuer, together with any interest thereon.

3.11 Increased Costs

(a) (i) If any Regulatory Change (x) subjects any Affected Party to any charge or withholding on or with respect to any Support Facility or this Supplemental Indenture or an Affected Party's obligations under a Support Facility or this Supplemental Indenture, or changes the basis of taxation of payments to any Affected Party of any amounts payable under any Support Facility or this Supplemental Indenture Agreement (except for changes in the rate of tax on the overall net income of an Affected Party or Excluded Taxes) or (y) imposes, modifies or deems applicable any reserve, assessment, fee, tax, insurance charge, special deposit or similar requirement against assets of, deposits with or for the account of, or liabilities of an Affected Party, or credit extended by an Affected Party pursuant to a Support Facility or this Supplemental Indenture or (z) imposes any other condition the result of which is to increase the cost to an Affected Party of performing its obligations under a Support Facility or this Supplemental Indenture, or to reduce the rate of return on an Affected Party's capital or assets as a consequence of its obligations under a Support Facility or this Supplemental Indenture, or to reduce the amount of any sum received or receivable by an Affected Party under a Support Facility or this Supplemental Indenture, or to require any payment calculated by reference to the amount of interests or loans held or interest received by it, then, upon written request by such Affected Party (through the Funding Agent for its Purchaser Group if the Affected Party is a Program Support Provider, CP Conduit Purchaser or Group Bank) to the Issuer, such Affected Party (through the Funding Agent for its Purchaser Group if the Affected Party is a Program Support Provider, CP Conduit Purchaser or Group Bank) shall be entitled to be paid such amounts charged to such Affected Party or such amounts to otherwise compensate such Affected Party for such increased cost or such reduction following a receipt by the Issuer of such request for compensation under this Section 3.11(a)(i), which payment shall be made on the earlier of (i) the first Payment Date on which amounts are available to pay such amounts pursuant to Section 7.04(e) of the Trust Indenture (provided that such request is received by the Issuer no later than five (5) Business Days prior to the end of the Interest Period

related to such Payment Date), and (ii) the twelfth Payment Date following such request.

(ii) The Issuer acknowledges that any Affected Party may implement, as an internal institutional matter, measures in anticipation of a final or proposed Regulatory Change (including, without limitation, the imposition of internal charges on such Affected Party's interest or obligations under any Support Agreement or this Supplemental Indenture) and may commence recognizing the incurrence of charges by seeking compensation under Section 3.11(a)(i) in connection with such measures, in advance of the effective date of such final or proposed Regulatory Change, and the Issuer agrees that such charges or compensation shall be payable, to the related Funding Agent, for the benefit of Affected Party, following demand therefor without regard to whether such proposed Regulatory Change has been adopted or whether such effective date has occurred; provided, that (I) the Affected Party shall provide thirty (30) days prior written notice to the Issuer of its intent to impose or incur any such charges or compensation, (II) an Affected Party shall not be compensated for any such amount pursuant to this subsection 3.11(a)(ii) relating to any period ending, and of which such Affected Party has had knowledge, more than 180 days prior to the date that such Affected Party provided the Issuer with the written notice contemplated by the preceding clause (I) of this subsection 3.11(a)(ii), (III) if, after the payment by the Trust of any charges or compensation pursuant to this subsection 3.11(a)(ii), either (A) the Issuer requests in writing that the applicable Affected Party re-compute any such charge or compensation in light of differences between a proposed Regulatory Change and the final effective version thereof or (B) the applicable Affected Party determines that the amount of the charge imposed on and required to be compensated by the Issuer exceeds the amount necessary to compensate it for the applicable Regulatory Change as contemplated by subsection 3.11(a)(i), then (x) the amount of such charge or compensation shall, from and after such determination, be reduced by the amount of such excess and (y) such Affected Party shall, within thirty (30) days of such determination, either repay the amount of such excess or credit the amount of such excess against future charges under this subsection 3.11(a)(ii). The Issuer further acknowledges that any charge or compensation demanded hereunder may take the form of a monthly charge to be assessed by such Affected Party.

(b) Each Affected Party claiming increased amounts described in subsection 3.11(a) of this Supplemental Indenture will furnish to the Issuer (together with its request for compensation) a certificate prepared in good faith setting forth the basis and the calculation of the amount (in reasonable detail) of each request by such Affected Party for any such increased amounts referred to in subsection 3.11(a) hereof. Any such certificate shall be conclusive absent manifest error. Failure on the part of any Affected Party to demand compensation for any amount pursuant to subsection 3.11(a) hereof with respect to any period shall not constitute a waiver of such Affected Party's right to demand compensation with respect to such period.

ARTICLE 4
CONDITIONS PRECEDENT

4.1 Conditions Precedent to Initial Purchase of Series 2017-1 Senior Notes

On or prior to the initial purchase of Series 2017-1 Senior Notes hereunder, the following conditions precedent shall be satisfied:

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

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

(c) The Administrative Agent and each of the Funding Agents shall have received:

(i) executed copies of the Fee Letter and this Supplemental Indenture, and copies of each of the Trust Indenture, Declaration of Trust, the Management Agreement, the Master Transfer and Servicing Agreement, the Indemnity Agreement, the IESO Security Agreement, the Change of Law Protection Agreement and the Change of Law Process Agreement dated December **[21]**, 2017 between the Province and OPG, certified by an Authorized Officer of the Issuer;

(ii) certificates of status or compliance or other similar documents issued by the applicable governmental authority to evidence that each of the Issuer Trustee and the Manager is validly existing pursuant to the laws of the jurisdiction of their respective establishment or incorporation;

(iii) a copy of the incorporating documents and all amendments thereto and applicable by-laws of each of the Issuer Trustee, the IESO and the Manager certified by an Authorized Officer of the applicable entity, as applicable;

(iv) copies of resolutions of the board of directors of the IESO and the Manager approving and authorizing the execution, delivery and performance of each Program Agreement they are party to, in each case certified by an Authorized Officer of the applicable entity;

(v) incumbency certificates for each of the Issuer Trustee, the Manager and the IESO executing this Supplemental Indenture and any other Program Agreements and the other documents to be delivered by either the Issuer Trustee, the Manager or the IESO thereunder, in each case showing their names, offices and specimen signatures on which certificates the

Administrative Agent and the Purchaser Groups shall be entitled to conclusively rely until such time as the Administrative Agent and the Funding Agents receive a replacement certificate meeting the requirements of this Section 4.1(b)(vi);

(vi) the following Opinions of Counsel:

(A) the opinion of external counsel to the Manager as to the non-consolidation of the Issuer with the Manager in the event of the insolvency of the Manager in form and substance satisfactory to the Administrative Agent and the Funding Agents;

(B) the opinion of external counsel to the IESO as to the Investment Asset acquired by the Issuer not being subject to the claims of creditors of the IESO in form and substance satisfactory to the Administrative Agent and the Funding Agents;

(C) favourable opinions of external counsel to the Manager covering general corporate matters, the due execution and delivery of, and the enforceability of, each of the Program Agreements to which the Manager, the Issuer and the Issuer Trustee are party which opinion, as to certain matters, may rely on opinion of internal counsel to the Manager and the Issuer Trustee; and

(D) a favourable opinion of external counsel to the Province with respect to the due authorization, execution, delivery and enforceability of the Change of Law Protection Agreement in form and substance satisfactory to the Administrative Agent and the Funding Agents;

(vii) a certificate of an Authorized Officer of the Manager confirming that the representations and warranties set forth in Section 12.01 of the Trust Indenture and Section 5.1 of this Supplemental Indenture are true and correct in all material respects, that the Issuer is in compliance in all material respects with all of its covenants and obligations under the Program Agreements to which it is a party and that no Termination Event has occurred; and

(viii) such additional documents, instruments, certificates or letters as the Administrative Agent or any Funding Agent may reasonably request.

(d) The representations and warranties set forth in Section 12.01 of the Trust Indenture and Section 5.1 of this Supplemental Indenture shall be true and correct in all material respects, the Issuer shall be compliance in all material respects with all of its covenants and obligations under the Program Agreements to which it is a party and no Termination Event shall have occurred.

(e) The Series 2017-1 Senior Notes shall have been duly issued in accordance with the Trust Indenture and each Funding Agent and Non-Conduit Purchaser shall have

received its Series 2017-1 Senior Note registered in its name or a nominee in a face amount equal to its Maximum Purchaser Group Principal Amount.

(f) All fees payable on or before the Closing Date pursuant to the Fee Letter shall have been paid in full (or arrangements satisfactory to the Administrative Agent and the Funding Agents have been made).

(g) The Rating Agency Condition shall have been satisfied in respect of the initial purchase.

4.2 Conditions Precedent to each Increase under Series 2017-1 Senior Notes

On or prior to each Increase, the following conditions precedent shall be satisfied:

(a) the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser shall have received an Increase Notice;

(b) no Termination Event shall have occurred or would occur after giving effect to such Increase;

(c) the Increase Date in respect of the Increase is prior to the Commitment Expiry Date;

(d) if the Increase is identified as a Transfer Increase in the Increase Notice, then the related Transfer under the Master Transfer and Servicing Agreement shall have been completed or contemporaneously completed;

(e) after giving effect to the Increase, the Rating Agency Condition will be satisfied if so required;

(f) after giving effect the Increase, the aggregate of the amounts on deposit in the Program Cash Reserve Account and the IESO Cash Reserve Account shall be equal to or greater than the sum of:

(i) the Program Cash Reserve Required Amount,

plus

(ii) an amount equal to the sum of (x) the amount originally determined under clause (b) of the definition of IESO Cash Reserve Deposit Amount in the Trust Indenture, less any amounts withdrawn from the IESO Cash Reserve Account to pay any obligations secured described in Subsections 7.04(e)(i) through (v) of the Trust Indenture prior to the date of such Increase, and (y) to the extent the amount originally determined under clause (b) of the definition of IESO Cash Reserve Deposit Amount in the Trust Indenture was not determined in a manner which included the amount of such Increase, an amount estimated by the Manager, acting reasonably, equal to the additional Monthly Interest payable with respect to such Increase up to and including the Payment Date in July, 2021.

(g) there shall have been no reduction or withdrawal of any credit rating previously provided by any Rating Agency in respect of any outstanding Series of Senior Funding Obligations;

(h) after giving effect to such Increase, the aggregate Outstanding Dollar Principal Amount of Subordinated Funding Obligations and Junior Subordinated Funding Obligations will not be less than 35% of the aggregate Outstanding Dollar Principal Amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations; and

(i) the Indenture Trustee shall have received (i) the adherence compliance certificate required pursuant to Section 4.02(a) of the Change of Law Protection Agreement with respect to such Increase, or (B) written confirmation from the Province that the Funding Obligations incurred under this Supplemental Indenture with respect to such Increase constitute Approved Obligations.;

The Issuer's acceptance of funds in connection with each Increase occurring on any Increase Date shall constitute a representation and warranty by the Issuer to the Administrative Agent and the Purchaser Groups as of such Increase Date that all of the conditions contained in Section 3.3(a) and this Section 4.2 are satisfied.

ARTICLE 5
REPRESENTATIONS AND WARRANTIES

5.1 Representations and Warranties of the Issuer

The Issuer hereby represents and warrants to the Administrative Agent and the Purchaser Groups as of the Closing Date, and shall be deemed to represent and warrant to the Administrative Agent and the Purchaser Groups on each Increase Date, that:

(a) no Termination Event has occurred or would result from the initial purchase of the Issuer Investment Interest on the Closing Date or any increase in the Issuer Investment Interest on an Increase Date, as applicable;

(b) the Issuer Trustee and the Issuer are not Non-residents;

(c) all tax returns (federal, provincial and local) required to be filed with respect to the Issuer have been filed and there has been paid or adequate provision made for the payment of all material Taxes in respect of the Issuer;

(d) the Issuer has complied in all material respects with all laws in respect of the conduct of its business and ownership of its property including the Issuer Investment Interest;

(e) all information provided to the Administrative Agent and the Purchaser Groups by or on behalf of the Issuer in respect of the Issuer Investment Interest is and will be true and accurate in all material respects; and

(f) to its knowledge, there is no set of circumstances existing at such time that will have an Adverse Effect or will reasonably be expected to have an Adverse Effect.

5.2 Representations and Warranties of the Purchasers

Each Purchaser Group member represents and warrants to the Issuer as of the Closing Date, and shall be deemed to represent and warrant to the Issuer on each Increase Date, that:

(a) it is resident in Ontario or is otherwise subject to the securities legislation of the Province of Ontario;

(b) it is purchasing the applicable Series 2017-1 Senior Notes (i) as principal for its own account and not for the benefit of any other "person" (as defined in the *Securities Act* (Ontario)) or company; and (ii) for cash consideration in excess of $150,000; and

(c) it was not created and is not being used solely to purchase or hold securities in reliance on the exemption from the prospectus and dealer registration requirements contained in Section 2.10 of National Instrument 45-106 − Prospectus and Registration Exemptions.

5.3 Survival

The representations and warranties set out in this Article 5 shall survive the execution hereof.

ARTICLE 6
COVENANTS

6.1 Covenants of the Issuer

(a) The Issuer shall promptly provide to the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser (in multiple copies if requested) copies of all material reports, notices, financial statements and other documents delivered by the IESO to the Issuer with respect to the Issuer Investment Interest or pursuant to the Master Transfer and Servicing Agreement.

(b) The Issuer shall provide to the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser (in multiple copies, if requested) such other information, documents, records or reports respecting the Issuer Investment Interest, the Issuer or the IESO which is in the possession or under the control of the Issuer or the Manager, as the Administrative Agent, a Funding Agent or a Non-Conduit Purchaser may from time to time reasonably request, including any correspondence with a Rating Agency.

(c) The Issuer shall furnish to the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser promptly after known to the Issuer or the Manager, information with respect to any action, suit or proceeding involving the Manager,

the Issuer or the IESO or any of their respective Affiliates by or before any court or any Governmental Authority which, if adversely determined, would have an Adverse Effect.

(d) The Issuer will not make any amendments to the Funding Obligation Agreements governing any outstanding Subordinated Funding Obligations or Junior Subordinated Funding Obligations without the prior written consent of the Requisite Series 2017-1 Noteholders.

(e) The Issuer will not make any amendments to any of the Program Agreements without the prior written consent of all of the Series 2017-1 Noteholders.

(f) The Issuer will provide prompt notice to the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser of any amendments to the Change of Law Process Agreement dated December **[21]**, 2017 between the Province and OPG.

(g) The Issuer will not hold or own, directly or indirectly, any share or equity security of, or any equity interest in, any Person.

(h) The Issuer confirms that this Supplemental Indenture is a Warehouse Facility Agreement. The Issuer will not enter into any other Warehouse Facility Agreement creating Senior Funding Obligations without the prior written consent of the Requisite Series 2017-1 Noteholders unless the Commitment Expiry Date has occurred.

(i) The Issuer will not enter into any Funding Obligation Agreement (other than a Credit Enhancement Agreement or Derivative Agreement or a Warehouse Facility Agreement for Subordinated Funding Obligations or Junior Subordinated Funding Obligations) in respect of any Funding Obligation that has a Principal Payment Date prior to May 1, 2022.

(j) Each issuance of Senior Funding Obligations completed on or after the Commitment Expiry Date shall be treated by the Issuer as a Refinancing with the proceeds thereof (net of expenses incurred in connection with such issuance and amounts required to be deposited in Issuer Accounts in accordance with the Program Agreements) applied to effect Decreases hereunder until such time as the Series 2017-1 Principal Amount has been reduced to zero.

(k) Upon the request of the Administrative Agent or any Funding Agent at any time after January 1, 2022, the Issuer shall request, not more than once per year (except following and during the continuance of a Termination Event, when the Administrative Agent or any Funding Agent may request as frequently as once per month), the Issuer will, at its expense, appoint Ernst &Young LLP, or another independent public accounting firm selected by the Issuer with the consent of such the Administrative Agent or such Funding Agent (such consent not to be unreasonably withheld), to prepare and deliver to each Funding Agent a written report, on a scope and in a form reasonably requested by the Administrative Agent or the Funding Agent making such request, to provide assurances to the Funding

Agents that the information certified on each Monthly Report is accurate in all material respects.

ARTICLE 7
ACCELERATION

7.1 Acceleration of Series 2017-1 Principal Amount

If a Series 2017-1 Event of Default occurs and is continuing, then and in each and every such case, and without regard to whether all Issuer Funding Obligations have been declared due and payable immediately pursuant to Section 8.02(a) of the Trust Indenture, any Purchaser Group may by notice in writing to the Issuer and to the Indenture Trustee declare the Series 2017-1 Principal Amount and all interest accrued and unpaid (if any) thereon to be due and payable immediately, and upon any such declaration the same will become and will be immediately due and payable, notwithstanding anything in this Supplemental Indenture or the Trust Indenture to the contrary.

ARTICLE 8
AGENTS

8.1 Administrative Agent

(a) Each of the Non-Conduit Purchasers, CP Conduit Purchasers, the Group Banks and the Funding Agents hereby irrevocably designates and appoints the Administrative Agent as the agent of such Person under this Supplemental Indenture and irrevocably authorizes the Administrative Agent, in such capacity, to take such action on its behalf under the provisions of this Supplemental Indenture and to exercise such powers and perform such duties as are expressly delegated to the Administrative Agent by the terms of this Supplemental Indenture, together with such other powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Supplemental Indenture, the Administrative Agent shall not have any duties or responsibilities except those expressly set forth herein, or any fiduciary relationship with any Non-Conduit Purchaser, any CP Conduit Purchaser, any Group Bank or any Funding Agent, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Supplemental Indenture or otherwise exist against the Administrative Agent.

(b) The Administrative Agent may execute any of its duties under this Supplemental Indenture by or through agents or attorneys in fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. The Administrative Agent shall not be responsible for the negligence or misconduct of any agents or attorneys-in-fact selected by it with reasonable care.

(c) Neither the Administrative Agent nor any of its officers, directors, employees, agents, attorneys in fact or Affiliates shall be (i) liable for any action lawfully taken or omitted to be taken by it or such Person under or in connection with the Trust Indenture, this Supplemental Indenture or any other Program Agreement (except to

the extent that any of the foregoing are found by a final and non-appealable decision of a court of competent jurisdiction to have resulted from its or such Person's own gross negligence or willful misconduct) or (ii) responsible in any manner to any of the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks or the Funding Agents for any recitals, statements, representations or warranties made by the Issuer, the IESO, the Manager or any officer thereof contained in this Supplemental Indenture or any other Program Agreement or in any certificate, report, statement or other document referred to or provided for in, or received by the Administrative Agent under or in connection with, this Supplemental Indenture or any other Program Agreement or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Supplemental Indenture, any other Program Agreement, or for any failure of any of the Issuer, the Manager or the IESO to perform its obligations hereunder or thereunder. The Administrative Agent shall not be under any obligation to any Non-Conduit Purchaser, any CP Conduit Purchaser, any Group Bank or any Funding Agent to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Supplemental Indenture, any other Program Agreement or to inspect the properties, books or records of the Issuer, the Manager or the IESO.

(d) The Administrative Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, resolution, notice, consent, certificate, affidavit, letter or electronic message, statement, order or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including, without limitation, counsel to the Issuer, the Manager or the IESO), independent accountants and other experts selected by the Administrative Agent.

(e) The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Termination Event unless the Administrative Agent has received written notice from a Non-Conduit Purchaser, a CP Conduit Purchaser, a Group Bank, a Funding Agent, the Issuer or the Manager referring to the Trust Indenture or this Supplemental Indenture, describing such Termination Event and stating that such notice is a "notice of a Termination Event". In the event that the Administrative Agent receives such a notice, the Administrative Agent shall give notice thereof to DBRS, the Non-Conduit Purchasers, the Funding Agents, the Issuer Trustee and the Manager.

(f) Each of the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks and the Funding Agents expressly acknowledges that neither the Administrative Agent nor any of its officers, directors, employees, agents, attorneys in fact or Affiliates has made any representations or warranties to it and that no act by the Administrative Agent hereinafter taken, including any review of the affairs of the Issuer, the Manager or the IESO shall be deemed to constitute any representation or warranty by the Administrative Agent to any such Person. Each of the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks and the Funding Agents represents to the Administrative Agent that it has, independently and without reliance upon the Administrative Agent or any other Non-Conduit

Purchaser, CP Conduit Purchaser, Group Bank or Funding Agent and based on such documents and information as it has deemed appropriate, made its own appraisal of, and investigation into, the business, operations, property, financial and other condition and creditworthiness of the Issuer, the Manager and the IESO and made its own decision to enter into this Supplemental Indenture. Each of the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks and the Funding Agents also represents that it will, independently and without reliance upon the Administrative Agent or any other Non-Conduit Purchaser, CP Conduit Purchaser, Group Bank or Funding Agent, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Supplemental Indenture and the other Program Agreements, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other condition and creditworthiness of the Issuer, the Manager and the IESO. Except for notices, reports and other documents expressly required to be furnished to the Non-Conduit Purchasers and the Funding Agents by the Administrative Agent hereunder, the Administrative Agent shall have no duty or responsibility to provide any Non-Conduit Purchaser, any CP Conduit Purchaser, any Group Bank or any Funding Agent with any credit or other information concerning the business, operations, property, condition (financial or otherwise), prospects or creditworthiness of the Issuer, the Manager or the IESO which may come into the possession of the Administrative Agent or any of its officers, directors, employees, agents, attorneys in fact or Affiliates.

(g) The Administrative Agent and its Affiliates may make loans to, accept deposits from and generally engage in any kind of business with the Issuer, the Manager and the IESO as though the Administrative Agent were not the Administrative Agent hereunder. With respect to any Series 2017-1 Senior Note held by the Administrative Agent, the Administrative Agent shall have the same rights and powers under this Supplemental Indenture and the other Program Agreements as any Group Bank or Funding Agent and may exercise the same as though it were not the Administrative Agent, and the terms “Group Bank,” and “Funding Agent” shall include the Administrative Agent in its individual capacity.

(h) The Administrative Agent may resign as Administrative Agent at any time by giving 30 days’ notice to the Non-Conduit Purchasers, the Funding Agents, the Indenture Trustee, the Issuer and the Manager. If Royal Bank of Canada shall resign as Administrative Agent under this Supplemental Indenture, then the Requisite Series 2017-1 Noteholders shall appoint a successor administrative agent from among the Non-Conduit Purchasers and Funding Agents, whereupon such successor agent shall succeed to the rights, powers and duties of the Administrative Agent, and the term “Administrative Agent” shall mean such successor agent effective upon such appointment and approval, and the former Administrative Agent’s rights, powers and duties as Administrative Agent shall be terminated, without any other or further act or deed on the part of such former Administrative Agent or any of the parties to this Supplemental Indenture. If no successor administrative agent has accepted appointment as Administrative Agent prior to the

effective date of the resignation of the Administrative Agent, the retiring Administrative Agent may appoint, after consulting with the Non-Conduit Purchasers and the Funding Agents, a successor Administrative Agent from among the Non-Conduit Purchasers and the Funding Agents. If no successor administrative agent has accepted appointment by the date which is thirty (30) days following a retiring Administrative Agent's notice of resignation, the retiring Administrative Agent's resignation shall nevertheless thereupon become effective and Manager shall assume and perform all of the duties of the Administrative Agent hereunder until such time, if any, as the Requisite Series 2017-1 Noteholders appoint a successor administrative agent as provided for above. After any retiring Administrative Agent's resignation as Administrative Agent, the provisions of this Article 8 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent under this Supplemental Indenture. The Issuer will provide prompt written notice of a resignation of the Administrative Agent and the appointment of any successor administrative agent.

8.2 Funding Agents

(a) Each CP Conduit Purchaser and each Group Bank with respect to such CP Conduit Purchaser hereby irrevocably designates and appoints the Funding Agent set forth next to such CP Conduit Purchaser's name on Schedule E as the agent of such Person under this Supplemental Indenture and irrevocably authorizes such Funding Agent, in such capacity, to take such action on its behalf under the provisions of this Supplemental Indenture and to exercise such powers and perform such duties as are expressly delegated to such Funding Agent by the terms of this Supplemental Indenture, together with such other powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Supplemental Indenture, each Funding Agent shall not have any duties or responsibilities except those expressly set forth herein, or any fiduciary relationship with any CP Conduit Purchaser or Group Bank and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Supplemental Indenture or otherwise exist against each Funding Agent.

(b) Each Funding Agent may execute any of its duties under this Supplemental Indenture by or through agents or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. Each Funding Agent shall not be responsible to the CP Conduit Purchaser or any Group Bank in its CP Conduit Purchaser Group for the negligence or misconduct of any agents or attorneys in fact selected by it with reasonable care.

(c) Each Funding Agent and any of its officers, directors, employees, agents, attorneys in fact or Affiliates shall not be (i) liable for any action lawfully taken or omitted to be taken by it or such Person under or in connection with the Trust Indenture, this Supplemental Indenture or any other Program Agreement (except to the extent that any of the foregoing are found by a final and non-appealable decision of a court of competent jurisdiction to have resulted from its or such Person's own gross negligence or willful misconduct) or (ii) responsible in any manner to any of the

CP Conduit Purchasers and/or Group Banks for any recitals, statements, representations or warranties made by the Issuer, the Manager or the IESO, or any officer thereof contained in this Supplemental Indenture or any other Program Agreement or in any certificate, report, statement or other document referred to or provided for in, or received by such Funding Agent under or in connection with, this Supplemental Indenture or any other Program Agreement or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Supplemental Indenture, any other Program Agreement, or for any failure of any of the Issuer, the Manager or the IESO to perform its obligations hereunder or thereunder. Each Funding Agent shall not be under any obligation to the CP Conduit Purchaser or any Group Bank in its CP Conduit Purchaser Group to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Supplemental Indenture, any other Program Agreement or to inspect the properties, books or records of the Issuer, the Manager or the IESO.

(d) Each Funding Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, resolution, notice, consent, certificate, affidavit, letter or electronic message, statement, order or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including, without limitation, counsel to the Issuer, the Manager or the IESO), independent accountants and other experts selected by such Funding Agent. Each Funding Agent shall be fully justified in failing or refusing to take any action under this Supplemental Indenture or any other Program Agreement unless it shall first receive such advice or concurrence of the Related Purchaser Group, as it deems appropriate or it shall first be indemnified to its satisfaction by the Related Purchaser Group against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action.

(e) Each Funding Agent shall not be deemed to have knowledge or notice of the occurrence of any Termination Event unless such Funding Agent has received written notice from a Non-Conduit Purchaser, a CP Conduit Purchaser, a Group Bank, the Issuer, the Manager or the Administrative Agent referring to the Trust Indenture or this Supplemental Indenture, describing such Termination Event and stating that such notice is a “notice of a Termination Event,” as the case may be. In the event that any Funding Agent receives such a notice, such Funding Agent shall give notice thereof to DBRS, the CP Conduit Purchaser and Group Bank in its CP Conduit Purchaser Group. Such Funding Agent shall take such action with respect to such event as shall be reasonably directed by the CP Conduit Purchaser and Group Bank in its CP Conduit Purchaser Group, provided that unless and until such Funding Agent shall have received such directions, such Funding Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such event as it shall deem advisable in the best interests of the CP Conduit Purchaser and Group Bank in its CP Conduit Purchaser Group.

(f) Each CP Conduit Purchaser and each of the related Group Banks expressly acknowledge that neither its Funding Agent nor any of its officers, directors, employees, agents, attorneys in fact or Affiliates has made any representations or warranties to it and that no act by such Funding Agent hereinafter taken, including any review of the affairs of the Issuer, the Manager or the IESO shall be deemed to constitute any representation or warranty by such Funding Agent to any such Person. Each CP Conduit Purchaser and each of the related Group Banks represents to its Funding Agent that it has, independently and without reliance upon such Funding Agent and based on such documents and information as it has deemed appropriate, made its own appraisal of, and investigation into, the business, operations, property, financial and other condition and creditworthiness of the Issuer, the Manager and the IESO and made its own decision to enter into this Supplemental Indenture. Each CP Conduit Purchaser and each of the related Group Banks also represents that it will, independently and without reliance upon its Funding Agent and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Supplemental Indenture and the other Program Agreements, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other conditions and creditworthiness of the Issuer, the Manager and the IESO.

(g) Each Group Bank in a CP Conduit Purchaser Group agrees to indemnify its Funding Agent in its capacity as such (to the extent not reimbursed by the Issuer and without limiting the obligation of the Issuer to do so), from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever which may at any time be imposed on, incurred by or asserted against such Funding Agent in any way relating to or arising out of this Supplemental Indenture, any of the other Program Agreements or any documents contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby or any action taken or omitted by such Funding Agent under or in connection with any of the foregoing; provided that no Group Bank shall be liable for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements that are found by a final and non-appealable decision of a court of competent jurisdiction to have resulted from such related Funding Agent's gross negligence or willful misconduct. The agreements in this Section shall survive the payment of all amounts payable hereunder.

ARTICLE 9
GENERAL

9.1 Successor and Assigns

(a) This Supplemental Indenture shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, except that (i) the Issuer may not assign or transfer any of its rights under this Supplemental Indenture without the prior written consent of all of the Series 2017-1 Noteholders and at least

10 Business Days' notice having been given to DBRS; (ii) no Non-Conduit Purchaser may assign or transfer any of its rights under this Supplemental Indenture other than pursuant to paragraph (e) or (f) below; (iii) no CP Conduit Purchaser may assign or transfer any of its rights under this Supplemental Indenture other than to the Group Bank with respect to such CP Conduit Purchaser or a Program Support Provider with respect to such CP Conduit Purchaser or pursuant to clause (b) or (e) below of this Section 9.1; and (iv) no Group Bank may assign or transfer any of its rights or obligations under this Supplemental Indenture except to a Program Support Provider or pursuant to clause (c), (d) or (e) below of this Section 9.1.

(b) Without limiting the foregoing, each CP Conduit Purchaser may assign all or a portion of the Purchaser Group Principal Amount with respect to such CP Conduit Purchaser and its rights and obligations under this Supplemental Indenture to a Conduit Assignee with respect to such CP Conduit Purchaser. Prior to the effectiveness of any such assignment, the assigning CP Conduit Purchaser shall notify DBRS, the Administrative Agent, each Funding Agent, each Non-Conduit Purchaser and the Issuer of such assignment. Upon such assignment by a CP Conduit Purchaser to a Conduit Assignee, (i) such Conduit Assignee shall be the owner of the Purchaser Group Principal Amount or such portion thereof with respect to such CP Conduit Purchaser; (ii) the related administrative or managing agent for such Conduit Assignee will act as the administrative agent for such Conduit Assignee hereunder, with all corresponding rights and powers, express or implied, granted to the Funding Agent hereunder; (iii) such Conduit Assignee and its liquidity support provider(s) and credit support provider(s) and other related parties shall have the benefit of all the rights and protections provided to such CP Conduit Purchaser herein (including, without limitation, any limitation on recourse against such Conduit Assignee as provided in this paragraph); (iv) such Conduit Assignee shall assume all of such CP Conduit Purchaser's obligations, if any, hereunder with respect to such portion of the Purchaser Group Principal Amount and such CP Conduit Purchaser shall be released from such obligations; (v) all distributions in respect of the Purchaser Group Principal Amount or such portion thereof with respect to such CP Conduit Purchaser shall be made to the applicable agent or administrative agent, as applicable, on behalf of such Conduit Assignee; and (vi) if requested by the Administrative Agent or the agent or administrative agent with respect to the Conduit Assignee, the parties will execute and deliver such further agreements and documents and take such other actions as the Administrative Agent or such agent or administrative agent may reasonably request to evidence and give effect to the foregoing. No assignment by any CP Conduit Purchaser to a Conduit Assignee of the Purchaser Group Principal Amount with respect to such CP Conduit Purchaser shall in any way diminish the obligations of the Group Bank with respect to such CP Conduit Purchaser under Section 3.3 to fund any Increase.

(c) Any Group Bank may, in the ordinary course of its business and in accordance with applicable law, at any time, sell all or any part of its rights and obligations under this Supplemental Indenture and the Series 2017-1 Senior Notes, with the prior written consent of the Administrative Agent and the Issuer (in each case, which consent shall not be unreasonably withheld) and with prior notice to DBRS, to one

or more banks (an "**Acquiring Group Bank**") pursuant to a transfer supplement, substantially in the form of Exhibit H (the "**Transfer Supplement**"), executed by such Acquiring Group Bank, such assigning Group Bank, the Funding Agent with respect to such Group Bank, the Administrative Agent and the Issuer and delivered to the Administrative Agent. Notwithstanding the foregoing, no Group Bank shall so sell its rights hereunder if such Acquiring Group Bank is not an Eligible Assignee.

(d) Any Group Bank may, in the ordinary course of its business and in accordance with applicable law at any time and with prior notice to DBRS, sell to one or more financial institutions or other entities ("**Group Bank Participants**") participations in its Commitment with respect to its related CP Conduit Purchaser Group, its Series 2017-1 Senior Note and its rights hereunder pursuant to documentation in form and substance satisfactory to such Group Bank and the Group Bank Participant; provided, however, that (i) in the event of any such sale by a Group Bank to a Group Bank Participant, (A) such Group Bank's obligations under this Supplemental Indenture shall remain unchanged, (B) such Group Bank shall remain solely responsible for the performance thereof, and (C) the Issuer and the Administrative Agent shall continue to deal solely and directly with such Group Bank in connection with its rights and obligations under this Supplemental Indenture; and (ii) no Group Bank shall sell any participating interest under which the Group Bank Participant shall have rights to approve any amendment to, or any consent or waiver with respect to, this Supplemental Indenture, the Trust Indenture or any Program Agreement, except to the extent that the approval of such amendment, consent or waiver otherwise would require the unanimous consent of all Group Banks hereunder. A Group Bank Participant shall have the right to receive compensation pursuant to Sections 3.10 and 3.11 but only to the extent that the related selling Group Bank would have had such right absent the sale of the related participation and, with respect to amounts due pursuant to Sections 3.10 and 3.11, only to the extent such Group Bank Participant shall have complied with the provisions of Sections 3.10 and 3.11 as if such Group Bank Participant were a Group Bank.

(e) Any CP Conduit Purchaser and the Group Bank with respect to such CP Conduit Purchaser may, at any time, sell all or any part of their respective rights and obligations, and any Non-Conduit Purchaser may, at any time, sell all or any part of its rights and obligations, under this Supplemental Indenture and the Series 2017-1 Senior Notes, with the prior written consent of the Administrative Agent and the Issuer (in each case, which consent shall not be unreasonably withheld) and with prior notice to DBRS, (x) to a multi-seller commercial paper conduit and one or more banks providing support to such multi-seller commercial paper conduit, or (y) to a financial institution or other entity (an "**Acquiring Purchaser Group**") pursuant to a transfer supplement, substantially in the form of Exhibit I (the "**Purchaser Group Supplement**"), executed by such Acquiring Purchaser Group (including the CP Conduit Purchaser and the Group Banks, if any, with respect to such Acquiring Purchaser Group), the Funding Agent, if any, with respect to such Acquiring Purchaser Group, such assigning Purchaser Group (including the Group

Banks, if any, with respect to such assigning Purchaser Group), the Funding Agent, if any, with respect to such assigning Purchaser Group and the Administrative Agent and the Issuer and delivered to the Administrative Agent.

(f) Any Non-Conduit Purchaser may, in the ordinary course of its business and in accordance with applicable law and with prior notice to DBRS, at any time sell to one or more financial institutions or other entities ("**Non-Conduit Purchaser Participants**") participations in its Commitment, its Series 2017-1 Senior Note and its rights hereunder pursuant to documentation in form and substance satisfactory to such Non-Conduit Purchaser and the Non-Conduit Purchaser Participant; provided, however, that (i) in the event of any such sale by a Non-Conduit Purchaser to a Non-Conduit Purchaser Participant, (A) such Non-Conduit Purchaser's obligations under this Supplemental Indenture shall remain unchanged, (B) such Non-Conduit Purchaser shall remain solely responsible for the performance thereof, and (C) the Issuer and the Administrative Agent shall continue to deal solely and directly with such Non-Conduit Purchaser in connection with its rights and obligations under this Supplemental Indenture; and (ii) no Non-Conduit Purchaser shall sell any participating interest under which the Non-Conduit Purchaser Participant shall have rights to approve any amendment to, or any consent or waiver with respect to, this Supplemental Indenture, the Trust Indenture or any Program Agreement, except to the extent that the approval of such amendment, consent or waiver otherwise would require the unanimous consent of all Series 2017-1 Noteholders hereunder. A Non-Conduit Purchaser Participant shall have the right to receive compensation under Sections 3.10 and 3.11 but only to the extent that the related selling Non-Conduit Purchaser would have had such right absent the sale of the related participation and, with respect to amounts due pursuant to Sections 3.10 and 3.11, only to the extent such Non-Conduit Purchaser Participant shall have complied with the provisions of Sections 3.10 and 3.11 as if such Non-Conduit Purchaser Participant were a Non-Conduit Purchaser.

(g) The Issuer authorizes each Group Bank and Non-Conduit Purchaser to disclose to any Group Bank Participant, Acquiring Group Bank, Non-Conduit Purchaser Participant or Acquiring Purchaser Group (each, a "**Transferee**") and any prospective Transferee any and all financial information in such Group Bank's or Non-Conduit Purchaser's possession concerning the Issuer, the Issuer Investment Asset and the Program Agreements which has been delivered to such Group Bank by the Issuer or the Manager in connection with such Group Bank's credit evaluation of the Issuer and the Issuer Investment Interest.

(h) Notwithstanding any other provision of this Supplemental Indenture to the contrary, any Non-Conduit Purchaser, any Group Bank or any Program Support Provider may at any time pledge or grant a security interest in all or any portion of its rights under its Series 2017-1 Senior Note and this Supplemental Indenture to secure obligations of such Non-Conduit Purchaser, such Group Bank or such Program Support Provider to a Federal Reserve Bank or the Bank of Canada, without notice to or consent of the Administrative Agent or the Issuer; provided that no such pledge or grant of a security interest shall release a Non-Conduit

Purchaser or a Group Bank from any of its obligations hereunder or substitute any such pledgee or grantee for such Non-Conduit Purchaser or such Group Bank as a party hereto.

(i) Notwithstanding any other provision of this Supplemental Indenture to the contrary, no consent of the Issuer to any assignment referred to in this Section 9.1 shall be required at any time after the occurrence of a Series 2017-1 Event of Default.

9.2 Waiver

Without limiting the requirements of Section 11.02 of the Trust Indenture which shall be applicable to this Supplemental Indenture, no waiver of any provision of this Supplemental Indenture or consent to any departure by the Issuer from any provision of this Supplemental Indenture will be effective (in whole or in part) unless in writing and signed by the Requisite Series 2017-1 Noteholders. Such waiver will be effective only in the specific instance, for the specific purpose and for the specific length of time for which it is given by the Requisite Series 2017-1 Noteholders.

9.3 Notice

All notices, requests, instructions and demands to or upon any party hereto to be effective shall be given (a) in the case of the Issuer and the Indenture Trustee, in the manner set forth in Article 15 of the Trust Indenture; and (b) in the case of the Administrative Agent, the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks and the Funding Agents, in writing, and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when delivered by hand or three days after being deposited in the mail, postage prepaid, in the case of facsimile notice, when received, or in the case of overnight air courier, one Business Day after the date such notice is delivered to such overnight courier, addressed as follows in the case of the Administrative Agent and to the addresses therefor set forth in Schedule E, in the case of the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks and the Funding Agents; or to such other address as may be hereafter notified by the respective parties hereto:

Administrative Agent:

Royal Bank of Canada **[NTD: Oslers to provide]**

9.4 No Waiver: Remedies

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

9.5 Entire Agreement

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

9.6 Governing Law and Attornment

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

9.7 Acknowledgment of Trust Indenture and No Proceedings

The Administrative Agent, each Non-Conduit Purchaser, each CP Conduit Purchaser, each Group Bank and each Funding Agent hereby acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor under the Trust Indenture and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Trust Indenture including, without limitation, Section 7.12 (Payments To Be Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse), Article IX (Indenture Trustee) (including all limitations of liability thereunder), Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition).

9.8 Expenses

The Issuer agrees to pay on demand (a) to the Indenture Trustee, the Administrative Agent and the Purchaser Groups all reasonable costs and expenses in connection with the preparation, execution, and delivery of this Supplemental Indenture and the other documents to be delivered hereunder or in connection herewith, including, the reasonable fees and out-of-pocket expenses of counsel for the Administrative Agent and the Purchaser Groups, with respect thereto, and the reasonable fees and out-of-pocket expenses incurred by the CP Conduit Purchasers in connection with the review by each rating agency then rating the Commercial Paper of such CP Conduit Purchaser of the transactions contemplated by this Supplemental Indenture and the Program Agreements; (b) to the Indenture Trustee, the Administrative Agent and each Purchaser Group all reasonable costs and expenses in connection with any amendments of or waivers or consents under this Supplemental Indenture or the Program Agreements, including in each case the reasonable fees and out-of-pocket expenses of counsel with respect thereto, and the reasonable fees and out-of-pocket expenses incurred by the CP Conduit Purchasers in connection with the review by any rating agency then rating the Commercial Paper of such CP Conduit Purchasers; and (c) to the Indenture Trustee, the Administrative Agent and each Purchaser Group, on demand, all reasonable costs and expenses (including reasonable fees and expenses of counsel to the Administrative Agent and each Purchaser Group), if any, in connection with the enforcement of this Supplemental

Indenture or any of the Program Agreements, and the other documents delivered thereunder or in connection therewith.

9.9 Further Assurances

Each of the parties hereto upon the request of the other party or parties hereto shall do, execute, acknowledge and deliver or cause to be done, executed acknowledged or delivered all such further acts, deeds, documents, assignments, transfers, conveyances, powers of attorney and assurances as may be reasonably necessary or desirable to effect or complete the consummation of the transactions contemplated by this Supplemental Indenture.

9.10 Confidentiality

(a) Each Purchaser Group and the Administrative Agent covenants and agrees that any non-public information obtained by it pursuant to this Supplemental Indenture and the other Program Agreements shall be held in confidence except that the Purchaser Groups or Administrative Agent may disclose such information (i) pursuant to the order of any court or administrative agency or in any pending legal or administrative proceeding (whether or not having the force or effect of law) provided that, unless prohibited by applicable law, a Purchaser Group or the Administrative Agent, as applicable, shall provide prompt notice of such order to the affected party; (ii) upon the request or demand of any regulatory authority having or claiming jurisdiction over any Purchaser Group or the Administrative Agent; (iii) as required by applicable law including, without limitation, all applicable securities laws; (iv) to the extent that such information becomes publicly available other than by reason of improper disclosure by a Purchaser Group or the Administrative Agent; (v) to its affiliates, officers, directors, employees, legal counsel, independent auditors, accountants, advisors, investors, potential investors, commercial paper dealers, providers of surety, guaranty, credit or liquidity enhancement (including the directors, officers and accountants of such surety, guaranty, credit or liquidity enhancement provider), legal counsel of any of the foregoing and other experts or agents who need to know such information and are informed of the confidential nature of such information (provided that the Persons permitted to make such disclosures under clauses (i), (ii) and (iii) of this Section 9.10 shall also include credit or liquidity enhancers of a CP Conduit Purchaser); (vi) for purposes of establishing a "due diligence" defense; (vii) which was available to a Purchaser Group or the Administrative Agent on a non-confidential basis from a source other than the affected party, provided that such source was not to the knowledge of the Purchaser Group or the Administrative Agent, as applicable, bound by a confidentiality agreement with the affected party; (viii) has been independently acquired or developed by a Purchaser Group or the Administrative Agent without violating any of the Purchaser Group's or the Administrative Agent's obligations under this Supplemental Indenture; (ix) if such disclosure has been approved in writing in advance by the Issuer or the Manager; (x) regarding the existence of this Supplemental Indenture, but not the financial terms thereof; and (xi) to DBRS and Moody's and any other Rating Agencies.

(b) The Issuer covenants and agrees to hold in confidence, and not disclose to any Person, the terms of this Supplemental Indenture (including any fees payable in connection with this Supplemental Indenture or the identity of any CP Conduit Purchaser under this Supplemental Indenture), except as the applicable Purchaser Group may have consented to in writing prior to any proposed disclosure and except (i) it may also disclose such information (A) to its officers, directors, employees, legal counsel, independent auditors, accountants and other advisors who are directly involved in the consideration of this Supplemental Indenture (and then only on a confidential basis), (B) to the Manager and its officers, directors, employees, legal counsel, independent auditors, accountants and other advisors, (C) any ministry or agency of the Province of Ontario and, in each case, their respective employees, officials, agents and advisors, (D) as required by applicable law (including, without limitation, applicable securities law) or compulsory legal process, (E) as expressly permitted by the terms of the Program Agreements, and (F) to DBRS and Moody's and any other Rating Agencies; provided, that, in the case of clause (D), the Issuer will use all commercially reasonable efforts to maintain confidentiality and will (unless otherwise prohibited by law) notify the affected Administrative Agent or Purchaser Group of its intention to make any such disclosure prior to making such disclosure; and (ii) it may also disclose the existence (but not the financial terms) of this Supplemental Indenture, including to any actual or prospective purchaser of other Notes.

(c) The parties hereto acknowledge that a description of this Supplemental Indenture and the Series 2017-1 Senior Note will be included in the preliminary and final offering memoranda of the Issuer relating to the issue of other Notes from time to time.

(d) The confidentiality provisions set forth in this Section 9.10 shall expire on the second year anniversary of the date on which the Series 2017-1 Senior Notes have been paid in full.

9.11 Acknowledgement and Consent to Bail-In of EEA Financial Institutions

Notwithstanding anything to the contrary in this Supplemental Indenture or in any other Program Agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any EEA Financial Institution arising under this Supplemental Indenture or any other Program Agreement, to the extent such liability is unsecured, may be subject to the write-down and conversion powers of an EEA Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

(a) the application of any Write-Down and Conversion Powers by an EEA Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an EEA Financial Institution; and

(b) the effects of any Bail-In Action on any such liability, including, if applicable

(i) a reduction in full or in part or cancellation of any such liability;

(ii) a conversion of all, or a portion of, such liability into shares or other instruments or ownership in such EEA Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Supplemental Indenture or any other Facility Agreement; or

(iii) the variation of the terms of such liability in connection with the exercise of the write-down and conversion powers of any EEA Resolution Authority.

9.12 Limitation of Liability of Issuer Trustee

Each party hereto other than the Issuer acknowledges that the Issuer is a trust, and that Computershare Trust Company of Canada is the Issuer Trustee. The other parties hereto agree that the Issuer Trustee will not be subject to any liability whatsoever to them, in tort, contract or otherwise, in connection with the Issuer's assets or the trust activities, for any action taken or permitted by it to be taken, or for its failure to take any action; provided that the foregoing limitation will not apply in respect of any action or failure to act arising from or in connection with wilful misconduct, negligence or reckless disregard of a duty by the Issuer Trustee. The Issuer Trustee in doing anything or permitting anything to be done in respect of assets or the trust activities is, and shall be conclusively deemed to be, acting as trustee of the Issuer and not in any other capacity. Except as to the extent provided in this Section 9.12, the Issuer Trustee will not be subject to any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Issuer, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the Issuer's assets or the trust activities and resort will be had solely to the Collateral for the payment or performance thereof. No property or assets of the Issuer Trustee, whether owned in its personal capacity or otherwise, will be subject to levy, execution or other enforcement procedure with regard to any obligation under this Supplemental Indenture. Nothing contained in this Section 9.12 shall be construed so as to limit the liability of the Issuer under this Supplemental Indenture. This Supplemental Indenture, and every deed, transfer, assignment, agreement or other instrument made pursuant hereto including, without limitation, the Series 2017-1 Senior Notes, made or purporting to be made by or creating an obligation of the Issuer or the Issuer Trustee on behalf of, or as trustee of, the Issuer shall be deemed and construed for all purposes as if made by the Issuer Trustee, in and only in its capacity as trustee of the Issuer. Any obligations of the Issuer Trustee hereunder or thereunder are non-recourse to the Issuer Trustee in its personal capacity.

9.13 Execution in Counterparts

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

9.14 Delivery of Executed Copies

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

[signature page follows]

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

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

By:

_____
Name:

Title:

By:

_____
Name:

Title:

BNY TRUST COMPANY OF CANADA, as Indenture Trustee

By:

_____
Name:

Title:

By:

_____
Name:

Title:

ROYAL BANK OF CANADA, as
Administrative Agent,

By: _____

Name:

Title:

[NTD: Detailed signing pages to be prepared.]

SCHEDULE A

DEFINITIONS

"**Acceleration Event**" means either:

(a) all Issuer Funding Obligations are declared due and payable under Section 8.02 of the Trust Indenture, or

(b) the Series 2017-1 Principal Amount and all interest accrued and unpaid thereon is declared to be due and payable under Section 7.1.

"**Administrative Agent**" is defined in the preamble to this Supplemental Indenture.

"**AEOI Legislation**" is defined in Section 3.10(a).

"**Affected Party**" means any Non-Conduit Purchaser, CP Conduit Purchaser and any Program Support Provider with respect to any CP Conduit Purchaser.

"**Applicable Margin**" is the Program Fee as defined in the Fee Letter.

"**Authorized Officer**" means, with respect to: (a) the Issuer, any authorized director or officer of the Manager; (b) the Manager, any authorized director of officer of OPG; (c) the IESO, any authorized director or officer of the IESO; (d) the Issuer Trustee, any officer within the corporate trust office of such trustee (including the President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Treasurer or any other officer of the Issuer Trustee customarily performing functions similar to those performed by persons who at the time shall be such officers, respectively, and that has direct responsibility for the administration of the Issuer and also, with respect to a particular matter, any other officer to whom such matter is referred to because of such officer's knowledge and familiarity with the particular subject).

"**Bail-In Action**" shall mean the exercise of any Write-Down and Conversion Powers by the applicable EEA Resolution Authority in respect of any liability of an EEA Financial Institution.

"**Bail-In Legislation**" shall mean, with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule.

"**Breakage Costs**" means, with respect to a CP Conduit Purchaser, the net interest costs, if any, with respect to any portion of the Commercial Paper it has issued to fund its investment in the Series 2017-1 Senior Notes that will be incurred by such CP Conduit Purchaser as a result of the maturity of such Commercial Paper falling after the date of a Decrease.

"**CDOR**" means, on any day, an annual rate of interest equal to the average rate applicable to Canadian dollar bankers' acceptances for a 1 month period appearing on the "Reuters Screen CDOR Page" (as defined in the International Swaps and Derivatives Association, Inc. 2000 definitions, as modified and amended from time to time) at approximately 10:00 a.m. on such day,

or if such day is not a Business Day, then on the immediately preceding Business Day, provided that if such rate does not appear on the Reuters Screen CDOR Page on such day as contemplated, then CDOR on such day shall be calculated as the average of the rates for such period applicable to Canadian dollar bankers' acceptances quoted by the banks listed in Schedule I of the *Bank Act* (Canada) as of 10:00 a.m. on such day or, if such day is not a Business Day, then on the immediately preceding Business Day.

"**Closing Date**" is defined in Section 3.3(a).

"**Commercial Paper**" means, with respect to any CP Conduit Purchaser, the promissory notes issued by, or for the benefit of, such CP Conduit Purchaser in the commercial paper market.

"**Commitment**" means, with respect to (a) the Group Bank included in any CP Conduit Purchaser Group, the obligation of such Group Bank to purchase a Series 2017-1 Senior Note on the Closing Date and, thereafter, to maintain and, subject to certain conditions, increase the Purchaser Group Principal Amount with respect to such CP Conduit Purchaser Group, in each case, in an amount up to the Maximum Purchaser Group Principal Amount with respect to such CP Conduit Purchaser Group; or (b) any Non-Conduit Purchaser Group, the obligation of the Related Non-Conduit Purchaser to purchase a Series 2017-1 Senior Note on the Closing Date and, thereafter, to maintain and, subject to certain conditions, increase the Purchaser Group Principal Amount with respect to such Non-Conduit Purchaser Group, in each case, in an amount up to the Maximum Purchaser Group Principal Amount with respect to such Non-Conduit Purchaser Group.

"**Commitment Expiry Date**" means the earlier of (a) the Scheduled Commitment Expiry Date; and (b) the date on which an Event of Default or a Series 2017-1 Event of Default shall have been declared or automatically occurred.

"**Commitment Extension**" means an extension of the Scheduled Commitment Expiry Date effected in accordance with Section 3.5(c).

"**Commitment Extension Request**" is defined in Section 3.5(c).

"**Commitment Fee**" is defined in Section 3.6(b).

"**Commitment Fee Rate**" is defined in the Fee Letter.

"**Commitment Percentage**" means, on any date of determination, with respect to any Purchaser Group, the ratio, expressed as a percentage, which such Purchaser Group's Maximum Purchaser Group Principal Amount bears to the Series 2017-1 Maximum Principal Amount on such date.

"**Conduit Assignee**" means, with respect to any CP Conduit Purchaser, any commercial paper conduit administered by the Funding Agent with respect to such CP Conduit Purchaser and designated by such Funding Agent to accept an assignment from such CP Conduit Purchaser of the Purchaser Group Principal Amount or a portion thereof with respect to such CP Conduit Purchaser pursuant to Section 9.1(b).

"**CP Conduit Funded Amount**" means, with respect to any CP Conduit Purchaser Group for any day, the portion of the Purchaser Group Principal Amount with respect to such CP Conduit

Purchaser Group funded by the CP Conduit Purchaser in respect of such CP Conduit Purchaser Group.

"**CP Conduit Purchaser**" means each commercial paper conduit listed on Schedule E or party to a Purchaser Group Supplement pursuant to which such commercial paper conduit became a party to this Supplemental Indenture

"**CP Conduit Purchaser Group**" means, collectively, a CP Conduit Purchaser and the Group Bank with respect to such CP Conduit Purchaser.

"**CP Conduit Rating Agencies**" means, with respect to any CP Conduit Purchaser, each of DBRS and Moody's and any other nationally recognized statistical rating organization which may, from time to time, rate the Commercial Paper of the CP Conduit Purchaser at the request of the CP Conduit Purchaser.

"**CP Rate**" means with respect to any CP Conduit Purchaser for any day during an Interest Period, the weighted average annual rate of interest applicable to all Commercial Paper of the CP Conduit Purchaser; and provided further that (x) any such Commercial Paper may be issued in either United States dollars or Canadian dollars with the appropriate market rate currency swap agreements being entered into to match such issuance to the funding requirements of such CP Conduit Purchaser, and (y) such weighted average annual rate of interest shall be calculated to reflect any costs incurred by such CP Conduit Purchaser in connection with such swap transactions or in connection with any redemption or repurchase transaction between such CP Conduit Purchaser and the holders of such commercial paper; provided that no amount shall be included in the calculation of the CP Rate which reflects any termination amounts payable by such CP Conduit Purchaser in respect of the early termination of any market rate currency swap referred to in this definition.

"**Decrease**" is defined in Section 3.4(a).

"**Decrease Amount**" is defined in Section 3.4(a).

"**Deferrable Increase Notice**" means a notice of Increase that provides that a Delayed Funding Notice may be provided by any Purchaser Group with respect to such Increase in accordance with Section 3.3(e).

"**Delayed Amount**" is defined in Section 3.3(e).

"**Delayed Funding Date**" is defined in Section 3.3(e).

"**Delayed Funding Notice**" is defined in Section 3.3(e).

"**Delayed Funding Purchaser Group**" is defined in Section 3.3(e).

"**Delayed Funding Reimbursement Amount**" means, with respect to any Delayed Amount of a Delayed Funding Purchaser Group funded by Non-Delayed Funding Purchaser Groups on an Increase Date, an amount equal to the excess, if any, of (a) such Delayed Amount; over (b) the amount, if any, by which the portion of any principal payment made by the Issuer to such Non-

Delayed Funding Purchaser Group pursuant to Section 3.7 on any date during the period from and including such Increase Date to but excluding the Delayed Funding Date for such Delayed Amount, was greater than what it would have been had such Delayed Amount been funded by such Delayed Funding Purchaser Group on such Increase Date.

"**EEA Financial Institution**" shall mean (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority; (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition; or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clause (a) or (b) of this definition and is subject to consolidated supervision with its parent.

"**EEA Member Country**" shall mean any of the member states of the European Union, Iceland, Liechtenstein and Norway.

"**EEA Resolution Authority**" shall mean any public administrative authority or any person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

"**Eligible Assignee**" means a financial institution having (i) a short-term debt rating of at least "P-1" from Moody's, and (ii) either (A) a short-term debt rating of at least "R-1(low)" from DBRS, or (B) a long-term debt rating of at least "A" from DBRS.

"**EU Bail-In Legislation Schedule**" shall mean the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor person), as in effect from time to time.

"**Excluded Taxes**" is defined in Section 3.10(a).

"**FATCA**" is defined in Section 3.10(a).

"**Fee Letter**" means the fee letter dated the date hereof between the Issuer, Canadian Imperial Bank of Commerce, Royal Bank of Canada and Goldman Sachs Canada Inc., as such letter may be amended or replaced from time to time.

"**Funding Agent**" means, with respect to each CP Conduit Purchaser and its CP Conduit Purchaser Group, the agent bank set forth opposite the name of such CP Conduit Purchaser on Schedule E or in the Purchaser Group Supplement pursuant to which such CP Conduit Purchaser became a party to this Supplemental Indenture.

"**Group Bank**" means, with respect to a CP Conduit Purchaser, the bank or other Person set forth opposite the name of such CP Conduit Purchaser on Schedule E or in the Purchaser Group Supplement pursuant to which such CP Conduit Purchaser became a party to this Supplemental Indenture and any assignee thereof, to the extent such assignee has assumed all or a portion of the Commitments of the Group Bank pursuant to a Transfer Supplement entered into in accordance with Section 9.1(c).

"**Group Bank Funded Amount**" means, with respect to any CP Conduit Purchaser Group for any day, the excess, if any, of the Purchaser Group Principal Amount with respect to such CP Conduit

Purchaser Group over the CP Conduit Funded Amount with respect to such CP Conduit Purchaser Group for such day.

"**Group Bank Participants**" is defined in Section 9.1(d).

"**Group Monthly Fees and Other Amounts**" shall mean, for any Payment Date and a Purchaser Group the sum of (a) the Commitment Fee with respect to the related Interest Period for such Purchaser Group; plus (b) any amounts payable to such Purchaser Group hereunder including, without limitation, pursuant to Sections 3.8, 3.10, 3.11 and 9.8; plus (c) the Monthly Fees and Other Amounts Shortfall for such Purchaser Group for such Payment Date.

"**Group Monthly Interest**" means, with respect to each Interest Period and:

(a) any CP Conduit Purchaser Group, the sum of:

(i) for each day during such Interest Period, the product of (x) the portion of the CP Conduit Funded Amount with respect to the CP Conduit Purchaser Group on such day funded through the issuance of Commercial Paper outstanding on such day, times (y) the sum of the CP Rate for such day plus the Applicable Margin, divided by (z) 365; plus

(ii) for each day during such Interest Period, the product of (x) the portion of the CP Conduit Funded Amount with respect to the CP Conduit Purchaser in such CP Conduit Purchaser Group on such day not funded through the issuance of Commercial Paper outstanding on such day, times (y) the sum of CDOR for such day plus the Applicable Margin, divided by (z) 365; plus

(iii) for each day during such Interest Period the product of (x) the Group Bank Funded Amount with respect to such Purchaser Group on such day, times (y) the sum of CDOR for such day plus the Applicable Margin, divided by (x) 365.

(b) any Non-Conduit Purchaser Group, the sum for each day during such Interest Period of the product of (i) the Purchaser Group Principal Amount with respect to such Non-Conduit Purchaser Group on such day; times (ii) the sum of CDOR for such day plus the Applicable Margin, divided by (iii) 365.

For the purposes of determining the Group Monthly Interest in respect of an Interest Period prior to the end of the Interest Period, the Funding Agent in respect of a CP Conduit Purchaser Group or a Non-Conduit Purchaser Group may estimate the interest for the remaining days in the Interest Period. If the actual interest for such days is less than the estimated interest, the Group Monthly Interest for the following Interest Period shall be reduced to adjust for such lower actual interest and if the actual interest for such days is higher than the estimated interest, the Group Monthly Interest for the following Interest Period shall be increased to adjust for such higher interest.

"**Increase**" is defined in Section 3.3(a).

"**Increase Amount**" is defined in Section 3.3(a).

"**Increase Date**" is defined in Section 3.3(a).

"**Increase Notice**" is defined in Section 3.3(a).

"**Interest Period**" means each of the consecutive periods that begins on, and includes, each Payment Date and ends on and excludes, the following Payment Date; provided that the first Interest Period shall begin on the Closing Date and end on the Payment Date in January, 2018.

"**Issuer Indemnified Person**" is defined in Section 3.8.

"**Maximum Purchaser Group Principal Amount**" means, with respect to (a) any CP Conduit Purchaser Group, the amount set forth opposite the name of the CP Conduit Purchaser included in such CP Conduit Purchaser Group on Schedule E or in the Purchaser Group Supplement pursuant to which such CP Conduit Purchaser Group became a party to this Supplemental Indenture; or (b) any Non-Conduit Purchaser Group, the amount set forth opposite the name of such Non-Conduit Purchaser Group on Schedule E or in the Purchaser Group Supplement pursuant to which such Non-Conduit Purchaser Group became a party to this Supplemental Indenture, in each case, as such amount may be increased or reduced from time to time as provided in Section 3.5.

"**Monthly Fees and Other Amounts**" shall mean, for any Payment Date, the aggregate of the Group Monthly Fees and Other Amounts for all Purchaser Groups.

"**Monthly Fees and Other Amounts Shortfall**" means, for any Payment Date and a Purchaser Group, if the amount of the Monthly Fees and Other Amounts for the preceding Payment Date was greater than the amount distributed to the payment of such amounts pursuant to Section 3.6(d), an amount equal to the Monthly Fees and Other Amounts owing to such Purchaser Group which were unpaid on the preceding Payment Date plus interest on such unpaid amount for the period from the preceding Payment Date to the current Payment Date at a rate equal to the Prime Rate plus 1.00% per annum.

"**Monthly Interest**" shall mean, for any Payment Date, the aggregate for all Purchaser Groups of the sum of (a) Group Monthly Interest for the related Interest Period for each Purchaser Group; plus (b) the Monthly Interest Shortfall for such Payment Date for each Purchaser Group.

"**Monthly Interest Shortfall**" means, for any Payment Date and a Purchaser Group, if the amount of the Group Monthly Interest for the preceding Payment Date was greater than the amount distributed to the payment of such amounts pursuant to Section 3.6(d), an amount equal to the Group Monthly Interest owing to such Purchaser Group which were unpaid on the preceding Payment Date plus interest on such unpaid amount for the period from the preceding Payment Date to the current Payment Date at a rate equal to the Prime Rate plus 1.00% per annum.

"**Non-Conduit Purchaser**" means each financial institution or other entity (other than a commercial paper conduit, Group Bank or Funding Agent) listed on Schedule E or party to a Purchaser Group Supplement pursuant to which such financial institution or entity became a party to this Supplemental Indenture.

"**Non-Conduit Purchaser Group**" means a Non-Conduit Purchaser.

"**Non-Conduit Purchaser Participants**" is defined in Section 9.1(f).

"**Non-Deferrable Draw Amount**" means, with respect to any Purchaser Group as of any Increase Date, an amount equal to the lesser of (a) the excess, if any, of (x) the product of (i) $100,000,000 and (ii) the Commitment Percentage of such Purchaser Group over (y) the portion of any Increase Amounts funded by such Purchaser Group during the preceding thirty-five (35) days pursuant to a Non-Deferrable Increase Notice or, to the extent of any decrease pursuant to Section 3.3(e) in the Delayed Amount set forth in a Delayed Funding Notice delivered by such Purchaser Group, a Deferrable Increase Notice; and (b) the excess, if any, of (x) the Maximum Purchaser Group Principal Amount with respect to such Purchaser Group, over (y) the sum of (i) the Purchaser Group Principal Amount with respect to such Purchaser Group; and (ii) any unfunded Delayed Amounts with respect to such Purchaser Group, in each case as of such Increase Date.

"**Non-Deferrable Increase Notice**" means a notice of Increase that provides that a Delayed Funding Notice may not be provided by any Purchaser Group with respect to such Increase in accordance with Section 3.3(a).

"**Non-Delayed Funding Purchaser Group**" is defined in Section 3.3(f).

"**Optional Termination Date**" is defined in Section 3.4.

"**Optional Termination Notice**" is defined in Section 3.4.

"**Prime Rate**" means the annual rate of interest announced by Royal Bank of Canada from time to time as being its reference rate for the determination of interest rates on Canadian dollar denominated commercial loans made by it and commonly referred to by Royal Bank of Canada as its "prime rate."

"**Principal Accumulation Date**" means (i) if a Commitment Extension has occurred, the date specified as the "**Principal Accumulation Date**" in the related Commitment Extension Request, or (ii) otherwise, the Payment Date occurring in the month of July, 2021.

"**Principal Payment Amount**" means, in respect of the Series 2017-1 Senior Notes, (i) if a Commitment Extension has occurred, the amount specified as the "**Principal Payment Amount**" in the related Commitment Extension Request, or (ii) otherwise:

(a) On any Payment Date occurring on or after the earlier of (i) the Payment Date occurring in October, 2021; and (ii) the occurrence of an Acceleration Event, the Series 2017-1 Principal Amount.

(b) Unless clause (a) above is applicable, on the Payment Dates in the month of July, August, September and October of 2021, an amount equal the lesser of (x) the sum of (A) 25% of the Series 2017-1 Principal Amount on the Business Day prior to the Principal Accumulation Date, plus (B) the Decrease Amount of any Decrease occurring on such Payment Date, and (y) the Series 2017-1 Principal Amount.

(c) Unless either of clauses (a) or (b) above is applicable, on any Payment Date that is not a Decrease Date, nil.

(d) Unless either of clauses (a) or (b) is applicable, on any Payment Date that is a Decrease Date, the Decrease Amount of the Decrease occurring on such Payment Date.

"**Principal Payment Default Date**" means, in respect of any Principal Payment Amount, (i) if a Commitment Extension has occurred, the date specified as the "**Principal Payment Default Date**" with respect to such Principal Payment Amount in the related Commitment Extension Request, or (ii) otherwise, the Business Day that is two years after the Principal Payment Date in respect of such Principal Payment Amount.

"**Pro Rata Share**" means, with respect to any Purchaser Group, on any date, the ratio, expressed as a percentage, which the Purchaser Group Principal Amount with respect to such Purchaser Group bears to the Series 2017-1 Principal Amount on such date.

"**Program Support Provider**" means, with respect to any CP Conduit Purchaser, the Group Bank with respect to such CP Conduit Purchaser and any other or additional Person now or hereafter extending credit, or having a commitment to extend credit to or for the account of, or to make purchases from, such CP Conduit Purchaser or issuing a letter of credit, surety bond or other instrument to support any obligations arising under or in connection with such CP Conduit Purchaser's securitization program.

"**Purchaser Group**" means a CP Conduit Purchaser Group or a Non-Conduit Purchaser Group.

"**Purchaser Group Increase Amount**" means, with respect to any Purchaser Group, for any Business Day, such Purchaser Group's Commitment Percentage of the Increase Amount, if any, on such Business Day.

"**Purchaser Group Principal Amount**" means, with respect to any Purchaser Group, (a) when used with respect to the Closing Date, such Purchaser Group's Commitment Percentage of the Series 2017-1 Initial Principal Amount; and (b) when used with respect to any other date, an amount equal to (i) the Purchaser Group Principal Amount with respect to such Purchaser Group on the immediately preceding Business Day; plus (ii) the Purchaser Group Increase Amount with respect to such Purchaser Group on such date; minus (iii) the amount of principal payments made to such Purchaser Group pursuant to Section 3.7 on such date. For the avoidance of doubt, (x) so long as any Purchaser Group has failed to fund any portion of its Purchaser Group Increase Amount with respect to any Increase Date (including any Delayed Amount), such unfunded amount shall not be included in the Purchaser Group Principal Amount for such Purchaser Group unless and until such amount has been funded (including by funding any Delayed Funding Reimbursement Amount, if applicable), and (y) any Delayed Amounts funded on an Increase Date by a Non-Delayed Funding Purchaser Group shall be included in the Purchaser Group Principal Amount for such Non-Delayed Funding Purchaser Group until the related Delayed Funding Reimbursement Amount has been funded.

"**Purchaser Group Supplement**" is defined in Section 9.1(e).

"**Rating Agency Condition**" means, with respect to any action in respect of the Series 2017-1 Senior Notes subject to such condition, each of the CP Conduit Purchasers shall deliver written notice of the proposed action to the CP Conduit Rating Agencies at least 10 Business Days prior

to the effective date of such action (or if 10 Business Days prior notice is impractical, such advance notice as is practicable) and the CP Conduit Rating Agencies (i) shall not have informed any CP Conduit Purchaser prior to the effective date of such action that such action will result in the reduction or withdrawal of the rating in effect with respect to the Commercial Paper of the CP Conduit Purchaser immediately before the taking of such action, or (ii) in the case of DBRS, or any successor thereto, when it is a CP Conduit Rating Agency, DBRS shall have informed each of the CP Conduit Purchasers in writing prior to the effective date of such action that such action will not result in the reduction or withdrawal of the rating of any Commercial Paper of such CP Conduit Purchasers immediately before the taking of such action. For purposes of the Trust Indenture, this Supplemental Indenture and the Master Transfer and Servicing Agreement, the Indenture Trustee shall receive, and shall be entitled to rely on, a certificate of a CP Conduit Purchaser confirming the satisfaction of the Rating Agency Condition.

"**Recipient**" is defined in Section 3.10(a).

"**Refinancing Increase**" is defined in Section 3.3(a).

"**Regulatory Change**" shall mean (i) the adoption after the date hereof of any applicable law, rule or regulation (including any applicable law, rule or regulation regarding capital adequacy, deposits, reserves or liquidity coverage) or any change therein after the date hereof, (ii) any change after the date hereof in the interpretation, administration, scope or timing of implementation thereof by any governmental authority, central bank, self-regulating professional body or comparable agency or authority charged with the interpretation or administration thereof, or compliance with any guidance, request or directive (whether or not having the force of law) of any such authority, central bank, self-regulating professional body or comparable agency or authority; provided that for purposes of this definition, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder, issued in connection therewith or in implementation thereof, and (y) all requests, rules, guidelines and directives (whether or not having the force of law) promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or Canadian or United States or other foreign regulatory authorities, shall in each case be deemed to be a "Regulatory Change", regardless of the date enacted, adopted, issued or implemented.

"**Related Non-Conduit Purchaser**" means, with respect to any Non-Conduit Purchaser Group, the Non-Conduit Purchaser that constitutes such Non-Conduit Purchaser Group.

"**Related Purchaser Group**" means, with respect to (a) any Funding Agent, the CP Conduit Purchaser identified next to such Funding Agent on Schedule E and the Group Bank identified on Schedule I next to such CP Conduit Purchaser or the CP Conduit Purchaser and Group Bank party to the Purchaser Group Supplement pursuant to which such Funding Agent became a party to this Supplemental Indenture; (b) any CP Conduit Purchaser, the CP Conduit Purchaser Group of which such CP Conduit Purchaser is a member; and (c) any Non-Conduit Purchaser, the Non-Conduit Purchaser Group that such Non-Conduit Purchaser constitutes.

"**Requisite Series 2017-1 Noteholders**" means Purchaser Groups having Commitment Percentages aggregating more than 50% (or if all Commitments have terminated, Purchaser

Groups whose aggregate Purchaser Group Principal Amounts exceed 50% of the Series 2017-1 Principal Amount).

"**Scheduled Commitment Expiry Date**" means, the Payment Date in December, 2019, as such date may be extended in accordance with Section 3.5(c).

"Series 2017-1 Event of Default" means any one of the following events (whatever the reason for such Series 2017-1 Event of Default and whether it will be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any Governmental Authority):

(a) a default by the Issuer in the payment of any interest on any Series 2017-1 Senior Notes when such interest becomes due and payable, and continuance of such default for a period of five days following the date on which such interest became due and payable;

(b) a default by the Issuer in the payment of any principal of any Series 2017-1 Senior Notes at its Principal Payment Default Date;

(c) any representation or warranty contained in Section 5.1 of this Supplemental Indenture or Section 12.01 of the Trust Indenture proves to be incorrect in any material respect when made and such incorrect representation or warranty if capable of being remedied by the Issuer, has not been remedied for a period of 30 days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by a Purchaser Group, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default" hereunder and, as a result of such default, the interests of such Purchaser Group is materially and adversely affected and continue to be materially and adversely affected during the 30-day period;

(d) a default in the performance, or breach, of any covenant of the Issuer in the Trust Indenture or this Supplemental Indenture in respect of any Series 2017-1 Senior Notes (other than an agreement, covenant or warranty a default in the performance of which or the breach of which is elsewhere specifically dealt with in this definition of Series 2017-1 Event of Default), and continuance of such default or breach for a period of 30 days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by a Purchaser Group, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default" hereunder and, as a result of such default, the interests of such Purchaser Group is materially and adversely affected and continue to be materially and adversely affected during the 30-day period;

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

payment date, maturity date or redemption date in respect of such other Series of Senior Funding Obligations; or

(f) a Suspension Notice is issued by the Province.

"**Series 2017-1 Initial Principal Amount**" is defined in Section 3.3(a).

"**Series 2017-1 Maximum Principal Amount**" means, on any date of determination, the sum of the Maximum Purchaser Group Principal Amounts with respect to each of the Purchaser Groups on such date.

"**Series 2017-1 Noteholder**" means a Person in whose name a Series 2017-1 Senior Note is registered in the Note Register.

"**Series 2017-1 Principal Amount**" means, on any date of determination, the sum of the Purchaser Group Principal Amounts with respect to each of the Purchaser Groups on such date.

"**Series 2017-1 Senior Note**" means any one of the Floating Rate Variable Funding Senior Notes, Series 2017-1, executed by the Issuer and authenticated and delivered by or on behalf of the Indenture Trustee, substantially in the form of Exhibit B.

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

"**Support Facility**" shall mean any liquidity or credit support agreement with a CP Conduit Purchaser which relates to, or is otherwise available to such CP Conduit Purchaser in relation to its funding activities under, this Supplemental Indenture.

"**Suspension Notice**" is defined in the Change of Law Protection Agreement.

"**Termination Event**" means any Acceleration Event or Series 2017-1 Event of Default or any event which with the giving of notice or the passage of time, or both, could become an Acceleration Event or a Series 2017-1 Event of Default.

"**Transfer Increase**" is defined in Section 3.3(a).

"**Transfer Supplement**" is defined in Section 9.1(c).

"**Transferee**" is defined in Section 9.1(g).

"**Trust Indenture**" means the trust indenture dated as of December **[21]**, 2017 between the Issuer and the Indenture Trustee, as amended or restated from time to time.

"**Write-Down and Conversion Powers**" shall mean, with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to

time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule.

SCHEDULE B

SERIES 2017-1 SENIOR NOTE

REGISTERED	INITIAL DOLLAR PRINCIPAL AMOUNT
No. R [●]	$[●]

FAIR HYDRO TRUST

FLOATING RATE VARIABLE FUNDING SENIOR NOTE, SERIES 2017-1

Fair Hydro Trust (herein referred to as the "**Issuer**"), a trust governed by the laws of Ontario and established under a Declaration of Trust dated as of December ■, 2017 for value received, hereby promises to pay to ■, or registered assigns, subject to the following provisions, a principal sum of $■, or, if less, the aggregate unpaid principal amount shown on the schedule attached hereto (and any continuation thereof), which amount shall be payable in the amounts and at the times set forth in the Indenture and the Indenture Supplement; provided, that, the entire unpaid amount of any Principal Payment Amount payable with respect to this Series 2017-1 Note shall be due on the related Principal Payment Default Date. The Issuer will pay interest on this Series 2017-1 Note in accordance with Section 3.6 of the Indenture Supplement on each Payment Date until the principal of this Series 2017-1 Note is paid or made available for payment, to the extent funds are available in accordance with the terms of the Indenture Supplement. Pursuant to Sections 3.3 and 3.4 of the Indenture Supplement, the principal amount of this Series 2017-1 Note shall be subject to Increases and Decreases on any Business Day during the period commencing on the Closing Date and ending on the Commitment Expiry Date (the "**Revolving Period**"), and accordingly, such principal amount is subject to prepayment in whole or in part at any time. During the Revolving Period, this Series 2017-1 Note is subject to mandatory prepayment, to the extent funds have been allocated to the Principal Accumulation Account and are available therefor, in accordance with Sections 3.4 and Section 3.7 of the Indenture Supplement. Beginning on the first Payment Date following the occurrence of a Series 2017-1 Event of Default or an Event of Default (collectively, a "**Default Event**"), subject to cure in accordance with the Base Indenture or the Indenture Supplement, as applicable, the principal of this Series 2017-1 Note shall be paid in installments on each subsequent Principal Payment Date to the extent of funds available for payment therefor pursuant to the Indenture. Such principal of and interest on this Series 2017-1 Note shall be paid in the manner specified on the reverse hereof.

The principal of and interest on this Series 2017-1 Note are payable in Canadian Dollars. Except as otherwise provided in the Indenture, payments made by the Issuer with respect to this Series 2017-1 Note shall be applied first to interest due and payable on this Series 2017-1 Note as provided above and then to the unpaid principal of this Series 2017-1 Note.

Reference is made to the further provisions of this Series 2017-1 Note set forth on the reverse hereof, which shall have the same effect as though fully set forth on the face of this Series 2017-1 Note. Although a summary of certain provisions of the Indenture is set forth below and on

the reverse hereof and made a part hereof, this Series 2017-1 Note does not purport to summarize the Indenture and reference is made to the Indenture for information with respect to the interests, rights, benefits, obligations, proceeds and duties evidenced hereby and the rights, duties and obligations of the Issuer and the Trustee. A copy of the Indenture may be requested from the Trustee by writing to the Trustee at: BNY Trust Company of Canada, One York Street, 6th Floor, Toronto, Ontario M5J 0B6, Attention: Corporate Trust Administration.

Reference is made to the further provisions of this Note set forth on the reverse hereof, which shall have the same effect as though fully set forth on the face of this Note.

Unless the certificate of authentication hereon has been executed by or on behalf of the Indenture Trustee, by manual signature, this Note shall not be entitled to any benefit under the Indenture or the Indenture Supplement referred to on the reverse hereof, or be valid for any purpose.

IN WITNESS WHEREOF, the Issuer has caused this Series 2017-1 Note to be duly executed.

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

By: _____
Name:
Title:

By: _____
Name:
Title:

Dated: ■, 201■

INDENTURE TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Series 2017-1 Notes described in the within mentioned Indenture.

BNY TRUST COMPANY OF CANADA, as
Indenture Trustee

By: _____
Authorized Signatory

FAIR HYDRO TRUST

SERIES 2017-1 SERIES 2017-1 FLOATING RATE ASSET BACKED NOTE

Summary of Terms and Conditions

This Series 2017-1 Note is one of a duly authorized issue of Notes of the Issuer, designated as its Fair Hydro Trust, Floating Rate Variable Funding Senior Note, Series 2017-1 (the "**Series 2017-1 Notes**"), issued under an Trust Indenture, dated as of December **[21]**, 2017 (as may be amended, supplemented, restated, replaced or otherwise modified from time to time, the "**Base Indenture**"), between the Issuer and BNY Trust Company of Canada, as indenture trustee (the "**Indenture Trustee**," which term includes any successor Indenture Trustee under the Indenture), as supplemented by the Warehouse Senior Series 2017-Indenture Supplement, dated as of December **[21]**, 2017 (the "**Indenture Supplemen**t"), and representing the right to receive certain payments from the Issuer. The term "**Indenture**," unless the context otherwise requires, refers to the Indenture as supplemented by the Indenture Supplement. Except as set forth in the Indenture Supplement, the Series 2017-1 Note is subject to all of the terms of the Base Indenture. All terms used in this Series 2017-1 Note that are defined in the Indenture Supplement shall have the meanings assigned to them in or pursuant to the Indenture Supplement.

The Series 2017-1 Note is and will be equally and ratably secured by the Collateral pledged as security therefor as provided in the Indenture.

"**Payment Date**" means the 15th day of each calendar month, or, if any such date is not a Business Day, the next succeeding Business Day, commencing January 15, 2018.

As described above, the entire unpaid amount of any Principal Payment Amount payable with respect to this Series 2017-1 Note shall be due and payable on the related Principal Payment Default Date, in accordance with Section 3.7 of the Indenture Supplement. Notwithstanding the foregoing, if a Default Event with respect to the Series 2017-1 Notes shall have occurred and be continuing then, in certain circumstances, principal of the Series 2017-1 Note may be paid earlier, as described in the Indenture. All principal payments of the Series 2017-1 Note shall be made to the Series 2017-1 Noteholders.

Payments of interest on this Series 2017-1 Note are due and payable on each Payment Date or such other date as may be specified in the Indenture Supplement, together with the installment of principal then due, if any, and any payments of principal made on any Business Day in respect of any Decreases, to the extent not in full payment of this Series 2017-1 Note, shall be made by wire transfer to the holder of record of this Series 2017-1 Note (or one or more predecessor Series 2017-1 Notes) on the Note Register as of the close of business on each Record Date. Any reduction in the principal amount of this Series 2017-1 Note (or one or more predecessor Series 2017-1 Notes) effected by any payments made on any Payment Date shall be binding upon all future holders of this Series 2017-1 Note and of any Series 2017-1 Note issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof, whether or not noted thereon.

The Issuer shall pay interest on Monthly Interest Shortfalls at the rate specified in the definition thereof, to the extent lawful.

Subject to the terms of the Indenture, the holder of any Series 2017-1 Note may transfer the same in whole or in part, in an amount equivalent to an authorized denomination, by surrendering such Series 2017-1 Note at the office maintained by the Note Registrar for such purpose pursuant to Section 4.05(c) of the Base Indenture, with the form of transfer endorsed on it duly completed and executed by, or accompanied by a written instrument of transfer in form satisfactory to the Issuer and the Note Registrar by, the holder thereof. In exchange for any Series 2017-1 Note properly presented for transfer, the Issuer shall execute and promptly authenticate and deliver or cause to be authenticated and delivered in compliance with applicable law, to the transferee at such office, or send by mail (at the risk of the transferee) to such address as the transferee may request, Series 2017-1 Notes for the same aggregate principal amount as was transferred. In the case of the transfer of any Series 2017-1 Note in part, the Issuer shall execute and promptly authenticate and deliver or cause to be authenticated and delivered to the transferor at such office, or send by mail (at the risk of the transferor) to such address as the transferor may request, Series 2017-1 Notes for the aggregate principal amount that was not transferred. No transfer of any Series 2017-1 Note shall be made unless the request for such transfer is made by the Series 2017-1 Noteholder at such office. Upon the issuance of transferred Series 2017-1 Notes, the Trustee shall recognize the holders of such Series 2017-1 Note as Series 2017-1 Noteholders.

Each Series 2017-1 Noteholder, by acceptance of a Series 2017-1 Note, hereby acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor under the Base Indenture and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Base Indenture including, without limitation, Section 7.12 (Payments To Be Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse), Article IX (Indenture Trustee) (including all limitations of liability thereunder), Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition).

Prior to the due presentment for registration of transfer of this Series 2017-1 Note, the Issuer, the Trustee and any agent of the Issuer or the Trustee may treat the Person in whose name this Series 2017-1 Note (as of the day of determination or as of such other date as may be specified in the Indenture) is registered as the owner hereof for all purposes, whether or not this Series 2017-1 Note shall be overdue, and neither the Issuer, the Trustee nor any such agent shall be affected by notice to the contrary.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the rights of the holder of the Series 2017-1 Notes under the Indenture at any time by the Issuer with the consent of the applicable Person(s) specified therein. The Indenture also contains provisions permitting the applicable Person(s) specified therein to waive compliance by the Issuer with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences with respect to the Series 2017-1 Notes. Any such consent or waiver by such Person(s) shall be conclusive and binding upon the Series 2017-1 Noteholders and upon all future holders of this Series 2017-1 Note and of any Series 2017-1 Note issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof whether or not notation of such consent or waiver is made upon this Series 2017-1 Note. The Indenture also permits the Issuer and the Trustee to amend or waive certain terms and conditions set forth in the Indenture without the consent of any other Person.

The term “the Issuer” as used in this Series 2017-1 Note includes any successor to the Issuer under the Indenture.

The Series 2017-1 Note is issuable only in registered form in denominations as provided in the Indenture, subject to certain limitations set forth therein.

This Series 2017-1 Note and the Indenture, and all matters arising out of or relating to this Series 2017-1 Note or Indenture, shall be governed by, and construed and interpreted in accordance with, the laws of the Province of Ontario and the federal laws applicable therein, and the obligations, rights and remedies of the parties hereto shall be determined in accordance with such laws.

No reference herein to the Indenture and no provision of this Series 2017-1 Note or of the Indenture shall alter or impair the obligation of the Issuer, which is absolute and unconditional, to pay the principal of and interest on this Series 2017-1 Note at the times, place and rate, and in the coin or currency herein prescribed, subject to any duty of the Issuer to deduct or withhold any amounts as required by law, including any applicable taxes.

INCREASES AND DECREASES

Date	Unpaid Principal Amount	Increase	Decrease	Total	Notation Made By

SCHEDULE C

FORM OF INCREASE NOTICE

SCHEDULE D

FORM OF DECREASE NOTICE

●

SCHEDULE E

PURCHASER GROUPS

WAREHOUSE

SUBORDINATED SERIES 2017-1

SUPPLEMENTAL INDENTURE

between

FAIR HYDRO TRUST

by

COMPUTERSHARE TRUST COMPANY OF CANADA
as Issuer Trustee

and

BNY TRUST COMPANY OF CANADA
as Indenture Trustee

and

ONTARIO POWER GENERATION INC.
as Purchaser

Made as of December [21], 2017

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FLOATING RATE VARIABLE FUNDING, SERIES 2017-1 SUBORDINATED NOTES

SUPPLEMENTAL INDENTURE made as of December [21], 2017, between **Computershare Trust Company of Canada**, a trust company established under the laws of Canada (the "**Issuer Trustee**"), in its capacity as trustee of **Fair Hydro Trust**, a trust existing under the laws of the Province of Ontario (in such capacity, the "**Issuer**"), **BNY Trust Company of Canada**, a trust company established under the laws of Canada (the "**Indenture Trustee**"), and Ontario Power Generation Inc., in its capacity as the purchaser (the "**Purchaser**");

WHEREAS pursuant to the Trust Indenture, provision was made for the issuance of Notes from time to time;

AND WHEREAS pursuant to the Trust Indenture, Notes may be issued in one or more Series by the execution and delivery of a Supplemental Indenture;

AND WHEREAS pursuant to a Supplemental Indenture dated the date hereof between the Issuer Trustee, in its capacity as trustee of the Issuer, the Indenture Trustee, Royal Bank of Canada, in its capacity as the administrative agent for certain purchaser groups (the "**Administrative Agent**"), certain non-conduit purchasers from time to time party thereto, certain commercial paper conduit purchasers from time to time party thereto, and certain funding agents from time to time party thereto (the "**Senior Series 2017-1 Supplemental Indenture**"), the Issuer issued floating rate variable funding Series 2017-1 Senior Notes (the "**Series 2017-1 Senior Notes**");

AND WHEREAS the parties hereto are entering into this Supplemental Indenture to provide for the creation and issuance of the Series 2017-1 Subordinated Notes;

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

ARTICLE 1
INTERPRETATION

1.1 Definitions

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

(b) Except as otherwise expressly provided or unless the context otherwise requires, all terms used herein which are defined in the Trust Indenture, either directly or by reference therein, have the meanings assigned to them in the Trust Indenture.

1.2 Interpretation

Subject to the next following sentences, this Supplemental Indenture is supplemental to the Trust Indenture and the Trust Indenture shall be read in conjunction with this Supplemental Indenture and all of the provisions of the Trust Indenture shall apply to and shall have effect in connection

with this Supplemental Indenture in the same manner as if all of the provisions of the Trust Indenture and of this Supplemental Indenture were contained in one instrument. This Supplemental Indenture shall, unless the context otherwise requires, be subject to the interpretative provisions contained in Article 1 of the Trust Indenture. If any terms of the Trust Indenture are inconsistent with the express terms or provisions hereof, the terms and provisions of the Trust Indenture shall be, solely in respect of the Series 2017-1 Subordinated Notes, amended and supplemented so as to be consistent herewith. The provisions of this Supplemental Indenture are applicable only in respect of the Series 2017-1 Subordinated Notes and not the Notes of any other Series.

1.3 Application of this Supplemental Indenture

With respect to the Series 2017-1 Subordinated Notes only, the terms of the Trust Indenture are amended, supplemented, modified, restated and replaced to the extent applicable by the terms of this Supplemental Indenture in respect of the Series 2017-1 Subordinated Notes in accordance with Section 1.2 above.

ARTICLE 2
PRINCIPAL TERMS

2.1 Creation of Series 2017-1 Subordinated Notes

There is hereby created a Series of Notes to be issued pursuant to the Trust Indenture and this Supplemental Indenture designated as the "**Floating Rate Variable Funding Subordinated Notes, Series 2017-1**."

2.2 Principal Terms

In addition to and without limiting any of the provisions of this Supplemental Indenture, the Series 2017-1 Subordinated Notes:

(a) will be designated as set out in Section 2.1;

(b) will be Subordinated Notes;

(c) will have a Stated Principal Amount equal to the Series 2017-1 Maximum Subordinated Principal Amount;

(d) will not be issued in Tranches;

(e) will be denominated in Canadian dollars;

(f) will not be listed on any securities exchange;

(g) will have an Initial Dollar Principal Amount equal to the Series 2017-1 Initial Subordinated Principal Amount;

(h) will be issued as definitive notes and will not be in the form of a Global Note;

(i) will be issued as Registered Notes and will be without coupons;

(j) will be substantially in the form of Schedule B, with such appropriate insertions, omissions, substitutions and variations as may be approved by the Issuer;

(k) will have each Payment Date on and after the Payment Date in February, 2018 as an Interest Payment Date;

(l) will have Principal Payment Dates as determined under Section 3.7;

(m) will have Principal Payment Default Dates as defined herein; and

(n) will have no minimum issue amount.

ARTICLE 3
NOTE PURCHASE FACILITY

3.1 Purchase of Notes by the Purchaser

(a) ***Initial Purchase***. Subject to the terms and conditions of this Supplemental Indenture, including delivery of notice in accordance with Section 3.3, the Purchaser shall purchase a Series 2017-1 Subordinated Note in an amount equal to the Series 2017-1 Initial Subordinated Principal Amount on the Closing Date. Payments by the Purchaser for such purchase shall be made in immediately available funds on the Closing Date in accordance with Section 3.3(c).

(b) ***Series 2017-1 Maximum Subordinated Principal Amount***. Notwithstanding anything to the contrary contained in this Supplemental Indenture, at no time shall the Purchaser be required to purchase Series 2017-1 Subordinated Notes in an amount that exceeds the Series 2017-1 Maximum Subordinated Principal Amount.

3.2 Delivery

(a) On the Closing Date, Series 2017-1 Subordinated Notes shall be executed, authenticated and delivered by the Issuer in accordance with Section 4.03 of the Trust Indenture in the name of the Purchaser in an amount equal to the Series 2017-1 Maximum Subordinated Principal Amount. On each Increase Date, Series 2017-1 Subordinated Notes shall be executed, authenticated and delivered by the Issuer in accordance with Section 4.03 of the Trust Indenture in the name of the Purchaser in an amount equal to the Increase Amount.

(b) The Purchaser shall maintain a record of the actual Series 2017-1 Subordinated Principal Amount outstanding on any date of determination, which, absent manifest error, shall constitute prima facie evidence of the outstanding Series 2017-1 Subordinated Principal Amount from time to time.

3.3 Procedure for Initial Issuance and for Increasing the Series 2017-1 Subordinated Principal Amount

(a) (i) On any Business Day prior to December [21], 2017, concurrent with the initial purchase of the Series 2017-1 Senior Notes under the Senior Series 2017-1 Supplemental Indenture, the Issuer shall request that the Purchaser purchase, and the Purchaser shall purchase, a Series 2017-1

Subordinated Note for an initial purchase price equal to the Series 2017-1 Initial Subordinated Principal Amount (the date on which the initial purchase occurs being referred to as the "**Closing Date**") by giving the Purchaser (with a copy to the Indenture Trustee) irrevocable written notice (effective upon receipt), by email communication, substantially in the form of Schedule C no later than 12:00 p.m. (Toronto time) on the second Business Day prior to the Closing Date. The written notice of the initial purchase of the Series 2017-1 Subordinated Notes shall (x) state the Closing Date, (y) state the Series 2017-1 Initial Subordinated Principal Amount, and (z) attach a copy of the irrevocable written notice delivered to the Administrative Agent pursuant to Section 3.3(a) of the Senior Series 2017-1 Supplemental Indenture in connection with the concurrent initial purchase of the Series 2017-1 Senior Notes thereunder; and (ii) on any Business Day after the initial purchase of the Series 2017-1 Subordinated Notes hereunder, the Issuer and the Purchaser hereby agree that the Series 2017-1 Subordinated Principal Amount will be increased by an amount (an "**Increase**") such that following such Increase the Outstanding Dollar Principal Amount of the Series 2017-1 Subordinated Notes will be equal to or greater than seventy-eight percent (78%) of the Outstanding Dollar Principal Amount of the Series 2017-1 Senior Notes on such Business Day (each date on which an increase in the Series 2017-1 Subordinated Principal Amount occurs hereunder being herein referred to as the "**Increase Date**" applicable to such Increase) by the Issuer providing the Purchaser (with a copy to the Indenture Trustee) irrevocable written notice (effective upon receipt), by email communication, substantially in the form of Schedule C (an "**Increase Notice**") no later than 12:00 p.m. (Toronto time) on the third Business Day prior to such Increase Date. Each Increase Notice shall (w) state the Increase Date, (x) state the amount of the increase in the Series 2017-1 Subordinated Principal Amount (an "**Increase Amount**"), (y) state whether the Increase is to fund a Transfer (a "**Transfer Increase**") or is in respect of a Refinancing (a "**Refinancing Increase**"), and (z) attach a copy of the irrevocable written increase notice delivered to the Administrative Agent pursuant to Section 3.3(a) of the Senior Series 2017-1 Supplemental Indenture in connection with the applicable Series 2017-1 Senior Increase proposed to be made thereunder.

(b) The Purchaser shall not be required to increase the Series 2017-1 Subordinated Principal Amount on any Increase Date hereunder if after giving effect to such Increase Amount, the Series 2017-1 Maximum Subordinated Principal Amount will be exceeded.

(c) The Issuer shall apply amounts paid to it pursuant to Section 3.3(a) by application to payment of the purchase price payable by the Issuer to the IESO under the Master Transfer and Servicing Agreement in respect of a Transfer or by deposit to the Refinancing Account.

3.4 Procedure for Decreasing the Series 2017-1 Subordinated Principal Amount

On any Business Day after the initial purchase of the Series 2017-1 Subordinated Notes hereunder, the Issuer and the Purchaser hereby agree that the Series 2017-1 Subordinated Principal Amount may be decreased by an amount (a "**Decrease**") such that following such decrease the Outstanding Dollar Principal Amount of the Series 2017-1 Subordinated Notes will not be less than seventy-eight percent (78%) of the Outstanding Dollar Principal Amount of the Series 2017-1 Senior Notes. Each Payment Date on which a Decrease in the Series 2017-1 Subordinated Principal Amount occurs hereunder being herein referred to as the "**Decrease Date**" applicable to such Decrease; and the Issuer shall provide to the Purchaser (with a copy to the Indenture Trustee) irrevocable written notice (effective upon receipt), by email communication, substantially in the form of

Schedule D (a "**Decrease Notice**") no later than 12:00 p.m. (Toronto time) on the fifth Business Day prior to any Payment Date that is a Decrease Date. Each Decrease Notice shall (x) state the Decrease Date, (y) state the amount of the decrease in the Series 2017-1 Subordinated Principal Amount (a "**Decrease Amount**"), and (z) attach a copy of the irrevocable written decrease notice delivered to the Administrative Agent pursuant to Section 3.4 of the Senior Series 2017-1 Supplemental Indenture in connection with the applicable Series 2017-1 Senior Decrease proposed to be made thereunder. Upon receipt of any notice required by this Section 3.4 from the Issuer, the Purchaser shall forward (by email communication) a copy of such notice to DBRS on the Business Day received.

3.5 Increases and Reductions of the 2017-1 Maximum Subordinated Principal Amount

(a) If one or more Maximum Purchaser Group Principal Amounts are increased pursuant to Section 3.5(a) of the Senior Series 2017-1 Supplemental Indenture, the Series 2017-1 Maximum Subordinated Principal Amount shall be automatically increased by an amount equal to seventy-eight percent (78%) of the Outstanding Dollar Principal Amount of the Maximum Purchaser Group Principal Amounts.

(b) If the Series 2017-1 Maximum Senior Principal Amount is reduced pursuant to Section 3.5(b) of the Senior Series 2017-1 Supplemental Indenture, the Series 2017-1 Maximum Subordinated Principal Amount shall be automatically decreased to an amount equal to seventy-eight percent (78%) of such aggregate decrease to the Series 2017-1 Maximum Senior Principal Amount pursuant to Section 3.5(b) of the Senior Series 2017-1 Supplemental Indenture.

(c) If a Commitment Extension has occurred with respect to the Series 2017-1 Senior Notes, the Principal Accumulation Date, Principal Payment Amount and Principal Payment Default Date shall be amended to the "Principal Accumulation Date", "Principal Payment Amount" and "Principal Payment Default Date" set out in the request related to such Commitment Extension, as applicable.

3.6 Interest; Other Amounts

(a) Interest shall be payable on the Series 2017-1 Subordinated Notes on each Payment Date.

(b) The Purchaser shall provide written notice to the Issuer and the Paying Agent no later than five (5) Business Days prior to each Payment Date, setting forth the Monthly Interest and the Monthly Other Amounts with respect to the Payment Date.

(c) The Monthly Interest shall be included in each calculation of the Interest Accrual Amount (Subordinated) for the purposes of Section 7.04(e)(iv) of the Trust Indenture and shall be payable pursuant to Sections 7.05(b), 7.06(a), 7.07, 7.10(b) or 8.13(d) of the Trust Indenture, as applicable. On each Payment Date, the Monthly Other Amounts shall be payable in respect of the Series 2017-1 Subordinated Notes pursuant to Sections 7.04(e)(xi), 7.10(b) or 8.13(d) of the Trust Indenture, as applicable. On each Payment Date, the Paying Agent shall, subject to availability of funds, pay to the Purchaser the Monthly Other Amounts with respect to the Payment Date.

3.7 Repayment of Principal

Each Payment Date where the Principal Payment Amount is not nil shall be a Principal Payment Date in respect of the Series 2017-1 Subordinated Notes. On each Principal Payment Date in respect of the Series 2017-1 Subordinated Notes, the Paying Agent shall pay to the Purchaser the Principal Payment Amount for such Principal Payment Date out of funds allocated to the Series 2017-1 Subordinated Notes pursuant to Sections 7.04(e)(x), 7.06(b)(iii), 7.08(b)(iii), 7.10(b) or 8.13(i) of the Trust Indenture, as applicable, in repayment of the principal amount of the Series 2017-1 Subordinated Notes.

3.8 Indemnification by the Issuer

The Issuer agrees to indemnify and hold harmless the Indenture Trustee and the Purchaser and each of their respective officers, directors, agents and employees (each, an "**Issuer Indemnified Person**") from and against any loss, liability, expense, damage or injury suffered or sustained by such Issuer Indemnified Person by reason of (a) any acts, omissions or alleged acts or omissions arising out of, or relating to, activities of the Issuer pursuant to the Program Agreements to which it is a party; (b) a breach of any representation or warranty made or deemed made by the Issuer (or any of its officers) in any Program Agreement; or (c) a failure by the Issuer to comply with any applicable law or regulation or to perform its covenants, agreements, duties or obligations required to be performed or observed by it in accordance with the provisions of the Program Agreements, including, but not limited to, any judgment, award, settlement, reasonable attorneys' fees and other reasonable costs or expenses incurred in connection with the defense of any actual or threatened action, proceeding or claim, except to the extent such loss, liability, expense, damage or injury resulted from the gross negligence, bad faith or willful misconduct of such Issuer Indemnified Person or its officers, directors, agents, principals, employees or employers as determined by a court of competent jurisdiction in a final non-appealable judgement or includes any Excluded Taxes; provided that any payments made by the Issuer pursuant to this Section 3.8 shall be made solely from funds available pursuant to Section 7.04 or 8.13 of the Trust Indenture, as applicable, shall be non-recourse other than with respect to such funds, and shall not constitute a claim against the Issuer to the extent that such funds are insufficient to make such payment.

3.9 Taxes

(a) All payments by or on account of any obligation of the Issuer hereunder shall, to the extent allowed by law, be made free and clear of, and without deduction or withholding for or on account of Taxes, excluding (i) income taxes (including branch profit taxes, minimum taxes and taxes computed under alternative methods, at least one of which is based on or measured by net income), franchise taxes (imposed in lieu of income taxes), or any other Taxes based on or measured by the net income of any person legally entitled to receive such payments (each a "**Recipient**") as a result of a present or former connection between the Recipient and the jurisdiction of the Governmental Authority imposing such Taxes (other than any such connection arising solely from the Recipient having executed, delivered or performed its obligations or received a payment under, disposed of, or enforced, this Supplemental Indenture); (ii) any withholding or deduction imposed pursuant to (A) Sections 1471 to 1474 of the Internal Revenue Code ("**FATCA**"), or any successor version thereof, or any similar legislation imposed by any other Governmental Authority, or (B) any treaty, law or regulation or other official guidance enacted by Canada implementing FATCA or any

intergovernmental agreement with respect to FATCA or any similar legislation imposed by any other Governmental Authority, including, for greater certainty, the *Canada-United States Enhanced Tax Information Exchange Agreement Implementation Act* (Canada) and Parts XVIII and XIX of the Income Tax Act (collectively, and including FATCA, the "**AEOI Legislation**"); and (iii) any interest, penalties and additions to Taxes in respect of (i) and (ii) (all such excluded Taxes being hereinafter called "**Excluded Taxes**"). If any Taxes, other than Excluded Taxes, are required to be withheld from any amounts payable to a Recipient hereunder, the amounts so payable to the Recipient shall be increased, and the Recipient shall be entitled to be paid by the Issuer the amount of such increase to the extent necessary to yield to the Recipient (after payment of all such Taxes other than Excluded Taxes) interest or any such other amounts payable hereunder or thereunder at the rates or in the amounts specified hereunder. Where the amount payable by the Issuer is increased in accordance with the previous sentence, the Monthly Interest shall be increased by the amount of such increase. Whenever any Taxes are payable on or with respect to amounts distributed to a Recipient, as promptly as possible thereafter the Issuer shall send to such Recipient a certified copy of an original official receipt showing payment thereof.

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

(c) If a Recipient is legally entitled to receive a refund of any Taxes (other than Excluded Taxes) as to which it has been indemnified or with respect to which additional amounts have been paid to it hereunder or it is legally entitled to receive a credit or deduction with respect to such Taxes or with respect to such additional amounts that have been paid hereunder (in each case pursuant to Section 3.9(a)), it shall use commercially reasonable efforts to obtain or claim such refund, credit or deduction and pay over such refund or the value of such credit or deduction to the Issuer, together with any interest thereon.

3.10 Increased Costs

(a) (i) If any Regulatory Change (x) subjects the Purchaser to any charge or withholding on or with respect to any Support Facility or this Supplemental Indenture or the Purchaser's obligations under a Support Facility or this Supplemental Indenture, or changes the basis of taxation of payments to the Purchaser of any amounts payable under any Support Facility or this Supplemental Indenture Agreement (except for changes in the rate of tax on the overall net income of the Purchaser or Excluded Taxes) or (y) imposes, modifies or deems applicable any reserve, assessment, fee, tax, insurance charge, special deposit or similar requirement against assets of, deposits with or for the account of, or liabilities of the Purchaser, or credit extended by the Purchaser pursuant to a Support Facility or this Supplemental Indenture or (z) imposes any other

condition the result of which is to increase the cost to the Purchaser of performing its obligations under a Support Facility or this Supplemental Indenture, or to reduce the rate of return on the Purchaser's capital or assets as a consequence of its obligations under a Support Facility or this Supplemental Indenture, or to reduce the amount of any sum received or receivable by the Purchaser under a Support Facility or this Supplemental Indenture, or to require any payment calculated by reference to the amount of interests or loans held or interest received by it, then, upon written request by the Purchaser therefore to the Issuer, the Purchaser shall be entitled to be paid such amounts charged to the Purchaser or such amounts to otherwise compensate the Purchaser for such increased cost or such reduction following a receipt by the Issuer of such request for compensation under this Section 3.10(a)(i), which payment shall be made on the earlier of (A) the first Payment Date on which amounts are available to pay such amounts pursuant to Section 7.04(e) of the Trust Indenture (provided that such request is received by the Issuer no later than five (5) Business Days prior to the end of the Interest Period related to such Payment Date), and (B) the twelfth Payment Date following such request.

(ii) The Issuer acknowledges that the Purchaser may implement, as an internal institutional matter, measures in anticipation of a final or proposed Regulatory Change (including, without limitation, the imposition of internal charges on the Purchaser's interest or obligations under any Support Agreement or this Supplemental Indenture) and may commence recognizing the incurrence of charges by seeking compensation under Section 3.10(a)(i) in connection with such measures, in advance of the effective date of such final or proposed Regulatory Change, and the Issuer agrees that such charges or compensation shall be payable, to the Purchaser, following demand therefor without regard to whether such proposed Regulatory Change has been adopted or whether such effective date has occurred; provided, that (I) the Purchaser shall provide thirty (30) days prior written notice to the Issuer of its intent to impose or incur any such charges or compensation, (II) the Purchaser shall not be compensated for any such amount pursuant to this subsection 3.10(a)(ii) relating to any period ending, and of which the Purchaser has had knowledge, more than 180 days prior to the date that the Purchaser provided the Issuer with the written notice contemplated by the preceding clause (I) of this subsection 3.10(a)(ii), (III) if, after the payment by the Issuer of any charges or compensation pursuant to this subsection 3.10(a)(ii), either (A) the Issuer requests in writing that the Purchaser re-compute any such charge or compensation in light of differences between a proposed Regulatory Change and the final effective version thereof or (B) the Purchaser determines that the amount of the charge imposed on and required to be compensated by the Issuer exceeds the amount necessary to compensate it for the applicable Regulatory Change as contemplated by subsection 3.10(a)(i), then (x) the amount of such charge or compensation shall, from and after such determination, be reduced by the amount of such excess and (y) the Purchaser shall, within thirty (30) days of such determination, either repay the amount of such excess or credit the amount of such excess against future charges under this subsection 3.10(a)(ii). The Issuer further acknowledges that any charge or compensation demanded hereunder may take the form of a monthly charge to be assessed by the Purchaser.

(b) The Purchaser claiming increased amounts described in subsection 3.10(a) of this Supplemental Indenture will furnish to the Issuer (together with its request for compensation) a certificate prepared in good faith setting forth the basis and the calculation of the amount (in reasonable detail) of each request by the Purchaser for any such increased amounts referred to in subsection 3.10(a) hereof. Any such certificate shall be conclusive absent manifest error. Failure on the part of the Purchaser to demand compensation for any amount pursuant to

subsection 3.10(a) hereof with respect to any period shall not constitute a waiver of the Purchaser's right to demand compensation with respect to such period.

ARTICLE 4
CONDITIONS PRECEDENT

4.1 Conditions Precedent to Initial Purchase of Series 2017-1 Subordinated Notes

On or prior to the initial purchase of Series 2017-1 Subordinated Notes hereunder, the following conditions precedent shall be satisfied:

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

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

(c) The Purchaser shall have received:

(i) executed copies of this Supplemental Indenture;

(ii) certificates of status or compliance or other similar documents issued by the applicable governmental authority to evidence that each of the Issuer Trustee and the Manager is validly existing pursuant to the laws of the jurisdiction of their respective establishment or incorporation;

(iii) a copy of the incorporating documents and all amendments thereto and applicable by-laws, as applicable, of each of the Issuer Trustee, the IESO and the Manager certified by an Authorized Officer of the applicable entity;

(iv) copies of resolutions of the board of directors of the IESO and the Manager approving and authorizing the execution, delivery and performance of each Program Agreement they are party to, in each case certified by an Authorized Officer of the applicable entity;

(v) incumbency certificates for each of the Issuer Trustee, the Manager and the IESO executing this Supplemental Indenture and any other Program Agreements and the other documents to be delivered by either the Issuer Trustee, the Manager or the IESO thereunder, in each case showing their names, offices and specimen signatures on which certificates the Purchaser shall be entitled to conclusively rely until such time as the Purchaser receives a replacement certificate meeting the requirements of this Section 4.1(c)(v);

(vi) the following Opinions of Counsel:

(A) the opinion of external counsel to the Manager as to the non-consolidation of the Issuer with the Manager in the event of the insolvency of the Manager in form and substance satisfactory to the Purchaser;

(B) the opinion of external counsel to the IESO as to the Investment Asset acquired by the Issuer not being subject to the claims of creditors of the IESO in form and substance satisfactory to the Purchaser;

(C) favourable opinions of external counsel to the Manager covering general corporate matters, the due execution and delivery of, and the enforceability of, each of the Program Agreements to which the Manager, the Issuer and the Issuer Trustee are party which opinion, as to certain matters, may rely on opinion of internal counsel to the Manager and the Issuer Trustee; and

(D) a favourable opinion of external counsel to the Province with respect to the due authorization, execution, delivery and enforceability of the Change of Law Protection Agreement in form and substance satisfactory to the Purchaser;

(vii) a certificate of an Authorized Officer of the Manager confirming that the representations and warranties set forth in Section 12.01 of the Trust Indenture and Section 5.1 of this Supplemental Indenture are true and correct in all material respects, that the Issuer is in compliance in all material respects with all of its covenants and obligations under the Program Agreements to which it is a party and that no Termination Event has occurred; and

(viii) such additional documents, instruments, certificates or letters as the Purchaser may reasonably request.

(d) The representations and warranties set forth in Section 5.1 of this Supplemental Indenture shall be true and correct in all material respects, the Issuer shall be compliance in all material respects with all of its covenants and obligations under the Program Agreements to which it is a party and no Termination Event shall have occurred.

4.2 Conditions Precedent to each Increase under Series 2017-1 Subordinated Notes

On or prior to each Increase, the following conditions precedent shall be satisfied:

(a) the Purchaser shall have received an Increase Notice;

(b) no Termination Event shall have occurred or would occur after giving effect to such Increase;

(c) if the Increase is identified as a Transfer Increase in the Increase Notice, then the related Transfer under the Master Transfer and Servicing Agreement shall have been completed or contemporaneously completed;

(d) after giving effect the Increase, the aggregate of the amounts on deposit in the Program Cash Reserve Account and the IESO Cash Reserve Account shall be equal to or greater than the sum of:

(i) the Program Cash Reserve Required Amount,

plus

(ii) an amount equal to the sum of (x) the amount originally determined under clause (b) of the definition of IESO Cash Reserve Deposit Amount in the Trust Indenture, less any amounts withdrawn from the IESO Cash Reserve Account to pay any Obligations Secured described in subsections 7.04(e)(i) through (v) of the Trust Indenture prior to the date of such Increase, and (y) to the extent the amount originally determined under clause (b) of the definition of IESO Cash Reserve Deposit Amount in the Trust Indenture was not determined in a manner which included the amount of such Increase, an amount estimated by the Manager, acting reasonably, equal to the additional Monthly Interest payable with respect to such Increase up to and including the Payment Date in July, 2021.

(e) after giving effect to such Increase, the aggregate Outstanding Dollar Principal Amount of Junior Subordinated Funding Obligations will not be less than 10% of the aggregate Outstanding Dollar Principal Amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations.

(f) the Indenture Trustee shall have received (i) the adherence compliance certificate required pursuant to Section 4.02(a) of the Change of Law Protection Agreement with respect to such Increase, or (B) written confirmation from the Province that the Funding Obligations incurred under this Supplemental Indenture with respect to such Increase constitute Approved Obligations.

The Issuer's acceptance of funds in connection with each Increase occurring on any Increase Date shall constitute a representation and warranty by the Issuer to the Purchaser as of such Increase Date that all of the conditions contained in Section 3.3(a) and this Section 4.2 are satisfied.

ARTICLE 5
REPRESENTATIONS AND WARRANTIES

5.1 Representations and Warranties of the Issuer

The Issuer hereby represents and warrants to the Purchaser as of the Closing Date, and shall be deemed to represent and warrant to the Purchaser on each Increase Date, that:

(a) no Termination Event has occurred or would result from the initial purchase of the Issuer Investment Interest on the Closing Date or any increase in the Issuer Investment Interest on an Increase Date, as applicable;

(b) the Issuer Trustee and the Issuer are not Non-residents;

(c) all tax returns (federal, provincial and local) required to be filed with respect to the Issuer have been filed and there has been paid or adequate provision made for the payment of all material Taxes in respect of the Issuer;

(d) the Issuer has complied in all material respects with all laws in respect of the conduct of its business and ownership of its property including the Issuer Investment Interest;

(e) all information provided to the Purchaser by or on behalf of the Issuer in respect of the Issuer Investment Interest is and will be true and accurate in all material respects; and

(f) to its knowledge, there is no set of circumstances existing at such time that will have an Adverse Effect or will reasonably be expected to have an Adverse Effect.

5.2 Representations and Warranties of the Purchaser

The Purchaser represents and warrants to the Issuer as of the Closing Date, and shall be deemed to represent and warrant to the Issuer on each Increase Date, that:

(a) it is resident in Ontario or is otherwise subject to the securities legislation of the Province of Ontario;

(b) it is purchasing the applicable Series 2017-1 Subordinated Notes (i) as principal for its own account and not for the benefit of any other "person" (as defined in the *Securities Act* (Ontario)) or company; and (ii) for cash consideration in excess of $150,000; and

(c) it was not created and is not being used solely to purchase or hold securities in reliance on the exemption from the prospectus and dealer registration requirements contained in Section 2.10 of National Instrument 45-106 − Prospectus and Registration Exemptions.

5.3 Survival

The representations and warranties set out in this Article 5 shall survive the execution hereof.

ARTICLE 6
COVENANTS

6.1 Covenants of the Issuer

(a) The Issuer shall promptly provide to the Purchaser (in multiple copies if requested) copies of all material reports, notices, financial statements and other documents delivered by the IESO to the Issuer with respect to the Issuer Investment Interest or pursuant to the Master Transfer and Servicing Agreement; provided such documents shall be deemed to be delivered hereunder so long as the Purchaser is the Manager.

(b) The Issuer shall provide to the Purchaser (in multiple copies, if requested) such other information, documents, records or reports respecting the Issuer Investment Interest, the Issuer or the IESO which is in the possession or under the control of the Issuer or the Manager, as the Purchaser may from time to time reasonably request, including any correspondence with a Rating

Agency; provided such documents shall be deemed to be delivered hereunder so long as the Purchaser is the Manager.

(c) The Issuer shall furnish to the Purchaser promptly after known to the Issuer or the Manager, information with respect to any action, suit or proceeding involving the Manager, the Issuer or the IESO or any of their respective Affiliates by or before any court or any Governmental Authority which, if adversely determined, would have an Adverse Effect; provided that the Purchaser shall be deemed to have knowledge of such actions, suits or proceedings so long as it is the Manager.

ARTICLE 7
ACCELERATION

7.1 Acceleration of Series 2017-1 Subordinated Principal Amount

If a Series 2017-1 Event of Default occurs and is continuing, then and in each and every such case, and without regard to whether all Issuer Funding Obligations have been declared due and payable immediately pursuant to Section 8.02(a) of the Trust Indenture, the Purchaser may by notice in writing to the Issuer and to the Indenture Trustee declare the Series 2017-1 Subordinated Principal Amount and all interest accrued and unpaid (if any) thereon to be due and payable immediately, and upon any such declaration the same will become and will be immediately due and payable, notwithstanding anything in this Supplemental Indenture or the Trust Indenture to the contrary.

ARTICLE 8
GENERAL

8.1 Successor and Assigns

(a) This Supplemental Indenture shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns except that (i) the Issuer may not assign or transfer any of its rights or obligations under this Supplemental Indenture without the prior written consent of the Purchaser and at least 10 Business Days' notice having been given to DBRS; and (ii) the Purchaser may, without the prior written consent of the Issuer but with prior notice to DBRS, assign or transfer any of its rights or obligations under this Supplemental Indenture to any of its wholly-owned affiliates (a "**Transferee**") pursuant to a transfer supplement, substantially in the form of Exhibit E (the "**Transfer Supplement**").

(b) The Issuer authorizes the Purchaser to disclose to any Transferee and any prospective Transferee any and all financial information in the Purchaser's possession concerning the Issuer, the Issuer Investment Interest and the Program Agreements which has been delivered to the Purchaser by the Issuer or the Manager.

(c) Notwithstanding any other provision of this Supplemental Indenture to the contrary, the Purchaser may at any time pledge or grant a security interest in all or any portion of its rights under its Series 2017-1 Subordinated Note and this Supplemental Indenture to secure obligations of the Purchaser to any Person, without notice to or consent of the Issuer; provided that no such pledge or grant of a security interest shall release the Purchaser from any of its obligations hereunder or substitute any such pledgee or grantee for the Purchaser as a party hereto.

8.2 Waiver

Without limiting the requirements of Section 11.02 of the Trust Indenture which shall be applicable to this Supplemental Indenture, no waiver of any provision of this Supplemental Indenture or consent to any departure by the Issuer from any provision of this Supplemental Indenture will be effective (in whole or in part) unless in writing and signed by the Purchaser. Such waiver will be effective only in the specific instance, for the specific purpose and for the specific length of time for which it is given by the Purchaser.

8.3 Notice

All notices, requests, instructions and demands to or upon any party hereto to be effective shall be given (a) in the case of the Issuer and the Indenture Trustee, in the manner set forth in Article 15 of the Trust Indenture; and (b) in the case of the Purchaser, in writing, and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when delivered by hand or three days after being deposited in the mail, postage prepaid, in the case of facsimile notice, when received, or in the case of overnight air courier, one Business Day after the date such notice is delivered to such overnight courier, addressed as follows; or to such other address as may be hereafter notified by the respective parties hereto:

Purchaser:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6

Attention: Vice President, Fair Hydro Plan
Fax: (416) 592-4189
Email: FHP@opg.com

8.4 No Waiver: Remedies

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

8.5 Entire Agreement

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

8.6 Governing Law and Attornment

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

8.7 Acknowledgment of Trust Indenture and No Proceedings

(a) The Purchaser hereby acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor under the Trust Indenture and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Trust Indenture including, without limitation, Section 7.12 (Payments To Be Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse), Article IX (Indenture Trustee) (including all limitations of liability thereunder), Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition).

(b) The Purchaser irrevocably authorizes and directs the Indenture Trustee on its behalf to take such action (including the execution and delivery of documents of subordination) as may be necessary or appropriate to further assure the priority arrangements provided for in Article VI, Article VII and Section 8.13 of the Trust Indenture, and appoints the Indenture Trustee as its agent for any and all such purposes.

(c) The Purchaser consents, requests and authorizes the Issuer and the Indenture Trustee to (i) add the Purchaser (or its agent) to the register of Specified Creditors described in Section 13.13 of the Trust Indenture and (ii) disseminate the notice details of the Purchaser to other Specified Creditors for the purposes set out in subsection 9.14(b) of the Trust Indenture.

8.8 Expenses

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

8.9 Further Assurances

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

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

8.10 Confidentiality

(a) The Purchaser covenants and agrees that any non-public information obtained by it pursuant to this Supplemental Indenture and the other Program Agreements shall be held in confidence except that the Purchaser may disclose such information (i) pursuant to the order of any court or administrative agency or in any pending legal or administrative proceeding (whether or not having the force or effect of law) provided that, unless prohibited by applicable law, the Purchaser shall provide prompt notice of such order to the affected party; (ii) upon the request or demand of any regulatory authority having or claiming jurisdiction over the Purchaser; (iii) as required by applicable law including, without limitation, all applicable securities laws; (iv) to the extent that such information becomes publicly available other than by reason of improper disclosure by the Purchaser; (v) to its affiliates, officers, directors, employees, legal counsel, independent auditors, accountants, advisors, investors, potential investors, commercial paper dealers, providers of surety, guaranty, credit or liquidity enhancement (including the directors, officers and accountants of such surety, guaranty, credit or liquidity enhancement provider), legal counsel of any of the foregoing and other experts or agents who need to know such information and are informed of the confidential nature of such information; (vi) for purposes of establishing a "due diligence" defense; (vii) which was available to the Purchaser on a non-confidential basis from a source other than the affected party, provided that such source was not to the knowledge of the Purchaser bound by a confidentiality agreement with the affected party; (viii) has been independently acquired or developed by the Purchaser without violating any of the Purchaser's obligations under this Supplemental Indenture; (ix) if such disclosure has been approved in writing in advance by the Issuer or the Manager; (x) regarding the existence of this Supplemental Indenture, but not the financial terms thereof; and (xi) to DBRS and Moody's and any other Rating Agencies.

(b) The Issuer covenants and agrees to hold in confidence, and not disclose to any Person, the terms of this Supplemental Indenture, except as the Purchaser may have consented to in writing prior to any proposed disclosure and except (i) it may also disclose such information (A) to its officers, directors, employees, legal counsel, independent auditors, accountants and other advisors who are directly involved in the consideration of this Supplemental Indenture (and then only on a confidential basis), (B) to the Manager and its officers, directors, employees, legal counsel, independent auditors, accountants and other advisors, (C) any ministry or agency of the Province of Ontario and, in each case, their respective employees, officials, agents and advisors, (D) as required by applicable law (including, without limitation, applicable securities law) or compulsory legal process, (E) as expressly permitted by the terms of the Program Agreements, and (F) to DBRS and Moody's and any other Rating Agencies; provided, that, in the case of clause (D), the Issuer will use all commercially reasonable efforts to maintain confidentiality and will (unless otherwise prohibited by law) notify the Purchaser of its intention to make any such disclosure prior to making such disclosure; and (ii) it may also disclose the existence (but not the financial terms) of this Supplemental Indenture, including to any actual or prospective purchaser of other Notes.

(c) The parties hereto acknowledge that a description of this Supplemental Indenture and the Series 2017-1 Subordinated Note will be included in the preliminary and final offering memoranda of the Issuer relating to the issue of other Notes from time to time.

(d) The confidentiality provisions set forth in this Section 8.10 shall expire on the second year anniversary of the date on which the Series 2017-1 Subordinated Notes have been paid in full.

8.11 Limitation of Liability of Issuer Trustee

Each party hereto other than the Issuer acknowledges that the Issuer is a trust, and that Computershare Trust Company of Canada is the Issuer Trustee. The other parties hereto agree that the Issuer Trustee will not be subject to any liability whatsoever to them, in tort, contract or otherwise, in connection with the Issuer's assets or the trust activities, for any action taken or permitted by it to be taken, or for its failure to take any action; provided that the foregoing limitation will not apply in respect of any action or failure to act arising from or in connection with wilful misconduct, negligence or reckless disregard of a duty by the Issuer Trustee. The Issuer Trustee in doing anything or permitting anything to be done in respect of assets or the trust activities is, and shall be conclusively deemed to be, acting as trustee of the Issuer and not in any other capacity. Except as to the extent provided in this Section 8.11, the Issuer Trustee will not be subject to any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Issuer, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the Issuer's assets or the trust activities and resort will be had solely to the Collateral for the payment or performance thereof. No property or assets of the Issuer Trustee, whether owned in its personal capacity or otherwise, will be subject to levy, execution or other enforcement procedure with regard to any obligation under this Supplemental Indenture. Nothing contained in this Section 8.11 shall be construed so as to limit the liability of the Issuer under this Supplemental Indenture. This Supplemental Indenture, and every deed, transfer, assignment, agreement or other instrument made pursuant hereto including, without limitation, the Series 2017-1 Subordinated Notes, made or purporting to be made by or creating an obligation of the Issuer or the Issuer Trustee on behalf of, or as trustee of, the Issuer shall be deemed and construed for all purposes as if made by the Issuer Trustee, in and only in its capacity as trustee of the Issuer. Any obligations of the Issuer Trustee hereunder or thereunder are non-recourse to the Issuer Trustee in its personal capacity.

8.12 Execution in Counterparts

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

8.13 Delivery of Executed Copies

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

[signature page follows]

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

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

By: _____
Name:
Title:

By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, as Indenture Trustee

By: _____
Name:
Title:

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., as Purchaser

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A

DEFINITIONS

"**Acceleration Event**" means either:

(a) all Issuer Funding Obligations are declared due and payable under Section 8.02 of the Trust Indenture, or

(b) the Series 2017-1 Subordinated Principal Amount and all interest accrued and unpaid thereon is declared to be due and payable under Section 7.1.

"**Administrative Agent**" is defined in the recitals to this Supplemental Indenture.

"**AEOI Legislation**" is defined in Section 3.9(a).

"**Applicable Margin**" means 0.10% per annum.

"**Authorized Officer**" means, with respect to: (a) the Issuer, any authorized director or officer of the Manager; (b) the Manager, any authorized director of officer of OPG; (c) the IESO, any authorized director or officer of the IESO; (d) the Issuer Trustee, any officer within the corporate trust office of such trustee (including the President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Treasurer or any other officer of the Issuer Trustee customarily performing functions similar to those performed by persons who at the time shall be such officers, respectively, and that has direct responsibility for the administration of the Issuer and also, with respect to a particular matter, any other officer to whom such matter is referred to because of such officer's knowledge and familiarity with the particular subject).

"**Base Rate**" means the weighted average interest rate applicable to the Series 2017-1 Senior Notes.

"**Closing Date**" is defined in Section 3.3(a).

"**Commitment Extension**" is defined in the Senior Series 2017-1 Supplemental Indenture.

"**Decrease**" is defined in Section 3.4.

"**Decrease Amount**" is defined in Section 3.4.

"**Excluded Taxes**" is defined in Section 3.9(a).

"**FATCA**" is defined in Section 3.9(a).

"**Increase**" is defined in Section 3.3(a).

"**Increase Amount**" is defined in Section 3.3(a).

"**Increase Date**" is defined in Section 3.3(a).

"**Increase Notice**" is defined in Section 3.3(a).

"**Indenture Trustee**" is defined in the recitals to this Supplemental Indenture.

"**Interest Period**" means each of the consecutive periods that begins on, and includes, each Payment Date and ends on and excludes, the following Payment Date; provided that the first Interest Period shall begin on the Closing Date and end on the Payment Date in January, 2018.

"**Issuer**" is defined in the recitals to this Supplemental Indenture.

"**Issuer Indemnified Person**" is defined in Section 3.8.

"**Issuer Trustee**" is defined in the recitals to this Supplemental Indenture.

"**Maximum Purchaser Group Principal Amount**" has the meaning specified in the Senior Series 2017-1 Supplemental Indenture.

"**Monthly Interest**" shall mean, for any Payment Date, the sum of (A) the sum for each day during such Interest Period of the product of (i) the Series 2017-1 Subordinated Principal Amount on such day; times (ii) the sum of the Base Rate for such day plus the Applicable Margin, divided by (iii) 365, and (B) the Monthly Interest Shortfall; provided that, for the purposes of determining the Monthly Interest in respect of an Interest Period prior to the end of the Interest Period, the Purchaser may estimate the interest for the remaining days in the Interest Period and provided further, if the actual interest for such days is less than the estimated interest, the Monthly Interest for the following Interest Period shall be reduced to adjust for such lower actual interest and if the actual interest for such days is higher than the estimated interest, the Monthly Interest for the following Interest Period shall be increased to adjust for such higher interest.

"**Monthly Interest Shortfall**" means, for any Payment Date, if the amount in clause (A) of the definition of Monthly Interest for the preceding Payment Date was greater than the amount distributed to the payment of such amounts pursuant to Section 3.6(c), an amount equal to the amount in clause (A) of the definition of Monthly Interest owing to the Purchaser which was unpaid on the preceding Payment Date plus interest on such unpaid amount for the period from the preceding Payment Date to the current Payment Date at a rate equal to the Prime Rate plus 1.00% per annum.

"**Monthly Other Amounts**" shall mean, for any Payment Date the sum of (a) any amounts payable to the Purchaser hereunder (other than Monthly Interest) including, without limitation, pursuant to Sections 3.8, 3.9, 3.10 and 8.8; plus (c) the Monthly Other Amounts Shortfall for such Payment Date.

"**Monthly Other Amounts Shortfall**" means, for any Payment Date, if the amount of the Monthly Other Amounts for the preceding Payment Date was greater than the amount distributed to the payment of such amounts pursuant to Section 3.6(c), an amount equal to the Monthly Other Amounts owing to the Purchaser which were unpaid on the preceding Payment Date plus interest on such unpaid amount for the period from the preceding Payment Date to the current Payment Date at a rate equal to the Prime Rate plus 1.00% per annum.

"**Prime Rate**" means the annual rate of interest announced by Royal Bank of Canada from time to time as being its reference rate for the determination of interest rates on Canadian dollar denominated commercial loans made by it and commonly referred to by Royal Bank of Canada as its "prime rate."

"**Principal Accumulation Date**" means the Payment Date occurring in the month of July, 2021, as such date may be modified pursuant to Section 3.5(c).

"**Principal Payment Amount**" means, in respect of the Series 2017-1 Subordinated Notes (unless modified pursuant to Section 3.5(c)):

(a) On any Payment Date occurring on or after the earlier of (i) the Payment Date occurring in October, 2021; and (ii) the occurrence of an Acceleration Event, the Series 2017-1 Subordinated Principal Amount.

(b) Unless clause (a) above is applicable, on the Payment Dates in the month of July, August, September and October of 2021, an amount equal the lesser of (x) the sum of (A) 25% of the Series 2017-1 Subordinated Principal Amount on the Business Day prior to the Principal Accumulation Date plus (B) the Decrease Amount of any Decrease occurring on such Payment Date, and (y) the Series 2017-1 Subordinated Principal Amount.

(c) Unless either of clauses (a) or (b) above is applicable, on any Payment Date that is not a Decrease Date, nil.

(d) Unless either of clauses (a) or (b) above is applicable, on any Payment Date that is a Decrease Date, the Decrease Amount of the Decrease occurring on such Payment Date.

"**Principal Payment Default Date**" means the Business Day that is two years after the Payment Date in respect of such Principal Payment Amount, as such date may be modified pursuant to Section 3.5(c).

"**Purchaser**" is defined in the recitals to this Supplemental Indenture.

"**Recipient**" is defined in Section 3.9(a).

"**Refinancing Increase**" is defined in Section 3.3(a).

"**Regulatory Change**" shall mean (i) the adoption after the date hereof of any applicable law, rule or regulation (including any applicable law, rule or regulation regarding capital adequacy, deposits, reserves or liquidity coverage) or any change therein after the date hereof, (ii) any change after the date hereof in the interpretation, administration, scope or timing of implementation thereof by any governmental authority, central bank, self-regulating professional body or comparable agency or authority charged with the interpretation or administration thereof, or compliance with any guidance, request or directive (whether or not having the force of law) of any such authority, central bank, self-regulating professional body or comparable agency or authority; provided that for purposes of this definition, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder, issued in connection therewith or in implementation thereof, and (y) all requests, rules, guidelines and directives (whether or not

having the force of law) promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or Canadian or United States or other foreign regulatory authorities, shall in each case be deemed to be a "Regulatory Change", regardless of the date enacted, adopted, issued or implemented.

"**Senior Series 2017-1 Supplemental Indenture**" is defined in the recitals to this Supplemental Indenture.

"**Series 2017-1 Event of Default**" means any one of the following events occurs at any time that the Subordinated Funding Obligations constitute the Controlling Class Obligations (whatever the reason for such Series 2017-1 Event of Default and whether it will be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any Governmental Authority):

(a) a default by the Issuer in the payment of any interest on any Series 2017-1 Subordinated Notes when such interest becomes due and payable, and continuance of such default for a period of five days following the date on which such interest became due and payable;

(b) a default by the Issuer in the payment of any principal of any Series 2017-1 Subordinated Notes at its Principal Payment Default Date;

(c) any representation or warranty contained in Section 5.1 of this Supplemental Indenture or Section 12.01 of the Trust Indenture proves to be incorrect in any material respect when made and such incorrect representation or warranty if capable of being remedied by the Issuer, has not been remedied for a period of 30 days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by the Purchaser, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default" hereunder and, as a result of such default, the interests of the Purchaser is materially and adversely affected and continue to be materially and adversely affected during the 30-day period;

(d) a default in the performance, or breach, of any covenant of the Issuer in the Trust Indenture or this Supplemental Indenture in respect of any Series 2017-1 Subordinated Notes (other than an agreement, covenant or warranty a default in the performance of which or the breach of which is elsewhere specifically dealt with in this definition of Series 2017-1 Event of Default), and continuance of such default or breach for a period of 30 days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by the Purchaser, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default" hereunder and, as a result of such default, the interests of the Purchaser is materially and adversely affected and continue to be materially and adversely affected during the 30-day period;

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

(f) a Suspension Notice is issued by the Province.

"**Series 2017-1 Initial Senior Principal Amount**" means the "Series 2017-1 Initial Principal Amount" as defined in the Senior Series 2017-1 Supplemental Indenture.

"**Series 2017-1 Initial Subordinated Principal Amount**" means an amount equal to seventy-eight percent (78%) of the Series 2017-1 Initial Senior Principal Amount.

"**Series 2017-1 Maximum Senior Principal Amount**" means the "Series 2017-1 Maximum Principal Amount" as defined in the Senior Series 2017-1 Supplemental Indenture.

"**Series 2017-1 Maximum Subordinated Principal Amount**" means an amount equal to seventy-eight percent (78%) of the Series 2017-1 Maximum Senior Principal Amount.

"**Series 2017-1 Senior Decrease**" means, with respect to a Business Day, the sum of all amounts of Decreases (as defined in the Senior Series 2017-1 Supplemental Indenture) on such Business Day.

"**Series 2017-1 Senior Increase**" means, with respect to a Business Day, the sum of all amounts of Increases (as defined in the Senior Series 2017-1 Supplemental Indenture) on such Business Day.

"**Series 2017-1 Senior Notes**" is defined in the recitals to this Supplemental Indenture.

"**Series 2017-1 Subordinated Note**" means any one of the Floating Rate Variable Funding Subordinated Notes, Series 2017-1, executed by the Issuer and authenticated and delivered by or on behalf of the Indenture Trustee, substantially in the form of Exhibit B.

"**Series 2017-1 Subordinated Principal Amount**" means (a) when used with respect to the Closing Date, the Series 2017-1 Initial Subordinated Principal Amount; and (b) when used with respect to any other date, an amount equal to (i) the Series 2017-1 Subordinated Principal Amount on the immediately preceding Business Day; plus (ii) the Increase Amount on such date; minus (iii) the Decrease Amount on such date; minus (iv) the amount of principal payments made to the Purchaser pursuant to Section 3.7 on such date.

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

"**Support Facility**" shall mean any liquidity or credit support agreement with the Purchaser which relates to, or is otherwise available to the Purchaser in relation to its funding activities under, this Supplemental Indenture.

"**Suspension Notice**" has the meaning specified in the Change of Law Protection Agreement.

"**Termination Event**" means any Acceleration Event or Series 2017-1 Event of Default or any event which with the giving of notice or the passage of time, or both, could become an Acceleration Event or a Series 2017-1 Event of Default.

"**Transfer Increase**" is defined in Section 3.3(a).

"**Transfer Supplement**" is defined in Section 8.1(a).

"**Transferee**" is defined in Section 8.1(b).

"**Trust Indenture**" means the trust indenture dated as of December **[21]**, 2017 between the Issuer and the Indenture Trustee.

SCHEDULE B

[FORM OF NOTE]

FLOATING RATE VARIABLE FUNDING SUBORDINATED NOTE, SERIES 2017-1

REGISTERED	INITIAL DOLLAR PRINCIPAL AMOUNT
No. R-[●]	$[●]

FAIR HYDRO TRUST

FLOATING RATE VARIABLE FUNDING SUBORDINATED NOTE, SERIES 2017-1

Fair Hydro Trust (herein referred to as the "**Issuer**"), a trust governed by the laws of Ontario and established under a Declaration of Trust dated as of December [21], 2017 for value received, hereby promises to pay to Ontario Power Generation Inc., or registered assigns, subject to the following provisions, a principal sum of $●, or, if less, the aggregate unpaid principal amount shown on the schedule attached hereto (and any continuation thereof), which amount shall be payable in the amounts and at the times set forth in the Base Indenture and the Supplemental; provided, that, the entire unpaid amount of any Principal Payment Amount payable with respect to this Series 2017-1 Subordinated Note shall be due on the related Principal Payment Default Date. The Issuer will pay interest on this Series 2017-1 Subordinated Note in accordance with Section 3.6 of the Supplemental on each Payment Date until the principal of this Series 2017-1 Subordinated Note is paid or made available for payment, to the extent funds are available in accordance with the terms of the Supplemental. Pursuant to Sections 3.3 and 3.4 of the Supplemental, the principal amount of this Series 2017-1 Subordinated Note shall be subject to Increases and Decreases on any Business Day on or after the date hereof. This Series 2017-1 Subordinated Note is subject to mandatory prepayment, to the extent funds have been allocated to the Principal Accumulation Account and are available therefor, in accordance with Sections 3.4 and Section 3.7 of the Supplemental. Beginning on the first Payment Date following the occurrence of a Series 2017-1 Event of Default or an Event of Default (collectively, a "**Default Event**"), subject to cure in accordance with the Base Indenture or the Supplemental, as applicable, the principal of this Series 2017-1 Subordinated Note shall be paid in installments on each subsequent Principal Payment Date to the extent of funds available for payment therefor pursuant to the Trust Indenture. Such principal of and interest on this Series 2017-1 Subordinated Note shall be paid in the manner specified on the reverse hereof.

The principal of and interest on this Series 2017-1 Subordinated Note are payable in Canadian Dollars. Payments made by the Issuer with respect to this Series 2017-1 Subordinated Note shall be applied in accordance with the payment priorities in Section 7.04(e) and 8.13 of the Base Indenture, as applicable.

Reference is made to the further provisions of this Series 2017-1 Subordinated Note set forth on the reverse hereof, which shall have the same effect as though fully set forth on the face of this Series 2017-1 Subordinated Note. Although a summary of certain provisions of the Trust

Indenture is set forth below and on the reverse hereof and made a part hereof, this Series 2017-1 Subordinated Note does not purport to summarize the Trust Indenture and reference is made to the Trust Indenture for information with respect to the interests, rights, benefits, obligations, proceeds and duties evidenced hereby and the rights, duties and obligations of the Issuer and the Indenture Trustee. A copy of the Trust Indenture may be requested from the Indenture Trustee by writing to the Indenture Trustee at: BNY Trust Company of Canada, One York Street, 6th Floor, Toronto, Ontario M5J 0B6, Attention: Corporate Trust Administration.

Unless the certificate of authentication hereon has been executed by or on behalf of the Indenture Trustee, by manual signature, this Series 2017-1 Subordinated Note shall not be entitled to any benefit under the Trust Indenture referred to on the reverse hereof, or be valid for any purpose.

IN WITNESS WHEREOF, the Issuer has caused this Series 2017-1 Subordinated Note to be duly executed.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of FAIR HYDRO TRUST, as Issuer

By: **ONTARIO POWER GENERATION INC., not in its individual capacity but solely as Manager**

By: _____
Name:
Title:

By: _____
Name:
Title:

Dated: December [21], 2017

INDENTURE TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Series 2017-1 Subordinated Notes described in the within-mentioned Trust Indenture.

BNY TRUST COMPANY OF CANADA, as Indenture Trustee

By: _____
Authorized Signatory

By: _____
Authorized Signatory

FAIR HYDRO TRUST

SERIES 2017-1 SERIES 2017-1 FLOATING RATE ASSET BACKED NOTE

Summary of Terms and Conditions

This Series 2017-1 Subordinated Note is one of a duly authorized issue of Subordinated Notes of the Issuer, designated as the Floating Rate Variable Funding Subordinated Note, Series 2017-1 (the "**Series 2017-1 Subordinated Notes**"), issued under an Trust Indenture, dated as of December [21], 2017 (as may be amended, supplemented, restated, replaced or otherwise modified from time to time, the "**Base Indenture**"), between the Issuer and BNY Trust Company of Canada, as indenture trustee (the "**Indenture Trustee,**" which term includes any successor Indenture Trustee under the Base Indenture), as supplemented by the Warehouse Subordinated Series 2017-Indenture Supplement, dated as of December [21], 2017 (the "**Supplemental**"), and representing the right to receive certain payments from the Issuer. The term "**Trust Indenture,**" unless the context otherwise requires, refers to the Base Indenture as supplemented by the Supplemental. Except as set forth in the Supplemental, the Series 2017-1 Subordinated Note is subject to all of the terms of the Trust Indenture. All terms used in this Series 2017-1 Subordinated Note that are defined in the Supplemental shall have the meanings assigned to them in or pursuant to the Supplemental.

The Series 2017-1 Subordinated Note is and will be equally and ratably secured by the Collateral pledged as security therefor as provided in the Trust Indenture.

"**Payment Date**" means the 15th day of each calendar month, or, if any such date is not a Business Day, the next succeeding Business Day, commencing January 15, 2018.

As described above, the entire unpaid amount of any Principal Payment Amount payable with respect to this Series 2017-1 Subordinated Note shall be due and payable on the related Principal Payment Default Date, in accordance with Section 3.7 of the Supplemental. Notwithstanding the foregoing, if a Default Event with respect to the Series 2017-1 Subordinated Notes shall have occurred and be continuing then, in certain circumstances, principal of the Series 2017-1 Subordinated Note may be paid earlier, as described in the Trust Indenture. All principal payments of the Series 2017-1 Subordinated Note shall be made to Ontario Power Generation Inc.

Payments of interest on this Series 2017-1 Subordinated Note are due and payable on each Payment Date or such other date as may be specified in the Supplemental, together with the installment of principal then due, if any, and any payments of principal made on any Business Day in respect of any Decreases, to the extent not in full payment of this Series 2017-1 Subordinated Note, shall be made by wire transfer to the holder of record of this Series 2017-1 Subordinated Note (or one or more predecessor Series 2017-1 Subordinated Notes) on the Note Register as of the close of business on each Record Date. Any reduction in the principal amount of this Series 2017-1 Subordinated Note (or one or more predecessor Series 2017-1 Subordinated Notes) effected by any payments made on any Payment Date shall be binding upon all future holders of this Series 2017-1 Subordinated Note and of any Series 2017-1 Subordinated Note issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof, whether or not noted thereon.

The Issuer shall pay interest on Monthly Interest Shortfalls at the rate specified in the definition thereof, to the extent lawful.

Subject to the terms of the Trust Indenture, the holder of any Series 2017-1 Subordinated Note may transfer the same in whole or in part, in an amount equivalent to an authorized denomination, by surrendering such Series 2017-1 Subordinated Note at the office maintained by the Note Registrar for such purpose pursuant to Section 4.05(c) of the Base Indenture, with the form of transfer endorsed on it duly completed and executed by, or accompanied by a written instrument of transfer in form satisfactory to the Issuer and the Note Registrar by, the holder thereof. In exchange for any Series 2017-1 Subordinated Note properly presented for transfer, the Issuer shall execute and promptly authenticate and deliver or cause to be authenticated and delivered in compliance with applicable law, to the transferee at such office, or send by mail (at the risk of the transferee) to such address as the transferee may request, Series 2017-1 Subordinated Notes for the same aggregate principal amount as was transferred. In the case of the transfer of any Series 2017-1 Subordinated Note in part, the Issuer shall execute and promptly authenticate and deliver or cause to be authenticated and delivered to the transferor at such office, or send by mail (at the risk of the transferor) to such address as the transferor may request, Series 2017-1 Subordinated Note for the aggregate principal amount that was not transferred. No transfer of any Series 2017-1 Subordinated Note shall be made unless the request for such transfer is made by the holder of a Series 2017-1 Subordinated Note at such office. Upon the issuance of transferred Series 2017-1 Subordinated Notes, the Indenture Trustee shall recognize the holders of such Series 2017-1 Subordinated Note as a Noteholder of Series 2017-1 Subordinated Notes.

Ontario Power Generation Inc., by acceptance of this Series 2017-1 Subordinated Note, hereby acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor under the Base Indenture and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Base Indenture including, without limitation, Section 7.12 (Payments To Be Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse), Article IX (Indenture Trustee) (including all limitations of liability thereunder), Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition).

Prior to the due presentment for registration of transfer of this Series 2017-1 Subordinated Note, the Issuer, the Indenture Trustee and any agent of the Issuer or the Indenture Trustee may treat the Person in whose name this Series 2017-1 Subordinated Note (as of the day of determination or as of such other date as may be specified in the Trust Indenture) is registered as the owner hereof for all purposes, whether or not this Series 2017-1 Subordinated Note shall be overdue, and neither the Issuer, the Indenture Trustee nor any such agent shall be affected by notice to the contrary.

The Trust Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the rights of the holder of the Series 2017-1 Subordinated Notes under the Trust Indenture at any time by the Issuer with the consent of the applicable Person(s) specified therein. The Trust Indenture also contains provisions permitting the applicable Person(s) specified therein to waive compliance by the Issuer with certain provisions of the Trust Indenture and certain past defaults under the Trust Indenture

and their consequences with respect to the Series 2017-1 Subordinated Notes. Any such consent or waiver by such Person(s) shall be conclusive and binding upon Ontario Power Generation Inc. and upon all future holders of this Series 2017-1 Subordinated Note and of any Series 2017-1 Subordinated Notes issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof whether or not notation of such consent or waiver is made upon this Series 2017-1 Subordinated Note. The Trust Indenture also permits the Issuer and the Indenture Trustee to amend or waive certain terms and conditions set forth in the Trust Indenture without the consent of any other Person.

The term "the Issuer" as used in this Series 2017-1 Subordinated Note includes any successor to the Issuer under the Trust Indenture.

The Series 2017-1 Subordinated Note is issuable only in registered form in denominations as provided in the Trust Indenture, subject to certain limitations set forth therein.

This Series 2017-1 Subordinated Note and the Trust Indenture, and all matters arising out of or relating to this Series 2017-1 Subordinated Note or Trust Indenture, shall be governed by, and construed and interpreted in accordance with, the laws of the Province of Ontario and the federal laws applicable therein, and the obligations, rights and remedies of the parties hereto shall be determined in accordance with such laws.

No reference herein to the Trust Indenture and no provision of this Series 2017-1 Subordinated Note or of the Trust Indenture shall alter or impair the obligation of the Issuer, which is absolute and unconditional, to pay the principal of and interest on this Series 2017-1 Subordinated Note at the times, place and rate, and in the coin or currency herein prescribed, subject to any duty of the Issuer to deduct or withhold any amounts as required by law, including any applicable taxes.

INCREASES AND DECREASES

Date	Unpaid Principal Amount	Increase	Decrease	Total	Notation Made By

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

_____
(name and address of assignee)

the within certificate and all rights thereunder, and hereby irrevocably constitutes and appoints, _____, attorney, to transfer said certificate on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____ _____[1]
Signature Guaranteed:

REGISTRATION PANEL

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

Date of Registration	In Whose Name Registered	Signature of Note Registrar
●, 201●	●	

[1] NOTE: The signature to this assignment must correspond with the name of the registered owner as it appears on the face of the within Note in every particular, without alteration, enlargement or any change whatsoever.

SCHEDULE C

FORM OF INCREASE NOTICE

●

SCHEDULE D

FORM OF DECREASE NOTICE

●

SCHEDULE E

FORM OF TRANSFER SUPPLEMENT

WAREHOUSE

JUNIOR SUBORDINATED SERIES 2017-1

SUPPLEMENTAL INDENTURE

between

FAIR HYDRO TRUST

by

COMPUTERSHARE TRUST COMPANY OF CANADA
as Issuer Trustee

and

BNY TRUST COMPANY OF CANADA
as Indenture Trustee

and

ONTARIO POWER GENERATION INC.
as Purchaser

Made as of December [21], 2017

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FLOATING RATE VARIABLE FUNDING, SERIES 2017-1 JUNIOR SUBORDINATED NOTES

SUPPLEMENTAL INDENTURE made as of December [21], 2017, between **Computershare Trust Company of Canada**, a trust company established under the laws of Canada (the "**Issuer Trustee**"), in its capacity as trustee of **Fair Hydro Trust**, a trust existing under the laws of the Province of Ontario (in such capacity, the "**Issuer**"), **BNY Trust Company of Canada**, a trust company established under the laws of Canada (the "**Indenture Trustee**"), and Ontario Power Generation Inc., in its capacity as the purchaser (the "**Purchaser**");

WHEREAS pursuant to the Trust Indenture, provision was made for the issuance of Notes from time to time;

AND WHEREAS pursuant to the Trust Indenture, Notes may be issued in one or more Series by the execution and delivery of a Supplemental Indenture;

AND WHEREAS pursuant to a Supplemental Indenture dated the date hereof between the Issuer Trustee, in its capacity as trustee of the Issuer, the Indenture Trustee, Royal Bank of Canada, in its capacity as the administrative agent for certain purchaser groups (the "**Administrative Agent**"), certain non-conduit purchasers from time to time party thereto, certain commercial paper conduit purchasers from time to time party thereto, and certain funding agents from time to time party thereto (the "**Senior Series 2017-1 Supplemental Indenture**"), the Issuer issued floating rate variable funding Series 2017-1 Senior Notes (the "**Series 2017-1 Senior Notes**");

AND WHEREAS the parties hereto are entering into this Supplemental Indenture to provide for the creation and issuance of the Series 2017-1 Junior Subordinated Notes;

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

ARTICLE 1
INTERPRETATION

1.1 Definitions

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

(b) Except as otherwise expressly provided or unless the context otherwise requires, all terms used herein which are defined in the Trust Indenture, either directly or by reference therein, have the meanings assigned to them in the Trust Indenture.

1.2 Interpretation

Subject to the next following sentences, this Supplemental Indenture is supplemental to the Trust Indenture and the Trust Indenture shall be read in conjunction with this Supplemental Indenture and all of the provisions of the Trust Indenture shall apply to and shall have effect in connection

with this Supplemental Indenture in the same manner as if all of the provisions of the Trust Indenture and of this Supplemental Indenture were contained in one instrument. This Supplemental Indenture shall, unless the context otherwise requires, be subject to the interpretative provisions contained in Article 1 of the Trust Indenture. If any terms of the Trust Indenture are inconsistent with the express terms or provisions hereof, the terms and provisions of the Trust Indenture shall be, solely in respect of the Series 2017-1 Junior Subordinated Notes, amended and supplemented so as to be consistent herewith. The provisions of this Supplemental Indenture are applicable only in respect of the Series 2017-1 Junior Subordinated Notes and not the Notes of any other Series.

1.3 Application of this Supplemental Indenture

With respect to the Series 2017-1 Junior Subordinated Notes only, the terms of the Trust Indenture are amended, supplemented, modified, restated and replaced to the extent applicable by the terms of this Supplemental Indenture in respect of the Series 2017-1 Junior Subordinated Notes in accordance with Section 1.2 above.

ARTICLE 2
PRINCIPAL TERMS

2.1 Creation of Series 2017-1 Junior Subordinated Notes

There is hereby created a Series of Notes to be issued pursuant to the Trust Indenture and this Supplemental Indenture designated as the "**Floating Rate Variable Funding Junior Subordinated Notes, Series 2017-1**."

2.2 Principal Terms

In addition to and without limiting any of the provisions of this Supplemental Indenture, the Series 2017-1 Junior Subordinated Notes:

(a) will be designated as set out in Section 2.1;

(b) will be Junior Subordinated Notes;

(c) will have a Stated Principal Amount equal to the Series 2017-1 Maximum Junior Subordinated Principal Amount;

(d) will not be issued in Tranches;

(e) will be denominated in Canadian dollars;

(f) will not be listed on any securities exchange;

(g) will have an Initial Dollar Principal Amount equal to the Series 2017-1 Initial Junior Subordinated Principal Amount;

(h) will be issued as definitive notes and will not be in the form of a Global Note;

(i) will be issued as Registered Notes and will be without coupons;

(j) will be substantially in the form of Schedule B, with such appropriate insertions, omissions, substitutions and variations as may be approved by the Issuer;

(k) will have each Payment Date on and after the Payment Date in February, 2018 as an Interest Payment Date;

(l) will have Principal Payment Dates as determined under Section 3.7;

(m) will have Principal Payment Default Dates as defined herein; and

(n) will have no minimum issue amount.

ARTICLE 3
NOTE PURCHASE FACILITY

3.1 Purchase of Notes by the Purchaser

(a) ***Initial Purchase***. Subject to the terms and conditions of this Supplemental Indenture, including delivery of notice in accordance with Section 3.3, the Purchaser shall purchase a Series 2017-1 Junior Subordinated Note in an amount equal to the Series 2017-1 Initial Junior Subordinated Principal Amount on the Closing Date. Payments by the Purchaser for such purchase shall be made in immediately available funds on the Closing Date in accordance with Section 3.3(c).

(b) ***Series 2017-1 Maximum Junior Subordinated Principal Amount***. Notwithstanding anything to the contrary contained in this Supplemental Indenture, at no time shall the Purchaser be required to purchase Series 2017-1 Junior Subordinated Notes in an amount that exceeds the Series 2017-1 Maximum Junior Subordinated Principal Amount.

3.2 Delivery

(a) On the Closing Date, Series 2017-1 Junior Subordinated Notes shall be executed, authenticated and delivered by the Issuer in accordance with Section 4.03 of the Trust Indenture in the name of the Purchaser in an amount equal to the Series 2017-1 Maximum Junior Subordinated Principal Amount. On each Increase Date, Series 2017-1 Junior Subordinated Notes shall be executed, authenticated and delivered by the Issuer in accordance with Section 4.03 of the Trust Indenture in the name of the Purchaser in an amount equal to the Increase Amount.

(b) The Purchaser shall maintain a record of the actual Series 2017-1 Junior Subordinated Principal Amount outstanding on any date of determination, which, absent manifest error, shall constitute prima facie evidence of the outstanding Series 2017-1 Junior Subordinated Principal Amount from time to time.

3.3 Procedure for Initial Issuance and for Increasing the Series 2017-1 Junior Subordinated Principal Amount

(a) (i) On any Business Day prior to December [21], 2017, concurrent with the initial purchase of the Series 2017-1 Senior Notes under the Senior Series 2017-1 Supplemental Indenture, the

Issuer shall request that the Purchaser purchase, and the Purchaser shall purchase, a Series 2017-1 Junior Subordinated Note for an initial purchase price equal to the Series 2017-1 Initial Junior Subordinated Principal Amount (the date on which the initial purchase occurs being referred to as the "**Closing Date**") by giving the Purchaser (with a copy to the Indenture Trustee) irrevocable written notice (effective upon receipt), by email communication, substantially in the form of Schedule C no later than 12:00 p.m. (Toronto time) on the second Business Day prior to the Closing Date. The written notice of the initial purchase of the Series 2017-1 Junior Subordinated Notes shall (x) state the Closing Date, (y) state the Series 2017-1 Initial Junior Subordinated Principal Amount, and (z) attach a copy of the irrevocable written notice delivered to the Administrative Agent pursuant to Section 3.3(a) of the Senior Series 2017-1 Supplemental Indenture in connection with the concurrent initial purchase of the Series 2017-1 Senior Notes thereunder; and (ii) on any Business Day after the initial purchase of the Series 2017-1 Junior Subordinated Notes hereunder, the Issuer and the Purchaser hereby agree that the Series 2017-1 Junior Subordinated Principal Amount will be increased by an amount (an "**Increase**") such that following such Increase the Outstanding Dollar Principal Amount of the Series 2017-1 Junior Subordinated Notes will be equal to or greater than twenty percent (20%) of the Outstanding Dollar Principal Amount of the Series 2017-1 Senior Notes on such Business Day (each date on which an increase in the Series 2017-1 Junior Subordinated Principal Amount occurs hereunder being herein referred to as the "**Increase Date**" applicable to such Increase) by the Issuer providing the Purchaser (with a copy to the Indenture Trustee) irrevocable written notice (effective upon receipt), by email communication, substantially in the form of Schedule C (an "**Increase Notice**") no later than 12:00 p.m. (Toronto time) on the third Business Day prior to such Increase Date. Each Increase Notice shall (w) state the Increase Date, (x) state the amount of the increase in the Series 2017-1 Junior Subordinated Principal Amount (an "**Increase Amount**"), (y) state whether the Increase is to fund a Transfer (a "**Transfer Increase**") or is in respect of a Refinancing (a "**Refinancing Increase**"), and (z) attach a copy of the irrevocable written increase notice delivered to the Administrative Agent pursuant to Section 3.3(a) of the Senior Series 2017-1 Supplemental Indenture in connection with the applicable Series 2017-1 Senior Increase proposed to be made thereunder.

(b) The Purchaser shall not be required to increase the Series 2017-1 Junior Subordinated Principal Amount on any Increase Date hereunder if after giving effect to such Increase Amount, the Series 2017-1 Maximum Junior Subordinated Principal Amount will be exceeded.

(c) The Issuer shall apply amounts paid to it pursuant to Section 3.3(a) by application to payment of the purchase price payable by the Issuer to the IESO under the Master Transfer and Servicing Agreement in respect of a Transfer or by deposit to the Refinancing Account.

3.4 Procedure for Decreasing the Series 2017-1 Junior Subordinated Principal Amount

On any Business Day after the initial purchase of the Series 2017-1 Junior Subordinated Notes hereunder, the Issuer and the Purchaser hereby agree that the Series 2017-1 Junior Subordinated Principal Amount may be decreased by an amount (a "**Decrease**") such that following such decrease the Outstanding Dollar Principal Amount of the Series 2017-1 Junior Subordinated Notes will not be less than twenty percent (20%) of the Outstanding Dollar Principal Amount of the Series 2017-1 Senior Notes. Each Payment Date on which a Decrease in the Series 2017-1 Junior Subordinated Principal Amount occurs hereunder being herein referred to as the "**Decrease Date**"

applicable to such Decrease; and the Issuer shall provide to the Purchaser (with a copy to the Indenture Trustee) irrevocable written notice (effective upon receipt), by email communication, substantially in the form of Schedule D (a "**Decrease Notice**") no later than 12:00 p.m. (Toronto time) on the fifth Business Day prior to any Payment Date that is a Decrease Date. Each Decrease Notice shall (x) state the Decrease Date, (y) state the amount of the decrease in the Series 2017-1 Junior Subordinated Principal Amount (a "**Decrease Amount**"), and (z) attach a copy of the irrevocable written decrease notice delivered to the Administrative Agent pursuant to Section 3.4 of the Senior Series 2017-1 Supplemental Indenture in connection with the applicable Series 2017-1 Senior Decrease proposed to be made thereunder. Upon receipt of any notice required by this Section 3.4 from the Issuer, the Purchaser shall forward (by email communication) a copy of such notice to DBRS on the Business Day received.

3.5 Increases and Reductions of the 2017-1 Maximum Junior Subordinated Principal Amount

(a) If one or more Maximum Purchaser Group Principal Amounts are increased pursuant to Section 3.5(a) of the Senior Series 2017-1 Supplemental Indenture, the Series 2017-1 Maximum Junior Subordinated Principal Amount shall be automatically increased by an amount equal to twenty percent (20%) of the Outstanding Dollar Principal Amount of the Maximum Purchaser Group Principal Amounts.

(b) If the Series 2017-1 Maximum Senior Principal Amount is reduced pursuant to Section 3.5(b) of the Senior Series 2017-1 Supplemental Indenture, the Series 2017-1 Maximum Junior Subordinated Principal Amount shall be automatically decreased to an amount equal to twenty percent (20%) of such aggregate decrease to the Series 2017-1 Maximum Senior Principal Amount pursuant to Section 3.5(b) of the Senior Series 2017-1 Supplemental Indenture.

(c) If a Commitment Extension has occurred with respect to the Series 2017-1 Senior Notes, the Principal Accumulation Date, Principal Payment Amount and Principal Payment Default Date shall be amended to the "Principal Accumulation Date", "Principal Payment Amount" and "Principal Payment Default Date" set out in the request related to such Commitment Extension, as applicable.

3.6 Interest; Other Amounts

(a) Interest shall be payable on the Series 2017-1 Junior Subordinated Notes on each Payment Date.

(b) The Purchaser shall provide written notice to the Issuer and the Paying Agent no later than five (5) Business Days prior to each Payment Date, setting forth the Monthly Interest and the Monthly Other Amounts with respect to the Payment Date.

(c) The Monthly Interest shall be included in each calculation of the Interest Accrual Amount (Junior Subordinated) for the purposes of Section 7.04(e)(v) of the Trust Indenture and shall be payable pursuant to Sections 7.05(c), 7.06(a), 7.07, 7.10(b) or 8.13(e) of the Trust Indenture, as applicable. On each Payment Date, the Monthly Other Amounts shall be payable in respect of the Series 2017-1 Junior Subordinated Notes pursuant to Sections 7.04(e)(xvi), 7.10(b) or 8.13(e) of the Trust Indenture, as applicable. On each Payment Date, the Paying Agent shall, subject to

availability of funds, pay to the Purchaser the Monthly Other Amounts with respect to the Payment Date.

3.7 Repayment of Principal

Each Payment Date where the Principal Payment Amount is not nil shall be a Principal Payment Date in respect of the Series 2017-1 Junior Subordinated Notes. On each Principal Payment Date in respect of the Series 2017-1 Junior Subordinated Notes, the Paying Agent shall pay to the Purchaser the Principal Payment Amount for such Principal Payment Date out of funds allocated to the Series 2017-1 Junior Subordinated Notes pursuant to Sections 7.04(e)(xii), 7.06(b)(iv), 7.08(b)(iv), 7.10(b) or 8.13(j) of the Trust Indenture, as applicable, in repayment of the principal amount of the Series 2017-1 Junior Subordinated Notes.

3.8 Indemnification by the Issuer

The Issuer agrees to indemnify and hold harmless the Indenture Trustee and the Purchaser and each of their respective officers, directors, agents and employees (each, an "**Issuer Indemnified Person**") from and against any loss, liability, expense, damage or injury suffered or sustained by such Issuer Indemnified Person by reason of (a) any acts, omissions or alleged acts or omissions arising out of, or relating to, activities of the Issuer pursuant to the Program Agreements to which it is a party; (b) a breach of any representation or warranty made or deemed made by the Issuer (or any of its officers) in any Program Agreement; or (c) a failure by the Issuer to comply with any applicable law or regulation or to perform its covenants, agreements, duties or obligations required to be performed or observed by it in accordance with the provisions of the Program Agreements, including, but not limited to, any judgment, award, settlement, reasonable attorneys' fees and other reasonable costs or expenses incurred in connection with the defense of any actual or threatened action, proceeding or claim, except to the extent such loss, liability, expense, damage or injury resulted from the gross negligence, bad faith or willful misconduct of such Issuer Indemnified Person or its officers, directors, agents, principals, employees or employers as determined by a court of competent jurisdiction in a final non-appealable judgement or includes any Excluded Taxes; provided that any payments made by the Issuer pursuant to this Section 3.8 shall be made solely from funds available pursuant to Section 7.04 or 8.13 of the Trust Indenture, as applicable, shall be non-recourse other than with respect to such funds, and shall not constitute a claim against the Issuer to the extent that such funds are insufficient to make such payment.

3.9 Taxes

(a) All payments by or on account of any obligation of the Issuer hereunder shall, to the extent allowed by law, be made free and clear of, and without deduction or withholding for or on account of Taxes, excluding (i) income taxes (including branch profit taxes, minimum taxes and taxes computed under alternative methods, at least one of which is based on or measured by net income), franchise taxes (imposed in lieu of income taxes), or any other Taxes based on or measured by the net income of any person legally entitled to receive such payments (each a "**Recipient**") as a result of a present or former connection between the Recipient and the jurisdiction of the Governmental Authority imposing such Taxes (other than any such connection arising solely from the Recipient having executed, delivered or performed its obligations or received a payment under, disposed of, or enforced, this Supplemental Indenture); (ii) any withholding or deduction imposed pursuant to

(A) Sections 1471 to 1474 of the Internal Revenue Code ("**FATCA**"), or any successor version thereof, or any similar legislation imposed by any other Governmental Authority, or (B) any treaty, law or regulation or other official guidance enacted by Canada implementing FATCA or any intergovernmental agreement with respect to FATCA or any similar legislation imposed by any other Governmental Authority, including, for greater certainty, the *Canada-United States Enhanced Tax Information Exchange Agreement Implementation Act* (Canada) and Parts XVIII and XIX of the Income Tax Act (collectively, and including FATCA, the "**AEOI Legislation**"); and (iii) any interest, penalties and additions to Taxes in respect of (i) and (ii) (all such excluded Taxes being hereinafter called "**Excluded Taxes**"). If any Taxes, other than Excluded Taxes, are required to be withheld from any amounts payable to a Recipient hereunder, the amounts so payable to the Recipient shall be increased, and the Recipient shall be entitled to be paid by the Issuer the amount of such increase to the extent necessary to yield to the Recipient (after payment of all such Taxes other than Excluded Taxes) interest or any such other amounts payable hereunder or thereunder at the rates or in the amounts specified hereunder. Where the amount payable by the Issuer is increased in accordance with the previous sentence, the Monthly Interest shall be increased by the amount of such increase. Whenever any Taxes are payable on or with respect to amounts distributed to a Recipient, as promptly as possible thereafter the Issuer shall send to such Recipient a certified copy of an original official receipt showing payment thereof.

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

(c) If a Recipient is legally entitled to receive a refund of any Taxes (other than Excluded Taxes) as to which it has been indemnified or with respect to which additional amounts have been paid to it hereunder or it is legally entitled to receive a credit or deduction with respect to such Taxes or with respect to such additional amounts that have been paid hereunder (in each case pursuant to Section 3.9(a)), it shall use commercially reasonable efforts to obtain or claim such refund, credit or deduction and pay over such refund or the value of such credit or deduction to the Issuer, together with any interest thereon.

3.10 Increased Costs

(a) (i) If any Regulatory Change (x) subjects the Purchaser to any charge or withholding on or with respect to any Support Facility or this Supplemental Indenture or the Purchaser's obligations under a Support Facility or this Supplemental Indenture, or changes the basis of taxation of payments to the Purchaser of any amounts payable under any Support Facility or this Supplemental Indenture Agreement (except for changes in the rate of tax on the overall net income of the Purchaser or Excluded Taxes) or (y) imposes, modifies or deems applicable any reserve,

assessment, fee, tax, insurance charge, special deposit or similar requirement against assets of, deposits with or for the account of, or liabilities of the Purchaser, or credit extended by the Purchaser pursuant to a Support Facility or this Supplemental Indenture or (z) imposes any other condition the result of which is to increase the cost to the Purchaser of performing its obligations under a Support Facility or this Supplemental Indenture, or to reduce the rate of return on the Purchaser's capital or assets as a consequence of its obligations under a Support Facility or this Supplemental Indenture, or to reduce the amount of any sum received or receivable by the Purchaser under a Support Facility or this Supplemental Indenture, or to require any payment calculated by reference to the amount of interests or loans held or interest received by it, then, upon written request by the Purchaser therefore to the Issuer, the Purchaser shall be entitled to be paid such amounts charged to the Purchaser or such amounts to otherwise compensate the Purchaser for such increased cost or such reduction following a receipt by the Issuer of such request for compensation under this Section 3.10(a)(i), which payment shall be made on the earlier of (A) the first Payment Date on which amounts are available to pay such amounts pursuant to Section 7.04(e) of the Trust Indenture (provided that such request is received by the Issuer no later than five (5) Business Days prior to the end of the Interest Period related to such Payment Date), and (B) the twelfth Payment Date following such request.

(ii) The Issuer acknowledges that the Purchaser may implement, as an internal institutional matter, measures in anticipation of a final or proposed Regulatory Change (including, without limitation, the imposition of internal charges on the Purchaser's interest or obligations under any Support Agreement or this Supplemental Indenture) and may commence recognizing the incurrence of charges by seeking compensation under Section 3.10(a)(i) in connection with such measures, in advance of the effective date of such final or proposed Regulatory Change, and the Issuer agrees that such charges or compensation shall be payable, to the Purchaser, following demand therefor without regard to whether such proposed Regulatory Change has been adopted or whether such effective date has occurred; provided, that (I) the Purchaser shall provide thirty (30) days prior written notice to the Issuer of its intent to impose or incur any such charges or compensation, (II) the Purchaser shall not be compensated for any such amount pursuant to this subsection 3.10(a)(ii) relating to any period ending, and of which the Purchaser has had knowledge, more than 180 days prior to the date that the Purchaser provided the Issuer with the written notice contemplated by the preceding clause (I) of this subsection 3.10(a)(ii), (III) if, after the payment by the Issuer of any charges or compensation pursuant to this subsection 3.10(a)(ii), either (A) the Issuer requests in writing that the Purchaser re-compute any such charge or compensation in light of differences between a proposed Regulatory Change and the final effective version thereof or (B) the Purchaser determines that the amount of the charge imposed on and required to be compensated by the Issuer exceeds the amount necessary to compensate it for the applicable Regulatory Change as contemplated by subsection 3.10(a)(i), then (x) the amount of such charge or compensation shall, from and after such determination, be reduced by the amount of such excess and (y) the Purchaser shall, within thirty (30) days of such determination, either repay the amount of such excess or credit the amount of such excess against future charges under this subsection 3.10(a)(ii). The Issuer further acknowledges that any charge or compensation demanded hereunder may take the form of a monthly charge to be assessed by the Purchaser.

(b) The Purchaser claiming increased amounts described in subsection 3.10(a) of this Supplemental Indenture will furnish to the Issuer (together with its request for compensation) a certificate prepared in good faith setting forth the basis and the calculation of the amount (in

reasonable detail) of each request by the Purchaser for any such increased amounts referred to in subsection 3.10(a) hereof. Any such certificate shall be conclusive absent manifest error. Failure on the part of the Purchaser to demand compensation for any amount pursuant to subsection 3.10(a) hereof with respect to any period shall not constitute a waiver of the Purchaser's right to demand compensation with respect to such period.

ARTICLE 4
CONDITIONS PRECEDENT

4.1 Conditions Precedent to Initial Purchase of Series 2017-1 Junior Subordinated Notes

On or prior to the initial purchase of Series 2017-1 Junior Subordinated Notes hereunder, the following conditions precedent shall be satisfied:

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

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

(c) The Purchaser shall have received:

(i) executed copies of this Supplemental Indenture;

(ii) certificates of status or compliance or other similar documents issued by the applicable governmental authority to evidence that each of the Issuer Trustee and the Manager is validly existing pursuant to the laws of the jurisdiction of their respective establishment or incorporation;

(iii) a copy of the incorporating documents and all amendments thereto and applicable by-laws, as applicable, of each of the Issuer Trustee, the IESO and the Manager certified by an Authorized Officer of the applicable entity;

(iv) copies of resolutions of the board of directors of the IESO and the Manager approving and authorizing the execution, delivery and performance of each Program Agreement they are party to, in each case certified by an Authorized Officer of the applicable entity;

(v) incumbency certificates for each of the Issuer Trustee, the Manager and the IESO executing this Supplemental Indenture and any other Program Agreements and the other documents to be delivered by either the Issuer Trustee, the Manager or the IESO thereunder, in each case showing their names, offices and specimen signatures on which certificates the Purchaser shall be entitled to conclusively rely

until such time as the Purchaser receives a replacement certificate meeting the requirements of this Section 4.1(c)(v);

(vi) the following Opinions of Counsel:

(A) the opinion of external counsel to the Manager as to the non-consolidation of the Issuer with the Manager in the event of the insolvency of the Manager in form and substance satisfactory to the Purchaser;

(B) the opinion of external counsel to the IESO as to the Investment Asset acquired by the Issuer not being subject to the claims of creditors of the IESO in form and substance satisfactory to the Purchaser;

(C) favourable opinions of external counsel to the Manager covering general corporate matters, the due execution and delivery of, and the enforceability of, each of the Program Agreements to which the Manager, the Issuer and the Issuer Trustee are party which opinion, as to certain matters, may rely on opinion of internal counsel to the Manager and the Issuer Trustee; and

(D) a favourable opinion of external counsel to the Province with respect to the due authorization, execution, delivery and enforceability of the Change of Law Protection Agreement in form and substance satisfactory to the Purchaser;

(vii) a certificate of an Authorized Officer of the Manager confirming that the representations and warranties set forth in Section 12.01 of the Trust Indenture and Section 5.1 of this Supplemental Indenture are true and correct in all material respects, that the Issuer is in compliance in all material respects with all of its covenants and obligations under the Program Agreements to which it is a party and that no Termination Event has occurred; and

(viii) such additional documents, instruments, certificates or letters as the Purchaser may reasonably request.

(d) The representations and warranties set forth in Section 5.1 of this Supplemental Indenture shall be true and correct in all material respects, the Issuer shall be compliance in all material respects with all of its covenants and obligations under the Program Agreements to which it is a party and no Termination Event shall have occurred.

4.2 Conditions Precedent to each Increase under Series 2017-1 Junior Subordinated Notes

On or prior to each Increase, the following conditions precedent shall be satisfied:

(a) the Purchaser shall have received an Increase Notice;

(b) no Termination Event shall have occurred or would occur after giving effect to such Increase;

(c) if the Increase is identified as a Transfer Increase in the Increase Notice, then the related Transfer under the Master Transfer and Servicing Agreement shall have been completed or contemporaneously completed;

(d) after giving effect the Increase, the aggregate of the amounts on deposit in the Program Cash Reserve Account and the IESO Cash Reserve Account shall be equal to or greater than the sum of:

(i) the Program Cash Reserve Required Amount,

plus

(ii) an amount equal to the sum of (x) the amount originally determined under clause (b) of the definition of IESO Cash Reserve Deposit Amount in the Trust Indenture, less any amounts withdrawn from the IESO Cash Reserve Account to pay any Obligations Secured described in subsections 7.04(e)(i) through (v) of the Trust Indenture prior to the date of such Increase, and (y) to the extent the amount originally determined under clause (b) of the definition of IESO Cash Reserve Deposit Amount in the Trust Indenture was not determined in a manner which included the amount of such Increase, an amount estimated by the Manager, acting reasonably, equal to the additional Monthly Interest payable with respect to such Increase up to and including the Payment Date in July, 2021.

(e) the Indenture Trustee shall have received (i) the adherence compliance certificate required pursuant to Section 4.02(a) of the Change of Law Protection Agreement with respect to such Increase, or (B) written confirmation from the Province that the Funding Obligations incurred under this Supplemental Indenture with respect to such Increase constitute Approved Obligations.

The Issuer's acceptance of funds in connection with each Increase occurring on any Increase Date shall constitute a representation and warranty by the Issuer to the Purchaser as of such Increase Date that all of the conditions contained in Section 3.3(a) and this Section 4.2 are satisfied.

ARTICLE 5
REPRESENTATIONS AND WARRANTIES

5.1 Representations and Warranties of the Issuer

The Issuer hereby represents and warrants to the Purchaser as of the Closing Date, and shall be deemed to represent and warrant to the Purchaser on each Increase Date, that:

(a) no Termination Event has occurred or would result from the initial purchase of the Issuer Investment Interest on the Closing Date or any increase in the Issuer Investment Interest on an Increase Date, as applicable;

(b) the Issuer Trustee and the Issuer are not Non-residents;

(c) all tax returns (federal, provincial and local) required to be filed with respect to the Issuer have been filed and there has been paid or adequate provision made for the payment of all material Taxes in respect of the Issuer;

(d) the Issuer has complied in all material respects with all laws in respect of the conduct of its business and ownership of its property including the Issuer Investment Interest;

(e) all information provided to the Purchaser by or on behalf of the Issuer in respect of the Issuer Investment Interest is and will be true and accurate in all material respects; and

(f) to its knowledge, there is no set of circumstances existing at such time that will have an Adverse Effect or will reasonably be expected to have an Adverse Effect.

5.2 Representations and Warranties of the Purchaser

The Purchaser represents and warrants to the Issuer as of the Closing Date, and shall be deemed to represent and warrant to the Issuer on each Increase Date, that:

(a) it is resident in Ontario or is otherwise subject to the securities legislation of the Province of Ontario;

(b) it is purchasing the applicable Series 2017-1 Junior Subordinated Notes (i) as principal for its own account and not for the benefit of any other "person" (as defined in the *Securities Act* (Ontario)) or company; and (ii) for cash consideration in excess of $150,000; and

(c) it was not created and is not being used solely to purchase or hold securities in reliance on the exemption from the prospectus and dealer registration requirements contained in Section 2.10 of National Instrument 45-106 − Prospectus and Registration Exemptions.

5.3 Survival

The representations and warranties set out in this Article 5 shall survive the execution hereof.

ARTICLE 6
COVENANTS

6.1 Covenants of the Issuer

(a) The Issuer shall promptly provide to the Purchaser (in multiple copies if requested) copies of all material reports, notices, financial statements and other documents delivered by the IESO to the Issuer with respect to the Issuer Investment Interest or pursuant to the Master Transfer and Servicing Agreement; provided such documents shall be deemed to be delivered hereunder so long as the Purchaser is the Manager.

(b) The Issuer shall provide to the Purchaser (in multiple copies, if requested) such other information, documents, records or reports respecting the Issuer Investment Interest, the Issuer or the IESO which is in the possession or under the control of the Issuer or the Manager, as the Purchaser may from time to time reasonably request, including any correspondence with a Rating

Agency; provided such documents shall be deemed to be delivered hereunder so long as the Purchaser is the Manager.

(c) The Issuer shall furnish to the Purchaser promptly after known to the Issuer or the Manager, information with respect to any action, suit or proceeding involving the Manager, the Issuer or the IESO or any of their respective Affiliates by or before any court or any Governmental Authority which, if adversely determined, would have an Adverse Effect; provided that the Purchaser shall be deemed to have knowledge of such actions, suits or proceedings so long as it is the Manager.

ARTICLE 7
ACCELERATION

7.1 Acceleration of Series 2017-1 Junior Subordinated Principal Amount

If a Series 2017-1 Event of Default occurs and is continuing, then and in each and every such case, and without regard to whether all Issuer Funding Obligations have been declared due and payable immediately pursuant to Section 8.02(a) of the Trust Indenture, the Purchaser may by notice in writing to the Issuer and to the Indenture Trustee declare the Series 2017-1 Junior Subordinated Principal Amount and all interest accrued and unpaid (if any) thereon to be due and payable immediately, and upon any such declaration the same will become and will be immediately due and payable, notwithstanding anything in this Supplemental Indenture or the Trust Indenture to the contrary.

ARTICLE 8
GENERAL

8.1 Successor and Assigns

(a) This Supplemental Indenture shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns except that (i) the Issuer may not assign or transfer any of its rights or obligations under this Supplemental Indenture without the prior written consent of the Purchaser and at least 10 Business Days' notice having been given to DBRS; and (ii) the Purchaser may, without the prior written consent of the Issuer but with prior notice to DBRS, assign or transfer any of its rights or obligations under this Supplemental Indenture to any of its wholly-owned affiliates (a "**Transferee**") pursuant to a transfer supplement, substantially in the form of Exhibit E (the "**Transfer Supplement**").

(b) The Issuer authorizes the Purchaser to disclose to any Transferee and any prospective Transferee any and all financial information in the Purchaser's possession concerning the Issuer, the Issuer Investment Interest and the Program Agreements which has been delivered to the Purchaser by the Issuer or the Manager.

(c) Notwithstanding any other provision of this Supplemental Indenture to the contrary, the Purchaser may at any time pledge or grant a security interest in all or any portion of its rights under its Series 2017-1 Junior Subordinated Note and this Supplemental Indenture to secure obligations of the Purchaser to any Person, without notice to or consent of the Issuer; provided that no such pledge or grant of a security interest shall release the Purchaser from any of its obligations hereunder or substitute any such pledgee or grantee for the Purchaser as a party hereto.

8.2 Waiver

Without limiting the requirements of Section 11.02 of the Trust Indenture which shall be applicable to this Supplemental Indenture, no waiver of any provision of this Supplemental Indenture or consent to any departure by the Issuer from any provision of this Supplemental Indenture will be effective (in whole or in part) unless in writing and signed by the Purchaser. Such waiver will be effective only in the specific instance, for the specific purpose and for the specific length of time for which it is given by the Purchaser.

8.3 Notice

All notices, requests, instructions and demands to or upon any party hereto to be effective shall be given (a) in the case of the Issuer and the Indenture Trustee, in the manner set forth in Article 15 of the Trust Indenture; and (b) in the case of the Purchaser, in writing, and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when delivered by hand or three days after being deposited in the mail, postage prepaid, in the case of facsimile notice, when received, or in the case of overnight air courier, one Business Day after the date such notice is delivered to such overnight courier, addressed as follows; or to such other address as may be hereafter notified by the respective parties hereto:

Purchaser:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6

Attention: Vice President, Fair Hydro Plan
Fax: (416) 592-4189
Email: FHP@opg.com

8.4 No Waiver: Remedies

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

8.5 Entire Agreement

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

8.6 Governing Law and Attornment

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

8.7 Acknowledgment of Trust Indenture and No Proceedings

(a) The Purchaser hereby acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor under the Trust Indenture and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Trust Indenture including, without limitation, Section 7.12 (Payments To Be Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse), Article IX (Indenture Trustee) (including all limitations of liability thereunder), Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition).

(b) The Purchaser irrevocably authorizes and directs the Indenture Trustee on its behalf to take such action (including the execution and delivery of documents of subordination) as may be necessary or appropriate to further assure the priority arrangements provided for in Article VI, Article VII and Section 8.13 of the Trust Indenture, and appoints the Indenture Trustee as its agent for any and all such purposes.

(c) The Purchaser consents, requests and authorizes the Issuer and the Indenture Trustee to (i) add the Purchaser (or its agent) to the register of Specified Creditors described in Section 13.13 of the Trust Indenture and (ii) disseminate the notice details of the Purchaser to other Specified Creditors for the purposes set out in subsection 9.14(b) of the Trust Indenture.

8.8 Expenses

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

8.9 Further Assurances

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

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

8.10 Confidentiality

(a) The Purchaser covenants and agrees that any non-public information obtained by it pursuant to this Supplemental Indenture and the other Program Agreements shall be held in confidence except that the Purchaser may disclose such information (i) pursuant to the order of any court or administrative agency or in any pending legal or administrative proceeding (whether or not having the force or effect of law) provided that, unless prohibited by applicable law, the Purchaser shall provide prompt notice of such order to the affected party; (ii) upon the request or demand of any regulatory authority having or claiming jurisdiction over the Purchaser; (iii) as required by applicable law including, without limitation, all applicable securities laws; (iv) to the extent that such information becomes publicly available other than by reason of improper disclosure by the Purchaser; (v) to its affiliates, officers, directors, employees, legal counsel, independent auditors, accountants, advisors, investors, potential investors, commercial paper dealers, providers of surety, guaranty, credit or liquidity enhancement (including the directors, officers and accountants of such surety, guaranty, credit or liquidity enhancement provider), legal counsel of any of the foregoing and other experts or agents who need to know such information and are informed of the confidential nature of such information; (vi) for purposes of establishing a "due diligence" defense; (vii) which was available to the Purchaser on a non-confidential basis from a source other than the affected party, provided that such source was not to the knowledge of the Purchaser bound by a confidentiality agreement with the affected party; (viii) has been independently acquired or developed by the Purchaser without violating any of the Purchaser's obligations under this Supplemental Indenture; (ix) if such disclosure has been approved in writing in advance by the Issuer or the Manager; (x) regarding the existence of this Supplemental Indenture, but not the financial terms thereof; and (xi) to DBRS and Moody's and any other Rating Agencies.

(b) The Issuer covenants and agrees to hold in confidence, and not disclose to any Person, the terms of this Supplemental Indenture, except as the Purchaser may have consented to in writing prior to any proposed disclosure and except (i) it may also disclose such information (A) to its officers, directors, employees, legal counsel, independent auditors, accountants and other advisors who are directly involved in the consideration of this Supplemental Indenture (and then only on a confidential basis), (B) to the Manager and its officers, directors, employees, legal counsel, independent auditors, accountants and other advisors, (C) any ministry or agency of the Province of Ontario and, in each case, their respective employees, officials, agents and advisors, (D) as required by applicable law (including, without limitation, applicable securities law) or compulsory legal process, (E) as expressly permitted by the terms of the Program Agreements, and (F) to DBRS and Moody's and any other Rating Agencies; provided, that, in the case of clause (D), the Issuer will use all commercially reasonable efforts to maintain confidentiality and will (unless otherwise prohibited by law) notify the Purchaser of its intention to make any such disclosure prior to making such disclosure; and (ii) it may also disclose the existence (but not the financial terms) of this Supplemental Indenture, including to any actual or prospective purchaser of other Notes.

(c) The parties hereto acknowledge that a description of this Supplemental Indenture and the Series 2017-1 Junior Subordinated Note will be included in the preliminary and final offering memoranda of the Issuer relating to the issue of other Notes from time to time.

(d) The confidentiality provisions set forth in this Section 8.10 shall expire on the second year anniversary of the date on which the Series 2017-1 Junior Subordinated Notes have been paid in full.

8.11 Limitation of Liability of Issuer Trustee

Each party hereto other than the Issuer acknowledges that the Issuer is a trust, and that Computershare Trust Company of Canada is the Issuer Trustee. The other parties hereto agree that the Issuer Trustee will not be subject to any liability whatsoever to them, in tort, contract or otherwise, in connection with the Issuer's assets or the trust activities, for any action taken or permitted by it to be taken, or for its failure to take any action; provided that the foregoing limitation will not apply in respect of any action or failure to act arising from or in connection with wilful misconduct, negligence or reckless disregard of a duty by the Issuer Trustee. The Issuer Trustee in doing anything or permitting anything to be done in respect of assets or the trust activities is, and shall be conclusively deemed to be, acting as trustee of the Issuer and not in any other capacity. Except as to the extent provided in this Section 8.11, the Issuer Trustee will not be subject to any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Issuer, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the Issuer's assets or the trust activities and resort will be had solely to the Collateral for the payment or performance thereof. No property or assets of the Issuer Trustee, whether owned in its personal capacity or otherwise, will be subject to levy, execution or other enforcement procedure with regard to any obligation under this Supplemental Indenture. Nothing contained in this Section 8.11 shall be construed so as to limit the liability of the Issuer under this Supplemental Indenture. This Supplemental Indenture, and every deed, transfer, assignment, agreement or other instrument made pursuant hereto including, without limitation, the Series 2017-1 Junior Subordinated Notes, made or purporting to be made by or creating an obligation of the Issuer or the Issuer Trustee on behalf of, or as trustee of, the Issuer shall be deemed and construed for all purposes as if made by the Issuer Trustee, in and only in its capacity as trustee of the Issuer. Any obligations of the Issuer Trustee hereunder or thereunder are non-recourse to the Issuer Trustee in its personal capacity.

8.12 Execution in Counterparts

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

8.13 Delivery of Executed Copies

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

[signature page follows]

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

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

By: _____
Name:
Title:

By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, as Indenture Trustee

By: _____
Name:
Title:

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., as Purchaser

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A

DEFINITIONS

"**Acceleration Event**" means either:

(a) all Issuer Funding Obligations are declared due and payable under Section 8.02 of the Trust Indenture, or

(b) the Series 2017-1 Junior Subordinated Principal Amount and all interest accrued and unpaid thereon is declared to be due and payable under Section 7.1.

"**Administrative Agent**" is defined in the recitals to this Supplemental Indenture.

"**AEOI Legislation**" is defined in Section 3.9(a).

"**Applicable Margin**" means **[1.10]**% per annum.

"**Authorized Officer**" means, with respect to: (a) the Issuer, any authorized director or officer of the Manager; (b) the Manager, any authorized director of officer of OPG; (c) the IESO, any authorized director or officer of the IESO; (d) the Issuer Trustee, any officer within the corporate trust office of such trustee (including the President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Treasurer or any other officer of the Issuer Trustee customarily performing functions similar to those performed by persons who at the time shall be such officers, respectively, and that has direct responsibility for the administration of the Issuer and also, with respect to a particular matter, any other officer to whom such matter is referred to because of such officer's knowledge and familiarity with the particular subject).

"**Base Rate**" means the weighted average interest rate applicable to the Series 2017-1 Senior Notes.

"**Closing Date**" is defined in Section 3.3(a).

"**Commitment Extension**" is defined in the Senior Series 2017-1 Supplemental Indenture.

"**Decrease**" is defined in Section 3.4.

"**Decrease Amount**" is defined in Section 3.4.

"**Excluded Taxes**" is defined in Section 3.9(a).

"**FATCA**" is defined in Section 3.9(a).

"**Increase**" is defined in Section 3.3(a).

"**Increase Amount**" is defined in Section 3.3(a).

"**Increase Date**" is defined in Section 3.3(a).

"**Increase Notice**" is defined in Section 3.3(a).

"**Indenture Trustee**" is defined in the recitals to this Supplemental Indenture.

"**Interest Period**" means each of the consecutive periods that begins on, and includes, each Payment Date and ends on and excludes, the following Payment Date; provided that the first Interest Period shall begin on the Closing Date and end on the Payment Date in January, 2018.

"**Issuer**" is defined in the recitals to this Supplemental Indenture.

"**Issuer Indemnified Person**" is defined in Section 3.8.

"**Issuer Trustee**" is defined in the recitals to this Supplemental Indenture.

"**Maximum Purchaser Group Principal Amount**" has the meaning specified in the Senior Series 2017-1 Supplemental Indenture.

"**Monthly Interest**" shall mean, for any Payment Date, the sum of (A) the sum for each day during such Interest Period of the product of (i) the Series 2017-1 Junior Subordinated Principal Amount on such day; times (ii) the sum of the Base Rate for such day plus the Applicable Margin, divided by (iii) 365, and (B) the Monthly Interest Shortfall; provided that, for the purposes of determining the Monthly Interest in respect of an Interest Period prior to the end of the Interest Period, the Purchaser may estimate the interest for the remaining days in the Interest Period and provided further, if the actual interest for such days is less than the estimated interest, the Monthly Interest for the following Interest Period shall be reduced to adjust for such lower actual interest and if the actual interest for such days is higher than the estimated interest, the Monthly Interest for the following Interest Period shall be increased to adjust for such higher interest.

"**Monthly Interest Shortfall**" means, for any Payment Date, if the amount in clause (A) of the definition of Monthly Interest for the preceding Payment Date was greater than the amount distributed to the payment of such amounts pursuant to Section 3.6(c), an amount equal to the amount in clause (A) of the definition of Monthly Interest owing to the Purchaser which was unpaid on the preceding Payment Date plus interest on such unpaid amount for the period from the preceding Payment Date to the current Payment Date at a rate equal to the Prime Rate plus 1.00% per annum.

"**Monthly Other Amounts**" shall mean, for any Payment Date the sum of (a) any amounts payable to the Purchaser hereunder (other than Monthly Interest) including, without limitation, pursuant to Sections 3.8, 3.9, 3.10 and 8.8; plus (c) the Monthly Other Amounts Shortfall for such Payment Date.

"**Monthly Other Amounts Shortfall**" means, for any Payment Date, if the amount of the Monthly Other Amounts for the preceding Payment Date was greater than the amount distributed to the payment of such amounts pursuant to Section 3.6(c), an amount equal to the Monthly Other Amounts owing to the Purchaser which were unpaid on the preceding Payment Date plus interest on such unpaid amount for the period from the preceding Payment Date to the current Payment Date at a rate equal to the Prime Rate plus 1.00% per annum.

"**Prime Rate**" means the annual rate of interest announced by Royal Bank of Canada from time to time as being its reference rate for the determination of interest rates on Canadian dollar denominated commercial loans made by it and commonly referred to by Royal Bank of Canada as its "prime rate."

"**Principal Accumulation Date**" means the Payment Date occurring in the month of July, 2021, as such date may be modified pursuant to Section 3.5(c).

"**Principal Payment Amount**" means, in respect of the Series 2017-1 Junior Subordinated Notes (unless modified pursuant to Section 3.5(c)):

(a) On any Payment Date occurring on or after the earlier of (i) the Payment Date occurring in October, 2021; and (ii) the occurrence of an Acceleration Event, the Series 2017-1 Junior Subordinated Principal Amount.

(b) Unless clause (a) above is applicable, on the Payment Dates in the month of July, August, September and October of 2021, an amount equal the lesser of (x) the sum of (A) 25% of the Series 2017-1 Junior Subordinated Principal Amount on the Business Day prior to the Principal Accumulation Date plus (B) the Decrease Amount of any Decrease occurring on such Payment Date, and (y) the Series 2017-1 Junior Subordinated Principal Amount.

(c) Unless either of clauses (a) or (b) above is applicable, on any Payment Date that is not a Decrease Date, nil.

(d) Unless either of clauses (a) or (b) above is applicable, on any Payment Date that is a Decrease Date, the Decrease Amount of the Decrease occurring on such Payment Date.

"**Principal Payment Default Date**" means the Business Day that is two years after the Payment Date in respect of such Principal Payment Amount, as such date may be modified pursuant to Section 3.5(c).

"**Purchaser**" is defined in the recitals to this Supplemental Indenture.

"**Recipient**" is defined in Section 3.9(a).

"**Refinancing Increase**" is defined in Section 3.3(a).

"**Regulatory Change**" shall mean (i) the adoption after the date hereof of any applicable law, rule or regulation (including any applicable law, rule or regulation regarding capital adequacy, deposits, reserves or liquidity coverage) or any change therein after the date hereof, (ii) any change after the date hereof in the interpretation, administration, scope or timing of implementation thereof by any governmental authority, central bank, self-regulating professional body or comparable agency or authority charged with the interpretation or administration thereof, or compliance with any guidance, request or directive (whether or not having the force of law) of any such authority, central bank, self-regulating professional body or comparable agency or authority; provided that for purposes of this definition, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder, issued in connection therewith or in implementation thereof, and (y) all requests, rules, guidelines and directives (whether or not

having the force of law) promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or Canadian or United States or other foreign regulatory authorities, shall in each case be deemed to be a "Regulatory Change", regardless of the date enacted, adopted, issued or implemented.

"**Senior Series 2017-1 Supplemental Indenture**" is defined in the recitals to this Supplemental Indenture.

"**Series 2017-1 Event of Default**" means any one of the following events occurs at any time that the Junior Subordinated Funding Obligations constitute the Controlling Class Obligations (whatever the reason for such Series 2017-1 Event of Default and whether it will be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any Governmental Authority):

(a) a default by the Issuer in the payment of any interest on any Series 2017-1 Junior Subordinated Notes when such interest becomes due and payable, and continuance of such default for a period of five days following the date on which such interest became due and payable;

(b) a default by the Issuer in the payment of any principal of any Series 2017-1 Junior Subordinated Notes at its Principal Payment Default Date;

(c) any representation or warranty contained in Section 5.1 of this Supplemental Indenture or Section 12.01 of the Trust Indenture proves to be incorrect in any material respect when made and such incorrect representation or warranty if capable of being remedied by the Issuer, has not been remedied for a period of 30 days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by the Purchaser, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default" hereunder and, as a result of such default, the interests of the Purchaser is materially and adversely affected and continue to be materially and adversely affected during the 30-day period;

(d) a default in the performance, or breach, of any covenant of the Issuer in the Trust Indenture or this Supplemental Indenture in respect of any Series 2017-1 Junior Subordinated Notes (other than an agreement, covenant or warranty a default in the performance of which or the breach of which is elsewhere specifically dealt with in this definition of Series 2017-1 Event of Default), and continuance of such default or breach for a period of 30 days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by the Purchaser, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default" hereunder and, as a result of such default, the interests of the Purchaser is materially and adversely affected and continue to be materially and adversely affected during the 30-day period;

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

(f) a Suspension Notice is issued by the Province.

"**Series 2017-1 Initial Junior Subordinated Principal Amount**" means an amount equal to twenty percent (20%) of the Series 2017-1 Initial Senior Principal Amount.

"**Series 2017-1 Initial Senior Principal Amount**" means the "Series 2017-1 Initial Principal Amount" as defined in the Senior Series 2017-1 Supplemental Indenture.

"**Series 2017-1 Junior Subordinated Note**" means any one of the Floating Rate Variable Funding Junior Subordinated Notes, Series 2017-1, executed by the Issuer and authenticated and delivered by or on behalf of the Indenture Trustee, substantially in the form of Exhibit B.

"**Series 2017-1 Junior Subordinated Principal Amount**" means (a) when used with respect to the Closing Date, the Series 2017-1 Initial Junior Subordinated Principal Amount; and (b) when used with respect to any other date, an amount equal to (i) the Series 2017-1 Junior Subordinated Principal Amount on the immediately preceding Business Day; plus (ii) the Increase Amount on such date; minus (iii) the Decrease Amount on such date; minus (iv) the amount of principal payments made to the Purchaser pursuant to Section 3.7 on such date.

"**Series 2017-1 Maximum Junior Subordinated Principal Amount**" means an amount equal to twenty percent (20%) of the Series 2017-1 Maximum Senior Principal Amount.

"**Series 2017-1 Maximum Senior Principal Amount**" means the "Series 2017-1 Maximum Principal Amount" as defined in the Senior Series 2017-1 Supplemental Indenture.

"**Series 2017-1 Senior Decrease**" means, with respect to a Business Day, the sum of all amounts of Decreases (as defined in the Senior Series 2017-1 Supplemental Indenture) on such Business Day.

"**Series 2017-1 Senior Increase**" means, with respect to a Business Day, the sum of all amounts of Increases (as defined in the Senior Series 2017-1 Supplemental Indenture) on such Business Day.

"**Series 2017-1 Senior Notes**" is defined in the recitals to this Supplemental Indenture.

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

"**Support Facility**" shall mean any liquidity or credit support agreement with the Purchaser which relates to, or is otherwise available to the Purchaser in relation to its funding activities under, this Supplemental Indenture.

"**Suspension Notice**" has the meaning specified in the Change of Law Protection Agreement.

"**Termination Event**" means any Acceleration Event or Series 2017-1 Event of Default or any event which with the giving of notice or the passage of time, or both, could become an Acceleration Event or a Series 2017-1 Event of Default.

"**Transfer Increase**" is defined in Section 3.3(a).

"**Transfer Supplement**" is defined in Section 8.1(a).

"**Transferee**" is defined in Section 8.1(b).

"**Trust Indenture**" means the trust indenture dated as of December [21], 2017 between the Issuer and the Indenture Trustee.

SCHEDULE B

[FORM OF NOTE]

SERIES 2017-1 JUNIOR SUBORDINATED NOTE

●

SCHEDULE C

FORM OF INCREASE NOTICE

●

SCHEDULE D

FORM OF DECREASE NOTICE

●

SCHEDULE E

FORM OF TRANSFER SUPPLEMENT

MANAGEMENT AGREEMENT

between

FAIR HYDRO TRUST
as Issuer

- and -

ONTARIO POWER GENERATION INC.
as Manager

Acknowledged and Accepted by

BNY TRUST COMPANY OF CANADA
as Indenture Trustee

Dated as of December ■, 2017

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EXHIBIT

Exhibit A – Annual Compliance Certificate
Exhibit B – Monthly Portfolio Report

MANAGEMENT AGREEMENT

THIS AGREEMENT made as of December ■, 2017,

BETWEEN:

FAIR HYDRO TRUST, a trust formed under the laws of the Province of Ontario

(the "**Issuer**")

- and -

ONTARIO POWER GENERATION INC., a corporation established under the laws of the Province of Ontario

(the "**Manager**")

- acknowledged and accepted by -

BNY TRUST COMPANY OF CANADA, a trust company existing under the laws of Canada and duly authorized to carry on the business of a trust company in all of the provinces and territories of Canada, as indenture trustee

(the "**Indenture Trustee**")

WHEREAS the Government of Ontario has passed the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**") for the purpose of, among other things, ensuring that Clean Energy Costs and Clean Energy Benefits are fairly allocated among present and future Specified Consumers;

AND WHEREAS Ontario Power Generation Inc. has been appointed as Financial Services Manager under the Act to, among other things, evaluate whether potential Funding Obligations should be incurred by Financing Entities for the purposes of acquiring and financing Investment Interests;

AND WHEREAS the Issuer is a Financing Entity established, at the request of the Financial Services Manager and pursuant to the Act, by Computershare Trust Company of Canada;

AND WHEREAS the Issuer may from time to time finance the acquisition from the IESO of an Investment Interest pursuant to the terms of the Master Transfer and Servicing Agreement;

AND WHEREAS the Indenture Trustee has been appointed pursuant to the Indenture to act on behalf of all Specified Creditors and wishes to acknowledge and accept the rights and

obligations granted to it thereby, including, but not limited to, its rights set forth in this Agreement;

AND WHEREAS the Issuer and the Manager are entering into this Agreement in furtherance of, and in accordance with, the Act;

NOW THEREFORE in consideration of the foregoing and the mutual covenants and agreements contained herein (the receipt and adequacy of which are hereby acknowledged), the parties hereto agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

(a) In this Agreement, the following terms have the following meanings:

"**Act**" has the meaning ascribed thereto in the recitals;

"**Agreement**" means this Agreement, as amended, supplemented, modified, replaced or amended and restated from time to time, and the expressions "herein", "hereof", "hereto", "hereunder" and similar expressions refer to this Agreement and not to any Article, Section, paragraph, subparagraph or clause hereof;

"**Approved Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement;

"**Board**" means the Ontario Energy Board, a statutory corporation without share capital continued under the *Ontario Energy Board Act, 1998*, S.O., 1998;

"**Carrying Costs**" has the meaning ascribed to the term "carrying costs" in the Regulations~~.~~**;**

"CEA Consumer Invoice Amounts" has the meaning ascribed thereto in the Master Transfer and Servicing Agreement;

"Change of Law Process Agreement" means the change of law process agreement between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance and Ontario Power Generation Inc.;

"**Clean Energy Adjustment**" has the meaning ascribed to the term "clean energy adjustment" in the Act;

"**Clean Energy Benefits**" has the meaning ascribed to the term "clean energy benefits" in the Act;

"**Clean Energy Costs**" has the meaning ascribed to the term "clean energy costs" in the Act;

"**Declaration of Trust**" means the declaration of trust made as of December ■, 2017 under which the Issuer was established, as may be amended, supplemented, modified, replaced or amended and restated from time to time;

"**Electricity Vendor**" has the meaning ascribed to the term "electricity vendor" in the Act;

"Electricity Vendor CEA Collections" has the meaning ascribed thereto in the Master Transfer and Servicing Agreement;

"**Fair Allocation Amount**" has the meaning ascribed to the term "fair allocation amount" in the Act;

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act;

"**Financial Services Manager**" has the meaning ascribed to such term under the Act;

"**Financing Entity**" has the meaning ascribed to the term "financing entity" in the Act;

"**Financing Plan**" has the meaning ascribed to such term under the Act;

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act;

"**IESO**" means the Independent Electricity System Operator, a statutory corporation without share capital amalgamated under the *Electricity Act, 1998*, S.O. 1998;

"**Implementation Plan**" has the meaning ascribed to such term in Section 4.3(a);

"**Indemnified Losses**" has the meaning ascribed to such term in Section 5.6(a);

"**Indenture**" means the master trust indenture dated as of December ■, 2017 between the Indenture Trustee and the Issuer, as may be amended, supplemented, modified, replaced or amended and restated from time to time;

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act;

"**Investment Interest Records**" means, collectively, any and all documents and records the Manager shall keep on file, in accordance with its customary procedures, relating to the Issuer Investment Interest, including copies of all documents filed with the Board in connection with any Clean Energy Adjustments and computational records relating thereto;

"**Issuer Compensation**" has the meaning ascribed to such term in Section 5.5;

"**Issuer Funding Obligation**" means a Funding Obligation incurred by the Issuer;

"**Issuer Investment Interest**" means, initially, the Investment Interest acquired by the Issuer pursuant to the first Transfer completed under the Master Transfer and Servicing Agreement and, upon the completion of each Transfer thereafter, the cumulative Investment Interest acquired by the Issuer;

"**Issuer Property**" means, as of any particular time, all assets of the Issuer and all property, real, personal or otherwise, tangible or intangible, which has been transferred, conveyed or paid to, or acquired by the Issuer, including all income, earnings, profits and gains therefrom, and which at such time is owned or held by the Issuer;

"**Management Fees**" means the fees established and charged by the Financial Services Manager in accordance with section 19(3) of the Act and the Regulations and approved by the Board in accordance with section 19(4) of the Act;

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated December ■, 2017 between the Issuer and the IESO, as may be amended, supplemented, modified, replaced or amended and restated from time to time;

"**Minister**" means the Minister of Energy or such other member of the Executive Council as may be assigned the administration of the Act under the *Executive Council Act*, S.O. 1990;

"Monthly Servicer Report" means the report delivered by the IESO under Section **3.5(a) of the Master Transfer and Servicing Agreement;**

"**Offering Materials**" means any document used by the Issuer in connection with offering securities representing Issuer Funding Obligations for sale including, without limitation, any information circular, offering memorandum, annual information form, preliminary prospectus, prospectus, prospectus supplement, term sheet, registration statement or other similar document, or any amendments to such documents;

"**Perpetuity Date**" means the date that is one day prior to the 21st anniversary of the death of the last surviving lineal descendant of Queen Elizabeth, II of England living as of the date of the Declaration of Trust;

"**Primary Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement;

"**Proceeding**" means any suit in equity, action at law or other judicial or administrative proceeding;

"**Reference Period**" has the meaning ascribed to the term "reference period" in the Act;

"**Regulation AB**" means Subpart 229.1100 – Asset Backed Securities (Regulation AB), 17 C.F.R. §§229.1100-229.1125, and all related rules and regulations of the U.S. Securities and Exchange Commission, as such rules may be amended from time to time, and subject to such clarification and interpretation as have been provided by the U.S. Securities and Exchange Commission or by the staff of the U.S. Securities and Exchange Commission, or as may be provided by the U.S. Securities and Exchange Commission or its staff from time to time;

"**Regulations**" means Ontario Regulation 206/17: General, together with any other regulations promulgated under the Act;

"**Servicer CEA Receipts**" has the meaning ascribed thereto in the Master Transfer and Servicing Agreement;

"**Specified Consumer**" has the meaning ascribed to the term "specified consumer" in the Act;

"**Standard of Care**" has the meaning ascribed to such term in Section 5.1;

"**Transfer**" has the meaning ascribed to the term "transfer" in the Act; and

"**True Up Amount**" has the meaning ascribed to the term "true up amount" in the Act.

(b) Unless otherwise defined in this Agreement, all capitalized terms used in this Agreement shall have the meanings ascribed thereto in the Indenture.

ARTICLE 2
INTRODUCTORY PROVISIONS

2.1 Sections and Headings

The table of contents does not form part of this Agreement. The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and will not affect the construction or interpretation of this Agreement. Unless something in the subject matter or context is inconsistent therewith, references herein to Articles and Sections are to Articles and Sections of this Agreement.

2.2 Extended Meanings

Words importing the singular number only will include the plural and vice versa and words importing the masculine gender will include the feminine and neuter genders and vice versa. Unless otherwise specified, a reference to any agreement, instrument or declaration means such agreement, instrument or declaration as the same may be amended, supplemented, modified, restated or replaced from time to time.

2.3 References to Acts of the Issuer or the Issuer Trustee

For greater certainty, where any reference is made in this Agreement to an act to be performed by the Issuer, such reference will be construed and applied for all purposes as if it referred to an act to be performed by the Issuer Trustee as trustee of the Issuer. Where any reference is made in this Agreement to an act to be performed by the Issuer Trustee, such reference will be construed and applied for all purposes as if it referred to an act to be performed by the Issuer Trustee as trustee of the Issuer.

ARTICLE 3
APPOINTMENT OF THE MANAGER

3.1 Appointment and Authority of the Manager

The Issuer hereby appoints Ontario Power Generation Inc. as the Manager to act as its agent to provide services and perform duties for and on behalf of and for the account of the Issuer, as hereinafter provided, in connection with the activities of the Issuer relating to:

(a) the acquisition, administration and possible transfer of the Issuer Investment Interest on behalf of the Issuer in accordance with the Act;

(b) acting as custodian of the Investment Interest Records;

(c) the entering into and execution and delivery on behalf of the Issuer of any Program Agreements;

(d) the incurrence of Issuer Funding Obligations, and repayment thereof, to fund the acquisition of the Issuer Investment Interest;

(e) the negotiation, execution and delivering or filing on behalf of the Issuer of any Offering Materials;

(f) the implementation and administration of the provisions of the Program Agreements to which the Issuer or the Manager on its behalf is a party;

(g) the acquisition, administration and sale of investments that may from time to time be made by the Issuer; and

(h) all activities as may be reasonably incidental to the foregoing or necessary in connection with the performance by the Issuer of its obligations under the Program Agreements, the Act and the Regulations.

The Manager accepts such appointment and agrees to act in such capacity and to provide or cause to be provided the services and to perform the duties set forth in this Agreement on and subject to the terms and conditions in this Agreement. The Issuer hereby grants to the Manager the power and authority to act in the name of and on behalf of the Issuer, and to execute and deliver all documents, agreements and instruments in the name and on behalf of the Issuer, for the sole purpose of providing the services and performing the duties to be provided and performed by the Manager pursuant to this Agreement. The Manager shall provide all the services and perform all the duties contemplated under this Agreement, including its duties as Financial Services Manager under the Act, in Ontario, Canada.

ARTICLE 4
DUTIES AND OBLIGATIONS OF THE MANAGER

4.1 Program Agreements

(a) The Manager will administer as agent for and on behalf of and for the account of the Issuer the activities of the Issuer in connection with the Program Agreements and, in this regard, its services and duties will include:

(i) negotiating and executing, on behalf of the Issuer, Program Agreements and any documents related thereto with any Person and any amendments, supplements, replacements or restatements that may be necessary or desirable from time to time;

(ii) arranging for liquidity coverage required pursuant to the Program Agreements, negotiating and settling Liquidity Agreements and administering on behalf of the Issuer the activities of the Issuer in connection with such Liquidity Agreements;

(iii) when necessary or desirable, arranging for the Credit Enhancement of the Issuer Investment Interest, negotiating and settling Credit Enhancement Agreements and administering on behalf of the Issuer the activities of the Issuer in connection with such Credit Enhancement Agreements;

(iv) seeking satisfaction of the Rating Agency Condition from the Rating Agencies in respect of the Program Agreements and proposed amendments thereto if required;

(v) based on reports submitted to it, monitoring the recording, accounting for and enforcement of payment of amounts distributable or payable to the Issuer in connection with any Program Agreement;

(vi) maintaining accounts and banking records of the Issuer with respect to acquisitions or investments in and distributions and payments in connection with the Issuer Property, including Eligible Investments;

(vii) promptly after obtaining knowledge thereof, notifying the Issuer, the Indenture Trustee and the Rating Agencies of a breach in any material respect of any of the Manager's representations, warranties or covenants contained herein;

(viii) to the extent that the Issuer shall from time to time have funds the application of which is not then necessary to the repayment of outstanding indebtedness of the Issuer or to the payment of any costs, fees, expenses or disbursements of the Issuer, applying such funds on behalf of and for the account of the Issuer to the acquisition of Eligible Investments as the Manager may select pending the application of such funds to the repayment of outstanding indebtedness of the Issuer or to the payment of

any costs, fees, expenses or disbursements of the Issuer; provided, however, that in making any such Eligible Investments, the Manager shall adhere to the requirements of the Program Agreements in all respects;

(ix) taking all other necessary and appropriate action to enable the Issuer to exercise its rights and perform its obligations in accordance with the provisions of any Program Agreement, including exercising rights of termination under Program Agreements and the enforcement of security or in respect of Eligible Investments;

(x) providing for the defense of any action, suit or proceeding brought against the Issuer or affecting the Issuer or any Issuer Property;

(xi) taking all such steps as may be necessary or appropriate to enable the Issuer to collect on any security relating to the Issuer Investment Interest;

(xii) determining, in accordance with the Financing Plan, when it is appropriate for the Issuer to enter into Derivative Agreements, selecting suitable counterparties thereto and negotiating the terms thereof in accordance with the terms of the Program Agreements;

(xiii) determining, in accordance with the Financing Plan, when it is appropriate for the Issuer to incur Funding Obligations, including the determination of applicable principal (or face amount), amortization/sinking fund schedule(s), interest rates (or rate of discount), interest payment frequency, issuance date and maturities of such Funding Obligations;

(xiv) ensuring that all Primary Obligations of the Issuer are and remain Approved Obligations;

(xv) making determinations under the Declaration of Trust regarding any distributions to beneficiaries of the Issuer;

(xvi) promptly providing the Issuer Trustee notice of the Perpetuity Date once determined;

(xvii) administering all activities of the Issuer in connection with the issuance, sale, payment, repurchase and redemption of Issuer Funding Obligations and the execution and performance by the Issuer of its obligations under the Program Agreements, including all reporting obligations, applying for and monitoring the ratings of any Issuer Funding Obligations and coordinating all aspects of obtaining and maintaining ratings from the Rating Agencies;

(xviii) preparing, executing and delivering, in accordance with the requirements of all applicable securities laws, any Offering Materials to be furnished by the Issuer to any dealer or prospective purchaser of Issuer Funding Obligations, in accordance with the Issuer's obligations to prepare such

Offering Materials under any Underwriting Agreement or Agency Agreement, and preparing amendments to or revising or updating information for such Offering Materials as required from time to time (it being understood that the Manager, as between it and the Issuer, shall not be responsible for the accuracy of any portion of the Offering Materials prepared from information obtained from any Person other than the Issuer and the Manager);

(xix) ensuring that all statements of the Issuer made in any Offering Materials or in connection with entering into any Program Agreement are at all times true and correct in all material respects (it being understood that the Manager, as between it and the Issuer, shall not be responsible for the accuracy of any portion of the Offering Materials prepared from information obtained from any Person other than the Issuer and the Manager);

(xx) arranging for compliance by the Issuer with any continuous disclosure obligations it may have under any applicable securities laws;

(xxi) preparing and filing all reports, certificates and other documents that are required to be prepared and filed pursuant to the Indenture in order to comply with Regulation AB and delivering all such reports, certificates and other documents to the Issuer, the Indenture Trustee and the Rating Agencies;

(xxii) arranging for the retention of legal counsel as may be necessary to perform for the Issuer the services necessary or appropriate to its organization or the conduct of its operations and all general services customarily provided by legal counsel;

(xxiii) arranging for the appointment, discharge and reappointment of an auditor of the Issuer and negotiating and fixing the fees of any such auditor;

(xxiv) arranging for the retention of an accounting firm and ensuring that proper books of account and complete records of all transactions of the Issuer undertaken or performed by it under the Program Agreements are maintained and rendering statements or copies thereof from time to time as requested by the Indenture Trustee and any issuing and paying agent, Lender or Credit Enhancer and co-operating in all audits of the Issuer;

(xxv) preparing, or arranging for the preparation of, all required financial statements of the Issuer;

(xxvi) preparing, procuring, delivering and filing, or causing to be prepared, procured, delivered or filed, any reports, attestations, exhibits, certificates or other documents required to be delivered or filed with the applicable securities regulator by the Issuer under the applicable securities or other applicable laws;

(xxvii) providing clerical and bookkeeping services necessary and appropriate for the Issuer relating to all transactions of the Issuer undertaken or performed by the Manager hereunder, and the Issuer's incurrence and repayment of Funding Obligations and other borrowings of money and maintaining and preserving records regarding the foregoing;

(xxviii) paying all taxes or assessments of whatever kind or nature imposed on the Issuer, and withholding and remitting all taxes required to be withheld and remitted by the Issuer under applicable laws, in each case, on behalf of and for the account of the Issuer and in accordance with the requirements of any applicable laws and subject to the payment priorities specified in the Program Agreements;

(xxix) preparing and filing, in accordance with the requirements of the Indenture and any applicable laws, all returns (including, for greater certainty, all returns, information returns, elections, designations, declarations, schedules, statements or supporting documents in relation thereto) required to be filed with any government authority, or prepared as support for any such filing, in connection with (A) the determination, assessment or collection of any taxes of the Issuer or taxes, or amounts on account of taxes, that the Issuer is required to withhold and remit by applicable laws, or (B) the administration of any laws, regulations or administrative requirements relating to taxes; and

(xxx) providing such other services as are incidental to the foregoing or as the Issuer and the Manager may agree.

(b) The Manager will not offer to enter into any Program Agreement:

(i) after the Manager receives a notice of termination pursuant to Section 7.1; or

(ii) if the entering into of the Program Agreement would violate any other Program Agreements.

(c) The Manager will not consent to or execute any material amendment of the Change of Law Process Agreement unless the Rating Agency Condition shall have been satisfied.

4.2 Issuer Investment Interest

The Manager will administer as agent for and on behalf of and for the account of the Issuer the following activities of the Issuer in connection with the acquisition and administration of the Issuer Investment Interest in accordance with the Program Agreements:

(a) enforcing the rights of the Issuer under the Program Agreements;

(b) seeking to protect the Issuer and the Specified Creditors from claims, actions or other proceedings of third parties that, if successfully pursued, would result in a breach of any representation by the IESO set forth in the Master Transfer and Servicing Agreement;

(c) executing and filing such filings, including filings under the PPSA, and causing such filings to be executed and filed, all in such manner and in such places as may be required by law to fully preserve, maintain, protect and perfect the ownership interest of the Issuer and the first priority security interest of the Indenture Trustee in the Issuer Investment Interest, including all filings required under the Act and the PPSA (and equivalent statutes in any applicable jurisdiction) relating to the transfer of the ownership of the rights and interest in the Issuer Investment Interest by the IESO to the Issuer or the pledge of the Issuer Investment Interest to the Indenture Trustee;

(d) maintaining accounts and records as to the Issuer Investment Interest accurately and in accordance with its standard accounting procedures and in sufficient detail to permit reconciliation between Servicer CEA Receipts and the Clean Energy Adjustment;

(e) instituting any Proceeding necessary to compel performance by the Board, the IESO, the Province of Ontario, the Indenture Trustee, the Issuer Trustee or any of their respective agents of any of their obligations or duties under the Act, the Regulations or any Program Agreement, as the case may be, and taking such legal or administrative actions, including defending against or instituting and pursuing legal actions and appearing or testifying at hearings or similar proceedings, in each case as may be reasonably necessary;

(f) seeking to block or overturn any attempts to cause a repeal of, modification of or supplement to the Act or the Regulations or the rights of holders of any Funding Obligations, by legislative enactment that would be materially adverse to the Issuer or the Specified Creditors or that would otherwise cause an impairment of the rights of the Issuer or the Specified Creditors; and

(g) instituting any Proceeding necessary to appeal or challenge the decision of a court that would be materially adverse to the Issuer or the Specified Creditors or that would otherwise cause an impairment of the rights of the Issuer or the Specified Creditors.

4.3 Implementation Plan

(a) The Manager will work with the IESO to develop on or before January 31, 2020 a written implementation plan identifying in reasonable detail the actions to be taken by the IESO and the Issuer in order to facilitate the Board, the Issuer, the IESO and the Electricity Vendors being prepared to perform their obligations under the Act and the Regulations when the setting, invoicing and collection of

Clean Energy Adjustments commences (the "**Implementation Plan**"). The Implementation Plan should include the following:

(i) a process and a schedule for contacting Electricity Vendors and providing instructions with respect to the establishment of a segregated account by each Electricity Vendor, the procedures for invoicing Clean Energy Adjustments, the identification, deposit and segregation of collections of Clean Energy Adjustments by Electricity Vendors and their remittance to the IESO;

(ii) the development of processes for the necessary exchanges of information with respect to Clean Energy Adjustments among the Board, the Issuer, the Manger, the IESO, Electricity Vendors and Specified Consumers;

(iii) procedures for the testing of the processes for the collection and remittance of Clean Energy Adjustment before February 28, 2021; and

(iv) target dates for the achievement of specified objectives under the Implementation Plan.

(b) The Manager will deliver the Implementation Plan to the Issuer and the Indenture Trustee on or before January 31, 2020.

(c) The Manager will deliver written progress reports on the status of the implementation of the Implementation Plan on or before June 30, 2020, October 31, 2020 and January 31, 2021.

4.4 Collection of Clean Energy Adjustments

(a) The Manager will as agent for and on behalf of the Issuer perform the following in connection with the collection of Clean Energy Adjustments:

(i) ~~(a)~~ review each ~~report delivered by the IESO under Section 3.4(b) of the Master Transfer and Servicing Agreement~~**Monthly Servicer Report** and make commercially reasonable efforts to resolve ~~the~~**any** failures and discrepancies ~~which~~**identified in such report that** have not been remedied or adequately explained by Electricity Vendors;

(ii) ~~(b)~~ institute any Proceeding necessary to compel performance by the Electricity Vendors of any of their obligations or duties under the Act and the Regulations including with respect to the invoicing, collection, receipt, remittance and reporting in respect of Clean Energy Adjustments; and

(iii) ~~(c) as the Manager determines necessary, review or caused to be reviewed,~~**commencing May 1, 2021 and** pursuant to its rights under Section 10(4) of the Regulations**:**

(A) **the Manager shall** review or caused to be reviewed, **on an annual basis or, subject to the satisfaction of the Rating Agency Condition, less frequently as may be determined by the Manager**, the records maintained by each Electricity Vendor with respect to Clean Energy Adjustments~~; provided that (i)~~ **, such review to include, in respect of each Electricity Vendor: (a) an assessment of compliance with the requirements imposed under the Act, (b) a reconciliation of CEA Consumer Invoice Amounts and Electricity Vendor CEA Collections, (c) a review of amounts deposited into the segregated account established for the purpose of receiving Clean Energy Adjustment amounts, and (d) a reconciliation of Servicer CEA Receipts and Electricity Vendor CEA Collections; and**

(B) if there is evidence of material non-compliance by an Electricity Vendor with its duties and obligations in respect of Clean Energy Adjustments, the Manager shall promptly review or cause to be reviewed the records of such Electricity Vendor as the Manager deems reasonably necessary to cause compliance by such Electricity Vendor; ~~(ii) the records of Electricity Vendors representing at least 75% of the annual aggregate energy consumption attributable to Specified Consumers shall be reviewed at least once every **[four (4)]** years;~~ and

(C) **the Manager shall notify each Rating Agency of any material non-compliance identified as a result of any review completed pursuant to this Section 4.4(a)**(iii)~~ the records of all Electricity Vendors shall be reviewed at least once every **[six (6)]** years~~.

4.5 Investment Interest Records

(a) The Manager will act as custodian of the Investment Interest Records as agent for and on behalf of and for the account of the Issuer, which are hereby constructively delivered to the Indenture Trustee, as pledgee of the Issuer with respect to the Issuer Investment Interest, and, in this regard, the Manager shall:

(i) hold the Investment Interest Records on behalf of the Issuer and the Indenture Trustee and maintain such accurate and complete accounts, records and computer systems pertaining to the Investment Interest Records as shall enable the Issuer and the Indenture Trustee, as applicable, to comply with the Program Agreements;

(ii) promptly report to the Issuer, the Indenture Trustee and the Rating Agencies any failure on its part to hold the Investment Interest Records and maintain its accounts, records and computer systems as herein provided and promptly take appropriate action to remedy any such failure;

(iii) maintain the Investment Interest Records at its offices at 700 University Avenue, Toronto, Ontario or at such other office as shall be specified to the Issuer and the Indenture Trustee by written notice at least 30 days prior to any change in location;

(iv) make available for inspection, audit and copying to the Issuer and the Indenture Trustee or their respective duly authorized representatives, attorneys or auditors the Investment Interest Records at such times during normal business hours as the Issuer or the Indenture Trustee shall reasonably request and that do not unreasonably interfere with the Manager's normal operations; and

(v) upon instruction from the Indenture Trustee in accordance with the Indenture or any other Person in accordance with another Program Agreement, release any Investment Interest Records to the Indenture Trustee, the Indenture Trustee's agent or the Indenture Trustee's designee, as the case may be, at such place or places as the Indenture Trustee may designate, as soon as practicable.

(b) Nothing in this Section 4.5 shall affect the obligation of the Manager to observe any applicable law prohibiting disclosure of information regarding Specified Consumers, and the failure of the Manager to provide access to such information as a result of such obligation shall not constitute a breach of this Section 4.5.

(c) Nothing in this Section 4.5 shall be deemed to require an initial review or any periodic review by the Issuer or the Indenture Trustee of the Investment Interest Records. The Manager's duties to hold the Investment Interest Records set forth in this Section 4.5, to the extent the Investment Interest Records have not been previously transferred to a successor Manager pursuant to Section 7.1, shall terminate one year and one day after the earlier of (i) the date on which the Manager is succeeded by a successor Manager in accordance with Section 7.1 and (ii) the day after the termination of the Indenture and payment in full of the Issuer Funding Obligations or any other amounts owed under the Indenture.

(d) The Manager shall, on or before the 25th Business Day following the end of each month (or if such day is not a Business Day, the first Business Day following such day), prepare and deliver to the Issuer Trustee and each Rating Agency a report substantially in the form of Exhibit B (a "Monthly Portfolio Report").

4.6 Payment of Other Issuer Fees and Expenses

The Manager in accordance with the Program Agreements may, at its option, pay from its own funds the fees and expenses properly incurred on behalf of the Issuer in the ordinary course of the Issuer's operations. To the extent such fees and expenses are paid by the Manager from its own funds, the Issuer will reimburse the Manager for such payments, subject to the payment priorities specified in the Program Agreements.

4.7 Delegation

In connection with the services to be provided or duties to be performed by it under this Agreement, the Manager may, subject to any limitation on delegation imposed by applicable law, by the Declaration of Trust or by the Issuer, engage or employ any Persons as employees, agents, representatives, independent contractors or otherwise, including, without limitation, banks, underwriters, accountants, investment advisers, tax advisers, insurance advisers, lawyers, appraisers, bankers, brokers, dealers, depositories, custodians, agents for collection or others in one or more capacities and any other advisers which the Manager deems advisable, and may delegate any of the powers and duties of the Manager to any such Persons upon such terms and conditions as it may determine. For greater certainty, the Manager shall remain liable and responsible for any of the powers and duties of the Manager which it delegates to a third party.

4.8 Annual Compliance Certificates

The Manager shall provide to the Issuer Trustee a certificate in the form of Exhibit A within 120 days after the end of each fiscal year of the Issuer confirming compliance with the matters referred to in such certificate. The Issuer shall be entitled to rely on such certificate for the period between the effective dates of two consecutive certificates certifying such compliance unless the Issuer has received written notice to the contrary.

4.9 Acknowledgment of Duties as Financial Services Manager

The parties hereto acknowledge that, for so long as Ontario Power Generation Inc. is the Financial Services Manager appointed under the Act, Ontario Power Generation Inc., in its capacity as the Financial Services Manager, will satisfy its obligations as Financial Services Manager in accordance with the Act and the Regulations, and, for greater certainty, its services and duties in this regard will include:

(a) preparing the Financing Plan and, in accordance therewith, evaluating whether Funding Obligations should be incurred by the Issuer for the purposes of acquiring an Investment Interest or refinancing maturing Issuer Funding Obligations;

(b) determining the Clean Energy Adjustment (inclusive of any True Up Amount) payable by Specified Consumers in respect of each month in a Reference Period;

(c) calculating the True Up Amount;

(d) notifying the Board of the Clean Energy Adjustment (inclusive of any True Up Amount) in respect of a Reference Period or such other period as prescribed by the Regulations and sending a copy of such notice, as required, to the Issuer, the Indenture Trustee and the Rating Agencies concurrently therewith; and

(e) if, for any reason any Clean Energy Adjustment is not implemented and effective in respect of the Reference Period set forth in the notice and commencing on the date required under the Act, notifying the Issuer, the Indenture Trustee and each Rating Agency by the end of the second Business Day after such applicable date.

ARTICLE 5
OTHER PROVISIONS RELATING TO THE DUTIES AND COMPENSATION

5.1 Standard of Care

The Manager will perform its duties hereunder (including, for so long as it is the Financial Services Manager, its duties as Financial Services Manager under the Act and the Regulations) diligently and in conformity with the Issuer's obligations under the Program Agreements and with the Act and the Regulations, as applicable, and honestly, in good faith and in the best interests of the Issuer and, in connection therewith, will exercise the degree of care, diligence and skill that a reasonably prudent Person would exercise in comparable circumstances (the "**Standard of Care**"). In carrying out its obligations hereunder, the Manager may rely upon the opinion or advice of or information obtained from any counsel, auditor, valuer or certificates from officers of any of the other parties to Program Agreements. Unless otherwise required by applicable law, the Manager will not be required to give bond, surety or security in any jurisdiction for the performance of any duties or obligations hereunder. The Manager will not be required to devote its entire time to its duties hereunder. Notwithstanding anything else to the contrary herein contained, nothing herein shall be interpreted or construed as an obligation of or on the part of the Manager, and the Manager shall not be liable or obligated, to pay or make any payment of, on or in respect of any debt, liability or obligation of the Issuer (including any payment of, on or in respect of any Issuer Funding Obligations or under any other Program Agreement), as agent for or on behalf of the Issuer or otherwise, except from the monies or funds of the Issuer which are made available to the Manager pursuant to this Agreement or the other Program Agreements for the purpose of such payment.

5.2 Compliance with Program Agreements; Conformity with Law

The Manager acknowledges that it has received copies of the Program Agreements, the Act and the Regulations in effect on the date hereof and is familiar with and understands the duties of the respective parties thereto or governed thereby, including those duties of the Issuer which are being delegated to the Manager hereunder. Notwithstanding anything herein to the contrary, the Manager shall perform its duties hereunder in a manner consistent with any applicable provisions of the Program Agreements in effect from time to time, and the Manager will not, in performing its obligations hereunder, take any action which it knows or ought reasonably to know would cause it or the Issuer to be in violation of any law, rule or regulation applicable to it. The Manager will use reasonable commercial efforts to comply with the terms applicable to the Issuer when acting on its behalf under all Program Agreements and will use reasonable commercial efforts in accordance with its Standard of Care to take such actions as would reasonably be expected to result in the representations and warranties given by the Issuer in any Program Agreement being true and correct in all material respects when made.

5.3 Liabilities

Except as provided in Section 5.6,

(a) the Manager will not be liable for any liabilities of the Issuer; and

(b) subject to the payment priorities specified in the Program Agreements, the Issuer agrees to indemnify, defend and hold harmless the Manager from and against any and all liabilities which may be imposed on, incurred by or assessed against the Manager as a result of any act or omission of the Issuer or the Manager under this Agreement or under any Program Agreement; provided that this Section 5.3(b) does not apply to the extent that in any circumstances there has been wilful misconduct **or gross negligence** of the Manager or its respective officers, employees or agents **or any failure to comply with the Standard of Care**.

To the extent that a liability is attributable solely to a single Series or a number of specific Series of Issuer Funding Obligations, the Manager will first exhaust its recourse against the assets available for recovery of such liability and designated to such Series of Issuer Funding Obligations. If such assets are insufficient to satisfy the indemnity set out in this Section 5.3, or if the liability is not attributable to a single Series or a number of specific Series of Issuer Funding Obligations, the liability will be satisfied on a pro rata basis as among the assets available for recovery of such liability and designated to all Issuer Funding Obligations.

Each party expressly disclaims any intention to create a partnership, and neither the Issuer nor the Manager will be deemed to be carrying on business in partnership by reason of its execution and delivery of this Agreement or the exercise or performance by it of its respective rights and obligations hereunder.

5.4 Compensation of the Manager

In consideration of and as compensation for all services provided and duties performed by the Manager pursuant to this Agreement, and so long as the Financial Services Manager is also the Manager, all services provided and duties performed by the Financial Services Manager, the Issuer will pay to the Manager, subject to the payment priorities specified in the Program Agreements, the Management Fees. The Management Fees are exclusive of any applicable sales taxes and the Issuer shall pay to the Manager the amount of any applicable sales taxes in addition to such fees.

5.5 Compensation of the Issuer

In consideration of the Issuer engaging in the activities contemplated by the Act, the Manager will pay to the Issuer, on a monthly basis, the sum of $10 per month for any month or part thereof that the Issuer is engaged in such activities (the "**Issuer Compensation**"). The Issuer Compensation is exclusive of any applicable sales taxes and the Manager shall pay to the Issuer the amount of any applicable sales taxes in addition to the Issuer Compensation.

5.6 Indemnification by Manager

(a) The Manager shall indemnify the Issuer and defend and hold harmless the Issuer from and against, any and all liabilities, obligations, losses, damages, payments and claims, and reasonable costs or expenses, of any kind whatsoever (collectively, "**Indemnified Losses**") imposed on, incurred by or asserted against the Issuer, as a result of (i) the failure of the Manager to perform its covenants and

other obligations under this Agreement or any other Program Agreement to which the Manager is a party; or (ii) the breach by the Manager of any of its representations or warranties under this Agreement or any other Program Agreement to which the Manager is a party and, except to the extent of Indemnified Losses resulting from the willful misconduct, bad faith or gross negligence of the Issuer, seeking indemnification hereunder; provided that, in each case, the Manager shall not be required to indemnify the Issuer for any amount paid or payable by the Issuer in the settlement of any Proceeding or investigation without the written consent of the Manager, which consent shall not be unreasonably withheld or delayed. Promptly after receipt by the Issuer of notice of the commencement of any Proceeding or investigation, the Issuer shall, if a claim in respect thereof is to be made against the Manager under this Section 5.6(a), notify the Manager in writing of the commencement thereof. Failure by the Issuer to so notify the Manager shall relieve the Manger from the obligation to indemnify and hold harmless the Issuer under this Section 5.6(a) only to the extent that the Manager suffers actual prejudice as a result of such failure. With respect to any Proceeding or investigation brought by a third party for which indemnification may be sought under this Section 5.6(a), the Manager shall be entitled to conduct and control, at its expense and with counsel of its choosing that is reasonably satisfactory to the Issuer, the defence of any such Proceeding or investigation (in which case the Manager shall not thereafter be responsible for the fees and expenses of any separate counsel retained by the Issuer except as set forth below); provided, that the Issuer shall have the right to participate in such Proceeding or investigation through counsel chosen by it and at its own expense. Notwithstanding the Manager's election to assume the defence of any Proceeding or investigation, the Issuer shall have the right to employ separate counsel, and the Manager shall bear the reasonable fees, costs and expenses of such separate counsel, if (i) the defendants in any such action include both the Issuer and the Manager and the Issuer shall have reasonably concluded that there may be legal defences available to it that are different from or additional to those available to the Manager, (ii) the Manager shall not have employed counsel reasonably satisfactory to the Issuer to represent the Issuer within a reasonable time after notice of the institution of such action, (iii) the Issuer shall have been advised by counsel to the Issuer that there may be a conflict of interest between the Manager and the Issuer, or (iv) the Manager authorizes the Issuer to employ separate counsel at the expense of the Manager. Notwithstanding the foregoing, the Manager shall not be obligated to pay for the fees, costs and expenses of more than one separate counsel for the Issuer other than one local counsel, if appropriate. The Manager will not, without the prior written consent of the Issuer, settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim or Proceeding in respect of which indemnification may be sought under this Section 5.6(a) (whether or not the Issuer is an actual or potential party to such claim or action) unless such settlement, compromise or consent includes an unconditional release of the Issuer from all liability arising out of such claim or Proceeding

(b) Indemnification under Section 5.6(a) shall survive any repeal of, modification of, or supplement to, or judicial invalidation of, the Act and shall survive the termination of this Agreement and will rank pari passu with other general, unsecured obligations of the Manager.

(c) Notwithstanding anything contained in this Agreement, it is expressly understood that the Manager is not agreeing to indemnify or hold the Issuer harmless with respect to any of the following:

(i) any losses resulting from any breach or failure to perform by the Manager caused by a breach or failure to perform on the part of any other third party under any Program Agreement, the Act or the Regulations; provided that this Section 5.6(c)(i) shall not apply to limit the liability of the Manager in respect of any delegation to a third party as provided for in Section 4.7.

(ii) any losses resulting from changes in law after the date hereof, whether such changes in law are effected by means of any legislative enactment or any final and non-appealable judicial decision, other than losses resulting solely from the Manager's failure to comply with Section 4.1(a)(xiv);

(iii) any losses resulting from the validity of the Change of Law Protection Agreement or the applicability thereof to the Province, the Issuer or the Indenture Trustee or any material part thereof being disaffirmed by or on behalf of the Province; or

(iv) any liability of the Issuer incurred after the termination of this Agreement unless attributable to the actions or omissions of the Manager prior to such termination **or in respect of a representation, warranty or covenant of the Manager that survives termination of this Agreement**.

(d) To the fullest extent permitted by applicable law, no Specified Creditor (other than the Indenture Trustee) will have any right to institute any proceeding, judicial or otherwise, or to make any claim for indemnification, with respect to this Agreement, or for the appointment of a receiver or trustee or similar official, or for any other remedy hereunder, except in accordance with Section 8.12 of the Indenture.

(e) The parties hereto agree that the Manager is not providing any representations, warranties or covenants in this Agreement, and shall have no liability to the Issuer, with respect to the collectability of the Clean Energy Adjustment or the Carrying Costs, or that the Clean Energy Adjustment amounts or Carrying Costs collected will be sufficient to satisfy the Issuer Funding Obligations.

(f) Notwithstanding anything contained in this Agreement, it is expressly understood that the Manager is not agreeing to indemnify or hold harmless the Issuer Trustee with respect to any liabilities resulting from the failure of the Issuer Trustee to satisfy the standard of care set out in the Declaration of Trust. Where the

Manager has assumed total defense of a claim, it shall agree to ensure that any settlement of such claim does not include any form of admission of liability on the part of the Issuer Trustee (in its personal capacity).

5.7 Contracting with Itself and Affiliates

In the exercise of its rights, duties and obligations, the Manager may, if it is acting in good faith, enter into, as Manager for the Issuer, agreements and other contracts to which the Manager, in its personal capacity, or an Affiliate of the Manager, is a party.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES

6.1 Representations of the Issuer

The Issuer represents and warrants to the Manager that (a) the execution, delivery and performance by the Issuer of this Agreement are within the powers of the Issuer and have been duly authorized by all necessary action on the part of the Issuer and do not contravene (i) the Program Agreements in effect on the date hereof or (ii) any law or contractual restriction binding on or affecting the Issuer and (b) this Agreement is a legal, valid and binding obligation of the Issuer, enforceable against the Issuer.

6.2 Representations of the Manager

The Manager represents and warrants to the Issuer that (a) the execution, delivery and performance by the Manager of this Agreement are within the powers of the Manager and have been duly authorized by all necessary action on the part of the Manager and do not contravene any law or contractual restriction binding on or affecting the Manager, (b) this Agreement is a legal, valid and binding obligation of the Manager enforceable against the Manager and (c) it is a resident of Canada for purposes of the *Income Tax Act* (Canada).

ARTICLE 7
TERMINATION AND RESIGNATION

7.1 Termination

The Manager shall not be entitled to resign as manager of the Issuer or to terminate this Agreement for so long as any Funding Obligations remain outstanding. The Manager's rights and obligations under this Agreement (other than under Sections 5.3, 5.4, 5.6 and 8.5) will terminate, if the Manager receives a termination notice from (i) the Issuer Trustee, with the consent of the Indenture Trustee, or (ii) the Indenture Trustee, subject to the terms and conditions of the Indenture, in each case, on the 30th day after receipt of such notice. Notwithstanding the foregoing, no termination shall be effective until a replacement manager that satisfies the Rating Agency Condition has been approved and has entered into a management agreement whereby the replacement manager agrees to assume, in substance, the obligations of the Manager hereunder. Upon the termination of its rights and obligations under this Agreement, the Manager will notify the Rating Agencies and, promptly and upon the request of the Issuer,

deliver to the Issuer all records (including Investment Interest Records) in the possession of the Manager relating to the performance of its services hereunder.

ARTICLE 8
MISCELLANEOUS

8.1 Acknowledgement of Indenture

The Manager (i) acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor under the Indenture and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Indenture, (ii) irrevocably authorizes and directs the Indenture Trustee on its behalf to take such action (including the execution and delivery of documents of subordination) as may be necessary or appropriate to further assure the priority arrangements provided for in the Indenture and (iii) appoints the Indenture Trustee as its agent for any and all such purposes.

8.2 Appointment of Manager as Attorney-in-Fact

Subject to any Program Agreement, the Issuer hereby irrevocably appoints the Manager as the Issuer's attorney-in-fact during the term of this Agreement, with full authority in the place and stead of and in the name of the Issuer or otherwise, including full power of substitution, from time to time in the Manager's discretion or as required by this Agreement, to take such actions on behalf of the Issuer as the Manager may deem necessary or advisable to comply with or effect the purposes of this Agreement and any Program Agreement including, without limitation, to execute any documents, instruments or certificates in connection therewith, to ask, demand, collect, sue for, recover, compound, receive and give acquittances and receipts for monies due or becoming due to the Issuer or otherwise owed thereto, to receive, endorse and collect any drafts or other instruments, documents and chattel paper in connection therewith, and to file any claims or take any action or institute any proceedings which the Manager may deem necessary or desirable for the collection thereof, or to enforce compliance with the terms and conditions of any Program Agreement.

8.3 Amendments and Waivers

(a) Subject to Section 8.3(b), this Agreement may be amended, supplemented, modified, restated or replaced from time to time by written instrument signed by the Issuer and the Manager. The Manager will forthwith after the execution of any such instrument by the Issuer and the Manager provide the Rating Agencies with a copy of such instrument.

(b) No provision of this Agreement may be amended, supplemented, modified, restated or replaced in any material respect without first obtaining the written consent of the Indenture Trustee in accordance with the Indenture and such amendment, supplement, modification or replacement will only be effective if the Rating Agency Condition has been satisfied.

(c) No waiver of any provision of this Agreement, nor consent to any departure by any party therefrom, shall in any event be effective unless the same shall be in

writing and signed by such party and such waiver or consent, if material, will only be effective if the Rating Agency Condition has been satisfied, and then said waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. The Manager will forthwith after the execution of any waiver by the Issuer and the Manager provide the Rating Agencies with a copy of such instrument. No failure on the part of any party to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof.

8.4 Withholding Rights

The parties hereto shall be entitled to deduct and withhold from amounts payable under this Agreement such amounts as each is required to deduct and withhold with respect to such payment under the *Income Tax Act* (Canada) or any provision of any applicable federal, provincial, territorial, state, local or foreign tax law. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes as having been paid to the recipient of the payment in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted in accordance with applicable law to the appropriate taxing authority.

8.5 No Petition

The Manager hereby agrees that it will not, prior to the date that is one year and one day after the termination of the Indenture and payment in full of the Issuer Funding Obligations and any other amounts owed under the Indenture, institute or encourage against the Issuer, or join or acquiesce in any institution against the Issuer of, any bankruptcy, reorganization, arrangement, insolvency, winding-up or liquidation proceedings, or other proceedings under any federal or provincial bankruptcy, insolvency or similar law in connection with any obligations relating to this Agreement or any of the other Program Agreements. The foregoing shall not limit the rights of the Manager to file any claim in or otherwise take any action with respect to any insolvency proceeding that was instituted against the Issuer by any Person other than the Manager.

8.6 Notice

All demands, notices and communications hereunder will be in writing (unless otherwise expressly provided herein) and will be personally delivered or transmitted electronically to:

(a) in the case of the Issuer:

Fair Hydro Trust
c/o Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario
M5G 1X6

Email: **FHT@opg.com**
Attention: **Vice President, Fair Hydro Plan**

with a copy to:

Computershare Trust Company of Canada
100 University Avenue, 11th Floor
Toronto, Ontario
M5J 2Y1

Email: **corporatetrust.toronto@computershare.com**
Attention: **Manager, Corporate Trust**

(b) in the case of the Manager:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario
M5G 1X6

Email: **FHT@opg.com**
Attention: **Vice President, Fair Hydro Plan**

or such other address or email address as may hereafter by furnished to each of the parties hereto in writing. Notices transmitted by facsimile will be deemed to have been received when delivered (with receipt confirmed).

8.7 Recourse to Issuer Trustee and the Issuer

Nothing contained herein will be deemed to cause the Issuer Trustee to be personally liable for any obligations of the Issuer hereunder, and the Manager will not seek any personal or deficiency judgment in respect of such obligations against the Issuer Trustee in its personal capacity; provided, however, that the foregoing will not in any way affect any rights that the Manager may have hereunder to (a) proceed against any Person with respect to the enforcement of any guarantee of, or collateral security for, payment of such obligations or (b) recover any funds, damages, expenses or costs as a result of fraud or misrepresentation by the Issuer Trustee in its personal capacity. The obligations hereunder are not binding upon the Issuer Trustee except in its capacity as trustee of the Issuer nor will resort be had to the property of the Issuer Trustee except where liability is expressly imposed on the Issuer Trustee in its personal capacity hereunder, but the Issuer Property will be bound hereby.

8.8 Severability

If one or more provision of this Agreement is for any reason whatever held invalid, such provision will be deemed severable from the remaining covenants, agreements and provisions of this Agreement and will in no way affect the validity or enforceability of such remaining provisions or the rights of any parties hereto.

8.9 Execution of Counterparts; Electronic Delivery

This Agreement may be executed in several counterparts, each of which when so executed shall be deemed to be an original and the counterparts together shall constitute one and the same instrument. Delivery of an executed signature page to this Agreement by any party by electronic transmission will be as effective as delivery of a manually executed copy of this Agreement by such party.

8.10 Governing Law

This Agreement will be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

8.11 Grant of Security Interest to Indenture Trustee; Acknowledgement of Rights of Indenture Trustee

The Manager hereby acknowledges and consents to any mortgage, pledge, assignment and grant of a security interest by the Issuer to the Indenture Trustee for the benefit of the Specified Creditors pursuant to the Indenture of any or all of the Issuer's rights hereunder. The Manager further acknowledges and agrees that, pursuant to the terms of the Indenture, if the Issuer fails to exercise any of its rights under this Agreement, including any right to be indemnified by the Manager pursuant to Section 5.6 of this Agreement, the Indenture Trustee shall be entitled, subject to the terms of the Indenture, to enforce such rights against the Manager directly on the Issuer's behalf.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective officers as of the day and year first above written.

FAIR HYDRO TRUST, by its sole trustee, COMPUTERSHARE TRUST COMPANY OF CANADA

as Issuer

By:
Name:
Title:

By:
Name:
Title:

ONTARIO POWER GENERATION INC.
as Manager

By:
Name:
Title:

By:
Name:
Title:

ACKNOWLEDGED AND ACCEPTED:

BNY TRUST COMPANY OF CANADA
as Indenture Trustee

By:
Name:
Title:

By:
Name:
Title:

EXHIBIT A

ANNUAL COMPLIANCE CERTIFICATE

TO: Computer Share Trust Company of Canada, (the "**Issuer Trustee**") in its capacity as issuer trustee of Fair Hydro Trust (the "**Issuer**")

Ontario Power Generation Inc., as manager (the "**Manager**") appointed by the Issuer Trustee under the Management Agreement dated December ■, 2017 between the Issuer Trustee and the Manager, and acknowledged and accepted by the Indenture Trustee (as amended, supplement, modified, restated or replaced from time to time, the "**Management Agreement**"), confirms, on behalf of the Issuer, the following:

(a) The books and records of the Issuer maintained by the Manager are current and accurate in all material respects.

(b) All debt obligations and expenses due and payable by the Issuer have been paid to date.

(c) All required filings with tax and regulatory authorities have been completed to date.

(d) All material statements and reports to be delivered by the Issuer under the Program Agreements have been delivered and all material statements and reports to be received by the Issuer under the Program Agreements have been received.

Capitalized terms used but not defined herein have the meanings given to them in the Management Agreement.

Dated this ■ day of ■, ■.

ONTARIO POWER GENERATION INC.

as Manager

By:
Name:
Title:

By:
Name:
Title:

EXHIBIT B

MONTHLY REPORT

[NTD: Form of monthly report is in progress and will include:

- **the amount of Monthly Carrying Costs received by the IESO under the MTSA;**
- **a copy of the Monthly Servicer Report delivered by IESO under the MTSA;**
- **the amounts paid for each series and class of note, broken down by principal and interest;**
- **the opening and closing balance of the notes of the various series;**
- **the opening and closing amounts in the various reserve accounts; and**
- **amounts paid by the Issuer to various other third parties (Manager fees, Issuer Trustee fees, etc.).]**

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Format changed	0

Total changes	122

COMPUTERSHARE TRUST COMPANY OF CANADA

as Issuer Trustee of

FAIR HYDRO TRUST

DECLARATION OF TRUST

Made as of December ■, 2017

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THIS DECLARATION OF TRUST is made as of December ■, 2017 by Computershare Trust Company of Canada, a trust company established under the laws of Canada (the "**Issuer Trustee**").

WHEREAS the Government of Ontario has enacted the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**") for the purpose of, among other things, ensuring that clean energy costs and clean energy benefits (each as defined in the Act) are fairly allocated among present and future Specified Consumers (as defined below);

AND WHEREAS the Issuer Trustee has determined, at the request of OPG, to establish a Trust (as defined below) for the purpose of carrying on the activities of a financing entity (as defined in the Act) as hereinafter described for the benefit of the Unitholders (as defined below);

NOW THEREFORE the Issuer Trustee hereby declares that it holds in trust as trustee the sum of TEN DOLLARS ($10.00) now contributed by it and all property of every nature and kind which it may acquire in its capacity as trustee of the Trust, and all income therefrom, for the benefit of the Unitholders, in accordance with and subject to the provisions of this Declaration of Trust.

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Declaration of Trust, the following terms have the following meanings:

"**Act**" has the meaning ascribed thereto in the Recitals.

"**Adjusted Redemption Price**" has the meaning ascribed thereto in subsection 4.1(3).

"**Affiliate**" means, with respect to any specified Person, any other Person controlling or controlled by or under common control with such specified Person. For the purposes of this definition, "**control**" when used with respect to any specified Person means the power to direct the management and policies of such specified Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, and the terms "**controlling**" and "**controlled**" have meanings correlative to the foregoing.

"**Agency Agreement**" means an agency agreement made between the Trust and one or more Persons acting on behalf of the Trust, providing for the sale and distribution of Notes on an agency basis.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are, or the office of the Indenture Trustee is, authorized or obligated by law, regulation or executive order to be closed.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement to be entered into between Her Majesty the Queen in Right of Ontario, as

represented by the Minister of Energy and the Minister of Finance, the Indenture Trustee and the Trust.

"**Claim**" has the meaning ascribed thereto in Section 7.3.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Trust and any other owner or owners of an Investment Interest.

"**Dealer**" means one or more Persons (other than the Issuer Trustee or the Manager) who have entered into an agreement with the Trust for the purpose of facilitating the sale and distribution of Funding Obligations.

"**Declaration of Trust**" means this declaration of trust.

"**Derivative Agreement**" means any agreement evidencing an interest rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into by the Trust in connection with or related to, and at the time of or prior to, the issuance of Funding Obligations or acquisition of Investment Interests by the Trust in accordance with and subject to the terms of the Program Agreements.

"**Designated Beneficiary**" has the meaning ascribed thereto in section 3.6.

"**Eligible Investments**" means investments permitted to be made by the Trust under the Indenture.

"**Excess Income on Redemption**" has the meaning ascribed thereto in subsection 11.1(2).

"**Funding Obligation**" means a payment obligation incurred by or on behalf of the Trust to fund its ownership of an Investment Interest or a payment obligation that meets such other criteria as may be prescribed by the Regulations.

"**GAAP**" or "**generally accepted accounting principles**" means generally accepted accounting principles in Canada.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" means the Independent Electricity System Operator, a statutory corporation without share capital established by the *Electricity Act, 1998*, SO, 1998.

"**IESO Security Agreement**" means the security agreement made by the IESO in favour of the Trust to secure certain of its obligations under the Master Transfer and Servicing Agreement.

"**Income of the Trust**" for any taxation year of the Trust means the net income for the year determined pursuant to the provisions of the ITA having regard to the provisions thereof which relate to the calculation of income for the purposes of determining the "taxable income" of a trust, without reference to paragraph 82(1)(b) and subsection 104(6) thereof, less any non-capital losses of the Trust carried forward from prior taxation years that are deductible in the taxation year, and taking into account such other adjustments as may be determined in the discretion of the Issuer Trustee; provided, however, that capital gains and capital losses will be excluded from the computation of net income.

"**Indenture**" means the master trust indenture to be entered into between the Trust and the Indenture Trustee.

"**Indenture Trustee**" means BNY Trust Company of Canada, a trust company existing under the laws of Canada and duly authorized to carry on the business of a trust company in all of the provinces and territories of Canada, as indenture trustee for the benefit of Specified Creditors under the Indenture.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act.

"**Issuer Trustee**" means Computershare Trust Company of Canada and any successor thereto appointed pursuant to Article 6.

"**ITA**" means the *Income Tax Act* (Canada) and the regulations promulgated thereunder.

"**Management Agreement**" means the management agreement to be entered into between the Manager and the Trust.

"**Manager**" means OPG, in its capacity as manager appointed under the Management Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement to be entered into between the Trust and the IESO.

"**MTSA Acknowledgement**" means the acknowledgement and indemnity agreement to be given by the IESO in favour of the Indenture Trustee.

"**Net Realized Capital Gains of the Trust**" for any taxation year means the amount, if any, by which the aggregate amount of the realized capital gains of the Trust for the year, calculated in accordance with the provisions of the ITA, exceeds the aggregate of: (i) the aggregate amount of any realized capital losses of the Trust for the year, calculated in accordance with the provisions of the ITA; and (ii) the amount determined by the Issuer Trustee in respect of any net capital losses of the Trust carried forward from prior

taxation years that are deductible in the taxation year; provided that in the discretion of the Issuer Trustee, the Net Realized Capital Gains of the Trust for a taxation year may be calculated without subtracting the full amount of the net capital losses of the Trust carried forward from prior years.

"**Net Realized Capital Gains of the Trust Allocated on Redemption**" has the meaning ascribed thereto in subsection 4.1(5).

"**New Holder**" has the meaning ascribed thereto in subsection 3.6(1).

"**Note**" or "**Notes**" means any note or notes of any class, series or tranche created pursuant to Supplemental Indentures and authenticated and delivered from time to time under the Indenture.

"**OPG**" means Ontario Power Generation Inc.

"**Person**" means any individual, corporation, limited liability company, unlimited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Government Authority.

"**Program Agreements**" means the Indenture, each Supplemental Indenture, this Declaration of Trust, the Management Agreement, the Master Transfer and Servicing Agreement, the MTSA Acknowledgement, each Transfer Notice, any Co-Owner Agreements, the IESO Security Agreement, the Change of Law Protection Agreement, the Notes, any derivative agreements, credit enhancement agreements, liquidity agreements, loan agreements, Underwriting Agreements, Agency Agreements and note purchase agreements and all other documents and certificates delivered in connection therewith.

"**Rating Agencies**" means, at any time, the credit rating agencies which at the request of the Trust are rating the Funding Obligations at such time.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Indenture.

"**Records**" means all contracts, books, records and other documents and information, including, without limitation, data and information, including any stored on computer-related or other electronic media, computer programs, data processing software and related property and rights, maintained with respect to, but solely to, the assets of the Trust.

"**Redemption Price**" has the meaning ascribed thereto in subsection 4.1(3).

"**Regulations**" means the regulations promulgated under the Act.

"**Specified Consumer**" has the meaning ascribed to the term "specified consumer" in the Act.

"**Specified Creditors**" has the meaning ascribed thereto in the Indenture.

"**Specified Unitholder**" means a Unitholder that is either: (a) a taxable Canadian corporation (as defined in subsection 89(1) of the ITA), or (b) a corporation that is exempt from tax under the ITA and in respect of which no amounts paid or payable from the Trust are subject to the special payments under Part VI the *Electricity Act, 1998* (Ontario).

"**Supplemental Indenture**" means any supplemental indenture to the Indenture.

"**Transfer**" has the meaning ascribed to the term "transfer" in the Act.

"**Transfer Notice**" means a Transfer Notice in respect of a Transfer substantially in the form of Exhibit A to the Master Transfer and Servicing Agreement and delivered pursuant to such Program Agreement.

"**Trust**" means Fair Hydro Trust, a trust established under the laws of the Province of Ontario pursuant to this Declaration of Trust.

"**Trust Activities**" means the activities of the Trust described in Section 2.1.

"**Trust Company**" means a federally or provincially established trust company licensed to carry on business in all provinces and territories of Canada and which is resident in Canada for purposes of the ITA.

"**Trust Property**" means, as of any particular time, all assets of the Trust and all property, real, personal or otherwise, tangible or intangible, which have been transferred, conveyed or paid to, or acquired by the Trust, including all income, earnings, profits and gains therefrom, and which at such time are owned or held by the Trust.

"**Underwriting Agreement**" means an agreement providing for the purchase of Notes from the Trust by one or more Persons as principals for the purpose of resale.

"**Unitholders**" means at any time, the holders at such time of one or more Units, and "**Unitholder**" means any such holder.

"**Units**" means the units of beneficial interest of the Trust authorized and issued hereunder as such and for the time being outstanding and entitled to the benefits hereof.

1.2 Interpretation

In this Declaration of Trust, unless otherwise expressly stated or the context otherwise requires:

(a) references to "herein", "hereby", "hereunder", "hereof" and similar expressions are references to this Declaration of Trust and not to any particular Article or Section of this Declaration of Trust;

(b) references to an "Article" or "Section" are references to an Article or Section of this Declaration of Trust;

(c) words importing the singular shall include the plural and vice versa, and words importing gender shall include the masculine, feminine and neuter genders;

(d) the use of headings is for convenience of reference only and shall not affect the construction or interpretation hereof;

(e) the words "includes" and "including", when following any general term or statement, are not to be construed as limiting the general term or statement to the specific items or matters set forth or to similar items or matters, but rather as referring to all other items or matters that could reasonably fall within the broadest possible scope of the general term or statement;

(f) references to any Person include such Person's successors and permitted assigns;

(g) any reference to a statute, regulation, policy, rule or instrument shall include, and shall be deemed to be a reference also to, all amendments made to such statute, regulation, policy, rule or instrument and to any statute, regulation, policy, rule or instrument that may be passed which has the effect of supplementing or superseding the statute, regulation, policy, rule or instrument so referred to;

(h) any reference to this Declaration of Trust or any other agreement, document or instrument shall be construed as a reference to this Declaration of Trust or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated or supplemented;

(i) in the event that any day on which any amount is to be determined or any action is required to be taken hereunder is not a Business Day, then such amount shall be determined or such action shall be required to be taken at or before the requisite time on the next succeeding day that is a Business Day; and

(j) unless otherwise specified, all references to "$" or "dollars" are to lawful currency of Canada.

1.3 Accounting Principles

Where the character or amount of any asset or liability or item of revenue or expense is required to be determined, or any consolidation or other accounting computation is required to be made for the purpose of this Declaration of Trust, such determination or calculation shall, to the extent applicable and except as otherwise specified herein or as the Issuer Trustee otherwise determines, be made in accordance with GAAP applied on a consistent basis.

1.4 References to Acts of the Trust

For greater certainty, where any reference is made in this Declaration of Trust to an act to be performed or not by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty by or with respect to either (i) the Trust; or (ii) the Issuer Trustee, such reference will be construed and applied for all purposes as if it referred to an act to be performed by or not, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty by or with respect to, the Issuer Trustee in its capacity as trustee of the Trust, and not in any other capacity.

ARTICLE 2
THE TRUST

2.1 Purpose and Activities of the Trust

The purpose of the Trust is to establish and carry on activities for the exclusive benefit of the Unitholders and to distribute the Trust Property upon termination of those activities by the Trust in accordance with Article 11. The Trust is permitted to engage in any activity, undertaking, transaction or event authorized or permitted by the Act (the "**Trust Activities**"), including:

(a) issuing Units;

(b) redeeming Units;

(c) acquiring, owning, holding, administering or entering into agreements regarding the acquisition and servicing of Investment Interests, along with certain other related assets;

(d) managing, selling, assigning, pledging and collecting amounts due on or otherwise deal with Investment Interests and the other related assets to be so acquired in accordance with the terms of the Program Agreements;

(e) negotiating, authorizing, executing, delivering, assuming the obligations under, and performing its duties under, the Program Agreements and any other agreement or instrument or document relating to the activities set forth in clauses (c) and (d) above; provided, that the Trust shall be permitted to incur additional indebtedness or other liabilities payable to service providers and trade creditors in the ordinary course of business in connection with the foregoing activities;

(f) filing with any applicable securities commission one or more prospectuses, offering memoranda or registration statements, and filing such applications, reports, irrevocable consents, appointments of attorney for service of process and other papers and documents necessary or desirable to register one or more series of Funding Obligations under the securities laws of any applicable jurisdiction;

(g) authorizing, executing, delivering, issuing and registering one or more series of Funding Obligations;

(h) making payments on the Funding Obligations;

(i) pledging its interest in Investment Interests and related assets to the Indenture Trustee in order to secure the Funding Obligations; and

(j) engaging in any lawful act or activity and exercise any powers permitted to trusts formed under the laws of the Province of Ontario that, in each case, are incidental to, or necessary, suitable or convenient for the accomplishment of the above-mentioned purposes.

The Trust shall engage only in any activities related to the foregoing purposes or required or authorized by the terms of the Program Agreements or other agreements referenced above.

2.2 Limitation on Certain Activities

Notwithstanding any other provision of this Declaration of Trust or the Management Agreement, at any time that any Funding Obligations remain outstanding, the consent of the Indenture Trustee shall be required for the Trust to:

(a) take any action to wind-up or dissolve the Trust; or

(b) institute any voluntary proceedings to be adjudicated bankrupt or insolvent, or consent to the institution of any bankruptcy or insolvency proceedings against it, or file a petition seeking or consent to any assignment, petition, application or proceeding under any applicable bankruptcy or insolvency law, or consent to the appointment of a receiver, liquidator, assignee, trustee or other similar official of the Trust or a substantial part of its property, or make any assignment for the benefit of creditors, or admit in writing its inability to pay its debts generally as they become due, or take any similar action in respect of the Trust.

2.3 Name and Head Office

The English form of the name of the Trust is “Fair Hydro Trust” and the French form of the name of the Trust is “Fiducie pour des frais d’électricité équitables”. The Trust may use and may be legally designated by either the English form or the French form of its name. Should the Issuer Trustee determine that the use of such name is not practicable, legal or convenient, it may use such other designation or adopt such other name for the Trust as it deems proper and the Trust may hold property and conduct the Trust Activities under such other designation or name. The head office, chief executive office, chief place of business and situs of administration of the Trust will initially be situated at the offices of the Issuer Trustee situated at 100 University Avenue, 11th Floor, Toronto, Ontario M5J 2Y1.

2.4 Nature of the Trust

The Trust is an unincorporated open-ended unit trust established for the purposes specified in Section 2.1. The Trust shall be governed by the general law of trusts, except as such general law of trusts has been or is from time to time modified, altered or abridged for the Trust by:

(a) applicable laws and regulations or other requirements imposed by applicable securities or other regulatory authorities, including the Act and Regulations; and

(b) the terms, conditions and trusts set forth in this Declaration of Trust.

The beneficial interest and rights generally of the Unitholders in the Trust shall be limited to the right to participate in distributions when and as declared by the Issuer Trustee and distributions upon the termination of the Trust. The Trust is not and is not intended to be, shall not be deemed to be and shall not be treated as a general partnership, limited partnership, syndicate, association, joint venture, company, corporation or joint stock company nor shall the Issuer Trustee or the Unitholders or any of them for any purpose be, or be deemed to be treated in any way whatsoever to be, liable or responsible hereunder as partners or joint venturers. The Issuer Trustee shall not be, or be deemed to be, an agent of the Unitholders. The relationship of the Unitholders to the Issuer Trustee, to the Trust and to the Trust Property shall be solely that of beneficiaries in accordance with this Declaration of Trust.

2.5 Rights of Unitholders

No Unitholder shall be entitled to call for any partition or division of the Trust Property or for a distribution of any particular asset forming part of the Trust Property or of any particular monies or funds received by the Issuer Trustee. The legal ownership of the Trust Property and the right to conduct the activities of the Trust are vested exclusively in the Issuer Trustee, and no Unitholder has or is deemed to have any right of ownership in any of the Trust Property, except as specifically provided herein. Except as specifically provided herein, no Unitholder or Unitholders shall be entitled to interfere with or give any direction to the Issuer Trustee with respect to the affairs of the Trust or in connection with the exercise of any powers or authorities conferred upon the Issuer Trustee under this Declaration of Trust. The Units shall be personal property and shall confer upon the holders thereof only the interest and rights, and impose upon the holders thereof only those liabilities and obligations, specifically set forth in this Declaration of Trust.

ARTICLE 3
UNITS

3.1 Nature of Units

The beneficial interests in the Trust shall be divided into a single class of Units. Each Unit represents an equal undivided beneficial interest in any distributions by the Trust, whether of Income of the Trust, Net Realized Capital Gains of the Trust (other than Net Realized Capital Gains of the Trust Allocated on Redemption to redeeming Unitholders), or other amounts, and, in the event of termination or winding up of the Trust, in the net assets of the Trust remaining

after satisfaction of all liabilities. All Units rank equally among themselves and rateably without discrimination, preference or priority. Each Unit will entitle the Unitholder of record thereof to one vote at all meetings of the Unitholders or in respect of any written resolution of the Unitholders. Each Unit, when issued, shall vest indefeasibly in the holder thereof.

The number of Units which the Trust may issue is unlimited. The issued and outstanding Units may be subdivided or consolidated from time to time by the Issuer Trustee without notice to or approval of the Unitholders. Unless the Issuer Trustee determines otherwise, immediately after any *pro rata* issuance of additional Units to all Unitholders pursuant to subsection 11.3(3), the number of outstanding Units will automatically be consolidated such that each such holder will hold after the consolidation the same number of Units as such holder held before the issuance of additional Units.

3.2 Consideration of Units

A Unit will not be fully paid until the consideration therefor has been received in full by or on behalf of the Trust. The consideration for any Unit will be paid in money or in property (including, without limitation, a debt instrument issued to the Trust) or in past services received by the Trust that are not less in value than the fair equivalent of the money that the Trust would have received if the Unit had been issued for money. In determining whether property or past services are the fair equivalent of consideration paid in money, the Issuer Trustee may take into account reasonable charges and expenses of organization and reorganization and payments for property and past services reasonably expected to benefit the Trust. In no case will a Unit be issued to a Designated Beneficiary.

3.3 No Pre-Emptive Rights

No Person shall be entitled, as a matter of right, to subscribe for or purchase any Units of the Trust. There are no pre-emptive rights attaching to the Units.

3.4 Fractional Units

If as a result of any act of the Issuer Trustee hereunder, any Person becomes entitled to a fraction of a Unit, such Person will not be entitled to receive a certificate therefor. Fractional Units will not, except to the extent that they may represent in the aggregate one or more whole Units, entitle the holders thereof to notice of or to attend or to vote at meetings of the Unitholders. Subject to the foregoing, such fractional Units will have attached thereto the rights, restrictions, conditions and limitations attaching to whole Units in the proportion that they bear to a whole Unit.

3.5 Allotment and Issue

Subject to Section 3.6, the Issuer Trustee may allot and issue Units at such time or times and in such manner (including pursuant to any plan from time to time in effect relating to reinvestment by the Unitholders of distributions of the Trust in Units) and to such Person, Persons or class of Persons as the Issuer Trustee in its sole discretion will determine. The price or the value of the consideration for which Units may be issued and the terms and conditions of issuance of the Units will be determined by the Issuer Trustee in its sole discretion. Not

restricting the generality of the foregoing, the Issuer Trustee may accept amounts received from a Unitholder as a prepayment in respect of the obligation of the Unitholder to pay all or any part of the subscription price of Units to be issued at a later date by the Issuer Trustee. In such circumstances, such prepayment will form part of the Trust Property. In the event that Units are issued in whole or in part for a consideration other than money, the resolution of the Issuer Trustee allotting and issuing such Units will express the fair equivalent in money of the other consideration received.

3.6 Prohibited Issuances and Transfers

(1) Notwithstanding any other provision in this Declaration of Trust, at no time, may Units be issued or transferred to a Person who would be a "designated beneficiary" within the meaning of Part XII.2 of the ITA ("**Designated Beneficiary**"), and the Issuer Trustee will not accept a subscription for Units from, or issue or register a transfer of Units to, a Person unless the Person provides a declaration to the Issuer Trustee that it would not be a Designated Beneficiary and covenants to maintain such representation true for as long as it continues to hold one or more Units. If, notwithstanding the foregoing, the Issuer Trustee determines that a Person has purported to become or remain a Unitholder in breach of the above mentioned declaration or covenant, or if the Unitholder fails to provide, upon request, a declaration in form and content satisfactory to the Issuer Trustee that it is not a Designated Beneficiary, (i) the Issuer Trustee will require such Person to dispose of the Units within a specified period not to exceed 60 days to a Person who does not contravene the above mentioned limitation on ownership ("**New Holder**"), and (ii) effective immediately prior to the breach, such Person will be deemed to have ceased to be a holder of such Units, the voting and distribution rights attached to such Units will be suspended and such Units will be deemed not to be outstanding until acquired by a New Holder (provided that holders of other Units will not be entitled to any portion of the distributions that may have been paid in respect of Units that have been so deemed not to be outstanding) and such Person's rights in respect of such Units will be limited to receiving the net proceeds of the sale thereof. If such Person has not, within such period, sold such Units or provided the Issuer Trustee with a declaration in form and content satisfactory to the Issuer Trustee that it is not a Designated Beneficiary, the Issuer Trustee may sell such Units on behalf of such Person (and the Issuer Trustee will have the power of attorney of such Person to do so), and such Person's rights in respect of such Units will be limited to receiving the net proceeds of sale upon surrender of the certificates representing such Units.

(2) Subject to this section 3.6, and until the Issuer Trustee will have been required to do so under the terms hereof, the Issuer Trustee will not be bound to do or take any proceeding or action with respect to this section 3.6 by virtue of the powers conferred on it hereby. The Issuer Trustee will have the sole right and authority to make any determination required for the administration of the provisions of, or contemplated under this section 3.6, and without limiting the generality of the foregoing, if the Issuer Trustee considers that there are reasonable grounds for believing that a contravention of the above mentioned limitation on ownership has occurred or may occur, the Issuer Trustee will make a determination with respect to the matter. Any such determination will be conclusive, final and binding for the purposes of this section 3.6 except to the extent

modified by any subsequent determination by the Issuer Trustee. The Issuer Trustee may require declarations as to whether a Unitholder is a Designated Beneficiary or as to factual information that will enable the Issuer Trustee to determine whether a Unitholder or a prospective transferee of a Unit may be a Designated Beneficiary. In any situation where it is unclear whether Units may be held by a Person who may be a Designated Beneficiary, the Issuer Trustee may exercise its discretion in determining whether such Person is or is not a Designated Beneficiary, and any such exercise by it of its discretion will be binding for the purposes of this section 3.6.

3.7 Liability of Unitholders

No Unitholder of the Trust, in its capacity as such, will incur or be subject to any liability, direct or indirect, absolute or contingent, in contract or in tort or of any other kind, to any Person in connection with: (i) the Trust Property or the ownership, use, operation, acquisition or disposition thereof or exercise or enjoyment of the rights, privileges, conditions or benefits attached thereto, associated therewith or derived therefrom; (ii) the obligations, liabilities, activities or affairs of the Trust; (iii) any actual or alleged act or omission of the Issuer Trustee or any other Person in respect of the activities or affairs of the Trust (whether or not authorized by or pursuant to this Declaration of Trust); (iv) any actual or alleged act or omission of the Issuer Trustee or any other Person in the performance or exercise, or purported or attempted performance or exercise, of any obligation, power, discretion or authority conferred upon the Issuer Trustee or such other Person in respect of the activities or affairs of the Trust (whether or not authorized by or pursuant to this Declaration of Trust); (v) any transaction entered into by the Issuer Trustee or by any other Person in respect of the activities or affairs of the Trust (whether or not authorized by or pursuant to this Declaration of Trust); or (vi) any taxes, levies, imposts or charges or fines, penalties or interest in respect thereof payable by the Trust or by the Issuer Trustee or by any other Person (except the Unitholders to the extent required by applicable tax laws) on behalf of or in connection with the activities or affairs of the Trust. No Unitholder will be liable to indemnify the Issuer Trustee or any other Person with respect to any such liability or liabilities incurred by the Issuer Trustee or by any such other Person or Persons or with respect to any taxes payable by the Trust or by the Issuer Trustee or any other Person on behalf of or in connection with the Trust. To the extent that any such liabilities of the Unitholders may arise, they will be enforceable only against, and will be satisfied only out of, the Trust Property to the full extent of such liability and the costs of any litigation or other proceedings in which such liability will have been determined, including without limitation, the fees and disbursements of counsel.

ARTICLE 4
REDEMPTION OF UNITS

4.1 Redemption of Units

Each Unitholder will be entitled to require the Trust to redeem at any time and from time to time at the demand of such Unitholder all or any part of the Units held by such Unitholder as follows:

(1) The Unitholder will give notice in writing to the Trust at its head office of its intention to redeem Units and the number of Units to be redeemed.

(2) Upon receipt by the Trust of such notice from the Unitholder to redeem Units, the Unitholder will be entitled to receive, subject to subsection 4.1(3), an amount equal to the aggregate fair market value of such Units immediately before the redemption (the "**Redemption Price**") established by the Issuer Trustee, acting reasonably, payable by certified cheque or via wire transfer of funds.

(3) In the event that the Trust has insufficient funds to make the payment required pursuant to subsection 4.1(2) or such payment is restricted under the terms of the Indenture, the Trust will satisfy the Redemption Price, subject to compliance with any regulatory requirements, by either issuing a promissory note to the Unitholder, which note shall have a principal amount equal to the Redemption Price and such other terms as is determined at the time of issuance by the Issuer Trustee, or by distributing to the redeeming Unitholder *in specie* a proportionate amount of the Trust Property, the fair market value of which, as determined by the Issuer Trustee, acting reasonably, is equal to the Redemption Price. In the event that property is distributed *in specie*, the amount of Net Realized Capital Gains of the Trust Allocated on Redemption as contemplated by subsection 4.1(5) payable in connection with the redemption of Units shall be payable to the Unitholder in kind, and to the extent of the amount thereof, the Redemption Price of the Units being redeemed shall be reduced accordingly (the "**Adjusted Redemption Price**").

(4) Upon satisfaction of the Redemption Price or the Adjusted Redemption Price, as the case may be, the redeeming Unitholder will not be entitled to any rights or benefits, including voting and the right to receive distributions, in connection with the Units redeemed.

(5) Where the Trust distributes Trust Property *in specie* as contemplated in subsection 4.1(3), the Issuer Trustee shall designate and pay to the redeeming Unitholder such part of the Net Realized Capital Gains of the Trust as is realized by the Trust in connection with such *in specie* distribution, provided that the amount of the Net Realize Capital Gains on the Trust so allocated shall not exceed the amount, if any, by which the Redemption Price of the particular Units being redeemed exceeds the aggregate adjusted cost base of such Units to the Unitholder for the purpose of the ITA immediately before the redemption (the "**Net Realized Capital Gains of the Trust Allocated on Redemption**"). If the total Net Realized Capital Gains of the Trust Allocated on Redemption determined by the Issuer Trustee pursuant to the preceding sentence for all redeeming Unitholders in any taxation year exceeds the Net Realized Capital Gains of the Trust for that year, the Net Realized Capital Gains of the Trust for that taxation year shall be allocated rateably to all redeeming Unitholders for the year based on the Net Realized Capital Gains of the Trust Allocated on Redemption as otherwise determined pursuant to the preceding sentence. The Net Realized Capital Gains of the Trust Allocated on Redemption designated and paid on the redemption of Units as determined under this subsection shall be deemed to be a distribution of Net Realized Capital Gains of the Trust for the particular taxation year in which the redemption occurs. If the Issuer Trustee is required to deduct or withhold an amount from such distribution, the Unitholder shall make the cash payment

described in Section 11.7 to the Issuer Trustee on or prior to the date the Units are to be redeemed.

ARTICLE 5
RIGHTS AND POWERS OF ISSUER TRUSTEE

5.1 General Rights and Powers

Subject to the specific restrictions and limitations set forth in this Declaration of Trust and notwithstanding the provisions of the *Trustee Act* (Ontario) or any other similar legislation in any jurisdiction, the Issuer Trustee will have, without the necessity of authorization by, and free from any power or control on the part of, the Unitholders, full, exclusive and absolute power, control and authority over the Trust Property and the Trust Activities to the same extent as if the Issuer Trustee were the sole and absolute owner thereof in its own right including, without limitation, such power, control and authority to do all such acts and things as in its sole judgment and discretion are necessary, incidental or desirable for carrying on the Trust Activities in accordance with the Program Agreements with such powers of delegation as may be permitted by this Declaration of Trust, including the right, power and authority to amend this Declaration of Trust subject to and in accordance with the terms hereof and to appoint, employ or contract with any Person as the Issuer Trustee may deem necessary, appropriate or desirable for the transaction of the Trust Activities, including for the administration of the Trust. The Issuer Trustee shall exercise the functions of the trustee of the Trust in Ontario, Canada. For greater certainty, the powers of the Issuer Trustee that may be exercised as aforesaid include the powers set forth in Section 5.2 to and including Section 5.18. The enumeration of any specific power or authority in this Declaration of Trust will not be construed as limiting the aforesaid power or authority or any other specific power or authority. Subject only to the express limitations contained in this Declaration of Trust, every discretion or power hereby conferred on the Issuer Trustee is an absolute and uncontrolled discretion or power.

5.2 Acquisition of Assets and Deposit of Funds

Subject to Section 2.1, the Issuer Trustee will have the power to acquire Investment Interests in accordance with the Program Agreements. Subject to compliance with the terms of the Program Agreements, the Issuer Trustee will have the power to deposit any money forming part of the Trust Property with any bank (which bank may be an Affiliate of the Issuer Trustee) licensed under the laws of Canada or any trust company (which includes the Issuer Trustee) licensed under the laws of any province of Canada and to withdraw such deposits in accordance with the Program Agreements. The Issuer Trustee will have no liability for any loss which may occur by reason of the failure of any depository with whom such money has been deposited or for the depreciation of any investment.

5.3 Legal Title and Custody

The Issuer Trustee will have the power to cause any and all Trust Property to be held by and/or registered in the name of any Person.

5.4 Disposition of Trust Property

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power to sell, convey, transfer and assign all Trust Property free and clear of any and all trusts hereby established, at public or private sale, for cash or on terms, with or without advertisement and subject to such restrictions, stipulations, agreements and reservations as it may deem proper.

5.5 Management of Trust Property

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power to own, manage, use, invest and hold the Trust Property (including, without limitation, the power to make investments in Eligible Investments) and to enter into agreements in respect of the Trust Property or its use including, without limitation, agreements to modify, amend, extend, renew or terminate any grant or agreement relating to the Trust Property and to waive compliance with any of the terms and conditions thereof, all, in each case, without the approval of or notice to the Unitholders.

5.6 Power to Borrow Money and Issue Funding Obligations

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power to:

(a) borrow or in any other manner raise money and to evidence the same by the issuance of Funding Obligations, by private placement, public offering or otherwise;

(b) reacquire or redeem Funding Obligations;

(c) execute and deliver any trust indenture or supplement thereto, security agreement, mortgage, pledge, hypothec, assignment or other instrument to secure Funding Obligations, and amendments, modifications, restatements or replacements thereof, whether by fixed or floating charge or by assignment or by the granting of a security interest, free and clear of any and all trusts hereby established and, in lieu of or in addition to granting any security, to grant to any Person a negative pledge whereby the Issuer Trustee agrees not to encumber any Trust Property and such other covenants as may be consistent with those set out in the Program Agreements or as may otherwise be specified by any applicable Rating Agency in accordance with the foregoing; and

(d) execute and/or deliver any agreement, instrument, certificate, direction or other document necessary or desirable in order to permit or give effect to the provisions of this Section 5.6, including, without limitation, prospectuses, offering memoranda, regulatory filings, dealer agreements, Underwriting Agreements, Agency Agreements, subscription agreements, letters of representation, consent letters, and any instruments ancillary thereto.

5.7 Derivative Agreements

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power to enter into Derivative Agreements in connection with or related to the borrowing or other raising of money by the Issuer Trustee or the purchase or ownership of Investment Interests, provided that such Derivative Agreements may be entered into only at or prior to the time that such securities are sold, or such borrowing, other raising of money or purchase takes place, as applicable, or as otherwise expressly permitted in the Management Agreement; provided, however, that amendments, modifications or novations of or to a Derivative Agreement may be entered into at any time after the original Derivative Agreement was executed.

5.8 Execution of Instruments

Every deed, transfer, assignment, hypothec, agreement, certificate, direction, instrument, prospectus, or any other document which is necessary or desirable to be executed by the Trust, including, without limitation, any document evidencing Funding Obligations or relating to the issuance of Funding Obligations, will be signed on behalf of the Trust by the Issuer Trustee or its duly appointed agent, including the Manager.

5.9 Facsimile Signatures

The Issuer Trustee may authorize the use of facsimile signatures on the documents evidencing Funding Obligations, provided, however, that where facsimile signatures are so used, documents evidencing Funding Obligations will be manually countersigned or certified by a transfer agent, trustee, registrar or similar Person. If a Funding Obligation contains a printed or mechanically reproduced signature of a Person, the Issuer Trustee may issue the Funding Obligation notwithstanding that the Person has ceased to be a director, officer or signing officer of the Issuer Trustee, and the Funding Obligation will be as valid as if the Person were a director, an officer or a signing officer at the date of its issue.

5.10 Taxes

The Issuer Trustee will have the power to pay all taxes or assessments of whatever kind or nature imposed upon the Issuer Trustee and/or the Trust in connection with the Trust Property or the Trust Activities or upon or against the income from the Trust Activities or any part thereof, to settle and compromise disputed tax liabilities and, for the foregoing purposes, to make such returns and do all such other acts and things as may be deemed by the Issuer Trustee necessary or desirable. The Issuer Trustee will have the power to deduct and remit any taxes which are required by law to be deducted and remitted from any payment made by the Issuer Trustee under any Program Agreements or otherwise.

5.11 Collection

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power to:

(a) collect, receive, give receipts for and sue for all sums of money or other property due to the Trust;

(b) consent to extensions of time for payment of, or the renewal of, any securities or obligations of the Trust;

(c) engage or intervene in, prosecute, defend, compound, compromise, abandon or adjust by arbitration or otherwise deal with or settle any actions, suits, proceedings, disputes, claims, demands or things relating to the Trust Property or the Trust Activities;

(d) exercise any and all remedies available to it under any Program Agreements or otherwise, including any power of foreclosure or sale available to the Issuer Trustee at law or pursuant to any agreement and, in connection with any such foreclosure or sale, to purchase or otherwise acquire title to any property and to convey good title thereto free of any and all trusts hereby established, or to take or retake possession of any property secured or unsecured thereunder or such other security;

(e) extend the time, with or without security, for the payment or delivery of any debts or property and to execute and enter into releases, agreements and other instruments; and

(f) pay or satisfy any debts or claims upon any evidence that the Issuer Trustee determines to be sufficient.

5.12 Expenses and Compensation of Issuer Trustee

(a) The Issuer Trustee will have the power to incur and make payment of any charges or expenses which in the opinion of the Issuer Trustee are necessary or incidental to or proper for carrying out any of the purposes of this Declaration of Trust and the Trust Activities, and to pay appropriate compensation or fees from the Trust Property to Persons with whom the Trust has contracted or transacted business including, without limitation, any charges, expenses, compensation or fees payable under or in connection with the Program Agreements.

(b) The Issuer Trustee will be entitled to be paid from the funds of the Trust, without any requirement of a passing of accounts in respect thereof or approval of the Unitholders, such fees as the Issuer Trustee and the Manager may agree to from time to time for its services hereunder and all reasonable expenses, disbursements and advances incurred or made by the Issuer Trustee in the administration or execution of the trusts hereby created (including the reasonable compensation and the disbursements of its counsel and all other advisers and assistants not regularly in its employ) until all the duties of the Issuer Trustee under the trusts hereby created shall be finally and fully performed, except any such expense, disbursement or advance as may arise from or in connection with the dishonesty, bad faith, wilful misconduct, negligence or reckless disregard of any duty or the failure to comply with the standard of care referred to in Section 7.1 by the Issuer

Trustee, its officers, employees or agents. All such amounts will be payable at such times as the Issuer Trustee and the Manager may agree from time to time. All such amounts shall be exclusive of any applicable taxes and any applicable taxes shall be paid to the Issuer Trustee in addition to such amounts. Any amount not paid when due shall bear interest at a rate per annum equal to the rate designated by the Issuer Trustee as the then current rate charged by the Issuer Trustee or its successors from time to time to its corporate customers, payable on demand. After default and unless otherwise provided in the Indenture and any documents contemplated thereunder, all amounts so payable and the interest thereon shall be payable out of any funds coming into the possession of the Issuer Trustee or its successors in the trusts hereunder in priority to any payments to other Specified Creditors.

5.13 Allocation

The Issuer Trustee will have the power to determine conclusively whether money or other assets received by the Trust or expenses or disbursements made by the Trust will be charged or credited to income or capital or allocated between income and capital, provided, however, that such determination will not be inconsistent with calculation of income in accordance with the ITA at the time the determination is made.

5.14 Fiscal Year and Form of Accounts

The fiscal year of the Trust will end on December 31. The Issuer Trustee will have the power to determine and from time to time change the method or form in which the accounts of the Trust will be kept, provided such method or form reasonably complies with Canadian generally accepted accounting principles as applicable from time to time.

5.15 Power to Contract

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power to appoint, employ or contract with any Person as the Issuer Trustee may deem necessary or desirable for the transaction of the Trust Activities and may transfer assets to such Person and, save and except for such matters as are listed in Section 2.2, delegate to such Person any or all of the discretionary powers given to the Issuer Trustee with respect to the management of the Trust Property. Without in any way limiting the generality of the foregoing, the Issuer Trustee will have the power to:

(a) enter into, execute, deliver, perform the obligations of the Trust under, and grant security as provided for in, the Program Agreements;

(b) appoint, employ or contract with the Manager or any other Person who, under the supervision of the Manager, may, among other things: (i) furnish and supervise or cause to be furnished and supervised the performance of the clerical and administrative services necessary to the administration of the Trust and the Trust Property including, without limitation, the provision of office space, office equipment and personnel for the performance of such services, property management, administration and servicing, the maintenance of documents, books

and Records for the Trust (including those described in Section 8.1), the receipt and disbursement of Trust Property, the servicing and payment of debt and other obligations and generally all matters relating to the obtaining of and the administration and servicing of Trust Property, including, without limitation, as provided in the Management Agreement; (ii) serve as an advisor to the Issuer Trustee, furnish reports to the Issuer Trustee and provide research, economic and statistical data in connection with the Trust Activities; (iii) act as consultant, accountant, correspondent, lender, technical advisor, counsel, broker and dealer, underwriter, fiscal agent, corporate fiduciary, escrow agent, depository, custodian or agent for collection from obligors, loan administrator, appraiser, bank, insurer or insurance agent, transfer agent or registrar or issuing and paying agent for Funding Obligations or in any other capacity deemed by the Issuer Trustee necessary or desirable; (iv) act as attorney or agent in the purchase or sale or other disposition of the Trust Property or the property secured thereby and the handling, prosecution or settling of any claims of the Trust and assist in the performance of such functions necessary in the management of the Trust as may be agreed upon with the Issuer Trustee; and (v) execute and deliver the Program Agreements. For greater certainty, the appointment by the Issuer Trustee of the Manager under the Management Agreement will, where applicable, be deemed to constitute adequate supervision by the Issuer Trustee for purposes of the *Trustee Act* (Ontario) and this Declaration of Trust of any Person thereby engaged in connection with the foregoing activities; and

(c) investigate, select and conduct negotiations with Persons acting in the capacities referred to in Section 5.15(b) and pay appropriate fees to, and enter into appropriate contracts with, employ or retain the services of, any of them in connection with the Trust Property or property secured thereby, other assets and any security related thereto funded, acquired, sold or otherwise disposed of, or committed, negotiated or contemplated to be funded, acquired, sold, or otherwise disposed of in connection with Funding Obligations.

5.16 Indemnification

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power to indemnify or enter into agreements with respect to indemnification with any Person with whom the Issuer Trustee or the Trust deals to such extent as the Issuer Trustee determines necessary or desirable.

5.17 Further Powers

Subject to Section 2.1, the Issuer Trustee will have the power to perform and do all such other acts and things and to execute itself (or have executed by any Person appointed by it pursuant to Section 5.15) all such deeds, transfers, assignments, hypothecs, agreements, certificates, directions, instruments or other documents whatsoever as it deems necessary, proper or desirable in order to carry on the Trust Activities in accordance with and subject to the Program Agreements notwithstanding that such acts, things, deeds, transfers, assignments, hypothecs, agreements, certificates, directions, instruments or other documents are not herein

specifically mentioned. Any determination as to what is necessary, proper or desirable in order to carry on the Trust Activities in accordance with the Program Agreements or otherwise, provided it is made by the Issuer Trustee honestly and in good faith, will be conclusive. Any construction of this Declaration of Trust or the existence of any power or authority hereunder, made honestly and in good faith by the Issuer Trustee upon the advice of counsel, will be conclusive to the extent consistent with the law. In construing the provisions of this Declaration of Trust, there will be a presumption in favour of a grant of power to the Issuer Trustee.

5.18 Auditors

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power from time to time to select and appoint and discharge and reappoint an auditor of the Trust in its discretion and to negotiate and fix the fees of any such auditor.

5.19 Defect in Appointment

Notwithstanding anything to the contrary herein contained, no action taken by the Issuer Trustee will be invalid by reason only of any defect that is thereafter discovered in its appointment.

5.20 Status

The Issuer Trustee shall not have the status of bankrupt and shall be resident in Canada for purposes of the ITA.

ARTICLE 6
REPLACEMENT OF ISSUER TRUSTEE

6.1 Resignation of Issuer Trustee

(a) If the Issuer Trustee desires to resign and be discharged from the trusts and powers reposed in or conferred on it by this Declaration of Trust, it will provide 120 days written notice (or such shorter period of notice as the Unitholders , the Indenture Trustee and the Rating Agencies may agree to) thereof to the Unitholders, the Indenture Trustee and the Rating Agencies provided that no such voluntary resignation shall be effective until a replacement Issuer Trustee acceptable to the Unitholders and the Indenture Trustee has been appointed and has executed a written agreement whereby such replacement Issuer Trustee agrees to assume the obligations of the Issuer Trustee hereunder, under the Program Agreements and under any other contract pursuant to which the Issuer Trustee is obligated.

(b) The Issuer Trustee shall resign if a material conflict of interest arises in its role as a trustee under this Declaration of Trust that is not eliminated within 90 days after the Issuer Trustee becomes aware that it has such a material conflict of interest. Forthwith after the Issuer Trustee becomes aware that it has such a material conflict of interest, it shall provide the Unitholders, the Indenture Trustee and the Rating Agencies with written notice of the nature of such material conflict of

interest. Upon such resignation, the Issuer Trustee shall (subject to Section 6.6) be discharged from its office under this Declaration of Trust. If, notwithstanding the foregoing provisions of this Section 6.1(b), the Issuer Trustee has such a material conflict of interest, the validity and enforceability of this Declaration of Trust and any agreement entered into by the Issuer Trustee shall not be affected in any manner whatsoever by reason only of the existence of such material conflict of interest. If the Issuer Trustee contravenes the foregoing provisions of this Section 6.1(b), the Unitholders, may apply, on notice to the Rating Agencies, to a court of competent jurisdiction for an order that the Issuer Trustee be replaced as Issuer Trustee hereunder.

6.2 Removal of Issuer Trustee

The Issuer Trustee may be removed from its office under this Declaration of Trust by the Unitholders, at any time by notice in writing delivered to the Issuer Trustee not less than 90 days prior to the date that such removal is to take effect.

6.3 Vacancy

In the event of the bankruptcy or insolvency of the Issuer Trustee or the inability of the Issuer Trustee to exercise its duties under this Declaration of Trust, the Unitholders may forthwith terminate the term of office of the Issuer Trustee as trustee and, in such instance, a vacancy will occur. No vacancy (including upon a resignation of the Issuer Trustee pursuant to Section 6.1(b)) shall operate to annul this Declaration of Trust or affect the continuity of the Trust or terminate the appointment of the Manager under the Management Agreement.

6.4 Appointment of New Issuer Trustee

If, pursuant to this Article 6, the Issuer Trustee resigns or a vacancy occurs in the office of the Issuer Trustee for any reason, the Unitholders may, subject to the satisfaction of the Rating Agency Condition, by instrument in writing appoint a Trust Company, which~~ either (i)~~ has risk-based capital of at least $50,000,000 or, in the case of an entity that is not subject to risk-based capital adequacy requirements, has a combined capital and surplus of at least $~~50,000,000; or (ii) has been approved in writing by each Rating Agency prior to its appointment by the Unitholders,~~**50,000,000,** in order to replace the Issuer Trustee. If the Unitholders fail to make such appointment within 60 days of the occurrence of any such resignation, removal or vacancy, then the Issuer Trustee may make an application, on notice to the Rating Agencies, to a court of competent jurisdiction to appoint a successor Issuer Trustee hereunder. If the Issuer Trustee elects not to make such an application, the Unitholders may do so on notice to the Rating Agencies. If the Issuer Trustee and the Unitholders elect not to make such an application, the Indenture Trustee may do so on notice to the Rating Agencies if so directed in accordance with the Indenture. The expense of any act, document, deed or other instrument or thing required under this Section 6.4 will be satisfied from the Trust Property.

6.5 Merger, Consolidation and Amalgamation

Any company into which the Issuer Trustee may be merged or with which it may be consolidated or amalgamated, or any company resulting from any merger, consolidation or amalgamation to which the Issuer Trustee is a party or any company succeeding to the corporate trust business of the Issuer Trustee will be a successor Issuer Trustee under this Declaration of Trust without any further action on the part of the Issuer Trustee, provided that such company shall be a Trust Company.

6.6 Vesting in Successor Issuer Trustee

Any successor Issuer Trustee will become vested with all the estates, properties, rights, powers, duties, responsibilities and trusts of its predecessors in the trusts hereunder as if it had been originally named as Issuer Trustee pursuant to this Declaration of Trust. In furtherance of the foregoing, upon written request of the successor Issuer Trustee, the Issuer Trustee ceasing to act will do, make, execute, deliver or cause to be done, made, executed or delivered all such acts, documents, deeds or other instruments and things as may be necessary or desirable in order to more effectively assign, transfer and deliver to, and vest in, the successor Issuer Trustee, upon the trusts herein expressed, all the rights, powers and trusts of, and all property and money held by the Issuer Trustee so ceasing to act. The expense of any act, document, deed or other instrument or thing required under this Section 6.6 will be satisfied from the Trust Property.

6.7 Confidentiality

At all times (including, without limitation, at any time the Issuer Trustee should resign or be discharged from the trusts and powers reposed in or conferred on it by this Declaration of Trust), the Issuer Trustee (or the trustee so resigning and being discharged, as the case may be) will treat as confidential all information relating to the Trust, the Trust Activities and the transactions contemplated by the Program Agreements obtained by it in its capacity as Issuer Trustee.

6.8 Right to Disclose

The Issuer Trustee shall have the right to disclose any information disclosed or released to it if in the opinion of legal counsel to the Issuer Trustee it is required to disclose under any applicable laws, court order or directions of Governmental Authorities or if it is requested by a Rating Agency. The Issuer Trustee shall not be responsible or liable to any party for any loss or damage arising out of or in any way sustained or incurred or in any way relating to such disclosure.

ARTICLE 7
STANDARD OF CARE, LIMITATION OF LIABILITY OF ISSUER TRUSTEE AND OTHER MATTERS

7.1 Standard of Care

The Issuer Trustee will exercise its powers and carry out its obligations hereunder as Issuer Trustee honestly, in good faith and in the best interests of the Trust and the Unitholders

and in connection therewith will exercise that degree of care, diligence and skill that a reasonably prudent Person would exercise in comparable circumstances. To the extent that the Issuer Trustee has delegated or subcontracted the performance of all or a portion of its duties to the Manager as contemplated by Section 5.15, it will be deemed to have satisfied the aforesaid standard of care. Unless otherwise required by law, the Issuer Trustee will not be required to give bond, surety or security in any jurisdiction for the performance of any duties or obligations hereunder. The Issuer Trustee will not be required to devote its entire time to the Trust Activities. For greater certainty, the entering into of any Program Agreement by the Trust and the performance by the Trust of its obligations thereunder will be deemed to be in the best interests of the Unitholders and the Trust.

7.2 Limitation of Liability of Issuer Trustee

The Issuer Trustee has entered into this Declaration of Trust solely in its capacity as trustee of the Trust and not in its personal capacity, and any and all of the representations, warranties, undertakings, covenants, indemnities, agreements and other obligations made on the part of the Issuer Trustee herein are made and intended not as personal representations, warranties, undertakings, covenants, indemnities, agreements and other obligations by the Issuer Trustee or for the purpose or with the intention of binding the Issuer Trustee in its personal capacity, but are made and intended for the purpose of binding only the Trust Property or a specific portion thereof. No property or assets of the Issuer Trustee, whether owned beneficially by it in its personal capacity or otherwise (other than the Trust Property), will be subject to levy, execution or other enforcement procedures with regard to any of the representations, warranties, undertakings, covenants, indemnities, agreements and other obligations of the Trust or the Issuer Trustee hereunder, and no recourse may be had or taken, directly or indirectly, against the Issuer Trustee in its personal capacity, any Unitholder or any Affiliate, shareholder, director, officer, representative, employee or agent of the Issuer Trustee or any predecessor or successor of the Issuer Trustee with regard to the representations, warranties, undertakings, covenants, indemnities, agreements and other obligations of the Trust or the Issuer Trustee hereunder; provided that the foregoing limitation will not apply in respect of any action or failure to act arising from or in connection with the wilful misconduct, gross negligence or the failure to comply with the standard of care referred to in Section 7.1. Notwithstanding any other provision of this Article 7, but subject to the Indenture, each Specified Creditor is entitled to recourse to the Trust Property to satisfy in full the obligations of the Trust to it even if the Issuer Trustee has no right, or only an impaired right, to seek indemnification from the Trust Property or to apply the Trust Property in satisfaction of such obligations.

7.3 Indemnification of the Issuer Trustee

The Issuer Trustee, its directors, officers, agents, representatives and employees will at all times be indemnified and saved harmless out of the Trust Property from and against all claims (including any claim arising out of the assessment of any tax on income by a taxing authority), demands, levies, penalties, suits, losses, actions, causes of action, costs, charges, fees and expenses, damages and liabilities whatsoever, including, without limitation, those arising out of or related to actions taken or omitted to be taken by any agent of the Issuer Trustee, including, without limitation, the Manager, as contemplated hereby, legal fees and disbursements on a substantial indemnity basis and costs and expenses incurred in connection with the enforcement of this indemnity (each, a "**Claim**"), which the Issuer Trustee, its directors, officers,

representatives and employees may suffer or incur, whether at law or in equity, in any way caused by or arising, directly or indirectly, in respect of any act, deed, matter or thing whatsoever made, done, acquiesced in or omitted in or about or in relation to the execution of its duties as Issuer Trustee or which it sustains or incurs in or about or in relation to the Trust Property and the Trust Activities. Further, the Issuer Trustee will not be liable to the Trust, to any Unitholder or to any other Person for any loss or damage relating to any matter regarding the Trust, including any loss or diminution in the value of the Trust Property. The foregoing provisions of this Section 7.3 do not apply to the extent that in any circumstances there has been wilful misconduct, gross negligence or the failure to comply with standard of care referred to in Section 7.1 on the part of the Issuer Trustee, its directors, officers, agents, representatives or employees excluding the other parties to the Program Agreements. Notwithstanding any other provision hereof, this indemnity will survive the removal or resignation of the Issuer Trustee, the termination of this Declaration of Trust and the termination of any trust created hereby.

7.4 Reliance upon Advice

The Issuer Trustee may rely and act upon any statement, notice, report or opinion prepared by or any advice received from the Manager or from the auditors, counsel or other professional advisors of the Issuer Trustee and will not be responsible or held liable for any loss or damage resulting from so relying or acting if the Issuer Trustee acted reasonably and in good faith relied upon the advice received and if the professional advisor was aware that the Issuer Trustee was receiving the advice in its capacity as Issuer Trustee. The Issuer Trustee is entitled to be reimbursed from the Trust Property for all costs, charges and expenses it incurs in connection with obtaining any such statement, notice, report, opinion or advice. The Issuer Trustee is entitled to rely and act upon the genuineness and authenticity of any writing submitted to it that it in good faith believes to be genuine.

7.5 Retain Experts

The Issuer Trustee may appoint such agents and employ or retain such counsel, accountants, engineers, appraisers or other experts or advisers as it may reasonably require for the purpose of discharging its duties hereunder and shall not be responsible for any misconduct on the part of any of them. The Issuer Trustee may pay remuneration out of the Trust Property for all services performed for it in the discharge of the trusts hereof without taxation for costs or fees of any counsel, solicitor or attorney.

7.6 Reliance on Experts

The Issuer Trustee may act and rely and shall be protected in acting in good faith on the opinion or advice of or information obtained from any agent, counsel, accountant, engineer, appraiser or other expert or adviser in relation to any matter arising in the performance of its duties under the Program Agreements.

7.7 Provisions Regarding Liability

Any written instrument creating an obligation of the Issuer Trustee will be conclusively deemed to have been executed by the Issuer Trustee only in its capacity as Issuer Trustee. Any written instrument creating an obligation of the Issuer Trustee will contain a provision to the

effect that the obligations thereunder are not binding upon the Issuer Trustee except in its capacity as Issuer Trustee, nor will recourse be had to the property of the Issuer Trustee except in its capacity as Issuer Trustee, but that the Trust Property or a specific portion thereof only will be bound, and may at the request of the Issuer Trustee make specific provision to the foregoing effect and contain any further provisions which the Issuer Trustee may deem appropriate, but the omission of any such provisions will not operate to invalidate any such instrument or to impose liability on the Issuer Trustee, except as aforesaid. The Issuer Trustee shall not be required to expend or risk its own funds or otherwise incur financial liability in the performance of its duties hereunder.

ARTICLE 8
RECORDS

8.1 Records to be Kept

The Issuer Trustee will keep or cause to be kept at the head office of the Trust a copy of this Declaration of Trust, a register of Unitholders, minutes of meetings and resolutions of Unitholders, minutes of meetings and resolutions of the Issuer Trustee, and such Records as are by law or good business practice necessary. The Records may be kept at the office of any Person whom the Issuer Trustee has appointed to maintain the same, provided that the Issuer Trustee has access to the Records on one Business Day's notice to such Person.

8.2 Segregation of Assets

The Issuer Trustee shall maintain the Trust Property separate from all other property in its possession.

8.3 Method of Keeping Records

Where this Declaration of Trust requires the Issuer Trustee to cause a Record to be kept, it may be kept in bound or loose-leaf form or by means of a mechanical, electronic or other device.

8.4 Annual Financial Statements

A copy of the annual financial statements of the Trust, signed by the Issuer Trustee, shall be mailed or otherwise made available within 120 days following the end of a fiscal year to which they relate to each Unitholder. The financial statements shall include all information required to be included in annual financial statements of the Trust by applicable laws.

ARTICLE 9
MEETINGS OF UNITHOLDERS AND DECISION OF UNITHOLDERS

9.1 Annual Meeting

There will not be an annual meeting of the Unitholders.

9.2 Other Meetings

The Issuer Trustee will have power at any time to call meetings of the Unitholders at such time and place as the Issuer Trustee may determine. Unitholders holding in the aggregate not less than a majority of the outstanding Units may requisition the Issuer Trustee in writing to call a meeting of the Unitholders for the purposes stated in the requisition. The requisition shall state in reasonable detail the business proposed to be transacted at the meeting and will be sent to the Issuer Trustee at the address of the Issuer Trustee. Upon receiving the requisition, the Issuer Trustee will call a meeting of the Unitholders to transact the business referred to in the requisition. If the Issuer Trustee does not within 10 days after receiving the requisition call a meeting, any Unitholder who signed the requisition may call the meeting.

9.3 Quorum and Voting

A quorum for any meeting of the Unitholders will be persons present being Unitholders or representing by proxy Unitholders who hold in the aggregate a majority of the total number of outstanding Units. Unitholders may attend and vote at all meetings of the Unitholders either in person or by proxy. Each Unit will be entitled to one vote at all meetings of the Unitholders. Any action to be taken by the Unitholders will, except as otherwise required by this Declaration of Trust, or by law, be authorized when approved by a majority of the votes cast at a meeting of the Unitholders. The chairman of any such meeting will not have a second or casting vote.

9.4 Written Resolution

Any business which may be conducted at a meeting of the Unitholders may be approved by a resolution in writing in lieu thereof. Notice of such resolution will be given to all Unitholders and approval of such resolution will be evidenced by the signature on any such resolution or counterpart thereof by the required percentage of Unitholders for the matter to be determined.

ARTICLE 10
AMENDMENT

10.1 Amendment

Subject to Section 2.1 and compliance with the terms of the applicable Program Agreements, the Issuer Trustee may, from time to time, amend, vary, supplement, replace or restate the provisions of this Declaration of Trust without the consent or approval of the Unitholders or any court as follows:

(a) to the extent deemed necessary by the Issuer Trustee in good faith to be necessary to ensure compliance with, or to remove any conflicts or other inconsistencies which may exist between any term of this Declaration of Trust and the provisions of, any applicable law in effect from time to time;

(b) to the extent deemed necessary by the Issuer Trustee in good faith to be necessary to make any change or correction in this Declaration of Trust which is a typographical change or correction or which the Issuer Trustee has been advised

by legal counsel is required for the purpose of curing any ambiguity or defect or inconsistent provision or clerical omission or mistake or manifest error contained herein, or

(c) subject to the satisfaction of the Rating Agency Condition, to the extent deemed necessary or desirable in the sole discretion of the Issuer Trustee to permit or facilitate the carrying on of the Trust Activities, including the accommodation of requests made by the Rating Agencies or regulatory authorities in relation to the issuance of Funding Obligations.

However, any such amendment may be made only if**: (i)** it will not materially adversely affect the interest of any Unitholder, unless that Unitholder has also approved of the amendment in writing and **(ii) in respect of any material amendment,** the Rating Agency Condition has been satisfied. The Issuer Trustee will immediately upon the entering into thereof, provide the Rating Agencies and the Indenture Trustee with a copy of any amendment, variation, supplement, replacement or restatement of this Declaration of Trust.

10.2 Automatic Amendment

Upon the Issuer Trustee ceasing to be a trustee of the Trust, this Declaration of Trust will be automatically amended to delete any reference to the name of the trustee so ceasing to be a trustee of the Trust and to substitute therefor the name of the successor trustee of the Trust. Notice of any change in the Issuer Trustee may be endorsed upon or attached to this Declaration of Trust and signed by the successor Issuer Trustee and every such notice will be sufficient evidence to any Person dealing with the Issuer Trustee under this Declaration of Trust as to the facts to which it relates.

10.3 Supplemental Declaration of Trust

The Issuer Trustee is authorized to execute any supplemental declaration of trust to give effect to amendments to this Declaration of Trust made pursuant to this Article 10. The Issuer Trustee shall not be obligated to enter into any such supplemental declaration if it adversely affects the Issuer Trustee's rights, duties or immunities under this Declaration of Trust or otherwise. No amendment to or amendment and restatement of this Declaration of Trust, whether pursuant to this Article 10 or otherwise, shall be construed as a termination of the Trust or the settlement or establishment of a new trust.

ARTICLE 11
DISTRIBUTION OF TRUST PROPERTY

11.1 Distributions

(1) The Issuer Trustee may declare to be payable and make distributions, from time to time, out of Income of the Trust, Net Realized Capital Gains of the Trust, capital of the Trust or otherwise, in any year, in such amount or amounts, and on such dates as the Issuer Trustee may determine, to the Unitholders at the record date for such distribution. The Issuer Trustee may declare such amounts to be payable or authorize such distributions in

advance by way of a standing resolution that is effective for a period not exceeding 12 months after the date of the resolution.

(2) Where the Trust proposes to distribute Trust Property in specie to a redeeming Unitholder as contemplated in subsection 4.1(3), and the Issuer Trustee reasonably expects that such in specie distribution will give rise to Income of the Trust and / or Net Realized Capital Gains of the Trust in excess of the amount of the Net Realized Capital Gains of the Trust Allocated on Redemption to the particular Unitholder whose Units are being redeemed (collectively, the "**Excess Income on Redemption**"), the Issuer Trustee shall declare to be payable and make a distribution, on the record date that is one Business Day before the redemption, to Unitholders at such record date in an amount equal to the estimated Excess Income on Redemption. Such distribution will be satisfied by the issuance of additional Units, or fractions of Units, having a fair market value equal to the amount of such distribution. If the Issuer Trustee is required to deduct or withhold an amount from such distribution, the applicable Unitholder shall make the cash payment described in Section 11.7 to the Issuer Trustee on or prior to the date the distribution.

(3) If the Issuer Trustee declares to be payable or makes a distribution pursuant to subsections 11.1(1) or 11.1(2) without determining the portion of such distribution that is payable out of Income of the Trust, Net Realized Capital Gains of the Trust, capital of the Trust or otherwise, such allocation shall be made pursuant to subsection 11.2(2).

(4) The Issuer Trustee intends to make payable to Unitholders all of the Income of the Trust and Net Realized Capital Gains of the Trust for each taxation year throughout which all Unitholders are Specified Unitholders so that the Trust will not have any liability for tax under Part I of the ITA in any such taxation year (other than alternative minimum tax or taxes payable under the "SIFT trust" rules in the ITA). Unless the Issuer Trustee, in its sole discretion determines otherwise, the following amounts will, without any further actions on the part of the Issuer Trustee, be due and payable to the Unitholders of record on the last day in each taxation year throughout which all Unitholders are Specified Unitholders:

(a) an amount equal to the amount, if any, by which the Income of the Trust for such year exceeds the aggregate of (A) the aggregate of the portions of the distributions paid or payable by the Trust which have been determined by the Issuer Trustee to have been payable by the Trust out of the Income of the Trust for such year, if any, and (B) the aggregate of the portions of distributions deemed by subsection 11.2(2)(a) to be paid or payable by the Trust out of the Income of the Trust for such year; and

(b) an amount equal to the amount, if any, by which the Net Realized Capital Gains of the Trust for such year exceeds the aggregate of (A) any amount of the Net Realized Capital Gains of the Trust Allocated on Redemption for the year payable to redeeming Unitholders pursuant to subsection 4.1(5), (B) the aggregate of the portions of the distributions paid or payable by the Trust which have been determined by the Issuer Trustee to have been payable by the Trust out of Net Realized Capital Gains of the Trust for such year, if any, and (C) the aggregate of

the portions of distributions deemed by subsection 11.2(2)(b) to be paid or payable by the Trust out of the Net Realized Capital Gains of the Trust for such year, if any.

Any determinations by the Issuer Trustee not to make a distribution described in this subsection 11.1(4) must be exercised by the Issuer Trustee in writing prior to December 31 of the applicable taxation year.

(1) The Issuer Trustee retains discretion to make payable to Unitholders all of the Income of the Trust and Net Realized Capital Gains of the Trust for each taxation year not described in subsection 11.1(4) above, but any such distribution would require the consent of all Unitholders in such year (other than a Unitholder described in paragraph (a) of the definition of Specified Unitholder).

(2) The proportionate share of each Unit of the amount of any distribution made pursuant to this section will be determined by dividing such amount by the number of issued and outstanding Units on the applicable record date in respect of a distribution pursuant to subsections 4.1(5), 11.1(1) or 11.1(2) and on the last day of the taxation year in respect of a distribution pursuant to subsection 11.1(4). Each Unitholder's share of the amount of any such distribution will be an amount equal to the proportionate share of each Unit of such amount multiplied by the number of Units owned of record by each such Unitholder on such applicable record date or the last day of the taxation year, as the case may be, and such Unitholder shall, on such date, be entitled to enforce payment of the Unitholder's share. Subject to subsections 4.1(5) and 11.1(2) and section 11.3, amounts which are payable to Unitholders will be paid in cash.

11.2 Allocation

(1) Subject to subsection 11.2(2), distributions payable to the Unitholders pursuant to Article 11 will be deemed to be distributions of Income of the Trust (including dividends), Net Realized Capital Gains of the Trust, returns of capital of the Trust or other items in such amount as the Issuer Trustee in its absolute discretion determines and will be allocated to the Unitholders in the same proportions as distributions received by the Unitholders.

(2) If the Issuer Trustee has declared to be payable or made one or more distributions in a taxation year pursuant to subsection 11.1(1) without determining the portion of such distributions that is payable out of Income of the Trust, Net Realized Capital Gains of the Trust, capital of the Trust or otherwise, such distributions shall be deemed to be paid or payable out of:

(a) first, the Income of the Trust for such year to the extent, if any, that the Income of the Trust for such year exceeds the aggregate of the amounts in subsection 11.1(4)(a)(A);

(b) second, the Net Realized Capital Gains of the Trust for such year to the extent, if any, that the Net Realized Capital Gains of the Trust for such year exceeds the aggregate of the amounts in subsection 11.1(4)(b)(A) and 11.1(4)(b)(B); and

(c) as to any balance, the capital of the Trust;

and such amounts will be allocated to the Unitholders in the same proportions as such distributions were received by the Unitholders.

(1) For greater certainty it is hereby declared that any distribution of Net Realized Capital Gains of the Trust will include the non-taxable portion of the capital gains of the Trust which are included in such distribution.

11.3 Payment of Distributions

(1) Distributions to a Unitholder (other than distributions described in subsections 4.1(5) and 11.1(2)) will be made by cash, wire transfer or cheque payable to or to the order of the Unitholder or by such other manner provided for in subsection 11.3(3). The payment, if made by cheque, will be conclusively deemed to have been made upon hand delivery of a cheque to the Unitholder or to its agent duly authorized in writing or upon the mailing of a cheque by prepaid first-class mail addressed to the Unitholder at its address set out in the records of the Issuer Trustee unless the cheque is not paid on presentation, or in any other manner determined by the Issuer Trustee in its discretion. The Issuer Trustee may issue a replacement cheque if it is satisfied that the original cheque has not been received or has been lost or destroyed upon being furnished with such evidence of loss, indemnity or other document in connection therewith that the Issuer Trustee may in its discretion consider necessary.

(2) The Issuer Trustee may, in its sole discretion, transfer temporarily from capital to income within the Trust sufficient cash to facilitate payments of Income of the Trust to Unitholders. A permanent transfer from capital to income may be effected if payments made by and /or expenses of the Trust in any year exceed the aggregate of the net income and Net Realized Capital Gains of the Trust in such year.

(3) Without limiting the generality of the foregoing, a distribution to a Unitholder may be paid (i) by the issuance of additional Units, or fractions of Units having a fair market value equal to the amount of such distribution, (ii) by the issuance of a promissory note for a principal amount equal to the amount of such distribution and/or (iii) *in specie* by the transfer of Trust Property having a fair market value equal to the amount of such distribution, all as may be determined by the Issuer Trustee, acting reasonably. The Issuer Trustee acknowledges and agrees that it will elect to make payment to a Unitholder of the amount of a distribution in the manner described in this subsection 11.3(3) only if it has received prior written notice from the Unitholder that such payment method is acceptable, and the Unitholder makes the cash payment described in Section 11.7 to the Issuer Trustee, which written notice may be revoked in writing by the Unitholder at any time. If the Issuer Trustee elects to make payment of the amount of a distribution by the issuance of a promissory note, such promissory note shall bear interest at a fixed or floating rate, shall be repayable on demand or on the expiry of a stated term, and shall contain such other terms all of which may be determined by the Issuer Trustee such that the fair market value of such promissory note is equal to the amount of the distribution. Any such promissory note or additional Units issued, or Trust Property transferred, by the Trust

shall constitute absolute and unconditional payment in full of the distribution and, by becoming a Unitholder, each Unitholder hereby acknowledges that any such note, additional Units or transfer of Trust Property will be accepted by the Unitholder as such absolute and unconditional payment of the distribution payable to the Unitholder.

11.4 Legal Rights

For greater certainty, it is hereby declared that the Unitholders shall have the legal right to enforce payment of any amount to be distributed or payable hereunder at the time such amount is due and payable.

11.5 Income Tax Matters

In reporting income for income tax purposes, the Trust will claim the maximum amount available to it as deductions under the relevant law, unless the Issuer Trustee determines otherwise.

11.6 Designations

In accordance with and to the extent permitted by the ITA, the Issuer Trustee will, in each taxation year, make such designations for income tax purposes in respect of amounts paid or payable or deemed to be paid to the Unitholders for such amounts that the Issuer Trustee considers to be reasonable in all circumstances, including designations relating to taxable dividends received or deemed to be received by the Trust in the year on shares of taxable Canadian corporations, net taxable capital gains of the Trust in the year and foreign source income of the Trust and foreign taxes in respect of such foreign source income for the year, if any.

11.7 Withholding Taxes

The Issuer Trustee will deduct or withhold from distributions or other amounts payable under this Declaration of Trust amounts required by law to be deducted or withheld from such distributions or payments, whether such distributions or payments are satisfied in the form of cash, cheque, promissory note, additional Units or otherwise. To the extent that any amounts are deducted or withheld from payments made by cash, cheque or wire transfer, including those described in subsection 11.3(1), such deducted or withheld amounts shall be treated for all purposes as having been paid to the recipient of the payment in respect of the distribution or other amount payable, provided that such deducted or withheld amounts are actually remitted in accordance with applicable law to the appropriate taxing authority. In the event that the Issuer Trustee makes a distribution or payment that is satisfied in a manner other than cash, cheque or wire transfer, including those described in subsections 4.1(3), 4.1(5) or 11.3(3), the recipient of the payment shall provide cash to the Issuer Trustee in amount equal to any required deduction or withholding, which the Issuer Trustee shall forthwith remit to the appropriate taxing authority on behalf of the Unitholder.

ARTICLE 12
TERMINATION OF THE TRUST

12.1 Termination

(a) The Trust will continue in full force and effect for a period of twelve months from the date hereof and thereafter for so long as any Funding Obligations remain outstanding and until the Trust has satisfied all of its obligations under the Program Agreements or otherwise for the purposes of carrying on the Trust Activities. Notwithstanding the foregoing, the Issuer Trustee may, with the unanimous approval of Unitholders, wind-up the affairs of the Trust and terminate the Trust and distribute the Trust Property then remaining to the Unitholders in proportion to the number of Units held by each Unitholder no later than the date that is one day prior to the 21st anniversary of the death of the last surviving lineal descendent of Queen Elizabeth, II of England living at the date this declaration is made.

(b) Subject to Section 12.1(a), the Issuer Trustee may, with the unanimous approval of the Unitholders, wind up the affairs of the Trust and terminate the Trust. To the fullest extent permitted by law, and notwithstanding any duty otherwise existing at law or in equity, the Issuer Trustee shall consider only the interests of the Trust, including its creditors, in acting on the matters referred to in this Section 12.1. On the date the Trust is terminated, the Issuer Trustee will, upon receipt of such releases, indemnities and refunding agreements as the Issuer Trustee may deem necessary for its protection, distribute the remaining Trust Property, after payment of all other obligations of the Trust, in cash or in kind , or partly in each, to the Unitholders in proportion to the number of Units held by each Unitholder

ARTICLE 13
GENERAL

13.1 Irrevocability

The Trust shall be irrevocable.

13.2 Change of Office

The Issuer Trustee may at any time and from time to time during the existence of the trusts hereby created change the head office, chief executive office, chief place of business and situs of the administration of the Trust to another location within Ontario or have such other offices or places of administration within Canada as the Issuer Trustee may from time to time determine is necessary or desirable.

13.3 Execution of Instruments

The Issuer Trustee shall have power from time to time to appoint any Person or Persons on behalf of the Trust either to sign instruments in writing generally or to sign specific instruments in writing.

13.4 Manner of Giving Notice

Except as otherwise permitted herein, any notice required or permitted by the provisions of this Declaration of Trust to be given to a Unitholder or the Issuer Trustee shall be deemed conclusively to have been given if given either by delivery or by prepaid first-class mail addressed to each Unitholder at its address shown on the register of Unitholders or to the Issuer Trustee at the last address provided by the Issuer Trustee for such purpose. Any notice so given shall be deemed to have been given on the day of hand delivery or the day following that on which the notice was mailed.

13.5 Taxation Information

On or before March 30 in each year, or such earlier day as is required by applicable legislation or regulation, the Issuer Trustee will provide to Unitholders who received distributions from the Trust in the prior calendar year such information regarding the Trust required by applicable law to be submitted to Unitholders for income tax purposes to enable Unitholders to complete their tax returns in respect of the prior calendar year.

13.6 Severability

The provisions of this Declaration of Trust are severable and if any provisions are in conflict with any applicable law, the conflicting provisions shall be deemed never to have constituted a part of this Declaration of Trust and shall not affect or impair any of the remaining provisions thereof. If any provision of this Declaration of Trust shall be held invalid or unenforceable in any jurisdiction, such invalidity or unenforceability shall attach only to such provision in such jurisdiction and shall not in any manner affect or render invalid or unenforceable such provision in any other jurisdiction or any other provision of this Declaration of Trust in any jurisdiction.

13.7 Governing Law

This Declaration of Trust shall be interpreted and governed by and take effect exclusively in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. Any and all disputes arising under this Declaration of Trust, whether as to interpretation, performance or otherwise, shall be subject to the exclusive jurisdiction of the courts of the Province of Ontario and the Issuer Trustee hereby irrevocably attorns, and each Unitholder shall be deemed to hereby irrevocably attorn, to the exclusive jurisdiction of the courts of such province.

13.8 Language

Les parties aux présentes ont exigés que la présente convention ainsi que tous les documents et avis qui s'y rattachent et/ou qui en découleront soient rédigés en la langue anglaise. The parties hereto have required that this Declaration of Trust and all documents and notices resulting herefrom be drawn up in English.

IN WITNESS WHEREOF the Issuer Trustee has caused this Declaration of Trust to be executed as of the day and year first above written by its duly authorized signatories.

COMPUTERSHARE TRUST COMPANY OF CANADA,
as Issuer Trustee

By: _____
Name:
Title:

By: _____
Name:
Title:

Document comparison by Workshare Compare on December-13-17 5:43:28 PM

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Description	#23163129v12<TorysAtWork> - *Declaration of Trust - Fair Hydro
Document 2 ID	interwovenSite://INVENTORYS1/TorysAtWork/23163129/13
Description	#23163129v13<TorysAtWork> - *Fair Hydro -- Declaration of Trust
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Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	25

MASTER TRANSFER AND SERVICING AGREEMENT

between

FAIR HYDRO TRUST
as Issuer

- and -

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Transferor and Servicer

Dated as of December ■, 2017

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EXHIBIT

Exhibit A – Form of Transfer Notice

~~Exhibit B – Form of Monthly Report~~

Exhibit ~~C~~**B** – Form of Monthly Carrying Costs Statement

MASTER TRANSFER AND SERVICING AGREEMENT

THIS AGREEMENT made as of December ■, 2017.

BETWEEN:

FAIR HYDRO TRUST, a trust formed under the laws of the Province of Ontario

(the "**Issuer**")

- and -

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital amalgamated under the laws of the Province of Ontario

(the "**Transferor**" in its capacity as transferor, the "**Servicer**", in its capacity as servicer, and the "**IESO**" in its capacity as both Transferor and Servicer)

WHEREAS the Government of Ontario has enacted the *Ontario Fair Hydro Act, 2017* (the "**Act**") for the purpose of, among other things, ensuring that clean energy costs and clean energy benefits (each as defined in the Act) are fairly allocated among present and future Specified Consumers;

AND WHEREAS, under the Act, the IESO is required to establish and maintain the Fair Hydro Variance Account, and has the right under the Act and the Regulations to record certain amounts in the Fair Hydro Variance Account and recover the balance from time to time of the Fair Hydro Variance Account from Specified Consumers (such right, the "**Regulatory Asset**");

AND WHEREAS the IESO may from time to time, in accordance with the Act, Transfer Specified Portions of the Regulatory Asset to the Issuer pursuant to Section 26(1) of the Act;

AND WHEREAS the Issuer may finance the acquisition from the IESO, from time to time, of an Investment Interest through the incurrence of Funding Obligations under the Indenture;

AND WHEREAS the Issuer will grant a security interest over all of the Issuer Investment Interest to and in favour of the Indenture Trustee on behalf of all Specified Creditors;

AND WHEREAS in connection with its ownership of the Issuer Investment Interest and in order to collect the associated Clean Energy Adjustments in accordance with the Act, the Issuer desires to engage the Servicer to carry out the services described herein and the Servicer agrees to be so engaged;

NOW THEREFORE in consideration of the foregoing and the mutual covenants and agreements contained herein (the receipt and adequacy of which are hereby acknowledged), the parties hereto agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Agreement, the following terms have the following meanings:

"**Act**" has the meaning ascribed thereto in the recitals;

"**Agreement**" means this master transfer and servicing agreement, as amended, supplemented, modified, restated or replaced from time to time, and the expressions "herein", "hereof", "hereto", "hereunder" and similar expressions refer to this Agreement and not to any Article, Section, paragraph, subparagraph or clause hereof;

"**Billing Period**" means a calendar month in which the Clean Energy Adjustment is billed to Specified Consumers;

"**Board**" means the Ontario Energy Board, a statutory corporation without share capital continued under the *Ontario Energy Board Act, 1998*, S.O., 1998;

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by law, regulation or executive order to be closed;

"**Carrying Costs**" has the meaning ascribed to the term "carrying costs" in the Regulations;

"**CEA Consumer Invoice Amounts**" means amounts invoiced by an Electricity Vendor to Specified Consumers in respect of the Clean Energy Adjustment based on the rates established by the Board;

"**Clean Energy Adjustment**" has the meaning ascribed to the term "clean energy adjustment" in the Act;

"**Closing Date**" means the date on which a Transfer is to be completed as specified in the applicable Transfer Notice;

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the parties hereto and any other owner or owners of an Investment Interest as contemplated by Section 29(5) of the Act in form and substance satisfactory to the parties hereto, acting reasonably;

"**Co-Owner Implementation Date**" means the date, if any, upon which the Issuer Investment Interest ceases to be the only Investment Interest outstanding representing the full Investment Asset;

"**Collection Account**" means an Eligible Deposit Account established by the Issuer for the purpose of receiving the Issuer Share of the Servicer CEA Receipts;

"**Daily Remittance Event**" means the occurrence of either: (i) a Servicer Default or (ii) the IESO (or any successor thereto) ceasing to have the Required Servicer Rating;

"**Declaration of Trust**" means the declaration of trust made as of December ■, 2017 under which the Issuer was established, as may be supplemented, amended, replaced or amended and restated from time to time;

"**Electricity Vendor**" has the meaning ascribed to the term "electricity vendor" in the Act;

"**Electricity Vendor CEA Collections**" means payments actually received by Electricity Vendors from Specified Consumers in respect of Clean Energy Adjustments;

"**Electricity Vendor Billing Period Report**" means a report as contemplated by Section 17(2) of the Act from each Electricity Vendor in respect of each Billing Period where Clean Energy Adjustments are billed to Specified Consumers containing:

(a) **its total electricity consumption of Specified Consumers invoiced in such Billing Period;**

(b) ~~(a)~~ its total CEA Consumer Invoice Amounts in such Billing Period;

(c) ~~(b)~~ its total Electricity Vendor CEA Collections during such Billing Period; and

(d) ~~(c)~~ such other information as may be prescribed in the Regulations or any other Requirement of Law, or which otherwise may be agreed to by the applicable Electricity Vendor;

"**Eligible Deposit Account**" means an account in Canada with an Eligible Institution;

"**Eligible Institution**" means:

(a) at any time before the Co-Owner Implementation Date, an "Eligible Institution" as defined in the Indenture; and

(b) at any time on or after the Co-Owner Implementation Date, an "Eligible Institution" as defined in the applicable Co-Owner Agreement;

"**Fair Hydro Variance Account**" means the variance account established by the IESO pursuant to Section 24(1) of the Act;

"**Financing Entity**" has the meaning ascribed to the term "financing entity" in the Act;

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act;

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government;

"**IESO**" or "**Independent Electricity System Operator**" means the Independent Electricity System Operator, a statutory corporation without share capital established by the *Electricity Act, 1998*, SO, 1998;

"**IESO Deferral**" has the meaning ascribed to the term "IESO deferral" in the Act;

"**IESO Disclosure**" has the meaning ascribed thereto in Section 5.7;

"**IESO Segregated Account**" has the meaning ascribed thereto in Section 3.4(a);

"**Implementation Plan**" has the meaning ascribed thereto in Section 3.3(a);

"**Indemnified Losses**" has the meaning ascribed thereto in Section 6.1(a);

"**Indemnified Party**" has the meaning ascribed thereto in Section 6.1(a);

"**Indenture**" means the master trust indenture dated December ■, 2017 between the Indenture Trustee and the Issuer;

"**Indenture Trustee**" means BNY Trust Company of Canada, a trust company existing under the laws of Canada and duly authorized to carry on the business of a trust company in all of the provinces and territories of Canada, as indenture trustee for the benefit of Specified Creditors, or any successor thereto, under the Indenture;

"**Insolvency Event**" means, with respect to a specified Person, the specified Person admits the inability of such specified Person to pay its liabilities generally as they become due or makes a general assignment for the benefit of the creditors of such specified Person or otherwise acknowledges the insolvency of such specified Person or any proceeding shall be instituted by or against such specified Person seeking to adjudicate it a bankrupt or insolvent or seeking liquidation, winding up, dissolution, reorganization, arrangement, adjustment, protection, relief or composition of its debts under any law relating to bankruptcy, insolvency, reorganization, moratorium or relief of debtors or seeking the entry of an order for relief by the appointment of a receiver, trustee or other similar official for such specified Person or for any substantial part of its property and if such proceeding has been instituted against such specified Person either such proceeding has not been stayed or dismissed within 45 days or any of the actions sought in such proceeding (including the entry of an order for relief or the appointment of a receiver) are granted

in whole or in part, or if a receiver is privately appointed in respect of such specified Person or of the property of such specified Person or any substantial part thereof;

"**Investment Asset**" has the meaning ascribed to the term "investment asset" in the Act;

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act;

"**Issuer**" means Fair Hydro Trust, a trust formed under the laws of the Province of Ontario;

"**Issuer Funding Obligations**" means the Funding Obligations of the Issuer;

"**Issuer Investment Interest**" means, initially, the Investment Interest acquired by the Issuer pursuant to the first Transfer completed under this Agreement and, upon the completion of each Transfer thereafter, the cumulative Investment Interest acquired by the Issuer;

"**Issuer Share**" means:

(a) at any time before the Co-Owner Implementation Date, 100%; and

(b) at any time on or after the Co-Owner Implementation Date, the percentage determined in accordance with the applicable Co-Owner Agreement;

"**Issuer Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Issuer at such time;

"**Lien**" means a security interest, lien, mortgage, charge, pledge, claim or encumbrance of any kind;

"**Management Agreement**" means the management agreement dated December ■, 2017 between the Manager and the Issuer;

"**Manager**" means OPG, in its capacity as manager of the Issuer, and any successor appointed in accordance with the Management Agreement;

"**Minister**" means the Minister of Energy or such other member of the Executive Council as may be assigned the administration of the Act under the *Executive Council Act*;

"**Monthly Carrying Costs**" has the meaning ascribed thereto in Section 3.14(b);

"**Monthly Carrying Costs Statement**" has the meaning ascribed thereto in Section 3.14(b);

"**Monthly Servicer Report**" ~~has the meaning ascribed thereto in Section 3.5(a);~~**means a report from the Servicer in respect of each Billing Period where Clean Energy Adjustments are billed to Specified Consumers containing:**

(a) the information provided in each Electricity Vendor Billing Period Report;

(b) **total electricity consumption of Specified Consumers invoiced in such Billing Period, as reported by all Electricity Vendors, and for the current Reference Period to the last day of such Billing Period, compared to the forecast information provided by the Servicer to the Board pursuant to Section 3.2(a) (to the extent possible, recognizing timing mismatches);**

(c) **total CEA Consumer Invoice Amounts reported by all Electricity Vendors for such Billing Period;**

(d) **total Electricity Vendor CEA Collections reported by all Electricity Vendors for such Billing Period;**

(e) **total Servicer CEA Receipts for such Billing Period, including the amount representing total Electricity Vendor CEA Collections received and the amount representing Clean Energy Adjustments received by the Servicer directly from Specified Consumers;**

(f) **the difference between total CEA Consumer Invoice Amounts reported to the Servicer by all Electricity Vendors and total Servicer CEA Receipts, in each case, for such Billing Period and for the current Reference Period to the last day of such Billing Period, recognizing that there will be timing differences;**

(g) **a summary of** any matters referred to in Section 3.4(**k**) which have not been resolved and any explanation provided therefor by the Electricity Vendor; **and**

(h) **such other information which otherwise may be agreed to by the Servicer;**

"**Non-Investment Grade Rated Electricity Vendors**" means any Electricity Vendor that does not have a rating of**: (i)** "Baa3" or higher by Moody's Investors Services, Inc. (or any successor thereof)~~ or~~**, unless otherwise agreed to by Moody's Investors Services, Inc. (or any successor thereof); and** "BBB(low)" or higher by DBRS Limited (or any successor thereof)~~ or an equivalent rating by a nationally recognized statistical rating organization or designated rating organization~~**, unless otherwise agreed to by DBRS Limited (or any successor thereof)**;

"**Officer's Certificate**" means a certificate signed by a Responsible Officer of the Issuer under the circumstances described in, and otherwise complying with, the applicable requirements of Section **[10.01]** of the Indenture;

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario;

"**Opinion of Counsel**" means one or more written opinions of counsel, which counsel shall be reasonably acceptable to the party receiving such opinion of counsel, and shall be in form and substance reasonably acceptable to such party;

"**Permitted Successor**" means any successor to the IESO under the Act, whether pursuant to any bankruptcy, reorganization or other insolvency proceeding or pursuant to any merger, conversion,

acquisition, sale or transfer, by operation of law, as a result of any restructuring, or otherwise, but only to the extent such successor is approved by the Minister;

"**Permitted Transfer**" means (i) a Transfer to the Issuer pursuant to this Agreement; and (ii) a Transfer to a person who has entered into a Co-Owner Agreement with, inter alia, the Issuer.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority;

"**Prescribed Period**" has the meaning ascribed thereto in Section 3.14(a);

"**Proceeding**" means any suit in equity, action at law or other judicial or administrative proceeding;

"**Program Agreements**" has the meaning ascribed thereto in the Indenture;

"**Purchase Price**" has the meaning ascribed thereto in Section 2.1(c);

"**Rating Agency**" has the meaning ascribed thereto in the Indenture;

"**Rating Agency Condition**" has the meaning ascribed thereto in the Indenture;

"**Records**" has the meaning ascribed thereto in Section 7.1;

"**Regulations**" means Ontario Regulation 206/17: General, together with any other regulations promulgated under the Act;

"**Regulatory Asset**" has the meaning ascribed thereto in the recitals;

"**Remittance Date**" means, in respect of each Billing Period, the 18th Business Day following the last day of each Billing Period;

"**Required Servicer Rating**" means a rating of "Baa~~3~~**2**" or higher by Moody's Investors Service, Inc. (or any successor thereof) and a rating of "BBB(low)" or higher by DBRS Limited (or any successor thereof);

"**Requirement of Law**" means any foreign, Canadian federal, provincial or local laws, statutes, regulations, rules, codes or ordinances enacted, adopted, issued or promulgated by any Governmental Authority or common law;

"**Responsible Officer**" means, with respect to: (a) the Issuer, any authorized director or officer of the Manager; (b) the Servicer, any authorized director or officer of the IESO; and (c) a Successor Servicer, any authorized director or officer of the Successor Servicer;

"**Servicer**" means the Independent Electricity System Operator, as Servicer under this Agreement, or any Successor Servicer to the extent permitted under this Agreement;

"**Servicer CEA Receipts**" has the meaning ascribed thereto in Section 3.4(~~e~~f);

"**Servicer Default**" has the meaning ascribed thereto in Section 7.1;

"**Specified Consumer**" has the meaning ascribed to the term "specified consumer" in the Act;

"**Specified Creditors**" has the meaning ascribed thereto in the Indenture;

"**Specified Portion**" means, in respect of the Regulatory Asset and any Transfer, the portion of the Regulatory Asset subject to such Transfer, as set out in the applicable Transfer Notice.

"**Successor Servicer**" has the meaning ascribed thereto in Section **[3.07(e)]** of the Indenture;

"**Supplemental Indenture**" means an indenture supplemental to the Indenture that authorizes the incurrence of Funding Obligations;

"**Termination Event**" has the meaning ascribed thereto in Section 3.11;

"**Termination Notice**" has the meaning ascribed thereto in Section 7.1;

"**Transfer**" has the meaning ascribed to the term "transfer" in Section 1(3) of the Act, and "**Transferred**" has a corresponding meaning;

"**Transfer Notice**" means a Transfer Notice in respect of a Transfer substantially in the form of Exhibit A to this Agreement and delivered pursuant to Section 2.1(c) of this Agreement; and

"**Transferor**" means the Independent Electricity System Operator, as transferor under this Agreement;

1.2 Sections and Headings

The table of contents does not form part of this Agreement. The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and will not affect the construction or interpretation of this Agreement. Unless something in the subject matter or context is inconsistent therewith, references herein to Articles and Sections are to Articles and Sections of this Agreement.

1.3 Extended Meanings

(a) Words importing the singular number only will include the plural and vice versa and words importing the masculine gender will include the feminine and neuter genders and vice versa. A reference to any agreement, instrument or declaration means such agreement, instrument or declaration as the same may be amended, supplemented, modified, restated or replaced from time to time.

(b) The term "**including**" means "including without limitation", and other forms of the verb "**include**" have correlative meanings.

(c) All references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities.

(d) Unless otherwise stated, in the computation of a period of time from a specified date to a later specified date, the word "**from**" means "**from and including**" and each of the words "**to**" and "**until**" means "**to but excluding**".

(e) The words "**hereof**", "**herein**" and "**hereunder**" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, unless otherwise specified. References to Articles, Sections, Appendices and Exhibits in this Agreement are references to Articles, Sections, Appendices and Exhibits in or to this Agreement unless otherwise specified.

(f) References to any law, rule, regulation or order of a Governmental Authority shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor.

(g) The word "**will**" shall be construed to have the same meaning and effect as the word "**shall**". The word "**or**" is not exclusive.

(h) References to a specific rating by a Rating Agency shall mean such rating or the equivalent rating if such Rating Agency changes its rating scale.

ARTICLE 2
TRANSFER OF SPECIFIED PORTIONS OF THE REGULATORY ASSET

2.1 Transfer Notices and Agreement to Transfer Specified Portions of the Regulatory Asset

(a) The Transferor shall determine the IESO Deferral as required by Section 23(1) of the Act and the Regulations.

(b) The Transferor shall maintain the Fair Hydro Variance Account as required by Section 24 of the Act and the Regulations.

(c) The Transferor may, no more frequently than monthly and no later than the 8th Business Day of any calendar month, offer to Transfer to the Issuer a Specified Portion of the Regulatory Asset by providing to the Issuer a Transfer Notice executed by the Transferor and setting out (i) the Specified Portion of the Regulatory Asset that the Transferor is offering to Transfer to the Issuer, (ii) the consideration to be paid to the Transferor by the Issuer for the Transfer (the "**Purchase Price**") which shall be equal to the amount of such Specified Portion of the Regulatory Asset, (iii) the Closing Date to effect such transfer which shall be no earlier than the 5th Business Day after the delivery of the Transfer Notice and no later than the last Business Day of the calendar month in which the Transfer Notice was delivered, or such other Business Day as may be agreed by the Transferor and the Issuer, and (iv) such other information as required in the form of Transfer Notice attached as Exhibit A hereto.

(d) On or before the 2nd Business Day following receipt of a Transfer Notice, the Issuer shall have the right, but not the obligation, to accept the Transferor's offer to Transfer the Specified Portion of the Regulatory Asset referred to in the Transfer Notice by executing and returning such Transfer Notice to the Transferor. Upon acceptance by the Issuer of the Transfer Notice, there shall be a binding agreement for IESO to Transfer the Specified Portion of the Regulatory Asset referred to in the Transfer Notice and for the Issuer to pay the Purchase Price, subject to satisfaction of all conditions precedent in Section 2.2.

(e) Provided that all conditions precedent set out in Section 2.2 have been satisfied on or prior to the applicable Closing Date, on the applicable Closing Date, the Issuer shall deliver or cause to be delivered to the Transferor, by wire transfer or electronic funds transfer, in immediately available funds, an amount in Canadian dollars equal to the Purchase Price set forth in the applicable Transfer Notice. The Transferor agrees that receipt by the Transferor of the payment referred to in this Section 2.1(e) is receipt by the Transferor of a payment referred to in Section 26(3) of the Act.

(f) Upon receipt by the Transferor of the payment referred to in Section 2.1(e), the Transferor shall reduce the balance of the Fair Hydro Variance Account by an amount equal to the Purchase Price received and shall retain no further right, title or interest in the Issuer Investment Interest corresponding to the Specified Portion of the Regulatory Asset Transferred.

(g) The parties state that they intend that this Agreement, together with each Transfer Notice accepted by the Issuer, constitute an agreement, for purposes of Section 27(2) of the Act for the Transferor to dispose, upon receipt by the Transferor of the payment referred to in Section 2.1(e), of the Specified Portion of the Regulatory Asset referred to in the Transfer Notice and to assign, convey or sell a corresponding Investment Interest to the Issuer.

2.2 Conditions Precedent to each Transfer of a Specified Portion of the Regulatory Asset

(a) The obligation of the Issuer to pay the Purchase Price related to the initial Transfer of a Specified Portion of the Regulatory Asset shall be subject to the satisfaction by the Transferor, or waiver by the Issuer, of the following conditions:

(i) the Issuer shall have received from the Transferor the following documents, in form and substance satisfactory to the Issuer:

(A) a certificate of an officer of the IESO certifying (1) that attached thereto is a true and complete copy of the by-laws of the IESO, each as in effect on the date of such certificate, (2) that attached thereto is a true and complete copy of a resolution adopted by the IESO's board of directors authorizing the execution, delivery and performance of this Agreement and the performance by the IESO of its obligations hereunder, and that such resolution has not been modified, rescinded or amended and is in full force and effect, and (3) as to the incumbency and true specimen signature of each of the IESO officers or delegates executing this Agreement and authorized to give notices and instructions hereunder (which can be changed by notice hereunder), provided that this condition may be satisfied by delivery of a certificate of an officer of the IESO to the effect that there has been no change to the items listed in (1), (2) and (3) above since the date of the previous certificate delivered under this Section 2.2(a)(i)(A) which certificate delivery condition may be satisfied by a representation and warranty to like effect in the applicable Transfer Notice; and

(B) the Transferor shall have delivered to the Rating Agencies and the Issuer any Opinions of Counsel reasonably required by them.

(b) The obligation of the Issuer to pay the Purchase Price related to each Transfer of a Specified Portion of the Regulatory Asset (including the initial Transfer) shall be subject to the satisfaction or waiver by the Issuer of each of the following conditions:

(i) as of the applicable Closing Date, all Program Agreements shall have been entered into on terms and conditions satisfactory to the Issuer and shall be in full force and effect as of such Closing Date;

(ii) as of the applicable Closing Date, no Insolvency Event in respect of the Transferor shall have occurred and the Transferor is not aware of any pending Insolvency Event with respect to itself;

(iii) as of the applicable Closing Date, (A) the representations and warranties of the IESO in this Agreement must be true and correct with the same force and effect as if made on that date (except to the extent they relate to an earlier date), (B) no breach of any covenant or agreement of the IESO contained in this Agreement shall have occurred and be continuing, and (C) no Servicer Default shall have occurred and be continuing;

(iv) the Transferor shall have delivered to the Issuer an Officer's Certificate confirming the satisfaction of each condition precedent specified in Sections 2.2(b)(ii) and (iii);

(v) as of the applicable Closing Date, (A) the Issuer shall have sufficient funds available to pay the Purchase Price as set forth in the applicable Transfer Notice, (B) all conditions to any incurrence of Funding Obligations intended to provide such funds set forth in the Indenture (and any applicable Supplemental Indenture) or other instrument shall have been satisfied or waived, (C) if applicable, the Rating Agency Condition in respect of the issuance of the Funding Obligations funding the payment of the Purchase Price shall have been satisfied or, if a new issuance of Funding Obligations without an existing rating, the required ratings have been established by the applicable Rating Agencies, and (D) the Funding Obligation required to fund the payment of the Purchase Price shall have been issued at the same time as, or prior to, the Transfer; and

(vi) immediately after giving effect to the Transfer, each of the Fair Hydro Variance Account and the Regulatory Asset will have a balance or amount, as applicable, equal to or greater than zero.

ARTICLE 3
ROLE OF THE SERVICER

3.1 Designation of Servicer

Each Transfer of a Specified Portion of the Regulatory Asset shall be made on the basis that the related Issuer Investment Interest shall be serviced by the Servicer in accordance with this Article 3, and the IESO or any Permitted Successor of the IESO that is the Servicer shall not be entitled, except as otherwise provided in Section 3.7 or agreed by the Parties, to receive any further compensation from the Issuer for its services in connection therewith.

3.2 Forecasts and Other Information

The IESO shall:

(a) provide to the Board the forecast information contemplated by Section 8(3) of the Regulations;

(b) provide to the Issuer the forecast information provided to the Board pursuant to Section 3.2(a), which information shall be provided on a non-reliance basis other than with respect to the use thereof in relation to the duties, obligations or rights of the Issuer or the Manager pursuant to the Act and the Regulations; and

(c) provide to the Issuer such other information and reports as the Issuer may reasonably request in connection with the calculation of the Clean Energy Adjustments, which is reasonably available to the Transferor directly or upon request, can lawfully be provided and can be provided without incurring material incremental expense (unless the Issuer has agreed to reimburse the IESO for such material incremental expenses).

3.3 Implementation Plan

(a) The Servicer will work with the Issuer to develop on or before January 31, 2020 a written implementation plan identifying in reasonable detail the actions to be taken by the Servicer and the Issuer in order to facilitate the Board, the Issuer, the Servicer and the Electricity Vendors being prepared to perform their obligations under the Act and the Regulations when the setting, invoicing and collection of Clean Energy Adjustments commences (the "**Implementation Plan**"). The Implementation Plan should include the following:

(i) a process and a schedule for contacting Electricity Vendors and providing instructions with respect to the establishment of a segregated account by each Electricity Vendor, the procedures for invoicing Clean Energy Adjustments, the identification, deposit and segregation of Electricity Vendor CEA Collections and their remittance to the Servicer;

(ii) the development of processes for the necessary exchanges of information with respect to Clean Energy Adjustments among the Board, the Issuer, the Manager, the Servicer, Electricity Vendors and Specified Consumers;

(iii) procedures for the testing of the processes for the collection and remittance of Clean Energy Adjustment before February 28, 2021; and

(iv) target dates for the achievement of specified objectives under the Implementation Plan.

(b) The Servicer and the Issuer will prepare written progress reports on the status of the implementation of the Implementation Plan on or before June 30, 2020, October 31, 2020 and January 31, 2021.

3.4 Clean Energy Adjustments and Electricity Vendors

The Servicer shall:

(a) prior to receiving Servicer CEA Receipts, establish an Eligible Deposit Account (the "**IESO Segregated Account**") bearing a designation indicating that the funds

deposited therein are held in trust for the benefit of the Issuer and, after the Co-Owner Implementation Date, for the benefit of any other owner or owners of an Investment Interest. If at any time the IESO Segregated Account ceases to be an Eligible Deposit Account, the Servicer shall within 30 days establish a new IESO Segregated Account as an Eligible Deposit Account and shall transfer any cash and/or any investments held in the former account to such new account and make all future deposits to such new account;

(b) prior to the first Billing Period when amounts are invoiced by Electricity Vendors to Specified Consumers in respect of Clean Energy Adjustments, make commercially reasonable efforts to:

(i) cause each Electricity Vendor to establish a segregated account into which Electricity Vendor CEA Collections are to be deposited as required by Section 10(2) of the Regulations;

(ii) settle a form of Electricity Vendor Billing Period Report to be used by such Electricity Vendor;

(iii) cause each Electricity Vendor to establish procedures for the invoicing by such Electricity Vendor of amounts in respect of the Clean Energy Adjustment, the identification, deposit and segregation of Electricity Vendor CEA Collections, the remittance of Electricity Vendor CEA Collections to the Servicer and reporting to the Servicer; and

(iv) respond to inquiries from Electricity Vendors with respect to any of the foregoing matters.

(c) **together with the Issuer, prior to the first Billing Period when amounts are invoiced by Electricity Vendors to Specified Consumers in respect of Clean Energy Adjustments, settle a form of Monthly Servicer Report;**

(d) ~~(c)~~ request certification from each Electricity Vendor that the segregated account required by Section 10(2) of the Regulations has been established by that Electricity Vendor;

(e) ~~(d)~~ as agent of the Issuer and, after the Co-Owner Implementation Date, as agent of any other owner or owners of an Investment Interest, receive Electricity Vendor CEA Collections from Electricity Vendors;

(f) ~~(e)~~ as agent of the Issuer and, after the Co-Owner Implementation Date, as agent of any other owner or owners of an Investment Interest, receive any amounts in respect of Clean Energy Adjustments payable directly by Specified Consumers to the Servicer (such amounts, together with the amounts referred to in Section 3.4(~~d~~**e**), the "**Servicer CEA Receipts**");

(g) ~~(f)~~ deposit the Servicer CEA Receipts into the IESO Segregated Account promptly following receipt by the Servicer and, in any event, within two Business

Days of receipt by the Servicer and the Issuer Share of such Servicer CEA Receipts shall remain in the IESO Segregated Account until remitted in accordance with Section 3.6;

(h) ~~(g)~~ respond to inquiries by Electricity Vendors with respect to the Clean Energy Adjustment and amounts payable in respect thereof;

(i) ~~(h)~~ request from each Electricity Vendor an Electricity Vendor Billing Period Report in respect of each Billing Period during which Clean Energy Adjustments are billed to Specified Consumers; such report to be requested to be delivered within twelve Business Days of the end of each Billing Period;

(j) ~~(i)~~ review each Electricity Vendor Billing Period Report received by the Servicer for material manifest discrepancies, including any discrepancy between the Electricity Vendor CEA Collections reported in respect of the Billing Period and the amount received pursuant to Section 3.4(~~d~~**e**);

(k) ~~(j)~~ contact each Electricity Vendor:

(i) that does not deliver an Electricity Vendor Billing Period Report in respect of a Billing Period where Clean Energy Adjustments were payable by Specified Consumers;

(ii) from which no Electricity Vendor CEA Collections are received in respect of the Billing Period,

(iii) for whom Electricity Vendor CEA Collections do not match the amount thereof reported in its Electricity Vendor Billing Period Report,

(iv) that delivers an Electricity Vendor Billing Period Report that has any other material manifest discrepancy detected by the Servicer, or

(v) that has not certified that it has established the segregated account required by Section 10(2) of the Regulations,

and attempt to resolve the applicable issue; and

(l) ~~(k)~~ hold the Issuer Share of Servicer CEA Receipts and the Issuer Share of any other proceeds in respect of the Clean Energy Adjustment received by it in trust for the benefit of the Issuer and remit such amounts in accordance with Section 3.6 without any surcharge, fee, offset, charge or other deduction.

3.5 Reporting

The Servicer shall:

(a) on or before the 20th Business Day following the end of each Billing Period **when amounts are invoiced by Electricity Vendors to Specified Consumers in**

respect of Clean Energy Adjustments, prepare and deliver to the Issuer a ~~written report substantially in the form of Exhibit B (a "~~Monthly **Servicer** Report~~")~~;

~~(b)~~ ~~report monthly to the Issuer any matters referred to in Section 3.4(j) which have not been resolved and any explanation provided therefor by the Electricity Vendor;~~

(b) ~~(c)~~ promptly notify the Issuer in writing of any Requirement of Law hereafter adopted or announced or the occurrence of any other event or circumstance of which it becomes aware that has a material adverse effect on the Servicer's ability to perform its duties and obligations under this Agreement; and

(c) ~~(d)~~ upon the reasonable request of the Issuer provide to the Issuer any public financial information in respect of the Servicer, or any material information regarding the Clean Energy Adjustment, to the extent it is reasonably available to the Servicer, and as may be reasonably necessary and permitted by law, to enable the Issuer to monitor the performance by the Servicer of its duties and obligations hereunder.

3.6 Remittances

(a) The Issuer shall provide the Servicer with notice of the Collection Account at least ten Business Days prior to the first Remittance Date and shall provide the Servicer with notice of any change to the Collection Account at least ten Business Days prior to any subsequent Remittance Date.

(b) Absent the occurrence of a Daily Remittance Event, the Issuer Share of Servicer CEA Receipts received by the Servicer and any interest earned thereon received on or subsequent to a Remittance Date shall be remitted by the Servicer to the Collection Account no later than the immediately following Remittance Date.

(c) Following the occurrence of a Daily Remittance Event, the Issuer Share of all Servicer CEA Receipts on deposit in the IESO Segregated Account and any interest earned thereon shall be remitted by the Servicer to the Collection Account on the second following Business Day.

3.7 Reimbursement of Servicer

The Issuer shall reimburse the Servicer for its direct costs relating to the performance by the Servicer of its duties and obligations hereunder and that are not otherwise recovered by the Servicer pursuant to sections 25.1(1) and 25.1(2) of the *Electricity Act, 1998*, which direct costs the IESO shall have no obligation to seek recovery for under sections 25.1(1) and 25.1(2) of the *Electricity Act, 1998*; provided, however, that this Section 3.7 shall not apply to any costs relating to the performance by the Servicer of its duties and obligations under the Act or the Regulations, including, for greater certainty the Servicer's obligations to pay monthly Carrying Costs.

3.8 Limits to Obligations

Notwithstanding anything to the contrary in this Agreement, the parties hereto agree that the duties, liabilities and obligations of IESO under this Agreement are limited as provided in this Section 3.8.

(a) IESO is not responsible for, or in respect of, any amounts not collected by Electricity Vendors from their customers or not remitted by Electricity Vendors to the Servicer.

(b) IESO is not responsible to confirm, verify or audit the amount of the Clean Energy Adjustment invoiced by Electricity Vendors or the Electricity Vendor CEA Collections collected by Electricity Vendors and reported to the IESO.

(c) IESO is not responsible for enforcing the obligations of Specified Consumers to pay, or the obligations of Electricity Vendors to invoice, collect or remit Clean Energy Adjustments or any other amounts, or to establish a segregated account into which Electricity Vendor CEA Collections are to be deposited, and IESO is under no obligation to initiate or prosecute any legal action relating to the collection of the Clean Energy Adjustments or the Issuer Investment Interest.

(d) IESO is not responsible or liable for the performance by Electricity Vendors of their duties and responsibilities under the Act or the Regulations including (i) the invoicing of Specified Consumers in respect of the Clean Energy Adjustment and ancillary matters related thereto; (ii) the collection from Specified Consumers of amounts due in respect of such invoices and the remittance of such payments to the Servicer; (iii) the accuracy of any information provided by the Electricity Vendors; and (iv) any reporting by the Electricity Vendors, including the reporting to the Servicer of the total CEA Consumer Invoice Amounts invoiced by such Electricity Vendor to its Specified Consumers in respect of the Clean Energy Adjustment, the total Electricity Vendor CEA Collections received by such Electricity Vendor and the Issuer Share of Electricity Vendor CEA Collections received by such Electricity Vendor and any other reporting in the Electricity Vendor Billing Period Report.

(e) IESO is under no responsibility or obligation to the Issuer with respect to the nature or extent of the Issuer Investment Interest, the collectability of the Issuer Share of Servicer CEA Receipts or that the Issuer Share of Servicer CEA Receipts will be sufficient to satisfy the Issuer's Funding Obligations.

(f) IESO may rely in good faith on the advice of counsel or on any document of any kind, prima facie properly executed and submitted by any Person, respecting any matters arising under this Agreement.

(g) IESO shall have no liability or responsibility to any Person in respect of any forecasts or other information provided pursuant to Section 3.2, provided only that such forecasts or other information has been prepared and provided in good faith.

(h) None of the directors, officers, employees or agents of IESO shall be liable to the Issuer or any other Person for any action taken or for refraining from the taking of any action pursuant to this Agreement or for good faith errors in judgment.

3.9 Servicing and Maintenance Standards

Subject to Section 3.8, the Servicer shall discharge its duties, responsibilities and obligations hereunder with reasonable care and in material compliance with the Requirements of Law, including the Act and the Regulations and, in doing so, shall follow standards, policies and procedures in performing its duties as Servicer hereunder that are customary for an electricity market operator and administrator that regularly performs settlement functions.

3.10 Appointments

The Servicer may at any time appoint OPG or any other Person to act as its agent to perform all or any portion of its obligations as Servicer hereunder; provided however, that in respect of the appointment of a Person other than OPG, the Rating Agency Condition shall have been satisfied in connection therewith; and provided further that the Servicer shall remain obligated and be liable for the performance of its obligations under this Agreement without diminution of such obligation and liability by virtue of the appointment of OPG or such other Person and to the same extent and under the same terms and conditions as if the Servicer alone were performing such obligations. The fees and expenses of OPG or any other such Person shall be as agreed between the Servicer and OPG or such other Person from time to time, and the Issuer shall not have any responsibility therefor or right or claim thereto. Any such appointment shall not constitute a resignation of the Servicer under Section 3.13.

3.11 Term

The Servicer's appointment as Servicer under this Agreement shall become effective as of the execution hereof and shall continue in full force and effect until the earlier of (a) the effective date of resignation of the Servicer in accordance with the provisions of this Agreement, (b) termination of all of the rights and obligations of the Servicer under Article 7, and (c) the date on which all Issuer Funding Obligations have been paid in full and all CEA Consumer Invoice Amounts have been received or written off (in each case, a "**Termination Event**"). The appointment of the Servicer as servicer under this Agreement shall be terminated effective as of the date of the Termination Event.

3.12 Mergers

Any Person (a) into which the Servicer may be merged, converted or amalgamated and that is a Permitted Successor, (b) that may result from any merger, conversion or amalgamation to which the Servicer shall be a party and that is a Permitted Successor, (c) that may succeed to the properties and assets of the Servicer substantially as a whole and that is a Permitted Successor, or (d) that otherwise is a Permitted Successor, which Person in any of the foregoing cases executes an agreement of assumption to perform all of the obligations of the Servicer hereunder, shall be the successor to the Servicer under this Agreement without further act on the part of any of the parties to this Agreement; provided, however, that (i) immediately

after giving effect to such transaction, no representation or warranty made pursuant to Section 4.1 shall have been breached and no Servicer Default and no event that, after notice or lapse of time, or both, would become a Servicer Default shall have occurred and be continuing, (ii) the Servicer shall have delivered to the Issuer an Officer's Certificate and an Opinion of Counsel from external counsel stating that such consolidation, conversion, merger or succession and such agreement of assumption complies with this Section 3.12 and that all conditions precedent, if any, provided for in this Agreement relating to such transaction have been complied with, and (iii) the Servicer shall have given to the Issuer and each Rating Agency prior written notice of such transaction. When any Person that is a Permitted Successor acquires the properties and assets of the Servicer substantially as a whole or otherwise becomes the successor, by merger, conversion, consolidation, sale, transfer, lease or otherwise, to all or substantially all the assets of the Servicer in accordance with the terms of this Section 3.12, then, upon satisfaction of all of the other conditions of this Section 3.12, the preceding Servicer shall automatically and without further notice be released from all of its obligations hereunder (except for responsibilities for its actions prior to such release).

3.13 The IESO Not to Resign as Servicer

Subject to the provisions of Section 3.12, the IESO shall not resign from the obligations and duties imposed on it as Servicer under this Agreement except upon a determination that the performance of its duties under this Agreement shall no longer be permissible under applicable Requirements of Law. Notice of any such determination permitting the resignation of the IESO as Servicer shall be communicated to the Issuer and each Rating Agency at the earliest practicable time (and, if such communication is not in writing, shall be confirmed in writing at the earliest practicable time), and any such determination shall be evidenced by an Opinion of Counsel to such effect delivered to the Issuer and each Rating Agency concurrently with or promptly after such notice. No such resignation shall become effective until a Successor Servicer that is a Permitted Successor has assumed the servicing obligations and duties hereunder of the Servicer in accordance with Section 7.2.

3.14 IESO Regulatory Obligation to Pay Carrying Costs

(a) The IESO acknowledges that it has an obligation pursuant to the Regulations to pay monthly Carrying Costs to the Issuer for the prescribed period set out in the Regulations (the "**Prescribed Period**") and agrees to comply with its obligations under the Regulations to pay and remit the Carrying Costs to the Issuer.

(b) On or before the 4th Business Day of each calendar month during the Prescribed Period, the Issuer shall prepare and deliver to the IESO a written statement substantially in the form of Exhibit ~~C~~**B** (a "**Monthly Carrying Costs Statement**") certifying the amount of the Carrying Costs expected to be incurred in the following calendar month ("**Monthly Carrying Costs**"). If requested by the IESO, the Issuer shall, in lieu of providing the Monthly Carrying Costs Statement, enter the amount of such expected Monthly Carrying Costs in the IESO operated portal, or such other similar facility operated by the IESO, and such entry shall be deemed to be a certification of the accuracy of the amount entered.

(c) On or before the 14th Business Day following receipt by the IESO of the Monthly Carrying Costs Statement, the IESO shall, as required under the Regulations, deliver or cause to be delivered to the Issuer, by wire transfer or electronic funds transfer in immediately available funds, an amount in Canadian dollars equal to the expected Monthly Carrying Costs certified by the Issuer in the applicable Monthly Carrying Costs Statement.

(d) To the extent that the expected Monthly Carrying Costs certified in a Monthly Carrying Costs Statement are less than or greater than the actual Monthly Carrying Costs incurred in respect of a calendar month, an adjustment shall be made to the expected Monthly Carrying Costs for the calendar month for which the first Monthly Carrying Costs Statement is issued after the amount of the discrepancy is determined **or any such overpayment shall be returned to the IESO**.

3.15 IESO Security for CEA Remittances

~~If required by the Issuer, the~~**The** IESO shall provide to the Issuer, on or prior to the first day of the first Billing Period when amounts are invoiced to Specified Consumers in respect of Clean Energy Adjustments, security for any failure of Non-Investment Grade Rated Electricity Vendors to remit their Electricity Vendor CEA Collections in the form of (x) a letter of credit with a term extending to the first day of the immediately following calendar year, or (y) a performance guarantee or such other form of security as may be acceptable to the Issuer and that satisfies the Rating Agency Condition.

The amount of security required by the IESO pursuant to this Section 3.15 will be calculated on an annual basis and will be equal to ~~the lesser of (i) $100 million and (ii)~~ the amount determined in accordance with the following formula**, or such other lower amount as may be proposed by the Servicer, is acceptable to the Issuer and satisfies the Rating Agency Condition**:

((A / B) x C x D / 365 x E)

where A, B, C, D and E are as follows:

A = for the most recent completed 12 month period for which information is available, as provided by the Servicer, the aggregate amount of energy consumed by Specified Consumers of all Non-Investment Grade Rated Electricity Vendors.

B = for the same 12 month period used for A, as provided by the Servicer, the aggregate amount of energy consumed by all Specified Consumers.

C = for the most current 12 month forecast period available, as provided by OPG, in its capacity as the Financial Services Manager under the Act, the Clean Energy Adjustment amounts estimated to be payable by all Specified Consumers.

D = 45, which represents an estimated number of days that total Clean Energy Adjustment amounts are expected to be held by Electricity Vendors, or such other number as

mutually agreed to in writing by the Issuer and the Servicer and that satisfies the Rating Agency Condition;

E = ~~[0.45]~~,**0.50,** or another value as mutually agreed to in writing by the Issuer and the Servicer and that satisfies the Rating Agency Condition.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES OF THE IESO

4.1 Representations and Warranties

Subject to Section 3.8, the IESO makes the following representations and warranties as of the date hereof and as of each applicable Closing Date, and the IESO acknowledges that the Issuer will rely thereon in paying the Purchase Price related to Transfers of Specified Portions of the Regulatory Asset, and the Issuer has relied thereon in entering into this Agreement relating to the servicing of the corresponding Investment Interests.

(a) Organization and Good Standing. The IESO is a statutory corporation amalgamated under the laws of the Province of Ontario, with requisite corporate power and authority to own its properties, to conduct its business as such properties are currently owned and such business is presently conducted by it.

(b) Due Qualification. The IESO has obtained all necessary licences and approvals, in all jurisdictions in which the ownership or lease of property or the conduct of its business (including acting as Servicer under this Agreement) shall require such licences or approvals, except where the failure to so qualify or obtain such licences and approvals would not be reasonably likely to have a material adverse effect on the IESO's business, operations, assets, revenues or properties, the Regulatory Asset or the servicing of related Investment Interests.

(c) Power and Authority. The IESO has the requisite corporate power and authority to execute and deliver this Agreement and to carry out its terms. The IESO has full corporate power and authority to hold the Regulatory Asset and to Transfer Specified Portions of the Regulatory Asset to the Issuer and the IESO has duly authorized such Transfer to the Issuer by all necessary corporate action. The execution, delivery and performance of all obligations under this Agreement have been duly authorized by all necessary corporate action on the part of the IESO under all applicable laws.

(d) Binding Obligation. This Agreement constitutes a legal, valid and binding obligation of the IESO, enforceable against the IESO in accordance with its terms, subject to bankruptcy, receivership, insolvency, reorganization, moratorium or

other laws affecting creditors' rights generally from time to time in effect and to general principles of equity (including concepts of materiality, reasonableness, good faith and fair dealing).

(e) No Violation. The consummation of the transactions contemplated by this Agreement and the fulfillment of the terms hereof by the IESO do not conflict with, result in any breach of any of the terms and provisions of, or constitute (with or without notice or lapse of time, or both) a default under, the IESO's by-laws, or any indenture, or other material agreement or instrument to which the IESO is a party or by which it is bound, result in the creation or imposition of any Lien upon any of the IESO's properties pursuant to the terms of any such indenture, agreement or other instrument or violate any existing law or any order, rule or regulation applicable to the IESO issued by any Governmental Authority having jurisdiction over the IESO or its properties, except, in each case, where such breach would not reasonably be expected to materially and adversely affect the performance by the IESO of its obligations under this Agreement or the Act or the validity or enforceability of this Agreement.

(f) No Proceedings. To the IESO's knowledge, except as disclosed in writing to the Issuer, there are no Proceedings pending or threatened against the IESO or its properties: (a) asserting the invalidity of this Agreement or the Act, (b) seeking to prevent the consummation of any of the transactions contemplated by this Agreement or the Act, or (c) seeking a determination or ruling that could reasonably be expected to materially and adversely affect the performance by the IESO of its obligations under this Agreement or the Act or the validity or enforceability of this Agreement.

(g) Approvals. No approvals, authorizations, consents, orders or other actions or filings with any Governmental Authority are required for the IESO to execute, deliver and perform its obligations under this Agreement except those which have previously been obtained or made.

(h) Information. Except in respect of information provided by a third party, all written information, as amended or supplemented from time to time, provided by the Transferor to the Issuer with respect to the Issuer in a Transfer Notice and a Monthly **Servicer** Report is true and correct in all material respects and does not omit any material fact.

(i) The Transfer. After the completion of the Transfer on the applicable Closing Date, the IESO will have no right, title or interest in the Investment Interest related to the Specified Portion of the Regulatory Asset as set forth in the applicable

Transfer Notice, and the related Investment Interest shall not form part of the estate of the IESO in the event of an Insolvency Event in respect of the IESO.

(j) No Transfer. Except for Permitted Transfers, the IESO has not sold, transferred, assigned or otherwise conveyed any interest in the Regulatory Asset to any Person.

(k) Liens. IESO has not pledged or otherwise granted a Lien to any Person in the Regulatory Asset and to the IESO's knowledge (after due inquiry), there is no registered financing statement listing the IESO as debtor covering or extending to the Regulatory Asset.

(l) Tax Liens. The IESO (i) is not aware, after due inquiry, of any judgment or tax lien filing against the IESO, and (ii) is not a non-resident of Canada for purposes of the *Income Tax Act* (Canada).

(m) Solvency. On the date hereof and after giving effect to each Transfer, the IESO:

(i) reasonably believes that it will be able to pay its debts as they come due; and

(ii) is able to pay its debts as they mature and does not intend to incur, or believes that it will not incur, indebtedness that it will not be able to repay at its maturity.

(n) No Court Order. There is no order by any court that seeks to enjoin the performance of any obligations of the IESO under the Act or this Agreement.

4.2 Survival

The representations and warranties set forth in Section 4.1 shall survive the execution and delivery of this Agreement, each Transfer of a Specified Portion of a Regulatory Asset to the Issuer and the pledge of the corresponding Investment Asset to the Indenture Trustee pursuant to the Indenture and may not be waived by any party hereto except pursuant to a written agreement executed in accordance with Section 8.1 and as to which the Rating Agency Condition has been satisfied.

ARTICLE 5
COVENANTS OF THE IESO

5.1 Existence

So long as any Issuer Funding Obligations are outstanding, the IESO (a) shall not take any action to impair its corporate existence, and (b) will obtain and preserve its qualification to do business in the Province of Ontario.

5.2 No Transfer or Liens

Except for Transfers under this Agreement to the Issuer or Permitted Transfers, the IESO will not Transfer the Regulatory Asset or any portion thereof to any person. The IESO will not grant, create, incur, assume or suffer to exist any Lien on the Regulatory Asset or any portion thereof. The IESO will not at any time assert any Lien against or with respect to the Issuer Investment Interest, except for any Lien granted by the Issuer to the IESO.

5.3 Notice of Liens

The IESO shall notify the Issuer promptly after becoming aware of any Lien on any portion of the Regulatory Asset.

5.4 Compliance with Law

The IESO will comply with all Requirements of Law applicable to, and binding upon, the IESO or relating to the Regulatory Asset, except to the extent that failure to so comply would not materially adversely affect the Transfer of Specified Portions of the Regulatory Asset or the IESO's performance of its obligations under this Agreement; provided, however, that the foregoing is not intended to, and shall not, impose any liability on the IESO for non-compliance with any Requirement of Law that the IESO is contesting in good faith in accordance with its customary standards and procedures.

5.5 Covenants Related to the Investment Interest

(a) So long as any Issuer Funding Obligations are outstanding, the IESO shall treat the Issuer Investment Interest as the Issuer's property for all purposes.

(b) Except for investments held for employee benefit purposes, the IESO shall not at any time become a holder of Issuer Funding Obligations.

(c) The IESO shall disclose the effects of all transactions between the IESO and the Issuer in accordance with generally accepted accounting principles (for government entities).

(d) (i) In all Proceedings relating directly or indirectly to the Issuer Investment Interest, the IESO shall affirmatively certify and confirm that it has Transferred all of its rights and interests in and to the Specified Portions of the Regulatory Asset giving rise to the Issuer Investment Interest, (ii) the IESO shall not make any statement or reference in respect of the Issuer Investment Interest that is inconsistent with the ownership interest of the Issuer, and (iii) the IESO shall not take any action in respect of the Issuer Investment Interest except solely in its capacity as the Servicer thereof pursuant to this Agreement.

5.6 Non-petition Covenants

Notwithstanding any prior termination of this Agreement or the Indenture, the IESO shall not, prior to the date that is one year plus one day after termination of the Indenture and the payment in full of all Issuer Funding Obligations and any other amounts owed under the Indenture, petition or otherwise invoke the process of any Governmental Authority for the purpose of commencing or sustaining a Proceeding against the Issuer under any Canadian bankruptcy, insolvency or similar law, appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official or any substantial part of the property of the Issuer.

5.7 Disclosure

The IESO shall provide such non-confidential information regarding IESO, the Regulatory Asset and the services provided by the Servicer hereunder (collectively, the "**IESO Disclosure**") as may be reasonably requested by the Issuer for inclusion in any offering document of the Issuer from time to time, including but not limited to offering memoranda, prospectuses, registration statements and continuous disclosure documents (the "**Offering Documents**"). Provided that the IESO has been given a reasonable opportunity by the Issuer to review any such Offering Documents and has provided its consent to the use of such IESO Disclosure, the IESO will represent that, except in respect of information provided by a third party, all IESO Disclosure, as at the respective dates of delivery to the Issuer, is true and correct in all material respects and contains no misrepresentation.

5.8 Further Assurances

Upon the request of the Issuer, the IESO shall execute and deliver such further instruments and do such further acts as may reasonably be necessary to carry out the provisions and purposes of this Agreement.

5.9 Access to Certain Records and Information

The IESO shall provide to the Issuer access to all records relating to the IESO Deferral, the Fair Hydro Variance Account, the IESO Segregated Account and Servicer CEA Receipts, as is reasonably required for the Issuer to confirm compliance by the IESO with its

obligations under this Agreement. Access shall be afforded without charge, but only upon reasonable request and during normal business hours at the offices of the IESO. Nothing in this Section 5.9 shall affect the obligation of the IESO to comply with any Requirement of Law prohibiting disclosure of information, and the failure of the IESO to provide access to such information as a result of such obligation shall not constitute a breach of this Section 5.9.

5.10 Maintenance of Operations

Subject to Section 3.12, the IESO agrees to continue, unless prevented by circumstances beyond its control, to operate as the electricity system operator in the Province of Ontario so long as it is acting as the Servicer under this Agreement.

ARTICLE 6
IESO INDEMNITIES

6.1 Liability of the IESO; Indemnities

(a) The IESO shall indemnify the Issuer and each of its trustees, officers, directors and employees (each, an "**Indemnified Party**"), for, and defend and hold harmless each such Person from and against, any and all liabilities, obligations, losses, damages, payments and claims, and reasonable costs or expenses, of any kind whatsoever (collectively, "**Indemnified Losses**") imposed on, incurred by or asserted against such Person, as a result of (i) the failure of the IESO to perform its covenants and other obligations under this Agreement or any other Program Agreement to which the IESO is a party; or (ii) the breach by the IESO of any of its representations or warranties under this Agreement or any other Program Agreement to which the IESO is a party and, except to the extent of Indemnified Losses resulting from the willful misconduct, bad faith or gross negligence of such Person, seeking indemnification hereunder; provided that, in each case, the IESO shall not be required to indemnify an Indemnified Party for any amount paid or payable by such Indemnified Party in the settlement of any Proceeding or investigation without the written consent of the IESO, which consent shall not be unreasonably withheld or delayed. Promptly after receipt by an Indemnified Party of notice of the commencement of any Proceeding or investigation, such Indemnified Party shall, if a claim in respect thereof is to be made against the IESO under this Section 6.1(a), notify the IESO in writing of the commencement thereof. Failure by an Indemnified Party to so notify the IESO shall relieve the IESO from the obligation to indemnify and hold harmless such Indemnified Party under this Section 6.1(a) only to the extent that the IESO suffers actual prejudice as a result of such failure. With respect to any Proceeding or investigation brought by a third party for which indemnification may be sought under this Section

6.1(a), the IESO shall be entitled to conduct and control, at its expense and with counsel of its choosing that is reasonably satisfactory to such Indemnified Party, the defence of any such Proceeding or investigation (in which case the IESO shall not thereafter be responsible for the fees and expenses of any separate counsel retained by the Indemnified Party except as set forth below); provided, that the Indemnified Party shall have the right to participate in such Proceeding or investigation through counsel chosen by it and at its own expense. Notwithstanding the IESO's election to assume the defence of any Proceeding or investigation, the Indemnified Party shall have the right to employ separate counsel, and the IESO shall bear the reasonable fees, costs and expenses of such separate counsel, if (i) the defendants in any such action include both the Indemnified Party and the IESO and the Indemnified Party shall have reasonably concluded that there may be legal defences available to it that are different from or additional to those available to the IESO, (ii) the IESO shall not have employed counsel reasonably satisfactory to the Indemnified Party to represent the Indemnified Party within a reasonable time after notice of the institution of such action, (iii) the Indemnified Party shall have been advised by counsel to the Indemnified Party that there may be a conflict of interest between the IESO and the Indemnified Party, or (iv) the IESO authorizes the Indemnified Party to employ separate counsel at the expense of the IESO. Notwithstanding the foregoing, the IESO shall not be obligated to pay for the fees, costs and expenses of more than one separate counsel for the Indemnified Parties other than one local counsel, if appropriate. The IESO will not, without the prior written consent of the Indemnified Party, settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim or Proceeding in respect of which indemnification may be sought under this Section 6.1(a) (whether or not the Indemnified Party is an actual or potential party to such claim or action) unless such settlement, compromise or consent includes an unconditional release of the Indemnified Party from all liability arising out of such claim or Proceeding.

(b) For purposes of Section 6.1(a), in the event of the termination of the rights and obligations of the IESO (or any successor thereto pursuant to Section 3.12) as Servicer pursuant to Section 7.1, or a resignation by such Servicer pursuant to Section 3.13 of this Agreement, the IESO shall be deemed to be the Servicer pending appointment of a Successor Servicer pursuant to Section 7.2.

(c) Indemnification under Section 6.1(a) shall survive any repeal of, modification of, or supplement to, or judicial invalidation of, the Act and shall survive the termination of this Agreement and will rank *pari passu* with other general, unsecured obligations of the IESO.

(d) Notwithstanding anything contained in this Agreement, it is expressly understood that the IESO is not agreeing to indemnify or hold the Issuer or any Indemnified Party harmless with respect to any of the following:

(i) any losses resulting from any breach or failure to perform by the IESO caused by a breach or failure to perform on the part of any other third party

under any Program Agreement, the Act or the Regulations; provided that this Section 6.1(d)(i) shall not apply to limit the liability of the IESO in respect of any appointments as provided for in Section 3.10;

(ii) any losses resulting from changes in law after the date hereof, whether such changes in law are effected by means of any legislative enactment or any final and non-appealable judicial decision; or

(iii) any liability of the Issuer or any Indemnified Party incurred after the termination of this Agreement unless attributable to the actions or omissions of the IESO prior to such termination.

(e) The parties hereto agree that the IESO is not providing any representations, warranties or covenants in this Agreement, and shall have no liability to the Issuer or any Indemnified Party, with respect to the Clean Energy Adjustment amounts being sufficient to satisfy the Issuer Funding Obligations.

ARTICLE 7
SERVICER DEFAULT

7.1 Servicer Default

If any one or more of the following events (each, a "**Servicer Default**") shall occur and be continuing:

(a) any failure by the Servicer to remit to the Collection Account any required remittance that shall continue unremedied for a period of three Business Days after written notice of such failure is received by the Servicer from the Issuer or after discovery of such failure by a Responsible Officer of the Servicer;

(b) any failure on the part of the Servicer or, so long as the Servicer is the IESO, any failure on the part of the IESO, as the case may be, duly to observe or to perform in any respect any covenants or agreements of the Servicer or the IESO, as the case may be, set forth in this Agreement or in any other Program Agreement to which it is a party (other than as provided in Section 7.1(a)), which failure shall (i) materially and adversely affect the rights of the Specified Creditors and (ii) continue unremedied for a period of 30 days after the date on which (A) written notice of such failure, requiring the same to be remedied, shall have been given to the Servicer or the IESO, as the case may be, by the Issuer or (B) such failure is discovered by a Responsible Officer of the Servicer;

(c) any representation or warranty made by the Servicer in this Agreement, any other Program Agreement to which it is a party, any Transfer Notice or any Monthly **Servicer** Report shall prove to have been incorrect when made, which has a material adverse effect on the Issuer and which remains unremedied for a period

of 30 days after the date on which (i) written notice thereof, requiring the same to be remedied, shall have been delivered to the Servicer by the Issuer or (ii) such failure is discovered by a Responsible Officer of the Servicer;

(d) an Insolvency Event occurs with respect to the Servicer or the IESO; or

(e) any additional "Servicer Default" as specified in any Co-Owner Agreement occurs;

then, and in each and every case, the Issuer may, subject to the terms of any Co-Owner Agreement, by notice then given in writing to the Servicer (a "**Termination Notice**"), terminate all the rights and obligations (other than the obligations set forth in Section 6.1 and the obligation under Section 7.2 to continue performing its functions as Servicer until a Successor Servicer is appointed) of the Servicer under this Agreement and under the Co-Owner Agreement. In addition, upon a Servicer Default described in Section 7.1(a), Issuer shall be entitled to apply to a court of appropriate jurisdiction for an order for sequestration and payment of revenues arising with respect to the Issuer. On or after the receipt by the Servicer of a Termination Notice, all authority and power of the Servicer under this Agreement, whether with respect to the Investment Interest, the Clean Energy Adjustments or otherwise, shall, without further action, pass to and be vested in such Successor Servicer as may be appointed under Section 7.2; and, without limitation, the Issuer is hereby authorized and empowered to execute and deliver, on behalf of the predecessor Servicer, as attorney-in-fact or otherwise, any and all documents and other instruments, and to do or accomplish all other acts or things necessary or appropriate to effect the purposes of such Termination Notice, whether to complete the transfer of all documents and records related to the Regulatory Asset, the Fair Hydro Variance Account and related documents or records, or otherwise (the "**Records**"). The predecessor Servicer shall cooperate with the Successor Servicer and the Issuer in effecting the termination of the responsibilities and rights of the predecessor Servicer under this Agreement, including the transfer to the Successor Servicer for administration by it of all Records and all cash amounts that shall at the time be held by the predecessor Servicer for remittance, or shall thereafter be received by it with respect to the Investment Interest or the Clean Energy Adjustment. As soon as practicable after receipt by the Servicer of such Termination Notice, the Servicer shall deliver the Records to the Successor Servicer. If a Successor Servicer has been appointed as a result of a Servicer Default, all reasonable costs and expenses (including reasonable legal fees and expenses) incurred in connection with transferring the Records to the Successor Servicer and amending this Agreement and any Co-Owner Agreement to reflect such succession as Servicer pursuant to this Section 7.1 shall be paid by the predecessor Servicer upon presentation of reasonable documentation of such costs and expenses. Termination of the IESO as Servicer shall not terminate the IESO's rights or obligations under this Agreement (except rights thereunder deriving from its rights as the Servicer hereunder).

7.2 Appointment of Successor Servicer

(a) Upon the Servicer's receipt of a Termination Notice pursuant to Section 7.1 or the Servicer's resignation or removal in accordance with the terms of this Agreement, the predecessor Servicer shall continue to perform its functions as Servicer under this Agreement, until a Successor Servicer shall have assumed in writing the

obligations of the Servicer hereunder as described below. In the event of the Servicer's removal or resignation hereunder, the Issuer may, but subject to the provisions of the applicable Co-Owner Agreement, appoint a Successor Servicer and the Successor Servicer shall accept its appointment by a written assumption in form reasonably acceptable to the Issuer. If, within 30 days after the delivery of the Termination Notice, a Successor Servicer shall not have been appointed, the Issuer may petition a court of competent jurisdiction to appoint a Successor Servicer under this Agreement. A Person shall qualify as a Successor Servicer only if (i) such Person is permitted under the Act to perform the duties of the Servicer, (ii) the Rating Agency Condition shall have been satisfied with respect to such appointment, (iii) such Person enters into a master transfer and servicing agreement with the Issuer having substantially the same provisions as this Agreement and (iv) such Person agrees to perform the obligations of the Servicer under any Co-Owner Agreement. In no event shall the Issuer be liable for its appointment of a Successor Servicer..

(b) Upon appointment, the Successor Servicer shall be the successor in all respects to the predecessor Servicer and shall be subject to all the responsibilities, duties and liabilities arising thereafter placed on the predecessor Servicer and shall be entitled to all the rights granted to the predecessor Servicer by the terms and provisions of this Agreement.

7.3 Waiver of Past Defaults

The Issuer may waive in writing any default by the Servicer in the performance of its obligations hereunder and its consequences, subject to satisfaction of the Rating Agency Condition in respect of any waiver of a material default by the Servicer, and with prompt written notice of any waiver to be provided to the Rating Agencies. Upon any such waiver of a past default, such default shall cease to exist, and any Servicer Default arising therefrom shall be deemed to have been remedied for every purpose of this Agreement. No such waiver shall extend to any subsequent or other default or impair any right consequent thereto.

7.4 Notice of Servicer Default

The Servicer shall deliver to the Issuer and each Rating Agency, promptly after having obtained knowledge thereof, but in no event later than five Business Days thereafter, written notice of any event that, with the giving of notice or lapse of time, or both, would become a Servicer Default under Section 7.1.

7.5 Cooperation with Successor Servicer

The Servicer covenants and agrees with the Issuer that it will, on an ongoing basis, cooperate with the Successor Servicer and provide whatever information is, and take whatever actions are, reasonably necessary to assist the Successor Servicer in performing its obligations hereunder.

ARTICLE 8
MISCELLANEOUS

8.1 Amendment

This Agreement may be amended in writing by the IESO and the Issuer, and with satisfaction of the Rating Agency Condition, such satisfaction to be confirmed by the Issuer at the time of such amendment. Promptly after the execution of any such amendment, the Issuer shall furnish copies of such amendment to each of the Rating Agencies.

8.2 Withholding Rights

The parties shall be entitled to deduct and withhold from amounts payable under this Agreement such amounts as each is required to deduct and withhold with respect to such payment under the *Income Tax Act* (Canada) or any provision of any applicable federal, provincial, territorial, state, local or foreign tax law. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes as having been paid to the recipient of the payment in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted in accordance with applicable law to the appropriate taxing authority.

8.3 No Partnership

Each party expressly disclaims any intention to create a partnership, and none of the Issuer or the IESO will be deemed to be carrying on business in partnership by reason of its execution and delivery of this Agreement or the exercise or performance by it of its respective rights and obligations hereunder.

8.4 Notices

Any notice, report or other communication given hereunder shall be in writing and shall be effective (a) upon receipt when sent through the mails, registered or certified mail, return receipt requested, postage prepaid, with such receipt to be effective the date of delivery indicated on the return receipt, (b) upon receipt when sent by an overnight courier, (c) on the date personally delivered to an authorized officer of the party to which sent, or (d) on the date transmitted by electronic transmission with a confirmation of receipt in all cases, addressed as follows:

(a) in the case of the IESO, in its capacity as Transferor or Servicer:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, Ontario M5H 1T1

Attention: Chief Financial Officer, General Counsel and Associate General Counsel
Email: **Kim.Marshall@ieso.ca**
General.Counsel@ieso.ca
Michael.Boll@ieso.ca

(b) in the case of the Issuer or the Manager (on behalf of the Issuer):

Fair Hydro Trust
c/o Ontario Power Generation Inc., as Manager
700 University Avenue
Toronto, Ontario
M5G 1X6

Attention: **FHT@opg.com**
Email: **Vice President, Fair Hydro Plan**

Each party hereto may, by notice given in accordance herewith to the other party or parties hereto, designate any further or different address to which subsequent notices, reports and other communications shall be sent. Any notice, report or communication required to be given by the IESO hereunder to a Rating Agency shall be given to the address provided by the Issuer from time to time.

8.5 Assignment

Notwithstanding anything to the contrary contained herein, except as provided in the provisions of this Agreement concerning the resignation of the Servicer, this Agreement may not be assigned by the IESO.

8.6 Limitations on Rights of Third Parties

The provisions of this Agreement are solely for the benefit of the IESO and the Issuer, and such Persons shall have the right to enforce the relevant provisions of this Agreement. Nothing in this Agreement, whether express or implied, shall be construed to give to any other Person any legal or equitable right, remedy or claim in the Issuer Investment Interest or under or in respect of this Agreement or any covenants, conditions or provisions contained herein.

8.7 Severability

Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remainder of such provision (if any) or the remaining provisions hereof (unless such construction shall be unreasonable), and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

8.8 Separate Counterparts; Electronic Delivery

This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of this Agreement by such party.

8.9 Governing Law

This Agreement shall be construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein, and each party to this Agreement attorns to the non-exclusive jurisdiction of the courts of the Province of Ontario.

8.10 Grant of Security Interest to Indenture Trustee

The IESO hereby acknowledges and consents to the grant of a Lien by the Issuer to the Indenture Trustee pursuant to the Indenture for the benefit of the Specified Creditors against all right, title and interest of the Issuer in, to and under this Agreement, the Investment Interest and the proceeds thereof and the assignment of any or all of the Issuer's rights hereunder to the Indenture Trustee for the benefit of the Specified Creditors. The IESO further acknowledges and agrees that, pursuant to the terms of the Indenture, if the Issuer fails to exercise any of its rights under this Agreement, including any right to be indemnified by the IESO for Indemnified Losses pursuant to Article 6 of this Agreement, the Indenture Trustee shall be entitled, subject to the terms of the Indenture, to enforce such rights against the IESO directly on the Issuer's behalf.

8.11 Limitation of Liability of the Issuer Trustee

(a) It is expressly understood and agreed by the parties hereto that the Issuer Trustee is acting solely in its capacity as trustee of the Issuer, and not in any other capacity. The Issuer solely shall be responsible for the performance of the Issuer's obligations hereunder and the assets of the Issuer solely shall be subject to levy or execution in satisfaction of such obligations.

(b) The Issuer Trustee will not be subject to any liability whatsoever, in tort, in contract or otherwise, in connection with the Issuer's property or the Issuer's activities, to the Issuer's beneficiaries or to any other Person, for any action taken or permitted by the Issuer Trustee to be taken, or the Issuer Trustee's failure to compel in any way any former or acting Issuer Trustee to redress any breach of trust with respect to the execution of the duties of its office or in respect of the Issuer's property or the Issuer's activities, provided that the foregoing limitation will not apply in respect of action or failure to act arising from or in connection with dishonesty, bad faith, willful misconduct, gross negligence or reckless disregard of a duty by the Issuer Trustee. The Issuer Trustee, in doing anything or permitting anything to be done in respect of the execution of the duties of its office or in respect of the Issuer's property or the Issuer's activities, is, and will be conclusively deemed to be, acting as trustee of the Issuer and not in any other capacity. Except as to the extent provided in this Section 8.11, the Issuer Trustee will not be subject to any liability for any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Issuer, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the execution of the duties of its office or for or in respect of the Issuer's property or the Issuer's activities and resort will be had solely to the Issuer's property for the payment or performance thereof. No property or assets of the Issuer Trustee owned in its personal capacity will be subject to levy, execution or other enforcement procedure with regard to any obligation under this Agreement.

(c) The holders of the units of the Issuer will not be subject to any liability whatsoever, in tort, in contract or otherwise, in connection with the Issuer's property or the Issuer's activities, to the Issuer's beneficiaries or to any other Person, for any action taken or permitted by it to be taken. The holders of the units of the Issuer will not be subject to any liability for any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Issuer, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the execution of the duties of its office or for or in respect of the Issuer's property or the Issuer's activities and resort will be had solely to the Issuer's property for the payment or performance thereof. No property or assets of the holders of the units of the Issuer owned in their personal capacity will be subject to levy, execution or other enforcement procedure with regard to any obligation under this Agreement.

8.12 Waivers

Any term or provision of this Agreement may be waived, or the time for its performance may be extended, by the party or parties entitled to the benefit thereof, subject to the satisfaction of the Rating Agency Condition in respect of any material waiver. Any such waiver shall be validly and sufficiently authorized for the purposes of this Agreement if, as to any party, it is authorized in writing by an authorized representative of such party, with prompt written notice of any such waiver to be provided to the Rating Agencies. The failure of any party hereto

to enforce at any time any provision of this Agreement shall not be construed to be a waiver of such provision, nor in any way to affect the validity of this Agreement or any part hereof or the right of any party thereafter to enforce each and every such provision. No waiver of any breach of this Agreement shall be held to constitute a waiver of any other or subsequent breach.

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective officers as of the day and year first above written.

FAIR HYDRO TRUST, by its Manager,
ONTARIO POWER GENERATION INC.

By:
Name:
Title:

By:
Name:
Title:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Transferor and Servicer

By:
Name:
Title:

By:
Name:
Title:

EXHIBIT A

FORM OF TRANSFER NOTICE

See attached

TRANSFER NOTICE

TO: Fair Hydro Trust
c/o Ontario Power Generation Inc., as Manager
700 University Avenue
Toronto, Ontario
M5G 1X6

Attention: ■
Email: ■

This Transfer Notice is delivered to you pursuant to Section 2.1 of a master transfer and servicing agreement made as of December ■, 2017 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "**Master Transfer and Servicing Agreement**") between **FAIR HYDRO TRUST**, a trust formed under the laws of the Province of Ontario (the "**Issuer**"), the **INDEPENDENT ELECTRICITY SYSTEM OPERATOR** ("**Transferor**" in its capacity as transferor, "**Servicer**", in its capacity as servicer, and "**IESO**" in its capacity as both Transferor and Servicer), a statutory corporation without share capital amalgamated under the laws of the Province of Ontario. All capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed to such terms in the Master Transfer and Servicing Agreement.

The Transferor hereby gives notice to the Issuer of its offer to transfer to the Issuer on the Closing Date set out below, the Specified Portion of the Regulatory Asset referred to below, all in accordance with the terms and conditions of the Master Transfer and Servicing Agreement. In consideration for (i) the Transferor's Transfer to the Issuer of the Specified Portion of the Regulatory Asset referred to below, the Issuer shall deliver or cause to be delivered to the Transferor on the Closing Date set out below, by wire transfer or electronic funds transfer in immediately available funds, an amount in Canadian dollars equal to the Purchase Price set out below.

Upon receipt by the Transferor of the Purchase Price on the Closing Date the Transferor shall reduce the balance of the Fair Hydro Variance Account by an amount equal to the Purchase Price, and the Regulatory Asset shall be adjusted accordingly.

Specified portion of Regulatory Asset: $■

Purchase Price: $■

Closing Date: ■

The Transferor hereby represents, warrants and confirms that:

(i) each of the representations and warranties on the part of the Transferor contained in the Master Transfer and Servicing Agreement are true and correct in all respects on the date hereof as if made on the date hereof;

(ii) the Transferor is not in breach of any of its covenants in the Master Transfer and Servicing Agreement; [and

(iii) since the date of the last Transfer Notice there has been no change to the information described in Section 2.2(a)(i)(A) of the Master Transfer and Servicing Agreement;] and

(iv) as of the date hereof, each condition precedent that must be satisfied by the Transferor under Section 2.2 of the Master Transfer and Servicing Agreement is capable of being satisfied prior to Closing Date.

[Note: If the representation and warranty in clause (iii) cannot be made, it should be deleted and a new certificate provided under Section 2.2(a)(i)(A).]

The closing shall take place at ■ (Toronto time) on the Closing Date referred to above at the offices of ■, except as may be otherwise mutually agreed. The Purchase Price shall be paid on that date by wire transfer or electronic funds transfer to [insert IESO bank account details].

DATED this ■ day of ■, 20■.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Transferor

By:
Name:
Title:

By: _____
Name:
Title:

The undersigned hereby accepts the foregoing offer.

DATED this ■ day of ■, 20■.

FAIR HYDRO TRUST, by its Manager,
ONTARIO POWER GENERATION INC.

By:
Name:
Title:

By: _____
Name:
Title:

~~FORM OF MONTHLY REPORT[NTD: form to be settled]EXHIBIT C~~FORM OF MONTHLY CARRYING COSTS STATEMENT

See Attached

MONTHLY CARRYING COSTS STATEMENT

TO: INDEPENDENT ELECTRICITY SYSTEM OPERATOR
[Address]

Attention: ■
Email: ■

Reference is made to the master transfer and servicing agreement made as of December ■, 2017 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "**Master Transfer and Servicing Agreement**") between **FAIR HYDRO TRUST**, a trust formed under the laws of the Province of Ontario (the "**Issuer**") and the **INDEPENDENT ELECTRICITY SYSTEM OPERATOR** ("**Transferor**" in its capacity as transferor, "**Servicer**", in its capacity as servicer, and "**IESO**" in its capacity as both Transferor and Servicer), a statutory corporation without share capital amalgamated under the laws of the Province of Ontario. Capitalized terms used but not defined in this Monthly Carrying Costs Statement have their respective meanings as set forth in the Master Transfer and Servicing Agreement.

Pursuant to Section 3.14 of the Master Transfer and Servicing Agreement, the undersigned hereby certifies that the Monthly Carrying Costs (including any adjustments pursuant to Section 3.14(d)) in respect of the calendar month of ■, ■ are expected to be as follows:

[Provide breakdown, including any adjustments pursuant to Section 3.14(d)]

In accordance with Section 3.14(c) of the Master Transfer and Servicing Agreement, the undersigned hereby directs you to deliver to the Issuer, by wire transfer or electronic funds transfer to the account set forth below, an amount in Canadian dollars equal to the Monthly Carrying Costs set forth above on or before ■, 20■, and this shall be your good and valid authority for so doing.

[NTD: Wire transfer instructions to be provided by OPG.]

DATED this ■ day of ■, 20■.

FAIR HYDRO TRUST, by its Manager, **ONTARIO POWER GENERATION INC.**

By: _____
Name:
Title:

By: _____
Name:
Title:

Document comparison by Workshare Compare on December-14-17 5:00:22 PM

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Moved from	4
Moved to	4
Style change	0
Format changed	0
Total changes	219

DRAFT: DECEMBER ~~1,~~14, 2017

SECURITY AGREEMENT

THIS AGREEMENT made as of the ____ day of ~~_____~~**December**, 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital established by the *Electricity Act, 1998*, SO, 1998,

(hereinafter referred to as the "**Grantor**"),

IN FAVOUR OF:

FAIR HYDRO TRUST, a trust formed under the laws of the Province of Ontario,

(hereinafter referred to as the "**Secured Party**"),

WHEREAS under Regulation 206/17 made under the *Ontario Fair Hydro Plan Act, 2017* (the "**Regulation**"), the Grantor is required to pay to the Secured Party the Carrying Costs of the Secured Party during the period beginning on April 1, 2017 and ending on June 30, 2021 (the "**Statutory Obligation**");

AND WHEREAS the Grantor (together with the Secured Party, collectively referred to as the "**Parties**") has agreed to enter into a security agreement in favour of the Secured Party to secure payment of the Statutory Obligation;

NOW THEREFORE THIS AGREEMENT WITNESSES that, for and in consideration of the premises, mutual covenants and conditions herein contained and such other lawful and valuable consideration the receipt of sufficiency of which is hereby acknowledged, the Parties hereby agree as follows:

1. INTERPRETATION

1.1 Defined Terms

In this Agreement, unless there is something in the context or subject matter inconsistent therewith,

(a) "**Account**" shall have the meaning attributed to such term in the PPSA;

(b) "**Business Day**" means any day other than a Saturday or a Sunday on which banks generally are open for business in Toronto, Ontario;

(c) "**Carrying Costs**" shall have the meaning attributed to the term "carrying costs" in the Regulation;

(d) "**Collateral**" shall have the meaning attributed to such term in Section 2.1;

(e) "**Electricity Vendor**" shall mean a licensed distributor and a licensed retailer, each as defined in the *Ontario Fair Hydro Plan Act, 2017*;

(f) "**Indenture**" means the master trust indenture dated as of the date hereof between the Secured Party and BNY Trust Company of Canada, as indenture trustee;

(g) "**Money**" shall have the meaning attributed to such term in the PPSA;

(h) "**Permitted Liens**" means liens approved in writing by the Secured Party;

(i) "**PPSA**" means the *Personal Property Security Act* (Ontario), as amended from time to time, and any regulations thereto;

(j) "**Proceeds**" means "proceeds", as defined in the PPSA, of the Collateral;

(k) **"Receiver"** shall have the meaning attributed to such term in Section 6.2 of this Agreement;

(l) "**Rating Agency Condition**" shall have the meaning attributed to such term in the Indenture;

(m) "**Rating Agency**" shall have the meaning attributed to such term in the Indenture;

(n) "**Regulation**" shall have the meaning attributed to such term in the recitals hereto; and

(o) "**Statutory Obligation**" shall have the meaning attributed to such term in the recitals hereto.

1.2 Other Usages

References to "this Agreement", "hereof", "herein", "hereto" and like references refer to this Security Agreement and not to any particular Article, Section or other subdivision of this Agreement.

1.3 Plural and Singular

Where the context so requires, the words importing the singular number shall include the plural and vice versa.

1.4 Headings

The division of this Agreement into Articles and Sections and the insertion of headings in this Agreement are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

1.5 Applicable Law

This Agreement and all documents delivered pursuant hereto shall be governed by and construed and interpreted in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein and the Parties do hereby attorn to the non-exclusive jurisdiction of the courts of the Province of Ontario.

1.6 Prohibited Provisions

In the event that any provision or any part of any provision hereof is deemed to be invalid by reason of the operation of any law or by reason of the interpretation placed thereon by a court, this Agreement shall be construed as not containing such provision or such part of such provision and the invalidity of such provision or such part shall not affect the validity of any other provision or the remainder of such provision hereof, and all other provisions hereof which are otherwise lawful and valid shall remain in full force and effect.

1.7 Time of the Essence

Time shall in all respects be of the essence of this Agreement.

1.8 Recitals and Schedules

Each and every one of the recitals and schedules which are referred to in this Agreement and attached to this Agreement shall form an integral part of this Agreement.

2. SECURITY INTEREST

2.1 Grant of Security Interest

As general and continuing security for the payment of the Statutory Obligation, the Grantor hereby grants a security interest to the Secured Party in the following (collectively, the "**Collateral**"):

(a) all Accounts, which are now due, owing or accruing or growing due to, or which may hereafter become due, owing or accruing or growing due, to the Grantor by an Electricity Vendor;

(b) all Proceeds and renewals of the foregoing, in whatever form, together with all substitutions therefore.

Whenever used elsewhere in this Agreement, the expression "**security interest**" refers to the security interest created in this Section 2.1.

2.2 Attachment of Security Interest

The Grantor acknowledges and agrees that (i) value has been given, (ii) the Grantor has rights in such of the Collateral as constitutes present property of the Grantor, and (iii) the security interest shall attach to existing Collateral upon execution of this Agreement by the Grantor and to each item of after-acquired Collateral at the time that the Grantor acquires any rights therein.

3. COVENANTS OF THE GRANTOR

3.1 Covenants

The Grantor hereby covenants and agrees with the Secured Party as follows:

(a) To promptly pay all taxes, assessments, rates, levies, payroll deductions, vacation pay, workers' compensation assessments, and any other charges which could result in the creation of a statutory lien or deemed trust in respect of the Collateral.

(b) To defend the Collateral against the claims and demands of all other persons claiming the same or an interest therein and to promptly notify the Secured Party of any such claim or demand.

(c) To do, make, execute and deliver such further and other assignments, transfers, deeds, agreements and other documents as may be required by the Secured Party to establish in favour of the Secured Party the security interest intended to be created hereby.

3.2 Performance of Covenants by the Secured Party

The Secured Party may, in its sole discretion and upon notice to and at the expense of the Grantor, perform any covenant of the Grantor under this Agreement that the Grantor fails to perform and that the Secured Party is capable of performing, provided that the Secured Party will not be obligated to perform any such covenant on behalf of the Grantor and no such performance by the Secured Party will require the Secured Party further to perform the Grantor's covenants nor operate as a derogation of the rights and remedies of the Secured Party under this Agreement.

4. DEALING WITH COLLATERAL

4.1 Grantor's Rights

Until the Secured Party is entitled to exercise its rights and remedies under Section 6.2, the Grantor shall be entitled to deal with the Collateral in the ordinary course of business, provided however, that no such action shall be taken which would impair the effectiveness of the security interests created hereby, the provisions of this Agreement or any other written agreement between the Secured Party and the Grantor.

4.2 General Restrictions

The Grantor shall not, without the prior written consent of the Secured Party:

(a) sell, lease or otherwise dispose of the Collateral or any part thereof except in the ordinary course of business; or

(b) enter into or grant, create, assume or suffer to exist any mortgage, charge, hypothec, assignment, pledge, lien or other security interest or encumbrance affecting any of the Collateral except the Permitted Liens.

4.3 Release by the Secured Party

The Secured Party may, at its discretion, at any time release from the security interest created by this Agreement any part or parts of the Collateral or any other security or any surety for the Statutory Obligation either with or without sufficient consideration therefor without thereby releasing any other part of the Collateral or any person from this Agreement.

5. REPRESENTATIONS AND WARRANTIES

5.1 Representations and Warranties

The Grantor hereby represents and warrants to the Secured Party, the matters set out below:

(a) **Incorporation and Qualifications** – The Grantor is a statutory corporation amalgamated under the laws of the Province of Ontario, with requisite power and authority to own its properties, to conduct its business as such properties are currently owned and such business is presently conducted by it, and to execute, deliver and carry out the terms of this Agreement.

(b) **Corporate Authority and Power** – The Grantor has the requisite power and authority to execute and deliver this Agreement and to carry out its terms. The execution, delivery and performance of all obligations under this Agreement have been duly authorized by all necessary action on the part of the Grantor under all applicable laws.

(c) **Non-Conflict** – Neither the execution nor the performance of this Agreement requires the approval of any regulatory agency having jurisdiction over the Grantor nor is this Agreement in contravention of or in conflict with the by-laws or resolutions of the directors or shareholders of the Grantor or of the provisions of any agreement to which the Grantor is a party or by which any of its property may be bound or of any statute, regulation, by-law, ordinance or other law, or to the best of its knowledge of any judgement, decree, award, ruling or order to which the Grantor or any of its property may be subject, other than approvals that have been obtained.

(d) **Ownership of Collateral Free of Liens** – The Grantor is the owner of or has rights in the existing Collateral free and clear of any liens other than Permitted Liens.

(e) **Grantor Information** – Schedule A sets forth (a) the Grantor's jurisdiction of incorporation, (b) the location of the Grantor's registered office and business operations and records, and (c) the Grantor's exact legal name (in English and French).

(f) **Enforceability** – This Agreement constitutes a valid and legally binding obligation of the Grantor enforceable against it in accordance with its terms, subject to general equitable principles, including the fact that the availability of equitable remedies, such as injunctive relief and specific performance, is in the discretion of the court.

5.2 Reliance and Survival

All representations and warranties of the Grantor made in this Agreement shall survive the execution and delivery of this Agreement and shall continue in full force and effect without time limit. The Secured Party shall be deemed to have relied upon each such representation and warranty notwithstanding any investigation made by or on behalf of the Secured Party at any time.

6. ENFORCEMENT

6.1 Enforceability of Security

The security hereby constituted shall become enforceable only upon the failure of the Grantor to pay the Statutory Obligations when due, and then only to the extent of the Statutory Obligations not then paid when due. The Grantor acknowledges that it has no right in any circumstance to accelerate payment of the Statutory Obligations, to apply proceeds of Collateral on account of Statutory Obligations not yet due, or to reserve or hold proceeds of Collateral on account of Statutory Obligations not yet due.

6.2 Remedies

At any time that the security hereby constituted shall have become enforceable, the Secured Party may give notice of its intention to its exercise rights and remedies hereunder. At any time ten Business Days following the giving of such notice, and unless the amounts due and owing on account of the carrying Costs at the time of the Notice have been paid, the Secured Party shall have the following rights, powers and remedies:

(a) to appoint any person to be an agent or any person to be a receiver, manager or receiver and manager (herein called the "**Receiver**") of the Collateral and to remove any Receiver so appointed and to appoint another if the Secured Party so desires; it being agreed that any Receiver appointed pursuant to the provisions of this Agreement shall have all of the powers of the Secured Party hereunder;

(b) to make payments to parties having prior charges or encumbrances on the Collateral;

(c) to preserve, protect and maintain the Collateral;

(d) to enjoy and exercise all powers necessary or incidental to the performance of all functions provided for in this Agreement;

(e) to sell or dispose of all or any part of the Collateral whether by public or private sale or otherwise and on any terms so long as every aspect of the disposition is commercially reasonable, including without limitation, terms that provide time for payment on credit;

(f) to enjoy and exercise in respect of the Collateral all of the rights and remedies of a secured party under the PPSA;

(g) to notify the account debtors or obligors under any Accounts which constitute part of the Collateral of the assignment of such Accounts to the Secured Party and to direct such account debtors or obligors to make payment of all amounts due or to become due to the Grantor thereunder directly to the Secured Party and to give valid and binding receipts and discharges therefor and in respect thereof and, upon such notification and at the expense of the Grantor, to enforce collection of any such Accounts, and to adjust, settle or compromise the amount or payment thereof, in the same manner and to the same extent as the Grantor might have done; and

(h) to commence, continue or defend proceedings in any court of competent jurisdiction in the name of the Secured Party, the Receiver or the Grantor for the purpose of exercising any of the rights, powers and remedies set out in this Section, including the institution of proceedings for the appointment of a receiver, manager or receiver and manager of the Collateral.

6.3 Special Rules re Accounts

At any time that the Secured Party is entitled to exercise its rights and remedies under Section 6.2,

(a) all Money or other form of payment received by the Grantor in respect of the Collateral shall be received in trust for the benefit of the Secured Party hereunder, shall be segregated from other funds of the Grantor and shall be forthwith paid over to the Secured Party in the same form as so received (with any necessary endorsement) to be held as cash collateral and applied as provided by Section 6.8; and

(b) the Grantor shall not adjust, settle or compromise the amount or payment of any Collateral.

6.4 Receiver as Agent

The Receiver shall be deemed to be the agent of the Grantor for the purpose of establishing liability for the acts or omissions of the Receiver and the Secured Party shall not be liable for such acts or omissions and, without restricting the generality of the foregoing, the Grantor hereby irrevocably authorizes the Secured Party to give instructions to the Receiver relating to the performance of its duties as set out herein.

6.5 Expenses of Enforcement

The Grantor shall pay to the Receiver the remuneration of the Receiver and all costs and expenses (including, without limitation, legal fees and disbursements on a full indemnity basis) properly incurred by the Receiver pursuant to its appointment and the exercise of its powers hereunder, and shall pay to the Secured Party and the Receiver as required all amounts of Money (including interest thereon) borrowed or advanced by either of them pursuant to the powers set out herein, and the obligations of the Grantor to the Secured Party and the Receiver pursuant to this Section 6.5 shall be payable on demand.

6.6 Indulgences and Releases

Either the Secured Party or the Receiver may grant extensions of time and other indulgences, take and give up securities, accept compositions, grant releases and discharges, release any part of the Collateral to third parties and otherwise deal with the Grantor, debtors of the Grantor, sureties and others and with the Collateral and other security as the Secured Party or the Receiver may see fit without prejudice to the right of the Secured Party and the Receiver to repossess, hold, collect and realize the Collateral.

6.7 No Liability for Failure to Exercise Remedies

The Secured Party and the Receiver shall not be liable or accountable to the Grantor or to any other person for any failure to exercise any of the rights, powers and remedies set out in this Agreement, and shall not be bound to commence, continue or defend proceedings for the purpose of preserving or protecting any rights of the Secured Party, the Receiver, the Grantor or any other party in respect of the same.

6.8 Proceeds of Disposition

All Moneys received by the Secured Party or by the Receiver pursuant to Section 6.2 shall be promptly applied as follows:

(a) first, in payment of all costs and expenses incurred by the Secured Party in the exercise of all or any of the powers granted to it under this Agreement and in payment of all of the remuneration of the Receiver and all costs and expenses properly incurred by the Receiver in the exercise of all or any of the powers granted to it under this Agreement, including, without limitation, the remuneration, costs and expenses referred to in Section 6.5;

(b) second, in payment of all amounts of Money borrowed or advanced by either of the Secured Party or the Receiver pursuant to the powers set out in this Agreement and any interest thereon;

(c) third, in payment of the Statutory Obligation, provided that if there are not sufficient Moneys to fully pay and perform the Statutory Obligation, the Secured Party may apply the Moneys available to such part or parts thereof as the Secured Party, in its sole discretion, may determine; and

(d) fourth, in payment of any surplus in accordance with applicable law.

6.9 Grantor Liable for Deficiency

If the Moneys received by the Secured Party or the Receiver pursuant to Section 6.2 are not sufficient to pay the claims set out in Section 6.8, the Grantor shall immediately pay the Secured Party the amount of such deficiency.

6.10 Restriction on Grantor

Upon notification of the account debtors or obligors under any Accounts which constitute part of the Collateral of the assignment of such Accounts to the Secured Party or the appointment of a Receiver in respect of the Collateral, all the powers, functions, rights and privileges of the Grantor or any officer, director, servant or agent of the Grantor with respect to the Collateral shall, to the extent permitted by applicable law, be suspended unless specifically continued by the written consent of the Secured Party; however, all other powers, functions, rights and privileges of the Grantor or any officer, director, servant or agent of the Grantor shall be unaffected by such events.

6.11 Rights Cumulative

All rights and remedies of the Secured Party set out in this Agreement shall be cumulative and no right or remedy contained herein is intended to be exclusive but each shall be in addition to every other right or remedy contained herein or in any existing or future security document or now or hereafter existing at law or in equity or by statute.

7. GENERAL

7.1 Waiver

Any default by the Grantor in the observance or performance of any covenant or condition required to be observed or performed by the Grantor hereunder, may only be waived by the Secured Party in writing, provided that (i) no such waiver by the Secured Party shall extend to or be taken in any manner to affect any subsequent breach or default or the rights resulting therefrom, (ii) the Rating Agency Condition is satisfied in respect of any waiver of a material default by the Grantor and (iii) prompt written notice of any waiver is provided to each Rating Agency.

7.2 The Secured Party as Attorney

At any time that the Secured Party is entitled to exercise its rights and remedies under Section 6.2, the Grantor hereby irrevocably appoints the Secured Party and any person further designated by the Secured Party to be the attorney of the Grantor for and in the name of the Grantor to execute and do any deeds, documents, transfers, demands, assignments, assurances, consents and things which the Grantor is obliged to sign, execute or do hereunder and, to commence, continue and defend any proceedings authorized to be taken hereunder and generally to use the name of the Grantor in the exercise of all or any of the powers hereby conferred on the Secured Party. These powers are coupled with an interest, have been given for valuable consideration (the receipt and adequacy of which is acknowledged), survive, and do not terminate upon, the bankruptcy, dissolution, winding up or insolvency of the Grantor, and are irrevocable until the Statutory Obligation has been satisfied in full and this Agreement is terminated and the security interest created herein has been released. This power of attorney extends to and is binding upon the Grantor's successors and permitted assigns. The Grantor authorizes the Secured Party to delegate in writing to another person any power and authority of the Secured Party under this power of attorney as may be necessary or desirable in the opinion of the Secured Party, and to revoke or suspend such delegation.

7.3 Further Assurances

The Grantor shall do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, such further acts, deeds, mortgages, transfers and assurances as the Secured Party shall reasonably require for the better assuring, charging, assigning and conferring unto the Secured Party a security interest in the Collateral, or which the Grantor may hereafter become bound to charge in favour of the Secured Party, for the purpose of accomplishing and effecting the intention of this Agreement.

7.4 Amalgamation of the Grantor

The Grantor acknowledges and agrees that in the event that it amalgamates with any other persons, then (i) the Collateral and the security interest shall extend to and include all of the property and undertaking that any of the amalgamating corporations then owns, all of the property and undertaking that the amalgamated corporation thereafter acquires, all of the property and undertaking in which any of the amalgamating corporations then has any interest, and all of the property and undertaking in which the amalgamated corporation thereafter acquires any interest, and (ii) all references herein to the Grantor shall extend to and include the amalgamated corporation.

7.5 Continuing Security

The security interest constituted hereby shall be deemed to be a continuing security for the Statutory Obligation until the Statutory Obligation is paid and performed in full.

7.6 Notices

All notices and other communications provided for herein shall be in writing and shall be personally delivered to an officer or other responsible employee of the addressee or sent by facsimile, charges prepaid, at or to the applicable address or facsimile number, as the case may be, of the party set opposite its name below or at or to such other address or addresses or facsimile number or numbers as either party may from time to time designate to the other party in such manner. Any communication which is personally delivered as aforesaid shall be deemed to have been validly and effectively given on the date of such delivery if such date is a Business Day and such delivery was made during normal business hours of the recipient; otherwise, it shall be deemed to have been validly and effectively given on the Business Day next following such date of delivery. Any communication which is transmitted by facsimile as aforesaid shall be deemed to have been validly and effectively given on the date of transmission if such date is a Business Day and such transmission was made during normal business hours of the recipient; otherwise, it shall be deemed to have been validly and effectively given on the Business Day next following such date of transmission.

In the case of the Grantor:

Independent Electricity System Operator
~~[Address]~~**120 Adelaide Street West, Suite 1600**
Toronto, Ontario
M5H 1T1

Attention: ~~■~~
~~Email:~~ ~~■~~
~~Facsimile:~~ ~~■~~**Chief Financial Officer, General Counsel and Associate General Counsel**
Email: **Kim.Marshall@ieso.ca**
General.Counsel@ieso.ca
Michael.Boll@ieso.ca

In the case of the Secured Party:

Fair Hydro Trust
c/o Ontario Power Generation Inc., as Manager
700 University Avenue
Toronto, Ontario
M5G 1X6

Attention: ~~■~~**Vice President, Fair Hydro Plan**
Email: ~~■~~
~~Facsimile:~~ ~~■~~**FHT@opg.com**

7.7 Assignment

The Secured Party may from time to time upon notice to, but without the consent of, the Grantor and each Rating Agency, assign or transfer this Agreement to any other person. The Grantor shall not be entitled to assign or transfer this Agreement or any of the Grantor's rights, duties or obligations hereunder without the prior written consent of the Secured Party.

7.8 Successors and Assigns

This Agreement shall enure to the benefit of the Secured Party and its successors and assigns and shall be binding upon the Grantor and its successors and permitted assigns.

7.9 Amendments

This Agreement may not be amended or otherwise modified except by an instrument in writing executed by the Parties, subject to the satisfaction of the Rating Agency Condition in respect of any material amendment or modification, and with prompt written notice of any amendment or modification to be provided to each Rating Agency.

7.10 Entire Agreement

This Agreement and the agreements referred to herein and any document, agreement or instrument delivered pursuant to such agreements constitute the entire agreement between the Parties and supersede any prior agreements, undertakings, declarations, representations and undertakings, both written and verbal, in respect of the subject matter hereof.

7.11 Receipt of Agreement and Financing Statement.

The Grantor hereby acknowledges receipt of an executed copy of this Agreement and of the financing statement registered under the PPSA evidencing the security interest created hereby.

7.12 Counterpart

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same instrument, and it shall not be necessary in making proof of this Agreement to produce or account for more than one such counterpart.

7.13 Delivery by Facsimile or Electronic Transmission

This Agreement may be executed and delivered by facsimile or electronic transmission and each of the Parties may rely on such facsimile or electronic signature as though such facsimile signature were an original signature.

[NEXT PAGE IS SIGNATURE PAGE]

IN WITNESS WHEREOF the Parties have duly executed this Agreement as of the date first written above.

FAIR HYDRO TRUST, by its Manager, **ONTARIO POWER GENERATION INC., as Secured Party**

By:
Name:
Title:

By:
Name:
Title:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR as Grantor

By:
Name:
Title:

By:
Name:
Title:

SCHEDULE A

GRANTOR INFORMATION

1. Grantor's exact legal name:

Independent Electricity System Operator
~~[French]~~

Société indépendante d'exploitation du réseau d'électricité

2. Grantor's jurisdiction of incorporation:

Ontario

3. **Grantor's registered office address:**

120 Adelaide Street West, Suite 1600
Toronto, Ontario
M5H 1T1

4. Location of Grantor's business operations and records:

120 Adelaide Street West, Suite 1600
Toronto, Ontario
M5H 1T1

2635 Lakeshore Road West
Mississauga, Ontario
L5J 4T5

2265 Upper Middle Road East
Oakville, Ontario
L6H 0G5

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Deletions	13
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	41

FAIR HYDRO TRUST

as Issuer

AND

BNY TRUST COMPANY OF CANADA

as Indenture Trustee

TRUST INDENTURE

DATED AS OF DECEMBER [21], 2017

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Schedule A	**—**	**Defined Terms**
Exhibit 1	**—**	**~~Form~~Forms of Payment ~~Instructions~~Instruction**
Exhibit 2	**—**	**Form of Refinancing Notice**
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Exhibit 4	**—**	**Form of Request for Specified Creditor Information**
Exhibit 5	**—**	**Form of Cancellation Notice**
Exhibit 6	**—**	**Forms of Certification**

This **TRUST INDENTURE**, between **COMPUTERSHARE TRUST COMPANY OF CANADA** in its capacity as trustee of **FAIR HYDRO TRUST**, a trust formed under the laws of the Province of Ontario (the "**Issuer**"), and **BNY TRUST COMPANY OF CANADA**, a trust company existing under the laws of Canada, in its capacity as Indenture Trustee (the "**Indenture Trustee**"), is made and entered into as of [■]**December [21]**, 2017.

RECITALS OF THE ISSUER

The Issuer wishes to provide for the incurrence of Issuer Funding Obligations in one or more Classes, Series or Tranches.

All things necessary to make this Indenture a valid and legally binding agreement of the Issuer, in accordance with its terms, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Definitions

For all purposes of this Indenture and of any Supplemental Indenture, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms defined in Schedule A have the meanings assigned to them in Schedule A, and include the plural as well as the singular;

(b) all accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles (including the International Financial Reporting Standards published by the International Accounting Standards Board or the Accounting Standards Certification published by the Financial Accounting Standards Board (US GAAP)) and, except as otherwise herein expressly provided, the term "generally accepted accounting principles" with respect to any computation required or permitted hereunder means such accounting principles as are generally accepted in Canada or the United States at the date of such computation;

(c) unless the context otherwise requires, terms defined in the PPSA and not otherwise defined in this Indenture or a Supplemental Indenture shall have the meanings set forth in the PPSA;

(d) references to an agreement shall mean such agreement, as amended, modified, restated and supplemented from time to time in accordance with the provisions hereof;

(e) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(f) references to any law, rule, regulation or order of a Governmental Authority shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(g) references to any statute shall include all regulations promulgated thereunder;

(h) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(i) all references in this Indenture to designated "Articles", "Sections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Schedules, Exhibits and other subdivisions of this Indenture as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision;

(j) "including" and words of similar import will be deemed to be followed by "without limitation";

(k) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding"; and

(l) references to a specific rating by a Rating Agency shall mean such rating or the equivalent rating if such Rating Agency changes its rating scale.

1.02 Compliance Certificates and Opinions

Upon any application or request by the Issuer to the Indenture Trustee to take any action under any provision of this Indenture, the Issuer will furnish to the Indenture Trustee (i) an Issuer's Certificate stating that all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with, and (ii) an Opinion of Counsel stating that, in the opinion of such counsel, all such conditions precedent, if any, have been complied with, except that in the case of any such application or request as to which the furnishing of such documents are specifically required by any provision of this Indenture relating to such particular application or request, no additional certificate or opinion need be furnished.

The Indenture Trustee may rely, as to authorization by the Issuer of any Series or Tranche of Notes, the form and terms thereof and the legality, validity, binding effect and enforceability thereof, upon the Opinion of Counsel and the other documents delivered pursuant to Article V and this Section 1.02, as applicable, in connection with the authentication of Notes of such Series or Tranche.

Every certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture (except for the written statement required by Section 13.10) will include:

(a) a statement that each individual signing such certificate or opinion has read such covenant or condition and the definitions herein relating thereto;

(b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(c) a statement that such individual has made such examination or investigation as is necessary to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(d) a statement as to whether, in the opinion of each such individual, such condition or covenant has been complied with.

1.03 Form of Documents Delivered to Indenture Trustee

In any case where several matters are required to be certified by, or covered by an opinion of, one or more specified Persons, one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to the other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

Any certificate or opinion of the Issuer may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless the Issuer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations are erroneous. Any such certificate or opinion of, or representation by, counsel may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, the Issuer stating that the information with respect to such factual matters is in the possession of the Issuer, unless such counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations are erroneous.

Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

1.04 Actions by Noteholders

(a) Any request, demand, authorization, direction, notice, consent, resolution, waiver or other action (collectively, an "**Action**") provided by this Indenture to be given or taken by Noteholders of any Class, Series or Tranche may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Noteholders in person or by an agent duly appointed in writing. In addition, any Action provided by this Indenture to be given or taken by such Noteholders may, alternatively, be embodied in and evidenced by the record of such Noteholders voting in favor thereof, either in person or by proxies duly appointed

in writing, at any meeting of Noteholders duly called and held in accordance with the provisions of Article X or a combination of such instruments and any such record. Except as herein otherwise expressly provided, such Action will become effective when such instrument or instruments or record are delivered to the Indenture Trustee, and, where it is hereby expressly required, to the Issuer. Proof of execution of any such instrument or of a writing appointing any such agent, or the holding by any Person of a Note, will be sufficient for any purpose of this Indenture and (subject to Section 9.01) conclusive in favor of the Indenture Trustee and the Issuer, if made in the manner provided in this Section 1.04. The record of any meeting of Noteholders shall be proved in the manner provided in Article X.

(b) The fact and date of the execution of any such instrument or writing, or the authority of the person executing the same, may be proved in any manner which the Indenture Trustee deems sufficient.

(c) (i) The ownership of Registered Notes will be proved by the Note Register.

(ii) The ownership of Bearer Notes or coupons will be proved by the production of such Bearer Notes or coupons or by a certificate, satisfactory to the Issuer and the Indenture Trustee, executed, as depositary, by any bank, trust company, recognized securities dealer, as depositary, wherever situated, satisfactory to the Issuer. Each such certificate will be dated and will state that on the date thereof a Bearer Note or coupon bearing a specified serial number was deposited with or exhibited to such bank, trust company or recognized securities dealer by the Person named in such certificate. Any such certificate may be issued in respect of one or more Bearer Notes or coupons specified therein. The holding by the Person named in any such certificate of any Bearer Note specified therein will be presumed to continue for a period of one year from the date of such certificate unless at the time of any determination of such holding (A) another certificate bearing a later date is issued in respect of the same Bearer Note or coupon produced, (B) the Bearer Note or coupon specified in such certificate is produced by some other Person or (C) the Bearer Note or coupon specified in such certificate has ceased to be Outstanding.

(d) The fact and date of execution of any such instrument or writing, the authority of the Person executing the same and the principal amount and serial numbers of Bearer Notes held by the Person so executing such instrument or writing and the date of holding the same may also be proved in any other manner which the Indenture Trustee deems sufficient; and the Indenture Trustee may in any instance require further proof with respect to any of the matters referred to in this Section 1.04.

(e) If the Issuer will solicit from the Noteholders any Action, the Issuer may, at its option, by an Issuer Certificate, fix in advance a record date for the determination of Noteholders entitled to give such Action, but the Issuer will have no obligation

to do so. If the Issuer does not so fix a record date, such record date will be the later of 30 days before the first solicitation of such Action or the date of the most recent list of Noteholders furnished to the Indenture Trustee pursuant to Section 13.13 before such solicitation. Such Action may be given before or after the record date, but only the Noteholders of record at the close of business on the record date will be deemed to be Noteholders for the purposes of determining whether Noteholders of the requisite proportion of Outstanding Notes have authorized or agreed or consented to such Action, and for that purpose the Outstanding Notes will be computed as of the record date; provided that no such authorization, agreement or consent by the Noteholders on the record date will be deemed effective unless it will become effective pursuant to the provisions of this Indenture not later than **six (**6**)** months after the record date.

(f) Any Action by a Noteholder will bind the holder of every Note issued upon the transfer thereof or in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Indenture Trustee or the Issuer in reliance thereon whether or not notation of such Action is made upon such Note.

(g) Without limiting the foregoing, a Noteholder entitled hereunder to take any Action hereunder with regard to any particular Note may do so with regard to all or any part of the principal amount of such Note or by one or more duly appointed agents each of which may do so pursuant to such appointment with regard to all or any part of such principal amount. Any notice given or Action taken by a Noteholder or its agents with regard to different parts of such principal amount pursuant to this paragraph shall have the same effect as if given or taken by separate Noteholders of each such different part.

(h) Without limiting the generality of the foregoing, unless otherwise specified pursuant to one or more Supplemental Indentures, a Noteholder, including a Depository that is the holder of a Global Note, may make, give or take, by a proxy or proxies duly appointed in writing, any Action provided in this Indenture to be made, given or taken by Noteholders, and a Depository that is the holder of a Global Note may provide its proxy or proxies to the beneficial owners of interests in or security entitlements to any such Global Note through such Depository's standing instructions and customary practices.

(i) The Issuer may fix a record date for the purpose of determining the Persons who are beneficial owners of interests in or security entitlements to any Global Note held by a Depository entitled under the procedures of such Depository to make, give or take, by a proxy or proxies duly appointed in writing, any Action provided in this Indenture to be made, given or taken by Noteholders. If such a record date is fixed, the Noteholders on such record date or their duly appointed proxy or proxies, and only such Persons, shall be entitled to make, give or take such Action, whether or not such Noteholders remain Noteholders after such record date. No such Action shall be valid or effective if made, given or taken more than six **(6)** months after such record date.

1.05 Actions of Lenders

Any Action provided by this Indenture to be given or taken by any Lender or group of Lenders may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Lender(s) in person or an agent duly appointed in writing. Proof of execution of any such instrument or of a writing appointing any such agent will be sufficient for any purpose of this Indenture and (subject to Section 9.01) conclusive in favour of the Indenture Trustee and the Issuer, if made in the manner provided in Section 1.04(b).

1.06 Effect of Headings and Table of Contents

The Article and Section headings herein and the Table of Contents are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Indenture by the Issuer will bind its successors and assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee in this Indenture shall bind its successors, co-trustees and agents of the Indenture Trustee.

1.08 Severability

In case any provision in this Indenture or in the Notes will be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions will not in any way be affected or impaired thereby.

1.09 Governing Law

THIS INDENTURE WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS. EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS INDENTURE. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS INDENTURE.

1.10 Counterparts

This Indenture may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument.

1.11 Indenture Referred to in the Declaration of Trust and the Master Transfer and Servicing Agreement

This is the Indenture referred to in the Declaration of Trust and the Master Transfer and Servicing Agreement.

1.12 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, in each case on a day other than a Business Day, then (notwithstanding any other provision of the Notes or this Indenture) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.13 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Indenture that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Indenture or the Notes, and (ii) the rates of interest stipulated in this Indenture or the Notes are intended to be nominal rates and not effective rates or yields.

1.14 Currency

Unless stated otherwise, all amounts herein are stated in Dollars.

1.15 References to Acts of the Issuer

For greater certainty, where any reference is made in this Indenture, or in any other instrument executed pursuant hereto or contemplated hereby to which the Issuer or the Issuer Trustee, as trustee of the Issuer, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Issuer) by or with respect to (i) the Issuer or (ii) the Issuer Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Issuer) by or with respect to, the Issuer Trustee as trustee of the Issuer.

1.16 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in this Indenture), it is necessary to convert any amount due under this Indenture from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Issuer in respect of any Original Currency due from it to the Indenture Trustee under this Indenture shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Indenture in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Issuer shall indemnify the Indenture Trustee against such loss.

(b) The term "**rate of exchange**" in this Section 1.16 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

1.17 Obligations in a Foreign Currency

Unless otherwise specified in a Related Funding Obligation Agreement with respect to a particular Series or Tranche of Issuer Funding Obligations, whenever for purposes of this Indenture any Action may be taken by the Debtholders of a specified percentage of Outstanding Dollar Principal Amount of Issuer Funding Obligations and, at such time, there are outstanding Issuer Funding Obligations of any relevant Series which are denominated in a Foreign Currency, then the principal amount of the Issuer Funding Obligations of such Series which shall be deemed to be outstanding for the purpose of taking such Action shall be the amount of Dollars which could be obtained for such principal amount at the Market Exchange Rate on the applicable Record Date, or if no such Record Date shall have been established, on the date that the taking of such Action shall be authorized by Debtholders of the applicable Series.

ARTICLE II
COLLATERAL

2.01 Security for Obligations Secured

As security for the due payment of all Obligations Secured including, without limitation, all principal of and interest, if any, on the Notes from time to time issued and certified under this

Indenture and on any Borrowings, and the performance by the Issuer of all of the obligations of the Issuer in relation thereto, the Issuer hereby:

(a) mortgages, charges, pledges, grants, transfers, assigns, hypothecates and sets over unto the Indenture Trustee, for the benefit and security of the applicable Specified Creditors and the Indenture Trustee, in its individual capacity, as and by way of a fixed and specific mortgage, assignment, pledge, hypothec and charge and grants to the Indenture Trustee for the benefit and security of the applicable Specified Creditors and the Indenture Trustee, in its individual capacity, a security interest in all of its right, title and interest, whether now owned or hereafter acquired, in and to the following:

(i) the Issuer Investment Interest;

(ii) each Issuer Account (including all Sub-Accounts of each Issuer Account);

(iii) all Eligible Investments and all investment property, money and other property held in the Issuer Accounts (including any Sub-Accounts of each Issuer Account);

(iv) all rights, benefits and powers of the Issuer under any Program Agreement;

(v) all rights, benefits and powers of the Issuer under the Act;

(vi) all present and future claims, demands, causes of and choses in action in respect of any of the foregoing and all interest, principal, payments and distributions of any nature or type on any of the foregoing;

(vii) all accounts, general intangibles, chattel paper, instruments, documents, goods, money, investment property, deposit accounts, letters of credit and letter-of-credit rights consisting of, arising from, or relating to any of the foregoing;

(viii) all debts, accounts, claims, monies and choses in action due or to become due with respect to all of the foregoing and also all securities, bills, notes, evidences of deposits of money, and other documents now held or owned or which may be hereafter taken, held or owned by the Issuer, or anyone on behalf of the Issuer, and all renewals thereof, accretions thereto, substitutions therefor and all interest, income and revenue arising therefrom or by virtue thereof;

(ix) all amounts received with respect to all of the foregoing; and

(x) all proceeds of the foregoing; and

(b) mortgages, charges, pledges, grants, transfers, assigns, hypothecates and sets over unto the Indenture Trustee, for the benefit and security of the Specified Creditors and the Indenture Trustee, in its individual capacity, a floating charge over, and

grants to the Indenture Trustee for the benefit and security of the Specified Creditors and the Indenture Trustee, in its individual capacity, a security interest in all of the property, assets and undertaking now owned or hereafter acquired by the Issuer.

The property described in the preceding sentence is collectively referred to as the "**Collateral**".

The Indenture Trustee acknowledges the grant of such Security Interest, and accepts the Collateral in trust hereunder in accordance with the provisions hereof and agrees to perform the duties herein such that the interests of the Specified Creditors may be adequately and effectively protected.

To have and to hold the Collateral and all rights hereby conferred unto the Indenture Trustee, its successors and assigns forever but in trust nevertheless for the benefit of the Specified Creditors, including the Indenture Trustee, in its individual capacity, and for the uses and purposes and subject to the terms and conditions herein set forth.

The Issuer acknowledges that value has been given and that the security granted shall attach and be effective on the date of execution of this Indenture and when the Issuer has rights in the Collateral, whether or not the monies and the Notes or any other evidence of Obligations Secured or any part thereof hereby secured or intended to be hereby secured shall be advanced or issued before or after or upon the date of the execution of this Indenture.

2.02 Recording, Etc.

(a) The Issuer intends the Security Interest granted pursuant to this Indenture in favor of the Indenture Trustee to be prior to all other Liens in respect of the Collateral. The Issuer will take all actions necessary to maintain a perfected Lien on the Collateral in favor of the Indenture Trustee.

(b) The Indenture Trustee shall hold each item of the Collateral separate and apart from all other property held by the Indenture Trustee.

(c) The Issuer will from time to time execute, authorize and deliver all such supplements and amendments hereto and all such financing statements, amendments thereto, instruments of further assurance and other instruments, all as prepared by the Issuer, and will take such other action necessary or advisable to:

(i) grant the Security Interest more effectively in all or any portion of the Collateral;

(ii) maintain or preserve the Security Interest (and the priority thereof) or carry out more effectively the purposes hereof;

(iii) perfect, publish notice of or protect the validity of any grant made or to be made by this Indenture;

(iv) enforce its rights under the Investment Asset, any Program Agreement to which it is a party and each other instrument or agreement designated for inclusion in the Collateral;

(v) preserve and defend title to the Collateral and the rights of the Indenture Trustee in the Collateral against the claims of all Persons; or

(vi) pay all Taxes levied or assessed upon the Collateral when due.

(d) The Issuer will from time to time promptly pay and discharge all PPSA recording and filing fees, charges and Taxes relating to this Indenture, any amendments hereto and any other instruments of further assurance.

(e) Without limiting the generality of subsection 2.02(c) or (d):

(i) The Issuer will cause this Indenture, all amendments and supplements hereto and all financing statements and all amendments to such financing statements and any other necessary documents covering the Indenture Trustee's right, title and interest in and to the Collateral to be promptly recorded, registered and filed, and at all times to be kept recorded, registered and filed, all in such manner and in such places as may be required by applicable law to fully preserve and protect the right, title and interest of the Indenture Trustee in and to all property comprising the Collateral. The Issuer will deliver to the Indenture Trustee file-stamped copies of, or filing receipts for, any document recorded, registered or filed as provided above, as soon as available following such recording, registration or filing. The Issuer hereby authorizes the filing of financing statements (and amendments of financing statements) that name the Issuer as debtor and the Indenture Trustee as secured party and that cover all personal property of the Issuer. The Issuer also hereby ratifies the filing of any such financing statements (or amendments of financing statements) that were filed prior to the execution hereof.

(ii) The Issuer shall not change its name, its jurisdiction of formation or its type of organization unless it has provided the Indenture Trustee **and each Rating Agency** with 30 days prior written notice and it has first (A) made all filings and taken all actions in all relevant jurisdictions under the PPSA and other applicable law as are necessary to continue and maintain the first priority perfected Security Interest of the Indenture Trustee in the Collateral, and (B) delivered to the Indenture Trustee **(with a copy to each Rating Agency)** an Opinion of Counsel to the effect that all necessary filings have been made under the PPSA (and where applicable, the equivalent thereof) in all relevant jurisdictions as are necessary to continue and maintain the first priority perfected Security Interest of the Indenture Trustee in the Collateral.

2.03 Use of Collateral

Subject to the express terms of this Indenture, until the Issuer Funding Obligations have become due and payable pursuant to Section 8.02, the Issuer will be permitted to possess and use the Collateral in connection with the activities of the Issuer, including, without limitation, the right to (a) exercise all of its rights and perform all of its obligations under each Program Agreement without consultation with or the consent of the Indenture Trustee, and (b) use the funds in any Issuer Account for any purpose not in violation of this Indenture or the Program Agreements.

2.04 Suits to Protect the Collateral

Subject to the provisions of this Indenture, the Indenture Trustee will have the power to institute and to maintain such suits and proceedings as it may deem expedient to prevent any impairment of the Collateral by any acts which may be unlawful or in violation of this Indenture, and such suits and proceedings as the Indenture Trustee may deem expedient to preserve or protect the interests of the Specified Creditors and the interests of the Indenture Trustee in the Collateral (including the power to institute and maintain suits or proceedings to restrain the enforcement of, or compliance with, any legislative or other governmental enactment, rule or order that may be unconstitutional or otherwise invalid if the enforcement of, or compliance with, such enactment, rule or order would impair the Security Interest or be prejudicial to the interests of the Specified Creditors or the Indenture Trustee).

2.05 Purchaser Protected

In no event will any purchaser in good faith of any property purported to be released hereunder be bound to ascertain the authority of the Indenture Trustee to execute the release or to inquire as to the satisfaction of any conditions required by the provisions hereof for the exercise of such authority or to see to the application of any consideration given by such purchaser or other transferee; nor will any purchaser or other transferee of any property or rights permitted by this Article II to be sold be under any obligation to ascertain or inquire into the authority of the Issuer to make any such sale or other transfer.

2.06 Powers Exercisable by Receiver or Indenture Trustee

In case the Collateral shall be in the possession of a receiver or trustee lawfully appointed, the powers conferred in this Article II upon the Issuer with respect to the release, sale or other disposition of such property may be exercised by such receiver or trustee, and an instrument signed by such receiver or trustee shall be deemed the equivalent of any similar instrument of the Issuer or of any officer or officers thereof required by the provisions of this Article II.

2.07 Determinations Relating to Collateral

In the event (i) the Indenture Trustee shall receive any written request from the Issuer for consent or approval with respect to any matter or thing relating to any Collateral or the Issuer's obligations with respect thereto, (ii) there shall be due to or from the Indenture Trustee under the provisions hereof any performance or the delivery of any instrument, or (iii) the Indenture Trustee shall become aware of any nonperformance by the Issuer of any covenant or any breach

of any representation or warranty of the Issuer set forth in this Indenture, then, in each such event, the Indenture Trustee shall be entitled to hire experts, consultants, agents and attorneys to advise the Indenture Trustee on the manner in which the Indenture Trustee should respond to such request or render any requested performance or response to such nonperformance or breach (the expenses of which will be reimbursed to the Indenture Trustee pursuant to Section 9.05). The Indenture Trustee will be fully protected in the taking of any action recommended or approved by any such expert, consultant, agent or attorney, or agreed to by Extraordinary Resolution.

2.08 Satisfaction and Discharge of Indenture

(a) The Issuer may at any time, for the purpose of obtaining the satisfaction and discharge of this Indenture with respect to any Class, Series or Tranche of Issuer Funding Obligations or for any other purpose, pay, or by an Issuer Certificate direct any Paying Agent to pay, to the Indenture Trustee all sums held in trust by the Issuer or such Paying Agent in respect of each and every Class, Series or Tranche of Issuer Funding Obligations as to which it seeks to discharge this Indenture or, if for any other purpose, all sums so held in trust by the Issuer in respect of all Issuer Funding Obligations, such sums to be held by the Indenture Trustee upon the same trusts as those upon which such sums were held by the Issuer or such Paying Agent; and, upon such payment by any Paying Agent to the Indenture Trustee, such Paying Agent will be released from all further liability with respect to such money.

(b) This Indenture will cease to be of further effect with respect to any Class, Series or Tranche of Issuer Funding Obligations (except as to any surviving rights of transfer or exchange of Notes of that Class, Series or Tranche expressly provided for herein or in any form of Note for that Class, Series or Tranche), and the Indenture Trustee, on demand of and at the expense of the Issuer, will execute proper instruments acknowledging satisfaction and discharge of this Indenture as to that Class, Series or Tranche, when:

(i) (A) in the case of Notes, all Notes of that Class, Series or Tranche theretofore Outstanding (other than (x) Notes of that Class, Series or Tranche which have been destroyed, lost or stolen and which have been replaced or paid as provided in Section 16.05(b), and (y) Notes of that Class, Series or Tranche for whose payment money has theretofore been deposited in trust or segregated and held in trust by the Issuer and thereafter repaid to the Issuer or discharged from that trust, as provided in Section 16.05(b)) have been delivered to the Indenture Trustee for cancellation or been cancelled, or (B) in the case of all other Issuer Funding Obligations, all Issuer Funding Obligations of that Class, Series or Tranche have been paid in full, as certified by the Issuer to the Indenture Trustee;

(ii) the Issuer has paid or caused to be paid all other sums payable under the Indenture (including payments to the Indenture Trustee pursuant to Section

9.05) by the Issuer with respect to the Issuer Funding Obligations of that Class, Series or Tranche; and

(iii) the Issuer has delivered to the Indenture Trustee an Issuer Certificate and an Opinion of Counsel each stating that all conditions precedent herein provided for relating to the satisfaction and discharge of this Indenture with respect to the Issuer Funding Obligations of that Class, Series or Tranche have been complied with.

Notwithstanding the satisfaction and discharge of this Indenture with respect to any Class, Series or Tranche of Issuer Funding Obligations, the obligations of the Issuer to the Indenture Trustee with respect to that Class, Series or Tranche of Issuer Funding Obligations under Section 9.05 and the obligations of the Indenture Trustee under Sections 7.13 and 16.05(b) will survive such satisfaction and discharge.

(c) This Indenture will cease to be of further effect, and the Indenture Trustee, on demand of and at the expense of the Issuer, will execute proper instruments acknowledging satisfaction and discharge of this Indenture, when all Issuer Funding Obligations have been satisfied and discharged in accordance with clause (b) and all other Obligations Secured have been paid in full, as certified by the Issuer to the Indenture Trustee.

2.09 <u>Release of all Collateral</u>

(a) Subject to the payment of its fees and expenses pursuant to Section 9.05, the Indenture Trustee shall, at the request of the Issuer or when otherwise required by the provisions of this Indenture, execute instruments to release Collateral from the Security Interest of this Indenture, or convey the Indenture Trustee's interest (which is held by the Indenture Trustee for the benefit of the Specified Creditors) in the same, in a manner and under circumstances which are not inconsistent with the provisions of this Indenture. No party relying upon an instrument executed by the Indenture Trustee as provided in this Article II will be bound to ascertain the Indenture Trustee's authority, inquire into the satisfaction of any conditions precedent or see to the application of any funds.

(b) Upon delivery of an Officer's Certificate of the Issuer certifying that all Issuer Funding Obligations and all other Obligations Secured have been satisfied and discharged by complying with the provisions of Section 2.08 and all applicable Program Agreements, the Indenture Trustee shall execute and deliver such releases, termination statements and other instruments (in recordable form, where appropriate) as the Issuer may reasonably request evidencing the termination of the Security Interest created by this Indenture.

(c) The Issuer and the Specified Creditors shall be entitled to receive at least 10 days' written notice when the Indenture Trustee proposes to take any action pursuant to clause (a), accompanied by copies of any instruments involved, and the Indenture

Trustee shall also be entitled to require, as a condition to such action, an Opinion of Counsel, stating the legal effect of any such action, outlining the steps required to complete the same, and concluding that all conditions precedent to the taking of such action have been complied with. Counsel rendering any such opinion may rely, without independent investigation, on the accuracy and validity of any certificate or other instrument delivered to the Indenture Trustee in connection with any such action.

2.10 Certain Commercial Law Representations and Warranties

The Issuer hereby makes the following representations and warranties. Such representations and warranties shall survive until the termination of this Indenture. Such representations and warranties speak of the date that a Lien in the Collateral is granted to the Indenture Trustee and shall not be waived by any of the parties to this Indenture unless the Rating Agency Condition is satisfied.

(a) This Indenture constitutes the grant of a first priority perfected Lien by the Issuer to the Indenture Trustee in the Collateral which, in the case of the existing Collateral and the proceeds thereof, is enforceable upon execution and delivery of this Indenture or, with respect to after-acquired property, as of the date such property is acquired, and which will be enforceable with respect to the Collateral hereafter and thereafter created and the proceeds thereof upon such creation. Upon the filing of the assignments, financing statements and continuation statements (and other documents where applicable) and, in the case of after-acquired Collateral and the proceeds thereof, upon its creation, the Indenture Trustee shall have a first priority perfected Lien in such property and proceeds.

(b) At the time of its grant of any Lien in the Collateral pursuant to this Indenture, the Issuer owned and had good and marketable title to such Collateral free and clear of any Lien of any other Person (other than Permitted Liens).

(c) The Issuer has caused the filing of all appropriate financing statements in the proper filing office in the Province of Ontario under applicable law in order to perfect the Security Interest.

(d) Other than the Security Interest, the Issuer has not pledged, assigned, sold, granted a Lien in, or otherwise conveyed, the Collateral. The Issuer has not authorized the filing of and is not aware of any financing statements against the Issuer that include a description of the Collateral other than any financing statement relating to the Security Interest or that has been terminated. The Issuer is not aware of any judgment or Tax lien filings against the Issuer.

ARTICLE III
NOTE FORMS

3.01 Forms Generally

The Notes will have such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture or the Related Supplemental Indenture and may have such letters, numbers or other marks of identification and such legends or endorsements placed thereon, as may be required to comply with applicable laws or regulations or with the rules of any securities exchange, or as may, consistently herewith, be determined by the Issuer, as evidenced by the Issuer's execution of such Notes. Any portion of the text of any Note may be set forth on the reverse thereof, with an appropriate reference thereto on the face of the Note.

Definitive Notes will be typewritten, printed, lithographed or engraved or produced by any combination of these methods (with or without steel engraved borders) or may be produced in any other manner, all as determined by the Issuer, as evidenced by the Issuer's execution of such Notes, subject, with respect to the Notes of any Class, Series or Tranche, to the rules of any securities exchange on which such Notes are listed.

3.02 Forms of Notes

Before the delivery of a Note to the Indenture Trustee for authentication, the Issuer will deliver to the Indenture Trustee the Issuer Certificate by or pursuant to which such form of Note has been approved, which Issuer Certificate will have attached thereto a true and correct copy of the form of Note which has been approved thereby or, if an Issuer Certificate authorizes a specific officer or officers of the Manager to approve a form of Note, a certificate of such officer or officers approving the form of Note attached thereto. Any form of Note approved by or pursuant to an Issuer Certificate must be acceptable as to form to the Indenture Trustee, such acceptance to be evidenced by the Indenture Trustee's authentication of Notes in that form or a certificate signed by a Responsible Officer of the Indenture Trustee and delivered to the Issuer.

3.03 Form of Indenture Trustee's Certificate of Authentication

The form of Indenture Trustee's Certificate of Authentication for any Note issued pursuant to this Indenture will be substantially as follows:

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Notes of the Class, Series or Tranche designated therein referred to in the within-mentioned Indenture.

BNY TRUST COMPANY OF CANADA, as Indenture Trustee

By:

Authorized Signatory

Dated:

3.04 Notes Issuable in the Form of a Global Note

(a) If the Issuer establishes that the Notes of a particular Class, Series or Tranche are to be issued in whole or in part in the form of one or more Global Notes, then the Issuer will execute and the Indenture Trustee or its agent will, in accordance with Section 4.03 and the Issuer Certificate delivered to the Indenture Trustee or its agent thereunder, authenticate and deliver, such Global Note or Global Notes, which, unless otherwise provided in the Related Supplemental Indenture (i) will represent, and will be denominated in an amount equal to the aggregate Stated Principal Amount (or in the case of Discount Notes, the aggregate Stated Principal Amount at the Principal Payment Date of such Notes) of the Outstanding Notes of such Class, Series or Tranche to be represented by such Global Note or Global Notes, or such portion thereof as the Issuer will specify in an Issuer Certificate, (ii) in the case of Registered Notes, will be registered in the name of the Depository for such Global Note or Global Notes or its nominee, (iii) will be delivered by the Issuer or its agent to the Depository or pursuant to the Depository's instruction, (iv) if applicable, will bear a legend substantially to the following effect: (A) "Unless this Note is presented by an authorized representative of The Depository Trust Company ("**DTC**"), to Fair Hydro Trust (the "**Issuer**") or its agent for registration of transfer, exchange or payment, and any Note issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), any transfer, pledge or other use hereof for value or otherwise by or to any Person is wrongful inasmuch as the registered owner hereof, Cede & Co., has an interest herein", or (B) "Unless this Note is presented by an authorized representative of CDS Clearing and Depository Services Inc. ("**CDS**"), to Fair Hydro Trust (the "**Issuer**") or its agent for registration of transfer, exchange or payment, and any Note issued is registered in the name of CDS & Co. or in such other name as is requested by an authorized representative of CDS (and any payment is made to CDS & Co. or to such other entity as is requested by an authorized representative of CDS), any transfer, pledge or other use hereof for

value or otherwise by or to any Person is wrongful since the registered owner hereof, CDS & Co., has a property interest in the securities represented by this Note and it is a violation of its rights for another Person to hold, transfer or deal with this Note", and (v) may bear such other legend as the Issuer, upon advice of counsel, deems to be applicable.

(b) Notwithstanding any other provisions of this Section 3.04 or of Section 4.05, and subject to the provisions of paragraph (c) below, unless the terms of a Global Note or the Related Supplemental Indenture expressly permit such Global Note to be exchanged in whole or in part for individual Notes, a Global Note may be transferred, in whole but not in part and in the manner provided in Section 4.05, only to a nominee of the Depository for such Global Note, or to the Depository, or a successor Depository for such Global Note selected or approved by the Issuer, or to a nominee of such successor Depository.

(c) With respect to Notes issued within the United States or Canada, unless otherwise specified in the Related Supplemental Indenture, or with respect to Notes issued outside the United States and Canada, if specified in the Related Supplemental Indenture:

(i) If at any time the Depository for a Global Note notifies the Issuer that it is unwilling or unable to continue as Depository for such Global Note or if at any time the Depository for the Notes for such Class, Series or Tranche ceases to be a clearing agency registered under the Securities Exchange Act, or other applicable statute or regulation, in the case of Notes issued within the United States, or ceases to be a clearing agency registered under the *Securities Act* (Ontario), or other applicable statute or regulation, in the case of Notes issued within Canada, the Issuer will appoint a successor Depository with respect to such Global Note. If a successor Depository for such Global Note is not appointed by the Issuer within 90 days after the Issuer receives such notice or becomes aware of such ineligibility, the Issuer will execute, and the Indenture Trustee or its agent, upon receipt of an Issuer Certificate requesting the authentication and delivery of individual Notes of such Class, Series or Tranche in exchange for such Global Note, will authenticate and deliver, individual Notes of such Class, Series or Tranche of like tenor and terms in definitive form in an aggregate Stated Principal Amount equal to the Stated Principal Amount of the Global Note in exchange for such Global Note.

(ii) The Issuer may at any time and in its sole discretion determine that the Notes of any Class, Series or Tranche or portion thereof issued or issuable in the form of one or more Global Notes will no longer be represented by such Global Note or Global Notes. In such event the Issuer will execute, and the Indenture Trustee, upon receipt of a written request by the Issuer for the authentication and delivery of individual Notes of such Class, Series or Tranche in exchange in whole or in part for such Global Note, will authenticate and deliver individual Notes of such Class, Series or

Tranche of like tenor and terms in definitive form in an aggregate Stated Principal Amount equal to the Stated Principal Amount of such Global Note or Global Notes representing such Class, Series or Tranche or portion thereof in exchange for such Global Note or Global Notes.

(iii) If any Event of Default has occurred and is continuing and Noteholders holding more than 50% of the Outstanding Dollar Principal Amount of the Controlling Class Obligations of any Series of Notes held as Global Notes advise the Indenture Trustee and the Depository that Global Notes are no longer in the best interest of the Noteholders of that Series, the holders of those Global Notes may exchange such Notes for individual Notes.

(iv) In any exchange provided for in any of the preceding three paragraphs, the Issuer will execute and the Indenture Trustee or its agent will authenticate and deliver individual Notes in definitive registered form in authorized denominations. Upon the exchange of the entire Stated Principal Amount of a Global Note for individual Notes, such Global Note will be canceled by the Indenture Trustee or its agent. Except as provided in the preceding paragraphs, Notes issued in exchange for a Global Note pursuant to this Section 3.04 will be registered in such names and in such authorized denominations as the Depository for such Global Note, pursuant to instructions from its direct or indirect participants or otherwise, will instruct the Indenture Trustee or the Note Registrar. The Indenture Trustee or the Note Registrar will deliver such Notes to the Persons in whose names such Notes are so registered.

3.05 <u>Temporary Global Notes and Permanent Global Notes</u>

(a) If specified in the Related Supplemental Indenture for any Series, all or any portion of a Global Note may initially be issued in the form of a single temporary global Bearer Note or Registered Note (the "**Temporary Global Note**"), without interest coupons, in the denomination of the entire aggregate principal amount of such Series and substantially in the form set forth in the exhibit with respect thereto attached to the Related Supplemental Indenture. Any Temporary Global Note shall bear such notations as the Issuer may determine to distinguish them from the Permanent Global Notes. The Temporary Global Note will be authenticated by the Indenture Trustee upon the same conditions, in substantially the same manner and with the same effect as the Notes in definitive form. The Temporary Global Note may be exchanged as described below or in the Related Supplemental Indenture for permanent global Bearer Notes or Registered Notes (the "**Permanent Global Notes**").

(b) Unless otherwise provided in the Related Supplemental Indenture, exchanges of beneficial interests in or security entitlements to Temporary Global Notes for beneficial interests in or security entitlements to Permanent Global Notes will be made as provided in this subsection 3.05(b). The Manager will, upon its determination of the date of completion of the distribution of the Notes of such

Series, so advise the Indenture Trustee, the Issuer and the Depository forthwith. Without unnecessary delay, but in any event not prior to the Exchange Date, the Issuer will execute and deliver to the Indenture Trustee **(at the office of its designated agent outside the United States in the case of Global Notes in bearer form)** Permanent Global Notes in bearer or registered form (as specified in the Related Supplemental Indenture) in an aggregate principal amount equal to the Outstanding Dollar Principal Amount or the Outstanding Currency Specific Dollar Principal Amount of such Series of Notes. Bearer Notes so issued and delivered may have coupons attached. The Temporary Global Note may be exchanged for an equal aggregate principal amount of Permanent Global Notes only on or after the Exchange Date; provided, however, that such Temporary Global Note is accompanied by a certificate dated the Exchange Date or a subsequent date and signed by the beneficial owner as to the portion of such Temporary Global Note held for its account then to be exchanged and a certificate dated the Exchange Date or a subsequent date and signed by the Depository in the form set forth in Exhibit 6-B (or in such other form as may be established pursuant to Section 4.01); and provided further that definitive Bearer Notes shall be delivered in exchange for a portion of a Temporary Global Note only in compliance with the requirements of Section 4.03. A beneficial owner of a Temporary Global Note may instruct the Depository to request an exchange on its behalf on or after the Exchange Date by delivering to the Depository, a certificate in the form set forth in Exhibit 6-A (or in such other form as may be established pursuant to Section 4.01), dated no earlier than 15 days prior to the Exchange Date, copies of which certificate shall be available from the offices of the Depository. A United States Person may exchange its beneficial interest in or security entitlement to the Temporary Global Note only for an equal aggregate principal amount of Permanent Global Notes in registered form bearing the applicable legend set forth in the form of Registered Note attached to the Related Supplemental Indenture and having a minimum denomination of 500,000 units of the applicable currency, which may be in temporary form if the Issuer so elects. The Issuer may waive the 500,000 minimum denomination requirement if it so elects. Upon any demand for exchange for Permanent Global Notes in accordance with this subsection 3.05(b), the Issuer will cause the Indenture Trustee to authenticate and deliver the Permanent Global Notes to the Noteholder (x) outside **the** United States, in the case of Bearer Notes and (y) according to the instructions of the Noteholder, in the case of Registered Notes. Upon receipt of the certification of the Depository, the Indenture Trustee will cause the Temporary Global Note to be endorsed in accordance with subsection 3.05(d). Any exchange as provided in this Section 3.05 will be made free of charge to the Noteholders and the beneficial owners of the Temporary Global Note and to the beneficial owners of the Permanent Global Note issued in exchange, except that a Person receiving the Permanent Global Note must bear the cost of insurance, postage, transportation and the like in the event that such Person does not receive such Permanent Global Note in person at the offices of a Depository.

(c) The delivery to the Indenture Trustee by a Depository of any written statement referred to above may be relied upon by the Issuer and the Indenture Trustee as

conclusive evidence that a corresponding certification or certifications has or have been delivered to such Foreign Depository pursuant to the terms of this Indenture.

(d) Upon any such exchange of all or a portion of the Temporary Global Note for a Permanent Global Note(s), such Temporary Global Note will be endorsed by or on behalf of the Indenture Trustee to reflect the reduction of its principal amount by an amount equal to the aggregate principal amount of such Permanent Global Note(s). Until so exchanged in full, such Temporary Global Note will in all respects be entitled to the same benefits under this Indenture as Permanent Global Notes authenticated and delivered hereunder except that the beneficial owners of such Temporary Global Note will not be entitled to receive payments of interest on the Notes until they have exchanged their beneficial interests in or security entitlements to such Temporary Global Note for Permanent Global Notes.

3.06 Beneficial Ownership of Global Notes

Until definitive Notes have been issued to the applicable Noteholders pursuant to Section 3.04 or as otherwise specified in any Related Supplemental Indenture:

(a) the Issuer and the Indenture Trustee may deal with the applicable Depository and the Depository's participants for all purposes (including the making of distributions) as the authorized representatives of the respective Note Owners; and

(b) the rights of the respective Note Owners will be exercised only through the Depository and the Depository's participants. Unless and until Notes in definitive form are issued pursuant to Section 3.04, the Depository will make book-entry transfers among the Depository's participants and receive and transmit distributions of principal and interest on the related Notes to such Depository's participants in accordance with the Depository's applicable procedures from time to time.

For purposes of any provision of this Indenture requiring or permitting Actions with the consent of, or at the direction of, Noteholders evidencing a specified percentage of the Outstanding Dollar Principal Amount of Notes, such direction or consent may be given by Note Owners (acting through the Depository and the Depository's participants) owning interests in or security entitlements to Notes evidencing the requisite percentage of principal amount of Notes in accordance with the applicable procedures of the Depository and the Depository's participants.

3.07 Notices to Depository

Whenever any notice or other communication is required to be given to Noteholders with respect to which book-entry Notes have been issued, unless and until Notes in definitive form will have been issued to the related Note Owners, the Indenture Trustee will give all such notices and communications to the applicable Depository.

3.08 CUSIP Numbers

In issuing the Notes, the Issuer may use "CUSIP" numbers (if then generally in use), and, if so, the Indenture Trustee shall use such CUSIP numbers in notices of redemption as a convenience to Noteholders; provided that, subject to Section 9.01, any such notice may state that (a) no representation is made as to the correctness of such CUSIP numbers as printed on the related Notes or as contained in any notice of redemption, (b) reliance may be placed only on the other identification numbers, if any, printed on the Notes and (c) any such redemption shall not be affected by any defect in or omission of such CUSIP numbers. The Issuer will promptly provide the Indenture Trustee with written notice of any change in the CUSIP numbers for any Outstanding Note.

ARTICLE IV
THE NOTES

4.01 General Title, General Limitations, Issuable in Series, Terms of a Series or Tranche of Notes

(a) The aggregate Stated Principal Amount of Notes which may be authenticated and delivered and Outstanding under this Indenture is not limited.

(b) The Notes of any Class may be issued in one or more Series or Tranches.

(c) The Classes of Notes are as set forth in this Indenture. Each Note issued must be part of a Class and Series of Notes for purposes of allocations pursuant to this Indenture and the Related Supplemental Indenture. A Series of Notes is created pursuant to a Supplemental Indenture. A Tranche of Notes is created pursuant to a Supplemental Indenture or pursuant to a Terms Document related to the Supplemental Indenture for the applicable Series.

(d) Each Series of Notes shall be designated in the Related Supplemental Indenture as either Senior Notes, Subordinated Notes or Junior Subordinated Notes. If the Notes of a Series of Notes belong to different Tranches, all Notes of such Series, without regard to the Tranche they are included in, shall be Senior Notes, Subordinated Notes or Junior Subordinated Notes, as applicable to the Series of Notes.

(e) Each Series of Notes may consist of a single Tranche or may be subdivided into multiple Tranches. Notes of a single Series of a Class will belong to different Tranches if they have different terms and conditions. With respect to any Series of Notes, Notes which have identical terms, conditions and Tranche designation will be deemed to be part of a single Tranche of Notes.

(f) Before the initial issuance of Notes of each Series or Tranche, there shall also be established in or pursuant to a Supplemental Indenture or pursuant to a Terms Document related to the applicable Supplemental Indenture, provision for:

(i) the Class of such Series;

(ii) the Series designation;

(iii) the Stated Principal Amount of the Notes;

(iv) whether such Notes are of a particular Tranche of Notes;

(v) the currency or currencies in which such Notes will be denominated and in which payments of principal of, and interest on, such Notes will or may be payable;

(vi) the price or prices at which such Series or Tranche of Notes will be issued;

(vii) the times at which such Series or Tranche of Notes may, pursuant to any optional redemption provisions, be redeemed, and the other terms and provisions of any such redemption;

(viii) the rate per annum at which such Series or Tranche of Notes will bear interest, if any, or the formula or index on which such rate will be determined, including all relevant definitions, and the date from which interest will accrue;

(ix) each Interest Payment Date, each Principal Payment Date and the Principal Payment Default Date for such Series or Tranche of Notes;

(x) the Principal Accumulation Date for such Series of Notes;

(xi) the Principal Accumulation Amounts for such Series of Notes;

(xii) the Initial Dollar Principal Amount or the Initial Currency Specific Dollar Principal Amount of such Notes, and the means for calculating the Outstanding Dollar Principal Amount or the Outstanding Currency Specific Dollar Principal Amount, as applicable, of such Series or Tranche of Notes;

(xiii) whether or not application will be made to list such Series or Tranche of Notes on any securities exchange;

(xiv) any events of default with respect to such Series or Tranche of Notes;

(xv) if such Series or Tranche of Notes will be issued in whole or in part in the form of a Global Note or Global Notes, the terms and conditions, if any, upon which such Global Note or Global Notes may be exchanged in whole or in part for other individual Notes, and the Depository for such Global Note or Global Notes;

(xvi) if such Series or Tranche of Notes will be issued in whole or in part as Registered Notes, Bearer Notes or both, whether such Series or Tranche of Notes are to be issued with or without coupons or both;

(xvii) if such Series or Tranche of Notes are to have the benefit of any Credit Enhancement Agreement or Liquidity Agreement, the terms and provisions of the applicable agreement;

(xviii) the Record Date for any Interest Payment Date or Principal Payment Date of such Series or Tranche of Notes, if different from the last day of the month before the related Interest Payment Date or Principal Payment Date;

(xix) whether and under what conditions, additional amounts will be payable to Noteholders of such Series or Tranche of Notes;~~(xx)[whether and under what conditions, the obligations of the Issuer under such Series or Tranche of Notes may be assumed or exchanged, and the form of assumption or exchange agreement applicable to such Series or Tranche of Notes];~~ and

(xx) ~~(xxi)~~ any other terms of such Notes as stated in the Related Supplemental Indenture;

all upon such terms as may be determined in or pursuant to the Related Supplemental Indenture.

(g) The Notes of each Class, Series or Tranche will be distinguished from the Notes of each other Class, Series or Tranche in such manner, reasonably satisfactory to the Indenture Trustee, as the Issuer may determine.

(h) Any terms or provisions in respect of the Notes of any Class, Series or Tranche issued under this Indenture may be determined pursuant to this Section 4.01 by providing in the Related Supplemental Indenture for the method by which such terms or provisions will be determined.

4.02 Denominations

The Notes of each Series or Tranche will be issuable in such denominations and currency as will be provided in the provisions of this Indenture or in or pursuant to the Related Supplemental Indenture. In the absence of any such provisions with respect to the Registered Notes of any Series or Tranche, the Registered Notes of that Series or Tranche will be issued in denominations of 100,000 units of the applicable currency and integral multiples of 1,000. In the absence of any such provisions with respect to the Bearer Notes of any Series or Tranche, the Bearer Notes of that Series or Tranche will be issued in denominations of 1,000, 5,000, 50,000 and 100,000 units of the applicable currency.

4.03 Execution, Authentication and Delivery and Dating

(a) The Notes will be executed on behalf of the Issuer by a Responsible Officer of the Issuer. The signature of any Responsible Officer of the Issuer on the Notes may be manual or facsimile or may be given by other electronic means.

(b) Notes bearing the manual, facsimile or other electronic signatures of individuals who were at any time a Responsible Officer of the Issuer will bind the Issuer, notwithstanding that such individuals or any of them have ceased to hold such offices before the authentication and delivery of such Notes or did not hold such offices at the date of issuance of such Notes.

(c) At any time and from time to time after the execution and delivery of this Indenture, the Issuer may deliver Notes executed by the Issuer to the Indenture Trustee for authentication; and the Indenture Trustee will, upon request by an Issuer Certificate, authenticate and deliver such Notes as provided in this Indenture and not otherwise; provided **however, that, in connection with its original issuance, no Bearer Note shall be mailed or otherwise delivered to any location in the United States; and provided further** that, unless otherwise specified with respect to any Series or Tranche of Notes pursuant to Section 4.01, a Bearer Note may be delivered in connection with its original issuance only if the Person entitled to receive such Bearer Note shall have furnished a certificate in the form set forth in Exhibit 6-A, dated no earlier than 15 days prior to the earlier of the date on which such Bearer Note is delivered and the date on which any temporary Note first becomes exchangeable for such Bearer Note in accordance with the terms of such temporary Note and this Indenture. **If any Note shall be represented by a permanent Bearer Note issued as a Global Note, then, for purposes of this Section, Section 3.05, and Section 4.04, the notation of a beneficial owner's interest therein upon original issuance of such Note or upon exchange of a portion of a temporary Global Note shall be deemed to be delivery in connection with its original issuance of such beneficial owner's interest in such permanent Global Note.** Except as permitted by Section 4.06, the Indenture Trustee shall not authenticate and deliver any Bearer Note unless all appurtenant coupons for interest then matured have been detached and cancelled.

(d) Before any such authentication and delivery, the Indenture Trustee will be entitled to receive, in addition to any Officer's Certificate and Opinion of Counsel required to be furnished to the Indenture Trustee pursuant to Section 1.02, the Issuer Certificate and any other opinion or certificate relating to the issuance of the Series or Tranche of Notes required to be furnished pursuant to Section 3.02 or Article V.

(e) The Indenture Trustee will not be required to authenticate such Notes if the issue thereof will adversely affect the Indenture Trustee's own rights, duties or immunities under the Notes and this Indenture.

(f) Unless otherwise provided in the form of Note for any Series or Tranche, all Notes will be dated the date of their authentication.

(g) No Note will be entitled to any benefit under this Indenture or be valid or obligatory for any purpose unless there appears on such Note a Certificate of Authentication executed by the Indenture Trustee by manual signature of an authorized signatory, and such certificate upon any Note will be conclusive

evidence, and the only evidence, that such Note has been duly authenticated and delivered hereunder.

4.04 Temporary Notes

(a) Pending the preparation of definitive Notes of any Series or Tranche, the Issuer may execute, and, upon receipt of the documents required by Section 4.03, the Indenture Trustee will authenticate and deliver, temporary Notes which are printed, lithographed, typewritten, mimeographed or otherwise produced, in any authorized denomination, substantially of the tenor of the definitive Notes in lieu of which they are issued and with such appropriate insertions, omissions, substitutions and other variations as the Issuer may determine, as evidenced by the Issuer's execution of such Notes. Any temporary Note shall bear such notations as the Issuer may determine to distinguish them from the definitive Notes.

(b) If temporary Notes of any Series or Tranche are issued, the Issuer will cause definitive Notes of such Series or Tranche to be prepared without unreasonable delay. After the preparation of definitive Notes, the temporary Notes of such Series or Tranche will be exchangeable for definitive Notes of such Series or Tranche upon surrender of the temporary Notes of such Series or Tranche at the office or agency of the Issuer in a Place of Payment, without charge to the Noteholder; and upon surrender for cancellation of any one or more temporary Notes, the Issuer will execute and the Indenture Trustee will authenticate and deliver in exchange therefor a like Stated Principal Amount of definitive Notes of such Series or Tranche of authorized denominations and of like tenor and terms**; provided, however, that no definitive Bearer Note shall be delivered in exchange for a temporary Registered Note; and provided further that a definitive Bearer Note shall be delivered in exchange for a temporary Bearer Note only in compliance with the conditions set forth in Section 4.03**. Until so exchanged, the temporary Notes of such Series or Tranche will in all respects be entitled to the same benefits under this Indenture as definitive Notes of such Series or Tranche.

4.05 Registration, Transfer and Exchange

(a) The Issuer will keep or cause to be kept a register (herein sometimes referred to as the "**Note Register**") in which, subject to such reasonable regulations as it may prescribe, the Issuer will provide for the registration of Registered Notes, or of Registered Notes of a particular Class, Series or Tranche, and for transfers of Registered Notes or of Registered Notes of such Class, Series or Tranche. Any such register will be in written form or in any other form capable of being converted into written form within a reasonable time. At all reasonable times, the information contained in such register or registers will be available for inspection by the Indenture Trustee at the office or agency to be maintained by the Issuer as provided in Section 13.03.

(b) Subject to Section 3.04, upon surrender for transfer of any Registered Note of any Class, Series or Tranche at the office or agency of the Issuer in a Place of Payment, the Issuer will execute, and, upon receipt of such surrendered Note, the Indenture Trustee will authenticate and deliver, in the name of the designated transferee or transferees, one or more new Registered Notes of such Class, Series or Tranche of any authorized denominations, of a like aggregate Stated Principal Amount, Principal Payment Date(s) and Principal Payment Default Date and of like terms.

(c) Subject to Section 3.04, at the option of the Noteholder, Notes of any Class, Series or Tranche may be exchanged for other Notes of such Class, Series or Tranche of any authorized denominations, of a like aggregate Stated Principal Amount, Principal Payment Date(s) and Principal Payment Default Date and of like terms, upon surrender of the Notes to be exchanged at the office or agency of the Issuer in a Place of Payment. Registered Notes, including Registered Notes received in exchange for Bearer Notes, may not be exchanged for Bearer Notes. At the option of the holder of a Bearer Note, subject to applicable laws and regulations, Bearer Notes may be exchanged for other Bearer Notes or Registered Notes (of the same Class, Series and Tranche of Notes) of authorized denominations of like aggregate fractional undivided interests in the Noteholders' interest, upon surrender of the Bearer Notes to be exchanged at an office or agency of the Note Registrar located outside the United States. Each Bearer Note surrendered pursuant to this Section 4.05 will have attached thereto all unmatured coupons; provided, however, that any Bearer Note~~,~~ so surrendered after the close of business on the last day of the month preceding the relevant Interest Payment Date need not have attached the coupon relating to such Interest Payment Date. Whenever any Notes are so surrendered for exchange, the Issuer will execute, and the Indenture Trustee will authenticate and deliver (in the case of Bearer Notes, outside the United States), the Notes which the Noteholders making the exchange are entitled to receive.

(d) All Notes issued upon any transfer or exchange of Notes will be the valid and legally binding obligations of the Issuer, evidencing the same debt, and entitled to the same benefits under this Indenture, as the Notes surrendered upon such transfer or exchange.

(e) Every Note presented or surrendered for transfer or exchange will (if so required by the Issuer or the Indenture Trustee) be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Issuer and the Note Registrar duly executed, by the Noteholder or his attorney duly authorized in writing.

(f) Unless otherwise provided in the Note to be transferred or exchanged, no service charge will be made on any Noteholder for any transfer or exchange of Notes, but the Issuer may (unless otherwise provided in such Note) require payment of a sum sufficient to cover any Tax or other governmental charge that may be imposed in connection with any transfer or exchange of Notes before the transfer or exchange

will be complete, other than exchanges pursuant to Section 4.04 or Section 11.05 not involving any transfer.

(g) None of the Issuer, the Note Registrar or the Indenture Trustee shall be required (i) to issue, register the transfer of or exchange any Notes of any Class, Series or Tranche during a period beginning at the opening of business 15 days before the day of selection of Notes of such Class, Series or Tranche to be redeemed and ending at the close of business on (A) if Notes of such Class, Series or Tranche are issuable only as Registered Notes, the day of the mailing of the relevant notice of redemption of Registered Notes of such Class, Series or Tranche so selected for redemption or (B) if Notes of the Class, Series or Tranche are issuable as Bearer Notes, the day of the first publication of the relevant notice of redemption or, if Notes of the Class, Series or Tranche are also issuable as Registered Notes and there is no publication, the mailing of the relevant notice of redemption or (ii) to register the transfer or exchange of any Notes or portions thereof so selected for redemption.

(h) Notwithstanding anything herein to the contrary, the exchange of Bearer Notes into Registered Notes shall be subject to applicable laws and regulations in effect at the time of exchange; none of the Issuer, the Indenture Trustee or the Note Registrar shall exchange any Bearer Notes into Registered Notes if it has received an Opinion of Counsel that as a result of such exchanges the Issuer would suffer adverse consequences under the Canadian or United States federal income tax laws and regulations then in effect, or the income tax laws of the jurisdiction of the holder of the Bearer Note, and the Issuer has delivered to the Indenture Trustee an Issuer Certificate directing the Indenture Trustee not to make such exchanges unless and until the Indenture Trustee receives a subsequent Issuer Certificate to the contrary. The Issuer shall deliver copies of such Issuer Certificates to the Note Registrar.

(i) None of the Issuer, the Indenture Trustee, any agent of the Indenture Trustee, any Paying Agent or the Note Registrar will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership of a Global Note or for maintaining, supervising or reviewing any records relating to such beneficial ownership.

(j) The Issuer initially appoints the Indenture Trustee to act as Note Registrar for the Registered Notes on its behalf. The Issuer may at any time and from time to time authorize any Person to act as Note Registrar in place of the Indenture Trustee with respect to any Class, Series or Tranche of Notes issued under this Indenture.

(k) Registration of transfer of Notes containing the following legend or to which the following legend is applicable:

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS

AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT IN ACCORDANCE WITH THE TRUST INDENTURE AND THE INDENTURE SUPPLEMENT AND PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT.

will be effected only if such transfer is made pursuant to an effective registration statement under the U.S. Securities Act, or is exempt from the registration requirements under the U.S. Securities Act. In the event that registration of a transfer is to be made in reliance upon an exemption from the registration requirements under the U.S. Securities Act other than Rule 144A under the U.S. Securities Act or Rule 903 or Rule 904 of Regulation S under the U.S. Securities Act, the transferor or the transferee will deliver, at its expense, to the Issuer and the Indenture Trustee, an investment letter from the transferee, substantially in a form appended to a Supplemental Indenture authorizing the applicable Series of Notes or such other form as the Issuer may determine, and no registration of transfer will be made until such letter is so delivered.

Notes issued upon registration or transfer of, or Notes issued in exchange for, Notes bearing the legend referred to above will also bear such legend and any other legends required by the Related Supplemental Indenture unless the Issuer, the Indenture Trustee and the Note Registrar receive an Opinion of Counsel, satisfactory to each of them, to the effect that such legend may be removed.

Whenever a Note containing the legend referred to above is presented to the Note Registrar for registration of transfer, the Note Registrar will promptly seek instructions from the Issuer regarding such transfer and will be entitled to receive an Issuer Certificate prior to registering any such transfer. The Issuer hereby agrees to indemnify the Note Registrar and the Indenture Trustee and to hold each of them harmless against any loss, liability or expense incurred without negligence or bad faith on their part arising out of or in connection with actions taken or omitted by them in relation to any such instructions furnished pursuant to this clause. The Indenture Trustee shall have no obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer imposed under this Indenture, the Related Supplemental Indenture, or under applicable law with respect to any transfer of any interest in any Note other than to require delivery of such certificates and other documentation or evidence as are expressly required by, and to do so if and when expressly required by the terms of, this Indenture, and to examine the same to determine substantial compliance as to form with the express requirements hereof.

(l) By acquiring a Note, each Noteholder that is a United States Person will be deemed to represent, warrant and covenant that either: (i) it is not acquiring the Note (or any interest therein) with the assets of a Benefit Plan or a governmental, church or non-U.S. plan that is subject to any federal, state, local or other

non-U.S. law that is substantially similar to Section 406 of ERISA or Section 4975 of the Internal Revenue Code ("**Similar Law**"); or (ii) (A) the Note is rated at least "BBB-" or its equivalent by a nationally recognized statistical rating agency at the time of purchase or transfer, and (B) the acquisition, holding and disposition of the Note will not give rise to a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Internal Revenue Code or a violation of any Similar Law.

4.06 Mutilated, Destroyed, Lost and Stolen Notes

(a) If (i) any mutilated Note (together, in the case of Bearer Notes, with all unmatured coupons, if any, appertaining thereto) is surrendered to the Indenture Trustee or the Note Registrar, or the Issuer, the Note Registrar or the Indenture Trustee receive evidence to their satisfaction of the destruction, loss or theft of any Note, and (ii) there is delivered to the Issuer, the Note Registrar or the Indenture Trustee such security or indemnity as may be required by them to save each of them harmless, then, in the absence of notice to the Issuer, the Note Registrar or the Indenture Trustee that such Note has been acquired by a protected purchaser, the Issuer will execute and upon its request the Indenture Trustee will authenticate and deliver (in the case of Bearer Notes, outside the United States), in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Note, a new Note of like tenor, Class, Series or Tranche, Principal Payment Date(s), Principal Payment Default Date and Stated Principal Amount, bearing a number not contemporaneously Outstanding.

(b) In case any such mutilated, destroyed, lost or stolen Note has become or is about to become due and payable, the Issuer in its discretion may, instead of issuing a new Note, pay such Note.

(c) Upon the issuance of any new Note under this Section 4.06, the Issuer may require the payment of a sum sufficient to cover any Tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Indenture Trustee) connected therewith.

(d) Every new Note issued pursuant to this Section 4.06 in lieu of any destroyed, lost or stolen Note will constitute an original additional contractual obligation of the Issuer, whether or not the destroyed, lost or stolen Note will be at any time enforceable by anyone, and will be entitled to all the benefits of this Indenture equally and proportionately with any and all other Notes of the same Class, Series or Tranche duly issued hereunder.

(e) The provisions of this Section 4.06 are exclusive and will preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Notes.

4.07 Persons Entitled to Payment

(a) Unless otherwise provided with respect to such Note pursuant to Section 4.01, interest payable on any Registered Note will be paid to the Person in whose name that Note is registered at the close of business on the most recent Record Date and interest payable on any Bearer Note will be paid to the bearer of that Note (or the applicable coupon) **outside of the United States**.

(b) Subject to clause (a), each Note delivered under this Indenture upon transfer of or in exchange for or in lieu of any other Note will carry the rights to interest accrued or principal accreted and unpaid, and to accrue or accrete, which were carried by such other Note.

(c) Title to any Bearer Note, including any coupons appertaining thereto, shall pass by delivery. The Issuer, the Indenture Trustee, the Manager and any agent of the Issuer, the Indenture Trustee or the Manager may treat the Person who is proved to be the owner of such Note pursuant to subsection 1.04(c) as the owner of such Note for the purpose of receiving payment of principal of and (subject to this Section 4.07) interest on such Note and for all other purposes whatsoever, whether or not such Note be overdue, and none of the Issuer, the Indenture Trustee, the Manager or any agent of the Issuer, the Indenture Trustee or the Manager will be affected by notice to the contrary.

(d) Delivery of a Note to the Paying Agent by the holder of such Note shall, upon payment thereof, be a good discharge to the Issuer of all obligations evidenced by such Note. The Paying Agent shall not be bound to enquire into the title of any such Noteholder, save as ordered by a court of competent jurisdiction or as required by statute, nor shall it be bound to see to the execution of any trust affecting the ownership of any Note or be affected by notice of any equity that may be subsisting in respect thereof.

(e) Any payment of principal or interest on any Note which is due on a day other than a Business Day shall be payable on the next succeeding Business Day without adjustment for interest thereon and such payment shall be deemed to have been made with the same force and effect as if made on the due date.

(f) Upon the Paying Agent's reasonable request therefor, the Issuer will (i) provide the Paying Agent with any information in its possession or (ii) assist the Paying Agent (to the extent necessary and it is commercially reasonable for the Issuer to do so) to obtain information, in each case, to the extent such information is required by the Paying Agent to comply with its tax reporting and withholding obligations under applicable law with respect to payments to be made to Specified Creditors pursuant to this Indenture and the other Program Agreements, unless the Issuer is prohibited from doing so by applicable law or an obligation of confidentiality by which the Issuer is bound.

4.08 Protection of Notes

(a) The Indenture Trustee shall hold in safekeeping the Notes which have not been issued (but which have been delivered to the Indenture Trustee by or on behalf of the Issuer) pending receipt of an Issuer Certificate. The Indenture Trustee shall acknowledge receipt of the Notes so delivered by signing and returning to the Issuer an acknowledgement of receipt of the Notes, such acknowledgement to be in a form satisfactory to the Issuer.

(b) The Indenture Trustee's responsibility for any Notes held in its custody hereunder shall be limited to using the same diligence in physically safeguarding such Notes as it does for its own securities. The Indenture Trustee shall account for the unissued Notes held in its custody whenever so required by the Issuer. If at any time the Indenture Trustee shall discover that any of such Notes have been lost, damaged, destroyed, stolen or misappropriated, it shall promptly advise the Issuer thereof and identify, to the extent practicable, such Notes.

4.09 Additional Issuances of Notes

(a) There are no restrictions on the timing or amount of any additional issuance of Notes of an Outstanding Series or Tranche of Notes, so long as the conditions described in Article V are satisfied. As of the date of any additional issuance of Notes of an Outstanding Series or Tranche of Notes, the Stated Principal Amount and Outstanding Dollar Principal Amount of that Series or Tranche will be increased to reflect the principal amount of the additional Notes. If the additional Notes are a Series or Tranche of Notes that has the benefit of a Derivative Agreement, the Issuer will enter into a Derivative Agreement for the benefit of the additional Notes. In addition, if the additional Notes are a Series or Tranche of Notes that has the benefit of any Credit Enhancement Agreement or Liquidity Agreement, the Issuer will enter into a Credit Enhancement Agreement or Liquidity Agreement, as applicable, for the benefit of the additional Notes.

(b) When issued, the additional Notes of a Series or Tranche will be identical in all respects to the other Outstanding Notes of that Series or Tranche and will be equally and ratably entitled to the benefits of this Indenture and the Related Supplemental Indenture as the other Outstanding Notes of that Series or Tranche without preference, priority or distinction; provided, however, that if such additional Notes are not fungible with such other Outstanding Notes for United States federal income tax purposes, then such additional Notes shall have a separate ISIN, CUSIP or other identifying number from such other Outstanding Notes.

4.10 Redemption of Notes

(a) Subject to Section 13.24, if the Related Supplemental Indenture for a Series or Tranche of Notes specifies that the Notes of such Series or Tranche will be redeemable, in whole at any time or in part from time to time, such Notes may be

redeemed at a redemption price (the "**Redemption Price**") provided for in such Related Supplemental Indenture. In case of any redemption, the provisions of this Section 4.10 shall apply except to the extent provided otherwise in such Related Supplemental Indenture.

(b) The Redemption Price, plus accrued and unpaid interest and other amounts (if any) due thereon to the redemption date, will be payable upon presentation and surrender of the Notes called for redemption at any of the places where the principal of such Series or Tranche of Notes is expressed to be payable and at any other places specified in the notice of redemption.

(c) If less than all the Notes of any Series or Tranche are to be redeemed at one time, the Notes of such Series or Tranche to be redeemed will be selected by the Indenture Trustee on a *pro rata* basis, disregarding fractions, according to the principal amount of Notes registered in the name of each Noteholder, or in such other manner (which may include random selection by computer) as the Indenture Trustee may consider equitable, provided that such selection will be proportionate (to the nearest 1,000 units of the applicable currency). For this purpose, the Indenture Trustee may make, and from time to time amend, regulations with regard to the manner in which such Notes may be called for redemption and regulations so made will be valid and binding upon all Noteholders notwithstanding the fact that, as a result of such regulations, one or more Notes become subject to redemption in part only. Unless the context otherwise requires, the terms "Note" and "Notes" as used in this Section 4.10 will be deemed to include any part of the principal amount of any Note which in accordance with the foregoing provisions has become subject to redemption.

(d) The holder of any Note called for redemption in part only will be entitled to receive, upon surrender of such Note for payment and without expense to such holder, a new Note or Notes of an aggregate principal amount equal to the unredeemed part of the Note so surrendered, and the Issuer will execute and the Indenture Trustee will certify and deliver to such holder such new Note or Notes; provided, however, that, in the case of a Global Note, an appropriate notation may instead be made on such Global Note to decrease the principal amount thereof to an amount equal to the unredeemed portion thereof.

(e) Notice of intention to redeem any Series or Tranche of Notes will be given by the Issuer in the manner provided in Section 15.03 or otherwise in accordance with the procedures of the Depository at least 15 days but not more than 30 days prior to the date fixed for redemption. Notwithstanding the foregoing, a redemption notice may be delivered more than 30 days prior to the date fixed for redemption if such notice is issued in connection with a satisfaction and discharge of this Indenture with respect to any Series or Tranche of Notes. Every such notice will specify that portion of the principal amount of such Note to be redeemed (provided that no Notes in an aggregate principal amount of 1,000 units of the applicable currency or less will be redeemed in part), the redemption date, the

Redemption Price and places of payment, and will state that all interest on the Notes called for redemption will cease to be payable from the redemption date.

(f) Upon notice having been given as provided in Section 4.10(e), the Notes called for redemption or the principal amount to be redeemed of the Notes called for redemption in part, as the case may be, will thereupon become due and payable at the Redemption Price, on the redemption date specified in such notice, in the same manner and with the same effect as if it were the maturity date for such Notes, notwithstanding anything contained in this Indenture or in the Notes to the contrary. From and after such redemption date, if the money necessary to redeem such Notes has been deposited as provided in Section 4.10(h) or 4.10(i) and affidavits or other proof satisfactory to the Indenture Trustee as to the delivery or mailing of such notices have been delivered to it, such Notes will not be considered as Outstanding under this Indenture and interest upon such Notes will cease to accrue after such date.

(g) If any question arises as to whether notice of redemption or deposit of the redemption money has been given or made available as provided above, such question will be decided by the Indenture Trustee, whose decision will be final and binding upon all interested parties.

(h) Except as may otherwise be provided in the Related Supplemental Indenture or in any Series or Tranche of Notes, or as part of a satisfaction and discharge of this Indenture with respect to any Series or Tranche of Notes where payment has been made in accordance with another provision of this Indenture, upon Notes of a Series or Tranche being called for redemption, the Issuer will deposit with the Indenture Trustee immediately available funds no later than 10:00 a.m. on the date fixed for redemption in the relevant notice of redemption (or such later time on such date as is acceptable to the Indenture Trustee), such sums as may be sufficient to pay the Redemption Price of the Notes to be redeemed, plus accrued and unpaid interest and other amounts (if any) due on such Notes to the redemption date, and will pay to the order of the Indenture Trustee the estimated charges and expenses to be incurred in connection with such redemption. From the sums so deposited and upon surrender of such Notes, the Indenture Trustee will pay or cause to be paid to the holders of the Notes called for redemption the principal thereof, interest and other amounts (if any) thereon to which they are entitled on redemption.

(i) Alternatively, in respect of any Global Notes, the Issuer may, at its option, cause the amount payable on redemption to be sent by wire transfer on the day such redemption payment is due to an account maintained by such Noteholder or any other method acceptable to the Issuer and such Noteholder.

4.11 Purchase of Notes for Cancellation

(a) Provided no Event of Default has occurred and is continuing, the Issuer may purchase or otherwise acquire, at any time and from time to time, all or any of the

Outstanding Notes of any Series or Tranche in the market (which will include purchase from or through an investment dealer, participant or a firm holding membership on a recognized stock exchange) or by invitation to tender or by private contract at such prices as it may determine in its sole discretion. The Issuer will deliver to the Indenture Trustee all Notes purchased as aforesaid, when paid, as evidence of such payment.

(b) If, upon an invitation to tender, more Notes of a Series or Tranche are tendered in response to such invitation at the same lowest price than the Issuer is prepared to accept, Notes of the Series or Tranche to be purchased by the Issuer will be selected by the Indenture Trustee on a *pro rata* basis, disregarding fractions, according to the Outstanding Dollar Principal Amount of Notes registered in the name of each Noteholder, or in such other manner as the Indenture Trustee may consider equitable (which may include random selection by computer), from the Notes tendered by each Noteholder which tendered at such lowest price. For this purpose, the Indenture Trustee may make, and from time to time amend, regulations with respect to the manner in which Notes may be so selected and regulations so made will be valid and binding upon all Noteholders, notwithstanding the fact that, as a result thereof, one or more of such Notes becomes subject to purchase in part only. The holder of any Note of which a part only is purchased, will be entitled to receive upon surrender of such Note for payment and without expense to such holder, a new Note or Notes of an aggregate principal amount equal to the unpurchased part of the Note so surrendered and the Indenture Trustee will certify and deliver to such holder a new Note or Notes; provided, however, that, in the case of a Global Note, an appropriate notation may instead be made on such Global Note to decrease the principal amount thereof to an amount equal to the unpurchased portion thereof.

4.12 Cancellation

All Notes surrendered for payment, redemption, repurchase, transfer, conversion or exchange will, if surrendered to any Person other than the Indenture Trustee, be delivered to the Indenture Trustee and will be promptly canceled by it. The Issuer may at any time deliver to the Indenture Trustee for cancellation any Notes previously authenticated and delivered hereunder which the Issuer may have acquired in any manner whatsoever, and all Notes so delivered will be promptly canceled by the Indenture Trustee. No Note will be authenticated in lieu of or in exchange for any Notes canceled as provided in this Section 4.12, except as expressly permitted by this Indenture. The Indenture Trustee will dispose of all canceled Notes in accordance with its customary procedures and will deliver a certificate of such disposition to the Issuer.

ARTICLE V
CONDITIONS PRECEDENT

5.01 Conditions Precedent for Incurrence of Indebtedness

On or prior to the date that the Issuer enters into a definitive agreement for the incurrence of new Issuer Funding Obligations ~~(~~**or the renewal or extension of any existing Issuer**

Funding Obligations (in each case, other than Derivative Funding Obligations), the following conditions precedent shall be satisfied:

(a) the Issuer shall have delivered to the Indenture Trustee and each Rating Agency notice of the incurrence of such Issuer Funding Obligation;

(b) the Issuer shall have delivered to the Indenture Trustee and each Rating Agency an Issuer Certificate to the effect that:

(i) the Issuer reasonably believes that the incurrence of such Issuer Funding Obligation will not cause an Adverse Effect;

(ii) all instruments furnished to the Indenture Trustee conform to the requirements of this Indenture and constitute sufficient authority hereunder for the Indenture Trustee to (A) in the case of a Note issuance only, authenticate and deliver such Notes, and (B) in the case of all other Issuer Funding Obligations, execute and deliver the Related Funding Obligation Agreement in accordance with Section 5.05;

(iii) in the case of a Note issuance only, the form and terms of such Notes have been established in conformity with the provisions of this Indenture;

(iv) the incurrence of such Issuer Funding Obligation is consistent in all material respects with the Financing Plan;

(v) the conditions set out in subsections 5.01(c), (d), (g) and (k) have been met; and

(vi) such other matters as the Indenture Trustee may reasonably request;

(c) the representations and warranties set forth in Section 12.01 shall be true and correct in all material respects;

(d) the Rating Agency Condition **with respect to all outstanding Series or Tranches of Issuer Funding Obligations** shall have been satisfied with respect to ~~the~~**such** incurrence~~ of such Issuer Funding Obligation~~;

(e) the Indenture Trustee shall have received ~~a certificate addressed to the Indenture Trustee and signed by the Chief Financial Officer and the Treasurer of OPG (or their respective designees, provided that such designees are executive officers of OPG and, for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as Financial Services Manager) confirming that OPG has provided to the Province all certifications required by the Province in order for such Issuer Funding Obligations to be Approved Obligations; provided that such certificate shall not be delivered more than **[five (5)]** Business Days prior to such incurrence;~~**either:**

(i) **a certified copy of the instrument whereby the Province designated in writing that the new Issuer Funding Obligations are Approved Obligations as contemplated by clause (ii) of Section 4.01 of the Change of Law Protection Agreement; or**

(ii) **both (A) an Adherence Compliance Certificate addressed to the Indenture Trustee with respect to the new Issuer Funding Obligations delivered in accordance with Section 4.02(a)(ii) of the Change of Law Protection Agreement; such Adherence Compliance Certificate to be delivered not more than five (5) Business Days prior to the incurrence of the new Issuer Funding Obligation, and (B) a certificate signed by the Manager certifying that the Province has not provided a Suspension Notice to the Manager or the Issuer;**

(f) the Issuer shall have delivered to the Indenture Trustee copies of the Related Funding Obligation Agreement, including in the case of Notes, a Supplemental Indenture, and if applicable, a Terms Document relating to the applicable Tranche of Notes;

(g) in the case of Senior Funding Obligations only, the Issuer will have Subordinated Funding Obligations and Junior Subordinated Funding Obligations in an aggregate Outstanding Dollar Principal Amount equal to not less than 35% of the aggregate Outstanding Dollar Principal Amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations (after giving effect to such incurrence)**and in the case of Subordinated Funding Obligations only, the Issuer will have Junior Subordinated Funding Obligations in an aggregate Outstanding Dollar Principal Amount equal to not less than 10% of the aggregate Outstanding Dollar Principal Amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations** (after giving effect to **such incurrence)**;

(h) except in the case of Notes, the Issuer delivers to the Indenture Trustee an updated copy of the Specified Creditor list described in Section 13.13(b);

(i) each Debtholder in respect of such Issuer Funding Obligation (or an authorized agent on their behalf) shall have made the acknowledgements and agreements set out in Section 5.04;

(j) the Change of Law Protection Agreement shall be in full force and effect against the Province or shall have been replaced with a new agreement that is in form and substance satisfactory to Controlling Class Creditors pursuant to an Ordinary Resolution;

(k) the conditions precedent, if any, specified in the applicable Funding Obligation Agreement shall have been satisfied;

(l) in the case of a Note issuance only, the Indenture Trustee shall have received an Issuer Certificate for the certification and delivery of such Notes and specifying the particulars relating to such Notes;

(m) in the case of Bearer Notes described in section 163(f)(2)(A) of the Internal Revenue Code, if such Notes are not in registered form (including by reason of a book entry system described in section 163(f)(3) of the Internal Revenue Code), then such Notes shall be described in section 4701(b)(1)(B) of the Internal Revenue Code and such section shall apply to such Notes; and

(n) in the case of Foreign Currency Notes only, the Issuer shall have appointed one or more Paying Agents in the appropriate countries, if requested by the Indenture Trustee.

For greater certainty, periodic drawdowns under existing Funding Obligation Agreements, or a renewal or extension thereof in accordance with the terms of a Funding Obligation Agreement, shall not constitute a new incurrence of Issuer Funding Obligations. However, an increase in the aggregate commitment under an existing Funding Obligation Agreement or the issuance of additional Notes of an Outstanding Series or Tranche of Notes shall constitute a new incurrence of Issuer Funding Obligations.

5.02 No Consent

The Indenture Trustee will not be required to and, except as otherwise provided in any Funding Obligation Agreement, the Issuer will not be required to, provide prior notice to or obtain the consent of any Debtholder or any other Specified Creditor to incur any Issuer Funding Obligations.

5.03 Conditions Precedent for the Incurrence of other Obligations Secured

On or prior to the date that the Issuer enters into any agreement that would give rise to Obligations Secured (other than Issuer Funding Obligations referred to in Section 5.01 but including Derivative Funding Obligations), the following conditions precedent shall be satisfied:

(a) the Issuer shall have delivered to the Indenture Trustee a copy of the applicable agreement; and

(b) the Issuer shall have delivered to the Indenture Trustee an updated copy of the Specified Creditor list described in Section 13.13(b);

(c) each counterparty to such agreement (or an authorized agent on their behalf) shall have made the acknowledgements and agreements set out in Section 5.04; and

(d) ~~in the case of entry into (i) an ISDA Master Agreement, or (ii) a non-terminable contract having a term of more than three (3) years with aggregate **[minimum]** payments during such term in excess of $5,000,000 only **[NTD: Need conforming change to Change of Law Protection Agreement]**~~**if the**

Obligations Secured are Certified Primary Obligations, the Indenture Trustee shall have received **either:**

(i) a ~~certificate~~**certified copy of the instrument whereby the Province designated in writing that the new Obligations Secured are Approved Obligations as contemplated by clause (ii) of Section 4.01 of the** Change of Law Protection Agreement**; or**

(ii) **both (A) an Adherence Compliance Certificate** addressed to the Indenture Trustee ~~and signed by the Chief Financial Officer and the Treasurer of OPG (or their respective designees, provided that such designees are executive officers of OPG) confirming either (A) that OPG has provided to the Province all certifications required by the Province, or (B) that the Province has otherwise agreed that such Obligations Secured constitute Approved Obligations; provided that such certificate shall not~~**with respect to the new Obligations Secured delivered in accordance with Section 4.02(a)(ii) of the Change of Law Protection Agreement; such Adherence Compliance Certificate to** be delivered **not** more than ~~[~~five (5)~~]~~ Business Days prior to ~~such incurrence~~**the incurrence of the new Obligations Secured, and (B) a certificate signed by the Manager certifying that the Province has not provided a Suspension Notice to the Manager or the Issuer**.

5.04 Specified Creditor Acknowledgements

Each Specified Creditor:

(a) acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor hereunder and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under this Indenture including, without limitation, Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 7.12 (Payments Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Section 8.14 (Limited Recourse), Article IX (Indenture Trustee) (including all limitations of liability thereunder), Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition);

(b) except in the case of the Province, irrevocably authorizes and directs the Indenture Trustee on its behalf to take such action (including the execution and delivery of documents of subordination) as may be necessary or appropriate to further assure the priority arrangements provided for in Article VI, Article VII and Section 8.13, and appoints the Indenture Trustee as its agent for any and all such purposes; and

(c) consents, requests and authorizes the Issuer and the Indenture Trustee to (i) add such Specified Creditor (or its agent) to the register of Specified Creditors described in Section 13.13 and (ii) disseminate the notice details of such Specified

Creditor to other Specified Creditors for the purposes set out in subsection 9.14(b).

5.05 Acknowledgement of Program Agreement by Indenture Trustee

Upon receipt of an Issuer Certificate directing it to do so (provided the conditions set forth in Section 5.01 or 5.03, as applicable, have been satisfied, as certified by the Issuer), the Indenture Trustee shall execute an acknowledgement with respect to any Program Agreement or any evidence of indebtedness issued pursuant to a Program Agreement confirming that such Program Agreement or evidence of indebtedness is an Obligation Secured under this Indenture and the creditors listed in such Program Agreements are Specified Creditors for the purposes of this Indenture.

ARTICLE VI
SUBORDINATION

6.01 Subordination

The payment of all Subordinated Funding Obligations shall be subordinate and rank junior, to the extent and in the manner set forth in this Article VI, Article VII and Article VIII, if applicable, to the prior payment in full of all amounts owing from time to time with respect to the Senior Funding Obligations and the Derivative Funding Obligations. The payment of all Junior Subordinated Funding Obligations shall be subordinate and rank junior, to the extent and in the manner set forth in this Article VI, Article VII and Article VIII, if applicable, to the prior payment in full of all amounts owing from time to time with respect to the Senior Funding Obligations, the Derivative Funding Obligations and the Subordinated Funding Obligations. Subject to the provisions of the Related Funding Obligation Agreement, (i) prior to the acceleration of the Issuer Funding Obligations pursuant to Section 8.02, payment in respect of the Subordinated Funding Obligations and the Junior Subordinated Funding Obligations shall be made as provided for in Sections 7.04 to 7.11; and (ii) after the acceleration of the Issuer Funding Obligations pursuant to Section 8.02, payment on account of the Subordinated Funding Obligations and the Junior Subordinated Funding Obligations shall be made as provided for in Section 8.13.

6.02 Subrogation to Senior Funding Obligations and Derivative Funding Obligations

(a) Subject to the payment in full of the Senior Funding Obligations and the Derivative Funding Obligations or the making of due provision for such payment, the Debtholders of Subordinated Funding Obligations shall be subrogated to the rights of the Debtholders of Senior Funding Obligations and Derivative Counterparties to receive payments or distributions of assets of the Issuer, to the extent of the application thereto of moneys or other assets which would have been received by the Debtholders of Subordinated Funding Obligations but for the provisions of this Article VI, until the principal of and interest on the Subordinated Funding Obligations shall be paid in full.

(b) Subject to the payment in full of the Senior Funding Obligations, the Derivative Funding Obligations and the Subordinated Funding Obligations or the making of

due provision for such payment, the Debtholders of Junior Subordinated Funding Obligations shall be subrogated to the rights of the Debtholders of Senior Funding Obligations and Subordinated Funding Obligations, and Derivative Counterparties, to receive payments or distributions of assets of the Issuer, to the extent of the application thereto of moneys or other assets which would have been received by the Debtholders of Junior Subordinated Funding Obligations but for the provisions of this Article VI, until the principal of and interest on the Junior Subordinated Funding Obligations shall be paid in full.

6.03 Rights of Specified Creditors Preserved

The provisions of this Article VI are and are intended solely for the purpose of defining the relative rights of the Debtholders of Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations, and Derivative Counterparties, as applicable. Nothing in this Article VI is intended to or shall impair the obligation of the Issuer, subject to the rights of the Debtholders of Senior Funding Obligations and Derivative Counterparties, to pay the Subordinated Funding Obligations and Junior Subordinated Funding Obligations as and when the same shall become due and payable in accordance herewith, or affect the relative rights of the Debtholders of Subordinated Funding Obligations and Junior Subordinated Funding Obligations, and creditors of the Issuer other than Debtholders of such Senior Funding Obligations and Derivative Counterparties, nor shall anything in this Article VI prevent the Indenture Trustee or such Debtholders from exercising all remedies otherwise permitted by this Indenture, subject to the rights (if any) under this Article VI of Debtholders of Senior Funding Obligations, Derivative Counterparties and the Indenture Trustee on their behalves in respect of any payment or distribution of cash, property or securities of the Issuer received upon the exercise of any such remedy.

6.04 Renewal or Extension of Senior Funding Obligations

(a) Except as provided in this Indenture or the Related Funding Obligation Agreement, Debtholders of Senior Funding Obligations and Derivative Counterparties may at any time in their discretion renew or extend the time of payment of their Issuer Funding Obligations or exercise any other of their rights in respect thereof, including, without limitation, the waiver of an Event of Default thereunder, all without notice to or assent from the Debtholders of the Subordinated Funding Obligations or Junior Subordinated Funding Obligations, or the Indenture Trustee.

(b) No compromise, alteration, amendment, modification, extension, renewal or other change of, or waiver, consent or other action in respect of, any liability or obligation under or in respect of any Senior Funding Obligations, Derivative Funding Obligations or of any of the terms, covenants or conditions of any Related Funding Obligation Agreement under which any Senior Funding Obligations or Derivative Funding Obligations shall have been issued, shall in any way alter or affect any of the provisions of this Article VI.

ARTICLE VII
ISSUER ACCOUNTS AND INVESTMENTS; ORDINARY COURSE ALLOCATIONS

7.01 Available Collections

Except as otherwise expressly provided in this Indenture, the Indenture Trustee may demand payment or delivery of, and shall receive and collect, directly and without intervention or assistance from any fiscal agent or other intermediary, all money and other property payable to or receivable by the Indenture Trustee pursuant to this Indenture including, without limitation, all funds and other property payable to the Indenture Trustee in connection with the Collateral. The Indenture Trustee will hold all such money and property received by it as part of the Collateral and will apply it, or cause it to be applied, as provided in this Indenture and any applicable Program Agreement.

7.02 Issuer Accounts

(a) On or before the date hereof, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**Collection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. All Available Collections received shall be credited to the Collection Account. The Collection Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the Collection Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 calendar days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition is satisfied) establish a new Collection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Collection Account to such new Collection Account. From the date each such new Collection Account is established, it shall be the "Collection Account."

(b) On or before the date hereof, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**Interest Accumulation Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. The Interest Accumulation Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the Interest Accumulation Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Interest Accumulation Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Interest Accumulation Account to such new Interest Accumulation Account. From

the date each such new Interest Accumulation Account is established, it shall be the "Interest Accumulation Account." The Interest Accumulation Account is a "finance reserve account" under, and as defined in, the Fair Hydro Regulations.

(c) On or before the date hereof, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**Principal Accumulation Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. The Principal Accumulation Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the Principal Accumulation Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition is satisfied) establish a new Principal Accumulation Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Principal Accumulation Account to such new Principal Accumulation Account. From the date each such new Principal Accumulation Account is established, it shall be the "Principal Accumulation Account." The Principal Accumulation Account is a "capital account" under, and as defined in, the Fair Hydro Regulations.

(d) On or before the date hereof, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**Program Cash Reserve Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. The Program Cash Reserve Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the Program Cash Reserve Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Program Cash Reserve Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Program Cash Reserve Account to such new Program Cash Reserve Account. From the date each such new Program Cash Reserve Account is established, it shall be the "Program Cash Reserve Account." The Program Cash Reserve Account is a "finance reserve account" under, and as defined in, the Fair Hydro Regulations. The Issuer shall deposit the Program Cash Reserve Required Amount to the Program Cash Reserve Account during the Reference Period commencing May 1, 2021 pursuant to the application of amounts available under subsection 7.04(e)(xiii).

(e) On or before the date hereof, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**IESO Cash Reserve Account**") in

the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. The IESO Cash Reserve Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the IESO Cash Reserve Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new IESO Cash Reserve Account that is an Eligible Deposit Account and shall transfer any funds or other property from such IESO Cash Reserve Account to such new IESO Cash Reserve Account. From the date each such new IESO Cash Reserve Account is established, it shall be the "IESO Cash Reserve Account." The IESO Cash Reserve Account is a "finance reserve account" under, and as defined in, the Fair Hydro Regulations. The Issuer shall deposit the IESO Cash Reserve Deposit Amount directly to the IESO Cash Reserve Account on the earlier of (x) ~~the Payment Date occurring in~~ April~~,~~ **30,** 2021, and (y) the receipt of the IESO Cash Reserve Deposit Amount from the IESO. Other than such deposit of the IESO Cash Reserve Deposit Amount to the IESO Cash Reserve Account, no other amounts shall be deposited to the IESO Cash Reserve Account.

(f) On or before the date hereof, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**Refinancing Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. All proceeds arising from Notes and Borrowings related to Refinancings shall be deposited to the Refinancing Account. For greater certainty, the Refinancing Account may contain Sub-Accounts to account for proceeds in different currencies. The Refinancing Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the Refinancing Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition is satisfied) establish a new Refinancing Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Refinancing Account to such new Refinancing Account. From the date each such new Refinancing Account is established, it shall be the "Refinancing Account."

(g) From time to time in connection with the creation of any Series of Issuer Funding Obligations, the Issuer may cause to be established and maintained an Eligible Deposit Account (a "**Series Capital Reserve Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the applicable Debtholders or Derivative Counterparties. A Series Capital Reserve

Account may be established for the sole purpose of allowing the Issuer to accumulate funds to be used to make repayments in respect of a Series of Issuer Funding Obligations. Details of any period of accumulation and the amounts to be accumulated shall be specified in the Related Funding Obligation Agreement. Each Series Capital Reserve Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the applicable Debtholders or Derivative Counterparties. If, at any time, the institution holding a Series Capital Reserve Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition **in respect of the applicable Series** is satisfied) establish a new Series Capital Reserve Account that is an Eligible Deposit Account and shall transfer any funds or other property to such new Series Capital Reserve Account. From the date each such new Series Capital Reserve Account is established, it shall be a "Series Capital Reserve Account." Each Series Capital Reserve Account shall be a "capital account" under, and as defined in, the Fair Hydro Regulations.

(h) From time to time in connection with the creation of any Series of Issuer Funding Obligations, the Issuer may cause to be established and maintained an Eligible Deposit Account (a "**Series Finance Reserve Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the applicable Debtholders or Derivative Counterparties. A Series Finance Reserve Account may be established for the purpose of allowing the Issuer to reserve funds to pay finance charges (including, without limitation, interest and payments under Derivative Agreements) for a Series of Issuer Funding Obligations. Details of any reserve requirements shall be specified in the Related Funding Obligation Agreement. Each Series Finance Reserve Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the applicable Debtholders or Derivative Counterparties. If, at any time, the institution holding a Series Finance Reserve Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition **in respect of the applicable Series** is satisfied) establish a new Series Finance Reserve Account that is an Eligible Deposit Account and shall transfer any funds or other property to such new Series Finance Reserve Account. From the date each such new Series Finance Reserve Account is established, it shall be a "Series Finance Reserve Account." Each Series Finance Reserve Account shall be a "finance reserve account" under, and as defined in, the Fair Hydro Regulations.

(i) On or before the making of any demand for payment under the Change of Law Protection Agreement, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other

property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. All payments received from the Province pursuant to the Change of Law Protection Agreement shall be deposited to the Protection Account. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account."

(j) **From time to time in connection with the establishment of any Program Account (other than the Protection Account) or Series Account, the Issuer may cause to be established and maintained one or more Eligible Securities Accounts (each, a "Securities Account") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. A Securities Account may be established for the purpose of allowing the Issuer to invest funds held in any Program Account or Series Account in Eligible Investments in accordance with Section 7.03. Each Securities Account shall relate to only one Program Account or Series Account. Each Securities Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution at which a Securities Account is maintained ceases to be an Affiliate of an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition (only in respect of the Series if related to a Series Account) is satisfied) establish a new Securities Account that is an Eligible Securities Account and shall transfer any funds or other property to such new Securities Account. From the date each such new Securities Account is established, it shall be a "Securities Account."**

7.03 Investment of Funds in the Issuer Accounts

(a) Funds credited to the Issuer Accounts will (unless otherwise stated in this Indenture or**, with respect to a Series Account,** any applicable Funding Obligation Agreement) be invested and reinvested by the Indenture Trustee at the written direction of the Manager in one or more Eligible Investments. The Manager may appoint as its agent under a separate agreement a registered investment advisor and authorize such agent to give instructions on behalf of the Manager to the Indenture Trustee for funds to be invested and reinvested in one or

more Eligible Investments. The Manager shall provide the Indenture Trustee with a written direction certifying any such appointment, together with an incumbency for such agent in a form acceptable to the Indenture Trustee, acting reasonably. The Indenture Trustee shall be entitled to conclusively rely on, and shall be protected in acting upon, instructions received from such agent on behalf of the Manager. The Manager (or its agent appointed pursuant to the preceding sentence) may authorize the Indenture Trustee to make specific investments pursuant to written instructions, in such amounts as the Manager will specify. Any direction from the Manager (or its agent appointed pursuant to this Section) to the Indenture Trustee shall be in writing and shall be provided to the Indenture Trustee no later than 9:00 a.m. (Toronto time) on the day on which the investment is to be made. Any such direction received by the Indenture Trustee after 9:00 a.m. (Toronto time) or received on a day that is not a Business Day shall be deemed to have been given prior to 9:00 a.m. (Toronto time) on the next Business Day.

(b) Notwithstanding **anything to** the ~~foregoing, funds held by the Indenture Trustee in any of the Issuer Accounts will be invested in Eligible Investments that will~~**contrary herein, for purposes of making investments in accordance with this Section 7.03, the Issuer shall be entitled to make transfers of cash from any Program Account or Series Account to the Related Securities Account, provided that the Issuer shall ensure that Eligible Investments in the Related Securities Account** mature **at such times as may be required** so that a sufficient amount of ~~such funds~~**cash** shall be available **for transfer to the applicable Program Account or Series Account** to the extent required to pay all Obligations Secured that are payable on the following Payment Date, Interest Payment Date or Principal Payment Date, as applicable. **Transfers of cash between a Program Account or a Series Account and the Related Securities Account shall not require the delivery of a Payment Instruction and may be effected in accordance with the Indenture Trustee's standard practices.**

(c) ~~(b)~~ All funds from time to time credited to the Issuer Accounts pursuant to this Indenture and the Funding Obligation Agreements, and all investments made with such funds, if any, are property of the Issuer until such time as they are allocated or paid to satisfy Obligations Secured and will be held by the Indenture Trustee in the Issuer Accounts as part of the Collateral as herein provided, subject to withdrawal by the Paying Agent or the Indenture Trustee for the purposes specified herein.

(d) ~~(c)~~ Funds and other property in any of the Issuer Accounts will not be commingled with any other funds or property of the Issuer or the Indenture Trustee.

(e) ~~(d)~~ All interest and earnings (net of losses and investment expenses), if any, on funds credited to an Issuer Account will be part of that Issuer Account ~~and applied as specified in the applicable Payment Waterfall~~.

(f) ~~(e)~~ Subject to subsection 9.01(d), neither the Indenture Trustee nor the Manager will in any way be held liable by reason of any losses incurred in the investment of any funds in any Eligible Investments and any insufficiency in an Issuer Account resulting from any loss on any Eligible Investment included therein.

(g) ~~(f)~~ Funds credited to the Issuer Accounts will be invested and reinvested by the Indenture Trustee as provided in the written direction of the Manager; provided, however, that such funds shall remain uninvested upon the occurrence of any of the following events:

(i) the Manager (or its agent appointed pursuant to paragraph (a) above) shall have failed to give investment directions to the Indenture Trustee; or

(ii) an Event of Default shall have occurred and be continuing but no Issuer Funding Obligations have been declared due and payable pursuant to Section 8.02.

7.04 Allocation of Amounts on Deposit in Collection Account

(a) ~~All~~**Subject to** the applicable Payment Waterfall**, all** Senior Funding Obligations of each Series or Tranche will in all respects be equally and ratably entitled to the benefits hereof with respect to such Series or Tranche without preference, priority or distinction on account of (i) the actual time of the incurrence, (ii) the Principal Payment Date(s), (iii) the Principal Payment Default Date, or (iv) the Principal Accumulation Date, except as specified in the Related Funding Obligation Agreement. All Subordinated Funding Obligations of each Series or Tranche will in all respects be equally and ratably entitled to the benefits hereof with respect to such Series or Tranche without preference, priority or distinction on account of (i) the actual time of the incurrence, (ii) the Principal Payment Date(s), (iii) the Principal Payment Default Date, or (iv) the Principal Accumulation Date, except as specified in the Related Funding Obligation Agreement. All Junior Subordinated Funding Obligations of each Series or Tranche will in all respects be equally and ratably entitled to the benefits hereof with respect to such Series or Tranche without preference, priority or distinction on account of (i) the actual time of the incurrence, (ii) the Principal Payment Date(s), (iii) the Principal Payment Default Date, or (iv) the Principal Accumulation Date, except as specified in the Related Funding Obligation Agreement.

(b) On each Payment Date, Available Collections credited to the Collection Account since the previous Payment Date will be distributed in accordance with Section 7.04(e).

(c) ~~If~~**Subject to subsection 7.04(f), if** any amount below is payable on a date other than a Payment Date, prior to such payment being made, an amount will be reserved in the Collection Account equal to the amount estimated by the Manager in its commercially reasonable judgment, based upon amounts then known and/or reasonably expected to be or become payable on or before the next Payment Date,

to be the aggregate amount of items *pari passu* or more senior in priority than such obligation, calculated on a *pro forma* basis, and if, due to such reservation of funds, there are insufficient funds available in the Collection Account to make such payment, such payment will be made only on the following Payment Date (and then only if funds are available pursuant to this Section 7.04).

(d) In the event of non-payment on any Payment Date of any amounts referred to in subsection 7.04(e), such amounts shall remain due and shall be payable on each subsequent Payment Date in the order of priority provided for in subsection 7.04(e), subject to ~~Section~~**Sections 7.10 and** 8.13.

(e) Subject to ~~Section~~**Sections 7.04(f), 7.10 and** 8.13, on each Payment Date **(after making the applications provided for in Section 7.07(a))**, any amount standing to the credit of the Collection Account will be distributed by the Paying Agent in the order of priority specified below, based upon the Payment ~~Instructions~~**Instruction** received from the Manager in respect of such Payment Date, *pro rata* in proportion to the claims represented by each subclause except as otherwise specifically provided below:

(i) First, to the payment or remittance of all Taxes exigible for which a Governmental Authority is given priority over the Specified Creditors under the laws of the applicable jurisdiction;

(ii) Second, on a *pro rata* basis, to the Indenture Trustee and the Issuer Trustee in respect of the amount of fees, expenses and reimbursements owing, up to a maximum aggregate amount (without duplication of any amounts previously paid in respect of such fees, expenses~~,~~ **and** reimbursements ~~and indemnified claims~~) equal to the Trustee Cap with respect to each of the Issuer Trustee and the Indenture Trustee;

(iii) Third, *pari passu* (A) to transfer to the Interest Accumulation Account, the Interest Accrual Amount (Senior) for such Payment Date, and (B) to Derivative Counterparties, on a *pro rata* basis, all Derivative Funding Obligations payable other than Termination Payments;

(iv) Fourth, to transfer to the Interest Accumulation Account, the Interest Accrual Amount (Subordinated) for such Payment Date;

(v) Fifth, to transfer to the Interest Accumulation Account, the Interest Accrual Amount (Junior Subordinated) for such Payment Date,

(vi) Sixth, to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Warehouse) for such Payment Date;

(vii) Seventh, *pari passu* (A) to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Senior) for such Payment Date, and (B) to Derivative Counterparties, on a *pro rata* basis, any

Termination Payment where the Derivative Counterparty is not the Defaulting Party or the sole Affected Party;

(viii) Eighth, to Debtholders, on a *pro rata* basis, all fees and other amounts (other than interest or principal) due and payable on the Senior Funding Obligations;

(ix) Ninth, to the Manager in respect of all fees, expenses and reimbursement amounts owing;

(x) Tenth, to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Subordinated) for such Payment Date;

(xi) Eleventh, to Debtholders, on a *pro rata* basis, all fees and other amounts (other than interest or principal) due and payable on the Subordinated Funding Obligations;

(xii) Twelfth, to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Junior Subordinated) for such Payment Date,

(xiii) Thirteenth, to deposit to the Program Cash Reserve Account, the **amount, if any, by which the amount on deposit in the Program Cash Reserve Account is less than the** Program Cash Reserve Required Amount;

(xiv) Fourteenth, to transfer such amounts as is sufficient to replenish, on a *pro rata* basis, any Series Capital Account or Series Finance Reserve Account as required by any Related Funding Obligation Agreement, other than any Series Capital Account or Series Finance Reserve Account related solely to Subordinated Funding Obligations or Junior Subordinated Funding Obligations;

(xv) Fifteenth, to transfer such amounts as is sufficient to replenish, on a *pro rata* basis, any Series Capital Reserve Account or Series Finance Reserve Account related solely to Subordinated Funding Obligations as required by any Related Funding Obligation Agreement;

(xvi) Sixteenth, to Debtholders, on a *pro rata* basis, all fees and other amounts (other than interest or principal) due and payable on the Junior Subordinated Funding Obligations;

(xvii) Seventeenth, to transfer such amounts as is sufficient to replenish, on a *pro rata* basis, any Series Capital Account or Series Finance Reserve Account related solely to Junior Subordinated Funding Obligations as required by any Related Funding Obligation Agreement;

(xviii) Eighteenth, to Derivative Counterparties, on a *pro rata* basis, any Termination Payment where the Derivative Counterparty is the Defaulting Party or the sole Affected Party;

(xix) Nineteenth, to the Issuer Trustee for the account of the beneficiaries of the Issuer, such amount as is required pursuant to the Declaration of Trust;

(xx) Twentieth, to the Manager in respect of all indemnity amounts owing;

(xxi) Twenty-First, *pari passu* (A) to the Indenture Trustee and the Issuer Trustee, in each case, in respect of the amount of any fees, expenses, reimbursements and indemnity amounts owing and not previously paid pursuant to clause (ii); (B) to the payment or remittance of all Taxes exigible and not previously paid pursuant to clause (i); and (C) to all other Specified Creditors not specifically referred to in this Section 7.04(e); in each case, including for each referenced party in subclauses (A), (B) and (C), any amounts payable to their respective Affiliates under the terms of any relevant indemnity; and

(xxii) Twenty-Second, any amounts remaining: (A) to be held in the Collection Account for distribution in the above order of priority on the succeeding Payment Date (or for distribution prior thereto as permitted or required pursuant to this Indenture); or (B) after the final Issuer Funding Obligation has been paid in full and discharged, and all of the other foregoing amounts are paid in full, together with all amounts due to the Indenture Trustee under Section 9.05 or otherwise, to the Issuer or as the Issuer designates.

(f) Notwithstanding subsections 7.04(b), (c) and (e):

(i) the transfer of any amounts deposited by IESO into the Collection Account on account of the IESO Cash Reserve Deposit Amount to the IESO Cash Reserve Account, and

(ii) the transfer of any amounts deposited into the Collection Account on account of one-time transaction costs and expenses in connection with the incurrence of Issuer Funding Obligations on or within three (3) Business Days of the closing date of such transaction,

shall, in each case, be made by the Paying Agent, based upon the Payment Instruction received from the Manager on the date applicable thereto without reserving for or paying amounts which are senior in priority to such obligation under subsection 7.04(e).

7.05 Allocation of Amounts on Deposit in Interest Accumulation Account

~~On~~**Subject to Section 7.10, on** each Interest Payment Date, ~~any amount~~**amounts** on deposit in the Interest Accumulation Account will be distributed by the Paying Agent in the order of priority specified below, based upon the Payment ~~Instructions~~**Instruction** received from the Manager in respect of such Interest Payment Date:

(a) First, to Debtholders, on a *pro rata* basis, in respect of all interest due and payable on the Senior Funding Obligations on such Interest Payment Date;

(b) Second, to Debtholders, on a *pro rata* basis, in respect of all interest due and payable on Subordinated Funding Obligations on such Interest Payment Date; provided that no payment of interest on Subordinated Funding Obligations shall be made under this Section 7.05(b) unless, after making such payment the amount remaining on deposit in the Interest Accumulation Account equals or exceeds the amount of accrued and unpaid interest on the Senior Funding Obligations as of such Interest Payment Date;

(c) Third, to Debtholders, on a *pro rata* basis, in respect of all interest due and payable on Junior Subordinated Funding Obligations on such Interest Payment Date; provided that no payment of interest on Junior Subordinated Funding Obligations shall be made under this Section 7.05(c) unless, after making such payment the amount remaining on deposit in the Interest Accumulation Account equals or exceeds the amount of accrued and unpaid interest on the Senior Funding Obligations and the Subordinated Funding Obligations as of such Interest Payment Date; and

(d) Fourth, any amounts remaining: (i) to be held in the Interest Accumulation Account for distribution in the above order of priority on the succeeding Interest Payment Date; or (ii) after the final Issuer Funding Obligation has been repaid in full, including all interest thereon, to be transferred to the Collection Account and applied in accordance with subsection 7.04(e);

provided that upon the occurrence and during the continuance of any Event of Default and acceleration of the Issuer Funding Obligations in accordance with Section 8.02, any amounts in the Interest Accumulation Account shall be applied in accordance with Section 8.13.

7.06 Allocation of Amounts on Deposit in Principal Accumulation Account

(a) ~~On~~**Subject to Section 7.10, on** each ~~Principal Payment Date, any amount~~**Interest Payment Date (after making the applications provided for in Section 7.05), to the extent that any interest which is due and payable on the Senior Funding Obligations, the Subordinated Funding Obligations and the Junior Subordinated Funding Obligations has not been paid, an amount equal to such deficiency shall be withdrawn from the Principal Accumulation Account and applied to the payment of interest due and payable on such Issuer Funding Obligations, provided that if the amount to be applied pursuant to this clause (a) is insufficient to pay all such interest, the application of such amounts shall be made first to Senior Funding Obligations, then to Subordinated Funding Obligations, and finally to Junior Subordinated Funding Obligations, in each case, on a *pro rata* basis.**

(b) Subject to Section 7.10, on each Principal Payment Date (after making the applications provided for in subsection 7.06(a)), amounts on deposit in the

Principal Accumulation Account will be distributed by the Paying Agent in the order of priority specified below, based upon the Payment ~~Instructions~~**Instruction** received from the Manager in respect of such Principal Payment Date: ~~**[NTD: Section 7.06 will be revised to allow funds in this account to be applied to the payment of interest (a higher ranking waterfall item) when necessary.]**~~

(i) ~~(a)~~ First, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of Warehouse Obligations payable on such Principal Payment Date;

(ii) ~~(b)~~ Second, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of Senior Funding Obligations (other than Warehouse Obligations) payable on such Principal Payment Date;

(iii) ~~(c)~~ Third, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of Subordinated Funding Obligations payable on such Principal Payment Date; provided that no payment of principal on Subordinated Funding Obligations shall be made under this ~~Section~~**subsection** 7.06(~~c~~**b)(iii**) unless, after making such payment, the amount remaining on deposit in the Principal Accumulation Account equals or exceeds the Required Principal Accumulation Amount (Senior) as of such Principal Payment Date; **and**

(iv) ~~(d)~~ Fourth, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of Junior Subordinated Funding Obligations payable on such Principal Payment Date; provided that no payment of principal on Junior Subordinated Funding Obligations shall be made under this ~~Section~~**subsection** 7.06(~~d~~**b)(iv**) unless, after making such payment, the amount remaining on deposit in the Principal Accumulation Account equals or exceeds the sum of the Required Principal Accumulation Amount (Senior) and the Required Principal Accumulation Amount (Subordinated) as of such Principal Payment Date~~; and~~**.**

(c) ~~(e) Fifth, any amounts remaining~~Any amounts remaining after making the applications referred to in **subsection 7.06(a) and subsection 7.06(b) shall**: (i) ~~to~~ be held in the Principal Accumulation Account for distribution ~~in the above order of priority~~**under this Section 7.06** on the succeeding **Interest Payment Date or** Principal Payment Date; or (ii) after the final Issuer Funding Obligation has been repaid in full, ~~to~~ be transferred to the Collection Account and applied in accordance with subsection 7.04(e)~~;~~**.**

(d) ~~provided that~~**Notwithstanding the foregoing clauses in this Section 7.06,** upon the occurrence and during the continuance of any Event of Default and acceleration of the Issuer Funding Obligations in accordance with Section 8.02, any amounts in the Principal Accumulation Account shall be applied in accordance with Section 8.13.

7.07 Allocation of Amounts on Deposit in IESO Cash Reserve Account

(a) On each Payment Date~~, to the extent that the amount available for distribution under subsection 7.04(e) is less than the sum~~ **beginning on** the Payment Date in November, **2021, an amount equal to the lesser** of **(x)** the amounts to be paid or transferred pursuant to clauses (i) through (v) of subsection 7.04(e)**, and (y)** the amount, if any, by which the amount on deposit in the IESO Cash Reserve Account exceeds the IESO Cash Reserve Required Amount **shall be withdrawn from the IESO Cash Reserve Account and applied to make the payments or transfers described in clauses (i) through (v) of subsection 7.04(e) in the order in which they are to be paid or transferred under Section 7.04(e).**

(b) **On each Payment Date** to the extent that the amount available for distribution under subsection 7.04(e) **and the amounts, if any, available pursuant to subsection 7.07(a) is less than the sum of the amounts to be paid or transferred pursuant to clauses (i) through (v) of subsection 7.04(e)**, an amount equal to such deficiency shall be withdrawn from the IESO Cash Reserve Account and applied to the making of such payments and transfers in the order in which they are **to be** paid **or transferred** under ~~Section~~**subsection** 7.04(e).

~~(b) On each Payment Date on or after the Payment Date in November, 2021 (after giving effect to all settlements on such Payment Date), the Issuer shall remit to the IESO the amount, if any, by which the amount on deposit in the IESO Cash Reserve Account exceeds the IESO Cash Reserve Required Amount.~~

(c) Upon all funds in the IESO Cash Reserve Account being ~~transferred to the IESO~~**paid** in accordance with ~~clause~~**clauses (a) and** (b), the IESO Cash Reserve Account shall be closed.

7.08 Allocation of Amounts on Deposit in Program Cash Reserve Account

(a) On each Payment Date (after making the applications provided for in Section 7.07**, and 7.04(e)**), to the extent that the amount on deposit in the Interest Accumulation Account is less than the sum of the Interest Accrual Amount (Senior), the Interest Accrual Amount (Subordinated) and the Interest Accrual Amount (Junior Subordinated), in each case for such Payment Date, an amount equal to such deficiency shall be withdrawn from the Program Cash Reserve Account and deposited into the Interest Accumulation Account.

(b) On each Principal Payment Date (after making the applications provided for in subsection 7.08(a)), amounts on deposit in the Program Cash Reserve Account ~~shall be applied~~**will be distributed by the Paying Agent** in the ~~following~~ order of priority **specified below, based upon the Payment Instruction received from the Manager in respect of such Principal Payment Date**:

(i) First, to the extent that the amount on deposit in the Principal Accumulation Account is less than the amount of principal due and

payable on the Warehouse Obligations on such Principal Payment Date, an amount equal to such deficiency shall be applied, on a *pro rata* basis, to the payment of principal due and payable on the Warehouse Obligations on such Principal Payment Date;

(ii) Second, to the extent that the amount on deposit in the Principal Accumulation Account is less than the amount of principal due and payable on the Senior Funding Obligations (other than Warehouse Obligations) on such Principal Payment Date, an amount equal to such deficiency shall be applied, on a *pro rata* basis, to the payment of principal due and payable on the Senior Funding Obligations (other than Warehouse Obligations) on such Principal Payment Date;

(iii) Third, to the extent that the amount available from the Principal Accumulation Account under ~~Section~~**subsection** 7.06(~~c~~**b)(iii**) is less than the amount of principal due and payable on the Subordinated Funding Obligations on such Principal Payment Date, an amount equal to such deficiency shall be applied, on a *pro rata* basis, to the payment of principal due and payable on the Subordinated Funding Obligations on such Principal Payment Date; and

(iv) Fourth, to the extent that the amount available from the Principal Accumulation Account under ~~Section~~**subsection** 7.06(~~d~~**b)(iv**) is less than the amount of principal due and payable on the Junior Subordinated Funding Obligations on such Principal Payment Date, an amount equal to such deficiency shall be applied, on a *pro rata* basis, to the payment of principal due and payable on the Junior Subordinated Funding Obligations on such Principal Payment Date.

(c) Any amounts remaining after making the applications referred to in subsection 7.08(a) and subsection 7.08(b) shall: (i) be held in the Program Cash Reserve Account for distribution under this Section 7.08 on the succeeding Interest Payment Date or Principal Payment Date; or (ii) after the final Issuer Funding Obligation has been repaid in full, be transferred to the Collection Account and applied in accordance with subsection 7.04(e).

(d) Notwithstanding the foregoing clauses in this Section 7.08, upon the occurrence and during the continuance of any Event of Default and acceleration of the Issuer Funding Obligations in accordance with Section ~~8.02,~~**8.02,** any amounts in the Program Cash Reserve Account shall be applied in accordance with Section 8.13.

7.09 Allocation of Amounts on Deposit in Refinancing Account

(a) Not less than 30 days prior to the first day of the Reference Period that includes the Principal Accumulation Date or Principal Payment Date in respect of a Series of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations, the Issuer shall, if it intends to repay all or a

portion of the principal obligations of such Funding Obligation Agreement pursuant to a Refinancing, issue a Refinancing Notice to the Indenture Trustee.

(b) On completion of a Refinancing, all proceeds received by the Issuer shall be deposited to the Refinancing Account.

(c) On each Principal Payment Date, an amount shall be transferred from the Refinancing Account to the Principal Accumulation Account equal to the lesser of:

(i) the amount on deposit in the Refinancing Account; and

(ii) the Deferred Principal Accumulation Amount.

(d) After the final Issuer Funding Obligation has been repaid in full, any amounts remaining in the Refinancing Account shall be deposited to the Collection Account and applied in accordance with subsection 7.04(e).

(e) Notwithstanding the foregoing clauses in this Section 7.09, upon the occurrence and during the continuance of any Event of Default and the acceleration of the Issuer Funding Obligations in accordance with Section 8.02, any amounts in the Refinancing Account shall be applied in accordance with Section 8.13.

7.10 Allocation of Amounts on Deposit in Protection Account

(a) All amounts received by the Issuer from the Province pursuant to the Change of Law Protection Agreement shall be deposited in the Protection Account.

(b) On each ~~date that~~**Guarantee Payment Date in respect of which** the Province makes a payment pursuant to the Change of Law Protection Agreement, the Paying Agent will, prior to making any payments under any other Payment Waterfall, distribute all amounts in the Protection Account solely to satisfy payments in respect of Approved Obligations as set out in the ~~related Guarantor Settlement Statement~~**written statement** delivered **by the Manager** to the Province **under Section 2.01(a)i. of the Change of Law Protection Agreement** in the order of priority the applicable Obligation Secured ~~would have had~~**has** under the applicable Payment Waterfall and based upon the Payment ~~Instructions~~**Instruction** received from the Manager in respect of such ~~date~~**Guarantee Payment Date**.

~~(c) Any amounts remaining after making the applications referred to in clause (b) above shall be transferred to the Province free and clear of the Security Interest.~~

(c) ~~(d) Upon payment by or on behalf of the Province to the Protection Account pursuant to the Change of Law Protection Agreement (or the satisfaction of Obligations Secured pursuant to distributions made from amounts deposited in the Protection Account), (i) the amounts so paid shall for all purposes be considered to have been applied to pay the applicable Specified Creditor(s) as provided for in~~

~~this Section 7.10, (ii) the applicable Specified Creditor(s)' rights to receive payments in respect of such Obligation Secured shall be reduced by the amount of such payment, and (iii) the Province shall become subrogated and entitled as provided in the Change of Law Protection Agreement to the rights, interests , elections and privileges of the Specified Creditor(s) benefitting from such payment (the "**Provincial Subrogation Claims**") and shall be entitled to receive distributions of Subrogation Amounts as provided in the Change of Law Protection Agreement on the dates determined in accordance with the applicable Payment Waterfall in the priority and to the extent that such Obligation Secured would have received payment had such Obligation Secured not been paid by the Province (and not been paid from amounts deposited to the Protection Account) pursuant to this Section 7.10.~~

~~(e)~~ ~~No Specified Creditor shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under subsection 7.10(d) (including any right of reimbursement, contribution or indemnity) and no Specified Creditor (other than the Province) shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of such amounts or a related claim or right.(f) Without limiting the Province's rights under subsection 7.10(d), upon~~**Upon** the Province paying any amount in respect of ~~the~~**an** Approved Obligation as contemplated in subsection 7.10(b), the Province shall be subrogated and entitled to each applicable Specified Creditor's rights and interests under and in respect of the **Approved** Obligation ~~Secured~~ to the extent of payments made to the Specified Creditor out of the Protection Account~~, including~~ **and shall be entitled to** (i) the right and entitlement to be paid and receive the related Subrogation Amounts and (ii) the benefits of the related Collateral and all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests ~~(including as a Specified Creditor under this Indenture on the basis contemplated in subsection 5.01(b))~~ under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Specified Creditor, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Issuer of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Specified Creditor to the Issuer and unaffected by any other rights or equities that arise thereafter as between the Specified Creditor and the Issuer. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the relevant Specified Creditor in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under this Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under this Indenture and any other agreement under which the Approved Obligation arises. **For greater certainty, the entitlements of the Province in respect of Subrogation Amounts arising in respect of Approved Obligations that are interest and principal obligations on Notes shall be treated for all purposes of this Indenture as interest and**

principal obligations, respectively, arising under Notes having the same priority as and any applicable voting rights under the related Approved Obligations, and accordingly the Province (and any successor, assignee or transferee of such entitlements) shall be entitled to all of the rights, entitlements, interests and privileges of a holder of such Notes in accordance with this Indenture and the Related Funding Obligation Agreement.

(d) **On each Guarantee Payment Date, Payment Date or other day on which any amount is required to be paid in respect of any Obligation Secured, commencing with the first Guarantee Payment Date, the following shall apply:**

(i) **if such day is a Guarantee Payment Date, then for each Approved Obligation for which amounts are paid from the Protection Account to a Specified Creditor pursuant to subsection 7.10(b), the amount payable to such Specified Creditor under such Approved Obligation** shall be reduced by the amount of such payment**, and an equivalent amount (the "Subrogation Amount") shall be payable by the Issuer to the Province in respect of such Approved Obligation, such Subrogation Amount to be payable in the same order of priority under the applicable Payment Waterfall as the Obligation Secured previously owing to such Specified Creditor.**

(ii) **if the Province has made all deposits required to be made by it on each Guarantee Payment Date occurring on or before such day in accordance with subsection 7.10(b) (or the related Approved Obligation Amounts have otherwise all been paid in full), then in respect of each Approved Obligation for which any related Subrogation Amounts have not yet been paid in full to the Province, the Issuer shall pay to the Province from amounts available under the applicable Payment Waterfall in accordance with the priority of payment provisions in such Payment Waterfall the amount that would be payable on such date in satisfaction of the relevant Approved Obligation, as determined without regard to any amounts paid on any Guarantee Payment Date pursuant to subsection 7.10(b) and also without regard to the corresponding reduction of the amounts owing to present and former Specified Creditors pursuant to subsection 7.10(d)(i) up to the amount of the unpaid related Subrogation Amounts.**

(e) **No Specified Creditor having a right to be paid an amount in respect of an Approved Obligation, and no other Person entitled under an Obligation Secured, in each case that ranks equal with or subordinate to the Approved Obligation in respect of which a Subrogation Amount is payable to the Province under subsection 7.10(d),** shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under subsection 7.10(d) (including any right of **set-off, offset,** reimbursement, contribution or

indemnity) and no **such Specified Creditor or other Person** shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of **any such Subrogation Amount.**

(f) **Any amount payable to the Province in respect of a Subrogation Amount shall bear interest from and including the date of payment by the Province of the related amount pursuant to subsection 7.10(b) to but excluding the date of payment of the Subrogation Amount to the Province, such interest to accrue at the rate equivalent to the applicable interest rate borne by the related Approved Obligation, and such interest amounts shall be added to their respective Subrogation Amounts and shall consequently be payable in the same priority as the relevant Subrogation Amount under subsection 7.10(d), all such accruing interest amounts to be calculated and added to the Subrogation Amounts by the Manager in its discretion acting in a commercially reasonable fashion.**

(g) **On each Guarantee Payment Date and upon demand by the Province, the Indenture Trustee shall release and the Paying Agent shall, upon receipt of a Payment Instruction, pay** to the Province free and clear of **any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay Specified Creditors on the Guarantee Payment Date in accordance with subsection 7.10(b) or that otherwise remains on deposit in the Protection Account on the relevant date.**

7.11 Allocation of Amounts on Deposit in Series Accounts

If, after giving effect to payments made on any Payment Date, the amount in the Collection Account is insufficient to satisfy all amounts required to be paid to Specified Creditors on such date, amounts on deposit in any Series Account may be withdrawn from such Series Account and allocated to Specified Creditors in accordance with the terms of the Related Funding Obligation Agreement.

7.12 Payments to be Held in Trust

If, notwithstanding the Payment Waterfalls, any payment on Obligations Secured shall be received at any time by any Specified Creditor, other than in accordance with this Indenture, then the funds received in respect of such payment shall be held by such Specified Creditor in trust for the Issuer and the other Specified Creditors and such Specified Creditor shall forthwith remit to the Indenture Trustee such funds.

7.13 Application of Trust Money

All money and obligations deposited with the Indenture Trustee pursuant to this Article VII and all money received by the Indenture Trustee in respect of such obligations will be held in trust and applied by it, in accordance with the provisions of the Program Agreements in respect of which it was deposited and this Indenture, to the payment, either directly or through any Paying Agent (including the Issuer acting as its own Paying Agent) as the Indenture Trustee,

at the direction of the Manager, may determine, to the Persons entitled thereto, of the principal, interest, fees and other amounts for whose payment that money and obligations have been deposited with or received by the Indenture Trustee. Money held by the Indenture Trustee in trust hereunder need not be segregated from other funds except to the extent required by this Indenture or by applicable law. The Indenture Trustee will be under no liability for interest on any money received by it hereunder except as otherwise agreed with the Issuer.

ARTICLE VIII
EVENTS OF DEFAULT AND REMEDIES

8.01 Events of Default

"**Event of Default**," wherever used herein, means any one of the following events (whatever the reason for such Event of Default and whether it will be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any Governmental Authority): ~~**[NTD: cure periods to be confirmed]**~~

(a) a default by the Issuer in the payment of any interest on any Controlling Class Obligations when such interest becomes due and payable, and continuance of such default for a period of ~~**[65]**~~**five (5)** days following the date on which such interest became due and payable;

(b) a default by the Issuer in the payment of any principal of any Controlling Class Obligations at its Principal Payment Default Date;

(c) any representation or warranty contained in Section 12.01 proves to be incorrect in any material respect when made and such incorrect representation or warranty if capable of being remedied by the Issuer, has not been remedied for a period of 60 days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by Controlling Class Creditors holding at least 25% of the Outstanding Dollar Principal Amount of all Controlling Class Obligations, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default" hereunder and, as a result of such default, the interests of such Controlling Class Creditors are materially and adversely affected and continue to be materially and adversely affected during the 60-day period;

(d) a default in the performance, or breach, of any covenant of the Issuer in this Indenture in respect of any Controlling Class Obligations (other than an agreement, covenant or warranty a default in the performance of which or the breach of which is elsewhere specifically dealt with in this Section 8.01), all of such covenants in this Indenture which are not expressly stated to be for the benefit of a particular Series of Issuer Funding Obligations being deemed to be in respect of all Series of Issuer Funding Obligations for this purpose, and continuance of such default or breach for a period of 60 days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by Controlling Class Creditors

holding at least 25% of the Outstanding Dollar Principal Amount of all Controlling Class Obligations, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default" hereunder and, as a result of such default, the interests of such Controlling Class Creditors are materially and adversely affected and continue to be materially and adversely affected during the 60-day period;

(e) the Issuer fails to maintain its existence or its status as a Financing Entity or an Insolvency Event occurs in respect of the Issuer;

(f) the Change of Law Protection Agreement ceases to be in full force and effect against the Province, or the validity of the Change of Law Protection Agreement or the applicability thereof to the Province or to any Controlling Class Obligations or any other obligations purported to be secured thereby or any material part thereof shall be disaffirmed in writing by or on behalf of the Province;

(g) an Acceleration Event has occurred; provided that Controlling Class Creditors holding at least 25% of the Outstanding Dollar Principal Amount of all Controlling Class Obligations have given, by registered or certified mail, notice to the Issuer and the Indenture Trustee specifying such default and stating that such notice is a "Notice of Default" hereunder;

(h) a default in the performance or breach by the Issuer of its covenant in Section 13.11 and the continuance of such default or breach for a period of three (3) Business Days after notice thereof has been given to the Issuer by the Indenture Trustee;

(i) at any time, ~~the aggregate of (1) the amounts, if any, withdrawn from the IESO Cash Reserve Account pursuant to Section 7.07(a) during the period from and after November 1, 2021 and prior to such time, plus (2)~~ the amounts, if any, withdrawn from the Program Cash Reserve Account pursuant to Section 7.08(a) prior to such time, exceeds the aggregate of (~~3~~**x**) an amount equal to 0.50% of the largest Outstanding Dollar Principal Amount of all Senior Funding Obligations, ~~Subordinate~~**Subordinated** Funding Obligations and Junior ~~Subordinate~~**Subordinated** Funding Obligations at any time on or before such time, plus (~~4~~**y**) the sum of all amounts deposited to the Program Cash Reserve Account pursuant to Section 7.04(e)(xiii) prior to such time; or

(j) a Servicer Default shall occur.

If Controlling Class Obligations constituting 25% or more of the Outstanding Dollar Principal Amount of all Controlling Class Obligations have been accelerated in accordance with the Related Funding Obligation Agreements, the threshold required to declare an Event of Default described in clause (c), (d) or (g) shall be deemed to have been met and no vote of Controlling Class Creditors to declare an Event of Default shall be required. For greater certainty, failure to pay amounts owing pursuant to a Derivative Agreement shall not constitute grounds for an Event of Default.

8.02 Acceleration of Maturity; Rescission and Annulment

(a) If an Event of Default (other than an Event of Default described in clause (e) or (f) of Section 8.01) occurs and is continuing, then and in each and every such case, unless the principal of all the Controlling Class Obligations shall have already become due and payable, either the Indenture Trustee or Controlling Class Creditors holding not less than 50% of the Outstanding Dollar Principal Amount of all Controlling Class Obligations (treated as one class), by notice in writing to the Issuer (and to the Indenture Trustee if given by such Controlling Class Creditors), may declare the Outstanding Dollar Principal Amount of all Issuer Funding Obligations (other than Derivative Funding Obligations) and all interest accrued or principal accreted and unpaid (if any) thereon to be due and payable immediately, and upon any such declaration the same will become and will be immediately due and payable, notwithstanding anything in this Indenture or any Funding Obligation Agreement to the contrary. In any vote to determine whether the requisite number of Controlling Class Creditors have agreed to accelerate the Issuer Funding Obligations pursuant to this subsection 8.02(a), Controlling Class Creditors whose Controlling Class Obligations have been accelerated in accordance with the Related Funding Obligation Agreements shall be deemed to have voted in favour of acceleration to the extent of the Outstanding Dollar Principal Amount of those Controlling Class Obligations which have been accelerated. If Controlling Class Obligations constituting 50% or more of the Outstanding Dollar Principal Amount of all Controlling Class Obligations have been accelerated in accordance with the Related Funding Obligation Agreements, no vote of Controlling Class Creditors to accelerate the Issuer Funding Obligations shall be required and all remaining Issuer Funding Obligations (other than Derivative Funding Obligations) will become and will be immediately due and payable, notwithstanding anything in this Indenture or any Funding Obligation Agreement to the contrary.

(b) If an Event of Default described in clause (e) or (f) of Section 8.01 occurs and is continuing, then all Issuer Funding Obligations (other than Derivative Funding Obligations) will automatically be and become immediately due and payable by the Issuer, without notice or demand to any Person, and the Issuer will automatically and immediately be obligated to pay off the Issuer Funding Obligations.

(c) At any time after such a declaration of acceleration has been made or an automatic acceleration has occurred with respect to the Issuer Funding Obligations (other than Derivative Funding Obligations) and before a judgment or decree for payment of the money due has been obtained by the Indenture Trustee as hereinafter provided in this Article VIII, Controlling Class Creditors may, by Extraordinary Resolution, rescind and annul such declaration and its consequences if:

(i) the Issuer has paid or deposited with the Indenture Trustee a sum sufficient to pay (A) all overdue installments of interest on the Controlling Class

Obligations, (B) the principal of any Controlling Class Obligations which have become due otherwise than by such declaration of acceleration, and interest thereon at the rate or rates prescribed therefor by the terms of the Related Funding Obligation Agreements, to the extent that payment of such interest is lawful, (C) interest upon overdue installments of interest at the rate or rates prescribed therefor by the terms of the Related Funding Obligation Agreements, to the extent that payment of such interest is lawful, and (D) all sums paid by the Indenture Trustee hereunder and the reasonable compensation, expenses and disbursements of the Indenture Trustee, its agents and counsel and all other amounts due to the Indenture Trustee under Section 9.05; and

(ii) all Events of Default, other than the nonpayment of the principal of the Controlling Class Obligations which has become due solely by such acceleration, have been cured or waived as provided in Section 8.03.

(d) If, at any time, any Event of Default capable of being remedied has been remedied by the Issuer to the satisfaction of the Indenture Trustee: (i) the Security Interest will no longer be or be deemed to be enforceable by reason of such Event of Default; (ii) any rights which had become vested in the Indenture Trustee by virtue thereof will be and be deemed to be cancelled as fully and to the same extent as though no such Event of Default had occurred; and (iii) the Indenture Trustee will, or will instruct any receiver appointed pursuant to this Indenture to restore to the Issuer any Collateral in the possession of the Indenture Trustee or receiver, as the case may be.

(e) No such rescission will affect any subsequent Default or impair any right consequent thereon, nor will any such rescission apply to any event of default applicable solely to any Series or Tranche of Issuer Funding Obligations and contained in any Related Funding Obligation Agreement.

8.03 Waiver of Past Defaults

Subject to Section 8.02(c), Controlling Class Creditors may, by Ordinary Resolution, waive any past Default hereunder and its consequences, provided that the Rating Agency Condition **in respect of each Series or Tranche of the Controlling Class Obligations** has been satisfied. Upon any such waiver, such Default will cease to exist, and any Event of Default arising therefrom will be deemed to have been cured, for every purpose of this Indenture; but no such waiver will extend to any subsequent or other Default or impair any right consequent thereon.

8.04 Notice of Defaults

(a) Within 90 days after the occurrence of any Default, Event of Default or Acceleration Event of which the Indenture Trustee has received written notice:

(i) the Indenture Trustee will transmit by mail to all Registered Noteholders, as their names and addresses appear in the Note Register, notice of such Default, Event of Default or Acceleration Event;

(ii) the Indenture Trustee will notify all holders of Bearer Notes by publication of notice of such Default, Event of Default or Acceleration Event in an Authorized Newspaper, or as otherwise provided in the Related Supplemental Indenture;

(iii) the Indenture Trustee will give prompt written notification of such Default, Event of Default or Acceleration Event to those Lenders and other Specified Creditors that are included on the Specified Creditor list provided by the Issuer pursuant to subsection 13.13(b); and

(iv) the Indenture Trustee will give prompt written notification of such Default, Event of Default or Acceleration Event to the Rating Agencies~~, unless such Default, Event of Default or Acceleration Event will have been cured or waived~~;

provided, however, that (A) the Indenture Trustee shall not be liable for failing to distribute any written notice pursuant to this Section 8.04 to any party that is at the time of delivery a Specified Creditor but is not on the list of Specified Creditors held by the Indenture Trustee pursuant to subsection 9.14(a), and (B) except in the case of a default in the payment of the principal of or interest on any Issuer Funding Obligation, the Indenture Trustee will be protected in withholding such notice if and so long as a Responsible Officer of the Indenture Trustee in good faith determines that the withholding of such notice is in the interests of Debtholders.

(b) When notice of the occurrence of a Default, Event of Default or Acceleration Event has been given and the Default, Event of Default or Acceleration Event is thereafter cured, notice that the Default, Event of Default or Acceleration Event is no longer continuing shall be given by the Indenture Trustee to Persons to whom notice was sent pursuant to subsection 8.04(a) within a reasonable time, but not exceeding 30 days in any event, after the Indenture Trustee receives notice from the applicable Debtholders that the Default, Event of Default or Acceleration Event has been cured.

8.05 Remedies Generally

Subject to subsections 8.02(c) and (d)~~,~~ and Section 8.03, if the Controlling Class Obligations become due and payable pursuant to Section 8.02 and the Issuer has failed to pay such Controlling Class Obligations, the Indenture Trustee (subject, however, to compliance with the provisions of Section 9.02(d) with respect to the giving of indemnity and funds) may proceed to realize upon the Security Interest and to enforce the rights of the Indenture Trustee and of the Specified Creditors to whom Obligations Secured are owed by (i) application to any court of competent jurisdiction for an order of sequestration and payment of amounts in respect of clean

energy adjustments, collections or remittances in accordance with the Act, (ii) possession of the Collateral, (iii) appointment of a receiver with respect to the Collateral, (iv) proceedings in any court of competent jurisdiction for the appointment of a receiver or for sale of the Collateral or any part thereof, or for foreclosure, (v) subject to Section 10.02, exercise any of the rights of the Issuer under any of the Program Agreements, including the right to replace the Manager or the Servicer in accordance with Section 8.10, or (vi) any other action, suit, remedy or proceeding authorized or permitted by this Indenture or by applicable law or by equity.

8.06 Default Interest and Expenses

The Issuer covenants that if:

(a) the Issuer defaults in the payment of interest on any Series of ~~Issuer Funding Obligations that are~~ Controlling Class Obligations when such interest becomes due and payable and such default continues for a period of ~~[65]~~**five (5)** days following the Interest Payment Date on which such interest became due and payable, or

(b) the Issuer defaults in the payment of the principal amount of any Series of ~~Issuer Funding Obligations that are~~ Controlling Class Obligations on the Principal Payment Default Date thereof;

the Issuer will, upon demand of the Indenture Trustee, pay (subject to the allocation provided in Article VII and this Article VIII and any Related Funding Obligation Agreement) to the Indenture Trustee, for the benefit of the Debtholders of any such Issuer Funding Obligations, the whole amount then due and payable on any such Issuer Funding Obligations for principal and interest, with interest, to the extent that payment of such interest will be legally enforceable, upon the overdue principal and upon overdue installments of interest, (i) in the case of interest-bearing Issuer Funding Obligations, at the rate of interest applicable to the principal amount thereof, unless otherwise specified in the Related Funding Obligation Agreement; and (ii) in the case of Discount Notes, as specified in the Related Supplemental Indenture, and in addition thereto, will pay such further amount as will be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Indenture Trustee, its agents and counsel and all other amounts due to the Indenture Trustee under Section 9.05.

If the Issuer fails to pay such amounts forthwith upon such demand, the Indenture Trustee may, if the Issuer Funding Obligations have been accelerated in accordance with Section 8.02, take immediate steps to enforce the Security Interest, including instituting, in its own name and as trustee of an express trust, a judicial proceeding seeking the appointment of a receiver or a judicial proceeding for the collection of the sums so due and unpaid, and may directly prosecute such proceeding to judgment or final decree, and the Indenture Trustee may enforce the same against the Issuer and collect the money adjudged or decreed to be payable in the manner provided by applicable law out of the Collateral, wherever situated.

8.07 Indenture Trustee May File Proofs of Claim

In case of the pendency of any receivership, insolvency, liquidation, bankruptcy or other similar proceeding relative to the Issuer or the property of the Issuer, the Indenture Trustee (irrespective of whether the principal of the Issuer Funding Obligations will then be due and payable as therein expressed or by declaration or otherwise) will be entitled and empowered by intervention in such proceeding or otherwise:

(a) to file and prove a claim for the whole amount of principal, interest, fees and other amounts owing and unpaid in respect of the Issuer Funding Obligations and to file such other papers or documents as may be necessary and advisable in order to have the claims of the Indenture Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Indenture Trustee, its agents and counsel and all other amounts due to the Indenture Trustee under Section 9.05) and of the Debtholders allowed in such judicial proceeding, and

(b) to collect and receive any funds or other property payable or deliverable on any such claims and to distribute the same;

and any receiver, assignee, trustee, liquidator or other similar official in any such proceeding is hereby authorized by each Specified Creditor to make such payment to the Indenture Trustee, and in the event that the Indenture Trustee will consent to the making of such payments directly to the Specified Creditors, to pay to the Indenture Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Indenture Trustee, its agents and counsel, and any other amounts due to the Indenture Trustee under Section 9.05.

8.08 Indenture Trustee May Enforce Claims Without Possession of Notes

All rights of action and claims under this Indenture or the Notes of any Class, Series or Tranche may be prosecuted and enforced by the Indenture Trustee without the possession of any of the Notes of such Class, Series or Tranche or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Indenture Trustee will be brought in its own name as trustee of an express trust.

8.09 Indenture Trustee May Elect to Hold the Collateral

Following an acceleration of Issuer Funding Obligations in accordance with Section 8.02, the Indenture Trustee may elect to continue to hold the Collateral and apply distributions on the Collateral in accordance with the distribution provisions of Section 8.13.

8.10 Termination by Indenture Trustee of Manager and Servicer

Upon the occurrence and during the continuance of an Event of Default, the Indenture Trustee shall have the right to (and, upon receipt of an Extraordinary Resolution to that effect, shall) terminate the appointment of the then existing Manager under the Management Agreement and/or the Servicer under the Master Transfer and Servicing Agreement, and appoint new Persons under such agreements in accordance with such direction, provided that the Issuer shall

have the right to reinstate any appointee under such agreements at such time as the Event of Default is no longer continuing.

8.11 Control by Controlling Class Creditors

(a) Subject to Section 10.02(b), Controlling Class Creditors will, by Ordinary Resolution, have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Indenture Trustee, or exercising any trust or power conferred on the Indenture Trustee with respect to all Issuer Funding Obligations, provided that:

(i) the Indenture Trustee will have the right to decline to follow any such direction if the Indenture Trustee, being advised by counsel, determines that the action so directed may not lawfully be taken or would conflict with this Indenture, or if the Indenture Trustee in good faith determines that the proceedings so directed would involve it in personal liability or be unjustly prejudicial to the Controlling Class Creditors not taking part in such direction; and

(ii) the Indenture Trustee may take any other action permitted hereunder deemed proper by the Indenture Trustee which is not inconsistent with such direction.

(b) For greater certainty, Specified Creditors other than Debtholders shall not and do not have any right to direct the time, method and place of conducting any proceeding for any remedy available to the Indenture Trustee, or exercising any trust or power conferred on the Indenture Trustee. Specified Creditors other than Debtholders shall only have the right to receive proceeds following an Event of Default in the manner provided for in Section 8.13.

8.12 Limitation on Suits

To the fullest extent permitted by applicable law, no Specified Creditor will have any right to institute any proceeding, judicial or otherwise, with respect to this Indenture, or for the appointment of a receiver or trustee or similar official, or for any other remedy hereunder, unless:

(a) the Issuer or a Controlling Class Creditor has previously given written notice to the Indenture Trustee of a continuing Event of Default;

(b) Controlling Class Creditors, by way of Ordinary Resolution, have made written request to the Indenture Trustee to institute proceedings in respect of such Event of Default in the name of the Indenture Trustee hereunder;

(c) such Controlling Class Creditors have offered to the Indenture Trustee (when so requested by the Indenture Trustee) indemnity reasonably satisfactory to it against the costs, expenses and liabilities to be incurred in compliance with such request; and

(d) the Indenture Trustee, for 60 days after the Indenture Trustee has received such notice, request and offer of indemnity has failed to institute any such proceeding;

it being understood and intended that no one or more Specified Creditors will have any right in any manner whatsoever by virtue of, or by availing of, any provision of this Indenture to affect, disturb or prejudice the rights of any other Specified Creditor, or to obtain or to seek to obtain priority or preference over any other Specified Creditor or to enforce any right under this Indenture, except in the manner herein provided and for the benefit of all Specified Creditors. If the above conditions have been met, a Controlling Class Creditor may exercise such rights in accordance with this Indenture.

8.13 Application of Money Following an Event of Default

Subject to the following paragraph **and to Section 7.10**, upon the occurrence and during the continuance of an Event of Default which has been accelerated in accordance with Section 8.02, any money or other property standing in each Issuer Account or otherwise received by the Indenture Trustee pursuant to this Article VIII will be applied in the order of priority specified in this Section 8.13, *pro rata* in proportion to the claims represented by each subclause, except as otherwise specifically provided below:

(a) First, to the payment or remittance of all Taxes exigible for which a Governmental Authority is given priority over the Specified Creditors under the laws of the applicable jurisdiction;

(b) Second, to the Indenture Trustee and the Issuer Trustee in respect of the amount of fees, expenses and reimbursements owing~~, up to a maximum aggregate amount (without duplication of amounts previously paid in respect of such fees, expenses, reimbursements and indemnified claims) equal to the Trustee Cap with respect to each of the Indenture Trustee and the Issuer Trustee~~;

(c) Third, *pari passu*, (A) to Debtholders, on a *pro rata* basis, in respect of all interest accrued and unpaid, if any, and fees and other amounts (other than principal) due and payable on the Senior Funding Obligations, and (B) to Derivative Counterparties, on a *pro rata* basis, all Derivative Funding Obligations payable other than Termination Payments;

(d) Fourth, to Debtholders, on a *pro rata* basis, in respect of all interest accrued and unpaid, if any, and fees and other amounts (other than principal) due and payable on the Subordinated Funding Obligations;

(e) Fifth, to Debtholders, on a *pro rata* basis, in respect of all interest accrued and unpaid, if any, and fees and other amounts (other than principal) due and payable on the Junior Subordinated Funding Obligations;

(f) Sixth, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of the Warehouse Obligations until such amount has been paid in full;

(g) Seventh, *pari passu*, (A) to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of the Senior Funding Obligations (other than Warehouse Obligations) until such amount has been paid in full, and (B) to Derivative Counterparties, on a *pro rata* basis, any Termination Payment where the Derivative Counterparty is not the Defaulting Party or the sole Affected Party;

(h) Eighth, to the Manager in respect of all fees, expenses and reimbursement amounts owing;

(i) Ninth, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of the Subordinated Funding Obligations until such amount has been paid in full;

(j) Tenth, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of the Junior Subordinated Funding Obligations until such amount has been paid in full;

(k) Eleventh, to each Derivative Counterparty, on a *pro rata* basis, any Termination Payment where the Derivative Counterparty is the Defaulting Party or the sole Affected Party;

(l) Twelfth, to the Manager in respect of all indemnity amounts owing;

(m) Thirteenth, *pari passu* (i) ~~to the Indenture Trustee and the Issuer Trustee, in each case, in respect of the amount of any fees, expenses, reimbursements and indemnity amounts owing and not previously paid pursuant to clause (b); (ii)~~ to the payment or remittance of all Taxes exigible and not previously paid pursuant to clause (a); and (~~iii~~**ii**) to all other Specified Creditors not specifically referred to in this Section 8.13; in each case, including for each referenced party in subclauses (i~~), (ii~~) and (~~iii~~**ii**), any amounts payable to their respective Affiliates under the terms of any relevant indemnity; and

(n) Fourteenth, to the Issuer or as the Issuer otherwise directs.

Notwithstanding the foregoing, amounts on deposit in a Series Account established solely for the benefit of one or more Series of Issuer Funding Obligations shall first be used to satisfy all obligations owing to those Debtholders or Derivative Counterparties for whom such Series Account was established. If any amounts remain following such application, such amounts shall constitute Available Collections and shall be applied in accordance with the priorities set out above. In addition, amounts on deposit in the Protection Account shall only be used to satisfy the obligations for which such amounts were deposited.

8.14 Limited Recourse

(a) Notwithstanding any other provision of this Indenture to the contrary, the obligation to pay principal of or interest on any Issuer Funding Obligation or any other amount payable to any Specified Creditor will be without recourse to the Indenture Trustee, the Issuer Trustee, the Manager or any Affiliate, officer,

employee, member or director of any of them, and the satisfaction of the obligation of the Issuer to pay principal of or interest on any Issuer Funding Obligation or any other amount payable to any Specified Creditor will be subject to the allocation and payment provisions of this Indenture and any Related Funding Obligation Agreement, and limited to amounts available from the Collateral.

(b) No recourse may be taken, directly or indirectly, with respect to the obligations of the Issuer under the Issuer Funding Obligations or under this Indenture, or any certificate or other writing delivered in connection herewith or therewith, against (i) the Issuer Trustee in its individual capacity, (ii) any owner of a unit in the Issuer or (iii) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Issuer Trustee in its individual capacity, any holder of a unit in the Issuer or the Issuer Trustee or of any successor or assign of the Issuer Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Issuer Trustee has no such obligations in its individual capacity).

(c) Under no circumstances shall the Manager or any of its Affiliates be deemed an obligor or guarantor or otherwise deemed to be responsible for payment from its own funds of principal, interest, dividends or other amounts due on the Collateral, the Issuer Funding Obligations or any other Obligations Secured.

8.15 Restoration of Rights and Remedies

If the Indenture Trustee or any Controlling Class Creditor (to the extent and in the manner provided for in Section 8.12) has instituted any proceeding to enforce any right or remedy under this Indenture and such proceeding has been discontinued or abandoned for any reason, then and in every such case the Issuer, the Indenture Trustee and the Specified Creditors will, subject to any determination in such proceeding, be restored severally and respectively to their former positions hereunder, and thereafter all rights and remedies of the Indenture Trustee and the Specified Creditors will continue as though no such proceeding had been instituted.

8.16 Rights and Remedies Cumulative

No right or remedy herein conferred upon or reserved to the Indenture Trustee or to the Specified Creditors is intended to be exclusive of any other right or remedy, and every right and remedy will, to the extent permitted by applicable law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, will not prevent the concurrent assertion or employment of any other appropriate right or remedy.

8.17 Delay or Omission Not Waiver

No delay or omission of the Indenture Trustee or of any Controlling Class Creditor to exercise any right or remedy accruing upon any Event of Default will impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article VIII or by applicable law to the Indenture Trustee or to the

Controlling Class Creditors may be exercised from time to time, and as often as may be deemed expedient, by the Indenture Trustee or by the Controlling Class Creditors, as the case may be.

8.18 Waiver of Stay or Extension Laws

The Issuer covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law wherever enacted, now or at any time hereafter in force, which may affect the covenants or the performance of this Indenture; and the Issuer (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Indenture Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

8.19 Indenture Trustee Appointed Attorney

The Issuer irrevocably constitutes and appoints the Indenture Trustee and any officer or employee thereof, with full power of substitution, as its true and lawful attorney coupled with an interest with full power and authority in the name of the Issuer or in its own name, in its discretion, upon the occurrence and during the continuance of any Event of Default and acceleration in accordance with Section 8.02, for the purpose of carrying out the terms of this Indenture to take all appropriate action and to execute any and all documents and instruments which may be necessary or desirable to accomplish the purposes hereof, and without limiting the generality of the foregoing, hereby gives the Indenture Trustee the power and right on behalf of the Issuer, without notice to or assent by the Issuer, to the extent permitted by applicable law, to do the following:

(a) to ask for, demand, sue for, collect and receive all and any monies due or becoming due with respect to the Collateral;

(b) to receive, take, endorse, assign and deliver any and all cheques, notes, drafts, acceptances, documents and other negotiable and non-negotiable instruments, documents and chattel paper taken or received by the Indenture Trustee in connection therewith and herewith; and

(c) to commence, file, prosecute, defend, settle, compromise or adjust any claim, suit, action or proceeding with respect to the Collateral.

8.20 Disclaimer of Marshalling

In the event that the Security Interest shall become enforceable and the Indenture Trustee shall have determined or become bound to enforce the same, the Issuer covenants not to invoke the doctrine of marshalling or any other equitable principle for the purpose of requiring the Indenture Trustee to realize or to have realized on any particular asset forming part of the Collateral.

ARTICLE IX
THE INDENTURE TRUSTEE

9.01 Certain Duties and Responsibilities

(a) The Indenture Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture with respect to the Obligations Secured, and no implied covenants or obligations will be read into this Indenture against the Indenture Trustee.

(b) In the exercise of the rights and duties prescribed or conferred by the terms of this Indenture, the Indenture Trustee will act honestly and in good faith with a view to the best interests of the Debtholders as a whole and exercise that degree of care, diligence and skill that a reasonably prudent trustee would exercise in comparable circumstances. When all Issuer Funding Obligations have been satisfied and discharged in accordance with Section 2.08(b), the Indenture Trustee shall no longer act as Indenture Trustee under this Indenture and shall have no fiduciary responsibilities to any remaining Specified Creditors. From and after such time, the Indenture Trustee shall act only as the security agent for those Specified Creditors.

(c) In the absence of bad faith on its part, the Indenture Trustee may, with respect to any Obligations Secured, conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Indenture Trustee and conforming to the requirements of this Indenture; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Indenture Trustee, the Indenture Trustee will be under a duty to examine the same to determine whether or not they substantially conform to the requirements of this Indenture (but need not confirm or investigate the accuracy of any mathematical calculations or other facts stated therein).

(d) No provision of this Indenture will be construed to relieve the Indenture Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(i) this clause (d) will not be construed to limit the effect of subsection 9.01(a);

(ii) the Indenture Trustee will not be liable for any error of judgment made in good faith, unless it will be proved that the Indenture Trustee was negligent in ascertaining the pertinent facts;

(iii) the Indenture Trustee will not be liable with respect to any action taken or omitted to be taken by it in good faith if so directed by Extraordinary Resolution, relating to the time, method and place of conducting any proceeding for any remedy available to the Indenture Trustee, or

exercising any trust or power conferred upon the Indenture Trustee, under this Indenture with respect to the Obligations Secured; and

(iv) no provision of this Indenture will require the Indenture Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers.

(e) Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Indenture Trustee will be subject to the provisions of this Section 9.01.

9.02 <u>Certain Rights of Indenture Trustee</u>

Except as otherwise provided in Section 9.01:

(a) the Indenture Trustee may conclusively rely and will be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture or other paper or document (whether in its original, facsimile or other electronic form) believed by it to be genuine and to have been signed or presented by the proper party or parties;

(b) whenever in the administration of this Indenture the Indenture Trustee will deem it desirable that a matter be proved or established before taking, suffering or omitting any action hereunder, the Indenture Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon an Officer's Certificate;

(c) the Indenture Trustee may consult with counsel of its own selection and the advice of such counsel or any Opinion of Counsel will be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon;

(d) the Indenture Trustee will be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Controlling Class Creditors pursuant to this Indenture, unless such Controlling Class Creditors shall have offered to the Indenture Trustee security or indemnity reasonably satisfactory to it against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction;

(e) the Indenture Trustee will not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture or other paper or document, but the Indenture Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Indenture Trustee will determine to make such further inquiry or investigation, it

will be entitled to examine the books, records and premises of the Issuer, personally or by agent or attorney;

(f) the Indenture Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Indenture Trustee will not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder;

(g) the Indenture Trustee will not be responsible for filing any financing statements or continuation statements in connection with the Obligations Secured or the Security Interest, but will cooperate with the Issuer in connection with the filing of such financing statements or amendments to such financing statements;

(h) the Indenture Trustee shall not be deemed to have notice of any default (including any Servicer Default, Default or Event of Default) unless written notice of any event which is in fact such a default is received by the Indenture Trustee at the Corporate Trust Office of the Indenture Trustee, and such notice references the Issuer Funding Obligations and this Indenture;

(i) the rights, privileges, protections, immunities and benefits given to the Indenture Trustee, including, without limitation, its right to be indemnified, are extended to, and shall be enforceable by, the Indenture Trustee in each of its capacities hereunder, and each agent, custodian and other Person employed to act hereunder;

(j) the Indenture Trustee shall not be liable for any action taken, suffered or omitted to be taken by it in good faith and reasonably believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture;

(k) the Indenture Trustee shall be entitled to and may rely absolutely upon each Payment ~~Instructions~~**Instruction** and the Indenture Trustee will have no obligation (i) to perform any calculations under any of the Program Agreements, (ii) to reconcile ~~the Program Accounts~~**any Issuer Account** against the other(s) or the Program Agreements, or (iii) to monitor **any** change in the legislation governing any of the Program Agreements;

(l) the Indenture Trustee will be entitled to rely and act upon any direction, order, instruction, notice or communication provided to it under this Indenture which is sent to it by Electronic Methods. The Indenture Trustee shall have no liability for any losses, liabilities, costs or expenses incurred by it as a result of such reliance upon or compliance with such instructions or directions. The Issuer agrees: (i) to assume all risks arising out of the use of such Electronic Methods to submit instructions and directions to the Indenture Trustee, including without limitation the risk of the Indenture Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting instructions to the Indenture Trustee and that there may be more secure methods

of transmitting instructions than the method(s) selected by the Issuer; and (iii) that the security procedures (if any) to be followed in connection with its transmission of instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and

(m) the Indenture Trustee will not be liable for any consequential, punitive or special damages.

9.03 Not Responsible for Recitals or Issuer Funding Obligations

The recitals contained herein and in the Funding Obligation Agreements, except the Certificates of Authentication, will be taken as the statements of the Issuer, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Indenture or of the Funding Obligation Agreements. The Indenture Trustee will not be accountable for the use or application by the Issuer of Notes, Borrowings or the proceeds thereof.

9.04 May Hold Notes

The Indenture Trustee, the Issuer Trustee, any Paying Agent, the Note Registrar, the Manager or any other agent of the Issuer, in its individual or any other capacity, may become the owner or pledgee of Notes and, subject to subsection 9.07(e) and applicable legislation, may otherwise deal with the Issuer with the same rights it would have if it were not Indenture Trustee, Issuer Trustee, Paying Agent, Note Registrar, Manager or such other agent.

9.05 Compensation and Reimbursement; Limit on Compensation Reimbursement and Indemnity

(a) The Issuer agrees:

(i) to pay to the Indenture Trustee from time to time reasonable compensation for all services rendered by it hereunder (which compensation will not be limited by any provision of law in regard to the compensation of a trustee of an express trust);

(ii) except as otherwise expressly provided herein, to reimburse the Indenture Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Indenture Trustee in accordance with any provision of this Indenture (including the reasonable compensation and the reasonable expenses and disbursements of its agents and counsel), except any such expense, disbursement or advance as may be attributable to its own negligence or bad faith; and

(iii) to indemnify the Indenture Trustee for, and to hold it harmless against, any and all loss, liability, expense, claim, damage or injury incurred without negligence or bad faith on its part, arising out of or in connection with the acceptance or administration of the trusts hereunder, including the costs and expenses of defending itself against any claim or liability (whether

asserted by the Issuer, any Specified Creditor or any other Person) in connection with the exercise or performance of any of its powers or duties hereunder.

The Indenture Trustee will have no recourse to any asset of the Issuer other than funds available pursuant to Section 7.04, 7.10 or 8.13, or to any Person other than the Issuer.

(b) This Section 9.05 will survive the termination of this Indenture and the resignation or replacement of the Indenture Trustee under Section 9.07.

9.06 Corporate Indenture Trustee Required; Eligibility

There will at all times be an Indenture Trustee hereunder which will be either a bank, a trust company or a corporation organized and doing business under the laws of Canada or of any province or territory thereof, authorized under such laws to carry on a trust business as contemplated hereby in each of the provinces and territories of Canada. The Issuer may not, nor may any Person directly or indirectly controlling, controlled by, or under common control with the Issuer, serve as Indenture Trustee. If at any time the Indenture Trustee will cease to be eligible in accordance with the provisions of this Section 9.06, it will resign immediately in the manner and with the effect hereinafter specified in this Article IX.

9.07 Resignation and Removal; Appointment of Successor

(a) No resignation or removal of the Indenture Trustee and no appointment of a successor Indenture Trustee pursuant to this Article IX will become effective until the acceptance of appointment by the successor Indenture Trustee under Section 9.08.

(b) The Indenture Trustee may resign at any time by giving written notice thereof to the Issuer. If an instrument of acceptance by a successor Indenture Trustee shall not have been delivered to the Indenture Trustee within 30 days after the giving of such notice of resignation, the resigning Indenture Trustee may petition any court of competent jurisdiction for the appointment of a successor Indenture Trustee.

(c) The Indenture Trustee may be removed at any time by Ordinary Resolution of the Controlling Class Creditors delivered to the Indenture Trustee and to the Issuer. If an instrument of acceptance by a successor Indenture Trustee shall not have been delivered to the Indenture Trustee within 30 days after the giving of such notice of removal, the Indenture Trustee being removed may petition any court of competent jurisdiction for the appointment of a successor Indenture Trustee.

(d) If at any time:

(i) the Indenture Trustee ceases to be eligible under Section 9.06 and fails to resign after written request therefor by the Issuer or by any Controlling Class Creditor, or

(ii) the Indenture Trustee becomes incapable of acting, or

(iii) the Indenture Trustee is adjudged bankrupt or insolvent, or a receiver of the Indenture Trustee or of its property is appointed, or any public officer takes charge or control of the Indenture Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation,

then, in any such case, (A) the Issuer may remove the Indenture Trustee, or (B) any Controlling Class Creditor who has been a *bona fide* Controlling Class Creditor for at least six (6) months may, on behalf of itself and all other Debtholders, petition any court of competent jurisdiction for the removal of the Indenture Trustee and the appointment of a successor Indenture Trustee.

(e) The Indenture Trustee shall resign if a material conflict of interest arises in its role as a trustee under this Indenture that is not eliminated within 90 days after the Indenture Trustee becomes aware that it has such a material conflict of interest. Forthwith after the Indenture Trustee becomes aware that it has a material conflict of interest, it shall provide the Issuer with written notice of the nature of that conflict. If, notwithstanding the foregoing provisions of this subsection 9.07(e), the Indenture Trustee has such a material conflict of interest, the validity and enforceability of this Indenture and of the Funding Obligation Agreements shall not be affected in any manner whatsoever by reason only of the existence of such material conflict of interest. If the Indenture Trustee contravenes the foregoing provisions of this subsection 9.07(e), any interested Person may apply to a court of competent jurisdiction for an order that the Indenture Trustee be replaced as trustee hereunder. The Indenture Trustee represents to the Issuer that at the time of the execution and delivery hereof, no material conflict of interest exists in the Indenture Trustee's role as a fiduciary hereunder.

(f) If the Indenture Trustee resigns, is removed or becomes incapable of acting, or if a vacancy shall occur in the office of the Indenture Trustee for any cause, the Issuer will promptly appoint a successor Indenture Trustee. If, within one (1) year after such resignation, removal or incapacity, or the occurrence of such vacancy, a successor Indenture Trustee is appointed by Ordinary Resolution of Controlling Class Creditors delivered to the Issuer and the retiring Indenture Trustee, the successor Indenture Trustee so appointed will, forthwith upon its acceptance of such appointment, become the successor Indenture Trustee and supersede the successor Indenture Trustee appointed by the Issuer. If no successor Indenture Trustee shall have been so appointed by the Issuer or Controlling Class Creditors and accepted in the manner hereinafter provided, any Controlling Class Creditor who has been a *bona fide* Controlling Class Creditor for at least six (6) months may, on behalf of itself and all other Debtholders, petition any court of competent jurisdiction for the appointment of a successor Indenture Trustee.

(g) The Issuer will give written notice of each resignation and each removal of the Indenture Trustee and each appointment of a successor Indenture Trustee to each Specified Creditor as provided in Article XV and to each Rating Agency. To

facilitate delivery of such notice, upon request by the Issuer, the retiring Indenture Trustee shall provide to the Issuer a list of all Specified Creditors. Each notice will include the name of the successor Indenture Trustee and the address of its Corporate Trust Office.

(h) Upon such resignation, the Indenture Trustee shall be discharged from all further duties and liabilities under this Indenture.

9.08 Acceptance of Appointment by Successor

Every successor Indenture Trustee appointed hereunder will execute, acknowledge and deliver to the Issuer and to the predecessor Indenture Trustee an instrument accepting such appointment, with a copy to the Rating Agencies, and thereupon the resignation or removal of the predecessor Indenture Trustee will become effective, and such successor Indenture Trustee, without any further act, deed or conveyance, will become vested with all the rights, powers, trusts and duties of the predecessor Indenture Trustee; but, on request of the Issuer or the successor Indenture Trustee, such predecessor Indenture Trustee will execute and deliver an instrument transferring to such successor Indenture Trustee all the rights, powers and trusts of the predecessor Indenture Trustee, and will duly assign, transfer and deliver to such successor Indenture Trustee all property and money held by such predecessor Indenture Trustee hereunder, subject nevertheless to its Lien, if any, provided for in Section 9.05. Upon request of any such successor Indenture Trustee, the Issuer will execute any and all instruments for more fully and certainly vesting in and confirming to such successor Indenture Trustee all such rights, powers and trusts.

No successor Indenture Trustee will accept its appointment unless at the time of such acceptance, such successor Indenture Trustee will be qualified and eligible under this Article IX.

9.09 Merger, Conversion, Consolidation or Succession to Business

Any corporation into which the Indenture Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Indenture Trustee shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Indenture Trustee, will be the successor of the Indenture Trustee hereunder, provided such corporation shall be otherwise qualified and eligible under this Article IX, without the execution or filing of any paper or any further act on the part of any of the parties hereto. The Indenture Trustee shall give prompt written notice of such merger, conversion, consolidation or succession to the Issuer and the Rating Agencies. In case any Notes shall have been authenticated, but not delivered, by the Indenture Trustee then in office, any successor by merger, conversion or consolidation to such authenticating Indenture Trustee may adopt such authentication and deliver the Notes so authenticated with the same effect as if such successor Indenture Trustee had itself authenticated such Notes.

9.10 Trust Indenture Legislation

(a) In this Article IX, the term "**applicable legislation**" means the provisions, if any, of the *Trust and Loan Companies Act* (Canada) and any other statute of Canada or

a province thereof, and of regulations under any such statute, in each case, as amended, restated or re-enacted from time to time, relating to trust indentures and to the rights, duties and obligations of trustees under trust indentures and of entities issuing debt obligations under trust indentures, to the extent that in the opinion of counsel to the Issuer such provisions are at the time in force and applicable to this Indenture.

(b) If and to the extent that any provision of this Indenture limits, qualifies or conflicts with a mandatory requirement of applicable legislation, such mandatory requirement shall prevail.

(c) The Issuer and the Indenture Trustee agree that each will at all times in relation to this Indenture and any action to be taken hereunder, observe and comply with and be entitled to the benefits of applicable legislation.

9.11 Representations and Covenants of the Indenture Trustee

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Indenture and has taken all necessary action to authorize the execution, delivery and performance by it of this Indenture and other documents to which it is a party;

(c) each of this Indenture and the other documents to which it is a party has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada. If, notwithstanding the provisions of this subsection 9.11(d), the Indenture Trustee ceases to be so authorized to carry on business, the validity and enforceability of this Indenture and the Funding Obligation Agreements shall not be affected in any manner whatsoever by reason only of such event.

9.12 Indenture Trustee's Application for Instructions from the Issuer

Any application by the Indenture Trustee for written instructions from the Issuer may, at the option of the Indenture Trustee, set forth in writing any action proposed to be taken or omitted by the Indenture Trustee under and in accordance with this Indenture and the date on and/or after which such action shall be taken or such omission shall be effective; provided that such application shall make specific reference to this Section 9.12. The Indenture Trustee shall not be liable for any action taken by, or omission of, the Indenture Trustee in accordance with a proposal included in such application on or after the date specified in such application (which date shall not be less than five (5) Business Days after the date the Issuer actually receives such

application, unless the Issuer shall have consented in writing to any earlier date) unless prior to taking any such action (or the effective date in the case of an omission), the Indenture Trustee shall have received written instructions in response to such application specifying the action be taken or omitted.

9.13 Appointment of Co-Trustee or Separate Indenture Trustee

(a) Notwithstanding any other provisions of this Indenture, at any time, for the purpose of meeting any legal requirements of any relevant jurisdiction, the Indenture Trustee shall have the power and shall execute and deliver all instruments, subject to the prior written consent of the Manager, which consent shall not be unreasonably withheld, to appoint one or more Persons reasonably acceptable to the Issuer to act as a co-trustee or co-trustees, or separate trustee or separate trustees, of all or any part of the Issuer's property, and to vest in such Person or Persons, in such capacity and for the benefit of the Specified Creditors, such title to the Issuer's property, or any part thereof, and, subject to the other provisions of this Section 9.13, such powers, duties, obligations, rights and trusts as the Indenture Trustee may consider necessary or desirable. No co-trustee or separate trustee hereunder shall be required to meet the terms of eligibility as a successor trustee under Section 9.06 and no notice to Specified Creditors of the appointment of any co-trustee or separate trustee shall be required under Section 9.07.

(b) Every separate trustee and co-trustee shall, to the extent permitted by applicable law, be appointed and act subject to the following provisions and conditions:

(i) all rights, powers, duties and obligations conferred or imposed upon the Indenture Trustee shall be conferred or imposed upon and exercised or performed by the Indenture Trustee and such separate trustee or co-trustee jointly (it being understood that such separate trustee or co-trustee is not authorized to act separately without the Indenture Trustee joining in such act), except to the extent that under any law of any jurisdiction in which any particular act or acts are to be performed, the Indenture Trustee shall be incompetent or unqualified to perform such act or acts, in which event such rights, powers, duties and obligations (including the holding of title to the Issuer's property or any portion thereof in any such jurisdiction) shall be exercised and performed singly by such separate trustee or co-trustee, but solely at the direction of the Indenture Trustee;

(ii) no trustee hereunder shall be personally liable by reason of any act or omission of any other trustee hereunder; and

(iii) the Indenture Trustee may at any time accept the resignation of or remove any separate trustee or co-trustee.

(c) Any notice, request or other writing given to the Indenture Trustee shall be deemed to have been given to each of the then separate trustees and co-trustees, as

effectively as if given to each of them. Every instrument appointing any separate trustee or co-trustee shall refer to this Indenture and the conditions of this Article IX. Each separate trustee and co-trustee, upon its acceptance of the trusts conferred, shall be vested with the estates or property specified in its instrument of appointment, either jointly with the Indenture Trustee or separately, as may be provided therein, subject to all the provisions of this Indenture, specifically including every provision of this Indenture relating to the conduct of, affecting the liability of, or affording protection to, the Indenture Trustee. Every such instrument shall be filed with the Indenture Trustee.

(d) Any separate trustee or co-trustee may at any time appoint the Indenture Trustee, its agent or attorney-in-fact with full power and authority, to the extent not prohibited by applicable law, to do any lawful act under or in respect of this Indenture on its behalf and in its name. If any separate trustee or co-trustee shall die, become incapable of acting, resign or be removed, all of its estates, properties, rights, remedies and trusts shall vest in and be exercised by the Indenture Trustee, to the extent permitted by applicable law, without the appointment of a new or successor trustee.

(e) All such appointments made in accordance with this Section 9.13 shall be subject to the approval of the Issuer. The Issuer will give **prior** written notice of the appointment of any separate trustee or co-trustee to each Rating Agency.

9.14 Preservation of Information; Communications to Specified Creditors

(a) The Indenture Trustee will preserve, in as current a form as is reasonably practicable, the names and addresses of Registered Noteholders contained in the most recent list furnished to the Indenture Trustee as provided in subsection 13.13(a) and the names and addresses of Registered Noteholders received by the Indenture Trustee in its capacity as Note Registrar. The Indenture Trustee will also preserve, in as current a form as is reasonably practicable, the names and addresses of all other Specified Creditors contained in the most recent list furnished to the Indenture Trustee as provided in subsection 13.13(b). The Indenture Trustee may destroy any such list furnished to it upon receipt of a new list.

(b) If three (3) or more Debtholders of any Class, Series or Tranche (hereinafter referred to as "**applicants**") (or, if there are less than three (3) such Debtholders, all of the Debtholders) apply in writing to the Indenture Trustee by way of an application substantially in the form of Exhibit 4, then the Indenture Trustee will, within five (5) Business Days after the receipt of such application, afford such applicants access to the information preserved at the time by the Indenture Trustee in accordance with subsection 9.14(a); provided, however, that (i) such Debtholders are identified on the most recent lists of Debtholders held by the Indenture Trustee pursuant to subsection 9.14(a), and (ii) the Indenture Trustee shall not release any information other than the names and addresses (including email addresses) of the Debtholders on such lists.

(c) By accepting its rights as a third party beneficiary hereunder, every Debtholder agrees with the Issuer and the Indenture Trustee that neither the Issuer nor the Indenture Trustee will be held accountable by reason of the disclosure of any such information as to the names and addresses (including email addresses) of the Debtholders in accordance with subsection 9.14(b), regardless of the source from which such information was derived.

(d) Any Specified Creditor wishing to be removed from the list of Specified Creditors may deliver a notice to the Indenture Trustee in the form attached as Exhibit 5. Within five (5) Business Days of the receipt of such notice, the Indenture Trustee shall notify the Issuer to have that Specified Creditor removed from the list provided in accordance with subsection 13.13(b). The Indenture Trustee shall not be responsible, nor shall it be liable for any losses, costs or expenses (including special, indirect, punitive or consequential losses or damages) of the Issuer, any Specified Creditor, or any other party, with respect to any Specified Creditor that fails to, or is delayed in sending, such notice and whose information is disseminated in accordance with this Section 9.14.

(e) The Indenture Trustee shall not be liable for, or held accountable by reason of, distributing any information pursuant to this Section 9.14 regarding any Specified Creditor that is on the list of Specified Creditors held by the Indenture Trustee pursuant to subsection 9.14(a).

9.15 Acceptance of Trusts by Indenture Trustee

The Indenture Trustee hereby accepts the trusts in this Indenture and agrees to perform the same upon the terms and conditions herein set forth.

9.16 Paying Agent

(a) The Paying Agent, on behalf of the Indenture Trustee, will make distributions to Specified Creditors from the Collection Account or other applicable Issuer Account pursuant to the provisions of this Indenture and any applicable Program Agreement. Any Paying Agent will have the revocable power to withdraw funds from the Collection Account or other applicable Issuer Account for the purpose of making the distributions referred to above.

(b) The Indenture Trustee may revoke such power and remove the Paying Agent if the Indenture Trustee determines in its sole discretion that the Paying Agent has failed to perform its obligations under this Indenture in any material respect. The Paying Agent upon removal will return all funds in its possession to the Indenture Trustee.

(c) The Issuer will cause each Paying Agent (other than the Indenture Trustee) to execute and deliver to the Indenture Trustee an instrument in which such Paying Agent will agree with the Indenture Trustee (and if the Indenture Trustee acts as Paying Agent, it so agrees), subject to the provisions of this Section 9.16, that such Paying Agent will:

(i) hold all sums held by it for the payment of principal of, interest, fees or other amounts in trust for the benefit of the Persons entitled thereto until such sums will be paid to such Persons or otherwise disposed of as herein provided;

(ii) if such Paying Agent is not the Indenture Trustee, give the Indenture Trustee notice of any default by the Issuer in the making of any such payment of principal or interest on any Issuer Funding Obligations;

(iii) if such Paying Agent is not the Indenture Trustee, at any time during the continuance of any such default, upon the written request of the Indenture Trustee, forthwith pay to the Indenture Trustee all sums so held in trust by such Paying Agent;

(iv) open and maintain appropriate records with respect to each Note; record by appropriate entries therein each payment made on account of interest, principal, fees and other amounts owing with respect to each such Note. For the purposes thereof, the Paying Agent shall make available upon request of the Issuer or the Indenture Trustee satisfactory evidence of each payment as soon as practicable after making such payment. The failure to record, or any error in recording, any such payment shall not, however, limit or otherwise affect the obligations of the Issuer as to the principal amount or accrued interest owing with respect to any Note. Such records of payment shall be conclusive evidence of the unpaid principal balance and interest owing in respect of the Notes in the absence of demonstrable error;

(v) immediately resign as a Paying Agent and, if such Paying Agent is not the Indenture Trustee, forthwith pay to the Indenture Trustee all sums held by it in trust for the payment of Issuer Funding Obligations if at any time it ceases to meet the standards described in this Section 9.16 required to be met by a Paying Agent at the time of its appointment; and

(vi) comply with all requirements of the Income Tax Act or any other applicable tax law with respect to the withholding from any payments made by it on any amounts contemplated under this Indenture of any applicable withholding taxes imposed thereon and with respect to any applicable reporting requirements in connection therewith.

(d) Each Paying Agent, if not OPG, will at all times have, or be a wholly owned subsidiary of a corporation which has, a combined capital and surplus of at least

$50,000,000 and be subject to supervision or examination by a Canadian federal, provincial or territorial authority or be regulated by or subject to the supervision or examination of a Governmental Authority of a nation that is a member of the Organization for Economic Co-operation and Development. If such Paying Agent publishes reports of condition at least annually, pursuant to law or to the requirements of the aforesaid supervising or examining authority, then for the purposes of this subsection 9.16(d), the combined capital and surplus of such Paying Agent will be deemed to be its combined capital and surplus as set forth in its most recent report of condition as so published.

(e) Unless and until the Issuer rescinds one or more of such appointments, the Issuer hereby appoints the Indenture Trustee as its Paying Agent. The Issuer will give **prior** written notice of the appointment of any Paying Agent (if such Paying Agent is not the Indenture Trustee) to each Rating Agency.

ARTICLE X
MEETINGS

10.01 Conduct of Meetings

Meetings of Debtholders of any Class, Series or Tranche, of all Issuer Funding Obligations, of Controlling Class Obligations of a Series or of all Controlling Class Obligations, as the case may be, may be convened, held and conducted in the following manner:

(a) At any time, and from time to time, the Indenture Trustee or the Issuer may, and the Indenture Trustee shall, on receipt of a written request of the Issuer or a requisition signed by Debtholders of a particular Class, Series or Tranche, of all Issuer Funding Obligations, of Controlling Class Obligations of a Series or of all Controlling Class Obligations (each of such groups of Debtholders being a "**Debtholder Group**"), as the case may be, holding at least 25% of the aggregate Outstanding Dollar Principal Amount of the applicable Issuer Funding Obligations, convene, or cause to be convened, a meeting of the Debtholders of that Debtholder Group. If the Indenture Trustee fails to convene, or cause to be convened, a meeting after 30 days of being duly required by the Issuer or such Debtholders, the Issuer or such Debtholders may themselves convene such meeting and, in the case of a meeting called by such Debtholders, the notice calling such meeting may be signed by such Person as those Debtholders specify. Every such meeting shall be held in the City of Toronto or such other place in Ontario, Canada as the Indenture Trustee may in any case determine or approve.

(b) At least 7 days' prior notice of any meeting shall be given to the Debtholders of the Debtholder Group to which such meeting relates and to the Issuer, unless the meeting has been called by the Issuer, and such notice shall state the date, time and the place the meeting is to be held and shall specify, in general terms, the nature of the business to be transacted. It shall not be necessary to specify in the notice the text of the resolutions to be passed. Subject to Section 10.01(c), notices shall be given in the manner set forth in Article XV and a copy thereof shall be

delivered to the Indenture Trustee unless the meeting has been called by it. It shall not be necessary to specify in the notice of any adjournment of a meeting the nature of the business to be transacted at the adjourned meeting. The non-receipt of any such notice by a Debtholder shall not invalidate any resolution passed at such meeting.

(c) At any meeting of a Debtholders Group, subject as herein provided, a quorum shall consist of ~~two~~**one** or more Persons present in person or by proxy holding either personally or as proxies not less than 25% of the Outstanding Dollar Principal Amount of the Issuer Funding Obligations of the Debtholder Group entitled to vote at such meeting. If a quorum is not present on the date for which the meeting is called within 30 minutes after the time fixed for the holding of such meeting, the meeting shall be adjourned to be held at a place and upon a date and at an hour to be fixed by the Indenture Trustee who shall give not less than seven (7) days' notice of the date and time to which such meeting is to be adjourned and at such adjourned meeting a quorum shall consist of the Debtholders of that Debtholder Group then and there represented in person or by proxy and entitled to vote at such meeting.

(d) An individual, who need not be a Debtholder, nominated in writing by the Indenture Trustee shall be chairman of the meeting (a "**Chairman**"). If no individual is so nominated or if the individual nominated is not present within 25 minutes after the time fixed for the holding of the meeting, the Debtholders and proxies for Debtholders present shall choose one of their number to be Chairman.

(e) Every question submitted to a meeting, except matters requiring an Extraordinary Resolution, shall be decided by a majority of the votes given on a show of hands or, if a poll shall be requested as hereinafter provided, by a majority of the votes cast on the poll (in either case, an "**Ordinary Resolution**") and shall be binding on all Debtholders of the applicable Debtholder Group. On a show of hands, each Debtholder who is present, whether in person or by proxy, will have one vote for every $1,000 of Outstanding Dollar Principal Amount of applicable Issuer Funding Obligations of which he or she shall be the Debtholder. A poll shall be taken on every Extraordinary Resolution and otherwise whenever requested by a Debtholder or its proxy. On a poll, each Debtholder shall have one vote for every $1,000 of Outstanding Dollar Principal Amount of applicable Issuer Funding Obligations of which he or she shall be the Debtholder. Votes may be given in person or by proxy and a proxy need not be a Debtholder. If at any meeting a poll is so demanded as aforesaid on the election of a Chairman or on a question of adjournment, it shall be taken forthwith. If at any meeting a poll is so demanded on any other question, or an Extraordinary Resolution is to be voted upon, a poll shall be taken in such manner and either at once or after an adjournment as the Chairman directs. The result of a poll shall be deemed to be the decision of the meeting at which the poll was demanded and shall be binding on all Debtholders of the applicable Debtholder Group. In the case of joint Registered Noteholders, any one of them present in person or by proxy at the meeting may vote in the absence of the other or others but, if more than one of them is present in person or

by proxy, they shall vote together in respect of the Notes of which they are joint Registered Noteholders.

10.02 Powers Exercisable by Ordinary Resolution and Extraordinary Resolution

(a) ~~In~~**Subject to Section 11.02, in** addition to any powers hereinbefore given, Debtholders of a Class, Series or Tranche of Issuer Funding Obligations shall by Ordinary Resolution have the power to:

(i) require the Indenture Trustee (subject to receipt by the Indenture Trustee of reasonable funding and indemnity) to exercise or refrain from exercising any of the powers conferred upon it by this Indenture insofar as they apply solely to such Class, Series or Tranche or by the Related Funding Obligation Agreement;

(ii) sanction, insofar as they apply to the Class, Series or Tranche, the release of the Issuer from its covenants and obligations hereunder;

(iii) subject to the provisions of this Indenture or of the Related Funding Obligation Agreement, sanction any change whatsoever to any provision of the Issuer Funding Obligations of such Class, Series or Tranche which shall be agreed to by the Issuer and any modification, alteration, abrogation, compromise or arrangement of or in respect of the rights of the Debtholders of such Class, Series or Tranche or the Indenture Trustee against the Issuer, whether such rights shall arise under the provisions of this Indenture or otherwise;

(iv) subject to the provisions of this Indenture, assent to any modification of or change in or addition to or omission from the provisions contained in this Indenture, a Related Supplemental Indenture or any instrument ancillary or supplementary hereto or thereto, in each case, insofar as they apply to the Class, Series or Tranche, which shall be agreed to by the Issuer and to authorize the Indenture Trustee to concur in and execute any deed, instrument or agreement embodying any such modification, change, addition or omission or any other deeds, documents or writings authorized by such Ordinary Resolution; provided that no such assent shall be necessary for any modification of or change in or addition otherwise permitted hereunder or under a Related Supplemental Indenture; and

(v) take any other Action authorized by this Indenture or a Related Supplemental Indenture to be taken by Ordinary Resolution of the Debtholders of a Class, Series or Tranche of Issuer Funding Obligations.

(b) ~~In~~**Subject to Section 11.02, in** addition to any powers hereinbefore given, Controlling Class Creditors shall by Extraordinary Resolution have the power to:

(i) after the Security Interest has become enforceable, authorize the Indenture Trustee to accept, in satisfaction or partial satisfaction, all or any part of the Collateral;

(ii) after the Security Interest has become enforceable, sanction the selling of the Collateral or any part thereof or interest therein;

(iii) after the Security Interest has become enforceable, authorize the Indenture Trustee or any other Person to bid or tender at any sale of the Collateral or any part thereof and take such actions in connection with such sale as it determines to be in the best interests of all Controlling Class Creditors;

(iv) assent to any compromise or arrangement by the Issuer with any creditor, creditors or class or classes of creditors or with the holders of any securities of the Issuer whose claims are payable from the Collateral;

(v) restrain any Debtholder from taking or instituting any suit, action or proceeding for the purpose of realizing on the Collateral or for the execution of any trust or power hereunder or for the appointment of a liquidator, receiver or trustee in bankruptcy or to have the Issuer liquidated or for any other remedy hereunder and to direct such Debtholder to waive any Event of Default on which any suit or proceeding is founded;

(vi) require the Indenture Trustee (subject to receipt by the Indenture Trustee of reasonable funding and indemnity) to exercise or refrain from exercising any other powers conferred upon it by this Indenture of general application to all Classes of Issuer Funding Obligations, including the exercise of any rights of the Issuer under any of the Program Agreements upon the occurrence and during the continuance of an Event of Default, or cancel any declaration of acceleration made pursuant to Article VIII upon such terms and/or conditions as may be decided;

(vii) authorize the Indenture Trustee, in the event of the Issuer making an authorized assignment or proposal or in the event of an administrator, trustee, receiver or liquidator being appointed under any applicable bankruptcy or insolvency legislation for and on behalf of all Debtholders and, in addition to any claim or debt provided or made for its own account as Indenture Trustee hereunder, to file and prove a claim or debt against the Issuer or its property for an amount equivalent to the aggregate amount which may be payable in respect of all Issuer Funding Obligations, to value the Collateral, and to vote such claim or debt at meetings of creditors and generally act for and on behalf of all Debtholders in such proceedings as such Extraordinary Resolution may provide;

(viii) appoint a committee with power and authority (subject to such limitations, if any, as may be prescribed in such Extraordinary Resolution) to exercise, and to direct the Indenture Trustee to exercise, on behalf of all Controlling Class Creditors, such of the powers of such Controlling Class Creditors as are exercisable by Extraordinary Resolution or other resolution as shall be included in the Extraordinary Resolution appointing the committee. The Extraordinary Resolution making such appointment may provide for payment of the expenses and disbursements of and compensation to such committee from the Collateral in portions allocated to each Series as may be specified in such Extraordinary Resolution. Such committee shall consist of such number of Persons as shall be prescribed in the Extraordinary Resolution appointing it and the members need not themselves be Controlling Class Creditors or Debtholders. Each such committee may elect a chairman and may make regulations respecting its quorum, the calling of its meetings, the filling of vacancies occurring in its number and its procedures generally. Such regulations may provide that the committee may act at a meeting at which a quorum is present or may act by minutes signed by the number of members thereof necessary to constitute a quorum. All acts of any such committee within the authority delegated to it shall be binding upon all Debtholders. Neither the committee nor any member thereof shall be liable for any loss arising from or in connection with any action taken or omitted to be taken by them in good faith; and

(ix) take any other action authorized by this Indenture to be taken by Extraordinary Resolution.

(c) The foregoing powers shall be deemed to be several and cumulative and not dependent on each other and the exercise of one or more of such powers, or any combination of such powers, from time to time, shall not be deemed to exhaust the rights of the Debtholders to exercise such power or powers, or combinations of powers, thereafter from time to time. No powers exercisable by Extraordinary Resolution shall derogate in any way from any rights of the Issuer under or pursuant to this Indenture **without the agreement of the Issuer**. The Issuer shall give the Rating Agency notice of any Ordinary Resolution or Extraordinary Resolution adopted.

10.03 Extraordinary Resolution

An Extraordinary Resolution, adopted in accordance with the provisions hereof, shall be binding upon each and every Debtholder and each other Specified Creditor and their respective heirs, executors, administrators, successors and assigns, whether present or absent, and the Indenture Trustee (subject to the provisions for funding and its indemnity herein contained) shall be bound to give effect thereto accordingly.

Except as expressly provided to the contrary in this Indenture, no action shall be taken at a meeting of the Debtholders of a Debtholder Group which changes any provision of this

Indenture or changes or prejudices the exercise of any right of any Debtholder except by Extraordinary Resolution.

10.04 Declaration by Chairman of Result of Vote

At any meeting of Debtholders of any Debtholder Group in cases where no poll is required or requested, a declaration made by the Chairman that a resolution has been carried, or carried by any particular majority, or lost, shall be conclusive evidence thereof.

10.05 Minutes

Minutes of all resolutions and proceedings at every such meeting, as aforesaid, shall be made and duly entered in books to be provided from time to time for that purpose by an agent of the Issuer at the expense of the Issuer and any such minutes, as aforesaid, if signed by the Chairman of the meeting at which such resolutions were passed or proceedings had shall be *prima facie* evidence of the matters therein stated and, until the contrary is proved, every such meeting in respect of the proceedings of which minutes shall have been made shall be deemed to have been duly held and convened and all resolutions passed or proceedings had thereat to have been duly passed and had.

10.06 Signed Instruments

Any resolution or instrument signed in one or more counterparts by (a) Debtholders holding not less than 50% of the aggregate Outstanding Dollar Principal Amount of Issuer Funding Obligations of a Debtholder Group, in the case of matters capable of being decided by Ordinary Resolution, and (b) Controlling Class Creditors holding not less than 66⅔% of the aggregate Outstanding Dollar Principal Amount of all Controlling Class Obligations in the case of matters required to be decided by Extraordinary Resolution, shall, in either case, have the same force and effect as a resolution duly passed at a meeting of such Debtholders by the affirmative vote of all of the votes cast upon a poll. Notice of any Ordinary Resolution or Extraordinary Resolution passed in accordance with this Section 10.06 shall be given by the Indenture Trustee to all applicable Debtholders within 30 days of the date on which such Ordinary Resolution or Extraordinary Resolution was passed.

10.07 Persons Who May Attend

Each Debtholder, by their respective officers, directors, employees, and the legal advisers of such parties, may attend any meeting of Debtholders.

10.08 Binding Effect of Resolutions

Every Ordinary Resolution and every Extraordinary Resolution passed in accordance with the provisions of this Article X at a meeting of Debtholders of a Debtholder Group will be binding upon all of the Debtholders of such Debtholder Group whether present at or absent from such meeting, and every instrument in writing signed by Debtholders in accordance with Section 10.06 will be binding upon all of the Debtholders of such Debtholder Group, whether signatories thereto or not, and the Indenture Trustee will be bound to give effect accordingly to every such Ordinary Resolution, Extraordinary Resolution and instrument in writing. For greater certainty,

any Extraordinary Resolution shall bind all Debtholders and all other Specified Creditors in accordance with Section 10.03.

10.09 Notes Regarded as Not Outstanding for Certain Purposes

If, in the opinion of the Indenture Trustee and upon receipt of an Issuer Certificate in respect of the following, any business to be transacted at any meeting of Debtholders or any action to be taken or power exercised by instrument in writing under Section 10.06 does not materially adversely affect the rights of the Debtholders of one or more particular Class, Series or Tranche of Issuer Funding Obligations, the provisions of this Article X shall apply as if the Issuer Funding Obligations of that Class, Series or Tranche were not Outstanding, and no notice of any such meeting need be given to the Debtholders of that Class, Series or Tranche.

ARTICLE XI
SUPPLEMENTAL INDENTURES

11.01 Supplemental Indentures and Amendments Without Consent of Specified Creditors

Without the consent of Specified Creditors but with 10 Business Days' prior notice to each Rating Agency and the Province, the Issuer and the Indenture Trustee, at any time and from time to time, and upon delivery by the Issuer to the Indenture Trustee of an Issuer Certificate to the effect that the Issuer reasonably believes that such amendment will not have an Adverse Effect and is not reasonably expected to have an Adverse Effect at any time in the future, the Issuer may amend this Indenture, including any Supplemental Indenture or enter into one or more Supplemental Indentures, in form satisfactory to the Indenture Trustee, for any of the following purposes:

(a) to evidence the succession or successive successions of another Financing Entity to the Issuer, and the assumption by any such successor of the covenants of the Issuer herein and in the Notes; or

(b) to add to the covenants of the Issuer, or to surrender any right or power herein conferred upon the Issuer by the Issuer, for the benefit of Debtholders of any or all Classes, Series or Tranches of Issuer Funding Obligations; or

(c) to cure any ambiguity, to correct or supplement any provision herein which may be inconsistent with any other provision herein, to correct a clear clerical or administrative error, or to make any other provisions with respect to matters or questions arising under this Indenture; or

(d) to provide for the issuance of any Series or Tranche of Notes as provided in Article IV and Article V and to set forth the terms thereof, and/or to add to the rights of the Noteholders of any Class, Series or Tranche; or

(e) to evidence and provide for the acceptance of appointment by another corporation as a successor Indenture Trustee hereunder; or

(f) to add any additional Events of Default in respect of any or all Classes, Series or Tranches of Issuer Funding Obligations; or

(g) to provide for the consolidation of any Financing Entity and the Issuer into a single Person or the transfer of assets in any Financing Entity to the Issuer; or

(h) if IESO is replaced under the Master Transfer and Servicing Agreement as Servicer, to make any necessary changes to this Indenture or any other related document; or

(i) to provide for additional forms of Credit Enhancement for any Class, Series or Tranche of Issuer Funding Obligations; or

(j) to facilitate the issuance of Foreign Currency Issuer Funding Obligations; or

(k) to comply with any regulatory, accounting, securities or tax laws, rules, regulations or requirements, or changes to Rating Agency ratings criteria; or

(l) to enable the Issuer to file a registration statement (and any related exhibits thereto) for the offering of securities registered under the U.S. Securities Act and to comply with Regulation AB (including, without limitation, ongoing reporting obligations thereunder); or

(m) to qualify for sale treatment under generally accepted accounting principles.

Additionally, notwithstanding any provision of this Article XI to the contrary and in addition to clauses (a) through (m) above, the Issuer and the Indenture Trustee may amend this Indenture, including any Supplemental Indenture, without the consent of any Specified Creditor but with 10 Business Days' prior notice to each Rating Agency and the Province, to modify, eliminate or add to the provisions of this Indenture (i) to facilitate compliance with any amendment to any change of law or regulation which applies to the Issuer or the transactions governed by the Program Agreements, or (ii) to cause the provisions hereof to conform to or be consistent with or in furtherance of the statements made with respect to this Indenture in any applicable offering document; in each case, provided that the Issuer shall deliver to the Indenture Trustee an Issuer Certificate to the effect that (A) the Issuer reasonably believes that such amendment will not have an Adverse Effect and is not reasonably expected to have an Adverse Effect at any time in the future or (B) such amendment is required to remain in compliance with any change of law or regulation which applies to the Issuer or the transactions governed by the Program Agreements, or such amendment is required to cause the provisions hereof to conform to or be consistent with or in furtherance of the statements made with respect to this Indenture in any applicable offering document.

Additionally, notwithstanding any provision of this Article XI to the contrary and in addition to clauses (a) through (m) above and the immediately preceding paragraph, this Indenture, including any Supplemental Indenture, may also be amended by the Issuer and the Indenture Trustee, without the consent of any Specified Creditor but with 10 Business Days' prior notice to each Rating Agency and the Province, for the purpose of (i) adding any provisions to, or changing in any manner or eliminating any of the provisions of, this Indenture or any

Supplemental Indenture or (ii) modifying in any manner the rights of the Specified Creditors under this Indenture or any Supplemental Indenture; provided, however, that (A) the Issuer shall deliver to the Indenture Trustee an Issuer Certificate to the effect that the Issuer reasonably believes that such amendment will not have an Adverse Effect and is not reasonably expected to have an Adverse Effect at any time in the future, and (B) the Rating Agency Condition shall be satisfied.

Additionally, notwithstanding any provision of this Article XI to the contrary and in addition to clauses (a) through (m) above and the immediately preceding paragraphs, this Indenture, including any Supplemental Indenture, may also be amended by the Issuer and the Indenture Trustee, without the consent of any Specified Creditor but with 10 Business Days' prior notice to each Rating Agency and the Province, to provide for those changes necessary for compliance with securities law requirements or banking laws or regulations; provided, however, that (i) the Issuer shall deliver to the Indenture Trustee an Issuer Certificate to the effect that the Issuer reasonably believes that such amendment will not have an Adverse Effect and is not reasonably expected to have an Adverse Effect at any time in the future, and (ii) the Rating Agency Condition shall be satisfied.

Prior written notice of any amendment to this Indenture or any Supplemental Indenture to the Province in accordance with the above paragraphs shall be sent by the Issuer and the Indenture Trustee. The Issuer and the Indenture Trustee shall send a copy of any amendment pursuant to this Section 11.01 to each Rating Agency and the Province; provided that failure to send copies of any amendment to this Indenture or any Supplemental Indenture, or failure to provide any notice under this Section 11.01 shall not invalidate such amendment.

The Indenture Trustee may, but shall not be obligated to, enter into any amendment which adversely affects the Indenture Trustee's rights, duties, benefits, protections, privileges or immunities under this Indenture or otherwise.

11.02 Supplemental Indentures and Amendments with Consent of Debtholders

In addition to any amendment permitted pursuant to Section 11.01, with 10 Business Days' prior notice to each Rating Agency and the Province, the consent of Debtholders of each Class, Series or Tranche of Issuer Funding Obligations affected by such amendment of this Indenture, including any Supplemental Indenture, by Ordinary Resolution delivered to the Issuer and the Indenture Trustee, and satisfaction of the Rating Agency Condition, the Issuer and the Indenture Trustee may enter into an amendment of this Indenture or any Supplemental Indenture for the purpose of adding any provisions to, or changing in any manner or eliminating any of the provisions of, this Indenture or of modifying in any manner the rights of the Debtholders of each such Class, Series or Tranche of Issuer Funding Obligations under this Indenture or any Supplemental Indenture; provided, however, that no such amendment of this Indenture or any Supplemental Indenture will, without the consent of each Debtholder of Issuer Funding Obligations affected thereby and satisfaction of the Rating Agency Condition:

(a) change an Interest Payment Date, Principal Payment Date or Principal Payment Default Date of any Issuer Funding Obligation;

(b) reduce the principal amount of, or the interest rate on any Note, or change the method of computing the Outstanding Dollar Principal Amount, the Outstanding Currency Specific Dollar Principal Amount or the Outstanding Dollar Principal Amount in a manner that is adverse to any Debtholders;

(c) reduce the amount of a Discount Note payable upon its acceleration;

(d) reduce the percentage in Outstanding Dollar Principal Amount of Issuer Funding Obligations of any Class, Series or Tranche, the consent of whose holders is required for any such amendment, or the consent of whose holders is required for any waiver of compliance with the provisions of this Indenture or of defaults hereunder and their consequences, provided for in this Indenture;

(e) modify any of the provisions of this Section 11.02 or Section 8.03, except to increase any percentage of Debtholders required to consent to any such amendment or to provide that other provisions of this Indenture cannot be modified or waived without the consent of the Debtholders affected thereby;

(f) change any Place of Payment where any principal of, or interest on, any Note is payable, unless otherwise provided in the Related Supplemental Indenture; or

(g) change the method of computing the amount of principal of, or interest on, any Note on any date.

An amendment of this Indenture or a Supplemental Indenture which changes or eliminates any covenant or other provision of this Indenture which has expressly been included solely for the benefit of one or more particular Classes, Series or Tranches of Issuer Funding Obligations, or which modifies the rights of the Debtholders of such Class, Series or Tranche with respect to such covenant or other provision, will be deemed not to affect the rights under this Indenture of the Debtholders of any other Class, Series or Tranche of Issuer Funding Obligations.

It will not be necessary for any Ordinary Resolution or Extraordinary Resolution under this Section 11.02 to approve the particular form of any proposed amendment or Supplemental Indenture, but it will be sufficient if such Ordinary Resolution or Extraordinary Resolution will approve the substance thereof.

The Issuer and the Indenture Trustee shall send a copy of any amendment pursuant to this Section 11.02 to each Rating Agency and the Province; provided that failure to send copies of any amendment to this Indenture or any Supplemental Indenture, or failure to provide any notice under this Section 11.02 shall not invalidate such amendment.

11.03 Execution of Amendments and Supplemental Indentures

In executing or accepting the additional trusts created by any amendment of this Indenture or Supplemental Indenture permitted by this Article XI or the modifications thereby of the trusts created by this Indenture, the Indenture Trustee will be provided with, and (subject to Section 9.01) will be fully protected in relying upon, an Opinion of Counsel stating that the execution of

such amendment or Supplemental Indenture is authorized or permitted by this Indenture and that all conditions precedent thereto have been satisfied. The Indenture Trustee may, but will not (except to the extent required in the case of an amendment or Supplemental Indenture entered into under subsection 11.01(e)) be obligated to, enter into any such amendment or Supplemental Indenture which affects the Indenture Trustee's own rights, duties or immunities under this Indenture or otherwise.

11.04 Effect of Amendments and Supplemental Indentures

Upon the execution of any amendment of this Indenture or any Supplemental Indenture under this Article XI, this Indenture and/or such Supplemental Indenture will be modified in accordance therewith with respect to each Class, Series or Tranche of Issuer Funding Obligations affected thereby, or all Issuer Funding Obligations, as the case may be, and such amendment or Supplemental Indenture will form a part of this Indenture and such Supplemental Indenture for all purposes; and every holder of Issuer Funding Obligations theretofore or thereafter incurred and every other Specified Creditor will be bound thereby to the extent provided therein.

11.05 Reference in Notes to Supplemental Indentures

Notes authenticated and delivered after the execution of any amendment of this Indenture or any Supplemental Indenture pursuant to this Article XI may, and will if required by the Indenture Trustee, bear a notation in form approved by the Indenture Trustee as to any matter provided for in such amendment or Supplemental Indenture. If the Issuer will so determine, new Notes so modified as to conform, in the opinion of the Indenture Trustee and the Issuer, to any such amendment or Supplemental Indenture may be prepared and executed by the Issuer and authenticated and delivered by the Indenture Trustee in exchange for Outstanding Notes.

ARTICLE XII
REPRESENTATIONS AND WARRANTIES OF THE ISSUER

12.01 Representations and Warranties of the Issuer

The Issuer hereby represents and warrants to the Indenture Trustee and shall be deemed to represent and warrant to the Indenture Trustee on the issuance of Notes of any particular Class, Series or Tranche hereunder, and upon each Borrowing under the applicable Funding Obligation Agreement, that:

(a) The Issuer is a Financing Entity.

(b) The indebtedness incurred pursuant to each issuance of Notes and each Borrowing is a Funding Obligation.

(c) The Issuer (i) is a trust duly constituted and validly existing under the laws of the Province of Ontario, (ii) is duly qualified to carry on its business in each jurisdiction in which it carries on business, (iii) has the power and authority to enter into and perform its obligations under this Indenture and the other Program Agreements executed by it and all instruments and agreements delivered pursuant hereto, and thereto and to own its property and carry on its business as currently

conducted including, without limitation, the power and authority and legal right to acquire Investment Interests, and (iv) has obtained all approvals from all Governmental Authorities required in connection with the execution, delivery and performance of the Program Agreements.

(d) The execution, delivery and performance of this Indenture, and at the time it enters into such document, the other Program Agreements executed by it and every instrument or agreement delivered pursuant hereto and thereto has been or will be duly authorized by all requisite action and this Indenture and such other Program Agreements, instruments and agreements have been or will be duly executed and delivered by the Issuer and constitute valid and binding obligations of the Issuer enforceable against the Issuer in accordance with their respective terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of the Issuer, threatened against or affecting the Issuer at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Issuer or in the ability of the Issuer to perform its obligations under this Indenture, the other Program Agreements executed by it or any agreement or instrument delivered pursuant hereto or thereto; and the Issuer is not aware of any existing ground on which such action, suit or proceeding might be commenced with any reasonable likelihood of success or of any default with respect to any judgment, order, writ, injunction, decree, award, rule or regulation of any court, arbitrator or Governmental Authority, which, either separately or in the aggregate, would result in any such material adverse change.

(f) The Issuer is not a party to any agreement or instrument which materially adversely affects its ability to perform its obligations under this Indenture, the other Program Agreements executed by it or any agreements or instruments delivered pursuant hereto or thereto or materially adversely affects the business, operations, prospects, properties, assets or condition, financial or otherwise of the Issuer.

(g) The Issuer is not subject to any restriction or any judgment, order, writ, injunction, decree, award, rule or regulation which materially adversely affects, or in the future may materially adversely affect, the business, operations, prospects, properties, assets or condition, financial or otherwise of the Issuer or its ability to perform its obligations under this Indenture, the other Program Agreements executed by it or any agreements or instruments delivered pursuant hereto or thereto.

(h) Neither the execution nor delivery of this Indenture, the other Program Agreements executed by it or any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein and therein contemplated, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the Declaration of Trust or any agreements or instruments to which the Issuer is a party or by which it or any of its property and assets are bound, or results or will result in the creation or imposition of any Lien of any nature whatsoever upon any of the property or assets of the Issuer.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of the Issuer is required in connection with the execution and delivery of this Indenture, the other Program Agreements executed by it or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or in connection with the enforcement of this Indenture, the other Program Agreements executed by it or any agreements or instruments delivered pursuant hereto or thereto (except those which have been obtained or deemed to have been obtained).

12.02 Certified Primary Obligations

The Issuer shall be deemed to represent and warrant to the Indenture Trustee on the incurrence of any Obligations Secured (other than Issuer Funding Obligations) that if the Issuer does not deliver the certificates contemplated by subsection 5.03(d), that the Obligations Secured are not Certified Primary Obligations.

ARTICLE XIII
COVENANTS OF THE ISSUER

13.01 Payment of Principal and Interest

With respect to each Class, Series or Tranche of Issuer Funding Obligations, the Issuer will duly and punctually pay the principal of and interest on such Issuer Funding Obligations in accordance with their terms, this Indenture and any Related Funding Obligation Agreement, and will duly comply with all the other terms, agreements and conditions contained in, or made in this Indenture and any Funding Obligation Agreement.

13.02 Use of Proceeds; Funding of Program Cash Reserve Account

The Issuer will use the proceeds of Notes and Borrowings solely for: (i) the acquisition by the Issuer of an Investment Interest; (ii) the redemption, repayment or repurchase of any existing Issuer Funding Obligations; (iii) the funding of Issuer Accounts; and (iv) the payment of transaction fees and expenses in connection with the incurrence of Issuer Funding Obligations.

13.03 Maintenance of Office or Agency

The Issuer will maintain an office or agency in each Place of Payment where Notes may be presented or surrendered for payment, where Notes may be surrendered for transfer or exchange and where notices and demands to or upon the Issuer in respect of the Notes and this Indenture may be served. The Issuer will give prompt written notice to the Indenture Trustee of the location, and of any change in the location, of such office or agency. If at any time the Issuer will fail to maintain such office or agency or will fail to furnish the Indenture Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office of the Indenture Trustee, and the Issuer hereby appoints the Indenture Trustee its agent to receive all such presentations, surrenders, notices and demands.

The Issuer may also from time to time designate one or more other offices or agencies where the Notes of one or more Classes, Series or Tranches may be presented or surrendered for any or all of such purposes specified above and may constitute and appoint one or more Paying Agents for the payments of such Notes, in one or more other cities, and may from time to time rescind such designations and appointments; provided, however, that no such designation, appointment or rescission shall in any matter relieve the Issuer of its obligations to maintain an office or agency in each Place of Payment for Notes of any Class, Series or Tranche for such purposes. The Issuer will give prompt written notice to the Indenture Trustee of any such designation or rescission and of any change in the location of any such other office or agency.

13.04 Legal Existence

The Issuer will do or cause to be done all things necessary to preserve and keep in full force and effect its legal existence and maintain its status as a Financing Entity.

13.05 Separateness Covenants

The Issuer will take all reasonable steps to maintain the Issuer's identity as a distinct entity with assets and liabilities distinct from those of the Manager and any of its Affiliates. Without limiting the generality of the foregoing and in addition to the other covenants set forth herein, the Issuer shall:

(a) not identify the offices of the Manager or any Affiliate thereof as its offices (by signage or otherwise);

(b) not identify the telephone number of the Manager as its telephone number and it will not utilize the stationery, invoices or cheques of the Manager;

(c) conduct all transactions with the Manager strictly on an arm's length basis and in good faith, allocate all overhead expenses for items shared between the Issuer and the Manager on the basis of actual use to the extent practicable and, to the extent such allocation is not practicable, on a basis reasonably related to actual use;

(d) conduct its affairs strictly in accordance with the Declaration of Trust, and observe all necessary, appropriate and trust formalities;

(e) maintain the Issuer's books and records separate from those of the Manager or any Affiliate thereof and otherwise readily identifiable as its own assets rather than assets of the Manager or any Affiliate thereof;

(f) prepare its financial statements separately from those of the Manager and ensure that any consolidated financial statements of the Manager that include the Issuer have notes clearly stating that the Issuer is a separate entity;

(g) only maintain bank accounts or other depository accounts to which the Issuer alone is the account party (or where the Issuer Trustee or the Indenture Trustee will maintain them on behalf of the Issuer), and from which only the Issuer or its agent has the power to make withdrawals;

(h) pay all of the Issuer's operating expenses from the Issuer's own assets (including, for greater certainty, reimbursing the Manager for any such expenses);

(i) continuously maintain the resolutions, agreements and other instruments of the Issuer underlying the transactions described in the Program Agreements as official records of the Issuer separately identified and held apart from the records of the Manager;

(j) maintain its property in such a manner that it is not costly or difficult to segregate, ascertain or otherwise identify its individual assets from or against those of the Manager or any Affiliate thereof; and

(k) not become liable to any Person for any obligations of the Manager or any Affiliate thereof.

13.06 Compliance with Laws

The Issuer will comply with the requirements of all applicable laws, the noncompliance with which would, individually or in the aggregate, materially and adversely affect the ability of the Issuer to perform its obligations under the Program Agreements.

13.07 Performance of Obligations

(a) The Issuer will punctually perform and observe all of its obligations and agreements contained in this Indenture, the Declaration of Trust, the Master Transfer and Servicing Agreement, the other Program Agreements and in the instruments and agreements relating to the Collateral, including but not limited to filing or causing to be filed all PPSA financing statements and amendments thereto required to be filed by the terms of this Indenture in accordance with and within the time periods provided for herein.

(b) The Issuer (i) will diligently pursue any and all actions to enforce its rights under each instrument or agreement included in the Collateral and (ii) will not take any action and will use its best efforts not to permit any action to be taken by others that would release any Person from any of such Person's covenants or obligations

under any such instrument or agreement or that would result in the amendment, hypothecation, subordination, termination or discharge of, or impair the validity or effectiveness of, any such instrument or agreement, except, in each case, as expressly provided in this Indenture, the Master Transfer and Servicing Agreement or any other Program Agreement.

(c) The Issuer will enforce the Servicer's compliance with and performance of all of the Servicer's material obligations under the Master Transfer and Servicing Agreement. The Issuer will enforce the Manager's compliance with and performance of all of the Manager's material obligations under the Management Agreement.

13.08 Funding Obligations

The Issuer will ensure that all indebtedness is incurred pursuant to and in accordance with Article V. **The Issuer will not enter into any Funding Obligation Agreement, other than a Warehouse Facility Agreement, that provides for Issuer Funding Obligations that have principal repayment obligations that the Manager believes, acting reasonably having regard to the Financing Plan and all Issuer Funding Obligations then outstanding, would likely require the Issuer to satisfy payments of principal on any Principal Payment Date in respect of such Issuer Funding Obligations by means of a Refinancing other than a Pre-Approved Refinancing.**

13.09 Financial Statements

The Issuer will deliver or cause to be delivered to the Indenture Trustee and the Rating Agencies within 140 days after the end of each fiscal year audited financial statements of the Issuer for the fiscal year, including the balance sheet and statements of income, retained earnings and changes in financial position of the Issuer, and within 90 days after the end of each fiscal quarter, other than the fiscal quarter of the Issuer ending on the fiscal year end of the Issuer, unaudited financial statements of the Issuer for such fiscal quarter of the Issuer, including the balance sheet and statements of income, retained earnings and changes in financial position of the Issuer. The Indenture Trustee shall send a copy of each financial statement delivered pursuant to this Section 13.09 to each Noteholder.

13.10 Statement as to Compliance

The Issuer will deliver to the Indenture Trustee and the Rating Agencies, on or before March 31 of each year, beginning in 2018, a written statement signed by a Responsible Officer of the Issuer stating that:

(a) a review of the activities of the Issuer during the prior year and of the Issuer's performance under this Indenture and under the terms of the Notes has been made under such Responsible Officer's supervision; and

(b) to the best of such Responsible Officer's knowledge, based on such review, the Issuer has complied in all material respects with all conditions and covenants under this Indenture throughout such year and that no Default or Event of Default

has occurred, or, if there has been a material Default or an Event of Default has occurred, specifying each such Default or Event of Default known to such Responsible Officer and the nature and status thereof.

13.11 Payment Instructions

Promptly after the receipt by the Issuer of each Monthly Report under the Master Transfer and Servicing Agreement, the Issuer will, in cooperation with the Manager, complete the Payment ~~Instructions~~**Instruction** in respect of the Collection Account and deliver a copy thereof to the Indenture Trustee and the Paying Agent (if the Paying Agent is not the Indenture Trustee) at least ~~three~~**two** (~~3~~**2**) Business Days prior to the applicable Payment Date. At least ~~three~~**two** (~~3~~**2**) Business Days prior to any date on which payments are to be made pursuant to Sections 7.05 to 7.11, the Issuer will, in cooperation with the Manager, complete and deliver to the Indenture Trustee and the Paying Agent (if the Paying Agent is not the Indenture Trustee) a copy of the Payment ~~Instructions~~**Instruction** in respect of the Interest Accumulation Account, the Principal Accumulation Account**, the IESO Cash Reserve Account,** the Program Cash Reserve Account, the Protection Account or ~~the~~**any** Series Account, as applicable.

13.12 Notice of Certain Events; Protection Event

(a) The Issuer agrees to give the Indenture Trustee and the Rating Agencies prompt written notice of: (i) each Event of Default; (ii) each breach on the part of the Issuer or the Servicer of its respective obligations under the Master Transfer and Servicing Agreement**, including any Servicer Default (notice of which Servicer Default shall state that it is a "Notice of Servicer Default")**; (iii) each breach on the part of the Manager of its obligations under the Management Agreement; (iv) any default of the Issuer or a Derivative Counterparty under a Derivative Agreement; and (v) any Protection Event and the nature thereof.

(b) Within 10 Business Days after receipt by the Indenture Trustee of notice of any **Servicer Default or** Protection Event, the Indenture Trustee shall provide notice thereof to each Specified Creditor; provided, however, that the Indenture Trustee shall not be liable for failing to distribute any written notice pursuant to this subsection 13.12(b) to any party that is at the time of delivery a Specified Creditor but is not on the lists of Specified Creditors held by the Indenture Trustee pursuant to subsection 9.14(a).

(c) Upon the occurrence of a Protection Event and at the request of the Issuer or **any** Controlling Class ~~Creditors, by Ordinary Resolution~~**Creditor**, the Indenture Trustee shall deliver a written demand to the Province requiring the Province to make payments on Obligations Secured pursuant to and in accordance with the Change of Law Protection Agreement. If, following such request, the Indenture Trustee does not deliver such written demand to the Province within 10 days of such request, any Controlling Class Creditor shall be entitled to deliver such written demand to the Province.

13.13 Issuer To Furnish Indenture Trustee Names and Addresses of Specified Creditors

(a) The Issuer will furnish or cause to be furnished to the Indenture Trustee:

(i) not more than 15 days after each Record Date, in such form as the Indenture Trustee may reasonably require, a list of the names and addresses of the Registered Noteholders of each applicable Class, Series or Tranche as of such date, and

(ii) at such other times as the Indenture Trustee may request in writing, within 30 days after the receipt by the Issuer of any such request, a list of similar form and content as of a date not more than 15 days before the time such list is furnished;

provided, however, that so long as the Indenture Trustee is the Note Registrar, no such lists shall be required to be furnished.

(b) Upon written request from the Indenture Trustee, within 10 Business Days after the receipt by the Issuer of any such request, the Issuer will furnish or cause to be furnished to the Indenture Trustee a list, substantially in the form of Exhibit 3 of the names and addresses of all Specified Creditors (other than Noteholders), together with a reference to such Specified Creditor's Program Agreement, provided that no written request shall be required for the deliveries in subsection 5.01(h) or 5.03(c).

13.14 Other Positive Covenants

The Issuer will:

(a) in the event that the Issuer shall be required to file tax returns, the Manager shall prepare or shall cause to be prepared such tax returns and shall provide such tax returns to the Issuer for signature at least five (5) Business Days before such tax returns are due to be filed. The Issuer, in accordance with the terms of each applicable Supplemental Indenture, shall also prepare or shall cause to be prepared all tax information required by applicable law to be distributed to any Noteholder and shall deliver such information to the Indenture Trustee at least five (5) Business Days prior to the date it is required by applicable law to be distributed to any Noteholder. The Indenture Trustee, upon written request, will furnish the Manager with all such information known to the Indenture Trustee as may be reasonably requested and required in connection with the preparation of all tax returns of the Issuer;

(b) subject to the payment priorities provided in Sections 7.04(e) and 8.13, pay or cause to be paid all Taxes levied, assessed or imposed upon the Issuer and its property or any part thereof, as and when the same become due and payable; provided that the Issuer may protest the payment of any such Taxes if it is acting in good faith and if it either provides the Indenture Trustee with cash in an amount

sufficient to satisfy the same or otherwise satisfies the Indenture Trustee that its interests are not prejudiced thereby and the Rating Agency Condition is satisfied;

(c) upon the written request of the Indenture Trustee, use reasonable commercial efforts, following any (i) termination or resignation of the Servicer, the Manager or the Paying Agent or, in each case, any successor thereof; or (ii) termination, non-renewal or expiry of a Liquidity Agreement or a Credit Enhancement Agreement (other than, in the latter case, a termination, non-renewal or expiry which occurs because neither party thereto has any further obligation thereunder), to appoint and enter into an agreement with a successor to such Servicer, Manager or Paying Agent, or replace or renew such Liquidity Agreement or Credit Enhancement Agreement, in form and substance the same as the applicable provisions in the previously existing Program Agreement and will notify the Indenture Trustee and the Rating Agencies of each such occurrence and new agreement, and will execute and deliver all Supplemental Indentures and amendments hereto and all instruments of further assurance and other instruments and will take other and further action as the Indenture Trustee, relying on the advice of counsel, may consider necessary or advisable to assign and render subject to this Indenture any such agreement; and

(d) deliver or cause to be delivered to the Indenture Trustee and the Rating Agencies on a confidential basis (excepting only, on the part of the Rating Agencies, for purposes of rating the securities of the Issuer) (i) copies of all Program Agreements (including any amendments thereto) in effect from time to time; and (ii) such reports and other information relating to the conduct of the business and affairs of the Issuer as the Indenture Trustee and the Rating Agencies may reasonably require including, without limitation, information pertaining to any actual or anticipated Event of Default or other event which could reasonably be anticipated to have a material adverse effect on the affairs of the Issuer.

13.15 Rule 144A Information

For so long as Notes of any Class, Series or Tranche are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Exchange Act, the Issuer agrees to provide to any Noteholder of such Class, Series or Tranche and to any prospective purchaser of Notes designated by such Noteholder, upon the request of such Noteholder or prospective purchaser, any information required to be provided to such Noteholder or prospective purchaser to satisfy the conditions set forth in Rule 144A(d)(4) under the Securities Exchange Act.

13.16 Further Instruments and Acts

Upon request of the Indenture Trustee or as necessary, the Issuer will execute and deliver such further instruments and do such further acts (including, but not limited to, disclosing or causing to be disclosed information) as may be reasonably necessary or proper to carry out more effectively the purpose of this Indenture.

13.17 No Other Business

The Issuer will not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto.

13.18 Amendments to Program Agreements

(a) Unless the Rating Agency Condition is satisfied~~ and 10 Business Days' prior notice is given to the Province~~**, the Issuer will not make any material amendments to any Program Agreement (other than this Indenture and Derivative Agreements).**

(b) **Without in any way limiting clause (a)**, the Issuer will not:

(i) amend, supplement, modify, restate or replace, or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to, any of the Program Agreements (other than this Indenture, Derivative Agreements and the Declaration of Trust) if any such supplementation, amendment, modification, restatement or replacement, or waiver or consent, could reasonably be considered to be materially prejudicial to the rights or interests of any Specified Creditor(s), except as expressly permitted by such Specified Creditor(s)**, and subject to the Province having been given 10 Business Days' prior notice**; provided that failure to provide such notice shall not invalidate such amendment, supplementation, modification, restatement or replacement, or waiver or consent~~)~~; or

(ii) consent, if consent is required, to the resignation of the Manager under the Management Agreement.

(c) ~~(b) The~~**Without in any way limiting clause (a), the** Issuer will not amend the Declaration of Trust if such amendment would have an Adverse Effect or would reasonably be expected to have an Adverse Effect at any time in the future; provided that if an amendment would have, or would reasonably be expected to have, an Adverse Effect, such amendment may only be made ~~with~~**if the Issuer has obtained** the consent of the Debtholders affected thereby, acting pursuant to an Ordinary Resolution.

(d) ~~(c)~~ Upon receipt of an Issuer Certificate directing it to do so (provided that the Issuer has certified that the conditions set forth in Section 13.18(~~a~~**b**) or 13.18(~~b~~**c**), as applicable, have been satisfied), the Indenture Trustee shall execute any amendment, supplementation, modification, restatement or replacement of any Program Agreement to which it is a party (by acknowledgment or otherwise).

13.19 Issuer May Consolidate, Etc., Only on Certain Terms

The Issuer shall not consolidate or merge with or into any other Person, or sell, convey, exchange, transfer or otherwise dispose of any of its properties or assets included in the Collateral to any Person (in this Section 13.19, a "**transaction**"), unless:

(a) the Person (if other than the Issuer) formed by or surviving the consolidation or merger, or the Person that acquires by conveyance or transfer the properties and assets of the Issuer the conveyance or transfer of which is restricted, as applicable, shall: (i) be a Financing Entity, (ii) be organized and existing under the laws of Canada or any province or territory thereof, (iii) not be a Non-resident, (iv) not be subject to regulation as an "investment company" under the Investment Company Act, (v) expressly assume, pursuant to an assignment and/or assumption agreement or supplement executed and delivered to the Indenture Trustee, in a form satisfactory to the Indenture Trustee, the due and punctual payment of all Obligations Secured then outstanding and the performance or observance of every agreement and covenant of the Issuer in this Indenture and the other Program Agreements to which the Issuer is a party; and (vi) in the case of a conveyance or transfer only, expressly agree, by means of such assignment and/or assumption agreement or supplement, that (A) all right, title and interest so conveyed or transferred is subject and subordinate to the Security Interest, and (B) it shall make all filings required by applicable securities laws in connection with the Notes;

(b) immediately after giving effect to such transaction, no Event of Default shall have occurred and be continuing;

(c) the Issuer shall have delivered to the Indenture Trustee an Issuer Certificate and an Opinion of Counsel each stating that (i) such transaction and the agreements delivered in connection therewith comply with this Section 13.19, (ii) all conditions precedent in this Section 13.19 relating to such transaction have been complied with, and (iii) each agreement delivered in connection with such transaction has been duly authorized, executed and delivered, and is valid, binding and enforceable against the surviving Person or transferee, as applicable;

(d) the Rating Agency Condition shall have been satisfied with respect to such transaction; and

(e) any action that is necessary to maintain the Security Interest shall have been taken.

13.20 Successor Substituted

Upon any consolidation or merger, or any conveyance or transfer of the properties and assets of the Issuer substantially as an entirety in accordance with Section 13.19, the Person formed by or surviving such consolidation or merger (if other than the Issuer) or the Person to which such conveyance or transfer is made shall succeed to, and be substituted for, and may exercise every right and power of, the Issuer under this Indenture with the same effect as if such

Person had been named as the Issuer herein. In the event of any such conveyance or transfer, the Person named as the Issuer in the first paragraph of this Indenture or any successor which shall theretofore have become such in the manner prescribed in this Section 13.20 shall be released from its obligations under this Indenture as issued immediately upon the effectiveness of such conveyance or transfer.

13.21 Guarantees, Loans, Advances and Other Liabilities

Except as contemplated by this Indenture or the Declaration of Trust, the Issuer shall not make any loan or advance or credit to, or guarantee (directly or indirectly or by an instrument having the effect of assuring another's payment or performance on any obligation or capability of so doing or otherwise), endorse or otherwise become contingently liable, directly or indirectly, in connection with the obligations, stocks or dividends of, or own, purchase, repurchase or acquire (or agree contingently to do so) any stock, obligations, assets or securities of, or any other interest in, or make any capital contribution to, any other Person.

13.22 Capital Expenditures

The Issuer shall not make any expenditure (by long-term or operating lease or otherwise) for capital assets.

13.23 Restricted Payments

The Issuer is permitted to declare or make payable any amounts to the owner of units in the Issuer as permitted by and in accordance with the Declaration of Trust, and redeem (at the request of an owner or otherwise), purchase, retire or otherwise acquire for value any units in the Issuer, provided that the Issuer may only satisfy the distribution declared or made payable, or the redemption or purchase price of any units so redeemed, purchased, retired or otherwise acquired, in cash or property to the extent that cash or property is available for such purpose, subject to Sections 7.04, 7.10 and 8.13. For greater certainty, if the Issuer is restricted from satisfying the foregoing amounts in cash or property pursuant to the provisions of this Section, then the Issuer shall satisfy such amounts through the issuance of additional units and/or a promissory note to its unitholders in accordance with the Declaration of Trust.

13.24 Redemption of Subordinated Notes or Junior Subordinated Notes

Notwithstanding anything in the Related Supplemental Indenture to the contrary, the Issuer may not redeem any Series or Tranche of Subordinated Notes or Junior Subordinated Notes, in whole at any time or in part from time to time, unless the following conditions have been satisfied both before and after giving effect to the redemption, as certified by the Issuer pursuant to an Issuer Certificate:

(a) no Default or Event of Default shall have occurred and be continuing;

(b) all Issuer Accounts shall have been fully funded in accordance with the provisions of this Indenture and any Funding Obligation Agreement; and

(c) the sum of the Outstanding Dollar Principal Amount of Subordinated Funding Obligations and Junior Subordinated Funding Obligations after giving effect to the redemption shall be no less than 35% of the aggregate Outstanding Dollar Principal Amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations.

13.25 No Borrowing

The Issuer will not issue, incur, assume, guarantee or otherwise become liable, directly or indirectly, for any additional indebtedness, except for Funding Obligations and except pursuant to the Program Agreements.

13.26 Minimum Subordinated Funding Obligations

(a) The Issuer will not permit the aggregate Outstanding Dollar Principal Amount of Subordinated Funding Obligations and Junior Subordinated Funding Obligations to be less than 35% of the **aggregate** Outstanding Dollar Principal Amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations.

(b) The Issuer will not permit the aggregate Outstanding Dollar Principal Amount of Junior Subordinated Funding Obligations to be less than 10% of the aggregate Outstanding Dollar Principal Amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations.

13.27 Other Negative Covenants

The Issuer will not:

(a) claim any credit on, or make any deduction from the principal or interest payable in respect of, the Notes or Borrowings (other than amounts withheld or deducted as described in Section 16.02);

(b) permit the validity or effectiveness of this Indenture to be impaired, or permit the Security Interest to be amended, hypothecated, subordinated, terminated or discharged, or permit any Person to be released from any covenants or obligations hereunder with respect to any Program Agreements except as may be expressly permitted hereby;

(c) permit any Lien (other than Permitted Liens) to be created on or extend to or otherwise arise upon or burden the Collateral or any part thereof or any interest therein or the proceeds thereof;

(d) sell, transfer, exchange or otherwise dispose of any of the Collateral except as may be expressly permitted hereby;

(e) release any security or guarantee in respect of the Collateral;

(f) voluntarily dissolve or liquidate; or

(g) take any action that would cause it to be treated as engaged in a "trade or business within the United States" within the meaning of applicable U.S. tax law interpreting section 864 of the Internal Revenue Code or its successor or predecessor provisions.

13.28 Indenture Trustee May Perform Covenants

If the Issuer fails to perform any of its covenants herein contained, the Indenture Trustee may, subject to the receipt of indemnification and funding reasonably acceptable to the Indenture Trustee as provided in Section 9.02(d), itself perform the covenant if the covenant is capable of being performed by the Indenture Trustee and, if the covenant requires the payment or expenditure of money, the Indenture Trustee may make the payment or expenditure with money borrowed by or advanced to it for such purpose, but will be under no obligation to do so; and all sums so expended or advanced will bear interest at the rate of interest charged to the Indenture Trustee by its bankers from the date of expenditure until repayment and will (together with such interest) be paid by the Issuer upon demand and will until paid form part of the Obligations Secured and constitute a Lien on the Collateral to which such covenant related in priority to the Security Interest and will be payable out of any funds coming into possession of the Indenture Trustee hereunder. No performance or payment will be deemed to relieve the Issuer from the consequences of the occurrence of any Event of Default hereunder.

ARTICLE XIV
CERTAIN PROGRAM AGREEMENTS

14.01 Management Agreement

The Indenture Trustee acknowledges that the Issuer has entered into the Management Agreement which provides, among other things, for the provision of certain services and the performance by the Manager of certain obligations of the Issuer under this Indenture connected with the Issuer Investment Interest, the incurrence of Issuer Funding Obligations and all registrations required pursuant to Section 4.05. Accordingly, any obligation of the Issuer hereunder performed by the Manager on behalf of the Issuer will be deemed to have been performed by the Issuer and any payments referred to hereunder received or received and applied against the Issuer Funding Obligations by the Manager on behalf of the Issuer will be deemed to have been received or received and applied by the Issuer. The Indenture Trustee may act and rely on any instrument or report referred to hereunder prepared by the Manager on behalf of the Issuer as if the instrument or report had been prepared by the Issuer.

14.02 Credit Enhancement Agreements

The Indenture Trustee acknowledges that the Issuer may enter into one or more Credit Enhancement Agreements which provide, among other things, for the right of the Issuer, the Indenture Trustee or the Manager, as attorney for the Issuer, to make drawings on Credit Enhancers for the purpose of paying maturing Issuer Funding Obligations and repaying Borrowings under Liquidity Agreements. The Indenture Trustee hereby appoints the Manager as the Indenture Trustee's attorney, with full authority in the place and stead of and in the name of

the Indenture Trustee or otherwise, from time to time to make any drawings pursuant to a Credit Enhancement Agreement (provided that written notice of any drawings shall be given by the Manager to the Indenture Trustee) and, in that connection, to execute and deliver all such documents, instruments and certificates including, without limitation, any drawing certificates required to be delivered to a Credit Enhancer at the time any drawing is made, and to do all such further acts and things and to take all such proceedings as the Manager in its sole discretion deems necessary or desirable to enforce compliance by a Credit Enhancer with the terms of a Credit Enhancement Agreement.

14.03 Declaration of Trust

The Indenture Trustee acknowledges that pursuant to the Declaration of Trust, the Indenture Trustee may appoint a successor Issuer Trustee if the Issuer Trustee and the unitholders of the Issuer fail to appoint such a successor. The Indenture Trustee will only exercise such right if it has received an Ordinary Resolution of Controlling Class Creditors directing it to take such action.

ARTICLE XV
NOTICES

15.01 Notice to Issuer

Any notice, document or other communication required or permitted to be given or delivered to the Issuer hereunder will be in writing and will be valid and effective if given by delivery to the addresses indicated below or by facsimile or email transmission at such addresses (with, in the case of facsimile or email transmission, receipt confirmed, either by telephone, reply facsimile or reply email, or, in the case of email transmission, through the email software itself) and such notice, document or other communication shall be deemed to have been received, if given by delivery, on the day of delivery, and, if sent by facsimile or email transmission, on the day receipt thereof has been confirmed in accordance with the provisions of this Section 15.01. Such notice shall, if given on a day other than a Business Day or after the normal business hours of the recipient on a Business Day, be deemed to have been given on the next Business Day:

Fair Hydro Trust
c/o Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6

Attention: Vice President, Fair Hydro Plan
Fax: (416) 592-4189
~~[~~Email: ■**FHP**@opg.com~~]~~

Attention: General Counsel
Fax: (416) 592-4189
~~[Email: ■@opg.com]~~

with copies to:

Computershare Trust Company of Canada, in its capacity as
Issuer Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1

Attention: Manager, Corporate Trust
Fax: (416) 981-9777
Email: corporatetrust.toronto@computershare.com

15.02 Notice to the Indenture Trustee

Any notice, document or other communication required or permitted to be given or delivered to the Indenture Trustee hereunder will be in writing and will be valid and effective if given by delivery to the address indicated below or by facsimile transmission at such address (with, in the case of facsimile transmission, receipt confirmed, either by telephone or reply facsimile) and such notice, document or other communication shall be deemed to have been received, if given by delivery, on the day of delivery, and, if sent by facsimile transmission, on the day receipt thereof has been confirmed in accordance with the provisions of this Section 15.02. Such notice shall, if given on a day other than a Business Day or after the normal business hours (being 5:00 p.m. (Toronto time)) of the Indenture Trustee on a Business Day, be deemed to have been given on the next Business Day:

BNY Trust Company of Canada
One York Street, 6th Floor
Toronto, Ontario M5J 0B6

Attention: Corporate Trust Administration
Fax: (416) 360-1711

15.03 Notice to Noteholders

(a) Any notice, document or other communication required or permitted to be given or delivered hereunder to Registered Noteholders will be deemed to be validly given if sent to a destination within Canada by first class mail and if sent to a destination outside of Canada by airmail, postage prepaid in each case, sent by facsimile transmission or email transmission, addressed in each case to the Registered Noteholder at its address appearing in the Note Register, not later than the latest date, and not earlier than the earliest date, prescribed for the giving of such notice. In any case where notice to Registered Noteholders is given by mail, facsimile or electronic transmission, neither the failure to mail, send by facsimile or send by electronic transmission such notice, nor any defect in any notice so mailed, to any particular Noteholders will affect the sufficiency of such notice with respect to other Noteholders and any notice that is mailed, sent by facsimile or sent by electronic transmission in the manner herein provided shall conclusively have been presumed to have been duly given. In the case where CDS is the Registered Noteholder, notices, documents or other communications may be

given by hand-delivery and such notice, document or other communication shall be deemed to have been received on the day of delivery.

(b) No notice will be given by mail, facsimile, email transmission or otherwise delivered to a holder of Bearer Notes or coupons in bearer form. In the case of any Class, Series or Tranche with respect to which any Bearer Notes are Outstanding, any notice required or permitted to be given to holders of such Bearer Notes will be published in an Authorized Newspaper within the time period prescribed in this Indenture or the Related Supplemental Indenture.

(c) In case, by reason of the suspension of regular mail service as a result of a strike, work stoppage or otherwise, it will be impractical to mail notice of any event to any holder of a Registered Note when such notice is required to be given pursuant to any provision of this Indenture, then any method of notification as will be satisfactory to the Indenture Trustee and the Issuer will be deemed to be a sufficient giving of such notice.

(d) With respect to any Series or Tranche of Notes, the Related Supplemental Indenture or Terms Document may specify different or additional means of giving notice to the Noteholders of such Series or Tranche.

(e) Where this Indenture, any Supplemental Indenture or any Registered Note provides for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver will be the equivalent of such notice. Waivers of notice by Registered Noteholders will be filed with the Indenture Trustee, but such filing will not be a condition precedent to the validity of any action taken in reliance upon such waiver.

15.04 Notice to Other Specified Creditors

Any notice, document or other communication required or permitted to be given or delivered to any Specified Creditor (other than Noteholders) hereunder will be in writing and will be given by delivery to the applicable addresses provided to the Issuer by such Specified Creditor and set forth in the Specified Creditor list delivered pursuant to subsection 13.13(b) or by facsimile or electronic transmission. Any such notice shall, if given on a day other than a Business Day or after the normal business hours of the recipient on a Business Day, be deemed to have been given on the next Business Day.

15.05 Notice to Rating Agencies

Any notice, document or other communication required or permitted to be given or delivered to the Rating Agencies hereunder will be in writing and will be given by delivery to the applicable addresses provided to the Issuer by the Rating Agencies or by facsimile or electronic transmission. Any such notice shall, if given on a day other than a Business Day or after the normal business hours of the recipient on a Business Day, be deemed to have been given on the next Business Day. Where this Indenture provides for notice to any Rating Agency, failure to

give such notice will not affect any other rights or obligations created hereunder and will not under any circumstance constitute an Adverse Effect.

15.06 Change of Address

Any Person referenced above may from time to time notify any other interested Person, in accordance with the provisions hereof, of any change of address which thereafter, until changed by like notice, shall be the address of such Person for all purposes of this Indenture.

ARTICLE XVI
MISCELLANEOUS

16.01 No Petition

The Indenture Trustee, by entering into this Indenture, and each Specified Creditor by accepting its rights as a third party beneficiary hereunder, agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Issuer Funding Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Issuer.

16.02 Withholding Rights

The right of any Person to receive amounts described in this Indenture, including rights of a Noteholder to receive interest on or principal of a Note, or the rights of a Person to receive payments described in the Payment Waterfalls, shall be subject to any applicable withholding or deduction imposed pursuant to the Income Tax Act or other applicable tax law, including foreign withholding and deduction. Any amounts properly withheld or deducted shall be treated as actually paid to the appropriate recipient, provided that such deduction or withheld amounts are actually remitted in accordance with applicable law to the appropriate Governmental Authority.

16.03 U.S. Tax Treatment

The Issuer and each Noteholder that is a United States Person agree that the Notes are intended to be debt for United States federal, state and local income and franchise tax purposes and agree to treat the Notes accordingly for all such purposes, unless otherwise required by a taxing authority. Each Noteholder that is a United States Person further agrees that it will cause any Note Owner that is a United States Person acquiring an interest in a Note through it to comply with this Indenture as to treatment as indebtedness for United States federal, state and local income and franchise tax purposes as described in this Section 16.03.

16.04 Alternate Payment Provisions

Notwithstanding any provision of this Indenture or any of the Notes to the contrary, the Issuer, with the written consent of the Indenture Trustee, may enter into any agreement with any Noteholder providing for a method of payment or notice that is different from the methods provided for in this Indenture for such payments or notices. The Issuer will furnish to the Indenture Trustee a copy of each such agreement and the Indenture Trustee will cause payments or notices, as applicable, to be made in accordance with such agreements.

16.05 Final Distribution

(a) The Issuer shall give the Indenture Trustee at least 30 days written notice of the Principal Payment Date on which the Noteholders of any Class, Series or Tranche may surrender their Notes for payment of the final distribution on and cancellation of such Notes. Not later than the fifth day of the month in which the final distribution in respect of such Class, Series or Tranche is payable to Noteholders, the Indenture Trustee shall provide notice to Noteholders of such Class, Series or Tranche specifying (i) the date upon which final payment of such Class, Series or Tranche will be made upon presentation and surrender of Notes of such Class, Series or Tranche at the office or offices therein designated, (ii) the amount of any such final payment, and (iii) that the Record Date otherwise applicable to such Principal Payment Date is not applicable, payments being made only upon presentation and surrender of such Notes at the office or offices therein specified (which, in the case of Bearer Notes, shall be outside the United States). The Indenture Trustee shall give such notice to the Note Registrar and the Paying Agent at the time such notice is given to Noteholders.

(b) Notwithstanding a final distribution to the Noteholders of any Class, Series or Tranche of Notes (or the termination of the Issuer), except as otherwise provided in this paragraph, all funds then on deposit in any Series Account allocated solely to such Noteholders shall continue to be held in trust for the benefit of such Noteholders, and the Paying Agent or the Indenture Trustee shall pay such funds to such Noteholders upon surrender of their Notes, if certificated. In the event that all such Noteholders shall not surrender their Notes for cancellation within six (6) months after the date specified in the notice from the Indenture Trustee described in paragraph (a), the Indenture Trustee shall give a second notice to the remaining such Noteholders to surrender their Notes for cancellation and receive the final distribution with respect thereto (which surrender and payment, in the case of Bearer Notes, shall be outside the United States). If within one (1) year after the second notice all such Notes shall not have been surrendered for cancellation, the Indenture Trustee may take appropriate steps, or may appoint an agent to take appropriate steps, to contact the remaining such Noteholders concerning surrender of their Notes, and the cost thereof shall be paid out of the funds in the Collection Account or any Series Account held for the benefit of such Noteholders. The Indenture Trustee and the Paying Agent shall pay to the Issuer any monies held by them for the payment of principal or interest that remains unclaimed for two (2) years. After payment to the Issuer, Noteholders entitled to the money must look to the Issuer for payment as general creditors unless an applicable abandoned property law designates another Person.

16.06 Force Majeure

In no event shall the Indenture Trustee or the Issuer Trustee be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural

catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services; it being understood that the Indenture Trustee and the Issuer Trustee shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

16.07 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Indenture.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly executed as of the day and year first above written.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of **FAIR HYDRO TRUST**, as Issuer

By: **ONTARIO POWER GENERATION INC.**, not in its individual capacity but solely as Manager

By: _____

Name:
Title:

By: _____

Name:
Title:

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

By:

Name:
Title:

Schedule A
DEFINED TERMS

"**Acceleration Event**" means the acceleration of any Series of Controlling Class Obligations pursuant to and in accordance with the Related Funding Obligation Agreement.

"**Act**" means *Ontario Fair Hydro Plan Act, 2017*.

"**Action**" has the meaning specified in Section 1.04.

"Adherence Compliance Certificate" has the meaning specified in the Change of Law Protection Agreement.

"**Adverse Effect**" means, whenever used in this Indenture with respect to any action, that such action will at the time of its occurrence (a) result in the occurrence of an Event of Default or any event which with the giving of notice or passage of time, or both, would become an Event of Default, (b) adversely affect the amount or timing of any payment to be made to any Debtholder or Derivative Counterparty pursuant to this Indenture or any Program Agreement, (c) materially adversely affect the amount or timing of payments to be made to the Specified Creditors (other than Debtholders and Derivative Counterparties) pursuant to this Indenture or any Program Agreement, or (d) adversely affect the Security Interest and the rights and remedies of the Indenture Trustee in respect thereof.

"**Affected Party**" has the meaning specified in the applicable Derivative Agreement.

"**Affiliate**" means, with respect to any specified Person, any other Person controlling or controlled by or under common control with such specified Person. For the purposes of this definition, "**control**" when used with respect to any specified Person means the power to direct the management and policies of such specified Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, and the terms "**controlling**" and "**controlled**" have meanings correlative to the foregoing.

"**Agency Agreement**" means an agency agreement made between the Issuer and one or more Persons acting on behalf of the Issuer, providing for the sale and distribution of Notes on an agency basis.

"**Approved Obligation**" has the meaning specified in the Change of Law Protection Agreement.

"Approved Obligation Amount" has the meaning specified in the Change of Law Protection Agreement.

"**Authorized Newspaper**" means any newspaper or newspapers of general circulation, in the case of Notes issued in the United States, in the Borough of Manhattan, The City of New York, and in the case of Notes issued in Canada, in the City of Toronto, in each case printed in the English language and customarily published on each Business Day at such place, whether or not published on Saturdays, Sundays or holidays, or if and so long as Notes of any Class, Series or Tranche are listed on any securities exchange and that exchange so requires, the newspaper of

record required by the applicable securities exchange, printed in any language satisfying the requirements of such exchange.

"**Available Collections**" means, for any Monthly Period, without duplication: (a) the Servicer CEA Receipts paid to the Issuer in accordance with Section [3.3] of the Master Transfer and Servicing Agreement, plus investment earnings allocable to the amounts on deposit in the Collection Account, plus any other amounts, or allocable portion thereof, to be treated as Available Collections, subject to this Indenture and any applicable Supplemental Indenture; (b) the IESO Carrying Cost Payments (other than the IESO Cash Reserve Deposit Amount); and (c) amounts received by the Issuer pursuant to Derivative Agreements.

"**Bearer Note**" means a Note in bearer form.

"**Benefit Plan**" means an "employee benefit plan" as defined in Section 3(3) of ERISA, which is subject to the provisions of Title I of ERISA, a "plan" described in and subject to Section 4975 of the Code, or an entity whose underlying assets include "plan assets" by reason of an employee benefit plan's investment in the entity.

"**Borrowing**" means a borrowing or drawing by the Issuer pursuant to a Liquidity Agreement, a Loan Agreement or a Credit Enhancement Agreement.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are, or the office of the Indenture Trustee is, authorized or obligated by applicable law, regulation or executive order to be closed.

"**Canadian Depository**" means, unless otherwise specified by the Issuer pursuant to any of Section 3.04, 3.06, or 4.01, with respect to Notes issuable or issued as a Global Note within Canada, CDS Clearing and Depository Services Inc., or any successor thereto registered as a clearing agency under the *Securities Act* (Ontario), or other applicable statute or regulation.

"Carrying Costs" has the meaning ascribed to the term "carrying costs" in the Fair Hydro Regulations.

"**Certificate of Authentication**" means the certificate of authentication of the Indenture Trustee, the form of which is described in Section 3.03.

"Certified Primary Obligations" has the meaning specified in the Change of Law Protection Agreement.

"**Chairman**" has the meaning specified in subsection 10.01(d).

"**Change of Law Protection Agreement**" means the change of law protection agreement dated [■**December [21**], 2017 among the Province, the Issuer and the Indenture Trustee.

"**Class**" means the Senior Funding Obligations, the Subordinated Funding Obligations, the Junior Subordinated Funding Obligations, each of which shall be a Class of Issuer Funding Obligations.

"**Collateral**" has the meaning specified in Section 2.01.

"**Collection Account**" has the meaning specified in subsection 7.02(a).

"**Commission**" means the U.S. Securities and Exchange Commission.

"**Controlling Class Creditors**" means, at any time, the Debtholders holding Controlling Class Obligations.

"**Controlling Class Obligations**" means: (a) Senior Funding Obligations until such time as all Senior Funding Obligations have been paid in full; then (b) if all Senior Funding Obligations have been paid in full, Subordinated Funding Obligations until such time as all Subordinated Funding Obligations have been paid in full; and finally (c) if all Senior Funding Obligations and Subordinated Funding Obligations have been paid in full, Junior Subordinated Funding Obligations until such time as all Junior Subordinated Funding Obligations have been paid in full.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Issuer and any other owner or owners of an Investment Interest as contemplated by subsection 29(5) of the Act.

"**Corporate Trust Office**" means the office of the Indenture Trustee at which, at any particular time, its corporate trust business shall be administered, which office as of the date hereof is located at One York Street, 6th Floor, Toronto, Ontario M5J 0B6, or at such other address as the Indenture Trustee may designate from time to time by notice to the Specified Creditors and the Issuer, or the principal corporate trust office of any successor trustee designated by like notice.

"**Credit Enhancement**" means any form of credit enhancement (howsoever characterized) for any Issuer Funding Obligation, including any letter of credit, letter of guarantee, insurance policy, surety bond, cash reserve account, spread account, guaranteed rate agreement, note purchase agreement, loan facility or other similar agreement established for the benefit of a Lender or Noteholder, as applicable, and including any facility provided by a Person to the Issuer which is specified or acknowledged in writing by the Issuer as "Credit Enhancement" for purposes hereof.

"**Credit Enhancement Agreement**" means any credit enhancement agreement entered into hereafter between the Issuer and one or more Credit Enhancers, and acknowledged and accepted by the Indenture Trustee in accordance with Article V, providing Credit Enhancement in respect of any Issuer Funding Obligation, and includes any letter of credit, guarantee, surety bond or other instrument executed and delivered by such Credit Enhancer(s).

"**Credit Enhancer**" means any Person providing Credit Enhancement to the Issuer or in respect of any Issuer Funding Obligation.

"**DBRS**" means DBRS Limited, or any successor thereof.

"**Debtholder**" means a Noteholder or a Lender.

"**Debtholder Group**" has the meaning specified in subsection 10.01(a).

"**Declaration of Trust**" means the declaration of trust made as of December [~~1~~15], 2017 under which the Issuer was established.

"**Default**" means the occurrence of any event which, after the passage of time, the required notification to the Indenture Trustee and, if required, approval by the required Controlling Class Creditors, would become an Event of Default.

"**Defaulting Party**" has the meaning specified in the applicable Derivative Agreement.

"**Deferred Principal Accumulation Amount**" means, on any Principal Payment Date, the amount by which the aggregate of the Principal Accumulation Amount (Warehouse), the Principal Accumulation Amount (Senior), the Principal Accumulation Amount (Subordinated) and the Principal Accumulation Amount (Junior Subordinated) for such Principal Payment Date determined without reference to any Refinancing Notices is greater than the amount on deposit in the Principal Accumulation Account.

"**Depository**" means a Canadian Depository, a U.S. Depository or a Foreign Depository, as the case may be.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Issuer in connection with or related to Borrowings or Notes.

"**Derivative Counterparty**" means any party to any Derivative Agreement other than the Issuer or the Indenture Trustee.

"**Derivative Funding Obligations**" means Funding Obligations arising under, or in connection with, Derivative Agreements.

"**Discount Note**" means a Note that provides for an amount less than the Stated Principal Amount (but not less than the Initial Currency Specific Dollar Principal Amount) thereof to be due and payable upon the occurrence of an optional redemption, or the occurrence of an Event of Default and the acceleration of such Note, in each case before the Principal Payment Date of the applicable Note.

"**Dollar**," "**$**" or "**Cdn. $**" means Canadian dollars.

"**Electronic Methods**" means delivery of any notice or form of communication by facsimile, pdf or e-mail, or by other similar electronic means in a form satisfactory to the Issuer.

"**Eligible Deposit Account**" means~~, in relation to any Issuer Account,~~ an account that is a segregated account with an Eligible Institution.

"**Eligible Institution**" means (a) a trust company or Schedule I chartered bank (or an Affiliate thereof) incorporated under the laws of Canada or any province thereof (i) which has either (x) a long-term unsecured debt rating of "A" or better by DBRS, or (y) a short-term deposit rating of "R-1 (low)" or better by DBRS, and (ii) which has either (x) a long-term unsecured debt rating of "A2" or better by Moody's, or (y) a short-term deposit rating of "P-1" or better by Moody's, or (b) any institution that otherwise satisfies the Rating Agency Condition.

"**Eligible Investments**" means instruments or investment property that evidence:

(a) direct obligations of, or obligations fully and unconditionally guaranteed as to timely payment by, Canada or the United States of America;

(b) demand or time deposits of, unsecured certificates of deposit of, money market deposit accounts of, bank deposit products of or bankers' acceptances issued by, any depository institution (including, but not limited to, bank deposit products of the Indenture Trustee, acting in its commercial capacity) incorporated or organized under the laws of the United States of America, Canada or any state or province thereof and subject to supervision and examination by applicable banking authorities, so long as the commercial paper or other short-term debt obligations of such depository institution are, at the time of deposit, rated at least "R-1 (low)" and "P-1" by each of DBRS and Moody's, or such lower rating as will not result in the downgrading or withdrawal of the ratings of the Issuer or any of the Issuer Funding Obligations;

(c) commercial paper (including commercial paper of the Indenture Trustee, acting in its commercial capacity), which at the time of purchase is rated at least "R-1 (low)" and "P-1" by each of DBRS and Moody's, or such lower rating as will not result in the downgrading or withdrawal of the ratings of the Issuer or any of the Issuer Funding Obligations;

(d) investments in money market funds having a rating in the highest investment category granted thereby (including funds for which the Indenture Trustee or any of its Affiliates is investment manager or advisor) from DBRS and Moody's;

(e) repurchase obligations with respect to any security that is a direct obligation of, or fully guaranteed by, the United States of America, Canada or their respective agencies or instrumentalities, entered into with Eligible Institutions;

(f) repurchase obligations with respect to any security or whole loan entered into with an Eligible Institution or with a registered broker/dealer acting as principal and that meets the ratings criteria set forth below:

(i) a broker/dealer (acting as principal) registered as a broker or dealer under the Securities Act (any such broker/dealer being referred to in this

definition as a "**broker/dealer**"), the unsecured short-term debt obligations of which are rated at least "P-1" by Moody's and "R-1" by DBRS at the time of entering into such repurchase obligation; or

(ii) an unrated broker/dealer, acting as principal, that is a wholly-owned subsidiary of a non-bank or bank holding company the unsecured short-term debt obligations of which are rated at least "P-1" by Moody's and "R-1" by DBRS at the time of purchase so long as the obligations of such unrated broker/dealer are unconditionally guaranteed by such non-bank or bank holding company; and

(g) any other investment permitted by each of the Rating Agencies;

in each case maturing not later than the Business Day preceding the next Payment Date, Interest Payment Date or Principal Payment Date, as applicable (for the avoidance of doubt, investments in money market funds or similar instruments that are redeemable on demand shall be deemed to satisfy the foregoing requirement). Notwithstanding the foregoing~~: (A)~~**,** no securities or investments that mature in 30 days or more shall be "Eligible Investments" unless the issuer thereof has (x) either a short-term unsecured debt rating of at least "P-1" from Moody's or a long-term unsecured debt rating of at least "A2" from Moody's and also has (y) either a short-term unsecured debt rating of at least "R-1 (low)" from DBRS or a long-term unsecured debt rating of at least "A" from DBRS~~; and (B) no securities or investments described in clauses (b) through (d) above that have maturities of more than 30 days but less than or equal to 3 months shall be "Eligible Investments" unless the issuer thereof has (x) a long-term unsecured debt rating of at least "A1" from Moody's and a short-term unsecured debt rating of at least "P-1" from Moody's, or (y) a long-term unsecured debt rating of at least "A" from DBRS and a short-term unsecured debt rating of at least "R-1 (low)" from DBRS.~~**.**

"Eligible Securities Account" means a securities account that is a segregated account with an Affiliate of an Eligible Institution, which Affiliate is licensed to maintain securities accounts.

"**ERISA**" means the *Employee Retirement Income Security Act* of 1974, as amended.

"**Event of Default**" has the meaning specified in Section 8.01.

"**Exchange Date**" means, with respect to any Class, Series or Tranche of Notes, the latest of:

(a) in the case of exchanges of beneficial interests in Temporary Global Notes for beneficial interests in Permanent Global Notes in registered form, any date that is after the related issuance date;

(b) in the case of exchanges of beneficial interests in Temporary Global Notes for beneficial interests in Permanent Global Notes in bearer form, the date of presentation of certification of non-United States beneficial ownership (as described in Section 3.05); and

(c) the earliest date on which such an exchange of a beneficial interest in a Temporary Global Note for a beneficial interest in a Permanent Global Note is permitted by applicable law.

"**Exchange Rate Agent**" means, with respect to any Series of ~~[Notes] [~~Issuer Funding Obligations~~]~~, (unless otherwise specified with respect to any Series of Issuer Funding Obligations pursuant to the Related Funding Obligation Agreement), a chartered bank listed on Schedule I to the *Bank Act* (Canada)~~,~~ designated pursuant to the Related Funding Obligation Agreement.

"**Extraordinary Resolution**" means a resolution passed by the affirmative votes of Controlling Class Creditors holding not less than 66⅔% of the Outstanding Dollar Principal Amount of all Controlling Class Obligations represented and voting at a meeting of all Controlling Class Creditors duly convened and held in accordance with the provisions of this Indenture.

"**Fair Hydro Regulations**" means the regulations made under the Act, including Ontario regulations 206/17 and 195/17.

"~~**Financial Services Manager**~~**Finance Amount**" has the meaning ascribed to the term "~~financial services manager~~**finance amount**" in the Act **and the Fair Hydro Regulations** as of the date of this Indenture.

"**Financing Entity**" has the meaning ascribed to the term "financing entity" in the Act as of the date of this Indenture.

"**Financing Plan**" has the meaning ascribed to the term "financing plan" in the Act as of the date of this Indenture.

"**Foreign Currency**" means (a) a currency other than Dollars, or (b) denominated in a currency other than Dollars.

"**Foreign Currency Note**" means a Note denominated in a Foreign Currency.

"**Foreign Depository**" means the Person specified in the Related Supplemental Indenture, in its capacity as depository for the accounts of any clearing agencies located outside Canada and the United States.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Indenture.

"**Funding Obligation Agreement**" means any Notes, any Supplemental Indenture (including any Terms Document), any Liquidity Agreement, any Loan Agreement, any Credit Enhancement Agreement or any Derivative Agreement.

"**Global Note**" means any Note issued pursuant to Section 3.04.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other

instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"~~**Guarantor Settlement Statement**" has the meaning specified in~~**Guarantee Payment Date" means each day when any payment or payments are to be made in respect of one or more Approved Obligations occurring following the delivery of a Payment Demand to the Province pursuant to** the Change of Law Protection Agreement.

"**IESO**" means the Independent Electricity System Operator, a statutory corporation without share capital established by the *Electricity Act, 1998*, SO, 1998.

"**IESO Carrying Cost Payments**" means those amounts paid to the Issuer by the IESO pursuant to the Fair Hydro Regulations.

"**IESO Cash Reserve Account**" has the meaning specified in subsection 7.02(e).

"**IESO Cash Reserve Deposit Amount**" means an amount equal to the aggregate of:

(a) ~~[~~0.50~~]~~% of the aggregate outstanding principal amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations determined as of the Payment Date occurring in April, 2021; and

(b) ~~$[■]. [NTD: three months of expected interest costs for May, June and July, 2021. Method of calculating to be discussed.]~~**an amount estimated by the Manager, acting reasonably, as the amount of Carrying Costs payable by the Issuer during May, June and July, 2021 on outstanding Issuer Funding Obligations and any Issuer Funding Obligations to be issued in accordance with the Financing Plan, provided that such estimate satisfies the Rating Agency Condition.**

"**IESO Cash Reserve Required Amount**" means, on any Payment Date on or after the Payment Date in November, 2021, the amount, if any, by which (~~x~~**a**) an amount equal to ~~[~~0.50~~]~~% of the aggregate ~~outstanding principal amount~~**Outstanding Dollar Principal Amount** of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations, exceeds (~~y~~**b**) the amount on deposit in the Program Cash Reserve Account, determined after giving effect to all settlements on such Payment Date.

"**IESO Security Agreement**" means the security agreement made by the IESO in favour of the Issuer to secure its obligations to pay IESO Carrying Cost Payments.

"**Income Tax Act**" means the *Income Tax Act* (Canada).

"Indemnity Agreement" means the Indemnity Agreement dated December [21], 2017 by the Manager in favour of the Indenture Trustee.

"**Indenture**" or "**this Indenture**" means this Trust Indenture, as amended, supplemented, restated or otherwise modified from time to time, including by Supplemental Indentures for the issuance of Series of Notes entered into pursuant to the applicable provisions hereof.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Indenture until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "Indenture Trustee" means and includes such Person.

"**Initial Currency Specific Dollar Principal Amount**" means with respect to a Series or Tranche in a Series that includes Foreign Currency Notes, the amount specified in the applicable Supplemental Indenture as the Initial Currency Specific Dollar Principal Amount thereof.

"**Initial Dollar Principal Amount**" means (a) unless otherwise specified in the applicable Supplemental Indenture, with respect to a Class, Series or Tranche of Notes, the aggregate initial principal amount of the Outstanding Notes of such Class, Series or Tranche plus the aggregate initial principal amount of any additional Notes of such Class, Series or Tranche, and (b) with respect to a Class, Series or Tranche of Discount Notes that includes Foreign Currency Notes, the amount specified in the applicable Supplemental Indenture as the Initial Dollar Principal Amount thereof.

"**Insolvency Event**" means, with respect to a specified Person, the specified Person admits the inability of such specified Person to pay its liabilities generally as they become due or makes a general assignment for the benefit of the creditors of such specified Person or otherwise acknowledges the insolvency of such specified Person or any proceeding shall be instituted by or against such specified Person seeking to adjudicate it a bankrupt or insolvent or seeking liquidation, winding up, dissolution, reorganization, arrangement, adjustment, protection, relief or composition of its debts under any law relating to bankruptcy, insolvency, reorganization, moratorium or relief of debtors or seeking the entry of an order for relief by the appointment of a receiver, trustee or other similar official for such specified Person or for any substantial part of its property and if such proceeding has been instituted against such specified Person either such proceeding has not been stayed or dismissed within 45 days or any of the actions sought in such proceeding (including the entry of an order for relief or the appointment of a receiver) are granted in whole or in part, or if a receiver is privately appointed in respect of such specified Person or of the property of such specified Person or any substantial part thereof.

"**Interest Accrual Amount (Junior Subordinated)**" means, in respect of any Payment Date and all Junior Subordinated Funding Obligations, the amount of interest that accrued on such Junior Subordinated Funding Obligations during the period from and including the issuance date of such Junior Subordinated Funding Obligations or the last date to which interest has been paid in respect of such Junior Subordinated Funding Obligations, as applicable, to such Payment Date less any amounts deposited to the Interest Accumulation Account in respect of such interest accruing during such period pursuant to subsections 7.04(e)(v) and 7.07~~(a)~~.

"**Interest Accrual Amount (Senior)**" means, in respect of any Payment Date and all Senior Funding Obligations, the amount of interest that accrued on such Senior Funding Obligations during the period from and including the issuance date of such Senior Funding Obligations or the last date to which interest has been paid in respect of such Senior Funding Obligations, as applicable, to such Payment Date less any amounts deposited to the Interest Accumulation Account in respect of such interest accruing during such period pursuant to subsections 7.04(e)(iii)(A) and 7.07~~(a)~~.

"**Interest Accrual Amount (Subordinated)**" means, in respect of any Payment Date and all Subordinated Funding Obligations, the amount of interest that accrued on such Subordinated Funding Obligations during the period from and including the issuance date of such Subordinated Funding Obligations or the last date to which interest has been paid in respect of such Subordinated Funding Obligations, as applicable, to such Payment Date less any amounts deposited to the Interest Accumulation Account in respect of such interest accruing during such period pursuant to subsections 7.04(e)(iv) and 7.07~~(a)~~.

"**Interest Accumulation Account**" has the meaning specified in subsection 7.02(b).

"**Interest Payment Date**" means each Business Day on which interest is due and payable in respect of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations, as set out in the Related Funding Obligation Agreement.

"**Internal Revenue Code**" means the United States Internal Revenue Code of 1986, as amended.

"**Investment Asset**" has the meaning ascribed to the term "investment asset" in the Act as of the date of this Indenture.

"**Investment Company Act**" means the United States Investment Company Act of 1940, as amended.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Indenture.

"**Issuer**" has the meaning specified in the first paragraph of this Indenture.

"**Issuer Accounts**" means, collectively, the Program Accounts~~ and~~**,** the Series Accounts**and the Related Securities Accounts,** and including any Sub-Accounts ~~thereof~~**of the foregoing**.

"**Issuer Certificate**" means a certificate (including an Officer's Certificate) signed in the name of the Issuer by a Responsible Officer of the Manager on behalf of the Issuer and, in each case delivered to the Indenture Trustee relating to, among other things, the issuance of a new Series or Tranche of Notes. Wherever this Indenture requires that an Issuer Certificate be signed also by an accountant or other expert, such accountant or other expert (except as otherwise expressly provided in this Indenture) may be an employee of the Manager.

"**Issuer Funding Obligations**" means, the Funding Obligations of the Issuer, including the Senior Funding Obligations, the Subordinated Funding Obligations, the Junior Subordinated Funding Obligations and the Derivative Funding Obligations.

"**Issuer Investment Interest**" means, initially, the Investment Interest acquired by the Issuer pursuant to the first Transfer completed under the Master Transfer and Servicing Agreement and, upon the completion of each Transfer thereafter, the cumulative Investment Interest acquired by the Issuer.

"**Issuer Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Issuer at such time.

"**Junior Subordinated Borrowings**" means Borrowings that have been designated as "Junior Subordinated Borrowings" in the Related Loan Agreement, Related Liquidity Agreement or Related Credit Enhancement Agreement.

"**Junior Subordinated Funding Obligations**" means Funding Obligations arising under, or in connection with, Junior Subordinated Notes and Junior Subordinated Borrowings.

"**Junior Subordinated Notes**" means Notes of a Series that have been designated as "Junior Subordinated Notes" in the Related Supplemental Indenture.

"**Lender**" means any Person providing credit facilities, note purchase facilities or advances under a Liquidity Agreement, Loan Agreement or Credit Enhancement Agreement, as applicable.

"**Lien**" means a security interest, lien, mortgage, charge, pledge, claim or encumbrance of any kind.

"**Liquidity Agreement**" means an agreement between the Issuer and one or more Lenders, and acknowledged and accepted by the Indenture Trustee in accordance with Article V, providing for the creation of one or more liquidity facilities in respect of all or a portion of the Notes in favour of the Issuer, including a facility to fund the repayment of all or a portion of Notes or that permits the Issuer to require the purchase of Notes by a counterparty, and including further any facility provided by a Person to the Issuer which is specified or acknowledged in writing by the Issuer as a "Liquidity Agreement" for the purposes hereof.

"**Loan Agreement**" means an agreement between the Issuer and one or more Lenders, and acknowledged and accepted by the Indenture Trustee in accordance with Article V, providing for the creation of one or more credit facilities in favour of the Issuer for purposes of purchasing Investment Interests.

"**Management Agreement**" means the management agreement dated December [~~■~~**15**], 2017 between the Manager and the Issuer, and acknowledged by the Indenture Trustee in accordance with Article V.

"**Manager**" means OPG, in its capacity as manager of the Issuer under the Management Agreement.

"**Market Exchange Rate**" means, unless otherwise specified with respect to any Series of ~~**[Notes pursuant to Section 4.01] [**~~Issuer Funding Obligations~~]~~, (a) for any conversion involving a currency unit on the one hand and Dollars or any Foreign Currency on the other, the exchange rate between the relevant currency unit and Dollars or such Foreign Currency calculated by the method specified pursuant to Section 3.1 for the Notes of the relevant Series, (b) for any conversion of Dollars into any Foreign Currency, the Bank of Canada noon rate as published on the Reuters Screen Page BOFC (or such other means of reporting the Bank of Canada noon rate as may be agreed upon by each of the parties to this Indenture) and (c) for any conversion of one Foreign Currency into Dollars or another Foreign Currency, the spot rate at noon local time in the relevant market at which, in accordance with normal banking procedures, the Dollars or Foreign Currency into which conversion is being made could be purchased with the Foreign Currency

from which conversion is being made from major banks located in either Toronto, New York City or any other principal market for Dollars or such purchased Foreign Currency, in each case determined by the Exchange Rate Agent. Unless otherwise specified with respect to any Series of ~~[Notes pursuant to Section 4.01] [~~Issuer Funding Obligations~~]~~, in the event of the unavailability of any of the exchange rates provided for in the foregoing clauses (a), (b) and (c), the Exchange Rate Agent shall use, in its sole discretion and without liability on its part, such Bank of Canada noon rate as of the most recent available date, or quotations from one or more major banks in Toronto, New York City, or another principal market for the currency in question, or such other quotations as the Exchange Rate Agent shall deem appropriate. Unless otherwise specified by the Exchange Rate Agent, if there is more than one market for dealing in any currency by reason of foreign exchange regulations or otherwise, the market to be used in respect of such currency shall be that upon which a non-resident issuer of securities designated in such currency would purchase such currency in order to make payments in respect of such securities.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated December [■21], 2017 between the Issuer and IESO.

"**Monthly Period**" means, with respect to each Payment Date, the period from and including the first day of each calendar month and to and including the last day of such calendar month.

"**Monthly Report**" has the meaning ascribed thereto in Section 3.5(a) of the Master Transfer and Servicing Agreement.

"**Moody's**" means Moody's Investors Service, Inc., or any successor thereof.

"**MTSA Acknowledgement**" means the acknowledgement and indemnity agreement dated December [■21], 2017 by the IESO in favour of the Indenture Trustee.

"**Non-resident**" means a non-resident of Canada as such term is defined in the Income Tax Act or a partnership that is not a Canadian partnership within the meaning of the Income Tax Act.

"**Note**" or "**Notes**" means any note or notes of any Class, Series or Tranche created pursuant to Supplemental Indentures and authenticated and delivered from time to time under this Indenture.

"**Note Owner**" means the beneficial owner of an interest in a Global Note.

"**Note Purchase Agreement**" means an agreement providing for the purchase of Notes from the Issuer by one or more Persons.

"**Note Register**" has the meaning specified in subsection 4.05(a).

"**Note Registrar**" means the Person who keeps the Note Register.

"**Noteholder**" means a Person in whose name a Note is registered in the Note Register or the bearer of any Bearer Note (including a Global Note in bearer form), as the case may be.

"**Obligations Secured**" means all present and future debts, expenses and liabilities, direct or indirect, absolute or contingent, due, owing or accruing due or owing from time to time by the

Issuer to the Specified Creditors in their capacity as such. For greater certainty, amounts owing to any Specified Creditors by the Issuer at any time shall include (a) the unpaid face amount of any Notes issued on a discount basis; (b) the principal amount owing at such time, together with the accrued and unpaid interest on interest bearing Notes or Borrowings; (c) accrued fees, whether or not then due and payable; and (d) any evidence of indebtedness issued pursuant to or in respect of an amount owing under a Program Agreement (other than amounts payable by the Issuer to its beneficiaries pursuant to the Declaration of Trust or a promissory note issued by the Issuer to a beneficiary as contemplated in the Declaration of Trust).

"**Officer's Certificate**" means a certificate on behalf of any Person that is signed by any Responsible Officer of such Person and states that the certifications set forth in such certificate are based upon the results of a due inquiry into the matters in question conducted by or under the supervision of the signing Responsible Officer and that the facts stated in such certifications are made to such signing Responsible Officer's knowledge and belief.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Opinion of Counsel**" means one or more written opinions of counsel, who may, except as otherwise expressly provided in the Program Agreements, be employees of or counsel to the party providing such opinion of counsel, which counsel shall be reasonably acceptable to the party receiving such opinion of counsel, and shall be in form and substance reasonably acceptable to such party.

"**Ordinary Resolution**" has the meaning specified in subsection 10.01(e).

"**Outstanding**" means, in respect of Notes, as of the date of determination, all Notes theretofore authenticated and delivered under this Indenture, except:

(a) any Notes theretofore canceled by the Indenture Trustee or delivered to the Indenture Trustee for cancellation pursuant to Section 4.12;

(b) any Notes for whose full payment (including principal and interest) or redemption money in the necessary amount has been theretofore deposited with the Indenture Trustee or any Paying Agent in trust for the holders of such Notes; provided that, if such Notes are to be redeemed, notice of such redemption has been duly given in accordance with subsection 4.10(e), or provision therefor satisfactory to the Indenture Trustee has been made; and

(c) any Notes in exchange for or in lieu of which other Notes have been authenticated and delivered pursuant to this Indenture, or which will have been paid pursuant to the terms of Section 4.06 (except with respect to any such Note as to which proof satisfactory to the Indenture Trustee is presented that such Note is held by a Person in whose hands such Note is a legal, valid and binding obligation of the Issuer).

For purposes of determining the amounts of deposits, allocations, reallocations or payments to be made, unless the context clearly requires otherwise, references to "Notes" will be deemed to be

references to "Outstanding Notes". In determining whether Noteholders of the requisite principal amount of Outstanding Notes have taken any Action hereunder, and for purposes of Article X, (i) Senior Notes beneficially owned by the Issuer, ~~OPG~~**the Manager** or any Affiliate of the Issuer or ~~OPG~~**the Manager** and (ii) any Class of Notes (or any portion thereof) in which the Province has an interest pursuant to ~~a Provincial Subrogation Claim~~**Section 7.10** will, in each case, be disregarded and deemed not to be Outstanding **at any time that a Specified Creditor other than the Province has an interest in such Class of Notes**. In determining whether the Indenture Trustee will be protected in relying upon any such Action, only Senior Notes (or in the case of the Province, any Notes) which a Responsible Officer of the Indenture Trustee knows to be owned by the Issuer, ~~OPG~~**the Manager** or any Affiliate of the Issuer or ~~OPG~~**the Manager**, or with respect to which the Province has an interest pursuant to ~~a Provincial Subrogation Claim~~**Section 7.10**, will be so disregarded. Senior Notes so owned which have been pledged in good faith may be regarded as Outstanding if the pledgee creates to the satisfaction of the Indenture Trustee the pledgee's right to act as owner with respect to such Notes and that the pledgee is not the Issuer, ~~OPG~~**the Manager** or any Affiliate of the Issuer or ~~OPG~~**the Manager**.

"**Outstanding Currency Specific Dollar Principal Amount**" means at any time, with respect to any Notes in a Series that includes Foreign Currency Notes, the Initial Currency Specific Dollar Principal Amount of the Outstanding Notes of such Series or Tranche at such time, less the amount of any payments of principal to the holders of such Series of Notes; plus, the amount of any increase in the Outstanding Currency Specific Dollar Principal Amount of such Series of Notes due to the issuance of additional Notes of such Series.

"**Outstanding Dollar Principal Amount**" means at any time:

(a) in respect of Notes, either:

(i) with respect to any Class, Series or Tranche of Notes (other than Discount Notes), the aggregate Initial Dollar Principal Amount of the Outstanding Notes of such Class, Series or Tranche at such time, less the amount of any payments of principal to the holders of such Class, Series or Tranche of Notes pursuant to the Related Supplemental Indenture, or

(ii) with respect to any Series or Tranche of Discount Notes, an amount of the Outstanding Notes of such Series or Tranche calculated by reference to the applicable formula set forth in the Related Supplemental Indenture, taking into account the amount and timing of payments of principal made to the holders of such Series or Tranche pursuant to the Related Supplemental Indenture;

plus, in either case, the amount of any increase in the Outstanding Dollar Principal Amount of such Class, Series or Tranche of Notes due to the issuance of additional Notes of such Class, Series or Tranche pursuant to Article V; and

(b) in respect of other Issuer Funding Obligations, the aggregate principal amount (converted into Dollars, if applicable) of Borrowings.

"**Paying Agent**" means any Person authorized by the Issuer to pay any Obligations Secured on behalf of the Issuer as provided in subsection 9.16(e).

"**Payment Date**" means the 15th day of each calendar month (subject to Section 1.12).

"**Payment ~~Instructions~~Demand" has the meaning specified in the Change of Law Protection Agreement.**

"Payment Instruction" means ~~the instructions~~**an instruction** of the Manager substantially in **one of** the ~~form of~~**forms in** Exhibit 1.

"**Payment Waterfall**" means a priority of payment set out in any one of Section 7.04(e), 7.05, 7.06, 7.07, 7.08, 7.09, 7.10, 7.11 or 8.13.

"**Permanent Global Note**" has the meaning specified in subsection 3.05(a).

"**Permitted Liens**" means:

(a) Liens for Taxes not yet due or for which installments have been paid based on reasonable estimates pending final assessments, or if due, the validity of which is being contested diligently and in good faith by appropriate proceedings by that Person for which reasonable reserves under GAAP are maintained;

(b) the Lien of any Indenture Trustee, as provided in Section 9.05;

(c) the Security Interest; and

(d) any Lien created pursuant to a Co-Owner Agreement.

"**Person**" means any individual, corporation, limited liability company, unlimited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Place of Payment**" means, with respect to any Class, Series or Tranche of Notes issued hereunder, the city or political subdivision so designated with respect to such Class, Series or Tranche of Notes in accordance with the provisions of Article V.

"**PPSA**" shall mean the *Personal Property Security Act* (Ontario).

"Pre-Approved Refinancing" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Principal Accumulation Account**" has the meaning specified in subsection 7.02(c).

"**Principal Accumulation Amount**" means, in respect of any Series of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations and a Payment Date occurring on or after the Principal Accumulation Date for such Series, the amount specified for such Payment Date in the Related Funding Obligation Agreement plus any

amounts specified in the Related Funding Obligation Agreement in respect of prior Payment Dates after the Principal Accumulation Date for such Series which were not deposited to the Principal Accumulation Account; provided that if the Issuer has delivered a Refinancing Notice in respect of such Series pursuant to Section 7.09, the Principal Accumulation Amounts in respect of such Series shall be adjusted as provided for in such Refinancing Notice.

"**Principal Accumulation Amount (Junior Subordinated)**" means, in respect of any Payment Date, the sum of the Principal Accumulation Amounts for all Series of Junior Subordinated Funding Obligations for such Payment Date.

"**Principal Accumulation Amount (Senior)**" means, in respect of any Payment Date, the sum of the Principal Accumulation Amounts for all Series of Senior Funding Obligations (other than Warehouse Obligations) for such Payment Date.

"**Principal Accumulation Amount (Subordinated)**" means, in respect of any Payment Date, the sum of the Principal Accumulation Amounts for all Series of Subordinated Funding Obligations for such Payment Date.

"**Principal Accumulation Amount (Warehouse)**" means, in respect of any Payment Date, the sum of the Principal Accumulation Amounts for all Series of Warehouse Obligations for such Payment Date.

"**Principal Accumulation Date**" means, in respect of any Series of Issuer Funding Obligations, other than Derivative Funding Obligations, the date, if any, specified in the Related Funding Obligation Agreement.

"**Principal Payment Date**" means each Business Day on which principal is due and payable in respect of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations, as set out in the Related Funding Obligation Agreement.

"**Principal Payment Default Date**" has, with respect to any Issuer Funding Obligation, the meaning specified in the Related Funding Obligation Agreement.

"**Program Account**" means each of the Collection Account, the Principal Accumulation Account, the Interest Accumulation Account, the Program Cash Reserve Account, **the IESO Cash Reserve Account,** the Refinancing Account and the Protection Account.

"**Program Agreements**" means this Indenture, each Supplemental Indenture, the Declaration of Trust, the Management Agreement, the Master Transfer and Servicing Agreement, the MTSA Acknowledgement, **the Indemnity Agreement,** each Transfer Notice, any Co-Owner Agreements, the IESO Security Agreement, the Change of Law Protection Agreement, the Notes, any Derivative Agreements, Credit Enhancement Agreements, Liquidity Agreements, Loan Agreements, Underwriting Agreements, Agency Agreements or Note Purchase Agreements and all other documents and certificates delivered in connection therewith.

"**Program Cash Reserve Account**" has the meaning specified in subsection 7.02(d).

"**Program Cash Reserve Required Amount**" means (a) on each Payment Date prior to the Payment Date in May, 2021, nil, and (b) on each Payment Date thereafter, an amount equal to ~~[~~0.50~~]% [NTD: OPG proposes that this step down to 25 bps beginning in 2030, which is consistent with the stress scenarios provided in the model]~~**%** of the aggregate outstanding principal amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations after giving effect to all settlements on such Payment Date**, or such lesser amount proposed by the Manager that satisfies the Rating Agency Condition**.

"**Protection Account**" has the meaning specified in subsection 7.02(i).

"**Protection Event**" has the meaning ascribed thereto in Schedule A of the Change of Law Protection Agreement.

"**Province**" means Her Majesty the Queen in Right of Ontario as represented by the Minister of Energy and the Minister of Finance.

~~"**Provincial Subrogation Claims**" has the meaning specified in subsection 7.10(d).~~

"**Rating Agency**" means, with respect to any Issuer Funding Obligation, each nationally recognized statistical rating organization or designated rating organization, as specified in the Related Funding Obligation Agreement, selected by the Manager to rate such Issuer Funding Obligation.

"**Rating Agency Condition**" means, unless otherwise specified in the Related Funding Obligation Agreement for any Series or Tranche of Issuer Funding Obligations, with respect to any action subject to such condition, the Issuer shall deliver written notice of the proposed action to such Rating Agency or Rating Agencies at least 10 Business Days prior to the effective date of such action (or such shorter notice period if specified in the Related Funding Obligation Agreement with respect to any specific action, or if 10 Business Days prior notice is impractical, such advance notice as is practicable) and the Rating Agencies shall have informed the Issuer prior to the effective date of such action that such action will not result in the reduction or withdrawal of the rating in effect with respect to any Issuer Funding Obligation immediately before the taking of such action, provided that wherever there is reference to satisfaction of a Rating Agency Condition in this Indenture or any other Program Agreement, subject to the terms of the specific Program Agreement which shall govern, such condition need not be satisfied if there is no Rating Agency then rating the applicable Issuer Funding Obligation in respect of which the Rating Agency Condition is applicable. For purposes of this Indenture and any Supplemental Indenture, the Indenture Trustee shall receive, and shall be entitled to rely on, an Issuer Certificate confirming the satisfaction of the Rating Agency Condition. **If the Rating Agency Condition is required to be satisfied without specifying one or more specific Series or Tranches of Issuer Funding Obligations, it shall be required to be satisfied in respect of all outstanding Series or Tranches of Issuer Funding Obligations.**

"**Record Date**" means, for the interest or principal payable on any Note on any applicable Interest Payment Date or Principal Payment Date, the last day of the calendar month immediately

preceding such Interest Payment Date or Principal Payment Date, unless otherwise specified in the Related Supplemental Indenture.

"**Redemption Price**" has the meaning specified in subsection 4.10(a).

"**Reference Period**" has the meaning ascribed to the term "reference period" in the Act as of the date of this Indenture.

"**Refinancing**" has the meaning ascribed to the term "refinancing" in the Act as of the date of this Indenture.

"**Refinancing Account**" has the meaning specified in subsection 7.02(f).

"**Refinancing Notice**" means a notice substantially in the form of Exhibit 2.

"**Registered Note**" means a Note issued in registered form.

"**Registered Noteholder**" means a Noteholder of a Registered Note.

"**Regulation AB**" means Subpart 229.1100 – Asset Backed Securities (Regulation AB), 17 C.F.R. §§229.1100-229.1125, and all related rules and regulations of the Commission, as such rules may be amended from time to time, and subject to such clarification and interpretation as have been provided by the Commission or by the staff of the Commission, or as may be provided by the Commission or its staff from time to time.

"**Related**" is used in reference to the Issuer Funding Obligations of a particular Series and means, when used in conjunction with:

(a) "Credit Enhancement Agreement": a Credit Enhancement Agreement pursuant to which Credit Enhancement has been provided in respect of such Issuer Funding Obligations;

(b) "Funding Obligation Agreement": a Funding Obligation Agreement entered into in connection with the incurrence of such Issuer Funding Obligations;

(c) "Liquidity Agreement": a Liquidity Agreement pursuant to which one or more liquidity facilities have been made available to fund the repayment of such Issuer Funding Obligations constituting Notes or, if specified in such Liquidity Agreement, a Series or Tranche of such Issuer Funding Obligations constituting Notes;

(d) "Loan Agreement": a Loan Agreement in respect of Issuer Funding Obligations constituting Borrowings; and

(e) "Supplemental Indenture": a supplement to this Indenture executed in connection with the issuance of such Issuer Funding Obligations constituting Notes.

"Related Securities Account" means, in respect of any Program Account or Series Account, a Securities Account which has been established for the purpose of allowing the Issuer to invest the funds credited to such Program Account or Series Account in Eligible Investments in accordance with Section 7.03.

"**Required Principal Accumulation Amount (Senior)**" means, in respect of any Principal Payment Date or Interest Payment Date, the aggregate of the **Principal Accumulation Amounts (Warehouse) and the** Principal Accumulation Amounts (Senior) for all Payment Dates up to and including such Principal Payment Date or Interest Payment Date, as applicable, less all amounts that have been applied to principal repayments of Senior Funding Obligations on or prior to such Principal Payment Date or Interest Payment Date, as applicable.

"**Required Principal Accumulation Amount (Subordinated)**" means, in respect of any Principal Payment Date or Interest Payment Date, the aggregate of the Principal Accumulation Amounts (Subordinated) for all Payment Dates up to and including such Principal Payment Date or Interest Payment Date, as applicable, less all amounts that have been applied to principal repayments of Subordinated Funding Obligations on or prior to such Principal Payment Date or Interest Payment Date, as applicable.

"**Responsible Officer**" means, with respect to: (a) the Issuer, any director or officer of the Manager; (b) the Servicer, any director or officer of the IESO; and (c) the Indenture Trustee, any officer within the Corporate Trust Office of such trustee (including the President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Treasurer or any other officer of the Indenture Trustee customarily performing functions similar to those performed by persons who at the time shall be such officers, respectively, and that has direct responsibility for the administration of this Indenture and also, with respect to a particular matter, any other officer to whom such matter is referred to because of such officer's knowledge and familiarity with the particular subject).

"Securities Account" has the meaning specified in subsection **7.02(j).**

"**Securities Exchange Act**" means the United States Securities Exchange Act of 1934, as amended from time to time.

"**Security Interest**" means the Lien granted pursuant to Section 2.01.

"**Senior Borrowings**" means Borrowings that have been designated as "Senior Borrowings" in the Related Loan Agreement, Related Liquidity Agreement or Related Credit Enhancement Agreement.

"**Senior Funding Obligations**" means Funding Obligations arising under, or in connection with, Senior Notes and Senior Borrowings.

"**Senior Notes**" means Notes of a Series that have been designated as "Senior Notes" in the Related Supplemental Indenture.

"**Series**" means, with respect to any Class of Issuer Funding Obligation, the Series of the Class specified in the Related Funding Obligation Agreement.

"**Series Account**" means each Series Finance Reserve Account and each Series Capital Account.

"**Series Capital Account**" has the meaning specified in subsection 7.02(g).

"**Series Finance Reserve Account**" has the meaning specified in subsection 7.02(h).

"**Servicer**" has the meaning specified in the Master Transfer and Servicing Agreement.

"**Servicer CEA Receipts**" has the meaning ascribed thereto in Section ~~[~~3.3(e)~~]~~ of the Master Transfer and Servicing Agreement.

"**Servicer Default**" has the meaning ascribed thereto in Section ~~[~~7.1~~]~~ of the Master Transfer and Servicing Agreement.

"**Specified Creditors**" means, collectively, Noteholders, Lenders, the Paying Agent, the Indenture Trustee, the Issuer Trustee, the Manager, the Servicer, the Province, Derivative Counterparties, Credit Enhancers, **Rating Agencies and** counterparties to Underwriting Agreements, Agency Agreements or Note Purchase Agreements, ~~and other Persons in respect of Obligations Secured,~~ in each case, to the extent of their claims related to Program Agreements**, and any other Person that is owed a payment obligation by the Issuer that gives rise to a Finance Amount in respect of the Issuer**.

"**Stated Principal Amount**," has, with respect to any Note, the meaning specified in the Related Supplemental Indenture (including a Terms Document).

"**Sub-Account**" means each sub-account of an Issuer Account maintained pursuant to this Indenture or any Funding Obligation Agreement.

"**Subordinated Borrowings**" means Borrowings that have been designated as "Subordinated Borrowings" in the Related Loan Agreement, Related Liquidity Agreement or Related Credit Enhancement Agreement.

"**Subordinated Funding Obligations**" means Funding Obligations arising under, or in connection with, Subordinated Notes and Subordinated Borrowings.

"**Subordinated Notes**" means Notes of a Series that have been designated as "Subordinated Notes" in the Related Supplemental Indenture.

"**Subrogation** ~~**Amounts**~~"**Amount", in respect of any Approved Obligation,** has the meaning specified in ~~the Change of Law Protection Agreement~~**subsection 7.10(d)(i)**.

"**Supplemental Indenture**" means, with respect to any Series of Notes, a supplement to this Indenture, executed and delivered in conjunction with the issuance of such Notes pursuant to Section 4.01, together with any applicable Terms Document for any Tranches of Notes belonging to such Series and any amendment to the Supplemental Indenture executed pursuant to Section 11.01 or 11.02.

"Suspension Notice" has the meaning specified in the Change of Law Protection Agreement.

"**Tax**" has the meaning ascribed to the term "tax" in the Fair Hydro Regulations as of the date of this Indenture.

"**Temporary Global Note**" has the meaning specified in Section 3.05(a).

"**Termination Payment**" means all amounts payable upon early termination of any Derivative Agreement calculated in accordance with the terms of such Derivative Agreement.

"**Terms Document**" means, with respect to any Tranche of Notes, a supplement to the Related Supplemental Indenture.

"**Tranche**" means, with respect to any Series of Notes, Notes of such Series which have identical terms, conditions and Tranche designation. Notes of a single Tranche may be issued on different dates.

"**Transfer**" has the meaning ascribed to the term "transfer" in the Act as of the date of this Indenture.

"**Transfer Notice**" has the meaning ascribed thereto in Section 1.1 of the Master Transfer and Servicing Agreement.

"**Trustee Cap**" means, on any Payment Date, an amount equal to (x) $150,000, multiplied by (y) the number of Series of Senior Funding Obligations outstanding on such Payment Date, divided by (z) 12.

"**Underwriting Agreement**" means an agreement providing for the purchase of Notes from the Issuer by one or more Persons as principals for the purpose of resale.

"United States" means, unless otherwise specified with respect to any Notes pursuant to Section 4.10, the United States of America (including the states and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction.

"**United States Person**" means a citizen or resident of the United States, a corporation, partnership or other entity created or organized in or under the laws of the United States of America, any one of the states thereof, the District of Columbia or any political subdivision thereof, or an estate or trust the income of which is subject to United States federal income taxation regardless of its source.

"**U.S. Depository**" means, unless otherwise specified by the Issuer pursuant to any of Section 3.04, 3.06, or 4.01, with respect to Notes issuable or issued as a Global Note within the United States, The Depository Trust Company, or any successor thereto registered as a clearing agency under the Securities Exchange Act, or other applicable statute or regulation.

"**U.S. Securities Act**" means the United States Securities Act of 1933, as amended from time to time.

"**Warehouse Facility Agreement**" means a Funding Obligation Agreement that provides the Issuer with a revolving facility under which principal amounts can be advanced, repaid and again advanced during a committed revolving period and does not provide any other type of credit facility.

"**Warehouse Obligations**" means Senior Funding Obligations incurred pursuant to Warehouse Facility Agreements.

EXHIBIT 1
~~FORM~~FORMS OF PAYMENT ~~INSTRUCTIONS~~INSTRUCTION

See Attached.

Payment Instruction – Collection Account
Fair Hydro Trust

Pursuant to the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and BNY Trust Company of Canada, as indenture trustee (as amended, modified, supplemented, replaced or restated from time to time, the "Trust Indenture"), the Manager hereby instructs the Paying Agent to pay or transfer, as applicable, the amounts set out below in accordance with the wire, check or other payment details set out in Schedule A to this Payment Instruction. Such payments or transfers are to made on: _____ [*insert date of payment(s) / transfer(s)*].

Capitalized terms used in this Payment Instruction have the meanings given to such terms in the Trust Indenture.

COLLECTION ACCOUNT

1.	Opening Balance	$[ ]
2.	Additions	$[ ]
3.	Withdrawals	$[ ]
	a. Taxes	$[ ]
	b. Issuer Trustee and Indenture Trustee fees	$[ ]
	c. Interest and Derivative Funding Obligations – Total	$[ ]
	i. Interest Accrual Amount (Senior)	$[ ]
	ii. Payments on Derivative Funding Obligations (other than Termination Payments)	$[ ]
	1. [*break out for each non-defaulting Derivative Counterparty*]	$[ ]
	d. Interest Accrual Amount (Subordinated)	$[ ]
	e. Interest Accrual Amount (Junior Subordinated)	$[ ]
	f. Principal Accumulation Amount (Warehouse)	$[ ]
	g. Principal and Derivative Funding Obligations – Total	$[ ]
	i. Principal Accumulation Amount (Senior)	$[ ]
	ii. Termination Payments – Total	$[ ]
	1. [*break out for each Derivative Counterparty*]	$[ ]
	h. Fees and other amounts on Senior Funding Obligations – Total	$[ ]
	i. [*break out on series by series basis*]	$[ ]
	i. Manager fees and other amounts (excluding indemnity amounts)	$[ ]
	j. Principal Accumulation Amount (Subordinated)	$[ ]
	k. Fees and other amounts on Subordinated Funding Obligations – Total	$[ ]
	i. [*break out on series by series basis*]	$[ ]
	l. Principal Accumulation Amount (Junior Subordinated)	$[ ]
	m. Program Cash Reserve Required Amount	$[ ]

n. Reserve amounts for Series Accounts (other than for Subordinated Funding Obligations or Junior Subordinated Funding Obligations) – Total $[ ]
   i. [*break out on series by series basis*] $[ ]
o. Reserve amounts for Series Accounts for Subordinated Funding Obligations – Total $[ ]
   i. [*break out on series by series basis*] $[ ]
p. Fees and other amounts on Junior Subordinated Funding Obligations – Total $[ ]
   i. [*break out on series by series basis*] $[ ]
q. Reserve amounts for Series Accounts for Junior Subordinated Funding Obligations – Total $[ ]
   i. [break out on series by series basis] $[ ]
r. Derivative Funding Obligations – Total $[ ]
   i. [*break out for each defaulting Derivative Counterparty*] $[ ]
s. Beneficiaries of Issuer $[ ]
t. Manager indemnity amounts $[ ]
u. Payments to other Specified Creditors – Total $[ ]
   i. [*break out for each obligation*] $[ ]

4. Ending Balance $[ ]
5. Investment Proceeds on Collection Account $[ ]

~~INTEREST ACCUMULATION ACCOUNT~~

~~1. Opening Balance $[ ]~~
~~2. Additions for Senior Funding Obligations $[ ]~~
~~3. Additions for Subordinated Funding Obligations $[ ]~~
~~4. Additions for Junior Subordinated Funding Obligations $[ ]~~
~~5. Withdrawals for Senior Funding Obligations – Total $[ ]~~
   ~~a. [*break out on series by series basis*] $[ ]~~
~~6. Withdrawals for Subordinated Funding Obligations – Total $[ ]~~
   ~~a. [*break out on series by series basis*] $[ ]~~
~~7. Withdrawals for Junior Subordinated Funding Obligations – Total $[ ]~~
   ~~a. [*break out on series by series basis*] $[ ]~~
~~8. Ending Balance $[ ]~~
~~9. Investment Proceeds on Interest Accumulation Account $[ ]~~
~~10. Interest Accrual Amount (Senior) $[ ]~~
~~11. Interest Accrual Amount (Subordinated) $[ ]~~
~~12. Interest Accrual Amount (Junior Subordinated) $[ ]~~

~~PRINCIPAL ACCUMULATION ACCOUNT~~

~~1. Opening Balance $[ ]~~

~~2.~~	~~Additions for Warehouse Obligations~~	~~$[ ]~~
~~3.~~	~~Additions for Senior Funding Obligations (other than Warehouse Obligations)~~	~~$[ ]~~
~~4.~~	~~Additions for Subordinated Funding Obligations~~	~~$[ ]~~
~~5.~~	~~Additions for Junior Subordinated Funding Obligations~~	~~$[ ]~~
~~6.~~	~~Withdrawals for Warehouse Obligations – Total~~	~~$[ ]~~
	~~a. [*break out on series by series basis*]~~	~~$[ ]~~
~~7.~~	~~Withdrawals for Senior Funding Obligations (other than Warehouse Obligations) – Total~~	~~$[ ]~~
	~~a. [*break out on series by series basis*]~~	~~$[ ]~~
~~8.~~	~~Withdrawals for Subordinated Funding Obligations – Total~~	~~$[ ]~~
	~~a. [*break out on series by series basis*]~~	~~$[ ]~~
~~9.~~	~~Withdrawals for Junior Subordinated Funding Obligations – Total~~	~~$[ ]~~
	~~a. [*break out on series by series basis*]~~	~~$[ ]~~
~~10.~~	~~Ending Balance~~	~~$[ ]~~
~~11.~~	~~Investment Proceeds on Principal Accumulation Account~~	~~$[ ]~~
~~12.~~	~~Principal Accumulation Amount (Warehouse)~~	~~$[ ]~~
~~13.~~	~~Principal Accumulation Amount (Senior)~~	~~$[ ]~~
~~14.~~	~~Principal Accumulation Amount (Subordinated)~~	~~$[ ]~~
~~15.~~	~~Principal Accumulation Amount (Junior Subordinated)~~	~~$[ ]~~

~~IESO CASH RESERVE ACCOUNT~~

~~1.~~	~~Opening Balance~~	~~$[ ]~~
~~2.~~	~~Withdrawals~~	~~$[ ]~~
	~~a. Taxes~~	~~$[ ]~~
	~~b. Issuer Trustee and Indenture Trustee fees~~	~~$[ ]~~
	~~c. Interest and Derivative Funding Obligations – Total~~	~~$[ ]~~
	~~i. Interest Accrual Amount (Senior)~~	~~$[ ]~~
	~~ii. Payments on Derivative Funding Obligations (other than Termination Payments)~~	~~$[ ]~~
	~~1. [*break out for each non-defaulting Derivative Counterparty*]~~	~~$[ ]~~
	~~d. Interest Accrual Amount (Subordinated)~~	~~$[ ]~~
	~~e. Interest Accrual Amount (Junior Subordinated)~~	~~$[ ]~~
~~3.~~	~~Ending Balance~~	~~$[ ]~~
~~4.~~	~~Investment Proceeds on IESO Cash Reserve Account~~	~~$[ ]~~

~~PROGRAM CASH RESERVE ACCOUNT~~

~~1.~~	~~Opening Balance~~	~~$[ ]~~
~~2.~~	~~Additions~~	~~$[ ]~~
~~3.~~	~~Withdrawals for Senior Funding Obligations (Interest) – Total~~	~~$[ ]~~
	~~a. [*break out on series by series basis*]~~	~~$[ ]~~

~~4.~~	~~Withdrawals for Subordinated Funding Obligations (Interest) – Total~~	~~$[ ]~~
	~~a. [*break out on series by series basis*]~~	~~$[ ]~~
~~5.~~	~~Withdrawals for Junior Subordinated Funding Obligations (Interest) – Total~~	~~$[ ]~~
	~~a. [*break out on series by series basis*]~~	~~$[ ]~~
~~6.~~	~~Withdrawals for Senior Funding Obligations (Principal) – Total~~	~~$[ ]~~
	~~a. [*break out on series by series basis*]~~	~~$[ ]~~
~~7.~~	~~Withdrawals for Subordinated Funding Obligations (Principal) – Total~~	~~$[ ]~~
	~~a. [*break out on series by series basis*]~~	~~$[ ]~~
~~8.~~	~~Withdrawals for Junior Subordinated Funding Obligations (Principal) – Total~~	~~$[ ]~~
	~~a. [*break out on series by series basis*]~~	~~$[ ]~~
~~9.~~	~~Ending Balance~~	~~$[ ]~~
~~10.~~	~~Investment Proceeds on Program Cash Reserve Account~~	~~$[ ]~~
~~11.~~	~~Program Cash Reserve Required Amount~~	~~$[ ]~~

~~REFINANCING ACCOUNT~~

~~1.~~	~~Opening Balance~~	~~$[ ]~~
~~2.~~	~~Additions~~	~~$[ ]~~
~~3.~~	~~Withdrawals – Total~~	~~$[ ]~~
	~~a. [*break out on series by series basis*]~~	~~$[ ]~~
~~4.~~	~~Ending Balance~~	~~$[ ]~~
~~5.~~	~~Investment Proceeds on Series Reserve Account~~	~~$[ ]~~

~~PROTECTION ACCOUNT~~

~~1.~~	~~Opening Balance~~	~~$0~~
~~2.~~	~~Additions~~	~~$[ ]~~
~~3.~~	~~Withdrawals for Specified Creditors – Total~~	~~$[ ]~~
	~~a. [*break out for each obligation*]~~	~~$[ ]~~
~~4.~~	~~Withdrawals for Province (return of remaining amounts)~~	~~$[ ]~~
~~5.~~	~~Ending Balance~~	~~$0~~

~~SERIES ACCOUNT [*duplicate on a series by series basis*]~~

~~1.~~	~~Opening Balance~~	~~$[ ]~~
~~2.~~	~~Additions~~	~~$[ ]~~
~~3.~~	~~Withdrawals – Total~~	~~$[ ]~~
	~~a. [*break out for each obligation*]~~	~~$[ ]~~
~~4.~~	~~Ending Balance~~	~~$[ ]~~
~~5.~~	~~Investment Proceeds on Series Reserve Account~~	~~$[ ]~~
~~6.~~	~~Required Series Account amount~~	~~$[ ]~~

DATED _____.

FAIR HYDRO TRUST, by its Manager, ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Schedule A

[insert wire, cheques or other payment details for each payment]

Payment Instruction – Interest Accumulation Account
Fair Hydro Trust

Pursuant to the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and BNY Trust Company of Canada, as indenture trustee (as amended, modified, supplemented, replaced or restated from time to time, the "Trust Indenture"), the Manager hereby instructs the Paying Agent to pay or transfer, as applicable, the amounts set out below in accordance with the wire, check or other payment details set out in Schedule A to this Payment Instruction. Such payments or transfers are to made on: _____ [*insert date of payment(s) / transfer(s)*].

Capitalized terms used in this Payment Instruction have the meanings given to such terms in the Trust Indenture.

INTEREST ACCUMULATION ACCOUNT

1.	Opening Balance	$[ ]
2.	Additions for Senior Funding Obligations	$[ ]
3.	Additions for Subordinated Funding Obligations	$[ ]
4.	Additions for Junior Subordinated Funding Obligations	$[ ]
5.	Withdrawals for Senior Funding Obligations – Total	$[ ]
	a. [*break out on series by series basis*]	$[ ]
6.	Withdrawals for Subordinated Funding Obligations – Total	$[ ]
	a. [*break out on series by series basis*]	$[ ]
7.	Withdrawals for Junior Subordinated Funding Obligations – Total	$[ ]
	a. [*break out on series by series basis*]	$[ ]
8.	Ending Balance	$[ ]
9.	Investment Proceeds on Interest Accumulation Account	$[ ]
10.	Interest Accrual Amount (Senior)	$[ ]
11.	Interest Accrual Amount (Subordinated)	$[ ]
12.	Interest Accrual Amount (Junior Subordinated)	$[ ]

DATED _____.

FAIR HYDRO TRUST, by its Manager, ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Schedule A

[insert wire, cheques or other payment details for each payment]

Payment Instruction – Principal Accumulation Account
Fair Hydro Trust

Pursuant to the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and BNY Trust Company of Canada, as indenture trustee (as amended, modified, supplemented, replaced or restated from time to time, the "Trust Indenture"), the Manager hereby instructs the Paying Agent to pay or transfer, as applicable, the amounts set out below in accordance with the wire, check or other payment details set out in Schedule A to this Payment Instruction. Such payments or transfers are to made on: _____ [*insert date of payment(s) / transfer(s)*].

Capitalized terms used in this Payment Instruction have the meanings given to such terms in the Trust Indenture.

PRINCIPAL ACCUMULATION ACCOUNT

1.	Opening Balance	$[ ]
2.	Additions for Warehouse Obligations	$[ ]
3.	Additions for Senior Funding Obligations (other than Warehouse Obligations)	$[ ]
4.	Additions for Subordinated Funding Obligations	$[ ]
5.	Additions for Junior Subordinated Funding Obligations	$[ ]
6.	Withdrawals for Warehouse Obligations – Total	$[ ]
	a. [*break out on series by series basis*]	$[ ]
7.	Withdrawals for Senior Funding Obligations (other than Warehouse Obligations) – Total	$[ ]
	a. [*break out on series by series basis*]	$[ ]
8.	Withdrawals for Subordinated Funding Obligations – Total	$[ ]
	a. [*break out on series by series basis*]	$[ ]
9.	Withdrawals for Junior Subordinated Funding Obligations – Total	$[ ]
	a. [*break out on series by series basis*]	$[ ]
10.	Ending Balance	$[ ]
11.	Investment Proceeds on Principal Accumulation Account	$[ ]
12.	Principal Accumulation Amount (Warehouse)	$[ ]
13.	Principal Accumulation Amount (Senior)	$[ ]
14.	Principal Accumulation Amount (Subordinated)	$[ ]
15.	Principal Accumulation Amount (Junior Subordinated)	$[ ]

DATED _____.

FAIR HYDRO TRUST, by its Manager, ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Schedule A

[insert wire, cheques or other payment details for each payment]

Payment Instruction – IESO Cash Reserve Account
Fair Hydro Trust

Pursuant to the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and BNY Trust Company of Canada, as indenture trustee (as amended, modified, supplemented, replaced or restated from time to time, the "Trust Indenture"), the Manager hereby instructs the Paying Agent to pay or transfer, as applicable, the amounts set out below in accordance with the wire, check or other payment details set out in Schedule A to this Payment Instruction. Such payments or transfers are to made on: _____ [*insert date of payment(s) / transfer(s)*].

Capitalized terms used in this Payment Instruction have the meanings given to such terms in the Trust Indenture.

IESO CASH RESERVE ACCOUNT

1.	**Opening Balance**	**$[ ]**
2.	**Withdrawals**	**$[ ]**
	a. Taxes	**$[ ]**
	b. Issuer Trustee and Indenture Trustee fees	**$[ ]**
	c. Interest and Derivative Funding Obligations – Total	**$[ ]**
	i. Interest Accrual Amount (Senior)	**$[ ]**
	ii. Payments on Derivative Funding Obligations (other than Termination Payments)	**$[ ]**
	1. [*break out for each non-defaulting Derivative Counterparty*]	**$[ ]**
	d. Interest Accrual Amount (Subordinated)	**$[ ]**
	e. Interest Accrual Amount (Junior Subordinated)	**$[ ]**
3.	**Ending Balance**	**$[ ]**
4.	**Investment Proceeds on IESO Cash Reserve Account**	**$[ ]**

DATED _____.

FAIR HYDRO TRUST, by its Manager, ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By:

	Name: **Title:**

Schedule A

[insert wire, cheques or other payment details for each payment]

Payment Instruction – Program Cash Reserve Account
Fair Hydro Trust

Pursuant to the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and BNY Trust Company of Canada, as indenture trustee (as amended, modified, supplemented, replaced or restated from time to time, the "Trust Indenture"), the Manager hereby instructs the Paying Agent to pay or transfer, as applicable, the amounts set out below in accordance with the wire, check or other payment details set out in Schedule A to this Payment Instruction. Such payments or transfers are to made on: _____ [*insert date of payment(s) / transfer(s)*].

Capitalized terms used in this Payment Instruction have the meanings given to such terms in the Trust Indenture.

PROGRAM CASH RESERVE ACCOUNT

1.	Opening Balance	$[ ]
2.	Additions	$[ ]
3.	Withdrawals for Senior Funding Obligations (Interest) – Total	$[ ]
	a. [*break out on series by series basis*]	$[ ]
4.	Withdrawals for Subordinated Funding Obligations (Interest) – Total	$[ ]
	a. [*break out on series by series basis*]	$[ ]
5.	Withdrawals for Junior Subordinated Funding Obligations (Interest) – Total	$[ ]
	a. [*break out on series by series basis*]	$[ ]
6.	Withdrawals for Senior Funding Obligations (Principal) – Total	$[ ]
	a. [*break out on series by series basis*]	$[ ]
7.	Withdrawals for Subordinated Funding Obligations (Principal) – Total	$[ ]
	a. [*break out on series by series basis*]	$[ ]
8.	Withdrawals for Junior Subordinated Funding Obligations (Principal) – Total	$[ ]
	a. [*break out on series by series basis*]	$[ ]
9.	Ending Balance	$[ ]
10.	Investment Proceeds on Program Cash Reserve Account	$[ ]
11.	Program Cash Reserve Required Amount	$[ ]

DATED _____.

FAIR HYDRO TRUST, by its Manager, ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Schedule A

[insert wire, cheques or other payment details for each payment]

Payment Instruction – Refinancing Account
Fair Hydro Trust

Pursuant to the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and BNY Trust Company of Canada, as indenture trustee (as amended, modified, supplemented, replaced or restated from time to time, the "Trust Indenture"), the Manager hereby instructs the Paying Agent to pay or transfer, as applicable, the amounts set out below in accordance with the wire, check or other payment details set out in Schedule A to this Payment Instruction. Such payments or transfers are to made on: _____ [*insert date of payment(s) / transfer(s)*].

Capitalized terms used in this Payment Instruction have the meanings given to such terms in the Trust Indenture.

REFINANCING ACCOUNT

1.	**Opening Balance**	**$[ ]**
2.	**Additions**	**$[ ]**
3.	**Withdrawals – Total**	**$[ ]**
	a. [*break out on series by series basis*]	**$[ ]**
4.	**Ending Balance**	**$[ ]**
5.	**Investment Proceeds on Series Reserve Account**	**$[ ]**

DATED _____.

FAIR HYDRO TRUST, by its Manager, ONTARIO POWER GENERATION INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

Schedule A

[insert wire, cheques or other payment details for each payment]

Payment Instruction – Protection Account
Fair Hydro Trust

Pursuant to the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and BNY Trust Company of Canada, as indenture trustee (as amended, modified, supplemented, replaced or restated from time to time, the "Trust Indenture"), the Manager hereby instructs the Paying Agent to pay or transfer, as applicable, the amounts set out below in accordance with the wire, check or other payment details set out in Schedule A to this Payment Instruction. Such payments or transfers are to made on: _____ [*insert date of payment(s) / transfer(s)*].

Capitalized terms used in this Payment Instruction have the meanings given to such terms in the Trust Indenture.

PROTECTION ACCOUNT

1.	**Opening Balance**	**$0**
2.	**Additions**	**$[ ]**
3.	**Withdrawals for Specified Creditors – Total**	**$[ ]**
	a. [*break out for each obligation*]	**$[ ]**
4.	**Withdrawals for Province (return of remaining amounts)**	**$[ ]**
5.	**Ending Balance**	**$0**

DATED _____.

FAIR HYDRO TRUST, by its Manager, ONTARIO POWER GENERATION INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

Schedule A

[insert wire, cheques or other payment details for each payment]

Payment Instruction – [*Specify Series*] Account
Fair Hydro Trust

Pursuant to the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and BNY Trust Company of Canada, as indenture trustee (as amended, modified, supplemented, replaced or restated from time to time, the "Trust Indenture"), the Manager hereby instructs the Paying Agent to pay or transfer, as applicable, the amounts set out below in accordance with the wire, check or other payment details set out in Schedule A to this Payment Instruction. Such payments or transfers are to made on: _____ [*insert date of payment(s) / transfer(s)*].

Capitalized terms used in this Payment Instruction have the meanings given to such terms in the Trust Indenture.

[*SPECIFY SERIES*] ACCOUNT [*duplicate on a series by series basis*]

1.	**Opening Balance**	**$[ ]**
2.	**Additions**	**$[ ]**
3.	**Withdrawals – Total**	**$[ ]**
	a. [*break out for each obligation*]	**$[ ]**
4.	**Ending Balance**	**$[ ]**
5.	**Investment Proceeds on Series Account**	**$[ ]**
6.	**Required Series Account amount**	**$[ ]**

DATED _____.

FAIR HYDRO TRUST, by its Manager, ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Schedule A

[insert wire, cheques or other payment details for each payment]

EXHIBIT 2
FORM OF REFINANCING NOTICE

See Attached.

[NTD: Notice must specify Series and the amount of the Principal Accumulation Amounts specified in the related Supplemental Indenture that will be repaid with the proceeds of the Refinancing.] [NTD: Osler to provide]

EXHIBIT 3
FORM OF SPECIFIED CREDITOR LIST

Program Agreement	**Name of Specified Creditor / Agent**	**Address**	**City**	**Province/ State**	**Postal/Zip Code**	**Country**	**Email**	**Issuer Funding Obligation**	**Value [Lenders only]**
Issuer Funding Obligations (other than Notes and Derivative Funding Obligations)									
[Insert name of Program Agreement]	[Insert name of institution]	[insert address]	[insert city]	[insert province/ state]	[insert postal/zip code]	[insert country]	[email]	[Y / N] [If Yes, Type of Funding Obligation]	[insert $ amount hold]
Derivative Funding Obligations									
[Insert name of Program Agreement]	[Insert name of institution]	[insert address]	[insert city]	[insert province/ state]	[insert postal/zip code]	[insert country]	[email]	N/A	N/A
Other Obligations Secured									
[Insert name of Program Agreement]	[Insert name of institution]	[insert address]	[insert city]	[insert province/ state]	[insert postal/zip code]	[insert country]	[email]	N/A	N/A

EXHIBIT 4
FORM OF REQUEST FOR SPECIFIED CREDITOR INFORMATION

TO: BNY Trust Company of Canada, as indenture trustee (the "**Indenture Trustee**") under the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust ~~(the "**Issuer**")~~ and the Indenture Trustee (as amended, modified, supplemented, replaced or restated from time to time, the "**Trust Indenture**")

RE: Request for Provision of Information pursuant to Section 9.14 of the Trust Indenture

DATE: [■]

All capitalized terms used but not otherwise defined herein shall have the meanings ascribed thereto in the Trust Indenture.

First Declaration

1. The undersigned, being the duly appointed [*state position*] of [*insert name of Debtholder 1*] ("**Debtholder 1**"), hereby certifies, in that capacity and without personal liability, as follows:

2. The undersigned has made, or caused to be made, such examinations or investigations as are, in my belief, necessary to enable me to make the statements or give the opinions contained or expressed in this certificate.

3. Debtholder 1 forms part of the Debtholders of the following Series or Tranche:

   [*insert details of all applicable Issuer Funding Obligations*]

4. Debtholder 1 has owned an Issuer Funding Obligation of such Series or Tranche for a period of at least six (6) months preceding the date of this application.

Second Declaration

5. The undersigned, being the duly appointed [*state position*] of [*insert name of Debtholder 2*] ("**Debtholder 2**"), hereby certifies, in that capacity and without personal liability, as follows:

6. The undersigned has made, or caused to be made, such examinations or investigations as are, in my belief, necessary to enable me to make the statements or give the opinions contained or expressed in this certificate.

7. Debtholder 2 forms part of the Debtholders of the following Series or Tranche:

   [*insert details of all applicable Issuer Funding Obligations*]

8. Debtholder 2 has owned an Issuer Funding Obligation of such Series or Tranche for a period of at least six (6) months preceding the date of this application.

Third Declaration

9. The undersigned, being the duly appointed [*state position*] of [*insert name of Debtholder 3*] ("**Debtholder 3**"), hereby certifies, in that capacity and without personal liability, as follows:

10. The undersigned has made, or caused to be made, such examinations or investigations as are, in my belief, necessary to enable me to make the statements or give the opinions contained or expressed in this certificate.

11. Debtholder 3 forms part of the Debtholders of the following Series or Tranche:

    [*insert details of all applicable Issuer Funding Obligations*]

12. Debtholder 3 has owned an Issuer Funding Obligation of such Series or Tranche for a period of at least six (6) months preceding the date of this application.

Request

13. The undersigned Debtholders desire to communicate [*insert applicable Debtholder Group*] with respect to their rights under ~~this~~**the Trust** Indenture or under the applicable Program Agreement.

14. Attached hereto is a copy of the form of proxy or other communication which such applicants propose to transmit.

15. The Debtholders request that the Indenture Trustee deliver to them the information preserved at the time by the Indenture Trustee in accordance with Section 9.14 of the Trust Indenture.

DATED this ___ day of _____, 20___.

[DEBTHOLDER 1]

By: _____

Name:
Title:

[DEBTHOLDER 2]

By: _____

Name:
Title:

[DEBTHOLDER 3]

By: _____

Name:
Title:

EXHIBIT 5
FORM OF CANCELLATION NOTICE

TO: BNY Trust Company of Canada, as indenture trustee (the "**Indenture Trustee**") under the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust ~~(the "**Issuer**")~~ and the Indenture Trustee (as amended, modified, supplemented, replaced or restated from time to time, the "**Trust Indenture**")

RE: Request for Removal from Specified Creditor Register

DATE: [■]

All capitalized terms used but not otherwise defined herein shall have the meanings ascribed thereto in the Trust Indenture.

1. The undersigned, being the duly appointed [*state position*] of [*insert name of institution*].

2. You are hereby requested pursuant to Section 9.14 of the Trust Indenture to, within five **(5)** Business Days of receipt of this notice, notify the Issuer to remove the following Specified Creditor from the list provided for in subsection 13.13(b) of the Trust Indenture.

   Name of Specified Creditor to be Removed: [*enter details*]

   Name of Program Agreement: [*enter details*]

DATED this ___ day of _____, 20___.

[SPECIFIED CREDITOR]

By: _____

Name:
Title:

EXHIBIT 6
FORMS OF CERTIFICATION

See attached.

Exhibit 6-A

FORM OF CERTIFICATE TO BE GIVEN BY
PERSON ENTITLED TO RECEIVE BEARER NOTE

CERTIFICATE

FAIR HYDRO TRUST

■% Notes due ■

This is to certify that as of the date hereof, and except as set forth below, the above-captioned Notes held by you for our account (i) are owned by any person(s) that is not a citizen or resident of the United States; a corporation or partnership (including any entity treated as a corporation or partnership for United States federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia unless, in the case of a partnership, Treasury Regulations provide otherwise; any estate whose income is subject to United States federal income tax regardless of its source or; a trust if (A) a United States court can exercise primary supervision over the trust's administration and one of more United States persons are authorized to control all substantial decisions of the trust or (B) a trust in existence on August 20, 1996, and treated as a United States person before this date that timely elected to continue to be treated as a United States person ("**United States ~~persons~~person(s)**"), (ii) are owned by United States person(s) that are (a) foreign branches of United States financial institutions (financial institutions, as defined in United States Treasury Regulation Section 1.165-12(c)(1)(iv) are herein referred to as "**financial institutions**") purchasing for their own account or for resale, or (b) United States person(s) who acquired the Notes through foreign branches of United States financial institutions and who hold the Notes through such United States financial institutions on the date hereof (and in either case (a) or (b), each such United States financial institution hereby agrees, on its own behalf or through its agent, that you may advise Fair Hydro Trust or its agent that such financial institution will comply with the requirements of Section 165(j)(3)(A), (B) or (C) of the United States Internal Revenue Code of 1986, as amended, and the regulations thereunder), or (iii) are owned by United States or foreign financial institution(s) for purposes of resale during the restricted period (as defined in United States Treasury Regulation Section 1.163-5(c)(2)(i)(D)(7)), and, in addition, if the owner is a United States or foreign financial institution described in clause (iii) above (whether or not also described in clause (i) or (ii)), this is to further certify that such financial institution has not acquired the Notes for purposes of resale directly or indirectly to a United States person or to a person within the United States or its possessions.

As used herein, "United States" means the United States of America (including the states and the District of Columbia); and its "possessions" include Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands.

We undertake to advise you promptly by in writing or by electronic transmission on or prior to the date on which you intend to submit your certification relating to the above-captioned Notes held by you for our account in accordance with your operating procedures if any applicable

statement herein is not correct on such date, and in the absence of any such notification it may be assumed that this certification applies as of such date.

This certificate excepts and does not relate to $■ of such interest in the above-captioned Notes in respect of which we are not able to certify and as to which we understand an exchange for an interest in a permanent Global Note or an exchange for and delivery of definitive Notes (or, if relevant, collection of any interest) cannot be made until we do so certify.

We understand that this certificate may be required in connection with certain tax legislation in the United States. If administrative or legal proceedings are commenced or threatened in connection with which this certificate is or would be relevant, we irrevocably authorize you to produce this certificate or a copy thereof to any interested party in such proceedings.

Dated: ■

[To be dated no earlier than the 15th day prior to (i) the date of original issuance or (ii) the Exchange Date, as applicable]

[Name of Person Making Certification]

_____

Name:
Title:

Exhibit 6-B

FORM OF CERTIFICATE TO BE GIVEN BY A DEPOSITORY
IN CONNECTION WITH THE EXCHANGE OF A PORTION OF A
TEMPORARY GLOBAL NOTE

CERTIFICATE

FAIR HYDRO TRUST

■% Notes due ■

This is to certify that based solely on written certifications that we have received in writing or by electronic transmission from each of the persons appearing in our records as persons entitled to a portion of the principal amount set forth below (our "**Member Organizations**") substantially in the form attached hereto, as of the date hereof, $■ principal amount of the above-captioned Notes (i) is owned by any person(s) that is not a citizen or resident of the United States; a corporation or partnership (including any entity treated as a corporation or partnership for United States federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia unless, in the case of a partnership, Treasury Regulations provide otherwise; any estate whose income is subject to United States federal income tax regardless of its source or; a trust if (A) a United States court can exercise primary supervision over the trust's administration and one of more United States persons are authorized to control all substantial decisions of the trust or (B) a trust in existence on August 20, 1996, and treated as a United States person before this date that timely elected to continue to be treated as a United States person ("**United States person(s)**"), (ii) is owned by United States person(s) that are (a) foreign branches of United States financial institutions (financial institutions, as defined in U.S. Treasury Regulation Section 1.165-12(c)(1)(iv) are herein referred to as "**financial institutions**") purchasing for their own account or for resale, or (b) United States person(s) who acquired the Notes through foreign branches of United States financial institutions and who hold the Notes through such United States financial institutions on the date hereof (and in either case (a) or (b), each such financial institution has agreed, on its own behalf or through its agent, that we may advise Fair Hydro Trust or its agent that such financial institution will comply with the requirements of Section 165(j)(3)(A), (B) or (C) of the Internal Revenue Code of 1986, as amended, and the regulations thereunder), or (iii) is owned by United States or foreign financial institution(s) for purposes of resale during the restricted period (as defined in United States Treasury Regulation Section 1.163-5(c)(2)(i)(D)(7)) and, to the further effect, that financial institutions described in clause (iii) above (whether or not also described in clause (i) or (ii)) have certified that they have not acquired the Notes for purposes of resale directly or indirectly to a United States person or to a person within the United States or its possessions.

As used herein, "United States" means the United States of America (including the states and the District of Columbia); and its "possessions" include Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands.

We further certify that (i) we are not making available herewith for exchange (or, if relevant, collection of any interest) any portion of the temporary Global Note representing the

above-captioned Notes excepted in the above-referenced certificates of Member Organizations and (ii) as of the date hereof we have not received any notification from any of our Member Organizations to the effect that the statements made by such Member Organizations with respect to any portion of the part submitted herewith for exchange (or, if relevant, collection of any interest) are no longer true and cannot be relied upon as of the date hereof.

We understand that this certification is required in connection with certain tax legislation in the United States. If administrative or legal proceedings are commenced or threatened in connection with which this certificate is or would be relevant, we irrevocably authorize you to produce this certificate or a copy thereof to any interested party in such proceedings.

Dated: ■

[To be dated no earlier than the 15th day prior to the Exchange Date]

[DEPOSITORY]

By: _____

Document comparison by Workshare Compare on December-15-17 12:01:32 AM

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Moved cell	
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Padding cell	

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Moved to	16
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Format changed	0

Total changes	1380

INDEMNITY AGREEMENT

TO: BNY Trust Company of Canada, in its capacity as Indenture Trustee of Fair Hydro Trust (in such capacity, the "**Indenture Trustee**")

RE: Management Agreement dated as of ■, 2017 (the "**Management Agreement**") made between Ontario Power Generation, as manager (in such capacity, the "**Manager**") and Fair Hydro Trust (the "**Issuer**")

AND RE: Warehouse Senior Series 2017-1 Supplemental Indenture dated as of ■, 2017 (as in effect on the date hereof, the "**Supplemental Indenture**") made between, *inter alios*, the Issuer and the Indenture Trustee

---

WHEREAS the Government of Ontario has passed the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**") for the purpose of, among other things, ensuring that Clean Energy Costs and Clean Energy Benefits are fairly allocated among present and future Specified Consumers;

AND WHEREAS Ontario Power Generation Inc. has been appointed as Financial Services Manager under the Act to, among other things, evaluate whether potential Funding Obligations should be incurred by Financing Entities for the purposes of acquiring and financing Investment Interests;

AND WHEREAS the Issuer is a Financing Entity established, at the request of the Financial Services Manager and pursuant to the Act, by Computershare Trust Company of Canada;

AND WHEREAS the Issuer and the Manager have entered into the Management Agreement in furtherance of, and in accordance with, the Act;

AND WHEREAS the Manager has agreed to execute this Indemnity Agreement to provide certain indemnities with respect to its duties and obligations under the Management Agreement.

IN CONSIDERATION OF the mutual covenants and agreements herein and the sum of $1.00 and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged) the parties hereto agree as follows:

1. Unless otherwise defined in this Indemnity Agreement, all capitalized terms used herein shall have the meanings ascribed thereto, either directly or by incorporation therein, in the Management Agreement.

2. The Manager shall indemnify the Indenture Trustee, on behalf of itself and on behalf of the Administrative Agent, each Funding Agent, each CP Conduit Purchaser, each Group Bank and each Non-Conduit Purchaser (in each case, in their respective capacities as such under the Supplemental Indenture) (each, an "**Indemnified Person**") and defend and hold harmless each such Indemnified Person from and against, any and all liabilities, obligations, losses, damages, payments and claims, and reasonable costs or expenses, of any kind whatsoever (collectively, "**Indemnified Losses**") imposed on, incurred by or asserted against each such Indemnified Person in connection with the Supplemental Indenture or the Series 2017-1 Notes issued thereunder, as a result of (i) the failure of the

Manager to perform its covenants and other obligations under the Management Agreement or any other Program Agreement to which the Manager is a party; or (ii) the breach by the Manager of any of its representations or warranties under the Management Agreement or any other Program Agreement to which the Manager is a party and, except to the extent of Indemnified Losses resulting from the willful misconduct, bad faith or gross negligence of such Indemnified Person seeking indemnification hereunder; provided that, in each case, the Manager shall not be required to indemnify an Indemnified Person for any amount paid or payable by such Indemnified Person in the settlement of any Proceeding or investigation without the written consent of the Manager, which consent shall not be unreasonably withheld or delayed. Promptly after receipt by an Indemnified Person of notice of the commencement of any Proceeding or investigation, such Indemnified Person shall, if a claim in respect thereof is to be made against the Manager under this Section 2, notify the Manager in writing of the commencement thereof. Failure by an Indemnified Person to so notify the Manager shall relieve the Manager from the obligation to indemnify and hold harmless such Indemnified Person under this Section 2 only to the extent that the Manager suffers actual prejudice as a result of such failure. With respect to any Proceeding or investigation brought by a third party for which indemnification may be sought under this Section 2, the Manager shall be entitled to conduct and control, at its expense and with counsel of its choosing that is reasonably satisfactory to such Indemnified Person, the defence of any such Proceeding or investigation (in which case the Manager shall not thereafter be responsible for the fees and expenses of any separate counsel retained by the Indemnified Person except as set forth below); provided, that the Indemnified Person shall have the right to participate in such Proceeding or investigation through counsel chosen by it and at its own expense. Notwithstanding the Manager's election to assume the defence of any Proceeding or investigation, the Indemnified Person shall have the right to employ separate counsel, and the Manager shall bear the reasonable fees, costs and expenses of such separate counsel, if (i) the defendants in any such action include both the Indemnified Person and the Manager and the Indemnified Person shall have reasonably concluded that there may be legal defences available to it that are different from or additional to those available to the Manager, (ii) the Manager shall not have employed counsel reasonably satisfactory to the Indemnified Person to represent the Indemnified Person within a reasonable time after notice of the institution of such action, (iii) the Indemnified Person shall have been advised by counsel to the Indemnified Person that there may be a conflict of interest between the Manager and the Indemnified Person, or (iv) the Manager authorizes the Indemnified Person to employ separate counsel at the expense of the Manager. Notwithstanding the foregoing, the Manager shall not be obligated to pay for the fees, costs and expenses of more than one separate counsel for the Indemnified Persons other than one local counsel, if appropriate. The Manager will not, without the prior written consent of the Indemnified Person, settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim or Proceeding in respect of which indemnification may be sought under this Section 2 (whether or not the Indemnified Person is an actual or potential party to such claim or action) unless such settlement, compromise or consent includes an unconditional release of the Indemnified Person from all liability arising out of such claim or Proceeding.

Indemnification under Section this 2 shall survive any repeal of, modification of, or supplement to, or judicial invalidation of, the Act and shall survive the termination of this

Indemnity Agreement or the Management Agreement and will rank pari passu with other general, unsecured obligations of the Manager.

Notwithstanding anything contained in this Indemnity Agreement or the Management Agreement, it is expressly understood that the Manager is not agreeing to indemnify or hold any Indemnified Person harmless with respect to any of the following: (i) any losses resulting from any breach or failure to perform by the Manager caused by a breach or failure to perform on the part of any other third party under any Program Agreement, the Act or the Regulations; provided that the foregoing clause (i) shall not apply to limit the liability of the Manager in respect of any delegation to a third party as provided for in section 4.7 of the Management Agreement; (ii) any losses resulting from changes in law after the date hereof, whether such changes in law are effected by means of any legislative enactment or any final and non-appealable judicial decision, other than losses resulting solely from the Manager's failure to comply with section 4.1(a)(xiv) of the Management Agreement; (iii) any losses resulting from the validity of the Change of Law Protection Agreement or the applicability thereof to the Province or to any Indemnified Person or any material part thereof being disaffirmed by or on behalf of the Province; or (iv) any liability of any Indemnified Person incurred after the termination of this Indemnity Agreement or the Management Agreement unless attributable to the actions or omissions of the Manager prior to such termination **or in respect of a representation, warranty or covenant of the Manager that survives termination of this Indemnity Agreement or the Management Agreement**.

To the fullest extent permitted by applicable law, no Specified Creditor (other than the Indenture Trustee) will have any right to institute any proceeding, judicial or otherwise, or to make any claim for indemnification, with respect to this Indemnity Agreement or the Management Agreement, or for the appointment of a receiver or trustee or similar official, or for any other remedy hereunder, except in accordance with Section 8.12 of the Indenture.

The parties hereto agree that the Manager is not providing any representations, warranties or covenants in this Indemnity Agreement or the Management Agreement, and shall have no liability to any Indemnified Person, with respect to the collectability of the Clean Energy Adjustment or the Carrying Costs, or that the Clean Energy Adjustment amounts or Carrying Costs collected will be sufficient to satisfy the Issuer Funding Obligations.

3. This Indemnity Agreement may be amended in writing by the Manager and the Indenture Trustee, and with satisfaction of the Rating Agency Condition, such satisfaction to be confirmed by the Indenture Trustee at the time of such amendment. Promptly after the execution of any such amendment, the Indenture Trustee shall furnish copies of such amendment to each of the Rating Agencies.

4. This Indemnity Agreement shall enure to the benefit of and shall be binding upon the Manager and the Indemnified Parties and their respective successors and assigns.

5. If one or more provision of this Indemnity Agreement is for any reason whatever held invalid, such provision will be deemed severable from the remaining covenants, agreements and provisions of this Indemnity Agreement and will in no way affect the validity or enforceability of such remaining provisions or the rights of any parties hereto.

6. This Indemnity Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

7. This Indemnity Agreement may be executed in counterparts, each of which when so executed shall be deemed to be an original and the counterparts together shall constitute one and the same instrument. Delivery of an executed signature page to this Indemnity Agreement by any party by electronic transmission will be as effective as delivery of a manually executed copy of this Indemnity Agreement by such party.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF the undersigned have executed this Indemnity Agreement as of December ____, 2017.

ONTARIO POWER GENERATION INC.

By: _____

Name:

Title:

BNY TRUST COMPANY OF CANADA, in its capacity as Indenture Trustee of **FAIR HYDRO TRUST**, and not in its personal capacity

By: _____

Name:

Title:

By: _____

Name:

Title:

Document comparison by Workshare Compare on December-14-17 2:05:56 PM

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Format changed	0
Total changes	9

ACKNOWLEDGEMENT AND INDEMNITY AGREEMENT

TO: BNY Trust Company of Canada, in its capacity as Indenture Trustee of Fair Hydro Trust (in such capacity, the "**Indenture Trustee**")

RE: Master Transfer and Servicing Agreement dated as of ■, 2017 (the "**MTSA**") made between Independent Electricity System Operator (the "**IESO**"), as servicer (in such capacity, the "**Servicer**") and Fair Hydro Trust (the "**Issuer**")

AND RE: Warehouse Senior Series 2017-1 Supplemental Indenture dated as of ■, 2017 (as in effect on the date hereof, the "**Supplemental Indenture**") made between, *inter alios*, the Issuer and the Indenture Trustee

---

WHEREAS the Government of Ontario has enacted the *Ontario Fair Hydro Plan Act*, 2017 (the "**Act**") for the purpose of, among other things, ensuring that clean energy costs and clean energy benefits (each as defined in the Act) are fairly allocated among present and future Specified Consumers;

AND WHEREAS, under the Act, the IESO is required to establish and maintain the Fair Hydro Variance Account, and has the right under the Act and the Regulations to record certain amounts in the Fair Hydro Variance Account and recover the balance from time to time of the Fair Hydro Variance Account from Specified Consumers (such right, the "**Regulatory Asset**");

AND WHEREAS the IESO may from time to time, in accordance with the Act, Transfer Specified Portions of the Regulatory Asset to the Issuer pursuant to Section 26(1) of the Act;

AND WHEREAS the Issuer and the Indenture Trustee are parties to a master trust indenture dated as of ■, 2017 (as amended, restated, modified or supplemented (including by way of Supplemental Indentures) from time to time, the "**Indenture**");

AND WHEREAS the Issuer may finance the acquisition from the IESO, from time to time, of an Investment Interest through the incurrence of Funding Obligations under the Indenture;

AND WHEREAS in connection with its ownership of the Issuer Investment Interest and in order to collect the associated Clean Energy Adjustments in accordance with the Act, pursuant to the MTSA the Issuer has engaged the Servicer to carry out the services described therein;

AND WHEREAS, pursuant to the Indenture, the Issuer has granted a security interest (the "**Security Interest**") over, *inter alia*, all rights, benefits and powers of the Issuer under the MTSA, to and in favour of the Indenture Trustee on behalf of the Specified Creditors, as security for the due payment of all Obligations Secured;

AND WHEREAS the Servicer has agreed to execute this Acknowledgement and Indemnity Agreement to (i) acknowledge that the Security Interest has been granted to the Indenture Trustee, on behalf of the Specified Creditors, thereby assigning as security all of the rights,

benefits and powers of the Issuer under the MTSA to the Indenture Trustee, and (ii) provide certain indemnities with respect to its duties and obligations under the MTSA.

IN CONSIDERATION OF the mutual covenants and agreements herein and the sum of $1.00 and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged) the parties hereto agree as follows:

1. Unless otherwise defined in this Acknowledgement and Indemnity Agreement, all capitalized terms used herein shall have the meanings ascribed thereto, either directly or by incorporation therein, in the MTSA.

2. The Servicer hereby acknowledges receipt of notice that (i) the Issuer has granted the Security Interest to the Indenture Trustee, on behalf of the Specified Creditors, and (ii) as a result of the grant of the Security Interest, the Issuer has assigned as security all of its rights, benefits and powers under the MTSA to the Indenture Trustee, on behalf of the Specified Creditors, and the Servicer hereby consents to such assignment.

3. The Servicer acknowledges and agrees that (i) the Indenture Trustee has the right to exercise remedies against, and enforce the duties and obligations of, the Servicer under the MTSA in place of the Issuer in all circumstances in which the Indenture Trustee is entitled to do so under the Indenture, (ii) upon receipt of notice from the Indenture Trustee that the Indenture Trustee is entitled to instruct the Servicer under the Indenture, the Servicer shall take instructions from the Indenture Trustee with respect to the performance of the Servicer's duties and obligations under the MTSA, and (iii) the Indenture Trustee has not assumed any of the obligations of the Issuer pursuant to the MTSA.

4. The Servicer shall indemnify the Indenture Trustee, on behalf of itself and on behalf of the Administrative Agent, each Funding Agent, each CP Conduit Purchaser, each Group Bank and each Non-Conduit Purchaser (in each case, in their respective capacities as such under the Supplemental Indenture) (each, an "**Indemnified Person**") and defend and hold harmless each such Indemnified Person from and against, any and all liabilities, obligations, losses, damages, payments and claims, and reasonable costs or expenses, of any kind whatsoever (collectively, "**Indemnified Losses**") imposed on, incurred by or asserted against each such Indemnified Person in connection with the Supplemental Indenture or the Series 2017-1 Notes issued thereunder, as a result of (i) the failure of the Servicer to perform its covenants and other obligations under the MTSA or any other Program Agreement to which the Servicer is a party; or (ii) the breach by the Servicer of any of its representations or warranties under the MTSA or any other Program Agreement to which the Servicer is a party and, except to the extent of Indemnified Losses resulting from the willful misconduct, bad faith or gross negligence of such Indemnified Person seeking indemnification hereunder; provided that, in each case, the Servicer shall not be required to indemnify an Indemnified Person for any amount paid or payable by such

Indemnified Person in the settlement of any Proceeding or investigation without the written consent of the Servicer, which consent shall not be unreasonably withheld or delayed. Promptly after receipt by an Indemnified Person of notice of the commencement of any Proceeding or investigation, such Indemnified Person shall, if a claim in respect thereof is to be made against the Servicer under this Section 4, notify the Servicer in writing of the commencement thereof. Failure by an Indemnified Person to so notify the Servicer shall relieve the Servicer from the obligation to indemnify and hold harmless such Indemnified Person under this Section 4 only to the extent that the Servicer suffers actual prejudice as a result of such failure. With respect to any Proceeding or investigation brought by a third party for which indemnification may be sought under this Section 4, the Servicer shall be entitled to conduct and control, at its expense and with counsel of its choosing that is reasonably satisfactory to such Indemnified Person, the defence of any such Proceeding or investigation (in which case the Servicer shall not thereafter be responsible for the fees and expenses of any separate counsel retained by the Indemnified Person except as set forth below); provided, that the Indemnified Person shall have the right to participate in such Proceeding or investigation through counsel chosen by it and at its own expense. Notwithstanding the Servicer's election to assume the defence of any Proceeding or investigation, the Indemnified Person shall have the right to employ separate counsel, and the Servicer shall bear the reasonable fees, costs and expenses of such separate counsel, if (i) the defendants in any such action include both the Indemnified Person and the Servicer and the Indemnified Person shall have reasonably concluded that there may be legal defences available to it that are different from or additional to those available to the Servicer, (ii) the Servicer shall not have employed counsel reasonably satisfactory to the Indemnified Person to represent the Indemnified Person within a reasonable time after notice of the institution of such action, (iii) the Indemnified Person shall have been advised by counsel to the Indemnified Person that there may be a conflict of interest between the Servicer and the Indemnified Person, or (iv) the Servicer authorizes the Indemnified Person to employ separate counsel at the expense of the Servicer. Notwithstanding the foregoing, the Servicer shall not be obligated to pay for the fees, costs and expenses of more than one separate counsel for the Indemnified Persons other than one local counsel, if appropriate. The Servicer will not, without the prior written consent of the Indemnified Person, settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim or Proceeding in respect of which indemnification may be sought under this Section 4 (whether or not the Indemnified Person is an actual or potential party to such claim or action) unless such settlement, compromise or consent includes an unconditional release of the Indemnified Person from all liability arising out of such claim or Proceeding.

Indemnification under this Section 4 shall survive any repeal of, modification of, or supplement to, or judicial invalidation of, the Act and shall survive the termination of the MTSA or this Acknowledgement and Indemnity Agreement and will rank pari passu with other general, unsecured obligations of the Servicer.

Notwithstanding anything contained in the MTSA or this Acknowledgement and Indemnity Agreement, it is expressly understood that the Servicer is not agreeing to indemnify or hold any Indemnified Person harmless with respect to any of the following: (i) any losses resulting from any breach or failure to perform by the Servicer caused by a breach or failure to perform on the part of any other third party under any Program Agreement, the Act or the Regulations; provided that this provision shall not apply to limit the liability of the IESO in respect of any appointments as provided for in Section 3.10 of the MTSA; (ii) any losses resulting from changes in law after the date hereof, whether such changes in law are effected by means of any legislative enactment or any final and non-appealable judicial decision; or (iii) any liability of the Indemnified Person incurred after the termination of the MTSA and this Acknowledgement and Indemnity Agreement unless attributable to the actions or omissions of the Servicer prior to such termination **or in respect of a representation, warranty or covenant of the Servicer that survives termination of the MTSA or this Acknowledgement and Indemnity Agreement**.

To the fullest extent permitted by applicable law, no Specified Creditor (other than the Indenture Trustee) will have any right to institute any proceeding, judicial or otherwise, or to make any claim for indemnification, with respect to this Acknowledgement and Indemnity Agreement, or for the appointment of a receiver or trustee or similar official, or for any other remedy hereunder, except in accordance with Section 8.12 of the Indenture.

The parties hereto agree that the IESO is not providing any representations, warranties or covenants in the MTSA or this Acknowledgement and Indemnity Agreement, and shall have no liability to any Indemnified Person, with respect to the collectability of the Clean Energy Adjustment, or whether the Clean Energy Adjustment Amounts or Carrying Costs collected will be sufficient to satisfy the Funding Obligations.

5. The parties hereto acknowledge and agree that the duties, liabilities and obligations of the IESO under the MTSA are limited as provided in this Section 5.[1]

(a) IESO is not responsible for, or in respect of, any amounts not collected by Electricity Vendors from their customers or not remitted by Electricity Vendors to the Servicer.

(b) IESO is not responsible to confirm, verify or audit the amount of the Clean Energy Adjustment invoiced by Electricity Vendors or the Electricity Vendor CEA Collections collected by Electricity Vendors and reported to the IESO.

(c) IESO is not responsible for enforcing the obligations of Specified Consumers to pay, or the obligations of Electricity Vendors to invoice, collect or remit Clean Energy Adjustments or any other amounts, or to establish a segregated account

[1] The language included in this Section tracks Section 3.8 of the MTSA.

into which Electricity Vendor CEA Collections are to be deposited, and IESO is under no obligation to initiate or prosecute any legal action relating to the collection of the Clean Energy Adjustments or the Issuer Investment Interest.

(d) IESO is not responsible or liable for the performance by Electricity Vendors of their duties and responsibilities under the Act or the Regulations including (i) the invoicing of Specified Consumers in respect of the Clean Energy Adjustment and ancillary matters related thereto; (ii) the collection from Specified Consumers of amounts due in respect of such invoices and the remittance of such payments to the Servicer; (iii) the accuracy of any information provided by the Electricity Vendors; and (iv) any reporting by the Electricity Vendors, including the reporting to the Servicer of the total CEA Consumer Invoice Amounts invoiced by such Electricity Vendor to its Specified Consumers in respect of the Clean Energy Adjustment, the total Electricity Vendor CEA Collections received by such Electricity Vendor and the Issuer Share of Electricity Vendor CEA Collections received by such Electricity Vendor and any other reporting in the Electricity Vendor Billing Period Report.

(e) IESO is under no responsibility or obligation to the Issuer with respect to the nature or extent of the Issuer Investment Interest, the collectability of the Issuer Share of Servicer CEA Receipts or that the Issuer Share of Servicer CEA Receipts will be sufficient to satisfy the Issuer's Funding Obligations.

(f) IESO may rely in good faith on the advice of counsel or on any document of any kind, prima facie properly executed and submitted by any Person, respecting any matters arising under the MTSA.

(g) IESO shall have no liability or responsibility to any Person in respect of any forecasts or other information provided pursuant to the MTSA, provided only that such forecasts or other information has been prepared and provided in good faith.

(h) None of the directors, officers, employees or agents of IESO shall be liable to any Person for any action taken or for refraining from the taking of any action pursuant to the MTSA or this Acknowledgement and Indemnity Agreement or for good faith errors in judgment.

6. The Servicer and the Indenture Trustee shall execute and deliver, or cause to be executed and delivered, such instruments or further assurances as may be necessary or desirable to give effect to the provisions of this Acknowledgement and Indemnity Agreement.

7. This Acknowledgement and Indemnity Agreement may be amended in writing by the IESO and the Indenture Trustee, and with satisfaction of the Rating Agency Condition, such satisfaction to be confirmed by the Indenture Trustee at the time of such amendment.

Promptly after the execution of any such amendment, the Indenture Trustee shall furnish copies of such amendment to each of the Rating Agencies.

8. This Acknowledgement and Indemnity Agreement shall enure to the benefit of and shall be binding upon the Servicer and the Indenture Indemnified Parties and their respective successors and assigns.

9. If one or more provision of this Acknowledgement and Indemnity Agreement is for any reason whatever held invalid, such provision will be deemed severable from the remaining covenants, agreements and provisions of this Acknowledgement and Indemnity Agreement and will in no way affect the validity or enforceability of such remaining provisions or the rights of any parties hereto.

10. This Acknowledgement and Indemnity Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

11. This Acknowledgement and Indemnity Agreement may be executed in counterparts, each of which when so executed shall be deemed to be an original and the counterparts together shall constitute one and the same instrument. Delivery of an executed signature page to this Acknowledgement and Indemnity Agreement by any party by electronic transmission will be as effective as delivery of a manually executed copy of this Acknowledgement and Indemnity Agreement by such party.

[Signature page follows.]

IN WITNESS WHEREOF the undersigned have executed this Acknowledgement and Indemnity Agreement as of ●, 2017.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

Name:

Title:

BNY TRUST COMPANY OF CANADA, in its capacity as Indenture Trustee of **FAIR HYDRO TRUST**, and not in its personal capacity

By: _____

Name:

Title:

By: _____

Name:

Title:

Document comparison by Workshare Compare on December-14-17 2:06:50 PM

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Statistics:	
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Moved to	0
Style change	0
Format changed	0
Total changes	7

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust organized under the laws of the Province of Ontario (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council 1981/2017 (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Primary Obligations that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred. This Agreement sets out the terms and conditions of such protections and assurances.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A, and any other capitalized terms not defined herein shall have the meanings assigned to them in the Trust Indenture;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this

Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 Proof of Approved Obligations

The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Manager deems to be sufficient.

Each statement delivered by the Manager under Section 2.01(a)i shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and each of the parties hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Manager shall act diligently in the preparation of each such statement and shall provide the Indenture Trustee and the Province with all supporting computations and calculations used by the Manager to prepare each such statement promptly following a request therefor made by the Indenture Trustee or the Province.

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture as of the date of this Agreement.

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 2.01 or Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a

related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee, the Financing Entity, the Financing Entity Trustee, the Manager or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee may deliver a written demand, substantially in the form attached as **[Exhibit A]** (a "**Payment Demand**"), to the Province requiring the Province to make payments in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in this Agreement. From and after such delivery of a Payment Demand, the Province shall make the following payments in respect of the Approved Obligations (the "**Limited Guarantee**"), the Financing Entity shall pay, and the Province shall be entitled to be paid, the Subrogation Amounts specified below, and the following terms shall apply:

i. Not less than three (3) Business Days prior to each day when any payment or payments are to be made in respect of one or more Approved Obligations occurring after such delivery of a Payment Demand (each such day, a "**Guarantee Payment Date**"), the Manager shall deliver a written statement setting forth the Aggregate Approved Obligations Amount, if any, in respect of the Approved Obligations that are due and payable on such Guarantee Payment Date, together with a detailed description identifying such Approved Obligations and the nature and amount of payments due and payable thereunder on the Guarantee Payment Date, the aggregate outstanding amount payable by the Financing Entity under such Approved Obligations as of the date of such written statement, and details regarding any default in performance by any party obligated thereunder.

ii. On each such Guarantee Payment Date, the Province shall deposit the Aggregate Approved Obligations Amount into the Protection Account.

iii. On each such Guarantee Payment Date, the Financing Entity and the Indenture Trustee shall ensure that the amounts on deposit in the Protection Account are applied to pay each Beneficiary to whom an amount is due and payable under an Approved Obligation on the Guarantee Payment Date the Approved Obligation Amount for such Beneficiary in respect of such Approved Obligation on such Guarantee Payment Date; provided that if the amount deposited pursuant to clause 2.01(a)ii is insufficient to pay all such Approved Obligation Amounts in full, the amount on deposit in the Protection Account on the Guarantee Payment Date shall be applied to pay Beneficiaries in the order of priority in which such Approved Obligations are payable under the

payment provisions of the Trust Indenture applicable to the making of such payments on the Guarantee Payment Date (each, a "**Beneficiary Payee**" and each payment made to a Beneficiary Payee on a Guarantee Payment Date, a "**Guarantee Payment**").

iv. On the first Guarantee Payment Date and on each subsequent Guarantee Payment Date, Payment Date or other day on which any amount is required to be paid in respect of any Obligations Secured under the Trust Indenture (a "**Subrogation Payment Date**"), the Issuer and the Indenture Trustee shall ensure that the applicable payment provisions of the Trust Indenture shall be applied and operate on the following basis:

(A) If such day is a Guarantee Payment Date, then for each Approved Obligation for which amounts are paid to a Beneficiary Payee on such day pursuant to clause 2.01(a)iii in respect of principal, interest or any other amounts ("**Payable Approved Amounts**"), the amounts payable by the Financing Entity in respect of such amounts for such Approved Obligation shall be reduced by the respective amounts of such payments to the Beneficiary Payee, and equivalent amounts shall be payable by the Financing Entity to the Province as "**Subrogation Amounts**" in respect of such Approved Obligations, such Subrogation Amounts being payable in the same order of priority and with the same entitlements accruing to the Province as applied in respect of the related Payable Approved Amounts which were previously owing to the Beneficiary Payee, and to reflect this subrogation the payments set out in clause 2.01(a)iv(B) below shall be made by the Financing Entity.

(B) If the Province has made all deposits required to be made by it on each Guarantee Payment Date occurring on or before such day in accordance with clause 2.01(a)ii (or the related Approved Obligation Amounts have otherwise all been paid in full), then in respect of each Approved Obligation for which any related Subrogation Amounts have not yet been paid in full to the Province, the Financing Entity shall pay to the Province from amounts available under the Trust Indenture payment provisions and in accordance with the priority of payment provisions in the Trust Indenture the amount that would be payable on such date in satisfaction of the relevant

Payable Approved Amounts, as determined without regard to any Guarantee Payment paid on any Guarantee Payment Date and also without regard to the corresponding reduction of the amounts owing to present and former Beneficiary Payees pursuant to subclause 2.01(a)iv(A) up to the amount of the unpaid related Subrogation Amounts.

(C) No Beneficiary having a right to be paid an amount in respect of an Approved Obligation, and no other Person entitled under an Obligation Secured, in each case that ranks equal with or subordinate to the Payable Approved Amount in respect of which a Subrogation Amount is payable to the Province under subclause 2.01(a)iv(B), shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under such subclause (including any right of set-off, offset, reimbursement, contribution or indemnity) and no such Beneficiary or other Person shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of any such Subrogation Amount.

(D) For greater certainty, the entitlements of the Province in respect of Subrogation Amounts arising in respect of Payable Approved Obligations that are interest and principal obligations on Notes shall be treated for all purposes of the Trust Indenture as interest and principal obligations, respectively, arising under Notes having the same priority as and any applicable voting rights under the related Approved Obligations, and accordingly the Province (and any successor, assignee or transferee of such entitlements) shall be entitled to all of the rights, entitlements, interests and privileges of a Holder of such a Notes in accordance with the Trust Indenture, as supplemented by the Supplemental Indenture or other indenture document under which the related Approved Obligations were issued.

(b) On each Guarantee Payment Date and upon demand by the Province, the Indenture Trustee shall release and pay to the Province free and clear of any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay Guarantee Payments to Beneficiary Payees on the Guarantee Payment Date in accordance with clause

2.01(a)iii or that otherwise remains on deposit in the Protection Account on the relevant date.

(c) In preparing any payment instructions under the Trust Indenture, the Manager shall reflect the amounts payable under Section 2.01(a), if applicable.

(d) The Province shall, as a payee of Subrogation Amounts under clause 2.01(a)iv(B) and as a payee of any amounts payable under clause 2.01(b), be a "Specified Creditor" under the Trust Indenture and have the benefit of the Collateral thereunder.

(e) For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the Approved Obligation Amounts, if any, for payment to Beneficiary Payees and will be subject to the priorities and to the Province's rights to Subrogation Amounts, set forth in Section 2.01(a).

(f) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(g) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation by their terms.

(h) Any amount payable to the Province in respect of a Subrogation Amount shall bear interest from and including the date of payment by the Province of the related Guarantee Payment to but excluding the date of payment of the Subrogation Amount to the Province, such interest to accrue at the rate equivalent to the applicable interest rate borne by the related Approved Obligation, and such interest amounts shall be added to their respective Subrogated Amounts and shall consequently be payable in the same priority as the relevant Subrogated Amount under clause 2.01(a)iv(B), all such accruing interest amounts to be calculated and added to the Subrogation Amounts by the Manager in its discretion acting in a commercially reasonable fashion.

(i) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under and in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the

Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any amount due and payable to a Beneficiary Payee under the Limited Guarantee.

2.02 Intentionally Deleted.

2.03 Absence of Set-off

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 Payment into Protection Account in Satisfaction

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account" for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section **[7.03]** of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Financing Entity and the Indenture Trustee shall ensure that all amounts paid by the Province into the Protection Account on a Guarantee Payment Date in respect of an Approved Obligation are applied to pay the amounts due and payable to the Beneficiary Payee as and to the extent provided for in Section 2.01(a). Upon a payment having been made by or on behalf of the Province into the Protection Account, the amounts so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiary Payee as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such Beneficiary Payee in respect of the applicable Approved Obligations, whereupon an affected Beneficiary Payee shall have no continuing rights, interests or entitlements

(including rights as a secured party) in respect of the Approved Obligation to the extent so paid. For greater certainty, the obligations arising in respect of an applicable Approved Obligation shall not be reduced by such payment as the Province shall become entitled to be paid related Subrogation Amounts and the rights contemplated under Section 2.01(a) and Section 5.01 in relation to such continuing obligations.

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations in accordance with Section 8.01.

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

Except in respect of any Primary Obligation to which the Limited Guarantee will not apply on or after a Suspension Notice is delivered in accordance with Section 7.02, a Primary Obligation that is not a Certified Primary Obligation shall be an Approved Obligation. A Certified Primary Obligation shall constitute an Approved Obligation if (i) the Adherence Conditions applicable thereto have been satisfied at the time the Primary Obligation was incurred or (ii) the Province, in its sole discretion, designates in writing that it is an Approved Obligation.

4.02 Adherence Conditions

(a) The following shall be the Adherence Conditions applicable in relation to each Certified Primary Obligation:

i. the Certified Primary Obligation when incurred is an Obligation Secured under the Trust Indenture; and

ii. OPG, as FSM, delivers an Adherence Compliance Certificate in the form attached hereto as Exhibit B signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee, on or before the incurrence of the Certified Primary Obligation (provided that delivery may not be more than 5 Business Days before the incurrence of the Certified Primary Obligation); and

iii. the Province has not provided a Suspension Notice to the Indenture Trustee, OPG and the Financing Entity.

(b) Without limiting any obligations of OPG to the Province arising other than pursuant to this Agreement, satisfaction of the Adherence Conditions for a Certified Primary Obligation shall be deemed satisfaction of the Adherence Conditions in respect of all principal, interest and other amounts owing under the Certified Primary Obligation, as such Certified Primary Obligation may be amended, restated, supplemented or modified from time to time.

(c) For greater certainty, there shall be no Adherence Conditions applicable in relation to a Primary Obligation that is not a Certified Primary Obligation.

4.03 Evidence of Satisfaction

An Adherence Compliance Certificate delivered in accordance with clause 4.02(a)ii shall be determinative as to whether the applicable Adherence Condition with respect thereto has been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same. An Adherence Compliance Certificate that purports on its face to be signed by officers specified in clause 4.02(a)ii may be relied upon by any addressee without further enquiry or evidence as to the incumbency or signatures of such officers. If an Adherence Compliance Certificate is not delivered in accordance with the timing requirements of clause 4.02(a)ii such certificate may be delivered at a later date, and be effective as if it had been delivered in accordance with the timing requirement of clause 4.02(a)ii if at the time such certificate was otherwise required to be delivered OPG had delivered to the Province all certifications required by the Province in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation.

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, and shall be entitled to (i) the right and entitlement to be paid and receive the related Subrogation Amounts, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor

in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including Sections **[7.04]** through **[7.11]** and **[8.13]** (Payment Priorities), Section **[7.12]** (Payments Held in Trust), Section **[8.11]** (Control by Controlling Class Creditors), Section **[8.12]** (Limitation on Suits), Section **[8.14]** (Limited Recourse), Article IX (The Indenture Trustee), including all limitations of liability thereunder, Section **[9.14]** (Communications to Specified Creditors) and Section **[16.01]** (No Petition); (ii) consents, requests and authorizes the Issuer and the Indenture Trustee to (x) add the Province to the register of Specified Creditors described in subsection **[13.13(b)]** of the Trust Indenture and (y) disseminate the notice details of the Province to other Specified Creditors for the purposes set out in subsection **[9.14(b)]** of the Trust Indenture, and (iii) confirms that it will execute and deliver, or cause to be executed and delivered, all such further agreements, documents and instruments in connection with this Section 5.01 as the Indenture Trustee may request from time to time for the purpose of giving effect to the terms of this Section 5.01.

5.02 Priorities

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation and the Payable Approved Amounts thereunder shall rank equally with the rights, interests and entitlements of a Beneficiary to whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture in the manner and to the extent contemplated in Section **[7.10]** of the Trust Indenture.

5.03 Intentionally Deleted

5.04 Representations and Warranties

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
INDENTURE TRUSTEE MATTERS

6.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

6.02 Not Responsible for Recitals

The recitals contained herein will be taken as the statements of the Province, the Financing Entity and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

6.03 Representations and Covenants of the Indenture Trustee

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Agreement and has taken all necessary action to authorize the execution, delivery and performance by it of this Agreement;

(c) this Agreement has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada. If, notwithstanding the provisions of this subsection 6.03(d), the Indenture Trustee ceases to be so authorized to carry on business, the validity and

enforceability of this Agreement shall not be affected in any manner whatsoever by reason only of such event.

ARTICLE VII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

7.01 Suspension Notice

Upon:

(a) a Program Breach;

(b) a default in the performance, or breach, of any covenants of OPG, as FSM, or OPG, in its corporate capacity, in each case to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligation and the expiration of any applicable cure period;

(c) a representation or warranty made by OPG or a certification made by one or more officers of OPG, in each case whether as FSM or in its corporate capacity, to the Province in connection with its obligations to the Province and its internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligations, proves to be incorrect in any material respect on the date made and the expiration of any applicable cure period; or

(d) the FSM no longer being the Manager or actions having been taken by or on behalf of the Indenture Trustee to remove the FSM as the Manager;

the Province may deliver a written notice in the form of Exhibit C (a "**Suspension Notice**") to the Indenture Trustee, the FSM and the Financing Entity.

7.02 Suspension

If a Suspension Notice has been provided under Section 7.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of: (i) any Primary Obligation incurred, excluding Post-Suspension Refinancings, or (ii) any amendment of any Primary Obligation that has a Material Effect, unless otherwise agreed to by the Province, in each case, on or after the time such Suspension Notice is delivered.

7.03 Additional Right of the Province Regarding Post-Suspension Refinancings

Following the occurrence of a Suspension Event, the Limited Guarantee shall continue to apply in respect of any Post-Suspension Refinancing (for greater certainty, without regard to the satisfaction of any Adherence Conditions); provided that prior to the Financing Entity incurring any Primary Obligation constituting a Post-Suspension Refinancing, the Manager shall provide the Province with at least 30 days' notice of its intention to seek a Post-Suspension Refinancing

and prior to incurrence, which notice shall describe the material covenants, events of default, representations and warranties and indemnities of the Financing Entity and other material terms, excluding financial terms, rates and levels, and that shall be in respect of the full amount of the amount becoming due and payable in respect of the applicable Primary Obligation less amounts otherwise available to the Financing Entity from other available or committed sources (the "**Proposal**"), and during such 30 day period the Province may, but is not obligated to, offer to fund such Post-Suspension Refinancing or arrange for another Person to fund such Post-Suspension Refinancing on the same terms as set out in the Proposal or on such other terms as may be considered by the Province to be not more onerous on the Financing Entity and that are acceptable on that basis to the Financing Entity, acting reasonably. If, within such 30-day period, the Province elects to offer to fund such Post-Suspension Refinancing as provided in the preceding sentence, the Manager shall accept such offer; however, if the Province does not elect to offer to fund such Post-Suspension Refinancing, the Manager shall cause the Financing Entity to incur Primary Obligations constituting such a Post-Suspension Refinancing on substantially the same terms (excluding, for greater certainty, any financial terms, rates or levels) as those set out in the Proposal if the Post-Suspension Refinancing can be completed by the Financing Entity in compliance with the Act, or on such other terms as would not have a Material Effect, without taking into account any financial terms, rates or levels.

7.04 No Impact on Adherence

For greater certainty, the occurrence of a Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event or in respect of any Post-Suspension Refinancing.

ARTICLE VIII
MISCELLANEOUS

8.01 Term of Agreement

This Agreement will continue until the later of: (a) the date that no amount is or may become due and payable by the Province under the Limited Guarantee and (b) the date that no amount is or may become due and payable to the Province in respect of any Subrogation Amount.

8.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the

time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust

700 University Avenue

Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: Manager, Corporate Trust
Fax: (416) 981-9777
Email: corporatetrust.toronto@computershare.com

(b) if to the FSM:

Ontario Power Generation Inc.

700 University Avenue

Toronto, Ontario M5G 1X6

Attention: General Counsel
Fax: (416) 592-4189

(c) if to the Province:

Minister of Finance

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

and

Minister of Energy

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

With copies to:

Deputy Minister of Finance

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

and

Deputy Minister of Energy

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 8.02.

8.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section 8.03 shall be null and void.

8.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

8.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

8.07 Notice to Rating Agencies

OPG, as FSM, shall deliver prompt written notice to the Rating Agencies of the occurrence of (i) a Protection Event; (ii) receipt of a Suspension Notice delivered by the Province pursuant to Section 7.01; and (iii) an assignment of this Agreement by any party pursuant to Section 8.03.

8.08 Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their benefits hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

8.09 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, IN ITS CAPACITY AS TRUSTEE OF FAIR HYDRO TRUST, AS ISSUER, BY ONTARIO POWER GENERATION INC., NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration of a funding obligation" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Compliance Certificate**" means a certificate in the form attached hereto as Exhibit B delivered by the FSM in accordance with Section 4.02(a)ii.

"**Adherence Conditions**", means, in respect of a Certified Primary Obligation, the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of a Guarantee Payment Date, the aggregate of the Approved Obligation Amounts for such Guarantee Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, for a Beneficiary in respect of an Approved Obligation under which an amount is due and payable on a Guarantee Payment Date:

(a) if no Acceleration has occurred in respect of any Obligation Secured on or before the Guarantee Payment Date, the amount due and payable to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation (for greater certainty, determined on the assumption that there are adequate amounts available under the applicable payment provisions of the Trust Indenture to pay in full all amounts referred to in such payment provisions that are due and payable on the Guarantee Payment Date); and

(b) if an Acceleration has occurred in respect of any Obligations Secured on or before the Guarantee Payment Date, the amount that would be available to be paid to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation under the applicable payment provisions of the Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with such applicable payment provisions of the Trust Indenture in respect of each relevant month during each Reference Period is equal to the estimated Finance Amount determined in respect of such Reference Period for purposes of section 15(1) of the Act (in effect on the date hereof), including section 6.1 of the General Regulation (in effect on the date hereof), divided by the number of months in such Reference Period.

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Beneficiary Payee**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Certified Primary Obligations**" means Primary Obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest, including any Refinancing, other than a Post-Suspension Refinancing or a Pre-Approved Refinancing, of such a Primary Obligation (for greater certainty, including, in the case of any Certified Primary Obligation permitting funding transactions pursuant to a Funding Obligation Agreement applicable to the Certified Primary Obligation, each individual borrowing or funding utilization thereunder), (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not any individual trade confirmation other than a trade confirmation that modifies or purports to override the express terms or conditions of the related Master Agreement, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and expected (as determined by the Manager, acting reasonably) aggregate payments by the Financing Entity thereunder during the term of such contract are or would be in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).

"Change of Law Process Agreement" means the change of law process agreement between the Province and OPG;

"**Change of Law Protection Agreement**" means this Agreement.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Executive Officer**" has the meaning ascribed to the term "executive officer" in National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators.

"**Fair Allocation Amount**" has the meaning ascribed to the term "fair allocation amount" in the Act as of the date of this Agreement.

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the first paragraph of this Agreement until a successor Financing Entity Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and the Declaration of Trust, and thereafter "Financing Entity Trustee" means and includes such Person.

"**Financing Plan**" has the meaning ascribed to the term "Financing Plan" in the Act as of the date of this Agreement.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Guarantee Payment**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Guarantee Payment Date**" has the meaning ascribed thereto in Section 2.01(a)i.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**Holder**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Liens**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(a).

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity, as amended, supplemented, restated or otherwise modified from time to time.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Agreement**" means an agreement in the form of a Master Agreement as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, as amended, supplemented, restated or otherwise modified from time to time.

"**Material Effect**" means a material adverse effect on the obligations or the rights of the Province under the Limited Guarantee that relates to**, and in each case, differs in any material respect from the terms or conditions applicable to any other Transaction Document that forms part of the Reference Documentation at the relevant time, the following**: (i) the timing of or circumstances under which Primary Obligations would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization) that, in each case, is inconsistent with the Fair Allocation Amount~~ or the terms of any previously provided Reference Documentation~~; (ii) the appointment, obligations or duties of OPG as the Manager; (iii) the existence, powers or authority of the Financing Entity or the Financing Entity Trustee; (iv) the obligations of the Indenture Trustee to or in respect of the Province as a Specified Creditor; (v) the payment provisions and associated priorities set forth in the Trust Indenture; (vi) compliance by the FSM with the then applicable Financing Plan; (vii) compliance by the FSM or the Financing Entity with the Act or the General Regulation; or (viii) the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of this Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation.

"**Notes**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Payable Approved Amounts**" has the meaning ascribed thereto in 2.01(a).

"**Payment Date**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, unlimited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Post-Suspension Refinancing**" means a Funding Obligation that is an Obligation Secured and that is incurred on or after the occurrence of a Suspension Event in compliance with the requirements of Section 7.03, as a Refinancing of one or more Series of Approved Obligations (including any Pre-Approved Refinancing incurred on or after the occurrence of a Suspension Event), in each case the proceeds of which, together with any other funds that may be available, are used solely for the purpose of paying in full such Series of Approved Obligations **and any costs and expenses associated with such Refinancing**.

"**Pre-Approved Refinancing**" means a Refinancing of a Certified Primary Obligation in respect of which the Province has, prior to the incurrence of such Certified Primary Obligation, agreed shall be an Approved Obligation, subject to compliance with such conditions and requirements as may be specified in such agreement.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account or Finance Reserve Account; and (ii) any obligation to pay the Financing Entity or on the Financing Entity's direction any remaining amounts in the Collection Account pursuant to the Trust Indenture.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that (X) adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations when due and payable, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any Finance Reserve Account, Capital Account or collateral posting account applicable under a Derivative Agreement, (ii) the availability of any credit enhancement agreement to which the Financing Entity is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in any of clauses (i) to (v) of this paragraph (a), or (Y) adversely affects the enforceability of, or adversely changes, the terms and conditions of this Agreement or of any of the agreements under which Approved Obligations arise; or

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations when due and payable and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Approved Obligations that have become due and payable, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any Finance Reserve Account, Capital Account or collateral posting account applicable under a Derivative Agreement, (ii) the availability of any credit enhancement agreement to which the Financing Entity is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in paragraph (b).

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency Condition" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"Reference Documentation" has the meaning ascribed thereto in the Change of Law Process Agreement.

"**Reference Period**" has the meaning ascribed to the term "reference period" in the Act as of the date of this Agreement.

"**Refinancing**" has the meaning ascribed to the term "refinancing" in the Act as of the date of this Agreement, as more particularly described and given meaning in the General Regulation as of the date of this Agreement.

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Specified Creditor**" has the meaning ascribed thereto in the Trust Indenture on the date hereof.

"**Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(B).

"**Subrogation Payment Date**" has the meaning ascribed thereto in clause 2.01(a)iv.

"**Suspension Event**" has the meaning ascribed thereto in Section 7.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 7.01.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"Transaction Document" has the meaning ascribed thereto in the Change of Law Process Agreement.

"**True-up Amount**" has the meaning ascribed to the term "true up amount" in the Act as of the date of this Agreement.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

EXHIBIT A
FORM OF PAYMENT DEMAND

TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Pursuant to and in accordance with section 2.01(a) of the Change of the Law Protection Agreement, the Indenture Trustee hereby demands payment from the Province in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in the Change of Law Protection Agreement.

DATED as of the [■] day of [■], [■].

BNY TRUST COMPANY OF CANADA

By:
Name:
Title:

By:
Name:
Title:

EXHIBIT B
FORM OF ADHERENCE COMPLIANCE CERTIFICATE UNDER SECTION 4.02(a)

TO: **BNY TRUST COMPANY OF CANADA**, in its capacity as Indenture Trustee (the "**Indenture Trustee**") under the Master Trust Indenture dated as of December ●, 2017 between Fair Hydro Trust and the Indenture Trustee (the "**Master Trust Indenture**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province of Ontario, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust, Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Each of the undersigned, being the ● and ● of OPG acting in its capacity as FSM and holding the offices set forth under their names and signatures below, pursuant to and accordance with clause 4.02(a)ii of the Change of Law Protection Agreement, hereby certifies for and on behalf of OPG, in its capacity as Financial Services Manager, and not in such officer's personal capacity and intending that this certificate may be relied on by the addressees hereof without independent inquiry, that:

1. I have read and understand the provisions of the Change of Law Protection Agreement, the Master Trust Indenture and all other documents and materials necessary to enable me to deliver this certificate.
2. If the Certified Primary Obligation is a Refinancing, the proceeds of the Refinancing will be used solely for the purpose of repaying one or more Certified Primary Obligations in respect of which the Adherence Conditions in Subsection 4.02(a) of the Change of Law Protection Agreement had been satisfied, including one or more other Refinancings in respect of which the Adherence Conditions in Subsection 4.02(a) of the Change of Law Protection Agreement had been satisfied.
3. OPG has delivered to the Province a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate was provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation.

DATED as of the [■] day of [■], [■].

_____	_____
Name: [1]	Name:
Office:	Office:

[1] This certificate must be signed by two officers of OPG being either (i) the Chief Financial Officer and the Treasurer, or (ii) any two Executive Officers (as defined in the Change of Law Protection Agreement) of OPG.

EXHIBIT C
SUSPENSION NOTICE

TO: Ontario Power Generation Inc., in its capacity as Financial Services Manager

AND TO: Fair Hydro Trust

AND TO: Computershare Trust Company of Canada, in its capacity as trustee of Fair Hydro Trust

BNY Trust Company of Canada, as Indenture Trustee

AND TO:

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement. All references in this Suspension Notice to "Articles" or "Sections" refer to Articles or Sections of the Change of Law Protection Agreement.

The Province has a reasonable basis for concluding that an event described in clauses (a) to (d) of Section 7.01 has occurred. Pursuant to Section 7.01, the Province hereby declares that the Limited Guarantee shall hereby not apply in respect of (i) any Primary Obligation incurred, excluding Post-Suspension Refinancings or Pre-Approved Refinancings or (ii) any amendment of any Primary Obligation that has a Material Effect, unless otherwise agreed to by the Province, in each case, on or after delivery of this Suspension Notice.

This Suspension Notice is hereby delivered to the FSM, the Financing Entity and the Indenture Trustee in accordance with Section 8.02 of the Change of Law Protection Agreement.

* * * *

DATED as of the [■] day of [■], [■].

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

Document comparison by Workshare Compare on December-14-17 11:36:43 PM

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Split/Merged cell	
Padding cell	

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Moved to	0
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Total changes	40

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.

CHANGE OF LAW PROCESS AGREEMENT

Dated as of [■], 2017

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**") is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.

Pursuant to a Declaration of Trust dated as of [■], 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the applicable Adherence Conditions.

Prior to entering into this Agreement, OPG provided the Province with the final forms of certain of the Transaction Documents, as described on Exhibit "A", and the Province has not objected to such forms and hereby confirms to OPG that such Transaction Documents will constitute "Reference Documentation" for purposes of this Agreement.

Prior to entering into this Agreement, OPG, as the FSM, provided the Minister of Energy, in compliance with the Act, with the initial Financing Plan, which includes the initial forecast (the "**Initial Forecast**") setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Obligations Secured to be incurred during the 24 month period from December 1, 2017 to November 30, 2019 (the "**Initial Forecast Period**"). Prior to entering into this Agreement, OPG provided the Province with the initial Protection Agreement Maximum (the "**Initial Protection Agreement Maximum**"). The Province has received the initial Financing Plan and has not disagreed with the Initial Forecast or the Initial Protection Agreement Maximum on the basis of an apparent inaccuracy in the Initial Forecast, an inconsistency between the Initial Forecast and the initial Financing Plan, or as a result of the Initial Protection Agreement Maximum being more than the Initial Forecast.

This Agreement sets out the obligations OPG has agreed to perform and assurances OPG has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the applicable Adherence Conditions have been satisfied and maintaining information related to the Program Agreements and the Approved Obligations.

All things necessary to make this Agreement a valid and legally binding agreement of OPG and the Province, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall"; the word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other

subdivisions of this Agreement as originally executed; the words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 References to the Financing Entity

For greater certainty, each reference to the Financing Entity shall be construed as a reference to the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.04 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.06 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby**, and any material amendment of this Agreement will only be binding if the Rating Agency Condition has been satisfied**. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF OPG

2.01 Deliveries to the Province

(a) OPG shall promptly deliver to the Province a copy of any proposed change to or replacement of the Financing Plan.

(b) Not less than 10 Business Days, or such lesser period as the Province may agree to in writing, prior to:

(i) any proposed material change in the terms or conditions applicable to a Primary Obligation in a previously provided Transaction Document becoming effective or otherwise being used; provided, however, that a proposed change in particular financial terms, rates or levels shall not constitute a material change, and

(ii) any additional, supplemental or replacement Transaction Document becoming effective or otherwise being used,

OPG shall deliver to the Province a copy of such proposed change to the Transaction Document and any such additional, supplemental or replacement Transaction Document.

(c) Without limiting Subsection 2.01(b), and except as has previously been provided to the Province under Subsection 2.01(b), promptly following (i) any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor being made, (ii) any new, additional, supplemental or replacement instruments, documents, agreements or security being used or granted in connection with all or any part of the Approved Obligations, or (iii) any waiver, release, reconveyance, termination, abandonment, subordination, exchange, substitution, transfer, compound, compromise, liquidation or enforcement of all or any part of the Approved Obligations or any security or guarantee therefor being effected, OPG shall deliver to the Province a detailed description of such event and the reasons for it together with any related documents, agreements and instruments.

(d) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, OPG shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations

(including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(e) Promptly upon request, OPG shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

2.02 Covenants

(a) OPG shall use commercially reasonable efforts to cause the Financing Entity to:

(i) punctually perform and observe all of the Financing Entity's obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not (unless waived in writing by the Province):

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement, replacement, waiver or consent could reasonably be considered to have a Material Effect; provided, however, that the foregoing does not apply to any supplement, amendment, modification, restatement, replacement, waiver or consent in respect of particular financial terms, rates or levels;

(B) extend, renew, compromise, novate, replace, suspend, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, liquidate or enforce the terms of all or any part of the Approved Obligations or any Collateral, if any such action could reasonably be considered to have a Material Effect; provided, however, that the foregoing does not apply to any such action taken in respect of particular financial terms, rates or levels; or

(C) permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired.

(b) If any action restricted pursuant to Section 2.02(a)(v) is reflected in a delivery required to be made by OPG to the Province pursuant to Section 2.01(b) and is not objected to by the Province under Section 3.04(b), the Province shall be deemed to have waived its rights in respect of such action under Section 2.02(a)(v).

(c) OPG shall:

(i) comply, and shall use commercially reasonable efforts to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

(ii) punctually perform and observe all of its (including as the FSM and as Manager) obligations and agreements contained in the Program Agreements;

(iii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation; and

(iv) notify the Province of (1) the occurrence of any Breach Event and any Program Breach, in each case within 2 Business Days of any such occurrence, and (2) any event or circumstance known to OPG that with the passage of time or the giving of notice would be a Breach Event or a Program Breach, in each case within 1 Business Day of OPG first becoming aware of such event or circumstance; and

(v) after the occurrence of any Protection Event (or any event or circumstance known to OPG that with the passage of time or the giving of notice would be a Protection Event), not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.

(d) The Province and OPG acknowledge that their obligations to each other under the Indemnity Agreement between the Province and OPG dated June 1, 2017 (as amended, the "**Indemnity Agreement**") are not amended by this Agreement and continue in full force and effect, notwithstanding that this Agreement is entered into subsequent to the Indemnity Agreement.

(e) The Province and OPG acknowledge that their obligations to each other under the Indemnity Agreement are not amended by the Change of Law Protection Agreement and continue in full force and effect, notwithstanding that the Change of Law Protection Agreement was entered into subsequent to the Indemnity Agreement.

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate

OPG shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Province, on or before the incurrence or any amendment of a Funding Obligation, other than any Funding Obligation under which not more than $5,000,000 in the aggregate may become payable by the Financing Entity (provided that delivery may not be more than 5 Business Days before the incurrence or amendment of the Funding Obligation), setting out the following with respect to such Funding Obligation:

(a) the material terms of the Funding Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a Derivative Agreement, OPG's best estimate of the expected notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

(b) if an existing Funding Obligation is proposed to be amended, material details respecting such amendment, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

(c) a statement to the effect that: (i) the Funding Obligation to be incurred or amended (1) will arise under terms and conditions that are Substantially in the Form of the Reference Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reference Documentation;

(d) a statement confirming that any disclosure made in respect of the Funding Obligation (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to the Funding Obligation) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement has been made available to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made;

(e) a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and

(f) confirmation that, at the time the Funding Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Funding Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the Protection Agreement Maximum applicable on the date that the Process Certificate is delivered; for clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be determined on the date the Process Certificate is delivered hereunder in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

3.02 Acknowledgement regarding delivery of certificate under Change of Law Protection Agreement

The Province acknowledges and agrees that, concurrent with the delivery of the Process Certificate pursuant to Section 3.01 of this Agreement, the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) are authorized to deliver the certificate referred to in Subsection 4.02(a)(ii) of the Change of Law Protection Agreement to the Indenture Trustee confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with adherence of the Limited Guarantee to the incurrence of the Certified Primary Obligations in respect of which the certificate in Subsection 4.02(a)(ii) of the Change of Law Protection Agreement is being delivered; provided that, upon receipt of a Suspension Notice under the Change of Law Protection Agreement, OPG covenants not to deliver any further certificates to the Indenture Trustee under Subsection 4.02(a)(ii) of the Change of Law Protection Agreement.

3.03 Acknowledgement regarding delivery of Suspension Notice

The parties acknowledge and agree that the Province is entitled to deliver a Suspension Notice under Section 7.01 of the Change of Law Protection Agreement if a Program Breach or Breach Event has occurred. The Province agrees not to deliver a Suspension Notice pursuant to Section 7.01 of the Change of Law Protection Agreement unless a Program Breach or a Breach Event has occurred.

3.04 Meaning of "Reference Documentation"

For the purposes of Subsection 3.01(c), the term "Reference Documentation" shall mean each Transaction Document that, at the relevant time:

(a) is a Transaction Document listed on Exhibit "A"; or

(b) is a Transaction Document (including any amended or amended and restated Transaction Document) provided to the Province in accordance with Subsection 2.01(b) that has not been objected to by the Province, by delivery of an objection notice in writing delivered to OPG, within 10 Business Days after it is provided to the Province; provided that the Province (i) shall only be entitled to deliver an objection notice if the Transaction Document (including any amended or amended and restated Transaction Document) has a Material Effect and (ii) shall not be entitled to deliver an objection notice in respect of any Post-Suspension Refinancing.

3.05 Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(c), the term "Substantially in the Form" shall mean:

(a) with respect to the Reference Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such Reference Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation that could have a Material Effect; provided, however, that the foregoing does not apply to any particular financial terms, rates or levels; and

(b) with respect to the Reference Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum

(a) Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Obligations Secured that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Obligations Secured to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast shall be

further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum, which may not exceed such Forecast.

(b) Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of any further Forecast and notice of the revised Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province may disagree with such further Forecast or revised Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in such further Forecast, (ii) the further Forecast is inconsistent with the Financing Plan, or (iii) the revised Protection Agreement Maximum is more than the further Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the revised Protection Agreement Maximum will be further revised accordingly and confirmed by an amended notice to the Province.

(c) For clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be valued at the time to be determined for the purposes of this Section 4.01 in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of OPG

OPG represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, may cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario and has the power and authority to enter into and perform its

obligations under this Agreement and all instruments and agreements delivered pursuant hereto.

(c) OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Financing Entity or in the ability of the Financing Entity to perform its obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

5.02 Representations and Warranties of the Province

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
BREACH EVENTS

6.01 Breach Events

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

(a) a default in the performance, or breach, by OPG of Section 2.01(b)(i), Section 2.02(b)(iv) or Section 3.01;

(b) a default in the performance, or breach, of any other covenants of OPG under this Agreement (excluding Section 2.01(b)(i), Section 2.02(b)(iv) and Section 3.01), which, if curable in a way such that the default or breach would not have or have had a Material Effect, is not so cured within thirty (30) days;

(c) any representation or warranty made by OPG in this Agreement, any certification made in a Process Certificate, or any certification made in a certificate contemplated by Subsection 4.02 of the Change of Law Protection Agreement, proves to be incorrect in a material respect on the date made and which, if curable in a way such that the incorrect representation or warranty may be remedied without any Material Effect having occurred as a result of the Province's reliance thereon, is not so cured within thirty (30) days; or

(d) OPG is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the Manager.

ARTICLE VII
MISCELLANEOUS

7.01 Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

7.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to OPG:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

(b) if to the Province:

Deputy Minister of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Deputy Ministry of Energy
[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 7.02.

7.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 7.03 shall be null and void.

7.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

7.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

7.06 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

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

By: _____

Name:
Title:

By: _____

Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Breach Event**" has the meaning ascribed thereto in Section 6.01.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the Financing Entity, OPG (as the FSM and the Manager) and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

"**Fair Allocation Amount**" has the meaning ascribed to the term "fair allocation amount" in the Act as of the date of this Agreement.

"**Financing Entity**" means Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(a).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**IESO Security Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**Initial Forecast**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Initial Forecast Period**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Initial Protection Agreement Maximum**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO.

"**Material Effect**" means a material adverse effect on the obligations or the rights of the Province under the Limited Guarantee, the Change of Law Protection Agreement or this Agreement that relates to**, and in each case, differs in any material respect from the terms or conditions applicable to any other Transaction Document that forms part of the Reference Documentation at the relevant time, the following**: (i) the timing of or circumstances under which related payments would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization) that, in each case, is inconsistent with the Fair Allocation Amount~~ or the terms of any previously provided Reference Documentation~~; (ii) the appointment, obligations or duties of OPG as the Manager; (iii) the existence, powers or authority of the Financing Entity or the Financing Entity Trustee; (iv) the obligations of the Indenture Trustee to or in respect of the Province as a Specified Creditor; (v) the payment provisions and associated priorities set forth in the Trust Indenture; (vi) compliance by the FSM with the then applicable Financing Plan; (vii) compliance by the FSM or the Financing Entity with the Act or the General Regulation; or (viii) the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of the Change of

Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Protection Agreement Maximum**" means the dollar amount referenced as the Program Agreement Maximum and determined in accordance with Section 4.01.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture.

"**Reference Documentation**" has the meaning ascribed thereto in Section 3.04.

"**Repayment**" has the meaning ascribed to the term "repayment" in the General Regulation as of the date of this Agreement.

"**Substantially in the Form**" has the meaning ascribed thereto in Section 3.05.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement; (vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected,

including any other agreement under which the Financing Entity incurs a material financial obligation or that could affect the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

EXHIBIT "A"
INITIAL REFERENCE DOCUMENTATION

- Declaration of Trust;
- Management Agreement;
- Master Transfer and Servicing Agreement;
- Acknowledgement and indemnity agreement dated as of [■], 2017 made by IESO in favour of the Indenture Trustee;
- IESO Security Agreement;
- Trust Indenture;
- Warehouse Senior Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;
- Warehouse Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017; and
- Warehouse Junior Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

Document comparison by Workshare Compare on December-14-17 7:24:12 PM

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Style change	
Format change	
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Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
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Deletions	11
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	23

WAREHOUSE

SENIOR SERIES 2017-1

SUPPLEMENTAL INDENTURE

between

FAIR HYDRO TRUST

by

COMPUTERSHARE TRUST COMPANY OF CANADA
as Issuer Trustee

and

BNY TRUST COMPANY OF CANADA
as Indenture Trustee

and

ROYAL BANK OF CANADA
as Administrative Agent

and

CERTAIN CP CONDUIT PURCHASERS,
CERTAIN NON-CONDUIT PURCHASERS
CERTAIN FUNDING AGENTS
and CERTAIN GROUP BANKS

Made as of December [21], 2017

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FLOATING RATE VARIABLE FUNDING,
SERIES 2017-1 SENIOR NOTES

SUPPLEMENTAL INDENTURE made as of ●**December [21]**, 2017, between **Computershare Trust Company of Canada**, a trust company established under the laws of Canada (the "**Issuer Trustee**"), in its capacity as trustee of **Fair Hydro Trust**, a trust existing under the laws of the Province of Ontario (in such capacity, the "**Issuer**"), **BNY Trust Company of Canada**, a trust company established under the laws of Canada (the "**Indenture Trustee**"), ●**Royal Bank of Canada**, in its capacity as the administrative agent for the Purchaser Groups (the "**Administrative Agent**"), the **Non-Conduit Purchasers** from time to time party hereto, the **CP Conduit Purchasers** from time to time party hereto, and the **Funding Agents** for the CP Conduit Purchaser Groups from time to time party hereto.

WHEREAS pursuant to the Trust Indenture, provision was made for the issuance of Notes from time to time;

AND WHEREAS pursuant to the Trust Indenture, Notes may be issued in one or more Series by the execution and delivery of a Supplemental Indenture;

AND WHEREAS the parties hereto are entering into this Supplemental Indenture to provide for the creation and issuance of the Series 2017-1 Senior Notes;

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

ARTICLE 1
INTERPRETATION

1.1 Definitions

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

(b) Except as otherwise expressly provided or unless the context otherwise requires, all terms used herein which are defined in the Trust Indenture, either directly or by reference therein, have the meanings assigned to them in the Trust Indenture.

1.2 Interpretation

Subject to the next following sentences, this Supplemental Indenture is supplemental to the Trust Indenture and the Trust Indenture shall be read in conjunction with this Supplemental Indenture and all of the provisions of the Trust Indenture shall apply to and shall have effect in connection with this Supplemental Indenture in the same manner as if all of the provisions of the Trust Indenture and of this Supplemental Indenture were contained in one instrument. This Supplemental Indenture shall, unless the context otherwise requires, be subject to the interpretative provisions contained in Article 1 of the Trust Indenture. If any terms of the Trust

Indenture are inconsistent with the express terms or provisions hereof, the terms and provisions of the Trust Indenture shall be, solely in respect of the Series 2017-1 Senior Notes, amended and supplemented so as to be consistent herewith. The provisions of this Supplemental Indenture are applicable only in respect of the Series 2017-1 Senior Notes and not the Notes of any other Series.

1.3 Application of this Supplemental Indenture

With respect to the Series 2017-1 Senior Notes only, the terms of the Trust Indenture are amended, supplemented, modified, restated and replaced to the extent applicable by the terms of this Supplemental Indenture in respect of the Series 2017-1 Senior Notes in accordance with Section 1.2 above.

ARTICLE 2
PRINCIPAL TERMS

2.1 Creation of Series 2017-1 Senior Notes

There is hereby created a Series of Notes to be issued pursuant to the Trust Indenture and this Supplemental Indenture designated as the "**Floating Rate Variable Funding Senior Notes, Series 2017-1**."

2.2 Principal Terms

In addition to and without limiting any of the provisions of this Supplemental Indenture, the Series 2017-1 Senior Notes:

(a) will be designated as set out in Section 2.1;

(b) will be Senior Notes;

(c) will have a Stated Principal Amount equal to the Series 2017-1 Maximum Principal Amount;

(d) will not be issued in Tranches;

(e) will be denominated in Canadian dollars;

(f) will not be listed on any securities exchange;

(g) will have an Initial Dollar Principal Amount equal to the Series 2017-1 Initial Principal Amount;

(h) will be issued as definitive notes and will not be in the form of a Global Note;

(i) will be issued as Registered Notes and will be without coupons;

(j) will be substantially in the form of Schedule B, with such appropriate insertions, omissions, substitutions and variations as may be approved by the Issuer;

(k) will have each Payment Date on and after the Payment Date in ~~February~~**January,** 2018 as an Interest Payment Date;

(l) will have Principal Payment Dates as determined under Section 3.7~~(a)~~;

(m) will have Principal Payment Default Dates as ~~determined under Section 3.7(b)~~**defined herein**; and

(n) will have no minimum issue amount.

ARTICLE 3
NOTE PURCHASE FACILITY

3.1 Purchase of Notes by the Purchasers

(a) ***Initial Purchases***. Subject to the terms and conditions of this Supplemental Indenture, including delivery of notice in accordance with Section 3.3, (i) each Non-Conduit Purchaser shall purchase, and each CP Conduit Purchaser may, in its sole discretion, purchase a Series 2017-1 Senior Note in an amount equal to all or a portion of its Commitment Percentage of the Series 2017-1 Initial Principal Amount on any Business Day during the period from the date hereof to and including ~~[~~December ~~18, 2017~~**[21]**, **2017,** and if any such CP Conduit Purchaser shall have notified the Administrative Agent and the Funding Agent with respect to such CP Conduit Purchaser that it has elected not to fund a Series 2017-1 Senior Note in an amount equal to its Commitment Percentage of the Series 2017-1 Initial Principal Amount on the Closing Date, the Group Bank with respect to such CP Conduit Purchaser shall fund on the Closing Date that portion of such Series 2017-1 Senior Note not to be funded by such CP Conduit Purchaser; and (ii) thereafter, (A) each Non-Conduit Purchaser shall maintain its Series 2017-1 Senior Note, subject to increase or decrease during the period from the Closing Date to and including the Commitment Expiry Date, in accordance with the provisions of this Supplemental Indenture, (B) if a CP Conduit Purchaser shall have purchased a Series 2017-1 Senior Note on the Closing Date, such CP Conduit Purchaser may, in its sole discretion, maintain its Series 2017-1 Senior Note, subject to increase or decrease during the period from the Closing Date to and including the Commitment Expiry Date, in accordance with the provisions of this Supplemental Indenture, and (C) the Group Bank shall maintain its Series 2017-1 Senior Note with respect to its Related Purchaser Group, subject to increase or decrease during the period from the Closing Date to and including the Commitment Expiry Date, in accordance with the provisions of this Supplemental Indenture. Payments by the Non-Conduit Purchasers, the CP Conduit Purchasers and/or the Group Bank with respect to the CP Conduit Purchasers shall be made in immediately available funds on the Closing Date in accordance with Section 3.3(d).

(b) ***Maximum Purchaser Group Principal Amounts***. Notwithstanding anything to the contrary contained in this Supplemental Indenture, at no time shall a Purchaser

Group be required to make the initial purchase of a Series 2017-1 Senior Note or increase its Purchaser Group Principal Amount if the sum of (x) Purchaser Group Principal Amount with respect to such Purchaser Group, after giving effect to such purchase or increase, and (y) the sum of any unfunded Delayed Amounts with respect to such Purchaser Group, would exceed the Maximum Purchaser Group Principal Amount with respect to such Purchaser Group at such time.

3.2 Delivery

(a) On the Closing Date (or on any later date that any Purchaser Group becomes a party to this Supplemental Indenture), Series 2017-1 Senior Notes shall be executed, authenticated and delivered by the Issuer in accordance with Section 4.03 of the Trust Indenture (i) in the case of a CP Conduit Purchaser Group, in the name of the Funding Agent with respect to such CP Conduit Purchaser Group (or as otherwise requested by such CP Conduit Purchaser Group and agreed to by the Issuer) in an amount equal to the Maximum Purchaser Group Principal Amount with respect to such CP Conduit Purchaser Group and delivered to such Funding Agent; or (ii) in the case of a Non-Conduit Purchaser Group, in the name of the Related Non-Conduit Purchaser in an amount equal to the Maximum Purchaser Group Principal Amount with respect to such Related Non-Conduit Purchaser~~ Group~~ and delivered to such Related Non-Conduit Purchaser.

(b) The Administrative Agent shall maintain a record of the actual Purchaser Group Principal Amount outstanding with respect to each Purchaser Group and the actual Series 2017-1 Principal Amount outstanding on any date of determination, which, absent manifest error, shall constitute prima facie evidence of the outstanding Purchaser Group Principal Amounts and outstanding Series 2017-1 Principal Amount from time to time. Upon a written request from the Indenture Trustee, the Administrative Agent shall provide in writing the identity of the Purchaser Groups, the related Funding Agents for each CP Conduit Purchaser Group, the Purchaser Group Principal Amount for each Purchaser Group and the Commitment Percentage with respect to such Purchaser Group to the Indenture Trustee.

3.3 Procedure for Initial Issuance and for Increasing the Series 2017-1 Principal Amount

(a) (i) On any Business Day prior to ~~[**December 18, 2017**], in the case of a Non-Conduit Purchaser Group, the Related Non-Conduit Purchaser hereby agrees, or in the case of a CP Conduit Purchaser Group, the CP Conduit Purchaser in such CP Conduit Purchaser Group may agree, in its sole discretion, and the Group Bank with respect to such CP Conduit Purchaser hereby agrees~~**December [21], 2017,** in the case of a Non-Conduit Purchaser Group, the Related Non-Conduit Purchaser hereby agrees, or in the case of a CP Conduit Purchaser Group, the CP Conduit Purchaser in such CP Conduit Purchaser Group may agree, in its sole discretion, and the Group Bank with respect to such CP Conduit Purchaser hereby agrees, that it will purchase a Series 2017-1 Senior Note for an initial purchase

price equal to the Commitment Percentage with respect to such Purchaser Group of the Series 2017-1 Initial Principal Amount upon the request of the Issuer (the date on which the initial purchase occurs being referred to as the "**Closing Date**"); provided, however, that the Issuer shall have given the Administrative Agent (with a copy to the Indenture Trustee) irrevocable written notice (effective upon receipt), by email communication, substantially in the form of Schedule C no later than **[3:00 p.m.]** (Toronto time) on the third Business Day prior to the Closing Date. The written notice of the initial purchase of the Series 2017-1 Senior Notes shall state equal to the Commitment Percentage with respect to such Purchaser Group of the Series 2017-1 Initial Principal Amount upon the request of the Issuer (**the date on which the initial purchase occurs being referred to as the "Closing Date"); provided, however, that the Issuer shall have given each of the Funding Agents** (with a copy to the Indenture Trustee) irrevocable **written notice (effective upon receipt), by email communication, substantially in the form of** Schedule C no later than **12:00 p.m. (Toronto time) on the second** Business Day prior to the Closing Date. The written notice of the initial purchase of the Series 2017-1 Senior Notes shall state (x) the Closing Date, and (y) the initial total purchase price to be paid for the Series 2017-1 Senior Notes (the "**Series 2017-1 Initial Principal Amount**"); and (ii) subject to Section 3.3(e), on any Business Day during the period from the initial purchase of the Series 2017-1 Senior Notes hereunder to and including the Commitment Expiry Date, in the case of a Non-Conduit Purchaser Group, the Related Non-Conduit Purchaser hereby agrees, or in the case of a CP Conduit Purchaser Group, the CP Conduit Purchaser in such CP Conduit Purchaser Group may agree, in its sole discretion, and the Group Bank with respect to such CP Conduit Purchaser hereby agrees that the Purchaser Group Principal Amount with respect to such Purchaser Group may be increased by an amount equal to the Commitment Percentage with respect to such Purchaser Group of the Increase Amount (an "**Increase**"), upon the request of the Issuer (in the case of a Non-Conduit Purchaser Group, the Related Non-Conduit Purchaser hereby agrees, or in the case of a CP Conduit Purchaser Group, the CP Conduit Purchaser in such CP Conduit Purchaser Group may agree, in its sole discretion, and the Group Bank with respect to such CP Conduit Purchaser hereby agrees that the Purchaser Group Principal Amount with respect to such Purchaser Group may be increased by an amount equal to the Commitment Percentage with respect to such Purchaser Group of the **Increase Amount (an "Increase"),** upon the request of the Issuer (each date on which an increase in the Series 2017-1 Principal Amount occurs hereunder being herein referred to as the "**Increase Date**" applicable to such Increase); provided, however, that the Issuer shall have given the Administrative Agent (with a copy to the Indenture Trustee) irrevocable); provided, however, that the Issuer shall have given the Administrative Agent**, each Funding Agent and each Non-Conduit Purchaser** (with a copy to the Indenture Trustee) irrevocable (other than as specified in Section 3.3(e)) written notice (effective upon receipt), by email communication, substantially in the form ofemail communication, substantially in the form of Schedule C (an "**Increase Notice**") no later than **[3**12:00 p.m.**]** (Toronto time) on (A) with respect to a Deferrable Increase Notice, the third Business Day prior to such Increase Date, or

(B) with respect to a Non-Deferrable Increase Notice, the second Business Day prior to such Increase Date. Each Increase Notice shall state (x) the Increase Date, (y) the proposed amount of the increase in the Series 2017-1 Principal Amount (an "**Increase Amount**"), (z) whether a Delayed Funding Notice may be delivered in connection with such Increase pursuant to Section 3.3(e) and whether the Increase is to fund a Transfer (a "**Transfer Increase**") or is in respect of a Refinancing (a "**Refinancing Increase**"). The Commitment Percentage with respect to any Purchaser Group of the Increase Amount set forth in any Non-Deferrable Increase Notice shall not exceed such Purchaser Group's Non-Deferrable Draw Amount as of the related Increase Date.

(b) If a CP Conduit Purchaser elects not to fund the full amount of its Commitment Percentage of a requested Increase, such CP Conduit Purchaser shall notify the Administrative Agent and the Funding Agent with respect to such CP Conduit Purchaser, and the Group Bank with respect to such CP Conduit Purchaser shall fund the portion of the Commitment Percentage with respect to such Related Purchaser Group of such Increase not funded by such CP Conduit Purchaser.

(c) No Purchaser Group shall be required to increase its Purchaser Group Principal Amount on any Increase Date hereunder unless:

(i) such Purchaser Group's Commitment Percentage of such Increase Amount is (A) equal to $1,000,000 or more, or (B) if less than $1,000,000, the difference between the Maximum Purchaser Group Principal Amount with respect to such Purchaser Group and the Purchaser Group Principal Amount with respect to such Purchaser Group; and

(ii) after giving effect to such Increase Amount, the sum of the (x) the Purchaser Group Principal Amount, and (y) any unfunded Delayed Amounts with respect to such Purchaser Group would not exceed the Maximum Purchaser Group Principal Amount with respect to such Purchaser Group;

(d) ~~Upon~~**After** receipt **by any Funding Agent with respect to a CP Conduit Purchaser Group** of any notice required by Section 3.3(a) or permitted by Section 3.3(e) from the Issuer~~, the Administrative Agent shall forward (by email communication) a copy of such notice to each Non-Conduit Purchaser and the Funding Agent with respect to each CP Conduit Purchaser Group (or, with respect to any notice pursuant to Section 3.3(e) requiring a Delayed Funding Purchaser Group to decrease its Delayed Amount, the applicable Non-Conduit Purchaser or Funding Agent), no later than **[5:00 p.m.]** (Toronto time) on the Business Day received. After receipt by any Funding Agent with respect to a CP Conduit Purchaser Group of such notice from the Administrative Agent~~, such Funding Agent shall, so long as the conditions set forth in Sections 3.3(a) and (c) and Article 4 are satisfied, promptly provide notice by email communication to the related CP Conduit Purchaser and the related Group Bank, of the Increase Date and of such CP Conduit Purchaser Group's Commitment Percentage of the

Closing Date or Increase Amount, as applicable. Subject to Section 3.3(e), if such CP Conduit Purchaser elects to fund all or a portion of its Commitment Percentage of the Series 2017-1 Initial Principal Amount or the Increase Amount, as applicable, such CP Conduit Purchaser shall pay in immediately available funds its Commitment Percentage (or any portion thereof) of the amount of the Series 2017-1 Initial Principal Amount or Increase Amount, as applicable, on the Closing Date or the related Increase Date, as applicable, to the Funding Agent with respect to such CP Conduit Purchaser Group for remittance to the Issuer for application in accordance with Section 3.3(h). Subject to Section 3.3(e), if such CP Conduit Purchaser does not fund the full amount of the Commitment Percentage of such CP Conduit Purchaser Group of the Series 2017-1 Initial Principal Amount or an Increase Amount, as applicable, and the related Group Bank is required to fund the portion thereof not funded by the CP Conduit Purchaser, such Group Bank shall pay in immediately available funds such portion on the Closing Date or the related Increase Date, as applicable, to the Funding Agent with respect to such CP Conduit Purchaser Group. Each Funding Agent shall remit the amounts received by it from its CP Conduit Purchaser or the related Group Bank pursuant to this Section 3.3(d) to the Issuer for application in accordance with Section 3.3(h). Subject to Section 3.3(e), so long as the conditions set forth in Sections 3.3(a) and (c) and Article 4 are satisfied, each Non-Conduit Purchaser shall pay in immediately available funds the Commitment Percentage of such Non-Conduit Purchaser of the amount of the Series 2017-1 Initial Principal Amount or Increase Amount, as applicable, on the Closing Date or the Increase Date, as applicable, to the Issuer for application in accordance with Section 3.3(h).

(e) Notwithstanding any of the foregoing, any Group Bank or Non-Conduit Purchaser may, upon receipt of any Deferrable Increase Notice pursuant to Section 3.3(a), notify the Issuer in writing (a "**Delayed Funding Notice**") on or prior to ~~[~~12:00 noon~~]~~ (Toronto time) on the second Business Day preceding the related Increase Date, of its intent to fund an amount up to its Commitment Percentage of the related Increase Amount (such amount, subject to any adjustment described below, the "**Delayed Amount**") on a Business Day that is on or before the thirty-third (33rd) day following the Increase Date specified in such Deferrable Increase Notice (the "**Delayed Funding Date**") rather than on such Increase Date. If any Group Bank or Non-Conduit Purchaser provides a Delayed Funding Notice to the Issuer following the Issuer's delivery of an Increase Notice pursuant to Section 3.3(a), the Issuer may with written notice to the Administrative Agent**, each Funding Agent and each Non-Conduit Purchaser** delivered prior to 3:00 pm on the second Business Day preceding such Increase Date, (x) decrease the Increase Amount with respect to such Deferrable Increase Notice (or revoke such Deferrable Increase Notice by decreasing the Increase Amount to zero), and/or (y) require any Group Bank or Non-Conduit Purchaser who has provided a Delayed Funding Notice to reduce the Delayed Amount with respect to such Increase by an amount no greater than the Non-Deferrable Draw Amount with respect to such Purchaser Group as of the related Increase Date. In the event that the Increase

Amount with respect to such Deferrable Increase Notice is reduced, but not to zero, then any Delayed Amount with respect to any Purchaser Group shall be reduced on a pro rata basis unless otherwise specified by the Issuer pursuant to clause (y) above. No Purchaser Group that has provided a Delayed Funding Notice in respect of an Increase (each a "**Delayed Funding Purchaser Group**") shall be considered to be in default of its obligation to fund its Delayed Amount pursuant to this Section 3.3 unless and until it has failed to fund the Delayed Amount (and/or the Delayed Funding Reimbursement Amount with respect to such Delayed Amount) on or before the Delayed Funding Date.

(f) If (i) one or more Delayed Funding Purchaser Groups provides a Delayed Funding Notice to the Issuer in respect of any Increase Date; and (ii) the Issuer shall not have decreased the related Increase Amount to zero or required each such Delayed Funding Purchaser Group to reduce the Delayed Amount with respect to such Increase to zero, in each case, pursuant to Section 3.3(e), the Administrative Agent shall, by no later than ~~[12~~**5**:00 ~~noon]~~**p.m.** (Toronto time) on the **second** Business Day preceding such Increase Date, direct each Purchaser Group that is not a Delayed Funding Purchaser Group with respect to such Increase Date (each a "**Non-Delayed Funding Purchaser Group**") to fund an additional portion of such Increase Amount on such Increase Date equal to such Non-Delayed Funding Purchaser Group's proportionate share (based upon the Maximum Purchaser Group Principal Amount with respect to such Non-Delayed Funding Purchaser Group relative to the sum of the Maximum Purchaser Group Principal Amounts with respect to all Non-Delayed Funding Purchaser Groups) of the aggregate Delayed Amounts with respect to such Increase Date; provided that no Non-Delayed Funding Purchaser Group shall be required to fund any portion of the aggregate Delayed Amounts that would cause its Purchaser Group Principal Amount to exceed its Maximum Purchaser Group Principal Amount. Subject to Section 3.3(a), in the case of a Non-Delayed Funding Purchaser Group that is a Non-Conduit Purchaser, such Non-Conduit Purchaser hereby agrees, or, in the case of a Non-Delayed Funding Purchaser Group that is a CP Conduit Purchaser Group, the CP Conduit **Purchaser** in such CP Conduit Purchaser Group may agree, in its sole discretion, and the Group Bank in such CP Conduit Purchaser Group hereby agrees, to fund such portion of the Increase Amount on such Increase Date.

(g) After the Non-Delayed Funding Purchaser Groups fund a Delayed Amount on any Increase Date in accordance with Section 3.3(f), the Delayed Funding Purchaser Group in respect of such Delayed Amount will be obligated to fund the Delayed Funding Reimbursement Amount with respect to such Delayed Amount on or before its Delayed Funding Date, irrespective of whether the Scheduled Commitment Expiry Date shall have occurred on or prior to such Delayed Funding Date or the Issuer would be able to satisfy the conditions set forth in Section 3.3(c) to an Increase in an amount equal to such Delayed Funding Reimbursement Amount on such Delayed Funding Date. Such Delayed Funding Purchaser Group shall fund such Delayed Funding Reimbursement Amount on such Delayed Funding Date by paying such amount ~~to the Administrative Agent~~

in immediately available funds~~, and the Administrative Agent shall distribute such funds~~ to each such Non-Delayed Funding Purchaser Group, *pro rata* based on the relative amount of such Delayed Amount funded by such Non-Delayed Funding Purchaser Group on such Increase Date pursuant to Section 3.3(f).

(h) The Issuer shall apply amounts paid to it pursuant to Sections 3.3(d) and 3.3(f) by application to payment of the purchase price payable by the Issuer to the IESO under the Master Transfer and Servicing Agreement in respect of a Transfer or by deposit to the Refinancing Account.

3.4 Procedure for Decreasing the Series 2017-1 Principal Amount; Optional Termination

(a) In the case of a Non-Conduit Purchaser Group, the Related Non-Conduit Purchaser hereby agrees, and in the case of a CP Conduit Purchaser Group, each of the CP Conduit Purchasers and the Group Bank in such CP Conduit Purchaser Group hereby agrees, that the Purchaser Group Principal Amount with respect to such Purchaser Group may be decreased on any Payment Date by such Purchaser Group's Commitment Percentage of a Decrease Amount (a "**Decrease**"), upon the request of the Issuer. Each Payment Date on which a Decrease in the Series 2017-1 Principal Amount occurs hereunder being herein referred to as the "**Decrease Date**" applicable to such Decrease; provided, however, that the Issuer shall have given the Administrative Agent**, each Funding Agent and each Non-Conduit Purchaser** (with a copy to the Indenture Trustee**, and DBRS**) irrevocable written notice (effective upon receipt), by email communication, substantially in the form of Schedule D (a "**Decrease Notice**") no later than ~~[3~~**12**:00 p.m.~~]~~ (Toronto time) on the ~~second~~**fifth** Business Day prior to any Payment Date that is a Decrease Date; provided that if the Decrease is greater than $~~[●]~~,**250,000,000,** the Decrease Notice shall**, subject to the second following sentence,** be provided no later than ~~[3~~**12**:00 p.m.~~]~~ (Toronto time) on the ~~[~~45~~]~~th **day** prior to any Payment Date that is a Decrease Date . **If a Decrease Notice with respect to a Decrease of $250,000,000 or more is not provided prior to the 45th day preceding the related Payment Date, the Issuer shall be required to pay to each Funding Agent any Breakage Costs incurred by any of its related CP Conduit Purchasers with respect to such Decrease on the related Payment Date.** Each Decrease Notice shall state (x) the Decrease Date, and (y) the proposed amount of the decrease in the Series 2017-1 Principal Amount (a "**Decrease Amount**"). ~~**[NTD: notice of paydown and potential breakage to be determined]**~~

(b) Upon each Decrease, the Administrative Agent shall indicate in its records such Decrease and the Purchaser Group Principal Amount outstanding with respect to each Purchaser Group after giving effect to such Decrease.~~ Upon receipt of any notice required by Section 3.4(a) from the Issuer, the Administrative Agent shall forward (by email communication) a copy of such notice to DBRS, each Non-Conduit Purchaser and the Funding Agent with respect to each CP Conduit~~

~~Purchaser Group, no later than **[1:00 p.m.]** (Toronto time) on the Business Day received.~~

(c) On any Business Day, the Issuer shall have the right to deliver an irrevocable written notice (an "**Optional Termination Notice**") to the Administrative Agent**, each Funding Agent and** each Non-Conduit Purchaser **(with a copy to DBRS)** in which the Issuer declares that the Commitments shall terminate on the date (the "**Optional Termination Date**") set forth in such notice (which date, in any event, shall be a Payment Date not less than twenty (20) Business Days from the date on which such notice is delivered). ~~Upon receipt of any Optional Termination Notice from the Issuer, the Administrative Agent shall promptly notify DBRS, each Non-Conduit Purchaser and the Funding Agent with respect to each CP Conduit Purchaser Group thereof.~~

3.5 Increases and Reductions of the Commitments

(a) The Issuer may from time to time request that any Purchaser Group agree to increase its Maximum Purchaser Group Principal Amount. An increase in such amount shall be effective hereunder if such Purchaser Group shall have agreed in its sole discretion to such increase **and the Rating Agency Condition has been satisfied with respect thereto**.

(b) On any Business Day, the Issuer may, upon two (2) Business Days' prior written notice to the Administrative Agent**, each Funding Agent and each Non-Conduit Purchaser** (effective upon receipt) (with copies to the Indenture Trustee) reduce the Series 2017-1 Maximum Principal Amount in an amount equal to $10,000,000 or a whole multiple of $1,000,000 in excess thereof; provided that no such termination or reduction shall be permitted if, after giving effect thereto and to any reduction in the Series 2017-1 Principal Amount on such date, the Purchaser Group Principal Amount with respect to any Purchaser Group would exceed the Maximum Purchaser Group Principal Amount with respect to such Purchaser Group then in effect. Any reduction in the Series 2017-1 Maximum Principal Amount shall be made on a pro rata basis to the Maximum Purchaser Group Principal Amounts with respect to the Purchaser Groups, based on the Maximum Purchaser Group Principal Amount with respect to each Purchaser Group. Once reduced, the Maximum Purchaser Group Principal Amounts may not be subsequently reinstated without each such Purchaser Group's prior written consent, which consent shall be granted or not in the sole discretion of such Purchaser Group, and with written notice to DBRS.

(c) The Issuer may extend the Scheduled Commitment Expiry Date only with the prior written consent of the Administrative Agent, each Non-Conduit Purchaser and each Funding Agent, and satisfaction of the Rating Agency Condition. **Any request for an extension of the Scheduled Commitment Expiry Date by the Issuer shall be made pursuant to a written request (a "Commitment Extension Request") to the Administrative Agent, each Non-Conduit Purchaser and each Funding Agent, and such request shall specify the**

proposed dates and amounts that shall constitute the "Principal Accumulation Date", "Principal Payment Amounts" and "Principal Payment Default Dates" with respect to such extension.

3.6 Interest; Fees and Other Amounts

(a) Interest shall be payable on the Series 2017-1 Senior Notes on each Payment Date.

(b) The Issuer shall pay to each CP Conduit Purchaser Group and each Non-Conduit Purchaser, on each Payment Date, a commitment fee with respect to the preceding Interest Period (the "**Commitment Fee**") during the period from the Closing Date to and including the Commitment Expiry Date in an amount equal to the sum of the following amounts calculated for each day during such Interest Period: (x) the Commitment Fee Rate, multiplied by (y) the amount by which Maximum Purchaser Group Principal Amount with respect to such Purchaser Group on such day exceeds the Purchaser Group Principal Amount with respect to such Purchaser Group on such day, and divided by (z) 365. The Commitment Fees shall be payable monthly in arrears on each Payment Date.

(c) The Funding Agent with respect to each CP Conduit Purchaser Group and each Non-Conduit Purchaser shall provide written notice to the Issuer and the Paying Agent no later than ~~two~~**five** (~~2~~**5**) Business Days prior to each Payment Date, setting forth the Group Monthly Interest and the Group Monthly Fees and Other Amounts with respect to its Related Purchaser Group with respect to the Payment Date.

(d) The Monthly Interest shall be included in each calculation of the Interest Accrual Amount (Senior) for the purposes of Section 7.04(e)(iii) of the Trust Indenture and shall be payable pursuant to Sections 7.05(a), ~~7.07~~**7.06**(a), **7.07,** 7.10(b) or 8.13(c) of the Trust Indenture, as applicable. On each Payment Date, the Monthly Fees and Other Amounts shall be payable in respect of the Series 2017-1 **Senior** Notes pursuant to Sections 7.04(e)(viii)**, 7.10(b)** or 8.13(c) of the Trust Indenture, as applicable. On each Interest Payment Date or Payment Date, as applicable, the Paying Agent shall, subject to availability of funds, pay to each CP Conduit Purchaser Group and each Non-Conduit Purchaser its Group Monthly Interest and its Group Monthly Fees and Other Amounts with respect to the Payment Date; provided that if the amounts available to pay such Group Monthly Interest and Group Monthly Fees and Other Amounts are insufficient, the amounts available shall be paid *pro rata* based on the amounts owing to each Purchaser Group.

3.7 Repayment of Principal

~~(a)~~ Each Payment Date where the Principal Payment Amount is not nil shall be a Principal Payment Date in respect of the Series 2017-1 **Senior** Notes. On each Principal Payment Date in respect of the Series 2017-1 **Senior** Notes, the Paying Agent shall pay to each Non-Conduit Purchaser and each Funding Agent with respect to its Related Purchaser Group, such Purchaser Group's Pro Rata Share of the Principal Payment Amount for such Principal

Payment Date out of funds allocated to the Series 2017-1 Senior Notes pursuant to Sections 7.04(e)(vi), 7.06(~~a~~**b)(i**), 7.08(b)**(i), 7.10(b)** or 8.13(f) of the Trust Indenture, as applicable, in repayment of the principal amount of the Series 2017-1 **Senior** Notes.

~~(b) The Business Day that is ● after the Payment Date in respect of any Principal Payment Amount hereunder shall be the Principal Payment Default Date in respect of that Principal Amount.~~

3.8 Indemnification by the Issuer

The Issuer agrees to indemnify and hold harmless the Indenture Trustee, the Administrative Agent, each Funding Agent, each CP Conduit Purchaser, the Group Bank, each Non-Conduit Purchaser and each of their respective officers, directors, agents and employees (each, an "**Issuer Indemnified Person**") from and against any loss, liability, expense, damage or injury suffered or sustained by such Issuer Indemnified Person by reason of (a) any acts, omissions or alleged acts or omissions arising out of, or relating to, activities of the Issuer pursuant to the Program Agreements to which it is a party; (b) a breach of any representation or warranty made or deemed made by the Issuer (or any of its officers) in any Program Agreement; or (c) a failure by the Issuer to comply with any applicable law or regulation or to perform its covenants, agreements, duties or obligations required to be performed or observed by it in accordance with the provisions of the Program Agreements, including, but not limited to, any judgment, award, settlement, reasonable attorneys' fees and other reasonable costs or expenses incurred in connection with the defense of any actual or threatened action, proceeding or claim, except to the extent such loss, liability, expense, damage or injury resulted from the gross negligence, bad faith or willful misconduct of such Issuer Indemnified Person or its officers, directors, agents, principals, employees or employers as determined by a court of competent jurisdiction in a final non-appealable judgement or includes any Excluded Taxes; provided that any payments made by the Issuer pursuant to this Section 3.8 shall be made solely from funds available pursuant to Section 7.04 or 8.13 of the Trust Indenture, as applicable, shall be non-recourse other than with respect to such funds, and shall not constitute a claim against the Issuer to the extent that such funds are insufficient to make such payment.

3.9 Funding Agents

(a) The Funding Agent with respect to each CP Conduit Purchaser Group is hereby authorized to determine the Group Monthly Interest and Group Monthly Fees and Other Amounts with respect to each Payment Date and such CP Conduit Purchaser Group. Any such determination by a Funding Agent, absent manifest error, shall constitute prima facie evidence of the accuracy of the calculation. Furthermore, the Funding Agent with respect to each CP Conduit Purchaser Group will maintain records sufficient to identify the percentage interest of the related CP Conduit Purchaser and the Group Bank with respect to such CP Conduit Purchaser Group holding an interest in the Series 2017-1 Senior Note registered in the name of such Funding Agent and any amounts owing thereunder.

(b) Upon receipt of funds on each Payment Date, each Funding Agent shall pay such funds to the related CP Conduit Purchaser and/or the related Group Bank owed

such funds. If a Funding Agent shall have paid to any CP Conduit Purchaser or Group Bank any funds that (i) must be returned for any reason (including bankruptcy); or (ii) exceeds that which such CP Conduit Purchaser or Group Bank was entitled to receive, such amount shall be promptly repaid to such Funding Agent by such CP Conduit Purchaser or Group Bank.

3.10 Taxes

(a) All payments by or on account of any obligation of the Issuer hereunder shall, to the extent allowed by law, be made free and clear of, and without deduction or withholding for or on account of Taxes, excluding (i) income taxes (including branch profit taxes, minimum taxes and taxes computed under alternative methods, at least one of which is based on or measured by net income), franchise taxes (imposed in lieu of income taxes), or any other Taxes based on or measured by the net income of any person legally entitled to receive such payments (each a "**Recipient**") as a result of a present or former connection between the Recipient and the jurisdiction of the Governmental Authority imposing such Taxes (other than any such connection arising solely from the Recipient having executed, delivered or performed its obligations or received a payment under, disposed of, or enforced, this Supplemental Indenture); (ii) any withholding or deduction imposed pursuant to (A) Sections 1471 to 1474 of the U.S. Internal Revenue Code of 1986, as amended ("**FATCA**"), or any successor version thereof, or any similar legislation imposed by any other Governmental Authority, or (B) any treaty, law or regulation or other official guidance enacted by Canada implementing FATCA or any intergovernmental agreement with respect to FATCA or any similar legislation imposed by any other Governmental Authority, including, for greater certainty, the Canada-United States Enhanced Tax Information Exchange Agreement Implementation Act (Canada) and Parts XVIII and XIX of the Income Tax Act (Canada), as amended (collectively, and including FATCA, the "**AEOI Legislation**"); and (iii) any interest, penalties and additions to Taxes in respect of (i) and (ii) (all such excluded Taxes being hereinafter called "**Excluded Taxes**"). If any Taxes, other than Excluded Taxes, are required to be withheld from any amounts payable to a Recipient hereunder, the amounts so payable to the Recipient shall be increased, and the Recipient shall be entitled to be paid by the Issuer the amount of such increase to the extent necessary to yield to the Recipient (after payment of all such Taxes other than Excluded Taxes) interest or any such other amounts payable hereunder or thereunder at the rates or in the amounts specified hereunder. Where the amount payable by the Issuer is increased in accordance with the previous sentence, the Group Monthly Interest shall be increased by the amount of such increase. Whenever any Taxes are payable on or with respect to amounts distributed to a Recipient, as promptly as possible thereafter the Issuer shall send to such Recipient a certified copy of an original official receipt showing payment thereof.

(b) If a payment by or on account of any obligation of the Issuer hereunder would be subject to withholding Taxes under any AEOI Legislation if the Recipient were to fail to comply with the applicable reporting requirements of any AEOI

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

(c) If a Recipient is legally entitled to receive a refund of any Taxes (other than Excluded Taxes) as to which it has been indemnified or with respect to which additional amounts have been paid to it hereunder or it is legally entitled to receive a credit or deduction with respect to such Taxes or with respect to such additional amounts that have been paid hereunder (in each case pursuant to Section 3.10(a)), it shall use commercially reasonable efforts to obtain or claim such refund, credit or deduction and pay over such refund or the value of such credit or deduction to the Issuer, together with any interest thereon.

3.11 Increased Costs

(a) (i) If any Regulatory Change (x) subjects any Affected Party to any charge or withholding on or with respect to any Support Facility or this Supplemental Indenture or an Affected Party's obligations under a Support Facility or this Supplemental Indenture, or changes the basis of taxation of payments to any Affected Party of any amounts payable under any Support Facility or this Supplemental Indenture Agreement (except for changes in the rate of tax on the overall net income of an Affected Party or Excluded Taxes) or (y) imposes, modifies or deems applicable any reserve, assessment, fee, tax, insurance charge, special deposit or similar requirement against assets of, deposits with or for the account of, or liabilities of an Affected Party, or credit extended by an Affected Party pursuant to a Support Facility or this Supplemental Indenture or (z) imposes any other condition the result of which is to increase the cost to an Affected Party of performing its obligations under a Support Facility or this Supplemental Indenture, or to reduce the rate of return on an Affected Party's capital or assets as a consequence of its obligations under a Support Facility or this Supplemental Indenture, or to reduce the amount of any sum received or receivable by an Affected Party under a Support Facility or this Supplemental Indenture, or to require any payment calculated by reference to the amount of interests or loans held or interest received by it, then, upon written request by such Affected Party (through the Funding Agent for its Purchaser Group if the Affected Party is a Program Support Provider, CP Conduit Purchaser or Group Bank)~~ of a written request therefore~~ to the Issuer, such Affected Party (through the Funding Agent for its Purchaser Group if the Affected Party is a Program Support Provider, CP Conduit Purchaser or Group Bank) shall be entitled to be paid such amounts charged to such Affected Party or such amounts to otherwise compensate such

Affected Party for such increased cost or such reduction following a receipt by the Issuer of such request for compensation under this Section 3.11(a)(i), which payment shall be made on the earlier of (i) the first Payment Date on which amounts are available to pay such amounts pursuant to Section 7.04(e) of the Trust Indenture (provided that such request is received by the Issuer no later than five (5) Business Days prior to the end of the Interest Period related to such Payment Date), and (ii) the [twelfth] Payment Date following such request.

(ii) The Issuer acknowledges that any Affected Party may implement, as an internal institutional matter, measures in anticipation of a final or proposed Regulatory Change (including, without limitation, the imposition of internal charges on such Affected Party's interest or obligations under any Support Agreement or this Supplemental Indenture) and may commence recognizing the incurrence of charges by seeking compensation under Section 3.11(a)(i) in connection with such measures, in advance of the effective date of such final or proposed Regulatory Change, and the Issuer agrees that such charges or compensation shall be payable, to the related Funding Agent, for the benefit of Affected Party, following demand therefor without regard to whether such proposed Regulatory Change has been adopted or whether such effective date has occurred; provided, that (I) the Affected Party shall provide thirty (30) days prior written notice to the Issuer of its intent to impose or incur any such charges or compensation, (II) an Affected Party shall not be compensated for any such amount pursuant to this subsection 3.11(a)(ii) relating to any period ending, and of which such Affected Party has had knowledge, more than ●**180** days prior to the date that such Affected Party provided the Issuer with the written notice contemplated by the preceding clause (I) of this subsection 3.11(a)(ii), (III) if, after the payment by the Trust of any charges or compensation pursuant to this subsection 3.11(a)(ii), either (A) the Issuer requests in writing that the applicable Affected Party re-compute any such charge or compensation in light of differences between a proposed Regulatory Change and the final effective version thereof or (B) the applicable Affected Party determines that the amount of the charge imposed on and required to be compensated by the Issuer exceeds the amount necessary to compensate it for the applicable Regulatory Change as contemplated by subsection 3.11(a)(i), then (x) the amount of such charge or compensation shall, from and after such determination, be reduced by the amount of such excess and (y) such Affected Party shall, within thirty (30) days of such determination, either repay the amount of such excess or credit the amount of such excess against future charges under this subsection 3.11(a)(ii). The Issuer further acknowledges that any charge or compensation demanded hereunder may take the form of a monthly charge to be assessed by such Affected Party.

(b) Each Affected Party claiming increased amounts described in subsection 3.11(a) of this Supplemental Indenture will furnish to the Issuer (together with its request for compensation) a certificate prepared in good faith setting forth the basis and the calculation of the amount (in reasonable detail) of each request by such Affected Party for any such increased amounts referred to in subsection 3.11(a) hereof. Any such certificate shall be conclusive absent manifest error. Failure on

the part of any Affected Party to demand compensation for any amount pursuant to subsection 3.11(a) hereof with respect to any period shall not constitute a waiver of such Affected Party's right to demand compensation with respect to such period.

ARTICLE 4
CONDITIONS PRECEDENT

4.1 Conditions Precedent to Initial Purchase of Series 2017-1 Senior Notes

On or prior to the initial purchase of Series 2017-1 Senior Notes hereunder, the following conditions precedent shall be satisfied: **[NTD: changes to the conditions precedent may be required to reflect the final Change of Law Protection Agreement.]**

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

(b) **The Indenture Trustee shall have received (i) the adherence compliance certificate required pursuant to Section 4.02(a) of the Change of Law Protection Agreement with respect to the incurrence of Funding Obligations under this Supplemental Indenture, or (B) written confirmation from the Province that the Funding Obligations incurred under this Supplemental Indenture constitute Approved Obligations.**

(c) (b) The Administrative Agent and each of the Funding Agents shall have received:

(i) executed copies of the Fee Letter and this Supplemental Indenture**,** and copies of each of the other Program Agreements**Trust Indenture, Declaration of Trust, the Management Agreement,** the Master Transfer and Servicing Agreement**, the Indemnity Agreement, the IESO Security Agreement, the Change of Law Protection Agreement and the Change of Law Process Agreement dated December [21], 2017 between the Province and OPG,** certified by an Authorized Officer of the Issuer;

(ii) certificates of status or compliance or other similar documents issued by the applicable governmental authority to evidence that each of the Issuer Trustee, **[the IESO]** and the Manager is validly existing pursuant to the laws of the jurisdiction of their respective establishment or incorporation;

(iii) a copy of the incorporating documents and all amendments thereto and applicable by-laws of each of the Issuer Trustee, [the IESO] and the Manager certified by an Authorized Officer of the applicable entity**, as applicable**;

(iv) copies of resolutions of the board of directors of the IESO and the Manager approving and authorizing the execution, delivery and

performance of each Program Agreement they are party to, in each case certified by an Authorized Officer of the applicable entity;

(v) incumbency certificates for each of the Issuer Trustee, the Manager and the IESO executing this Supplemental Indenture and any other Program Agreements and the other documents to be delivered by either the Issuer Trustee, the Manager or the IESO thereunder, in each case showing their names, offices and specimen signatures on which certificates the Administrative Agent and the Purchaser Groups shall be entitled to conclusively rely until such time as the Administrative Agent and the Funding Agents receive a replacement certificate meeting the requirements of this Section 4.1(b)(vi);

(vi) the following Opinions of Counsel:

(A) the opinion of external counsel to the Manager as to the non-consolidation of the Issuer with the Manager in the event of the insolvency of the Manager in form and substance satisfactory to the Administrative Agent and the Funding Agents;

(B) the opinion of external counsel to the IESO as to the Investment Asset acquired by the Issuer not being subject to the claims of creditors of the IESO in form and substance satisfactory to the Administrative Agent and the Funding Agents;

(C) favourable opinions of external counsel to the Manager covering general corporate matters, the due execution and delivery of, and the enforceability of, each of the Program Agreements to which the Manager, the Issuer and the Issuer Trustee are party which opinion, as to certain matters, may rely on opinion of internal counsel to the Manager and the Issuer Trustee; and

(D) a favourable opinion of external counsel to the Province with respect to the due authorization, execution, delivery and enforceability of the Change of Law Protection Agreement in form and substance satisfactory to the ~~Administration~~**Administrative** Agent and the Funding Agents;

(vii) a certificate of an Authorized Officer of the Manager confirming that the representations and warranties set forth in Section 12.01 of the Trust Indenture and Section 5.1 of this Supplemental Indenture are true and correct in all material respects, that the Issuer is in compliance in all material respects with all of its covenants and obligations under the Program Agreements to which it is a party and that no Termination Event has occurred; and

(viii) such additional documents, instruments, certificates or letters as the Administrative Agent or any Funding Agent may reasonably request.

(d) ~~(c)~~ The representations and warranties set forth in Section 12.01 of the Trust Indenture and Section 5.1 of this Supplemental Indenture shall be true and correct in all material respects, the Issuer shall be compliance in all material respects with all of its covenants and obligations under the Program Agreements to which it is a party and no Termination Event shall have occurred.

(e) ~~(d)~~ The Series 2017-1 Senior Notes shall have been duly issued in accordance with the Trust Indenture and each Funding Agent and Non-Conduit Purchaser shall have received its Series 2017-1 Senior Note registered in its name or a nominee in a face amount equal to its Maximum Purchaser Group Principal Amount.

(f) ~~(e)~~ All fees payable on or before the Closing Date pursuant to the Fee Letter shall have been paid in full (or arrangements satisfactory to the Administrative Agent and the Funding Agents have been made).

(g) ~~(f)~~ The Rating Agency Condition shall have been satisfied in respect of the initial purchase.

4.2 Conditions Precedent to each Increase under Series 2017-1 Senior Notes

On or prior to each Increase, the following conditions precedent shall be satisfied:

(a) the Administrative Agent**, each Funding Agent and each Non-Conduit Purchaser** shall have received an Increase Notice;

(b) no Termination Event shall have occurred or would occur after giving effect to such Increase;

(c) the Increase Date in respect of the Increase is prior to the Commitment Expiry Date;

(d) if the Increase is identified as a Transfer Increase in the Increase Notice, then the related Transfer under the Master Transfer and Servicing Agreement shall have been completed or contemporaneously completed;

(e) after giving effect to the Increase, the Rating Agency Condition will be satisfied if so required;

(f) after giving effect the Increase, the aggregate of the amounts on deposit in the Program Cash Reserve Account and the IESO Cash Reserve Account shall be equal to or greater than the sum of:

(i) the Program Cash Reserve Required Amount,

plus

(ii) an amount equal to the ~~product~~**sum** of (x) the amount originally determined under clause (b) of the definition of IESO Cash Reserve Deposit Amount in the Trust Indenture ~~multiplied by (y) (i) for an Increase Date prior to the Payment Date in May, 2021, one; (ii) for an Increase Date on or after the Payment Date in May, 2021 and prior to the Payment Date in June, 2021, ■%; (iii) for an Increase Date on or after~~**, less any amounts withdrawn from the IESO Cash Reserve Account to pay any obligations secured described in Subsections 7.04(e)(i) through (v) of the Trust Indenture prior to the date of such Increase, and (y) to the extent the amount originally determined under clause (b) of the definition of IESO Cash Reserve Deposit Amount in the Trust Indenture was not determined in a manner which included the amount of such Increase, an amount estimated by the Manager, acting reasonably, equal to the additional Monthly Interest payable with respect to such Increase up to and including** the Payment Date in July, ~~2021 and prior to the Payment Date in October, 2021, ■%. [**NTD: to be discussed**]~~**2021.**

(g) there shall have been no reduction or withdrawal of any credit rating previously provided by any Rating Agency in respect of any outstanding Series of Senior Funding Obligations; ~~and~~

(h) after giving effect to such Increase, the aggregate Outstanding Dollar Principal Amount of Subordinated Funding Obligations and Junior Subordinated Funding Obligations will not be less than 35% of the aggregate Outstanding Dollar Principal Amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations; and

(i) ~~(h)~~ the Indenture Trustee shall have received ~~a certificate addressed to the Indenture Trustee and signed by the Chief Financial Officer and the Treasurer of OPG (or their respective designees, provided that such designees are executive officers of OPG) confirming either (A) that OPG has provided to the Province all certifications required by the Province~~**(i) the adherence compliance certificate required** pursuant to **Section 4.02(a) of** the Change of Law Protection Agreement with respect to such Increase**,** or (B) ~~that~~ **written confirmation from** the Province ~~has otherwise agreed~~ that **the Funding Obligations incurred under this Supplemental Indenture with respect to** such Increase ~~constitutes an~~**constitute** Approved ~~Obligation; [**NTD: to be conformed to final version of Protection Agreement**]~~**Obligations.;**

The Issuer's acceptance of funds in connection with each Increase occurring on any Increase Date shall constitute a representation and warranty by the Issuer to the Administrative Agent and the Purchaser Groups as of such Increase Date that all of the conditions contained in Section 3.3(a) and this Section 4.2 are satisfied.

ARTICLE 5
REPRESENTATIONS AND WARRANTIES

5.1 Representations and Warranties of the Issuer

The Issuer hereby represents and warrants to the Administrative Agent and the Purchaser Groups as of the Closing Date, and shall be deemed to represent and warrant to the Administrative Agent and the Purchaser Groups on each Increase Date, that:

(a) no Termination Event has occurred or would result from the initial purchase of the Issuer Investment Interest on the Closing Date or any increase in the Issuer Investment Interest on an Increase Date, as applicable;

(b) the Issuer Trustee and the Issuer are not Non-residents;

(c) all tax returns (federal, provincial and local) required to be filed with respect to the Issuer have been filed and there has been paid or adequate provision made for the payment of all material Taxes in respect of the Issuer;

(d) the Issuer has complied in all material respects with all laws in respect of the conduct of its business and ownership of its property including the Issuer Investment Interest;

(e) all information provided to the Administrative Agent and the Purchaser Groups by or on behalf of the Issuer in respect of the Issuer Investment Interest is and will be true and accurate in all material respects; and

(f) to its knowledge, there is no set of circumstances existing at such time that will have an Adverse Effect or will reasonably be expected to have an Adverse Effect.

5.2 Representations and Warranties of the Purchasers

Each Purchaser Group member represents and warrants to the Issuer as of the Closing Date, and shall be deemed to represent and warrant to the Issuer on each Increase Date, that:

(a) it is resident in Ontario or is otherwise subject to the securities legislation of the Province of Ontario;

(b) it is purchasing the applicable Series 2017-1 Senior Notes (i) as principal for its own account and not for the benefit of any other "person" (as defined in the *Securities Act* (Ontario)) or company; and (ii) for cash consideration in excess of $150,000; and

(c) it was not created and is not being used solely to purchase or hold securities in reliance on the exemption from the prospectus and dealer registration requirements contained in Section 2.10 of National Instrument 45-106 – Prospectus and Registration Exemptions.

5.3 Survival

The representations and warranties set out in this Article 5 shall survive the execution hereof.

ARTICLE 6
COVENANTS

6.1 Covenants of the Issuer

(a) The Issuer shall promptly provide to the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser (in multiple copies if requested) copies of all material reports, notices, financial statements and other documents delivered by the IESO to the Issuer with respect to the Issuer Investment Interest or pursuant to the Master Transfer and Servicing Agreement.

(b) The Issuer shall provide to the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser (in multiple copies, if requested) such other information, documents, records or reports respecting the Issuer Investment Interest, the Issuer or the IESO which is in the possession or under the control of the Issuer or the Manager, as the Administrative Agent, a Funding Agent or a Non-Conduit Purchaser may from time to time reasonably request, including any correspondence with a Rating Agency.

(c) The Issuer shall furnish to the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser promptly after known to the Issuer or the Manager, information with respect to any action, suit or proceeding involving the Manager, the Issuer or the IESO or any of their respective Affiliates by or before any court or any Governmental Authority which, if adversely determined, would have an Adverse Effect.

(d) The Issuer will not make any amendments to the Funding Obligation Agreements governing any outstanding Subordinated Funding Obligations or Junior Subordinated Funding Obligations without the prior written consent of the Requisite Series 2017-1 Noteholders.

(e) The Issuer will not make any amendments to any of the Program Agreements without the prior written consent of **all of** the ~~Requisite~~ Series 2017-1 Noteholders.

(f) The Issuer will provide prompt notice to the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser of any amendments to the Change of Law Process Agreement dated December [21], 2017 between the Province and OPG.

(g) ~~(f)~~ The Issuer will not hold or own, directly or indirectly, any share or equity security of, or any equity interest in, any Person.

(h) ~~(g)~~ The Issuer confirms that this Supplemental Indenture is a Warehouse Facility Agreement. The Issuer will not enter into any other Warehouse Facility Agreement creating Senior Funding Obligations without the prior written consent of the Requisite Series 2017-1 Noteholders unless the Commitment Expiry Date has occurred.

(i) **The Issuer will not enter into any Funding Obligation Agreement (other than a Credit Enhancement Agreement or Derivative Agreement or a Warehouse Facility Agreement for Subordinated Funding Obligations or Junior Subordinated Funding Obligations) in respect of any Funding Obligation that has a Principal Payment Date prior to May 1, 2022.**

(j) ~~(h)~~ Each issuance of Senior Funding Obligations completed on or after the Commitment Expiry Date shall be treated by the Issuer as a Refinancing with the proceeds thereof (net of expenses incurred in connection with such issuance and amounts required to be deposited in Issuer Accounts in accordance with the Program Agreements) applied to effect Decreases hereunder until such time as the Series 2017-1 Principal Amount has been reduced to zero.

~~(i) The Issuer shall, upon request by the Requisite Series 2017-1 Noteholders, exercise its right pursuant to Section 3.15 of the Master Transfer and Servicing Agreement to require the IESO to deliver the letter of credit or other form of security contemplated therein.~~

~~(j)~~ ~~**[Note to Draft: AUP requirements to be discussed.]**~~

(k) **Upon the request of the Administrative Agent or any Funding Agent at any time after January 1, 2022, the Issuer shall request, not more than once per year (except following and during the continuance of a Termination Event, when the Administrative Agent or any Funding Agent may request as frequently as once per month), the Issuer will, at its expense, appoint Ernst &Young LLP, or another independent public accounting firm selected by the Issuer with the consent of such the Administrative Agent or such Funding Agent (such consent not to be unreasonably withheld), to prepare and deliver to each Funding Agent a written report, on a scope and in a form reasonably requested by the Administrative Agent or the Funding Agent making such request, to provide assurances to the Funding Agents that the information certified on each Monthly Report is accurate in all material respects.**

ARTICLE 7
ACCELERATION

7.1 Acceleration of Series 2017-1 Principal Amount

If a Series 2017-1 Event of Default occurs and is continuing, then and in each and every such case, and without regard to whether all Issuer Funding Obligations have been declared due and payable immediately pursuant to Section 8.02(a) of the Trust Indenture, any Purchaser Group may by notice in writing to the Issuer and to the Indenture Trustee declare the Series 2017-1

Principal Amount and all interest accrued and unpaid (if any) thereon to be due and payable immediately, and upon any such declaration the same will become and will be immediately due and payable, notwithstanding anything in this Supplemental Indenture or the Trust Indenture to the contrary.

ARTICLE 8
AGENTS

8.1 Administrative Agent

(a) Each of the Non-Conduit Purchasers, CP Conduit Purchasers, the Group Banks and the Funding Agents hereby irrevocably designates and appoints the Administrative Agent as the agent of such Person under this Supplemental Indenture and irrevocably authorizes the Administrative Agent, in such capacity, to take such action on its behalf under the provisions of this Supplemental Indenture and to exercise such powers and perform such duties as are expressly delegated to the Administrative Agent by the terms of this Supplemental Indenture, together with such other powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Supplemental Indenture, the Administrative Agent shall not have any duties or responsibilities except those expressly set forth herein, or any fiduciary relationship with any Non-Conduit Purchaser, any CP Conduit Purchaser, any Group Bank or any Funding Agent, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Supplemental Indenture or otherwise exist against the Administrative Agent.

(b) The Administrative Agent may execute any of its duties under this Supplemental Indenture by or through agents or attorneys in fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. The Administrative Agent shall not be responsible for the negligence or misconduct of any agents or attorneys-in-fact selected by it with reasonable care.

(c) Neither the Administrative Agent nor any of its officers, directors, employees, agents, attorneys in fact or Affiliates shall be (i) liable for any action lawfully taken or omitted to be taken by it or such Person under or in connection with the Trust Indenture, this Supplemental Indenture or any other Program Agreement (except to the extent that any of the foregoing are found by a final and ~~nonappealable~~**non-appealable** decision of a court of competent jurisdiction to have resulted from its or such Person's own gross negligence or willful misconduct) or (ii) responsible in any manner to any of the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks or the Funding Agents for any recitals, statements, representations or warranties made by the Issuer, the IESO, the Manager or any officer thereof contained in this Supplemental Indenture or any other Program Agreement or in any certificate, report, statement or other document referred to or provided for in, or received by the Administrative Agent under or in connection with, this Supplemental Indenture or any other Program Agreement or for the value, validity, effectiveness, genuineness,

enforceability or sufficiency of this Supplemental Indenture, any other Program Agreement, or for any failure of any of the Issuer, the Manager or the IESO to perform its obligations hereunder or thereunder. The Administrative Agent shall not be under any obligation to any Non-Conduit Purchaser, any CP Conduit Purchaser, any Group Bank or any Funding Agent to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Supplemental Indenture, any other Program Agreement or to inspect the properties, books or records of the Issuer, the Manager or the IESO.

(d) The Administrative Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, resolution, notice, consent, certificate, affidavit, letter or electronic message, statement, order or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including, without limitation, counsel to the Issuer, the Manager or the IESO), independent accountants and other experts selected by the Administrative Agent.

(e) The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Termination Event unless the Administrative Agent has received written notice from a Non-Conduit Purchaser, a CP Conduit Purchaser, a Group Bank, a Funding Agent, the Issuer or the Manager referring to the Trust Indenture or this Supplemental Indenture, describing such Termination Event and stating that such notice is a "notice of a Termination Event". In the event that the Administrative Agent receives such a notice, the Administrative Agent shall give notice thereof to DBRS, the Non-Conduit Purchasers, the Funding Agents, the Issuer Trustee and the Manager.

(f) Each of the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks and the Funding Agents expressly acknowledges that neither the Administrative Agent nor any of its officers, directors, employees, agents, attorneys in fact or Affiliates has made any representations or warranties to it and that no act by the Administrative Agent hereinafter taken, including any review of the affairs of the Issuer, the Manager or the IESO shall be deemed to constitute any representation or warranty by the Administrative Agent to any such Person. Each of the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks and the Funding Agents represents to the Administrative Agent that it has, independently and without reliance upon the Administrative Agent or any other Non-Conduit Purchaser, CP Conduit Purchaser, Group Bank or Funding Agent and based on such documents and information as it has deemed appropriate, made its own appraisal of, and investigation into, the business, operations, property, financial and other condition and creditworthiness of the Issuer, the Manager and the IESO and made its own decision to enter into this Supplemental Indenture. Each of the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks and the Funding Agents also represents that it will, independently and without reliance upon the Administrative Agent or any other Non-Conduit Purchaser, CP Conduit Purchaser, Group Bank or Funding Agent, and based on such documents and information as it shall deem appropriate at the time, continue

to make its own credit analysis, appraisals and decisions in taking or not taking action under this Supplemental Indenture and the other Program Agreements, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other condition and creditworthiness of the Issuer, the Manager and the IESO. Except for notices, reports and other documents expressly required to be furnished to the Non-Conduit Purchasers and the Funding Agents by the Administrative Agent hereunder, the Administrative Agent shall have no duty or responsibility to provide any Non-Conduit Purchaser, any CP Conduit Purchaser, any Group Bank or any Funding Agent with any credit or other information concerning the business, operations, property, condition (financial or otherwise), prospects or creditworthiness of the Issuer, the Manager or the IESO which may come into the possession of the Administrative Agent or any of its officers, directors, employees, agents, attorneys in fact or Affiliates.

(g) The Administrative Agent and its Affiliates may make loans to, accept deposits from and generally engage in any kind of business with the Issuer, the Manager and the IESO as though the Administrative Agent were not the Administrative Agent hereunder. With respect to any Series 2017-1 Senior Note held by the Administrative Agent, the Administrative Agent shall have the same rights and powers under this Supplemental Indenture and the other Program Agreements as any Group Bank or Funding Agent and may exercise the same as though it were not the Administrative Agent, and the terms "Group Bank," and "Funding Agent" shall include the Administrative Agent in its individual capacity.

(h) The Administrative Agent may resign as Administrative Agent at any time by giving 30 days' notice to the Non-Conduit Purchasers, the Funding Agents, the Indenture Trustee, the Issuer and the Manager. If **Royal Bank of Canada** shall resign as Administrative Agent under this Supplemental Indenture, then the Requisite Series 2017-1 Noteholders shall appoint a successor administrative agent from among the Non-Conduit Purchasers and Funding Agents, whereupon such successor agent shall succeed to the rights, powers and duties of the Administrative Agent, and the term "Administrative Agent" shall mean such successor agent effective upon such appointment and approval, and the former Administrative Agent's rights, powers and duties as Administrative Agent shall be terminated, without any other or further act or deed on the part of such former Administrative Agent or any of the parties to this Supplemental Indenture. If no successor administrative agent has accepted appointment as Administrative Agent prior to the effective date of the resignation of the Administrative Agent, the retiring Administrative Agent may appoint, after consulting with the Non-Conduit Purchasers and the Funding Agents, a successor Administrative Agent from among the Non-Conduit Purchasers and the Funding Agents. If no successor administrative agent has accepted appointment by the date which is thirty (30) days following a retiring Administrative Agent's notice of resignation, the retiring Administrative Agent's resignation shall nevertheless thereupon become effective and Manager shall assume and perform all of the duties of the Administrative Agent hereunder until such time, if any, as the Requisite Series 2017-1 Noteholders appoint a successor administrative agent as provided for above.

After any retiring Administrative Agent's resignation as Administrative Agent, the provisions of this Article 8 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent under this Supplemental Indenture. **The Issuer will provide prompt written notice of a resignation of the Administrative Agent and the appointment of any successor administrative agent.**

8.2 Funding Agents

(a) Each CP Conduit Purchaser and each Group Bank with respect to such CP Conduit Purchaser hereby irrevocably designates and appoints the Funding Agent set forth next to such CP Conduit Purchaser's name on Schedule E as the agent of such Person under this Supplemental Indenture and irrevocably authorizes such Funding Agent, in such capacity, to take such action on its behalf under the provisions of this Supplemental Indenture and to exercise such powers and perform such duties as are expressly delegated to such Funding Agent by the terms of this Supplemental Indenture, together with such other powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Supplemental Indenture, each Funding Agent shall not have any duties or responsibilities except those expressly set forth herein, or any fiduciary relationship with any CP Conduit Purchaser or Group Bank and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Supplemental Indenture or otherwise exist against each Funding Agent.

(b) Each Funding Agent may execute any of its duties under this Supplemental Indenture by or through agents or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. Each Funding Agent shall not be responsible to the CP Conduit Purchaser or any Group Bank in its CP Conduit Purchaser Group for the negligence or misconduct of any agents or attorneys in fact selected by it with reasonable care.

(c) Each Funding Agent and any of its officers, directors, employees, agents, attorneys in fact or Affiliates shall not be (i) liable for any action lawfully taken or omitted to be taken by it or such Person under or in connection with the Trust Indenture, this Supplemental Indenture or any other Program Agreement (except to the extent that any of the foregoing are found by a final and ~~nonappealable~~**non-appealable** decision of a court of competent jurisdiction to have resulted from its or such Person's own gross negligence or willful misconduct) or (ii) responsible in any manner to any of the CP Conduit Purchasers and/or Group Banks for any recitals, statements, representations or warranties made by the Issuer, the Manager or the IESO, or any officer thereof contained in this Supplemental Indenture or any other Program Agreement or in any certificate, report, statement or other document referred to or provided for in, or received by such Funding Agent under or in connection with, this Supplemental Indenture or any other Program Agreement or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Supplemental Indenture, any other Program Agreement, or for any failure of any of the Issuer, the Manager or

the IESO to perform its obligations hereunder or thereunder. Each Funding Agent shall not be under any obligation to the CP Conduit Purchaser or any Group Bank in its CP Conduit Purchaser Group to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Supplemental Indenture, any other Program Agreement or to inspect the properties, books or records of the Issuer, the Manager or the IESO.

(d) Each Funding Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, resolution, notice, consent, certificate, affidavit, letter or electronic message, statement, order or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including, without limitation, counsel to the Issuer, the Manager or the IESO), independent accountants and other experts selected by such Funding Agent. Each Funding Agent shall be fully justified in failing or refusing to take any action under this Supplemental Indenture or any other Program Agreement unless it shall first receive such advice or concurrence of the Related Purchaser Group, as it deems appropriate or it shall first be indemnified to its satisfaction by the Related Purchaser Group against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action.

(e) Each Funding Agent shall not be deemed to have knowledge or notice of the occurrence of any Termination Event unless such Funding Agent has received written notice from a Non-Conduit Purchaser, a CP Conduit Purchaser, a Group Bank, the Issuer, the Manager or the Administrative Agent referring to the Trust Indenture or this Supplemental Indenture, describing such Termination Event and stating that such notice is a "notice of a Termination Event," as the case may be. In the event that any Funding Agent receives such a notice, such Funding Agent shall give notice thereof to DBRS, the CP Conduit Purchaser and Group Bank in its CP Conduit Purchaser Group. Such Funding Agent shall take such action with respect to such event as shall be reasonably directed by the CP Conduit Purchaser and Group Bank in its CP Conduit Purchaser Group, provided that unless and until such Funding Agent shall have received such directions, such Funding Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such event as it shall deem advisable in the best interests of the CP Conduit Purchaser and Group Bank in its CP Conduit Purchaser Group.

(f) Each CP Conduit Purchaser and each of the related Group Banks expressly acknowledge that neither its Funding Agent nor any of its officers, directors, employees, agents, attorneys in fact or Affiliates has made any representations or warranties to it and that no act by such Funding Agent hereinafter taken, including any review of the affairs of the Issuer, the Manager or the IESO shall be deemed to constitute any representation or warranty by such Funding Agent to any such Person. Each CP Conduit Purchaser and each of the related Group Banks represents to its Funding Agent that it has, independently and without reliance upon such Funding Agent and based on such documents and information as it has deemed appropriate, made its own appraisal of, and investigation into, the

business, operations, property, financial and other condition and creditworthiness of the Issuer, the Manager and the IESO and made its own decision to enter into this Supplemental Indenture. Each CP Conduit Purchaser and each of the related Group Banks also represents that it will, independently and without reliance upon its Funding Agent and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Supplemental Indenture and the other Program Agreements, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other conditions and creditworthiness of the Issuer, the Manager and the IESO.

(g) Each Group Bank in a CP Conduit Purchaser Group agrees to indemnify its Funding Agent in its capacity as such (to the extent not reimbursed by the Issuer and without limiting the obligation of the Issuer to do so), from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever which may at any time be imposed on, incurred by or asserted against such Funding Agent in any way relating to or arising out of this Supplemental Indenture, any of the other Program Agreements or any documents contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby or any action taken or omitted by such Funding Agent under or in connection with any of the foregoing; provided that no Group Bank shall be liable for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements that are found by a final and ~~nonappealable~~**non-appealable** decision of a court of competent jurisdiction to have resulted from such related Funding Agent's gross negligence or willful misconduct. The agreements in this Section shall survive the payment of all amounts payable hereunder.

ARTICLE 9
GENERAL

9.1 Successor and Assigns

(a) This Supplemental Indenture shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, except that (i) the Issuer may not assign or transfer any of its rights under this Supplemental Indenture without the prior written consent of all of the Series 2017-1 Noteholders and at least 10 Business Days' notice having been given to DBRS; (ii) no Non-Conduit Purchaser may assign or transfer any of its rights under this Supplemental Indenture other than pursuant to paragraph (e) or (f) below; (iii) no CP Conduit Purchaser may assign or transfer any of its rights under this Supplemental Indenture other than to the Group Bank with respect to such CP Conduit Purchaser or a Program Support Provider with respect to such CP Conduit Purchaser or pursuant to clause (b) or (e) below of this Section 9.1; and (iv) no Group Bank may assign or transfer any of its rights or obligations under this

Supplemental Indenture except to a Program Support Provider or pursuant to clause (c), (d) or (e) below of this Section 9.1.

(b) Without limiting the foregoing, each CP Conduit Purchaser may assign all or a portion of the Purchaser Group Principal Amount with respect to such CP Conduit Purchaser and its rights and obligations under this Supplemental Indenture to a Conduit Assignee with respect to such CP Conduit Purchaser. Prior to the effectiveness of any such assignment, the assigning CP Conduit Purchaser shall notify DBRS, the Administrative Agent**, each Funding Agent, each Non-Conduit Purchaser** and the Issuer of such assignment. Upon such assignment by a CP Conduit Purchaser to a Conduit Assignee, (i) such Conduit Assignee shall be the owner of the Purchaser Group Principal Amount or such portion thereof with respect to such CP Conduit Purchaser; (ii) the related administrative or managing agent for such Conduit Assignee will act as the administrative agent for such Conduit Assignee hereunder, with all corresponding rights and powers, express or implied, granted to the Funding Agent hereunder; (iii) such Conduit Assignee and its liquidity support provider(s) and credit support provider(s) and other related parties shall have the benefit of all the rights and protections provided to such CP Conduit Purchaser herein (including, without limitation, any limitation on recourse against such Conduit Assignee as provided in this paragraph); (iv) such Conduit Assignee shall assume all of such CP Conduit Purchaser's obligations, if any, hereunder with respect to such portion of the Purchaser Group Principal Amount and such CP Conduit Purchaser shall be released from such obligations; (v) all distributions in respect of the Purchaser Group Principal Amount or such portion thereof with respect to such CP Conduit Purchaser shall be made to the applicable agent or administrative agent, as applicable, on behalf of such Conduit Assignee; and (vi) if requested by the Administrative Agent or the agent or administrative agent with respect to the Conduit Assignee, the parties will execute and deliver such further agreements and documents and take such other actions as the Administrative Agent or such agent or administrative agent may reasonably request to evidence and give effect to the foregoing. No assignment by any CP Conduit Purchaser to a Conduit Assignee of the Purchaser Group Principal Amount with respect to such CP Conduit Purchaser shall in any way diminish the obligations of the Group Bank with respect to such CP Conduit Purchaser under Section 3.3 to fund any Increase.

(c) Any Group Bank may, in the ordinary course of its business and in accordance with applicable law, at any time, sell all or any part of its rights and obligations under this Supplemental Indenture and the Series 2017-1 Senior Notes, with the prior written consent of the Administrative Agent and the Issuer (in each case, which consent shall not be unreasonably withheld) and with prior notice to DBRS, to one or more banks (an "**Acquiring Group Bank**") pursuant to a transfer supplement, substantially in the form of Exhibit H (the "**Transfer Supplement**"), executed by such Acquiring Group Bank, such assigning Group Bank, the Funding Agent with respect to such Group Bank, the Administrative Agent and the Issuer and delivered to the Administrative Agent. Notwithstanding the

foregoing, no Group Bank shall so sell its rights hereunder if such Acquiring Group Bank is not an Eligible Assignee.

(d) Any Group Bank may, in the ordinary course of its business and in accordance with applicable law at any time and with prior notice to DBRS, sell to one or more financial institutions or other entities ("**Group Bank Participants**") participations in its Commitment ~~Amount~~ with respect to its related CP Conduit Purchaser Group, its Series 2017-1 Senior Note and its rights hereunder pursuant to documentation in form and substance satisfactory to such Group Bank and the Group Bank Participant; provided, however, that (i) in the event of any such sale by a Group Bank to a Group Bank Participant, (A) such Group Bank's obligations under this Supplemental Indenture shall remain unchanged, (B) such Group Bank shall remain solely responsible for the performance thereof, and (C) the Issuer and the Administrative Agent shall continue to deal solely and directly with such Group Bank in connection with its rights and obligations under this Supplemental Indenture; and (ii) no Group Bank shall sell any participating interest under which the Group Bank Participant shall have rights to approve any amendment to, or any consent or waiver with respect to, this Supplemental Indenture, the Trust Indenture or any Program Agreement, except to the extent that the approval of such amendment, consent or waiver otherwise would require the unanimous consent of all Group Banks hereunder. A Group Bank Participant shall have the right to receive compensation pursuant to Sections 3.10 and 3.11 but only to the extent that the related selling Group Bank would have had such right absent the sale of the related participation and, with respect to amounts due pursuant to Sections 3.10 and 3.11, only to the extent such Group Bank Participant shall have complied with the provisions of Sections 3.10 and 3.11 as if such Group Bank Participant were a Group Bank.

(e) Any CP Conduit Purchaser and the Group Bank with respect to such CP Conduit Purchaser may, at any time, sell all or any part of their respective rights and obligations, and any Non-Conduit Purchaser may, at any time, sell all or any part of its rights and obligations, under this Supplemental Indenture and the Series 2017-1 Senior Notes, with the prior written consent of the Administrative Agent and the Issuer (in each case, which consent shall not be unreasonably withheld) and with prior notice to DBRS, (x) to a multi-seller commercial paper conduit and one or more banks providing support to such multi-seller commercial paper conduit, or (y) to a financial institution or other entity (an "**Acquiring Purchaser Group**") pursuant to a transfer supplement, substantially in the form of Exhibit I (the "**Purchaser Group Supplement**"), executed by such Acquiring Purchaser Group (including the CP Conduit Purchaser and the Group Banks, if any, with respect to such Acquiring Purchaser Group), the Funding Agent, if any, with respect to such Acquiring Purchaser Group, such assigning Purchaser Group (including the Group Banks, if any, with respect to such assigning Purchaser Group), the Funding Agent, if any, with respect to such assigning Purchaser Group and the Administrative Agent and the Issuer and delivered to the Administrative Agent.

(f) Any Non-Conduit Purchaser may, in the ordinary course of its business and in accordance with applicable law and with prior notice to DBRS, at any time sell to one or more financial institutions or other entities ("**Non-Conduit Purchaser Participants**") participations in its Commitment, its Series 2017-1 Senior Note and its rights hereunder pursuant to documentation in form and substance satisfactory to such Non-Conduit Purchaser and the Non-Conduit Purchaser Participant; provided, however, that (i) in the event of any such sale by a Non-Conduit Purchaser to a Non-Conduit Purchaser Participant, (A) such Non-Conduit Purchaser's obligations under this Supplemental Indenture shall remain unchanged, (B) such Non-Conduit Purchaser shall remain solely responsible for the performance thereof, and (C) the Issuer and the Administrative Agent shall continue to deal solely and directly with such Non-Conduit Purchaser in connection with its rights and obligations under this Supplemental Indenture; and (ii) no Non-Conduit Purchaser shall sell any participating interest under which the Non-Conduit Purchaser Participant shall have rights to approve any amendment to, or any consent or waiver with respect to, this Supplemental Indenture, the Trust Indenture or any Program Agreement, except to the extent that the approval of such amendment, consent or waiver otherwise would require the unanimous consent of all Series 2017-1 Noteholders hereunder. A Non-Conduit Purchaser Participant shall have the right to receive compensation under Sections 3.10 and 3.11 but only to the extent that the related selling Non-Conduit Purchaser would have had such right absent the sale of the related participation and, with respect to amounts due pursuant to Sections 3.10 and 3.11, only to the extent such Non-Conduit Purchaser Participant shall have complied with the provisions of Sections 3.10 and 3.11 as if such Non-Conduit Purchaser Participant were a Non-Conduit Purchaser.

(g) The Issuer authorizes each Group Bank and Non-Conduit Purchaser to disclose to any Group Bank Participant, Acquiring Group Bank, Non-Conduit Purchaser Participant or Acquiring Purchaser Group (each, a "**Transferee**") and any prospective Transferee any and all financial information in such Group Bank's or Non-Conduit Purchaser's possession concerning the Issuer, the Issuer Investment Asset and the Program Agreements which has been delivered to such Group Bank by the Issuer or the Manager in connection with such Group Bank's credit evaluation of the Issuer and the Issuer Investment Interest.

(h) Notwithstanding any other provision of this Supplemental Indenture to the contrary, any Non-Conduit Purchaser, any Group Bank or any Program Support Provider may at any time pledge or grant a security interest in all or any portion of its rights under its Series 2017-1 Senior Note and this Supplemental Indenture to secure obligations of such Non-Conduit Purchaser, such Group Bank or such Program Support Provider to a Federal Reserve Bank or the Bank of Canada, without notice to or consent of the Administrative Agent or the Issuer; provided that no such pledge or grant of a security interest shall release a Non-Conduit Purchaser or a Group Bank from any of its obligations hereunder or substitute any such pledgee or grantee for such Non-Conduit Purchaser or such Group Bank as a party hereto.

(i) Notwithstanding any other provision of this Supplemental Indenture to the contrary, no consent of the Issuer to any assignment referred to in this Section 9.1 shall be required at any time after the occurrence of ~~an~~**a Series 2017-1** Event of Default.

9.2 Waiver

Without limiting the requirements of Section 11.02 of the Trust Indenture which shall be applicable to this Supplemental Indenture, no waiver of any provision of this Supplemental Indenture or consent to any departure by the Issuer from any provision of this Supplemental Indenture will be effective (in whole or in part) unless in writing and signed by the Requisite Series 2017-1 Noteholders. Such waiver will be effective only in the specific instance, for the specific purpose and for the specific length of time for which it is given by the Requisite Series 2017-1 Noteholders.

9.3 Notice

All notices, requests, instructions and demands to or upon any party hereto to be effective shall be given (a) in the case of the Issuer and the Indenture Trustee, in the manner set forth in Article ~~[~~15~~]~~ of the Trust Indenture; and (b) in the case of the Administrative Agent, the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks and the Funding Agents, in writing, and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when delivered by hand or three days after being deposited in the mail, postage prepaid, in the case of facsimile notice, when received, or in the case of overnight air courier, one Business Day after the date such notice is delivered to such overnight courier, addressed as follows in the case of the Administrative Agent and to the addresses therefor set forth in Schedule E, in the case of the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks and the Funding Agents; or to such other address as may be hereafter notified by the respective parties hereto:

Administrative Agent:

~~●~~

Royal Bank of Canada [NTD: Oslers to provide]

9.4 No Waiver: Remedies

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

9.5 Entire Agreement

This Supplemental Indenture, the Fee Letter, the Trust Indenture and the other Program Agreements contain the entire agreement between the parties relative to the subject matter hereof

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

9.6 Governing Law and Attornment

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

9.7 Acknowledgment of Trust Indenture and No Proceedings

The Administrative Agent, each Non-Conduit Purchaser, each CP Conduit Purchaser, each Group Bank and each Funding Agent hereby acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor under the Trust Indenture and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Trust Indenture including, without limitation, Section 7.12 (Payments To Be Held in Trust), ~~Section~~ **Section** 8.11 (Control by Controlling Class Creditors), ~~Section~~ **Section** 8.12 (Limitation on Suits), Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse), Article IX (Indenture Trustee) (including all limitations of liability thereunder), Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition).

9.8 Expenses

The Issuer agrees to pay on demand (a) to the Indenture Trustee, the Administrative Agent and the Purchaser Groups all reasonable costs and expenses in connection with the preparation, execution, and delivery of this Supplemental Indenture and the other documents to be delivered hereunder or in connection herewith, including, the reasonable fees and out-of-pocket expenses of counsel for the Administrative Agent and the Purchaser Groups, with respect thereto, and the reasonable fees and out-of-pocket expenses incurred by the CP Conduit Purchasers in connection with the review by each rating agency then rating the Commercial Paper of such CP Conduit Purchaser of the transactions contemplated by this Supplemental Indenture and the Program Agreements; (b) to the Indenture Trustee, the Administrative Agent and each Purchaser Group all reasonable costs and expenses in connection with any amendments of or waivers or consents under this Supplemental Indenture or the Program Agreements, including in each case the reasonable fees and out-of-pocket expenses of counsel with respect thereto, and the reasonable fees and out-of-pocket expenses incurred by the CP Conduit Purchasers in connection with the review by any rating agency then rating the Commercial Paper of such CP Conduit Purchasers; and (c) to the Indenture Trustee, the Administrative Agent and each Purchaser Group, on demand, all reasonable costs and expenses (including reasonable fees and expenses of counsel to the Administrative Agent and each Purchaser Group), if any, in connection with the enforcement of this Supplemental Indenture or any of the Program Agreements, and the other documents delivered thereunder or in connection therewith.

9.9 Further Assurances

Each of the parties hereto upon the request of the other party or parties hereto shall do, execute, acknowledge and deliver or cause to be done, executed acknowledged or delivered all such further acts, deeds, documents, assignments, transfers, conveyances, powers of attorney and assurances as may be reasonably necessary or desirable to effect or complete the consummation of the transactions contemplated by this Supplemental Indenture.

9.10 Confidentiality

(a) Each Purchaser Group and the Administrative Agent covenants and agrees that any non-public information obtained by it pursuant to this Supplemental Indenture and the other Program Agreements shall be held in confidence except that the Purchaser Groups or Administrative Agent may disclose such information (i) pursuant to the order of any court or administrative agency or in any pending legal or administrative proceeding (whether or not having the force or effect of law) provided that, unless prohibited by applicable law, a Purchaser Group or the Administrative Agent, as applicable, shall provide prompt notice of such order to the affected party; (ii) upon the request or demand of any regulatory authority having or claiming jurisdiction over any Purchaser Group or the Administrative Agent; (iii) as required by applicable law including, without limitation, all applicable securities laws; (iv) to the extent that such information becomes publicly available other than by reason of improper disclosure by a Purchaser Group or the Administrative Agent; (v) to its affiliates, officers, directors, employees, legal counsel, independent auditors, accountants, advisors, investors, potential investors, commercial paper dealers, providers of surety, guaranty, credit or liquidity enhancement (including the directors, officers and accountants of such surety, guaranty, credit or liquidity enhancement provider), legal counsel of any of the foregoing and other experts or agents who need to know such information and are informed of the confidential nature of such information (provided that the Persons permitted to make such disclosures under clauses (i), (ii) and (iii) of this Section 9.10 shall also include credit or liquidity enhancers of a CP Conduit Purchaser); (vi) for purposes of establishing a "due diligence" defense; (vii) which was available to a Purchaser Group or the Administrative Agent on a non-confidential basis from a source other than the affected party, provided that such source was not to the knowledge of the Purchaser Group or the Administrative Agent, as applicable, bound by a confidentiality agreement with the affected party; (viii) has been independently acquired or developed by a Purchaser Group or the Administrative Agent without violating any of the Purchaser Group's or the Administrative Agent's obligations under this Supplemental Indenture; (ix) if such disclosure has been approved in writing in advance by the Issuer or the Manager; (x) regarding the existence of this Supplemental Indenture, but not the financial terms thereof; and (xi) to DBRS and Moody's and any other Rating Agencies.

(b) The Issuer covenants and agrees to hold in confidence, and not disclose to any Person, the terms of this Supplemental Indenture (including any fees payable in

connection with this Supplemental Indenture or the identity of any CP Conduit Purchaser under this Supplemental Indenture), except as the applicable Purchaser Group may have consented to in writing prior to any proposed disclosure and except (i) it may also disclose such information (A) to its officers, directors, employees, legal counsel, independent auditors, accountants and other advisors who are directly involved in the consideration of this Supplemental Indenture (and then only on a confidential basis), (B) to the Manager and its officers, directors, employees, legal counsel, independent auditors, accountants and other advisors, (C) any ministry or agency of the Province of Ontario and, in each case, their respective employees, officials, agents and advisors, (D) as required by applicable law (including, without limitation, applicable securities law) or compulsory legal process, (E) as expressly permitted by the terms of the Program Agreements, and (F) to DBRS and Moody's and any other Rating Agencies; provided, that, in the case of clause (D), the Issuer will use all commercially reasonable efforts to maintain confidentiality and will (unless otherwise prohibited by law) notify the affected Administrative Agent or Purchaser Group of its intention to make any such disclosure prior to making such disclosure; and (ii) it may also disclose the existence (but not the financial terms) of this Supplemental Indenture, including to any actual or prospective purchaser of other Notes.

(c) The parties hereto acknowledge that a description of this Supplemental Indenture and the Series 2017-1 Senior Note will be included in the preliminary and final offering memoranda of the Issuer relating to the issue of other Notes from time to time.

(d) The confidentiality provisions set forth in this Section 9.10 shall expire on the second year anniversary of the date on which the Series 2017-1 Senior Notes have been paid in full.

9.11 Acknowledgement and Consent to Bail-In of EEA Financial Institutions

Notwithstanding anything to the contrary in this Supplemental Indenture or in any other Program Agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any EEA Financial Institution arising under this Supplemental Indenture or any other Program Agreement, to the extent such liability is unsecured, may be subject to the write-down and conversion powers of an EEA Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

(a) the application of any Write-Down and Conversion Powers by an EEA Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an EEA Financial Institution; and

(b) the effects of any Bail-~~in~~**In** Action on any such liability, including, if applicable

(i) a reduction in full or in part or cancellation of any such liability;

(ii) a conversion of all, or a portion of, such liability into shares or other instruments or ownership in such EEA Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Supplemental Indenture or any other Facility Agreement; or

(iii) the variation of the terms of such liability in connection with the exercise of the write-down and conversion powers of any EEA Resolution Authority.

9.12 Limitation of Liability of Issuer Trustee

Each party hereto other than the Issuer acknowledges that the Issuer is a trust, and that Computershare Trust Company of Canada is the Issuer Trustee. The other parties hereto agree that the Issuer Trustee will not be subject to any liability whatsoever to them, in tort, contract or otherwise, in connection with the Issuer's assets or the trust activities, for any action taken or permitted by it to be taken, or for its failure to take any action; provided that the foregoing limitation will not apply in respect of any action or failure to act arising from or in connection with wilful misconduct, negligence or reckless disregard of a duty by the Issuer Trustee. The Issuer Trustee in doing anything or permitting anything to be done in respect of assets or the trust activities is, and shall be conclusively deemed to be, acting as trustee of the Issuer and not in any other capacity. Except as to the extent provided in this Section 9.12, the Issuer Trustee will not be subject to any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Issuer, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the Issuer's assets or the trust activities and resort will be had solely to the Collateral for the payment or performance thereof. No property or assets of the Issuer Trustee, whether owned in its personal capacity or otherwise, will be subject to levy, execution or other enforcement procedure with regard to any obligation under this Supplemental Indenture. Nothing contained in this Section 9.12 shall be construed so as to limit the liability of the Issuer under this Supplemental Indenture. This Supplemental Indenture, and every deed, transfer, assignment, agreement or other instrument made pursuant hereto including, without limitation, the Series 2017-1 Senior Notes, made or purporting to be made by or creating an obligation of the Issuer or the Issuer Trustee on behalf of, or as trustee of, the Issuer shall be deemed and construed for all purposes as if made by the Issuer Trustee, in and only in its capacity as trustee of the Issuer. Any obligations of the Issuer Trustee hereunder or thereunder are non-recourse to the Issuer Trustee in its personal capacity.

9.13 Execution in Counterparts

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

9.14 Delivery of Executed Copies

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

[signature page follows]

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

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

By:

By:

Name:

Title:

By:

Name:

Title:

BNY TRUST COMPANY OF CANADA, as Indenture Trustee

By:

Name:

Title:

By:

Name:

Title:

ROYAL BANK OF CANADA, as Administrative Agent,

By:

Name:

Title:

[NTD: Detailed signing pages to be prepared.]

~~SCHEDULE A~~

SCHEDULE A

DEFINITIONS

"**Acceleration Event**" means either:

(a) all Issuer Funding Obligations are declared due and payable under Section 8.02 of the Trust Indenture, or

(b) the Series 2017-1 Principal Amount and all interest accrued and unpaid thereon is declared to be due and payable under Section 7.1.

"**Administrative Agent**" is defined in the preamble to this Supplemental Indenture.

"**AEOI Legislation**" is defined in Section 3.10(a).

"**Affected Party**" means any Non-Conduit Purchaser, CP Conduit Purchaser and any Program Support Provider with respect to any CP Conduit Purchaser.

"**Applicable Margin**" is **the Program Fee as** defined in the Fee Letter.

"**Authorized Officer**" means, with respect to: (a) the Issuer, any authorized director or officer of the Manager; (b) the Manager, any authorized director of officer of OPG; (c) the IESO, any authorized director or officer of the IESO; (d) the Issuer Trustee, any officer within the corporate trust office of such trustee (including the President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Treasurer or any other officer of the Issuer Trustee customarily performing functions similar to those performed by persons who at the time shall be such officers, respectively, and that has direct responsibility for the administration of the Issuer and also, with respect to a particular matter, any other officer to whom such matter is referred to because of such officer's knowledge and familiarity with the particular subject).

"**Bail-In Action**" shall mean the exercise of any Write-Down and Conversion Powers by the applicable EEA Resolution Authority in respect of any liability of an EEA Financial Institution.

"**Bail-In Legislation**" shall mean, with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule.

~~"**Basel III**" means the revised Basel Accord prepared by the Basel Committee on Banking Supervision as set out in the publication entitled "A Global Regulatory Framework for More Resilient Banks and Banking Systems" developed by the Basel Committee on Banking Supervision, initially published in December 2010, as updated from time to time, and any rules, regulations, guidance, requests, interpretations or directives from any Official Body relating thereto (whether or not having the force of law).~~**"Breakage Costs" means, with respect to a CP**

Conduit Purchaser, the net interest costs, if any, with respect to any portion of the Commercial Paper it has issued to fund its investment in the Series 2017-1 Senior Notes that will be incurred by such CP Conduit Purchaser as a result of the maturity of such Commercial Paper falling after the date of a Decrease.

"**CDOR**" means, on any day, an annual rate of interest equal to the average rate applicable to Canadian dollar bankers' acceptances for a 1 month period appearing on the "Reuters Screen CDOR Page" (as defined in the International Swaps and Derivatives Association, Inc. 2000 definitions, as modified and amended from time to time) at approximately 10:00 a.m. on such day, or if such day is not a Business Day, then on the immediately preceding Business Day, provided that if such rate does not appear on the Reuters Screen CDOR Page on such day as contemplated, then CDOR on such day shall be calculated as the average of the rates for such period applicable to Canadian dollar bankers' acceptances quoted by the banks listed in Schedule I of the *Bank Act* (Canada) as of 10:00 a.m. on such day or, if such day is not a Business Day, then on the immediately preceding Business Day.

"**Closing Date**" is defined in Section 3.3(a).

~~"**Code**" is defined in Section 3.10(a).~~

"**Commercial Paper**" means, with respect to any CP Conduit Purchaser, the promissory notes issued by, or for the benefit of, such CP Conduit Purchaser in the commercial paper market.

"**Commitment**" means, with respect to (a) the Group Bank included in any CP Conduit Purchaser Group, the obligation of such Group Bank to purchase a Series 2017-1 Senior Note on the Closing Date and, thereafter, to maintain and, subject to certain conditions, increase the Purchaser Group Principal Amount with respect to such CP Conduit Purchaser Group, in each case, in an amount up to the Maximum Purchaser Group Principal Amount with respect to such CP Conduit Purchaser Group; or (b) any Non-Conduit Purchaser Group, the obligation of the Related Non-Conduit Purchaser to purchase a Series 2017-1 Senior Note on the Closing Date and, thereafter, to maintain and, subject to certain conditions, increase the Purchaser Group Principal Amount with respect to such Non-Conduit Purchaser Group, in each case, in an amount up to the Maximum Purchaser Group Principal Amount with respect to such Non-Conduit Purchaser Group.

"**Commitment Expiry Date**" means the earlier of (a) the Scheduled Commitment Expiry Date; and (b) the date on which an Event of Default **or a Series 2017-1 Event of Default** shall have been declared or automatically occurred.

"Commitment Extension" means an extension of the Scheduled Commitment Expiry Date effected in accordance with Section 3.5(c).

"Commitment Extension Request" is defined in Section 3.5(c).

"**Commitment Fee**" is defined in Section 3.6(b).

"**Commitment Fee Rate**" is defined in the Fee Letter.

"**Commitment Percentage**" means, on any date of determination, with respect to any Purchaser Group, the ratio, expressed as a percentage, which such Purchaser Group's Maximum Purchaser Group Principal Amount bears to the Series 2017-1 Maximum Principal Amount on such date.

"**Conduit Assignee**" means, with respect to any CP Conduit Purchaser, any commercial paper conduit administered by the Funding Agent with respect to such CP Conduit Purchaser and designated by such Funding Agent to accept an assignment from such CP Conduit Purchaser of the Purchaser Group Principal Amount or a portion thereof with respect to such CP Conduit Purchaser pursuant to Section 9.1(b).

"**CP Conduit Funded Amount**" means, with respect to any CP Conduit Purchaser Group for any day, the portion of the Purchaser Group Principal Amount with respect to such CP Conduit Purchaser Group funded by the CP Conduit Purchaser in respect of such CP Conduit Purchaser Group.

"**CP Conduit Purchaser**" means each commercial paper conduit listed on Schedule E or party to a Purchaser Group Supplement pursuant to which such commercial paper conduit became a party to this Supplemental Indenture

"**CP Conduit Purchaser Group**" means, collectively, a CP Conduit Purchaser and the Group Bank with respect to such CP Conduit Purchaser.

"**CP Conduit Rating Agencies**" means, with respect to any CP Conduit Purchaser, each of DBRS and Moody's and any other nationally recognized statistical rating organization which may, from time to time, rate the Commercial Paper of the CP Conduit Purchaser at the request of the CP Conduit Purchaser.

"**CP Rate**" means with respect to any CP Conduit Purchaser for any day during an Interest Period, the weighted average annual rate of interest applicable to all Commercial Paper of the CP Conduit Purchaser; and provided further that (x) any such Commercial Paper may be issued in either United States dollars or Canadian dollars with the appropriate market rate currency swap agreements being entered into to match such issuance to the funding requirements of such CP Conduit Purchaser, and (y) such weighted average annual rate of interest shall be calculated to reflect any costs incurred by such CP Conduit Purchaser in connection with such swap transactions or in connection with any redemption or repurchase transaction between such CP Conduit Purchaser and the holders of such commercial paper; provided that no amount shall be included in the calculation of the CP Rate which reflects any termination amounts payable by such CP Conduit Purchaser in respect of the early termination of any market rate currency swap referred to in this definition.

"**Decrease**" is defined in Section 3.4(a).

"**Decrease Amount**" is defined in Section 3.4(a).

"**Deferrable Increase Notice**" means a notice of Increase that provides that a Delayed Funding Notice may be provided by any Purchaser Group with respect to such Increase in accordance with Section 3.3(e).

"**Delayed Amount**" is defined in Section 3.3(e).

"**Delayed Funding Date**" is defined in Section 3.3(e).

"**Delayed Funding Notice**" is defined in Section 3.3(e).

"**Delayed Funding Purchaser Group**" is defined in Section 3.3(e).

"**Delayed Funding Reimbursement Amount**" means, with respect to any Delayed Amount of a Delayed Funding Purchaser Group funded by Non-Delayed Funding Purchaser Groups on an Increase Date, an amount equal to the excess, if any, of (a) such Delayed Amount; over (b) the amount, if any, by which the portion of any principal payment made by the Issuer to such Non-Delayed Funding Purchaser Group pursuant to Section 3.7 on any date during the period from and including such Increase Date to but excluding the Delayed Funding Date for such Delayed Amount, was greater than what it would have been had such Delayed Amount been funded by such Delayed Funding Purchaser Group on such Increase Date.

"**EEA Financial Institution**" shall mean (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority; (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition; or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clause (a) or (b) of this definition and is subject to consolidated supervision with its parent.

"**EEA Member Country**" shall mean any of the member states of the European Union, Iceland, Liechtenstein and Norway.

"**EEA Resolution Authority**" shall mean any public administrative authority or any person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

"**Eligible Assignee**" means a financial institution having (i) a short-term debt rating of at least "P-1" from Moody's, and (ii) either (A) a short-term debt rating of at least "R-1(low)" from DBRS, or (B) a long-term debt rating of at least "A" from DBRS.

"**EU Bail-In Legislation Schedule**" shall mean the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor person), as in effect from time to time.

"**Excluded Taxes**" is defined in Section 3.10(a).

"**FATCA**" is defined in Section 3.10(a).

"**Fee Letter**" means the **fee** letter dated the date hereof~~, from the Issuer addressed to the Administrative Agent, each Non-Conduit Purchaser and each of the CP Conduit Purchasers, the Funding Agents and the Group Banks, setting forth certain fees payable from time to time to the Purchaser Groups~~ **between the Issuer, Canadian Imperial Bank of Commerce, Royal Bank of Canada and Goldman Sachs Canada Inc.**, as such letter may be amended or replaced from time to time.

"**Funding Agent**" means, with respect to each CP Conduit Purchaser and its CP Conduit Purchaser Group, the agent bank set forth opposite the name of such CP Conduit Purchaser on Schedule E or in the Purchaser Group Supplement pursuant to which such CP Conduit Purchaser became a party to this Supplemental Indenture.

"**Group Bank**" means, with respect to a CP Conduit Purchaser, the bank or other Person set forth opposite the name of such CP Conduit Purchaser on Schedule E or in the Purchaser Group Supplement pursuant to which such CP Conduit Purchaser became a party to this Supplemental Indenture and any assignee thereof, to the extent such assignee has assumed all or a portion of the Commitments of the Group Bank pursuant to a Transfer Supplement entered into in accordance with Section 9.1(c).

"**Group Bank Funded Amount**" means, with respect to any CP Conduit Purchaser Group for any day, the excess, if any, of the Purchaser Group Principal Amount with respect to such CP Conduit Purchaser Group over the CP Conduit Funded Amount with respect to such CP Conduit Purchaser Group for such day.

"**Group Bank Participants**" is defined in Section 9.1(d).

"**Group Monthly Fees and Other Amounts**" shall mean, for any Payment Date and a Purchaser Group the sum of (a) the Commitment Fee with respect to the related Interest Period for such Purchaser Group; plus (b) any amounts payable to such Purchaser Group hereunder including, without limitation, pursuant to Sections 3.8, 3.10, 3.11 and 9.8; plus (c) the Monthly Fees and Other Amounts Shortfall for such Purchaser Group for such Payment Date.

"**Group Monthly Interest**" means, with respect to each Interest Period and:

(a) any CP Conduit Purchaser Group, the sum of:

(i) for each day during such Interest Period, the product of (x) the portion of the CP Conduit Funded Amount with respect to the CP Conduit Purchaser Group on such day funded through the issuance of Commercial Paper outstanding on such day, times (y) the sum of the CP Rate for such day plus the Applicable Margin, divided by (z) 365; plus

(ii) for each day during such Interest Period, the product of (x) the portion of the CP Conduit Funded Amount with respect to the CP Conduit Purchaser in such ~~GP~~**CP** Conduit Purchaser Group on such day not funded through the issuance of Commercial Paper outstanding on such day, times (y) the sum of CDOR for such day plus the Applicable Margin, divided by (z) 365; plus

(iii) for each day during such Interest Period the product of (x) the Group Bank Funded Amount with respect to such Purchaser Group on such day, times (y) the sum of CDOR for such day plus the Applicable Margin, divided by (x) 365.

(b) any Non-Conduit Purchaser Group, the sum for each day during such Interest Period of the product of (i) the Purchaser Group Principal Amount with respect to such Non-Conduit Purchaser Group on such day; times (ii) the sum of CDOR for such day plus the Applicable Margin, divided by (iii) 365.

For the purposes of determining the Group Monthly Interest in respect of an Interest Period prior to the end of the Interest Period, the Funding Agent in respect of a CP Conduit Purchaser Group or a Non-Conduit Purchaser Group may estimate the interest for the remaining days in the Interest Period. If the actual interest for such days is less than the estimated interest, the Group Monthly Interest for the following Interest Period shall be reduced to adjust for such lower actual interest and if the actual interest for such days is higher than the estimated interest, the Group Monthly Interest for the following Interest Period shall be increased to adjust for such higher interest.

"**Increase**" is defined in Section 3.3(a).

"**Increase Amount**" is defined in Section 3.3(a).

"**Increase Date**" is defined in Section 3.3(a).

"**Increase Notice**" is defined in Section 3.3(a).

"**Interest Period**" means each of the consecutive periods that begins on, and includes, each Payment Date and ends on and excludes, the following Payment Date; provided that the first Interest Period shall begin on the Closing Date and end on ~~●~~ **the Payment Date in January, 2018.**

"**Issuer Indemnified Person**" is defined in Section 3.8.

"**Maximum Purchaser Group Principal Amount**" means, with respect to (a) any CP Conduit Purchaser Group, the amount set forth opposite the name of the CP Conduit Purchaser included in such CP Conduit Purchaser Group on Schedule E or in the Purchaser Group Supplement pursuant to which such CP Conduit Purchaser Group became a party to this Supplemental Indenture; or (b) any Non-Conduit Purchaser Group, the amount set forth opposite the name of such Non-Conduit Purchaser Group on Schedule E or in the Purchaser Group Supplement pursuant to which such Non-Conduit Purchaser Group became a party to this Supplemental Indenture, in each case, as such amount may be increased or reduced from time to time as provided in Section 3.5.

"**Monthly Fees and Other Amounts**" shall mean, for any Payment Date, the aggregate of the Group Monthly Fees and Other Amounts for all Purchaser Groups.

"**Monthly Fees and Other Amounts Shortfall**" means, for any Payment Date and a Purchaser Group, if the amount of the Monthly Fees and Other Amounts for the preceding Payment Date was greater than the amount distributed to the payment of such amounts pursuant to Section 3.6(d), an amount equal to the Monthly Fees and Other Amounts owing to such Purchaser Group which were unpaid on the preceding Payment Date plus interest on such unpaid amount for the

period from the preceding Payment Date to the current Payment Date at a rate equal to the Prime Rate plus **1.00% per annum.**

"**Monthly Interest**" shall mean, for any Payment Date, the aggregate for all Purchaser Groups of the sum of (a) Group Monthly Interest for the related Interest Period for each Purchaser Group; plus (b) the Monthly Interest Shortfall for such Payment Date for each Purchaser Group.

~~"**Monthly Fees and Other Amounts**" shall mean, for any Payment Date, the aggregate of the Group Monthly Fees and Other Amounts for all Purchaser Groups.~~

"**Monthly Interest Shortfall**" means, for any Payment Date and a Purchaser Group, if the amount of the Group Monthly Interest for the preceding Payment Date was greater than the amount distributed to the payment of such amounts pursuant to Section 3.6(d), an amount equal to the Group Monthly Interest owing to such Purchaser Group which were unpaid on the preceding Payment Date plus interest on such unpaid amount for the period from the preceding Payment Date to the current Payment Date at a rate equal to the Prime Rate plus ~~●~~**1.00**% per annum.

~~"**Monthly Fees and Other Amounts Shortfall**" means, for any Payment Date and a Purchaser Group, if the amount of the Monthly Fees and Other Amounts for the preceding Payment Date was greater than the amount distributed to the payment of such amounts pursuant to Section 3.6(d), an amount equal to the Monthly Fees and Other Amounts owing to such Purchaser Group which were unpaid on the preceding Payment Date plus interest on such unpaid amount for the period from the preceding Payment Date to the current Payment Date at a rate equal to the Prime Rate plus ●% per annum.~~

"**Non-Conduit Purchaser**" means each financial institution or other entity (other than a commercial paper conduit, Group Bank or Funding Agent) listed on Schedule E or party to a Purchaser Group Supplement pursuant to which such financial institution or entity became a party to this Supplemental Indenture.

"**Non-Conduit Purchaser Group**" means a Non-Conduit Purchaser.

"**Non-Conduit Purchaser Participants**" is defined in Section 9.1(f).

"**Non-Deferrable Draw Amount**" means, with respect to any Purchaser Group as of any Increase Date, an amount equal to the lesser of (a) the excess, if any, of (x) the product of (i) $100,000,000 and (ii) the Commitment Percentage of such Purchaser Group over (y) the portion of any Increase Amounts funded by such Purchaser Group during the preceding thirty-five (35) days pursuant to a Non-Deferrable Increase Notice or, to the extent of any decrease pursuant to Section 3.3(e) in the Delayed Amount set forth in a Delayed Funding Notice delivered by such Purchaser Group, a Deferrable Increase Notice; and (b) the excess, if any, of (x) the Maximum Purchaser Group Principal Amount with respect to such Purchaser Group, over (y) the sum of (i) the Purchaser Group Principal Amount with respect to such Purchaser Group; and (ii) any unfunded Delayed Amounts with respect to such Purchaser Group, in each case as of such Increase Date.

"**Non-Deferrable Increase Notice**" means a notice of Increase that provides that a Delayed Funding Notice may not be provided by any Purchaser Group with respect to such Increase in accordance with Section 3.3(a).

"**Non-Delayed Funding Purchaser Group**" is defined in Section 3.3(f).

"**Optional Termination Date**" is defined in Section 3.4.

"**Optional Termination Notice**" is defined in Section 3.4.

"**Prime Rate**" means the annual rate of interest announced by ~~●~~**Royal Bank of Canada** from time to time as being its reference rate for the determination of interest rates on Canadian dollar denominated commercial loans made by it and commonly referred to by ~~●~~**Royal Bank of Canada** as its "prime rate."

~~"**Principal Accumulation Amount**" means, in respect of each Payment Date, an amount equal to the Principal Payment Amount for such Payment Date.~~

"**Principal Accumulation Date**" means **(i) if a Commitment Extension has occurred, the date specified as the "Principal Accumulation Date" in the related Commitment Extension Request, or (ii) otherwise,** the Payment Date occurring in the month of July, 2021.

"**Principal Payment Amount**" means, in respect of the Series 2017-1 ~~Notes~~**Senior Notes, (i) if a Commitment Extension has occurred, the amount specified as the "Principal Payment Amount" in the related Commitment Extension Request, or (ii) otherwise**:

(a) On any Payment Date occurring on or after the earlier of (i) the Payment Date occurring in October, 2021; and (ii) the occurrence of an Acceleration Event, the Series 2017-1 Principal Amount.

(b) Unless clause (a) above is applicable, on the Payment Dates in ~~each of~~ the ~~months~~**month** of July, ~~2021,~~ August, ~~2021 and~~ September~~,~~ **and October of** 2021, an amount equal the lesser of (x) the sum of (A) ~~[~~25~~]~~% of the Series 2017-1 Principal Amount on the Business Day prior to the Principal Accumulation Date**,** plus (B) the Decrease Amount of any Decrease occurring on such Payment Date, and (y) the Series 2017-1 Principal Amount.

(c) Unless either of clauses (a) or (b) above is applicable, on any Payment Date ~~this~~**that** is not a Decrease Date, nil.

(d) Unless either of clauses (a) or (b) is applicable, on any Payment Date that is a Decrease Date, the Decrease Amount of the Decrease occurring on such Payment Date.

"Principal Payment Default Date" means, in respect of any Principal Payment Amount, (i) if a Commitment Extension has occurred, the date specified as the "Principal Payment Default Date" with respect to such Principal Payment Amount in the related Commitment

Extension Request, or (ii) otherwise, the Business Day that is two years after the Principal Payment Date in respect of such Principal Payment Amount.

"**Pro Rata Share**" means, with respect to any Purchaser Group, on any date, the ratio, expressed as a percentage, which the Purchaser Group Principal Amount with respect to such Purchaser Group bears to the Series 2017-1 Principal Amount on such date.

"**Program Support Provider**" means, with respect to any CP Conduit Purchaser, the Group Bank with respect to such CP Conduit Purchaser and any other or additional Person now or hereafter extending credit, or having a commitment to extend credit to or for the account of, or to make purchases from, such CP Conduit Purchaser or issuing a letter of credit, surety bond or other instrument to support any obligations arising under or in connection with such CP Conduit Purchaser's securitization program.

"**Purchaser Group**" means a CP Conduit Purchaser Group or a Non-Conduit Purchaser Group.

"**Purchaser Group Increase Amount**" means, with respect to any Purchaser Group, for any Business Day, such Purchaser Group's Commitment Percentage of the Increase Amount, if any, on such Business Day.

"**Purchaser Group Principal Amount**" means, with respect to any Purchaser Group, (a) when used with respect to the Closing Date, such Purchaser Group's Commitment Percentage of the Series 2017-1 Initial Principal Amount; and (b) when used with respect to any other date, an amount equal to (i) the Purchaser Group Principal Amount with respect to such Purchaser Group on the immediately preceding Business Day; plus (ii) the Purchaser Group Increase Amount with respect to such Purchaser Group on such date; minus (iii) the amount of principal payments made to such Purchaser Group pursuant to Section 3.7 on such date. For the avoidance of doubt, (x) so long as any Purchaser Group has failed to fund any portion of its Purchaser Group Increase Amount with respect to any Increase Date (including any Delayed Amount), such unfunded amount shall not be included in the Purchaser Group Principal Amount for such Purchaser Group unless and until such amount has been funded (including by ~~Funding~~**funding** any Delayed Funding Reimbursement Amount, if applicable), and (y) any Delayed Amounts funded on an Increase Date by a Non-Delayed Funding Purchaser Group shall be included in the Purchaser Group Principal Amount for such Non-Delayed Funding Purchaser Group until the related Delayed Funding Reimbursement Amount has been funded.

"**Purchaser Group Supplement**" is defined in Section 9.1(e).

"**Rating Agency Condition**" means, with respect to any action in respect of the Series 2017-1 Senior Notes subject to such condition, each of the CP Conduit Purchasers shall deliver written notice of the proposed action to the CP Conduit Rating Agencies at least 10 Business Days prior to the effective date of such action (or if 10 Business Days prior notice is impractical, such advance notice as is practicable) and the CP Conduit Rating Agencies (i) shall not have informed any CP Conduit Purchaser prior to the effective date of such action that such action will result in the reduction or withdrawal of the rating in effect with respect to the Commercial Paper of the CP Conduit Purchaser immediately before the taking of such action, or (ii) in the case of DBRS, or any successor thereto, when it is a CP Conduit Rating Agency, DBRS shall have informed

each of the CP Conduit Purchasers in writing prior to the effective date of such action that such action will not result in the reduction or withdrawal of the rating of any Commercial Paper of such CP Conduit Purchasers immediately before the taking of such action. For purposes of the Trust Indenture, this Supplemental Indenture and the Master Transfer and Servicing Agreement, the Indenture Trustee shall receive, and shall be entitled to rely on, a certificate of a CP Conduit Purchaser confirming the satisfaction of the Rating Agency Condition.

"**Recipient**" is defined in Section 3.10(a).

"**Refinancing Increase**" is defined in Section 3.3(a).

"**Regulatory Change**" shall mean (i) the adoption after the date hereof of any applicable law, rule or regulation (including any applicable law, rule or regulation regarding capital adequacy, deposits, reserves or liquidity coverage) or any change therein after the date hereof, (ii) any change after the date hereof in the interpretation, administration, scope or timing of implementation thereof by any governmental authority, central bank, self-regulating professional body or comparable agency or authority charged with the interpretation or administration thereof, or compliance with any guidance, request or directive (whether or not having the force of law) of any such authority, central bank, self-regulating professional body or comparable agency or authority; provided that for purposes of this definition, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder, issued in connection therewith or in implementation thereof, and (y) all requests, rules, guidelines and directives (whether or not having the force of law) promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or Canadian or United States or other foreign regulatory authorities, shall in each case be deemed to be a "Regulatory Change", regardless of the date enacted, adopted, issued or implemented.

"**Related Non-Conduit Purchaser**" means, with respect to any Non-Conduit Purchaser Group, the Non-Conduit Purchaser that constitutes such Non-Conduit Purchaser Group.

"**Related Purchaser Group**" means, with respect to (a) any Funding Agent, the CP Conduit Purchaser identified next to such Funding Agent on Schedule E and the Group Bank identified on Schedule I next to such CP Conduit Purchaser or the CP Conduit Purchaser and Group Bank party to the Purchaser Group Supplement pursuant to which such Funding Agent became a party to this Supplemental Indenture; (b) any CP Conduit Purchaser, the CP Conduit Purchaser Group of which such CP Conduit Purchaser is a member; and (c) any Non-Conduit Purchaser, the Non-Conduit Purchaser Group that such Non-Conduit Purchaser constitutes.

"**Requisite Series 2017-1 Noteholders**" means Purchaser Groups having Commitment Percentages aggregating more than 50% (or if all Commitments have terminated, Purchaser Groups whose aggregate Purchaser Group Principal Amounts exceed 50% of the Series 2017-1 Principal Amount).

"**Scheduled Commitment Expiry Date**" means, ~~●~~ **the Payment Date in December, 2019,** as such date may be extended in accordance with Section 3.5(c). ~~[NTD: to be determined.]~~

"Series 2017-1 Event of Default" means any one of the following events (whatever the reason for such Series 2017-1 Event of Default and whether it will be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any Governmental Authority):

(a) a default by the Issuer in the payment of any interest on any Series 2017-1 Senior Notes when such interest becomes due and payable, and continuance of such default for a period of ~~[~~five~~]~~ days following the date on which such interest became due and payable;

(b) a default by the Issuer in the payment of any principal of any Series 2017-1 Senior Notes at its Principal Payment Default Date;

(c) any representation or warranty contained in Section 5.1 of this Supplemental Indenture or Section ~~[~~12.01~~]~~ of the Trust Indenture proves to be incorrect in any material respect when made and such incorrect representation or warranty if capable of being remedied by the Issuer, has not been remedied for a period of ~~60~~**30** days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by a Purchaser Group, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default" hereunder and, as a result of such default, the interests of such Purchaser Group is materially and adversely affected and continue to be materially and adversely affected during the ~~60~~**30**-day period;

(d) a default in the performance, or breach, of any covenant of the Issuer in the Trust Indenture or this Supplemental Indenture in respect of any Series 2017-1 Senior Notes (other than an agreement, covenant or warranty a default in the performance of which or the breach of which is elsewhere specifically dealt with in this definition of Series 2017-1 Event of Default), and continuance of such default or breach for a period of ~~60~~**30** days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by a Purchaser Group, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default" hereunder and, as a result of such default, the interests of such Purchaser Group is materially and adversely affected and continue to be materially and adversely affected during the ~~60~~**30**-day period;

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

(f) a Suspension Notice is issued by the Province.

"**Series 2017-1 Initial Principal Amount**" is defined in Section 3.3(a).

"**Series 2017-1 Maximum Principal Amount**" means, on any date of determination, the sum of the Maximum Purchaser Group Principal Amounts with respect to each of the Purchaser Groups on such date.

"**Series 2017-1 Noteholder**" means a Person in whose name a Series 2017-1 Senior Note is registered in the Note Register.

"**Series 2017-1 Principal Amount**" means, on any date of determination, the sum of the Purchaser Group Principal Amounts with respect to each of the Purchaser Groups on such date.

"**Series 2017-1 Senior Note**" means any one of the Floating Rate Variable Funding Senior Notes, Series 2017-1, executed by the Issuer and authenticated and delivered by or on behalf of the Indenture Trustee, substantially in the form of Exhibit B.

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

"**Support Facility**" shall mean any liquidity or credit support agreement with a CP Conduit Purchaser which relates to, or is otherwise available to such CP Conduit Purchaser in relation to its funding activities under, this Supplemental Indenture.

"**Suspension Notice**" is defined in the Change of Law Protection Agreement.

"**Termination Event**" means any Acceleration Event **or Series 2017-1 Event of Default** or any event which with the giving of notice or the passage of time, or both, could become an Acceleration Event **or a Series 2017-1 Event of Default**.

"**Transfer Increase**" is defined in Section 3.3(a).

"**Transfer Supplement**" is defined in Section 9.1(c).

"**Transferee**" is defined in Section 9.1(g).

"**Trust Indenture**" means the trust indenture dated as of ●**December [21]**, 2017 between the Issuer and the Indenture Trustee, as amended or restated from time to time.

"**Write-Down and Conversion Powers**" shall mean, with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule.

~~SCHEDULE B~~

~~[FORM OF~~

SCHEDULE B

SERIES 2017-1 SENIOR NOTE~~]~~

REGISTERED	INITIAL DOLLAR PRINCIPAL AMOUNT
No. R [●]	$[●]

FAIR HYDRO TRUST

FLOATING RATE VARIABLE FUNDING SENIOR NOTE, SERIES 2017-1 ~~SENIOR NOTE~~

Fair Hydro Trust (herein referred to as the "Issuer"), a trust governed by the laws of Ontario and established under a Declaration of Trust dated as of December ■, 2017 for value received, hereby promises to pay to ■, or registered assigns, subject to the following provisions, a principal sum of $■, or, if less, the aggregate unpaid principal amount shown on the schedule attached hereto (and any continuation thereof), which amount shall be payable in the amounts and at the times set forth in the Indenture and the Indenture Supplement; provided, that, the entire unpaid amount of any Principal Payment Amount payable with respect to this Series 2017-1 Note shall be due on the related Principal Payment Default Date. The Issuer will pay interest on this Series 2017-1 Note in accordance with Section 3.6 of the Indenture Supplement on each Payment Date until the principal of this Series 2017-1 Note is paid or made available for payment, to the extent funds are available in accordance with the terms of the Indenture Supplement. Pursuant to Sections 3.3 and 3.4 of the Indenture Supplement, the principal amount of this Series 2017-1 Note shall be subject to Increases and Decreases on any Business Day during the period commencing on the Closing Date and ending on the Commitment Expiry Date (the "Revolving Period"), and accordingly, such principal amount is subject to prepayment in whole or in part at any time. During the Revolving Period, this Series 2017-1 Note is subject to mandatory prepayment, to the extent funds have been allocated to the Principal Accumulation Account and are available therefor, in accordance with Sections 3.4 and Section 3.7 of the Indenture Supplement. Beginning on the first Payment Date following the occurrence of a Series 2017-1 Event of Default or an Event of Default (collectively, a "Default Event"), subject to cure in accordance with the Base Indenture or the Indenture Supplement, as applicable, the principal of this Series 2017-1 Note shall be paid in installments on each subsequent Principal Payment Date to the extent of funds available for payment therefor pursuant to the Indenture. Such principal of and interest on this Series 2017-1 Note shall be paid in the manner specified on the reverse hereof.

The principal of and interest on this Series 2017-1 Note are payable in Canadian Dollars. Except as otherwise provided in the Indenture, payments made by the Issuer with respect to this Series 2017-1 Note shall be applied first to interest due and payable on this Series 2017-1 Note as provided above and then to the unpaid principal of this Series 2017-1 Note.

Reference is made to the further provisions of this Series 2017-1 Note set forth on the reverse hereof, which shall have the same effect as though fully set forth on the face of this Series 2017-1 Note. Although a summary of certain provisions of the Indenture is set forth below and on the reverse hereof and made a part hereof, this Series 2017-1 Note does not purport to summarize the Indenture and reference is made to the Indenture for information with respect to the interests, rights, benefits, obligations, proceeds and duties evidenced hereby and the rights, duties and obligations of the Issuer and the Trustee. A copy of the Indenture may be requested from the Trustee by writing to the Trustee at: BNY Trust Company of Canada, One York Street, 6th Floor, Toronto, Ontario M5J 0B6, Attention: Corporate Trust Administration.

Reference is made to the further provisions of this Note set forth on the reverse hereof, which shall have the same effect as though fully set forth on the face of this Note.

Unless the certificate of authentication hereon has been executed by or on behalf of the Indenture Trustee, by manual signature, this Note shall not be entitled to any benefit under the Indenture or the Indenture Supplement referred to on the reverse hereof, or be valid for any purpose.

IN WITNESS WHEREOF, the Issuer has caused this Series 2017-1 Note to be duly executed.

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

By:
Name:
Title:

By:
Name:
Title:

Dated: ■, 201■

INDENTURE TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Series 2017-1 Notes described in the within mentioned Indenture.

BNY TRUST COMPANY OF CANADA, as Indenture Trustee

By:
Authorized Signatory

FAIR HYDRO TRUST

SERIES 2017-1 SERIES 2017-1 FLOATING RATE ASSET BACKED NOTE

Summary of Terms and Conditions

This Series 2017-1 Note is one of a duly authorized issue of Notes of the Issuer, designated as its Fair Hydro Trust, Floating Rate Variable Funding Senior Note, Series 2017-1 (the "Series 2017-1 Notes"), issued under an Trust Indenture, dated as of December [21], 2017 (as may be amended, supplemented, restated, replaced or otherwise modified from time to time, the "Base Indenture"), between the Issuer and BNY Trust Company of Canada, as indenture trustee (the "Indenture Trustee," which term includes any successor Indenture Trustee under the Indenture), as supplemented by the Warehouse Senior Series 2017-Indenture Supplement, dated as of December [21], 2017 (the "Indenture Supplement"), and representing the right to receive certain payments from the Issuer. The term "Indenture," unless the context otherwise requires, refers to the Indenture as supplemented by the Indenture Supplement. Except as set forth in the Indenture Supplement, the Series 2017-1 Note is subject to all of the terms of the Base Indenture. All terms used in this Series 2017-1 Note that are defined in the Indenture Supplement shall have the meanings assigned to them in or pursuant to the Indenture Supplement.

The Series 2017-1 Note is and will be equally and ratably secured by the Collateral pledged as security therefor as provided in the Indenture.

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

As described above, the entire unpaid amount of any Principal Payment Amount payable with respect to this Series 2017-1 Note shall be due and payable on the related Principal Payment Default Date, in accordance with Section 3.7 of the Indenture Supplement. Notwithstanding the foregoing, if a Default Event with respect to the Series 2017-1 Notes shall have occurred and be continuing then, in certain circumstances, principal of the Series 2017-1 Note may be paid earlier, as described in the Indenture. All principal payments of the Series 2017-1 Note shall be made to the Series 2017-1 Noteholders.

Payments of interest on this Series 2017-1 Note are due and payable on each Payment Date or such other date as may be specified in the Indenture Supplement, together with the installment of principal then due, if any, and any payments of principal made on any Business Day in respect of any Decreases, to the extent not in full payment of this Series 2017-1 Note, shall be made by wire transfer to the holder of record of this Series 2017-1 Note (or one or more predecessor Series 2017-1 Notes) on the Note Register as of the close of business on each Record Date. Any reduction in the principal amount of this Series 2017-1 Note (or one or more predecessor Series 2017-1 Notes) effected by any payments made on any Payment Date shall be binding upon all future holders of this Series 2017-1

Note and of any Series 2017-1 Note issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof, whether or not noted thereon.

The Issuer shall pay interest on Monthly Interest Shortfalls at the rate specified in the definition thereof, to the extent lawful.

Subject to the terms of the Indenture, the holder of any Series 2017-1 Note may transfer the same in whole or in part, in an amount equivalent to an authorized denomination, by surrendering such Series 2017-1 Note at the office maintained by the Note Registrar for such purpose pursuant to Section 4.05(c) of the Base Indenture, with the form of transfer endorsed on it duly completed and executed by, or accompanied by a written instrument of transfer in form satisfactory to the Issuer and the Note Registrar by, the holder thereof. In exchange for any Series 2017-1 Note properly presented for transfer, the Issuer shall execute and promptly authenticate and deliver or cause to be authenticated and delivered in compliance with applicable law, to the transferee at such office, or send by mail (at the risk of the transferee) to such address as the transferee may request, Series 2017-1 Notes for the same aggregate principal amount as was transferred. In the case of the transfer of any Series 2017-1 Note in part, the Issuer shall execute and promptly authenticate and deliver or cause to be authenticated and delivered to the transferor at such office, or send by mail (at the risk of the transferor) to such address as the transferor may request, Series 2017-1 Notes for the aggregate principal amount that was not transferred. No transfer of any Series 2017-1 Note shall be made unless the request for such transfer is made by the Series 2017-1 Noteholder at such office. Upon the issuance of transferred Series 2017-1 Notes, the Trustee shall recognize the holders of such Series 2017-1 Note as Series 2017-1 Noteholders.

Each Series 2017-1 Noteholder, by acceptance of a Series 2017-1 Note, hereby acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor under the Base Indenture and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Base Indenture including, without limitation, Section 7.12 (Payments To Be Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse), Article IX (Indenture Trustee) (including all limitations of liability thereunder), Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition).

Prior to the due presentment for registration of transfer of this Series 2017-1 Note, the Issuer, the Trustee and any agent of the Issuer or the Trustee may treat the Person in whose name this Series 2017-1 Note (as of the day of determination or as of such other date as may be specified in the Indenture) is registered as the owner hereof for all purposes, whether or not this Series 2017-1 Note shall be overdue, and neither the Issuer, the Trustee nor any such agent shall be affected by notice to the contrary.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the rights of the holder of the Series 2017-1 Notes under the Indenture at any time by the Issuer with the consent of the applicable Person(s) specified therein. The Indenture also contains

provisions permitting the applicable Person(s) specified therein to waive compliance by the Issuer with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences with respect to the Series 2017-1 Notes. Any such consent or waiver by such Person(s) shall be conclusive and binding upon the Series 2017-1 Noteholders and upon all future holders of this Series 2017-1 Note and of any Series 2017-1 Note issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof whether or not notation of such consent or waiver is made upon this Series 2017-1 Note. The Indenture also permits the Issuer and the Trustee to amend or waive certain terms and conditions set forth in the Indenture without the consent of any other Person.

The term "the Issuer" as used in this Series 2017-1 Note includes any successor to the Issuer under the Indenture.

The Series 2017-1 Note is issuable only in registered form in denominations as provided in the Indenture, subject to certain limitations set forth therein.

This Series 2017-1 Note and the Indenture, and all matters arising out of or relating to this Series 2017-1 Note or Indenture, shall be governed by, and construed and interpreted in accordance with, the laws of the Province of Ontario and the federal laws applicable therein, and the obligations, rights and remedies of the parties hereto shall be determined in accordance with such laws.

No reference herein to the Indenture and no provision of this Series 2017-1 Note or of the Indenture shall alter or impair the obligation of the Issuer, which is absolute and unconditional, to pay the principal of and interest on this Series 2017-1 Note at the times, place and rate, and in the coin or currency herein prescribed, subject to any duty of the Issuer to deduct or withhold any amounts as required by law, including any applicable taxes.

INCREASES AND DECREASES

Date	Unpaid Principal Amount	Increase	Decrease	Total	Notation Made By

~~SCHEDULE C~~

SCHEDULE C

FORM OF INCREASE NOTICE

~~SCHEDULE D~~

SCHEDULE D

FORM OF DECREASE NOTICE

~~SCHEDULE E~~

SCHEDULE E

PURCHASER GROUPS

Document comparison by Workshare Compare on December-14-17 11:33:41 PM

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Document 1 ID	file://C:\Users\bsaulnie\Desktop\Senior Warehouse Supplement.docx
Description	Senior Warehouse Supplement
Document 2 ID	file://C:\Users\bsaulnie\Desktop\Senior Warehouse Supplement (Osler) - Dec 14.DOCX
Description	Senior Warehouse Supplement (Osler) - Dec 14
Rendering set	Firm_Standard

Legend:	
Insertion	
~~Deletion~~	
~~Moved from~~	
Moved to	
Style change	
Format change	
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Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	309
Deletions	242
Moved from	20
Moved to	20
Style change	0
Format changed	0
Total changes	591

WAREHOUSE

SUBORDINATED SERIES 2017-1

SUPPLEMENTAL INDENTURE

between

FAIR HYDRO TRUST

by

COMPUTERSHARE TRUST COMPANY OF CANADA
as Issuer Trustee

and

BNY TRUST COMPANY OF CANADA
as Indenture Trustee

and

ONTARIO POWER GENERATION INC.
as Purchaser

Made as of December ~~●~~[21], 2017

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FLOATING RATE VARIABLE FUNDING, SERIES 2017-1 SUBORDINATED NOTES

SUPPLEMENTAL INDENTURE made as of December ~~●~~**[21]**, 2017, between **Computershare Trust Company of Canada**, a trust company established under the laws of Canada (the "**Issuer Trustee**"), in its capacity as trustee of **Fair Hydro Trust**, a trust existing under the laws of the Province of Ontario (in such capacity, the "**Issuer**"), **BNY Trust Company of Canada**, a trust company established under the laws of Canada (the "**Indenture Trustee**"), and Ontario Power Generation Inc., in its capacity as the purchaser (the "**Purchaser**");

WHEREAS pursuant to the Trust Indenture, provision was made for the issuance of Notes from time to time;

AND WHEREAS pursuant to the Trust Indenture, Notes may be issued in one or more Series by the execution and delivery of a Supplemental Indenture;

AND WHEREAS pursuant to a Supplemental Indenture dated the date hereof between the Issuer Trustee, in its capacity as trustee of the Issuer, the Indenture Trustee, ~~●~~**Royal Bank of Canada**, in its capacity as the administrative agent for certain purchaser groups (the "**Administrative Agent**"), certain non-conduit purchasers from time to time party thereto, certain commercial paper conduit purchasers from time to time party thereto, and certain funding agents from time to time party thereto (the "**Senior Series 2017-1 Supplemental Indenture**"), the Issuer issued floating rate variable funding Series 2017-1 Senior Notes (the "**Series 2017-1 Senior Notes**");

AND WHEREAS the parties hereto are entering into this Supplemental Indenture to provide for the creation and issuance of the Series 2017-1 Subordinated Notes;

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

ARTICLE 1
INTERPRETATION

1.1 Definitions

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

(b) Except as otherwise expressly provided or unless the context otherwise requires, all terms used herein which are defined in the Trust Indenture, either directly or by reference therein, have the meanings assigned to them in the Trust Indenture.

1.2 Interpretation

Subject to the next following sentences, this Supplemental Indenture is supplemental to the Trust Indenture and the Trust Indenture shall be read in conjunction with this Supplemental Indenture

and all of the provisions of the Trust Indenture shall apply to and shall have effect in connection with this Supplemental Indenture in the same manner as if all of the provisions of the Trust Indenture and of this Supplemental Indenture were contained in one instrument. This Supplemental Indenture shall, unless the context otherwise requires, be subject to the interpretative provisions contained in Article 1 of the Trust Indenture. If any terms of the Trust Indenture are inconsistent with the express terms or provisions hereof, the terms and provisions of the Trust Indenture shall be, solely in respect of the Series 2017-1 Subordinated Notes, amended and supplemented so as to be consistent herewith. The provisions of this Supplemental Indenture are applicable only in respect of the Series 2017-1 Subordinated Notes and not the Notes of any other Series.

1.3 Application of this Supplemental Indenture

With respect to the Series 2017-1 Subordinated Notes only, the terms of the Trust Indenture are amended, supplemented, modified, restated and replaced to the extent applicable by the terms of this Supplemental Indenture in respect of the Series 2017-1 Subordinated Notes in accordance with Section 1.2 above.

ARTICLE 2
PRINCIPAL TERMS

2.1 Creation of Series 2017-1 Subordinated Notes

There is hereby created a Series of Notes to be issued pursuant to the Trust Indenture and this Supplemental Indenture designated as the "**Floating Rate Variable Funding Subordinated Notes, Series 2017-1**."

2.2 Principal Terms

In addition to and without limiting any of the provisions of this Supplemental Indenture, the Series 2017-1 Subordinated Notes:

(a) will be designated as set out in Section 2.1;

(b) will be Subordinated Notes;

(c) will have a Stated Principal Amount equal to the Series 2017-1 Maximum Subordinated Principal Amount;

(d) will not be issued in Tranches;

(e) will be denominated in Canadian dollars;

(f) will not be listed on any securities exchange;

(g) will have an Initial Dollar Principal Amount equal to the Series 2017-1 Initial Subordinated Principal Amount;

(h) will be issued as definitive notes and will not be in the form of a Global Note;

(i) will be issued as Registered Notes and will be without coupons;

(j) will be substantially in the form of Schedule B, with such appropriate insertions, omissions, substitutions and variations as may be approved by the Issuer;

(k) will have each Payment Date on and after the Payment Date in February, 2018 as an Interest Payment Date;

(l) will have Principal Payment Dates as determined under Section 3.7~~(a)~~;

(m) will have Principal Payment Default Dates as ~~determined under Section 3.7(b)~~**defined herein**; and

(n) will have no minimum issue amount.

ARTICLE 3
NOTE PURCHASE FACILITY

3.1 Purchase of Notes by the Purchaser

(a) ***Initial Purchase***. Subject to the terms and conditions of this Supplemental Indenture, including delivery of notice in accordance with Section 3.3, the Purchaser shall purchase a Series 2017-1 Subordinated Note in an amount equal to the Series 2017-1 Initial Subordinated Principal Amount on the Closing Date. Payments by the Purchaser for such purchase shall be made in immediately available funds on the Closing Date in accordance with Section 3.3(c).

(b) ***Series 2017-1 Maximum Subordinated Principal Amount***. Notwithstanding anything to the contrary contained in this Supplemental Indenture, at no time shall the Purchaser be required to purchase Series 2017-1 Subordinated Notes in an amount that exceeds the Series 2017-1 Maximum Subordinated Principal Amount.

3.2 Delivery

(a) On the Closing Date, Series 2017-1 Subordinated Notes shall be executed, authenticated and delivered by the Issuer in accordance with Section 4.03 of the Trust Indenture in the name of the Purchaser in an amount equal to the Series 2017-1 Maximum Subordinated Principal Amount. On each Increase Date, Series 2017-1 Subordinated Notes shall be executed, authenticated and delivered by the Issuer in accordance with Section 4.03 of the Trust Indenture in the name of the Purchaser in an amount equal to the Increase Amount.

(b) The Purchaser shall maintain a record of the actual Series 2017-1 Subordinated Principal Amount outstanding on any date of determination, which, absent manifest error, shall constitute prima facie evidence of the outstanding Series 2017-1 Subordinated Principal Amount from time to time.

3.3 Procedure for Initial Issuance and for Increasing the Series 2017-1 Subordinated Principal Amount

(a) (i) On any Business Day prior to [December **18, 2017**[21], **2017,** concurrent with the initial purchase of the Series 2017-1 Senior Notes under the Senior Series 2017-1 Supplemental Indenture, the Issuer shall request that the Purchaser purchase, and the Purchaser shall purchase, a Series 2017-1 Subordinated Note for an initial purchase price equal to the Series 2017-1 Initial Subordinated Principal Amount (the date on which the initial purchase occurs being referred to as the "**Closing Date**") by giving the Purchaser (with a copy to the Indenture Trustee) irrevocable written notice (effective upon receipt), by email communication, substantially in the form of Schedule C no later than **[3**12:00 p.m.] (Toronto time) on the third**second** Business Day prior to the Closing Date. The written notice of the initial purchase of the Series 2017-1 Subordinated Notes shall (x) state the Closing Date, (y) state the Series 2017-1 Initial Subordinated Principal Amount, and (z) attach a copy of the irrevocable written notice delivered to the Administrative Agent pursuant to Section 3.3(a) of the Senior Series 2017-1 Supplemental Indenture in connection with the concurrent initial purchase of the Series 2017-1 Senior Notes thereunder; and (ii) on any Business Day after the initial purchase of the Series 2017-1 Subordinated Notes hereunder, the Issuer and the Purchaser hereby agree that the Series 2017-1 Subordinated Principal Amount may**will** be increased by an amount not to exceed the product of (i)**(an "Increase") such that following such Increase the Outstanding Dollar Principal Amount of the Series 2017-1 Subordinated Notes will be equal to or greater than seventy-eight percent (78%) of the Outstanding Dollar Principal Amount of** the Series 2017-1 Senior Increase**Notes** on such Business Day (each date on which an increase in the Series 2017-1 Subordinated Principal Amount occurs hereunder being herein referred to as the "**Increase Date**" applicable to such Increase) and (ii) **[eighty-eight]** percent **[(88)]**% (an "**Increase**") by the Issuer providing the Purchaser (with a copy to the Indenture Trustee) irrevocable written notice (effective upon receipt), by email communication, substantially in the form of Schedule C (an "**Increase Notice**") no later than **[3**12:00 p.m.] (Toronto time) on the second**third** Business Day prior to such Increase Date. Each Increase Notice shall (w) state the Increase Date, (x) state the amount of the increase in the Series 2017-1 Subordinated Principal Amount (an "**Increase Amount**"), (y) state whether the Increase is to fund a Transfer (a "**Transfer Increase**") or is in respect of a Refinancing (a "**Refinancing Increase**"), and (z) attach a copy of the irrevocable written increase notice delivered to the Administrative Agent pursuant to Section 3.3(a) of the Senior Series 2017-1 Supplemental Indenture in connection with the applicable Series 2017-1 Senior Increase proposed to be made thereunder.

(b) The Purchaser shall not be required to increase the Series 2017-1 Subordinated Principal Amount on any Increase Date hereunder if after giving effect to such Increase Amount, the Series 2017-1 Maximum Subordinated Principal Amount will be exceeded.

(c) The Issuer shall apply amounts paid to it pursuant to Section 3.3(a) by application to payment of the purchase price payable by the Issuer to the IESO under the Master Transfer and Servicing Agreement in respect of a Transfer or by deposit to the Refinancing Account.

3.4 Procedure for Decreasing the Series 2017-1 Subordinated Principal Amount

On any Business Day after the initial purchase of the Series 2017-1 Subordinated Notes hereunder, the Issuer and the Purchaser hereby agree that the Series 2017-1 Subordinated Principal Amount may be decreased by an amount ~~not to exceed the product of (i)~~**(a "Decrease") such that following such decrease the Outstanding Dollar Principal Amount of the Series 2017-1 Subordinated Notes will not be less than seventy-eight percent (78%) of the Outstanding Dollar Principal Amount of** the Series 2017-1 Senior ~~Decrease on such Business Day, and (ii) **[eighty-eight]** percent **[(88)]**% (a "**Decrease**")~~**Notes**. Each Payment Date on which a Decrease in the Series 2017-1 Subordinated Principal Amount occurs hereunder being herein referred to as the "**Decrease Date**" applicable to such Decrease; and the Issuer shall provide to the Purchaser (with a copy to the Indenture Trustee) irrevocable written notice (effective upon receipt), by email communication, substantially in the form of Schedule D (a "**Decrease Notice**") no later than ~~[3~~**12**:00 p.m.~~]~~ (Toronto time) on the ~~second~~**fifth** Business Day prior to any Payment Date that is a Decrease Date. Each Decrease Notice shall (x) state the Decrease Date, (y) state the amount of the decrease in the Series 2017-1 Subordinated Principal Amount (a "**Decrease Amount**"), and (z) attach a copy of the irrevocable written decrease notice delivered to the Administrative Agent pursuant to Section 3.4 of the Senior Series 2017-1 Supplemental Indenture in connection with the applicable Series 2017-1 Senior Decrease proposed to be made thereunder. Upon receipt of any notice required by this Section 3.4 from the Issuer, the Purchaser shall forward (by email communication) a copy of such notice to DBRS on the Business Day received.

3.5 Increases and Reductions of the 2017-1 Maximum Subordinated Principal Amount

(a) If one or more Maximum Purchaser Group Principal Amounts are increased pursuant to Section 3.5(a) of the Senior Series 2017-1 Supplemental Indenture, the Series 2017-1 Maximum Subordinated Principal Amount shall be automatically increased by an amount equal to ~~**[eighty**~~**seventy**-eight~~]~~ percent ~~**[(88)]**% of such aggregate increase to~~**(78%) of the Outstanding Dollar Principal Amount of** the Maximum Purchaser Group Principal Amounts~~ pursuant to Section 3.5(a) of the Senior Series 2017-1 Supplemental Indenture~~.

(b) If the Series 2017-1 Maximum Senior Principal Amount is reduced pursuant to Section 3.5(b) of the Senior Series 2017-1 Supplemental Indenture, the Series 2017-1 Maximum Subordinated Principal Amount shall be automatically decreased ~~by~~**to** an amount equal to ~~**[eighty**~~**seventy**-eight~~]~~ percent ~~[(**88**)]~~**78**%**)** of such aggregate decrease to the Series 2017-1 Maximum Senior Principal Amount pursuant to Section 3.5(b) of the Senior Series 2017-1 Supplemental Indenture.

(c) If a Commitment Extension has occurred with respect to the Series 2017-1 Senior Notes, the Principal Accumulation Date, Principal Payment Amount and Principal Payment Default Date shall be amended to the "Principal Accumulation Date", "Principal Payment Amount" and "Principal Payment Default Date" set out in the request related to such Commitment Extension, as applicable.

3.6 Interest; Other Amounts

(a) Interest shall be payable on the Series 2017-1 Subordinated Notes on each Payment Date.

(b) The Purchaser shall provide written notice to the Issuer and the Paying Agent no later than ~~[three~~**five** (~~3~~**5**)~~]~~ Business Days ~~**[NTD: To conform with senior supplemental indenture]**~~ prior to each Payment Date, setting forth the Monthly Interest and the Monthly Other Amounts with respect to the Payment Date.

(c) The Monthly Interest shall be included in each calculation of the Interest Accrual Amount (Subordinated) for the purposes of Section 7.04(e)(iv) of the Trust Indenture and shall be payable pursuant to Sections 7.05(b), ~~7.07~~**7.06**(a), **7.07,** 7.10(b) or 8.13(d) of the Trust Indenture, as applicable. On each Payment Date, the Monthly Other Amounts shall be payable in respect of the Series 2017-1 Subordinated Notes pursuant to Sections 7.04(e)(xi)**, 7.10(b)** or 8.13(d) of the Trust Indenture, as applicable. On each Payment Date, the Paying Agent shall, subject to availability of funds, pay to the Purchaser the Monthly Other Amounts with respect to the Payment Date.

3.7 Repayment of Principal

~~(a)~~ Each Payment Date where the Principal Payment Amount is not nil shall be a Principal Payment Date in respect of the Series 2017-1 Subordinated Notes. On each Principal Payment Date in respect of the Series 2017-1 Subordinated Notes, the Paying Agent shall pay to the Purchaser the Principal Payment Amount for such Principal Payment Date out of funds allocated to the Series 2017-1 Subordinated Notes pursuant to Sections 7.04(e)(x), 7.06(~~e~~**b**)**(iii)**, 7.08(b)**(iii)**, 7.10(b) ~~**[NTD: Need to pick up in senior supplemental indenture]**~~ or 8.13(i) of the Trust Indenture, as applicable, in repayment of the principal amount of the Series 2017-1 Subordinated Notes.

~~(b) The Business Day that is ● after the Payment Date in respect of any Principal Payment Amount hereunder shall be the Principal Payment Default Date in respect of that Principal Payment Amount.~~

3.8 Indemnification by the Issuer

The Issuer agrees to indemnify and hold harmless the Indenture Trustee and the Purchaser and each of their respective officers, directors, agents and employees (each, an "**Issuer Indemnified Person**") from and against any loss, liability, expense, damage or injury suffered or sustained by such Issuer Indemnified Person by reason of (a) any acts, omissions or alleged acts or omissions arising out of, or relating to, activities of the Issuer pursuant to the Program Agreements to which it is a party; (b) a breach of any representation or warranty made or deemed made by the Issuer (or any of its officers) in any Program Agreement; or (c) a failure by the Issuer to comply with any applicable law or regulation or to perform its covenants, agreements, duties or obligations required to be performed or observed by it in accordance with the provisions of the Program Agreements, including, but not limited to, any judgment, award, settlement, reasonable attorneys' fees and other reasonable costs or expenses incurred in connection with the defense of any actual or threatened action, proceeding or claim, except to the extent such loss, liability, expense,

damage or injury resulted from the gross negligence, bad faith or willful misconduct of such Issuer Indemnified Person or its officers, directors, agents, principals, employees or employers as determined by a court of competent jurisdiction in a final non-appealable judgement or includes any Excluded Taxes; provided that any payments made by the Issuer pursuant to this Section 3.8 shall be made solely from funds available pursuant to Section 7.04 or 8.13 of the Trust Indenture, as applicable, shall be non-recourse other than with respect to such funds, and shall not constitute a claim against the Issuer to the extent that such funds are insufficient to make such payment.

3.9 Taxes

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

(b) If a payment by or on account of any obligation of the Issuer hereunder would be subject to withholding Taxes under any AEOI Legislation if the Recipient were to fail to comply with the applicable reporting requirements of any AEOI Legislation, such Recipient shall deliver to the Issuer at the time or times prescribed by law and at such time or times reasonably requested by the Issuer such documentation prescribed by applicable law and such additional documentation reasonably requested by the Issuer as may be necessary for the Issuer to comply with its obligations under any AEOI Legislation and to determine that such Recipient has complied with

its obligations under any AEOI Legislation, or to determine the amount to deduct and withhold from such payment. If any form or certification it previously delivered by a Recipient expires or becomes obsolete or inaccurate in any respect, the Recipient shall update such form or certification or promptly notify the Issuer in writing of its legal inability to do so.

(c) If a Recipient is legally entitled to receive a refund of any Taxes (other than Excluded Taxes) as to which it has been indemnified or with respect to which additional amounts have been paid to it hereunder or it is legally entitled to receive a credit or deduction with respect to such Taxes or with respect to such additional amounts that have been paid hereunder (in each case pursuant to Section 3.9(a)), it shall use commercially reasonable efforts to obtain or claim such refund, credit or deduction and pay over such refund or the value of such credit or deduction to the Issuer, together with any interest thereon.

3.10 Increased Costs

(a) (i) If any Regulatory Change (x) subjects the Purchaser to any charge or withholding on or with respect to any Support Facility or this Supplemental Indenture or the Purchaser's obligations under a Support Facility or this Supplemental Indenture, or changes the basis of taxation of payments to the Purchaser of any amounts payable under any Support Facility or this Supplemental Indenture Agreement (except for changes in the rate of tax on the overall net income of the Purchaser or Excluded Taxes) or (y) imposes, modifies or deems applicable any reserve, assessment, fee, tax, insurance charge, special deposit or similar requirement against assets of, deposits with or for the account of, or liabilities of the Purchaser, or credit extended by the Purchaser pursuant to a Support Facility or this Supplemental Indenture or (z) imposes any other condition the result of which is to increase the cost to the Purchaser of performing its obligations under a Support Facility or this Supplemental Indenture, or to reduce the rate of return on the Purchaser's capital or assets as a consequence of its obligations under a Support Facility or this Supplemental Indenture, or to reduce the amount of any sum received or receivable by the Purchaser under a Support Facility or this Supplemental Indenture, or to require any payment calculated by reference to the amount of interests or loans held or interest received by it, then, upon written request by the Purchaser therefore to the Issuer, the Purchaser shall be entitled to be paid such amounts charged to the Purchaser or such amounts to otherwise compensate the Purchaser for such increased cost or such reduction following a receipt by the Issuer of such request for compensation under this Section 3.10(a)(i), which payment shall be made on the earlier of (A) the first Payment Date on which amounts are available to pay such amounts pursuant to Section 7.04(e) of the Trust Indenture (provided that such request is received by the Issuer no later than five (5) Business Days prior to the end of the Interest Period related to such Payment Date), and (B) the ~~[~~twelfth~~]~~ Payment Date following such request.

(ii) The Issuer acknowledges that the Purchaser may implement, as an internal institutional matter, measures in anticipation of a final or proposed Regulatory Change (including, without limitation, the imposition of internal charges on the Purchaser's interest or obligations under any Support Agreement or this Supplemental Indenture) and may commence recognizing the incurrence of charges by seeking compensation under Section 3.10(a)(i) in connection with such measures, in advance of the effective date of such final or proposed Regulatory Change, and the Issuer agrees that such charges or compensation shall be payable, to the Purchaser, following demand therefor without regard to whether such proposed Regulatory Change has been adopted

or whether such effective date has occurred; provided, that (I) the Purchaser shall provide thirty (30) days prior written notice to the Issuer of its intent to impose or incur any such charges or compensation, (II) the Purchaser shall not be compensated for any such amount pursuant to this subsection 3.10(a)(ii) relating to any period ending, and of which the Purchaser has had knowledge, more than ~~●~~ ~~(●)~~**180** days prior to the date that the Purchaser provided the Issuer with the written notice contemplated by the preceding clause (I) of this subsection 3.10(a)(ii), (III) if, after the payment by the Issuer of any charges or compensation pursuant to this subsection 3.10(a)(ii), either (A) the Issuer requests in writing that the Purchaser re-compute any such charge or compensation in light of differences between a proposed Regulatory Change and the final effective version thereof or (B) the Purchaser determines that the amount of the charge imposed on and required to be compensated by the Issuer exceeds the amount necessary to compensate it for the applicable Regulatory Change as contemplated by subsection 3.10(a)(i), then (x) the amount of such charge or compensation shall, from and after such determination, be reduced by the amount of such excess and (y) the Purchaser shall, within thirty (30) days of such determination, either repay the amount of such excess or credit the amount of such excess against future charges under this subsection 3.10(a)(ii). The Issuer further acknowledges that any charge or compensation demanded hereunder may take the form of a monthly charge to be assessed by the Purchaser.

(b) The Purchaser claiming increased amounts described in subsection 3.10(a) of this Supplemental Indenture will furnish to the Issuer (together with its request for compensation) a certificate prepared in good faith setting forth the basis and the calculation of the amount (in reasonable detail) of each request by the Purchaser for any such increased amounts referred to in subsection 3.10(a) hereof. Any such certificate shall be conclusive absent manifest error. Failure on the part of the Purchaser to demand compensation for any amount pursuant to subsection 3.10(a) hereof with respect to any period shall not constitute a waiver of the Purchaser's right to demand compensation with respect to such period.

ARTICLE 4
CONDITIONS PRECEDENT

4.1 Conditions Precedent to Initial Purchase of Series 2017-1 Subordinated Notes

On or prior to the initial purchase of Series 2017-1 Subordinated Notes hereunder, the following conditions precedent shall be satisfied: ~~**[NTD: changes to the conditions precedent may be required to reflect the final Change of Law Protection Agreement.]**~~

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

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

(c) ~~(b)~~ The Purchaser shall have received:

(i) executed copies of this Supplemental Indenture~~ and copies of each of the other Program Agreements certified by an Authorized Officer of the Issuer~~;

(ii) certificates of status or compliance or other similar documents issued by the applicable governmental authority to evidence that each of the Issuer Trustee and the Manager is validly existing pursuant to the laws of the jurisdiction of their respective establishment or incorporation;

(iii) a copy of the incorporating documents and all amendments thereto and applicable by-laws**, as applicable,** of each of the Issuer Trustee, the IESO and the Manager certified by an Authorized Officer of the applicable entity;

(iv) copies of resolutions of the board of directors of the IESO and the Manager approving and authorizing the execution, delivery and performance of each Program Agreement they are party to, in each case certified by an Authorized Officer of the applicable entity;

(v) incumbency certificates for each of the Issuer Trustee, the Manager and the IESO executing this Supplemental Indenture and any other Program Agreements and the other documents to be delivered by either the Issuer Trustee, the Manager or the IESO thereunder, in each case showing their names, offices and specimen signatures on which certificates the Purchaser shall be entitled to conclusively rely until such time as the Purchaser receives a replacement certificate meeting the requirements of this Section 4.1(~~b~~**c**)(v);

(vi) the following Opinions of Counsel:

(A) the opinion of external counsel to the Manager as to the non-consolidation of the Issuer with the Manager in the event of the insolvency of the Manager in form and substance satisfactory to the Purchaser;

(B) the opinion of external counsel to the IESO as to the Investment Asset acquired by the Issuer not being subject to the claims of creditors of the IESO in form and substance satisfactory to the Purchaser;

(C) favourable opinions of external counsel to the Manager covering general corporate matters, the due execution and delivery of, and the enforceability of, each of the Program Agreements to which the Manager, the Issuer and the Issuer Trustee are party which opinion, as to certain matters, may rely on opinion of internal counsel to the Manager and the Issuer Trustee; and

(D) a favourable opinion of external counsel to the Province with respect to the due authorization, execution, delivery and enforceability of the Change of Law Protection Agreement in form and substance satisfactory to the Purchaser;

(vii) a certificate of an Authorized Officer of the Manager confirming that the representations and warranties set forth in Section 12.01 of the Trust Indenture and Section 5.1 of this Supplemental Indenture are true and correct in all material respects, that the Issuer is in compliance in all material respects with all of its covenants and obligations under the Program Agreements to which it is a party and that no Termination Event has occurred; and

(viii) such additional documents, instruments, certificates or letters as the Purchaser may reasonably request.

(d) ~~(c)~~ The representations and warranties set forth in Section 5.1 of this Supplemental Indenture shall be true and correct in all material respects, the Issuer shall be compliance in all material respects with all of its covenants and obligations under the Program Agreements to which it is a party and no Termination Event shall have occurred.

4.2 Conditions Precedent to each Increase under Series 2017-1 Subordinated Notes

On or prior to each Increase, the following conditions precedent shall be satisfied:

(a) the Purchaser shall have received an Increase Notice;

(b) no Termination Event shall have occurred or would occur after giving effect to such Increase;

(c) if the Increase is identified as a Transfer Increase in the Increase Notice, then the related Transfer under the Master Transfer and Servicing Agreement shall have been completed or contemporaneously completed;

(d) after giving effect the Increase, the aggregate of the amounts on deposit in the Program Cash Reserve Account and the IESO Cash Reserve Account shall be equal to or greater than the sum of:

(i) the Program Cash Reserve Required Amount,

plus

(ii) an amount equal to the ~~product~~**sum** of (x) the amount originally determined under clause (b) of the definition of IESO Cash Reserve Deposit Amount in the Trust Indenture ~~multiplied by (y) (i) for an Increase Date prior to the Payment Date in May, 2021, one; (ii) for an Increase Date on or after the Payment Date in May, 2021 and prior to the Payment Date in June, 2021, [●]%; (iii) for an Increase Date on or after the Payment Date in July, 2021 and prior to the Payment Date in October, 2021, [●]%. **[NTD: to be discussed]**~~**, less any amounts withdrawn from the IESO Cash Reserve Account to pay any Obligations Secured described in subsections 7.04(e)(i) through (v) of the Trust Indenture prior to the date of such Increase, and (y) to the extent the amount originally determined under clause (b) of the definition of IESO Cash Reserve Deposit Amount in the Trust Indenture was not determined in a manner which**

included the amount of such Increase, an amount estimated by the Manager, acting reasonably, equal to the additional Monthly Interest payable with respect to such Increase up to and including the Payment Date in July, 2021.

(e) after giving effect to such Increase, the aggregate Outstanding Dollar Principal Amount of Junior Subordinated Funding Obligations will not be less than 10% of the aggregate Outstanding Dollar Principal Amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations.

(f) ~~(e) [~~the Indenture Trustee shall have received ~~a certificate addressed to the Indenture Trustee and signed by the Chief Financial Officer and the Treasurer of OPG (or their respective designees, provided that such designees are executive officers of OPG) confirming either (A) that OPG has provided to the Province all certifications required by the Province~~**(i) the adherence compliance certificate required** pursuant to **Section 4.02(a) of** the Change of Law Protection Agreement with respect to such Increase**,** or (B) ~~that~~**written confirmation from** the Province ~~has otherwise agreed~~ that **the Funding Obligations incurred under this Supplemental Indenture with respect to** such Increase ~~constitutes an Approved Obligation.] **[NTD: to be conformed to final version of Protection Agreement]**~~**constitute Approved Obligations.**

The Issuer's acceptance of funds in connection with each Increase occurring on any Increase Date shall constitute a representation and warranty by the Issuer to the Purchaser as of such Increase Date that all of the conditions contained in Section 3.3(a) and this Section 4.2 are satisfied.

ARTICLE 5
REPRESENTATIONS AND WARRANTIES

5.1 Representations and Warranties of the Issuer

The Issuer hereby represents and warrants to the Purchaser as of the Closing Date, and shall be deemed to represent and warrant to the Purchaser on each Increase Date, that:

(a) no Termination Event has occurred or would result from the initial purchase of the Issuer Investment Interest on the Closing Date or any increase in the Issuer Investment Interest on an Increase Date, as applicable;

(b) the Issuer Trustee and the Issuer are not Non-residents;

(c) all tax returns (federal, provincial and local) required to be filed with respect to the Issuer have been filed and there has been paid or adequate provision made for the payment of all material Taxes in respect of the Issuer;

(d) the Issuer has complied in all material respects with all laws in respect of the conduct of its business and ownership of its property including the Issuer Investment Interest;

(e) all information provided to the Purchaser by or on behalf of the Issuer in respect of the Issuer Investment Interest is and will be true and accurate in all material respects; and

(f) to its knowledge, there is no set of circumstances existing at such time that will have an Adverse Effect or will reasonably be expected to have an Adverse Effect.

5.2 Representations and Warranties of the Purchaser

The Purchaser represents and warrants to the Issuer as of the Closing Date, and shall be deemed to represent and warrant to the Issuer on each Increase Date, that:

(a) it is resident in Ontario or is otherwise subject to the securities legislation of the Province of Ontario;

(b) it is purchasing the applicable Series 2017-1 Subordinated Notes (i) as principal for its own account and not for the benefit of any other "person" (as defined in the *Securities Act* (Ontario)) or company; and (ii) for cash consideration in excess of $150,000; and

(c) it was not created and is not being used solely to purchase or hold securities in reliance on the exemption from the prospectus and dealer registration requirements contained in Section 2.10 of National Instrument 45-106 − Prospectus and Registration Exemptions.

5.3 Survival

The representations and warranties set out in this Article 5 shall survive the execution hereof.

ARTICLE 6
COVENANTS

6.1 Covenants of the Issuer

(a) The Issuer shall promptly provide to the Purchaser (in multiple copies if requested) copies of all material reports, notices, financial statements and other documents delivered by the IESO to the Issuer with respect to the Issuer Investment Interest or pursuant to the Master Transfer and Servicing Agreement; provided such documents shall be deemed to be delivered hereunder so long as the Purchaser is the Manager.

(b) The Issuer shall provide to the Purchaser (in multiple copies, if requested) such other information, documents, records or reports respecting the Issuer Investment Interest, the Issuer or the IESO which is in the possession or under the control of the Issuer or the Manager, as the Purchaser may from time to time reasonably request, including any correspondence with a Rating Agency; provided such documents shall be deemed to be delivered hereunder so long as the Purchaser is the Manager.

(c) The Issuer shall furnish to the Purchaser promptly after known to the Issuer or the Manager, information with respect to any action, suit or proceeding involving the Manager, the Issuer or the IESO or any of their respective Affiliates by or before any court or any Governmental Authority which, if adversely determined, would have an Adverse Effect; provided that the Purchaser shall be deemed to have knowledge of such actions, suits or proceedings so long as it is the Manager.

~~(d) The Issuer shall, upon request by the Purchaser, exercise its right pursuant to Section 3.15 of the Master Transfer and Servicing Agreement to require the IESO to deliver the letter of credit or other form of security contemplated therein.~~

ARTICLE 7
ACCELERATION

7.1 Acceleration of Series 2017-1 Subordinated Principal Amount

If a Series 2017-1 Event of Default occurs and is continuing, then and in each and every such case, and without regard to whether all Issuer Funding Obligations have been declared due and payable immediately pursuant to Section 8.02(a) of the Trust Indenture, the Purchaser may by notice in writing to the Issuer and to the Indenture Trustee declare the Series 2017-1 Subordinated Principal Amount and all interest accrued and unpaid (if any) thereon to be due and payable immediately, and upon any such declaration the same will become and will be immediately due and payable, notwithstanding anything in this Supplemental Indenture or the Trust Indenture to the contrary.

ARTICLE 8
GENERAL

8.1 Successor and Assigns

(a) This Supplemental Indenture shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns except that (i) the Issuer may not assign or transfer any of its rights or obligations under this Supplemental Indenture without the prior written consent of the Purchaser and at least 10 Business Days' notice having been given to DBRS; and (ii) the Purchaser may, without the prior written consent of the Issuer but with prior notice to DBRS, assign or transfer any of its rights or obligations under this Supplemental Indenture to any of its wholly-owned affiliates (a "**Transferee**") pursuant to a transfer supplement, substantially in the form of Exhibit E (the "**Transfer Supplement**").

(b) The Issuer authorizes the Purchaser to disclose to any Transferee and any prospective Transferee any and all financial information in the Purchaser's possession concerning the Issuer, the Issuer Investment Interest and the Program Agreements which has been delivered to the Purchaser by the Issuer or the Manager.

(c) Notwithstanding any other provision of this Supplemental Indenture to the contrary, the Purchaser may at any time pledge or grant a security interest in all or any portion of its rights under its Series 2017-1 Subordinated Note and this Supplemental Indenture to secure obligations of the Purchaser to any Person, without notice to or consent of the Issuer; provided that no such pledge or grant of a security interest shall release the Purchaser from any of its obligations hereunder or substitute any such pledgee or grantee for the Purchaser as a party hereto.

8.2 Waiver

Without limiting the requirements of Section 11.02 of the Trust Indenture which shall be applicable to this Supplemental Indenture, no waiver of any provision of this Supplemental

Indenture or consent to any departure by the Issuer from any provision of this Supplemental Indenture will be effective (in whole or in part) unless in writing and signed by the Purchaser. Such waiver will be effective only in the specific instance, for the specific purpose and for the specific length of time for which it is given by the Purchaser.

8.3 Notice

All notices, requests, instructions and demands to or upon any party hereto to be effective shall be given (a) in the case of the Issuer and the Indenture Trustee, in the manner set forth in Article 15 of the Trust Indenture; and (b) in the case of the Purchaser, in writing, and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when delivered by hand or three days after being deposited in the mail, postage prepaid, in the case of facsimile notice, when received, or in the case of overnight air courier, one Business Day after the date such notice is delivered to such overnight courier, addressed as follows; or to such other address as may be hereafter notified by the respective parties hereto:

Purchaser:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6

Attention: ~~[■]~~**Vice President, Fair Hydro Plan**
Fax: (416) ~~[■]~~**592-4189**
Email: ~~[■]~~**FHP@opg.com**

8.4 No Waiver: Remedies

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

8.5 Entire Agreement

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

8.6 Governing Law and Attornment

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

8.7 Acknowledgment of Trust Indenture and No Proceedings

(a) The Purchaser hereby acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor under the Trust Indenture and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Trust Indenture including, without limitation, Section 7.12 (Payments To Be Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse), Article IX (Indenture Trustee) (including all limitations of liability thereunder), Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition).

(b) The Purchaser irrevocably authorizes and directs the Indenture Trustee on its behalf to take such action (including the execution and delivery of documents of subordination) as may be necessary or appropriate to further assure the priority arrangements provided for in Article VI, Article VII and Section 8.13 of the Trust Indenture, and appoints the Indenture Trustee as its agent for any and all such purposes.

(c) The Purchaser consents, requests and authorizes the Issuer and the Indenture Trustee to (i) add the Purchaser (or its agent) to the register of Specified Creditors described in Section 13.13 of the Trust Indenture and (ii) disseminate the notice details of the Purchaser to other Specified Creditors for the purposes set out in subsection 9.14(b) of the Trust Indenture.

8.8 Expenses

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

8.9 Further Assurances

Each of the parties hereto upon the request of the other party or parties hereto shall do, execute, acknowledge and deliver or cause to be done, executed acknowledged or delivered all such further acts, deeds, documents, assignments, transfers, conveyances, powers of attorney and assurances as may be reasonably necessary or desirable to effect or complete the consummation of the transactions contemplated by this Supplemental Indenture.

8.10 Confidentiality

(a) The Purchaser covenants and agrees that any non-public information obtained by it pursuant to this Supplemental Indenture and the other Program Agreements shall be held in confidence except that the Purchaser may disclose such information (i) pursuant to the order of any court or administrative agency or in any pending legal or administrative proceeding (whether or not having the force or effect of law) provided that, unless prohibited by applicable law, the Purchaser shall provide prompt notice of such order to the affected party; (ii) upon the request or demand of any regulatory authority having or claiming jurisdiction over the Purchaser; (iii) as required by applicable law including, without limitation, all applicable securities laws; (iv) to the extent that such information becomes publicly available other than by reason of improper disclosure by the Purchaser; (v) to its affiliates, officers, directors, employees, legal counsel, independent auditors, accountants, advisors, investors, potential investors, commercial paper dealers, providers of surety, guaranty, credit or liquidity enhancement (including the directors, officers and accountants of such surety, guaranty, credit or liquidity enhancement provider), legal counsel of any of the foregoing and other experts or agents who need to know such information and are informed of the confidential nature of such information; (vi) for purposes of establishing a "due diligence" defense; (vii) which was available to the Purchaser on a non-confidential basis from a source other than the affected party, provided that such source was not to the knowledge of the Purchaser bound by a confidentiality agreement with the affected party; (viii) has been independently acquired or developed by the Purchaser without violating any of the Purchaser's obligations under this Supplemental Indenture; (ix) if such disclosure has been approved in writing in advance by the Issuer or the Manager; (x) regarding the existence of this Supplemental Indenture, but not the financial terms thereof; and (xi) to DBRS and Moody's and any other Rating Agencies.

(b) The Issuer covenants and agrees to hold in confidence, and not disclose to any Person, the terms of this Supplemental Indenture, except as the Purchaser may have consented to in writing prior to any proposed disclosure and except (i) it may also disclose such information (A) to its officers, directors, employees, legal counsel, independent auditors, accountants and other advisors who are directly involved in the consideration of this Supplemental Indenture (and then only on a confidential basis), (B) to the Manager and its officers, directors, employees, legal counsel, independent auditors, accountants and other advisors, (C) any ministry or agency of the Province of Ontario and, in each case, their respective employees, officials, agents and advisors, (D) as required by applicable law (including, without limitation, applicable securities law) or compulsory legal process, (E) as expressly permitted by the terms of the Program Agreements, and (F) to DBRS and Moody's and any other Rating Agencies; provided, that, in the case of clause (D), the Issuer will use all commercially reasonable efforts to maintain confidentiality and will (unless otherwise prohibited by law) notify the Purchaser of its intention to make any such disclosure prior to making such disclosure; and (ii) it may also disclose the existence (but not the financial terms) of this Supplemental Indenture, including to any actual or prospective purchaser of other Notes.

(c) The parties hereto acknowledge that a description of this Supplemental Indenture and the Series 2017-1 Subordinated Note will be included in the preliminary and final offering memoranda of the Issuer relating to the issue of other Notes from time to time.

(d) The confidentiality provisions set forth in this Section 8.10 shall expire on the second year anniversary of the date on which the Series 2017-1 Subordinated Notes have been paid in full.

8.11 Limitation of Liability of Issuer Trustee

Each party hereto other than the Issuer acknowledges that the Issuer is a trust, and that Computershare Trust Company of Canada is the Issuer Trustee. The other parties hereto agree that the Issuer Trustee will not be subject to any liability whatsoever to them, in tort, contract or otherwise, in connection with the Issuer's assets or the trust activities, for any action taken or permitted by it to be taken, or for its failure to take any action; provided that the foregoing limitation will not apply in respect of any action or failure to act arising from or in connection with wilful misconduct, negligence or reckless disregard of a duty by the Issuer Trustee. The Issuer Trustee in doing anything or permitting anything to be done in respect of assets or the trust activities is, and shall be conclusively deemed to be, acting as trustee of the Issuer and not in any other capacity. Except as to the extent provided in this Section 8.11, the Issuer Trustee will not be subject to any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Issuer, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the Issuer's assets or the trust activities and resort will be had solely to the Collateral for the payment or performance thereof. No property or assets of the Issuer Trustee, whether owned in its personal capacity or otherwise, will be subject to levy, execution or other enforcement procedure with regard to any obligation under this Supplemental Indenture. Nothing contained in this Section 8.11 shall be construed so as to limit the liability of the Issuer under this Supplemental Indenture. This Supplemental Indenture, and every deed, transfer, assignment, agreement or other instrument made pursuant hereto including, without limitation, the Series 2017-1 Subordinated Notes, made or purporting to be made by or creating an obligation of the Issuer or the Issuer Trustee on behalf of, or as trustee of, the Issuer shall be deemed and construed for all purposes as if made by the Issuer Trustee, in and only in its capacity as trustee of the Issuer. Any obligations of the Issuer Trustee hereunder or thereunder are non-recourse to the Issuer Trustee in its personal capacity.

8.12 Execution in Counterparts

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

8.13 Delivery of Executed Copies

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

[signature page follows]

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

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

By:
Name:
Title:

By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, as Indenture Trustee

By:
Name:
Title:

By:
Name:
Title:

ONTARIO POWER GENERATION INC., as Purchaser

By:
Name:
Title:

By:
Name:
Title:

SCHEDULE A

DEFINITIONS

"**Acceleration Event**" means either:

(a) all Issuer Funding Obligations are declared due and payable under Section 8.02 of the Trust Indenture, or

(b) the Series 2017-1 Subordinated Principal Amount and all interest accrued and unpaid thereon is declared to be due and payable under Section 7.1.

"**Administrative Agent**" is defined in the recitals to this Supplemental Indenture.

"**AEOI Legislation**" is defined in Section 3.9(a).

"**Applicable Margin**" means **0.10% per annum**.

"**Authorized Officer**" means, with respect to: (a) the Issuer, any authorized director or officer of the Manager; (b) the Manager, any authorized director of officer of OPG; (c) the IESO, any authorized director or officer of the IESO; (d) the Issuer Trustee, any officer within the corporate trust office of such trustee (including the President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Treasurer or any other officer of the Issuer Trustee customarily performing functions similar to those performed by persons who at the time shall be such officers, respectively, and that has direct responsibility for the administration of the Issuer and also, with respect to a particular matter, any other officer to whom such matter is referred to because of such officer's knowledge and familiarity with the particular subject).

"~~**CDOR**" means, on any day, an annual rate of interest equal to the average rate applicable to Canadian dollar bankers' acceptances for a 1 month period appearing on the "Reuters Screen CDOR Page" (as defined in the International Swaps and Derivatives Association, Inc. 2000 definitions, as modified and amended from time to time) at approximately 10:00 a.m. on such day, or if such day is not a Business Day, then on the immediately preceding Business Day, provided that if such rate does not appear on the Reuters Screen CDOR Page on such day as contemplated, then CDOR on such day shall be calculated as the average of the rates for such period applicable to Canadian dollar bankers' acceptances quoted by the banks listed in Schedule I of the *Bank Act* (Canada) as of 10:00 a.m. on such day or, if such day is not a Business Day, then on the immediately preceding Business Day.~~**Base Rate" means the weighted average interest rate applicable to the Series 2017-1 Senior Notes.**

"**Closing Date**" is defined in Section 3.3(a).

"**Commitment Extension" is defined in the Senior Series 2017-1 Supplemental Indenture.**

"**Decrease**" is defined in Section 3.4.

"**Decrease Amount**" is defined in Section 3.4.

"**Excluded Taxes**" is defined in Section 3.9(a).

"**FATCA**" is defined in Section 3.9(a).

"**Increase**" is defined in Section 3.3(a).

"**Increase Amount**" is defined in Section 3.3(a).

"**Increase Date**" is defined in Section 3.3(a).

"**Increase Notice**" is defined in Section 3.3(a).

"**Indenture Trustee**" is defined in the recitals to this Supplemental Indenture.

"**Interest Period**" means each of the consecutive periods that begins on, and includes, each Payment Date and ends on and excludes, the following Payment Date; provided that the first Interest Period shall begin on the Closing Date and end on ~~●~~ **the Payment Date in January, 2018.**

"**Issuer**" is defined in the recitals to this Supplemental Indenture.

"**Issuer Indemnified Person**" is defined in Section 3.8.

"**Issuer Trustee**" is defined in the recitals to this Supplemental Indenture.

"**Maximum Purchaser Group Principal Amount**" has the meaning specified in the Senior Series 2017-1 Supplemental Indenture.

"**Monthly Interest**" shall mean, for any Payment Date, the sum of (A) the sum for each day during such Interest Period of the product of (i) the Series 2017-1 Subordinated Principal Amount on such day; times (ii) the sum of ~~CDOR~~**the Base Rate** for such day plus the Applicable Margin, divided by (iii) 365, and (B) the Monthly Interest Shortfall; provided that, for the purposes of determining the Monthly Interest in respect of an Interest Period prior to the end of the Interest Period, the Purchaser may estimate the interest for the remaining days in the Interest Period and provided further, if the actual interest for such days is less than the estimated interest, the Monthly Interest for the following Interest Period shall be reduced to adjust for such lower actual interest and if the actual interest for such days is higher than the estimated interest, the Monthly Interest for the following Interest Period shall be increased to adjust for such higher interest.

"**Monthly Interest Shortfall**" means, for any Payment Date, if the amount in clause (A) of the definition of Monthly Interest for the preceding Payment Date was greater than the amount distributed to the payment of such amounts pursuant to Section 3.6(c), an amount equal to the amount in clause (A) of the definition of Monthly Interest owing to the Purchaser which was unpaid on the preceding Payment Date plus interest on such unpaid amount for the period from the preceding Payment Date to the current Payment Date at a rate equal to the Prime Rate plus ~~●~~**1.00**% per annum.

"**Monthly Other Amounts**" shall mean, for any Payment Date the sum of (a) any amounts payable to the Purchaser hereunder (other than Monthly Interest) including, without limitation, pursuant to Sections 3.8, 3.9, 3.10 and 8.8; plus (c) the Monthly Other Amounts Shortfall for such Payment Date.

"**Monthly Other Amounts Shortfall**" means, for any Payment Date, if the amount of the Monthly Other Amounts for the preceding Payment Date was greater than the amount distributed to the payment of such amounts pursuant to Section 3.6(c), an amount equal to the Monthly Other Amounts owing to the Purchaser which were unpaid on the preceding Payment Date plus interest on such unpaid amount for the period from the preceding Payment Date to the current Payment Date at a rate equal to the Prime Rate plus ~~●~~**1.00**% per annum.

"**Prime Rate**" means the annual rate of interest announced by ~~●~~**Royal Bank of Canada** from time to time as being its reference rate for the determination of interest rates on Canadian dollar denominated commercial loans made by it and commonly referred to by ~~●~~**Royal Bank of Canada** as its "prime rate."

"**Principal Accumulation Date**" means the Payment Date occurring in the month of July, ~~2021~~ **2021, as such date may be modified pursuant to Section 3.5(c).**

"**Principal Payment Amount**" means, in respect of the Series 2017-1 Subordinated Notes **(unless modified pursuant to Section 3.5(c))**:

(a) On any Payment Date occurring on or after the earlier of (i) the Payment Date occurring in October, 2021; and (ii) the occurrence of an Acceleration Event, the Series 2017-1 Subordinated Principal Amount.

(b) Unless clause (a) above is applicable, on the Payment Dates in ~~each of~~ the ~~months~~**month** of July, ~~2021,~~ August, ~~2021 and~~ September~~,~~ **and October of** 2021, an amount equal the lesser of (x) the sum of (A) ~~[~~25~~]~~% of the Series 2017-1 Subordinated Principal Amount on the Business Day prior to the Principal Accumulation Date plus (B) the Decrease Amount of any Decrease occurring on such Payment Date, and (y) the Series 2017-1 Subordinated Principal Amount.

(c) Unless either of clauses (a) or (b) above is applicable, on any Payment Date ~~this~~**that** is not a Decrease Date, nil.

(d) Unless either of clauses (a) or (b) above is applicable, on any Payment Date that is a Decrease Date, the Decrease Amount of the Decrease occurring on such Payment Date.

"Principal Payment Default Date" means the Business Day that is two years after the Payment Date in respect of such Principal Payment Amount, as such date may be modified pursuant to Section 3.5(c).

"**Purchaser**" is defined in the recitals to this Supplemental Indenture.

"**Recipient**" is defined in Section 3.9(a).

"**Refinancing Increase**" is defined in Section 3.3(a).

"**Regulatory Change**" shall mean (i) the adoption after the date hereof of any applicable law, rule or regulation (including any applicable law, rule or regulation regarding capital adequacy, deposits, reserves or liquidity coverage) or any change therein after the date hereof, (ii) any change after the date hereof in the interpretation, administration, scope or timing of implementation thereof by any governmental authority, central bank, self-regulating professional body or comparable agency or authority charged with the interpretation or administration thereof, or compliance with any guidance, request or directive (whether or not having the force of law) of any such authority, central bank, self-regulating professional body or comparable agency or authority; provided that for purposes of this definition, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder, issued in connection therewith or in implementation thereof, and (y) all requests, rules, guidelines and directives (whether or not having the force of law) promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or Canadian or United States or other foreign regulatory authorities, shall in each case be deemed to be a "Regulatory Change", regardless of the date enacted, adopted, issued or implemented.

"**Senior Series 2017-1 Supplemental Indenture**" is defined in the recitals to this Supplemental Indenture.

"**Series 2017-1 Event of Default**" means any one of the following events occurs at any time that the Subordinated Funding Obligations constitute the Controlling Class Obligations (whatever the reason for such Series 2017-1 Event of Default and whether it will be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any Governmental Authority):

(a) a default by the Issuer in the payment of any interest on any Series 2017-1 Subordinated Notes when such interest becomes due and payable, and continuance of such default for a period of ~~[~~five~~]~~ days following the date on which such interest became due and payable;

(b) a default by the Issuer in the payment of any principal of any Series 2017-1 Subordinated Notes at its Principal Payment Default Date;

(c) any representation or warranty contained in Section 5.1 of this Supplemental Indenture or Section 12.01 of the Trust Indenture proves to be incorrect in any material respect when made and such incorrect representation or warranty if capable of being remedied by the Issuer, has not been remedied for a period of ~~60~~**30** days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by the Purchaser, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default" hereunder and, as a result of such default, the interests of the Purchaser is materially and adversely affected and continue to be materially and adversely affected during the ~~60~~**30**-day period;

(d) a default in the performance, or breach, of any covenant of the Issuer in the Trust Indenture or this Supplemental Indenture in respect of any Series 2017-1 Subordinated Notes (other than an agreement, covenant or warranty a default in the performance of which or the breach of which is elsewhere specifically dealt with in this definition of Series 2017-1 Event of Default), and continuance of such default or breach for a period of ~~60~~**30** days after notice thereof

has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by the Purchaser, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default" hereunder and, as a result of such default, the interests of the Purchaser is materially and adversely affected and continue to be materially and adversely affected during the ~~60~~**30**-day period;

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

(f) a Suspension Notice is issued by the Province.

"**Series 2017-1 Initial Senior Principal Amount**" means the "Series 2017-1 Initial Principal Amount" as defined in the Senior Series 2017-1 Supplemental Indenture.

"**Series 2017-1 Initial Subordinated Principal Amount**" means an amount equal to ~~[eighty~~**seventy**-eight percent (~~88~~**78**%)~~]~~ of the Series 2017-1 Initial Senior Principal Amount.

"**Series 2017-1 Maximum Senior Principal Amount**" means the "Series 2017-1 Maximum Principal Amount" as defined in the Senior Series 2017-1 Supplemental Indenture.

"**Series 2017-1 Maximum Subordinated Principal Amount**" means an amount equal to ~~[eighty~~**seventy**-eight percent (~~88~~**78**%)~~]~~ of the Series 2017-1 Maximum Senior Principal Amount.

"**Series 2017-1 Senior Decrease**" means, with respect to a Business Day, the sum of all amounts of Decreases (as defined in the Senior Series 2017-1 Supplemental Indenture) on such Business Day.

"**Series 2017-1 Senior Increase**" means, with respect to a Business Day, the sum of all amounts of Increases (as defined in the Senior Series 2017-1 Supplemental Indenture) on such Business Day.

"**Series 2017-1 Senior Notes**" is defined in the recitals to this Supplemental Indenture.

"**Series 2017-1 Subordinated Note**" means any one of the Floating Rate Variable Funding Subordinated Notes, Series 2017-1, executed by the Issuer and authenticated and delivered by or on behalf of the Indenture Trustee, substantially in the form of Exhibit B.

"**Series 2017-1 Subordinated Principal Amount**" means (a) when used with respect to the Closing Date, the Series 2017-1 Initial Subordinated Principal Amount; and (b) when used with respect to any other date, an amount equal to (i) the Series 2017-1 Subordinated Principal Amount on the immediately preceding Business Day; plus (ii) the Increase Amount on such date; minus (iii) the Decrease Amount on such date; minus (iv) the amount of principal payments made to the Purchaser pursuant to Section 3.7 on such date.

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

"**Support Facility**" shall mean any liquidity or credit support agreement with the Purchaser which relates to, or is otherwise available to the Purchaser in relation to its funding activities under, this Supplemental Indenture.

"**Suspension Notice**" has the meaning specified in the Change of Law Protection Agreement.

"**Termination Event**" means any Acceleration Event **or Series 2017-1 Event of Default** or any event which with the giving of notice or the passage of time, or both, could become an Acceleration Event **or a Series 2017-1 Event of Default**.

"**Transfer Increase**" is defined in Section 3.3(a).

"**Transfer Supplement**" is defined in Section 8.1(a).

"**Transferee**" is defined in Section 8.1(b).

"**Trust Indenture**" means the trust indenture dated as of December ~~●~~**[21]**, 2017 between the Issuer and the Indenture Trustee.

SCHEDULE B

[FORM OF NOTE]

~~SERIES 2017-1~~FLOATING RATE VARIABLE FUNDING SUBORDINATED NOTE, SERIES 2017-1

REGISTERED	**INITIAL DOLLAR PRINCIPAL AMOUNT**
No. R-[●]	**$[●]**

FAIR HYDRO TRUST

FLOATING RATE VARIABLE FUNDING SUBORDINATED NOTE, SERIES 2017-1

Fair Hydro Trust (herein referred to as the "Issuer"), a trust governed by the laws of Ontario and established under a Declaration of Trust dated as of December [21], 2017 for value received, hereby promises to pay to Ontario Power Generation Inc., or registered assigns, subject to the following provisions, a principal sum of $●, or, if less, the aggregate unpaid principal amount shown on the schedule attached hereto (and any continuation thereof), which amount shall be payable in the amounts and at the times set forth in the Base Indenture and the Supplemental; provided, that, the entire unpaid amount of any Principal Payment Amount payable with respect to this Series 2017-1 Subordinated Note shall be due on the related Principal Payment Default Date. The Issuer will pay interest on this Series 2017-1 Subordinated Note in accordance with Section 3.6 of the Supplemental on each Payment Date until the principal of this Series 2017-1 Subordinated Note is paid or made available for payment, to the extent funds are available in accordance with the terms of the Supplemental. Pursuant to Sections 3.3 and 3.4 of the Supplemental, the principal amount of this Series 2017-1 Subordinated Note shall be subject to Increases and Decreases on any Business Day on or after the date hereof. This Series 2017-1 Subordinated Note is subject to mandatory prepayment, to the extent funds have been allocated to the Principal Accumulation Account and are available therefor, in accordance with Sections 3.4 and Section 3.7 of the Supplemental. Beginning on the first Payment Date following the occurrence of a Series 2017-1 Event of Default or an Event of Default (collectively, a "Default Event"), subject to cure in accordance with the Base Indenture or the Supplemental, as applicable, the principal of this Series 2017-1 Subordinated Note shall be paid in installments on each subsequent Principal Payment Date to the extent of funds available for payment therefor pursuant to the Trust Indenture. Such principal of and interest on this Series 2017-1 Subordinated Note shall be paid in the manner specified on the reverse hereof.

The principal of and interest on this Series 2017-1 Subordinated Note are payable in Canadian Dollars. Payments made by the Issuer with respect to this Series 2017-1 Subordinated Note shall be applied in accordance with the payment priorities in Section 7.04(e) and 8.13 of the Base Indenture, as applicable.

Reference is made to the further provisions of this Series 2017-1 Subordinated Note set forth on the reverse hereof, which shall have the same effect as though fully set forth on the face of this Series 2017-1 Subordinated Note. Although a summary of certain provisions of the Trust Indenture is set forth below and on the reverse hereof and made a part hereof, this Series 2017-1 Subordinated Note does not purport to summarize the Trust Indenture and reference is made to the Trust Indenture for information with respect to the interests, rights, benefits, obligations, proceeds and duties evidenced hereby and the rights, duties and obligations of the Issuer and the Indenture Trustee. A copy of the Trust Indenture may be requested from the Indenture Trustee by writing to the Indenture Trustee at: BNY Trust Company of Canada, One York Street, 6th Floor, Toronto, Ontario M5J 0B6, Attention: Corporate Trust Administration.

Unless the certificate of authentication hereon has been executed by or on behalf of the Indenture Trustee, by manual signature, this Series 2017-1 Subordinated Note shall not be entitled to any benefit under the Trust Indenture referred to on the reverse hereof, or be valid for any purpose.

IN WITNESS WHEREOF, the Issuer has caused this Series 2017-1 Subordinated Note to be duly executed.

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

By:
Name:
Title:

By: _____
Name:
Title:

Dated: December [21], 2017

INDENTURE TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Series 2017-1 Subordinated Notes described in the within-mentioned Trust Indenture.

BNY TRUST COMPANY OF CANADA, as Indenture Trustee

By:
Authorized Signatory

By:
Authorized Signatory

FAIR HYDRO TRUST

SERIES 2017-1 SERIES 2017-1 FLOATING RATE ASSET BACKED NOTE

Summary of Terms and Conditions

This Series 2017-1 Subordinated Note is one of a duly authorized issue of Subordinated Notes of the Issuer, designated as the Floating Rate Variable Funding Subordinated Note, Series 2017-1 (the "Series 2017-1 Subordinated Notes"), issued under an Trust Indenture, dated as of December [21], 2017 (as may be amended, supplemented, restated, replaced or otherwise modified from time to time, the "Base Indenture"), between the Issuer and BNY Trust Company of Canada, as indenture trustee (the "Indenture Trustee," which term includes any successor Indenture Trustee under the Base Indenture), as supplemented by the Warehouse Subordinated Series 2017-Indenture Supplement, dated as of December [21], 2017 (the "Supplemental"), and representing the right to receive certain payments from the Issuer. The term "Trust Indenture," unless the context otherwise requires, refers to the Base Indenture as supplemented by the Supplemental. Except as set forth in the Supplemental, the Series 2017-1 Subordinated Note is subject to all of the terms of the Trust Indenture. All terms used in this Series 2017-1 Subordinated Note that are defined in the Supplemental shall have the meanings assigned to them in or pursuant to the Supplemental.

The Series 2017-1 Subordinated Note is and will be equally and ratably secured by the Collateral pledged as security therefor as provided in the Trust Indenture.

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

As described above, the entire unpaid amount of any Principal Payment Amount payable with respect to this Series 2017-1 Subordinated Note shall be due and payable on the related Principal Payment Default Date, in accordance with Section 3.7 of the Supplemental. Notwithstanding the foregoing, if a Default Event with respect to the Series 2017-1 Subordinated Notes shall have occurred and be continuing then, in certain circumstances, principal of the Series 2017-1 Subordinated Note may be paid earlier, as described in the Trust Indenture. All principal payments of the Series 2017-1 Subordinated Note shall be made to Ontario Power Generation Inc.

Payments of interest on this Series 2017-1 Subordinated Note are due and payable on each Payment Date or such other date as may be specified in the Supplemental, together with the installment of principal then due, if any, and any payments of principal made on any Business Day in respect of any Decreases, to the extent not in full payment of this Series 2017-1 Subordinated Note, shall be made by wire transfer to the holder of record of this Series 2017-1 Subordinated Note (or one or more predecessor Series 2017-1 Subordinated Notes) on the Note Register as of the close of business on each Record Date. Any reduction in the principal amount of this Series 2017-1 Subordinated Note (or one or more predecessor Series 2017-1 Subordinated Notes) effected by any payments made on

any Payment Date shall be binding upon all future holders of this Series 2017-1 Subordinated Note and of any Series 2017-1 Subordinated Note issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof, whether or not noted thereon.

The Issuer shall pay interest on Monthly Interest Shortfalls at the rate specified in the definition thereof, to the extent lawful.

Subject to the terms of the Trust Indenture, the holder of any Series 2017-1 Subordinated Note may transfer the same in whole or in part, in an amount equivalent to an authorized denomination, by surrendering such Series 2017-1 Subordinated Note at the office maintained by the Note Registrar for such purpose pursuant to Section 4.05(c) of the Base Indenture, with the form of transfer endorsed on it duly completed and executed by, or accompanied by a written instrument of transfer in form satisfactory to the Issuer and the Note Registrar by, the holder thereof. In exchange for any Series 2017-1 Subordinated Note properly presented for transfer, the Issuer shall execute and promptly authenticate and deliver or cause to be authenticated and delivered in compliance with applicable law, to the transferee at such office, or send by mail (at the risk of the transferee) to such address as the transferee may request, Series 2017-1 Subordinated Notes for the same aggregate principal amount as was transferred. In the case of the transfer of any Series 2017-1 Subordinated Note in part, the Issuer shall execute and promptly authenticate and deliver or cause to be authenticated and delivered to the transferor at such office, or send by mail (at the risk of the transferor) to such address as the transferor may request, Series 2017-1 Subordinated Note for the aggregate principal amount that was not transferred. No transfer of any Series 2017-1 Subordinated Note shall be made unless the request for such transfer is made by the holder of a Series 2017-1 Subordinated Note at such office. Upon the issuance of transferred Series 2017-1 Subordinated Notes, the Indenture Trustee shall recognize the holders of such Series 2017-1 Subordinated Note as a Noteholder of Series 2017-1 Subordinated Notes.

Ontario Power Generation Inc., by acceptance of this Series 2017-1 Subordinated Note, hereby acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor under the Base Indenture and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Base Indenture including, without limitation, Section 7.12 (Payments To Be Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse), Article IX (Indenture Trustee) (including all limitations of liability thereunder), Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition).

Prior to the due presentment for registration of transfer of this Series 2017-1 Subordinated Note, the Issuer, the Indenture Trustee and any agent of the Issuer or the Indenture Trustee may treat the Person in whose name this Series 2017-1 Subordinated Note (as of the day of determination or as of such other date as may be specified in the Trust Indenture) is registered as the owner hereof for all purposes, whether or not this Series 2017-1 Subordinated Note shall be overdue, and neither the Issuer, the Indenture Trustee nor any such agent shall be affected by notice to the contrary.

The Trust Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the rights of the holder of the Series 2017-1 Subordinated Notes under the Trust Indenture at any time by the Issuer with the consent of the applicable Person(s) specified therein. The Trust Indenture also contains provisions permitting the applicable Person(s) specified therein to waive compliance by the Issuer with certain provisions of the Trust Indenture and certain past defaults under the Trust Indenture and their consequences with respect to the Series 2017-1 Subordinated Notes. Any such consent or waiver by such Person(s) shall be conclusive and binding upon Ontario Power Generation Inc. and upon all future holders of this Series 2017-1 Subordinated Note and of any Series 2017-1 Subordinated Notes issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof whether or not notation of such consent or waiver is made upon this Series 2017-1 Subordinated Note. The Trust Indenture also permits the Issuer and the Indenture Trustee to amend or waive certain terms and conditions set forth in the Trust Indenture without the consent of any other Person.

The term "the Issuer" as used in this Series 2017-1 Subordinated Note includes any successor to the Issuer under the Trust Indenture.

The Series 2017-1 Subordinated Note is issuable only in registered form in denominations as provided in the Trust Indenture, subject to certain limitations set forth therein.

This Series 2017-1 Subordinated Note and the Trust Indenture, and all matters arising out of or relating to this Series 2017-1 Subordinated Note or Trust Indenture, shall be governed by, and construed and interpreted in accordance with, the laws of the Province of Ontario and the federal laws applicable therein, and the obligations, rights and remedies of the parties hereto shall be determined in accordance with such laws.

No reference herein to the Trust Indenture and no provision of this Series 2017-1 Subordinated Note or of the Trust Indenture shall alter or impair the obligation of the Issuer, which is absolute and unconditional, to pay the principal of and interest on this Series 2017-1 Subordinated Note at the times, place and rate, and in the coin or currency herein prescribed, subject to any duty of the Issuer to deduct or withhold any amounts as required by law, including any applicable taxes.

INCREASES AND DECREASES

Date	Unpaid Principal Amount	Increase	Decrease	Total	Notation Made By

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

_____
(name and address of assignee)

the within certificate and all rights thereunder, and hereby irrevocably constitutes and appoints, _____, attorney, to transfer said certificate on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____ **_____[1]**
Signature Guaranteed:

REGISTRATION PANEL

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

Date of Registration	In Whose Name Registered	Signature of Note Registrar
●, 201●	●	

●

[1] **NOTE: The signature to this assignment must correspond with the name of the registered owner as it appears on the face of the within Note in every particular, without alteration, enlargement or any change whatsoever.**

SCHEDULE C

FORM OF INCREASE NOTICE

●

SCHEDULE D

FORM OF DECREASE NOTICE

●

SCHEDULE E

FORM OF TRANSFER SUPPLEMENT

Document comparison by Workshare Compare on December-14-17 11:53:22 PM

Input:	
Document 1 ID	file://C:\Users\bsaulnie\Desktop\Warehouse Subordinated Supplemental Indenture.DOCX
Description	Warehouse Subordinated Supplemental Indenture
Document 2 ID	file://C:\Users\bsaulnie\Desktop\Subordinated Warehouse Supplement - Fair Hydro (2).DOCX
Description	Subordinated Warehouse Supplement - Fair Hydro (2)
Rendering set	Firm_Standard

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

Statistics:	
	Count
Insertions	204
Deletions	115
Moved from	1
Moved to	1
Style change	0
Format changed	0
Total changes	321

WAREHOUSE

JUNIOR SUBORDINATED SERIES 2017-1

SUPPLEMENTAL INDENTURE

between

FAIR HYDRO TRUST

by

COMPUTERSHARE TRUST COMPANY OF CANADA
as Issuer Trustee

and

BNY TRUST COMPANY OF CANADA
as Indenture Trustee

and

ONTARIO POWER GENERATION INC.
as Purchaser

Made as of December ~~●~~[21], 2017

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FLOATING RATE VARIABLE FUNDING, SERIES 2017-1 JUNIOR SUBORDINATED NOTES

SUPPLEMENTAL INDENTURE made as of December ●[21], 2017, between **Computershare Trust Company of Canada**, a trust company established under the laws of Canada (the "**Issuer Trustee**"), in its capacity as trustee of **Fair Hydro Trust**, a trust existing under the laws of the Province of Ontario (in such capacity, the "**Issuer**"), **BNY Trust Company of Canada**, a trust company established under the laws of Canada (the "**Indenture Trustee**"), and Ontario Power Generation Inc., in its capacity as the purchaser (the "**Purchaser**");

WHEREAS pursuant to the Trust Indenture, provision was made for the issuance of Notes from time to time;

AND WHEREAS pursuant to the Trust Indenture, Notes may be issued in one or more Series by the execution and delivery of a Supplemental Indenture;

AND WHEREAS pursuant to a Supplemental Indenture dated the date hereof between the Issuer Trustee, in its capacity as trustee of the Issuer, the Indenture Trustee, ●**Royal Bank of Canada**, in its capacity as the administrative agent for certain purchaser groups (the "**Administrative Agent**"), certain non-conduit purchasers from time to time party thereto, certain commercial paper conduit purchasers from time to time party thereto, and certain funding agents from time to time party thereto (the "**Senior Series 2017-1 Supplemental Indenture**"), the Issuer issued floating rate variable funding Series 2017-1 Senior Notes (the "**Series 2017-1 Senior Notes**");

AND WHEREAS the parties hereto are entering into this Supplemental Indenture to provide for the creation and issuance of the Series 2017-1 Junior Subordinated Notes;

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

ARTICLE 1
INTERPRETATION

1.1 Definitions

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

(b) Except as otherwise expressly provided or unless the context otherwise requires, all terms used herein which are defined in the Trust Indenture, either directly or by reference therein, have the meanings assigned to them in the Trust Indenture.

1.2 Interpretation

Subject to the next following sentences, this Supplemental Indenture is supplemental to the Trust Indenture and the Trust Indenture shall be read in conjunction with this Supplemental Indenture

and all of the provisions of the Trust Indenture shall apply to and shall have effect in connection with this Supplemental Indenture in the same manner as if all of the provisions of the Trust Indenture and of this Supplemental Indenture were contained in one instrument. This Supplemental Indenture shall, unless the context otherwise requires, be subject to the interpretative provisions contained in Article 1 of the Trust Indenture. If any terms of the Trust Indenture are inconsistent with the express terms or provisions hereof, the terms and provisions of the Trust Indenture shall be, solely in respect of the Series 2017-1 Junior Subordinated Notes, amended and supplemented so as to be consistent herewith. The provisions of this Supplemental Indenture are applicable only in respect of the Series 2017-1 Junior Subordinated Notes and not the Notes of any other Series.

1.3 Application of this Supplemental Indenture

With respect to the Series 2017-1 Junior Subordinated Notes only, the terms of the Trust Indenture are amended, supplemented, modified, restated and replaced to the extent applicable by the terms of this Supplemental Indenture in respect of the Series 2017-1 Junior Subordinated Notes in accordance with Section 1.2 above.

ARTICLE 2
PRINCIPAL TERMS

2.1 Creation of Series 2017-1 Junior Subordinated Notes

There is hereby created a Series of Notes to be issued pursuant to the Trust Indenture and this Supplemental Indenture designated as the "**Floating Rate Variable Funding Junior Subordinated Notes, Series 2017-1**."

2.2 Principal Terms

In addition to and without limiting any of the provisions of this Supplemental Indenture, the Series 2017-1 Junior Subordinated Notes:

(a) will be designated as set out in Section 2.1;

(b) will be Junior Subordinated Notes;

(c) will have a Stated Principal Amount equal to the Series 2017-1 Maximum Junior Subordinated Principal Amount;

(d) will not be issued in Tranches;

(e) will be denominated in Canadian dollars;

(f) will not be listed on any securities exchange;

(g) will have an Initial Dollar Principal Amount equal to the Series 2017-1 Initial Junior Subordinated Principal Amount;

(h) will be issued as definitive notes and will not be in the form of a Global Note;

(i) will be issued as Registered Notes and will be without coupons;

(j) will be substantially in the form of Schedule B, with such appropriate insertions, omissions, substitutions and variations as may be approved by the Issuer;

(k) will have each Payment Date on and after the Payment Date in February, 2018 as an Interest Payment Date;

(l) will have Principal Payment Dates as determined under Section 3.7~~(a)~~;

(m) will have Principal Payment Default Dates as ~~determined under Section 3.7(b)~~**defined herein**; and

(n) will have no minimum issue amount.

ARTICLE 3
NOTE PURCHASE FACILITY

3.1 Purchase of Notes by the Purchaser

(a) ***Initial Purchase***. Subject to the terms and conditions of this Supplemental Indenture, including delivery of notice in accordance with Section 3.3, the Purchaser shall purchase a Series 2017-1 Junior Subordinated Note in an amount equal to the Series 2017-1 Initial Junior Subordinated Principal Amount on the Closing Date. Payments by the Purchaser for such purchase shall be made in immediately available funds on the Closing Date in accordance with Section 3.3(c).

(b) ***Series 2017-1 Maximum Junior Subordinated Principal Amount***. Notwithstanding anything to the contrary contained in this Supplemental Indenture, at no time shall the Purchaser be required to purchase Series 2017-1 Junior Subordinated Notes in an amount that exceeds the Series 2017-1 Maximum Junior Subordinated Principal Amount.

3.2 Delivery

(a) On the Closing Date, Series 2017-1 Junior Subordinated Notes shall be executed, authenticated and delivered by the Issuer in accordance with Section 4.03 of the Trust Indenture in the name of the Purchaser in an amount equal to the Series 2017-1 Maximum Junior Subordinated Principal Amount. On each Increase Date, Series 2017-1 Junior Subordinated Notes shall be executed, authenticated and delivered by the Issuer in accordance with Section 4.03 of the Trust Indenture in the name of the Purchaser in an amount equal to the Increase Amount.

(b) The Purchaser shall maintain a record of the actual Series 2017-1 Junior Subordinated Principal Amount outstanding on any date of determination, which, absent manifest error, shall constitute prima facie evidence of the outstanding Series 2017-1 Junior Subordinated Principal Amount from time to time.

3.3 Procedure for Initial Issuance and for Increasing the Series 2017-1 Junior Subordinated Principal Amount

(a) (i) On any Business Day prior to ~~[~~December ~~18, 2017~~[21], 2017, concurrent with the initial purchase of the Series 2017-1 Senior Notes under the Senior Series 2017-1 Supplemental Indenture, the Issuer shall request that the Purchaser purchase, and the Purchaser shall purchase, a Series 2017-1 Junior Subordinated Note for an initial purchase price equal to the Series 2017-1 Initial Junior Subordinated Principal Amount (the date on which the initial purchase occurs being referred to as the "**Closing Date**") by giving the Purchaser (with a copy to the Indenture Trustee) irrevocable written notice (effective upon receipt), by email communication, substantially in the form of Schedule C no later than ~~[3~~12:00 p.m.~~]~~ (Toronto time) on the ~~third~~second Business Day prior to the Closing Date. The written notice of the initial purchase of the Series 2017-1 Junior Subordinated Notes shall (x) state the Closing Date, (y) state the Series 2017-1 Initial Junior Subordinated Principal Amount, and (z) attach a copy of the irrevocable written notice delivered to the Administrative Agent pursuant to Section 3.3(a) of the Senior Series 2017-1 Supplemental Indenture in connection with the concurrent initial purchase of the Series 2017-1 Senior Notes thereunder; and (ii) on any Business Day after the initial purchase of the Series 2017-1 Junior Subordinated Notes hereunder, the Issuer and the Purchaser hereby agree that the Series 2017-1 Junior Subordinated Principal Amount ~~may~~will be increased by an amount ~~not to exceed the product of (i)~~(an "Increase") such that following such Increase the Outstanding Dollar Principal Amount of the Series 2017-1 Junior Subordinated Notes will be equal to or greater than twenty percent (20%) of the Outstanding Dollar Principal Amount of the Series 2017-1 Senior ~~Increase~~Notes on such Business Day (each date on which an increase in the Series 2017-1 Junior Subordinated Principal Amount occurs hereunder being herein referred to as the "**Increase Date**" applicable to such Increase) ~~and (ii) [ten] percent [(10)]% (an "Increase")~~ by the Issuer providing the Purchaser (with a copy to the Indenture Trustee) irrevocable written notice (effective upon receipt), by email communication, substantially in the form of Schedule C (an "**Increase Notice**") no later than ~~[3~~12:00 p.m.~~]~~ (Toronto time) on the ~~second~~third Business Day prior to such Increase Date. Each Increase Notice shall (w) state the Increase Date, (x) state the amount of the increase in the Series 2017-1 Junior Subordinated Principal Amount (an "**Increase Amount**"), (y) state whether the Increase is to fund a Transfer (a "**Transfer Increase**") or is in respect of a Refinancing (a "**Refinancing Increase**"), and (z) attach a copy of the irrevocable written increase notice delivered to the Administrative Agent pursuant to Section 3.3(a) of the Senior Series 2017-1 Supplemental Indenture in connection with the applicable Series 2017-1 Senior Increase proposed to be made thereunder.

(b) The Purchaser shall not be required to increase the Series 2017-1 Junior Subordinated Principal Amount on any Increase Date hereunder if after giving effect to such Increase Amount, the Series 2017-1 Maximum Junior Subordinated Principal Amount will be exceeded.

(c) The Issuer shall apply amounts paid to it pursuant to Section 3.3(a) by application to payment of the purchase price payable by the Issuer to the IESO under the Master Transfer and Servicing Agreement in respect of a Transfer or by deposit to the Refinancing Account.

3.4 Procedure for Decreasing the Series 2017-1 Junior Subordinated Principal Amount

On any Business Day after the initial purchase of the Series 2017-1 Junior Subordinated Notes hereunder, the Issuer and the Purchaser hereby agree that the Series 2017-1 Junior Subordinated Principal Amount may be decreased by an amount ~~not to exceed the product of (i)~~**(a "Decrease") such that following such decrease the Outstanding Dollar Principal Amount of the Series 2017-1 Junior Subordinated Notes will not be less than twenty percent (20%) of the Outstanding Dollar Principal Amount of** the Series 2017-1 Senior ~~Decrease on such Business Day, and (ii) **[ten]** percent **[(10)]**% (a "**Decrease**")~~**Notes**. Each Payment Date on which a Decrease in the Series 2017-1 Junior Subordinated Principal Amount occurs hereunder being herein referred to as the "**Decrease Date**" applicable to such Decrease; and the Issuer shall provide to the Purchaser (with a copy to the Indenture Trustee) irrevocable written notice (effective upon receipt), by email communication, substantially in the form of Schedule D (a "**Decrease Notice**") no later than ~~**[3**~~**12**:00 p.m.~~**]**~~ (Toronto time) on the ~~second~~**fifth** Business Day prior to any Payment Date that is a Decrease Date. Each Decrease Notice shall (x) state the Decrease Date, (y) state the amount of the decrease in the Series 2017-1 Junior Subordinated Principal Amount (a "**Decrease Amount**"), and (z) attach a copy of the irrevocable written decrease notice delivered to the Administrative Agent pursuant to Section 3.4 of the Senior Series 2017-1 Supplemental Indenture in connection with the applicable Series 2017-1 Senior Decrease proposed to be made thereunder. Upon receipt of any notice required by this Section 3.4 from the Issuer, the Purchaser shall forward (by email communication) a copy of such notice to DBRS on the Business Day received.

3.5 Increases and Reductions of the 2017-1 Maximum Junior Subordinated Principal Amount

(a) If one or more Maximum Purchaser Group Principal Amounts are increased pursuant to Section 3.5(a) of the Senior Series 2017-1 Supplemental Indenture, the Series 2017-1 Maximum Junior Subordinated Principal Amount shall be automatically increased by an amount equal to ~~**[ten]**~~**twenty** percent ~~**[(10)]**% of such aggregate increase to~~**(20%) of the Outstanding Dollar Principal Amount of** the Maximum Purchaser Group Principal Amounts~~ pursuant to Section 3.5(a) of the Senior Series 2017-1 Supplemental Indenture~~.

(b) If the Series 2017-1 Maximum Senior Principal Amount is reduced pursuant to Section 3.5(b) of the Senior Series 2017-1 Supplemental Indenture, the Series 2017-1 Maximum Junior Subordinated Principal Amount shall be automatically decreased ~~by~~**to** an amount equal to ~~**[ten]**~~**twenty** percent ~~**[(10)]**~~**20%)** of such aggregate decrease to the Series 2017-1 Maximum Senior Principal Amount pursuant to Section 3.5(b) of the Senior Series 2017-1 Supplemental Indenture.

(c) If a Commitment Extension has occurred with respect to the Series 2017-1 Senior Notes, the Principal Accumulation Date, Principal Payment Amount and Principal Payment Default **Date shall be amended to the "Principal Accumulation Date", "Principal Payment Amount" and "Principal Payment Default Date" set out in the request related to such Commitment Extension, as applicable.**

3.6 Interest; Other Amounts

(a) Interest shall be payable on the Series 2017-1 Junior Subordinated Notes on each Payment Date.

(b) The Purchaser shall provide written notice to the Issuer and the Paying Agent no later than ~~[three~~**five** (~~3~~**5**)~~]~~ Business Days ~~[NTD: To conform with senior supplemental indenture]~~ prior to each Payment Date, setting forth the Monthly Interest and the Monthly Other Amounts with respect to the Payment Date.

(c) The Monthly Interest shall be included in each calculation of the Interest Accrual Amount (Junior Subordinated) for the purposes of Section 7.04(e)(v) of the Trust Indenture and shall be payable pursuant to Sections 7.05(c), ~~7.07~~**7.06**(a), **7.07,** 7.10(b) or 8.13(e) of the Trust Indenture, as applicable. On each Payment Date, the Monthly Other Amounts shall be payable in respect of the Series 2017-1 Junior Subordinated Notes pursuant to Sections 7.04(e)(~~xi~~**xvi), 7.10(b**) or 8.13(e) of the Trust Indenture, as applicable. On each Payment Date, the Paying Agent shall, subject to availability of funds, pay to the Purchaser the Monthly Other Amounts with respect to the Payment Date.

3.7 Repayment of Principal

~~(a)~~ Each Payment Date where the Principal Payment Amount is not nil shall be a Principal Payment Date in respect of the Series 2017-1 Junior Subordinated Notes. On each Principal Payment Date in respect of the Series 2017-1 Junior Subordinated Notes, the Paying Agent shall pay to the Purchaser the Principal Payment Amount for such Principal Payment Date out of funds allocated to the Series 2017-1 Junior Subordinated Notes pursuant to Sections 7.04(e)(xii), 7.06(~~d~~**b)(iv**), 7.08(b**)(iv**), 7.10(b) or 8.13(j) of the Trust Indenture, as applicable, in repayment of the principal amount of the Series 2017-1 Junior Subordinated Notes.

~~(b) The Business Day that is ● after the Payment Date in respect of any Principal Payment Amount hereunder shall be the Principal Payment Default Date in respect of that Principal Payment Amount.~~

3.8 Indemnification by the Issuer

The Issuer agrees to indemnify and hold harmless the Indenture Trustee and the Purchaser and each of their respective officers, directors, agents and employees (each, an "**Issuer Indemnified Person**") from and against any loss, liability, expense, damage or injury suffered or sustained by such Issuer Indemnified Person by reason of (a) any acts, omissions or alleged acts or omissions arising out of, or relating to, activities of the Issuer pursuant to the Program Agreements to which it is a party; (b) a breach of any representation or warranty made or deemed made by the Issuer (or any of its officers) in any Program Agreement; or (c) a failure by the Issuer to comply with any applicable law or regulation or to perform its covenants, agreements, duties or obligations required to be performed or observed by it in accordance with the provisions of the Program Agreements, including, but not limited to, any judgment, award, settlement, reasonable attorneys' fees and other reasonable costs or expenses incurred in connection with the defense of any actual or threatened action, proceeding or claim, except to the extent such loss, liability, expense,

damage or injury resulted from the gross negligence, bad faith or willful misconduct of such Issuer Indemnified Person or its officers, directors, agents, principals, employees or employers as determined by a court of competent jurisdiction in a final non-appealable judgement or includes any Excluded Taxes; provided that any payments made by the Issuer pursuant to this Section 3.8 shall be made solely from funds available pursuant to Section 7.04 or 8.13 of the Trust Indenture, as applicable, shall be non-recourse other than with respect to such funds, and shall not constitute a claim against the Issuer to the extent that such funds are insufficient to make such payment.

3.9 Taxes

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

(b) If a payment by or on account of any obligation of the Issuer hereunder would be subject to withholding Taxes under any AEOI Legislation if the Recipient were to fail to comply with the applicable reporting requirements of any AEOI Legislation, such Recipient shall deliver to the Issuer at the time or times prescribed by law and at such time or times reasonably requested by the Issuer such documentation prescribed by applicable law and such additional documentation reasonably requested by the Issuer as may be necessary for the Issuer to comply with its obligations under any AEOI Legislation and to determine that such Recipient has complied with

its obligations under any AEOI Legislation, or to determine the amount to deduct and withhold from such payment. If any form or certification it previously delivered by a Recipient expires or becomes obsolete or inaccurate in any respect, the Recipient shall update such form or certification or promptly notify the Issuer in writing of its legal inability to do so.

(c) If a Recipient is legally entitled to receive a refund of any Taxes (other than Excluded Taxes) as to which it has been indemnified or with respect to which additional amounts have been paid to it hereunder or it is legally entitled to receive a credit or deduction with respect to such Taxes or with respect to such additional amounts that have been paid hereunder (in each case pursuant to Section 3.9(a)), it shall use commercially reasonable efforts to obtain or claim such refund, credit or deduction and pay over such refund or the value of such credit or deduction to the Issuer, together with any interest thereon.

3.10 Increased Costs

(a) (i) If any Regulatory Change (x) subjects the Purchaser to any charge or withholding on or with respect to any Support Facility or this Supplemental Indenture or the Purchaser's obligations under a Support Facility or this Supplemental Indenture, or changes the basis of taxation of payments to the Purchaser of any amounts payable under any Support Facility or this Supplemental Indenture Agreement (except for changes in the rate of tax on the overall net income of the Purchaser or Excluded Taxes) or (y) imposes, modifies or deems applicable any reserve, assessment, fee, tax, insurance charge, special deposit or similar requirement against assets of, deposits with or for the account of, or liabilities of the Purchaser, or credit extended by the Purchaser pursuant to a Support Facility or this Supplemental Indenture or (z) imposes any other condition the result of which is to increase the cost to the Purchaser of performing its obligations under a Support Facility or this Supplemental Indenture, or to reduce the rate of return on the Purchaser's capital or assets as a consequence of its obligations under a Support Facility or this Supplemental Indenture, or to reduce the amount of any sum received or receivable by the Purchaser under a Support Facility or this Supplemental Indenture, or to require any payment calculated by reference to the amount of interests or loans held or interest received by it, then, upon written request by the Purchaser therefore to the Issuer, the Purchaser shall be entitled to be paid such amounts charged to the Purchaser or such amounts to otherwise compensate the Purchaser for such increased cost or such reduction following a receipt by the Issuer of such request for compensation under this Section 3.10(a)(i), which payment shall be made on the earlier of (A) the first Payment Date on which amounts are available to pay such amounts pursuant to Section 7.04(e) of the Trust Indenture (provided that such request is received by the Issuer no later than five (5) Business Days prior to the end of the Interest Period related to such Payment Date), and (B) the ~~[~~twelfth~~]~~ Payment Date following such request.

(ii) The Issuer acknowledges that the Purchaser may implement, as an internal institutional matter, measures in anticipation of a final or proposed Regulatory Change (including, without limitation, the imposition of internal charges on the Purchaser's interest or obligations under any Support Agreement or this Supplemental Indenture) and may commence recognizing the incurrence of charges by seeking compensation under Section 3.10(a)(i) in connection with such measures, in advance of the effective date of such final or proposed Regulatory Change, and the Issuer agrees that such charges or compensation shall be payable, to the Purchaser, following demand therefor without regard to whether such proposed Regulatory Change has been adopted

or whether such effective date has occurred; provided, that (I) the Purchaser shall provide thirty (30) days prior written notice to the Issuer of its intent to impose or incur any such charges or compensation, (II) the Purchaser shall not be compensated for any such amount pursuant to this subsection 3.10(a)(ii) relating to any period ending, and of which the Purchaser has had knowledge, more than ~~●~~ ~~(●)~~**180** days prior to the date that the Purchaser provided the Issuer with the written notice contemplated by the preceding clause (I) of this subsection 3.10(a)(ii), (III) if, after the payment by the Issuer of any charges or compensation pursuant to this subsection 3.10(a)(ii), either (A) the Issuer requests in writing that the Purchaser re-compute any such charge or compensation in light of differences between a proposed Regulatory Change and the final effective version thereof or (B) the Purchaser determines that the amount of the charge imposed on and required to be compensated by the Issuer exceeds the amount necessary to compensate it for the applicable Regulatory Change as contemplated by subsection 3.10(a)(i), then (x) the amount of such charge or compensation shall, from and after such determination, be reduced by the amount of such excess and (y) the Purchaser shall, within thirty (30) days of such determination, either repay the amount of such excess or credit the amount of such excess against future charges under this subsection 3.10(a)(ii). The Issuer further acknowledges that any charge or compensation demanded hereunder may take the form of a monthly charge to be assessed by the Purchaser.

(b) The Purchaser claiming increased amounts described in subsection 3.10(a) of this Supplemental Indenture will furnish to the Issuer (together with its request for compensation) a certificate prepared in good faith setting forth the basis and the calculation of the amount (in reasonable detail) of each request by the Purchaser for any such increased amounts referred to in subsection 3.10(a) hereof. Any such certificate shall be conclusive absent manifest error. Failure on the part of the Purchaser to demand compensation for any amount pursuant to subsection 3.10(a) hereof with respect to any period shall not constitute a waiver of the Purchaser's right to demand compensation with respect to such period.

ARTICLE 4
CONDITIONS PRECEDENT

4.1 Conditions Precedent to Initial Purchase of Series 2017-1 Junior Subordinated Notes

On or prior to the initial purchase of Series 2017-1 Junior Subordinated Notes hereunder, the following conditions precedent shall be satisfied: ~~**[NTD: changes to the conditions precedent may be required to reflect the final Change of Law Protection Agreement.]**~~

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

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

(c) ~~(b)~~ The Purchaser shall have received:

(i) executed copies of this Supplemental Indenture~~ and copies of each of the other Program Agreements certified by an Authorized Officer of the Issuer~~;

(ii) certificates of status or compliance or other similar documents issued by the applicable governmental authority to evidence that each of the Issuer Trustee and the Manager is validly existing pursuant to the laws of the jurisdiction of their respective establishment or incorporation;

(iii) a copy of the incorporating documents and all amendments thereto and applicable by-laws**, as applicable,** of each of the Issuer Trustee, the IESO and the Manager certified by an Authorized Officer of the applicable entity;

(iv) copies of resolutions of the board of directors of the IESO and the Manager approving and authorizing the execution, delivery and performance of each Program Agreement they are party to, in each case certified by an Authorized Officer of the applicable entity;

(v) incumbency certificates for each of the Issuer Trustee, the Manager and the IESO executing this Supplemental Indenture and any other Program Agreements and the other documents to be delivered by either the Issuer Trustee, the Manager or the IESO thereunder, in each case showing their names, offices and specimen signatures on which certificates the Purchaser shall be entitled to conclusively rely until such time as the Purchaser receives a replacement certificate meeting the requirements of this Section 4.1(~~b~~**c**)(v);

(vi) the following Opinions of Counsel:

(A) the opinion of external counsel to the Manager as to the non-consolidation of the Issuer with the Manager in the event of the insolvency of the Manager in form and substance satisfactory to the Purchaser;

(B) the opinion of external counsel to the IESO as to the Investment Asset acquired by the Issuer not being subject to the claims of creditors of the IESO in form and substance satisfactory to the Purchaser;

(C) favourable opinions of external counsel to the Manager covering general corporate matters, the due execution and delivery of, and the enforceability of, each of the Program Agreements to which the Manager, the Issuer and the Issuer Trustee are party which opinion, as to certain matters, may rely on opinion of internal counsel to the Manager and the Issuer Trustee; and

(D) a favourable opinion of external counsel to the Province with respect to the due authorization, execution, delivery and enforceability of the Change of Law Protection Agreement in form and substance satisfactory to the Purchaser;

(vii) a certificate of an Authorized Officer of the Manager confirming that the representations and warranties set forth in Section 12.01 of the Trust Indenture and Section 5.1 of this Supplemental Indenture are true and correct in all material respects, that the Issuer is in compliance in all material respects with all of its covenants and obligations under the Program Agreements to which it is a party and that no Termination Event has occurred; and

(viii) such additional documents, instruments, certificates or letters as the Purchaser may reasonably request.

(d) ~~(c)~~ The representations and warranties set forth in Section 5.1 of this Supplemental Indenture shall be true and correct in all material respects, the Issuer shall be compliance in all material respects with all of its covenants and obligations under the Program Agreements to which it is a party and no Termination Event shall have occurred.

4.2 Conditions Precedent to each Increase under Series 2017-1 Junior Subordinated Notes

On or prior to each Increase, the following conditions precedent shall be satisfied:

(a) the Purchaser shall have received an Increase Notice;

(b) no Termination Event shall have occurred or would occur after giving effect to such Increase;

(c) if the Increase is identified as a Transfer Increase in the Increase Notice, then the related Transfer under the Master Transfer and Servicing Agreement shall have been completed or contemporaneously completed;

(d) after giving effect the Increase, the aggregate of the amounts on deposit in the Program Cash Reserve Account and the IESO Cash Reserve Account shall be equal to or greater than the sum of:

(i) the Program Cash Reserve Required Amount,

plus

(ii) an amount equal to the ~~product~~**sum** of (x) the amount originally determined under clause (b) of the definition of IESO Cash Reserve Deposit Amount in the Trust Indenture ~~multiplied by (y) (i) for an Increase Date prior to the Payment Date in May, 2021, one; (ii) for an Increase Date on or after the Payment Date in May, 2021 and prior to the Payment Date in June, 2021, [●]%; (iii) for an Increase Date on or after~~**, less any amounts withdrawn from the IESO Cash Reserve Account to pay any Obligations Secured described in subsections 7.04(e)(i) through (v) of the Trust Indenture prior to the date of such Increase, and (y) to the extent the amount originally determined under clause (b) of the definition of IESO Cash Reserve Deposit Amount in the Trust Indenture was not determined in a manner which included the amount of such Increase, an**

amount estimated by the Manager, acting reasonably, equal to the additional Monthly Interest payable with respect to such Increase up to and including the Payment Date in July, ~~2021 and prior to the Payment Date in October, 2021, [●]%. [NTD: to be discussed]~~**2021.**

(e) ~~[~~the Indenture Trustee shall have received ~~a certificate addressed to the Indenture Trustee and signed by the Chief Financial Officer and the Treasurer of OPG (or their respective designees, provided that such designees are executive officers of OPG) confirming either (A) that OPG has provided to the Province all certifications required by the Province~~**(i) the adherence compliance certificate required** pursuant to **Section 4.02(a) of** the Change of Law Protection Agreement with respect to such Increase**,** or (B) ~~that~~**written confirmation from** the Province ~~has otherwise agreed~~ that **the Funding Obligations incurred under this Supplemental Indenture with respect to** such Increase ~~constitutes an Approved Obligation.] [NTD: to be conformed to final version of Protection Agreement]~~**constitute Approved Obligations.**

The Issuer's acceptance of funds in connection with each Increase occurring on any Increase Date shall constitute a representation and warranty by the Issuer to the Purchaser as of such Increase Date that all of the conditions contained in Section 3.3(a) and this Section 4.2 are satisfied.

ARTICLE 5
REPRESENTATIONS AND WARRANTIES

5.1 Representations and Warranties of the Issuer

The Issuer hereby represents and warrants to the Purchaser as of the Closing Date, and shall be deemed to represent and warrant to the Purchaser on each Increase Date, that:

(a) no Termination Event has occurred or would result from the initial purchase of the Issuer Investment Interest on the Closing Date or any increase in the Issuer Investment Interest on an Increase Date, as applicable;

(b) the Issuer Trustee and the Issuer are not Non-residents;

(c) all tax returns (federal, provincial and local) required to be filed with respect to the Issuer have been filed and there has been paid or adequate provision made for the payment of all material Taxes in respect of the Issuer;

(d) the Issuer has complied in all material respects with all laws in respect of the conduct of its business and ownership of its property including the Issuer Investment Interest;

(e) all information provided to the Purchaser by or on behalf of the Issuer in respect of the Issuer Investment Interest is and will be true and accurate in all material respects; and

(f) to its knowledge, there is no set of circumstances existing at such time that will have an Adverse Effect or will reasonably be expected to have an Adverse Effect.

5.2 Representations and Warranties of the Purchaser

The Purchaser represents and warrants to the Issuer as of the Closing Date, and shall be deemed to represent and warrant to the Issuer on each Increase Date, that:

(a) it is resident in Ontario or is otherwise subject to the securities legislation of the Province of Ontario;

(b) it is purchasing the applicable Series 2017-1 Junior Subordinated Notes (i) as principal for its own account and not for the benefit of any other "person" (as defined in the *Securities Act* (Ontario)) or company; and (ii) for cash consideration in excess of $150,000; and

(c) it was not created and is not being used solely to purchase or hold securities in reliance on the exemption from the prospectus and dealer registration requirements contained in Section 2.10 of National Instrument 45-106 − Prospectus and Registration Exemptions.

5.3 Survival

The representations and warranties set out in this Article 5 shall survive the execution hereof.

ARTICLE 6
COVENANTS

6.1 Covenants of the Issuer

(a) The Issuer shall promptly provide to the Purchaser (in multiple copies if requested) copies of all material reports, notices, financial statements and other documents delivered by the IESO to the Issuer with respect to the Issuer Investment Interest or pursuant to the Master Transfer and Servicing Agreement; provided such documents shall be deemed to be delivered hereunder so long as the Purchaser is the Manager.

(b) The Issuer shall provide to the Purchaser (in multiple copies, if requested) such other information, documents, records or reports respecting the Issuer Investment Interest, the Issuer or the IESO which is in the possession or under the control of the Issuer or the Manager, as the Purchaser may from time to time reasonably request, including any correspondence with a Rating Agency; provided such documents shall be deemed to be delivered hereunder so long as the Purchaser is the Manager.

(c) The Issuer shall furnish to the Purchaser promptly after known to the Issuer or the Manager, information with respect to any action, suit or proceeding involving the Manager, the Issuer or the IESO or any of their respective Affiliates by or before any court or any Governmental Authority which, if adversely determined, would have an Adverse Effect; provided that the Purchaser shall be deemed to have knowledge of such actions, suits or proceedings so long as it is the Manager.

~~(d) The Issuer shall, upon request by the Purchaser, exercise its right pursuant to Section 3.15 of the Master Transfer and Servicing Agreement to require the IESO to deliver the letter of credit or other form of security contemplated therein.~~

ARTICLE 7
ACCELERATION

7.1 Acceleration of Series 2017-1 Junior Subordinated Principal Amount

If a Series 2017-1 Event of Default occurs and is continuing, then and in each and every such case, and without regard to whether all Issuer Funding Obligations have been declared due and payable immediately pursuant to Section 8.02(a) of the Trust Indenture, the Purchaser may by notice in writing to the Issuer and to the Indenture Trustee declare the Series 2017-1 Junior Subordinated Principal Amount and all interest accrued and unpaid (if any) thereon to be due and payable immediately, and upon any such declaration the same will become and will be immediately due and payable, notwithstanding anything in this Supplemental Indenture or the Trust Indenture to the contrary.

ARTICLE 8
GENERAL

8.1 Successor and Assigns

(a) This Supplemental Indenture shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns except that (i) the Issuer may not assign or transfer any of its rights or obligations under this Supplemental Indenture without the prior written consent of the Purchaser and at least 10 Business Days' notice having been given to DBRS; and (ii) the Purchaser may, without the prior written consent of the Issuer but with prior notice to DBRS, assign or transfer any of its rights or obligations under this Supplemental Indenture to any of its wholly-owned affiliates (a "**Transferee**") pursuant to a transfer supplement, substantially in the form of Exhibit E (the "**Transfer Supplement**").

(b) The Issuer authorizes the Purchaser to disclose to any Transferee and any prospective Transferee any and all financial information in the Purchaser's possession concerning the Issuer, the Issuer Investment Interest and the Program Agreements which has been delivered to the Purchaser by the Issuer or the Manager.

(c) Notwithstanding any other provision of this Supplemental Indenture to the contrary, the Purchaser may at any time pledge or grant a security interest in all or any portion of its rights under its Series 2017-1 Junior Subordinated Note and this Supplemental Indenture to secure obligations of the Purchaser to any Person, without notice to or consent of the Issuer; provided that no such pledge or grant of a security interest shall release the Purchaser from any of its obligations hereunder or substitute any such pledgee or grantee for the Purchaser as a party hereto.

8.2 Waiver

Without limiting the requirements of Section 11.02 of the Trust Indenture which shall be applicable to this Supplemental Indenture, no waiver of any provision of this Supplemental Indenture or consent to any departure by the Issuer from any provision of this Supplemental Indenture will be effective (in whole or in part) unless in writing and signed by the Purchaser.

Such waiver will be effective only in the specific instance, for the specific purpose and for the specific length of time for which it is given by the Purchaser.

8.3 Notice

All notices, requests, instructions and demands to or upon any party hereto to be effective shall be given (a) in the case of the Issuer and the Indenture Trustee, in the manner set forth in Article 15 of the Trust Indenture; and (b) in the case of the Purchaser, in writing, and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when delivered by hand or three days after being deposited in the mail, postage prepaid, in the case of facsimile notice, when received, or in the case of overnight air courier, one Business Day after the date such notice is delivered to such overnight courier, addressed as follows; or to such other address as may be hereafter notified by the respective parties hereto:

Purchaser:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6

Attention: ~~[■]~~**Vice President, Fair Hydro Plan**
Fax: (416) ~~[■]~~**592-4189**
Email: ~~[■]~~**FHP@opg.com**

8.4 No Waiver: Remedies

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

8.5 Entire Agreement

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

8.6 Governing Law and Attornment

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

8.7 Acknowledgment of Trust Indenture and No Proceedings

(a) The Purchaser hereby acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor under the Trust Indenture and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Trust Indenture including, without limitation, Section 7.12 (Payments To Be Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse), Article IX (Indenture Trustee) (including all limitations of liability thereunder), Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition).

(b) The Purchaser irrevocably authorizes and directs the Indenture Trustee on its behalf to take such action (including the execution and delivery of documents of subordination) as may be necessary or appropriate to further assure the priority arrangements provided for in Article VI, Article VII and Section 8.13 of the Trust Indenture, and appoints the Indenture Trustee as its agent for any and all such purposes.

(c) The Purchaser consents, requests and authorizes the Issuer and the Indenture Trustee to (i) add the Purchaser (or its agent) to the register of Specified Creditors described in Section 13.13 of the Trust Indenture and (ii) disseminate the notice details of the Purchaser to other Specified Creditors for the purposes set out in subsection 9.14(b) of the Trust Indenture.

8.8 Expenses

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

8.9 Further Assurances

Each of the parties hereto upon the request of the other party or parties hereto shall do, execute, acknowledge and deliver or cause to be done, executed acknowledged or delivered all such further acts, deeds, documents, assignments, transfers, conveyances, powers of attorney and assurances as may be reasonably necessary or desirable to effect or complete the consummation of the transactions contemplated by this Supplemental Indenture.

8.10 Confidentiality

(a) The Purchaser covenants and agrees that any non-public information obtained by it pursuant to this Supplemental Indenture and the other Program Agreements shall be held in confidence except that the Purchaser may disclose such information (i) pursuant to the order of any court or administrative agency or in any pending legal or administrative proceeding (whether or not having the force or effect of law) provided that, unless prohibited by applicable law, the Purchaser shall provide prompt notice of such order to the affected party; (ii) upon the request or demand of any regulatory authority having or claiming jurisdiction over the Purchaser; (iii) as required by applicable law including, without limitation, all applicable securities laws; (iv) to the extent that such information becomes publicly available other than by reason of improper disclosure by the Purchaser; (v) to its affiliates, officers, directors, employees, legal counsel, independent auditors, accountants, advisors, investors, potential investors, commercial paper dealers, providers of surety, guaranty, credit or liquidity enhancement (including the directors, officers and accountants of such surety, guaranty, credit or liquidity enhancement provider), legal counsel of any of the foregoing and other experts or agents who need to know such information and are informed of the confidential nature of such information; (vi) for purposes of establishing a "due diligence" defense; (vii) which was available to the Purchaser on a non-confidential basis from a source other than the affected party, provided that such source was not to the knowledge of the Purchaser bound by a confidentiality agreement with the affected party; (viii) has been independently acquired or developed by the Purchaser without violating any of the Purchaser's obligations under this Supplemental Indenture; (ix) if such disclosure has been approved in writing in advance by the Issuer or the Manager; (x) regarding the existence of this Supplemental Indenture, but not the financial terms thereof; and (xi) to DBRS and Moody's and any other Rating Agencies.

(b) The Issuer covenants and agrees to hold in confidence, and not disclose to any Person, the terms of this Supplemental Indenture, except as the Purchaser may have consented to in writing prior to any proposed disclosure and except (i) it may also disclose such information (A) to its officers, directors, employees, legal counsel, independent auditors, accountants and other advisors who are directly involved in the consideration of this Supplemental Indenture (and then only on a confidential basis), (B) to the Manager and its officers, directors, employees, legal counsel, independent auditors, accountants and other advisors, (C) any ministry or agency of the Province of Ontario and, in each case, their respective employees, officials, agents and advisors, (D) as required by applicable law (including, without limitation, applicable securities law) or compulsory legal process, (E) as expressly permitted by the terms of the Program Agreements, and (F) to DBRS and Moody's and any other Rating Agencies; provided, that, in the case of clause (D), the Issuer will use all commercially reasonable efforts to maintain confidentiality and will (unless otherwise prohibited by law) notify the Purchaser of its intention to make any such disclosure prior to making such disclosure; and (ii) it may also disclose the existence (but not the financial terms) of this Supplemental Indenture, including to any actual or prospective purchaser of other Notes.

(c) The parties hereto acknowledge that a description of this Supplemental Indenture and the Series 2017-1 Junior Subordinated Note will be included in the preliminary and final offering memoranda of the Issuer relating to the issue of other Notes from time to time.

(d) The confidentiality provisions set forth in this Section 8.10 shall expire on the second year anniversary of the date on which the Series 2017-1 Junior Subordinated Notes have been paid in full.

8.11 Limitation of Liability of Issuer Trustee

Each party hereto other than the Issuer acknowledges that the Issuer is a trust, and that Computershare Trust Company of Canada is the Issuer Trustee. The other parties hereto agree that the Issuer Trustee will not be subject to any liability whatsoever to them, in tort, contract or otherwise, in connection with the Issuer's assets or the trust activities, for any action taken or permitted by it to be taken, or for its failure to take any action; provided that the foregoing limitation will not apply in respect of any action or failure to act arising from or in connection with wilful misconduct, negligence or reckless disregard of a duty by the Issuer Trustee. The Issuer Trustee in doing anything or permitting anything to be done in respect of assets or the trust activities is, and shall be conclusively deemed to be, acting as trustee of the Issuer and not in any other capacity. Except as to the extent provided in this Section 8.11, the Issuer Trustee will not be subject to any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Issuer, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the Issuer's assets or the trust activities and resort will be had solely to the Collateral for the payment or performance thereof. No property or assets of the Issuer Trustee, whether owned in its personal capacity or otherwise, will be subject to levy, execution or other enforcement procedure with regard to any obligation under this Supplemental Indenture. Nothing contained in this Section 8.11 shall be construed so as to limit the liability of the Issuer under this Supplemental Indenture. This Supplemental Indenture, and every deed, transfer, assignment, agreement or other instrument made pursuant hereto including, without limitation, the Series 2017-1 Junior Subordinated Notes, made or purporting to be made by or creating an obligation of the Issuer or the Issuer Trustee on behalf of, or as trustee of, the Issuer shall be deemed and construed for all purposes as if made by the Issuer Trustee, in and only in its capacity as trustee of the Issuer. Any obligations of the Issuer Trustee hereunder or thereunder are non-recourse to the Issuer Trustee in its personal capacity.

8.12 Execution in Counterparts

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

8.13 Delivery of Executed Copies

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

[signature page follows]

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

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

By:
Name:
Title:

By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, as Indenture Trustee

By:
Name:
Title:

By:
Name:
Title:

ONTARIO POWER GENERATION INC., as Purchaser

By:
Name:
Title:

By:
Name:
Title:

SCHEDULE A

DEFINITIONS

"**Acceleration Event**" means either:

(a) all Issuer Funding Obligations are declared due and payable under Section 8.02 of the Trust Indenture, or

(b) the Series 2017-1 Junior Subordinated Principal Amount and all interest accrued and unpaid thereon is declared to be due and payable under Section 7.1.

"**Administrative Agent**" is defined in the recitals to this Supplemental Indenture.

"**AEOI Legislation**" is defined in Section 3.9(a).

"**Applicable Margin**" means **[1.10]% per annum**.

"**Authorized Officer**" means, with respect to: (a) the Issuer, any authorized director or officer of the Manager; (b) the Manager, any authorized director of officer of OPG; (c) the IESO, any authorized director or officer of the IESO; (d) the Issuer Trustee, any officer within the corporate trust office of such trustee (including the President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Treasurer or any other officer of the Issuer Trustee customarily performing functions similar to those performed by persons who at the time shall be such officers, respectively, and that has direct responsibility for the administration of the Issuer and also, with respect to a particular matter, any other officer to whom such matter is referred to because of such officer's knowledge and familiarity with the particular subject).

"~~**CDOR**" means, on any day, an annual rate of interest equal to the average rate applicable to Canadian dollar bankers' acceptances for a 1 month period appearing on the "Reuters Screen CDOR Page" (as defined in the International Swaps and Derivatives Association, Inc. 2000 definitions, as modified and amended from time to time) at approximately 10:00 a.m. on such day, or if such day is not a Business Day, then on the immediately preceding Business Day, provided that if such rate does not appear on the Reuters Screen CDOR Page on such day as contemplated, then CDOR on such day shall be calculated as the average of the rates for such period applicable to Canadian dollar bankers' acceptances quoted by the banks listed in Schedule I of the *Bank Act* (Canada) as of 10:00 a.m. on such day or, if such day is not a Business Day, then on the immediately preceding Business Day.~~**Base Rate" means the weighted average interest rate applicable to the Series 2017-1 Senior Notes.**

"**Closing Date**" is defined in Section 3.3(a).

"Commitment Extension" is defined in the Senior Series 2017-1 Supplemental Indenture.

"**Decrease**" is defined in Section 3.4.

"**Decrease Amount**" is defined in Section 3.4.

"**Excluded Taxes**" is defined in Section 3.9(a).

"**FATCA**" is defined in Section 3.9(a).

"**Increase**" is defined in Section 3.3(a).

"**Increase Amount**" is defined in Section 3.3(a).

"**Increase Date**" is defined in Section 3.3(a).

"**Increase Notice**" is defined in Section 3.3(a).

"**Indenture Trustee**" is defined in the recitals to this Supplemental Indenture.

"**Interest Period**" means each of the consecutive periods that begins on, and includes, each Payment Date and ends on and excludes, the following Payment Date; provided that the first Interest Period shall begin on the Closing Date and end on ~~●~~ **the Payment Date in January, 2018.**

"**Issuer**" is defined in the recitals to this Supplemental Indenture.

"**Issuer Indemnified Person**" is defined in Section 3.8.

"**Issuer Trustee**" is defined in the recitals to this Supplemental Indenture.

"**Maximum Purchaser Group Principal Amount**" has the meaning specified in the Senior Series 2017-1 Supplemental Indenture.

"**Monthly Interest**" shall mean, for any Payment Date, the sum of (A) the sum for each day during such Interest Period of the product of (i) the Series 2017-1 Junior Subordinated Principal Amount on such day; times (ii) the sum of ~~CDOR~~**the Base Rate** for such day plus the Applicable Margin, divided by (iii) 365, and (B) the Monthly Interest Shortfall; provided that, for the purposes of determining the Monthly Interest in respect of an Interest Period prior to the end of the Interest Period, the Purchaser may estimate the interest for the remaining days in the Interest Period and provided further, if the actual interest for such days is less than the estimated interest, the Monthly Interest for the following Interest Period shall be reduced to adjust for such lower actual interest and if the actual interest for such days is higher than the estimated interest, the Monthly Interest for the following Interest Period shall be increased to adjust for such higher interest.

"**Monthly Interest Shortfall**" means, for any Payment Date, if the amount in clause (A) of the definition of Monthly Interest for the preceding Payment Date was greater than the amount distributed to the payment of such amounts pursuant to Section 3.6(c), an amount equal to the amount in clause (A) of the definition of Monthly Interest owing to the Purchaser which was unpaid on the preceding Payment Date plus interest on such unpaid amount for the period from the preceding Payment Date to the current Payment Date at a rate equal to the Prime Rate plus ~~●~~**1.00**% per annum.

"**Monthly Other Amounts**" shall mean, for any Payment Date the sum of (a) any amounts payable to the Purchaser hereunder (other than Monthly Interest) including, without limitation, pursuant to Sections 3.8, 3.9, 3.10 and 8.8; plus (c) the Monthly Other Amounts Shortfall for such Payment Date.

"**Monthly Other Amounts Shortfall**" means, for any Payment Date, if the amount of the Monthly Other Amounts for the preceding Payment Date was greater than the amount distributed to the payment of such amounts pursuant to Section 3.6(c), an amount equal to the Monthly Other Amounts owing to the Purchaser which were unpaid on the preceding Payment Date plus interest on such unpaid amount for the period from the preceding Payment Date to the current Payment Date at a rate equal to the Prime Rate plus ~~●~~**1.00**% per annum.

"**Prime Rate**" means the annual rate of interest announced by ~~●~~**Royal Bank of Canada** from time to time as being its reference rate for the determination of interest rates on Canadian dollar denominated commercial loans made by it and commonly referred to by ~~●~~**Royal Bank of Canada** as its "prime rate."

"**Principal Accumulation Date**" means the Payment Date occurring in the month of July, ~~2021~~ **2021, as such date may be modified pursuant to Section 3.5(c).**

"**Principal Payment Amount**" means, in respect of the Series 2017-1 Junior Subordinated Notes **(unless modified pursuant to Section 3.5(c))**:

(a) On any Payment Date occurring on or after the earlier of (i) the Payment Date occurring in October, 2021; and (ii) the occurrence of an Acceleration Event, the Series 2017-1 Junior Subordinated Principal Amount.

(b) Unless clause (a) above is applicable, on the Payment Dates in ~~each of~~ the ~~months~~**month** of July, ~~2021,~~ August, ~~2021 and~~ September~~,~~ **and October of** 2021, an amount equal the lesser of (x) the sum of (A) ~~[~~25~~]~~% of the Series 2017-1 Junior Subordinated Principal Amount on the Business Day prior to the Principal Accumulation Date plus (B) the Decrease Amount of any Decrease occurring on such Payment Date, and (y) the Series 2017-1 Junior Subordinated Principal Amount.

(c) Unless either of clauses (a) or (b) above is applicable, on any Payment Date ~~this~~**that** is not a Decrease Date, nil.

(d) Unless either of clauses (a) or (b) above is applicable, on any Payment Date that is a Decrease Date, the Decrease Amount of the Decrease occurring on such Payment Date.

"Principal Payment Default Date" means the Business Day that is two years after the Payment Date in respect of such Principal Payment Amount, as such date may be modified pursuant to Section 3.5(c).

"**Purchaser**" is defined in the recitals to this Supplemental Indenture.

"**Recipient**" is defined in Section 3.9(a).

"**Refinancing Increase**" is defined in Section 3.3(a).

"**Regulatory Change**" shall mean (i) the adoption after the date hereof of any applicable law, rule or regulation (including any applicable law, rule or regulation regarding capital adequacy, deposits, reserves or liquidity coverage) or any change therein after the date hereof, (ii) any change after the date hereof in the interpretation, administration, scope or timing of implementation thereof by any governmental authority, central bank, self-regulating professional body or comparable agency or authority charged with the interpretation or administration thereof, or compliance with any guidance, request or directive (whether or not having the force of law) of any such authority, central bank, self-regulating professional body or comparable agency or authority; provided that for purposes of this definition, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder, issued in connection therewith or in implementation thereof, and (y) all requests, rules, guidelines and directives (whether or not having the force of law) promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or Canadian or United States or other foreign regulatory authorities, shall in each case be deemed to be a "Regulatory Change", regardless of the date enacted, adopted, issued or implemented.

"**Senior Series 2017-1 Supplemental Indenture**" is defined in the recitals to this Supplemental Indenture.

"**Series 2017-1 Event of Default**" means any one of the following events occurs at any time that the Junior Subordinated Funding Obligations constitute the Controlling Class Obligations (whatever the reason for such Series 2017-1 Event of Default and whether it will be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any Governmental Authority):

(a) a default by the Issuer in the payment of any interest on any Series 2017-1 Junior Subordinated Notes when such interest becomes due and payable, and continuance of such default for a period of ~~[~~five~~]~~ days following the date on which such interest became due and payable;

(b) a default by the Issuer in the payment of any principal of any Series 2017-1 Junior Subordinated Notes at its Principal Payment Default Date;

(c) any representation or warranty contained in Section 5.1 of this Supplemental Indenture or Section 12.01 of the Trust Indenture proves to be incorrect in any material respect when made and such incorrect representation or warranty if capable of being remedied by the Issuer, has not been remedied for a period of ~~60~~**30** days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by the Purchaser, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default" hereunder and, as a result of such default, the interests of the Purchaser is materially and adversely affected and continue to be materially and adversely affected during the ~~60~~**30**-day period;

(d) a default in the performance, or breach, of any covenant of the Issuer in the Trust Indenture or this Supplemental Indenture in respect of any Series 2017-1 Junior Subordinated

Notes (other than an agreement, covenant or warranty a default in the performance of which or the breach of which is elsewhere specifically dealt with in this definition of Series 2017-1 Event of Default), and continuance of such default or breach for a period of ~~60~~**30** days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by the Purchaser, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default" hereunder and, as a result of such default, the interests of the Purchaser is materially and adversely affected and continue to be materially and adversely affected during the ~~60~~**30**-day period;

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

(f) a Suspension Notice is issued by the Province.

"**Series 2017-1 Initial Junior Subordinated Principal Amount**" means an amount equal to ~~[ten~~**twenty** percent (~~10~~**20**%)~~]~~ of the Series 2017-1 Initial Senior Principal Amount.

"**Series 2017-1 Initial Senior Principal Amount**" means the "Series 2017-1 Initial Principal Amount" as defined in the Senior Series 2017-1 Supplemental Indenture.

"**Series 2017-1 Junior Subordinated Note**" means any one of the Floating Rate Variable Funding Junior Subordinated Notes, Series 2017-1, executed by the Issuer and authenticated and delivered by or on behalf of the Indenture Trustee, substantially in the form of Exhibit B.

"**Series 2017-1 Junior Subordinated Principal Amount**" means (a) when used with respect to the Closing Date, the Series 2017-1 Initial Junior Subordinated Principal Amount; and (b) when used with respect to any other date, an amount equal to (i) the Series 2017-1 Junior Subordinated Principal Amount on the immediately preceding Business Day; plus (ii) the Increase Amount on such date; minus (iii) the Decrease Amount on such date; minus (iv) the amount of principal payments made to the Purchaser pursuant to Section 3.7 on such date.

"**Series 2017-1 Maximum Junior Subordinated Principal Amount**" means an amount equal to ~~[ten~~**twenty** percent (~~10~~**20**%)~~]~~ of the Series 2017-1 Maximum Senior Principal Amount.

"**Series 2017-1 Maximum Senior Principal Amount**" means the "Series 2017-1 Maximum Principal Amount" as defined in the Senior Series 2017-1 Supplemental Indenture.

"**Series 2017-1 Senior Decrease**" means, with respect to a Business Day, the sum of all amounts of Decreases (as defined in the Senior Series 2017-1 Supplemental Indenture) on such Business Day.

"**Series 2017-1 Senior Increase**" means, with respect to a Business Day, the sum of all amounts of Increases (as defined in the Senior Series 2017-1 Supplemental Indenture) on such Business Day.

"**Series 2017-1 Senior Notes**" is defined in the recitals to this Supplemental Indenture.

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

"**Support Facility**" shall mean any liquidity or credit support agreement with the Purchaser which relates to, or is otherwise available to the Purchaser in relation to its funding activities under, this Supplemental Indenture.

"**Suspension Notice**" has the meaning specified in the Change of Law Protection Agreement.

"**Termination Event**" means any Acceleration Event **or Series 2017-1 Event of Default** or any event which with the giving of notice or the passage of time, or both, could become an Acceleration Event **or a Series 2017-1 Event of Default**.

"**Transfer Increase**" is defined in Section 3.3(a).

"**Transfer Supplement**" is defined in Section 8.1(a).

"**Transferee**" is defined in Section 8.1(b).

"**Trust Indenture**" means the trust indenture dated as of December ~~●~~**[21]**, 2017 between the Issuer and the Indenture Trustee.

SCHEDULE B

[FORM OF NOTE]

SERIES 2017-1 JUNIOR SUBORDINATED NOTE

●

SCHEDULE C

FORM OF INCREASE NOTICE

●

SCHEDULE D

FORM OF DECREASE NOTICE

●

SCHEDULE E

FORM OF TRANSFER SUPPLEMENT

Document comparison by Workshare Compare on December-14-17 11:34:26 PM

Input:	
Document 1 ID	file://C:\Users\bsaulnie\Desktop\Warehouse Junior Subordinated Supplemental Indenture.DOCX
Description	Warehouse Junior Subordinated Supplemental Indenture
Document 2 ID	file://C:\Users\bsaulnie\Desktop\Junior Subordinated Warehouse Supplement - Fair Hydro.DOCX
Description	Junior Subordinated Warehouse Supplement - Fair Hydro
Rendering set	Firm_Standard

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

Statistics:	
	Count
Insertions	128
Deletions	138
Moved from	2
Moved to	2
Style change	0
Format changed	0
Total changes	270

From: LEE John -TREASURY
To: Mike Manning; Ken Kandeepan
Subject: Fwd: EXTERNAL – RE: Fair Hydro -- Revised Program Agreements
Date: Friday, December 15, 2017 3:13:11 AM
Attachments: _Fair Hydro -- Management Agreement.docx
_Fair Hydro -- Declaration of Trust.docx
_Fair Hydro -- Master Transfer and Servicing Agreement.docx
_Fair Hydro - IESO Security Agreement.docx
_Fair Hydro -- Master Trust Indenture.docx
_Fair Hydro - OPG Indemnity Agreement.doc
_Fair Hydro - IESO Acknowledgement and Indemnity.doc
_Fair Hydro -- Change of Law Protection Agreement.docx
_Fair Hydro -- Change of Law Process Agreement.docx
Senior Warehouse Supplement.docx
Subordinated Warehouse Supplement.docx
Junior Subordinated Warehouse Supplement.docx
Blackline_Management Agreement.pdf
Blackline - Declaration of Trust.pdf
Blackline_Master Transfer and Servicing Agreement.pdf
Blackline_IESO Security Agreement.pdf
Blackline_Master Trust Indenture.pdf
Blackline_OPG Indemnity.pdf
Blackline_IESO Indemnity.pdf
Blackline_Change of Law Protection Agreement.pdf
Blackline_Change of Law Process Agreement.pdf
Blackline_Senior Warehouse Supplement - Senior Warehouse Supplement.pdf
Blackline_Warehouse Subordinated Supplement.pdf
Blackline_Warehouse Junior Subordinated Supplement.pdf

Fyi

Sent with BlackBerry Work (www.blackberry.com)

From: "Saulnier, Brett" <bsaulnier@torys.com>
Sent: Dec 15, 2017 12:15 AM
To: Alena.Thouin@ontario.ca; Malle.Hanslep@ontario.ca; Tobias.Whitfield@ontario.ca; Tom.McKinlay@ontario.ca; STEPHEN.ASHBOURNE@blakes.com; "VINER, JON" <JON.VINER@blakes.com>; "PRESTAGE, JA" <JA.PRESTAGE@blakes.com>; "PALMER, AARON" <AARON.PALMER@blakes.com>
Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; "Feldman, Michael" <mfeldman@torys.com>; "Ramchandani, Rima" <rramchandani@torys.com>; "Mansoori, Nina" <nmansoori@torys.com>; "Olusoga, Yinka" <yolusoga@torys.com>
Subject: EXTERNAL – RE: Fair Hydro -- Revised Program Agreements

*** Exercise caution. This is an EXTERNAL email. DO NOT open attachments or click links from unknown senders or unexpected email. ***

All,

Please find attached the latest drafts of the following documents:

1. Declaration of Trust

2. Management Agreement

3. Master Transfer and Servicing Agreement

4. IESO Security Agreement

5. IESO Acknowledgement and Indemnity Agreement

6. OPG Indemnity Agreement

7. Master Trust Indenture

8. Change of Law Protection Agreement

9. Change of Law Process Agreement

10. Warehouse Senior Supplemental Indenture

11. Warehouse Junior Supplemental Indenture

12. Warehouse Junior Subordinated Supplemental Indenture

Thanks,
Brett

Brett Saulnier
P. 416.865.8148 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com<https://urldefense.proofpoint.com/v2/url?u=https-3A__na01.safelinks.protection.outlook.com_-3Furl-3Dhttp-253A-252F-252Fwww.torys.com-26data-3D02-257C01-257Cjohn.s.lee-2540opg.com-257C45d86baa13094f7adf0508d5437a8ff2-257C962f21cf93ea449f99bf402e2b2987b2-257C0-257C0-257C636489117145332903-26sdata-3D1hM89VywhCV42SSImYGBwsjaKD31CFHyo7Ktdr6zELI-253D-26reserved-3D0&d=DwIF-g&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=gV-xgZHI0tggSwOPXBdMOr4DyITzOyaIKJLqH9Oy-40&m=IPHnGvcMrwBDNCCpO86NqZio23TTy2AZVGctJL57kCs&s=Lr7v1vaTUbwJAGZvCKL5a-UVf7sT5-lIcw31ZEKnB2k&e= >
[Torys LLP]<https://urldefense.proofpoint.com/v2/url?u=https-3A__na01.safelinks.protection.outlook.com_-3Furl-3Dhttp-253A-252F-252Fwww.torys.com-26data-3D02-257C01-257Cjohn.s.lee-2540opg.com-257C45d86baa13094f7adf0508d5437a8ff2-257C962f21cf93ea449f99bf402e2b2987b2-257C0-257C0-257C636489117145332903-26sdata-3D1hM89VywhCV42SSImYGBwsjaKD31CFHyo7Ktdr6zELI-253D-26reserved-3D0&d=DwIF-g&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=gV-xgZHI0tggSwOPXBdMOr4DyITzOyaIKJLqH9Oy-40&m=IPHnGvcMrwBDNCCpO86NqZio23TTy2AZVGctJL57kCs&s=Lr7v1vaTUbwJAGZvCKL5a-UVf7sT5-lIcw31ZEKnB2k&e= >

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DRAFT: DECEMBER 14, 2017

MANAGEMENT AGREEMENT

between

FAIR HYDRO TRUST
as Issuer

- and -

ONTARIO POWER GENERATION INC.
as Manager

Acknowledged and Accepted by

BNY TRUST COMPANY OF CANADA
as Indenture Trustee

Dated as of December ■, 2017

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EXHIBIT

Exhibit A – Annual Compliance Certificate
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MANAGEMENT AGREEMENT

THIS AGREEMENT made as of December ■, 2017,

BETWEEN:

FAIR HYDRO TRUST, a trust formed under the laws of the Province of Ontario

(the "**Issuer**")

- and -

ONTARIO POWER GENERATION INC., a corporation established under the laws of the Province of Ontario

(the "**Manager**")

- acknowledged and accepted by -

BNY TRUST COMPANY OF CANADA, a trust company existing under the laws of Canada and duly authorized to carry on the business of a trust company in all of the provinces and territories of Canada, as indenture trustee

(the "**Indenture Trustee**")

WHEREAS the Government of Ontario has passed the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**") for the purpose of, among other things, ensuring that Clean Energy Costs and Clean Energy Benefits are fairly allocated among present and future Specified Consumers;

AND WHEREAS Ontario Power Generation Inc. has been appointed as Financial Services Manager under the Act to, among other things, evaluate whether potential Funding Obligations should be incurred by Financing Entities for the purposes of acquiring and financing Investment Interests;

AND WHEREAS the Issuer is a Financing Entity established, at the request of the Financial Services Manager and pursuant to the Act, by Computershare Trust Company of Canada;

AND WHEREAS the Issuer may from time to time finance the acquisition from the IESO of an Investment Interest pursuant to the terms of the Master Transfer and Servicing Agreement;

AND WHEREAS the Indenture Trustee has been appointed pursuant to the Indenture to act on behalf of all Specified Creditors and wishes to acknowledge and accept the rights and obligations granted to it thereby, including, but not limited to, its rights set forth in this Agreement;

AND WHEREAS the Issuer and the Manager are entering into this Agreement in furtherance of, and in accordance with, the Act;

NOW THEREFORE in consideration of the foregoing and the mutual covenants and agreements contained herein (the receipt and adequacy of which are hereby acknowledged), the parties hereto agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

(a) In this Agreement, the following terms have the following meanings:

"**Act**" has the meaning ascribed thereto in the recitals;

"**Agreement**" means this Agreement, as amended, supplemented, modified, replaced or amended and restated from time to time, and the expressions "herein", "hereof", "hereto", "hereunder" and similar expressions refer to this Agreement and not to any Article, Section, paragraph, subparagraph or clause hereof;

"**Approved Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement;

"**Board**" means the Ontario Energy Board, a statutory corporation without share capital continued under the *Ontario Energy Board Act, 1998*, S.O., 1998;

"**Carrying Costs**" has the meaning ascribed to the term "carrying costs" in the Regulations;

"**CEA Consumer Invoice Amounts**" has the meaning ascribed thereto in the Master Transfer and Servicing Agreement;

"**Change of Law Process Agreement**" means the change of law process agreement between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance and Ontario Power Generation Inc.;

"**Clean Energy Adjustment**" has the meaning ascribed to the term "clean energy adjustment" in the Act;

"**Clean Energy Benefits**" has the meaning ascribed to the term "clean energy benefits" in the Act;

"**Clean Energy Costs**" has the meaning ascribed to the term "clean energy costs" in the Act;

"**Declaration of Trust**" means the declaration of trust made as of December ■, 2017 under which the Issuer was established, as may be amended, supplemented, modified, replaced or amended and restated from time to time;

"**Electricity Vendor**" has the meaning ascribed to the term "electricity vendor" in the Act;

"**Electricity Vendor CEA Collections**" has the meaning ascribed thereto in the Master Transfer and Servicing Agreement;

"**Fair Allocation Amount**" has the meaning ascribed to the term "fair allocation amount" in the Act;

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act;

"**Financial Services Manager**" has the meaning ascribed to such term under the Act;

"**Financing Entity**" has the meaning ascribed to the term "financing entity" in the Act;

"**Financing Plan**" has the meaning ascribed to such term under the Act;

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act;

"**IESO**" means the Independent Electricity System Operator, a statutory corporation without share capital amalgamated under the *Electricity Act, 1998*, S.O. 1998;

"**Implementation Plan**" has the meaning ascribed to such term in Section 4.3(a);

"**Indemnified Losses**" has the meaning ascribed to such term in Section 5.6(a);

"**Indenture**" means the master trust indenture dated as of December ■, 2017 between the Indenture Trustee and the Issuer, as may be amended, supplemented, modified, replaced or amended and restated from time to time;

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act;

"**Investment Interest Records**" means, collectively, any and all documents and records the Manager shall keep on file, in accordance with its customary procedures, relating to the Issuer Investment Interest, including copies of all documents filed with the Board in connection with any Clean Energy Adjustments and computational records relating thereto;

"**Issuer Compensation**" has the meaning ascribed to such term in Section 5.5;

"**Issuer Funding Obligation**" means a Funding Obligation incurred by the Issuer;

"**Issuer Investment Interest**" means, initially, the Investment Interest acquired by the Issuer pursuant to the first Transfer completed under the Master Transfer and Servicing Agreement and, upon the completion of each Transfer thereafter, the cumulative Investment Interest acquired by the Issuer;

"**Issuer Property**" means, as of any particular time, all assets of the Issuer and all property, real, personal or otherwise, tangible or intangible, which has been transferred, conveyed or paid to, or acquired by the Issuer, including all income, earnings, profits and gains therefrom, and which at such time is owned or held by the Issuer;

"**Management Fees**" means the fees established and charged by the Financial Services Manager in accordance with section 19(3) of the Act and the Regulations and approved by the Board in accordance with section 19(4) of the Act;

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated December ■, 2017 between the Issuer and the IESO, as may be amended, supplemented, modified, replaced or amended and restated from time to time;

"**Minister**" means the Minister of Energy or such other member of the Executive Council as may be assigned the administration of the Act under the *Executive Council Act*, S.O. 1990;

"**Monthly Servicer Report**" means the report delivered by the IESO under Section 3.5(a) of the Master Transfer and Servicing Agreement;

"**Offering Materials**" means any document used by the Issuer in connection with offering securities representing Issuer Funding Obligations for sale including, without limitation, any information circular, offering memorandum, annual information form, preliminary prospectus, prospectus, prospectus supplement, term sheet, registration statement or other similar document, or any amendments to such documents;

"**Perpetuity Date**" means the date that is one day prior to the 21st anniversary of the death of the last surviving lineal descendant of Queen Elizabeth, II of England living as of the date of the Declaration of Trust;

"**Primary Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement;

"**Proceeding**" means any suit in equity, action at law or other judicial or administrative proceeding;

"**Reference Period**" has the meaning ascribed to the term "reference period" in the Act;

"**Regulation AB**" means Subpart 229.1100 – Asset Backed Securities (Regulation AB), 17 C.F.R. §§229.1100-229.1125, and all related rules and regulations of the U.S. Securities and Exchange Commission, as such rules may be amended from time to time, and subject to such clarification and interpretation as have been provided by the U.S. Securities and Exchange Commission or by the staff of the U.S. Securities and Exchange Commission, or as may be provided by the U.S. Securities and Exchange Commission or its staff from time to time;

"**Regulations**" means Ontario Regulation 206/17: General, together with any other regulations promulgated under the Act;

"**Servicer CEA Receipts**" has the meaning ascribed thereto in the Master Transfer and Servicing Agreement;

"**Specified Consumer**" has the meaning ascribed to the term "specified consumer" in the Act;

"**Standard of Care**" has the meaning ascribed to such term in Section 5.1;

"**Transfer**" has the meaning ascribed to the term "transfer" in the Act; and

"**True Up Amount**" has the meaning ascribed to the term "true up amount" in the Act.

(b) Unless otherwise defined in this Agreement, all capitalized terms used in this Agreement shall have the meanings ascribed thereto in the Indenture.

ARTICLE 2
INTRODUCTORY PROVISIONS

2.1 Sections and Headings

The table of contents does not form part of this Agreement. The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and will not affect the construction or interpretation of this Agreement. Unless something in the subject matter or context is inconsistent therewith, references herein to Articles and Sections are to Articles and Sections of this Agreement.

2.2 Extended Meanings

Words importing the singular number only will include the plural and vice versa and words importing the masculine gender will include the feminine and neuter genders and vice versa. Unless otherwise specified, a reference to any agreement, instrument or declaration means such agreement, instrument or declaration as the same may be amended, supplemented, modified, restated or replaced from time to time.

2.3 References to Acts of the Issuer or the Issuer Trustee

For greater certainty, where any reference is made in this Agreement to an act to be performed by the Issuer, such reference will be construed and applied for all purposes as if it referred to an act to be performed by the Issuer Trustee as trustee of the Issuer. Where any reference is made in this Agreement to an act to be performed by the Issuer Trustee, such reference will be construed and applied for all purposes as if it referred to an act to be performed by the Issuer Trustee as trustee of the Issuer.

ARTICLE 3
APPOINTMENT OF THE MANAGER

3.1 Appointment and Authority of the Manager

The Issuer hereby appoints Ontario Power Generation Inc. as the Manager to act as its agent to provide services and perform duties for and on behalf of and for the account of the Issuer, as hereinafter provided, in connection with the activities of the Issuer relating to:

(a) the acquisition, administration and possible transfer of the Issuer Investment Interest on behalf of the Issuer in accordance with the Act;

(b) acting as custodian of the Investment Interest Records;

(c) the entering into and execution and delivery on behalf of the Issuer of any Program Agreements;

(d) the incurrence of Issuer Funding Obligations, and repayment thereof, to fund the acquisition of the Issuer Investment Interest;

(e) the negotiation, execution and delivering or filing on behalf of the Issuer of any Offering Materials;

(f) the implementation and administration of the provisions of the Program Agreements to which the Issuer or the Manager on its behalf is a party;

(g) the acquisition, administration and sale of investments that may from time to time be made by the Issuer; and

(h) all activities as may be reasonably incidental to the foregoing or necessary in connection with the performance by the Issuer of its obligations under the Program Agreements, the Act and the Regulations.

The Manager accepts such appointment and agrees to act in such capacity and to provide or cause to be provided the services and to perform the duties set forth in this Agreement on and subject to the terms and conditions in this Agreement. The Issuer hereby grants to the Manager the power and authority to act in the name of and on behalf of the Issuer, and to execute and deliver all documents, agreements and instruments in the name and on behalf of the Issuer, for the sole purpose of providing the services and performing the duties to be provided and performed by the Manager pursuant to this Agreement. The Manager shall provide all the services and perform all the duties contemplated under this Agreement, including its duties as Financial Services Manager under the Act, in Ontario, Canada.

ARTICLE 4
DUTIES AND OBLIGATIONS OF THE MANAGER

4.1 Program Agreements

(a) The Manager will administer as agent for and on behalf of and for the account of the Issuer the activities of the Issuer in connection with the Program Agreements and, in this regard, its services and duties will include:

(i) negotiating and executing, on behalf of the Issuer, Program Agreements and any documents related thereto with any Person and any amendments, supplements, replacements or restatements that may be necessary or desirable from time to time;

(ii) arranging for liquidity coverage required pursuant to the Program Agreements, negotiating and settling Liquidity Agreements and administering on behalf of the Issuer the activities of the Issuer in connection with such Liquidity Agreements;

(iii) when necessary or desirable, arranging for the Credit Enhancement of the Issuer Investment Interest, negotiating and settling Credit Enhancement Agreements and administering on behalf of the Issuer the activities of the Issuer in connection with such Credit Enhancement Agreements;

(iv) seeking satisfaction of the Rating Agency Condition from the Rating Agencies in respect of the Program Agreements and proposed amendments thereto if required;

(v) based on reports submitted to it, monitoring the recording, accounting for and enforcement of payment of amounts distributable or payable to the Issuer in connection with any Program Agreement;

(vi) maintaining accounts and banking records of the Issuer with respect to acquisitions or investments in and distributions and payments in connection with the Issuer Property, including Eligible Investments;

(vii) promptly after obtaining knowledge thereof, notifying the Issuer, the Indenture Trustee and the Rating Agencies of a breach in any material respect of any of the Manager's representations, warranties or covenants contained herein;

(viii) to the extent that the Issuer shall from time to time have funds the application of which is not then necessary to the repayment of outstanding indebtedness of the Issuer or to the payment of any costs, fees, expenses or disbursements of the Issuer, applying such funds on behalf of and for the account of the Issuer to the acquisition of Eligible Investments as the Manager may select pending the application of such funds to the repayment of outstanding indebtedness of the Issuer or to the payment of any costs, fees, expenses or disbursements of the Issuer; provided, however, that in making any such Eligible Investments, the Manager shall adhere to the requirements of the Program Agreements in all respects;

(ix) taking all other necessary and appropriate action to enable the Issuer to exercise its rights and perform its obligations in accordance with the provisions of any Program Agreement, including exercising rights of termination under Program Agreements and the enforcement of security or in respect of Eligible Investments;

(x) providing for the defense of any action, suit or proceeding brought against the Issuer or affecting the Issuer or any Issuer Property;

(xi) taking all such steps as may be necessary or appropriate to enable the Issuer to collect on any security relating to the Issuer Investment Interest;

(xii) determining, in accordance with the Financing Plan, when it is appropriate for the Issuer to enter into Derivative Agreements, selecting suitable

counterparties thereto and negotiating the terms thereof in accordance with the terms of the Program Agreements;

(xiii) determining, in accordance with the Financing Plan, when it is appropriate for the Issuer to incur Funding Obligations, including the determination of applicable principal (or face amount), amortization/sinking fund schedule(s), interest rates (or rate of discount), interest payment frequency, issuance date and maturities of such Funding Obligations;

(xiv) ensuring that all Primary Obligations of the Issuer are and remain Approved Obligations;

(xv) making determinations under the Declaration of Trust regarding any distributions to beneficiaries of the Issuer;

(xvi) promptly providing the Issuer Trustee notice of the Perpetuity Date once determined;

(xvii) administering all activities of the Issuer in connection with the issuance, sale, payment, repurchase and redemption of Issuer Funding Obligations and the execution and performance by the Issuer of its obligations under the Program Agreements, including all reporting obligations, applying for and monitoring the ratings of any Issuer Funding Obligations and coordinating all aspects of obtaining and maintaining ratings from the Rating Agencies;

(xviii) preparing, executing and delivering, in accordance with the requirements of all applicable securities laws, any Offering Materials to be furnished by the Issuer to any dealer or prospective purchaser of Issuer Funding Obligations, in accordance with the Issuer's obligations to prepare such Offering Materials under any Underwriting Agreement or Agency Agreement, and preparing amendments to or revising or updating information for such Offering Materials as required from time to time (it being understood that the Manager, as between it and the Issuer, shall not be responsible for the accuracy of any portion of the Offering Materials prepared from information obtained from any Person other than the Issuer and the Manager);

(xix) ensuring that all statements of the Issuer made in any Offering Materials or in connection with entering into any Program Agreement are at all times true and correct in all material respects (it being understood that the Manager, as between it and the Issuer, shall not be responsible for the accuracy of any portion of the Offering Materials prepared from information obtained from any Person other than the Issuer and the Manager);

(xx) arranging for compliance by the Issuer with any continuous disclosure obligations it may have under any applicable securities laws;

(xxi) preparing and filing all reports, certificates and other documents that are required to be prepared and filed pursuant to the Indenture in order to comply with Regulation AB and delivering all such reports, certificates and other documents to the Issuer, the Indenture Trustee and the Rating Agencies;

(xxii) arranging for the retention of legal counsel as may be necessary to perform for the Issuer the services necessary or appropriate to its organization or the conduct of its operations and all general services customarily provided by legal counsel;

(xxiii) arranging for the appointment, discharge and reappointment of an auditor of the Issuer and negotiating and fixing the fees of any such auditor;

(xxiv) arranging for the retention of an accounting firm and ensuring that proper books of account and complete records of all transactions of the Issuer undertaken or performed by it under the Program Agreements are maintained and rendering statements or copies thereof from time to time as requested by the Indenture Trustee and any issuing and paying agent, Lender or Credit Enhancer and co-operating in all audits of the Issuer;

(xxv) preparing, or arranging for the preparation of, all required financial statements of the Issuer;

(xxvi) preparing, procuring, delivering and filing, or causing to be prepared, procured, delivered or filed, any reports, attestations, exhibits, certificates or other documents required to be delivered or filed with the applicable securities regulator by the Issuer under the applicable securities or other applicable laws;

(xxvii) providing clerical and bookkeeping services necessary and appropriate for the Issuer relating to all transactions of the Issuer undertaken or performed by the Manager hereunder, and the Issuer's incurrence and repayment of Funding Obligations and other borrowings of money and maintaining and preserving records regarding the foregoing;

(xxviii) paying all taxes or assessments of whatever kind or nature imposed on the Issuer, and withholding and remitting all taxes required to be withheld and remitted by the Issuer under applicable laws, in each case, on behalf of and for the account of the Issuer and in accordance with the requirements of any applicable laws and subject to the payment priorities specified in the Program Agreements;

(xxix) preparing and filing, in accordance with the requirements of the Indenture and any applicable laws, all returns (including, for greater certainty, all returns, information returns, elections, designations, declarations, schedules, statements or supporting documents in relation thereto) required to be filed with any government authority, or prepared as support for any

such filing, in connection with (A) the determination, assessment or collection of any taxes of the Issuer or taxes, or amounts on account of taxes, that the Issuer is required to withhold and remit by applicable laws, or (B) the administration of any laws, regulations or administrative requirements relating to taxes; and

(xxx) providing such other services as are incidental to the foregoing or as the Issuer and the Manager may agree.

(b) The Manager will not offer to enter into any Program Agreement:

(i) after the Manager receives a notice of termination pursuant to Section 7.1; or

(ii) if the entering into of the Program Agreement would violate any other Program Agreements.

(c) The Manager will not consent to or execute any material amendment of the Change of Law Process Agreement unless the Rating Agency Condition shall have been satisfied.

4.2 Issuer Investment Interest

The Manager will administer as agent for and on behalf of and for the account of the Issuer the following activities of the Issuer in connection with the acquisition and administration of the Issuer Investment Interest in accordance with the Program Agreements:

(a) enforcing the rights of the Issuer under the Program Agreements;

(b) seeking to protect the Issuer and the Specified Creditors from claims, actions or other proceedings of third parties that, if successfully pursued, would result in a breach of any representation by the IESO set forth in the Master Transfer and Servicing Agreement;

(c) executing and filing such filings, including filings under the PPSA, and causing such filings to be executed and filed, all in such manner and in such places as may be required by law to fully preserve, maintain, protect and perfect the ownership interest of the Issuer and the first priority security interest of the Indenture Trustee in the Issuer Investment Interest, including all filings required under the Act and the PPSA (and equivalent statutes in any applicable jurisdiction) relating to the transfer of the ownership of the rights and interest in the Issuer Investment Interest by the IESO to the Issuer or the pledge of the Issuer Investment Interest to the Indenture Trustee;

(d) maintaining accounts and records as to the Issuer Investment Interest accurately and in accordance with its standard accounting procedures and in sufficient detail to permit reconciliation between Servicer CEA Receipts and the Clean Energy Adjustment;

(e) instituting any Proceeding necessary to compel performance by the Board, the IESO, the Province of Ontario, the Indenture Trustee, the Issuer Trustee or any of their respective agents of any of their obligations or duties under the Act, the Regulations or any Program Agreement, as the case may be, and taking such legal or administrative actions, including defending against or instituting and pursuing legal actions and appearing or testifying at hearings or similar proceedings, in each case as may be reasonably necessary;

(f) seeking to block or overturn any attempts to cause a repeal of, modification of or supplement to the Act or the Regulations or the rights of holders of any Funding Obligations, by legislative enactment that would be materially adverse to the Issuer or the Specified Creditors or that would otherwise cause an impairment of the rights of the Issuer or the Specified Creditors; and

(g) instituting any Proceeding necessary to appeal or challenge the decision of a court that would be materially adverse to the Issuer or the Specified Creditors or that would otherwise cause an impairment of the rights of the Issuer or the Specified Creditors.

4.3 Implementation Plan

(a) The Manager will work with the IESO to develop on or before January 31, 2020 a written implementation plan identifying in reasonable detail the actions to be taken by the IESO and the Issuer in order to facilitate the Board, the Issuer, the IESO and the Electricity Vendors being prepared to perform their obligations under the Act and the Regulations when the setting, invoicing and collection of Clean Energy Adjustments commences (the "**Implementation Plan**"). The Implementation Plan should include the following:

(i) a process and a schedule for contacting Electricity Vendors and providing instructions with respect to the establishment of a segregated account by each Electricity Vendor, the procedures for invoicing Clean Energy Adjustments, the identification, deposit and segregation of collections of Clean Energy Adjustments by Electricity Vendors and their remittance to the IESO;

(ii) the development of processes for the necessary exchanges of information with respect to Clean Energy Adjustments among the Board, the Issuer, the Manger, the IESO, Electricity Vendors and Specified Consumers;

(iii) procedures for the testing of the processes for the collection and remittance of Clean Energy Adjustment before February 28, 2021; and

(iv) target dates for the achievement of specified objectives under the Implementation Plan.

(b) The Manager will deliver the Implementation Plan to the Issuer and the Indenture Trustee on or before January 31, 2020.

(c) The Manager will deliver written progress reports on the status of the implementation of the Implementation Plan on or before June 30, 2020, October 31, 2020 and January 31, 2021.

4.4 Collection of Clean Energy Adjustments

(a) The Manager will as agent for and on behalf of the Issuer perform the following in connection with the collection of Clean Energy Adjustments:

(i) review each Monthly Servicer Report and make commercially reasonable efforts to resolve any failures and discrepancies identified in such report that have not been remedied or adequately explained by Electricity Vendors;

(ii) institute any Proceeding necessary to compel performance by the Electricity Vendors of any of their obligations or duties under the Act and the Regulations including with respect to the invoicing, collection, receipt, remittance and reporting in respect of Clean Energy Adjustments; and

(iii) commencing May 1, 2021 and pursuant to its rights under Section 10(4) of the Regulations:

(A) the Manager shall review or caused to be reviewed, on an annual basis or, subject to the satisfaction of the Rating Agency Condition, less frequently as may be determined by the Manager, the records maintained by each Electricity Vendor with respect to Clean Energy Adjustments, such review to include, in respect of each Electricity Vendor: (a) an assessment of compliance with the requirements imposed under the Act, (b) a reconciliation of CEA Consumer Invoice Amounts and Electricity Vendor CEA Collections, (c) a review of amounts deposited into the segregated account established for the purpose of receiving Clean Energy Adjustment amounts, and (d) a reconciliation of Servicer CEA Receipts and Electricity Vendor CEA Collections; and

(B) if there is evidence of material non-compliance by an Electricity Vendor with its duties and obligations in respect of Clean Energy Adjustments, the Manager shall promptly review or cause to be reviewed the records of such Electricity Vendor as the Manager deems reasonably necessary to cause compliance by such Electricity Vendor; and

(C) the Manager shall notify each Rating Agency of any material non-compliance identified as a result of any review completed pursuant to this Section 4.4(a)(iii).

4.5 Investment Interest Records

(a) The Manager will act as custodian of the Investment Interest Records as agent for and on behalf of and for the account of the Issuer, which are hereby constructively delivered to the Indenture Trustee, as pledgee of the Issuer with respect to the Issuer Investment Interest, and, in this regard, the Manager shall:

(i) hold the Investment Interest Records on behalf of the Issuer and the Indenture Trustee and maintain such accurate and complete accounts, records and computer systems pertaining to the Investment Interest Records as shall enable the Issuer and the Indenture Trustee, as applicable, to comply with the Program Agreements;

(ii) promptly report to the Issuer, the Indenture Trustee and the Rating Agencies any failure on its part to hold the Investment Interest Records and maintain its accounts, records and computer systems as herein provided and promptly take appropriate action to remedy any such failure;

(iii) maintain the Investment Interest Records at its offices at 700 University Avenue, Toronto, Ontario or at such other office as shall be specified to the Issuer and the Indenture Trustee by written notice at least 30 days prior to any change in location;

(iv) make available for inspection, audit and copying to the Issuer and the Indenture Trustee or their respective duly authorized representatives, attorneys or auditors the Investment Interest Records at such times during normal business hours as the Issuer or the Indenture Trustee shall reasonably request and that do not unreasonably interfere with the Manager's normal operations; and

(v) upon instruction from the Indenture Trustee in accordance with the Indenture or any other Person in accordance with another Program Agreement, release any Investment Interest Records to the Indenture Trustee, the Indenture Trustee's agent or the Indenture Trustee's designee, as the case may be, at such place or places as the Indenture Trustee may designate, as soon as practicable.

(b) Nothing in this Section 4.5 shall affect the obligation of the Manager to observe any applicable law prohibiting disclosure of information regarding Specified Consumers, and the failure of the Manager to provide access to such information as a result of such obligation shall not constitute a breach of this Section 4.5.

(c) Nothing in this Section 4.5 shall be deemed to require an initial review or any periodic review by the Issuer or the Indenture Trustee of the Investment Interest Records. The Manager's duties to hold the Investment Interest Records set forth in this Section 4.5, to the extent the Investment Interest Records have not been previously transferred to a successor Manager pursuant to Section 7.1, shall terminate one year and one day after the earlier of (i) the date on which the Manager

is succeeded by a successor Manager in accordance with Section 7.1 and (ii) the day after the termination of the Indenture and payment in full of the Issuer Funding Obligations or any other amounts owed under the Indenture.

(d) The Manager shall, on or before the 25th Business Day following the end of each month (or if such day is not a Business Day, the first Business Day following such day), prepare and deliver to the Issuer Trustee and each Rating Agency a report substantially in the form of Exhibit B (a "**Monthly Portfolio Report**").

4.6 Payment of Other Issuer Fees and Expenses

The Manager in accordance with the Program Agreements may, at its option, pay from its own funds the fees and expenses properly incurred on behalf of the Issuer in the ordinary course of the Issuer's operations. To the extent such fees and expenses are paid by the Manager from its own funds, the Issuer will reimburse the Manager for such payments, subject to the payment priorities specified in the Program Agreements.

4.7 Delegation

In connection with the services to be provided or duties to be performed by it under this Agreement, the Manager may, subject to any limitation on delegation imposed by applicable law, by the Declaration of Trust or by the Issuer, engage or employ any Persons as employees, agents, representatives, independent contractors or otherwise, including, without limitation, banks, underwriters, accountants, investment advisers, tax advisers, insurance advisers, lawyers, appraisers, bankers, brokers, dealers, depositories, custodians, agents for collection or others in one or more capacities and any other advisers which the Manager deems advisable, and may delegate any of the powers and duties of the Manager to any such Persons upon such terms and conditions as it may determine. For greater certainty, the Manager shall remain liable and responsible for any of the powers and duties of the Manager which it delegates to a third party.

4.8 Annual Compliance Certificates

The Manager shall provide to the Issuer Trustee a certificate in the form of Exhibit A within 120 days after the end of each fiscal year of the Issuer confirming compliance with the matters referred to in such certificate. The Issuer shall be entitled to rely on such certificate for the period between the effective dates of two consecutive certificates certifying such compliance unless the Issuer has received written notice to the contrary.

4.9 Acknowledgment of Duties as Financial Services Manager

The parties hereto acknowledge that, for so long as Ontario Power Generation Inc. is the Financial Services Manager appointed under the Act, Ontario Power Generation Inc., in its capacity as the Financial Services Manager, will satisfy its obligations as Financial Services Manager in accordance with the Act and the Regulations, and, for greater certainty, its services and duties in this regard will include:

(a) preparing the Financing Plan and, in accordance therewith, evaluating whether Funding Obligations should be incurred by the Issuer for the purposes of acquiring an Investment Interest or refinancing maturing Issuer Funding Obligations;

(b) determining the Clean Energy Adjustment (inclusive of any True Up Amount) payable by Specified Consumers in respect of each month in a Reference Period;

(c) calculating the True Up Amount;

(d) notifying the Board of the Clean Energy Adjustment (inclusive of any True Up Amount) in respect of a Reference Period or such other period as prescribed by the Regulations and sending a copy of such notice, as required, to the Issuer, the Indenture Trustee and the Rating Agencies concurrently therewith; and

(e) if, for any reason any Clean Energy Adjustment is not implemented and effective in respect of the Reference Period set forth in the notice and commencing on the date required under the Act, notifying the Issuer, the Indenture Trustee and each Rating Agency by the end of the second Business Day after such applicable date.

ARTICLE 5
OTHER PROVISIONS RELATING TO THE DUTIES AND COMPENSATION

5.1 Standard of Care

The Manager will perform its duties hereunder (including, for so long as it is the Financial Services Manager, its duties as Financial Services Manager under the Act and the Regulations) diligently and in conformity with the Issuer's obligations under the Program Agreements and with the Act and the Regulations, as applicable, and honestly, in good faith and in the best interests of the Issuer and, in connection therewith, will exercise the degree of care, diligence and skill that a reasonably prudent Person would exercise in comparable circumstances (the "**Standard of Care**"). In carrying out its obligations hereunder, the Manager may rely upon the opinion or advice of or information obtained from any counsel, auditor, valuer or certificates from officers of any of the other parties to Program Agreements. Unless otherwise required by applicable law, the Manager will not be required to give bond, surety or security in any jurisdiction for the performance of any duties or obligations hereunder. The Manager will not be required to devote its entire time to its duties hereunder. Notwithstanding anything else to the contrary herein contained, nothing herein shall be interpreted or construed as an obligation of or on the part of the Manager, and the Manager shall not be liable or obligated, to pay or make any payment of, on or in respect of any debt, liability or obligation of the Issuer (including any payment of, on or in respect of any Issuer Funding Obligations or under any other Program Agreement), as agent for or on behalf of the Issuer or otherwise, except from the monies or funds of the Issuer which are made available to the Manager pursuant to this Agreement or the other Program Agreements for the purpose of such payment.

5.2 Compliance with Program Agreements; Conformity with Law

The Manager acknowledges that it has received copies of the Program Agreements, the Act and the Regulations in effect on the date hereof and is familiar with and understands the duties of the respective parties thereto or governed thereby, including those duties of the Issuer which are being delegated to the Manager hereunder. Notwithstanding anything herein to the contrary, the Manager shall perform its duties hereunder in a manner consistent with any applicable provisions of the Program Agreements in effect from time to time, and the Manager will not, in performing its obligations hereunder, take any action which it knows or ought reasonably to know would cause it or the Issuer to be in violation of any law, rule or regulation applicable to it. The Manager will use reasonable commercial efforts to comply with the terms applicable to the Issuer when acting on its behalf under all Program Agreements and will use reasonable commercial efforts in accordance with its Standard of Care to take such actions as would reasonably be expected to result in the representations and warranties given by the Issuer in any Program Agreement being true and correct in all material respects when made.

5.3 Liabilities

Except as provided in Section 5.6,

(a) the Manager will not be liable for any liabilities of the Issuer; and

(b) subject to the payment priorities specified in the Program Agreements, the Issuer agrees to indemnify, defend and hold harmless the Manager from and against any and all liabilities which may be imposed on, incurred by or assessed against the Manager as a result of any act or omission of the Issuer or the Manager under this Agreement or under any Program Agreement; provided that this Section 5.3(b) does not apply to the extent that in any circumstances there has been wilful misconduct or gross negligence of the Manager or its respective officers, employees or agents or any failure to comply with the Standard of Care.

To the extent that a liability is attributable solely to a single Series or a number of specific Series of Issuer Funding Obligations, the Manager will first exhaust its recourse against the assets available for recovery of such liability and designated to such Series of Issuer Funding Obligations. If such assets are insufficient to satisfy the indemnity set out in this Section 5.3, or if the liability is not attributable to a single Series or a number of specific Series of Issuer Funding Obligations, the liability will be satisfied on a pro rata basis as among the assets available for recovery of such liability and designated to all Issuer Funding Obligations.

Each party expressly disclaims any intention to create a partnership, and neither the Issuer nor the Manager will be deemed to be carrying on business in partnership by reason of its execution and delivery of this Agreement or the exercise or performance by it of its respective rights and obligations hereunder.

5.4 Compensation of the Manager

In consideration of and as compensation for all services provided and duties performed by the Manager pursuant to this Agreement, and so long as the Financial Services

Manager is also the Manager, all services provided and duties performed by the Financial Services Manager, the Issuer will pay to the Manager, subject to the payment priorities specified in the Program Agreements, the Management Fees. The Management Fees are exclusive of any applicable sales taxes and the Issuer shall pay to the Manager the amount of any applicable sales taxes in addition to such fees.

5.5 Compensation of the Issuer

In consideration of the Issuer engaging in the activities contemplated by the Act, the Manager will pay to the Issuer, on a monthly basis, the sum of $10 per month for any month or part thereof that the Issuer is engaged in such activities (the "**Issuer Compensation**"). The Issuer Compensation is exclusive of any applicable sales taxes and the Manager shall pay to the Issuer the amount of any applicable sales taxes in addition to the Issuer Compensation.

5.6 Indemnification by Manager

(a) The Manager shall indemnify the Issuer and defend and hold harmless the Issuer from and against, any and all liabilities, obligations, losses, damages, payments and claims, and reasonable costs or expenses, of any kind whatsoever (collectively, "**Indemnified Losses**") imposed on, incurred by or asserted against the Issuer, as a result of (i) the failure of the Manager to perform its covenants and other obligations under this Agreement or any other Program Agreement to which the Manager is a party; or (ii) the breach by the Manager of any of its representations or warranties under this Agreement or any other Program Agreement to which the Manager is a party and, except to the extent of Indemnified Losses resulting from the willful misconduct, bad faith or gross negligence of the Issuer, seeking indemnification hereunder; provided that, in each case, the Manager shall not be required to indemnify the Issuer for any amount paid or payable by the Issuer in the settlement of any Proceeding or investigation without the written consent of the Manager, which consent shall not be unreasonably withheld or delayed. Promptly after receipt by the Issuer of notice of the commencement of any Proceeding or investigation, the Issuer shall, if a claim in respect thereof is to be made against the Manager under this Section 5.6(a), notify the Manager in writing of the commencement thereof. Failure by the Issuer to so notify the Manager shall relieve the Manger from the obligation to indemnify and hold harmless the Issuer under this Section 5.6(a) only to the extent that the Manager suffers actual prejudice as a result of such failure. With respect to any Proceeding or investigation brought by a third party for which indemnification may be sought under this Section 5.6(a), the Manager shall be entitled to conduct and control, at its expense and with counsel of its choosing that is reasonably satisfactory to the Issuer, the defence of any such Proceeding or investigation (in which case the Manager shall not thereafter be responsible for the fees and expenses of any separate counsel retained by the Issuer except as set forth below); provided, that the Issuer shall have the right to participate in such Proceeding or investigation through counsel chosen by it and at its own expense. Notwithstanding the Manager's election to assume the defence of any Proceeding or investigation, the Issuer shall have the right to employ separate counsel, and the Manager shall bear the reasonable fees, costs and expenses of such separate

counsel, if (i) the defendants in any such action include both the Issuer and the Manager and the Issuer shall have reasonably concluded that there may be legal defences available to it that are different from or additional to those available to the Manager, (ii) the Manager shall not have employed counsel reasonably satisfactory to the Issuer to represent the Issuer within a reasonable time after notice of the institution of such action, (iii) the Issuer shall have been advised by counsel to the Issuer that there may be a conflict of interest between the Manager and the Issuer, or (iv) the Manager authorizes the Issuer to employ separate counsel at the expense of the Manager. Notwithstanding the foregoing, the Manager shall not be obligated to pay for the fees, costs and expenses of more than one separate counsel for the Issuer other than one local counsel, if appropriate. The Manager will not, without the prior written consent of the Issuer, settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim or Proceeding in respect of which indemnification may be sought under this Section 5.6(a) (whether or not the Issuer is an actual or potential party to such claim or action) unless such settlement, compromise or consent includes an unconditional release of the Issuer from all liability arising out of such claim or Proceeding

(b) Indemnification under Section 5.6(a) shall survive any repeal of, modification of, or supplement to, or judicial invalidation of, the Act and shall survive the termination of this Agreement and will rank pari passu with other general, unsecured obligations of the Manager.

(c) Notwithstanding anything contained in this Agreement, it is expressly understood that the Manager is not agreeing to indemnify or hold the Issuer harmless with respect to any of the following:

(i) any losses resulting from any breach or failure to perform by the Manager caused by a breach or failure to perform on the part of any other third party under any Program Agreement, the Act or the Regulations; provided that this Section 5.6(c)(i) shall not apply to limit the liability of the Manager in respect of any delegation to a third party as provided for in Section 4.7.

(ii) any losses resulting from changes in law after the date hereof, whether such changes in law are effected by means of any legislative enactment or any final and non-appealable judicial decision, other than losses resulting solely from the Manager's failure to comply with Section 4.1(a)(xiv);

(iii) any losses resulting from the validity of the Change of Law Protection Agreement or the applicability thereof to the Province, the Issuer or the Indenture Trustee or any material part thereof being disaffirmed by or on behalf of the Province; or

(iv) any liability of the Issuer incurred after the termination of this Agreement unless attributable to the actions or omissions of the Manager prior to such

termination or in respect of a representation, warranty or covenant of the Manager that survives termination of this Agreement.

(d) To the fullest extent permitted by applicable law, no Specified Creditor (other than the Indenture Trustee) will have any right to institute any proceeding, judicial or otherwise, or to make any claim for indemnification, with respect to this Agreement, or for the appointment of a receiver or trustee or similar official, or for any other remedy hereunder, except in accordance with Section 8.12 of the Indenture.

(e) The parties hereto agree that the Manager is not providing any representations, warranties or covenants in this Agreement, and shall have no liability to the Issuer, with respect to the collectability of the Clean Energy Adjustment or the Carrying Costs, or that the Clean Energy Adjustment amounts or Carrying Costs collected will be sufficient to satisfy the Issuer Funding Obligations.

(f) Notwithstanding anything contained in this Agreement, it is expressly understood that the Manager is not agreeing to indemnify or hold harmless the Issuer Trustee with respect to any liabilities resulting from the failure of the Issuer Trustee to satisfy the standard of care set out in the Declaration of Trust. Where the Manager has assumed total defense of a claim, it shall agree to ensure that any settlement of such claim does not include any form of admission of liability on the part of the Issuer Trustee (in its personal capacity).

5.7 Contracting with Itself and Affiliates

In the exercise of its rights, duties and obligations, the Manager may, if it is acting in good faith, enter into, as Manager for the Issuer, agreements and other contracts to which the Manager, in its personal capacity, or an Affiliate of the Manager, is a party.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES

6.1 Representations of the Issuer

The Issuer represents and warrants to the Manager that (a) the execution, delivery and performance by the Issuer of this Agreement are within the powers of the Issuer and have been duly authorized by all necessary action on the part of the Issuer and do not contravene (i) the Program Agreements in effect on the date hereof or (ii) any law or contractual restriction binding on or affecting the Issuer and (b) this Agreement is a legal, valid and binding obligation of the Issuer, enforceable against the Issuer.

6.2 Representations of the Manager

The Manager represents and warrants to the Issuer that (a) the execution, delivery and performance by the Manager of this Agreement are within the powers of the Manager and have been duly authorized by all necessary action on the part of the Manager and do not contravene any law or contractual restriction binding on or affecting the Manager, (b) this Agreement is a

legal, valid and binding obligation of the Manager enforceable against the Manager and (c) it is a resident of Canada for purposes of the *Income Tax Act* (Canada).

ARTICLE 7
TERMINATION AND RESIGNATION

7.1 Termination

The Manager shall not be entitled to resign as manager of the Issuer or to terminate this Agreement for so long as any Funding Obligations remain outstanding. The Manager's rights and obligations under this Agreement (other than under Sections 5.3, 5.4, 5.6 and 8.5) will terminate, if the Manager receives a termination notice from (i) the Issuer Trustee, with the consent of the Indenture Trustee, or (ii) the Indenture Trustee, subject to the terms and conditions of the Indenture, in each case, on the 30th day after receipt of such notice. Notwithstanding the foregoing, no termination shall be effective until a replacement manager that satisfies the Rating Agency Condition has been approved and has entered into a management agreement whereby the replacement manager agrees to assume, in substance, the obligations of the Manager hereunder. Upon the termination of its rights and obligations under this Agreement, the Manager will notify the Rating Agencies and, promptly and upon the request of the Issuer, deliver to the Issuer all records (including Investment Interest Records) in the possession of the Manager relating to the performance of its services hereunder.

ARTICLE 8
MISCELLANEOUS

8.1 Acknowledgement of Indenture

The Manager (i) acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor under the Indenture and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Indenture, (ii) irrevocably authorizes and directs the Indenture Trustee on its behalf to take such action (including the execution and delivery of documents of subordination) as may be necessary or appropriate to further assure the priority arrangements provided for in the Indenture and (iii) appoints the Indenture Trustee as its agent for any and all such purposes.

8.2 Appointment of Manager as Attorney-in-Fact

Subject to any Program Agreement, the Issuer hereby irrevocably appoints the Manager as the Issuer's attorney-in-fact during the term of this Agreement, with full authority in the place and stead of and in the name of the Issuer or otherwise, including full power of substitution, from time to time in the Manager's discretion or as required by this Agreement, to take such actions on behalf of the Issuer as the Manager may deem necessary or advisable to comply with or effect the purposes of this Agreement and any Program Agreement including, without limitation, to execute any documents, instruments or certificates in connection therewith, to ask, demand, collect, sue for, recover, compound, receive and give acquittances and receipts for monies due or becoming due to the Issuer or otherwise owed thereto, to receive, endorse and collect any drafts or other instruments, documents and chattel paper in connection therewith, and to file any claims or take any action or institute any proceedings which the Manager may deem necessary

or desirable for the collection thereof, or to enforce compliance with the terms and conditions of any Program Agreement.

8.3 Amendments and Waivers

(a) Subject to Section 8.3(b), this Agreement may be amended, supplemented, modified, restated or replaced from time to time by written instrument signed by the Issuer and the Manager. The Manager will forthwith after the execution of any such instrument by the Issuer and the Manager provide the Rating Agencies with a copy of such instrument.

(b) No provision of this Agreement may be amended, supplemented, modified, restated or replaced in any material respect without first obtaining the written consent of the Indenture Trustee in accordance with the Indenture and such amendment, supplement, modification or replacement will only be effective if the Rating Agency Condition has been satisfied.

(c) No waiver of any provision of this Agreement, nor consent to any departure by any party therefrom, shall in any event be effective unless the same shall be in writing and signed by such party and such waiver or consent, if material, will only be effective if the Rating Agency Condition has been satisfied, and then said waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. The Manager will forthwith after the execution of any waiver by the Issuer and the Manager provide the Rating Agencies with a copy of such instrument. No failure on the part of any party to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof.

8.4 Withholding Rights

The parties hereto shall be entitled to deduct and withhold from amounts payable under this Agreement such amounts as each is required to deduct and withhold with respect to such payment under the *Income Tax Act* (Canada) or any provision of any applicable federal, provincial, territorial, state, local or foreign tax law. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes as having been paid to the recipient of the payment in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted in accordance with applicable law to the appropriate taxing authority.

8.5 No Petition

The Manager hereby agrees that it will not, prior to the date that is one year and one day after the termination of the Indenture and payment in full of the Issuer Funding Obligations and any other amounts owed under the Indenture, institute or encourage against the Issuer, or join or acquiesce in any institution against the Issuer of, any bankruptcy, reorganization, arrangement, insolvency, winding-up or liquidation proceedings, or other proceedings under any federal or provincial bankruptcy, insolvency or similar law in connection with any obligations relating to this Agreement or any of the other Program Agreements. The foregoing shall not limit the rights of the Manager to file any claim in or otherwise take any action with respect to any insolvency proceeding that was instituted against the Issuer by any Person other than the Manager.

8.6 Notice

All demands, notices and communications hereunder will be in writing (unless otherwise expressly provided herein) and will be personally delivered or transmitted electronically to:

(a) in the case of the Issuer:

Fair Hydro Trust
c/o Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario
M5G 1X6

Email: FHT@opg.com
Attention: Vice President, Fair Hydro Plan

with a copy to:

Computershare Trust Company of Canada
100 University Avenue, 11th Floor
Toronto, Ontario
M5J 2Y1

Email: corporatetrust.toronto@computershare.com
Attention: Manager, Corporate Trust

(b) in the case of the Manager:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario
M5G 1X6

Email: FHT@opg.com
Attention: Vice President, Fair Hydro Plan

or such other address or email address as may hereafter by furnished to each of the parties hereto in writing. Notices transmitted by facsimile will be deemed to have been received when delivered (with receipt confirmed).

8.7 Recourse to Issuer Trustee and the Issuer

Nothing contained herein will be deemed to cause the Issuer Trustee to be personally liable for any obligations of the Issuer hereunder, and the Manager will not seek any personal or deficiency judgment in respect of such obligations against the Issuer Trustee in its personal capacity; provided, however, that the foregoing will not in any way affect any rights that the Manager may have hereunder to (a) proceed against any Person with respect to the enforcement

of any guarantee of, or collateral security for, payment of such obligations or (b) recover any funds, damages, expenses or costs as a result of fraud or misrepresentation by the Issuer Trustee in its personal capacity. The obligations hereunder are not binding upon the Issuer Trustee except in its capacity as trustee of the Issuer nor will resort be had to the property of the Issuer Trustee except where liability is expressly imposed on the Issuer Trustee in its personal capacity hereunder, but the Issuer Property will be bound hereby.

8.8 Severability

If one or more provision of this Agreement is for any reason whatever held invalid, such provision will be deemed severable from the remaining covenants, agreements and provisions of this Agreement and will in no way affect the validity or enforceability of such remaining provisions or the rights of any parties hereto.

8.9 Execution of Counterparts; Electronic Delivery

This Agreement may be executed in several counterparts, each of which when so executed shall be deemed to be an original and the counterparts together shall constitute one and the same instrument. Delivery of an executed signature page to this Agreement by any party by electronic transmission will be as effective as delivery of a manually executed copy of this Agreement by such party.

8.10 Governing Law

This Agreement will be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

8.11 Grant of Security Interest to Indenture Trustee; Acknowledgement of Rights of Indenture Trustee

The Manager hereby acknowledges and consents to any mortgage, pledge, assignment and grant of a security interest by the Issuer to the Indenture Trustee for the benefit of the Specified Creditors pursuant to the Indenture of any or all of the Issuer's rights hereunder. The Manager further acknowledges and agrees that, pursuant to the terms of the Indenture, if the Issuer fails to exercise any of its rights under this Agreement, including any right to be indemnified by the Manager pursuant to Section 5.6 of this Agreement, the Indenture Trustee shall be entitled, subject to the terms of the Indenture, to enforce such rights against the Manager directly on the Issuer's behalf.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective officers as of the day and year first above written.

FAIR HYDRO TRUST, by its sole trustee, COMPUTERSHARE TRUST COMPANY OF CANADA
as Issuer

By: _____
Name:
Title:

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC.
as Manager

By: _____
Name:
Title:

By: _____
Name:
Title:

ACKNOWLEDGED AND ACCEPTED:

BNY TRUST COMPANY OF CANADA
as Indenture Trustee

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT A

ANNUAL COMPLIANCE CERTIFICATE

TO: Computer Share Trust Company of Canada, (the "**Issuer Trustee**") in its capacity as issuer trustee of Fair Hydro Trust (the "**Issuer**")

Ontario Power Generation Inc., as manager (the "**Manager**") appointed by the Issuer Trustee under the Management Agreement dated December ■, 2017 between the Issuer Trustee and the Manager, and acknowledged and accepted by the Indenture Trustee (as amended, supplement, modified, restated or replaced from time to time, the "**Management Agreement**"), confirms, on behalf of the Issuer, the following:

(a) The books and records of the Issuer maintained by the Manager are current and accurate in all material respects.

(b) All debt obligations and expenses due and payable by the Issuer have been paid to date.

(c) All required filings with tax and regulatory authorities have been completed to date.

(d) All material statements and reports to be delivered by the Issuer under the Program Agreements have been delivered and all material statements and reports to be received by the Issuer under the Program Agreements have been received.

Capitalized terms used but not defined herein have the meanings given to them in the Management Agreement.

Dated this ■ day of ■, ■.

ONTARIO POWER GENERATION INC.
as Manager

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT B

MONTHLY REPORT

[NTD: Form of monthly report is in progress and will include:

- **the amount of Monthly Carrying Costs received by the IESO under the MTSA;**
- **a copy of the Monthly Servicer Report delivered by IESO under the MTSA;**
- **the amounts paid for each series and class of note, broken down by principal and interest;**
- **the opening and closing balance of the notes of the various series;**
- **the opening and closing amounts in the various reserve accounts; and**
- **amounts paid by the Issuer to various other third parties (Manager fees, Issuer Trustee fees, etc.).]**

COMPUTERSHARE TRUST COMPANY OF CANADA

as Issuer Trustee of

FAIR HYDRO TRUST

DECLARATION OF TRUST

Made as of December ■, 2017

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THIS DECLARATION OF TRUST is made as of December ■, 2017 by Computershare Trust Company of Canada, a trust company established under the laws of Canada (the "**Issuer Trustee**").

WHEREAS the Government of Ontario has enacted the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**") for the purpose of, among other things, ensuring that clean energy costs and clean energy benefits (each as defined in the Act) are fairly allocated among present and future Specified Consumers (as defined below);

AND WHEREAS the Issuer Trustee has determined, at the request of OPG, to establish a Trust (as defined below) for the purpose of carrying on the activities of a financing entity (as defined in the Act) as hereinafter described for the benefit of the Unitholders (as defined below);

NOW THEREFORE the Issuer Trustee hereby declares that it holds in trust as trustee the sum of TEN DOLLARS ($10.00) now contributed by it and all property of every nature and kind which it may acquire in its capacity as trustee of the Trust, and all income therefrom, for the benefit of the Unitholders, in accordance with and subject to the provisions of this Declaration of Trust.

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Declaration of Trust, the following terms have the following meanings:

"**Act**" has the meaning ascribed thereto in the Recitals.

"**Adjusted Redemption Price**" has the meaning ascribed thereto in subsection 4.1(3).

"**Affiliate**" means, with respect to any specified Person, any other Person controlling or controlled by or under common control with such specified Person. For the purposes of this definition, "**control**" when used with respect to any specified Person means the power to direct the management and policies of such specified Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, and the terms "**controlling**" and "**controlled**" have meanings correlative to the foregoing.

"**Agency Agreement**" means an agency agreement made between the Trust and one or more Persons acting on behalf of the Trust, providing for the sale and distribution of Notes on an agency basis.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are, or the office of the Indenture Trustee is, authorized or obligated by law, regulation or executive order to be closed.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement to be entered into between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance, the Indenture Trustee and the Trust.

"**Claim**" has the meaning ascribed thereto in Section 7.3.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Trust and any other owner or owners of an Investment Interest.

"**Dealer**" means one or more Persons (other than the Issuer Trustee or the Manager) who have entered into an agreement with the Trust for the purpose of facilitating the sale and distribution of Funding Obligations.

"**Declaration of Trust**" means this declaration of trust.

"**Derivative Agreement**" means any agreement evidencing an interest rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into by the Trust in connection with or related to, and at the time of or prior to, the issuance of Funding Obligations or acquisition of Investment Interests by the Trust in accordance with and subject to the terms of the Program Agreements.

"**Designated Beneficiary**" has the meaning ascribed thereto in section 3.6.

"**Eligible Investments**" means investments permitted to be made by the Trust under the Indenture.

"**Excess Income on Redemption**" has the meaning ascribed thereto in subsection 11.1(2).

"**Funding Obligation**" means a payment obligation incurred by or on behalf of the Trust to fund its ownership of an Investment Interest or a payment obligation that meets such other criteria as may be prescribed by the Regulations.

"**GAAP**" or "**generally accepted accounting principles**" means generally accepted accounting principles in Canada.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" means the Independent Electricity System Operator, a statutory corporation without share capital established by the *Electricity Act, 1998*, SO, 1998.

"**IESO Security Agreement**" means the security agreement made by the IESO in favour of the Trust to secure certain of its obligations under the Master Transfer and Servicing Agreement.

"**Income of the Trust**" for any taxation year of the Trust means the net income for the year determined pursuant to the provisions of the ITA having regard to the provisions thereof

which relate to the calculation of income for the purposes of determining the "taxable income" of a trust, without reference to paragraph 82(1)(b) and subsection 104(6) thereof, less any non-capital losses of the Trust carried forward from prior taxation years that are deductible in the taxation year, and taking into account such other adjustments as may be determined in the discretion of the Issuer Trustee; provided, however, that capital gains and capital losses will be excluded from the computation of net income.

"**Indenture**" means the master trust indenture to be entered into between the Trust and the Indenture Trustee.

"**Indenture Trustee**" means BNY Trust Company of Canada, a trust company existing under the laws of Canada and duly authorized to carry on the business of a trust company in all of the provinces and territories of Canada, as indenture trustee for the benefit of Specified Creditors under the Indenture.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act.

"**Issuer Trustee**" means Computershare Trust Company of Canada and any successor thereto appointed pursuant to Article 6.

"**ITA**" means the *Income Tax Act* (Canada) and the regulations promulgated thereunder.

"**Management Agreement**" means the management agreement to be entered into between the Manager and the Trust.

"**Manager**" means OPG, in its capacity as manager appointed under the Management Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement to be entered into between the Trust and the IESO.

"**MTSA Acknowledgement**" means the acknowledgement and indemnity agreement to be given by the IESO in favour of the Indenture Trustee.

"**Net Realized Capital Gains of the Trust**" for any taxation year means the amount, if any, by which the aggregate amount of the realized capital gains of the Trust for the year, calculated in accordance with the provisions of the ITA, exceeds the aggregate of: (i) the aggregate amount of any realized capital losses of the Trust for the year, calculated in accordance with the provisions of the ITA; and (ii) the amount determined by the Issuer Trustee in respect of any net capital losses of the Trust carried forward from prior taxation years that are deductible in the taxation year; provided that in the discretion of the Issuer Trustee, the Net Realized Capital Gains of the Trust for a taxation year may be calculated without subtracting the full amount of the net capital losses of the Trust carried forward from prior years.

"**Net Realized Capital Gains of the Trust Allocated on Redemption**" has the meaning ascribed thereto in subsection 4.1(5).

"**New Holder**" has the meaning ascribed thereto in subsection 3.6(1).

"**Note**" or "**Notes**" means any note or notes of any class, series or tranche created pursuant to Supplemental Indentures and authenticated and delivered from time to time under the Indenture.

"**OPG**" means Ontario Power Generation Inc.

"**Person**" means any individual, corporation, limited liability company, unlimited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Government Authority.

"**Program Agreements**" means the Indenture, each Supplemental Indenture, this Declaration of Trust, the Management Agreement, the Master Transfer and Servicing Agreement, the MTSA Acknowledgement, each Transfer Notice, any Co-Owner Agreements, the IESO Security Agreement, the Change of Law Protection Agreement, the Notes, any derivative agreements, credit enhancement agreements, liquidity agreements, loan agreements, Underwriting Agreements, Agency Agreements and note purchase agreements and all other documents and certificates delivered in connection therewith.

"**Rating Agencies**" means, at any time, the credit rating agencies which at the request of the Trust are rating the Funding Obligations at such time.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Indenture.

"**Records**" means all contracts, books, records and other documents and information, including, without limitation, data and information, including any stored on computer-related or other electronic media, computer programs, data processing software and related property and rights, maintained with respect to, but solely to, the assets of the Trust.

"**Redemption Price**" has the meaning ascribed thereto in subsection 4.1(3).

"**Regulations**" means the regulations promulgated under the Act.

"**Specified Consumer**" has the meaning ascribed to the term "specified consumer" in the Act.

"**Specified Creditors**" has the meaning ascribed thereto in the Indenture.

"**Specified Unitholder**" means a Unitholder that is either: (a) a taxable Canadian corporation (as defined in subsection 89(1) of the ITA), or (b) a corporation that is exempt from tax under the ITA and in respect of which no amounts paid or payable from the Trust are subject to the special payments under Part VI the *Electricity Act, 1998* (Ontario).

"**Supplemental Indenture**" means any supplemental indenture to the Indenture.

"**Transfer**" has the meaning ascribed to the term "transfer" in the Act.

"**Transfer Notice**" means a Transfer Notice in respect of a Transfer substantially in the form of Exhibit A to the Master Transfer and Servicing Agreement and delivered pursuant to such Program Agreement.

"**Trust**" means Fair Hydro Trust, a trust established under the laws of the Province of Ontario pursuant to this Declaration of Trust.

"**Trust Activities**" means the activities of the Trust described in Section 2.1.

"**Trust Company**" means a federally or provincially established trust company licensed to carry on business in all provinces and territories of Canada and which is resident in Canada for purposes of the ITA.

"**Trust Property**" means, as of any particular time, all assets of the Trust and all property, real, personal or otherwise, tangible or intangible, which have been transferred, conveyed or paid to, or acquired by the Trust, including all income, earnings, profits and gains therefrom, and which at such time are owned or held by the Trust.

"**Underwriting Agreement**" means an agreement providing for the purchase of Notes from the Trust by one or more Persons as principals for the purpose of resale.

"**Unitholders**" means at any time, the holders at such time of one or more Units, and "**Unitholder**" means any such holder.

"**Units**" means the units of beneficial interest of the Trust authorized and issued hereunder as such and for the time being outstanding and entitled to the benefits hereof.

1.2 Interpretation

In this Declaration of Trust, unless otherwise expressly stated or the context otherwise requires:

(a) references to "herein", "hereby", "hereunder", "hereof" and similar expressions are references to this Declaration of Trust and not to any particular Article or Section of this Declaration of Trust;

(b) references to an "Article" or "Section" are references to an Article or Section of this Declaration of Trust;

(c) words importing the singular shall include the plural and vice versa, and words importing gender shall include the masculine, feminine and neuter genders;

(d) the use of headings is for convenience of reference only and shall not affect the construction or interpretation hereof;

(e) the words "includes" and "including", when following any general term or statement, are not to be construed as limiting the general term or statement to the specific items or matters set forth or to similar items or matters, but rather as

referring to all other items or matters that could reasonably fall within the broadest possible scope of the general term or statement;

(f) references to any Person include such Person's successors and permitted assigns;

(g) any reference to a statute, regulation, policy, rule or instrument shall include, and shall be deemed to be a reference also to, all amendments made to such statute, regulation, policy, rule or instrument and to any statute, regulation, policy, rule or instrument that may be passed which has the effect of supplementing or superseding the statute, regulation, policy, rule or instrument so referred to;

(h) any reference to this Declaration of Trust or any other agreement, document or instrument shall be construed as a reference to this Declaration of Trust or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated or supplemented;

(i) in the event that any day on which any amount is to be determined or any action is required to be taken hereunder is not a Business Day, then such amount shall be determined or such action shall be required to be taken at or before the requisite time on the next succeeding day that is a Business Day; and

(j) unless otherwise specified, all references to "$" or "dollars" are to lawful currency of Canada.

1.3 Accounting Principles

Where the character or amount of any asset or liability or item of revenue or expense is required to be determined, or any consolidation or other accounting computation is required to be made for the purpose of this Declaration of Trust, such determination or calculation shall, to the extent applicable and except as otherwise specified herein or as the Issuer Trustee otherwise determines, be made in accordance with GAAP applied on a consistent basis.

1.4 References to Acts of the Trust

For greater certainty, where any reference is made in this Declaration of Trust to an act to be performed or not by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty by or with respect to either (i) the Trust; or (ii) the Issuer Trustee, such reference will be construed and applied for all purposes as if it referred to an act to be performed by or not, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty by or with respect to, the Issuer Trustee in its capacity as trustee of the Trust, and not in any other capacity.

ARTICLE 2
THE TRUST

2.1 Purpose and Activities of the Trust

The purpose of the Trust is to establish and carry on activities for the exclusive benefit of the Unitholders and to distribute the Trust Property upon termination of those activities by the Trust in accordance with Article 11. The Trust is permitted to engage in any activity, undertaking, transaction or event authorized or permitted by the Act (the "**Trust Activities**"), including:

(a) issuing Units;

(b) redeeming Units;

(c) acquiring, owning, holding, administering or entering into agreements regarding the acquisition and servicing of Investment Interests, along with certain other related assets;

(d) managing, selling, assigning, pledging and collecting amounts due on or otherwise deal with Investment Interests and the other related assets to be so acquired in accordance with the terms of the Program Agreements;

(e) negotiating, authorizing, executing, delivering, assuming the obligations under, and performing its duties under, the Program Agreements and any other agreement or instrument or document relating to the activities set forth in clauses (c) and (d) above; provided, that the Trust shall be permitted to incur additional indebtedness or other liabilities payable to service providers and trade creditors in the ordinary course of business in connection with the foregoing activities;

(f) filing with any applicable securities commission one or more prospectuses, offering memoranda or registration statements, and filing such applications, reports, irrevocable consents, appointments of attorney for service of process and other papers and documents necessary or desirable to register one or more series of Funding Obligations under the securities laws of any applicable jurisdiction;

(g) authorizing, executing, delivering, issuing and registering one or more series of Funding Obligations;

(h) making payments on the Funding Obligations;

(i) pledging its interest in Investment Interests and related assets to the Indenture Trustee in order to secure the Funding Obligations; and

(j) engaging in any lawful act or activity and exercise any powers permitted to trusts formed under the laws of the Province of Ontario that, in each case, are incidental to, or necessary, suitable or convenient for the accomplishment of the above-mentioned purposes.

The Trust shall engage only in any activities related to the foregoing purposes or required or authorized by the terms of the Program Agreements or other agreements referenced above.

2.2 Limitation on Certain Activities

Notwithstanding any other provision of this Declaration of Trust or the Management Agreement, at any time that any Funding Obligations remain outstanding, the consent of the Indenture Trustee shall be required for the Trust to:

(a) take any action to wind-up or dissolve the Trust; or

(b) institute any voluntary proceedings to be adjudicated bankrupt or insolvent, or consent to the institution of any bankruptcy or insolvency proceedings against it, or file a petition seeking or consent to any assignment, petition, application or proceeding under any applicable bankruptcy or insolvency law, or consent to the appointment of a receiver, liquidator, assignee, trustee or other similar official of the Trust or a substantial part of its property, or make any assignment for the benefit of creditors, or admit in writing its inability to pay its debts generally as they become due, or take any similar action in respect of the Trust.

2.3 Name and Head Office

The English form of the name of the Trust is “Fair Hydro Trust” and the French form of the name of the Trust is “Fiducie pour des frais d’électricité équitables”. The Trust may use and may be legally designated by either the English form or the French form of its name. Should the Issuer Trustee determine that the use of such name is not practicable, legal or convenient, it may use such other designation or adopt such other name for the Trust as it deems proper and the Trust may hold property and conduct the Trust Activities under such other designation or name. The head office, chief executive office, chief place of business and situs of administration of the Trust will initially be situated at the offices of the Issuer Trustee situated at 100 University Avenue, 11th Floor, Toronto, Ontario M5J 2Y1.

2.4 Nature of the Trust

The Trust is an unincorporated open-ended unit trust established for the purposes specified in Section 2.1. The Trust shall be governed by the general law of trusts, except as such general law of trusts has been or is from time to time modified, altered or abridged for the Trust by:

(a) applicable laws and regulations or other requirements imposed by applicable securities or other regulatory authorities, including the Act and Regulations; and

(b) the terms, conditions and trusts set forth in this Declaration of Trust.

The beneficial interest and rights generally of the Unitholders in the Trust shall be limited to the right to participate in distributions when and as declared by the Issuer Trustee and distributions upon the termination of the Trust. The Trust is not and is not intended to be, shall not be deemed to be and shall not be treated as a general partnership, limited partnership, syndicate, association, joint venture, company, corporation or joint stock company nor shall the Issuer Trustee or the

Unitholders or any of them for any purpose be, or be deemed to be treated in any way whatsoever to be, liable or responsible hereunder as partners or joint venturers. The Issuer Trustee shall not be, or be deemed to be, an agent of the Unitholders. The relationship of the Unitholders to the Issuer Trustee, to the Trust and to the Trust Property shall be solely that of beneficiaries in accordance with this Declaration of Trust.

2.5 Rights of Unitholders

No Unitholder shall be entitled to call for any partition or division of the Trust Property or for a distribution of any particular asset forming part of the Trust Property or of any particular monies or funds received by the Issuer Trustee. The legal ownership of the Trust Property and the right to conduct the activities of the Trust are vested exclusively in the Issuer Trustee, and no Unitholder has or is deemed to have any right of ownership in any of the Trust Property, except as specifically provided herein. Except as specifically provided herein, no Unitholder or Unitholders shall be entitled to interfere with or give any direction to the Issuer Trustee with respect to the affairs of the Trust or in connection with the exercise of any powers or authorities conferred upon the Issuer Trustee under this Declaration of Trust. The Units shall be personal property and shall confer upon the holders thereof only the interest and rights, and impose upon the holders thereof only those liabilities and obligations, specifically set forth in this Declaration of Trust.

ARTICLE 3
UNITS

3.1 Nature of Units

The beneficial interests in the Trust shall be divided into a single class of Units. Each Unit represents an equal undivided beneficial interest in any distributions by the Trust, whether of Income of the Trust, Net Realized Capital Gains of the Trust (other than Net Realized Capital Gains of the Trust Allocated on Redemption to redeeming Unitholders), or other amounts, and, in the event of termination or winding up of the Trust, in the net assets of the Trust remaining after satisfaction of all liabilities. All Units rank equally among themselves and rateably without discrimination, preference or priority. Each Unit will entitle the Unitholder of record thereof to one vote at all meetings of the Unitholders or in respect of any written resolution of the Unitholders. Each Unit, when issued, shall vest indefeasibly in the holder thereof.

The number of Units which the Trust may issue is unlimited. The issued and outstanding Units may be subdivided or consolidated from time to time by the Issuer Trustee without notice to or approval of the Unitholders. Unless the Issuer Trustee determines otherwise, immediately after any *pro rata* issuance of additional Units to all Unitholders pursuant to subsection 11.3(3), the number of outstanding Units will automatically be consolidated such that each such holder will hold after the consolidation the same number of Units as such holder held before the issuance of additional Units.

3.2 Consideration of Units

A Unit will not be fully paid until the consideration therefor has been received in full by or on behalf of the Trust. The consideration for any Unit will be paid in money or in property (including, without limitation, a debt instrument issued to the Trust) or in past services received

by the Trust that are not less in value than the fair equivalent of the money that the Trust would have received if the Unit had been issued for money. In determining whether property or past services are the fair equivalent of consideration paid in money, the Issuer Trustee may take into account reasonable charges and expenses of organization and reorganization and payments for property and past services reasonably expected to benefit the Trust. In no case will a Unit be issued to a Designated Beneficiary.

3.3 No Pre-Emptive Rights

No Person shall be entitled, as a matter of right, to subscribe for or purchase any Units of the Trust. There are no pre-emptive rights attaching to the Units.

3.4 Fractional Units

If as a result of any act of the Issuer Trustee hereunder, any Person becomes entitled to a fraction of a Unit, such Person will not be entitled to receive a certificate therefor. Fractional Units will not, except to the extent that they may represent in the aggregate one or more whole Units, entitle the holders thereof to notice of or to attend or to vote at meetings of the Unitholders. Subject to the foregoing, such fractional Units will have attached thereto the rights, restrictions, conditions and limitations attaching to whole Units in the proportion that they bear to a whole Unit.

3.5 Allotment and Issue

Subject to Section 3.6, the Issuer Trustee may allot and issue Units at such time or times and in such manner (including pursuant to any plan from time to time in effect relating to reinvestment by the Unitholders of distributions of the Trust in Units) and to such Person, Persons or class of Persons as the Issuer Trustee in its sole discretion will determine. The price or the value of the consideration for which Units may be issued and the terms and conditions of issuance of the Units will be determined by the Issuer Trustee in its sole discretion. Not restricting the generality of the foregoing, the Issuer Trustee may accept amounts received from a Unitholder as a prepayment in respect of the obligation of the Unitholder to pay all or any part of the subscription price of Units to be issued at a later date by the Issuer Trustee. In such circumstances, such prepayment will form part of the Trust Property. In the event that Units are issued in whole or in part for a consideration other than money, the resolution of the Issuer Trustee allotting and issuing such Units will express the fair equivalent in money of the other consideration received.

3.6 Prohibited Issuances and Transfers

(1) Notwithstanding any other provision in this Declaration of Trust, at no time, may Units be issued or transferred to a Person who would be a "designated beneficiary" within the meaning of Part XII.2 of the ITA ("**Designated Beneficiary**"), and the Issuer Trustee will not accept a subscription for Units from, or issue or register a transfer of Units to, a Person unless the Person provides a declaration to the Issuer Trustee that it would not be a Designated Beneficiary and covenants to maintain such representation true for as long as it continues to hold one or more Units. If, notwithstanding the foregoing, the Issuer Trustee determines that a Person has purported to become or remain a Unitholder in breach of the above mentioned declaration or covenant, or if the Unitholder fails to provide, upon request, a declaration in form and content satisfactory to the Issuer Trustee that it is not a

Designated Beneficiary, (i) the Issuer Trustee will require such Person to dispose of the Units within a specified period not to exceed 60 days to a Person who does not contravene the above mentioned limitation on ownership ("**New Holder**"), and (ii) effective immediately prior to the breach, such Person will be deemed to have ceased to be a holder of such Units, the voting and distribution rights attached to such Units will be suspended and such Units will be deemed not to be outstanding until acquired by a New Holder (provided that holders of other Units will not be entitled to any portion of the distributions that may have been paid in respect of Units that have been so deemed not to be outstanding) and such Person's rights in respect of such Units will be limited to receiving the net proceeds of the sale thereof. If such Person has not, within such period, sold such Units or provided the Issuer Trustee with a declaration in form and content satisfactory to the Issuer Trustee that it is not a Designated Beneficiary, the Issuer Trustee may sell such Units on behalf of such Person (and the Issuer Trustee will have the power of attorney of such Person to do so), and such Person's rights in respect of such Units will be limited to receiving the net proceeds of sale upon surrender of the certificates representing such Units.

(2) Subject to this section 3.6, and until the Issuer Trustee will have been required to do so under the terms hereof, the Issuer Trustee will not be bound to do or take any proceeding or action with respect to this section 3.6 by virtue of the powers conferred on it hereby. The Issuer Trustee will have the sole right and authority to make any determination required for the administration of the provisions of, or contemplated under this section 3.6, and without limiting the generality of the foregoing, if the Issuer Trustee considers that there are reasonable grounds for believing that a contravention of the above mentioned limitation on ownership has occurred or may occur, the Issuer Trustee will make a determination with respect to the matter. Any such determination will be conclusive, final and binding for the purposes of this section 3.6 except to the extent modified by any subsequent determination by the Issuer Trustee. The Issuer Trustee may require declarations as to whether a Unitholder is a Designated Beneficiary or as to factual information that will enable the Issuer Trustee to determine whether a Unitholder or a prospective transferee of a Unit may be a Designated Beneficiary. In any situation where it is unclear whether Units may be held by a Person who may be a Designated Beneficiary, the Issuer Trustee may exercise its discretion in determining whether such Person is or is not a Designated Beneficiary, and any such exercise by it of its discretion will be binding for the purposes of this section 3.6.

3.7 Liability of Unitholders

No Unitholder of the Trust, in its capacity as such, will incur or be subject to any liability, direct or indirect, absolute or contingent, in contract or in tort or of any other kind, to any Person in connection with: (i) the Trust Property or the ownership, use, operation, acquisition or disposition thereof or exercise or enjoyment of the rights, privileges, conditions or benefits attached thereto, associated therewith or derived therefrom; (ii) the obligations, liabilities, activities or affairs of the Trust; (iii) any actual or alleged act or omission of the Issuer Trustee or any other Person in respect of the activities or affairs of the Trust (whether or not authorized by or pursuant to this Declaration of Trust); (iv) any actual or alleged act or omission of the Issuer Trustee or any other Person in the performance or exercise, or purported or attempted performance or exercise, of any obligation, power, discretion or authority conferred upon the Issuer Trustee or such other Person in respect of the activities or affairs of the Trust (whether or not authorized by

or pursuant to this Declaration of Trust); (v) any transaction entered into by the Issuer Trustee or by any other Person in respect of the activities or affairs of the Trust (whether or not authorized by or pursuant to this Declaration of Trust); or (vi) any taxes, levies, imposts or charges or fines, penalties or interest in respect thereof payable by the Trust or by the Issuer Trustee or by any other Person (except the Unitholders to the extent required by applicable tax laws) on behalf of or in connection with the activities or affairs of the Trust. No Unitholder will be liable to indemnify the Issuer Trustee or any other Person with respect to any such liability or liabilities incurred by the Issuer Trustee or by any such other Person or Persons or with respect to any taxes payable by the Trust or by the Issuer Trustee or any other Person on behalf of or in connection with the Trust. To the extent that any such liabilities of the Unitholders may arise, they will be enforceable only against, and will be satisfied only out of, the Trust Property to the full extent of such liability and the costs of any litigation or other proceedings in which such liability will have been determined, including without limitation, the fees and disbursements of counsel.

ARTICLE 4
REDEMPTION OF UNITS

4.1 Redemption of Units

Each Unitholder will be entitled to require the Trust to redeem at any time and from time to time at the demand of such Unitholder all or any part of the Units held by such Unitholder as follows:

(1) The Unitholder will give notice in writing to the Trust at its head office of its intention to redeem Units and the number of Units to be redeemed.

(2) Upon receipt by the Trust of such notice from the Unitholder to redeem Units, the Unitholder will be entitled to receive, subject to subsection 4.1(3), an amount equal to the aggregate fair market value of such Units immediately before the redemption (the "**Redemption Price**") established by the Issuer Trustee, acting reasonably, payable by certified cheque or via wire transfer of funds.

(3) In the event that the Trust has insufficient funds to make the payment required pursuant to subsection 4.1(2) or such payment is restricted under the terms of the Indenture, the Trust will satisfy the Redemption Price, subject to compliance with any regulatory requirements, by either issuing a promissory note to the Unitholder, which note shall have a principal amount equal to the Redemption Price and such other terms as is determined at the time of issuance by the Issuer Trustee, or by distributing to the redeeming Unitholder *in specie* a proportionate amount of the Trust Property, the fair market value of which, as determined by the Issuer Trustee, acting reasonably, is equal to the Redemption Price. In the event that property is distributed *in specie*, the amount of Net Realized Capital Gains of the Trust Allocated on Redemption as contemplated by subsection 4.1(5) payable in connection with the redemption of Units shall be payable to the Unitholder in kind, and to the extent of the amount thereof, the Redemption Price of the Units being redeemed shall be reduced accordingly (the "**Adjusted Redemption Price**").

(4) Upon satisfaction of the Redemption Price or the Adjusted Redemption Price, as the case may be, the redeeming Unitholder will not be entitled to any rights or benefits, including voting and the right to receive distributions, in connection with the Units redeemed.

(5) Where the Trust distributes Trust Property *in specie* as contemplated in subsection 4.1(3), the Issuer Trustee shall designate and pay to the redeeming Unitholder such part of the Net Realized Capital Gains of the Trust as is realized by the Trust in connection with such *in specie* distribution, provided that the amount of the Net Realize Capital Gains on the Trust so allocated shall not exceed the amount, if any, by which the Redemption Price of the particular Units being redeemed exceeds the aggregate adjusted cost base of such Units to the Unitholder for the purpose of the ITA immediately before the redemption (the "**Net Realized Capital Gains of the Trust Allocated on Redemption**"). If the total Net Realized Capital Gains of the Trust Allocated on Redemption determined by the Issuer Trustee pursuant to the preceding sentence for all redeeming Unitholders in any taxation year exceeds the Net Realized Capital Gains of the Trust for that year, the Net Realized Capital Gains of the Trust for that taxation year shall be allocated rateably to all redeeming Unitholders for the year based on the Net Realized Capital Gains of the Trust Allocated on Redemption as otherwise determined pursuant to the preceding sentence. The Net Realized Capital Gains of the Trust Allocated on Redemption designated and paid on the redemption of Units as determined under this subsection shall be deemed to be a distribution of Net Realized Capital Gains of the Trust for the particular taxation year in which the redemption occurs. If the Issuer Trustee is required to deduct or withhold an amount from such distribution, the Unitholder shall make the cash payment described in Section 11.7 to the Issuer Trustee on or prior to the date the Units are to be redeemed.

ARTICLE 5
RIGHTS AND POWERS OF ISSUER TRUSTEE

5.1 General Rights and Powers

Subject to the specific restrictions and limitations set forth in this Declaration of Trust and notwithstanding the provisions of the *Trustee Act* (Ontario) or any other similar legislation in any jurisdiction, the Issuer Trustee will have, without the necessity of authorization by, and free from any power or control on the part of, the Unitholders, full, exclusive and absolute power, control and authority over the Trust Property and the Trust Activities to the same extent as if the Issuer Trustee were the sole and absolute owner thereof in its own right including, without limitation, such power, control and authority to do all such acts and things as in its sole judgment and discretion are necessary, incidental or desirable for carrying on the Trust Activities in accordance with the Program Agreements with such powers of delegation as may be permitted by this Declaration of Trust, including the right, power and authority to amend this Declaration of Trust subject to and in accordance with the terms hereof and to appoint, employ or contract with any Person as the Issuer Trustee may deem necessary, appropriate or desirable for the transaction of the Trust Activities, including for the administration of the Trust. The Issuer Trustee shall exercise the functions of the trustee of the Trust in Ontario, Canada. For greater certainty, the powers of the Issuer Trustee that may be exercised as aforesaid include the powers set forth in Section 5.2 to and including Section 5.18. The enumeration of any specific power or authority in this Declaration of Trust will not be construed as limiting the aforesaid power or authority or any other specific power

or authority. Subject only to the express limitations contained in this Declaration of Trust, every discretion or power hereby conferred on the Issuer Trustee is an absolute and uncontrolled discretion or power.

5.2 Acquisition of Assets and Deposit of Funds

Subject to Section 2.1, the Issuer Trustee will have the power to acquire Investment Interests in accordance with the Program Agreements. Subject to compliance with the terms of the Program Agreements, the Issuer Trustee will have the power to deposit any money forming part of the Trust Property with any bank (which bank may be an Affiliate of the Issuer Trustee) licensed under the laws of Canada or any trust company (which includes the Issuer Trustee) licensed under the laws of any province of Canada and to withdraw such deposits in accordance with the Program Agreements. The Issuer Trustee will have no liability for any loss which may occur by reason of the failure of any depository with whom such money has been deposited or for the depreciation of any investment.

5.3 Legal Title and Custody

The Issuer Trustee will have the power to cause any and all Trust Property to be held by and/or registered in the name of any Person.

5.4 Disposition of Trust Property

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power to sell, convey, transfer and assign all Trust Property free and clear of any and all trusts hereby established, at public or private sale, for cash or on terms, with or without advertisement and subject to such restrictions, stipulations, agreements and reservations as it may deem proper.

5.5 Management of Trust Property

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power to own, manage, use, invest and hold the Trust Property (including, without limitation, the power to make investments in Eligible Investments) and to enter into agreements in respect of the Trust Property or its use including, without limitation, agreements to modify, amend, extend, renew or terminate any grant or agreement relating to the Trust Property and to waive compliance with any of the terms and conditions thereof, all, in each case, without the approval of or notice to the Unitholders.

5.6 Power to Borrow Money and Issue Funding Obligations

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power to:

(a) borrow or in any other manner raise money and to evidence the same by the issuance of Funding Obligations, by private placement, public offering or otherwise;

(b) reacquire or redeem Funding Obligations;

(c) execute and deliver any trust indenture or supplement thereto, security agreement, mortgage, pledge, hypothec, assignment or other instrument to secure Funding Obligations, and amendments, modifications, restatements or replacements thereof, whether by fixed or floating charge or by assignment or by the granting of a security interest, free and clear of any and all trusts hereby established and, in lieu of or in addition to granting any security, to grant to any Person a negative pledge whereby the Issuer Trustee agrees not to encumber any Trust Property and such other covenants as may be consistent with those set out in the Program Agreements or as may otherwise be specified by any applicable Rating Agency in accordance with the foregoing; and

(d) execute and/or deliver any agreement, instrument, certificate, direction or other document necessary or desirable in order to permit or give effect to the provisions of this Section 5.6, including, without limitation, prospectuses, offering memoranda, regulatory filings, dealer agreements, Underwriting Agreements, Agency Agreements, subscription agreements, letters of representation, consent letters, and any instruments ancillary thereto.

5.7 Derivative Agreements

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power to enter into Derivative Agreements in connection with or related to the borrowing or other raising of money by the Issuer Trustee or the purchase or ownership of Investment Interests, provided that such Derivative Agreements may be entered into only at or prior to the time that such securities are sold, or such borrowing, other raising of money or purchase takes place, as applicable, or as otherwise expressly permitted in the Management Agreement; provided, however, that amendments, modifications or novations of or to a Derivative Agreement may be entered into at any time after the original Derivative Agreement was executed.

5.8 Execution of Instruments

Every deed, transfer, assignment, hypothec, agreement, certificate, direction, instrument, prospectus, or any other document which is necessary or desirable to be executed by the Trust, including, without limitation, any document evidencing Funding Obligations or relating to the issuance of Funding Obligations, will be signed on behalf of the Trust by the Issuer Trustee or its duly appointed agent, including the Manager.

5.9 Facsimile Signatures

The Issuer Trustee may authorize the use of facsimile signatures on the documents evidencing Funding Obligations, provided, however, that where facsimile signatures are so used, documents evidencing Funding Obligations will be manually countersigned or certified by a transfer agent, trustee, registrar or similar Person. If a Funding Obligation contains a printed or mechanically reproduced signature of a Person, the Issuer Trustee may issue the Funding Obligation notwithstanding that the Person has ceased to be a director, officer or signing officer of

the Issuer Trustee, and the Funding Obligation will be as valid as if the Person were a director, an officer or a signing officer at the date of its issue.

5.10 Taxes

The Issuer Trustee will have the power to pay all taxes or assessments of whatever kind or nature imposed upon the Issuer Trustee and/or the Trust in connection with the Trust Property or the Trust Activities or upon or against the income from the Trust Activities or any part thereof, to settle and compromise disputed tax liabilities and, for the foregoing purposes, to make such returns and do all such other acts and things as may be deemed by the Issuer Trustee necessary or desirable. The Issuer Trustee will have the power to deduct and remit any taxes which are required by law to be deducted and remitted from any payment made by the Issuer Trustee under any Program Agreements or otherwise.

5.11 Collection

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power to:

(a) collect, receive, give receipts for and sue for all sums of money or other property due to the Trust;

(b) consent to extensions of time for payment of, or the renewal of, any securities or obligations of the Trust;

(c) engage or intervene in, prosecute, defend, compound, compromise, abandon or adjust by arbitration or otherwise deal with or settle any actions, suits, proceedings, disputes, claims, demands or things relating to the Trust Property or the Trust Activities;

(d) exercise any and all remedies available to it under any Program Agreements or otherwise, including any power of foreclosure or sale available to the Issuer Trustee at law or pursuant to any agreement and, in connection with any such foreclosure or sale, to purchase or otherwise acquire title to any property and to convey good title thereto free of any and all trusts hereby established, or to take or retake possession of any property secured or unsecured thereunder or such other security;

(e) extend the time, with or without security, for the payment or delivery of any debts or property and to execute and enter into releases, agreements and other instruments; and

(f) pay or satisfy any debts or claims upon any evidence that the Issuer Trustee determines to be sufficient.

5.12 Expenses and Compensation of Issuer Trustee

(a) The Issuer Trustee will have the power to incur and make payment of any charges or expenses which in the opinion of the Issuer Trustee are necessary or incidental

to or proper for carrying out any of the purposes of this Declaration of Trust and the Trust Activities, and to pay appropriate compensation or fees from the Trust Property to Persons with whom the Trust has contracted or transacted business including, without limitation, any charges, expenses, compensation or fees payable under or in connection with the Program Agreements.

(b) The Issuer Trustee will be entitled to be paid from the funds of the Trust, without any requirement of a passing of accounts in respect thereof or approval of the Unitholders, such fees as the Issuer Trustee and the Manager may agree to from time to time for its services hereunder and all reasonable expenses, disbursements and advances incurred or made by the Issuer Trustee in the administration or execution of the trusts hereby created (including the reasonable compensation and the disbursements of its counsel and all other advisers and assistants not regularly in its employ) until all the duties of the Issuer Trustee under the trusts hereby created shall be finally and fully performed, except any such expense, disbursement or advance as may arise from or in connection with the dishonesty, bad faith, wilful misconduct, negligence or reckless disregard of any duty or the failure to comply with the standard of care referred to in Section 7.1 by the Issuer Trustee, its officers, employees or agents. All such amounts will be payable at such times as the Issuer Trustee and the Manager may agree from time to time. All such amounts shall be exclusive of any applicable taxes and any applicable taxes shall be paid to the Issuer Trustee in addition to such amounts. Any amount not paid when due shall bear interest at a rate per annum equal to the rate designated by the Issuer Trustee as the then current rate charged by the Issuer Trustee or its successors from time to time to its corporate customers, payable on demand. After default and unless otherwise provided in the Indenture and any documents contemplated thereunder, all amounts so payable and the interest thereon shall be payable out of any funds coming into the possession of the Issuer Trustee or its successors in the trusts hereunder in priority to any payments to other Specified Creditors.

5.13 Allocation

The Issuer Trustee will have the power to determine conclusively whether money or other assets received by the Trust or expenses or disbursements made by the Trust will be charged or credited to income or capital or allocated between income and capital, provided, however, that such determination will not be inconsistent with calculation of income in accordance with the ITA at the time the determination is made.

5.14 Fiscal Year and Form of Accounts

The fiscal year of the Trust will end on December 31. The Issuer Trustee will have the power to determine and from time to time change the method or form in which the accounts of the Trust will be kept, provided such method or form reasonably complies with Canadian generally accepted accounting principles as applicable from time to time.

5.15 Power to Contract

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power to appoint, employ or contract with any Person as the Issuer Trustee may deem necessary or desirable for the transaction of the Trust Activities and may transfer assets to such Person and, save and except for such matters as are listed in Section 2.2, delegate to such Person any or all of the discretionary powers given to the Issuer Trustee with respect to the management of the Trust Property. Without in any way limiting the generality of the foregoing, the Issuer Trustee will have the power to:

(a) enter into, execute, deliver, perform the obligations of the Trust under, and grant security as provided for in, the Program Agreements;

(b) appoint, employ or contract with the Manager or any other Person who, under the supervision of the Manager, may, among other things: (i) furnish and supervise or cause to be furnished and supervised the performance of the clerical and administrative services necessary to the administration of the Trust and the Trust Property including, without limitation, the provision of office space, office equipment and personnel for the performance of such services, property management, administration and servicing, the maintenance of documents, books and Records for the Trust (including those described in Section 8.1), the receipt and disbursement of Trust Property, the servicing and payment of debt and other obligations and generally all matters relating to the obtaining of and the administration and servicing of Trust Property, including, without limitation, as provided in the Management Agreement; (ii) serve as an advisor to the Issuer Trustee, furnish reports to the Issuer Trustee and provide research, economic and statistical data in connection with the Trust Activities; (iii) act as consultant, accountant, correspondent, lender, technical advisor, counsel, broker and dealer, underwriter, fiscal agent, corporate fiduciary, escrow agent, depository, custodian or agent for collection from obligors, loan administrator, appraiser, bank, insurer or insurance agent, transfer agent or registrar or issuing and paying agent for Funding Obligations or in any other capacity deemed by the Issuer Trustee necessary or desirable; (iv) act as attorney or agent in the purchase or sale or other disposition of the Trust Property or the property secured thereby and the handling, prosecution or settling of any claims of the Trust and assist in the performance of such functions necessary in the management of the Trust as may be agreed upon with the Issuer Trustee; and (v) execute and deliver the Program Agreements. For greater certainty, the appointment by the Issuer Trustee of the Manager under the Management Agreement will, where applicable, be deemed to constitute adequate supervision by the Issuer Trustee for purposes of the *Trustee Act* (Ontario) and this Declaration of Trust of any Person thereby engaged in connection with the foregoing activities; and

(c) investigate, select and conduct negotiations with Persons acting in the capacities referred to in Section 5.15(b) and pay appropriate fees to, and enter into appropriate contracts with, employ or retain the services of, any of them in connection with the Trust Property or property secured thereby, other assets and any security related

thereto funded, acquired, sold or otherwise disposed of, or committed, negotiated or contemplated to be funded, acquired, sold, or otherwise disposed of in connection with Funding Obligations.

5.16 Indemnification

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power to indemnify or enter into agreements with respect to indemnification with any Person with whom the Issuer Trustee or the Trust deals to such extent as the Issuer Trustee determines necessary or desirable.

5.17 Further Powers

Subject to Section 2.1, the Issuer Trustee will have the power to perform and do all such other acts and things and to execute itself (or have executed by any Person appointed by it pursuant to Section 5.15) all such deeds, transfers, assignments, hypothecs, agreements, certificates, directions, instruments or other documents whatsoever as it deems necessary, proper or desirable in order to carry on the Trust Activities in accordance with and subject to the Program Agreements notwithstanding that such acts, things, deeds, transfers, assignments, hypothecs, agreements, certificates, directions, instruments or other documents are not herein specifically mentioned. Any determination as to what is necessary, proper or desirable in order to carry on the Trust Activities in accordance with the Program Agreements or otherwise, provided it is made by the Issuer Trustee honestly and in good faith, will be conclusive. Any construction of this Declaration of Trust or the existence of any power or authority hereunder, made honestly and in good faith by the Issuer Trustee upon the advice of counsel, will be conclusive to the extent consistent with the law. In construing the provisions of this Declaration of Trust, there will be a presumption in favour of a grant of power to the Issuer Trustee.

5.18 Auditors

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power from time to time to select and appoint and discharge and reappoint an auditor of the Trust in its discretion and to negotiate and fix the fees of any such auditor.

5.19 Defect in Appointment

Notwithstanding anything to the contrary herein contained, no action taken by the Issuer Trustee will be invalid by reason only of any defect that is thereafter discovered in its appointment.

5.20 Status

The Issuer Trustee shall not have the status of bankrupt and shall be resident in Canada for purposes of the ITA.

ARTICLE 6
REPLACEMENT OF ISSUER TRUSTEE

6.1 Resignation of Issuer Trustee

(a) If the Issuer Trustee desires to resign and be discharged from the trusts and powers reposed in or conferred on it by this Declaration of Trust, it will provide 120 days written notice (or such shorter period of notice as the Unitholders , the Indenture Trustee and the Rating Agencies may agree to) thereof to the Unitholders, the Indenture Trustee and the Rating Agencies provided that no such voluntary resignation shall be effective until a replacement Issuer Trustee acceptable to the Unitholders and the Indenture Trustee has been appointed and has executed a written agreement whereby such replacement Issuer Trustee agrees to assume the obligations of the Issuer Trustee hereunder, under the Program Agreements and under any other contract pursuant to which the Issuer Trustee is obligated.

(b) The Issuer Trustee shall resign if a material conflict of interest arises in its role as a trustee under this Declaration of Trust that is not eliminated within 90 days after the Issuer Trustee becomes aware that it has such a material conflict of interest. Forthwith after the Issuer Trustee becomes aware that it has such a material conflict of interest, it shall provide the Unitholders, the Indenture Trustee and the Rating Agencies with written notice of the nature of such material conflict of interest. Upon such resignation, the Issuer Trustee shall (subject to Section 6.6) be discharged from its office under this Declaration of Trust. If, notwithstanding the foregoing provisions of this Section 6.1(b), the Issuer Trustee has such a material conflict of interest, the validity and enforceability of this Declaration of Trust and any agreement entered into by the Issuer Trustee shall not be affected in any manner whatsoever by reason only of the existence of such material conflict of interest. If the Issuer Trustee contravenes the foregoing provisions of this Section 6.1(b), the Unitholders, may apply, on notice to the Rating Agencies, to a court of competent jurisdiction for an order that the Issuer Trustee be replaced as Issuer Trustee hereunder.

6.2 Removal of Issuer Trustee

The Issuer Trustee may be removed from its office under this Declaration of Trust by the Unitholders, at any time by notice in writing delivered to the Issuer Trustee not less than 90 days prior to the date that such removal is to take effect.

6.3 Vacancy

In the event of the bankruptcy or insolvency of the Issuer Trustee or the inability of the Issuer Trustee to exercise its duties under this Declaration of Trust, the Unitholders may forthwith terminate the term of office of the Issuer Trustee as trustee and, in such instance, a vacancy will occur. No vacancy (including upon a resignation of the Issuer Trustee pursuant to Section 6.1(b)) shall operate to annul this Declaration of Trust or affect the continuity of the Trust or terminate the appointment of the Manager under the Management Agreement.

6.4 Appointment of New Issuer Trustee

If, pursuant to this Article 6, the Issuer Trustee resigns or a vacancy occurs in the office of the Issuer Trustee for any reason, the Unitholders may, subject to the satisfaction of the Rating Agency Condition, by instrument in writing appoint a Trust Company, which has risk-based capital of at least $50,000,000 or, in the case of an entity that is not subject to risk-based capital adequacy requirements, has a combined capital and surplus of at least $50,000,000, in order to replace the Issuer Trustee. If the Unitholders fail to make such appointment within 60 days of the occurrence of any such resignation, removal or vacancy, then the Issuer Trustee may make an application, on notice to the Rating Agencies, to a court of competent jurisdiction to appoint a successor Issuer Trustee hereunder. If the Issuer Trustee elects not to make such an application, the Unitholders may do so on notice to the Rating Agencies. If the Issuer Trustee and the Unitholders elect not to make such an application, the Indenture Trustee may do so on notice to the Rating Agencies if so directed in accordance with the Indenture. The expense of any act, document, deed or other instrument or thing required under this Section 6.4 will be satisfied from the Trust Property.

6.5 Merger, Consolidation and Amalgamation

Any company into which the Issuer Trustee may be merged or with which it may be consolidated or amalgamated, or any company resulting from any merger, consolidation or amalgamation to which the Issuer Trustee is a party or any company succeeding to the corporate trust business of the Issuer Trustee will be a successor Issuer Trustee under this Declaration of Trust without any further action on the part of the Issuer Trustee, provided that such company shall be a Trust Company.

6.6 Vesting in Successor Issuer Trustee

Any successor Issuer Trustee will become vested with all the estates, properties, rights, powers, duties, responsibilities and trusts of its predecessors in the trusts hereunder as if it had been originally named as Issuer Trustee pursuant to this Declaration of Trust. In furtherance of the foregoing, upon written request of the successor Issuer Trustee, the Issuer Trustee ceasing to act will do, make, execute, deliver or cause to be done, made, executed or delivered all such acts, documents, deeds or other instruments and things as may be necessary or desirable in order to more effectively assign, transfer and deliver to, and vest in, the successor Issuer Trustee, upon the trusts herein expressed, all the rights, powers and trusts of, and all property and money held by the Issuer Trustee so ceasing to act. The expense of any act, document, deed or other instrument or thing required under this Section 6.6 will be satisfied from the Trust Property.

6.7 Confidentiality

At all times (including, without limitation, at any time the Issuer Trustee should resign or be discharged from the trusts and powers reposed in or conferred on it by this Declaration of Trust), the Issuer Trustee (or the trustee so resigning and being discharged, as the case may be) will treat as confidential all information relating to the Trust, the Trust Activities and the transactions contemplated by the Program Agreements obtained by it in its capacity as Issuer Trustee.

6.8 Right to Disclose

The Issuer Trustee shall have the right to disclose any information disclosed or released to it if in the opinion of legal counsel to the Issuer Trustee it is required to disclose under any applicable laws, court order or directions of Governmental Authorities or if it is requested by a Rating Agency. The Issuer Trustee shall not be responsible or liable to any party for any loss or damage arising out of or in any way sustained or incurred or in any way relating to such disclosure.

ARTICLE 7
STANDARD OF CARE, LIMITATION OF LIABILITY OF ISSUER TRUSTEE AND OTHER MATTERS

7.1 Standard of Care

The Issuer Trustee will exercise its powers and carry out its obligations hereunder as Issuer Trustee honestly, in good faith and in the best interests of the Trust and the Unitholders and in connection therewith will exercise that degree of care, diligence and skill that a reasonably prudent Person would exercise in comparable circumstances. To the extent that the Issuer Trustee has delegated or subcontracted the performance of all or a portion of its duties to the Manager as contemplated by Section 5.15, it will be deemed to have satisfied the aforesaid standard of care. Unless otherwise required by law, the Issuer Trustee will not be required to give bond, surety or security in any jurisdiction for the performance of any duties or obligations hereunder. The Issuer Trustee will not be required to devote its entire time to the Trust Activities. For greater certainty, the entering into of any Program Agreement by the Trust and the performance by the Trust of its obligations thereunder will be deemed to be in the best interests of the Unitholders and the Trust.

7.2 Limitation of Liability of Issuer Trustee

The Issuer Trustee has entered into this Declaration of Trust solely in its capacity as trustee of the Trust and not in its personal capacity, and any and all of the representations, warranties, undertakings, covenants, indemnities, agreements and other obligations made on the part of the Issuer Trustee herein are made and intended not as personal representations, warranties, undertakings, covenants, indemnities, agreements and other obligations by the Issuer Trustee or for the purpose or with the intention of binding the Issuer Trustee in its personal capacity, but are made and intended for the purpose of binding only the Trust Property or a specific portion thereof. No property or assets of the Issuer Trustee, whether owned beneficially by it in its personal capacity or otherwise (other than the Trust Property), will be subject to levy, execution or other enforcement procedures with regard to any of the representations, warranties, undertakings, covenants, indemnities, agreements and other obligations of the Trust or the Issuer Trustee hereunder, and no recourse may be had or taken, directly or indirectly, against the Issuer Trustee in its personal capacity, any Unitholder or any Affiliate, shareholder, director, officer, representative, employee or agent of the Issuer Trustee or any predecessor or successor of the Issuer Trustee with regard to the representations, warranties, undertakings, covenants, indemnities, agreements and other obligations of the Trust or the Issuer Trustee hereunder; provided that the foregoing limitation will not apply in respect of any action or failure to act arising from or in connection with the wilful misconduct, gross negligence or the failure to comply with the standard of care referred to in Section 7.1. Notwithstanding any other provision of this Article 7, but subject

to the Indenture, each Specified Creditor is entitled to recourse to the Trust Property to satisfy in full the obligations of the Trust to it even if the Issuer Trustee has no right, or only an impaired right, to seek indemnification from the Trust Property or to apply the Trust Property in satisfaction of such obligations.

7.3 Indemnification of the Issuer Trustee

The Issuer Trustee, its directors, officers, agents, representatives and employees will at all times be indemnified and saved harmless out of the Trust Property from and against all claims (including any claim arising out of the assessment of any tax on income by a taxing authority), demands, levies, penalties, suits, losses, actions, causes of action, costs, charges, fees and expenses, damages and liabilities whatsoever, including, without limitation, those arising out of or related to actions taken or omitted to be taken by any agent of the Issuer Trustee, including, without limitation, the Manager, as contemplated hereby, legal fees and disbursements on a substantial indemnity basis and costs and expenses incurred in connection with the enforcement of this indemnity (each, a "**Claim**"), which the Issuer Trustee, its directors, officers, representatives and employees may suffer or incur, whether at law or in equity, in any way caused by or arising, directly or indirectly, in respect of any act, deed, matter or thing whatsoever made, done, acquiesced in or omitted in or about or in relation to the execution of its duties as Issuer Trustee or which it sustains or incurs in or about or in relation to the Trust Property and the Trust Activities. Further, the Issuer Trustee will not be liable to the Trust, to any Unitholder or to any other Person for any loss or damage relating to any matter regarding the Trust, including any loss or diminution in the value of the Trust Property. The foregoing provisions of this Section 7.3 do not apply to the extent that in any circumstances there has been wilful misconduct, gross negligence or the failure to comply with standard of care referred to in Section 7.1 on the part of the Issuer Trustee, its directors, officers, agents, representatives or employees excluding the other parties to the Program Agreements. Notwithstanding any other provision hereof, this indemnity will survive the removal or resignation of the Issuer Trustee, the termination of this Declaration of Trust and the termination of any trust created hereby.

7.4 Reliance upon Advice

The Issuer Trustee may rely and act upon any statement, notice, report or opinion prepared by or any advice received from the Manager or from the auditors, counsel or other professional advisors of the Issuer Trustee and will not be responsible or held liable for any loss or damage resulting from so relying or acting if the Issuer Trustee acted reasonably and in good faith relied upon the advice received and if the professional advisor was aware that the Issuer Trustee was receiving the advice in its capacity as Issuer Trustee. The Issuer Trustee is entitled to be reimbursed from the Trust Property for all costs, charges and expenses it incurs in connection with obtaining any such statement, notice, report, opinion or advice. The Issuer Trustee is entitled to rely and act upon the genuineness and authenticity of any writing submitted to it that it in good faith believes to be genuine.

7.5 Retain Experts

The Issuer Trustee may appoint such agents and employ or retain such counsel, accountants, engineers, appraisers or other experts or advisers as it may reasonably require for the

purpose of discharging its duties hereunder and shall not be responsible for any misconduct on the part of any of them. The Issuer Trustee may pay remuneration out of the Trust Property for all services performed for it in the discharge of the trusts hereof without taxation for costs or fees of any counsel, solicitor or attorney.

7.6 Reliance on Experts

The Issuer Trustee may act and rely and shall be protected in acting in good faith on the opinion or advice of or information obtained from any agent, counsel, accountant, engineer, appraiser or other expert or adviser in relation to any matter arising in the performance of its duties under the Program Agreements.

7.7 Provisions Regarding Liability

Any written instrument creating an obligation of the Issuer Trustee will be conclusively deemed to have been executed by the Issuer Trustee only in its capacity as Issuer Trustee. Any written instrument creating an obligation of the Issuer Trustee will contain a provision to the effect that the obligations thereunder are not binding upon the Issuer Trustee except in its capacity as Issuer Trustee, nor will recourse be had to the property of the Issuer Trustee except in its capacity as Issuer Trustee, but that the Trust Property or a specific portion thereof only will be bound, and may at the request of the Issuer Trustee make specific provision to the foregoing effect and contain any further provisions which the Issuer Trustee may deem appropriate, but the omission of any such provisions will not operate to invalidate any such instrument or to impose liability on the Issuer Trustee, except as aforesaid. The Issuer Trustee shall not be required to expend or risk its own funds or otherwise incur financial liability in the performance of its duties hereunder.

ARTICLE 8
RECORDS

8.1 Records to be Kept

The Issuer Trustee will keep or cause to be kept at the head office of the Trust a copy of this Declaration of Trust, a register of Unitholders, minutes of meetings and resolutions of Unitholders, minutes of meetings and resolutions of the Issuer Trustee, and such Records as are by law or good business practice necessary. The Records may be kept at the office of any Person whom the Issuer Trustee has appointed to maintain the same, provided that the Issuer Trustee has access to the Records on one Business Day’s notice to such Person.

8.2 Segregation of Assets

The Issuer Trustee shall maintain the Trust Property separate from all other property in its possession.

8.3 Method of Keeping Records

Where this Declaration of Trust requires the Issuer Trustee to cause a Record to be kept, it may be kept in bound or loose-leaf form or by means of a mechanical, electronic or other device.

8.4 Annual Financial Statements

A copy of the annual financial statements of the Trust, signed by the Issuer Trustee, shall be mailed or otherwise made available within 120 days following the end of a fiscal year to which they relate to each Unitholder. The financial statements shall include all information required to be included in annual financial statements of the Trust by applicable laws.

ARTICLE 9
MEETINGS OF UNITHOLDERS AND DECISION OF UNITHOLDERS

9.1 Annual Meeting

There will not be an annual meeting of the Unitholders.

9.2 Other Meetings

The Issuer Trustee will have power at any time to call meetings of the Unitholders at such time and place as the Issuer Trustee may determine. Unitholders holding in the aggregate not less than a majority of the outstanding Units may requisition the Issuer Trustee in writing to call a meeting of the Unitholders for the purposes stated in the requisition. The requisition shall state in reasonable detail the business proposed to be transacted at the meeting and will be sent to the Issuer Trustee at the address of the Issuer Trustee. Upon receiving the requisition, the Issuer Trustee will call a meeting of the Unitholders to transact the business referred to in the requisition. If the Issuer Trustee does not within 10 days after receiving the requisition call a meeting, any Unitholder who signed the requisition may call the meeting.

9.3 Quorum and Voting

A quorum for any meeting of the Unitholders will be persons present being Unitholders or representing by proxy Unitholders who hold in the aggregate a majority of the total number of outstanding Units. Unitholders may attend and vote at all meetings of the Unitholders either in person or by proxy. Each Unit will be entitled to one vote at all meetings of the Unitholders. Any action to be taken by the Unitholders will, except as otherwise required by this Declaration of Trust, or by law, be authorized when approved by a majority of the votes cast at a meeting of the Unitholders. The chairman of any such meeting will not have a second or casting vote.

9.4 Written Resolution

Any business which may be conducted at a meeting of the Unitholders may be approved by a resolution in writing in lieu thereof. Notice of such resolution will be given to all Unitholders and approval of such resolution will be evidenced by the signature on any such resolution or counterpart thereof by the required percentage of Unitholders for the matter to be determined.

ARTICLE 10
AMENDMENT

10.1 Amendment

Subject to Section 2.1 and compliance with the terms of the applicable Program Agreements, the Issuer Trustee may, from time to time, amend, vary, supplement, replace or restate the provisions of this Declaration of Trust without the consent or approval of the Unitholders or any court as follows:

(a) to the extent deemed necessary by the Issuer Trustee in good faith to be necessary to ensure compliance with, or to remove any conflicts or other inconsistencies which may exist between any term of this Declaration of Trust and the provisions of, any applicable law in effect from time to time;

(b) to the extent deemed necessary by the Issuer Trustee in good faith to be necessary to make any change or correction in this Declaration of Trust which is a typographical change or correction or which the Issuer Trustee has been advised by legal counsel is required for the purpose of curing any ambiguity or defect or inconsistent provision or clerical omission or mistake or manifest error contained herein, or

(c) subject to the satisfaction of the Rating Agency Condition, to the extent deemed necessary or desirable in the sole discretion of the Issuer Trustee to permit or facilitate the carrying on of the Trust Activities, including the accommodation of requests made by the Rating Agencies or regulatory authorities in relation to the issuance of Funding Obligations.

However, any such amendment may be made only if: (i) it will not materially adversely affect the interest of any Unitholder, unless that Unitholder has also approved of the amendment in writing and (ii) in respect of any material amendment, the Rating Agency Condition has been satisfied. The Issuer Trustee will immediately upon the entering into thereof, provide the Rating Agencies and the Indenture Trustee with a copy of any amendment, variation, supplement, replacement or restatement of this Declaration of Trust.

10.2 Automatic Amendment

Upon the Issuer Trustee ceasing to be a trustee of the Trust, this Declaration of Trust will be automatically amended to delete any reference to the name of the trustee so ceasing to be a trustee of the Trust and to substitute therefor the name of the successor trustee of the Trust. Notice of any change in the Issuer Trustee may be endorsed upon or attached to this Declaration of Trust and signed by the successor Issuer Trustee and every such notice will be sufficient evidence to any Person dealing with the Issuer Trustee under this Declaration of Trust as to the facts to which it relates.

10.3 Supplemental Declaration of Trust

The Issuer Trustee is authorized to execute any supplemental declaration of trust to give effect to amendments to this Declaration of Trust made pursuant to this Article 10. The Issuer Trustee shall not be obligated to enter into any such supplemental declaration if it adversely affects the Issuer Trustee's rights, duties or immunities under this Declaration of Trust or otherwise. No amendment to or amendment and restatement of this Declaration of Trust, whether pursuant to this Article 10 or otherwise, shall be construed as a termination of the Trust or the settlement or establishment of a new trust.

ARTICLE 11
DISTRIBUTION OF TRUST PROPERTY

11.1 Distributions

(1) The Issuer Trustee may declare to be payable and make distributions, from time to time, out of Income of the Trust, Net Realized Capital Gains of the Trust, capital of the Trust or otherwise, in any year, in such amount or amounts, and on such dates as the Issuer Trustee may determine, to the Unitholders at the record date for such distribution. The Issuer Trustee may declare such amounts to be payable or authorize such distributions in advance by way of a standing resolution that is effective for a period not exceeding 12 months after the date of the resolution.

(2) Where the Trust proposes to distribute Trust Property in specie to a redeeming Unitholder as contemplated in subsection 4.1(3), and the Issuer Trustee reasonably expects that such in specie distribution will give rise to Income of the Trust and / or Net Realized Capital Gains of the Trust in excess of the amount of the Net Realized Capital Gains of the Trust Allocated on Redemption to the particular Unitholder whose Units are being redeemed (collectively, the "**Excess Income on Redemption**"), the Issuer Trustee shall declare to be payable and make a distribution, on the record date that is one Business Day before the redemption, to Unitholders at such record date in an amount equal to the estimated Excess Income on Redemption. Such distribution will be satisfied by the issuance of additional Units, or fractions of Units, having a fair market value equal to the amount of such distribution. If the Issuer Trustee is required to deduct or withhold an amount from such distribution, the applicable Unitholder shall make the cash payment described in Section 11.7 to the Issuer Trustee on or prior to the date the distribution.

(3) If the Issuer Trustee declares to be payable or makes a distribution pursuant to subsections 11.1(1) or 11.1(2) without determining the portion of such distribution that is payable out of Income of the Trust, Net Realized Capital Gains of the Trust, capital of the Trust or otherwise, such allocation shall be made pursuant to subsection 11.2(2).

(4) The Issuer Trustee intends to make payable to Unitholders all of the Income of the Trust and Net Realized Capital Gains of the Trust for each taxation year throughout which all Unitholders are Specified Unitholders so that the Trust will not have any liability for tax under Part I of the ITA in any such taxation year (other than alternative minimum tax or taxes payable under the "SIFT trust" rules in the ITA). Unless the Issuer Trustee, in its sole

discretion determines otherwise, the following amounts will, without any further actions on the part of the Issuer Trustee, be due and payable to the Unitholders of record on the last day in each taxation year throughout which all Unitholders are Specified Unitholders:

(a) an amount equal to the amount, if any, by which the Income of the Trust for such year exceeds the aggregate of (A) the aggregate of the portions of the distributions paid or payable by the Trust which have been determined by the Issuer Trustee to have been payable by the Trust out of the Income of the Trust for such year, if any, and (B) the aggregate of the portions of distributions deemed by subsection 11.2(2)(a) to be paid or payable by the Trust out of the Income of the Trust for such year; and

(b) an amount equal to the amount, if any, by which the Net Realized Capital Gains of the Trust for such year exceeds the aggregate of (A) any amount of the Net Realized Capital Gains of the Trust Allocated on Redemption for the year payable to redeeming Unitholders pursuant to subsection 4.1(5), (B) the aggregate of the portions of the distributions paid or payable by the Trust which have been determined by the Issuer Trustee to have been payable by the Trust out of Net Realized Capital Gains of the Trust for such year, if any, and (C) the aggregate of the portions of distributions deemed by subsection 11.2(2)(b) to be paid or payable by the Trust out of the Net Realized Capital Gains of the Trust for such year, if any.

Any determinations by the Issuer Trustee not to make a distribution described in this subsection 11.1(4) must be exercised by the Issuer Trustee in writing prior to December 31 of the applicable taxation year.

(5) The Issuer Trustee retains discretion to make payable to Unitholders all of the Income of the Trust and Net Realized Capital Gains of the Trust for each taxation year not described in subsection 11.1(4) above, but any such distribution would require the consent of all Unitholders in such year (other than a Unitholder described in paragraph (a) of the definition of Specified Unitholder).

(6) The proportionate share of each Unit of the amount of any distribution made pursuant to this section will be determined by dividing such amount by the number of issued and outstanding Units on the applicable record date in respect of a distribution pursuant to subsections 4.1(5), 11.1(1) or 11.1(2) and on the last day of the taxation year in respect of a distribution pursuant to subsection 11.1(4). Each Unitholder's share of the amount of any such distribution will be an amount equal to the proportionate share of each Unit of such amount multiplied by the number of Units owned of record by each such Unitholder on such applicable record date or the last day of the taxation year, as the case may be, and such Unitholder shall, on such date, be entitled to enforce payment of the Unitholder's share. Subject to subsections 4.1(5) and 11.1(2) and section 11.3, amounts which are payable to Unitholders will be paid in cash.

11.2 Allocation

(1) Subject to subsection 11.2(2), distributions payable to the Unitholders pursuant to Article 11 will be deemed to be distributions of Income of the Trust (including dividends), Net Realized Capital Gains of the Trust, returns of capital of the Trust or other items in such amount as the Issuer Trustee in its absolute discretion determines and will be allocated to the Unitholders in the same proportions as distributions received by the Unitholders.

(2) If the Issuer Trustee has declared to be payable or made one or more distributions in a taxation year pursuant to subsection 11.1(1) without determining the portion of such distributions that is payable out of Income of the Trust, Net Realized Capital Gains of the Trust, capital of the Trust or otherwise, such distributions shall be deemed to be paid or payable out of:

(a) first, the Income of the Trust for such year to the extent, if any, that the Income of the Trust for such year exceeds the aggregate of the amounts in subsection 11.1(4)(a)(A);

(b) second, the Net Realized Capital Gains of the Trust for such year to the extent, if any, that the Net Realized Capital Gains of the Trust for such year exceeds the aggregate of the amounts in subsection 11.1(4)(b)(A) and 11.1(4)(b)(B); and

(c) as to any balance, the capital of the Trust;

and such amounts will be allocated to the Unitholders in the same proportions as such distributions were received by the Unitholders.

(3) For greater certainty it is hereby declared that any distribution of Net Realized Capital Gains of the Trust will include the non-taxable portion of the capital gains of the Trust which are included in such distribution.

11.3 Payment of Distributions

(1) Distributions to a Unitholder (other than distributions described in subsections 4.1(5) and 11.1(2)) will be made by cash, wire transfer or cheque payable to or to the order of the Unitholder or by such other manner provided for in subsection 11.3(3). The payment, if made by cheque, will be conclusively deemed to have been made upon hand delivery of a cheque to the Unitholder or to its agent duly authorized in writing or upon the mailing of a cheque by prepaid first-class mail addressed to the Unitholder at its address set out in the records of the Issuer Trustee unless the cheque is not paid on presentation, or in any other manner determined by the Issuer Trustee in its discretion. The Issuer Trustee may issue a replacement cheque if it is satisfied that the original cheque has not been received or has been lost or destroyed upon being furnished with such evidence of loss, indemnity or other document in connection therewith that the Issuer Trustee may in its discretion consider necessary.

(2) The Issuer Trustee may, in its sole discretion, transfer temporarily from capital to income within the Trust sufficient cash to facilitate payments of Income of the Trust to Unitholders.

A permanent transfer from capital to income may be effected if payments made by and /or expenses of the Trust in any year exceed the aggregate of the net income and Net Realized Capital Gains of the Trust in such year.

(3) Without limiting the generality of the foregoing, a distribution to a Unitholder may be paid (i) by the issuance of additional Units, or fractions of Units having a fair market value equal to the amount of such distribution, (ii) by the issuance of a promissory note for a principal amount equal to the amount of such distribution and/or (iii) *in specie* by the transfer of Trust Property having a fair market value equal to the amount of such distribution, all as may be determined by the Issuer Trustee, acting reasonably. The Issuer Trustee acknowledges and agrees that it will elect to make payment to a Unitholder of the amount of a distribution in the manner described in this subsection 11.3(3) only if it has received prior written notice from the Unitholder that such payment method is acceptable, and the Unitholder makes the cash payment described in Section 11.7 to the Issuer Trustee, which written notice may be revoked in writing by the Unitholder at any time. If the Issuer Trustee elects to make payment of the amount of a distribution by the issuance of a promissory note, such promissory note shall bear interest at a fixed or floating rate, shall be repayable on demand or on the expiry of a stated term, and shall contain such other terms all of which may be determined by the Issuer Trustee such that the fair market value of such promissory note is equal to the amount of the distribution. Any such promissory note or additional Units issued, or Trust Property transferred, by the Trust shall constitute absolute and unconditional payment in full of the distribution and, by becoming a Unitholder, each Unitholder hereby acknowledges that any such note, additional Units or transfer of Trust Property will be accepted by the Unitholder as such absolute and unconditional payment of the distribution payable to the Unitholder.

11.4 Legal Rights

For greater certainty, it is hereby declared that the Unitholders shall have the legal right to enforce payment of any amount to be distributed or payable hereunder at the time such amount is due and payable.

11.5 Income Tax Matters

In reporting income for income tax purposes, the Trust will claim the maximum amount available to it as deductions under the relevant law, unless the Issuer Trustee determines otherwise.

11.6 Designations

In accordance with and to the extent permitted by the ITA, the Issuer Trustee will, in each taxation year, make such designations for income tax purposes in respect of amounts paid or payable or deemed to be paid to the Unitholders for such amounts that the Issuer Trustee considers to be reasonable in all circumstances, including designations relating to taxable dividends received or deemed to be received by the Trust in the year on shares of taxable Canadian corporations, net taxable capital gains of the Trust in the year and foreign source income of the Trust and foreign taxes in respect of such foreign source income for the year, if any.

11.7 Withholding Taxes

The Issuer Trustee will deduct or withhold from distributions or other amounts payable under this Declaration of Trust amounts required by law to be deducted or withheld from such distributions or payments, whether such distributions or payments are satisfied in the form of cash, cheque, promissory note, additional Units or otherwise. To the extent that any amounts are deducted or withheld from payments made by cash, cheque or wire transfer, including those described in subsection 11.3(1), such deducted or withheld amounts shall be treated for all purposes as having been paid to the recipient of the payment in respect of the distribution or other amount payable, provided that such deducted or withheld amounts are actually remitted in accordance with applicable law to the appropriate taxing authority. In the event that the Issuer Trustee makes a distribution or payment that is satisfied in a manner other than cash, cheque or wire transfer, including those described in subsections 4.1(3), 4.1(5) or 11.3(3), the recipient of the payment shall provide cash to the Issuer Trustee in amount equal to any required deduction or withholding, which the Issuer Trustee shall forthwith remit to the appropriate taxing authority on behalf of the Unitholder.

ARTICLE 12
TERMINATION OF THE TRUST

12.1 Termination

(a) The Trust will continue in full force and effect for a period of twelve months from the date hereof and thereafter for so long as any Funding Obligations remain outstanding and until the Trust has satisfied all of its obligations under the Program Agreements or otherwise for the purposes of carrying on the Trust Activities. Notwithstanding the foregoing, the Issuer Trustee may, with the unanimous approval of Unitholders, wind-up the affairs of the Trust and terminate the Trust and distribute the Trust Property then remaining to the Unitholders in proportion to the number of Units held by each Unitholder no later than the date that is one day prior to the 21st anniversary of the death of the last surviving lineal descendent of Queen Elizabeth, II of England living at the date this declaration is made.

(b) Subject to Section 12.1(a), the Issuer Trustee may, with the unanimous approval of the Unitholders, wind up the affairs of the Trust and terminate the Trust. To the fullest extent permitted by law, and notwithstanding any duty otherwise existing at law or in equity, the Issuer Trustee shall consider only the interests of the Trust, including its creditors, in acting on the matters referred to in this Section 12.1. On the date the Trust is terminated, the Issuer Trustee will, upon receipt of such releases, indemnities and refunding agreements as the Issuer Trustee may deem necessary for its protection, distribute the remaining Trust Property, after payment of all other obligations of the Trust, in cash or in kind , or partly in each, to the Unitholders in proportion to the number of Units held by each Unitholder

ARTICLE 13
GENERAL

13.1 Irrevocability

The Trust shall be irrevocable.

13.2 Change of Office

The Issuer Trustee may at any time and from time to time during the existence of the trusts hereby created change the head office, chief executive office, chief place of business and situs of the administration of the Trust to another location within Ontario or have such other offices or places of administration within Canada as the Issuer Trustee may from time to time determine is necessary or desirable.

13.3 Execution of Instruments

The Issuer Trustee shall have power from time to time to appoint any Person or Persons on behalf of the Trust either to sign instruments in writing generally or to sign specific instruments in writing.

13.4 Manner of Giving Notice

Except as otherwise permitted herein, any notice required or permitted by the provisions of this Declaration of Trust to be given to a Unitholder or the Issuer Trustee shall be deemed conclusively to have been given if given either by delivery or by prepaid first-class mail addressed to each Unitholder at its address shown on the register of Unitholders or to the Issuer Trustee at the last address provided by the Issuer Trustee for such purpose. Any notice so given shall be deemed to have been given on the day of hand delivery or the day following that on which the notice was mailed.

13.5 Taxation Information

On or before March 30 in each year, or such earlier day as is required by applicable legislation or regulation, the Issuer Trustee will provide to Unitholders who received distributions from the Trust in the prior calendar year such information regarding the Trust required by applicable law to be submitted to Unitholders for income tax purposes to enable Unitholders to complete their tax returns in respect of the prior calendar year.

13.6 Severability

The provisions of this Declaration of Trust are severable and if any provisions are in conflict with any applicable law, the conflicting provisions shall be deemed never to have constituted a part of this Declaration of Trust and shall not affect or impair any of the remaining provisions thereof. If any provision of this Declaration of Trust shall be held invalid or unenforceable in any jurisdiction, such invalidity or unenforceability shall attach only to such provision in such jurisdiction and shall not in any manner affect or render invalid or unenforceable

such provision in any other jurisdiction or any other provision of this Declaration of Trust in any jurisdiction.

13.7 Governing Law

This Declaration of Trust shall be interpreted and governed by and take effect exclusively in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. Any and all disputes arising under this Declaration of Trust, whether as to interpretation, performance or otherwise, shall be subject to the exclusive jurisdiction of the courts of the Province of Ontario and the Issuer Trustee hereby irrevocably attorns, and each Unitholder shall be deemed to hereby irrevocably attorn, to the exclusive jurisdiction of the courts of such province.

13.8 Language

Les parties aux présentes ont exigés que la présente convention ainsi que tous les documents et avis qui s'y rattachent et/ou qui en découleront soient rédigés en la langue anglaise. The parties hereto have required that this Declaration of Trust and all documents and notices resulting herefrom be drawn up in English.

IN WITNESS WHEREOF the Issuer Trustee has caused this Declaration of Trust to be executed as of the day and year first above written by its duly authorized signatories.

COMPUTERSHARE TRUST COMPANY OF CANADA,
as Issuer Trustee

By: _____
Name:
Title:

By: _____
Name:
Title:

DRAFT: DECEMBER 14, 2017

MASTER TRANSFER AND SERVICING AGREEMENT

between

FAIR HYDRO TRUST
as Issuer

- and -

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Transferor and Servicer

Dated as of December ■, 2017

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EXHIBIT

Exhibit A – Form of Transfer Notice

Exhibit B – Form of Monthly Carrying Costs Statement

MASTER TRANSFER AND SERVICING AGREEMENT

THIS AGREEMENT made as of December ■, 2017.

BETWEEN:

FAIR HYDRO TRUST, a trust formed under the laws of the Province of Ontario

(the "**Issuer**")

- and -

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital amalgamated under the laws of the Province of Ontario

(the "**Transferor**" in its capacity as transferor, the "**Servicer**", in its capacity as servicer, and the "**IESO**" in its capacity as both Transferor and Servicer)

WHEREAS the Government of Ontario has enacted the *Ontario Fair Hydro Act, 2017* (the "**Act**") for the purpose of, among other things, ensuring that clean energy costs and clean energy benefits (each as defined in the Act) are fairly allocated among present and future Specified Consumers;

AND WHEREAS, under the Act, the IESO is required to establish and maintain the Fair Hydro Variance Account, and has the right under the Act and the Regulations to record certain amounts in the Fair Hydro Variance Account and recover the balance from time to time of the Fair Hydro Variance Account from Specified Consumers (such right, the "**Regulatory Asset**");

AND WHEREAS the IESO may from time to time, in accordance with the Act, Transfer Specified Portions of the Regulatory Asset to the Issuer pursuant to Section 26(1) of the Act;

AND WHEREAS the Issuer may finance the acquisition from the IESO, from time to time, of an Investment Interest through the incurrence of Funding Obligations under the Indenture;

AND WHEREAS the Issuer will grant a security interest over all of the Issuer Investment Interest to and in favour of the Indenture Trustee on behalf of all Specified Creditors;

AND WHEREAS in connection with its ownership of the Issuer Investment Interest and in order to collect the associated Clean Energy Adjustments in accordance with the Act, the Issuer desires to engage the Servicer to carry out the services described herein and the Servicer agrees to be so engaged;

NOW THEREFORE in consideration of the foregoing and the mutual covenants and agreements contained herein (the receipt and adequacy of which are hereby acknowledged), the parties hereto agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Agreement, the following terms have the following meanings:

"**Act**" has the meaning ascribed thereto in the recitals;

"**Agreement**" means this master transfer and servicing agreement, as amended, supplemented, modified, restated or replaced from time to time, and the expressions "herein", "hereof", "hereto", "hereunder" and similar expressions refer to this Agreement and not to any Article, Section, paragraph, subparagraph or clause hereof;

"**Billing Period**" means a calendar month in which the Clean Energy Adjustment is billed to Specified Consumers;

"**Board**" means the Ontario Energy Board, a statutory corporation without share capital continued under the *Ontario Energy Board Act, 1998*, S.O., 1998;

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by law, regulation or executive order to be closed;

"**Carrying Costs**" has the meaning ascribed to the term "carrying costs" in the Regulations;

"**CEA Consumer Invoice Amounts**" means amounts invoiced by an Electricity Vendor to Specified Consumers in respect of the Clean Energy Adjustment based on the rates established by the Board;

"**Clean Energy Adjustment**" has the meaning ascribed to the term "clean energy adjustment" in the Act;

"**Closing Date**" means the date on which a Transfer is to be completed as specified in the applicable Transfer Notice;

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the parties hereto and any other owner or owners of an Investment Interest as contemplated by Section 29(5) of the Act in form and substance satisfactory to the parties hereto, acting reasonably;

"**Co-Owner Implementation Date**" means the date, if any, upon which the Issuer Investment Interest ceases to be the only Investment Interest outstanding representing the full Investment Asset;

"**Collection Account**" means an Eligible Deposit Account established by the Issuer for the purpose of receiving the Issuer Share of the Servicer CEA Receipts;

"**Daily Remittance Event**" means the occurrence of either: (i) a Servicer Default or (ii) the IESO (or any successor thereto) ceasing to have the Required Servicer Rating;

"**Declaration of Trust**" means the declaration of trust made as of December ■, 2017 under which the Issuer was established, as may be supplemented, amended, replaced or amended and restated from time to time;

"**Electricity Vendor**" has the meaning ascribed to the term "electricity vendor" in the Act;

"**Electricity Vendor CEA Collections**" means payments actually received by Electricity Vendors from Specified Consumers in respect of Clean Energy Adjustments;

"**Electricity Vendor Billing Period Report**" means a report as contemplated by Section 17(2) of the Act from each Electricity Vendor in respect of each Billing Period where Clean Energy Adjustments are billed to Specified Consumers containing:

(a) its total electricity consumption of Specified Consumers invoiced in such Billing Period;

(b) its total CEA Consumer Invoice Amounts in such Billing Period;

(c) its total Electricity Vendor CEA Collections during such Billing Period; and

(d) such other information as may be prescribed in the Regulations or any other Requirement of Law, or which otherwise may be agreed to by the applicable Electricity Vendor;

"**Eligible Deposit Account**" means an account in Canada with an Eligible Institution;

"**Eligible Institution**" means:

(a) at any time before the Co-Owner Implementation Date, an "Eligible Institution" as defined in the Indenture; and

(b) at any time on or after the Co-Owner Implementation Date, an "Eligible Institution" as defined in the applicable Co-Owner Agreement;

"**Fair Hydro Variance Account**" means the variance account established by the IESO pursuant to Section 24(1) of the Act;

"**Financing Entity**" has the meaning ascribed to the term "financing entity" in the Act;

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act;

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other

instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government;

"**IESO**" or "**Independent Electricity System Operator**" means the Independent Electricity System Operator, a statutory corporation without share capital established by the *Electricity Act, 1998*, SO, 1998;

"**IESO Deferral**" has the meaning ascribed to the term "IESO deferral" in the Act;

"**IESO Disclosure**" has the meaning ascribed thereto in Section 5.7;

"**IESO Segregated Account**" has the meaning ascribed thereto in Section 3.4(a);

"**Implementation Plan**" has the meaning ascribed thereto in Section 3.3(a);

"**Indemnified Losses**" has the meaning ascribed thereto in Section 6.1(a);

"**Indemnified Party**" has the meaning ascribed thereto in Section 6.1(a);

"**Indenture**" means the master trust indenture dated December ■, 2017 between the Indenture Trustee and the Issuer;

"**Indenture Trustee**" means BNY Trust Company of Canada, a trust company existing under the laws of Canada and duly authorized to carry on the business of a trust company in all of the provinces and territories of Canada, as indenture trustee for the benefit of Specified Creditors, or any successor thereto, under the Indenture;

"**Insolvency Event**" means, with respect to a specified Person, the specified Person admits the inability of such specified Person to pay its liabilities generally as they become due or makes a general assignment for the benefit of the creditors of such specified Person or otherwise acknowledges the insolvency of such specified Person or any proceeding shall be instituted by or against such specified Person seeking to adjudicate it a bankrupt or insolvent or seeking liquidation, winding up, dissolution, reorganization, arrangement, adjustment, protection, relief or composition of its debts under any law relating to bankruptcy, insolvency, reorganization, moratorium or relief of debtors or seeking the entry of an order for relief by the appointment of a receiver, trustee or other similar official for such specified Person or for any substantial part of its property and if such proceeding has been instituted against such specified Person either such proceeding has not been stayed or dismissed within 45 days or any of the actions sought in such proceeding (including the entry of an order for relief or the appointment of a receiver) are granted in whole or in part, or if a receiver is privately appointed in respect of such specified Person or of the property of such specified Person or any substantial part thereof;

"**Investment Asset**" has the meaning ascribed to the term "investment asset" in the Act;

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act;

"**Issuer**" means Fair Hydro Trust, a trust formed under the laws of the Province of Ontario;

"**Issuer Funding Obligations**" means the Funding Obligations of the Issuer;

"**Issuer Investment Interest**" means, initially, the Investment Interest acquired by the Issuer pursuant to the first Transfer completed under this Agreement and, upon the completion of each Transfer thereafter, the cumulative Investment Interest acquired by the Issuer;

"**Issuer Share**" means:

(a) at any time before the Co-Owner Implementation Date, 100%; and

(b) at any time on or after the Co-Owner Implementation Date, the percentage determined in accordance with the applicable Co-Owner Agreement;

"**Issuer Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Issuer at such time;

"**Lien**" means a security interest, lien, mortgage, charge, pledge, claim or encumbrance of any kind;

"**Management Agreement**" means the management agreement dated December ■, 2017 between the Manager and the Issuer;

"**Manager**" means OPG, in its capacity as manager of the Issuer, and any successor appointed in accordance with the Management Agreement;

"**Minister**" means the Minister of Energy or such other member of the Executive Council as may be assigned the administration of the Act under the *Executive Council Act*;

"**Monthly Carrying Costs**" has the meaning ascribed thereto in Section 3.14(b);

"**Monthly Carrying Costs Statement**" has the meaning ascribed thereto in Section 3.14(b);

"**Monthly Servicer Report**" means a report from the Servicer in respect of each Billing Period where Clean Energy Adjustments are billed to Specified Consumers containing:

(a) the information provided in each Electricity Vendor Billing Period Report;

(b) total electricity consumption of Specified Consumers invoiced in such Billing Period, as reported by all Electricity Vendors, and for the current Reference Period to the last day of such Billing Period, compared to the forecast information provided by the Servicer to the Board pursuant to Section 3.2(a) (to the extent possible, recognizing timing mismatches);

(c) total CEA Consumer Invoice Amounts reported by all Electricity Vendors for such Billing Period;

(d) total Electricity Vendor CEA Collections reported by all Electricity Vendors for such Billing Period;

(e) total Servicer CEA Receipts for such Billing Period, including the amount representing total Electricity Vendor CEA Collections received and the amount representing Clean Energy Adjustments received by the Servicer directly from Specified Consumers;

(f) the difference between total CEA Consumer Invoice Amounts reported to the Servicer by all Electricity Vendors and total Servicer CEA Receipts, in each case, for such Billing Period and for the current Reference Period to the last day of such Billing Period, recognizing that there will be timing differences;

(g) a summary of any matters referred to in Section 3.4(k) which have not been resolved and any explanation provided therefor by the Electricity Vendor; and

(h) such other information which otherwise may be agreed to by the Servicer;

"**Non-Investment Grade Rated Electricity Vendors**" means any Electricity Vendor that does not have a rating of: (i) "Baa3" or higher by Moody's Investors Services, Inc. (or any successor thereof), unless otherwise agreed to by Moody's Investors Services, Inc. (or any successor thereof); and "BBB(low)" or higher by DBRS Limited (or any successor thereof), unless otherwise agreed to by DBRS Limited (or any successor thereof);

"**Officer's Certificate**" means a certificate signed by a Responsible Officer of the Issuer under the circumstances described in, and otherwise complying with, the applicable requirements of Section **[10.01]** of the Indenture;

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario;

"**Opinion of Counsel**" means one or more written opinions of counsel, which counsel shall be reasonably acceptable to the party receiving such opinion of counsel, and shall be in form and substance reasonably acceptable to such party;

"**Permitted Successor**" means any successor to the IESO under the Act, whether pursuant to any bankruptcy, reorganization or other insolvency proceeding or pursuant to any merger, conversion, acquisition, sale or transfer, by operation of law, as a result of any restructuring, or otherwise, but only to the extent such successor is approved by the Minister;

"**Permitted Transfer**" means (i) a Transfer to the Issuer pursuant to this Agreement; and (ii) a Transfer to a person who has entered into a Co-Owner Agreement with, inter alia, the Issuer.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority;

"**Prescribed Period**" has the meaning ascribed thereto in Section 3.14(a);

"**Proceeding**" means any suit in equity, action at law or other judicial or administrative proceeding;

"**Program Agreements**" has the meaning ascribed thereto in the Indenture;

"**Purchase Price**" has the meaning ascribed thereto in Section 2.1(c);

"**Rating Agency**" has the meaning ascribed thereto in the Indenture;

"**Rating Agency Condition**" has the meaning ascribed thereto in the Indenture;

"**Records**" has the meaning ascribed thereto in Section 7.1;

"**Regulations**" means Ontario Regulation 206/17: General, together with any other regulations promulgated under the Act;

"**Regulatory Asset**" has the meaning ascribed thereto in the recitals;

"**Remittance Date**" means, in respect of each Billing Period, the 18th Business Day following the last day of each Billing Period;

"**Required Servicer Rating**" means a rating of "Baa2" or higher by Moody's Investors Service, Inc. (or any successor thereof) and a rating of "BBB(low)" or higher by DBRS Limited (or any successor thereof);

"**Requirement of Law**" means any foreign, Canadian federal, provincial or local laws, statutes, regulations, rules, codes or ordinances enacted, adopted, issued or promulgated by any Governmental Authority or common law;

"**Responsible Officer**" means, with respect to: (a) the Issuer, any authorized director or officer of the Manager; (b) the Servicer, any authorized director or officer of the IESO; and (c) a Successor Servicer, any authorized director or officer of the Successor Servicer;

"**Servicer**" means the Independent Electricity System Operator, as Servicer under this Agreement, or any Successor Servicer to the extent permitted under this Agreement;

"**Servicer CEA Receipts**" has the meaning ascribed thereto in Section 3.4(f);

"**Servicer Default**" has the meaning ascribed thereto in Section 7.1;

"**Specified Consumer**" has the meaning ascribed to the term "specified consumer" in the Act;

"**Specified Creditors**" has the meaning ascribed thereto in the Indenture;

"**Specified Portion**" means, in respect of the Regulatory Asset and any Transfer, the portion of the Regulatory Asset subject to such Transfer, as set out in the applicable Transfer Notice.

"**Successor Servicer**" has the meaning ascribed thereto in Section **[3.07(e)]** of the Indenture;

"**Supplemental Indenture**" means an indenture supplemental to the Indenture that authorizes the incurrence of Funding Obligations;

"**Termination Event**" has the meaning ascribed thereto in Section 3.11;

"**Termination Notice**" has the meaning ascribed thereto in Section 7.1;

"**Transfer**" has the meaning ascribed to the term "transfer" in Section 1(3) of the Act, and "**Transferred**" has a corresponding meaning;

"**Transfer Notice**" means a Transfer Notice in respect of a Transfer substantially in the form of Exhibit A to this Agreement and delivered pursuant to Section 2.1(c) of this Agreement; and

"**Transferor**" means the Independent Electricity System Operator, as transferor under this Agreement;

1.2 Sections and Headings

The table of contents does not form part of this Agreement. The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and will not affect the construction or interpretation of this Agreement. Unless something in the subject matter or context is inconsistent therewith, references herein to Articles and Sections are to Articles and Sections of this Agreement.

1.3 Extended Meanings

(a) Words importing the singular number only will include the plural and vice versa and words importing the masculine gender will include the feminine and neuter genders and vice versa. A reference to any agreement, instrument or declaration means such agreement, instrument or declaration as the same may be amended, supplemented, modified, restated or replaced from time to time.

(b) The term "**including**" means "including without limitation", and other forms of the verb "**include**" have correlative meanings.

(c) All references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities.

(d) Unless otherwise stated, in the computation of a period of time from a specified date to a later specified date, the word "**from**" means "**from and including**" and each of the words "**to**" and "**until**" means "**to but excluding**".

(e) The words "**hereof**", "**herein**" and "**hereunder**" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, unless otherwise specified. References to Articles, Sections, Appendices and Exhibits in this Agreement are references to Articles, Sections, Appendices and Exhibits in or to this Agreement unless otherwise specified.

(f) References to any law, rule, regulation or order of a Governmental Authority shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor.

(g) The word "**will**" shall be construed to have the same meaning and effect as the word "**shall**". The word "**or**" is not exclusive.

(h) References to a specific rating by a Rating Agency shall mean such rating or the equivalent rating if such Rating Agency changes its rating scale.

ARTICLE 2
TRANSFER OF SPECIFIED PORTIONS OF THE REGULATORY ASSET

2.1 Transfer Notices and Agreement to Transfer Specified Portions of the Regulatory Asset

(a) The Transferor shall determine the IESO Deferral as required by Section 23(1) of the Act and the Regulations.

(b) The Transferor shall maintain the Fair Hydro Variance Account as required by Section 24 of the Act and the Regulations.

(c) The Transferor may, no more frequently than monthly and no later than the 8th Business Day of any calendar month, offer to Transfer to the Issuer a Specified Portion of the Regulatory Asset by providing to the Issuer a Transfer Notice executed by the Transferor and setting out (i) the Specified Portion of the Regulatory Asset that the Transferor is offering to Transfer to the Issuer, (ii) the consideration to be paid to the Transferor by the Issuer for the Transfer (the "**Purchase Price**") which shall be equal to the amount of such Specified Portion of the Regulatory Asset, (iii) the Closing Date to effect such transfer which shall be no earlier than the 5th Business Day after the delivery of the Transfer Notice and no later than the last Business Day of the calendar month in which the Transfer Notice was delivered, or such other Business Day as may be agreed by the Transferor and the Issuer, and (iv) such other information as required in the form of Transfer Notice attached as Exhibit A hereto.

(d) On or before the 2nd Business Day following receipt of a Transfer Notice, the Issuer shall have the right, but not the obligation, to accept the Transferor's offer to Transfer the Specified Portion of the Regulatory Asset referred to in the Transfer Notice by executing and returning such Transfer Notice to the Transferor. Upon acceptance by the Issuer of the Transfer Notice, there shall be a binding agreement for IESO to Transfer the Specified Portion of the Regulatory Asset referred to in the Transfer Notice and for the Issuer to pay the Purchase Price, subject to satisfaction of all conditions precedent in Section 2.2.

(e) Provided that all conditions precedent set out in Section 2.2 have been satisfied on or prior to the applicable Closing Date, on the applicable Closing Date, the Issuer shall deliver or cause to be delivered to the Transferor, by wire transfer or electronic funds transfer, in immediately available funds, an amount in Canadian dollars equal to the Purchase Price set forth in the applicable Transfer Notice. The Transferor agrees that receipt by the Transferor of the payment referred to in this Section 2.1(e) is receipt by the Transferor of a payment referred to in Section 26(3) of the Act.

(f) Upon receipt by the Transferor of the payment referred to in Section 2.1(e), the Transferor shall reduce the balance of the Fair Hydro Variance Account by an amount equal to the Purchase Price received and shall retain no further right, title or interest in the Issuer Investment Interest corresponding to the Specified Portion of the Regulatory Asset Transferred.

(g) The parties state that they intend that this Agreement, together with each Transfer Notice accepted by the Issuer, constitute an agreement, for purposes of Section 27(2) of the Act for the Transferor to dispose, upon receipt by the Transferor of the payment referred to in Section 2.1(e), of the Specified Portion of the Regulatory Asset referred to in the Transfer Notice and to assign, convey or sell a corresponding Investment Interest to the Issuer.

2.2 Conditions Precedent to each Transfer of a Specified Portion of the Regulatory Asset

(a) The obligation of the Issuer to pay the Purchase Price related to the initial Transfer of a Specified Portion of the Regulatory Asset shall be subject to the satisfaction by the Transferor, or waiver by the Issuer, of the following conditions:

(i) the Issuer shall have received from the Transferor the following documents, in form and substance satisfactory to the Issuer:

(A) a certificate of an officer of the IESO certifying (1) that attached thereto is a true and complete copy of the by-laws of the IESO, each as in effect on the date of such certificate, (2) that attached thereto is a true and complete copy of a resolution adopted by the IESO's board of directors authorizing the execution, delivery and performance of this Agreement and the performance by the IESO of its obligations hereunder, and that such resolution has not been modified, rescinded or amended and is in full force and effect, and (3) as to the incumbency and true specimen signature of each of the IESO officers or delegates executing this Agreement and authorized to give notices and instructions hereunder (which can be changed by notice hereunder), provided that this condition may be satisfied by delivery of a certificate of an officer of the IESO to the effect that there has been no change to the items listed in (1),

(2) and (3) above since the date of the previous certificate delivered under this Section 2.2(a)(i)(A) which certificate delivery condition may be satisfied by a representation and warranty to like effect in the applicable Transfer Notice; and

(B) the Transferor shall have delivered to the Rating Agencies and the Issuer any Opinions of Counsel reasonably required by them.

(b) The obligation of the Issuer to pay the Purchase Price related to each Transfer of a Specified Portion of the Regulatory Asset (including the initial Transfer) shall be subject to the satisfaction or waiver by the Issuer of each of the following conditions:

(i) as of the applicable Closing Date, all Program Agreements shall have been entered into on terms and conditions satisfactory to the Issuer and shall be in full force and effect as of such Closing Date;

(ii) as of the applicable Closing Date, no Insolvency Event in respect of the Transferor shall have occurred and the Transferor is not aware of any pending Insolvency Event with respect to itself;

(iii) as of the applicable Closing Date, (A) the representations and warranties of the IESO in this Agreement must be true and correct with the same force and effect as if made on that date (except to the extent they relate to an earlier date), (B) no breach of any covenant or agreement of the IESO contained in this Agreement shall have occurred and be continuing, and (C) no Servicer Default shall have occurred and be continuing;

(iv) the Transferor shall have delivered to the Issuer an Officer's Certificate confirming the satisfaction of each condition precedent specified in Sections 2.2(b)(ii) and (iii);

(v) as of the applicable Closing Date, (A) the Issuer shall have sufficient funds available to pay the Purchase Price as set forth in the applicable Transfer Notice, (B) all conditions to any incurrence of Funding Obligations intended to provide such funds set forth in the Indenture (and any applicable Supplemental Indenture) or other instrument shall have been satisfied or waived, (C) if applicable, the Rating Agency Condition in respect of the issuance of the Funding Obligations funding the payment of the Purchase Price shall have been satisfied or, if a new issuance of Funding Obligations without an existing rating, the required ratings have been established by the applicable Rating Agencies, and (D) the Funding Obligation required to fund the payment of the Purchase Price shall have been issued at the same time as, or prior to, the Transfer; and

(vi) immediately after giving effect to the Transfer, each of the Fair Hydro Variance Account and the Regulatory Asset will have a balance or amount, as applicable, equal to or greater than zero.

ARTICLE 3
ROLE OF THE SERVICER

3.1 Designation of Servicer

Each Transfer of a Specified Portion of the Regulatory Asset shall be made on the basis that the related Issuer Investment Interest shall be serviced by the Servicer in accordance with this Article 3, and the IESO or any Permitted Successor of the IESO that is the Servicer shall not be entitled, except as otherwise provided in Section 3.7 or agreed by the Parties, to receive any further compensation from the Issuer for its services in connection therewith.

3.2 Forecasts and Other Information

The IESO shall:

(a) provide to the Board the forecast information contemplated by Section 8(3) of the Regulations;

(b) provide to the Issuer the forecast information provided to the Board pursuant to Section 3.2(a), which information shall be provided on a non-reliance basis other than with respect to the use thereof in relation to the duties, obligations or rights of the Issuer or the Manager pursuant to the Act and the Regulations; and

(c) provide to the Issuer such other information and reports as the Issuer may reasonably request in connection with the calculation of the Clean Energy Adjustments, which is reasonably available to the Transferor directly or upon request, can lawfully be provided and can be provided without incurring material incremental expense (unless the Issuer has agreed to reimburse the IESO for such material incremental expenses).

3.3 Implementation Plan

(a) The Servicer will work with the Issuer to develop on or before January 31, 2020 a written implementation plan identifying in reasonable detail the actions to be taken by the Servicer and the Issuer in order to facilitate the Board, the Issuer, the Servicer and the Electricity Vendors being prepared to perform their obligations under the Act and the Regulations when the setting, invoicing and collection of Clean Energy Adjustments commences (the "**Implementation Plan**"). The Implementation Plan should include the following:

(i) a process and a schedule for contacting Electricity Vendors and providing instructions with respect to the establishment of a segregated account by each Electricity Vendor, the procedures for invoicing Clean Energy

Adjustments, the identification, deposit and segregation of Electricity Vendor CEA Collections and their remittance to the Servicer;

(ii) the development of processes for the necessary exchanges of information with respect to Clean Energy Adjustments among the Board, the Issuer, the Manager, the Servicer, Electricity Vendors and Specified Consumers;

(iii) procedures for the testing of the processes for the collection and remittance of Clean Energy Adjustment before February 28, 2021; and

(iv) target dates for the achievement of specified objectives under the Implementation Plan.

(b) The Servicer and the Issuer will prepare written progress reports on the status of the implementation of the Implementation Plan on or before June 30, 2020, October 31, 2020 and January 31, 2021.

3.4 Clean Energy Adjustments and Electricity Vendors

The Servicer shall:

(a) prior to receiving Servicer CEA Receipts, establish an Eligible Deposit Account (the "**IESO Segregated Account**") bearing a designation indicating that the funds deposited therein are held in trust for the benefit of the Issuer and, after the Co-Owner Implementation Date, for the benefit of any other owner or owners of an Investment Interest. If at any time the IESO Segregated Account ceases to be an Eligible Deposit Account, the Servicer shall within 30 days establish a new IESO Segregated Account as an Eligible Deposit Account and shall transfer any cash and/or any investments held in the former account to such new account and make all future deposits to such new account;

(b) prior to the first Billing Period when amounts are invoiced by Electricity Vendors to Specified Consumers in respect of Clean Energy Adjustments, make commercially reasonable efforts to:

(i) cause each Electricity Vendor to establish a segregated account into which Electricity Vendor CEA Collections are to be deposited as required by Section 10(2) of the Regulations;

(ii) settle a form of Electricity Vendor Billing Period Report to be used by such Electricity Vendor;

(iii) cause each Electricity Vendor to establish procedures for the invoicing by such Electricity Vendor of amounts in respect of the Clean Energy Adjustment, the identification, deposit and segregation of Electricity Vendor CEA Collections, the remittance of Electricity Vendor CEA Collections to the Servicer and reporting to the Servicer; and

(iv) respond to inquiries from Electricity Vendors with respect to any of the foregoing matters.

(c) together with the Issuer, prior to the first Billing Period when amounts are invoiced by Electricity Vendors to Specified Consumers in respect of Clean Energy Adjustments, settle a form of Monthly Servicer Report;

(d) request certification from each Electricity Vendor that the segregated account required by Section 10(2) of the Regulations has been established by that Electricity Vendor;

(e) as agent of the Issuer and, after the Co-Owner Implementation Date, as agent of any other owner or owners of an Investment Interest, receive Electricity Vendor CEA Collections from Electricity Vendors;

(f) as agent of the Issuer and, after the Co-Owner Implementation Date, as agent of any other owner or owners of an Investment Interest, receive any amounts in respect of Clean Energy Adjustments payable directly by Specified Consumers to the Servicer (such amounts, together with the amounts referred to in Section 3.4(e), the "**Servicer CEA Receipts**");

(g) deposit the Servicer CEA Receipts into the IESO Segregated Account promptly following receipt by the Servicer and, in any event, within two Business Days of receipt by the Servicer and the Issuer Share of such Servicer CEA Receipts shall remain in the IESO Segregated Account until remitted in accordance with Section 3.6;

(h) respond to inquiries by Electricity Vendors with respect to the Clean Energy Adjustment and amounts payable in respect thereof;

(i) request from each Electricity Vendor an Electricity Vendor Billing Period Report in respect of each Billing Period during which Clean Energy Adjustments are billed to Specified Consumers; such report to be requested to be delivered within twelve Business Days of the end of each Billing Period;

(j) review each Electricity Vendor Billing Period Report received by the Servicer for material manifest discrepancies, including any discrepancy between the Electricity Vendor CEA Collections reported in respect of the Billing Period and the amount received pursuant to Section 3.4(e);

(k) contact each Electricity Vendor:

(i) that does not deliver an Electricity Vendor Billing Period Report in respect of a Billing Period where Clean Energy Adjustments were payable by Specified Consumers;

(ii) from which no Electricity Vendor CEA Collections are received in respect of the Billing Period,

(iii) for whom Electricity Vendor CEA Collections do not match the amount thereof reported in its Electricity Vendor Billing Period Report,

(iv) that delivers an Electricity Vendor Billing Period Report that has any other material manifest discrepancy detected by the Servicer, or

(v) that has not certified that it has established the segregated account required by Section 10(2) of the Regulations,

and attempt to resolve the applicable issue; and

(l) hold the Issuer Share of Servicer CEA Receipts and the Issuer Share of any other proceeds in respect of the Clean Energy Adjustment received by it in trust for the benefit of the Issuer and remit such amounts in accordance with Section 3.6 without any surcharge, fee, offset, charge or other deduction.

3.5 Reporting

The Servicer shall:

(a) on or before the 20th Business Day following the end of each Billing Period when amounts are invoiced by Electricity Vendors to Specified Consumers in respect of Clean Energy Adjustments, prepare and deliver to the Issuer a Monthly Servicer Report;

(b) promptly notify the Issuer in writing of any Requirement of Law hereafter adopted or announced or the occurrence of any other event or circumstance of which it becomes aware that has a material adverse effect on the Servicer's ability to perform its duties and obligations under this Agreement; and

(c) upon the reasonable request of the Issuer provide to the Issuer any public financial information in respect of the Servicer, or any material information regarding the Clean Energy Adjustment, to the extent it is reasonably available to the Servicer, and as may be reasonably necessary and permitted by law, to enable the Issuer to monitor the performance by the Servicer of its duties and obligations hereunder.

3.6 Remittances

(a) The Issuer shall provide the Servicer with notice of the Collection Account at least ten Business Days prior to the first Remittance Date and shall provide the Servicer with notice of any change to the Collection Account at least ten Business Days prior to any subsequent Remittance Date.

(b) Absent the occurrence of a Daily Remittance Event, the Issuer Share of Servicer CEA Receipts received by the Servicer and any interest earned thereon received on or subsequent to a Remittance Date shall be remitted by the Servicer to the Collection Account no later than the immediately following Remittance Date.

(c) Following the occurrence of a Daily Remittance Event, the Issuer Share of all Servicer CEA Receipts on deposit in the IESO Segregated Account and any interest earned thereon shall be remitted by the Servicer to the Collection Account on the second following Business Day.

3.7 Reimbursement of Servicer

The Issuer shall reimburse the Servicer for its direct costs relating to the performance by the Servicer of its duties and obligations hereunder and that are not otherwise recovered by the Servicer pursuant to sections 25.1(1) and 25.1(2) of the *Electricity Act, 1998*, which direct costs the IESO shall have no obligation to seek recovery for under sections 25.1(1) and 25.1(2) of the *Electricity Act, 1998*; provided, however, that this Section 3.7 shall not apply to any costs relating to the performance by the Servicer of its duties and obligations under the Act or the Regulations, including, for greater certainty the Servicer's obligations to pay monthly Carrying Costs.

3.8 Limits to Obligations

Notwithstanding anything to the contrary in this Agreement, the parties hereto agree that the duties, liabilities and obligations of IESO under this Agreement are limited as provided in this Section 3.8.

(a) IESO is not responsible for, or in respect of, any amounts not collected by Electricity Vendors from their customers or not remitted by Electricity Vendors to the Servicer.

(b) IESO is not responsible to confirm, verify or audit the amount of the Clean Energy Adjustment invoiced by Electricity Vendors or the Electricity Vendor CEA Collections collected by Electricity Vendors and reported to the IESO.

(c) IESO is not responsible for enforcing the obligations of Specified Consumers to pay, or the obligations of Electricity Vendors to invoice, collect or remit Clean Energy Adjustments or any other amounts, or to establish a segregated account into which Electricity Vendor CEA Collections are to be deposited, and IESO is under no obligation to initiate or prosecute any legal action relating to the collection of the Clean Energy Adjustments or the Issuer Investment Interest.

(d) IESO is not responsible or liable for the performance by Electricity Vendors of their duties and responsibilities under the Act or the Regulations including (i) the invoicing of Specified Consumers in respect of the Clean Energy Adjustment and ancillary matters related thereto; (ii) the collection from Specified Consumers of amounts due in respect of such invoices and the remittance of such payments to the Servicer; (iii) the accuracy of any information provided by the Electricity Vendors; and (iv) any reporting by the Electricity Vendors, including the reporting to the Servicer of the total CEA Consumer Invoice Amounts invoiced by such Electricity Vendor to its Specified Consumers in respect of the Clean Energy Adjustment, the total Electricity Vendor CEA Collections received by such Electricity Vendor and the Issuer Share of Electricity Vendor CEA

Collections received by such Electricity Vendor and any other reporting in the Electricity Vendor Billing Period Report.

(e) IESO is under no responsibility or obligation to the Issuer with respect to the nature or extent of the Issuer Investment Interest, the collectability of the Issuer Share of Servicer CEA Receipts or that the Issuer Share of Servicer CEA Receipts will be sufficient to satisfy the Issuer's Funding Obligations.

(f) IESO may rely in good faith on the advice of counsel or on any document of any kind, prima facie properly executed and submitted by any Person, respecting any matters arising under this Agreement.

(g) IESO shall have no liability or responsibility to any Person in respect of any forecasts or other information provided pursuant to Section 3.2, provided only that such forecasts or other information has been prepared and provided in good faith.

(h) None of the directors, officers, employees or agents of IESO shall be liable to the Issuer or any other Person for any action taken or for refraining from the taking of any action pursuant to this Agreement or for good faith errors in judgment.

3.9 Servicing and Maintenance Standards

Subject to Section 3.8, the Servicer shall discharge its duties, responsibilities and obligations hereunder with reasonable care and in material compliance with the Requirements of Law, including the Act and the Regulations and, in doing so, shall follow standards, policies and procedures in performing its duties as Servicer hereunder that are customary for an electricity market operator and administrator that regularly performs settlement functions.

3.10 Appointments

The Servicer may at any time appoint OPG or any other Person to act as its agent to perform all or any portion of its obligations as Servicer hereunder; provided however, that in respect of the appointment of a Person other than OPG, the Rating Agency Condition shall have been satisfied in connection therewith; and provided further that the Servicer shall remain obligated and be liable for the performance of its obligations under this Agreement without diminution of such obligation and liability by virtue of the appointment of OPG or such other Person and to the same extent and under the same terms and conditions as if the Servicer alone were performing such obligations. The fees and expenses of OPG or any other such Person shall be as agreed between the Servicer and OPG or such other Person from time to time, and the Issuer shall not have any responsibility therefor or right or claim thereto. Any such appointment shall not constitute a resignation of the Servicer under Section 3.13.

3.11 Term

The Servicer's appointment as Servicer under this Agreement shall become effective as of the execution hereof and shall continue in full force and effect until the earlier of (a) the effective date of resignation of the Servicer in accordance with the provisions of this

Agreement, (b) termination of all of the rights and obligations of the Servicer under Article 7, and (c) the date on which all Issuer Funding Obligations have been paid in full and all CEA Consumer Invoice Amounts have been received or written off (in each case, a "**Termination Event**"). The appointment of the Servicer as servicer under this Agreement shall be terminated effective as of the date of the Termination Event.

3.12 Mergers

Any Person (a) into which the Servicer may be merged, converted or amalgamated and that is a Permitted Successor, (b) that may result from any merger, conversion or amalgamation to which the Servicer shall be a party and that is a Permitted Successor, (c) that may succeed to the properties and assets of the Servicer substantially as a whole and that is a Permitted Successor, or (d) that otherwise is a Permitted Successor, which Person in any of the foregoing cases executes an agreement of assumption to perform all of the obligations of the Servicer hereunder, shall be the successor to the Servicer under this Agreement without further act on the part of any of the parties to this Agreement; provided, however, that (i) immediately after giving effect to such transaction, no representation or warranty made pursuant to Section 4.1 shall have been breached and no Servicer Default and no event that, after notice or lapse of time, or both, would become a Servicer Default shall have occurred and be continuing, (ii) the Servicer shall have delivered to the Issuer an Officer's Certificate and an Opinion of Counsel from external counsel stating that such consolidation, conversion, merger or succession and such agreement of assumption complies with this Section 3.12 and that all conditions precedent, if any, provided for in this Agreement relating to such transaction have been complied with, and (iii) the Servicer shall have given to the Issuer and each Rating Agency prior written notice of such transaction. When any Person that is a Permitted Successor acquires the properties and assets of the Servicer substantially as a whole or otherwise becomes the successor, by merger, conversion, consolidation, sale, transfer, lease or otherwise, to all or substantially all the assets of the Servicer in accordance with the terms of this Section 3.12, then, upon satisfaction of all of the other conditions of this Section 3.12, the preceding Servicer shall automatically and without further notice be released from all of its obligations hereunder (except for responsibilities for its actions prior to such release).

3.13 The IESO Not to Resign as Servicer

Subject to the provisions of Section 3.12, the IESO shall not resign from the obligations and duties imposed on it as Servicer under this Agreement except upon a determination that the performance of its duties under this Agreement shall no longer be permissible under applicable Requirements of Law. Notice of any such determination permitting the resignation of the IESO as Servicer shall be communicated to the Issuer and each Rating Agency at the earliest practicable time (and, if such communication is not in writing, shall be confirmed in writing at the earliest practicable time), and any such determination shall be evidenced by an Opinion of Counsel to such effect delivered to the Issuer and each Rating Agency concurrently with or promptly after such notice. No such resignation shall become effective until a Successor Servicer that is a Permitted Successor has assumed the servicing obligations and duties hereunder of the Servicer in accordance with Section 7.2.

3.14 IESO Regulatory Obligation to Pay Carrying Costs

(a) The IESO acknowledges that it has an obligation pursuant to the Regulations to pay monthly Carrying Costs to the Issuer for the prescribed period set out in the Regulations (the "**Prescribed Period**") and agrees to comply with its obligations under the Regulations to pay and remit the Carrying Costs to the Issuer.

(b) On or before the 4th Business Day of each calendar month during the Prescribed Period, the Issuer shall prepare and deliver to the IESO a written statement substantially in the form of Exhibit B (a "**Monthly Carrying Costs Statement**") certifying the amount of the Carrying Costs expected to be incurred in the following calendar month ("**Monthly Carrying Costs**"). If requested by the IESO, the Issuer shall, in lieu of providing the Monthly Carrying Costs Statement, enter the amount of such expected Monthly Carrying Costs in the IESO operated portal, or such other similar facility operated by the IESO, and such entry shall be deemed to be a certification of the accuracy of the amount entered.

(c) On or before the 14th Business Day following receipt by the IESO of the Monthly Carrying Costs Statement, the IESO shall, as required under the Regulations, deliver or cause to be delivered to the Issuer, by wire transfer or electronic funds transfer in immediately available funds, an amount in Canadian dollars equal to the expected Monthly Carrying Costs certified by the Issuer in the applicable Monthly Carrying Costs Statement.

(d) To the extent that the expected Monthly Carrying Costs certified in a Monthly Carrying Costs Statement are less than or greater than the actual Monthly Carrying Costs incurred in respect of a calendar month, an adjustment shall be made to the expected Monthly Carrying Costs for the calendar month for which the first Monthly Carrying Costs Statement is issued after the amount of the discrepancy is determined or any such overpayment shall be returned to the IESO.

3.15 IESO Security for CEA Remittances

The IESO shall provide to the Issuer, on or prior to the first day of the first Billing Period when amounts are invoiced to Specified Consumers in respect of Clean Energy Adjustments, security for any failure of Non-Investment Grade Rated Electricity Vendors to remit their Electricity Vendor CEA Collections in the form of (x) a letter of credit with a term extending to the first day of the immediately following calendar year, or (y) a performance guarantee or such other form of security as may be acceptable to the Issuer and that satisfies the Rating Agency Condition.

The amount of security required by the IESO pursuant to this Section 3.15 will be calculated on an annual basis and will be equal to the amount determined in accordance with the following formula, or such other lower amount as may be proposed by the Servicer, is acceptable to the Issuer and satisfies the Rating Agency Condition:

((A / B) x C x D / 365 x E)

where A, B, C, D and E are as follows:

A = for the most recent completed 12 month period for which information is available, as provided by the Servicer, the aggregate amount of energy consumed by Specified Consumers of all Non-Investment Grade Rated Electricity Vendors.

B = for the same 12 month period used for A, as provided by the Servicer, the aggregate amount of energy consumed by all Specified Consumers.

C = for the most current 12 month forecast period available, as provided by OPG, in its capacity as the Financial Services Manager under the Act, the Clean Energy Adjustment amounts estimated to be payable by all Specified Consumers.

D = 45, which represents an estimated number of days that total Clean Energy Adjustment amounts are expected to be held by Electricity Vendors, or such other number as mutually agreed to in writing by the Issuer and the Servicer and that satisfies the Rating Agency Condition;

E = 0.50, or another value as mutually agreed to in writing by the Issuer and the Servicer and that satisfies the Rating Agency Condition.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES OF THE IESO

4.1 Representations and Warranties

Subject to Section 3.8, the IESO makes the following representations and warranties as of the date hereof and as of each applicable Closing Date, and the IESO acknowledges that the Issuer will rely thereon in paying the Purchase Price related to Transfers of Specified Portions of the Regulatory Asset, and the Issuer has relied thereon in entering into this Agreement relating to the servicing of the corresponding Investment Interests.

(a) Organization and Good Standing. The IESO is a statutory corporation amalgamated under the laws of the Province of Ontario, with requisite corporate power and authority to own its properties, to conduct its business as such properties are currently owned and such business is presently conducted by it.

(b) Due Qualification. The IESO has obtained all necessary licences and approvals, in all jurisdictions in which the ownership or lease of property or the conduct of its business (including acting as Servicer under this Agreement) shall require such licences or approvals, except where the failure to so qualify or obtain such licences and approvals would not be reasonably likely to have a material adverse effect on the IESO's business, operations, assets, revenues or properties, the Regulatory Asset or the servicing of related Investment Interests.

(c) Power and Authority. The IESO has the requisite corporate power and authority to execute and deliver this Agreement and to carry out its terms. The IESO has full corporate power and authority to hold the Regulatory Asset and to Transfer Specified Portions of the Regulatory Asset to the Issuer and the IESO has duly authorized such Transfer to the Issuer by all necessary corporate action. The

execution, delivery and performance of all obligations under this Agreement have been duly authorized by all necessary corporate action on the part of the IESO under all applicable laws.

(d) Binding Obligation. This Agreement constitutes a legal, valid and binding obligation of the IESO, enforceable against the IESO in accordance with its terms, subject to bankruptcy, receivership, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally from time to time in effect and to general principles of equity (including concepts of materiality, reasonableness, good faith and fair dealing).

(e) No Violation. The consummation of the transactions contemplated by this Agreement and the fulfillment of the terms hereof by the IESO do not conflict with, result in any breach of any of the terms and provisions of, or constitute (with or without notice or lapse of time, or both) a default under, the IESO's by-laws, or any indenture, or other material agreement or instrument to which the IESO is a party or by which it is bound, result in the creation or imposition of any Lien upon any of the IESO's properties pursuant to the terms of any such indenture, agreement or other instrument or violate any existing law or any order, rule or regulation applicable to the IESO issued by any Governmental Authority having jurisdiction over the IESO or its properties, except, in each case, where such breach would not reasonably be expected to materially and adversely affect the performance by the IESO of its obligations under this Agreement or the Act or the validity or enforceability of this Agreement.

(f) No Proceedings. To the IESO's knowledge, except as disclosed in writing to the Issuer, there are no Proceedings pending or threatened against the IESO or its properties: (a) asserting the invalidity of this Agreement or the Act, (b) seeking to prevent the consummation of any of the transactions contemplated by this Agreement or the Act, or (c) seeking a determination or ruling that could reasonably be expected to materially and adversely affect the performance by the IESO of its obligations under this Agreement or the Act or the validity or enforceability of this Agreement.

(g) Approvals. No approvals, authorizations, consents, orders or other actions or filings with any Governmental Authority are required for the IESO to execute, deliver and perform its obligations under this Agreement except those which have previously been obtained or made.

(h) Information. Except in respect of information provided by a third party, all written information, as amended or supplemented from time to time, provided by the Transferor to the Issuer with respect to the Issuer in a Transfer Notice and a Monthly Servicer Report is true and correct in all material respects and does not omit any material fact.

(i) The Transfer. After the completion of the Transfer on the applicable Closing Date, the IESO will have no right, title or interest in the Investment Interest

related to the Specified Portion of the Regulatory Asset as set forth in the applicable Transfer Notice, and the related Investment Interest shall not form part of the estate of the IESO in the event of an Insolvency Event in respect of the IESO.

(j) No Transfer. Except for Permitted Transfers, the IESO has not sold, transferred, assigned or otherwise conveyed any interest in the Regulatory Asset to any Person.

(k) Liens. IESO has not pledged or otherwise granted a Lien to any Person in the Regulatory Asset and to the IESO's knowledge (after due inquiry), there is no registered financing statement listing the IESO as debtor covering or extending to the Regulatory Asset.

(l) Tax Liens. The IESO (i) is not aware, after due inquiry, of any judgment or tax lien filing against the IESO, and (ii) is not a non-resident of Canada for purposes of the *Income Tax Act* (Canada).

(m) Solvency. On the date hereof and after giving effect to each Transfer, the IESO:

(i) reasonably believes that it will be able to pay its debts as they come due; and

(ii) is able to pay its debts as they mature and does not intend to incur, or believes that it will not incur, indebtedness that it will not be able to repay at its maturity.

(n) No Court Order. There is no order by any court that seeks to enjoin the performance of any obligations of the IESO under the Act or this Agreement.

4.2 Survival

The representations and warranties set forth in Section 4.1 shall survive the execution and delivery of this Agreement, each Transfer of a Specified Portion of a Regulatory Asset to the Issuer and the pledge of the corresponding Investment Asset to the Indenture Trustee pursuant to the Indenture and may not be waived by any party hereto except pursuant to a written agreement executed in accordance with Section 8.1 and as to which the Rating Agency Condition has been satisfied.

ARTICLE 5
COVENANTS OF THE IESO

5.1 Existence

So long as any Issuer Funding Obligations are outstanding, the IESO (a) shall not take any action to impair its corporate existence, and (b) will obtain and preserve its qualification to do business in the Province of Ontario.

5.2 No Transfer or Liens

Except for Transfers under this Agreement to the Issuer or Permitted Transfers, the IESO will not Transfer the Regulatory Asset or any portion thereof to any person. The IESO will not grant, create, incur, assume or suffer to exist any Lien on the Regulatory Asset or any portion thereof. The IESO will not at any time assert any Lien against or with respect to the Issuer Investment Interest, except for any Lien granted by the Issuer to the IESO.

5.3 Notice of Liens

The IESO shall notify the Issuer promptly after becoming aware of any Lien on any portion of the Regulatory Asset.

5.4 Compliance with Law

The IESO will comply with all Requirements of Law applicable to, and binding upon, the IESO or relating to the Regulatory Asset, except to the extent that failure to so comply would not materially adversely affect the Transfer of Specified Portions of the Regulatory Asset or the IESO's performance of its obligations under this Agreement; provided, however, that the foregoing is not intended to, and shall not, impose any liability on the IESO for non-compliance with any Requirement of Law that the IESO is contesting in good faith in accordance with its customary standards and procedures.

5.5 Covenants Related to the Investment Interest

(a) So long as any Issuer Funding Obligations are outstanding, the IESO shall treat the Issuer Investment Interest as the Issuer's property for all purposes.

(b) Except for investments held for employee benefit purposes, the IESO shall not at any time become a holder of Issuer Funding Obligations.

(c) The IESO shall disclose the effects of all transactions between the IESO and the Issuer in accordance with generally accepted accounting principles (for government entities).

(d) (i) In all Proceedings relating directly or indirectly to the Issuer Investment Interest, the IESO shall affirmatively certify and confirm that it has Transferred all of its rights and interests in and to the Specified Portions of the Regulatory Asset giving rise to the Issuer Investment Interest, (ii) the IESO shall not make any statement or reference in respect of the Issuer Investment Interest that is inconsistent with the ownership interest of the Issuer, and (iii) the IESO shall not take any action in respect of the Issuer Investment Interest except solely in its capacity as the Servicer thereof pursuant to this Agreement.

5.6 Non-petition Covenants

Notwithstanding any prior termination of this Agreement or the Indenture, the IESO shall not, prior to the date that is one year plus one day after termination of the Indenture

and the payment in full of all Issuer Funding Obligations and any other amounts owed under the Indenture, petition or otherwise invoke the process of any Governmental Authority for the purpose of commencing or sustaining a Proceeding against the Issuer under any Canadian bankruptcy, insolvency or similar law, appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official or any substantial part of the property of the Issuer.

5.7 Disclosure

The IESO shall provide such non-confidential information regarding IESO, the Regulatory Asset and the services provided by the Servicer hereunder (collectively, the "**IESO Disclosure**") as may be reasonably requested by the Issuer for inclusion in any offering document of the Issuer from time to time, including but not limited to offering memoranda, prospectuses, registration statements and continuous disclosure documents (the "**Offering Documents**"). Provided that the IESO has been given a reasonable opportunity by the Issuer to review any such Offering Documents and has provided its consent to the use of such IESO Disclosure, the IESO will represent that, except in respect of information provided by a third party, all IESO Disclosure, as at the respective dates of delivery to the Issuer, is true and correct in all material respects and contains no misrepresentation.

5.8 Further Assurances

Upon the request of the Issuer, the IESO shall execute and deliver such further instruments and do such further acts as may reasonably be necessary to carry out the provisions and purposes of this Agreement.

5.9 Access to Certain Records and Information

The IESO shall provide to the Issuer access to all records relating to the IESO Deferral, the Fair Hydro Variance Account, the IESO Segregated Account and Servicer CEA Receipts, as is reasonably required for the Issuer to confirm compliance by the IESO with its obligations under this Agreement. Access shall be afforded without charge, but only upon reasonable request and during normal business hours at the offices of the IESO. Nothing in this Section 5.9 shall affect the obligation of the IESO to comply with any Requirement of Law prohibiting disclosure of information, and the failure of the IESO to provide access to such information as a result of such obligation shall not constitute a breach of this Section 5.9.

5.10 Maintenance of Operations

Subject to Section 3.12, the IESO agrees to continue, unless prevented by circumstances beyond its control, to operate as the electricity system operator in the Province of Ontario so long as it is acting as the Servicer under this Agreement.

ARTICLE 6
IESO INDEMNITIES

6.1 Liability of the IESO; Indemnities

(a) The IESO shall indemnify the Issuer and each of its trustees, officers, directors and employees (each, an "**Indemnified Party**"), for, and defend and hold harmless each such Person from and against, any and all liabilities, obligations, losses, damages, payments and claims, and reasonable costs or expenses, of any kind whatsoever (collectively, "**Indemnified Losses**") imposed on, incurred by or asserted against such Person, as a result of (i) the failure of the IESO to perform its covenants and other obligations under this Agreement or any other Program Agreement to which the IESO is a party; or (ii) the breach by the IESO of any of its representations or warranties under this Agreement or any other Program Agreement to which the IESO is a party and, except to the extent of Indemnified Losses resulting from the willful misconduct, bad faith or gross negligence of such Person, seeking indemnification hereunder; provided that, in each case, the IESO shall not be required to indemnify an Indemnified Party for any amount paid or payable by such Indemnified Party in the settlement of any Proceeding or investigation without the written consent of the IESO, which consent shall not be unreasonably withheld or delayed. Promptly after receipt by an Indemnified Party of notice of the commencement of any Proceeding or investigation, such Indemnified Party shall, if a claim in respect thereof is to be made against the IESO under this Section 6.1(a), notify the IESO in writing of the commencement thereof. Failure by an Indemnified Party to so notify the IESO shall relieve the IESO from the obligation to indemnify and hold harmless such Indemnified Party under this Section 6.1(a) only to the extent that the IESO suffers actual prejudice as a result of such failure. With respect to any Proceeding or investigation brought by a third party for which indemnification may be sought under this Section 6.1(a), the IESO shall be entitled to conduct and control, at its expense and with counsel of its choosing that is reasonably satisfactory to such Indemnified Party, the defence of any such Proceeding or investigation (in which case the IESO shall not thereafter be responsible for the fees and expenses of any separate counsel retained by the Indemnified Party except as set forth below); provided, that the Indemnified Party shall have the right to participate in such Proceeding or investigation through counsel chosen by it and at its own expense. Notwithstanding the IESO's election to assume the defence of any Proceeding or investigation, the Indemnified Party shall have the right to employ separate counsel, and the IESO shall bear the reasonable fees, costs and expenses of such separate counsel, if (i) the defendants in any such action include both the Indemnified Party and the IESO and the Indemnified Party shall have reasonably concluded that there may be legal defences available to it that are different from or additional to those available to the IESO, (ii) the IESO shall not have employed counsel reasonably satisfactory to the Indemnified Party to represent the Indemnified Party within a reasonable time after notice of the institution of such action, (iii) the Indemnified Party shall have been advised by counsel to the Indemnified Party that there may be a conflict of interest between the IESO and the Indemnified Party, or (iv) the IESO authorizes the Indemnified Party to employ separate counsel at the expense of the IESO. Notwithstanding the foregoing, the IESO shall not be obligated to pay for the fees, costs and expenses

of more than one separate counsel for the Indemnified Parties other than one local counsel, if appropriate. The IESO will not, without the prior written consent of the Indemnified Party, settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim or Proceeding in respect of which indemnification may be sought under this Section 6.1(a) (whether or not the Indemnified Party is an actual or potential party to such claim or action) unless such settlement, compromise or consent includes an unconditional release of the Indemnified Party from all liability arising out of such claim or Proceeding.

(b) For purposes of Section 6.1(a), in the event of the termination of the rights and obligations of the IESO (or any successor thereto pursuant to Section 3.12) as Servicer pursuant to Section 7.1, or a resignation by such Servicer pursuant to Section 3.13 of this Agreement, the IESO shall be deemed to be the Servicer pending appointment of a Successor Servicer pursuant to Section 7.2.

(c) Indemnification under Section 6.1(a) shall survive any repeal of, modification of, or supplement to, or judicial invalidation of, the Act and shall survive the termination of this Agreement and will rank *pari passu* with other general, unsecured obligations of the IESO.

(d) Notwithstanding anything contained in this Agreement, it is expressly understood that the IESO is not agreeing to indemnify or hold the Issuer or any Indemnified Party harmless with respect to any of the following:

(i) any losses resulting from any breach or failure to perform by the IESO caused by a breach or failure to perform on the part of any other third party under any Program Agreement, the Act or the Regulations; provided that this Section 6.1(d)(i) shall not apply to limit the liability of the IESO in respect of any appointments as provided for in Section 3.10;

(ii) any losses resulting from changes in law after the date hereof, whether such changes in law are effected by means of any legislative enactment or any final and non-appealable judicial decision; or

(iii) any liability of the Issuer or any Indemnified Party incurred after the termination of this Agreement unless attributable to the actions or omissions of the IESO prior to such termination.

(e) The parties hereto agree that the IESO is not providing any representations, warranties or covenants in this Agreement, and shall have no liability to the Issuer or any Indemnified Party, with respect to the Clean Energy Adjustment amounts being sufficient to satisfy the Issuer Funding Obligations.

ARTICLE 7
SERVICER DEFAULT

7.1 Servicer Default

If any one or more of the following events (each, a "**Servicer Default**") shall occur and be continuing:

(a) any failure by the Servicer to remit to the Collection Account any required remittance that shall continue unremedied for a period of three Business Days after written notice of such failure is received by the Servicer from the Issuer or after discovery of such failure by a Responsible Officer of the Servicer;

(b) any failure on the part of the Servicer or, so long as the Servicer is the IESO, any failure on the part of the IESO, as the case may be, duly to observe or to perform in any respect any covenants or agreements of the Servicer or the IESO, as the case may be, set forth in this Agreement or in any other Program Agreement to which it is a party (other than as provided in Section 7.1(a)), which failure shall (i) materially and adversely affect the rights of the Specified Creditors and (ii) continue unremedied for a period of 30 days after the date on which (A) written notice of such failure, requiring the same to be remedied, shall have been given to the Servicer or the IESO, as the case may be, by the Issuer or (B) such failure is discovered by a Responsible Officer of the Servicer;

(c) any representation or warranty made by the Servicer in this Agreement, any other Program Agreement to which it is a party, any Transfer Notice or any Monthly Servicer Report shall prove to have been incorrect when made, which has a material adverse effect on the Issuer and which remains unremedied for a period of 30 days after the date on which (i) written notice thereof, requiring the same to be remedied, shall have been delivered to the Servicer by the Issuer or (ii) such failure is discovered by a Responsible Officer of the Servicer;

(d) an Insolvency Event occurs with respect to the Servicer or the IESO; or

(e) any additional "Servicer Default" as specified in any Co-Owner Agreement occurs;

then, and in each and every case, the Issuer may, subject to the terms of any Co-Owner Agreement, by notice then given in writing to the Servicer (a "**Termination Notice**"), terminate all the rights and obligations (other than the obligations set forth in Section 6.1 and the obligation under Section 7.2 to continue performing its functions as Servicer until a Successor Servicer is appointed) of the Servicer under this Agreement and under the Co-Owner Agreement. In addition, upon a Servicer Default described in Section 7.1(a), Issuer shall be entitled to apply to a court of appropriate jurisdiction for an order for sequestration and payment of revenues arising with respect to the Issuer. On or after the receipt by the Servicer of a Termination Notice, all authority and power of the Servicer under this Agreement, whether with respect to the Investment Interest, the Clean Energy Adjustments or otherwise, shall, without further action, pass to and be vested in such Successor Servicer as may be appointed under Section 7.2; and,

without limitation, the Issuer is hereby authorized and empowered to execute and deliver, on behalf of the predecessor Servicer, as attorney-in-fact or otherwise, any and all documents and other instruments, and to do or accomplish all other acts or things necessary or appropriate to effect the purposes of such Termination Notice, whether to complete the transfer of all documents and records related to the Regulatory Asset, the Fair Hydro Variance Account and related documents or records, or otherwise (the "**Records**"). The predecessor Servicer shall cooperate with the Successor Servicer and the Issuer in effecting the termination of the responsibilities and rights of the predecessor Servicer under this Agreement, including the transfer to the Successor Servicer for administration by it of all Records and all cash amounts that shall at the time be held by the predecessor Servicer for remittance, or shall thereafter be received by it with respect to the Investment Interest or the Clean Energy Adjustment. As soon as practicable after receipt by the Servicer of such Termination Notice, the Servicer shall deliver the Records to the Successor Servicer. If a Successor Servicer has been appointed as a result of a Servicer Default, all reasonable costs and expenses (including reasonable legal fees and expenses) incurred in connection with transferring the Records to the Successor Servicer and amending this Agreement and any Co-Owner Agreement to reflect such succession as Servicer pursuant to this Section 7.1 shall be paid by the predecessor Servicer upon presentation of reasonable documentation of such costs and expenses. Termination of the IESO as Servicer shall not terminate the IESO's rights or obligations under this Agreement (except rights thereunder deriving from its rights as the Servicer hereunder).

7.2 Appointment of Successor Servicer

(a) Upon the Servicer's receipt of a Termination Notice pursuant to Section 7.1 or the Servicer's resignation or removal in accordance with the terms of this Agreement, the predecessor Servicer shall continue to perform its functions as Servicer under this Agreement, until a Successor Servicer shall have assumed in writing the obligations of the Servicer hereunder as described below. In the event of the Servicer's removal or resignation hereunder, the Issuer may, but subject to the provisions of the applicable Co-Owner Agreement, appoint a Successor Servicer and the Successor Servicer shall accept its appointment by a written assumption in form reasonably acceptable to the Issuer. If, within 30 days after the delivery of the Termination Notice, a Successor Servicer shall not have been appointed, the Issuer may petition a court of competent jurisdiction to appoint a Successor Servicer under this Agreement. A Person shall qualify as a Successor Servicer only if (i) such Person is permitted under the Act to perform the duties of the Servicer, (ii) the Rating Agency Condition shall have been satisfied with respect to such appointment, (iii) such Person enters into a master transfer and servicing agreement with the Issuer having substantially the same provisions as this Agreement and (iv) such Person agrees to perform the obligations of the Servicer under any Co-Owner Agreement. In no event shall the Issuer be liable for its appointment of a Successor Servicer..

(b) Upon appointment, the Successor Servicer shall be the successor in all respects to the predecessor Servicer and shall be subject to all the responsibilities, duties and liabilities arising thereafter placed on the predecessor Servicer and shall be

entitled to all the rights granted to the predecessor Servicer by the terms and provisions of this Agreement.

7.3 Waiver of Past Defaults

The Issuer may waive in writing any default by the Servicer in the performance of its obligations hereunder and its consequences, subject to satisfaction of the Rating Agency Condition in respect of any waiver of a material default by the Servicer, and with prompt written notice of any waiver to be provided to the Rating Agencies. Upon any such waiver of a past default, such default shall cease to exist, and any Servicer Default arising therefrom shall be deemed to have been remedied for every purpose of this Agreement. No such waiver shall extend to any subsequent or other default or impair any right consequent thereto.

7.4 Notice of Servicer Default

The Servicer shall deliver to the Issuer and each Rating Agency, promptly after having obtained knowledge thereof, but in no event later than five Business Days thereafter, written notice of any event that, with the giving of notice or lapse of time, or both, would become a Servicer Default under Section 7.1.

7.5 Cooperation with Successor Servicer

The Servicer covenants and agrees with the Issuer that it will, on an ongoing basis, cooperate with the Successor Servicer and provide whatever information is, and take whatever actions are, reasonably necessary to assist the Successor Servicer in performing its obligations hereunder.

ARTICLE 8
MISCELLANEOUS

8.1 Amendment

This Agreement may be amended in writing by the IESO and the Issuer, and with satisfaction of the Rating Agency Condition, such satisfaction to be confirmed by the Issuer at the time of such amendment. Promptly after the execution of any such amendment, the Issuer shall furnish copies of such amendment to each of the Rating Agencies.

8.2 Withholding Rights

The parties shall be entitled to deduct and withhold from amounts payable under this Agreement such amounts as each is required to deduct and withhold with respect to such payment under the *Income Tax Act* (Canada) or any provision of any applicable federal, provincial, territorial, state, local or foreign tax law. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes as having been paid to the recipient of the payment in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted in accordance with applicable law to the appropriate taxing authority.

8.3 No Partnership

Each party expressly disclaims any intention to create a partnership, and none of the Issuer or the IESO will be deemed to be carrying on business in partnership by reason of its execution and delivery of this Agreement or the exercise or performance by it of its respective rights and obligations hereunder.

8.4 Notices

Any notice, report or other communication given hereunder shall be in writing and shall be effective (a) upon receipt when sent through the mails, registered or certified mail, return receipt requested, postage prepaid, with such receipt to be effective the date of delivery indicated on the return receipt, (b) upon receipt when sent by an overnight courier, (c) on the date personally delivered to an authorized officer of the party to which sent, or (d) on the date transmitted by electronic transmission with a confirmation of receipt in all cases, addressed as follows:

(a) in the case of the IESO, in its capacity as Transferor or Servicer:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, Ontario M5H 1T1

Attention: Chief Financial Officer, General Counsel and Associate General Counsel
Email: Kim.Marshall@ieso.ca
General.Counsel@ieso.ca
Michael.Boll@ieso.ca

(b) in the case of the Issuer or the Manager (on behalf of the Issuer):

Fair Hydro Trust
c/o Ontario Power Generation Inc., as Manager
700 University Avenue
Toronto, Ontario
M5G 1X6

Attention: FHT@opg.com
Email: Vice President, Fair Hydro Plan

Each party hereto may, by notice given in accordance herewith to the other party or parties hereto, designate any further or different address to which subsequent notices, reports and other communications shall be sent. Any notice, report or communication required to be given by the IESO hereunder to a Rating Agency shall be given to the address provided by the Issuer from time to time.

8.5 Assignment

Notwithstanding anything to the contrary contained herein, except as provided in the provisions of this Agreement concerning the resignation of the Servicer, this Agreement may not be assigned by the IESO.

8.6 Limitations on Rights of Third Parties

The provisions of this Agreement are solely for the benefit of the IESO and the Issuer, and such Persons shall have the right to enforce the relevant provisions of this Agreement. Nothing in this Agreement, whether express or implied, shall be construed to give to any other Person any legal or equitable right, remedy or claim in the Issuer Investment Interest or under or in respect of this Agreement or any covenants, conditions or provisions contained herein.

8.7 Severability

Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remainder of such provision (if any) or the remaining provisions hereof (unless such construction shall be unreasonable), and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

8.8 Separate Counterparts; Electronic Delivery

This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of this Agreement by such party.

8.9 Governing Law

This Agreement shall be construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein, and each party to this Agreement attorns to the non-exclusive jurisdiction of the courts of the Province of Ontario.

8.10 Grant of Security Interest to Indenture Trustee

The IESO hereby acknowledges and consents to the grant of a Lien by the Issuer to the Indenture Trustee pursuant to the Indenture for the benefit of the Specified Creditors against all right, title and interest of the Issuer in, to and under this Agreement, the Investment Interest and the proceeds thereof and the assignment of any or all of the Issuer's rights hereunder to the Indenture Trustee for the benefit of the Specified Creditors. The IESO further acknowledges and agrees that, pursuant to the terms of the Indenture, if the Issuer fails to exercise any of its rights under this Agreement, including any right to be indemnified by the IESO for Indemnified Losses pursuant to Article 6 of this Agreement, the Indenture Trustee shall

be entitled, subject to the terms of the Indenture, to enforce such rights against the IESO directly on the Issuer's behalf.

8.11 Limitation of Liability of the Issuer Trustee

(a) It is expressly understood and agreed by the parties hereto that the Issuer Trustee is acting solely in its capacity as trustee of the Issuer, and not in any other capacity. The Issuer solely shall be responsible for the performance of the Issuer's obligations hereunder and the assets of the Issuer solely shall be subject to levy or execution in satisfaction of such obligations.

(b) The Issuer Trustee will not be subject to any liability whatsoever, in tort, in contract or otherwise, in connection with the Issuer's property or the Issuer's activities, to the Issuer's beneficiaries or to any other Person, for any action taken or permitted by the Issuer Trustee to be taken, or the Issuer Trustee's failure to compel in any way any former or acting Issuer Trustee to redress any breach of trust with respect to the execution of the duties of its office or in respect of the Issuer's property or the Issuer's activities, provided that the foregoing limitation will not apply in respect of action or failure to act arising from or in connection with dishonesty, bad faith, willful misconduct, gross negligence or reckless disregard of a duty by the Issuer Trustee. The Issuer Trustee, in doing anything or permitting anything to be done in respect of the execution of the duties of its office or in respect of the Issuer's property or the Issuer's activities, is, and will be conclusively deemed to be, acting as trustee of the Issuer and not in any other capacity. Except as to the extent provided in this Section 8.11, the Issuer Trustee will not be subject to any liability for any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Issuer, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the execution of the duties of its office or for or in respect of the Issuer's property or the Issuer's activities and resort will be had solely to the Issuer's property for the payment or performance thereof. No property or assets of the Issuer Trustee owned in its personal capacity will be subject to levy, execution or other enforcement procedure with regard to any obligation under this Agreement.

(c) The holders of the units of the Issuer will not be subject to any liability whatsoever, in tort, in contract or otherwise, in connection with the Issuer's property or the Issuer's activities, to the Issuer's beneficiaries or to any other Person, for any action taken or permitted by it to be taken. The holders of the units of the Issuer will not be subject to any liability for any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Issuer, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the execution of the duties of its office or for or in respect of the Issuer's property or the Issuer's activities and resort will be had solely to the Issuer's property for the payment or performance thereof. No property or assets of the holders of the units of the Issuer owned in

their personal capacity will be subject to levy, execution or other enforcement procedure with regard to any obligation under this Agreement.

8.12 Waivers

Any term or provision of this Agreement may be waived, or the time for its performance may be extended, by the party or parties entitled to the benefit thereof, subject to the satisfaction of the Rating Agency Condition in respect of any material waiver. Any such waiver shall be validly and sufficiently authorized for the purposes of this Agreement if, as to any party, it is authorized in writing by an authorized representative of such party, with prompt written notice of any such waiver to be provided to the Rating Agencies. The failure of any party hereto to enforce at any time any provision of this Agreement shall not be construed to be a waiver of such provision, nor in any way to affect the validity of this Agreement or any part hereof or the right of any party thereafter to enforce each and every such provision. No waiver of any breach of this Agreement shall be held to constitute a waiver of any other or subsequent breach.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective officers as of the day and year first above written.

FAIR HYDRO TRUST, by its Manager,
ONTARIO POWER GENERATION INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Transferor and Servicer

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT A

FORM OF TRANSFER NOTICE

See attached

TRANSFER NOTICE

TO: Fair Hydro Trust
c/o Ontario Power Generation Inc., as Manager
700 University Avenue
Toronto, Ontario
M5G 1X6

Attention: ■
Email: ■

This Transfer Notice is delivered to you pursuant to Section 2.1 of a master transfer and servicing agreement made as of December ■, 2017 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "**Master Transfer and Servicing Agreement**") between **FAIR HYDRO TRUST**, a trust formed under the laws of the Province of Ontario (the "**Issuer**"), the **INDEPENDENT ELECTRICITY SYSTEM OPERATOR** ("**Transferor**" in its capacity as transferor, "**Servicer**", in its capacity as servicer, and "**IESO**" in its capacity as both Transferor and Servicer), a statutory corporation without share capital amalgamated under the laws of the Province of Ontario. All capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed to such terms in the Master Transfer and Servicing Agreement.

The Transferor hereby gives notice to the Issuer of its offer to transfer to the Issuer on the Closing Date set out below, the Specified Portion of the Regulatory Asset referred to below, all in accordance with the terms and conditions of the Master Transfer and Servicing Agreement. In consideration for (i) the Transferor's Transfer to the Issuer of the Specified Portion of the Regulatory Asset referred to below, the Issuer shall deliver or cause to be delivered to the Transferor on the Closing Date set out below, by wire transfer or electronic funds transfer in immediately available funds, an amount in Canadian dollars equal to the Purchase Price set out below.

Upon receipt by the Transferor of the Purchase Price on the Closing Date the Transferor shall reduce the balance of the Fair Hydro Variance Account by an amount equal to the Purchase Price, and the Regulatory Asset shall be adjusted accordingly.

Specified portion of Regulatory Asset: $■

Purchase Price: $■

Closing Date: ■

The Transferor hereby represents, warrants and confirms that:

(i) each of the representations and warranties on the part of the Transferor contained in the Master Transfer and Servicing Agreement are true and correct in all respects on the date hereof as if made on the date hereof;

(ii) the Transferor is not in breach of any of its covenants in the Master Transfer and Servicing Agreement; [and

(iii) since the date of the last Transfer Notice there has been no change to the information described in Section 2.2(a)(i)(A) of the Master Transfer and Servicing Agreement;] and

(iv) as of the date hereof, each condition precedent that must be satisfied by the Transferor under Section 2.2 of the Master Transfer and Servicing Agreement is capable of being satisfied prior to Closing Date.

[Note: If the representation and warranty in clause (iii) cannot be made, it should be deleted and a new certificate provided under Section 2.2(a)(i)(A).]

The closing shall take place at ■ (Toronto time) on the Closing Date referred to above at the offices of ■, except as may be otherwise mutually agreed. The Purchase Price shall be paid on that date by wire transfer or electronic funds transfer to [insert IESO bank account details].

DATED this ■ day of ■, 20■.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Transferor

By: _____
Name:
Title:

By: _____
Name:
Title:

The undersigned hereby accepts the foregoing offer.

DATED this ■ day of ■, 20■.

FAIR HYDRO TRUST, by its Manager,
ONTARIO POWER GENERATION INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT B

FORM OF MONTHLY CARRYING COSTS STATEMENT

See Attached

MONTHLY CARRYING COSTS STATEMENT

TO: INDEPENDENT ELECTRICITY SYSTEM OPERATOR
[Address]

Attention: ■
Email: ■

Reference is made to the master transfer and servicing agreement made as of December ■, 2017 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "**Master Transfer and Servicing Agreement**") between **FAIR HYDRO TRUST**, a trust formed under the laws of the Province of Ontario (the "**Issuer**") and the **INDEPENDENT ELECTRICITY SYSTEM OPERATOR** ("**Transferor**" in its capacity as transferor, "**Servicer**", in its capacity as servicer, and "**IESO**" in its capacity as both Transferor and Servicer), a statutory corporation without share capital amalgamated under the laws of the Province of Ontario. Capitalized terms used but not defined in this Monthly Carrying Costs Statement have their respective meanings as set forth in the Master Transfer and Servicing Agreement.

Pursuant to Section 3.14 of the Master Transfer and Servicing Agreement, the undersigned hereby certifies that the Monthly Carrying Costs (including any adjustments pursuant to Section 3.14(d)) in respect of the calendar month of ■, ■ are expected to be as follows:

[Provide breakdown, including any adjustments pursuant to Section 3.14(d)]

In accordance with Section 3.14(c) of the Master Transfer and Servicing Agreement, the undersigned hereby directs you to deliver to the Issuer, by wire transfer or electronic funds transfer to the account set forth below, an amount in Canadian dollars equal to the Monthly Carrying Costs set forth above on or before ■, 20■, and this shall be your good and valid authority for so doing.

[NTD: Wire transfer instructions to be provided by OPG.]

DATED this ■ day of ■, 20■.

FAIR HYDRO TRUST, by its Manager,
ONTARIO POWER GENERATION INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

SECURITY AGREEMENT

THIS AGREEMENT made as of the ____ day of December, 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital established by the *Electricity Act, 1998*, SO, 1998,

(hereinafter referred to as the "**Grantor**"),

IN FAVOUR OF:

FAIR HYDRO TRUST, a trust formed under the laws of the Province of Ontario,

(hereinafter referred to as the "**Secured Party**"),

WHEREAS under Regulation 206/17 made under the *Ontario Fair Hydro Plan Act, 2017* (the "**Regulation**"), the Grantor is required to pay to the Secured Party the Carrying Costs of the Secured Party during the period beginning on April 1, 2017 and ending on June 30, 2021 (the "**Statutory Obligation**");

AND WHEREAS the Grantor (together with the Secured Party, collectively referred to as the "**Parties**") has agreed to enter into a security agreement in favour of the Secured Party to secure payment of the Statutory Obligation;

NOW THEREFORE THIS AGREEMENT WITNESSES that, for and in consideration of the premises, mutual covenants and conditions herein contained and such other lawful and valuable consideration the receipt of sufficiency of which is hereby acknowledged, the Parties hereby agree as follows:

1. INTERPRETATION

1.1 Defined Terms

In this Agreement, unless there is something in the context or subject matter inconsistent therewith,

(a) "**Account**" shall have the meaning attributed to such term in the PPSA;

(b) "**Business Day**" means any day other than a Saturday or a Sunday on which banks generally are open for business in Toronto, Ontario;

(c) "**Carrying Costs**" shall have the meaning attributed to the term "carrying costs" in the Regulation;

(d) "**Collateral**" shall have the meaning attributed to such term in Section 2.1;

(e) "**Electricity Vendor**" shall mean a licensed distributor and a licensed retailer, each as defined in the *Ontario Fair Hydro Plan Act, 2017*;

(f) "**Indenture**" means the master trust indenture dated as of the date hereof between the Secured Party and BNY Trust Company of Canada, as indenture trustee;

(g) "**Money**" shall have the meaning attributed to such term in the PPSA;

(h) "**Permitted Liens**" means liens approved in writing by the Secured Party;

(i) "**PPSA**" means the *Personal Property Security Act* (Ontario), as amended from time to time, and any regulations thereto;

(j) "**Proceeds**" means "proceeds", as defined in the PPSA, of the Collateral;

(k) **"Receiver"** shall have the meaning attributed to such term in Section 6.2 of this Agreement;

(l) "**Rating Agency Condition**" shall have the meaning attributed to such term in the Indenture;

(m) "**Rating Agency**" shall have the meaning attributed to such term in the Indenture;

(n) "**Regulation**" shall have the meaning attributed to such term in the recitals hereto; and

(o) "**Statutory Obligation**" shall have the meaning attributed to such term in the recitals hereto.

1.2 Other Usages

References to "this Agreement", "hereof", "herein", "hereto" and like references refer to this Security Agreement and not to any particular Article, Section or other subdivision of this Agreement.

1.3 Plural and Singular

Where the context so requires, the words importing the singular number shall include the plural and vice versa.

1.4 Headings

The division of this Agreement into Articles and Sections and the insertion of headings in this Agreement are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

1.5 Applicable Law

This Agreement and all documents delivered pursuant hereto shall be governed by and construed and interpreted in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein and the Parties do hereby attorn to the non-exclusive jurisdiction of the courts of the Province of Ontario.

1.6 Prohibited Provisions

In the event that any provision or any part of any provision hereof is deemed to be invalid by reason of the operation of any law or by reason of the interpretation placed thereon by a court, this Agreement shall be construed as not containing such provision or such part of such provision and the invalidity of such provision or such part shall not affect the validity of any other provision or the remainder of such provision hereof, and all other provisions hereof which are otherwise lawful and valid shall remain in full force and effect.

1.7 Time of the Essence

Time shall in all respects be of the essence of this Agreement.

1.8 Recitals and Schedules

Each and every one of the recitals and schedules which are referred to in this Agreement and attached to this Agreement shall form an integral part of this Agreement.

2. SECURITY INTEREST

2.1 Grant of Security Interest

As general and continuing security for the payment of the Statutory Obligation, the Grantor hereby grants a security interest to the Secured Party in the following (collectively, the "**Collateral**"):

(a) all Accounts, which are now due, owing or accruing or growing due to, or which may hereafter become due, owing or accruing or growing due, to the Grantor by an Electricity Vendor;

(b) all Proceeds and renewals of the foregoing, in whatever form, together with all substitutions therefore.

Whenever used elsewhere in this Agreement, the expression "**security interest**" refers to the security interest created in this Section 2.1.

2.2 Attachment of Security Interest

The Grantor acknowledges and agrees that (i) value has been given, (ii) the Grantor has rights in such of the Collateral as constitutes present property of the Grantor, and (iii) the security interest shall attach to existing Collateral upon execution of this Agreement by the Grantor and to each item of after-acquired Collateral at the time that the Grantor acquires any rights therein.

3. COVENANTS OF THE GRANTOR

3.1 Covenants

The Grantor hereby covenants and agrees with the Secured Party as follows:

(a) To promptly pay all taxes, assessments, rates, levies, payroll deductions, vacation pay, workers' compensation assessments, and any other charges which could result in the creation of a statutory lien or deemed trust in respect of the Collateral.

(b) To defend the Collateral against the claims and demands of all other persons claiming the same or an interest therein and to promptly notify the Secured Party of any such claim or demand.

(c) To do, make, execute and deliver such further and other assignments, transfers, deeds, agreements and other documents as may be required by the Secured Party to establish in favour of the Secured Party the security interest intended to be created hereby.

3.2 Performance of Covenants by the Secured Party

The Secured Party may, in its sole discretion and upon notice to and at the expense of the Grantor, perform any covenant of the Grantor under this Agreement that the Grantor fails to perform and that the Secured Party is capable of performing, provided that the Secured Party will not be obligated to perform any such covenant on behalf of the Grantor and no such performance by the Secured Party will require the Secured Party further to perform the Grantor’s covenants nor operate as a derogation of the rights and remedies of the Secured Party under this Agreement.

4. DEALING WITH COLLATERAL

4.1 Grantor’s Rights

Until the Secured Party is entitled to exercise its rights and remedies under Section 6.2, the Grantor shall be entitled to deal with the Collateral in the ordinary course of business, provided however, that no such action shall be taken which would impair the effectiveness of the security interests created hereby, the provisions of this Agreement or any other written agreement between the Secured Party and the Grantor.

4.2 General Restrictions

The Grantor shall not, without the prior written consent of the Secured Party:

(a) sell, lease or otherwise dispose of the Collateral or any part thereof except in the ordinary course of business; or

(b) enter into or grant, create, assume or suffer to exist any mortgage, charge, hypothec, assignment, pledge, lien or other security interest or encumbrance affecting any of the Collateral except the Permitted Liens.

4.3 Release by the Secured Party

The Secured Party may, at its discretion, at any time release from the security interest created by this Agreement any part or parts of the Collateral or any other security or any surety for the Statutory Obligation either with or without sufficient consideration therefor without thereby releasing any other part of the Collateral or any person from this Agreement.

5. REPRESENTATIONS AND WARRANTIES

5.1 Representations and Warranties

The Grantor hereby represents and warrants to the Secured Party, the matters set out below:

(a) **Incorporation and Qualifications** – The Grantor is a statutory corporation amalgamated under the laws of the Province of Ontario, with requisite power and authority to own its properties, to conduct its business as such properties are currently owned and such business is presently conducted by it, and to execute, deliver and carry out the terms of this Agreement.

(b) **Corporate Authority and Power** – The Grantor has the requisite power and authority to execute and deliver this Agreement and to carry out its terms. The execution, delivery and performance of all obligations under this Agreement have been duly authorized by all necessary action on the part of the Grantor under all applicable laws.

(c) **Non-Conflict** – Neither the execution nor the performance of this Agreement requires the approval of any regulatory agency having jurisdiction over the Grantor nor is this Agreement in contravention of or in conflict with the by-laws or resolutions of the directors or shareholders of the Grantor or of the provisions of any agreement to which the Grantor is a party or by which any of its property may be bound or of any statute, regulation, by-law, ordinance or other law, or to the best of its knowledge of any judgement, decree, award, ruling or order to which the Grantor or any of its property may be subject, other than approvals that have been obtained.

(d) **Ownership of Collateral Free of Liens** – The Grantor is the owner of or has rights in the existing Collateral free and clear of any liens other than Permitted Liens.

(e) **Grantor Information** – Schedule A sets forth (a) the Grantor's jurisdiction of incorporation, (b) the location of the Grantor's registered office and business operations and records, and (c) the Grantor's exact legal name (in English and French).

(f) **Enforceability** – This Agreement constitutes a valid and legally binding obligation of the Grantor enforceable against it in accordance with its terms, subject to general equitable principles, including the fact that the availability of equitable remedies, such as injunctive relief and specific performance, is in the discretion of the court.

5.2 Reliance and Survival

All representations and warranties of the Grantor made in this Agreement shall survive the execution and delivery of this Agreement and shall continue in full force and effect without time limit. The Secured Party shall be deemed to have relied upon each such representation and warranty notwithstanding any investigation made by or on behalf of the Secured Party at any time.

6. ENFORCEMENT

6.1 Enforceability of Security

The security hereby constituted shall become enforceable only upon the failure of the Grantor to pay the Statutory Obligations when due, and then only to the extent of the Statutory Obligations not then paid when due. The Grantor acknowledges that it has no right in any circumstance to accelerate payment of the Statutory Obligations, to apply proceeds of Collateral on account of Statutory Obligations not yet due, or to reserve or hold proceeds of Collateral on account of Statutory Obligations not yet due.

6.2 Remedies

At any time that the security hereby constituted shall have become enforceable, the Secured Party may give notice of its intention to its exercise rights and remedies hereunder. At any time ten Business Days following the giving of such notice, and unless the amounts due and owing on account of the carrying Costs at the time of the Notice have been paid, the Secured Party shall have the following rights, powers and remedies:

(a) to appoint any person to be an agent or any person to be a receiver, manager or receiver and manager (herein called the "**Receiver**") of the Collateral and to remove any Receiver so appointed and to appoint another if the Secured Party so desires; it being agreed that any Receiver appointed pursuant to the provisions of this Agreement shall have all of the powers of the Secured Party hereunder;

(b) to make payments to parties having prior charges or encumbrances on the Collateral;

(c) to preserve, protect and maintain the Collateral;

(d) to enjoy and exercise all powers necessary or incidental to the performance of all functions provided for in this Agreement;

(e) to sell or dispose of all or any part of the Collateral whether by public or private sale or otherwise and on any terms so long as every aspect of the disposition is

commercially reasonable, including without limitation, terms that provide time for payment on credit;

(f) to enjoy and exercise in respect of the Collateral all of the rights and remedies of a secured party under the PPSA;

(g) to notify the account debtors or obligors under any Accounts which constitute part of the Collateral of the assignment of such Accounts to the Secured Party and to direct such account debtors or obligors to make payment of all amounts due or to become due to the Grantor thereunder directly to the Secured Party and to give valid and binding receipts and discharges therefor and in respect thereof and, upon such notification and at the expense of the Grantor, to enforce collection of any such Accounts, and to adjust, settle or compromise the amount or payment thereof, in the same manner and to the same extent as the Grantor might have done; and

(h) to commence, continue or defend proceedings in any court of competent jurisdiction in the name of the Secured Party, the Receiver or the Grantor for the purpose of exercising any of the rights, powers and remedies set out in this Section, including the institution of proceedings for the appointment of a receiver, manager or receiver and manager of the Collateral.

6.3 Special Rules re Accounts

At any time that the Secured Party is entitled to exercise its rights and remedies under Section 6.2,

(a) all Money or other form of payment received by the Grantor in respect of the Collateral shall be received in trust for the benefit of the Secured Party hereunder, shall be segregated from other funds of the Grantor and shall be forthwith paid over to the Secured Party in the same form as so received (with any necessary endorsement) to be held as cash collateral and applied as provided by Section 6.8; and

(b) the Grantor shall not adjust, settle or compromise the amount or payment of any Collateral.

6.4 Receiver as Agent

The Receiver shall be deemed to be the agent of the Grantor for the purpose of establishing liability for the acts or omissions of the Receiver and the Secured Party shall not be liable for such acts or omissions and, without restricting the generality of the foregoing, the Grantor hereby irrevocably authorizes the Secured Party to give instructions to the Receiver relating to the performance of its duties as set out herein.

6.5 Expenses of Enforcement

The Grantor shall pay to the Receiver the remuneration of the Receiver and all costs and expenses (including, without limitation, legal fees and disbursements on a full indemnity basis)

properly incurred by the Receiver pursuant to its appointment and the exercise of its powers hereunder, and shall pay to the Secured Party and the Receiver as required all amounts of Money (including interest thereon) borrowed or advanced by either of them pursuant to the powers set out herein, and the obligations of the Grantor to the Secured Party and the Receiver pursuant to this Section 6.5 shall be payable on demand.

6.6 Indulgences and Releases

Either the Secured Party or the Receiver may grant extensions of time and other indulgences, take and give up securities, accept compositions, grant releases and discharges, release any part of the Collateral to third parties and otherwise deal with the Grantor, debtors of the Grantor, sureties and others and with the Collateral and other security as the Secured Party or the Receiver may see fit without prejudice to the right of the Secured Party and the Receiver to repossess, hold, collect and realize the Collateral.

6.7 No Liability for Failure to Exercise Remedies

The Secured Party and the Receiver shall not be liable or accountable to the Grantor or to any other person for any failure to exercise any of the rights, powers and remedies set out in this Agreement, and shall not be bound to commence, continue or defend proceedings for the purpose of preserving or protecting any rights of the Secured Party, the Receiver, the Grantor or any other party in respect of the same.

6.8 Proceeds of Disposition

All Moneys received by the Secured Party or by the Receiver pursuant to Section 6.2 shall be promptly applied as follows:

(a) first, in payment of all costs and expenses incurred by the Secured Party in the exercise of all or any of the powers granted to it under this Agreement and in payment of all of the remuneration of the Receiver and all costs and expenses properly incurred by the Receiver in the exercise of all or any of the powers granted to it under this Agreement, including, without limitation, the remuneration, costs and expenses referred to in Section 6.5;

(b) second, in payment of all amounts of Money borrowed or advanced by either of the Secured Party or the Receiver pursuant to the powers set out in this Agreement and any interest thereon;

(c) third, in payment of the Statutory Obligation, provided that if there are not sufficient Moneys to fully pay and perform the Statutory Obligation, the Secured Party may apply the Moneys available to such part or parts thereof as the Secured Party, in its sole discretion, may determine; and

(d) fourth, in payment of any surplus in accordance with applicable law.

6.9 Grantor Liable for Deficiency

If the Moneys received by the Secured Party or the Receiver pursuant to Section 6.2 are not sufficient to pay the claims set out in Section 6.8, the Grantor shall immediately pay the Secured Party the amount of such deficiency.

6.10 Restriction on Grantor

Upon notification of the account debtors or obligors under any Accounts which constitute part of the Collateral of the assignment of such Accounts to the Secured Party or the appointment of a Receiver in respect of the Collateral, all the powers, functions, rights and privileges of the Grantor or any officer, director, servant or agent of the Grantor with respect to the Collateral shall, to the extent permitted by applicable law, be suspended unless specifically continued by the written consent of the Secured Party; however, all other powers, functions, rights and privileges of the Grantor or any officer, director, servant or agent of the Grantor shall be unaffected by such events.

6.11 Rights Cumulative

All rights and remedies of the Secured Party set out in this Agreement shall be cumulative and no right or remedy contained herein is intended to be exclusive but each shall be in addition to every other right or remedy contained herein or in any existing or future security document or now or hereafter existing at law or in equity or by statute.

7. GENERAL

7.1 Waiver

Any default by the Grantor in the observance or performance of any covenant or condition required to be observed or performed by the Grantor hereunder, may only be waived by the Secured Party in writing, provided that (i) no such waiver by the Secured Party shall extend to or be taken in any manner to affect any subsequent breach or default or the rights resulting therefrom, (ii) the Rating Agency Condition is satisfied in respect of any waiver of a material default by the Grantor and (iii) prompt written notice of any waiver is provided to each Rating Agency.

7.2 The Secured Party as Attorney

At any time that the Secured Party is entitled to exercise its rights and remedies under Section 6.2, the Grantor hereby irrevocably appoints the Secured Party and any person further designated by the Secured Party to be the attorney of the Grantor for and in the name of the Grantor to execute and do any deeds, documents, transfers, demands, assignments, assurances, consents and things which the Grantor is obliged to sign, execute or do hereunder and, to commence, continue and defend any proceedings authorized to be taken hereunder and generally to use the name of the Grantor in the exercise of all or any of the powers hereby conferred on the Secured Party. These powers are coupled with an interest, have been given for valuable consideration (the receipt and adequacy of which is acknowledged), survive, and do not terminate upon, the bankruptcy, dissolution, winding up or insolvency of the Grantor, and are irrevocable until the Statutory Obligation has been satisfied in full and this Agreement is terminated and the security

interest created herein has been released. This power of attorney extends to and is binding upon the Grantor's successors and permitted assigns. The Grantor authorizes the Secured Party to delegate in writing to another person any power and authority of the Secured Party under this power of attorney as may be necessary or desirable in the opinion of the Secured Party, and to revoke or suspend such delegation.

7.3 Further Assurances

The Grantor shall do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, such further acts, deeds, mortgages, transfers and assurances as the Secured Party shall reasonably require for the better assuring, charging, assigning and conferring unto the Secured Party a security interest in the Collateral, or which the Grantor may hereafter become bound to charge in favour of the Secured Party, for the purpose of accomplishing and effecting the intention of this Agreement.

7.4 Amalgamation of the Grantor

The Grantor acknowledges and agrees that in the event that it amalgamates with any other persons, then (i) the Collateral and the security interest shall extend to and include all of the property and undertaking that any of the amalgamating corporations then owns, all of the property and undertaking that the amalgamated corporation thereafter acquires, all of the property and undertaking in which any of the amalgamating corporations then has any interest, and all of the property and undertaking in which the amalgamated corporation thereafter acquires any interest, and (ii) all references herein to the Grantor shall extend to and include the amalgamated corporation.

7.5 Continuing Security

The security interest constituted hereby shall be deemed to be a continuing security for the Statutory Obligation until the Statutory Obligation is paid and performed in full.

7.6 Notices

All notices and other communications provided for herein shall be in writing and shall be personally delivered to an officer or other responsible employee of the addressee or sent by facsimile, charges prepaid, at or to the applicable address or facsimile number, as the case may be, of the party set opposite its name below or at or to such other address or addresses or facsimile number or numbers as either party may from time to time designate to the other party in such manner. Any communication which is personally delivered as aforesaid shall be deemed to have been validly and effectively given on the date of such delivery if such date is a Business Day and such delivery was made during normal business hours of the recipient; otherwise, it shall be deemed to have been validly and effectively given on the Business Day next following such date of delivery. Any communication which is transmitted by facsimile as aforesaid shall be deemed to have been validly and effectively given on the date of transmission if such date is a Business Day and such transmission was made during normal business hours of the recipient; otherwise, it shall be deemed to have been validly and effectively given on the Business Day next following such date of transmission.

In the case of the Grantor:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, Ontario
M5H 1T1

Attention: Chief Financial Officer, General Counsel and Associate General Counsel
Email: Kim.Marshall@ieso.ca
General.Counsel@ieso.ca
Michael.Boll@ieso.ca

In the case of the Secured Party:

Fair Hydro Trust
c/o Ontario Power Generation Inc., as Manager
700 University Avenue
Toronto, Ontario
M5G 1X6

Attention: Vice President, Fair Hydro Plan
Email: FHT@opg.com

7.7 Assignment

The Secured Party may from time to time upon notice to, but without the consent of, the Grantor and each Rating Agency, assign or transfer this Agreement to any other person. The Grantor shall not be entitled to assign or transfer this Agreement or any of the Grantor's rights, duties or obligations hereunder without the prior written consent of the Secured Party.

7.8 Successors and Assigns

This Agreement shall enure to the benefit of the Secured Party and its successors and assigns and shall be binding upon the Grantor and its successors and permitted assigns.

7.9 Amendments

This Agreement may not be amended or otherwise modified except by an instrument in writing executed by the Parties, subject to the satisfaction of the Rating Agency Condition in respect of any material amendment or modification, and with prompt written notice of any amendment or modification to be provided to each Rating Agency.

7.10 Entire Agreement

This Agreement and the agreements referred to herein and any document, agreement or instrument delivered pursuant to such agreements constitute the entire agreement between the Parties and supersede any prior agreements, undertakings, declarations, representations and undertakings, both written and verbal, in respect of the subject matter hereof.

7.11 Receipt of Agreement and Financing Statement.

The Grantor hereby acknowledges receipt of an executed copy of this Agreement and of the financing statement registered under the PPSA evidencing the security interest created hereby.

7.12 Counterpart

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same instrument, and it shall not be necessary in making proof of this Agreement to produce or account for more than one such counterpart.

7.13 Delivery by Facsimile or Electronic Transmission

This Agreement may be executed and delivered by facsimile or electronic transmission and each of the Parties may rely on such facsimile or electronic signature as though such facsimile signature were an original signature.

[NEXT PAGE IS SIGNATURE PAGE]

IN WITNESS WHEREOF the Parties have duly executed this Agreement as of the date first written above.

FAIR HYDRO TRUST, by its Manager,
ONTARIO POWER GENERATION INC., as Secured Party

By: _____
Name:
Title:

By: _____
Name:
Title:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Grantor

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A

GRANTOR INFORMATION

1. Grantor's exact legal name:

Independent Electricity System Operator
Société indépendante d'exploitation du réseau d'électricité

2. Grantor's jurisdiction of incorporation:

Ontario

3. **Grantor's registered office address:**

120 Adelaide Street West, Suite 1600
Toronto, Ontario
M5H 1T1

4. Location of Grantor's business operations and records:

120 Adelaide Street West, Suite 1600
Toronto, Ontario
M5H 1T1

2635 Lakeshore Road West
Mississauga, Ontario
L5J 4T5

2265 Upper Middle Road East
Oakville, Ontario
L6H 0G5

Draft Date: December 14, 2017#2

FAIR HYDRO TRUST

as Issuer

AND

BNY TRUST COMPANY OF CANADA

as Indenture Trustee

TRUST INDENTURE

DATED AS OF DECEMBER [21], 2017

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This **TRUST INDENTURE**, between **COMPUTERSHARE TRUST COMPANY OF CANADA** in its capacity as trustee of **FAIR HYDRO TRUST**, a trust formed under the laws of the Province of Ontario (the "**Issuer**"), and **BNY TRUST COMPANY OF CANADA**, a trust company existing under the laws of Canada, in its capacity as Indenture Trustee (the "**Indenture Trustee**"), is made and entered into as of December [21], 2017.

RECITALS OF THE ISSUER

The Issuer wishes to provide for the incurrence of Issuer Funding Obligations in one or more Classes, Series or Tranches.

All things necessary to make this Indenture a valid and legally binding agreement of the Issuer, in accordance with its terms, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Definitions

For all purposes of this Indenture and of any Supplemental Indenture, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms defined in Schedule A have the meanings assigned to them in Schedule A, and include the plural as well as the singular;

(b) all accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles (including the International Financial Reporting Standards published by the International Accounting Standards Board or the Accounting Standards Certification published by the Financial Accounting Standards Board (US GAAP)) and, except as otherwise herein expressly provided, the term "generally accepted accounting principles" with respect to any computation required or permitted hereunder means such accounting principles as are generally accepted in Canada or the United States at the date of such computation;

(c) unless the context otherwise requires, terms defined in the PPSA and not otherwise defined in this Indenture or a Supplemental Indenture shall have the meanings set forth in the PPSA;

(d) references to an agreement shall mean such agreement, as amended, modified, restated and supplemented from time to time in accordance with the provisions hereof;

(e) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(f) references to any law, rule, regulation or order of a Governmental Authority shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(g) references to any statute shall include all regulations promulgated thereunder;

(h) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(i) all references in this Indenture to designated "Articles", "Sections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Schedules, Exhibits and other subdivisions of this Indenture as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision;

(j) "including" and words of similar import will be deemed to be followed by "without limitation";

(k) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding"; and

(l) references to a specific rating by a Rating Agency shall mean such rating or the equivalent rating if such Rating Agency changes its rating scale.

1.02 <u>Compliance Certificates and Opinions</u>

Upon any application or request by the Issuer to the Indenture Trustee to take any action under any provision of this Indenture, the Issuer will furnish to the Indenture Trustee (i) an Issuer's Certificate stating that all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with, and (ii) an Opinion of Counsel stating that, in the opinion of such counsel, all such conditions precedent, if any, have been complied with, except that in the case of any such application or request as to which the furnishing of such documents are specifically required by any provision of this Indenture relating to such particular application or request, no additional certificate or opinion need be furnished.

The Indenture Trustee may rely, as to authorization by the Issuer of any Series or Tranche of Notes, the form and terms thereof and the legality, validity, binding effect and enforceability thereof, upon the Opinion of Counsel and the other documents delivered pursuant to Article V and this Section 1.02, as applicable, in connection with the authentication of Notes of such Series or Tranche.

Every certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture (except for the written statement required by Section 13.10) will include:

(a) a statement that each individual signing such certificate or opinion has read such covenant or condition and the definitions herein relating thereto;

(b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(c) a statement that such individual has made such examination or investigation as is necessary to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(d) a statement as to whether, in the opinion of each such individual, such condition or covenant has been complied with.

1.03 Form of Documents Delivered to Indenture Trustee

In any case where several matters are required to be certified by, or covered by an opinion of, one or more specified Persons, one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to the other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

Any certificate or opinion of the Issuer may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless the Issuer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations are erroneous. Any such certificate or opinion of, or representation by, counsel may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, the Issuer stating that the information with respect to such factual matters is in the possession of the Issuer, unless such counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations are erroneous.

Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

1.04 Actions by Noteholders

(a) Any request, demand, authorization, direction, notice, consent, resolution, waiver or other action (collectively, an "**Action**") provided by this Indenture to be given or taken by Noteholders of any Class, Series or Tranche may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Noteholders in person or by an agent duly appointed in writing. In addition, any Action provided by this Indenture to be given or taken by such Noteholders may, alternatively, be embodied in and evidenced by the record of such Noteholders voting in favor thereof, either in person or by proxies duly appointed in writing, at any meeting of Noteholders duly called and held in accordance with the provisions

of Article X or a combination of such instruments and any such record. Except as herein otherwise expressly provided, such Action will become effective when such instrument or instruments or record are delivered to the Indenture Trustee, and, where it is hereby expressly required, to the Issuer. Proof of execution of any such instrument or of a writing appointing any such agent, or the holding by any Person of a Note, will be sufficient for any purpose of this Indenture and (subject to Section 9.01) conclusive in favor of the Indenture Trustee and the Issuer, if made in the manner provided in this Section 1.04. The record of any meeting of Noteholders shall be proved in the manner provided in Article X.

(b) The fact and date of the execution of any such instrument or writing, or the authority of the person executing the same, may be proved in any manner which the Indenture Trustee deems sufficient.

(c) (i) The ownership of Registered Notes will be proved by the Note Register.

(ii) The ownership of Bearer Notes or coupons will be proved by the production of such Bearer Notes or coupons or by a certificate, satisfactory to the Issuer and the Indenture Trustee, executed, as depositary, by any bank, trust company, recognized securities dealer, as depositary, wherever situated, satisfactory to the Issuer. Each such certificate will be dated and will state that on the date thereof a Bearer Note or coupon bearing a specified serial number was deposited with or exhibited to such bank, trust company or recognized securities dealer by the Person named in such certificate. Any such certificate may be issued in respect of one or more Bearer Notes or coupons specified therein. The holding by the Person named in any such certificate of any Bearer Note specified therein will be presumed to continue for a period of one year from the date of such certificate unless at the time of any determination of such holding (A) another certificate bearing a later date is issued in respect of the same Bearer Note or coupon produced, (B) the Bearer Note or coupon specified in such certificate is produced by some other Person or (C) the Bearer Note or coupon specified in such certificate has ceased to be Outstanding.

(d) The fact and date of execution of any such instrument or writing, the authority of the Person executing the same and the principal amount and serial numbers of Bearer Notes held by the Person so executing such instrument or writing and the date of holding the same may also be proved in any other manner which the Indenture Trustee deems sufficient; and the Indenture Trustee may in any instance require further proof with respect to any of the matters referred to in this Section 1.04.

(e) If the Issuer will solicit from the Noteholders any Action, the Issuer may, at its option, by an Issuer Certificate, fix in advance a record date for the determination of Noteholders entitled to give such Action, but the Issuer will have no obligation to do so. If the Issuer does not so fix a record date, such record date will be the later of 30 days before the first solicitation of such Action or the date of the most recent

list of Noteholders furnished to the Indenture Trustee pursuant to Section 13.13 before such solicitation. Such Action may be given before or after the record date, but only the Noteholders of record at the close of business on the record date will be deemed to be Noteholders for the purposes of determining whether Noteholders of the requisite proportion of Outstanding Notes have authorized or agreed or consented to such Action, and for that purpose the Outstanding Notes will be computed as of the record date; provided that no such authorization, agreement or consent by the Noteholders on the record date will be deemed effective unless it will become effective pursuant to the provisions of this Indenture not later than six (6) months after the record date.

(f) Any Action by a Noteholder will bind the holder of every Note issued upon the transfer thereof or in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Indenture Trustee or the Issuer in reliance thereon whether or not notation of such Action is made upon such Note.

(g) Without limiting the foregoing, a Noteholder entitled hereunder to take any Action hereunder with regard to any particular Note may do so with regard to all or any part of the principal amount of such Note or by one or more duly appointed agents each of which may do so pursuant to such appointment with regard to all or any part of such principal amount. Any notice given or Action taken by a Noteholder or its agents with regard to different parts of such principal amount pursuant to this paragraph shall have the same effect as if given or taken by separate Noteholders of each such different part.

(h) Without limiting the generality of the foregoing, unless otherwise specified pursuant to one or more Supplemental Indentures, a Noteholder, including a Depository that is the holder of a Global Note, may make, give or take, by a proxy or proxies duly appointed in writing, any Action provided in this Indenture to be made, given or taken by Noteholders, and a Depository that is the holder of a Global Note may provide its proxy or proxies to the beneficial owners of interests in or security entitlements to any such Global Note through such Depository's standing instructions and customary practices.

(i) The Issuer may fix a record date for the purpose of determining the Persons who are beneficial owners of interests in or security entitlements to any Global Note held by a Depository entitled under the procedures of such Depository to make, give or take, by a proxy or proxies duly appointed in writing, any Action provided in this Indenture to be made, given or taken by Noteholders. If such a record date is fixed, the Noteholders on such record date or their duly appointed proxy or proxies, and only such Persons, shall be entitled to make, give or take such Action, whether or not such Noteholders remain Noteholders after such record date. No such Action shall be valid or effective if made, given or taken more than six (6) months after such record date.

1.05 Actions of Lenders

Any Action provided by this Indenture to be given or taken by any Lender or group of Lenders may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Lender(s) in person or an agent duly appointed in writing. Proof of execution of any such instrument or of a writing appointing any such agent will be sufficient for any purpose of this Indenture and (subject to Section 9.01) conclusive in favour of the Indenture Trustee and the Issuer, if made in the manner provided in Section 1.04(b).

1.06 Effect of Headings and Table of Contents

The Article and Section headings herein and the Table of Contents are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Indenture by the Issuer will bind its successors and assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee in this Indenture shall bind its successors, co-trustees and agents of the Indenture Trustee.

1.08 Severability

In case any provision in this Indenture or in the Notes will be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions will not in any way be affected or impaired thereby.

1.09 Governing Law

THIS INDENTURE WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS. EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS INDENTURE. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS INDENTURE.

1.10 Counterparts

This Indenture may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument.

1.11 Indenture Referred to in the Declaration of Trust and the Master Transfer and Servicing Agreement

This is the Indenture referred to in the Declaration of Trust and the Master Transfer and Servicing Agreement.

1.12 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, in each case on a day other than a Business Day, then (notwithstanding any other provision of the Notes or this Indenture) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.13 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Indenture that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Indenture or the Notes, and (ii) the rates of interest stipulated in this Indenture or the Notes are intended to be nominal rates and not effective rates or yields.

1.14 Currency

Unless stated otherwise, all amounts herein are stated in Dollars.

1.15 References to Acts of the Issuer

For greater certainty, where any reference is made in this Indenture, or in any other instrument executed pursuant hereto or contemplated hereby to which the Issuer or the Issuer Trustee, as trustee of the Issuer, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Issuer) by or with respect to (i) the Issuer or (ii) the Issuer Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Issuer) by or with respect to, the Issuer Trustee as trustee of the Issuer.

1.16 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in this Indenture), it is necessary to convert any amount due under this Indenture from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Issuer in respect of any Original Currency due from it to the Indenture Trustee under this Indenture shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Indenture in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Issuer shall indemnify the Indenture Trustee against such loss.

(b) The term "**rate of exchange**" in this Section 1.16 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

1.17 Obligations in a Foreign Currency

Unless otherwise specified in a Related Funding Obligation Agreement with respect to a particular Series or Tranche of Issuer Funding Obligations, whenever for purposes of this Indenture any Action may be taken by the Debtholders of a specified percentage of Outstanding Dollar Principal Amount of Issuer Funding Obligations and, at such time, there are outstanding Issuer Funding Obligations of any relevant Series which are denominated in a Foreign Currency, then the principal amount of the Issuer Funding Obligations of such Series which shall be deemed to be outstanding for the purpose of taking such Action shall be the amount of Dollars which could be obtained for such principal amount at the Market Exchange Rate on the applicable Record Date, or if no such Record Date shall have been established, on the date that the taking of such Action shall be authorized by Debtholders of the applicable Series.

ARTICLE II
COLLATERAL

2.01 Security for Obligations Secured

As security for the due payment of all Obligations Secured including, without limitation, all principal of and interest, if any, on the Notes from time to time issued and certified under this Indenture and on any Borrowings, and the performance by the Issuer of all of the obligations of the Issuer in relation thereto, the Issuer hereby:

(a) mortgages, charges, pledges, grants, transfers, assigns, hypothecates and sets over unto the Indenture Trustee, for the benefit and security of the applicable Specified Creditors and the Indenture Trustee, in its individual capacity, as and by way of a fixed and specific mortgage, assignment, pledge, hypothec and charge and grants to the Indenture Trustee for the benefit and security of the applicable Specified Creditors and the Indenture Trustee, in its individual capacity, a security interest in all of its right, title and interest, whether now owned or hereafter acquired, in and to the following:

(i) the Issuer Investment Interest;

(ii) each Issuer Account (including all Sub-Accounts of each Issuer Account);

(iii) all Eligible Investments and all investment property, money and other property held in the Issuer Accounts (including any Sub-Accounts of each Issuer Account);

(iv) all rights, benefits and powers of the Issuer under any Program Agreement;

(v) all rights, benefits and powers of the Issuer under the Act;

(vi) all present and future claims, demands, causes of and choses in action in respect of any of the foregoing and all interest, principal, payments and distributions of any nature or type on any of the foregoing;

(vii) all accounts, general intangibles, chattel paper, instruments, documents, goods, money, investment property, deposit accounts, letters of credit and letter-of-credit rights consisting of, arising from, or relating to any of the foregoing;

(viii) all debts, accounts, claims, monies and choses in action due or to become due with respect to all of the foregoing and also all securities, bills, notes, evidences of deposits of money, and other documents now held or owned or which may be hereafter taken, held or owned by the Issuer, or anyone on behalf of the Issuer, and all renewals thereof, accretions thereto, substitutions therefor and all interest, income and revenue arising therefrom or by virtue thereof;

(ix) all amounts received with respect to all of the foregoing; and

(x) all proceeds of the foregoing; and

(b) mortgages, charges, pledges, grants, transfers, assigns, hypothecates and sets over unto the Indenture Trustee, for the benefit and security of the Specified Creditors and the Indenture Trustee, in its individual capacity, a floating charge over, and grants to the Indenture Trustee for the benefit and security of the Specified Creditors and the Indenture Trustee, in its individual capacity, a security interest in

all of the property, assets and undertaking now owned or hereafter acquired by the Issuer.

The property described in the preceding sentence is collectively referred to as the "**Collateral**".

The Indenture Trustee acknowledges the grant of such Security Interest, and accepts the Collateral in trust hereunder in accordance with the provisions hereof and agrees to perform the duties herein such that the interests of the Specified Creditors may be adequately and effectively protected.

To have and to hold the Collateral and all rights hereby conferred unto the Indenture Trustee, its successors and assigns forever but in trust nevertheless for the benefit of the Specified Creditors, including the Indenture Trustee, in its individual capacity, and for the uses and purposes and subject to the terms and conditions herein set forth.

The Issuer acknowledges that value has been given and that the security granted shall attach and be effective on the date of execution of this Indenture and when the Issuer has rights in the Collateral, whether or not the monies and the Notes or any other evidence of Obligations Secured or any part thereof hereby secured or intended to be hereby secured shall be advanced or issued before or after or upon the date of the execution of this Indenture.

2.02 <u>Recording, Etc.</u>

(a) The Issuer intends the Security Interest granted pursuant to this Indenture in favor of the Indenture Trustee to be prior to all other Liens in respect of the Collateral. The Issuer will take all actions necessary to maintain a perfected Lien on the Collateral in favor of the Indenture Trustee.

(b) The Indenture Trustee shall hold each item of the Collateral separate and apart from all other property held by the Indenture Trustee.

(c) The Issuer will from time to time execute, authorize and deliver all such supplements and amendments hereto and all such financing statements, amendments thereto, instruments of further assurance and other instruments, all as prepared by the Issuer, and will take such other action necessary or advisable to:

(i) grant the Security Interest more effectively in all or any portion of the Collateral;

(ii) maintain or preserve the Security Interest (and the priority thereof) or carry out more effectively the purposes hereof;

(iii) perfect, publish notice of or protect the validity of any grant made or to be made by this Indenture;

(iv) enforce its rights under the Investment Asset, any Program Agreement to which it is a party and each other instrument or agreement designated for inclusion in the Collateral;

(v) preserve and defend title to the Collateral and the rights of the Indenture Trustee in the Collateral against the claims of all Persons; or

(vi) pay all Taxes levied or assessed upon the Collateral when due.

(d) The Issuer will from time to time promptly pay and discharge all PPSA recording and filing fees, charges and Taxes relating to this Indenture, any amendments hereto and any other instruments of further assurance.

(e) Without limiting the generality of subsection 2.02(c) or (d):

(i) The Issuer will cause this Indenture, all amendments and supplements hereto and all financing statements and all amendments to such financing statements and any other necessary documents covering the Indenture Trustee's right, title and interest in and to the Collateral to be promptly recorded, registered and filed, and at all times to be kept recorded, registered and filed, all in such manner and in such places as may be required by applicable law to fully preserve and protect the right, title and interest of the Indenture Trustee in and to all property comprising the Collateral. The Issuer will deliver to the Indenture Trustee file-stamped copies of, or filing receipts for, any document recorded, registered or filed as provided above, as soon as available following such recording, registration or filing. The Issuer hereby authorizes the filing of financing statements (and amendments of financing statements) that name the Issuer as debtor and the Indenture Trustee as secured party and that cover all personal property of the Issuer. The Issuer also hereby ratifies the filing of any such financing statements (or amendments of financing statements) that were filed prior to the execution hereof.

(ii) The Issuer shall not change its name, its jurisdiction of formation or its type of organization unless it has provided the Indenture Trustee and each Rating Agency with 30 days prior written notice and it has first (A) made all filings and taken all actions in all relevant jurisdictions under the PPSA and other applicable law as are necessary to continue and maintain the first priority perfected Security Interest of the Indenture Trustee in the Collateral, and (B) delivered to the Indenture Trustee (with a copy to each Rating Agency) an Opinion of Counsel to the effect that all necessary filings have been made under the PPSA (and where applicable, the equivalent thereof) in all relevant jurisdictions as are necessary to continue and maintain the first priority perfected Security Interest of the Indenture Trustee in the Collateral.

2.03 Use of Collateral

Subject to the express terms of this Indenture, until the Issuer Funding Obligations have become due and payable pursuant to Section 8.02, the Issuer will be permitted to possess and use the Collateral in connection with the activities of the Issuer, including, without limitation, the right to (a) exercise all of its rights and perform all of its obligations under each Program Agreement without consultation with or the consent of the Indenture Trustee, and (b) use the funds in any Issuer Account for any purpose not in violation of this Indenture or the Program Agreements.

2.04 Suits to Protect the Collateral

Subject to the provisions of this Indenture, the Indenture Trustee will have the power to institute and to maintain such suits and proceedings as it may deem expedient to prevent any impairment of the Collateral by any acts which may be unlawful or in violation of this Indenture, and such suits and proceedings as the Indenture Trustee may deem expedient to preserve or protect the interests of the Specified Creditors and the interests of the Indenture Trustee in the Collateral (including the power to institute and maintain suits or proceedings to restrain the enforcement of, or compliance with, any legislative or other governmental enactment, rule or order that may be unconstitutional or otherwise invalid if the enforcement of, or compliance with, such enactment, rule or order would impair the Security Interest or be prejudicial to the interests of the Specified Creditors or the Indenture Trustee).

2.05 Purchaser Protected

In no event will any purchaser in good faith of any property purported to be released hereunder be bound to ascertain the authority of the Indenture Trustee to execute the release or to inquire as to the satisfaction of any conditions required by the provisions hereof for the exercise of such authority or to see to the application of any consideration given by such purchaser or other transferee; nor will any purchaser or other transferee of any property or rights permitted by this Article II to be sold be under any obligation to ascertain or inquire into the authority of the Issuer to make any such sale or other transfer.

2.06 Powers Exercisable by Receiver or Indenture Trustee

In case the Collateral shall be in the possession of a receiver or trustee lawfully appointed, the powers conferred in this Article II upon the Issuer with respect to the release, sale or other disposition of such property may be exercised by such receiver or trustee, and an instrument signed by such receiver or trustee shall be deemed the equivalent of any similar instrument of the Issuer or of any officer or officers thereof required by the provisions of this Article II.

2.07 Determinations Relating to Collateral

In the event (i) the Indenture Trustee shall receive any written request from the Issuer for consent or approval with respect to any matter or thing relating to any Collateral or the Issuer's obligations with respect thereto, (ii) there shall be due to or from the Indenture Trustee under the provisions hereof any performance or the delivery of any instrument, or (iii) the Indenture Trustee shall become aware of any nonperformance by the Issuer of any covenant or any breach of any representation or warranty of the Issuer set forth in this Indenture, then, in each such event, the

Indenture Trustee shall be entitled to hire experts, consultants, agents and attorneys to advise the Indenture Trustee on the manner in which the Indenture Trustee should respond to such request or render any requested performance or response to such nonperformance or breach (the expenses of which will be reimbursed to the Indenture Trustee pursuant to Section 9.05). The Indenture Trustee will be fully protected in the taking of any action recommended or approved by any such expert, consultant, agent or attorney, or agreed to by Extraordinary Resolution.

2.08 Satisfaction and Discharge of Indenture

(a) The Issuer may at any time, for the purpose of obtaining the satisfaction and discharge of this Indenture with respect to any Class, Series or Tranche of Issuer Funding Obligations or for any other purpose, pay, or by an Issuer Certificate direct any Paying Agent to pay, to the Indenture Trustee all sums held in trust by the Issuer or such Paying Agent in respect of each and every Class, Series or Tranche of Issuer Funding Obligations as to which it seeks to discharge this Indenture or, if for any other purpose, all sums so held in trust by the Issuer in respect of all Issuer Funding Obligations, such sums to be held by the Indenture Trustee upon the same trusts as those upon which such sums were held by the Issuer or such Paying Agent; and, upon such payment by any Paying Agent to the Indenture Trustee, such Paying Agent will be released from all further liability with respect to such money.

(b) This Indenture will cease to be of further effect with respect to any Class, Series or Tranche of Issuer Funding Obligations (except as to any surviving rights of transfer or exchange of Notes of that Class, Series or Tranche expressly provided for herein or in any form of Note for that Class, Series or Tranche), and the Indenture Trustee, on demand of and at the expense of the Issuer, will execute proper instruments acknowledging satisfaction and discharge of this Indenture as to that Class, Series or Tranche, when:

(i) (A) in the case of Notes, all Notes of that Class, Series or Tranche theretofore Outstanding (other than (x) Notes of that Class, Series or Tranche which have been destroyed, lost or stolen and which have been replaced or paid as provided in Section 16.05(b), and (y) Notes of that Class, Series or Tranche for whose payment money has theretofore been deposited in trust or segregated and held in trust by the Issuer and thereafter repaid to the Issuer or discharged from that trust, as provided in Section 16.05(b)) have been delivered to the Indenture Trustee for cancellation or been cancelled, or (B) in the case of all other Issuer Funding Obligations, all Issuer Funding Obligations of that Class, Series or Tranche have been paid in full, as certified by the Issuer to the Indenture Trustee;

(ii) the Issuer has paid or caused to be paid all other sums payable under the Indenture (including payments to the Indenture Trustee pursuant to Section 9.05) by the Issuer with respect to the Issuer Funding Obligations of that Class, Series or Tranche; and

(iii) the Issuer has delivered to the Indenture Trustee an Issuer Certificate and an Opinion of Counsel each stating that all conditions precedent herein provided for relating to the satisfaction and discharge of this Indenture with respect to the Issuer Funding Obligations of that Class, Series or Tranche have been complied with.

Notwithstanding the satisfaction and discharge of this Indenture with respect to any Class, Series or Tranche of Issuer Funding Obligations, the obligations of the Issuer to the Indenture Trustee with respect to that Class, Series or Tranche of Issuer Funding Obligations under Section 9.05 and the obligations of the Indenture Trustee under Sections 7.13 and 16.05(b) will survive such satisfaction and discharge.

(c) This Indenture will cease to be of further effect, and the Indenture Trustee, on demand of and at the expense of the Issuer, will execute proper instruments acknowledging satisfaction and discharge of this Indenture, when all Issuer Funding Obligations have been satisfied and discharged in accordance with clause (b) and all other Obligations Secured have been paid in full, as certified by the Issuer to the Indenture Trustee.

2.09 <u>Release of all Collateral</u>

(a) Subject to the payment of its fees and expenses pursuant to Section 9.05, the Indenture Trustee shall, at the request of the Issuer or when otherwise required by the provisions of this Indenture, execute instruments to release Collateral from the Security Interest of this Indenture, or convey the Indenture Trustee's interest (which is held by the Indenture Trustee for the benefit of the Specified Creditors) in the same, in a manner and under circumstances which are not inconsistent with the provisions of this Indenture. No party relying upon an instrument executed by the Indenture Trustee as provided in this Article II will be bound to ascertain the Indenture Trustee's authority, inquire into the satisfaction of any conditions precedent or see to the application of any funds.

(b) Upon delivery of an Officer's Certificate of the Issuer certifying that all Issuer Funding Obligations and all other Obligations Secured have been satisfied and discharged by complying with the provisions of Section 2.08 and all applicable Program Agreements, the Indenture Trustee shall execute and deliver such releases, termination statements and other instruments (in recordable form, where appropriate) as the Issuer may reasonably request evidencing the termination of the Security Interest created by this Indenture.

(c) The Issuer and the Specified Creditors shall be entitled to receive at least 10 days' written notice when the Indenture Trustee proposes to take any action pursuant to clause (a), accompanied by copies of any instruments involved, and the Indenture Trustee shall also be entitled to require, as a condition to such action, an Opinion of Counsel, stating the legal effect of any such action, outlining the steps required to complete the same, and concluding that all conditions precedent to the taking of

such action have been complied with. Counsel rendering any such opinion may rely, without independent investigation, on the accuracy and validity of any certificate or other instrument delivered to the Indenture Trustee in connection with any such action.

2.10 Certain Commercial Law Representations and Warranties

The Issuer hereby makes the following representations and warranties. Such representations and warranties shall survive until the termination of this Indenture. Such representations and warranties speak of the date that a Lien in the Collateral is granted to the Indenture Trustee and shall not be waived by any of the parties to this Indenture unless the Rating Agency Condition is satisfied.

(a) This Indenture constitutes the grant of a first priority perfected Lien by the Issuer to the Indenture Trustee in the Collateral which, in the case of the existing Collateral and the proceeds thereof, is enforceable upon execution and delivery of this Indenture or, with respect to after-acquired property, as of the date such property is acquired, and which will be enforceable with respect to the Collateral hereafter and thereafter created and the proceeds thereof upon such creation. Upon the filing of the assignments, financing statements and continuation statements (and other documents where applicable) and, in the case of after-acquired Collateral and the proceeds thereof, upon its creation, the Indenture Trustee shall have a first priority perfected Lien in such property and proceeds.

(b) At the time of its grant of any Lien in the Collateral pursuant to this Indenture, the Issuer owned and had good and marketable title to such Collateral free and clear of any Lien of any other Person (other than Permitted Liens).

(c) The Issuer has caused the filing of all appropriate financing statements in the proper filing office in the Province of Ontario under applicable law in order to perfect the Security Interest.

(d) Other than the Security Interest, the Issuer has not pledged, assigned, sold, granted a Lien in, or otherwise conveyed, the Collateral. The Issuer has not authorized the filing of and is not aware of any financing statements against the Issuer that include a description of the Collateral other than any financing statement relating to the Security Interest or that has been terminated. The Issuer is not aware of any judgment or Tax lien filings against the Issuer.

ARTICLE III
NOTE FORMS

3.01 Forms Generally

The Notes will have such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture or the Related Supplemental Indenture and may have such letters, numbers or other marks of identification and such legends or endorsements placed thereon, as may be required to comply with applicable laws or regulations or

with the rules of any securities exchange, or as may, consistently herewith, be determined by the Issuer, as evidenced by the Issuer's execution of such Notes. Any portion of the text of any Note may be set forth on the reverse thereof, with an appropriate reference thereto on the face of the Note.

Definitive Notes will be typewritten, printed, lithographed or engraved or produced by any combination of these methods (with or without steel engraved borders) or may be produced in any other manner, all as determined by the Issuer, as evidenced by the Issuer's execution of such Notes, subject, with respect to the Notes of any Class, Series or Tranche, to the rules of any securities exchange on which such Notes are listed.

3.02 Forms of Notes

Before the delivery of a Note to the Indenture Trustee for authentication, the Issuer will deliver to the Indenture Trustee the Issuer Certificate by or pursuant to which such form of Note has been approved, which Issuer Certificate will have attached thereto a true and correct copy of the form of Note which has been approved thereby or, if an Issuer Certificate authorizes a specific officer or officers of the Manager to approve a form of Note, a certificate of such officer or officers approving the form of Note attached thereto. Any form of Note approved by or pursuant to an Issuer Certificate must be acceptable as to form to the Indenture Trustee, such acceptance to be evidenced by the Indenture Trustee's authentication of Notes in that form or a certificate signed by a Responsible Officer of the Indenture Trustee and delivered to the Issuer.

3.03 Form of Indenture Trustee's Certificate of Authentication

The form of Indenture Trustee's Certificate of Authentication for any Note issued pursuant to this Indenture will be substantially as follows:

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Notes of the Class, Series or Tranche designated therein referred to in the within-mentioned Indenture.

BNY TRUST COMPANY OF CANADA, as Indenture Trustee

By: _____

Authorized Signatory

Dated: _____

3.04 Notes Issuable in the Form of a Global Note

(a) If the Issuer establishes that the Notes of a particular Class, Series or Tranche are to be issued in whole or in part in the form of one or more Global Notes, then the Issuer will execute and the Indenture Trustee or its agent will, in accordance with

Section 4.03 and the Issuer Certificate delivered to the Indenture Trustee or its agent thereunder, authenticate and deliver, such Global Note or Global Notes, which, unless otherwise provided in the Related Supplemental Indenture (i) will represent, and will be denominated in an amount equal to the aggregate Stated Principal Amount (or in the case of Discount Notes, the aggregate Stated Principal Amount at the Principal Payment Date of such Notes) of the Outstanding Notes of such Class, Series or Tranche to be represented by such Global Note or Global Notes, or such portion thereof as the Issuer will specify in an Issuer Certificate, (ii) in the case of Registered Notes, will be registered in the name of the Depository for such Global Note or Global Notes or its nominee, (iii) will be delivered by the Issuer or its agent to the Depository or pursuant to the Depository's instruction, (iv) if applicable, will bear a legend substantially to the following effect: (A) "Unless this Note is presented by an authorized representative of The Depository Trust Company ("**DTC**"), to Fair Hydro Trust (the "**Issuer**") or its agent for registration of transfer, exchange or payment, and any Note issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), any transfer, pledge or other use hereof for value or otherwise by or to any Person is wrongful inasmuch as the registered owner hereof, Cede & Co., has an interest herein", or (B) "Unless this Note is presented by an authorized representative of CDS Clearing and Depository Services Inc. ("**CDS**"), to Fair Hydro Trust (the "**Issuer**") or its agent for registration of transfer, exchange or payment, and any Note issued is registered in the name of CDS & Co. or in such other name as is requested by an authorized representative of CDS (and any payment is made to CDS & Co. or to such other entity as is requested by an authorized representative of CDS), any transfer, pledge or other use hereof for value or otherwise by or to any Person is wrongful since the registered owner hereof, CDS & Co., has a property interest in the securities represented by this Note and it is a violation of its rights for another Person to hold, transfer or deal with this Note", and (v) may bear such other legend as the Issuer, upon advice of counsel, deems to be applicable.

(b) Notwithstanding any other provisions of this Section 3.04 or of Section 4.05, and subject to the provisions of paragraph (c) below, unless the terms of a Global Note or the Related Supplemental Indenture expressly permit such Global Note to be exchanged in whole or in part for individual Notes, a Global Note may be transferred, in whole but not in part and in the manner provided in Section 4.05, only to a nominee of the Depository for such Global Note, or to the Depository, or a successor Depository for such Global Note selected or approved by the Issuer, or to a nominee of such successor Depository.

(c) With respect to Notes issued within the United States or Canada, unless otherwise specified in the Related Supplemental Indenture, or with respect to Notes issued outside the United States and Canada, if specified in the Related Supplemental Indenture:

(i) If at any time the Depository for a Global Note notifies the Issuer that it is unwilling or unable to continue as Depository for such Global Note or if at any time the Depository for the Notes for such Class, Series or Tranche ceases to be a clearing agency registered under the Securities Exchange Act, or other applicable statute or regulation, in the case of Notes issued within the United States, or ceases to be a clearing agency registered under the *Securities Act* (Ontario), or other applicable statute or regulation, in the case of Notes issued within Canada, the Issuer will appoint a successor Depository with respect to such Global Note. If a successor Depository for such Global Note is not appointed by the Issuer within 90 days after the Issuer receives such notice or becomes aware of such ineligibility, the Issuer will execute, and the Indenture Trustee or its agent, upon receipt of an Issuer Certificate requesting the authentication and delivery of individual Notes of such Class, Series or Tranche in exchange for such Global Note, will authenticate and deliver, individual Notes of such Class, Series or Tranche of like tenor and terms in definitive form in an aggregate Stated Principal Amount equal to the Stated Principal Amount of the Global Note in exchange for such Global Note.

(ii) The Issuer may at any time and in its sole discretion determine that the Notes of any Class, Series or Tranche or portion thereof issued or issuable in the form of one or more Global Notes will no longer be represented by such Global Note or Global Notes. In such event the Issuer will execute, and the Indenture Trustee, upon receipt of a written request by the Issuer for the authentication and delivery of individual Notes of such Class, Series or Tranche in exchange in whole or in part for such Global Note, will authenticate and deliver individual Notes of such Class, Series or Tranche of like tenor and terms in definitive form in an aggregate Stated Principal Amount equal to the Stated Principal Amount of such Global Note or Global Notes representing such Class, Series or Tranche or portion thereof in exchange for such Global Note or Global Notes.

(iii) If any Event of Default has occurred and is continuing and Noteholders holding more than 50% of the Outstanding Dollar Principal Amount of the Controlling Class Obligations of any Series of Notes held as Global Notes advise the Indenture Trustee and the Depository that Global Notes are no longer in the best interest of the Noteholders of that Series, the holders of those Global Notes may exchange such Notes for individual Notes.

(iv) In any exchange provided for in any of the preceding three paragraphs, the Issuer will execute and the Indenture Trustee or its agent will authenticate and deliver individual Notes in definitive registered form in authorized denominations. Upon the exchange of the entire Stated Principal Amount of a Global Note for individual Notes, such Global Note will be canceled by the Indenture Trustee or its agent. Except as provided in the preceding paragraphs, Notes issued in exchange for a Global Note pursuant to this Section 3.04 will be registered in such names and in such authorized

denominations as the Depository for such Global Note, pursuant to instructions from its direct or indirect participants or otherwise, will instruct the Indenture Trustee or the Note Registrar. The Indenture Trustee or the Note Registrar will deliver such Notes to the Persons in whose names such Notes are so registered.

3.05 <u>Temporary Global Notes and Permanent Global Notes</u>

(a) If specified in the Related Supplemental Indenture for any Series, all or any portion of a Global Note may initially be issued in the form of a single temporary global Bearer Note or Registered Note (the "**Temporary Global Note**"), without interest coupons, in the denomination of the entire aggregate principal amount of such Series and substantially in the form set forth in the exhibit with respect thereto attached to the Related Supplemental Indenture. Any Temporary Global Note shall bear such notations as the Issuer may determine to distinguish them from the Permanent Global Notes. The Temporary Global Note will be authenticated by the Indenture Trustee upon the same conditions, in substantially the same manner and with the same effect as the Notes in definitive form. The Temporary Global Note may be exchanged as described below or in the Related Supplemental Indenture for permanent global Bearer Notes or Registered Notes (the "**Permanent Global Notes**").

(b) Unless otherwise provided in the Related Supplemental Indenture, exchanges of beneficial interests in or security entitlements to Temporary Global Notes for beneficial interests in or security entitlements to Permanent Global Notes will be made as provided in this subsection 3.05(b). The Manager will, upon its determination of the date of completion of the distribution of the Notes of such Series, so advise the Indenture Trustee, the Issuer and the Depository forthwith. Without unnecessary delay, but in any event not prior to the Exchange Date, the Issuer will execute and deliver to the Indenture Trustee (at the office of its designated agent outside the United States in the case of Global Notes in bearer form) Permanent Global Notes in bearer or registered form (as specified in the Related Supplemental Indenture) in an aggregate principal amount equal to the Outstanding Dollar Principal Amount or the Outstanding Currency Specific Dollar Principal Amount of such Series of Notes. Bearer Notes so issued and delivered may have coupons attached. The Temporary Global Note may be exchanged for an equal aggregate principal amount of Permanent Global Notes only on or after the Exchange Date; provided, however, that such Temporary Global Note is accompanied by a certificate dated the Exchange Date or a subsequent date and signed by the beneficial owner as to the portion of such Temporary Global Note held for its account then to be exchanged and a certificate dated the Exchange Date or a subsequent date and signed by the Depository in the form set forth in Exhibit 6-B (or in such other form as may be established pursuant to Section 4.01); and provided further that definitive Bearer Notes shall be delivered in exchange for a portion of a Temporary Global Note only in compliance with the requirements of Section 4.03. A beneficial owner of a Temporary Global Note may instruct the Depository to request an exchange on its behalf on or after the Exchange Date by

delivering to the Depository, a certificate in the form set forth in Exhibit 6-A (or in such other form as may be established pursuant to Section 4.01), dated no earlier than 15 days prior to the Exchange Date, copies of which certificate shall be available from the offices of the Depository. A United States Person may exchange its beneficial interest in or security entitlement to the Temporary Global Note only for an equal aggregate principal amount of Permanent Global Notes in registered form bearing the applicable legend set forth in the form of Registered Note attached to the Related Supplemental Indenture and having a minimum denomination of 500,000 units of the applicable currency, which may be in temporary form if the Issuer so elects. The Issuer may waive the 500,000 minimum denomination requirement if it so elects. Upon any demand for exchange for Permanent Global Notes in accordance with this subsection 3.05(b), the Issuer will cause the Indenture Trustee to authenticate and deliver the Permanent Global Notes to the Noteholder (x) outside the United States, in the case of Bearer Notes and (y) according to the instructions of the Noteholder, in the case of Registered Notes. Upon receipt of the certification of the Depository, the Indenture Trustee will cause the Temporary Global Note to be endorsed in accordance with subsection 3.05(d). Any exchange as provided in this Section 3.05 will be made free of charge to the Noteholders and the beneficial owners of the Temporary Global Note and to the beneficial owners of the Permanent Global Note issued in exchange, except that a Person receiving the Permanent Global Note must bear the cost of insurance, postage, transportation and the like in the event that such Person does not receive such Permanent Global Note in person at the offices of a Depository.

(c) The delivery to the Indenture Trustee by a Depository of any written statement referred to above may be relied upon by the Issuer and the Indenture Trustee as conclusive evidence that a corresponding certification or certifications has or have been delivered to such Foreign Depository pursuant to the terms of this Indenture.

(d) Upon any such exchange of all or a portion of the Temporary Global Note for a Permanent Global Note(s), such Temporary Global Note will be endorsed by or on behalf of the Indenture Trustee to reflect the reduction of its principal amount by an amount equal to the aggregate principal amount of such Permanent Global Note(s). Until so exchanged in full, such Temporary Global Note will in all respects be entitled to the same benefits under this Indenture as Permanent Global Notes authenticated and delivered hereunder except that the beneficial owners of such Temporary Global Note will not be entitled to receive payments of interest on the Notes until they have exchanged their beneficial interests in or security entitlements to such Temporary Global Note for Permanent Global Notes.

3.06 Beneficial Ownership of Global Notes

Until definitive Notes have been issued to the applicable Noteholders pursuant to Section 3.04 or as otherwise specified in any Related Supplemental Indenture:

(a) the Issuer and the Indenture Trustee may deal with the applicable Depository and the Depository's participants for all purposes (including the making of distributions) as the authorized representatives of the respective Note Owners; and

(b) the rights of the respective Note Owners will be exercised only through the Depository and the Depository's participants. Unless and until Notes in definitive form are issued pursuant to Section 3.04, the Depository will make book-entry transfers among the Depository's participants and receive and transmit distributions of principal and interest on the related Notes to such Depository's participants in accordance with the Depository's applicable procedures from time to time.

For purposes of any provision of this Indenture requiring or permitting Actions with the consent of, or at the direction of, Noteholders evidencing a specified percentage of the Outstanding Dollar Principal Amount of Notes, such direction or consent may be given by Note Owners (acting through the Depository and the Depository's participants) owning interests in or security entitlements to Notes evidencing the requisite percentage of principal amount of Notes in accordance with the applicable procedures of the Depository and the Depository's participants.

3.07 Notices to Depository

Whenever any notice or other communication is required to be given to Noteholders with respect to which book-entry Notes have been issued, unless and until Notes in definitive form will have been issued to the related Note Owners, the Indenture Trustee will give all such notices and communications to the applicable Depository.

3.08 CUSIP Numbers

In issuing the Notes, the Issuer may use "CUSIP" numbers (if then generally in use), and, if so, the Indenture Trustee shall use such CUSIP numbers in notices of redemption as a convenience to Noteholders; provided that, subject to Section 9.01, any such notice may state that (a) no representation is made as to the correctness of such CUSIP numbers as printed on the related Notes or as contained in any notice of redemption, (b) reliance may be placed only on the other identification numbers, if any, printed on the Notes and (c) any such redemption shall not be affected by any defect in or omission of such CUSIP numbers. The Issuer will promptly provide the Indenture Trustee with written notice of any change in the CUSIP numbers for any Outstanding Note.

ARTICLE IV
THE NOTES

4.01 General Title, General Limitations, Issuable in Series, Terms of a Series or Tranche of Notes

(a) The aggregate Stated Principal Amount of Notes which may be authenticated and delivered and Outstanding under this Indenture is not limited.

(b) The Notes of any Class may be issued in one or more Series or Tranches.

(c) The Classes of Notes are as set forth in this Indenture. Each Note issued must be part of a Class and Series of Notes for purposes of allocations pursuant to this Indenture and the Related Supplemental Indenture. A Series of Notes is created pursuant to a Supplemental Indenture. A Tranche of Notes is created pursuant to a Supplemental Indenture or pursuant to a Terms Document related to the Supplemental Indenture for the applicable Series.

(d) Each Series of Notes shall be designated in the Related Supplemental Indenture as either Senior Notes, Subordinated Notes or Junior Subordinated Notes. If the Notes of a Series of Notes belong to different Tranches, all Notes of such Series, without regard to the Tranche they are included in, shall be Senior Notes, Subordinated Notes or Junior Subordinated Notes, as applicable to the Series of Notes.

(e) Each Series of Notes may consist of a single Tranche or may be subdivided into multiple Tranches. Notes of a single Series of a Class will belong to different Tranches if they have different terms and conditions. With respect to any Series of Notes, Notes which have identical terms, conditions and Tranche designation will be deemed to be part of a single Tranche of Notes.

(f) Before the initial issuance of Notes of each Series or Tranche, there shall also be established in or pursuant to a Supplemental Indenture or pursuant to a Terms Document related to the applicable Supplemental Indenture, provision for:

(i) the Class of such Series;

(ii) the Series designation;

(iii) the Stated Principal Amount of the Notes;

(iv) whether such Notes are of a particular Tranche of Notes;

(v) the currency or currencies in which such Notes will be denominated and in which payments of principal of, and interest on, such Notes will or may be payable;

(vi) the price or prices at which such Series or Tranche of Notes will be issued;

(vii) the times at which such Series or Tranche of Notes may, pursuant to any optional redemption provisions, be redeemed, and the other terms and provisions of any such redemption;

(viii) the rate per annum at which such Series or Tranche of Notes will bear interest, if any, or the formula or index on which such rate will be determined, including all relevant definitions, and the date from which interest will accrue;

(ix) each Interest Payment Date, each Principal Payment Date and the Principal Payment Default Date for such Series or Tranche of Notes;

(x) the Principal Accumulation Date for such Series of Notes;

(xi) the Principal Accumulation Amounts for such Series of Notes;

(xii) the Initial Dollar Principal Amount or the Initial Currency Specific Dollar Principal Amount of such Notes, and the means for calculating the Outstanding Dollar Principal Amount or the Outstanding Currency Specific Dollar Principal Amount, as applicable, of such Series or Tranche of Notes;

(xiii) whether or not application will be made to list such Series or Tranche of Notes on any securities exchange;

(xiv) any events of default with respect to such Series or Tranche of Notes;

(xv) if such Series or Tranche of Notes will be issued in whole or in part in the form of a Global Note or Global Notes, the terms and conditions, if any, upon which such Global Note or Global Notes may be exchanged in whole or in part for other individual Notes, and the Depository for such Global Note or Global Notes;

(xvi) if such Series or Tranche of Notes will be issued in whole or in part as Registered Notes, Bearer Notes or both, whether such Series or Tranche of Notes are to be issued with or without coupons or both;

(xvii) if such Series or Tranche of Notes are to have the benefit of any Credit Enhancement Agreement or Liquidity Agreement, the terms and provisions of the applicable agreement;

(xviii) the Record Date for any Interest Payment Date or Principal Payment Date of such Series or Tranche of Notes, if different from the last day of the month before the related Interest Payment Date or Principal Payment Date;

(xix) whether and under what conditions, additional amounts will be payable to Noteholders of such Series or Tranche of Notes; and

(xx) any other terms of such Notes as stated in the Related Supplemental Indenture;

all upon such terms as may be determined in or pursuant to the Related Supplemental Indenture.

(g) The Notes of each Class, Series or Tranche will be distinguished from the Notes of each other Class, Series or Tranche in such manner, reasonably satisfactory to the Indenture Trustee, as the Issuer may determine.

(h) Any terms or provisions in respect of the Notes of any Class, Series or Tranche issued under this Indenture may be determined pursuant to this Section 4.01 by

providing in the Related Supplemental Indenture for the method by which such terms or provisions will be determined.

4.02 Denominations

The Notes of each Series or Tranche will be issuable in such denominations and currency as will be provided in the provisions of this Indenture or in or pursuant to the Related Supplemental Indenture. In the absence of any such provisions with respect to the Registered Notes of any Series or Tranche, the Registered Notes of that Series or Tranche will be issued in denominations of 100,000 units of the applicable currency and integral multiples of 1,000. In the absence of any such provisions with respect to the Bearer Notes of any Series or Tranche, the Bearer Notes of that Series or Tranche will be issued in denominations of 1,000, 5,000, 50,000 and 100,000 units of the applicable currency.

4.03 Execution, Authentication and Delivery and Dating

(a) The Notes will be executed on behalf of the Issuer by a Responsible Officer of the Issuer. The signature of any Responsible Officer of the Issuer on the Notes may be manual or facsimile or may be given by other electronic means.

(b) Notes bearing the manual, facsimile or other electronic signatures of individuals who were at any time a Responsible Officer of the Issuer will bind the Issuer, notwithstanding that such individuals or any of them have ceased to hold such offices before the authentication and delivery of such Notes or did not hold such offices at the date of issuance of such Notes.

(c) At any time and from time to time after the execution and delivery of this Indenture, the Issuer may deliver Notes executed by the Issuer to the Indenture Trustee for authentication; and the Indenture Trustee will, upon request by an Issuer Certificate, authenticate and deliver such Notes as provided in this Indenture and not otherwise; provided however, that, in connection with its original issuance, no Bearer Note shall be mailed or otherwise delivered to any location in the United States; and provided further that, unless otherwise specified with respect to any Series or Tranche of Notes pursuant to Section 4.01, a Bearer Note may be delivered in connection with its original issuance only if the Person entitled to receive such Bearer Note shall have furnished a certificate in the form set forth in Exhibit 6-A, dated no earlier than 15 days prior to the earlier of the date on which such Bearer Note is delivered and the date on which any temporary Note first becomes exchangeable for such Bearer Note in accordance with the terms of such temporary Note and this Indenture. If any Note shall be represented by a permanent Bearer Note issued as a Global Note, then, for purposes of this Section, Section 3.05, and Section 4.04, the notation of a beneficial owner's interest therein upon original issuance of such Note or upon exchange of a portion of a temporary Global Note shall be deemed to be delivery in connection with its original issuance of such beneficial owner's interest in such permanent Global Note. Except as permitted by Section 4.06, the Indenture Trustee shall not authenticate and deliver any Bearer

Note unless all appurtenant coupons for interest then matured have been detached and cancelled.

(d) Before any such authentication and delivery, the Indenture Trustee will be entitled to receive, in addition to any Officer's Certificate and Opinion of Counsel required to be furnished to the Indenture Trustee pursuant to Section 1.02, the Issuer Certificate and any other opinion or certificate relating to the issuance of the Series or Tranche of Notes required to be furnished pursuant to Section 3.02 or Article V.

(e) The Indenture Trustee will not be required to authenticate such Notes if the issue thereof will adversely affect the Indenture Trustee's own rights, duties or immunities under the Notes and this Indenture.

(f) Unless otherwise provided in the form of Note for any Series or Tranche, all Notes will be dated the date of their authentication.

(g) No Note will be entitled to any benefit under this Indenture or be valid or obligatory for any purpose unless there appears on such Note a Certificate of Authentication executed by the Indenture Trustee by manual signature of an authorized signatory, and such certificate upon any Note will be conclusive evidence, and the only evidence, that such Note has been duly authenticated and delivered hereunder.

4.04 <u>Temporary Notes</u>

(a) Pending the preparation of definitive Notes of any Series or Tranche, the Issuer may execute, and, upon receipt of the documents required by Section 4.03, the Indenture Trustee will authenticate and deliver, temporary Notes which are printed, lithographed, typewritten, mimeographed or otherwise produced, in any authorized denomination, substantially of the tenor of the definitive Notes in lieu of which they are issued and with such appropriate insertions, omissions, substitutions and other variations as the Issuer may determine, as evidenced by the Issuer's execution of such Notes. Any temporary Note shall bear such notations as the Issuer may determine to distinguish them from the definitive Notes.

(b) If temporary Notes of any Series or Tranche are issued, the Issuer will cause definitive Notes of such Series or Tranche to be prepared without unreasonable delay. After the preparation of definitive Notes, the temporary Notes of such Series or Tranche will be exchangeable for definitive Notes of such Series or Tranche upon surrender of the temporary Notes of such Series or Tranche at the office or agency of the Issuer in a Place of Payment, without charge to the Noteholder; and upon surrender for cancellation of any one or more temporary Notes, the Issuer will execute and the Indenture Trustee will authenticate and deliver in exchange therefor a like Stated Principal Amount of definitive Notes of such Series or Tranche of authorized denominations and of like tenor and terms; provided, however, that no definitive Bearer Note shall be delivered in exchange for a temporary Registered Note; and provided further that a definitive Bearer Note shall be delivered in exchange for a temporary Bearer Note only in compliance with the conditions set

forth in Section 4.03. Until so exchanged, the temporary Notes of such Series or Tranche will in all respects be entitled to the same benefits under this Indenture as definitive Notes of such Series or Tranche.

4.05 <u>Registration, Transfer and Exchange</u>

(a) The Issuer will keep or cause to be kept a register (herein sometimes referred to as the "**Note Register**") in which, subject to such reasonable regulations as it may prescribe, the Issuer will provide for the registration of Registered Notes, or of Registered Notes of a particular Class, Series or Tranche, and for transfers of Registered Notes or of Registered Notes of such Class, Series or Tranche. Any such register will be in written form or in any other form capable of being converted into written form within a reasonable time. At all reasonable times, the information contained in such register or registers will be available for inspection by the Indenture Trustee at the office or agency to be maintained by the Issuer as provided in Section 13.03.

(b) Subject to Section 3.04, upon surrender for transfer of any Registered Note of any Class, Series or Tranche at the office or agency of the Issuer in a Place of Payment, the Issuer will execute, and, upon receipt of such surrendered Note, the Indenture Trustee will authenticate and deliver, in the name of the designated transferee or transferees, one or more new Registered Notes of such Class, Series or Tranche of any authorized denominations, of a like aggregate Stated Principal Amount, Principal Payment Date(s) and Principal Payment Default Date and of like terms.

(c) Subject to Section 3.04, at the option of the Noteholder, Notes of any Class, Series or Tranche may be exchanged for other Notes of such Class, Series or Tranche of any authorized denominations, of a like aggregate Stated Principal Amount, Principal Payment Date(s) and Principal Payment Default Date and of like terms, upon surrender of the Notes to be exchanged at the office or agency of the Issuer in a Place of Payment. Registered Notes, including Registered Notes received in exchange for Bearer Notes, may not be exchanged for Bearer Notes. At the option of the holder of a Bearer Note, subject to applicable laws and regulations, Bearer Notes may be exchanged for other Bearer Notes or Registered Notes (of the same Class, Series and Tranche of Notes) of authorized denominations of like aggregate fractional undivided interests in the Noteholders' interest, upon surrender of the Bearer Notes to be exchanged at an office or agency of the Note Registrar located outside the United States. Each Bearer Note surrendered pursuant to this Section 4.05 will have attached thereto all unmatured coupons; provided, however, that any Bearer Note so surrendered after the close of business on the last day of the month preceding the relevant Interest Payment Date need not have attached the coupon relating to such Interest Payment Date. Whenever any Notes are so surrendered for exchange, the Issuer will execute, and the Indenture Trustee will authenticate and deliver (in the case of Bearer Notes, outside the United States), the Notes which the Noteholders making the exchange are entitled to receive.

(d) All Notes issued upon any transfer or exchange of Notes will be the valid and legally binding obligations of the Issuer, evidencing the same debt, and entitled to the same benefits under this Indenture, as the Notes surrendered upon such transfer or exchange.

(e) Every Note presented or surrendered for transfer or exchange will (if so required by the Issuer or the Indenture Trustee) be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Issuer and the Note Registrar duly executed, by the Noteholder or his attorney duly authorized in writing.

(f) Unless otherwise provided in the Note to be transferred or exchanged, no service charge will be made on any Noteholder for any transfer or exchange of Notes, but the Issuer may (unless otherwise provided in such Note) require payment of a sum sufficient to cover any Tax or other governmental charge that may be imposed in connection with any transfer or exchange of Notes before the transfer or exchange will be complete, other than exchanges pursuant to Section 4.04 or Section 11.05 not involving any transfer.

(g) None of the Issuer, the Note Registrar or the Indenture Trustee shall be required (i) to issue, register the transfer of or exchange any Notes of any Class, Series or Tranche during a period beginning at the opening of business 15 days before the day of selection of Notes of such Class, Series or Tranche to be redeemed and ending at the close of business on (A) if Notes of such Class, Series or Tranche are issuable only as Registered Notes, the day of the mailing of the relevant notice of redemption of Registered Notes of such Class, Series or Tranche so selected for redemption or (B) if Notes of the Class, Series or Tranche are issuable as Bearer Notes, the day of the first publication of the relevant notice of redemption or, if Notes of the Class, Series or Tranche are also issuable as Registered Notes and there is no publication, the mailing of the relevant notice of redemption or (ii) to register the transfer or exchange of any Notes or portions thereof so selected for redemption.

(h) Notwithstanding anything herein to the contrary, the exchange of Bearer Notes into Registered Notes shall be subject to applicable laws and regulations in effect at the time of exchange; none of the Issuer, the Indenture Trustee or the Note Registrar shall exchange any Bearer Notes into Registered Notes if it has received an Opinion of Counsel that as a result of such exchanges the Issuer would suffer adverse consequences under the Canadian or United States federal income tax laws and regulations then in effect, or the income tax laws of the jurisdiction of the holder of the Bearer Note, and the Issuer has delivered to the Indenture Trustee an Issuer Certificate directing the Indenture Trustee not to make such exchanges unless and until the Indenture Trustee receives a subsequent Issuer Certificate to the contrary. The Issuer shall deliver copies of such Issuer Certificates to the Note Registrar.

(i) None of the Issuer, the Indenture Trustee, any agent of the Indenture Trustee, any Paying Agent or the Note Registrar will have any responsibility or liability for any

aspect of the records relating to or payments made on account of beneficial ownership of a Global Note or for maintaining, supervising or reviewing any records relating to such beneficial ownership.

(j) The Issuer initially appoints the Indenture Trustee to act as Note Registrar for the Registered Notes on its behalf. The Issuer may at any time and from time to time authorize any Person to act as Note Registrar in place of the Indenture Trustee with respect to any Class, Series or Tranche of Notes issued under this Indenture.

(k) Registration of transfer of Notes containing the following legend or to which the following legend is applicable:

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT IN ACCORDANCE WITH THE TRUST INDENTURE AND THE INDENTURE SUPPLEMENT AND PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT.

will be effected only if such transfer is made pursuant to an effective registration statement under the U.S. Securities Act, or is exempt from the registration requirements under the U.S. Securities Act. In the event that registration of a transfer is to be made in reliance upon an exemption from the registration requirements under the U.S. Securities Act other than Rule 144A under the U.S. Securities Act or Rule 903 or Rule 904 of Regulation S under the U.S. Securities Act, the transferor or the transferee will deliver, at its expense, to the Issuer and the Indenture Trustee, an investment letter from the transferee, substantially in a form appended to a Supplemental Indenture authorizing the applicable Series of Notes or such other form as the Issuer may determine, and no registration of transfer will be made until such letter is so delivered.

Notes issued upon registration or transfer of, or Notes issued in exchange for, Notes bearing the legend referred to above will also bear such legend and any other legends required by the Related Supplemental Indenture unless the Issuer, the Indenture Trustee and the Note Registrar receive an Opinion of Counsel, satisfactory to each of them, to the effect that such legend may be removed.

Whenever a Note containing the legend referred to above is presented to the Note Registrar for registration of transfer, the Note Registrar will promptly seek instructions from the Issuer regarding such transfer and will be entitled to receive an Issuer Certificate prior to registering any such transfer. The Issuer hereby agrees to indemnify the Note Registrar and the Indenture Trustee and to hold each of them harmless against any loss, liability or expense incurred without negligence or bad

faith on their part arising out of or in connection with actions taken or omitted by them in relation to any such instructions furnished pursuant to this clause. The Indenture Trustee shall have no obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer imposed under this Indenture, the Related Supplemental Indenture, or under applicable law with respect to any transfer of any interest in any Note other than to require delivery of such certificates and other documentation or evidence as are expressly required by, and to do so if and when expressly required by the terms of, this Indenture, and to examine the same to determine substantial compliance as to form with the express requirements hereof.

(l) By acquiring a Note, each Noteholder that is a United States Person will be deemed to represent, warrant and covenant that either: (i) it is not acquiring the Note (or any interest therein) with the assets of a Benefit Plan or a governmental, church or non-U.S. plan that is subject to any federal, state, local or other non-U.S. law that is substantially similar to Section 406 of ERISA or Section 4975 of the Internal Revenue Code ("**Similar Law**"); or (ii) (A) the Note is rated at least "BBB-" or its equivalent by a nationally recognized statistical rating agency at the time of purchase or transfer, and (B) the acquisition, holding and disposition of the Note will not give rise to a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Internal Revenue Code or a violation of any Similar Law.

4.06 <u>Mutilated, Destroyed, Lost and Stolen Notes</u>

(a) If (i) any mutilated Note (together, in the case of Bearer Notes, with all unmatured coupons, if any, appertaining thereto) is surrendered to the Indenture Trustee or the Note Registrar, or the Issuer, the Note Registrar or the Indenture Trustee receive evidence to their satisfaction of the destruction, loss or theft of any Note, and (ii) there is delivered to the Issuer, the Note Registrar or the Indenture Trustee such security or indemnity as may be required by them to save each of them harmless, then, in the absence of notice to the Issuer, the Note Registrar or the Indenture Trustee that such Note has been acquired by a protected purchaser, the Issuer will execute and upon its request the Indenture Trustee will authenticate and deliver (in the case of Bearer Notes, outside the United States), in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Note, a new Note of like tenor, Class, Series or Tranche, Principal Payment Date(s), Principal Payment Default Date and Stated Principal Amount, bearing a number not contemporaneously Outstanding.

(b) In case any such mutilated, destroyed, lost or stolen Note has become or is about to become due and payable, the Issuer in its discretion may, instead of issuing a new Note, pay such Note.

(c) Upon the issuance of any new Note under this Section 4.06, the Issuer may require the payment of a sum sufficient to cover any Tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Indenture Trustee) connected therewith.

(d) Every new Note issued pursuant to this Section 4.06 in lieu of any destroyed, lost or stolen Note will constitute an original additional contractual obligation of the Issuer, whether or not the destroyed, lost or stolen Note will be at any time enforceable by anyone, and will be entitled to all the benefits of this Indenture equally and proportionately with any and all other Notes of the same Class, Series or Tranche duly issued hereunder.

(e) The provisions of this Section 4.06 are exclusive and will preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Notes.

4.07 <u>Persons Entitled to Payment</u>

(a) Unless otherwise provided with respect to such Note pursuant to Section 4.01, interest payable on any Registered Note will be paid to the Person in whose name that Note is registered at the close of business on the most recent Record Date and interest payable on any Bearer Note will be paid to the bearer of that Note (or the applicable coupon) outside of the United States.

(b) Subject to clause (a), each Note delivered under this Indenture upon transfer of or in exchange for or in lieu of any other Note will carry the rights to interest accrued or principal accreted and unpaid, and to accrue or accrete, which were carried by such other Note.

(c) Title to any Bearer Note, including any coupons appertaining thereto, shall pass by delivery. The Issuer, the Indenture Trustee, the Manager and any agent of the Issuer, the Indenture Trustee or the Manager may treat the Person who is proved to be the owner of such Note pursuant to subsection 1.04(c) as the owner of such Note for the purpose of receiving payment of principal of and (subject to this Section 4.07) interest on such Note and for all other purposes whatsoever, whether or not such Note be overdue, and none of the Issuer, the Indenture Trustee, the Manager or any agent of the Issuer, the Indenture Trustee or the Manager will be affected by notice to the contrary.

(d) Delivery of a Note to the Paying Agent by the holder of such Note shall, upon payment thereof, be a good discharge to the Issuer of all obligations evidenced by such Note. The Paying Agent shall not be bound to enquire into the title of any such Noteholder, save as ordered by a court of competent jurisdiction or as required by statute, nor shall it be bound to see to the execution of any trust affecting the ownership of any Note or be affected by notice of any equity that may be subsisting in respect thereof.

(e) Any payment of principal or interest on any Note which is due on a day other than a Business Day shall be payable on the next succeeding Business Day without adjustment for interest thereon and such payment shall be deemed to have been made with the same force and effect as if made on the due date.

(f) Upon the Paying Agent's reasonable request therefor, the Issuer will (i) provide the Paying Agent with any information in its possession or (ii) assist the Paying Agent (to the extent necessary and it is commercially reasonable for the Issuer to do so) to obtain information, in each case, to the extent such information is required by the Paying Agent to comply with its tax reporting and withholding obligations under applicable law with respect to payments to be made to Specified Creditors pursuant to this Indenture and the other Program Agreements, unless the Issuer is prohibited from doing so by applicable law or an obligation of confidentiality by which the Issuer is bound.

4.08 <u>Protection of Notes</u>

(a) The Indenture Trustee shall hold in safekeeping the Notes which have not been issued (but which have been delivered to the Indenture Trustee by or on behalf of the Issuer) pending receipt of an Issuer Certificate. The Indenture Trustee shall acknowledge receipt of the Notes so delivered by signing and returning to the Issuer an acknowledgement of receipt of the Notes, such acknowledgement to be in a form satisfactory to the Issuer.

(b) The Indenture Trustee's responsibility for any Notes held in its custody hereunder shall be limited to using the same diligence in physically safeguarding such Notes as it does for its own securities. The Indenture Trustee shall account for the unissued Notes held in its custody whenever so required by the Issuer. If at any time the Indenture Trustee shall discover that any of such Notes have been lost, damaged, destroyed, stolen or misappropriated, it shall promptly advise the Issuer thereof and identify, to the extent practicable, such Notes.

4.09 <u>Additional Issuances of Notes</u>

(a) There are no restrictions on the timing or amount of any additional issuance of Notes of an Outstanding Series or Tranche of Notes, so long as the conditions described in Article V are satisfied. As of the date of any additional issuance of Notes of an Outstanding Series or Tranche of Notes, the Stated Principal Amount and Outstanding Dollar Principal Amount of that Series or Tranche will be increased to reflect the principal amount of the additional Notes. If the additional Notes are a Series or Tranche of Notes that has the benefit of a Derivative Agreement, the Issuer will enter into a Derivative Agreement for the benefit of the additional Notes. In addition, if the additional Notes are a Series or Tranche of Notes that has the benefit of any Credit Enhancement Agreement or Liquidity Agreement, the Issuer will enter into a Credit Enhancement Agreement or Liquidity Agreement, as applicable, for the benefit of the additional Notes.

(b) When issued, the additional Notes of a Series or Tranche will be identical in all respects to the other Outstanding Notes of that Series or Tranche and will be equally and ratably entitled to the benefits of this Indenture and the Related Supplemental Indenture as the other Outstanding Notes of that Series or Tranche without preference, priority or distinction; provided, however, that if such additional Notes

are not fungible with such other Outstanding Notes for United States federal income tax purposes, then such additional Notes shall have a separate ISIN, CUSIP or other identifying number from such other Outstanding Notes.

4.10 Redemption of Notes

(a) Subject to Section 13.24, if the Related Supplemental Indenture for a Series or Tranche of Notes specifies that the Notes of such Series or Tranche will be redeemable, in whole at any time or in part from time to time, such Notes may be redeemed at a redemption price (the "**Redemption Price**") provided for in such Related Supplemental Indenture. In case of any redemption, the provisions of this Section 4.10 shall apply except to the extent provided otherwise in such Related Supplemental Indenture.

(b) The Redemption Price, plus accrued and unpaid interest and other amounts (if any) due thereon to the redemption date, will be payable upon presentation and surrender of the Notes called for redemption at any of the places where the principal of such Series or Tranche of Notes is expressed to be payable and at any other places specified in the notice of redemption.

(c) If less than all the Notes of any Series or Tranche are to be redeemed at one time, the Notes of such Series or Tranche to be redeemed will be selected by the Indenture Trustee on a *pro rata* basis, disregarding fractions, according to the principal amount of Notes registered in the name of each Noteholder, or in such other manner (which may include random selection by computer) as the Indenture Trustee may consider equitable, provided that such selection will be proportionate (to the nearest 1,000 units of the applicable currency). For this purpose, the Indenture Trustee may make, and from time to time amend, regulations with regard to the manner in which such Notes may be called for redemption and regulations so made will be valid and binding upon all Noteholders notwithstanding the fact that, as a result of such regulations, one or more Notes become subject to redemption in part only. Unless the context otherwise requires, the terms "Note" and "Notes" as used in this Section 4.10 will be deemed to include any part of the principal amount of any Note which in accordance with the foregoing provisions has become subject to redemption.

(d) The holder of any Note called for redemption in part only will be entitled to receive, upon surrender of such Note for payment and without expense to such holder, a new Note or Notes of an aggregate principal amount equal to the unredeemed part of the Note so surrendered, and the Issuer will execute and the Indenture Trustee will certify and deliver to such holder such new Note or Notes; provided, however, that, in the case of a Global Note, an appropriate notation may instead be made on such Global Note to decrease the principal amount thereof to an amount equal to the unredeemed portion thereof.

(e) Notice of intention to redeem any Series or Tranche of Notes will be given by the Issuer in the manner provided in Section 15.03 or otherwise in accordance with the procedures of the Depository at least 15 days but not more than 30 days prior to the

date fixed for redemption. Notwithstanding the foregoing, a redemption notice may be delivered more than 30 days prior to the date fixed for redemption if such notice is issued in connection with a satisfaction and discharge of this Indenture with respect to any Series or Tranche of Notes. Every such notice will specify that portion of the principal amount of such Note to be redeemed (provided that no Notes in an aggregate principal amount of 1,000 units of the applicable currency or less will be redeemed in part), the redemption date, the Redemption Price and places of payment, and will state that all interest on the Notes called for redemption will cease to be payable from the redemption date.

(f) Upon notice having been given as provided in Section 4.10(e), the Notes called for redemption or the principal amount to be redeemed of the Notes called for redemption in part, as the case may be, will thereupon become due and payable at the Redemption Price, on the redemption date specified in such notice, in the same manner and with the same effect as if it were the maturity date for such Notes, notwithstanding anything contained in this Indenture or in the Notes to the contrary. From and after such redemption date, if the money necessary to redeem such Notes has been deposited as provided in Section 4.10(h) or 4.10(i) and affidavits or other proof satisfactory to the Indenture Trustee as to the delivery or mailing of such notices have been delivered to it, such Notes will not be considered as Outstanding under this Indenture and interest upon such Notes will cease to accrue after such date.

(g) If any question arises as to whether notice of redemption or deposit of the redemption money has been given or made available as provided above, such question will be decided by the Indenture Trustee, whose decision will be final and binding upon all interested parties.

(h) Except as may otherwise be provided in the Related Supplemental Indenture or in any Series or Tranche of Notes, or as part of a satisfaction and discharge of this Indenture with respect to any Series or Tranche of Notes where payment has been made in accordance with another provision of this Indenture, upon Notes of a Series or Tranche being called for redemption, the Issuer will deposit with the Indenture Trustee immediately available funds no later than 10:00 a.m. on the date fixed for redemption in the relevant notice of redemption (or such later time on such date as is acceptable to the Indenture Trustee), such sums as may be sufficient to pay the Redemption Price of the Notes to be redeemed, plus accrued and unpaid interest and other amounts (if any) due on such Notes to the redemption date, and will pay to the order of the Indenture Trustee the estimated charges and expenses to be incurred in connection with such redemption. From the sums so deposited and upon surrender of such Notes, the Indenture Trustee will pay or cause to be paid to the holders of the Notes called for redemption the principal thereof, interest and other amounts (if any) thereon to which they are entitled on redemption.

(i) Alternatively, in respect of any Global Notes, the Issuer may, at its option, cause the amount payable on redemption to be sent by wire transfer on the day such

redemption payment is due to an account maintained by such Noteholder or any other method acceptable to the Issuer and such Noteholder.

4.11 Purchase of Notes for Cancellation

(a) Provided no Event of Default has occurred and is continuing, the Issuer may purchase or otherwise acquire, at any time and from time to time, all or any of the Outstanding Notes of any Series or Tranche in the market (which will include purchase from or through an investment dealer, participant or a firm holding membership on a recognized stock exchange) or by invitation to tender or by private contract at such prices as it may determine in its sole discretion. The Issuer will deliver to the Indenture Trustee all Notes purchased as aforesaid, when paid, as evidence of such payment.

(b) If, upon an invitation to tender, more Notes of a Series or Tranche are tendered in response to such invitation at the same lowest price than the Issuer is prepared to accept, Notes of the Series or Tranche to be purchased by the Issuer will be selected by the Indenture Trustee on a *pro rata* basis, disregarding fractions, according to the Outstanding Dollar Principal Amount of Notes registered in the name of each Noteholder, or in such other manner as the Indenture Trustee may consider equitable (which may include random selection by computer), from the Notes tendered by each Noteholder which tendered at such lowest price. For this purpose, the Indenture Trustee may make, and from time to time amend, regulations with respect to the manner in which Notes may be so selected and regulations so made will be valid and binding upon all Noteholders, notwithstanding the fact that, as a result thereof, one or more of such Notes becomes subject to purchase in part only. The holder of any Note of which a part only is purchased, will be entitled to receive upon surrender of such Note for payment and without expense to such holder, a new Note or Notes of an aggregate principal amount equal to the unpurchased part of the Note so surrendered and the Indenture Trustee will certify and deliver to such holder a new Note or Notes; provided, however, that, in the case of a Global Note, an appropriate notation may instead be made on such Global Note to decrease the principal amount thereof to an amount equal to the unpurchased portion thereof.

4.12 Cancellation

All Notes surrendered for payment, redemption, repurchase, transfer, conversion or exchange will, if surrendered to any Person other than the Indenture Trustee, be delivered to the Indenture Trustee and will be promptly canceled by it. The Issuer may at any time deliver to the Indenture Trustee for cancellation any Notes previously authenticated and delivered hereunder which the Issuer may have acquired in any manner whatsoever, and all Notes so delivered will be promptly canceled by the Indenture Trustee. No Note will be authenticated in lieu of or in exchange for any Notes canceled as provided in this Section 4.12, except as expressly permitted by this Indenture. The Indenture Trustee will dispose of all canceled Notes in accordance with its customary procedures and will deliver a certificate of such disposition to the Issuer.

ARTICLE V
CONDITIONS PRECEDENT

5.01 Conditions Precedent for Incurrence of Indebtedness

On or prior to the date that the Issuer enters into a definitive agreement for the incurrence of new Issuer Funding Obligations or the renewal or extension of any existing Issuer Funding Obligations (in each case, other than Derivative Funding Obligations), the following conditions precedent shall be satisfied:

(a) the Issuer shall have delivered to the Indenture Trustee and each Rating Agency notice of the incurrence of such Issuer Funding Obligation;

(b) the Issuer shall have delivered to the Indenture Trustee and each Rating Agency an Issuer Certificate to the effect that:

(i) the Issuer reasonably believes that the incurrence of such Issuer Funding Obligation will not cause an Adverse Effect;

(ii) all instruments furnished to the Indenture Trustee conform to the requirements of this Indenture and constitute sufficient authority hereunder for the Indenture Trustee to (A) in the case of a Note issuance only, authenticate and deliver such Notes, and (B) in the case of all other Issuer Funding Obligations, execute and deliver the Related Funding Obligation Agreement in accordance with Section 5.05;

(iii) in the case of a Note issuance only, the form and terms of such Notes have been established in conformity with the provisions of this Indenture;

(iv) the incurrence of such Issuer Funding Obligation is consistent in all material respects with the Financing Plan;

(v) the conditions set out in subsections 5.01(c), (d), (g) and (k) have been met; and

(vi) such other matters as the Indenture Trustee may reasonably request;

(c) the representations and warranties set forth in Section 12.01 shall be true and correct in all material respects;

(d) the Rating Agency Condition with respect to all outstanding Series or Tranches of Issuer Funding Obligations shall have been satisfied with respect to such incurrence;

(e) the Indenture Trustee shall have received either:

(i) a certified copy of the instrument whereby the Province designated in writing that the new Issuer Funding Obligations are Approved Obligations

as contemplated by clause (ii) of Section 4.01 of the Change of Law Protection Agreement; or

(ii) both (A) an Adherence Compliance Certificate addressed to the Indenture Trustee with respect to the new Issuer Funding Obligations delivered in accordance with Section 4.02(a)(ii) of the Change of Law Protection Agreement; such Adherence Compliance Certificate to be delivered not more than five (5) Business Days prior to the incurrence of the new Issuer Funding Obligation, and (B) a certificate signed by the Manager certifying that the Province has not provided a Suspension Notice to the Manager or the Issuer;

(f) the Issuer shall have delivered to the Indenture Trustee copies of the Related Funding Obligation Agreement, including in the case of Notes, a Supplemental Indenture, and if applicable, a Terms Document relating to the applicable Tranche of Notes;

(g) in the case of Senior Funding Obligations only, the Issuer will have Subordinated Funding Obligations and Junior Subordinated Funding Obligations in an aggregate Outstanding Dollar Principal Amount equal to not less than 35% of the aggregate Outstanding Dollar Principal Amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations (after giving effect to such incurrence) and in the case of Subordinated Funding Obligations only, the Issuer will have Junior Subordinated Funding Obligations in an aggregate Outstanding Dollar Principal Amount equal to not less than 10% of the aggregate Outstanding Dollar Principal Amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations (after giving effect to such incurrence);

(h) except in the case of Notes, the Issuer delivers to the Indenture Trustee an updated copy of the Specified Creditor list described in Section 13.13(b);

(i) each Debtholder in respect of such Issuer Funding Obligation (or an authorized agent on their behalf) shall have made the acknowledgements and agreements set out in Section 5.04;

(j) the Change of Law Protection Agreement shall be in full force and effect against the Province or shall have been replaced with a new agreement that is in form and substance satisfactory to Controlling Class Creditors pursuant to an Ordinary Resolution;

(k) the conditions precedent, if any, specified in the applicable Funding Obligation Agreement shall have been satisfied;

(l) in the case of a Note issuance only, the Indenture Trustee shall have received an Issuer Certificate for the certification and delivery of such Notes and specifying the particulars relating to such Notes;

(m) in the case of Bearer Notes described in section 163(f)(2)(A) of the Internal Revenue Code, if such Notes are not in registered form (including by reason of a book entry system described in section 163(f)(3) of the Internal Revenue Code), then such Notes shall be described in section 4701(b)(1)(B) of the Internal Revenue Code and such section shall apply to such Notes; and

(n) in the case of Foreign Currency Notes only, the Issuer shall have appointed one or more Paying Agents in the appropriate countries, if requested by the Indenture Trustee.

For greater certainty, periodic drawdowns under existing Funding Obligation Agreements, or a renewal or extension thereof in accordance with the terms of a Funding Obligation Agreement, shall not constitute a new incurrence of Issuer Funding Obligations. However, an increase in the aggregate commitment under an existing Funding Obligation Agreement or the issuance of additional Notes of an Outstanding Series or Tranche of Notes shall constitute a new incurrence of Issuer Funding Obligations.

5.02 <u>No Consent</u>

The Indenture Trustee will not be required to and, except as otherwise provided in any Funding Obligation Agreement, the Issuer will not be required to, provide prior notice to or obtain the consent of any Debtholder or any other Specified Creditor to incur any Issuer Funding Obligations.

5.03 <u>Conditions Precedent for the Incurrence of other Obligations Secured</u>

On or prior to the date that the Issuer enters into any agreement that would give rise to Obligations Secured (other than Issuer Funding Obligations referred to in Section 5.01 but including Derivative Funding Obligations), the following conditions precedent shall be satisfied:

(a) the Issuer shall have delivered to the Indenture Trustee a copy of the applicable agreement; and

(b) the Issuer shall have delivered to the Indenture Trustee an updated copy of the Specified Creditor list described in Section 13.13(b);

(c) each counterparty to such agreement (or an authorized agent on their behalf) shall have made the acknowledgements and agreements set out in Section 5.04; and

(d) if the Obligations Secured are Certified Primary Obligations, the Indenture Trustee shall have received either:

(i) a certified copy of the instrument whereby the Province designated in writing that the new Obligations Secured are Approved Obligations as contemplated by clause (ii) of Section 4.01 of the Change of Law Protection Agreement; or

(ii) both (A) an Adherence Compliance Certificate addressed to the Indenture Trustee with respect to the new Obligations Secured delivered in accordance with Section 4.02(a)(ii) of the Change of Law Protection Agreement; such Adherence Compliance Certificate to be delivered not more than five (5) Business Days prior to the incurrence of the new Obligations Secured, and (B) a certificate signed by the Manager certifying that the Province has not provided a Suspension Notice to the Manager or the Issuer.

5.04 Specified Creditor Acknowledgements

Each Specified Creditor:

(a) acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor hereunder and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under this Indenture including, without limitation, Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 7.12 (Payments Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Section 8.14 (Limited Recourse), Article IX (Indenture Trustee) (including all limitations of liability thereunder), Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition);

(b) except in the case of the Province, irrevocably authorizes and directs the Indenture Trustee on its behalf to take such action (including the execution and delivery of documents of subordination) as may be necessary or appropriate to further assure the priority arrangements provided for in Article VI, Article VII and Section 8.13, and appoints the Indenture Trustee as its agent for any and all such purposes; and

(c) consents, requests and authorizes the Issuer and the Indenture Trustee to (i) add such Specified Creditor (or its agent) to the register of Specified Creditors described in Section 13.13 and (ii) disseminate the notice details of such Specified Creditor to other Specified Creditors for the purposes set out in subsection 9.14(b).

5.05 Acknowledgement of Program Agreement by Indenture Trustee

Upon receipt of an Issuer Certificate directing it to do so (provided the conditions set forth in Section 5.01 or 5.03, as applicable, have been satisfied, as certified by the Issuer), the Indenture Trustee shall execute an acknowledgement with respect to any Program Agreement or any evidence of indebtedness issued pursuant to a Program Agreement confirming that such Program Agreement or evidence of indebtedness is an Obligation Secured under this Indenture and the creditors listed in such Program Agreements are Specified Creditors for the purposes of this Indenture.

ARTICLE VI
SUBORDINATION

6.01 Subordination

The payment of all Subordinated Funding Obligations shall be subordinate and rank junior, to the extent and in the manner set forth in this Article VI, Article VII and Article VIII, if applicable, to the prior payment in full of all amounts owing from time to time with respect to the Senior Funding Obligations and the Derivative Funding Obligations. The payment of all Junior Subordinated Funding Obligations shall be subordinate and rank junior, to the extent and in the manner set forth in this Article VI, Article VII and Article VIII, if applicable, to the prior payment in full of all amounts owing from time to time with respect to the Senior Funding Obligations, the Derivative Funding Obligations and the Subordinated Funding Obligations. Subject to the provisions of the Related Funding Obligation Agreement, (i) prior to the acceleration of the Issuer Funding Obligations pursuant to Section 8.02, payment in respect of the Subordinated Funding Obligations and the Junior Subordinated Funding Obligations shall be made as provided for in Sections 7.04 to 7.11; and (ii) after the acceleration of the Issuer Funding Obligations pursuant to Section 8.02, payment on account of the Subordinated Funding Obligations and the Junior Subordinated Funding Obligations shall be made as provided for in Section 8.13.

6.02 Subrogation to Senior Funding Obligations and Derivative Funding Obligations

(a) Subject to the payment in full of the Senior Funding Obligations and the Derivative Funding Obligations or the making of due provision for such payment, the Debtholders of Subordinated Funding Obligations shall be subrogated to the rights of the Debtholders of Senior Funding Obligations and Derivative Counterparties to receive payments or distributions of assets of the Issuer, to the extent of the application thereto of moneys or other assets which would have been received by the Debtholders of Subordinated Funding Obligations but for the provisions of this Article VI, until the principal of and interest on the Subordinated Funding Obligations shall be paid in full.

(b) Subject to the payment in full of the Senior Funding Obligations, the Derivative Funding Obligations and the Subordinated Funding Obligations or the making of due provision for such payment, the Debtholders of Junior Subordinated Funding Obligations shall be subrogated to the rights of the Debtholders of Senior Funding Obligations and Subordinated Funding Obligations, and Derivative Counterparties, to receive payments or distributions of assets of the Issuer, to the extent of the application thereto of moneys or other assets which would have been received by the Debtholders of Junior Subordinated Funding Obligations but for the provisions of this Article VI, until the principal of and interest on the Junior Subordinated Funding Obligations shall be paid in full.

6.03 Rights of Specified Creditors Preserved

The provisions of this Article VI are and are intended solely for the purpose of defining the relative rights of the Debtholders of Senior Funding Obligations, Subordinated Funding

Obligations and Junior Subordinated Funding Obligations, and Derivative Counterparties, as applicable. Nothing in this Article VI is intended to or shall impair the obligation of the Issuer, subject to the rights of the Debtholders of Senior Funding Obligations and Derivative Counterparties, to pay the Subordinated Funding Obligations and Junior Subordinated Funding Obligations as and when the same shall become due and payable in accordance herewith, or affect the relative rights of the Debtholders of Subordinated Funding Obligations and Junior Subordinated Funding Obligations, and creditors of the Issuer other than Debtholders of such Senior Funding Obligations and Derivative Counterparties, nor shall anything in this Article VI prevent the Indenture Trustee or such Debtholders from exercising all remedies otherwise permitted by this Indenture, subject to the rights (if any) under this Article VI of Debtholders of Senior Funding Obligations, Derivative Counterparties and the Indenture Trustee on their behalves in respect of any payment or distribution of cash, property or securities of the Issuer received upon the exercise of any such remedy.

6.04 Renewal or Extension of Senior Funding Obligations

(a) Except as provided in this Indenture or the Related Funding Obligation Agreement, Debtholders of Senior Funding Obligations and Derivative Counterparties may at any time in their discretion renew or extend the time of payment of their Issuer Funding Obligations or exercise any other of their rights in respect thereof, including, without limitation, the waiver of an Event of Default thereunder, all without notice to or assent from the Debtholders of the Subordinated Funding Obligations or Junior Subordinated Funding Obligations, or the Indenture Trustee.

(b) No compromise, alteration, amendment, modification, extension, renewal or other change of, or waiver, consent or other action in respect of, any liability or obligation under or in respect of any Senior Funding Obligations, Derivative Funding Obligations or of any of the terms, covenants or conditions of any Related Funding Obligation Agreement under which any Senior Funding Obligations or Derivative Funding Obligations shall have been issued, shall in any way alter or affect any of the provisions of this Article VI.

ARTICLE VII
ISSUER ACCOUNTS AND INVESTMENTS; ORDINARY COURSE ALLOCATIONS

7.01 Available Collections

Except as otherwise expressly provided in this Indenture, the Indenture Trustee may demand payment or delivery of, and shall receive and collect, directly and without intervention or assistance from any fiscal agent or other intermediary, all money and other property payable to or receivable by the Indenture Trustee pursuant to this Indenture including, without limitation, all funds and other property payable to the Indenture Trustee in connection with the Collateral. The Indenture Trustee will hold all such money and property received by it as part of the Collateral and will apply it, or cause it to be applied, as provided in this Indenture and any applicable Program Agreement.

7.02 Issuer Accounts

(a) On or before the date hereof, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**Collection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. All Available Collections received shall be credited to the Collection Account. The Collection Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the Collection Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 calendar days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition is satisfied) establish a new Collection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Collection Account to such new Collection Account. From the date each such new Collection Account is established, it shall be the "Collection Account."

(b) On or before the date hereof, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**Interest Accumulation Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. The Interest Accumulation Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the Interest Accumulation Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Interest Accumulation Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Interest Accumulation Account to such new Interest Accumulation Account. From the date each such new Interest Accumulation Account is established, it shall be the "Interest Accumulation Account." The Interest Accumulation Account is a "finance reserve account" under, and as defined in, the Fair Hydro Regulations.

(c) On or before the date hereof, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**Principal Accumulation Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. The Principal Accumulation Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the Principal Accumulation Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer

period, not to exceed 45 calendar days, so long as the Rating Agency Condition is satisfied) establish a new Principal Accumulation Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Principal Accumulation Account to such new Principal Accumulation Account. From the date each such new Principal Accumulation Account is established, it shall be the "Principal Accumulation Account." The Principal Accumulation Account is a "capital account" under, and as defined in, the Fair Hydro Regulations.

(d) On or before the date hereof, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**Program Cash Reserve Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. The Program Cash Reserve Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the Program Cash Reserve Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Program Cash Reserve Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Program Cash Reserve Account to such new Program Cash Reserve Account. From the date each such new Program Cash Reserve Account is established, it shall be the "Program Cash Reserve Account." The Program Cash Reserve Account is a "finance reserve account" under, and as defined in, the Fair Hydro Regulations. The Issuer shall deposit the Program Cash Reserve Required Amount to the Program Cash Reserve Account during the Reference Period commencing May 1, 2021 pursuant to the application of amounts available under subsection 7.04(e)(xiii).

(e) On or before the date hereof, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**IESO Cash Reserve Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. The IESO Cash Reserve Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the IESO Cash Reserve Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new IESO Cash Reserve Account that is an Eligible Deposit Account and shall transfer any funds or other property from such IESO Cash Reserve Account to such new IESO Cash Reserve Account. From the date each such new IESO Cash Reserve Account is established, it shall be the "IESO Cash Reserve Account." The IESO Cash Reserve Account is a "finance reserve account" under, and as defined in, the Fair Hydro Regulations. The Issuer shall deposit the IESO Cash Reserve Deposit Amount directly to the IESO Cash Reserve Account on the earlier of (x) April 30,

2021, and (y) the receipt of the IESO Cash Reserve Deposit Amount from the IESO. Other than such deposit of the IESO Cash Reserve Deposit Amount to the IESO Cash Reserve Account, no other amounts shall be deposited to the IESO Cash Reserve Account.

(f) On or before the date hereof, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**Refinancing Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. All proceeds arising from Notes and Borrowings related to Refinancings shall be deposited to the Refinancing Account. For greater certainty, the Refinancing Account may contain Sub-Accounts to account for proceeds in different currencies. The Refinancing Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the Refinancing Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition is satisfied) establish a new Refinancing Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Refinancing Account to such new Refinancing Account. From the date each such new Refinancing Account is established, it shall be the "Refinancing Account."

(g) From time to time in connection with the creation of any Series of Issuer Funding Obligations, the Issuer may cause to be established and maintained an Eligible Deposit Account (a "**Series Capital Reserve Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the applicable Debtholders or Derivative Counterparties. A Series Capital Reserve Account may be established for the sole purpose of allowing the Issuer to accumulate funds to be used to make repayments in respect of a Series of Issuer Funding Obligations. Details of any period of accumulation and the amounts to be accumulated shall be specified in the Related Funding Obligation Agreement. Each Series Capital Reserve Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the applicable Debtholders or Derivative Counterparties. If, at any time, the institution holding a Series Capital Reserve Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition in respect of the applicable Series is satisfied) establish a new Series Capital Reserve Account that is an Eligible Deposit Account and shall transfer any funds or other property to such new Series Capital Reserve Account. From the date each such new Series Capital Reserve Account is established, it shall be a "Series Capital Reserve Account." Each Series Capital Reserve Account shall be a "capital account" under, and as defined in, the Fair Hydro Regulations.

(h) From time to time in connection with the creation of any Series of Issuer Funding Obligations, the Issuer may cause to be established and maintained an Eligible Deposit Account (a "**Series Finance Reserve Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the applicable Debtholders or Derivative Counterparties. A Series Finance Reserve Account may be established for the purpose of allowing the Issuer to reserve funds to pay finance charges (including, without limitation, interest and payments under Derivative Agreements) for a Series of Issuer Funding Obligations. Details of any reserve requirements shall be specified in the Related Funding Obligation Agreement. Each Series Finance Reserve Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the applicable Debtholders or Derivative Counterparties. If, at any time, the institution holding a Series Finance Reserve Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition in respect of the applicable Series is satisfied) establish a new Series Finance Reserve Account that is an Eligible Deposit Account and shall transfer any funds or other property to such new Series Finance Reserve Account. From the date each such new Series Finance Reserve Account is established, it shall be a "Series Finance Reserve Account." Each Series Finance Reserve Account shall be a "finance reserve account" under, and as defined in, the Fair Hydro Regulations.

(i) On or before the making of any demand for payment under the Change of Law Protection Agreement, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. All payments received from the Province pursuant to the Change of Law Protection Agreement shall be deposited to the Protection Account. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account."

(j) From time to time in connection with the establishment of any Program Account (other than the Protection Account) or Series Account, the Issuer may cause to be established and maintained one or more Eligible Securities Accounts (each, a "**Securities Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the

benefit of the Indenture Trustee and the Specified Creditors. A Securities Account may be established for the purpose of allowing the Issuer to invest funds held in any Program Account or Series Account in Eligible Investments in accordance with Section 7.03. Each Securities Account shall relate to only one Program Account or Series Account. Each Securities Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution at which a Securities Account is maintained ceases to be an Affiliate of an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition (only in respect of the Series if related to a Series Account) is satisfied) establish a new Securities Account that is an Eligible Securities Account and shall transfer any funds or other property to such new Securities Account. From the date each such new Securities Account is established, it shall be a "Securities Account."

7.03 <u>Investment of Funds in the Issuer Accounts</u>

(a) Funds credited to the Issuer Accounts will (unless otherwise stated in this Indenture or, with respect to a Series Account, any applicable Funding Obligation Agreement) be invested and reinvested by the Indenture Trustee at the written direction of the Manager in one or more Eligible Investments. The Manager may appoint as its agent under a separate agreement a registered investment advisor and authorize such agent to give instructions on behalf of the Manager to the Indenture Trustee for funds to be invested and reinvested in one or more Eligible Investments. The Manager shall provide the Indenture Trustee with a written direction certifying any such appointment, together with an incumbency for such agent in a form acceptable to the Indenture Trustee, acting reasonably. The Indenture Trustee shall be entitled to conclusively rely on, and shall be protected in acting upon, instructions received from such agent on behalf of the Manager. The Manager (or its agent appointed pursuant to the preceding sentence) may authorize the Indenture Trustee to make specific investments pursuant to written instructions, in such amounts as the Manager will specify. Any direction from the Manager (or its agent appointed pursuant to this Section) to the Indenture Trustee shall be in writing and shall be provided to the Indenture Trustee no later than 9:00 a.m. (Toronto time) on the day on which the investment is to be made. Any such direction received by the Indenture Trustee after 9:00 a.m. (Toronto time) or received on a day that is not a Business Day shall be deemed to have been given prior to 9:00 a.m. (Toronto time) on the next Business Day.

(b) Notwithstanding anything to the contrary herein, for purposes of making investments in accordance with this Section 7.03, the Issuer shall be entitled to make transfers of cash from any Program Account or Series Account to the Related Securities Account, provided that the Issuer shall ensure that Eligible Investments in the Related Securities Account mature at such times as may be required so that a sufficient amount of cash shall be available for transfer to the applicable Program Account or Series Account to the extent required to pay all Obligations Secured

that are payable on the following Payment Date, Interest Payment Date or Principal Payment Date, as applicable. Transfers of cash between a Program Account or a Series Account and the Related Securities Account shall not require the delivery of a Payment Instruction and may be effected in accordance with the Indenture Trustee's standard practices.

(c) All funds from time to time credited to the Issuer Accounts pursuant to this Indenture and the Funding Obligation Agreements, and all investments made with such funds, if any, are property of the Issuer until such time as they are allocated or paid to satisfy Obligations Secured and will be held by the Indenture Trustee in the Issuer Accounts as part of the Collateral as herein provided, subject to withdrawal by the Paying Agent or the Indenture Trustee for the purposes specified herein.

(d) Funds and other property in any of the Issuer Accounts will not be commingled with any other funds or property of the Issuer or the Indenture Trustee.

(e) All interest and earnings (net of losses and investment expenses), if any, on funds credited to an Issuer Account will be part of that Issuer Account.

(f) Subject to subsection 9.01(d), neither the Indenture Trustee nor the Manager will in any way be held liable by reason of any losses incurred in the investment of any funds in any Eligible Investments and any insufficiency in an Issuer Account resulting from any loss on any Eligible Investment included therein.

(g) Funds credited to the Issuer Accounts will be invested and reinvested by the Indenture Trustee as provided in the written direction of the Manager; provided, however, that such funds shall remain uninvested upon the occurrence of any of the following events:

(i) the Manager (or its agent appointed pursuant to paragraph (a) above) shall have failed to give investment directions to the Indenture Trustee; or

(ii) an Event of Default shall have occurred and be continuing but no Issuer Funding Obligations have been declared due and payable pursuant to Section 8.02.

7.04 Allocation of Amounts on Deposit in Collection Account

(a) Subject to the applicable Payment Waterfall, all Senior Funding Obligations of each Series or Tranche will in all respects be equally and ratably entitled to the benefits hereof with respect to such Series or Tranche without preference, priority or distinction on account of (i) the actual time of the incurrence, (ii) the Principal Payment Date(s), (iii) the Principal Payment Default Date, or (iv) the Principal Accumulation Date, except as specified in the Related Funding Obligation Agreement. All Subordinated Funding Obligations of each Series or Tranche will in all respects be equally and ratably entitled to the benefits hereof with respect to such Series or Tranche without preference, priority or distinction on account of (i) the actual time of the incurrence, (ii) the Principal Payment Date(s), (iii) the

Principal Payment Default Date, or (iv) the Principal Accumulation Date, except as specified in the Related Funding Obligation Agreement. All Junior Subordinated Funding Obligations of each Series or Tranche will in all respects be equally and ratably entitled to the benefits hereof with respect to such Series or Tranche without preference, priority or distinction on account of (i) the actual time of the incurrence, (ii) the Principal Payment Date(s), (iii) the Principal Payment Default Date, or (iv) the Principal Accumulation Date, except as specified in the Related Funding Obligation Agreement.

(b) On each Payment Date, Available Collections credited to the Collection Account since the previous Payment Date will be distributed in accordance with Section 7.04(e).

(c) Subject to subsection 7.04(f), if any amount below is payable on a date other than a Payment Date, prior to such payment being made, an amount will be reserved in the Collection Account equal to the amount estimated by the Manager in its commercially reasonable judgment, based upon amounts then known and/or reasonably expected to be or become payable on or before the next Payment Date, to be the aggregate amount of items *pari passu* or more senior in priority than such obligation, calculated on a *pro forma* basis, and if, due to such reservation of funds, there are insufficient funds available in the Collection Account to make such payment, such payment will be made only on the following Payment Date (and then only if funds are available pursuant to this Section 7.04).

(d) In the event of non-payment on any Payment Date of any amounts referred to in subsection 7.04(e), such amounts shall remain due and shall be payable on each subsequent Payment Date in the order of priority provided for in subsection 7.04(e), subject to Sections 7.10 and 8.13.

(e) Subject to Sections 7.04(f), 7.10 and 8.13, on each Payment Date (after making the applications provided for in Section 7.07(a)), any amount standing to the credit of the Collection Account will be distributed by the Paying Agent in the order of priority specified below, based upon the Payment Instruction received from the Manager in respect of such Payment Date, *pro rata* in proportion to the claims represented by each subclause except as otherwise specifically provided below:

(i) First, to the payment or remittance of all Taxes exigible for which a Governmental Authority is given priority over the Specified Creditors under the laws of the applicable jurisdiction;

(ii) Second, on a *pro rata* basis, to the Indenture Trustee and the Issuer Trustee in respect of the amount of fees, expenses and reimbursements owing, up to a maximum aggregate amount (without duplication of any amounts previously paid in respect of such fees, expenses and reimbursements) equal to the Trustee Cap with respect to each of the Issuer Trustee and the Indenture Trustee;

(iii) Third, *pari passu* (A) to transfer to the Interest Accumulation Account, the Interest Accrual Amount (Senior) for such Payment Date, and (B) to Derivative Counterparties, on a *pro rata* basis, all Derivative Funding Obligations payable other than Termination Payments;

(iv) Fourth, to transfer to the Interest Accumulation Account, the Interest Accrual Amount (Subordinated) for such Payment Date;

(v) Fifth, to transfer to the Interest Accumulation Account, the Interest Accrual Amount (Junior Subordinated) for such Payment Date,

(vi) Sixth, to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Warehouse) for such Payment Date;

(vii) Seventh, *pari passu* (A) to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Senior) for such Payment Date, and (B) to Derivative Counterparties, on a *pro rata* basis, any Termination Payment where the Derivative Counterparty is not the Defaulting Party or the sole Affected Party;

(viii) Eighth, to Debtholders, on a *pro rata* basis, all fees and other amounts (other than interest or principal) due and payable on the Senior Funding Obligations;

(ix) Ninth, to the Manager in respect of all fees, expenses and reimbursement amounts owing;

(x) Tenth, to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Subordinated) for such Payment Date;

(xi) Eleventh, to Debtholders, on a *pro rata* basis, all fees and other amounts (other than interest or principal) due and payable on the Subordinated Funding Obligations;

(xii) Twelfth, to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Junior Subordinated) for such Payment Date,

(xiii) Thirteenth, to deposit to the Program Cash Reserve Account, the amount, if any, by which the amount on deposit in the Program Cash Reserve Account is less than the Program Cash Reserve Required Amount;

(xiv) Fourteenth, to transfer such amounts as is sufficient to replenish, on a *pro rata* basis, any Series Capital Account or Series Finance Reserve Account as required by any Related Funding Obligation Agreement, other than any Series Capital Account or Series Finance Reserve Account related solely to Subordinated Funding Obligations or Junior Subordinated Funding Obligations;

(xv) Fifteenth, to transfer such amounts as is sufficient to replenish, on a *pro rata* basis, any Series Capital Reserve Account or Series Finance Reserve Account related solely to Subordinated Funding Obligations as required by any Related Funding Obligation Agreement;

(xvi) Sixteenth, to Debtholders, on a *pro rata* basis, all fees and other amounts (other than interest or principal) due and payable on the Junior Subordinated Funding Obligations;

(xvii) Seventeenth, to transfer such amounts as is sufficient to replenish, on a *pro rata* basis, any Series Capital Account or Series Finance Reserve Account related solely to Junior Subordinated Funding Obligations as required by any Related Funding Obligation Agreement;

(xviii) Eighteenth, to Derivative Counterparties, on a *pro rata* basis, any Termination Payment where the Derivative Counterparty is the Defaulting Party or the sole Affected Party;

(xix) Nineteenth, to the Issuer Trustee for the account of the beneficiaries of the Issuer, such amount as is required pursuant to the Declaration of Trust;

(xx) Twentieth, to the Manager in respect of all indemnity amounts owing;

(xxi) Twenty-First, *pari passu* (A) to the Indenture Trustee and the Issuer Trustee, in each case, in respect of the amount of any fees, expenses, reimbursements and indemnity amounts owing and not previously paid pursuant to clause (ii); (B) to the payment or remittance of all Taxes exigible and not previously paid pursuant to clause (i); and (C) to all other Specified Creditors not specifically referred to in this Section 7.04(e); in each case, including for each referenced party in subclauses (A), (B) and (C), any amounts payable to their respective Affiliates under the terms of any relevant indemnity; and

(xxii) Twenty-Second, any amounts remaining: (A) to be held in the Collection Account for distribution in the above order of priority on the succeeding Payment Date (or for distribution prior thereto as permitted or required pursuant to this Indenture); or (B) after the final Issuer Funding Obligation has been paid in full and discharged, and all of the other foregoing amounts are paid in full, together with all amounts due to the Indenture Trustee under Section 9.05 or otherwise, to the Issuer or as the Issuer designates.

(f) Notwithstanding subsections 7.04(b), (c) and (e):

(i) the transfer of any amounts deposited by IESO into the Collection Account on account of the IESO Cash Reserve Deposit Amount to the IESO Cash Reserve Account, and

(ii) the transfer of any amounts deposited into the Collection Account on account of one-time transaction costs and expenses in connection with the incurrence of Issuer Funding Obligations on or within three (3) Business Days of the closing date of such transaction,

shall, in each case, be made by the Paying Agent, based upon the Payment Instruction received from the Manager on the date applicable thereto without reserving for or paying amounts which are senior in priority to such obligation under subsection 7.04(e).

7.05 Allocation of Amounts on Deposit in Interest Accumulation Account

Subject to Section 7.10, on each Interest Payment Date, amounts on deposit in the Interest Accumulation Account will be distributed by the Paying Agent in the order of priority specified below, based upon the Payment Instruction received from the Manager in respect of such Interest Payment Date:

(a) First, to Debtholders, on a *pro rata* basis, in respect of all interest due and payable on the Senior Funding Obligations on such Interest Payment Date;

(b) Second, to Debtholders, on a *pro rata* basis, in respect of all interest due and payable on Subordinated Funding Obligations on such Interest Payment Date; provided that no payment of interest on Subordinated Funding Obligations shall be made under this Section 7.05(b) unless, after making such payment the amount remaining on deposit in the Interest Accumulation Account equals or exceeds the amount of accrued and unpaid interest on the Senior Funding Obligations as of such Interest Payment Date;

(c) Third, to Debtholders, on a *pro rata* basis, in respect of all interest due and payable on Junior Subordinated Funding Obligations on such Interest Payment Date; provided that no payment of interest on Junior Subordinated Funding Obligations shall be made under this Section 7.05(c) unless, after making such payment the amount remaining on deposit in the Interest Accumulation Account equals or exceeds the amount of accrued and unpaid interest on the Senior Funding Obligations and the Subordinated Funding Obligations as of such Interest Payment Date; and

(d) Fourth, any amounts remaining: (i) to be held in the Interest Accumulation Account for distribution in the above order of priority on the succeeding Interest Payment Date; or (ii) after the final Issuer Funding Obligation has been repaid in full, including all interest thereon, to be transferred to the Collection Account and applied in accordance with subsection 7.04(e);

provided that upon the occurrence and during the continuance of any Event of Default and acceleration of the Issuer Funding Obligations in accordance with Section 8.02, any amounts in the Interest Accumulation Account shall be applied in accordance with Section 8.13.

7.06 Allocation of Amounts on Deposit in Principal Accumulation Account

(a) Subject to Section 7.10, on each Interest Payment Date (after making the applications provided for in Section 7.05), to the extent that any interest which is due and payable on the Senior Funding Obligations, the Subordinated Funding Obligations and the Junior Subordinated Funding Obligations has not been paid, an amount equal to such deficiency shall be withdrawn from the Principal Accumulation Account and applied to the payment of interest due and payable on such Issuer Funding Obligations, provided that if the amount to be applied pursuant to this clause (a) is insufficient to pay all such interest, the application of such amounts shall be made first to Senior Funding Obligations, then to Subordinated Funding Obligations, and finally to Junior Subordinated Funding Obligations, in each case, on a *pro rata* basis.

(b) Subject to Section 7.10, on each Principal Payment Date (after making the applications provided for in subsection 7.06(a)), amounts on deposit in the Principal Accumulation Account will be distributed by the Paying Agent in the order of priority specified below, based upon the Payment Instruction received from the Manager in respect of such Principal Payment Date:

(i) First, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of Warehouse Obligations payable on such Principal Payment Date;

(ii) Second, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of Senior Funding Obligations (other than Warehouse Obligations) payable on such Principal Payment Date;

(iii) Third, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of Subordinated Funding Obligations payable on such Principal Payment Date; provided that no payment of principal on Subordinated Funding Obligations shall be made under this subsection 7.06(b)(iii) unless, after making such payment, the amount remaining on deposit in the Principal Accumulation Account equals or exceeds the Required Principal Accumulation Amount (Senior) as of such Principal Payment Date; and

(iv) Fourth, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of Junior Subordinated Funding Obligations payable on such Principal Payment Date; provided that no payment of principal on Junior Subordinated Funding Obligations shall be made under this subsection 7.06(b)(iv) unless, after making such payment, the amount remaining on deposit in the Principal Accumulation Account equals or

exceeds the sum of the Required Principal Accumulation Amount (Senior) and the Required Principal Accumulation Amount (Subordinated) as of such Principal Payment Date.

(c) Any amounts remaining after making the applications referred to in subsection 7.06(a) and subsection 7.06(b) shall: (i) be held in the Principal Accumulation Account for distribution under this Section 7.06 on the succeeding Interest Payment Date or Principal Payment Date; or (ii) after the final Issuer Funding Obligation has been repaid in full, be transferred to the Collection Account and applied in accordance with subsection 7.04(e).

(d) Notwithstanding the foregoing clauses in this Section 7.06, upon the occurrence and during the continuance of any Event of Default and acceleration of the Issuer Funding Obligations in accordance with Section 8.02, any amounts in the Principal Accumulation Account shall be applied in accordance with Section 8.13.

7.07 Allocation of Amounts on Deposit in IESO Cash Reserve Account

(a) On each Payment Date beginning on the Payment Date in November, 2021, an amount equal to the lesser of (x) the amounts to be paid or transferred pursuant to clauses (i) through (v) of subsection 7.04(e), and (y) the amount, if any, by which the amount on deposit in the IESO Cash Reserve Account exceeds the IESO Cash Reserve Required Amount shall be withdrawn from the IESO Cash Reserve Account and applied to make the payments or transfers described in clauses (i) through (v) of subsection 7.04(e) in the order in which they are to be paid or transferred under Section 7.04(e).

(b) On each Payment Date to the extent that the amount available for distribution under subsection 7.04(e) and the amounts, if any, available pursuant to subsection 7.07(a) is less than the sum of the amounts to be paid or transferred pursuant to clauses (i) through (v) of subsection 7.04(e), an amount equal to such deficiency shall be withdrawn from the IESO Cash Reserve Account and applied to the making of such payments and transfers in the order in which they are to be paid or transferred under subsection 7.04(e).

(c) Upon all funds in the IESO Cash Reserve Account being paid in accordance with clauses (a) and (b), the IESO Cash Reserve Account shall be closed.

7.08 Allocation of Amounts on Deposit in Program Cash Reserve Account

(a) On each Payment Date (after making the applications provided for in Section 7.07 and 7.04(e)), to the extent that the amount on deposit in the Interest Accumulation Account is less than the sum of the Interest Accrual Amount (Senior), the Interest Accrual Amount (Subordinated) and the Interest Accrual Amount (Junior Subordinated), in each case for such Payment Date, an amount equal to such deficiency shall be withdrawn from the Program Cash Reserve Account and deposited into the Interest Accumulation Account.

(b) On each Principal Payment Date (after making the applications provided for in subsection 7.08(a)), amounts on deposit in the Program Cash Reserve Account will be distributed by the Paying Agent in the order of priority specified below, based upon the Payment Instruction received from the Manager in respect of such Principal Payment Date:

(i) First, to the extent that the amount on deposit in the Principal Accumulation Account is less than the amount of principal due and payable on the Warehouse Obligations on such Principal Payment Date, an amount equal to such deficiency shall be applied, on a *pro rata* basis, to the payment of principal due and payable on the Warehouse Obligations on such Principal Payment Date;

(ii) Second, to the extent that the amount on deposit in the Principal Accumulation Account is less than the amount of principal due and payable on the Senior Funding Obligations (other than Warehouse Obligations) on such Principal Payment Date, an amount equal to such deficiency shall be applied, on a *pro rata* basis, to the payment of principal due and payable on the Senior Funding Obligations (other than Warehouse Obligations) on such Principal Payment Date;

(iii) Third, to the extent that the amount available from the Principal Accumulation Account under subsection 7.06(b)(iii) is less than the amount of principal due and payable on the Subordinated Funding Obligations on such Principal Payment Date, an amount equal to such deficiency shall be applied, on a *pro rata* basis, to the payment of principal due and payable on the Subordinated Funding Obligations on such Principal Payment Date; and

(iv) Fourth, to the extent that the amount available from the Principal Accumulation Account under subsection 7.06(b)(iv) is less than the amount of principal due and payable on the Junior Subordinated Funding Obligations on such Principal Payment Date, an amount equal to such deficiency shall be applied, on a *pro rata* basis, to the payment of principal due and payable on the Junior Subordinated Funding Obligations on such Principal Payment Date.

(c) Any amounts remaining after making the applications referred to in subsection 7.08(a) and subsection 7.08(b) shall: (i) be held in the Program Cash Reserve Account for distribution under this Section 7.08 on the succeeding Interest Payment Date or Principal Payment Date; or (ii) after the final Issuer Funding Obligation has been repaid in full, be transferred to the Collection Account and applied in accordance with subsection 7.04(e).

(d) Notwithstanding the foregoing clauses in this Section 7.08, upon the occurrence and during the continuance of any Event of Default and acceleration of the Issuer Funding Obligations in accordance with Section 8.02, any amounts in the Program Cash Reserve Account shall be applied in accordance with Section 8.13.

7.09 Allocation of Amounts on Deposit in Refinancing Account

(a) Not less than 30 days prior to the first day of the Reference Period that includes the Principal Accumulation Date or Principal Payment Date in respect of a Series of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations, the Issuer shall, if it intends to repay all or a portion of the principal obligations of such Funding Obligation Agreement pursuant to a Refinancing, issue a Refinancing Notice to the Indenture Trustee.

(b) On completion of a Refinancing, all proceeds received by the Issuer shall be deposited to the Refinancing Account.

(c) On each Principal Payment Date, an amount shall be transferred from the Refinancing Account to the Principal Accumulation Account equal to the lesser of:

(i) the amount on deposit in the Refinancing Account; and

(ii) the Deferred Principal Accumulation Amount.

(d) After the final Issuer Funding Obligation has been repaid in full, any amounts remaining in the Refinancing Account shall be deposited to the Collection Account and applied in accordance with subsection 7.04(e).

(e) Notwithstanding the foregoing clauses in this Section 7.09, upon the occurrence and during the continuance of any Event of Default and the acceleration of the Issuer Funding Obligations in accordance with Section 8.02, any amounts in the Refinancing Account shall be applied in accordance with Section 8.13.

7.10 Allocation of Amounts on Deposit in Protection Account

(a) All amounts received by the Issuer from the Province pursuant to the Change of Law Protection Agreement shall be deposited in the Protection Account.

(b) On each Guarantee Payment Date in respect of which the Province makes a payment pursuant to the Change of Law Protection Agreement, the Paying Agent will, prior to making any payments under any other Payment Waterfall, distribute all amounts in the Protection Account solely to satisfy payments in respect of Approved Obligations as set out in the written statement delivered by the Manager to the Province under Section 2.01(a)i. of the Change of Law Protection Agreement in the order of priority the applicable Obligation Secured has under the applicable Payment Waterfall and based upon the Payment Instruction received from the Manager in respect of such Guarantee Payment Date.

(c) Upon the Province paying any amount in respect of an Approved Obligation as contemplated in subsection 7.10(b), the Province shall be subrogated and entitled to each applicable Specified Creditor's rights and interests under and in respect of the Approved Obligation to the extent of payments made to the Specified Creditor out of the Protection Account and shall be entitled to (i) the right and entitlement

to be paid and receive the related Subrogation Amounts and (ii) the benefits of the related Collateral and all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Specified Creditor, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Issuer of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Specified Creditor to the Issuer and unaffected by any other rights or equities that arise thereafter as between the Specified Creditor and the Issuer. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the relevant Specified Creditor in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under this Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under this Indenture and any other agreement under which the Approved Obligation arises. For greater certainty, the entitlements of the Province in respect of Subrogation Amounts arising in respect of Approved Obligations that are interest and principal obligations on Notes shall be treated for all purposes of this Indenture as interest and principal obligations, respectively, arising under Notes having the same priority as and any applicable voting rights under the related Approved Obligations, and accordingly the Province (and any successor, assignee or transferee of such entitlements) shall be entitled to all of the rights, entitlements, interests and privileges of a holder of such Notes in accordance with this Indenture and the Related Funding Obligation Agreement.

(d) On each Guarantee Payment Date, Payment Date or other day on which any amount is required to be paid in respect of any Obligation Secured, commencing with the first Guarantee Payment Date, the following shall apply:

(i) if such day is a Guarantee Payment Date, then for each Approved Obligation for which amounts are paid from the Protection Account to a Specified Creditor pursuant to subsection 7.10(b), the amount payable to such Specified Creditor under such Approved Obligation shall be reduced by the amount of such payment, and an equivalent amount (the "**Subrogation Amount**") shall be payable by the Issuer to the Province in respect of such Approved Obligation, such Subrogation Amount to be payable in the same order of priority under the applicable Payment Waterfall as the Obligation Secured previously owing to such Specified Creditor.

(ii) if the Province has made all deposits required to be made by it on each Guarantee Payment Date occurring on or before such day in accordance with subsection 7.10(b) (or the related Approved Obligation Amounts have otherwise all been paid in full), then in respect of each Approved Obligation for which any related Subrogation Amounts have not yet been paid in full to the Province, the Issuer shall pay to the Province from amounts available under the applicable Payment Waterfall in accordance with the priority of

payment provisions in such Payment Waterfall the amount that would be payable on such date in satisfaction of the relevant Approved Obligation, as determined without regard to any amounts paid on any Guarantee Payment Date pursuant to subsection 7.10(b) and also without regard to the corresponding reduction of the amounts owing to present and former Specified Creditors pursuant to subsection 7.10(d)(i) up to the amount of the unpaid related Subrogation Amounts.

(e) No Specified Creditor having a right to be paid an amount in respect of an Approved Obligation, and no other Person entitled under an Obligation Secured, in each case that ranks equal with or subordinate to the Approved Obligation in respect of which a Subrogation Amount is payable to the Province under subsection 7.10(d), shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under subsection 7.10(d) (including any right of set-off, offset, reimbursement, contribution or indemnity) and no such Specified Creditor or other Person shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of any such Subrogation Amount.

(f) Any amount payable to the Province in respect of a Subrogation Amount shall bear interest from and including the date of payment by the Province of the related amount pursuant to subsection 7.10(b) to but excluding the date of payment of the Subrogation Amount to the Province, such interest to accrue at the rate equivalent to the applicable interest rate borne by the related Approved Obligation, and such interest amounts shall be added to their respective Subrogation Amounts and shall consequently be payable in the same priority as the relevant Subrogation Amount under subsection 7.10(d), all such accruing interest amounts to be calculated and added to the Subrogation Amounts by the Manager in its discretion acting in a commercially reasonable fashion.

(g) On each Guarantee Payment Date and upon demand by the Province, the Indenture Trustee shall release and the Paying Agent shall, upon receipt of a Payment Instruction, pay to the Province free and clear of any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay Specified Creditors on the Guarantee Payment Date in accordance with subsection 7.10(b) or that otherwise remains on deposit in the Protection Account on the relevant date.

7.11 Allocation of Amounts on Deposit in Series Accounts

If, after giving effect to payments made on any Payment Date, the amount in the Collection Account is insufficient to satisfy all amounts required to be paid to Specified Creditors on such date, amounts on deposit in any Series Account may be withdrawn from such Series Account and allocated to Specified Creditors in accordance with the terms of the Related Funding Obligation Agreement.

7.12 Payments to be Held in Trust

If, notwithstanding the Payment Waterfalls, any payment on Obligations Secured shall be received at any time by any Specified Creditor, other than in accordance with this Indenture, then the funds received in respect of such payment shall be held by such Specified Creditor in trust for the Issuer and the other Specified Creditors and such Specified Creditor shall forthwith remit to the Indenture Trustee such funds.

7.13 Application of Trust Money

All money and obligations deposited with the Indenture Trustee pursuant to this Article VII and all money received by the Indenture Trustee in respect of such obligations will be held in trust and applied by it, in accordance with the provisions of the Program Agreements in respect of which it was deposited and this Indenture, to the payment, either directly or through any Paying Agent (including the Issuer acting as its own Paying Agent) as the Indenture Trustee, at the direction of the Manager, may determine, to the Persons entitled thereto, of the principal, interest, fees and other amounts for whose payment that money and obligations have been deposited with or received by the Indenture Trustee. Money held by the Indenture Trustee in trust hereunder need not be segregated from other funds except to the extent required by this Indenture or by applicable law. The Indenture Trustee will be under no liability for interest on any money received by it hereunder except as otherwise agreed with the Issuer.

ARTICLE VIII
EVENTS OF DEFAULT AND REMEDIES

8.01 Events of Default

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

(a) a default by the Issuer in the payment of any interest on any Controlling Class Obligations when such interest becomes due and payable, and continuance of such default for a period of five (5) days following the date on which such interest became due and payable;

(b) a default by the Issuer in the payment of any principal of any Controlling Class Obligations at its Principal Payment Default Date;

(c) any representation or warranty contained in Section 12.01 proves to be incorrect in any material respect when made and such incorrect representation or warranty if capable of being remedied by the Issuer, has not been remedied for a period of 60 days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by Controlling Class Creditors holding at least 25% of the Outstanding Dollar Principal Amount of all Controlling Class Obligations, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice

is a "Notice of Default" hereunder and, as a result of such default, the interests of such Controlling Class Creditors are materially and adversely affected and continue to be materially and adversely affected during the 60-day period;

(d) a default in the performance, or breach, of any covenant of the Issuer in this Indenture in respect of any Controlling Class Obligations (other than an agreement, covenant or warranty a default in the performance of which or the breach of which is elsewhere specifically dealt with in this Section 8.01), all of such covenants in this Indenture which are not expressly stated to be for the benefit of a particular Series of Issuer Funding Obligations being deemed to be in respect of all Series of Issuer Funding Obligations for this purpose, and continuance of such default or breach for a period of 60 days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by Controlling Class Creditors holding at least 25% of the Outstanding Dollar Principal Amount of all Controlling Class Obligations, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default" hereunder and, as a result of such default, the interests of such Controlling Class Creditors are materially and adversely affected and continue to be materially and adversely affected during the 60-day period;

(e) the Issuer fails to maintain its existence or its status as a Financing Entity or an Insolvency Event occurs in respect of the Issuer;

(f) the Change of Law Protection Agreement ceases to be in full force and effect against the Province, or the validity of the Change of Law Protection Agreement or the applicability thereof to the Province or to any Controlling Class Obligations or any other obligations purported to be secured thereby or any material part thereof shall be disaffirmed in writing by or on behalf of the Province;

(g) an Acceleration Event has occurred; provided that Controlling Class Creditors holding at least 25% of the Outstanding Dollar Principal Amount of all Controlling Class Obligations have given, by registered or certified mail, notice to the Issuer and the Indenture Trustee specifying such default and stating that such notice is a "Notice of Default" hereunder;

(h) a default in the performance or breach by the Issuer of its covenant in Section 13.11 and the continuance of such default or breach for a period of three (3) Business Days after notice thereof has been given to the Issuer by the Indenture Trustee;

(i) at any time, the amounts, if any, withdrawn from the Program Cash Reserve Account pursuant to Section 7.08(a) prior to such time, <u>exceeds</u> the aggregate of (x) an amount equal to 0.50% of the largest Outstanding Dollar Principal Amount of all Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations at any time on or before such time, plus (y) the sum of all amounts deposited to the Program Cash Reserve Account pursuant to Section 7.04(e)(xiii) prior to such time; or

(j) a Servicer Default shall occur.

If Controlling Class Obligations constituting 25% or more of the Outstanding Dollar Principal Amount of all Controlling Class Obligations have been accelerated in accordance with the Related Funding Obligation Agreements, the threshold required to declare an Event of Default described in clause (c), (d) or (g) shall be deemed to have been met and no vote of Controlling Class Creditors to declare an Event of Default shall be required. For greater certainty, failure to pay amounts owing pursuant to a Derivative Agreement shall not constitute grounds for an Event of Default.

8.02 <u>Acceleration of Maturity; Rescission and Annulment</u>

(a) If an Event of Default (other than an Event of Default described in clause (e) or (f) of Section 8.01) occurs and is continuing, then and in each and every such case, unless the principal of all the Controlling Class Obligations shall have already become due and payable, either the Indenture Trustee or Controlling Class Creditors holding not less than 50% of the Outstanding Dollar Principal Amount of all Controlling Class Obligations (treated as one class), by notice in writing to the Issuer (and to the Indenture Trustee if given by such Controlling Class Creditors), may declare the Outstanding Dollar Principal Amount of all Issuer Funding Obligations (other than Derivative Funding Obligations) and all interest accrued or principal accreted and unpaid (if any) thereon to be due and payable immediately, and upon any such declaration the same will become and will be immediately due and payable, notwithstanding anything in this Indenture or any Funding Obligation Agreement to the contrary. In any vote to determine whether the requisite number of Controlling Class Creditors have agreed to accelerate the Issuer Funding Obligations pursuant to this subsection 8.02(a), Controlling Class Creditors whose Controlling Class Obligations have been accelerated in accordance with the Related Funding Obligation Agreements shall be deemed to have voted in favour of acceleration to the extent of the Outstanding Dollar Principal Amount of those Controlling Class Obligations which have been accelerated. If Controlling Class Obligations constituting 50% or more of the Outstanding Dollar Principal Amount of all Controlling Class Obligations have been accelerated in accordance with the Related Funding Obligation Agreements, no vote of Controlling Class Creditors to accelerate the Issuer Funding Obligations shall be required and all remaining Issuer Funding Obligations (other than Derivative Funding Obligations) will become and will be immediately due and payable, notwithstanding anything in this Indenture or any Funding Obligation Agreement to the contrary.

(b) If an Event of Default described in clause (e) or (f) of Section 8.01 occurs and is continuing, then all Issuer Funding Obligations (other than Derivative Funding Obligations) will automatically be and become immediately due and payable by the Issuer, without notice or demand to any Person, and the Issuer will automatically and immediately be obligated to pay off the Issuer Funding Obligations.

(c) At any time after such a declaration of acceleration has been made or an automatic acceleration has occurred with respect to the Issuer Funding Obligations (other than Derivative Funding Obligations) and before a judgment or decree for payment of

the money due has been obtained by the Indenture Trustee as hereinafter provided in this Article VIII, Controlling Class Creditors may, by Extraordinary Resolution, rescind and annul such declaration and its consequences if:

(i) the Issuer has paid or deposited with the Indenture Trustee a sum sufficient to pay (A) all overdue installments of interest on the Controlling Class Obligations, (B) the principal of any Controlling Class Obligations which have become due otherwise than by such declaration of acceleration, and interest thereon at the rate or rates prescribed therefor by the terms of the Related Funding Obligation Agreements, to the extent that payment of such interest is lawful, (C) interest upon overdue installments of interest at the rate or rates prescribed therefor by the terms of the Related Funding Obligation Agreements, to the extent that payment of such interest is lawful, and (D) all sums paid by the Indenture Trustee hereunder and the reasonable compensation, expenses and disbursements of the Indenture Trustee, its agents and counsel and all other amounts due to the Indenture Trustee under Section 9.05; and

(ii) all Events of Default, other than the nonpayment of the principal of the Controlling Class Obligations which has become due solely by such acceleration, have been cured or waived as provided in Section 8.03.

(d) If, at any time, any Event of Default capable of being remedied has been remedied by the Issuer to the satisfaction of the Indenture Trustee: (i) the Security Interest will no longer be or be deemed to be enforceable by reason of such Event of Default; (ii) any rights which had become vested in the Indenture Trustee by virtue thereof will be and be deemed to be cancelled as fully and to the same extent as though no such Event of Default had occurred; and (iii) the Indenture Trustee will, or will instruct any receiver appointed pursuant to this Indenture to restore to the Issuer any Collateral in the possession of the Indenture Trustee or receiver, as the case may be.

(e) No such rescission will affect any subsequent Default or impair any right consequent thereon, nor will any such rescission apply to any event of default applicable solely to any Series or Tranche of Issuer Funding Obligations and contained in any Related Funding Obligation Agreement.

8.03 <u>Waiver of Past Defaults</u>

Subject to Section 8.02(c), Controlling Class Creditors may, by Ordinary Resolution, waive any past Default hereunder and its consequences, provided that the Rating Agency Condition in respect of each Series or Tranche of the Controlling Class Obligations has been satisfied. Upon any such waiver, such Default will cease to exist, and any Event of Default arising therefrom will be deemed to have been cured, for every purpose of this Indenture; but no such waiver will extend to any subsequent or other Default or impair any right consequent thereon.

8.04 Notice of Defaults

(a) Within 90 days after the occurrence of any Default, Event of Default or Acceleration Event of which the Indenture Trustee has received written notice:

(i) the Indenture Trustee will transmit by mail to all Registered Noteholders, as their names and addresses appear in the Note Register, notice of such Default, Event of Default or Acceleration Event;

(ii) the Indenture Trustee will notify all holders of Bearer Notes by publication of notice of such Default, Event of Default or Acceleration Event in an Authorized Newspaper, or as otherwise provided in the Related Supplemental Indenture;

(iii) the Indenture Trustee will give prompt written notification of such Default, Event of Default or Acceleration Event to those Lenders and other Specified Creditors that are included on the Specified Creditor list provided by the Issuer pursuant to subsection 13.13(b); and

(iv) the Indenture Trustee will give prompt written notification of such Default, Event of Default or Acceleration Event to the Rating Agencies;

provided, however, that (A) the Indenture Trustee shall not be liable for failing to distribute any written notice pursuant to this Section 8.04 to any party that is at the time of delivery a Specified Creditor but is not on the list of Specified Creditors held by the Indenture Trustee pursuant to subsection 9.14(a), and (B) except in the case of a default in the payment of the principal of or interest on any Issuer Funding Obligation, the Indenture Trustee will be protected in withholding such notice if and so long as a Responsible Officer of the Indenture Trustee in good faith determines that the withholding of such notice is in the interests of Debtholders.

(b) When notice of the occurrence of a Default, Event of Default or Acceleration Event has been given and the Default, Event of Default or Acceleration Event is thereafter cured, notice that the Default, Event of Default or Acceleration Event is no longer continuing shall be given by the Indenture Trustee to Persons to whom notice was sent pursuant to subsection 8.04(a) within a reasonable time, but not exceeding 30 days in any event, after the Indenture Trustee receives notice from the applicable Debtholders that the Default, Event of Default or Acceleration Event has been cured.

8.05 Remedies Generally

Subject to subsections 8.02(c) and (d) and Section 8.03, if the Controlling Class Obligations become due and payable pursuant to Section 8.02 and the Issuer has failed to pay such Controlling Class Obligations, the Indenture Trustee (subject, however, to compliance with the provisions of Section 9.02(d) with respect to the giving of indemnity and funds) may proceed to realize upon the Security Interest and to enforce the rights of the Indenture Trustee and of the Specified Creditors to whom Obligations Secured are owed by (i) application to any court of

competent jurisdiction for an order of sequestration and payment of amounts in respect of clean energy adjustments, collections or remittances in accordance with the Act, (ii) possession of the Collateral, (iii) appointment of a receiver with respect to the Collateral, (iv) proceedings in any court of competent jurisdiction for the appointment of a receiver or for sale of the Collateral or any part thereof, or for foreclosure, (v) subject to Section 10.02, exercise any of the rights of the Issuer under any of the Program Agreements, including the right to replace the Manager or the Servicer in accordance with Section 8.10, or (vi) any other action, suit, remedy or proceeding authorized or permitted by this Indenture or by applicable law or by equity.

8.06 <u>Default Interest and Expenses</u>

The Issuer covenants that if:

(a) the Issuer defaults in the payment of interest on any Series of Controlling Class Obligations when such interest becomes due and payable and such default continues for a period of five (5) days following the Interest Payment Date on which such interest became due and payable, or

(b) the Issuer defaults in the payment of the principal amount of any Series of Controlling Class Obligations on the Principal Payment Default Date thereof;

the Issuer will, upon demand of the Indenture Trustee, pay (subject to the allocation provided in Article VII and this Article VIII and any Related Funding Obligation Agreement) to the Indenture Trustee, for the benefit of the Debtholders of any such Issuer Funding Obligations, the whole amount then due and payable on any such Issuer Funding Obligations for principal and interest, with interest, to the extent that payment of such interest will be legally enforceable, upon the overdue principal and upon overdue installments of interest, (i) in the case of interest-bearing Issuer Funding Obligations, at the rate of interest applicable to the principal amount thereof, unless otherwise specified in the Related Funding Obligation Agreement; and (ii) in the case of Discount Notes, as specified in the Related Supplemental Indenture, and in addition thereto, will pay such further amount as will be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Indenture Trustee, its agents and counsel and all other amounts due to the Indenture Trustee under Section 9.05.

If the Issuer fails to pay such amounts forthwith upon such demand, the Indenture Trustee may, if the Issuer Funding Obligations have been accelerated in accordance with Section 8.02, take immediate steps to enforce the Security Interest, including instituting, in its own name and as trustee of an express trust, a judicial proceeding seeking the appointment of a receiver or a judicial proceeding for the collection of the sums so due and unpaid, and may directly prosecute such proceeding to judgment or final decree, and the Indenture Trustee may enforce the same against the Issuer and collect the money adjudged or decreed to be payable in the manner provided by applicable law out of the Collateral, wherever situated.

8.07 <u>Indenture Trustee May File Proofs of Claim</u>

In case of the pendency of any receivership, insolvency, liquidation, bankruptcy or other similar proceeding relative to the Issuer or the property of the Issuer, the Indenture Trustee (irrespective of whether the principal of the Issuer Funding Obligations will then be due and

payable as therein expressed or by declaration or otherwise) will be entitled and empowered by intervention in such proceeding or otherwise:

(a) to file and prove a claim for the whole amount of principal, interest, fees and other amounts owing and unpaid in respect of the Issuer Funding Obligations and to file such other papers or documents as may be necessary and advisable in order to have the claims of the Indenture Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Indenture Trustee, its agents and counsel and all other amounts due to the Indenture Trustee under Section 9.05) and of the Debtholders allowed in such judicial proceeding, and

(b) to collect and receive any funds or other property payable or deliverable on any such claims and to distribute the same;

and any receiver, assignee, trustee, liquidator or other similar official in any such proceeding is hereby authorized by each Specified Creditor to make such payment to the Indenture Trustee, and in the event that the Indenture Trustee will consent to the making of such payments directly to the Specified Creditors, to pay to the Indenture Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Indenture Trustee, its agents and counsel, and any other amounts due to the Indenture Trustee under Section 9.05.

8.08 Indenture Trustee May Enforce Claims Without Possession of Notes

All rights of action and claims under this Indenture or the Notes of any Class, Series or Tranche may be prosecuted and enforced by the Indenture Trustee without the possession of any of the Notes of such Class, Series or Tranche or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Indenture Trustee will be brought in its own name as trustee of an express trust.

8.09 Indenture Trustee May Elect to Hold the Collateral

Following an acceleration of Issuer Funding Obligations in accordance with Section 8.02, the Indenture Trustee may elect to continue to hold the Collateral and apply distributions on the Collateral in accordance with the distribution provisions of Section 8.13.

8.10 Termination by Indenture Trustee of Manager and Servicer

Upon the occurrence and during the continuance of an Event of Default, the Indenture Trustee shall have the right to (and, upon receipt of an Extraordinary Resolution to that effect, shall) terminate the appointment of the then existing Manager under the Management Agreement and/or the Servicer under the Master Transfer and Servicing Agreement, and appoint new Persons under such agreements in accordance with such direction, provided that the Issuer shall have the right to reinstate any appointee under such agreements at such time as the Event of Default is no longer continuing.

8.11 Control by Controlling Class Creditors

(a) Subject to Section 10.02(b), Controlling Class Creditors will, by Ordinary Resolution, have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Indenture Trustee, or exercising any trust or power conferred on the Indenture Trustee with respect to all Issuer Funding Obligations, provided that:

(i) the Indenture Trustee will have the right to decline to follow any such direction if the Indenture Trustee, being advised by counsel, determines that the action so directed may not lawfully be taken or would conflict with this Indenture, or if the Indenture Trustee in good faith determines that the proceedings so directed would involve it in personal liability or be unjustly prejudicial to the Controlling Class Creditors not taking part in such direction; and

(ii) the Indenture Trustee may take any other action permitted hereunder deemed proper by the Indenture Trustee which is not inconsistent with such direction.

(b) For greater certainty, Specified Creditors other than Debtholders shall not and do not have any right to direct the time, method and place of conducting any proceeding for any remedy available to the Indenture Trustee, or exercising any trust or power conferred on the Indenture Trustee. Specified Creditors other than Debtholders shall only have the right to receive proceeds following an Event of Default in the manner provided for in Section 8.13.

8.12 Limitation on Suits

To the fullest extent permitted by applicable law, no Specified Creditor will have any right to institute any proceeding, judicial or otherwise, with respect to this Indenture, or for the appointment of a receiver or trustee or similar official, or for any other remedy hereunder, unless:

(a) the Issuer or a Controlling Class Creditor has previously given written notice to the Indenture Trustee of a continuing Event of Default;

(b) Controlling Class Creditors, by way of Ordinary Resolution, have made written request to the Indenture Trustee to institute proceedings in respect of such Event of Default in the name of the Indenture Trustee hereunder;

(c) such Controlling Class Creditors have offered to the Indenture Trustee (when so requested by the Indenture Trustee) indemnity reasonably satisfactory to it against the costs, expenses and liabilities to be incurred in compliance with such request; and

(d) the Indenture Trustee, for 60 days after the Indenture Trustee has received such notice, request and offer of indemnity has failed to institute any such proceeding;

it being understood and intended that no one or more Specified Creditors will have any right in any manner whatsoever by virtue of, or by availing of, any provision of this Indenture to affect, disturb or prejudice the rights of any other Specified Creditor, or to obtain or to seek to obtain priority or preference over any other Specified Creditor or to enforce any right under this Indenture, except in the manner herein provided and for the benefit of all Specified Creditors. If the above conditions have been met, a Controlling Class Creditor may exercise such rights in accordance with this Indenture.

8.13 Application of Money Following an Event of Default

Subject to the following paragraph and to Section 7.10, upon the occurrence and during the continuance of an Event of Default which has been accelerated in accordance with Section 8.02, any money or other property standing in each Issuer Account or otherwise received by the Indenture Trustee pursuant to this Article VIII will be applied in the order of priority specified in this Section 8.13, *pro rata* in proportion to the claims represented by each subclause, except as otherwise specifically provided below:

(a) First, to the payment or remittance of all Taxes exigible for which a Governmental Authority is given priority over the Specified Creditors under the laws of the applicable jurisdiction;

(b) Second, to the Indenture Trustee and the Issuer Trustee in respect of the amount of fees, expenses and reimbursements owing;

(c) Third, *pari passu*, (A) to Debtholders, on a *pro rata* basis, in respect of all interest accrued and unpaid, if any, and fees and other amounts (other than principal) due and payable on the Senior Funding Obligations, and (B) to Derivative Counterparties, on a *pro rata* basis, all Derivative Funding Obligations payable other than Termination Payments;

(d) Fourth, to Debtholders, on a *pro rata* basis, in respect of all interest accrued and unpaid, if any, and fees and other amounts (other than principal) due and payable on the Subordinated Funding Obligations;

(e) Fifth, to Debtholders, on a *pro rata* basis, in respect of all interest accrued and unpaid, if any, and fees and other amounts (other than principal) due and payable on the Junior Subordinated Funding Obligations;

(f) Sixth, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of the Warehouse Obligations until such amount has been paid in full;

(g) Seventh, *pari passu*, (A) to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of the Senior Funding Obligations (other than Warehouse Obligations) until such amount has been paid in full, and (B) to Derivative Counterparties, on a *pro rata* basis, any Termination Payment where the Derivative Counterparty is not the Defaulting Party or the sole Affected Party;

(h) Eighth, to the Manager in respect of all fees, expenses and reimbursement amounts owing;

(i) Ninth, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of the Subordinated Funding Obligations until such amount has been paid in full;

(j) Tenth, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of the Junior Subordinated Funding Obligations until such amount has been paid in full;

(k) Eleventh, to each Derivative Counterparty, on a *pro rata* basis, any Termination Payment where the Derivative Counterparty is the Defaulting Party or the sole Affected Party;

(l) Twelfth, to the Manager in respect of all indemnity amounts owing;

(m) Thirteenth, *pari passu* (i) to the payment or remittance of all Taxes exigible and not previously paid pursuant to clause (a); and (ii) to all other Specified Creditors not specifically referred to in this Section 8.13; in each case, including for each referenced party in subclauses (i) and (ii), any amounts payable to their respective Affiliates under the terms of any relevant indemnity; and

(n) Fourteenth, to the Issuer or as the Issuer otherwise directs.

Notwithstanding the foregoing, amounts on deposit in a Series Account established solely for the benefit of one or more Series of Issuer Funding Obligations shall first be used to satisfy all obligations owing to those Debtholders or Derivative Counterparties for whom such Series Account was established. If any amounts remain following such application, such amounts shall constitute Available Collections and shall be applied in accordance with the priorities set out above. In addition, amounts on deposit in the Protection Account shall only be used to satisfy the obligations for which such amounts were deposited.

8.14 Limited Recourse

(a) Notwithstanding any other provision of this Indenture to the contrary, the obligation to pay principal of or interest on any Issuer Funding Obligation or any other amount payable to any Specified Creditor will be without recourse to the Indenture Trustee, the Issuer Trustee, the Manager or any Affiliate, officer, employee, member or director of any of them, and the satisfaction of the obligation of the Issuer to pay principal of or interest on any Issuer Funding Obligation or any other amount payable to any Specified Creditor will be subject to the allocation and payment provisions of this Indenture and any Related Funding Obligation Agreement, and limited to amounts available from the Collateral.

(b) No recourse may be taken, directly or indirectly, with respect to the obligations of the Issuer under the Issuer Funding Obligations or under this Indenture, or any certificate or other writing delivered in connection herewith or therewith, against

(i) the Issuer Trustee in its individual capacity, (ii) any owner of a unit in the Issuer or (iii) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Issuer Trustee in its individual capacity, any holder of a unit in the Issuer or the Issuer Trustee or of any successor or assign of the Issuer Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Issuer Trustee has no such obligations in its individual capacity).

(c) Under no circumstances shall the Manager or any of its Affiliates be deemed an obligor or guarantor or otherwise deemed to be responsible for payment from its own funds of principal, interest, dividends or other amounts due on the Collateral, the Issuer Funding Obligations or any other Obligations Secured.

8.15 Restoration of Rights and Remedies

If the Indenture Trustee or any Controlling Class Creditor (to the extent and in the manner provided for in Section 8.12) has instituted any proceeding to enforce any right or remedy under this Indenture and such proceeding has been discontinued or abandoned for any reason, then and in every such case the Issuer, the Indenture Trustee and the Specified Creditors will, subject to any determination in such proceeding, be restored severally and respectively to their former positions hereunder, and thereafter all rights and remedies of the Indenture Trustee and the Specified Creditors will continue as though no such proceeding had been instituted.

8.16 Rights and Remedies Cumulative

No right or remedy herein conferred upon or reserved to the Indenture Trustee or to the Specified Creditors is intended to be exclusive of any other right or remedy, and every right and remedy will, to the extent permitted by applicable law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, will not prevent the concurrent assertion or employment of any other appropriate right or remedy.

8.17 Delay or Omission Not Waiver

No delay or omission of the Indenture Trustee or of any Controlling Class Creditor to exercise any right or remedy accruing upon any Event of Default will impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article VIII or by applicable law to the Indenture Trustee or to the Controlling Class Creditors may be exercised from time to time, and as often as may be deemed expedient, by the Indenture Trustee or by the Controlling Class Creditors, as the case may be.

8.18 Waiver of Stay or Extension Laws

The Issuer covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law wherever enacted, now or at any time hereafter in force, which may affect the covenants or the performance of this Indenture; and the Issuer (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Indenture Trustee,

but will suffer and permit the execution of every such power as though no such law had been enacted.

8.19 Indenture Trustee Appointed Attorney

The Issuer irrevocably constitutes and appoints the Indenture Trustee and any officer or employee thereof, with full power of substitution, as its true and lawful attorney coupled with an interest with full power and authority in the name of the Issuer or in its own name, in its discretion, upon the occurrence and during the continuance of any Event of Default and acceleration in accordance with Section 8.02, for the purpose of carrying out the terms of this Indenture to take all appropriate action and to execute any and all documents and instruments which may be necessary or desirable to accomplish the purposes hereof, and without limiting the generality of the foregoing, hereby gives the Indenture Trustee the power and right on behalf of the Issuer, without notice to or assent by the Issuer, to the extent permitted by applicable law, to do the following:

(a) to ask for, demand, sue for, collect and receive all and any monies due or becoming due with respect to the Collateral;

(b) to receive, take, endorse, assign and deliver any and all cheques, notes, drafts, acceptances, documents and other negotiable and non-negotiable instruments, documents and chattel paper taken or received by the Indenture Trustee in connection therewith and herewith; and

(c) to commence, file, prosecute, defend, settle, compromise or adjust any claim, suit, action or proceeding with respect to the Collateral.

8.20 Disclaimer of Marshalling

In the event that the Security Interest shall become enforceable and the Indenture Trustee shall have determined or become bound to enforce the same, the Issuer covenants not to invoke the doctrine of marshalling or any other equitable principle for the purpose of requiring the Indenture Trustee to realize or to have realized on any particular asset forming part of the Collateral.

ARTICLE IX
THE INDENTURE TRUSTEE

9.01 Certain Duties and Responsibilities

(a) The Indenture Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture with respect to the Obligations Secured, and no implied covenants or obligations will be read into this Indenture against the Indenture Trustee.

(b) In the exercise of the rights and duties prescribed or conferred by the terms of this Indenture, the Indenture Trustee will act honestly and in good faith with a view to the best interests of the Debtholders as a whole and exercise that degree of care,

diligence and skill that a reasonably prudent trustee would exercise in comparable circumstances. When all Issuer Funding Obligations have been satisfied and discharged in accordance with Section 2.08(b), the Indenture Trustee shall no longer act as Indenture Trustee under this Indenture and shall have no fiduciary responsibilities to any remaining Specified Creditors. From and after such time, the Indenture Trustee shall act only as the security agent for those Specified Creditors.

(c) In the absence of bad faith on its part, the Indenture Trustee may, with respect to any Obligations Secured, conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Indenture Trustee and conforming to the requirements of this Indenture; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Indenture Trustee, the Indenture Trustee will be under a duty to examine the same to determine whether or not they substantially conform to the requirements of this Indenture (but need not confirm or investigate the accuracy of any mathematical calculations or other facts stated therein).

(d) No provision of this Indenture will be construed to relieve the Indenture Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(i) this clause (d) will not be construed to limit the effect of subsection 9.01(a);

(ii) the Indenture Trustee will not be liable for any error of judgment made in good faith, unless it will be proved that the Indenture Trustee was negligent in ascertaining the pertinent facts;

(iii) the Indenture Trustee will not be liable with respect to any action taken or omitted to be taken by it in good faith if so directed by Extraordinary Resolution, relating to the time, method and place of conducting any proceeding for any remedy available to the Indenture Trustee, or exercising any trust or power conferred upon the Indenture Trustee, under this Indenture with respect to the Obligations Secured; and

(iv) no provision of this Indenture will require the Indenture Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers.

(e) Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Indenture Trustee will be subject to the provisions of this Section 9.01.

9.02 Certain Rights of Indenture Trustee

Except as otherwise provided in Section 9.01:

(a) the Indenture Trustee may conclusively rely and will be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture or other paper or document (whether in its original, facsimile or other electronic form) believed by it to be genuine and to have been signed or presented by the proper party or parties;

(b) whenever in the administration of this Indenture the Indenture Trustee will deem it desirable that a matter be proved or established before taking, suffering or omitting any action hereunder, the Indenture Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon an Officer's Certificate;

(c) the Indenture Trustee may consult with counsel of its own selection and the advice of such counsel or any Opinion of Counsel will be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon;

(d) the Indenture Trustee will be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Controlling Class Creditors pursuant to this Indenture, unless such Controlling Class Creditors shall have offered to the Indenture Trustee security or indemnity reasonably satisfactory to it against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction;

(e) the Indenture Trustee will not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture or other paper or document, but the Indenture Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Indenture Trustee will determine to make such further inquiry or investigation, it will be entitled to examine the books, records and premises of the Issuer, personally or by agent or attorney;

(f) the Indenture Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Indenture Trustee will not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder;

(g) the Indenture Trustee will not be responsible for filing any financing statements or continuation statements in connection with the Obligations Secured or the Security Interest, but will cooperate with the Issuer in connection with the filing of such financing statements or amendments to such financing statements;

(h) the Indenture Trustee shall not be deemed to have notice of any default (including any Servicer Default, Default or Event of Default) unless written notice of any event which is in fact such a default is received by the Indenture Trustee at the Corporate Trust Office of the Indenture Trustee, and such notice references the Issuer Funding Obligations and this Indenture;

(i) the rights, privileges, protections, immunities and benefits given to the Indenture Trustee, including, without limitation, its right to be indemnified, are extended to, and shall be enforceable by, the Indenture Trustee in each of its capacities hereunder, and each agent, custodian and other Person employed to act hereunder;

(j) the Indenture Trustee shall not be liable for any action taken, suffered or omitted to be taken by it in good faith and reasonably believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture;

(k) the Indenture Trustee shall be entitled to and may rely absolutely upon each Payment Instruction and the Indenture Trustee will have no obligation (i) to perform any calculations under any of the Program Agreements, (ii) to reconcile any Issuer Account against the other(s) or the Program Agreements, or (iii) to monitor any change in the legislation governing any of the Program Agreements;

(l) the Indenture Trustee will be entitled to rely and act upon any direction, order, instruction, notice or communication provided to it under this Indenture which is sent to it by Electronic Methods. The Indenture Trustee shall have no liability for any losses, liabilities, costs or expenses incurred by it as a result of such reliance upon or compliance with such instructions or directions. The Issuer agrees: (i) to assume all risks arising out of the use of such Electronic Methods to submit instructions and directions to the Indenture Trustee, including without limitation the risk of the Indenture Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting instructions to the Indenture Trustee and that there may be more secure methods of transmitting instructions than the method(s) selected by the Issuer; and (iii) that the security procedures (if any) to be followed in connection with its transmission of instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and

(m) the Indenture Trustee will not be liable for any consequential, punitive or special damages.

9.03 <u>Not Responsible for Recitals or Issuer Funding Obligations</u>

The recitals contained herein and in the Funding Obligation Agreements, except the Certificates of Authentication, will be taken as the statements of the Issuer, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Indenture or of the Funding Obligation

Agreements. The Indenture Trustee will not be accountable for the use or application by the Issuer of Notes, Borrowings or the proceeds thereof.

9.04 May Hold Notes

The Indenture Trustee, the Issuer Trustee, any Paying Agent, the Note Registrar, the Manager or any other agent of the Issuer, in its individual or any other capacity, may become the owner or pledgee of Notes and, subject to subsection 9.07(e) and applicable legislation, may otherwise deal with the Issuer with the same rights it would have if it were not Indenture Trustee, Issuer Trustee, Paying Agent, Note Registrar, Manager or such other agent.

9.05 Compensation and Reimbursement; Limit on Compensation Reimbursement and Indemnity

(a) The Issuer agrees:

(i) to pay to the Indenture Trustee from time to time reasonable compensation for all services rendered by it hereunder (which compensation will not be limited by any provision of law in regard to the compensation of a trustee of an express trust);

(ii) except as otherwise expressly provided herein, to reimburse the Indenture Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Indenture Trustee in accordance with any provision of this Indenture (including the reasonable compensation and the reasonable expenses and disbursements of its agents and counsel), except any such expense, disbursement or advance as may be attributable to its own negligence or bad faith; and

(iii) to indemnify the Indenture Trustee for, and to hold it harmless against, any and all loss, liability, expense, claim, damage or injury incurred without negligence or bad faith on its part, arising out of or in connection with the acceptance or administration of the trusts hereunder, including the costs and expenses of defending itself against any claim or liability (whether asserted by the Issuer, any Specified Creditor or any other Person) in connection with the exercise or performance of any of its powers or duties hereunder.

The Indenture Trustee will have no recourse to any asset of the Issuer other than funds available pursuant to Section 7.04, 7.10 or 8.13, or to any Person other than the Issuer.

(b) This Section 9.05 will survive the termination of this Indenture and the resignation or replacement of the Indenture Trustee under Section 9.07.

9.06 Corporate Indenture Trustee Required; Eligibility

There will at all times be an Indenture Trustee hereunder which will be either a bank, a trust company or a corporation organized and doing business under the laws of Canada or of any

province or territory thereof, authorized under such laws to carry on a trust business as contemplated hereby in each of the provinces and territories of Canada. The Issuer may not, nor may any Person directly or indirectly controlling, controlled by, or under common control with the Issuer, serve as Indenture Trustee. If at any time the Indenture Trustee will cease to be eligible in accordance with the provisions of this Section 9.06, it will resign immediately in the manner and with the effect hereinafter specified in this Article IX.

9.07 <u>Resignation and Removal; Appointment of Successor</u>

(a) No resignation or removal of the Indenture Trustee and no appointment of a successor Indenture Trustee pursuant to this Article IX will become effective until the acceptance of appointment by the successor Indenture Trustee under Section 9.08.

(b) The Indenture Trustee may resign at any time by giving written notice thereof to the Issuer. If an instrument of acceptance by a successor Indenture Trustee shall not have been delivered to the Indenture Trustee within 30 days after the giving of such notice of resignation, the resigning Indenture Trustee may petition any court of competent jurisdiction for the appointment of a successor Indenture Trustee.

(c) The Indenture Trustee may be removed at any time by Ordinary Resolution of the Controlling Class Creditors delivered to the Indenture Trustee and to the Issuer. If an instrument of acceptance by a successor Indenture Trustee shall not have been delivered to the Indenture Trustee within 30 days after the giving of such notice of removal, the Indenture Trustee being removed may petition any court of competent jurisdiction for the appointment of a successor Indenture Trustee.

(d) If at any time:

(i) the Indenture Trustee ceases to be eligible under Section 9.06 and fails to resign after written request therefor by the Issuer or by any Controlling Class Creditor, or

(ii) the Indenture Trustee becomes incapable of acting, or

(iii) the Indenture Trustee is adjudged bankrupt or insolvent, or a receiver of the Indenture Trustee or of its property is appointed, or any public officer takes charge or control of the Indenture Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation,

then, in any such case, (A) the Issuer may remove the Indenture Trustee, or (B) any Controlling Class Creditor who has been a *bona fide* Controlling Class Creditor for at least six (6) months may, on behalf of itself and all other Debtholders, petition any court of competent jurisdiction for the removal of the Indenture Trustee and the appointment of a successor Indenture Trustee.

(e) The Indenture Trustee shall resign if a material conflict of interest arises in its role as a trustee under this Indenture that is not eliminated within 90 days after the

Indenture Trustee becomes aware that it has such a material conflict of interest. Forthwith after the Indenture Trustee becomes aware that it has a material conflict of interest, it shall provide the Issuer with written notice of the nature of that conflict. If, notwithstanding the foregoing provisions of this subsection 9.07(e), the Indenture Trustee has such a material conflict of interest, the validity and enforceability of this Indenture and of the Funding Obligation Agreements shall not be affected in any manner whatsoever by reason only of the existence of such material conflict of interest. If the Indenture Trustee contravenes the foregoing provisions of this subsection 9.07(e), any interested Person may apply to a court of competent jurisdiction for an order that the Indenture Trustee be replaced as trustee hereunder. The Indenture Trustee represents to the Issuer that at the time of the execution and delivery hereof, no material conflict of interest exists in the Indenture Trustee's role as a fiduciary hereunder.

(f) If the Indenture Trustee resigns, is removed or becomes incapable of acting, or if a vacancy shall occur in the office of the Indenture Trustee for any cause, the Issuer will promptly appoint a successor Indenture Trustee. If, within one (1) year after such resignation, removal or incapacity, or the occurrence of such vacancy, a successor Indenture Trustee is appointed by Ordinary Resolution of Controlling Class Creditors delivered to the Issuer and the retiring Indenture Trustee, the successor Indenture Trustee so appointed will, forthwith upon its acceptance of such appointment, become the successor Indenture Trustee and supersede the successor Indenture Trustee appointed by the Issuer. If no successor Indenture Trustee shall have been so appointed by the Issuer or Controlling Class Creditors and accepted in the manner hereinafter provided, any Controlling Class Creditor who has been a *bona fide* Controlling Class Creditor for at least six (6) months may, on behalf of itself and all other Debtholders, petition any court of competent jurisdiction for the appointment of a successor Indenture Trustee.

(g) The Issuer will give written notice of each resignation and each removal of the Indenture Trustee and each appointment of a successor Indenture Trustee to each Specified Creditor as provided in Article XV and to each Rating Agency. To facilitate delivery of such notice, upon request by the Issuer, the retiring Indenture Trustee shall provide to the Issuer a list of all Specified Creditors. Each notice will include the name of the successor Indenture Trustee and the address of its Corporate Trust Office.

(h) Upon such resignation, the Indenture Trustee shall be discharged from all further duties and liabilities under this Indenture.

9.08 <u>Acceptance of Appointment by Successor</u>

Every successor Indenture Trustee appointed hereunder will execute, acknowledge and deliver to the Issuer and to the predecessor Indenture Trustee an instrument accepting such appointment, with a copy to the Rating Agencies, and thereupon the resignation or removal of the predecessor Indenture Trustee will become effective, and such successor Indenture Trustee, without any further act, deed or conveyance, will become vested with all the rights, powers, trusts

and duties of the predecessor Indenture Trustee; but, on request of the Issuer or the successor Indenture Trustee, such predecessor Indenture Trustee will execute and deliver an instrument transferring to such successor Indenture Trustee all the rights, powers and trusts of the predecessor Indenture Trustee, and will duly assign, transfer and deliver to such successor Indenture Trustee all property and money held by such predecessor Indenture Trustee hereunder, subject nevertheless to its Lien, if any, provided for in Section 9.05. Upon request of any such successor Indenture Trustee, the Issuer will execute any and all instruments for more fully and certainly vesting in and confirming to such successor Indenture Trustee all such rights, powers and trusts.

No successor Indenture Trustee will accept its appointment unless at the time of such acceptance, such successor Indenture Trustee will be qualified and eligible under this Article IX.

9.09 Merger, Conversion, Consolidation or Succession to Business

Any corporation into which the Indenture Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Indenture Trustee shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Indenture Trustee, will be the successor of the Indenture Trustee hereunder, provided such corporation shall be otherwise qualified and eligible under this Article IX, without the execution or filing of any paper or any further act on the part of any of the parties hereto. The Indenture Trustee shall give prompt written notice of such merger, conversion, consolidation or succession to the Issuer and the Rating Agencies. In case any Notes shall have been authenticated, but not delivered, by the Indenture Trustee then in office, any successor by merger, conversion or consolidation to such authenticating Indenture Trustee may adopt such authentication and deliver the Notes so authenticated with the same effect as if such successor Indenture Trustee had itself authenticated such Notes.

9.10 Trust Indenture Legislation

(a) In this Article IX, the term "**applicable legislation**" means the provisions, if any, of the *Trust and Loan Companies Act* (Canada) and any other statute of Canada or a province thereof, and of regulations under any such statute, in each case, as amended, restated or re-enacted from time to time, relating to trust indentures and to the rights, duties and obligations of trustees under trust indentures and of entities issuing debt obligations under trust indentures, to the extent that in the opinion of counsel to the Issuer such provisions are at the time in force and applicable to this Indenture.

(b) If and to the extent that any provision of this Indenture limits, qualifies or conflicts with a mandatory requirement of applicable legislation, such mandatory requirement shall prevail.

(c) The Issuer and the Indenture Trustee agree that each will at all times in relation to this Indenture and any action to be taken hereunder, observe and comply with and be entitled to the benefits of applicable legislation.

9.11 Representations and Covenants of the Indenture Trustee

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Indenture and has taken all necessary action to authorize the execution, delivery and performance by it of this Indenture and other documents to which it is a party;

(c) each of this Indenture and the other documents to which it is a party has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada. If, notwithstanding the provisions of this subsection 9.11(d), the Indenture Trustee ceases to be so authorized to carry on business, the validity and enforceability of this Indenture and the Funding Obligation Agreements shall not be affected in any manner whatsoever by reason only of such event.

9.12 Indenture Trustee's Application for Instructions from the Issuer

Any application by the Indenture Trustee for written instructions from the Issuer may, at the option of the Indenture Trustee, set forth in writing any action proposed to be taken or omitted by the Indenture Trustee under and in accordance with this Indenture and the date on and/or after which such action shall be taken or such omission shall be effective; provided that such application shall make specific reference to this Section 9.12. The Indenture Trustee shall not be liable for any action taken by, or omission of, the Indenture Trustee in accordance with a proposal included in such application on or after the date specified in such application (which date shall not be less than five (5) Business Days after the date the Issuer actually receives such application, unless the Issuer shall have consented in writing to any earlier date) unless prior to taking any such action (or the effective date in the case of an omission), the Indenture Trustee shall have received written instructions in response to such application specifying the action be taken or omitted.

9.13 Appointment of Co-Trustee or Separate Indenture Trustee

(a) Notwithstanding any other provisions of this Indenture, at any time, for the purpose of meeting any legal requirements of any relevant jurisdiction, the Indenture Trustee shall have the power and shall execute and deliver all instruments, subject to the prior written consent of the Manager, which consent shall not be unreasonably withheld, to appoint one or more Persons reasonably acceptable to the Issuer to act as a co-trustee or co-trustees, or separate trustee or separate trustees, of all or any part of the Issuer's property, and to vest in such Person or Persons, in such capacity and for the benefit of the Specified Creditors, such title to the Issuer's property, or any part thereof, and, subject to the other provisions of this Section 9.13, such powers, duties, obligations, rights and trusts as the Indenture

Trustee may consider necessary or desirable. No co-trustee or separate trustee hereunder shall be required to meet the terms of eligibility as a successor trustee under Section 9.06 and no notice to Specified Creditors of the appointment of any co-trustee or separate trustee shall be required under Section 9.07.

(b) Every separate trustee and co-trustee shall, to the extent permitted by applicable law, be appointed and act subject to the following provisions and conditions:

(i) all rights, powers, duties and obligations conferred or imposed upon the Indenture Trustee shall be conferred or imposed upon and exercised or performed by the Indenture Trustee and such separate trustee or co-trustee jointly (it being understood that such separate trustee or co-trustee is not authorized to act separately without the Indenture Trustee joining in such act), except to the extent that under any law of any jurisdiction in which any particular act or acts are to be performed, the Indenture Trustee shall be incompetent or unqualified to perform such act or acts, in which event such rights, powers, duties and obligations (including the holding of title to the Issuer's property or any portion thereof in any such jurisdiction) shall be exercised and performed singly by such separate trustee or co-trustee, but solely at the direction of the Indenture Trustee;

(ii) no trustee hereunder shall be personally liable by reason of any act or omission of any other trustee hereunder; and

(iii) the Indenture Trustee may at any time accept the resignation of or remove any separate trustee or co-trustee.

(c) Any notice, request or other writing given to the Indenture Trustee shall be deemed to have been given to each of the then separate trustees and co-trustees, as effectively as if given to each of them. Every instrument appointing any separate trustee or co-trustee shall refer to this Indenture and the conditions of this Article IX. Each separate trustee and co-trustee, upon its acceptance of the trusts conferred, shall be vested with the estates or property specified in its instrument of appointment, either jointly with the Indenture Trustee or separately, as may be provided therein, subject to all the provisions of this Indenture, specifically including every provision of this Indenture relating to the conduct of, affecting the liability of, or affording protection to, the Indenture Trustee. Every such instrument shall be filed with the Indenture Trustee.

(d) Any separate trustee or co-trustee may at any time appoint the Indenture Trustee, its agent or attorney-in-fact with full power and authority, to the extent not prohibited by applicable law, to do any lawful act under or in respect of this Indenture on its behalf and in its name. If any separate trustee or co-trustee shall die, become incapable of acting, resign or be removed, all of its estates, properties, rights, remedies and trusts shall vest in and be exercised by the Indenture Trustee, to the extent permitted by applicable law, without the appointment of a new or successor trustee.

(e) All such appointments made in accordance with this Section 9.13 shall be subject to the approval of the Issuer. The Issuer will give prior written notice of the appointment of any separate trustee or co-trustee to each Rating Agency.

9.14 Preservation of Information; Communications to Specified Creditors

(a) The Indenture Trustee will preserve, in as current a form as is reasonably practicable, the names and addresses of Registered Noteholders contained in the most recent list furnished to the Indenture Trustee as provided in subsection 13.13(a) and the names and addresses of Registered Noteholders received by the Indenture Trustee in its capacity as Note Registrar. The Indenture Trustee will also preserve, in as current a form as is reasonably practicable, the names and addresses of all other Specified Creditors contained in the most recent list furnished to the Indenture Trustee as provided in subsection 13.13(b). The Indenture Trustee may destroy any such list furnished to it upon receipt of a new list.

(b) If three (3) or more Debtholders of any Class, Series or Tranche (hereinafter referred to as "**applicants**") (or, if there are less than three (3) such Debtholders, all of the Debtholders) apply in writing to the Indenture Trustee by way of an application substantially in the form of Exhibit 4, then the Indenture Trustee will, within five (5) Business Days after the receipt of such application, afford such applicants access to the information preserved at the time by the Indenture Trustee in accordance with subsection 9.14(a); provided, however, that (i) such Debtholders are identified on the most recent lists of Debtholders held by the Indenture Trustee pursuant to subsection 9.14(a), and (ii) the Indenture Trustee shall not release any information other than the names and addresses (including email addresses) of the Debtholders on such lists.

(c) By accepting its rights as a third party beneficiary hereunder, every Debtholder agrees with the Issuer and the Indenture Trustee that neither the Issuer nor the Indenture Trustee will be held accountable by reason of the disclosure of any such information as to the names and addresses (including email addresses) of the Debtholders in accordance with subsection 9.14(b), regardless of the source from which such information was derived.

(d) Any Specified Creditor wishing to be removed from the list of Specified Creditors may deliver a notice to the Indenture Trustee in the form attached as Exhibit 5. Within five (5) Business Days of the receipt of such notice, the Indenture Trustee shall notify the Issuer to have that Specified Creditor removed from the list provided in accordance with subsection 13.13(b). The Indenture Trustee shall not be responsible, nor shall it be liable for any losses, costs or expenses (including special, indirect, punitive or consequential losses or damages) of the Issuer, any Specified Creditor, or any other party, with respect to any Specified Creditor that fails to, or is delayed in sending, such notice and whose information is disseminated in accordance with this Section 9.14.

(e) The Indenture Trustee shall not be liable for, or held accountable by reason of, distributing any information pursuant to this Section 9.14 regarding any Specified Creditor that is on the list of Specified Creditors held by the Indenture Trustee pursuant to subsection 9.14(a).

9.15 Acceptance of Trusts by Indenture Trustee

The Indenture Trustee hereby accepts the trusts in this Indenture and agrees to perform the same upon the terms and conditions herein set forth.

9.16 Paying Agent

(a) The Paying Agent, on behalf of the Indenture Trustee, will make distributions to Specified Creditors from the Collection Account or other applicable Issuer Account pursuant to the provisions of this Indenture and any applicable Program Agreement. Any Paying Agent will have the revocable power to withdraw funds from the Collection Account or other applicable Issuer Account for the purpose of making the distributions referred to above.

(b) The Indenture Trustee may revoke such power and remove the Paying Agent if the Indenture Trustee determines in its sole discretion that the Paying Agent has failed to perform its obligations under this Indenture in any material respect. The Paying Agent upon removal will return all funds in its possession to the Indenture Trustee.

(c) The Issuer will cause each Paying Agent (other than the Indenture Trustee) to execute and deliver to the Indenture Trustee an instrument in which such Paying Agent will agree with the Indenture Trustee (and if the Indenture Trustee acts as Paying Agent, it so agrees), subject to the provisions of this Section 9.16, that such Paying Agent will:

(i) hold all sums held by it for the payment of principal of, interest, fees or other amounts in trust for the benefit of the Persons entitled thereto until such sums will be paid to such Persons or otherwise disposed of as herein provided;

(ii) if such Paying Agent is not the Indenture Trustee, give the Indenture Trustee notice of any default by the Issuer in the making of any such payment of principal or interest on any Issuer Funding Obligations;

(iii) if such Paying Agent is not the Indenture Trustee, at any time during the continuance of any such default, upon the written request of the Indenture Trustee, forthwith pay to the Indenture Trustee all sums so held in trust by such Paying Agent;

(iv) open and maintain appropriate records with respect to each Note; record by appropriate entries therein each payment made on account of interest, principal, fees and other amounts owing with respect to each such Note. For the purposes thereof, the Paying Agent shall make available upon request

of the Issuer or the Indenture Trustee satisfactory evidence of each payment as soon as practicable after making such payment. The failure to record, or any error in recording, any such payment shall not, however, limit or otherwise affect the obligations of the Issuer as to the principal amount or accrued interest owing with respect to any Note. Such records of payment shall be conclusive evidence of the unpaid principal balance and interest owing in respect of the Notes in the absence of demonstrable error;

(v) immediately resign as a Paying Agent and, if such Paying Agent is not the Indenture Trustee, forthwith pay to the Indenture Trustee all sums held by it in trust for the payment of Issuer Funding Obligations if at any time it ceases to meet the standards described in this Section 9.16 required to be met by a Paying Agent at the time of its appointment; and

(vi) comply with all requirements of the Income Tax Act or any other applicable tax law with respect to the withholding from any payments made by it on any amounts contemplated under this Indenture of any applicable withholding taxes imposed thereon and with respect to any applicable reporting requirements in connection therewith.

(d) Each Paying Agent, if not OPG, will at all times have, or be a wholly owned subsidiary of a corporation which has, a combined capital and surplus of at least $50,000,000 and be subject to supervision or examination by a Canadian federal, provincial or territorial authority or be regulated by or subject to the supervision or examination of a Governmental Authority of a nation that is a member of the Organization for Economic Co-operation and Development. If such Paying Agent publishes reports of condition at least annually, pursuant to law or to the requirements of the aforesaid supervising or examining authority, then for the purposes of this subsection 9.16(d), the combined capital and surplus of such Paying Agent will be deemed to be its combined capital and surplus as set forth in its most recent report of condition as so published.

(e) Unless and until the Issuer rescinds one or more of such appointments, the Issuer hereby appoints the Indenture Trustee as its Paying Agent. The Issuer will give prior written notice of the appointment of any Paying Agent (if such Paying Agent is not the Indenture Trustee) to each Rating Agency.

ARTICLE X
MEETINGS

10.01 Conduct of Meetings

Meetings of Debtholders of any Class, Series or Tranche, of all Issuer Funding Obligations, of Controlling Class Obligations of a Series or of all Controlling Class Obligations, as the case may be, may be convened, held and conducted in the following manner:

(a) At any time, and from time to time, the Indenture Trustee or the Issuer may, and the Indenture Trustee shall, on receipt of a written request of the Issuer or a

requisition signed by Debtholders of a particular Class, Series or Tranche, of all Issuer Funding Obligations, of Controlling Class Obligations of a Series or of all Controlling Class Obligations (each of such groups of Debtholders being a "**Debtholder Group**"), as the case may be, holding at least 25% of the aggregate Outstanding Dollar Principal Amount of the applicable Issuer Funding Obligations, convene, or cause to be convened, a meeting of the Debtholders of that Debtholder Group. If the Indenture Trustee fails to convene, or cause to be convened, a meeting after 30 days of being duly required by the Issuer or such Debtholders, the Issuer or such Debtholders may themselves convene such meeting and, in the case of a meeting called by such Debtholders, the notice calling such meeting may be signed by such Person as those Debtholders specify. Every such meeting shall be held in the City of Toronto or such other place in Ontario, Canada as the Indenture Trustee may in any case determine or approve.

(b) At least 7 days' prior notice of any meeting shall be given to the Debtholders of the Debtholder Group to which such meeting relates and to the Issuer, unless the meeting has been called by the Issuer, and such notice shall state the date, time and the place the meeting is to be held and shall specify, in general terms, the nature of the business to be transacted. It shall not be necessary to specify in the notice the text of the resolutions to be passed. Subject to Section 10.01(c), notices shall be given in the manner set forth in Article XV and a copy thereof shall be delivered to the Indenture Trustee unless the meeting has been called by it. It shall not be necessary to specify in the notice of any adjournment of a meeting the nature of the business to be transacted at the adjourned meeting. The non-receipt of any such notice by a Debtholder shall not invalidate any resolution passed at such meeting.

(c) At any meeting of a Debtholders Group, subject as herein provided, a quorum shall consist of one or more Persons present in person or by proxy holding either personally or as proxies not less than 25% of the Outstanding Dollar Principal Amount of the Issuer Funding Obligations of the Debtholder Group entitled to vote at such meeting. If a quorum is not present on the date for which the meeting is called within 30 minutes after the time fixed for the holding of such meeting, the meeting shall be adjourned to be held at a place and upon a date and at an hour to be fixed by the Indenture Trustee who shall give not less than seven (7) days' notice of the date and time to which such meeting is to be adjourned and at such adjourned meeting a quorum shall consist of the Debtholders of that Debtholder Group then and there represented in person or by proxy and entitled to vote at such meeting.

(d) An individual, who need not be a Debtholder, nominated in writing by the Indenture Trustee shall be chairman of the meeting (a "**Chairman**"). If no individual is so nominated or if the individual nominated is not present within 25 minutes after the time fixed for the holding of the meeting, the Debtholders and proxies for Debtholders present shall choose one of their number to be Chairman.

(e) Every question submitted to a meeting, except matters requiring an Extraordinary Resolution, shall be decided by a majority of the votes given on a show of hands or, if a poll shall be requested as hereinafter provided, by a majority of the votes

cast on the poll (in either case, an "**Ordinary Resolution**") and shall be binding on all Debtholders of the applicable Debtholder Group. On a show of hands, each Debtholder who is present, whether in person or by proxy, will have one vote for every $1,000 of Outstanding Dollar Principal Amount of applicable Issuer Funding Obligations of which he or she shall be the Debtholder. A poll shall be taken on every Extraordinary Resolution and otherwise whenever requested by a Debtholder or its proxy. On a poll, each Debtholder shall have one vote for every $1,000 of Outstanding Dollar Principal Amount of applicable Issuer Funding Obligations of which he or she shall be the Debtholder. Votes may be given in person or by proxy and a proxy need not be a Debtholder. If at any meeting a poll is so demanded as aforesaid on the election of a Chairman or on a question of adjournment, it shall be taken forthwith. If at any meeting a poll is so demanded on any other question, or an Extraordinary Resolution is to be voted upon, a poll shall be taken in such manner and either at once or after an adjournment as the Chairman directs. The result of a poll shall be deemed to be the decision of the meeting at which the poll was demanded and shall be binding on all Debtholders of the applicable Debtholder Group. In the case of joint Registered Noteholders, any one of them present in person or by proxy at the meeting may vote in the absence of the other or others but, if more than one of them is present in person or by proxy, they shall vote together in respect of the Notes of which they are joint Registered Noteholders.

10.02 <u>Powers Exercisable by Ordinary Resolution and Extraordinary Resolution</u>

(a) Subject to Section 11.02, in addition to any powers hereinbefore given, Debtholders of a Class, Series or Tranche of Issuer Funding Obligations shall by Ordinary Resolution have the power to:

(i) require the Indenture Trustee (subject to receipt by the Indenture Trustee of reasonable funding and indemnity) to exercise or refrain from exercising any of the powers conferred upon it by this Indenture insofar as they apply solely to such Class, Series or Tranche or by the Related Funding Obligation Agreement;

(ii) sanction, insofar as they apply to the Class, Series or Tranche, the release of the Issuer from its covenants and obligations hereunder;

(iii) subject to the provisions of this Indenture or of the Related Funding Obligation Agreement, sanction any change whatsoever to any provision of the Issuer Funding Obligations of such Class, Series or Tranche which shall be agreed to by the Issuer and any modification, alteration, abrogation, compromise or arrangement of or in respect of the rights of the Debtholders of such Class, Series or Tranche or the Indenture Trustee against the Issuer, whether such rights shall arise under the provisions of this Indenture or otherwise;

(iv) subject to the provisions of this Indenture, assent to any modification of or change in or addition to or omission from the provisions contained in this

Indenture, a Related Supplemental Indenture or any instrument ancillary or supplementary hereto or thereto, in each case, insofar as they apply to the Class, Series or Tranche, which shall be agreed to by the Issuer and to authorize the Indenture Trustee to concur in and execute any deed, instrument or agreement embodying any such modification, change, addition or omission or any other deeds, documents or writings authorized by such Ordinary Resolution; provided that no such assent shall be necessary for any modification of or change in or addition otherwise permitted hereunder or under a Related Supplemental Indenture; and

(v) take any other Action authorized by this Indenture or a Related Supplemental Indenture to be taken by Ordinary Resolution of the Debtholders of a Class, Series or Tranche of Issuer Funding Obligations.

(b) Subject to Section 11.02, in addition to any powers hereinbefore given, Controlling Class Creditors shall by Extraordinary Resolution have the power to:

(i) after the Security Interest has become enforceable, authorize the Indenture Trustee to accept, in satisfaction or partial satisfaction, all or any part of the Collateral;

(ii) after the Security Interest has become enforceable, sanction the selling of the Collateral or any part thereof or interest therein;

(iii) after the Security Interest has become enforceable, authorize the Indenture Trustee or any other Person to bid or tender at any sale of the Collateral or any part thereof and take such actions in connection with such sale as it determines to be in the best interests of all Controlling Class Creditors;

(iv) assent to any compromise or arrangement by the Issuer with any creditor, creditors or class or classes of creditors or with the holders of any securities of the Issuer whose claims are payable from the Collateral;

(v) restrain any Debtholder from taking or instituting any suit, action or proceeding for the purpose of realizing on the Collateral or for the execution of any trust or power hereunder or for the appointment of a liquidator, receiver or trustee in bankruptcy or to have the Issuer liquidated or for any other remedy hereunder and to direct such Debtholder to waive any Event of Default on which any suit or proceeding is founded;

(vi) require the Indenture Trustee (subject to receipt by the Indenture Trustee of reasonable funding and indemnity) to exercise or refrain from exercising any other powers conferred upon it by this Indenture of general application to all Classes of Issuer Funding Obligations, including the exercise of any rights of the Issuer under any of the Program Agreements upon the occurrence and during the continuance of an Event of Default, or cancel any declaration of acceleration made pursuant to Article VIII upon such terms and/or conditions as may be decided;

(vii) authorize the Indenture Trustee, in the event of the Issuer making an authorized assignment or proposal or in the event of an administrator, trustee, receiver or liquidator being appointed under any applicable bankruptcy or insolvency legislation for and on behalf of all Debtholders and, in addition to any claim or debt provided or made for its own account as Indenture Trustee hereunder, to file and prove a claim or debt against the Issuer or its property for an amount equivalent to the aggregate amount which may be payable in respect of all Issuer Funding Obligations, to value the Collateral, and to vote such claim or debt at meetings of creditors and generally act for and on behalf of all Debtholders in such proceedings as such Extraordinary Resolution may provide;

(viii) appoint a committee with power and authority (subject to such limitations, if any, as may be prescribed in such Extraordinary Resolution) to exercise, and to direct the Indenture Trustee to exercise, on behalf of all Controlling Class Creditors, such of the powers of such Controlling Class Creditors as are exercisable by Extraordinary Resolution or other resolution as shall be included in the Extraordinary Resolution appointing the committee. The Extraordinary Resolution making such appointment may provide for payment of the expenses and disbursements of and compensation to such committee from the Collateral in portions allocated to each Series as may be specified in such Extraordinary Resolution. Such committee shall consist of such number of Persons as shall be prescribed in the Extraordinary Resolution appointing it and the members need not themselves be Controlling Class Creditors or Debtholders. Each such committee may elect a chairman and may make regulations respecting its quorum, the calling of its meetings, the filling of vacancies occurring in its number and its procedures generally. Such regulations may provide that the committee may act at a meeting at which a quorum is present or may act by minutes signed by the number of members thereof necessary to constitute a quorum. All acts of any such committee within the authority delegated to it shall be binding upon all Debtholders. Neither the committee nor any member thereof shall be liable for any loss arising from or in connection with any action taken or omitted to be taken by them in good faith; and

(ix) take any other action authorized by this Indenture to be taken by Extraordinary Resolution.

(c) The foregoing powers shall be deemed to be several and cumulative and not dependent on each other and the exercise of one or more of such powers, or any combination of such powers, from time to time, shall not be deemed to exhaust the rights of the Debtholders to exercise such power or powers, or combinations of powers, thereafter from time to time. No powers exercisable by Extraordinary Resolution shall derogate in any way from any rights of the Issuer under or pursuant to this Indenture without the agreement of the Issuer. The Issuer shall give the Rating Agency notice of any Ordinary Resolution or Extraordinary Resolution adopted.

10.03 Extraordinary Resolution

An Extraordinary Resolution, adopted in accordance with the provisions hereof, shall be binding upon each and every Debtholder and each other Specified Creditor and their respective heirs, executors, administrators, successors and assigns, whether present or absent, and the Indenture Trustee (subject to the provisions for funding and its indemnity herein contained) shall be bound to give effect thereto accordingly.

Except as expressly provided to the contrary in this Indenture, no action shall be taken at a meeting of the Debtholders of a Debtholder Group which changes any provision of this Indenture or changes or prejudices the exercise of any right of any Debtholder except by Extraordinary Resolution.

10.04 Declaration by Chairman of Result of Vote

At any meeting of Debtholders of any Debtholder Group in cases where no poll is required or requested, a declaration made by the Chairman that a resolution has been carried, or carried by any particular majority, or lost, shall be conclusive evidence thereof.

10.05 Minutes

Minutes of all resolutions and proceedings at every such meeting, as aforesaid, shall be made and duly entered in books to be provided from time to time for that purpose by an agent of the Issuer at the expense of the Issuer and any such minutes, as aforesaid, if signed by the Chairman of the meeting at which such resolutions were passed or proceedings had shall be *prima facie* evidence of the matters therein stated and, until the contrary is proved, every such meeting in respect of the proceedings of which minutes shall have been made shall be deemed to have been duly held and convened and all resolutions passed or proceedings had thereat to have been duly passed and had.

10.06 Signed Instruments

Any resolution or instrument signed in one or more counterparts by (a) Debtholders holding not less than 50% of the aggregate Outstanding Dollar Principal Amount of Issuer Funding Obligations of a Debtholder Group, in the case of matters capable of being decided by Ordinary Resolution, and (b) Controlling Class Creditors holding not less than 66⅔% of the aggregate Outstanding Dollar Principal Amount of all Controlling Class Obligations in the case of matters required to be decided by Extraordinary Resolution, shall, in either case, have the same force and effect as a resolution duly passed at a meeting of such Debtholders by the affirmative vote of all of the votes cast upon a poll. Notice of any Ordinary Resolution or Extraordinary Resolution passed in accordance with this Section 10.06 shall be given by the Indenture Trustee to all applicable Debtholders within 30 days of the date on which such Ordinary Resolution or Extraordinary Resolution was passed.

10.07 Persons Who May Attend

Each Debtholder, by their respective officers, directors, employees, and the legal advisers of such parties, may attend any meeting of Debtholders.

10.08 Binding Effect of Resolutions

Every Ordinary Resolution and every Extraordinary Resolution passed in accordance with the provisions of this Article X at a meeting of Debtholders of a Debtholder Group will be binding upon all of the Debtholders of such Debtholder Group whether present at or absent from such meeting, and every instrument in writing signed by Debtholders in accordance with Section 10.06 will be binding upon all of the Debtholders of such Debtholder Group, whether signatories thereto or not, and the Indenture Trustee will be bound to give effect accordingly to every such Ordinary Resolution, Extraordinary Resolution and instrument in writing. For greater certainty, any Extraordinary Resolution shall bind all Debtholders and all other Specified Creditors in accordance with Section 10.03.

10.09 Notes Regarded as Not Outstanding for Certain Purposes

If, in the opinion of the Indenture Trustee and upon receipt of an Issuer Certificate in respect of the following, any business to be transacted at any meeting of Debtholders or any action to be taken or power exercised by instrument in writing under Section 10.06 does not materially adversely affect the rights of the Debtholders of one or more particular Class, Series or Tranche of Issuer Funding Obligations, the provisions of this Article X shall apply as if the Issuer Funding Obligations of that Class, Series or Tranche were not Outstanding, and no notice of any such meeting need be given to the Debtholders of that Class, Series or Tranche.

ARTICLE XI
SUPPLEMENTAL INDENTURES

11.01 Supplemental Indentures and Amendments Without Consent of Specified Creditors

Without the consent of Specified Creditors but with 10 Business Days' prior notice to each Rating Agency and the Province, the Issuer and the Indenture Trustee, at any time and from time to time, and upon delivery by the Issuer to the Indenture Trustee of an Issuer Certificate to the effect that the Issuer reasonably believes that such amendment will not have an Adverse Effect and is not reasonably expected to have an Adverse Effect at any time in the future, the Issuer may amend this Indenture, including any Supplemental Indenture or enter into one or more Supplemental Indentures, in form satisfactory to the Indenture Trustee, for any of the following purposes:

(a) to evidence the succession or successive successions of another Financing Entity to the Issuer, and the assumption by any such successor of the covenants of the Issuer herein and in the Notes; or

(b) to add to the covenants of the Issuer, or to surrender any right or power herein conferred upon the Issuer by the Issuer, for the benefit of Debtholders of any or all Classes, Series or Tranches of Issuer Funding Obligations; or

(c) to cure any ambiguity, to correct or supplement any provision herein which may be inconsistent with any other provision herein, to correct a clear clerical or administrative error, or to make any other provisions with respect to matters or questions arising under this Indenture; or

(d) to provide for the issuance of any Series or Tranche of Notes as provided in Article IV and Article V and to set forth the terms thereof, and/or to add to the rights of the Noteholders of any Class, Series or Tranche; or

(e) to evidence and provide for the acceptance of appointment by another corporation as a successor Indenture Trustee hereunder; or

(f) to add any additional Events of Default in respect of any or all Classes, Series or Tranches of Issuer Funding Obligations; or

(g) to provide for the consolidation of any Financing Entity and the Issuer into a single Person or the transfer of assets in any Financing Entity to the Issuer; or

(h) if IESO is replaced under the Master Transfer and Servicing Agreement as Servicer, to make any necessary changes to this Indenture or any other related document; or

(i) to provide for additional forms of Credit Enhancement for any Class, Series or Tranche of Issuer Funding Obligations; or

(j) to facilitate the issuance of Foreign Currency Issuer Funding Obligations; or

(k) to comply with any regulatory, accounting, securities or tax laws, rules, regulations or requirements, or changes to Rating Agency ratings criteria; or

(l) to enable the Issuer to file a registration statement (and any related exhibits thereto) for the offering of securities registered under the U.S. Securities Act and to comply with Regulation AB (including, without limitation, ongoing reporting obligations thereunder); or

(m) to qualify for sale treatment under generally accepted accounting principles.

Additionally, notwithstanding any provision of this Article XI to the contrary and in addition to clauses (a) through (m) above, the Issuer and the Indenture Trustee may amend this Indenture, including any Supplemental Indenture, without the consent of any Specified Creditor but with 10 Business Days' prior notice to each Rating Agency and the Province, to modify, eliminate or add to the provisions of this Indenture (i) to facilitate compliance with any amendment to any change of law or regulation which applies to the Issuer or the transactions governed by the Program Agreements, or (ii) to cause the provisions hereof to conform to or be consistent with or in furtherance of the statements made with respect to this Indenture in any applicable offering document; in each case, provided that the Issuer shall deliver to the Indenture Trustee an Issuer Certificate to the effect that (A) the Issuer reasonably believes that such amendment will not have an Adverse Effect and is not reasonably expected to have an Adverse Effect at any time in the future or (B) such amendment is required to remain in compliance with any change of law or regulation which applies to the Issuer or the transactions governed by the Program Agreements, or such amendment is required to cause the provisions hereof to conform to or be consistent with or in furtherance of the statements made with respect to this Indenture in any applicable offering document.

Additionally, notwithstanding any provision of this Article XI to the contrary and in addition to clauses (a) through (m) above and the immediately preceding paragraph, this Indenture, including any Supplemental Indenture, may also be amended by the Issuer and the Indenture Trustee, without the consent of any Specified Creditor but with 10 Business Days' prior notice to each Rating Agency and the Province, for the purpose of (i) adding any provisions to, or changing in any manner or eliminating any of the provisions of, this Indenture or any Supplemental Indenture or (ii) modifying in any manner the rights of the Specified Creditors under this Indenture or any Supplemental Indenture; provided, however, that (A) the Issuer shall deliver to the Indenture Trustee an Issuer Certificate to the effect that the Issuer reasonably believes that such amendment will not have an Adverse Effect and is not reasonably expected to have an Adverse Effect at any time in the future, and (B) the Rating Agency Condition shall be satisfied.

Additionally, notwithstanding any provision of this Article XI to the contrary and in addition to clauses (a) through (m) above and the immediately preceding paragraphs, this Indenture, including any Supplemental Indenture, may also be amended by the Issuer and the Indenture Trustee, without the consent of any Specified Creditor but with 10 Business Days' prior notice to each Rating Agency and the Province, to provide for those changes necessary for compliance with securities law requirements or banking laws or regulations; provided, however, that (i) the Issuer shall deliver to the Indenture Trustee an Issuer Certificate to the effect that the Issuer reasonably believes that such amendment will not have an Adverse Effect and is not reasonably expected to have an Adverse Effect at any time in the future, and (ii) the Rating Agency Condition shall be satisfied.

Prior written notice of any amendment to this Indenture or any Supplemental Indenture to the Province in accordance with the above paragraphs shall be sent by the Issuer and the Indenture Trustee. The Issuer and the Indenture Trustee shall send a copy of any amendment pursuant to this Section 11.01 to each Rating Agency and the Province; provided that failure to send copies of any amendment to this Indenture or any Supplemental Indenture, or failure to provide any notice under this Section 11.01 shall not invalidate such amendment.

The Indenture Trustee may, but shall not be obligated to, enter into any amendment which adversely affects the Indenture Trustee's rights, duties, benefits, protections, privileges or immunities under this Indenture or otherwise.

11.02 Supplemental Indentures and Amendments with Consent of Debtholders

In addition to any amendment permitted pursuant to Section 11.01, with 10 Business Days' prior notice to each Rating Agency and the Province, the consent of Debtholders of each Class, Series or Tranche of Issuer Funding Obligations affected by such amendment of this Indenture, including any Supplemental Indenture, by Ordinary Resolution delivered to the Issuer and the Indenture Trustee, and satisfaction of the Rating Agency Condition, the Issuer and the Indenture Trustee may enter into an amendment of this Indenture or any Supplemental Indenture for the purpose of adding any provisions to, or changing in any manner or eliminating any of the provisions of, this Indenture or of modifying in any manner the rights of the Debtholders of each such Class, Series or Tranche of Issuer Funding Obligations under this Indenture or any Supplemental Indenture; provided, however, that no such amendment of this Indenture or any

Supplemental Indenture will, without the consent of each Debtholder of Issuer Funding Obligations affected thereby and satisfaction of the Rating Agency Condition:

(a) change an Interest Payment Date, Principal Payment Date or Principal Payment Default Date of any Issuer Funding Obligation;

(b) reduce the principal amount of, or the interest rate on any Note, or change the method of computing the Outstanding Dollar Principal Amount, the Outstanding Currency Specific Dollar Principal Amount or the Outstanding Dollar Principal Amount in a manner that is adverse to any Debtholders;

(c) reduce the amount of a Discount Note payable upon its acceleration;

(d) reduce the percentage in Outstanding Dollar Principal Amount of Issuer Funding Obligations of any Class, Series or Tranche, the consent of whose holders is required for any such amendment, or the consent of whose holders is required for any waiver of compliance with the provisions of this Indenture or of defaults hereunder and their consequences, provided for in this Indenture;

(e) modify any of the provisions of this Section 11.02 or Section 8.03, except to increase any percentage of Debtholders required to consent to any such amendment or to provide that other provisions of this Indenture cannot be modified or waived without the consent of the Debtholders affected thereby;

(f) change any Place of Payment where any principal of, or interest on, any Note is payable, unless otherwise provided in the Related Supplemental Indenture; or

(g) change the method of computing the amount of principal of, or interest on, any Note on any date.

An amendment of this Indenture or a Supplemental Indenture which changes or eliminates any covenant or other provision of this Indenture which has expressly been included solely for the benefit of one or more particular Classes, Series or Tranches of Issuer Funding Obligations, or which modifies the rights of the Debtholders of such Class, Series or Tranche with respect to such covenant or other provision, will be deemed not to affect the rights under this Indenture of the Debtholders of any other Class, Series or Tranche of Issuer Funding Obligations.

It will not be necessary for any Ordinary Resolution or Extraordinary Resolution under this Section 11.02 to approve the particular form of any proposed amendment or Supplemental Indenture, but it will be sufficient if such Ordinary Resolution or Extraordinary Resolution will approve the substance thereof.

The Issuer and the Indenture Trustee shall send a copy of any amendment pursuant to this Section 11.02 to each Rating Agency and the Province; provided that failure to send copies of any amendment to this Indenture or any Supplemental Indenture, or failure to provide any notice under this Section 11.02 shall not invalidate such amendment.

11.03 Execution of Amendments and Supplemental Indentures

In executing or accepting the additional trusts created by any amendment of this Indenture or Supplemental Indenture permitted by this Article XI or the modifications thereby of the trusts created by this Indenture, the Indenture Trustee will be provided with, and (subject to Section 9.01) will be fully protected in relying upon, an Opinion of Counsel stating that the execution of such amendment or Supplemental Indenture is authorized or permitted by this Indenture and that all conditions precedent thereto have been satisfied. The Indenture Trustee may, but will not (except to the extent required in the case of an amendment or Supplemental Indenture entered into under subsection 11.01(e)) be obligated to, enter into any such amendment or Supplemental Indenture which affects the Indenture Trustee's own rights, duties or immunities under this Indenture or otherwise.

11.04 Effect of Amendments and Supplemental Indentures

Upon the execution of any amendment of this Indenture or any Supplemental Indenture under this Article XI, this Indenture and/or such Supplemental Indenture will be modified in accordance therewith with respect to each Class, Series or Tranche of Issuer Funding Obligations affected thereby, or all Issuer Funding Obligations, as the case may be, and such amendment or Supplemental Indenture will form a part of this Indenture and such Supplemental Indenture for all purposes; and every holder of Issuer Funding Obligations theretofore or thereafter incurred and every other Specified Creditor will be bound thereby to the extent provided therein.

11.05 Reference in Notes to Supplemental Indentures

Notes authenticated and delivered after the execution of any amendment of this Indenture or any Supplemental Indenture pursuant to this Article XI may, and will if required by the Indenture Trustee, bear a notation in form approved by the Indenture Trustee as to any matter provided for in such amendment or Supplemental Indenture. If the Issuer will so determine, new Notes so modified as to conform, in the opinion of the Indenture Trustee and the Issuer, to any such amendment or Supplemental Indenture may be prepared and executed by the Issuer and authenticated and delivered by the Indenture Trustee in exchange for Outstanding Notes.

ARTICLE XII
REPRESENTATIONS AND WARRANTIES OF THE ISSUER

12.01 Representations and Warranties of the Issuer

The Issuer hereby represents and warrants to the Indenture Trustee and shall be deemed to represent and warrant to the Indenture Trustee on the issuance of Notes of any particular Class, Series or Tranche hereunder, and upon each Borrowing under the applicable Funding Obligation Agreement, that:

(a) The Issuer is a Financing Entity.

(b) The indebtedness incurred pursuant to each issuance of Notes and each Borrowing is a Funding Obligation.

(c) The Issuer (i) is a trust duly constituted and validly existing under the laws of the Province of Ontario, (ii) is duly qualified to carry on its business in each jurisdiction in which it carries on business, (iii) has the power and authority to enter into and perform its obligations under this Indenture and the other Program Agreements executed by it and all instruments and agreements delivered pursuant hereto, and thereto and to own its property and carry on its business as currently conducted including, without limitation, the power and authority and legal right to acquire Investment Interests, and (iv) has obtained all approvals from all Governmental Authorities required in connection with the execution, delivery and performance of the Program Agreements.

(d) The execution, delivery and performance of this Indenture, and at the time it enters into such document, the other Program Agreements executed by it and every instrument or agreement delivered pursuant hereto and thereto has been or will be duly authorized by all requisite action and this Indenture and such other Program Agreements, instruments and agreements have been or will be duly executed and delivered by the Issuer and constitute valid and binding obligations of the Issuer enforceable against the Issuer in accordance with their respective terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of the Issuer, threatened against or affecting the Issuer at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Issuer or in the ability of the Issuer to perform its obligations under this Indenture, the other Program Agreements executed by it or any agreement or instrument delivered pursuant hereto or thereto; and the Issuer is not aware of any existing ground on which such action, suit or proceeding might be commenced with any reasonable likelihood of success or of any default with respect to any judgment, order, writ, injunction, decree, award, rule or regulation of any court, arbitrator or Governmental Authority, which, either separately or in the aggregate, would result in any such material adverse change.

(f) The Issuer is not a party to any agreement or instrument which materially adversely affects its ability to perform its obligations under this Indenture, the other Program Agreements executed by it or any agreements or instruments delivered pursuant hereto or thereto or materially adversely affects the business, operations, prospects, properties, assets or condition, financial or otherwise of the Issuer.

(g) The Issuer is not subject to any restriction or any judgment, order, writ, injunction, decree, award, rule or regulation which materially adversely affects, or in the future may materially adversely affect, the business, operations, prospects, properties, assets or condition, financial or otherwise of the Issuer or its ability to perform its

obligations under this Indenture, the other Program Agreements executed by it or any agreements or instruments delivered pursuant hereto or thereto.

(h) Neither the execution nor delivery of this Indenture, the other Program Agreements executed by it or any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein and therein contemplated, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the Declaration of Trust or any agreements or instruments to which the Issuer is a party or by which it or any of its property and assets are bound, or results or will result in the creation or imposition of any Lien of any nature whatsoever upon any of the property or assets of the Issuer.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of the Issuer is required in connection with the execution and delivery of this Indenture, the other Program Agreements executed by it or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or in connection with the enforcement of this Indenture, the other Program Agreements executed by it or any agreements or instruments delivered pursuant hereto or thereto (except those which have been obtained or deemed to have been obtained).

12.02 Certified Primary Obligations

The Issuer shall be deemed to represent and warrant to the Indenture Trustee on the incurrence of any Obligations Secured (other than Issuer Funding Obligations) that if the Issuer does not deliver the certificates contemplated by subsection 5.03(d), that the Obligations Secured are not Certified Primary Obligations.

ARTICLE XIII
COVENANTS OF THE ISSUER

13.01 Payment of Principal and Interest

With respect to each Class, Series or Tranche of Issuer Funding Obligations, the Issuer will duly and punctually pay the principal of and interest on such Issuer Funding Obligations in accordance with their terms, this Indenture and any Related Funding Obligation Agreement, and will duly comply with all the other terms, agreements and conditions contained in, or made in this Indenture and any Funding Obligation Agreement.

13.02 Use of Proceeds; Funding of Program Cash Reserve Account

The Issuer will use the proceeds of Notes and Borrowings solely for: (i) the acquisition by the Issuer of an Investment Interest; (ii) the redemption, repayment or repurchase of any existing Issuer Funding Obligations; (iii) the funding of Issuer Accounts; and (iv) the payment of transaction fees and expenses in connection with the incurrence of Issuer Funding Obligations.

13.03 Maintenance of Office or Agency

The Issuer will maintain an office or agency in each Place of Payment where Notes may be presented or surrendered for payment, where Notes may be surrendered for transfer or exchange and where notices and demands to or upon the Issuer in respect of the Notes and this Indenture may be served. The Issuer will give prompt written notice to the Indenture Trustee of the location, and of any change in the location, of such office or agency. If at any time the Issuer will fail to maintain such office or agency or will fail to furnish the Indenture Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office of the Indenture Trustee, and the Issuer hereby appoints the Indenture Trustee its agent to receive all such presentations, surrenders, notices and demands.

The Issuer may also from time to time designate one or more other offices or agencies where the Notes of one or more Classes, Series or Tranches may be presented or surrendered for any or all of such purposes specified above and may constitute and appoint one or more Paying Agents for the payments of such Notes, in one or more other cities, and may from time to time rescind such designations and appointments; provided, however, that no such designation, appointment or rescission shall in any matter relieve the Issuer of its obligations to maintain an office or agency in each Place of Payment for Notes of any Class, Series or Tranche for such purposes. The Issuer will give prompt written notice to the Indenture Trustee of any such designation or rescission and of any change in the location of any such other office or agency.

13.04 Legal Existence

The Issuer will do or cause to be done all things necessary to preserve and keep in full force and effect its legal existence and maintain its status as a Financing Entity.

13.05 Separateness Covenants

The Issuer will take all reasonable steps to maintain the Issuer's identity as a distinct entity with assets and liabilities distinct from those of the Manager and any of its Affiliates. Without limiting the generality of the foregoing and in addition to the other covenants set forth herein, the Issuer shall:

(a) not identify the offices of the Manager or any Affiliate thereof as its offices (by signage or otherwise);

(b) not identify the telephone number of the Manager as its telephone number and it will not utilize the stationery, invoices or cheques of the Manager;

(c) conduct all transactions with the Manager strictly on an arm's length basis and in good faith, allocate all overhead expenses for items shared between the Issuer and the Manager on the basis of actual use to the extent practicable and, to the extent such allocation is not practicable, on a basis reasonably related to actual use;

(d) conduct its affairs strictly in accordance with the Declaration of Trust, and observe all necessary, appropriate and trust formalities;

(e) maintain the Issuer's books and records separate from those of the Manager or any Affiliate thereof and otherwise readily identifiable as its own assets rather than assets of the Manager or any Affiliate thereof;

(f) prepare its financial statements separately from those of the Manager and ensure that any consolidated financial statements of the Manager that include the Issuer have notes clearly stating that the Issuer is a separate entity;

(g) only maintain bank accounts or other depository accounts to which the Issuer alone is the account party (or where the Issuer Trustee or the Indenture Trustee will maintain them on behalf of the Issuer), and from which only the Issuer or its agent has the power to make withdrawals;

(h) pay all of the Issuer's operating expenses from the Issuer's own assets (including, for greater certainty, reimbursing the Manager for any such expenses);

(i) continuously maintain the resolutions, agreements and other instruments of the Issuer underlying the transactions described in the Program Agreements as official records of the Issuer separately identified and held apart from the records of the Manager;

(j) maintain its property in such a manner that it is not costly or difficult to segregate, ascertain or otherwise identify its individual assets from or against those of the Manager or any Affiliate thereof; and

(k) not become liable to any Person for any obligations of the Manager or any Affiliate thereof.

13.06 <u>Compliance with Laws</u>

The Issuer will comply with the requirements of all applicable laws, the noncompliance with which would, individually or in the aggregate, materially and adversely affect the ability of the Issuer to perform its obligations under the Program Agreements.

13.07 <u>Performance of Obligations</u>

(a) The Issuer will punctually perform and observe all of its obligations and agreements contained in this Indenture, the Declaration of Trust, the Master Transfer and Servicing Agreement, the other Program Agreements and in the instruments and agreements relating to the Collateral, including but not limited to filing or causing to be filed all PPSA financing statements and amendments thereto required to be filed by the terms of this Indenture in accordance with and within the time periods provided for herein.

(b) The Issuer (i) will diligently pursue any and all actions to enforce its rights under each instrument or agreement included in the Collateral and (ii) will not take any action and will use its best efforts not to permit any action to be taken by others that would release any Person from any of such Person's covenants or obligations under

any such instrument or agreement or that would result in the amendment, hypothecation, subordination, termination or discharge of, or impair the validity or effectiveness of, any such instrument or agreement, except, in each case, as expressly provided in this Indenture, the Master Transfer and Servicing Agreement or any other Program Agreement.

(c) The Issuer will enforce the Servicer's compliance with and performance of all of the Servicer's material obligations under the Master Transfer and Servicing Agreement. The Issuer will enforce the Manager's compliance with and performance of all of the Manager's material obligations under the Management Agreement.

13.08 Funding Obligations

The Issuer will ensure that all indebtedness is incurred pursuant to and in accordance with Article V. The Issuer will not enter into any Funding Obligation Agreement, other than a Warehouse Facility Agreement, that provides for Issuer Funding Obligations that have principal repayment obligations that the Manager believes, acting reasonably having regard to the Financing Plan and all Issuer Funding Obligations then outstanding, would likely require the Issuer to satisfy payments of principal on any Principal Payment Date in respect of such Issuer Funding Obligations by means of a Refinancing other than a Pre-Approved Refinancing.

13.09 Financial Statements

The Issuer will deliver or cause to be delivered to the Indenture Trustee and the Rating Agencies within 140 days after the end of each fiscal year audited financial statements of the Issuer for the fiscal year, including the balance sheet and statements of income, retained earnings and changes in financial position of the Issuer, and within 90 days after the end of each fiscal quarter, other than the fiscal quarter of the Issuer ending on the fiscal year end of the Issuer, unaudited financial statements of the Issuer for such fiscal quarter of the Issuer, including the balance sheet and statements of income, retained earnings and changes in financial position of the Issuer. The Indenture Trustee shall send a copy of each financial statement delivered pursuant to this Section 13.09 to each Noteholder.

13.10 Statement as to Compliance

The Issuer will deliver to the Indenture Trustee and the Rating Agencies, on or before March 31 of each year, beginning in 2018, a written statement signed by a Responsible Officer of the Issuer stating that:

(a) a review of the activities of the Issuer during the prior year and of the Issuer's performance under this Indenture and under the terms of the Notes has been made under such Responsible Officer's supervision; and

(b) to the best of such Responsible Officer's knowledge, based on such review, the Issuer has complied in all material respects with all conditions and covenants under this Indenture throughout such year and that no Default or Event of Default has occurred, or, if there has been a material Default or an Event of Default has

occurred, specifying each such Default or Event of Default known to such Responsible Officer and the nature and status thereof.

13.11 Payment Instructions

Promptly after the receipt by the Issuer of each Monthly Report under the Master Transfer and Servicing Agreement, the Issuer will, in cooperation with the Manager, complete the Payment Instruction in respect of the Collection Account and deliver a copy thereof to the Indenture Trustee and the Paying Agent (if the Paying Agent is not the Indenture Trustee) at least two (2) Business Days prior to the applicable Payment Date. At least two (2) Business Days prior to any date on which payments are to be made pursuant to Sections 7.05 to 7.11, the Issuer will, in cooperation with the Manager, complete and deliver to the Indenture Trustee and the Paying Agent (if the Paying Agent is not the Indenture Trustee) a copy of the Payment Instruction in respect of the Interest Accumulation Account, the Principal Accumulation Account, the IESO Cash Reserve Account, the Program Cash Reserve Account, the Protection Account or any Series Account, as applicable.

13.12 Notice of Certain Events; Protection Event

(a) The Issuer agrees to give the Indenture Trustee and the Rating Agencies prompt written notice of: (i) each Event of Default; (ii) each breach on the part of the Issuer or the Servicer of its respective obligations under the Master Transfer and Servicing Agreement, including any Servicer Default (notice of which Servicer Default shall state that it is a "Notice of Servicer Default"); (iii) each breach on the part of the Manager of its obligations under the Management Agreement; (iv) any default of the Issuer or a Derivative Counterparty under a Derivative Agreement; and (v) any Protection Event and the nature thereof.

(b) Within 10 Business Days after receipt by the Indenture Trustee of notice of any Servicer Default or Protection Event, the Indenture Trustee shall provide notice thereof to each Specified Creditor; provided, however, that the Indenture Trustee shall not be liable for failing to distribute any written notice pursuant to this subsection 13.12(b) to any party that is at the time of delivery a Specified Creditor but is not on the lists of Specified Creditors held by the Indenture Trustee pursuant to subsection 9.14(a).

(c) Upon the occurrence of a Protection Event and at the request of the Issuer or any Controlling Class Creditor, the Indenture Trustee shall deliver a written demand to the Province requiring the Province to make payments on Obligations Secured pursuant to and in accordance with the Change of Law Protection Agreement. If, following such request, the Indenture Trustee does not deliver such written demand to the Province within 10 days of such request, any Controlling Class Creditor shall be entitled to deliver such written demand to the Province.

13.13 Issuer To Furnish Indenture Trustee Names and Addresses of Specified Creditors

(a) The Issuer will furnish or cause to be furnished to the Indenture Trustee:

(i) not more than 15 days after each Record Date, in such form as the Indenture Trustee may reasonably require, a list of the names and addresses of the Registered Noteholders of each applicable Class, Series or Tranche as of such date, and

(ii) at such other times as the Indenture Trustee may request in writing, within 30 days after the receipt by the Issuer of any such request, a list of similar form and content as of a date not more than 15 days before the time such list is furnished;

provided, however, that so long as the Indenture Trustee is the Note Registrar, no such lists shall be required to be furnished.

(b) Upon written request from the Indenture Trustee, within 10 Business Days after the receipt by the Issuer of any such request, the Issuer will furnish or cause to be furnished to the Indenture Trustee a list, substantially in the form of Exhibit 3 of the names and addresses of all Specified Creditors (other than Noteholders), together with a reference to such Specified Creditor's Program Agreement, provided that no written request shall be required for the deliveries in subsection 5.01(h) or 5.03(c).

13.14 Other Positive Covenants

The Issuer will:

(a) in the event that the Issuer shall be required to file tax returns, the Manager shall prepare or shall cause to be prepared such tax returns and shall provide such tax returns to the Issuer for signature at least five (5) Business Days before such tax returns are due to be filed. The Issuer, in accordance with the terms of each applicable Supplemental Indenture, shall also prepare or shall cause to be prepared all tax information required by applicable law to be distributed to any Noteholder and shall deliver such information to the Indenture Trustee at least five (5) Business Days prior to the date it is required by applicable law to be distributed to any Noteholder. The Indenture Trustee, upon written request, will furnish the Manager with all such information known to the Indenture Trustee as may be reasonably requested and required in connection with the preparation of all tax returns of the Issuer;

(b) subject to the payment priorities provided in Sections 7.04(e) and 8.13, pay or cause to be paid all Taxes levied, assessed or imposed upon the Issuer and its property or any part thereof, as and when the same become due and payable; provided that the Issuer may protest the payment of any such Taxes if it is acting in good faith and if it either provides the Indenture Trustee with cash in an amount sufficient to satisfy the same or otherwise satisfies the Indenture Trustee that its interests are not prejudiced thereby and the Rating Agency Condition is satisfied;

(c) upon the written request of the Indenture Trustee, use reasonable commercial efforts, following any (i) termination or resignation of the Servicer, the Manager or

the Paying Agent or, in each case, any successor thereof; or (ii) termination, non-renewal or expiry of a Liquidity Agreement or a Credit Enhancement Agreement (other than, in the latter case, a termination, non-renewal or expiry which occurs because neither party thereto has any further obligation thereunder), to appoint and enter into an agreement with a successor to such Servicer, Manager or Paying Agent, or replace or renew such Liquidity Agreement or Credit Enhancement Agreement, in form and substance the same as the applicable provisions in the previously existing Program Agreement and will notify the Indenture Trustee and the Rating Agencies of each such occurrence and new agreement, and will execute and deliver all Supplemental Indentures and amendments hereto and all instruments of further assurance and other instruments and will take other and further action as the Indenture Trustee, relying on the advice of counsel, may consider necessary or advisable to assign and render subject to this Indenture any such agreement; and

(d) deliver or cause to be delivered to the Indenture Trustee and the Rating Agencies on a confidential basis (excepting only, on the part of the Rating Agencies, for purposes of rating the securities of the Issuer) (i) copies of all Program Agreements (including any amendments thereto) in effect from time to time; and (ii) such reports and other information relating to the conduct of the business and affairs of the Issuer as the Indenture Trustee and the Rating Agencies may reasonably require including, without limitation, information pertaining to any actual or anticipated Event of Default or other event which could reasonably be anticipated to have a material adverse effect on the affairs of the Issuer.

13.15 Rule 144A Information

For so long as Notes of any Class, Series or Tranche are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Exchange Act, the Issuer agrees to provide to any Noteholder of such Class, Series or Tranche and to any prospective purchaser of Notes designated by such Noteholder, upon the request of such Noteholder or prospective purchaser, any information required to be provided to such Noteholder or prospective purchaser to satisfy the conditions set forth in Rule 144A(d)(4) under the Securities Exchange Act.

13.16 Further Instruments and Acts

Upon request of the Indenture Trustee or as necessary, the Issuer will execute and deliver such further instruments and do such further acts (including, but not limited to, disclosing or causing to be disclosed information) as may be reasonably necessary or proper to carry out more effectively the purpose of this Indenture.

13.17 No Other Business

The Issuer will not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto.

13.18 Amendments to Program Agreements

(a) Unless the Rating Agency Condition is satisfied, the Issuer will not make any material amendments to any Program Agreement (other than this Indenture and Derivative Agreements).

(b) Without in any way limiting clause (a), the Issuer will not:

(i) amend, supplement, modify, restate or replace, or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to, any of the Program Agreements (other than this Indenture, Derivative Agreements and the Declaration of Trust) if any such supplementation, amendment, modification, restatement or replacement, or waiver or consent, could reasonably be considered to be materially prejudicial to the rights or interests of any Specified Creditor(s), except as expressly permitted by such Specified Creditor(s) and subject to the Province having been given 10 Business Days' prior notice; provided that failure to provide such notice shall not invalidate such amendment, supplementation, modification, restatement or replacement, or waiver or consent; or

(ii) consent, if consent is required, to the resignation of the Manager under the Management Agreement.

(c) Without in any way limiting clause (a), the Issuer will not amend the Declaration of Trust if such amendment would have an Adverse Effect or would reasonably be expected to have an Adverse Effect at any time in the future; provided that if an amendment would have, or would reasonably be expected to have, an Adverse Effect, such amendment may only be made if the Issuer has obtained the consent of the Debtholders affected thereby, acting pursuant to an Ordinary Resolution.

(d) Upon receipt of an Issuer Certificate directing it to do so (provided that the Issuer has certified that the conditions set forth in Section 13.18(b) or 13.18(c), as applicable, have been satisfied), the Indenture Trustee shall execute any amendment, supplementation, modification, restatement or replacement of any Program Agreement to which it is a party (by acknowledgment or otherwise).

13.19 Issuer May Consolidate, Etc., Only on Certain Terms

The Issuer shall not consolidate or merge with or into any other Person, or sell, convey, exchange, transfer or otherwise dispose of any of its properties or assets included in the Collateral to any Person (in this Section 13.19, a "**transaction**"), unless:

(a) the Person (if other than the Issuer) formed by or surviving the consolidation or merger, or the Person that acquires by conveyance or transfer the properties and assets of the Issuer the conveyance or transfer of which is restricted, as applicable, shall: (i) be a Financing Entity, (ii) be organized and existing under the laws of Canada or any province or territory thereof, (iii) not be a Non-resident, (iv) not be

subject to regulation as an "investment company" under the Investment Company Act, (v) expressly assume, pursuant to an assignment and/or assumption agreement or supplement executed and delivered to the Indenture Trustee, in a form satisfactory to the Indenture Trustee, the due and punctual payment of all Obligations Secured then outstanding and the performance or observance of every agreement and covenant of the Issuer in this Indenture and the other Program Agreements to which the Issuer is a party; and (vi) in the case of a conveyance or transfer only, expressly agree, by means of such assignment and/or assumption agreement or supplement, that (A) all right, title and interest so conveyed or transferred is subject and subordinate to the Security Interest, and (B) it shall make all filings required by applicable securities laws in connection with the Notes;

(b) immediately after giving effect to such transaction, no Event of Default shall have occurred and be continuing;

(c) the Issuer shall have delivered to the Indenture Trustee an Issuer Certificate and an Opinion of Counsel each stating that (i) such transaction and the agreements delivered in connection therewith comply with this Section 13.19, (ii) all conditions precedent in this Section 13.19 relating to such transaction have been complied with, and (iii) each agreement delivered in connection with such transaction has been duly authorized, executed and delivered, and is valid, binding and enforceable against the surviving Person or transferee, as applicable;

(d) the Rating Agency Condition shall have been satisfied with respect to such transaction; and

(e) any action that is necessary to maintain the Security Interest shall have been taken.

13.20 <u>Successor Substituted</u>

Upon any consolidation or merger, or any conveyance or transfer of the properties and assets of the Issuer substantially as an entirety in accordance with Section 13.19, the Person formed by or surviving such consolidation or merger (if other than the Issuer) or the Person to which such conveyance or transfer is made shall succeed to, and be substituted for, and may exercise every right and power of, the Issuer under this Indenture with the same effect as if such Person had been named as the Issuer herein. In the event of any such conveyance or transfer, the Person named as the Issuer in the first paragraph of this Indenture or any successor which shall theretofore have become such in the manner prescribed in this Section 13.20 shall be released from its obligations under this Indenture as issued immediately upon the effectiveness of such conveyance or transfer.

13.21 <u>Guarantees, Loans, Advances and Other Liabilities</u>

Except as contemplated by this Indenture or the Declaration of Trust, the Issuer shall not make any loan or advance or credit to, or guarantee (directly or indirectly or by an instrument having the effect of assuring another's payment or performance on any obligation or capability of so doing or otherwise), endorse or otherwise become contingently liable, directly or indirectly, in connection with the obligations, stocks or dividends of, or own, purchase, repurchase or acquire

(or agree contingently to do so) any stock, obligations, assets or securities of, or any other interest in, or make any capital contribution to, any other Person.

13.22 Capital Expenditures

The Issuer shall not make any expenditure (by long-term or operating lease or otherwise) for capital assets.

13.23 Restricted Payments

The Issuer is permitted to declare or make payable any amounts to the owner of units in the Issuer as permitted by and in accordance with the Declaration of Trust, and redeem (at the request of an owner or otherwise), purchase, retire or otherwise acquire for value any units in the Issuer, provided that the Issuer may only satisfy the distribution declared or made payable, or the redemption or purchase price of any units so redeemed, purchased, retired or otherwise acquired, in cash or property to the extent that cash or property is available for such purpose, subject to Sections 7.04, 7.10 and 8.13. For greater certainty, if the Issuer is restricted from satisfying the foregoing amounts in cash or property pursuant to the provisions of this Section, then the Issuer shall satisfy such amounts through the issuance of additional units and/or a promissory note to its unitholders in accordance with the Declaration of Trust.

13.24 Redemption of Subordinated Notes or Junior Subordinated Notes

Notwithstanding anything in the Related Supplemental Indenture to the contrary, the Issuer may not redeem any Series or Tranche of Subordinated Notes or Junior Subordinated Notes, in whole at any time or in part from time to time, unless the following conditions have been satisfied both before and after giving effect to the redemption, as certified by the Issuer pursuant to an Issuer Certificate:

(a) no Default or Event of Default shall have occurred and be continuing;

(b) all Issuer Accounts shall have been fully funded in accordance with the provisions of this Indenture and any Funding Obligation Agreement; and

(c) the sum of the Outstanding Dollar Principal Amount of Subordinated Funding Obligations and Junior Subordinated Funding Obligations after giving effect to the redemption shall be no less than 35% of the aggregate Outstanding Dollar Principal Amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations.

13.25 No Borrowing

The Issuer will not issue, incur, assume, guarantee or otherwise become liable, directly or indirectly, for any additional indebtedness, except for Funding Obligations and except pursuant to the Program Agreements.

13.26 Minimum Subordinated Funding Obligations

(a) The Issuer will not permit the aggregate Outstanding Dollar Principal Amount of Subordinated Funding Obligations and Junior Subordinated Funding Obligations to be less than 35% of the aggregate Outstanding Dollar Principal Amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations.

(b) The Issuer will not permit the aggregate Outstanding Dollar Principal Amount of Junior Subordinated Funding Obligations to be less than 10% of the aggregate Outstanding Dollar Principal Amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations.

13.27 Other Negative Covenants

The Issuer will not:

(a) claim any credit on, or make any deduction from the principal or interest payable in respect of, the Notes or Borrowings (other than amounts withheld or deducted as described in Section 16.02);

(b) permit the validity or effectiveness of this Indenture to be impaired, or permit the Security Interest to be amended, hypothecated, subordinated, terminated or discharged, or permit any Person to be released from any covenants or obligations hereunder with respect to any Program Agreements except as may be expressly permitted hereby;

(c) permit any Lien (other than Permitted Liens) to be created on or extend to or otherwise arise upon or burden the Collateral or any part thereof or any interest therein or the proceeds thereof;

(d) sell, transfer, exchange or otherwise dispose of any of the Collateral except as may be expressly permitted hereby;

(e) release any security or guarantee in respect of the Collateral;

(f) voluntarily dissolve or liquidate; or

(g) take any action that would cause it to be treated as engaged in a “trade or business within the United States” within the meaning of applicable U.S. tax law interpreting section 864 of the Internal Revenue Code or its successor or predecessor provisions.

13.28 Indenture Trustee May Perform Covenants

If the Issuer fails to perform any of its covenants herein contained, the Indenture Trustee may, subject to the receipt of indemnification and funding reasonably acceptable to the Indenture Trustee as provided in Section 9.02(d), itself perform the covenant if the covenant is capable of being performed by the Indenture Trustee and, if the covenant requires the payment or expenditure

of money, the Indenture Trustee may make the payment or expenditure with money borrowed by or advanced to it for such purpose, but will be under no obligation to do so; and all sums so expended or advanced will bear interest at the rate of interest charged to the Indenture Trustee by its bankers from the date of expenditure until repayment and will (together with such interest) be paid by the Issuer upon demand and will until paid form part of the Obligations Secured and constitute a Lien on the Collateral to which such covenant related in priority to the Security Interest and will be payable out of any funds coming into possession of the Indenture Trustee hereunder. No performance or payment will be deemed to relieve the Issuer from the consequences of the occurrence of any Event of Default hereunder.

ARTICLE XIV
CERTAIN PROGRAM AGREEMENTS

14.01 Management Agreement

The Indenture Trustee acknowledges that the Issuer has entered into the Management Agreement which provides, among other things, for the provision of certain services and the performance by the Manager of certain obligations of the Issuer under this Indenture connected with the Issuer Investment Interest, the incurrence of Issuer Funding Obligations and all registrations required pursuant to Section 4.05. Accordingly, any obligation of the Issuer hereunder performed by the Manager on behalf of the Issuer will be deemed to have been performed by the Issuer and any payments referred to hereunder received or received and applied against the Issuer Funding Obligations by the Manager on behalf of the Issuer will be deemed to have been received or received and applied by the Issuer. The Indenture Trustee may act and rely on any instrument or report referred to hereunder prepared by the Manager on behalf of the Issuer as if the instrument or report had been prepared by the Issuer.

14.02 Credit Enhancement Agreements

The Indenture Trustee acknowledges that the Issuer may enter into one or more Credit Enhancement Agreements which provide, among other things, for the right of the Issuer, the Indenture Trustee or the Manager, as attorney for the Issuer, to make drawings on Credit Enhancers for the purpose of paying maturing Issuer Funding Obligations and repaying Borrowings under Liquidity Agreements. The Indenture Trustee hereby appoints the Manager as the Indenture Trustee's attorney, with full authority in the place and stead of and in the name of the Indenture Trustee or otherwise, from time to time to make any drawings pursuant to a Credit Enhancement Agreement (provided that written notice of any drawings shall be given by the Manager to the Indenture Trustee) and, in that connection, to execute and deliver all such documents, instruments and certificates including, without limitation, any drawing certificates required to be delivered to a Credit Enhancer at the time any drawing is made, and to do all such further acts and things and to take all such proceedings as the Manager in its sole discretion deems necessary or desirable to enforce compliance by a Credit Enhancer with the terms of a Credit Enhancement Agreement.

14.03 Declaration of Trust

The Indenture Trustee acknowledges that pursuant to the Declaration of Trust, the Indenture Trustee may appoint a successor Issuer Trustee if the Issuer Trustee and the unitholders

of the Issuer fail to appoint such a successor. The Indenture Trustee will only exercise such right if it has received an Ordinary Resolution of Controlling Class Creditors directing it to take such action.

ARTICLE XV
NOTICES

15.01 Notice to Issuer

Any notice, document or other communication required or permitted to be given or delivered to the Issuer hereunder will be in writing and will be valid and effective if given by delivery to the addresses indicated below or by facsimile or email transmission at such addresses (with, in the case of facsimile or email transmission, receipt confirmed, either by telephone, reply facsimile or reply email, or, in the case of email transmission, through the email software itself) and such notice, document or other communication shall be deemed to have been received, if given by delivery, on the day of delivery, and, if sent by facsimile or email transmission, on the day receipt thereof has been confirmed in accordance with the provisions of this Section 15.01. Such notice shall, if given on a day other than a Business Day or after the normal business hours of the recipient on a Business Day, be deemed to have been given on the next Business Day:

Fair Hydro Trust
c/o Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6

Attention: Vice President, Fair Hydro Plan
Fax: (416) 592-4189
Email: FHP@opg.com

Attention: General Counsel
Fax: (416) 592-4189

with copies to:

Computershare Trust Company of Canada, in its capacity as
Issuer Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1

Attention: Manager, Corporate Trust
Fax: (416) 981-9777
Email: corporatetrust.toronto@computershare.com

15.02 Notice to the Indenture Trustee

Any notice, document or other communication required or permitted to be given or delivered to the Indenture Trustee hereunder will be in writing and will be valid and effective if given by delivery to the address indicated below or by facsimile transmission at such address (with,

in the case of facsimile transmission, receipt confirmed, either by telephone or reply facsimile) and such notice, document or other communication shall be deemed to have been received, if given by delivery, on the day of delivery, and, if sent by facsimile transmission, on the day receipt thereof has been confirmed in accordance with the provisions of this Section 15.02. Such notice shall, if given on a day other than a Business Day or after the normal business hours (being 5:00 p.m. (Toronto time)) of the Indenture Trustee on a Business Day, be deemed to have been given on the next Business Day:

BNY Trust Company of Canada
One York Street, 6th Floor
Toronto, Ontario M5J 0B6

Attention: Corporate Trust Administration
Fax: (416) 360-1711

15.03 <u>Notice to Noteholders</u>

(a) Any notice, document or other communication required or permitted to be given or delivered hereunder to Registered Noteholders will be deemed to be validly given if sent to a destination within Canada by first class mail and if sent to a destination outside of Canada by airmail, postage prepaid in each case, sent by facsimile transmission or email transmission, addressed in each case to the Registered Noteholder at its address appearing in the Note Register, not later than the latest date, and not earlier than the earliest date, prescribed for the giving of such notice. In any case where notice to Registered Noteholders is given by mail, facsimile or electronic transmission, neither the failure to mail, send by facsimile or send by electronic transmission such notice, nor any defect in any notice so mailed, to any particular Noteholders will affect the sufficiency of such notice with respect to other Noteholders and any notice that is mailed, sent by facsimile or sent by electronic transmission in the manner herein provided shall conclusively have been presumed to have been duly given. In the case where CDS is the Registered Noteholder, notices, documents or other communications may be given by hand-delivery and such notice, document or other communication shall be deemed to have been received on the day of delivery.

(b) No notice will be given by mail, facsimile, email transmission or otherwise delivered to a holder of Bearer Notes or coupons in bearer form. In the case of any Class, Series or Tranche with respect to which any Bearer Notes are Outstanding, any notice required or permitted to be given to holders of such Bearer Notes will be published in an Authorized Newspaper within the time period prescribed in this Indenture or the Related Supplemental Indenture.

(c) In case, by reason of the suspension of regular mail service as a result of a strike, work stoppage or otherwise, it will be impractical to mail notice of any event to any holder of a Registered Note when such notice is required to be given pursuant to any provision of this Indenture, then any method of notification as will be

satisfactory to the Indenture Trustee and the Issuer will be deemed to be a sufficient giving of such notice.

(d) With respect to any Series or Tranche of Notes, the Related Supplemental Indenture or Terms Document may specify different or additional means of giving notice to the Noteholders of such Series or Tranche.

(e) Where this Indenture, any Supplemental Indenture or any Registered Note provides for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver will be the equivalent of such notice. Waivers of notice by Registered Noteholders will be filed with the Indenture Trustee, but such filing will not be a condition precedent to the validity of any action taken in reliance upon such waiver.

15.04 Notice to Other Specified Creditors

Any notice, document or other communication required or permitted to be given or delivered to any Specified Creditor (other than Noteholders) hereunder will be in writing and will be given by delivery to the applicable addresses provided to the Issuer by such Specified Creditor and set forth in the Specified Creditor list delivered pursuant to subsection 13.13(b) or by facsimile or electronic transmission. Any such notice shall, if given on a day other than a Business Day or after the normal business hours of the recipient on a Business Day, be deemed to have been given on the next Business Day.

15.05 Notice to Rating Agencies

Any notice, document or other communication required or permitted to be given or delivered to the Rating Agencies hereunder will be in writing and will be given by delivery to the applicable addresses provided to the Issuer by the Rating Agencies or by facsimile or electronic transmission. Any such notice shall, if given on a day other than a Business Day or after the normal business hours of the recipient on a Business Day, be deemed to have been given on the next Business Day. Where this Indenture provides for notice to any Rating Agency, failure to give such notice will not affect any other rights or obligations created hereunder and will not under any circumstance constitute an Adverse Effect.

15.06 Change of Address

Any Person referenced above may from time to time notify any other interested Person, in accordance with the provisions hereof, of any change of address which thereafter, until changed by like notice, shall be the address of such Person for all purposes of this Indenture.

ARTICLE XVI
MISCELLANEOUS

16.01 No Petition

The Indenture Trustee, by entering into this Indenture, and each Specified Creditor by accepting its rights as a third party beneficiary hereunder, agrees, to the fullest extent permitted by

applicable law, that at no time until one year and one day following repayment in full of all Issuer Funding Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Issuer.

16.02 Withholding Rights

The right of any Person to receive amounts described in this Indenture, including rights of a Noteholder to receive interest on or principal of a Note, or the rights of a Person to receive payments described in the Payment Waterfalls, shall be subject to any applicable withholding or deduction imposed pursuant to the Income Tax Act or other applicable tax law, including foreign withholding and deduction. Any amounts properly withheld or deducted shall be treated as actually paid to the appropriate recipient, provided that such deduction or withheld amounts are actually remitted in accordance with applicable law to the appropriate Governmental Authority.

16.03 U.S. Tax Treatment

The Issuer and each Noteholder that is a United States Person agree that the Notes are intended to be debt for United States federal, state and local income and franchise tax purposes and agree to treat the Notes accordingly for all such purposes, unless otherwise required by a taxing authority. Each Noteholder that is a United States Person further agrees that it will cause any Note Owner that is a United States Person acquiring an interest in a Note through it to comply with this Indenture as to treatment as indebtedness for United States federal, state and local income and franchise tax purposes as described in this Section 16.03.

16.04 Alternate Payment Provisions

Notwithstanding any provision of this Indenture or any of the Notes to the contrary, the Issuer, with the written consent of the Indenture Trustee, may enter into any agreement with any Noteholder providing for a method of payment or notice that is different from the methods provided for in this Indenture for such payments or notices. The Issuer will furnish to the Indenture Trustee a copy of each such agreement and the Indenture Trustee will cause payments or notices, as applicable, to be made in accordance with such agreements.

16.05 Final Distribution

(a) The Issuer shall give the Indenture Trustee at least 30 days written notice of the Principal Payment Date on which the Noteholders of any Class, Series or Tranche may surrender their Notes for payment of the final distribution on and cancellation of such Notes. Not later than the fifth day of the month in which the final distribution in respect of such Class, Series or Tranche is payable to Noteholders, the Indenture Trustee shall provide notice to Noteholders of such Class, Series or Tranche specifying (i) the date upon which final payment of such Class, Series or Tranche will be made upon presentation and surrender of Notes of such Class, Series or Tranche at the office or offices therein designated, (ii) the amount of any such final payment, and (iii) that the Record Date otherwise applicable to such Principal Payment Date is not applicable, payments being made only upon presentation and surrender of such Notes at the office or offices therein specified (which, in the case of Bearer Notes, shall be outside the United States). The

Indenture Trustee shall give such notice to the Note Registrar and the Paying Agent at the time such notice is given to Noteholders.

(b) Notwithstanding a final distribution to the Noteholders of any Class, Series or Tranche of Notes (or the termination of the Issuer), except as otherwise provided in this paragraph, all funds then on deposit in any Series Account allocated solely to such Noteholders shall continue to be held in trust for the benefit of such Noteholders, and the Paying Agent or the Indenture Trustee shall pay such funds to such Noteholders upon surrender of their Notes, if certificated. In the event that all such Noteholders shall not surrender their Notes for cancellation within six (6) months after the date specified in the notice from the Indenture Trustee described in paragraph (a), the Indenture Trustee shall give a second notice to the remaining such Noteholders to surrender their Notes for cancellation and receive the final distribution with respect thereto (which surrender and payment, in the case of Bearer Notes, shall be outside the United States). If within one (1) year after the second notice all such Notes shall not have been surrendered for cancellation, the Indenture Trustee may take appropriate steps, or may appoint an agent to take appropriate steps, to contact the remaining such Noteholders concerning surrender of their Notes, and the cost thereof shall be paid out of the funds in the Collection Account or any Series Account held for the benefit of such Noteholders. The Indenture Trustee and the Paying Agent shall pay to the Issuer any monies held by them for the payment of principal or interest that remains unclaimed for two (2) years. After payment to the Issuer, Noteholders entitled to the money must look to the Issuer for payment as general creditors unless an applicable abandoned property law designates another Person.

16.06 <u>Force Majeure</u>

In no event shall the Indenture Trustee or the Issuer Trustee be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services; it being understood that the Indenture Trustee and the Issuer Trustee shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

16.07 <u>Delivery of Executed Copies</u>

Each party acknowledges delivery of a fully executed copy of this Indenture.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly executed as of the day and year first above written.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of **FAIR HYDRO TRUST**, as Issuer

By: **ONTARIO POWER GENERATION INC.**, not in its individual capacity but solely as Manager

By: _____

Name:
Title:

By: _____

Name:
Title:

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

By: _____

Name:
Title:

Schedule A
DEFINED TERMS

"**Acceleration Event**" means the acceleration of any Series of Controlling Class Obligations pursuant to and in accordance with the Related Funding Obligation Agreement.

"**Act**" means *Ontario Fair Hydro Plan Act, 2017*.

"**Action**" has the meaning specified in Section 1.04.

"**Adherence Compliance Certificate**" has the meaning specified in the Change of Law Protection Agreement.

"**Adverse Effect**" means, whenever used in this Indenture with respect to any action, that such action will at the time of its occurrence (a) result in the occurrence of an Event of Default or any event which with the giving of notice or passage of time, or both, would become an Event of Default, (b) adversely affect the amount or timing of any payment to be made to any Debtholder or Derivative Counterparty pursuant to this Indenture or any Program Agreement, (c) materially adversely affect the amount or timing of payments to be made to the Specified Creditors (other than Debtholders and Derivative Counterparties) pursuant to this Indenture or any Program Agreement, or (d) adversely affect the Security Interest and the rights and remedies of the Indenture Trustee in respect thereof.

"**Affected Party**" has the meaning specified in the applicable Derivative Agreement.

"**Affiliate**" means, with respect to any specified Person, any other Person controlling or controlled by or under common control with such specified Person. For the purposes of this definition, "**control**" when used with respect to any specified Person means the power to direct the management and policies of such specified Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, and the terms "**controlling**" and "**controlled**" have meanings correlative to the foregoing.

"**Agency Agreement**" means an agency agreement made between the Issuer and one or more Persons acting on behalf of the Issuer, providing for the sale and distribution of Notes on an agency basis.

"**Approved Obligation**" has the meaning specified in the Change of Law Protection Agreement.

"**Approved Obligation Amount**" has the meaning specified in the Change of Law Protection Agreement.

"**Authorized Newspaper**" means any newspaper or newspapers of general circulation, in the case of Notes issued in the United States, in the Borough of Manhattan, The City of New York, and in the case of Notes issued in Canada, in the City of Toronto, in each case printed in the English language and customarily published on each Business Day at such place, whether or not published on Saturdays, Sundays or holidays, or if and so long as Notes of any Class, Series or Tranche are listed on any securities exchange and that exchange so requires, the newspaper of record required

by the applicable securities exchange, printed in any language satisfying the requirements of such exchange.

"**Available Collections**" means, for any Monthly Period, without duplication: (a) the Servicer CEA Receipts paid to the Issuer in accordance with Section 3.3 of the Master Transfer and Servicing Agreement, plus investment earnings allocable to the amounts on deposit in the Collection Account, plus any other amounts, or allocable portion thereof, to be treated as Available Collections, subject to this Indenture and any applicable Supplemental Indenture; (b) the IESO Carrying Cost Payments (other than the IESO Cash Reserve Deposit Amount); and (c) amounts received by the Issuer pursuant to Derivative Agreements.

"**Bearer Note**" means a Note in bearer form.

"**Benefit Plan**" means an "employee benefit plan" as defined in Section 3(3) of ERISA, which is subject to the provisions of Title I of ERISA, a "plan" described in and subject to Section 4975 of the Code, or an entity whose underlying assets include "plan assets" by reason of an employee benefit plan's investment in the entity.

"**Borrowing**" means a borrowing or drawing by the Issuer pursuant to a Liquidity Agreement, a Loan Agreement or a Credit Enhancement Agreement.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are, or the office of the Indenture Trustee is, authorized or obligated by applicable law, regulation or executive order to be closed.

"**Canadian Depository**" means, unless otherwise specified by the Issuer pursuant to any of Section 3.04, 3.06, or 4.01, with respect to Notes issuable or issued as a Global Note within Canada, CDS Clearing and Depository Services Inc., or any successor thereto registered as a clearing agency under the *Securities Act* (Ontario), or other applicable statute or regulation.

"**Carrying Costs**" has the meaning ascribed to the term "carrying costs" in the Fair Hydro Regulations.

"**Certificate of Authentication**" means the certificate of authentication of the Indenture Trustee, the form of which is described in Section 3.03.

"**Certified Primary Obligations**" has the meaning specified in the Change of Law Protection Agreement.

"**Chairman**" has the meaning specified in subsection 10.01(d).

"**Change of Law Protection Agreement**" means the change of law protection agreement dated December [21], 2017 among the Province, the Issuer and the Indenture Trustee.

"**Class**" means the Senior Funding Obligations, the Subordinated Funding Obligations, the Junior Subordinated Funding Obligations, each of which shall be a Class of Issuer Funding Obligations.

"**Collateral**" has the meaning specified in Section 2.01.

"**Collection Account**" has the meaning specified in subsection 7.02(a).

"**Commission**" means the U.S. Securities and Exchange Commission.

"**Controlling Class Creditors**" means, at any time, the Debtholders holding Controlling Class Obligations.

"**Controlling Class Obligations**" means: (a) Senior Funding Obligations until such time as all Senior Funding Obligations have been paid in full; then (b) if all Senior Funding Obligations have been paid in full, Subordinated Funding Obligations until such time as all Subordinated Funding Obligations have been paid in full; and finally (c) if all Senior Funding Obligations and Subordinated Funding Obligations have been paid in full, Junior Subordinated Funding Obligations until such time as all Junior Subordinated Funding Obligations have been paid in full.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Issuer and any other owner or owners of an Investment Interest as contemplated by subsection 29(5) of the Act.

"**Corporate Trust Office**" means the office of the Indenture Trustee at which, at any particular time, its corporate trust business shall be administered, which office as of the date hereof is located at One York Street, 6th Floor, Toronto, Ontario M5J 0B6, or at such other address as the Indenture Trustee may designate from time to time by notice to the Specified Creditors and the Issuer, or the principal corporate trust office of any successor trustee designated by like notice.

"**Credit Enhancement**" means any form of credit enhancement (howsoever characterized) for any Issuer Funding Obligation, including any letter of credit, letter of guarantee, insurance policy, surety bond, cash reserve account, spread account, guaranteed rate agreement, note purchase agreement, loan facility or other similar agreement established for the benefit of a Lender or Noteholder, as applicable, and including any facility provided by a Person to the Issuer which is specified or acknowledged in writing by the Issuer as "Credit Enhancement" for purposes hereof.

"**Credit Enhancement Agreement**" means any credit enhancement agreement entered into hereafter between the Issuer and one or more Credit Enhancers, and acknowledged and accepted by the Indenture Trustee in accordance with Article V, providing Credit Enhancement in respect of any Issuer Funding Obligation, and includes any letter of credit, guarantee, surety bond or other instrument executed and delivered by such Credit Enhancer(s).

"**Credit Enhancer**" means any Person providing Credit Enhancement to the Issuer or in respect of any Issuer Funding Obligation.

"**DBRS**" means DBRS Limited, or any successor thereof.

"**Debtholder**" means a Noteholder or a Lender.

"**Debtholder Group**" has the meaning specified in subsection 10.01(a).

"**Declaration of Trust**" means the declaration of trust made as of December [15], 2017 under which the Issuer was established.

"**Default**" means the occurrence of any event which, after the passage of time, the required notification to the Indenture Trustee and, if required, approval by the required Controlling Class Creditors, would become an Event of Default.

"**Defaulting Party**" has the meaning specified in the applicable Derivative Agreement.

"**Deferred Principal Accumulation Amount**" means, on any Principal Payment Date, the amount by which the aggregate of the Principal Accumulation Amount (Warehouse), the Principal Accumulation Amount (Senior), the Principal Accumulation Amount (Subordinated) and the Principal Accumulation Amount (Junior Subordinated) for such Principal Payment Date determined without reference to any Refinancing Notices is greater than the amount on deposit in the Principal Accumulation Account.

"**Depository**" means a Canadian Depository, a U.S. Depository or a Foreign Depository, as the case may be.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Issuer in connection with or related to Borrowings or Notes.

"**Derivative Counterparty**" means any party to any Derivative Agreement other than the Issuer or the Indenture Trustee.

"**Derivative Funding Obligations**" means Funding Obligations arising under, or in connection with, Derivative Agreements.

"**Discount Note**" means a Note that provides for an amount less than the Stated Principal Amount (but not less than the Initial Currency Specific Dollar Principal Amount) thereof to be due and payable upon the occurrence of an optional redemption, or the occurrence of an Event of Default and the acceleration of such Note, in each case before the Principal Payment Date of the applicable Note.

"**Dollar**," "**$**" or "**Cdn. $**" means Canadian dollars.

"**Electronic Methods**" means delivery of any notice or form of communication by facsimile, pdf or e-mail, or by other similar electronic means in a form satisfactory to the Issuer.

"**Eligible Deposit Account**" means an account that is a segregated account with an Eligible Institution.

"**Eligible Institution**" means (a) a trust company or Schedule I chartered bank (or an Affiliate thereof) incorporated under the laws of Canada or any province thereof (i) which has either (x) a long-term unsecured debt rating of "A" or better by DBRS, or (y) a short-term deposit rating of "R-1 (low)" or better by DBRS, and (ii) which has either (x) a long-term unsecured debt rating of

"A2" or better by Moody's, or (y) a short-term deposit rating of "P-1" or better by Moody's, or (b) any institution that otherwise satisfies the Rating Agency Condition.

"**Eligible Investments**" means instruments or investment property that evidence:

(a) direct obligations of, or obligations fully and unconditionally guaranteed as to timely payment by, Canada or the United States of America;

(b) demand or time deposits of, unsecured certificates of deposit of, money market deposit accounts of, bank deposit products of or bankers' acceptances issued by, any depository institution (including, but not limited to, bank deposit products of the Indenture Trustee, acting in its commercial capacity) incorporated or organized under the laws of the United States of America, Canada or any state or province thereof and subject to supervision and examination by applicable banking authorities, so long as the commercial paper or other short-term debt obligations of such depository institution are, at the time of deposit, rated at least "R-1 (low)" and "P-1" by each of DBRS and Moody's, or such lower rating as will not result in the downgrading or withdrawal of the ratings of the Issuer or any of the Issuer Funding Obligations;

(c) commercial paper (including commercial paper of the Indenture Trustee, acting in its commercial capacity), which at the time of purchase is rated at least "R-1 (low)" and "P-1" by each of DBRS and Moody's, or such lower rating as will not result in the downgrading or withdrawal of the ratings of the Issuer or any of the Issuer Funding Obligations;

(d) investments in money market funds having a rating in the highest investment category granted thereby (including funds for which the Indenture Trustee or any of its Affiliates is investment manager or advisor) from DBRS and Moody's;

(e) repurchase obligations with respect to any security that is a direct obligation of, or fully guaranteed by, the United States of America, Canada or their respective agencies or instrumentalities, entered into with Eligible Institutions;

(f) repurchase obligations with respect to any security or whole loan entered into with an Eligible Institution or with a registered broker/dealer acting as principal and that meets the ratings criteria set forth below:

(i) a broker/dealer (acting as principal) registered as a broker or dealer under the Securities Act (any such broker/dealer being referred to in this definition as a "**broker/dealer**"), the unsecured short-term debt obligations of which are rated at least "P-1" by Moody's and "R-1" by DBRS at the time of entering into such repurchase obligation; or

(ii) an unrated broker/dealer, acting as principal, that is a wholly-owned subsidiary of a non-bank or bank holding company the unsecured short-term debt obligations of which are rated at least "P-1" by Moody's and "R-1" by DBRS at the time of purchase so long as the obligations of such unrated

broker/dealer are unconditionally guaranteed by such non-bank or bank holding company; and

(g) any other investment permitted by each of the Rating Agencies;

in each case maturing not later than the Business Day preceding the next Payment Date, Interest Payment Date or Principal Payment Date, as applicable (for the avoidance of doubt, investments in money market funds or similar instruments that are redeemable on demand shall be deemed to satisfy the foregoing requirement). Notwithstanding the foregoing, no securities or investments that mature in 30 days or more shall be "Eligible Investments" unless the issuer thereof has (x) either a short-term unsecured debt rating of at least "P-1" from Moody's or a long-term unsecured debt rating of at least "A2" from Moody's and also has (y) either a short-term unsecured debt rating of at least "R-1 (low)" from DBRS or a long-term unsecured debt rating of at least "A" from DBRS.

"**Eligible Securities Account**" means a securities account that is a segregated account with an Affiliate of an Eligible Institution, which Affiliate is licensed to maintain securities accounts.

"**ERISA**" means the *Employee Retirement Income Security Act* of 1974, as amended.

"**Event of Default**" has the meaning specified in Section 8.01.

"**Exchange Date**" means, with respect to any Class, Series or Tranche of Notes, the latest of:

(a) in the case of exchanges of beneficial interests in Temporary Global Notes for beneficial interests in Permanent Global Notes in registered form, any date that is after the related issuance date;

(b) in the case of exchanges of beneficial interests in Temporary Global Notes for beneficial interests in Permanent Global Notes in bearer form, the date of presentation of certification of non-United States beneficial ownership (as described in Section 3.05); and

(c) the earliest date on which such an exchange of a beneficial interest in a Temporary Global Note for a beneficial interest in a Permanent Global Note is permitted by applicable law.

"**Exchange Rate Agent**" means, with respect to any Series of Issuer Funding Obligations (unless otherwise specified with respect to any Series of Issuer Funding Obligations pursuant to the Related Funding Obligation Agreement), a chartered bank listed on Schedule I to the *Bank Act* (Canada) designated pursuant to the Related Funding Obligation Agreement.

"**Extraordinary Resolution**" means a resolution passed by the affirmative votes of Controlling Class Creditors holding not less than 66⅔% of the Outstanding Dollar Principal Amount of all Controlling Class Obligations represented and voting at a meeting of all Controlling Class Creditors duly convened and held in accordance with the provisions of this Indenture.

"**Fair Hydro Regulations**" means the regulations made under the Act, including Ontario regulations 206/17 and 195/17.

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act and the Fair Hydro Regulations as of the date of this Indenture.

"**Financing Entity**" has the meaning ascribed to the term "financing entity" in the Act as of the date of this Indenture.

"**Financing Plan**" has the meaning ascribed to the term "financing plan" in the Act as of the date of this Indenture.

"**Foreign Currency**" means (a) a currency other than Dollars, or (b) denominated in a currency other than Dollars.

"**Foreign Currency Note**" means a Note denominated in a Foreign Currency.

"**Foreign Depository**" means the Person specified in the Related Supplemental Indenture, in its capacity as depository for the accounts of any clearing agencies located outside Canada and the United States.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Indenture.

"**Funding Obligation Agreement**" means any Notes, any Supplemental Indenture (including any Terms Document), any Liquidity Agreement, any Loan Agreement, any Credit Enhancement Agreement or any Derivative Agreement.

"**Global Note**" means any Note issued pursuant to Section 3.04.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**Guarantee Payment Date**" means each day when any payment or payments are to be made in respect of one or more Approved Obligations occurring following the delivery of a Payment Demand to the Province pursuant to the Change of Law Protection Agreement.

"**IESO**" means the Independent Electricity System Operator, a statutory corporation without share capital established by the *Electricity Act, 1998*, SO, 1998.

"**IESO Carrying Cost Payments**" means those amounts paid to the Issuer by the IESO pursuant to the Fair Hydro Regulations.

"**IESO Cash Reserve Account**" has the meaning specified in subsection 7.02(e).

"**IESO Cash Reserve Deposit Amount**" means an amount equal to the aggregate of:

(a) 0.50% of the aggregate outstanding principal amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations determined as of the Payment Date occurring in April, 2021; and

(b) an amount estimated by the Manager, acting reasonably, as the amount of Carrying Costs payable by the Issuer during May, June and July, 2021 on outstanding Issuer Funding Obligations and any Issuer Funding Obligations to be issued in accordance with the Financing Plan, provided that such estimate satisfies the Rating Agency Condition.

"**IESO Cash Reserve Required Amount**" means, on any Payment Date on or after the Payment Date in November, 2021, the amount, if any, by which (a) an amount equal to 0.50% of the aggregate Outstanding Dollar Principal Amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations, exceeds (b) the amount on deposit in the Program Cash Reserve Account, determined after giving effect to all settlements on such Payment Date.

"**IESO Security Agreement**" means the security agreement made by the IESO in favour of the Issuer to secure its obligations to pay IESO Carrying Cost Payments.

"**Income Tax Act**" means the *Income Tax Act* (Canada).

"**Indemnity Agreement**" means the Indemnity Agreement dated December [21], 2017 by the Manager in favour of the Indenture Trustee.

"**Indenture**" or "**this Indenture**" means this Trust Indenture, as amended, supplemented, restated or otherwise modified from time to time, including by Supplemental Indentures for the issuance of Series of Notes entered into pursuant to the applicable provisions hereof.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Indenture until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "Indenture Trustee" means and includes such Person.

"**Initial Currency Specific Dollar Principal Amount**" means with respect to a Series or Tranche in a Series that includes Foreign Currency Notes, the amount specified in the applicable Supplemental Indenture as the Initial Currency Specific Dollar Principal Amount thereof.

"**Initial Dollar Principal Amount**" means (a) unless otherwise specified in the applicable Supplemental Indenture, with respect to a Class, Series or Tranche of Notes, the aggregate initial principal amount of the Outstanding Notes of such Class, Series or Tranche plus the aggregate initial principal amount of any additional Notes of such Class, Series or Tranche, and (b) with respect to a Class, Series or Tranche of Discount Notes that includes Foreign Currency Notes, the amount specified in the applicable Supplemental Indenture as the Initial Dollar Principal Amount thereof.

"**Insolvency Event**" means, with respect to a specified Person, the specified Person admits the inability of such specified Person to pay its liabilities generally as they become due or makes a general assignment for the benefit of the creditors of such specified Person or otherwise acknowledges the insolvency of such specified Person or any proceeding shall be instituted by or against such specified Person seeking to adjudicate it a bankrupt or insolvent or seeking liquidation, winding up, dissolution, reorganization, arrangement, adjustment, protection, relief or composition of its debts under any law relating to bankruptcy, insolvency, reorganization, moratorium or relief of debtors or seeking the entry of an order for relief by the appointment of a receiver, trustee or other similar official for such specified Person or for any substantial part of its property and if such proceeding has been instituted against such specified Person either such proceeding has not been stayed or dismissed within 45 days or any of the actions sought in such proceeding (including the entry of an order for relief or the appointment of a receiver) are granted in whole or in part, or if a receiver is privately appointed in respect of such specified Person or of the property of such specified Person or any substantial part thereof.

"**Interest Accrual Amount (Junior Subordinated)**" means, in respect of any Payment Date and all Junior Subordinated Funding Obligations, the amount of interest that accrued on such Junior Subordinated Funding Obligations during the period from and including the issuance date of such Junior Subordinated Funding Obligations or the last date to which interest has been paid in respect of such Junior Subordinated Funding Obligations, as applicable, to such Payment Date less any amounts deposited to the Interest Accumulation Account in respect of such interest accruing during such period pursuant to subsections 7.04(e)(v) and 7.07.

"**Interest Accrual Amount (Senior)**" means, in respect of any Payment Date and all Senior Funding Obligations, the amount of interest that accrued on such Senior Funding Obligations during the period from and including the issuance date of such Senior Funding Obligations or the last date to which interest has been paid in respect of such Senior Funding Obligations, as applicable, to such Payment Date less any amounts deposited to the Interest Accumulation Account in respect of such interest accruing during such period pursuant to subsections 7.04(e)(iii)(A) and 7.07.

"**Interest Accrual Amount (Subordinated)**" means, in respect of any Payment Date and all Subordinated Funding Obligations, the amount of interest that accrued on such Subordinated Funding Obligations during the period from and including the issuance date of such Subordinated Funding Obligations or the last date to which interest has been paid in respect of such Subordinated Funding Obligations, as applicable, to such Payment Date less any amounts deposited to the Interest Accumulation Account in respect of such interest accruing during such period pursuant to subsections 7.04(e)(iv) and 7.07.

"**Interest Accumulation Account**" has the meaning specified in subsection 7.02(b).

"**Interest Payment Date**" means each Business Day on which interest is due and payable in respect of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations, as set out in the Related Funding Obligation Agreement.

"**Internal Revenue Code**" means the United States Internal Revenue Code of 1986, as amended.

"**Investment Asset**" has the meaning ascribed to the term "investment asset" in the Act as of the date of this Indenture.

"**Investment Company Act**" means the United States Investment Company Act of 1940, as amended.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Indenture.

"**Issuer**" has the meaning specified in the first paragraph of this Indenture.

"**Issuer Accounts**" means, collectively, the Program Accounts, the Series Accounts and the Related Securities Accounts, and including any Sub-Accounts of the foregoing.

"**Issuer Certificate**" means a certificate (including an Officer's Certificate) signed in the name of the Issuer by a Responsible Officer of the Manager on behalf of the Issuer and, in each case delivered to the Indenture Trustee relating to, among other things, the issuance of a new Series or Tranche of Notes. Wherever this Indenture requires that an Issuer Certificate be signed also by an accountant or other expert, such accountant or other expert (except as otherwise expressly provided in this Indenture) may be an employee of the Manager.

"**Issuer Funding Obligations**" means, the Funding Obligations of the Issuer, including the Senior Funding Obligations, the Subordinated Funding Obligations, the Junior Subordinated Funding Obligations and the Derivative Funding Obligations.

"**Issuer Investment Interest**" means, initially, the Investment Interest acquired by the Issuer pursuant to the first Transfer completed under the Master Transfer and Servicing Agreement and, upon the completion of each Transfer thereafter, the cumulative Investment Interest acquired by the Issuer.

"**Issuer Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Issuer at such time.

"**Junior Subordinated Borrowings**" means Borrowings that have been designated as "Junior Subordinated Borrowings" in the Related Loan Agreement, Related Liquidity Agreement or Related Credit Enhancement Agreement.

"**Junior Subordinated Funding Obligations**" means Funding Obligations arising under, or in connection with, Junior Subordinated Notes and Junior Subordinated Borrowings.

"**Junior Subordinated Notes**" means Notes of a Series that have been designated as "Junior Subordinated Notes" in the Related Supplemental Indenture.

"**Lender**" means any Person providing credit facilities, note purchase facilities or advances under a Liquidity Agreement, Loan Agreement or Credit Enhancement Agreement, as applicable.

"**Lien**" means a security interest, lien, mortgage, charge, pledge, claim or encumbrance of any kind.

"**Liquidity Agreement**" means an agreement between the Issuer and one or more Lenders, and acknowledged and accepted by the Indenture Trustee in accordance with Article V, providing for the creation of one or more liquidity facilities in respect of all or a portion of the Notes in favour of the Issuer, including a facility to fund the repayment of all or a portion of Notes or that permits the Issuer to require the purchase of Notes by a counterparty, and including further any facility provided by a Person to the Issuer which is specified or acknowledged in writing by the Issuer as a "Liquidity Agreement" for the purposes hereof.

"**Loan Agreement**" means an agreement between the Issuer and one or more Lenders, and acknowledged and accepted by the Indenture Trustee in accordance with Article V, providing for the creation of one or more credit facilities in favour of the Issuer for purposes of purchasing Investment Interests.

"**Management Agreement**" means the management agreement dated December [15], 2017 between the Manager and the Issuer, and acknowledged by the Indenture Trustee in accordance with Article V.

"**Manager**" means OPG, in its capacity as manager of the Issuer under the Management Agreement.

"**Market Exchange Rate**" means, unless otherwise specified with respect to any Series of Issuer Funding Obligations, (a) for any conversion involving a currency unit on the one hand and Dollars or any Foreign Currency on the other, the exchange rate between the relevant currency unit and Dollars or such Foreign Currency calculated by the method specified pursuant to Section 3.1 for the Notes of the relevant Series, (b) for any conversion of Dollars into any Foreign Currency, the Bank of Canada noon rate as published on the Reuters Screen Page BOFC (or such other means of reporting the Bank of Canada noon rate as may be agreed upon by each of the parties to this Indenture) and (c) for any conversion of one Foreign Currency into Dollars or another Foreign Currency, the spot rate at noon local time in the relevant market at which, in accordance with normal banking procedures, the Dollars or Foreign Currency into which conversion is being made could be purchased with the Foreign Currency from which conversion is being made from major banks located in either Toronto, New York City or any other principal market for Dollars or such purchased Foreign Currency, in each case determined by the Exchange Rate Agent. Unless otherwise specified with respect to any Series of Issuer Funding Obligations, in the event of the unavailability of any of the exchange rates provided for in the foregoing clauses (a), (b) and (c), the Exchange Rate Agent shall use, in its sole discretion and without liability on its part, such Bank of Canada noon rate as of the most recent available date, or quotations from one or more major banks in Toronto, New York City, or another principal market for the currency in question, or such other quotations as the Exchange Rate Agent shall deem appropriate. Unless otherwise specified by the Exchange Rate Agent, if there is more than one market for dealing in any currency by reason of foreign exchange regulations or otherwise, the market to be used in respect of such currency shall be that upon which a non-resident issuer of securities designated in such currency would purchase such currency in order to make payments in respect of such securities.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated December [21], 2017 between the Issuer and IESO.

"**Monthly Period**" means, with respect to each Payment Date, the period from and including the first day of each calendar month and to and including the last day of such calendar month.

"**Monthly Report**" has the meaning ascribed thereto in Section 3.5(a) of the Master Transfer and Servicing Agreement.

"**Moody's**" means Moody's Investors Service, Inc., or any successor thereof.

"**MTSA Acknowledgement**" means the acknowledgement and indemnity agreement dated December [21], 2017 by the IESO in favour of the Indenture Trustee.

"**Non-resident**" means a non-resident of Canada as such term is defined in the Income Tax Act or a partnership that is not a Canadian partnership within the meaning of the Income Tax Act.

"**Note**" or "**Notes**" means any note or notes of any Class, Series or Tranche created pursuant to Supplemental Indentures and authenticated and delivered from time to time under this Indenture.

"**Note Owner**" means the beneficial owner of an interest in a Global Note.

"**Note Purchase Agreement**" means an agreement providing for the purchase of Notes from the Issuer by one or more Persons.

"**Note Register**" has the meaning specified in subsection 4.05(a).

"**Note Registrar**" means the Person who keeps the Note Register.

"**Noteholder**" means a Person in whose name a Note is registered in the Note Register or the bearer of any Bearer Note (including a Global Note in bearer form), as the case may be.

"**Obligations Secured**" means all present and future debts, expenses and liabilities, direct or indirect, absolute or contingent, due, owing or accruing due or owing from time to time by the Issuer to the Specified Creditors in their capacity as such. For greater certainty, amounts owing to any Specified Creditors by the Issuer at any time shall include (a) the unpaid face amount of any Notes issued on a discount basis; (b) the principal amount owing at such time, together with the accrued and unpaid interest on interest bearing Notes or Borrowings; (c) accrued fees, whether or not then due and payable; and (d) any evidence of indebtedness issued pursuant to or in respect of an amount owing under a Program Agreement (other than amounts payable by the Issuer to its beneficiaries pursuant to the Declaration of Trust or a promissory note issued by the Issuer to a beneficiary as contemplated in the Declaration of Trust).

"**Officer's Certificate**" means a certificate on behalf of any Person that is signed by any Responsible Officer of such Person and states that the certifications set forth in such certificate are based upon the results of a due inquiry into the matters in question conducted by or under the supervision of the signing Responsible Officer and that the facts stated in such certifications are made to such signing Responsible Officer's knowledge and belief.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Opinion of Counsel**" means one or more written opinions of counsel, who may, except as otherwise expressly provided in the Program Agreements, be employees of or counsel to the party providing such opinion of counsel, which counsel shall be reasonably acceptable to the party receiving such opinion of counsel, and shall be in form and substance reasonably acceptable to such party.

"**Ordinary Resolution**" has the meaning specified in subsection 10.01(e).

"**Outstanding**" means, in respect of Notes, as of the date of determination, all Notes theretofore authenticated and delivered under this Indenture, except:

(a) any Notes theretofore canceled by the Indenture Trustee or delivered to the Indenture Trustee for cancellation pursuant to Section 4.12;

(b) any Notes for whose full payment (including principal and interest) or redemption money in the necessary amount has been theretofore deposited with the Indenture Trustee or any Paying Agent in trust for the holders of such Notes; provided that, if such Notes are to be redeemed, notice of such redemption has been duly given in accordance with subsection 4.10(e), or provision therefor satisfactory to the Indenture Trustee has been made; and

(c) any Notes in exchange for or in lieu of which other Notes have been authenticated and delivered pursuant to this Indenture, or which will have been paid pursuant to the terms of Section 4.06 (except with respect to any such Note as to which proof satisfactory to the Indenture Trustee is presented that such Note is held by a Person in whose hands such Note is a legal, valid and binding obligation of the Issuer).

For purposes of determining the amounts of deposits, allocations, reallocations or payments to be made, unless the context clearly requires otherwise, references to "Notes" will be deemed to be references to "Outstanding Notes". In determining whether Noteholders of the requisite principal amount of Outstanding Notes have taken any Action hereunder, and for purposes of Article X, (i) Senior Notes beneficially owned by the Issuer, the Manager or any Affiliate of the Issuer or the Manager and (ii) any Class of Notes (or any portion thereof) in which the Province has an interest pursuant to Section 7.10 will, in each case, be disregarded and deemed not to be Outstanding at any time that a Specified Creditor other than the Province has an interest in such Class of Notes. In determining whether the Indenture Trustee will be protected in relying upon any such Action, only Senior Notes (or in the case of the Province, any Notes) which a Responsible Officer of the Indenture Trustee knows to be owned by the Issuer, the Manager or any Affiliate of the Issuer or the Manager, or with respect to which the Province has an interest pursuant to Section 7.10, will be so disregarded. Senior Notes so owned which have been pledged in good faith may be regarded as Outstanding if the pledgee creates to the satisfaction of the Indenture Trustee the pledgee's right to act as owner with respect to such Notes and that the pledgee is not the Issuer, the Manager or any Affiliate of the Issuer or the Manager.

"**Outstanding Currency Specific Dollar Principal Amount**" means at any time, with respect to any Notes in a Series that includes Foreign Currency Notes, the Initial Currency Specific Dollar Principal Amount of the Outstanding Notes of such Series or Tranche at such time, less the amount

of any payments of principal to the holders of such Series of Notes; plus, the amount of any increase in the Outstanding Currency Specific Dollar Principal Amount of such Series of Notes due to the issuance of additional Notes of such Series.

"**Outstanding Dollar Principal Amount**" means at any time:

(a) in respect of Notes, either:

(i) with respect to any Class, Series or Tranche of Notes (other than Discount Notes), the aggregate Initial Dollar Principal Amount of the Outstanding Notes of such Class, Series or Tranche at such time, less the amount of any payments of principal to the holders of such Class, Series or Tranche of Notes pursuant to the Related Supplemental Indenture, or

(ii) with respect to any Series or Tranche of Discount Notes, an amount of the Outstanding Notes of such Series or Tranche calculated by reference to the applicable formula set forth in the Related Supplemental Indenture, taking into account the amount and timing of payments of principal made to the holders of such Series or Tranche pursuant to the Related Supplemental Indenture;

plus, in either case, the amount of any increase in the Outstanding Dollar Principal Amount of such Class, Series or Tranche of Notes due to the issuance of additional Notes of such Class, Series or Tranche pursuant to Article V; and

(b) in respect of other Issuer Funding Obligations, the aggregate principal amount (converted into Dollars, if applicable) of Borrowings.

"**Paying Agent**" means any Person authorized by the Issuer to pay any Obligations Secured on behalf of the Issuer as provided in subsection 9.16(e).

"**Payment Date**" means the 15th day of each calendar month (subject to Section 1.12).

"**Payment Demand**" has the meaning specified in the Change of Law Protection Agreement.

"**Payment Instruction**" means an instruction of the Manager substantially in one of the forms in Exhibit 1.

"**Payment Waterfall**" means a priority of payment set out in any one of Section 7.04(e), 7.05, 7.06, 7.07, 7.08, 7.09, 7.10, 7.11 or 8.13.

"**Permanent Global Note**" has the meaning specified in subsection 3.05(a).

"**Permitted Liens**" means:

(a) Liens for Taxes not yet due or for which installments have been paid based on reasonable estimates pending final assessments, or if due, the validity of which is

being contested diligently and in good faith by appropriate proceedings by that Person for which reasonable reserves under GAAP are maintained;

(b) the Lien of any Indenture Trustee, as provided in Section 9.05;

(c) the Security Interest; and

(d) any Lien created pursuant to a Co-Owner Agreement.

"**Person**" means any individual, corporation, limited liability company, unlimited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Place of Payment**" means, with respect to any Class, Series or Tranche of Notes issued hereunder, the city or political subdivision so designated with respect to such Class, Series or Tranche of Notes in accordance with the provisions of Article V.

"**PPSA**" shall mean the *Personal Property Security Act* (Ontario).

"**Pre-Approved Refinancing**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Principal Accumulation Account**" has the meaning specified in subsection 7.02(c).

"**Principal Accumulation Amount**" means, in respect of any Series of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations and a Payment Date occurring on or after the Principal Accumulation Date for such Series, the amount specified for such Payment Date in the Related Funding Obligation Agreement plus any amounts specified in the Related Funding Obligation Agreement in respect of prior Payment Dates after the Principal Accumulation Date for such Series which were not deposited to the Principal Accumulation Account; provided that if the Issuer has delivered a Refinancing Notice in respect of such Series pursuant to Section 7.09, the Principal Accumulation Amounts in respect of such Series shall be adjusted as provided for in such Refinancing Notice.

"**Principal Accumulation Amount (Junior Subordinated)**" means, in respect of any Payment Date, the sum of the Principal Accumulation Amounts for all Series of Junior Subordinated Funding Obligations for such Payment Date.

"**Principal Accumulation Amount (Senior)**" means, in respect of any Payment Date, the sum of the Principal Accumulation Amounts for all Series of Senior Funding Obligations (other than Warehouse Obligations) for such Payment Date.

"**Principal Accumulation Amount (Subordinated)**" means, in respect of any Payment Date, the sum of the Principal Accumulation Amounts for all Series of Subordinated Funding Obligations for such Payment Date.

"**Principal Accumulation Amount (Warehouse)**" means, in respect of any Payment Date, the sum of the Principal Accumulation Amounts for all Series of Warehouse Obligations for such Payment Date.

"**Principal Accumulation Date**" means, in respect of any Series of Issuer Funding Obligations, other than Derivative Funding Obligations, the date, if any, specified in the Related Funding Obligation Agreement.

"**Principal Payment Date**" means each Business Day on which principal is due and payable in respect of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations, as set out in the Related Funding Obligation Agreement.

"**Principal Payment Default Date**" has, with respect to any Issuer Funding Obligation, the meaning specified in the Related Funding Obligation Agreement.

"**Program Account**" means each of the Collection Account, the Principal Accumulation Account, the Interest Accumulation Account, the Program Cash Reserve Account, the IESO Cash Reserve Account, the Refinancing Account and the Protection Account.

"**Program Agreements**" means this Indenture, each Supplemental Indenture, the Declaration of Trust, the Management Agreement, the Master Transfer and Servicing Agreement, the MTSA Acknowledgement, the Indemnity Agreement, each Transfer Notice, any Co-Owner Agreements, the IESO Security Agreement, the Change of Law Protection Agreement, the Notes, any Derivative Agreements, Credit Enhancement Agreements, Liquidity Agreements, Loan Agreements, Underwriting Agreements, Agency Agreements or Note Purchase Agreements and all other documents and certificates delivered in connection therewith.

"**Program Cash Reserve Account**" has the meaning specified in subsection 7.02(d).

"**Program Cash Reserve Required Amount**" means (a) on each Payment Date prior to the Payment Date in May, 2021, nil, and (b) on each Payment Date thereafter, an amount equal to 0.50% of the aggregate outstanding principal amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations after giving effect to all settlements on such Payment Date, or such lesser amount proposed by the Manager that satisfies the Rating Agency Condition.

"**Protection Account**" has the meaning specified in subsection 7.02(i).

"**Protection Event**" has the meaning ascribed thereto in Schedule A of the Change of Law Protection Agreement.

"**Province**" means Her Majesty the Queen in Right of Ontario as represented by the Minister of Energy and the Minister of Finance.

"**Rating Agency**" means, with respect to any Issuer Funding Obligation, each nationally recognized statistical rating organization or designated rating organization, as specified in the Related Funding Obligation Agreement, selected by the Manager to rate such Issuer Funding Obligation.

"**Rating Agency Condition**" means, unless otherwise specified in the Related Funding Obligation Agreement for any Series or Tranche of Issuer Funding Obligations, with respect to any action subject to such condition, the Issuer shall deliver written notice of the proposed action to such Rating Agency or Rating Agencies at least 10 Business Days prior to the effective date of such action (or such shorter notice period if specified in the Related Funding Obligation Agreement with respect to any specific action, or if 10 Business Days prior notice is impractical, such advance notice as is practicable) and the Rating Agencies shall have informed the Issuer prior to the effective date of such action that such action will not result in the reduction or withdrawal of the rating in effect with respect to any Issuer Funding Obligation immediately before the taking of such action, provided that wherever there is reference to satisfaction of a Rating Agency Condition in this Indenture or any other Program Agreement, subject to the terms of the specific Program Agreement which shall govern, such condition need not be satisfied if there is no Rating Agency then rating the applicable Issuer Funding Obligation in respect of which the Rating Agency Condition is applicable. For purposes of this Indenture and any Supplemental Indenture, the Indenture Trustee shall receive, and shall be entitled to rely on, an Issuer Certificate confirming the satisfaction of the Rating Agency Condition. If the Rating Agency Condition is required to be satisfied without specifying one or more specific Series or Tranches of Issuer Funding Obligations, it shall be required to be satisfied in respect of all outstanding Series or Tranches of Issuer Funding Obligations.

"**Record Date**" means, for the interest or principal payable on any Note on any applicable Interest Payment Date or Principal Payment Date, the last day of the calendar month immediately preceding such Interest Payment Date or Principal Payment Date, unless otherwise specified in the Related Supplemental Indenture.

"**Redemption Price**" has the meaning specified in subsection 4.10(a).

"**Reference Period**" has the meaning ascribed to the term "reference period" in the Act as of the date of this Indenture.

"**Refinancing**" has the meaning ascribed to the term "refinancing" in the Act as of the date of this Indenture.

"**Refinancing Account**" has the meaning specified in subsection 7.02(f).

"**Refinancing Notice**" means a notice substantially in the form of Exhibit 2.

"**Registered Note**" means a Note issued in registered form.

"**Registered Noteholder**" means a Noteholder of a Registered Note.

"**Regulation AB**" means Subpart 229.1100 – Asset Backed Securities (Regulation AB), 17 C.F.R. §§229.1100-229.1125, and all related rules and regulations of the Commission, as such rules may be amended from time to time, and subject to such clarification and interpretation as have been provided by the Commission or by the staff of the Commission, or as may be provided by the Commission or its staff from time to time.

"**Related**" is used in reference to the Issuer Funding Obligations of a particular Series and means, when used in conjunction with:

(a) "Credit Enhancement Agreement": a Credit Enhancement Agreement pursuant to which Credit Enhancement has been provided in respect of such Issuer Funding Obligations;

(b) "Funding Obligation Agreement": a Funding Obligation Agreement entered into in connection with the incurrence of such Issuer Funding Obligations;

(c) "Liquidity Agreement": a Liquidity Agreement pursuant to which one or more liquidity facilities have been made available to fund the repayment of such Issuer Funding Obligations constituting Notes or, if specified in such Liquidity Agreement, a Series or Tranche of such Issuer Funding Obligations constituting Notes;

(d) "Loan Agreement": a Loan Agreement in respect of Issuer Funding Obligations constituting Borrowings; and

(e) "Supplemental Indenture": a supplement to this Indenture executed in connection with the issuance of such Issuer Funding Obligations constituting Notes.

"**Related Securities Account**" means, in respect of any Program Account or Series Account, a Securities Account which has been established for the purpose of allowing the Issuer to invest the funds credited to such Program Account or Series Account in Eligible Investments in accordance with Section 7.03.

"**Required Principal Accumulation Amount (Senior)**" means, in respect of any Principal Payment Date, the aggregate of the Principal Accumulation Amounts (Warehouse) and the Principal Accumulation Amounts (Senior) for all Payment Dates up to and including such Principal Payment Date, less all amounts that have been applied to principal repayments of Senior Funding Obligations on or prior to such Principal Payment Date.

"**Required Principal Accumulation Amount (Subordinated)**" means, in respect of any Principal Payment Date, the aggregate of the Principal Accumulation Amounts (Subordinated) for all Payment Dates up to and including such Principal Payment Date, less all amounts that have been applied to principal repayments of Subordinated Funding Obligations on or prior to such Principal Payment Date.

"**Responsible Officer**" means, with respect to: (a) the Issuer, any director or officer of the Manager; (b) the Servicer, any director or officer of the IESO; and (c) the Indenture Trustee, any officer within the Corporate Trust Office of such trustee (including the President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Treasurer or any other officer of the Indenture Trustee customarily performing functions similar to those performed by persons who at the time shall be such officers, respectively, and that has direct responsibility for the administration of this Indenture and also, with respect to a particular matter, any other officer to whom such matter is referred to because of such officer's knowledge and familiarity with the particular subject).

"**Securities Account**" has the meaning specified in subsection 7.02(j).

"**Securities Exchange Act**" means the United States Securities Exchange Act of 1934, as amended from time to time.

"**Security Interest**" means the Lien granted pursuant to Section 2.01.

"**Senior Borrowings**" means Borrowings that have been designated as "Senior Borrowings" in the Related Loan Agreement, Related Liquidity Agreement or Related Credit Enhancement Agreement.

"**Senior Funding Obligations**" means Funding Obligations arising under, or in connection with, Senior Notes and Senior Borrowings.

"**Senior Notes**" means Notes of a Series that have been designated as "Senior Notes" in the Related Supplemental Indenture.

"**Series**" means, with respect to any Class of Issuer Funding Obligation, the Series of the Class specified in the Related Funding Obligation Agreement.

"**Series Account**" means each Series Finance Reserve Account and each Series Capital Account.

"**Series Capital Account**" has the meaning specified in subsection 7.02(g).

"**Series Finance Reserve Account**" has the meaning specified in subsection 7.02(h).

"**Servicer**" has the meaning specified in the Master Transfer and Servicing Agreement.

"**Servicer CEA Receipts**" has the meaning ascribed thereto in Section 3.3(e) of the Master Transfer and Servicing Agreement.

"**Servicer Default**" has the meaning ascribed thereto in Section 7.1 of the Master Transfer and Servicing Agreement.

"**Specified Creditors**" means, collectively, Noteholders, Lenders, the Paying Agent, the Indenture Trustee, the Issuer Trustee, the Manager, the Servicer, the Province, Derivative Counterparties, Credit Enhancers, Rating Agencies and counterparties to Underwriting Agreements, Agency Agreements or Note Purchase Agreements, in each case, to the extent of their claims related to Program Agreements, and any other Person that is owed a payment obligation by the Issuer that gives rise to a Finance Amount in respect of the Issuer.

"**Stated Principal Amount**," has, with respect to any Note, the meaning specified in the Related Supplemental Indenture (including a Terms Document).

"**Sub-Account**" means each sub-account of an Issuer Account maintained pursuant to this Indenture or any Funding Obligation Agreement.

"**Subordinated Borrowings**" means Borrowings that have been designated as "Subordinated Borrowings" in the Related Loan Agreement, Related Liquidity Agreement or Related Credit Enhancement Agreement.

"**Subordinated Funding Obligations**" means Funding Obligations arising under, or in connection with, Subordinated Notes and Subordinated Borrowings.

"**Subordinated Notes**" means Notes of a Series that have been designated as "Subordinated Notes" in the Related Supplemental Indenture.

"**Subrogation Amount**", in respect of any Approved Obligation, has the meaning specified in subsection 7.10(d)(i).

"**Supplemental Indenture**" means, with respect to any Series of Notes, a supplement to this Indenture, executed and delivered in conjunction with the issuance of such Notes pursuant to Section 4.01, together with any applicable Terms Document for any Tranches of Notes belonging to such Series and any amendment to the Supplemental Indenture executed pursuant to Section 11.01 or 11.02.

"**Suspension Notice**" has the meaning specified in the Change of Law Protection Agreement.

"**Tax**" has the meaning ascribed to the term "tax" in the Fair Hydro Regulations as of the date of this Indenture.

"**Temporary Global Note**" has the meaning specified in Section 3.05(a).

"**Termination Payment**" means all amounts payable upon early termination of any Derivative Agreement calculated in accordance with the terms of such Derivative Agreement.

"**Terms Document**" means, with respect to any Tranche of Notes, a supplement to the Related Supplemental Indenture.

"**Tranche**" means, with respect to any Series of Notes, Notes of such Series which have identical terms, conditions and Tranche designation. Notes of a single Tranche may be issued on different dates.

"**Transfer**" has the meaning ascribed to the term "transfer" in the Act as of the date of this Indenture.

"**Transfer Notice**" has the meaning ascribed thereto in Section 1.1 of the Master Transfer and Servicing Agreement.

"**Trustee Cap**" means, on any Payment Date, an amount equal to (x) $150,000, multiplied by (y) the number of Series of Senior Funding Obligations outstanding on such Payment Date, divided by (z) 12.

"**Underwriting Agreement**" means an agreement providing for the purchase of Notes from the Issuer by one or more Persons as principals for the purpose of resale.

"**United States**" means, unless otherwise specified with respect to any Notes pursuant to Section 4.10, the United States of America (including the states and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction.

"**United States Person**" means a citizen or resident of the United States, a corporation, partnership or other entity created or organized in or under the laws of the United States of America, any one of the states thereof, the District of Columbia or any political subdivision thereof, or an estate or trust the income of which is subject to United States federal income taxation regardless of its source.

"**U.S. Depository**" means, unless otherwise specified by the Issuer pursuant to any of Section 3.04, 3.06, or 4.01, with respect to Notes issuable or issued as a Global Note within the United States, The Depository Trust Company, or any successor thereto registered as a clearing agency under the Securities Exchange Act, or other applicable statute or regulation.

"**U.S. Securities Act**" means the United States Securities Act of 1933, as amended from time to time.

"**Warehouse Facility Agreement**" means a Funding Obligation Agreement that provides the Issuer with a revolving facility under which principal amounts can be advanced, repaid and again advanced during a committed revolving period and does not provide any other type of credit facility.

"**Warehouse Obligations**" means Senior Funding Obligations incurred pursuant to Warehouse Facility Agreements.

EXHIBIT 1
FORMS OF PAYMENT INSTRUCTION

See Attached.

Payment Instruction – Collection Account
Fair Hydro Trust

Pursuant to the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and BNY Trust Company of Canada, as indenture trustee (as amended, modified, supplemented, replaced or restated from time to time, the "**Trust Indenture**"), the Manager hereby instructs the Paying Agent to pay or transfer, as applicable, the amounts set out below in accordance with the wire, check or other payment details set out in Schedule A to this Payment Instruction. Such payments or transfers are to made on: _____ [*insert date of payment(s) / transfer(s)*].

Capitalized terms used in this Payment Instruction have the meanings given to such terms in the Trust Indenture.

COLLECTION ACCOUNT

1.	Opening Balance	**$[ ]**
2.	Additions	**$[ ]**
3.	Withdrawals	**$[ ]**
	a. Taxes	**$[ ]**
	b. Issuer Trustee and Indenture Trustee fees	**$[ ]**
	c. Interest and Derivative Funding Obligations – Total	**$[ ]**
	i. Interest Accrual Amount (Senior)	**$[ ]**
	ii. Payments on Derivative Funding Obligations (other than Termination Payments)	**$[ ]**
	1. [*break out for each non-defaulting Derivative Counterparty*]	**$[ ]**
	d. Interest Accrual Amount (Subordinated)	**$[ ]**
	e. Interest Accrual Amount (Junior Subordinated)	**$[ ]**
	f. Principal Accumulation Amount (Warehouse)	**$[ ]**
	g. Principal and Derivative Funding Obligations – Total	**$[ ]**
	i. Principal Accumulation Amount (Senior)	**$[ ]**
	ii. Termination Payments – Total	**$[ ]**
	1. [*break out for each Derivative Counterparty*]	**$[ ]**
	h. Fees and other amounts on Senior Funding Obligations – Total	**$[ ]**
	i. [*break out on series by series basis*]	**$[ ]**
	i. Manager fees and other amounts (excluding indemnity amounts)	**$[ ]**
	j. Principal Accumulation Amount (Subordinated)	**$[ ]**
	k. Fees and other amounts on Subordinated Funding Obligations – Total	**$[ ]**
	i. [*break out on series by series basis*]	**$[ ]**
	l. Principal Accumulation Amount (Junior Subordinated)	**$[ ]**
	m. Program Cash Reserve Required Amount	**$[ ]**

n.	Reserve amounts for Series Accounts (other than for Subordinated Funding Obligations or Junior Subordinated Funding Obligations) – Total	**$[ ]**
	i. [*break out on series by series basis*]	**$[ ]**
o.	Reserve amounts for Series Accounts for Subordinated Funding Obligations – Total	**$[ ]**
	i. [*break out on series by series basis*]	**$[ ]**
p.	Fees and other amounts on Junior Subordinated Funding Obligations – Total	**$[ ]**
	i. [*break out on series by series basis*]	**$[ ]**
q.	Reserve amounts for Series Accounts for Junior Subordinated Funding Obligations – Total	**$[ ]**
	i. [break out on series by series basis]	**$[ ]**
r.	Derivative Funding Obligations – Total	**$[ ]**
	i. [*break out for each defaulting Derivative Counterparty*]	**$[ ]**
s.	Beneficiaries of Issuer	**$[ ]**
t.	Manager indemnity amounts	**$[ ]**
u.	Payments to other Specified Creditors – Total	**$[ ]**
	i. [*break out for each obligation*]	**$[ ]**
4.	Ending Balance	**$[ ]**
5.	Investment Proceeds on Collection Account	**$[ ]**

DATED _____.

FAIR HYDRO TRUST, by its Manager, **ONTARIO POWER GENERATION INC.**

By: _____

Name:
Title:

By: _____

Name:
Title:

Schedule A

[*insert wire, cheques or other payment details for each payment*]

Payment Instruction – Interest Accumulation Account
Fair Hydro Trust

Pursuant to the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and BNY Trust Company of Canada, as indenture trustee (as amended, modified, supplemented, replaced or restated from time to time, the "**Trust Indenture**"), the Manager hereby instructs the Paying Agent to pay or transfer, as applicable, the amounts set out below in accordance with the wire, check or other payment details set out in Schedule A to this Payment Instruction. Such payments or transfers are to made on: _____ [*insert date of payment(s) / transfer(s)*].

Capitalized terms used in this Payment Instruction have the meanings given to such terms in the Trust Indenture.

INTEREST ACCUMULATION ACCOUNT

1.	Opening Balance	**$[ ]**
2.	Additions for Senior Funding Obligations	**$[ ]**
3.	Additions for Subordinated Funding Obligations	**$[ ]**
4.	Additions for Junior Subordinated Funding Obligations	**$[ ]**
5.	Withdrawals for Senior Funding Obligations – Total	**$[ ]**
	a. [*break out on series by series basis*]	**$[ ]**
6.	Withdrawals for Subordinated Funding Obligations – Total	**$[ ]**
	a. [*break out on series by series basis*]	**$[ ]**
7.	Withdrawals for Junior Subordinated Funding Obligations – Total	**$[ ]**
	a. [*break out on series by series basis*]	**$[ ]**
8.	Ending Balance	**$[ ]**
9.	Investment Proceeds on Interest Accumulation Account	**$[ ]**
10.	Interest Accrual Amount (Senior)	**$[ ]**
11.	Interest Accrual Amount (Subordinated)	**$[ ]**
12.	Interest Accrual Amount (Junior Subordinated)	**$[ ]**

DATED _____.

FAIR HYDRO TRUST, by its Manager, **ONTARIO POWER GENERATION INC.**

By: _____

Name:
Title:

By: _____

Name:
Title:

Schedule A

[*insert wire, cheques or other payment details for each payment*]

Payment Instruction – Principal Accumulation Account
Fair Hydro Trust

Pursuant to the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and BNY Trust Company of Canada, as indenture trustee (as amended, modified, supplemented, replaced or restated from time to time, the "**Trust Indenture**"), the Manager hereby instructs the Paying Agent to pay or transfer, as applicable, the amounts set out below in accordance with the wire, check or other payment details set out in Schedule A to this Payment Instruction. Such payments or transfers are to made on: _____ [*insert date of payment(s) / transfer(s)*].

Capitalized terms used in this Payment Instruction have the meanings given to such terms in the Trust Indenture.

PRINCIPAL ACCUMULATION ACCOUNT

1.	Opening Balance	**$[ ]**
2.	Additions for Warehouse Obligations	**$[ ]**
3.	Additions for Senior Funding Obligations (other than Warehouse Obligations)	**$[ ]**
4.	Additions for Subordinated Funding Obligations	**$[ ]**
5.	Additions for Junior Subordinated Funding Obligations	**$[ ]**
6.	Withdrawals for Warehouse Obligations – Total	**$[ ]**
	a. [*break out on series by series basis*]	**$[ ]**
7.	Withdrawals for Senior Funding Obligations (other than Warehouse Obligations) – Total	**$[ ]**
	a. [*break out on series by series basis*]	**$[ ]**
8.	Withdrawals for Subordinated Funding Obligations – Total	**$[ ]**
	a. [*break out on series by series basis*]	**$[ ]**
9.	Withdrawals for Junior Subordinated Funding Obligations – Total	**$[ ]**
	a. [*break out on series by series basis*]	**$[ ]**
10.	Ending Balance	**$[ ]**
11.	Investment Proceeds on Principal Accumulation Account	**$[ ]**
12.	Principal Accumulation Amount (Warehouse)	**$[ ]**
13.	Principal Accumulation Amount (Senior)	**$[ ]**
14.	Principal Accumulation Amount (Subordinated)	**$[ ]**
15.	Principal Accumulation Amount (Junior Subordinated)	**$[ ]**

DATED _____.

FAIR HYDRO TRUST, by its Manager, **ONTARIO POWER GENERATION INC.**

By: _____

Name:
Title:

By: _____

Name:
Title:

Schedule A

[*insert wire, cheques or other payment details for each payment*]

Payment Instruction – IESO Cash Reserve Account
Fair Hydro Trust

Pursuant to the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and BNY Trust Company of Canada, as indenture trustee (as amended, modified, supplemented, replaced or restated from time to time, the "**Trust Indenture**"), the Manager hereby instructs the Paying Agent to pay or transfer, as applicable, the amounts set out below in accordance with the wire, check or other payment details set out in Schedule A to this Payment Instruction. Such payments or transfers are to made on: _____ [*insert date of payment(s) / transfer(s)*].

Capitalized terms used in this Payment Instruction have the meanings given to such terms in the Trust Indenture.

IESO CASH RESERVE ACCOUNT

1.	Opening Balance	**$[ ]**
2.	Withdrawals	**$[ ]**
	a. Taxes	**$[ ]**
	b. Issuer Trustee and Indenture Trustee fees	**$[ ]**
	c. Interest and Derivative Funding Obligations – Total	**$[ ]**
	i. Interest Accrual Amount (Senior)	**$[ ]**
	ii. Payments on Derivative Funding Obligations (other than Termination Payments)	**$[ ]**
	1. [*break out for each non-defaulting Derivative Counterparty*]	**$[ ]**
	d. Interest Accrual Amount (Subordinated)	**$[ ]**
	e. Interest Accrual Amount (Junior Subordinated)	**$[ ]**
3.	Ending Balance	**$[ ]**
4.	Investment Proceeds on IESO Cash Reserve Account	**$[ ]**

DATED _____.

FAIR HYDRO TRUST, by its Manager, **ONTARIO POWER GENERATION INC.**

By: _____
Name:
Title:

By: _____
Name:
Title:

Schedule A

[*insert wire, cheques or other payment details for each payment*]

Payment Instruction – Program Cash Reserve Account
Fair Hydro Trust

Pursuant to the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and BNY Trust Company of Canada, as indenture trustee (as amended, modified, supplemented, replaced or restated from time to time, the "**Trust Indenture**"), the Manager hereby instructs the Paying Agent to pay or transfer, as applicable, the amounts set out below in accordance with the wire, check or other payment details set out in Schedule A to this Payment Instruction. Such payments or transfers are to made on: _____ [*insert date of payment(s) / transfer(s)*].

Capitalized terms used in this Payment Instruction have the meanings given to such terms in the Trust Indenture.

PROGRAM CASH RESERVE ACCOUNT

1.	Opening Balance	**$[ ]**
2.	Additions	**$[ ]**
3.	Withdrawals for Senior Funding Obligations (Interest) – Total	**$[ ]**
	a. [*break out on series by series basis*]	**$[ ]**
4.	Withdrawals for Subordinated Funding Obligations (Interest) – Total	**$[ ]**
	a. [*break out on series by series basis*]	**$[ ]**
5.	Withdrawals for Junior Subordinated Funding Obligations (Interest) – Total	**$[ ]**
	a. [*break out on series by series basis*]	**$[ ]**
6.	Withdrawals for Senior Funding Obligations (Principal) – Total	**$[ ]**
	a. [*break out on series by series basis*]	**$[ ]**
7.	Withdrawals for Subordinated Funding Obligations (Principal) – Total	**$[ ]**
	a. [*break out on series by series basis*]	**$[ ]**
8.	Withdrawals for Junior Subordinated Funding Obligations (Principal) – Total	**$[ ]**
	a. [*break out on series by series basis*]	**$[ ]**
9.	Ending Balance	**$[ ]**
10.	Investment Proceeds on Program Cash Reserve Account	**$[ ]**
11.	Program Cash Reserve Required Amount	**$[ ]**

DATED _____.

FAIR HYDRO TRUST, by its Manager, **ONTARIO POWER GENERATION INC.**

By: _____

Name:
Title:

By: _____

Name:
Title:

Schedule A

[*insert wire, cheques or other payment details for each payment*]

Payment Instruction – Refinancing Account
Fair Hydro Trust

Pursuant to the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and BNY Trust Company of Canada, as indenture trustee (as amended, modified, supplemented, replaced or restated from time to time, the "**Trust Indenture**"), the Manager hereby instructs the Paying Agent to pay or transfer, as applicable, the amounts set out below in accordance with the wire, check or other payment details set out in Schedule A to this Payment Instruction. Such payments or transfers are to made on: _____ [*insert date of payment(s) / transfer(s)*].

Capitalized terms used in this Payment Instruction have the meanings given to such terms in the Trust Indenture.

REFINANCING ACCOUNT

1.	Opening Balance	**$[ ]**
2.	Additions	**$[ ]**
3.	Withdrawals – Total	**$[ ]**
	a. [*break out on series by series basis*]	**$[ ]**
4.	Ending Balance	**$[ ]**
5.	Investment Proceeds on Series Reserve Account	**$[ ]**

DATED _____.

FAIR HYDRO TRUST, by its Manager, **ONTARIO POWER GENERATION INC.**

By: _____
Name:
Title:

By: _____
Name:
Title:

Schedule A

[*insert wire, cheques or other payment details for each payment*]

Payment Instruction – Protection Account
Fair Hydro Trust

Pursuant to the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and BNY Trust Company of Canada, as indenture trustee (as amended, modified, supplemented, replaced or restated from time to time, the "**Trust Indenture**"), the Manager hereby instructs the Paying Agent to pay or transfer, as applicable, the amounts set out below in accordance with the wire, check or other payment details set out in Schedule A to this Payment Instruction. Such payments or transfers are to made on: _____ [*insert date of payment(s) / transfer(s)*].

Capitalized terms used in this Payment Instruction have the meanings given to such terms in the Trust Indenture.

PROTECTION ACCOUNT

1.	Opening Balance	**$0**
2.	Additions	**$[ ]**
3.	Withdrawals for Specified Creditors – Total	**$[ ]**
	a. [*break out for each obligation*]	**$[ ]**
4.	Withdrawals for Province (return of remaining amounts)	**$[ ]**
5.	Ending Balance	**$0**

DATED _____.

FAIR HYDRO TRUST, by its Manager, **ONTARIO POWER GENERATION INC.**

By: _____
Name:
Title:

By: _____
Name:
Title:

Schedule A

[*insert wire, cheques or other payment details for each payment*]

Payment Instruction – [*Specify Series*] Account
Fair Hydro Trust

Pursuant to the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and BNY Trust Company of Canada, as indenture trustee (as amended, modified, supplemented, replaced or restated from time to time, the "**Trust Indenture**"), the Manager hereby instructs the Paying Agent to pay or transfer, as applicable, the amounts set out below in accordance with the wire, check or other payment details set out in Schedule A to this Payment Instruction. Such payments or transfers are to made on: _____ [*insert date of payment(s) / transfer(s)*].

Capitalized terms used in this Payment Instruction have the meanings given to such terms in the Trust Indenture.

[*SPECIFY SERIES*] ACCOUNT [*duplicate on a series by series basis*]

1.	Opening Balance	**$[ ]**
2.	Additions	**$[ ]**
3.	Withdrawals – Total	**$[ ]**
	a. [*break out for each obligation*]	**$[ ]**
4.	Ending Balance	**$[ ]**
5.	Investment Proceeds on Series Account	**$[ ]**
6.	Required Series Account amount	**$[ ]**

DATED _____.

FAIR HYDRO TRUST, by its Manager, **ONTARIO POWER GENERATION INC.**

By: _____
Name:
Title:

By: _____
Name:
Title:

Schedule A

[*insert wire, cheques or other payment details for each payment*]

EXHIBIT 2
FORM OF REFINANCING NOTICE

See Attached.

[NTD: Notice must specify Series and the amount of the Principal Accumulation Amounts specified in the related Supplemental Indenture that will be repaid with the proceeds of the Refinancing.] [NTD: Osler to provide]

EXHIBIT 3
FORM OF SPECIFIED CREDITOR LIST

Program Agreement	**Name of Specified Creditor / Agent**	**Address**	**City**	**Province/ State**	**Postal/Zip Code**	**Country**	**Email**	**Issuer Funding Obligation**	**Value [Lenders only]**
Issuer Funding Obligations (other than Notes and Derivative Funding Obligations)									
[Insert name of Program Agreement]	[Insert name of institution]	[insert address]	[insert city]	[insert province/ state]	[insert postal/zip code]	[insert country]	[email]	[Y / N] [If Yes, Type of Funding Obligation]	[insert $ amount hold]
Derivative Funding Obligations									
[Insert name of Program Agreement]	[Insert name of institution]	[insert address]	[insert city]	[insert province/ state]	[insert postal/zip code]	[insert country]	[email]	N/A	N/A
Other Obligations Secured									
[Insert name of Program Agreement]	[Insert name of institution]	[insert address]	[insert city]	[insert province/ state]	[insert postal/zip code]	[insert country]	[email]	N/A	N/A

EXHIBIT 4
FORM OF REQUEST FOR SPECIFIED CREDITOR INFORMATION

TO: BNY Trust Company of Canada, as indenture trustee (the "**Indenture Trustee**") under the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and the Indenture Trustee (as amended, modified, supplemented, replaced or restated from time to time, the "**Trust Indenture**")

RE: Request for Provision of Information pursuant to Section 9.14 of the Trust Indenture

DATE: [■]

All capitalized terms used but not otherwise defined herein shall have the meanings ascribed thereto in the Trust Indenture.

First Declaration

1. The undersigned, being the duly appointed [*state position*] of [*insert name of Debtholder 1*] ("**Debtholder 1**"), hereby certifies, in that capacity and without personal liability, as follows:

2. The undersigned has made, or caused to be made, such examinations or investigations as are, in my belief, necessary to enable me to make the statements or give the opinions contained or expressed in this certificate.

3. Debtholder 1 forms part of the Debtholders of the following Series or Tranche:

   [*insert details of all applicable Issuer Funding Obligations*]

4. Debtholder 1 has owned an Issuer Funding Obligation of such Series or Tranche for a period of at least six (6) months preceding the date of this application.

Second Declaration

5. The undersigned, being the duly appointed [*state position*] of [*insert name of Debtholder 2*] ("**Debtholder 2**"), hereby certifies, in that capacity and without personal liability, as follows:

6. The undersigned has made, or caused to be made, such examinations or investigations as are, in my belief, necessary to enable me to make the statements or give the opinions contained or expressed in this certificate.

7. Debtholder 2 forms part of the Debtholders of the following Series or Tranche:

   [*insert details of all applicable Issuer Funding Obligations*]

8. Debtholder 2 has owned an Issuer Funding Obligation of such Series or Tranche for a period of at least six (6) months preceding the date of this application.

Third Declaration

9. The undersigned, being the duly appointed [*state position*] of [*insert name of Debtholder 3*] ("**Debtholder 3**"), hereby certifies, in that capacity and without personal liability, as follows:

10. The undersigned has made, or caused to be made, such examinations or investigations as are, in my belief, necessary to enable me to make the statements or give the opinions contained or expressed in this certificate.

11. Debtholder 3 forms part of the Debtholders of the following Series or Tranche:

    [*insert details of all applicable Issuer Funding Obligations*]

12. Debtholder 3 has owned an Issuer Funding Obligation of such Series or Tranche for a period of at least six (6) months preceding the date of this application.

Request

13. The undersigned Debtholders desire to communicate [*insert applicable Debtholder Group*] with respect to their rights under the Trust Indenture or under the applicable Program Agreement.

14. Attached hereto is a copy of the form of proxy or other communication which such applicants propose to transmit.

15. The Debtholders request that the Indenture Trustee deliver to them the information preserved at the time by the Indenture Trustee in accordance with Section 9.14 of the Trust Indenture.

DATED this ___ day of _____, 20___.

[DEBTHOLDER 1]

By: _____

Name:
Title:

[DEBTHOLDER 2]

By: _____

Name:
Title:

[DEBTHOLDER 3]

By: _____

Name:
Title:

EXHIBIT 5
FORM OF CANCELLATION NOTICE

TO: BNY Trust Company of Canada, as indenture trustee (the "**Indenture Trustee**") under the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and the Indenture Trustee (as amended, modified, supplemented, replaced or restated from time to time, the "**Trust Indenture**")

RE: Request for Removal from Specified Creditor Register

DATE: [■]

All capitalized terms used but not otherwise defined herein shall have the meanings ascribed thereto in the Trust Indenture.

1. The undersigned, being the duly appointed [*state position*] of [*insert name of institution*].

2. You are hereby requested pursuant to Section 9.14 of the Trust Indenture to, within five (5) Business Days of receipt of this notice, notify the Issuer to remove the following Specified Creditor from the list provided for in subsection 13.13(b) of the Trust Indenture.

   Name of Specified Creditor to be Removed: [*enter details*]

   Name of Program Agreement: [*enter details*]

DATED this ___ day of _____, 20___.

[SPECIFIED CREDITOR]

By: _____

Name:
Title:

EXHIBIT 6
FORMS OF CERTIFICATION

See attached.

Exhibit 6-A

FORM OF CERTIFICATE TO BE GIVEN BY
PERSON ENTITLED TO RECEIVE BEARER NOTE

CERTIFICATE

FAIR HYDRO TRUST

■% Notes due ■

This is to certify that as of the date hereof, and except as set forth below, the above-captioned Notes held by you for our account (i) are owned by any person(s) that is not a citizen or resident of the United States; a corporation or partnership (including any entity treated as a corporation or partnership for United States federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia unless, in the case of a partnership, Treasury Regulations provide otherwise; any estate whose income is subject to United States federal income tax regardless of its source or; a trust if (A) a United States court can exercise primary supervision over the trust's administration and one of more United States persons are authorized to control all substantial decisions of the trust or (B) a trust in existence on August 20, 1996, and treated as a United States person before this date that timely elected to continue to be treated as a United States person ("**United States person(s)**"), (ii) are owned by United States person(s) that are (a) foreign branches of United States financial institutions (financial institutions, as defined in United States Treasury Regulation Section 1.165-12(c)(1)(iv) are herein referred to as "**financial institutions**") purchasing for their own account or for resale, or (b) United States person(s) who acquired the Notes through foreign branches of United States financial institutions and who hold the Notes through such United States financial institutions on the date hereof (and in either case (a) or (b), each such United States financial institution hereby agrees, on its own behalf or through its agent, that you may advise Fair Hydro Trust or its agent that such financial institution will comply with the requirements of Section 165(j)(3)(A), (B) or (C) of the United States Internal Revenue Code of 1986, as amended, and the regulations thereunder), or (iii) are owned by United States or foreign financial institution(s) for purposes of resale during the restricted period (as defined in United States Treasury Regulation Section 1.163-5(c)(2)(i)(D)(7)), and, in addition, if the owner is a United States or foreign financial institution described in clause (iii) above (whether or not also described in clause (i) or (ii)), this is to further certify that such financial institution has not acquired the Notes for purposes of resale directly or indirectly to a United States person or to a person within the United States or its possessions.

As used herein, "United States" means the United States of America (including the states and the District of Columbia); and its "possessions" include Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands.

We undertake to advise you promptly by in writing or by electronic transmission on or prior to the date on which you intend to submit your certification relating to the above-captioned Notes held by you for our account in accordance with your operating procedures if any applicable statement herein is not correct on such date, and in the absence of any such notification it may be assumed that this certification applies as of such date.

This certificate excepts and does not relate to $■ of such interest in the above-captioned Notes in respect of which we are not able to certify and as to which we understand an exchange for an interest in a permanent Global Note or an exchange for and delivery of definitive Notes (or, if relevant, collection of any interest) cannot be made until we do so certify.

We understand that this certificate may be required in connection with certain tax legislation in the United States. If administrative or legal proceedings are commenced or threatened in connection with which this certificate is or would be relevant, we irrevocably authorize you to produce this certificate or a copy thereof to any interested party in such proceedings.

Dated: ■

[To be dated no earlier than the 15th day prior to (i) the date of original issuance or (ii) the Exchange Date, as applicable]

[Name of Person Making Certification]

_____

Name:
Title:

Exhibit 6-B

FORM OF CERTIFICATE TO BE GIVEN BY A DEPOSITORY
IN CONNECTION WITH THE EXCHANGE OF A PORTION OF A
TEMPORARY GLOBAL NOTE

CERTIFICATE

FAIR HYDRO TRUST

■% Notes due ■

This is to certify that based solely on written certifications that we have received in writing or by electronic transmission from each of the persons appearing in our records as persons entitled to a portion of the principal amount set forth below (our "**Member Organizations**") substantially in the form attached hereto, as of the date hereof, $■ principal amount of the above-captioned Notes (i) is owned by any person(s) that is not a citizen or resident of the United States; a corporation or partnership (including any entity treated as a corporation or partnership for United States federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia unless, in the case of a partnership, Treasury Regulations provide otherwise; any estate whose income is subject to United States federal income tax regardless of its source or; a trust if (A) a United States court can exercise primary supervision over the trust's administration and one of more United States persons are authorized to control all substantial decisions of the trust or (B) a trust in existence on August 20, 1996, and treated as a United States person before this date that timely elected to continue to be treated as a United States person ("**United States person(s)**"), (ii) is owned by United States person(s) that are (a) foreign branches of United States financial institutions (financial institutions, as defined in U.S. Treasury Regulation Section 1.165-12(c)(1)(iv) are herein referred to as "**financial institutions**") purchasing for their own account or for resale, or (b) United States person(s) who acquired the Notes through foreign branches of United States financial institutions and who hold the Notes through such United States financial institutions on the date hereof (and in either case (a) or (b), each such financial institution has agreed, on its own behalf or through its agent, that we may advise Fair Hydro Trust or its agent that such financial institution will comply with the requirements of Section 165(j)(3)(A), (B) or (C) of the Internal Revenue Code of 1986, as amended, and the regulations thereunder), or (iii) is owned by United States or foreign financial institution(s) for purposes of resale during the restricted period (as defined in United States Treasury Regulation Section 1.163-5(c)(2)(i)(D)(7)) and, to the further effect, that financial institutions described in clause (iii) above (whether or not also described in clause (i) or (ii)) have certified that they have not acquired the Notes for purposes of resale directly or indirectly to a United States person or to a person within the United States or its possessions.

As used herein, "United States" means the United States of America (including the states and the District of Columbia); and its "possessions" include Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands.

We further certify that (i) we are not making available herewith for exchange (or, if relevant, collection of any interest) any portion of the temporary Global Note representing the

above-captioned Notes excepted in the above-referenced certificates of Member Organizations and (ii) as of the date hereof we have not received any notification from any of our Member Organizations to the effect that the statements made by such Member Organizations with respect to any portion of the part submitted herewith for exchange (or, if relevant, collection of any interest) are no longer true and cannot be relied upon as of the date hereof.

We understand that this certification is required in connection with certain tax legislation in the United States. If administrative or legal proceedings are commenced or threatened in connection with which this certificate is or would be relevant, we irrevocably authorize you to produce this certificate or a copy thereof to any interested party in such proceedings.

Dated: ■

[To be dated no earlier than the 15th day prior to the Exchange Date]

[DEPOSITORY]

By: _____

INDEMNITY AGREEMENT

TO: BNY Trust Company of Canada, in its capacity as Indenture Trustee of Fair Hydro Trust (in such capacity, the "**Indenture Trustee**")

RE: Management Agreement dated as of ■, 2017 (the "**Management Agreement**") made between Ontario Power Generation, as manager (in such capacity, the "**Manager**") and Fair Hydro Trust (the "**Issuer**")

AND RE: Warehouse Senior Series 2017-1 Supplemental Indenture dated as of ■, 2017 (as in effect on the date hereof, the "**Supplemental Indenture**") made between, *inter alios*, the Issuer and the Indenture Trustee

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WHEREAS the Government of Ontario has passed the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**") for the purpose of, among other things, ensuring that Clean Energy Costs and Clean Energy Benefits are fairly allocated among present and future Specified Consumers;

AND WHEREAS Ontario Power Generation Inc. has been appointed as Financial Services Manager under the Act to, among other things, evaluate whether potential Funding Obligations should be incurred by Financing Entities for the purposes of acquiring and financing Investment Interests;

AND WHEREAS the Issuer is a Financing Entity established, at the request of the Financial Services Manager and pursuant to the Act, by Computershare Trust Company of Canada;

AND WHEREAS the Issuer and the Manager have entered into the Management Agreement in furtherance of, and in accordance with, the Act;

AND WHEREAS the Manager has agreed to execute this Indemnity Agreement to provide certain indemnities with respect to its duties and obligations under the Management Agreement.

IN CONSIDERATION OF the mutual covenants and agreements herein and the sum of $1.00 and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged) the parties hereto agree as follows:

1. Unless otherwise defined in this Indemnity Agreement, all capitalized terms used herein shall have the meanings ascribed thereto, either directly or by incorporation therein, in the Management Agreement.

2. The Manager shall indemnify the Indenture Trustee, on behalf of itself and on behalf of the Administrative Agent, each Funding Agent, each CP Conduit Purchaser, each Group Bank and each Non-Conduit Purchaser (in each case, in their respective capacities as such under the Supplemental Indenture) (each, an "**Indemnified Person**") and defend and hold harmless each such Indemnified Person from and against, any and all liabilities, obligations, losses, damages, payments and claims, and reasonable costs or expenses, of any kind whatsoever (collectively, "**Indemnified Losses**") imposed on, incurred by or asserted against each such Indemnified Person in connection with the Supplemental Indenture or the Series 2017-1 Notes issued thereunder, as a result of (i) the failure of the Manager to perform its covenants and other obligations under the Management

Agreement or any other Program Agreement to which the Manager is a party; or (ii) the breach by the Manager of any of its representations or warranties under the Management Agreement or any other Program Agreement to which the Manager is a party and, except to the extent of Indemnified Losses resulting from the willful misconduct, bad faith or gross negligence of such Indemnified Person seeking indemnification hereunder; provided that, in each case, the Manager shall not be required to indemnify an Indemnified Person for any amount paid or payable by such Indemnified Person in the settlement of any Proceeding or investigation without the written consent of the Manager, which consent shall not be unreasonably withheld or delayed. Promptly after receipt by an Indemnified Person of notice of the commencement of any Proceeding or investigation, such Indemnified Person shall, if a claim in respect thereof is to be made against the Manager under this Section 2, notify the Manager in writing of the commencement thereof. Failure by an Indemnified Person to so notify the Manager shall relieve the Manager from the obligation to indemnify and hold harmless such Indemnified Person under this Section 2 only to the extent that the Manager suffers actual prejudice as a result of such failure. With respect to any Proceeding or investigation brought by a third party for which indemnification may be sought under this Section 2, the Manager shall be entitled to conduct and control, at its expense and with counsel of its choosing that is reasonably satisfactory to such Indemnified Person, the defence of any such Proceeding or investigation (in which case the Manager shall not thereafter be responsible for the fees and expenses of any separate counsel retained by the Indemnified Person except as set forth below); provided, that the Indemnified Person shall have the right to participate in such Proceeding or investigation through counsel chosen by it and at its own expense. Notwithstanding the Manager's election to assume the defence of any Proceeding or investigation, the Indemnified Person shall have the right to employ separate counsel, and the Manager shall bear the reasonable fees, costs and expenses of such separate counsel, if (i) the defendants in any such action include both the Indemnified Person and the Manager and the Indemnified Person shall have reasonably concluded that there may be legal defences available to it that are different from or additional to those available to the Manager, (ii) the Manager shall not have employed counsel reasonably satisfactory to the Indemnified Person to represent the Indemnified Person within a reasonable time after notice of the institution of such action, (iii) the Indemnified Person shall have been advised by counsel to the Indemnified Person that there may be a conflict of interest between the Manager and the Indemnified Person, or (iv) the Manager authorizes the Indemnified Person to employ separate counsel at the expense of the Manager. Notwithstanding the foregoing, the Manager shall not be obligated to pay for the fees, costs and expenses of more than one separate counsel for the Indemnified Persons other than one local counsel, if appropriate. The Manager will not, without the prior written consent of the Indemnified Person, settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim or Proceeding in respect of which indemnification may be sought under this Section 2 (whether or not the Indemnified Person is an actual or potential party to such claim or action) unless such settlement, compromise or consent includes an unconditional release of the Indemnified Person from all liability arising out of such claim or Proceeding.

Indemnification under Section this 2 shall survive any repeal of, modification of, or supplement to, or judicial invalidation of, the Act and shall survive the termination of this

Indemnity Agreement or the Management Agreement and will rank pari passu with other general, unsecured obligations of the Manager.

Notwithstanding anything contained in this Indemnity Agreement or the Management Agreement, it is expressly understood that the Manager is not agreeing to indemnify or hold any Indemnified Person harmless with respect to any of the following: (i) any losses resulting from any breach or failure to perform by the Manager caused by a breach or failure to perform on the part of any other third party under any Program Agreement, the Act or the Regulations; provided that the foregoing clause (i) shall not apply to limit the liability of the Manager in respect of any delegation to a third party as provided for in section 4.7 of the Management Agreement; (ii) any losses resulting from changes in law after the date hereof, whether such changes in law are effected by means of any legislative enactment or any final and non-appealable judicial decision, other than losses resulting solely from the Manager's failure to comply with section 4.1(a)(xiv) of the Management Agreement; (iii) any losses resulting from the validity of the Change of Law Protection Agreement or the applicability thereof to the Province or to any Indemnified Person or any material part thereof being disaffirmed by or on behalf of the Province; or (iv) any liability of any Indemnified Person incurred after the termination of this Indemnity Agreement or the Management Agreement unless attributable to the actions or omissions of the Manager prior to such termination or in respect of a representation, warranty or covenant of the Manager that survives termination of this Indemnity Agreement or the Management Agreement.

To the fullest extent permitted by applicable law, no Specified Creditor (other than the Indenture Trustee) will have any right to institute any proceeding, judicial or otherwise, or to make any claim for indemnification, with respect to this Indemnity Agreement or the Management Agreement, or for the appointment of a receiver or trustee or similar official, or for any other remedy hereunder, except in accordance with Section 8.12 of the Indenture.

The parties hereto agree that the Manager is not providing any representations, warranties or covenants in this Indemnity Agreement or the Management Agreement, and shall have no liability to any Indemnified Person, with respect to the collectability of the Clean Energy Adjustment or the Carrying Costs, or that the Clean Energy Adjustment amounts or Carrying Costs collected will be sufficient to satisfy the Issuer Funding Obligations.

3. This Indemnity Agreement may be amended in writing by the Manager and the Indenture Trustee, and with satisfaction of the Rating Agency Condition, such satisfaction to be confirmed by the Indenture Trustee at the time of such amendment. Promptly after the execution of any such amendment, the Indenture Trustee shall furnish copies of such amendment to each of the Rating Agencies.

4. This Indemnity Agreement shall enure to the benefit of and shall be binding upon the Manager and the Indemnified Parties and their respective successors and assigns.

5. If one or more provision of this Indemnity Agreement is for any reason whatever held invalid, such provision will be deemed severable from the remaining covenants, agreements and provisions of this Indemnity Agreement and will in no way affect the validity or enforceability of such remaining provisions or the rights of any parties hereto.

6. This Indemnity Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

7. This Indemnity Agreement may be executed in counterparts, each of which when so executed shall be deemed to be an original and the counterparts together shall constitute one and the same instrument. Delivery of an executed signature page to this Indemnity Agreement by any party by electronic transmission will be as effective as delivery of a manually executed copy of this Indemnity Agreement by such party.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF the undersigned have executed this Indemnity Agreement as of December ____, 2017.

ONTARIO POWER GENERATION INC.

By: _____

Name:

Title:

BNY TRUST COMPANY OF CANADA, in its capacity as Indenture Trustee of **FAIR HYDRO TRUST**, and not in its personal capacity

By: _____

Name:

Title:

By: _____

Name:

Title:

ACKNOWLEDGEMENT AND INDEMNITY AGREEMENT

TO: BNY Trust Company of Canada, in its capacity as Indenture Trustee of Fair Hydro Trust (in such capacity, the "**Indenture Trustee**")

RE: Master Transfer and Servicing Agreement dated as of ■, 2017 (the "**MTSA**") made between Independent Electricity System Operator (the "**IESO**"), as servicer (in such capacity, the "**Servicer**") and Fair Hydro Trust (the "**Issuer**")

AND RE: Warehouse Senior Series 2017-1 Supplemental Indenture dated as of ■, 2017 (as in effect on the date hereof, the "**Supplemental Indenture**") made between, *inter alios*, the Issuer and the Indenture Trustee

---

WHEREAS the Government of Ontario has enacted the *Ontario Fair Hydro Plan Act*, 2017 (the "**Act**") for the purpose of, among other things, ensuring that clean energy costs and clean energy benefits (each as defined in the Act) are fairly allocated among present and future Specified Consumers;

AND WHEREAS, under the Act, the IESO is required to establish and maintain the Fair Hydro Variance Account, and has the right under the Act and the Regulations to record certain amounts in the Fair Hydro Variance Account and recover the balance from time to time of the Fair Hydro Variance Account from Specified Consumers (such right, the "**Regulatory Asset**");

AND WHEREAS the IESO may from time to time, in accordance with the Act, Transfer Specified Portions of the Regulatory Asset to the Issuer pursuant to Section 26(1) of the Act;

AND WHEREAS the Issuer and the Indenture Trustee are parties to a master trust indenture dated as of ■, 2017 (as amended, restated, modified or supplemented (including by way of Supplemental Indentures) from time to time, the "**Indenture**");

AND WHEREAS the Issuer may finance the acquisition from the IESO, from time to time, of an Investment Interest through the incurrence of Funding Obligations under the Indenture;

AND WHEREAS in connection with its ownership of the Issuer Investment Interest and in order to collect the associated Clean Energy Adjustments in accordance with the Act, pursuant to the MTSA the Issuer has engaged the Servicer to carry out the services described therein;

AND WHEREAS, pursuant to the Indenture, the Issuer has granted a security interest (the "**Security Interest**") over, *inter alia*, all rights, benefits and powers of the Issuer under the MTSA, to and in favour of the Indenture Trustee on behalf of the Specified Creditors, as security for the due payment of all Obligations Secured;

AND WHEREAS the Servicer has agreed to execute this Acknowledgement and Indemnity Agreement to (i) acknowledge that the Security Interest has been granted to the Indenture Trustee, on behalf of the Specified Creditors, thereby assigning as security all of the rights,

benefits and powers of the Issuer under the MTSA to the Indenture Trustee, and (ii) provide certain indemnities with respect to its duties and obligations under the MTSA.

IN CONSIDERATION OF the mutual covenants and agreements herein and the sum of $1.00 and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged) the parties hereto agree as follows:

1. Unless otherwise defined in this Acknowledgement and Indemnity Agreement, all capitalized terms used herein shall have the meanings ascribed thereto, either directly or by incorporation therein, in the MTSA.

2. The Servicer hereby acknowledges receipt of notice that (i) the Issuer has granted the Security Interest to the Indenture Trustee, on behalf of the Specified Creditors, and (ii) as a result of the grant of the Security Interest, the Issuer has assigned as security all of its rights, benefits and powers under the MTSA to the Indenture Trustee, on behalf of the Specified Creditors, and the Servicer hereby consents to such assignment.

3. The Servicer acknowledges and agrees that (i) the Indenture Trustee has the right to exercise remedies against, and enforce the duties and obligations of, the Servicer under the MTSA in place of the Issuer in all circumstances in which the Indenture Trustee is entitled to do so under the Indenture, (ii) upon receipt of notice from the Indenture Trustee that the Indenture Trustee is entitled to instruct the Servicer under the Indenture, the Servicer shall take instructions from the Indenture Trustee with respect to the performance of the Servicer's duties and obligations under the MTSA, and (iii) the Indenture Trustee has not assumed any of the obligations of the Issuer pursuant to the MTSA.

4. The Servicer shall indemnify the Indenture Trustee, on behalf of itself and on behalf of the Administrative Agent, each Funding Agent, each CP Conduit Purchaser, each Group Bank and each Non-Conduit Purchaser (in each case, in their respective capacities as such under the Supplemental Indenture) (each, an "**Indemnified Person**") and defend and hold harmless each such Indemnified Person from and against, any and all liabilities, obligations, losses, damages, payments and claims, and reasonable costs or expenses, of any kind whatsoever (collectively, "**Indemnified Losses**") imposed on, incurred by or asserted against each such Indemnified Person in connection with the Supplemental Indenture or the Series 2017-1 Notes issued thereunder, as a result of (i) the failure of the Servicer to perform its covenants and other obligations under the MTSA or any other Program Agreement to which the Servicer is a party; or (ii) the breach by the Servicer of any of its representations or warranties under the MTSA or any other Program Agreement to which the Servicer is a party and, except to the extent of Indemnified Losses resulting from the willful misconduct, bad faith or gross negligence of such Indemnified Person seeking indemnification hereunder; provided that, in each case, the Servicer shall not be required to indemnify an Indemnified Person for any amount paid or

payable by such Indemnified Person in the settlement of any Proceeding or investigation without the written consent of the Servicer, which consent shall not be unreasonably withheld or delayed. Promptly after receipt by an Indemnified Person of notice of the commencement of any Proceeding or investigation, such Indemnified Person shall, if a claim in respect thereof is to be made against the Servicer under this Section 4, notify the Servicer in writing of the commencement thereof. Failure by an Indemnified Person to so notify the Servicer shall relieve the Servicer from the obligation to indemnify and hold harmless such Indemnified Person under this Section 4 only to the extent that the Servicer suffers actual prejudice as a result of such failure. With respect to any Proceeding or investigation brought by a third party for which indemnification may be sought under this Section 4, the Servicer shall be entitled to conduct and control, at its expense and with counsel of its choosing that is reasonably satisfactory to such Indemnified Person, the defence of any such Proceeding or investigation (in which case the Servicer shall not thereafter be responsible for the fees and expenses of any separate counsel retained by the Indemnified Person except as set forth below); provided, that the Indemnified Person shall have the right to participate in such Proceeding or investigation through counsel chosen by it and at its own expense. Notwithstanding the Servicer's election to assume the defence of any Proceeding or investigation, the Indemnified Person shall have the right to employ separate counsel, and the Servicer shall bear the reasonable fees, costs and expenses of such separate counsel, if (i) the defendants in any such action include both the Indemnified Person and the Servicer and the Indemnified Person shall have reasonably concluded that there may be legal defences available to it that are different from or additional to those available to the Servicer, (ii) the Servicer shall not have employed counsel reasonably satisfactory to the Indemnified Person to represent the Indemnified Person within a reasonable time after notice of the institution of such action, (iii) the Indemnified Person shall have been advised by counsel to the Indemnified Person that there may be a conflict of interest between the Servicer and the Indemnified Person, or (iv) the Servicer authorizes the Indemnified Person to employ separate counsel at the expense of the Servicer. Notwithstanding the foregoing, the Servicer shall not be obligated to pay for the fees, costs and expenses of more than one separate counsel for the Indemnified Persons other than one local counsel, if appropriate. The Servicer will not, without the prior written consent of the Indemnified Person, settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim or Proceeding in respect of which indemnification may be sought under this Section 4 (whether or not the Indemnified Person is an actual or potential party to such claim or action) unless such settlement, compromise or consent includes an unconditional release of the Indemnified Person from all liability arising out of such claim or Proceeding.

Indemnification under this Section 4 shall survive any repeal of, modification of, or supplement to, or judicial invalidation of, the Act and shall survive the termination of the MTSA or this Acknowledgement and Indemnity Agreement and will rank pari passu with other general, unsecured obligations of the Servicer.

Notwithstanding anything contained in the MTSA or this Acknowledgement and Indemnity Agreement, it is expressly understood that the Servicer is not agreeing to indemnify or hold any Indemnified Person harmless with respect to any of the following: (i) any losses resulting from any breach or failure to perform by the Servicer caused by a breach or failure to perform on the part of any other third party under any Program Agreement, the Act or the Regulations; provided that this provision shall not apply to limit the liability of the IESO in respect of any appointments as provided for in Section 3.10 of the MTSA; (ii) any losses resulting from changes in law after the date hereof, whether such changes in law are effected by means of any legislative enactment or any final and non-appealable judicial decision; or (iii) any liability of the Indemnified Person incurred after the termination of the MTSA and this Acknowledgement and Indemnity Agreement unless attributable to the actions or omissions of the Servicer prior to such termination or in respect of a representation, warranty or covenant of the Servicer that survives termination of the MTSA or this Acknowledgement and Indemnity Agreement.

To the fullest extent permitted by applicable law, no Specified Creditor (other than the Indenture Trustee) will have any right to institute any proceeding, judicial or otherwise, or to make any claim for indemnification, with respect to this Acknowledgement and Indemnity Agreement, or for the appointment of a receiver or trustee or similar official, or for any other remedy hereunder, except in accordance with Section 8.12 of the Indenture.

The parties hereto agree that the IESO is not providing any representations, warranties or covenants in the MTSA or this Acknowledgement and Indemnity Agreement, and shall have no liability to any Indemnified Person, with respect to the collectability of the Clean Energy Adjustment, or whether the Clean Energy Adjustment Amounts or Carrying Costs collected will be sufficient to satisfy the Funding Obligations.

5. The parties hereto acknowledge and agree that the duties, liabilities and obligations of the IESO under the MTSA are limited as provided in this Section 5.[1]

(a) IESO is not responsible for, or in respect of, any amounts not collected by Electricity Vendors from their customers or not remitted by Electricity Vendors to the Servicer.

(b) IESO is not responsible to confirm, verify or audit the amount of the Clean Energy Adjustment invoiced by Electricity Vendors or the Electricity Vendor CEA Collections collected by Electricity Vendors and reported to the IESO.

(c) IESO is not responsible for enforcing the obligations of Specified Consumers to pay, or the obligations of Electricity Vendors to invoice, collect or remit Clean

[1] The language included in this Section tracks Section 3.8 of the MTSA.

Energy Adjustments or any other amounts, or to establish a segregated account into which Electricity Vendor CEA Collections are to be deposited, and IESO is under no obligation to initiate or prosecute any legal action relating to the collection of the Clean Energy Adjustments or the Issuer Investment Interest.

(d) IESO is not responsible or liable for the performance by Electricity Vendors of their duties and responsibilities under the Act or the Regulations including (i) the invoicing of Specified Consumers in respect of the Clean Energy Adjustment and ancillary matters related thereto; (ii) the collection from Specified Consumers of amounts due in respect of such invoices and the remittance of such payments to the Servicer; (iii) the accuracy of any information provided by the Electricity Vendors; and (iv) any reporting by the Electricity Vendors, including the reporting to the Servicer of the total CEA Consumer Invoice Amounts invoiced by such Electricity Vendor to its Specified Consumers in respect of the Clean Energy Adjustment, the total Electricity Vendor CEA Collections received by such Electricity Vendor and the Issuer Share of Electricity Vendor CEA Collections received by such Electricity Vendor and any other reporting in the Electricity Vendor Billing Period Report.

(e) IESO is under no responsibility or obligation to the Issuer with respect to the nature or extent of the Issuer Investment Interest, the collectability of the Issuer Share of Servicer CEA Receipts or that the Issuer Share of Servicer CEA Receipts will be sufficient to satisfy the Issuer's Funding Obligations.

(f) IESO may rely in good faith on the advice of counsel or on any document of any kind, prima facie properly executed and submitted by any Person, respecting any matters arising under the MTSA.

(g) IESO shall have no liability or responsibility to any Person in respect of any forecasts or other information provided pursuant to the MTSA, provided only that such forecasts or other information has been prepared and provided in good faith.

(h) None of the directors, officers, employees or agents of IESO shall be liable to any Person for any action taken or for refraining from the taking of any action pursuant to the MTSA or this Acknowledgement and Indemnity Agreement or for good faith errors in judgment.

6. The Servicer and the Indenture Trustee shall execute and deliver, or cause to be executed and delivered, such instruments or further assurances as may be necessary or desirable to give effect to the provisions of this Acknowledgement and Indemnity Agreement.

7. This Acknowledgement and Indemnity Agreement may be amended in writing by the IESO and the Indenture Trustee, and with satisfaction of the Rating Agency Condition, such satisfaction to be confirmed by the Indenture Trustee at the time of such

amendment. Promptly after the execution of any such amendment, the Indenture Trustee shall furnish copies of such amendment to each of the Rating Agencies.

8. This Acknowledgement and Indemnity Agreement shall enure to the benefit of and shall be binding upon the Servicer and the Indenture Indemnified Parties and their respective successors and assigns.

9. If one or more provision of this Acknowledgement and Indemnity Agreement is for any reason whatever held invalid, such provision will be deemed severable from the remaining covenants, agreements and provisions of this Acknowledgement and Indemnity Agreement and will in no way affect the validity or enforceability of such remaining provisions or the rights of any parties hereto.

10. This Acknowledgement and Indemnity Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

11. This Acknowledgement and Indemnity Agreement may be executed in counterparts, each of which when so executed shall be deemed to be an original and the counterparts together shall constitute one and the same instrument. Delivery of an executed signature page to this Acknowledgement and Indemnity Agreement by any party by electronic transmission will be as effective as delivery of a manually executed copy of this Acknowledgement and Indemnity Agreement by such party.

[Signature page follows.]

IN WITNESS WHEREOF the undersigned have executed this Acknowledgement and Indemnity Agreement as of ●, 2017.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

Name:

Title:

BNY TRUST COMPANY OF CANADA, in its capacity as Indenture Trustee of **FAIR HYDRO TRUST**, and not in its personal capacity

By: _____

Name:

Title:

By: _____

Name:

Title:

Draft: December 14, 2017

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust organized under the laws of the Province of Ontario (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council 1981/2017 (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Primary Obligations that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred. This Agreement sets out the terms and conditions of such protections and assurances.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A, and any other capitalized terms not defined herein shall have the meanings assigned to them in the Trust Indenture;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 Proof of Approved Obligations

The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Manager deems to be sufficient.

Each statement delivered by the Manager under Section 2.01(a)i shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and each of the parties hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Manager shall act diligently in the preparation of each such statement and shall provide the Indenture Trustee and the Province with all supporting computations and calculations used by the Manager to prepare each such statement promptly following a request therefor made by the Indenture Trustee or the Province.

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture as of the date of this Agreement.

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 2.01 or Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee, the Financing Entity, the Financing Entity Trustee, the Manager or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by

electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the

Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 <u>Judgment Currency</u>

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 <u>Limited Guarantee</u>

(a) Upon the occurrence of a Protection Event, the Indenture Trustee may deliver a written demand, substantially in the form attached as **[Exhibit A]** (a "**Payment Demand**"), to the Province requiring the Province to make payments in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in this Agreement. From and after such delivery of a

Payment Demand, the Province shall make the following payments in respect of the Approved Obligations (the "**Limited Guarantee**"), the Financing Entity shall pay, and the Province shall be entitled to be paid, the Subrogation Amounts specified below, and the following terms shall apply:

i. Not less than three (3) Business Days prior to each day when any payment or payments are to be made in respect of one or more Approved Obligations occurring after such delivery of a Payment Demand (each such day, a "**Guarantee Payment Date**"), the Manager shall deliver a written statement setting forth the Aggregate Approved Obligations Amount, if any, in respect of the Approved Obligations that are due and payable on such Guarantee Payment Date, together with a detailed description identifying such Approved Obligations and the nature and amount of payments due and payable thereunder on the Guarantee Payment Date, the aggregate outstanding amount payable by the Financing Entity under such Approved Obligations as of the date of such written statement, and details regarding any default in performance by any party obligated thereunder.

ii. On each such Guarantee Payment Date, the Province shall deposit the Aggregate Approved Obligations Amount into the Protection Account.

iii. On each such Guarantee Payment Date, the Financing Entity and the Indenture Trustee shall ensure that the amounts on deposit in the Protection Account are applied to pay each Beneficiary to whom an amount is due and payable under an Approved Obligation on the Guarantee Payment Date the Approved Obligation Amount for such Beneficiary in respect of such Approved Obligation on such Guarantee Payment Date; provided that if the amount deposited pursuant to clause 2.01(a)ii is insufficient to pay all such Approved Obligation Amounts in full, the amount on deposit in the Protection Account on the Guarantee Payment Date shall be applied to pay Beneficiaries in the order of priority in which such Approved Obligations are payable under the payment provisions of the Trust Indenture applicable to the making of such payments on the Guarantee Payment Date (each, a "**Beneficiary Payee**" and each payment made to a Beneficiary Payee on a Guarantee Payment Date, a "**Guarantee Payment**").

iv. On the first Guarantee Payment Date and on each subsequent Guarantee Payment Date, Payment Date or other day on which any amount is required to be paid in respect of any Obligations Secured under the Trust Indenture (a "**Subrogation Payment Date**"), the Issuer and the Indenture Trustee shall ensure that the applicable payment provisions of the Trust Indenture shall be applied and operate on the following basis:

(A) If such day is a Guarantee Payment Date, then for each Approved Obligation for which amounts are paid to a

Beneficiary Payee on such day pursuant to clause 2.01(a)iii in respect of principal, interest or any other amounts ("**Payable Approved Amounts**"), the amounts payable by the Financing Entity in respect of such amounts for such Approved Obligation shall be reduced by the respective amounts of such payments to the Beneficiary Payee, and equivalent amounts shall be payable by the Financing Entity to the Province as "**Subrogation Amounts**" in respect of such Approved Obligations, such Subrogation Amounts being payable in the same order of priority and with the same entitlements accruing to the Province as applied in respect of the related Payable Approved Amounts which were previously owing to the Beneficiary Payee, and to reflect this subrogation the payments set out in clause 2.01(a)iv(B) below shall be made by the Financing Entity.

(B) If the Province has made all deposits required to be made by it on each Guarantee Payment Date occurring on or before such day in accordance with clause 2.01(a)ii (or the related Approved Obligation Amounts have otherwise all been paid in full), then in respect of each Approved Obligation for which any related Subrogation Amounts have not yet been paid in full to the Province, the Financing Entity shall pay to the Province from amounts available under the Trust Indenture payment provisions and in accordance with the priority of payment provisions in the Trust Indenture the amount that would be payable on such date in satisfaction of the relevant Payable Approved Amounts, as determined without regard to any Guarantee Payment paid on any Guarantee Payment Date and also without regard to the corresponding reduction of the amounts owing to present and former Beneficiary Payees pursuant to subclause 2.01(a)iv(A) up to the amount of the unpaid related Subrogation Amounts.

(C) No Beneficiary having a right to be paid an amount in respect of an Approved Obligation, and no other Person entitled under an Obligation Secured, in each case that ranks equal with or subordinate to the Payable Approved Amount in respect of which a Subrogation Amount is payable to the Province under subclause 2.01(a)iv(B), shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under such subclause (including any right of set-off, offset, reimbursement, contribution or indemnity) and no such Beneficiary or other Person shall have any right or

interest in, to or under the Collateral or any proceeds therefrom in respect of any such Subrogation Amount.

(D) For greater certainty, the entitlements of the Province in respect of Subrogation Amounts arising in respect of Payable Approved Obligations that are interest and principal obligations on Notes shall be treated for all purposes of the Trust Indenture as interest and principal obligations, respectively, arising under Notes having the same priority as and any applicable voting rights under the related Approved Obligations, and accordingly the Province (and any successor, assignee or transferee of such entitlements) shall be entitled to all of the rights, entitlements, interests and privileges of a Holder of such a Notes in accordance with the Trust Indenture, as supplemented by the Supplemental Indenture or other indenture document under which the related Approved Obligations were issued.

(b) On each Guarantee Payment Date and upon demand by the Province, the Indenture Trustee shall release and pay to the Province free and clear of any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay Guarantee Payments to Beneficiary Payees on the Guarantee Payment Date in accordance with clause 2.01(a)iii or that otherwise remains on deposit in the Protection Account on the relevant date.

(c) In preparing any payment instructions under the Trust Indenture, the Manager shall reflect the amounts payable under Section 2.01(a), if applicable.

(d) The Province shall, as a payee of Subrogation Amounts under clause 2.01(a)iv(B) and as a payee of any amounts payable under clause 2.01(b), be a "Specified Creditor" under the Trust Indenture and have the benefit of the Collateral thereunder.

(e) For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the Approved Obligation Amounts, if any, for payment to Beneficiary Payees and will be subject to the priorities and to the Province's rights to Subrogation Amounts, set forth in Section 2.01(a).

(f) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(g) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein

shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation by their terms.

(h) Any amount payable to the Province in respect of a Subrogation Amount shall bear interest from and including the date of payment by the Province of the related Guarantee Payment to but excluding the date of payment of the Subrogation Amount to the Province, such interest to accrue at the rate equivalent to the applicable interest rate borne by the related Approved Obligation, and such interest amounts shall be added to their respective Subrogated Amounts and shall consequently be payable in the same priority as the relevant Subrogated Amount under clause 2.01(a)iv(B), all such accruing interest amounts to be calculated and added to the Subrogation Amounts by the Manager in its discretion acting in a commercially reasonable fashion.

(i) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under and in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any amount due and payable to a Beneficiary Payee under the Limited Guarantee.

2.02 Intentionally Deleted.

2.03 <u>Absence of Set-off</u>

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 <u>Payment into Protection Account in Satisfaction</u>

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall

transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account" for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section **[7.03]** of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Financing Entity and the Indenture Trustee shall ensure that all amounts paid by the Province into the Protection Account on a Guarantee Payment Date in respect of an Approved Obligation are applied to pay the amounts due and payable to the Beneficiary Payee as and to the extent provided for in Section 2.01(a). Upon a payment having been made by or on behalf of the Province into the Protection Account, the amounts so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiary Payee as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such Beneficiary Payee in respect of the applicable Approved Obligations, whereupon an affected Beneficiary Payee shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid. For greater certainty, the obligations arising in respect of an applicable Approved Obligation shall not be reduced by such payment as the Province shall become entitled to be paid related Subrogation Amounts and the rights contemplated under Section 2.01(a) and Section 5.01 in relation to such continuing obligations.

2.05 <u>Certain Waivers</u>

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations in accordance with Section 8.01.

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

Except in respect of any Primary Obligation to which the Limited Guarantee will not apply on or after a Suspension Notice is delivered in accordance with Section 7.02, a Primary Obligation that is not a Certified Primary Obligation shall be an Approved Obligation. A Certified Primary Obligation shall constitute an Approved Obligation if (i) the Adherence Conditions applicable thereto have been satisfied at the time the Primary Obligation was incurred or (ii) the Province, in its sole discretion, designates in writing that it is an Approved Obligation.

4.02 Adherence Conditions

(a) The following shall be the Adherence Conditions applicable in relation to each Certified Primary Obligation:

i. the Certified Primary Obligation when incurred is an Obligation Secured under the Trust Indenture; and

ii. OPG, as FSM, delivers an Adherence Compliance Certificate in the form attached hereto as Exhibit B signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee, on or before the incurrence of the Certified Primary Obligation (provided that delivery may not be more than 5 Business Days before the incurrence of the Certified Primary Obligation); and

iii. the Province has not provided a Suspension Notice to the Indenture Trustee, OPG and the Financing Entity.

(b) Without limiting any obligations of OPG to the Province arising other than pursuant to this Agreement, satisfaction of the Adherence Conditions for a Certified Primary Obligation shall be deemed satisfaction of the Adherence Conditions in respect of all principal, interest and other amounts owing under the Certified Primary Obligation, as such Certified Primary Obligation may be amended, restated, supplemented or modified from time to time.

(c) For greater certainty, there shall be no Adherence Conditions applicable in relation to a Primary Obligation that is not a Certified Primary Obligation.

4.03 <u>Evidence of Satisfaction</u>

An Adherence Compliance Certificate delivered in accordance with clause 4.02(a)ii shall be determinative as to whether the applicable Adherence Condition with respect thereto has been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same. An Adherence Compliance Certificate that purports on its face to be signed by officers specified in clause 4.02(a)ii may be relied upon by any addressee without further enquiry or evidence as to the incumbency or signatures of such officers. If an Adherence Compliance Certificate is not delivered in accordance with the timing requirements of clause 4.02(a)ii such certificate may be delivered at a later date, and be effective as if it had been delivered in accordance with the timing requirement of clause 4.02(a)ii if at the time such certificate was otherwise required to be delivered OPG had delivered to the Province all certifications required by the Province in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation.

ARTICLE V
PROVINCE MATTERS

5.01 <u>Assignment and Subrogation</u>

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, and shall be entitled to (i) the right and entitlement to be paid and receive the related Subrogation Amounts, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any

further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including Sections **[7.04]** through **[7.11]** and **[8.13]** (Payment Priorities), Section **[7.12]** (Payments Held in Trust), Section **[8.11]** (Control by Controlling Class Creditors), Section **[8.12]** (Limitation on Suits), Section **[8.14]** (Limited Recourse), Article IX (The Indenture Trustee), including all limitations of liability thereunder, Section **[9.14]** (Communications to Specified Creditors) and Section **[16.01]** (No Petition); (ii) consents, requests and authorizes the Issuer and the Indenture Trustee to (x) add the Province to the register of Specified Creditors described in subsection **[13.13(b)]** of the Trust Indenture and (y) disseminate the notice details of the Province to other Specified Creditors for the purposes set out in subsection **[9.14(b)]** of the Trust Indenture, and (iii) confirms that it will execute and deliver, or cause to be executed and delivered, all such further agreements, documents and instruments in connection with this Section 5.01 as the Indenture Trustee may request from time to time for the purpose of giving effect to the terms of this Section 5.01.

5.02 <u>Priorities</u>

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation and the Payable Approved Amounts thereunder shall rank equally with the rights, interests and entitlements of a Beneficiary to whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture in the manner and to the extent contemplated in Section **[7.10]** of the Trust Indenture.

5.03 Intentionally Deleted

5.04 <u>Representations and Warranties</u>

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
INDENTURE TRUSTEE MATTERS

6.01 <u>Limited Recourse</u>

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

6.02 <u>Not Responsible for Recitals</u>

The recitals contained herein will be taken as the statements of the Province, the Financing Entity and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

6.03 <u>Representations and Covenants of the Indenture Trustee</u>

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Agreement and has taken all necessary action to authorize the execution, delivery and performance by it of this Agreement;

(c) this Agreement has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada. If, notwithstanding the provisions of this subsection 6.03(d), the Indenture Trustee ceases to be so authorized to carry on business, the validity and enforceability of this Agreement shall not be affected in any manner whatsoever by reason only of such event.

ARTICLE VII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

7.01 Suspension Notice

Upon:

(a) a Program Breach;

(b) a default in the performance, or breach, of any covenants of OPG, as FSM, or OPG, in its corporate capacity, in each case to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligation and the expiration of any applicable cure period;

(c) a representation or warranty made by OPG or a certification made by one or more officers of OPG, in each case whether as FSM or in its corporate capacity, to the Province in connection with its obligations to the Province and its internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligations, proves to be incorrect in any material respect on the date made and the expiration of any applicable cure period; or

(d) the FSM no longer being the Manager or actions having been taken by or on behalf of the Indenture Trustee to remove the FSM as the Manager;

the Province may deliver a written notice in the form of Exhibit C (a "**Suspension Notice**") to the Indenture Trustee, the FSM and the Financing Entity.

7.02 Suspension

If a Suspension Notice has been provided under Section 7.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of: (i) any Primary Obligation incurred, excluding Post-Suspension Refinancings, or (ii) any amendment of any Primary Obligation that has a Material Effect, unless otherwise agreed to by the Province, in each case, on or after the time such Suspension Notice is delivered.

7.03 Additional Right of the Province Regarding Post-Suspension Refinancings

Following the occurrence of a Suspension Event, the Limited Guarantee shall continue to apply in respect of any Post-Suspension Refinancing (for greater certainty, without regard to the satisfaction of any Adherence Conditions); provided that prior to the Financing Entity incurring any Primary Obligation constituting a Post-Suspension Refinancing, the Manager shall provide the Province with at least 30 days' notice of its intention to seek a Post-Suspension Refinancing and prior to incurrence, which notice shall describe the material covenants, events of default, representations and warranties and indemnities of the Financing Entity and other material terms, excluding financial terms, rates and levels, and that shall be in respect of the full amount of the amount becoming due and payable in respect of the applicable Primary Obligation less amounts otherwise available to the Financing Entity from other available or committed sources (the "**Proposal**"), and during such 30 day period the Province may, but is not obligated to, offer to fund such Post-Suspension Refinancing or arrange for another Person to fund such Post-Suspension Refinancing on the same terms as set out in the Proposal or on such other terms as may be considered by the Province to be not more onerous on the Financing Entity and that are acceptable on that basis to the Financing Entity, acting reasonably. If, within such 30-day period, the Province elects to offer to fund such Post-Suspension Refinancing as provided in the preceding sentence, the Manager shall accept such offer; however, if the Province does not elect to offer to fund such Post-Suspension Refinancing, the Manager shall cause the Financing Entity to incur Primary Obligations constituting such a Post-Suspension Refinancing on substantially the same terms (excluding, for greater certainty, any financial terms, rates or levels) as those set out in the Proposal if the Post-Suspension Refinancing can be completed by the Financing Entity in compliance with the Act, or on such other terms as would not have a Material Effect, without taking into account any financial terms, rates or levels.

7.04 No Impact on Adherence

For greater certainty, the occurrence of a Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event or in respect of any Post-Suspension Refinancing.

ARTICLE VIII
MISCELLANEOUS

8.01 Term of Agreement

This Agreement will continue until the later of: (a) the date that no amount is or may become due and payable by the Province under the Limited Guarantee and (b) the date that no amount is or may become due and payable to the Province in respect of any Subrogation Amount.

8.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic

communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: Manager, Corporate Trust
Fax: (416) 981-9777
Email: corporatetrust.toronto@computershare.com

(b) if to the FSM:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

(c) if to the Province:

Minister of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Minister of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

With copies to:

Deputy Minister of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Deputy Minister of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 8.02.

8.03 <u>Assignment</u>

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section 8.03 shall be null and void.

8.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

8.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

8.07 Notice to Rating Agencies

OPG, as FSM, shall deliver prompt written notice to the Rating Agencies of the occurrence of (i) a Protection Event; (ii) receipt of a Suspension Notice delivered by the Province pursuant to Section 7.01; and (iii) an assignment of this Agreement by any party pursuant to Section 8.03.

8.08 Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their benefits hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

8.09 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, IN ITS CAPACITY AS TRUSTEE OF FAIR HYDRO TRUST, AS ISSUER, BY ONTARIO POWER GENERATION INC., NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration of a funding obligation" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Compliance Certificate**" means a certificate in the form attached hereto as Exhibit B delivered by the FSM in accordance with Section 4.02(a)ii.

"**Adherence Conditions**", means, in respect of a Certified Primary Obligation, the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of a Guarantee Payment Date, the aggregate of the Approved Obligation Amounts for such Guarantee Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, for a Beneficiary in respect of an Approved Obligation under which an amount is due and payable on a Guarantee Payment Date:

(a) if no Acceleration has occurred in respect of any Obligation Secured on or before the Guarantee Payment Date, the amount due and payable to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation (for greater certainty, determined on the assumption that there are adequate amounts available under the applicable payment provisions of the Trust Indenture to pay in full all amounts referred to in such payment provisions that are due and payable on the Guarantee Payment Date); and

(b) if an Acceleration has occurred in respect of any Obligations Secured on or before the Guarantee Payment Date, the amount that would be available to be paid to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation under the applicable payment provisions of the Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with such applicable payment provisions of the Trust Indenture in respect of each relevant month during each Reference Period is equal to the estimated Finance Amount determined in respect of such Reference Period for purposes of section 15(1) of the Act (in effect on the date hereof), including section 6.1 of the General Regulation (in effect on the date hereof), divided by the number of months in such Reference Period.

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Beneficiary Payee**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Certified Primary Obligations**" means Primary Obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest, including any Refinancing, other than a Post-Suspension Refinancing or a Pre-Approved Refinancing, of such a Primary Obligation (for greater certainty, including, in the case of any Certified Primary Obligation permitting funding transactions pursuant to a Funding Obligation Agreement applicable to the Certified Primary Obligation, each individual borrowing or funding utilization thereunder), (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not any individual trade confirmation other than a trade confirmation that modifies or purports to override the express terms or conditions of the related Master Agreement, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and expected (as determined by the Manager, acting reasonably) aggregate payments by the Financing Entity thereunder during the term of such contract are or would be in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).

"**Change of Law Process Agreement**" means the change of law process agreement between the Province and OPG;

"**Change of Law Protection Agreement**" means this Agreement.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Executive Officer**" has the meaning ascribed to the term "executive officer" in National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators.

"**Fair Allocation Amount**" has the meaning ascribed to the term "fair allocation amount" in the Act as of the date of this Agreement.

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the first paragraph of this Agreement until a successor Financing Entity Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and the Declaration of Trust, and thereafter "Financing Entity Trustee" means and includes such Person.

"**Financing Plan**" has the meaning ascribed to the term "Financing Plan" in the Act as of the date of this Agreement.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Guarantee Payment**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Guarantee Payment Date**" has the meaning ascribed thereto in Section 2.01(a)i.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**Holder**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Liens**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(a).

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity, as amended, supplemented, restated or otherwise modified from time to time.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Agreement**" means an agreement in the form of a Master Agreement as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, as amended, supplemented, restated or otherwise modified from time to time.

"**Material Effect**" means a material adverse effect on the obligations or the rights of the Province under the Limited Guarantee that relates to, and in each case, differs in any material respect from the terms or conditions applicable to any other Transaction Document that forms part of the Reference Documentation at the relevant time, the following: (i) the timing of or circumstances under which Primary Obligations would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization) that, in each case, is inconsistent with the Fair Allocation Amount; (ii) the appointment, obligations or duties of OPG as the Manager; (iii) the existence, powers or authority of the Financing Entity or the Financing Entity Trustee; (iv) the obligations of the Indenture Trustee to or in respect of the Province as a Specified Creditor; (v) the payment provisions and associated priorities set forth in the Trust Indenture; (vi) compliance by the FSM with the then applicable Financing Plan; (vii) compliance by the FSM or the Financing Entity with the Act or the General Regulation; or (viii) the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of this Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation.

"**Notes**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Payable Approved Amounts**" has the meaning ascribed thereto in 2.01(a).

"**Payment Date**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, unlimited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Post-Suspension Refinancing**" means a Funding Obligation that is an Obligation Secured and that is incurred on or after the occurrence of a Suspension Event in compliance with the requirements of Section 7.03, as a Refinancing of one or more Series of Approved Obligations (including any Pre-Approved Refinancing incurred on or after the occurrence of a Suspension Event), in each case the proceeds of which, together with any other funds that may be available, are used solely for the purpose of paying in full such Series of Approved Obligations and any costs and expenses associated with such Refinancing.

"**Pre-Approved Refinancing**" means a Refinancing of a Certified Primary Obligation in respect of which the Province has, prior to the incurrence of such Certified Primary Obligation, agreed shall be an Approved Obligation, subject to compliance with such conditions and requirements as may be specified in such agreement.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account or Finance Reserve Account; and (ii) any obligation to pay the Financing Entity or on the Financing Entity's direction any remaining amounts in the Collection Account pursuant to the Trust Indenture.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any

"regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that (X) adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations when due and payable, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any Finance Reserve Account, Capital Account or collateral posting account applicable under a Derivative Agreement, (ii) the availability of any credit enhancement agreement to which the Financing Entity is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in any of clauses (i) to (v) of this paragraph (a), or (Y) adversely affects the enforceability of, or adversely changes, the terms and conditions of this Agreement or of any of the agreements under which Approved Obligations arise; or

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations when due and payable and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Approved Obligations that have become due and payable, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any Finance Reserve Account, Capital Account or collateral posting account applicable under a Derivative Agreement, (ii) the availability of any credit enhancement agreement to which the Financing Entity is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in paragraph (b).

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency Condition" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Reference Documentation**" has the meaning ascribed thereto in the Change of Law Process Agreement.

"**Reference Period**" has the meaning ascribed to the term "reference period" in the Act as of the date of this Agreement.

"**Refinancing**" has the meaning ascribed to the term "refinancing" in the Act as of the date of this Agreement, as more particularly described and given meaning in the General Regulation as of the date of this Agreement.

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Specified Creditor**" has the meaning ascribed thereto in the Trust Indenture on the date hereof.

"**Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(B).

"**Subrogation Payment Date**" has the meaning ascribed thereto in clause 2.01(a)iv.

"**Suspension Event**" has the meaning ascribed thereto in Section 7.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 7.01.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" has the meaning ascribed thereto in the Change of Law Process Agreement.

"**True-up Amount**" has the meaning ascribed to the term "true up amount" in the Act as of the date of this Agreement.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

EXHIBIT A
FORM OF PAYMENT DEMAND

TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Pursuant to and in accordance with section 2.01(a) of the Change of the Law Protection Agreement, the Indenture Trustee hereby demands payment from the Province in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in the Change of Law Protection Agreement.

DATED as of the [■] day of [■], [■].

BNY TRUST COMPANY OF CANADA

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT B
FORM OF ADHERENCE COMPLIANCE CERTIFICATE UNDER SECTION 4.02(a)

TO: **BNY TRUST COMPANY OF CANADA**, in its capacity as Indenture Trustee (the "**Indenture Trustee**") under the Master Trust Indenture dated as of December ●, 2017 between Fair Hydro Trust and the Indenture Trustee (the "**Master Trust Indenture**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province of Ontario, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust, Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Each of the undersigned, being the ● and ● of OPG acting in its capacity as FSM and holding the offices set forth under their names and signatures below, pursuant to and accordance with clause 4.02(a)ii of the Change of Law Protection Agreement, hereby certifies for and on behalf of OPG, in its capacity as Financial Services Manager, and not in such officer's personal capacity and intending that this certificate may be relied on by the addressees hereof without independent inquiry, that:

1. I have read and understand the provisions of the Change of Law Protection Agreement, the Master Trust Indenture and all other documents and materials necessary to enable me to deliver this certificate.
2. If the Certified Primary Obligation is a Refinancing, the proceeds of the Refinancing will be used solely for the purpose of repaying one or more Certified Primary Obligations in respect of which the Adherence Conditions in Subsection 4.02(a) of the Change of Law Protection Agreement had been satisfied, including one or more other Refinancings in respect of which the Adherence Conditions in Subsection 4.02(a) of the Change of Law Protection Agreement had been satisfied.
3. OPG has delivered to the Province a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate was provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation.

DATED as of the [■] day of [■], [■].

Name: [1]	Name:
Office:	Office:

[1] This certificate must be signed by two officers of OPG being either (i) the Chief Financial Officer and the Treasurer, or (ii) any two Executive Officers (as defined in the Change of Law Protection Agreement) of OPG.

EXHIBIT C
SUSPENSION NOTICE

TO: Ontario Power Generation Inc., in its capacity as Financial Services Manager

AND TO: Fair Hydro Trust

AND TO: Computershare Trust Company of Canada, in its capacity as trustee of Fair Hydro Trust

AND TO: BNY Trust Company of Canada, as Indenture Trustee

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement. All references in this Suspension Notice to "Articles" or "Sections" refer to Articles or Sections of the Change of Law Protection Agreement.

The Province has a reasonable basis for concluding that an event described in clauses (a) to (d) of Section 7.01 has occurred. Pursuant to Section 7.01, the Province hereby declares that the Limited Guarantee shall hereby not apply in respect of (i) any Primary Obligation incurred, excluding Post-Suspension Refinancings or Pre-Approved Refinancings or (ii) any amendment of any Primary Obligation that has a Material Effect, unless otherwise agreed to by the Province, in each case, on or after delivery of this Suspension Notice.

This Suspension Notice is hereby delivered to the FSM, the Financing Entity and the Indenture Trustee in accordance with Section 8.02 of the Change of Law Protection Agreement.

* * * *

DATED as of the [■] day of [■], [■].

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

Draft: December 14, 2017

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.

CHANGE OF LAW PROCESS AGREEMENT

Dated as of [■], 2017

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**") is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.

Pursuant to a Declaration of Trust dated as of [■], 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the applicable Adherence Conditions.

Prior to entering into this Agreement, OPG provided the Province with the final forms of certain of the Transaction Documents, as described on Exhibit "A", and the Province has not objected to such forms and hereby confirms to OPG that such Transaction Documents will constitute "Reference Documentation" for purposes of this Agreement.

Prior to entering into this Agreement, OPG, as the FSM, provided the Minister of Energy, in compliance with the Act, with the initial Financing Plan, which includes the initial forecast (the "**Initial Forecast**") setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Obligations Secured to be incurred during the 24 month period from December 1, 2017 to November 30, 2019 (the "**Initial Forecast Period**"). Prior to entering into this Agreement, OPG provided the Province with the initial Protection Agreement Maximum (the "**Initial Protection Agreement Maximum**"). The Province has received the initial Financing Plan and has not disagreed with the Initial Forecast or the Initial Protection Agreement Maximum on the basis of an apparent inaccuracy in the Initial Forecast, an inconsistency between the Initial Forecast and the initial Financing Plan, or as a result of the Initial Protection Agreement Maximum being more than the Initial Forecast.

This Agreement sets out the obligations OPG has agreed to perform and assurances OPG has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the applicable Adherence Conditions have been satisfied and maintaining information related to the Program Agreements and the Approved Obligations.

All things necessary to make this Agreement a valid and legally binding agreement of OPG and the Province, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall"; the word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other

subdivisions of this Agreement as originally executed; the words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 <u>References to the Financing Entity</u>

For greater certainty, each reference to the Financing Entity shall be construed as a reference to the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 <u>Effect of Headings</u>

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.04 <u>Successors and Assigns</u>

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 <u>Severability</u>

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.06 <u>Governing Law</u>

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 <u>Proceedings Against the Crown Act</u>

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby, and any material amendment of this Agreement will only be binding if the Rating Agency Condition has been satisfied. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF OPG

2.01 Deliveries to the Province

(a) OPG shall promptly deliver to the Province a copy of any proposed change to or replacement of the Financing Plan.

(b) Not less than 10 Business Days, or such lesser period as the Province may agree to in writing, prior to:

(i) any proposed material change in the terms or conditions applicable to a Primary Obligation in a previously provided Transaction Document becoming effective or otherwise being used; provided, however, that a proposed change in particular financial terms, rates or levels shall not constitute a material change, and

(ii) any additional, supplemental or replacement Transaction Document becoming effective or otherwise being used,

OPG shall deliver to the Province a copy of such proposed change to the Transaction Document and any such additional, supplemental or replacement Transaction Document.

(c) Without limiting Subsection 2.01(b), and except as has previously been provided to the Province under Subsection 2.01(b), promptly following (i) any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor being made, (ii) any new, additional, supplemental or replacement instruments, documents, agreements or security being used or granted in connection with all or any part of the Approved Obligations, or (iii) any waiver, release, reconveyance, termination, abandonment, subordination, exchange, substitution, transfer, compound, compromise, liquidation or enforcement of all or any part of the Approved Obligations or any security or guarantee therefor being effected, OPG shall deliver to the Province a detailed description of such event and the reasons for it together with any related documents, agreements and instruments.

(d) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, OPG shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations (including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(e) Promptly upon request, OPG shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

2.02 <u>Covenants</u>

(a) OPG shall use commercially reasonable efforts to cause the Financing Entity to:

(i) punctually perform and observe all of the Financing Entity's obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not (unless waived in writing by the Province):

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement, replacement, waiver or consent could reasonably be considered to have a Material Effect; provided, however, that the foregoing does not apply to any supplement, amendment, modification, restatement, replacement, waiver or consent in respect of particular financial terms, rates or levels;

(B) extend, renew, compromise, novate, replace, suspend, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, liquidate or enforce the terms of all or any part of the Approved Obligations or any Collateral, if any such action could reasonably be considered to have a Material Effect; provided, however, that the foregoing does not apply to any such action taken in respect of particular financial terms, rates or levels; or

(C) permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired.

(b) If any action restricted pursuant to Section 2.02(a)(v) is reflected in a delivery required to be made by OPG to the Province pursuant to Section 2.01(b) and is not objected to by the Province under Section 3.04(b), the Province shall be

deemed to have waived its rights in respect of such action under Section 2.02(a)(v).

(c) OPG shall:

(i) comply, and shall use commercially reasonable efforts to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

(ii) punctually perform and observe all of its (including as the FSM and as Manager) obligations and agreements contained in the Program Agreements;

(iii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation; and

(iv) notify the Province of (1) the occurrence of any Breach Event and any Program Breach, in each case within 2 Business Days of any such occurrence, and (2) any event or circumstance known to OPG that with the passage of time or the giving of notice would be a Breach Event or a Program Breach, in each case within 1 Business Day of OPG first becoming aware of such event or circumstance; and

(v) after the occurrence of any Protection Event (or any event or circumstance known to OPG that with the passage of time or the giving of notice would be a Protection Event), not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.

(d) The Province and OPG acknowledge that their obligations to each other under the Indemnity Agreement between the Province and OPG dated June 1, 2017 (as amended, the "**Indemnity Agreement**") are not amended by this Agreement and continue in full force and effect, notwithstanding that this Agreement is entered into subsequent to the Indemnity Agreement.

(e) The Province and OPG acknowledge that their obligations to each other under the Indemnity Agreement are not amended by the Change of Law Protection Agreement and continue in full force and effect, notwithstanding that the Change of Law Protection Agreement was entered into subsequent to the Indemnity Agreement.

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate

OPG shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Province, on or before the incurrence or any amendment of a Funding Obligation, other than any Funding Obligation under which not more than $5,000,000 in the aggregate may become payable by the Financing Entity (provided that delivery may not be more than 5 Business Days before the incurrence or amendment of the Funding Obligation), setting out the following with respect to such Funding Obligation:

(a) the material terms of the Funding Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a Derivative Agreement, OPG's best estimate of the expected notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

(b) if an existing Funding Obligation is proposed to be amended, material details respecting such amendment, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

(c) a statement to the effect that: (i) the Funding Obligation to be incurred or amended (1) will arise under terms and conditions that are Substantially in the Form of the Reference Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reference Documentation;

(d) a statement confirming that any disclosure made in respect of the Funding Obligation (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to the Funding Obligation) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement has been made available to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made;

(e) a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and

(f) confirmation that, at the time the Funding Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Funding Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the Protection Agreement Maximum applicable on the date that the Process Certificate is delivered; for clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be determined on the date the Process Certificate is delivered hereunder in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

3.02 Acknowledgement regarding delivery of certificate under Change of Law Protection Agreement

The Province acknowledges and agrees that, concurrent with the delivery of the Process Certificate pursuant to Section 3.01 of this Agreement, the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) are authorized to deliver the certificate referred to in Subsection 4.02(a)(ii) of the Change of Law Protection Agreement to the Indenture Trustee confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with adherence of the Limited Guarantee to the incurrence of the Certified Primary Obligations in respect of which the certificate in Subsection 4.02(a)(ii) of the Change of Law Protection Agreement is being delivered; provided that, upon receipt of a Suspension Notice under the Change of Law Protection Agreement, OPG covenants not to deliver any further certificates to the Indenture Trustee under Subsection 4.02(a)(ii) of the Change of Law Protection Agreement.

3.03 Acknowledgement regarding delivery of Suspension Notice

The parties acknowledge and agree that the Province is entitled to deliver a Suspension Notice under Section 7.01 of the Change of Law Protection Agreement if a Program Breach or Breach Event has occurred. The Province agrees not to deliver a Suspension Notice pursuant to Section 7.01 of the Change of Law Protection Agreement unless a Program Breach or a Breach Event has occurred.

3.04 Meaning of "Reference Documentation"

For the purposes of Subsection 3.01(c), the term "Reference Documentation" shall mean each Transaction Document that, at the relevant time:

(a) is a Transaction Document listed on Exhibit "A"; or

(b) is a Transaction Document (including any amended or amended and restated Transaction Document) provided to the Province in accordance with Subsection 2.01(b) that has not been objected to by the Province, by delivery of an objection notice in writing delivered to OPG, within 10 Business Days after it is provided to the Province; provided that the Province (i) shall only be entitled to deliver an objection notice if the Transaction Document (including any amended or amended and restated Transaction Document) has a Material Effect and (ii) shall not be entitled to deliver an objection notice in respect of any Post-Suspension Refinancing.

3.05 Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(c), the term "Substantially in the Form" shall mean:

(a) with respect to the Reference Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such Reference Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation that could have a Material Effect; provided, however, that the foregoing does not apply to any particular financial terms, rates or levels; and

(b) with respect to the Reference Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum

(a) Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Obligations Secured that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Obligations Secured to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast

shall be further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum, which may not exceed such Forecast.

(b) Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of any further Forecast and notice of the revised Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province may disagree with such further Forecast or revised Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in such further Forecast, (ii) the further Forecast is inconsistent with the Financing Plan, or (iii) the revised Protection Agreement Maximum is more than the further Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the revised Protection Agreement Maximum will be further revised accordingly and confirmed by an amended notice to the Province.

(c) For clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be valued at the time to be determined for the purposes of this Section 4.01 in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of OPG

OPG represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, may cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario and has the power and authority to enter into and perform its obligations under this Agreement and all instruments and agreements delivered pursuant hereto.

(c) OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Financing Entity or in the ability of the Financing Entity to perform its obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

5.02 Representations and Warranties of the Province

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
BREACH EVENTS

6.01 Breach Events

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

(a) a default in the performance, or breach, by OPG of Section 2.01(b)(i), Section 2.02(b)(iv) or Section 3.01;

(b) a default in the performance, or breach, of any other covenants of OPG under this Agreement (excluding Section 2.01(b)(i), Section 2.02(b)(iv) and Section 3.01), which, if curable in a way such that the default or breach would not have or have had a Material Effect, is not so cured within thirty (30) days;

(c) any representation or warranty made by OPG in this Agreement, any certification made in a Process Certificate, or any certification made in a certificate contemplated by Subsection 4.02 of the Change of Law Protection Agreement, proves to be incorrect in a material respect on the date made and which, if curable in a way such that the incorrect representation or warranty may be remedied without any Material Effect having occurred as a result of the Province's reliance thereon, is not so cured within thirty (30) days; or

(d) OPG is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the Manager.

ARTICLE VII
MISCELLANEOUS

7.01 Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

7.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to OPG:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

(b) if to the Province:

Deputy Minister of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Deputy Ministry of Energy
[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 7.02.

7.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 7.03 shall be null and void.

7.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

7.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

7.06 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

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

By: _____

Name:
Title:

By: _____

Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Breach Event**" has the meaning ascribed thereto in Section 6.01.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the Financing Entity, OPG (as the FSM and the Manager) and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

"**Fair Allocation Amount**" has the meaning ascribed to the term "fair allocation amount" in the Act as of the date of this Agreement.

"**Financing Entity**" means Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(a).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**IESO Security Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**Initial Forecast**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Initial Forecast Period**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Initial Protection Agreement Maximum**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO.

"**Material Effect**" means a material adverse effect on the obligations or the rights of the Province under the Limited Guarantee, the Change of Law Protection Agreement or this Agreement that relates to, and in each case, differs in any material respect from the terms or conditions applicable to any other Transaction Document that forms part of the Reference Documentation at the relevant time, the following: (i) the timing of or circumstances under which related payments would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization) that, in each case, is inconsistent with the Fair Allocation Amount; (ii) the appointment, obligations or duties of OPG as the Manager; (iii) the existence, powers or authority of the Financing Entity or the Financing Entity Trustee; (iv) the obligations of the Indenture Trustee to or in respect of the Province as a Specified Creditor; (v) the payment provisions and associated priorities set forth in the Trust Indenture; (vi) compliance by the FSM with the then applicable Financing Plan; (vii) compliance by the FSM or the Financing Entity with the Act or the General Regulation; or (viii) the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that

would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Protection Agreement Maximum**" means the dollar amount referenced as the Program Agreement Maximum and determined in accordance with Section 4.01.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture.

"**Reference Documentation**" has the meaning ascribed thereto in Section 3.04.

"**Repayment**" has the meaning ascribed to the term "repayment" in the General Regulation as of the date of this Agreement.

"**Substantially in the Form**" has the meaning ascribed thereto in Section 3.05.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement; (vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected,

including any other agreement under which the Financing Entity incurs a material financial obligation or that could affect the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

EXHIBIT "A"
INITIAL REFERENCE DOCUMENTATION

- Declaration of Trust;
- Management Agreement;
- Master Transfer and Servicing Agreement;
- Acknowledgement and indemnity agreement dated as of [■], 2017 made by IESO in favour of the Indenture Trustee;
- IESO Security Agreement;
- Trust Indenture;
- Warehouse Senior Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;
- Warehouse Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017; and
- Warehouse Junior Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

WAREHOUSE

SENIOR SERIES 2017-1

SUPPLEMENTAL INDENTURE

between

FAIR HYDRO TRUST

by

COMPUTERSHARE TRUST COMPANY OF CANADA
as Issuer Trustee

and

BNY TRUST COMPANY OF CANADA
as Indenture Trustee

and

ROYAL BANK OF CANADA
as Administrative Agent

and

CERTAIN CP CONDUIT PURCHASERS,
CERTAIN NON-CONDUIT PURCHASERS
CERTAIN FUNDING AGENTS
and CERTAIN GROUP BANKS

Made as of December [21], 2017

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FLOATING RATE VARIABLE FUNDING,
SERIES 2017-1 SENIOR NOTES

SUPPLEMENTAL INDENTURE made as of December **[21]**, 2017, between **Computershare Trust Company of Canada**, a trust company established under the laws of Canada (the "**Issuer Trustee**"), in its capacity as trustee of **Fair Hydro Trust**, a trust existing under the laws of the Province of Ontario (in such capacity, the "**Issuer**"), **BNY Trust Company of Canada**, a trust company established under the laws of Canada (the "**Indenture Trustee**"), **Royal Bank of Canada**, in its capacity as the administrative agent for the Purchaser Groups (the "**Administrative Agent**"), the **Non-Conduit Purchasers** from time to time party hereto, the **CP Conduit Purchasers** from time to time party hereto, and the **Funding Agents** for the CP Conduit Purchaser Groups from time to time party hereto.

WHEREAS pursuant to the Trust Indenture, provision was made for the issuance of Notes from time to time;

AND WHEREAS pursuant to the Trust Indenture, Notes may be issued in one or more Series by the execution and delivery of a Supplemental Indenture;

AND WHEREAS the parties hereto are entering into this Supplemental Indenture to provide for the creation and issuance of the Series 2017-1 Senior Notes;

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

ARTICLE 1
INTERPRETATION

1.1 Definitions

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

(b) Except as otherwise expressly provided or unless the context otherwise requires, all terms used herein which are defined in the Trust Indenture, either directly or by reference therein, have the meanings assigned to them in the Trust Indenture.

1.2 Interpretation

Subject to the next following sentences, this Supplemental Indenture is supplemental to the Trust Indenture and the Trust Indenture shall be read in conjunction with this Supplemental Indenture and all of the provisions of the Trust Indenture shall apply to and shall have effect in connection with this Supplemental Indenture in the same manner as if all of the provisions of the Trust Indenture and of this Supplemental Indenture were contained in one instrument. This Supplemental Indenture shall, unless the context otherwise requires, be subject to the interpretative provisions contained in Article 1 of the Trust Indenture. If any terms of the Trust Indenture are

inconsistent with the express terms or provisions hereof, the terms and provisions of the Trust Indenture shall be, solely in respect of the Series 2017-1 Senior Notes, amended and supplemented so as to be consistent herewith. The provisions of this Supplemental Indenture are applicable only in respect of the Series 2017-1 Senior Notes and not the Notes of any other Series.

1.3 Application of this Supplemental Indenture

With respect to the Series 2017-1 Senior Notes only, the terms of the Trust Indenture are amended, supplemented, modified, restated and replaced to the extent applicable by the terms of this Supplemental Indenture in respect of the Series 2017-1 Senior Notes in accordance with Section 1.2 above.

ARTICLE 2
PRINCIPAL TERMS

2.1 Creation of Series 2017-1 Senior Notes

There is hereby created a Series of Notes to be issued pursuant to the Trust Indenture and this Supplemental Indenture designated as the "**Floating Rate Variable Funding Senior Notes, Series 2017-1**."

2.2 Principal Terms

In addition to and without limiting any of the provisions of this Supplemental Indenture, the Series 2017-1 Senior Notes:

(a) will be designated as set out in Section 2.1;

(b) will be Senior Notes;

(c) will have a Stated Principal Amount equal to the Series 2017-1 Maximum Principal Amount;

(d) will not be issued in Tranches;

(e) will be denominated in Canadian dollars;

(f) will not be listed on any securities exchange;

(g) will have an Initial Dollar Principal Amount equal to the Series 2017-1 Initial Principal Amount;

(h) will be issued as definitive notes and will not be in the form of a Global Note;

(i) will be issued as Registered Notes and will be without coupons;

(j) will be substantially in the form of Schedule B, with such appropriate insertions, omissions, substitutions and variations as may be approved by the Issuer;

(k) will have each Payment Date on and after the Payment Date in January, 2018 as an Interest Payment Date;

(l) will have Principal Payment Dates as determined under Section 3.7;

(m) will have Principal Payment Default Dates as defined herein; and

(n) will have no minimum issue amount.

ARTICLE 3
NOTE PURCHASE FACILITY

3.1 Purchase of Notes by the Purchasers

(a) ***Initial Purchases***. Subject to the terms and conditions of this Supplemental Indenture, including delivery of notice in accordance with Section 3.3, (i) each Non-Conduit Purchaser shall purchase, and each CP Conduit Purchaser may, in its sole discretion, purchase a Series 2017-1 Senior Note in an amount equal to all or a portion of its Commitment Percentage of the Series 2017-1 Initial Principal Amount on any Business Day during the period from the date hereof to and including December **[21]**, 2017, and if any such CP Conduit Purchaser shall have notified the Administrative Agent and the Funding Agent with respect to such CP Conduit Purchaser that it has elected not to fund a Series 2017-1 Senior Note in an amount equal to its Commitment Percentage of the Series 2017-1 Initial Principal Amount on the Closing Date, the Group Bank with respect to such CP Conduit Purchaser shall fund on the Closing Date that portion of such Series 2017-1 Senior Note not to be funded by such CP Conduit Purchaser; and (ii) thereafter, (A) each Non-Conduit Purchaser shall maintain its Series 2017-1 Senior Note, subject to increase or decrease during the period from the Closing Date to and including the Commitment Expiry Date, in accordance with the provisions of this Supplemental Indenture, (B) if a CP Conduit Purchaser shall have purchased a Series 2017-1 Senior Note on the Closing Date, such CP Conduit Purchaser may, in its sole discretion, maintain its Series 2017-1 Senior Note, subject to increase or decrease during the period from the Closing Date to and including the Commitment Expiry Date, in accordance with the provisions of this Supplemental Indenture, and (C) the Group Bank shall maintain its Series 2017-1 Senior Note with respect to its Related Purchaser Group, subject to increase or decrease during the period from the Closing Date to and including the Commitment Expiry Date, in accordance with the provisions of this Supplemental Indenture. Payments by the Non-Conduit Purchasers, the CP Conduit Purchasers and/or the Group Bank with respect to the CP Conduit Purchasers shall be made in immediately available funds on the Closing Date in accordance with Section 3.3(d).

(b) ***Maximum Purchaser Group Principal Amounts***. Notwithstanding anything to the contrary contained in this Supplemental Indenture, at no time shall a Purchaser Group be required to make the initial purchase of a Series 2017-1 Senior Note or increase its Purchaser Group Principal Amount if the sum of (x) Purchaser Group

Principal Amount with respect to such Purchaser Group, after giving effect to such purchase or increase, and (y) the sum of any unfunded Delayed Amounts with respect to such Purchaser Group, would exceed the Maximum Purchaser Group Principal Amount with respect to such Purchaser Group at such time.

3.2 Delivery

(a) On the Closing Date (or on any later date that any Purchaser Group becomes a party to this Supplemental Indenture), Series 2017-1 Senior Notes shall be executed, authenticated and delivered by the Issuer in accordance with Section 4.03 of the Trust Indenture (i) in the case of a CP Conduit Purchaser Group, in the name of the Funding Agent with respect to such CP Conduit Purchaser Group (or as otherwise requested by such CP Conduit Purchaser Group and agreed to by the Issuer) in an amount equal to the Maximum Purchaser Group Principal Amount with respect to such CP Conduit Purchaser Group and delivered to such Funding Agent; or (ii) in the case of a Non-Conduit Purchaser Group, in the name of the Related Non-Conduit Purchaser in an amount equal to the Maximum Purchaser Group Principal Amount with respect to such Related Non-Conduit Purchaser and delivered to such Related Non-Conduit Purchaser.

(b) The Administrative Agent shall maintain a record of the actual Purchaser Group Principal Amount outstanding with respect to each Purchaser Group and the actual Series 2017-1 Principal Amount outstanding on any date of determination, which, absent manifest error, shall constitute prima facie evidence of the outstanding Purchaser Group Principal Amounts and outstanding Series 2017-1 Principal Amount from time to time. Upon a written request from the Indenture Trustee, the Administrative Agent shall provide in writing the identity of the Purchaser Groups, the related Funding Agents for each CP Conduit Purchaser Group, the Purchaser Group Principal Amount for each Purchaser Group and the Commitment Percentage with respect to such Purchaser Group to the Indenture Trustee.

3.3 Procedure for Initial Issuance and for Increasing the Series 2017-1 Principal Amount

(a) (i) On any Business Day prior to December **[21]**, 2017, in the case of a Non-Conduit Purchaser Group, the Related Non-Conduit Purchaser hereby agrees, or in the case of a CP Conduit Purchaser Group, the CP Conduit Purchaser in such CP Conduit Purchaser Group may agree, in its sole discretion, and the Group Bank with respect to such CP Conduit Purchaser hereby agrees, that it will purchase a Series 2017-1 Senior Note for an initial purchase price equal to the Commitment Percentage with respect to such Purchaser Group of the Series 2017-1 Initial Principal Amount upon the request of the Issuer (the date on which the initial purchase occurs being referred to as the "**Closing Date**"); provided, however, that the Issuer shall have given each of the Funding Agents (with a copy to the Indenture Trustee) irrevocable written notice (effective upon receipt), by email communication, substantially in the form of Schedule C no later than 12:00 p.m. (Toronto time) on the second Business Day prior to the Closing Date. The written notice of the initial purchase of the Series

2017-1 Senior Notes shall state (x) the Closing Date, and (y) the initial total purchase price to be paid for the Series 2017-1 Senior Notes (the "**Series 2017-1 Initial Principal Amount**"); and (ii) subject to Section 3.3(e), on any Business Day during the period from the initial purchase of the Series 2017-1 Senior Notes hereunder to and including the Commitment Expiry Date, in the case of a Non-Conduit Purchaser Group, the Related Non-Conduit Purchaser hereby agrees, or in the case of a CP Conduit Purchaser Group, the CP Conduit Purchaser in such CP Conduit Purchaser Group may agree, in its sole discretion, and the Group Bank with respect to such CP Conduit Purchaser hereby agrees that the Purchaser Group Principal Amount with respect to such Purchaser Group may be increased by an amount equal to the Commitment Percentage with respect to such Purchaser Group of the Increase Amount (an "**Increase**"), upon the request of the Issuer (each date on which an increase in the Series 2017-1 Principal Amount occurs hereunder being herein referred to as the "**Increase Date**" applicable to such Increase); provided, however, that the Issuer shall have given the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser (with a copy to the Indenture Trustee) irrevocable (other than as specified in Section 3.3(e)) written notice (effective upon receipt), by email communication, substantially in the form of Schedule C (an "**Increase Notice**") no later than 12:00 p.m. (Toronto time) on (A) with respect to a Deferrable Increase Notice, the third Business Day prior to such Increase Date, or (B) with respect to a Non-Deferrable Increase Notice, the second Business Day prior to such Increase Date. Each Increase Notice shall state (x) the Increase Date, (y) the proposed amount of the increase in the Series 2017-1 Principal Amount (an "**Increase Amount**"), (z) whether a Delayed Funding Notice may be delivered in connection with such Increase pursuant to Section 3.3(e) and whether the Increase is to fund a Transfer (a "**Transfer Increase**") or is in respect of a Refinancing (a "**Refinancing Increase**"). The Commitment Percentage with respect to any Purchaser Group of the Increase Amount set forth in any Non-Deferrable Increase Notice shall not exceed such Purchaser Group's Non-Deferrable Draw Amount as of the related Increase Date.

(b) If a CP Conduit Purchaser elects not to fund the full amount of its Commitment Percentage of a requested Increase, such CP Conduit Purchaser shall notify the Administrative Agent and the Funding Agent with respect to such CP Conduit Purchaser, and the Group Bank with respect to such CP Conduit Purchaser shall fund the portion of the Commitment Percentage with respect to such Related Purchaser Group of such Increase not funded by such CP Conduit Purchaser.

(c) No Purchaser Group shall be required to increase its Purchaser Group Principal Amount on any Increase Date hereunder unless:

(i) such Purchaser Group's Commitment Percentage of such Increase Amount is (A) equal to $1,000,000 or more, or (B) if less than $1,000,000, the difference between the Maximum Purchaser Group Principal Amount with respect to such Purchaser Group and the Purchaser Group Principal Amount with respect to such Purchaser Group; and

(ii) after giving effect to such Increase Amount, the sum of the (x) the Purchaser Group Principal Amount, and (y) any unfunded Delayed Amounts with respect to such Purchaser Group would not exceed the Maximum Purchaser Group Principal Amount with respect to such Purchaser Group;

(d) After receipt by any Funding Agent with respect to a CP Conduit Purchaser Group of any notice required by Section 3.3(a) or permitted by Section 3.3(e) from the Issuer, such Funding Agent shall, so long as the conditions set forth in Sections 3.3(a) and (c) and Article 4 are satisfied, promptly provide notice by email communication to the related CP Conduit Purchaser and the related Group Bank, of the Increase Date and of such CP Conduit Purchaser Group's Commitment Percentage of the Closing Date or Increase Amount, as applicable. Subject to Section 3.3(e), if such CP Conduit Purchaser elects to fund all or a portion of its Commitment Percentage of the Series 2017-1 Initial Principal Amount or the Increase Amount, as applicable, such CP Conduit Purchaser shall pay in immediately available funds its Commitment Percentage (or any portion thereof) of the amount of the Series 2017-1 Initial Principal Amount or Increase Amount, as applicable, on the Closing Date or the related Increase Date, as applicable, to the Funding Agent with respect to such CP Conduit Purchaser Group for remittance to the Issuer for application in accordance with Section 3.3(h). Subject to Section 3.3(e), if such CP Conduit Purchaser does not fund the full amount of the Commitment Percentage of such CP Conduit Purchaser Group of the Series 2017-1 Initial Principal Amount or an Increase Amount, as applicable, and the related Group Bank is required to fund the portion thereof not funded by the CP Conduit Purchaser, such Group Bank shall pay in immediately available funds such portion on the Closing Date or the related Increase Date, as applicable, to the Funding Agent with respect to such CP Conduit Purchaser Group. Each Funding Agent shall remit the amounts received by it from its CP Conduit Purchaser or the related Group Bank pursuant to this Section 3.3(d) to the Issuer for application in accordance with Section 3.3(h). Subject to Section 3.3(e), so long as the conditions set forth in Sections 3.3(a) and (c) and Article 4 are satisfied, each Non-Conduit Purchaser shall pay in immediately available funds the Commitment Percentage of such Non-Conduit Purchaser of the amount of the Series 2017-1 Initial Principal Amount or Increase Amount, as applicable, on the Closing Date or the Increase Date, as applicable, to the Issuer for application in accordance with Section 3.3(h).

(e) Notwithstanding any of the foregoing, any Group Bank or Non-Conduit Purchaser may, upon receipt of any Deferrable Increase Notice pursuant to Section 3.3(a), notify the Issuer in writing (a "**Delayed Funding Notice**") on or prior to 12:00 noon (Toronto time) on the second Business Day preceding the related Increase Date, of its intent to fund an amount up to its Commitment Percentage of the related Increase Amount (such amount, subject to any adjustment described below, the "**Delayed Amount**") on a Business Day that is on or before the thirty-third (33rd) day following the Increase Date specified in such Deferrable Increase Notice (the "**Delayed Funding Date**") rather than on such Increase Date. If any Group Bank or Non-Conduit Purchaser provides a Delayed Funding Notice to the Issuer following the Issuer's delivery of an Increase Notice pursuant to Section 3.3(a), the

Issuer may with written notice to the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser delivered prior to 3:00 pm on the second Business Day preceding such Increase Date, (x) decrease the Increase Amount with respect to such Deferrable Increase Notice (or revoke such Deferrable Increase Notice by decreasing the Increase Amount to zero), and/or (y) require any Group Bank or Non-Conduit Purchaser who has provided a Delayed Funding Notice to reduce the Delayed Amount with respect to such Increase by an amount no greater than the Non-Deferrable Draw Amount with respect to such Purchaser Group as of the related Increase Date. In the event that the Increase Amount with respect to such Deferrable Increase Notice is reduced, but not to zero, then any Delayed Amount with respect to any Purchaser Group shall be reduced on a pro rata basis unless otherwise specified by the Issuer pursuant to clause (y) above. No Purchaser Group that has provided a Delayed Funding Notice in respect of an Increase (each a "**Delayed Funding Purchaser Group**") shall be considered to be in default of its obligation to fund its Delayed Amount pursuant to this Section 3.3 unless and until it has failed to fund the Delayed Amount (and/or the Delayed Funding Reimbursement Amount with respect to such Delayed Amount) on or before the Delayed Funding Date.

(f) If (i) one or more Delayed Funding Purchaser Groups provides a Delayed Funding Notice to the Issuer in respect of any Increase Date; and (ii) the Issuer shall not have decreased the related Increase Amount to zero or required each such Delayed Funding Purchaser Group to reduce the Delayed Amount with respect to such Increase to zero, in each case, pursuant to Section 3.3(e), the Administrative Agent shall, by no later than 5:00 p.m. (Toronto time) on the second Business Day preceding such Increase Date, direct each Purchaser Group that is not a Delayed Funding Purchaser Group with respect to such Increase Date (each a "**Non-Delayed Funding Purchaser Group**") to fund an additional portion of such Increase Amount on such Increase Date equal to such Non-Delayed Funding Purchaser Group's proportionate share (based upon the Maximum Purchaser Group Principal Amount with respect to such Non-Delayed Funding Purchaser Group relative to the sum of the Maximum Purchaser Group Principal Amounts with respect to all Non-Delayed Funding Purchaser Groups) of the aggregate Delayed Amounts with respect to such Increase Date; provided that no Non-Delayed Funding Purchaser Group shall be required to fund any portion of the aggregate Delayed Amounts that would cause its Purchaser Group Principal Amount to exceed its Maximum Purchaser Group Principal Amount. Subject to Section 3.3(a), in the case of a Non-Delayed Funding Purchaser Group that is a Non-Conduit Purchaser, such Non-Conduit Purchaser hereby agrees, or, in the case of a Non-Delayed Funding Purchaser Group that is a CP Conduit Purchaser Group, the CP Conduit Purchaser in such CP Conduit Purchaser Group may agree, in its sole discretion, and the Group Bank in such CP Conduit Purchaser Group hereby agrees, to fund such portion of the Increase Amount on such Increase Date.

(g) After the Non-Delayed Funding Purchaser Groups fund a Delayed Amount on any Increase Date in accordance with Section 3.3(f), the Delayed Funding Purchaser Group in respect of such Delayed Amount will be obligated to fund the Delayed

Funding Reimbursement Amount with respect to such Delayed Amount on or before its Delayed Funding Date, irrespective of whether the Scheduled Commitment Expiry Date shall have occurred on or prior to such Delayed Funding Date or the Issuer would be able to satisfy the conditions set forth in Section 3.3(c) to an Increase in an amount equal to such Delayed Funding Reimbursement Amount on such Delayed Funding Date. Such Delayed Funding Purchaser Group shall fund such Delayed Funding Reimbursement Amount on such Delayed Funding Date by paying such amount in immediately available funds to each such Non-Delayed Funding Purchaser Group, *pro rata* based on the relative amount of such Delayed Amount funded by such Non-Delayed Funding Purchaser Group on such Increase Date pursuant to Section 3.3(f).

(h) The Issuer shall apply amounts paid to it pursuant to Sections 3.3(d) and 3.3(f) by application to payment of the purchase price payable by the Issuer to the IESO under the Master Transfer and Servicing Agreement in respect of a Transfer or by deposit to the Refinancing Account.

3.4 Procedure for Decreasing the Series 2017-1 Principal Amount; Optional Termination

(a) In the case of a Non-Conduit Purchaser Group, the Related Non-Conduit Purchaser hereby agrees, and in the case of a CP Conduit Purchaser Group, each of the CP Conduit Purchasers and the Group Bank in such CP Conduit Purchaser Group hereby agrees, that the Purchaser Group Principal Amount with respect to such Purchaser Group may be decreased on any Payment Date by such Purchaser Group's Commitment Percentage of a Decrease Amount (a "**Decrease**"), upon the request of the Issuer. Each Payment Date on which a Decrease in the Series 2017-1 Principal Amount occurs hereunder being herein referred to as the "**Decrease Date**" applicable to such Decrease; provided, however, that the Issuer shall have given the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser (with a copy to the Indenture Trustee and DBRS) irrevocable written notice (effective upon receipt), by email communication, substantially in the form of Schedule D (a "**Decrease Notice**") no later than 12:00 p.m. (Toronto time) on the fifth Business Day prior to any Payment Date that is a Decrease Date; provided that if the Decrease is greater than $250,000,000, the Decrease Notice shall, subject to the second following sentence, be provided no later than 12:00 p.m. (Toronto time) on the 45th day prior to any Payment Date that is a Decrease Date. If a Decrease Notice with respect to a Decrease of $250,000,000 or more is not provided prior to the 45th day preceding the related Payment Date, the Issuer shall be required to pay to each Funding Agent any Breakage Costs incurred by any of its related CP Conduit Purchasers with respect to such Decrease on the related Payment Date. Each Decrease Notice shall state (x) the Decrease Date, and (y) the proposed amount of the decrease in the Series 2017-1 Principal Amount (a "**Decrease Amount**").

(b) Upon each Decrease, the Administrative Agent shall indicate in its records such Decrease and the Purchaser Group Principal Amount outstanding with respect to each Purchaser Group after giving effect to such Decrease.

(c) On any Business Day, the Issuer shall have the right to deliver an irrevocable written notice (an "**Optional Termination Notice**") to the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser (with a copy to DBRS) in which the Issuer declares that the Commitments shall terminate on the date (the "**Optional Termination Date**") set forth in such notice (which date, in any event, shall be a Payment Date not less than twenty (20) Business Days from the date on which such notice is delivered).

3.5 Increases and Reductions of the Commitments

(a) The Issuer may from time to time request that any Purchaser Group agree to increase its Maximum Purchaser Group Principal Amount. An increase in such amount shall be effective hereunder if such Purchaser Group shall have agreed in its sole discretion to such increase and the Rating Agency Condition has been satisfied with respect thereto.

(b) On any Business Day, the Issuer may, upon two (2) Business Days' prior written notice to the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser (effective upon receipt) (with copies to the Indenture Trustee) reduce the Series 2017-1 Maximum Principal Amount in an amount equal to $10,000,000 or a whole multiple of $1,000,000 in excess thereof; provided that no such termination or reduction shall be permitted if, after giving effect thereto and to any reduction in the Series 2017-1 Principal Amount on such date, the Purchaser Group Principal Amount with respect to any Purchaser Group would exceed the Maximum Purchaser Group Principal Amount with respect to such Purchaser Group then in effect. Any reduction in the Series 2017-1 Maximum Principal Amount shall be made on a pro rata basis to the Maximum Purchaser Group Principal Amounts with respect to the Purchaser Groups, based on the Maximum Purchaser Group Principal Amount with respect to each Purchaser Group. Once reduced, the Maximum Purchaser Group Principal Amounts may not be subsequently reinstated without each such Purchaser Group's prior written consent, which consent shall be granted or not in the sole discretion of such Purchaser Group, and with written notice to DBRS.

(c) The Issuer may extend the Scheduled Commitment Expiry Date only with the prior written consent of the Administrative Agent, each Non-Conduit Purchaser and each Funding Agent, and satisfaction of the Rating Agency Condition. Any request for an extension of the Scheduled Commitment Expiry Date by the Issuer shall be made pursuant to a written request (a "**Commitment Extension Request**") to the Administrative Agent, each Non-Conduit Purchaser and each Funding Agent, and such request shall specify the proposed dates and amounts that shall constitute the "Principal Accumulation Date", "Principal Payment Amounts" and "Principal Payment Default Dates" with respect to such extension.

3.6 Interest; Fees and Other Amounts

(a) Interest shall be payable on the Series 2017-1 Senior Notes on each Payment Date.

(b) The Issuer shall pay to each CP Conduit Purchaser Group and each Non-Conduit Purchaser, on each Payment Date, a commitment fee with respect to the preceding Interest Period (the "**Commitment Fee**") during the period from the Closing Date to and including the Commitment Expiry Date in an amount equal to the sum of the following amounts calculated for each day during such Interest Period: (x) the Commitment Fee Rate, multiplied by (y) the amount by which Maximum Purchaser Group Principal Amount with respect to such Purchaser Group on such day exceeds the Purchaser Group Principal Amount with respect to such Purchaser Group on such day, and divided by (z) 365. The Commitment Fees shall be payable monthly in arrears on each Payment Date.

(c) The Funding Agent with respect to each CP Conduit Purchaser Group and each Non-Conduit Purchaser shall provide written notice to the Issuer and the Paying Agent no later than five (5) Business Days prior to each Payment Date, setting forth the Group Monthly Interest and the Group Monthly Fees and Other Amounts with respect to its Related Purchaser Group with respect to the Payment Date.

(d) The Monthly Interest shall be included in each calculation of the Interest Accrual Amount (Senior) for the purposes of Section 7.04(e)(iii) of the Trust Indenture and shall be payable pursuant to Sections 7.05(a), 7.06(a), 7.07, 7.10(b) or 8.13(c) of the Trust Indenture, as applicable. On each Payment Date, the Monthly Fees and Other Amounts shall be payable in respect of the Series 2017-1 Senior Notes pursuant to Sections 7.04(e)(viii), 7.10(b) or 8.13(c) of the Trust Indenture, as applicable. On each Interest Payment Date or Payment Date, as applicable, the Paying Agent shall, subject to availability of funds, pay to each CP Conduit Purchaser Group and each Non-Conduit Purchaser its Group Monthly Interest and its Group Monthly Fees and Other Amounts with respect to the Payment Date; provided that if the amounts available to pay such Group Monthly Interest and Group Monthly Fees and Other Amounts are insufficient, the amounts available shall be paid *pro rata* based on the amounts owing to each Purchaser Group.

3.7 Repayment of Principal

Each Payment Date where the Principal Payment Amount is not nil shall be a Principal Payment Date in respect of the Series 2017-1 Senior Notes. On each Principal Payment Date in respect of the Series 2017-1 Senior Notes, the Paying Agent shall pay to each Non-Conduit Purchaser and each Funding Agent with respect to its Related Purchaser Group, such Purchaser Group's Pro Rata Share of the Principal Payment Amount for such Principal Payment Date out of funds allocated to the Series 2017-1 Senior Notes pursuant to Sections 7.04(e)(vi), 7.06(b)(i), 7.08(b)(i), 7.10(b) or 8.13(f) of the Trust Indenture, as applicable, in repayment of the principal amount of the Series 2017-1 Senior Notes.

3.8 Indemnification by the Issuer

The Issuer agrees to indemnify and hold harmless the Indenture Trustee, the Administrative Agent, each Funding Agent, each CP Conduit Purchaser, the Group Bank, each Non-Conduit Purchaser and each of their respective officers, directors, agents and employees (each, an "**Issuer Indemnified Person**") from and against any loss, liability, expense, damage or injury suffered or sustained by such Issuer Indemnified Person by reason of (a) any acts, omissions or alleged acts or omissions arising out of, or relating to, activities of the Issuer pursuant to the Program Agreements to which it is a party; (b) a breach of any representation or warranty made or deemed made by the Issuer (or any of its officers) in any Program Agreement; or (c) a failure by the Issuer to comply with any applicable law or regulation or to perform its covenants, agreements, duties or obligations required to be performed or observed by it in accordance with the provisions of the Program Agreements, including, but not limited to, any judgment, award, settlement, reasonable attorneys' fees and other reasonable costs or expenses incurred in connection with the defense of any actual or threatened action, proceeding or claim, except to the extent such loss, liability, expense, damage or injury resulted from the gross negligence, bad faith or willful misconduct of such Issuer Indemnified Person or its officers, directors, agents, principals, employees or employers as determined by a court of competent jurisdiction in a final non-appealable judgement or includes any Excluded Taxes; provided that any payments made by the Issuer pursuant to this Section 3.8 shall be made solely from funds available pursuant to Section 7.04 or 8.13 of the Trust Indenture, as applicable, shall be non-recourse other than with respect to such funds, and shall not constitute a claim against the Issuer to the extent that such funds are insufficient to make such payment.

3.9 Funding Agents

(a) The Funding Agent with respect to each CP Conduit Purchaser Group is hereby authorized to determine the Group Monthly Interest and Group Monthly Fees and Other Amounts with respect to each Payment Date and such CP Conduit Purchaser Group. Any such determination by a Funding Agent, absent manifest error, shall constitute prima facie evidence of the accuracy of the calculation. Furthermore, the Funding Agent with respect to each CP Conduit Purchaser Group will maintain records sufficient to identify the percentage interest of the related CP Conduit Purchaser and the Group Bank with respect to such CP Conduit Purchaser Group holding an interest in the Series 2017-1 Senior Note registered in the name of such Funding Agent and any amounts owing thereunder.

(b) Upon receipt of funds on each Payment Date, each Funding Agent shall pay such funds to the related CP Conduit Purchaser and/or the related Group Bank owed such funds. If a Funding Agent shall have paid to any CP Conduit Purchaser or Group Bank any funds that (i) must be returned for any reason (including bankruptcy); or (ii) exceeds that which such CP Conduit Purchaser or Group Bank was entitled to receive, such amount shall be promptly repaid to such Funding Agent by such CP Conduit Purchaser or Group Bank.

3.10 Taxes

(a) All payments by or on account of any obligation of the Issuer hereunder shall, to the extent allowed by law, be made free and clear of, and without deduction or withholding for or on account of Taxes, excluding (i) income taxes (including branch profit taxes, minimum taxes and taxes computed under alternative methods, at least one of which is based on or measured by net income), franchise taxes (imposed in lieu of income taxes), or any other Taxes based on or measured by the net income of any person legally entitled to receive such payments (each a "**Recipient**") as a result of a present or former connection between the Recipient and the jurisdiction of the Governmental Authority imposing such Taxes (other than any such connection arising solely from the Recipient having executed, delivered or performed its obligations or received a payment under, disposed of, or enforced, this Supplemental Indenture); (ii) any withholding or deduction imposed pursuant to (A) Sections 1471 to 1474 of the U.S. Internal Revenue Code of 1986, as amended ("**FATCA**"), or any successor version thereof, or any similar legislation imposed by any other Governmental Authority, or (B) any treaty, law or regulation or other official guidance enacted by Canada implementing FATCA or any intergovernmental agreement with respect to FATCA or any similar legislation imposed by any other Governmental Authority, including, for greater certainty, the Canada-United States Enhanced Tax Information Exchange Agreement Implementation Act (Canada) and Parts XVIII and XIX of the Income Tax Act (Canada), as amended (collectively, and including FATCA, the "**AEOI Legislation**"); and (iii) any interest, penalties and additions to Taxes in respect of (i) and (ii) (all such excluded Taxes being hereinafter called "**Excluded Taxes**"). If any Taxes, other than Excluded Taxes, are required to be withheld from any amounts payable to a Recipient hereunder, the amounts so payable to the Recipient shall be increased, and the Recipient shall be entitled to be paid by the Issuer the amount of such increase to the extent necessary to yield to the Recipient (after payment of all such Taxes other than Excluded Taxes) interest or any such other amounts payable hereunder or thereunder at the rates or in the amounts specified hereunder. Where the amount payable by the Issuer is increased in accordance with the previous sentence, the Group Monthly Interest shall be increased by the amount of such increase. Whenever any Taxes are payable on or with respect to amounts distributed to a Recipient, as promptly as possible thereafter the Issuer shall send to such Recipient a certified copy of an original official receipt showing payment thereof.

(b) If a payment by or on account of any obligation of the Issuer hereunder would be subject to withholding Taxes under any AEOI Legislation if the Recipient were to fail to comply with the applicable reporting requirements of any AEOI Legislation, such Recipient shall deliver to the Issuer at the time or times prescribed by law and at such time or times reasonably requested by the Issuer such documentation prescribed by applicable law and such additional documentation reasonably requested by the Issuer as may be necessary for the Issuer to comply with its obligations under any AEOI Legislation and to determine that such Recipient has complied with its obligations under any AEOI Legislation, or to determine the

amount to deduct and withhold from such payment. If any form or certification it previously delivered by a Recipient expires or becomes obsolete or inaccurate in any respect, the Recipient shall update such form or certification or promptly notify the Issuer in writing of its legal inability to do so.

(c) If a Recipient is legally entitled to receive a refund of any Taxes (other than Excluded Taxes) as to which it has been indemnified or with respect to which additional amounts have been paid to it hereunder or it is legally entitled to receive a credit or deduction with respect to such Taxes or with respect to such additional amounts that have been paid hereunder (in each case pursuant to Section 3.10(a)), it shall use commercially reasonable efforts to obtain or claim such refund, credit or deduction and pay over such refund or the value of such credit or deduction to the Issuer, together with any interest thereon.

3.11 Increased Costs

(a) (i) If any Regulatory Change (x) subjects any Affected Party to any charge or withholding on or with respect to any Support Facility or this Supplemental Indenture or an Affected Party's obligations under a Support Facility or this Supplemental Indenture, or changes the basis of taxation of payments to any Affected Party of any amounts payable under any Support Facility or this Supplemental Indenture Agreement (except for changes in the rate of tax on the overall net income of an Affected Party or Excluded Taxes) or (y) imposes, modifies or deems applicable any reserve, assessment, fee, tax, insurance charge, special deposit or similar requirement against assets of, deposits with or for the account of, or liabilities of an Affected Party, or credit extended by an Affected Party pursuant to a Support Facility or this Supplemental Indenture or (z) imposes any other condition the result of which is to increase the cost to an Affected Party of performing its obligations under a Support Facility or this Supplemental Indenture, or to reduce the rate of return on an Affected Party's capital or assets as a consequence of its obligations under a Support Facility or this Supplemental Indenture, or to reduce the amount of any sum received or receivable by an Affected Party under a Support Facility or this Supplemental Indenture, or to require any payment calculated by reference to the amount of interests or loans held or interest received by it, then, upon written request by such Affected Party (through the Funding Agent for its Purchaser Group if the Affected Party is a Program Support Provider, CP Conduit Purchaser or Group Bank) to the Issuer, such Affected Party (through the Funding Agent for its Purchaser Group if the Affected Party is a Program Support Provider, CP Conduit Purchaser or Group Bank) shall be entitled to be paid such amounts charged to such Affected Party or such amounts to otherwise compensate such Affected Party for such increased cost or such reduction following a receipt by the Issuer of such request for compensation under this Section 3.11(a)(i), which payment shall be made on the earlier of (i) the first Payment Date on which amounts are available to pay such amounts pursuant to Section 7.04(e) of the Trust Indenture (provided that such request is received by the Issuer no later than five (5) Business Days prior to the end of the Interest Period

related to such Payment Date), and (ii) the twelfth Payment Date following such request.

(ii) The Issuer acknowledges that any Affected Party may implement, as an internal institutional matter, measures in anticipation of a final or proposed Regulatory Change (including, without limitation, the imposition of internal charges on such Affected Party's interest or obligations under any Support Agreement or this Supplemental Indenture) and may commence recognizing the incurrence of charges by seeking compensation under Section 3.11(a)(i) in connection with such measures, in advance of the effective date of such final or proposed Regulatory Change, and the Issuer agrees that such charges or compensation shall be payable, to the related Funding Agent, for the benefit of Affected Party, following demand therefor without regard to whether such proposed Regulatory Change has been adopted or whether such effective date has occurred; provided, that (I) the Affected Party shall provide thirty (30) days prior written notice to the Issuer of its intent to impose or incur any such charges or compensation, (II) an Affected Party shall not be compensated for any such amount pursuant to this subsection 3.11(a)(ii) relating to any period ending, and of which such Affected Party has had knowledge, more than 180 days prior to the date that such Affected Party provided the Issuer with the written notice contemplated by the preceding clause (I) of this subsection 3.11(a)(ii), (III) if, after the payment by the Trust of any charges or compensation pursuant to this subsection 3.11(a)(ii), either (A) the Issuer requests in writing that the applicable Affected Party re-compute any such charge or compensation in light of differences between a proposed Regulatory Change and the final effective version thereof or (B) the applicable Affected Party determines that the amount of the charge imposed on and required to be compensated by the Issuer exceeds the amount necessary to compensate it for the applicable Regulatory Change as contemplated by subsection 3.11(a)(i), then (x) the amount of such charge or compensation shall, from and after such determination, be reduced by the amount of such excess and (y) such Affected Party shall, within thirty (30) days of such determination, either repay the amount of such excess or credit the amount of such excess against future charges under this subsection 3.11(a)(ii). The Issuer further acknowledges that any charge or compensation demanded hereunder may take the form of a monthly charge to be assessed by such Affected Party.

(b) Each Affected Party claiming increased amounts described in subsection 3.11(a) of this Supplemental Indenture will furnish to the Issuer (together with its request for compensation) a certificate prepared in good faith setting forth the basis and the calculation of the amount (in reasonable detail) of each request by such Affected Party for any such increased amounts referred to in subsection 3.11(a) hereof. Any such certificate shall be conclusive absent manifest error. Failure on the part of any Affected Party to demand compensation for any amount pursuant to subsection 3.11(a) hereof with respect to any period shall not constitute a waiver of such Affected Party's right to demand compensation with respect to such period.

ARTICLE 4
CONDITIONS PRECEDENT

4.1 Conditions Precedent to Initial Purchase of Series 2017-1 Senior Notes

On or prior to the initial purchase of Series 2017-1 Senior Notes hereunder, the following conditions precedent shall be satisfied:

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

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

(c) The Administrative Agent and each of the Funding Agents shall have received:

(i) executed copies of the Fee Letter and this Supplemental Indenture, and copies of each of the Trust Indenture, Declaration of Trust, the Management Agreement, the Master Transfer and Servicing Agreement, the Indemnity Agreement, the IESO Security Agreement, the Change of Law Protection Agreement and the Change of Law Process Agreement dated December **[21]**, 2017 between the Province and OPG, certified by an Authorized Officer of the Issuer;

(ii) certificates of status or compliance or other similar documents issued by the applicable governmental authority to evidence that each of the Issuer Trustee and the Manager is validly existing pursuant to the laws of the jurisdiction of their respective establishment or incorporation;

(iii) a copy of the incorporating documents and all amendments thereto and applicable by-laws of each of the Issuer Trustee, the IESO and the Manager certified by an Authorized Officer of the applicable entity, as applicable;

(iv) copies of resolutions of the board of directors of the IESO and the Manager approving and authorizing the execution, delivery and performance of each Program Agreement they are party to, in each case certified by an Authorized Officer of the applicable entity;

(v) incumbency certificates for each of the Issuer Trustee, the Manager and the IESO executing this Supplemental Indenture and any other Program Agreements and the other documents to be delivered by either the Issuer Trustee, the Manager or the IESO thereunder, in each case showing their names, offices and specimen signatures on which certificates the

Administrative Agent and the Purchaser Groups shall be entitled to conclusively rely until such time as the Administrative Agent and the Funding Agents receive a replacement certificate meeting the requirements of this Section 4.1(b)(vi);

(vi) the following Opinions of Counsel:

(A) the opinion of external counsel to the Manager as to the non-consolidation of the Issuer with the Manager in the event of the insolvency of the Manager in form and substance satisfactory to the Administrative Agent and the Funding Agents;

(B) the opinion of external counsel to the IESO as to the Investment Asset acquired by the Issuer not being subject to the claims of creditors of the IESO in form and substance satisfactory to the Administrative Agent and the Funding Agents;

(C) favourable opinions of external counsel to the Manager covering general corporate matters, the due execution and delivery of, and the enforceability of, each of the Program Agreements to which the Manager, the Issuer and the Issuer Trustee are party which opinion, as to certain matters, may rely on opinion of internal counsel to the Manager and the Issuer Trustee; and

(D) a favourable opinion of external counsel to the Province with respect to the due authorization, execution, delivery and enforceability of the Change of Law Protection Agreement in form and substance satisfactory to the Administrative Agent and the Funding Agents;

(vii) a certificate of an Authorized Officer of the Manager confirming that the representations and warranties set forth in Section 12.01 of the Trust Indenture and Section 5.1 of this Supplemental Indenture are true and correct in all material respects, that the Issuer is in compliance in all material respects with all of its covenants and obligations under the Program Agreements to which it is a party and that no Termination Event has occurred; and

(viii) such additional documents, instruments, certificates or letters as the Administrative Agent or any Funding Agent may reasonably request.

(d) The representations and warranties set forth in Section 12.01 of the Trust Indenture and Section 5.1 of this Supplemental Indenture shall be true and correct in all material respects, the Issuer shall be compliance in all material respects with all of its covenants and obligations under the Program Agreements to which it is a party and no Termination Event shall have occurred.

(e) The Series 2017-1 Senior Notes shall have been duly issued in accordance with the Trust Indenture and each Funding Agent and Non-Conduit Purchaser shall have

received its Series 2017-1 Senior Note registered in its name or a nominee in a face amount equal to its Maximum Purchaser Group Principal Amount.

(f) All fees payable on or before the Closing Date pursuant to the Fee Letter shall have been paid in full (or arrangements satisfactory to the Administrative Agent and the Funding Agents have been made).

(g) The Rating Agency Condition shall have been satisfied in respect of the initial purchase.

4.2 Conditions Precedent to each Increase under Series 2017-1 Senior Notes

On or prior to each Increase, the following conditions precedent shall be satisfied:

(a) the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser shall have received an Increase Notice;

(b) no Termination Event shall have occurred or would occur after giving effect to such Increase;

(c) the Increase Date in respect of the Increase is prior to the Commitment Expiry Date;

(d) if the Increase is identified as a Transfer Increase in the Increase Notice, then the related Transfer under the Master Transfer and Servicing Agreement shall have been completed or contemporaneously completed;

(e) after giving effect to the Increase, the Rating Agency Condition will be satisfied if so required;

(f) after giving effect the Increase, the aggregate of the amounts on deposit in the Program Cash Reserve Account and the IESO Cash Reserve Account shall be equal to or greater than the sum of:

(i) the Program Cash Reserve Required Amount,

plus

(ii) an amount equal to the sum of (x) the amount originally determined under clause (b) of the definition of IESO Cash Reserve Deposit Amount in the Trust Indenture, less any amounts withdrawn from the IESO Cash Reserve Account to pay any obligations secured described in Subsections 7.04(e)(i) through (v) of the Trust Indenture prior to the date of such Increase, and (y) to the extent the amount originally determined under clause (b) of the definition of IESO Cash Reserve Deposit Amount in the Trust Indenture was not determined in a manner which included the amount of such Increase, an amount estimated by the Manager, acting reasonably, equal to the additional Monthly Interest payable with respect to such Increase up to and including the Payment Date in July, 2021.

(g) there shall have been no reduction or withdrawal of any credit rating previously provided by any Rating Agency in respect of any outstanding Series of Senior Funding Obligations;

(h) after giving effect to such Increase, the aggregate Outstanding Dollar Principal Amount of Subordinated Funding Obligations and Junior Subordinated Funding Obligations will not be less than 35% of the aggregate Outstanding Dollar Principal Amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations; and

(i) the Indenture Trustee shall have received (i) the adherence compliance certificate required pursuant to Section 4.02(a) of the Change of Law Protection Agreement with respect to such Increase, or (B) written confirmation from the Province that the Funding Obligations incurred under this Supplemental Indenture with respect to such Increase constitute Approved Obligations.;

The Issuer's acceptance of funds in connection with each Increase occurring on any Increase Date shall constitute a representation and warranty by the Issuer to the Administrative Agent and the Purchaser Groups as of such Increase Date that all of the conditions contained in Section 3.3(a) and this Section 4.2 are satisfied.

ARTICLE 5
REPRESENTATIONS AND WARRANTIES

5.1 Representations and Warranties of the Issuer

The Issuer hereby represents and warrants to the Administrative Agent and the Purchaser Groups as of the Closing Date, and shall be deemed to represent and warrant to the Administrative Agent and the Purchaser Groups on each Increase Date, that:

(a) no Termination Event has occurred or would result from the initial purchase of the Issuer Investment Interest on the Closing Date or any increase in the Issuer Investment Interest on an Increase Date, as applicable;

(b) the Issuer Trustee and the Issuer are not Non-residents;

(c) all tax returns (federal, provincial and local) required to be filed with respect to the Issuer have been filed and there has been paid or adequate provision made for the payment of all material Taxes in respect of the Issuer;

(d) the Issuer has complied in all material respects with all laws in respect of the conduct of its business and ownership of its property including the Issuer Investment Interest;

(e) all information provided to the Administrative Agent and the Purchaser Groups by or on behalf of the Issuer in respect of the Issuer Investment Interest is and will be true and accurate in all material respects; and

(f) to its knowledge, there is no set of circumstances existing at such time that will have an Adverse Effect or will reasonably be expected to have an Adverse Effect.

5.2 Representations and Warranties of the Purchasers

Each Purchaser Group member represents and warrants to the Issuer as of the Closing Date, and shall be deemed to represent and warrant to the Issuer on each Increase Date, that:

(a) it is resident in Ontario or is otherwise subject to the securities legislation of the Province of Ontario;

(b) it is purchasing the applicable Series 2017-1 Senior Notes (i) as principal for its own account and not for the benefit of any other "person" (as defined in the *Securities Act* (Ontario)) or company; and (ii) for cash consideration in excess of $150,000; and

(c) it was not created and is not being used solely to purchase or hold securities in reliance on the exemption from the prospectus and dealer registration requirements contained in Section 2.10 of National Instrument 45-106 − Prospectus and Registration Exemptions.

5.3 Survival

The representations and warranties set out in this Article 5 shall survive the execution hereof.

ARTICLE 6
COVENANTS

6.1 Covenants of the Issuer

(a) The Issuer shall promptly provide to the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser (in multiple copies if requested) copies of all material reports, notices, financial statements and other documents delivered by the IESO to the Issuer with respect to the Issuer Investment Interest or pursuant to the Master Transfer and Servicing Agreement.

(b) The Issuer shall provide to the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser (in multiple copies, if requested) such other information, documents, records or reports respecting the Issuer Investment Interest, the Issuer or the IESO which is in the possession or under the control of the Issuer or the Manager, as the Administrative Agent, a Funding Agent or a Non-Conduit Purchaser may from time to time reasonably request, including any correspondence with a Rating Agency.

(c) The Issuer shall furnish to the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser promptly after known to the Issuer or the Manager, information with respect to any action, suit or proceeding involving the Manager,

the Issuer or the IESO or any of their respective Affiliates by or before any court or any Governmental Authority which, if adversely determined, would have an Adverse Effect.

(d) The Issuer will not make any amendments to the Funding Obligation Agreements governing any outstanding Subordinated Funding Obligations or Junior Subordinated Funding Obligations without the prior written consent of the Requisite Series 2017-1 Noteholders.

(e) The Issuer will not make any amendments to any of the Program Agreements without the prior written consent of all of the Series 2017-1 Noteholders.

(f) The Issuer will provide prompt notice to the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser of any amendments to the Change of Law Process Agreement dated December **[21]**, 2017 between the Province and OPG.

(g) The Issuer will not hold or own, directly or indirectly, any share or equity security of, or any equity interest in, any Person.

(h) The Issuer confirms that this Supplemental Indenture is a Warehouse Facility Agreement. The Issuer will not enter into any other Warehouse Facility Agreement creating Senior Funding Obligations without the prior written consent of the Requisite Series 2017-1 Noteholders unless the Commitment Expiry Date has occurred.

(i) The Issuer will not enter into any Funding Obligation Agreement (other than a Credit Enhancement Agreement or Derivative Agreement or a Warehouse Facility Agreement for Subordinated Funding Obligations or Junior Subordinated Funding Obligations) in respect of any Funding Obligation that has a Principal Payment Date prior to May 1, 2022.

(j) Each issuance of Senior Funding Obligations completed on or after the Commitment Expiry Date shall be treated by the Issuer as a Refinancing with the proceeds thereof (net of expenses incurred in connection with such issuance and amounts required to be deposited in Issuer Accounts in accordance with the Program Agreements) applied to effect Decreases hereunder until such time as the Series 2017-1 Principal Amount has been reduced to zero.

(k) Upon the request of the Administrative Agent or any Funding Agent at any time after January 1, 2022, the Issuer shall request, not more than once per year (except following and during the continuance of a Termination Event, when the Administrative Agent or any Funding Agent may request as frequently as once per month), the Issuer will, at its expense, appoint Ernst &Young LLP, or another independent public accounting firm selected by the Issuer with the consent of such the Administrative Agent or such Funding Agent (such consent not to be unreasonably withheld), to prepare and deliver to each Funding Agent a written report, on a scope and in a form reasonably requested by the Administrative Agent or the Funding Agent making such request, to provide assurances to the Funding

Agents that the information certified on each Monthly Report is accurate in all material respects.

ARTICLE 7
ACCELERATION

7.1 Acceleration of Series 2017-1 Principal Amount

If a Series 2017-1 Event of Default occurs and is continuing, then and in each and every such case, and without regard to whether all Issuer Funding Obligations have been declared due and payable immediately pursuant to Section 8.02(a) of the Trust Indenture, any Purchaser Group may by notice in writing to the Issuer and to the Indenture Trustee declare the Series 2017-1 Principal Amount and all interest accrued and unpaid (if any) thereon to be due and payable immediately, and upon any such declaration the same will become and will be immediately due and payable, notwithstanding anything in this Supplemental Indenture or the Trust Indenture to the contrary.

ARTICLE 8
AGENTS

8.1 Administrative Agent

(a) Each of the Non-Conduit Purchasers, CP Conduit Purchasers, the Group Banks and the Funding Agents hereby irrevocably designates and appoints the Administrative Agent as the agent of such Person under this Supplemental Indenture and irrevocably authorizes the Administrative Agent, in such capacity, to take such action on its behalf under the provisions of this Supplemental Indenture and to exercise such powers and perform such duties as are expressly delegated to the Administrative Agent by the terms of this Supplemental Indenture, together with such other powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Supplemental Indenture, the Administrative Agent shall not have any duties or responsibilities except those expressly set forth herein, or any fiduciary relationship with any Non-Conduit Purchaser, any CP Conduit Purchaser, any Group Bank or any Funding Agent, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Supplemental Indenture or otherwise exist against the Administrative Agent.

(b) The Administrative Agent may execute any of its duties under this Supplemental Indenture by or through agents or attorneys in fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. The Administrative Agent shall not be responsible for the negligence or misconduct of any agents or attorneys-in-fact selected by it with reasonable care.

(c) Neither the Administrative Agent nor any of its officers, directors, employees, agents, attorneys in fact or Affiliates shall be (i) liable for any action lawfully taken or omitted to be taken by it or such Person under or in connection with the Trust Indenture, this Supplemental Indenture or any other Program Agreement (except to

the extent that any of the foregoing are found by a final and non-appealable decision of a court of competent jurisdiction to have resulted from its or such Person's own gross negligence or willful misconduct) or (ii) responsible in any manner to any of the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks or the Funding Agents for any recitals, statements, representations or warranties made by the Issuer, the IESO, the Manager or any officer thereof contained in this Supplemental Indenture or any other Program Agreement or in any certificate, report, statement or other document referred to or provided for in, or received by the Administrative Agent under or in connection with, this Supplemental Indenture or any other Program Agreement or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Supplemental Indenture, any other Program Agreement, or for any failure of any of the Issuer, the Manager or the IESO to perform its obligations hereunder or thereunder. The Administrative Agent shall not be under any obligation to any Non-Conduit Purchaser, any CP Conduit Purchaser, any Group Bank or any Funding Agent to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Supplemental Indenture, any other Program Agreement or to inspect the properties, books or records of the Issuer, the Manager or the IESO.

(d) The Administrative Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, resolution, notice, consent, certificate, affidavit, letter or electronic message, statement, order or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including, without limitation, counsel to the Issuer, the Manager or the IESO), independent accountants and other experts selected by the Administrative Agent.

(e) The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Termination Event unless the Administrative Agent has received written notice from a Non-Conduit Purchaser, a CP Conduit Purchaser, a Group Bank, a Funding Agent, the Issuer or the Manager referring to the Trust Indenture or this Supplemental Indenture, describing such Termination Event and stating that such notice is a "notice of a Termination Event". In the event that the Administrative Agent receives such a notice, the Administrative Agent shall give notice thereof to DBRS, the Non-Conduit Purchasers, the Funding Agents, the Issuer Trustee and the Manager.

(f) Each of the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks and the Funding Agents expressly acknowledges that neither the Administrative Agent nor any of its officers, directors, employees, agents, attorneys in fact or Affiliates has made any representations or warranties to it and that no act by the Administrative Agent hereinafter taken, including any review of the affairs of the Issuer, the Manager or the IESO shall be deemed to constitute any representation or warranty by the Administrative Agent to any such Person. Each of the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks and the Funding Agents represents to the Administrative Agent that it has, independently and without reliance upon the Administrative Agent or any other Non-Conduit

Purchaser, CP Conduit Purchaser, Group Bank or Funding Agent and based on such documents and information as it has deemed appropriate, made its own appraisal of, and investigation into, the business, operations, property, financial and other condition and creditworthiness of the Issuer, the Manager and the IESO and made its own decision to enter into this Supplemental Indenture. Each of the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks and the Funding Agents also represents that it will, independently and without reliance upon the Administrative Agent or any other Non-Conduit Purchaser, CP Conduit Purchaser, Group Bank or Funding Agent, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Supplemental Indenture and the other Program Agreements, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other condition and creditworthiness of the Issuer, the Manager and the IESO. Except for notices, reports and other documents expressly required to be furnished to the Non-Conduit Purchasers and the Funding Agents by the Administrative Agent hereunder, the Administrative Agent shall have no duty or responsibility to provide any Non-Conduit Purchaser, any CP Conduit Purchaser, any Group Bank or any Funding Agent with any credit or other information concerning the business, operations, property, condition (financial or otherwise), prospects or creditworthiness of the Issuer, the Manager or the IESO which may come into the possession of the Administrative Agent or any of its officers, directors, employees, agents, attorneys in fact or Affiliates.

(g) The Administrative Agent and its Affiliates may make loans to, accept deposits from and generally engage in any kind of business with the Issuer, the Manager and the IESO as though the Administrative Agent were not the Administrative Agent hereunder. With respect to any Series 2017-1 Senior Note held by the Administrative Agent, the Administrative Agent shall have the same rights and powers under this Supplemental Indenture and the other Program Agreements as any Group Bank or Funding Agent and may exercise the same as though it were not the Administrative Agent, and the terms “Group Bank,” and “Funding Agent” shall include the Administrative Agent in its individual capacity.

(h) The Administrative Agent may resign as Administrative Agent at any time by giving 30 days’ notice to the Non-Conduit Purchasers, the Funding Agents, the Indenture Trustee, the Issuer and the Manager. If Royal Bank of Canada shall resign as Administrative Agent under this Supplemental Indenture, then the Requisite Series 2017-1 Noteholders shall appoint a successor administrative agent from among the Non-Conduit Purchasers and Funding Agents, whereupon such successor agent shall succeed to the rights, powers and duties of the Administrative Agent, and the term “Administrative Agent” shall mean such successor agent effective upon such appointment and approval, and the former Administrative Agent’s rights, powers and duties as Administrative Agent shall be terminated, without any other or further act or deed on the part of such former Administrative Agent or any of the parties to this Supplemental Indenture. If no successor administrative agent has accepted appointment as Administrative Agent prior to the

effective date of the resignation of the Administrative Agent, the retiring Administrative Agent may appoint, after consulting with the Non-Conduit Purchasers and the Funding Agents, a successor Administrative Agent from among the Non-Conduit Purchasers and the Funding Agents. If no successor administrative agent has accepted appointment by the date which is thirty (30) days following a retiring Administrative Agent's notice of resignation, the retiring Administrative Agent's resignation shall nevertheless thereupon become effective and Manager shall assume and perform all of the duties of the Administrative Agent hereunder until such time, if any, as the Requisite Series 2017-1 Noteholders appoint a successor administrative agent as provided for above. After any retiring Administrative Agent's resignation as Administrative Agent, the provisions of this Article 8 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent under this Supplemental Indenture. The Issuer will provide prompt written notice of a resignation of the Administrative Agent and the appointment of any successor administrative agent.

8.2 Funding Agents

(a) Each CP Conduit Purchaser and each Group Bank with respect to such CP Conduit Purchaser hereby irrevocably designates and appoints the Funding Agent set forth next to such CP Conduit Purchaser's name on Schedule E as the agent of such Person under this Supplemental Indenture and irrevocably authorizes such Funding Agent, in such capacity, to take such action on its behalf under the provisions of this Supplemental Indenture and to exercise such powers and perform such duties as are expressly delegated to such Funding Agent by the terms of this Supplemental Indenture, together with such other powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Supplemental Indenture, each Funding Agent shall not have any duties or responsibilities except those expressly set forth herein, or any fiduciary relationship with any CP Conduit Purchaser or Group Bank and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Supplemental Indenture or otherwise exist against each Funding Agent.

(b) Each Funding Agent may execute any of its duties under this Supplemental Indenture by or through agents or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. Each Funding Agent shall not be responsible to the CP Conduit Purchaser or any Group Bank in its CP Conduit Purchaser Group for the negligence or misconduct of any agents or attorneys in fact selected by it with reasonable care.

(c) Each Funding Agent and any of its officers, directors, employees, agents, attorneys in fact or Affiliates shall not be (i) liable for any action lawfully taken or omitted to be taken by it or such Person under or in connection with the Trust Indenture, this Supplemental Indenture or any other Program Agreement (except to the extent that any of the foregoing are found by a final and non-appealable decision of a court of competent jurisdiction to have resulted from its or such Person's own gross negligence or willful misconduct) or (ii) responsible in any manner to any of the

CP Conduit Purchasers and/or Group Banks for any recitals, statements, representations or warranties made by the Issuer, the Manager or the IESO, or any officer thereof contained in this Supplemental Indenture or any other Program Agreement or in any certificate, report, statement or other document referred to or provided for in, or received by such Funding Agent under or in connection with, this Supplemental Indenture or any other Program Agreement or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Supplemental Indenture, any other Program Agreement, or for any failure of any of the Issuer, the Manager or the IESO to perform its obligations hereunder or thereunder. Each Funding Agent shall not be under any obligation to the CP Conduit Purchaser or any Group Bank in its CP Conduit Purchaser Group to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Supplemental Indenture, any other Program Agreement or to inspect the properties, books or records of the Issuer, the Manager or the IESO.

(d) Each Funding Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, resolution, notice, consent, certificate, affidavit, letter or electronic message, statement, order or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including, without limitation, counsel to the Issuer, the Manager or the IESO), independent accountants and other experts selected by such Funding Agent. Each Funding Agent shall be fully justified in failing or refusing to take any action under this Supplemental Indenture or any other Program Agreement unless it shall first receive such advice or concurrence of the Related Purchaser Group, as it deems appropriate or it shall first be indemnified to its satisfaction by the Related Purchaser Group against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action.

(e) Each Funding Agent shall not be deemed to have knowledge or notice of the occurrence of any Termination Event unless such Funding Agent has received written notice from a Non-Conduit Purchaser, a CP Conduit Purchaser, a Group Bank, the Issuer, the Manager or the Administrative Agent referring to the Trust Indenture or this Supplemental Indenture, describing such Termination Event and stating that such notice is a “notice of a Termination Event,” as the case may be. In the event that any Funding Agent receives such a notice, such Funding Agent shall give notice thereof to DBRS, the CP Conduit Purchaser and Group Bank in its CP Conduit Purchaser Group. Such Funding Agent shall take such action with respect to such event as shall be reasonably directed by the CP Conduit Purchaser and Group Bank in its CP Conduit Purchaser Group, provided that unless and until such Funding Agent shall have received such directions, such Funding Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such event as it shall deem advisable in the best interests of the CP Conduit Purchaser and Group Bank in its CP Conduit Purchaser Group.

(f) Each CP Conduit Purchaser and each of the related Group Banks expressly acknowledge that neither its Funding Agent nor any of its officers, directors, employees, agents, attorneys in fact or Affiliates has made any representations or warranties to it and that no act by such Funding Agent hereinafter taken, including any review of the affairs of the Issuer, the Manager or the IESO shall be deemed to constitute any representation or warranty by such Funding Agent to any such Person. Each CP Conduit Purchaser and each of the related Group Banks represents to its Funding Agent that it has, independently and without reliance upon such Funding Agent and based on such documents and information as it has deemed appropriate, made its own appraisal of, and investigation into, the business, operations, property, financial and other condition and creditworthiness of the Issuer, the Manager and the IESO and made its own decision to enter into this Supplemental Indenture. Each CP Conduit Purchaser and each of the related Group Banks also represents that it will, independently and without reliance upon its Funding Agent and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Supplemental Indenture and the other Program Agreements, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other conditions and creditworthiness of the Issuer, the Manager and the IESO.

(g) Each Group Bank in a CP Conduit Purchaser Group agrees to indemnify its Funding Agent in its capacity as such (to the extent not reimbursed by the Issuer and without limiting the obligation of the Issuer to do so), from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever which may at any time be imposed on, incurred by or asserted against such Funding Agent in any way relating to or arising out of this Supplemental Indenture, any of the other Program Agreements or any documents contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby or any action taken or omitted by such Funding Agent under or in connection with any of the foregoing; provided that no Group Bank shall be liable for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements that are found by a final and non-appealable decision of a court of competent jurisdiction to have resulted from such related Funding Agent's gross negligence or willful misconduct. The agreements in this Section shall survive the payment of all amounts payable hereunder.

ARTICLE 9
GENERAL

9.1 Successor and Assigns

(a) This Supplemental Indenture shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, except that (i) the Issuer may not assign or transfer any of its rights under this Supplemental Indenture without the prior written consent of all of the Series 2017-1 Noteholders and at least

10 Business Days' notice having been given to DBRS; (ii) no Non-Conduit Purchaser may assign or transfer any of its rights under this Supplemental Indenture other than pursuant to paragraph (e) or (f) below; (iii) no CP Conduit Purchaser may assign or transfer any of its rights under this Supplemental Indenture other than to the Group Bank with respect to such CP Conduit Purchaser or a Program Support Provider with respect to such CP Conduit Purchaser or pursuant to clause (b) or (e) below of this Section 9.1; and (iv) no Group Bank may assign or transfer any of its rights or obligations under this Supplemental Indenture except to a Program Support Provider or pursuant to clause (c), (d) or (e) below of this Section 9.1.

(b) Without limiting the foregoing, each CP Conduit Purchaser may assign all or a portion of the Purchaser Group Principal Amount with respect to such CP Conduit Purchaser and its rights and obligations under this Supplemental Indenture to a Conduit Assignee with respect to such CP Conduit Purchaser. Prior to the effectiveness of any such assignment, the assigning CP Conduit Purchaser shall notify DBRS, the Administrative Agent, each Funding Agent, each Non-Conduit Purchaser and the Issuer of such assignment. Upon such assignment by a CP Conduit Purchaser to a Conduit Assignee, (i) such Conduit Assignee shall be the owner of the Purchaser Group Principal Amount or such portion thereof with respect to such CP Conduit Purchaser; (ii) the related administrative or managing agent for such Conduit Assignee will act as the administrative agent for such Conduit Assignee hereunder, with all corresponding rights and powers, express or implied, granted to the Funding Agent hereunder; (iii) such Conduit Assignee and its liquidity support provider(s) and credit support provider(s) and other related parties shall have the benefit of all the rights and protections provided to such CP Conduit Purchaser herein (including, without limitation, any limitation on recourse against such Conduit Assignee as provided in this paragraph); (iv) such Conduit Assignee shall assume all of such CP Conduit Purchaser's obligations, if any, hereunder with respect to such portion of the Purchaser Group Principal Amount and such CP Conduit Purchaser shall be released from such obligations; (v) all distributions in respect of the Purchaser Group Principal Amount or such portion thereof with respect to such CP Conduit Purchaser shall be made to the applicable agent or administrative agent, as applicable, on behalf of such Conduit Assignee; and (vi) if requested by the Administrative Agent or the agent or administrative agent with respect to the Conduit Assignee, the parties will execute and deliver such further agreements and documents and take such other actions as the Administrative Agent or such agent or administrative agent may reasonably request to evidence and give effect to the foregoing. No assignment by any CP Conduit Purchaser to a Conduit Assignee of the Purchaser Group Principal Amount with respect to such CP Conduit Purchaser shall in any way diminish the obligations of the Group Bank with respect to such CP Conduit Purchaser under Section 3.3 to fund any Increase.

(c) Any Group Bank may, in the ordinary course of its business and in accordance with applicable law, at any time, sell all or any part of its rights and obligations under this Supplemental Indenture and the Series 2017-1 Senior Notes, with the prior written consent of the Administrative Agent and the Issuer (in each case, which consent shall not be unreasonably withheld) and with prior notice to DBRS, to one

or more banks (an "**Acquiring Group Bank**") pursuant to a transfer supplement, substantially in the form of Exhibit H (the "**Transfer Supplement**"), executed by such Acquiring Group Bank, such assigning Group Bank, the Funding Agent with respect to such Group Bank, the Administrative Agent and the Issuer and delivered to the Administrative Agent. Notwithstanding the foregoing, no Group Bank shall so sell its rights hereunder if such Acquiring Group Bank is not an Eligible Assignee.

(d) Any Group Bank may, in the ordinary course of its business and in accordance with applicable law at any time and with prior notice to DBRS, sell to one or more financial institutions or other entities ("**Group Bank Participants**") participations in its Commitment with respect to its related CP Conduit Purchaser Group, its Series 2017-1 Senior Note and its rights hereunder pursuant to documentation in form and substance satisfactory to such Group Bank and the Group Bank Participant; provided, however, that (i) in the event of any such sale by a Group Bank to a Group Bank Participant, (A) such Group Bank's obligations under this Supplemental Indenture shall remain unchanged, (B) such Group Bank shall remain solely responsible for the performance thereof, and (C) the Issuer and the Administrative Agent shall continue to deal solely and directly with such Group Bank in connection with its rights and obligations under this Supplemental Indenture; and (ii) no Group Bank shall sell any participating interest under which the Group Bank Participant shall have rights to approve any amendment to, or any consent or waiver with respect to, this Supplemental Indenture, the Trust Indenture or any Program Agreement, except to the extent that the approval of such amendment, consent or waiver otherwise would require the unanimous consent of all Group Banks hereunder. A Group Bank Participant shall have the right to receive compensation pursuant to Sections 3.10 and 3.11 but only to the extent that the related selling Group Bank would have had such right absent the sale of the related participation and, with respect to amounts due pursuant to Sections 3.10 and 3.11, only to the extent such Group Bank Participant shall have complied with the provisions of Sections 3.10 and 3.11 as if such Group Bank Participant were a Group Bank.

(e) Any CP Conduit Purchaser and the Group Bank with respect to such CP Conduit Purchaser may, at any time, sell all or any part of their respective rights and obligations, and any Non-Conduit Purchaser may, at any time, sell all or any part of its rights and obligations, under this Supplemental Indenture and the Series 2017-1 Senior Notes, with the prior written consent of the Administrative Agent and the Issuer (in each case, which consent shall not be unreasonably withheld) and with prior notice to DBRS, (x) to a multi-seller commercial paper conduit and one or more banks providing support to such multi-seller commercial paper conduit, or (y) to a financial institution or other entity (an "**Acquiring Purchaser Group**") pursuant to a transfer supplement, substantially in the form of Exhibit I (the "**Purchaser Group Supplement**"), executed by such Acquiring Purchaser Group (including the CP Conduit Purchaser and the Group Banks, if any, with respect to such Acquiring Purchaser Group), the Funding Agent, if any, with respect to such Acquiring Purchaser Group, such assigning Purchaser Group (including the Group

Banks, if any, with respect to such assigning Purchaser Group), the Funding Agent, if any, with respect to such assigning Purchaser Group and the Administrative Agent and the Issuer and delivered to the Administrative Agent.

(f) Any Non-Conduit Purchaser may, in the ordinary course of its business and in accordance with applicable law and with prior notice to DBRS, at any time sell to one or more financial institutions or other entities ("**Non-Conduit Purchaser Participants**") participations in its Commitment, its Series 2017-1 Senior Note and its rights hereunder pursuant to documentation in form and substance satisfactory to such Non-Conduit Purchaser and the Non-Conduit Purchaser Participant; provided, however, that (i) in the event of any such sale by a Non-Conduit Purchaser to a Non-Conduit Purchaser Participant, (A) such Non-Conduit Purchaser's obligations under this Supplemental Indenture shall remain unchanged, (B) such Non-Conduit Purchaser shall remain solely responsible for the performance thereof, and (C) the Issuer and the Administrative Agent shall continue to deal solely and directly with such Non-Conduit Purchaser in connection with its rights and obligations under this Supplemental Indenture; and (ii) no Non-Conduit Purchaser shall sell any participating interest under which the Non-Conduit Purchaser Participant shall have rights to approve any amendment to, or any consent or waiver with respect to, this Supplemental Indenture, the Trust Indenture or any Program Agreement, except to the extent that the approval of such amendment, consent or waiver otherwise would require the unanimous consent of all Series 2017-1 Noteholders hereunder. A Non-Conduit Purchaser Participant shall have the right to receive compensation under Sections 3.10 and 3.11 but only to the extent that the related selling Non-Conduit Purchaser would have had such right absent the sale of the related participation and, with respect to amounts due pursuant to Sections 3.10 and 3.11, only to the extent such Non-Conduit Purchaser Participant shall have complied with the provisions of Sections 3.10 and 3.11 as if such Non-Conduit Purchaser Participant were a Non-Conduit Purchaser.

(g) The Issuer authorizes each Group Bank and Non-Conduit Purchaser to disclose to any Group Bank Participant, Acquiring Group Bank, Non-Conduit Purchaser Participant or Acquiring Purchaser Group (each, a "**Transferee**") and any prospective Transferee any and all financial information in such Group Bank's or Non-Conduit Purchaser's possession concerning the Issuer, the Issuer Investment Asset and the Program Agreements which has been delivered to such Group Bank by the Issuer or the Manager in connection with such Group Bank's credit evaluation of the Issuer and the Issuer Investment Interest.

(h) Notwithstanding any other provision of this Supplemental Indenture to the contrary, any Non-Conduit Purchaser, any Group Bank or any Program Support Provider may at any time pledge or grant a security interest in all or any portion of its rights under its Series 2017-1 Senior Note and this Supplemental Indenture to secure obligations of such Non-Conduit Purchaser, such Group Bank or such Program Support Provider to a Federal Reserve Bank or the Bank of Canada, without notice to or consent of the Administrative Agent or the Issuer; provided that no such pledge or grant of a security interest shall release a Non-Conduit

Purchaser or a Group Bank from any of its obligations hereunder or substitute any such pledgee or grantee for such Non-Conduit Purchaser or such Group Bank as a party hereto.

(i) Notwithstanding any other provision of this Supplemental Indenture to the contrary, no consent of the Issuer to any assignment referred to in this Section 9.1 shall be required at any time after the occurrence of a Series 2017-1 Event of Default.

9.2 Waiver

Without limiting the requirements of Section 11.02 of the Trust Indenture which shall be applicable to this Supplemental Indenture, no waiver of any provision of this Supplemental Indenture or consent to any departure by the Issuer from any provision of this Supplemental Indenture will be effective (in whole or in part) unless in writing and signed by the Requisite Series 2017-1 Noteholders. Such waiver will be effective only in the specific instance, for the specific purpose and for the specific length of time for which it is given by the Requisite Series 2017-1 Noteholders.

9.3 Notice

All notices, requests, instructions and demands to or upon any party hereto to be effective shall be given (a) in the case of the Issuer and the Indenture Trustee, in the manner set forth in Article 15 of the Trust Indenture; and (b) in the case of the Administrative Agent, the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks and the Funding Agents, in writing, and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when delivered by hand or three days after being deposited in the mail, postage prepaid, in the case of facsimile notice, when received, or in the case of overnight air courier, one Business Day after the date such notice is delivered to such overnight courier, addressed as follows in the case of the Administrative Agent and to the addresses therefor set forth in Schedule E, in the case of the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks and the Funding Agents; or to such other address as may be hereafter notified by the respective parties hereto:

Administrative Agent:

Royal Bank of Canada **[NTD: Oslers to provide]**

9.4 No Waiver: Remedies

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

9.5 Entire Agreement

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

9.6 Governing Law and Attornment

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

9.7 Acknowledgment of Trust Indenture and No Proceedings

The Administrative Agent, each Non-Conduit Purchaser, each CP Conduit Purchaser, each Group Bank and each Funding Agent hereby acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor under the Trust Indenture and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Trust Indenture including, without limitation, Section 7.12 (Payments To Be Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse), Article IX (Indenture Trustee) (including all limitations of liability thereunder), Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition).

9.8 Expenses

The Issuer agrees to pay on demand (a) to the Indenture Trustee, the Administrative Agent and the Purchaser Groups all reasonable costs and expenses in connection with the preparation, execution, and delivery of this Supplemental Indenture and the other documents to be delivered hereunder or in connection herewith, including, the reasonable fees and out-of-pocket expenses of counsel for the Administrative Agent and the Purchaser Groups, with respect thereto, and the reasonable fees and out-of-pocket expenses incurred by the CP Conduit Purchasers in connection with the review by each rating agency then rating the Commercial Paper of such CP Conduit Purchaser of the transactions contemplated by this Supplemental Indenture and the Program Agreements; (b) to the Indenture Trustee, the Administrative Agent and each Purchaser Group all reasonable costs and expenses in connection with any amendments of or waivers or consents under this Supplemental Indenture or the Program Agreements, including in each case the reasonable fees and out-of-pocket expenses of counsel with respect thereto, and the reasonable fees and out-of-pocket expenses incurred by the CP Conduit Purchasers in connection with the review by any rating agency then rating the Commercial Paper of such CP Conduit Purchasers; and (c) to the Indenture Trustee, the Administrative Agent and each Purchaser Group, on demand, all reasonable costs and expenses (including reasonable fees and expenses of counsel to the Administrative Agent and each Purchaser Group), if any, in connection with the enforcement of this Supplemental

Indenture or any of the Program Agreements, and the other documents delivered thereunder or in connection therewith.

9.9 Further Assurances

Each of the parties hereto upon the request of the other party or parties hereto shall do, execute, acknowledge and deliver or cause to be done, executed acknowledged or delivered all such further acts, deeds, documents, assignments, transfers, conveyances, powers of attorney and assurances as may be reasonably necessary or desirable to effect or complete the consummation of the transactions contemplated by this Supplemental Indenture.

9.10 Confidentiality

(a) Each Purchaser Group and the Administrative Agent covenants and agrees that any non-public information obtained by it pursuant to this Supplemental Indenture and the other Program Agreements shall be held in confidence except that the Purchaser Groups or Administrative Agent may disclose such information (i) pursuant to the order of any court or administrative agency or in any pending legal or administrative proceeding (whether or not having the force or effect of law) provided that, unless prohibited by applicable law, a Purchaser Group or the Administrative Agent, as applicable, shall provide prompt notice of such order to the affected party; (ii) upon the request or demand of any regulatory authority having or claiming jurisdiction over any Purchaser Group or the Administrative Agent; (iii) as required by applicable law including, without limitation, all applicable securities laws; (iv) to the extent that such information becomes publicly available other than by reason of improper disclosure by a Purchaser Group or the Administrative Agent; (v) to its affiliates, officers, directors, employees, legal counsel, independent auditors, accountants, advisors, investors, potential investors, commercial paper dealers, providers of surety, guaranty, credit or liquidity enhancement (including the directors, officers and accountants of such surety, guaranty, credit or liquidity enhancement provider), legal counsel of any of the foregoing and other experts or agents who need to know such information and are informed of the confidential nature of such information (provided that the Persons permitted to make such disclosures under clauses (i), (ii) and (iii) of this Section 9.10 shall also include credit or liquidity enhancers of a CP Conduit Purchaser); (vi) for purposes of establishing a "due diligence" defense; (vii) which was available to a Purchaser Group or the Administrative Agent on a non-confidential basis from a source other than the affected party, provided that such source was not to the knowledge of the Purchaser Group or the Administrative Agent, as applicable, bound by a confidentiality agreement with the affected party; (viii) has been independently acquired or developed by a Purchaser Group or the Administrative Agent without violating any of the Purchaser Group's or the Administrative Agent's obligations under this Supplemental Indenture; (ix) if such disclosure has been approved in writing in advance by the Issuer or the Manager; (x) regarding the existence of this Supplemental Indenture, but not the financial terms thereof; and (xi) to DBRS and Moody's and any other Rating Agencies.

(b) The Issuer covenants and agrees to hold in confidence, and not disclose to any Person, the terms of this Supplemental Indenture (including any fees payable in connection with this Supplemental Indenture or the identity of any CP Conduit Purchaser under this Supplemental Indenture), except as the applicable Purchaser Group may have consented to in writing prior to any proposed disclosure and except (i) it may also disclose such information (A) to its officers, directors, employees, legal counsel, independent auditors, accountants and other advisors who are directly involved in the consideration of this Supplemental Indenture (and then only on a confidential basis), (B) to the Manager and its officers, directors, employees, legal counsel, independent auditors, accountants and other advisors, (C) any ministry or agency of the Province of Ontario and, in each case, their respective employees, officials, agents and advisors, (D) as required by applicable law (including, without limitation, applicable securities law) or compulsory legal process, (E) as expressly permitted by the terms of the Program Agreements, and (F) to DBRS and Moody's and any other Rating Agencies; provided, that, in the case of clause (D), the Issuer will use all commercially reasonable efforts to maintain confidentiality and will (unless otherwise prohibited by law) notify the affected Administrative Agent or Purchaser Group of its intention to make any such disclosure prior to making such disclosure; and (ii) it may also disclose the existence (but not the financial terms) of this Supplemental Indenture, including to any actual or prospective purchaser of other Notes.

(c) The parties hereto acknowledge that a description of this Supplemental Indenture and the Series 2017-1 Senior Note will be included in the preliminary and final offering memoranda of the Issuer relating to the issue of other Notes from time to time.

(d) The confidentiality provisions set forth in this Section 9.10 shall expire on the second year anniversary of the date on which the Series 2017-1 Senior Notes have been paid in full.

9.11 Acknowledgement and Consent to Bail-In of EEA Financial Institutions

Notwithstanding anything to the contrary in this Supplemental Indenture or in any other Program Agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any EEA Financial Institution arising under this Supplemental Indenture or any other Program Agreement, to the extent such liability is unsecured, may be subject to the write-down and conversion powers of an EEA Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

(a) the application of any Write-Down and Conversion Powers by an EEA Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an EEA Financial Institution; and

(b) the effects of any Bail-In Action on any such liability, including, if applicable

(i) a reduction in full or in part or cancellation of any such liability;

(ii) a conversion of all, or a portion of, such liability into shares or other instruments or ownership in such EEA Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Supplemental Indenture or any other Facility Agreement; or

(iii) the variation of the terms of such liability in connection with the exercise of the write-down and conversion powers of any EEA Resolution Authority.

9.12 Limitation of Liability of Issuer Trustee

Each party hereto other than the Issuer acknowledges that the Issuer is a trust, and that Computershare Trust Company of Canada is the Issuer Trustee. The other parties hereto agree that the Issuer Trustee will not be subject to any liability whatsoever to them, in tort, contract or otherwise, in connection with the Issuer's assets or the trust activities, for any action taken or permitted by it to be taken, or for its failure to take any action; provided that the foregoing limitation will not apply in respect of any action or failure to act arising from or in connection with wilful misconduct, negligence or reckless disregard of a duty by the Issuer Trustee. The Issuer Trustee in doing anything or permitting anything to be done in respect of assets or the trust activities is, and shall be conclusively deemed to be, acting as trustee of the Issuer and not in any other capacity. Except as to the extent provided in this Section 9.12, the Issuer Trustee will not be subject to any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Issuer, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the Issuer's assets or the trust activities and resort will be had solely to the Collateral for the payment or performance thereof. No property or assets of the Issuer Trustee, whether owned in its personal capacity or otherwise, will be subject to levy, execution or other enforcement procedure with regard to any obligation under this Supplemental Indenture. Nothing contained in this Section 9.12 shall be construed so as to limit the liability of the Issuer under this Supplemental Indenture. This Supplemental Indenture, and every deed, transfer, assignment, agreement or other instrument made pursuant hereto including, without limitation, the Series 2017-1 Senior Notes, made or purporting to be made by or creating an obligation of the Issuer or the Issuer Trustee on behalf of, or as trustee of, the Issuer shall be deemed and construed for all purposes as if made by the Issuer Trustee, in and only in its capacity as trustee of the Issuer. Any obligations of the Issuer Trustee hereunder or thereunder are non-recourse to the Issuer Trustee in its personal capacity.

9.13 Execution in Counterparts

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

9.14 Delivery of Executed Copies

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

[signature page follows]

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

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

By:

_____
Name:

Title:

By:

_____
Name:

Title:

BNY TRUST COMPANY OF CANADA, as Indenture Trustee

By:

_____
Name:

Title:

By:

_____
Name:

Title:

ROYAL BANK OF CANADA, as
Administrative Agent,

By: _____

Name:

Title:

[NTD: Detailed signing pages to be prepared.]

SCHEDULE A

DEFINITIONS

"**Acceleration Event**" means either:

(a) all Issuer Funding Obligations are declared due and payable under Section 8.02 of the Trust Indenture, or

(b) the Series 2017-1 Principal Amount and all interest accrued and unpaid thereon is declared to be due and payable under Section 7.1.

"**Administrative Agent**" is defined in the preamble to this Supplemental Indenture.

"**AEOI Legislation**" is defined in Section 3.10(a).

"**Affected Party**" means any Non-Conduit Purchaser, CP Conduit Purchaser and any Program Support Provider with respect to any CP Conduit Purchaser.

"**Applicable Margin**" is the Program Fee as defined in the Fee Letter.

"**Authorized Officer**" means, with respect to: (a) the Issuer, any authorized director or officer of the Manager; (b) the Manager, any authorized director of officer of OPG; (c) the IESO, any authorized director or officer of the IESO; (d) the Issuer Trustee, any officer within the corporate trust office of such trustee (including the President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Treasurer or any other officer of the Issuer Trustee customarily performing functions similar to those performed by persons who at the time shall be such officers, respectively, and that has direct responsibility for the administration of the Issuer and also, with respect to a particular matter, any other officer to whom such matter is referred to because of such officer's knowledge and familiarity with the particular subject).

"**Bail-In Action**" shall mean the exercise of any Write-Down and Conversion Powers by the applicable EEA Resolution Authority in respect of any liability of an EEA Financial Institution.

"**Bail-In Legislation**" shall mean, with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule.

"**Breakage Costs**" means, with respect to a CP Conduit Purchaser, the net interest costs, if any, with respect to any portion of the Commercial Paper it has issued to fund its investment in the Series 2017-1 Senior Notes that will be incurred by such CP Conduit Purchaser as a result of the maturity of such Commercial Paper falling after the date of a Decrease.

"**CDOR**" means, on any day, an annual rate of interest equal to the average rate applicable to Canadian dollar bankers' acceptances for a 1 month period appearing on the "Reuters Screen CDOR Page" (as defined in the International Swaps and Derivatives Association, Inc. 2000 definitions, as modified and amended from time to time) at approximately 10:00 a.m. on such day,

or if such day is not a Business Day, then on the immediately preceding Business Day, provided that if such rate does not appear on the Reuters Screen CDOR Page on such day as contemplated, then CDOR on such day shall be calculated as the average of the rates for such period applicable to Canadian dollar bankers' acceptances quoted by the banks listed in Schedule I of the *Bank Act* (Canada) as of 10:00 a.m. on such day or, if such day is not a Business Day, then on the immediately preceding Business Day.

"**Closing Date**" is defined in Section 3.3(a).

"**Commercial Paper**" means, with respect to any CP Conduit Purchaser, the promissory notes issued by, or for the benefit of, such CP Conduit Purchaser in the commercial paper market.

"**Commitment**" means, with respect to (a) the Group Bank included in any CP Conduit Purchaser Group, the obligation of such Group Bank to purchase a Series 2017-1 Senior Note on the Closing Date and, thereafter, to maintain and, subject to certain conditions, increase the Purchaser Group Principal Amount with respect to such CP Conduit Purchaser Group, in each case, in an amount up to the Maximum Purchaser Group Principal Amount with respect to such CP Conduit Purchaser Group; or (b) any Non-Conduit Purchaser Group, the obligation of the Related Non-Conduit Purchaser to purchase a Series 2017-1 Senior Note on the Closing Date and, thereafter, to maintain and, subject to certain conditions, increase the Purchaser Group Principal Amount with respect to such Non-Conduit Purchaser Group, in each case, in an amount up to the Maximum Purchaser Group Principal Amount with respect to such Non-Conduit Purchaser Group.

"**Commitment Expiry Date**" means the earlier of (a) the Scheduled Commitment Expiry Date; and (b) the date on which an Event of Default or a Series 2017-1 Event of Default shall have been declared or automatically occurred.

"**Commitment Extension**" means an extension of the Scheduled Commitment Expiry Date effected in accordance with Section 3.5(c).

"**Commitment Extension Request**" is defined in Section 3.5(c).

"**Commitment Fee**" is defined in Section 3.6(b).

"**Commitment Fee Rate**" is defined in the Fee Letter.

"**Commitment Percentage**" means, on any date of determination, with respect to any Purchaser Group, the ratio, expressed as a percentage, which such Purchaser Group's Maximum Purchaser Group Principal Amount bears to the Series 2017-1 Maximum Principal Amount on such date.

"**Conduit Assignee**" means, with respect to any CP Conduit Purchaser, any commercial paper conduit administered by the Funding Agent with respect to such CP Conduit Purchaser and designated by such Funding Agent to accept an assignment from such CP Conduit Purchaser of the Purchaser Group Principal Amount or a portion thereof with respect to such CP Conduit Purchaser pursuant to Section 9.1(b).

"**CP Conduit Funded Amount**" means, with respect to any CP Conduit Purchaser Group for any day, the portion of the Purchaser Group Principal Amount with respect to such CP Conduit

Purchaser Group funded by the CP Conduit Purchaser in respect of such CP Conduit Purchaser Group.

"**CP Conduit Purchaser**" means each commercial paper conduit listed on Schedule E or party to a Purchaser Group Supplement pursuant to which such commercial paper conduit became a party to this Supplemental Indenture

"**CP Conduit Purchaser Group**" means, collectively, a CP Conduit Purchaser and the Group Bank with respect to such CP Conduit Purchaser.

"**CP Conduit Rating Agencies**" means, with respect to any CP Conduit Purchaser, each of DBRS and Moody's and any other nationally recognized statistical rating organization which may, from time to time, rate the Commercial Paper of the CP Conduit Purchaser at the request of the CP Conduit Purchaser.

"**CP Rate**" means with respect to any CP Conduit Purchaser for any day during an Interest Period, the weighted average annual rate of interest applicable to all Commercial Paper of the CP Conduit Purchaser; and provided further that (x) any such Commercial Paper may be issued in either United States dollars or Canadian dollars with the appropriate market rate currency swap agreements being entered into to match such issuance to the funding requirements of such CP Conduit Purchaser, and (y) such weighted average annual rate of interest shall be calculated to reflect any costs incurred by such CP Conduit Purchaser in connection with such swap transactions or in connection with any redemption or repurchase transaction between such CP Conduit Purchaser and the holders of such commercial paper; provided that no amount shall be included in the calculation of the CP Rate which reflects any termination amounts payable by such CP Conduit Purchaser in respect of the early termination of any market rate currency swap referred to in this definition.

"**Decrease**" is defined in Section 3.4(a).

"**Decrease Amount**" is defined in Section 3.4(a).

"**Deferrable Increase Notice**" means a notice of Increase that provides that a Delayed Funding Notice may be provided by any Purchaser Group with respect to such Increase in accordance with Section 3.3(e).

"**Delayed Amount**" is defined in Section 3.3(e).

"**Delayed Funding Date**" is defined in Section 3.3(e).

"**Delayed Funding Notice**" is defined in Section 3.3(e).

"**Delayed Funding Purchaser Group**" is defined in Section 3.3(e).

"**Delayed Funding Reimbursement Amount**" means, with respect to any Delayed Amount of a Delayed Funding Purchaser Group funded by Non-Delayed Funding Purchaser Groups on an Increase Date, an amount equal to the excess, if any, of (a) such Delayed Amount; over (b) the amount, if any, by which the portion of any principal payment made by the Issuer to such Non-

Delayed Funding Purchaser Group pursuant to Section 3.7 on any date during the period from and including such Increase Date to but excluding the Delayed Funding Date for such Delayed Amount, was greater than what it would have been had such Delayed Amount been funded by such Delayed Funding Purchaser Group on such Increase Date.

"**EEA Financial Institution**" shall mean (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority; (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition; or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clause (a) or (b) of this definition and is subject to consolidated supervision with its parent.

"**EEA Member Country**" shall mean any of the member states of the European Union, Iceland, Liechtenstein and Norway.

"**EEA Resolution Authority**" shall mean any public administrative authority or any person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

"**Eligible Assignee**" means a financial institution having (i) a short-term debt rating of at least "P-1" from Moody's, and (ii) either (A) a short-term debt rating of at least "R-1(low)" from DBRS, or (B) a long-term debt rating of at least "A" from DBRS.

"**EU Bail-In Legislation Schedule**" shall mean the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor person), as in effect from time to time.

"**Excluded Taxes**" is defined in Section 3.10(a).

"**FATCA**" is defined in Section 3.10(a).

"**Fee Letter**" means the fee letter dated the date hereof between the Issuer, Canadian Imperial Bank of Commerce, Royal Bank of Canada and Goldman Sachs Canada Inc., as such letter may be amended or replaced from time to time.

"**Funding Agent**" means, with respect to each CP Conduit Purchaser and its CP Conduit Purchaser Group, the agent bank set forth opposite the name of such CP Conduit Purchaser on Schedule E or in the Purchaser Group Supplement pursuant to which such CP Conduit Purchaser became a party to this Supplemental Indenture.

"**Group Bank**" means, with respect to a CP Conduit Purchaser, the bank or other Person set forth opposite the name of such CP Conduit Purchaser on Schedule E or in the Purchaser Group Supplement pursuant to which such CP Conduit Purchaser became a party to this Supplemental Indenture and any assignee thereof, to the extent such assignee has assumed all or a portion of the Commitments of the Group Bank pursuant to a Transfer Supplement entered into in accordance with Section 9.1(c).

"**Group Bank Funded Amount**" means, with respect to any CP Conduit Purchaser Group for any day, the excess, if any, of the Purchaser Group Principal Amount with respect to such CP Conduit

Purchaser Group over the CP Conduit Funded Amount with respect to such CP Conduit Purchaser Group for such day.

"**Group Bank Participants**" is defined in Section 9.1(d).

"**Group Monthly Fees and Other Amounts**" shall mean, for any Payment Date and a Purchaser Group the sum of (a) the Commitment Fee with respect to the related Interest Period for such Purchaser Group; plus (b) any amounts payable to such Purchaser Group hereunder including, without limitation, pursuant to Sections 3.8, 3.10, 3.11 and 9.8; plus (c) the Monthly Fees and Other Amounts Shortfall for such Purchaser Group for such Payment Date.

"**Group Monthly Interest**" means, with respect to each Interest Period and:

(a) any CP Conduit Purchaser Group, the sum of:

(i) for each day during such Interest Period, the product of (x) the portion of the CP Conduit Funded Amount with respect to the CP Conduit Purchaser Group on such day funded through the issuance of Commercial Paper outstanding on such day, times (y) the sum of the CP Rate for such day plus the Applicable Margin, divided by (z) 365; plus

(ii) for each day during such Interest Period, the product of (x) the portion of the CP Conduit Funded Amount with respect to the CP Conduit Purchaser in such CP Conduit Purchaser Group on such day not funded through the issuance of Commercial Paper outstanding on such day, times (y) the sum of CDOR for such day plus the Applicable Margin, divided by (z) 365; plus

(iii) for each day during such Interest Period the product of (x) the Group Bank Funded Amount with respect to such Purchaser Group on such day, times (y) the sum of CDOR for such day plus the Applicable Margin, divided by (x) 365.

(b) any Non-Conduit Purchaser Group, the sum for each day during such Interest Period of the product of (i) the Purchaser Group Principal Amount with respect to such Non-Conduit Purchaser Group on such day; times (ii) the sum of CDOR for such day plus the Applicable Margin, divided by (iii) 365.

For the purposes of determining the Group Monthly Interest in respect of an Interest Period prior to the end of the Interest Period, the Funding Agent in respect of a CP Conduit Purchaser Group or a Non-Conduit Purchaser Group may estimate the interest for the remaining days in the Interest Period. If the actual interest for such days is less than the estimated interest, the Group Monthly Interest for the following Interest Period shall be reduced to adjust for such lower actual interest and if the actual interest for such days is higher than the estimated interest, the Group Monthly Interest for the following Interest Period shall be increased to adjust for such higher interest.

"**Increase**" is defined in Section 3.3(a).

"**Increase Amount**" is defined in Section 3.3(a).

"**Increase Date**" is defined in Section 3.3(a).

"**Increase Notice**" is defined in Section 3.3(a).

"**Interest Period**" means each of the consecutive periods that begins on, and includes, each Payment Date and ends on and excludes, the following Payment Date; provided that the first Interest Period shall begin on the Closing Date and end on the Payment Date in January, 2018.

"**Issuer Indemnified Person**" is defined in Section 3.8.

"**Maximum Purchaser Group Principal Amount**" means, with respect to (a) any CP Conduit Purchaser Group, the amount set forth opposite the name of the CP Conduit Purchaser included in such CP Conduit Purchaser Group on Schedule E or in the Purchaser Group Supplement pursuant to which such CP Conduit Purchaser Group became a party to this Supplemental Indenture; or (b) any Non-Conduit Purchaser Group, the amount set forth opposite the name of such Non-Conduit Purchaser Group on Schedule E or in the Purchaser Group Supplement pursuant to which such Non-Conduit Purchaser Group became a party to this Supplemental Indenture, in each case, as such amount may be increased or reduced from time to time as provided in Section 3.5.

"**Monthly Fees and Other Amounts**" shall mean, for any Payment Date, the aggregate of the Group Monthly Fees and Other Amounts for all Purchaser Groups.

"**Monthly Fees and Other Amounts Shortfall**" means, for any Payment Date and a Purchaser Group, if the amount of the Monthly Fees and Other Amounts for the preceding Payment Date was greater than the amount distributed to the payment of such amounts pursuant to Section 3.6(d), an amount equal to the Monthly Fees and Other Amounts owing to such Purchaser Group which were unpaid on the preceding Payment Date plus interest on such unpaid amount for the period from the preceding Payment Date to the current Payment Date at a rate equal to the Prime Rate plus 1.00% per annum.

"**Monthly Interest**" shall mean, for any Payment Date, the aggregate for all Purchaser Groups of the sum of (a) Group Monthly Interest for the related Interest Period for each Purchaser Group; plus (b) the Monthly Interest Shortfall for such Payment Date for each Purchaser Group.

"**Monthly Interest Shortfall**" means, for any Payment Date and a Purchaser Group, if the amount of the Group Monthly Interest for the preceding Payment Date was greater than the amount distributed to the payment of such amounts pursuant to Section 3.6(d), an amount equal to the Group Monthly Interest owing to such Purchaser Group which were unpaid on the preceding Payment Date plus interest on such unpaid amount for the period from the preceding Payment Date to the current Payment Date at a rate equal to the Prime Rate plus 1.00% per annum.

"**Non-Conduit Purchaser**" means each financial institution or other entity (other than a commercial paper conduit, Group Bank or Funding Agent) listed on Schedule E or party to a Purchaser Group Supplement pursuant to which such financial institution or entity became a party to this Supplemental Indenture.

"**Non-Conduit Purchaser Group**" means a Non-Conduit Purchaser.

"**Non-Conduit Purchaser Participants**" is defined in Section 9.1(f).

"**Non-Deferrable Draw Amount**" means, with respect to any Purchaser Group as of any Increase Date, an amount equal to the lesser of (a) the excess, if any, of (x) the product of (i) $100,000,000 and (ii) the Commitment Percentage of such Purchaser Group over (y) the portion of any Increase Amounts funded by such Purchaser Group during the preceding thirty-five (35) days pursuant to a Non-Deferrable Increase Notice or, to the extent of any decrease pursuant to Section 3.3(e) in the Delayed Amount set forth in a Delayed Funding Notice delivered by such Purchaser Group, a Deferrable Increase Notice; and (b) the excess, if any, of (x) the Maximum Purchaser Group Principal Amount with respect to such Purchaser Group, over (y) the sum of (i) the Purchaser Group Principal Amount with respect to such Purchaser Group; and (ii) any unfunded Delayed Amounts with respect to such Purchaser Group, in each case as of such Increase Date.

"**Non-Deferrable Increase Notice**" means a notice of Increase that provides that a Delayed Funding Notice may not be provided by any Purchaser Group with respect to such Increase in accordance with Section 3.3(a).

"**Non-Delayed Funding Purchaser Group**" is defined in Section 3.3(f).

"**Optional Termination Date**" is defined in Section 3.4.

"**Optional Termination Notice**" is defined in Section 3.4.

"**Prime Rate**" means the annual rate of interest announced by Royal Bank of Canada from time to time as being its reference rate for the determination of interest rates on Canadian dollar denominated commercial loans made by it and commonly referred to by Royal Bank of Canada as its "prime rate."

"**Principal Accumulation Date**" means (i) if a Commitment Extension has occurred, the date specified as the "**Principal Accumulation Date**" in the related Commitment Extension Request, or (ii) otherwise, the Payment Date occurring in the month of July, 2021.

"**Principal Payment Amount**" means, in respect of the Series 2017-1 Senior Notes, (i) if a Commitment Extension has occurred, the amount specified as the "**Principal Payment Amount**" in the related Commitment Extension Request, or (ii) otherwise:

(a) On any Payment Date occurring on or after the earlier of (i) the Payment Date occurring in October, 2021; and (ii) the occurrence of an Acceleration Event, the Series 2017-1 Principal Amount.

(b) Unless clause (a) above is applicable, on the Payment Dates in the month of July, August, September and October of 2021, an amount equal the lesser of (x) the sum of (A) 25% of the Series 2017-1 Principal Amount on the Business Day prior to the Principal Accumulation Date, plus (B) the Decrease Amount of any Decrease occurring on such Payment Date, and (y) the Series 2017-1 Principal Amount.

(c) Unless either of clauses (a) or (b) above is applicable, on any Payment Date that is not a Decrease Date, nil.

(d) Unless either of clauses (a) or (b) is applicable, on any Payment Date that is a Decrease Date, the Decrease Amount of the Decrease occurring on such Payment Date.

"**Principal Payment Default Date**" means, in respect of any Principal Payment Amount, (i) if a Commitment Extension has occurred, the date specified as the "**Principal Payment Default Date**" with respect to such Principal Payment Amount in the related Commitment Extension Request, or (ii) otherwise, the Business Day that is two years after the Principal Payment Date in respect of such Principal Payment Amount.

"**Pro Rata Share**" means, with respect to any Purchaser Group, on any date, the ratio, expressed as a percentage, which the Purchaser Group Principal Amount with respect to such Purchaser Group bears to the Series 2017-1 Principal Amount on such date.

"**Program Support Provider**" means, with respect to any CP Conduit Purchaser, the Group Bank with respect to such CP Conduit Purchaser and any other or additional Person now or hereafter extending credit, or having a commitment to extend credit to or for the account of, or to make purchases from, such CP Conduit Purchaser or issuing a letter of credit, surety bond or other instrument to support any obligations arising under or in connection with such CP Conduit Purchaser's securitization program.

"**Purchaser Group**" means a CP Conduit Purchaser Group or a Non-Conduit Purchaser Group.

"**Purchaser Group Increase Amount**" means, with respect to any Purchaser Group, for any Business Day, such Purchaser Group's Commitment Percentage of the Increase Amount, if any, on such Business Day.

"**Purchaser Group Principal Amount**" means, with respect to any Purchaser Group, (a) when used with respect to the Closing Date, such Purchaser Group's Commitment Percentage of the Series 2017-1 Initial Principal Amount; and (b) when used with respect to any other date, an amount equal to (i) the Purchaser Group Principal Amount with respect to such Purchaser Group on the immediately preceding Business Day; plus (ii) the Purchaser Group Increase Amount with respect to such Purchaser Group on such date; minus (iii) the amount of principal payments made to such Purchaser Group pursuant to Section 3.7 on such date. For the avoidance of doubt, (x) so long as any Purchaser Group has failed to fund any portion of its Purchaser Group Increase Amount with respect to any Increase Date (including any Delayed Amount), such unfunded amount shall not be included in the Purchaser Group Principal Amount for such Purchaser Group unless and until such amount has been funded (including by funding any Delayed Funding Reimbursement Amount, if applicable), and (y) any Delayed Amounts funded on an Increase Date by a Non-Delayed Funding Purchaser Group shall be included in the Purchaser Group Principal Amount for such Non-Delayed Funding Purchaser Group until the related Delayed Funding Reimbursement Amount has been funded.

"**Purchaser Group Supplement**" is defined in Section 9.1(e).

"**Rating Agency Condition**" means, with respect to any action in respect of the Series 2017-1 Senior Notes subject to such condition, each of the CP Conduit Purchasers shall deliver written notice of the proposed action to the CP Conduit Rating Agencies at least 10 Business Days prior

to the effective date of such action (or if 10 Business Days prior notice is impractical, such advance notice as is practicable) and the CP Conduit Rating Agencies (i) shall not have informed any CP Conduit Purchaser prior to the effective date of such action that such action will result in the reduction or withdrawal of the rating in effect with respect to the Commercial Paper of the CP Conduit Purchaser immediately before the taking of such action, or (ii) in the case of DBRS, or any successor thereto, when it is a CP Conduit Rating Agency, DBRS shall have informed each of the CP Conduit Purchasers in writing prior to the effective date of such action that such action will not result in the reduction or withdrawal of the rating of any Commercial Paper of such CP Conduit Purchasers immediately before the taking of such action. For purposes of the Trust Indenture, this Supplemental Indenture and the Master Transfer and Servicing Agreement, the Indenture Trustee shall receive, and shall be entitled to rely on, a certificate of a CP Conduit Purchaser confirming the satisfaction of the Rating Agency Condition.

"**Recipient**" is defined in Section 3.10(a).

"**Refinancing Increase**" is defined in Section 3.3(a).

"**Regulatory Change**" shall mean (i) the adoption after the date hereof of any applicable law, rule or regulation (including any applicable law, rule or regulation regarding capital adequacy, deposits, reserves or liquidity coverage) or any change therein after the date hereof, (ii) any change after the date hereof in the interpretation, administration, scope or timing of implementation thereof by any governmental authority, central bank, self-regulating professional body or comparable agency or authority charged with the interpretation or administration thereof, or compliance with any guidance, request or directive (whether or not having the force of law) of any such authority, central bank, self-regulating professional body or comparable agency or authority; provided that for purposes of this definition, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder, issued in connection therewith or in implementation thereof, and (y) all requests, rules, guidelines and directives (whether or not having the force of law) promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or Canadian or United States or other foreign regulatory authorities, shall in each case be deemed to be a "Regulatory Change", regardless of the date enacted, adopted, issued or implemented.

"**Related Non-Conduit Purchaser**" means, with respect to any Non-Conduit Purchaser Group, the Non-Conduit Purchaser that constitutes such Non-Conduit Purchaser Group.

"**Related Purchaser Group**" means, with respect to (a) any Funding Agent, the CP Conduit Purchaser identified next to such Funding Agent on Schedule E and the Group Bank identified on Schedule I next to such CP Conduit Purchaser or the CP Conduit Purchaser and Group Bank party to the Purchaser Group Supplement pursuant to which such Funding Agent became a party to this Supplemental Indenture; (b) any CP Conduit Purchaser, the CP Conduit Purchaser Group of which such CP Conduit Purchaser is a member; and (c) any Non-Conduit Purchaser, the Non-Conduit Purchaser Group that such Non-Conduit Purchaser constitutes.

"**Requisite Series 2017-1 Noteholders**" means Purchaser Groups having Commitment Percentages aggregating more than 50% (or if all Commitments have terminated, Purchaser

Groups whose aggregate Purchaser Group Principal Amounts exceed 50% of the Series 2017-1 Principal Amount).

"**Scheduled Commitment Expiry Date**" means, the Payment Date in December, 2019, as such date may be extended in accordance with Section 3.5(c).

"Series 2017-1 Event of Default" means any one of the following events (whatever the reason for such Series 2017-1 Event of Default and whether it will be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any Governmental Authority):

(a) a default by the Issuer in the payment of any interest on any Series 2017-1 Senior Notes when such interest becomes due and payable, and continuance of such default for a period of five days following the date on which such interest became due and payable;

(b) a default by the Issuer in the payment of any principal of any Series 2017-1 Senior Notes at its Principal Payment Default Date;

(c) any representation or warranty contained in Section 5.1 of this Supplemental Indenture or Section 12.01 of the Trust Indenture proves to be incorrect in any material respect when made and such incorrect representation or warranty if capable of being remedied by the Issuer, has not been remedied for a period of 30 days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by a Purchaser Group, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default" hereunder and, as a result of such default, the interests of such Purchaser Group is materially and adversely affected and continue to be materially and adversely affected during the 30-day period;

(d) a default in the performance, or breach, of any covenant of the Issuer in the Trust Indenture or this Supplemental Indenture in respect of any Series 2017-1 Senior Notes (other than an agreement, covenant or warranty a default in the performance of which or the breach of which is elsewhere specifically dealt with in this definition of Series 2017-1 Event of Default), and continuance of such default or breach for a period of 30 days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by a Purchaser Group, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default" hereunder and, as a result of such default, the interests of such Purchaser Group is materially and adversely affected and continue to be materially and adversely affected during the 30-day period;

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

payment date, maturity date or redemption date in respect of such other Series of Senior Funding Obligations; or

(f) a Suspension Notice is issued by the Province.

"**Series 2017-1 Initial Principal Amount**" is defined in Section 3.3(a).

"**Series 2017-1 Maximum Principal Amount**" means, on any date of determination, the sum of the Maximum Purchaser Group Principal Amounts with respect to each of the Purchaser Groups on such date.

"**Series 2017-1 Noteholder**" means a Person in whose name a Series 2017-1 Senior Note is registered in the Note Register.

"**Series 2017-1 Principal Amount**" means, on any date of determination, the sum of the Purchaser Group Principal Amounts with respect to each of the Purchaser Groups on such date.

"**Series 2017-1 Senior Note**" means any one of the Floating Rate Variable Funding Senior Notes, Series 2017-1, executed by the Issuer and authenticated and delivered by or on behalf of the Indenture Trustee, substantially in the form of Exhibit B.

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

"**Support Facility**" shall mean any liquidity or credit support agreement with a CP Conduit Purchaser which relates to, or is otherwise available to such CP Conduit Purchaser in relation to its funding activities under, this Supplemental Indenture.

"**Suspension Notice**" is defined in the Change of Law Protection Agreement.

"**Termination Event**" means any Acceleration Event or Series 2017-1 Event of Default or any event which with the giving of notice or the passage of time, or both, could become an Acceleration Event or a Series 2017-1 Event of Default.

"**Transfer Increase**" is defined in Section 3.3(a).

"**Transfer Supplement**" is defined in Section 9.1(c).

"**Transferee**" is defined in Section 9.1(g).

"**Trust Indenture**" means the trust indenture dated as of December **[21]**, 2017 between the Issuer and the Indenture Trustee, as amended or restated from time to time.

"**Write-Down and Conversion Powers**" shall mean, with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to

time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule.

SCHEDULE B

SERIES 2017-1 SENIOR NOTE

REGISTERED	INITIAL DOLLAR PRINCIPAL AMOUNT
No. R [●]	$[●]

FAIR HYDRO TRUST

FLOATING RATE VARIABLE FUNDING SENIOR NOTE, SERIES 2017-1

Fair Hydro Trust (herein referred to as the "**Issuer**"), a trust governed by the laws of Ontario and established under a Declaration of Trust dated as of December ■, 2017 for value received, hereby promises to pay to ■, or registered assigns, subject to the following provisions, a principal sum of $■, or, if less, the aggregate unpaid principal amount shown on the schedule attached hereto (and any continuation thereof), which amount shall be payable in the amounts and at the times set forth in the Indenture and the Indenture Supplement; provided, that, the entire unpaid amount of any Principal Payment Amount payable with respect to this Series 2017-1 Note shall be due on the related Principal Payment Default Date. The Issuer will pay interest on this Series 2017-1 Note in accordance with Section 3.6 of the Indenture Supplement on each Payment Date until the principal of this Series 2017-1 Note is paid or made available for payment, to the extent funds are available in accordance with the terms of the Indenture Supplement. Pursuant to Sections 3.3 and 3.4 of the Indenture Supplement, the principal amount of this Series 2017-1 Note shall be subject to Increases and Decreases on any Business Day during the period commencing on the Closing Date and ending on the Commitment Expiry Date (the "**Revolving Period**"), and accordingly, such principal amount is subject to prepayment in whole or in part at any time. During the Revolving Period, this Series 2017-1 Note is subject to mandatory prepayment, to the extent funds have been allocated to the Principal Accumulation Account and are available therefor, in accordance with Sections 3.4 and Section 3.7 of the Indenture Supplement. Beginning on the first Payment Date following the occurrence of a Series 2017-1 Event of Default or an Event of Default (collectively, a "**Default Event**"), subject to cure in accordance with the Base Indenture or the Indenture Supplement, as applicable, the principal of this Series 2017-1 Note shall be paid in installments on each subsequent Principal Payment Date to the extent of funds available for payment therefor pursuant to the Indenture. Such principal of and interest on this Series 2017-1 Note shall be paid in the manner specified on the reverse hereof.

The principal of and interest on this Series 2017-1 Note are payable in Canadian Dollars. Except as otherwise provided in the Indenture, payments made by the Issuer with respect to this Series 2017-1 Note shall be applied first to interest due and payable on this Series 2017-1 Note as provided above and then to the unpaid principal of this Series 2017-1 Note.

Reference is made to the further provisions of this Series 2017-1 Note set forth on the reverse hereof, which shall have the same effect as though fully set forth on the face of this Series 2017-1 Note. Although a summary of certain provisions of the Indenture is set forth below and on

the reverse hereof and made a part hereof, this Series 2017-1 Note does not purport to summarize the Indenture and reference is made to the Indenture for information with respect to the interests, rights, benefits, obligations, proceeds and duties evidenced hereby and the rights, duties and obligations of the Issuer and the Trustee. A copy of the Indenture may be requested from the Trustee by writing to the Trustee at: BNY Trust Company of Canada, One York Street, 6th Floor, Toronto, Ontario M5J 0B6, Attention: Corporate Trust Administration.

Reference is made to the further provisions of this Note set forth on the reverse hereof, which shall have the same effect as though fully set forth on the face of this Note.

Unless the certificate of authentication hereon has been executed by or on behalf of the Indenture Trustee, by manual signature, this Note shall not be entitled to any benefit under the Indenture or the Indenture Supplement referred to on the reverse hereof, or be valid for any purpose.

IN WITNESS WHEREOF, the Issuer has caused this Series 2017-1 Note to be duly executed.

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

By: _____
Name:
Title:

By: _____
Name:
Title:

Dated: ■, 201■

INDENTURE TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Series 2017-1 Notes described in the within mentioned Indenture.

BNY TRUST COMPANY OF CANADA, as
Indenture Trustee

By: _____
Authorized Signatory

FAIR HYDRO TRUST

SERIES 2017-1 SERIES 2017-1 FLOATING RATE ASSET BACKED NOTE

Summary of Terms and Conditions

This Series 2017-1 Note is one of a duly authorized issue of Notes of the Issuer, designated as its Fair Hydro Trust, Floating Rate Variable Funding Senior Note, Series 2017-1 (the "**Series 2017-1 Notes**"), issued under an Trust Indenture, dated as of December **[21]**, 2017 (as may be amended, supplemented, restated, replaced or otherwise modified from time to time, the "**Base Indenture**"), between the Issuer and BNY Trust Company of Canada, as indenture trustee (the "**Indenture Trustee**," which term includes any successor Indenture Trustee under the Indenture), as supplemented by the Warehouse Senior Series 2017-Indenture Supplement, dated as of December **[21]**, 2017 (the "**Indenture Supplemen**t"), and representing the right to receive certain payments from the Issuer. The term "**Indenture**," unless the context otherwise requires, refers to the Indenture as supplemented by the Indenture Supplement. Except as set forth in the Indenture Supplement, the Series 2017-1 Note is subject to all of the terms of the Base Indenture. All terms used in this Series 2017-1 Note that are defined in the Indenture Supplement shall have the meanings assigned to them in or pursuant to the Indenture Supplement.

The Series 2017-1 Note is and will be equally and ratably secured by the Collateral pledged as security therefor as provided in the Indenture.

"**Payment Date**" means the 15th day of each calendar month, or, if any such date is not a Business Day, the next succeeding Business Day, commencing January 15, 2018.

As described above, the entire unpaid amount of any Principal Payment Amount payable with respect to this Series 2017-1 Note shall be due and payable on the related Principal Payment Default Date, in accordance with Section 3.7 of the Indenture Supplement. Notwithstanding the foregoing, if a Default Event with respect to the Series 2017-1 Notes shall have occurred and be continuing then, in certain circumstances, principal of the Series 2017-1 Note may be paid earlier, as described in the Indenture. All principal payments of the Series 2017-1 Note shall be made to the Series 2017-1 Noteholders.

Payments of interest on this Series 2017-1 Note are due and payable on each Payment Date or such other date as may be specified in the Indenture Supplement, together with the installment of principal then due, if any, and any payments of principal made on any Business Day in respect of any Decreases, to the extent not in full payment of this Series 2017-1 Note, shall be made by wire transfer to the holder of record of this Series 2017-1 Note (or one or more predecessor Series 2017-1 Notes) on the Note Register as of the close of business on each Record Date. Any reduction in the principal amount of this Series 2017-1 Note (or one or more predecessor Series 2017-1 Notes) effected by any payments made on any Payment Date shall be binding upon all future holders of this Series 2017-1 Note and of any Series 2017-1 Note issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof, whether or not noted thereon.

The Issuer shall pay interest on Monthly Interest Shortfalls at the rate specified in the definition thereof, to the extent lawful.

Subject to the terms of the Indenture, the holder of any Series 2017-1 Note may transfer the same in whole or in part, in an amount equivalent to an authorized denomination, by surrendering such Series 2017-1 Note at the office maintained by the Note Registrar for such purpose pursuant to Section 4.05(c) of the Base Indenture, with the form of transfer endorsed on it duly completed and executed by, or accompanied by a written instrument of transfer in form satisfactory to the Issuer and the Note Registrar by, the holder thereof. In exchange for any Series 2017-1 Note properly presented for transfer, the Issuer shall execute and promptly authenticate and deliver or cause to be authenticated and delivered in compliance with applicable law, to the transferee at such office, or send by mail (at the risk of the transferee) to such address as the transferee may request, Series 2017-1 Notes for the same aggregate principal amount as was transferred. In the case of the transfer of any Series 2017-1 Note in part, the Issuer shall execute and promptly authenticate and deliver or cause to be authenticated and delivered to the transferor at such office, or send by mail (at the risk of the transferor) to such address as the transferor may request, Series 2017-1 Notes for the aggregate principal amount that was not transferred. No transfer of any Series 2017-1 Note shall be made unless the request for such transfer is made by the Series 2017-1 Noteholder at such office. Upon the issuance of transferred Series 2017-1 Notes, the Trustee shall recognize the holders of such Series 2017-1 Note as Series 2017-1 Noteholders.

Each Series 2017-1 Noteholder, by acceptance of a Series 2017-1 Note, hereby acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor under the Base Indenture and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Base Indenture including, without limitation, Section 7.12 (Payments To Be Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse), Article IX (Indenture Trustee) (including all limitations of liability thereunder), Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition).

Prior to the due presentment for registration of transfer of this Series 2017-1 Note, the Issuer, the Trustee and any agent of the Issuer or the Trustee may treat the Person in whose name this Series 2017-1 Note (as of the day of determination or as of such other date as may be specified in the Indenture) is registered as the owner hereof for all purposes, whether or not this Series 2017-1 Note shall be overdue, and neither the Issuer, the Trustee nor any such agent shall be affected by notice to the contrary.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the rights of the holder of the Series 2017-1 Notes under the Indenture at any time by the Issuer with the consent of the applicable Person(s) specified therein. The Indenture also contains provisions permitting the applicable Person(s) specified therein to waive compliance by the Issuer with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences with respect to the Series 2017-1 Notes. Any such consent or waiver by such Person(s) shall be conclusive and binding upon the Series 2017-1 Noteholders and upon all future holders of this Series 2017-1 Note and of any Series 2017-1 Note issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof whether or not notation of such consent or waiver is made upon this Series 2017-1 Note. The Indenture also permits the Issuer and the Trustee to amend or waive certain terms and conditions set forth in the Indenture without the consent of any other Person.

The term “the Issuer” as used in this Series 2017-1 Note includes any successor to the Issuer under the Indenture.

The Series 2017-1 Note is issuable only in registered form in denominations as provided in the Indenture, subject to certain limitations set forth therein.

This Series 2017-1 Note and the Indenture, and all matters arising out of or relating to this Series 2017-1 Note or Indenture, shall be governed by, and construed and interpreted in accordance with, the laws of the Province of Ontario and the federal laws applicable therein, and the obligations, rights and remedies of the parties hereto shall be determined in accordance with such laws.

No reference herein to the Indenture and no provision of this Series 2017-1 Note or of the Indenture shall alter or impair the obligation of the Issuer, which is absolute and unconditional, to pay the principal of and interest on this Series 2017-1 Note at the times, place and rate, and in the coin or currency herein prescribed, subject to any duty of the Issuer to deduct or withhold any amounts as required by law, including any applicable taxes.

INCREASES AND DECREASES

Date	Unpaid Principal Amount	Increase	Decrease	Total	Notation Made By

SCHEDULE C

FORM OF INCREASE NOTICE

SCHEDULE D

FORM OF DECREASE NOTICE

●

SCHEDULE E

PURCHASER GROUPS

WAREHOUSE

SUBORDINATED SERIES 2017-1

SUPPLEMENTAL INDENTURE

between

FAIR HYDRO TRUST

by

COMPUTERSHARE TRUST COMPANY OF CANADA
as Issuer Trustee

and

BNY TRUST COMPANY OF CANADA
as Indenture Trustee

and

ONTARIO POWER GENERATION INC.
as Purchaser

Made as of December [21], 2017

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FLOATING RATE VARIABLE FUNDING, SERIES 2017-1 SUBORDINATED NOTES

SUPPLEMENTAL INDENTURE made as of December [21], 2017, between **Computershare Trust Company of Canada**, a trust company established under the laws of Canada (the "**Issuer Trustee**"), in its capacity as trustee of **Fair Hydro Trust**, a trust existing under the laws of the Province of Ontario (in such capacity, the "**Issuer**"), **BNY Trust Company of Canada**, a trust company established under the laws of Canada (the "**Indenture Trustee**"), and Ontario Power Generation Inc., in its capacity as the purchaser (the "**Purchaser**");

WHEREAS pursuant to the Trust Indenture, provision was made for the issuance of Notes from time to time;

AND WHEREAS pursuant to the Trust Indenture, Notes may be issued in one or more Series by the execution and delivery of a Supplemental Indenture;

AND WHEREAS pursuant to a Supplemental Indenture dated the date hereof between the Issuer Trustee, in its capacity as trustee of the Issuer, the Indenture Trustee, Royal Bank of Canada, in its capacity as the administrative agent for certain purchaser groups (the "**Administrative Agent**"), certain non-conduit purchasers from time to time party thereto, certain commercial paper conduit purchasers from time to time party thereto, and certain funding agents from time to time party thereto (the "**Senior Series 2017-1 Supplemental Indenture**"), the Issuer issued floating rate variable funding Series 2017-1 Senior Notes (the "**Series 2017-1 Senior Notes**");

AND WHEREAS the parties hereto are entering into this Supplemental Indenture to provide for the creation and issuance of the Series 2017-1 Subordinated Notes;

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

ARTICLE 1
INTERPRETATION

1.1 Definitions

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

(b) Except as otherwise expressly provided or unless the context otherwise requires, all terms used herein which are defined in the Trust Indenture, either directly or by reference therein, have the meanings assigned to them in the Trust Indenture.

1.2 Interpretation

Subject to the next following sentences, this Supplemental Indenture is supplemental to the Trust Indenture and the Trust Indenture shall be read in conjunction with this Supplemental Indenture and all of the provisions of the Trust Indenture shall apply to and shall have effect in connection

with this Supplemental Indenture in the same manner as if all of the provisions of the Trust Indenture and of this Supplemental Indenture were contained in one instrument. This Supplemental Indenture shall, unless the context otherwise requires, be subject to the interpretative provisions contained in Article 1 of the Trust Indenture. If any terms of the Trust Indenture are inconsistent with the express terms or provisions hereof, the terms and provisions of the Trust Indenture shall be, solely in respect of the Series 2017-1 Subordinated Notes, amended and supplemented so as to be consistent herewith. The provisions of this Supplemental Indenture are applicable only in respect of the Series 2017-1 Subordinated Notes and not the Notes of any other Series.

1.3 Application of this Supplemental Indenture

With respect to the Series 2017-1 Subordinated Notes only, the terms of the Trust Indenture are amended, supplemented, modified, restated and replaced to the extent applicable by the terms of this Supplemental Indenture in respect of the Series 2017-1 Subordinated Notes in accordance with Section 1.2 above.

ARTICLE 2
PRINCIPAL TERMS

2.1 Creation of Series 2017-1 Subordinated Notes

There is hereby created a Series of Notes to be issued pursuant to the Trust Indenture and this Supplemental Indenture designated as the "**Floating Rate Variable Funding Subordinated Notes, Series 2017-1**."

2.2 Principal Terms

In addition to and without limiting any of the provisions of this Supplemental Indenture, the Series 2017-1 Subordinated Notes:

(a) will be designated as set out in Section 2.1;

(b) will be Subordinated Notes;

(c) will have a Stated Principal Amount equal to the Series 2017-1 Maximum Subordinated Principal Amount;

(d) will not be issued in Tranches;

(e) will be denominated in Canadian dollars;

(f) will not be listed on any securities exchange;

(g) will have an Initial Dollar Principal Amount equal to the Series 2017-1 Initial Subordinated Principal Amount;

(h) will be issued as definitive notes and will not be in the form of a Global Note;

(i) will be issued as Registered Notes and will be without coupons;

(j) will be substantially in the form of Schedule B, with such appropriate insertions, omissions, substitutions and variations as may be approved by the Issuer;

(k) will have each Payment Date on and after the Payment Date in February, 2018 as an Interest Payment Date;

(l) will have Principal Payment Dates as determined under Section 3.7;

(m) will have Principal Payment Default Dates as defined herein; and

(n) will have no minimum issue amount.

ARTICLE 3
NOTE PURCHASE FACILITY

3.1 Purchase of Notes by the Purchaser

(a) ***Initial Purchase***. Subject to the terms and conditions of this Supplemental Indenture, including delivery of notice in accordance with Section 3.3, the Purchaser shall purchase a Series 2017-1 Subordinated Note in an amount equal to the Series 2017-1 Initial Subordinated Principal Amount on the Closing Date. Payments by the Purchaser for such purchase shall be made in immediately available funds on the Closing Date in accordance with Section 3.3(c).

(b) ***Series 2017-1 Maximum Subordinated Principal Amount***. Notwithstanding anything to the contrary contained in this Supplemental Indenture, at no time shall the Purchaser be required to purchase Series 2017-1 Subordinated Notes in an amount that exceeds the Series 2017-1 Maximum Subordinated Principal Amount.

3.2 Delivery

(a) On the Closing Date, Series 2017-1 Subordinated Notes shall be executed, authenticated and delivered by the Issuer in accordance with Section 4.03 of the Trust Indenture in the name of the Purchaser in an amount equal to the Series 2017-1 Maximum Subordinated Principal Amount. On each Increase Date, Series 2017-1 Subordinated Notes shall be executed, authenticated and delivered by the Issuer in accordance with Section 4.03 of the Trust Indenture in the name of the Purchaser in an amount equal to the Increase Amount.

(b) The Purchaser shall maintain a record of the actual Series 2017-1 Subordinated Principal Amount outstanding on any date of determination, which, absent manifest error, shall constitute prima facie evidence of the outstanding Series 2017-1 Subordinated Principal Amount from time to time.

3.3 Procedure for Initial Issuance and for Increasing the Series 2017-1 Subordinated Principal Amount

(a) (i) On any Business Day prior to December [21], 2017, concurrent with the initial purchase of the Series 2017-1 Senior Notes under the Senior Series 2017-1 Supplemental Indenture, the Issuer shall request that the Purchaser purchase, and the Purchaser shall purchase, a Series 2017-1

Subordinated Note for an initial purchase price equal to the Series 2017-1 Initial Subordinated Principal Amount (the date on which the initial purchase occurs being referred to as the "**Closing Date**") by giving the Purchaser (with a copy to the Indenture Trustee) irrevocable written notice (effective upon receipt), by email communication, substantially in the form of Schedule C no later than 12:00 p.m. (Toronto time) on the second Business Day prior to the Closing Date. The written notice of the initial purchase of the Series 2017-1 Subordinated Notes shall (x) state the Closing Date, (y) state the Series 2017-1 Initial Subordinated Principal Amount, and (z) attach a copy of the irrevocable written notice delivered to the Administrative Agent pursuant to Section 3.3(a) of the Senior Series 2017-1 Supplemental Indenture in connection with the concurrent initial purchase of the Series 2017-1 Senior Notes thereunder; and (ii) on any Business Day after the initial purchase of the Series 2017-1 Subordinated Notes hereunder, the Issuer and the Purchaser hereby agree that the Series 2017-1 Subordinated Principal Amount will be increased by an amount (an "**Increase**") such that following such Increase the Outstanding Dollar Principal Amount of the Series 2017-1 Subordinated Notes will be equal to or greater than seventy-eight percent (78%) of the Outstanding Dollar Principal Amount of the Series 2017-1 Senior Notes on such Business Day (each date on which an increase in the Series 2017-1 Subordinated Principal Amount occurs hereunder being herein referred to as the "**Increase Date**" applicable to such Increase) by the Issuer providing the Purchaser (with a copy to the Indenture Trustee) irrevocable written notice (effective upon receipt), by email communication, substantially in the form of Schedule C (an "**Increase Notice**") no later than 12:00 p.m. (Toronto time) on the third Business Day prior to such Increase Date. Each Increase Notice shall (w) state the Increase Date, (x) state the amount of the increase in the Series 2017-1 Subordinated Principal Amount (an "**Increase Amount**"), (y) state whether the Increase is to fund a Transfer (a "**Transfer Increase**") or is in respect of a Refinancing (a "**Refinancing Increase**"), and (z) attach a copy of the irrevocable written increase notice delivered to the Administrative Agent pursuant to Section 3.3(a) of the Senior Series 2017-1 Supplemental Indenture in connection with the applicable Series 2017-1 Senior Increase proposed to be made thereunder.

(b) The Purchaser shall not be required to increase the Series 2017-1 Subordinated Principal Amount on any Increase Date hereunder if after giving effect to such Increase Amount, the Series 2017-1 Maximum Subordinated Principal Amount will be exceeded.

(c) The Issuer shall apply amounts paid to it pursuant to Section 3.3(a) by application to payment of the purchase price payable by the Issuer to the IESO under the Master Transfer and Servicing Agreement in respect of a Transfer or by deposit to the Refinancing Account.

3.4 Procedure for Decreasing the Series 2017-1 Subordinated Principal Amount

On any Business Day after the initial purchase of the Series 2017-1 Subordinated Notes hereunder, the Issuer and the Purchaser hereby agree that the Series 2017-1 Subordinated Principal Amount may be decreased by an amount (a "**Decrease**") such that following such decrease the Outstanding Dollar Principal Amount of the Series 2017-1 Subordinated Notes will not be less than seventy-eight percent (78%) of the Outstanding Dollar Principal Amount of the Series 2017-1 Senior Notes. Each Payment Date on which a Decrease in the Series 2017-1 Subordinated Principal Amount occurs hereunder being herein referred to as the "**Decrease Date**" applicable to such Decrease; and the Issuer shall provide to the Purchaser (with a copy to the Indenture Trustee) irrevocable written notice (effective upon receipt), by email communication, substantially in the form of

Schedule D (a "**Decrease Notice**") no later than 12:00 p.m. (Toronto time) on the fifth Business Day prior to any Payment Date that is a Decrease Date. Each Decrease Notice shall (x) state the Decrease Date, (y) state the amount of the decrease in the Series 2017-1 Subordinated Principal Amount (a "**Decrease Amount**"), and (z) attach a copy of the irrevocable written decrease notice delivered to the Administrative Agent pursuant to Section 3.4 of the Senior Series 2017-1 Supplemental Indenture in connection with the applicable Series 2017-1 Senior Decrease proposed to be made thereunder. Upon receipt of any notice required by this Section 3.4 from the Issuer, the Purchaser shall forward (by email communication) a copy of such notice to DBRS on the Business Day received.

3.5 Increases and Reductions of the 2017-1 Maximum Subordinated Principal Amount

(a) If one or more Maximum Purchaser Group Principal Amounts are increased pursuant to Section 3.5(a) of the Senior Series 2017-1 Supplemental Indenture, the Series 2017-1 Maximum Subordinated Principal Amount shall be automatically increased by an amount equal to seventy-eight percent (78%) of the Outstanding Dollar Principal Amount of the Maximum Purchaser Group Principal Amounts.

(b) If the Series 2017-1 Maximum Senior Principal Amount is reduced pursuant to Section 3.5(b) of the Senior Series 2017-1 Supplemental Indenture, the Series 2017-1 Maximum Subordinated Principal Amount shall be automatically decreased to an amount equal to seventy-eight percent (78%) of such aggregate decrease to the Series 2017-1 Maximum Senior Principal Amount pursuant to Section 3.5(b) of the Senior Series 2017-1 Supplemental Indenture.

(c) If a Commitment Extension has occurred with respect to the Series 2017-1 Senior Notes, the Principal Accumulation Date, Principal Payment Amount and Principal Payment Default Date shall be amended to the "Principal Accumulation Date", "Principal Payment Amount" and "Principal Payment Default Date" set out in the request related to such Commitment Extension, as applicable.

3.6 Interest; Other Amounts

(a) Interest shall be payable on the Series 2017-1 Subordinated Notes on each Payment Date.

(b) The Purchaser shall provide written notice to the Issuer and the Paying Agent no later than five (5) Business Days prior to each Payment Date, setting forth the Monthly Interest and the Monthly Other Amounts with respect to the Payment Date.

(c) The Monthly Interest shall be included in each calculation of the Interest Accrual Amount (Subordinated) for the purposes of Section 7.04(e)(iv) of the Trust Indenture and shall be payable pursuant to Sections 7.05(b), 7.06(a), 7.07, 7.10(b) or 8.13(d) of the Trust Indenture, as applicable. On each Payment Date, the Monthly Other Amounts shall be payable in respect of the Series 2017-1 Subordinated Notes pursuant to Sections 7.04(e)(xi), 7.10(b) or 8.13(d) of the Trust Indenture, as applicable. On each Payment Date, the Paying Agent shall, subject to availability of funds, pay to the Purchaser the Monthly Other Amounts with respect to the Payment Date.

3.7 Repayment of Principal

Each Payment Date where the Principal Payment Amount is not nil shall be a Principal Payment Date in respect of the Series 2017-1 Subordinated Notes. On each Principal Payment Date in respect of the Series 2017-1 Subordinated Notes, the Paying Agent shall pay to the Purchaser the Principal Payment Amount for such Principal Payment Date out of funds allocated to the Series 2017-1 Subordinated Notes pursuant to Sections 7.04(e)(x), 7.06(b)(iii), 7.08(b)(iii), 7.10(b) or 8.13(i) of the Trust Indenture, as applicable, in repayment of the principal amount of the Series 2017-1 Subordinated Notes.

3.8 Indemnification by the Issuer

The Issuer agrees to indemnify and hold harmless the Indenture Trustee and the Purchaser and each of their respective officers, directors, agents and employees (each, an "**Issuer Indemnified Person**") from and against any loss, liability, expense, damage or injury suffered or sustained by such Issuer Indemnified Person by reason of (a) any acts, omissions or alleged acts or omissions arising out of, or relating to, activities of the Issuer pursuant to the Program Agreements to which it is a party; (b) a breach of any representation or warranty made or deemed made by the Issuer (or any of its officers) in any Program Agreement; or (c) a failure by the Issuer to comply with any applicable law or regulation or to perform its covenants, agreements, duties or obligations required to be performed or observed by it in accordance with the provisions of the Program Agreements, including, but not limited to, any judgment, award, settlement, reasonable attorneys' fees and other reasonable costs or expenses incurred in connection with the defense of any actual or threatened action, proceeding or claim, except to the extent such loss, liability, expense, damage or injury resulted from the gross negligence, bad faith or willful misconduct of such Issuer Indemnified Person or its officers, directors, agents, principals, employees or employers as determined by a court of competent jurisdiction in a final non-appealable judgement or includes any Excluded Taxes; provided that any payments made by the Issuer pursuant to this Section 3.8 shall be made solely from funds available pursuant to Section 7.04 or 8.13 of the Trust Indenture, as applicable, shall be non-recourse other than with respect to such funds, and shall not constitute a claim against the Issuer to the extent that such funds are insufficient to make such payment.

3.9 Taxes

(a) All payments by or on account of any obligation of the Issuer hereunder shall, to the extent allowed by law, be made free and clear of, and without deduction or withholding for or on account of Taxes, excluding (i) income taxes (including branch profit taxes, minimum taxes and taxes computed under alternative methods, at least one of which is based on or measured by net income), franchise taxes (imposed in lieu of income taxes), or any other Taxes based on or measured by the net income of any person legally entitled to receive such payments (each a "**Recipient**") as a result of a present or former connection between the Recipient and the jurisdiction of the Governmental Authority imposing such Taxes (other than any such connection arising solely from the Recipient having executed, delivered or performed its obligations or received a payment under, disposed of, or enforced, this Supplemental Indenture); (ii) any withholding or deduction imposed pursuant to (A) Sections 1471 to 1474 of the Internal Revenue Code ("**FATCA**"), or any successor version thereof, or any similar legislation imposed by any other Governmental Authority, or (B) any treaty, law or regulation or other official guidance enacted by Canada implementing FATCA or any

intergovernmental agreement with respect to FATCA or any similar legislation imposed by any other Governmental Authority, including, for greater certainty, the *Canada-United States Enhanced Tax Information Exchange Agreement Implementation Act* (Canada) and Parts XVIII and XIX of the Income Tax Act (collectively, and including FATCA, the "**AEOI Legislation**"); and (iii) any interest, penalties and additions to Taxes in respect of (i) and (ii) (all such excluded Taxes being hereinafter called "**Excluded Taxes**"). If any Taxes, other than Excluded Taxes, are required to be withheld from any amounts payable to a Recipient hereunder, the amounts so payable to the Recipient shall be increased, and the Recipient shall be entitled to be paid by the Issuer the amount of such increase to the extent necessary to yield to the Recipient (after payment of all such Taxes other than Excluded Taxes) interest or any such other amounts payable hereunder or thereunder at the rates or in the amounts specified hereunder. Where the amount payable by the Issuer is increased in accordance with the previous sentence, the Monthly Interest shall be increased by the amount of such increase. Whenever any Taxes are payable on or with respect to amounts distributed to a Recipient, as promptly as possible thereafter the Issuer shall send to such Recipient a certified copy of an original official receipt showing payment thereof.

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

(c) If a Recipient is legally entitled to receive a refund of any Taxes (other than Excluded Taxes) as to which it has been indemnified or with respect to which additional amounts have been paid to it hereunder or it is legally entitled to receive a credit or deduction with respect to such Taxes or with respect to such additional amounts that have been paid hereunder (in each case pursuant to Section 3.9(a)), it shall use commercially reasonable efforts to obtain or claim such refund, credit or deduction and pay over such refund or the value of such credit or deduction to the Issuer, together with any interest thereon.

3.10 Increased Costs

(a) (i) If any Regulatory Change (x) subjects the Purchaser to any charge or withholding on or with respect to any Support Facility or this Supplemental Indenture or the Purchaser's obligations under a Support Facility or this Supplemental Indenture, or changes the basis of taxation of payments to the Purchaser of any amounts payable under any Support Facility or this Supplemental Indenture Agreement (except for changes in the rate of tax on the overall net income of the Purchaser or Excluded Taxes) or (y) imposes, modifies or deems applicable any reserve, assessment, fee, tax, insurance charge, special deposit or similar requirement against assets of, deposits with or for the account of, or liabilities of the Purchaser, or credit extended by the Purchaser pursuant to a Support Facility or this Supplemental Indenture or (z) imposes any other

condition the result of which is to increase the cost to the Purchaser of performing its obligations under a Support Facility or this Supplemental Indenture, or to reduce the rate of return on the Purchaser's capital or assets as a consequence of its obligations under a Support Facility or this Supplemental Indenture, or to reduce the amount of any sum received or receivable by the Purchaser under a Support Facility or this Supplemental Indenture, or to require any payment calculated by reference to the amount of interests or loans held or interest received by it, then, upon written request by the Purchaser therefore to the Issuer, the Purchaser shall be entitled to be paid such amounts charged to the Purchaser or such amounts to otherwise compensate the Purchaser for such increased cost or such reduction following a receipt by the Issuer of such request for compensation under this Section 3.10(a)(i), which payment shall be made on the earlier of (A) the first Payment Date on which amounts are available to pay such amounts pursuant to Section 7.04(e) of the Trust Indenture (provided that such request is received by the Issuer no later than five (5) Business Days prior to the end of the Interest Period related to such Payment Date), and (B) the twelfth Payment Date following such request.

(ii) The Issuer acknowledges that the Purchaser may implement, as an internal institutional matter, measures in anticipation of a final or proposed Regulatory Change (including, without limitation, the imposition of internal charges on the Purchaser's interest or obligations under any Support Agreement or this Supplemental Indenture) and may commence recognizing the incurrence of charges by seeking compensation under Section 3.10(a)(i) in connection with such measures, in advance of the effective date of such final or proposed Regulatory Change, and the Issuer agrees that such charges or compensation shall be payable, to the Purchaser, following demand therefor without regard to whether such proposed Regulatory Change has been adopted or whether such effective date has occurred; provided, that (I) the Purchaser shall provide thirty (30) days prior written notice to the Issuer of its intent to impose or incur any such charges or compensation, (II) the Purchaser shall not be compensated for any such amount pursuant to this subsection 3.10(a)(ii) relating to any period ending, and of which the Purchaser has had knowledge, more than 180 days prior to the date that the Purchaser provided the Issuer with the written notice contemplated by the preceding clause (I) of this subsection 3.10(a)(ii), (III) if, after the payment by the Issuer of any charges or compensation pursuant to this subsection 3.10(a)(ii), either (A) the Issuer requests in writing that the Purchaser re-compute any such charge or compensation in light of differences between a proposed Regulatory Change and the final effective version thereof or (B) the Purchaser determines that the amount of the charge imposed on and required to be compensated by the Issuer exceeds the amount necessary to compensate it for the applicable Regulatory Change as contemplated by subsection 3.10(a)(i), then (x) the amount of such charge or compensation shall, from and after such determination, be reduced by the amount of such excess and (y) the Purchaser shall, within thirty (30) days of such determination, either repay the amount of such excess or credit the amount of such excess against future charges under this subsection 3.10(a)(ii). The Issuer further acknowledges that any charge or compensation demanded hereunder may take the form of a monthly charge to be assessed by the Purchaser.

(b) The Purchaser claiming increased amounts described in subsection 3.10(a) of this Supplemental Indenture will furnish to the Issuer (together with its request for compensation) a certificate prepared in good faith setting forth the basis and the calculation of the amount (in reasonable detail) of each request by the Purchaser for any such increased amounts referred to in subsection 3.10(a) hereof. Any such certificate shall be conclusive absent manifest error. Failure on the part of the Purchaser to demand compensation for any amount pursuant to

subsection 3.10(a) hereof with respect to any period shall not constitute a waiver of the Purchaser's right to demand compensation with respect to such period.

ARTICLE 4
CONDITIONS PRECEDENT

4.1 Conditions Precedent to Initial Purchase of Series 2017-1 Subordinated Notes

On or prior to the initial purchase of Series 2017-1 Subordinated Notes hereunder, the following conditions precedent shall be satisfied:

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

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

(c) The Purchaser shall have received:

(i) executed copies of this Supplemental Indenture;

(ii) certificates of status or compliance or other similar documents issued by the applicable governmental authority to evidence that each of the Issuer Trustee and the Manager is validly existing pursuant to the laws of the jurisdiction of their respective establishment or incorporation;

(iii) a copy of the incorporating documents and all amendments thereto and applicable by-laws, as applicable, of each of the Issuer Trustee, the IESO and the Manager certified by an Authorized Officer of the applicable entity;

(iv) copies of resolutions of the board of directors of the IESO and the Manager approving and authorizing the execution, delivery and performance of each Program Agreement they are party to, in each case certified by an Authorized Officer of the applicable entity;

(v) incumbency certificates for each of the Issuer Trustee, the Manager and the IESO executing this Supplemental Indenture and any other Program Agreements and the other documents to be delivered by either the Issuer Trustee, the Manager or the IESO thereunder, in each case showing their names, offices and specimen signatures on which certificates the Purchaser shall be entitled to conclusively rely until such time as the Purchaser receives a replacement certificate meeting the requirements of this Section 4.1(c)(v);

(vi) the following Opinions of Counsel:

(A) the opinion of external counsel to the Manager as to the non-consolidation of the Issuer with the Manager in the event of the insolvency of the Manager in form and substance satisfactory to the Purchaser;

(B) the opinion of external counsel to the IESO as to the Investment Asset acquired by the Issuer not being subject to the claims of creditors of the IESO in form and substance satisfactory to the Purchaser;

(C) favourable opinions of external counsel to the Manager covering general corporate matters, the due execution and delivery of, and the enforceability of, each of the Program Agreements to which the Manager, the Issuer and the Issuer Trustee are party which opinion, as to certain matters, may rely on opinion of internal counsel to the Manager and the Issuer Trustee; and

(D) a favourable opinion of external counsel to the Province with respect to the due authorization, execution, delivery and enforceability of the Change of Law Protection Agreement in form and substance satisfactory to the Purchaser;

(vii) a certificate of an Authorized Officer of the Manager confirming that the representations and warranties set forth in Section 12.01 of the Trust Indenture and Section 5.1 of this Supplemental Indenture are true and correct in all material respects, that the Issuer is in compliance in all material respects with all of its covenants and obligations under the Program Agreements to which it is a party and that no Termination Event has occurred; and

(viii) such additional documents, instruments, certificates or letters as the Purchaser may reasonably request.

(d) The representations and warranties set forth in Section 5.1 of this Supplemental Indenture shall be true and correct in all material respects, the Issuer shall be compliance in all material respects with all of its covenants and obligations under the Program Agreements to which it is a party and no Termination Event shall have occurred.

4.2 Conditions Precedent to each Increase under Series 2017-1 Subordinated Notes

On or prior to each Increase, the following conditions precedent shall be satisfied:

(a) the Purchaser shall have received an Increase Notice;

(b) no Termination Event shall have occurred or would occur after giving effect to such Increase;

(c) if the Increase is identified as a Transfer Increase in the Increase Notice, then the related Transfer under the Master Transfer and Servicing Agreement shall have been completed or contemporaneously completed;

(d) after giving effect the Increase, the aggregate of the amounts on deposit in the Program Cash Reserve Account and the IESO Cash Reserve Account shall be equal to or greater than the sum of:

(i) the Program Cash Reserve Required Amount,

plus

(ii) an amount equal to the sum of (x) the amount originally determined under clause (b) of the definition of IESO Cash Reserve Deposit Amount in the Trust Indenture, less any amounts withdrawn from the IESO Cash Reserve Account to pay any Obligations Secured described in subsections 7.04(e)(i) through (v) of the Trust Indenture prior to the date of such Increase, and (y) to the extent the amount originally determined under clause (b) of the definition of IESO Cash Reserve Deposit Amount in the Trust Indenture was not determined in a manner which included the amount of such Increase, an amount estimated by the Manager, acting reasonably, equal to the additional Monthly Interest payable with respect to such Increase up to and including the Payment Date in July, 2021.

(e) after giving effect to such Increase, the aggregate Outstanding Dollar Principal Amount of Junior Subordinated Funding Obligations will not be less than 10% of the aggregate Outstanding Dollar Principal Amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations.

(f) the Indenture Trustee shall have received (i) the adherence compliance certificate required pursuant to Section 4.02(a) of the Change of Law Protection Agreement with respect to such Increase, or (B) written confirmation from the Province that the Funding Obligations incurred under this Supplemental Indenture with respect to such Increase constitute Approved Obligations.

The Issuer's acceptance of funds in connection with each Increase occurring on any Increase Date shall constitute a representation and warranty by the Issuer to the Purchaser as of such Increase Date that all of the conditions contained in Section 3.3(a) and this Section 4.2 are satisfied.

ARTICLE 5
REPRESENTATIONS AND WARRANTIES

5.1 Representations and Warranties of the Issuer

The Issuer hereby represents and warrants to the Purchaser as of the Closing Date, and shall be deemed to represent and warrant to the Purchaser on each Increase Date, that:

(a) no Termination Event has occurred or would result from the initial purchase of the Issuer Investment Interest on the Closing Date or any increase in the Issuer Investment Interest on an Increase Date, as applicable;

(b) the Issuer Trustee and the Issuer are not Non-residents;

(c) all tax returns (federal, provincial and local) required to be filed with respect to the Issuer have been filed and there has been paid or adequate provision made for the payment of all material Taxes in respect of the Issuer;

(d) the Issuer has complied in all material respects with all laws in respect of the conduct of its business and ownership of its property including the Issuer Investment Interest;

(e) all information provided to the Purchaser by or on behalf of the Issuer in respect of the Issuer Investment Interest is and will be true and accurate in all material respects; and

(f) to its knowledge, there is no set of circumstances existing at such time that will have an Adverse Effect or will reasonably be expected to have an Adverse Effect.

5.2 Representations and Warranties of the Purchaser

The Purchaser represents and warrants to the Issuer as of the Closing Date, and shall be deemed to represent and warrant to the Issuer on each Increase Date, that:

(a) it is resident in Ontario or is otherwise subject to the securities legislation of the Province of Ontario;

(b) it is purchasing the applicable Series 2017-1 Subordinated Notes (i) as principal for its own account and not for the benefit of any other "person" (as defined in the *Securities Act* (Ontario)) or company; and (ii) for cash consideration in excess of $150,000; and

(c) it was not created and is not being used solely to purchase or hold securities in reliance on the exemption from the prospectus and dealer registration requirements contained in Section 2.10 of National Instrument 45-106 − Prospectus and Registration Exemptions.

5.3 Survival

The representations and warranties set out in this Article 5 shall survive the execution hereof.

ARTICLE 6
COVENANTS

6.1 Covenants of the Issuer

(a) The Issuer shall promptly provide to the Purchaser (in multiple copies if requested) copies of all material reports, notices, financial statements and other documents delivered by the IESO to the Issuer with respect to the Issuer Investment Interest or pursuant to the Master Transfer and Servicing Agreement; provided such documents shall be deemed to be delivered hereunder so long as the Purchaser is the Manager.

(b) The Issuer shall provide to the Purchaser (in multiple copies, if requested) such other information, documents, records or reports respecting the Issuer Investment Interest, the Issuer or the IESO which is in the possession or under the control of the Issuer or the Manager, as the Purchaser may from time to time reasonably request, including any correspondence with a Rating

Agency; provided such documents shall be deemed to be delivered hereunder so long as the Purchaser is the Manager.

(c) The Issuer shall furnish to the Purchaser promptly after known to the Issuer or the Manager, information with respect to any action, suit or proceeding involving the Manager, the Issuer or the IESO or any of their respective Affiliates by or before any court or any Governmental Authority which, if adversely determined, would have an Adverse Effect; provided that the Purchaser shall be deemed to have knowledge of such actions, suits or proceedings so long as it is the Manager.

ARTICLE 7
ACCELERATION

7.1 Acceleration of Series 2017-1 Subordinated Principal Amount

If a Series 2017-1 Event of Default occurs and is continuing, then and in each and every such case, and without regard to whether all Issuer Funding Obligations have been declared due and payable immediately pursuant to Section 8.02(a) of the Trust Indenture, the Purchaser may by notice in writing to the Issuer and to the Indenture Trustee declare the Series 2017-1 Subordinated Principal Amount and all interest accrued and unpaid (if any) thereon to be due and payable immediately, and upon any such declaration the same will become and will be immediately due and payable, notwithstanding anything in this Supplemental Indenture or the Trust Indenture to the contrary.

ARTICLE 8
GENERAL

8.1 Successor and Assigns

(a) This Supplemental Indenture shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns except that (i) the Issuer may not assign or transfer any of its rights or obligations under this Supplemental Indenture without the prior written consent of the Purchaser and at least 10 Business Days' notice having been given to DBRS; and (ii) the Purchaser may, without the prior written consent of the Issuer but with prior notice to DBRS, assign or transfer any of its rights or obligations under this Supplemental Indenture to any of its wholly-owned affiliates (a "**Transferee**") pursuant to a transfer supplement, substantially in the form of Exhibit E (the "**Transfer Supplement**").

(b) The Issuer authorizes the Purchaser to disclose to any Transferee and any prospective Transferee any and all financial information in the Purchaser's possession concerning the Issuer, the Issuer Investment Interest and the Program Agreements which has been delivered to the Purchaser by the Issuer or the Manager.

(c) Notwithstanding any other provision of this Supplemental Indenture to the contrary, the Purchaser may at any time pledge or grant a security interest in all or any portion of its rights under its Series 2017-1 Subordinated Note and this Supplemental Indenture to secure obligations of the Purchaser to any Person, without notice to or consent of the Issuer; provided that no such pledge or grant of a security interest shall release the Purchaser from any of its obligations hereunder or substitute any such pledgee or grantee for the Purchaser as a party hereto.

8.2 Waiver

Without limiting the requirements of Section 11.02 of the Trust Indenture which shall be applicable to this Supplemental Indenture, no waiver of any provision of this Supplemental Indenture or consent to any departure by the Issuer from any provision of this Supplemental Indenture will be effective (in whole or in part) unless in writing and signed by the Purchaser. Such waiver will be effective only in the specific instance, for the specific purpose and for the specific length of time for which it is given by the Purchaser.

8.3 Notice

All notices, requests, instructions and demands to or upon any party hereto to be effective shall be given (a) in the case of the Issuer and the Indenture Trustee, in the manner set forth in Article 15 of the Trust Indenture; and (b) in the case of the Purchaser, in writing, and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when delivered by hand or three days after being deposited in the mail, postage prepaid, in the case of facsimile notice, when received, or in the case of overnight air courier, one Business Day after the date such notice is delivered to such overnight courier, addressed as follows; or to such other address as may be hereafter notified by the respective parties hereto:

Purchaser:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6

Attention: Vice President, Fair Hydro Plan
Fax: (416) 592-4189
Email: FHP@opg.com

8.4 No Waiver: Remedies

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

8.5 Entire Agreement

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

8.6 Governing Law and Attornment

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

8.7 Acknowledgment of Trust Indenture and No Proceedings

(a) The Purchaser hereby acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor under the Trust Indenture and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Trust Indenture including, without limitation, Section 7.12 (Payments To Be Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse), Article IX (Indenture Trustee) (including all limitations of liability thereunder), Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition).

(b) The Purchaser irrevocably authorizes and directs the Indenture Trustee on its behalf to take such action (including the execution and delivery of documents of subordination) as may be necessary or appropriate to further assure the priority arrangements provided for in Article VI, Article VII and Section 8.13 of the Trust Indenture, and appoints the Indenture Trustee as its agent for any and all such purposes.

(c) The Purchaser consents, requests and authorizes the Issuer and the Indenture Trustee to (i) add the Purchaser (or its agent) to the register of Specified Creditors described in Section 13.13 of the Trust Indenture and (ii) disseminate the notice details of the Purchaser to other Specified Creditors for the purposes set out in subsection 9.14(b) of the Trust Indenture.

8.8 Expenses

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

8.9 Further Assurances

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

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

8.10 Confidentiality

(a) The Purchaser covenants and agrees that any non-public information obtained by it pursuant to this Supplemental Indenture and the other Program Agreements shall be held in confidence except that the Purchaser may disclose such information (i) pursuant to the order of any court or administrative agency or in any pending legal or administrative proceeding (whether or not having the force or effect of law) provided that, unless prohibited by applicable law, the Purchaser shall provide prompt notice of such order to the affected party; (ii) upon the request or demand of any regulatory authority having or claiming jurisdiction over the Purchaser; (iii) as required by applicable law including, without limitation, all applicable securities laws; (iv) to the extent that such information becomes publicly available other than by reason of improper disclosure by the Purchaser; (v) to its affiliates, officers, directors, employees, legal counsel, independent auditors, accountants, advisors, investors, potential investors, commercial paper dealers, providers of surety, guaranty, credit or liquidity enhancement (including the directors, officers and accountants of such surety, guaranty, credit or liquidity enhancement provider), legal counsel of any of the foregoing and other experts or agents who need to know such information and are informed of the confidential nature of such information; (vi) for purposes of establishing a "due diligence" defense; (vii) which was available to the Purchaser on a non-confidential basis from a source other than the affected party, provided that such source was not to the knowledge of the Purchaser bound by a confidentiality agreement with the affected party; (viii) has been independently acquired or developed by the Purchaser without violating any of the Purchaser's obligations under this Supplemental Indenture; (ix) if such disclosure has been approved in writing in advance by the Issuer or the Manager; (x) regarding the existence of this Supplemental Indenture, but not the financial terms thereof; and (xi) to DBRS and Moody's and any other Rating Agencies.

(b) The Issuer covenants and agrees to hold in confidence, and not disclose to any Person, the terms of this Supplemental Indenture, except as the Purchaser may have consented to in writing prior to any proposed disclosure and except (i) it may also disclose such information (A) to its officers, directors, employees, legal counsel, independent auditors, accountants and other advisors who are directly involved in the consideration of this Supplemental Indenture (and then only on a confidential basis), (B) to the Manager and its officers, directors, employees, legal counsel, independent auditors, accountants and other advisors, (C) any ministry or agency of the Province of Ontario and, in each case, their respective employees, officials, agents and advisors, (D) as required by applicable law (including, without limitation, applicable securities law) or compulsory legal process, (E) as expressly permitted by the terms of the Program Agreements, and (F) to DBRS and Moody's and any other Rating Agencies; provided, that, in the case of clause (D), the Issuer will use all commercially reasonable efforts to maintain confidentiality and will (unless otherwise prohibited by law) notify the Purchaser of its intention to make any such disclosure prior to making such disclosure; and (ii) it may also disclose the existence (but not the financial terms) of this Supplemental Indenture, including to any actual or prospective purchaser of other Notes.

(c) The parties hereto acknowledge that a description of this Supplemental Indenture and the Series 2017-1 Subordinated Note will be included in the preliminary and final offering memoranda of the Issuer relating to the issue of other Notes from time to time.

(d) The confidentiality provisions set forth in this Section 8.10 shall expire on the second year anniversary of the date on which the Series 2017-1 Subordinated Notes have been paid in full.

8.11 Limitation of Liability of Issuer Trustee

Each party hereto other than the Issuer acknowledges that the Issuer is a trust, and that Computershare Trust Company of Canada is the Issuer Trustee. The other parties hereto agree that the Issuer Trustee will not be subject to any liability whatsoever to them, in tort, contract or otherwise, in connection with the Issuer's assets or the trust activities, for any action taken or permitted by it to be taken, or for its failure to take any action; provided that the foregoing limitation will not apply in respect of any action or failure to act arising from or in connection with wilful misconduct, negligence or reckless disregard of a duty by the Issuer Trustee. The Issuer Trustee in doing anything or permitting anything to be done in respect of assets or the trust activities is, and shall be conclusively deemed to be, acting as trustee of the Issuer and not in any other capacity. Except as to the extent provided in this Section 8.11, the Issuer Trustee will not be subject to any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Issuer, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the Issuer's assets or the trust activities and resort will be had solely to the Collateral for the payment or performance thereof. No property or assets of the Issuer Trustee, whether owned in its personal capacity or otherwise, will be subject to levy, execution or other enforcement procedure with regard to any obligation under this Supplemental Indenture. Nothing contained in this Section 8.11 shall be construed so as to limit the liability of the Issuer under this Supplemental Indenture. This Supplemental Indenture, and every deed, transfer, assignment, agreement or other instrument made pursuant hereto including, without limitation, the Series 2017-1 Subordinated Notes, made or purporting to be made by or creating an obligation of the Issuer or the Issuer Trustee on behalf of, or as trustee of, the Issuer shall be deemed and construed for all purposes as if made by the Issuer Trustee, in and only in its capacity as trustee of the Issuer. Any obligations of the Issuer Trustee hereunder or thereunder are non-recourse to the Issuer Trustee in its personal capacity.

8.12 Execution in Counterparts

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

8.13 Delivery of Executed Copies

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

[signature page follows]

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

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

By: _____
Name:
Title:

By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, as Indenture Trustee

By: _____
Name:
Title:

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., as Purchaser

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A

DEFINITIONS

"**Acceleration Event**" means either:

(a) all Issuer Funding Obligations are declared due and payable under Section 8.02 of the Trust Indenture, or

(b) the Series 2017-1 Subordinated Principal Amount and all interest accrued and unpaid thereon is declared to be due and payable under Section 7.1.

"**Administrative Agent**" is defined in the recitals to this Supplemental Indenture.

"**AEOI Legislation**" is defined in Section 3.9(a).

"**Applicable Margin**" means 0.10% per annum.

"**Authorized Officer**" means, with respect to: (a) the Issuer, any authorized director or officer of the Manager; (b) the Manager, any authorized director of officer of OPG; (c) the IESO, any authorized director or officer of the IESO; (d) the Issuer Trustee, any officer within the corporate trust office of such trustee (including the President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Treasurer or any other officer of the Issuer Trustee customarily performing functions similar to those performed by persons who at the time shall be such officers, respectively, and that has direct responsibility for the administration of the Issuer and also, with respect to a particular matter, any other officer to whom such matter is referred to because of such officer's knowledge and familiarity with the particular subject).

"**Base Rate**" means the weighted average interest rate applicable to the Series 2017-1 Senior Notes.

"**Closing Date**" is defined in Section 3.3(a).

"**Commitment Extension**" is defined in the Senior Series 2017-1 Supplemental Indenture.

"**Decrease**" is defined in Section 3.4.

"**Decrease Amount**" is defined in Section 3.4.

"**Excluded Taxes**" is defined in Section 3.9(a).

"**FATCA**" is defined in Section 3.9(a).

"**Increase**" is defined in Section 3.3(a).

"**Increase Amount**" is defined in Section 3.3(a).

"**Increase Date**" is defined in Section 3.3(a).

"**Increase Notice**" is defined in Section 3.3(a).

"**Indenture Trustee**" is defined in the recitals to this Supplemental Indenture.

"**Interest Period**" means each of the consecutive periods that begins on, and includes, each Payment Date and ends on and excludes, the following Payment Date; provided that the first Interest Period shall begin on the Closing Date and end on the Payment Date in January, 2018.

"**Issuer**" is defined in the recitals to this Supplemental Indenture.

"**Issuer Indemnified Person**" is defined in Section 3.8.

"**Issuer Trustee**" is defined in the recitals to this Supplemental Indenture.

"**Maximum Purchaser Group Principal Amount**" has the meaning specified in the Senior Series 2017-1 Supplemental Indenture.

"**Monthly Interest**" shall mean, for any Payment Date, the sum of (A) the sum for each day during such Interest Period of the product of (i) the Series 2017-1 Subordinated Principal Amount on such day; times (ii) the sum of the Base Rate for such day plus the Applicable Margin, divided by (iii) 365, and (B) the Monthly Interest Shortfall; provided that, for the purposes of determining the Monthly Interest in respect of an Interest Period prior to the end of the Interest Period, the Purchaser may estimate the interest for the remaining days in the Interest Period and provided further, if the actual interest for such days is less than the estimated interest, the Monthly Interest for the following Interest Period shall be reduced to adjust for such lower actual interest and if the actual interest for such days is higher than the estimated interest, the Monthly Interest for the following Interest Period shall be increased to adjust for such higher interest.

"**Monthly Interest Shortfall**" means, for any Payment Date, if the amount in clause (A) of the definition of Monthly Interest for the preceding Payment Date was greater than the amount distributed to the payment of such amounts pursuant to Section 3.6(c), an amount equal to the amount in clause (A) of the definition of Monthly Interest owing to the Purchaser which was unpaid on the preceding Payment Date plus interest on such unpaid amount for the period from the preceding Payment Date to the current Payment Date at a rate equal to the Prime Rate plus 1.00% per annum.

"**Monthly Other Amounts**" shall mean, for any Payment Date the sum of (a) any amounts payable to the Purchaser hereunder (other than Monthly Interest) including, without limitation, pursuant to Sections 3.8, 3.9, 3.10 and 8.8; plus (c) the Monthly Other Amounts Shortfall for such Payment Date.

"**Monthly Other Amounts Shortfall**" means, for any Payment Date, if the amount of the Monthly Other Amounts for the preceding Payment Date was greater than the amount distributed to the payment of such amounts pursuant to Section 3.6(c), an amount equal to the Monthly Other Amounts owing to the Purchaser which were unpaid on the preceding Payment Date plus interest on such unpaid amount for the period from the preceding Payment Date to the current Payment Date at a rate equal to the Prime Rate plus 1.00% per annum.

"**Prime Rate**" means the annual rate of interest announced by Royal Bank of Canada from time to time as being its reference rate for the determination of interest rates on Canadian dollar denominated commercial loans made by it and commonly referred to by Royal Bank of Canada as its "prime rate."

"**Principal Accumulation Date**" means the Payment Date occurring in the month of July, 2021, as such date may be modified pursuant to Section 3.5(c).

"**Principal Payment Amount**" means, in respect of the Series 2017-1 Subordinated Notes (unless modified pursuant to Section 3.5(c)):

(a) On any Payment Date occurring on or after the earlier of (i) the Payment Date occurring in October, 2021; and (ii) the occurrence of an Acceleration Event, the Series 2017-1 Subordinated Principal Amount.

(b) Unless clause (a) above is applicable, on the Payment Dates in the month of July, August, September and October of 2021, an amount equal the lesser of (x) the sum of (A) 25% of the Series 2017-1 Subordinated Principal Amount on the Business Day prior to the Principal Accumulation Date plus (B) the Decrease Amount of any Decrease occurring on such Payment Date, and (y) the Series 2017-1 Subordinated Principal Amount.

(c) Unless either of clauses (a) or (b) above is applicable, on any Payment Date that is not a Decrease Date, nil.

(d) Unless either of clauses (a) or (b) above is applicable, on any Payment Date that is a Decrease Date, the Decrease Amount of the Decrease occurring on such Payment Date.

"**Principal Payment Default Date**" means the Business Day that is two years after the Payment Date in respect of such Principal Payment Amount, as such date may be modified pursuant to Section 3.5(c).

"**Purchaser**" is defined in the recitals to this Supplemental Indenture.

"**Recipient**" is defined in Section 3.9(a).

"**Refinancing Increase**" is defined in Section 3.3(a).

"**Regulatory Change**" shall mean (i) the adoption after the date hereof of any applicable law, rule or regulation (including any applicable law, rule or regulation regarding capital adequacy, deposits, reserves or liquidity coverage) or any change therein after the date hereof, (ii) any change after the date hereof in the interpretation, administration, scope or timing of implementation thereof by any governmental authority, central bank, self-regulating professional body or comparable agency or authority charged with the interpretation or administration thereof, or compliance with any guidance, request or directive (whether or not having the force of law) of any such authority, central bank, self-regulating professional body or comparable agency or authority; provided that for purposes of this definition, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder, issued in connection therewith or in implementation thereof, and (y) all requests, rules, guidelines and directives (whether or not

having the force of law) promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or Canadian or United States or other foreign regulatory authorities, shall in each case be deemed to be a "Regulatory Change", regardless of the date enacted, adopted, issued or implemented.

"**Senior Series 2017-1 Supplemental Indenture**" is defined in the recitals to this Supplemental Indenture.

"**Series 2017-1 Event of Default**" means any one of the following events occurs at any time that the Subordinated Funding Obligations constitute the Controlling Class Obligations (whatever the reason for such Series 2017-1 Event of Default and whether it will be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any Governmental Authority):

(a) a default by the Issuer in the payment of any interest on any Series 2017-1 Subordinated Notes when such interest becomes due and payable, and continuance of such default for a period of five days following the date on which such interest became due and payable;

(b) a default by the Issuer in the payment of any principal of any Series 2017-1 Subordinated Notes at its Principal Payment Default Date;

(c) any representation or warranty contained in Section 5.1 of this Supplemental Indenture or Section 12.01 of the Trust Indenture proves to be incorrect in any material respect when made and such incorrect representation or warranty if capable of being remedied by the Issuer, has not been remedied for a period of 30 days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by the Purchaser, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default" hereunder and, as a result of such default, the interests of the Purchaser is materially and adversely affected and continue to be materially and adversely affected during the 30-day period;

(d) a default in the performance, or breach, of any covenant of the Issuer in the Trust Indenture or this Supplemental Indenture in respect of any Series 2017-1 Subordinated Notes (other than an agreement, covenant or warranty a default in the performance of which or the breach of which is elsewhere specifically dealt with in this definition of Series 2017-1 Event of Default), and continuance of such default or breach for a period of 30 days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by the Purchaser, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default" hereunder and, as a result of such default, the interests of the Purchaser is materially and adversely affected and continue to be materially and adversely affected during the 30-day period;

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

(f) a Suspension Notice is issued by the Province.

"**Series 2017-1 Initial Senior Principal Amount**" means the "Series 2017-1 Initial Principal Amount" as defined in the Senior Series 2017-1 Supplemental Indenture.

"**Series 2017-1 Initial Subordinated Principal Amount**" means an amount equal to seventy-eight percent (78%) of the Series 2017-1 Initial Senior Principal Amount.

"**Series 2017-1 Maximum Senior Principal Amount**" means the "Series 2017-1 Maximum Principal Amount" as defined in the Senior Series 2017-1 Supplemental Indenture.

"**Series 2017-1 Maximum Subordinated Principal Amount**" means an amount equal to seventy-eight percent (78%) of the Series 2017-1 Maximum Senior Principal Amount.

"**Series 2017-1 Senior Decrease**" means, with respect to a Business Day, the sum of all amounts of Decreases (as defined in the Senior Series 2017-1 Supplemental Indenture) on such Business Day.

"**Series 2017-1 Senior Increase**" means, with respect to a Business Day, the sum of all amounts of Increases (as defined in the Senior Series 2017-1 Supplemental Indenture) on such Business Day.

"**Series 2017-1 Senior Notes**" is defined in the recitals to this Supplemental Indenture.

"**Series 2017-1 Subordinated Note**" means any one of the Floating Rate Variable Funding Subordinated Notes, Series 2017-1, executed by the Issuer and authenticated and delivered by or on behalf of the Indenture Trustee, substantially in the form of Exhibit B.

"**Series 2017-1 Subordinated Principal Amount**" means (a) when used with respect to the Closing Date, the Series 2017-1 Initial Subordinated Principal Amount; and (b) when used with respect to any other date, an amount equal to (i) the Series 2017-1 Subordinated Principal Amount on the immediately preceding Business Day; plus (ii) the Increase Amount on such date; minus (iii) the Decrease Amount on such date; minus (iv) the amount of principal payments made to the Purchaser pursuant to Section 3.7 on such date.

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

"**Support Facility**" shall mean any liquidity or credit support agreement with the Purchaser which relates to, or is otherwise available to the Purchaser in relation to its funding activities under, this Supplemental Indenture.

"**Suspension Notice**" has the meaning specified in the Change of Law Protection Agreement.

"**Termination Event**" means any Acceleration Event or Series 2017-1 Event of Default or any event which with the giving of notice or the passage of time, or both, could become an Acceleration Event or a Series 2017-1 Event of Default.

"**Transfer Increase**" is defined in Section 3.3(a).

"**Transfer Supplement**" is defined in Section 8.1(a).

"**Transferee**" is defined in Section 8.1(b).

"**Trust Indenture**" means the trust indenture dated as of December **[21]**, 2017 between the Issuer and the Indenture Trustee.

SCHEDULE B

[FORM OF NOTE]

FLOATING RATE VARIABLE FUNDING SUBORDINATED NOTE, SERIES 2017-1

REGISTERED	INITIAL DOLLAR PRINCIPAL AMOUNT
No. R-[●]	$[●]

FAIR HYDRO TRUST

FLOATING RATE VARIABLE FUNDING SUBORDINATED NOTE, SERIES 2017-1

Fair Hydro Trust (herein referred to as the "**Issuer**"), a trust governed by the laws of Ontario and established under a Declaration of Trust dated as of December [21], 2017 for value received, hereby promises to pay to Ontario Power Generation Inc., or registered assigns, subject to the following provisions, a principal sum of $●, or, if less, the aggregate unpaid principal amount shown on the schedule attached hereto (and any continuation thereof), which amount shall be payable in the amounts and at the times set forth in the Base Indenture and the Supplemental; provided, that, the entire unpaid amount of any Principal Payment Amount payable with respect to this Series 2017-1 Subordinated Note shall be due on the related Principal Payment Default Date. The Issuer will pay interest on this Series 2017-1 Subordinated Note in accordance with Section 3.6 of the Supplemental on each Payment Date until the principal of this Series 2017-1 Subordinated Note is paid or made available for payment, to the extent funds are available in accordance with the terms of the Supplemental. Pursuant to Sections 3.3 and 3.4 of the Supplemental, the principal amount of this Series 2017-1 Subordinated Note shall be subject to Increases and Decreases on any Business Day on or after the date hereof. This Series 2017-1 Subordinated Note is subject to mandatory prepayment, to the extent funds have been allocated to the Principal Accumulation Account and are available therefor, in accordance with Sections 3.4 and Section 3.7 of the Supplemental. Beginning on the first Payment Date following the occurrence of a Series 2017-1 Event of Default or an Event of Default (collectively, a "**Default Event**"), subject to cure in accordance with the Base Indenture or the Supplemental, as applicable, the principal of this Series 2017-1 Subordinated Note shall be paid in installments on each subsequent Principal Payment Date to the extent of funds available for payment therefor pursuant to the Trust Indenture. Such principal of and interest on this Series 2017-1 Subordinated Note shall be paid in the manner specified on the reverse hereof.

The principal of and interest on this Series 2017-1 Subordinated Note are payable in Canadian Dollars. Payments made by the Issuer with respect to this Series 2017-1 Subordinated Note shall be applied in accordance with the payment priorities in Section 7.04(e) and 8.13 of the Base Indenture, as applicable.

Reference is made to the further provisions of this Series 2017-1 Subordinated Note set forth on the reverse hereof, which shall have the same effect as though fully set forth on the face of this Series 2017-1 Subordinated Note. Although a summary of certain provisions of the Trust

Indenture is set forth below and on the reverse hereof and made a part hereof, this Series 2017-1 Subordinated Note does not purport to summarize the Trust Indenture and reference is made to the Trust Indenture for information with respect to the interests, rights, benefits, obligations, proceeds and duties evidenced hereby and the rights, duties and obligations of the Issuer and the Indenture Trustee. A copy of the Trust Indenture may be requested from the Indenture Trustee by writing to the Indenture Trustee at: BNY Trust Company of Canada, One York Street, 6th Floor, Toronto, Ontario M5J 0B6, Attention: Corporate Trust Administration.

Unless the certificate of authentication hereon has been executed by or on behalf of the Indenture Trustee, by manual signature, this Series 2017-1 Subordinated Note shall not be entitled to any benefit under the Trust Indenture referred to on the reverse hereof, or be valid for any purpose.

IN WITNESS WHEREOF, the Issuer has caused this Series 2017-1 Subordinated Note to be duly executed.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of FAIR HYDRO TRUST, as Issuer

By: **ONTARIO POWER GENERATION INC., not in its individual capacity but solely as Manager**

By: _____
Name:
Title:

By: _____
Name:
Title:

Dated: December [21], 2017

INDENTURE TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Series 2017-1 Subordinated Notes described in the within-mentioned Trust Indenture.

BNY TRUST COMPANY OF CANADA, as Indenture Trustee

By: _____
Authorized Signatory

By: _____
Authorized Signatory

FAIR HYDRO TRUST

SERIES 2017-1 SERIES 2017-1 FLOATING RATE ASSET BACKED NOTE

Summary of Terms and Conditions

This Series 2017-1 Subordinated Note is one of a duly authorized issue of Subordinated Notes of the Issuer, designated as the Floating Rate Variable Funding Subordinated Note, Series 2017-1 (the "**Series 2017-1 Subordinated Notes**"), issued under an Trust Indenture, dated as of December [21], 2017 (as may be amended, supplemented, restated, replaced or otherwise modified from time to time, the "**Base Indenture**"), between the Issuer and BNY Trust Company of Canada, as indenture trustee (the "**Indenture Trustee,**" which term includes any successor Indenture Trustee under the Base Indenture), as supplemented by the Warehouse Subordinated Series 2017-Indenture Supplement, dated as of December [21], 2017 (the "**Supplemental**"), and representing the right to receive certain payments from the Issuer. The term "**Trust Indenture,**" unless the context otherwise requires, refers to the Base Indenture as supplemented by the Supplemental. Except as set forth in the Supplemental, the Series 2017-1 Subordinated Note is subject to all of the terms of the Trust Indenture. All terms used in this Series 2017-1 Subordinated Note that are defined in the Supplemental shall have the meanings assigned to them in or pursuant to the Supplemental.

The Series 2017-1 Subordinated Note is and will be equally and ratably secured by the Collateral pledged as security therefor as provided in the Trust Indenture.

"**Payment Date**" means the 15th day of each calendar month, or, if any such date is not a Business Day, the next succeeding Business Day, commencing January 15, 2018.

As described above, the entire unpaid amount of any Principal Payment Amount payable with respect to this Series 2017-1 Subordinated Note shall be due and payable on the related Principal Payment Default Date, in accordance with Section 3.7 of the Supplemental. Notwithstanding the foregoing, if a Default Event with respect to the Series 2017-1 Subordinated Notes shall have occurred and be continuing then, in certain circumstances, principal of the Series 2017-1 Subordinated Note may be paid earlier, as described in the Trust Indenture. All principal payments of the Series 2017-1 Subordinated Note shall be made to Ontario Power Generation Inc.

Payments of interest on this Series 2017-1 Subordinated Note are due and payable on each Payment Date or such other date as may be specified in the Supplemental, together with the installment of principal then due, if any, and any payments of principal made on any Business Day in respect of any Decreases, to the extent not in full payment of this Series 2017-1 Subordinated Note, shall be made by wire transfer to the holder of record of this Series 2017-1 Subordinated Note (or one or more predecessor Series 2017-1 Subordinated Notes) on the Note Register as of the close of business on each Record Date. Any reduction in the principal amount of this Series 2017-1 Subordinated Note (or one or more predecessor Series 2017-1 Subordinated Notes) effected by any payments made on any Payment Date shall be binding upon all future holders of this Series 2017-1 Subordinated Note and of any Series 2017-1 Subordinated Note issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof, whether or not noted thereon.

The Issuer shall pay interest on Monthly Interest Shortfalls at the rate specified in the definition thereof, to the extent lawful.

Subject to the terms of the Trust Indenture, the holder of any Series 2017-1 Subordinated Note may transfer the same in whole or in part, in an amount equivalent to an authorized denomination, by surrendering such Series 2017-1 Subordinated Note at the office maintained by the Note Registrar for such purpose pursuant to Section 4.05(c) of the Base Indenture, with the form of transfer endorsed on it duly completed and executed by, or accompanied by a written instrument of transfer in form satisfactory to the Issuer and the Note Registrar by, the holder thereof. In exchange for any Series 2017-1 Subordinated Note properly presented for transfer, the Issuer shall execute and promptly authenticate and deliver or cause to be authenticated and delivered in compliance with applicable law, to the transferee at such office, or send by mail (at the risk of the transferee) to such address as the transferee may request, Series 2017-1 Subordinated Notes for the same aggregate principal amount as was transferred. In the case of the transfer of any Series 2017-1 Subordinated Note in part, the Issuer shall execute and promptly authenticate and deliver or cause to be authenticated and delivered to the transferor at such office, or send by mail (at the risk of the transferor) to such address as the transferor may request, Series 2017-1 Subordinated Note for the aggregate principal amount that was not transferred. No transfer of any Series 2017-1 Subordinated Note shall be made unless the request for such transfer is made by the holder of a Series 2017-1 Subordinated Note at such office. Upon the issuance of transferred Series 2017-1 Subordinated Notes, the Indenture Trustee shall recognize the holders of such Series 2017-1 Subordinated Note as a Noteholder of Series 2017-1 Subordinated Notes.

Ontario Power Generation Inc., by acceptance of this Series 2017-1 Subordinated Note, hereby acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor under the Base Indenture and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Base Indenture including, without limitation, Section 7.12 (Payments To Be Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse), Article IX (Indenture Trustee) (including all limitations of liability thereunder), Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition).

Prior to the due presentment for registration of transfer of this Series 2017-1 Subordinated Note, the Issuer, the Indenture Trustee and any agent of the Issuer or the Indenture Trustee may treat the Person in whose name this Series 2017-1 Subordinated Note (as of the day of determination or as of such other date as may be specified in the Trust Indenture) is registered as the owner hereof for all purposes, whether or not this Series 2017-1 Subordinated Note shall be overdue, and neither the Issuer, the Indenture Trustee nor any such agent shall be affected by notice to the contrary.

The Trust Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the rights of the holder of the Series 2017-1 Subordinated Notes under the Trust Indenture at any time by the Issuer with the consent of the applicable Person(s) specified therein. The Trust Indenture also contains provisions permitting the applicable Person(s) specified therein to waive compliance by the Issuer with certain provisions of the Trust Indenture and certain past defaults under the Trust Indenture

and their consequences with respect to the Series 2017-1 Subordinated Notes. Any such consent or waiver by such Person(s) shall be conclusive and binding upon Ontario Power Generation Inc. and upon all future holders of this Series 2017-1 Subordinated Note and of any Series 2017-1 Subordinated Notes issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof whether or not notation of such consent or waiver is made upon this Series 2017-1 Subordinated Note. The Trust Indenture also permits the Issuer and the Indenture Trustee to amend or waive certain terms and conditions set forth in the Trust Indenture without the consent of any other Person.

The term "the Issuer" as used in this Series 2017-1 Subordinated Note includes any successor to the Issuer under the Trust Indenture.

The Series 2017-1 Subordinated Note is issuable only in registered form in denominations as provided in the Trust Indenture, subject to certain limitations set forth therein.

This Series 2017-1 Subordinated Note and the Trust Indenture, and all matters arising out of or relating to this Series 2017-1 Subordinated Note or Trust Indenture, shall be governed by, and construed and interpreted in accordance with, the laws of the Province of Ontario and the federal laws applicable therein, and the obligations, rights and remedies of the parties hereto shall be determined in accordance with such laws.

No reference herein to the Trust Indenture and no provision of this Series 2017-1 Subordinated Note or of the Trust Indenture shall alter or impair the obligation of the Issuer, which is absolute and unconditional, to pay the principal of and interest on this Series 2017-1 Subordinated Note at the times, place and rate, and in the coin or currency herein prescribed, subject to any duty of the Issuer to deduct or withhold any amounts as required by law, including any applicable taxes.

INCREASES AND DECREASES

Date	Unpaid Principal Amount	Increase	Decrease	Total	Notation Made By

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

_____
(name and address of assignee)

the within certificate and all rights thereunder, and hereby irrevocably constitutes and appoints, _____, attorney, to transfer said certificate on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____ _____[1]
Signature Guaranteed:

REGISTRATION PANEL

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

Date of Registration	In Whose Name Registered	Signature of Note Registrar
●, 201●	●	

[1] NOTE: The signature to this assignment must correspond with the name of the registered owner as it appears on the face of the within Note in every particular, without alteration, enlargement or any change whatsoever.

SCHEDULE C

FORM OF INCREASE NOTICE

●

SCHEDULE D

FORM OF DECREASE NOTICE

●

SCHEDULE E

FORM OF TRANSFER SUPPLEMENT

WAREHOUSE

JUNIOR SUBORDINATED SERIES 2017-1

SUPPLEMENTAL INDENTURE

between

FAIR HYDRO TRUST

by

COMPUTERSHARE TRUST COMPANY OF CANADA
as Issuer Trustee

and

BNY TRUST COMPANY OF CANADA
as Indenture Trustee

and

ONTARIO POWER GENERATION INC.
as Purchaser

Made as of December [21], 2017

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FLOATING RATE VARIABLE FUNDING, SERIES 2017-1 JUNIOR SUBORDINATED NOTES

SUPPLEMENTAL INDENTURE made as of December [21], 2017, between **Computershare Trust Company of Canada**, a trust company established under the laws of Canada (the "**Issuer Trustee**"), in its capacity as trustee of **Fair Hydro Trust**, a trust existing under the laws of the Province of Ontario (in such capacity, the "**Issuer**"), **BNY Trust Company of Canada**, a trust company established under the laws of Canada (the "**Indenture Trustee**"), and Ontario Power Generation Inc., in its capacity as the purchaser (the "**Purchaser**");

WHEREAS pursuant to the Trust Indenture, provision was made for the issuance of Notes from time to time;

AND WHEREAS pursuant to the Trust Indenture, Notes may be issued in one or more Series by the execution and delivery of a Supplemental Indenture;

AND WHEREAS pursuant to a Supplemental Indenture dated the date hereof between the Issuer Trustee, in its capacity as trustee of the Issuer, the Indenture Trustee, Royal Bank of Canada, in its capacity as the administrative agent for certain purchaser groups (the "**Administrative Agent**"), certain non-conduit purchasers from time to time party thereto, certain commercial paper conduit purchasers from time to time party thereto, and certain funding agents from time to time party thereto (the "**Senior Series 2017-1 Supplemental Indenture**"), the Issuer issued floating rate variable funding Series 2017-1 Senior Notes (the "**Series 2017-1 Senior Notes**");

AND WHEREAS the parties hereto are entering into this Supplemental Indenture to provide for the creation and issuance of the Series 2017-1 Junior Subordinated Notes;

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

ARTICLE 1
INTERPRETATION

1.1 Definitions

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

(b) Except as otherwise expressly provided or unless the context otherwise requires, all terms used herein which are defined in the Trust Indenture, either directly or by reference therein, have the meanings assigned to them in the Trust Indenture.

1.2 Interpretation

Subject to the next following sentences, this Supplemental Indenture is supplemental to the Trust Indenture and the Trust Indenture shall be read in conjunction with this Supplemental Indenture and all of the provisions of the Trust Indenture shall apply to and shall have effect in connection

with this Supplemental Indenture in the same manner as if all of the provisions of the Trust Indenture and of this Supplemental Indenture were contained in one instrument. This Supplemental Indenture shall, unless the context otherwise requires, be subject to the interpretative provisions contained in Article 1 of the Trust Indenture. If any terms of the Trust Indenture are inconsistent with the express terms or provisions hereof, the terms and provisions of the Trust Indenture shall be, solely in respect of the Series 2017-1 Junior Subordinated Notes, amended and supplemented so as to be consistent herewith. The provisions of this Supplemental Indenture are applicable only in respect of the Series 2017-1 Junior Subordinated Notes and not the Notes of any other Series.

1.3 Application of this Supplemental Indenture

With respect to the Series 2017-1 Junior Subordinated Notes only, the terms of the Trust Indenture are amended, supplemented, modified, restated and replaced to the extent applicable by the terms of this Supplemental Indenture in respect of the Series 2017-1 Junior Subordinated Notes in accordance with Section 1.2 above.

ARTICLE 2
PRINCIPAL TERMS

2.1 Creation of Series 2017-1 Junior Subordinated Notes

There is hereby created a Series of Notes to be issued pursuant to the Trust Indenture and this Supplemental Indenture designated as the "**Floating Rate Variable Funding Junior Subordinated Notes, Series 2017-1**."

2.2 Principal Terms

In addition to and without limiting any of the provisions of this Supplemental Indenture, the Series 2017-1 Junior Subordinated Notes:

(a) will be designated as set out in Section 2.1;

(b) will be Junior Subordinated Notes;

(c) will have a Stated Principal Amount equal to the Series 2017-1 Maximum Junior Subordinated Principal Amount;

(d) will not be issued in Tranches;

(e) will be denominated in Canadian dollars;

(f) will not be listed on any securities exchange;

(g) will have an Initial Dollar Principal Amount equal to the Series 2017-1 Initial Junior Subordinated Principal Amount;

(h) will be issued as definitive notes and will not be in the form of a Global Note;

(i) will be issued as Registered Notes and will be without coupons;

(j) will be substantially in the form of Schedule B, with such appropriate insertions, omissions, substitutions and variations as may be approved by the Issuer;

(k) will have each Payment Date on and after the Payment Date in February, 2018 as an Interest Payment Date;

(l) will have Principal Payment Dates as determined under Section 3.7;

(m) will have Principal Payment Default Dates as defined herein; and

(n) will have no minimum issue amount.

ARTICLE 3
NOTE PURCHASE FACILITY

3.1 Purchase of Notes by the Purchaser

(a) ***Initial Purchase***. Subject to the terms and conditions of this Supplemental Indenture, including delivery of notice in accordance with Section 3.3, the Purchaser shall purchase a Series 2017-1 Junior Subordinated Note in an amount equal to the Series 2017-1 Initial Junior Subordinated Principal Amount on the Closing Date. Payments by the Purchaser for such purchase shall be made in immediately available funds on the Closing Date in accordance with Section 3.3(c).

(b) ***Series 2017-1 Maximum Junior Subordinated Principal Amount***. Notwithstanding anything to the contrary contained in this Supplemental Indenture, at no time shall the Purchaser be required to purchase Series 2017-1 Junior Subordinated Notes in an amount that exceeds the Series 2017-1 Maximum Junior Subordinated Principal Amount.

3.2 Delivery

(a) On the Closing Date, Series 2017-1 Junior Subordinated Notes shall be executed, authenticated and delivered by the Issuer in accordance with Section 4.03 of the Trust Indenture in the name of the Purchaser in an amount equal to the Series 2017-1 Maximum Junior Subordinated Principal Amount. On each Increase Date, Series 2017-1 Junior Subordinated Notes shall be executed, authenticated and delivered by the Issuer in accordance with Section 4.03 of the Trust Indenture in the name of the Purchaser in an amount equal to the Increase Amount.

(b) The Purchaser shall maintain a record of the actual Series 2017-1 Junior Subordinated Principal Amount outstanding on any date of determination, which, absent manifest error, shall constitute prima facie evidence of the outstanding Series 2017-1 Junior Subordinated Principal Amount from time to time.

3.3 Procedure for Initial Issuance and for Increasing the Series 2017-1 Junior Subordinated Principal Amount

(a) (i) On any Business Day prior to December [21], 2017, concurrent with the initial purchase of the Series 2017-1 Senior Notes under the Senior Series 2017-1 Supplemental Indenture, the

Issuer shall request that the Purchaser purchase, and the Purchaser shall purchase, a Series 2017-1 Junior Subordinated Note for an initial purchase price equal to the Series 2017-1 Initial Junior Subordinated Principal Amount (the date on which the initial purchase occurs being referred to as the "**Closing Date**") by giving the Purchaser (with a copy to the Indenture Trustee) irrevocable written notice (effective upon receipt), by email communication, substantially in the form of Schedule C no later than 12:00 p.m. (Toronto time) on the second Business Day prior to the Closing Date. The written notice of the initial purchase of the Series 2017-1 Junior Subordinated Notes shall (x) state the Closing Date, (y) state the Series 2017-1 Initial Junior Subordinated Principal Amount, and (z) attach a copy of the irrevocable written notice delivered to the Administrative Agent pursuant to Section 3.3(a) of the Senior Series 2017-1 Supplemental Indenture in connection with the concurrent initial purchase of the Series 2017-1 Senior Notes thereunder; and (ii) on any Business Day after the initial purchase of the Series 2017-1 Junior Subordinated Notes hereunder, the Issuer and the Purchaser hereby agree that the Series 2017-1 Junior Subordinated Principal Amount will be increased by an amount (an "**Increase**") such that following such Increase the Outstanding Dollar Principal Amount of the Series 2017-1 Junior Subordinated Notes will be equal to or greater than twenty percent (20%) of the Outstanding Dollar Principal Amount of the Series 2017-1 Senior Notes on such Business Day (each date on which an increase in the Series 2017-1 Junior Subordinated Principal Amount occurs hereunder being herein referred to as the "**Increase Date**" applicable to such Increase) by the Issuer providing the Purchaser (with a copy to the Indenture Trustee) irrevocable written notice (effective upon receipt), by email communication, substantially in the form of Schedule C (an "**Increase Notice**") no later than 12:00 p.m. (Toronto time) on the third Business Day prior to such Increase Date. Each Increase Notice shall (w) state the Increase Date, (x) state the amount of the increase in the Series 2017-1 Junior Subordinated Principal Amount (an "**Increase Amount**"), (y) state whether the Increase is to fund a Transfer (a "**Transfer Increase**") or is in respect of a Refinancing (a "**Refinancing Increase**"), and (z) attach a copy of the irrevocable written increase notice delivered to the Administrative Agent pursuant to Section 3.3(a) of the Senior Series 2017-1 Supplemental Indenture in connection with the applicable Series 2017-1 Senior Increase proposed to be made thereunder.

(b) The Purchaser shall not be required to increase the Series 2017-1 Junior Subordinated Principal Amount on any Increase Date hereunder if after giving effect to such Increase Amount, the Series 2017-1 Maximum Junior Subordinated Principal Amount will be exceeded.

(c) The Issuer shall apply amounts paid to it pursuant to Section 3.3(a) by application to payment of the purchase price payable by the Issuer to the IESO under the Master Transfer and Servicing Agreement in respect of a Transfer or by deposit to the Refinancing Account.

3.4 Procedure for Decreasing the Series 2017-1 Junior Subordinated Principal Amount

On any Business Day after the initial purchase of the Series 2017-1 Junior Subordinated Notes hereunder, the Issuer and the Purchaser hereby agree that the Series 2017-1 Junior Subordinated Principal Amount may be decreased by an amount (a "**Decrease**") such that following such decrease the Outstanding Dollar Principal Amount of the Series 2017-1 Junior Subordinated Notes will not be less than twenty percent (20%) of the Outstanding Dollar Principal Amount of the Series 2017-1 Senior Notes. Each Payment Date on which a Decrease in the Series 2017-1 Junior Subordinated Principal Amount occurs hereunder being herein referred to as the "**Decrease Date**"

applicable to such Decrease; and the Issuer shall provide to the Purchaser (with a copy to the Indenture Trustee) irrevocable written notice (effective upon receipt), by email communication, substantially in the form of Schedule D (a "**Decrease Notice**") no later than 12:00 p.m. (Toronto time) on the fifth Business Day prior to any Payment Date that is a Decrease Date. Each Decrease Notice shall (x) state the Decrease Date, (y) state the amount of the decrease in the Series 2017-1 Junior Subordinated Principal Amount (a "**Decrease Amount**"), and (z) attach a copy of the irrevocable written decrease notice delivered to the Administrative Agent pursuant to Section 3.4 of the Senior Series 2017-1 Supplemental Indenture in connection with the applicable Series 2017-1 Senior Decrease proposed to be made thereunder. Upon receipt of any notice required by this Section 3.4 from the Issuer, the Purchaser shall forward (by email communication) a copy of such notice to DBRS on the Business Day received.

3.5 Increases and Reductions of the 2017-1 Maximum Junior Subordinated Principal Amount

(a) If one or more Maximum Purchaser Group Principal Amounts are increased pursuant to Section 3.5(a) of the Senior Series 2017-1 Supplemental Indenture, the Series 2017-1 Maximum Junior Subordinated Principal Amount shall be automatically increased by an amount equal to twenty percent (20%) of the Outstanding Dollar Principal Amount of the Maximum Purchaser Group Principal Amounts.

(b) If the Series 2017-1 Maximum Senior Principal Amount is reduced pursuant to Section 3.5(b) of the Senior Series 2017-1 Supplemental Indenture, the Series 2017-1 Maximum Junior Subordinated Principal Amount shall be automatically decreased to an amount equal to twenty percent (20%) of such aggregate decrease to the Series 2017-1 Maximum Senior Principal Amount pursuant to Section 3.5(b) of the Senior Series 2017-1 Supplemental Indenture.

(c) If a Commitment Extension has occurred with respect to the Series 2017-1 Senior Notes, the Principal Accumulation Date, Principal Payment Amount and Principal Payment Default Date shall be amended to the "Principal Accumulation Date", "Principal Payment Amount" and "Principal Payment Default Date" set out in the request related to such Commitment Extension, as applicable.

3.6 Interest; Other Amounts

(a) Interest shall be payable on the Series 2017-1 Junior Subordinated Notes on each Payment Date.

(b) The Purchaser shall provide written notice to the Issuer and the Paying Agent no later than five (5) Business Days prior to each Payment Date, setting forth the Monthly Interest and the Monthly Other Amounts with respect to the Payment Date.

(c) The Monthly Interest shall be included in each calculation of the Interest Accrual Amount (Junior Subordinated) for the purposes of Section 7.04(e)(v) of the Trust Indenture and shall be payable pursuant to Sections 7.05(c), 7.06(a), 7.07, 7.10(b) or 8.13(e) of the Trust Indenture, as applicable. On each Payment Date, the Monthly Other Amounts shall be payable in respect of the Series 2017-1 Junior Subordinated Notes pursuant to Sections 7.04(e)(xvi), 7.10(b) or 8.13(e) of the Trust Indenture, as applicable. On each Payment Date, the Paying Agent shall, subject to

availability of funds, pay to the Purchaser the Monthly Other Amounts with respect to the Payment Date.

3.7 Repayment of Principal

Each Payment Date where the Principal Payment Amount is not nil shall be a Principal Payment Date in respect of the Series 2017-1 Junior Subordinated Notes. On each Principal Payment Date in respect of the Series 2017-1 Junior Subordinated Notes, the Paying Agent shall pay to the Purchaser the Principal Payment Amount for such Principal Payment Date out of funds allocated to the Series 2017-1 Junior Subordinated Notes pursuant to Sections 7.04(e)(xii), 7.06(b)(iv), 7.08(b)(iv), 7.10(b) or 8.13(j) of the Trust Indenture, as applicable, in repayment of the principal amount of the Series 2017-1 Junior Subordinated Notes.

3.8 Indemnification by the Issuer

The Issuer agrees to indemnify and hold harmless the Indenture Trustee and the Purchaser and each of their respective officers, directors, agents and employees (each, an "**Issuer Indemnified Person**") from and against any loss, liability, expense, damage or injury suffered or sustained by such Issuer Indemnified Person by reason of (a) any acts, omissions or alleged acts or omissions arising out of, or relating to, activities of the Issuer pursuant to the Program Agreements to which it is a party; (b) a breach of any representation or warranty made or deemed made by the Issuer (or any of its officers) in any Program Agreement; or (c) a failure by the Issuer to comply with any applicable law or regulation or to perform its covenants, agreements, duties or obligations required to be performed or observed by it in accordance with the provisions of the Program Agreements, including, but not limited to, any judgment, award, settlement, reasonable attorneys' fees and other reasonable costs or expenses incurred in connection with the defense of any actual or threatened action, proceeding or claim, except to the extent such loss, liability, expense, damage or injury resulted from the gross negligence, bad faith or willful misconduct of such Issuer Indemnified Person or its officers, directors, agents, principals, employees or employers as determined by a court of competent jurisdiction in a final non-appealable judgement or includes any Excluded Taxes; provided that any payments made by the Issuer pursuant to this Section 3.8 shall be made solely from funds available pursuant to Section 7.04 or 8.13 of the Trust Indenture, as applicable, shall be non-recourse other than with respect to such funds, and shall not constitute a claim against the Issuer to the extent that such funds are insufficient to make such payment.

3.9 Taxes

(a) All payments by or on account of any obligation of the Issuer hereunder shall, to the extent allowed by law, be made free and clear of, and without deduction or withholding for or on account of Taxes, excluding (i) income taxes (including branch profit taxes, minimum taxes and taxes computed under alternative methods, at least one of which is based on or measured by net income), franchise taxes (imposed in lieu of income taxes), or any other Taxes based on or measured by the net income of any person legally entitled to receive such payments (each a "**Recipient**") as a result of a present or former connection between the Recipient and the jurisdiction of the Governmental Authority imposing such Taxes (other than any such connection arising solely from the Recipient having executed, delivered or performed its obligations or received a payment under, disposed of, or enforced, this Supplemental Indenture); (ii) any withholding or deduction imposed pursuant to

(A) Sections 1471 to 1474 of the Internal Revenue Code ("**FATCA**"), or any successor version thereof, or any similar legislation imposed by any other Governmental Authority, or (B) any treaty, law or regulation or other official guidance enacted by Canada implementing FATCA or any intergovernmental agreement with respect to FATCA or any similar legislation imposed by any other Governmental Authority, including, for greater certainty, the *Canada-United States Enhanced Tax Information Exchange Agreement Implementation Act* (Canada) and Parts XVIII and XIX of the Income Tax Act (collectively, and including FATCA, the "**AEOI Legislation**"); and (iii) any interest, penalties and additions to Taxes in respect of (i) and (ii) (all such excluded Taxes being hereinafter called "**Excluded Taxes**"). If any Taxes, other than Excluded Taxes, are required to be withheld from any amounts payable to a Recipient hereunder, the amounts so payable to the Recipient shall be increased, and the Recipient shall be entitled to be paid by the Issuer the amount of such increase to the extent necessary to yield to the Recipient (after payment of all such Taxes other than Excluded Taxes) interest or any such other amounts payable hereunder or thereunder at the rates or in the amounts specified hereunder. Where the amount payable by the Issuer is increased in accordance with the previous sentence, the Monthly Interest shall be increased by the amount of such increase. Whenever any Taxes are payable on or with respect to amounts distributed to a Recipient, as promptly as possible thereafter the Issuer shall send to such Recipient a certified copy of an original official receipt showing payment thereof.

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

(c) If a Recipient is legally entitled to receive a refund of any Taxes (other than Excluded Taxes) as to which it has been indemnified or with respect to which additional amounts have been paid to it hereunder or it is legally entitled to receive a credit or deduction with respect to such Taxes or with respect to such additional amounts that have been paid hereunder (in each case pursuant to Section 3.9(a)), it shall use commercially reasonable efforts to obtain or claim such refund, credit or deduction and pay over such refund or the value of such credit or deduction to the Issuer, together with any interest thereon.

3.10 Increased Costs

(a) (i) If any Regulatory Change (x) subjects the Purchaser to any charge or withholding on or with respect to any Support Facility or this Supplemental Indenture or the Purchaser's obligations under a Support Facility or this Supplemental Indenture, or changes the basis of taxation of payments to the Purchaser of any amounts payable under any Support Facility or this Supplemental Indenture Agreement (except for changes in the rate of tax on the overall net income of the Purchaser or Excluded Taxes) or (y) imposes, modifies or deems applicable any reserve,

assessment, fee, tax, insurance charge, special deposit or similar requirement against assets of, deposits with or for the account of, or liabilities of the Purchaser, or credit extended by the Purchaser pursuant to a Support Facility or this Supplemental Indenture or (z) imposes any other condition the result of which is to increase the cost to the Purchaser of performing its obligations under a Support Facility or this Supplemental Indenture, or to reduce the rate of return on the Purchaser's capital or assets as a consequence of its obligations under a Support Facility or this Supplemental Indenture, or to reduce the amount of any sum received or receivable by the Purchaser under a Support Facility or this Supplemental Indenture, or to require any payment calculated by reference to the amount of interests or loans held or interest received by it, then, upon written request by the Purchaser therefore to the Issuer, the Purchaser shall be entitled to be paid such amounts charged to the Purchaser or such amounts to otherwise compensate the Purchaser for such increased cost or such reduction following a receipt by the Issuer of such request for compensation under this Section 3.10(a)(i), which payment shall be made on the earlier of (A) the first Payment Date on which amounts are available to pay such amounts pursuant to Section 7.04(e) of the Trust Indenture (provided that such request is received by the Issuer no later than five (5) Business Days prior to the end of the Interest Period related to such Payment Date), and (B) the twelfth Payment Date following such request.

(ii) The Issuer acknowledges that the Purchaser may implement, as an internal institutional matter, measures in anticipation of a final or proposed Regulatory Change (including, without limitation, the imposition of internal charges on the Purchaser's interest or obligations under any Support Agreement or this Supplemental Indenture) and may commence recognizing the incurrence of charges by seeking compensation under Section 3.10(a)(i) in connection with such measures, in advance of the effective date of such final or proposed Regulatory Change, and the Issuer agrees that such charges or compensation shall be payable, to the Purchaser, following demand therefor without regard to whether such proposed Regulatory Change has been adopted or whether such effective date has occurred; provided, that (I) the Purchaser shall provide thirty (30) days prior written notice to the Issuer of its intent to impose or incur any such charges or compensation, (II) the Purchaser shall not be compensated for any such amount pursuant to this subsection 3.10(a)(ii) relating to any period ending, and of which the Purchaser has had knowledge, more than 180 days prior to the date that the Purchaser provided the Issuer with the written notice contemplated by the preceding clause (I) of this subsection 3.10(a)(ii), (III) if, after the payment by the Issuer of any charges or compensation pursuant to this subsection 3.10(a)(ii), either (A) the Issuer requests in writing that the Purchaser re-compute any such charge or compensation in light of differences between a proposed Regulatory Change and the final effective version thereof or (B) the Purchaser determines that the amount of the charge imposed on and required to be compensated by the Issuer exceeds the amount necessary to compensate it for the applicable Regulatory Change as contemplated by subsection 3.10(a)(i), then (x) the amount of such charge or compensation shall, from and after such determination, be reduced by the amount of such excess and (y) the Purchaser shall, within thirty (30) days of such determination, either repay the amount of such excess or credit the amount of such excess against future charges under this subsection 3.10(a)(ii). The Issuer further acknowledges that any charge or compensation demanded hereunder may take the form of a monthly charge to be assessed by the Purchaser.

(b) The Purchaser claiming increased amounts described in subsection 3.10(a) of this Supplemental Indenture will furnish to the Issuer (together with its request for compensation) a certificate prepared in good faith setting forth the basis and the calculation of the amount (in

reasonable detail) of each request by the Purchaser for any such increased amounts referred to in subsection 3.10(a) hereof. Any such certificate shall be conclusive absent manifest error. Failure on the part of the Purchaser to demand compensation for any amount pursuant to subsection 3.10(a) hereof with respect to any period shall not constitute a waiver of the Purchaser's right to demand compensation with respect to such period.

ARTICLE 4
CONDITIONS PRECEDENT

4.1 Conditions Precedent to Initial Purchase of Series 2017-1 Junior Subordinated Notes

On or prior to the initial purchase of Series 2017-1 Junior Subordinated Notes hereunder, the following conditions precedent shall be satisfied:

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

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

(c) The Purchaser shall have received:

(i) executed copies of this Supplemental Indenture;

(ii) certificates of status or compliance or other similar documents issued by the applicable governmental authority to evidence that each of the Issuer Trustee and the Manager is validly existing pursuant to the laws of the jurisdiction of their respective establishment or incorporation;

(iii) a copy of the incorporating documents and all amendments thereto and applicable by-laws, as applicable, of each of the Issuer Trustee, the IESO and the Manager certified by an Authorized Officer of the applicable entity;

(iv) copies of resolutions of the board of directors of the IESO and the Manager approving and authorizing the execution, delivery and performance of each Program Agreement they are party to, in each case certified by an Authorized Officer of the applicable entity;

(v) incumbency certificates for each of the Issuer Trustee, the Manager and the IESO executing this Supplemental Indenture and any other Program Agreements and the other documents to be delivered by either the Issuer Trustee, the Manager or the IESO thereunder, in each case showing their names, offices and specimen signatures on which certificates the Purchaser shall be entitled to conclusively rely

until such time as the Purchaser receives a replacement certificate meeting the requirements of this Section 4.1(c)(v);

(vi) the following Opinions of Counsel:

(A) the opinion of external counsel to the Manager as to the non-consolidation of the Issuer with the Manager in the event of the insolvency of the Manager in form and substance satisfactory to the Purchaser;

(B) the opinion of external counsel to the IESO as to the Investment Asset acquired by the Issuer not being subject to the claims of creditors of the IESO in form and substance satisfactory to the Purchaser;

(C) favourable opinions of external counsel to the Manager covering general corporate matters, the due execution and delivery of, and the enforceability of, each of the Program Agreements to which the Manager, the Issuer and the Issuer Trustee are party which opinion, as to certain matters, may rely on opinion of internal counsel to the Manager and the Issuer Trustee; and

(D) a favourable opinion of external counsel to the Province with respect to the due authorization, execution, delivery and enforceability of the Change of Law Protection Agreement in form and substance satisfactory to the Purchaser;

(vii) a certificate of an Authorized Officer of the Manager confirming that the representations and warranties set forth in Section 12.01 of the Trust Indenture and Section 5.1 of this Supplemental Indenture are true and correct in all material respects, that the Issuer is in compliance in all material respects with all of its covenants and obligations under the Program Agreements to which it is a party and that no Termination Event has occurred; and

(viii) such additional documents, instruments, certificates or letters as the Purchaser may reasonably request.

(d) The representations and warranties set forth in Section 5.1 of this Supplemental Indenture shall be true and correct in all material respects, the Issuer shall be compliance in all material respects with all of its covenants and obligations under the Program Agreements to which it is a party and no Termination Event shall have occurred.

4.2 Conditions Precedent to each Increase under Series 2017-1 Junior Subordinated Notes

On or prior to each Increase, the following conditions precedent shall be satisfied:

(a) the Purchaser shall have received an Increase Notice;

(b) no Termination Event shall have occurred or would occur after giving effect to such Increase;

(c) if the Increase is identified as a Transfer Increase in the Increase Notice, then the related Transfer under the Master Transfer and Servicing Agreement shall have been completed or contemporaneously completed;

(d) after giving effect the Increase, the aggregate of the amounts on deposit in the Program Cash Reserve Account and the IESO Cash Reserve Account shall be equal to or greater than the sum of:

(i) the Program Cash Reserve Required Amount,

plus

(ii) an amount equal to the sum of (x) the amount originally determined under clause (b) of the definition of IESO Cash Reserve Deposit Amount in the Trust Indenture, less any amounts withdrawn from the IESO Cash Reserve Account to pay any Obligations Secured described in subsections 7.04(e)(i) through (v) of the Trust Indenture prior to the date of such Increase, and (y) to the extent the amount originally determined under clause (b) of the definition of IESO Cash Reserve Deposit Amount in the Trust Indenture was not determined in a manner which included the amount of such Increase, an amount estimated by the Manager, acting reasonably, equal to the additional Monthly Interest payable with respect to such Increase up to and including the Payment Date in July, 2021.

(e) the Indenture Trustee shall have received (i) the adherence compliance certificate required pursuant to Section 4.02(a) of the Change of Law Protection Agreement with respect to such Increase, or (B) written confirmation from the Province that the Funding Obligations incurred under this Supplemental Indenture with respect to such Increase constitute Approved Obligations.

The Issuer's acceptance of funds in connection with each Increase occurring on any Increase Date shall constitute a representation and warranty by the Issuer to the Purchaser as of such Increase Date that all of the conditions contained in Section 3.3(a) and this Section 4.2 are satisfied.

ARTICLE 5
REPRESENTATIONS AND WARRANTIES

5.1 Representations and Warranties of the Issuer

The Issuer hereby represents and warrants to the Purchaser as of the Closing Date, and shall be deemed to represent and warrant to the Purchaser on each Increase Date, that:

(a) no Termination Event has occurred or would result from the initial purchase of the Issuer Investment Interest on the Closing Date or any increase in the Issuer Investment Interest on an Increase Date, as applicable;

(b) the Issuer Trustee and the Issuer are not Non-residents;

(c) all tax returns (federal, provincial and local) required to be filed with respect to the Issuer have been filed and there has been paid or adequate provision made for the payment of all material Taxes in respect of the Issuer;

(d) the Issuer has complied in all material respects with all laws in respect of the conduct of its business and ownership of its property including the Issuer Investment Interest;

(e) all information provided to the Purchaser by or on behalf of the Issuer in respect of the Issuer Investment Interest is and will be true and accurate in all material respects; and

(f) to its knowledge, there is no set of circumstances existing at such time that will have an Adverse Effect or will reasonably be expected to have an Adverse Effect.

5.2 Representations and Warranties of the Purchaser

The Purchaser represents and warrants to the Issuer as of the Closing Date, and shall be deemed to represent and warrant to the Issuer on each Increase Date, that:

(a) it is resident in Ontario or is otherwise subject to the securities legislation of the Province of Ontario;

(b) it is purchasing the applicable Series 2017-1 Junior Subordinated Notes (i) as principal for its own account and not for the benefit of any other "person" (as defined in the *Securities Act* (Ontario)) or company; and (ii) for cash consideration in excess of $150,000; and

(c) it was not created and is not being used solely to purchase or hold securities in reliance on the exemption from the prospectus and dealer registration requirements contained in Section 2.10 of National Instrument 45-106 − Prospectus and Registration Exemptions.

5.3 Survival

The representations and warranties set out in this Article 5 shall survive the execution hereof.

ARTICLE 6
COVENANTS

6.1 Covenants of the Issuer

(a) The Issuer shall promptly provide to the Purchaser (in multiple copies if requested) copies of all material reports, notices, financial statements and other documents delivered by the IESO to the Issuer with respect to the Issuer Investment Interest or pursuant to the Master Transfer and Servicing Agreement; provided such documents shall be deemed to be delivered hereunder so long as the Purchaser is the Manager.

(b) The Issuer shall provide to the Purchaser (in multiple copies, if requested) such other information, documents, records or reports respecting the Issuer Investment Interest, the Issuer or the IESO which is in the possession or under the control of the Issuer or the Manager, as the Purchaser may from time to time reasonably request, including any correspondence with a Rating

Agency; provided such documents shall be deemed to be delivered hereunder so long as the Purchaser is the Manager.

(c) The Issuer shall furnish to the Purchaser promptly after known to the Issuer or the Manager, information with respect to any action, suit or proceeding involving the Manager, the Issuer or the IESO or any of their respective Affiliates by or before any court or any Governmental Authority which, if adversely determined, would have an Adverse Effect; provided that the Purchaser shall be deemed to have knowledge of such actions, suits or proceedings so long as it is the Manager.

ARTICLE 7
ACCELERATION

7.1 Acceleration of Series 2017-1 Junior Subordinated Principal Amount

If a Series 2017-1 Event of Default occurs and is continuing, then and in each and every such case, and without regard to whether all Issuer Funding Obligations have been declared due and payable immediately pursuant to Section 8.02(a) of the Trust Indenture, the Purchaser may by notice in writing to the Issuer and to the Indenture Trustee declare the Series 2017-1 Junior Subordinated Principal Amount and all interest accrued and unpaid (if any) thereon to be due and payable immediately, and upon any such declaration the same will become and will be immediately due and payable, notwithstanding anything in this Supplemental Indenture or the Trust Indenture to the contrary.

ARTICLE 8
GENERAL

8.1 Successor and Assigns

(a) This Supplemental Indenture shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns except that (i) the Issuer may not assign or transfer any of its rights or obligations under this Supplemental Indenture without the prior written consent of the Purchaser and at least 10 Business Days' notice having been given to DBRS; and (ii) the Purchaser may, without the prior written consent of the Issuer but with prior notice to DBRS, assign or transfer any of its rights or obligations under this Supplemental Indenture to any of its wholly-owned affiliates (a "**Transferee**") pursuant to a transfer supplement, substantially in the form of Exhibit E (the "**Transfer Supplement**").

(b) The Issuer authorizes the Purchaser to disclose to any Transferee and any prospective Transferee any and all financial information in the Purchaser's possession concerning the Issuer, the Issuer Investment Interest and the Program Agreements which has been delivered to the Purchaser by the Issuer or the Manager.

(c) Notwithstanding any other provision of this Supplemental Indenture to the contrary, the Purchaser may at any time pledge or grant a security interest in all or any portion of its rights under its Series 2017-1 Junior Subordinated Note and this Supplemental Indenture to secure obligations of the Purchaser to any Person, without notice to or consent of the Issuer; provided that no such pledge or grant of a security interest shall release the Purchaser from any of its obligations hereunder or substitute any such pledgee or grantee for the Purchaser as a party hereto.

8.2 Waiver

Without limiting the requirements of Section 11.02 of the Trust Indenture which shall be applicable to this Supplemental Indenture, no waiver of any provision of this Supplemental Indenture or consent to any departure by the Issuer from any provision of this Supplemental Indenture will be effective (in whole or in part) unless in writing and signed by the Purchaser. Such waiver will be effective only in the specific instance, for the specific purpose and for the specific length of time for which it is given by the Purchaser.

8.3 Notice

All notices, requests, instructions and demands to or upon any party hereto to be effective shall be given (a) in the case of the Issuer and the Indenture Trustee, in the manner set forth in Article 15 of the Trust Indenture; and (b) in the case of the Purchaser, in writing, and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when delivered by hand or three days after being deposited in the mail, postage prepaid, in the case of facsimile notice, when received, or in the case of overnight air courier, one Business Day after the date such notice is delivered to such overnight courier, addressed as follows; or to such other address as may be hereafter notified by the respective parties hereto:

Purchaser:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6

Attention: Vice President, Fair Hydro Plan
Fax: (416) 592-4189
Email: FHP@opg.com

8.4 No Waiver: Remedies

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

8.5 Entire Agreement

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

8.6 Governing Law and Attornment

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

8.7 Acknowledgment of Trust Indenture and No Proceedings

(a) The Purchaser hereby acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor under the Trust Indenture and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Trust Indenture including, without limitation, Section 7.12 (Payments To Be Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse), Article IX (Indenture Trustee) (including all limitations of liability thereunder), Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition).

(b) The Purchaser irrevocably authorizes and directs the Indenture Trustee on its behalf to take such action (including the execution and delivery of documents of subordination) as may be necessary or appropriate to further assure the priority arrangements provided for in Article VI, Article VII and Section 8.13 of the Trust Indenture, and appoints the Indenture Trustee as its agent for any and all such purposes.

(c) The Purchaser consents, requests and authorizes the Issuer and the Indenture Trustee to (i) add the Purchaser (or its agent) to the register of Specified Creditors described in Section 13.13 of the Trust Indenture and (ii) disseminate the notice details of the Purchaser to other Specified Creditors for the purposes set out in subsection 9.14(b) of the Trust Indenture.

8.8 Expenses

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

8.9 Further Assurances

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

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

8.10 Confidentiality

(a) The Purchaser covenants and agrees that any non-public information obtained by it pursuant to this Supplemental Indenture and the other Program Agreements shall be held in confidence except that the Purchaser may disclose such information (i) pursuant to the order of any court or administrative agency or in any pending legal or administrative proceeding (whether or not having the force or effect of law) provided that, unless prohibited by applicable law, the Purchaser shall provide prompt notice of such order to the affected party; (ii) upon the request or demand of any regulatory authority having or claiming jurisdiction over the Purchaser; (iii) as required by applicable law including, without limitation, all applicable securities laws; (iv) to the extent that such information becomes publicly available other than by reason of improper disclosure by the Purchaser; (v) to its affiliates, officers, directors, employees, legal counsel, independent auditors, accountants, advisors, investors, potential investors, commercial paper dealers, providers of surety, guaranty, credit or liquidity enhancement (including the directors, officers and accountants of such surety, guaranty, credit or liquidity enhancement provider), legal counsel of any of the foregoing and other experts or agents who need to know such information and are informed of the confidential nature of such information; (vi) for purposes of establishing a "due diligence" defense; (vii) which was available to the Purchaser on a non-confidential basis from a source other than the affected party, provided that such source was not to the knowledge of the Purchaser bound by a confidentiality agreement with the affected party; (viii) has been independently acquired or developed by the Purchaser without violating any of the Purchaser's obligations under this Supplemental Indenture; (ix) if such disclosure has been approved in writing in advance by the Issuer or the Manager; (x) regarding the existence of this Supplemental Indenture, but not the financial terms thereof; and (xi) to DBRS and Moody's and any other Rating Agencies.

(b) The Issuer covenants and agrees to hold in confidence, and not disclose to any Person, the terms of this Supplemental Indenture, except as the Purchaser may have consented to in writing prior to any proposed disclosure and except (i) it may also disclose such information (A) to its officers, directors, employees, legal counsel, independent auditors, accountants and other advisors who are directly involved in the consideration of this Supplemental Indenture (and then only on a confidential basis), (B) to the Manager and its officers, directors, employees, legal counsel, independent auditors, accountants and other advisors, (C) any ministry or agency of the Province of Ontario and, in each case, their respective employees, officials, agents and advisors, (D) as required by applicable law (including, without limitation, applicable securities law) or compulsory legal process, (E) as expressly permitted by the terms of the Program Agreements, and (F) to DBRS and Moody's and any other Rating Agencies; provided, that, in the case of clause (D), the Issuer will use all commercially reasonable efforts to maintain confidentiality and will (unless otherwise prohibited by law) notify the Purchaser of its intention to make any such disclosure prior to making such disclosure; and (ii) it may also disclose the existence (but not the financial terms) of this Supplemental Indenture, including to any actual or prospective purchaser of other Notes.

(c) The parties hereto acknowledge that a description of this Supplemental Indenture and the Series 2017-1 Junior Subordinated Note will be included in the preliminary and final offering memoranda of the Issuer relating to the issue of other Notes from time to time.

(d) The confidentiality provisions set forth in this Section 8.10 shall expire on the second year anniversary of the date on which the Series 2017-1 Junior Subordinated Notes have been paid in full.

8.11 Limitation of Liability of Issuer Trustee

Each party hereto other than the Issuer acknowledges that the Issuer is a trust, and that Computershare Trust Company of Canada is the Issuer Trustee. The other parties hereto agree that the Issuer Trustee will not be subject to any liability whatsoever to them, in tort, contract or otherwise, in connection with the Issuer's assets or the trust activities, for any action taken or permitted by it to be taken, or for its failure to take any action; provided that the foregoing limitation will not apply in respect of any action or failure to act arising from or in connection with wilful misconduct, negligence or reckless disregard of a duty by the Issuer Trustee. The Issuer Trustee in doing anything or permitting anything to be done in respect of assets or the trust activities is, and shall be conclusively deemed to be, acting as trustee of the Issuer and not in any other capacity. Except as to the extent provided in this Section 8.11, the Issuer Trustee will not be subject to any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Issuer, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the Issuer's assets or the trust activities and resort will be had solely to the Collateral for the payment or performance thereof. No property or assets of the Issuer Trustee, whether owned in its personal capacity or otherwise, will be subject to levy, execution or other enforcement procedure with regard to any obligation under this Supplemental Indenture. Nothing contained in this Section 8.11 shall be construed so as to limit the liability of the Issuer under this Supplemental Indenture. This Supplemental Indenture, and every deed, transfer, assignment, agreement or other instrument made pursuant hereto including, without limitation, the Series 2017-1 Junior Subordinated Notes, made or purporting to be made by or creating an obligation of the Issuer or the Issuer Trustee on behalf of, or as trustee of, the Issuer shall be deemed and construed for all purposes as if made by the Issuer Trustee, in and only in its capacity as trustee of the Issuer. Any obligations of the Issuer Trustee hereunder or thereunder are non-recourse to the Issuer Trustee in its personal capacity.

8.12 Execution in Counterparts

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

8.13 Delivery of Executed Copies

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

[signature page follows]

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

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

By: _____
Name:
Title:

By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, as Indenture Trustee

By: _____
Name:
Title:

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., as Purchaser

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A

DEFINITIONS

"**Acceleration Event**" means either:

(a) all Issuer Funding Obligations are declared due and payable under Section 8.02 of the Trust Indenture, or

(b) the Series 2017-1 Junior Subordinated Principal Amount and all interest accrued and unpaid thereon is declared to be due and payable under Section 7.1.

"**Administrative Agent**" is defined in the recitals to this Supplemental Indenture.

"**AEOI Legislation**" is defined in Section 3.9(a).

"**Applicable Margin**" means **[1.10]**% per annum.

"**Authorized Officer**" means, with respect to: (a) the Issuer, any authorized director or officer of the Manager; (b) the Manager, any authorized director of officer of OPG; (c) the IESO, any authorized director or officer of the IESO; (d) the Issuer Trustee, any officer within the corporate trust office of such trustee (including the President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Treasurer or any other officer of the Issuer Trustee customarily performing functions similar to those performed by persons who at the time shall be such officers, respectively, and that has direct responsibility for the administration of the Issuer and also, with respect to a particular matter, any other officer to whom such matter is referred to because of such officer's knowledge and familiarity with the particular subject).

"**Base Rate**" means the weighted average interest rate applicable to the Series 2017-1 Senior Notes.

"**Closing Date**" is defined in Section 3.3(a).

"**Commitment Extension**" is defined in the Senior Series 2017-1 Supplemental Indenture.

"**Decrease**" is defined in Section 3.4.

"**Decrease Amount**" is defined in Section 3.4.

"**Excluded Taxes**" is defined in Section 3.9(a).

"**FATCA**" is defined in Section 3.9(a).

"**Increase**" is defined in Section 3.3(a).

"**Increase Amount**" is defined in Section 3.3(a).

"**Increase Date**" is defined in Section 3.3(a).

"**Increase Notice**" is defined in Section 3.3(a).

"**Indenture Trustee**" is defined in the recitals to this Supplemental Indenture.

"**Interest Period**" means each of the consecutive periods that begins on, and includes, each Payment Date and ends on and excludes, the following Payment Date; provided that the first Interest Period shall begin on the Closing Date and end on the Payment Date in January, 2018.

"**Issuer**" is defined in the recitals to this Supplemental Indenture.

"**Issuer Indemnified Person**" is defined in Section 3.8.

"**Issuer Trustee**" is defined in the recitals to this Supplemental Indenture.

"**Maximum Purchaser Group Principal Amount**" has the meaning specified in the Senior Series 2017-1 Supplemental Indenture.

"**Monthly Interest**" shall mean, for any Payment Date, the sum of (A) the sum for each day during such Interest Period of the product of (i) the Series 2017-1 Junior Subordinated Principal Amount on such day; times (ii) the sum of the Base Rate for such day plus the Applicable Margin, divided by (iii) 365, and (B) the Monthly Interest Shortfall; provided that, for the purposes of determining the Monthly Interest in respect of an Interest Period prior to the end of the Interest Period, the Purchaser may estimate the interest for the remaining days in the Interest Period and provided further, if the actual interest for such days is less than the estimated interest, the Monthly Interest for the following Interest Period shall be reduced to adjust for such lower actual interest and if the actual interest for such days is higher than the estimated interest, the Monthly Interest for the following Interest Period shall be increased to adjust for such higher interest.

"**Monthly Interest Shortfall**" means, for any Payment Date, if the amount in clause (A) of the definition of Monthly Interest for the preceding Payment Date was greater than the amount distributed to the payment of such amounts pursuant to Section 3.6(c), an amount equal to the amount in clause (A) of the definition of Monthly Interest owing to the Purchaser which was unpaid on the preceding Payment Date plus interest on such unpaid amount for the period from the preceding Payment Date to the current Payment Date at a rate equal to the Prime Rate plus 1.00% per annum.

"**Monthly Other Amounts**" shall mean, for any Payment Date the sum of (a) any amounts payable to the Purchaser hereunder (other than Monthly Interest) including, without limitation, pursuant to Sections 3.8, 3.9, 3.10 and 8.8; plus (c) the Monthly Other Amounts Shortfall for such Payment Date.

"**Monthly Other Amounts Shortfall**" means, for any Payment Date, if the amount of the Monthly Other Amounts for the preceding Payment Date was greater than the amount distributed to the payment of such amounts pursuant to Section 3.6(c), an amount equal to the Monthly Other Amounts owing to the Purchaser which were unpaid on the preceding Payment Date plus interest on such unpaid amount for the period from the preceding Payment Date to the current Payment Date at a rate equal to the Prime Rate plus 1.00% per annum.

"**Prime Rate**" means the annual rate of interest announced by Royal Bank of Canada from time to time as being its reference rate for the determination of interest rates on Canadian dollar denominated commercial loans made by it and commonly referred to by Royal Bank of Canada as its "prime rate."

"**Principal Accumulation Date**" means the Payment Date occurring in the month of July, 2021, as such date may be modified pursuant to Section 3.5(c).

"**Principal Payment Amount**" means, in respect of the Series 2017-1 Junior Subordinated Notes (unless modified pursuant to Section 3.5(c)):

(a) On any Payment Date occurring on or after the earlier of (i) the Payment Date occurring in October, 2021; and (ii) the occurrence of an Acceleration Event, the Series 2017-1 Junior Subordinated Principal Amount.

(b) Unless clause (a) above is applicable, on the Payment Dates in the month of July, August, September and October of 2021, an amount equal the lesser of (x) the sum of (A) 25% of the Series 2017-1 Junior Subordinated Principal Amount on the Business Day prior to the Principal Accumulation Date plus (B) the Decrease Amount of any Decrease occurring on such Payment Date, and (y) the Series 2017-1 Junior Subordinated Principal Amount.

(c) Unless either of clauses (a) or (b) above is applicable, on any Payment Date that is not a Decrease Date, nil.

(d) Unless either of clauses (a) or (b) above is applicable, on any Payment Date that is a Decrease Date, the Decrease Amount of the Decrease occurring on such Payment Date.

"**Principal Payment Default Date**" means the Business Day that is two years after the Payment Date in respect of such Principal Payment Amount, as such date may be modified pursuant to Section 3.5(c).

"**Purchaser**" is defined in the recitals to this Supplemental Indenture.

"**Recipient**" is defined in Section 3.9(a).

"**Refinancing Increase**" is defined in Section 3.3(a).

"**Regulatory Change**" shall mean (i) the adoption after the date hereof of any applicable law, rule or regulation (including any applicable law, rule or regulation regarding capital adequacy, deposits, reserves or liquidity coverage) or any change therein after the date hereof, (ii) any change after the date hereof in the interpretation, administration, scope or timing of implementation thereof by any governmental authority, central bank, self-regulating professional body or comparable agency or authority charged with the interpretation or administration thereof, or compliance with any guidance, request or directive (whether or not having the force of law) of any such authority, central bank, self-regulating professional body or comparable agency or authority; provided that for purposes of this definition, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder, issued in connection therewith or in implementation thereof, and (y) all requests, rules, guidelines and directives (whether or not

having the force of law) promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or Canadian or United States or other foreign regulatory authorities, shall in each case be deemed to be a "Regulatory Change", regardless of the date enacted, adopted, issued or implemented.

"**Senior Series 2017-1 Supplemental Indenture**" is defined in the recitals to this Supplemental Indenture.

"**Series 2017-1 Event of Default**" means any one of the following events occurs at any time that the Junior Subordinated Funding Obligations constitute the Controlling Class Obligations (whatever the reason for such Series 2017-1 Event of Default and whether it will be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any Governmental Authority):

(a) a default by the Issuer in the payment of any interest on any Series 2017-1 Junior Subordinated Notes when such interest becomes due and payable, and continuance of such default for a period of five days following the date on which such interest became due and payable;

(b) a default by the Issuer in the payment of any principal of any Series 2017-1 Junior Subordinated Notes at its Principal Payment Default Date;

(c) any representation or warranty contained in Section 5.1 of this Supplemental Indenture or Section 12.01 of the Trust Indenture proves to be incorrect in any material respect when made and such incorrect representation or warranty if capable of being remedied by the Issuer, has not been remedied for a period of 30 days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by the Purchaser, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default" hereunder and, as a result of such default, the interests of the Purchaser is materially and adversely affected and continue to be materially and adversely affected during the 30-day period;

(d) a default in the performance, or breach, of any covenant of the Issuer in the Trust Indenture or this Supplemental Indenture in respect of any Series 2017-1 Junior Subordinated Notes (other than an agreement, covenant or warranty a default in the performance of which or the breach of which is elsewhere specifically dealt with in this definition of Series 2017-1 Event of Default), and continuance of such default or breach for a period of 30 days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by the Purchaser, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default" hereunder and, as a result of such default, the interests of the Purchaser is materially and adversely affected and continue to be materially and adversely affected during the 30-day period;

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

(f) a Suspension Notice is issued by the Province.

"**Series 2017-1 Initial Junior Subordinated Principal Amount**" means an amount equal to twenty percent (20%) of the Series 2017-1 Initial Senior Principal Amount.

"**Series 2017-1 Initial Senior Principal Amount**" means the "Series 2017-1 Initial Principal Amount" as defined in the Senior Series 2017-1 Supplemental Indenture.

"**Series 2017-1 Junior Subordinated Note**" means any one of the Floating Rate Variable Funding Junior Subordinated Notes, Series 2017-1, executed by the Issuer and authenticated and delivered by or on behalf of the Indenture Trustee, substantially in the form of Exhibit B.

"**Series 2017-1 Junior Subordinated Principal Amount**" means (a) when used with respect to the Closing Date, the Series 2017-1 Initial Junior Subordinated Principal Amount; and (b) when used with respect to any other date, an amount equal to (i) the Series 2017-1 Junior Subordinated Principal Amount on the immediately preceding Business Day; plus (ii) the Increase Amount on such date; minus (iii) the Decrease Amount on such date; minus (iv) the amount of principal payments made to the Purchaser pursuant to Section 3.7 on such date.

"**Series 2017-1 Maximum Junior Subordinated Principal Amount**" means an amount equal to twenty percent (20%) of the Series 2017-1 Maximum Senior Principal Amount.

"**Series 2017-1 Maximum Senior Principal Amount**" means the "Series 2017-1 Maximum Principal Amount" as defined in the Senior Series 2017-1 Supplemental Indenture.

"**Series 2017-1 Senior Decrease**" means, with respect to a Business Day, the sum of all amounts of Decreases (as defined in the Senior Series 2017-1 Supplemental Indenture) on such Business Day.

"**Series 2017-1 Senior Increase**" means, with respect to a Business Day, the sum of all amounts of Increases (as defined in the Senior Series 2017-1 Supplemental Indenture) on such Business Day.

"**Series 2017-1 Senior Notes**" is defined in the recitals to this Supplemental Indenture.

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

"**Support Facility**" shall mean any liquidity or credit support agreement with the Purchaser which relates to, or is otherwise available to the Purchaser in relation to its funding activities under, this Supplemental Indenture.

"**Suspension Notice**" has the meaning specified in the Change of Law Protection Agreement.

"**Termination Event**" means any Acceleration Event or Series 2017-1 Event of Default or any event which with the giving of notice or the passage of time, or both, could become an Acceleration Event or a Series 2017-1 Event of Default.

"**Transfer Increase**" is defined in Section 3.3(a).

"**Transfer Supplement**" is defined in Section 8.1(a).

"**Transferee**" is defined in Section 8.1(b).

"**Trust Indenture**" means the trust indenture dated as of December [21], 2017 between the Issuer and the Indenture Trustee.

SCHEDULE B

[FORM OF NOTE]

SERIES 2017-1 JUNIOR SUBORDINATED NOTE

●

SCHEDULE C

FORM OF INCREASE NOTICE

●

SCHEDULE D

FORM OF DECREASE NOTICE

●

SCHEDULE E

FORM OF TRANSFER SUPPLEMENT

MANAGEMENT AGREEMENT

between

FAIR HYDRO TRUST
as Issuer

- and -

ONTARIO POWER GENERATION INC.
as Manager

Acknowledged and Accepted by

BNY TRUST COMPANY OF CANADA
as Indenture Trustee

Dated as of December ■, 2017

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EXHIBIT

Exhibit A – Annual Compliance Certificate
Exhibit B – Monthly Portfolio Report

MANAGEMENT AGREEMENT

THIS AGREEMENT made as of December ■, 2017,

BETWEEN:

FAIR HYDRO TRUST, a trust formed under the laws of the Province of Ontario

(the "**Issuer**")

- and -

ONTARIO POWER GENERATION INC., a corporation established under the laws of the Province of Ontario

(the "**Manager**")

- acknowledged and accepted by -

BNY TRUST COMPANY OF CANADA, a trust company existing under the laws of Canada and duly authorized to carry on the business of a trust company in all of the provinces and territories of Canada, as indenture trustee

(the "**Indenture Trustee**")

WHEREAS the Government of Ontario has passed the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**") for the purpose of, among other things, ensuring that Clean Energy Costs and Clean Energy Benefits are fairly allocated among present and future Specified Consumers;

AND WHEREAS Ontario Power Generation Inc. has been appointed as Financial Services Manager under the Act to, among other things, evaluate whether potential Funding Obligations should be incurred by Financing Entities for the purposes of acquiring and financing Investment Interests;

AND WHEREAS the Issuer is a Financing Entity established, at the request of the Financial Services Manager and pursuant to the Act, by Computershare Trust Company of Canada;

AND WHEREAS the Issuer may from time to time finance the acquisition from the IESO of an Investment Interest pursuant to the terms of the Master Transfer and Servicing Agreement;

AND WHEREAS the Indenture Trustee has been appointed pursuant to the Indenture to act on behalf of all Specified Creditors and wishes to acknowledge and accept the rights and

obligations granted to it thereby, including, but not limited to, its rights set forth in this Agreement;

AND WHEREAS the Issuer and the Manager are entering into this Agreement in furtherance of, and in accordance with, the Act;

NOW THEREFORE in consideration of the foregoing and the mutual covenants and agreements contained herein (the receipt and adequacy of which are hereby acknowledged), the parties hereto agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

(a) In this Agreement, the following terms have the following meanings:

"**Act**" has the meaning ascribed thereto in the recitals;

"**Agreement**" means this Agreement, as amended, supplemented, modified, replaced or amended and restated from time to time, and the expressions "herein", "hereof", "hereto", "hereunder" and similar expressions refer to this Agreement and not to any Article, Section, paragraph, subparagraph or clause hereof;

"**Approved Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement;

"**Board**" means the Ontario Energy Board, a statutory corporation without share capital continued under the *Ontario Energy Board Act, 1998*, S.O., 1998;

"**Carrying Costs**" has the meaning ascribed to the term "carrying costs" in the Regulations~~.~~**;**

"CEA Consumer Invoice Amounts" has the meaning ascribed thereto in the Master Transfer and Servicing Agreement;

"Change of Law Process Agreement" means the change of law process agreement between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance and Ontario Power Generation Inc.;

"**Clean Energy Adjustment**" has the meaning ascribed to the term "clean energy adjustment" in the Act;

"**Clean Energy Benefits**" has the meaning ascribed to the term "clean energy benefits" in the Act;

"**Clean Energy Costs**" has the meaning ascribed to the term "clean energy costs" in the Act;

"**Declaration of Trust**" means the declaration of trust made as of December ■, 2017 under which the Issuer was established, as may be amended, supplemented, modified, replaced or amended and restated from time to time;

"**Electricity Vendor**" has the meaning ascribed to the term "electricity vendor" in the Act;

"Electricity Vendor CEA Collections" has the meaning ascribed thereto in the Master Transfer and Servicing Agreement;

"**Fair Allocation Amount**" has the meaning ascribed to the term "fair allocation amount" in the Act;

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act;

"**Financial Services Manager**" has the meaning ascribed to such term under the Act;

"**Financing Entity**" has the meaning ascribed to the term "financing entity" in the Act;

"**Financing Plan**" has the meaning ascribed to such term under the Act;

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act;

"**IESO**" means the Independent Electricity System Operator, a statutory corporation without share capital amalgamated under the *Electricity Act, 1998*, S.O. 1998;

"**Implementation Plan**" has the meaning ascribed to such term in Section 4.3(a);

"**Indemnified Losses**" has the meaning ascribed to such term in Section 5.6(a);

"**Indenture**" means the master trust indenture dated as of December ■, 2017 between the Indenture Trustee and the Issuer, as may be amended, supplemented, modified, replaced or amended and restated from time to time;

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act;

"**Investment Interest Records**" means, collectively, any and all documents and records the Manager shall keep on file, in accordance with its customary procedures, relating to the Issuer Investment Interest, including copies of all documents filed with the Board in connection with any Clean Energy Adjustments and computational records relating thereto;

"**Issuer Compensation**" has the meaning ascribed to such term in Section 5.5;

"**Issuer Funding Obligation**" means a Funding Obligation incurred by the Issuer;

"**Issuer Investment Interest**" means, initially, the Investment Interest acquired by the Issuer pursuant to the first Transfer completed under the Master Transfer and Servicing Agreement and, upon the completion of each Transfer thereafter, the cumulative Investment Interest acquired by the Issuer;

"**Issuer Property**" means, as of any particular time, all assets of the Issuer and all property, real, personal or otherwise, tangible or intangible, which has been transferred, conveyed or paid to, or acquired by the Issuer, including all income, earnings, profits and gains therefrom, and which at such time is owned or held by the Issuer;

"**Management Fees**" means the fees established and charged by the Financial Services Manager in accordance with section 19(3) of the Act and the Regulations and approved by the Board in accordance with section 19(4) of the Act;

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated December ■, 2017 between the Issuer and the IESO, as may be amended, supplemented, modified, replaced or amended and restated from time to time;

"**Minister**" means the Minister of Energy or such other member of the Executive Council as may be assigned the administration of the Act under the *Executive Council Act*, S.O. 1990;

"Monthly Servicer Report" means the report delivered by the IESO under Section **3.5(a) of the Master Transfer and Servicing Agreement;**

"**Offering Materials**" means any document used by the Issuer in connection with offering securities representing Issuer Funding Obligations for sale including, without limitation, any information circular, offering memorandum, annual information form, preliminary prospectus, prospectus, prospectus supplement, term sheet, registration statement or other similar document, or any amendments to such documents;

"**Perpetuity Date**" means the date that is one day prior to the 21st anniversary of the death of the last surviving lineal descendant of Queen Elizabeth, II of England living as of the date of the Declaration of Trust;

"**Primary Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement;

"**Proceeding**" means any suit in equity, action at law or other judicial or administrative proceeding;

"**Reference Period**" has the meaning ascribed to the term "reference period" in the Act;

"**Regulation AB**" means Subpart 229.1100 – Asset Backed Securities (Regulation AB), 17 C.F.R. §§229.1100-229.1125, and all related rules and regulations of the U.S. Securities and Exchange Commission, as such rules may be amended from time to time, and subject to such clarification and interpretation as have been provided by the U.S. Securities and Exchange Commission or by the staff of the U.S. Securities and Exchange Commission, or as may be provided by the U.S. Securities and Exchange Commission or its staff from time to time;

"**Regulations**" means Ontario Regulation 206/17: General, together with any other regulations promulgated under the Act;

"**Servicer CEA Receipts**" has the meaning ascribed thereto in the Master Transfer and Servicing Agreement;

"**Specified Consumer**" has the meaning ascribed to the term "specified consumer" in the Act;

"**Standard of Care**" has the meaning ascribed to such term in Section 5.1;

"**Transfer**" has the meaning ascribed to the term "transfer" in the Act; and

"**True Up Amount**" has the meaning ascribed to the term "true up amount" in the Act.

(b) Unless otherwise defined in this Agreement, all capitalized terms used in this Agreement shall have the meanings ascribed thereto in the Indenture.

ARTICLE 2
INTRODUCTORY PROVISIONS

2.1 Sections and Headings

The table of contents does not form part of this Agreement. The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and will not affect the construction or interpretation of this Agreement. Unless something in the subject matter or context is inconsistent therewith, references herein to Articles and Sections are to Articles and Sections of this Agreement.

2.2 Extended Meanings

Words importing the singular number only will include the plural and vice versa and words importing the masculine gender will include the feminine and neuter genders and vice versa. Unless otherwise specified, a reference to any agreement, instrument or declaration means such agreement, instrument or declaration as the same may be amended, supplemented, modified, restated or replaced from time to time.

2.3 References to Acts of the Issuer or the Issuer Trustee

For greater certainty, where any reference is made in this Agreement to an act to be performed by the Issuer, such reference will be construed and applied for all purposes as if it referred to an act to be performed by the Issuer Trustee as trustee of the Issuer. Where any reference is made in this Agreement to an act to be performed by the Issuer Trustee, such reference will be construed and applied for all purposes as if it referred to an act to be performed by the Issuer Trustee as trustee of the Issuer.

ARTICLE 3
APPOINTMENT OF THE MANAGER

3.1 Appointment and Authority of the Manager

The Issuer hereby appoints Ontario Power Generation Inc. as the Manager to act as its agent to provide services and perform duties for and on behalf of and for the account of the Issuer, as hereinafter provided, in connection with the activities of the Issuer relating to:

(a) the acquisition, administration and possible transfer of the Issuer Investment Interest on behalf of the Issuer in accordance with the Act;

(b) acting as custodian of the Investment Interest Records;

(c) the entering into and execution and delivery on behalf of the Issuer of any Program Agreements;

(d) the incurrence of Issuer Funding Obligations, and repayment thereof, to fund the acquisition of the Issuer Investment Interest;

(e) the negotiation, execution and delivering or filing on behalf of the Issuer of any Offering Materials;

(f) the implementation and administration of the provisions of the Program Agreements to which the Issuer or the Manager on its behalf is a party;

(g) the acquisition, administration and sale of investments that may from time to time be made by the Issuer; and

(h) all activities as may be reasonably incidental to the foregoing or necessary in connection with the performance by the Issuer of its obligations under the Program Agreements, the Act and the Regulations.

The Manager accepts such appointment and agrees to act in such capacity and to provide or cause to be provided the services and to perform the duties set forth in this Agreement on and subject to the terms and conditions in this Agreement. The Issuer hereby grants to the Manager the power and authority to act in the name of and on behalf of the Issuer, and to execute and deliver all documents, agreements and instruments in the name and on behalf of the Issuer, for the sole purpose of providing the services and performing the duties to be provided and performed by the Manager pursuant to this Agreement. The Manager shall provide all the services and perform all the duties contemplated under this Agreement, including its duties as Financial Services Manager under the Act, in Ontario, Canada.

ARTICLE 4
DUTIES AND OBLIGATIONS OF THE MANAGER

4.1 Program Agreements

(a) The Manager will administer as agent for and on behalf of and for the account of the Issuer the activities of the Issuer in connection with the Program Agreements and, in this regard, its services and duties will include:

(i) negotiating and executing, on behalf of the Issuer, Program Agreements and any documents related thereto with any Person and any amendments, supplements, replacements or restatements that may be necessary or desirable from time to time;

(ii) arranging for liquidity coverage required pursuant to the Program Agreements, negotiating and settling Liquidity Agreements and administering on behalf of the Issuer the activities of the Issuer in connection with such Liquidity Agreements;

(iii) when necessary or desirable, arranging for the Credit Enhancement of the Issuer Investment Interest, negotiating and settling Credit Enhancement Agreements and administering on behalf of the Issuer the activities of the Issuer in connection with such Credit Enhancement Agreements;

(iv) seeking satisfaction of the Rating Agency Condition from the Rating Agencies in respect of the Program Agreements and proposed amendments thereto if required;

(v) based on reports submitted to it, monitoring the recording, accounting for and enforcement of payment of amounts distributable or payable to the Issuer in connection with any Program Agreement;

(vi) maintaining accounts and banking records of the Issuer with respect to acquisitions or investments in and distributions and payments in connection with the Issuer Property, including Eligible Investments;

(vii) promptly after obtaining knowledge thereof, notifying the Issuer, the Indenture Trustee and the Rating Agencies of a breach in any material respect of any of the Manager's representations, warranties or covenants contained herein;

(viii) to the extent that the Issuer shall from time to time have funds the application of which is not then necessary to the repayment of outstanding indebtedness of the Issuer or to the payment of any costs, fees, expenses or disbursements of the Issuer, applying such funds on behalf of and for the account of the Issuer to the acquisition of Eligible Investments as the Manager may select pending the application of such funds to the repayment of outstanding indebtedness of the Issuer or to the payment of

any costs, fees, expenses or disbursements of the Issuer; provided, however, that in making any such Eligible Investments, the Manager shall adhere to the requirements of the Program Agreements in all respects;

(ix) taking all other necessary and appropriate action to enable the Issuer to exercise its rights and perform its obligations in accordance with the provisions of any Program Agreement, including exercising rights of termination under Program Agreements and the enforcement of security or in respect of Eligible Investments;

(x) providing for the defense of any action, suit or proceeding brought against the Issuer or affecting the Issuer or any Issuer Property;

(xi) taking all such steps as may be necessary or appropriate to enable the Issuer to collect on any security relating to the Issuer Investment Interest;

(xii) determining, in accordance with the Financing Plan, when it is appropriate for the Issuer to enter into Derivative Agreements, selecting suitable counterparties thereto and negotiating the terms thereof in accordance with the terms of the Program Agreements;

(xiii) determining, in accordance with the Financing Plan, when it is appropriate for the Issuer to incur Funding Obligations, including the determination of applicable principal (or face amount), amortization/sinking fund schedule(s), interest rates (or rate of discount), interest payment frequency, issuance date and maturities of such Funding Obligations;

(xiv) ensuring that all Primary Obligations of the Issuer are and remain Approved Obligations;

(xv) making determinations under the Declaration of Trust regarding any distributions to beneficiaries of the Issuer;

(xvi) promptly providing the Issuer Trustee notice of the Perpetuity Date once determined;

(xvii) administering all activities of the Issuer in connection with the issuance, sale, payment, repurchase and redemption of Issuer Funding Obligations and the execution and performance by the Issuer of its obligations under the Program Agreements, including all reporting obligations, applying for and monitoring the ratings of any Issuer Funding Obligations and coordinating all aspects of obtaining and maintaining ratings from the Rating Agencies;

(xviii) preparing, executing and delivering, in accordance with the requirements of all applicable securities laws, any Offering Materials to be furnished by the Issuer to any dealer or prospective purchaser of Issuer Funding Obligations, in accordance with the Issuer's obligations to prepare such

Offering Materials under any Underwriting Agreement or Agency Agreement, and preparing amendments to or revising or updating information for such Offering Materials as required from time to time (it being understood that the Manager, as between it and the Issuer, shall not be responsible for the accuracy of any portion of the Offering Materials prepared from information obtained from any Person other than the Issuer and the Manager);

(xix) ensuring that all statements of the Issuer made in any Offering Materials or in connection with entering into any Program Agreement are at all times true and correct in all material respects (it being understood that the Manager, as between it and the Issuer, shall not be responsible for the accuracy of any portion of the Offering Materials prepared from information obtained from any Person other than the Issuer and the Manager);

(xx) arranging for compliance by the Issuer with any continuous disclosure obligations it may have under any applicable securities laws;

(xxi) preparing and filing all reports, certificates and other documents that are required to be prepared and filed pursuant to the Indenture in order to comply with Regulation AB and delivering all such reports, certificates and other documents to the Issuer, the Indenture Trustee and the Rating Agencies;

(xxii) arranging for the retention of legal counsel as may be necessary to perform for the Issuer the services necessary or appropriate to its organization or the conduct of its operations and all general services customarily provided by legal counsel;

(xxiii) arranging for the appointment, discharge and reappointment of an auditor of the Issuer and negotiating and fixing the fees of any such auditor;

(xxiv) arranging for the retention of an accounting firm and ensuring that proper books of account and complete records of all transactions of the Issuer undertaken or performed by it under the Program Agreements are maintained and rendering statements or copies thereof from time to time as requested by the Indenture Trustee and any issuing and paying agent, Lender or Credit Enhancer and co-operating in all audits of the Issuer;

(xxv) preparing, or arranging for the preparation of, all required financial statements of the Issuer;

(xxvi) preparing, procuring, delivering and filing, or causing to be prepared, procured, delivered or filed, any reports, attestations, exhibits, certificates or other documents required to be delivered or filed with the applicable securities regulator by the Issuer under the applicable securities or other applicable laws;

(xxvii) providing clerical and bookkeeping services necessary and appropriate for the Issuer relating to all transactions of the Issuer undertaken or performed by the Manager hereunder, and the Issuer's incurrence and repayment of Funding Obligations and other borrowings of money and maintaining and preserving records regarding the foregoing;

(xxviii) paying all taxes or assessments of whatever kind or nature imposed on the Issuer, and withholding and remitting all taxes required to be withheld and remitted by the Issuer under applicable laws, in each case, on behalf of and for the account of the Issuer and in accordance with the requirements of any applicable laws and subject to the payment priorities specified in the Program Agreements;

(xxix) preparing and filing, in accordance with the requirements of the Indenture and any applicable laws, all returns (including, for greater certainty, all returns, information returns, elections, designations, declarations, schedules, statements or supporting documents in relation thereto) required to be filed with any government authority, or prepared as support for any such filing, in connection with (A) the determination, assessment or collection of any taxes of the Issuer or taxes, or amounts on account of taxes, that the Issuer is required to withhold and remit by applicable laws, or (B) the administration of any laws, regulations or administrative requirements relating to taxes; and

(xxx) providing such other services as are incidental to the foregoing or as the Issuer and the Manager may agree.

(b) The Manager will not offer to enter into any Program Agreement:

(i) after the Manager receives a notice of termination pursuant to Section 7.1; or

(ii) if the entering into of the Program Agreement would violate any other Program Agreements.

(c) The Manager will not consent to or execute any material amendment of the Change of Law Process Agreement unless the Rating Agency Condition shall have been satisfied.

4.2 Issuer Investment Interest

The Manager will administer as agent for and on behalf of and for the account of the Issuer the following activities of the Issuer in connection with the acquisition and administration of the Issuer Investment Interest in accordance with the Program Agreements:

(a) enforcing the rights of the Issuer under the Program Agreements;

(b) seeking to protect the Issuer and the Specified Creditors from claims, actions or other proceedings of third parties that, if successfully pursued, would result in a breach of any representation by the IESO set forth in the Master Transfer and Servicing Agreement;

(c) executing and filing such filings, including filings under the PPSA, and causing such filings to be executed and filed, all in such manner and in such places as may be required by law to fully preserve, maintain, protect and perfect the ownership interest of the Issuer and the first priority security interest of the Indenture Trustee in the Issuer Investment Interest, including all filings required under the Act and the PPSA (and equivalent statutes in any applicable jurisdiction) relating to the transfer of the ownership of the rights and interest in the Issuer Investment Interest by the IESO to the Issuer or the pledge of the Issuer Investment Interest to the Indenture Trustee;

(d) maintaining accounts and records as to the Issuer Investment Interest accurately and in accordance with its standard accounting procedures and in sufficient detail to permit reconciliation between Servicer CEA Receipts and the Clean Energy Adjustment;

(e) instituting any Proceeding necessary to compel performance by the Board, the IESO, the Province of Ontario, the Indenture Trustee, the Issuer Trustee or any of their respective agents of any of their obligations or duties under the Act, the Regulations or any Program Agreement, as the case may be, and taking such legal or administrative actions, including defending against or instituting and pursuing legal actions and appearing or testifying at hearings or similar proceedings, in each case as may be reasonably necessary;

(f) seeking to block or overturn any attempts to cause a repeal of, modification of or supplement to the Act or the Regulations or the rights of holders of any Funding Obligations, by legislative enactment that would be materially adverse to the Issuer or the Specified Creditors or that would otherwise cause an impairment of the rights of the Issuer or the Specified Creditors; and

(g) instituting any Proceeding necessary to appeal or challenge the decision of a court that would be materially adverse to the Issuer or the Specified Creditors or that would otherwise cause an impairment of the rights of the Issuer or the Specified Creditors.

4.3 Implementation Plan

(a) The Manager will work with the IESO to develop on or before January 31, 2020 a written implementation plan identifying in reasonable detail the actions to be taken by the IESO and the Issuer in order to facilitate the Board, the Issuer, the IESO and the Electricity Vendors being prepared to perform their obligations under the Act and the Regulations when the setting, invoicing and collection of

Clean Energy Adjustments commences (the "**Implementation Plan**"). The Implementation Plan should include the following:

(i) a process and a schedule for contacting Electricity Vendors and providing instructions with respect to the establishment of a segregated account by each Electricity Vendor, the procedures for invoicing Clean Energy Adjustments, the identification, deposit and segregation of collections of Clean Energy Adjustments by Electricity Vendors and their remittance to the IESO;

(ii) the development of processes for the necessary exchanges of information with respect to Clean Energy Adjustments among the Board, the Issuer, the Manger, the IESO, Electricity Vendors and Specified Consumers;

(iii) procedures for the testing of the processes for the collection and remittance of Clean Energy Adjustment before February 28, 2021; and

(iv) target dates for the achievement of specified objectives under the Implementation Plan.

(b) The Manager will deliver the Implementation Plan to the Issuer and the Indenture Trustee on or before January 31, 2020.

(c) The Manager will deliver written progress reports on the status of the implementation of the Implementation Plan on or before June 30, 2020, October 31, 2020 and January 31, 2021.

4.4 Collection of Clean Energy Adjustments

(a) The Manager will as agent for and on behalf of the Issuer perform the following in connection with the collection of Clean Energy Adjustments:

(i) ~~(a)~~ review each ~~report delivered by the IESO under Section 3.4(b) of the Master Transfer and Servicing Agreement~~**Monthly Servicer Report** and make commercially reasonable efforts to resolve ~~the~~**any** failures and discrepancies ~~which~~**identified in such report that** have not been remedied or adequately explained by Electricity Vendors;

(ii) ~~(b)~~ institute any Proceeding necessary to compel performance by the Electricity Vendors of any of their obligations or duties under the Act and the Regulations including with respect to the invoicing, collection, receipt, remittance and reporting in respect of Clean Energy Adjustments; and

(iii) ~~(c) as the Manager determines necessary, review or caused to be reviewed,~~**commencing May 1, 2021 and** pursuant to its rights under Section 10(4) of the Regulations**:**

(A) **the Manager shall** review or caused to be reviewed, **on an annual basis or, subject to the satisfaction of the Rating Agency Condition, less frequently as may be determined by the Manager**, the records maintained by each Electricity Vendor with respect to Clean Energy Adjustments~~; provided that (i)~~ **, such review to include, in respect of each Electricity Vendor: (a) an assessment of compliance with the requirements imposed under the Act, (b) a reconciliation of CEA Consumer Invoice Amounts and Electricity Vendor CEA Collections, (c) a review of amounts deposited into the segregated account established for the purpose of receiving Clean Energy Adjustment amounts, and (d) a reconciliation of Servicer CEA Receipts and Electricity Vendor CEA Collections; and**

(B) if there is evidence of material non-compliance by an Electricity Vendor with its duties and obligations in respect of Clean Energy Adjustments, the Manager shall promptly review or cause to be reviewed the records of such Electricity Vendor as the Manager deems reasonably necessary to cause compliance by such Electricity Vendor; ~~(ii) the records of Electricity Vendors representing at least 75% of the annual aggregate energy consumption attributable to Specified Consumers shall be reviewed at least once every **[four (4)]** years;~~ and

(C) **the Manager shall notify each Rating Agency of any material non-compliance identified as a result of any review completed pursuant to this Section 4.4(a)**(iii)~~ the records of all Electricity Vendors shall be reviewed at least once every **[six (6)]** years~~.

4.5 Investment Interest Records

(a) The Manager will act as custodian of the Investment Interest Records as agent for and on behalf of and for the account of the Issuer, which are hereby constructively delivered to the Indenture Trustee, as pledgee of the Issuer with respect to the Issuer Investment Interest, and, in this regard, the Manager shall:

(i) hold the Investment Interest Records on behalf of the Issuer and the Indenture Trustee and maintain such accurate and complete accounts, records and computer systems pertaining to the Investment Interest Records as shall enable the Issuer and the Indenture Trustee, as applicable, to comply with the Program Agreements;

(ii) promptly report to the Issuer, the Indenture Trustee and the Rating Agencies any failure on its part to hold the Investment Interest Records and maintain its accounts, records and computer systems as herein provided and promptly take appropriate action to remedy any such failure;

(iii) maintain the Investment Interest Records at its offices at 700 University Avenue, Toronto, Ontario or at such other office as shall be specified to the Issuer and the Indenture Trustee by written notice at least 30 days prior to any change in location;

(iv) make available for inspection, audit and copying to the Issuer and the Indenture Trustee or their respective duly authorized representatives, attorneys or auditors the Investment Interest Records at such times during normal business hours as the Issuer or the Indenture Trustee shall reasonably request and that do not unreasonably interfere with the Manager's normal operations; and

(v) upon instruction from the Indenture Trustee in accordance with the Indenture or any other Person in accordance with another Program Agreement, release any Investment Interest Records to the Indenture Trustee, the Indenture Trustee's agent or the Indenture Trustee's designee, as the case may be, at such place or places as the Indenture Trustee may designate, as soon as practicable.

(b) Nothing in this Section 4.5 shall affect the obligation of the Manager to observe any applicable law prohibiting disclosure of information regarding Specified Consumers, and the failure of the Manager to provide access to such information as a result of such obligation shall not constitute a breach of this Section 4.5.

(c) Nothing in this Section 4.5 shall be deemed to require an initial review or any periodic review by the Issuer or the Indenture Trustee of the Investment Interest Records. The Manager's duties to hold the Investment Interest Records set forth in this Section 4.5, to the extent the Investment Interest Records have not been previously transferred to a successor Manager pursuant to Section 7.1, shall terminate one year and one day after the earlier of (i) the date on which the Manager is succeeded by a successor Manager in accordance with Section 7.1 and (ii) the day after the termination of the Indenture and payment in full of the Issuer Funding Obligations or any other amounts owed under the Indenture.

(d) The Manager shall, on or before the 25th Business Day following the end of each month (or if such day is not a Business Day, the first Business Day following such day), prepare and deliver to the Issuer Trustee and each Rating Agency a report substantially in the form of Exhibit B (a "Monthly Portfolio Report").

4.6 Payment of Other Issuer Fees and Expenses

The Manager in accordance with the Program Agreements may, at its option, pay from its own funds the fees and expenses properly incurred on behalf of the Issuer in the ordinary course of the Issuer's operations. To the extent such fees and expenses are paid by the Manager from its own funds, the Issuer will reimburse the Manager for such payments, subject to the payment priorities specified in the Program Agreements.

4.7 Delegation

In connection with the services to be provided or duties to be performed by it under this Agreement, the Manager may, subject to any limitation on delegation imposed by applicable law, by the Declaration of Trust or by the Issuer, engage or employ any Persons as employees, agents, representatives, independent contractors or otherwise, including, without limitation, banks, underwriters, accountants, investment advisers, tax advisers, insurance advisers, lawyers, appraisers, bankers, brokers, dealers, depositories, custodians, agents for collection or others in one or more capacities and any other advisers which the Manager deems advisable, and may delegate any of the powers and duties of the Manager to any such Persons upon such terms and conditions as it may determine. For greater certainty, the Manager shall remain liable and responsible for any of the powers and duties of the Manager which it delegates to a third party.

4.8 Annual Compliance Certificates

The Manager shall provide to the Issuer Trustee a certificate in the form of Exhibit A within 120 days after the end of each fiscal year of the Issuer confirming compliance with the matters referred to in such certificate. The Issuer shall be entitled to rely on such certificate for the period between the effective dates of two consecutive certificates certifying such compliance unless the Issuer has received written notice to the contrary.

4.9 Acknowledgment of Duties as Financial Services Manager

The parties hereto acknowledge that, for so long as Ontario Power Generation Inc. is the Financial Services Manager appointed under the Act, Ontario Power Generation Inc., in its capacity as the Financial Services Manager, will satisfy its obligations as Financial Services Manager in accordance with the Act and the Regulations, and, for greater certainty, its services and duties in this regard will include:

(a) preparing the Financing Plan and, in accordance therewith, evaluating whether Funding Obligations should be incurred by the Issuer for the purposes of acquiring an Investment Interest or refinancing maturing Issuer Funding Obligations;

(b) determining the Clean Energy Adjustment (inclusive of any True Up Amount) payable by Specified Consumers in respect of each month in a Reference Period;

(c) calculating the True Up Amount;

(d) notifying the Board of the Clean Energy Adjustment (inclusive of any True Up Amount) in respect of a Reference Period or such other period as prescribed by the Regulations and sending a copy of such notice, as required, to the Issuer, the Indenture Trustee and the Rating Agencies concurrently therewith; and

(e) if, for any reason any Clean Energy Adjustment is not implemented and effective in respect of the Reference Period set forth in the notice and commencing on the date required under the Act, notifying the Issuer, the Indenture Trustee and each Rating Agency by the end of the second Business Day after such applicable date.

ARTICLE 5
OTHER PROVISIONS RELATING TO THE DUTIES AND COMPENSATION

5.1 Standard of Care

The Manager will perform its duties hereunder (including, for so long as it is the Financial Services Manager, its duties as Financial Services Manager under the Act and the Regulations) diligently and in conformity with the Issuer's obligations under the Program Agreements and with the Act and the Regulations, as applicable, and honestly, in good faith and in the best interests of the Issuer and, in connection therewith, will exercise the degree of care, diligence and skill that a reasonably prudent Person would exercise in comparable circumstances (the "**Standard of Care**"). In carrying out its obligations hereunder, the Manager may rely upon the opinion or advice of or information obtained from any counsel, auditor, valuer or certificates from officers of any of the other parties to Program Agreements. Unless otherwise required by applicable law, the Manager will not be required to give bond, surety or security in any jurisdiction for the performance of any duties or obligations hereunder. The Manager will not be required to devote its entire time to its duties hereunder. Notwithstanding anything else to the contrary herein contained, nothing herein shall be interpreted or construed as an obligation of or on the part of the Manager, and the Manager shall not be liable or obligated, to pay or make any payment of, on or in respect of any debt, liability or obligation of the Issuer (including any payment of, on or in respect of any Issuer Funding Obligations or under any other Program Agreement), as agent for or on behalf of the Issuer or otherwise, except from the monies or funds of the Issuer which are made available to the Manager pursuant to this Agreement or the other Program Agreements for the purpose of such payment.

5.2 Compliance with Program Agreements; Conformity with Law

The Manager acknowledges that it has received copies of the Program Agreements, the Act and the Regulations in effect on the date hereof and is familiar with and understands the duties of the respective parties thereto or governed thereby, including those duties of the Issuer which are being delegated to the Manager hereunder. Notwithstanding anything herein to the contrary, the Manager shall perform its duties hereunder in a manner consistent with any applicable provisions of the Program Agreements in effect from time to time, and the Manager will not, in performing its obligations hereunder, take any action which it knows or ought reasonably to know would cause it or the Issuer to be in violation of any law, rule or regulation applicable to it. The Manager will use reasonable commercial efforts to comply with the terms applicable to the Issuer when acting on its behalf under all Program Agreements and will use reasonable commercial efforts in accordance with its Standard of Care to take such actions as would reasonably be expected to result in the representations and warranties given by the Issuer in any Program Agreement being true and correct in all material respects when made.

5.3 Liabilities

Except as provided in Section 5.6,

(a) the Manager will not be liable for any liabilities of the Issuer; and

(b) subject to the payment priorities specified in the Program Agreements, the Issuer agrees to indemnify, defend and hold harmless the Manager from and against any and all liabilities which may be imposed on, incurred by or assessed against the Manager as a result of any act or omission of the Issuer or the Manager under this Agreement or under any Program Agreement; provided that this Section 5.3(b) does not apply to the extent that in any circumstances there has been wilful misconduct **or gross negligence** of the Manager or its respective officers, employees or agents **or any failure to comply with the Standard of Care**.

To the extent that a liability is attributable solely to a single Series or a number of specific Series of Issuer Funding Obligations, the Manager will first exhaust its recourse against the assets available for recovery of such liability and designated to such Series of Issuer Funding Obligations. If such assets are insufficient to satisfy the indemnity set out in this Section 5.3, or if the liability is not attributable to a single Series or a number of specific Series of Issuer Funding Obligations, the liability will be satisfied on a pro rata basis as among the assets available for recovery of such liability and designated to all Issuer Funding Obligations.

Each party expressly disclaims any intention to create a partnership, and neither the Issuer nor the Manager will be deemed to be carrying on business in partnership by reason of its execution and delivery of this Agreement or the exercise or performance by it of its respective rights and obligations hereunder.

5.4 Compensation of the Manager

In consideration of and as compensation for all services provided and duties performed by the Manager pursuant to this Agreement, and so long as the Financial Services Manager is also the Manager, all services provided and duties performed by the Financial Services Manager, the Issuer will pay to the Manager, subject to the payment priorities specified in the Program Agreements, the Management Fees. The Management Fees are exclusive of any applicable sales taxes and the Issuer shall pay to the Manager the amount of any applicable sales taxes in addition to such fees.

5.5 Compensation of the Issuer

In consideration of the Issuer engaging in the activities contemplated by the Act, the Manager will pay to the Issuer, on a monthly basis, the sum of $10 per month for any month or part thereof that the Issuer is engaged in such activities (the "**Issuer Compensation**"). The Issuer Compensation is exclusive of any applicable sales taxes and the Manager shall pay to the Issuer the amount of any applicable sales taxes in addition to the Issuer Compensation.

5.6 Indemnification by Manager

(a) The Manager shall indemnify the Issuer and defend and hold harmless the Issuer from and against, any and all liabilities, obligations, losses, damages, payments and claims, and reasonable costs or expenses, of any kind whatsoever (collectively, "**Indemnified Losses**") imposed on, incurred by or asserted against the Issuer, as a result of (i) the failure of the Manager to perform its covenants and

other obligations under this Agreement or any other Program Agreement to which the Manager is a party; or (ii) the breach by the Manager of any of its representations or warranties under this Agreement or any other Program Agreement to which the Manager is a party and, except to the extent of Indemnified Losses resulting from the willful misconduct, bad faith or gross negligence of the Issuer, seeking indemnification hereunder; provided that, in each case, the Manager shall not be required to indemnify the Issuer for any amount paid or payable by the Issuer in the settlement of any Proceeding or investigation without the written consent of the Manager, which consent shall not be unreasonably withheld or delayed. Promptly after receipt by the Issuer of notice of the commencement of any Proceeding or investigation, the Issuer shall, if a claim in respect thereof is to be made against the Manager under this Section 5.6(a), notify the Manager in writing of the commencement thereof. Failure by the Issuer to so notify the Manager shall relieve the Manger from the obligation to indemnify and hold harmless the Issuer under this Section 5.6(a) only to the extent that the Manager suffers actual prejudice as a result of such failure. With respect to any Proceeding or investigation brought by a third party for which indemnification may be sought under this Section 5.6(a), the Manager shall be entitled to conduct and control, at its expense and with counsel of its choosing that is reasonably satisfactory to the Issuer, the defence of any such Proceeding or investigation (in which case the Manager shall not thereafter be responsible for the fees and expenses of any separate counsel retained by the Issuer except as set forth below); provided, that the Issuer shall have the right to participate in such Proceeding or investigation through counsel chosen by it and at its own expense. Notwithstanding the Manager's election to assume the defence of any Proceeding or investigation, the Issuer shall have the right to employ separate counsel, and the Manager shall bear the reasonable fees, costs and expenses of such separate counsel, if (i) the defendants in any such action include both the Issuer and the Manager and the Issuer shall have reasonably concluded that there may be legal defences available to it that are different from or additional to those available to the Manager, (ii) the Manager shall not have employed counsel reasonably satisfactory to the Issuer to represent the Issuer within a reasonable time after notice of the institution of such action, (iii) the Issuer shall have been advised by counsel to the Issuer that there may be a conflict of interest between the Manager and the Issuer, or (iv) the Manager authorizes the Issuer to employ separate counsel at the expense of the Manager. Notwithstanding the foregoing, the Manager shall not be obligated to pay for the fees, costs and expenses of more than one separate counsel for the Issuer other than one local counsel, if appropriate. The Manager will not, without the prior written consent of the Issuer, settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim or Proceeding in respect of which indemnification may be sought under this Section 5.6(a) (whether or not the Issuer is an actual or potential party to such claim or action) unless such settlement, compromise or consent includes an unconditional release of the Issuer from all liability arising out of such claim or Proceeding

(b) Indemnification under Section 5.6(a) shall survive any repeal of, modification of, or supplement to, or judicial invalidation of, the Act and shall survive the termination of this Agreement and will rank pari passu with other general, unsecured obligations of the Manager.

(c) Notwithstanding anything contained in this Agreement, it is expressly understood that the Manager is not agreeing to indemnify or hold the Issuer harmless with respect to any of the following:

(i) any losses resulting from any breach or failure to perform by the Manager caused by a breach or failure to perform on the part of any other third party under any Program Agreement, the Act or the Regulations; provided that this Section 5.6(c)(i) shall not apply to limit the liability of the Manager in respect of any delegation to a third party as provided for in Section 4.7.

(ii) any losses resulting from changes in law after the date hereof, whether such changes in law are effected by means of any legislative enactment or any final and non-appealable judicial decision, other than losses resulting solely from the Manager's failure to comply with Section 4.1(a)(xiv);

(iii) any losses resulting from the validity of the Change of Law Protection Agreement or the applicability thereof to the Province, the Issuer or the Indenture Trustee or any material part thereof being disaffirmed by or on behalf of the Province; or

(iv) any liability of the Issuer incurred after the termination of this Agreement unless attributable to the actions or omissions of the Manager prior to such termination **or in respect of a representation, warranty or covenant of the Manager that survives termination of this Agreement**.

(d) To the fullest extent permitted by applicable law, no Specified Creditor (other than the Indenture Trustee) will have any right to institute any proceeding, judicial or otherwise, or to make any claim for indemnification, with respect to this Agreement, or for the appointment of a receiver or trustee or similar official, or for any other remedy hereunder, except in accordance with Section 8.12 of the Indenture.

(e) The parties hereto agree that the Manager is not providing any representations, warranties or covenants in this Agreement, and shall have no liability to the Issuer, with respect to the collectability of the Clean Energy Adjustment or the Carrying Costs, or that the Clean Energy Adjustment amounts or Carrying Costs collected will be sufficient to satisfy the Issuer Funding Obligations.

(f) Notwithstanding anything contained in this Agreement, it is expressly understood that the Manager is not agreeing to indemnify or hold harmless the Issuer Trustee with respect to any liabilities resulting from the failure of the Issuer Trustee to satisfy the standard of care set out in the Declaration of Trust. Where the

Manager has assumed total defense of a claim, it shall agree to ensure that any settlement of such claim does not include any form of admission of liability on the part of the Issuer Trustee (in its personal capacity).

5.7 Contracting with Itself and Affiliates

In the exercise of its rights, duties and obligations, the Manager may, if it is acting in good faith, enter into, as Manager for the Issuer, agreements and other contracts to which the Manager, in its personal capacity, or an Affiliate of the Manager, is a party.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES

6.1 Representations of the Issuer

The Issuer represents and warrants to the Manager that (a) the execution, delivery and performance by the Issuer of this Agreement are within the powers of the Issuer and have been duly authorized by all necessary action on the part of the Issuer and do not contravene (i) the Program Agreements in effect on the date hereof or (ii) any law or contractual restriction binding on or affecting the Issuer and (b) this Agreement is a legal, valid and binding obligation of the Issuer, enforceable against the Issuer.

6.2 Representations of the Manager

The Manager represents and warrants to the Issuer that (a) the execution, delivery and performance by the Manager of this Agreement are within the powers of the Manager and have been duly authorized by all necessary action on the part of the Manager and do not contravene any law or contractual restriction binding on or affecting the Manager, (b) this Agreement is a legal, valid and binding obligation of the Manager enforceable against the Manager and (c) it is a resident of Canada for purposes of the *Income Tax Act* (Canada).

ARTICLE 7
TERMINATION AND RESIGNATION

7.1 Termination

The Manager shall not be entitled to resign as manager of the Issuer or to terminate this Agreement for so long as any Funding Obligations remain outstanding. The Manager's rights and obligations under this Agreement (other than under Sections 5.3, 5.4, 5.6 and 8.5) will terminate, if the Manager receives a termination notice from (i) the Issuer Trustee, with the consent of the Indenture Trustee, or (ii) the Indenture Trustee, subject to the terms and conditions of the Indenture, in each case, on the 30th day after receipt of such notice. Notwithstanding the foregoing, no termination shall be effective until a replacement manager that satisfies the Rating Agency Condition has been approved and has entered into a management agreement whereby the replacement manager agrees to assume, in substance, the obligations of the Manager hereunder. Upon the termination of its rights and obligations under this Agreement, the Manager will notify the Rating Agencies and, promptly and upon the request of the Issuer,

deliver to the Issuer all records (including Investment Interest Records) in the possession of the Manager relating to the performance of its services hereunder.

ARTICLE 8
MISCELLANEOUS

8.1 Acknowledgement of Indenture

The Manager (i) acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor under the Indenture and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Indenture, (ii) irrevocably authorizes and directs the Indenture Trustee on its behalf to take such action (including the execution and delivery of documents of subordination) as may be necessary or appropriate to further assure the priority arrangements provided for in the Indenture and (iii) appoints the Indenture Trustee as its agent for any and all such purposes.

8.2 Appointment of Manager as Attorney-in-Fact

Subject to any Program Agreement, the Issuer hereby irrevocably appoints the Manager as the Issuer's attorney-in-fact during the term of this Agreement, with full authority in the place and stead of and in the name of the Issuer or otherwise, including full power of substitution, from time to time in the Manager's discretion or as required by this Agreement, to take such actions on behalf of the Issuer as the Manager may deem necessary or advisable to comply with or effect the purposes of this Agreement and any Program Agreement including, without limitation, to execute any documents, instruments or certificates in connection therewith, to ask, demand, collect, sue for, recover, compound, receive and give acquittances and receipts for monies due or becoming due to the Issuer or otherwise owed thereto, to receive, endorse and collect any drafts or other instruments, documents and chattel paper in connection therewith, and to file any claims or take any action or institute any proceedings which the Manager may deem necessary or desirable for the collection thereof, or to enforce compliance with the terms and conditions of any Program Agreement.

8.3 Amendments and Waivers

(a) Subject to Section 8.3(b), this Agreement may be amended, supplemented, modified, restated or replaced from time to time by written instrument signed by the Issuer and the Manager. The Manager will forthwith after the execution of any such instrument by the Issuer and the Manager provide the Rating Agencies with a copy of such instrument.

(b) No provision of this Agreement may be amended, supplemented, modified, restated or replaced in any material respect without first obtaining the written consent of the Indenture Trustee in accordance with the Indenture and such amendment, supplement, modification or replacement will only be effective if the Rating Agency Condition has been satisfied.

(c) No waiver of any provision of this Agreement, nor consent to any departure by any party therefrom, shall in any event be effective unless the same shall be in

writing and signed by such party and such waiver or consent, if material, will only be effective if the Rating Agency Condition has been satisfied, and then said waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. The Manager will forthwith after the execution of any waiver by the Issuer and the Manager provide the Rating Agencies with a copy of such instrument. No failure on the part of any party to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof.

8.4 Withholding Rights

The parties hereto shall be entitled to deduct and withhold from amounts payable under this Agreement such amounts as each is required to deduct and withhold with respect to such payment under the *Income Tax Act* (Canada) or any provision of any applicable federal, provincial, territorial, state, local or foreign tax law. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes as having been paid to the recipient of the payment in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted in accordance with applicable law to the appropriate taxing authority.

8.5 No Petition

The Manager hereby agrees that it will not, prior to the date that is one year and one day after the termination of the Indenture and payment in full of the Issuer Funding Obligations and any other amounts owed under the Indenture, institute or encourage against the Issuer, or join or acquiesce in any institution against the Issuer of, any bankruptcy, reorganization, arrangement, insolvency, winding-up or liquidation proceedings, or other proceedings under any federal or provincial bankruptcy, insolvency or similar law in connection with any obligations relating to this Agreement or any of the other Program Agreements. The foregoing shall not limit the rights of the Manager to file any claim in or otherwise take any action with respect to any insolvency proceeding that was instituted against the Issuer by any Person other than the Manager.

8.6 Notice

All demands, notices and communications hereunder will be in writing (unless otherwise expressly provided herein) and will be personally delivered or transmitted electronically to:

(a) in the case of the Issuer:

Fair Hydro Trust
c/o Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario
M5G 1X6

Email: **FHT@opg.com**
Attention: **Vice President, Fair Hydro Plan**

with a copy to:

Computershare Trust Company of Canada
100 University Avenue, 11th Floor
Toronto, Ontario
M5J 2Y1

Email: **corporatetrust.toronto@computershare.com**
Attention: **Manager, Corporate Trust**

(b) in the case of the Manager:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario
M5G 1X6

Email: **FHT@opg.com**
Attention: **Vice President, Fair Hydro Plan**

or such other address or email address as may hereafter by furnished to each of the parties hereto in writing. Notices transmitted by facsimile will be deemed to have been received when delivered (with receipt confirmed).

8.7 Recourse to Issuer Trustee and the Issuer

Nothing contained herein will be deemed to cause the Issuer Trustee to be personally liable for any obligations of the Issuer hereunder, and the Manager will not seek any personal or deficiency judgment in respect of such obligations against the Issuer Trustee in its personal capacity; provided, however, that the foregoing will not in any way affect any rights that the Manager may have hereunder to (a) proceed against any Person with respect to the enforcement of any guarantee of, or collateral security for, payment of such obligations or (b) recover any funds, damages, expenses or costs as a result of fraud or misrepresentation by the Issuer Trustee in its personal capacity. The obligations hereunder are not binding upon the Issuer Trustee except in its capacity as trustee of the Issuer nor will resort be had to the property of the Issuer Trustee except where liability is expressly imposed on the Issuer Trustee in its personal capacity hereunder, but the Issuer Property will be bound hereby.

8.8 Severability

If one or more provision of this Agreement is for any reason whatever held invalid, such provision will be deemed severable from the remaining covenants, agreements and provisions of this Agreement and will in no way affect the validity or enforceability of such remaining provisions or the rights of any parties hereto.

8.9 Execution of Counterparts; Electronic Delivery

This Agreement may be executed in several counterparts, each of which when so executed shall be deemed to be an original and the counterparts together shall constitute one and the same instrument. Delivery of an executed signature page to this Agreement by any party by electronic transmission will be as effective as delivery of a manually executed copy of this Agreement by such party.

8.10 Governing Law

This Agreement will be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

8.11 Grant of Security Interest to Indenture Trustee; Acknowledgement of Rights of Indenture Trustee

The Manager hereby acknowledges and consents to any mortgage, pledge, assignment and grant of a security interest by the Issuer to the Indenture Trustee for the benefit of the Specified Creditors pursuant to the Indenture of any or all of the Issuer's rights hereunder. The Manager further acknowledges and agrees that, pursuant to the terms of the Indenture, if the Issuer fails to exercise any of its rights under this Agreement, including any right to be indemnified by the Manager pursuant to Section 5.6 of this Agreement, the Indenture Trustee shall be entitled, subject to the terms of the Indenture, to enforce such rights against the Manager directly on the Issuer's behalf.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective officers as of the day and year first above written.

FAIR HYDRO TRUST, by its sole trustee, COMPUTERSHARE TRUST COMPANY OF CANADA

as Issuer

By:
Name:
Title:

By:
Name:
Title:

ONTARIO POWER GENERATION INC.
as Manager

By:
Name:
Title:

By:
Name:
Title:

ACKNOWLEDGED AND ACCEPTED:

BNY TRUST COMPANY OF CANADA
as Indenture Trustee

By:
Name:
Title:

By:
Name:
Title:

EXHIBIT A

ANNUAL COMPLIANCE CERTIFICATE

TO: Computer Share Trust Company of Canada, (the "**Issuer Trustee**") in its capacity as issuer trustee of Fair Hydro Trust (the "**Issuer**")

Ontario Power Generation Inc., as manager (the "**Manager**") appointed by the Issuer Trustee under the Management Agreement dated December ■, 2017 between the Issuer Trustee and the Manager, and acknowledged and accepted by the Indenture Trustee (as amended, supplement, modified, restated or replaced from time to time, the "**Management Agreement**"), confirms, on behalf of the Issuer, the following:

(a) The books and records of the Issuer maintained by the Manager are current and accurate in all material respects.

(b) All debt obligations and expenses due and payable by the Issuer have been paid to date.

(c) All required filings with tax and regulatory authorities have been completed to date.

(d) All material statements and reports to be delivered by the Issuer under the Program Agreements have been delivered and all material statements and reports to be received by the Issuer under the Program Agreements have been received.

Capitalized terms used but not defined herein have the meanings given to them in the Management Agreement.

Dated this ■ day of ■, ■.

ONTARIO POWER GENERATION INC.

as Manager

By:
Name:
Title:

By:
Name:
Title:

EXHIBIT B

MONTHLY REPORT

[NTD: Form of monthly report is in progress and will include:

- **the amount of Monthly Carrying Costs received by the IESO under the MTSA;**
- **a copy of the Monthly Servicer Report delivered by IESO under the MTSA;**
- **the amounts paid for each series and class of note, broken down by principal and interest;**
- **the opening and closing balance of the notes of the various series;**
- **the opening and closing amounts in the various reserve accounts; and**
- **amounts paid by the Issuer to various other third parties (Manager fees, Issuer Trustee fees, etc.).]**

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Moved to	2
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Format changed	0

Total changes	122

COMPUTERSHARE TRUST COMPANY OF CANADA

as Issuer Trustee of

FAIR HYDRO TRUST

DECLARATION OF TRUST

Made as of December ■, 2017

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THIS DECLARATION OF TRUST is made as of December ■, 2017 by Computershare Trust Company of Canada, a trust company established under the laws of Canada (the "**Issuer Trustee**").

WHEREAS the Government of Ontario has enacted the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**") for the purpose of, among other things, ensuring that clean energy costs and clean energy benefits (each as defined in the Act) are fairly allocated among present and future Specified Consumers (as defined below);

AND WHEREAS the Issuer Trustee has determined, at the request of OPG, to establish a Trust (as defined below) for the purpose of carrying on the activities of a financing entity (as defined in the Act) as hereinafter described for the benefit of the Unitholders (as defined below);

NOW THEREFORE the Issuer Trustee hereby declares that it holds in trust as trustee the sum of TEN DOLLARS ($10.00) now contributed by it and all property of every nature and kind which it may acquire in its capacity as trustee of the Trust, and all income therefrom, for the benefit of the Unitholders, in accordance with and subject to the provisions of this Declaration of Trust.

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Declaration of Trust, the following terms have the following meanings:

"**Act**" has the meaning ascribed thereto in the Recitals.

"**Adjusted Redemption Price**" has the meaning ascribed thereto in subsection 4.1(3).

"**Affiliate**" means, with respect to any specified Person, any other Person controlling or controlled by or under common control with such specified Person. For the purposes of this definition, "**control**" when used with respect to any specified Person means the power to direct the management and policies of such specified Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, and the terms "**controlling**" and "**controlled**" have meanings correlative to the foregoing.

"**Agency Agreement**" means an agency agreement made between the Trust and one or more Persons acting on behalf of the Trust, providing for the sale and distribution of Notes on an agency basis.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are, or the office of the Indenture Trustee is, authorized or obligated by law, regulation or executive order to be closed.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement to be entered into between Her Majesty the Queen in Right of Ontario, as

represented by the Minister of Energy and the Minister of Finance, the Indenture Trustee and the Trust.

"**Claim**" has the meaning ascribed thereto in Section 7.3.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Trust and any other owner or owners of an Investment Interest.

"**Dealer**" means one or more Persons (other than the Issuer Trustee or the Manager) who have entered into an agreement with the Trust for the purpose of facilitating the sale and distribution of Funding Obligations.

"**Declaration of Trust**" means this declaration of trust.

"**Derivative Agreement**" means any agreement evidencing an interest rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into by the Trust in connection with or related to, and at the time of or prior to, the issuance of Funding Obligations or acquisition of Investment Interests by the Trust in accordance with and subject to the terms of the Program Agreements.

"**Designated Beneficiary**" has the meaning ascribed thereto in section 3.6.

"**Eligible Investments**" means investments permitted to be made by the Trust under the Indenture.

"**Excess Income on Redemption**" has the meaning ascribed thereto in subsection 11.1(2).

"**Funding Obligation**" means a payment obligation incurred by or on behalf of the Trust to fund its ownership of an Investment Interest or a payment obligation that meets such other criteria as may be prescribed by the Regulations.

"**GAAP**" or "**generally accepted accounting principles**" means generally accepted accounting principles in Canada.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" means the Independent Electricity System Operator, a statutory corporation without share capital established by the *Electricity Act, 1998*, SO, 1998.

"**IESO Security Agreement**" means the security agreement made by the IESO in favour of the Trust to secure certain of its obligations under the Master Transfer and Servicing Agreement.

"**Income of the Trust**" for any taxation year of the Trust means the net income for the year determined pursuant to the provisions of the ITA having regard to the provisions thereof which relate to the calculation of income for the purposes of determining the "taxable income" of a trust, without reference to paragraph 82(1)(b) and subsection 104(6) thereof, less any non-capital losses of the Trust carried forward from prior taxation years that are deductible in the taxation year, and taking into account such other adjustments as may be determined in the discretion of the Issuer Trustee; provided, however, that capital gains and capital losses will be excluded from the computation of net income.

"**Indenture**" means the master trust indenture to be entered into between the Trust and the Indenture Trustee.

"**Indenture Trustee**" means BNY Trust Company of Canada, a trust company existing under the laws of Canada and duly authorized to carry on the business of a trust company in all of the provinces and territories of Canada, as indenture trustee for the benefit of Specified Creditors under the Indenture.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act.

"**Issuer Trustee**" means Computershare Trust Company of Canada and any successor thereto appointed pursuant to Article 6.

"**ITA**" means the *Income Tax Act* (Canada) and the regulations promulgated thereunder.

"**Management Agreement**" means the management agreement to be entered into between the Manager and the Trust.

"**Manager**" means OPG, in its capacity as manager appointed under the Management Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement to be entered into between the Trust and the IESO.

"**MTSA Acknowledgement**" means the acknowledgement and indemnity agreement to be given by the IESO in favour of the Indenture Trustee.

"**Net Realized Capital Gains of the Trust**" for any taxation year means the amount, if any, by which the aggregate amount of the realized capital gains of the Trust for the year, calculated in accordance with the provisions of the ITA, exceeds the aggregate of: (i) the aggregate amount of any realized capital losses of the Trust for the year, calculated in accordance with the provisions of the ITA; and (ii) the amount determined by the Issuer Trustee in respect of any net capital losses of the Trust carried forward from prior

taxation years that are deductible in the taxation year; provided that in the discretion of the Issuer Trustee, the Net Realized Capital Gains of the Trust for a taxation year may be calculated without subtracting the full amount of the net capital losses of the Trust carried forward from prior years.

"**Net Realized Capital Gains of the Trust Allocated on Redemption**" has the meaning ascribed thereto in subsection 4.1(5).

"**New Holder**" has the meaning ascribed thereto in subsection 3.6(1).

"**Note**" or "**Notes**" means any note or notes of any class, series or tranche created pursuant to Supplemental Indentures and authenticated and delivered from time to time under the Indenture.

"**OPG**" means Ontario Power Generation Inc.

"**Person**" means any individual, corporation, limited liability company, unlimited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Government Authority.

"**Program Agreements**" means the Indenture, each Supplemental Indenture, this Declaration of Trust, the Management Agreement, the Master Transfer and Servicing Agreement, the MTSA Acknowledgement, each Transfer Notice, any Co-Owner Agreements, the IESO Security Agreement, the Change of Law Protection Agreement, the Notes, any derivative agreements, credit enhancement agreements, liquidity agreements, loan agreements, Underwriting Agreements, Agency Agreements and note purchase agreements and all other documents and certificates delivered in connection therewith.

"**Rating Agencies**" means, at any time, the credit rating agencies which at the request of the Trust are rating the Funding Obligations at such time.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Indenture.

"**Records**" means all contracts, books, records and other documents and information, including, without limitation, data and information, including any stored on computer-related or other electronic media, computer programs, data processing software and related property and rights, maintained with respect to, but solely to, the assets of the Trust.

"**Redemption Price**" has the meaning ascribed thereto in subsection 4.1(3).

"**Regulations**" means the regulations promulgated under the Act.

"**Specified Consumer**" has the meaning ascribed to the term "specified consumer" in the Act.

"**Specified Creditors**" has the meaning ascribed thereto in the Indenture.

"**Specified Unitholder**" means a Unitholder that is either: (a) a taxable Canadian corporation (as defined in subsection 89(1) of the ITA), or (b) a corporation that is exempt from tax under the ITA and in respect of which no amounts paid or payable from the Trust are subject to the special payments under Part VI the *Electricity Act, 1998* (Ontario).

"**Supplemental Indenture**" means any supplemental indenture to the Indenture.

"**Transfer**" has the meaning ascribed to the term "transfer" in the Act.

"**Transfer Notice**" means a Transfer Notice in respect of a Transfer substantially in the form of Exhibit A to the Master Transfer and Servicing Agreement and delivered pursuant to such Program Agreement.

"**Trust**" means Fair Hydro Trust, a trust established under the laws of the Province of Ontario pursuant to this Declaration of Trust.

"**Trust Activities**" means the activities of the Trust described in Section 2.1.

"**Trust Company**" means a federally or provincially established trust company licensed to carry on business in all provinces and territories of Canada and which is resident in Canada for purposes of the ITA.

"**Trust Property**" means, as of any particular time, all assets of the Trust and all property, real, personal or otherwise, tangible or intangible, which have been transferred, conveyed or paid to, or acquired by the Trust, including all income, earnings, profits and gains therefrom, and which at such time are owned or held by the Trust.

"**Underwriting Agreement**" means an agreement providing for the purchase of Notes from the Trust by one or more Persons as principals for the purpose of resale.

"**Unitholders**" means at any time, the holders at such time of one or more Units, and "**Unitholder**" means any such holder.

"**Units**" means the units of beneficial interest of the Trust authorized and issued hereunder as such and for the time being outstanding and entitled to the benefits hereof.

1.2 Interpretation

In this Declaration of Trust, unless otherwise expressly stated or the context otherwise requires:

(a) references to "herein", "hereby", "hereunder", "hereof" and similar expressions are references to this Declaration of Trust and not to any particular Article or Section of this Declaration of Trust;

(b) references to an "Article" or "Section" are references to an Article or Section of this Declaration of Trust;

(c) words importing the singular shall include the plural and vice versa, and words importing gender shall include the masculine, feminine and neuter genders;

(d) the use of headings is for convenience of reference only and shall not affect the construction or interpretation hereof;

(e) the words "includes" and "including", when following any general term or statement, are not to be construed as limiting the general term or statement to the specific items or matters set forth or to similar items or matters, but rather as referring to all other items or matters that could reasonably fall within the broadest possible scope of the general term or statement;

(f) references to any Person include such Person's successors and permitted assigns;

(g) any reference to a statute, regulation, policy, rule or instrument shall include, and shall be deemed to be a reference also to, all amendments made to such statute, regulation, policy, rule or instrument and to any statute, regulation, policy, rule or instrument that may be passed which has the effect of supplementing or superseding the statute, regulation, policy, rule or instrument so referred to;

(h) any reference to this Declaration of Trust or any other agreement, document or instrument shall be construed as a reference to this Declaration of Trust or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated or supplemented;

(i) in the event that any day on which any amount is to be determined or any action is required to be taken hereunder is not a Business Day, then such amount shall be determined or such action shall be required to be taken at or before the requisite time on the next succeeding day that is a Business Day; and

(j) unless otherwise specified, all references to "$" or "dollars" are to lawful currency of Canada.

1.3 Accounting Principles

Where the character or amount of any asset or liability or item of revenue or expense is required to be determined, or any consolidation or other accounting computation is required to be made for the purpose of this Declaration of Trust, such determination or calculation shall, to the extent applicable and except as otherwise specified herein or as the Issuer Trustee otherwise determines, be made in accordance with GAAP applied on a consistent basis.

1.4 References to Acts of the Trust

For greater certainty, where any reference is made in this Declaration of Trust to an act to be performed or not by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty by or with respect to either (i) the Trust; or (ii) the Issuer Trustee, such reference will be construed and applied for all purposes as if it referred to an act to be performed by or not, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty by or with respect to, the Issuer Trustee in its capacity as trustee of the Trust, and not in any other capacity.

ARTICLE 2
THE TRUST

2.1 Purpose and Activities of the Trust

The purpose of the Trust is to establish and carry on activities for the exclusive benefit of the Unitholders and to distribute the Trust Property upon termination of those activities by the Trust in accordance with Article 11. The Trust is permitted to engage in any activity, undertaking, transaction or event authorized or permitted by the Act (the "**Trust Activities**"), including:

(a) issuing Units;

(b) redeeming Units;

(c) acquiring, owning, holding, administering or entering into agreements regarding the acquisition and servicing of Investment Interests, along with certain other related assets;

(d) managing, selling, assigning, pledging and collecting amounts due on or otherwise deal with Investment Interests and the other related assets to be so acquired in accordance with the terms of the Program Agreements;

(e) negotiating, authorizing, executing, delivering, assuming the obligations under, and performing its duties under, the Program Agreements and any other agreement or instrument or document relating to the activities set forth in clauses (c) and (d) above; provided, that the Trust shall be permitted to incur additional indebtedness or other liabilities payable to service providers and trade creditors in the ordinary course of business in connection with the foregoing activities;

(f) filing with any applicable securities commission one or more prospectuses, offering memoranda or registration statements, and filing such applications, reports, irrevocable consents, appointments of attorney for service of process and other papers and documents necessary or desirable to register one or more series of Funding Obligations under the securities laws of any applicable jurisdiction;

(g) authorizing, executing, delivering, issuing and registering one or more series of Funding Obligations;

(h) making payments on the Funding Obligations;

(i) pledging its interest in Investment Interests and related assets to the Indenture Trustee in order to secure the Funding Obligations; and

(j) engaging in any lawful act or activity and exercise any powers permitted to trusts formed under the laws of the Province of Ontario that, in each case, are incidental to, or necessary, suitable or convenient for the accomplishment of the above-mentioned purposes.

The Trust shall engage only in any activities related to the foregoing purposes or required or authorized by the terms of the Program Agreements or other agreements referenced above.

2.2 Limitation on Certain Activities

Notwithstanding any other provision of this Declaration of Trust or the Management Agreement, at any time that any Funding Obligations remain outstanding, the consent of the Indenture Trustee shall be required for the Trust to:

(a) take any action to wind-up or dissolve the Trust; or

(b) institute any voluntary proceedings to be adjudicated bankrupt or insolvent, or consent to the institution of any bankruptcy or insolvency proceedings against it, or file a petition seeking or consent to any assignment, petition, application or proceeding under any applicable bankruptcy or insolvency law, or consent to the appointment of a receiver, liquidator, assignee, trustee or other similar official of the Trust or a substantial part of its property, or make any assignment for the benefit of creditors, or admit in writing its inability to pay its debts generally as they become due, or take any similar action in respect of the Trust.

2.3 Name and Head Office

The English form of the name of the Trust is “Fair Hydro Trust” and the French form of the name of the Trust is “Fiducie pour des frais d’électricité équitables”. The Trust may use and may be legally designated by either the English form or the French form of its name. Should the Issuer Trustee determine that the use of such name is not practicable, legal or convenient, it may use such other designation or adopt such other name for the Trust as it deems proper and the Trust may hold property and conduct the Trust Activities under such other designation or name. The head office, chief executive office, chief place of business and situs of administration of the Trust will initially be situated at the offices of the Issuer Trustee situated at 100 University Avenue, 11th Floor, Toronto, Ontario M5J 2Y1.

2.4 Nature of the Trust

The Trust is an unincorporated open-ended unit trust established for the purposes specified in Section 2.1. The Trust shall be governed by the general law of trusts, except as such general law of trusts has been or is from time to time modified, altered or abridged for the Trust by:

(a) applicable laws and regulations or other requirements imposed by applicable securities or other regulatory authorities, including the Act and Regulations; and

(b) the terms, conditions and trusts set forth in this Declaration of Trust.

The beneficial interest and rights generally of the Unitholders in the Trust shall be limited to the right to participate in distributions when and as declared by the Issuer Trustee and distributions upon the termination of the Trust. The Trust is not and is not intended to be, shall not be deemed to be and shall not be treated as a general partnership, limited partnership, syndicate, association, joint venture, company, corporation or joint stock company nor shall the Issuer Trustee or the Unitholders or any of them for any purpose be, or be deemed to be treated in any way whatsoever to be, liable or responsible hereunder as partners or joint venturers. The Issuer Trustee shall not be, or be deemed to be, an agent of the Unitholders. The relationship of the Unitholders to the Issuer Trustee, to the Trust and to the Trust Property shall be solely that of beneficiaries in accordance with this Declaration of Trust.

2.5 Rights of Unitholders

No Unitholder shall be entitled to call for any partition or division of the Trust Property or for a distribution of any particular asset forming part of the Trust Property or of any particular monies or funds received by the Issuer Trustee. The legal ownership of the Trust Property and the right to conduct the activities of the Trust are vested exclusively in the Issuer Trustee, and no Unitholder has or is deemed to have any right of ownership in any of the Trust Property, except as specifically provided herein. Except as specifically provided herein, no Unitholder or Unitholders shall be entitled to interfere with or give any direction to the Issuer Trustee with respect to the affairs of the Trust or in connection with the exercise of any powers or authorities conferred upon the Issuer Trustee under this Declaration of Trust. The Units shall be personal property and shall confer upon the holders thereof only the interest and rights, and impose upon the holders thereof only those liabilities and obligations, specifically set forth in this Declaration of Trust.

ARTICLE 3
UNITS

3.1 Nature of Units

The beneficial interests in the Trust shall be divided into a single class of Units. Each Unit represents an equal undivided beneficial interest in any distributions by the Trust, whether of Income of the Trust, Net Realized Capital Gains of the Trust (other than Net Realized Capital Gains of the Trust Allocated on Redemption to redeeming Unitholders), or other amounts, and, in the event of termination or winding up of the Trust, in the net assets of the Trust remaining

after satisfaction of all liabilities. All Units rank equally among themselves and rateably without discrimination, preference or priority. Each Unit will entitle the Unitholder of record thereof to one vote at all meetings of the Unitholders or in respect of any written resolution of the Unitholders. Each Unit, when issued, shall vest indefeasibly in the holder thereof.

The number of Units which the Trust may issue is unlimited. The issued and outstanding Units may be subdivided or consolidated from time to time by the Issuer Trustee without notice to or approval of the Unitholders. Unless the Issuer Trustee determines otherwise, immediately after any *pro rata* issuance of additional Units to all Unitholders pursuant to subsection 11.3(3), the number of outstanding Units will automatically be consolidated such that each such holder will hold after the consolidation the same number of Units as such holder held before the issuance of additional Units.

3.2 Consideration of Units

A Unit will not be fully paid until the consideration therefor has been received in full by or on behalf of the Trust. The consideration for any Unit will be paid in money or in property (including, without limitation, a debt instrument issued to the Trust) or in past services received by the Trust that are not less in value than the fair equivalent of the money that the Trust would have received if the Unit had been issued for money. In determining whether property or past services are the fair equivalent of consideration paid in money, the Issuer Trustee may take into account reasonable charges and expenses of organization and reorganization and payments for property and past services reasonably expected to benefit the Trust. In no case will a Unit be issued to a Designated Beneficiary.

3.3 No Pre-Emptive Rights

No Person shall be entitled, as a matter of right, to subscribe for or purchase any Units of the Trust. There are no pre-emptive rights attaching to the Units.

3.4 Fractional Units

If as a result of any act of the Issuer Trustee hereunder, any Person becomes entitled to a fraction of a Unit, such Person will not be entitled to receive a certificate therefor. Fractional Units will not, except to the extent that they may represent in the aggregate one or more whole Units, entitle the holders thereof to notice of or to attend or to vote at meetings of the Unitholders. Subject to the foregoing, such fractional Units will have attached thereto the rights, restrictions, conditions and limitations attaching to whole Units in the proportion that they bear to a whole Unit.

3.5 Allotment and Issue

Subject to Section 3.6, the Issuer Trustee may allot and issue Units at such time or times and in such manner (including pursuant to any plan from time to time in effect relating to reinvestment by the Unitholders of distributions of the Trust in Units) and to such Person, Persons or class of Persons as the Issuer Trustee in its sole discretion will determine. The price or the value of the consideration for which Units may be issued and the terms and conditions of issuance of the Units will be determined by the Issuer Trustee in its sole discretion. Not

restricting the generality of the foregoing, the Issuer Trustee may accept amounts received from a Unitholder as a prepayment in respect of the obligation of the Unitholder to pay all or any part of the subscription price of Units to be issued at a later date by the Issuer Trustee. In such circumstances, such prepayment will form part of the Trust Property. In the event that Units are issued in whole or in part for a consideration other than money, the resolution of the Issuer Trustee allotting and issuing such Units will express the fair equivalent in money of the other consideration received.

3.6 Prohibited Issuances and Transfers

(1) Notwithstanding any other provision in this Declaration of Trust, at no time, may Units be issued or transferred to a Person who would be a "designated beneficiary" within the meaning of Part XII.2 of the ITA ("**Designated Beneficiary**"), and the Issuer Trustee will not accept a subscription for Units from, or issue or register a transfer of Units to, a Person unless the Person provides a declaration to the Issuer Trustee that it would not be a Designated Beneficiary and covenants to maintain such representation true for as long as it continues to hold one or more Units. If, notwithstanding the foregoing, the Issuer Trustee determines that a Person has purported to become or remain a Unitholder in breach of the above mentioned declaration or covenant, or if the Unitholder fails to provide, upon request, a declaration in form and content satisfactory to the Issuer Trustee that it is not a Designated Beneficiary, (i) the Issuer Trustee will require such Person to dispose of the Units within a specified period not to exceed 60 days to a Person who does not contravene the above mentioned limitation on ownership ("**New Holder**"), and (ii) effective immediately prior to the breach, such Person will be deemed to have ceased to be a holder of such Units, the voting and distribution rights attached to such Units will be suspended and such Units will be deemed not to be outstanding until acquired by a New Holder (provided that holders of other Units will not be entitled to any portion of the distributions that may have been paid in respect of Units that have been so deemed not to be outstanding) and such Person's rights in respect of such Units will be limited to receiving the net proceeds of the sale thereof. If such Person has not, within such period, sold such Units or provided the Issuer Trustee with a declaration in form and content satisfactory to the Issuer Trustee that it is not a Designated Beneficiary, the Issuer Trustee may sell such Units on behalf of such Person (and the Issuer Trustee will have the power of attorney of such Person to do so), and such Person's rights in respect of such Units will be limited to receiving the net proceeds of sale upon surrender of the certificates representing such Units.

(2) Subject to this section 3.6, and until the Issuer Trustee will have been required to do so under the terms hereof, the Issuer Trustee will not be bound to do or take any proceeding or action with respect to this section 3.6 by virtue of the powers conferred on it hereby. The Issuer Trustee will have the sole right and authority to make any determination required for the administration of the provisions of, or contemplated under this section 3.6, and without limiting the generality of the foregoing, if the Issuer Trustee considers that there are reasonable grounds for believing that a contravention of the above mentioned limitation on ownership has occurred or may occur, the Issuer Trustee will make a determination with respect to the matter. Any such determination will be conclusive, final and binding for the purposes of this section 3.6 except to the extent

modified by any subsequent determination by the Issuer Trustee. The Issuer Trustee may require declarations as to whether a Unitholder is a Designated Beneficiary or as to factual information that will enable the Issuer Trustee to determine whether a Unitholder or a prospective transferee of a Unit may be a Designated Beneficiary. In any situation where it is unclear whether Units may be held by a Person who may be a Designated Beneficiary, the Issuer Trustee may exercise its discretion in determining whether such Person is or is not a Designated Beneficiary, and any such exercise by it of its discretion will be binding for the purposes of this section 3.6.

3.7 Liability of Unitholders

No Unitholder of the Trust, in its capacity as such, will incur or be subject to any liability, direct or indirect, absolute or contingent, in contract or in tort or of any other kind, to any Person in connection with: (i) the Trust Property or the ownership, use, operation, acquisition or disposition thereof or exercise or enjoyment of the rights, privileges, conditions or benefits attached thereto, associated therewith or derived therefrom; (ii) the obligations, liabilities, activities or affairs of the Trust; (iii) any actual or alleged act or omission of the Issuer Trustee or any other Person in respect of the activities or affairs of the Trust (whether or not authorized by or pursuant to this Declaration of Trust); (iv) any actual or alleged act or omission of the Issuer Trustee or any other Person in the performance or exercise, or purported or attempted performance or exercise, of any obligation, power, discretion or authority conferred upon the Issuer Trustee or such other Person in respect of the activities or affairs of the Trust (whether or not authorized by or pursuant to this Declaration of Trust); (v) any transaction entered into by the Issuer Trustee or by any other Person in respect of the activities or affairs of the Trust (whether or not authorized by or pursuant to this Declaration of Trust); or (vi) any taxes, levies, imposts or charges or fines, penalties or interest in respect thereof payable by the Trust or by the Issuer Trustee or by any other Person (except the Unitholders to the extent required by applicable tax laws) on behalf of or in connection with the activities or affairs of the Trust. No Unitholder will be liable to indemnify the Issuer Trustee or any other Person with respect to any such liability or liabilities incurred by the Issuer Trustee or by any such other Person or Persons or with respect to any taxes payable by the Trust or by the Issuer Trustee or any other Person on behalf of or in connection with the Trust. To the extent that any such liabilities of the Unitholders may arise, they will be enforceable only against, and will be satisfied only out of, the Trust Property to the full extent of such liability and the costs of any litigation or other proceedings in which such liability will have been determined, including without limitation, the fees and disbursements of counsel.

ARTICLE 4
REDEMPTION OF UNITS

4.1 Redemption of Units

Each Unitholder will be entitled to require the Trust to redeem at any time and from time to time at the demand of such Unitholder all or any part of the Units held by such Unitholder as follows:

(1) The Unitholder will give notice in writing to the Trust at its head office of its intention to redeem Units and the number of Units to be redeemed.

(2) Upon receipt by the Trust of such notice from the Unitholder to redeem Units, the Unitholder will be entitled to receive, subject to subsection 4.1(3), an amount equal to the aggregate fair market value of such Units immediately before the redemption (the "**Redemption Price**") established by the Issuer Trustee, acting reasonably, payable by certified cheque or via wire transfer of funds.

(3) In the event that the Trust has insufficient funds to make the payment required pursuant to subsection 4.1(2) or such payment is restricted under the terms of the Indenture, the Trust will satisfy the Redemption Price, subject to compliance with any regulatory requirements, by either issuing a promissory note to the Unitholder, which note shall have a principal amount equal to the Redemption Price and such other terms as is determined at the time of issuance by the Issuer Trustee, or by distributing to the redeeming Unitholder *in specie* a proportionate amount of the Trust Property, the fair market value of which, as determined by the Issuer Trustee, acting reasonably, is equal to the Redemption Price. In the event that property is distributed *in specie*, the amount of Net Realized Capital Gains of the Trust Allocated on Redemption as contemplated by subsection 4.1(5) payable in connection with the redemption of Units shall be payable to the Unitholder in kind, and to the extent of the amount thereof, the Redemption Price of the Units being redeemed shall be reduced accordingly (the "**Adjusted Redemption Price**").

(4) Upon satisfaction of the Redemption Price or the Adjusted Redemption Price, as the case may be, the redeeming Unitholder will not be entitled to any rights or benefits, including voting and the right to receive distributions, in connection with the Units redeemed.

(5) Where the Trust distributes Trust Property *in specie* as contemplated in subsection 4.1(3), the Issuer Trustee shall designate and pay to the redeeming Unitholder such part of the Net Realized Capital Gains of the Trust as is realized by the Trust in connection with such *in specie* distribution, provided that the amount of the Net Realize Capital Gains on the Trust so allocated shall not exceed the amount, if any, by which the Redemption Price of the particular Units being redeemed exceeds the aggregate adjusted cost base of such Units to the Unitholder for the purpose of the ITA immediately before the redemption (the "**Net Realized Capital Gains of the Trust Allocated on Redemption**"). If the total Net Realized Capital Gains of the Trust Allocated on Redemption determined by the Issuer Trustee pursuant to the preceding sentence for all redeeming Unitholders in any taxation year exceeds the Net Realized Capital Gains of the Trust for that year, the Net Realized Capital Gains of the Trust for that taxation year shall be allocated rateably to all redeeming Unitholders for the year based on the Net Realized Capital Gains of the Trust Allocated on Redemption as otherwise determined pursuant to the preceding sentence. The Net Realized Capital Gains of the Trust Allocated on Redemption designated and paid on the redemption of Units as determined under this subsection shall be deemed to be a distribution of Net Realized Capital Gains of the Trust for the particular taxation year in which the redemption occurs. If the Issuer Trustee is required to deduct or withhold an amount from such distribution, the Unitholder shall make the cash payment

described in Section 11.7 to the Issuer Trustee on or prior to the date the Units are to be redeemed.

ARTICLE 5
RIGHTS AND POWERS OF ISSUER TRUSTEE

5.1 General Rights and Powers

Subject to the specific restrictions and limitations set forth in this Declaration of Trust and notwithstanding the provisions of the *Trustee Act* (Ontario) or any other similar legislation in any jurisdiction, the Issuer Trustee will have, without the necessity of authorization by, and free from any power or control on the part of, the Unitholders, full, exclusive and absolute power, control and authority over the Trust Property and the Trust Activities to the same extent as if the Issuer Trustee were the sole and absolute owner thereof in its own right including, without limitation, such power, control and authority to do all such acts and things as in its sole judgment and discretion are necessary, incidental or desirable for carrying on the Trust Activities in accordance with the Program Agreements with such powers of delegation as may be permitted by this Declaration of Trust, including the right, power and authority to amend this Declaration of Trust subject to and in accordance with the terms hereof and to appoint, employ or contract with any Person as the Issuer Trustee may deem necessary, appropriate or desirable for the transaction of the Trust Activities, including for the administration of the Trust. The Issuer Trustee shall exercise the functions of the trustee of the Trust in Ontario, Canada. For greater certainty, the powers of the Issuer Trustee that may be exercised as aforesaid include the powers set forth in Section 5.2 to and including Section 5.18. The enumeration of any specific power or authority in this Declaration of Trust will not be construed as limiting the aforesaid power or authority or any other specific power or authority. Subject only to the express limitations contained in this Declaration of Trust, every discretion or power hereby conferred on the Issuer Trustee is an absolute and uncontrolled discretion or power.

5.2 Acquisition of Assets and Deposit of Funds

Subject to Section 2.1, the Issuer Trustee will have the power to acquire Investment Interests in accordance with the Program Agreements. Subject to compliance with the terms of the Program Agreements, the Issuer Trustee will have the power to deposit any money forming part of the Trust Property with any bank (which bank may be an Affiliate of the Issuer Trustee) licensed under the laws of Canada or any trust company (which includes the Issuer Trustee) licensed under the laws of any province of Canada and to withdraw such deposits in accordance with the Program Agreements. The Issuer Trustee will have no liability for any loss which may occur by reason of the failure of any depository with whom such money has been deposited or for the depreciation of any investment.

5.3 Legal Title and Custody

The Issuer Trustee will have the power to cause any and all Trust Property to be held by and/or registered in the name of any Person.

5.4 Disposition of Trust Property

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power to sell, convey, transfer and assign all Trust Property free and clear of any and all trusts hereby established, at public or private sale, for cash or on terms, with or without advertisement and subject to such restrictions, stipulations, agreements and reservations as it may deem proper.

5.5 Management of Trust Property

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power to own, manage, use, invest and hold the Trust Property (including, without limitation, the power to make investments in Eligible Investments) and to enter into agreements in respect of the Trust Property or its use including, without limitation, agreements to modify, amend, extend, renew or terminate any grant or agreement relating to the Trust Property and to waive compliance with any of the terms and conditions thereof, all, in each case, without the approval of or notice to the Unitholders.

5.6 Power to Borrow Money and Issue Funding Obligations

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power to:

(a) borrow or in any other manner raise money and to evidence the same by the issuance of Funding Obligations, by private placement, public offering or otherwise;

(b) reacquire or redeem Funding Obligations;

(c) execute and deliver any trust indenture or supplement thereto, security agreement, mortgage, pledge, hypothec, assignment or other instrument to secure Funding Obligations, and amendments, modifications, restatements or replacements thereof, whether by fixed or floating charge or by assignment or by the granting of a security interest, free and clear of any and all trusts hereby established and, in lieu of or in addition to granting any security, to grant to any Person a negative pledge whereby the Issuer Trustee agrees not to encumber any Trust Property and such other covenants as may be consistent with those set out in the Program Agreements or as may otherwise be specified by any applicable Rating Agency in accordance with the foregoing; and

(d) execute and/or deliver any agreement, instrument, certificate, direction or other document necessary or desirable in order to permit or give effect to the provisions of this Section 5.6, including, without limitation, prospectuses, offering memoranda, regulatory filings, dealer agreements, Underwriting Agreements, Agency Agreements, subscription agreements, letters of representation, consent letters, and any instruments ancillary thereto.

5.7 Derivative Agreements

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power to enter into Derivative Agreements in connection with or related to the borrowing or other raising of money by the Issuer Trustee or the purchase or ownership of Investment Interests, provided that such Derivative Agreements may be entered into only at or prior to the time that such securities are sold, or such borrowing, other raising of money or purchase takes place, as applicable, or as otherwise expressly permitted in the Management Agreement; provided, however, that amendments, modifications or novations of or to a Derivative Agreement may be entered into at any time after the original Derivative Agreement was executed.

5.8 Execution of Instruments

Every deed, transfer, assignment, hypothec, agreement, certificate, direction, instrument, prospectus, or any other document which is necessary or desirable to be executed by the Trust, including, without limitation, any document evidencing Funding Obligations or relating to the issuance of Funding Obligations, will be signed on behalf of the Trust by the Issuer Trustee or its duly appointed agent, including the Manager.

5.9 Facsimile Signatures

The Issuer Trustee may authorize the use of facsimile signatures on the documents evidencing Funding Obligations, provided, however, that where facsimile signatures are so used, documents evidencing Funding Obligations will be manually countersigned or certified by a transfer agent, trustee, registrar or similar Person. If a Funding Obligation contains a printed or mechanically reproduced signature of a Person, the Issuer Trustee may issue the Funding Obligation notwithstanding that the Person has ceased to be a director, officer or signing officer of the Issuer Trustee, and the Funding Obligation will be as valid as if the Person were a director, an officer or a signing officer at the date of its issue.

5.10 Taxes

The Issuer Trustee will have the power to pay all taxes or assessments of whatever kind or nature imposed upon the Issuer Trustee and/or the Trust in connection with the Trust Property or the Trust Activities or upon or against the income from the Trust Activities or any part thereof, to settle and compromise disputed tax liabilities and, for the foregoing purposes, to make such returns and do all such other acts and things as may be deemed by the Issuer Trustee necessary or desirable. The Issuer Trustee will have the power to deduct and remit any taxes which are required by law to be deducted and remitted from any payment made by the Issuer Trustee under any Program Agreements or otherwise.

5.11 Collection

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power to:

(a) collect, receive, give receipts for and sue for all sums of money or other property due to the Trust;

(b) consent to extensions of time for payment of, or the renewal of, any securities or obligations of the Trust;

(c) engage or intervene in, prosecute, defend, compound, compromise, abandon or adjust by arbitration or otherwise deal with or settle any actions, suits, proceedings, disputes, claims, demands or things relating to the Trust Property or the Trust Activities;

(d) exercise any and all remedies available to it under any Program Agreements or otherwise, including any power of foreclosure or sale available to the Issuer Trustee at law or pursuant to any agreement and, in connection with any such foreclosure or sale, to purchase or otherwise acquire title to any property and to convey good title thereto free of any and all trusts hereby established, or to take or retake possession of any property secured or unsecured thereunder or such other security;

(e) extend the time, with or without security, for the payment or delivery of any debts or property and to execute and enter into releases, agreements and other instruments; and

(f) pay or satisfy any debts or claims upon any evidence that the Issuer Trustee determines to be sufficient.

5.12 Expenses and Compensation of Issuer Trustee

(a) The Issuer Trustee will have the power to incur and make payment of any charges or expenses which in the opinion of the Issuer Trustee are necessary or incidental to or proper for carrying out any of the purposes of this Declaration of Trust and the Trust Activities, and to pay appropriate compensation or fees from the Trust Property to Persons with whom the Trust has contracted or transacted business including, without limitation, any charges, expenses, compensation or fees payable under or in connection with the Program Agreements.

(b) The Issuer Trustee will be entitled to be paid from the funds of the Trust, without any requirement of a passing of accounts in respect thereof or approval of the Unitholders, such fees as the Issuer Trustee and the Manager may agree to from time to time for its services hereunder and all reasonable expenses, disbursements and advances incurred or made by the Issuer Trustee in the administration or execution of the trusts hereby created (including the reasonable compensation and the disbursements of its counsel and all other advisers and assistants not regularly in its employ) until all the duties of the Issuer Trustee under the trusts hereby created shall be finally and fully performed, except any such expense, disbursement or advance as may arise from or in connection with the dishonesty, bad faith, wilful misconduct, negligence or reckless disregard of any duty or the failure to comply with the standard of care referred to in Section 7.1 by the Issuer

Trustee, its officers, employees or agents. All such amounts will be payable at such times as the Issuer Trustee and the Manager may agree from time to time. All such amounts shall be exclusive of any applicable taxes and any applicable taxes shall be paid to the Issuer Trustee in addition to such amounts. Any amount not paid when due shall bear interest at a rate per annum equal to the rate designated by the Issuer Trustee as the then current rate charged by the Issuer Trustee or its successors from time to time to its corporate customers, payable on demand. After default and unless otherwise provided in the Indenture and any documents contemplated thereunder, all amounts so payable and the interest thereon shall be payable out of any funds coming into the possession of the Issuer Trustee or its successors in the trusts hereunder in priority to any payments to other Specified Creditors.

5.13 Allocation

The Issuer Trustee will have the power to determine conclusively whether money or other assets received by the Trust or expenses or disbursements made by the Trust will be charged or credited to income or capital or allocated between income and capital, provided, however, that such determination will not be inconsistent with calculation of income in accordance with the ITA at the time the determination is made.

5.14 Fiscal Year and Form of Accounts

The fiscal year of the Trust will end on December 31. The Issuer Trustee will have the power to determine and from time to time change the method or form in which the accounts of the Trust will be kept, provided such method or form reasonably complies with Canadian generally accepted accounting principles as applicable from time to time.

5.15 Power to Contract

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power to appoint, employ or contract with any Person as the Issuer Trustee may deem necessary or desirable for the transaction of the Trust Activities and may transfer assets to such Person and, save and except for such matters as are listed in Section 2.2, delegate to such Person any or all of the discretionary powers given to the Issuer Trustee with respect to the management of the Trust Property. Without in any way limiting the generality of the foregoing, the Issuer Trustee will have the power to:

(a) enter into, execute, deliver, perform the obligations of the Trust under, and grant security as provided for in, the Program Agreements;

(b) appoint, employ or contract with the Manager or any other Person who, under the supervision of the Manager, may, among other things: (i) furnish and supervise or cause to be furnished and supervised the performance of the clerical and administrative services necessary to the administration of the Trust and the Trust Property including, without limitation, the provision of office space, office equipment and personnel for the performance of such services, property management, administration and servicing, the maintenance of documents, books

and Records for the Trust (including those described in Section 8.1), the receipt and disbursement of Trust Property, the servicing and payment of debt and other obligations and generally all matters relating to the obtaining of and the administration and servicing of Trust Property, including, without limitation, as provided in the Management Agreement; (ii) serve as an advisor to the Issuer Trustee, furnish reports to the Issuer Trustee and provide research, economic and statistical data in connection with the Trust Activities; (iii) act as consultant, accountant, correspondent, lender, technical advisor, counsel, broker and dealer, underwriter, fiscal agent, corporate fiduciary, escrow agent, depository, custodian or agent for collection from obligors, loan administrator, appraiser, bank, insurer or insurance agent, transfer agent or registrar or issuing and paying agent for Funding Obligations or in any other capacity deemed by the Issuer Trustee necessary or desirable; (iv) act as attorney or agent in the purchase or sale or other disposition of the Trust Property or the property secured thereby and the handling, prosecution or settling of any claims of the Trust and assist in the performance of such functions necessary in the management of the Trust as may be agreed upon with the Issuer Trustee; and (v) execute and deliver the Program Agreements. For greater certainty, the appointment by the Issuer Trustee of the Manager under the Management Agreement will, where applicable, be deemed to constitute adequate supervision by the Issuer Trustee for purposes of the *Trustee Act* (Ontario) and this Declaration of Trust of any Person thereby engaged in connection with the foregoing activities; and

(c) investigate, select and conduct negotiations with Persons acting in the capacities referred to in Section 5.15(b) and pay appropriate fees to, and enter into appropriate contracts with, employ or retain the services of, any of them in connection with the Trust Property or property secured thereby, other assets and any security related thereto funded, acquired, sold or otherwise disposed of, or committed, negotiated or contemplated to be funded, acquired, sold, or otherwise disposed of in connection with Funding Obligations.

5.16 Indemnification

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power to indemnify or enter into agreements with respect to indemnification with any Person with whom the Issuer Trustee or the Trust deals to such extent as the Issuer Trustee determines necessary or desirable.

5.17 Further Powers

Subject to Section 2.1, the Issuer Trustee will have the power to perform and do all such other acts and things and to execute itself (or have executed by any Person appointed by it pursuant to Section 5.15) all such deeds, transfers, assignments, hypothecs, agreements, certificates, directions, instruments or other documents whatsoever as it deems necessary, proper or desirable in order to carry on the Trust Activities in accordance with and subject to the Program Agreements notwithstanding that such acts, things, deeds, transfers, assignments, hypothecs, agreements, certificates, directions, instruments or other documents are not herein

specifically mentioned. Any determination as to what is necessary, proper or desirable in order to carry on the Trust Activities in accordance with the Program Agreements or otherwise, provided it is made by the Issuer Trustee honestly and in good faith, will be conclusive. Any construction of this Declaration of Trust or the existence of any power or authority hereunder, made honestly and in good faith by the Issuer Trustee upon the advice of counsel, will be conclusive to the extent consistent with the law. In construing the provisions of this Declaration of Trust, there will be a presumption in favour of a grant of power to the Issuer Trustee.

5.18 Auditors

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power from time to time to select and appoint and discharge and reappoint an auditor of the Trust in its discretion and to negotiate and fix the fees of any such auditor.

5.19 Defect in Appointment

Notwithstanding anything to the contrary herein contained, no action taken by the Issuer Trustee will be invalid by reason only of any defect that is thereafter discovered in its appointment.

5.20 Status

The Issuer Trustee shall not have the status of bankrupt and shall be resident in Canada for purposes of the ITA.

ARTICLE 6
REPLACEMENT OF ISSUER TRUSTEE

6.1 Resignation of Issuer Trustee

(a) If the Issuer Trustee desires to resign and be discharged from the trusts and powers reposed in or conferred on it by this Declaration of Trust, it will provide 120 days written notice (or such shorter period of notice as the Unitholders , the Indenture Trustee and the Rating Agencies may agree to) thereof to the Unitholders, the Indenture Trustee and the Rating Agencies provided that no such voluntary resignation shall be effective until a replacement Issuer Trustee acceptable to the Unitholders and the Indenture Trustee has been appointed and has executed a written agreement whereby such replacement Issuer Trustee agrees to assume the obligations of the Issuer Trustee hereunder, under the Program Agreements and under any other contract pursuant to which the Issuer Trustee is obligated.

(b) The Issuer Trustee shall resign if a material conflict of interest arises in its role as a trustee under this Declaration of Trust that is not eliminated within 90 days after the Issuer Trustee becomes aware that it has such a material conflict of interest. Forthwith after the Issuer Trustee becomes aware that it has such a material conflict of interest, it shall provide the Unitholders, the Indenture Trustee and the Rating Agencies with written notice of the nature of such material conflict of

interest. Upon such resignation, the Issuer Trustee shall (subject to Section 6.6) be discharged from its office under this Declaration of Trust. If, notwithstanding the foregoing provisions of this Section 6.1(b), the Issuer Trustee has such a material conflict of interest, the validity and enforceability of this Declaration of Trust and any agreement entered into by the Issuer Trustee shall not be affected in any manner whatsoever by reason only of the existence of such material conflict of interest. If the Issuer Trustee contravenes the foregoing provisions of this Section 6.1(b), the Unitholders, may apply, on notice to the Rating Agencies, to a court of competent jurisdiction for an order that the Issuer Trustee be replaced as Issuer Trustee hereunder.

6.2 Removal of Issuer Trustee

The Issuer Trustee may be removed from its office under this Declaration of Trust by the Unitholders, at any time by notice in writing delivered to the Issuer Trustee not less than 90 days prior to the date that such removal is to take effect.

6.3 Vacancy

In the event of the bankruptcy or insolvency of the Issuer Trustee or the inability of the Issuer Trustee to exercise its duties under this Declaration of Trust, the Unitholders may forthwith terminate the term of office of the Issuer Trustee as trustee and, in such instance, a vacancy will occur. No vacancy (including upon a resignation of the Issuer Trustee pursuant to Section 6.1(b)) shall operate to annul this Declaration of Trust or affect the continuity of the Trust or terminate the appointment of the Manager under the Management Agreement.

6.4 Appointment of New Issuer Trustee

If, pursuant to this Article 6, the Issuer Trustee resigns or a vacancy occurs in the office of the Issuer Trustee for any reason, the Unitholders may, subject to the satisfaction of the Rating Agency Condition, by instrument in writing appoint a Trust Company, which~~ either (i)~~ has risk-based capital of at least $50,000,000 or, in the case of an entity that is not subject to risk-based capital adequacy requirements, has a combined capital and surplus of at least $~~50,000,000; or (ii) has been approved in writing by each Rating Agency prior to its appointment by the Unitholders,~~**50,000,000,** in order to replace the Issuer Trustee. If the Unitholders fail to make such appointment within 60 days of the occurrence of any such resignation, removal or vacancy, then the Issuer Trustee may make an application, on notice to the Rating Agencies, to a court of competent jurisdiction to appoint a successor Issuer Trustee hereunder. If the Issuer Trustee elects not to make such an application, the Unitholders may do so on notice to the Rating Agencies. If the Issuer Trustee and the Unitholders elect not to make such an application, the Indenture Trustee may do so on notice to the Rating Agencies if so directed in accordance with the Indenture. The expense of any act, document, deed or other instrument or thing required under this Section 6.4 will be satisfied from the Trust Property.

6.5 Merger, Consolidation and Amalgamation

Any company into which the Issuer Trustee may be merged or with which it may be consolidated or amalgamated, or any company resulting from any merger, consolidation or amalgamation to which the Issuer Trustee is a party or any company succeeding to the corporate trust business of the Issuer Trustee will be a successor Issuer Trustee under this Declaration of Trust without any further action on the part of the Issuer Trustee, provided that such company shall be a Trust Company.

6.6 Vesting in Successor Issuer Trustee

Any successor Issuer Trustee will become vested with all the estates, properties, rights, powers, duties, responsibilities and trusts of its predecessors in the trusts hereunder as if it had been originally named as Issuer Trustee pursuant to this Declaration of Trust. In furtherance of the foregoing, upon written request of the successor Issuer Trustee, the Issuer Trustee ceasing to act will do, make, execute, deliver or cause to be done, made, executed or delivered all such acts, documents, deeds or other instruments and things as may be necessary or desirable in order to more effectively assign, transfer and deliver to, and vest in, the successor Issuer Trustee, upon the trusts herein expressed, all the rights, powers and trusts of, and all property and money held by the Issuer Trustee so ceasing to act. The expense of any act, document, deed or other instrument or thing required under this Section 6.6 will be satisfied from the Trust Property.

6.7 Confidentiality

At all times (including, without limitation, at any time the Issuer Trustee should resign or be discharged from the trusts and powers reposed in or conferred on it by this Declaration of Trust), the Issuer Trustee (or the trustee so resigning and being discharged, as the case may be) will treat as confidential all information relating to the Trust, the Trust Activities and the transactions contemplated by the Program Agreements obtained by it in its capacity as Issuer Trustee.

6.8 Right to Disclose

The Issuer Trustee shall have the right to disclose any information disclosed or released to it if in the opinion of legal counsel to the Issuer Trustee it is required to disclose under any applicable laws, court order or directions of Governmental Authorities or if it is requested by a Rating Agency. The Issuer Trustee shall not be responsible or liable to any party for any loss or damage arising out of or in any way sustained or incurred or in any way relating to such disclosure.

ARTICLE 7
STANDARD OF CARE, LIMITATION OF LIABILITY OF ISSUER TRUSTEE AND OTHER MATTERS

7.1 Standard of Care

The Issuer Trustee will exercise its powers and carry out its obligations hereunder as Issuer Trustee honestly, in good faith and in the best interests of the Trust and the Unitholders

and in connection therewith will exercise that degree of care, diligence and skill that a reasonably prudent Person would exercise in comparable circumstances. To the extent that the Issuer Trustee has delegated or subcontracted the performance of all or a portion of its duties to the Manager as contemplated by Section 5.15, it will be deemed to have satisfied the aforesaid standard of care. Unless otherwise required by law, the Issuer Trustee will not be required to give bond, surety or security in any jurisdiction for the performance of any duties or obligations hereunder. The Issuer Trustee will not be required to devote its entire time to the Trust Activities. For greater certainty, the entering into of any Program Agreement by the Trust and the performance by the Trust of its obligations thereunder will be deemed to be in the best interests of the Unitholders and the Trust.

7.2 Limitation of Liability of Issuer Trustee

The Issuer Trustee has entered into this Declaration of Trust solely in its capacity as trustee of the Trust and not in its personal capacity, and any and all of the representations, warranties, undertakings, covenants, indemnities, agreements and other obligations made on the part of the Issuer Trustee herein are made and intended not as personal representations, warranties, undertakings, covenants, indemnities, agreements and other obligations by the Issuer Trustee or for the purpose or with the intention of binding the Issuer Trustee in its personal capacity, but are made and intended for the purpose of binding only the Trust Property or a specific portion thereof. No property or assets of the Issuer Trustee, whether owned beneficially by it in its personal capacity or otherwise (other than the Trust Property), will be subject to levy, execution or other enforcement procedures with regard to any of the representations, warranties, undertakings, covenants, indemnities, agreements and other obligations of the Trust or the Issuer Trustee hereunder, and no recourse may be had or taken, directly or indirectly, against the Issuer Trustee in its personal capacity, any Unitholder or any Affiliate, shareholder, director, officer, representative, employee or agent of the Issuer Trustee or any predecessor or successor of the Issuer Trustee with regard to the representations, warranties, undertakings, covenants, indemnities, agreements and other obligations of the Trust or the Issuer Trustee hereunder; provided that the foregoing limitation will not apply in respect of any action or failure to act arising from or in connection with the wilful misconduct, gross negligence or the failure to comply with the standard of care referred to in Section 7.1. Notwithstanding any other provision of this Article 7, but subject to the Indenture, each Specified Creditor is entitled to recourse to the Trust Property to satisfy in full the obligations of the Trust to it even if the Issuer Trustee has no right, or only an impaired right, to seek indemnification from the Trust Property or to apply the Trust Property in satisfaction of such obligations.

7.3 Indemnification of the Issuer Trustee

The Issuer Trustee, its directors, officers, agents, representatives and employees will at all times be indemnified and saved harmless out of the Trust Property from and against all claims (including any claim arising out of the assessment of any tax on income by a taxing authority), demands, levies, penalties, suits, losses, actions, causes of action, costs, charges, fees and expenses, damages and liabilities whatsoever, including, without limitation, those arising out of or related to actions taken or omitted to be taken by any agent of the Issuer Trustee, including, without limitation, the Manager, as contemplated hereby, legal fees and disbursements on a substantial indemnity basis and costs and expenses incurred in connection with the enforcement of this indemnity (each, a "**Claim**"), which the Issuer Trustee, its directors, officers,

representatives and employees may suffer or incur, whether at law or in equity, in any way caused by or arising, directly or indirectly, in respect of any act, deed, matter or thing whatsoever made, done, acquiesced in or omitted in or about or in relation to the execution of its duties as Issuer Trustee or which it sustains or incurs in or about or in relation to the Trust Property and the Trust Activities. Further, the Issuer Trustee will not be liable to the Trust, to any Unitholder or to any other Person for any loss or damage relating to any matter regarding the Trust, including any loss or diminution in the value of the Trust Property. The foregoing provisions of this Section 7.3 do not apply to the extent that in any circumstances there has been wilful misconduct, gross negligence or the failure to comply with standard of care referred to in Section 7.1 on the part of the Issuer Trustee, its directors, officers, agents, representatives or employees excluding the other parties to the Program Agreements. Notwithstanding any other provision hereof, this indemnity will survive the removal or resignation of the Issuer Trustee, the termination of this Declaration of Trust and the termination of any trust created hereby.

7.4 Reliance upon Advice

The Issuer Trustee may rely and act upon any statement, notice, report or opinion prepared by or any advice received from the Manager or from the auditors, counsel or other professional advisors of the Issuer Trustee and will not be responsible or held liable for any loss or damage resulting from so relying or acting if the Issuer Trustee acted reasonably and in good faith relied upon the advice received and if the professional advisor was aware that the Issuer Trustee was receiving the advice in its capacity as Issuer Trustee. The Issuer Trustee is entitled to be reimbursed from the Trust Property for all costs, charges and expenses it incurs in connection with obtaining any such statement, notice, report, opinion or advice. The Issuer Trustee is entitled to rely and act upon the genuineness and authenticity of any writing submitted to it that it in good faith believes to be genuine.

7.5 Retain Experts

The Issuer Trustee may appoint such agents and employ or retain such counsel, accountants, engineers, appraisers or other experts or advisers as it may reasonably require for the purpose of discharging its duties hereunder and shall not be responsible for any misconduct on the part of any of them. The Issuer Trustee may pay remuneration out of the Trust Property for all services performed for it in the discharge of the trusts hereof without taxation for costs or fees of any counsel, solicitor or attorney.

7.6 Reliance on Experts

The Issuer Trustee may act and rely and shall be protected in acting in good faith on the opinion or advice of or information obtained from any agent, counsel, accountant, engineer, appraiser or other expert or adviser in relation to any matter arising in the performance of its duties under the Program Agreements.

7.7 Provisions Regarding Liability

Any written instrument creating an obligation of the Issuer Trustee will be conclusively deemed to have been executed by the Issuer Trustee only in its capacity as Issuer Trustee. Any written instrument creating an obligation of the Issuer Trustee will contain a provision to the

effect that the obligations thereunder are not binding upon the Issuer Trustee except in its capacity as Issuer Trustee, nor will recourse be had to the property of the Issuer Trustee except in its capacity as Issuer Trustee, but that the Trust Property or a specific portion thereof only will be bound, and may at the request of the Issuer Trustee make specific provision to the foregoing effect and contain any further provisions which the Issuer Trustee may deem appropriate, but the omission of any such provisions will not operate to invalidate any such instrument or to impose liability on the Issuer Trustee, except as aforesaid. The Issuer Trustee shall not be required to expend or risk its own funds or otherwise incur financial liability in the performance of its duties hereunder.

ARTICLE 8
RECORDS

8.1 Records to be Kept

The Issuer Trustee will keep or cause to be kept at the head office of the Trust a copy of this Declaration of Trust, a register of Unitholders, minutes of meetings and resolutions of Unitholders, minutes of meetings and resolutions of the Issuer Trustee, and such Records as are by law or good business practice necessary. The Records may be kept at the office of any Person whom the Issuer Trustee has appointed to maintain the same, provided that the Issuer Trustee has access to the Records on one Business Day's notice to such Person.

8.2 Segregation of Assets

The Issuer Trustee shall maintain the Trust Property separate from all other property in its possession.

8.3 Method of Keeping Records

Where this Declaration of Trust requires the Issuer Trustee to cause a Record to be kept, it may be kept in bound or loose-leaf form or by means of a mechanical, electronic or other device.

8.4 Annual Financial Statements

A copy of the annual financial statements of the Trust, signed by the Issuer Trustee, shall be mailed or otherwise made available within 120 days following the end of a fiscal year to which they relate to each Unitholder. The financial statements shall include all information required to be included in annual financial statements of the Trust by applicable laws.

ARTICLE 9
MEETINGS OF UNITHOLDERS AND DECISION OF UNITHOLDERS

9.1 Annual Meeting

There will not be an annual meeting of the Unitholders.

9.2 Other Meetings

The Issuer Trustee will have power at any time to call meetings of the Unitholders at such time and place as the Issuer Trustee may determine. Unitholders holding in the aggregate not less than a majority of the outstanding Units may requisition the Issuer Trustee in writing to call a meeting of the Unitholders for the purposes stated in the requisition. The requisition shall state in reasonable detail the business proposed to be transacted at the meeting and will be sent to the Issuer Trustee at the address of the Issuer Trustee. Upon receiving the requisition, the Issuer Trustee will call a meeting of the Unitholders to transact the business referred to in the requisition. If the Issuer Trustee does not within 10 days after receiving the requisition call a meeting, any Unitholder who signed the requisition may call the meeting.

9.3 Quorum and Voting

A quorum for any meeting of the Unitholders will be persons present being Unitholders or representing by proxy Unitholders who hold in the aggregate a majority of the total number of outstanding Units. Unitholders may attend and vote at all meetings of the Unitholders either in person or by proxy. Each Unit will be entitled to one vote at all meetings of the Unitholders. Any action to be taken by the Unitholders will, except as otherwise required by this Declaration of Trust, or by law, be authorized when approved by a majority of the votes cast at a meeting of the Unitholders. The chairman of any such meeting will not have a second or casting vote.

9.4 Written Resolution

Any business which may be conducted at a meeting of the Unitholders may be approved by a resolution in writing in lieu thereof. Notice of such resolution will be given to all Unitholders and approval of such resolution will be evidenced by the signature on any such resolution or counterpart thereof by the required percentage of Unitholders for the matter to be determined.

ARTICLE 10
AMENDMENT

10.1 Amendment

Subject to Section 2.1 and compliance with the terms of the applicable Program Agreements, the Issuer Trustee may, from time to time, amend, vary, supplement, replace or restate the provisions of this Declaration of Trust without the consent or approval of the Unitholders or any court as follows:

(a) to the extent deemed necessary by the Issuer Trustee in good faith to be necessary to ensure compliance with, or to remove any conflicts or other inconsistencies which may exist between any term of this Declaration of Trust and the provisions of, any applicable law in effect from time to time;

(b) to the extent deemed necessary by the Issuer Trustee in good faith to be necessary to make any change or correction in this Declaration of Trust which is a typographical change or correction or which the Issuer Trustee has been advised

by legal counsel is required for the purpose of curing any ambiguity or defect or inconsistent provision or clerical omission or mistake or manifest error contained herein, or

(c) subject to the satisfaction of the Rating Agency Condition, to the extent deemed necessary or desirable in the sole discretion of the Issuer Trustee to permit or facilitate the carrying on of the Trust Activities, including the accommodation of requests made by the Rating Agencies or regulatory authorities in relation to the issuance of Funding Obligations.

However, any such amendment may be made only if**: (i)** it will not materially adversely affect the interest of any Unitholder, unless that Unitholder has also approved of the amendment in writing and **(ii) in respect of any material amendment,** the Rating Agency Condition has been satisfied. The Issuer Trustee will immediately upon the entering into thereof, provide the Rating Agencies and the Indenture Trustee with a copy of any amendment, variation, supplement, replacement or restatement of this Declaration of Trust.

10.2 Automatic Amendment

Upon the Issuer Trustee ceasing to be a trustee of the Trust, this Declaration of Trust will be automatically amended to delete any reference to the name of the trustee so ceasing to be a trustee of the Trust and to substitute therefor the name of the successor trustee of the Trust. Notice of any change in the Issuer Trustee may be endorsed upon or attached to this Declaration of Trust and signed by the successor Issuer Trustee and every such notice will be sufficient evidence to any Person dealing with the Issuer Trustee under this Declaration of Trust as to the facts to which it relates.

10.3 Supplemental Declaration of Trust

The Issuer Trustee is authorized to execute any supplemental declaration of trust to give effect to amendments to this Declaration of Trust made pursuant to this Article 10. The Issuer Trustee shall not be obligated to enter into any such supplemental declaration if it adversely affects the Issuer Trustee's rights, duties or immunities under this Declaration of Trust or otherwise. No amendment to or amendment and restatement of this Declaration of Trust, whether pursuant to this Article 10 or otherwise, shall be construed as a termination of the Trust or the settlement or establishment of a new trust.

ARTICLE 11
DISTRIBUTION OF TRUST PROPERTY

11.1 Distributions

(1) The Issuer Trustee may declare to be payable and make distributions, from time to time, out of Income of the Trust, Net Realized Capital Gains of the Trust, capital of the Trust or otherwise, in any year, in such amount or amounts, and on such dates as the Issuer Trustee may determine, to the Unitholders at the record date for such distribution. The Issuer Trustee may declare such amounts to be payable or authorize such distributions in

advance by way of a standing resolution that is effective for a period not exceeding 12 months after the date of the resolution.

(2) Where the Trust proposes to distribute Trust Property in specie to a redeeming Unitholder as contemplated in subsection 4.1(3), and the Issuer Trustee reasonably expects that such in specie distribution will give rise to Income of the Trust and / or Net Realized Capital Gains of the Trust in excess of the amount of the Net Realized Capital Gains of the Trust Allocated on Redemption to the particular Unitholder whose Units are being redeemed (collectively, the "**Excess Income on Redemption**"), the Issuer Trustee shall declare to be payable and make a distribution, on the record date that is one Business Day before the redemption, to Unitholders at such record date in an amount equal to the estimated Excess Income on Redemption. Such distribution will be satisfied by the issuance of additional Units, or fractions of Units, having a fair market value equal to the amount of such distribution. If the Issuer Trustee is required to deduct or withhold an amount from such distribution, the applicable Unitholder shall make the cash payment described in Section 11.7 to the Issuer Trustee on or prior to the date the distribution.

(3) If the Issuer Trustee declares to be payable or makes a distribution pursuant to subsections 11.1(1) or 11.1(2) without determining the portion of such distribution that is payable out of Income of the Trust, Net Realized Capital Gains of the Trust, capital of the Trust or otherwise, such allocation shall be made pursuant to subsection 11.2(2).

(4) The Issuer Trustee intends to make payable to Unitholders all of the Income of the Trust and Net Realized Capital Gains of the Trust for each taxation year throughout which all Unitholders are Specified Unitholders so that the Trust will not have any liability for tax under Part I of the ITA in any such taxation year (other than alternative minimum tax or taxes payable under the "SIFT trust" rules in the ITA). Unless the Issuer Trustee, in its sole discretion determines otherwise, the following amounts will, without any further actions on the part of the Issuer Trustee, be due and payable to the Unitholders of record on the last day in each taxation year throughout which all Unitholders are Specified Unitholders:

(a) an amount equal to the amount, if any, by which the Income of the Trust for such year exceeds the aggregate of (A) the aggregate of the portions of the distributions paid or payable by the Trust which have been determined by the Issuer Trustee to have been payable by the Trust out of the Income of the Trust for such year, if any, and (B) the aggregate of the portions of distributions deemed by subsection 11.2(2)(a) to be paid or payable by the Trust out of the Income of the Trust for such year; and

(b) an amount equal to the amount, if any, by which the Net Realized Capital Gains of the Trust for such year exceeds the aggregate of (A) any amount of the Net Realized Capital Gains of the Trust Allocated on Redemption for the year payable to redeeming Unitholders pursuant to subsection 4.1(5), (B) the aggregate of the portions of the distributions paid or payable by the Trust which have been determined by the Issuer Trustee to have been payable by the Trust out of Net Realized Capital Gains of the Trust for such year, if any, and (C) the aggregate of

the portions of distributions deemed by subsection 11.2(2)(b) to be paid or payable by the Trust out of the Net Realized Capital Gains of the Trust for such year, if any.

Any determinations by the Issuer Trustee not to make a distribution described in this subsection 11.1(4) must be exercised by the Issuer Trustee in writing prior to December 31 of the applicable taxation year.

(1) The Issuer Trustee retains discretion to make payable to Unitholders all of the Income of the Trust and Net Realized Capital Gains of the Trust for each taxation year not described in subsection 11.1(4) above, but any such distribution would require the consent of all Unitholders in such year (other than a Unitholder described in paragraph (a) of the definition of Specified Unitholder).

(2) The proportionate share of each Unit of the amount of any distribution made pursuant to this section will be determined by dividing such amount by the number of issued and outstanding Units on the applicable record date in respect of a distribution pursuant to subsections 4.1(5), 11.1(1) or 11.1(2) and on the last day of the taxation year in respect of a distribution pursuant to subsection 11.1(4). Each Unitholder's share of the amount of any such distribution will be an amount equal to the proportionate share of each Unit of such amount multiplied by the number of Units owned of record by each such Unitholder on such applicable record date or the last day of the taxation year, as the case may be, and such Unitholder shall, on such date, be entitled to enforce payment of the Unitholder's share. Subject to subsections 4.1(5) and 11.1(2) and section 11.3, amounts which are payable to Unitholders will be paid in cash.

11.2 Allocation

(1) Subject to subsection 11.2(2), distributions payable to the Unitholders pursuant to Article 11 will be deemed to be distributions of Income of the Trust (including dividends), Net Realized Capital Gains of the Trust, returns of capital of the Trust or other items in such amount as the Issuer Trustee in its absolute discretion determines and will be allocated to the Unitholders in the same proportions as distributions received by the Unitholders.

(2) If the Issuer Trustee has declared to be payable or made one or more distributions in a taxation year pursuant to subsection 11.1(1) without determining the portion of such distributions that is payable out of Income of the Trust, Net Realized Capital Gains of the Trust, capital of the Trust or otherwise, such distributions shall be deemed to be paid or payable out of:

(a) first, the Income of the Trust for such year to the extent, if any, that the Income of the Trust for such year exceeds the aggregate of the amounts in subsection 11.1(4)(a)(A);

(b) second, the Net Realized Capital Gains of the Trust for such year to the extent, if any, that the Net Realized Capital Gains of the Trust for such year exceeds the aggregate of the amounts in subsection 11.1(4)(b)(A) and 11.1(4)(b)(B); and

(c) as to any balance, the capital of the Trust;

and such amounts will be allocated to the Unitholders in the same proportions as such distributions were received by the Unitholders.

(1) For greater certainty it is hereby declared that any distribution of Net Realized Capital Gains of the Trust will include the non-taxable portion of the capital gains of the Trust which are included in such distribution.

11.3 Payment of Distributions

(1) Distributions to a Unitholder (other than distributions described in subsections 4.1(5) and 11.1(2)) will be made by cash, wire transfer or cheque payable to or to the order of the Unitholder or by such other manner provided for in subsection 11.3(3). The payment, if made by cheque, will be conclusively deemed to have been made upon hand delivery of a cheque to the Unitholder or to its agent duly authorized in writing or upon the mailing of a cheque by prepaid first-class mail addressed to the Unitholder at its address set out in the records of the Issuer Trustee unless the cheque is not paid on presentation, or in any other manner determined by the Issuer Trustee in its discretion. The Issuer Trustee may issue a replacement cheque if it is satisfied that the original cheque has not been received or has been lost or destroyed upon being furnished with such evidence of loss, indemnity or other document in connection therewith that the Issuer Trustee may in its discretion consider necessary.

(2) The Issuer Trustee may, in its sole discretion, transfer temporarily from capital to income within the Trust sufficient cash to facilitate payments of Income of the Trust to Unitholders. A permanent transfer from capital to income may be effected if payments made by and /or expenses of the Trust in any year exceed the aggregate of the net income and Net Realized Capital Gains of the Trust in such year.

(3) Without limiting the generality of the foregoing, a distribution to a Unitholder may be paid (i) by the issuance of additional Units, or fractions of Units having a fair market value equal to the amount of such distribution, (ii) by the issuance of a promissory note for a principal amount equal to the amount of such distribution and/or (iii) *in specie* by the transfer of Trust Property having a fair market value equal to the amount of such distribution, all as may be determined by the Issuer Trustee, acting reasonably. The Issuer Trustee acknowledges and agrees that it will elect to make payment to a Unitholder of the amount of a distribution in the manner described in this subsection 11.3(3) only if it has received prior written notice from the Unitholder that such payment method is acceptable, and the Unitholder makes the cash payment described in Section 11.7 to the Issuer Trustee, which written notice may be revoked in writing by the Unitholder at any time. If the Issuer Trustee elects to make payment of the amount of a distribution by the issuance of a promissory note, such promissory note shall bear interest at a fixed or floating rate, shall be repayable on demand or on the expiry of a stated term, and shall contain such other terms all of which may be determined by the Issuer Trustee such that the fair market value of such promissory note is equal to the amount of the distribution. Any such promissory note or additional Units issued, or Trust Property transferred, by the Trust

shall constitute absolute and unconditional payment in full of the distribution and, by becoming a Unitholder, each Unitholder hereby acknowledges that any such note, additional Units or transfer of Trust Property will be accepted by the Unitholder as such absolute and unconditional payment of the distribution payable to the Unitholder.

11.4 Legal Rights

For greater certainty, it is hereby declared that the Unitholders shall have the legal right to enforce payment of any amount to be distributed or payable hereunder at the time such amount is due and payable.

11.5 Income Tax Matters

In reporting income for income tax purposes, the Trust will claim the maximum amount available to it as deductions under the relevant law, unless the Issuer Trustee determines otherwise.

11.6 Designations

In accordance with and to the extent permitted by the ITA, the Issuer Trustee will, in each taxation year, make such designations for income tax purposes in respect of amounts paid or payable or deemed to be paid to the Unitholders for such amounts that the Issuer Trustee considers to be reasonable in all circumstances, including designations relating to taxable dividends received or deemed to be received by the Trust in the year on shares of taxable Canadian corporations, net taxable capital gains of the Trust in the year and foreign source income of the Trust and foreign taxes in respect of such foreign source income for the year, if any.

11.7 Withholding Taxes

The Issuer Trustee will deduct or withhold from distributions or other amounts payable under this Declaration of Trust amounts required by law to be deducted or withheld from such distributions or payments, whether such distributions or payments are satisfied in the form of cash, cheque, promissory note, additional Units or otherwise. To the extent that any amounts are deducted or withheld from payments made by cash, cheque or wire transfer, including those described in subsection 11.3(1), such deducted or withheld amounts shall be treated for all purposes as having been paid to the recipient of the payment in respect of the distribution or other amount payable, provided that such deducted or withheld amounts are actually remitted in accordance with applicable law to the appropriate taxing authority. In the event that the Issuer Trustee makes a distribution or payment that is satisfied in a manner other than cash, cheque or wire transfer, including those described in subsections 4.1(3), 4.1(5) or 11.3(3), the recipient of the payment shall provide cash to the Issuer Trustee in amount equal to any required deduction or withholding, which the Issuer Trustee shall forthwith remit to the appropriate taxing authority on behalf of the Unitholder.

ARTICLE 12
TERMINATION OF THE TRUST

12.1 Termination

(a) The Trust will continue in full force and effect for a period of twelve months from the date hereof and thereafter for so long as any Funding Obligations remain outstanding and until the Trust has satisfied all of its obligations under the Program Agreements or otherwise for the purposes of carrying on the Trust Activities. Notwithstanding the foregoing, the Issuer Trustee may, with the unanimous approval of Unitholders, wind-up the affairs of the Trust and terminate the Trust and distribute the Trust Property then remaining to the Unitholders in proportion to the number of Units held by each Unitholder no later than the date that is one day prior to the 21st anniversary of the death of the last surviving lineal descendent of Queen Elizabeth, II of England living at the date this declaration is made.

(b) Subject to Section 12.1(a), the Issuer Trustee may, with the unanimous approval of the Unitholders, wind up the affairs of the Trust and terminate the Trust. To the fullest extent permitted by law, and notwithstanding any duty otherwise existing at law or in equity, the Issuer Trustee shall consider only the interests of the Trust, including its creditors, in acting on the matters referred to in this Section 12.1. On the date the Trust is terminated, the Issuer Trustee will, upon receipt of such releases, indemnities and refunding agreements as the Issuer Trustee may deem necessary for its protection, distribute the remaining Trust Property, after payment of all other obligations of the Trust, in cash or in kind , or partly in each, to the Unitholders in proportion to the number of Units held by each Unitholder

ARTICLE 13
GENERAL

13.1 Irrevocability

The Trust shall be irrevocable.

13.2 Change of Office

The Issuer Trustee may at any time and from time to time during the existence of the trusts hereby created change the head office, chief executive office, chief place of business and situs of the administration of the Trust to another location within Ontario or have such other offices or places of administration within Canada as the Issuer Trustee may from time to time determine is necessary or desirable.

13.3 Execution of Instruments

The Issuer Trustee shall have power from time to time to appoint any Person or Persons on behalf of the Trust either to sign instruments in writing generally or to sign specific instruments in writing.

13.4 Manner of Giving Notice

Except as otherwise permitted herein, any notice required or permitted by the provisions of this Declaration of Trust to be given to a Unitholder or the Issuer Trustee shall be deemed conclusively to have been given if given either by delivery or by prepaid first-class mail addressed to each Unitholder at its address shown on the register of Unitholders or to the Issuer Trustee at the last address provided by the Issuer Trustee for such purpose. Any notice so given shall be deemed to have been given on the day of hand delivery or the day following that on which the notice was mailed.

13.5 Taxation Information

On or before March 30 in each year, or such earlier day as is required by applicable legislation or regulation, the Issuer Trustee will provide to Unitholders who received distributions from the Trust in the prior calendar year such information regarding the Trust required by applicable law to be submitted to Unitholders for income tax purposes to enable Unitholders to complete their tax returns in respect of the prior calendar year.

13.6 Severability

The provisions of this Declaration of Trust are severable and if any provisions are in conflict with any applicable law, the conflicting provisions shall be deemed never to have constituted a part of this Declaration of Trust and shall not affect or impair any of the remaining provisions thereof. If any provision of this Declaration of Trust shall be held invalid or unenforceable in any jurisdiction, such invalidity or unenforceability shall attach only to such provision in such jurisdiction and shall not in any manner affect or render invalid or unenforceable such provision in any other jurisdiction or any other provision of this Declaration of Trust in any jurisdiction.

13.7 Governing Law

This Declaration of Trust shall be interpreted and governed by and take effect exclusively in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. Any and all disputes arising under this Declaration of Trust, whether as to interpretation, performance or otherwise, shall be subject to the exclusive jurisdiction of the courts of the Province of Ontario and the Issuer Trustee hereby irrevocably attorns, and each Unitholder shall be deemed to hereby irrevocably attorn, to the exclusive jurisdiction of the courts of such province.

13.8 Language

Les parties aux présentes ont exigés que la présente convention ainsi que tous les documents et avis qui s'y rattachent et/ou qui en découleront soient rédigés en la langue anglaise. The parties hereto have required that this Declaration of Trust and all documents and notices resulting herefrom be drawn up in English.

IN WITNESS WHEREOF the Issuer Trustee has caused this Declaration of Trust to be executed as of the day and year first above written by its duly authorized signatories.

COMPUTERSHARE TRUST COMPANY OF CANADA,
as Issuer Trustee

By: _____
Name:
Title:

By: _____
Name:
Title:

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Moved to	0
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Total changes	25

MASTER TRANSFER AND SERVICING AGREEMENT

between

FAIR HYDRO TRUST
as Issuer

- and -

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Transferor and Servicer

Dated as of December ■, 2017

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EXHIBIT

Exhibit A – Form of Transfer Notice

~~Exhibit B – Form of Monthly Report~~

Exhibit ~~C~~**B** – Form of Monthly Carrying Costs Statement

MASTER TRANSFER AND SERVICING AGREEMENT

THIS AGREEMENT made as of December ■, 2017.

BETWEEN:

FAIR HYDRO TRUST, a trust formed under the laws of the Province of Ontario

(the "**Issuer**")

- and -

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital amalgamated under the laws of the Province of Ontario

(the "**Transferor**" in its capacity as transferor, the "**Servicer**", in its capacity as servicer, and the "**IESO**" in its capacity as both Transferor and Servicer)

WHEREAS the Government of Ontario has enacted the *Ontario Fair Hydro Act, 2017* (the "**Act**") for the purpose of, among other things, ensuring that clean energy costs and clean energy benefits (each as defined in the Act) are fairly allocated among present and future Specified Consumers;

AND WHEREAS, under the Act, the IESO is required to establish and maintain the Fair Hydro Variance Account, and has the right under the Act and the Regulations to record certain amounts in the Fair Hydro Variance Account and recover the balance from time to time of the Fair Hydro Variance Account from Specified Consumers (such right, the "**Regulatory Asset**");

AND WHEREAS the IESO may from time to time, in accordance with the Act, Transfer Specified Portions of the Regulatory Asset to the Issuer pursuant to Section 26(1) of the Act;

AND WHEREAS the Issuer may finance the acquisition from the IESO, from time to time, of an Investment Interest through the incurrence of Funding Obligations under the Indenture;

AND WHEREAS the Issuer will grant a security interest over all of the Issuer Investment Interest to and in favour of the Indenture Trustee on behalf of all Specified Creditors;

AND WHEREAS in connection with its ownership of the Issuer Investment Interest and in order to collect the associated Clean Energy Adjustments in accordance with the Act, the Issuer desires to engage the Servicer to carry out the services described herein and the Servicer agrees to be so engaged;

NOW THEREFORE in consideration of the foregoing and the mutual covenants and agreements contained herein (the receipt and adequacy of which are hereby acknowledged), the parties hereto agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Agreement, the following terms have the following meanings:

"**Act**" has the meaning ascribed thereto in the recitals;

"**Agreement**" means this master transfer and servicing agreement, as amended, supplemented, modified, restated or replaced from time to time, and the expressions "herein", "hereof", "hereto", "hereunder" and similar expressions refer to this Agreement and not to any Article, Section, paragraph, subparagraph or clause hereof;

"**Billing Period**" means a calendar month in which the Clean Energy Adjustment is billed to Specified Consumers;

"**Board**" means the Ontario Energy Board, a statutory corporation without share capital continued under the *Ontario Energy Board Act, 1998*, S.O., 1998;

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by law, regulation or executive order to be closed;

"**Carrying Costs**" has the meaning ascribed to the term "carrying costs" in the Regulations;

"**CEA Consumer Invoice Amounts**" means amounts invoiced by an Electricity Vendor to Specified Consumers in respect of the Clean Energy Adjustment based on the rates established by the Board;

"**Clean Energy Adjustment**" has the meaning ascribed to the term "clean energy adjustment" in the Act;

"**Closing Date**" means the date on which a Transfer is to be completed as specified in the applicable Transfer Notice;

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the parties hereto and any other owner or owners of an Investment Interest as contemplated by Section 29(5) of the Act in form and substance satisfactory to the parties hereto, acting reasonably;

"**Co-Owner Implementation Date**" means the date, if any, upon which the Issuer Investment Interest ceases to be the only Investment Interest outstanding representing the full Investment Asset;

"**Collection Account**" means an Eligible Deposit Account established by the Issuer for the purpose of receiving the Issuer Share of the Servicer CEA Receipts;

"**Daily Remittance Event**" means the occurrence of either: (i) a Servicer Default or (ii) the IESO (or any successor thereto) ceasing to have the Required Servicer Rating;

"**Declaration of Trust**" means the declaration of trust made as of December ■, 2017 under which the Issuer was established, as may be supplemented, amended, replaced or amended and restated from time to time;

"**Electricity Vendor**" has the meaning ascribed to the term "electricity vendor" in the Act;

"**Electricity Vendor CEA Collections**" means payments actually received by Electricity Vendors from Specified Consumers in respect of Clean Energy Adjustments;

"**Electricity Vendor Billing Period Report**" means a report as contemplated by Section 17(2) of the Act from each Electricity Vendor in respect of each Billing Period where Clean Energy Adjustments are billed to Specified Consumers containing:

(a) **its total electricity consumption of Specified Consumers invoiced in such Billing Period;**

(b) ~~(a)~~ its total CEA Consumer Invoice Amounts in such Billing Period;

(c) ~~(b)~~ its total Electricity Vendor CEA Collections during such Billing Period; and

(d) ~~(c)~~ such other information as may be prescribed in the Regulations or any other Requirement of Law, or which otherwise may be agreed to by the applicable Electricity Vendor;

"**Eligible Deposit Account**" means an account in Canada with an Eligible Institution;

"**Eligible Institution**" means:

(a) at any time before the Co-Owner Implementation Date, an "Eligible Institution" as defined in the Indenture; and

(b) at any time on or after the Co-Owner Implementation Date, an "Eligible Institution" as defined in the applicable Co-Owner Agreement;

"**Fair Hydro Variance Account**" means the variance account established by the IESO pursuant to Section 24(1) of the Act;

"**Financing Entity**" has the meaning ascribed to the term "financing entity" in the Act;

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act;

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government;

"**IESO**" or "**Independent Electricity System Operator**" means the Independent Electricity System Operator, a statutory corporation without share capital established by the *Electricity Act, 1998*, SO, 1998;

"**IESO Deferral**" has the meaning ascribed to the term "IESO deferral" in the Act;

"**IESO Disclosure**" has the meaning ascribed thereto in Section 5.7;

"**IESO Segregated Account**" has the meaning ascribed thereto in Section 3.4(a);

"**Implementation Plan**" has the meaning ascribed thereto in Section 3.3(a);

"**Indemnified Losses**" has the meaning ascribed thereto in Section 6.1(a);

"**Indemnified Party**" has the meaning ascribed thereto in Section 6.1(a);

"**Indenture**" means the master trust indenture dated December ■, 2017 between the Indenture Trustee and the Issuer;

"**Indenture Trustee**" means BNY Trust Company of Canada, a trust company existing under the laws of Canada and duly authorized to carry on the business of a trust company in all of the provinces and territories of Canada, as indenture trustee for the benefit of Specified Creditors, or any successor thereto, under the Indenture;

"**Insolvency Event**" means, with respect to a specified Person, the specified Person admits the inability of such specified Person to pay its liabilities generally as they become due or makes a general assignment for the benefit of the creditors of such specified Person or otherwise acknowledges the insolvency of such specified Person or any proceeding shall be instituted by or against such specified Person seeking to adjudicate it a bankrupt or insolvent or seeking liquidation, winding up, dissolution, reorganization, arrangement, adjustment, protection, relief or composition of its debts under any law relating to bankruptcy, insolvency, reorganization, moratorium or relief of debtors or seeking the entry of an order for relief by the appointment of a receiver, trustee or other similar official for such specified Person or for any substantial part of its property and if such proceeding has been instituted against such specified Person either such proceeding has not been stayed or dismissed within 45 days or any of the actions sought in such proceeding (including the entry of an order for relief or the appointment of a receiver) are granted

in whole or in part, or if a receiver is privately appointed in respect of such specified Person or of the property of such specified Person or any substantial part thereof;

"**Investment Asset**" has the meaning ascribed to the term "investment asset" in the Act;

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act;

"**Issuer**" means Fair Hydro Trust, a trust formed under the laws of the Province of Ontario;

"**Issuer Funding Obligations**" means the Funding Obligations of the Issuer;

"**Issuer Investment Interest**" means, initially, the Investment Interest acquired by the Issuer pursuant to the first Transfer completed under this Agreement and, upon the completion of each Transfer thereafter, the cumulative Investment Interest acquired by the Issuer;

"**Issuer Share**" means:

(a) at any time before the Co-Owner Implementation Date, 100%; and

(b) at any time on or after the Co-Owner Implementation Date, the percentage determined in accordance with the applicable Co-Owner Agreement;

"**Issuer Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Issuer at such time;

"**Lien**" means a security interest, lien, mortgage, charge, pledge, claim or encumbrance of any kind;

"**Management Agreement**" means the management agreement dated December ■, 2017 between the Manager and the Issuer;

"**Manager**" means OPG, in its capacity as manager of the Issuer, and any successor appointed in accordance with the Management Agreement;

"**Minister**" means the Minister of Energy or such other member of the Executive Council as may be assigned the administration of the Act under the *Executive Council Act*;

"**Monthly Carrying Costs**" has the meaning ascribed thereto in Section 3.14(b);

"**Monthly Carrying Costs Statement**" has the meaning ascribed thereto in Section 3.14(b);

"**Monthly Servicer Report**" ~~has the meaning ascribed thereto in Section 3.5(a);~~**means a report from the Servicer in respect of each Billing Period where Clean Energy Adjustments are billed to Specified Consumers containing:**

(a) the information provided in each Electricity Vendor Billing Period Report;

(b) **total electricity consumption of Specified Consumers invoiced in such Billing Period, as reported by all Electricity Vendors, and for the current Reference Period to the last day of such Billing Period, compared to the forecast information provided by the Servicer to the Board pursuant to Section 3.2(a) (to the extent possible, recognizing timing mismatches);**

(c) **total CEA Consumer Invoice Amounts reported by all Electricity Vendors for such Billing Period;**

(d) **total Electricity Vendor CEA Collections reported by all Electricity Vendors for such Billing Period;**

(e) **total Servicer CEA Receipts for such Billing Period, including the amount representing total Electricity Vendor CEA Collections received and the amount representing Clean Energy Adjustments received by the Servicer directly from Specified Consumers;**

(f) **the difference between total CEA Consumer Invoice Amounts reported to the Servicer by all Electricity Vendors and total Servicer CEA Receipts, in each case, for such Billing Period and for the current Reference Period to the last day of such Billing Period, recognizing that there will be timing differences;**

(g) **a summary of** any matters referred to in Section 3.4(**k**) which have not been resolved and any explanation provided therefor by the Electricity Vendor; **and**

(h) **such other information which otherwise may be agreed to by the Servicer;**

"**Non-Investment Grade Rated Electricity Vendors**" means any Electricity Vendor that does not have a rating of**: (i)** "Baa3" or higher by Moody's Investors Services, Inc. (or any successor thereof)~~ or~~**, unless otherwise agreed to by Moody's Investors Services, Inc. (or any successor thereof); and** "BBB(low)" or higher by DBRS Limited (or any successor thereof)~~ or an equivalent rating by a nationally recognized statistical rating organization or designated rating organization~~**, unless otherwise agreed to by DBRS Limited (or any successor thereof)**;

"**Officer's Certificate**" means a certificate signed by a Responsible Officer of the Issuer under the circumstances described in, and otherwise complying with, the applicable requirements of Section **[10.01]** of the Indenture;

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario;

"**Opinion of Counsel**" means one or more written opinions of counsel, which counsel shall be reasonably acceptable to the party receiving such opinion of counsel, and shall be in form and substance reasonably acceptable to such party;

"**Permitted Successor**" means any successor to the IESO under the Act, whether pursuant to any bankruptcy, reorganization or other insolvency proceeding or pursuant to any merger, conversion,

acquisition, sale or transfer, by operation of law, as a result of any restructuring, or otherwise, but only to the extent such successor is approved by the Minister;

"**Permitted Transfer**" means (i) a Transfer to the Issuer pursuant to this Agreement; and (ii) a Transfer to a person who has entered into a Co-Owner Agreement with, inter alia, the Issuer.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority;

"**Prescribed Period**" has the meaning ascribed thereto in Section 3.14(a);

"**Proceeding**" means any suit in equity, action at law or other judicial or administrative proceeding;

"**Program Agreements**" has the meaning ascribed thereto in the Indenture;

"**Purchase Price**" has the meaning ascribed thereto in Section 2.1(c);

"**Rating Agency**" has the meaning ascribed thereto in the Indenture;

"**Rating Agency Condition**" has the meaning ascribed thereto in the Indenture;

"**Records**" has the meaning ascribed thereto in Section 7.1;

"**Regulations**" means Ontario Regulation 206/17: General, together with any other regulations promulgated under the Act;

"**Regulatory Asset**" has the meaning ascribed thereto in the recitals;

"**Remittance Date**" means, in respect of each Billing Period, the 18th Business Day following the last day of each Billing Period;

"**Required Servicer Rating**" means a rating of "Baa~~3~~**2**" or higher by Moody's Investors Service, Inc. (or any successor thereof) and a rating of "BBB(low)" or higher by DBRS Limited (or any successor thereof);

"**Requirement of Law**" means any foreign, Canadian federal, provincial or local laws, statutes, regulations, rules, codes or ordinances enacted, adopted, issued or promulgated by any Governmental Authority or common law;

"**Responsible Officer**" means, with respect to: (a) the Issuer, any authorized director or officer of the Manager; (b) the Servicer, any authorized director or officer of the IESO; and (c) a Successor Servicer, any authorized director or officer of the Successor Servicer;

"**Servicer**" means the Independent Electricity System Operator, as Servicer under this Agreement, or any Successor Servicer to the extent permitted under this Agreement;

"**Servicer CEA Receipts**" has the meaning ascribed thereto in Section 3.4(~~e~~f);

"**Servicer Default**" has the meaning ascribed thereto in Section 7.1;

"**Specified Consumer**" has the meaning ascribed to the term "specified consumer" in the Act;

"**Specified Creditors**" has the meaning ascribed thereto in the Indenture;

"**Specified Portion**" means, in respect of the Regulatory Asset and any Transfer, the portion of the Regulatory Asset subject to such Transfer, as set out in the applicable Transfer Notice.

"**Successor Servicer**" has the meaning ascribed thereto in Section **[3.07(e)]** of the Indenture;

"**Supplemental Indenture**" means an indenture supplemental to the Indenture that authorizes the incurrence of Funding Obligations;

"**Termination Event**" has the meaning ascribed thereto in Section 3.11;

"**Termination Notice**" has the meaning ascribed thereto in Section 7.1;

"**Transfer**" has the meaning ascribed to the term "transfer" in Section 1(3) of the Act, and "**Transferred**" has a corresponding meaning;

"**Transfer Notice**" means a Transfer Notice in respect of a Transfer substantially in the form of Exhibit A to this Agreement and delivered pursuant to Section 2.1(c) of this Agreement; and

"**Transferor**" means the Independent Electricity System Operator, as transferor under this Agreement;

1.2 Sections and Headings

The table of contents does not form part of this Agreement. The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and will not affect the construction or interpretation of this Agreement. Unless something in the subject matter or context is inconsistent therewith, references herein to Articles and Sections are to Articles and Sections of this Agreement.

1.3 Extended Meanings

(a) Words importing the singular number only will include the plural and vice versa and words importing the masculine gender will include the feminine and neuter genders and vice versa. A reference to any agreement, instrument or declaration means such agreement, instrument or declaration as the same may be amended, supplemented, modified, restated or replaced from time to time.

(b) The term "**including**" means "including without limitation", and other forms of the verb "**include**" have correlative meanings.

(c) All references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities.

(d) Unless otherwise stated, in the computation of a period of time from a specified date to a later specified date, the word "**from**" means "**from and including**" and each of the words "**to**" and "**until**" means "**to but excluding**".

(e) The words "**hereof**", "**herein**" and "**hereunder**" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, unless otherwise specified. References to Articles, Sections, Appendices and Exhibits in this Agreement are references to Articles, Sections, Appendices and Exhibits in or to this Agreement unless otherwise specified.

(f) References to any law, rule, regulation or order of a Governmental Authority shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor.

(g) The word "**will**" shall be construed to have the same meaning and effect as the word "**shall**". The word "**or**" is not exclusive.

(h) References to a specific rating by a Rating Agency shall mean such rating or the equivalent rating if such Rating Agency changes its rating scale.

ARTICLE 2
TRANSFER OF SPECIFIED PORTIONS OF THE REGULATORY ASSET

2.1 Transfer Notices and Agreement to Transfer Specified Portions of the Regulatory Asset

(a) The Transferor shall determine the IESO Deferral as required by Section 23(1) of the Act and the Regulations.

(b) The Transferor shall maintain the Fair Hydro Variance Account as required by Section 24 of the Act and the Regulations.

(c) The Transferor may, no more frequently than monthly and no later than the 8th Business Day of any calendar month, offer to Transfer to the Issuer a Specified Portion of the Regulatory Asset by providing to the Issuer a Transfer Notice executed by the Transferor and setting out (i) the Specified Portion of the Regulatory Asset that the Transferor is offering to Transfer to the Issuer, (ii) the consideration to be paid to the Transferor by the Issuer for the Transfer (the "**Purchase Price**") which shall be equal to the amount of such Specified Portion of the Regulatory Asset, (iii) the Closing Date to effect such transfer which shall be no earlier than the 5th Business Day after the delivery of the Transfer Notice and no later than the last Business Day of the calendar month in which the Transfer Notice was delivered, or such other Business Day as may be agreed by the Transferor and the Issuer, and (iv) such other information as required in the form of Transfer Notice attached as Exhibit A hereto.

(d) On or before the 2nd Business Day following receipt of a Transfer Notice, the Issuer shall have the right, but not the obligation, to accept the Transferor's offer to Transfer the Specified Portion of the Regulatory Asset referred to in the Transfer Notice by executing and returning such Transfer Notice to the Transferor. Upon acceptance by the Issuer of the Transfer Notice, there shall be a binding agreement for IESO to Transfer the Specified Portion of the Regulatory Asset referred to in the Transfer Notice and for the Issuer to pay the Purchase Price, subject to satisfaction of all conditions precedent in Section 2.2.

(e) Provided that all conditions precedent set out in Section 2.2 have been satisfied on or prior to the applicable Closing Date, on the applicable Closing Date, the Issuer shall deliver or cause to be delivered to the Transferor, by wire transfer or electronic funds transfer, in immediately available funds, an amount in Canadian dollars equal to the Purchase Price set forth in the applicable Transfer Notice. The Transferor agrees that receipt by the Transferor of the payment referred to in this Section 2.1(e) is receipt by the Transferor of a payment referred to in Section 26(3) of the Act.

(f) Upon receipt by the Transferor of the payment referred to in Section 2.1(e), the Transferor shall reduce the balance of the Fair Hydro Variance Account by an amount equal to the Purchase Price received and shall retain no further right, title or interest in the Issuer Investment Interest corresponding to the Specified Portion of the Regulatory Asset Transferred.

(g) The parties state that they intend that this Agreement, together with each Transfer Notice accepted by the Issuer, constitute an agreement, for purposes of Section 27(2) of the Act for the Transferor to dispose, upon receipt by the Transferor of the payment referred to in Section 2.1(e), of the Specified Portion of the Regulatory Asset referred to in the Transfer Notice and to assign, convey or sell a corresponding Investment Interest to the Issuer.

2.2 Conditions Precedent to each Transfer of a Specified Portion of the Regulatory Asset

(a) The obligation of the Issuer to pay the Purchase Price related to the initial Transfer of a Specified Portion of the Regulatory Asset shall be subject to the satisfaction by the Transferor, or waiver by the Issuer, of the following conditions:

(i) the Issuer shall have received from the Transferor the following documents, in form and substance satisfactory to the Issuer:

(A) a certificate of an officer of the IESO certifying (1) that attached thereto is a true and complete copy of the by-laws of the IESO, each as in effect on the date of such certificate, (2) that attached thereto is a true and complete copy of a resolution adopted by the IESO's board of directors authorizing the execution, delivery and performance of this Agreement and the performance by the IESO of its obligations hereunder, and that such resolution has not been modified, rescinded or amended and is in full force and effect, and (3) as to the incumbency and true specimen signature of each of the IESO officers or delegates executing this Agreement and authorized to give notices and instructions hereunder (which can be changed by notice hereunder), provided that this condition may be satisfied by delivery of a certificate of an officer of the IESO to the effect that there has been no change to the items listed in (1), (2) and (3) above since the date of the previous certificate delivered under this Section 2.2(a)(i)(A) which certificate delivery condition may be satisfied by a representation and warranty to like effect in the applicable Transfer Notice; and

(B) the Transferor shall have delivered to the Rating Agencies and the Issuer any Opinions of Counsel reasonably required by them.

(b) The obligation of the Issuer to pay the Purchase Price related to each Transfer of a Specified Portion of the Regulatory Asset (including the initial Transfer) shall be subject to the satisfaction or waiver by the Issuer of each of the following conditions:

(i) as of the applicable Closing Date, all Program Agreements shall have been entered into on terms and conditions satisfactory to the Issuer and shall be in full force and effect as of such Closing Date;

(ii) as of the applicable Closing Date, no Insolvency Event in respect of the Transferor shall have occurred and the Transferor is not aware of any pending Insolvency Event with respect to itself;

(iii) as of the applicable Closing Date, (A) the representations and warranties of the IESO in this Agreement must be true and correct with the same force and effect as if made on that date (except to the extent they relate to an earlier date), (B) no breach of any covenant or agreement of the IESO contained in this Agreement shall have occurred and be continuing, and (C) no Servicer Default shall have occurred and be continuing;

(iv) the Transferor shall have delivered to the Issuer an Officer's Certificate confirming the satisfaction of each condition precedent specified in Sections 2.2(b)(ii) and (iii);

(v) as of the applicable Closing Date, (A) the Issuer shall have sufficient funds available to pay the Purchase Price as set forth in the applicable Transfer Notice, (B) all conditions to any incurrence of Funding Obligations intended to provide such funds set forth in the Indenture (and any applicable Supplemental Indenture) or other instrument shall have been satisfied or waived, (C) if applicable, the Rating Agency Condition in respect of the issuance of the Funding Obligations funding the payment of the Purchase Price shall have been satisfied or, if a new issuance of Funding Obligations without an existing rating, the required ratings have been established by the applicable Rating Agencies, and (D) the Funding Obligation required to fund the payment of the Purchase Price shall have been issued at the same time as, or prior to, the Transfer; and

(vi) immediately after giving effect to the Transfer, each of the Fair Hydro Variance Account and the Regulatory Asset will have a balance or amount, as applicable, equal to or greater than zero.

ARTICLE 3
ROLE OF THE SERVICER

3.1 Designation of Servicer

Each Transfer of a Specified Portion of the Regulatory Asset shall be made on the basis that the related Issuer Investment Interest shall be serviced by the Servicer in accordance with this Article 3, and the IESO or any Permitted Successor of the IESO that is the Servicer shall not be entitled, except as otherwise provided in Section 3.7 or agreed by the Parties, to receive any further compensation from the Issuer for its services in connection therewith.

3.2 Forecasts and Other Information

The IESO shall:

(a) provide to the Board the forecast information contemplated by Section 8(3) of the Regulations;

(b) provide to the Issuer the forecast information provided to the Board pursuant to Section 3.2(a), which information shall be provided on a non-reliance basis other than with respect to the use thereof in relation to the duties, obligations or rights of the Issuer or the Manager pursuant to the Act and the Regulations; and

(c) provide to the Issuer such other information and reports as the Issuer may reasonably request in connection with the calculation of the Clean Energy Adjustments, which is reasonably available to the Transferor directly or upon request, can lawfully be provided and can be provided without incurring material incremental expense (unless the Issuer has agreed to reimburse the IESO for such material incremental expenses).

3.3 Implementation Plan

(a) The Servicer will work with the Issuer to develop on or before January 31, 2020 a written implementation plan identifying in reasonable detail the actions to be taken by the Servicer and the Issuer in order to facilitate the Board, the Issuer, the Servicer and the Electricity Vendors being prepared to perform their obligations under the Act and the Regulations when the setting, invoicing and collection of Clean Energy Adjustments commences (the "**Implementation Plan**"). The Implementation Plan should include the following:

(i) a process and a schedule for contacting Electricity Vendors and providing instructions with respect to the establishment of a segregated account by each Electricity Vendor, the procedures for invoicing Clean Energy Adjustments, the identification, deposit and segregation of Electricity Vendor CEA Collections and their remittance to the Servicer;

(ii) the development of processes for the necessary exchanges of information with respect to Clean Energy Adjustments among the Board, the Issuer, the Manager, the Servicer, Electricity Vendors and Specified Consumers;

(iii) procedures for the testing of the processes for the collection and remittance of Clean Energy Adjustment before February 28, 2021; and

(iv) target dates for the achievement of specified objectives under the Implementation Plan.

(b) The Servicer and the Issuer will prepare written progress reports on the status of the implementation of the Implementation Plan on or before June 30, 2020, October 31, 2020 and January 31, 2021.

3.4 Clean Energy Adjustments and Electricity Vendors

The Servicer shall:

(a) prior to receiving Servicer CEA Receipts, establish an Eligible Deposit Account (the "**IESO Segregated Account**") bearing a designation indicating that the funds

deposited therein are held in trust for the benefit of the Issuer and, after the Co-Owner Implementation Date, for the benefit of any other owner or owners of an Investment Interest. If at any time the IESO Segregated Account ceases to be an Eligible Deposit Account, the Servicer shall within 30 days establish a new IESO Segregated Account as an Eligible Deposit Account and shall transfer any cash and/or any investments held in the former account to such new account and make all future deposits to such new account;

(b) prior to the first Billing Period when amounts are invoiced by Electricity Vendors to Specified Consumers in respect of Clean Energy Adjustments, make commercially reasonable efforts to:

(i) cause each Electricity Vendor to establish a segregated account into which Electricity Vendor CEA Collections are to be deposited as required by Section 10(2) of the Regulations;

(ii) settle a form of Electricity Vendor Billing Period Report to be used by such Electricity Vendor;

(iii) cause each Electricity Vendor to establish procedures for the invoicing by such Electricity Vendor of amounts in respect of the Clean Energy Adjustment, the identification, deposit and segregation of Electricity Vendor CEA Collections, the remittance of Electricity Vendor CEA Collections to the Servicer and reporting to the Servicer; and

(iv) respond to inquiries from Electricity Vendors with respect to any of the foregoing matters.

(c) **together with the Issuer, prior to the first Billing Period when amounts are invoiced by Electricity Vendors to Specified Consumers in respect of Clean Energy Adjustments, settle a form of Monthly Servicer Report;**

(d) ~~(c)~~ request certification from each Electricity Vendor that the segregated account required by Section 10(2) of the Regulations has been established by that Electricity Vendor;

(e) ~~(d)~~ as agent of the Issuer and, after the Co-Owner Implementation Date, as agent of any other owner or owners of an Investment Interest, receive Electricity Vendor CEA Collections from Electricity Vendors;

(f) ~~(e)~~ as agent of the Issuer and, after the Co-Owner Implementation Date, as agent of any other owner or owners of an Investment Interest, receive any amounts in respect of Clean Energy Adjustments payable directly by Specified Consumers to the Servicer (such amounts, together with the amounts referred to in Section 3.4(~~d~~**e**), the "**Servicer CEA Receipts**");

(g) ~~(f)~~ deposit the Servicer CEA Receipts into the IESO Segregated Account promptly following receipt by the Servicer and, in any event, within two Business

Days of receipt by the Servicer and the Issuer Share of such Servicer CEA Receipts shall remain in the IESO Segregated Account until remitted in accordance with Section 3.6;

(h) ~~(g)~~ respond to inquiries by Electricity Vendors with respect to the Clean Energy Adjustment and amounts payable in respect thereof;

(i) ~~(h)~~ request from each Electricity Vendor an Electricity Vendor Billing Period Report in respect of each Billing Period during which Clean Energy Adjustments are billed to Specified Consumers; such report to be requested to be delivered within twelve Business Days of the end of each Billing Period;

(j) ~~(i)~~ review each Electricity Vendor Billing Period Report received by the Servicer for material manifest discrepancies, including any discrepancy between the Electricity Vendor CEA Collections reported in respect of the Billing Period and the amount received pursuant to Section 3.4(~~d~~**e**);

(k) ~~(j)~~ contact each Electricity Vendor:

(i) that does not deliver an Electricity Vendor Billing Period Report in respect of a Billing Period where Clean Energy Adjustments were payable by Specified Consumers;

(ii) from which no Electricity Vendor CEA Collections are received in respect of the Billing Period,

(iii) for whom Electricity Vendor CEA Collections do not match the amount thereof reported in its Electricity Vendor Billing Period Report,

(iv) that delivers an Electricity Vendor Billing Period Report that has any other material manifest discrepancy detected by the Servicer, or

(v) that has not certified that it has established the segregated account required by Section 10(2) of the Regulations,

and attempt to resolve the applicable issue; and

(l) ~~(k)~~ hold the Issuer Share of Servicer CEA Receipts and the Issuer Share of any other proceeds in respect of the Clean Energy Adjustment received by it in trust for the benefit of the Issuer and remit such amounts in accordance with Section 3.6 without any surcharge, fee, offset, charge or other deduction.

3.5 Reporting

The Servicer shall:

(a) on or before the 20th Business Day following the end of each Billing Period **when amounts are invoiced by Electricity Vendors to Specified Consumers in**

respect of Clean Energy Adjustments, prepare and deliver to the Issuer a ~~written report substantially in the form of Exhibit B (a "~~Monthly **Servicer** Report~~")~~;

~~(b)~~ ~~report monthly to the Issuer any matters referred to in Section 3.4(j) which have not been resolved and any explanation provided therefor by the Electricity Vendor;~~

(b) ~~(c)~~ promptly notify the Issuer in writing of any Requirement of Law hereafter adopted or announced or the occurrence of any other event or circumstance of which it becomes aware that has a material adverse effect on the Servicer's ability to perform its duties and obligations under this Agreement; and

(c) ~~(d)~~ upon the reasonable request of the Issuer provide to the Issuer any public financial information in respect of the Servicer, or any material information regarding the Clean Energy Adjustment, to the extent it is reasonably available to the Servicer, and as may be reasonably necessary and permitted by law, to enable the Issuer to monitor the performance by the Servicer of its duties and obligations hereunder.

3.6 Remittances

(a) The Issuer shall provide the Servicer with notice of the Collection Account at least ten Business Days prior to the first Remittance Date and shall provide the Servicer with notice of any change to the Collection Account at least ten Business Days prior to any subsequent Remittance Date.

(b) Absent the occurrence of a Daily Remittance Event, the Issuer Share of Servicer CEA Receipts received by the Servicer and any interest earned thereon received on or subsequent to a Remittance Date shall be remitted by the Servicer to the Collection Account no later than the immediately following Remittance Date.

(c) Following the occurrence of a Daily Remittance Event, the Issuer Share of all Servicer CEA Receipts on deposit in the IESO Segregated Account and any interest earned thereon shall be remitted by the Servicer to the Collection Account on the second following Business Day.

3.7 Reimbursement of Servicer

The Issuer shall reimburse the Servicer for its direct costs relating to the performance by the Servicer of its duties and obligations hereunder and that are not otherwise recovered by the Servicer pursuant to sections 25.1(1) and 25.1(2) of the *Electricity Act, 1998*, which direct costs the IESO shall have no obligation to seek recovery for under sections 25.1(1) and 25.1(2) of the *Electricity Act, 1998*; provided, however, that this Section 3.7 shall not apply to any costs relating to the performance by the Servicer of its duties and obligations under the Act or the Regulations, including, for greater certainty the Servicer's obligations to pay monthly Carrying Costs.

3.8 Limits to Obligations

Notwithstanding anything to the contrary in this Agreement, the parties hereto agree that the duties, liabilities and obligations of IESO under this Agreement are limited as provided in this Section 3.8.

(a) IESO is not responsible for, or in respect of, any amounts not collected by Electricity Vendors from their customers or not remitted by Electricity Vendors to the Servicer.

(b) IESO is not responsible to confirm, verify or audit the amount of the Clean Energy Adjustment invoiced by Electricity Vendors or the Electricity Vendor CEA Collections collected by Electricity Vendors and reported to the IESO.

(c) IESO is not responsible for enforcing the obligations of Specified Consumers to pay, or the obligations of Electricity Vendors to invoice, collect or remit Clean Energy Adjustments or any other amounts, or to establish a segregated account into which Electricity Vendor CEA Collections are to be deposited, and IESO is under no obligation to initiate or prosecute any legal action relating to the collection of the Clean Energy Adjustments or the Issuer Investment Interest.

(d) IESO is not responsible or liable for the performance by Electricity Vendors of their duties and responsibilities under the Act or the Regulations including (i) the invoicing of Specified Consumers in respect of the Clean Energy Adjustment and ancillary matters related thereto; (ii) the collection from Specified Consumers of amounts due in respect of such invoices and the remittance of such payments to the Servicer; (iii) the accuracy of any information provided by the Electricity Vendors; and (iv) any reporting by the Electricity Vendors, including the reporting to the Servicer of the total CEA Consumer Invoice Amounts invoiced by such Electricity Vendor to its Specified Consumers in respect of the Clean Energy Adjustment, the total Electricity Vendor CEA Collections received by such Electricity Vendor and the Issuer Share of Electricity Vendor CEA Collections received by such Electricity Vendor and any other reporting in the Electricity Vendor Billing Period Report.

(e) IESO is under no responsibility or obligation to the Issuer with respect to the nature or extent of the Issuer Investment Interest, the collectability of the Issuer Share of Servicer CEA Receipts or that the Issuer Share of Servicer CEA Receipts will be sufficient to satisfy the Issuer's Funding Obligations.

(f) IESO may rely in good faith on the advice of counsel or on any document of any kind, prima facie properly executed and submitted by any Person, respecting any matters arising under this Agreement.

(g) IESO shall have no liability or responsibility to any Person in respect of any forecasts or other information provided pursuant to Section 3.2, provided only that such forecasts or other information has been prepared and provided in good faith.

(h) None of the directors, officers, employees or agents of IESO shall be liable to the Issuer or any other Person for any action taken or for refraining from the taking of any action pursuant to this Agreement or for good faith errors in judgment.

3.9 Servicing and Maintenance Standards

Subject to Section 3.8, the Servicer shall discharge its duties, responsibilities and obligations hereunder with reasonable care and in material compliance with the Requirements of Law, including the Act and the Regulations and, in doing so, shall follow standards, policies and procedures in performing its duties as Servicer hereunder that are customary for an electricity market operator and administrator that regularly performs settlement functions.

3.10 Appointments

The Servicer may at any time appoint OPG or any other Person to act as its agent to perform all or any portion of its obligations as Servicer hereunder; provided however, that in respect of the appointment of a Person other than OPG, the Rating Agency Condition shall have been satisfied in connection therewith; and provided further that the Servicer shall remain obligated and be liable for the performance of its obligations under this Agreement without diminution of such obligation and liability by virtue of the appointment of OPG or such other Person and to the same extent and under the same terms and conditions as if the Servicer alone were performing such obligations. The fees and expenses of OPG or any other such Person shall be as agreed between the Servicer and OPG or such other Person from time to time, and the Issuer shall not have any responsibility therefor or right or claim thereto. Any such appointment shall not constitute a resignation of the Servicer under Section 3.13.

3.11 Term

The Servicer's appointment as Servicer under this Agreement shall become effective as of the execution hereof and shall continue in full force and effect until the earlier of (a) the effective date of resignation of the Servicer in accordance with the provisions of this Agreement, (b) termination of all of the rights and obligations of the Servicer under Article 7, and (c) the date on which all Issuer Funding Obligations have been paid in full and all CEA Consumer Invoice Amounts have been received or written off (in each case, a "**Termination Event**"). The appointment of the Servicer as servicer under this Agreement shall be terminated effective as of the date of the Termination Event.

3.12 Mergers

Any Person (a) into which the Servicer may be merged, converted or amalgamated and that is a Permitted Successor, (b) that may result from any merger, conversion or amalgamation to which the Servicer shall be a party and that is a Permitted Successor, (c) that may succeed to the properties and assets of the Servicer substantially as a whole and that is a Permitted Successor, or (d) that otherwise is a Permitted Successor, which Person in any of the foregoing cases executes an agreement of assumption to perform all of the obligations of the Servicer hereunder, shall be the successor to the Servicer under this Agreement without further act on the part of any of the parties to this Agreement; provided, however, that (i) immediately

after giving effect to such transaction, no representation or warranty made pursuant to Section 4.1 shall have been breached and no Servicer Default and no event that, after notice or lapse of time, or both, would become a Servicer Default shall have occurred and be continuing, (ii) the Servicer shall have delivered to the Issuer an Officer's Certificate and an Opinion of Counsel from external counsel stating that such consolidation, conversion, merger or succession and such agreement of assumption complies with this Section 3.12 and that all conditions precedent, if any, provided for in this Agreement relating to such transaction have been complied with, and (iii) the Servicer shall have given to the Issuer and each Rating Agency prior written notice of such transaction. When any Person that is a Permitted Successor acquires the properties and assets of the Servicer substantially as a whole or otherwise becomes the successor, by merger, conversion, consolidation, sale, transfer, lease or otherwise, to all or substantially all the assets of the Servicer in accordance with the terms of this Section 3.12, then, upon satisfaction of all of the other conditions of this Section 3.12, the preceding Servicer shall automatically and without further notice be released from all of its obligations hereunder (except for responsibilities for its actions prior to such release).

3.13 The IESO Not to Resign as Servicer

Subject to the provisions of Section 3.12, the IESO shall not resign from the obligations and duties imposed on it as Servicer under this Agreement except upon a determination that the performance of its duties under this Agreement shall no longer be permissible under applicable Requirements of Law. Notice of any such determination permitting the resignation of the IESO as Servicer shall be communicated to the Issuer and each Rating Agency at the earliest practicable time (and, if such communication is not in writing, shall be confirmed in writing at the earliest practicable time), and any such determination shall be evidenced by an Opinion of Counsel to such effect delivered to the Issuer and each Rating Agency concurrently with or promptly after such notice. No such resignation shall become effective until a Successor Servicer that is a Permitted Successor has assumed the servicing obligations and duties hereunder of the Servicer in accordance with Section 7.2.

3.14 IESO Regulatory Obligation to Pay Carrying Costs

(a) The IESO acknowledges that it has an obligation pursuant to the Regulations to pay monthly Carrying Costs to the Issuer for the prescribed period set out in the Regulations (the "**Prescribed Period**") and agrees to comply with its obligations under the Regulations to pay and remit the Carrying Costs to the Issuer.

(b) On or before the 4th Business Day of each calendar month during the Prescribed Period, the Issuer shall prepare and deliver to the IESO a written statement substantially in the form of Exhibit ~~C~~**B** (a "**Monthly Carrying Costs Statement**") certifying the amount of the Carrying Costs expected to be incurred in the following calendar month ("**Monthly Carrying Costs**"). If requested by the IESO, the Issuer shall, in lieu of providing the Monthly Carrying Costs Statement, enter the amount of such expected Monthly Carrying Costs in the IESO operated portal, or such other similar facility operated by the IESO, and such entry shall be deemed to be a certification of the accuracy of the amount entered.

(c) On or before the 14th Business Day following receipt by the IESO of the Monthly Carrying Costs Statement, the IESO shall, as required under the Regulations, deliver or cause to be delivered to the Issuer, by wire transfer or electronic funds transfer in immediately available funds, an amount in Canadian dollars equal to the expected Monthly Carrying Costs certified by the Issuer in the applicable Monthly Carrying Costs Statement.

(d) To the extent that the expected Monthly Carrying Costs certified in a Monthly Carrying Costs Statement are less than or greater than the actual Monthly Carrying Costs incurred in respect of a calendar month, an adjustment shall be made to the expected Monthly Carrying Costs for the calendar month for which the first Monthly Carrying Costs Statement is issued after the amount of the discrepancy is determined **or any such overpayment shall be returned to the IESO**.

3.15 IESO Security for CEA Remittances

~~If required by the Issuer, the~~**The** IESO shall provide to the Issuer, on or prior to the first day of the first Billing Period when amounts are invoiced to Specified Consumers in respect of Clean Energy Adjustments, security for any failure of Non-Investment Grade Rated Electricity Vendors to remit their Electricity Vendor CEA Collections in the form of (x) a letter of credit with a term extending to the first day of the immediately following calendar year, or (y) a performance guarantee or such other form of security as may be acceptable to the Issuer and that satisfies the Rating Agency Condition.

The amount of security required by the IESO pursuant to this Section 3.15 will be calculated on an annual basis and will be equal to ~~the lesser of (i) $100 million and (ii)~~ the amount determined in accordance with the following formula**, or such other lower amount as may be proposed by the Servicer, is acceptable to the Issuer and satisfies the Rating Agency Condition**:

((A / B) x C x D / 365 x E)

where A, B, C, D and E are as follows:

A = for the most recent completed 12 month period for which information is available, as provided by the Servicer, the aggregate amount of energy consumed by Specified Consumers of all Non-Investment Grade Rated Electricity Vendors.

B = for the same 12 month period used for A, as provided by the Servicer, the aggregate amount of energy consumed by all Specified Consumers.

C = for the most current 12 month forecast period available, as provided by OPG, in its capacity as the Financial Services Manager under the Act, the Clean Energy Adjustment amounts estimated to be payable by all Specified Consumers.

D = 45, which represents an estimated number of days that total Clean Energy Adjustment amounts are expected to be held by Electricity Vendors, or such other number as

mutually agreed to in writing by the Issuer and the Servicer and that satisfies the Rating Agency Condition;

E = ~~[0.45]~~,**0.50,** or another value as mutually agreed to in writing by the Issuer and the Servicer and that satisfies the Rating Agency Condition.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES OF THE IESO

4.1 Representations and Warranties

Subject to Section 3.8, the IESO makes the following representations and warranties as of the date hereof and as of each applicable Closing Date, and the IESO acknowledges that the Issuer will rely thereon in paying the Purchase Price related to Transfers of Specified Portions of the Regulatory Asset, and the Issuer has relied thereon in entering into this Agreement relating to the servicing of the corresponding Investment Interests.

(a) Organization and Good Standing. The IESO is a statutory corporation amalgamated under the laws of the Province of Ontario, with requisite corporate power and authority to own its properties, to conduct its business as such properties are currently owned and such business is presently conducted by it.

(b) Due Qualification. The IESO has obtained all necessary licences and approvals, in all jurisdictions in which the ownership or lease of property or the conduct of its business (including acting as Servicer under this Agreement) shall require such licences or approvals, except where the failure to so qualify or obtain such licences and approvals would not be reasonably likely to have a material adverse effect on the IESO's business, operations, assets, revenues or properties, the Regulatory Asset or the servicing of related Investment Interests.

(c) Power and Authority. The IESO has the requisite corporate power and authority to execute and deliver this Agreement and to carry out its terms. The IESO has full corporate power and authority to hold the Regulatory Asset and to Transfer Specified Portions of the Regulatory Asset to the Issuer and the IESO has duly authorized such Transfer to the Issuer by all necessary corporate action. The execution, delivery and performance of all obligations under this Agreement have been duly authorized by all necessary corporate action on the part of the IESO under all applicable laws.

(d) Binding Obligation. This Agreement constitutes a legal, valid and binding obligation of the IESO, enforceable against the IESO in accordance with its terms, subject to bankruptcy, receivership, insolvency, reorganization, moratorium or

other laws affecting creditors' rights generally from time to time in effect and to general principles of equity (including concepts of materiality, reasonableness, good faith and fair dealing).

(e) No Violation. The consummation of the transactions contemplated by this Agreement and the fulfillment of the terms hereof by the IESO do not conflict with, result in any breach of any of the terms and provisions of, or constitute (with or without notice or lapse of time, or both) a default under, the IESO's by-laws, or any indenture, or other material agreement or instrument to which the IESO is a party or by which it is bound, result in the creation or imposition of any Lien upon any of the IESO's properties pursuant to the terms of any such indenture, agreement or other instrument or violate any existing law or any order, rule or regulation applicable to the IESO issued by any Governmental Authority having jurisdiction over the IESO or its properties, except, in each case, where such breach would not reasonably be expected to materially and adversely affect the performance by the IESO of its obligations under this Agreement or the Act or the validity or enforceability of this Agreement.

(f) No Proceedings. To the IESO's knowledge, except as disclosed in writing to the Issuer, there are no Proceedings pending or threatened against the IESO or its properties: (a) asserting the invalidity of this Agreement or the Act, (b) seeking to prevent the consummation of any of the transactions contemplated by this Agreement or the Act, or (c) seeking a determination or ruling that could reasonably be expected to materially and adversely affect the performance by the IESO of its obligations under this Agreement or the Act or the validity or enforceability of this Agreement.

(g) Approvals. No approvals, authorizations, consents, orders or other actions or filings with any Governmental Authority are required for the IESO to execute, deliver and perform its obligations under this Agreement except those which have previously been obtained or made.

(h) Information. Except in respect of information provided by a third party, all written information, as amended or supplemented from time to time, provided by the Transferor to the Issuer with respect to the Issuer in a Transfer Notice and a Monthly **Servicer** Report is true and correct in all material respects and does not omit any material fact.

(i) The Transfer. After the completion of the Transfer on the applicable Closing Date, the IESO will have no right, title or interest in the Investment Interest related to the Specified Portion of the Regulatory Asset as set forth in the applicable

Transfer Notice, and the related Investment Interest shall not form part of the estate of the IESO in the event of an Insolvency Event in respect of the IESO.

(j) No Transfer. Except for Permitted Transfers, the IESO has not sold, transferred, assigned or otherwise conveyed any interest in the Regulatory Asset to any Person.

(k) Liens. IESO has not pledged or otherwise granted a Lien to any Person in the Regulatory Asset and to the IESO's knowledge (after due inquiry), there is no registered financing statement listing the IESO as debtor covering or extending to the Regulatory Asset.

(l) Tax Liens. The IESO (i) is not aware, after due inquiry, of any judgment or tax lien filing against the IESO, and (ii) is not a non-resident of Canada for purposes of the *Income Tax Act* (Canada).

(m) Solvency. On the date hereof and after giving effect to each Transfer, the IESO:

(i) reasonably believes that it will be able to pay its debts as they come due; and

(ii) is able to pay its debts as they mature and does not intend to incur, or believes that it will not incur, indebtedness that it will not be able to repay at its maturity.

(n) No Court Order. There is no order by any court that seeks to enjoin the performance of any obligations of the IESO under the Act or this Agreement.

4.2 Survival

The representations and warranties set forth in Section 4.1 shall survive the execution and delivery of this Agreement, each Transfer of a Specified Portion of a Regulatory Asset to the Issuer and the pledge of the corresponding Investment Asset to the Indenture Trustee pursuant to the Indenture and may not be waived by any party hereto except pursuant to a written agreement executed in accordance with Section 8.1 and as to which the Rating Agency Condition has been satisfied.

ARTICLE 5
COVENANTS OF THE IESO

5.1 Existence

So long as any Issuer Funding Obligations are outstanding, the IESO (a) shall not take any action to impair its corporate existence, and (b) will obtain and preserve its qualification to do business in the Province of Ontario.

5.2 No Transfer or Liens

Except for Transfers under this Agreement to the Issuer or Permitted Transfers, the IESO will not Transfer the Regulatory Asset or any portion thereof to any person. The IESO will not grant, create, incur, assume or suffer to exist any Lien on the Regulatory Asset or any portion thereof. The IESO will not at any time assert any Lien against or with respect to the Issuer Investment Interest, except for any Lien granted by the Issuer to the IESO.

5.3 Notice of Liens

The IESO shall notify the Issuer promptly after becoming aware of any Lien on any portion of the Regulatory Asset.

5.4 Compliance with Law

The IESO will comply with all Requirements of Law applicable to, and binding upon, the IESO or relating to the Regulatory Asset, except to the extent that failure to so comply would not materially adversely affect the Transfer of Specified Portions of the Regulatory Asset or the IESO's performance of its obligations under this Agreement; provided, however, that the foregoing is not intended to, and shall not, impose any liability on the IESO for non-compliance with any Requirement of Law that the IESO is contesting in good faith in accordance with its customary standards and procedures.

5.5 Covenants Related to the Investment Interest

(a) So long as any Issuer Funding Obligations are outstanding, the IESO shall treat the Issuer Investment Interest as the Issuer's property for all purposes.

(b) Except for investments held for employee benefit purposes, the IESO shall not at any time become a holder of Issuer Funding Obligations.

(c) The IESO shall disclose the effects of all transactions between the IESO and the Issuer in accordance with generally accepted accounting principles (for government entities).

(d) (i) In all Proceedings relating directly or indirectly to the Issuer Investment Interest, the IESO shall affirmatively certify and confirm that it has Transferred all of its rights and interests in and to the Specified Portions of the Regulatory Asset giving rise to the Issuer Investment Interest, (ii) the IESO shall not make any statement or reference in respect of the Issuer Investment Interest that is inconsistent with the ownership interest of the Issuer, and (iii) the IESO shall not take any action in respect of the Issuer Investment Interest except solely in its capacity as the Servicer thereof pursuant to this Agreement.

5.6 Non-petition Covenants

Notwithstanding any prior termination of this Agreement or the Indenture, the IESO shall not, prior to the date that is one year plus one day after termination of the Indenture and the payment in full of all Issuer Funding Obligations and any other amounts owed under the Indenture, petition or otherwise invoke the process of any Governmental Authority for the purpose of commencing or sustaining a Proceeding against the Issuer under any Canadian bankruptcy, insolvency or similar law, appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official or any substantial part of the property of the Issuer.

5.7 Disclosure

The IESO shall provide such non-confidential information regarding IESO, the Regulatory Asset and the services provided by the Servicer hereunder (collectively, the "**IESO Disclosure**") as may be reasonably requested by the Issuer for inclusion in any offering document of the Issuer from time to time, including but not limited to offering memoranda, prospectuses, registration statements and continuous disclosure documents (the "**Offering Documents**"). Provided that the IESO has been given a reasonable opportunity by the Issuer to review any such Offering Documents and has provided its consent to the use of such IESO Disclosure, the IESO will represent that, except in respect of information provided by a third party, all IESO Disclosure, as at the respective dates of delivery to the Issuer, is true and correct in all material respects and contains no misrepresentation.

5.8 Further Assurances

Upon the request of the Issuer, the IESO shall execute and deliver such further instruments and do such further acts as may reasonably be necessary to carry out the provisions and purposes of this Agreement.

5.9 Access to Certain Records and Information

The IESO shall provide to the Issuer access to all records relating to the IESO Deferral, the Fair Hydro Variance Account, the IESO Segregated Account and Servicer CEA Receipts, as is reasonably required for the Issuer to confirm compliance by the IESO with its

obligations under this Agreement. Access shall be afforded without charge, but only upon reasonable request and during normal business hours at the offices of the IESO. Nothing in this Section 5.9 shall affect the obligation of the IESO to comply with any Requirement of Law prohibiting disclosure of information, and the failure of the IESO to provide access to such information as a result of such obligation shall not constitute a breach of this Section 5.9.

5.10 Maintenance of Operations

Subject to Section 3.12, the IESO agrees to continue, unless prevented by circumstances beyond its control, to operate as the electricity system operator in the Province of Ontario so long as it is acting as the Servicer under this Agreement.

ARTICLE 6
IESO INDEMNITIES

6.1 Liability of the IESO; Indemnities

(a) The IESO shall indemnify the Issuer and each of its trustees, officers, directors and employees (each, an "**Indemnified Party**"), for, and defend and hold harmless each such Person from and against, any and all liabilities, obligations, losses, damages, payments and claims, and reasonable costs or expenses, of any kind whatsoever (collectively, "**Indemnified Losses**") imposed on, incurred by or asserted against such Person, as a result of (i) the failure of the IESO to perform its covenants and other obligations under this Agreement or any other Program Agreement to which the IESO is a party; or (ii) the breach by the IESO of any of its representations or warranties under this Agreement or any other Program Agreement to which the IESO is a party and, except to the extent of Indemnified Losses resulting from the willful misconduct, bad faith or gross negligence of such Person, seeking indemnification hereunder; provided that, in each case, the IESO shall not be required to indemnify an Indemnified Party for any amount paid or payable by such Indemnified Party in the settlement of any Proceeding or investigation without the written consent of the IESO, which consent shall not be unreasonably withheld or delayed. Promptly after receipt by an Indemnified Party of notice of the commencement of any Proceeding or investigation, such Indemnified Party shall, if a claim in respect thereof is to be made against the IESO under this Section 6.1(a), notify the IESO in writing of the commencement thereof. Failure by an Indemnified Party to so notify the IESO shall relieve the IESO from the obligation to indemnify and hold harmless such Indemnified Party under this Section 6.1(a) only to the extent that the IESO suffers actual prejudice as a result of such failure. With respect to any Proceeding or investigation brought by a third party for which indemnification may be sought under this Section

6.1(a), the IESO shall be entitled to conduct and control, at its expense and with counsel of its choosing that is reasonably satisfactory to such Indemnified Party, the defence of any such Proceeding or investigation (in which case the IESO shall not thereafter be responsible for the fees and expenses of any separate counsel retained by the Indemnified Party except as set forth below); provided, that the Indemnified Party shall have the right to participate in such Proceeding or investigation through counsel chosen by it and at its own expense. Notwithstanding the IESO's election to assume the defence of any Proceeding or investigation, the Indemnified Party shall have the right to employ separate counsel, and the IESO shall bear the reasonable fees, costs and expenses of such separate counsel, if (i) the defendants in any such action include both the Indemnified Party and the IESO and the Indemnified Party shall have reasonably concluded that there may be legal defences available to it that are different from or additional to those available to the IESO, (ii) the IESO shall not have employed counsel reasonably satisfactory to the Indemnified Party to represent the Indemnified Party within a reasonable time after notice of the institution of such action, (iii) the Indemnified Party shall have been advised by counsel to the Indemnified Party that there may be a conflict of interest between the IESO and the Indemnified Party, or (iv) the IESO authorizes the Indemnified Party to employ separate counsel at the expense of the IESO. Notwithstanding the foregoing, the IESO shall not be obligated to pay for the fees, costs and expenses of more than one separate counsel for the Indemnified Parties other than one local counsel, if appropriate. The IESO will not, without the prior written consent of the Indemnified Party, settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim or Proceeding in respect of which indemnification may be sought under this Section 6.1(a) (whether or not the Indemnified Party is an actual or potential party to such claim or action) unless such settlement, compromise or consent includes an unconditional release of the Indemnified Party from all liability arising out of such claim or Proceeding.

(b) For purposes of Section 6.1(a), in the event of the termination of the rights and obligations of the IESO (or any successor thereto pursuant to Section 3.12) as Servicer pursuant to Section 7.1, or a resignation by such Servicer pursuant to Section 3.13 of this Agreement, the IESO shall be deemed to be the Servicer pending appointment of a Successor Servicer pursuant to Section 7.2.

(c) Indemnification under Section 6.1(a) shall survive any repeal of, modification of, or supplement to, or judicial invalidation of, the Act and shall survive the termination of this Agreement and will rank *pari passu* with other general, unsecured obligations of the IESO.

(d) Notwithstanding anything contained in this Agreement, it is expressly understood that the IESO is not agreeing to indemnify or hold the Issuer or any Indemnified Party harmless with respect to any of the following:

(i) any losses resulting from any breach or failure to perform by the IESO caused by a breach or failure to perform on the part of any other third party

under any Program Agreement, the Act or the Regulations; provided that this Section 6.1(d)(i) shall not apply to limit the liability of the IESO in respect of any appointments as provided for in Section 3.10;

(ii) any losses resulting from changes in law after the date hereof, whether such changes in law are effected by means of any legislative enactment or any final and non-appealable judicial decision; or

(iii) any liability of the Issuer or any Indemnified Party incurred after the termination of this Agreement unless attributable to the actions or omissions of the IESO prior to such termination.

(e) The parties hereto agree that the IESO is not providing any representations, warranties or covenants in this Agreement, and shall have no liability to the Issuer or any Indemnified Party, with respect to the Clean Energy Adjustment amounts being sufficient to satisfy the Issuer Funding Obligations.

ARTICLE 7
SERVICER DEFAULT

7.1 Servicer Default

If any one or more of the following events (each, a "**Servicer Default**") shall occur and be continuing:

(a) any failure by the Servicer to remit to the Collection Account any required remittance that shall continue unremedied for a period of three Business Days after written notice of such failure is received by the Servicer from the Issuer or after discovery of such failure by a Responsible Officer of the Servicer;

(b) any failure on the part of the Servicer or, so long as the Servicer is the IESO, any failure on the part of the IESO, as the case may be, duly to observe or to perform in any respect any covenants or agreements of the Servicer or the IESO, as the case may be, set forth in this Agreement or in any other Program Agreement to which it is a party (other than as provided in Section 7.1(a)), which failure shall (i) materially and adversely affect the rights of the Specified Creditors and (ii) continue unremedied for a period of 30 days after the date on which (A) written notice of such failure, requiring the same to be remedied, shall have been given to the Servicer or the IESO, as the case may be, by the Issuer or (B) such failure is discovered by a Responsible Officer of the Servicer;

(c) any representation or warranty made by the Servicer in this Agreement, any other Program Agreement to which it is a party, any Transfer Notice or any Monthly **Servicer** Report shall prove to have been incorrect when made, which has a material adverse effect on the Issuer and which remains unremedied for a period

of 30 days after the date on which (i) written notice thereof, requiring the same to be remedied, shall have been delivered to the Servicer by the Issuer or (ii) such failure is discovered by a Responsible Officer of the Servicer;

(d) an Insolvency Event occurs with respect to the Servicer or the IESO; or

(e) any additional "Servicer Default" as specified in any Co-Owner Agreement occurs;

then, and in each and every case, the Issuer may, subject to the terms of any Co-Owner Agreement, by notice then given in writing to the Servicer (a "**Termination Notice**"), terminate all the rights and obligations (other than the obligations set forth in Section 6.1 and the obligation under Section 7.2 to continue performing its functions as Servicer until a Successor Servicer is appointed) of the Servicer under this Agreement and under the Co-Owner Agreement. In addition, upon a Servicer Default described in Section 7.1(a), Issuer shall be entitled to apply to a court of appropriate jurisdiction for an order for sequestration and payment of revenues arising with respect to the Issuer. On or after the receipt by the Servicer of a Termination Notice, all authority and power of the Servicer under this Agreement, whether with respect to the Investment Interest, the Clean Energy Adjustments or otherwise, shall, without further action, pass to and be vested in such Successor Servicer as may be appointed under Section 7.2; and, without limitation, the Issuer is hereby authorized and empowered to execute and deliver, on behalf of the predecessor Servicer, as attorney-in-fact or otherwise, any and all documents and other instruments, and to do or accomplish all other acts or things necessary or appropriate to effect the purposes of such Termination Notice, whether to complete the transfer of all documents and records related to the Regulatory Asset, the Fair Hydro Variance Account and related documents or records, or otherwise (the "**Records**"). The predecessor Servicer shall cooperate with the Successor Servicer and the Issuer in effecting the termination of the responsibilities and rights of the predecessor Servicer under this Agreement, including the transfer to the Successor Servicer for administration by it of all Records and all cash amounts that shall at the time be held by the predecessor Servicer for remittance, or shall thereafter be received by it with respect to the Investment Interest or the Clean Energy Adjustment. As soon as practicable after receipt by the Servicer of such Termination Notice, the Servicer shall deliver the Records to the Successor Servicer. If a Successor Servicer has been appointed as a result of a Servicer Default, all reasonable costs and expenses (including reasonable legal fees and expenses) incurred in connection with transferring the Records to the Successor Servicer and amending this Agreement and any Co-Owner Agreement to reflect such succession as Servicer pursuant to this Section 7.1 shall be paid by the predecessor Servicer upon presentation of reasonable documentation of such costs and expenses. Termination of the IESO as Servicer shall not terminate the IESO's rights or obligations under this Agreement (except rights thereunder deriving from its rights as the Servicer hereunder).

7.2 Appointment of Successor Servicer

(a) Upon the Servicer's receipt of a Termination Notice pursuant to Section 7.1 or the Servicer's resignation or removal in accordance with the terms of this Agreement, the predecessor Servicer shall continue to perform its functions as Servicer under this Agreement, until a Successor Servicer shall have assumed in writing the

obligations of the Servicer hereunder as described below. In the event of the Servicer's removal or resignation hereunder, the Issuer may, but subject to the provisions of the applicable Co-Owner Agreement, appoint a Successor Servicer and the Successor Servicer shall accept its appointment by a written assumption in form reasonably acceptable to the Issuer. If, within 30 days after the delivery of the Termination Notice, a Successor Servicer shall not have been appointed, the Issuer may petition a court of competent jurisdiction to appoint a Successor Servicer under this Agreement. A Person shall qualify as a Successor Servicer only if (i) such Person is permitted under the Act to perform the duties of the Servicer, (ii) the Rating Agency Condition shall have been satisfied with respect to such appointment, (iii) such Person enters into a master transfer and servicing agreement with the Issuer having substantially the same provisions as this Agreement and (iv) such Person agrees to perform the obligations of the Servicer under any Co-Owner Agreement. In no event shall the Issuer be liable for its appointment of a Successor Servicer..

(b) Upon appointment, the Successor Servicer shall be the successor in all respects to the predecessor Servicer and shall be subject to all the responsibilities, duties and liabilities arising thereafter placed on the predecessor Servicer and shall be entitled to all the rights granted to the predecessor Servicer by the terms and provisions of this Agreement.

7.3 Waiver of Past Defaults

The Issuer may waive in writing any default by the Servicer in the performance of its obligations hereunder and its consequences, subject to satisfaction of the Rating Agency Condition in respect of any waiver of a material default by the Servicer, and with prompt written notice of any waiver to be provided to the Rating Agencies. Upon any such waiver of a past default, such default shall cease to exist, and any Servicer Default arising therefrom shall be deemed to have been remedied for every purpose of this Agreement. No such waiver shall extend to any subsequent or other default or impair any right consequent thereto.

7.4 Notice of Servicer Default

The Servicer shall deliver to the Issuer and each Rating Agency, promptly after having obtained knowledge thereof, but in no event later than five Business Days thereafter, written notice of any event that, with the giving of notice or lapse of time, or both, would become a Servicer Default under Section 7.1.

7.5 Cooperation with Successor Servicer

The Servicer covenants and agrees with the Issuer that it will, on an ongoing basis, cooperate with the Successor Servicer and provide whatever information is, and take whatever actions are, reasonably necessary to assist the Successor Servicer in performing its obligations hereunder.

ARTICLE 8
MISCELLANEOUS

8.1 Amendment

This Agreement may be amended in writing by the IESO and the Issuer, and with satisfaction of the Rating Agency Condition, such satisfaction to be confirmed by the Issuer at the time of such amendment. Promptly after the execution of any such amendment, the Issuer shall furnish copies of such amendment to each of the Rating Agencies.

8.2 Withholding Rights

The parties shall be entitled to deduct and withhold from amounts payable under this Agreement such amounts as each is required to deduct and withhold with respect to such payment under the *Income Tax Act* (Canada) or any provision of any applicable federal, provincial, territorial, state, local or foreign tax law. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes as having been paid to the recipient of the payment in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted in accordance with applicable law to the appropriate taxing authority.

8.3 No Partnership

Each party expressly disclaims any intention to create a partnership, and none of the Issuer or the IESO will be deemed to be carrying on business in partnership by reason of its execution and delivery of this Agreement or the exercise or performance by it of its respective rights and obligations hereunder.

8.4 Notices

Any notice, report or other communication given hereunder shall be in writing and shall be effective (a) upon receipt when sent through the mails, registered or certified mail, return receipt requested, postage prepaid, with such receipt to be effective the date of delivery indicated on the return receipt, (b) upon receipt when sent by an overnight courier, (c) on the date personally delivered to an authorized officer of the party to which sent, or (d) on the date transmitted by electronic transmission with a confirmation of receipt in all cases, addressed as follows:

(a) in the case of the IESO, in its capacity as Transferor or Servicer:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, Ontario M5H 1T1

Attention: Chief Financial Officer, General Counsel and Associate General Counsel
Email: **Kim.Marshall@ieso.ca**
General.Counsel@ieso.ca
Michael.Boll@ieso.ca

(b) in the case of the Issuer or the Manager (on behalf of the Issuer):

Fair Hydro Trust
c/o Ontario Power Generation Inc., as Manager
700 University Avenue
Toronto, Ontario
M5G 1X6

Attention: **FHT@opg.com**
Email: **Vice President, Fair Hydro Plan**

Each party hereto may, by notice given in accordance herewith to the other party or parties hereto, designate any further or different address to which subsequent notices, reports and other communications shall be sent. Any notice, report or communication required to be given by the IESO hereunder to a Rating Agency shall be given to the address provided by the Issuer from time to time.

8.5 Assignment

Notwithstanding anything to the contrary contained herein, except as provided in the provisions of this Agreement concerning the resignation of the Servicer, this Agreement may not be assigned by the IESO.

8.6 Limitations on Rights of Third Parties

The provisions of this Agreement are solely for the benefit of the IESO and the Issuer, and such Persons shall have the right to enforce the relevant provisions of this Agreement. Nothing in this Agreement, whether express or implied, shall be construed to give to any other Person any legal or equitable right, remedy or claim in the Issuer Investment Interest or under or in respect of this Agreement or any covenants, conditions or provisions contained herein.

8.7 Severability

Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remainder of such provision (if any) or the remaining provisions hereof (unless such construction shall be unreasonable), and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

8.8 Separate Counterparts; Electronic Delivery

This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of this Agreement by such party.

8.9 Governing Law

This Agreement shall be construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein, and each party to this Agreement attorns to the non-exclusive jurisdiction of the courts of the Province of Ontario.

8.10 Grant of Security Interest to Indenture Trustee

The IESO hereby acknowledges and consents to the grant of a Lien by the Issuer to the Indenture Trustee pursuant to the Indenture for the benefit of the Specified Creditors against all right, title and interest of the Issuer in, to and under this Agreement, the Investment Interest and the proceeds thereof and the assignment of any or all of the Issuer's rights hereunder to the Indenture Trustee for the benefit of the Specified Creditors. The IESO further acknowledges and agrees that, pursuant to the terms of the Indenture, if the Issuer fails to exercise any of its rights under this Agreement, including any right to be indemnified by the IESO for Indemnified Losses pursuant to Article 6 of this Agreement, the Indenture Trustee shall be entitled, subject to the terms of the Indenture, to enforce such rights against the IESO directly on the Issuer's behalf.

8.11 Limitation of Liability of the Issuer Trustee

(a) It is expressly understood and agreed by the parties hereto that the Issuer Trustee is acting solely in its capacity as trustee of the Issuer, and not in any other capacity. The Issuer solely shall be responsible for the performance of the Issuer's obligations hereunder and the assets of the Issuer solely shall be subject to levy or execution in satisfaction of such obligations.

(b) The Issuer Trustee will not be subject to any liability whatsoever, in tort, in contract or otherwise, in connection with the Issuer's property or the Issuer's activities, to the Issuer's beneficiaries or to any other Person, for any action taken or permitted by the Issuer Trustee to be taken, or the Issuer Trustee's failure to compel in any way any former or acting Issuer Trustee to redress any breach of trust with respect to the execution of the duties of its office or in respect of the Issuer's property or the Issuer's activities, provided that the foregoing limitation will not apply in respect of action or failure to act arising from or in connection with dishonesty, bad faith, willful misconduct, gross negligence or reckless disregard of a duty by the Issuer Trustee. The Issuer Trustee, in doing anything or permitting anything to be done in respect of the execution of the duties of its office or in respect of the Issuer's property or the Issuer's activities, is, and will be conclusively deemed to be, acting as trustee of the Issuer and not in any other capacity. Except as to the extent provided in this Section 8.11, the Issuer Trustee will not be subject to any liability for any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Issuer, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the execution of the duties of its office or for or in respect of the Issuer's property or the Issuer's activities and resort will be had solely to the Issuer's property for the payment or performance thereof. No property or assets of the Issuer Trustee owned in its personal capacity will be subject to levy, execution or other enforcement procedure with regard to any obligation under this Agreement.

(c) The holders of the units of the Issuer will not be subject to any liability whatsoever, in tort, in contract or otherwise, in connection with the Issuer's property or the Issuer's activities, to the Issuer's beneficiaries or to any other Person, for any action taken or permitted by it to be taken. The holders of the units of the Issuer will not be subject to any liability for any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Issuer, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the execution of the duties of its office or for or in respect of the Issuer's property or the Issuer's activities and resort will be had solely to the Issuer's property for the payment or performance thereof. No property or assets of the holders of the units of the Issuer owned in their personal capacity will be subject to levy, execution or other enforcement procedure with regard to any obligation under this Agreement.

8.12 Waivers

Any term or provision of this Agreement may be waived, or the time for its performance may be extended, by the party or parties entitled to the benefit thereof, subject to the satisfaction of the Rating Agency Condition in respect of any material waiver. Any such waiver shall be validly and sufficiently authorized for the purposes of this Agreement if, as to any party, it is authorized in writing by an authorized representative of such party, with prompt written notice of any such waiver to be provided to the Rating Agencies. The failure of any party hereto

to enforce at any time any provision of this Agreement shall not be construed to be a waiver of such provision, nor in any way to affect the validity of this Agreement or any part hereof or the right of any party thereafter to enforce each and every such provision. No waiver of any breach of this Agreement shall be held to constitute a waiver of any other or subsequent breach.

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective officers as of the day and year first above written.

FAIR HYDRO TRUST, by its Manager,
ONTARIO POWER GENERATION INC.

By:
Name:
Title:

By:
Name:
Title:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Transferor and Servicer

By:
Name:
Title:

By:
Name:
Title:

EXHIBIT A

FORM OF TRANSFER NOTICE

See attached

TRANSFER NOTICE

TO: Fair Hydro Trust
c/o Ontario Power Generation Inc., as Manager
700 University Avenue
Toronto, Ontario
M5G 1X6

Attention: ■
Email: ■

This Transfer Notice is delivered to you pursuant to Section 2.1 of a master transfer and servicing agreement made as of December ■, 2017 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "**Master Transfer and Servicing Agreement**") between **FAIR HYDRO TRUST**, a trust formed under the laws of the Province of Ontario (the "**Issuer**"), the **INDEPENDENT ELECTRICITY SYSTEM OPERATOR** ("**Transferor**" in its capacity as transferor, "**Servicer**", in its capacity as servicer, and "**IESO**" in its capacity as both Transferor and Servicer), a statutory corporation without share capital amalgamated under the laws of the Province of Ontario. All capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed to such terms in the Master Transfer and Servicing Agreement.

The Transferor hereby gives notice to the Issuer of its offer to transfer to the Issuer on the Closing Date set out below, the Specified Portion of the Regulatory Asset referred to below, all in accordance with the terms and conditions of the Master Transfer and Servicing Agreement. In consideration for (i) the Transferor's Transfer to the Issuer of the Specified Portion of the Regulatory Asset referred to below, the Issuer shall deliver or cause to be delivered to the Transferor on the Closing Date set out below, by wire transfer or electronic funds transfer in immediately available funds, an amount in Canadian dollars equal to the Purchase Price set out below.

Upon receipt by the Transferor of the Purchase Price on the Closing Date the Transferor shall reduce the balance of the Fair Hydro Variance Account by an amount equal to the Purchase Price, and the Regulatory Asset shall be adjusted accordingly.

Specified portion of Regulatory Asset: $■

Purchase Price: $■

Closing Date: ■

The Transferor hereby represents, warrants and confirms that:

(i) each of the representations and warranties on the part of the Transferor contained in the Master Transfer and Servicing Agreement are true and correct in all respects on the date hereof as if made on the date hereof;

(ii) the Transferor is not in breach of any of its covenants in the Master Transfer and Servicing Agreement; [and

(iii) since the date of the last Transfer Notice there has been no change to the information described in Section 2.2(a)(i)(A) of the Master Transfer and Servicing Agreement;] and

(iv) as of the date hereof, each condition precedent that must be satisfied by the Transferor under Section 2.2 of the Master Transfer and Servicing Agreement is capable of being satisfied prior to Closing Date.

[Note: If the representation and warranty in clause (iii) cannot be made, it should be deleted and a new certificate provided under Section 2.2(a)(i)(A).]

The closing shall take place at ■ (Toronto time) on the Closing Date referred to above at the offices of ■, except as may be otherwise mutually agreed. The Purchase Price shall be paid on that date by wire transfer or electronic funds transfer to [insert IESO bank account details].

DATED this ■ day of ■, 20■.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Transferor

By:
Name:
Title:

By: _____
Name:
Title:

The undersigned hereby accepts the foregoing offer.

DATED this ■ day of ■, 20■.

FAIR HYDRO TRUST, by its Manager,
ONTARIO POWER GENERATION INC.

By:
Name:
Title:

By: _____
Name:
Title:

~~FORM OF MONTHLY REPORT[NTD: form to be settled]EXHIBIT C~~FORM OF MONTHLY CARRYING COSTS STATEMENT

See Attached

MONTHLY CARRYING COSTS STATEMENT

TO: INDEPENDENT ELECTRICITY SYSTEM OPERATOR
[Address]

Attention: ■
Email: ■

Reference is made to the master transfer and servicing agreement made as of December ■, 2017 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "**Master Transfer and Servicing Agreement**") between **FAIR HYDRO TRUST**, a trust formed under the laws of the Province of Ontario (the "**Issuer**") and the **INDEPENDENT ELECTRICITY SYSTEM OPERATOR** ("**Transferor**" in its capacity as transferor, "**Servicer**", in its capacity as servicer, and "**IESO**" in its capacity as both Transferor and Servicer), a statutory corporation without share capital amalgamated under the laws of the Province of Ontario. Capitalized terms used but not defined in this Monthly Carrying Costs Statement have their respective meanings as set forth in the Master Transfer and Servicing Agreement.

Pursuant to Section 3.14 of the Master Transfer and Servicing Agreement, the undersigned hereby certifies that the Monthly Carrying Costs (including any adjustments pursuant to Section 3.14(d)) in respect of the calendar month of ■, ■ are expected to be as follows:

[Provide breakdown, including any adjustments pursuant to Section 3.14(d)]

In accordance with Section 3.14(c) of the Master Transfer and Servicing Agreement, the undersigned hereby directs you to deliver to the Issuer, by wire transfer or electronic funds transfer to the account set forth below, an amount in Canadian dollars equal to the Monthly Carrying Costs set forth above on or before ■, 20■, and this shall be your good and valid authority for so doing.

[NTD: Wire transfer instructions to be provided by OPG.]

DATED this ■ day of ■, 20■.

FAIR HYDRO TRUST, by its Manager, **ONTARIO POWER GENERATION INC.**

By: _____
Name:
Title:

By: _____
Name:
Title:

Document comparison by Workshare Compare on December-14-17 5:00:22 PM

Input:	
Document 1 ID	interwovenSite://INVENTORYS1/TorysAtWork/24517772/8
Description	#24517772v8<TorysAtWork> - *Fair Hydro -- Master Transfer and Servicing Agreement
Document 2 ID	interwovenSite://INVENTORYS1/TorysAtWork/24517772/10
Description	#24517772v10<TorysAtWork> - *Fair Hydro -- Master Transfer and Servicing Agreement
Rendering set	Firm_Standard

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

Statistics:	
	Count
Insertions	109
Deletions	102
Moved from	4
Moved to	4
Style change	0
Format changed	0
Total changes	219

DRAFT: DECEMBER ~~1,~~14, 2017

SECURITY AGREEMENT

THIS AGREEMENT made as of the ____ day of ~~_____~~**December**, 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital established by the *Electricity Act, 1998*, SO, 1998,

(hereinafter referred to as the "**Grantor**"),

IN FAVOUR OF:

FAIR HYDRO TRUST, a trust formed under the laws of the Province of Ontario,

(hereinafter referred to as the "**Secured Party**"),

WHEREAS under Regulation 206/17 made under the *Ontario Fair Hydro Plan Act, 2017* (the "**Regulation**"), the Grantor is required to pay to the Secured Party the Carrying Costs of the Secured Party during the period beginning on April 1, 2017 and ending on June 30, 2021 (the "**Statutory Obligation**");

AND WHEREAS the Grantor (together with the Secured Party, collectively referred to as the "**Parties**") has agreed to enter into a security agreement in favour of the Secured Party to secure payment of the Statutory Obligation;

NOW THEREFORE THIS AGREEMENT WITNESSES that, for and in consideration of the premises, mutual covenants and conditions herein contained and such other lawful and valuable consideration the receipt of sufficiency of which is hereby acknowledged, the Parties hereby agree as follows:

1. INTERPRETATION

1.1 Defined Terms

In this Agreement, unless there is something in the context or subject matter inconsistent therewith,

(a) "**Account**" shall have the meaning attributed to such term in the PPSA;

(b) "**Business Day**" means any day other than a Saturday or a Sunday on which banks generally are open for business in Toronto, Ontario;

(c) "**Carrying Costs**" shall have the meaning attributed to the term "carrying costs" in the Regulation;

(d) "**Collateral**" shall have the meaning attributed to such term in Section 2.1;

(e) "**Electricity Vendor**" shall mean a licensed distributor and a licensed retailer, each as defined in the *Ontario Fair Hydro Plan Act, 2017*;

(f) "**Indenture**" means the master trust indenture dated as of the date hereof between the Secured Party and BNY Trust Company of Canada, as indenture trustee;

(g) "**Money**" shall have the meaning attributed to such term in the PPSA;

(h) "**Permitted Liens**" means liens approved in writing by the Secured Party;

(i) "**PPSA**" means the *Personal Property Security Act* (Ontario), as amended from time to time, and any regulations thereto;

(j) "**Proceeds**" means "proceeds", as defined in the PPSA, of the Collateral;

(k) **"Receiver"** shall have the meaning attributed to such term in Section 6.2 of this Agreement;

(l) "**Rating Agency Condition**" shall have the meaning attributed to such term in the Indenture;

(m) "**Rating Agency**" shall have the meaning attributed to such term in the Indenture;

(n) "**Regulation**" shall have the meaning attributed to such term in the recitals hereto; and

(o) "**Statutory Obligation**" shall have the meaning attributed to such term in the recitals hereto.

1.2 Other Usages

References to "this Agreement", "hereof", "herein", "hereto" and like references refer to this Security Agreement and not to any particular Article, Section or other subdivision of this Agreement.

1.3 Plural and Singular

Where the context so requires, the words importing the singular number shall include the plural and vice versa.

1.4 Headings

The division of this Agreement into Articles and Sections and the insertion of headings in this Agreement are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

1.5 Applicable Law

This Agreement and all documents delivered pursuant hereto shall be governed by and construed and interpreted in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein and the Parties do hereby attorn to the non-exclusive jurisdiction of the courts of the Province of Ontario.

1.6 Prohibited Provisions

In the event that any provision or any part of any provision hereof is deemed to be invalid by reason of the operation of any law or by reason of the interpretation placed thereon by a court, this Agreement shall be construed as not containing such provision or such part of such provision and the invalidity of such provision or such part shall not affect the validity of any other provision or the remainder of such provision hereof, and all other provisions hereof which are otherwise lawful and valid shall remain in full force and effect.

1.7 Time of the Essence

Time shall in all respects be of the essence of this Agreement.

1.8 Recitals and Schedules

Each and every one of the recitals and schedules which are referred to in this Agreement and attached to this Agreement shall form an integral part of this Agreement.

2. SECURITY INTEREST

2.1 Grant of Security Interest

As general and continuing security for the payment of the Statutory Obligation, the Grantor hereby grants a security interest to the Secured Party in the following (collectively, the "**Collateral**"):

(a) all Accounts, which are now due, owing or accruing or growing due to, or which may hereafter become due, owing or accruing or growing due, to the Grantor by an Electricity Vendor;

(b) all Proceeds and renewals of the foregoing, in whatever form, together with all substitutions therefore.

Whenever used elsewhere in this Agreement, the expression "**security interest**" refers to the security interest created in this Section 2.1.

2.2 Attachment of Security Interest

The Grantor acknowledges and agrees that (i) value has been given, (ii) the Grantor has rights in such of the Collateral as constitutes present property of the Grantor, and (iii) the security interest shall attach to existing Collateral upon execution of this Agreement by the Grantor and to each item of after-acquired Collateral at the time that the Grantor acquires any rights therein.

3. COVENANTS OF THE GRANTOR

3.1 Covenants

The Grantor hereby covenants and agrees with the Secured Party as follows:

(a) To promptly pay all taxes, assessments, rates, levies, payroll deductions, vacation pay, workers' compensation assessments, and any other charges which could result in the creation of a statutory lien or deemed trust in respect of the Collateral.

(b) To defend the Collateral against the claims and demands of all other persons claiming the same or an interest therein and to promptly notify the Secured Party of any such claim or demand.

(c) To do, make, execute and deliver such further and other assignments, transfers, deeds, agreements and other documents as may be required by the Secured Party to establish in favour of the Secured Party the security interest intended to be created hereby.

3.2 Performance of Covenants by the Secured Party

The Secured Party may, in its sole discretion and upon notice to and at the expense of the Grantor, perform any covenant of the Grantor under this Agreement that the Grantor fails to perform and that the Secured Party is capable of performing, provided that the Secured Party will not be obligated to perform any such covenant on behalf of the Grantor and no such performance by the Secured Party will require the Secured Party further to perform the Grantor's covenants nor operate as a derogation of the rights and remedies of the Secured Party under this Agreement.

4. DEALING WITH COLLATERAL

4.1 Grantor's Rights

Until the Secured Party is entitled to exercise its rights and remedies under Section 6.2, the Grantor shall be entitled to deal with the Collateral in the ordinary course of business, provided however, that no such action shall be taken which would impair the effectiveness of the security interests created hereby, the provisions of this Agreement or any other written agreement between the Secured Party and the Grantor.

4.2 General Restrictions

The Grantor shall not, without the prior written consent of the Secured Party:

(a) sell, lease or otherwise dispose of the Collateral or any part thereof except in the ordinary course of business; or

(b) enter into or grant, create, assume or suffer to exist any mortgage, charge, hypothec, assignment, pledge, lien or other security interest or encumbrance affecting any of the Collateral except the Permitted Liens.

4.3 Release by the Secured Party

The Secured Party may, at its discretion, at any time release from the security interest created by this Agreement any part or parts of the Collateral or any other security or any surety for the Statutory Obligation either with or without sufficient consideration therefor without thereby releasing any other part of the Collateral or any person from this Agreement.

5. REPRESENTATIONS AND WARRANTIES

5.1 Representations and Warranties

The Grantor hereby represents and warrants to the Secured Party, the matters set out below:

(a) **Incorporation and Qualifications** – The Grantor is a statutory corporation amalgamated under the laws of the Province of Ontario, with requisite power and authority to own its properties, to conduct its business as such properties are currently owned and such business is presently conducted by it, and to execute, deliver and carry out the terms of this Agreement.

(b) **Corporate Authority and Power** – The Grantor has the requisite power and authority to execute and deliver this Agreement and to carry out its terms. The execution, delivery and performance of all obligations under this Agreement have been duly authorized by all necessary action on the part of the Grantor under all applicable laws.

(c) **Non-Conflict** – Neither the execution nor the performance of this Agreement requires the approval of any regulatory agency having jurisdiction over the Grantor nor is this Agreement in contravention of or in conflict with the by-laws or resolutions of the directors or shareholders of the Grantor or of the provisions of any agreement to which the Grantor is a party or by which any of its property may be bound or of any statute, regulation, by-law, ordinance or other law, or to the best of its knowledge of any judgement, decree, award, ruling or order to which the Grantor or any of its property may be subject, other than approvals that have been obtained.

(d) **Ownership of Collateral Free of Liens** – The Grantor is the owner of or has rights in the existing Collateral free and clear of any liens other than Permitted Liens.

(e) **Grantor Information** – Schedule A sets forth (a) the Grantor's jurisdiction of incorporation, (b) the location of the Grantor's registered office and business operations and records, and (c) the Grantor's exact legal name (in English and French).

(f) **Enforceability** – This Agreement constitutes a valid and legally binding obligation of the Grantor enforceable against it in accordance with its terms, subject to general equitable principles, including the fact that the availability of equitable remedies, such as injunctive relief and specific performance, is in the discretion of the court.

5.2 Reliance and Survival

All representations and warranties of the Grantor made in this Agreement shall survive the execution and delivery of this Agreement and shall continue in full force and effect without time limit. The Secured Party shall be deemed to have relied upon each such representation and warranty notwithstanding any investigation made by or on behalf of the Secured Party at any time.

6. ENFORCEMENT

6.1 Enforceability of Security

The security hereby constituted shall become enforceable only upon the failure of the Grantor to pay the Statutory Obligations when due, and then only to the extent of the Statutory Obligations not then paid when due. The Grantor acknowledges that it has no right in any circumstance to accelerate payment of the Statutory Obligations, to apply proceeds of Collateral on account of Statutory Obligations not yet due, or to reserve or hold proceeds of Collateral on account of Statutory Obligations not yet due.

6.2 Remedies

At any time that the security hereby constituted shall have become enforceable, the Secured Party may give notice of its intention to its exercise rights and remedies hereunder. At any time ten Business Days following the giving of such notice, and unless the amounts due and owing on account of the carrying Costs at the time of the Notice have been paid, the Secured Party shall have the following rights, powers and remedies:

(a) to appoint any person to be an agent or any person to be a receiver, manager or receiver and manager (herein called the "**Receiver**") of the Collateral and to remove any Receiver so appointed and to appoint another if the Secured Party so desires; it being agreed that any Receiver appointed pursuant to the provisions of this Agreement shall have all of the powers of the Secured Party hereunder;

(b) to make payments to parties having prior charges or encumbrances on the Collateral;

(c) to preserve, protect and maintain the Collateral;

(d) to enjoy and exercise all powers necessary or incidental to the performance of all functions provided for in this Agreement;

(e) to sell or dispose of all or any part of the Collateral whether by public or private sale or otherwise and on any terms so long as every aspect of the disposition is commercially reasonable, including without limitation, terms that provide time for payment on credit;

(f) to enjoy and exercise in respect of the Collateral all of the rights and remedies of a secured party under the PPSA;

(g) to notify the account debtors or obligors under any Accounts which constitute part of the Collateral of the assignment of such Accounts to the Secured Party and to direct such account debtors or obligors to make payment of all amounts due or to become due to the Grantor thereunder directly to the Secured Party and to give valid and binding receipts and discharges therefor and in respect thereof and, upon such notification and at the expense of the Grantor, to enforce collection of any such Accounts, and to adjust, settle or compromise the amount or payment thereof, in the same manner and to the same extent as the Grantor might have done; and

(h) to commence, continue or defend proceedings in any court of competent jurisdiction in the name of the Secured Party, the Receiver or the Grantor for the purpose of exercising any of the rights, powers and remedies set out in this Section, including the institution of proceedings for the appointment of a receiver, manager or receiver and manager of the Collateral.

6.3 Special Rules re Accounts

At any time that the Secured Party is entitled to exercise its rights and remedies under Section 6.2,

(a) all Money or other form of payment received by the Grantor in respect of the Collateral shall be received in trust for the benefit of the Secured Party hereunder, shall be segregated from other funds of the Grantor and shall be forthwith paid over to the Secured Party in the same form as so received (with any necessary endorsement) to be held as cash collateral and applied as provided by Section 6.8; and

(b) the Grantor shall not adjust, settle or compromise the amount or payment of any Collateral.

6.4 Receiver as Agent

The Receiver shall be deemed to be the agent of the Grantor for the purpose of establishing liability for the acts or omissions of the Receiver and the Secured Party shall not be liable for such acts or omissions and, without restricting the generality of the foregoing, the Grantor hereby irrevocably authorizes the Secured Party to give instructions to the Receiver relating to the performance of its duties as set out herein.

6.5 Expenses of Enforcement

The Grantor shall pay to the Receiver the remuneration of the Receiver and all costs and expenses (including, without limitation, legal fees and disbursements on a full indemnity basis) properly incurred by the Receiver pursuant to its appointment and the exercise of its powers hereunder, and shall pay to the Secured Party and the Receiver as required all amounts of Money (including interest thereon) borrowed or advanced by either of them pursuant to the powers set out herein, and the obligations of the Grantor to the Secured Party and the Receiver pursuant to this Section 6.5 shall be payable on demand.

6.6 Indulgences and Releases

Either the Secured Party or the Receiver may grant extensions of time and other indulgences, take and give up securities, accept compositions, grant releases and discharges, release any part of the Collateral to third parties and otherwise deal with the Grantor, debtors of the Grantor, sureties and others and with the Collateral and other security as the Secured Party or the Receiver may see fit without prejudice to the right of the Secured Party and the Receiver to repossess, hold, collect and realize the Collateral.

6.7 No Liability for Failure to Exercise Remedies

The Secured Party and the Receiver shall not be liable or accountable to the Grantor or to any other person for any failure to exercise any of the rights, powers and remedies set out in this Agreement, and shall not be bound to commence, continue or defend proceedings for the purpose of preserving or protecting any rights of the Secured Party, the Receiver, the Grantor or any other party in respect of the same.

6.8 Proceeds of Disposition

All Moneys received by the Secured Party or by the Receiver pursuant to Section 6.2 shall be promptly applied as follows:

(a) first, in payment of all costs and expenses incurred by the Secured Party in the exercise of all or any of the powers granted to it under this Agreement and in payment of all of the remuneration of the Receiver and all costs and expenses properly incurred by the Receiver in the exercise of all or any of the powers granted to it under this Agreement, including, without limitation, the remuneration, costs and expenses referred to in Section 6.5;

(b) second, in payment of all amounts of Money borrowed or advanced by either of the Secured Party or the Receiver pursuant to the powers set out in this Agreement and any interest thereon;

(c) third, in payment of the Statutory Obligation, provided that if there are not sufficient Moneys to fully pay and perform the Statutory Obligation, the Secured Party may apply the Moneys available to such part or parts thereof as the Secured Party, in its sole discretion, may determine; and

(d) fourth, in payment of any surplus in accordance with applicable law.

6.9 Grantor Liable for Deficiency

If the Moneys received by the Secured Party or the Receiver pursuant to Section 6.2 are not sufficient to pay the claims set out in Section 6.8, the Grantor shall immediately pay the Secured Party the amount of such deficiency.

6.10 Restriction on Grantor

Upon notification of the account debtors or obligors under any Accounts which constitute part of the Collateral of the assignment of such Accounts to the Secured Party or the appointment of a Receiver in respect of the Collateral, all the powers, functions, rights and privileges of the Grantor or any officer, director, servant or agent of the Grantor with respect to the Collateral shall, to the extent permitted by applicable law, be suspended unless specifically continued by the written consent of the Secured Party; however, all other powers, functions, rights and privileges of the Grantor or any officer, director, servant or agent of the Grantor shall be unaffected by such events.

6.11 Rights Cumulative

All rights and remedies of the Secured Party set out in this Agreement shall be cumulative and no right or remedy contained herein is intended to be exclusive but each shall be in addition to every other right or remedy contained herein or in any existing or future security document or now or hereafter existing at law or in equity or by statute.

7. GENERAL

7.1 Waiver

Any default by the Grantor in the observance or performance of any covenant or condition required to be observed or performed by the Grantor hereunder, may only be waived by the Secured Party in writing, provided that (i) no such waiver by the Secured Party shall extend to or be taken in any manner to affect any subsequent breach or default or the rights resulting therefrom, (ii) the Rating Agency Condition is satisfied in respect of any waiver of a material default by the Grantor and (iii) prompt written notice of any waiver is provided to each Rating Agency.

7.2 The Secured Party as Attorney

At any time that the Secured Party is entitled to exercise its rights and remedies under Section 6.2, the Grantor hereby irrevocably appoints the Secured Party and any person further designated by the Secured Party to be the attorney of the Grantor for and in the name of the Grantor to execute and do any deeds, documents, transfers, demands, assignments, assurances, consents and things which the Grantor is obliged to sign, execute or do hereunder and, to commence, continue and defend any proceedings authorized to be taken hereunder and generally to use the name of the Grantor in the exercise of all or any of the powers hereby conferred on the Secured Party. These powers are coupled with an interest, have been given for valuable consideration (the receipt and adequacy of which is acknowledged), survive, and do not terminate upon, the bankruptcy, dissolution, winding up or insolvency of the Grantor, and are irrevocable until the Statutory Obligation has been satisfied in full and this Agreement is terminated and the security interest created herein has been released. This power of attorney extends to and is binding upon the Grantor's successors and permitted assigns. The Grantor authorizes the Secured Party to delegate in writing to another person any power and authority of the Secured Party under this power of attorney as may be necessary or desirable in the opinion of the Secured Party, and to revoke or suspend such delegation.

7.3 Further Assurances

The Grantor shall do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, such further acts, deeds, mortgages, transfers and assurances as the Secured Party shall reasonably require for the better assuring, charging, assigning and conferring unto the Secured Party a security interest in the Collateral, or which the Grantor may hereafter become bound to charge in favour of the Secured Party, for the purpose of accomplishing and effecting the intention of this Agreement.

7.4 Amalgamation of the Grantor

The Grantor acknowledges and agrees that in the event that it amalgamates with any other persons, then (i) the Collateral and the security interest shall extend to and include all of the property and undertaking that any of the amalgamating corporations then owns, all of the property and undertaking that the amalgamated corporation thereafter acquires, all of the property and undertaking in which any of the amalgamating corporations then has any interest, and all of the property and undertaking in which the amalgamated corporation thereafter acquires any interest, and (ii) all references herein to the Grantor shall extend to and include the amalgamated corporation.

7.5 Continuing Security

The security interest constituted hereby shall be deemed to be a continuing security for the Statutory Obligation until the Statutory Obligation is paid and performed in full.

7.6 Notices

All notices and other communications provided for herein shall be in writing and shall be personally delivered to an officer or other responsible employee of the addressee or sent by facsimile, charges prepaid, at or to the applicable address or facsimile number, as the case may be, of the party set opposite its name below or at or to such other address or addresses or facsimile number or numbers as either party may from time to time designate to the other party in such manner. Any communication which is personally delivered as aforesaid shall be deemed to have been validly and effectively given on the date of such delivery if such date is a Business Day and such delivery was made during normal business hours of the recipient; otherwise, it shall be deemed to have been validly and effectively given on the Business Day next following such date of delivery. Any communication which is transmitted by facsimile as aforesaid shall be deemed to have been validly and effectively given on the date of transmission if such date is a Business Day and such transmission was made during normal business hours of the recipient; otherwise, it shall be deemed to have been validly and effectively given on the Business Day next following such date of transmission.

In the case of the Grantor:

Independent Electricity System Operator
~~[Address]~~**120 Adelaide Street West, Suite 1600**
Toronto, Ontario
M5H 1T1

Attention: ~~■~~
~~Email:~~ ~~■~~
~~Facsimile:~~ ~~■~~**Chief Financial Officer, General Counsel and Associate General Counsel**
Email: **Kim.Marshall@ieso.ca**
General.Counsel@ieso.ca
Michael.Boll@ieso.ca

In the case of the Secured Party:

Fair Hydro Trust
c/o Ontario Power Generation Inc., as Manager
700 University Avenue
Toronto, Ontario
M5G 1X6

Attention: ~~■~~**Vice President, Fair Hydro Plan**
Email: ~~■~~
~~Facsimile:~~ ~~■~~**FHT@opg.com**

7.7 Assignment

The Secured Party may from time to time upon notice to, but without the consent of, the Grantor and each Rating Agency, assign or transfer this Agreement to any other person. The Grantor shall not be entitled to assign or transfer this Agreement or any of the Grantor's rights, duties or obligations hereunder without the prior written consent of the Secured Party.

7.8 Successors and Assigns

This Agreement shall enure to the benefit of the Secured Party and its successors and assigns and shall be binding upon the Grantor and its successors and permitted assigns.

7.9 Amendments

This Agreement may not be amended or otherwise modified except by an instrument in writing executed by the Parties, subject to the satisfaction of the Rating Agency Condition in respect of any material amendment or modification, and with prompt written notice of any amendment or modification to be provided to each Rating Agency.

7.10 Entire Agreement

This Agreement and the agreements referred to herein and any document, agreement or instrument delivered pursuant to such agreements constitute the entire agreement between the Parties and supersede any prior agreements, undertakings, declarations, representations and undertakings, both written and verbal, in respect of the subject matter hereof.

7.11 Receipt of Agreement and Financing Statement.

The Grantor hereby acknowledges receipt of an executed copy of this Agreement and of the financing statement registered under the PPSA evidencing the security interest created hereby.

7.12 Counterpart

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same instrument, and it shall not be necessary in making proof of this Agreement to produce or account for more than one such counterpart.

7.13 Delivery by Facsimile or Electronic Transmission

This Agreement may be executed and delivered by facsimile or electronic transmission and each of the Parties may rely on such facsimile or electronic signature as though such facsimile signature were an original signature.

[NEXT PAGE IS SIGNATURE PAGE]

IN WITNESS WHEREOF the Parties have duly executed this Agreement as of the date first written above.

FAIR HYDRO TRUST, by its Manager, **ONTARIO POWER GENERATION INC., as Secured Party**

By:
Name:
Title:

By:
Name:
Title:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR as Grantor

By:
Name:
Title:

By:
Name:
Title:

SCHEDULE A

GRANTOR INFORMATION

1. Grantor's exact legal name:

Independent Electricity System Operator
~~[French]~~

Société indépendante d'exploitation du réseau d'électricité

2. Grantor's jurisdiction of incorporation:

Ontario

3. **Grantor's registered office address:**

120 Adelaide Street West, Suite 1600
Toronto, Ontario
M5H 1T1

4. Location of Grantor's business operations and records:

120 Adelaide Street West, Suite 1600
Toronto, Ontario
M5H 1T1

2635 Lakeshore Road West
Mississauga, Ontario
L5J 4T5

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FAIR HYDRO TRUST

as Issuer

AND

BNY TRUST COMPANY OF CANADA

as Indenture Trustee

TRUST INDENTURE

DATED AS OF DECEMBER [21], 2017

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Schedule A	**—**	**Defined Terms**
Exhibit 1	**—**	**~~Form~~Forms of Payment ~~Instructions~~Instruction**
Exhibit 2	**—**	**Form of Refinancing Notice**
Exhibit 3	**—**	**Form of Specified Creditor List**
Exhibit 4	**—**	**Form of Request for Specified Creditor Information**
Exhibit 5	**—**	**Form of Cancellation Notice**
Exhibit 6	**—**	**Forms of Certification**

This **TRUST INDENTURE**, between **COMPUTERSHARE TRUST COMPANY OF CANADA** in its capacity as trustee of **FAIR HYDRO TRUST**, a trust formed under the laws of the Province of Ontario (the "**Issuer**"), and **BNY TRUST COMPANY OF CANADA**, a trust company existing under the laws of Canada, in its capacity as Indenture Trustee (the "**Indenture Trustee**"), is made and entered into as of [■]**December [21]**, 2017.

RECITALS OF THE ISSUER

The Issuer wishes to provide for the incurrence of Issuer Funding Obligations in one or more Classes, Series or Tranches.

All things necessary to make this Indenture a valid and legally binding agreement of the Issuer, in accordance with its terms, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Definitions

For all purposes of this Indenture and of any Supplemental Indenture, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms defined in Schedule A have the meanings assigned to them in Schedule A, and include the plural as well as the singular;

(b) all accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles (including the International Financial Reporting Standards published by the International Accounting Standards Board or the Accounting Standards Certification published by the Financial Accounting Standards Board (US GAAP)) and, except as otherwise herein expressly provided, the term "generally accepted accounting principles" with respect to any computation required or permitted hereunder means such accounting principles as are generally accepted in Canada or the United States at the date of such computation;

(c) unless the context otherwise requires, terms defined in the PPSA and not otherwise defined in this Indenture or a Supplemental Indenture shall have the meanings set forth in the PPSA;

(d) references to an agreement shall mean such agreement, as amended, modified, restated and supplemented from time to time in accordance with the provisions hereof;

(e) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(f) references to any law, rule, regulation or order of a Governmental Authority shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(g) references to any statute shall include all regulations promulgated thereunder;

(h) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(i) all references in this Indenture to designated "Articles", "Sections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Schedules, Exhibits and other subdivisions of this Indenture as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision;

(j) "including" and words of similar import will be deemed to be followed by "without limitation";

(k) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding"; and

(l) references to a specific rating by a Rating Agency shall mean such rating or the equivalent rating if such Rating Agency changes its rating scale.

1.02 Compliance Certificates and Opinions

Upon any application or request by the Issuer to the Indenture Trustee to take any action under any provision of this Indenture, the Issuer will furnish to the Indenture Trustee (i) an Issuer's Certificate stating that all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with, and (ii) an Opinion of Counsel stating that, in the opinion of such counsel, all such conditions precedent, if any, have been complied with, except that in the case of any such application or request as to which the furnishing of such documents are specifically required by any provision of this Indenture relating to such particular application or request, no additional certificate or opinion need be furnished.

The Indenture Trustee may rely, as to authorization by the Issuer of any Series or Tranche of Notes, the form and terms thereof and the legality, validity, binding effect and enforceability thereof, upon the Opinion of Counsel and the other documents delivered pursuant to Article V and this Section 1.02, as applicable, in connection with the authentication of Notes of such Series or Tranche.

Every certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture (except for the written statement required by Section 13.10) will include:

(a) a statement that each individual signing such certificate or opinion has read such covenant or condition and the definitions herein relating thereto;

(b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(c) a statement that such individual has made such examination or investigation as is necessary to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(d) a statement as to whether, in the opinion of each such individual, such condition or covenant has been complied with.

1.03 Form of Documents Delivered to Indenture Trustee

In any case where several matters are required to be certified by, or covered by an opinion of, one or more specified Persons, one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to the other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

Any certificate or opinion of the Issuer may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless the Issuer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations are erroneous. Any such certificate or opinion of, or representation by, counsel may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, the Issuer stating that the information with respect to such factual matters is in the possession of the Issuer, unless such counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations are erroneous.

Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

1.04 Actions by Noteholders

(a) Any request, demand, authorization, direction, notice, consent, resolution, waiver or other action (collectively, an "**Action**") provided by this Indenture to be given or taken by Noteholders of any Class, Series or Tranche may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Noteholders in person or by an agent duly appointed in writing. In addition, any Action provided by this Indenture to be given or taken by such Noteholders may, alternatively, be embodied in and evidenced by the record of such Noteholders voting in favor thereof, either in person or by proxies duly appointed

in writing, at any meeting of Noteholders duly called and held in accordance with the provisions of Article X or a combination of such instruments and any such record. Except as herein otherwise expressly provided, such Action will become effective when such instrument or instruments or record are delivered to the Indenture Trustee, and, where it is hereby expressly required, to the Issuer. Proof of execution of any such instrument or of a writing appointing any such agent, or the holding by any Person of a Note, will be sufficient for any purpose of this Indenture and (subject to Section 9.01) conclusive in favor of the Indenture Trustee and the Issuer, if made in the manner provided in this Section 1.04. The record of any meeting of Noteholders shall be proved in the manner provided in Article X.

(b) The fact and date of the execution of any such instrument or writing, or the authority of the person executing the same, may be proved in any manner which the Indenture Trustee deems sufficient.

(c) (i) The ownership of Registered Notes will be proved by the Note Register.

(ii) The ownership of Bearer Notes or coupons will be proved by the production of such Bearer Notes or coupons or by a certificate, satisfactory to the Issuer and the Indenture Trustee, executed, as depositary, by any bank, trust company, recognized securities dealer, as depositary, wherever situated, satisfactory to the Issuer. Each such certificate will be dated and will state that on the date thereof a Bearer Note or coupon bearing a specified serial number was deposited with or exhibited to such bank, trust company or recognized securities dealer by the Person named in such certificate. Any such certificate may be issued in respect of one or more Bearer Notes or coupons specified therein. The holding by the Person named in any such certificate of any Bearer Note specified therein will be presumed to continue for a period of one year from the date of such certificate unless at the time of any determination of such holding (A) another certificate bearing a later date is issued in respect of the same Bearer Note or coupon produced, (B) the Bearer Note or coupon specified in such certificate is produced by some other Person or (C) the Bearer Note or coupon specified in such certificate has ceased to be Outstanding.

(d) The fact and date of execution of any such instrument or writing, the authority of the Person executing the same and the principal amount and serial numbers of Bearer Notes held by the Person so executing such instrument or writing and the date of holding the same may also be proved in any other manner which the Indenture Trustee deems sufficient; and the Indenture Trustee may in any instance require further proof with respect to any of the matters referred to in this Section 1.04.

(e) If the Issuer will solicit from the Noteholders any Action, the Issuer may, at its option, by an Issuer Certificate, fix in advance a record date for the determination of Noteholders entitled to give such Action, but the Issuer will have no obligation

to do so. If the Issuer does not so fix a record date, such record date will be the later of 30 days before the first solicitation of such Action or the date of the most recent list of Noteholders furnished to the Indenture Trustee pursuant to Section 13.13 before such solicitation. Such Action may be given before or after the record date, but only the Noteholders of record at the close of business on the record date will be deemed to be Noteholders for the purposes of determining whether Noteholders of the requisite proportion of Outstanding Notes have authorized or agreed or consented to such Action, and for that purpose the Outstanding Notes will be computed as of the record date; provided that no such authorization, agreement or consent by the Noteholders on the record date will be deemed effective unless it will become effective pursuant to the provisions of this Indenture not later than **six (**6**)** months after the record date.

(f) Any Action by a Noteholder will bind the holder of every Note issued upon the transfer thereof or in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Indenture Trustee or the Issuer in reliance thereon whether or not notation of such Action is made upon such Note.

(g) Without limiting the foregoing, a Noteholder entitled hereunder to take any Action hereunder with regard to any particular Note may do so with regard to all or any part of the principal amount of such Note or by one or more duly appointed agents each of which may do so pursuant to such appointment with regard to all or any part of such principal amount. Any notice given or Action taken by a Noteholder or its agents with regard to different parts of such principal amount pursuant to this paragraph shall have the same effect as if given or taken by separate Noteholders of each such different part.

(h) Without limiting the generality of the foregoing, unless otherwise specified pursuant to one or more Supplemental Indentures, a Noteholder, including a Depository that is the holder of a Global Note, may make, give or take, by a proxy or proxies duly appointed in writing, any Action provided in this Indenture to be made, given or taken by Noteholders, and a Depository that is the holder of a Global Note may provide its proxy or proxies to the beneficial owners of interests in or security entitlements to any such Global Note through such Depository's standing instructions and customary practices.

(i) The Issuer may fix a record date for the purpose of determining the Persons who are beneficial owners of interests in or security entitlements to any Global Note held by a Depository entitled under the procedures of such Depository to make, give or take, by a proxy or proxies duly appointed in writing, any Action provided in this Indenture to be made, given or taken by Noteholders. If such a record date is fixed, the Noteholders on such record date or their duly appointed proxy or proxies, and only such Persons, shall be entitled to make, give or take such Action, whether or not such Noteholders remain Noteholders after such record date. No such Action shall be valid or effective if made, given or taken more than six **(6)** months after such record date.

1.05 Actions of Lenders

Any Action provided by this Indenture to be given or taken by any Lender or group of Lenders may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Lender(s) in person or an agent duly appointed in writing. Proof of execution of any such instrument or of a writing appointing any such agent will be sufficient for any purpose of this Indenture and (subject to Section 9.01) conclusive in favour of the Indenture Trustee and the Issuer, if made in the manner provided in Section 1.04(b).

1.06 Effect of Headings and Table of Contents

The Article and Section headings herein and the Table of Contents are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Indenture by the Issuer will bind its successors and assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee in this Indenture shall bind its successors, co-trustees and agents of the Indenture Trustee.

1.08 Severability

In case any provision in this Indenture or in the Notes will be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions will not in any way be affected or impaired thereby.

1.09 Governing Law

THIS INDENTURE WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS. EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS INDENTURE. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS INDENTURE.

1.10 Counterparts

This Indenture may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument.

1.11 Indenture Referred to in the Declaration of Trust and the Master Transfer and Servicing Agreement

This is the Indenture referred to in the Declaration of Trust and the Master Transfer and Servicing Agreement.

1.12 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, in each case on a day other than a Business Day, then (notwithstanding any other provision of the Notes or this Indenture) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.13 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Indenture that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Indenture or the Notes, and (ii) the rates of interest stipulated in this Indenture or the Notes are intended to be nominal rates and not effective rates or yields.

1.14 Currency

Unless stated otherwise, all amounts herein are stated in Dollars.

1.15 References to Acts of the Issuer

For greater certainty, where any reference is made in this Indenture, or in any other instrument executed pursuant hereto or contemplated hereby to which the Issuer or the Issuer Trustee, as trustee of the Issuer, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Issuer) by or with respect to (i) the Issuer or (ii) the Issuer Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Issuer) by or with respect to, the Issuer Trustee as trustee of the Issuer.

1.16 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in this Indenture), it is necessary to convert any amount due under this Indenture from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Issuer in respect of any Original Currency due from it to the Indenture Trustee under this Indenture shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Indenture in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Issuer shall indemnify the Indenture Trustee against such loss.

(b) The term "**rate of exchange**" in this Section 1.16 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

1.17 Obligations in a Foreign Currency

Unless otherwise specified in a Related Funding Obligation Agreement with respect to a particular Series or Tranche of Issuer Funding Obligations, whenever for purposes of this Indenture any Action may be taken by the Debtholders of a specified percentage of Outstanding Dollar Principal Amount of Issuer Funding Obligations and, at such time, there are outstanding Issuer Funding Obligations of any relevant Series which are denominated in a Foreign Currency, then the principal amount of the Issuer Funding Obligations of such Series which shall be deemed to be outstanding for the purpose of taking such Action shall be the amount of Dollars which could be obtained for such principal amount at the Market Exchange Rate on the applicable Record Date, or if no such Record Date shall have been established, on the date that the taking of such Action shall be authorized by Debtholders of the applicable Series.

ARTICLE II
COLLATERAL

2.01 Security for Obligations Secured

As security for the due payment of all Obligations Secured including, without limitation, all principal of and interest, if any, on the Notes from time to time issued and certified under this

Indenture and on any Borrowings, and the performance by the Issuer of all of the obligations of the Issuer in relation thereto, the Issuer hereby:

(a) mortgages, charges, pledges, grants, transfers, assigns, hypothecates and sets over unto the Indenture Trustee, for the benefit and security of the applicable Specified Creditors and the Indenture Trustee, in its individual capacity, as and by way of a fixed and specific mortgage, assignment, pledge, hypothec and charge and grants to the Indenture Trustee for the benefit and security of the applicable Specified Creditors and the Indenture Trustee, in its individual capacity, a security interest in all of its right, title and interest, whether now owned or hereafter acquired, in and to the following:

(i) the Issuer Investment Interest;

(ii) each Issuer Account (including all Sub-Accounts of each Issuer Account);

(iii) all Eligible Investments and all investment property, money and other property held in the Issuer Accounts (including any Sub-Accounts of each Issuer Account);

(iv) all rights, benefits and powers of the Issuer under any Program Agreement;

(v) all rights, benefits and powers of the Issuer under the Act;

(vi) all present and future claims, demands, causes of and choses in action in respect of any of the foregoing and all interest, principal, payments and distributions of any nature or type on any of the foregoing;

(vii) all accounts, general intangibles, chattel paper, instruments, documents, goods, money, investment property, deposit accounts, letters of credit and letter-of-credit rights consisting of, arising from, or relating to any of the foregoing;

(viii) all debts, accounts, claims, monies and choses in action due or to become due with respect to all of the foregoing and also all securities, bills, notes, evidences of deposits of money, and other documents now held or owned or which may be hereafter taken, held or owned by the Issuer, or anyone on behalf of the Issuer, and all renewals thereof, accretions thereto, substitutions therefor and all interest, income and revenue arising therefrom or by virtue thereof;

(ix) all amounts received with respect to all of the foregoing; and

(x) all proceeds of the foregoing; and

(b) mortgages, charges, pledges, grants, transfers, assigns, hypothecates and sets over unto the Indenture Trustee, for the benefit and security of the Specified Creditors and the Indenture Trustee, in its individual capacity, a floating charge over, and

grants to the Indenture Trustee for the benefit and security of the Specified Creditors and the Indenture Trustee, in its individual capacity, a security interest in all of the property, assets and undertaking now owned or hereafter acquired by the Issuer.

The property described in the preceding sentence is collectively referred to as the "**Collateral**".

The Indenture Trustee acknowledges the grant of such Security Interest, and accepts the Collateral in trust hereunder in accordance with the provisions hereof and agrees to perform the duties herein such that the interests of the Specified Creditors may be adequately and effectively protected.

To have and to hold the Collateral and all rights hereby conferred unto the Indenture Trustee, its successors and assigns forever but in trust nevertheless for the benefit of the Specified Creditors, including the Indenture Trustee, in its individual capacity, and for the uses and purposes and subject to the terms and conditions herein set forth.

The Issuer acknowledges that value has been given and that the security granted shall attach and be effective on the date of execution of this Indenture and when the Issuer has rights in the Collateral, whether or not the monies and the Notes or any other evidence of Obligations Secured or any part thereof hereby secured or intended to be hereby secured shall be advanced or issued before or after or upon the date of the execution of this Indenture.

2.02 Recording, Etc.

(a) The Issuer intends the Security Interest granted pursuant to this Indenture in favor of the Indenture Trustee to be prior to all other Liens in respect of the Collateral. The Issuer will take all actions necessary to maintain a perfected Lien on the Collateral in favor of the Indenture Trustee.

(b) The Indenture Trustee shall hold each item of the Collateral separate and apart from all other property held by the Indenture Trustee.

(c) The Issuer will from time to time execute, authorize and deliver all such supplements and amendments hereto and all such financing statements, amendments thereto, instruments of further assurance and other instruments, all as prepared by the Issuer, and will take such other action necessary or advisable to:

(i) grant the Security Interest more effectively in all or any portion of the Collateral;

(ii) maintain or preserve the Security Interest (and the priority thereof) or carry out more effectively the purposes hereof;

(iii) perfect, publish notice of or protect the validity of any grant made or to be made by this Indenture;

(iv) enforce its rights under the Investment Asset, any Program Agreement to which it is a party and each other instrument or agreement designated for inclusion in the Collateral;

(v) preserve and defend title to the Collateral and the rights of the Indenture Trustee in the Collateral against the claims of all Persons; or

(vi) pay all Taxes levied or assessed upon the Collateral when due.

(d) The Issuer will from time to time promptly pay and discharge all PPSA recording and filing fees, charges and Taxes relating to this Indenture, any amendments hereto and any other instruments of further assurance.

(e) Without limiting the generality of subsection 2.02(c) or (d):

(i) The Issuer will cause this Indenture, all amendments and supplements hereto and all financing statements and all amendments to such financing statements and any other necessary documents covering the Indenture Trustee's right, title and interest in and to the Collateral to be promptly recorded, registered and filed, and at all times to be kept recorded, registered and filed, all in such manner and in such places as may be required by applicable law to fully preserve and protect the right, title and interest of the Indenture Trustee in and to all property comprising the Collateral. The Issuer will deliver to the Indenture Trustee file-stamped copies of, or filing receipts for, any document recorded, registered or filed as provided above, as soon as available following such recording, registration or filing. The Issuer hereby authorizes the filing of financing statements (and amendments of financing statements) that name the Issuer as debtor and the Indenture Trustee as secured party and that cover all personal property of the Issuer. The Issuer also hereby ratifies the filing of any such financing statements (or amendments of financing statements) that were filed prior to the execution hereof.

(ii) The Issuer shall not change its name, its jurisdiction of formation or its type of organization unless it has provided the Indenture Trustee **and each Rating Agency** with 30 days prior written notice and it has first (A) made all filings and taken all actions in all relevant jurisdictions under the PPSA and other applicable law as are necessary to continue and maintain the first priority perfected Security Interest of the Indenture Trustee in the Collateral, and (B) delivered to the Indenture Trustee **(with a copy to each Rating Agency)** an Opinion of Counsel to the effect that all necessary filings have been made under the PPSA (and where applicable, the equivalent thereof) in all relevant jurisdictions as are necessary to continue and maintain the first priority perfected Security Interest of the Indenture Trustee in the Collateral.

2.03 Use of Collateral

Subject to the express terms of this Indenture, until the Issuer Funding Obligations have become due and payable pursuant to Section 8.02, the Issuer will be permitted to possess and use the Collateral in connection with the activities of the Issuer, including, without limitation, the right to (a) exercise all of its rights and perform all of its obligations under each Program Agreement without consultation with or the consent of the Indenture Trustee, and (b) use the funds in any Issuer Account for any purpose not in violation of this Indenture or the Program Agreements.

2.04 Suits to Protect the Collateral

Subject to the provisions of this Indenture, the Indenture Trustee will have the power to institute and to maintain such suits and proceedings as it may deem expedient to prevent any impairment of the Collateral by any acts which may be unlawful or in violation of this Indenture, and such suits and proceedings as the Indenture Trustee may deem expedient to preserve or protect the interests of the Specified Creditors and the interests of the Indenture Trustee in the Collateral (including the power to institute and maintain suits or proceedings to restrain the enforcement of, or compliance with, any legislative or other governmental enactment, rule or order that may be unconstitutional or otherwise invalid if the enforcement of, or compliance with, such enactment, rule or order would impair the Security Interest or be prejudicial to the interests of the Specified Creditors or the Indenture Trustee).

2.05 Purchaser Protected

In no event will any purchaser in good faith of any property purported to be released hereunder be bound to ascertain the authority of the Indenture Trustee to execute the release or to inquire as to the satisfaction of any conditions required by the provisions hereof for the exercise of such authority or to see to the application of any consideration given by such purchaser or other transferee; nor will any purchaser or other transferee of any property or rights permitted by this Article II to be sold be under any obligation to ascertain or inquire into the authority of the Issuer to make any such sale or other transfer.

2.06 Powers Exercisable by Receiver or Indenture Trustee

In case the Collateral shall be in the possession of a receiver or trustee lawfully appointed, the powers conferred in this Article II upon the Issuer with respect to the release, sale or other disposition of such property may be exercised by such receiver or trustee, and an instrument signed by such receiver or trustee shall be deemed the equivalent of any similar instrument of the Issuer or of any officer or officers thereof required by the provisions of this Article II.

2.07 Determinations Relating to Collateral

In the event (i) the Indenture Trustee shall receive any written request from the Issuer for consent or approval with respect to any matter or thing relating to any Collateral or the Issuer's obligations with respect thereto, (ii) there shall be due to or from the Indenture Trustee under the provisions hereof any performance or the delivery of any instrument, or (iii) the Indenture Trustee shall become aware of any nonperformance by the Issuer of any covenant or any breach

of any representation or warranty of the Issuer set forth in this Indenture, then, in each such event, the Indenture Trustee shall be entitled to hire experts, consultants, agents and attorneys to advise the Indenture Trustee on the manner in which the Indenture Trustee should respond to such request or render any requested performance or response to such nonperformance or breach (the expenses of which will be reimbursed to the Indenture Trustee pursuant to Section 9.05). The Indenture Trustee will be fully protected in the taking of any action recommended or approved by any such expert, consultant, agent or attorney, or agreed to by Extraordinary Resolution.

2.08 Satisfaction and Discharge of Indenture

(a) The Issuer may at any time, for the purpose of obtaining the satisfaction and discharge of this Indenture with respect to any Class, Series or Tranche of Issuer Funding Obligations or for any other purpose, pay, or by an Issuer Certificate direct any Paying Agent to pay, to the Indenture Trustee all sums held in trust by the Issuer or such Paying Agent in respect of each and every Class, Series or Tranche of Issuer Funding Obligations as to which it seeks to discharge this Indenture or, if for any other purpose, all sums so held in trust by the Issuer in respect of all Issuer Funding Obligations, such sums to be held by the Indenture Trustee upon the same trusts as those upon which such sums were held by the Issuer or such Paying Agent; and, upon such payment by any Paying Agent to the Indenture Trustee, such Paying Agent will be released from all further liability with respect to such money.

(b) This Indenture will cease to be of further effect with respect to any Class, Series or Tranche of Issuer Funding Obligations (except as to any surviving rights of transfer or exchange of Notes of that Class, Series or Tranche expressly provided for herein or in any form of Note for that Class, Series or Tranche), and the Indenture Trustee, on demand of and at the expense of the Issuer, will execute proper instruments acknowledging satisfaction and discharge of this Indenture as to that Class, Series or Tranche, when:

(i) (A) in the case of Notes, all Notes of that Class, Series or Tranche theretofore Outstanding (other than (x) Notes of that Class, Series or Tranche which have been destroyed, lost or stolen and which have been replaced or paid as provided in Section 16.05(b), and (y) Notes of that Class, Series or Tranche for whose payment money has theretofore been deposited in trust or segregated and held in trust by the Issuer and thereafter repaid to the Issuer or discharged from that trust, as provided in Section 16.05(b)) have been delivered to the Indenture Trustee for cancellation or been cancelled, or (B) in the case of all other Issuer Funding Obligations, all Issuer Funding Obligations of that Class, Series or Tranche have been paid in full, as certified by the Issuer to the Indenture Trustee;

(ii) the Issuer has paid or caused to be paid all other sums payable under the Indenture (including payments to the Indenture Trustee pursuant to Section

9.05) by the Issuer with respect to the Issuer Funding Obligations of that Class, Series or Tranche; and

(iii) the Issuer has delivered to the Indenture Trustee an Issuer Certificate and an Opinion of Counsel each stating that all conditions precedent herein provided for relating to the satisfaction and discharge of this Indenture with respect to the Issuer Funding Obligations of that Class, Series or Tranche have been complied with.

Notwithstanding the satisfaction and discharge of this Indenture with respect to any Class, Series or Tranche of Issuer Funding Obligations, the obligations of the Issuer to the Indenture Trustee with respect to that Class, Series or Tranche of Issuer Funding Obligations under Section 9.05 and the obligations of the Indenture Trustee under Sections 7.13 and 16.05(b) will survive such satisfaction and discharge.

(c) This Indenture will cease to be of further effect, and the Indenture Trustee, on demand of and at the expense of the Issuer, will execute proper instruments acknowledging satisfaction and discharge of this Indenture, when all Issuer Funding Obligations have been satisfied and discharged in accordance with clause (b) and all other Obligations Secured have been paid in full, as certified by the Issuer to the Indenture Trustee.

2.09 <u>Release of all Collateral</u>

(a) Subject to the payment of its fees and expenses pursuant to Section 9.05, the Indenture Trustee shall, at the request of the Issuer or when otherwise required by the provisions of this Indenture, execute instruments to release Collateral from the Security Interest of this Indenture, or convey the Indenture Trustee's interest (which is held by the Indenture Trustee for the benefit of the Specified Creditors) in the same, in a manner and under circumstances which are not inconsistent with the provisions of this Indenture. No party relying upon an instrument executed by the Indenture Trustee as provided in this Article II will be bound to ascertain the Indenture Trustee's authority, inquire into the satisfaction of any conditions precedent or see to the application of any funds.

(b) Upon delivery of an Officer's Certificate of the Issuer certifying that all Issuer Funding Obligations and all other Obligations Secured have been satisfied and discharged by complying with the provisions of Section 2.08 and all applicable Program Agreements, the Indenture Trustee shall execute and deliver such releases, termination statements and other instruments (in recordable form, where appropriate) as the Issuer may reasonably request evidencing the termination of the Security Interest created by this Indenture.

(c) The Issuer and the Specified Creditors shall be entitled to receive at least 10 days' written notice when the Indenture Trustee proposes to take any action pursuant to clause (a), accompanied by copies of any instruments involved, and the Indenture

Trustee shall also be entitled to require, as a condition to such action, an Opinion of Counsel, stating the legal effect of any such action, outlining the steps required to complete the same, and concluding that all conditions precedent to the taking of such action have been complied with. Counsel rendering any such opinion may rely, without independent investigation, on the accuracy and validity of any certificate or other instrument delivered to the Indenture Trustee in connection with any such action.

2.10 Certain Commercial Law Representations and Warranties

The Issuer hereby makes the following representations and warranties. Such representations and warranties shall survive until the termination of this Indenture. Such representations and warranties speak of the date that a Lien in the Collateral is granted to the Indenture Trustee and shall not be waived by any of the parties to this Indenture unless the Rating Agency Condition is satisfied.

(a) This Indenture constitutes the grant of a first priority perfected Lien by the Issuer to the Indenture Trustee in the Collateral which, in the case of the existing Collateral and the proceeds thereof, is enforceable upon execution and delivery of this Indenture or, with respect to after-acquired property, as of the date such property is acquired, and which will be enforceable with respect to the Collateral hereafter and thereafter created and the proceeds thereof upon such creation. Upon the filing of the assignments, financing statements and continuation statements (and other documents where applicable) and, in the case of after-acquired Collateral and the proceeds thereof, upon its creation, the Indenture Trustee shall have a first priority perfected Lien in such property and proceeds.

(b) At the time of its grant of any Lien in the Collateral pursuant to this Indenture, the Issuer owned and had good and marketable title to such Collateral free and clear of any Lien of any other Person (other than Permitted Liens).

(c) The Issuer has caused the filing of all appropriate financing statements in the proper filing office in the Province of Ontario under applicable law in order to perfect the Security Interest.

(d) Other than the Security Interest, the Issuer has not pledged, assigned, sold, granted a Lien in, or otherwise conveyed, the Collateral. The Issuer has not authorized the filing of and is not aware of any financing statements against the Issuer that include a description of the Collateral other than any financing statement relating to the Security Interest or that has been terminated. The Issuer is not aware of any judgment or Tax lien filings against the Issuer.

ARTICLE III
NOTE FORMS

3.01 Forms Generally

The Notes will have such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture or the Related Supplemental Indenture and may have such letters, numbers or other marks of identification and such legends or endorsements placed thereon, as may be required to comply with applicable laws or regulations or with the rules of any securities exchange, or as may, consistently herewith, be determined by the Issuer, as evidenced by the Issuer's execution of such Notes. Any portion of the text of any Note may be set forth on the reverse thereof, with an appropriate reference thereto on the face of the Note.

Definitive Notes will be typewritten, printed, lithographed or engraved or produced by any combination of these methods (with or without steel engraved borders) or may be produced in any other manner, all as determined by the Issuer, as evidenced by the Issuer's execution of such Notes, subject, with respect to the Notes of any Class, Series or Tranche, to the rules of any securities exchange on which such Notes are listed.

3.02 Forms of Notes

Before the delivery of a Note to the Indenture Trustee for authentication, the Issuer will deliver to the Indenture Trustee the Issuer Certificate by or pursuant to which such form of Note has been approved, which Issuer Certificate will have attached thereto a true and correct copy of the form of Note which has been approved thereby or, if an Issuer Certificate authorizes a specific officer or officers of the Manager to approve a form of Note, a certificate of such officer or officers approving the form of Note attached thereto. Any form of Note approved by or pursuant to an Issuer Certificate must be acceptable as to form to the Indenture Trustee, such acceptance to be evidenced by the Indenture Trustee's authentication of Notes in that form or a certificate signed by a Responsible Officer of the Indenture Trustee and delivered to the Issuer.

3.03 Form of Indenture Trustee's Certificate of Authentication

The form of Indenture Trustee's Certificate of Authentication for any Note issued pursuant to this Indenture will be substantially as follows:

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Notes of the Class, Series or Tranche designated therein referred to in the within-mentioned Indenture.

BNY TRUST COMPANY OF CANADA, as Indenture Trustee

By:

Authorized Signatory

Dated:

3.04 Notes Issuable in the Form of a Global Note

(a) If the Issuer establishes that the Notes of a particular Class, Series or Tranche are to be issued in whole or in part in the form of one or more Global Notes, then the Issuer will execute and the Indenture Trustee or its agent will, in accordance with Section 4.03 and the Issuer Certificate delivered to the Indenture Trustee or its agent thereunder, authenticate and deliver, such Global Note or Global Notes, which, unless otherwise provided in the Related Supplemental Indenture (i) will represent, and will be denominated in an amount equal to the aggregate Stated Principal Amount (or in the case of Discount Notes, the aggregate Stated Principal Amount at the Principal Payment Date of such Notes) of the Outstanding Notes of such Class, Series or Tranche to be represented by such Global Note or Global Notes, or such portion thereof as the Issuer will specify in an Issuer Certificate, (ii) in the case of Registered Notes, will be registered in the name of the Depository for such Global Note or Global Notes or its nominee, (iii) will be delivered by the Issuer or its agent to the Depository or pursuant to the Depository's instruction, (iv) if applicable, will bear a legend substantially to the following effect: (A) "Unless this Note is presented by an authorized representative of The Depository Trust Company ("**DTC**"), to Fair Hydro Trust (the "**Issuer**") or its agent for registration of transfer, exchange or payment, and any Note issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), any transfer, pledge or other use hereof for value or otherwise by or to any Person is wrongful inasmuch as the registered owner hereof, Cede & Co., has an interest herein", or (B) "Unless this Note is presented by an authorized representative of CDS Clearing and Depository Services Inc. ("**CDS**"), to Fair Hydro Trust (the "**Issuer**") or its agent for registration of transfer, exchange or payment, and any Note issued is registered in the name of CDS & Co. or in such other name as is requested by an authorized representative of CDS (and any payment is made to CDS & Co. or to such other entity as is requested by an authorized representative of CDS), any transfer, pledge or other use hereof for

value or otherwise by or to any Person is wrongful since the registered owner hereof, CDS & Co., has a property interest in the securities represented by this Note and it is a violation of its rights for another Person to hold, transfer or deal with this Note", and (v) may bear such other legend as the Issuer, upon advice of counsel, deems to be applicable.

(b) Notwithstanding any other provisions of this Section 3.04 or of Section 4.05, and subject to the provisions of paragraph (c) below, unless the terms of a Global Note or the Related Supplemental Indenture expressly permit such Global Note to be exchanged in whole or in part for individual Notes, a Global Note may be transferred, in whole but not in part and in the manner provided in Section 4.05, only to a nominee of the Depository for such Global Note, or to the Depository, or a successor Depository for such Global Note selected or approved by the Issuer, or to a nominee of such successor Depository.

(c) With respect to Notes issued within the United States or Canada, unless otherwise specified in the Related Supplemental Indenture, or with respect to Notes issued outside the United States and Canada, if specified in the Related Supplemental Indenture:

(i) If at any time the Depository for a Global Note notifies the Issuer that it is unwilling or unable to continue as Depository for such Global Note or if at any time the Depository for the Notes for such Class, Series or Tranche ceases to be a clearing agency registered under the Securities Exchange Act, or other applicable statute or regulation, in the case of Notes issued within the United States, or ceases to be a clearing agency registered under the *Securities Act* (Ontario), or other applicable statute or regulation, in the case of Notes issued within Canada, the Issuer will appoint a successor Depository with respect to such Global Note. If a successor Depository for such Global Note is not appointed by the Issuer within 90 days after the Issuer receives such notice or becomes aware of such ineligibility, the Issuer will execute, and the Indenture Trustee or its agent, upon receipt of an Issuer Certificate requesting the authentication and delivery of individual Notes of such Class, Series or Tranche in exchange for such Global Note, will authenticate and deliver, individual Notes of such Class, Series or Tranche of like tenor and terms in definitive form in an aggregate Stated Principal Amount equal to the Stated Principal Amount of the Global Note in exchange for such Global Note.

(ii) The Issuer may at any time and in its sole discretion determine that the Notes of any Class, Series or Tranche or portion thereof issued or issuable in the form of one or more Global Notes will no longer be represented by such Global Note or Global Notes. In such event the Issuer will execute, and the Indenture Trustee, upon receipt of a written request by the Issuer for the authentication and delivery of individual Notes of such Class, Series or Tranche in exchange in whole or in part for such Global Note, will authenticate and deliver individual Notes of such Class, Series or

Tranche of like tenor and terms in definitive form in an aggregate Stated Principal Amount equal to the Stated Principal Amount of such Global Note or Global Notes representing such Class, Series or Tranche or portion thereof in exchange for such Global Note or Global Notes.

(iii) If any Event of Default has occurred and is continuing and Noteholders holding more than 50% of the Outstanding Dollar Principal Amount of the Controlling Class Obligations of any Series of Notes held as Global Notes advise the Indenture Trustee and the Depository that Global Notes are no longer in the best interest of the Noteholders of that Series, the holders of those Global Notes may exchange such Notes for individual Notes.

(iv) In any exchange provided for in any of the preceding three paragraphs, the Issuer will execute and the Indenture Trustee or its agent will authenticate and deliver individual Notes in definitive registered form in authorized denominations. Upon the exchange of the entire Stated Principal Amount of a Global Note for individual Notes, such Global Note will be canceled by the Indenture Trustee or its agent. Except as provided in the preceding paragraphs, Notes issued in exchange for a Global Note pursuant to this Section 3.04 will be registered in such names and in such authorized denominations as the Depository for such Global Note, pursuant to instructions from its direct or indirect participants or otherwise, will instruct the Indenture Trustee or the Note Registrar. The Indenture Trustee or the Note Registrar will deliver such Notes to the Persons in whose names such Notes are so registered.

3.05 <u>Temporary Global Notes and Permanent Global Notes</u>

(a) If specified in the Related Supplemental Indenture for any Series, all or any portion of a Global Note may initially be issued in the form of a single temporary global Bearer Note or Registered Note (the "**Temporary Global Note**"), without interest coupons, in the denomination of the entire aggregate principal amount of such Series and substantially in the form set forth in the exhibit with respect thereto attached to the Related Supplemental Indenture. Any Temporary Global Note shall bear such notations as the Issuer may determine to distinguish them from the Permanent Global Notes. The Temporary Global Note will be authenticated by the Indenture Trustee upon the same conditions, in substantially the same manner and with the same effect as the Notes in definitive form. The Temporary Global Note may be exchanged as described below or in the Related Supplemental Indenture for permanent global Bearer Notes or Registered Notes (the "**Permanent Global Notes**").

(b) Unless otherwise provided in the Related Supplemental Indenture, exchanges of beneficial interests in or security entitlements to Temporary Global Notes for beneficial interests in or security entitlements to Permanent Global Notes will be made as provided in this subsection 3.05(b). The Manager will, upon its determination of the date of completion of the distribution of the Notes of such

Series, so advise the Indenture Trustee, the Issuer and the Depository forthwith. Without unnecessary delay, but in any event not prior to the Exchange Date, the Issuer will execute and deliver to the Indenture Trustee **(at the office of its designated agent outside the United States in the case of Global Notes in bearer form)** Permanent Global Notes in bearer or registered form (as specified in the Related Supplemental Indenture) in an aggregate principal amount equal to the Outstanding Dollar Principal Amount or the Outstanding Currency Specific Dollar Principal Amount of such Series of Notes. Bearer Notes so issued and delivered may have coupons attached. The Temporary Global Note may be exchanged for an equal aggregate principal amount of Permanent Global Notes only on or after the Exchange Date; provided, however, that such Temporary Global Note is accompanied by a certificate dated the Exchange Date or a subsequent date and signed by the beneficial owner as to the portion of such Temporary Global Note held for its account then to be exchanged and a certificate dated the Exchange Date or a subsequent date and signed by the Depository in the form set forth in Exhibit 6-B (or in such other form as may be established pursuant to Section 4.01); and provided further that definitive Bearer Notes shall be delivered in exchange for a portion of a Temporary Global Note only in compliance with the requirements of Section 4.03. A beneficial owner of a Temporary Global Note may instruct the Depository to request an exchange on its behalf on or after the Exchange Date by delivering to the Depository, a certificate in the form set forth in Exhibit 6-A (or in such other form as may be established pursuant to Section 4.01), dated no earlier than 15 days prior to the Exchange Date, copies of which certificate shall be available from the offices of the Depository. A United States Person may exchange its beneficial interest in or security entitlement to the Temporary Global Note only for an equal aggregate principal amount of Permanent Global Notes in registered form bearing the applicable legend set forth in the form of Registered Note attached to the Related Supplemental Indenture and having a minimum denomination of 500,000 units of the applicable currency, which may be in temporary form if the Issuer so elects. The Issuer may waive the 500,000 minimum denomination requirement if it so elects. Upon any demand for exchange for Permanent Global Notes in accordance with this subsection 3.05(b), the Issuer will cause the Indenture Trustee to authenticate and deliver the Permanent Global Notes to the Noteholder (x) outside **the** United States, in the case of Bearer Notes and (y) according to the instructions of the Noteholder, in the case of Registered Notes. Upon receipt of the certification of the Depository, the Indenture Trustee will cause the Temporary Global Note to be endorsed in accordance with subsection 3.05(d). Any exchange as provided in this Section 3.05 will be made free of charge to the Noteholders and the beneficial owners of the Temporary Global Note and to the beneficial owners of the Permanent Global Note issued in exchange, except that a Person receiving the Permanent Global Note must bear the cost of insurance, postage, transportation and the like in the event that such Person does not receive such Permanent Global Note in person at the offices of a Depository.

(c) The delivery to the Indenture Trustee by a Depository of any written statement referred to above may be relied upon by the Issuer and the Indenture Trustee as

conclusive evidence that a corresponding certification or certifications has or have been delivered to such Foreign Depository pursuant to the terms of this Indenture.

(d) Upon any such exchange of all or a portion of the Temporary Global Note for a Permanent Global Note(s), such Temporary Global Note will be endorsed by or on behalf of the Indenture Trustee to reflect the reduction of its principal amount by an amount equal to the aggregate principal amount of such Permanent Global Note(s). Until so exchanged in full, such Temporary Global Note will in all respects be entitled to the same benefits under this Indenture as Permanent Global Notes authenticated and delivered hereunder except that the beneficial owners of such Temporary Global Note will not be entitled to receive payments of interest on the Notes until they have exchanged their beneficial interests in or security entitlements to such Temporary Global Note for Permanent Global Notes.

3.06 Beneficial Ownership of Global Notes

Until definitive Notes have been issued to the applicable Noteholders pursuant to Section 3.04 or as otherwise specified in any Related Supplemental Indenture:

(a) the Issuer and the Indenture Trustee may deal with the applicable Depository and the Depository's participants for all purposes (including the making of distributions) as the authorized representatives of the respective Note Owners; and

(b) the rights of the respective Note Owners will be exercised only through the Depository and the Depository's participants. Unless and until Notes in definitive form are issued pursuant to Section 3.04, the Depository will make book-entry transfers among the Depository's participants and receive and transmit distributions of principal and interest on the related Notes to such Depository's participants in accordance with the Depository's applicable procedures from time to time.

For purposes of any provision of this Indenture requiring or permitting Actions with the consent of, or at the direction of, Noteholders evidencing a specified percentage of the Outstanding Dollar Principal Amount of Notes, such direction or consent may be given by Note Owners (acting through the Depository and the Depository's participants) owning interests in or security entitlements to Notes evidencing the requisite percentage of principal amount of Notes in accordance with the applicable procedures of the Depository and the Depository's participants.

3.07 Notices to Depository

Whenever any notice or other communication is required to be given to Noteholders with respect to which book-entry Notes have been issued, unless and until Notes in definitive form will have been issued to the related Note Owners, the Indenture Trustee will give all such notices and communications to the applicable Depository.

3.08 CUSIP Numbers

In issuing the Notes, the Issuer may use "CUSIP" numbers (if then generally in use), and, if so, the Indenture Trustee shall use such CUSIP numbers in notices of redemption as a convenience to Noteholders; provided that, subject to Section 9.01, any such notice may state that (a) no representation is made as to the correctness of such CUSIP numbers as printed on the related Notes or as contained in any notice of redemption, (b) reliance may be placed only on the other identification numbers, if any, printed on the Notes and (c) any such redemption shall not be affected by any defect in or omission of such CUSIP numbers. The Issuer will promptly provide the Indenture Trustee with written notice of any change in the CUSIP numbers for any Outstanding Note.

ARTICLE IV
THE NOTES

4.01 General Title, General Limitations, Issuable in Series, Terms of a Series or Tranche of Notes

(a) The aggregate Stated Principal Amount of Notes which may be authenticated and delivered and Outstanding under this Indenture is not limited.

(b) The Notes of any Class may be issued in one or more Series or Tranches.

(c) The Classes of Notes are as set forth in this Indenture. Each Note issued must be part of a Class and Series of Notes for purposes of allocations pursuant to this Indenture and the Related Supplemental Indenture. A Series of Notes is created pursuant to a Supplemental Indenture. A Tranche of Notes is created pursuant to a Supplemental Indenture or pursuant to a Terms Document related to the Supplemental Indenture for the applicable Series.

(d) Each Series of Notes shall be designated in the Related Supplemental Indenture as either Senior Notes, Subordinated Notes or Junior Subordinated Notes. If the Notes of a Series of Notes belong to different Tranches, all Notes of such Series, without regard to the Tranche they are included in, shall be Senior Notes, Subordinated Notes or Junior Subordinated Notes, as applicable to the Series of Notes.

(e) Each Series of Notes may consist of a single Tranche or may be subdivided into multiple Tranches. Notes of a single Series of a Class will belong to different Tranches if they have different terms and conditions. With respect to any Series of Notes, Notes which have identical terms, conditions and Tranche designation will be deemed to be part of a single Tranche of Notes.

(f) Before the initial issuance of Notes of each Series or Tranche, there shall also be established in or pursuant to a Supplemental Indenture or pursuant to a Terms Document related to the applicable Supplemental Indenture, provision for:

(i) the Class of such Series;

(ii) the Series designation;

(iii) the Stated Principal Amount of the Notes;

(iv) whether such Notes are of a particular Tranche of Notes;

(v) the currency or currencies in which such Notes will be denominated and in which payments of principal of, and interest on, such Notes will or may be payable;

(vi) the price or prices at which such Series or Tranche of Notes will be issued;

(vii) the times at which such Series or Tranche of Notes may, pursuant to any optional redemption provisions, be redeemed, and the other terms and provisions of any such redemption;

(viii) the rate per annum at which such Series or Tranche of Notes will bear interest, if any, or the formula or index on which such rate will be determined, including all relevant definitions, and the date from which interest will accrue;

(ix) each Interest Payment Date, each Principal Payment Date and the Principal Payment Default Date for such Series or Tranche of Notes;

(x) the Principal Accumulation Date for such Series of Notes;

(xi) the Principal Accumulation Amounts for such Series of Notes;

(xii) the Initial Dollar Principal Amount or the Initial Currency Specific Dollar Principal Amount of such Notes, and the means for calculating the Outstanding Dollar Principal Amount or the Outstanding Currency Specific Dollar Principal Amount, as applicable, of such Series or Tranche of Notes;

(xiii) whether or not application will be made to list such Series or Tranche of Notes on any securities exchange;

(xiv) any events of default with respect to such Series or Tranche of Notes;

(xv) if such Series or Tranche of Notes will be issued in whole or in part in the form of a Global Note or Global Notes, the terms and conditions, if any, upon which such Global Note or Global Notes may be exchanged in whole or in part for other individual Notes, and the Depository for such Global Note or Global Notes;

(xvi) if such Series or Tranche of Notes will be issued in whole or in part as Registered Notes, Bearer Notes or both, whether such Series or Tranche of Notes are to be issued with or without coupons or both;

(xvii) if such Series or Tranche of Notes are to have the benefit of any Credit Enhancement Agreement or Liquidity Agreement, the terms and provisions of the applicable agreement;

(xviii) the Record Date for any Interest Payment Date or Principal Payment Date of such Series or Tranche of Notes, if different from the last day of the month before the related Interest Payment Date or Principal Payment Date;

(xix) whether and under what conditions, additional amounts will be payable to Noteholders of such Series or Tranche of Notes;~~(xx)[whether and under what conditions, the obligations of the Issuer under such Series or Tranche of Notes may be assumed or exchanged, and the form of assumption or exchange agreement applicable to such Series or Tranche of Notes];~~ and

(xx) ~~(xxi)~~ any other terms of such Notes as stated in the Related Supplemental Indenture;

all upon such terms as may be determined in or pursuant to the Related Supplemental Indenture.

(g) The Notes of each Class, Series or Tranche will be distinguished from the Notes of each other Class, Series or Tranche in such manner, reasonably satisfactory to the Indenture Trustee, as the Issuer may determine.

(h) Any terms or provisions in respect of the Notes of any Class, Series or Tranche issued under this Indenture may be determined pursuant to this Section 4.01 by providing in the Related Supplemental Indenture for the method by which such terms or provisions will be determined.

4.02 Denominations

The Notes of each Series or Tranche will be issuable in such denominations and currency as will be provided in the provisions of this Indenture or in or pursuant to the Related Supplemental Indenture. In the absence of any such provisions with respect to the Registered Notes of any Series or Tranche, the Registered Notes of that Series or Tranche will be issued in denominations of 100,000 units of the applicable currency and integral multiples of 1,000. In the absence of any such provisions with respect to the Bearer Notes of any Series or Tranche, the Bearer Notes of that Series or Tranche will be issued in denominations of 1,000, 5,000, 50,000 and 100,000 units of the applicable currency.

4.03 Execution, Authentication and Delivery and Dating

(a) The Notes will be executed on behalf of the Issuer by a Responsible Officer of the Issuer. The signature of any Responsible Officer of the Issuer on the Notes may be manual or facsimile or may be given by other electronic means.

(b) Notes bearing the manual, facsimile or other electronic signatures of individuals who were at any time a Responsible Officer of the Issuer will bind the Issuer, notwithstanding that such individuals or any of them have ceased to hold such offices before the authentication and delivery of such Notes or did not hold such offices at the date of issuance of such Notes.

(c) At any time and from time to time after the execution and delivery of this Indenture, the Issuer may deliver Notes executed by the Issuer to the Indenture Trustee for authentication; and the Indenture Trustee will, upon request by an Issuer Certificate, authenticate and deliver such Notes as provided in this Indenture and not otherwise; provided **however, that, in connection with its original issuance, no Bearer Note shall be mailed or otherwise delivered to any location in the United States; and provided further** that, unless otherwise specified with respect to any Series or Tranche of Notes pursuant to Section 4.01, a Bearer Note may be delivered in connection with its original issuance only if the Person entitled to receive such Bearer Note shall have furnished a certificate in the form set forth in Exhibit 6-A, dated no earlier than 15 days prior to the earlier of the date on which such Bearer Note is delivered and the date on which any temporary Note first becomes exchangeable for such Bearer Note in accordance with the terms of such temporary Note and this Indenture. **If any Note shall be represented by a permanent Bearer Note issued as a Global Note, then, for purposes of this Section, Section 3.05, and Section 4.04, the notation of a beneficial owner's interest therein upon original issuance of such Note or upon exchange of a portion of a temporary Global Note shall be deemed to be delivery in connection with its original issuance of such beneficial owner's interest in such permanent Global Note.** Except as permitted by Section 4.06, the Indenture Trustee shall not authenticate and deliver any Bearer Note unless all appurtenant coupons for interest then matured have been detached and cancelled.

(d) Before any such authentication and delivery, the Indenture Trustee will be entitled to receive, in addition to any Officer's Certificate and Opinion of Counsel required to be furnished to the Indenture Trustee pursuant to Section 1.02, the Issuer Certificate and any other opinion or certificate relating to the issuance of the Series or Tranche of Notes required to be furnished pursuant to Section 3.02 or Article V.

(e) The Indenture Trustee will not be required to authenticate such Notes if the issue thereof will adversely affect the Indenture Trustee's own rights, duties or immunities under the Notes and this Indenture.

(f) Unless otherwise provided in the form of Note for any Series or Tranche, all Notes will be dated the date of their authentication.

(g) No Note will be entitled to any benefit under this Indenture or be valid or obligatory for any purpose unless there appears on such Note a Certificate of Authentication executed by the Indenture Trustee by manual signature of an authorized signatory, and such certificate upon any Note will be conclusive

evidence, and the only evidence, that such Note has been duly authenticated and delivered hereunder.

4.04 Temporary Notes

(a) Pending the preparation of definitive Notes of any Series or Tranche, the Issuer may execute, and, upon receipt of the documents required by Section 4.03, the Indenture Trustee will authenticate and deliver, temporary Notes which are printed, lithographed, typewritten, mimeographed or otherwise produced, in any authorized denomination, substantially of the tenor of the definitive Notes in lieu of which they are issued and with such appropriate insertions, omissions, substitutions and other variations as the Issuer may determine, as evidenced by the Issuer's execution of such Notes. Any temporary Note shall bear such notations as the Issuer may determine to distinguish them from the definitive Notes.

(b) If temporary Notes of any Series or Tranche are issued, the Issuer will cause definitive Notes of such Series or Tranche to be prepared without unreasonable delay. After the preparation of definitive Notes, the temporary Notes of such Series or Tranche will be exchangeable for definitive Notes of such Series or Tranche upon surrender of the temporary Notes of such Series or Tranche at the office or agency of the Issuer in a Place of Payment, without charge to the Noteholder; and upon surrender for cancellation of any one or more temporary Notes, the Issuer will execute and the Indenture Trustee will authenticate and deliver in exchange therefor a like Stated Principal Amount of definitive Notes of such Series or Tranche of authorized denominations and of like tenor and terms**; provided, however, that no definitive Bearer Note shall be delivered in exchange for a temporary Registered Note; and provided further that a definitive Bearer Note shall be delivered in exchange for a temporary Bearer Note only in compliance with the conditions set forth in Section 4.03**. Until so exchanged, the temporary Notes of such Series or Tranche will in all respects be entitled to the same benefits under this Indenture as definitive Notes of such Series or Tranche.

4.05 Registration, Transfer and Exchange

(a) The Issuer will keep or cause to be kept a register (herein sometimes referred to as the "**Note Register**") in which, subject to such reasonable regulations as it may prescribe, the Issuer will provide for the registration of Registered Notes, or of Registered Notes of a particular Class, Series or Tranche, and for transfers of Registered Notes or of Registered Notes of such Class, Series or Tranche. Any such register will be in written form or in any other form capable of being converted into written form within a reasonable time. At all reasonable times, the information contained in such register or registers will be available for inspection by the Indenture Trustee at the office or agency to be maintained by the Issuer as provided in Section 13.03.

(b) Subject to Section 3.04, upon surrender for transfer of any Registered Note of any Class, Series or Tranche at the office or agency of the Issuer in a Place of Payment, the Issuer will execute, and, upon receipt of such surrendered Note, the Indenture Trustee will authenticate and deliver, in the name of the designated transferee or transferees, one or more new Registered Notes of such Class, Series or Tranche of any authorized denominations, of a like aggregate Stated Principal Amount, Principal Payment Date(s) and Principal Payment Default Date and of like terms.

(c) Subject to Section 3.04, at the option of the Noteholder, Notes of any Class, Series or Tranche may be exchanged for other Notes of such Class, Series or Tranche of any authorized denominations, of a like aggregate Stated Principal Amount, Principal Payment Date(s) and Principal Payment Default Date and of like terms, upon surrender of the Notes to be exchanged at the office or agency of the Issuer in a Place of Payment. Registered Notes, including Registered Notes received in exchange for Bearer Notes, may not be exchanged for Bearer Notes. At the option of the holder of a Bearer Note, subject to applicable laws and regulations, Bearer Notes may be exchanged for other Bearer Notes or Registered Notes (of the same Class, Series and Tranche of Notes) of authorized denominations of like aggregate fractional undivided interests in the Noteholders' interest, upon surrender of the Bearer Notes to be exchanged at an office or agency of the Note Registrar located outside the United States. Each Bearer Note surrendered pursuant to this Section 4.05 will have attached thereto all unmatured coupons; provided, however, that any Bearer Note~~,~~ so surrendered after the close of business on the last day of the month preceding the relevant Interest Payment Date need not have attached the coupon relating to such Interest Payment Date. Whenever any Notes are so surrendered for exchange, the Issuer will execute, and the Indenture Trustee will authenticate and deliver (in the case of Bearer Notes, outside the United States), the Notes which the Noteholders making the exchange are entitled to receive.

(d) All Notes issued upon any transfer or exchange of Notes will be the valid and legally binding obligations of the Issuer, evidencing the same debt, and entitled to the same benefits under this Indenture, as the Notes surrendered upon such transfer or exchange.

(e) Every Note presented or surrendered for transfer or exchange will (if so required by the Issuer or the Indenture Trustee) be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Issuer and the Note Registrar duly executed, by the Noteholder or his attorney duly authorized in writing.

(f) Unless otherwise provided in the Note to be transferred or exchanged, no service charge will be made on any Noteholder for any transfer or exchange of Notes, but the Issuer may (unless otherwise provided in such Note) require payment of a sum sufficient to cover any Tax or other governmental charge that may be imposed in connection with any transfer or exchange of Notes before the transfer or exchange

will be complete, other than exchanges pursuant to Section 4.04 or Section 11.05 not involving any transfer.

(g) None of the Issuer, the Note Registrar or the Indenture Trustee shall be required (i) to issue, register the transfer of or exchange any Notes of any Class, Series or Tranche during a period beginning at the opening of business 15 days before the day of selection of Notes of such Class, Series or Tranche to be redeemed and ending at the close of business on (A) if Notes of such Class, Series or Tranche are issuable only as Registered Notes, the day of the mailing of the relevant notice of redemption of Registered Notes of such Class, Series or Tranche so selected for redemption or (B) if Notes of the Class, Series or Tranche are issuable as Bearer Notes, the day of the first publication of the relevant notice of redemption or, if Notes of the Class, Series or Tranche are also issuable as Registered Notes and there is no publication, the mailing of the relevant notice of redemption or (ii) to register the transfer or exchange of any Notes or portions thereof so selected for redemption.

(h) Notwithstanding anything herein to the contrary, the exchange of Bearer Notes into Registered Notes shall be subject to applicable laws and regulations in effect at the time of exchange; none of the Issuer, the Indenture Trustee or the Note Registrar shall exchange any Bearer Notes into Registered Notes if it has received an Opinion of Counsel that as a result of such exchanges the Issuer would suffer adverse consequences under the Canadian or United States federal income tax laws and regulations then in effect, or the income tax laws of the jurisdiction of the holder of the Bearer Note, and the Issuer has delivered to the Indenture Trustee an Issuer Certificate directing the Indenture Trustee not to make such exchanges unless and until the Indenture Trustee receives a subsequent Issuer Certificate to the contrary. The Issuer shall deliver copies of such Issuer Certificates to the Note Registrar.

(i) None of the Issuer, the Indenture Trustee, any agent of the Indenture Trustee, any Paying Agent or the Note Registrar will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership of a Global Note or for maintaining, supervising or reviewing any records relating to such beneficial ownership.

(j) The Issuer initially appoints the Indenture Trustee to act as Note Registrar for the Registered Notes on its behalf. The Issuer may at any time and from time to time authorize any Person to act as Note Registrar in place of the Indenture Trustee with respect to any Class, Series or Tranche of Notes issued under this Indenture.

(k) Registration of transfer of Notes containing the following legend or to which the following legend is applicable:

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS

AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT IN ACCORDANCE WITH THE TRUST INDENTURE AND THE INDENTURE SUPPLEMENT AND PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT.

will be effected only if such transfer is made pursuant to an effective registration statement under the U.S. Securities Act, or is exempt from the registration requirements under the U.S. Securities Act. In the event that registration of a transfer is to be made in reliance upon an exemption from the registration requirements under the U.S. Securities Act other than Rule 144A under the U.S. Securities Act or Rule 903 or Rule 904 of Regulation S under the U.S. Securities Act, the transferor or the transferee will deliver, at its expense, to the Issuer and the Indenture Trustee, an investment letter from the transferee, substantially in a form appended to a Supplemental Indenture authorizing the applicable Series of Notes or such other form as the Issuer may determine, and no registration of transfer will be made until such letter is so delivered.

Notes issued upon registration or transfer of, or Notes issued in exchange for, Notes bearing the legend referred to above will also bear such legend and any other legends required by the Related Supplemental Indenture unless the Issuer, the Indenture Trustee and the Note Registrar receive an Opinion of Counsel, satisfactory to each of them, to the effect that such legend may be removed.

Whenever a Note containing the legend referred to above is presented to the Note Registrar for registration of transfer, the Note Registrar will promptly seek instructions from the Issuer regarding such transfer and will be entitled to receive an Issuer Certificate prior to registering any such transfer. The Issuer hereby agrees to indemnify the Note Registrar and the Indenture Trustee and to hold each of them harmless against any loss, liability or expense incurred without negligence or bad faith on their part arising out of or in connection with actions taken or omitted by them in relation to any such instructions furnished pursuant to this clause. The Indenture Trustee shall have no obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer imposed under this Indenture, the Related Supplemental Indenture, or under applicable law with respect to any transfer of any interest in any Note other than to require delivery of such certificates and other documentation or evidence as are expressly required by, and to do so if and when expressly required by the terms of, this Indenture, and to examine the same to determine substantial compliance as to form with the express requirements hereof.

(l) By acquiring a Note, each Noteholder that is a United States Person will be deemed to represent, warrant and covenant that either: (i) it is not acquiring the Note (or any interest therein) with the assets of a Benefit Plan or a governmental, church or non-U.S. plan that is subject to any federal, state, local or other

non-U.S. law that is substantially similar to Section 406 of ERISA or Section 4975 of the Internal Revenue Code ("**Similar Law**"); or (ii) (A) the Note is rated at least "BBB-" or its equivalent by a nationally recognized statistical rating agency at the time of purchase or transfer, and (B) the acquisition, holding and disposition of the Note will not give rise to a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Internal Revenue Code or a violation of any Similar Law.

4.06 Mutilated, Destroyed, Lost and Stolen Notes

(a) If (i) any mutilated Note (together, in the case of Bearer Notes, with all unmatured coupons, if any, appertaining thereto) is surrendered to the Indenture Trustee or the Note Registrar, or the Issuer, the Note Registrar or the Indenture Trustee receive evidence to their satisfaction of the destruction, loss or theft of any Note, and (ii) there is delivered to the Issuer, the Note Registrar or the Indenture Trustee such security or indemnity as may be required by them to save each of them harmless, then, in the absence of notice to the Issuer, the Note Registrar or the Indenture Trustee that such Note has been acquired by a protected purchaser, the Issuer will execute and upon its request the Indenture Trustee will authenticate and deliver (in the case of Bearer Notes, outside the United States), in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Note, a new Note of like tenor, Class, Series or Tranche, Principal Payment Date(s), Principal Payment Default Date and Stated Principal Amount, bearing a number not contemporaneously Outstanding.

(b) In case any such mutilated, destroyed, lost or stolen Note has become or is about to become due and payable, the Issuer in its discretion may, instead of issuing a new Note, pay such Note.

(c) Upon the issuance of any new Note under this Section 4.06, the Issuer may require the payment of a sum sufficient to cover any Tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Indenture Trustee) connected therewith.

(d) Every new Note issued pursuant to this Section 4.06 in lieu of any destroyed, lost or stolen Note will constitute an original additional contractual obligation of the Issuer, whether or not the destroyed, lost or stolen Note will be at any time enforceable by anyone, and will be entitled to all the benefits of this Indenture equally and proportionately with any and all other Notes of the same Class, Series or Tranche duly issued hereunder.

(e) The provisions of this Section 4.06 are exclusive and will preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Notes.

4.07 Persons Entitled to Payment

(a) Unless otherwise provided with respect to such Note pursuant to Section 4.01, interest payable on any Registered Note will be paid to the Person in whose name that Note is registered at the close of business on the most recent Record Date and interest payable on any Bearer Note will be paid to the bearer of that Note (or the applicable coupon) **outside of the United States**.

(b) Subject to clause (a), each Note delivered under this Indenture upon transfer of or in exchange for or in lieu of any other Note will carry the rights to interest accrued or principal accreted and unpaid, and to accrue or accrete, which were carried by such other Note.

(c) Title to any Bearer Note, including any coupons appertaining thereto, shall pass by delivery. The Issuer, the Indenture Trustee, the Manager and any agent of the Issuer, the Indenture Trustee or the Manager may treat the Person who is proved to be the owner of such Note pursuant to subsection 1.04(c) as the owner of such Note for the purpose of receiving payment of principal of and (subject to this Section 4.07) interest on such Note and for all other purposes whatsoever, whether or not such Note be overdue, and none of the Issuer, the Indenture Trustee, the Manager or any agent of the Issuer, the Indenture Trustee or the Manager will be affected by notice to the contrary.

(d) Delivery of a Note to the Paying Agent by the holder of such Note shall, upon payment thereof, be a good discharge to the Issuer of all obligations evidenced by such Note. The Paying Agent shall not be bound to enquire into the title of any such Noteholder, save as ordered by a court of competent jurisdiction or as required by statute, nor shall it be bound to see to the execution of any trust affecting the ownership of any Note or be affected by notice of any equity that may be subsisting in respect thereof.

(e) Any payment of principal or interest on any Note which is due on a day other than a Business Day shall be payable on the next succeeding Business Day without adjustment for interest thereon and such payment shall be deemed to have been made with the same force and effect as if made on the due date.

(f) Upon the Paying Agent's reasonable request therefor, the Issuer will (i) provide the Paying Agent with any information in its possession or (ii) assist the Paying Agent (to the extent necessary and it is commercially reasonable for the Issuer to do so) to obtain information, in each case, to the extent such information is required by the Paying Agent to comply with its tax reporting and withholding obligations under applicable law with respect to payments to be made to Specified Creditors pursuant to this Indenture and the other Program Agreements, unless the Issuer is prohibited from doing so by applicable law or an obligation of confidentiality by which the Issuer is bound.

4.08 Protection of Notes

(a) The Indenture Trustee shall hold in safekeeping the Notes which have not been issued (but which have been delivered to the Indenture Trustee by or on behalf of the Issuer) pending receipt of an Issuer Certificate. The Indenture Trustee shall acknowledge receipt of the Notes so delivered by signing and returning to the Issuer an acknowledgement of receipt of the Notes, such acknowledgement to be in a form satisfactory to the Issuer.

(b) The Indenture Trustee's responsibility for any Notes held in its custody hereunder shall be limited to using the same diligence in physically safeguarding such Notes as it does for its own securities. The Indenture Trustee shall account for the unissued Notes held in its custody whenever so required by the Issuer. If at any time the Indenture Trustee shall discover that any of such Notes have been lost, damaged, destroyed, stolen or misappropriated, it shall promptly advise the Issuer thereof and identify, to the extent practicable, such Notes.

4.09 Additional Issuances of Notes

(a) There are no restrictions on the timing or amount of any additional issuance of Notes of an Outstanding Series or Tranche of Notes, so long as the conditions described in Article V are satisfied. As of the date of any additional issuance of Notes of an Outstanding Series or Tranche of Notes, the Stated Principal Amount and Outstanding Dollar Principal Amount of that Series or Tranche will be increased to reflect the principal amount of the additional Notes. If the additional Notes are a Series or Tranche of Notes that has the benefit of a Derivative Agreement, the Issuer will enter into a Derivative Agreement for the benefit of the additional Notes. In addition, if the additional Notes are a Series or Tranche of Notes that has the benefit of any Credit Enhancement Agreement or Liquidity Agreement, the Issuer will enter into a Credit Enhancement Agreement or Liquidity Agreement, as applicable, for the benefit of the additional Notes.

(b) When issued, the additional Notes of a Series or Tranche will be identical in all respects to the other Outstanding Notes of that Series or Tranche and will be equally and ratably entitled to the benefits of this Indenture and the Related Supplemental Indenture as the other Outstanding Notes of that Series or Tranche without preference, priority or distinction; provided, however, that if such additional Notes are not fungible with such other Outstanding Notes for United States federal income tax purposes, then such additional Notes shall have a separate ISIN, CUSIP or other identifying number from such other Outstanding Notes.

4.10 Redemption of Notes

(a) Subject to Section 13.24, if the Related Supplemental Indenture for a Series or Tranche of Notes specifies that the Notes of such Series or Tranche will be redeemable, in whole at any time or in part from time to time, such Notes may be

redeemed at a redemption price (the "**Redemption Price**") provided for in such Related Supplemental Indenture. In case of any redemption, the provisions of this Section 4.10 shall apply except to the extent provided otherwise in such Related Supplemental Indenture.

(b) The Redemption Price, plus accrued and unpaid interest and other amounts (if any) due thereon to the redemption date, will be payable upon presentation and surrender of the Notes called for redemption at any of the places where the principal of such Series or Tranche of Notes is expressed to be payable and at any other places specified in the notice of redemption.

(c) If less than all the Notes of any Series or Tranche are to be redeemed at one time, the Notes of such Series or Tranche to be redeemed will be selected by the Indenture Trustee on a *pro rata* basis, disregarding fractions, according to the principal amount of Notes registered in the name of each Noteholder, or in such other manner (which may include random selection by computer) as the Indenture Trustee may consider equitable, provided that such selection will be proportionate (to the nearest 1,000 units of the applicable currency). For this purpose, the Indenture Trustee may make, and from time to time amend, regulations with regard to the manner in which such Notes may be called for redemption and regulations so made will be valid and binding upon all Noteholders notwithstanding the fact that, as a result of such regulations, one or more Notes become subject to redemption in part only. Unless the context otherwise requires, the terms "Note" and "Notes" as used in this Section 4.10 will be deemed to include any part of the principal amount of any Note which in accordance with the foregoing provisions has become subject to redemption.

(d) The holder of any Note called for redemption in part only will be entitled to receive, upon surrender of such Note for payment and without expense to such holder, a new Note or Notes of an aggregate principal amount equal to the unredeemed part of the Note so surrendered, and the Issuer will execute and the Indenture Trustee will certify and deliver to such holder such new Note or Notes; provided, however, that, in the case of a Global Note, an appropriate notation may instead be made on such Global Note to decrease the principal amount thereof to an amount equal to the unredeemed portion thereof.

(e) Notice of intention to redeem any Series or Tranche of Notes will be given by the Issuer in the manner provided in Section 15.03 or otherwise in accordance with the procedures of the Depository at least 15 days but not more than 30 days prior to the date fixed for redemption. Notwithstanding the foregoing, a redemption notice may be delivered more than 30 days prior to the date fixed for redemption if such notice is issued in connection with a satisfaction and discharge of this Indenture with respect to any Series or Tranche of Notes. Every such notice will specify that portion of the principal amount of such Note to be redeemed (provided that no Notes in an aggregate principal amount of 1,000 units of the applicable currency or less will be redeemed in part), the redemption date, the

Redemption Price and places of payment, and will state that all interest on the Notes called for redemption will cease to be payable from the redemption date.

(f) Upon notice having been given as provided in Section 4.10(e), the Notes called for redemption or the principal amount to be redeemed of the Notes called for redemption in part, as the case may be, will thereupon become due and payable at the Redemption Price, on the redemption date specified in such notice, in the same manner and with the same effect as if it were the maturity date for such Notes, notwithstanding anything contained in this Indenture or in the Notes to the contrary. From and after such redemption date, if the money necessary to redeem such Notes has been deposited as provided in Section 4.10(h) or 4.10(i) and affidavits or other proof satisfactory to the Indenture Trustee as to the delivery or mailing of such notices have been delivered to it, such Notes will not be considered as Outstanding under this Indenture and interest upon such Notes will cease to accrue after such date.

(g) If any question arises as to whether notice of redemption or deposit of the redemption money has been given or made available as provided above, such question will be decided by the Indenture Trustee, whose decision will be final and binding upon all interested parties.

(h) Except as may otherwise be provided in the Related Supplemental Indenture or in any Series or Tranche of Notes, or as part of a satisfaction and discharge of this Indenture with respect to any Series or Tranche of Notes where payment has been made in accordance with another provision of this Indenture, upon Notes of a Series or Tranche being called for redemption, the Issuer will deposit with the Indenture Trustee immediately available funds no later than 10:00 a.m. on the date fixed for redemption in the relevant notice of redemption (or such later time on such date as is acceptable to the Indenture Trustee), such sums as may be sufficient to pay the Redemption Price of the Notes to be redeemed, plus accrued and unpaid interest and other amounts (if any) due on such Notes to the redemption date, and will pay to the order of the Indenture Trustee the estimated charges and expenses to be incurred in connection with such redemption. From the sums so deposited and upon surrender of such Notes, the Indenture Trustee will pay or cause to be paid to the holders of the Notes called for redemption the principal thereof, interest and other amounts (if any) thereon to which they are entitled on redemption.

(i) Alternatively, in respect of any Global Notes, the Issuer may, at its option, cause the amount payable on redemption to be sent by wire transfer on the day such redemption payment is due to an account maintained by such Noteholder or any other method acceptable to the Issuer and such Noteholder.

4.11 Purchase of Notes for Cancellation

(a) Provided no Event of Default has occurred and is continuing, the Issuer may purchase or otherwise acquire, at any time and from time to time, all or any of the

Outstanding Notes of any Series or Tranche in the market (which will include purchase from or through an investment dealer, participant or a firm holding membership on a recognized stock exchange) or by invitation to tender or by private contract at such prices as it may determine in its sole discretion. The Issuer will deliver to the Indenture Trustee all Notes purchased as aforesaid, when paid, as evidence of such payment.

(b) If, upon an invitation to tender, more Notes of a Series or Tranche are tendered in response to such invitation at the same lowest price than the Issuer is prepared to accept, Notes of the Series or Tranche to be purchased by the Issuer will be selected by the Indenture Trustee on a *pro rata* basis, disregarding fractions, according to the Outstanding Dollar Principal Amount of Notes registered in the name of each Noteholder, or in such other manner as the Indenture Trustee may consider equitable (which may include random selection by computer), from the Notes tendered by each Noteholder which tendered at such lowest price. For this purpose, the Indenture Trustee may make, and from time to time amend, regulations with respect to the manner in which Notes may be so selected and regulations so made will be valid and binding upon all Noteholders, notwithstanding the fact that, as a result thereof, one or more of such Notes becomes subject to purchase in part only. The holder of any Note of which a part only is purchased, will be entitled to receive upon surrender of such Note for payment and without expense to such holder, a new Note or Notes of an aggregate principal amount equal to the unpurchased part of the Note so surrendered and the Indenture Trustee will certify and deliver to such holder a new Note or Notes; provided, however, that, in the case of a Global Note, an appropriate notation may instead be made on such Global Note to decrease the principal amount thereof to an amount equal to the unpurchased portion thereof.

4.12 Cancellation

All Notes surrendered for payment, redemption, repurchase, transfer, conversion or exchange will, if surrendered to any Person other than the Indenture Trustee, be delivered to the Indenture Trustee and will be promptly canceled by it. The Issuer may at any time deliver to the Indenture Trustee for cancellation any Notes previously authenticated and delivered hereunder which the Issuer may have acquired in any manner whatsoever, and all Notes so delivered will be promptly canceled by the Indenture Trustee. No Note will be authenticated in lieu of or in exchange for any Notes canceled as provided in this Section 4.12, except as expressly permitted by this Indenture. The Indenture Trustee will dispose of all canceled Notes in accordance with its customary procedures and will deliver a certificate of such disposition to the Issuer.

ARTICLE V
CONDITIONS PRECEDENT

5.01 Conditions Precedent for Incurrence of Indebtedness

On or prior to the date that the Issuer enters into a definitive agreement for the incurrence of new Issuer Funding Obligations ~~(~~**or the renewal or extension of any existing Issuer**

Funding Obligations (in each case, other than Derivative Funding Obligations), the following conditions precedent shall be satisfied:

(a) the Issuer shall have delivered to the Indenture Trustee and each Rating Agency notice of the incurrence of such Issuer Funding Obligation;

(b) the Issuer shall have delivered to the Indenture Trustee and each Rating Agency an Issuer Certificate to the effect that:

(i) the Issuer reasonably believes that the incurrence of such Issuer Funding Obligation will not cause an Adverse Effect;

(ii) all instruments furnished to the Indenture Trustee conform to the requirements of this Indenture and constitute sufficient authority hereunder for the Indenture Trustee to (A) in the case of a Note issuance only, authenticate and deliver such Notes, and (B) in the case of all other Issuer Funding Obligations, execute and deliver the Related Funding Obligation Agreement in accordance with Section 5.05;

(iii) in the case of a Note issuance only, the form and terms of such Notes have been established in conformity with the provisions of this Indenture;

(iv) the incurrence of such Issuer Funding Obligation is consistent in all material respects with the Financing Plan;

(v) the conditions set out in subsections 5.01(c), (d), (g) and (k) have been met; and

(vi) such other matters as the Indenture Trustee may reasonably request;

(c) the representations and warranties set forth in Section 12.01 shall be true and correct in all material respects;

(d) the Rating Agency Condition **with respect to all outstanding Series or Tranches of Issuer Funding Obligations** shall have been satisfied with respect to ~~the~~**such** incurrence~~ of such Issuer Funding Obligation~~;

(e) the Indenture Trustee shall have received ~~a certificate addressed to the Indenture Trustee and signed by the Chief Financial Officer and the Treasurer of OPG (or their respective designees, provided that such designees are executive officers of OPG and, for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as Financial Services Manager) confirming that OPG has provided to the Province all certifications required by the Province in order for such Issuer Funding Obligations to be Approved Obligations; provided that such certificate shall not be delivered more than **[five (5)]** Business Days prior to such incurrence;~~**either:**

(i) **a certified copy of the instrument whereby the Province designated in writing that the new Issuer Funding Obligations are Approved Obligations as contemplated by clause (ii) of Section 4.01 of the Change of Law Protection Agreement; or**

(ii) **both (A) an Adherence Compliance Certificate addressed to the Indenture Trustee with respect to the new Issuer Funding Obligations delivered in accordance with Section 4.02(a)(ii) of the Change of Law Protection Agreement; such Adherence Compliance Certificate to be delivered not more than five (5) Business Days prior to the incurrence of the new Issuer Funding Obligation, and (B) a certificate signed by the Manager certifying that the Province has not provided a Suspension Notice to the Manager or the Issuer;**

(f) the Issuer shall have delivered to the Indenture Trustee copies of the Related Funding Obligation Agreement, including in the case of Notes, a Supplemental Indenture, and if applicable, a Terms Document relating to the applicable Tranche of Notes;

(g) in the case of Senior Funding Obligations only, the Issuer will have Subordinated Funding Obligations and Junior Subordinated Funding Obligations in an aggregate Outstanding Dollar Principal Amount equal to not less than 35% of the aggregate Outstanding Dollar Principal Amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations (after giving effect to such incurrence)**and in the case of Subordinated Funding Obligations only, the Issuer will have Junior Subordinated Funding Obligations in an aggregate Outstanding Dollar Principal Amount equal to not less than 10% of the aggregate Outstanding Dollar Principal Amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations** (after giving effect to **such incurrence)**;

(h) except in the case of Notes, the Issuer delivers to the Indenture Trustee an updated copy of the Specified Creditor list described in Section 13.13(b);

(i) each Debtholder in respect of such Issuer Funding Obligation (or an authorized agent on their behalf) shall have made the acknowledgements and agreements set out in Section 5.04;

(j) the Change of Law Protection Agreement shall be in full force and effect against the Province or shall have been replaced with a new agreement that is in form and substance satisfactory to Controlling Class Creditors pursuant to an Ordinary Resolution;

(k) the conditions precedent, if any, specified in the applicable Funding Obligation Agreement shall have been satisfied;

(l) in the case of a Note issuance only, the Indenture Trustee shall have received an Issuer Certificate for the certification and delivery of such Notes and specifying the particulars relating to such Notes;

(m) in the case of Bearer Notes described in section 163(f)(2)(A) of the Internal Revenue Code, if such Notes are not in registered form (including by reason of a book entry system described in section 163(f)(3) of the Internal Revenue Code), then such Notes shall be described in section 4701(b)(1)(B) of the Internal Revenue Code and such section shall apply to such Notes; and

(n) in the case of Foreign Currency Notes only, the Issuer shall have appointed one or more Paying Agents in the appropriate countries, if requested by the Indenture Trustee.

For greater certainty, periodic drawdowns under existing Funding Obligation Agreements, or a renewal or extension thereof in accordance with the terms of a Funding Obligation Agreement, shall not constitute a new incurrence of Issuer Funding Obligations. However, an increase in the aggregate commitment under an existing Funding Obligation Agreement or the issuance of additional Notes of an Outstanding Series or Tranche of Notes shall constitute a new incurrence of Issuer Funding Obligations.

5.02 No Consent

The Indenture Trustee will not be required to and, except as otherwise provided in any Funding Obligation Agreement, the Issuer will not be required to, provide prior notice to or obtain the consent of any Debtholder or any other Specified Creditor to incur any Issuer Funding Obligations.

5.03 Conditions Precedent for the Incurrence of other Obligations Secured

On or prior to the date that the Issuer enters into any agreement that would give rise to Obligations Secured (other than Issuer Funding Obligations referred to in Section 5.01 but including Derivative Funding Obligations), the following conditions precedent shall be satisfied:

(a) the Issuer shall have delivered to the Indenture Trustee a copy of the applicable agreement; and

(b) the Issuer shall have delivered to the Indenture Trustee an updated copy of the Specified Creditor list described in Section 13.13(b);

(c) each counterparty to such agreement (or an authorized agent on their behalf) shall have made the acknowledgements and agreements set out in Section 5.04; and

(d) ~~in the case of entry into (i) an ISDA Master Agreement, or (ii) a non-terminable contract having a term of more than three (3) years with aggregate **[minimum]** payments during such term in excess of $5,000,000 only **[NTD: Need conforming change to Change of Law Protection Agreement]**~~**if the**

Obligations Secured are Certified Primary Obligations, the Indenture Trustee shall have received **either:**

(i) a ~~certificate~~**certified copy of the instrument whereby the Province designated in writing that the new Obligations Secured are Approved Obligations as contemplated by clause (ii) of Section 4.01 of the** Change of Law Protection Agreement**; or**

(ii) **both (A) an Adherence Compliance Certificate** addressed to the Indenture Trustee ~~and signed by the Chief Financial Officer and the Treasurer of OPG (or their respective designees, provided that such designees are executive officers of OPG) confirming either (A) that OPG has provided to the Province all certifications required by the Province, or (B) that the Province has otherwise agreed that such Obligations Secured constitute Approved Obligations; provided that such certificate shall not~~**with respect to the new Obligations Secured delivered in accordance with Section 4.02(a)(ii) of the Change of Law Protection Agreement; such Adherence Compliance Certificate to** be delivered **not** more than ~~[~~five (5)~~]~~ Business Days prior to ~~such incurrence~~**the incurrence of the new Obligations Secured, and (B) a certificate signed by the Manager certifying that the Province has not provided a Suspension Notice to the Manager or the Issuer**.

5.04 Specified Creditor Acknowledgements

Each Specified Creditor:

(a) acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor hereunder and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under this Indenture including, without limitation, Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 7.12 (Payments Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Section 8.14 (Limited Recourse), Article IX (Indenture Trustee) (including all limitations of liability thereunder), Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition);

(b) except in the case of the Province, irrevocably authorizes and directs the Indenture Trustee on its behalf to take such action (including the execution and delivery of documents of subordination) as may be necessary or appropriate to further assure the priority arrangements provided for in Article VI, Article VII and Section 8.13, and appoints the Indenture Trustee as its agent for any and all such purposes; and

(c) consents, requests and authorizes the Issuer and the Indenture Trustee to (i) add such Specified Creditor (or its agent) to the register of Specified Creditors described in Section 13.13 and (ii) disseminate the notice details of such Specified

Creditor to other Specified Creditors for the purposes set out in subsection 9.14(b).

5.05 Acknowledgement of Program Agreement by Indenture Trustee

Upon receipt of an Issuer Certificate directing it to do so (provided the conditions set forth in Section 5.01 or 5.03, as applicable, have been satisfied, as certified by the Issuer), the Indenture Trustee shall execute an acknowledgement with respect to any Program Agreement or any evidence of indebtedness issued pursuant to a Program Agreement confirming that such Program Agreement or evidence of indebtedness is an Obligation Secured under this Indenture and the creditors listed in such Program Agreements are Specified Creditors for the purposes of this Indenture.

ARTICLE VI
SUBORDINATION

6.01 Subordination

The payment of all Subordinated Funding Obligations shall be subordinate and rank junior, to the extent and in the manner set forth in this Article VI, Article VII and Article VIII, if applicable, to the prior payment in full of all amounts owing from time to time with respect to the Senior Funding Obligations and the Derivative Funding Obligations. The payment of all Junior Subordinated Funding Obligations shall be subordinate and rank junior, to the extent and in the manner set forth in this Article VI, Article VII and Article VIII, if applicable, to the prior payment in full of all amounts owing from time to time with respect to the Senior Funding Obligations, the Derivative Funding Obligations and the Subordinated Funding Obligations. Subject to the provisions of the Related Funding Obligation Agreement, (i) prior to the acceleration of the Issuer Funding Obligations pursuant to Section 8.02, payment in respect of the Subordinated Funding Obligations and the Junior Subordinated Funding Obligations shall be made as provided for in Sections 7.04 to 7.11; and (ii) after the acceleration of the Issuer Funding Obligations pursuant to Section 8.02, payment on account of the Subordinated Funding Obligations and the Junior Subordinated Funding Obligations shall be made as provided for in Section 8.13.

6.02 Subrogation to Senior Funding Obligations and Derivative Funding Obligations

(a) Subject to the payment in full of the Senior Funding Obligations and the Derivative Funding Obligations or the making of due provision for such payment, the Debtholders of Subordinated Funding Obligations shall be subrogated to the rights of the Debtholders of Senior Funding Obligations and Derivative Counterparties to receive payments or distributions of assets of the Issuer, to the extent of the application thereto of moneys or other assets which would have been received by the Debtholders of Subordinated Funding Obligations but for the provisions of this Article VI, until the principal of and interest on the Subordinated Funding Obligations shall be paid in full.

(b) Subject to the payment in full of the Senior Funding Obligations, the Derivative Funding Obligations and the Subordinated Funding Obligations or the making of

due provision for such payment, the Debtholders of Junior Subordinated Funding Obligations shall be subrogated to the rights of the Debtholders of Senior Funding Obligations and Subordinated Funding Obligations, and Derivative Counterparties, to receive payments or distributions of assets of the Issuer, to the extent of the application thereto of moneys or other assets which would have been received by the Debtholders of Junior Subordinated Funding Obligations but for the provisions of this Article VI, until the principal of and interest on the Junior Subordinated Funding Obligations shall be paid in full.

6.03 Rights of Specified Creditors Preserved

The provisions of this Article VI are and are intended solely for the purpose of defining the relative rights of the Debtholders of Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations, and Derivative Counterparties, as applicable. Nothing in this Article VI is intended to or shall impair the obligation of the Issuer, subject to the rights of the Debtholders of Senior Funding Obligations and Derivative Counterparties, to pay the Subordinated Funding Obligations and Junior Subordinated Funding Obligations as and when the same shall become due and payable in accordance herewith, or affect the relative rights of the Debtholders of Subordinated Funding Obligations and Junior Subordinated Funding Obligations, and creditors of the Issuer other than Debtholders of such Senior Funding Obligations and Derivative Counterparties, nor shall anything in this Article VI prevent the Indenture Trustee or such Debtholders from exercising all remedies otherwise permitted by this Indenture, subject to the rights (if any) under this Article VI of Debtholders of Senior Funding Obligations, Derivative Counterparties and the Indenture Trustee on their behalves in respect of any payment or distribution of cash, property or securities of the Issuer received upon the exercise of any such remedy.

6.04 Renewal or Extension of Senior Funding Obligations

(a) Except as provided in this Indenture or the Related Funding Obligation Agreement, Debtholders of Senior Funding Obligations and Derivative Counterparties may at any time in their discretion renew or extend the time of payment of their Issuer Funding Obligations or exercise any other of their rights in respect thereof, including, without limitation, the waiver of an Event of Default thereunder, all without notice to or assent from the Debtholders of the Subordinated Funding Obligations or Junior Subordinated Funding Obligations, or the Indenture Trustee.

(b) No compromise, alteration, amendment, modification, extension, renewal or other change of, or waiver, consent or other action in respect of, any liability or obligation under or in respect of any Senior Funding Obligations, Derivative Funding Obligations or of any of the terms, covenants or conditions of any Related Funding Obligation Agreement under which any Senior Funding Obligations or Derivative Funding Obligations shall have been issued, shall in any way alter or affect any of the provisions of this Article VI.

ARTICLE VII
ISSUER ACCOUNTS AND INVESTMENTS; ORDINARY COURSE ALLOCATIONS

7.01 Available Collections

Except as otherwise expressly provided in this Indenture, the Indenture Trustee may demand payment or delivery of, and shall receive and collect, directly and without intervention or assistance from any fiscal agent or other intermediary, all money and other property payable to or receivable by the Indenture Trustee pursuant to this Indenture including, without limitation, all funds and other property payable to the Indenture Trustee in connection with the Collateral. The Indenture Trustee will hold all such money and property received by it as part of the Collateral and will apply it, or cause it to be applied, as provided in this Indenture and any applicable Program Agreement.

7.02 Issuer Accounts

(a) On or before the date hereof, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**Collection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. All Available Collections received shall be credited to the Collection Account. The Collection Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the Collection Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 calendar days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition is satisfied) establish a new Collection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Collection Account to such new Collection Account. From the date each such new Collection Account is established, it shall be the "Collection Account."

(b) On or before the date hereof, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**Interest Accumulation Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. The Interest Accumulation Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the Interest Accumulation Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Interest Accumulation Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Interest Accumulation Account to such new Interest Accumulation Account. From

the date each such new Interest Accumulation Account is established, it shall be the "Interest Accumulation Account." The Interest Accumulation Account is a "finance reserve account" under, and as defined in, the Fair Hydro Regulations.

(c) On or before the date hereof, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**Principal Accumulation Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. The Principal Accumulation Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the Principal Accumulation Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition is satisfied) establish a new Principal Accumulation Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Principal Accumulation Account to such new Principal Accumulation Account. From the date each such new Principal Accumulation Account is established, it shall be the "Principal Accumulation Account." The Principal Accumulation Account is a "capital account" under, and as defined in, the Fair Hydro Regulations.

(d) On or before the date hereof, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**Program Cash Reserve Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. The Program Cash Reserve Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the Program Cash Reserve Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Program Cash Reserve Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Program Cash Reserve Account to such new Program Cash Reserve Account. From the date each such new Program Cash Reserve Account is established, it shall be the "Program Cash Reserve Account." The Program Cash Reserve Account is a "finance reserve account" under, and as defined in, the Fair Hydro Regulations. The Issuer shall deposit the Program Cash Reserve Required Amount to the Program Cash Reserve Account during the Reference Period commencing May 1, 2021 pursuant to the application of amounts available under subsection 7.04(e)(xiii).

(e) On or before the date hereof, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**IESO Cash Reserve Account**") in

the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. The IESO Cash Reserve Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the IESO Cash Reserve Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new IESO Cash Reserve Account that is an Eligible Deposit Account and shall transfer any funds or other property from such IESO Cash Reserve Account to such new IESO Cash Reserve Account. From the date each such new IESO Cash Reserve Account is established, it shall be the "IESO Cash Reserve Account." The IESO Cash Reserve Account is a "finance reserve account" under, and as defined in, the Fair Hydro Regulations. The Issuer shall deposit the IESO Cash Reserve Deposit Amount directly to the IESO Cash Reserve Account on the earlier of (x) ~~the Payment Date occurring in~~ April~~,~~ **30,** 2021, and (y) the receipt of the IESO Cash Reserve Deposit Amount from the IESO. Other than such deposit of the IESO Cash Reserve Deposit Amount to the IESO Cash Reserve Account, no other amounts shall be deposited to the IESO Cash Reserve Account.

(f) On or before the date hereof, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**Refinancing Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. All proceeds arising from Notes and Borrowings related to Refinancings shall be deposited to the Refinancing Account. For greater certainty, the Refinancing Account may contain Sub-Accounts to account for proceeds in different currencies. The Refinancing Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the Refinancing Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition is satisfied) establish a new Refinancing Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Refinancing Account to such new Refinancing Account. From the date each such new Refinancing Account is established, it shall be the "Refinancing Account."

(g) From time to time in connection with the creation of any Series of Issuer Funding Obligations, the Issuer may cause to be established and maintained an Eligible Deposit Account (a "**Series Capital Reserve Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the applicable Debtholders or Derivative Counterparties. A Series Capital Reserve

Account may be established for the sole purpose of allowing the Issuer to accumulate funds to be used to make repayments in respect of a Series of Issuer Funding Obligations. Details of any period of accumulation and the amounts to be accumulated shall be specified in the Related Funding Obligation Agreement. Each Series Capital Reserve Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the applicable Debtholders or Derivative Counterparties. If, at any time, the institution holding a Series Capital Reserve Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition **in respect of the applicable Series** is satisfied) establish a new Series Capital Reserve Account that is an Eligible Deposit Account and shall transfer any funds or other property to such new Series Capital Reserve Account. From the date each such new Series Capital Reserve Account is established, it shall be a "Series Capital Reserve Account." Each Series Capital Reserve Account shall be a "capital account" under, and as defined in, the Fair Hydro Regulations.

(h) From time to time in connection with the creation of any Series of Issuer Funding Obligations, the Issuer may cause to be established and maintained an Eligible Deposit Account (a "**Series Finance Reserve Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the applicable Debtholders or Derivative Counterparties. A Series Finance Reserve Account may be established for the purpose of allowing the Issuer to reserve funds to pay finance charges (including, without limitation, interest and payments under Derivative Agreements) for a Series of Issuer Funding Obligations. Details of any reserve requirements shall be specified in the Related Funding Obligation Agreement. Each Series Finance Reserve Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the applicable Debtholders or Derivative Counterparties. If, at any time, the institution holding a Series Finance Reserve Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition **in respect of the applicable Series** is satisfied) establish a new Series Finance Reserve Account that is an Eligible Deposit Account and shall transfer any funds or other property to such new Series Finance Reserve Account. From the date each such new Series Finance Reserve Account is established, it shall be a "Series Finance Reserve Account." Each Series Finance Reserve Account shall be a "finance reserve account" under, and as defined in, the Fair Hydro Regulations.

(i) On or before the making of any demand for payment under the Change of Law Protection Agreement, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other

property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. All payments received from the Province pursuant to the Change of Law Protection Agreement shall be deposited to the Protection Account. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account."

(j) **From time to time in connection with the establishment of any Program Account (other than the Protection Account) or Series Account, the Issuer may cause to be established and maintained one or more Eligible Securities Accounts (each, a "Securities Account") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. A Securities Account may be established for the purpose of allowing the Issuer to invest funds held in any Program Account or Series Account in Eligible Investments in accordance with Section 7.03. Each Securities Account shall relate to only one Program Account or Series Account. Each Securities Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution at which a Securities Account is maintained ceases to be an Affiliate of an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition (only in respect of the Series if related to a Series Account) is satisfied) establish a new Securities Account that is an Eligible Securities Account and shall transfer any funds or other property to such new Securities Account. From the date each such new Securities Account is established, it shall be a "Securities Account."**

7.03 Investment of Funds in the Issuer Accounts

(a) Funds credited to the Issuer Accounts will (unless otherwise stated in this Indenture or**, with respect to a Series Account,** any applicable Funding Obligation Agreement) be invested and reinvested by the Indenture Trustee at the written direction of the Manager in one or more Eligible Investments. The Manager may appoint as its agent under a separate agreement a registered investment advisor and authorize such agent to give instructions on behalf of the Manager to the Indenture Trustee for funds to be invested and reinvested in one or

more Eligible Investments. The Manager shall provide the Indenture Trustee with a written direction certifying any such appointment, together with an incumbency for such agent in a form acceptable to the Indenture Trustee, acting reasonably. The Indenture Trustee shall be entitled to conclusively rely on, and shall be protected in acting upon, instructions received from such agent on behalf of the Manager. The Manager (or its agent appointed pursuant to the preceding sentence) may authorize the Indenture Trustee to make specific investments pursuant to written instructions, in such amounts as the Manager will specify. Any direction from the Manager (or its agent appointed pursuant to this Section) to the Indenture Trustee shall be in writing and shall be provided to the Indenture Trustee no later than 9:00 a.m. (Toronto time) on the day on which the investment is to be made. Any such direction received by the Indenture Trustee after 9:00 a.m. (Toronto time) or received on a day that is not a Business Day shall be deemed to have been given prior to 9:00 a.m. (Toronto time) on the next Business Day.

(b) Notwithstanding **anything to** the ~~foregoing, funds held by the Indenture Trustee in any of the Issuer Accounts will be invested in Eligible Investments that will~~**contrary herein, for purposes of making investments in accordance with this Section 7.03, the Issuer shall be entitled to make transfers of cash from any Program Account or Series Account to the Related Securities Account, provided that the Issuer shall ensure that Eligible Investments in the Related Securities Account** mature **at such times as may be required** so that a sufficient amount of ~~such funds~~**cash** shall be available **for transfer to the applicable Program Account or Series Account** to the extent required to pay all Obligations Secured that are payable on the following Payment Date, Interest Payment Date or Principal Payment Date, as applicable. **Transfers of cash between a Program Account or a Series Account and the Related Securities Account shall not require the delivery of a Payment Instruction and may be effected in accordance with the Indenture Trustee's standard practices.**

(c) ~~(b)~~ All funds from time to time credited to the Issuer Accounts pursuant to this Indenture and the Funding Obligation Agreements, and all investments made with such funds, if any, are property of the Issuer until such time as they are allocated or paid to satisfy Obligations Secured and will be held by the Indenture Trustee in the Issuer Accounts as part of the Collateral as herein provided, subject to withdrawal by the Paying Agent or the Indenture Trustee for the purposes specified herein.

(d) ~~(c)~~ Funds and other property in any of the Issuer Accounts will not be commingled with any other funds or property of the Issuer or the Indenture Trustee.

(e) ~~(d)~~ All interest and earnings (net of losses and investment expenses), if any, on funds credited to an Issuer Account will be part of that Issuer Account ~~and applied as specified in the applicable Payment Waterfall~~.

(f) ~~(e)~~ Subject to subsection 9.01(d), neither the Indenture Trustee nor the Manager will in any way be held liable by reason of any losses incurred in the investment of any funds in any Eligible Investments and any insufficiency in an Issuer Account resulting from any loss on any Eligible Investment included therein.

(g) ~~(f)~~ Funds credited to the Issuer Accounts will be invested and reinvested by the Indenture Trustee as provided in the written direction of the Manager; provided, however, that such funds shall remain uninvested upon the occurrence of any of the following events:

(i) the Manager (or its agent appointed pursuant to paragraph (a) above) shall have failed to give investment directions to the Indenture Trustee; or

(ii) an Event of Default shall have occurred and be continuing but no Issuer Funding Obligations have been declared due and payable pursuant to Section 8.02.

7.04 Allocation of Amounts on Deposit in Collection Account

(a) ~~All~~**Subject to** the applicable Payment Waterfall**, all** Senior Funding Obligations of each Series or Tranche will in all respects be equally and ratably entitled to the benefits hereof with respect to such Series or Tranche without preference, priority or distinction on account of (i) the actual time of the incurrence, (ii) the Principal Payment Date(s), (iii) the Principal Payment Default Date, or (iv) the Principal Accumulation Date, except as specified in the Related Funding Obligation Agreement. All Subordinated Funding Obligations of each Series or Tranche will in all respects be equally and ratably entitled to the benefits hereof with respect to such Series or Tranche without preference, priority or distinction on account of (i) the actual time of the incurrence, (ii) the Principal Payment Date(s), (iii) the Principal Payment Default Date, or (iv) the Principal Accumulation Date, except as specified in the Related Funding Obligation Agreement. All Junior Subordinated Funding Obligations of each Series or Tranche will in all respects be equally and ratably entitled to the benefits hereof with respect to such Series or Tranche without preference, priority or distinction on account of (i) the actual time of the incurrence, (ii) the Principal Payment Date(s), (iii) the Principal Payment Default Date, or (iv) the Principal Accumulation Date, except as specified in the Related Funding Obligation Agreement.

(b) On each Payment Date, Available Collections credited to the Collection Account since the previous Payment Date will be distributed in accordance with Section 7.04(e).

(c) ~~If~~**Subject to subsection 7.04(f), if** any amount below is payable on a date other than a Payment Date, prior to such payment being made, an amount will be reserved in the Collection Account equal to the amount estimated by the Manager in its commercially reasonable judgment, based upon amounts then known and/or reasonably expected to be or become payable on or before the next Payment Date,

to be the aggregate amount of items *pari passu* or more senior in priority than such obligation, calculated on a *pro forma* basis, and if, due to such reservation of funds, there are insufficient funds available in the Collection Account to make such payment, such payment will be made only on the following Payment Date (and then only if funds are available pursuant to this Section 7.04).

(d) In the event of non-payment on any Payment Date of any amounts referred to in subsection 7.04(e), such amounts shall remain due and shall be payable on each subsequent Payment Date in the order of priority provided for in subsection 7.04(e), subject to ~~Section~~**Sections 7.10 and** 8.13.

(e) Subject to ~~Section~~**Sections 7.04(f), 7.10 and** 8.13, on each Payment Date **(after making the applications provided for in Section 7.07(a))**, any amount standing to the credit of the Collection Account will be distributed by the Paying Agent in the order of priority specified below, based upon the Payment ~~Instructions~~**Instruction** received from the Manager in respect of such Payment Date, *pro rata* in proportion to the claims represented by each subclause except as otherwise specifically provided below:

(i) First, to the payment or remittance of all Taxes exigible for which a Governmental Authority is given priority over the Specified Creditors under the laws of the applicable jurisdiction;

(ii) Second, on a *pro rata* basis, to the Indenture Trustee and the Issuer Trustee in respect of the amount of fees, expenses and reimbursements owing, up to a maximum aggregate amount (without duplication of any amounts previously paid in respect of such fees, expenses~~,~~ **and** reimbursements ~~and indemnified claims~~) equal to the Trustee Cap with respect to each of the Issuer Trustee and the Indenture Trustee;

(iii) Third, *pari passu* (A) to transfer to the Interest Accumulation Account, the Interest Accrual Amount (Senior) for such Payment Date, and (B) to Derivative Counterparties, on a *pro rata* basis, all Derivative Funding Obligations payable other than Termination Payments;

(iv) Fourth, to transfer to the Interest Accumulation Account, the Interest Accrual Amount (Subordinated) for such Payment Date;

(v) Fifth, to transfer to the Interest Accumulation Account, the Interest Accrual Amount (Junior Subordinated) for such Payment Date,

(vi) Sixth, to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Warehouse) for such Payment Date;

(vii) Seventh, *pari passu* (A) to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Senior) for such Payment Date, and (B) to Derivative Counterparties, on a *pro rata* basis, any

Termination Payment where the Derivative Counterparty is not the Defaulting Party or the sole Affected Party;

(viii) Eighth, to Debtholders, on a *pro rata* basis, all fees and other amounts (other than interest or principal) due and payable on the Senior Funding Obligations;

(ix) Ninth, to the Manager in respect of all fees, expenses and reimbursement amounts owing;

(x) Tenth, to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Subordinated) for such Payment Date;

(xi) Eleventh, to Debtholders, on a *pro rata* basis, all fees and other amounts (other than interest or principal) due and payable on the Subordinated Funding Obligations;

(xii) Twelfth, to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Junior Subordinated) for such Payment Date,

(xiii) Thirteenth, to deposit to the Program Cash Reserve Account, the **amount, if any, by which the amount on deposit in the Program Cash Reserve Account is less than the** Program Cash Reserve Required Amount;

(xiv) Fourteenth, to transfer such amounts as is sufficient to replenish, on a *pro rata* basis, any Series Capital Account or Series Finance Reserve Account as required by any Related Funding Obligation Agreement, other than any Series Capital Account or Series Finance Reserve Account related solely to Subordinated Funding Obligations or Junior Subordinated Funding Obligations;

(xv) Fifteenth, to transfer such amounts as is sufficient to replenish, on a *pro rata* basis, any Series Capital Reserve Account or Series Finance Reserve Account related solely to Subordinated Funding Obligations as required by any Related Funding Obligation Agreement;

(xvi) Sixteenth, to Debtholders, on a *pro rata* basis, all fees and other amounts (other than interest or principal) due and payable on the Junior Subordinated Funding Obligations;

(xvii) Seventeenth, to transfer such amounts as is sufficient to replenish, on a *pro rata* basis, any Series Capital Account or Series Finance Reserve Account related solely to Junior Subordinated Funding Obligations as required by any Related Funding Obligation Agreement;

(xviii) Eighteenth, to Derivative Counterparties, on a *pro rata* basis, any Termination Payment where the Derivative Counterparty is the Defaulting Party or the sole Affected Party;

(xix) Nineteenth, to the Issuer Trustee for the account of the beneficiaries of the Issuer, such amount as is required pursuant to the Declaration of Trust;

(xx) Twentieth, to the Manager in respect of all indemnity amounts owing;

(xxi) Twenty-First, *pari passu* (A) to the Indenture Trustee and the Issuer Trustee, in each case, in respect of the amount of any fees, expenses, reimbursements and indemnity amounts owing and not previously paid pursuant to clause (ii); (B) to the payment or remittance of all Taxes exigible and not previously paid pursuant to clause (i); and (C) to all other Specified Creditors not specifically referred to in this Section 7.04(e); in each case, including for each referenced party in subclauses (A), (B) and (C), any amounts payable to their respective Affiliates under the terms of any relevant indemnity; and

(xxii) Twenty-Second, any amounts remaining: (A) to be held in the Collection Account for distribution in the above order of priority on the succeeding Payment Date (or for distribution prior thereto as permitted or required pursuant to this Indenture); or (B) after the final Issuer Funding Obligation has been paid in full and discharged, and all of the other foregoing amounts are paid in full, together with all amounts due to the Indenture Trustee under Section 9.05 or otherwise, to the Issuer or as the Issuer designates.

(f) Notwithstanding subsections 7.04(b), (c) and (e):

(i) the transfer of any amounts deposited by IESO into the Collection Account on account of the IESO Cash Reserve Deposit Amount to the IESO Cash Reserve Account, and

(ii) the transfer of any amounts deposited into the Collection Account on account of one-time transaction costs and expenses in connection with the incurrence of Issuer Funding Obligations on or within three (3) Business Days of the closing date of such transaction,

shall, in each case, be made by the Paying Agent, based upon the Payment Instruction received from the Manager on the date applicable thereto without reserving for or paying amounts which are senior in priority to such obligation under subsection 7.04(e).

7.05 Allocation of Amounts on Deposit in Interest Accumulation Account

~~On~~**Subject to Section 7.10, on** each Interest Payment Date, ~~any amount~~**amounts** on deposit in the Interest Accumulation Account will be distributed by the Paying Agent in the order of priority specified below, based upon the Payment ~~Instructions~~**Instruction** received from the Manager in respect of such Interest Payment Date:

(a) First, to Debtholders, on a *pro rata* basis, in respect of all interest due and payable on the Senior Funding Obligations on such Interest Payment Date;

(b) Second, to Debtholders, on a *pro rata* basis, in respect of all interest due and payable on Subordinated Funding Obligations on such Interest Payment Date; provided that no payment of interest on Subordinated Funding Obligations shall be made under this Section 7.05(b) unless, after making such payment the amount remaining on deposit in the Interest Accumulation Account equals or exceeds the amount of accrued and unpaid interest on the Senior Funding Obligations as of such Interest Payment Date;

(c) Third, to Debtholders, on a *pro rata* basis, in respect of all interest due and payable on Junior Subordinated Funding Obligations on such Interest Payment Date; provided that no payment of interest on Junior Subordinated Funding Obligations shall be made under this Section 7.05(c) unless, after making such payment the amount remaining on deposit in the Interest Accumulation Account equals or exceeds the amount of accrued and unpaid interest on the Senior Funding Obligations and the Subordinated Funding Obligations as of such Interest Payment Date; and

(d) Fourth, any amounts remaining: (i) to be held in the Interest Accumulation Account for distribution in the above order of priority on the succeeding Interest Payment Date; or (ii) after the final Issuer Funding Obligation has been repaid in full, including all interest thereon, to be transferred to the Collection Account and applied in accordance with subsection 7.04(e);

provided that upon the occurrence and during the continuance of any Event of Default and acceleration of the Issuer Funding Obligations in accordance with Section 8.02, any amounts in the Interest Accumulation Account shall be applied in accordance with Section 8.13.

7.06 Allocation of Amounts on Deposit in Principal Accumulation Account

(a) ~~On~~**Subject to Section 7.10, on** each ~~Principal Payment Date, any amount~~**Interest Payment Date (after making the applications provided for in Section 7.05), to the extent that any interest which is due and payable on the Senior Funding Obligations, the Subordinated Funding Obligations and the Junior Subordinated Funding Obligations has not been paid, an amount equal to such deficiency shall be withdrawn from the Principal Accumulation Account and applied to the payment of interest due and payable on such Issuer Funding Obligations, provided that if the amount to be applied pursuant to this clause (a) is insufficient to pay all such interest, the application of such amounts shall be made first to Senior Funding Obligations, then to Subordinated Funding Obligations, and finally to Junior Subordinated Funding Obligations, in each case, on a *pro rata* basis.**

(b) Subject to Section 7.10, on each Principal Payment Date (after making the applications provided for in subsection 7.06(a)), amounts on deposit in the

Principal Accumulation Account will be distributed by the Paying Agent in the order of priority specified below, based upon the Payment ~~Instructions~~**Instruction** received from the Manager in respect of such Principal Payment Date: ~~**[NTD: Section 7.06 will be revised to allow funds in this account to be applied to the payment of interest (a higher ranking waterfall item) when necessary.]**~~

(i) ~~(a)~~ First, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of Warehouse Obligations payable on such Principal Payment Date;

(ii) ~~(b)~~ Second, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of Senior Funding Obligations (other than Warehouse Obligations) payable on such Principal Payment Date;

(iii) ~~(c)~~ Third, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of Subordinated Funding Obligations payable on such Principal Payment Date; provided that no payment of principal on Subordinated Funding Obligations shall be made under this ~~Section~~**subsection** 7.06(~~c~~**b)(iii**) unless, after making such payment, the amount remaining on deposit in the Principal Accumulation Account equals or exceeds the Required Principal Accumulation Amount (Senior) as of such Principal Payment Date; **and**

(iv) ~~(d)~~ Fourth, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of Junior Subordinated Funding Obligations payable on such Principal Payment Date; provided that no payment of principal on Junior Subordinated Funding Obligations shall be made under this ~~Section~~**subsection** 7.06(~~d~~**b)(iv**) unless, after making such payment, the amount remaining on deposit in the Principal Accumulation Account equals or exceeds the sum of the Required Principal Accumulation Amount (Senior) and the Required Principal Accumulation Amount (Subordinated) as of such Principal Payment Date~~; and~~**.**

(c) ~~(e) Fifth, any amounts remaining~~Any amounts remaining after making the applications referred to in **subsection 7.06(a) and subsection 7.06(b) shall**: (i) ~~to~~ be held in the Principal Accumulation Account for distribution ~~in the above order of priority~~**under this Section 7.06** on the succeeding **Interest Payment Date or** Principal Payment Date; or (ii) after the final Issuer Funding Obligation has been repaid in full, ~~to~~ be transferred to the Collection Account and applied in accordance with subsection 7.04(e)~~;~~**.**

(d) ~~provided that~~**Notwithstanding the foregoing clauses in this Section 7.06,** upon the occurrence and during the continuance of any Event of Default and acceleration of the Issuer Funding Obligations in accordance with Section 8.02, any amounts in the Principal Accumulation Account shall be applied in accordance with Section 8.13.

7.07 Allocation of Amounts on Deposit in IESO Cash Reserve Account

(a) On each Payment Date~~, to the extent that the amount available for distribution under subsection 7.04(e) is less than the sum~~ **beginning on** the Payment Date in November, **2021, an amount equal to the lesser** of **(x)** the amounts to be paid or transferred pursuant to clauses (i) through (v) of subsection 7.04(e)**, and (y)** the amount, if any, by which the amount on deposit in the IESO Cash Reserve Account exceeds the IESO Cash Reserve Required Amount **shall be withdrawn from the IESO Cash Reserve Account and applied to make the payments or transfers described in clauses (i) through (v) of subsection 7.04(e) in the order in which they are to be paid or transferred under Section 7.04(e).**

(b) **On each Payment Date** to the extent that the amount available for distribution under subsection 7.04(e) **and the amounts, if any, available pursuant to subsection 7.07(a) is less than the sum of the amounts to be paid or transferred pursuant to clauses (i) through (v) of subsection 7.04(e)**, an amount equal to such deficiency shall be withdrawn from the IESO Cash Reserve Account and applied to the making of such payments and transfers in the order in which they are **to be** paid **or transferred** under ~~Section~~**subsection** 7.04(e).

~~(b) On each Payment Date on or after the Payment Date in November, 2021 (after giving effect to all settlements on such Payment Date), the Issuer shall remit to the IESO the amount, if any, by which the amount on deposit in the IESO Cash Reserve Account exceeds the IESO Cash Reserve Required Amount.~~

(c) Upon all funds in the IESO Cash Reserve Account being ~~transferred to the IESO~~**paid** in accordance with ~~clause~~**clauses (a) and** (b), the IESO Cash Reserve Account shall be closed.

7.08 Allocation of Amounts on Deposit in Program Cash Reserve Account

(a) On each Payment Date (after making the applications provided for in Section 7.07**, and 7.04(e)**), to the extent that the amount on deposit in the Interest Accumulation Account is less than the sum of the Interest Accrual Amount (Senior), the Interest Accrual Amount (Subordinated) and the Interest Accrual Amount (Junior Subordinated), in each case for such Payment Date, an amount equal to such deficiency shall be withdrawn from the Program Cash Reserve Account and deposited into the Interest Accumulation Account.

(b) On each Principal Payment Date (after making the applications provided for in subsection 7.08(a)), amounts on deposit in the Program Cash Reserve Account ~~shall be applied~~**will be distributed by the Paying Agent** in the ~~following~~ order of priority **specified below, based upon the Payment Instruction received from the Manager in respect of such Principal Payment Date**:

(i) First, to the extent that the amount on deposit in the Principal Accumulation Account is less than the amount of principal due and

payable on the Warehouse Obligations on such Principal Payment Date, an amount equal to such deficiency shall be applied, on a *pro rata* basis, to the payment of principal due and payable on the Warehouse Obligations on such Principal Payment Date;

(ii) Second, to the extent that the amount on deposit in the Principal Accumulation Account is less than the amount of principal due and payable on the Senior Funding Obligations (other than Warehouse Obligations) on such Principal Payment Date, an amount equal to such deficiency shall be applied, on a *pro rata* basis, to the payment of principal due and payable on the Senior Funding Obligations (other than Warehouse Obligations) on such Principal Payment Date;

(iii) Third, to the extent that the amount available from the Principal Accumulation Account under ~~Section~~**subsection** 7.06(~~c~~**b)(iii**) is less than the amount of principal due and payable on the Subordinated Funding Obligations on such Principal Payment Date, an amount equal to such deficiency shall be applied, on a *pro rata* basis, to the payment of principal due and payable on the Subordinated Funding Obligations on such Principal Payment Date; and

(iv) Fourth, to the extent that the amount available from the Principal Accumulation Account under ~~Section~~**subsection** 7.06(~~d~~**b)(iv**) is less than the amount of principal due and payable on the Junior Subordinated Funding Obligations on such Principal Payment Date, an amount equal to such deficiency shall be applied, on a *pro rata* basis, to the payment of principal due and payable on the Junior Subordinated Funding Obligations on such Principal Payment Date.

(c) Any amounts remaining after making the applications referred to in subsection 7.08(a) and subsection 7.08(b) shall: (i) be held in the Program Cash Reserve Account for distribution under this Section 7.08 on the succeeding Interest Payment Date or Principal Payment Date; or (ii) after the final Issuer Funding Obligation has been repaid in full, be transferred to the Collection Account and applied in accordance with subsection 7.04(e).

(d) Notwithstanding the foregoing clauses in this Section 7.08, upon the occurrence and during the continuance of any Event of Default and acceleration of the Issuer Funding Obligations in accordance with Section ~~8.02,~~**8.02,** any amounts in the Program Cash Reserve Account shall be applied in accordance with Section 8.13.

7.09 Allocation of Amounts on Deposit in Refinancing Account

(a) Not less than 30 days prior to the first day of the Reference Period that includes the Principal Accumulation Date or Principal Payment Date in respect of a Series of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations, the Issuer shall, if it intends to repay all or a

portion of the principal obligations of such Funding Obligation Agreement pursuant to a Refinancing, issue a Refinancing Notice to the Indenture Trustee.

(b) On completion of a Refinancing, all proceeds received by the Issuer shall be deposited to the Refinancing Account.

(c) On each Principal Payment Date, an amount shall be transferred from the Refinancing Account to the Principal Accumulation Account equal to the lesser of:

(i) the amount on deposit in the Refinancing Account; and

(ii) the Deferred Principal Accumulation Amount.

(d) After the final Issuer Funding Obligation has been repaid in full, any amounts remaining in the Refinancing Account shall be deposited to the Collection Account and applied in accordance with subsection 7.04(e).

(e) Notwithstanding the foregoing clauses in this Section 7.09, upon the occurrence and during the continuance of any Event of Default and the acceleration of the Issuer Funding Obligations in accordance with Section 8.02, any amounts in the Refinancing Account shall be applied in accordance with Section 8.13.

7.10 Allocation of Amounts on Deposit in Protection Account

(a) All amounts received by the Issuer from the Province pursuant to the Change of Law Protection Agreement shall be deposited in the Protection Account.

(b) On each ~~date that~~**Guarantee Payment Date in respect of which** the Province makes a payment pursuant to the Change of Law Protection Agreement, the Paying Agent will, prior to making any payments under any other Payment Waterfall, distribute all amounts in the Protection Account solely to satisfy payments in respect of Approved Obligations as set out in the ~~related Guarantor Settlement Statement~~**written statement** delivered **by the Manager** to the Province **under Section 2.01(a)i. of the Change of Law Protection Agreement** in the order of priority the applicable Obligation Secured ~~would have had~~**has** under the applicable Payment Waterfall and based upon the Payment ~~Instructions~~**Instruction** received from the Manager in respect of such ~~date~~**Guarantee Payment Date**.

~~(c) Any amounts remaining after making the applications referred to in clause (b) above shall be transferred to the Province free and clear of the Security Interest.~~

(c) ~~(d) Upon payment by or on behalf of the Province to the Protection Account pursuant to the Change of Law Protection Agreement (or the satisfaction of Obligations Secured pursuant to distributions made from amounts deposited in the Protection Account), (i) the amounts so paid shall for all purposes be considered to have been applied to pay the applicable Specified Creditor(s) as provided for in~~

~~this Section 7.10, (ii) the applicable Specified Creditor(s)' rights to receive payments in respect of such Obligation Secured shall be reduced by the amount of such payment, and (iii) the Province shall become subrogated and entitled as provided in the Change of Law Protection Agreement to the rights, interests , elections and privileges of the Specified Creditor(s) benefitting from such payment (the "**Provincial Subrogation Claims**") and shall be entitled to receive distributions of Subrogation Amounts as provided in the Change of Law Protection Agreement on the dates determined in accordance with the applicable Payment Waterfall in the priority and to the extent that such Obligation Secured would have received payment had such Obligation Secured not been paid by the Province (and not been paid from amounts deposited to the Protection Account) pursuant to this Section 7.10.~~

~~(e)~~ ~~No Specified Creditor shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under subsection 7.10(d) (including any right of reimbursement, contribution or indemnity) and no Specified Creditor (other than the Province) shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of such amounts or a related claim or right.(f) Without limiting the Province's rights under subsection 7.10(d), upon~~**Upon** the Province paying any amount in respect of ~~the~~**an** Approved Obligation as contemplated in subsection 7.10(b), the Province shall be subrogated and entitled to each applicable Specified Creditor's rights and interests under and in respect of the **Approved** Obligation ~~Secured~~ to the extent of payments made to the Specified Creditor out of the Protection Account~~, including~~ **and shall be entitled to** (i) the right and entitlement to be paid and receive the related Subrogation Amounts and (ii) the benefits of the related Collateral and all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests ~~(including as a Specified Creditor under this Indenture on the basis contemplated in subsection 5.01(b))~~ under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Specified Creditor, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Issuer of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Specified Creditor to the Issuer and unaffected by any other rights or equities that arise thereafter as between the Specified Creditor and the Issuer. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the relevant Specified Creditor in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under this Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under this Indenture and any other agreement under which the Approved Obligation arises. **For greater certainty, the entitlements of the Province in respect of Subrogation Amounts arising in respect of Approved Obligations that are interest and principal obligations on Notes shall be treated for all purposes of this Indenture as interest and**

principal obligations, respectively, arising under Notes having the same priority as and any applicable voting rights under the related Approved Obligations, and accordingly the Province (and any successor, assignee or transferee of such entitlements) shall be entitled to all of the rights, entitlements, interests and privileges of a holder of such Notes in accordance with this Indenture and the Related Funding Obligation Agreement.

(d) **On each Guarantee Payment Date, Payment Date or other day on which any amount is required to be paid in respect of any Obligation Secured, commencing with the first Guarantee Payment Date, the following shall apply:**

(i) **if such day is a Guarantee Payment Date, then for each Approved Obligation for which amounts are paid from the Protection Account to a Specified Creditor pursuant to subsection 7.10(b), the amount payable to such Specified Creditor under such Approved Obligation** shall be reduced by the amount of such payment**, and an equivalent amount (the "Subrogation Amount") shall be payable by the Issuer to the Province in respect of such Approved Obligation, such Subrogation Amount to be payable in the same order of priority under the applicable Payment Waterfall as the Obligation Secured previously owing to such Specified Creditor.**

(ii) **if the Province has made all deposits required to be made by it on each Guarantee Payment Date occurring on or before such day in accordance with subsection 7.10(b) (or the related Approved Obligation Amounts have otherwise all been paid in full), then in respect of each Approved Obligation for which any related Subrogation Amounts have not yet been paid in full to the Province, the Issuer shall pay to the Province from amounts available under the applicable Payment Waterfall in accordance with the priority of payment provisions in such Payment Waterfall the amount that would be payable on such date in satisfaction of the relevant Approved Obligation, as determined without regard to any amounts paid on any Guarantee Payment Date pursuant to subsection 7.10(b) and also without regard to the corresponding reduction of the amounts owing to present and former Specified Creditors pursuant to subsection 7.10(d)(i) up to the amount of the unpaid related Subrogation Amounts.**

(e) **No Specified Creditor having a right to be paid an amount in respect of an Approved Obligation, and no other Person entitled under an Obligation Secured, in each case that ranks equal with or subordinate to the Approved Obligation in respect of which a Subrogation Amount is payable to the Province under subsection 7.10(d),** shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under subsection 7.10(d) (including any right of **set-off, offset,** reimbursement, contribution or

indemnity) and no **such Specified Creditor or other Person** shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of **any such Subrogation Amount.**

(f) **Any amount payable to the Province in respect of a Subrogation Amount shall bear interest from and including the date of payment by the Province of the related amount pursuant to subsection 7.10(b) to but excluding the date of payment of the Subrogation Amount to the Province, such interest to accrue at the rate equivalent to the applicable interest rate borne by the related Approved Obligation, and such interest amounts shall be added to their respective Subrogation Amounts and shall consequently be payable in the same priority as the relevant Subrogation Amount under subsection 7.10(d), all such accruing interest amounts to be calculated and added to the Subrogation Amounts by the Manager in its discretion acting in a commercially reasonable fashion.**

(g) **On each Guarantee Payment Date and upon demand by the Province, the Indenture Trustee shall release and the Paying Agent shall, upon receipt of a Payment Instruction, pay** to the Province free and clear of **any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay Specified Creditors on the Guarantee Payment Date in accordance with subsection 7.10(b) or that otherwise remains on deposit in the Protection Account on the relevant date.**

7.11 Allocation of Amounts on Deposit in Series Accounts

If, after giving effect to payments made on any Payment Date, the amount in the Collection Account is insufficient to satisfy all amounts required to be paid to Specified Creditors on such date, amounts on deposit in any Series Account may be withdrawn from such Series Account and allocated to Specified Creditors in accordance with the terms of the Related Funding Obligation Agreement.

7.12 Payments to be Held in Trust

If, notwithstanding the Payment Waterfalls, any payment on Obligations Secured shall be received at any time by any Specified Creditor, other than in accordance with this Indenture, then the funds received in respect of such payment shall be held by such Specified Creditor in trust for the Issuer and the other Specified Creditors and such Specified Creditor shall forthwith remit to the Indenture Trustee such funds.

7.13 Application of Trust Money

All money and obligations deposited with the Indenture Trustee pursuant to this Article VII and all money received by the Indenture Trustee in respect of such obligations will be held in trust and applied by it, in accordance with the provisions of the Program Agreements in respect of which it was deposited and this Indenture, to the payment, either directly or through any Paying Agent (including the Issuer acting as its own Paying Agent) as the Indenture Trustee,

at the direction of the Manager, may determine, to the Persons entitled thereto, of the principal, interest, fees and other amounts for whose payment that money and obligations have been deposited with or received by the Indenture Trustee. Money held by the Indenture Trustee in trust hereunder need not be segregated from other funds except to the extent required by this Indenture or by applicable law. The Indenture Trustee will be under no liability for interest on any money received by it hereunder except as otherwise agreed with the Issuer.

ARTICLE VIII
EVENTS OF DEFAULT AND REMEDIES

8.01 Events of Default

"**Event of Default**," wherever used herein, means any one of the following events (whatever the reason for such Event of Default and whether it will be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any Governmental Authority): ~~**[NTD: cure periods to be confirmed]**~~

(a) a default by the Issuer in the payment of any interest on any Controlling Class Obligations when such interest becomes due and payable, and continuance of such default for a period of ~~**[65]**~~**five (5)** days following the date on which such interest became due and payable;

(b) a default by the Issuer in the payment of any principal of any Controlling Class Obligations at its Principal Payment Default Date;

(c) any representation or warranty contained in Section 12.01 proves to be incorrect in any material respect when made and such incorrect representation or warranty if capable of being remedied by the Issuer, has not been remedied for a period of 60 days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by Controlling Class Creditors holding at least 25% of the Outstanding Dollar Principal Amount of all Controlling Class Obligations, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default" hereunder and, as a result of such default, the interests of such Controlling Class Creditors are materially and adversely affected and continue to be materially and adversely affected during the 60-day period;

(d) a default in the performance, or breach, of any covenant of the Issuer in this Indenture in respect of any Controlling Class Obligations (other than an agreement, covenant or warranty a default in the performance of which or the breach of which is elsewhere specifically dealt with in this Section 8.01), all of such covenants in this Indenture which are not expressly stated to be for the benefit of a particular Series of Issuer Funding Obligations being deemed to be in respect of all Series of Issuer Funding Obligations for this purpose, and continuance of such default or breach for a period of 60 days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by Controlling Class Creditors

holding at least 25% of the Outstanding Dollar Principal Amount of all Controlling Class Obligations, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default" hereunder and, as a result of such default, the interests of such Controlling Class Creditors are materially and adversely affected and continue to be materially and adversely affected during the 60-day period;

(e) the Issuer fails to maintain its existence or its status as a Financing Entity or an Insolvency Event occurs in respect of the Issuer;

(f) the Change of Law Protection Agreement ceases to be in full force and effect against the Province, or the validity of the Change of Law Protection Agreement or the applicability thereof to the Province or to any Controlling Class Obligations or any other obligations purported to be secured thereby or any material part thereof shall be disaffirmed in writing by or on behalf of the Province;

(g) an Acceleration Event has occurred; provided that Controlling Class Creditors holding at least 25% of the Outstanding Dollar Principal Amount of all Controlling Class Obligations have given, by registered or certified mail, notice to the Issuer and the Indenture Trustee specifying such default and stating that such notice is a "Notice of Default" hereunder;

(h) a default in the performance or breach by the Issuer of its covenant in Section 13.11 and the continuance of such default or breach for a period of three (3) Business Days after notice thereof has been given to the Issuer by the Indenture Trustee;

(i) at any time, ~~the aggregate of (1) the amounts, if any, withdrawn from the IESO Cash Reserve Account pursuant to Section 7.07(a) during the period from and after November 1, 2021 and prior to such time, plus (2)~~ the amounts, if any, withdrawn from the Program Cash Reserve Account pursuant to Section 7.08(a) prior to such time, exceeds the aggregate of (~~3~~**x**) an amount equal to 0.50% of the largest Outstanding Dollar Principal Amount of all Senior Funding Obligations, ~~Subordinate~~**Subordinated** Funding Obligations and Junior ~~Subordinate~~**Subordinated** Funding Obligations at any time on or before such time, plus (~~4~~**y**) the sum of all amounts deposited to the Program Cash Reserve Account pursuant to Section 7.04(e)(xiii) prior to such time; or

(j) a Servicer Default shall occur.

If Controlling Class Obligations constituting 25% or more of the Outstanding Dollar Principal Amount of all Controlling Class Obligations have been accelerated in accordance with the Related Funding Obligation Agreements, the threshold required to declare an Event of Default described in clause (c), (d) or (g) shall be deemed to have been met and no vote of Controlling Class Creditors to declare an Event of Default shall be required. For greater certainty, failure to pay amounts owing pursuant to a Derivative Agreement shall not constitute grounds for an Event of Default.

8.02 Acceleration of Maturity; Rescission and Annulment

(a) If an Event of Default (other than an Event of Default described in clause (e) or (f) of Section 8.01) occurs and is continuing, then and in each and every such case, unless the principal of all the Controlling Class Obligations shall have already become due and payable, either the Indenture Trustee or Controlling Class Creditors holding not less than 50% of the Outstanding Dollar Principal Amount of all Controlling Class Obligations (treated as one class), by notice in writing to the Issuer (and to the Indenture Trustee if given by such Controlling Class Creditors), may declare the Outstanding Dollar Principal Amount of all Issuer Funding Obligations (other than Derivative Funding Obligations) and all interest accrued or principal accreted and unpaid (if any) thereon to be due and payable immediately, and upon any such declaration the same will become and will be immediately due and payable, notwithstanding anything in this Indenture or any Funding Obligation Agreement to the contrary. In any vote to determine whether the requisite number of Controlling Class Creditors have agreed to accelerate the Issuer Funding Obligations pursuant to this subsection 8.02(a), Controlling Class Creditors whose Controlling Class Obligations have been accelerated in accordance with the Related Funding Obligation Agreements shall be deemed to have voted in favour of acceleration to the extent of the Outstanding Dollar Principal Amount of those Controlling Class Obligations which have been accelerated. If Controlling Class Obligations constituting 50% or more of the Outstanding Dollar Principal Amount of all Controlling Class Obligations have been accelerated in accordance with the Related Funding Obligation Agreements, no vote of Controlling Class Creditors to accelerate the Issuer Funding Obligations shall be required and all remaining Issuer Funding Obligations (other than Derivative Funding Obligations) will become and will be immediately due and payable, notwithstanding anything in this Indenture or any Funding Obligation Agreement to the contrary.

(b) If an Event of Default described in clause (e) or (f) of Section 8.01 occurs and is continuing, then all Issuer Funding Obligations (other than Derivative Funding Obligations) will automatically be and become immediately due and payable by the Issuer, without notice or demand to any Person, and the Issuer will automatically and immediately be obligated to pay off the Issuer Funding Obligations.

(c) At any time after such a declaration of acceleration has been made or an automatic acceleration has occurred with respect to the Issuer Funding Obligations (other than Derivative Funding Obligations) and before a judgment or decree for payment of the money due has been obtained by the Indenture Trustee as hereinafter provided in this Article VIII, Controlling Class Creditors may, by Extraordinary Resolution, rescind and annul such declaration and its consequences if:

(i) the Issuer has paid or deposited with the Indenture Trustee a sum sufficient to pay (A) all overdue installments of interest on the Controlling Class

Obligations, (B) the principal of any Controlling Class Obligations which have become due otherwise than by such declaration of acceleration, and interest thereon at the rate or rates prescribed therefor by the terms of the Related Funding Obligation Agreements, to the extent that payment of such interest is lawful, (C) interest upon overdue installments of interest at the rate or rates prescribed therefor by the terms of the Related Funding Obligation Agreements, to the extent that payment of such interest is lawful, and (D) all sums paid by the Indenture Trustee hereunder and the reasonable compensation, expenses and disbursements of the Indenture Trustee, its agents and counsel and all other amounts due to the Indenture Trustee under Section 9.05; and

(ii) all Events of Default, other than the nonpayment of the principal of the Controlling Class Obligations which has become due solely by such acceleration, have been cured or waived as provided in Section 8.03.

(d) If, at any time, any Event of Default capable of being remedied has been remedied by the Issuer to the satisfaction of the Indenture Trustee: (i) the Security Interest will no longer be or be deemed to be enforceable by reason of such Event of Default; (ii) any rights which had become vested in the Indenture Trustee by virtue thereof will be and be deemed to be cancelled as fully and to the same extent as though no such Event of Default had occurred; and (iii) the Indenture Trustee will, or will instruct any receiver appointed pursuant to this Indenture to restore to the Issuer any Collateral in the possession of the Indenture Trustee or receiver, as the case may be.

(e) No such rescission will affect any subsequent Default or impair any right consequent thereon, nor will any such rescission apply to any event of default applicable solely to any Series or Tranche of Issuer Funding Obligations and contained in any Related Funding Obligation Agreement.

8.03 Waiver of Past Defaults

Subject to Section 8.02(c), Controlling Class Creditors may, by Ordinary Resolution, waive any past Default hereunder and its consequences, provided that the Rating Agency Condition **in respect of each Series or Tranche of the Controlling Class Obligations** has been satisfied. Upon any such waiver, such Default will cease to exist, and any Event of Default arising therefrom will be deemed to have been cured, for every purpose of this Indenture; but no such waiver will extend to any subsequent or other Default or impair any right consequent thereon.

8.04 Notice of Defaults

(a) Within 90 days after the occurrence of any Default, Event of Default or Acceleration Event of which the Indenture Trustee has received written notice:

(i) the Indenture Trustee will transmit by mail to all Registered Noteholders, as their names and addresses appear in the Note Register, notice of such Default, Event of Default or Acceleration Event;

(ii) the Indenture Trustee will notify all holders of Bearer Notes by publication of notice of such Default, Event of Default or Acceleration Event in an Authorized Newspaper, or as otherwise provided in the Related Supplemental Indenture;

(iii) the Indenture Trustee will give prompt written notification of such Default, Event of Default or Acceleration Event to those Lenders and other Specified Creditors that are included on the Specified Creditor list provided by the Issuer pursuant to subsection 13.13(b); and

(iv) the Indenture Trustee will give prompt written notification of such Default, Event of Default or Acceleration Event to the Rating Agencies~~, unless such Default, Event of Default or Acceleration Event will have been cured or waived~~;

provided, however, that (A) the Indenture Trustee shall not be liable for failing to distribute any written notice pursuant to this Section 8.04 to any party that is at the time of delivery a Specified Creditor but is not on the list of Specified Creditors held by the Indenture Trustee pursuant to subsection 9.14(a), and (B) except in the case of a default in the payment of the principal of or interest on any Issuer Funding Obligation, the Indenture Trustee will be protected in withholding such notice if and so long as a Responsible Officer of the Indenture Trustee in good faith determines that the withholding of such notice is in the interests of Debtholders.

(b) When notice of the occurrence of a Default, Event of Default or Acceleration Event has been given and the Default, Event of Default or Acceleration Event is thereafter cured, notice that the Default, Event of Default or Acceleration Event is no longer continuing shall be given by the Indenture Trustee to Persons to whom notice was sent pursuant to subsection 8.04(a) within a reasonable time, but not exceeding 30 days in any event, after the Indenture Trustee receives notice from the applicable Debtholders that the Default, Event of Default or Acceleration Event has been cured.

8.05 Remedies Generally

Subject to subsections 8.02(c) and (d)~~,~~ and Section 8.03, if the Controlling Class Obligations become due and payable pursuant to Section 8.02 and the Issuer has failed to pay such Controlling Class Obligations, the Indenture Trustee (subject, however, to compliance with the provisions of Section 9.02(d) with respect to the giving of indemnity and funds) may proceed to realize upon the Security Interest and to enforce the rights of the Indenture Trustee and of the Specified Creditors to whom Obligations Secured are owed by (i) application to any court of competent jurisdiction for an order of sequestration and payment of amounts in respect of clean

energy adjustments, collections or remittances in accordance with the Act, (ii) possession of the Collateral, (iii) appointment of a receiver with respect to the Collateral, (iv) proceedings in any court of competent jurisdiction for the appointment of a receiver or for sale of the Collateral or any part thereof, or for foreclosure, (v) subject to Section 10.02, exercise any of the rights of the Issuer under any of the Program Agreements, including the right to replace the Manager or the Servicer in accordance with Section 8.10, or (vi) any other action, suit, remedy or proceeding authorized or permitted by this Indenture or by applicable law or by equity.

8.06 Default Interest and Expenses

The Issuer covenants that if:

(a) the Issuer defaults in the payment of interest on any Series of ~~Issuer Funding Obligations that are~~ Controlling Class Obligations when such interest becomes due and payable and such default continues for a period of ~~[65]~~**five (5)** days following the Interest Payment Date on which such interest became due and payable, or

(b) the Issuer defaults in the payment of the principal amount of any Series of ~~Issuer Funding Obligations that are~~ Controlling Class Obligations on the Principal Payment Default Date thereof;

the Issuer will, upon demand of the Indenture Trustee, pay (subject to the allocation provided in Article VII and this Article VIII and any Related Funding Obligation Agreement) to the Indenture Trustee, for the benefit of the Debtholders of any such Issuer Funding Obligations, the whole amount then due and payable on any such Issuer Funding Obligations for principal and interest, with interest, to the extent that payment of such interest will be legally enforceable, upon the overdue principal and upon overdue installments of interest, (i) in the case of interest-bearing Issuer Funding Obligations, at the rate of interest applicable to the principal amount thereof, unless otherwise specified in the Related Funding Obligation Agreement; and (ii) in the case of Discount Notes, as specified in the Related Supplemental Indenture, and in addition thereto, will pay such further amount as will be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Indenture Trustee, its agents and counsel and all other amounts due to the Indenture Trustee under Section 9.05.

If the Issuer fails to pay such amounts forthwith upon such demand, the Indenture Trustee may, if the Issuer Funding Obligations have been accelerated in accordance with Section 8.02, take immediate steps to enforce the Security Interest, including instituting, in its own name and as trustee of an express trust, a judicial proceeding seeking the appointment of a receiver or a judicial proceeding for the collection of the sums so due and unpaid, and may directly prosecute such proceeding to judgment or final decree, and the Indenture Trustee may enforce the same against the Issuer and collect the money adjudged or decreed to be payable in the manner provided by applicable law out of the Collateral, wherever situated.

8.07 Indenture Trustee May File Proofs of Claim

In case of the pendency of any receivership, insolvency, liquidation, bankruptcy or other similar proceeding relative to the Issuer or the property of the Issuer, the Indenture Trustee (irrespective of whether the principal of the Issuer Funding Obligations will then be due and payable as therein expressed or by declaration or otherwise) will be entitled and empowered by intervention in such proceeding or otherwise:

(a) to file and prove a claim for the whole amount of principal, interest, fees and other amounts owing and unpaid in respect of the Issuer Funding Obligations and to file such other papers or documents as may be necessary and advisable in order to have the claims of the Indenture Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Indenture Trustee, its agents and counsel and all other amounts due to the Indenture Trustee under Section 9.05) and of the Debtholders allowed in such judicial proceeding, and

(b) to collect and receive any funds or other property payable or deliverable on any such claims and to distribute the same;

and any receiver, assignee, trustee, liquidator or other similar official in any such proceeding is hereby authorized by each Specified Creditor to make such payment to the Indenture Trustee, and in the event that the Indenture Trustee will consent to the making of such payments directly to the Specified Creditors, to pay to the Indenture Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Indenture Trustee, its agents and counsel, and any other amounts due to the Indenture Trustee under Section 9.05.

8.08 Indenture Trustee May Enforce Claims Without Possession of Notes

All rights of action and claims under this Indenture or the Notes of any Class, Series or Tranche may be prosecuted and enforced by the Indenture Trustee without the possession of any of the Notes of such Class, Series or Tranche or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Indenture Trustee will be brought in its own name as trustee of an express trust.

8.09 Indenture Trustee May Elect to Hold the Collateral

Following an acceleration of Issuer Funding Obligations in accordance with Section 8.02, the Indenture Trustee may elect to continue to hold the Collateral and apply distributions on the Collateral in accordance with the distribution provisions of Section 8.13.

8.10 Termination by Indenture Trustee of Manager and Servicer

Upon the occurrence and during the continuance of an Event of Default, the Indenture Trustee shall have the right to (and, upon receipt of an Extraordinary Resolution to that effect, shall) terminate the appointment of the then existing Manager under the Management Agreement and/or the Servicer under the Master Transfer and Servicing Agreement, and appoint new Persons under such agreements in accordance with such direction, provided that the Issuer shall

have the right to reinstate any appointee under such agreements at such time as the Event of Default is no longer continuing.

8.11 Control by Controlling Class Creditors

(a) Subject to Section 10.02(b), Controlling Class Creditors will, by Ordinary Resolution, have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Indenture Trustee, or exercising any trust or power conferred on the Indenture Trustee with respect to all Issuer Funding Obligations, provided that:

(i) the Indenture Trustee will have the right to decline to follow any such direction if the Indenture Trustee, being advised by counsel, determines that the action so directed may not lawfully be taken or would conflict with this Indenture, or if the Indenture Trustee in good faith determines that the proceedings so directed would involve it in personal liability or be unjustly prejudicial to the Controlling Class Creditors not taking part in such direction; and

(ii) the Indenture Trustee may take any other action permitted hereunder deemed proper by the Indenture Trustee which is not inconsistent with such direction.

(b) For greater certainty, Specified Creditors other than Debtholders shall not and do not have any right to direct the time, method and place of conducting any proceeding for any remedy available to the Indenture Trustee, or exercising any trust or power conferred on the Indenture Trustee. Specified Creditors other than Debtholders shall only have the right to receive proceeds following an Event of Default in the manner provided for in Section 8.13.

8.12 Limitation on Suits

To the fullest extent permitted by applicable law, no Specified Creditor will have any right to institute any proceeding, judicial or otherwise, with respect to this Indenture, or for the appointment of a receiver or trustee or similar official, or for any other remedy hereunder, unless:

(a) the Issuer or a Controlling Class Creditor has previously given written notice to the Indenture Trustee of a continuing Event of Default;

(b) Controlling Class Creditors, by way of Ordinary Resolution, have made written request to the Indenture Trustee to institute proceedings in respect of such Event of Default in the name of the Indenture Trustee hereunder;

(c) such Controlling Class Creditors have offered to the Indenture Trustee (when so requested by the Indenture Trustee) indemnity reasonably satisfactory to it against the costs, expenses and liabilities to be incurred in compliance with such request; and

(d) the Indenture Trustee, for 60 days after the Indenture Trustee has received such notice, request and offer of indemnity has failed to institute any such proceeding;

it being understood and intended that no one or more Specified Creditors will have any right in any manner whatsoever by virtue of, or by availing of, any provision of this Indenture to affect, disturb or prejudice the rights of any other Specified Creditor, or to obtain or to seek to obtain priority or preference over any other Specified Creditor or to enforce any right under this Indenture, except in the manner herein provided and for the benefit of all Specified Creditors. If the above conditions have been met, a Controlling Class Creditor may exercise such rights in accordance with this Indenture.

8.13 Application of Money Following an Event of Default

Subject to the following paragraph **and to Section 7.10**, upon the occurrence and during the continuance of an Event of Default which has been accelerated in accordance with Section 8.02, any money or other property standing in each Issuer Account or otherwise received by the Indenture Trustee pursuant to this Article VIII will be applied in the order of priority specified in this Section 8.13, *pro rata* in proportion to the claims represented by each subclause, except as otherwise specifically provided below:

(a) First, to the payment or remittance of all Taxes exigible for which a Governmental Authority is given priority over the Specified Creditors under the laws of the applicable jurisdiction;

(b) Second, to the Indenture Trustee and the Issuer Trustee in respect of the amount of fees, expenses and reimbursements owing~~, up to a maximum aggregate amount (without duplication of amounts previously paid in respect of such fees, expenses, reimbursements and indemnified claims) equal to the Trustee Cap with respect to each of the Indenture Trustee and the Issuer Trustee~~;

(c) Third, *pari passu*, (A) to Debtholders, on a *pro rata* basis, in respect of all interest accrued and unpaid, if any, and fees and other amounts (other than principal) due and payable on the Senior Funding Obligations, and (B) to Derivative Counterparties, on a *pro rata* basis, all Derivative Funding Obligations payable other than Termination Payments;

(d) Fourth, to Debtholders, on a *pro rata* basis, in respect of all interest accrued and unpaid, if any, and fees and other amounts (other than principal) due and payable on the Subordinated Funding Obligations;

(e) Fifth, to Debtholders, on a *pro rata* basis, in respect of all interest accrued and unpaid, if any, and fees and other amounts (other than principal) due and payable on the Junior Subordinated Funding Obligations;

(f) Sixth, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of the Warehouse Obligations until such amount has been paid in full;

(g) Seventh, *pari passu*, (A) to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of the Senior Funding Obligations (other than Warehouse Obligations) until such amount has been paid in full, and (B) to Derivative Counterparties, on a *pro rata* basis, any Termination Payment where the Derivative Counterparty is not the Defaulting Party or the sole Affected Party;

(h) Eighth, to the Manager in respect of all fees, expenses and reimbursement amounts owing;

(i) Ninth, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of the Subordinated Funding Obligations until such amount has been paid in full;

(j) Tenth, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of the Junior Subordinated Funding Obligations until such amount has been paid in full;

(k) Eleventh, to each Derivative Counterparty, on a *pro rata* basis, any Termination Payment where the Derivative Counterparty is the Defaulting Party or the sole Affected Party;

(l) Twelfth, to the Manager in respect of all indemnity amounts owing;

(m) Thirteenth, *pari passu* (i) ~~to the Indenture Trustee and the Issuer Trustee, in each case, in respect of the amount of any fees, expenses, reimbursements and indemnity amounts owing and not previously paid pursuant to clause (b); (ii)~~ to the payment or remittance of all Taxes exigible and not previously paid pursuant to clause (a); and (~~iii~~**ii**) to all other Specified Creditors not specifically referred to in this Section 8.13; in each case, including for each referenced party in subclauses (i~~), (ii~~) and (~~iii~~**ii**), any amounts payable to their respective Affiliates under the terms of any relevant indemnity; and

(n) Fourteenth, to the Issuer or as the Issuer otherwise directs.

Notwithstanding the foregoing, amounts on deposit in a Series Account established solely for the benefit of one or more Series of Issuer Funding Obligations shall first be used to satisfy all obligations owing to those Debtholders or Derivative Counterparties for whom such Series Account was established. If any amounts remain following such application, such amounts shall constitute Available Collections and shall be applied in accordance with the priorities set out above. In addition, amounts on deposit in the Protection Account shall only be used to satisfy the obligations for which such amounts were deposited.

8.14 Limited Recourse

(a) Notwithstanding any other provision of this Indenture to the contrary, the obligation to pay principal of or interest on any Issuer Funding Obligation or any other amount payable to any Specified Creditor will be without recourse to the Indenture Trustee, the Issuer Trustee, the Manager or any Affiliate, officer,

employee, member or director of any of them, and the satisfaction of the obligation of the Issuer to pay principal of or interest on any Issuer Funding Obligation or any other amount payable to any Specified Creditor will be subject to the allocation and payment provisions of this Indenture and any Related Funding Obligation Agreement, and limited to amounts available from the Collateral.

(b) No recourse may be taken, directly or indirectly, with respect to the obligations of the Issuer under the Issuer Funding Obligations or under this Indenture, or any certificate or other writing delivered in connection herewith or therewith, against (i) the Issuer Trustee in its individual capacity, (ii) any owner of a unit in the Issuer or (iii) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Issuer Trustee in its individual capacity, any holder of a unit in the Issuer or the Issuer Trustee or of any successor or assign of the Issuer Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Issuer Trustee has no such obligations in its individual capacity).

(c) Under no circumstances shall the Manager or any of its Affiliates be deemed an obligor or guarantor or otherwise deemed to be responsible for payment from its own funds of principal, interest, dividends or other amounts due on the Collateral, the Issuer Funding Obligations or any other Obligations Secured.

8.15 Restoration of Rights and Remedies

If the Indenture Trustee or any Controlling Class Creditor (to the extent and in the manner provided for in Section 8.12) has instituted any proceeding to enforce any right or remedy under this Indenture and such proceeding has been discontinued or abandoned for any reason, then and in every such case the Issuer, the Indenture Trustee and the Specified Creditors will, subject to any determination in such proceeding, be restored severally and respectively to their former positions hereunder, and thereafter all rights and remedies of the Indenture Trustee and the Specified Creditors will continue as though no such proceeding had been instituted.

8.16 Rights and Remedies Cumulative

No right or remedy herein conferred upon or reserved to the Indenture Trustee or to the Specified Creditors is intended to be exclusive of any other right or remedy, and every right and remedy will, to the extent permitted by applicable law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, will not prevent the concurrent assertion or employment of any other appropriate right or remedy.

8.17 Delay or Omission Not Waiver

No delay or omission of the Indenture Trustee or of any Controlling Class Creditor to exercise any right or remedy accruing upon any Event of Default will impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article VIII or by applicable law to the Indenture Trustee or to the

Controlling Class Creditors may be exercised from time to time, and as often as may be deemed expedient, by the Indenture Trustee or by the Controlling Class Creditors, as the case may be.

8.18 Waiver of Stay or Extension Laws

The Issuer covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law wherever enacted, now or at any time hereafter in force, which may affect the covenants or the performance of this Indenture; and the Issuer (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Indenture Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

8.19 Indenture Trustee Appointed Attorney

The Issuer irrevocably constitutes and appoints the Indenture Trustee and any officer or employee thereof, with full power of substitution, as its true and lawful attorney coupled with an interest with full power and authority in the name of the Issuer or in its own name, in its discretion, upon the occurrence and during the continuance of any Event of Default and acceleration in accordance with Section 8.02, for the purpose of carrying out the terms of this Indenture to take all appropriate action and to execute any and all documents and instruments which may be necessary or desirable to accomplish the purposes hereof, and without limiting the generality of the foregoing, hereby gives the Indenture Trustee the power and right on behalf of the Issuer, without notice to or assent by the Issuer, to the extent permitted by applicable law, to do the following:

(a) to ask for, demand, sue for, collect and receive all and any monies due or becoming due with respect to the Collateral;

(b) to receive, take, endorse, assign and deliver any and all cheques, notes, drafts, acceptances, documents and other negotiable and non-negotiable instruments, documents and chattel paper taken or received by the Indenture Trustee in connection therewith and herewith; and

(c) to commence, file, prosecute, defend, settle, compromise or adjust any claim, suit, action or proceeding with respect to the Collateral.

8.20 Disclaimer of Marshalling

In the event that the Security Interest shall become enforceable and the Indenture Trustee shall have determined or become bound to enforce the same, the Issuer covenants not to invoke the doctrine of marshalling or any other equitable principle for the purpose of requiring the Indenture Trustee to realize or to have realized on any particular asset forming part of the Collateral.

ARTICLE IX
THE INDENTURE TRUSTEE

9.01 Certain Duties and Responsibilities

(a) The Indenture Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture with respect to the Obligations Secured, and no implied covenants or obligations will be read into this Indenture against the Indenture Trustee.

(b) In the exercise of the rights and duties prescribed or conferred by the terms of this Indenture, the Indenture Trustee will act honestly and in good faith with a view to the best interests of the Debtholders as a whole and exercise that degree of care, diligence and skill that a reasonably prudent trustee would exercise in comparable circumstances. When all Issuer Funding Obligations have been satisfied and discharged in accordance with Section 2.08(b), the Indenture Trustee shall no longer act as Indenture Trustee under this Indenture and shall have no fiduciary responsibilities to any remaining Specified Creditors. From and after such time, the Indenture Trustee shall act only as the security agent for those Specified Creditors.

(c) In the absence of bad faith on its part, the Indenture Trustee may, with respect to any Obligations Secured, conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Indenture Trustee and conforming to the requirements of this Indenture; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Indenture Trustee, the Indenture Trustee will be under a duty to examine the same to determine whether or not they substantially conform to the requirements of this Indenture (but need not confirm or investigate the accuracy of any mathematical calculations or other facts stated therein).

(d) No provision of this Indenture will be construed to relieve the Indenture Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(i) this clause (d) will not be construed to limit the effect of subsection 9.01(a);

(ii) the Indenture Trustee will not be liable for any error of judgment made in good faith, unless it will be proved that the Indenture Trustee was negligent in ascertaining the pertinent facts;

(iii) the Indenture Trustee will not be liable with respect to any action taken or omitted to be taken by it in good faith if so directed by Extraordinary Resolution, relating to the time, method and place of conducting any proceeding for any remedy available to the Indenture Trustee, or

exercising any trust or power conferred upon the Indenture Trustee, under this Indenture with respect to the Obligations Secured; and

(iv) no provision of this Indenture will require the Indenture Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers.

(e) Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Indenture Trustee will be subject to the provisions of this Section 9.01.

9.02 <u>Certain Rights of Indenture Trustee</u>

Except as otherwise provided in Section 9.01:

(a) the Indenture Trustee may conclusively rely and will be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture or other paper or document (whether in its original, facsimile or other electronic form) believed by it to be genuine and to have been signed or presented by the proper party or parties;

(b) whenever in the administration of this Indenture the Indenture Trustee will deem it desirable that a matter be proved or established before taking, suffering or omitting any action hereunder, the Indenture Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon an Officer's Certificate;

(c) the Indenture Trustee may consult with counsel of its own selection and the advice of such counsel or any Opinion of Counsel will be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon;

(d) the Indenture Trustee will be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Controlling Class Creditors pursuant to this Indenture, unless such Controlling Class Creditors shall have offered to the Indenture Trustee security or indemnity reasonably satisfactory to it against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction;

(e) the Indenture Trustee will not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture or other paper or document, but the Indenture Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Indenture Trustee will determine to make such further inquiry or investigation, it

will be entitled to examine the books, records and premises of the Issuer, personally or by agent or attorney;

(f) the Indenture Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Indenture Trustee will not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder;

(g) the Indenture Trustee will not be responsible for filing any financing statements or continuation statements in connection with the Obligations Secured or the Security Interest, but will cooperate with the Issuer in connection with the filing of such financing statements or amendments to such financing statements;

(h) the Indenture Trustee shall not be deemed to have notice of any default (including any Servicer Default, Default or Event of Default) unless written notice of any event which is in fact such a default is received by the Indenture Trustee at the Corporate Trust Office of the Indenture Trustee, and such notice references the Issuer Funding Obligations and this Indenture;

(i) the rights, privileges, protections, immunities and benefits given to the Indenture Trustee, including, without limitation, its right to be indemnified, are extended to, and shall be enforceable by, the Indenture Trustee in each of its capacities hereunder, and each agent, custodian and other Person employed to act hereunder;

(j) the Indenture Trustee shall not be liable for any action taken, suffered or omitted to be taken by it in good faith and reasonably believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture;

(k) the Indenture Trustee shall be entitled to and may rely absolutely upon each Payment ~~Instructions~~**Instruction** and the Indenture Trustee will have no obligation (i) to perform any calculations under any of the Program Agreements, (ii) to reconcile ~~the Program Accounts~~**any Issuer Account** against the other(s) or the Program Agreements, or (iii) to monitor **any** change in the legislation governing any of the Program Agreements;

(l) the Indenture Trustee will be entitled to rely and act upon any direction, order, instruction, notice or communication provided to it under this Indenture which is sent to it by Electronic Methods. The Indenture Trustee shall have no liability for any losses, liabilities, costs or expenses incurred by it as a result of such reliance upon or compliance with such instructions or directions. The Issuer agrees: (i) to assume all risks arising out of the use of such Electronic Methods to submit instructions and directions to the Indenture Trustee, including without limitation the risk of the Indenture Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting instructions to the Indenture Trustee and that there may be more secure methods

of transmitting instructions than the method(s) selected by the Issuer; and (iii) that the security procedures (if any) to be followed in connection with its transmission of instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and

(m) the Indenture Trustee will not be liable for any consequential, punitive or special damages.

9.03 Not Responsible for Recitals or Issuer Funding Obligations

The recitals contained herein and in the Funding Obligation Agreements, except the Certificates of Authentication, will be taken as the statements of the Issuer, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Indenture or of the Funding Obligation Agreements. The Indenture Trustee will not be accountable for the use or application by the Issuer of Notes, Borrowings or the proceeds thereof.

9.04 May Hold Notes

The Indenture Trustee, the Issuer Trustee, any Paying Agent, the Note Registrar, the Manager or any other agent of the Issuer, in its individual or any other capacity, may become the owner or pledgee of Notes and, subject to subsection 9.07(e) and applicable legislation, may otherwise deal with the Issuer with the same rights it would have if it were not Indenture Trustee, Issuer Trustee, Paying Agent, Note Registrar, Manager or such other agent.

9.05 Compensation and Reimbursement; Limit on Compensation Reimbursement and Indemnity

(a) The Issuer agrees:

(i) to pay to the Indenture Trustee from time to time reasonable compensation for all services rendered by it hereunder (which compensation will not be limited by any provision of law in regard to the compensation of a trustee of an express trust);

(ii) except as otherwise expressly provided herein, to reimburse the Indenture Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Indenture Trustee in accordance with any provision of this Indenture (including the reasonable compensation and the reasonable expenses and disbursements of its agents and counsel), except any such expense, disbursement or advance as may be attributable to its own negligence or bad faith; and

(iii) to indemnify the Indenture Trustee for, and to hold it harmless against, any and all loss, liability, expense, claim, damage or injury incurred without negligence or bad faith on its part, arising out of or in connection with the acceptance or administration of the trusts hereunder, including the costs and expenses of defending itself against any claim or liability (whether

asserted by the Issuer, any Specified Creditor or any other Person) in connection with the exercise or performance of any of its powers or duties hereunder.

The Indenture Trustee will have no recourse to any asset of the Issuer other than funds available pursuant to Section 7.04, 7.10 or 8.13, or to any Person other than the Issuer.

(b) This Section 9.05 will survive the termination of this Indenture and the resignation or replacement of the Indenture Trustee under Section 9.07.

9.06 Corporate Indenture Trustee Required; Eligibility

There will at all times be an Indenture Trustee hereunder which will be either a bank, a trust company or a corporation organized and doing business under the laws of Canada or of any province or territory thereof, authorized under such laws to carry on a trust business as contemplated hereby in each of the provinces and territories of Canada. The Issuer may not, nor may any Person directly or indirectly controlling, controlled by, or under common control with the Issuer, serve as Indenture Trustee. If at any time the Indenture Trustee will cease to be eligible in accordance with the provisions of this Section 9.06, it will resign immediately in the manner and with the effect hereinafter specified in this Article IX.

9.07 Resignation and Removal; Appointment of Successor

(a) No resignation or removal of the Indenture Trustee and no appointment of a successor Indenture Trustee pursuant to this Article IX will become effective until the acceptance of appointment by the successor Indenture Trustee under Section 9.08.

(b) The Indenture Trustee may resign at any time by giving written notice thereof to the Issuer. If an instrument of acceptance by a successor Indenture Trustee shall not have been delivered to the Indenture Trustee within 30 days after the giving of such notice of resignation, the resigning Indenture Trustee may petition any court of competent jurisdiction for the appointment of a successor Indenture Trustee.

(c) The Indenture Trustee may be removed at any time by Ordinary Resolution of the Controlling Class Creditors delivered to the Indenture Trustee and to the Issuer. If an instrument of acceptance by a successor Indenture Trustee shall not have been delivered to the Indenture Trustee within 30 days after the giving of such notice of removal, the Indenture Trustee being removed may petition any court of competent jurisdiction for the appointment of a successor Indenture Trustee.

(d) If at any time:

(i) the Indenture Trustee ceases to be eligible under Section 9.06 and fails to resign after written request therefor by the Issuer or by any Controlling Class Creditor, or

(ii) the Indenture Trustee becomes incapable of acting, or

(iii) the Indenture Trustee is adjudged bankrupt or insolvent, or a receiver of the Indenture Trustee or of its property is appointed, or any public officer takes charge or control of the Indenture Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation,

then, in any such case, (A) the Issuer may remove the Indenture Trustee, or (B) any Controlling Class Creditor who has been a *bona fide* Controlling Class Creditor for at least six (6) months may, on behalf of itself and all other Debtholders, petition any court of competent jurisdiction for the removal of the Indenture Trustee and the appointment of a successor Indenture Trustee.

(e) The Indenture Trustee shall resign if a material conflict of interest arises in its role as a trustee under this Indenture that is not eliminated within 90 days after the Indenture Trustee becomes aware that it has such a material conflict of interest. Forthwith after the Indenture Trustee becomes aware that it has a material conflict of interest, it shall provide the Issuer with written notice of the nature of that conflict. If, notwithstanding the foregoing provisions of this subsection 9.07(e), the Indenture Trustee has such a material conflict of interest, the validity and enforceability of this Indenture and of the Funding Obligation Agreements shall not be affected in any manner whatsoever by reason only of the existence of such material conflict of interest. If the Indenture Trustee contravenes the foregoing provisions of this subsection 9.07(e), any interested Person may apply to a court of competent jurisdiction for an order that the Indenture Trustee be replaced as trustee hereunder. The Indenture Trustee represents to the Issuer that at the time of the execution and delivery hereof, no material conflict of interest exists in the Indenture Trustee's role as a fiduciary hereunder.

(f) If the Indenture Trustee resigns, is removed or becomes incapable of acting, or if a vacancy shall occur in the office of the Indenture Trustee for any cause, the Issuer will promptly appoint a successor Indenture Trustee. If, within one (1) year after such resignation, removal or incapacity, or the occurrence of such vacancy, a successor Indenture Trustee is appointed by Ordinary Resolution of Controlling Class Creditors delivered to the Issuer and the retiring Indenture Trustee, the successor Indenture Trustee so appointed will, forthwith upon its acceptance of such appointment, become the successor Indenture Trustee and supersede the successor Indenture Trustee appointed by the Issuer. If no successor Indenture Trustee shall have been so appointed by the Issuer or Controlling Class Creditors and accepted in the manner hereinafter provided, any Controlling Class Creditor who has been a *bona fide* Controlling Class Creditor for at least six (6) months may, on behalf of itself and all other Debtholders, petition any court of competent jurisdiction for the appointment of a successor Indenture Trustee.

(g) The Issuer will give written notice of each resignation and each removal of the Indenture Trustee and each appointment of a successor Indenture Trustee to each Specified Creditor as provided in Article XV and to each Rating Agency. To

facilitate delivery of such notice, upon request by the Issuer, the retiring Indenture Trustee shall provide to the Issuer a list of all Specified Creditors. Each notice will include the name of the successor Indenture Trustee and the address of its Corporate Trust Office.

(h) Upon such resignation, the Indenture Trustee shall be discharged from all further duties and liabilities under this Indenture.

9.08 Acceptance of Appointment by Successor

Every successor Indenture Trustee appointed hereunder will execute, acknowledge and deliver to the Issuer and to the predecessor Indenture Trustee an instrument accepting such appointment, with a copy to the Rating Agencies, and thereupon the resignation or removal of the predecessor Indenture Trustee will become effective, and such successor Indenture Trustee, without any further act, deed or conveyance, will become vested with all the rights, powers, trusts and duties of the predecessor Indenture Trustee; but, on request of the Issuer or the successor Indenture Trustee, such predecessor Indenture Trustee will execute and deliver an instrument transferring to such successor Indenture Trustee all the rights, powers and trusts of the predecessor Indenture Trustee, and will duly assign, transfer and deliver to such successor Indenture Trustee all property and money held by such predecessor Indenture Trustee hereunder, subject nevertheless to its Lien, if any, provided for in Section 9.05. Upon request of any such successor Indenture Trustee, the Issuer will execute any and all instruments for more fully and certainly vesting in and confirming to such successor Indenture Trustee all such rights, powers and trusts.

No successor Indenture Trustee will accept its appointment unless at the time of such acceptance, such successor Indenture Trustee will be qualified and eligible under this Article IX.

9.09 Merger, Conversion, Consolidation or Succession to Business

Any corporation into which the Indenture Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Indenture Trustee shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Indenture Trustee, will be the successor of the Indenture Trustee hereunder, provided such corporation shall be otherwise qualified and eligible under this Article IX, without the execution or filing of any paper or any further act on the part of any of the parties hereto. The Indenture Trustee shall give prompt written notice of such merger, conversion, consolidation or succession to the Issuer and the Rating Agencies. In case any Notes shall have been authenticated, but not delivered, by the Indenture Trustee then in office, any successor by merger, conversion or consolidation to such authenticating Indenture Trustee may adopt such authentication and deliver the Notes so authenticated with the same effect as if such successor Indenture Trustee had itself authenticated such Notes.

9.10 Trust Indenture Legislation

(a) In this Article IX, the term "**applicable legislation**" means the provisions, if any, of the *Trust and Loan Companies Act* (Canada) and any other statute of Canada or

a province thereof, and of regulations under any such statute, in each case, as amended, restated or re-enacted from time to time, relating to trust indentures and to the rights, duties and obligations of trustees under trust indentures and of entities issuing debt obligations under trust indentures, to the extent that in the opinion of counsel to the Issuer such provisions are at the time in force and applicable to this Indenture.

(b) If and to the extent that any provision of this Indenture limits, qualifies or conflicts with a mandatory requirement of applicable legislation, such mandatory requirement shall prevail.

(c) The Issuer and the Indenture Trustee agree that each will at all times in relation to this Indenture and any action to be taken hereunder, observe and comply with and be entitled to the benefits of applicable legislation.

9.11 Representations and Covenants of the Indenture Trustee

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Indenture and has taken all necessary action to authorize the execution, delivery and performance by it of this Indenture and other documents to which it is a party;

(c) each of this Indenture and the other documents to which it is a party has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada. If, notwithstanding the provisions of this subsection 9.11(d), the Indenture Trustee ceases to be so authorized to carry on business, the validity and enforceability of this Indenture and the Funding Obligation Agreements shall not be affected in any manner whatsoever by reason only of such event.

9.12 Indenture Trustee's Application for Instructions from the Issuer

Any application by the Indenture Trustee for written instructions from the Issuer may, at the option of the Indenture Trustee, set forth in writing any action proposed to be taken or omitted by the Indenture Trustee under and in accordance with this Indenture and the date on and/or after which such action shall be taken or such omission shall be effective; provided that such application shall make specific reference to this Section 9.12. The Indenture Trustee shall not be liable for any action taken by, or omission of, the Indenture Trustee in accordance with a proposal included in such application on or after the date specified in such application (which date shall not be less than five (5) Business Days after the date the Issuer actually receives such

application, unless the Issuer shall have consented in writing to any earlier date) unless prior to taking any such action (or the effective date in the case of an omission), the Indenture Trustee shall have received written instructions in response to such application specifying the action be taken or omitted.

9.13 Appointment of Co-Trustee or Separate Indenture Trustee

(a) Notwithstanding any other provisions of this Indenture, at any time, for the purpose of meeting any legal requirements of any relevant jurisdiction, the Indenture Trustee shall have the power and shall execute and deliver all instruments, subject to the prior written consent of the Manager, which consent shall not be unreasonably withheld, to appoint one or more Persons reasonably acceptable to the Issuer to act as a co-trustee or co-trustees, or separate trustee or separate trustees, of all or any part of the Issuer's property, and to vest in such Person or Persons, in such capacity and for the benefit of the Specified Creditors, such title to the Issuer's property, or any part thereof, and, subject to the other provisions of this Section 9.13, such powers, duties, obligations, rights and trusts as the Indenture Trustee may consider necessary or desirable. No co-trustee or separate trustee hereunder shall be required to meet the terms of eligibility as a successor trustee under Section 9.06 and no notice to Specified Creditors of the appointment of any co-trustee or separate trustee shall be required under Section 9.07.

(b) Every separate trustee and co-trustee shall, to the extent permitted by applicable law, be appointed and act subject to the following provisions and conditions:

(i) all rights, powers, duties and obligations conferred or imposed upon the Indenture Trustee shall be conferred or imposed upon and exercised or performed by the Indenture Trustee and such separate trustee or co-trustee jointly (it being understood that such separate trustee or co-trustee is not authorized to act separately without the Indenture Trustee joining in such act), except to the extent that under any law of any jurisdiction in which any particular act or acts are to be performed, the Indenture Trustee shall be incompetent or unqualified to perform such act or acts, in which event such rights, powers, duties and obligations (including the holding of title to the Issuer's property or any portion thereof in any such jurisdiction) shall be exercised and performed singly by such separate trustee or co-trustee, but solely at the direction of the Indenture Trustee;

(ii) no trustee hereunder shall be personally liable by reason of any act or omission of any other trustee hereunder; and

(iii) the Indenture Trustee may at any time accept the resignation of or remove any separate trustee or co-trustee.

(c) Any notice, request or other writing given to the Indenture Trustee shall be deemed to have been given to each of the then separate trustees and co-trustees, as

effectively as if given to each of them. Every instrument appointing any separate trustee or co-trustee shall refer to this Indenture and the conditions of this Article IX. Each separate trustee and co-trustee, upon its acceptance of the trusts conferred, shall be vested with the estates or property specified in its instrument of appointment, either jointly with the Indenture Trustee or separately, as may be provided therein, subject to all the provisions of this Indenture, specifically including every provision of this Indenture relating to the conduct of, affecting the liability of, or affording protection to, the Indenture Trustee. Every such instrument shall be filed with the Indenture Trustee.

(d) Any separate trustee or co-trustee may at any time appoint the Indenture Trustee, its agent or attorney-in-fact with full power and authority, to the extent not prohibited by applicable law, to do any lawful act under or in respect of this Indenture on its behalf and in its name. If any separate trustee or co-trustee shall die, become incapable of acting, resign or be removed, all of its estates, properties, rights, remedies and trusts shall vest in and be exercised by the Indenture Trustee, to the extent permitted by applicable law, without the appointment of a new or successor trustee.

(e) All such appointments made in accordance with this Section 9.13 shall be subject to the approval of the Issuer. The Issuer will give **prior** written notice of the appointment of any separate trustee or co-trustee to each Rating Agency.

9.14 Preservation of Information; Communications to Specified Creditors

(a) The Indenture Trustee will preserve, in as current a form as is reasonably practicable, the names and addresses of Registered Noteholders contained in the most recent list furnished to the Indenture Trustee as provided in subsection 13.13(a) and the names and addresses of Registered Noteholders received by the Indenture Trustee in its capacity as Note Registrar. The Indenture Trustee will also preserve, in as current a form as is reasonably practicable, the names and addresses of all other Specified Creditors contained in the most recent list furnished to the Indenture Trustee as provided in subsection 13.13(b). The Indenture Trustee may destroy any such list furnished to it upon receipt of a new list.

(b) If three (3) or more Debtholders of any Class, Series or Tranche (hereinafter referred to as "**applicants**") (or, if there are less than three (3) such Debtholders, all of the Debtholders) apply in writing to the Indenture Trustee by way of an application substantially in the form of Exhibit 4, then the Indenture Trustee will, within five (5) Business Days after the receipt of such application, afford such applicants access to the information preserved at the time by the Indenture Trustee in accordance with subsection 9.14(a); provided, however, that (i) such Debtholders are identified on the most recent lists of Debtholders held by the Indenture Trustee pursuant to subsection 9.14(a), and (ii) the Indenture Trustee shall not release any information other than the names and addresses (including email addresses) of the Debtholders on such lists.

(c) By accepting its rights as a third party beneficiary hereunder, every Debtholder agrees with the Issuer and the Indenture Trustee that neither the Issuer nor the Indenture Trustee will be held accountable by reason of the disclosure of any such information as to the names and addresses (including email addresses) of the Debtholders in accordance with subsection 9.14(b), regardless of the source from which such information was derived.

(d) Any Specified Creditor wishing to be removed from the list of Specified Creditors may deliver a notice to the Indenture Trustee in the form attached as Exhibit 5. Within five (5) Business Days of the receipt of such notice, the Indenture Trustee shall notify the Issuer to have that Specified Creditor removed from the list provided in accordance with subsection 13.13(b). The Indenture Trustee shall not be responsible, nor shall it be liable for any losses, costs or expenses (including special, indirect, punitive or consequential losses or damages) of the Issuer, any Specified Creditor, or any other party, with respect to any Specified Creditor that fails to, or is delayed in sending, such notice and whose information is disseminated in accordance with this Section 9.14.

(e) The Indenture Trustee shall not be liable for, or held accountable by reason of, distributing any information pursuant to this Section 9.14 regarding any Specified Creditor that is on the list of Specified Creditors held by the Indenture Trustee pursuant to subsection 9.14(a).

9.15 Acceptance of Trusts by Indenture Trustee

The Indenture Trustee hereby accepts the trusts in this Indenture and agrees to perform the same upon the terms and conditions herein set forth.

9.16 Paying Agent

(a) The Paying Agent, on behalf of the Indenture Trustee, will make distributions to Specified Creditors from the Collection Account or other applicable Issuer Account pursuant to the provisions of this Indenture and any applicable Program Agreement. Any Paying Agent will have the revocable power to withdraw funds from the Collection Account or other applicable Issuer Account for the purpose of making the distributions referred to above.

(b) The Indenture Trustee may revoke such power and remove the Paying Agent if the Indenture Trustee determines in its sole discretion that the Paying Agent has failed to perform its obligations under this Indenture in any material respect. The Paying Agent upon removal will return all funds in its possession to the Indenture Trustee.

(c) The Issuer will cause each Paying Agent (other than the Indenture Trustee) to execute and deliver to the Indenture Trustee an instrument in which such Paying Agent will agree with the Indenture Trustee (and if the Indenture Trustee acts as Paying Agent, it so agrees), subject to the provisions of this Section 9.16, that such Paying Agent will:

(i) hold all sums held by it for the payment of principal of, interest, fees or other amounts in trust for the benefit of the Persons entitled thereto until such sums will be paid to such Persons or otherwise disposed of as herein provided;

(ii) if such Paying Agent is not the Indenture Trustee, give the Indenture Trustee notice of any default by the Issuer in the making of any such payment of principal or interest on any Issuer Funding Obligations;

(iii) if such Paying Agent is not the Indenture Trustee, at any time during the continuance of any such default, upon the written request of the Indenture Trustee, forthwith pay to the Indenture Trustee all sums so held in trust by such Paying Agent;

(iv) open and maintain appropriate records with respect to each Note; record by appropriate entries therein each payment made on account of interest, principal, fees and other amounts owing with respect to each such Note. For the purposes thereof, the Paying Agent shall make available upon request of the Issuer or the Indenture Trustee satisfactory evidence of each payment as soon as practicable after making such payment. The failure to record, or any error in recording, any such payment shall not, however, limit or otherwise affect the obligations of the Issuer as to the principal amount or accrued interest owing with respect to any Note. Such records of payment shall be conclusive evidence of the unpaid principal balance and interest owing in respect of the Notes in the absence of demonstrable error;

(v) immediately resign as a Paying Agent and, if such Paying Agent is not the Indenture Trustee, forthwith pay to the Indenture Trustee all sums held by it in trust for the payment of Issuer Funding Obligations if at any time it ceases to meet the standards described in this Section 9.16 required to be met by a Paying Agent at the time of its appointment; and

(vi) comply with all requirements of the Income Tax Act or any other applicable tax law with respect to the withholding from any payments made by it on any amounts contemplated under this Indenture of any applicable withholding taxes imposed thereon and with respect to any applicable reporting requirements in connection therewith.

(d) Each Paying Agent, if not OPG, will at all times have, or be a wholly owned subsidiary of a corporation which has, a combined capital and surplus of at least

$50,000,000 and be subject to supervision or examination by a Canadian federal, provincial or territorial authority or be regulated by or subject to the supervision or examination of a Governmental Authority of a nation that is a member of the Organization for Economic Co-operation and Development. If such Paying Agent publishes reports of condition at least annually, pursuant to law or to the requirements of the aforesaid supervising or examining authority, then for the purposes of this subsection 9.16(d), the combined capital and surplus of such Paying Agent will be deemed to be its combined capital and surplus as set forth in its most recent report of condition as so published.

(e) Unless and until the Issuer rescinds one or more of such appointments, the Issuer hereby appoints the Indenture Trustee as its Paying Agent. The Issuer will give **prior** written notice of the appointment of any Paying Agent (if such Paying Agent is not the Indenture Trustee) to each Rating Agency.

ARTICLE X
MEETINGS

10.01 Conduct of Meetings

Meetings of Debtholders of any Class, Series or Tranche, of all Issuer Funding Obligations, of Controlling Class Obligations of a Series or of all Controlling Class Obligations, as the case may be, may be convened, held and conducted in the following manner:

(a) At any time, and from time to time, the Indenture Trustee or the Issuer may, and the Indenture Trustee shall, on receipt of a written request of the Issuer or a requisition signed by Debtholders of a particular Class, Series or Tranche, of all Issuer Funding Obligations, of Controlling Class Obligations of a Series or of all Controlling Class Obligations (each of such groups of Debtholders being a "**Debtholder Group**"), as the case may be, holding at least 25% of the aggregate Outstanding Dollar Principal Amount of the applicable Issuer Funding Obligations, convene, or cause to be convened, a meeting of the Debtholders of that Debtholder Group. If the Indenture Trustee fails to convene, or cause to be convened, a meeting after 30 days of being duly required by the Issuer or such Debtholders, the Issuer or such Debtholders may themselves convene such meeting and, in the case of a meeting called by such Debtholders, the notice calling such meeting may be signed by such Person as those Debtholders specify. Every such meeting shall be held in the City of Toronto or such other place in Ontario, Canada as the Indenture Trustee may in any case determine or approve.

(b) At least 7 days' prior notice of any meeting shall be given to the Debtholders of the Debtholder Group to which such meeting relates and to the Issuer, unless the meeting has been called by the Issuer, and such notice shall state the date, time and the place the meeting is to be held and shall specify, in general terms, the nature of the business to be transacted. It shall not be necessary to specify in the notice the text of the resolutions to be passed. Subject to Section 10.01(c), notices shall be given in the manner set forth in Article XV and a copy thereof shall be

delivered to the Indenture Trustee unless the meeting has been called by it. It shall not be necessary to specify in the notice of any adjournment of a meeting the nature of the business to be transacted at the adjourned meeting. The non-receipt of any such notice by a Debtholder shall not invalidate any resolution passed at such meeting.

(c) At any meeting of a Debtholders Group, subject as herein provided, a quorum shall consist of ~~two~~**one** or more Persons present in person or by proxy holding either personally or as proxies not less than 25% of the Outstanding Dollar Principal Amount of the Issuer Funding Obligations of the Debtholder Group entitled to vote at such meeting. If a quorum is not present on the date for which the meeting is called within 30 minutes after the time fixed for the holding of such meeting, the meeting shall be adjourned to be held at a place and upon a date and at an hour to be fixed by the Indenture Trustee who shall give not less than seven (7) days' notice of the date and time to which such meeting is to be adjourned and at such adjourned meeting a quorum shall consist of the Debtholders of that Debtholder Group then and there represented in person or by proxy and entitled to vote at such meeting.

(d) An individual, who need not be a Debtholder, nominated in writing by the Indenture Trustee shall be chairman of the meeting (a "**Chairman**"). If no individual is so nominated or if the individual nominated is not present within 25 minutes after the time fixed for the holding of the meeting, the Debtholders and proxies for Debtholders present shall choose one of their number to be Chairman.

(e) Every question submitted to a meeting, except matters requiring an Extraordinary Resolution, shall be decided by a majority of the votes given on a show of hands or, if a poll shall be requested as hereinafter provided, by a majority of the votes cast on the poll (in either case, an "**Ordinary Resolution**") and shall be binding on all Debtholders of the applicable Debtholder Group. On a show of hands, each Debtholder who is present, whether in person or by proxy, will have one vote for every $1,000 of Outstanding Dollar Principal Amount of applicable Issuer Funding Obligations of which he or she shall be the Debtholder. A poll shall be taken on every Extraordinary Resolution and otherwise whenever requested by a Debtholder or its proxy. On a poll, each Debtholder shall have one vote for every $1,000 of Outstanding Dollar Principal Amount of applicable Issuer Funding Obligations of which he or she shall be the Debtholder. Votes may be given in person or by proxy and a proxy need not be a Debtholder. If at any meeting a poll is so demanded as aforesaid on the election of a Chairman or on a question of adjournment, it shall be taken forthwith. If at any meeting a poll is so demanded on any other question, or an Extraordinary Resolution is to be voted upon, a poll shall be taken in such manner and either at once or after an adjournment as the Chairman directs. The result of a poll shall be deemed to be the decision of the meeting at which the poll was demanded and shall be binding on all Debtholders of the applicable Debtholder Group. In the case of joint Registered Noteholders, any one of them present in person or by proxy at the meeting may vote in the absence of the other or others but, if more than one of them is present in person or

by proxy, they shall vote together in respect of the Notes of which they are joint Registered Noteholders.

10.02 Powers Exercisable by Ordinary Resolution and Extraordinary Resolution

(a) ~~In~~**Subject to Section 11.02, in** addition to any powers hereinbefore given, Debtholders of a Class, Series or Tranche of Issuer Funding Obligations shall by Ordinary Resolution have the power to:

(i) require the Indenture Trustee (subject to receipt by the Indenture Trustee of reasonable funding and indemnity) to exercise or refrain from exercising any of the powers conferred upon it by this Indenture insofar as they apply solely to such Class, Series or Tranche or by the Related Funding Obligation Agreement;

(ii) sanction, insofar as they apply to the Class, Series or Tranche, the release of the Issuer from its covenants and obligations hereunder;

(iii) subject to the provisions of this Indenture or of the Related Funding Obligation Agreement, sanction any change whatsoever to any provision of the Issuer Funding Obligations of such Class, Series or Tranche which shall be agreed to by the Issuer and any modification, alteration, abrogation, compromise or arrangement of or in respect of the rights of the Debtholders of such Class, Series or Tranche or the Indenture Trustee against the Issuer, whether such rights shall arise under the provisions of this Indenture or otherwise;

(iv) subject to the provisions of this Indenture, assent to any modification of or change in or addition to or omission from the provisions contained in this Indenture, a Related Supplemental Indenture or any instrument ancillary or supplementary hereto or thereto, in each case, insofar as they apply to the Class, Series or Tranche, which shall be agreed to by the Issuer and to authorize the Indenture Trustee to concur in and execute any deed, instrument or agreement embodying any such modification, change, addition or omission or any other deeds, documents or writings authorized by such Ordinary Resolution; provided that no such assent shall be necessary for any modification of or change in or addition otherwise permitted hereunder or under a Related Supplemental Indenture; and

(v) take any other Action authorized by this Indenture or a Related Supplemental Indenture to be taken by Ordinary Resolution of the Debtholders of a Class, Series or Tranche of Issuer Funding Obligations.

(b) ~~In~~**Subject to Section 11.02, in** addition to any powers hereinbefore given, Controlling Class Creditors shall by Extraordinary Resolution have the power to:

(i) after the Security Interest has become enforceable, authorize the Indenture Trustee to accept, in satisfaction or partial satisfaction, all or any part of the Collateral;

(ii) after the Security Interest has become enforceable, sanction the selling of the Collateral or any part thereof or interest therein;

(iii) after the Security Interest has become enforceable, authorize the Indenture Trustee or any other Person to bid or tender at any sale of the Collateral or any part thereof and take such actions in connection with such sale as it determines to be in the best interests of all Controlling Class Creditors;

(iv) assent to any compromise or arrangement by the Issuer with any creditor, creditors or class or classes of creditors or with the holders of any securities of the Issuer whose claims are payable from the Collateral;

(v) restrain any Debtholder from taking or instituting any suit, action or proceeding for the purpose of realizing on the Collateral or for the execution of any trust or power hereunder or for the appointment of a liquidator, receiver or trustee in bankruptcy or to have the Issuer liquidated or for any other remedy hereunder and to direct such Debtholder to waive any Event of Default on which any suit or proceeding is founded;

(vi) require the Indenture Trustee (subject to receipt by the Indenture Trustee of reasonable funding and indemnity) to exercise or refrain from exercising any other powers conferred upon it by this Indenture of general application to all Classes of Issuer Funding Obligations, including the exercise of any rights of the Issuer under any of the Program Agreements upon the occurrence and during the continuance of an Event of Default, or cancel any declaration of acceleration made pursuant to Article VIII upon such terms and/or conditions as may be decided;

(vii) authorize the Indenture Trustee, in the event of the Issuer making an authorized assignment or proposal or in the event of an administrator, trustee, receiver or liquidator being appointed under any applicable bankruptcy or insolvency legislation for and on behalf of all Debtholders and, in addition to any claim or debt provided or made for its own account as Indenture Trustee hereunder, to file and prove a claim or debt against the Issuer or its property for an amount equivalent to the aggregate amount which may be payable in respect of all Issuer Funding Obligations, to value the Collateral, and to vote such claim or debt at meetings of creditors and generally act for and on behalf of all Debtholders in such proceedings as such Extraordinary Resolution may provide;

(viii) appoint a committee with power and authority (subject to such limitations, if any, as may be prescribed in such Extraordinary Resolution) to exercise, and to direct the Indenture Trustee to exercise, on behalf of all Controlling Class Creditors, such of the powers of such Controlling Class Creditors as are exercisable by Extraordinary Resolution or other resolution as shall be included in the Extraordinary Resolution appointing the committee. The Extraordinary Resolution making such appointment may provide for payment of the expenses and disbursements of and compensation to such committee from the Collateral in portions allocated to each Series as may be specified in such Extraordinary Resolution. Such committee shall consist of such number of Persons as shall be prescribed in the Extraordinary Resolution appointing it and the members need not themselves be Controlling Class Creditors or Debtholders. Each such committee may elect a chairman and may make regulations respecting its quorum, the calling of its meetings, the filling of vacancies occurring in its number and its procedures generally. Such regulations may provide that the committee may act at a meeting at which a quorum is present or may act by minutes signed by the number of members thereof necessary to constitute a quorum. All acts of any such committee within the authority delegated to it shall be binding upon all Debtholders. Neither the committee nor any member thereof shall be liable for any loss arising from or in connection with any action taken or omitted to be taken by them in good faith; and

(ix) take any other action authorized by this Indenture to be taken by Extraordinary Resolution.

(c) The foregoing powers shall be deemed to be several and cumulative and not dependent on each other and the exercise of one or more of such powers, or any combination of such powers, from time to time, shall not be deemed to exhaust the rights of the Debtholders to exercise such power or powers, or combinations of powers, thereafter from time to time. No powers exercisable by Extraordinary Resolution shall derogate in any way from any rights of the Issuer under or pursuant to this Indenture **without the agreement of the Issuer**. The Issuer shall give the Rating Agency notice of any Ordinary Resolution or Extraordinary Resolution adopted.

10.03 Extraordinary Resolution

An Extraordinary Resolution, adopted in accordance with the provisions hereof, shall be binding upon each and every Debtholder and each other Specified Creditor and their respective heirs, executors, administrators, successors and assigns, whether present or absent, and the Indenture Trustee (subject to the provisions for funding and its indemnity herein contained) shall be bound to give effect thereto accordingly.

Except as expressly provided to the contrary in this Indenture, no action shall be taken at a meeting of the Debtholders of a Debtholder Group which changes any provision of this

Indenture or changes or prejudices the exercise of any right of any Debtholder except by Extraordinary Resolution.

10.04 Declaration by Chairman of Result of Vote

At any meeting of Debtholders of any Debtholder Group in cases where no poll is required or requested, a declaration made by the Chairman that a resolution has been carried, or carried by any particular majority, or lost, shall be conclusive evidence thereof.

10.05 Minutes

Minutes of all resolutions and proceedings at every such meeting, as aforesaid, shall be made and duly entered in books to be provided from time to time for that purpose by an agent of the Issuer at the expense of the Issuer and any such minutes, as aforesaid, if signed by the Chairman of the meeting at which such resolutions were passed or proceedings had shall be *prima facie* evidence of the matters therein stated and, until the contrary is proved, every such meeting in respect of the proceedings of which minutes shall have been made shall be deemed to have been duly held and convened and all resolutions passed or proceedings had thereat to have been duly passed and had.

10.06 Signed Instruments

Any resolution or instrument signed in one or more counterparts by (a) Debtholders holding not less than 50% of the aggregate Outstanding Dollar Principal Amount of Issuer Funding Obligations of a Debtholder Group, in the case of matters capable of being decided by Ordinary Resolution, and (b) Controlling Class Creditors holding not less than 66⅔% of the aggregate Outstanding Dollar Principal Amount of all Controlling Class Obligations in the case of matters required to be decided by Extraordinary Resolution, shall, in either case, have the same force and effect as a resolution duly passed at a meeting of such Debtholders by the affirmative vote of all of the votes cast upon a poll. Notice of any Ordinary Resolution or Extraordinary Resolution passed in accordance with this Section 10.06 shall be given by the Indenture Trustee to all applicable Debtholders within 30 days of the date on which such Ordinary Resolution or Extraordinary Resolution was passed.

10.07 Persons Who May Attend

Each Debtholder, by their respective officers, directors, employees, and the legal advisers of such parties, may attend any meeting of Debtholders.

10.08 Binding Effect of Resolutions

Every Ordinary Resolution and every Extraordinary Resolution passed in accordance with the provisions of this Article X at a meeting of Debtholders of a Debtholder Group will be binding upon all of the Debtholders of such Debtholder Group whether present at or absent from such meeting, and every instrument in writing signed by Debtholders in accordance with Section 10.06 will be binding upon all of the Debtholders of such Debtholder Group, whether signatories thereto or not, and the Indenture Trustee will be bound to give effect accordingly to every such Ordinary Resolution, Extraordinary Resolution and instrument in writing. For greater certainty,

any Extraordinary Resolution shall bind all Debtholders and all other Specified Creditors in accordance with Section 10.03.

10.09 Notes Regarded as Not Outstanding for Certain Purposes

If, in the opinion of the Indenture Trustee and upon receipt of an Issuer Certificate in respect of the following, any business to be transacted at any meeting of Debtholders or any action to be taken or power exercised by instrument in writing under Section 10.06 does not materially adversely affect the rights of the Debtholders of one or more particular Class, Series or Tranche of Issuer Funding Obligations, the provisions of this Article X shall apply as if the Issuer Funding Obligations of that Class, Series or Tranche were not Outstanding, and no notice of any such meeting need be given to the Debtholders of that Class, Series or Tranche.

ARTICLE XI
SUPPLEMENTAL INDENTURES

11.01 Supplemental Indentures and Amendments Without Consent of Specified Creditors

Without the consent of Specified Creditors but with 10 Business Days' prior notice to each Rating Agency and the Province, the Issuer and the Indenture Trustee, at any time and from time to time, and upon delivery by the Issuer to the Indenture Trustee of an Issuer Certificate to the effect that the Issuer reasonably believes that such amendment will not have an Adverse Effect and is not reasonably expected to have an Adverse Effect at any time in the future, the Issuer may amend this Indenture, including any Supplemental Indenture or enter into one or more Supplemental Indentures, in form satisfactory to the Indenture Trustee, for any of the following purposes:

(a) to evidence the succession or successive successions of another Financing Entity to the Issuer, and the assumption by any such successor of the covenants of the Issuer herein and in the Notes; or

(b) to add to the covenants of the Issuer, or to surrender any right or power herein conferred upon the Issuer by the Issuer, for the benefit of Debtholders of any or all Classes, Series or Tranches of Issuer Funding Obligations; or

(c) to cure any ambiguity, to correct or supplement any provision herein which may be inconsistent with any other provision herein, to correct a clear clerical or administrative error, or to make any other provisions with respect to matters or questions arising under this Indenture; or

(d) to provide for the issuance of any Series or Tranche of Notes as provided in Article IV and Article V and to set forth the terms thereof, and/or to add to the rights of the Noteholders of any Class, Series or Tranche; or

(e) to evidence and provide for the acceptance of appointment by another corporation as a successor Indenture Trustee hereunder; or

(f) to add any additional Events of Default in respect of any or all Classes, Series or Tranches of Issuer Funding Obligations; or

(g) to provide for the consolidation of any Financing Entity and the Issuer into a single Person or the transfer of assets in any Financing Entity to the Issuer; or

(h) if IESO is replaced under the Master Transfer and Servicing Agreement as Servicer, to make any necessary changes to this Indenture or any other related document; or

(i) to provide for additional forms of Credit Enhancement for any Class, Series or Tranche of Issuer Funding Obligations; or

(j) to facilitate the issuance of Foreign Currency Issuer Funding Obligations; or

(k) to comply with any regulatory, accounting, securities or tax laws, rules, regulations or requirements, or changes to Rating Agency ratings criteria; or

(l) to enable the Issuer to file a registration statement (and any related exhibits thereto) for the offering of securities registered under the U.S. Securities Act and to comply with Regulation AB (including, without limitation, ongoing reporting obligations thereunder); or

(m) to qualify for sale treatment under generally accepted accounting principles.

Additionally, notwithstanding any provision of this Article XI to the contrary and in addition to clauses (a) through (m) above, the Issuer and the Indenture Trustee may amend this Indenture, including any Supplemental Indenture, without the consent of any Specified Creditor but with 10 Business Days' prior notice to each Rating Agency and the Province, to modify, eliminate or add to the provisions of this Indenture (i) to facilitate compliance with any amendment to any change of law or regulation which applies to the Issuer or the transactions governed by the Program Agreements, or (ii) to cause the provisions hereof to conform to or be consistent with or in furtherance of the statements made with respect to this Indenture in any applicable offering document; in each case, provided that the Issuer shall deliver to the Indenture Trustee an Issuer Certificate to the effect that (A) the Issuer reasonably believes that such amendment will not have an Adverse Effect and is not reasonably expected to have an Adverse Effect at any time in the future or (B) such amendment is required to remain in compliance with any change of law or regulation which applies to the Issuer or the transactions governed by the Program Agreements, or such amendment is required to cause the provisions hereof to conform to or be consistent with or in furtherance of the statements made with respect to this Indenture in any applicable offering document.

Additionally, notwithstanding any provision of this Article XI to the contrary and in addition to clauses (a) through (m) above and the immediately preceding paragraph, this Indenture, including any Supplemental Indenture, may also be amended by the Issuer and the Indenture Trustee, without the consent of any Specified Creditor but with 10 Business Days' prior notice to each Rating Agency and the Province, for the purpose of (i) adding any provisions to, or changing in any manner or eliminating any of the provisions of, this Indenture or any

Supplemental Indenture or (ii) modifying in any manner the rights of the Specified Creditors under this Indenture or any Supplemental Indenture; provided, however, that (A) the Issuer shall deliver to the Indenture Trustee an Issuer Certificate to the effect that the Issuer reasonably believes that such amendment will not have an Adverse Effect and is not reasonably expected to have an Adverse Effect at any time in the future, and (B) the Rating Agency Condition shall be satisfied.

Additionally, notwithstanding any provision of this Article XI to the contrary and in addition to clauses (a) through (m) above and the immediately preceding paragraphs, this Indenture, including any Supplemental Indenture, may also be amended by the Issuer and the Indenture Trustee, without the consent of any Specified Creditor but with 10 Business Days' prior notice to each Rating Agency and the Province, to provide for those changes necessary for compliance with securities law requirements or banking laws or regulations; provided, however, that (i) the Issuer shall deliver to the Indenture Trustee an Issuer Certificate to the effect that the Issuer reasonably believes that such amendment will not have an Adverse Effect and is not reasonably expected to have an Adverse Effect at any time in the future, and (ii) the Rating Agency Condition shall be satisfied.

Prior written notice of any amendment to this Indenture or any Supplemental Indenture to the Province in accordance with the above paragraphs shall be sent by the Issuer and the Indenture Trustee. The Issuer and the Indenture Trustee shall send a copy of any amendment pursuant to this Section 11.01 to each Rating Agency and the Province; provided that failure to send copies of any amendment to this Indenture or any Supplemental Indenture, or failure to provide any notice under this Section 11.01 shall not invalidate such amendment.

The Indenture Trustee may, but shall not be obligated to, enter into any amendment which adversely affects the Indenture Trustee's rights, duties, benefits, protections, privileges or immunities under this Indenture or otherwise.

11.02 Supplemental Indentures and Amendments with Consent of Debtholders

In addition to any amendment permitted pursuant to Section 11.01, with 10 Business Days' prior notice to each Rating Agency and the Province, the consent of Debtholders of each Class, Series or Tranche of Issuer Funding Obligations affected by such amendment of this Indenture, including any Supplemental Indenture, by Ordinary Resolution delivered to the Issuer and the Indenture Trustee, and satisfaction of the Rating Agency Condition, the Issuer and the Indenture Trustee may enter into an amendment of this Indenture or any Supplemental Indenture for the purpose of adding any provisions to, or changing in any manner or eliminating any of the provisions of, this Indenture or of modifying in any manner the rights of the Debtholders of each such Class, Series or Tranche of Issuer Funding Obligations under this Indenture or any Supplemental Indenture; provided, however, that no such amendment of this Indenture or any Supplemental Indenture will, without the consent of each Debtholder of Issuer Funding Obligations affected thereby and satisfaction of the Rating Agency Condition:

(a) change an Interest Payment Date, Principal Payment Date or Principal Payment Default Date of any Issuer Funding Obligation;

(b) reduce the principal amount of, or the interest rate on any Note, or change the method of computing the Outstanding Dollar Principal Amount, the Outstanding Currency Specific Dollar Principal Amount or the Outstanding Dollar Principal Amount in a manner that is adverse to any Debtholders;

(c) reduce the amount of a Discount Note payable upon its acceleration;

(d) reduce the percentage in Outstanding Dollar Principal Amount of Issuer Funding Obligations of any Class, Series or Tranche, the consent of whose holders is required for any such amendment, or the consent of whose holders is required for any waiver of compliance with the provisions of this Indenture or of defaults hereunder and their consequences, provided for in this Indenture;

(e) modify any of the provisions of this Section 11.02 or Section 8.03, except to increase any percentage of Debtholders required to consent to any such amendment or to provide that other provisions of this Indenture cannot be modified or waived without the consent of the Debtholders affected thereby;

(f) change any Place of Payment where any principal of, or interest on, any Note is payable, unless otherwise provided in the Related Supplemental Indenture; or

(g) change the method of computing the amount of principal of, or interest on, any Note on any date.

An amendment of this Indenture or a Supplemental Indenture which changes or eliminates any covenant or other provision of this Indenture which has expressly been included solely for the benefit of one or more particular Classes, Series or Tranches of Issuer Funding Obligations, or which modifies the rights of the Debtholders of such Class, Series or Tranche with respect to such covenant or other provision, will be deemed not to affect the rights under this Indenture of the Debtholders of any other Class, Series or Tranche of Issuer Funding Obligations.

It will not be necessary for any Ordinary Resolution or Extraordinary Resolution under this Section 11.02 to approve the particular form of any proposed amendment or Supplemental Indenture, but it will be sufficient if such Ordinary Resolution or Extraordinary Resolution will approve the substance thereof.

The Issuer and the Indenture Trustee shall send a copy of any amendment pursuant to this Section 11.02 to each Rating Agency and the Province; provided that failure to send copies of any amendment to this Indenture or any Supplemental Indenture, or failure to provide any notice under this Section 11.02 shall not invalidate such amendment.

11.03 Execution of Amendments and Supplemental Indentures

In executing or accepting the additional trusts created by any amendment of this Indenture or Supplemental Indenture permitted by this Article XI or the modifications thereby of the trusts created by this Indenture, the Indenture Trustee will be provided with, and (subject to Section 9.01) will be fully protected in relying upon, an Opinion of Counsel stating that the execution of

such amendment or Supplemental Indenture is authorized or permitted by this Indenture and that all conditions precedent thereto have been satisfied. The Indenture Trustee may, but will not (except to the extent required in the case of an amendment or Supplemental Indenture entered into under subsection 11.01(e)) be obligated to, enter into any such amendment or Supplemental Indenture which affects the Indenture Trustee's own rights, duties or immunities under this Indenture or otherwise.

11.04 Effect of Amendments and Supplemental Indentures

Upon the execution of any amendment of this Indenture or any Supplemental Indenture under this Article XI, this Indenture and/or such Supplemental Indenture will be modified in accordance therewith with respect to each Class, Series or Tranche of Issuer Funding Obligations affected thereby, or all Issuer Funding Obligations, as the case may be, and such amendment or Supplemental Indenture will form a part of this Indenture and such Supplemental Indenture for all purposes; and every holder of Issuer Funding Obligations theretofore or thereafter incurred and every other Specified Creditor will be bound thereby to the extent provided therein.

11.05 Reference in Notes to Supplemental Indentures

Notes authenticated and delivered after the execution of any amendment of this Indenture or any Supplemental Indenture pursuant to this Article XI may, and will if required by the Indenture Trustee, bear a notation in form approved by the Indenture Trustee as to any matter provided for in such amendment or Supplemental Indenture. If the Issuer will so determine, new Notes so modified as to conform, in the opinion of the Indenture Trustee and the Issuer, to any such amendment or Supplemental Indenture may be prepared and executed by the Issuer and authenticated and delivered by the Indenture Trustee in exchange for Outstanding Notes.

ARTICLE XII
REPRESENTATIONS AND WARRANTIES OF THE ISSUER

12.01 Representations and Warranties of the Issuer

The Issuer hereby represents and warrants to the Indenture Trustee and shall be deemed to represent and warrant to the Indenture Trustee on the issuance of Notes of any particular Class, Series or Tranche hereunder, and upon each Borrowing under the applicable Funding Obligation Agreement, that:

(a) The Issuer is a Financing Entity.

(b) The indebtedness incurred pursuant to each issuance of Notes and each Borrowing is a Funding Obligation.

(c) The Issuer (i) is a trust duly constituted and validly existing under the laws of the Province of Ontario, (ii) is duly qualified to carry on its business in each jurisdiction in which it carries on business, (iii) has the power and authority to enter into and perform its obligations under this Indenture and the other Program Agreements executed by it and all instruments and agreements delivered pursuant hereto, and thereto and to own its property and carry on its business as currently

conducted including, without limitation, the power and authority and legal right to acquire Investment Interests, and (iv) has obtained all approvals from all Governmental Authorities required in connection with the execution, delivery and performance of the Program Agreements.

(d) The execution, delivery and performance of this Indenture, and at the time it enters into such document, the other Program Agreements executed by it and every instrument or agreement delivered pursuant hereto and thereto has been or will be duly authorized by all requisite action and this Indenture and such other Program Agreements, instruments and agreements have been or will be duly executed and delivered by the Issuer and constitute valid and binding obligations of the Issuer enforceable against the Issuer in accordance with their respective terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of the Issuer, threatened against or affecting the Issuer at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Issuer or in the ability of the Issuer to perform its obligations under this Indenture, the other Program Agreements executed by it or any agreement or instrument delivered pursuant hereto or thereto; and the Issuer is not aware of any existing ground on which such action, suit or proceeding might be commenced with any reasonable likelihood of success or of any default with respect to any judgment, order, writ, injunction, decree, award, rule or regulation of any court, arbitrator or Governmental Authority, which, either separately or in the aggregate, would result in any such material adverse change.

(f) The Issuer is not a party to any agreement or instrument which materially adversely affects its ability to perform its obligations under this Indenture, the other Program Agreements executed by it or any agreements or instruments delivered pursuant hereto or thereto or materially adversely affects the business, operations, prospects, properties, assets or condition, financial or otherwise of the Issuer.

(g) The Issuer is not subject to any restriction or any judgment, order, writ, injunction, decree, award, rule or regulation which materially adversely affects, or in the future may materially adversely affect, the business, operations, prospects, properties, assets or condition, financial or otherwise of the Issuer or its ability to perform its obligations under this Indenture, the other Program Agreements executed by it or any agreements or instruments delivered pursuant hereto or thereto.

(h) Neither the execution nor delivery of this Indenture, the other Program Agreements executed by it or any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein and therein contemplated, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the Declaration of Trust or any agreements or instruments to which the Issuer is a party or by which it or any of its property and assets are bound, or results or will result in the creation or imposition of any Lien of any nature whatsoever upon any of the property or assets of the Issuer.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of the Issuer is required in connection with the execution and delivery of this Indenture, the other Program Agreements executed by it or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or in connection with the enforcement of this Indenture, the other Program Agreements executed by it or any agreements or instruments delivered pursuant hereto or thereto (except those which have been obtained or deemed to have been obtained).

12.02 Certified Primary Obligations

The Issuer shall be deemed to represent and warrant to the Indenture Trustee on the incurrence of any Obligations Secured (other than Issuer Funding Obligations) that if the Issuer does not deliver the certificates contemplated by subsection 5.03(d), that the Obligations Secured are not Certified Primary Obligations.

ARTICLE XIII
COVENANTS OF THE ISSUER

13.01 Payment of Principal and Interest

With respect to each Class, Series or Tranche of Issuer Funding Obligations, the Issuer will duly and punctually pay the principal of and interest on such Issuer Funding Obligations in accordance with their terms, this Indenture and any Related Funding Obligation Agreement, and will duly comply with all the other terms, agreements and conditions contained in, or made in this Indenture and any Funding Obligation Agreement.

13.02 Use of Proceeds; Funding of Program Cash Reserve Account

The Issuer will use the proceeds of Notes and Borrowings solely for: (i) the acquisition by the Issuer of an Investment Interest; (ii) the redemption, repayment or repurchase of any existing Issuer Funding Obligations; (iii) the funding of Issuer Accounts; and (iv) the payment of transaction fees and expenses in connection with the incurrence of Issuer Funding Obligations.

13.03 Maintenance of Office or Agency

The Issuer will maintain an office or agency in each Place of Payment where Notes may be presented or surrendered for payment, where Notes may be surrendered for transfer or exchange and where notices and demands to or upon the Issuer in respect of the Notes and this Indenture may be served. The Issuer will give prompt written notice to the Indenture Trustee of the location, and of any change in the location, of such office or agency. If at any time the Issuer will fail to maintain such office or agency or will fail to furnish the Indenture Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office of the Indenture Trustee, and the Issuer hereby appoints the Indenture Trustee its agent to receive all such presentations, surrenders, notices and demands.

The Issuer may also from time to time designate one or more other offices or agencies where the Notes of one or more Classes, Series or Tranches may be presented or surrendered for any or all of such purposes specified above and may constitute and appoint one or more Paying Agents for the payments of such Notes, in one or more other cities, and may from time to time rescind such designations and appointments; provided, however, that no such designation, appointment or rescission shall in any matter relieve the Issuer of its obligations to maintain an office or agency in each Place of Payment for Notes of any Class, Series or Tranche for such purposes. The Issuer will give prompt written notice to the Indenture Trustee of any such designation or rescission and of any change in the location of any such other office or agency.

13.04 Legal Existence

The Issuer will do or cause to be done all things necessary to preserve and keep in full force and effect its legal existence and maintain its status as a Financing Entity.

13.05 Separateness Covenants

The Issuer will take all reasonable steps to maintain the Issuer's identity as a distinct entity with assets and liabilities distinct from those of the Manager and any of its Affiliates. Without limiting the generality of the foregoing and in addition to the other covenants set forth herein, the Issuer shall:

(a) not identify the offices of the Manager or any Affiliate thereof as its offices (by signage or otherwise);

(b) not identify the telephone number of the Manager as its telephone number and it will not utilize the stationery, invoices or cheques of the Manager;

(c) conduct all transactions with the Manager strictly on an arm's length basis and in good faith, allocate all overhead expenses for items shared between the Issuer and the Manager on the basis of actual use to the extent practicable and, to the extent such allocation is not practicable, on a basis reasonably related to actual use;

(d) conduct its affairs strictly in accordance with the Declaration of Trust, and observe all necessary, appropriate and trust formalities;

(e) maintain the Issuer's books and records separate from those of the Manager or any Affiliate thereof and otherwise readily identifiable as its own assets rather than assets of the Manager or any Affiliate thereof;

(f) prepare its financial statements separately from those of the Manager and ensure that any consolidated financial statements of the Manager that include the Issuer have notes clearly stating that the Issuer is a separate entity;

(g) only maintain bank accounts or other depository accounts to which the Issuer alone is the account party (or where the Issuer Trustee or the Indenture Trustee will maintain them on behalf of the Issuer), and from which only the Issuer or its agent has the power to make withdrawals;

(h) pay all of the Issuer's operating expenses from the Issuer's own assets (including, for greater certainty, reimbursing the Manager for any such expenses);

(i) continuously maintain the resolutions, agreements and other instruments of the Issuer underlying the transactions described in the Program Agreements as official records of the Issuer separately identified and held apart from the records of the Manager;

(j) maintain its property in such a manner that it is not costly or difficult to segregate, ascertain or otherwise identify its individual assets from or against those of the Manager or any Affiliate thereof; and

(k) not become liable to any Person for any obligations of the Manager or any Affiliate thereof.

13.06 Compliance with Laws

The Issuer will comply with the requirements of all applicable laws, the noncompliance with which would, individually or in the aggregate, materially and adversely affect the ability of the Issuer to perform its obligations under the Program Agreements.

13.07 Performance of Obligations

(a) The Issuer will punctually perform and observe all of its obligations and agreements contained in this Indenture, the Declaration of Trust, the Master Transfer and Servicing Agreement, the other Program Agreements and in the instruments and agreements relating to the Collateral, including but not limited to filing or causing to be filed all PPSA financing statements and amendments thereto required to be filed by the terms of this Indenture in accordance with and within the time periods provided for herein.

(b) The Issuer (i) will diligently pursue any and all actions to enforce its rights under each instrument or agreement included in the Collateral and (ii) will not take any action and will use its best efforts not to permit any action to be taken by others that would release any Person from any of such Person's covenants or obligations

under any such instrument or agreement or that would result in the amendment, hypothecation, subordination, termination or discharge of, or impair the validity or effectiveness of, any such instrument or agreement, except, in each case, as expressly provided in this Indenture, the Master Transfer and Servicing Agreement or any other Program Agreement.

(c) The Issuer will enforce the Servicer's compliance with and performance of all of the Servicer's material obligations under the Master Transfer and Servicing Agreement. The Issuer will enforce the Manager's compliance with and performance of all of the Manager's material obligations under the Management Agreement.

13.08 Funding Obligations

The Issuer will ensure that all indebtedness is incurred pursuant to and in accordance with Article V. **The Issuer will not enter into any Funding Obligation Agreement, other than a Warehouse Facility Agreement, that provides for Issuer Funding Obligations that have principal repayment obligations that the Manager believes, acting reasonably having regard to the Financing Plan and all Issuer Funding Obligations then outstanding, would likely require the Issuer to satisfy payments of principal on any Principal Payment Date in respect of such Issuer Funding Obligations by means of a Refinancing other than a Pre-Approved Refinancing.**

13.09 Financial Statements

The Issuer will deliver or cause to be delivered to the Indenture Trustee and the Rating Agencies within 140 days after the end of each fiscal year audited financial statements of the Issuer for the fiscal year, including the balance sheet and statements of income, retained earnings and changes in financial position of the Issuer, and within 90 days after the end of each fiscal quarter, other than the fiscal quarter of the Issuer ending on the fiscal year end of the Issuer, unaudited financial statements of the Issuer for such fiscal quarter of the Issuer, including the balance sheet and statements of income, retained earnings and changes in financial position of the Issuer. The Indenture Trustee shall send a copy of each financial statement delivered pursuant to this Section 13.09 to each Noteholder.

13.10 Statement as to Compliance

The Issuer will deliver to the Indenture Trustee and the Rating Agencies, on or before March 31 of each year, beginning in 2018, a written statement signed by a Responsible Officer of the Issuer stating that:

(a) a review of the activities of the Issuer during the prior year and of the Issuer's performance under this Indenture and under the terms of the Notes has been made under such Responsible Officer's supervision; and

(b) to the best of such Responsible Officer's knowledge, based on such review, the Issuer has complied in all material respects with all conditions and covenants under this Indenture throughout such year and that no Default or Event of Default

has occurred, or, if there has been a material Default or an Event of Default has occurred, specifying each such Default or Event of Default known to such Responsible Officer and the nature and status thereof.

13.11 Payment Instructions

Promptly after the receipt by the Issuer of each Monthly Report under the Master Transfer and Servicing Agreement, the Issuer will, in cooperation with the Manager, complete the Payment ~~Instructions~~**Instruction** in respect of the Collection Account and deliver a copy thereof to the Indenture Trustee and the Paying Agent (if the Paying Agent is not the Indenture Trustee) at least ~~three~~**two** (~~3~~**2**) Business Days prior to the applicable Payment Date. At least ~~three~~**two** (~~3~~**2**) Business Days prior to any date on which payments are to be made pursuant to Sections 7.05 to 7.11, the Issuer will, in cooperation with the Manager, complete and deliver to the Indenture Trustee and the Paying Agent (if the Paying Agent is not the Indenture Trustee) a copy of the Payment ~~Instructions~~**Instruction** in respect of the Interest Accumulation Account, the Principal Accumulation Account**, the IESO Cash Reserve Account,** the Program Cash Reserve Account, the Protection Account or ~~the~~**any** Series Account, as applicable.

13.12 Notice of Certain Events; Protection Event

(a) The Issuer agrees to give the Indenture Trustee and the Rating Agencies prompt written notice of: (i) each Event of Default; (ii) each breach on the part of the Issuer or the Servicer of its respective obligations under the Master Transfer and Servicing Agreement**, including any Servicer Default (notice of which Servicer Default shall state that it is a "Notice of Servicer Default")**; (iii) each breach on the part of the Manager of its obligations under the Management Agreement; (iv) any default of the Issuer or a Derivative Counterparty under a Derivative Agreement; and (v) any Protection Event and the nature thereof.

(b) Within 10 Business Days after receipt by the Indenture Trustee of notice of any **Servicer Default or** Protection Event, the Indenture Trustee shall provide notice thereof to each Specified Creditor; provided, however, that the Indenture Trustee shall not be liable for failing to distribute any written notice pursuant to this subsection 13.12(b) to any party that is at the time of delivery a Specified Creditor but is not on the lists of Specified Creditors held by the Indenture Trustee pursuant to subsection 9.14(a).

(c) Upon the occurrence of a Protection Event and at the request of the Issuer or **any** Controlling Class ~~Creditors, by Ordinary Resolution~~**Creditor**, the Indenture Trustee shall deliver a written demand to the Province requiring the Province to make payments on Obligations Secured pursuant to and in accordance with the Change of Law Protection Agreement. If, following such request, the Indenture Trustee does not deliver such written demand to the Province within 10 days of such request, any Controlling Class Creditor shall be entitled to deliver such written demand to the Province.

13.13 Issuer To Furnish Indenture Trustee Names and Addresses of Specified Creditors

(a) The Issuer will furnish or cause to be furnished to the Indenture Trustee:

(i) not more than 15 days after each Record Date, in such form as the Indenture Trustee may reasonably require, a list of the names and addresses of the Registered Noteholders of each applicable Class, Series or Tranche as of such date, and

(ii) at such other times as the Indenture Trustee may request in writing, within 30 days after the receipt by the Issuer of any such request, a list of similar form and content as of a date not more than 15 days before the time such list is furnished;

provided, however, that so long as the Indenture Trustee is the Note Registrar, no such lists shall be required to be furnished.

(b) Upon written request from the Indenture Trustee, within 10 Business Days after the receipt by the Issuer of any such request, the Issuer will furnish or cause to be furnished to the Indenture Trustee a list, substantially in the form of Exhibit 3 of the names and addresses of all Specified Creditors (other than Noteholders), together with a reference to such Specified Creditor's Program Agreement, provided that no written request shall be required for the deliveries in subsection 5.01(h) or 5.03(c).

13.14 Other Positive Covenants

The Issuer will:

(a) in the event that the Issuer shall be required to file tax returns, the Manager shall prepare or shall cause to be prepared such tax returns and shall provide such tax returns to the Issuer for signature at least five (5) Business Days before such tax returns are due to be filed. The Issuer, in accordance with the terms of each applicable Supplemental Indenture, shall also prepare or shall cause to be prepared all tax information required by applicable law to be distributed to any Noteholder and shall deliver such information to the Indenture Trustee at least five (5) Business Days prior to the date it is required by applicable law to be distributed to any Noteholder. The Indenture Trustee, upon written request, will furnish the Manager with all such information known to the Indenture Trustee as may be reasonably requested and required in connection with the preparation of all tax returns of the Issuer;

(b) subject to the payment priorities provided in Sections 7.04(e) and 8.13, pay or cause to be paid all Taxes levied, assessed or imposed upon the Issuer and its property or any part thereof, as and when the same become due and payable; provided that the Issuer may protest the payment of any such Taxes if it is acting in good faith and if it either provides the Indenture Trustee with cash in an amount

sufficient to satisfy the same or otherwise satisfies the Indenture Trustee that its interests are not prejudiced thereby and the Rating Agency Condition is satisfied;

(c) upon the written request of the Indenture Trustee, use reasonable commercial efforts, following any (i) termination or resignation of the Servicer, the Manager or the Paying Agent or, in each case, any successor thereof; or (ii) termination, non-renewal or expiry of a Liquidity Agreement or a Credit Enhancement Agreement (other than, in the latter case, a termination, non-renewal or expiry which occurs because neither party thereto has any further obligation thereunder), to appoint and enter into an agreement with a successor to such Servicer, Manager or Paying Agent, or replace or renew such Liquidity Agreement or Credit Enhancement Agreement, in form and substance the same as the applicable provisions in the previously existing Program Agreement and will notify the Indenture Trustee and the Rating Agencies of each such occurrence and new agreement, and will execute and deliver all Supplemental Indentures and amendments hereto and all instruments of further assurance and other instruments and will take other and further action as the Indenture Trustee, relying on the advice of counsel, may consider necessary or advisable to assign and render subject to this Indenture any such agreement; and

(d) deliver or cause to be delivered to the Indenture Trustee and the Rating Agencies on a confidential basis (excepting only, on the part of the Rating Agencies, for purposes of rating the securities of the Issuer) (i) copies of all Program Agreements (including any amendments thereto) in effect from time to time; and (ii) such reports and other information relating to the conduct of the business and affairs of the Issuer as the Indenture Trustee and the Rating Agencies may reasonably require including, without limitation, information pertaining to any actual or anticipated Event of Default or other event which could reasonably be anticipated to have a material adverse effect on the affairs of the Issuer.

13.15 Rule 144A Information

For so long as Notes of any Class, Series or Tranche are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Exchange Act, the Issuer agrees to provide to any Noteholder of such Class, Series or Tranche and to any prospective purchaser of Notes designated by such Noteholder, upon the request of such Noteholder or prospective purchaser, any information required to be provided to such Noteholder or prospective purchaser to satisfy the conditions set forth in Rule 144A(d)(4) under the Securities Exchange Act.

13.16 Further Instruments and Acts

Upon request of the Indenture Trustee or as necessary, the Issuer will execute and deliver such further instruments and do such further acts (including, but not limited to, disclosing or causing to be disclosed information) as may be reasonably necessary or proper to carry out more effectively the purpose of this Indenture.

13.17 No Other Business

The Issuer will not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto.

13.18 Amendments to Program Agreements

(a) Unless the Rating Agency Condition is satisfied~~ and 10 Business Days' prior notice is given to the Province~~**, the Issuer will not make any material amendments to any Program Agreement (other than this Indenture and Derivative Agreements).**

(b) **Without in any way limiting clause (a)**, the Issuer will not:

(i) amend, supplement, modify, restate or replace, or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to, any of the Program Agreements (other than this Indenture, Derivative Agreements and the Declaration of Trust) if any such supplementation, amendment, modification, restatement or replacement, or waiver or consent, could reasonably be considered to be materially prejudicial to the rights or interests of any Specified Creditor(s), except as expressly permitted by such Specified Creditor(s)**, and subject to the Province having been given 10 Business Days' prior notice**; provided that failure to provide such notice shall not invalidate such amendment, supplementation, modification, restatement or replacement, or waiver or consent~~)~~; or

(ii) consent, if consent is required, to the resignation of the Manager under the Management Agreement.

(c) ~~(b) The~~**Without in any way limiting clause (a), the** Issuer will not amend the Declaration of Trust if such amendment would have an Adverse Effect or would reasonably be expected to have an Adverse Effect at any time in the future; provided that if an amendment would have, or would reasonably be expected to have, an Adverse Effect, such amendment may only be made ~~with~~**if the Issuer has obtained** the consent of the Debtholders affected thereby, acting pursuant to an Ordinary Resolution.

(d) ~~(c)~~ Upon receipt of an Issuer Certificate directing it to do so (provided that the Issuer has certified that the conditions set forth in Section 13.18(~~a~~**b**) or 13.18(~~b~~**c**), as applicable, have been satisfied), the Indenture Trustee shall execute any amendment, supplementation, modification, restatement or replacement of any Program Agreement to which it is a party (by acknowledgment or otherwise).

13.19 Issuer May Consolidate, Etc., Only on Certain Terms

The Issuer shall not consolidate or merge with or into any other Person, or sell, convey, exchange, transfer or otherwise dispose of any of its properties or assets included in the Collateral to any Person (in this Section 13.19, a "**transaction**"), unless:

(a) the Person (if other than the Issuer) formed by or surviving the consolidation or merger, or the Person that acquires by conveyance or transfer the properties and assets of the Issuer the conveyance or transfer of which is restricted, as applicable, shall: (i) be a Financing Entity, (ii) be organized and existing under the laws of Canada or any province or territory thereof, (iii) not be a Non-resident, (iv) not be subject to regulation as an "investment company" under the Investment Company Act, (v) expressly assume, pursuant to an assignment and/or assumption agreement or supplement executed and delivered to the Indenture Trustee, in a form satisfactory to the Indenture Trustee, the due and punctual payment of all Obligations Secured then outstanding and the performance or observance of every agreement and covenant of the Issuer in this Indenture and the other Program Agreements to which the Issuer is a party; and (vi) in the case of a conveyance or transfer only, expressly agree, by means of such assignment and/or assumption agreement or supplement, that (A) all right, title and interest so conveyed or transferred is subject and subordinate to the Security Interest, and (B) it shall make all filings required by applicable securities laws in connection with the Notes;

(b) immediately after giving effect to such transaction, no Event of Default shall have occurred and be continuing;

(c) the Issuer shall have delivered to the Indenture Trustee an Issuer Certificate and an Opinion of Counsel each stating that (i) such transaction and the agreements delivered in connection therewith comply with this Section 13.19, (ii) all conditions precedent in this Section 13.19 relating to such transaction have been complied with, and (iii) each agreement delivered in connection with such transaction has been duly authorized, executed and delivered, and is valid, binding and enforceable against the surviving Person or transferee, as applicable;

(d) the Rating Agency Condition shall have been satisfied with respect to such transaction; and

(e) any action that is necessary to maintain the Security Interest shall have been taken.

13.20 Successor Substituted

Upon any consolidation or merger, or any conveyance or transfer of the properties and assets of the Issuer substantially as an entirety in accordance with Section 13.19, the Person formed by or surviving such consolidation or merger (if other than the Issuer) or the Person to which such conveyance or transfer is made shall succeed to, and be substituted for, and may exercise every right and power of, the Issuer under this Indenture with the same effect as if such

Person had been named as the Issuer herein. In the event of any such conveyance or transfer, the Person named as the Issuer in the first paragraph of this Indenture or any successor which shall theretofore have become such in the manner prescribed in this Section 13.20 shall be released from its obligations under this Indenture as issued immediately upon the effectiveness of such conveyance or transfer.

13.21 Guarantees, Loans, Advances and Other Liabilities

Except as contemplated by this Indenture or the Declaration of Trust, the Issuer shall not make any loan or advance or credit to, or guarantee (directly or indirectly or by an instrument having the effect of assuring another's payment or performance on any obligation or capability of so doing or otherwise), endorse or otherwise become contingently liable, directly or indirectly, in connection with the obligations, stocks or dividends of, or own, purchase, repurchase or acquire (or agree contingently to do so) any stock, obligations, assets or securities of, or any other interest in, or make any capital contribution to, any other Person.

13.22 Capital Expenditures

The Issuer shall not make any expenditure (by long-term or operating lease or otherwise) for capital assets.

13.23 Restricted Payments

The Issuer is permitted to declare or make payable any amounts to the owner of units in the Issuer as permitted by and in accordance with the Declaration of Trust, and redeem (at the request of an owner or otherwise), purchase, retire or otherwise acquire for value any units in the Issuer, provided that the Issuer may only satisfy the distribution declared or made payable, or the redemption or purchase price of any units so redeemed, purchased, retired or otherwise acquired, in cash or property to the extent that cash or property is available for such purpose, subject to Sections 7.04, 7.10 and 8.13. For greater certainty, if the Issuer is restricted from satisfying the foregoing amounts in cash or property pursuant to the provisions of this Section, then the Issuer shall satisfy such amounts through the issuance of additional units and/or a promissory note to its unitholders in accordance with the Declaration of Trust.

13.24 Redemption of Subordinated Notes or Junior Subordinated Notes

Notwithstanding anything in the Related Supplemental Indenture to the contrary, the Issuer may not redeem any Series or Tranche of Subordinated Notes or Junior Subordinated Notes, in whole at any time or in part from time to time, unless the following conditions have been satisfied both before and after giving effect to the redemption, as certified by the Issuer pursuant to an Issuer Certificate:

(a) no Default or Event of Default shall have occurred and be continuing;

(b) all Issuer Accounts shall have been fully funded in accordance with the provisions of this Indenture and any Funding Obligation Agreement; and

(c) the sum of the Outstanding Dollar Principal Amount of Subordinated Funding Obligations and Junior Subordinated Funding Obligations after giving effect to the redemption shall be no less than 35% of the aggregate Outstanding Dollar Principal Amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations.

13.25 No Borrowing

The Issuer will not issue, incur, assume, guarantee or otherwise become liable, directly or indirectly, for any additional indebtedness, except for Funding Obligations and except pursuant to the Program Agreements.

13.26 Minimum Subordinated Funding Obligations

(a) The Issuer will not permit the aggregate Outstanding Dollar Principal Amount of Subordinated Funding Obligations and Junior Subordinated Funding Obligations to be less than 35% of the **aggregate** Outstanding Dollar Principal Amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations.

(b) The Issuer will not permit the aggregate Outstanding Dollar Principal Amount of Junior Subordinated Funding Obligations to be less than 10% of the aggregate Outstanding Dollar Principal Amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations.

13.27 Other Negative Covenants

The Issuer will not:

(a) claim any credit on, or make any deduction from the principal or interest payable in respect of, the Notes or Borrowings (other than amounts withheld or deducted as described in Section 16.02);

(b) permit the validity or effectiveness of this Indenture to be impaired, or permit the Security Interest to be amended, hypothecated, subordinated, terminated or discharged, or permit any Person to be released from any covenants or obligations hereunder with respect to any Program Agreements except as may be expressly permitted hereby;

(c) permit any Lien (other than Permitted Liens) to be created on or extend to or otherwise arise upon or burden the Collateral or any part thereof or any interest therein or the proceeds thereof;

(d) sell, transfer, exchange or otherwise dispose of any of the Collateral except as may be expressly permitted hereby;

(e) release any security or guarantee in respect of the Collateral;

(f) voluntarily dissolve or liquidate; or

(g) take any action that would cause it to be treated as engaged in a "trade or business within the United States" within the meaning of applicable U.S. tax law interpreting section 864 of the Internal Revenue Code or its successor or predecessor provisions.

13.28 Indenture Trustee May Perform Covenants

If the Issuer fails to perform any of its covenants herein contained, the Indenture Trustee may, subject to the receipt of indemnification and funding reasonably acceptable to the Indenture Trustee as provided in Section 9.02(d), itself perform the covenant if the covenant is capable of being performed by the Indenture Trustee and, if the covenant requires the payment or expenditure of money, the Indenture Trustee may make the payment or expenditure with money borrowed by or advanced to it for such purpose, but will be under no obligation to do so; and all sums so expended or advanced will bear interest at the rate of interest charged to the Indenture Trustee by its bankers from the date of expenditure until repayment and will (together with such interest) be paid by the Issuer upon demand and will until paid form part of the Obligations Secured and constitute a Lien on the Collateral to which such covenant related in priority to the Security Interest and will be payable out of any funds coming into possession of the Indenture Trustee hereunder. No performance or payment will be deemed to relieve the Issuer from the consequences of the occurrence of any Event of Default hereunder.

ARTICLE XIV
CERTAIN PROGRAM AGREEMENTS

14.01 Management Agreement

The Indenture Trustee acknowledges that the Issuer has entered into the Management Agreement which provides, among other things, for the provision of certain services and the performance by the Manager of certain obligations of the Issuer under this Indenture connected with the Issuer Investment Interest, the incurrence of Issuer Funding Obligations and all registrations required pursuant to Section 4.05. Accordingly, any obligation of the Issuer hereunder performed by the Manager on behalf of the Issuer will be deemed to have been performed by the Issuer and any payments referred to hereunder received or received and applied against the Issuer Funding Obligations by the Manager on behalf of the Issuer will be deemed to have been received or received and applied by the Issuer. The Indenture Trustee may act and rely on any instrument or report referred to hereunder prepared by the Manager on behalf of the Issuer as if the instrument or report had been prepared by the Issuer.

14.02 Credit Enhancement Agreements

The Indenture Trustee acknowledges that the Issuer may enter into one or more Credit Enhancement Agreements which provide, among other things, for the right of the Issuer, the Indenture Trustee or the Manager, as attorney for the Issuer, to make drawings on Credit Enhancers for the purpose of paying maturing Issuer Funding Obligations and repaying Borrowings under Liquidity Agreements. The Indenture Trustee hereby appoints the Manager as the Indenture Trustee's attorney, with full authority in the place and stead of and in the name of

the Indenture Trustee or otherwise, from time to time to make any drawings pursuant to a Credit Enhancement Agreement (provided that written notice of any drawings shall be given by the Manager to the Indenture Trustee) and, in that connection, to execute and deliver all such documents, instruments and certificates including, without limitation, any drawing certificates required to be delivered to a Credit Enhancer at the time any drawing is made, and to do all such further acts and things and to take all such proceedings as the Manager in its sole discretion deems necessary or desirable to enforce compliance by a Credit Enhancer with the terms of a Credit Enhancement Agreement.

14.03 Declaration of Trust

The Indenture Trustee acknowledges that pursuant to the Declaration of Trust, the Indenture Trustee may appoint a successor Issuer Trustee if the Issuer Trustee and the unitholders of the Issuer fail to appoint such a successor. The Indenture Trustee will only exercise such right if it has received an Ordinary Resolution of Controlling Class Creditors directing it to take such action.

ARTICLE XV
NOTICES

15.01 Notice to Issuer

Any notice, document or other communication required or permitted to be given or delivered to the Issuer hereunder will be in writing and will be valid and effective if given by delivery to the addresses indicated below or by facsimile or email transmission at such addresses (with, in the case of facsimile or email transmission, receipt confirmed, either by telephone, reply facsimile or reply email, or, in the case of email transmission, through the email software itself) and such notice, document or other communication shall be deemed to have been received, if given by delivery, on the day of delivery, and, if sent by facsimile or email transmission, on the day receipt thereof has been confirmed in accordance with the provisions of this Section 15.01. Such notice shall, if given on a day other than a Business Day or after the normal business hours of the recipient on a Business Day, be deemed to have been given on the next Business Day:

Fair Hydro Trust
c/o Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6

Attention: Vice President, Fair Hydro Plan
Fax: (416) 592-4189
~~[~~Email: ■**FHP**@opg.com~~]~~

Attention: General Counsel
Fax: (416) 592-4189
~~[Email: ■@opg.com]~~

with copies to:

Computershare Trust Company of Canada, in its capacity as
Issuer Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1

Attention: Manager, Corporate Trust
Fax: (416) 981-9777
Email: corporatetrust.toronto@computershare.com

15.02 Notice to the Indenture Trustee

Any notice, document or other communication required or permitted to be given or delivered to the Indenture Trustee hereunder will be in writing and will be valid and effective if given by delivery to the address indicated below or by facsimile transmission at such address (with, in the case of facsimile transmission, receipt confirmed, either by telephone or reply facsimile) and such notice, document or other communication shall be deemed to have been received, if given by delivery, on the day of delivery, and, if sent by facsimile transmission, on the day receipt thereof has been confirmed in accordance with the provisions of this Section 15.02. Such notice shall, if given on a day other than a Business Day or after the normal business hours (being 5:00 p.m. (Toronto time)) of the Indenture Trustee on a Business Day, be deemed to have been given on the next Business Day:

BNY Trust Company of Canada
One York Street, 6th Floor
Toronto, Ontario M5J 0B6

Attention: Corporate Trust Administration
Fax: (416) 360-1711

15.03 Notice to Noteholders

(a) Any notice, document or other communication required or permitted to be given or delivered hereunder to Registered Noteholders will be deemed to be validly given if sent to a destination within Canada by first class mail and if sent to a destination outside of Canada by airmail, postage prepaid in each case, sent by facsimile transmission or email transmission, addressed in each case to the Registered Noteholder at its address appearing in the Note Register, not later than the latest date, and not earlier than the earliest date, prescribed for the giving of such notice. In any case where notice to Registered Noteholders is given by mail, facsimile or electronic transmission, neither the failure to mail, send by facsimile or send by electronic transmission such notice, nor any defect in any notice so mailed, to any particular Noteholders will affect the sufficiency of such notice with respect to other Noteholders and any notice that is mailed, sent by facsimile or sent by electronic transmission in the manner herein provided shall conclusively have been presumed to have been duly given. In the case where CDS is the Registered Noteholder, notices, documents or other communications may be

given by hand-delivery and such notice, document or other communication shall be deemed to have been received on the day of delivery.

(b) No notice will be given by mail, facsimile, email transmission or otherwise delivered to a holder of Bearer Notes or coupons in bearer form. In the case of any Class, Series or Tranche with respect to which any Bearer Notes are Outstanding, any notice required or permitted to be given to holders of such Bearer Notes will be published in an Authorized Newspaper within the time period prescribed in this Indenture or the Related Supplemental Indenture.

(c) In case, by reason of the suspension of regular mail service as a result of a strike, work stoppage or otherwise, it will be impractical to mail notice of any event to any holder of a Registered Note when such notice is required to be given pursuant to any provision of this Indenture, then any method of notification as will be satisfactory to the Indenture Trustee and the Issuer will be deemed to be a sufficient giving of such notice.

(d) With respect to any Series or Tranche of Notes, the Related Supplemental Indenture or Terms Document may specify different or additional means of giving notice to the Noteholders of such Series or Tranche.

(e) Where this Indenture, any Supplemental Indenture or any Registered Note provides for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver will be the equivalent of such notice. Waivers of notice by Registered Noteholders will be filed with the Indenture Trustee, but such filing will not be a condition precedent to the validity of any action taken in reliance upon such waiver.

15.04 Notice to Other Specified Creditors

Any notice, document or other communication required or permitted to be given or delivered to any Specified Creditor (other than Noteholders) hereunder will be in writing and will be given by delivery to the applicable addresses provided to the Issuer by such Specified Creditor and set forth in the Specified Creditor list delivered pursuant to subsection 13.13(b) or by facsimile or electronic transmission. Any such notice shall, if given on a day other than a Business Day or after the normal business hours of the recipient on a Business Day, be deemed to have been given on the next Business Day.

15.05 Notice to Rating Agencies

Any notice, document or other communication required or permitted to be given or delivered to the Rating Agencies hereunder will be in writing and will be given by delivery to the applicable addresses provided to the Issuer by the Rating Agencies or by facsimile or electronic transmission. Any such notice shall, if given on a day other than a Business Day or after the normal business hours of the recipient on a Business Day, be deemed to have been given on the next Business Day. Where this Indenture provides for notice to any Rating Agency, failure to

give such notice will not affect any other rights or obligations created hereunder and will not under any circumstance constitute an Adverse Effect.

15.06 Change of Address

Any Person referenced above may from time to time notify any other interested Person, in accordance with the provisions hereof, of any change of address which thereafter, until changed by like notice, shall be the address of such Person for all purposes of this Indenture.

ARTICLE XVI
MISCELLANEOUS

16.01 No Petition

The Indenture Trustee, by entering into this Indenture, and each Specified Creditor by accepting its rights as a third party beneficiary hereunder, agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Issuer Funding Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Issuer.

16.02 Withholding Rights

The right of any Person to receive amounts described in this Indenture, including rights of a Noteholder to receive interest on or principal of a Note, or the rights of a Person to receive payments described in the Payment Waterfalls, shall be subject to any applicable withholding or deduction imposed pursuant to the Income Tax Act or other applicable tax law, including foreign withholding and deduction. Any amounts properly withheld or deducted shall be treated as actually paid to the appropriate recipient, provided that such deduction or withheld amounts are actually remitted in accordance with applicable law to the appropriate Governmental Authority.

16.03 U.S. Tax Treatment

The Issuer and each Noteholder that is a United States Person agree that the Notes are intended to be debt for United States federal, state and local income and franchise tax purposes and agree to treat the Notes accordingly for all such purposes, unless otherwise required by a taxing authority. Each Noteholder that is a United States Person further agrees that it will cause any Note Owner that is a United States Person acquiring an interest in a Note through it to comply with this Indenture as to treatment as indebtedness for United States federal, state and local income and franchise tax purposes as described in this Section 16.03.

16.04 Alternate Payment Provisions

Notwithstanding any provision of this Indenture or any of the Notes to the contrary, the Issuer, with the written consent of the Indenture Trustee, may enter into any agreement with any Noteholder providing for a method of payment or notice that is different from the methods provided for in this Indenture for such payments or notices. The Issuer will furnish to the Indenture Trustee a copy of each such agreement and the Indenture Trustee will cause payments or notices, as applicable, to be made in accordance with such agreements.

16.05 Final Distribution

(a) The Issuer shall give the Indenture Trustee at least 30 days written notice of the Principal Payment Date on which the Noteholders of any Class, Series or Tranche may surrender their Notes for payment of the final distribution on and cancellation of such Notes. Not later than the fifth day of the month in which the final distribution in respect of such Class, Series or Tranche is payable to Noteholders, the Indenture Trustee shall provide notice to Noteholders of such Class, Series or Tranche specifying (i) the date upon which final payment of such Class, Series or Tranche will be made upon presentation and surrender of Notes of such Class, Series or Tranche at the office or offices therein designated, (ii) the amount of any such final payment, and (iii) that the Record Date otherwise applicable to such Principal Payment Date is not applicable, payments being made only upon presentation and surrender of such Notes at the office or offices therein specified (which, in the case of Bearer Notes, shall be outside the United States). The Indenture Trustee shall give such notice to the Note Registrar and the Paying Agent at the time such notice is given to Noteholders.

(b) Notwithstanding a final distribution to the Noteholders of any Class, Series or Tranche of Notes (or the termination of the Issuer), except as otherwise provided in this paragraph, all funds then on deposit in any Series Account allocated solely to such Noteholders shall continue to be held in trust for the benefit of such Noteholders, and the Paying Agent or the Indenture Trustee shall pay such funds to such Noteholders upon surrender of their Notes, if certificated. In the event that all such Noteholders shall not surrender their Notes for cancellation within six (6) months after the date specified in the notice from the Indenture Trustee described in paragraph (a), the Indenture Trustee shall give a second notice to the remaining such Noteholders to surrender their Notes for cancellation and receive the final distribution with respect thereto (which surrender and payment, in the case of Bearer Notes, shall be outside the United States). If within one (1) year after the second notice all such Notes shall not have been surrendered for cancellation, the Indenture Trustee may take appropriate steps, or may appoint an agent to take appropriate steps, to contact the remaining such Noteholders concerning surrender of their Notes, and the cost thereof shall be paid out of the funds in the Collection Account or any Series Account held for the benefit of such Noteholders. The Indenture Trustee and the Paying Agent shall pay to the Issuer any monies held by them for the payment of principal or interest that remains unclaimed for two (2) years. After payment to the Issuer, Noteholders entitled to the money must look to the Issuer for payment as general creditors unless an applicable abandoned property law designates another Person.

16.06 Force Majeure

In no event shall the Indenture Trustee or the Issuer Trustee be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural

catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services; it being understood that the Indenture Trustee and the Issuer Trustee shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

16.07 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Indenture.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly executed as of the day and year first above written.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of **FAIR HYDRO TRUST**, as Issuer

By: **ONTARIO POWER GENERATION INC.**, not in its individual capacity but solely as Manager

By: _____

Name:
Title:

By: _____

Name:
Title:

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

By:

Name:
Title:

Schedule A
DEFINED TERMS

"**Acceleration Event**" means the acceleration of any Series of Controlling Class Obligations pursuant to and in accordance with the Related Funding Obligation Agreement.

"**Act**" means *Ontario Fair Hydro Plan Act, 2017*.

"**Action**" has the meaning specified in Section 1.04.

"Adherence Compliance Certificate" has the meaning specified in the Change of Law Protection Agreement.

"**Adverse Effect**" means, whenever used in this Indenture with respect to any action, that such action will at the time of its occurrence (a) result in the occurrence of an Event of Default or any event which with the giving of notice or passage of time, or both, would become an Event of Default, (b) adversely affect the amount or timing of any payment to be made to any Debtholder or Derivative Counterparty pursuant to this Indenture or any Program Agreement, (c) materially adversely affect the amount or timing of payments to be made to the Specified Creditors (other than Debtholders and Derivative Counterparties) pursuant to this Indenture or any Program Agreement, or (d) adversely affect the Security Interest and the rights and remedies of the Indenture Trustee in respect thereof.

"**Affected Party**" has the meaning specified in the applicable Derivative Agreement.

"**Affiliate**" means, with respect to any specified Person, any other Person controlling or controlled by or under common control with such specified Person. For the purposes of this definition, "**control**" when used with respect to any specified Person means the power to direct the management and policies of such specified Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, and the terms "**controlling**" and "**controlled**" have meanings correlative to the foregoing.

"**Agency Agreement**" means an agency agreement made between the Issuer and one or more Persons acting on behalf of the Issuer, providing for the sale and distribution of Notes on an agency basis.

"**Approved Obligation**" has the meaning specified in the Change of Law Protection Agreement.

"Approved Obligation Amount" has the meaning specified in the Change of Law Protection Agreement.

"**Authorized Newspaper**" means any newspaper or newspapers of general circulation, in the case of Notes issued in the United States, in the Borough of Manhattan, The City of New York, and in the case of Notes issued in Canada, in the City of Toronto, in each case printed in the English language and customarily published on each Business Day at such place, whether or not published on Saturdays, Sundays or holidays, or if and so long as Notes of any Class, Series or Tranche are listed on any securities exchange and that exchange so requires, the newspaper of

record required by the applicable securities exchange, printed in any language satisfying the requirements of such exchange.

"**Available Collections**" means, for any Monthly Period, without duplication: (a) the Servicer CEA Receipts paid to the Issuer in accordance with Section [3.3] of the Master Transfer and Servicing Agreement, plus investment earnings allocable to the amounts on deposit in the Collection Account, plus any other amounts, or allocable portion thereof, to be treated as Available Collections, subject to this Indenture and any applicable Supplemental Indenture; (b) the IESO Carrying Cost Payments (other than the IESO Cash Reserve Deposit Amount); and (c) amounts received by the Issuer pursuant to Derivative Agreements.

"**Bearer Note**" means a Note in bearer form.

"**Benefit Plan**" means an "employee benefit plan" as defined in Section 3(3) of ERISA, which is subject to the provisions of Title I of ERISA, a "plan" described in and subject to Section 4975 of the Code, or an entity whose underlying assets include "plan assets" by reason of an employee benefit plan's investment in the entity.

"**Borrowing**" means a borrowing or drawing by the Issuer pursuant to a Liquidity Agreement, a Loan Agreement or a Credit Enhancement Agreement.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are, or the office of the Indenture Trustee is, authorized or obligated by applicable law, regulation or executive order to be closed.

"**Canadian Depository**" means, unless otherwise specified by the Issuer pursuant to any of Section 3.04, 3.06, or 4.01, with respect to Notes issuable or issued as a Global Note within Canada, CDS Clearing and Depository Services Inc., or any successor thereto registered as a clearing agency under the *Securities Act* (Ontario), or other applicable statute or regulation.

"Carrying Costs" has the meaning ascribed to the term "carrying costs" in the Fair Hydro Regulations.

"**Certificate of Authentication**" means the certificate of authentication of the Indenture Trustee, the form of which is described in Section 3.03.

"Certified Primary Obligations" has the meaning specified in the Change of Law Protection Agreement.

"**Chairman**" has the meaning specified in subsection 10.01(d).

"**Change of Law Protection Agreement**" means the change of law protection agreement dated [■**December [21**], 2017 among the Province, the Issuer and the Indenture Trustee.

"**Class**" means the Senior Funding Obligations, the Subordinated Funding Obligations, the Junior Subordinated Funding Obligations, each of which shall be a Class of Issuer Funding Obligations.

"**Collateral**" has the meaning specified in Section 2.01.

"**Collection Account**" has the meaning specified in subsection 7.02(a).

"**Commission**" means the U.S. Securities and Exchange Commission.

"**Controlling Class Creditors**" means, at any time, the Debtholders holding Controlling Class Obligations.

"**Controlling Class Obligations**" means: (a) Senior Funding Obligations until such time as all Senior Funding Obligations have been paid in full; then (b) if all Senior Funding Obligations have been paid in full, Subordinated Funding Obligations until such time as all Subordinated Funding Obligations have been paid in full; and finally (c) if all Senior Funding Obligations and Subordinated Funding Obligations have been paid in full, Junior Subordinated Funding Obligations until such time as all Junior Subordinated Funding Obligations have been paid in full.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Issuer and any other owner or owners of an Investment Interest as contemplated by subsection 29(5) of the Act.

"**Corporate Trust Office**" means the office of the Indenture Trustee at which, at any particular time, its corporate trust business shall be administered, which office as of the date hereof is located at One York Street, 6th Floor, Toronto, Ontario M5J 0B6, or at such other address as the Indenture Trustee may designate from time to time by notice to the Specified Creditors and the Issuer, or the principal corporate trust office of any successor trustee designated by like notice.

"**Credit Enhancement**" means any form of credit enhancement (howsoever characterized) for any Issuer Funding Obligation, including any letter of credit, letter of guarantee, insurance policy, surety bond, cash reserve account, spread account, guaranteed rate agreement, note purchase agreement, loan facility or other similar agreement established for the benefit of a Lender or Noteholder, as applicable, and including any facility provided by a Person to the Issuer which is specified or acknowledged in writing by the Issuer as "Credit Enhancement" for purposes hereof.

"**Credit Enhancement Agreement**" means any credit enhancement agreement entered into hereafter between the Issuer and one or more Credit Enhancers, and acknowledged and accepted by the Indenture Trustee in accordance with Article V, providing Credit Enhancement in respect of any Issuer Funding Obligation, and includes any letter of credit, guarantee, surety bond or other instrument executed and delivered by such Credit Enhancer(s).

"**Credit Enhancer**" means any Person providing Credit Enhancement to the Issuer or in respect of any Issuer Funding Obligation.

"**DBRS**" means DBRS Limited, or any successor thereof.

"**Debtholder**" means a Noteholder or a Lender.

"**Debtholder Group**" has the meaning specified in subsection 10.01(a).

"**Declaration of Trust**" means the declaration of trust made as of December [~~1~~15], 2017 under which the Issuer was established.

"**Default**" means the occurrence of any event which, after the passage of time, the required notification to the Indenture Trustee and, if required, approval by the required Controlling Class Creditors, would become an Event of Default.

"**Defaulting Party**" has the meaning specified in the applicable Derivative Agreement.

"**Deferred Principal Accumulation Amount**" means, on any Principal Payment Date, the amount by which the aggregate of the Principal Accumulation Amount (Warehouse), the Principal Accumulation Amount (Senior), the Principal Accumulation Amount (Subordinated) and the Principal Accumulation Amount (Junior Subordinated) for such Principal Payment Date determined without reference to any Refinancing Notices is greater than the amount on deposit in the Principal Accumulation Account.

"**Depository**" means a Canadian Depository, a U.S. Depository or a Foreign Depository, as the case may be.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Issuer in connection with or related to Borrowings or Notes.

"**Derivative Counterparty**" means any party to any Derivative Agreement other than the Issuer or the Indenture Trustee.

"**Derivative Funding Obligations**" means Funding Obligations arising under, or in connection with, Derivative Agreements.

"**Discount Note**" means a Note that provides for an amount less than the Stated Principal Amount (but not less than the Initial Currency Specific Dollar Principal Amount) thereof to be due and payable upon the occurrence of an optional redemption, or the occurrence of an Event of Default and the acceleration of such Note, in each case before the Principal Payment Date of the applicable Note.

"**Dollar**," "**$**" or "**Cdn. $**" means Canadian dollars.

"**Electronic Methods**" means delivery of any notice or form of communication by facsimile, pdf or e-mail, or by other similar electronic means in a form satisfactory to the Issuer.

"**Eligible Deposit Account**" means~~, in relation to any Issuer Account,~~ an account that is a segregated account with an Eligible Institution.

"**Eligible Institution**" means (a) a trust company or Schedule I chartered bank (or an Affiliate thereof) incorporated under the laws of Canada or any province thereof (i) which has either (x) a long-term unsecured debt rating of "A" or better by DBRS, or (y) a short-term deposit rating of "R-1 (low)" or better by DBRS, and (ii) which has either (x) a long-term unsecured debt rating of "A2" or better by Moody's, or (y) a short-term deposit rating of "P-1" or better by Moody's, or (b) any institution that otherwise satisfies the Rating Agency Condition.

"**Eligible Investments**" means instruments or investment property that evidence:

(a) direct obligations of, or obligations fully and unconditionally guaranteed as to timely payment by, Canada or the United States of America;

(b) demand or time deposits of, unsecured certificates of deposit of, money market deposit accounts of, bank deposit products of or bankers' acceptances issued by, any depository institution (including, but not limited to, bank deposit products of the Indenture Trustee, acting in its commercial capacity) incorporated or organized under the laws of the United States of America, Canada or any state or province thereof and subject to supervision and examination by applicable banking authorities, so long as the commercial paper or other short-term debt obligations of such depository institution are, at the time of deposit, rated at least "R-1 (low)" and "P-1" by each of DBRS and Moody's, or such lower rating as will not result in the downgrading or withdrawal of the ratings of the Issuer or any of the Issuer Funding Obligations;

(c) commercial paper (including commercial paper of the Indenture Trustee, acting in its commercial capacity), which at the time of purchase is rated at least "R-1 (low)" and "P-1" by each of DBRS and Moody's, or such lower rating as will not result in the downgrading or withdrawal of the ratings of the Issuer or any of the Issuer Funding Obligations;

(d) investments in money market funds having a rating in the highest investment category granted thereby (including funds for which the Indenture Trustee or any of its Affiliates is investment manager or advisor) from DBRS and Moody's;

(e) repurchase obligations with respect to any security that is a direct obligation of, or fully guaranteed by, the United States of America, Canada or their respective agencies or instrumentalities, entered into with Eligible Institutions;

(f) repurchase obligations with respect to any security or whole loan entered into with an Eligible Institution or with a registered broker/dealer acting as principal and that meets the ratings criteria set forth below:

(i) a broker/dealer (acting as principal) registered as a broker or dealer under the Securities Act (any such broker/dealer being referred to in this

definition as a "**broker/dealer**"), the unsecured short-term debt obligations of which are rated at least "P-1" by Moody's and "R-1" by DBRS at the time of entering into such repurchase obligation; or

(ii) an unrated broker/dealer, acting as principal, that is a wholly-owned subsidiary of a non-bank or bank holding company the unsecured short-term debt obligations of which are rated at least "P-1" by Moody's and "R-1" by DBRS at the time of purchase so long as the obligations of such unrated broker/dealer are unconditionally guaranteed by such non-bank or bank holding company; and

(g) any other investment permitted by each of the Rating Agencies;

in each case maturing not later than the Business Day preceding the next Payment Date, Interest Payment Date or Principal Payment Date, as applicable (for the avoidance of doubt, investments in money market funds or similar instruments that are redeemable on demand shall be deemed to satisfy the foregoing requirement). Notwithstanding the foregoing~~: (A)~~**,** no securities or investments that mature in 30 days or more shall be "Eligible Investments" unless the issuer thereof has (x) either a short-term unsecured debt rating of at least "P-1" from Moody's or a long-term unsecured debt rating of at least "A2" from Moody's and also has (y) either a short-term unsecured debt rating of at least "R-1 (low)" from DBRS or a long-term unsecured debt rating of at least "A" from DBRS~~; and (B) no securities or investments described in clauses (b) through (d) above that have maturities of more than 30 days but less than or equal to 3 months shall be "Eligible Investments" unless the issuer thereof has (x) a long-term unsecured debt rating of at least "A1" from Moody's and a short-term unsecured debt rating of at least "P-1" from Moody's, or (y) a long-term unsecured debt rating of at least "A" from DBRS and a short-term unsecured debt rating of at least "R-1 (low)" from DBRS.~~**.**

"Eligible Securities Account" means a securities account that is a segregated account with an Affiliate of an Eligible Institution, which Affiliate is licensed to maintain securities accounts.

"**ERISA**" means the *Employee Retirement Income Security Act* of 1974, as amended.

"**Event of Default**" has the meaning specified in Section 8.01.

"**Exchange Date**" means, with respect to any Class, Series or Tranche of Notes, the latest of:

(a) in the case of exchanges of beneficial interests in Temporary Global Notes for beneficial interests in Permanent Global Notes in registered form, any date that is after the related issuance date;

(b) in the case of exchanges of beneficial interests in Temporary Global Notes for beneficial interests in Permanent Global Notes in bearer form, the date of presentation of certification of non-United States beneficial ownership (as described in Section 3.05); and

(c) the earliest date on which such an exchange of a beneficial interest in a Temporary Global Note for a beneficial interest in a Permanent Global Note is permitted by applicable law.

"**Exchange Rate Agent**" means, with respect to any Series of ~~[Notes] [~~Issuer Funding Obligations~~]~~, (unless otherwise specified with respect to any Series of Issuer Funding Obligations pursuant to the Related Funding Obligation Agreement), a chartered bank listed on Schedule I to the *Bank Act* (Canada)~~,~~ designated pursuant to the Related Funding Obligation Agreement.

"**Extraordinary Resolution**" means a resolution passed by the affirmative votes of Controlling Class Creditors holding not less than 66⅔% of the Outstanding Dollar Principal Amount of all Controlling Class Obligations represented and voting at a meeting of all Controlling Class Creditors duly convened and held in accordance with the provisions of this Indenture.

"**Fair Hydro Regulations**" means the regulations made under the Act, including Ontario regulations 206/17 and 195/17.

"~~**Financial Services Manager**~~**Finance Amount**" has the meaning ascribed to the term "~~financial services manager~~**finance amount**" in the Act **and the Fair Hydro Regulations** as of the date of this Indenture.

"**Financing Entity**" has the meaning ascribed to the term "financing entity" in the Act as of the date of this Indenture.

"**Financing Plan**" has the meaning ascribed to the term "financing plan" in the Act as of the date of this Indenture.

"**Foreign Currency**" means (a) a currency other than Dollars, or (b) denominated in a currency other than Dollars.

"**Foreign Currency Note**" means a Note denominated in a Foreign Currency.

"**Foreign Depository**" means the Person specified in the Related Supplemental Indenture, in its capacity as depository for the accounts of any clearing agencies located outside Canada and the United States.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Indenture.

"**Funding Obligation Agreement**" means any Notes, any Supplemental Indenture (including any Terms Document), any Liquidity Agreement, any Loan Agreement, any Credit Enhancement Agreement or any Derivative Agreement.

"**Global Note**" means any Note issued pursuant to Section 3.04.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other

instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"~~**Guarantor Settlement Statement**" has the meaning specified in~~**Guarantee Payment Date" means each day when any payment or payments are to be made in respect of one or more Approved Obligations occurring following the delivery of a Payment Demand to the Province pursuant to** the Change of Law Protection Agreement.

"**IESO**" means the Independent Electricity System Operator, a statutory corporation without share capital established by the *Electricity Act, 1998*, SO, 1998.

"**IESO Carrying Cost Payments**" means those amounts paid to the Issuer by the IESO pursuant to the Fair Hydro Regulations.

"**IESO Cash Reserve Account**" has the meaning specified in subsection 7.02(e).

"**IESO Cash Reserve Deposit Amount**" means an amount equal to the aggregate of:

(a) ~~[~~0.50~~]~~% of the aggregate outstanding principal amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations determined as of the Payment Date occurring in April, 2021; and

(b) ~~$[■]. [NTD: three months of expected interest costs for May, June and July, 2021. Method of calculating to be discussed.]~~**an amount estimated by the Manager, acting reasonably, as the amount of Carrying Costs payable by the Issuer during May, June and July, 2021 on outstanding Issuer Funding Obligations and any Issuer Funding Obligations to be issued in accordance with the Financing Plan, provided that such estimate satisfies the Rating Agency Condition.**

"**IESO Cash Reserve Required Amount**" means, on any Payment Date on or after the Payment Date in November, 2021, the amount, if any, by which (~~x~~**a**) an amount equal to ~~[~~0.50~~]~~% of the aggregate ~~outstanding principal amount~~**Outstanding Dollar Principal Amount** of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations, exceeds (~~y~~**b**) the amount on deposit in the Program Cash Reserve Account, determined after giving effect to all settlements on such Payment Date.

"**IESO Security Agreement**" means the security agreement made by the IESO in favour of the Issuer to secure its obligations to pay IESO Carrying Cost Payments.

"**Income Tax Act**" means the *Income Tax Act* (Canada).

"Indemnity Agreement" means the Indemnity Agreement dated December [21], 2017 by the Manager in favour of the Indenture Trustee.

"**Indenture**" or "**this Indenture**" means this Trust Indenture, as amended, supplemented, restated or otherwise modified from time to time, including by Supplemental Indentures for the issuance of Series of Notes entered into pursuant to the applicable provisions hereof.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Indenture until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "Indenture Trustee" means and includes such Person.

"**Initial Currency Specific Dollar Principal Amount**" means with respect to a Series or Tranche in a Series that includes Foreign Currency Notes, the amount specified in the applicable Supplemental Indenture as the Initial Currency Specific Dollar Principal Amount thereof.

"**Initial Dollar Principal Amount**" means (a) unless otherwise specified in the applicable Supplemental Indenture, with respect to a Class, Series or Tranche of Notes, the aggregate initial principal amount of the Outstanding Notes of such Class, Series or Tranche plus the aggregate initial principal amount of any additional Notes of such Class, Series or Tranche, and (b) with respect to a Class, Series or Tranche of Discount Notes that includes Foreign Currency Notes, the amount specified in the applicable Supplemental Indenture as the Initial Dollar Principal Amount thereof.

"**Insolvency Event**" means, with respect to a specified Person, the specified Person admits the inability of such specified Person to pay its liabilities generally as they become due or makes a general assignment for the benefit of the creditors of such specified Person or otherwise acknowledges the insolvency of such specified Person or any proceeding shall be instituted by or against such specified Person seeking to adjudicate it a bankrupt or insolvent or seeking liquidation, winding up, dissolution, reorganization, arrangement, adjustment, protection, relief or composition of its debts under any law relating to bankruptcy, insolvency, reorganization, moratorium or relief of debtors or seeking the entry of an order for relief by the appointment of a receiver, trustee or other similar official for such specified Person or for any substantial part of its property and if such proceeding has been instituted against such specified Person either such proceeding has not been stayed or dismissed within 45 days or any of the actions sought in such proceeding (including the entry of an order for relief or the appointment of a receiver) are granted in whole or in part, or if a receiver is privately appointed in respect of such specified Person or of the property of such specified Person or any substantial part thereof.

"**Interest Accrual Amount (Junior Subordinated)**" means, in respect of any Payment Date and all Junior Subordinated Funding Obligations, the amount of interest that accrued on such Junior Subordinated Funding Obligations during the period from and including the issuance date of such Junior Subordinated Funding Obligations or the last date to which interest has been paid in respect of such Junior Subordinated Funding Obligations, as applicable, to such Payment Date less any amounts deposited to the Interest Accumulation Account in respect of such interest accruing during such period pursuant to subsections 7.04(e)(v) and 7.07~~(a)~~.

"**Interest Accrual Amount (Senior)**" means, in respect of any Payment Date and all Senior Funding Obligations, the amount of interest that accrued on such Senior Funding Obligations during the period from and including the issuance date of such Senior Funding Obligations or the last date to which interest has been paid in respect of such Senior Funding Obligations, as applicable, to such Payment Date less any amounts deposited to the Interest Accumulation Account in respect of such interest accruing during such period pursuant to subsections 7.04(e)(iii)(A) and 7.07~~(a)~~.

"**Interest Accrual Amount (Subordinated)**" means, in respect of any Payment Date and all Subordinated Funding Obligations, the amount of interest that accrued on such Subordinated Funding Obligations during the period from and including the issuance date of such Subordinated Funding Obligations or the last date to which interest has been paid in respect of such Subordinated Funding Obligations, as applicable, to such Payment Date less any amounts deposited to the Interest Accumulation Account in respect of such interest accruing during such period pursuant to subsections 7.04(e)(iv) and 7.07~~(a)~~.

"**Interest Accumulation Account**" has the meaning specified in subsection 7.02(b).

"**Interest Payment Date**" means each Business Day on which interest is due and payable in respect of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations, as set out in the Related Funding Obligation Agreement.

"**Internal Revenue Code**" means the United States Internal Revenue Code of 1986, as amended.

"**Investment Asset**" has the meaning ascribed to the term "investment asset" in the Act as of the date of this Indenture.

"**Investment Company Act**" means the United States Investment Company Act of 1940, as amended.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Indenture.

"**Issuer**" has the meaning specified in the first paragraph of this Indenture.

"**Issuer Accounts**" means, collectively, the Program Accounts~~ and~~**,** the Series Accounts**and the Related Securities Accounts,** and including any Sub-Accounts ~~thereof~~**of the foregoing**.

"**Issuer Certificate**" means a certificate (including an Officer's Certificate) signed in the name of the Issuer by a Responsible Officer of the Manager on behalf of the Issuer and, in each case delivered to the Indenture Trustee relating to, among other things, the issuance of a new Series or Tranche of Notes. Wherever this Indenture requires that an Issuer Certificate be signed also by an accountant or other expert, such accountant or other expert (except as otherwise expressly provided in this Indenture) may be an employee of the Manager.

"**Issuer Funding Obligations**" means, the Funding Obligations of the Issuer, including the Senior Funding Obligations, the Subordinated Funding Obligations, the Junior Subordinated Funding Obligations and the Derivative Funding Obligations.

"**Issuer Investment Interest**" means, initially, the Investment Interest acquired by the Issuer pursuant to the first Transfer completed under the Master Transfer and Servicing Agreement and, upon the completion of each Transfer thereafter, the cumulative Investment Interest acquired by the Issuer.

"**Issuer Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Issuer at such time.

"**Junior Subordinated Borrowings**" means Borrowings that have been designated as "Junior Subordinated Borrowings" in the Related Loan Agreement, Related Liquidity Agreement or Related Credit Enhancement Agreement.

"**Junior Subordinated Funding Obligations**" means Funding Obligations arising under, or in connection with, Junior Subordinated Notes and Junior Subordinated Borrowings.

"**Junior Subordinated Notes**" means Notes of a Series that have been designated as "Junior Subordinated Notes" in the Related Supplemental Indenture.

"**Lender**" means any Person providing credit facilities, note purchase facilities or advances under a Liquidity Agreement, Loan Agreement or Credit Enhancement Agreement, as applicable.

"**Lien**" means a security interest, lien, mortgage, charge, pledge, claim or encumbrance of any kind.

"**Liquidity Agreement**" means an agreement between the Issuer and one or more Lenders, and acknowledged and accepted by the Indenture Trustee in accordance with Article V, providing for the creation of one or more liquidity facilities in respect of all or a portion of the Notes in favour of the Issuer, including a facility to fund the repayment of all or a portion of Notes or that permits the Issuer to require the purchase of Notes by a counterparty, and including further any facility provided by a Person to the Issuer which is specified or acknowledged in writing by the Issuer as a "Liquidity Agreement" for the purposes hereof.

"**Loan Agreement**" means an agreement between the Issuer and one or more Lenders, and acknowledged and accepted by the Indenture Trustee in accordance with Article V, providing for the creation of one or more credit facilities in favour of the Issuer for purposes of purchasing Investment Interests.

"**Management Agreement**" means the management agreement dated December [~~■~~**15**], 2017 between the Manager and the Issuer, and acknowledged by the Indenture Trustee in accordance with Article V.

"**Manager**" means OPG, in its capacity as manager of the Issuer under the Management Agreement.

"**Market Exchange Rate**" means, unless otherwise specified with respect to any Series of ~~**[Notes pursuant to Section 4.01] [**~~Issuer Funding Obligations~~]~~, (a) for any conversion involving a currency unit on the one hand and Dollars or any Foreign Currency on the other, the exchange rate between the relevant currency unit and Dollars or such Foreign Currency calculated by the method specified pursuant to Section 3.1 for the Notes of the relevant Series, (b) for any conversion of Dollars into any Foreign Currency, the Bank of Canada noon rate as published on the Reuters Screen Page BOFC (or such other means of reporting the Bank of Canada noon rate as may be agreed upon by each of the parties to this Indenture) and (c) for any conversion of one Foreign Currency into Dollars or another Foreign Currency, the spot rate at noon local time in the relevant market at which, in accordance with normal banking procedures, the Dollars or Foreign Currency into which conversion is being made could be purchased with the Foreign Currency

from which conversion is being made from major banks located in either Toronto, New York City or any other principal market for Dollars or such purchased Foreign Currency, in each case determined by the Exchange Rate Agent. Unless otherwise specified with respect to any Series of ~~[Notes pursuant to Section 4.01] [~~Issuer Funding Obligations~~]~~, in the event of the unavailability of any of the exchange rates provided for in the foregoing clauses (a), (b) and (c), the Exchange Rate Agent shall use, in its sole discretion and without liability on its part, such Bank of Canada noon rate as of the most recent available date, or quotations from one or more major banks in Toronto, New York City, or another principal market for the currency in question, or such other quotations as the Exchange Rate Agent shall deem appropriate. Unless otherwise specified by the Exchange Rate Agent, if there is more than one market for dealing in any currency by reason of foreign exchange regulations or otherwise, the market to be used in respect of such currency shall be that upon which a non-resident issuer of securities designated in such currency would purchase such currency in order to make payments in respect of such securities.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated December [■21], 2017 between the Issuer and IESO.

"**Monthly Period**" means, with respect to each Payment Date, the period from and including the first day of each calendar month and to and including the last day of such calendar month.

"**Monthly Report**" has the meaning ascribed thereto in Section 3.5(a) of the Master Transfer and Servicing Agreement.

"**Moody's**" means Moody's Investors Service, Inc., or any successor thereof.

"**MTSA Acknowledgement**" means the acknowledgement and indemnity agreement dated December [■21], 2017 by the IESO in favour of the Indenture Trustee.

"**Non-resident**" means a non-resident of Canada as such term is defined in the Income Tax Act or a partnership that is not a Canadian partnership within the meaning of the Income Tax Act.

"**Note**" or "**Notes**" means any note or notes of any Class, Series or Tranche created pursuant to Supplemental Indentures and authenticated and delivered from time to time under this Indenture.

"**Note Owner**" means the beneficial owner of an interest in a Global Note.

"**Note Purchase Agreement**" means an agreement providing for the purchase of Notes from the Issuer by one or more Persons.

"**Note Register**" has the meaning specified in subsection 4.05(a).

"**Note Registrar**" means the Person who keeps the Note Register.

"**Noteholder**" means a Person in whose name a Note is registered in the Note Register or the bearer of any Bearer Note (including a Global Note in bearer form), as the case may be.

"**Obligations Secured**" means all present and future debts, expenses and liabilities, direct or indirect, absolute or contingent, due, owing or accruing due or owing from time to time by the

Issuer to the Specified Creditors in their capacity as such. For greater certainty, amounts owing to any Specified Creditors by the Issuer at any time shall include (a) the unpaid face amount of any Notes issued on a discount basis; (b) the principal amount owing at such time, together with the accrued and unpaid interest on interest bearing Notes or Borrowings; (c) accrued fees, whether or not then due and payable; and (d) any evidence of indebtedness issued pursuant to or in respect of an amount owing under a Program Agreement (other than amounts payable by the Issuer to its beneficiaries pursuant to the Declaration of Trust or a promissory note issued by the Issuer to a beneficiary as contemplated in the Declaration of Trust).

"**Officer's Certificate**" means a certificate on behalf of any Person that is signed by any Responsible Officer of such Person and states that the certifications set forth in such certificate are based upon the results of a due inquiry into the matters in question conducted by or under the supervision of the signing Responsible Officer and that the facts stated in such certifications are made to such signing Responsible Officer's knowledge and belief.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Opinion of Counsel**" means one or more written opinions of counsel, who may, except as otherwise expressly provided in the Program Agreements, be employees of or counsel to the party providing such opinion of counsel, which counsel shall be reasonably acceptable to the party receiving such opinion of counsel, and shall be in form and substance reasonably acceptable to such party.

"**Ordinary Resolution**" has the meaning specified in subsection 10.01(e).

"**Outstanding**" means, in respect of Notes, as of the date of determination, all Notes theretofore authenticated and delivered under this Indenture, except:

(a) any Notes theretofore canceled by the Indenture Trustee or delivered to the Indenture Trustee for cancellation pursuant to Section 4.12;

(b) any Notes for whose full payment (including principal and interest) or redemption money in the necessary amount has been theretofore deposited with the Indenture Trustee or any Paying Agent in trust for the holders of such Notes; provided that, if such Notes are to be redeemed, notice of such redemption has been duly given in accordance with subsection 4.10(e), or provision therefor satisfactory to the Indenture Trustee has been made; and

(c) any Notes in exchange for or in lieu of which other Notes have been authenticated and delivered pursuant to this Indenture, or which will have been paid pursuant to the terms of Section 4.06 (except with respect to any such Note as to which proof satisfactory to the Indenture Trustee is presented that such Note is held by a Person in whose hands such Note is a legal, valid and binding obligation of the Issuer).

For purposes of determining the amounts of deposits, allocations, reallocations or payments to be made, unless the context clearly requires otherwise, references to "Notes" will be deemed to be

references to "Outstanding Notes". In determining whether Noteholders of the requisite principal amount of Outstanding Notes have taken any Action hereunder, and for purposes of Article X, (i) Senior Notes beneficially owned by the Issuer, ~~OPG~~**the Manager** or any Affiliate of the Issuer or ~~OPG~~**the Manager** and (ii) any Class of Notes (or any portion thereof) in which the Province has an interest pursuant to ~~a Provincial Subrogation Claim~~**Section 7.10** will, in each case, be disregarded and deemed not to be Outstanding **at any time that a Specified Creditor other than the Province has an interest in such Class of Notes**. In determining whether the Indenture Trustee will be protected in relying upon any such Action, only Senior Notes (or in the case of the Province, any Notes) which a Responsible Officer of the Indenture Trustee knows to be owned by the Issuer, ~~OPG~~**the Manager** or any Affiliate of the Issuer or ~~OPG~~**the Manager**, or with respect to which the Province has an interest pursuant to ~~a Provincial Subrogation Claim~~**Section 7.10**, will be so disregarded. Senior Notes so owned which have been pledged in good faith may be regarded as Outstanding if the pledgee creates to the satisfaction of the Indenture Trustee the pledgee's right to act as owner with respect to such Notes and that the pledgee is not the Issuer, ~~OPG~~**the Manager** or any Affiliate of the Issuer or ~~OPG~~**the Manager**.

"**Outstanding Currency Specific Dollar Principal Amount**" means at any time, with respect to any Notes in a Series that includes Foreign Currency Notes, the Initial Currency Specific Dollar Principal Amount of the Outstanding Notes of such Series or Tranche at such time, less the amount of any payments of principal to the holders of such Series of Notes; plus, the amount of any increase in the Outstanding Currency Specific Dollar Principal Amount of such Series of Notes due to the issuance of additional Notes of such Series.

"**Outstanding Dollar Principal Amount**" means at any time:

(a) in respect of Notes, either:

(i) with respect to any Class, Series or Tranche of Notes (other than Discount Notes), the aggregate Initial Dollar Principal Amount of the Outstanding Notes of such Class, Series or Tranche at such time, less the amount of any payments of principal to the holders of such Class, Series or Tranche of Notes pursuant to the Related Supplemental Indenture, or

(ii) with respect to any Series or Tranche of Discount Notes, an amount of the Outstanding Notes of such Series or Tranche calculated by reference to the applicable formula set forth in the Related Supplemental Indenture, taking into account the amount and timing of payments of principal made to the holders of such Series or Tranche pursuant to the Related Supplemental Indenture;

plus, in either case, the amount of any increase in the Outstanding Dollar Principal Amount of such Class, Series or Tranche of Notes due to the issuance of additional Notes of such Class, Series or Tranche pursuant to Article V; and

(b) in respect of other Issuer Funding Obligations, the aggregate principal amount (converted into Dollars, if applicable) of Borrowings.

"**Paying Agent**" means any Person authorized by the Issuer to pay any Obligations Secured on behalf of the Issuer as provided in subsection 9.16(e).

"**Payment Date**" means the 15th day of each calendar month (subject to Section 1.12).

"**Payment ~~Instructions~~Demand" has the meaning specified in the Change of Law Protection Agreement.**

"Payment Instruction" means ~~the instructions~~**an instruction** of the Manager substantially in **one of** the ~~form of~~**forms in** Exhibit 1.

"**Payment Waterfall**" means a priority of payment set out in any one of Section 7.04(e), 7.05, 7.06, 7.07, 7.08, 7.09, 7.10, 7.11 or 8.13.

"**Permanent Global Note**" has the meaning specified in subsection 3.05(a).

"**Permitted Liens**" means:

(a) Liens for Taxes not yet due or for which installments have been paid based on reasonable estimates pending final assessments, or if due, the validity of which is being contested diligently and in good faith by appropriate proceedings by that Person for which reasonable reserves under GAAP are maintained;

(b) the Lien of any Indenture Trustee, as provided in Section 9.05;

(c) the Security Interest; and

(d) any Lien created pursuant to a Co-Owner Agreement.

"**Person**" means any individual, corporation, limited liability company, unlimited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Place of Payment**" means, with respect to any Class, Series or Tranche of Notes issued hereunder, the city or political subdivision so designated with respect to such Class, Series or Tranche of Notes in accordance with the provisions of Article V.

"**PPSA**" shall mean the *Personal Property Security Act* (Ontario).

"Pre-Approved Refinancing" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Principal Accumulation Account**" has the meaning specified in subsection 7.02(c).

"**Principal Accumulation Amount**" means, in respect of any Series of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations and a Payment Date occurring on or after the Principal Accumulation Date for such Series, the amount specified for such Payment Date in the Related Funding Obligation Agreement plus any

amounts specified in the Related Funding Obligation Agreement in respect of prior Payment Dates after the Principal Accumulation Date for such Series which were not deposited to the Principal Accumulation Account; provided that if the Issuer has delivered a Refinancing Notice in respect of such Series pursuant to Section 7.09, the Principal Accumulation Amounts in respect of such Series shall be adjusted as provided for in such Refinancing Notice.

"**Principal Accumulation Amount (Junior Subordinated)**" means, in respect of any Payment Date, the sum of the Principal Accumulation Amounts for all Series of Junior Subordinated Funding Obligations for such Payment Date.

"**Principal Accumulation Amount (Senior)**" means, in respect of any Payment Date, the sum of the Principal Accumulation Amounts for all Series of Senior Funding Obligations (other than Warehouse Obligations) for such Payment Date.

"**Principal Accumulation Amount (Subordinated)**" means, in respect of any Payment Date, the sum of the Principal Accumulation Amounts for all Series of Subordinated Funding Obligations for such Payment Date.

"**Principal Accumulation Amount (Warehouse)**" means, in respect of any Payment Date, the sum of the Principal Accumulation Amounts for all Series of Warehouse Obligations for such Payment Date.

"**Principal Accumulation Date**" means, in respect of any Series of Issuer Funding Obligations, other than Derivative Funding Obligations, the date, if any, specified in the Related Funding Obligation Agreement.

"**Principal Payment Date**" means each Business Day on which principal is due and payable in respect of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations, as set out in the Related Funding Obligation Agreement.

"**Principal Payment Default Date**" has, with respect to any Issuer Funding Obligation, the meaning specified in the Related Funding Obligation Agreement.

"**Program Account**" means each of the Collection Account, the Principal Accumulation Account, the Interest Accumulation Account, the Program Cash Reserve Account, **the IESO Cash Reserve Account,** the Refinancing Account and the Protection Account.

"**Program Agreements**" means this Indenture, each Supplemental Indenture, the Declaration of Trust, the Management Agreement, the Master Transfer and Servicing Agreement, the MTSA Acknowledgement, **the Indemnity Agreement,** each Transfer Notice, any Co-Owner Agreements, the IESO Security Agreement, the Change of Law Protection Agreement, the Notes, any Derivative Agreements, Credit Enhancement Agreements, Liquidity Agreements, Loan Agreements, Underwriting Agreements, Agency Agreements or Note Purchase Agreements and all other documents and certificates delivered in connection therewith.

"**Program Cash Reserve Account**" has the meaning specified in subsection 7.02(d).

"**Program Cash Reserve Required Amount**" means (a) on each Payment Date prior to the Payment Date in May, 2021, nil, and (b) on each Payment Date thereafter, an amount equal to ~~[~~0.50~~]% [NTD: OPG proposes that this step down to 25 bps beginning in 2030, which is consistent with the stress scenarios provided in the model]~~**%** of the aggregate outstanding principal amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations after giving effect to all settlements on such Payment Date**, or such lesser amount proposed by the Manager that satisfies the Rating Agency Condition**.

"**Protection Account**" has the meaning specified in subsection 7.02(i).

"**Protection Event**" has the meaning ascribed thereto in Schedule A of the Change of Law Protection Agreement.

"**Province**" means Her Majesty the Queen in Right of Ontario as represented by the Minister of Energy and the Minister of Finance.

~~"**Provincial Subrogation Claims**" has the meaning specified in subsection 7.10(d).~~

"**Rating Agency**" means, with respect to any Issuer Funding Obligation, each nationally recognized statistical rating organization or designated rating organization, as specified in the Related Funding Obligation Agreement, selected by the Manager to rate such Issuer Funding Obligation.

"**Rating Agency Condition**" means, unless otherwise specified in the Related Funding Obligation Agreement for any Series or Tranche of Issuer Funding Obligations, with respect to any action subject to such condition, the Issuer shall deliver written notice of the proposed action to such Rating Agency or Rating Agencies at least 10 Business Days prior to the effective date of such action (or such shorter notice period if specified in the Related Funding Obligation Agreement with respect to any specific action, or if 10 Business Days prior notice is impractical, such advance notice as is practicable) and the Rating Agencies shall have informed the Issuer prior to the effective date of such action that such action will not result in the reduction or withdrawal of the rating in effect with respect to any Issuer Funding Obligation immediately before the taking of such action, provided that wherever there is reference to satisfaction of a Rating Agency Condition in this Indenture or any other Program Agreement, subject to the terms of the specific Program Agreement which shall govern, such condition need not be satisfied if there is no Rating Agency then rating the applicable Issuer Funding Obligation in respect of which the Rating Agency Condition is applicable. For purposes of this Indenture and any Supplemental Indenture, the Indenture Trustee shall receive, and shall be entitled to rely on, an Issuer Certificate confirming the satisfaction of the Rating Agency Condition. **If the Rating Agency Condition is required to be satisfied without specifying one or more specific Series or Tranches of Issuer Funding Obligations, it shall be required to be satisfied in respect of all outstanding Series or Tranches of Issuer Funding Obligations.**

"**Record Date**" means, for the interest or principal payable on any Note on any applicable Interest Payment Date or Principal Payment Date, the last day of the calendar month immediately

preceding such Interest Payment Date or Principal Payment Date, unless otherwise specified in the Related Supplemental Indenture.

"**Redemption Price**" has the meaning specified in subsection 4.10(a).

"**Reference Period**" has the meaning ascribed to the term "reference period" in the Act as of the date of this Indenture.

"**Refinancing**" has the meaning ascribed to the term "refinancing" in the Act as of the date of this Indenture.

"**Refinancing Account**" has the meaning specified in subsection 7.02(f).

"**Refinancing Notice**" means a notice substantially in the form of Exhibit 2.

"**Registered Note**" means a Note issued in registered form.

"**Registered Noteholder**" means a Noteholder of a Registered Note.

"**Regulation AB**" means Subpart 229.1100 – Asset Backed Securities (Regulation AB), 17 C.F.R. §§229.1100-229.1125, and all related rules and regulations of the Commission, as such rules may be amended from time to time, and subject to such clarification and interpretation as have been provided by the Commission or by the staff of the Commission, or as may be provided by the Commission or its staff from time to time.

"**Related**" is used in reference to the Issuer Funding Obligations of a particular Series and means, when used in conjunction with:

(a) "Credit Enhancement Agreement": a Credit Enhancement Agreement pursuant to which Credit Enhancement has been provided in respect of such Issuer Funding Obligations;

(b) "Funding Obligation Agreement": a Funding Obligation Agreement entered into in connection with the incurrence of such Issuer Funding Obligations;

(c) "Liquidity Agreement": a Liquidity Agreement pursuant to which one or more liquidity facilities have been made available to fund the repayment of such Issuer Funding Obligations constituting Notes or, if specified in such Liquidity Agreement, a Series or Tranche of such Issuer Funding Obligations constituting Notes;

(d) "Loan Agreement": a Loan Agreement in respect of Issuer Funding Obligations constituting Borrowings; and

(e) "Supplemental Indenture": a supplement to this Indenture executed in connection with the issuance of such Issuer Funding Obligations constituting Notes.

"Related Securities Account" means, in respect of any Program Account or Series Account, a Securities Account which has been established for the purpose of allowing the Issuer to invest the funds credited to such Program Account or Series Account in Eligible Investments in accordance with Section 7.03.

"**Required Principal Accumulation Amount (Senior)**" means, in respect of any Principal Payment Date or Interest Payment Date, the aggregate of the **Principal Accumulation Amounts (Warehouse) and the** Principal Accumulation Amounts (Senior) for all Payment Dates up to and including such Principal Payment Date or Interest Payment Date, as applicable, less all amounts that have been applied to principal repayments of Senior Funding Obligations on or prior to such Principal Payment Date or Interest Payment Date, as applicable.

"**Required Principal Accumulation Amount (Subordinated)**" means, in respect of any Principal Payment Date or Interest Payment Date, the aggregate of the Principal Accumulation Amounts (Subordinated) for all Payment Dates up to and including such Principal Payment Date or Interest Payment Date, as applicable, less all amounts that have been applied to principal repayments of Subordinated Funding Obligations on or prior to such Principal Payment Date or Interest Payment Date, as applicable.

"**Responsible Officer**" means, with respect to: (a) the Issuer, any director or officer of the Manager; (b) the Servicer, any director or officer of the IESO; and (c) the Indenture Trustee, any officer within the Corporate Trust Office of such trustee (including the President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Treasurer or any other officer of the Indenture Trustee customarily performing functions similar to those performed by persons who at the time shall be such officers, respectively, and that has direct responsibility for the administration of this Indenture and also, with respect to a particular matter, any other officer to whom such matter is referred to because of such officer's knowledge and familiarity with the particular subject).

"Securities Account" has the meaning specified in subsection **7.02(j).**

"**Securities Exchange Act**" means the United States Securities Exchange Act of 1934, as amended from time to time.

"**Security Interest**" means the Lien granted pursuant to Section 2.01.

"**Senior Borrowings**" means Borrowings that have been designated as "Senior Borrowings" in the Related Loan Agreement, Related Liquidity Agreement or Related Credit Enhancement Agreement.

"**Senior Funding Obligations**" means Funding Obligations arising under, or in connection with, Senior Notes and Senior Borrowings.

"**Senior Notes**" means Notes of a Series that have been designated as "Senior Notes" in the Related Supplemental Indenture.

"**Series**" means, with respect to any Class of Issuer Funding Obligation, the Series of the Class specified in the Related Funding Obligation Agreement.

"**Series Account**" means each Series Finance Reserve Account and each Series Capital Account.

"**Series Capital Account**" has the meaning specified in subsection 7.02(g).

"**Series Finance Reserve Account**" has the meaning specified in subsection 7.02(h).

"**Servicer**" has the meaning specified in the Master Transfer and Servicing Agreement.

"**Servicer CEA Receipts**" has the meaning ascribed thereto in Section ~~[~~3.3(e)~~]~~ of the Master Transfer and Servicing Agreement.

"**Servicer Default**" has the meaning ascribed thereto in Section ~~[~~7.1~~]~~ of the Master Transfer and Servicing Agreement.

"**Specified Creditors**" means, collectively, Noteholders, Lenders, the Paying Agent, the Indenture Trustee, the Issuer Trustee, the Manager, the Servicer, the Province, Derivative Counterparties, Credit Enhancers, **Rating Agencies and** counterparties to Underwriting Agreements, Agency Agreements or Note Purchase Agreements, ~~and other Persons in respect of Obligations Secured,~~ in each case, to the extent of their claims related to Program Agreements**, and any other Person that is owed a payment obligation by the Issuer that gives rise to a Finance Amount in respect of the Issuer**.

"**Stated Principal Amount**," has, with respect to any Note, the meaning specified in the Related Supplemental Indenture (including a Terms Document).

"**Sub-Account**" means each sub-account of an Issuer Account maintained pursuant to this Indenture or any Funding Obligation Agreement.

"**Subordinated Borrowings**" means Borrowings that have been designated as "Subordinated Borrowings" in the Related Loan Agreement, Related Liquidity Agreement or Related Credit Enhancement Agreement.

"**Subordinated Funding Obligations**" means Funding Obligations arising under, or in connection with, Subordinated Notes and Subordinated Borrowings.

"**Subordinated Notes**" means Notes of a Series that have been designated as "Subordinated Notes" in the Related Supplemental Indenture.

"**Subrogation** ~~**Amounts**~~"**Amount", in respect of any Approved Obligation,** has the meaning specified in ~~the Change of Law Protection Agreement~~**subsection 7.10(d)(i)**.

"**Supplemental Indenture**" means, with respect to any Series of Notes, a supplement to this Indenture, executed and delivered in conjunction with the issuance of such Notes pursuant to Section 4.01, together with any applicable Terms Document for any Tranches of Notes belonging to such Series and any amendment to the Supplemental Indenture executed pursuant to Section 11.01 or 11.02.

"Suspension Notice" has the meaning specified in the Change of Law Protection Agreement.

"**Tax**" has the meaning ascribed to the term "tax" in the Fair Hydro Regulations as of the date of this Indenture.

"**Temporary Global Note**" has the meaning specified in Section 3.05(a).

"**Termination Payment**" means all amounts payable upon early termination of any Derivative Agreement calculated in accordance with the terms of such Derivative Agreement.

"**Terms Document**" means, with respect to any Tranche of Notes, a supplement to the Related Supplemental Indenture.

"**Tranche**" means, with respect to any Series of Notes, Notes of such Series which have identical terms, conditions and Tranche designation. Notes of a single Tranche may be issued on different dates.

"**Transfer**" has the meaning ascribed to the term "transfer" in the Act as of the date of this Indenture.

"**Transfer Notice**" has the meaning ascribed thereto in Section 1.1 of the Master Transfer and Servicing Agreement.

"**Trustee Cap**" means, on any Payment Date, an amount equal to (x) $150,000, multiplied by (y) the number of Series of Senior Funding Obligations outstanding on such Payment Date, divided by (z) 12.

"**Underwriting Agreement**" means an agreement providing for the purchase of Notes from the Issuer by one or more Persons as principals for the purpose of resale.

"United States" means, unless otherwise specified with respect to any Notes pursuant to Section 4.10, the United States of America (including the states and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction.

"**United States Person**" means a citizen or resident of the United States, a corporation, partnership or other entity created or organized in or under the laws of the United States of America, any one of the states thereof, the District of Columbia or any political subdivision thereof, or an estate or trust the income of which is subject to United States federal income taxation regardless of its source.

"**U.S. Depository**" means, unless otherwise specified by the Issuer pursuant to any of Section 3.04, 3.06, or 4.01, with respect to Notes issuable or issued as a Global Note within the United States, The Depository Trust Company, or any successor thereto registered as a clearing agency under the Securities Exchange Act, or other applicable statute or regulation.

"**U.S. Securities Act**" means the United States Securities Act of 1933, as amended from time to time.

"**Warehouse Facility Agreement**" means a Funding Obligation Agreement that provides the Issuer with a revolving facility under which principal amounts can be advanced, repaid and again advanced during a committed revolving period and does not provide any other type of credit facility.

"**Warehouse Obligations**" means Senior Funding Obligations incurred pursuant to Warehouse Facility Agreements.

EXHIBIT 1
~~FORM~~FORMS OF PAYMENT ~~INSTRUCTIONS~~INSTRUCTION

See Attached.

Payment Instruction – Collection Account
Fair Hydro Trust

Pursuant to the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and BNY Trust Company of Canada, as indenture trustee (as amended, modified, supplemented, replaced or restated from time to time, the "Trust Indenture"), the Manager hereby instructs the Paying Agent to pay or transfer, as applicable, the amounts set out below in accordance with the wire, check or other payment details set out in Schedule A to this Payment Instruction. Such payments or transfers are to made on: _____ [*insert date of payment(s) / transfer(s)*].

Capitalized terms used in this Payment Instruction have the meanings given to such terms in the Trust Indenture.

COLLECTION ACCOUNT

1.	Opening Balance	$[ ]
2.	Additions	$[ ]
3.	Withdrawals	$[ ]
	a. Taxes	$[ ]
	b. Issuer Trustee and Indenture Trustee fees	$[ ]
	c. Interest and Derivative Funding Obligations – Total	$[ ]
	i. Interest Accrual Amount (Senior)	$[ ]
	ii. Payments on Derivative Funding Obligations (other than Termination Payments)	$[ ]
	1. [*break out for each non-defaulting Derivative Counterparty*]	$[ ]
	d. Interest Accrual Amount (Subordinated)	$[ ]
	e. Interest Accrual Amount (Junior Subordinated)	$[ ]
	f. Principal Accumulation Amount (Warehouse)	$[ ]
	g. Principal and Derivative Funding Obligations – Total	$[ ]
	i. Principal Accumulation Amount (Senior)	$[ ]
	ii. Termination Payments – Total	$[ ]
	1. [*break out for each Derivative Counterparty*]	$[ ]
	h. Fees and other amounts on Senior Funding Obligations – Total	$[ ]
	i. [*break out on series by series basis*]	$[ ]
	i. Manager fees and other amounts (excluding indemnity amounts)	$[ ]
	j. Principal Accumulation Amount (Subordinated)	$[ ]
	k. Fees and other amounts on Subordinated Funding Obligations – Total	$[ ]
	i. [*break out on series by series basis*]	$[ ]
	l. Principal Accumulation Amount (Junior Subordinated)	$[ ]
	m. Program Cash Reserve Required Amount	$[ ]

n. Reserve amounts for Series Accounts (other than for Subordinated Funding Obligations or Junior Subordinated Funding Obligations) – Total $[ ]
   i. [*break out on series by series basis*] $[ ]
o. Reserve amounts for Series Accounts for Subordinated Funding Obligations – Total $[ ]
   i. [*break out on series by series basis*] $[ ]
p. Fees and other amounts on Junior Subordinated Funding Obligations – Total $[ ]
   i. [*break out on series by series basis*] $[ ]
q. Reserve amounts for Series Accounts for Junior Subordinated Funding Obligations – Total $[ ]
   i. [break out on series by series basis] $[ ]
r. Derivative Funding Obligations – Total $[ ]
   i. [*break out for each defaulting Derivative Counterparty*] $[ ]
s. Beneficiaries of Issuer $[ ]
t. Manager indemnity amounts $[ ]
u. Payments to other Specified Creditors – Total $[ ]
   i. [*break out for each obligation*] $[ ]

4. Ending Balance $[ ]
5. Investment Proceeds on Collection Account $[ ]

~~INTEREST ACCUMULATION ACCOUNT~~

~~1. Opening Balance $[ ]~~
~~2. Additions for Senior Funding Obligations $[ ]~~
~~3. Additions for Subordinated Funding Obligations $[ ]~~
~~4. Additions for Junior Subordinated Funding Obligations $[ ]~~
~~5. Withdrawals for Senior Funding Obligations – Total $[ ]~~
   ~~a. [*break out on series by series basis*] $[ ]~~
~~6. Withdrawals for Subordinated Funding Obligations – Total $[ ]~~
   ~~a. [*break out on series by series basis*] $[ ]~~
~~7. Withdrawals for Junior Subordinated Funding Obligations – Total $[ ]~~
   ~~a. [*break out on series by series basis*] $[ ]~~
~~8. Ending Balance $[ ]~~
~~9. Investment Proceeds on Interest Accumulation Account $[ ]~~
~~10. Interest Accrual Amount (Senior) $[ ]~~
~~11. Interest Accrual Amount (Subordinated) $[ ]~~
~~12. Interest Accrual Amount (Junior Subordinated) $[ ]~~

~~PRINCIPAL ACCUMULATION ACCOUNT~~

~~1. Opening Balance $[ ]~~

~~2.~~	~~Additions for Warehouse Obligations~~	~~$[ ]~~
~~3.~~	~~Additions for Senior Funding Obligations (other than Warehouse Obligations)~~	~~$[ ]~~
~~4.~~	~~Additions for Subordinated Funding Obligations~~	~~$[ ]~~
~~5.~~	~~Additions for Junior Subordinated Funding Obligations~~	~~$[ ]~~
~~6.~~	~~Withdrawals for Warehouse Obligations – Total~~	~~$[ ]~~
	~~a. [*break out on series by series basis*]~~	~~$[ ]~~
~~7.~~	~~Withdrawals for Senior Funding Obligations (other than Warehouse Obligations) – Total~~	~~$[ ]~~
	~~a. [*break out on series by series basis*]~~	~~$[ ]~~
~~8.~~	~~Withdrawals for Subordinated Funding Obligations – Total~~	~~$[ ]~~
	~~a. [*break out on series by series basis*]~~	~~$[ ]~~
~~9.~~	~~Withdrawals for Junior Subordinated Funding Obligations – Total~~	~~$[ ]~~
	~~a. [*break out on series by series basis*]~~	~~$[ ]~~
~~10.~~	~~Ending Balance~~	~~$[ ]~~
~~11.~~	~~Investment Proceeds on Principal Accumulation Account~~	~~$[ ]~~
~~12.~~	~~Principal Accumulation Amount (Warehouse)~~	~~$[ ]~~
~~13.~~	~~Principal Accumulation Amount (Senior)~~	~~$[ ]~~
~~14.~~	~~Principal Accumulation Amount (Subordinated)~~	~~$[ ]~~
~~15.~~	~~Principal Accumulation Amount (Junior Subordinated)~~	~~$[ ]~~

~~IESO CASH RESERVE ACCOUNT~~

~~1.~~	~~Opening Balance~~	~~$[ ]~~
~~2.~~	~~Withdrawals~~	~~$[ ]~~
	~~a. Taxes~~	~~$[ ]~~
	~~b. Issuer Trustee and Indenture Trustee fees~~	~~$[ ]~~
	~~c. Interest and Derivative Funding Obligations – Total~~	~~$[ ]~~
	~~i. Interest Accrual Amount (Senior)~~	~~$[ ]~~
	~~ii. Payments on Derivative Funding Obligations (other than Termination Payments)~~	~~$[ ]~~
	~~1. [*break out for each non-defaulting Derivative Counterparty*]~~	~~$[ ]~~
	~~d. Interest Accrual Amount (Subordinated)~~	~~$[ ]~~
	~~e. Interest Accrual Amount (Junior Subordinated)~~	~~$[ ]~~
~~3.~~	~~Ending Balance~~	~~$[ ]~~
~~4.~~	~~Investment Proceeds on IESO Cash Reserve Account~~	~~$[ ]~~

~~PROGRAM CASH RESERVE ACCOUNT~~

~~1.~~	~~Opening Balance~~	~~$[ ]~~
~~2.~~	~~Additions~~	~~$[ ]~~
~~3.~~	~~Withdrawals for Senior Funding Obligations (Interest) – Total~~	~~$[ ]~~
	~~a. [*break out on series by series basis*]~~	~~$[ ]~~

~~4.~~	~~Withdrawals for Subordinated Funding Obligations (Interest) – Total~~	~~$[ ]~~
	~~a. [*break out on series by series basis*]~~	~~$[ ]~~
~~5.~~	~~Withdrawals for Junior Subordinated Funding Obligations (Interest) – Total~~	~~$[ ]~~
	~~a. [*break out on series by series basis*]~~	~~$[ ]~~
~~6.~~	~~Withdrawals for Senior Funding Obligations (Principal) – Total~~	~~$[ ]~~
	~~a. [*break out on series by series basis*]~~	~~$[ ]~~
~~7.~~	~~Withdrawals for Subordinated Funding Obligations (Principal) – Total~~	~~$[ ]~~
	~~a. [*break out on series by series basis*]~~	~~$[ ]~~
~~8.~~	~~Withdrawals for Junior Subordinated Funding Obligations (Principal) – Total~~	~~$[ ]~~
	~~a. [*break out on series by series basis*]~~	~~$[ ]~~
~~9.~~	~~Ending Balance~~	~~$[ ]~~
~~10.~~	~~Investment Proceeds on Program Cash Reserve Account~~	~~$[ ]~~
~~11.~~	~~Program Cash Reserve Required Amount~~	~~$[ ]~~

~~REFINANCING ACCOUNT~~

~~1.~~	~~Opening Balance~~	~~$[ ]~~
~~2.~~	~~Additions~~	~~$[ ]~~
~~3.~~	~~Withdrawals – Total~~	~~$[ ]~~
	~~a. [*break out on series by series basis*]~~	~~$[ ]~~
~~4.~~	~~Ending Balance~~	~~$[ ]~~
~~5.~~	~~Investment Proceeds on Series Reserve Account~~	~~$[ ]~~

~~PROTECTION ACCOUNT~~

~~1.~~	~~Opening Balance~~	~~$0~~
~~2.~~	~~Additions~~	~~$[ ]~~
~~3.~~	~~Withdrawals for Specified Creditors – Total~~	~~$[ ]~~
	~~a. [*break out for each obligation*]~~	~~$[ ]~~
~~4.~~	~~Withdrawals for Province (return of remaining amounts)~~	~~$[ ]~~
~~5.~~	~~Ending Balance~~	~~$0~~

~~SERIES ACCOUNT [*duplicate on a series by series basis*]~~

~~1.~~	~~Opening Balance~~	~~$[ ]~~
~~2.~~	~~Additions~~	~~$[ ]~~
~~3.~~	~~Withdrawals – Total~~	~~$[ ]~~
	~~a. [*break out for each obligation*]~~	~~$[ ]~~
~~4.~~	~~Ending Balance~~	~~$[ ]~~
~~5.~~	~~Investment Proceeds on Series Reserve Account~~	~~$[ ]~~
~~6.~~	~~Required Series Account amount~~	~~$[ ]~~

DATED _____.

FAIR HYDRO TRUST, by its Manager, ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Schedule A

[insert wire, cheques or other payment details for each payment]

Payment Instruction – Interest Accumulation Account
Fair Hydro Trust

Pursuant to the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and BNY Trust Company of Canada, as indenture trustee (as amended, modified, supplemented, replaced or restated from time to time, the "Trust Indenture"), the Manager hereby instructs the Paying Agent to pay or transfer, as applicable, the amounts set out below in accordance with the wire, check or other payment details set out in Schedule A to this Payment Instruction. Such payments or transfers are to made on: _____ [*insert date of payment(s) / transfer(s)*].

Capitalized terms used in this Payment Instruction have the meanings given to such terms in the Trust Indenture.

INTEREST ACCUMULATION ACCOUNT

1.	Opening Balance	$[ ]
2.	Additions for Senior Funding Obligations	$[ ]
3.	Additions for Subordinated Funding Obligations	$[ ]
4.	Additions for Junior Subordinated Funding Obligations	$[ ]
5.	Withdrawals for Senior Funding Obligations – Total	$[ ]
	a. [*break out on series by series basis*]	$[ ]
6.	Withdrawals for Subordinated Funding Obligations – Total	$[ ]
	a. [*break out on series by series basis*]	$[ ]
7.	Withdrawals for Junior Subordinated Funding Obligations – Total	$[ ]
	a. [*break out on series by series basis*]	$[ ]
8.	Ending Balance	$[ ]
9.	Investment Proceeds on Interest Accumulation Account	$[ ]
10.	Interest Accrual Amount (Senior)	$[ ]
11.	Interest Accrual Amount (Subordinated)	$[ ]
12.	Interest Accrual Amount (Junior Subordinated)	$[ ]

DATED _____.

FAIR HYDRO TRUST, by its Manager, ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Schedule A

[insert wire, cheques or other payment details for each payment]

Payment Instruction – Principal Accumulation Account
Fair Hydro Trust

Pursuant to the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and BNY Trust Company of Canada, as indenture trustee (as amended, modified, supplemented, replaced or restated from time to time, the "Trust Indenture"), the Manager hereby instructs the Paying Agent to pay or transfer, as applicable, the amounts set out below in accordance with the wire, check or other payment details set out in Schedule A to this Payment Instruction. Such payments or transfers are to made on: _____ [*insert date of payment(s) / transfer(s)*].

Capitalized terms used in this Payment Instruction have the meanings given to such terms in the Trust Indenture.

PRINCIPAL ACCUMULATION ACCOUNT

1.	Opening Balance	$[ ]
2.	Additions for Warehouse Obligations	$[ ]
3.	Additions for Senior Funding Obligations (other than Warehouse Obligations)	$[ ]
4.	Additions for Subordinated Funding Obligations	$[ ]
5.	Additions for Junior Subordinated Funding Obligations	$[ ]
6.	Withdrawals for Warehouse Obligations – Total	$[ ]
	a. [*break out on series by series basis*]	$[ ]
7.	Withdrawals for Senior Funding Obligations (other than Warehouse Obligations) – Total	$[ ]
	a. [*break out on series by series basis*]	$[ ]
8.	Withdrawals for Subordinated Funding Obligations – Total	$[ ]
	a. [*break out on series by series basis*]	$[ ]
9.	Withdrawals for Junior Subordinated Funding Obligations – Total	$[ ]
	a. [*break out on series by series basis*]	$[ ]
10.	Ending Balance	$[ ]
11.	Investment Proceeds on Principal Accumulation Account	$[ ]
12.	Principal Accumulation Amount (Warehouse)	$[ ]
13.	Principal Accumulation Amount (Senior)	$[ ]
14.	Principal Accumulation Amount (Subordinated)	$[ ]
15.	Principal Accumulation Amount (Junior Subordinated)	$[ ]

DATED _____.

FAIR HYDRO TRUST, by its Manager, ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Schedule A

[insert wire, cheques or other payment details for each payment]

Payment Instruction – IESO Cash Reserve Account
Fair Hydro Trust

Pursuant to the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and BNY Trust Company of Canada, as indenture trustee (as amended, modified, supplemented, replaced or restated from time to time, the "Trust Indenture"), the Manager hereby instructs the Paying Agent to pay or transfer, as applicable, the amounts set out below in accordance with the wire, check or other payment details set out in Schedule A to this Payment Instruction. Such payments or transfers are to made on: _____ [*insert date of payment(s) / transfer(s)*].

Capitalized terms used in this Payment Instruction have the meanings given to such terms in the Trust Indenture.

IESO CASH RESERVE ACCOUNT

1.	**Opening Balance**	**$[ ]**
2.	**Withdrawals**	**$[ ]**
	a. Taxes	**$[ ]**
	b. Issuer Trustee and Indenture Trustee fees	**$[ ]**
	c. Interest and Derivative Funding Obligations – Total	**$[ ]**
	i. Interest Accrual Amount (Senior)	**$[ ]**
	ii. Payments on Derivative Funding Obligations (other than Termination Payments)	**$[ ]**
	1. [*break out for each non-defaulting Derivative Counterparty*]	**$[ ]**
	d. Interest Accrual Amount (Subordinated)	**$[ ]**
	e. Interest Accrual Amount (Junior Subordinated)	**$[ ]**
3.	**Ending Balance**	**$[ ]**
4.	**Investment Proceeds on IESO Cash Reserve Account**	**$[ ]**

DATED _____.

FAIR HYDRO TRUST, by its Manager, ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By:

	Name: **Title:**

Schedule A

[insert wire, cheques or other payment details for each payment]

Payment Instruction – Program Cash Reserve Account
Fair Hydro Trust

Pursuant to the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and BNY Trust Company of Canada, as indenture trustee (as amended, modified, supplemented, replaced or restated from time to time, the "Trust Indenture"), the Manager hereby instructs the Paying Agent to pay or transfer, as applicable, the amounts set out below in accordance with the wire, check or other payment details set out in Schedule A to this Payment Instruction. Such payments or transfers are to made on: _____ [*insert date of payment(s) / transfer(s)*].

Capitalized terms used in this Payment Instruction have the meanings given to such terms in the Trust Indenture.

PROGRAM CASH RESERVE ACCOUNT

1.	Opening Balance	$[ ]
2.	Additions	$[ ]
3.	Withdrawals for Senior Funding Obligations (Interest) – Total	$[ ]
	a. [*break out on series by series basis*]	$[ ]
4.	Withdrawals for Subordinated Funding Obligations (Interest) – Total	$[ ]
	a. [*break out on series by series basis*]	$[ ]
5.	Withdrawals for Junior Subordinated Funding Obligations (Interest) – Total	$[ ]
	a. [*break out on series by series basis*]	$[ ]
6.	Withdrawals for Senior Funding Obligations (Principal) – Total	$[ ]
	a. [*break out on series by series basis*]	$[ ]
7.	Withdrawals for Subordinated Funding Obligations (Principal) – Total	$[ ]
	a. [*break out on series by series basis*]	$[ ]
8.	Withdrawals for Junior Subordinated Funding Obligations (Principal) – Total	$[ ]
	a. [*break out on series by series basis*]	$[ ]
9.	Ending Balance	$[ ]
10.	Investment Proceeds on Program Cash Reserve Account	$[ ]
11.	Program Cash Reserve Required Amount	$[ ]

DATED _____.

FAIR HYDRO TRUST, by its Manager, ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Schedule A

[insert wire, cheques or other payment details for each payment]

Payment Instruction – Refinancing Account
Fair Hydro Trust

Pursuant to the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and BNY Trust Company of Canada, as indenture trustee (as amended, modified, supplemented, replaced or restated from time to time, the "Trust Indenture"), the Manager hereby instructs the Paying Agent to pay or transfer, as applicable, the amounts set out below in accordance with the wire, check or other payment details set out in Schedule A to this Payment Instruction. Such payments or transfers are to made on: _____ [*insert date of payment(s) / transfer(s)*].

Capitalized terms used in this Payment Instruction have the meanings given to such terms in the Trust Indenture.

REFINANCING ACCOUNT

1.	**Opening Balance**	**$[ ]**
2.	**Additions**	**$[ ]**
3.	**Withdrawals – Total**	**$[ ]**
	a. [*break out on series by series basis*]	**$[ ]**
4.	**Ending Balance**	**$[ ]**
5.	**Investment Proceeds on Series Reserve Account**	**$[ ]**

DATED _____.

FAIR HYDRO TRUST, by its Manager, ONTARIO POWER GENERATION INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

Schedule A

[insert wire, cheques or other payment details for each payment]

Payment Instruction – Protection Account
Fair Hydro Trust

Pursuant to the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and BNY Trust Company of Canada, as indenture trustee (as amended, modified, supplemented, replaced or restated from time to time, the "Trust Indenture"), the Manager hereby instructs the Paying Agent to pay or transfer, as applicable, the amounts set out below in accordance with the wire, check or other payment details set out in Schedule A to this Payment Instruction. Such payments or transfers are to made on: _____ [*insert date of payment(s) / transfer(s)*].

Capitalized terms used in this Payment Instruction have the meanings given to such terms in the Trust Indenture.

PROTECTION ACCOUNT

1.	**Opening Balance**	**$0**
2.	**Additions**	**$[ ]**
3.	**Withdrawals for Specified Creditors – Total**	**$[ ]**
	a. [*break out for each obligation*]	**$[ ]**
4.	**Withdrawals for Province (return of remaining amounts)**	**$[ ]**
5.	**Ending Balance**	**$0**

DATED _____.

FAIR HYDRO TRUST, by its Manager, ONTARIO POWER GENERATION INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

Schedule A

[insert wire, cheques or other payment details for each payment]

Payment Instruction – [*Specify Series*] Account
Fair Hydro Trust

Pursuant to the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust and BNY Trust Company of Canada, as indenture trustee (as amended, modified, supplemented, replaced or restated from time to time, the "Trust Indenture"), the Manager hereby instructs the Paying Agent to pay or transfer, as applicable, the amounts set out below in accordance with the wire, check or other payment details set out in Schedule A to this Payment Instruction. Such payments or transfers are to made on: _____ [*insert date of payment(s) / transfer(s)*].

Capitalized terms used in this Payment Instruction have the meanings given to such terms in the Trust Indenture.

[*SPECIFY SERIES*] ACCOUNT [*duplicate on a series by series basis*]

1.	**Opening Balance**	**$[ ]**
2.	**Additions**	**$[ ]**
3.	**Withdrawals – Total**	**$[ ]**
	a. [*break out for each obligation*]	**$[ ]**
4.	**Ending Balance**	**$[ ]**
5.	**Investment Proceeds on Series Account**	**$[ ]**
6.	**Required Series Account amount**	**$[ ]**

DATED _____.

FAIR HYDRO TRUST, by its Manager, ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Schedule A

[insert wire, cheques or other payment details for each payment]

EXHIBIT 2
FORM OF REFINANCING NOTICE

See Attached.

[NTD: Notice must specify Series and the amount of the Principal Accumulation Amounts specified in the related Supplemental Indenture that will be repaid with the proceeds of the Refinancing.] [NTD: Osler to provide]

EXHIBIT 3
FORM OF SPECIFIED CREDITOR LIST

Program Agreement	**Name of Specified Creditor / Agent**	**Address**	**City**	**Province/ State**	**Postal/Zip Code**	**Country**	**Email**	**Issuer Funding Obligation**	**Value [Lenders only]**
Issuer Funding Obligations (other than Notes and Derivative Funding Obligations)									
[Insert name of Program Agreement]	[Insert name of institution]	[insert address]	[insert city]	[insert province/ state]	[insert postal/zip code]	[insert country]	[email]	[Y / N] [If Yes, Type of Funding Obligation]	[insert $ amount hold]
Derivative Funding Obligations									
[Insert name of Program Agreement]	[Insert name of institution]	[insert address]	[insert city]	[insert province/ state]	[insert postal/zip code]	[insert country]	[email]	N/A	N/A
Other Obligations Secured									
[Insert name of Program Agreement]	[Insert name of institution]	[insert address]	[insert city]	[insert province/ state]	[insert postal/zip code]	[insert country]	[email]	N/A	N/A

EXHIBIT 4
FORM OF REQUEST FOR SPECIFIED CREDITOR INFORMATION

TO: BNY Trust Company of Canada, as indenture trustee (the "**Indenture Trustee**") under the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust ~~(the "**Issuer**")~~ and the Indenture Trustee (as amended, modified, supplemented, replaced or restated from time to time, the "**Trust Indenture**")

RE: Request for Provision of Information pursuant to Section 9.14 of the Trust Indenture

DATE: [■]

All capitalized terms used but not otherwise defined herein shall have the meanings ascribed thereto in the Trust Indenture.

First Declaration

1. The undersigned, being the duly appointed [*state position*] of [*insert name of Debtholder 1*] ("**Debtholder 1**"), hereby certifies, in that capacity and without personal liability, as follows:

2. The undersigned has made, or caused to be made, such examinations or investigations as are, in my belief, necessary to enable me to make the statements or give the opinions contained or expressed in this certificate.

3. Debtholder 1 forms part of the Debtholders of the following Series or Tranche:

   [*insert details of all applicable Issuer Funding Obligations*]

4. Debtholder 1 has owned an Issuer Funding Obligation of such Series or Tranche for a period of at least six (6) months preceding the date of this application.

Second Declaration

5. The undersigned, being the duly appointed [*state position*] of [*insert name of Debtholder 2*] ("**Debtholder 2**"), hereby certifies, in that capacity and without personal liability, as follows:

6. The undersigned has made, or caused to be made, such examinations or investigations as are, in my belief, necessary to enable me to make the statements or give the opinions contained or expressed in this certificate.

7. Debtholder 2 forms part of the Debtholders of the following Series or Tranche:

   [*insert details of all applicable Issuer Funding Obligations*]

8. Debtholder 2 has owned an Issuer Funding Obligation of such Series or Tranche for a period of at least six (6) months preceding the date of this application.

Third Declaration

9. The undersigned, being the duly appointed [*state position*] of [*insert name of Debtholder 3*] ("**Debtholder 3**"), hereby certifies, in that capacity and without personal liability, as follows:

10. The undersigned has made, or caused to be made, such examinations or investigations as are, in my belief, necessary to enable me to make the statements or give the opinions contained or expressed in this certificate.

11. Debtholder 3 forms part of the Debtholders of the following Series or Tranche:

    [*insert details of all applicable Issuer Funding Obligations*]

12. Debtholder 3 has owned an Issuer Funding Obligation of such Series or Tranche for a period of at least six (6) months preceding the date of this application.

Request

13. The undersigned Debtholders desire to communicate [*insert applicable Debtholder Group*] with respect to their rights under ~~this~~**the Trust** Indenture or under the applicable Program Agreement.

14. Attached hereto is a copy of the form of proxy or other communication which such applicants propose to transmit.

15. The Debtholders request that the Indenture Trustee deliver to them the information preserved at the time by the Indenture Trustee in accordance with Section 9.14 of the Trust Indenture.

DATED this ___ day of _____, 20___.

[DEBTHOLDER 1]

By: _____

Name:
Title:

[DEBTHOLDER 2]

By: _____

Name:
Title:

[DEBTHOLDER 3]

By: _____

Name:
Title:

EXHIBIT 5
FORM OF CANCELLATION NOTICE

TO: BNY Trust Company of Canada, as indenture trustee (the "**Indenture Trustee**") under the trust indenture between Computershare Trust Company of Canada in its capacity as trustee of Fair Hydro Trust ~~(the "**Issuer**")~~ and the Indenture Trustee (as amended, modified, supplemented, replaced or restated from time to time, the "**Trust Indenture**")

RE: Request for Removal from Specified Creditor Register

DATE: [■]

All capitalized terms used but not otherwise defined herein shall have the meanings ascribed thereto in the Trust Indenture.

1. The undersigned, being the duly appointed [*state position*] of [*insert name of institution*].

2. You are hereby requested pursuant to Section 9.14 of the Trust Indenture to, within five **(5)** Business Days of receipt of this notice, notify the Issuer to remove the following Specified Creditor from the list provided for in subsection 13.13(b) of the Trust Indenture.

   Name of Specified Creditor to be Removed: [*enter details*]

   Name of Program Agreement: [*enter details*]

DATED this ___ day of _____, 20___.

[SPECIFIED CREDITOR]

By: _____

Name:
Title:

EXHIBIT 6
FORMS OF CERTIFICATION

See attached.

Exhibit 6-A

FORM OF CERTIFICATE TO BE GIVEN BY
PERSON ENTITLED TO RECEIVE BEARER NOTE

CERTIFICATE

FAIR HYDRO TRUST

■% Notes due ■

This is to certify that as of the date hereof, and except as set forth below, the above-captioned Notes held by you for our account (i) are owned by any person(s) that is not a citizen or resident of the United States; a corporation or partnership (including any entity treated as a corporation or partnership for United States federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia unless, in the case of a partnership, Treasury Regulations provide otherwise; any estate whose income is subject to United States federal income tax regardless of its source or; a trust if (A) a United States court can exercise primary supervision over the trust's administration and one of more United States persons are authorized to control all substantial decisions of the trust or (B) a trust in existence on August 20, 1996, and treated as a United States person before this date that timely elected to continue to be treated as a United States person ("**United States ~~persons~~person(s)**"), (ii) are owned by United States person(s) that are (a) foreign branches of United States financial institutions (financial institutions, as defined in United States Treasury Regulation Section 1.165-12(c)(1)(iv) are herein referred to as "**financial institutions**") purchasing for their own account or for resale, or (b) United States person(s) who acquired the Notes through foreign branches of United States financial institutions and who hold the Notes through such United States financial institutions on the date hereof (and in either case (a) or (b), each such United States financial institution hereby agrees, on its own behalf or through its agent, that you may advise Fair Hydro Trust or its agent that such financial institution will comply with the requirements of Section 165(j)(3)(A), (B) or (C) of the United States Internal Revenue Code of 1986, as amended, and the regulations thereunder), or (iii) are owned by United States or foreign financial institution(s) for purposes of resale during the restricted period (as defined in United States Treasury Regulation Section 1.163-5(c)(2)(i)(D)(7)), and, in addition, if the owner is a United States or foreign financial institution described in clause (iii) above (whether or not also described in clause (i) or (ii)), this is to further certify that such financial institution has not acquired the Notes for purposes of resale directly or indirectly to a United States person or to a person within the United States or its possessions.

As used herein, "United States" means the United States of America (including the states and the District of Columbia); and its "possessions" include Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands.

We undertake to advise you promptly by in writing or by electronic transmission on or prior to the date on which you intend to submit your certification relating to the above-captioned Notes held by you for our account in accordance with your operating procedures if any applicable

statement herein is not correct on such date, and in the absence of any such notification it may be assumed that this certification applies as of such date.

This certificate excepts and does not relate to $■ of such interest in the above-captioned Notes in respect of which we are not able to certify and as to which we understand an exchange for an interest in a permanent Global Note or an exchange for and delivery of definitive Notes (or, if relevant, collection of any interest) cannot be made until we do so certify.

We understand that this certificate may be required in connection with certain tax legislation in the United States. If administrative or legal proceedings are commenced or threatened in connection with which this certificate is or would be relevant, we irrevocably authorize you to produce this certificate or a copy thereof to any interested party in such proceedings.

Dated: ■

[To be dated no earlier than the 15th day prior to (i) the date of original issuance or (ii) the Exchange Date, as applicable]

[Name of Person Making Certification]

_____

Name:
Title:

Exhibit 6-B

FORM OF CERTIFICATE TO BE GIVEN BY A DEPOSITORY
IN CONNECTION WITH THE EXCHANGE OF A PORTION OF A
TEMPORARY GLOBAL NOTE

CERTIFICATE

FAIR HYDRO TRUST

■% Notes due ■

This is to certify that based solely on written certifications that we have received in writing or by electronic transmission from each of the persons appearing in our records as persons entitled to a portion of the principal amount set forth below (our "**Member Organizations**") substantially in the form attached hereto, as of the date hereof, $■ principal amount of the above-captioned Notes (i) is owned by any person(s) that is not a citizen or resident of the United States; a corporation or partnership (including any entity treated as a corporation or partnership for United States federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia unless, in the case of a partnership, Treasury Regulations provide otherwise; any estate whose income is subject to United States federal income tax regardless of its source or; a trust if (A) a United States court can exercise primary supervision over the trust's administration and one of more United States persons are authorized to control all substantial decisions of the trust or (B) a trust in existence on August 20, 1996, and treated as a United States person before this date that timely elected to continue to be treated as a United States person ("**United States person(s)**"), (ii) is owned by United States person(s) that are (a) foreign branches of United States financial institutions (financial institutions, as defined in U.S. Treasury Regulation Section 1.165-12(c)(1)(iv) are herein referred to as "**financial institutions**") purchasing for their own account or for resale, or (b) United States person(s) who acquired the Notes through foreign branches of United States financial institutions and who hold the Notes through such United States financial institutions on the date hereof (and in either case (a) or (b), each such financial institution has agreed, on its own behalf or through its agent, that we may advise Fair Hydro Trust or its agent that such financial institution will comply with the requirements of Section 165(j)(3)(A), (B) or (C) of the Internal Revenue Code of 1986, as amended, and the regulations thereunder), or (iii) is owned by United States or foreign financial institution(s) for purposes of resale during the restricted period (as defined in United States Treasury Regulation Section 1.163-5(c)(2)(i)(D)(7)) and, to the further effect, that financial institutions described in clause (iii) above (whether or not also described in clause (i) or (ii)) have certified that they have not acquired the Notes for purposes of resale directly or indirectly to a United States person or to a person within the United States or its possessions.

As used herein, "United States" means the United States of America (including the states and the District of Columbia); and its "possessions" include Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands.

We further certify that (i) we are not making available herewith for exchange (or, if relevant, collection of any interest) any portion of the temporary Global Note representing the

above-captioned Notes excepted in the above-referenced certificates of Member Organizations and (ii) as of the date hereof we have not received any notification from any of our Member Organizations to the effect that the statements made by such Member Organizations with respect to any portion of the part submitted herewith for exchange (or, if relevant, collection of any interest) are no longer true and cannot be relied upon as of the date hereof.

We understand that this certification is required in connection with certain tax legislation in the United States. If administrative or legal proceedings are commenced or threatened in connection with which this certificate is or would be relevant, we irrevocably authorize you to produce this certificate or a copy thereof to any interested party in such proceedings.

Dated: ■

[To be dated no earlier than the 15th day prior to the Exchange Date]

[DEPOSITORY]

By: _____

Document comparison by Workshare Compare on December-15-17 12:01:32 AM

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Moved to	16
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Format changed	0

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INDEMNITY AGREEMENT

TO: BNY Trust Company of Canada, in its capacity as Indenture Trustee of Fair Hydro Trust (in such capacity, the "**Indenture Trustee**")

RE: Management Agreement dated as of ■, 2017 (the "**Management Agreement**") made between Ontario Power Generation, as manager (in such capacity, the "**Manager**") and Fair Hydro Trust (the "**Issuer**")

AND RE: Warehouse Senior Series 2017-1 Supplemental Indenture dated as of ■, 2017 (as in effect on the date hereof, the "**Supplemental Indenture**") made between, *inter alios*, the Issuer and the Indenture Trustee

---

WHEREAS the Government of Ontario has passed the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**") for the purpose of, among other things, ensuring that Clean Energy Costs and Clean Energy Benefits are fairly allocated among present and future Specified Consumers;

AND WHEREAS Ontario Power Generation Inc. has been appointed as Financial Services Manager under the Act to, among other things, evaluate whether potential Funding Obligations should be incurred by Financing Entities for the purposes of acquiring and financing Investment Interests;

AND WHEREAS the Issuer is a Financing Entity established, at the request of the Financial Services Manager and pursuant to the Act, by Computershare Trust Company of Canada;

AND WHEREAS the Issuer and the Manager have entered into the Management Agreement in furtherance of, and in accordance with, the Act;

AND WHEREAS the Manager has agreed to execute this Indemnity Agreement to provide certain indemnities with respect to its duties and obligations under the Management Agreement.

IN CONSIDERATION OF the mutual covenants and agreements herein and the sum of $1.00 and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged) the parties hereto agree as follows:

1. Unless otherwise defined in this Indemnity Agreement, all capitalized terms used herein shall have the meanings ascribed thereto, either directly or by incorporation therein, in the Management Agreement.

2. The Manager shall indemnify the Indenture Trustee, on behalf of itself and on behalf of the Administrative Agent, each Funding Agent, each CP Conduit Purchaser, each Group Bank and each Non-Conduit Purchaser (in each case, in their respective capacities as such under the Supplemental Indenture) (each, an "**Indemnified Person**") and defend and hold harmless each such Indemnified Person from and against, any and all liabilities, obligations, losses, damages, payments and claims, and reasonable costs or expenses, of any kind whatsoever (collectively, "**Indemnified Losses**") imposed on, incurred by or asserted against each such Indemnified Person in connection with the Supplemental Indenture or the Series 2017-1 Notes issued thereunder, as a result of (i) the failure of the

Manager to perform its covenants and other obligations under the Management Agreement or any other Program Agreement to which the Manager is a party; or (ii) the breach by the Manager of any of its representations or warranties under the Management Agreement or any other Program Agreement to which the Manager is a party and, except to the extent of Indemnified Losses resulting from the willful misconduct, bad faith or gross negligence of such Indemnified Person seeking indemnification hereunder; provided that, in each case, the Manager shall not be required to indemnify an Indemnified Person for any amount paid or payable by such Indemnified Person in the settlement of any Proceeding or investigation without the written consent of the Manager, which consent shall not be unreasonably withheld or delayed. Promptly after receipt by an Indemnified Person of notice of the commencement of any Proceeding or investigation, such Indemnified Person shall, if a claim in respect thereof is to be made against the Manager under this Section 2, notify the Manager in writing of the commencement thereof. Failure by an Indemnified Person to so notify the Manager shall relieve the Manager from the obligation to indemnify and hold harmless such Indemnified Person under this Section 2 only to the extent that the Manager suffers actual prejudice as a result of such failure. With respect to any Proceeding or investigation brought by a third party for which indemnification may be sought under this Section 2, the Manager shall be entitled to conduct and control, at its expense and with counsel of its choosing that is reasonably satisfactory to such Indemnified Person, the defence of any such Proceeding or investigation (in which case the Manager shall not thereafter be responsible for the fees and expenses of any separate counsel retained by the Indemnified Person except as set forth below); provided, that the Indemnified Person shall have the right to participate in such Proceeding or investigation through counsel chosen by it and at its own expense. Notwithstanding the Manager's election to assume the defence of any Proceeding or investigation, the Indemnified Person shall have the right to employ separate counsel, and the Manager shall bear the reasonable fees, costs and expenses of such separate counsel, if (i) the defendants in any such action include both the Indemnified Person and the Manager and the Indemnified Person shall have reasonably concluded that there may be legal defences available to it that are different from or additional to those available to the Manager, (ii) the Manager shall not have employed counsel reasonably satisfactory to the Indemnified Person to represent the Indemnified Person within a reasonable time after notice of the institution of such action, (iii) the Indemnified Person shall have been advised by counsel to the Indemnified Person that there may be a conflict of interest between the Manager and the Indemnified Person, or (iv) the Manager authorizes the Indemnified Person to employ separate counsel at the expense of the Manager. Notwithstanding the foregoing, the Manager shall not be obligated to pay for the fees, costs and expenses of more than one separate counsel for the Indemnified Persons other than one local counsel, if appropriate. The Manager will not, without the prior written consent of the Indemnified Person, settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim or Proceeding in respect of which indemnification may be sought under this Section 2 (whether or not the Indemnified Person is an actual or potential party to such claim or action) unless such settlement, compromise or consent includes an unconditional release of the Indemnified Person from all liability arising out of such claim or Proceeding.

Indemnification under Section this 2 shall survive any repeal of, modification of, or supplement to, or judicial invalidation of, the Act and shall survive the termination of this

Indemnity Agreement or the Management Agreement and will rank pari passu with other general, unsecured obligations of the Manager.

Notwithstanding anything contained in this Indemnity Agreement or the Management Agreement, it is expressly understood that the Manager is not agreeing to indemnify or hold any Indemnified Person harmless with respect to any of the following: (i) any losses resulting from any breach or failure to perform by the Manager caused by a breach or failure to perform on the part of any other third party under any Program Agreement, the Act or the Regulations; provided that the foregoing clause (i) shall not apply to limit the liability of the Manager in respect of any delegation to a third party as provided for in section 4.7 of the Management Agreement; (ii) any losses resulting from changes in law after the date hereof, whether such changes in law are effected by means of any legislative enactment or any final and non-appealable judicial decision, other than losses resulting solely from the Manager's failure to comply with section 4.1(a)(xiv) of the Management Agreement; (iii) any losses resulting from the validity of the Change of Law Protection Agreement or the applicability thereof to the Province or to any Indemnified Person or any material part thereof being disaffirmed by or on behalf of the Province; or (iv) any liability of any Indemnified Person incurred after the termination of this Indemnity Agreement or the Management Agreement unless attributable to the actions or omissions of the Manager prior to such termination **or in respect of a representation, warranty or covenant of the Manager that survives termination of this Indemnity Agreement or the Management Agreement**.

To the fullest extent permitted by applicable law, no Specified Creditor (other than the Indenture Trustee) will have any right to institute any proceeding, judicial or otherwise, or to make any claim for indemnification, with respect to this Indemnity Agreement or the Management Agreement, or for the appointment of a receiver or trustee or similar official, or for any other remedy hereunder, except in accordance with Section 8.12 of the Indenture.

The parties hereto agree that the Manager is not providing any representations, warranties or covenants in this Indemnity Agreement or the Management Agreement, and shall have no liability to any Indemnified Person, with respect to the collectability of the Clean Energy Adjustment or the Carrying Costs, or that the Clean Energy Adjustment amounts or Carrying Costs collected will be sufficient to satisfy the Issuer Funding Obligations.

3. This Indemnity Agreement may be amended in writing by the Manager and the Indenture Trustee, and with satisfaction of the Rating Agency Condition, such satisfaction to be confirmed by the Indenture Trustee at the time of such amendment. Promptly after the execution of any such amendment, the Indenture Trustee shall furnish copies of such amendment to each of the Rating Agencies.

4. This Indemnity Agreement shall enure to the benefit of and shall be binding upon the Manager and the Indemnified Parties and their respective successors and assigns.

5. If one or more provision of this Indemnity Agreement is for any reason whatever held invalid, such provision will be deemed severable from the remaining covenants, agreements and provisions of this Indemnity Agreement and will in no way affect the validity or enforceability of such remaining provisions or the rights of any parties hereto.

6. This Indemnity Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

7. This Indemnity Agreement may be executed in counterparts, each of which when so executed shall be deemed to be an original and the counterparts together shall constitute one and the same instrument. Delivery of an executed signature page to this Indemnity Agreement by any party by electronic transmission will be as effective as delivery of a manually executed copy of this Indemnity Agreement by such party.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF the undersigned have executed this Indemnity Agreement as of December ____, 2017.

ONTARIO POWER GENERATION INC.

By: _____

Name:

Title:

BNY TRUST COMPANY OF CANADA, in its capacity as Indenture Trustee of **FAIR HYDRO TRUST**, and not in its personal capacity

By: _____

Name:

Title:

By: _____

Name:

Title:

Document comparison by Workshare Compare on December-14-17 2:05:56 PM

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Moved cell	
Split/Merged cell	
Padding cell	

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Insertions	5
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Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	9

ACKNOWLEDGEMENT AND INDEMNITY AGREEMENT

TO: BNY Trust Company of Canada, in its capacity as Indenture Trustee of Fair Hydro Trust (in such capacity, the "**Indenture Trustee**")

RE: Master Transfer and Servicing Agreement dated as of ■, 2017 (the "**MTSA**") made between Independent Electricity System Operator (the "**IESO**"), as servicer (in such capacity, the "**Servicer**") and Fair Hydro Trust (the "**Issuer**")

AND RE: Warehouse Senior Series 2017-1 Supplemental Indenture dated as of ■, 2017 (as in effect on the date hereof, the "**Supplemental Indenture**") made between, *inter alios*, the Issuer and the Indenture Trustee

---

WHEREAS the Government of Ontario has enacted the *Ontario Fair Hydro Plan Act*, 2017 (the "**Act**") for the purpose of, among other things, ensuring that clean energy costs and clean energy benefits (each as defined in the Act) are fairly allocated among present and future Specified Consumers;

AND WHEREAS, under the Act, the IESO is required to establish and maintain the Fair Hydro Variance Account, and has the right under the Act and the Regulations to record certain amounts in the Fair Hydro Variance Account and recover the balance from time to time of the Fair Hydro Variance Account from Specified Consumers (such right, the "**Regulatory Asset**");

AND WHEREAS the IESO may from time to time, in accordance with the Act, Transfer Specified Portions of the Regulatory Asset to the Issuer pursuant to Section 26(1) of the Act;

AND WHEREAS the Issuer and the Indenture Trustee are parties to a master trust indenture dated as of ■, 2017 (as amended, restated, modified or supplemented (including by way of Supplemental Indentures) from time to time, the "**Indenture**");

AND WHEREAS the Issuer may finance the acquisition from the IESO, from time to time, of an Investment Interest through the incurrence of Funding Obligations under the Indenture;

AND WHEREAS in connection with its ownership of the Issuer Investment Interest and in order to collect the associated Clean Energy Adjustments in accordance with the Act, pursuant to the MTSA the Issuer has engaged the Servicer to carry out the services described therein;

AND WHEREAS, pursuant to the Indenture, the Issuer has granted a security interest (the "**Security Interest**") over, *inter alia*, all rights, benefits and powers of the Issuer under the MTSA, to and in favour of the Indenture Trustee on behalf of the Specified Creditors, as security for the due payment of all Obligations Secured;

AND WHEREAS the Servicer has agreed to execute this Acknowledgement and Indemnity Agreement to (i) acknowledge that the Security Interest has been granted to the Indenture Trustee, on behalf of the Specified Creditors, thereby assigning as security all of the rights,

benefits and powers of the Issuer under the MTSA to the Indenture Trustee, and (ii) provide certain indemnities with respect to its duties and obligations under the MTSA.

IN CONSIDERATION OF the mutual covenants and agreements herein and the sum of $1.00 and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged) the parties hereto agree as follows:

1. Unless otherwise defined in this Acknowledgement and Indemnity Agreement, all capitalized terms used herein shall have the meanings ascribed thereto, either directly or by incorporation therein, in the MTSA.

2. The Servicer hereby acknowledges receipt of notice that (i) the Issuer has granted the Security Interest to the Indenture Trustee, on behalf of the Specified Creditors, and (ii) as a result of the grant of the Security Interest, the Issuer has assigned as security all of its rights, benefits and powers under the MTSA to the Indenture Trustee, on behalf of the Specified Creditors, and the Servicer hereby consents to such assignment.

3. The Servicer acknowledges and agrees that (i) the Indenture Trustee has the right to exercise remedies against, and enforce the duties and obligations of, the Servicer under the MTSA in place of the Issuer in all circumstances in which the Indenture Trustee is entitled to do so under the Indenture, (ii) upon receipt of notice from the Indenture Trustee that the Indenture Trustee is entitled to instruct the Servicer under the Indenture, the Servicer shall take instructions from the Indenture Trustee with respect to the performance of the Servicer's duties and obligations under the MTSA, and (iii) the Indenture Trustee has not assumed any of the obligations of the Issuer pursuant to the MTSA.

4. The Servicer shall indemnify the Indenture Trustee, on behalf of itself and on behalf of the Administrative Agent, each Funding Agent, each CP Conduit Purchaser, each Group Bank and each Non-Conduit Purchaser (in each case, in their respective capacities as such under the Supplemental Indenture) (each, an "**Indemnified Person**") and defend and hold harmless each such Indemnified Person from and against, any and all liabilities, obligations, losses, damages, payments and claims, and reasonable costs or expenses, of any kind whatsoever (collectively, "**Indemnified Losses**") imposed on, incurred by or asserted against each such Indemnified Person in connection with the Supplemental Indenture or the Series 2017-1 Notes issued thereunder, as a result of (i) the failure of the Servicer to perform its covenants and other obligations under the MTSA or any other Program Agreement to which the Servicer is a party; or (ii) the breach by the Servicer of any of its representations or warranties under the MTSA or any other Program Agreement to which the Servicer is a party and, except to the extent of Indemnified Losses resulting from the willful misconduct, bad faith or gross negligence of such Indemnified Person seeking indemnification hereunder; provided that, in each case, the Servicer shall not be required to indemnify an Indemnified Person for any amount paid or payable by such

Indemnified Person in the settlement of any Proceeding or investigation without the written consent of the Servicer, which consent shall not be unreasonably withheld or delayed. Promptly after receipt by an Indemnified Person of notice of the commencement of any Proceeding or investigation, such Indemnified Person shall, if a claim in respect thereof is to be made against the Servicer under this Section 4, notify the Servicer in writing of the commencement thereof. Failure by an Indemnified Person to so notify the Servicer shall relieve the Servicer from the obligation to indemnify and hold harmless such Indemnified Person under this Section 4 only to the extent that the Servicer suffers actual prejudice as a result of such failure. With respect to any Proceeding or investigation brought by a third party for which indemnification may be sought under this Section 4, the Servicer shall be entitled to conduct and control, at its expense and with counsel of its choosing that is reasonably satisfactory to such Indemnified Person, the defence of any such Proceeding or investigation (in which case the Servicer shall not thereafter be responsible for the fees and expenses of any separate counsel retained by the Indemnified Person except as set forth below); provided, that the Indemnified Person shall have the right to participate in such Proceeding or investigation through counsel chosen by it and at its own expense. Notwithstanding the Servicer's election to assume the defence of any Proceeding or investigation, the Indemnified Person shall have the right to employ separate counsel, and the Servicer shall bear the reasonable fees, costs and expenses of such separate counsel, if (i) the defendants in any such action include both the Indemnified Person and the Servicer and the Indemnified Person shall have reasonably concluded that there may be legal defences available to it that are different from or additional to those available to the Servicer, (ii) the Servicer shall not have employed counsel reasonably satisfactory to the Indemnified Person to represent the Indemnified Person within a reasonable time after notice of the institution of such action, (iii) the Indemnified Person shall have been advised by counsel to the Indemnified Person that there may be a conflict of interest between the Servicer and the Indemnified Person, or (iv) the Servicer authorizes the Indemnified Person to employ separate counsel at the expense of the Servicer. Notwithstanding the foregoing, the Servicer shall not be obligated to pay for the fees, costs and expenses of more than one separate counsel for the Indemnified Persons other than one local counsel, if appropriate. The Servicer will not, without the prior written consent of the Indemnified Person, settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim or Proceeding in respect of which indemnification may be sought under this Section 4 (whether or not the Indemnified Person is an actual or potential party to such claim or action) unless such settlement, compromise or consent includes an unconditional release of the Indemnified Person from all liability arising out of such claim or Proceeding.

Indemnification under this Section 4 shall survive any repeal of, modification of, or supplement to, or judicial invalidation of, the Act and shall survive the termination of the MTSA or this Acknowledgement and Indemnity Agreement and will rank pari passu with other general, unsecured obligations of the Servicer.

Notwithstanding anything contained in the MTSA or this Acknowledgement and Indemnity Agreement, it is expressly understood that the Servicer is not agreeing to indemnify or hold any Indemnified Person harmless with respect to any of the following: (i) any losses resulting from any breach or failure to perform by the Servicer caused by a breach or failure to perform on the part of any other third party under any Program Agreement, the Act or the Regulations; provided that this provision shall not apply to limit the liability of the IESO in respect of any appointments as provided for in Section 3.10 of the MTSA; (ii) any losses resulting from changes in law after the date hereof, whether such changes in law are effected by means of any legislative enactment or any final and non-appealable judicial decision; or (iii) any liability of the Indemnified Person incurred after the termination of the MTSA and this Acknowledgement and Indemnity Agreement unless attributable to the actions or omissions of the Servicer prior to such termination **or in respect of a representation, warranty or covenant of the Servicer that survives termination of the MTSA or this Acknowledgement and Indemnity Agreement**.

To the fullest extent permitted by applicable law, no Specified Creditor (other than the Indenture Trustee) will have any right to institute any proceeding, judicial or otherwise, or to make any claim for indemnification, with respect to this Acknowledgement and Indemnity Agreement, or for the appointment of a receiver or trustee or similar official, or for any other remedy hereunder, except in accordance with Section 8.12 of the Indenture.

The parties hereto agree that the IESO is not providing any representations, warranties or covenants in the MTSA or this Acknowledgement and Indemnity Agreement, and shall have no liability to any Indemnified Person, with respect to the collectability of the Clean Energy Adjustment, or whether the Clean Energy Adjustment Amounts or Carrying Costs collected will be sufficient to satisfy the Funding Obligations.

5. The parties hereto acknowledge and agree that the duties, liabilities and obligations of the IESO under the MTSA are limited as provided in this Section 5.[1]

(a) IESO is not responsible for, or in respect of, any amounts not collected by Electricity Vendors from their customers or not remitted by Electricity Vendors to the Servicer.

(b) IESO is not responsible to confirm, verify or audit the amount of the Clean Energy Adjustment invoiced by Electricity Vendors or the Electricity Vendor CEA Collections collected by Electricity Vendors and reported to the IESO.

(c) IESO is not responsible for enforcing the obligations of Specified Consumers to pay, or the obligations of Electricity Vendors to invoice, collect or remit Clean Energy Adjustments or any other amounts, or to establish a segregated account

[1] The language included in this Section tracks Section 3.8 of the MTSA.

into which Electricity Vendor CEA Collections are to be deposited, and IESO is under no obligation to initiate or prosecute any legal action relating to the collection of the Clean Energy Adjustments or the Issuer Investment Interest.

(d) IESO is not responsible or liable for the performance by Electricity Vendors of their duties and responsibilities under the Act or the Regulations including (i) the invoicing of Specified Consumers in respect of the Clean Energy Adjustment and ancillary matters related thereto; (ii) the collection from Specified Consumers of amounts due in respect of such invoices and the remittance of such payments to the Servicer; (iii) the accuracy of any information provided by the Electricity Vendors; and (iv) any reporting by the Electricity Vendors, including the reporting to the Servicer of the total CEA Consumer Invoice Amounts invoiced by such Electricity Vendor to its Specified Consumers in respect of the Clean Energy Adjustment, the total Electricity Vendor CEA Collections received by such Electricity Vendor and the Issuer Share of Electricity Vendor CEA Collections received by such Electricity Vendor and any other reporting in the Electricity Vendor Billing Period Report.

(e) IESO is under no responsibility or obligation to the Issuer with respect to the nature or extent of the Issuer Investment Interest, the collectability of the Issuer Share of Servicer CEA Receipts or that the Issuer Share of Servicer CEA Receipts will be sufficient to satisfy the Issuer's Funding Obligations.

(f) IESO may rely in good faith on the advice of counsel or on any document of any kind, prima facie properly executed and submitted by any Person, respecting any matters arising under the MTSA.

(g) IESO shall have no liability or responsibility to any Person in respect of any forecasts or other information provided pursuant to the MTSA, provided only that such forecasts or other information has been prepared and provided in good faith.

(h) None of the directors, officers, employees or agents of IESO shall be liable to any Person for any action taken or for refraining from the taking of any action pursuant to the MTSA or this Acknowledgement and Indemnity Agreement or for good faith errors in judgment.

6. The Servicer and the Indenture Trustee shall execute and deliver, or cause to be executed and delivered, such instruments or further assurances as may be necessary or desirable to give effect to the provisions of this Acknowledgement and Indemnity Agreement.

7. This Acknowledgement and Indemnity Agreement may be amended in writing by the IESO and the Indenture Trustee, and with satisfaction of the Rating Agency Condition, such satisfaction to be confirmed by the Indenture Trustee at the time of such amendment.

Promptly after the execution of any such amendment, the Indenture Trustee shall furnish copies of such amendment to each of the Rating Agencies.

8. This Acknowledgement and Indemnity Agreement shall enure to the benefit of and shall be binding upon the Servicer and the Indenture Indemnified Parties and their respective successors and assigns.

9. If one or more provision of this Acknowledgement and Indemnity Agreement is for any reason whatever held invalid, such provision will be deemed severable from the remaining covenants, agreements and provisions of this Acknowledgement and Indemnity Agreement and will in no way affect the validity or enforceability of such remaining provisions or the rights of any parties hereto.

10. This Acknowledgement and Indemnity Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

11. This Acknowledgement and Indemnity Agreement may be executed in counterparts, each of which when so executed shall be deemed to be an original and the counterparts together shall constitute one and the same instrument. Delivery of an executed signature page to this Acknowledgement and Indemnity Agreement by any party by electronic transmission will be as effective as delivery of a manually executed copy of this Acknowledgement and Indemnity Agreement by such party.

[Signature page follows.]

IN WITNESS WHEREOF the undersigned have executed this Acknowledgement and Indemnity Agreement as of ●, 2017.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

Name:

Title:

BNY TRUST COMPANY OF CANADA, in its capacity as Indenture Trustee of **FAIR HYDRO TRUST**, and not in its personal capacity

By: _____

Name:

Title:

By: _____

Name:

Title:

Document comparison by Workshare Compare on December-14-17 2:06:50 PM

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Padding cell	

Statistics:	
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Insertions	4
Deletions	3
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	7

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust organized under the laws of the Province of Ontario (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council 1981/2017 (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Primary Obligations that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred. This Agreement sets out the terms and conditions of such protections and assurances.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A, and any other capitalized terms not defined herein shall have the meanings assigned to them in the Trust Indenture;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this

Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 Proof of Approved Obligations

The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Manager deems to be sufficient.

Each statement delivered by the Manager under Section 2.01(a)i shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and each of the parties hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Manager shall act diligently in the preparation of each such statement and shall provide the Indenture Trustee and the Province with all supporting computations and calculations used by the Manager to prepare each such statement promptly following a request therefor made by the Indenture Trustee or the Province.

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture as of the date of this Agreement.

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 2.01 or Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a

related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee, the Financing Entity, the Financing Entity Trustee, the Manager or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee may deliver a written demand, substantially in the form attached as **[Exhibit A]** (a "**Payment Demand**"), to the Province requiring the Province to make payments in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in this Agreement. From and after such delivery of a Payment Demand, the Province shall make the following payments in respect of the Approved Obligations (the "**Limited Guarantee**"), the Financing Entity shall pay, and the Province shall be entitled to be paid, the Subrogation Amounts specified below, and the following terms shall apply:

i. Not less than three (3) Business Days prior to each day when any payment or payments are to be made in respect of one or more Approved Obligations occurring after such delivery of a Payment Demand (each such day, a "**Guarantee Payment Date**"), the Manager shall deliver a written statement setting forth the Aggregate Approved Obligations Amount, if any, in respect of the Approved Obligations that are due and payable on such Guarantee Payment Date, together with a detailed description identifying such Approved Obligations and the nature and amount of payments due and payable thereunder on the Guarantee Payment Date, the aggregate outstanding amount payable by the Financing Entity under such Approved Obligations as of the date of such written statement, and details regarding any default in performance by any party obligated thereunder.

ii. On each such Guarantee Payment Date, the Province shall deposit the Aggregate Approved Obligations Amount into the Protection Account.

iii. On each such Guarantee Payment Date, the Financing Entity and the Indenture Trustee shall ensure that the amounts on deposit in the Protection Account are applied to pay each Beneficiary to whom an amount is due and payable under an Approved Obligation on the Guarantee Payment Date the Approved Obligation Amount for such Beneficiary in respect of such Approved Obligation on such Guarantee Payment Date; provided that if the amount deposited pursuant to clause 2.01(a)ii is insufficient to pay all such Approved Obligation Amounts in full, the amount on deposit in the Protection Account on the Guarantee Payment Date shall be applied to pay Beneficiaries in the order of priority in which such Approved Obligations are payable under the

payment provisions of the Trust Indenture applicable to the making of such payments on the Guarantee Payment Date (each, a "**Beneficiary Payee**" and each payment made to a Beneficiary Payee on a Guarantee Payment Date, a "**Guarantee Payment**").

iv. On the first Guarantee Payment Date and on each subsequent Guarantee Payment Date, Payment Date or other day on which any amount is required to be paid in respect of any Obligations Secured under the Trust Indenture (a "**Subrogation Payment Date**"), the Issuer and the Indenture Trustee shall ensure that the applicable payment provisions of the Trust Indenture shall be applied and operate on the following basis:

(A) If such day is a Guarantee Payment Date, then for each Approved Obligation for which amounts are paid to a Beneficiary Payee on such day pursuant to clause 2.01(a)iii in respect of principal, interest or any other amounts ("**Payable Approved Amounts**"), the amounts payable by the Financing Entity in respect of such amounts for such Approved Obligation shall be reduced by the respective amounts of such payments to the Beneficiary Payee, and equivalent amounts shall be payable by the Financing Entity to the Province as "**Subrogation Amounts**" in respect of such Approved Obligations, such Subrogation Amounts being payable in the same order of priority and with the same entitlements accruing to the Province as applied in respect of the related Payable Approved Amounts which were previously owing to the Beneficiary Payee, and to reflect this subrogation the payments set out in clause 2.01(a)iv(B) below shall be made by the Financing Entity.

(B) If the Province has made all deposits required to be made by it on each Guarantee Payment Date occurring on or before such day in accordance with clause 2.01(a)ii (or the related Approved Obligation Amounts have otherwise all been paid in full), then in respect of each Approved Obligation for which any related Subrogation Amounts have not yet been paid in full to the Province, the Financing Entity shall pay to the Province from amounts available under the Trust Indenture payment provisions and in accordance with the priority of payment provisions in the Trust Indenture the amount that would be payable on such date in satisfaction of the relevant

Payable Approved Amounts, as determined without regard to any Guarantee Payment paid on any Guarantee Payment Date and also without regard to the corresponding reduction of the amounts owing to present and former Beneficiary Payees pursuant to subclause 2.01(a)iv(A) up to the amount of the unpaid related Subrogation Amounts.

(C) No Beneficiary having a right to be paid an amount in respect of an Approved Obligation, and no other Person entitled under an Obligation Secured, in each case that ranks equal with or subordinate to the Payable Approved Amount in respect of which a Subrogation Amount is payable to the Province under subclause 2.01(a)iv(B), shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under such subclause (including any right of set-off, offset, reimbursement, contribution or indemnity) and no such Beneficiary or other Person shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of any such Subrogation Amount.

(D) For greater certainty, the entitlements of the Province in respect of Subrogation Amounts arising in respect of Payable Approved Obligations that are interest and principal obligations on Notes shall be treated for all purposes of the Trust Indenture as interest and principal obligations, respectively, arising under Notes having the same priority as and any applicable voting rights under the related Approved Obligations, and accordingly the Province (and any successor, assignee or transferee of such entitlements) shall be entitled to all of the rights, entitlements, interests and privileges of a Holder of such a Notes in accordance with the Trust Indenture, as supplemented by the Supplemental Indenture or other indenture document under which the related Approved Obligations were issued.

(b) On each Guarantee Payment Date and upon demand by the Province, the Indenture Trustee shall release and pay to the Province free and clear of any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay Guarantee Payments to Beneficiary Payees on the Guarantee Payment Date in accordance with clause

2.01(a)iii or that otherwise remains on deposit in the Protection Account on the relevant date.

(c) In preparing any payment instructions under the Trust Indenture, the Manager shall reflect the amounts payable under Section 2.01(a), if applicable.

(d) The Province shall, as a payee of Subrogation Amounts under clause 2.01(a)iv(B) and as a payee of any amounts payable under clause 2.01(b), be a "Specified Creditor" under the Trust Indenture and have the benefit of the Collateral thereunder.

(e) For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the Approved Obligation Amounts, if any, for payment to Beneficiary Payees and will be subject to the priorities and to the Province's rights to Subrogation Amounts, set forth in Section 2.01(a).

(f) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(g) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation by their terms.

(h) Any amount payable to the Province in respect of a Subrogation Amount shall bear interest from and including the date of payment by the Province of the related Guarantee Payment to but excluding the date of payment of the Subrogation Amount to the Province, such interest to accrue at the rate equivalent to the applicable interest rate borne by the related Approved Obligation, and such interest amounts shall be added to their respective Subrogated Amounts and shall consequently be payable in the same priority as the relevant Subrogated Amount under clause 2.01(a)iv(B), all such accruing interest amounts to be calculated and added to the Subrogation Amounts by the Manager in its discretion acting in a commercially reasonable fashion.

(i) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under and in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the

Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any amount due and payable to a Beneficiary Payee under the Limited Guarantee.

2.02 Intentionally Deleted.

2.03 Absence of Set-off

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 Payment into Protection Account in Satisfaction

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account" for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section **[7.03]** of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Financing Entity and the Indenture Trustee shall ensure that all amounts paid by the Province into the Protection Account on a Guarantee Payment Date in respect of an Approved Obligation are applied to pay the amounts due and payable to the Beneficiary Payee as and to the extent provided for in Section 2.01(a). Upon a payment having been made by or on behalf of the Province into the Protection Account, the amounts so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiary Payee as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such Beneficiary Payee in respect of the applicable Approved Obligations, whereupon an affected Beneficiary Payee shall have no continuing rights, interests or entitlements

(including rights as a secured party) in respect of the Approved Obligation to the extent so paid. For greater certainty, the obligations arising in respect of an applicable Approved Obligation shall not be reduced by such payment as the Province shall become entitled to be paid related Subrogation Amounts and the rights contemplated under Section 2.01(a) and Section 5.01 in relation to such continuing obligations.

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations in accordance with Section 8.01.

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

Except in respect of any Primary Obligation to which the Limited Guarantee will not apply on or after a Suspension Notice is delivered in accordance with Section 7.02, a Primary Obligation that is not a Certified Primary Obligation shall be an Approved Obligation. A Certified Primary Obligation shall constitute an Approved Obligation if (i) the Adherence Conditions applicable thereto have been satisfied at the time the Primary Obligation was incurred or (ii) the Province, in its sole discretion, designates in writing that it is an Approved Obligation.

4.02 Adherence Conditions

(a) The following shall be the Adherence Conditions applicable in relation to each Certified Primary Obligation:

i. the Certified Primary Obligation when incurred is an Obligation Secured under the Trust Indenture; and

ii. OPG, as FSM, delivers an Adherence Compliance Certificate in the form attached hereto as Exhibit B signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee, on or before the incurrence of the Certified Primary Obligation (provided that delivery may not be more than 5 Business Days before the incurrence of the Certified Primary Obligation); and

iii. the Province has not provided a Suspension Notice to the Indenture Trustee, OPG and the Financing Entity.

(b) Without limiting any obligations of OPG to the Province arising other than pursuant to this Agreement, satisfaction of the Adherence Conditions for a Certified Primary Obligation shall be deemed satisfaction of the Adherence Conditions in respect of all principal, interest and other amounts owing under the Certified Primary Obligation, as such Certified Primary Obligation may be amended, restated, supplemented or modified from time to time.

(c) For greater certainty, there shall be no Adherence Conditions applicable in relation to a Primary Obligation that is not a Certified Primary Obligation.

4.03 Evidence of Satisfaction

An Adherence Compliance Certificate delivered in accordance with clause 4.02(a)ii shall be determinative as to whether the applicable Adherence Condition with respect thereto has been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same. An Adherence Compliance Certificate that purports on its face to be signed by officers specified in clause 4.02(a)ii may be relied upon by any addressee without further enquiry or evidence as to the incumbency or signatures of such officers. If an Adherence Compliance Certificate is not delivered in accordance with the timing requirements of clause 4.02(a)ii such certificate may be delivered at a later date, and be effective as if it had been delivered in accordance with the timing requirement of clause 4.02(a)ii if at the time such certificate was otherwise required to be delivered OPG had delivered to the Province all certifications required by the Province in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation.

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, and shall be entitled to (i) the right and entitlement to be paid and receive the related Subrogation Amounts, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor

in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including Sections **[7.04]** through **[7.11]** and **[8.13]** (Payment Priorities), Section **[7.12]** (Payments Held in Trust), Section **[8.11]** (Control by Controlling Class Creditors), Section **[8.12]** (Limitation on Suits), Section **[8.14]** (Limited Recourse), Article IX (The Indenture Trustee), including all limitations of liability thereunder, Section **[9.14]** (Communications to Specified Creditors) and Section **[16.01]** (No Petition); (ii) consents, requests and authorizes the Issuer and the Indenture Trustee to (x) add the Province to the register of Specified Creditors described in subsection **[13.13(b)]** of the Trust Indenture and (y) disseminate the notice details of the Province to other Specified Creditors for the purposes set out in subsection **[9.14(b)]** of the Trust Indenture, and (iii) confirms that it will execute and deliver, or cause to be executed and delivered, all such further agreements, documents and instruments in connection with this Section 5.01 as the Indenture Trustee may request from time to time for the purpose of giving effect to the terms of this Section 5.01.

5.02 Priorities

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation and the Payable Approved Amounts thereunder shall rank equally with the rights, interests and entitlements of a Beneficiary to whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture in the manner and to the extent contemplated in Section **[7.10]** of the Trust Indenture.

5.03 Intentionally Deleted

5.04 Representations and Warranties

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
INDENTURE TRUSTEE MATTERS

6.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

6.02 Not Responsible for Recitals

The recitals contained herein will be taken as the statements of the Province, the Financing Entity and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

6.03 Representations and Covenants of the Indenture Trustee

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Agreement and has taken all necessary action to authorize the execution, delivery and performance by it of this Agreement;

(c) this Agreement has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada. If, notwithstanding the provisions of this subsection 6.03(d), the Indenture Trustee ceases to be so authorized to carry on business, the validity and

enforceability of this Agreement shall not be affected in any manner whatsoever by reason only of such event.

ARTICLE VII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

7.01 Suspension Notice

Upon:

(a) a Program Breach;

(b) a default in the performance, or breach, of any covenants of OPG, as FSM, or OPG, in its corporate capacity, in each case to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligation and the expiration of any applicable cure period;

(c) a representation or warranty made by OPG or a certification made by one or more officers of OPG, in each case whether as FSM or in its corporate capacity, to the Province in connection with its obligations to the Province and its internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligations, proves to be incorrect in any material respect on the date made and the expiration of any applicable cure period; or

(d) the FSM no longer being the Manager or actions having been taken by or on behalf of the Indenture Trustee to remove the FSM as the Manager;

the Province may deliver a written notice in the form of Exhibit C (a "**Suspension Notice**") to the Indenture Trustee, the FSM and the Financing Entity.

7.02 Suspension

If a Suspension Notice has been provided under Section 7.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of: (i) any Primary Obligation incurred, excluding Post-Suspension Refinancings, or (ii) any amendment of any Primary Obligation that has a Material Effect, unless otherwise agreed to by the Province, in each case, on or after the time such Suspension Notice is delivered.

7.03 Additional Right of the Province Regarding Post-Suspension Refinancings

Following the occurrence of a Suspension Event, the Limited Guarantee shall continue to apply in respect of any Post-Suspension Refinancing (for greater certainty, without regard to the satisfaction of any Adherence Conditions); provided that prior to the Financing Entity incurring any Primary Obligation constituting a Post-Suspension Refinancing, the Manager shall provide the Province with at least 30 days' notice of its intention to seek a Post-Suspension Refinancing

and prior to incurrence, which notice shall describe the material covenants, events of default, representations and warranties and indemnities of the Financing Entity and other material terms, excluding financial terms, rates and levels, and that shall be in respect of the full amount of the amount becoming due and payable in respect of the applicable Primary Obligation less amounts otherwise available to the Financing Entity from other available or committed sources (the "**Proposal**"), and during such 30 day period the Province may, but is not obligated to, offer to fund such Post-Suspension Refinancing or arrange for another Person to fund such Post-Suspension Refinancing on the same terms as set out in the Proposal or on such other terms as may be considered by the Province to be not more onerous on the Financing Entity and that are acceptable on that basis to the Financing Entity, acting reasonably. If, within such 30-day period, the Province elects to offer to fund such Post-Suspension Refinancing as provided in the preceding sentence, the Manager shall accept such offer; however, if the Province does not elect to offer to fund such Post-Suspension Refinancing, the Manager shall cause the Financing Entity to incur Primary Obligations constituting such a Post-Suspension Refinancing on substantially the same terms (excluding, for greater certainty, any financial terms, rates or levels) as those set out in the Proposal if the Post-Suspension Refinancing can be completed by the Financing Entity in compliance with the Act, or on such other terms as would not have a Material Effect, without taking into account any financial terms, rates or levels.

7.04 No Impact on Adherence

For greater certainty, the occurrence of a Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event or in respect of any Post-Suspension Refinancing.

ARTICLE VIII
MISCELLANEOUS

8.01 Term of Agreement

This Agreement will continue until the later of: (a) the date that no amount is or may become due and payable by the Province under the Limited Guarantee and (b) the date that no amount is or may become due and payable to the Province in respect of any Subrogation Amount.

8.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the

time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust

700 University Avenue

Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: Manager, Corporate Trust
Fax: (416) 981-9777
Email: corporatetrust.toronto@computershare.com

(b) if to the FSM:

Ontario Power Generation Inc.

700 University Avenue

Toronto, Ontario M5G 1X6

Attention: General Counsel
Fax: (416) 592-4189

(c) if to the Province:

Minister of Finance

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

and

Minister of Energy

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

With copies to:

Deputy Minister of Finance

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

and

Deputy Minister of Energy

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 8.02.

8.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section 8.03 shall be null and void.

8.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

8.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

8.07 Notice to Rating Agencies

OPG, as FSM, shall deliver prompt written notice to the Rating Agencies of the occurrence of (i) a Protection Event; (ii) receipt of a Suspension Notice delivered by the Province pursuant to Section 7.01; and (iii) an assignment of this Agreement by any party pursuant to Section 8.03.

8.08 Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their benefits hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

8.09 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, IN ITS CAPACITY AS TRUSTEE OF FAIR HYDRO TRUST, AS ISSUER, BY ONTARIO POWER GENERATION INC., NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration of a funding obligation" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Compliance Certificate**" means a certificate in the form attached hereto as Exhibit B delivered by the FSM in accordance with Section 4.02(a)ii.

"**Adherence Conditions**", means, in respect of a Certified Primary Obligation, the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of a Guarantee Payment Date, the aggregate of the Approved Obligation Amounts for such Guarantee Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, for a Beneficiary in respect of an Approved Obligation under which an amount is due and payable on a Guarantee Payment Date:

(a) if no Acceleration has occurred in respect of any Obligation Secured on or before the Guarantee Payment Date, the amount due and payable to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation (for greater certainty, determined on the assumption that there are adequate amounts available under the applicable payment provisions of the Trust Indenture to pay in full all amounts referred to in such payment provisions that are due and payable on the Guarantee Payment Date); and

(b) if an Acceleration has occurred in respect of any Obligations Secured on or before the Guarantee Payment Date, the amount that would be available to be paid to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation under the applicable payment provisions of the Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with such applicable payment provisions of the Trust Indenture in respect of each relevant month during each Reference Period is equal to the estimated Finance Amount determined in respect of such Reference Period for purposes of section 15(1) of the Act (in effect on the date hereof), including section 6.1 of the General Regulation (in effect on the date hereof), divided by the number of months in such Reference Period.

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Beneficiary Payee**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Certified Primary Obligations**" means Primary Obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest, including any Refinancing, other than a Post-Suspension Refinancing or a Pre-Approved Refinancing, of such a Primary Obligation (for greater certainty, including, in the case of any Certified Primary Obligation permitting funding transactions pursuant to a Funding Obligation Agreement applicable to the Certified Primary Obligation, each individual borrowing or funding utilization thereunder), (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not any individual trade confirmation other than a trade confirmation that modifies or purports to override the express terms or conditions of the related Master Agreement, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and expected (as determined by the Manager, acting reasonably) aggregate payments by the Financing Entity thereunder during the term of such contract are or would be in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).

"Change of Law Process Agreement" means the change of law process agreement between the Province and OPG;

"**Change of Law Protection Agreement**" means this Agreement.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Executive Officer**" has the meaning ascribed to the term "executive officer" in National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators.

"**Fair Allocation Amount**" has the meaning ascribed to the term "fair allocation amount" in the Act as of the date of this Agreement.

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the first paragraph of this Agreement until a successor Financing Entity Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and the Declaration of Trust, and thereafter "Financing Entity Trustee" means and includes such Person.

"**Financing Plan**" has the meaning ascribed to the term "Financing Plan" in the Act as of the date of this Agreement.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Guarantee Payment**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Guarantee Payment Date**" has the meaning ascribed thereto in Section 2.01(a)i.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**Holder**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Liens**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(a).

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity, as amended, supplemented, restated or otherwise modified from time to time.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Agreement**" means an agreement in the form of a Master Agreement as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, as amended, supplemented, restated or otherwise modified from time to time.

"**Material Effect**" means a material adverse effect on the obligations or the rights of the Province under the Limited Guarantee that relates to**, and in each case, differs in any material respect from the terms or conditions applicable to any other Transaction Document that forms part of the Reference Documentation at the relevant time, the following**: (i) the timing of or circumstances under which Primary Obligations would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization) that, in each case, is inconsistent with the Fair Allocation Amount~~ or the terms of any previously provided Reference Documentation~~; (ii) the appointment, obligations or duties of OPG as the Manager; (iii) the existence, powers or authority of the Financing Entity or the Financing Entity Trustee; (iv) the obligations of the Indenture Trustee to or in respect of the Province as a Specified Creditor; (v) the payment provisions and associated priorities set forth in the Trust Indenture; (vi) compliance by the FSM with the then applicable Financing Plan; (vii) compliance by the FSM or the Financing Entity with the Act or the General Regulation; or (viii) the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of this Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation.

"**Notes**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Payable Approved Amounts**" has the meaning ascribed thereto in 2.01(a).

"**Payment Date**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, unlimited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Post-Suspension Refinancing**" means a Funding Obligation that is an Obligation Secured and that is incurred on or after the occurrence of a Suspension Event in compliance with the requirements of Section 7.03, as a Refinancing of one or more Series of Approved Obligations (including any Pre-Approved Refinancing incurred on or after the occurrence of a Suspension Event), in each case the proceeds of which, together with any other funds that may be available, are used solely for the purpose of paying in full such Series of Approved Obligations **and any costs and expenses associated with such Refinancing**.

"**Pre-Approved Refinancing**" means a Refinancing of a Certified Primary Obligation in respect of which the Province has, prior to the incurrence of such Certified Primary Obligation, agreed shall be an Approved Obligation, subject to compliance with such conditions and requirements as may be specified in such agreement.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account or Finance Reserve Account; and (ii) any obligation to pay the Financing Entity or on the Financing Entity's direction any remaining amounts in the Collection Account pursuant to the Trust Indenture.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that (X) adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations when due and payable, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any Finance Reserve Account, Capital Account or collateral posting account applicable under a Derivative Agreement, (ii) the availability of any credit enhancement agreement to which the Financing Entity is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in any of clauses (i) to (v) of this paragraph (a), or (Y) adversely affects the enforceability of, or adversely changes, the terms and conditions of this Agreement or of any of the agreements under which Approved Obligations arise; or

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations when due and payable and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Approved Obligations that have become due and payable, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any Finance Reserve Account, Capital Account or collateral posting account applicable under a Derivative Agreement, (ii) the availability of any credit enhancement agreement to which the Financing Entity is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in paragraph (b).

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency Condition" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"Reference Documentation" has the meaning ascribed thereto in the Change of Law Process Agreement.

"**Reference Period**" has the meaning ascribed to the term "reference period" in the Act as of the date of this Agreement.

"**Refinancing**" has the meaning ascribed to the term "refinancing" in the Act as of the date of this Agreement, as more particularly described and given meaning in the General Regulation as of the date of this Agreement.

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Specified Creditor**" has the meaning ascribed thereto in the Trust Indenture on the date hereof.

"**Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(B).

"**Subrogation Payment Date**" has the meaning ascribed thereto in clause 2.01(a)iv.

"**Suspension Event**" has the meaning ascribed thereto in Section 7.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 7.01.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"Transaction Document" has the meaning ascribed thereto in the Change of Law Process Agreement.

"**True-up Amount**" has the meaning ascribed to the term "true up amount" in the Act as of the date of this Agreement.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

EXHIBIT A
FORM OF PAYMENT DEMAND

TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Pursuant to and in accordance with section 2.01(a) of the Change of the Law Protection Agreement, the Indenture Trustee hereby demands payment from the Province in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in the Change of Law Protection Agreement.

DATED as of the [■] day of [■], [■].

BNY TRUST COMPANY OF CANADA

By:
Name:
Title:

By:
Name:
Title:

EXHIBIT B
FORM OF ADHERENCE COMPLIANCE CERTIFICATE UNDER SECTION 4.02(a)

TO: **BNY TRUST COMPANY OF CANADA**, in its capacity as Indenture Trustee (the "**Indenture Trustee**") under the Master Trust Indenture dated as of December ●, 2017 between Fair Hydro Trust and the Indenture Trustee (the "**Master Trust Indenture**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province of Ontario, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust, Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Each of the undersigned, being the ● and ● of OPG acting in its capacity as FSM and holding the offices set forth under their names and signatures below, pursuant to and accordance with clause 4.02(a)ii of the Change of Law Protection Agreement, hereby certifies for and on behalf of OPG, in its capacity as Financial Services Manager, and not in such officer's personal capacity and intending that this certificate may be relied on by the addressees hereof without independent inquiry, that:

1. I have read and understand the provisions of the Change of Law Protection Agreement, the Master Trust Indenture and all other documents and materials necessary to enable me to deliver this certificate.
2. If the Certified Primary Obligation is a Refinancing, the proceeds of the Refinancing will be used solely for the purpose of repaying one or more Certified Primary Obligations in respect of which the Adherence Conditions in Subsection 4.02(a) of the Change of Law Protection Agreement had been satisfied, including one or more other Refinancings in respect of which the Adherence Conditions in Subsection 4.02(a) of the Change of Law Protection Agreement had been satisfied.
3. OPG has delivered to the Province a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate was provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation.

DATED as of the [■] day of [■], [■].

_____	_____
Name: [1]	Name:
Office:	Office:

[1] This certificate must be signed by two officers of OPG being either (i) the Chief Financial Officer and the Treasurer, or (ii) any two Executive Officers (as defined in the Change of Law Protection Agreement) of OPG.

EXHIBIT C
SUSPENSION NOTICE

TO: Ontario Power Generation Inc., in its capacity as Financial Services Manager

AND TO: Fair Hydro Trust

AND TO: Computershare Trust Company of Canada, in its capacity as trustee of Fair Hydro Trust

BNY Trust Company of Canada, as Indenture Trustee

AND TO:

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement. All references in this Suspension Notice to "Articles" or "Sections" refer to Articles or Sections of the Change of Law Protection Agreement.

The Province has a reasonable basis for concluding that an event described in clauses (a) to (d) of Section 7.01 has occurred. Pursuant to Section 7.01, the Province hereby declares that the Limited Guarantee shall hereby not apply in respect of (i) any Primary Obligation incurred, excluding Post-Suspension Refinancings or Pre-Approved Refinancings or (ii) any amendment of any Primary Obligation that has a Material Effect, unless otherwise agreed to by the Province, in each case, on or after delivery of this Suspension Notice.

This Suspension Notice is hereby delivered to the FSM, the Financing Entity and the Indenture Trustee in accordance with Section 8.02 of the Change of Law Protection Agreement.

* * * *

DATED as of the [■] day of [■], [■].

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

Document comparison by Workshare Compare on December-14-17 11:36:43 PM

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Deleted cell	
Moved cell	
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Moved to	0
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Format changed	0
Total changes	40

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.

CHANGE OF LAW PROCESS AGREEMENT

Dated as of [■], 2017

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**") is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.

Pursuant to a Declaration of Trust dated as of [■], 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the applicable Adherence Conditions.

Prior to entering into this Agreement, OPG provided the Province with the final forms of certain of the Transaction Documents, as described on Exhibit "A", and the Province has not objected to such forms and hereby confirms to OPG that such Transaction Documents will constitute "Reference Documentation" for purposes of this Agreement.

Prior to entering into this Agreement, OPG, as the FSM, provided the Minister of Energy, in compliance with the Act, with the initial Financing Plan, which includes the initial forecast (the "**Initial Forecast**") setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Obligations Secured to be incurred during the 24 month period from December 1, 2017 to November 30, 2019 (the "**Initial Forecast Period**"). Prior to entering into this Agreement, OPG provided the Province with the initial Protection Agreement Maximum (the "**Initial Protection Agreement Maximum**"). The Province has received the initial Financing Plan and has not disagreed with the Initial Forecast or the Initial Protection Agreement Maximum on the basis of an apparent inaccuracy in the Initial Forecast, an inconsistency between the Initial Forecast and the initial Financing Plan, or as a result of the Initial Protection Agreement Maximum being more than the Initial Forecast.

This Agreement sets out the obligations OPG has agreed to perform and assurances OPG has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the applicable Adherence Conditions have been satisfied and maintaining information related to the Program Agreements and the Approved Obligations.

All things necessary to make this Agreement a valid and legally binding agreement of OPG and the Province, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall"; the word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other

subdivisions of this Agreement as originally executed; the words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 References to the Financing Entity

For greater certainty, each reference to the Financing Entity shall be construed as a reference to the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.04 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.06 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby**, and any material amendment of this Agreement will only be binding if the Rating Agency Condition has been satisfied**. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF OPG

2.01 Deliveries to the Province

(a) OPG shall promptly deliver to the Province a copy of any proposed change to or replacement of the Financing Plan.

(b) Not less than 10 Business Days, or such lesser period as the Province may agree to in writing, prior to:

(i) any proposed material change in the terms or conditions applicable to a Primary Obligation in a previously provided Transaction Document becoming effective or otherwise being used; provided, however, that a proposed change in particular financial terms, rates or levels shall not constitute a material change, and

(ii) any additional, supplemental or replacement Transaction Document becoming effective or otherwise being used,

OPG shall deliver to the Province a copy of such proposed change to the Transaction Document and any such additional, supplemental or replacement Transaction Document.

(c) Without limiting Subsection 2.01(b), and except as has previously been provided to the Province under Subsection 2.01(b), promptly following (i) any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor being made, (ii) any new, additional, supplemental or replacement instruments, documents, agreements or security being used or granted in connection with all or any part of the Approved Obligations, or (iii) any waiver, release, reconveyance, termination, abandonment, subordination, exchange, substitution, transfer, compound, compromise, liquidation or enforcement of all or any part of the Approved Obligations or any security or guarantee therefor being effected, OPG shall deliver to the Province a detailed description of such event and the reasons for it together with any related documents, agreements and instruments.

(d) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, OPG shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations

(including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(e) Promptly upon request, OPG shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

2.02 Covenants

(a) OPG shall use commercially reasonable efforts to cause the Financing Entity to:

(i) punctually perform and observe all of the Financing Entity's obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not (unless waived in writing by the Province):

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement, replacement, waiver or consent could reasonably be considered to have a Material Effect; provided, however, that the foregoing does not apply to any supplement, amendment, modification, restatement, replacement, waiver or consent in respect of particular financial terms, rates or levels;

(B) extend, renew, compromise, novate, replace, suspend, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, liquidate or enforce the terms of all or any part of the Approved Obligations or any Collateral, if any such action could reasonably be considered to have a Material Effect; provided, however, that the foregoing does not apply to any such action taken in respect of particular financial terms, rates or levels; or

(C) permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired.

(b) If any action restricted pursuant to Section 2.02(a)(v) is reflected in a delivery required to be made by OPG to the Province pursuant to Section 2.01(b) and is not objected to by the Province under Section 3.04(b), the Province shall be deemed to have waived its rights in respect of such action under Section 2.02(a)(v).

(c) OPG shall:

(i) comply, and shall use commercially reasonable efforts to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

(ii) punctually perform and observe all of its (including as the FSM and as Manager) obligations and agreements contained in the Program Agreements;

(iii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation; and

(iv) notify the Province of (1) the occurrence of any Breach Event and any Program Breach, in each case within 2 Business Days of any such occurrence, and (2) any event or circumstance known to OPG that with the passage of time or the giving of notice would be a Breach Event or a Program Breach, in each case within 1 Business Day of OPG first becoming aware of such event or circumstance; and

(v) after the occurrence of any Protection Event (or any event or circumstance known to OPG that with the passage of time or the giving of notice would be a Protection Event), not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.

(d) The Province and OPG acknowledge that their obligations to each other under the Indemnity Agreement between the Province and OPG dated June 1, 2017 (as amended, the "**Indemnity Agreement**") are not amended by this Agreement and continue in full force and effect, notwithstanding that this Agreement is entered into subsequent to the Indemnity Agreement.

(e) The Province and OPG acknowledge that their obligations to each other under the Indemnity Agreement are not amended by the Change of Law Protection Agreement and continue in full force and effect, notwithstanding that the Change of Law Protection Agreement was entered into subsequent to the Indemnity Agreement.

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate

OPG shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Province, on or before the incurrence or any amendment of a Funding Obligation, other than any Funding Obligation under which not more than $5,000,000 in the aggregate may become payable by the Financing Entity (provided that delivery may not be more than 5 Business Days before the incurrence or amendment of the Funding Obligation), setting out the following with respect to such Funding Obligation:

(a) the material terms of the Funding Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a Derivative Agreement, OPG's best estimate of the expected notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

(b) if an existing Funding Obligation is proposed to be amended, material details respecting such amendment, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

(c) a statement to the effect that: (i) the Funding Obligation to be incurred or amended (1) will arise under terms and conditions that are Substantially in the Form of the Reference Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reference Documentation;

(d) a statement confirming that any disclosure made in respect of the Funding Obligation (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to the Funding Obligation) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement has been made available to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made;

(e) a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and

(f) confirmation that, at the time the Funding Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Funding Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the Protection Agreement Maximum applicable on the date that the Process Certificate is delivered; for clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be determined on the date the Process Certificate is delivered hereunder in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

3.02 Acknowledgement regarding delivery of certificate under Change of Law Protection Agreement

The Province acknowledges and agrees that, concurrent with the delivery of the Process Certificate pursuant to Section 3.01 of this Agreement, the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) are authorized to deliver the certificate referred to in Subsection 4.02(a)(ii) of the Change of Law Protection Agreement to the Indenture Trustee confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with adherence of the Limited Guarantee to the incurrence of the Certified Primary Obligations in respect of which the certificate in Subsection 4.02(a)(ii) of the Change of Law Protection Agreement is being delivered; provided that, upon receipt of a Suspension Notice under the Change of Law Protection Agreement, OPG covenants not to deliver any further certificates to the Indenture Trustee under Subsection 4.02(a)(ii) of the Change of Law Protection Agreement.

3.03 Acknowledgement regarding delivery of Suspension Notice

The parties acknowledge and agree that the Province is entitled to deliver a Suspension Notice under Section 7.01 of the Change of Law Protection Agreement if a Program Breach or Breach Event has occurred. The Province agrees not to deliver a Suspension Notice pursuant to Section 7.01 of the Change of Law Protection Agreement unless a Program Breach or a Breach Event has occurred.

3.04 Meaning of "Reference Documentation"

For the purposes of Subsection 3.01(c), the term "Reference Documentation" shall mean each Transaction Document that, at the relevant time:

(a) is a Transaction Document listed on Exhibit "A"; or

(b) is a Transaction Document (including any amended or amended and restated Transaction Document) provided to the Province in accordance with Subsection 2.01(b) that has not been objected to by the Province, by delivery of an objection notice in writing delivered to OPG, within 10 Business Days after it is provided to the Province; provided that the Province (i) shall only be entitled to deliver an objection notice if the Transaction Document (including any amended or amended and restated Transaction Document) has a Material Effect and (ii) shall not be entitled to deliver an objection notice in respect of any Post-Suspension Refinancing.

3.05 Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(c), the term "Substantially in the Form" shall mean:

(a) with respect to the Reference Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such Reference Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation that could have a Material Effect; provided, however, that the foregoing does not apply to any particular financial terms, rates or levels; and

(b) with respect to the Reference Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum

(a) Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Obligations Secured that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Obligations Secured to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast shall be

further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum, which may not exceed such Forecast.

(b) Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of any further Forecast and notice of the revised Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province may disagree with such further Forecast or revised Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in such further Forecast, (ii) the further Forecast is inconsistent with the Financing Plan, or (iii) the revised Protection Agreement Maximum is more than the further Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the revised Protection Agreement Maximum will be further revised accordingly and confirmed by an amended notice to the Province.

(c) For clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be valued at the time to be determined for the purposes of this Section 4.01 in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of OPG

OPG represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, may cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario and has the power and authority to enter into and perform its

obligations under this Agreement and all instruments and agreements delivered pursuant hereto.

(c) OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Financing Entity or in the ability of the Financing Entity to perform its obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

5.02 Representations and Warranties of the Province

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
BREACH EVENTS

6.01 Breach Events

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

(a) a default in the performance, or breach, by OPG of Section 2.01(b)(i), Section 2.02(b)(iv) or Section 3.01;

(b) a default in the performance, or breach, of any other covenants of OPG under this Agreement (excluding Section 2.01(b)(i), Section 2.02(b)(iv) and Section 3.01), which, if curable in a way such that the default or breach would not have or have had a Material Effect, is not so cured within thirty (30) days;

(c) any representation or warranty made by OPG in this Agreement, any certification made in a Process Certificate, or any certification made in a certificate contemplated by Subsection 4.02 of the Change of Law Protection Agreement, proves to be incorrect in a material respect on the date made and which, if curable in a way such that the incorrect representation or warranty may be remedied without any Material Effect having occurred as a result of the Province's reliance thereon, is not so cured within thirty (30) days; or

(d) OPG is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the Manager.

ARTICLE VII
MISCELLANEOUS

7.01 Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

7.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to OPG:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

(b) if to the Province:

Deputy Minister of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Deputy Ministry of Energy
[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 7.02.

7.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 7.03 shall be null and void.

7.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

7.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

7.06 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

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

By: _____

Name:
Title:

By: _____

Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Breach Event**" has the meaning ascribed thereto in Section 6.01.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the Financing Entity, OPG (as the FSM and the Manager) and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

"**Fair Allocation Amount**" has the meaning ascribed to the term "fair allocation amount" in the Act as of the date of this Agreement.

"**Financing Entity**" means Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(a).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**IESO Security Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**Initial Forecast**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Initial Forecast Period**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Initial Protection Agreement Maximum**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO.

"**Material Effect**" means a material adverse effect on the obligations or the rights of the Province under the Limited Guarantee, the Change of Law Protection Agreement or this Agreement that relates to**, and in each case, differs in any material respect from the terms or conditions applicable to any other Transaction Document that forms part of the Reference Documentation at the relevant time, the following**: (i) the timing of or circumstances under which related payments would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization) that, in each case, is inconsistent with the Fair Allocation Amount~~ or the terms of any previously provided Reference Documentation~~; (ii) the appointment, obligations or duties of OPG as the Manager; (iii) the existence, powers or authority of the Financing Entity or the Financing Entity Trustee; (iv) the obligations of the Indenture Trustee to or in respect of the Province as a Specified Creditor; (v) the payment provisions and associated priorities set forth in the Trust Indenture; (vi) compliance by the FSM with the then applicable Financing Plan; (vii) compliance by the FSM or the Financing Entity with the Act or the General Regulation; or (viii) the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of the Change of

Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Protection Agreement Maximum**" means the dollar amount referenced as the Program Agreement Maximum and determined in accordance with Section 4.01.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture.

"**Reference Documentation**" has the meaning ascribed thereto in Section 3.04.

"**Repayment**" has the meaning ascribed to the term "repayment" in the General Regulation as of the date of this Agreement.

"**Substantially in the Form**" has the meaning ascribed thereto in Section 3.05.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement; (vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected,

including any other agreement under which the Financing Entity incurs a material financial obligation or that could affect the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

EXHIBIT "A"
INITIAL REFERENCE DOCUMENTATION

- Declaration of Trust;
- Management Agreement;
- Master Transfer and Servicing Agreement;
- Acknowledgement and indemnity agreement dated as of [■], 2017 made by IESO in favour of the Indenture Trustee;
- IESO Security Agreement;
- Trust Indenture;
- Warehouse Senior Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;
- Warehouse Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017; and
- Warehouse Junior Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

Document comparison by Workshare Compare on December-14-17 7:24:12 PM

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Description	#24622622v5<TorysAtWork> - *Fair Hydro -- Change of Law Process Agreement
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Statistics:	
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Insertions	12
Deletions	11
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	23

WAREHOUSE

SENIOR SERIES 2017-1

SUPPLEMENTAL INDENTURE

between

FAIR HYDRO TRUST

by

COMPUTERSHARE TRUST COMPANY OF CANADA
as Issuer Trustee

and

BNY TRUST COMPANY OF CANADA
as Indenture Trustee

and

ROYAL BANK OF CANADA
as Administrative Agent

and

CERTAIN CP CONDUIT PURCHASERS,
CERTAIN NON-CONDUIT PURCHASERS
CERTAIN FUNDING AGENTS
and CERTAIN GROUP BANKS

Made as of December [21], 2017

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FLOATING RATE VARIABLE FUNDING,
SERIES 2017-1 SENIOR NOTES

SUPPLEMENTAL INDENTURE made as of ●**December [21]**, 2017, between **Computershare Trust Company of Canada**, a trust company established under the laws of Canada (the "**Issuer Trustee**"), in its capacity as trustee of **Fair Hydro Trust**, a trust existing under the laws of the Province of Ontario (in such capacity, the "**Issuer**"), **BNY Trust Company of Canada**, a trust company established under the laws of Canada (the "**Indenture Trustee**"), ●**Royal Bank of Canada**, in its capacity as the administrative agent for the Purchaser Groups (the "**Administrative Agent**"), the **Non-Conduit Purchasers** from time to time party hereto, the **CP Conduit Purchasers** from time to time party hereto, and the **Funding Agents** for the CP Conduit Purchaser Groups from time to time party hereto.

WHEREAS pursuant to the Trust Indenture, provision was made for the issuance of Notes from time to time;

AND WHEREAS pursuant to the Trust Indenture, Notes may be issued in one or more Series by the execution and delivery of a Supplemental Indenture;

AND WHEREAS the parties hereto are entering into this Supplemental Indenture to provide for the creation and issuance of the Series 2017-1 Senior Notes;

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

ARTICLE 1
INTERPRETATION

1.1 Definitions

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

(b) Except as otherwise expressly provided or unless the context otherwise requires, all terms used herein which are defined in the Trust Indenture, either directly or by reference therein, have the meanings assigned to them in the Trust Indenture.

1.2 Interpretation

Subject to the next following sentences, this Supplemental Indenture is supplemental to the Trust Indenture and the Trust Indenture shall be read in conjunction with this Supplemental Indenture and all of the provisions of the Trust Indenture shall apply to and shall have effect in connection with this Supplemental Indenture in the same manner as if all of the provisions of the Trust Indenture and of this Supplemental Indenture were contained in one instrument. This Supplemental Indenture shall, unless the context otherwise requires, be subject to the interpretative provisions contained in Article 1 of the Trust Indenture. If any terms of the Trust

Indenture are inconsistent with the express terms or provisions hereof, the terms and provisions of the Trust Indenture shall be, solely in respect of the Series 2017-1 Senior Notes, amended and supplemented so as to be consistent herewith. The provisions of this Supplemental Indenture are applicable only in respect of the Series 2017-1 Senior Notes and not the Notes of any other Series.

1.3 Application of this Supplemental Indenture

With respect to the Series 2017-1 Senior Notes only, the terms of the Trust Indenture are amended, supplemented, modified, restated and replaced to the extent applicable by the terms of this Supplemental Indenture in respect of the Series 2017-1 Senior Notes in accordance with Section 1.2 above.

ARTICLE 2
PRINCIPAL TERMS

2.1 Creation of Series 2017-1 Senior Notes

There is hereby created a Series of Notes to be issued pursuant to the Trust Indenture and this Supplemental Indenture designated as the "**Floating Rate Variable Funding Senior Notes, Series 2017-1**."

2.2 Principal Terms

In addition to and without limiting any of the provisions of this Supplemental Indenture, the Series 2017-1 Senior Notes:

(a) will be designated as set out in Section 2.1;

(b) will be Senior Notes;

(c) will have a Stated Principal Amount equal to the Series 2017-1 Maximum Principal Amount;

(d) will not be issued in Tranches;

(e) will be denominated in Canadian dollars;

(f) will not be listed on any securities exchange;

(g) will have an Initial Dollar Principal Amount equal to the Series 2017-1 Initial Principal Amount;

(h) will be issued as definitive notes and will not be in the form of a Global Note;

(i) will be issued as Registered Notes and will be without coupons;

(j) will be substantially in the form of Schedule B, with such appropriate insertions, omissions, substitutions and variations as may be approved by the Issuer;

(k) will have each Payment Date on and after the Payment Date in ~~February~~**January,** 2018 as an Interest Payment Date;

(l) will have Principal Payment Dates as determined under Section 3.7~~(a)~~;

(m) will have Principal Payment Default Dates as ~~determined under Section 3.7(b)~~**defined herein**; and

(n) will have no minimum issue amount.

ARTICLE 3
NOTE PURCHASE FACILITY

3.1 Purchase of Notes by the Purchasers

(a) ***Initial Purchases***. Subject to the terms and conditions of this Supplemental Indenture, including delivery of notice in accordance with Section 3.3, (i) each Non-Conduit Purchaser shall purchase, and each CP Conduit Purchaser may, in its sole discretion, purchase a Series 2017-1 Senior Note in an amount equal to all or a portion of its Commitment Percentage of the Series 2017-1 Initial Principal Amount on any Business Day during the period from the date hereof to and including ~~[~~December ~~18, 2017~~**[21]**, **2017,** and if any such CP Conduit Purchaser shall have notified the Administrative Agent and the Funding Agent with respect to such CP Conduit Purchaser that it has elected not to fund a Series 2017-1 Senior Note in an amount equal to its Commitment Percentage of the Series 2017-1 Initial Principal Amount on the Closing Date, the Group Bank with respect to such CP Conduit Purchaser shall fund on the Closing Date that portion of such Series 2017-1 Senior Note not to be funded by such CP Conduit Purchaser; and (ii) thereafter, (A) each Non-Conduit Purchaser shall maintain its Series 2017-1 Senior Note, subject to increase or decrease during the period from the Closing Date to and including the Commitment Expiry Date, in accordance with the provisions of this Supplemental Indenture, (B) if a CP Conduit Purchaser shall have purchased a Series 2017-1 Senior Note on the Closing Date, such CP Conduit Purchaser may, in its sole discretion, maintain its Series 2017-1 Senior Note, subject to increase or decrease during the period from the Closing Date to and including the Commitment Expiry Date, in accordance with the provisions of this Supplemental Indenture, and (C) the Group Bank shall maintain its Series 2017-1 Senior Note with respect to its Related Purchaser Group, subject to increase or decrease during the period from the Closing Date to and including the Commitment Expiry Date, in accordance with the provisions of this Supplemental Indenture. Payments by the Non-Conduit Purchasers, the CP Conduit Purchasers and/or the Group Bank with respect to the CP Conduit Purchasers shall be made in immediately available funds on the Closing Date in accordance with Section 3.3(d).

(b) ***Maximum Purchaser Group Principal Amounts***. Notwithstanding anything to the contrary contained in this Supplemental Indenture, at no time shall a Purchaser

Group be required to make the initial purchase of a Series 2017-1 Senior Note or increase its Purchaser Group Principal Amount if the sum of (x) Purchaser Group Principal Amount with respect to such Purchaser Group, after giving effect to such purchase or increase, and (y) the sum of any unfunded Delayed Amounts with respect to such Purchaser Group, would exceed the Maximum Purchaser Group Principal Amount with respect to such Purchaser Group at such time.

3.2 Delivery

(a) On the Closing Date (or on any later date that any Purchaser Group becomes a party to this Supplemental Indenture), Series 2017-1 Senior Notes shall be executed, authenticated and delivered by the Issuer in accordance with Section 4.03 of the Trust Indenture (i) in the case of a CP Conduit Purchaser Group, in the name of the Funding Agent with respect to such CP Conduit Purchaser Group (or as otherwise requested by such CP Conduit Purchaser Group and agreed to by the Issuer) in an amount equal to the Maximum Purchaser Group Principal Amount with respect to such CP Conduit Purchaser Group and delivered to such Funding Agent; or (ii) in the case of a Non-Conduit Purchaser Group, in the name of the Related Non-Conduit Purchaser in an amount equal to the Maximum Purchaser Group Principal Amount with respect to such Related Non-Conduit Purchaser~~ Group~~ and delivered to such Related Non-Conduit Purchaser.

(b) The Administrative Agent shall maintain a record of the actual Purchaser Group Principal Amount outstanding with respect to each Purchaser Group and the actual Series 2017-1 Principal Amount outstanding on any date of determination, which, absent manifest error, shall constitute prima facie evidence of the outstanding Purchaser Group Principal Amounts and outstanding Series 2017-1 Principal Amount from time to time. Upon a written request from the Indenture Trustee, the Administrative Agent shall provide in writing the identity of the Purchaser Groups, the related Funding Agents for each CP Conduit Purchaser Group, the Purchaser Group Principal Amount for each Purchaser Group and the Commitment Percentage with respect to such Purchaser Group to the Indenture Trustee.

3.3 Procedure for Initial Issuance and for Increasing the Series 2017-1 Principal Amount

(a) (i) On any Business Day prior to ~~[**December 18, 2017**], in the case of a Non-Conduit Purchaser Group, the Related Non-Conduit Purchaser hereby agrees, or in the case of a CP Conduit Purchaser Group, the CP Conduit Purchaser in such CP Conduit Purchaser Group may agree, in its sole discretion, and the Group Bank with respect to such CP Conduit Purchaser hereby agrees~~**December [21], 2017,** in the case of a Non-Conduit Purchaser Group, the Related Non-Conduit Purchaser hereby agrees, or in the case of a CP Conduit Purchaser Group, the CP Conduit Purchaser in such CP Conduit Purchaser Group may agree, in its sole discretion, and the Group Bank with respect to such CP Conduit Purchaser hereby agrees, that it will purchase a Series 2017-1 Senior Note for an initial purchase

price equal to the Commitment Percentage with respect to such Purchaser Group of the Series 2017-1 Initial Principal Amount upon the request of the Issuer (the date on which the initial purchase occurs being referred to as the "**Closing Date**"); provided, however, that the Issuer shall have given the Administrative Agent (with a copy to the Indenture Trustee) irrevocable written notice (effective upon receipt), by email communication, substantially in the form of Schedule C no later than **[3:00 p.m.]** (Toronto time) on the third Business Day prior to the Closing Date. The written notice of the initial purchase of the Series 2017-1 Senior Notes shall state equal to the Commitment Percentage with respect to such Purchaser Group of the Series 2017-1 Initial Principal Amount upon the request of the Issuer (**the date on which the initial purchase occurs being referred to as the "Closing Date"); provided, however, that the Issuer shall have given each of the Funding Agents** (with a copy to the Indenture Trustee) irrevocable **written notice (effective upon receipt), by email communication, substantially in the form of** Schedule C no later than **12:00 p.m. (Toronto time) on the second** Business Day prior to the Closing Date. The written notice of the initial purchase of the Series 2017-1 Senior Notes shall state (x) the Closing Date, and (y) the initial total purchase price to be paid for the Series 2017-1 Senior Notes (the "**Series 2017-1 Initial Principal Amount**"); and (ii) subject to Section 3.3(e), on any Business Day during the period from the initial purchase of the Series 2017-1 Senior Notes hereunder to and including the Commitment Expiry Date, in the case of a Non-Conduit Purchaser Group, the Related Non-Conduit Purchaser hereby agrees, or in the case of a CP Conduit Purchaser Group, the CP Conduit Purchaser in such CP Conduit Purchaser Group may agree, in its sole discretion, and the Group Bank with respect to such CP Conduit Purchaser hereby agrees that the Purchaser Group Principal Amount with respect to such Purchaser Group may be increased by an amount equal to the Commitment Percentage with respect to such Purchaser Group of the Increase Amount (an "**Increase**"), upon the request of the Issuer (in the case of a Non-Conduit Purchaser Group, the Related Non-Conduit Purchaser hereby agrees, or in the case of a CP Conduit Purchaser Group, the CP Conduit Purchaser in such CP Conduit Purchaser Group may agree, in its sole discretion, and the Group Bank with respect to such CP Conduit Purchaser hereby agrees that the Purchaser Group Principal Amount with respect to such Purchaser Group may be increased by an amount equal to the Commitment Percentage with respect to such Purchaser Group of the **Increase Amount (an "Increase"),** upon the request of the Issuer (each date on which an increase in the Series 2017-1 Principal Amount occurs hereunder being herein referred to as the "**Increase Date**" applicable to such Increase); provided, however, that the Issuer shall have given the Administrative Agent (with a copy to the Indenture Trustee) irrevocable); provided, however, that the Issuer shall have given the Administrative Agent**, each Funding Agent and each Non-Conduit Purchaser** (with a copy to the Indenture Trustee) irrevocable (other than as specified in Section 3.3(e)) written notice (effective upon receipt), by email communication, substantially in the form ofemail communication, substantially in the form of Schedule C (an "**Increase Notice**") no later than **[3**12:00 p.m.**]** (Toronto time) on (A) with respect to a Deferrable Increase Notice, the third Business Day prior to such Increase Date, or

(B) with respect to a Non-Deferrable Increase Notice, the second Business Day prior to such Increase Date. Each Increase Notice shall state (x) the Increase Date, (y) the proposed amount of the increase in the Series 2017-1 Principal Amount (an "**Increase Amount**"), (z) whether a Delayed Funding Notice may be delivered in connection with such Increase pursuant to Section 3.3(e) and whether the Increase is to fund a Transfer (a "**Transfer Increase**") or is in respect of a Refinancing (a "**Refinancing Increase**"). The Commitment Percentage with respect to any Purchaser Group of the Increase Amount set forth in any Non-Deferrable Increase Notice shall not exceed such Purchaser Group's Non-Deferrable Draw Amount as of the related Increase Date.

(b) If a CP Conduit Purchaser elects not to fund the full amount of its Commitment Percentage of a requested Increase, such CP Conduit Purchaser shall notify the Administrative Agent and the Funding Agent with respect to such CP Conduit Purchaser, and the Group Bank with respect to such CP Conduit Purchaser shall fund the portion of the Commitment Percentage with respect to such Related Purchaser Group of such Increase not funded by such CP Conduit Purchaser.

(c) No Purchaser Group shall be required to increase its Purchaser Group Principal Amount on any Increase Date hereunder unless:

(i) such Purchaser Group's Commitment Percentage of such Increase Amount is (A) equal to $1,000,000 or more, or (B) if less than $1,000,000, the difference between the Maximum Purchaser Group Principal Amount with respect to such Purchaser Group and the Purchaser Group Principal Amount with respect to such Purchaser Group; and

(ii) after giving effect to such Increase Amount, the sum of the (x) the Purchaser Group Principal Amount, and (y) any unfunded Delayed Amounts with respect to such Purchaser Group would not exceed the Maximum Purchaser Group Principal Amount with respect to such Purchaser Group;

(d) ~~Upon~~**After** receipt **by any Funding Agent with respect to a CP Conduit Purchaser Group** of any notice required by Section 3.3(a) or permitted by Section 3.3(e) from the Issuer~~, the Administrative Agent shall forward (by email communication) a copy of such notice to each Non-Conduit Purchaser and the Funding Agent with respect to each CP Conduit Purchaser Group (or, with respect to any notice pursuant to Section 3.3(e) requiring a Delayed Funding Purchaser Group to decrease its Delayed Amount, the applicable Non-Conduit Purchaser or Funding Agent), no later than **[5:00 p.m.]** (Toronto time) on the Business Day received. After receipt by any Funding Agent with respect to a CP Conduit Purchaser Group of such notice from the Administrative Agent~~, such Funding Agent shall, so long as the conditions set forth in Sections 3.3(a) and (c) and Article 4 are satisfied, promptly provide notice by email communication to the related CP Conduit Purchaser and the related Group Bank, of the Increase Date and of such CP Conduit Purchaser Group's Commitment Percentage of the

Closing Date or Increase Amount, as applicable. Subject to Section 3.3(e), if such CP Conduit Purchaser elects to fund all or a portion of its Commitment Percentage of the Series 2017-1 Initial Principal Amount or the Increase Amount, as applicable, such CP Conduit Purchaser shall pay in immediately available funds its Commitment Percentage (or any portion thereof) of the amount of the Series 2017-1 Initial Principal Amount or Increase Amount, as applicable, on the Closing Date or the related Increase Date, as applicable, to the Funding Agent with respect to such CP Conduit Purchaser Group for remittance to the Issuer for application in accordance with Section 3.3(h). Subject to Section 3.3(e), if such CP Conduit Purchaser does not fund the full amount of the Commitment Percentage of such CP Conduit Purchaser Group of the Series 2017-1 Initial Principal Amount or an Increase Amount, as applicable, and the related Group Bank is required to fund the portion thereof not funded by the CP Conduit Purchaser, such Group Bank shall pay in immediately available funds such portion on the Closing Date or the related Increase Date, as applicable, to the Funding Agent with respect to such CP Conduit Purchaser Group. Each Funding Agent shall remit the amounts received by it from its CP Conduit Purchaser or the related Group Bank pursuant to this Section 3.3(d) to the Issuer for application in accordance with Section 3.3(h). Subject to Section 3.3(e), so long as the conditions set forth in Sections 3.3(a) and (c) and Article 4 are satisfied, each Non-Conduit Purchaser shall pay in immediately available funds the Commitment Percentage of such Non-Conduit Purchaser of the amount of the Series 2017-1 Initial Principal Amount or Increase Amount, as applicable, on the Closing Date or the Increase Date, as applicable, to the Issuer for application in accordance with Section 3.3(h).

(e) Notwithstanding any of the foregoing, any Group Bank or Non-Conduit Purchaser may, upon receipt of any Deferrable Increase Notice pursuant to Section 3.3(a), notify the Issuer in writing (a "**Delayed Funding Notice**") on or prior to ~~[~~12:00 noon~~]~~ (Toronto time) on the second Business Day preceding the related Increase Date, of its intent to fund an amount up to its Commitment Percentage of the related Increase Amount (such amount, subject to any adjustment described below, the "**Delayed Amount**") on a Business Day that is on or before the thirty-third (33rd) day following the Increase Date specified in such Deferrable Increase Notice (the "**Delayed Funding Date**") rather than on such Increase Date. If any Group Bank or Non-Conduit Purchaser provides a Delayed Funding Notice to the Issuer following the Issuer's delivery of an Increase Notice pursuant to Section 3.3(a), the Issuer may with written notice to the Administrative Agent**, each Funding Agent and each Non-Conduit Purchaser** delivered prior to 3:00 pm on the second Business Day preceding such Increase Date, (x) decrease the Increase Amount with respect to such Deferrable Increase Notice (or revoke such Deferrable Increase Notice by decreasing the Increase Amount to zero), and/or (y) require any Group Bank or Non-Conduit Purchaser who has provided a Delayed Funding Notice to reduce the Delayed Amount with respect to such Increase by an amount no greater than the Non-Deferrable Draw Amount with respect to such Purchaser Group as of the related Increase Date. In the event that the Increase

Amount with respect to such Deferrable Increase Notice is reduced, but not to zero, then any Delayed Amount with respect to any Purchaser Group shall be reduced on a pro rata basis unless otherwise specified by the Issuer pursuant to clause (y) above. No Purchaser Group that has provided a Delayed Funding Notice in respect of an Increase (each a "**Delayed Funding Purchaser Group**") shall be considered to be in default of its obligation to fund its Delayed Amount pursuant to this Section 3.3 unless and until it has failed to fund the Delayed Amount (and/or the Delayed Funding Reimbursement Amount with respect to such Delayed Amount) on or before the Delayed Funding Date.

(f) If (i) one or more Delayed Funding Purchaser Groups provides a Delayed Funding Notice to the Issuer in respect of any Increase Date; and (ii) the Issuer shall not have decreased the related Increase Amount to zero or required each such Delayed Funding Purchaser Group to reduce the Delayed Amount with respect to such Increase to zero, in each case, pursuant to Section 3.3(e), the Administrative Agent shall, by no later than ~~[12~~**5**:00 ~~noon]~~**p.m.** (Toronto time) on the **second** Business Day preceding such Increase Date, direct each Purchaser Group that is not a Delayed Funding Purchaser Group with respect to such Increase Date (each a "**Non-Delayed Funding Purchaser Group**") to fund an additional portion of such Increase Amount on such Increase Date equal to such Non-Delayed Funding Purchaser Group's proportionate share (based upon the Maximum Purchaser Group Principal Amount with respect to such Non-Delayed Funding Purchaser Group relative to the sum of the Maximum Purchaser Group Principal Amounts with respect to all Non-Delayed Funding Purchaser Groups) of the aggregate Delayed Amounts with respect to such Increase Date; provided that no Non-Delayed Funding Purchaser Group shall be required to fund any portion of the aggregate Delayed Amounts that would cause its Purchaser Group Principal Amount to exceed its Maximum Purchaser Group Principal Amount. Subject to Section 3.3(a), in the case of a Non-Delayed Funding Purchaser Group that is a Non-Conduit Purchaser, such Non-Conduit Purchaser hereby agrees, or, in the case of a Non-Delayed Funding Purchaser Group that is a CP Conduit Purchaser Group, the CP Conduit **Purchaser** in such CP Conduit Purchaser Group may agree, in its sole discretion, and the Group Bank in such CP Conduit Purchaser Group hereby agrees, to fund such portion of the Increase Amount on such Increase Date.

(g) After the Non-Delayed Funding Purchaser Groups fund a Delayed Amount on any Increase Date in accordance with Section 3.3(f), the Delayed Funding Purchaser Group in respect of such Delayed Amount will be obligated to fund the Delayed Funding Reimbursement Amount with respect to such Delayed Amount on or before its Delayed Funding Date, irrespective of whether the Scheduled Commitment Expiry Date shall have occurred on or prior to such Delayed Funding Date or the Issuer would be able to satisfy the conditions set forth in Section 3.3(c) to an Increase in an amount equal to such Delayed Funding Reimbursement Amount on such Delayed Funding Date. Such Delayed Funding Purchaser Group shall fund such Delayed Funding Reimbursement Amount on such Delayed Funding Date by paying such amount ~~to the Administrative Agent~~

in immediately available funds~~, and the Administrative Agent shall distribute such funds~~ to each such Non-Delayed Funding Purchaser Group, *pro rata* based on the relative amount of such Delayed Amount funded by such Non-Delayed Funding Purchaser Group on such Increase Date pursuant to Section 3.3(f).

(h) The Issuer shall apply amounts paid to it pursuant to Sections 3.3(d) and 3.3(f) by application to payment of the purchase price payable by the Issuer to the IESO under the Master Transfer and Servicing Agreement in respect of a Transfer or by deposit to the Refinancing Account.

3.4 Procedure for Decreasing the Series 2017-1 Principal Amount; Optional Termination

(a) In the case of a Non-Conduit Purchaser Group, the Related Non-Conduit Purchaser hereby agrees, and in the case of a CP Conduit Purchaser Group, each of the CP Conduit Purchasers and the Group Bank in such CP Conduit Purchaser Group hereby agrees, that the Purchaser Group Principal Amount with respect to such Purchaser Group may be decreased on any Payment Date by such Purchaser Group's Commitment Percentage of a Decrease Amount (a "**Decrease**"), upon the request of the Issuer. Each Payment Date on which a Decrease in the Series 2017-1 Principal Amount occurs hereunder being herein referred to as the "**Decrease Date**" applicable to such Decrease; provided, however, that the Issuer shall have given the Administrative Agent**, each Funding Agent and each Non-Conduit Purchaser** (with a copy to the Indenture Trustee**, and DBRS**) irrevocable written notice (effective upon receipt), by email communication, substantially in the form of Schedule D (a "**Decrease Notice**") no later than ~~[3~~**12**:00 p.m.~~]~~ (Toronto time) on the ~~second~~**fifth** Business Day prior to any Payment Date that is a Decrease Date; provided that if the Decrease is greater than $~~[●]~~,**250,000,000,** the Decrease Notice shall**, subject to the second following sentence,** be provided no later than ~~[3~~**12**:00 p.m.~~]~~ (Toronto time) on the ~~[~~45~~]~~th **day** prior to any Payment Date that is a Decrease Date . **If a Decrease Notice with respect to a Decrease of $250,000,000 or more is not provided prior to the 45th day preceding the related Payment Date, the Issuer shall be required to pay to each Funding Agent any Breakage Costs incurred by any of its related CP Conduit Purchasers with respect to such Decrease on the related Payment Date.** Each Decrease Notice shall state (x) the Decrease Date, and (y) the proposed amount of the decrease in the Series 2017-1 Principal Amount (a "**Decrease Amount**"). ~~**[NTD: notice of paydown and potential breakage to be determined]**~~

(b) Upon each Decrease, the Administrative Agent shall indicate in its records such Decrease and the Purchaser Group Principal Amount outstanding with respect to each Purchaser Group after giving effect to such Decrease.~~ Upon receipt of any notice required by Section 3.4(a) from the Issuer, the Administrative Agent shall forward (by email communication) a copy of such notice to DBRS, each Non-Conduit Purchaser and the Funding Agent with respect to each CP Conduit~~

~~Purchaser Group, no later than **[1:00 p.m.]** (Toronto time) on the Business Day received.~~

(c) On any Business Day, the Issuer shall have the right to deliver an irrevocable written notice (an "**Optional Termination Notice**") to the Administrative Agent**, each Funding Agent and** each Non-Conduit Purchaser **(with a copy to DBRS)** in which the Issuer declares that the Commitments shall terminate on the date (the "**Optional Termination Date**") set forth in such notice (which date, in any event, shall be a Payment Date not less than twenty (20) Business Days from the date on which such notice is delivered). ~~Upon receipt of any Optional Termination Notice from the Issuer, the Administrative Agent shall promptly notify DBRS, each Non-Conduit Purchaser and the Funding Agent with respect to each CP Conduit Purchaser Group thereof.~~

3.5 Increases and Reductions of the Commitments

(a) The Issuer may from time to time request that any Purchaser Group agree to increase its Maximum Purchaser Group Principal Amount. An increase in such amount shall be effective hereunder if such Purchaser Group shall have agreed in its sole discretion to such increase **and the Rating Agency Condition has been satisfied with respect thereto**.

(b) On any Business Day, the Issuer may, upon two (2) Business Days' prior written notice to the Administrative Agent**, each Funding Agent and each Non-Conduit Purchaser** (effective upon receipt) (with copies to the Indenture Trustee) reduce the Series 2017-1 Maximum Principal Amount in an amount equal to $10,000,000 or a whole multiple of $1,000,000 in excess thereof; provided that no such termination or reduction shall be permitted if, after giving effect thereto and to any reduction in the Series 2017-1 Principal Amount on such date, the Purchaser Group Principal Amount with respect to any Purchaser Group would exceed the Maximum Purchaser Group Principal Amount with respect to such Purchaser Group then in effect. Any reduction in the Series 2017-1 Maximum Principal Amount shall be made on a pro rata basis to the Maximum Purchaser Group Principal Amounts with respect to the Purchaser Groups, based on the Maximum Purchaser Group Principal Amount with respect to each Purchaser Group. Once reduced, the Maximum Purchaser Group Principal Amounts may not be subsequently reinstated without each such Purchaser Group's prior written consent, which consent shall be granted or not in the sole discretion of such Purchaser Group, and with written notice to DBRS.

(c) The Issuer may extend the Scheduled Commitment Expiry Date only with the prior written consent of the Administrative Agent, each Non-Conduit Purchaser and each Funding Agent, and satisfaction of the Rating Agency Condition. **Any request for an extension of the Scheduled Commitment Expiry Date by the Issuer shall be made pursuant to a written request (a "Commitment Extension Request") to the Administrative Agent, each Non-Conduit Purchaser and each Funding Agent, and such request shall specify the**

proposed dates and amounts that shall constitute the "Principal Accumulation Date", "Principal Payment Amounts" and "Principal Payment Default Dates" with respect to such extension.

3.6 Interest; Fees and Other Amounts

(a) Interest shall be payable on the Series 2017-1 Senior Notes on each Payment Date.

(b) The Issuer shall pay to each CP Conduit Purchaser Group and each Non-Conduit Purchaser, on each Payment Date, a commitment fee with respect to the preceding Interest Period (the "**Commitment Fee**") during the period from the Closing Date to and including the Commitment Expiry Date in an amount equal to the sum of the following amounts calculated for each day during such Interest Period: (x) the Commitment Fee Rate, multiplied by (y) the amount by which Maximum Purchaser Group Principal Amount with respect to such Purchaser Group on such day exceeds the Purchaser Group Principal Amount with respect to such Purchaser Group on such day, and divided by (z) 365. The Commitment Fees shall be payable monthly in arrears on each Payment Date.

(c) The Funding Agent with respect to each CP Conduit Purchaser Group and each Non-Conduit Purchaser shall provide written notice to the Issuer and the Paying Agent no later than ~~two~~**five** (~~2~~**5**) Business Days prior to each Payment Date, setting forth the Group Monthly Interest and the Group Monthly Fees and Other Amounts with respect to its Related Purchaser Group with respect to the Payment Date.

(d) The Monthly Interest shall be included in each calculation of the Interest Accrual Amount (Senior) for the purposes of Section 7.04(e)(iii) of the Trust Indenture and shall be payable pursuant to Sections 7.05(a), ~~7.07~~**7.06**(a), **7.07,** 7.10(b) or 8.13(c) of the Trust Indenture, as applicable. On each Payment Date, the Monthly Fees and Other Amounts shall be payable in respect of the Series 2017-1 **Senior** Notes pursuant to Sections 7.04(e)(viii)**, 7.10(b)** or 8.13(c) of the Trust Indenture, as applicable. On each Interest Payment Date or Payment Date, as applicable, the Paying Agent shall, subject to availability of funds, pay to each CP Conduit Purchaser Group and each Non-Conduit Purchaser its Group Monthly Interest and its Group Monthly Fees and Other Amounts with respect to the Payment Date; provided that if the amounts available to pay such Group Monthly Interest and Group Monthly Fees and Other Amounts are insufficient, the amounts available shall be paid *pro rata* based on the amounts owing to each Purchaser Group.

3.7 Repayment of Principal

~~(a)~~ Each Payment Date where the Principal Payment Amount is not nil shall be a Principal Payment Date in respect of the Series 2017-1 **Senior** Notes. On each Principal Payment Date in respect of the Series 2017-1 **Senior** Notes, the Paying Agent shall pay to each Non-Conduit Purchaser and each Funding Agent with respect to its Related Purchaser Group, such Purchaser Group's Pro Rata Share of the Principal Payment Amount for such Principal

Payment Date out of funds allocated to the Series 2017-1 Senior Notes pursuant to Sections 7.04(e)(vi), 7.06(~~a~~**b)(i**), 7.08(b)**(i), 7.10(b)** or 8.13(f) of the Trust Indenture, as applicable, in repayment of the principal amount of the Series 2017-1 **Senior** Notes.

~~(b) The Business Day that is ● after the Payment Date in respect of any Principal Payment Amount hereunder shall be the Principal Payment Default Date in respect of that Principal Amount.~~

3.8 Indemnification by the Issuer

The Issuer agrees to indemnify and hold harmless the Indenture Trustee, the Administrative Agent, each Funding Agent, each CP Conduit Purchaser, the Group Bank, each Non-Conduit Purchaser and each of their respective officers, directors, agents and employees (each, an "**Issuer Indemnified Person**") from and against any loss, liability, expense, damage or injury suffered or sustained by such Issuer Indemnified Person by reason of (a) any acts, omissions or alleged acts or omissions arising out of, or relating to, activities of the Issuer pursuant to the Program Agreements to which it is a party; (b) a breach of any representation or warranty made or deemed made by the Issuer (or any of its officers) in any Program Agreement; or (c) a failure by the Issuer to comply with any applicable law or regulation or to perform its covenants, agreements, duties or obligations required to be performed or observed by it in accordance with the provisions of the Program Agreements, including, but not limited to, any judgment, award, settlement, reasonable attorneys' fees and other reasonable costs or expenses incurred in connection with the defense of any actual or threatened action, proceeding or claim, except to the extent such loss, liability, expense, damage or injury resulted from the gross negligence, bad faith or willful misconduct of such Issuer Indemnified Person or its officers, directors, agents, principals, employees or employers as determined by a court of competent jurisdiction in a final non-appealable judgement or includes any Excluded Taxes; provided that any payments made by the Issuer pursuant to this Section 3.8 shall be made solely from funds available pursuant to Section 7.04 or 8.13 of the Trust Indenture, as applicable, shall be non-recourse other than with respect to such funds, and shall not constitute a claim against the Issuer to the extent that such funds are insufficient to make such payment.

3.9 Funding Agents

(a) The Funding Agent with respect to each CP Conduit Purchaser Group is hereby authorized to determine the Group Monthly Interest and Group Monthly Fees and Other Amounts with respect to each Payment Date and such CP Conduit Purchaser Group. Any such determination by a Funding Agent, absent manifest error, shall constitute prima facie evidence of the accuracy of the calculation. Furthermore, the Funding Agent with respect to each CP Conduit Purchaser Group will maintain records sufficient to identify the percentage interest of the related CP Conduit Purchaser and the Group Bank with respect to such CP Conduit Purchaser Group holding an interest in the Series 2017-1 Senior Note registered in the name of such Funding Agent and any amounts owing thereunder.

(b) Upon receipt of funds on each Payment Date, each Funding Agent shall pay such funds to the related CP Conduit Purchaser and/or the related Group Bank owed

such funds. If a Funding Agent shall have paid to any CP Conduit Purchaser or Group Bank any funds that (i) must be returned for any reason (including bankruptcy); or (ii) exceeds that which such CP Conduit Purchaser or Group Bank was entitled to receive, such amount shall be promptly repaid to such Funding Agent by such CP Conduit Purchaser or Group Bank.

3.10 Taxes

(a) All payments by or on account of any obligation of the Issuer hereunder shall, to the extent allowed by law, be made free and clear of, and without deduction or withholding for or on account of Taxes, excluding (i) income taxes (including branch profit taxes, minimum taxes and taxes computed under alternative methods, at least one of which is based on or measured by net income), franchise taxes (imposed in lieu of income taxes), or any other Taxes based on or measured by the net income of any person legally entitled to receive such payments (each a "**Recipient**") as a result of a present or former connection between the Recipient and the jurisdiction of the Governmental Authority imposing such Taxes (other than any such connection arising solely from the Recipient having executed, delivered or performed its obligations or received a payment under, disposed of, or enforced, this Supplemental Indenture); (ii) any withholding or deduction imposed pursuant to (A) Sections 1471 to 1474 of the U.S. Internal Revenue Code of 1986, as amended ("**FATCA**"), or any successor version thereof, or any similar legislation imposed by any other Governmental Authority, or (B) any treaty, law or regulation or other official guidance enacted by Canada implementing FATCA or any intergovernmental agreement with respect to FATCA or any similar legislation imposed by any other Governmental Authority, including, for greater certainty, the Canada-United States Enhanced Tax Information Exchange Agreement Implementation Act (Canada) and Parts XVIII and XIX of the Income Tax Act (Canada), as amended (collectively, and including FATCA, the "**AEOI Legislation**"); and (iii) any interest, penalties and additions to Taxes in respect of (i) and (ii) (all such excluded Taxes being hereinafter called "**Excluded Taxes**"). If any Taxes, other than Excluded Taxes, are required to be withheld from any amounts payable to a Recipient hereunder, the amounts so payable to the Recipient shall be increased, and the Recipient shall be entitled to be paid by the Issuer the amount of such increase to the extent necessary to yield to the Recipient (after payment of all such Taxes other than Excluded Taxes) interest or any such other amounts payable hereunder or thereunder at the rates or in the amounts specified hereunder. Where the amount payable by the Issuer is increased in accordance with the previous sentence, the Group Monthly Interest shall be increased by the amount of such increase. Whenever any Taxes are payable on or with respect to amounts distributed to a Recipient, as promptly as possible thereafter the Issuer shall send to such Recipient a certified copy of an original official receipt showing payment thereof.

(b) If a payment by or on account of any obligation of the Issuer hereunder would be subject to withholding Taxes under any AEOI Legislation if the Recipient were to fail to comply with the applicable reporting requirements of any AEOI

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

(c) If a Recipient is legally entitled to receive a refund of any Taxes (other than Excluded Taxes) as to which it has been indemnified or with respect to which additional amounts have been paid to it hereunder or it is legally entitled to receive a credit or deduction with respect to such Taxes or with respect to such additional amounts that have been paid hereunder (in each case pursuant to Section 3.10(a)), it shall use commercially reasonable efforts to obtain or claim such refund, credit or deduction and pay over such refund or the value of such credit or deduction to the Issuer, together with any interest thereon.

3.11 Increased Costs

(a) (i) If any Regulatory Change (x) subjects any Affected Party to any charge or withholding on or with respect to any Support Facility or this Supplemental Indenture or an Affected Party's obligations under a Support Facility or this Supplemental Indenture, or changes the basis of taxation of payments to any Affected Party of any amounts payable under any Support Facility or this Supplemental Indenture Agreement (except for changes in the rate of tax on the overall net income of an Affected Party or Excluded Taxes) or (y) imposes, modifies or deems applicable any reserve, assessment, fee, tax, insurance charge, special deposit or similar requirement against assets of, deposits with or for the account of, or liabilities of an Affected Party, or credit extended by an Affected Party pursuant to a Support Facility or this Supplemental Indenture or (z) imposes any other condition the result of which is to increase the cost to an Affected Party of performing its obligations under a Support Facility or this Supplemental Indenture, or to reduce the rate of return on an Affected Party's capital or assets as a consequence of its obligations under a Support Facility or this Supplemental Indenture, or to reduce the amount of any sum received or receivable by an Affected Party under a Support Facility or this Supplemental Indenture, or to require any payment calculated by reference to the amount of interests or loans held or interest received by it, then, upon written request by such Affected Party (through the Funding Agent for its Purchaser Group if the Affected Party is a Program Support Provider, CP Conduit Purchaser or Group Bank)~~ of a written request therefore~~ to the Issuer, such Affected Party (through the Funding Agent for its Purchaser Group if the Affected Party is a Program Support Provider, CP Conduit Purchaser or Group Bank) shall be entitled to be paid such amounts charged to such Affected Party or such amounts to otherwise compensate such

Affected Party for such increased cost or such reduction following a receipt by the Issuer of such request for compensation under this Section 3.11(a)(i), which payment shall be made on the earlier of (i) the first Payment Date on which amounts are available to pay such amounts pursuant to Section 7.04(e) of the Trust Indenture (provided that such request is received by the Issuer no later than five (5) Business Days prior to the end of the Interest Period related to such Payment Date), and (ii) the [twelfth] Payment Date following such request.

(ii) The Issuer acknowledges that any Affected Party may implement, as an internal institutional matter, measures in anticipation of a final or proposed Regulatory Change (including, without limitation, the imposition of internal charges on such Affected Party's interest or obligations under any Support Agreement or this Supplemental Indenture) and may commence recognizing the incurrence of charges by seeking compensation under Section 3.11(a)(i) in connection with such measures, in advance of the effective date of such final or proposed Regulatory Change, and the Issuer agrees that such charges or compensation shall be payable, to the related Funding Agent, for the benefit of Affected Party, following demand therefor without regard to whether such proposed Regulatory Change has been adopted or whether such effective date has occurred; provided, that (I) the Affected Party shall provide thirty (30) days prior written notice to the Issuer of its intent to impose or incur any such charges or compensation, (II) an Affected Party shall not be compensated for any such amount pursuant to this subsection 3.11(a)(ii) relating to any period ending, and of which such Affected Party has had knowledge, more than ●**180** days prior to the date that such Affected Party provided the Issuer with the written notice contemplated by the preceding clause (I) of this subsection 3.11(a)(ii), (III) if, after the payment by the Trust of any charges or compensation pursuant to this subsection 3.11(a)(ii), either (A) the Issuer requests in writing that the applicable Affected Party re-compute any such charge or compensation in light of differences between a proposed Regulatory Change and the final effective version thereof or (B) the applicable Affected Party determines that the amount of the charge imposed on and required to be compensated by the Issuer exceeds the amount necessary to compensate it for the applicable Regulatory Change as contemplated by subsection 3.11(a)(i), then (x) the amount of such charge or compensation shall, from and after such determination, be reduced by the amount of such excess and (y) such Affected Party shall, within thirty (30) days of such determination, either repay the amount of such excess or credit the amount of such excess against future charges under this subsection 3.11(a)(ii). The Issuer further acknowledges that any charge or compensation demanded hereunder may take the form of a monthly charge to be assessed by such Affected Party.

(b) Each Affected Party claiming increased amounts described in subsection 3.11(a) of this Supplemental Indenture will furnish to the Issuer (together with its request for compensation) a certificate prepared in good faith setting forth the basis and the calculation of the amount (in reasonable detail) of each request by such Affected Party for any such increased amounts referred to in subsection 3.11(a) hereof. Any such certificate shall be conclusive absent manifest error. Failure on

the part of any Affected Party to demand compensation for any amount pursuant to subsection 3.11(a) hereof with respect to any period shall not constitute a waiver of such Affected Party's right to demand compensation with respect to such period.

ARTICLE 4
CONDITIONS PRECEDENT

4.1 Conditions Precedent to Initial Purchase of Series 2017-1 Senior Notes

On or prior to the initial purchase of Series 2017-1 Senior Notes hereunder, the following conditions precedent shall be satisfied: **[NTD: changes to the conditions precedent may be required to reflect the final Change of Law Protection Agreement.]**

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

(b) **The Indenture Trustee shall have received (i) the adherence compliance certificate required pursuant to Section 4.02(a) of the Change of Law Protection Agreement with respect to the incurrence of Funding Obligations under this Supplemental Indenture, or (B) written confirmation from the Province that the Funding Obligations incurred under this Supplemental Indenture constitute Approved Obligations.**

(c) (b) The Administrative Agent and each of the Funding Agents shall have received:

(i) executed copies of the Fee Letter and this Supplemental Indenture**,** and copies of each of the other Program Agreements**Trust Indenture, Declaration of Trust, the Management Agreement,** the Master Transfer and Servicing Agreement**, the Indemnity Agreement, the IESO Security Agreement, the Change of Law Protection Agreement and the Change of Law Process Agreement dated December [21], 2017 between the Province and OPG,** certified by an Authorized Officer of the Issuer;

(ii) certificates of status or compliance or other similar documents issued by the applicable governmental authority to evidence that each of the Issuer Trustee, **[the IESO]** and the Manager is validly existing pursuant to the laws of the jurisdiction of their respective establishment or incorporation;

(iii) a copy of the incorporating documents and all amendments thereto and applicable by-laws of each of the Issuer Trustee, [the IESO] and the Manager certified by an Authorized Officer of the applicable entity**, as applicable**;

(iv) copies of resolutions of the board of directors of the IESO and the Manager approving and authorizing the execution, delivery and

performance of each Program Agreement they are party to, in each case certified by an Authorized Officer of the applicable entity;

(v) incumbency certificates for each of the Issuer Trustee, the Manager and the IESO executing this Supplemental Indenture and any other Program Agreements and the other documents to be delivered by either the Issuer Trustee, the Manager or the IESO thereunder, in each case showing their names, offices and specimen signatures on which certificates the Administrative Agent and the Purchaser Groups shall be entitled to conclusively rely until such time as the Administrative Agent and the Funding Agents receive a replacement certificate meeting the requirements of this Section 4.1(b)(vi);

(vi) the following Opinions of Counsel:

(A) the opinion of external counsel to the Manager as to the non-consolidation of the Issuer with the Manager in the event of the insolvency of the Manager in form and substance satisfactory to the Administrative Agent and the Funding Agents;

(B) the opinion of external counsel to the IESO as to the Investment Asset acquired by the Issuer not being subject to the claims of creditors of the IESO in form and substance satisfactory to the Administrative Agent and the Funding Agents;

(C) favourable opinions of external counsel to the Manager covering general corporate matters, the due execution and delivery of, and the enforceability of, each of the Program Agreements to which the Manager, the Issuer and the Issuer Trustee are party which opinion, as to certain matters, may rely on opinion of internal counsel to the Manager and the Issuer Trustee; and

(D) a favourable opinion of external counsel to the Province with respect to the due authorization, execution, delivery and enforceability of the Change of Law Protection Agreement in form and substance satisfactory to the ~~Administration~~**Administrative** Agent and the Funding Agents;

(vii) a certificate of an Authorized Officer of the Manager confirming that the representations and warranties set forth in Section 12.01 of the Trust Indenture and Section 5.1 of this Supplemental Indenture are true and correct in all material respects, that the Issuer is in compliance in all material respects with all of its covenants and obligations under the Program Agreements to which it is a party and that no Termination Event has occurred; and

(viii) such additional documents, instruments, certificates or letters as the Administrative Agent or any Funding Agent may reasonably request.

(d) ~~(c)~~ The representations and warranties set forth in Section 12.01 of the Trust Indenture and Section 5.1 of this Supplemental Indenture shall be true and correct in all material respects, the Issuer shall be compliance in all material respects with all of its covenants and obligations under the Program Agreements to which it is a party and no Termination Event shall have occurred.

(e) ~~(d)~~ The Series 2017-1 Senior Notes shall have been duly issued in accordance with the Trust Indenture and each Funding Agent and Non-Conduit Purchaser shall have received its Series 2017-1 Senior Note registered in its name or a nominee in a face amount equal to its Maximum Purchaser Group Principal Amount.

(f) ~~(e)~~ All fees payable on or before the Closing Date pursuant to the Fee Letter shall have been paid in full (or arrangements satisfactory to the Administrative Agent and the Funding Agents have been made).

(g) ~~(f)~~ The Rating Agency Condition shall have been satisfied in respect of the initial purchase.

4.2 Conditions Precedent to each Increase under Series 2017-1 Senior Notes

On or prior to each Increase, the following conditions precedent shall be satisfied:

(a) the Administrative Agent**, each Funding Agent and each Non-Conduit Purchaser** shall have received an Increase Notice;

(b) no Termination Event shall have occurred or would occur after giving effect to such Increase;

(c) the Increase Date in respect of the Increase is prior to the Commitment Expiry Date;

(d) if the Increase is identified as a Transfer Increase in the Increase Notice, then the related Transfer under the Master Transfer and Servicing Agreement shall have been completed or contemporaneously completed;

(e) after giving effect to the Increase, the Rating Agency Condition will be satisfied if so required;

(f) after giving effect the Increase, the aggregate of the amounts on deposit in the Program Cash Reserve Account and the IESO Cash Reserve Account shall be equal to or greater than the sum of:

(i) the Program Cash Reserve Required Amount,

plus

(ii) an amount equal to the ~~product~~**sum** of (x) the amount originally determined under clause (b) of the definition of IESO Cash Reserve Deposit Amount in the Trust Indenture ~~multiplied by (y) (i) for an Increase Date prior to the Payment Date in May, 2021, one; (ii) for an Increase Date on or after the Payment Date in May, 2021 and prior to the Payment Date in June, 2021, ■%; (iii) for an Increase Date on or after~~**, less any amounts withdrawn from the IESO Cash Reserve Account to pay any obligations secured described in Subsections 7.04(e)(i) through (v) of the Trust Indenture prior to the date of such Increase, and (y) to the extent the amount originally determined under clause (b) of the definition of IESO Cash Reserve Deposit Amount in the Trust Indenture was not determined in a manner which included the amount of such Increase, an amount estimated by the Manager, acting reasonably, equal to the additional Monthly Interest payable with respect to such Increase up to and including** the Payment Date in July, ~~2021 and prior to the Payment Date in October, 2021, ■%. [**NTD: to be discussed**]~~**2021.**

(g) there shall have been no reduction or withdrawal of any credit rating previously provided by any Rating Agency in respect of any outstanding Series of Senior Funding Obligations; ~~and~~

(h) after giving effect to such Increase, the aggregate Outstanding Dollar Principal Amount of Subordinated Funding Obligations and Junior Subordinated Funding Obligations will not be less than 35% of the aggregate Outstanding Dollar Principal Amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations; and

(i) ~~(h)~~ the Indenture Trustee shall have received ~~a certificate addressed to the Indenture Trustee and signed by the Chief Financial Officer and the Treasurer of OPG (or their respective designees, provided that such designees are executive officers of OPG) confirming either (A) that OPG has provided to the Province all certifications required by the Province~~**(i) the adherence compliance certificate required** pursuant to **Section 4.02(a) of** the Change of Law Protection Agreement with respect to such Increase**,** or (B) ~~that~~ **written confirmation from** the Province ~~has otherwise agreed~~ that **the Funding Obligations incurred under this Supplemental Indenture with respect to** such Increase ~~constitutes an~~**constitute** Approved ~~Obligation; [**NTD: to be conformed to final version of Protection Agreement**]~~**Obligations.;**

The Issuer's acceptance of funds in connection with each Increase occurring on any Increase Date shall constitute a representation and warranty by the Issuer to the Administrative Agent and the Purchaser Groups as of such Increase Date that all of the conditions contained in Section 3.3(a) and this Section 4.2 are satisfied.

ARTICLE 5
REPRESENTATIONS AND WARRANTIES

5.1 Representations and Warranties of the Issuer

The Issuer hereby represents and warrants to the Administrative Agent and the Purchaser Groups as of the Closing Date, and shall be deemed to represent and warrant to the Administrative Agent and the Purchaser Groups on each Increase Date, that:

(a) no Termination Event has occurred or would result from the initial purchase of the Issuer Investment Interest on the Closing Date or any increase in the Issuer Investment Interest on an Increase Date, as applicable;

(b) the Issuer Trustee and the Issuer are not Non-residents;

(c) all tax returns (federal, provincial and local) required to be filed with respect to the Issuer have been filed and there has been paid or adequate provision made for the payment of all material Taxes in respect of the Issuer;

(d) the Issuer has complied in all material respects with all laws in respect of the conduct of its business and ownership of its property including the Issuer Investment Interest;

(e) all information provided to the Administrative Agent and the Purchaser Groups by or on behalf of the Issuer in respect of the Issuer Investment Interest is and will be true and accurate in all material respects; and

(f) to its knowledge, there is no set of circumstances existing at such time that will have an Adverse Effect or will reasonably be expected to have an Adverse Effect.

5.2 Representations and Warranties of the Purchasers

Each Purchaser Group member represents and warrants to the Issuer as of the Closing Date, and shall be deemed to represent and warrant to the Issuer on each Increase Date, that:

(a) it is resident in Ontario or is otherwise subject to the securities legislation of the Province of Ontario;

(b) it is purchasing the applicable Series 2017-1 Senior Notes (i) as principal for its own account and not for the benefit of any other "person" (as defined in the *Securities Act* (Ontario)) or company; and (ii) for cash consideration in excess of $150,000; and

(c) it was not created and is not being used solely to purchase or hold securities in reliance on the exemption from the prospectus and dealer registration requirements contained in Section 2.10 of National Instrument 45-106 – Prospectus and Registration Exemptions.

5.3 Survival

The representations and warranties set out in this Article 5 shall survive the execution hereof.

ARTICLE 6
COVENANTS

6.1 Covenants of the Issuer

(a) The Issuer shall promptly provide to the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser (in multiple copies if requested) copies of all material reports, notices, financial statements and other documents delivered by the IESO to the Issuer with respect to the Issuer Investment Interest or pursuant to the Master Transfer and Servicing Agreement.

(b) The Issuer shall provide to the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser (in multiple copies, if requested) such other information, documents, records or reports respecting the Issuer Investment Interest, the Issuer or the IESO which is in the possession or under the control of the Issuer or the Manager, as the Administrative Agent, a Funding Agent or a Non-Conduit Purchaser may from time to time reasonably request, including any correspondence with a Rating Agency.

(c) The Issuer shall furnish to the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser promptly after known to the Issuer or the Manager, information with respect to any action, suit or proceeding involving the Manager, the Issuer or the IESO or any of their respective Affiliates by or before any court or any Governmental Authority which, if adversely determined, would have an Adverse Effect.

(d) The Issuer will not make any amendments to the Funding Obligation Agreements governing any outstanding Subordinated Funding Obligations or Junior Subordinated Funding Obligations without the prior written consent of the Requisite Series 2017-1 Noteholders.

(e) The Issuer will not make any amendments to any of the Program Agreements without the prior written consent of **all of** the ~~Requisite~~ Series 2017-1 Noteholders.

(f) The Issuer will provide prompt notice to the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser of any amendments to the Change of Law Process Agreement dated December [21], 2017 between the Province and OPG.

(g) ~~(f)~~ The Issuer will not hold or own, directly or indirectly, any share or equity security of, or any equity interest in, any Person.

(h) ~~(g)~~ The Issuer confirms that this Supplemental Indenture is a Warehouse Facility Agreement. The Issuer will not enter into any other Warehouse Facility Agreement creating Senior Funding Obligations without the prior written consent of the Requisite Series 2017-1 Noteholders unless the Commitment Expiry Date has occurred.

(i) **The Issuer will not enter into any Funding Obligation Agreement (other than a Credit Enhancement Agreement or Derivative Agreement or a Warehouse Facility Agreement for Subordinated Funding Obligations or Junior Subordinated Funding Obligations) in respect of any Funding Obligation that has a Principal Payment Date prior to May 1, 2022.**

(j) ~~(h)~~ Each issuance of Senior Funding Obligations completed on or after the Commitment Expiry Date shall be treated by the Issuer as a Refinancing with the proceeds thereof (net of expenses incurred in connection with such issuance and amounts required to be deposited in Issuer Accounts in accordance with the Program Agreements) applied to effect Decreases hereunder until such time as the Series 2017-1 Principal Amount has been reduced to zero.

~~(i) The Issuer shall, upon request by the Requisite Series 2017-1 Noteholders, exercise its right pursuant to Section 3.15 of the Master Transfer and Servicing Agreement to require the IESO to deliver the letter of credit or other form of security contemplated therein.~~

~~(j)~~ ~~**[Note to Draft: AUP requirements to be discussed.]**~~

(k) **Upon the request of the Administrative Agent or any Funding Agent at any time after January 1, 2022, the Issuer shall request, not more than once per year (except following and during the continuance of a Termination Event, when the Administrative Agent or any Funding Agent may request as frequently as once per month), the Issuer will, at its expense, appoint Ernst &Young LLP, or another independent public accounting firm selected by the Issuer with the consent of such the Administrative Agent or such Funding Agent (such consent not to be unreasonably withheld), to prepare and deliver to each Funding Agent a written report, on a scope and in a form reasonably requested by the Administrative Agent or the Funding Agent making such request, to provide assurances to the Funding Agents that the information certified on each Monthly Report is accurate in all material respects.**

ARTICLE 7
ACCELERATION

7.1 Acceleration of Series 2017-1 Principal Amount

If a Series 2017-1 Event of Default occurs and is continuing, then and in each and every such case, and without regard to whether all Issuer Funding Obligations have been declared due and payable immediately pursuant to Section 8.02(a) of the Trust Indenture, any Purchaser Group may by notice in writing to the Issuer and to the Indenture Trustee declare the Series 2017-1

Principal Amount and all interest accrued and unpaid (if any) thereon to be due and payable immediately, and upon any such declaration the same will become and will be immediately due and payable, notwithstanding anything in this Supplemental Indenture or the Trust Indenture to the contrary.

ARTICLE 8
AGENTS

8.1 Administrative Agent

(a) Each of the Non-Conduit Purchasers, CP Conduit Purchasers, the Group Banks and the Funding Agents hereby irrevocably designates and appoints the Administrative Agent as the agent of such Person under this Supplemental Indenture and irrevocably authorizes the Administrative Agent, in such capacity, to take such action on its behalf under the provisions of this Supplemental Indenture and to exercise such powers and perform such duties as are expressly delegated to the Administrative Agent by the terms of this Supplemental Indenture, together with such other powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Supplemental Indenture, the Administrative Agent shall not have any duties or responsibilities except those expressly set forth herein, or any fiduciary relationship with any Non-Conduit Purchaser, any CP Conduit Purchaser, any Group Bank or any Funding Agent, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Supplemental Indenture or otherwise exist against the Administrative Agent.

(b) The Administrative Agent may execute any of its duties under this Supplemental Indenture by or through agents or attorneys in fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. The Administrative Agent shall not be responsible for the negligence or misconduct of any agents or attorneys-in-fact selected by it with reasonable care.

(c) Neither the Administrative Agent nor any of its officers, directors, employees, agents, attorneys in fact or Affiliates shall be (i) liable for any action lawfully taken or omitted to be taken by it or such Person under or in connection with the Trust Indenture, this Supplemental Indenture or any other Program Agreement (except to the extent that any of the foregoing are found by a final and ~~nonappealable~~**non-appealable** decision of a court of competent jurisdiction to have resulted from its or such Person's own gross negligence or willful misconduct) or (ii) responsible in any manner to any of the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks or the Funding Agents for any recitals, statements, representations or warranties made by the Issuer, the IESO, the Manager or any officer thereof contained in this Supplemental Indenture or any other Program Agreement or in any certificate, report, statement or other document referred to or provided for in, or received by the Administrative Agent under or in connection with, this Supplemental Indenture or any other Program Agreement or for the value, validity, effectiveness, genuineness,

enforceability or sufficiency of this Supplemental Indenture, any other Program Agreement, or for any failure of any of the Issuer, the Manager or the IESO to perform its obligations hereunder or thereunder. The Administrative Agent shall not be under any obligation to any Non-Conduit Purchaser, any CP Conduit Purchaser, any Group Bank or any Funding Agent to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Supplemental Indenture, any other Program Agreement or to inspect the properties, books or records of the Issuer, the Manager or the IESO.

(d) The Administrative Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, resolution, notice, consent, certificate, affidavit, letter or electronic message, statement, order or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including, without limitation, counsel to the Issuer, the Manager or the IESO), independent accountants and other experts selected by the Administrative Agent.

(e) The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Termination Event unless the Administrative Agent has received written notice from a Non-Conduit Purchaser, a CP Conduit Purchaser, a Group Bank, a Funding Agent, the Issuer or the Manager referring to the Trust Indenture or this Supplemental Indenture, describing such Termination Event and stating that such notice is a "notice of a Termination Event". In the event that the Administrative Agent receives such a notice, the Administrative Agent shall give notice thereof to DBRS, the Non-Conduit Purchasers, the Funding Agents, the Issuer Trustee and the Manager.

(f) Each of the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks and the Funding Agents expressly acknowledges that neither the Administrative Agent nor any of its officers, directors, employees, agents, attorneys in fact or Affiliates has made any representations or warranties to it and that no act by the Administrative Agent hereinafter taken, including any review of the affairs of the Issuer, the Manager or the IESO shall be deemed to constitute any representation or warranty by the Administrative Agent to any such Person. Each of the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks and the Funding Agents represents to the Administrative Agent that it has, independently and without reliance upon the Administrative Agent or any other Non-Conduit Purchaser, CP Conduit Purchaser, Group Bank or Funding Agent and based on such documents and information as it has deemed appropriate, made its own appraisal of, and investigation into, the business, operations, property, financial and other condition and creditworthiness of the Issuer, the Manager and the IESO and made its own decision to enter into this Supplemental Indenture. Each of the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks and the Funding Agents also represents that it will, independently and without reliance upon the Administrative Agent or any other Non-Conduit Purchaser, CP Conduit Purchaser, Group Bank or Funding Agent, and based on such documents and information as it shall deem appropriate at the time, continue

to make its own credit analysis, appraisals and decisions in taking or not taking action under this Supplemental Indenture and the other Program Agreements, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other condition and creditworthiness of the Issuer, the Manager and the IESO. Except for notices, reports and other documents expressly required to be furnished to the Non-Conduit Purchasers and the Funding Agents by the Administrative Agent hereunder, the Administrative Agent shall have no duty or responsibility to provide any Non-Conduit Purchaser, any CP Conduit Purchaser, any Group Bank or any Funding Agent with any credit or other information concerning the business, operations, property, condition (financial or otherwise), prospects or creditworthiness of the Issuer, the Manager or the IESO which may come into the possession of the Administrative Agent or any of its officers, directors, employees, agents, attorneys in fact or Affiliates.

(g) The Administrative Agent and its Affiliates may make loans to, accept deposits from and generally engage in any kind of business with the Issuer, the Manager and the IESO as though the Administrative Agent were not the Administrative Agent hereunder. With respect to any Series 2017-1 Senior Note held by the Administrative Agent, the Administrative Agent shall have the same rights and powers under this Supplemental Indenture and the other Program Agreements as any Group Bank or Funding Agent and may exercise the same as though it were not the Administrative Agent, and the terms "Group Bank," and "Funding Agent" shall include the Administrative Agent in its individual capacity.

(h) The Administrative Agent may resign as Administrative Agent at any time by giving 30 days' notice to the Non-Conduit Purchasers, the Funding Agents, the Indenture Trustee, the Issuer and the Manager. If **Royal Bank of Canada** shall resign as Administrative Agent under this Supplemental Indenture, then the Requisite Series 2017-1 Noteholders shall appoint a successor administrative agent from among the Non-Conduit Purchasers and Funding Agents, whereupon such successor agent shall succeed to the rights, powers and duties of the Administrative Agent, and the term "Administrative Agent" shall mean such successor agent effective upon such appointment and approval, and the former Administrative Agent's rights, powers and duties as Administrative Agent shall be terminated, without any other or further act or deed on the part of such former Administrative Agent or any of the parties to this Supplemental Indenture. If no successor administrative agent has accepted appointment as Administrative Agent prior to the effective date of the resignation of the Administrative Agent, the retiring Administrative Agent may appoint, after consulting with the Non-Conduit Purchasers and the Funding Agents, a successor Administrative Agent from among the Non-Conduit Purchasers and the Funding Agents. If no successor administrative agent has accepted appointment by the date which is thirty (30) days following a retiring Administrative Agent's notice of resignation, the retiring Administrative Agent's resignation shall nevertheless thereupon become effective and Manager shall assume and perform all of the duties of the Administrative Agent hereunder until such time, if any, as the Requisite Series 2017-1 Noteholders appoint a successor administrative agent as provided for above.

After any retiring Administrative Agent's resignation as Administrative Agent, the provisions of this Article 8 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent under this Supplemental Indenture. **The Issuer will provide prompt written notice of a resignation of the Administrative Agent and the appointment of any successor administrative agent.**

8.2 Funding Agents

(a) Each CP Conduit Purchaser and each Group Bank with respect to such CP Conduit Purchaser hereby irrevocably designates and appoints the Funding Agent set forth next to such CP Conduit Purchaser's name on Schedule E as the agent of such Person under this Supplemental Indenture and irrevocably authorizes such Funding Agent, in such capacity, to take such action on its behalf under the provisions of this Supplemental Indenture and to exercise such powers and perform such duties as are expressly delegated to such Funding Agent by the terms of this Supplemental Indenture, together with such other powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Supplemental Indenture, each Funding Agent shall not have any duties or responsibilities except those expressly set forth herein, or any fiduciary relationship with any CP Conduit Purchaser or Group Bank and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Supplemental Indenture or otherwise exist against each Funding Agent.

(b) Each Funding Agent may execute any of its duties under this Supplemental Indenture by or through agents or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. Each Funding Agent shall not be responsible to the CP Conduit Purchaser or any Group Bank in its CP Conduit Purchaser Group for the negligence or misconduct of any agents or attorneys in fact selected by it with reasonable care.

(c) Each Funding Agent and any of its officers, directors, employees, agents, attorneys in fact or Affiliates shall not be (i) liable for any action lawfully taken or omitted to be taken by it or such Person under or in connection with the Trust Indenture, this Supplemental Indenture or any other Program Agreement (except to the extent that any of the foregoing are found by a final and ~~nonappealable~~**non-appealable** decision of a court of competent jurisdiction to have resulted from its or such Person's own gross negligence or willful misconduct) or (ii) responsible in any manner to any of the CP Conduit Purchasers and/or Group Banks for any recitals, statements, representations or warranties made by the Issuer, the Manager or the IESO, or any officer thereof contained in this Supplemental Indenture or any other Program Agreement or in any certificate, report, statement or other document referred to or provided for in, or received by such Funding Agent under or in connection with, this Supplemental Indenture or any other Program Agreement or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Supplemental Indenture, any other Program Agreement, or for any failure of any of the Issuer, the Manager or

the IESO to perform its obligations hereunder or thereunder. Each Funding Agent shall not be under any obligation to the CP Conduit Purchaser or any Group Bank in its CP Conduit Purchaser Group to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Supplemental Indenture, any other Program Agreement or to inspect the properties, books or records of the Issuer, the Manager or the IESO.

(d) Each Funding Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, resolution, notice, consent, certificate, affidavit, letter or electronic message, statement, order or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including, without limitation, counsel to the Issuer, the Manager or the IESO), independent accountants and other experts selected by such Funding Agent. Each Funding Agent shall be fully justified in failing or refusing to take any action under this Supplemental Indenture or any other Program Agreement unless it shall first receive such advice or concurrence of the Related Purchaser Group, as it deems appropriate or it shall first be indemnified to its satisfaction by the Related Purchaser Group against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action.

(e) Each Funding Agent shall not be deemed to have knowledge or notice of the occurrence of any Termination Event unless such Funding Agent has received written notice from a Non-Conduit Purchaser, a CP Conduit Purchaser, a Group Bank, the Issuer, the Manager or the Administrative Agent referring to the Trust Indenture or this Supplemental Indenture, describing such Termination Event and stating that such notice is a "notice of a Termination Event," as the case may be. In the event that any Funding Agent receives such a notice, such Funding Agent shall give notice thereof to DBRS, the CP Conduit Purchaser and Group Bank in its CP Conduit Purchaser Group. Such Funding Agent shall take such action with respect to such event as shall be reasonably directed by the CP Conduit Purchaser and Group Bank in its CP Conduit Purchaser Group, provided that unless and until such Funding Agent shall have received such directions, such Funding Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such event as it shall deem advisable in the best interests of the CP Conduit Purchaser and Group Bank in its CP Conduit Purchaser Group.

(f) Each CP Conduit Purchaser and each of the related Group Banks expressly acknowledge that neither its Funding Agent nor any of its officers, directors, employees, agents, attorneys in fact or Affiliates has made any representations or warranties to it and that no act by such Funding Agent hereinafter taken, including any review of the affairs of the Issuer, the Manager or the IESO shall be deemed to constitute any representation or warranty by such Funding Agent to any such Person. Each CP Conduit Purchaser and each of the related Group Banks represents to its Funding Agent that it has, independently and without reliance upon such Funding Agent and based on such documents and information as it has deemed appropriate, made its own appraisal of, and investigation into, the

business, operations, property, financial and other condition and creditworthiness of the Issuer, the Manager and the IESO and made its own decision to enter into this Supplemental Indenture. Each CP Conduit Purchaser and each of the related Group Banks also represents that it will, independently and without reliance upon its Funding Agent and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Supplemental Indenture and the other Program Agreements, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other conditions and creditworthiness of the Issuer, the Manager and the IESO.

(g) Each Group Bank in a CP Conduit Purchaser Group agrees to indemnify its Funding Agent in its capacity as such (to the extent not reimbursed by the Issuer and without limiting the obligation of the Issuer to do so), from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever which may at any time be imposed on, incurred by or asserted against such Funding Agent in any way relating to or arising out of this Supplemental Indenture, any of the other Program Agreements or any documents contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby or any action taken or omitted by such Funding Agent under or in connection with any of the foregoing; provided that no Group Bank shall be liable for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements that are found by a final and ~~nonappealable~~**non-appealable** decision of a court of competent jurisdiction to have resulted from such related Funding Agent's gross negligence or willful misconduct. The agreements in this Section shall survive the payment of all amounts payable hereunder.

ARTICLE 9
GENERAL

9.1 Successor and Assigns

(a) This Supplemental Indenture shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, except that (i) the Issuer may not assign or transfer any of its rights under this Supplemental Indenture without the prior written consent of all of the Series 2017-1 Noteholders and at least 10 Business Days' notice having been given to DBRS; (ii) no Non-Conduit Purchaser may assign or transfer any of its rights under this Supplemental Indenture other than pursuant to paragraph (e) or (f) below; (iii) no CP Conduit Purchaser may assign or transfer any of its rights under this Supplemental Indenture other than to the Group Bank with respect to such CP Conduit Purchaser or a Program Support Provider with respect to such CP Conduit Purchaser or pursuant to clause (b) or (e) below of this Section 9.1; and (iv) no Group Bank may assign or transfer any of its rights or obligations under this

Supplemental Indenture except to a Program Support Provider or pursuant to clause (c), (d) or (e) below of this Section 9.1.

(b) Without limiting the foregoing, each CP Conduit Purchaser may assign all or a portion of the Purchaser Group Principal Amount with respect to such CP Conduit Purchaser and its rights and obligations under this Supplemental Indenture to a Conduit Assignee with respect to such CP Conduit Purchaser. Prior to the effectiveness of any such assignment, the assigning CP Conduit Purchaser shall notify DBRS, the Administrative Agent**, each Funding Agent, each Non-Conduit Purchaser** and the Issuer of such assignment. Upon such assignment by a CP Conduit Purchaser to a Conduit Assignee, (i) such Conduit Assignee shall be the owner of the Purchaser Group Principal Amount or such portion thereof with respect to such CP Conduit Purchaser; (ii) the related administrative or managing agent for such Conduit Assignee will act as the administrative agent for such Conduit Assignee hereunder, with all corresponding rights and powers, express or implied, granted to the Funding Agent hereunder; (iii) such Conduit Assignee and its liquidity support provider(s) and credit support provider(s) and other related parties shall have the benefit of all the rights and protections provided to such CP Conduit Purchaser herein (including, without limitation, any limitation on recourse against such Conduit Assignee as provided in this paragraph); (iv) such Conduit Assignee shall assume all of such CP Conduit Purchaser's obligations, if any, hereunder with respect to such portion of the Purchaser Group Principal Amount and such CP Conduit Purchaser shall be released from such obligations; (v) all distributions in respect of the Purchaser Group Principal Amount or such portion thereof with respect to such CP Conduit Purchaser shall be made to the applicable agent or administrative agent, as applicable, on behalf of such Conduit Assignee; and (vi) if requested by the Administrative Agent or the agent or administrative agent with respect to the Conduit Assignee, the parties will execute and deliver such further agreements and documents and take such other actions as the Administrative Agent or such agent or administrative agent may reasonably request to evidence and give effect to the foregoing. No assignment by any CP Conduit Purchaser to a Conduit Assignee of the Purchaser Group Principal Amount with respect to such CP Conduit Purchaser shall in any way diminish the obligations of the Group Bank with respect to such CP Conduit Purchaser under Section 3.3 to fund any Increase.

(c) Any Group Bank may, in the ordinary course of its business and in accordance with applicable law, at any time, sell all or any part of its rights and obligations under this Supplemental Indenture and the Series 2017-1 Senior Notes, with the prior written consent of the Administrative Agent and the Issuer (in each case, which consent shall not be unreasonably withheld) and with prior notice to DBRS, to one or more banks (an "**Acquiring Group Bank**") pursuant to a transfer supplement, substantially in the form of Exhibit H (the "**Transfer Supplement**"), executed by such Acquiring Group Bank, such assigning Group Bank, the Funding Agent with respect to such Group Bank, the Administrative Agent and the Issuer and delivered to the Administrative Agent. Notwithstanding the

foregoing, no Group Bank shall so sell its rights hereunder if such Acquiring Group Bank is not an Eligible Assignee.

(d) Any Group Bank may, in the ordinary course of its business and in accordance with applicable law at any time and with prior notice to DBRS, sell to one or more financial institutions or other entities ("**Group Bank Participants**") participations in its Commitment ~~Amount~~ with respect to its related CP Conduit Purchaser Group, its Series 2017-1 Senior Note and its rights hereunder pursuant to documentation in form and substance satisfactory to such Group Bank and the Group Bank Participant; provided, however, that (i) in the event of any such sale by a Group Bank to a Group Bank Participant, (A) such Group Bank's obligations under this Supplemental Indenture shall remain unchanged, (B) such Group Bank shall remain solely responsible for the performance thereof, and (C) the Issuer and the Administrative Agent shall continue to deal solely and directly with such Group Bank in connection with its rights and obligations under this Supplemental Indenture; and (ii) no Group Bank shall sell any participating interest under which the Group Bank Participant shall have rights to approve any amendment to, or any consent or waiver with respect to, this Supplemental Indenture, the Trust Indenture or any Program Agreement, except to the extent that the approval of such amendment, consent or waiver otherwise would require the unanimous consent of all Group Banks hereunder. A Group Bank Participant shall have the right to receive compensation pursuant to Sections 3.10 and 3.11 but only to the extent that the related selling Group Bank would have had such right absent the sale of the related participation and, with respect to amounts due pursuant to Sections 3.10 and 3.11, only to the extent such Group Bank Participant shall have complied with the provisions of Sections 3.10 and 3.11 as if such Group Bank Participant were a Group Bank.

(e) Any CP Conduit Purchaser and the Group Bank with respect to such CP Conduit Purchaser may, at any time, sell all or any part of their respective rights and obligations, and any Non-Conduit Purchaser may, at any time, sell all or any part of its rights and obligations, under this Supplemental Indenture and the Series 2017-1 Senior Notes, with the prior written consent of the Administrative Agent and the Issuer (in each case, which consent shall not be unreasonably withheld) and with prior notice to DBRS, (x) to a multi-seller commercial paper conduit and one or more banks providing support to such multi-seller commercial paper conduit, or (y) to a financial institution or other entity (an "**Acquiring Purchaser Group**") pursuant to a transfer supplement, substantially in the form of Exhibit I (the "**Purchaser Group Supplement**"), executed by such Acquiring Purchaser Group (including the CP Conduit Purchaser and the Group Banks, if any, with respect to such Acquiring Purchaser Group), the Funding Agent, if any, with respect to such Acquiring Purchaser Group, such assigning Purchaser Group (including the Group Banks, if any, with respect to such assigning Purchaser Group), the Funding Agent, if any, with respect to such assigning Purchaser Group and the Administrative Agent and the Issuer and delivered to the Administrative Agent.

(f) Any Non-Conduit Purchaser may, in the ordinary course of its business and in accordance with applicable law and with prior notice to DBRS, at any time sell to one or more financial institutions or other entities ("**Non-Conduit Purchaser Participants**") participations in its Commitment, its Series 2017-1 Senior Note and its rights hereunder pursuant to documentation in form and substance satisfactory to such Non-Conduit Purchaser and the Non-Conduit Purchaser Participant; provided, however, that (i) in the event of any such sale by a Non-Conduit Purchaser to a Non-Conduit Purchaser Participant, (A) such Non-Conduit Purchaser's obligations under this Supplemental Indenture shall remain unchanged, (B) such Non-Conduit Purchaser shall remain solely responsible for the performance thereof, and (C) the Issuer and the Administrative Agent shall continue to deal solely and directly with such Non-Conduit Purchaser in connection with its rights and obligations under this Supplemental Indenture; and (ii) no Non-Conduit Purchaser shall sell any participating interest under which the Non-Conduit Purchaser Participant shall have rights to approve any amendment to, or any consent or waiver with respect to, this Supplemental Indenture, the Trust Indenture or any Program Agreement, except to the extent that the approval of such amendment, consent or waiver otherwise would require the unanimous consent of all Series 2017-1 Noteholders hereunder. A Non-Conduit Purchaser Participant shall have the right to receive compensation under Sections 3.10 and 3.11 but only to the extent that the related selling Non-Conduit Purchaser would have had such right absent the sale of the related participation and, with respect to amounts due pursuant to Sections 3.10 and 3.11, only to the extent such Non-Conduit Purchaser Participant shall have complied with the provisions of Sections 3.10 and 3.11 as if such Non-Conduit Purchaser Participant were a Non-Conduit Purchaser.

(g) The Issuer authorizes each Group Bank and Non-Conduit Purchaser to disclose to any Group Bank Participant, Acquiring Group Bank, Non-Conduit Purchaser Participant or Acquiring Purchaser Group (each, a "**Transferee**") and any prospective Transferee any and all financial information in such Group Bank's or Non-Conduit Purchaser's possession concerning the Issuer, the Issuer Investment Asset and the Program Agreements which has been delivered to such Group Bank by the Issuer or the Manager in connection with such Group Bank's credit evaluation of the Issuer and the Issuer Investment Interest.

(h) Notwithstanding any other provision of this Supplemental Indenture to the contrary, any Non-Conduit Purchaser, any Group Bank or any Program Support Provider may at any time pledge or grant a security interest in all or any portion of its rights under its Series 2017-1 Senior Note and this Supplemental Indenture to secure obligations of such Non-Conduit Purchaser, such Group Bank or such Program Support Provider to a Federal Reserve Bank or the Bank of Canada, without notice to or consent of the Administrative Agent or the Issuer; provided that no such pledge or grant of a security interest shall release a Non-Conduit Purchaser or a Group Bank from any of its obligations hereunder or substitute any such pledgee or grantee for such Non-Conduit Purchaser or such Group Bank as a party hereto.

(i) Notwithstanding any other provision of this Supplemental Indenture to the contrary, no consent of the Issuer to any assignment referred to in this Section 9.1 shall be required at any time after the occurrence of ~~an~~**a Series 2017-1** Event of Default.

9.2 Waiver

Without limiting the requirements of Section 11.02 of the Trust Indenture which shall be applicable to this Supplemental Indenture, no waiver of any provision of this Supplemental Indenture or consent to any departure by the Issuer from any provision of this Supplemental Indenture will be effective (in whole or in part) unless in writing and signed by the Requisite Series 2017-1 Noteholders. Such waiver will be effective only in the specific instance, for the specific purpose and for the specific length of time for which it is given by the Requisite Series 2017-1 Noteholders.

9.3 Notice

All notices, requests, instructions and demands to or upon any party hereto to be effective shall be given (a) in the case of the Issuer and the Indenture Trustee, in the manner set forth in Article ~~[~~15~~]~~ of the Trust Indenture; and (b) in the case of the Administrative Agent, the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks and the Funding Agents, in writing, and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when delivered by hand or three days after being deposited in the mail, postage prepaid, in the case of facsimile notice, when received, or in the case of overnight air courier, one Business Day after the date such notice is delivered to such overnight courier, addressed as follows in the case of the Administrative Agent and to the addresses therefor set forth in Schedule E, in the case of the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks and the Funding Agents; or to such other address as may be hereafter notified by the respective parties hereto:

Administrative Agent:

~~●~~

Royal Bank of Canada [NTD: Oslers to provide]

9.4 No Waiver: Remedies

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

9.5 Entire Agreement

This Supplemental Indenture, the Fee Letter, the Trust Indenture and the other Program Agreements contain the entire agreement between the parties relative to the subject matter hereof

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

9.6 Governing Law and Attornment

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

9.7 Acknowledgment of Trust Indenture and No Proceedings

The Administrative Agent, each Non-Conduit Purchaser, each CP Conduit Purchaser, each Group Bank and each Funding Agent hereby acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor under the Trust Indenture and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Trust Indenture including, without limitation, Section 7.12 (Payments To Be Held in Trust), ~~Section~~ **Section** 8.11 (Control by Controlling Class Creditors), ~~Section~~ **Section** 8.12 (Limitation on Suits), Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse), Article IX (Indenture Trustee) (including all limitations of liability thereunder), Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition).

9.8 Expenses

The Issuer agrees to pay on demand (a) to the Indenture Trustee, the Administrative Agent and the Purchaser Groups all reasonable costs and expenses in connection with the preparation, execution, and delivery of this Supplemental Indenture and the other documents to be delivered hereunder or in connection herewith, including, the reasonable fees and out-of-pocket expenses of counsel for the Administrative Agent and the Purchaser Groups, with respect thereto, and the reasonable fees and out-of-pocket expenses incurred by the CP Conduit Purchasers in connection with the review by each rating agency then rating the Commercial Paper of such CP Conduit Purchaser of the transactions contemplated by this Supplemental Indenture and the Program Agreements; (b) to the Indenture Trustee, the Administrative Agent and each Purchaser Group all reasonable costs and expenses in connection with any amendments of or waivers or consents under this Supplemental Indenture or the Program Agreements, including in each case the reasonable fees and out-of-pocket expenses of counsel with respect thereto, and the reasonable fees and out-of-pocket expenses incurred by the CP Conduit Purchasers in connection with the review by any rating agency then rating the Commercial Paper of such CP Conduit Purchasers; and (c) to the Indenture Trustee, the Administrative Agent and each Purchaser Group, on demand, all reasonable costs and expenses (including reasonable fees and expenses of counsel to the Administrative Agent and each Purchaser Group), if any, in connection with the enforcement of this Supplemental Indenture or any of the Program Agreements, and the other documents delivered thereunder or in connection therewith.

9.9 Further Assurances

Each of the parties hereto upon the request of the other party or parties hereto shall do, execute, acknowledge and deliver or cause to be done, executed acknowledged or delivered all such further acts, deeds, documents, assignments, transfers, conveyances, powers of attorney and assurances as may be reasonably necessary or desirable to effect or complete the consummation of the transactions contemplated by this Supplemental Indenture.

9.10 Confidentiality

(a) Each Purchaser Group and the Administrative Agent covenants and agrees that any non-public information obtained by it pursuant to this Supplemental Indenture and the other Program Agreements shall be held in confidence except that the Purchaser Groups or Administrative Agent may disclose such information (i) pursuant to the order of any court or administrative agency or in any pending legal or administrative proceeding (whether or not having the force or effect of law) provided that, unless prohibited by applicable law, a Purchaser Group or the Administrative Agent, as applicable, shall provide prompt notice of such order to the affected party; (ii) upon the request or demand of any regulatory authority having or claiming jurisdiction over any Purchaser Group or the Administrative Agent; (iii) as required by applicable law including, without limitation, all applicable securities laws; (iv) to the extent that such information becomes publicly available other than by reason of improper disclosure by a Purchaser Group or the Administrative Agent; (v) to its affiliates, officers, directors, employees, legal counsel, independent auditors, accountants, advisors, investors, potential investors, commercial paper dealers, providers of surety, guaranty, credit or liquidity enhancement (including the directors, officers and accountants of such surety, guaranty, credit or liquidity enhancement provider), legal counsel of any of the foregoing and other experts or agents who need to know such information and are informed of the confidential nature of such information (provided that the Persons permitted to make such disclosures under clauses (i), (ii) and (iii) of this Section 9.10 shall also include credit or liquidity enhancers of a CP Conduit Purchaser); (vi) for purposes of establishing a "due diligence" defense; (vii) which was available to a Purchaser Group or the Administrative Agent on a non-confidential basis from a source other than the affected party, provided that such source was not to the knowledge of the Purchaser Group or the Administrative Agent, as applicable, bound by a confidentiality agreement with the affected party; (viii) has been independently acquired or developed by a Purchaser Group or the Administrative Agent without violating any of the Purchaser Group's or the Administrative Agent's obligations under this Supplemental Indenture; (ix) if such disclosure has been approved in writing in advance by the Issuer or the Manager; (x) regarding the existence of this Supplemental Indenture, but not the financial terms thereof; and (xi) to DBRS and Moody's and any other Rating Agencies.

(b) The Issuer covenants and agrees to hold in confidence, and not disclose to any Person, the terms of this Supplemental Indenture (including any fees payable in

connection with this Supplemental Indenture or the identity of any CP Conduit Purchaser under this Supplemental Indenture), except as the applicable Purchaser Group may have consented to in writing prior to any proposed disclosure and except (i) it may also disclose such information (A) to its officers, directors, employees, legal counsel, independent auditors, accountants and other advisors who are directly involved in the consideration of this Supplemental Indenture (and then only on a confidential basis), (B) to the Manager and its officers, directors, employees, legal counsel, independent auditors, accountants and other advisors, (C) any ministry or agency of the Province of Ontario and, in each case, their respective employees, officials, agents and advisors, (D) as required by applicable law (including, without limitation, applicable securities law) or compulsory legal process, (E) as expressly permitted by the terms of the Program Agreements, and (F) to DBRS and Moody's and any other Rating Agencies; provided, that, in the case of clause (D), the Issuer will use all commercially reasonable efforts to maintain confidentiality and will (unless otherwise prohibited by law) notify the affected Administrative Agent or Purchaser Group of its intention to make any such disclosure prior to making such disclosure; and (ii) it may also disclose the existence (but not the financial terms) of this Supplemental Indenture, including to any actual or prospective purchaser of other Notes.

(c) The parties hereto acknowledge that a description of this Supplemental Indenture and the Series 2017-1 Senior Note will be included in the preliminary and final offering memoranda of the Issuer relating to the issue of other Notes from time to time.

(d) The confidentiality provisions set forth in this Section 9.10 shall expire on the second year anniversary of the date on which the Series 2017-1 Senior Notes have been paid in full.

9.11 Acknowledgement and Consent to Bail-In of EEA Financial Institutions

Notwithstanding anything to the contrary in this Supplemental Indenture or in any other Program Agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any EEA Financial Institution arising under this Supplemental Indenture or any other Program Agreement, to the extent such liability is unsecured, may be subject to the write-down and conversion powers of an EEA Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

(a) the application of any Write-Down and Conversion Powers by an EEA Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an EEA Financial Institution; and

(b) the effects of any Bail-~~in~~**In** Action on any such liability, including, if applicable

(i) a reduction in full or in part or cancellation of any such liability;

(ii) a conversion of all, or a portion of, such liability into shares or other instruments or ownership in such EEA Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Supplemental Indenture or any other Facility Agreement; or

(iii) the variation of the terms of such liability in connection with the exercise of the write-down and conversion powers of any EEA Resolution Authority.

9.12 Limitation of Liability of Issuer Trustee

Each party hereto other than the Issuer acknowledges that the Issuer is a trust, and that Computershare Trust Company of Canada is the Issuer Trustee. The other parties hereto agree that the Issuer Trustee will not be subject to any liability whatsoever to them, in tort, contract or otherwise, in connection with the Issuer's assets or the trust activities, for any action taken or permitted by it to be taken, or for its failure to take any action; provided that the foregoing limitation will not apply in respect of any action or failure to act arising from or in connection with wilful misconduct, negligence or reckless disregard of a duty by the Issuer Trustee. The Issuer Trustee in doing anything or permitting anything to be done in respect of assets or the trust activities is, and shall be conclusively deemed to be, acting as trustee of the Issuer and not in any other capacity. Except as to the extent provided in this Section 9.12, the Issuer Trustee will not be subject to any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Issuer, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the Issuer's assets or the trust activities and resort will be had solely to the Collateral for the payment or performance thereof. No property or assets of the Issuer Trustee, whether owned in its personal capacity or otherwise, will be subject to levy, execution or other enforcement procedure with regard to any obligation under this Supplemental Indenture. Nothing contained in this Section 9.12 shall be construed so as to limit the liability of the Issuer under this Supplemental Indenture. This Supplemental Indenture, and every deed, transfer, assignment, agreement or other instrument made pursuant hereto including, without limitation, the Series 2017-1 Senior Notes, made or purporting to be made by or creating an obligation of the Issuer or the Issuer Trustee on behalf of, or as trustee of, the Issuer shall be deemed and construed for all purposes as if made by the Issuer Trustee, in and only in its capacity as trustee of the Issuer. Any obligations of the Issuer Trustee hereunder or thereunder are non-recourse to the Issuer Trustee in its personal capacity.

9.13 Execution in Counterparts

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

9.14 Delivery of Executed Copies

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

[signature page follows]

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

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

By:

By:

Name:

Title:

By:

Name:

Title:

BNY TRUST COMPANY OF CANADA, as Indenture Trustee

By:

Name:

Title:

By:

Name:

Title:

ROYAL BANK OF CANADA, as Administrative Agent,

By:

Name:

Title:

[NTD: Detailed signing pages to be prepared.]

~~SCHEDULE A~~

SCHEDULE A

DEFINITIONS

"**Acceleration Event**" means either:

(a) all Issuer Funding Obligations are declared due and payable under Section 8.02 of the Trust Indenture, or

(b) the Series 2017-1 Principal Amount and all interest accrued and unpaid thereon is declared to be due and payable under Section 7.1.

"**Administrative Agent**" is defined in the preamble to this Supplemental Indenture.

"**AEOI Legislation**" is defined in Section 3.10(a).

"**Affected Party**" means any Non-Conduit Purchaser, CP Conduit Purchaser and any Program Support Provider with respect to any CP Conduit Purchaser.

"**Applicable Margin**" is **the Program Fee as** defined in the Fee Letter.

"**Authorized Officer**" means, with respect to: (a) the Issuer, any authorized director or officer of the Manager; (b) the Manager, any authorized director of officer of OPG; (c) the IESO, any authorized director or officer of the IESO; (d) the Issuer Trustee, any officer within the corporate trust office of such trustee (including the President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Treasurer or any other officer of the Issuer Trustee customarily performing functions similar to those performed by persons who at the time shall be such officers, respectively, and that has direct responsibility for the administration of the Issuer and also, with respect to a particular matter, any other officer to whom such matter is referred to because of such officer's knowledge and familiarity with the particular subject).

"**Bail-In Action**" shall mean the exercise of any Write-Down and Conversion Powers by the applicable EEA Resolution Authority in respect of any liability of an EEA Financial Institution.

"**Bail-In Legislation**" shall mean, with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule.

~~"**Basel III**" means the revised Basel Accord prepared by the Basel Committee on Banking Supervision as set out in the publication entitled "A Global Regulatory Framework for More Resilient Banks and Banking Systems" developed by the Basel Committee on Banking Supervision, initially published in December 2010, as updated from time to time, and any rules, regulations, guidance, requests, interpretations or directives from any Official Body relating thereto (whether or not having the force of law).~~**"Breakage Costs" means, with respect to a CP**

Conduit Purchaser, the net interest costs, if any, with respect to any portion of the Commercial Paper it has issued to fund its investment in the Series 2017-1 Senior Notes that will be incurred by such CP Conduit Purchaser as a result of the maturity of such Commercial Paper falling after the date of a Decrease.

"**CDOR**" means, on any day, an annual rate of interest equal to the average rate applicable to Canadian dollar bankers' acceptances for a 1 month period appearing on the "Reuters Screen CDOR Page" (as defined in the International Swaps and Derivatives Association, Inc. 2000 definitions, as modified and amended from time to time) at approximately 10:00 a.m. on such day, or if such day is not a Business Day, then on the immediately preceding Business Day, provided that if such rate does not appear on the Reuters Screen CDOR Page on such day as contemplated, then CDOR on such day shall be calculated as the average of the rates for such period applicable to Canadian dollar bankers' acceptances quoted by the banks listed in Schedule I of the *Bank Act* (Canada) as of 10:00 a.m. on such day or, if such day is not a Business Day, then on the immediately preceding Business Day.

"**Closing Date**" is defined in Section 3.3(a).

~~"**Code**" is defined in Section 3.10(a).~~

"**Commercial Paper**" means, with respect to any CP Conduit Purchaser, the promissory notes issued by, or for the benefit of, such CP Conduit Purchaser in the commercial paper market.

"**Commitment**" means, with respect to (a) the Group Bank included in any CP Conduit Purchaser Group, the obligation of such Group Bank to purchase a Series 2017-1 Senior Note on the Closing Date and, thereafter, to maintain and, subject to certain conditions, increase the Purchaser Group Principal Amount with respect to such CP Conduit Purchaser Group, in each case, in an amount up to the Maximum Purchaser Group Principal Amount with respect to such CP Conduit Purchaser Group; or (b) any Non-Conduit Purchaser Group, the obligation of the Related Non-Conduit Purchaser to purchase a Series 2017-1 Senior Note on the Closing Date and, thereafter, to maintain and, subject to certain conditions, increase the Purchaser Group Principal Amount with respect to such Non-Conduit Purchaser Group, in each case, in an amount up to the Maximum Purchaser Group Principal Amount with respect to such Non-Conduit Purchaser Group.

"**Commitment Expiry Date**" means the earlier of (a) the Scheduled Commitment Expiry Date; and (b) the date on which an Event of Default **or a Series 2017-1 Event of Default** shall have been declared or automatically occurred.

"Commitment Extension" means an extension of the Scheduled Commitment Expiry Date effected in accordance with Section 3.5(c).

"Commitment Extension Request" is defined in Section 3.5(c).

"**Commitment Fee**" is defined in Section 3.6(b).

"**Commitment Fee Rate**" is defined in the Fee Letter.

"**Commitment Percentage**" means, on any date of determination, with respect to any Purchaser Group, the ratio, expressed as a percentage, which such Purchaser Group's Maximum Purchaser Group Principal Amount bears to the Series 2017-1 Maximum Principal Amount on such date.

"**Conduit Assignee**" means, with respect to any CP Conduit Purchaser, any commercial paper conduit administered by the Funding Agent with respect to such CP Conduit Purchaser and designated by such Funding Agent to accept an assignment from such CP Conduit Purchaser of the Purchaser Group Principal Amount or a portion thereof with respect to such CP Conduit Purchaser pursuant to Section 9.1(b).

"**CP Conduit Funded Amount**" means, with respect to any CP Conduit Purchaser Group for any day, the portion of the Purchaser Group Principal Amount with respect to such CP Conduit Purchaser Group funded by the CP Conduit Purchaser in respect of such CP Conduit Purchaser Group.

"**CP Conduit Purchaser**" means each commercial paper conduit listed on Schedule E or party to a Purchaser Group Supplement pursuant to which such commercial paper conduit became a party to this Supplemental Indenture

"**CP Conduit Purchaser Group**" means, collectively, a CP Conduit Purchaser and the Group Bank with respect to such CP Conduit Purchaser.

"**CP Conduit Rating Agencies**" means, with respect to any CP Conduit Purchaser, each of DBRS and Moody's and any other nationally recognized statistical rating organization which may, from time to time, rate the Commercial Paper of the CP Conduit Purchaser at the request of the CP Conduit Purchaser.

"**CP Rate**" means with respect to any CP Conduit Purchaser for any day during an Interest Period, the weighted average annual rate of interest applicable to all Commercial Paper of the CP Conduit Purchaser; and provided further that (x) any such Commercial Paper may be issued in either United States dollars or Canadian dollars with the appropriate market rate currency swap agreements being entered into to match such issuance to the funding requirements of such CP Conduit Purchaser, and (y) such weighted average annual rate of interest shall be calculated to reflect any costs incurred by such CP Conduit Purchaser in connection with such swap transactions or in connection with any redemption or repurchase transaction between such CP Conduit Purchaser and the holders of such commercial paper; provided that no amount shall be included in the calculation of the CP Rate which reflects any termination amounts payable by such CP Conduit Purchaser in respect of the early termination of any market rate currency swap referred to in this definition.

"**Decrease**" is defined in Section 3.4(a).

"**Decrease Amount**" is defined in Section 3.4(a).

"**Deferrable Increase Notice**" means a notice of Increase that provides that a Delayed Funding Notice may be provided by any Purchaser Group with respect to such Increase in accordance with Section 3.3(e).

"**Delayed Amount**" is defined in Section 3.3(e).

"**Delayed Funding Date**" is defined in Section 3.3(e).

"**Delayed Funding Notice**" is defined in Section 3.3(e).

"**Delayed Funding Purchaser Group**" is defined in Section 3.3(e).

"**Delayed Funding Reimbursement Amount**" means, with respect to any Delayed Amount of a Delayed Funding Purchaser Group funded by Non-Delayed Funding Purchaser Groups on an Increase Date, an amount equal to the excess, if any, of (a) such Delayed Amount; over (b) the amount, if any, by which the portion of any principal payment made by the Issuer to such Non-Delayed Funding Purchaser Group pursuant to Section 3.7 on any date during the period from and including such Increase Date to but excluding the Delayed Funding Date for such Delayed Amount, was greater than what it would have been had such Delayed Amount been funded by such Delayed Funding Purchaser Group on such Increase Date.

"**EEA Financial Institution**" shall mean (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority; (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition; or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clause (a) or (b) of this definition and is subject to consolidated supervision with its parent.

"**EEA Member Country**" shall mean any of the member states of the European Union, Iceland, Liechtenstein and Norway.

"**EEA Resolution Authority**" shall mean any public administrative authority or any person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

"**Eligible Assignee**" means a financial institution having (i) a short-term debt rating of at least "P-1" from Moody's, and (ii) either (A) a short-term debt rating of at least "R-1(low)" from DBRS, or (B) a long-term debt rating of at least "A" from DBRS.

"**EU Bail-In Legislation Schedule**" shall mean the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor person), as in effect from time to time.

"**Excluded Taxes**" is defined in Section 3.10(a).

"**FATCA**" is defined in Section 3.10(a).

"**Fee Letter**" means the **fee** letter dated the date hereof~~, from the Issuer addressed to the Administrative Agent, each Non-Conduit Purchaser and each of the CP Conduit Purchasers, the Funding Agents and the Group Banks, setting forth certain fees payable from time to time to the Purchaser Groups~~ **between the Issuer, Canadian Imperial Bank of Commerce, Royal Bank of Canada and Goldman Sachs Canada Inc.**, as such letter may be amended or replaced from time to time.

"**Funding Agent**" means, with respect to each CP Conduit Purchaser and its CP Conduit Purchaser Group, the agent bank set forth opposite the name of such CP Conduit Purchaser on Schedule E or in the Purchaser Group Supplement pursuant to which such CP Conduit Purchaser became a party to this Supplemental Indenture.

"**Group Bank**" means, with respect to a CP Conduit Purchaser, the bank or other Person set forth opposite the name of such CP Conduit Purchaser on Schedule E or in the Purchaser Group Supplement pursuant to which such CP Conduit Purchaser became a party to this Supplemental Indenture and any assignee thereof, to the extent such assignee has assumed all or a portion of the Commitments of the Group Bank pursuant to a Transfer Supplement entered into in accordance with Section 9.1(c).

"**Group Bank Funded Amount**" means, with respect to any CP Conduit Purchaser Group for any day, the excess, if any, of the Purchaser Group Principal Amount with respect to such CP Conduit Purchaser Group over the CP Conduit Funded Amount with respect to such CP Conduit Purchaser Group for such day.

"**Group Bank Participants**" is defined in Section 9.1(d).

"**Group Monthly Fees and Other Amounts**" shall mean, for any Payment Date and a Purchaser Group the sum of (a) the Commitment Fee with respect to the related Interest Period for such Purchaser Group; plus (b) any amounts payable to such Purchaser Group hereunder including, without limitation, pursuant to Sections 3.8, 3.10, 3.11 and 9.8; plus (c) the Monthly Fees and Other Amounts Shortfall for such Purchaser Group for such Payment Date.

"**Group Monthly Interest**" means, with respect to each Interest Period and:

(a) any CP Conduit Purchaser Group, the sum of:

(i) for each day during such Interest Period, the product of (x) the portion of the CP Conduit Funded Amount with respect to the CP Conduit Purchaser Group on such day funded through the issuance of Commercial Paper outstanding on such day, times (y) the sum of the CP Rate for such day plus the Applicable Margin, divided by (z) 365; plus

(ii) for each day during such Interest Period, the product of (x) the portion of the CP Conduit Funded Amount with respect to the CP Conduit Purchaser in such ~~GP~~**CP** Conduit Purchaser Group on such day not funded through the issuance of Commercial Paper outstanding on such day, times (y) the sum of CDOR for such day plus the Applicable Margin, divided by (z) 365; plus

(iii) for each day during such Interest Period the product of (x) the Group Bank Funded Amount with respect to such Purchaser Group on such day, times (y) the sum of CDOR for such day plus the Applicable Margin, divided by (x) 365.

(b) any Non-Conduit Purchaser Group, the sum for each day during such Interest Period of the product of (i) the Purchaser Group Principal Amount with respect to such Non-Conduit Purchaser Group on such day; times (ii) the sum of CDOR for such day plus the Applicable Margin, divided by (iii) 365.

For the purposes of determining the Group Monthly Interest in respect of an Interest Period prior to the end of the Interest Period, the Funding Agent in respect of a CP Conduit Purchaser Group or a Non-Conduit Purchaser Group may estimate the interest for the remaining days in the Interest Period. If the actual interest for such days is less than the estimated interest, the Group Monthly Interest for the following Interest Period shall be reduced to adjust for such lower actual interest and if the actual interest for such days is higher than the estimated interest, the Group Monthly Interest for the following Interest Period shall be increased to adjust for such higher interest.

"**Increase**" is defined in Section 3.3(a).

"**Increase Amount**" is defined in Section 3.3(a).

"**Increase Date**" is defined in Section 3.3(a).

"**Increase Notice**" is defined in Section 3.3(a).

"**Interest Period**" means each of the consecutive periods that begins on, and includes, each Payment Date and ends on and excludes, the following Payment Date; provided that the first Interest Period shall begin on the Closing Date and end on ~~●~~ **the Payment Date in January, 2018.**

"**Issuer Indemnified Person**" is defined in Section 3.8.

"**Maximum Purchaser Group Principal Amount**" means, with respect to (a) any CP Conduit Purchaser Group, the amount set forth opposite the name of the CP Conduit Purchaser included in such CP Conduit Purchaser Group on Schedule E or in the Purchaser Group Supplement pursuant to which such CP Conduit Purchaser Group became a party to this Supplemental Indenture; or (b) any Non-Conduit Purchaser Group, the amount set forth opposite the name of such Non-Conduit Purchaser Group on Schedule E or in the Purchaser Group Supplement pursuant to which such Non-Conduit Purchaser Group became a party to this Supplemental Indenture, in each case, as such amount may be increased or reduced from time to time as provided in Section 3.5.

"**Monthly Fees and Other Amounts**" shall mean, for any Payment Date, the aggregate of the Group Monthly Fees and Other Amounts for all Purchaser Groups.

"**Monthly Fees and Other Amounts Shortfall**" means, for any Payment Date and a Purchaser Group, if the amount of the Monthly Fees and Other Amounts for the preceding Payment Date was greater than the amount distributed to the payment of such amounts pursuant to Section 3.6(d), an amount equal to the Monthly Fees and Other Amounts owing to such Purchaser Group which were unpaid on the preceding Payment Date plus interest on such unpaid amount for the

period from the preceding Payment Date to the current Payment Date at a rate equal to the Prime Rate plus **1.00% per annum.**

"**Monthly Interest**" shall mean, for any Payment Date, the aggregate for all Purchaser Groups of the sum of (a) Group Monthly Interest for the related Interest Period for each Purchaser Group; plus (b) the Monthly Interest Shortfall for such Payment Date for each Purchaser Group.

~~"**Monthly Fees and Other Amounts**" shall mean, for any Payment Date, the aggregate of the Group Monthly Fees and Other Amounts for all Purchaser Groups.~~

"**Monthly Interest Shortfall**" means, for any Payment Date and a Purchaser Group, if the amount of the Group Monthly Interest for the preceding Payment Date was greater than the amount distributed to the payment of such amounts pursuant to Section 3.6(d), an amount equal to the Group Monthly Interest owing to such Purchaser Group which were unpaid on the preceding Payment Date plus interest on such unpaid amount for the period from the preceding Payment Date to the current Payment Date at a rate equal to the Prime Rate plus ~~●~~**1.00**% per annum.

~~"**Monthly Fees and Other Amounts Shortfall**" means, for any Payment Date and a Purchaser Group, if the amount of the Monthly Fees and Other Amounts for the preceding Payment Date was greater than the amount distributed to the payment of such amounts pursuant to Section 3.6(d), an amount equal to the Monthly Fees and Other Amounts owing to such Purchaser Group which were unpaid on the preceding Payment Date plus interest on such unpaid amount for the period from the preceding Payment Date to the current Payment Date at a rate equal to the Prime Rate plus ●% per annum.~~

"**Non-Conduit Purchaser**" means each financial institution or other entity (other than a commercial paper conduit, Group Bank or Funding Agent) listed on Schedule E or party to a Purchaser Group Supplement pursuant to which such financial institution or entity became a party to this Supplemental Indenture.

"**Non-Conduit Purchaser Group**" means a Non-Conduit Purchaser.

"**Non-Conduit Purchaser Participants**" is defined in Section 9.1(f).

"**Non-Deferrable Draw Amount**" means, with respect to any Purchaser Group as of any Increase Date, an amount equal to the lesser of (a) the excess, if any, of (x) the product of (i) $100,000,000 and (ii) the Commitment Percentage of such Purchaser Group over (y) the portion of any Increase Amounts funded by such Purchaser Group during the preceding thirty-five (35) days pursuant to a Non-Deferrable Increase Notice or, to the extent of any decrease pursuant to Section 3.3(e) in the Delayed Amount set forth in a Delayed Funding Notice delivered by such Purchaser Group, a Deferrable Increase Notice; and (b) the excess, if any, of (x) the Maximum Purchaser Group Principal Amount with respect to such Purchaser Group, over (y) the sum of (i) the Purchaser Group Principal Amount with respect to such Purchaser Group; and (ii) any unfunded Delayed Amounts with respect to such Purchaser Group, in each case as of such Increase Date.

"**Non-Deferrable Increase Notice**" means a notice of Increase that provides that a Delayed Funding Notice may not be provided by any Purchaser Group with respect to such Increase in accordance with Section 3.3(a).

"**Non-Delayed Funding Purchaser Group**" is defined in Section 3.3(f).

"**Optional Termination Date**" is defined in Section 3.4.

"**Optional Termination Notice**" is defined in Section 3.4.

"**Prime Rate**" means the annual rate of interest announced by ~~●~~**Royal Bank of Canada** from time to time as being its reference rate for the determination of interest rates on Canadian dollar denominated commercial loans made by it and commonly referred to by ~~●~~**Royal Bank of Canada** as its "prime rate."

~~"**Principal Accumulation Amount**" means, in respect of each Payment Date, an amount equal to the Principal Payment Amount for such Payment Date.~~

"**Principal Accumulation Date**" means **(i) if a Commitment Extension has occurred, the date specified as the "Principal Accumulation Date" in the related Commitment Extension Request, or (ii) otherwise,** the Payment Date occurring in the month of July, 2021.

"**Principal Payment Amount**" means, in respect of the Series 2017-1 ~~Notes~~**Senior Notes, (i) if a Commitment Extension has occurred, the amount specified as the "Principal Payment Amount" in the related Commitment Extension Request, or (ii) otherwise**:

(a) On any Payment Date occurring on or after the earlier of (i) the Payment Date occurring in October, 2021; and (ii) the occurrence of an Acceleration Event, the Series 2017-1 Principal Amount.

(b) Unless clause (a) above is applicable, on the Payment Dates in ~~each of~~ the ~~months~~**month** of July, ~~2021,~~ August, ~~2021 and~~ September~~,~~ **and October of** 2021, an amount equal the lesser of (x) the sum of (A) ~~[~~25~~]~~% of the Series 2017-1 Principal Amount on the Business Day prior to the Principal Accumulation Date**,** plus (B) the Decrease Amount of any Decrease occurring on such Payment Date, and (y) the Series 2017-1 Principal Amount.

(c) Unless either of clauses (a) or (b) above is applicable, on any Payment Date ~~this~~**that** is not a Decrease Date, nil.

(d) Unless either of clauses (a) or (b) is applicable, on any Payment Date that is a Decrease Date, the Decrease Amount of the Decrease occurring on such Payment Date.

"Principal Payment Default Date" means, in respect of any Principal Payment Amount, (i) if a Commitment Extension has occurred, the date specified as the "Principal Payment Default Date" with respect to such Principal Payment Amount in the related Commitment

Extension Request, or (ii) otherwise, the Business Day that is two years after the Principal Payment Date in respect of such Principal Payment Amount.

"**Pro Rata Share**" means, with respect to any Purchaser Group, on any date, the ratio, expressed as a percentage, which the Purchaser Group Principal Amount with respect to such Purchaser Group bears to the Series 2017-1 Principal Amount on such date.

"**Program Support Provider**" means, with respect to any CP Conduit Purchaser, the Group Bank with respect to such CP Conduit Purchaser and any other or additional Person now or hereafter extending credit, or having a commitment to extend credit to or for the account of, or to make purchases from, such CP Conduit Purchaser or issuing a letter of credit, surety bond or other instrument to support any obligations arising under or in connection with such CP Conduit Purchaser's securitization program.

"**Purchaser Group**" means a CP Conduit Purchaser Group or a Non-Conduit Purchaser Group.

"**Purchaser Group Increase Amount**" means, with respect to any Purchaser Group, for any Business Day, such Purchaser Group's Commitment Percentage of the Increase Amount, if any, on such Business Day.

"**Purchaser Group Principal Amount**" means, with respect to any Purchaser Group, (a) when used with respect to the Closing Date, such Purchaser Group's Commitment Percentage of the Series 2017-1 Initial Principal Amount; and (b) when used with respect to any other date, an amount equal to (i) the Purchaser Group Principal Amount with respect to such Purchaser Group on the immediately preceding Business Day; plus (ii) the Purchaser Group Increase Amount with respect to such Purchaser Group on such date; minus (iii) the amount of principal payments made to such Purchaser Group pursuant to Section 3.7 on such date. For the avoidance of doubt, (x) so long as any Purchaser Group has failed to fund any portion of its Purchaser Group Increase Amount with respect to any Increase Date (including any Delayed Amount), such unfunded amount shall not be included in the Purchaser Group Principal Amount for such Purchaser Group unless and until such amount has been funded (including by ~~Funding~~**funding** any Delayed Funding Reimbursement Amount, if applicable), and (y) any Delayed Amounts funded on an Increase Date by a Non-Delayed Funding Purchaser Group shall be included in the Purchaser Group Principal Amount for such Non-Delayed Funding Purchaser Group until the related Delayed Funding Reimbursement Amount has been funded.

"**Purchaser Group Supplement**" is defined in Section 9.1(e).

"**Rating Agency Condition**" means, with respect to any action in respect of the Series 2017-1 Senior Notes subject to such condition, each of the CP Conduit Purchasers shall deliver written notice of the proposed action to the CP Conduit Rating Agencies at least 10 Business Days prior to the effective date of such action (or if 10 Business Days prior notice is impractical, such advance notice as is practicable) and the CP Conduit Rating Agencies (i) shall not have informed any CP Conduit Purchaser prior to the effective date of such action that such action will result in the reduction or withdrawal of the rating in effect with respect to the Commercial Paper of the CP Conduit Purchaser immediately before the taking of such action, or (ii) in the case of DBRS, or any successor thereto, when it is a CP Conduit Rating Agency, DBRS shall have informed

each of the CP Conduit Purchasers in writing prior to the effective date of such action that such action will not result in the reduction or withdrawal of the rating of any Commercial Paper of such CP Conduit Purchasers immediately before the taking of such action. For purposes of the Trust Indenture, this Supplemental Indenture and the Master Transfer and Servicing Agreement, the Indenture Trustee shall receive, and shall be entitled to rely on, a certificate of a CP Conduit Purchaser confirming the satisfaction of the Rating Agency Condition.

"**Recipient**" is defined in Section 3.10(a).

"**Refinancing Increase**" is defined in Section 3.3(a).

"**Regulatory Change**" shall mean (i) the adoption after the date hereof of any applicable law, rule or regulation (including any applicable law, rule or regulation regarding capital adequacy, deposits, reserves or liquidity coverage) or any change therein after the date hereof, (ii) any change after the date hereof in the interpretation, administration, scope or timing of implementation thereof by any governmental authority, central bank, self-regulating professional body or comparable agency or authority charged with the interpretation or administration thereof, or compliance with any guidance, request or directive (whether or not having the force of law) of any such authority, central bank, self-regulating professional body or comparable agency or authority; provided that for purposes of this definition, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder, issued in connection therewith or in implementation thereof, and (y) all requests, rules, guidelines and directives (whether or not having the force of law) promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or Canadian or United States or other foreign regulatory authorities, shall in each case be deemed to be a "Regulatory Change", regardless of the date enacted, adopted, issued or implemented.

"**Related Non-Conduit Purchaser**" means, with respect to any Non-Conduit Purchaser Group, the Non-Conduit Purchaser that constitutes such Non-Conduit Purchaser Group.

"**Related Purchaser Group**" means, with respect to (a) any Funding Agent, the CP Conduit Purchaser identified next to such Funding Agent on Schedule E and the Group Bank identified on Schedule I next to such CP Conduit Purchaser or the CP Conduit Purchaser and Group Bank party to the Purchaser Group Supplement pursuant to which such Funding Agent became a party to this Supplemental Indenture; (b) any CP Conduit Purchaser, the CP Conduit Purchaser Group of which such CP Conduit Purchaser is a member; and (c) any Non-Conduit Purchaser, the Non-Conduit Purchaser Group that such Non-Conduit Purchaser constitutes.

"**Requisite Series 2017-1 Noteholders**" means Purchaser Groups having Commitment Percentages aggregating more than 50% (or if all Commitments have terminated, Purchaser Groups whose aggregate Purchaser Group Principal Amounts exceed 50% of the Series 2017-1 Principal Amount).

"**Scheduled Commitment Expiry Date**" means, ~~●~~ **the Payment Date in December, 2019,** as such date may be extended in accordance with Section 3.5(c). ~~[NTD: to be determined.]~~

"Series 2017-1 Event of Default" means any one of the following events (whatever the reason for such Series 2017-1 Event of Default and whether it will be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any Governmental Authority):

(a) a default by the Issuer in the payment of any interest on any Series 2017-1 Senior Notes when such interest becomes due and payable, and continuance of such default for a period of ~~[~~five~~]~~ days following the date on which such interest became due and payable;

(b) a default by the Issuer in the payment of any principal of any Series 2017-1 Senior Notes at its Principal Payment Default Date;

(c) any representation or warranty contained in Section 5.1 of this Supplemental Indenture or Section ~~[~~12.01~~]~~ of the Trust Indenture proves to be incorrect in any material respect when made and such incorrect representation or warranty if capable of being remedied by the Issuer, has not been remedied for a period of ~~60~~**30** days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by a Purchaser Group, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default" hereunder and, as a result of such default, the interests of such Purchaser Group is materially and adversely affected and continue to be materially and adversely affected during the ~~60~~**30**-day period;

(d) a default in the performance, or breach, of any covenant of the Issuer in the Trust Indenture or this Supplemental Indenture in respect of any Series 2017-1 Senior Notes (other than an agreement, covenant or warranty a default in the performance of which or the breach of which is elsewhere specifically dealt with in this definition of Series 2017-1 Event of Default), and continuance of such default or breach for a period of ~~60~~**30** days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by a Purchaser Group, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default" hereunder and, as a result of such default, the interests of such Purchaser Group is materially and adversely affected and continue to be materially and adversely affected during the ~~60~~**30**-day period;

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

(f) a Suspension Notice is issued by the Province.

"**Series 2017-1 Initial Principal Amount**" is defined in Section 3.3(a).

"**Series 2017-1 Maximum Principal Amount**" means, on any date of determination, the sum of the Maximum Purchaser Group Principal Amounts with respect to each of the Purchaser Groups on such date.

"**Series 2017-1 Noteholder**" means a Person in whose name a Series 2017-1 Senior Note is registered in the Note Register.

"**Series 2017-1 Principal Amount**" means, on any date of determination, the sum of the Purchaser Group Principal Amounts with respect to each of the Purchaser Groups on such date.

"**Series 2017-1 Senior Note**" means any one of the Floating Rate Variable Funding Senior Notes, Series 2017-1, executed by the Issuer and authenticated and delivered by or on behalf of the Indenture Trustee, substantially in the form of Exhibit B.

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

"**Support Facility**" shall mean any liquidity or credit support agreement with a CP Conduit Purchaser which relates to, or is otherwise available to such CP Conduit Purchaser in relation to its funding activities under, this Supplemental Indenture.

"**Suspension Notice**" is defined in the Change of Law Protection Agreement.

"**Termination Event**" means any Acceleration Event **or Series 2017-1 Event of Default** or any event which with the giving of notice or the passage of time, or both, could become an Acceleration Event **or a Series 2017-1 Event of Default**.

"**Transfer Increase**" is defined in Section 3.3(a).

"**Transfer Supplement**" is defined in Section 9.1(c).

"**Transferee**" is defined in Section 9.1(g).

"**Trust Indenture**" means the trust indenture dated as of ●**December [21]**, 2017 between the Issuer and the Indenture Trustee, as amended or restated from time to time.

"**Write-Down and Conversion Powers**" shall mean, with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule.

~~SCHEDULE B~~

~~[FORM OF~~

SCHEDULE B

SERIES 2017-1 SENIOR NOTE~~]~~

REGISTERED	INITIAL DOLLAR PRINCIPAL AMOUNT
No. R [●]	$[●]

FAIR HYDRO TRUST

FLOATING RATE VARIABLE FUNDING SENIOR NOTE, SERIES 2017-1 ~~SENIOR NOTE~~

Fair Hydro Trust (herein referred to as the "Issuer"), a trust governed by the laws of Ontario and established under a Declaration of Trust dated as of December ■, 2017 for value received, hereby promises to pay to ■, or registered assigns, subject to the following provisions, a principal sum of $■, or, if less, the aggregate unpaid principal amount shown on the schedule attached hereto (and any continuation thereof), which amount shall be payable in the amounts and at the times set forth in the Indenture and the Indenture Supplement; provided, that, the entire unpaid amount of any Principal Payment Amount payable with respect to this Series 2017-1 Note shall be due on the related Principal Payment Default Date. The Issuer will pay interest on this Series 2017-1 Note in accordance with Section 3.6 of the Indenture Supplement on each Payment Date until the principal of this Series 2017-1 Note is paid or made available for payment, to the extent funds are available in accordance with the terms of the Indenture Supplement. Pursuant to Sections 3.3 and 3.4 of the Indenture Supplement, the principal amount of this Series 2017-1 Note shall be subject to Increases and Decreases on any Business Day during the period commencing on the Closing Date and ending on the Commitment Expiry Date (the "Revolving Period"), and accordingly, such principal amount is subject to prepayment in whole or in part at any time. During the Revolving Period, this Series 2017-1 Note is subject to mandatory prepayment, to the extent funds have been allocated to the Principal Accumulation Account and are available therefor, in accordance with Sections 3.4 and Section 3.7 of the Indenture Supplement. Beginning on the first Payment Date following the occurrence of a Series 2017-1 Event of Default or an Event of Default (collectively, a "Default Event"), subject to cure in accordance with the Base Indenture or the Indenture Supplement, as applicable, the principal of this Series 2017-1 Note shall be paid in installments on each subsequent Principal Payment Date to the extent of funds available for payment therefor pursuant to the Indenture. Such principal of and interest on this Series 2017-1 Note shall be paid in the manner specified on the reverse hereof.

The principal of and interest on this Series 2017-1 Note are payable in Canadian Dollars. Except as otherwise provided in the Indenture, payments made by the Issuer with respect to this Series 2017-1 Note shall be applied first to interest due and payable on this Series 2017-1 Note as provided above and then to the unpaid principal of this Series 2017-1 Note.

Reference is made to the further provisions of this Series 2017-1 Note set forth on the reverse hereof, which shall have the same effect as though fully set forth on the face of this Series 2017-1 Note. Although a summary of certain provisions of the Indenture is set forth below and on the reverse hereof and made a part hereof, this Series 2017-1 Note does not purport to summarize the Indenture and reference is made to the Indenture for information with respect to the interests, rights, benefits, obligations, proceeds and duties evidenced hereby and the rights, duties and obligations of the Issuer and the Trustee. A copy of the Indenture may be requested from the Trustee by writing to the Trustee at: BNY Trust Company of Canada, One York Street, 6th Floor, Toronto, Ontario M5J 0B6, Attention: Corporate Trust Administration.

Reference is made to the further provisions of this Note set forth on the reverse hereof, which shall have the same effect as though fully set forth on the face of this Note.

Unless the certificate of authentication hereon has been executed by or on behalf of the Indenture Trustee, by manual signature, this Note shall not be entitled to any benefit under the Indenture or the Indenture Supplement referred to on the reverse hereof, or be valid for any purpose.

IN WITNESS WHEREOF, the Issuer has caused this Series 2017-1 Note to be duly executed.

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

By:
Name:
Title:

By:
Name:
Title:

Dated: ■, 201■

INDENTURE TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Series 2017-1 Notes described in the within mentioned Indenture.

BNY TRUST COMPANY OF CANADA, as Indenture Trustee

By:
Authorized Signatory

FAIR HYDRO TRUST

SERIES 2017-1 SERIES 2017-1 FLOATING RATE ASSET BACKED NOTE

Summary of Terms and Conditions

This Series 2017-1 Note is one of a duly authorized issue of Notes of the Issuer, designated as its Fair Hydro Trust, Floating Rate Variable Funding Senior Note, Series 2017-1 (the "Series 2017-1 Notes"), issued under an Trust Indenture, dated as of December [21], 2017 (as may be amended, supplemented, restated, replaced or otherwise modified from time to time, the "Base Indenture"), between the Issuer and BNY Trust Company of Canada, as indenture trustee (the "Indenture Trustee," which term includes any successor Indenture Trustee under the Indenture), as supplemented by the Warehouse Senior Series 2017-Indenture Supplement, dated as of December [21], 2017 (the "Indenture Supplement"), and representing the right to receive certain payments from the Issuer. The term "Indenture," unless the context otherwise requires, refers to the Indenture as supplemented by the Indenture Supplement. Except as set forth in the Indenture Supplement, the Series 2017-1 Note is subject to all of the terms of the Base Indenture. All terms used in this Series 2017-1 Note that are defined in the Indenture Supplement shall have the meanings assigned to them in or pursuant to the Indenture Supplement.

The Series 2017-1 Note is and will be equally and ratably secured by the Collateral pledged as security therefor as provided in the Indenture.

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

As described above, the entire unpaid amount of any Principal Payment Amount payable with respect to this Series 2017-1 Note shall be due and payable on the related Principal Payment Default Date, in accordance with Section 3.7 of the Indenture Supplement. Notwithstanding the foregoing, if a Default Event with respect to the Series 2017-1 Notes shall have occurred and be continuing then, in certain circumstances, principal of the Series 2017-1 Note may be paid earlier, as described in the Indenture. All principal payments of the Series 2017-1 Note shall be made to the Series 2017-1 Noteholders.

Payments of interest on this Series 2017-1 Note are due and payable on each Payment Date or such other date as may be specified in the Indenture Supplement, together with the installment of principal then due, if any, and any payments of principal made on any Business Day in respect of any Decreases, to the extent not in full payment of this Series 2017-1 Note, shall be made by wire transfer to the holder of record of this Series 2017-1 Note (or one or more predecessor Series 2017-1 Notes) on the Note Register as of the close of business on each Record Date. Any reduction in the principal amount of this Series 2017-1 Note (or one or more predecessor Series 2017-1 Notes) effected by any payments made on any Payment Date shall be binding upon all future holders of this Series 2017-1

Note and of any Series 2017-1 Note issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof, whether or not noted thereon.

The Issuer shall pay interest on Monthly Interest Shortfalls at the rate specified in the definition thereof, to the extent lawful.

Subject to the terms of the Indenture, the holder of any Series 2017-1 Note may transfer the same in whole or in part, in an amount equivalent to an authorized denomination, by surrendering such Series 2017-1 Note at the office maintained by the Note Registrar for such purpose pursuant to Section 4.05(c) of the Base Indenture, with the form of transfer endorsed on it duly completed and executed by, or accompanied by a written instrument of transfer in form satisfactory to the Issuer and the Note Registrar by, the holder thereof. In exchange for any Series 2017-1 Note properly presented for transfer, the Issuer shall execute and promptly authenticate and deliver or cause to be authenticated and delivered in compliance with applicable law, to the transferee at such office, or send by mail (at the risk of the transferee) to such address as the transferee may request, Series 2017-1 Notes for the same aggregate principal amount as was transferred. In the case of the transfer of any Series 2017-1 Note in part, the Issuer shall execute and promptly authenticate and deliver or cause to be authenticated and delivered to the transferor at such office, or send by mail (at the risk of the transferor) to such address as the transferor may request, Series 2017-1 Notes for the aggregate principal amount that was not transferred. No transfer of any Series 2017-1 Note shall be made unless the request for such transfer is made by the Series 2017-1 Noteholder at such office. Upon the issuance of transferred Series 2017-1 Notes, the Trustee shall recognize the holders of such Series 2017-1 Note as Series 2017-1 Noteholders.

Each Series 2017-1 Noteholder, by acceptance of a Series 2017-1 Note, hereby acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor under the Base Indenture and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Base Indenture including, without limitation, Section 7.12 (Payments To Be Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse), Article IX (Indenture Trustee) (including all limitations of liability thereunder), Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition).

Prior to the due presentment for registration of transfer of this Series 2017-1 Note, the Issuer, the Trustee and any agent of the Issuer or the Trustee may treat the Person in whose name this Series 2017-1 Note (as of the day of determination or as of such other date as may be specified in the Indenture) is registered as the owner hereof for all purposes, whether or not this Series 2017-1 Note shall be overdue, and neither the Issuer, the Trustee nor any such agent shall be affected by notice to the contrary.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the rights of the holder of the Series 2017-1 Notes under the Indenture at any time by the Issuer with the consent of the applicable Person(s) specified therein. The Indenture also contains

provisions permitting the applicable Person(s) specified therein to waive compliance by the Issuer with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences with respect to the Series 2017-1 Notes. Any such consent or waiver by such Person(s) shall be conclusive and binding upon the Series 2017-1 Noteholders and upon all future holders of this Series 2017-1 Note and of any Series 2017-1 Note issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof whether or not notation of such consent or waiver is made upon this Series 2017-1 Note. The Indenture also permits the Issuer and the Trustee to amend or waive certain terms and conditions set forth in the Indenture without the consent of any other Person.

The term "the Issuer" as used in this Series 2017-1 Note includes any successor to the Issuer under the Indenture.

The Series 2017-1 Note is issuable only in registered form in denominations as provided in the Indenture, subject to certain limitations set forth therein.

This Series 2017-1 Note and the Indenture, and all matters arising out of or relating to this Series 2017-1 Note or Indenture, shall be governed by, and construed and interpreted in accordance with, the laws of the Province of Ontario and the federal laws applicable therein, and the obligations, rights and remedies of the parties hereto shall be determined in accordance with such laws.

No reference herein to the Indenture and no provision of this Series 2017-1 Note or of the Indenture shall alter or impair the obligation of the Issuer, which is absolute and unconditional, to pay the principal of and interest on this Series 2017-1 Note at the times, place and rate, and in the coin or currency herein prescribed, subject to any duty of the Issuer to deduct or withhold any amounts as required by law, including any applicable taxes.

INCREASES AND DECREASES

Date	Unpaid Principal Amount	Increase	Decrease	Total	Notation Made By

~~SCHEDULE C~~

SCHEDULE C

FORM OF INCREASE NOTICE

~~SCHEDULE D~~

SCHEDULE D

FORM OF DECREASE NOTICE

~~SCHEDULE E~~

SCHEDULE E

PURCHASER GROUPS

Document comparison by Workshare Compare on December-14-17 11:33:41 PM

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Description	Senior Warehouse Supplement
Document 2 ID	file://C:\Users\bsaulnie\Desktop\Senior Warehouse Supplement (Osler) - Dec 14.DOCX
Description	Senior Warehouse Supplement (Osler) - Dec 14
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Legend:	
Insertion	
~~Deletion~~	
~~Moved from~~	
Moved to	
Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	309
Deletions	242
Moved from	20
Moved to	20
Style change	0
Format changed	0
Total changes	591

WAREHOUSE

SUBORDINATED SERIES 2017-1

SUPPLEMENTAL INDENTURE

between

FAIR HYDRO TRUST

by

COMPUTERSHARE TRUST COMPANY OF CANADA
as Issuer Trustee

and

BNY TRUST COMPANY OF CANADA
as Indenture Trustee

and

ONTARIO POWER GENERATION INC.
as Purchaser

Made as of December ~~●~~[21], 2017

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FLOATING RATE VARIABLE FUNDING, SERIES 2017-1 SUBORDINATED NOTES

SUPPLEMENTAL INDENTURE made as of December ~~●~~**[21]**, 2017, between **Computershare Trust Company of Canada**, a trust company established under the laws of Canada (the "**Issuer Trustee**"), in its capacity as trustee of **Fair Hydro Trust**, a trust existing under the laws of the Province of Ontario (in such capacity, the "**Issuer**"), **BNY Trust Company of Canada**, a trust company established under the laws of Canada (the "**Indenture Trustee**"), and Ontario Power Generation Inc., in its capacity as the purchaser (the "**Purchaser**");

WHEREAS pursuant to the Trust Indenture, provision was made for the issuance of Notes from time to time;

AND WHEREAS pursuant to the Trust Indenture, Notes may be issued in one or more Series by the execution and delivery of a Supplemental Indenture;

AND WHEREAS pursuant to a Supplemental Indenture dated the date hereof between the Issuer Trustee, in its capacity as trustee of the Issuer, the Indenture Trustee, ~~●~~**Royal Bank of Canada**, in its capacity as the administrative agent for certain purchaser groups (the "**Administrative Agent**"), certain non-conduit purchasers from time to time party thereto, certain commercial paper conduit purchasers from time to time party thereto, and certain funding agents from time to time party thereto (the "**Senior Series 2017-1 Supplemental Indenture**"), the Issuer issued floating rate variable funding Series 2017-1 Senior Notes (the "**Series 2017-1 Senior Notes**");

AND WHEREAS the parties hereto are entering into this Supplemental Indenture to provide for the creation and issuance of the Series 2017-1 Subordinated Notes;

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

ARTICLE 1
INTERPRETATION

1.1 Definitions

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

(b) Except as otherwise expressly provided or unless the context otherwise requires, all terms used herein which are defined in the Trust Indenture, either directly or by reference therein, have the meanings assigned to them in the Trust Indenture.

1.2 Interpretation

Subject to the next following sentences, this Supplemental Indenture is supplemental to the Trust Indenture and the Trust Indenture shall be read in conjunction with this Supplemental Indenture

and all of the provisions of the Trust Indenture shall apply to and shall have effect in connection with this Supplemental Indenture in the same manner as if all of the provisions of the Trust Indenture and of this Supplemental Indenture were contained in one instrument. This Supplemental Indenture shall, unless the context otherwise requires, be subject to the interpretative provisions contained in Article 1 of the Trust Indenture. If any terms of the Trust Indenture are inconsistent with the express terms or provisions hereof, the terms and provisions of the Trust Indenture shall be, solely in respect of the Series 2017-1 Subordinated Notes, amended and supplemented so as to be consistent herewith. The provisions of this Supplemental Indenture are applicable only in respect of the Series 2017-1 Subordinated Notes and not the Notes of any other Series.

1.3 Application of this Supplemental Indenture

With respect to the Series 2017-1 Subordinated Notes only, the terms of the Trust Indenture are amended, supplemented, modified, restated and replaced to the extent applicable by the terms of this Supplemental Indenture in respect of the Series 2017-1 Subordinated Notes in accordance with Section 1.2 above.

ARTICLE 2
PRINCIPAL TERMS

2.1 Creation of Series 2017-1 Subordinated Notes

There is hereby created a Series of Notes to be issued pursuant to the Trust Indenture and this Supplemental Indenture designated as the "**Floating Rate Variable Funding Subordinated Notes, Series 2017-1**."

2.2 Principal Terms

In addition to and without limiting any of the provisions of this Supplemental Indenture, the Series 2017-1 Subordinated Notes:

(a) will be designated as set out in Section 2.1;

(b) will be Subordinated Notes;

(c) will have a Stated Principal Amount equal to the Series 2017-1 Maximum Subordinated Principal Amount;

(d) will not be issued in Tranches;

(e) will be denominated in Canadian dollars;

(f) will not be listed on any securities exchange;

(g) will have an Initial Dollar Principal Amount equal to the Series 2017-1 Initial Subordinated Principal Amount;

(h) will be issued as definitive notes and will not be in the form of a Global Note;

(i) will be issued as Registered Notes and will be without coupons;

(j) will be substantially in the form of Schedule B, with such appropriate insertions, omissions, substitutions and variations as may be approved by the Issuer;

(k) will have each Payment Date on and after the Payment Date in February, 2018 as an Interest Payment Date;

(l) will have Principal Payment Dates as determined under Section 3.7~~(a)~~;

(m) will have Principal Payment Default Dates as ~~determined under Section 3.7(b)~~**defined herein**; and

(n) will have no minimum issue amount.

ARTICLE 3
NOTE PURCHASE FACILITY

3.1 Purchase of Notes by the Purchaser

(a) ***Initial Purchase***. Subject to the terms and conditions of this Supplemental Indenture, including delivery of notice in accordance with Section 3.3, the Purchaser shall purchase a Series 2017-1 Subordinated Note in an amount equal to the Series 2017-1 Initial Subordinated Principal Amount on the Closing Date. Payments by the Purchaser for such purchase shall be made in immediately available funds on the Closing Date in accordance with Section 3.3(c).

(b) ***Series 2017-1 Maximum Subordinated Principal Amount***. Notwithstanding anything to the contrary contained in this Supplemental Indenture, at no time shall the Purchaser be required to purchase Series 2017-1 Subordinated Notes in an amount that exceeds the Series 2017-1 Maximum Subordinated Principal Amount.

3.2 Delivery

(a) On the Closing Date, Series 2017-1 Subordinated Notes shall be executed, authenticated and delivered by the Issuer in accordance with Section 4.03 of the Trust Indenture in the name of the Purchaser in an amount equal to the Series 2017-1 Maximum Subordinated Principal Amount. On each Increase Date, Series 2017-1 Subordinated Notes shall be executed, authenticated and delivered by the Issuer in accordance with Section 4.03 of the Trust Indenture in the name of the Purchaser in an amount equal to the Increase Amount.

(b) The Purchaser shall maintain a record of the actual Series 2017-1 Subordinated Principal Amount outstanding on any date of determination, which, absent manifest error, shall constitute prima facie evidence of the outstanding Series 2017-1 Subordinated Principal Amount from time to time.

3.3 Procedure for Initial Issuance and for Increasing the Series 2017-1 Subordinated Principal Amount

(a) (i) On any Business Day prior to [December **18, 2017**[21], **2017,** concurrent with the initial purchase of the Series 2017-1 Senior Notes under the Senior Series 2017-1 Supplemental Indenture, the Issuer shall request that the Purchaser purchase, and the Purchaser shall purchase, a Series 2017-1 Subordinated Note for an initial purchase price equal to the Series 2017-1 Initial Subordinated Principal Amount (the date on which the initial purchase occurs being referred to as the "**Closing Date**") by giving the Purchaser (with a copy to the Indenture Trustee) irrevocable written notice (effective upon receipt), by email communication, substantially in the form of Schedule C no later than **[3**12:00 p.m.] (Toronto time) on the third**second** Business Day prior to the Closing Date. The written notice of the initial purchase of the Series 2017-1 Subordinated Notes shall (x) state the Closing Date, (y) state the Series 2017-1 Initial Subordinated Principal Amount, and (z) attach a copy of the irrevocable written notice delivered to the Administrative Agent pursuant to Section 3.3(a) of the Senior Series 2017-1 Supplemental Indenture in connection with the concurrent initial purchase of the Series 2017-1 Senior Notes thereunder; and (ii) on any Business Day after the initial purchase of the Series 2017-1 Subordinated Notes hereunder, the Issuer and the Purchaser hereby agree that the Series 2017-1 Subordinated Principal Amount may**will** be increased by an amount not to exceed the product of (i)**(an "Increase") such that following such Increase the Outstanding Dollar Principal Amount of the Series 2017-1 Subordinated Notes will be equal to or greater than seventy-eight percent (78%) of the Outstanding Dollar Principal Amount of** the Series 2017-1 Senior Increase**Notes** on such Business Day (each date on which an increase in the Series 2017-1 Subordinated Principal Amount occurs hereunder being herein referred to as the "**Increase Date**" applicable to such Increase) and (ii) **[eighty-eight]** percent **[(88)]**% (an "**Increase**") by the Issuer providing the Purchaser (with a copy to the Indenture Trustee) irrevocable written notice (effective upon receipt), by email communication, substantially in the form of Schedule C (an "**Increase Notice**") no later than **[3**12:00 p.m.] (Toronto time) on the second**third** Business Day prior to such Increase Date. Each Increase Notice shall (w) state the Increase Date, (x) state the amount of the increase in the Series 2017-1 Subordinated Principal Amount (an "**Increase Amount**"), (y) state whether the Increase is to fund a Transfer (a "**Transfer Increase**") or is in respect of a Refinancing (a "**Refinancing Increase**"), and (z) attach a copy of the irrevocable written increase notice delivered to the Administrative Agent pursuant to Section 3.3(a) of the Senior Series 2017-1 Supplemental Indenture in connection with the applicable Series 2017-1 Senior Increase proposed to be made thereunder.

(b) The Purchaser shall not be required to increase the Series 2017-1 Subordinated Principal Amount on any Increase Date hereunder if after giving effect to such Increase Amount, the Series 2017-1 Maximum Subordinated Principal Amount will be exceeded.

(c) The Issuer shall apply amounts paid to it pursuant to Section 3.3(a) by application to payment of the purchase price payable by the Issuer to the IESO under the Master Transfer and Servicing Agreement in respect of a Transfer or by deposit to the Refinancing Account.

3.4 Procedure for Decreasing the Series 2017-1 Subordinated Principal Amount

On any Business Day after the initial purchase of the Series 2017-1 Subordinated Notes hereunder, the Issuer and the Purchaser hereby agree that the Series 2017-1 Subordinated Principal Amount may be decreased by an amount ~~not to exceed the product of (i)~~**(a "Decrease") such that following such decrease the Outstanding Dollar Principal Amount of the Series 2017-1 Subordinated Notes will not be less than seventy-eight percent (78%) of the Outstanding Dollar Principal Amount of** the Series 2017-1 Senior ~~Decrease on such Business Day, and (ii) **[eighty-eight]** percent **[(88)]**% (a "**Decrease**")~~**Notes**. Each Payment Date on which a Decrease in the Series 2017-1 Subordinated Principal Amount occurs hereunder being herein referred to as the "**Decrease Date**" applicable to such Decrease; and the Issuer shall provide to the Purchaser (with a copy to the Indenture Trustee) irrevocable written notice (effective upon receipt), by email communication, substantially in the form of Schedule D (a "**Decrease Notice**") no later than ~~[3~~**12**:00 p.m.~~]~~ (Toronto time) on the ~~second~~**fifth** Business Day prior to any Payment Date that is a Decrease Date. Each Decrease Notice shall (x) state the Decrease Date, (y) state the amount of the decrease in the Series 2017-1 Subordinated Principal Amount (a "**Decrease Amount**"), and (z) attach a copy of the irrevocable written decrease notice delivered to the Administrative Agent pursuant to Section 3.4 of the Senior Series 2017-1 Supplemental Indenture in connection with the applicable Series 2017-1 Senior Decrease proposed to be made thereunder. Upon receipt of any notice required by this Section 3.4 from the Issuer, the Purchaser shall forward (by email communication) a copy of such notice to DBRS on the Business Day received.

3.5 Increases and Reductions of the 2017-1 Maximum Subordinated Principal Amount

(a) If one or more Maximum Purchaser Group Principal Amounts are increased pursuant to Section 3.5(a) of the Senior Series 2017-1 Supplemental Indenture, the Series 2017-1 Maximum Subordinated Principal Amount shall be automatically increased by an amount equal to ~~**[eighty**~~**seventy**-eight~~]~~ percent ~~**[(88)]**% of such aggregate increase to~~**(78%) of the Outstanding Dollar Principal Amount of** the Maximum Purchaser Group Principal Amounts~~ pursuant to Section 3.5(a) of the Senior Series 2017-1 Supplemental Indenture~~.

(b) If the Series 2017-1 Maximum Senior Principal Amount is reduced pursuant to Section 3.5(b) of the Senior Series 2017-1 Supplemental Indenture, the Series 2017-1 Maximum Subordinated Principal Amount shall be automatically decreased ~~by~~**to** an amount equal to ~~**[eighty**~~**seventy**-eight~~]~~ percent ~~[(**88**)]~~**78**%**)** of such aggregate decrease to the Series 2017-1 Maximum Senior Principal Amount pursuant to Section 3.5(b) of the Senior Series 2017-1 Supplemental Indenture.

(c) If a Commitment Extension has occurred with respect to the Series 2017-1 Senior Notes, the Principal Accumulation Date, Principal Payment Amount and Principal Payment Default Date shall be amended to the "Principal Accumulation Date", "Principal Payment Amount" and "Principal Payment Default Date" set out in the request related to such Commitment Extension, as applicable.

3.6 Interest; Other Amounts

(a) Interest shall be payable on the Series 2017-1 Subordinated Notes on each Payment Date.

(b) The Purchaser shall provide written notice to the Issuer and the Paying Agent no later than ~~[three~~**five** (~~3~~**5**)~~]~~ Business Days ~~**[NTD: To conform with senior supplemental indenture]**~~ prior to each Payment Date, setting forth the Monthly Interest and the Monthly Other Amounts with respect to the Payment Date.

(c) The Monthly Interest shall be included in each calculation of the Interest Accrual Amount (Subordinated) for the purposes of Section 7.04(e)(iv) of the Trust Indenture and shall be payable pursuant to Sections 7.05(b), ~~7.07~~**7.06**(a), **7.07,** 7.10(b) or 8.13(d) of the Trust Indenture, as applicable. On each Payment Date, the Monthly Other Amounts shall be payable in respect of the Series 2017-1 Subordinated Notes pursuant to Sections 7.04(e)(xi)**, 7.10(b)** or 8.13(d) of the Trust Indenture, as applicable. On each Payment Date, the Paying Agent shall, subject to availability of funds, pay to the Purchaser the Monthly Other Amounts with respect to the Payment Date.

3.7 Repayment of Principal

~~(a)~~ Each Payment Date where the Principal Payment Amount is not nil shall be a Principal Payment Date in respect of the Series 2017-1 Subordinated Notes. On each Principal Payment Date in respect of the Series 2017-1 Subordinated Notes, the Paying Agent shall pay to the Purchaser the Principal Payment Amount for such Principal Payment Date out of funds allocated to the Series 2017-1 Subordinated Notes pursuant to Sections 7.04(e)(x), 7.06(~~e~~**b**)**(iii)**, 7.08(b)**(iii)**, 7.10(b) ~~**[NTD: Need to pick up in senior supplemental indenture]**~~ or 8.13(i) of the Trust Indenture, as applicable, in repayment of the principal amount of the Series 2017-1 Subordinated Notes.

~~(b) The Business Day that is ● after the Payment Date in respect of any Principal Payment Amount hereunder shall be the Principal Payment Default Date in respect of that Principal Payment Amount.~~

3.8 Indemnification by the Issuer

The Issuer agrees to indemnify and hold harmless the Indenture Trustee and the Purchaser and each of their respective officers, directors, agents and employees (each, an "**Issuer Indemnified Person**") from and against any loss, liability, expense, damage or injury suffered or sustained by such Issuer Indemnified Person by reason of (a) any acts, omissions or alleged acts or omissions arising out of, or relating to, activities of the Issuer pursuant to the Program Agreements to which it is a party; (b) a breach of any representation or warranty made or deemed made by the Issuer (or any of its officers) in any Program Agreement; or (c) a failure by the Issuer to comply with any applicable law or regulation or to perform its covenants, agreements, duties or obligations required to be performed or observed by it in accordance with the provisions of the Program Agreements, including, but not limited to, any judgment, award, settlement, reasonable attorneys' fees and other reasonable costs or expenses incurred in connection with the defense of any actual or threatened action, proceeding or claim, except to the extent such loss, liability, expense,

damage or injury resulted from the gross negligence, bad faith or willful misconduct of such Issuer Indemnified Person or its officers, directors, agents, principals, employees or employers as determined by a court of competent jurisdiction in a final non-appealable judgement or includes any Excluded Taxes; provided that any payments made by the Issuer pursuant to this Section 3.8 shall be made solely from funds available pursuant to Section 7.04 or 8.13 of the Trust Indenture, as applicable, shall be non-recourse other than with respect to such funds, and shall not constitute a claim against the Issuer to the extent that such funds are insufficient to make such payment.

3.9 Taxes

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

(b) If a payment by or on account of any obligation of the Issuer hereunder would be subject to withholding Taxes under any AEOI Legislation if the Recipient were to fail to comply with the applicable reporting requirements of any AEOI Legislation, such Recipient shall deliver to the Issuer at the time or times prescribed by law and at such time or times reasonably requested by the Issuer such documentation prescribed by applicable law and such additional documentation reasonably requested by the Issuer as may be necessary for the Issuer to comply with its obligations under any AEOI Legislation and to determine that such Recipient has complied with

its obligations under any AEOI Legislation, or to determine the amount to deduct and withhold from such payment. If any form or certification it previously delivered by a Recipient expires or becomes obsolete or inaccurate in any respect, the Recipient shall update such form or certification or promptly notify the Issuer in writing of its legal inability to do so.

(c) If a Recipient is legally entitled to receive a refund of any Taxes (other than Excluded Taxes) as to which it has been indemnified or with respect to which additional amounts have been paid to it hereunder or it is legally entitled to receive a credit or deduction with respect to such Taxes or with respect to such additional amounts that have been paid hereunder (in each case pursuant to Section 3.9(a)), it shall use commercially reasonable efforts to obtain or claim such refund, credit or deduction and pay over such refund or the value of such credit or deduction to the Issuer, together with any interest thereon.

3.10 Increased Costs

(a) (i) If any Regulatory Change (x) subjects the Purchaser to any charge or withholding on or with respect to any Support Facility or this Supplemental Indenture or the Purchaser's obligations under a Support Facility or this Supplemental Indenture, or changes the basis of taxation of payments to the Purchaser of any amounts payable under any Support Facility or this Supplemental Indenture Agreement (except for changes in the rate of tax on the overall net income of the Purchaser or Excluded Taxes) or (y) imposes, modifies or deems applicable any reserve, assessment, fee, tax, insurance charge, special deposit or similar requirement against assets of, deposits with or for the account of, or liabilities of the Purchaser, or credit extended by the Purchaser pursuant to a Support Facility or this Supplemental Indenture or (z) imposes any other condition the result of which is to increase the cost to the Purchaser of performing its obligations under a Support Facility or this Supplemental Indenture, or to reduce the rate of return on the Purchaser's capital or assets as a consequence of its obligations under a Support Facility or this Supplemental Indenture, or to reduce the amount of any sum received or receivable by the Purchaser under a Support Facility or this Supplemental Indenture, or to require any payment calculated by reference to the amount of interests or loans held or interest received by it, then, upon written request by the Purchaser therefore to the Issuer, the Purchaser shall be entitled to be paid such amounts charged to the Purchaser or such amounts to otherwise compensate the Purchaser for such increased cost or such reduction following a receipt by the Issuer of such request for compensation under this Section 3.10(a)(i), which payment shall be made on the earlier of (A) the first Payment Date on which amounts are available to pay such amounts pursuant to Section 7.04(e) of the Trust Indenture (provided that such request is received by the Issuer no later than five (5) Business Days prior to the end of the Interest Period related to such Payment Date), and (B) the ~~[~~twelfth~~]~~ Payment Date following such request.

(ii) The Issuer acknowledges that the Purchaser may implement, as an internal institutional matter, measures in anticipation of a final or proposed Regulatory Change (including, without limitation, the imposition of internal charges on the Purchaser's interest or obligations under any Support Agreement or this Supplemental Indenture) and may commence recognizing the incurrence of charges by seeking compensation under Section 3.10(a)(i) in connection with such measures, in advance of the effective date of such final or proposed Regulatory Change, and the Issuer agrees that such charges or compensation shall be payable, to the Purchaser, following demand therefor without regard to whether such proposed Regulatory Change has been adopted

or whether such effective date has occurred; provided, that (I) the Purchaser shall provide thirty (30) days prior written notice to the Issuer of its intent to impose or incur any such charges or compensation, (II) the Purchaser shall not be compensated for any such amount pursuant to this subsection 3.10(a)(ii) relating to any period ending, and of which the Purchaser has had knowledge, more than ~~●~~ ~~(●)~~**180** days prior to the date that the Purchaser provided the Issuer with the written notice contemplated by the preceding clause (I) of this subsection 3.10(a)(ii), (III) if, after the payment by the Issuer of any charges or compensation pursuant to this subsection 3.10(a)(ii), either (A) the Issuer requests in writing that the Purchaser re-compute any such charge or compensation in light of differences between a proposed Regulatory Change and the final effective version thereof or (B) the Purchaser determines that the amount of the charge imposed on and required to be compensated by the Issuer exceeds the amount necessary to compensate it for the applicable Regulatory Change as contemplated by subsection 3.10(a)(i), then (x) the amount of such charge or compensation shall, from and after such determination, be reduced by the amount of such excess and (y) the Purchaser shall, within thirty (30) days of such determination, either repay the amount of such excess or credit the amount of such excess against future charges under this subsection 3.10(a)(ii). The Issuer further acknowledges that any charge or compensation demanded hereunder may take the form of a monthly charge to be assessed by the Purchaser.

(b) The Purchaser claiming increased amounts described in subsection 3.10(a) of this Supplemental Indenture will furnish to the Issuer (together with its request for compensation) a certificate prepared in good faith setting forth the basis and the calculation of the amount (in reasonable detail) of each request by the Purchaser for any such increased amounts referred to in subsection 3.10(a) hereof. Any such certificate shall be conclusive absent manifest error. Failure on the part of the Purchaser to demand compensation for any amount pursuant to subsection 3.10(a) hereof with respect to any period shall not constitute a waiver of the Purchaser's right to demand compensation with respect to such period.

ARTICLE 4
CONDITIONS PRECEDENT

4.1 Conditions Precedent to Initial Purchase of Series 2017-1 Subordinated Notes

On or prior to the initial purchase of Series 2017-1 Subordinated Notes hereunder, the following conditions precedent shall be satisfied: ~~**[NTD: changes to the conditions precedent may be required to reflect the final Change of Law Protection Agreement.]**~~

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

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

(c) ~~(b)~~ The Purchaser shall have received:

(i) executed copies of this Supplemental Indenture~~ and copies of each of the other Program Agreements certified by an Authorized Officer of the Issuer~~;

(ii) certificates of status or compliance or other similar documents issued by the applicable governmental authority to evidence that each of the Issuer Trustee and the Manager is validly existing pursuant to the laws of the jurisdiction of their respective establishment or incorporation;

(iii) a copy of the incorporating documents and all amendments thereto and applicable by-laws**, as applicable,** of each of the Issuer Trustee, the IESO and the Manager certified by an Authorized Officer of the applicable entity;

(iv) copies of resolutions of the board of directors of the IESO and the Manager approving and authorizing the execution, delivery and performance of each Program Agreement they are party to, in each case certified by an Authorized Officer of the applicable entity;

(v) incumbency certificates for each of the Issuer Trustee, the Manager and the IESO executing this Supplemental Indenture and any other Program Agreements and the other documents to be delivered by either the Issuer Trustee, the Manager or the IESO thereunder, in each case showing their names, offices and specimen signatures on which certificates the Purchaser shall be entitled to conclusively rely until such time as the Purchaser receives a replacement certificate meeting the requirements of this Section 4.1(~~b~~**c**)(v);

(vi) the following Opinions of Counsel:

(A) the opinion of external counsel to the Manager as to the non-consolidation of the Issuer with the Manager in the event of the insolvency of the Manager in form and substance satisfactory to the Purchaser;

(B) the opinion of external counsel to the IESO as to the Investment Asset acquired by the Issuer not being subject to the claims of creditors of the IESO in form and substance satisfactory to the Purchaser;

(C) favourable opinions of external counsel to the Manager covering general corporate matters, the due execution and delivery of, and the enforceability of, each of the Program Agreements to which the Manager, the Issuer and the Issuer Trustee are party which opinion, as to certain matters, may rely on opinion of internal counsel to the Manager and the Issuer Trustee; and

(D) a favourable opinion of external counsel to the Province with respect to the due authorization, execution, delivery and enforceability of the Change of Law Protection Agreement in form and substance satisfactory to the Purchaser;

(vii) a certificate of an Authorized Officer of the Manager confirming that the representations and warranties set forth in Section 12.01 of the Trust Indenture and Section 5.1 of this Supplemental Indenture are true and correct in all material respects, that the Issuer is in compliance in all material respects with all of its covenants and obligations under the Program Agreements to which it is a party and that no Termination Event has occurred; and

(viii) such additional documents, instruments, certificates or letters as the Purchaser may reasonably request.

(d) ~~(c)~~ The representations and warranties set forth in Section 5.1 of this Supplemental Indenture shall be true and correct in all material respects, the Issuer shall be compliance in all material respects with all of its covenants and obligations under the Program Agreements to which it is a party and no Termination Event shall have occurred.

4.2 Conditions Precedent to each Increase under Series 2017-1 Subordinated Notes

On or prior to each Increase, the following conditions precedent shall be satisfied:

(a) the Purchaser shall have received an Increase Notice;

(b) no Termination Event shall have occurred or would occur after giving effect to such Increase;

(c) if the Increase is identified as a Transfer Increase in the Increase Notice, then the related Transfer under the Master Transfer and Servicing Agreement shall have been completed or contemporaneously completed;

(d) after giving effect the Increase, the aggregate of the amounts on deposit in the Program Cash Reserve Account and the IESO Cash Reserve Account shall be equal to or greater than the sum of:

(i) the Program Cash Reserve Required Amount,

plus

(ii) an amount equal to the ~~product~~**sum** of (x) the amount originally determined under clause (b) of the definition of IESO Cash Reserve Deposit Amount in the Trust Indenture ~~multiplied by (y) (i) for an Increase Date prior to the Payment Date in May, 2021, one; (ii) for an Increase Date on or after the Payment Date in May, 2021 and prior to the Payment Date in June, 2021, [●]%; (iii) for an Increase Date on or after the Payment Date in July, 2021 and prior to the Payment Date in October, 2021, [●]%. **[NTD: to be discussed]**~~**, less any amounts withdrawn from the IESO Cash Reserve Account to pay any Obligations Secured described in subsections 7.04(e)(i) through (v) of the Trust Indenture prior to the date of such Increase, and (y) to the extent the amount originally determined under clause (b) of the definition of IESO Cash Reserve Deposit Amount in the Trust Indenture was not determined in a manner which**

included the amount of such Increase, an amount estimated by the Manager, acting reasonably, equal to the additional Monthly Interest payable with respect to such Increase up to and including the Payment Date in July, 2021.

(e) after giving effect to such Increase, the aggregate Outstanding Dollar Principal Amount of Junior Subordinated Funding Obligations will not be less than 10% of the aggregate Outstanding Dollar Principal Amount of the Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations.

(f) ~~(e) [~~the Indenture Trustee shall have received ~~a certificate addressed to the Indenture Trustee and signed by the Chief Financial Officer and the Treasurer of OPG (or their respective designees, provided that such designees are executive officers of OPG) confirming either (A) that OPG has provided to the Province all certifications required by the Province~~**(i) the adherence compliance certificate required** pursuant to **Section 4.02(a) of** the Change of Law Protection Agreement with respect to such Increase**,** or (B) ~~that~~**written confirmation from** the Province ~~has otherwise agreed~~ that **the Funding Obligations incurred under this Supplemental Indenture with respect to** such Increase ~~constitutes an Approved Obligation.] **[NTD: to be conformed to final version of Protection Agreement]**~~**constitute Approved Obligations.**

The Issuer's acceptance of funds in connection with each Increase occurring on any Increase Date shall constitute a representation and warranty by the Issuer to the Purchaser as of such Increase Date that all of the conditions contained in Section 3.3(a) and this Section 4.2 are satisfied.

ARTICLE 5
REPRESENTATIONS AND WARRANTIES

5.1 Representations and Warranties of the Issuer

The Issuer hereby represents and warrants to the Purchaser as of the Closing Date, and shall be deemed to represent and warrant to the Purchaser on each Increase Date, that:

(a) no Termination Event has occurred or would result from the initial purchase of the Issuer Investment Interest on the Closing Date or any increase in the Issuer Investment Interest on an Increase Date, as applicable;

(b) the Issuer Trustee and the Issuer are not Non-residents;

(c) all tax returns (federal, provincial and local) required to be filed with respect to the Issuer have been filed and there has been paid or adequate provision made for the payment of all material Taxes in respect of the Issuer;

(d) the Issuer has complied in all material respects with all laws in respect of the conduct of its business and ownership of its property including the Issuer Investment Interest;

(e) all information provided to the Purchaser by or on behalf of the Issuer in respect of the Issuer Investment Interest is and will be true and accurate in all material respects; and

(f) to its knowledge, there is no set of circumstances existing at such time that will have an Adverse Effect or will reasonably be expected to have an Adverse Effect.

5.2 Representations and Warranties of the Purchaser

The Purchaser represents and warrants to the Issuer as of the Closing Date, and shall be deemed to represent and warrant to the Issuer on each Increase Date, that:

(a) it is resident in Ontario or is otherwise subject to the securities legislation of the Province of Ontario;

(b) it is purchasing the applicable Series 2017-1 Subordinated Notes (i) as principal for its own account and not for the benefit of any other "person" (as defined in the *Securities Act* (Ontario)) or company; and (ii) for cash consideration in excess of $150,000; and

(c) it was not created and is not being used solely to purchase or hold securities in reliance on the exemption from the prospectus and dealer registration requirements contained in Section 2.10 of National Instrument 45-106 − Prospectus and Registration Exemptions.

5.3 Survival

The representations and warranties set out in this Article 5 shall survive the execution hereof.

ARTICLE 6
COVENANTS

6.1 Covenants of the Issuer

(a) The Issuer shall promptly provide to the Purchaser (in multiple copies if requested) copies of all material reports, notices, financial statements and other documents delivered by the IESO to the Issuer with respect to the Issuer Investment Interest or pursuant to the Master Transfer and Servicing Agreement; provided such documents shall be deemed to be delivered hereunder so long as the Purchaser is the Manager.

(b) The Issuer shall provide to the Purchaser (in multiple copies, if requested) such other information, documents, records or reports respecting the Issuer Investment Interest, the Issuer or the IESO which is in the possession or under the control of the Issuer or the Manager, as the Purchaser may from time to time reasonably request, including any correspondence with a Rating Agency; provided such documents shall be deemed to be delivered hereunder so long as the Purchaser is the Manager.

(c) The Issuer shall furnish to the Purchaser promptly after known to the Issuer or the Manager, information with respect to any action, suit or proceeding involving the Manager, the Issuer or the IESO or any of their respective Affiliates by or before any court or any Governmental Authority which, if adversely determined, would have an Adverse Effect; provided that the Purchaser shall be deemed to have knowledge of such actions, suits or proceedings so long as it is the Manager.

~~(d) The Issuer shall, upon request by the Purchaser, exercise its right pursuant to Section 3.15 of the Master Transfer and Servicing Agreement to require the IESO to deliver the letter of credit or other form of security contemplated therein.~~

ARTICLE 7
ACCELERATION

7.1 Acceleration of Series 2017-1 Subordinated Principal Amount

If a Series 2017-1 Event of Default occurs and is continuing, then and in each and every such case, and without regard to whether all Issuer Funding Obligations have been declared due and payable immediately pursuant to Section 8.02(a) of the Trust Indenture, the Purchaser may by notice in writing to the Issuer and to the Indenture Trustee declare the Series 2017-1 Subordinated Principal Amount and all interest accrued and unpaid (if any) thereon to be due and payable immediately, and upon any such declaration the same will become and will be immediately due and payable, notwithstanding anything in this Supplemental Indenture or the Trust Indenture to the contrary.

ARTICLE 8
GENERAL

8.1 Successor and Assigns

(a) This Supplemental Indenture shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns except that (i) the Issuer may not assign or transfer any of its rights or obligations under this Supplemental Indenture without the prior written consent of the Purchaser and at least 10 Business Days' notice having been given to DBRS; and (ii) the Purchaser may, without the prior written consent of the Issuer but with prior notice to DBRS, assign or transfer any of its rights or obligations under this Supplemental Indenture to any of its wholly-owned affiliates (a "**Transferee**") pursuant to a transfer supplement, substantially in the form of Exhibit E (the "**Transfer Supplement**").

(b) The Issuer authorizes the Purchaser to disclose to any Transferee and any prospective Transferee any and all financial information in the Purchaser's possession concerning the Issuer, the Issuer Investment Interest and the Program Agreements which has been delivered to the Purchaser by the Issuer or the Manager.

(c) Notwithstanding any other provision of this Supplemental Indenture to the contrary, the Purchaser may at any time pledge or grant a security interest in all or any portion of its rights under its Series 2017-1 Subordinated Note and this Supplemental Indenture to secure obligations of the Purchaser to any Person, without notice to or consent of the Issuer; provided that no such pledge or grant of a security interest shall release the Purchaser from any of its obligations hereunder or substitute any such pledgee or grantee for the Purchaser as a party hereto.

8.2 Waiver

Without limiting the requirements of Section 11.02 of the Trust Indenture which shall be applicable to this Supplemental Indenture, no waiver of any provision of this Supplemental

Indenture or consent to any departure by the Issuer from any provision of this Supplemental Indenture will be effective (in whole or in part) unless in writing and signed by the Purchaser. Such waiver will be effective only in the specific instance, for the specific purpose and for the specific length of time for which it is given by the Purchaser.

8.3 Notice

All notices, requests, instructions and demands to or upon any party hereto to be effective shall be given (a) in the case of the Issuer and the Indenture Trustee, in the manner set forth in Article 15 of the Trust Indenture; and (b) in the case of the Purchaser, in writing, and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when delivered by hand or three days after being deposited in the mail, postage prepaid, in the case of facsimile notice, when received, or in the case of overnight air courier, one Business Day after the date such notice is delivered to such overnight courier, addressed as follows; or to such other address as may be hereafter notified by the respective parties hereto:

Purchaser:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6

Attention: ~~[■]~~**Vice President, Fair Hydro Plan**
Fax: (416) ~~[■]~~**592-4189**
Email: ~~[■]~~**FHP@opg.com**

8.4 No Waiver: Remedies

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

8.5 Entire Agreement

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

8.6 Governing Law and Attornment

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

8.7 Acknowledgment of Trust Indenture and No Proceedings

(a) The Purchaser hereby acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor under the Trust Indenture and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Trust Indenture including, without limitation, Section 7.12 (Payments To Be Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse), Article IX (Indenture Trustee) (including all limitations of liability thereunder), Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition).

(b) The Purchaser irrevocably authorizes and directs the Indenture Trustee on its behalf to take such action (including the execution and delivery of documents of subordination) as may be necessary or appropriate to further assure the priority arrangements provided for in Article VI, Article VII and Section 8.13 of the Trust Indenture, and appoints the Indenture Trustee as its agent for any and all such purposes.

(c) The Purchaser consents, requests and authorizes the Issuer and the Indenture Trustee to (i) add the Purchaser (or its agent) to the register of Specified Creditors described in Section 13.13 of the Trust Indenture and (ii) disseminate the notice details of the Purchaser to other Specified Creditors for the purposes set out in subsection 9.14(b) of the Trust Indenture.

8.8 Expenses

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

8.9 Further Assurances

Each of the parties hereto upon the request of the other party or parties hereto shall do, execute, acknowledge and deliver or cause to be done, executed acknowledged or delivered all such further acts, deeds, documents, assignments, transfers, conveyances, powers of attorney and assurances as may be reasonably necessary or desirable to effect or complete the consummation of the transactions contemplated by this Supplemental Indenture.

8.10 Confidentiality

(a) The Purchaser covenants and agrees that any non-public information obtained by it pursuant to this Supplemental Indenture and the other Program Agreements shall be held in confidence except that the Purchaser may disclose such information (i) pursuant to the order of any court or administrative agency or in any pending legal or administrative proceeding (whether or not having the force or effect of law) provided that, unless prohibited by applicable law, the Purchaser shall provide prompt notice of such order to the affected party; (ii) upon the request or demand of any regulatory authority having or claiming jurisdiction over the Purchaser; (iii) as required by applicable law including, without limitation, all applicable securities laws; (iv) to the extent that such information becomes publicly available other than by reason of improper disclosure by the Purchaser; (v) to its affiliates, officers, directors, employees, legal counsel, independent auditors, accountants, advisors, investors, potential investors, commercial paper dealers, providers of surety, guaranty, credit or liquidity enhancement (including the directors, officers and accountants of such surety, guaranty, credit or liquidity enhancement provider), legal counsel of any of the foregoing and other experts or agents who need to know such information and are informed of the confidential nature of such information; (vi) for purposes of establishing a "due diligence" defense; (vii) which was available to the Purchaser on a non-confidential basis from a source other than the affected party, provided that such source was not to the knowledge of the Purchaser bound by a confidentiality agreement with the affected party; (viii) has been independently acquired or developed by the Purchaser without violating any of the Purchaser's obligations under this Supplemental Indenture; (ix) if such disclosure has been approved in writing in advance by the Issuer or the Manager; (x) regarding the existence of this Supplemental Indenture, but not the financial terms thereof; and (xi) to DBRS and Moody's and any other Rating Agencies.

(b) The Issuer covenants and agrees to hold in confidence, and not disclose to any Person, the terms of this Supplemental Indenture, except as the Purchaser may have consented to in writing prior to any proposed disclosure and except (i) it may also disclose such information (A) to its officers, directors, employees, legal counsel, independent auditors, accountants and other advisors who are directly involved in the consideration of this Supplemental Indenture (and then only on a confidential basis), (B) to the Manager and its officers, directors, employees, legal counsel, independent auditors, accountants and other advisors, (C) any ministry or agency of the Province of Ontario and, in each case, their respective employees, officials, agents and advisors, (D) as required by applicable law (including, without limitation, applicable securities law) or compulsory legal process, (E) as expressly permitted by the terms of the Program Agreements, and (F) to DBRS and Moody's and any other Rating Agencies; provided, that, in the case of clause (D), the Issuer will use all commercially reasonable efforts to maintain confidentiality and will (unless otherwise prohibited by law) notify the Purchaser of its intention to make any such disclosure prior to making such disclosure; and (ii) it may also disclose the existence (but not the financial terms) of this Supplemental Indenture, including to any actual or prospective purchaser of other Notes.

(c) The parties hereto acknowledge that a description of this Supplemental Indenture and the Series 2017-1 Subordinated Note will be included in the preliminary and final offering memoranda of the Issuer relating to the issue of other Notes from time to time.

(d) The confidentiality provisions set forth in this Section 8.10 shall expire on the second year anniversary of the date on which the Series 2017-1 Subordinated Notes have been paid in full.

8.11 Limitation of Liability of Issuer Trustee

Each party hereto other than the Issuer acknowledges that the Issuer is a trust, and that Computershare Trust Company of Canada is the Issuer Trustee. The other parties hereto agree that the Issuer Trustee will not be subject to any liability whatsoever to them, in tort, contract or otherwise, in connection with the Issuer's assets or the trust activities, for any action taken or permitted by it to be taken, or for its failure to take any action; provided that the foregoing limitation will not apply in respect of any action or failure to act arising from or in connection with wilful misconduct, negligence or reckless disregard of a duty by the Issuer Trustee. The Issuer Trustee in doing anything or permitting anything to be done in respect of assets or the trust activities is, and shall be conclusively deemed to be, acting as trustee of the Issuer and not in any other capacity. Except as to the extent provided in this Section 8.11, the Issuer Trustee will not be subject to any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Issuer, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the Issuer's assets or the trust activities and resort will be had solely to the Collateral for the payment or performance thereof. No property or assets of the Issuer Trustee, whether owned in its personal capacity or otherwise, will be subject to levy, execution or other enforcement procedure with regard to any obligation under this Supplemental Indenture. Nothing contained in this Section 8.11 shall be construed so as to limit the liability of the Issuer under this Supplemental Indenture. This Supplemental Indenture, and every deed, transfer, assignment, agreement or other instrument made pursuant hereto including, without limitation, the Series 2017-1 Subordinated Notes, made or purporting to be made by or creating an obligation of the Issuer or the Issuer Trustee on behalf of, or as trustee of, the Issuer shall be deemed and construed for all purposes as if made by the Issuer Trustee, in and only in its capacity as trustee of the Issuer. Any obligations of the Issuer Trustee hereunder or thereunder are non-recourse to the Issuer Trustee in its personal capacity.

8.12 Execution in Counterparts

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

8.13 Delivery of Executed Copies

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

[signature page follows]

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

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

By:
Name:
Title:

By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, as Indenture Trustee

By:
Name:
Title:

By:
Name:
Title:

ONTARIO POWER GENERATION INC., as Purchaser

By:
Name:
Title:

By:
Name:
Title:

SCHEDULE A

DEFINITIONS

"**Acceleration Event**" means either:

(a) all Issuer Funding Obligations are declared due and payable under Section 8.02 of the Trust Indenture, or

(b) the Series 2017-1 Subordinated Principal Amount and all interest accrued and unpaid thereon is declared to be due and payable under Section 7.1.

"**Administrative Agent**" is defined in the recitals to this Supplemental Indenture.

"**AEOI Legislation**" is defined in Section 3.9(a).

"**Applicable Margin**" means **0.10% per annum**.

"**Authorized Officer**" means, with respect to: (a) the Issuer, any authorized director or officer of the Manager; (b) the Manager, any authorized director of officer of OPG; (c) the IESO, any authorized director or officer of the IESO; (d) the Issuer Trustee, any officer within the corporate trust office of such trustee (including the President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Treasurer or any other officer of the Issuer Trustee customarily performing functions similar to those performed by persons who at the time shall be such officers, respectively, and that has direct responsibility for the administration of the Issuer and also, with respect to a particular matter, any other officer to whom such matter is referred to because of such officer's knowledge and familiarity with the particular subject).

"~~**CDOR**" means, on any day, an annual rate of interest equal to the average rate applicable to Canadian dollar bankers' acceptances for a 1 month period appearing on the "Reuters Screen CDOR Page" (as defined in the International Swaps and Derivatives Association, Inc. 2000 definitions, as modified and amended from time to time) at approximately 10:00 a.m. on such day, or if such day is not a Business Day, then on the immediately preceding Business Day, provided that if such rate does not appear on the Reuters Screen CDOR Page on such day as contemplated, then CDOR on such day shall be calculated as the average of the rates for such period applicable to Canadian dollar bankers' acceptances quoted by the banks listed in Schedule I of the *Bank Act* (Canada) as of 10:00 a.m. on such day or, if such day is not a Business Day, then on the immediately preceding Business Day.~~**Base Rate" means the weighted average interest rate applicable to the Series 2017-1 Senior Notes.**

"**Closing Date**" is defined in Section 3.3(a).

"**Commitment Extension" is defined in the Senior Series 2017-1 Supplemental Indenture.**

"**Decrease**" is defined in Section 3.4.

"**Decrease Amount**" is defined in Section 3.4.

"**Excluded Taxes**" is defined in Section 3.9(a).

"**FATCA**" is defined in Section 3.9(a).

"**Increase**" is defined in Section 3.3(a).

"**Increase Amount**" is defined in Section 3.3(a).

"**Increase Date**" is defined in Section 3.3(a).

"**Increase Notice**" is defined in Section 3.3(a).

"**Indenture Trustee**" is defined in the recitals to this Supplemental Indenture.

"**Interest Period**" means each of the consecutive periods that begins on, and includes, each Payment Date and ends on and excludes, the following Payment Date; provided that the first Interest Period shall begin on the Closing Date and end on ~~●~~ **the Payment Date in January, 2018.**

"**Issuer**" is defined in the recitals to this Supplemental Indenture.

"**Issuer Indemnified Person**" is defined in Section 3.8.

"**Issuer Trustee**" is defined in the recitals to this Supplemental Indenture.

"**Maximum Purchaser Group Principal Amount**" has the meaning specified in the Senior Series 2017-1 Supplemental Indenture.

"**Monthly Interest**" shall mean, for any Payment Date, the sum of (A) the sum for each day during such Interest Period of the product of (i) the Series 2017-1 Subordinated Principal Amount on such day; times (ii) the sum of ~~CDOR~~**the Base Rate** for such day plus the Applicable Margin, divided by (iii) 365, and (B) the Monthly Interest Shortfall; provided that, for the purposes of determining the Monthly Interest in respect of an Interest Period prior to the end of the Interest Period, the Purchaser may estimate the interest for the remaining days in the Interest Period and provided further, if the actual interest for such days is less than the estimated interest, the Monthly Interest for the following Interest Period shall be reduced to adjust for such lower actual interest and if the actual interest for such days is higher than the estimated interest, the Monthly Interest for the following Interest Period shall be increased to adjust for such higher interest.

"**Monthly Interest Shortfall**" means, for any Payment Date, if the amount in clause (A) of the definition of Monthly Interest for the preceding Payment Date was greater than the amount distributed to the payment of such amounts pursuant to Section 3.6(c), an amount equal to the amount in clause (A) of the definition of Monthly Interest owing to the Purchaser which was unpaid on the preceding Payment Date plus interest on such unpaid amount for the period from the preceding Payment Date to the current Payment Date at a rate equal to the Prime Rate plus ~~●~~**1.00**% per annum.

"**Monthly Other Amounts**" shall mean, for any Payment Date the sum of (a) any amounts payable to the Purchaser hereunder (other than Monthly Interest) including, without limitation, pursuant to Sections 3.8, 3.9, 3.10 and 8.8; plus (c) the Monthly Other Amounts Shortfall for such Payment Date.

"**Monthly Other Amounts Shortfall**" means, for any Payment Date, if the amount of the Monthly Other Amounts for the preceding Payment Date was greater than the amount distributed to the payment of such amounts pursuant to Section 3.6(c), an amount equal to the Monthly Other Amounts owing to the Purchaser which were unpaid on the preceding Payment Date plus interest on such unpaid amount for the period from the preceding Payment Date to the current Payment Date at a rate equal to the Prime Rate plus ~~●~~**1.00**% per annum.

"**Prime Rate**" means the annual rate of interest announced by ~~●~~**Royal Bank of Canada** from time to time as being its reference rate for the determination of interest rates on Canadian dollar denominated commercial loans made by it and commonly referred to by ~~●~~**Royal Bank of Canada** as its "prime rate."

"**Principal Accumulation Date**" means the Payment Date occurring in the month of July, ~~2021~~ **2021, as such date may be modified pursuant to Section 3.5(c).**

"**Principal Payment Amount**" means, in respect of the Series 2017-1 Subordinated Notes **(unless modified pursuant to Section 3.5(c))**:

(a) On any Payment Date occurring on or after the earlier of (i) the Payment Date occurring in October, 2021; and (ii) the occurrence of an Acceleration Event, the Series 2017-1 Subordinated Principal Amount.

(b) Unless clause (a) above is applicable, on the Payment Dates in ~~each of~~ the ~~months~~**month** of July, ~~2021,~~ August, ~~2021 and~~ September~~,~~ **and October of** 2021, an amount equal the lesser of (x) the sum of (A) ~~[~~25~~]~~% of the Series 2017-1 Subordinated Principal Amount on the Business Day prior to the Principal Accumulation Date plus (B) the Decrease Amount of any Decrease occurring on such Payment Date, and (y) the Series 2017-1 Subordinated Principal Amount.

(c) Unless either of clauses (a) or (b) above is applicable, on any Payment Date ~~this~~**that** is not a Decrease Date, nil.

(d) Unless either of clauses (a) or (b) above is applicable, on any Payment Date that is a Decrease Date, the Decrease Amount of the Decrease occurring on such Payment Date.

"Principal Payment Default Date" means the Business Day that is two years after the Payment Date in respect of such Principal Payment Amount, as such date may be modified pursuant to Section 3.5(c).

"**Purchaser**" is defined in the recitals to this Supplemental Indenture.

"**Recipient**" is defined in Section 3.9(a).

"**Refinancing Increase**" is defined in Section 3.3(a).

"**Regulatory Change**" shall mean (i) the adoption after the date hereof of any applicable law, rule or regulation (including any applicable law, rule or regulation regarding capital adequacy, deposits, reserves or liquidity coverage) or any change therein after the date hereof, (ii) any change after the date hereof in the interpretation, administration, scope or timing of implementation thereof by any governmental authority, central bank, self-regulating professional body or comparable agency or authority charged with the interpretation or administration thereof, or compliance with any guidance, request or directive (whether or not having the force of law) of any such authority, central bank, self-regulating professional body or comparable agency or authority; provided that for purposes of this definition, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder, issued in connection therewith or in implementation thereof, and (y) all requests, rules, guidelines and directives (whether or not having the force of law) promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or Canadian or United States or other foreign regulatory authorities, shall in each case be deemed to be a "Regulatory Change", regardless of the date enacted, adopted, issued or implemented.

"**Senior Series 2017-1 Supplemental Indenture**" is defined in the recitals to this Supplemental Indenture.

"**Series 2017-1 Event of Default**" means any one of the following events occurs at any time that the Subordinated Funding Obligations constitute the Controlling Class Obligations (whatever the reason for such Series 2017-1 Event of Default and whether it will be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any Governmental Authority):

(a) a default by the Issuer in the payment of any interest on any Series 2017-1 Subordinated Notes when such interest becomes due and payable, and continuance of such default for a period of ~~[~~five~~]~~ days following the date on which such interest became due and payable;

(b) a default by the Issuer in the payment of any principal of any Series 2017-1 Subordinated Notes at its Principal Payment Default Date;

(c) any representation or warranty contained in Section 5.1 of this Supplemental Indenture or Section 12.01 of the Trust Indenture proves to be incorrect in any material respect when made and such incorrect representation or warranty if capable of being remedied by the Issuer, has not been remedied for a period of ~~60~~**30** days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by the Purchaser, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default" hereunder and, as a result of such default, the interests of the Purchaser is materially and adversely affected and continue to be materially and adversely affected during the ~~60~~**30**-day period;

(d) a default in the performance, or breach, of any covenant of the Issuer in the Trust Indenture or this Supplemental Indenture in respect of any Series 2017-1 Subordinated Notes (other than an agreement, covenant or warranty a default in the performance of which or the breach of which is elsewhere specifically dealt with in this definition of Series 2017-1 Event of Default), and continuance of such default or breach for a period of ~~60~~**30** days after notice thereof

has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by the Purchaser, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default" hereunder and, as a result of such default, the interests of the Purchaser is materially and adversely affected and continue to be materially and adversely affected during the ~~60~~**30**-day period;

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

(f) a Suspension Notice is issued by the Province.

"**Series 2017-1 Initial Senior Principal Amount**" means the "Series 2017-1 Initial Principal Amount" as defined in the Senior Series 2017-1 Supplemental Indenture.

"**Series 2017-1 Initial Subordinated Principal Amount**" means an amount equal to ~~[eighty~~**seventy**-eight percent (~~88~~**78**%)~~]~~ of the Series 2017-1 Initial Senior Principal Amount.

"**Series 2017-1 Maximum Senior Principal Amount**" means the "Series 2017-1 Maximum Principal Amount" as defined in the Senior Series 2017-1 Supplemental Indenture.

"**Series 2017-1 Maximum Subordinated Principal Amount**" means an amount equal to ~~[eighty~~**seventy**-eight percent (~~88~~**78**%)~~]~~ of the Series 2017-1 Maximum Senior Principal Amount.

"**Series 2017-1 Senior Decrease**" means, with respect to a Business Day, the sum of all amounts of Decreases (as defined in the Senior Series 2017-1 Supplemental Indenture) on such Business Day.

"**Series 2017-1 Senior Increase**" means, with respect to a Business Day, the sum of all amounts of Increases (as defined in the Senior Series 2017-1 Supplemental Indenture) on such Business Day.

"**Series 2017-1 Senior Notes**" is defined in the recitals to this Supplemental Indenture.

"**Series 2017-1 Subordinated Note**" means any one of the Floating Rate Variable Funding Subordinated Notes, Series 2017-1, executed by the Issuer and authenticated and delivered by or on behalf of the Indenture Trustee, substantially in the form of Exhibit B.

"**Series 2017-1 Subordinated Principal Amount**" means (a) when used with respect to the Closing Date, the Series 2017-1 Initial Subordinated Principal Amount; and (b) when used with respect to any other date, an amount equal to (i) the Series 2017-1 Subordinated Principal Amount on the immediately preceding Business Day; plus (ii) the Increase Amount on such date; minus (iii) the Decrease Amount on such date; minus (iv) the amount of principal payments made to the Purchaser pursuant to Section 3.7 on such date.

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

"**Support Facility**" shall mean any liquidity or credit support agreement with the Purchaser which relates to, or is otherwise available to the Purchaser in relation to its funding activities under, this Supplemental Indenture.

"**Suspension Notice**" has the meaning specified in the Change of Law Protection Agreement.

"**Termination Event**" means any Acceleration Event **or Series 2017-1 Event of Default** or any event which with the giving of notice or the passage of time, or both, could become an Acceleration Event **or a Series 2017-1 Event of Default**.

"**Transfer Increase**" is defined in Section 3.3(a).

"**Transfer Supplement**" is defined in Section 8.1(a).

"**Transferee**" is defined in Section 8.1(b).

"**Trust Indenture**" means the trust indenture dated as of December ~~●~~**[21]**, 2017 between the Issuer and the Indenture Trustee.

SCHEDULE B

[FORM OF NOTE]

~~SERIES 2017-1~~FLOATING RATE VARIABLE FUNDING SUBORDINATED NOTE, SERIES 2017-1

REGISTERED	**INITIAL DOLLAR PRINCIPAL AMOUNT**
No. R-[●]	**$[●]**

FAIR HYDRO TRUST

FLOATING RATE VARIABLE FUNDING SUBORDINATED NOTE, SERIES 2017-1

Fair Hydro Trust (herein referred to as the "Issuer"), a trust governed by the laws of Ontario and established under a Declaration of Trust dated as of December [21], 2017 for value received, hereby promises to pay to Ontario Power Generation Inc., or registered assigns, subject to the following provisions, a principal sum of $●, or, if less, the aggregate unpaid principal amount shown on the schedule attached hereto (and any continuation thereof), which amount shall be payable in the amounts and at the times set forth in the Base Indenture and the Supplemental; provided, that, the entire unpaid amount of any Principal Payment Amount payable with respect to this Series 2017-1 Subordinated Note shall be due on the related Principal Payment Default Date. The Issuer will pay interest on this Series 2017-1 Subordinated Note in accordance with Section 3.6 of the Supplemental on each Payment Date until the principal of this Series 2017-1 Subordinated Note is paid or made available for payment, to the extent funds are available in accordance with the terms of the Supplemental. Pursuant to Sections 3.3 and 3.4 of the Supplemental, the principal amount of this Series 2017-1 Subordinated Note shall be subject to Increases and Decreases on any Business Day on or after the date hereof. This Series 2017-1 Subordinated Note is subject to mandatory prepayment, to the extent funds have been allocated to the Principal Accumulation Account and are available therefor, in accordance with Sections 3.4 and Section 3.7 of the Supplemental. Beginning on the first Payment Date following the occurrence of a Series 2017-1 Event of Default or an Event of Default (collectively, a "Default Event"), subject to cure in accordance with the Base Indenture or the Supplemental, as applicable, the principal of this Series 2017-1 Subordinated Note shall be paid in installments on each subsequent Principal Payment Date to the extent of funds available for payment therefor pursuant to the Trust Indenture. Such principal of and interest on this Series 2017-1 Subordinated Note shall be paid in the manner specified on the reverse hereof.

The principal of and interest on this Series 2017-1 Subordinated Note are payable in Canadian Dollars. Payments made by the Issuer with respect to this Series 2017-1 Subordinated Note shall be applied in accordance with the payment priorities in Section 7.04(e) and 8.13 of the Base Indenture, as applicable.

Reference is made to the further provisions of this Series 2017-1 Subordinated Note set forth on the reverse hereof, which shall have the same effect as though fully set forth on the face of this Series 2017-1 Subordinated Note. Although a summary of certain provisions of the Trust Indenture is set forth below and on the reverse hereof and made a part hereof, this Series 2017-1 Subordinated Note does not purport to summarize the Trust Indenture and reference is made to the Trust Indenture for information with respect to the interests, rights, benefits, obligations, proceeds and duties evidenced hereby and the rights, duties and obligations of the Issuer and the Indenture Trustee. A copy of the Trust Indenture may be requested from the Indenture Trustee by writing to the Indenture Trustee at: BNY Trust Company of Canada, One York Street, 6th Floor, Toronto, Ontario M5J 0B6, Attention: Corporate Trust Administration.

Unless the certificate of authentication hereon has been executed by or on behalf of the Indenture Trustee, by manual signature, this Series 2017-1 Subordinated Note shall not be entitled to any benefit under the Trust Indenture referred to on the reverse hereof, or be valid for any purpose.

IN WITNESS WHEREOF, the Issuer has caused this Series 2017-1 Subordinated Note to be duly executed.

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

By:
Name:
Title:

By: _____
Name:
Title:

Dated: December [21], 2017

INDENTURE TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Series 2017-1 Subordinated Notes described in the within-mentioned Trust Indenture.

BNY TRUST COMPANY OF CANADA, as Indenture Trustee

By:
Authorized Signatory

By:
Authorized Signatory

FAIR HYDRO TRUST

SERIES 2017-1 SERIES 2017-1 FLOATING RATE ASSET BACKED NOTE

Summary of Terms and Conditions

This Series 2017-1 Subordinated Note is one of a duly authorized issue of Subordinated Notes of the Issuer, designated as the Floating Rate Variable Funding Subordinated Note, Series 2017-1 (the "Series 2017-1 Subordinated Notes"), issued under an Trust Indenture, dated as of December [21], 2017 (as may be amended, supplemented, restated, replaced or otherwise modified from time to time, the "Base Indenture"), between the Issuer and BNY Trust Company of Canada, as indenture trustee (the "Indenture Trustee," which term includes any successor Indenture Trustee under the Base Indenture), as supplemented by the Warehouse Subordinated Series 2017-Indenture Supplement, dated as of December [21], 2017 (the "Supplemental"), and representing the right to receive certain payments from the Issuer. The term "Trust Indenture," unless the context otherwise requires, refers to the Base Indenture as supplemented by the Supplemental. Except as set forth in the Supplemental, the Series 2017-1 Subordinated Note is subject to all of the terms of the Trust Indenture. All terms used in this Series 2017-1 Subordinated Note that are defined in the Supplemental shall have the meanings assigned to them in or pursuant to the Supplemental.

The Series 2017-1 Subordinated Note is and will be equally and ratably secured by the Collateral pledged as security therefor as provided in the Trust Indenture.

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

As described above, the entire unpaid amount of any Principal Payment Amount payable with respect to this Series 2017-1 Subordinated Note shall be due and payable on the related Principal Payment Default Date, in accordance with Section 3.7 of the Supplemental. Notwithstanding the foregoing, if a Default Event with respect to the Series 2017-1 Subordinated Notes shall have occurred and be continuing then, in certain circumstances, principal of the Series 2017-1 Subordinated Note may be paid earlier, as described in the Trust Indenture. All principal payments of the Series 2017-1 Subordinated Note shall be made to Ontario Power Generation Inc.

Payments of interest on this Series 2017-1 Subordinated Note are due and payable on each Payment Date or such other date as may be specified in the Supplemental, together with the installment of principal then due, if any, and any payments of principal made on any Business Day in respect of any Decreases, to the extent not in full payment of this Series 2017-1 Subordinated Note, shall be made by wire transfer to the holder of record of this Series 2017-1 Subordinated Note (or one or more predecessor Series 2017-1 Subordinated Notes) on the Note Register as of the close of business on each Record Date. Any reduction in the principal amount of this Series 2017-1 Subordinated Note (or one or more predecessor Series 2017-1 Subordinated Notes) effected by any payments made on

any Payment Date shall be binding upon all future holders of this Series 2017-1 Subordinated Note and of any Series 2017-1 Subordinated Note issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof, whether or not noted thereon.

The Issuer shall pay interest on Monthly Interest Shortfalls at the rate specified in the definition thereof, to the extent lawful.

Subject to the terms of the Trust Indenture, the holder of any Series 2017-1 Subordinated Note may transfer the same in whole or in part, in an amount equivalent to an authorized denomination, by surrendering such Series 2017-1 Subordinated Note at the office maintained by the Note Registrar for such purpose pursuant to Section 4.05(c) of the Base Indenture, with the form of transfer endorsed on it duly completed and executed by, or accompanied by a written instrument of transfer in form satisfactory to the Issuer and the Note Registrar by, the holder thereof. In exchange for any Series 2017-1 Subordinated Note properly presented for transfer, the Issuer shall execute and promptly authenticate and deliver or cause to be authenticated and delivered in compliance with applicable law, to the transferee at such office, or send by mail (at the risk of the transferee) to such address as the transferee may request, Series 2017-1 Subordinated Notes for the same aggregate principal amount as was transferred. In the case of the transfer of any Series 2017-1 Subordinated Note in part, the Issuer shall execute and promptly authenticate and deliver or cause to be authenticated and delivered to the transferor at such office, or send by mail (at the risk of the transferor) to such address as the transferor may request, Series 2017-1 Subordinated Note for the aggregate principal amount that was not transferred. No transfer of any Series 2017-1 Subordinated Note shall be made unless the request for such transfer is made by the holder of a Series 2017-1 Subordinated Note at such office. Upon the issuance of transferred Series 2017-1 Subordinated Notes, the Indenture Trustee shall recognize the holders of such Series 2017-1 Subordinated Note as a Noteholder of Series 2017-1 Subordinated Notes.

Ontario Power Generation Inc., by acceptance of this Series 2017-1 Subordinated Note, hereby acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor under the Base Indenture and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Base Indenture including, without limitation, Section 7.12 (Payments To Be Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse), Article IX (Indenture Trustee) (including all limitations of liability thereunder), Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition).

Prior to the due presentment for registration of transfer of this Series 2017-1 Subordinated Note, the Issuer, the Indenture Trustee and any agent of the Issuer or the Indenture Trustee may treat the Person in whose name this Series 2017-1 Subordinated Note (as of the day of determination or as of such other date as may be specified in the Trust Indenture) is registered as the owner hereof for all purposes, whether or not this Series 2017-1 Subordinated Note shall be overdue, and neither the Issuer, the Indenture Trustee nor any such agent shall be affected by notice to the contrary.

The Trust Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the rights of the holder of the Series 2017-1 Subordinated Notes under the Trust Indenture at any time by the Issuer with the consent of the applicable Person(s) specified therein. The Trust Indenture also contains provisions permitting the applicable Person(s) specified therein to waive compliance by the Issuer with certain provisions of the Trust Indenture and certain past defaults under the Trust Indenture and their consequences with respect to the Series 2017-1 Subordinated Notes. Any such consent or waiver by such Person(s) shall be conclusive and binding upon Ontario Power Generation Inc. and upon all future holders of this Series 2017-1 Subordinated Note and of any Series 2017-1 Subordinated Notes issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof whether or not notation of such consent or waiver is made upon this Series 2017-1 Subordinated Note. The Trust Indenture also permits the Issuer and the Indenture Trustee to amend or waive certain terms and conditions set forth in the Trust Indenture without the consent of any other Person.

The term "the Issuer" as used in this Series 2017-1 Subordinated Note includes any successor to the Issuer under the Trust Indenture.

The Series 2017-1 Subordinated Note is issuable only in registered form in denominations as provided in the Trust Indenture, subject to certain limitations set forth therein.

This Series 2017-1 Subordinated Note and the Trust Indenture, and all matters arising out of or relating to this Series 2017-1 Subordinated Note or Trust Indenture, shall be governed by, and construed and interpreted in accordance with, the laws of the Province of Ontario and the federal laws applicable therein, and the obligations, rights and remedies of the parties hereto shall be determined in accordance with such laws.

No reference herein to the Trust Indenture and no provision of this Series 2017-1 Subordinated Note or of the Trust Indenture shall alter or impair the obligation of the Issuer, which is absolute and unconditional, to pay the principal of and interest on this Series 2017-1 Subordinated Note at the times, place and rate, and in the coin or currency herein prescribed, subject to any duty of the Issuer to deduct or withhold any amounts as required by law, including any applicable taxes.

INCREASES AND DECREASES

Date	Unpaid Principal Amount	Increase	Decrease	Total	Notation Made By

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

_____
(name and address of assignee)

the within certificate and all rights thereunder, and hereby irrevocably constitutes and appoints, _____, attorney, to transfer said certificate on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____ **_____[1]**
Signature Guaranteed:

REGISTRATION PANEL

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

Date of Registration	In Whose Name Registered	Signature of Note Registrar
●, 201●	●	

●

[1] **NOTE: The signature to this assignment must correspond with the name of the registered owner as it appears on the face of the within Note in every particular, without alteration, enlargement or any change whatsoever.**

SCHEDULE C

FORM OF INCREASE NOTICE

●

SCHEDULE D

FORM OF DECREASE NOTICE

●

SCHEDULE E

FORM OF TRANSFER SUPPLEMENT

Document comparison by Workshare Compare on December-14-17 11:53:22 PM

Input:	
Document 1 ID	file://C:\Users\bsaulnie\Desktop\Warehouse Subordinated Supplemental Indenture.DOCX
Description	Warehouse Subordinated Supplemental Indenture
Document 2 ID	file://C:\Users\bsaulnie\Desktop\Subordinated Warehouse Supplement - Fair Hydro (2).DOCX
Description	Subordinated Warehouse Supplement - Fair Hydro (2)
Rendering set	Firm_Standard

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

Statistics:	
	Count
Insertions	204
Deletions	115
Moved from	1
Moved to	1
Style change	0
Format changed	0
Total changes	321

WAREHOUSE

JUNIOR SUBORDINATED SERIES 2017-1

SUPPLEMENTAL INDENTURE

between

FAIR HYDRO TRUST

by

COMPUTERSHARE TRUST COMPANY OF CANADA
as Issuer Trustee

and

BNY TRUST COMPANY OF CANADA
as Indenture Trustee

and

ONTARIO POWER GENERATION INC.
as Purchaser

Made as of December ~~●~~[21], 2017

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FLOATING RATE VARIABLE FUNDING, SERIES 2017-1 JUNIOR SUBORDINATED NOTES

SUPPLEMENTAL INDENTURE made as of December ●[21], 2017, between **Computershare Trust Company of Canada**, a trust company established under the laws of Canada (the "**Issuer Trustee**"), in its capacity as trustee of **Fair Hydro Trust**, a trust existing under the laws of the Province of Ontario (in such capacity, the "**Issuer**"), **BNY Trust Company of Canada**, a trust company established under the laws of Canada (the "**Indenture Trustee**"), and Ontario Power Generation Inc., in its capacity as the purchaser (the "**Purchaser**");

WHEREAS pursuant to the Trust Indenture, provision was made for the issuance of Notes from time to time;

AND WHEREAS pursuant to the Trust Indenture, Notes may be issued in one or more Series by the execution and delivery of a Supplemental Indenture;

AND WHEREAS pursuant to a Supplemental Indenture dated the date hereof between the Issuer Trustee, in its capacity as trustee of the Issuer, the Indenture Trustee, ●**Royal Bank of Canada**, in its capacity as the administrative agent for certain purchaser groups (the "**Administrative Agent**"), certain non-conduit purchasers from time to time party thereto, certain commercial paper conduit purchasers from time to time party thereto, and certain funding agents from time to time party thereto (the "**Senior Series 2017-1 Supplemental Indenture**"), the Issuer issued floating rate variable funding Series 2017-1 Senior Notes (the "**Series 2017-1 Senior Notes**");

AND WHEREAS the parties hereto are entering into this Supplemental Indenture to provide for the creation and issuance of the Series 2017-1 Junior Subordinated Notes;

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

ARTICLE 1
INTERPRETATION

1.1 Definitions

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

(b) Except as otherwise expressly provided or unless the context otherwise requires, all terms used herein which are defined in the Trust Indenture, either directly or by reference therein, have the meanings assigned to them in the Trust Indenture.

1.2 Interpretation

Subject to the next following sentences, this Supplemental Indenture is supplemental to the Trust Indenture and the Trust Indenture shall be read in conjunction with this Supplemental Indenture

and all of the provisions of the Trust Indenture shall apply to and shall have effect in connection with this Supplemental Indenture in the same manner as if all of the provisions of the Trust Indenture and of this Supplemental Indenture were contained in one instrument. This Supplemental Indenture shall, unless the context otherwise requires, be subject to the interpretative provisions contained in Article 1 of the Trust Indenture. If any terms of the Trust Indenture are inconsistent with the express terms or provisions hereof, the terms and provisions of the Trust Indenture shall be, solely in respect of the Series 2017-1 Junior Subordinated Notes, amended and supplemented so as to be consistent herewith. The provisions of this Supplemental Indenture are applicable only in respect of the Series 2017-1 Junior Subordinated Notes and not the Notes of any other Series.

1.3 Application of this Supplemental Indenture

With respect to the Series 2017-1 Junior Subordinated Notes only, the terms of the Trust Indenture are amended, supplemented, modified, restated and replaced to the extent applicable by the terms of this Supplemental Indenture in respect of the Series 2017-1 Junior Subordinated Notes in accordance with Section 1.2 above.

ARTICLE 2
PRINCIPAL TERMS

2.1 Creation of Series 2017-1 Junior Subordinated Notes

There is hereby created a Series of Notes to be issued pursuant to the Trust Indenture and this Supplemental Indenture designated as the "**Floating Rate Variable Funding Junior Subordinated Notes, Series 2017-1**."

2.2 Principal Terms

In addition to and without limiting any of the provisions of this Supplemental Indenture, the Series 2017-1 Junior Subordinated Notes:

(a) will be designated as set out in Section 2.1;

(b) will be Junior Subordinated Notes;

(c) will have a Stated Principal Amount equal to the Series 2017-1 Maximum Junior Subordinated Principal Amount;

(d) will not be issued in Tranches;

(e) will be denominated in Canadian dollars;

(f) will not be listed on any securities exchange;

(g) will have an Initial Dollar Principal Amount equal to the Series 2017-1 Initial Junior Subordinated Principal Amount;

(h) will be issued as definitive notes and will not be in the form of a Global Note;

(i) will be issued as Registered Notes and will be without coupons;

(j) will be substantially in the form of Schedule B, with such appropriate insertions, omissions, substitutions and variations as may be approved by the Issuer;

(k) will have each Payment Date on and after the Payment Date in February, 2018 as an Interest Payment Date;

(l) will have Principal Payment Dates as determined under Section 3.7~~(a)~~;

(m) will have Principal Payment Default Dates as ~~determined under Section 3.7(b)~~**defined herein**; and

(n) will have no minimum issue amount.

ARTICLE 3
NOTE PURCHASE FACILITY

3.1 Purchase of Notes by the Purchaser

(a) ***Initial Purchase***. Subject to the terms and conditions of this Supplemental Indenture, including delivery of notice in accordance with Section 3.3, the Purchaser shall purchase a Series 2017-1 Junior Subordinated Note in an amount equal to the Series 2017-1 Initial Junior Subordinated Principal Amount on the Closing Date. Payments by the Purchaser for such purchase shall be made in immediately available funds on the Closing Date in accordance with Section 3.3(c).

(b) ***Series 2017-1 Maximum Junior Subordinated Principal Amount***. Notwithstanding anything to the contrary contained in this Supplemental Indenture, at no time shall the Purchaser be required to purchase Series 2017-1 Junior Subordinated Notes in an amount that exceeds the Series 2017-1 Maximum Junior Subordinated Principal Amount.

3.2 Delivery

(a) On the Closing Date, Series 2017-1 Junior Subordinated Notes shall be executed, authenticated and delivered by the Issuer in accordance with Section 4.03 of the Trust Indenture in the name of the Purchaser in an amount equal to the Series 2017-1 Maximum Junior Subordinated Principal Amount. On each Increase Date, Series 2017-1 Junior Subordinated Notes shall be executed, authenticated and delivered by the Issuer in accordance with Section 4.03 of the Trust Indenture in the name of the Purchaser in an amount equal to the Increase Amount.

(b) The Purchaser shall maintain a record of the actual Series 2017-1 Junior Subordinated Principal Amount outstanding on any date of determination, which, absent manifest error, shall constitute prima facie evidence of the outstanding Series 2017-1 Junior Subordinated Principal Amount from time to time.

3.3 Procedure for Initial Issuance and for Increasing the Series 2017-1 Junior Subordinated Principal Amount

(a) (i) On any Business Day prior to ~~[~~December ~~18, 2017~~[21], 2017, concurrent with the initial purchase of the Series 2017-1 Senior Notes under the Senior Series 2017-1 Supplemental Indenture, the Issuer shall request that the Purchaser purchase, and the Purchaser shall purchase, a Series 2017-1 Junior Subordinated Note for an initial purchase price equal to the Series 2017-1 Initial Junior Subordinated Principal Amount (the date on which the initial purchase occurs being referred to as the "**Closing Date**") by giving the Purchaser (with a copy to the Indenture Trustee) irrevocable written notice (effective upon receipt), by email communication, substantially in the form of Schedule C no later than ~~[3~~12:00 p.m.~~]~~ (Toronto time) on the ~~third~~second Business Day prior to the Closing Date. The written notice of the initial purchase of the Series 2017-1 Junior Subordinated Notes shall (x) state the Closing Date, (y) state the Series 2017-1 Initial Junior Subordinated Principal Amount, and (z) attach a copy of the irrevocable written notice delivered to the Administrative Agent pursuant to Section 3.3(a) of the Senior Series 2017-1 Supplemental Indenture in connection with the concurrent initial purchase of the Series 2017-1 Senior Notes thereunder; and (ii) on any Business Day after the initial purchase of the Series 2017-1 Junior Subordinated Notes hereunder, the Issuer and the Purchaser hereby agree that the Series 2017-1 Junior Subordinated Principal Amount ~~may~~will be increased by an amount ~~not to exceed the product of (i)~~(an "Increase") such that following such Increase the Outstanding Dollar Principal Amount of the Series 2017-1 Junior Subordinated Notes will be equal to or greater than twenty percent (20%) of the Outstanding Dollar Principal Amount of the Series 2017-1 Senior ~~Increase~~Notes on such Business Day (each date on which an increase in the Series 2017-1 Junior Subordinated Principal Amount occurs hereunder being herein referred to as the "**Increase Date**" applicable to such Increase) ~~and (ii) [ten] percent [(10)]% (an "Increase")~~ by the Issuer providing the Purchaser (with a copy to the Indenture Trustee) irrevocable written notice (effective upon receipt), by email communication, substantially in the form of Schedule C (an "**Increase Notice**") no later than ~~[3~~12:00 p.m.~~]~~ (Toronto time) on the ~~second~~third Business Day prior to such Increase Date. Each Increase Notice shall (w) state the Increase Date, (x) state the amount of the increase in the Series 2017-1 Junior Subordinated Principal Amount (an "**Increase Amount**"), (y) state whether the Increase is to fund a Transfer (a "**Transfer Increase**") or is in respect of a Refinancing (a "**Refinancing Increase**"), and (z) attach a copy of the irrevocable written increase notice delivered to the Administrative Agent pursuant to Section 3.3(a) of the Senior Series 2017-1 Supplemental Indenture in connection with the applicable Series 2017-1 Senior Increase proposed to be made thereunder.

(b) The Purchaser shall not be required to increase the Series 2017-1 Junior Subordinated Principal Amount on any Increase Date hereunder if after giving effect to such Increase Amount, the Series 2017-1 Maximum Junior Subordinated Principal Amount will be exceeded.

(c) The Issuer shall apply amounts paid to it pursuant to Section 3.3(a) by application to payment of the purchase price payable by the Issuer to the IESO under the Master Transfer and Servicing Agreement in respect of a Transfer or by deposit to the Refinancing Account.

3.4 Procedure for Decreasing the Series 2017-1 Junior Subordinated Principal Amount

On any Business Day after the initial purchase of the Series 2017-1 Junior Subordinated Notes hereunder, the Issuer and the Purchaser hereby agree that the Series 2017-1 Junior Subordinated Principal Amount may be decreased by an amount ~~not to exceed the product of (i)~~**(a "Decrease") such that following such decrease the Outstanding Dollar Principal Amount of the Series 2017-1 Junior Subordinated Notes will not be less than twenty percent (20%) of the Outstanding Dollar Principal Amount of** the Series 2017-1 Senior ~~Decrease on such Business Day, and (ii) **[ten]** percent **[(10)]**% (a "**Decrease**")~~**Notes**. Each Payment Date on which a Decrease in the Series 2017-1 Junior Subordinated Principal Amount occurs hereunder being herein referred to as the "**Decrease Date**" applicable to such Decrease; and the Issuer shall provide to the Purchaser (with a copy to the Indenture Trustee) irrevocable written notice (effective upon receipt), by email communication, substantially in the form of Schedule D (a "**Decrease Notice**") no later than ~~**[3**~~**12**:00 p.m.~~**]**~~ (Toronto time) on the ~~second~~**fifth** Business Day prior to any Payment Date that is a Decrease Date. Each Decrease Notice shall (x) state the Decrease Date, (y) state the amount of the decrease in the Series 2017-1 Junior Subordinated Principal Amount (a "**Decrease Amount**"), and (z) attach a copy of the irrevocable written decrease notice delivered to the Administrative Agent pursuant to Section 3.4 of the Senior Series 2017-1 Supplemental Indenture in connection with the applicable Series 2017-1 Senior Decrease proposed to be made thereunder. Upon receipt of any notice required by this Section 3.4 from the Issuer, the Purchaser shall forward (by email communication) a copy of such notice to DBRS on the Business Day received.

3.5 Increases and Reductions of the 2017-1 Maximum Junior Subordinated Principal Amount

(a) If one or more Maximum Purchaser Group Principal Amounts are increased pursuant to Section 3.5(a) of the Senior Series 2017-1 Supplemental Indenture, the Series 2017-1 Maximum Junior Subordinated Principal Amount shall be automatically increased by an amount equal to ~~**[ten]**~~**twenty** percent ~~**[(10)]**% of such aggregate increase to~~**(20%) of the Outstanding Dollar Principal Amount of** the Maximum Purchaser Group Principal Amounts~~ pursuant to Section 3.5(a) of the Senior Series 2017-1 Supplemental Indenture~~.

(b) If the Series 2017-1 Maximum Senior Principal Amount is reduced pursuant to Section 3.5(b) of the Senior Series 2017-1 Supplemental Indenture, the Series 2017-1 Maximum Junior Subordinated Principal Amount shall be automatically decreased ~~by~~**to** an amount equal to ~~**[ten]**~~**twenty** percent ~~**[(10)]**~~**20%)** of such aggregate decrease to the Series 2017-1 Maximum Senior Principal Amount pursuant to Section 3.5(b) of the Senior Series 2017-1 Supplemental Indenture.

(c) If a Commitment Extension has occurred with respect to the Series 2017-1 Senior Notes, the Principal Accumulation Date, Principal Payment Amount and Principal Payment Default **Date shall be amended to the "Principal Accumulation Date", "Principal Payment Amount" and "Principal Payment Default Date" set out in the request related to such Commitment Extension, as applicable.**

3.6 Interest; Other Amounts

(a) Interest shall be payable on the Series 2017-1 Junior Subordinated Notes on each Payment Date.

(b) The Purchaser shall provide written notice to the Issuer and the Paying Agent no later than ~~[three~~**five** (~~3~~**5**)~~]~~ Business Days ~~[NTD: To conform with senior supplemental indenture]~~ prior to each Payment Date, setting forth the Monthly Interest and the Monthly Other Amounts with respect to the Payment Date.

(c) The Monthly Interest shall be included in each calculation of the Interest Accrual Amount (Junior Subordinated) for the purposes of Section 7.04(e)(v) of the Trust Indenture and shall be payable pursuant to Sections 7.05(c), ~~7.07~~**7.06**(a), **7.07,** 7.10(b) or 8.13(e) of the Trust Indenture, as applicable. On each Payment Date, the Monthly Other Amounts shall be payable in respect of the Series 2017-1 Junior Subordinated Notes pursuant to Sections 7.04(e)(~~xi~~**xvi), 7.10(b**) or 8.13(e) of the Trust Indenture, as applicable. On each Payment Date, the Paying Agent shall, subject to availability of funds, pay to the Purchaser the Monthly Other Amounts with respect to the Payment Date.

3.7 Repayment of Principal

~~(a)~~ Each Payment Date where the Principal Payment Amount is not nil shall be a Principal Payment Date in respect of the Series 2017-1 Junior Subordinated Notes. On each Principal Payment Date in respect of the Series 2017-1 Junior Subordinated Notes, the Paying Agent shall pay to the Purchaser the Principal Payment Amount for such Principal Payment Date out of funds allocated to the Series 2017-1 Junior Subordinated Notes pursuant to Sections 7.04(e)(xii), 7.06(~~d~~**b)(iv**), 7.08(b**)(iv**), 7.10(b) or 8.13(j) of the Trust Indenture, as applicable, in repayment of the principal amount of the Series 2017-1 Junior Subordinated Notes.

~~(b) The Business Day that is ● after the Payment Date in respect of any Principal Payment Amount hereunder shall be the Principal Payment Default Date in respect of that Principal Payment Amount.~~

3.8 Indemnification by the Issuer

The Issuer agrees to indemnify and hold harmless the Indenture Trustee and the Purchaser and each of their respective officers, directors, agents and employees (each, an "**Issuer Indemnified Person**") from and against any loss, liability, expense, damage or injury suffered or sustained by such Issuer Indemnified Person by reason of (a) any acts, omissions or alleged acts or omissions arising out of, or relating to, activities of the Issuer pursuant to the Program Agreements to which it is a party; (b) a breach of any representation or warranty made or deemed made by the Issuer (or any of its officers) in any Program Agreement; or (c) a failure by the Issuer to comply with any applicable law or regulation or to perform its covenants, agreements, duties or obligations required to be performed or observed by it in accordance with the provisions of the Program Agreements, including, but not limited to, any judgment, award, settlement, reasonable attorneys' fees and other reasonable costs or expenses incurred in connection with the defense of any actual or threatened action, proceeding or claim, except to the extent such loss, liability, expense,

damage or injury resulted from the gross negligence, bad faith or willful misconduct of such Issuer Indemnified Person or its officers, directors, agents, principals, employees or employers as determined by a court of competent jurisdiction in a final non-appealable judgement or includes any Excluded Taxes; provided that any payments made by the Issuer pursuant to this Section 3.8 shall be made solely from funds available pursuant to Section 7.04 or 8.13 of the Trust Indenture, as applicable, shall be non-recourse other than with respect to such funds, and shall not constitute a claim against the Issuer to the extent that such funds are insufficient to make such payment.

3.9 Taxes

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

(b) If a payment by or on account of any obligation of the Issuer hereunder would be subject to withholding Taxes under any AEOI Legislation if the Recipient were to fail to comply with the applicable reporting requirements of any AEOI Legislation, such Recipient shall deliver to the Issuer at the time or times prescribed by law and at such time or times reasonably requested by the Issuer such documentation prescribed by applicable law and such additional documentation reasonably requested by the Issuer as may be necessary for the Issuer to comply with its obligations under any AEOI Legislation and to determine that such Recipient has complied with

its obligations under any AEOI Legislation, or to determine the amount to deduct and withhold from such payment. If any form or certification it previously delivered by a Recipient expires or becomes obsolete or inaccurate in any respect, the Recipient shall update such form or certification or promptly notify the Issuer in writing of its legal inability to do so.

(c) If a Recipient is legally entitled to receive a refund of any Taxes (other than Excluded Taxes) as to which it has been indemnified or with respect to which additional amounts have been paid to it hereunder or it is legally entitled to receive a credit or deduction with respect to such Taxes or with respect to such additional amounts that have been paid hereunder (in each case pursuant to Section 3.9(a)), it shall use commercially reasonable efforts to obtain or claim such refund, credit or deduction and pay over such refund or the value of such credit or deduction to the Issuer, together with any interest thereon.

3.10 Increased Costs

(a) (i) If any Regulatory Change (x) subjects the Purchaser to any charge or withholding on or with respect to any Support Facility or this Supplemental Indenture or the Purchaser's obligations under a Support Facility or this Supplemental Indenture, or changes the basis of taxation of payments to the Purchaser of any amounts payable under any Support Facility or this Supplemental Indenture Agreement (except for changes in the rate of tax on the overall net income of the Purchaser or Excluded Taxes) or (y) imposes, modifies or deems applicable any reserve, assessment, fee, tax, insurance charge, special deposit or similar requirement against assets of, deposits with or for the account of, or liabilities of the Purchaser, or credit extended by the Purchaser pursuant to a Support Facility or this Supplemental Indenture or (z) imposes any other condition the result of which is to increase the cost to the Purchaser of performing its obligations under a Support Facility or this Supplemental Indenture, or to reduce the rate of return on the Purchaser's capital or assets as a consequence of its obligations under a Support Facility or this Supplemental Indenture, or to reduce the amount of any sum received or receivable by the Purchaser under a Support Facility or this Supplemental Indenture, or to require any payment calculated by reference to the amount of interests or loans held or interest received by it, then, upon written request by the Purchaser therefore to the Issuer, the Purchaser shall be entitled to be paid such amounts charged to the Purchaser or such amounts to otherwise compensate the Purchaser for such increased cost or such reduction following a receipt by the Issuer of such request for compensation under this Section 3.10(a)(i), which payment shall be made on the earlier of (A) the first Payment Date on which amounts are available to pay such amounts pursuant to Section 7.04(e) of the Trust Indenture (provided that such request is received by the Issuer no later than five (5) Business Days prior to the end of the Interest Period related to such Payment Date), and (B) the ~~[~~twelfth~~]~~ Payment Date following such request.

(ii) The Issuer acknowledges that the Purchaser may implement, as an internal institutional matter, measures in anticipation of a final or proposed Regulatory Change (including, without limitation, the imposition of internal charges on the Purchaser's interest or obligations under any Support Agreement or this Supplemental Indenture) and may commence recognizing the incurrence of charges by seeking compensation under Section 3.10(a)(i) in connection with such measures, in advance of the effective date of such final or proposed Regulatory Change, and the Issuer agrees that such charges or compensation shall be payable, to the Purchaser, following demand therefor without regard to whether such proposed Regulatory Change has been adopted

or whether such effective date has occurred; provided, that (I) the Purchaser shall provide thirty (30) days prior written notice to the Issuer of its intent to impose or incur any such charges or compensation, (II) the Purchaser shall not be compensated for any such amount pursuant to this subsection 3.10(a)(ii) relating to any period ending, and of which the Purchaser has had knowledge, more than ~~●~~ ~~(●)~~**180** days prior to the date that the Purchaser provided the Issuer with the written notice contemplated by the preceding clause (I) of this subsection 3.10(a)(ii), (III) if, after the payment by the Issuer of any charges or compensation pursuant to this subsection 3.10(a)(ii), either (A) the Issuer requests in writing that the Purchaser re-compute any such charge or compensation in light of differences between a proposed Regulatory Change and the final effective version thereof or (B) the Purchaser determines that the amount of the charge imposed on and required to be compensated by the Issuer exceeds the amount necessary to compensate it for the applicable Regulatory Change as contemplated by subsection 3.10(a)(i), then (x) the amount of such charge or compensation shall, from and after such determination, be reduced by the amount of such excess and (y) the Purchaser shall, within thirty (30) days of such determination, either repay the amount of such excess or credit the amount of such excess against future charges under this subsection 3.10(a)(ii). The Issuer further acknowledges that any charge or compensation demanded hereunder may take the form of a monthly charge to be assessed by the Purchaser.

(b) The Purchaser claiming increased amounts described in subsection 3.10(a) of this Supplemental Indenture will furnish to the Issuer (together with its request for compensation) a certificate prepared in good faith setting forth the basis and the calculation of the amount (in reasonable detail) of each request by the Purchaser for any such increased amounts referred to in subsection 3.10(a) hereof. Any such certificate shall be conclusive absent manifest error. Failure on the part of the Purchaser to demand compensation for any amount pursuant to subsection 3.10(a) hereof with respect to any period shall not constitute a waiver of the Purchaser's right to demand compensation with respect to such period.

ARTICLE 4
CONDITIONS PRECEDENT

4.1 Conditions Precedent to Initial Purchase of Series 2017-1 Junior Subordinated Notes

On or prior to the initial purchase of Series 2017-1 Junior Subordinated Notes hereunder, the following conditions precedent shall be satisfied: ~~**[NTD: changes to the conditions precedent may be required to reflect the final Change of Law Protection Agreement.]**~~

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

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

(c) ~~(b)~~ The Purchaser shall have received:

(i) executed copies of this Supplemental Indenture~~ and copies of each of the other Program Agreements certified by an Authorized Officer of the Issuer~~;

(ii) certificates of status or compliance or other similar documents issued by the applicable governmental authority to evidence that each of the Issuer Trustee and the Manager is validly existing pursuant to the laws of the jurisdiction of their respective establishment or incorporation;

(iii) a copy of the incorporating documents and all amendments thereto and applicable by-laws**, as applicable,** of each of the Issuer Trustee, the IESO and the Manager certified by an Authorized Officer of the applicable entity;

(iv) copies of resolutions of the board of directors of the IESO and the Manager approving and authorizing the execution, delivery and performance of each Program Agreement they are party to, in each case certified by an Authorized Officer of the applicable entity;

(v) incumbency certificates for each of the Issuer Trustee, the Manager and the IESO executing this Supplemental Indenture and any other Program Agreements and the other documents to be delivered by either the Issuer Trustee, the Manager or the IESO thereunder, in each case showing their names, offices and specimen signatures on which certificates the Purchaser shall be entitled to conclusively rely until such time as the Purchaser receives a replacement certificate meeting the requirements of this Section 4.1(~~b~~**c**)(v);

(vi) the following Opinions of Counsel:

(A) the opinion of external counsel to the Manager as to the non-consolidation of the Issuer with the Manager in the event of the insolvency of the Manager in form and substance satisfactory to the Purchaser;

(B) the opinion of external counsel to the IESO as to the Investment Asset acquired by the Issuer not being subject to the claims of creditors of the IESO in form and substance satisfactory to the Purchaser;

(C) favourable opinions of external counsel to the Manager covering general corporate matters, the due execution and delivery of, and the enforceability of, each of the Program Agreements to which the Manager, the Issuer and the Issuer Trustee are party which opinion, as to certain matters, may rely on opinion of internal counsel to the Manager and the Issuer Trustee; and

(D) a favourable opinion of external counsel to the Province with respect to the due authorization, execution, delivery and enforceability of the Change of Law Protection Agreement in form and substance satisfactory to the Purchaser;

(vii) a certificate of an Authorized Officer of the Manager confirming that the representations and warranties set forth in Section 12.01 of the Trust Indenture and Section 5.1 of this Supplemental Indenture are true and correct in all material respects, that the Issuer is in compliance in all material respects with all of its covenants and obligations under the Program Agreements to which it is a party and that no Termination Event has occurred; and

(viii) such additional documents, instruments, certificates or letters as the Purchaser may reasonably request.

(d) ~~(c)~~ The representations and warranties set forth in Section 5.1 of this Supplemental Indenture shall be true and correct in all material respects, the Issuer shall be compliance in all material respects with all of its covenants and obligations under the Program Agreements to which it is a party and no Termination Event shall have occurred.

4.2 Conditions Precedent to each Increase under Series 2017-1 Junior Subordinated Notes

On or prior to each Increase, the following conditions precedent shall be satisfied:

(a) the Purchaser shall have received an Increase Notice;

(b) no Termination Event shall have occurred or would occur after giving effect to such Increase;

(c) if the Increase is identified as a Transfer Increase in the Increase Notice, then the related Transfer under the Master Transfer and Servicing Agreement shall have been completed or contemporaneously completed;

(d) after giving effect the Increase, the aggregate of the amounts on deposit in the Program Cash Reserve Account and the IESO Cash Reserve Account shall be equal to or greater than the sum of:

(i) the Program Cash Reserve Required Amount,

plus

(ii) an amount equal to the ~~product~~**sum** of (x) the amount originally determined under clause (b) of the definition of IESO Cash Reserve Deposit Amount in the Trust Indenture ~~multiplied by (y) (i) for an Increase Date prior to the Payment Date in May, 2021, one; (ii) for an Increase Date on or after the Payment Date in May, 2021 and prior to the Payment Date in June, 2021, [●]%; (iii) for an Increase Date on or after~~**, less any amounts withdrawn from the IESO Cash Reserve Account to pay any Obligations Secured described in subsections 7.04(e)(i) through (v) of the Trust Indenture prior to the date of such Increase, and (y) to the extent the amount originally determined under clause (b) of the definition of IESO Cash Reserve Deposit Amount in the Trust Indenture was not determined in a manner which included the amount of such Increase, an**

amount estimated by the Manager, acting reasonably, equal to the additional Monthly Interest payable with respect to such Increase up to and including the Payment Date in July, ~~2021 and prior to the Payment Date in October, 2021, [●]%. [NTD: to be discussed]~~**2021.**

(e) ~~[~~the Indenture Trustee shall have received ~~a certificate addressed to the Indenture Trustee and signed by the Chief Financial Officer and the Treasurer of OPG (or their respective designees, provided that such designees are executive officers of OPG) confirming either (A) that OPG has provided to the Province all certifications required by the Province~~**(i) the adherence compliance certificate required** pursuant to **Section 4.02(a) of** the Change of Law Protection Agreement with respect to such Increase**,** or (B) ~~that~~**written confirmation from** the Province ~~has otherwise agreed~~ that **the Funding Obligations incurred under this Supplemental Indenture with respect to** such Increase ~~constitutes an Approved Obligation.] [NTD: to be conformed to final version of Protection Agreement]~~**constitute Approved Obligations.**

The Issuer's acceptance of funds in connection with each Increase occurring on any Increase Date shall constitute a representation and warranty by the Issuer to the Purchaser as of such Increase Date that all of the conditions contained in Section 3.3(a) and this Section 4.2 are satisfied.

ARTICLE 5
REPRESENTATIONS AND WARRANTIES

5.1 Representations and Warranties of the Issuer

The Issuer hereby represents and warrants to the Purchaser as of the Closing Date, and shall be deemed to represent and warrant to the Purchaser on each Increase Date, that:

(a) no Termination Event has occurred or would result from the initial purchase of the Issuer Investment Interest on the Closing Date or any increase in the Issuer Investment Interest on an Increase Date, as applicable;

(b) the Issuer Trustee and the Issuer are not Non-residents;

(c) all tax returns (federal, provincial and local) required to be filed with respect to the Issuer have been filed and there has been paid or adequate provision made for the payment of all material Taxes in respect of the Issuer;

(d) the Issuer has complied in all material respects with all laws in respect of the conduct of its business and ownership of its property including the Issuer Investment Interest;

(e) all information provided to the Purchaser by or on behalf of the Issuer in respect of the Issuer Investment Interest is and will be true and accurate in all material respects; and

(f) to its knowledge, there is no set of circumstances existing at such time that will have an Adverse Effect or will reasonably be expected to have an Adverse Effect.

5.2 Representations and Warranties of the Purchaser

The Purchaser represents and warrants to the Issuer as of the Closing Date, and shall be deemed to represent and warrant to the Issuer on each Increase Date, that:

(a) it is resident in Ontario or is otherwise subject to the securities legislation of the Province of Ontario;

(b) it is purchasing the applicable Series 2017-1 Junior Subordinated Notes (i) as principal for its own account and not for the benefit of any other "person" (as defined in the *Securities Act* (Ontario)) or company; and (ii) for cash consideration in excess of $150,000; and

(c) it was not created and is not being used solely to purchase or hold securities in reliance on the exemption from the prospectus and dealer registration requirements contained in Section 2.10 of National Instrument 45-106 − Prospectus and Registration Exemptions.

5.3 Survival

The representations and warranties set out in this Article 5 shall survive the execution hereof.

ARTICLE 6
COVENANTS

6.1 Covenants of the Issuer

(a) The Issuer shall promptly provide to the Purchaser (in multiple copies if requested) copies of all material reports, notices, financial statements and other documents delivered by the IESO to the Issuer with respect to the Issuer Investment Interest or pursuant to the Master Transfer and Servicing Agreement; provided such documents shall be deemed to be delivered hereunder so long as the Purchaser is the Manager.

(b) The Issuer shall provide to the Purchaser (in multiple copies, if requested) such other information, documents, records or reports respecting the Issuer Investment Interest, the Issuer or the IESO which is in the possession or under the control of the Issuer or the Manager, as the Purchaser may from time to time reasonably request, including any correspondence with a Rating Agency; provided such documents shall be deemed to be delivered hereunder so long as the Purchaser is the Manager.

(c) The Issuer shall furnish to the Purchaser promptly after known to the Issuer or the Manager, information with respect to any action, suit or proceeding involving the Manager, the Issuer or the IESO or any of their respective Affiliates by or before any court or any Governmental Authority which, if adversely determined, would have an Adverse Effect; provided that the Purchaser shall be deemed to have knowledge of such actions, suits or proceedings so long as it is the Manager.

~~(d) The Issuer shall, upon request by the Purchaser, exercise its right pursuant to Section 3.15 of the Master Transfer and Servicing Agreement to require the IESO to deliver the letter of credit or other form of security contemplated therein.~~

ARTICLE 7
ACCELERATION

7.1 Acceleration of Series 2017-1 Junior Subordinated Principal Amount

If a Series 2017-1 Event of Default occurs and is continuing, then and in each and every such case, and without regard to whether all Issuer Funding Obligations have been declared due and payable immediately pursuant to Section 8.02(a) of the Trust Indenture, the Purchaser may by notice in writing to the Issuer and to the Indenture Trustee declare the Series 2017-1 Junior Subordinated Principal Amount and all interest accrued and unpaid (if any) thereon to be due and payable immediately, and upon any such declaration the same will become and will be immediately due and payable, notwithstanding anything in this Supplemental Indenture or the Trust Indenture to the contrary.

ARTICLE 8
GENERAL

8.1 Successor and Assigns

(a) This Supplemental Indenture shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns except that (i) the Issuer may not assign or transfer any of its rights or obligations under this Supplemental Indenture without the prior written consent of the Purchaser and at least 10 Business Days' notice having been given to DBRS; and (ii) the Purchaser may, without the prior written consent of the Issuer but with prior notice to DBRS, assign or transfer any of its rights or obligations under this Supplemental Indenture to any of its wholly-owned affiliates (a "**Transferee**") pursuant to a transfer supplement, substantially in the form of Exhibit E (the "**Transfer Supplement**").

(b) The Issuer authorizes the Purchaser to disclose to any Transferee and any prospective Transferee any and all financial information in the Purchaser's possession concerning the Issuer, the Issuer Investment Interest and the Program Agreements which has been delivered to the Purchaser by the Issuer or the Manager.

(c) Notwithstanding any other provision of this Supplemental Indenture to the contrary, the Purchaser may at any time pledge or grant a security interest in all or any portion of its rights under its Series 2017-1 Junior Subordinated Note and this Supplemental Indenture to secure obligations of the Purchaser to any Person, without notice to or consent of the Issuer; provided that no such pledge or grant of a security interest shall release the Purchaser from any of its obligations hereunder or substitute any such pledgee or grantee for the Purchaser as a party hereto.

8.2 Waiver

Without limiting the requirements of Section 11.02 of the Trust Indenture which shall be applicable to this Supplemental Indenture, no waiver of any provision of this Supplemental Indenture or consent to any departure by the Issuer from any provision of this Supplemental Indenture will be effective (in whole or in part) unless in writing and signed by the Purchaser.

Such waiver will be effective only in the specific instance, for the specific purpose and for the specific length of time for which it is given by the Purchaser.

8.3 Notice

All notices, requests, instructions and demands to or upon any party hereto to be effective shall be given (a) in the case of the Issuer and the Indenture Trustee, in the manner set forth in Article 15 of the Trust Indenture; and (b) in the case of the Purchaser, in writing, and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when delivered by hand or three days after being deposited in the mail, postage prepaid, in the case of facsimile notice, when received, or in the case of overnight air courier, one Business Day after the date such notice is delivered to such overnight courier, addressed as follows; or to such other address as may be hereafter notified by the respective parties hereto:

Purchaser:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6

Attention: ~~[■]~~**Vice President, Fair Hydro Plan**
Fax: (416) ~~[■]~~**592-4189**
Email: ~~[■]~~**FHP@opg.com**

8.4 No Waiver: Remedies

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

8.5 Entire Agreement

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

8.6 Governing Law and Attornment

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

8.7 Acknowledgment of Trust Indenture and No Proceedings

(a) The Purchaser hereby acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor under the Trust Indenture and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Trust Indenture including, without limitation, Section 7.12 (Payments To Be Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse), Article IX (Indenture Trustee) (including all limitations of liability thereunder), Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition).

(b) The Purchaser irrevocably authorizes and directs the Indenture Trustee on its behalf to take such action (including the execution and delivery of documents of subordination) as may be necessary or appropriate to further assure the priority arrangements provided for in Article VI, Article VII and Section 8.13 of the Trust Indenture, and appoints the Indenture Trustee as its agent for any and all such purposes.

(c) The Purchaser consents, requests and authorizes the Issuer and the Indenture Trustee to (i) add the Purchaser (or its agent) to the register of Specified Creditors described in Section 13.13 of the Trust Indenture and (ii) disseminate the notice details of the Purchaser to other Specified Creditors for the purposes set out in subsection 9.14(b) of the Trust Indenture.

8.8 Expenses

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

8.9 Further Assurances

Each of the parties hereto upon the request of the other party or parties hereto shall do, execute, acknowledge and deliver or cause to be done, executed acknowledged or delivered all such further acts, deeds, documents, assignments, transfers, conveyances, powers of attorney and assurances as may be reasonably necessary or desirable to effect or complete the consummation of the transactions contemplated by this Supplemental Indenture.

8.10 Confidentiality

(a) The Purchaser covenants and agrees that any non-public information obtained by it pursuant to this Supplemental Indenture and the other Program Agreements shall be held in confidence except that the Purchaser may disclose such information (i) pursuant to the order of any court or administrative agency or in any pending legal or administrative proceeding (whether or not having the force or effect of law) provided that, unless prohibited by applicable law, the Purchaser shall provide prompt notice of such order to the affected party; (ii) upon the request or demand of any regulatory authority having or claiming jurisdiction over the Purchaser; (iii) as required by applicable law including, without limitation, all applicable securities laws; (iv) to the extent that such information becomes publicly available other than by reason of improper disclosure by the Purchaser; (v) to its affiliates, officers, directors, employees, legal counsel, independent auditors, accountants, advisors, investors, potential investors, commercial paper dealers, providers of surety, guaranty, credit or liquidity enhancement (including the directors, officers and accountants of such surety, guaranty, credit or liquidity enhancement provider), legal counsel of any of the foregoing and other experts or agents who need to know such information and are informed of the confidential nature of such information; (vi) for purposes of establishing a "due diligence" defense; (vii) which was available to the Purchaser on a non-confidential basis from a source other than the affected party, provided that such source was not to the knowledge of the Purchaser bound by a confidentiality agreement with the affected party; (viii) has been independently acquired or developed by the Purchaser without violating any of the Purchaser's obligations under this Supplemental Indenture; (ix) if such disclosure has been approved in writing in advance by the Issuer or the Manager; (x) regarding the existence of this Supplemental Indenture, but not the financial terms thereof; and (xi) to DBRS and Moody's and any other Rating Agencies.

(b) The Issuer covenants and agrees to hold in confidence, and not disclose to any Person, the terms of this Supplemental Indenture, except as the Purchaser may have consented to in writing prior to any proposed disclosure and except (i) it may also disclose such information (A) to its officers, directors, employees, legal counsel, independent auditors, accountants and other advisors who are directly involved in the consideration of this Supplemental Indenture (and then only on a confidential basis), (B) to the Manager and its officers, directors, employees, legal counsel, independent auditors, accountants and other advisors, (C) any ministry or agency of the Province of Ontario and, in each case, their respective employees, officials, agents and advisors, (D) as required by applicable law (including, without limitation, applicable securities law) or compulsory legal process, (E) as expressly permitted by the terms of the Program Agreements, and (F) to DBRS and Moody's and any other Rating Agencies; provided, that, in the case of clause (D), the Issuer will use all commercially reasonable efforts to maintain confidentiality and will (unless otherwise prohibited by law) notify the Purchaser of its intention to make any such disclosure prior to making such disclosure; and (ii) it may also disclose the existence (but not the financial terms) of this Supplemental Indenture, including to any actual or prospective purchaser of other Notes.

(c) The parties hereto acknowledge that a description of this Supplemental Indenture and the Series 2017-1 Junior Subordinated Note will be included in the preliminary and final offering memoranda of the Issuer relating to the issue of other Notes from time to time.

(d) The confidentiality provisions set forth in this Section 8.10 shall expire on the second year anniversary of the date on which the Series 2017-1 Junior Subordinated Notes have been paid in full.

8.11 Limitation of Liability of Issuer Trustee

Each party hereto other than the Issuer acknowledges that the Issuer is a trust, and that Computershare Trust Company of Canada is the Issuer Trustee. The other parties hereto agree that the Issuer Trustee will not be subject to any liability whatsoever to them, in tort, contract or otherwise, in connection with the Issuer's assets or the trust activities, for any action taken or permitted by it to be taken, or for its failure to take any action; provided that the foregoing limitation will not apply in respect of any action or failure to act arising from or in connection with wilful misconduct, negligence or reckless disregard of a duty by the Issuer Trustee. The Issuer Trustee in doing anything or permitting anything to be done in respect of assets or the trust activities is, and shall be conclusively deemed to be, acting as trustee of the Issuer and not in any other capacity. Except as to the extent provided in this Section 8.11, the Issuer Trustee will not be subject to any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Issuer, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the Issuer's assets or the trust activities and resort will be had solely to the Collateral for the payment or performance thereof. No property or assets of the Issuer Trustee, whether owned in its personal capacity or otherwise, will be subject to levy, execution or other enforcement procedure with regard to any obligation under this Supplemental Indenture. Nothing contained in this Section 8.11 shall be construed so as to limit the liability of the Issuer under this Supplemental Indenture. This Supplemental Indenture, and every deed, transfer, assignment, agreement or other instrument made pursuant hereto including, without limitation, the Series 2017-1 Junior Subordinated Notes, made or purporting to be made by or creating an obligation of the Issuer or the Issuer Trustee on behalf of, or as trustee of, the Issuer shall be deemed and construed for all purposes as if made by the Issuer Trustee, in and only in its capacity as trustee of the Issuer. Any obligations of the Issuer Trustee hereunder or thereunder are non-recourse to the Issuer Trustee in its personal capacity.

8.12 Execution in Counterparts

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

8.13 Delivery of Executed Copies

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

[signature page follows]

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

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

By:
Name:
Title:

By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, as Indenture Trustee

By:
Name:
Title:

By:
Name:
Title:

ONTARIO POWER GENERATION INC., as Purchaser

By:
Name:
Title:

By:
Name:
Title:

SCHEDULE A

DEFINITIONS

"**Acceleration Event**" means either:

(a) all Issuer Funding Obligations are declared due and payable under Section 8.02 of the Trust Indenture, or

(b) the Series 2017-1 Junior Subordinated Principal Amount and all interest accrued and unpaid thereon is declared to be due and payable under Section 7.1.

"**Administrative Agent**" is defined in the recitals to this Supplemental Indenture.

"**AEOI Legislation**" is defined in Section 3.9(a).

"**Applicable Margin**" means **[1.10]% per annum**.

"**Authorized Officer**" means, with respect to: (a) the Issuer, any authorized director or officer of the Manager; (b) the Manager, any authorized director of officer of OPG; (c) the IESO, any authorized director or officer of the IESO; (d) the Issuer Trustee, any officer within the corporate trust office of such trustee (including the President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Treasurer or any other officer of the Issuer Trustee customarily performing functions similar to those performed by persons who at the time shall be such officers, respectively, and that has direct responsibility for the administration of the Issuer and also, with respect to a particular matter, any other officer to whom such matter is referred to because of such officer's knowledge and familiarity with the particular subject).

"~~**CDOR**" means, on any day, an annual rate of interest equal to the average rate applicable to Canadian dollar bankers' acceptances for a 1 month period appearing on the "Reuters Screen CDOR Page" (as defined in the International Swaps and Derivatives Association, Inc. 2000 definitions, as modified and amended from time to time) at approximately 10:00 a.m. on such day, or if such day is not a Business Day, then on the immediately preceding Business Day, provided that if such rate does not appear on the Reuters Screen CDOR Page on such day as contemplated, then CDOR on such day shall be calculated as the average of the rates for such period applicable to Canadian dollar bankers' acceptances quoted by the banks listed in Schedule I of the *Bank Act* (Canada) as of 10:00 a.m. on such day or, if such day is not a Business Day, then on the immediately preceding Business Day.~~**Base Rate" means the weighted average interest rate applicable to the Series 2017-1 Senior Notes.**

"**Closing Date**" is defined in Section 3.3(a).

"Commitment Extension" is defined in the Senior Series 2017-1 Supplemental Indenture.

"**Decrease**" is defined in Section 3.4.

"**Decrease Amount**" is defined in Section 3.4.

"**Excluded Taxes**" is defined in Section 3.9(a).

"**FATCA**" is defined in Section 3.9(a).

"**Increase**" is defined in Section 3.3(a).

"**Increase Amount**" is defined in Section 3.3(a).

"**Increase Date**" is defined in Section 3.3(a).

"**Increase Notice**" is defined in Section 3.3(a).

"**Indenture Trustee**" is defined in the recitals to this Supplemental Indenture.

"**Interest Period**" means each of the consecutive periods that begins on, and includes, each Payment Date and ends on and excludes, the following Payment Date; provided that the first Interest Period shall begin on the Closing Date and end on ~~●~~ **the Payment Date in January, 2018.**

"**Issuer**" is defined in the recitals to this Supplemental Indenture.

"**Issuer Indemnified Person**" is defined in Section 3.8.

"**Issuer Trustee**" is defined in the recitals to this Supplemental Indenture.

"**Maximum Purchaser Group Principal Amount**" has the meaning specified in the Senior Series 2017-1 Supplemental Indenture.

"**Monthly Interest**" shall mean, for any Payment Date, the sum of (A) the sum for each day during such Interest Period of the product of (i) the Series 2017-1 Junior Subordinated Principal Amount on such day; times (ii) the sum of ~~CDOR~~**the Base Rate** for such day plus the Applicable Margin, divided by (iii) 365, and (B) the Monthly Interest Shortfall; provided that, for the purposes of determining the Monthly Interest in respect of an Interest Period prior to the end of the Interest Period, the Purchaser may estimate the interest for the remaining days in the Interest Period and provided further, if the actual interest for such days is less than the estimated interest, the Monthly Interest for the following Interest Period shall be reduced to adjust for such lower actual interest and if the actual interest for such days is higher than the estimated interest, the Monthly Interest for the following Interest Period shall be increased to adjust for such higher interest.

"**Monthly Interest Shortfall**" means, for any Payment Date, if the amount in clause (A) of the definition of Monthly Interest for the preceding Payment Date was greater than the amount distributed to the payment of such amounts pursuant to Section 3.6(c), an amount equal to the amount in clause (A) of the definition of Monthly Interest owing to the Purchaser which was unpaid on the preceding Payment Date plus interest on such unpaid amount for the period from the preceding Payment Date to the current Payment Date at a rate equal to the Prime Rate plus ~~●~~**1.00**% per annum.

"**Monthly Other Amounts**" shall mean, for any Payment Date the sum of (a) any amounts payable to the Purchaser hereunder (other than Monthly Interest) including, without limitation, pursuant to Sections 3.8, 3.9, 3.10 and 8.8; plus (c) the Monthly Other Amounts Shortfall for such Payment Date.

"**Monthly Other Amounts Shortfall**" means, for any Payment Date, if the amount of the Monthly Other Amounts for the preceding Payment Date was greater than the amount distributed to the payment of such amounts pursuant to Section 3.6(c), an amount equal to the Monthly Other Amounts owing to the Purchaser which were unpaid on the preceding Payment Date plus interest on such unpaid amount for the period from the preceding Payment Date to the current Payment Date at a rate equal to the Prime Rate plus ~~●~~**1.00**% per annum.

"**Prime Rate**" means the annual rate of interest announced by ~~●~~**Royal Bank of Canada** from time to time as being its reference rate for the determination of interest rates on Canadian dollar denominated commercial loans made by it and commonly referred to by ~~●~~**Royal Bank of Canada** as its "prime rate."

"**Principal Accumulation Date**" means the Payment Date occurring in the month of July, ~~2021~~ **2021, as such date may be modified pursuant to Section 3.5(c).**

"**Principal Payment Amount**" means, in respect of the Series 2017-1 Junior Subordinated Notes **(unless modified pursuant to Section 3.5(c))**:

(a) On any Payment Date occurring on or after the earlier of (i) the Payment Date occurring in October, 2021; and (ii) the occurrence of an Acceleration Event, the Series 2017-1 Junior Subordinated Principal Amount.

(b) Unless clause (a) above is applicable, on the Payment Dates in ~~each of~~ the ~~months~~**month** of July, ~~2021,~~ August, ~~2021 and~~ September~~,~~ **and October of** 2021, an amount equal the lesser of (x) the sum of (A) ~~[~~25~~]~~% of the Series 2017-1 Junior Subordinated Principal Amount on the Business Day prior to the Principal Accumulation Date plus (B) the Decrease Amount of any Decrease occurring on such Payment Date, and (y) the Series 2017-1 Junior Subordinated Principal Amount.

(c) Unless either of clauses (a) or (b) above is applicable, on any Payment Date ~~this~~**that** is not a Decrease Date, nil.

(d) Unless either of clauses (a) or (b) above is applicable, on any Payment Date that is a Decrease Date, the Decrease Amount of the Decrease occurring on such Payment Date.

"Principal Payment Default Date" means the Business Day that is two years after the Payment Date in respect of such Principal Payment Amount, as such date may be modified pursuant to Section 3.5(c).

"**Purchaser**" is defined in the recitals to this Supplemental Indenture.

"**Recipient**" is defined in Section 3.9(a).

"**Refinancing Increase**" is defined in Section 3.3(a).

"**Regulatory Change**" shall mean (i) the adoption after the date hereof of any applicable law, rule or regulation (including any applicable law, rule or regulation regarding capital adequacy, deposits, reserves or liquidity coverage) or any change therein after the date hereof, (ii) any change after the date hereof in the interpretation, administration, scope or timing of implementation thereof by any governmental authority, central bank, self-regulating professional body or comparable agency or authority charged with the interpretation or administration thereof, or compliance with any guidance, request or directive (whether or not having the force of law) of any such authority, central bank, self-regulating professional body or comparable agency or authority; provided that for purposes of this definition, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder, issued in connection therewith or in implementation thereof, and (y) all requests, rules, guidelines and directives (whether or not having the force of law) promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or Canadian or United States or other foreign regulatory authorities, shall in each case be deemed to be a "Regulatory Change", regardless of the date enacted, adopted, issued or implemented.

"**Senior Series 2017-1 Supplemental Indenture**" is defined in the recitals to this Supplemental Indenture.

"**Series 2017-1 Event of Default**" means any one of the following events occurs at any time that the Junior Subordinated Funding Obligations constitute the Controlling Class Obligations (whatever the reason for such Series 2017-1 Event of Default and whether it will be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any Governmental Authority):

(a) a default by the Issuer in the payment of any interest on any Series 2017-1 Junior Subordinated Notes when such interest becomes due and payable, and continuance of such default for a period of ~~[~~five~~]~~ days following the date on which such interest became due and payable;

(b) a default by the Issuer in the payment of any principal of any Series 2017-1 Junior Subordinated Notes at its Principal Payment Default Date;

(c) any representation or warranty contained in Section 5.1 of this Supplemental Indenture or Section 12.01 of the Trust Indenture proves to be incorrect in any material respect when made and such incorrect representation or warranty if capable of being remedied by the Issuer, has not been remedied for a period of ~~60~~**30** days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by the Purchaser, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default" hereunder and, as a result of such default, the interests of the Purchaser is materially and adversely affected and continue to be materially and adversely affected during the ~~60~~**30**-day period;

(d) a default in the performance, or breach, of any covenant of the Issuer in the Trust Indenture or this Supplemental Indenture in respect of any Series 2017-1 Junior Subordinated

Notes (other than an agreement, covenant or warranty a default in the performance of which or the breach of which is elsewhere specifically dealt with in this definition of Series 2017-1 Event of Default), and continuance of such default or breach for a period of ~~60~~**30** days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by the Purchaser, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default" hereunder and, as a result of such default, the interests of the Purchaser is materially and adversely affected and continue to be materially and adversely affected during the ~~60~~**30**-day period;

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

(f) a Suspension Notice is issued by the Province.

"**Series 2017-1 Initial Junior Subordinated Principal Amount**" means an amount equal to ~~[ten~~**twenty** percent (~~10~~**20**%)~~]~~ of the Series 2017-1 Initial Senior Principal Amount.

"**Series 2017-1 Initial Senior Principal Amount**" means the "Series 2017-1 Initial Principal Amount" as defined in the Senior Series 2017-1 Supplemental Indenture.

"**Series 2017-1 Junior Subordinated Note**" means any one of the Floating Rate Variable Funding Junior Subordinated Notes, Series 2017-1, executed by the Issuer and authenticated and delivered by or on behalf of the Indenture Trustee, substantially in the form of Exhibit B.

"**Series 2017-1 Junior Subordinated Principal Amount**" means (a) when used with respect to the Closing Date, the Series 2017-1 Initial Junior Subordinated Principal Amount; and (b) when used with respect to any other date, an amount equal to (i) the Series 2017-1 Junior Subordinated Principal Amount on the immediately preceding Business Day; plus (ii) the Increase Amount on such date; minus (iii) the Decrease Amount on such date; minus (iv) the amount of principal payments made to the Purchaser pursuant to Section 3.7 on such date.

"**Series 2017-1 Maximum Junior Subordinated Principal Amount**" means an amount equal to ~~[ten~~**twenty** percent (~~10~~**20**%)~~]~~ of the Series 2017-1 Maximum Senior Principal Amount.

"**Series 2017-1 Maximum Senior Principal Amount**" means the "Series 2017-1 Maximum Principal Amount" as defined in the Senior Series 2017-1 Supplemental Indenture.

"**Series 2017-1 Senior Decrease**" means, with respect to a Business Day, the sum of all amounts of Decreases (as defined in the Senior Series 2017-1 Supplemental Indenture) on such Business Day.

"**Series 2017-1 Senior Increase**" means, with respect to a Business Day, the sum of all amounts of Increases (as defined in the Senior Series 2017-1 Supplemental Indenture) on such Business Day.

"**Series 2017-1 Senior Notes**" is defined in the recitals to this Supplemental Indenture.

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

"**Support Facility**" shall mean any liquidity or credit support agreement with the Purchaser which relates to, or is otherwise available to the Purchaser in relation to its funding activities under, this Supplemental Indenture.

"**Suspension Notice**" has the meaning specified in the Change of Law Protection Agreement.

"**Termination Event**" means any Acceleration Event **or Series 2017-1 Event of Default** or any event which with the giving of notice or the passage of time, or both, could become an Acceleration Event **or a Series 2017-1 Event of Default**.

"**Transfer Increase**" is defined in Section 3.3(a).

"**Transfer Supplement**" is defined in Section 8.1(a).

"**Transferee**" is defined in Section 8.1(b).

"**Trust Indenture**" means the trust indenture dated as of December ~~●~~**[21]**, 2017 between the Issuer and the Indenture Trustee.

SCHEDULE B

[FORM OF NOTE]

SERIES 2017-1 JUNIOR SUBORDINATED NOTE

●

SCHEDULE C

FORM OF INCREASE NOTICE

●

SCHEDULE D

FORM OF DECREASE NOTICE

●

SCHEDULE E

FORM OF TRANSFER SUPPLEMENT

Document comparison by Workshare Compare on December-14-17 11:34:26 PM

Input:	
Document 1 ID	file://C:\Users\bsaulnie\Desktop\Warehouse Junior Subordinated Supplemental Indenture.DOCX
Description	Warehouse Junior Subordinated Supplemental Indenture
Document 2 ID	file://C:\Users\bsaulnie\Desktop\Junior Subordinated Warehouse Supplement - Fair Hydro.DOCX
Description	Junior Subordinated Warehouse Supplement - Fair Hydro
Rendering set	Firm_Standard

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

Statistics:	
	Count
Insertions	128
Deletions	138
Moved from	2
Moved to	2
Style change	0
Format changed	0
Total changes	270

From:	Mike Manning
To:	Tobias P. Whitfield (MOF); Malle Hanslep (MOF); STEPHEN.ASHBOURNE@blakes.com
Cc:	Anna Strathy; Ken Kandeepan
Subject:	Fwd: EXTERNAL – Refinancing
Date:	Monday, December 18, 2017 9:17:37 PM

Maybe we can quickly discuss this tomorrow.
Mike

Begin forwarded message:

From: LEE John -TREASURY <john.s.lee@opg.com>
Date: December 18, 2017 at 5:47:29 PM EST
To: 'Mike Manning' <Mike.Manning@ofina.on.ca>
Subject: FW: EXTERNAL – Refinancing

Mike:

I believe Michael has properly expressed on where we had landed on this point. See the technical explanation below.

John

From: Feldman, Michael [mailto:mfeldman@torys.com]
Sent: Monday, December 18, 2017 5:26 PM
To: LEE John -TREASURY <john.s.lee@opg.com>
Cc: Ramchandani, Rima <rramchandani@torys.com>; Feldman, Michael <mfeldman@torys.com>
Subject: RE: EXTERNAL – Refinancing

Mike's understanding is not where we ended up that evening. We ended up this point on the basis that there would be two exceptions to the general rule against issuing debt that was expected to have to be refinanced. One exception was for Warehouse Facility Agreements (and to be clear, whereas Mike's email refers to "the" warehouse there is no limitation (in the Trust Indenture) against having more than one warehouse facility; although section 6.1(h) of the warehouse senior supplemental indenture requires you to get the approval of the Requisite Series 2017-1 Noteholders before entering into another warehouse facility prior to the Commitment Expiry Date). The second exception is where there is Pre-Approved Refinancing. This is how section 13.08 is drafted.

As to Mike's specific thought that the rating agencies would think that the prospects for a refinancing were sufficient, without having a Pre-Approved Refinancing, was thought to be too remote because the prospects for a refinancing would be almost entirely dependent on the Protection Agreement applying at the time of the refinancing, and this is essentially what a Pre-Approved Refinancing Amounts to.

Michael K. Feldman

P. 416.865.7513 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com[na01.safelinks.protection.outlook.com]

TORYS LLP[na01.safelinks.protection.outlook.com]

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: December-18-17 4:54 PM
To: Feldman, Michael <mfeldman@torys.com>
Cc: Ramchandani, Rima <rramchandani@torys.com>
Subject: FW: EXTERNAL – Refinancing

Is Mike interpretation correction?

From: Mike Manning [mailto:Mike.Manning@ofina.on.ca]
Sent: Monday, December 18, 2017 4:00 PM
To: LEE John -TREASURY <john.s.lee@opg.com>
Subject: EXTERNAL – Refinancing

*** Exercise caution. This is an EXTERNAL email. DO NOT open attachments or click links from unknown senders or unexpected email. ***

I've been told section 13.08, Trust Indenture has a prohibition on incurring debt other than pursuant to the warehouse, where a refinancing would be needed to repay principal. At last week's meeting we noted this prohibition would be lifted upon satisfaction of a Rating Agency Condition which would let OPG issue shorter term debt as long as the ratings agencies were satisfied the prospects for refinancing were sufficient. Please let me know if this is your understanding as well.

Thanks, Mike

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From:	Gadi Mayman
To:	Mike Manning; Ken Kandeepan
Cc:	Anna Strathy
Subject:	Fwd: Fair Hydro - Change of Law Protection Agreement
Date:	Tuesday, December 12, 2017 2:16:30 PM
Attachments:	ATT00001.htm ATT00002.htm ATT00003.htm ATT00004.htm 23239360-v30-Change of Law Protection Agreement.DOCX ATT00005.htm 23239360-vpdf-Change of Law Protection Agreement.PDF ATT00006.htm

---

Other than the material effect and the accounting input into that definition, are Osler's and Blake's pretty much in agreement?

Begin forwarded message:

> **From:** "ASHBOURNE, STEPHEN" <STEPHEN.ASHBOURNE@blakes.com>
> **Date:** December 12, 2017 at 2:09:11 PM EST
> **To:** "Milligan, Peter" <PMilligan@osler.com>, "Saulnier, Brett" <bsaulnier@torys.com>, "Sebastiano, Rocco" <RSebastiano@osler.com>, "Mansoori, Nina" <nmansoori@torys.com>
> **Cc:** 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>, 'LADAK Lubna - TREASURY' <lubna.ladak@opg.com>, 'Anna Strathy' <Anna.Strathy@ofina.on.ca>, '"Veinot, Cindy (TBS)"' <Cindy.Veinot@ontario.ca>, '"McKinlay, Tom (MAG)"' <Tom.McKinlay@ontario.ca>, '"Donaldson, Mark (TBS)"' <Mark.Donaldson@ontario.ca>, '"Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)"' <Daniel.Cayley@ontario.ca>, '"Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)"' <Alena.Thouin@ontario.ca>, "Ramchandani, Rima" <rramchandani@torys.com>, 'LEE John -TREASURY' <john.s.lee@opg.com>, 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>, 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>, 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>, 'LAURETA LAPIRA May - TREASURY' <may.lapira@opg.com>, "Feldman, Michael" <mfeldman@torys.com>, 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>, "Fullerton, Rick" <RFullerton@osler.com>, '"Mayman, Gadi (OFA)"' <Gadi.Mayman@ofina.on.ca>, '"Manning, Mike (OFA)"' <Mike.Manning@ofina.on.ca>, '"Hanslep, Malle (MOF)"' <Malle.Hanslep@ontario.ca>, '"ian.benaiah@rbccm.com"' <ian.benaiah@rbccm.com>, '"Khan, Nur (nur.khan@rbccm.com)"' <nur.khan@rbccm.com>, '"brent.r.taylor@rbccm.com"' <brent.r.taylor@rbccm.com>, '"katrina.niehaus@gs.com"' <katrina.niehaus@gs.com>, '"brian.delaney@gs.com"' <brian.delaney@gs.com>, '"Maciel, Andrew"' <Andrew.Maciel@cibc.com>, '"Adalja, Sunil"' <Sunil.Adalja@cibc.com>, '"Persad, Nicole"' <Nicole.Persad@cibc.com>, '"Persaud, Donnie - Debt Capital Markets"' <Donnie.Persaud@cibc.com>, '"Steen Hume (CAB)"' <Steen.Hume@ontario.ca>, "Olusoga, Yinka" <yolusoga@torys.com>, "Whitfield, Tobias P. (MOF)

(Tobias.Whitfield@ontario.ca)" <Tobias.Whitfield@ontario.ca>, "PALMER, AARON" <AARON.PALMER@blakes.com>, "VINER, JON" <JON.VINER@blakes.com>, "PRESTAGE, JA" <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro - Change of Law Protection Agreement

Here is my mark-up of the matters raised by Oslers, in today's mark-ups of during our call this morning. Regards, Steve
Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From: Milligan, Peter [mailto:PMilligan@osler.com]
Sent: Tuesday, December 12, 2017 1:43 PM
To: Saulnier, Brett; ASHBOURNE, STEPHEN; Sebastiano, Rocco; Mansoori, Nina
Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Olusoga, Yinka; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca); PALMER, AARON; VINER, JON; PRESTAGE, JA
Subject: RE: Fair Hydro - Change of Law Protection Agreement

All,
Further to our call this morning, attached is a comparison document showing our comments on "Post-Suspension Refinancing" and "Protection Event".
We will comment on Material Effect after we see what comes back from the accountants.
Peter

From: Milligan, Peter
Sent: Tuesday, December 12, 2017 9:09 AM
To: 'Saulnier, Brett' <bsaulnier@torys.com>; ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur

(nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro - Change of Law Protection Agreement
All,
Attached are changed pages with my comments on the Change of Law Protection Agreement. This does not represent input from any dealer. I will follow up to see if the dealers have any additional comments but given the plan to have a call at 10, I pass along these comments now.
Peter

From: Saulnier, Brett [mailto:bsaulnier@torys.com]
Sent: Monday, December 11, 2017 11:35 PM
To: ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; Milligan, Peter <PMilligan@osler.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro - Change of Law Protection Agreement
All,
Attached for your review is a revised draft of the Change of Law Protection Agreement, clean and blacklined to the last version circulated by Blakes and reflecting the meetings held earlier today. As discussed, we need to provide the

attached to the rating agencies **by no later than noon tomorrow** in order to meet our end of year financing deadline. Accordingly, we will be circulating a calendar invite to this group for 10 a.m. tomorrow morning to confirm the parties are signed off. If Osler or Blakes have any comments on the attached, we would ask that they be circulated to this group prior to the 10 a.m. call.
Kind regards,
Brett
Brett Saulnier
P. 416.865.8148 | F. 416.865.7380 | 1.800.505.8679

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: December-08-17 3:16 PM
To: Milligan, Peter <PMilligan@osler.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro - Change of Law Protection Agreement
Hi,
Attached is a revised version of the Change of Law Protection Agreement. I believe that most of the changes reflected from last night's Osler version (blackline is attached) are of a drafting or conforming nature, other than: (1) the Province disagrees that Approved Refinancing terms should be unfettered by adherence conditions post-Suspension Event and (2) the proposed rating-based "materially and adversely" qualification in the definition of Protection Event (and in fact any such qualification) is not acceptable to the Province. With regard to (1), this version comes into line with the proposed approach (i.e., using a modified adherence condition) that was incorporated into the version of the Change of Law Process Agreement I circulated yesterday. A further turn of that Agreement, to conform the open item identified in section 3.02 to the revised Change of Law Protection Agreement, is also included here for your reference.
Please note that the Province is working through the drafting concurrently and so further drafting

comments may be provided.
As mentioned yesterday, the Province would like to proceed with the Ministers sign-off briefing early next week, on the basis that these versions (minus the explanatory notes) are now in substantially final form. Please identify if you believe there are other 'must have' points (other than the 2 mentioned above).
Regards, Steve
Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From: Milligan, Peter [mailto:PMilligan@osler.com]
Sent: Thursday, December 07, 2017 6:44 PM
To: ASHBOURNE, STEPHEN; Sebastiano, Rocco; Mansoori, Nina
Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Saulnier, Brett; Olusoga, Yinka; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca); PALMER, AARON; VINER, JON; PRESTAGE, JA
Subject: Fair Hydro - Change of Law Protection Agreement

All,
Attached is a revised comment draft of the Change of Low Protection Agreement reflecting comments from Torys and Osler. In order to meet this transaction's timeline, this comment draft has not been reviewed by OPG or the Dealers and is delivered subject to any comments they may have.
Peter

Peter Milligan

416.862.6634 DIRECT
416.862.6666 FACSIMILE
pmilligan@osler.com

Osler, Hoskin & Harcourt LLP
Box 50, 1 First Canadian Place
Toronto, Ontario, Canada M5X 1B8

[osler.com]

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: Thursday, December 07, 2017 4:27 PM
To: Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro -- Change of Law Process Agreement

Hi,

Please find (attached) a further turn of the Change of Law Process Agreement, reflecting the Province's comments on the mark-up of the Agreement circulated yesterday afternoon by Torys. The attached blackline shows changes made to yesterday's Torys mark-up.

This version addresses concerns Rocco raised last night, to the extent the Province feels that the issues can be accommodated. For your information, I have set out below responses to Rocco's comments/observations (in CAPs).

The Province would like to proceed with the Ministers briefing early next week, on the basis that this version (minus the explanatory notes) is now in final form. If there are any critical revisions that the other parties believe reflect 'must have' priority, then the Province would like to have a call to discuss them as soon as possible.

Responses to Rocco's Points:

1. The change of the definition of Breach Event in Section 6.01 (i.e., the change to clause (a) and the addition of clause (b)) will result in an inconsistency with section 7.01(b) of the Change of Law Protection Agreement. This will require further consideration. [AGREED. 7.01(b) and 7.01(c) WILL NEED TO MIRROR THE CURE LANGUAGE WE SETTLE ON IN THE PROCESS AGREEMENT (SEE MY EARLIER COMMENTS). PERHAPS THE "which continues …" LANGUAGE IN 7.01(B) CAN BE REVISED TO READ: "to the extent that the Province would be entitled to provide a Suspension Notice in accordance with the terms of the agreement or agreements between the Province and OPG under which such obligations, requirements and processes arise". SIMILAR CHANGE FOR 7.01(C).

2. The right of the Province to issue an objection notice under Section 3.04(b) in connection with a Transaction Document provided to the Province which is required for a Refinancing of an Approved Obligation remains an outstanding issue. Clearly, this will depend upon what Adherence Conditions will be required under Section 4.02 of the Change of Law Protection Agreement in order to permit such Refinancing to become an Approved Obligation. If the Adherence Conditions set out in Section 4.02(a) of the Province's draft of the Change of Law Protection Agreement of December 4 were to apply to such Refinancing, to the extent that such refinancing required a change to a Transaction Document (e.g., as a result of a change to some rating agency condition or criteria), the Province's ability to issue an objection notice and thereby prevent the issuance of a Process Certificate under Section 3.01 (by virtue of Section 3.04) would have the effect of preventing a Refinancing. We trust that this was an unintended outcome of the drafting of Section 3.04 and/or the Adherence Conditions applicable to Refinancings. [THAT IS THE INTENDED EFFECT. THE ADHERENCE CONDITIONS WOULD APPLY TO THE REFINANCING, SO IF THE REFINANCING TERMS DEVIATED MATERIALLY (BASED ON THE SUBSTANTIALLY IN THE FORM" THRESHOLD"), THEN OPG WOULD REQUIRE THE PROVINCE NOT TO OBJECT IN ORDER TO PROCEED WITH THOSE NEW TERMS. OTHERWISE, THE REFINANCING COULD INCORPORATE TERMS AND CONDITIONS, WHICH WOULD BIND THE PROVINCE UNDER THE LIMITED GUARANTEE, THAT WOULD BE UNCONSTRAINED AND WITHOUT ANY ACCOUNTABILITY TO THE PROVINCE. IN ROCCO'S EXAMPLE, THAT MIGHT MEAN THAT OPG WOULD NEED TO RESORT TO UNRATED DEBT, IF THE PROVINCE WAS UNWILLING TO ACCEPT THE NEW TERMS. PRESUMABLY EVERYONE WOULD ACT RATIONALLY. HOWEVER, AS A FAILSAFE, OPG COULD OFFER INCREASED PRICING IN ORDER TO ATTRACT INVESTORS TO ACCEPT THE EARLIER VETTED TERMS (BASED ON THE THEN ACCEPTED REVIEWED DOCUMENTATION).]

3. Given that the Indenture Trustee is not a party to the Change of Law Process Agreement, the Province and OPG can amend the terms and conditions of this agreement without the consent of the indenture Trustee. Specified Creditors under an Approved Obligation need to be assured that the Province cannot prevent a Refinancing of an Approved Obligation either by virtue of the objection notice discussed in point #2 above or as a result of a future amendment to the agreement. There are a couple of ways to deal with this point. The first is to a add a beneficiary/third party rights clause in the Change of Law Process Agreement which acknowledges that the Indenture Trustee is a beneficiary of certain provisions of this agreement and as a result, the agreement cannot be

amended without the consent of the Indenture Trustee. The second is to ensure that the Adherence Conditions relating to Refinancings under the Change of Law Protection Agreement are not dependent upon the terms of the Change of Law Process Agreement. In light of the desire to not disclose the terms and conditions of the Change of Law Process Agreement to the rating agencies, especially at this late stage in the process, we would expect that the latter approach would be preferable. [THE SUGGESTION REGARDING THE PROVINCE PREVENTING A REFINANCING IS ADDRESSED IN #2. IF THE REFINANCING TERMS WOULD EXCEED THE SCOPE OF THE TRANSACTION DOCUMENTS REVIEWED AND NOT OBJECTED TO BY THE PROVINCE, THEN THAT SUGGESTS THERE IS A MATERIAL EFFECT ON THE PROVINCE AND SO THE PROVINCE WOULD NEED THE ABILITY TO REVIEW AND CONSIDER THE PROPRIETY OF THOSE NEW TERMS FROM ITS PERSPECTIVE. AS FOR THE STANDALONE NATURE OF THE PROCESS AGREEMENT, THE INTENTION IS THAT THE PROCESS AGREEMENT BE UNCOUPLED AND NOT PART OF THE COLLATERAL, AND AS MICHAEL FELDMAN HAS EXPLAINED, LEAVE FUTURE FLEXIBILITY FOR THIS LONG-TERM STRUCTURE. TO ADDRESS ROCCO'S CONCERN THAT THE PROVINCE AND OPG COULD CHANGE THE UNDERLYING OBLIGATIONS APPLICABLE TO ADHERENCE IN RELATION TO A NEW OBLIGATION, REQUIREMENT OR PROCESS IN THE PROCESS AGREEMENT THAT WOULD MAKE A REFINANCING LESS LIKELY TO OCCUR, WE HAVE ADDED AND USED IN THE ATTACHED VERSION A NEW DEFFINTION:

> "Approved Refinancing" means a Certified Primary Obligation proposed to be incurred as a Refinancing of an existing Certified Primary Obligation in respect of which the Adherence Conditions had been satisfied on the date such existing Certified Primary Obligation was incurred, that, at the time of incurrence, satisfies each of each of the Adherence Conditions except that the certificate contemplated to be delivered under Section 4.02(b) shall instead confirm that OPG has delivered to the Province a certificate by its applicable officers confirming that OPG would be in compliance with all obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the proposed Certified Primary Obligation that applied as between the Province and OPG on the date of issuance of such existing Certified Primary Obligation." Various references to "Refinancing" in the Protection Agreement can also be revised to refer to "Approved Refinancing", as required.

Regards, Steve

Stephen R. Ashbourne

Partner

stephen.ashbourne@blakes.com

Dir: 416-863-3086

———————————————

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Blake, Cassels & Graydon LLP | Barristers & Solicitors | Patent & Trade-mark Agents
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From: Sebastiano, Rocco [mailto:RSebastiano@osler.com]
Sent: Wednesday, December 06, 2017 7:45 PM
To: Mansoori, Nina; ASHBOURNE, STEPHEN; VINER, JON; PRESTAGE, JA
Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie - LAWDIV'; Milligan, Peter; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Saulnier, Brett; Olusoga, Yinka
Subject: RE: Fair Hydro -- Change of Law Process Agreement

I have reviewed the revised draft of the Change of Law Process Agreement that Torys has prepared and would like to pass along the following comments/observations:

1. The change of the definition of Breach Event in Section 6.01 (i.e., the change to clause (a) and the addition of clause (b)) will result in an inconsistency with section 7.01(b) of the Change of Law Protection Agreement. This will require further consideration.

2. The right of the Province to issue an objection notice under Section 3.04(b) in connection with a Transaction Document provided to the Province which is required for a Refinancing of an Approved Obligation remains an outstanding issue. Clearly, this will depend upon what Adherence Conditions will be required under Section 4.02 of the Change of Law Protection Agreement in order to permit such Refinancing to become an Approved Obligation. If the Adherence Conditions set out in Section 4.02(a) of the Province's draft of the Change of Law Protection Agreement of December 4 were to apply to such Refinancing, to the extent that such refinancing required a change to a Transaction Document (e.g., as a result of a change to some rating agency condition or criteria), the Province's ability to issue an objection notice and thereby prevent the issuance of a Process Certificate under Section 3.01 (by virtue of Section 3.04) would have the effect of preventing a Refinancing. We trust that this was an unintended outcome of the drafting of Section 3.04 and/or the Adherence Conditions

applicable to Refinancings.

3. Given that the Indenture Trustee is not a party to the Change of Law Process Agreement, the Province and OPG can amend the terms and conditions of this agreement without the consent of the indenture Trustee. Specified Creditors under an Approved Obligation need to be assured that the Province cannot prevent a Refinancing of an Approved Obligation either by virtue of the objection notice discussed in point #2 above or as a result of a future amendment to the agreement. There are a couple of ways to deal with this point. The first is to a add a beneficiary/third party rights clause in the Change of Law Process Agreement which acknowledges that the Indenture Trustee is a beneficiary of certain provisions of this agreement and as a result, the agreement cannot be amended without the consent of the Indenture Trustee. The second is to ensure that the Adherence Conditions relating to Refinancings under the Change of Law Protection Agreement are not dependent upon the terms of the Change of Law Process Agreement. In light of the desire to not disclose the terms and conditions of the Change of Law Process Agreement to the rating agencies, especially at this late stage in the process, we would expect that the latter approach would be preferable.

Regards, Rocco

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: Wednesday, December 06, 2017 4:38 PM
To: 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>; 'JON.VINER@blakes.com' <JON.VINER@blakes.com>; 'JA.PRESTAGE@blakes.com' <JA.PRESTAGE@blakes.com>
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Subject: Fair Hydro -- Change of Law Process Agreement

Blakes team,

Please find attached OPG and Torys' comments on the Process Agreement reflecting our discussions from yesterday's call. Please note that this draft is subject to continuing review and comment by Osler and the dealers. As discussed at the tail end of our call yesterday, the section in the Process Agreement that gives the Province the right to object to new and material changes to transaction documents dovetails with the Protection Agreement so additional comments from Oslers may be forthcoming on this draft.

We are working on getting you a revised draft of the Protection Agreement either later today or tomorrow. In the meantime, please let us know if you have any comments or questions on the Process Agreement.

Best Regards,

Nina

Nina Mansoori

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679

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Draft: December 12, 2017

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust organized under the laws of the Province of Ontario (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council 1981/2017 (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Primary Obligations that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred. This Agreement sets out the terms and conditions of such protections and assurances.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A, and any other capitalized terms not defined herein shall have the meanings assigned to them in the Trust Indenture;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 Proof of Approved Obligations

The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Manager deems to be sufficient.

Each statement delivered by the Manager under Section 2.01(a)i shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and each of the parties hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Manager shall act diligently in the preparation of each such statement and shall provide the Indenture Trustee and the Province with all supporting computations and calculations used by the Manager to prepare each such statement promptly following a request therefor made by the Indenture Trustee or the Province.

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture as of the date of this Agreement.

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 2.01 or Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee, the Financing Entity, the Financing Entity Trustee, the Manager or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by

electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the

Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 <u>Judgment Currency</u>

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 <u>Limited Guarantee</u>

(a) Upon the occurrence of a Protection Event, the Indenture Trustee may deliver a written demand, substantially in the form attached as **[Exhibit A]** (a "**Payment Demand**"), to the Province requiring the Province to make payments in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in this Agreement. From and after such delivery of a

Payment Demand, the Province shall make the following payments in respect of the Approved Obligations (the "**Limited Guarantee**"), the Financing Entity shall pay, and the Province shall be entitled to be paid, the Subrogation Amounts specified below, and the following terms shall apply:

i. Not less than three (3) Business Days prior to each day when any payment or payments are to be made in respect of one or more Approved Obligations occurring after such delivery of a Payment Demand (each such day, a "**Guarantee Payment Date**"), the Manager shall deliver a written statement setting forth the Aggregate Approved Obligations Amount, if any, in respect of the Approved Obligations that are due and payable on such Guarantee Payment Date, together with a detailed description identifying such Approved Obligations and the nature and amount of payments due and payable thereunder on the Guarantee Payment Date, the aggregate outstanding amount payable by the Financing Entity under such Approved Obligations as of the date of such written statement, and details regarding any default in performance by any party obligated thereunder.

ii. On each such Guarantee Payment Date, the Province shall deposit the Aggregate Approved Obligations Amount into the Protection Account.

iii. On each such Guarantee Payment Date, the Financing Entity and the Indenture Trustee shall ensure that the amounts on deposit in the Protection Account are applied to pay each Beneficiary to whom an amount is due and payable under an Approved Obligation on the Guarantee Payment Date the Approved Obligation Amount for such Beneficiary in respect of such Approved Obligation on such Guarantee Payment Date; provided that if the amount deposited pursuant to clause 2.01(a)ii is insufficient to pay all such Approved Obligation Amounts in full, the amount on deposit in the Protection Account on the Guarantee Payment Date shall be applied to pay Beneficiaries in the order of priority in which such Approved Obligations are payable under the payment provisions of the Trust Indenture applicable to the making of such payments on the Guarantee Payment Date (each, a "**Beneficiary Payee**" and each payment made to a Beneficiary Payee on a Guarantee Payment Date, a "**Guarantee Payment**").

iv. On the first Guarantee Payment Date and on each subsequent Guarantee Payment Date, Payment Date or other day on which any amount is required to be paid in respect of any Obligations Secured under the Trust Indenture (a "**Subrogation Payment Date**"), the Issuer and the Indenture

Trustee shall ensure that the applicable payment provisions of the Trust Indenture shall be applied and operate on the following basis[1]:

(A) If such day is a Guarantee Payment Date, then for each Approved Obligation for which amounts are paid to a Beneficiary Payee on such day pursuant to clause 2.01(a)iii in respect of principal, interest or any other amounts ("**Payable Approved Amounts**"), the amounts payable by the Financing Entity in respect of such amounts for such Approved Obligation shall be reduced by the respective amounts of such payments to the Beneficiary Payee, and equivalent amounts shall be payable by the Financing Entity to the Province as "**Subrogation Amounts**" in respect of such Approved Obligations, such Subrogation Amounts being payable in the same order of priority and with the same entitlements accruing to the Province as applied in respect of the related Payable Approved Amounts which were previously owing to the Beneficiary Payee, and to reflect this subrogation the payments set out in clause 2.01(a)iv(B) below shall be made by the Financing Entity.

(B) If the Province has made all deposits required to be made by it on each Guarantee Payment Date occurring on or before such day in accordance with clause 2.01(a)ii (or the related Approved Obligation Amounts have otherwise all been paid in full), then in respect of each Approved Obligation for which any related Subrogation Amounts have not yet been paid in full to the Province, the Financing Entity shall pay to the Province from amounts available under the Trust Indenture payment provisions and in accordance with the priority of payment provisions in the Trust Indenture the amount that would be payable on such date in satisfaction of the relevant Payable Approved Amounts, as determined without regard to any Guarantee Payment paid on any Guarantee Payment Date and also without regard to the corresponding reduction of the amounts owing to present and former Beneficiary Payees pursuant to subclause 2.01(a)iv(A) up to the amount of the unpaid related Subrogation Amounts.

(C) No Beneficiary having a right to be paid an amount in respect of an Approved Obligation, and no other Person entitled under an Obligation Secured, in each case that

[1] Explanatory Note: The deletion of the paramountcy provision is acceptable as long as section 2.01 if fully reflected in the Trust Indenture. To be confirmed.

ranks equal with or subordinate to the Payable Approved Amount in respect of which a Subrogation Amount is payable to the Province under subclause 2.01(a)iv(B), shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under such subclause (including any right of set-off, offset, reimbursement, contribution or indemnity) and no such Beneficiary or other Person shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of any such Subrogation Amount.

(D) For greater certainty, the entitlements of the Province in respect of Subrogation Amounts arising in respect of Payable Approved Obligations that are interest and principal obligations on Notes shall be treated for all purposes of the Trust Indenture as interest and principal obligations, respectively, arising under Notes having the same priority as and any applicable voting rights[2] under the related Approved Obligations, and accordingly the Province (and any successor, assignee or transferee of such entitlements) shall be entitled to all of the rights, entitlements, interests and privileges of a Holder of such a Notes in accordance with the Trust Indenture, as supplemented by the Supplemental Indenture or other indenture document under which the related Approved Obligations were issued.

(b) On each Guarantee Payment Date and upon demand by the Province, the Indenture Trustee shall release and pay to the Province free and clear of any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay Guarantee Payments to Beneficiary Payees on the Guarantee Payment Date in accordance with clause 2.01(a)iii or that otherwise remains on deposit in the Protection Account on the relevant date.

(c) In preparing any payment instructions under the Trust Indenture, the Manager shall reflect the amounts payable under Section 2.01(a), if applicable.

(d) The Province shall, as a payee of Subrogation Amounts under clause 2.01(a)iv(B) and as a payee of any amounts payable under clause 2.01(a)v, be a "Specified Creditor" under the Trust Indenture and have the benefit of the Collateral thereunder.

[2] Explanatory Note: As discussed, the Province understands that voting rights may be muted by the "outstanding" language in the Trust Indenture. Nevertheless, if voting rights would arise under the Trust Indenture they should be available to the Province.

(e) For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the Approved Obligation Amounts, if any, for payment to Beneficiary Payees and will be subject to the priorities and to the Province's rights to Subrogation Amounts, set forth in Section 2.01(a).

(f) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(g) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation by their terms.

(h) Any amount payable to the Province in respect of a Subrogation Amount shall bear interest from and including the date of payment by the Province of the related Guarantee Payment to but excluding the date of payment of the Subrogation Amount to the Province, such interest to accrue at the rate equivalent to the applicable interest rate borne by the related Approved Obligation, and such interest amounts shall be added to their respective Subrogated Amounts and shall consequently be payable in the same priority as the relevant Subrogated Amount under clause 2.01(a)iv(B), all such accruing interest amounts to be calculated and added to the Subrogation Amounts by the Manager in its discretion acting in a commercially reasonable fashion.

(i) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under and in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any amount due and payable to a Beneficiary Payee under the Limited Guarantee.

2.02 Intentionally Deleted.

2.03 <u>Absence of Set-off</u>

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 Payment into Protection Account in Satisfaction

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account" for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section **[7.03]** of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Financing Entity and the Indenture Trustee shall ensure that all amounts paid by the Province into the Protection Account on a Guarantee Payment Date in respect of an Approved Obligation are applied to pay the amounts due and payable to the Beneficiary Payee as and to the extent provided for in Section 2.01(a). Upon a payment having been made by or on behalf of the Province into the Protection Account, the amounts so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiary Payee as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such Beneficiary Payee in respect of the applicable Approved Obligations, whereupon an affected Beneficiary Payee shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid. For greater certainty, the obligations arising in respect of an applicable Approved Obligation shall not be reduced by such payment as the Province shall become entitled to be paid related Subrogation Amounts and the rights contemplated under Section 2.01(a) and Section 5.01 in relation to such continuing obligations.

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations in accordance with Section 8.01.

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

Except as provided in Section 7.02, a Primary Obligation that is not a Certified Primary Obligation shall be an Approved Obligation. A Certified Primary Obligation shall constitute an Approved Obligation if (i) the Adherence Conditions applicable thereto have been satisfied at the time the Primary Obligation was incurred or (ii) the Province, in its sole discretion, designates in writing that it is an Approved Obligation.

4.02 Adherence Conditions

(a) The following shall be the Adherence Conditions applicable in relation to each Certified Primary Obligation:

i. the Certified Primary Obligation when incurred is an Obligation Secured under the Trust Indenture; and

ii. OPG, as FSM, delivers an Adherence Compliance Certificate in the form attached hereto as Exhibit B signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee, on or before the incurrence of the Certified Primary Obligation (provided that delivery may not be more than 5 Business Days before the incurrence of the Certified Primary Obligation); and

iii. the Province has not provided a Suspension Notice to the Indenture Trustee, OPG and the Financing Entity.

(b) Without limiting any obligations of OPG to the Province arising other than pursuant to this Agreement, satisfaction of the Adherence Conditions for a Certified Primary Obligation shall be deemed satisfaction of the Adherence Conditions in respect of all principal, interest and other amounts owing under the Certified Primary Obligation, as such Certified Primary Obligation may be amended, restated, supplemented or modified from time to time.

(c) For greater certainty, there shall be no Adherence Conditions applicable in relation to a Primary Obligation that is not a Certified Primary Obligation.

4.03 <u>Evidence of Satisfaction</u>

An Adherence Compliance Certificate delivered in accordance with clause 4.02(a)ii shall be determinative as to whether the applicable Adherence Condition with respect thereto has been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same. An Adherence Compliance Certificate that purports on its face to be signed by officers specified in clause 4.02(a)ii may be relied upon by any addressee without further enquiry or evidence as to the incumbency or signatures of such officers. If an Adherence Compliance Certificate is not delivered in accordance with the timing requirements of clause 4.02(a)ii such certificate may be delivered at a later date, and be effective as if it had been delivered in accordance with the timing requirement of clause 4.02(a)ii if at the time such certificate was otherwise required to be delivered OPG had delivered to the Province all certifications required by the Province in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation.

ARTICLE V
PROVINCE MATTERS

5.01 <u>Assignment and Subrogation</u>

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's

rights and interests under and in respect of the Approved Obligation to the extent of such payment, and shall be entitled to (i) the right and entitlement to be paid and receive the related Subrogation Amounts, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including Sections **[7.04]** through **[7.11]** and **[8.13]** (Payment Priorities), Section **[7.12]** (Payments Held in Trust), Section **[8.11]** (Control by Controlling Class Creditors), Section **[8.12]** (Limitation on Suits), Section **[8.14]** (Limited Recourse), Article IX (The Indenture Trustee), including all limitations of liability thereunder, Section **[9.14]** (Communications to Specified Creditors) and Section **[16.01]** (No Petition); (ii) consents, requests and authorizes the Issuer and the Indenture Trustee to (x) add the Province to the register of Specified Creditors described in subsection **[13.13(b)]** of the Trust Indenture and (y) disseminate the notice details of the Province to other Specified Creditors for the purposes set out in subsection **[9.14(b)]** of the Trust Indenture, and (iii) confirms that it will execute and deliver, or cause to be executed and delivered, all such further agreements, documents and instruments in connection with this Section 5.01 as the Indenture Trustee may request from time to time for the purpose of giving effect to the terms of this Section 5.01.

5.02 <u>Priorities</u>

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation and the Payable Approved Amounts

thereunder shall rank equally with the rights, interests and entitlements of a Beneficiary to whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture in the manner and to the extent contemplated in Section **[7.10]** of the Trust Indenture.

5.03 Intentionally Deleted

5.04 Representations and Warranties

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
INDENTURE TRUSTEE MATTERS

6.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

6.02 Not Responsible for Recitals

The recitals contained herein will be taken as the statements of the Province, the Financing Entity and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

6.03 Representations and Covenants of the Indenture Trustee

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Agreement and has taken all necessary action to authorize the execution, delivery and performance by it of this Agreement;

(c) this Agreement has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada. If, notwithstanding the provisions of this subsection 6.03(d), the Indenture Trustee ceases to be so authorized to carry on business, the validity and enforceability of this Agreement shall not be affected in any manner whatsoever by reason only of such event.

ARTICLE VII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

7.01 Suspension Notice

Upon:

(a) a Program Breach;

(b) a default in the performance, or breach, of any covenants of OPG, as FSM, or OPG, in its corporate capacity, in each case to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligation and the expiration of any applicable cure period;

(c) a representation or warranty made by OPG or a certification made by one or more officers of OPG, in each case whether as FSM or in its corporate capacity, to the Province in connection with its obligations to the Province and its internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligations, proves to be incorrect in any material respect on the date made and the expiration of any applicable cure period; or

(d) the FSM no longer being the Manager or actions having been taken by or on behalf of the Indenture Trustee to remove the FSM as the Manager;

the Province may declare that the Limited Guarantee under this Agreement shall not apply to any Primary Obligations incurred on or after such declaration, excluding Post-Suspension Refinancings or Pre-Approved Refinancings, by delivering a written notice in

the form of Exhibit C (a "**Suspension Notice**") to the Indenture Trustee, the FSM and the Financing Entity.

7.02 Suspension

If a Suspension Notice has been provided under Section 7.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of: (i) any Primary Obligation incurred, excluding Post-Suspension Refinancings, or (ii) any amendment of any Primary Obligation that has a Material Effect, unless otherwise agreed to by the Province, in each case, on or after the time such Suspension Notice is delivered.

7.03 Additional Right of the Province Regarding Post-Suspension Refinancings

Following the occurrence of a Suspension Event, the Limited Guarantee shall continue to apply in respect of any Post-Suspension Refinancing (for greater certainty, without regard to the satisfaction of any Adherence Conditions); provided that prior to the Financing Entity incurring any Primary Obligation constituting a Post-Suspension Refinancing, the Manager shall provide the Province with at least 30 days' notice of its intention to seek a Post-Suspension Refinancing and prior to incurrence, which notice shall describe the material covenants, events of default, representations and warranties and indemnities of the Financing Entity and other material terms, excluding financial terms, rates and levels, and that shall be in respect of the full amount of the amount becoming due and payable in respect of the applicable Primary Obligation less amounts otherwise available to the Financing Entity from other available or committed sources (the "**Proposal**"), and during such 30 day period the Province may, but is not obligated to, offer to fund such Post-Suspension Refinancing or arrange for another Person to fund such Post-Suspension Refinancing on the same terms as set out in the Proposal or on such other terms as may be considered by the Province to be not more onerous on the Financing Entity and that are acceptable on that basis to the Financing Entity, acting reasonably. If, within such 30-day period, the Province elects to offer to fund such Post-Suspension Refinancing as provided in the preceding sentence, the Manager shall accept such offer; however, if the Province does not elect to offer to fund such Post-Suspension Refinancing, the Manager shall cause the Financing Entity to incur Primary Obligations constituting such a Post-Suspension Refinancing on substantially the same terms as than those set out in the Proposal if the Post-Suspension Refinancing can be completed by the Financing Entity in compliance with the Act, or on such other terms as would not have a Material Effect.

7.04 No Impact on Adherence

For greater certainty, the occurrence of a Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event or in respect of any Post-Suspension Refinancing.

ARTICLE VIII
MISCELLANEOUS

8.01 Term of Agreement

This Agreement will continue until the later of: (a) the date that no amount is or may become due and payable by the Province under the Limited Guarantee and (b) the date that no amount is or may become due and payable to the Province in respect of any Subrogation Amount.

8.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: Manager, Corporate Trust
Fax: (416) 981-9777
Email: corporatetrust.toronto@computershare.com

(b) if to the FSM:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

(c) if to the Province:

Minister of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Minister of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

With copies to:

Deputy Minister of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Deputy Minister of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 8.02.

8.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section 8.03 shall be null and void.

8.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

8.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

8.07 Notice to Rating Agencies

OPG, as FSM, shall deliver prompt written notice to the Rating Agencies of the occurrence of (i) a Protection Event; (ii) receipt of a Suspension Notice delivered by the Province pursuant to Section 7.01; and (iii) an assignment of this Agreement by any party pursuant to Section 8.03.

8.08 Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their benefits hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

8.09 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, IN ITS CAPACITY AS TRUSTEE OF FAIR HYDRO TRUST, AS ISSUER, BY ONTARIO POWER GENERATION INC., NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration of a funding obligation" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Compliance Certificate**" means a certificate in the form attached hereto as Exhibit B delivered by the FSM in accordance with Section 4.02(a)ii.

"**Adherence Conditions**", means, in respect of a Certified Primary Obligation, the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of a Guarantee Payment Date, the aggregate of the Approved Obligation Amounts for such Guarantee Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, for a Beneficiary in respect of an Approved Obligation under which an amount is due and payable on a Guarantee Payment Date:

(a) if no Acceleration has occurred in respect of any Obligation Secured on or before the Guarantee Payment Date, the amount due and payable to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation (for greater certainty, determined on the assumption that there are adequate amounts available under the applicable payment provisions of the Trust Indenture to pay in full all amounts referred to in such payment provisions that are due and payable on the Guarantee Payment Date); and

(b) if an Acceleration has occurred in respect of any Obligations Secured on or before the Guarantee Payment Date, the amount that would be available to be paid to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation under the applicable payment provisions of the Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with such applicable payment provisions of the Trust Indenture in respect of each relevant month during each Reference Period is equal to the estimated Finance Amount determined in respect of such Reference Period for purposes of section 15(1) of the Act (in effect on the date hereof), including section 6.1 of the General Regulation (in effect on the date hereof), divided by the number of months in such Reference Period.

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Beneficiary Payee**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Certified Primary Obligations**" means Primary Obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest, including any Refinancing, other than a Post-Suspension Refinancing or a Pre-Approved Refinancing, of such a Primary Obligation (for greater certainty, including, in the case of any Certified Primary Obligation permitting funding transactions pursuant to a Funding Obligation Agreement applicable to the Certified Primary Obligation, each individual borrowing or funding utilization thereunder), (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not any individual trade confirmation other than a trade confirmation that modifies or purports to override the express terms or conditions of the related Master Agreement, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and expected (as determined by the Manager, acting reasonably) aggregate payments by the Financing Entity thereunder during the term of such contract are or would be in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).

"**Change of Law Protection Agreement**" means this Agreement.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Executive Officer**" has the meaning ascribed to the term "executive officer" in National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators.

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the first paragraph of this Agreement until a successor Financing Entity Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and the Declaration of Trust, and thereafter "Financing Entity Trustee" means and includes such Person.

"**Financing Plan**" has the meaning ascribed to the term "Financing Plan" in the Act.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Guarantee Payment**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Guarantee Payment Date**" has the meaning ascribed thereto in Section 2.01(a)i.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**Holder**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Liens**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(a).

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity, as amended, supplemented, restated or otherwise modified from time to time.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Agreement**" means an agreement in the form of a Master Agreement as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, as amended, supplemented, restated or otherwise modified from time to time.

"**Material Effect**" means a material effect on the obligations (including as a result of a change in the nature, scope or extent of the Primary Obligation and the effect on the Province's obligations therefor under the Limited Guarantee) that could reasonably be expected to affect (i) the timing of or circumstances under which Primary Obligations would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization); (ii) the appointment, obligations or duties of OPG as the Manager; (iii) the existence, powers or authority of the Financing Entity or the Financing Entity Trustee; (iv) the obligations of the Indenture Trustee to or in respect of the Province as a Specified Creditor; (v) the limitations and requirements otherwise applicable to the capital structure of the Financing Entity under any existing Program Agreement; (vi) the payment provisions and associated priorities set forth in the Trust Indenture; (vii) the obligations or liability of the Financing Entity to pay any tax, (viii) compliance by the FSM with the then applicable Financing Plan; (ix) the circumstances in which a Protection Event could arise; (x) compliance by the FSM, the Financing Entity or IESO with the Act or the General Regulation; (xi) the nature or character of the payment obligations (but, subject to compliance with the Financing Plan, irrespective of the amount payable thereunder) that could become payable under the Limited Guarantee; or (xii) the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of this Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation.

"**Notes**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Payable Approved Amounts**" has the meaning ascribed thereto in 2.01(a).

"**Payment Date**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, unlimited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Post-Suspension Refinancing**" means a Funding Obligation that is an Obligation Secured and that is incurred on or after the occurrence of a Suspension Event in compliance with the requirements of Section 7.03, as a Refinancing of one or more Series of Approved Obligations (including any Pre-Approved Refinancing that is authorized to be incurred on or after the occurrence of a Suspension Event), in each case the proceeds of which, together with any other funds that may be available, in full such Series of Approved Obligations.

"**Pre-Approved Refinancing**" means a Refinancing of a Certified Primary Obligation in respect of which the Province has, prior to the incurrence of such Certified Primary Obligation, further agreed shall not be a Certified Primary Obligation, subject to compliance with such conditions and requirements as may be specified in such further agreement.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account or Finance Reserve Account; and (ii) any obligation to pay the Financing Entity or on the Financing Entity's direction any remaining amounts in the Collection Account pursuant to the Trust Indenture.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that (X) adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any Finance Reserve Account, Capital Account or collateral posting account applicable under a Derivative Agreement, (ii) the availability of any credit enhancement agreement to which the Financing Entity is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in any of clauses (i) to (v) of this paragraph (a), or (Y) adversely affects the enforceability of, or adversely changes, the terms and conditions of this Agreement or of any of the agreements under which Approved Obligations arise; or

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Approved Obligations that have become due and payable, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any Finance Reserve Account, Capital Account or collateral posting account applicable under a Derivative Agreement, (ii) the availability of any credit enhancement agreement to which the Financing Entity is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in paragraph (b).

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency Condition" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Reference Period**" has the meaning ascribed to the term "reference period" in the Act.

"**Refinancing**" has the meaning ascribed to the term "refinancing" in the Act as of the date hereof, as more particularly described and given meaning in the General Regulation as of the date hereof.

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Specified Creditor**" has the meaning ascribed thereto in the Trust Indenture on the date hereof.

"**Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(B).

"**Subrogation Payment Date**" has the meaning ascribed thereto in clause 2.01(a)iv.

"**Suspension Event**" has the meaning ascribed thereto in Section 7.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 7.01.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**True-up Amount**" has the meaning ascribed to the term "true up amount" in the Act as of the date hereof.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

EXHIBIT A
FORM OF PAYMENT DEMAND

TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Pursuant to and in accordance with section 2.01(a) of the Change of the Law Protection Agreement, the Indenture Trustee hereby demands payment from the Province in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in the Change of Law Protection Agreement.

DATED as of the [■] day of [■], [■].

BNY TRUST COMPANY OF CANADA

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT B
FORM OF ADHERENCE COMPLIANCE CERTIFICATE UNDER SECTION 4.02(a)

TO: **BNY TRUST COMPANY OF CANADA**, in its capacity as Indenture Trustee (the "**Indenture Trustee**") under the Master Trust Indenture dated as of December ●, 2017 between Fair Hydro Trust and the Indenture Trustee (the "**Master Trust Indenture**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province of Ontario, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust, Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Each of the undersigned, being the ● and ● of OPG acting in its capacity as FSM and holding the offices set forth under their names and signatures below, pursuant to and accordance with clause 4.02(a)ii of the Change of Law Protection Agreement, hereby certifies for and on behalf of OPG, in its capacity as Financial Services Manager, and not in such officer's personal capacity and intending that this certificate may be relied on by the addressees hereof without independent inquiry, that:

1. I have read and understand the provisions of the Change of Law Protection Agreement, the Master Trust Indenture and all other documents and materials necessary to enable me to deliver this certificate.
2. If the Certified Primary Obligation is a Refinancing, the proceeds of the Refinancing will be used solely for the purpose of repaying one or more Certified Primary Obligations in respect of which the Adherence Conditions in Subsection 4.02(a) of the Change of Law Protection Agreement had been satisfied, including one or more other Refinancings in respect of which the Adherence Conditions in Subsection 4.02(a) of the Change of Law Protection Agreement had been satisfied.
3. OPG has delivered to the Province a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate was provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation.

DATED as of the [■] day of [■], [■].

Name: [3]	Name:
Office:	Office:

[3] This certificate must be signed by two officers of OPG being either (i) the Chief Financial Officer and the Treasurer, or (ii) any two Executive Officers (as defined in the Change of Law Protection Agreement) of OPG.

EXHIBIT C
SUSPENSION NOTICE

TO: Ontario Power Generation Inc., in its capacity as Financial Services Manager

AND TO: Fair Hydro Trust

AND TO: Computershare Trust Company of Canada, in its capacity as trustee of Fair Hydro Trust

AND TO: BNY Trust Company of Canada, as Indenture Trustee

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement. All references in this Suspension Notice to "Articles" or "Sections" refer to Articles or Sections of the Change of Law Protection Agreement.

The Province has a reasonable basis for concluding that an event described in clauses (a) to (d) of Section 7.01 has occurred. Pursuant to Section 7.01, the Province hereby declares that the Limited Guarantee shall hereby not apply in respect of (i) any Primary Obligation incurred, excluding Post-Suspension Refinancings or Pre-Approved Refinancings or (ii) any amendment of any Primary Obligation that has a Material Effect, unless otherwise agreed to by the Province, in each case, on or after delivery of this Suspension Notice.

This Suspension Notice is hereby delivered to the FSM, the Financing Entity and the Indenture Trustee in accordance with Section 8.02 of the Change of Law Protection Agreement.

* * * *

DATED as of the [■] day of [■], [■].

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

Draft: December 12, 2017

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust organized under the laws of the Province of Ontario (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council 1981/2017 (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Primary Obligations that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred. This Agreement sets out the terms and conditions of such protections and assurances.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A, and any other capitalized terms not defined herein shall have the meanings assigned to them in the Trust Indenture;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this

Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 Proof of Approved Obligations

The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Manager deems to be sufficient.

Each statement delivered by the Manager under Section 2.01(a)i shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and each of the parties hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Manager shall act diligently in the preparation of each such statement and shall provide the Indenture Trustee and the Province with all supporting computations and calculations used by the Manager to prepare each such statement promptly following a request therefor made by the Indenture Trustee or the Province.

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture as of the date of this Agreement.

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 2.01 or Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a

related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee, the Financing Entity, the Financing Entity Trustee, the Manager or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee may deliver a written demand, substantially in the form attached as **[Exhibit A]** (a "**Payment Demand**"), to the Province requiring the Province to make payments in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in this Agreement. From and after such delivery of a Payment Demand, the Province shall make the following payments in respect of the Approved Obligations (the "**Limited Guarantee**"), the Financing Entity shall pay, and the Province shall be entitled to be paid, the Subrogation Amounts specified below, and the following terms shall apply:

i. Not less than three (3) Business Days prior to each day when any payment or payments are to be made in respect of one or more Approved Obligations occurring after such delivery of a Payment Demand (each such day, a "**Guarantee Payment Date**"), the Manager shall deliver a written statement setting forth the Aggregate Approved Obligations Amount, if any, in respect of the Approved Obligations that are due and payable on such Guarantee Payment Date, together with a detailed description identifying such Approved Obligations and the nature and amount of payments due and payable thereunder on the Guarantee Payment Date, the aggregate outstanding amount payable by the Financing Entity under such Approved Obligations as of the date of such written statement, and details regarding any default in performance by any party obligated thereunder.

ii. On each such Guarantee Payment Date, the Province shall deposit the Aggregate Approved Obligations Amount into the Protection Account.

iii. On each such Guarantee Payment Date, the Financing Entity and the Indenture Trustee shall ensure that the amounts on deposit in the Protection Account are applied to pay each Beneficiary to whom an amount is due and payable under an Approved Obligation on the Guarantee Payment Date the Approved Obligation Amount for such Beneficiary in respect of such Approved Obligation on such Guarantee Payment Date; provided that if the amount deposited pursuant to clause 2.01(a)ii is insufficient to pay all such Approved Obligation Amounts in full, the amount on deposit in the Protection Account on the Guarantee Payment Date shall be applied to pay Beneficiaries in the order of priority in which such Approved Obligations are payable under the

payment provisions of the Trust Indenture applicable to the making of such payments on the Guarantee Payment Date (each, a "**Beneficiary Payee**" and each payment made to a Beneficiary Payee on a Guarantee Payment Date, a "**Guarantee Payment**").

iv. On the first Guarantee Payment Date and on each subsequent Guarantee Payment Date, Payment Date or other day on which any amount is required to be paid in respect of any Obligations Secured under the Trust Indenture (a "**Subrogation Payment Date**"), the Issuer and the Indenture Trustee shall ensure that the applicable payment provisions of the Trust Indenture shall be applied and operate on the following basis[1]:

(A) If such day is a Guarantee Payment Date, then for each Approved Obligation for which amounts are paid to a Beneficiary Payee on such day pursuant to clause 2.01(a)iii in respect of principal, interest or any other amounts ("**Payable Approved Amounts**"), the amounts payable by the Financing Entity in respect of such amounts for such Approved Obligation shall be reduced by the respective amounts of such payments to the Beneficiary Payee, and equivalent amounts shall be payable by the Financing Entity to the Province as "**Subrogation Amounts**" in respect of such Approved Obligations, such Subrogation Amounts being payable in the same order of priority and with the same entitlements accruing to the Province as applied in respect of the related Payable Approved Amounts which were previously owing to the Beneficiary Payee, and to reflect this subrogation the payments set out in clause 2.01(a)iv(B) below shall be made by the Financing Entity.

(B) If the Province has made all deposits required to be made by it on each Guarantee Payment Date occurring on or before such day in accordance with clause 2.01(a)ii (or the related Approved Obligation Amounts have otherwise all been paid in full), then in respect of each Approved Obligation for which any related Subrogation Amounts have not yet been paid in full to the Province, the Financing Entity shall pay to the Province from amounts available under the Trust Indenture payment provisions and in accordance with the priority of payment provisions in

[1] Explanatory Note: The deletion of the paramountcy provision is acceptable as long as section 2.01 if fully reflected in the Trust Indenture. To be confirmed.

the Trust Indenture the amount that would be payable on such date in satisfaction of the relevant Payable Approved Amounts, as determined without regard to any Guarantee Payment paid on any Guarantee Payment Date and also without regard to the corresponding reduction of the amounts owing to present and former Beneficiary Payees pursuant to subclause 2.01(a)iv(A) up to the amount of the unpaid related Subrogation Amounts.

(C) No Beneficiary having a right to be paid an amount in respect of an Approved Obligation, and no other Person entitled under an Obligation Secured, in each case that ranks equal with or subordinate to the Payable Approved Amount in respect of which a Subrogation Amount is payable to the Province under subclause 2.01(a)iv(B), shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under such subclause (including any right of set-off, offset, reimbursement, contribution or indemnity) and no such Beneficiary or other Person shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of any such Subrogation Amount.

(D) For greater certainty, the entitlements of the Province in respect of Subrogation Amounts arising in respect of Payable Approved Obligations that are interest and principal obligations on Notes shall be treated for all purposes of the Trust Indenture as interest and principal obligations, respectively, arising under Notes having the same priority as and any applicable voting rights[2] under the related Approved Obligations, and accordingly the Province (and any successor, assignee or transferee of such entitlements) shall be entitled to all of the rights, entitlements, interests and privileges of a Holder of such a Notes in accordance with the Trust Indenture, as supplemented by the Supplemental Indenture or other indenture document under which the related Approved Obligations were issued.

[2] Explanatory Note: As discussed, the Province understands that voting rights may be muted by the "outstanding" language in the Trust Indenture. Nevertheless, if voting rights would arise under the Trust Indenture they should be available to the Province.

(b) On each Guarantee Payment Date and upon demand by the Province, the Indenture Trustee shall release and pay to the Province free and clear of any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay Guarantee Payments to Beneficiary Payees on the Guarantee Payment Date in accordance with clause 2.01(a)iii or that otherwise remains on deposit in the Protection Account on the relevant date.

(c) In preparing any payment instructions under the Trust Indenture, the Manager shall reflect the amounts payable under Section 2.01(a), if applicable.

(d) The Province shall, as a payee of Subrogation Amounts under clause 2.01(a)iv(B) and as a payee of any amounts payable under clause 2.01(a)v, be a "Specified Creditor" under the Trust Indenture and have the benefit of the Collateral thereunder.

(e) For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the Approved Obligation Amounts, if any, for payment to Beneficiary Payees and will be subject to the priorities and to the Province's rights to Subrogation Amounts, set forth in Section 2.01(a).

(f) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(g) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation by their terms.

(h) Any amount payable to the Province in respect of a Subrogation Amount shall bear interest from and including the date of payment by the Province of the related Guarantee Payment to but excluding the date of payment of the Subrogation Amount to the Province, such interest to accrue at the rate equivalent to the applicable interest rate borne by the related Approved Obligation, and such interest amounts shall be added to their respective Subrogated Amounts and shall consequently be payable in the same priority as the relevant Subrogated Amount under clause 2.01(a)iv(B), all such accruing interest amounts to be calculated and added to the Subrogation Amounts by the Manager in its discretion acting in a commercially reasonable fashion.

(i) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under and in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any amount due and payable to a Beneficiary Payee under the Limited Guarantee.

2.02 Intentionally Deleted.

2.03 Absence of Set-off

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 Payment into Protection Account in Satisfaction

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account" for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section **[7.03]** of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Financing Entity and the Indenture Trustee shall ensure that all amounts paid by the Province into the Protection Account on a Guarantee Payment Date in respect of an Approved Obligation are applied to pay the amounts due and payable to the Beneficiary Payee as and to the extent provided for in Section 2.01(a). Upon a

payment having been made by or on behalf of the Province into the Protection Account, the amounts so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiary Payee as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such Beneficiary Payee in respect of the applicable Approved Obligations, whereupon an affected Beneficiary Payee shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid. For greater certainty, the obligations arising in respect of an applicable Approved Obligation shall not be reduced by such payment as the Province shall become entitled to be paid related Subrogation Amounts and the rights contemplated under Section 2.01(a) and Section 5.01 in relation to such continuing obligations.

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the

account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations in accordance with Section 8.01.

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

~~A~~Except as provided in Section 7.02, a Primary Obligation that is not a Certified Primary Obligation shall be an Approved Obligation. A Certified Primary Obligation shall constitute an Approved Obligation if (i) the Adherence Conditions applicable thereto have been satisfied at the time the Primary Obligation was incurred~~,~~ or (ii) the Province, in its sole discretion, designates in writing that it is an Approved Obligation~~ or (iii) the Primary Obligation is a Post-Suspension Refinancing or a Pre-Approved Refinancing~~.

4.02 Adherence Conditions

(a) The following shall be the Adherence Conditions applicable in relation to each Certified Primary Obligation:

i. the Certified Primary Obligation when incurred is an Obligation Secured under the Trust Indenture; and

ii. OPG, as FSM, delivers an Adherence Compliance Certificate in the form attached hereto as Exhibit B signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee, on or before the incurrence of the Certified Primary Obligation (provided that delivery may not be more than 5 Business Days before the incurrence of the Certified Primary Obligation); and

iii. the Province has not provided a Suspension Notice to the Indenture Trustee, OPG and the Financing Entity.

(b) Without limiting any obligations of OPG to the Province arising other than pursuant to this Agreement, satisfaction of the Adherence Conditions for a Certified Primary Obligation shall be deemed satisfaction of the Adherence Conditions in respect of all principal, interest and other amounts owing under the Certified Primary Obligation, as such Certified Primary Obligation may be amended, restated, supplemented or modified from time to time.

(c) For greater certainty, there shall be no Adherence Conditions applicable in relation to a Primary Obligation that is not a Certified Primary Obligation.

4.03 Evidence of Satisfaction

An Adherence Compliance Certificate delivered in accordance with clause 4.02(a)ii shall be determinative as to whether the applicable Adherence Condition with respect thereto has been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same. An Adherence Compliance Certificate that purports on its face to be signed by officers specified in clause 4.02(a)ii may be relied upon by any addressee without further enquiry or evidence as to the incumbency or signatures of such officers. If an Adherence Compliance Certificate is not delivered in accordance with the timing requirements of clause 4.02(a)ii such certificate may be delivered at a later date, and be effective as if it had been delivered in accordance with the timing requirement of clause 4.02(a)ii if at the time such certificate was otherwise required to be delivered OPG had delivered to the Province all certifications required by the Province in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation.

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, and shall be entitled to (i) the right and entitlement to be paid and receive the related Subrogation Amounts, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a

Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including Sections **[7.04]** through **[7.11]** and **[8.13]** (Payment Priorities), Section **[7.12]** (Payments Held in Trust), Section **[8.11]** (Control by Controlling Class Creditors), Section **[8.12]** (Limitation on Suits), Section **[8.14]** (Limited Recourse), Article IX (The Indenture Trustee), including all limitations of liability thereunder, Section **[9.14]** (Communications to Specified Creditors) and Section **[16.01]** (No Petition); (ii) consents, requests and authorizes the Issuer and the Indenture Trustee to (x) add the Province to the register of Specified Creditors described in subsection **[13.13(b)]** of the Trust Indenture and (y) disseminate the notice details of the Province to other Specified Creditors for the purposes set out in subsection **[9.14(b)]** of the Trust Indenture, and (iii) confirms that it will execute and deliver, or cause to be executed and delivered, all such further agreements, documents and instruments in connection with this Section 5.01 as the Indenture Trustee may request from time to time for the purpose of giving effect to the terms of this Section 5.01.

5.02 Priorities

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation and the Payable Approved Amounts thereunder shall rank equally with the rights, interests and entitlements of a Beneficiary to whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture in the manner and to the extent contemplated in Section **[7.10]** of the Trust Indenture.

5.03 Intentionally Deleted

5.04 Representations and Warranties

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
INDENTURE TRUSTEE MATTERS

6.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

6.02 Not Responsible for Recitals

The recitals contained herein will be taken as the statements of the Province, the Financing Entity and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

6.03 Representations and Covenants of the Indenture Trustee

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Agreement and has taken all necessary action to authorize the execution, delivery and performance by it of this Agreement;

(c) this Agreement has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada. If, notwithstanding the provisions of this subsection 6.03(d), the Indenture Trustee ceases to be so authorized to carry on business, the validity and enforceability of this Agreement shall not be affected in any manner whatsoever by reason only of such event.

ARTICLE VII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

7.01 Suspension Notice

Upon:

(a) a Program Breach;

(b) a default in the performance, or breach, of any covenants of OPG, as FSM, or OPG, in its corporate capacity, in each case to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligation and the expiration of any applicable cure period;

(c) a representation or warranty made by OPG or a certification made by one or more officers of OPG, in each case whether as FSM or in its corporate capacity, to the Province in connection with its obligations to the Province and its internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligations, proves to be incorrect in any material respect on the date made and the expiration of any applicable cure period; or

(d) the FSM no longer being the Manager or actions having been taken by or on behalf of the Indenture Trustee to remove the FSM as the Manager;

the Province may declare that the Limited Guarantee under this Agreement shall not apply to any Primary Obligations incurred on or after such declaration, excluding Post-Suspension Refinancings or Pre-Approved Refinancings, by delivering a written notice in the form of Exhibit C (a "**Suspension Notice**") to the Indenture Trustee, the FSM and the Financing Entity.

7.02 Suspension

If a Suspension Notice has been provided under Section 7.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of: (i) any Primary Obligation incurred, excluding Post-Suspension Refinancings~~ or Pre-Approved Refinancings~~, or (ii) any amendment of any Primary Obligation that has a Material Effect, unless otherwise agreed to by the Province, in each case, on or after the time such Suspension Notice is delivered.

7.03 Additional Right of the Province Regarding Post-Suspension Refinancings

Following the occurrence of a Suspension Event, the Limited Guarantee shall continue to apply in respect of any Post-Suspension Refinancing (for greater certainty, without regard to the satisfaction of any Adherence Conditions~~ thereto~~); provided that prior to the Financing Entity incurring any Primary Obligation constituting a Post-Suspension Refinancing, the Manager shall provide the Province with at least 30 days' notice of its intention to seek a Post-Suspension Refinancing and prior to incurrence, which notice shall describe the material covenants, events of default, representations and warranties and indemnities of the Financing Entity and other material terms, excluding financial terms, rates and levels, and that shall be in respect of the full amount of the amount becoming due and payable in respect of the applicable Primary Obligation less amounts otherwise available to the Financing Entity from other available or committed sources (the "**Proposal**"), and during such 30 day period the Province may, but is not obligated to, offer to fund such Post-Suspension Refinancing or arrange for another Person to fund such Post-Suspension Refinancing on the same terms as set out in the Proposal or on such other terms as may be considered by the Province to be not more onerous on the Financing Entity and that are acceptable on that basis to the Financing Entity, acting reasonably. If, within such 30-day period, the Province elects to offer to fund such Post-Suspension Refinancing as provided in the preceding sentence, the Manager shall accept such offer; however, if the Province does not elect to offer to fund such Post-Suspension Refinancing, the Manager shall cause the Financing Entity to incur Primary Obligations constituting such a Post-Suspension Refinancing on substantially the same terms as than those set out in the Proposal if the Post-Suspension Refinancing can be completed by the Financing Entity in compliance with the Act, or on such other terms as ~~may be considered by the Financing Entity to be not more onerous on the Province and that are acceptable on that basis to the Province, acting reasonably~~would not have a Material Effect.

7.04 No Impact on Adherence

For greater certainty, the occurrence of a Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event or in respect of any Post-Suspension Refinancing.

ARTICLE VIII
MISCELLANEOUS

8.01 Term of Agreement

This Agreement will continue until the later of: (a) the date that no amount is or may become due and payable by the Province under the Limited Guarantee and (b) the date that no amount is or may become due and payable to the Province in respect of any Subrogation Amount.

8.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust

700 University Avenue

Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: Manager, Corporate Trust
Fax: (416) 981-9777
Email: corporatetrust.toronto@computershare.com

(b) if to the FSM:

Ontario Power Generation Inc.

700 University Avenue

Toronto, Ontario M5G 1X6

Attention: General Counsel
Fax: (416) 592-4189

(c) if to the Province:

Minister of Finance

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

and

Minister of Energy

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

With copies to:

Deputy Minister of Finance

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

and

Deputy Minister of Energy

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 8.02.

8.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section 8.03 shall be null and void.

8.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

8.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

8.07 Notice to Rating Agencies

OPG, as FSM, shall deliver prompt written notice to the Rating Agencies of the occurrence of (i) a Protection Event; (ii) receipt of a Suspension Notice delivered by the Province pursuant to Section 7.01; and (iii) an assignment of this Agreement by any party pursuant to Section 8.03.

8.08 Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their benefits hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

8.09 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, IN ITS CAPACITY AS TRUSTEE OF FAIR HYDRO TRUST, AS ISSUER, BY ONTARIO POWER GENERATION INC., NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration of a funding obligation" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Compliance Certificate**" means a certificate in the form attached hereto as Exhibit B delivered by the FSM in accordance with Section 4.02(a)ii.

"**Adherence Conditions**", means, in respect of a Certified Primary Obligation, the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of a Guarantee Payment Date, the aggregate of the Approved Obligation Amounts for such Guarantee Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, for a Beneficiary in respect of an Approved Obligation under which an amount is due and payable on a Guarantee Payment Date:

(a) if no Acceleration has occurred in respect of any Obligation Secured on or before the Guarantee Payment Date, the amount due and payable to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation (for greater certainty, determined on the assumption that there are adequate amounts available under the applicable payment provisions of the Trust Indenture to pay in full all amounts referred to in such payment provisions that are due and payable on the Guarantee Payment Date); and

(b) if an Acceleration has occurred in respect of any Obligations Secured on or before the Guarantee Payment Date, the amount that would be available to be paid to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation under the applicable payment provisions of the Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with such applicable payment provisions of the Trust Indenture in respect of each relevant month during each Reference Period is equal to the estimated Finance Amount determined in respect of such Reference Period for purposes of section 15(1) of the Act (in effect on the date hereof), including section 6.1 of the General Regulation (in effect on the date hereof), divided by the number of months in such Reference Period.

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Beneficiary Payee**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Certified Primary Obligations**" means Primary Obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest, including any Refinancing, other than a Post-Suspension Refinancing or a Pre-Approved Refinancing, of such a Primary Obligation (for greater certainty, including, in the case of any Certified Primary Obligation permitting funding transactions pursuant to a Funding Obligation Agreement applicable to the Certified Primary Obligation, each individual borrowing or funding utilization thereunder), (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not any individual trade confirmation other than a trade confirmation that modifies or purports to override the express terms or conditions of the related Master Agreement, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and expected (as determined by the Manager, acting reasonably) aggregate payments by the Financing Entity thereunder during the term of such contract are or would be in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).

"**Change of Law Protection Agreement**" means this Agreement.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

~~"**Determination Date**" has the meaning ascribed thereto in clause 2.01(a)iv.~~

"**Executive Officer**" has the meaning ascribed to the term "executive officer" in National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators.

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the first paragraph of this Agreement until a successor Financing Entity Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and the Declaration of Trust, and thereafter "Financing Entity Trustee" means and includes such Person.

"**Financing Plan**" has the meaning ascribed to the term "Financing Plan" in the Act.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Guarantee Payment**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Guarantee Payment Date**" has the meaning ascribed thereto in Section 2.01(a)i.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**Holder**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Liens**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(a).

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity, as amended, supplemented, restated or otherwise modified from time to time.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Agreement**" means an agreement in the form of a Master Agreement as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, as amended, supplemented, restated or otherwise modified from time to time.

"**Material Effect**" means ~~any change that could~~a material effect on the obligations (including as a result of a change in the nature, scope or extent of the Primary Obligation and the effect on the Province's obligations therefor under the Limited Guarantee) that could reasonably be expected to affect (i) the timing of or circumstances under which Primary Obligations would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization); (ii) the appointment, obligations or duties of OPG as the Manager; (iii) the existence, powers or authority of the Financing Entity or the Financing Entity Trustee; (iv) the obligations of the Indenture Trustee to or in respect of the Province as a Specified Creditor; (v) the limitations and requirements otherwise applicable to the capital structure of the Financing Entity under any existing Program Agreement; (vi) the payment provisions and associated priorities set forth in the Trust Indenture; (vii) the obligations or liability of the Financing Entity to pay any tax, (viii) compliance by the FSM with the then applicable Financing Plan; (ix) the circumstances in which a Protection Event could arise; (x) compliance by the FSM, the Financing Entity or IESO with the Act or the General Regulation; (xi) the nature or character of the payment obligations (but, subject to compliance with the Financing Plan, irrespective of the amount payable thereunder) that could become payable under the Limited Guarantee; or (xii) the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of this Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation.

"**Notes**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Payable Approved Amounts**" has the meaning ascribed thereto in 2.01(a).

"**Payment Date**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, unlimited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Post-Suspension Refinancing**" means a Funding Obligation that is an Obligation Secured and that is incurred on or after the occurrence of a Suspension Event in compliance with the requirements of Section 7.03, as a Refinancing of one or more Series of Approved Obligations (including any Pre-Approved Refinancing that is authorized to be incurred on or after the occurrence of a Suspension Event), in each case the proceeds of which ~~are used solely for the purpose of repaying one or more Funding Obligations that are~~, together with any other funds that may be available, in full such Series of Approved Obligations.

"**Pre-Approved Refinancing**" means a Refinancing of a Certified Primary Obligation in respect of which the Province has, prior to the ~~issuance~~incurrence of such Certified Primary Obligation, ~~consented to such Refinancing not being~~further agreed shall not be a Certified Primary Obligation ~~to which the Adherence Conditions would otherwise apply~~, subject to compliance with such conditions and requirements as may be specified in such further agreement.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account or Finance Reserve Account; and (ii) any obligation to pay the Financing Entity or on the Financing Entity's direction any remaining amounts in the Collection Account pursuant to the Trust Indenture.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that (X) adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including ~~(i)~~ in any Finance Reserve Account, Capital Account or collateral posting account applicable under a Derivative Agreement, (ii) ~~under~~ the availability of any credit enhancement agreement to which the Financing Entity is a party and (iii) ~~after collecting the~~any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the ~~Reference Period during which~~occurrence of an event described in any of ~~subclauses (a)~~clauses (i) to ~~a~~(v) ~~occurs~~of this paragraph (a), or (Y) adversely ~~changes or adversely~~ affects the enforceability of, or adversely changes, the terms and conditions of this Agreement or of any of the agreements under which Approved Obligations arise; or

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Approved Obligations that have become due and payable, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including ~~(i)~~ in any Finance Reserve Account, Capital Account or collateral posting account applicable under a Derivative Agreement, (ii) ~~under~~ the availability of any credit enhancement agreement to which the Financing Entity is a party and (iii) ~~after collecting the~~any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the ~~Reference Period during which~~occurrence of an event described in ~~this clause~~paragraph (b) ~~occurs~~.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency" in the Trust

Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency Condition" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Reference Period**" has the meaning ascribed to the term "reference period" in the Act.

"**Refinancing**" has the meaning ascribed to the term "refinancing" in the Act as of the date hereof, as more particularly described and given meaning in the General Regulation as of the date hereof.

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Specified Creditor**" has the meaning ascribed thereto in the Trust Indenture on the date hereof.

"**Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(B).

"**Subrogation Payment Date**" has the meaning ascribed thereto in clause 2.01(a)iv.

"**Suspension Event**" has the meaning ascribed thereto in Section 7.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 7.01.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**True-up Amount**" has the meaning ascribed to the term "true up amount" in the Act as of the date hereof.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

EXHIBIT A
FORM OF PAYMENT DEMAND

TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Pursuant to and in accordance with section 2.01(a) of the Change of the Law Protection Agreement, the Indenture Trustee hereby demands payment from the Province in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in the Change of Law Protection Agreement.

DATED as of the [■] day of [■], [■].

BNY TRUST COMPANY OF CANADA

By:
Name:
Title:

By:
Name:
Title:

EXHIBIT B
FORM OF ADHERENCE COMPLIANCE CERTIFICATE UNDER SECTION 4.02(a)

TO: **BNY TRUST COMPANY OF CANADA**, in its capacity as Indenture Trustee (the "**Indenture Trustee**") under the Master Trust Indenture dated as of December ●, 2017 between Fair Hydro Trust and the Indenture Trustee (the "**Master Trust Indenture**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province of Ontario, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust, Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Each of the undersigned, being the ● and ● of OPG acting in its capacity as FSM and holding the offices set forth under their names and signatures below, pursuant to and accordance with clause 4.02(a)ii of the Change of Law Protection Agreement, hereby certifies for and on behalf of OPG, in its capacity as Financial Services Manager, and not in such officer's personal capacity and intending that this certificate may be relied on by the addressees hereof without independent inquiry, that:

1. I have read and understand the provisions of the Change of Law Protection Agreement, the Master Trust Indenture and all other documents and materials necessary to enable me to deliver this certificate.
2. If the Certified Primary Obligation is a Refinancing, the proceeds of the Refinancing will be used solely for the purpose of repaying one or more Certified Primary Obligations in respect of which the Adherence Conditions in Subsection 4.02(a) of the Change of Law Protection Agreement had been satisfied, including one or more other Refinancings in respect of which the Adherence Conditions in Subsection 4.02(a) of the Change of Law Protection Agreement had been satisfied.
3. OPG has delivered to the Province a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate was provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation.

DATED as of the [■] day of [■], [■].

Name: [3]	Name:
Office:	Office:

[3] This certificate must be signed by two officers of OPG being either (i) the Chief Financial Officer and the Treasurer, or (ii) any two Executive Officers (as defined in the Change of Law Protection Agreement) of OPG.

EXHIBIT C
SUSPENSION NOTICE

TO: Ontario Power Generation Inc., in its capacity as Financial Services Manager

AND TO: Fair Hydro Trust

AND TO: Computershare Trust Company of Canada, in its capacity as trustee of Fair Hydro Trust

AND TO: BNY Trust Company of Canada, as Indenture Trustee

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement. All references in this Suspension Notice to "Articles" or "Sections" refer to Articles or Sections of the Change of Law Protection Agreement.

The Province has a reasonable basis for concluding that an event described in clauses (a) to (d) of Section 7.01 has occurred. Pursuant to Section 7.01, the Province hereby declares that the Limited Guarantee shall hereby not apply in respect of (i) any Primary Obligation incurred, excluding Post-Suspension Refinancings or Pre-Approved Refinancings or (ii) any amendment of any Primary Obligation that has a Material Effect, unless otherwise agreed to by the Province, in each case, on or after delivery of this Suspension Notice.

This Suspension Notice is hereby delivered to the FSM, the Financing Entity and the Indenture Trustee in accordance with Section 8.02 of the Change of Law Protection Agreement.

* * * *

DATED as of the [■] day of [■], [■].

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

Document comparison by Workshare Compare on Tuesday, December 12, 2017 2:01:10 PM

Input:	
Document 1 ID	PowerDocs://TOR_2528/23239360/29
Description	TOR_2528-#23239360-v29-Change_of_Law_Protection_Agreement
Document 2 ID	PowerDocs://TOR_2528/23239360/30
Description	TOR_2528-#23239360-v30-Change_of_Law_Protection_Agreement
Rendering set	Standard

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

Statistics:	
	Count
Insertions	45
Deletions	45
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	90

From:	Gadi Mayman
To:	STEPHEN.ASHBOURNE@blakes.com; Malle Hanslep (MOF); Tobias P. Whitfield (MOF); Mike Manning; Ken Kandeepan; Ronald Kwan
Cc:	Anna Strathy
Subject:	Fwd: Fair Hydro - Change of Law Protection Agreement
Date:	Tuesday, December 12, 2017 9:24:24 AM
Attachments:	ATT00001.htm ATT00002.htm ATT00003.htm ATT00004.htm Changed Pages Protection Agreement (Dec 11 v Dec 12).PDF ATT00005.htm

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Are these proposed changes in line with what was agreed to last night, or is this beyond the spirit of the agreement?

Begin forwarded message:

> **From:** "Milligan, Peter" <PMilligan@osler.com>
> **Date:** December 12, 2017 at 9:09:28 AM EST
> **To:** "Saulnier, Brett" <bsaulnier@torys.com>, "ASHBOURNE, STEPHEN" <STEPHEN.ASHBOURNE@blakes.com>, "Sebastiano, Rocco" <RSebastiano@osler.com>, "Mansoori, Nina" <nmansoori@torys.com>
> **Cc:** 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>, 'LADAK Lubna - TREASURY' <lubna.ladak@opg.com>, 'Anna Strathy' <Anna.Strathy@ofina.on.ca>, '"Veinot, Cindy (TBS)"' <Cindy.Veinot@ontario.ca>, '"McKinlay, Tom (MAG)"' <Tom.McKinlay@ontario.ca>, '"Donaldson, Mark (TBS)"' <Mark.Donaldson@ontario.ca>, '"Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)"' <Daniel.Cayley@ontario.ca>, '"Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)"' <Alena.Thouin@ontario.ca>, "Ramchandani, Rima" <rramchandani@torys.com>, 'LEE John -TREASURY' <john.s.lee@opg.com>, 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>, 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>, 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>, 'LAURETA LAPIRA May - TREASURY' <may.lapira@opg.com>, "Feldman, Michael" <mfeldman@torys.com>, 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>, "Fullerton, Rick" <RFullerton@osler.com>, '"Mayman, Gadi (OFA)"' <Gadi.Mayman@ofina.on.ca>, '"Manning, Mike (OFA)"' <Mike.Manning@ofina.on.ca>, '"Hanslep, Malle (MOF)"' <Malle.Hanslep@ontario.ca>, '"ian.benaiah@rbccm.com"' <ian.benaiah@rbccm.com>, '"Khan, Nur (nur.khan@rbccm.com)"' <nur.khan@rbccm.com>, '"brent.r.taylor@rbccm.com"' <brent.r.taylor@rbccm.com>, '"katrina.niehaus@gs.com"' <katrina.niehaus@gs.com>, '"brian.delaney@gs.com"' <brian.delaney@gs.com>, '"Maciel, Andrew"' <Andrew.Maciel@cibc.com>, '"Adalja, Sunil"' <Sunil.Adalja@cibc.com>, '"Persad, Nicole"' <Nicole.Persad@cibc.com>, '"Persaud, Donnie - Debt Capital Markets"' <Donnie.Persaud@cibc.com>, '"Steen Hume (CAB)"' <Steen.Hume@ontario.ca>, "Olusoga, Yinka" <yolusoga@torys.com>, "Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca)" <Tobias.Whitfield@ontario.ca>, "PALMER,

AARON" <AARON.PALMER@blakes.com>, "VINER, JON" <JON.VINER@blakes.com>, "PRESTAGE, JA" <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro - Change of Law Protection Agreement

All,
Attached are changed pages with my comments on the Change of Law Protection Agreement. This does not represent input from any dealer. I will follow up to see if the dealers have any additional comments but given the plan to have a call at 10, I pass along these comments now.
Peter

From: Saulnier, Brett [mailto:bsaulnier@torys.com]
Sent: Monday, December 11, 2017 11:35 PM
To: ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; Milligan, Peter <PMilligan@osler.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro - Change of Law Protection Agreement
All,
Attached for your review is a revised draft of the Change of Law Protection Agreement, clean and blacklined to the last version circulated by Blakes and reflecting the meetings held earlier today. As discussed, we need to provide the attached to the rating agencies **by no later than noon tomorrow** in order to meet our end of year financing deadline. Accordingly, we will be circulating a calendar invite to this group for 10 a.m. tomorrow morning to confirm the parties are signed off. If Osler or Blakes have any comments on the attached, we would ask that they be circulated to this group prior to the 10 a.m. call.

Kind regards,
Brett
Brett Saulnier
P. 416.865.8148 | F. 416.865.7380 | 1.800.505.8679

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: December-08-17 3:16 PM
To: Milligan, Peter <PMilligan@osler.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro - Change of Law Protection Agreement

Hi,

Attached is a revised version of the Change of Law Protection Agreement. I believe that most of the changes reflected from last night's Osler version (blackline is attached) are of a drafting or conforming nature, other than: (1) the Province disagrees that Approved Refinancing terms should be unfettered by adherence conditions post-Suspension Event and (2) the proposed rating-based "materially and adversely" qualification in the definition of Protection Event (and in fact any such qualification) is not acceptable to the Province. With regard to (1), this version comes into line with the proposed approach (i.e., using a modified adherence condition) that was incorporated into the version of the Change of Law Process Agreement I circulated yesterday. A further turn of that Agreement, to conform the open item identified in section 3.02 to the revised Change of Law Protection Agreement, is also included here for your reference.

Please note that the Province is working through the drafting concurrently and so further drafting comments may be provided.

As mentioned yesterday, the Province would like to proceed with the Ministers sign-off briefing early next week, on the basis that these versions (minus the explanatory notes) are now in substantially final form. Please identify if you believe there are other 'must have' points (other than the 2 mentioned above).

Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From: Milligan, Peter [mailto:PMilligan@osler.com]
Sent: Thursday, December 07, 2017 6:44 PM
To: ASHBOURNE, STEPHEN; Sebastiano, Rocco; Mansoori, Nina
Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Saulnier, Brett; Olusoga, Yinka; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca); PALMER, AARON; VINER, JON; PRESTAGE, JA
Subject: Fair Hydro - Change of Law Protection Agreement

All,

Attached is a revised comment draft of the Change of Low Protection Agreement reflecting comments from Torys and Osler. In order to meet this transaction's timeline, this comment draft has not been reviewed by OPG or the Dealers and is delivered subject to any comments they may have.

Peter

Peter Milligan

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Toronto, Ontario, Canada M5X 1B8

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From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: Thursday, December 07, 2017 4:27 PM
To: Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro -- Change of Law Process Agreement

Hi,

Please find (attached) a further turn of the Change of Law Process Agreement, reflecting the Province's comments on the mark-up of the Agreement circulated yesterday afternoon by Torys. The attached blackline shows changes made to yesterday's Torys mark-up.

This version addresses concerns Rocco raised last night, to the extent the Province feels that the issues can be accommodated. For your information, I have set out below responses to Rocco's comments/observations (in CAPs).

The Province would like to proceed with the Ministers briefing early next week, on the basis that this version (minus the explanatory notes) is now in final form. If there are any critical revisions that the other parties believe reflect 'must have' priority, then the Province would like to have a call to discuss them as soon as possible.

Responses to Rocco's Points:

1. The change of the definition of Breach Event in Section 6.01 (i.e., the change to clause (a) and the addition of clause (b)) will result in an inconsistency with section 7.01(b) of the Change of Law Protection Agreement. This will require further consideration. [AGREED. 7.01(b) and 7.01(c) WILL NEED TO MIRROR THE CURE LANGUAGE WE SETTLE ON IN THE PROCESS AGREEMENT (SEE MY EARLIER COMMENTS). PERHAPS THE "which continues …" LANGUAGE IN 7.01(B) CAN BE REVISED TO READ: "to the extent that the Province would be entitled to provide a Suspension Notice in accordance with the terms of the agreement or agreements between the Province and OPG under which such obligations, requirements and processes arise". SIMILAR CHANGE FOR 7.01(C).

2. The right of the Province to issue an objection notice under Section 3.04(b) in connection with a Transaction Document provided to the Province which is required for a Refinancing of an Approved Obligation remains an outstanding issue. Clearly, this will depend upon what Adherence Conditions will be required under Section 4.02 of the Change of Law Protection Agreement in order to permit such Refinancing to become an Approved Obligation. If the Adherence Conditions set out in Section 4.02(a) of the Province's draft of the Change of Law Protection Agreement of December 4 were to apply to such Refinancing, to the extent that such refinancing required a change to a Transaction Document (e.g., as a result of a change to some rating agency condition or criteria), the Province's ability to issue an objection notice and thereby prevent the issuance of a Process Certificate under Section 3.01 (by virtue of Section 3.04) would have the effect of preventing a Refinancing. We trust that this was an unintended outcome of the drafting of Section 3.04 and/or the Adherence Conditions applicable to Refinancings. [THAT IS THE INTENDED EFFECT. THE ADHERENCE CONDITIONS WOULD APPLY TO THE REFINANCING, SO IF THE REFINANCING TERMS DEVIATED MATERIALLY (BASED ON THE SUBSTANTIALLY IN THE FORM" THRESHOLD"), THEN OPG WOULD REQUIRE THE PROVINCE NOT TO OBJECT IN ORDER TO PROCEED WITH THOSE NEW TERMS. OTHERWISE, THE REFINANCING COULD INCORPORATE TERMS AND CONDITIONS, WHICH WOULD BIND THE PROVINCE UNDER THE LIMITED GUARANTEE, THAT WOULD BE UNCONSTRAINED AND WITHOUT ANY ACCOUNTABILITY TO THE PROVINCE. IN ROCCO'S EXAMPLE, THAT MIGHT MEAN THAT OPG WOULD NEED TO RESORT TO UNRATED DEBT, IF THE PROVINCE WAS UNWILLING TO ACCEPT THE NEW TERMS. PRESUMABLY EVERYONE WOULD ACT RATIONALLY. HOWEVER, AS A FAILSAFE, OPG COULD OFFER INCREASED PRICING IN ORDER TO ATTRACT INVESTORS TO ACCEPT THE EARLIER VETTED TERMS (BASED ON THE THEN ACCEPTED REVIEWED DOCUMENTATION).]

3. Given that the Indenture Trustee is not a party to the Change of Law Process Agreement, the Province and OPG can amend the terms and conditions of this agreement without the consent of the indenture Trustee. Specified Creditors under an Approved Obligation need to be assured that the Province cannot prevent a Refinancing of an Approved Obligation either by virtue of the objection notice discussed in point #2 above or as a result of a future amendment to the agreement. There are a couple of ways to deal with this point. The first is to a add a beneficiary/third party rights clause in the Change of Law Process Agreement which acknowledges that the Indenture Trustee is a beneficiary of certain provisions of this agreement and as a result, the agreement cannot be

amended without the consent of the Indenture Trustee. The second is to ensure that the Adherence Conditions relating to Refinancings under the Change of Law Protection Agreement are not dependent upon the terms of the Change of Law Process Agreement. In light of the desire to not disclose the terms and conditions of the Change of Law Process Agreement to the rating agencies, especially at this late stage in the process, we would expect that the latter approach would be preferable. [THE SUGGESTION REGARDING THE PROVINCE PREVENTING A REFINANCING IS ADDRESSED IN #2. IF THE REFINANCING TERMS WOULD EXCEED THE SCOPE OF THE TRANSACTION DOCUMENTS REVIEWED AND NOT OBJECTED TO BY THE PROVINCE, THEN THAT SUGGESTS THERE IS A MATERIAL EFFECT ON THE PROVINCE AND SO THE PROVINCE WOULD NEED THE ABILITY TO REVIEW AND CONSIDER THE PROPRIETY OF THOSE NEW TERMS FROM ITS PERSPECTIVE. AS FOR THE STANDALONE NATURE OF THE PROCESS AGREEMENT, THE INTENTION IS THAT THE PROCESS AGREEMENT BE UNCOUPLED AND NOT PART OF THE COLLATERAL, AND AS MICHAEL FELDMAN HAS EXPLAINED, LEAVE FUTURE FLEXIBILITY FOR THIS LONG-TERM STRUCTURE. TO ADDRESS ROCCO'S CONCERN THAT THE PROVINCE AND OPG COULD CHANGE THE UNDERLYING OBLIGATIONS APPLICABLE TO ADHERENCE IN RELATION TO A NEW OBLIGATION, REQUIREMENT OR PROCESS IN THE PROCESS AGREEMENT THAT WOULD MAKE A REFINANCING LESS LIKELY TO OCCUR, WE HAVE ADDED AND USED IN THE ATTACHED VERSION A NEW DEFFINTION:

> "Approved Refinancing" means a Certified Primary Obligation proposed to be incurred as a Refinancing of an existing Certified Primary Obligation in respect of which the Adherence Conditions had been satisfied on the date such existing Certified Primary Obligation was incurred, that, at the time of incurrence, satisfies each of each of the Adherence Conditions except that the certificate contemplated to be delivered under Section 4.02(b) shall instead confirm that OPG has delivered to the Province a certificate by its applicable officers confirming that OPG would be in compliance with all obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the proposed Certified Primary Obligation that applied as between the Province and OPG on the date of issuance of such existing Certified Primary Obligation." Various references to "Refinancing" in the Protection Agreement can also be revised to refer to "Approved Refinancing", as required.

Regards, Steve

Stephen R. Ashbourne

Partner

stephen.ashbourne@blakes.com

Dir: 416-863-3086

———————————————

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From: Sebastiano, Rocco [mailto:RSebastiano@osler.com]
Sent: Wednesday, December 06, 2017 7:45 PM
To: Mansoori, Nina; ASHBOURNE, STEPHEN; VINER, JON; PRESTAGE, JA
Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie - LAWDIV'; Milligan, Peter; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Saulnier, Brett; Olusoga, Yinka
Subject: RE: Fair Hydro -- Change of Law Process Agreement

I have reviewed the revised draft of the Change of Law Process Agreement that Torys has prepared and would like to pass along the following comments/observations:

1. The change of the definition of Breach Event in Section 6.01 (i.e., the change to clause (a) and the addition of clause (b)) will result in an inconsistency with section 7.01(b) of the Change of Law Protection Agreement. This will require further consideration.

2. The right of the Province to issue an objection notice under Section 3.04(b) in connection with a Transaction Document provided to the Province which is required for a Refinancing of an Approved Obligation remains an outstanding issue. Clearly, this will depend upon what Adherence Conditions will be required under Section 4.02 of the Change of Law Protection Agreement in order to permit such Refinancing to become an Approved Obligation. If the Adherence Conditions set out in Section 4.02(a) of the Province's draft of the Change of Law Protection Agreement of December 4 were to apply to such Refinancing, to the extent that such refinancing required a change to a Transaction Document (e.g., as a result of a change to some rating agency condition or criteria), the Province's ability to issue an objection notice and thereby prevent the issuance of a Process Certificate under Section 3.01 (by virtue of Section 3.04) would have the effect of preventing a Refinancing. We trust that this was an unintended outcome of the drafting of Section 3.04 and/or the Adherence Conditions

applicable to Refinancings.

3. Given that the Indenture Trustee is not a party to the Change of Law Process Agreement, the Province and OPG can amend the terms and conditions of this agreement without the consent of the indenture Trustee. Specified Creditors under an Approved Obligation need to be assured that the Province cannot prevent a Refinancing of an Approved Obligation either by virtue of the objection notice discussed in point #2 above or as a result of a future amendment to the agreement. There are a couple of ways to deal with this point. The first is to a add a beneficiary/third party rights clause in the Change of Law Process Agreement which acknowledges that the Indenture Trustee is a beneficiary of certain provisions of this agreement and as a result, the agreement cannot be amended without the consent of the Indenture Trustee. The second is to ensure that the Adherence Conditions relating to Refinancings under the Change of Law Protection Agreement are not dependent upon the terms of the Change of Law Process Agreement. In light of the desire to not disclose the terms and conditions of the Change of Law Process Agreement to the rating agencies, especially at this late stage in the process, we would expect that the latter approach would be preferable.

Regards, Rocco

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: Wednesday, December 06, 2017 4:38 PM
To: 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>; 'JON.VINER@blakes.com' <JON.VINER@blakes.com>; 'JA.PRESTAGE@blakes.com' <JA.PRESTAGE@blakes.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Mansoori, Nina <nmansoori@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>
Subject: Fair Hydro -- Change of Law Process Agreement

Blakes team,

Please find attached OPG and Torys' comments on the Process Agreement reflecting our discussions from yesterday's call. Please note that this draft is subject to continuing review and comment by Osler and the dealers. As discussed at the tail end of our call yesterday, the section in the Process Agreement that gives the Province the right to object to new and material changes to transaction documents dovetails with the Protection Agreement so additional comments from Oslers may be forthcoming on this draft.

We are working on getting you a revised draft of the Protection Agreement either later today or tomorrow. In the meantime, please let us know if you have any comments or questions on the Process Agreement.

Best Regards,

Nina

Nina Mansoori

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HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

A Primary Obligation that is not a Certified Primary Obligation shall be an Approved Obligation. A Certified Primary Obligation shall constitute an Approved Obligation if (i) the Adherence Conditions applicable thereto have been satisfied at the time the Primary Obligation was incurred, or (ii) the Province, in its sole discretion, designates in writing that it is an

Approved Obligation~~ or (iii) the Primary Obligation is a Post-Suspension Refinancing or a Pre-Approved Refinancing~~.

4.02 Adherence Conditions

(a) The following shall be the Adherence Conditions applicable in relation to each Certified Primary Obligation:

i. the Certified Primary Obligation when incurred is an Obligation Secured under the Trust Indenture; and

ii. OPG, as FSM, delivers an Adherence Compliance Certificate in the form attached hereto as Exhibit B-1 signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee, on or before the incurrence of a Certified Primary Obligation (provided that delivery may not be more than 5 Business Days before the incurrence of the Certified Primary Obligation); and

iii. the Province has not provided a Suspension Notice to the Indenture Trustee, OPG and the Financing Entity.

(b) For greater certainty, satisfaction of the Adherence Conditions for a Certified Primary Obligation shall be deemed satisfaction of the Adherence Conditions in respect of all principal, interest and other amounts owing under the Certified Primary Obligation as such Certified Primary Obligation may be amended, restated, supplemented or modified from time to time, without limiting any obligations of OPG to the Province arising other than pursuant to this Agreement.

(c) For greater certainty, there shall be no Adherence Conditions applicable in relation to a Primary Obligation that is not a Certified Primary Obligation.

4.03 Evidence of Satisfaction

An Adherence Compliance Certificate delivered in accordance with clause 4.02(a)ii shall be determinative as to whether the applicable Adherence Conditions with respect thereto have been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same. An Adherence Compliance Certificate that purports on its face to be signed by officers specified in clause 4.02(a)ii may be relied upon by any addressee without further enquiry or evidence as to the incumbency or signatures of such officers. If an Adherence Compliance Certificate is not delivered in accordance with the timing requirements of clause 4.02(a)ii such certificate may be delivered at a later date, and be effective as if it had been

ARTICLE VII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

7.01 Suspension Notice

Upon:

(a) a Program Breach;

(b) a default in the performance, or breach, of any covenants of OPG, as FSM, or OPG, in its corporate capacity, in each case to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligation and the expiration of any applicable cure period;

(c) a representation or warranty made by OPG or a certification made by one or more officers of OPG, in each case whether as FSM or in its corporate capacity, to the Province in connection with its obligations to the Province and its internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligations, proves to be incorrect in any material respect on the date made and the expiration of any applicable cure period; or

(d) the FSM no longer being the Manager or actions having been taken by or on behalf of the Indenture Trustee to remove the FSM as the Manager;

the Province may ~~declare that the Limited Guarantee under this Agreement shall not apply to any Primary Obligations incurred on or after such declaration, excluding Post-Suspension Refinancings or Pre-Approved Refinancings, by delivering~~deliver a written notice in the form of Exhibit C (a "**Suspension Notice**") to the Indenture Trustee, the FSM and the Financing Entity. **[NTD: let 7.02 speak to the effects.]**

7.02 Suspension

If a Suspension Notice has been provided under Section 7.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of: (i) any Primary Obligation incurred, excluding Post-Suspension Refinancings or Pre-Approved Refinancings, or (ii) any amendment of any Primary Obligation that has a Material Effect, unless otherwise agreed to by the Province, in each case, on or after the time such Suspension Notice is delivered.

7.03 Additional Right of the Province Regarding Post-Suspension Refinancings

[NTD: does not this also apply to Pre-Approved Refinancings?] Following the occurrence of a Suspension Event, the Limited Guarantee shall continue to apply in respect of any Post-Suspension Refinancing (for greater certainty, without regard to the satisfaction of any Adherence Conditions ~~thereto~~); provided that prior to the Financing Entity incurring any Primary Obligation constituting a Post-Suspension Refinancing, the Manager shall provide the Province

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Beneficiary Payee**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Certified Primary Obligations**" means Primary Obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest, including any Refinancing, other than a Post-Suspension Refinancing or a Pre-Approved Refinancing, of such a Primary Obligation (for greater certainty, including, in the case of any Certified Primary Obligation permitting funding transactions pursuant to a Funding Obligation Agreement applicable to the Certified Primary Obligation, each individual borrowing or funding utilization thereunder), (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not any individual trade confirmation other than a trade confirmation that modifies or purports to override the express terms or conditions of the related Master Agreement, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and expected (as determined by the Manager, acting reasonably) aggregate payments by the Financing Entity thereunder during the term of such contract are or would be in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).

"**Change of Law Protection Agreement**" means this Agreement.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

~~"**Determination Date**" has the meaning ascribed thereto in clause 2.01(a)iv.~~

"**Executive Officer**" has the meaning ascribed to the term "executive officer" in National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Agreement**" means an agreement in the form of a Master Agreement as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, as amended, supplemented, restated or otherwise modified from time to time.

"**Material Effect**" means any change that could affect the timing of or circumstances under which Primary Obligations would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that could affect the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of this Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Payable Approved Amounts**" has the meaning ascribed thereto in 2.01(a).

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, unlimited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Post-Suspension Refinancing**" means a Primary Obligation proposed to be incurred on or after the occurrence of a Suspension Event, as a Refinancing of one or more~~ Series of~~ Approved Obligations~~ or one or more such Refinancings~~. **[NTD: a Post-Suspension Refinancing is an Approved Obligation so the definition can be applied again.]**

"**Pre-Approved Refinancing**" means a Refinancing of a Certified Primary Obligation in respect of which the Province has, prior to the issuance of such Certified Primary Obligation, ~~waived its right to object to such Refinancing being an Approved~~agreed that any Refinancing of such Certified Primary Obligation shall not be a Certified Primary Obligation.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account or Finance Reserve Account; and (ii) any obligation to pay the

From:	Gadi Mayman
To:	Mike Manning
Cc:	Ken Kandeepan; Ronald Kwan; Anna Strathy
Subject:	Fwd: Fair Hydro - Change of Law Protection Agreement
Date:	Tuesday, December 12, 2017 3:37:27 PM
Attachments:	ATT00001.htm ATT00002.htm ATT00003.htm ATT00004.htm #24626868v1_TorysAtWork_ - Change of Law Protection Agreement.docx ATT00005.htm Blackline_Ashbourne Draft - 24626868v1.pdf ATT00006.htm

---

Hi Mike, am I reading too much into assuming that the 2:30 meeting was successful?

Begin forwarded message:

> **From:** "Ramchandani, Rima" <rramchandani@torys.com>
> **Date:** December 12, 2017 at 3:28:33 PM EST
> **To:** "'ASHBOURNE, STEPHEN'" <STEPHEN.ASHBOURNE@blakes.com>, "Milligan, Peter" <PMilligan@osler.com>, "Saulnier, Brett" <bsaulnier@torys.com>, "Sebastiano, Rocco" <RSebastiano@osler.com>, "Mansoori, Nina" <nmansoori@torys.com>
> **Cc:** 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>, 'LADAK Lubna - TREASURY' <lubna.ladak@opg.com>, 'Anna Strathy' <Anna.Strathy@ofina.on.ca>, "'Veinot, Cindy (TBS)'" <Cindy.Veinot@ontario.ca>, "'McKinlay, Tom (MAG)'" <Tom.McKinlay@ontario.ca>, "'Donaldson, Mark (TBS)'" <Mark.Donaldson@ontario.ca>, "'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'" <Daniel.Cayley@ontario.ca>, "'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'" <Alena.Thouin@ontario.ca>, "'LEE John -TREASURY'" <john.s.lee@opg.com>, 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>, 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>, "'MAUTI John -FIN & C CTRL'" <john.mauti@opg.com>, 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>, "Feldman, Michael" <mfeldman@torys.com>, "'WONG Leslie -LAWDIV'" <leslie.wong@opg.com>, "Fullerton, Rick" <RFullerton@osler.com>, "'Mayman, Gadi (OFA)'" <Gadi.Mayman@ofina.on.ca>, "'Manning, Mike (OFA)'" <Mike.Manning@ofina.on.ca>, "'Hanslep, Malle (MOF)'" <Malle.Hanslep@ontario.ca>, "'ian.benaiah@rbccm.com'" <ian.benaiah@rbccm.com>, "'Khan, Nur (nur.khan@rbccm.com)'" <nur.khan@rbccm.com>, "'brent.r.taylor@rbccm.com'" <brent.r.taylor@rbccm.com>, "'katrina.niehaus@gs.com'" <katrina.niehaus@gs.com>, "'brian.delaney@gs.com'" <brian.delaney@gs.com>, "'Maciel, Andrew'" <Andrew.Maciel@cibc.com>, "'Adalja, Sunil'" <Sunil.Adalja@cibc.com>, "'Persad, Nicole'" <Nicole.Persad@cibc.com>, "'Persaud, Donnie - Debt Capital Markets'" <Donnie.Persaud@cibc.com>, "'Steen Hume (CAB)'" <Steen.Hume@ontario.ca>, "Olusoga, Yinka" <yolusoga@torys.com>, "Whitfield, Tobias P. (MOF)

(Tobias.Whitfield@ontario.ca)" <Tobias.Whitfield@ontario.ca>, "PALMER, AARON" <AARON.PALMER@blakes.com>, "VINER, JON" <JON.VINER@blakes.com>, "PRESTAGE, JA" <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro - Change of Law Protection Agreement

Attached is a revised draft of the Change of Law Protection Agreement, clean and blacklined to the Blakes draft circulated below. Except for the definition of "Material Effect", we believe this draft to be in final form and would ask that each of Blakes and Osler please confirm their sign off as soon as possible.
Rima
Rima Ramchandani
P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: December-12-17 2:09 PM
To: Milligan, Peter <PMilligan@osler.com>; Saulnier, Brett <bsaulnier@torys.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro - Change of Law Protection Agreement
Here is my mark-up of the matters raised by Oslers, in today's mark-ups of during our call this morning. Regards, Steve
Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From: Milligan, Peter [mailto:PMilligan@osler.com]
Sent: Tuesday, December 12, 2017 1:43 PM

To: Saulnier, Brett; ASHBOURNE, STEPHEN; Sebastiano, Rocco; Mansoori, Nina
Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Olusoga, Yinka; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca); PALMER, AARON; VINER, JON; PRESTAGE, JA
Subject: RE: Fair Hydro - Change of Law Protection Agreement

All,

Further to our call this morning, attached is a comparison document showing our comments on “Post-Suspension Refinancing” and “Protection Event”.

We will comment on Material Effect after we see what comes back from the accountants.

Peter

From: Milligan, Peter
Sent: Tuesday, December 12, 2017 9:09 AM
To: 'Saulnier, Brett' <bsaulnier@torys.com>; ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro - Change of Law Protection Agreement

All,

Attached are changed pages with my comments on the Change of Law Protection Agreement. This does not represent input from any dealer. I will follow up to see if the

dealers have any additional comments but given the plan to have a call at 10, I pass along these comments now.
Peter

From: Saulnier, Brett [mailto:bsaulnier@torys.com]
Sent: Monday, December 11, 2017 11:35 PM
To: ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; Milligan, Peter <PMilligan@osler.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro - Change of Law Protection Agreement
All,
Attached for your review is a revised draft of the Change of Law Protection Agreement, clean and blacklined to the last version circulated by Blakes and reflecting the meetings held earlier today. As discussed, we need to provide the attached to the rating agencies **by no later than noon tomorrow** in order to meet our end of year financing deadline. Accordingly, we will be circulating a calendar invite to this group for 10 a.m. tomorrow morning to confirm the parties are signed off. If Osler or Blakes have any comments on the attached, we would ask that they be circulated to this group prior to the 10 a.m. call.
Kind regards,
Brett
Brett Saulnier
P. 416.865.8148 | F. 416.865.7380 | 1.800.505.8679

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: December-08-17 3:16 PM
To: Milligan, Peter <PMilligan@osler.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>

Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro - Change of Law Protection Agreement

Hi,

Attached is a revised version of the Change of Law Protection Agreement. I believe that most of the changes reflected from last night's Osler version (blackline is attached) are of a drafting or conforming nature, other than: (1) the Province disagrees that Approved Refinancing terms should be unfettered by adherence conditions post-Suspension Event and (2) the proposed rating-based "materially and adversely" qualification in the definition of Protection Event (and in fact any such qualification) is not acceptable to the Province. With regard to (1), this version comes into line with the proposed approach (i.e., using a modified adherence condition) that was incorporated into the version of the Change of Law Process Agreement I circulated yesterday. A further turn of that Agreement, to conform the open item identified in section 3.02 to the revised Change of Law Protection Agreement, is also included here for your reference.

Please note that the Province is working through the drafting concurrently and so further drafting comments may be provided.

As mentioned yesterday, the Province would like to proceed with the Ministers sign-off briefing early next week, on the basis that these versions (minus the explanatory notes) are now in substantially final form. Please identify if you believe there are other 'must have' points (other than the 2 mentioned above).

Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From: Milligan, Peter [mailto:PMilligan@osler.com]
Sent: Thursday, December 07, 2017 6:44 PM
To: ASHBOURNE, STEPHEN; Sebastiano, Rocco; Mansoori, Nina
Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY)

(Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Saulnier, Brett; Olusoga, Yinka; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca); PALMER, AARON; VINER, JON; PRESTAGE, JA
Subject: Fair Hydro - Change of Law Protection Agreement

All,

Attached is a revised comment draft of the Change of Low Protection Agreement reflecting comments from Torys and Osler. In order to meet this transaction's timeline, this comment draft has not been reviewed by OPG or the Dealers and is delivered subject to any comments they may have.

Peter

Peter Milligan

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Toronto, Ontario, Canada M5X 1B8

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From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: Thursday, December 07, 2017 4:27 PM
To: Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro -- Change of Law Process Agreement

Hi,

Please find (attached) a further turn of the Change of Law Process Agreement, reflecting the Province's comments on the mark-up of the Agreement circulated yesterday afternoon by Torys. The attached blackline shows changes made to yesterday's Torys mark-up.

This version addresses concerns Rocco raised last night, to the extent the Province feels that the issues can be accommodated. For your information, I have set out below responses to Rocco's comments/observations (in CAPs).

The Province would like to proceed with the Ministers briefing early next week, on the basis that this version (minus the explanatory notes) is now in final form. If there are any critical revisions that the other parties believe

reflect 'must have' priority, then the Province would like to have a call to discuss them as soon as possible.

Responses to Rocco's Points:

1. The change of the definition of Breach Event in Section 6.01 (i.e., the change to clause (a) and the addition of clause (b)) will result in an inconsistency with section 7.01(b) of the Change of Law Protection Agreement. This will require further consideration. [AGREED. 7.01(b) and 7.01(c) WILL NEED TO MIRROR THE CURE LANGUAGE WE SETTLE ON IN THE PROCESS AGREEMENT (SEE MY EARLIER COMMENTS). PERHAPS THE "which continues …" LANGUAGE IN 7.01(B) CAN BE REVISED TO READ: "to the extent that the Province would be entitled to provide a Suspension Notice in accordance with the terms of the agreement or agreements between the Province and OPG under which such obligations, requirements and processes arise". SIMILAR CHANGE FOR 7.01(C).

2. The right of the Province to issue an objection notice under Section 3.04(b) in connection with a Transaction Document provided to the Province which is required for a Refinancing of an Approved Obligation remains an outstanding issue. Clearly, this will depend upon what Adherence Conditions will be required under Section 4.02 of the Change of Law Protection Agreement in order to permit such Refinancing to become an Approved Obligation. If the Adherence Conditions set out in Section 4.02(a) of the Province's draft of the Change of Law Protection Agreement of December 4 were to apply to such Refinancing, to the extent that such refinancing required a change to a Transaction Document (e.g., as a result of a change to some rating agency condition or criteria), the Province's ability to issue an objection notice and thereby prevent the issuance of a Process Certificate under Section 3.01 (by virtue of Section 3.04) would have the effect of preventing a Refinancing. We trust that this was an unintended outcome of the drafting of Section 3.04 and/or the Adherence Conditions applicable to Refinancings. [THAT IS THE INTENDED EFFECT. THE ADHERENCE CONDITIONS WOULD APPLY TO THE REFINANCING, SO IF THE REFINANCING TERMS DEVIATED MATERIALLY (BASED ON THE SUBSTANTIALLY IN THE FORM" THRESHOLD"), THEN OPG WOULD REQUIRE THE PROVINCE NOT TO OBJECT IN ORDER TO PROCEED WITH THOSE NEW TERMS. OTHERWISE, THE REFINANCING COULD INCORPORATE TERMS AND CONDITIONS, WHICH WOULD BIND THE PROVINCE UNDER THE LIMITED GUARANTEE, THAT WOULD BE UNCONSTRAINED AND WITHOUT ANY ACCOUNTABILITY TO THE PROVINCE. IN ROCCO'S EXAMPLE, THAT MIGHT MEAN THAT OPG WOULD NEED TO RESORT TO UNRATED DEBT, IF THE PROVINCE WAS UNWILLING TO ACCEPT THE NEW TERMS. PRESUMABLY EVERYONE WOULD ACT RATIONALLY. HOWEVER, AS A FAILSAFE, OPG COULD OFFER INCREASED PRICING IN ORDER TO ATTRACT INVESTORS TO ACCEPT THE EARLIER VETTED TERMS (BASED ON THE THEN ACCEPTED REVIEWED DOCUMENTATION).]

3. Given that the Indenture Trustee is not a party to the Change of Law Process Agreement, the Province and OPG can amend the terms and conditions of this agreement without the consent of the indenture Trustee. Specified Creditors under an Approved Obligation need to be assured that the Province cannot prevent a Refinancing of an Approved Obligation either by virtue of the objection notice discussed in point #2 above or as a result of a future amendment to the agreement. There are a couple of ways to deal with this point. The first is to a add a beneficiary/third party rights clause in the Change of Law Process Agreement which acknowledges that the Indenture Trustee is a beneficiary of certain provisions of this agreement and as a result, the agreement cannot be amended without the consent of the Indenture Trustee. The second is to ensure that the Adherence Conditions relating to Refinancings under the Change of Law Protection Agreement are not dependent upon the terms of the Change of Law Process Agreement. In light of the desire to not disclose the terms and conditions of the Change of

Law Process Agreement to the rating agencies, especially at this late stage in the process, we would expect that the latter approach would be preferable. [THE SUGGESTION REGARDING THE PROVINCE PREVENTING A REFINANCING IS ADDRESSED IN #2. IF THE REFINANCING TERMS WOULD EXCEED THE SCOPE OF THE TRANSACTION DOCUMENTS REVIEWED AND NOT OBJECTED TO BY THE PROVINCE, THEN THAT SUGGESTS THERE IS A MATERIAL EFFECT ON THE PROVINCE AND SO THE PROVINCE WOULD NEED THE ABILITY TO REVIEW AND CONSIDER THE PROPRIETY OF THOSE NEW TERMS FROM ITS PERSPECTIVE. AS FOR THE STANDALONE NATURE OF THE PROCESS AGREEMENT, THE INTENTION IS THAT THE PROCESS AGREEMENT BE UNCOUPLED AND NOT PART OF THE COLLATERAL, AND AS MICHAEL FELDMAN HAS EXPLAINED, LEAVE FUTURE FLEXIBILITY FOR THIS LONG-TERM STRUCTURE. TO ADDRESS ROCCO'S CONCERN THAT THE PROVINCE AND OPG COULD CHANGE THE UNDERLYING OBLIGATIONS APPLICABLE TO ADHERENCE IN RELATION TO A NEW OBLIGATION, REQUIREMENT OR PROCESS IN THE PROCESS AGREEMENT THAT WOULD MAKE A REFINANCING LESS LIKELY TO OCCUR, WE HAVE ADDED AND USED IN THE ATTACHED VERSION A NEW DEFFINTION:

> "Approved Refinancing" means a Certified Primary Obligation proposed to be incurred as a Refinancing of an existing Certified Primary Obligation in respect of which the Adherence Conditions had been satisfied on the date such existing Certified Primary Obligation was incurred, that, at the time of incurrence, satisfies each of each of the Adherence Conditions except that the certificate contemplated to be delivered under Section 4.02(b) shall instead confirm that OPG has delivered to the Province a certificate by its applicable officers confirming that OPG would be in compliance with all obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the proposed Certified Primary Obligation that applied as between the Province and OPG on the date of issuance of such existing Certified Primary Obligation." Various references to "Refinancing" in the Protection Agreement can also be revised to refer to "Approved Refinancing", as required.

Regards, Steve

Stephen R. Ashbourne

Partner

stephen.ashbourne@blakes.com

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From: Sebastiano, Rocco [mailto:RSebastiano@osler.com]
Sent: Wednesday, December 06, 2017 7:45 PM
To: Mansoori, Nina; ASHBOURNE, STEPHEN; VINER, JON; PRESTAGE, JA
Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie - LAWDIV'; Milligan, Peter; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Saulnier, Brett; Olusoga, Yinka
Subject: RE: Fair Hydro -- Change of Law Process Agreement

I have reviewed the revised draft of the Change of Law Process Agreement that Torys has prepared and would like to pass along the following comments/observations:

1. The change of the definition of Breach Event in Section 6.01 (i.e., the change to clause (a) and the addition of clause (b)) will result in an inconsistency with section 7.01(b) of the Change of Law Protection Agreement. This will require further consideration.

2. The right of the Province to issue an objection notice under Section 3.04(b) in connection with a Transaction Document provided to the Province which is required for a Refinancing of an Approved Obligation remains an outstanding issue. Clearly, this will depend upon what Adherence Conditions will be required under Section 4.02 of the Change of Law Protection Agreement in order to permit such Refinancing to become an Approved Obligation. If the Adherence Conditions set out in Section 4.02(a) of the Province's draft of the Change of Law Protection Agreement of December 4 were to apply to such Refinancing, to the extent that such refinancing required a change to a Transaction Document (e.g., as a result of a change to some rating agency condition or criteria), the Province's ability to issue an objection notice and thereby prevent the issuance of a Process Certificate under Section 3.01 (by virtue of Section 3.04) would have the effect of preventing a Refinancing. We trust that this was an unintended outcome of the drafting of Section 3.04 and/or the Adherence Conditions applicable to Refinancings.

3. Given that the Indenture Trustee is not a party to the Change of Law Process Agreement, the Province and OPG can amend the terms and conditions of this agreement without the consent of the indenture Trustee. Specified Creditors under an Approved Obligation need to be assured that the Province cannot prevent a Refinancing of an Approved Obligation either by virtue of the objection notice discussed in point #2 above or as a result of a future amendment to the agreement. There are a couple of ways to deal with this point. The first is to a add a beneficiary/third party rights clause in the Change of Law Process Agreement which acknowledges that the Indenture Trustee is a beneficiary of certain provisions of this agreement and as a result, the agreement cannot be amended without the consent of the Indenture Trustee. The second is to ensure that the Adherence Conditions relating to Refinancings under the Change of Law Protection Agreement are not dependent upon the terms of the Change of Law Process Agreement. In light of the desire to not disclose the terms and conditions of the Change of Law Process Agreement to the rating agencies, especially at this late stage in the process, we would expect that the latter approach would be preferable.

Regards, Rocco

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: Wednesday, December 06, 2017 4:38 PM
To: 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>; 'JON.VINER@blakes.com' <JON.VINER@blakes.com>; 'JA.PRESTAGE@blakes.com' <JA.PRESTAGE@blakes.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Mansoori, Nina <nmansoori@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>
Subject: Fair Hydro -- Change of Law Process Agreement

Blakes team,

Please find attached OPG and Torys' comments on the Process Agreement reflecting our discussions from yesterday's call. Please note that this draft is subject to continuing review and comment by Osler and the dealers. As discussed at the tail end of our call yesterday, the section in the Process Agreement that gives the Province the right to object to new and material changes to transaction documents dovetails with the Protection

Agreement so additional comments from Oslers may be forthcoming on this draft.

We are working on getting you a revised draft of the Protection Agreement either later today or tomorrow. In the meantime, please let us know if you have any comments or questions on the Process Agreement.

Best Regards,

Nina

Nina Mansoori

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Draft: December 12, 2017

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust organized under the laws of the Province of Ontario (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council 1981/2017 (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Primary Obligations that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred. This Agreement sets out the terms and conditions of such protections and assurances.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A, and any other capitalized terms not defined herein shall have the meanings assigned to them in the Trust Indenture;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 Proof of Approved Obligations

The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Manager deems to be sufficient.

Each statement delivered by the Manager under Section 2.01(a)i shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and each of the parties hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Manager shall act diligently in the preparation of each such statement and shall provide the Indenture Trustee and the Province with all supporting computations and calculations used by the Manager to prepare each such statement promptly following a request therefor made by the Indenture Trustee or the Province.

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture as of the date of this Agreement.

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 2.01 or Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee, the Financing Entity, the Financing Entity Trustee, the Manager or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one

and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee may deliver a written demand, substantially in the form attached as **[Exhibit A]** (a "**Payment Demand**"), to the Province requiring the Province to make payments in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in this Agreement. From and after such delivery of a Payment Demand, the Province shall make the following payments in respect of the Approved Obligations (the "**Limited Guarantee**"), the Financing Entity shall pay, and the Province shall be entitled to be paid, the Subrogation Amounts specified below, and the following terms shall apply:

i. Not less than three (3) Business Days prior to each day when any payment or payments are to be made in respect of one or more Approved Obligations occurring after such delivery of a Payment Demand (each such day, a "**Guarantee Payment Date**"), the Manager shall deliver a written statement setting forth the Aggregate Approved Obligations Amount, if any, in respect of the Approved Obligations that are due and payable on such Guarantee Payment Date, together with a detailed description identifying such Approved Obligations and the nature and amount of payments due and payable thereunder on the Guarantee Payment Date, the aggregate outstanding amount payable by the Financing Entity under such Approved Obligations as of the date of such written statement, and details regarding any default in performance by any party obligated thereunder.

ii. On each such Guarantee Payment Date, the Province shall deposit the Aggregate Approved Obligations Amount into the Protection Account.

iii. On each such Guarantee Payment Date, the Financing Entity and the Indenture Trustee shall ensure that the amounts on deposit in the Protection Account are applied to pay each Beneficiary to whom an amount is due and payable under an Approved Obligation on the Guarantee Payment Date the Approved Obligation Amount for such Beneficiary in respect of such Approved Obligation on such Guarantee Payment Date; provided that if the amount deposited pursuant to clause 2.01(a)ii is insufficient to pay all such Approved Obligation Amounts in full, the amount on deposit in the Protection Account on the Guarantee Payment Date shall be applied to pay Beneficiaries in the order of priority in which such Approved Obligations are payable under the payment provisions of the Trust Indenture applicable to the making of such payments on the Guarantee Payment Date (each, a "**Beneficiary Payee**"

and each payment made to a Beneficiary Payee on a Guarantee Payment Date, a "**Guarantee Payment**").

iv. On the first Guarantee Payment Date and on each subsequent Guarantee Payment Date, Payment Date or other day on which any amount is required to be paid in respect of any Obligations Secured under the Trust Indenture (a "**Subrogation Payment Date**"), the Issuer and the Indenture Trustee shall ensure that the applicable payment provisions of the Trust Indenture shall be applied and operate on the following basis:

(A) If such day is a Guarantee Payment Date, then for each Approved Obligation for which amounts are paid to a Beneficiary Payee on such day pursuant to clause 2.01(a)iii in respect of principal, interest or any other amounts ("**Payable Approved Amounts**"), the amounts payable by the Financing Entity in respect of such amounts for such Approved Obligation shall be reduced by the respective amounts of such payments to the Beneficiary Payee, and equivalent amounts shall be payable by the Financing Entity to the Province as "**Subrogation Amounts**" in respect of such Approved Obligations, such Subrogation Amounts being payable in the same order of priority and with the same entitlements accruing to the Province as applied in respect of the related Payable Approved Amounts which were previously owing to the Beneficiary Payee, and to reflect this subrogation the payments set out in clause 2.01(a)iv(B) below shall be made by the Financing Entity.

(B) If the Province has made all deposits required to be made by it on each Guarantee Payment Date occurring on or before such day in accordance with clause 2.01(a)ii (or the related Approved Obligation Amounts have otherwise all been paid in full), then in respect of each Approved Obligation for which any related Subrogation Amounts have not yet been paid in full to the Province, the Financing Entity shall pay to the Province from amounts available under the Trust Indenture payment provisions and in accordance with the priority of payment provisions in the Trust Indenture the amount that would be payable on such date in satisfaction of the relevant Payable Approved Amounts, as determined without regard to any Guarantee Payment paid on any Guarantee Payment Date and also without regard to the corresponding reduction of the amounts owing to present and former Beneficiary

Payees pursuant to subclause 2.01(a)iv(A) up to the amount of the unpaid related Subrogation Amounts.

(C) No Beneficiary having a right to be paid an amount in respect of an Approved Obligation, and no other Person entitled under an Obligation Secured, in each case that ranks equal with or subordinate to the Payable Approved Amount in respect of which a Subrogation Amount is payable to the Province under subclause 2.01(a)iv(B), shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under such subclause (including any right of set-off, offset, reimbursement, contribution or indemnity) and no such Beneficiary or other Person shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of any such Subrogation Amount.

(D) For greater certainty, the entitlements of the Province in respect of Subrogation Amounts arising in respect of Payable Approved Obligations that are interest and principal obligations on Notes shall be treated for all purposes of the Trust Indenture as interest and principal obligations, respectively, arising under Notes having the same priority as and any applicable voting rights under the related Approved Obligations, and accordingly the Province (and any successor, assignee or transferee of such entitlements) shall be entitled to all of the rights, entitlements, interests and privileges of a Holder of such a Notes in accordance with the Trust Indenture, as supplemented by the Supplemental Indenture or other indenture document under which the related Approved Obligations were issued.

(b) On each Guarantee Payment Date and upon demand by the Province, the Indenture Trustee shall release and pay to the Province free and clear of any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay Guarantee Payments to Beneficiary Payees on the Guarantee Payment Date in accordance with clause 2.01(a)iii or that otherwise remains on deposit in the Protection Account on the relevant date.

(c) In preparing any payment instructions under the Trust Indenture, the Manager shall reflect the amounts payable under Section 2.01(a), if applicable.

(d) The Province shall, as a payee of Subrogation Amounts under clause 2.01(a)iv(B) and as a payee of any amounts payable under clause 2.01(b), be a “Specified

Creditor" under the Trust Indenture and have the benefit of the Collateral thereunder.

(e) For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the Approved Obligation Amounts, if any, for payment to Beneficiary Payees and will be subject to the priorities and to the Province's rights to Subrogation Amounts, set forth in Section 2.01(a).

(f) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(g) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation by their terms.

(h) Any amount payable to the Province in respect of a Subrogation Amount shall bear interest from and including the date of payment by the Province of the related Guarantee Payment to but excluding the date of payment of the Subrogation Amount to the Province, such interest to accrue at the rate equivalent to the applicable interest rate borne by the related Approved Obligation, and such interest amounts shall be added to their respective Subrogated Amounts and shall consequently be payable in the same priority as the relevant Subrogated Amount under clause 2.01(a)iv(B), all such accruing interest amounts to be calculated and added to the Subrogation Amounts by the Manager in its discretion acting in a commercially reasonable fashion.

(i) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under and in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any amount due and payable to a Beneficiary Payee under the Limited Guarantee.

2.02 Intentionally Deleted.

2.03 <u>Absence of Set-off</u>

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required

in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 Payment into Protection Account in Satisfaction

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account" for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section **[7.03]** of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Financing Entity and the Indenture Trustee shall ensure that all amounts paid by the Province into the Protection Account on a Guarantee Payment Date in respect of an Approved Obligation are applied to pay the amounts due and payable to the Beneficiary Payee as and to the extent provided for in Section 2.01(a). Upon a payment having been made by or on behalf of the Province into the Protection Account, the amounts so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiary Payee as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such Beneficiary Payee in respect of the applicable Approved Obligations, whereupon an affected Beneficiary Payee shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid. For greater certainty, the obligations arising in respect of an applicable Approved Obligation shall not be reduced by such payment as the Province shall become entitled to be paid related Subrogation Amounts and the rights contemplated under Section 2.01(a) and Section 5.01 in relation to such continuing obligations.

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations in accordance with Section 8.01.

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

Except in respect of any Primary Obligation to which the Limited Guarantee will not apply on or after a Suspension Notice is delivered in accordance with Section 7.02, a Primary Obligation that is not a Certified Primary Obligation shall be an Approved Obligation. A Certified Primary Obligation shall constitute an Approved Obligation if (i) the Adherence

Conditions applicable thereto have been satisfied at the time the Primary Obligation was incurred or (ii) the Province, in its sole discretion, designates in writing that it is an Approved Obligation.

4.02 <u>Adherence Conditions</u>

(a) The following shall be the Adherence Conditions applicable in relation to each Certified Primary Obligation:

i. the Certified Primary Obligation when incurred is an Obligation Secured under the Trust Indenture; and

ii. OPG, as FSM, delivers an Adherence Compliance Certificate in the form attached hereto as Exhibit B signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee, on or before the incurrence of the Certified Primary Obligation (provided that delivery may not be more than 5 Business Days before the incurrence of the Certified Primary Obligation); and

iii. the Province has not provided a Suspension Notice to the Indenture Trustee, OPG and the Financing Entity.

(b) Without limiting any obligations of OPG to the Province arising other than pursuant to this Agreement, satisfaction of the Adherence Conditions for a Certified Primary Obligation shall be deemed satisfaction of the Adherence Conditions in respect of all principal, interest and other amounts owing under the Certified Primary Obligation, as such Certified Primary Obligation may be amended, restated, supplemented or modified from time to time.

(c) For greater certainty, there shall be no Adherence Conditions applicable in relation to a Primary Obligation that is not a Certified Primary Obligation.

4.03 <u>Evidence of Satisfaction</u>

An Adherence Compliance Certificate delivered in accordance with clause 4.02(a)ii shall be determinative as to whether the applicable Adherence Condition with respect thereto has been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same. An Adherence Compliance Certificate that purports on its face to be signed by officers specified in clause 4.02(a)ii may be relied upon by any addressee without further enquiry or evidence as to the incumbency or signatures of such officers. If an Adherence Compliance Certificate is not delivered in accordance with the timing requirements of clause 4.02(a)ii such certificate may be delivered at a later date, and be effective as if it had been delivered in accordance with the timing requirement of clause 4.02(a)ii if at the time such certificate was otherwise required to be delivered OPG had delivered to the Province

all certifications required by the Province in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation.

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, and shall be entitled to (i) the right and entitlement to be paid and receive the related Subrogation Amounts, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including Sections **[7.04]** through **[7.11]** and **[8.13]** (Payment Priorities), Section **[7.12]** (Payments Held in Trust), Section **[8.11]** (Control by Controlling Class Creditors), Section **[8.12]** (Limitation on Suits), Section **[8.14]** (Limited Recourse), Article IX (The Indenture Trustee), including all limitations of liability thereunder, Section **[9.14]** (Communications to Specified Creditors) and Section **[16.01]** (No Petition); (ii) consents, requests and authorizes the Issuer

and the Indenture Trustee to (x) add the Province to the register of Specified Creditors described in subsection **[13.13(b)]** of the Trust Indenture and (y) disseminate the notice details of the Province to other Specified Creditors for the purposes set out in subsection **[9.14(b)]** of the Trust Indenture, and (iii) confirms that it will execute and deliver, or cause to be executed and delivered, all such further agreements, documents and instruments in connection with this Section 5.01 as the Indenture Trustee may request from time to time for the purpose of giving effect to the terms of this Section 5.01.

5.02 Priorities

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation and the Payable Approved Amounts thereunder shall rank equally with the rights, interests and entitlements of a Beneficiary to whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture in the manner and to the extent contemplated in Section **[7.10]** of the Trust Indenture.

5.03 Intentionally Deleted

5.04 Representations and Warranties

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
INDENTURE TRUSTEE MATTERS

6.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing

Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

6.02 Not Responsible for Recitals

The recitals contained herein will be taken as the statements of the Province, the Financing Entity and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

6.03 Representations and Covenants of the Indenture Trustee

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Agreement and has taken all necessary action to authorize the execution, delivery and performance by it of this Agreement;

(c) this Agreement has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada. If, notwithstanding the provisions of this subsection 6.03(d), the Indenture Trustee ceases to be so authorized to carry on business, the validity and enforceability of this Agreement shall not be affected in any manner whatsoever by reason only of such event.

ARTICLE VII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

7.01 Suspension Notice

Upon:

(a) a Program Breach;

(b) a default in the performance, or breach, of any covenants of OPG, as FSM, or OPG, in its corporate capacity, in each case to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligation and the expiration of any applicable cure period;

(c) a representation or warranty made by OPG or a certification made by one or more officers of OPG, in each case whether as FSM or in its corporate capacity, to the Province in connection with its obligations to the Province and its internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligations, proves to be incorrect in any material respect on the date made and the expiration of any applicable cure period; or

(d) the FSM no longer being the Manager or actions having been taken by or on behalf of the Indenture Trustee to remove the FSM as the Manager;

the Province may deliver a written notice in the form of Exhibit C (a "**Suspension Notice**") to the Indenture Trustee, the FSM and the Financing Entity.

7.02 Suspension

If a Suspension Notice has been provided under Section 7.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of: (i) any Primary Obligation incurred, excluding Post-Suspension Refinancings, or (ii) any amendment of any Primary Obligation that has a Material Effect, unless otherwise agreed to by the Province, in each case, on or after the time such Suspension Notice is delivered.

7.03 Additional Right of the Province Regarding Post-Suspension Refinancings

Following the occurrence of a Suspension Event, the Limited Guarantee shall continue to apply in respect of any Post-Suspension Refinancing (for greater certainty, without regard to the satisfaction of any Adherence Conditions); provided that prior to the Financing Entity incurring any Primary Obligation constituting a Post-Suspension Refinancing, the Manager shall provide the Province with at least 30 days' notice of its intention to seek a Post-Suspension Refinancing and prior to incurrence, which notice shall describe the material covenants, events of default, representations and warranties and indemnities of the Financing Entity and other material terms, excluding financial terms, rates and levels, and that shall be in respect of the full amount of the amount becoming due and payable in respect of the applicable Primary Obligation less amounts otherwise available to the Financing Entity from other available or committed sources (the "**Proposal**"), and during such 30 day period the Province may, but is not obligated to, offer to fund such Post-Suspension Refinancing or arrange for another Person to fund such Post-Suspension Refinancing on the same terms as set out in the Proposal or on such other terms as may be considered by the Province to be not more onerous on the Financing Entity and that are acceptable on that basis to the Financing Entity, acting reasonably. If, within such 30-day period, the Province elects to offer to fund such Post-Suspension Refinancing as provided in the preceding sentence, the Manager shall accept such offer; however, if the Province does not elect to offer to fund such Post-Suspension Refinancing, the Manager shall cause the Financing Entity to incur Primary Obligations constituting such a Post-Suspension Refinancing on substantially the same terms (excluding, for greater certainty, any financial terms, rates or levels) as those set out in the Proposal if the Post-Suspension Refinancing can be completed by the Financing Entity

in compliance with the Act, or on such other terms as would not have a Material Effect, without taking into account any financial terms, rates or levels.

7.04 No Impact on Adherence

For greater certainty, the occurrence of a Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event or in respect of any Post-Suspension Refinancing.

ARTICLE VIII
MISCELLANEOUS

8.01 Term of Agreement

This Agreement will continue until the later of: (a) the date that no amount is or may become due and payable by the Province under the Limited Guarantee and (b) the date that no amount is or may become due and payable to the Province in respect of any Subrogation Amount.

8.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: Manager, Corporate Trust
Fax: (416) 981-9777
Email: corporatetrust.toronto@computershare.com

(b) if to the FSM:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

(c) if to the Province:

Minister of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Minister of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

With copies to:

Deputy Minister of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Deputy Minister of Energy
[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 8.02.

8.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section 8.03 shall be null and void.

8.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

8.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

8.07 Notice to Rating Agencies

OPG, as FSM, shall deliver prompt written notice to the Rating Agencies of the occurrence of (i) a Protection Event; (ii) receipt of a Suspension Notice delivered by the Province pursuant to Section 7.01; and (iii) an assignment of this Agreement by any party pursuant to Section 8.03.

8.08 Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their benefits hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

8.09 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, IN ITS CAPACITY AS TRUSTEE OF FAIR HYDRO TRUST, AS ISSUER, BY ONTARIO POWER GENERATION INC., NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration of a funding obligation" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Compliance Certificate**" means a certificate in the form attached hereto as Exhibit B delivered by the FSM in accordance with Section 4.02(a)ii.

"**Adherence Conditions**", means, in respect of a Certified Primary Obligation, the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of a Guarantee Payment Date, the aggregate of the Approved Obligation Amounts for such Guarantee Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, for a Beneficiary in respect of an Approved Obligation under which an amount is due and payable on a Guarantee Payment Date:

(a) if no Acceleration has occurred in respect of any Obligation Secured on or before the Guarantee Payment Date, the amount due and payable to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation (for greater certainty, determined on the assumption that there are adequate amounts available under the applicable payment provisions of the Trust Indenture to pay in full all amounts referred to in such payment provisions that are due and payable on the Guarantee Payment Date); and

(b) if an Acceleration has occurred in respect of any Obligations Secured on or before the Guarantee Payment Date, the amount that would be available to be paid to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation under the applicable payment provisions of the Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with such applicable payment provisions of the Trust Indenture in respect of each relevant month during each Reference Period is equal to the estimated Finance Amount determined in respect of such Reference Period for purposes of section 15(1) of the Act (in effect on the date hereof), including section 6.1 of the General Regulation (in effect on the date hereof), divided by the number of months in such Reference Period.

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Beneficiary Payee**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Certified Primary Obligations**" means Primary Obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest, including any Refinancing, other than a Post-Suspension Refinancing or a Pre-Approved Refinancing, of such a Primary Obligation (for greater certainty, including, in the case of any Certified Primary Obligation permitting funding transactions pursuant to a Funding Obligation Agreement applicable to the Certified Primary Obligation, each individual borrowing or funding utilization thereunder), (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not any individual trade confirmation other than a trade confirmation that modifies or purports to override the express terms or conditions of the related Master Agreement, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and expected (as determined by the Manager, acting reasonably) aggregate payments by the Financing Entity thereunder during the term of such contract are or would be in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).

"**Change of Law Protection Agreement**" means this Agreement.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Executive Officer**" has the meaning ascribed to the term "executive officer" in National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators.

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the first paragraph of this Agreement until a successor Financing Entity Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and the Declaration of Trust, and thereafter "Financing Entity Trustee" means and includes such Person.

"**Financing Plan**" has the meaning ascribed to the term "Financing Plan" in the Act as of the date of this Agreement.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Guarantee Payment**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Guarantee Payment Date**" has the meaning ascribed thereto in Section 2.01(a)i.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**Holder**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Liens**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(a).

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity, as amended, supplemented, restated or otherwise modified from time to time.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Agreement**" means an agreement in the form of a Master Agreement as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, as amended, supplemented, restated or otherwise modified from time to time.

["**Material Effect**" means a material effect on the obligations (including as a result of a change in the nature, scope or extent of the Primary Obligation and the effect on the Province's obligations therefor under the Limited Guarantee) or the rights of the Province under the Limited Guarantee that could reasonably be expected to affect (i) the timing of or circumstances under which Primary Obligations would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization); (ii) the appointment, obligations or duties of OPG as the Manager; (iii) the existence, powers or authority of the Financing Entity or the Financing Entity Trustee; (iv) the obligations of the Indenture Trustee to or in respect of the Province as a Specified Creditor; (v) the limitations and requirements otherwise applicable to the capital structure of the Financing Entity under any existing Program Agreement; (vi) the payment provisions and associated priorities set forth in the Trust Indenture; (vii) the obligations or liability of the Financing Entity to pay any tax, (viii) compliance by the FSM with the then applicable Financing Plan; (ix) the circumstances in which a Protection Event could arise; (x) compliance by the FSM, the Financing Entity or IESO with the Act or the General Regulation; (xi) the nature or character of the payment obligations (but, subject to compliance with the Financing Plan, irrespective of the amount payable thereunder) that could become payable under the Limited Guarantee; or (xii) the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of this Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation.] **[NTD: Under review by accountants and subject to sign off by all parties.]**

"**Notes**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Payable Approved Amounts**" has the meaning ascribed thereto in 2.01(a).

"**Payment Date**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, unlimited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Post-Suspension Refinancing**" means a Funding Obligation that is an Obligation Secured and that is incurred on or after the occurrence of a Suspension Event in compliance with the requirements of Section 7.03, as a Refinancing of one or more Series of Approved Obligations (including any Pre-Approved Refinancing incurred on or after the occurrence of a Suspension Event), in each case the proceeds of which, together with any other funds that may be available, are used solely for the purpose of paying in full such Series of Approved Obligations.

"**Pre-Approved Refinancing**" means a Refinancing of a Certified Primary Obligation in respect of which the Province has, prior to the incurrence of such Certified Primary Obligation, agreed shall be an Approved Obligation, subject to compliance with such conditions and requirements as may be specified in such agreement.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account or Finance Reserve Account; and (ii) any obligation to pay the Financing Entity or on the Financing Entity's direction any remaining amounts in the Collection Account pursuant to the Trust Indenture.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that (X) adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any Finance Reserve Account, Capital Account or collateral posting account applicable under a Derivative Agreement, (ii) the availability of any credit enhancement agreement to which the Financing Entity is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in any of clauses (i) to (v) of this paragraph (a), or (Y) adversely affects the enforceability of, or adversely changes, the terms and conditions of this Agreement or of any of the agreements under which Approved Obligations arise; or

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Approved Obligations that have become due and payable, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any Finance Reserve Account, Capital Account or collateral posting account applicable under a Derivative Agreement, (ii) the availability of any credit enhancement agreement to which the Financing Entity is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in paragraph (b).

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency Condition" in

the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Reference Period**" has the meaning ascribed to the term "reference period" in the Act as of the date of this Agreement.

"**Refinancing**" has the meaning ascribed to the term "refinancing" in the Act as of the date of this Agreement, as more particularly described and given meaning in the General Regulation as of the date of this Agreement.

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Specified Creditor**" has the meaning ascribed thereto in the Trust Indenture on the date hereof.

"**Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(B).

"**Subrogation Payment Date**" has the meaning ascribed thereto in clause 2.01(a)iv.

"**Suspension Event**" has the meaning ascribed thereto in Section 7.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 7.01.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**True-up Amount**" has the meaning ascribed to the term "true up amount" in the Act as of the date of this Agreement.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

EXHIBIT A
FORM OF PAYMENT DEMAND

TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Pursuant to and in accordance with section 2.01(a) of the Change of the Law Protection Agreement, the Indenture Trustee hereby demands payment from the Province in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in the Change of Law Protection Agreement.

DATED as of the [■] day of [■], [■].

BNY TRUST COMPANY OF CANADA

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT B
FORM OF ADHERENCE COMPLIANCE CERTIFICATE UNDER SECTION 4.02(a)

TO: **BNY TRUST COMPANY OF CANADA**, in its capacity as Indenture Trustee (the "**Indenture Trustee**") under the Master Trust Indenture dated as of December ●, 2017 between Fair Hydro Trust and the Indenture Trustee (the "**Master Trust Indenture**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province of Ontario, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust, Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Each of the undersigned, being the ● and ● of OPG acting in its capacity as FSM and holding the offices set forth under their names and signatures below, pursuant to and accordance with clause 4.02(a)ii of the Change of Law Protection Agreement, hereby certifies for and on behalf of OPG, in its capacity as Financial Services Manager, and not in such officer's personal capacity and intending that this certificate may be relied on by the addressees hereof without independent inquiry, that:

1. I have read and understand the provisions of the Change of Law Protection Agreement, the Master Trust Indenture and all other documents and materials necessary to enable me to deliver this certificate.
2. If the Certified Primary Obligation is a Refinancing, the proceeds of the Refinancing will be used solely for the purpose of repaying one or more Certified Primary Obligations in respect of which the Adherence Conditions in Subsection 4.02(a) of the Change of Law Protection Agreement had been satisfied, including one or more other Refinancings in respect of which the Adherence Conditions in Subsection 4.02(a) of the Change of Law Protection Agreement had been satisfied.
3. OPG has delivered to the Province a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate was provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation.

DATED as of the [■] day of [■], [■].

Name: [1]	Name:
Office:	Office:

[1] This certificate must be signed by two officers of OPG being either (i) the Chief Financial Officer and the Treasurer, or (ii) any two Executive Officers (as defined in the Change of Law Protection Agreement) of OPG.

EXHIBIT C
SUSPENSION NOTICE

TO: Ontario Power Generation Inc., in its capacity as Financial Services Manager

AND TO: Fair Hydro Trust

AND TO: Computershare Trust Company of Canada, in its capacity as trustee of Fair Hydro Trust

AND TO: BNY Trust Company of Canada, as Indenture Trustee

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement. All references in this Suspension Notice to "Articles" or "Sections" refer to Articles or Sections of the Change of Law Protection Agreement.

The Province has a reasonable basis for concluding that an event described in clauses (a) to (d) of Section 7.01 has occurred. Pursuant to Section 7.01, the Province hereby declares that the Limited Guarantee shall hereby not apply in respect of (i) any Primary Obligation incurred, excluding Post-Suspension Refinancings or Pre-Approved Refinancings or (ii) any amendment of any Primary Obligation that has a Material Effect, unless otherwise agreed to by the Province, in each case, on or after delivery of this Suspension Notice.

This Suspension Notice is hereby delivered to the FSM, the Financing Entity and the Indenture Trustee in accordance with Section 8.02 of the Change of Law Protection Agreement.

* * * *

DATED as of the [■] day of [■], [■].

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

Draft: December 12, 2017

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust organized under the laws of the Province of Ontario (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council 1981/2017 (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Primary Obligations that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred. This Agreement sets out the terms and conditions of such protections and assurances.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A, and any other capitalized terms not defined herein shall have the meanings assigned to them in the Trust Indenture;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this

Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 Proof of Approved Obligations

The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Manager deems to be sufficient.

Each statement delivered by the Manager under Section 2.01(a)i shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and each of the parties hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Manager shall act diligently in the preparation of each such statement and shall provide the Indenture Trustee and the Province with all supporting computations and calculations used by the Manager to prepare each such statement promptly following a request therefor made by the Indenture Trustee or the Province.

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture as of the date of this Agreement.

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 2.01 or Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a

related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee, the Financing Entity, the Financing Entity Trustee, the Manager or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee may deliver a written demand, substantially in the form attached as **[Exhibit A]** (a "**Payment Demand**"), to the Province requiring the Province to make payments in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in this Agreement. From and after such delivery of a Payment Demand, the Province shall make the following payments in respect of the Approved Obligations (the "**Limited Guarantee**"), the Financing Entity shall pay, and the Province shall be entitled to be paid, the Subrogation Amounts specified below, and the following terms shall apply:

i. Not less than three (3) Business Days prior to each day when any payment or payments are to be made in respect of one or more Approved Obligations occurring after such delivery of a Payment Demand (each such day, a "**Guarantee Payment Date**"), the Manager shall deliver a written statement setting forth the Aggregate Approved Obligations Amount, if any, in respect of the Approved Obligations that are due and payable on such Guarantee Payment Date, together with a detailed description identifying such Approved Obligations and the nature and amount of payments due and payable thereunder on the Guarantee Payment Date, the aggregate outstanding amount payable by the Financing Entity under such Approved Obligations as of the date of such written statement, and details regarding any default in performance by any party obligated thereunder.

ii. On each such Guarantee Payment Date, the Province shall deposit the Aggregate Approved Obligations Amount into the Protection Account.

iii. On each such Guarantee Payment Date, the Financing Entity and the Indenture Trustee shall ensure that the amounts on deposit in the Protection Account are applied to pay each Beneficiary to whom an amount is due and payable under an Approved Obligation on the Guarantee Payment Date the Approved Obligation Amount for such Beneficiary in respect of such Approved Obligation on such Guarantee Payment Date; provided that if the amount deposited pursuant to clause 2.01(a)ii is insufficient to pay all such Approved Obligation Amounts in full, the amount on deposit in the Protection Account on the Guarantee Payment Date shall be applied to pay Beneficiaries in the order of

priority in which such Approved Obligations are payable under the payment provisions of the Trust Indenture applicable to the making of such payments on the Guarantee Payment Date (each, a "**Beneficiary Payee**" and each payment made to a Beneficiary Payee on a Guarantee Payment Date, a "**Guarantee Payment**").

iv. On the first Guarantee Payment Date and on each subsequent Guarantee Payment Date, Payment Date or other day on which any amount is required to be paid in respect of any Obligations Secured under the Trust Indenture (a "**Subrogation Payment Date**"), the Issuer and the Indenture Trustee shall ensure that the applicable payment provisions of the Trust Indenture shall be applied and operate on the following basis[1]:

(A) If such day is a Guarantee Payment Date, then for each Approved Obligation for which amounts are paid to a Beneficiary Payee on such day pursuant to clause 2.01(a)iii in respect of principal, interest or any other amounts ("**Payable Approved Amounts**"), the amounts payable by the Financing Entity in respect of such amounts for such Approved Obligation shall be reduced by the respective amounts of such payments to the Beneficiary Payee, and equivalent amounts shall be payable by the Financing Entity to the Province as "**Subrogation Amounts**" in respect of such Approved Obligations, such Subrogation Amounts being payable in the same order of priority and with the same entitlements accruing to the Province as applied in respect of the related Payable Approved Amounts which were previously owing to the Beneficiary Payee, and to reflect this subrogation the payments set out in clause 2.01(a)iv(B) below shall be made by the Financing Entity.

(B) If the Province has made all deposits required to be made by it on each Guarantee Payment Date occurring on or before such day in accordance with clause 2.01(a)ii (or the related Approved Obligation Amounts have otherwise all been paid in full), then in respect of each Approved Obligation for which any related Subrogation Amounts have not yet been paid in full to the Province, the Financing Entity shall pay to the Province from amounts available under

[1] ~~Explanatory Note: The deletion of the paramountcy provision is acceptable as long as section 2.01 if fully reflected in the Trust Indenture. To be confirmed.~~

the Trust Indenture payment provisions and in accordance with the priority of payment provisions in the Trust Indenture the amount that would be payable on such date in satisfaction of the relevant Payable Approved Amounts, as determined without regard to any Guarantee Payment paid on any Guarantee Payment Date and also without regard to the corresponding reduction of the amounts owing to present and former Beneficiary Payees pursuant to subclause 2.01(a)iv(A) up to the amount of the unpaid related Subrogation Amounts.

(C) No Beneficiary having a right to be paid an amount in respect of an Approved Obligation, and no other Person entitled under an Obligation Secured, in each case that ranks equal with or subordinate to the Payable Approved Amount in respect of which a Subrogation Amount is payable to the Province under subclause 2.01(a)iv(B), shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under such subclause (including any right of set-off, offset, reimbursement, contribution or indemnity) and no such Beneficiary or other Person shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of any such Subrogation Amount.

(D) For greater certainty, the entitlements of the Province in respect of Subrogation Amounts arising in respect of Payable Approved Obligations that are interest and principal obligations on Notes shall be treated for all purposes of the Trust Indenture as interest and principal obligations, respectively, arising under Notes having the same priority as and any applicable voting rights[2] under the related Approved Obligations, and accordingly the Province (and any successor, assignee or transferee of such entitlements) shall be entitled to all of the rights, entitlements, interests and privileges of a Holder of such a Notes in accordance with the Trust Indenture, as supplemented by the Supplemental

[2] ~~Explanatory Note: As discussed, the Province understands that voting rights may be muted by the "outstanding" language in the Trust Indenture. Nevertheless, if voting rights would arise under the Trust Indenture they should be available to the Province.~~

Indenture or other indenture document under which the related Approved Obligations were issued.

(b) On each Guarantee Payment Date and upon demand by the Province, the Indenture Trustee shall release and pay to the Province free and clear of any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay Guarantee Payments to Beneficiary Payees on the Guarantee Payment Date in accordance with clause 2.01(a)iii or that otherwise remains on deposit in the Protection Account on the relevant date.

(c) In preparing any payment instructions under the Trust Indenture, the Manager shall reflect the amounts payable under Section 2.01(a), if applicable.

(d) The Province shall, as a payee of Subrogation Amounts under clause 2.01(a)iv(B) and as a payee of any amounts payable under clause 2.01(~~a~~**b**)~~v~~, be a "Specified Creditor" under the Trust Indenture and have the benefit of the Collateral thereunder.

(e) For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the Approved Obligation Amounts, if any, for payment to Beneficiary Payees and will be subject to the priorities and to the Province's rights to Subrogation Amounts, set forth in Section 2.01(a).

(f) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(g) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation by their terms.

(h) Any amount payable to the Province in respect of a Subrogation Amount shall bear interest from and including the date of payment by the Province of the related Guarantee Payment to but excluding the date of payment of the Subrogation Amount to the Province, such interest to accrue at the rate equivalent to the applicable interest rate borne by the related Approved Obligation, and such interest amounts shall be added to their respective Subrogated Amounts and shall consequently be payable in the same priority as the relevant Subrogated Amount under clause 2.01(a)iv(B), all such accruing interest amounts to be calculated and

added to the Subrogation Amounts by the Manager in its discretion acting in a commercially reasonable fashion.

(i) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under and in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any amount due and payable to a Beneficiary Payee under the Limited Guarantee.

2.02 Intentionally Deleted.

2.03 Absence of Set-off

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 Payment into Protection Account in Satisfaction

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account" for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section **[7.03]** of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Financing Entity and the Indenture Trustee shall ensure that all amounts paid by the Province

into the Protection Account on a Guarantee Payment Date in respect of an Approved Obligation are applied to pay the amounts due and payable to the Beneficiary Payee as and to the extent provided for in Section 2.01(a). Upon a payment having been made by or on behalf of the Province into the Protection Account, the amounts so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiary Payee as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such Beneficiary Payee in respect of the applicable Approved Obligations, whereupon an affected Beneficiary Payee shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid. For greater certainty, the obligations arising in respect of an applicable Approved Obligation shall not be reduced by such payment as the Province shall become entitled to be paid related Subrogation Amounts and the rights contemplated under Section 2.01(a) and Section 5.01 in relation to such continuing obligations.

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations in accordance with Section 8.01.

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new

trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

Except ~~as provided in Section 7.02,~~**in respect of any Primary Obligation to which the Limited Guarantee will not apply on or after a Suspension Notice is delivered in accordance with Section 7.02,** a Primary Obligation that is not a Certified Primary Obligation shall be an Approved Obligation. A Certified Primary Obligation shall constitute an Approved Obligation if (i) the Adherence Conditions applicable thereto have been satisfied at the time the Primary Obligation was incurred or (ii) the Province, in its sole discretion, designates in writing that it is an Approved Obligation.

4.02 Adherence Conditions

(a) The following shall be the Adherence Conditions applicable in relation to each Certified Primary Obligation:

i. the Certified Primary Obligation when incurred is an Obligation Secured under the Trust Indenture; and

ii. OPG, as FSM, delivers an Adherence Compliance Certificate in the form attached hereto as Exhibit B signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee, on or before the incurrence of the Certified Primary Obligation (provided that delivery may not be more than 5 Business Days before the incurrence of the Certified Primary Obligation); and

iii. the Province has not provided a Suspension Notice to the Indenture Trustee, OPG and the Financing Entity.

(b) Without limiting any obligations of OPG to the Province arising other than pursuant to this Agreement, satisfaction of the Adherence Conditions for a

Certified Primary Obligation shall be deemed satisfaction of the Adherence Conditions in respect of all principal, interest and other amounts owing under the Certified Primary Obligation, as such Certified Primary Obligation may be amended, restated, supplemented or modified from time to time.

(c) For greater certainty, there shall be no Adherence Conditions applicable in relation to a Primary Obligation that is not a Certified Primary Obligation.

4.03 Evidence of Satisfaction

An Adherence Compliance Certificate delivered in accordance with clause 4.02(a)ii shall be determinative as to whether the applicable Adherence Condition with respect thereto has been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same. An Adherence Compliance Certificate that purports on its face to be signed by officers specified in clause 4.02(a)ii may be relied upon by any addressee without further enquiry or evidence as to the incumbency or signatures of such officers. If an Adherence Compliance Certificate is not delivered in accordance with the timing requirements of clause 4.02(a)ii such certificate may be delivered at a later date, and be effective as if it had been delivered in accordance with the timing requirement of clause 4.02(a)ii if at the time such certificate was otherwise required to be delivered OPG had delivered to the Province all certifications required by the Province in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation.

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, and shall be entitled to (i) the right and entitlement to be paid and receive the related Subrogation Amounts, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by

the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including Sections **[7.04]** through **[7.11]** and **[8.13]** (Payment Priorities), Section **[7.12]** (Payments Held in Trust), Section **[8.11]** (Control by Controlling Class Creditors), Section **[8.12]** (Limitation on Suits), Section **[8.14]** (Limited Recourse), Article IX (The Indenture Trustee), including all limitations of liability thereunder, Section **[9.14]** (Communications to Specified Creditors) and Section **[16.01]** (No Petition); (ii) consents, requests and authorizes the Issuer and the Indenture Trustee to (x) add the Province to the register of Specified Creditors described in subsection **[13.13(b)]** of the Trust Indenture and (y) disseminate the notice details of the Province to other Specified Creditors for the purposes set out in subsection **[9.14(b)]** of the Trust Indenture, and (iii) confirms that it will execute and deliver, or cause to be executed and delivered, all such further agreements, documents and instruments in connection with this Section 5.01 as the Indenture Trustee may request from time to time for the purpose of giving effect to the terms of this Section 5.01.

5.02 Priorities

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation and the Payable Approved Amounts thereunder shall rank equally with the rights, interests and entitlements of a Beneficiary to whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture in the manner and to the extent contemplated in Section **[7.10]** of the Trust Indenture.

5.03 Intentionally Deleted

5.04 Representations and Warranties

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
INDENTURE TRUSTEE MATTERS

6.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

6.02 Not Responsible for Recitals

The recitals contained herein will be taken as the statements of the Province, the Financing Entity and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

6.03 Representations and Covenants of the Indenture Trustee

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Agreement and has taken all necessary action to authorize the execution, delivery and performance by it of this Agreement;

(c) this Agreement has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada. If, notwithstanding the provisions of this subsection 6.03(d), the Indenture Trustee ceases to be so authorized to carry on business, the validity and enforceability of this Agreement shall not be affected in any manner whatsoever by reason only of such event.

ARTICLE VII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

7.01 Suspension Notice

Upon:

(a) a Program Breach;

(b) a default in the performance, or breach, of any covenants of OPG, as FSM, or OPG, in its corporate capacity, in each case to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligation and the expiration of any applicable cure period;

(c) a representation or warranty made by OPG or a certification made by one or more officers of OPG, in each case whether as FSM or in its corporate capacity, to the Province in connection with its obligations to the Province and its internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligations, proves to be incorrect in any material respect on the date made and the expiration of any applicable cure period; or

(d) the FSM no longer being the Manager or actions having been taken by or on behalf of the Indenture Trustee to remove the FSM as the Manager;

the Province may ~~declare that the Limited Guarantee under this Agreement shall not apply to any Primary Obligations incurred on or after such declaration, excluding Post-Suspension Refinancings or Pre-Approved Refinancings, by delivering~~**deliver** a written notice in the form of Exhibit C (a "**Suspension Notice**") to the Indenture Trustee, the FSM and the Financing Entity.

7.02 Suspension

If a Suspension Notice has been provided under Section 7.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of: (i) any Primary Obligation incurred, excluding Post-Suspension Refinancings, or (ii) any amendment of any Primary Obligation that has a Material Effect, unless otherwise agreed to by the Province, in each case, on or after the time such Suspension Notice is delivered.

7.03 Additional Right of the Province Regarding Post-Suspension Refinancings

Following the occurrence of a Suspension Event, the Limited Guarantee shall continue to apply in respect of any Post-Suspension Refinancing (for greater certainty, without regard to the satisfaction of any Adherence Conditions); provided that prior to the Financing Entity incurring any Primary Obligation constituting a Post-Suspension Refinancing, the Manager shall provide the Province with at least 30 days' notice of its intention to seek a Post-Suspension Refinancing and prior to incurrence, which notice shall describe the material covenants, events of default, representations and warranties and indemnities of the Financing Entity and other material terms, excluding financial terms, rates and levels, and that shall be in respect of the full amount of the amount becoming due and payable in respect of the applicable Primary Obligation less amounts otherwise available to the Financing Entity from other available or committed sources (the "**Proposal**"), and during such 30 day period the Province may, but is not obligated to, offer to fund such Post-Suspension Refinancing or arrange for another Person to fund such Post-Suspension Refinancing on the same terms as set out in the Proposal or on such other terms as may be considered by the Province to be not more onerous on the Financing Entity and that are acceptable on that basis to the Financing Entity, acting reasonably. If, within such 30-day period, the Province elects to offer to fund such Post-Suspension Refinancing as provided in the preceding sentence, the Manager shall accept such offer; however, if the Province does not elect to offer to fund such Post-Suspension Refinancing, the Manager shall cause the Financing Entity to incur Primary Obligations constituting such a Post-Suspension Refinancing on substantially the same terms **(excluding, for greater certainty, any financial terms, rates or levels)** as ~~than~~ those set out in the Proposal if the Post-Suspension Refinancing can be completed by the Financing Entity in compliance with the Act, or on such other terms as would not have a Material Effect**, without taking into account any financial terms, rates or levels**.

7.04 No Impact on Adherence

For greater certainty, the occurrence of a Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event or in respect of any Post-Suspension Refinancing.

ARTICLE VIII
MISCELLANEOUS

8.01 Term of Agreement

This Agreement will continue until the later of: (a) the date that no amount is or may become due and payable by the Province under the Limited Guarantee and (b) the date that no amount is or may become due and payable to the Province in respect of any Subrogation Amount.

8.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust

700 University Avenue

Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity
Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: Manager, Corporate Trust

Fax: (416) 981-9777
Email: corporatetrust.toronto@computershare.com

(b) if to the FSM:

Ontario Power Generation Inc.

700 University Avenue

Toronto, Ontario M5G 1X6

Attention: General Counsel
Fax: (416) 592-4189

(c) if to the Province:

Minister of Finance

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

and

Minister of Energy

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

With copies to:

Deputy Minister of Finance

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

and

Deputy Minister of Energy

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 8.02.

8.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section 8.03 shall be null and void.

8.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

8.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

8.07 Notice to Rating Agencies

OPG, as FSM, shall deliver prompt written notice to the Rating Agencies of the occurrence of (i) a Protection Event; (ii) receipt of a Suspension Notice delivered by the Province pursuant to Section 7.01; and (iii) an assignment of this Agreement by any party pursuant to Section 8.03.

8.08 Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their benefits hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

8.09 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, IN ITS CAPACITY AS TRUSTEE OF FAIR HYDRO TRUST, AS ISSUER, BY ONTARIO POWER GENERATION INC., NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration of a funding obligation" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Compliance Certificate**" means a certificate in the form attached hereto as Exhibit B delivered by the FSM in accordance with Section 4.02(a)ii.

"**Adherence Conditions**", means, in respect of a Certified Primary Obligation, the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of a Guarantee Payment Date, the aggregate of the Approved Obligation Amounts for such Guarantee Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, for a Beneficiary in respect of an Approved Obligation under which an amount is due and payable on a Guarantee Payment Date:

(a) if no Acceleration has occurred in respect of any Obligation Secured on or before the Guarantee Payment Date, the amount due and payable to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation (for greater certainty, determined on the assumption that there are adequate amounts available under the applicable payment provisions of the Trust Indenture to pay in full all amounts referred to in such payment provisions that are due and payable on the Guarantee Payment Date); and

(b) if an Acceleration has occurred in respect of any Obligations Secured on or before the Guarantee Payment Date, the amount that would be available to be paid to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation under the applicable payment provisions of the Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with such applicable payment provisions of the Trust Indenture in respect of each relevant month during each Reference Period is equal to the estimated Finance Amount determined in respect of such Reference Period for purposes of section 15(1) of the Act (in effect on the date hereof), including section 6.1 of the General Regulation (in effect on the date hereof), divided by the number of months in such Reference Period.

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Beneficiary Payee**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Certified Primary Obligations**" means Primary Obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest, including any Refinancing, other than a Post-Suspension Refinancing or a Pre-Approved Refinancing, of such a Primary Obligation (for greater certainty, including, in the case of any Certified Primary Obligation permitting funding transactions pursuant to a Funding Obligation Agreement applicable to the Certified Primary Obligation, each individual borrowing or funding utilization thereunder), (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not any individual trade confirmation other than a trade confirmation that modifies or purports to override the express terms or conditions of the related Master Agreement, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and expected (as determined by the Manager, acting reasonably) aggregate payments by the Financing Entity thereunder during the term of such contract are or would be in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).

"**Change of Law Protection Agreement**" means this Agreement.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Executive Officer**" has the meaning ascribed to the term "executive officer" in National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators.

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the first paragraph of this Agreement until a successor Financing Entity Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and the Declaration of Trust, and thereafter "Financing Entity Trustee" means and includes such Person.

"**Financing Plan**" has the meaning ascribed to the term "Financing Plan" in the Act **as of the date of this Agreement**.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Guarantee Payment**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Guarantee Payment Date**" has the meaning ascribed thereto in Section 2.01(a)i.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**Holder**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**IESO**" has the meaning ascribed thereto in the Act **as of the date of this Agreement**.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Liens**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(a).

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity, as amended, supplemented, restated or otherwise modified from time to time.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Agreement**" means an agreement in the form of a Master Agreement as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, as amended, supplemented, restated or otherwise modified from time to time.

[**[**"**Material Effect**" means a material effect on the obligations (including as a result of a change in the nature, scope or extent of the Primary Obligation and the effect on the Province's obligations therefor under the Limited Guarantee)**[or the rights of the Province under the Limited Guarantee]** that could reasonably be expected to affect (i) the timing of or circumstances under which Primary Obligations would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization); (ii) the appointment, obligations or duties of OPG as the Manager; (iii) the existence, powers or authority of the Financing Entity or the Financing Entity Trustee; (iv) the obligations of the Indenture Trustee to or in respect of the Province as a Specified Creditor; (v) the limitations and requirements otherwise applicable to the capital structure of the Financing Entity under any existing Program Agreement; (vi) the payment provisions and associated priorities set forth in the Trust Indenture; (vii) the obligations or liability of the Financing Entity to pay any tax, (viii) compliance by the FSM with the then applicable Financing Plan; (ix) the circumstances in which a Protection Event could arise; (x) compliance by the FSM, the Financing Entity or IESO with the Act or the General Regulation; (xi) the nature or character of the payment obligations (but, subject to compliance with the Financing Plan, irrespective of the amount payable thereunder) that could become payable under the Limited Guarantee; or (xii) the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of this Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation.**] [NTD: Under review by accountants and subject to sign off by all parties.]**

"**Notes**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Payable Approved Amounts**" has the meaning ascribed thereto in 2.01(a).

"**Payment Date**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, unlimited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Post-Suspension Refinancing**" means a Funding Obligation that is an Obligation Secured and that is incurred on or after the occurrence of a Suspension Event in compliance with the requirements of Section 7.03, as a Refinancing of one or more Series of Approved Obligations (including any Pre-Approved Refinancing~~ that is authorized to be~~ incurred on or after the occurrence of a Suspension Event), in each case the proceeds of which, together with any other funds that may be available, **are used solely for the purpose of paying** in full such Series of Approved Obligations.

"**Pre-Approved Refinancing**" means a Refinancing of a Certified Primary Obligation in respect of which the Province has, prior to the incurrence of such Certified Primary Obligation, ~~further~~ agreed shall ~~not be a Certified Primary~~**be an Approved** Obligation, subject to compliance with such conditions and requirements as may be specified in such~~ further~~ agreement.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account or Finance Reserve Account; and (ii) any obligation to pay the Financing Entity or on the Financing Entity's direction any remaining amounts in the Collection Account pursuant to the Trust Indenture.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that (X) adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any Finance Reserve Account, Capital Account or collateral posting account applicable under a Derivative Agreement, (ii) the availability of any credit enhancement agreement to which the Financing Entity is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in any of clauses (i) to (v) of this paragraph (a), or (Y) adversely affects the enforceability of, or adversely changes, the terms and conditions of this Agreement or of any of the agreements under which Approved Obligations arise; or

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Approved Obligations that have become due and payable, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any Finance Reserve Account, Capital Account or collateral posting account applicable under a Derivative Agreement, (ii) the availability of any credit enhancement agreement to which the Financing Entity is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in paragraph (b).

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency Condition" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Reference Period**" has the meaning ascribed to the term "reference period" in the Act **as of the date of this Agreement**.

"**Refinancing**" has the meaning ascribed to the term "refinancing" in the Act as of the date ~~hereof~~**of this Agreement**, as more particularly described and given meaning in the General Regulation as of the date ~~hereof~~**of this Agreement**.

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Specified Creditor**" has the meaning ascribed thereto in the Trust Indenture on the date hereof.

"**Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(B).

"**Subrogation Payment Date**" has the meaning ascribed thereto in clause 2.01(a)iv.

"**Suspension Event**" has the meaning ascribed thereto in Section 7.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 7.01.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**True-up Amount**" has the meaning ascribed to the term "true up amount" in the Act as of the date ~~hereof~~**of this Agreement**.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

EXHIBIT A
FORM OF PAYMENT DEMAND

TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Pursuant to and in accordance with section 2.01(a) of the Change of the Law Protection Agreement, the Indenture Trustee hereby demands payment from the Province in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in the Change of Law Protection Agreement.

DATED as of the [■] day of [■], [■].

BNY TRUST COMPANY OF CANADA

By:
Name:
Title:

By:
Name:
Title:

EXHIBIT B
FORM OF ADHERENCE COMPLIANCE CERTIFICATE UNDER SECTION 4.02(a)

TO: **BNY TRUST COMPANY OF CANADA**, in its capacity as Indenture Trustee (the "**Indenture Trustee**") under the Master Trust Indenture dated as of December ●, 2017 between Fair Hydro Trust and the Indenture Trustee (the "**Master Trust Indenture**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province of Ontario, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust, Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Each of the undersigned, being the ● and ● of OPG acting in its capacity as FSM and holding the offices set forth under their names and signatures below, pursuant to and accordance with clause 4.02(a)ii of the Change of Law Protection Agreement, hereby certifies for and on behalf of OPG, in its capacity as Financial Services Manager, and not in such officer's personal capacity and intending that this certificate may be relied on by the addressees hereof without independent inquiry, that:

1. I have read and understand the provisions of the Change of Law Protection Agreement, the Master Trust Indenture and all other documents and materials necessary to enable me to deliver this certificate.
2. If the Certified Primary Obligation is a Refinancing, the proceeds of the Refinancing will be used solely for the purpose of repaying one or more Certified Primary Obligations in respect of which the Adherence Conditions in Subsection 4.02(a) of the Change of Law Protection Agreement had been satisfied, including one or more other Refinancings in respect of which the Adherence Conditions in Subsection 4.02(a) of the Change of Law Protection Agreement had been satisfied.
3. OPG has delivered to the Province a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate was provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation.

DATED as of the [■] day of [■], [■].

Name: [31]	Name:
Office:	Office:

[31] This certificate must be signed by two officers of OPG being either (i) the Chief Financial Officer and the Treasurer, or (ii) any two Executive Officers (as defined in the Change of Law Protection Agreement) of OPG.

EXHIBIT C
SUSPENSION NOTICE

TO: Ontario Power Generation Inc., in its capacity as Financial Services Manager

AND TO: Fair Hydro Trust

AND TO: Computershare Trust Company of Canada, in its capacity as trustee of Fair Hydro Trust

BNY Trust Company of Canada, as Indenture Trustee

AND TO:

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement. All references in this Suspension Notice to "Articles" or "Sections" refer to Articles or Sections of the Change of Law Protection Agreement.

The Province has a reasonable basis for concluding that an event described in clauses (a) to (d) of Section 7.01 has occurred. Pursuant to Section 7.01, the Province hereby declares that the Limited Guarantee shall hereby not apply in respect of (i) any Primary Obligation incurred, excluding Post-Suspension Refinancings or Pre-Approved Refinancings or (ii) any amendment of any Primary Obligation that has a Material Effect, unless otherwise agreed to by the Province, in each case, on or after delivery of this Suspension Notice.

This Suspension Notice is hereby delivered to the FSM, the Financing Entity and the Indenture Trustee in accordance with Section 8.02 of the Change of Law Protection Agreement.

* * * *

DATED as of the [■] day of [■], [■].

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

Document comparison by Workshare Compare on December-12-17 3:25:23 PM

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Document 1 ID	file://C:\Users\rramchan\Desktop\Ashbourne Draft.docx
Description	Ashbourne Draft
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Padding cell	

Statistics:	
	Count
Insertions	54
Deletions	44
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	98

From:	Gadi Mayman
To:	Mike Manning; Ken Kandeepan; Ronald Kwan
Cc:	Anna Strathy; Usman Zahid
Subject:	Fwd: Financing Plan under The Ontario Fair Hydro Plan Act 2017 ("the Act")
Date:	Wednesday, December 20, 2017 10:22:16 AM
Attachments:	December 20 2017 letter to Hon. Glenn Thibeault.pdf ATT00001.htm

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Begin forwarded message:

From: "LORD Bernard -BOARDCHAIR" <bernard.lord@opg.com>
To: "'glenn.thibeault@ontario.ca'" <glenn.thibeault@ontario.ca>
Cc: "Serge Imbrogno (ENERGY)" <Serge.Imbrogno@ontario.ca>, "Charles Sousa (MOF)" <Charles.Sousa@ontario.ca>, "Scott Thompson (CAB)" <Scott.Thompson@ontario.ca>, "Gadi Mayman" <Gadi.Mayman@ofina.on.ca>, "LYASH Jeffrey -PRESIDENT" <jeffrey.lyash@opg.com>
Subject: Financing Plan under The Ontario Fair Hydro Plan Act 2017 ("the Act")

Good Morning,
Please see the attached letter from Bernard Lord.
Regards,
Rosemarie

Rosemarie Hoilett
Executive Assistant - Jeff Lyash President & CEO | Bernard Lord Board Chair
Ontario Power Generation
700 University Ave | H19-A24
Toronto ON M5G 1X6
416-592-2114 | rosemarie.hoilett@opg.com

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ONTARIO POWER GENERATION

Bernard Lord
Board Chair

700 University Avenue Toronto, ON M5G 1X6

Tel: 416-592-2115
bernard.lord@opg.com

Wednesday, December 20, 2017

The Honourable Glenn Thibeault
Minister of Energy
4th Floor, Hearst Block
900 Bay Street
Toronto, Ontario
M7A 2E1

Hand Delivered and sent via email

Dear Minister Thibeault,

Re: Financing Plan under the Ontario Fair Hydro Plan Act, 2017 (the "Act")

I am writing further to our recent exchange of letters and the most recent one dated May 19, 2017, regarding the delivery of a Financing Plan by OPG as Financial Services Manager of the Fair Hydro Trust under the Act. I am pleased to advise that OPG's delivery of the Financing Plan was confirmed by the OPG Board on November 22, 2017, and it is enclosed herewith.

Sincerely,

Bernard Lord
Board Chair

cc (by email):
The Honourable Charles Sousa, Minister of Finance
Scott Thompson, Deputy Minister of Finance
Serge Imbrogno, Deputy Minister of Energy
Gadi Mayman, CEO, Ontario Financing Authority
Jeff Lyash, President and CEO, Ontario Power Generation

Enclosure

** CONFIDENTIAL **

FAIR HYDRO TRUST
FINANCING PLAN

December 18, 2017

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A. Background

In June 2017, the Province enacted the *Ontario Fair Hydro Plan Act, 2017* (the **Act**), to establish a framework under which the costs and benefits associated with the Government of Ontario's (the **Province**) Clean Energy Initiatives are to be fairly allocated between present and future consumers of electricity under Ontario's Fair Hydro Plan (Fair Hydro Plan or FHP). The Act requires the Ontario Energy Board (**OEB**) to set rates that would reduce electricity bills for a proxy regulated rate specified consumer by 25 percent commencing on July 1, 2017. The total bill reduction is comprised of the 8 percent rebate equivalent to the Provincial portion of the Harmonized Sales Tax, the shifting of funding for electricity support programs from electricity bills to provincial revenues, and by decreasing electricity rates for specified consumers paying the Regulated Price Plan (**RPP**) rate. The OEB is providing a Global Adjustment reduction credit for non-RPP specified consumers.

The reduction in electricity bills will result in a shortfall in the Independent Electricity System Operator's (**IESO**) collections, which will need to be financed in order to pay the underlying global adjustment costs (**GAC**). The objective of the Fair Hydro Plan Program (**FHP Program**) is to refinance a portion of the deferred GAC over a longer period.

Under the Act, OPG is appointed as the Financial Services Manager (**FSM**) and is given the authority to, among other things, establish and manage one or more financing entities to raise debt financing (referred to as "Funding Obligations") for the purposes of the Act. The Act requires the Minister of Energy (**MOE**) to calculate the Fair Allocation Amount and for the FSM to incur Funding Obligations that, subject to refinancing, reasonably align with the Fair Allocation Amount, as adjusted by any readjustment amount.

The following attendant regulations were enacted in support of the Act:

- *Ontario Regulation 206/17 General* (**General Regulation**) provides details on specific requirements of the Act, in particular, the requirements for the Financing Plan.
- *Ontario Regulation 195/17 Fair Adjustment* provides details on rate reductions up to April 30, 2019 for specified consumers under the Act.
- *Ontario Regulation 196/17 Invoicing Requirements* provides details on information to be included with the invoice for specified consumers under the Act.

Under sections 21(1) and 21(2) of the Act, OPG, as FSM, has an obligation to prepare a Financing Plan in accordance with the Act and regulations, and to deliver it to the Minister of Energy. Under section 21(6) of the Act, the FSM has the right to amend the Financing Plan from time to time, without affecting any Clean Energy Adjustment that has already been determined or any Funding Obligations that have already been incurred before the amendment.

This Financing Plan was prepared based on the information available to, and the views of, OPG at the time this Financing Plan was prepared (or amended, as applicable). This Financing Plan also includes forward-looking information, which is subject to change. Actual outcomes and results may differ materially from what is expressed, implied or forecasted due to, but not limited to, changes in underlying assumptions relating to the Fair Allocation Amount, interest rates, investor interest, market capacity, market conditions, and credit rating assessments. References made to the "current Fair Allocation Amount" pertains to the Fair Allocation Amount received by OPG from the MOE at the end of September 2017. Terms that are capitalized and not defined

herein have meanings ascribed to the same terms as in the Act or in the General Regulation. All amounts presented are in Canadian dollars.

1. Financing Entity – Fair Hydro Trust

Trustees

In December 2017, OPG as FSM, appointed Computershare Trust Company of Canada to act as the third party issuer trustee (Computershare or **Issuer Trustee**). Following its appointment, the Fair Hydro Trust (the **Trust**) was established as a financing entity contemplated in the Act through a declaration of trust. The Trust is structured to be bankruptcy remote from OPG. The Issuer Trustee is empowered under the declaration of trust to appoint, employ or contract with any person for the transaction of the Trust's activities. Under the Management Agreement between the Trust (by the Issuer Trustee) and OPG, the Trust appointed OPG as its agent to provide services and perform duties for the Trust in planning, implementing and administering the debt financing for the FHP Program.

In December 2017, OPG as FSM, appointed BNY Trust Company of Canada, as the third party indenture trustee (BNY or **Indenture Trustee**). The Indenture Trustee will be acting on behalf of all specified creditors, who are all persons who may have contractual claims against the Trust under the FHP Program agreements contemplated by the Master Trust Indenture (**MTI**) governing the debt issued by the Trust.

Unitholders

The Trust will carry on activities for the benefit of its unitholders outlined below:

Table 1: Fair Hydro Trust Unitholders

Unitholder	Number of Units Held
FHP2017 Inc., a wholly-owned subsidiary of OPG	1,000,000
BNY, as Indenture Trustee	1
Total Units Outstanding	**1,000,001**

Trust Capitalization Structure

The Trust will be 100 percent debt financed and the contemplated source of funding is summarized in Table 2.

Table 2: Type and Source of Debt Funding

Tranche and Debt Type	Source of Funding	% of Total Funding Requirement
Tranche A Senior Debt	Capital Markets	51%
Tranche B Subordinated Debt	OPG via Province	39%
Tranche C Junior Subordinated Debt	OPG via Province	5%
	OPG via Capital Markets	5%

The Trust will issue senior debt in the capital markets to finance 51 percent of the total funding requirement related to the deferred GAC (Tranche A). The financing platform was developed to allow the Trust access to both the Canadian and United States (**US**) markets in order to optimize pricing, provide flexibility, and market capacity. Further details on the types of financing that can be utilized are outlined under the heading *Current Funding Options*.

Through periodic equity injections in OPG, the Province is expected to provide 44 percent of the total funding requirement throughout the duration of the FHP Program. OPG will invest the proceeds from the equity injections into the Trust, with 39 percent in Tranche B as subordinated debt and five percent in Tranche C as junior subordinated debt.

OPG will invest the remaining five percent of the total funding requirement in Tranche C as junior subordinated debt, using internally generated funds or proceeds raised from debt issuances from the public markets.

2. OPG's Duties and Responsibilities

Financial Services Manager under the Act

OPG, as FSM, will perform its duties and responsibilities under the Act and its attendant regulations. These include, but are not limited to, the following:

- Establish one or more financing entities to incur Funding Obligations for the FHP Program
- Prepare a written Financing Plan to be used by OPG to evaluate the incurrence of Funding Obligations to acquire and finance a portion of the GAC deferral
- Ensure that Funding Obligations are incurred in a manner that is consistent with the Financing Plan
- Forecast the cash flow requirements of the financing entities
- Determine the monthly Clean Energy Adjustment for a particular Reference Period
- Administer the Investment Asset on behalf of the financing entities
- Establish and charge fees to the financing entities to recover costs and expenditures and to earn a return

- Seek the best terms available at the time of incurrence of a Funding Obligation, having regard to other financing transactions of similar size and type
- Apply debt proceeds to purchase an Investment Interest or repay or redeem outstanding debt
- Consider the interests of specified consumers with respect to stable and predictable electricity rates
- Deal with related parties on arm's length terms
- Fulfil various reporting requirements to stakeholders

Manager under the Management Agreement

OPG has also entered into a management agreement with the Issuer Trustee, on behalf of the Trust, whereby all of the powers and duties of managing the Trust have been delegated to OPG as the manager. The duties and responsibilities associated with this role includes:

- Determining whether to incur Funding Obligations to acquire an Investment Interest or to refinance existing Funding Obligations;
- Negotiating and entering into program agreements;
- Maintaining accounts and banking records;
- Preparing any offering documents furnished by the Trust to prospective purchasers of Funding Obligations; and
- Preparing financial statements and tax filings on behalf of the Trust.

OPG's entitlement to fees, as FSM, is subject to the payment priorities outlined in the MTI and summarized in Section C, *Application of Recovery Amounts to Funding Obligations,* Figure 5. The FSM is not entitled to resign from its duties or terminate the management agreement as long as Funding Obligations remain outstanding. OPG may be terminated by the Issuer Trustee, with the consent of the Indenture Trustee, or by the Indenture Trustee in accordance with the MTI.

3. Fair Allocation Amount and the Financing Plan

The Fair Allocation Amount, including the readjustment amount where applicable, is an amount calculated under the Act and the regulations by the MOE for every Reference Period over the term of the FHP Program. It is intended to allocate the estimated Clean Energy Costs and Clean Energy Benefits fairly among specified consumers.

The FSM is required to prepare a Financing Plan under the Act to evaluate whether Funding Obligations should be incurred by the Trust. OPG is to have regard to certain prescribed principles (outlined in detail in Section B below), including that Funding Obligations should be incurred so that the estimated Finance Amount that would become due and payable during a Reference Period will, subject to refinancing, reasonably align with the Fair Allocation Amount determined in respect of such Reference Period, as adjusted by a readjustment amount where applicable. In other words, the Financing Plan should contemplate the issuance of Funding Obligations from time to time, with terms that would result in Clean Energy Adjustments being payable by specified consumers to ensure that they are bearing their fair share of the costs of providing Clean Energy Benefits. The Act also provides that each Funding Obligation is deemed

to be consistent with the Financing Plan and to provide for the reasonable alignment of the estimated Finance Amount with the Fair Allocation Amount.

Figures 1 and 2 illustrate the FHP Program's financing profile over the next 30-year period.

Figure 1: Fair Hydro Trust Debt Balance

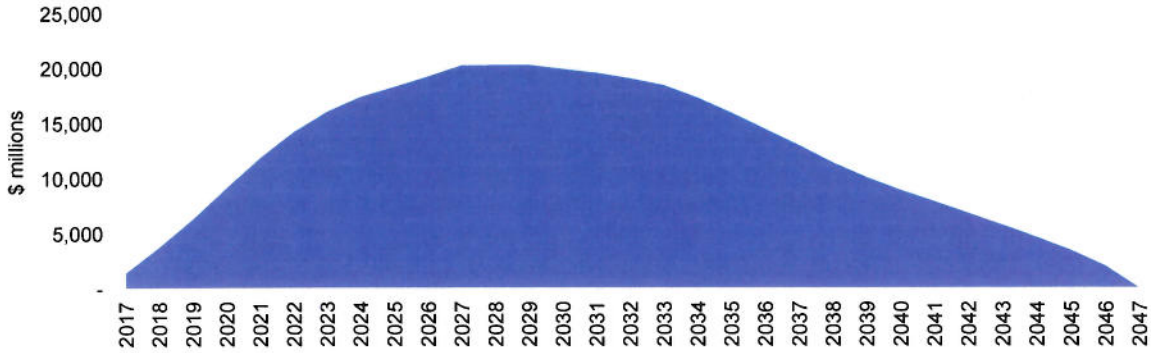

Figure 2: Fair Hydro Trust Borrowing and Repayment Profile

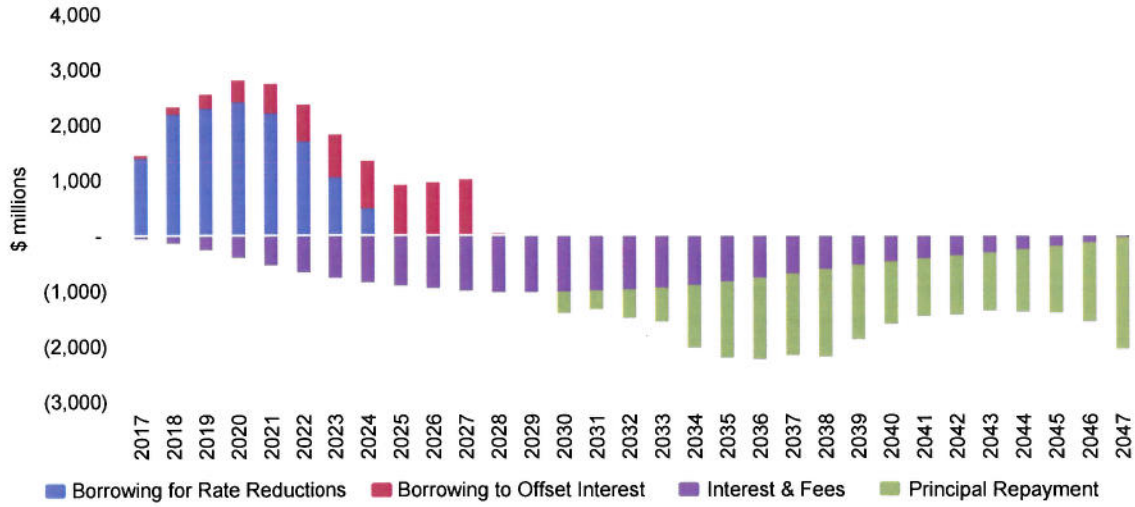

The Fair Allocation Amount is a net amount, either positive or negative, equal to the difference between the following:

1) estimated costs of Clean Energy Initiatives without adjustment; and
2) a re-profiling of the costs in item 1) plus:
    a. the estimated operating and financing costs of the FHP Program, and
    b. the repayment of the readjustment amount.

A negative Fair Allocation Amount in any Reference Period generally represents a period of borrowing, and a positive Fair Allocation Amount generally represents a period of principal repayment.

In a Reference Period when the Fair Allocation Amount is negative, the operating and financing costs of the FHP Program are shown in the Fair Allocation Amount calculation as an increase in the debt of the FHP Program. This treatment is equivalent to increasing the amount of the deferred GAC. The repayment of the related debt is included in the Fair Allocation Amount calculation to establish that all debt will be repaid by the end of the FHP Program. During these periods, operating and financing costs of the FHP Program are considered to align with the Fair Allocation Amount as long as these costs do not exceed the corresponding components in the Fair Allocation Amount calculation in any Reference Period by more than +/- 15 percent. If these costs exceed the corresponding components of the Fair Allocation Amount by more than +/- 15 percent, the FSM will take reasonable actions in accordance with the Act and regulations to align to the Fair Allocation Amount. Variability in costs is expected throughout the FHP Program as the Fair Allocation Amount was calculated on a forecast basis. Accordingly, any variability that is less than +/- 15 percent is deemed to be within an acceptable range.

Assessment for Reasonable Alignment

The Act stipulates that the Financing Plan must reasonably align with Fair Allocation Amount. This requirement is expected to be achieved through the consistent application of the following methodology, guidelines, and steps throughout the term of the FHP Program:

- Maintain a financial model that captures the Funding Obligations requirements of the Trust. Translate the funding requirements into expected cash flows by determining the related interest amounts, reserve requirements, fees, principal repayment, and the Trust's operating costs. This exercise will be performed for each Reference Period over the term of the program.
- Determine and assess the following:
    - For Reference Periods when the Fair Allocation Amount is negative, determine whether the forecast cash flow requirements is less than or equal to the financing and operating costs reflected in the Fair Allocation Amount as additional debt of the Trust. If the forecast cash flow requirements exceed the addition to the debt in the Fair Allocation Amount by more than +/- 15 percent, determine the cause of the variance. In these situations, the FSM will take reasonable actions in accordance with the Act and regulations to align to the Fair Allocation Amount.
    - For Reference Periods when the Fair Allocation Amount is positive, determine whether the forecast cash flow requirements is less than or equal to the Fair Allocation Amount. If the forecast cash flow requirements exceed the Fair Allocation Amount by more than +/- 15 percent, determine the cause of the variance. In these situations, the FSM will take reasonable actions in accordance with the Act and regulations to align to the Fair Allocation Amount.
- Due to the timing of the collection of cash flows, the General Regulation contemplates the use of reserve accounts. Provisions for reserves are excluded from the reasonable alignment assessment as these amounts are required to allow the Trust to incur the Funding Obligations. In addition, the reserve balances will be credited to specified consumers at the end of the term through the true-up mechanism if they are not required to satisfy terms of any Funding Obligation agreements pursuant to the MTI. Refer to *Financing Reserve and Capital Accounts* for more information on reserve accounts.

- Utilize and apply an accrual methodology when determining costs of the program, except for debt issuance costs, principal repayments, and reserve requirements.

The FSM will establish a methodology for assessing reasonable alignment at such time when a new Fair Allocation Amount letter is received from the MOE.

B. Principles and Assumptions of the Financing Plan

This section outlines the various principles and assumptions that guided the development of this Financing Plan in accordance with the Act and section 14 of the General Regulation. The same principles and assumptions will apply to all subsequent revisions of the Financing Plan, if required.

The FSM is required to make reasonable assumptions regarding the following matters:

1. IESO Deferral for Future Months

The FSM will base its expectation of the IESO deferrals on the most current version of the Fair Allocation Amount and readjustment amounts provided by the MOE. Actual IESO deferrals and forecasts of near term deferrals, if available, will be used to guide forecast deferrals over the next quarter.

2. Future Transfers of Portions of the IESO's Regulatory Asset

The Trust anticipates periodic purchases of Investment Assets from the IESO when the cumulative balance of its regulatory assets is large enough to be financed and when effective financing options are available to the Trust. The market capacity for both long-term and short-term debt financing will also be key elements to consider when determining the most cost efficient option.

3. Term to Maturity of Funding Obligations

<u>Initial Term Debt Tranche – 2018 Borrowing</u>

The forecast debt profile for the Trust based on the current Fair Allocation Amount received from the Province at the end of September 2017 indicates that principal repayments can commence in 2030 (see Figure 3). However, the principal repayment amount for that year is expected to be relatively small at approximately $400 million for the year or about $200 million for each six-month Reference Period. Accordingly, principal repayment of the initial 2018 term debt tranche is expected to commence in 2032 when the cumulative principal repayment amount reaches approximately $1 billion, which indicates a minimum term for the initial debt issuance of approximately 15 years. This offering is expected to include $500 million of senior notes, which is a sizeable amount to ensure sufficient liquidity and marketability. Subsequently, principal repayment increases to approximately $1.5 billion annually or $0.75 billion for each Reference Period by around 2035 allowing for larger single maturities.

Figure 3: Principal Repayment Profile Based on Current Fair Allocation Amount

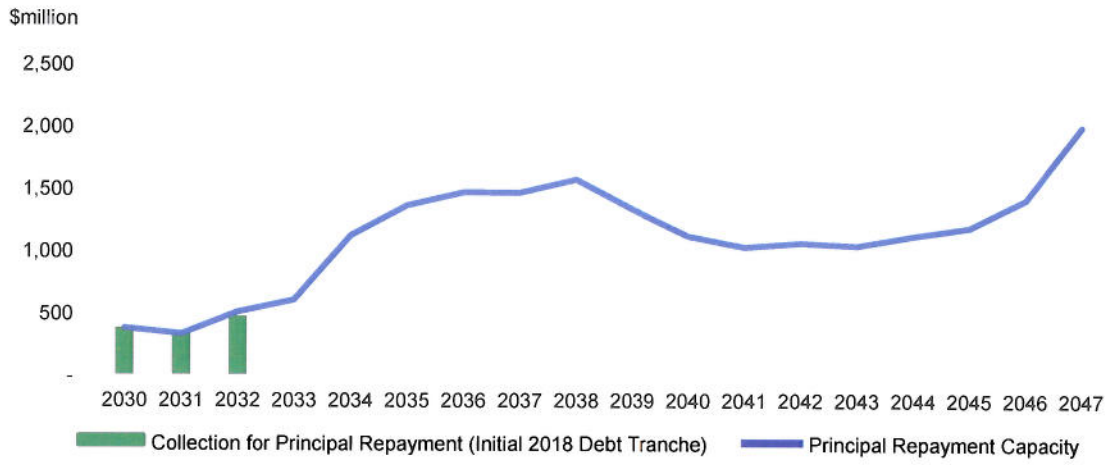

This length of term for an asset-backed security (**ABS**) has no precedence in the Canadian market where terms are typically 10 years or less. Therefore, it is expected that a higher premium will be required to attract investors. Refer to Table 3 under the heading *Interest Rates* for the indicative current pricing range for all debt tranches, including senior debt.

For a new issuer such as the Trust offering a unique program, a strategy of issuing a 15-year term paper may not provide an optimal initial pricing given the absence of a specific credit curve for the Trust. It is expected that at program inception, the Trust will issue debt to cover both short and long-term exposures. The terms of maturities will be staggered, up to year 30, with maturities capped at the projected Fair Allocation Amount and readjustment amount, during each six-month Reference Period. In addition, consideration for a combination of characteristics established by the Fair Allocation Amount curve and investor interest will drive the term of a Funding Obligation.

Indicative Debt Maturities for Borrowings

Using the current Fair Allocation Amount, the forecast debt maturities over the life of the FHP Program was derived in Figure 4 for illustrative purposes only and is current as of the date of this Financing Plan. Actual debt maturities may differ materially from what is illustrated in Figure 4 primarily due, but not limited to, future changes in the Fair Allocation Amount.

Figure 4: Indicative Debt Maturities Using the Current Fair Allocation Amount

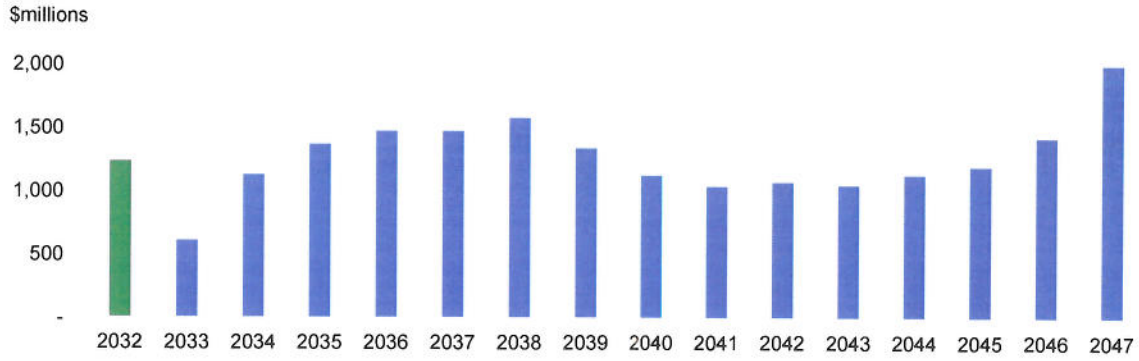

The key objective when determining the indicative debt maturities in Figure 4 is to align the annual amount of debt maturities with the principal repayment capacity under the Fair Allocation Amount curve. In years where the principal repayment capacity is less than $500 million, the debt maturities will fall in subsequent years where the cumulative maturities do not exceed the cumulative principal repayment capacity. This type of decision will be made along with other considerations such as size of each issuance to ensure liquidity (and thus, cost efficiency). As this schedule is based on the current Fair Allocation Amount curve and its underlying assumptions, a shift in the curve and/or any changes in the assumptions will result in changes to this indicative debt maturity schedule.

4. Refinancing

The MTI requires the Trust to establish and maintain a deposit account in the name of the Indenture Trustee for a refinancing account held for the benefit of the Indenture Trustee and specified creditors. All proceeds arising from notes and borrowings related to refinancing shall be deposited to this refinancing account.

Debt refinancing may occur under the following scenarios:

- When original financing is incurred, the short end of the yield curve is more cost efficient than the long end, on a relative basis;
- The Fair Allocation Amount or readjustment amount is updated; and
- In line with the provisions of the Act, no Clean Energy Adjustments will be collected from specified consumers between July 1, 2017 and April 30, 2021. Accordingly, any debt maturities during this period will need to be refinanced.

Refinancing decisions will be guided by the Trust's ability to secure cost efficient long-term financing from investors and the maximum principal repayment profile dictated by the Fair Allocation Amount curve. Given the current Fair Allocation Amount, the FSM expects that debt issuances during the moratorium period will be a minimum of 15-year terms.

However, if market conditions are such that short-term notes (e.g. 5-year notes), along with hedging the refinancing of these notes after 5 years, could be more cost effective than issuing longer term notes, the FSM may consider such a strategy instead of issuing 15-year notes. In the event of an update to the Fair Allocation Amount or the readjustment amount that leads to a significant change in the profile whereby collections of CEAs could start earlier, short-term notes could also be issued.

5. Cash Flow Requirements

The Trust's cash flow requirements to meet its contractual obligations include, but are not limited to, the following:

- Payment of taxes, if any
- Reimbursing the FSM for costs and expenditures outlined in sections 10.2 (3) and 10.13 (3) of the General Regulation and summarized under the heading *Fair Hydro Trust Costs and Expenditures*
- Interest and fees on all outstanding borrowings
- Scheduled principal repayments

- Deposits or transfers to reserve accounts required by the MTI and summarized under the heading *Financing Reserve and Capital Accounts*
- OPG's fees as FSM as summarized under the heading *Financial Services Manager's Fees*
- Termination payments to defaulting derivative counterparties, if applicable

Refer to Figure 5 in Section C, *Application of Recovery Amounts to Funding Obligations* for the cash flow receipts' payment priority.

6. Current Funding Options and Related Terms and Conditions

To achieve cost efficiencies, the following funding vehicles could be utilized in either the Canadian or US markets (except for the subordinated debt), from time to time, depending on the financing requirement, as well as market capacity and relative pricing at the time of issuance:

- **Short Term**: asset-backed commercial paper (**ABCP**) conduit and revolving bank lines of credit in the Canadian market
- **Medium to Long-Term**: term ABS and privately placed debt securities in either the Canadian or US markets
- **Subordinated Debt**: to be provided by OPG

Syndicated Short-Term Warehousing Facility

Short-term notes will be issued by the Trust to fund short-term borrowing requirements. The amount outstanding will be periodically refinanced and repaid by long-term funding from the capital markets once the cumulative amount of the Investment Asset available to be purchased is approximately $300 million to $500 million. This warehouse facility is expected to be utilized on a monthly basis to fund the Investment Asset purchases from the IESO.

The Trust will be securing a warehouse facility agreement with a bank syndicate comprising of CIBC, RBC, and Goldman Sachs for $800 million under a 2-year committed term, which would be primarily funded through their ABCP conduit.

Revolving Bank Lines of Credit

This type of funding option provides the Trust with a warehouse facility under which principal amounts can be advanced, repaid and again advanced during a committed revolving period. This bank funding option will be utilized when it is more cost effective than short-term notes.

Term ABS

ABS are notes that will be backed by the Trust's Investment Asset and issued under the MTI. The specific terms and conditions of each series, class or tranche of notes will be set forth in a supplemental indenture and, if applicable, a terms document authorizing that series, class or tranche.

To minimize financing costs, term ABS bullet bonds will be used rather than amortizing bonds, which require an additional premium by investors. The current intent is to issue term ABS notes in the 15 to 25 year term to fill out the yield curve based on the Fair Allocation Amount and investor demand.

Subordinated Debt

Concurrent with every issuance of senior debt by the Trust, it is expected that OPG will acquire subordinated debt in an amount not to exceed 49 percent of all outstanding debt of the Trust at any time. The subordination of OPG's debt investment plays an important credit enhancement role, which is expected to minimize the cost of senior debt tranches in the external market by garnering a higher rating through some differentiation. The subordinated debt will assume substantially all of the liquidity and deferral risk for the structure. Accordingly, the cash flow payment waterfall in Figure 5 reflects this subordination structure.

The credit rating for the subordinated debt will be dependent on the rating agency assessment and evaluation of the stress credit scenarios. It is expected that there will be a minimum of one rating category differential between each debt tranche.

The interest rate applicable to subordinated debt is expected to be the aggregate of:

- The applicable base rate, which is the relevant senior debt rate, plus
- The applicable spread, which represents the additional interest, in basis points, over the base rate that will apply to the relevant subordinated debt. This rate will be established by OPG through an annual survey of market spreads from a syndicate of banks.

The subordinated debt will maintain a minimum of one rating to allow for appropriate benchmarking/pricing. A simple average of the market spreads will determine the rate, excluding the highest and lowest rates in the survey sample. The terms of the subordinated debt will be finalized prior to the initial debt issuance.

For the short-term subordinated debt lending facility, the banking syndicate will provide OPG with comparable short-term lending spreads on committed bank credit facilities on an annual basis (i.e. ratings based on a pricing grid). A simple average of the market spreads will determine the rate, excluding the highest and lowest rates in the survey sample.

The process will be consistent with the Subordinated Debt Pricing Protocol between OPG, as FSM, and the Ontario Financing Authority.

7. Currency and Interest Rate Hedging Programs

As the FHP Program develops over time, the Trust will consider interest rate and currency swaps and other hedging instruments, as required. Refer to the Section C, *Risk Mitigation Strategies* for further details on hedging and other instruments that could be used by the Trust.

8. Fair Hydro Trust Costs and Expenditures

The costs and expenditures incurred by OPG as FSM on behalf of the Trust will be in accordance with sections 10.2 (3) and 10.13 (3) of the General Regulation as amended in November 2017.

Specifically, the costs and expenditures incurred by the FSM include, but are not limited to, the following:

1. Underwriters or selling agents for Funding Obligations.
2. Banking fees, including but not limited to structuring fees or work fees.
3. Fees of issuing and paying agents for Funding Obligations.
4. Fees of trustees.

5. Fees incurred in the preparation of financial statements, financial reports, compliance certificates and tax returns.
6. Fees of legal counsel.
7. Rating agency fees.
8. Filing or registration fees.
9. Direct costs of OPG for employees whose work consists exclusively of the provision of services to the Trust in relation to prescribed matters.
10. Costs and expenditures incurred on behalf of any financing entity in connection with OPG's duties under the Act in relation to the financing entity.
11. Costs and expenditures incurred in relation to a management agreement between OPG as FSM and any financing entity, where the agreement provides for the reimbursement of the costs and expenditures.

The costs and expenditures incurred directly by the Trust, as well as the fees of the FSM and the costs and expenditures incurred by the FSM on behalf of the Trust, are Finance Amounts that can be recovered by the Trust (as carrying costs) from the IESO until July 2021 and thereafter through Clean Energy Adjustments charged to specified consumers.

9. Interest Rates

As the FHP Program is expected to last until 2047, it is appropriate to assume that long-term debt rates are the primary components of the financing costs for the overall program. In estimating indicative interest rates for each tranche and debt type, the following key considerations and assumptions were utilized:

- The base case credit rating assumptions are as follows:
  - Target of "AAA" for Tranche A – Senior Debt,
  - "A" for Tranche B – Subordinated Debt which is dependent on the senior debt credit rating, and
  - "BBB" for Tranche C – Junior Subordinated Debt
- Using the projected Province of Ontario long bond rate of 4 percent plus a 25 basis points premium to reflect the securitization structure, the estimated indicative pricing over the life of Tranche A – Senior Debt is 4.25 percent
- For comparative purposes, the current pricing using the Province of Ontario long bond rate of 3.0 percent plus the same 25 basis points premium was included to reflect the current low interest rate environment
- A higher return on the subordinated debt is required to compensate for incremental risks assuming:
  - Rating agencies attribute a lower rating to the subordinated debt relative to the senior debt due to the lower priority in the cash flow waterfall (refer to Figure 5 in Section C, *Application of Recovery Amounts to Funding Obligations*)
  - Senior debt's rating needs to be credit enhanced to address collection and liquidity risks

To achieve cost efficiencies, the Trust was established with a tiered debt structure to achieve a higher credit rating for the senior debt and to maximize market capacity by accessing the AAA market to achieve cheaper financing costs overall. The following table summarizes the indicative pricing range by debt tranche:

Table 3: Indicative Pricing by Debt Tranche

Tranche and Debt Type	Risk Profile	Source	% of Total Funding Requirement	Rating Category Estimate	Current Pricing	Potential Rating Range	Price Based on Rating Range
Tranche A Senior Debt	Lowest Risk	Capital Market	51%	AAA	3.25%	AAA – AA	3.25% – 3.75%
Tranche B Subordinated Debt	Medium Risk	OPG via Province	39%	A	4.5%	AA – A	4.0% – 4.5%
Tranche C Junior Subordinated Debt	Highest Risk	OPG via Province	5%	BBB	5.5%	A – BBB	5.0% – 5.75%
		OPG via Capital Markets	5%				
Weighted Average					**4.0%**		**3.75% – 4.5%**

The credit range for each debt tranche will be determined by the overall credit strength of the financing structure and its resilience under various credit stress scenarios. The rating agencies' assessment of the limited guarantee to bondholders provided by the Change of Law Protection Agreement, discussed under the heading *Indemnifications*, is one of the major factors that will influence the final ratings of each debt tranche. In addition, in assessing credit stress, the following factors, among others, will be considered: (i) declining energy usage throughout the securitization period, (ii) forecast collections in peak months not materializing, and (iii) declining consumption equal to the largest absolute annual forecast error. The market capacity for securitization notes is predominantly available for AAA-rated notes, limited for AA-rated notes, and not tested or developed for A-rated or lower. The pricing estimates provided in Table 3 reflect these credit and liquidity factors. Debt pricing will be finalized at the time of the initial issuance.

10. Finance and Capital Reserve Accounts

Section 5(1) of the General Regulation stipulates that the Finance Amount shall include any amounts the Trust deposits into capital or finance reserve accounts as required under the governing documents of the Funding Obligations (i.e. the MTI). The accounts also act as a credit enhancement feature in support of the Trust borrowings. Any unused balance in the segregated trust accounts at the end of the term will be credited to specified consumers. Refer to Figure 5 in Section C, *Application of Recovery Amounts to Funding Obligations*, for the priority order of deposits into the reserve accounts.

Section 7.02 of the MTI between the Trust and the Indenture Trustee specifies the establishment and maintenance of the following key reserve accounts:

Finance Reserve Accounts

Program Cash Reserve Account

The Trust shall establish and maintain a Program Cash Reserve Account, a deposit account in the name of the Indenture Trustee with an eligible institution. This finance reserve account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the specified creditors. The Trust is required to deposit to this account the Program Cash Reserve Required Amount during the Reference Period commencing May 1, 2021, being an amount equal to 0.50 percent of the aggregate outstanding principal amount of the senior Funding Obligations, subordinated Funding Obligations and junior subordinated Funding Obligations after giving effect to all settlements on such payment date, or such lesser amount that satisfies the rating agency condition. Amounts available from the collection account will be deposited from time to time in the Program Cash Reserve Account to maintain the balance at the then Program Cash Reserve Required Amount.

Series Finance Reserve Account

From time to time, the Trust may establish a Series Finance Reserve Account, a deposit account in the name of the Indenture Trustee with an eligible institution. Each Series Finance Reserve Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the applicable specified creditors. This finance reserve account may be established for the purpose of allowing the Trust to reserve funds to pay finance charges (including, without limitation, interest and payments under derivative agreements) for a series of issuer Funding Obligations.

Capital Reserve Account

Series Capital Reserve Account

From time to time, the Trust may establish a Series Capital Reserve Account, a deposit account in the name of the Indenture Trustee with an eligible institution. Each Series Capital Reserve Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the applicable specified creditors. This capital reserve account may be established for the sole purpose of allowing the Trust to accumulate funds to be used to make repayments in respect of Funding Obligations. Details of any period of accumulation and the amounts to be accumulated shall be specified in the related Funding Obligation agreement.

11. Indemnifications

The following forms of indemnities are expected to be issued for the FHP Program:

Change of Law Protection Agreement

The Change of Law Protection Agreement provides bondholders a limited guarantee in the event of a protection event and acts as a credit enhancement for the Trust's senior debt. The guarantee will be triggered if:

i. the Province changes the Fair Hydro legislation/regulations or passes other legislation/regulation; or

ii. a change in the organization or structure of the IESO is implemented or Ontario's electricity market is undertaken at the initiative of the Province or an entity controlled by the Province; or

iii. the Act is declared invalid/unconstitutional.

in each case, in a way that adversely affects the ability of the Trust to receive amounts in respect of its Investment Interest so that it can pay funding obligations covered by the agreement, after taking into account and having regard to (i) any funds available at such time to apply to pay such Funding Obligations, including in any finance reserve account, (ii) the availability of any credit enhancement to which the Trust is a party and (iii) any reasonably expected potential effect of a true-up amount under the Act in the Reference Period immediately following the occurrence of an event described above.

Upon the occurrence of a protection event, the Province is required to pay the approved obligations owing by the Trust as they become due and payable provided that the Province has a right of subrogation to receive amounts that the Trust has a right to receive.

Change of Law Process Agreement

Prior to entering into to the Change of Law Process Agreement between OPG and the Province, OPG as FSM provided the Province with an initial forecast setting out OPG's expectations regarding the aggregate maximum amount of debt to be incurred during the initial 24-month forecast period commencing December 1, 2017. This initial forecast amount is designated as the "Initial Protection Agreement Maximum". The Province did not disagree with the initial forecast or the Initial Protection Agreement Maximum on the basis of an apparent inaccuracy in the initial forecast, an inconsistency between the initial forecast and the initial Financing Plan, or as a result of the Initial Protection Agreement Maximum being more than the initial forecast. Pursuant to the Change of Law Process Agreement, between 9 and 12 months prior to the expiry of the initial 24-month forecast period (and every subsequent 24-month forecast period), OPG as FSM will provide the Province with an updated forecast of the aggregate maximum amount of debt to be issued such 24-month forecast periods. This amount, combined with such future amounts with which the Province has not disagreed, will be the Protection Agreement Maximum.

Table 4 provides the expected debt issuance amounts for the next 24-month period as consistent with the Financing Plan and submitted to the Province pursuant to the agreement.

Table 4: Initial Protection Agreement Maximum

Forecast Period Start Date	Forecast Period End Date	Expected Amount of Debt Issuance ($M)
December 1, 2017	December 31, 2017	$1,179
January 1, 2018	December 31, 2018	$2,591
January 1, 2019	November 30, 2019	$2,553
Initial Protection Agreement Maximum:		**$6,323**

Issuer Trustee

Each of the Issuer Trustee and its related parties will be indemnified out of the trust property from and against all liabilities, obligations, losses, damages, penalties, taxes, claims, actions, investigations, proceedings, costs, expenses or disbursements of any kind arising out of, among other things, the declaration of trust or any other program agreement, the administration of the Trust's assets or the action or inaction of the Issuer Trustee's agents, except for its own fraud, willful misconduct, bad faith or negligence.

Limited Recourse

The obligation of the Trust to pay principal and interest on the Funding Obligations is subject to the allocation and payment provisions in the MTI and the applicable Funding Obligation agreement and limited to amounts available from the collateral. Neither the Indenture Trustee, OPG nor the Issuer Trustee in its individual capacity will be personally liable for the payment of the principal or interest on the notes or any other Funding Obligation, or for the Trust's covenants and agreements contained in the MTI.

12. Financial Services Manager's Fees

All fees charged by OPG to the Trust will be in accordance with the provisions of the General Regulation.

Subject to OEB approval, OPG is entitled to the following:

- For 2017, OPG will receive $3.1 million and an amount to cover up-front costs incurred between June 1 and December 31, 2017 by OPG on behalf of the Trust (e.g. legal fees, rating agency fees, trustee fees). The $3.1 million includes a $600,000 fee and $2.5 million to cover costs incurred prior to June 1, 2017. The expenses between June 1 and December 31, 2017 will also include direct costs of OPG employees who are dedicated exclusively to Fair Hydro matters.
- For January 2018 to March 2019, OPG will receive a general fee consisting of (i) a monthly base fee equal to 7.5 basis points, divided by 12, multiplied by the average outstanding debt of the Trust, calculated on a monthly basis, (ii) a variable fee that is calculated based on how the interest rate for external funding tranches for that period compare to forecast interest rates for the period (and which fee is limited to ± 2 percent of 5 percent of the total

external funding tranches issued in the period), and (iii) third-party expenses and direct employee costs of dedicated Fair Hydro employees.

- For April 2019 to March 2020, and every 12-month period thereafter, OPG will make submissions to the OEB on the base fee, variable fee and expenses. The base fee will be based on comparable fees charged by full-service managers of securitization vehicles (and other similar funds). The variable fee will be calculated in the same manner noted above, but with a refresh of forecast interest rates for the relevant period. For 2019 onward, the expenses will include direct employee costs of dedicated Fair Hydro employees only if the fees of comparable managers also include such direct costs.

A written confirmation from OPG's external auditor or another external auditor is required to accompany each submission to the OEB for the recovery of expenditures incurred by OPG on behalf of the Trust. The report shall confirm the accuracy of the costs and expenditures charged to the Trust, that such amounts were incurred by OPG, and the amounts were paid to third parties (with the exception of direct employee costs).

C. Other Considerations

1. Market

The FHP Program's financing platform was developed to allow for access to both the Canadian and US markets in order to have the best pricing and flexibility options. To the extent that the Canadian market has sufficient capacity and provides cost efficiency, priority will be given to the domestic market. However, there is no precedence in the Canadian market for term ABS notes longer than 10 years, nor the size of funding required by the FHP Program. Due to this, the ability to access the US market provides the program additional financing capacity in the event that the Canadian market cannot support the financing requirement. The FSM will make its decision on which market to access on a deal-by-deal basis.

2. Application of Recovery Amounts to Funding Obligations

Section 7.04(e) of the MTI outlines the payment priorities for the Trust's receipt of cash flows. Figure 5 below summarizes the significant components of the payment waterfall.

Figure 5: Payment Waterfall for Fair Hydro Trust Cash Collections

Payment Priorities

On each payment date, all amounts on deposit in the collection account will be paid out in the following order of priority:

1. to pay (A) all taxes exigible for which a governmental authority is given priority over the specified creditors under the laws of the applicable jurisdiction, and then (B) fees, expenses and reimbursements owing to the Issuer Trustee and the Indenture Trustee up to a maximum aggregate amount of equal to $150,000, multiplied by the number of series of senior Funding Obligations outstanding on the payment date, divided by 12;
2. to pay (A) interest, fees and other amounts owing in respect of senior debt and (B) amounts payable to derivative counterparties other than termination payments;
3. to pay interest, fees and other amounts owing in respect of subordinated debt;
4. to pay interest, fees and other amounts owing in respect of junior subordinated debt;
5. to pay principal owing in respect of warehouse debt;
6. to pay (A) principal owing in respect of senior debt to the extent required to satisfy any payment of principal; and (B) termination payments owing to derivative counterparties where the derivative counterparty is not the defaulting party or the sole affected party;
7. to pay fees, expenses, reimbursement and indemnity amounts owing to the FSM;
8. to pay principal owing in respect of subordinated debt to the extent required to satisfy any payment of principal;

9. to pay principal owing in respect of junior subordinated debt to the extent required to satisfy any payment of principal;
10. to deposit to the Program Cash Reserve Account, if the amount on deposit is less than the required amount;
11. to replenish any reserve account in respect of senior debt, the amount required pursuant to the applicable Funding Obligation agreement;
12. to replenish any reserve account in respect of subordinated debt, the amount required pursuant to the applicable Funding Obligation agreement;
13. to replenish any reserve account in respect of junior subordinated debt, the amount required pursuant to the applicable Funding Obligation agreement;
14. to be held in the collection account for distribution in the above order of priority on the next payment date; or (ii) after all Funding Obligations have been paid and discharged, and all other amounts have been paid in full, to pay to the Trust.

3. Risk Mitigation Strategies

Currency Risk

If the Canadian market cannot support the financing capacity of the FHP Program in the future and/or it is less cost efficient than the US market at the time of each subsequent debt issuance, the Trust will access the US market for long-term financing.

Under this scenario, hedges will be considered to mitigate currency exposure. For the initial debt issuance in 2017, it is anticipated that funding will be sourced from the Canadian market only as it is expected to be more cost efficient and there is sufficient market capacity.

Interest Rate and Refinancing Risk

The FHP Program is expected to span over a 30-year period until 2047 with various series of notes expected to be issued at various maturity dates. Given the long-term timeline of the program, it is subject to interest rate and refinancing risk.

Interest rate hedges, including bond forwards and/or forward start interest rate swaps, will be considered in the future to mitigate potential interest rate risk and/or refinancing risk in a cost-efficient manner.

Legal and Political Risk

Given the long-term nature of the FHP Program and the potential for changes in provincial policy, the lenders requires that changes to any legislation (including the Act and its attendant regulations) that would materially and adversely affect the ability of the Trust to service interest or principal payments on its debt would be addressed by the Province.

As discussed in Section B, *11. Indemnifications*, the Change of Law Protection Agreement provides bondholders a limited guarantee that the Province will cover the approved obligations of the Trust if the guarantee is triggered.

4. Tax Minimization Strategies

Beneficiary – FHP2017 Inc.

The majority unitholder and beneficiary of the Trust is exempt from federal tax under section 149 of the *Income Tax Act, Canada* and from Ontario tax under section 27 of the *Ontario Taxation Act, 2007*.

The beneficiary is subject to payments in lieu of federal and provincial income taxes (**PILs**). In order to minimize the tax associated with the Fair Hydro Plan, an exemption from PILs payable on income from the Trust has been requested for the beneficiary. This will result in a reduction in the income tax costs related to the Financing Plan.

Fair Hydro Trust

Trust income will be fully distributed to unitholders to ensure that there is no tax payable by the Trust.

D. Execution Plan for First Investment Asset Purchase

The regulatory asset balance available to be purchased from the IESO is expected to be approximately $1.2 billion, representing accumulated GAC deferrals up to the end of November 2017. Given there will be better market access in January 2018 compared to December 2017, the short-term warehouse facility will be utilized to fund the senior debt tranche of the funding requirement for the first investment asset purchase. Accordingly, the size of the short-term funding is approximately $600 million, representing 51 percent of the funding structure allocation from capital markets. OPG will purchase short-term subordinated and junior subordinated debt issued by the Trust for approximately $580 million, representing the remaining 49 percent of the total funding requirement.

Key Activities

The following table outlines the key activities for funding the first purchase of the Investment Asset:

Activity	2017/2018 Timeline
Province's Equity Contribution and Warehouse Facility Closing & Funding to Purchase Investment Asset	December 21, 2017
Term Debt Rating Agencies' Confirmation of Ratings	Week of January 8, 2018
Marketing & Roadshow	Week of January 22, 2018
Term Debt Pricing	Week of February 5, 2018
Term Debt Closing & Funding	T+5 of Pricing Date

E. Glossary of Terms

In this Financing Plan, the capitalized terms used have the following meanings from the Act:

"**Clean Energy Adjustment**" means the amount determined under section 15 and payable by specified consumers

"**Clean Energy Benefits**" means the value of the benefits determined to be derived by or accruing to specified consumers as a result of the clean energy initiative, including as a result of clean energy costs

"**Clean Energy Costs**" means the value of the costs allocated to specified consumers as a result of the clean energy initiative, including as a result of past, present and expected costs incurred in respect of,

a) the amounts to be paid or reflected by the IESO in adjustments made under section 25.33 of the Electricity Act, 1998 or any provision that is the successor to that provision, which relate to contracts or amounts for,
   (i) renewable energy generation or capacity,
   (ii) conservation and demand management,
   (iii) energy storage,
   (iv) energy efficiency,
   (v) natural gas generation and capacity, excluding contracts relating to amounts payable by the IESO under section 78.2 of the Ontario Energy Board Act, 1998 and excluding such other contracts as may be prescribed,
b) payments made or expected to be made under section 78.5 of the *Ontario Energy Board Act, 1998*, and
c) such other costs or estimated costs as may be prescribed

"**Clean Energy Initiative**" means the policies of the Government of Ontario related to,

a) eliminating coal generation and fostering the growth of and investment in clean, modern and reliable energy sources and technologies,
b) removing barriers to and promoting opportunities for clean and renewable energy sources and technologies,
c) promoting conservation, demand management and energy efficiency, and
d) investing in energy infrastructure to ensure a clean, modern and reliable system

"**Fair Allocation Amount**" means an amount calculated under section 20 of the Act

"**Finance Amount**" means the finance amount determined in accordance with the regulations

"**Funding Obligation**" means a payment obligation incurred by or on behalf of an investment interest owner to fund its ownership of an investment interest or a payment obligation that meets such other criteria as may be prescribed

"**Investment Asset**" means the rights and interests described in section 29 of the Act

"**Investment Interest**" means,

a) an ownership interest in the investment asset, and
b) in circumstances where the ownership interest is transferred, the rights and benefits specified in the agreement under which the interest is transferred

"**Reference Period**" means,

a) the period beginning on July 1, 2017 and ending on October 31, 2017, and
b) during the period beginning on November 1, 2017 and ending on either April 30, 2047 or such later day as may be prescribed,
   (i) every six-month period following the period mentioned in clause (a), or
   (ii) any period shorter than six months, as may be prescribed

From:	Gadi Mayman
To:	Malle Hanslep (MOF); Jonathan Tekle (CAB); David McLean (MOF)
Cc:	Anna Strathy; Ken Kandeepan; Mike Manning
Subject:	Fwd: Provincial Agreements
Date:	Wednesday, December 13, 2017 9:58:27 PM

Thanks, Ken. Steen had responded before he saw this, I think.

Gadi

Begin forwarded message:

> **From:** Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
> **Date:** December 13, 2017 at 9:30:40 PM EST
> **To:** Gadi Mayman <Gadi.Mayman@ofina.on.ca>
> **Cc:** "Steen Hume (CAB)" <Steen.Hume@ontario.ca>, "Hilary Cox (ENE)" <Hilary.Cox@ontario.ca>, Mike Manning <Mike.Manning@ofina.on.ca>, Anna Strathy <Anna.Strathy@ofina.on.ca>
> **Subject: Re: Provincial Agreements**
>
> Hi Gadi
>
> Process Agreement is done and with the Rating Agencies as well.
>
> Thanks
>
> Ken k
>
> On Dec 13, 2017, at 8:33 PM, Gadi Mayman <Gadi.Mayman@ofina.on.ca> wrote:
>
>> I'm copying Mike and Ken, as they may have a more recent update than where we were went I left at the end of the day today, but my understanding is that the Protection Agreement is done and with the Rating Agencies in what OPG is calling the final form, the s28 is ready, and the Process Agreement was all done except for a little bickering over the language around materiality, which shouldn't, theoretically, be too hard to solve given that there is agreed language on that subject in the Protection Agreement.
>>
>> I'm hoping to have copies ready for signing by late tomorrow, or early Friday, subject to that final wording on the Process Agreement, and how we want to handle the order of signatures - i.e., do we need to

have OPG sign the two agreements first, or are we comfortable having the Ministers go first if the logistics don't allow OPG to sign prior to Ministers' availability?

Regards,

Gadi

From: Hume, Steen (ENERGY) <Steen.Hume@ontario.ca>
Sent: Wednesday, December 13, 2017 7:22:11 PM
To: Gadi Mayman
Cc: Hilary Cox (ENE)
Subject: Provincial Agreements

Hi Gadi. Can we fine some time tomorrow to check in on the status of the agreements. Briefing my minister at the end of the day and would like to grive him an update on progress.

Thank you, Steen

Sent with BlackBerry Work
(www.blackberry.com)

From:	Gadi Mayman
To:	Mike Manning; Ronald Kwan; Ken Kandeepan
Cc:	Anna Strathy; Usman Zahid
Subject:	Fwd: Rate Mitigation Implementation Meeting - December 7, 2017
Date:	Wednesday, December 06, 2017 8:20:14 PM
Attachments:	Fair Hydro Plan Summary Timeline R3.docx ATT00001.htm

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The timing if the bond issues is quite different than what I'd been told last week. The first issue is a week or two later than what I'd been told, and the second is a month or two earlier. I guess they'll explain the rationale at the 8:30 meeting tomorrow morning. Had you heard his from John, or is it new to you as well?

Begin forwarded message:

> **From:** "Schlaepfer, Martin (ENERGY)" <Martin.Schlaepfer@ontario.ca>
> **Date:** December 6, 2017 at 8:13:05 PM EST
> **To:** "Hume, Steen (ENERGY)" <Steen.Hume@ontario.ca>, "Sermat-Harding, Kaili (ENERGY)" <Kaili.Sermat-Harding@ontario.ca>, "Calwell, Carolyn (ENERGY)" <Carolyn.Calwell@ontario.ca>, ""jeffrey.lyash@opg.com' (jeffrey.lyash@opg.com)'" <jeffrey.lyash@opg.com>, "'HARTWICK Ken - FINANCE (ken.hartwick@opg.com)'" <ken.hartwick@opg.com>, "'Kim Marshall (Kim.Marshall@ieso.ca)'" <Kim.Marshall@ieso.ca>, "Thompson, Scott (MOF)" <Scott.Thompson@ontario.ca>, "Angus, Helen (TBS)" <Helen.Angus@ontario.ca>, "Davidson, Steven (CAB)" <Steven.Davidson@ontario.ca>, "'CROZZOLI Carlo -CBUSDEV&STRT'" <carlo.crozzoli@opg.com>, "Mayman, Gadi (OFA)" <Gadi.Mayman@ofina.on.ca>, 'LEE John -TREASURY' <john.s.lee@opg.com>, "Hughes, Karen (TBS)" <Karen.Hughes@ontario.ca>, "Veinot, Cindy (TBS)" <Cindy.Veinot@ontario.ca>, Michael Boll <Michael.Boll@ieso.ca>, "'peter.gregg@ieso.ca'" <peter.gregg@ieso.ca>, 'ROWE Jennifer - CORPAFFAIRS' <jennifer.rowe@opg.com>
> **Cc:** "Imbrogno, Serge (ENERGY)" <Serge.Imbrogno@ontario.ca>, "Teliszewsky, Andrew (ENERGY)" <Andrew.Teliszewsky@ontario.ca>, "Whittington, Matt (ENERGY)" <Matt.Whittington@ontario.ca>, "Baker, Carys (ENERGY)" <Carys.Baker@ontario.ca>, "McLean, David (MOF)" <David.McLean@ontario.ca>, "Foster, Robert (CAB)" <Robert.Foster@ontario.ca>, "'jordan.penic@ieso.ca'" <jordan.penic@ieso.ca>, "'catriona.king@opg.com'" <catriona.king@opg.com>, "Bungaro-Yemec, Francesca (ENERGY)" <Francesca.Bungaro-Yemec@ontario.ca>, "Yordi, Samer (ENERGY)" <Samer.Yordi@ontario.ca>, "Cox, Hilary (ENERGY)" <Hilary.Cox@ontario.ca>, "Edwards, Matthew (ENERGY)" <Matthew.Edwards@ontario.ca>, "Laughton, Patrick (TBS)" <Patrick.Laughton@ontario.ca>, David Barrett <david.barrett@ieso.ca>, "HAHN PARKER Janet -TREASURY" <j.hahnparker@opg.com>, "Christie, Tim (ENERGY)" <Tim.Christie@ontario.ca>, "Thouin, Alena (ENERGY)" <Alena.Thouin@ontario.ca>, "Murray, Maud (ENERGY/MEDG/MRIS/MOI)" <Maud.Murray3@ontario.ca>
> **Subject: Re: Rate Mitigation Implementation Meeting - December 7, 2017**

Hi everyone,

Attached is a timeline from OPG for tomorrow's briefing.

Thanks,
Martin

From: Schlaepfer, Martin (ENERGY)
Sent: Wednesday, December 6, 2017 5:27 PM
To: Hume, Steen (ENERGY); Sermat-Harding, Kaili (ENERGY); Calwell, Carolyn (ENERGY); "jeffrey.lyash@opg.com' (jeffrey.lyash@opg.com)'; 'HARTWICK Ken -FINANCE (ken.hartwick@opg.com)'; 'Kim Marshall (Kim.Marshall@ieso.ca)'; Thompson, Scott (MOF); Angus, Helen (TBS); Davidson, Steven (CAB); 'CROZZOLI Carlo -CBUSDEV&STRT'; Mayman, Gadi (OFA); 'LEE John -TREASURY'; Hughes, Karen (TBS); Veinot, Cindy (TBS); Michael Boll; 'peter.gregg@ieso.ca'; 'ROWE Jennifer -CORPAFFAIRS'
Cc: Imbrogno, Serge (ENERGY); Teliszewsky, Andrew (ENERGY); Whittington, Matt (ENERGY); Baker, Carys (ENERGY); McLean, David (MOF); Foster, Robert (CAB); 'jordan.penic@ieso.ca'; 'catriona.king@opg.com'; Bungaro-Yemec, Francesca (ENERGY); Yordi, Samer (ENERGY); Cox, Hilary (ENERGY); Edwards, Matthew (ENERGY); Laughton, Patrick (TBS); David Barrett; HAHN PARKER Janet -TREASURY; Christie, Tim (ENERGY); Thouin, Alena (ENERGY); Murray, Maud (ENERGY/MEDG/MRIS/MOI)
Subject: Rate Mitigation Implementation Meeting - December 7, 2017

Hi everyone,

Please find attached the material for discussion tomorrow.

Thanks,
Martin

Fair Hydro Plan Trust Summary Timeline

Activity	Timing	Confidentiality	Comments
Trust established	Week of Dec. 11	Confidential	Legal documents are filed to establish the trust.
Warehouse credit rating	Week of Dec. 18	Confidential	Credit rating shared with banks to finance debt for FHP Trust to purchase asset from the IESO.
Purchase of asset/warehousing	Week of Dec. 18	Confidential	FHP Trust will issue short-term debt from warehouse and purchase asset from the IESO ($1.2 Billion).
Announce transaction and provide marketing material	Week of Jan. 22	Publicly Available	This is a key time. Dealers formally announce the FHP Trust plans to issue debt. Documents (i.e. Credit ratings, Offering memo, Investor presentations etc.) will be distributed by email to potential investors.
Marketing Road show	Week of Jan. 29	Publicly Available	Deliver presentations and respond to questions from potential investors.
Deal closes	Week of Feb. 12	Confidential	Warehouse is replaced with long-term debt. Agreements are signed and funds are transferred.
Technical briefing	Within 2-3 days after deal closes (week of Feb. 12 or 19)	Publicly Disclosed	Update the media and stakeholders on the results of the first debt offering.
OPG Issues 2017 financial report	Week of March 5	Publicly Disclosed	The Trust will be reported in OPG's Q4 financial report. OPG issues a press release and financial information is filed with the Ontario Securities Commission.
Second tranche of debt issued and asset purchased from IESO	March 2018	Confidential	Plans are a second public issue will be done prior to the Province's fiscal year end of March 31.

From:	Gadi Mayman
To:	Ronald Kwan; Mike Manning; Ken Kandeepan
Cc:	Anna Strathy; Usman Zahid
Subject:	Fwd: Rate Mitigation Implementation Meeting - December 7, 2017
Date:	Thursday, December 07, 2017 8:29:47 PM
Attachments:	Action Items_Dec 7_final.docx ATT00001.htm

Begin forwarded message:

From: "Schlaepfer, Martin (ENERGY)" <Martin.Schlaepfer@ontario.ca>
Date: December 7, 2017 at 6:41:30 PM EST
To: "Hume, Steen (ENERGY)" <Steen.Hume@ontario.ca>, "Sermat-Harding, Kaili (ENERGY)" <Kaili.Sermat-Harding@ontario.ca>, "Calwell, Carolyn (ENERGY)" <Carolyn.Calwell@ontario.ca>, ""jeffrey.lyash@opg.com' (jeffrey.lyash@opg.com)'" <jeffrey.lyash@opg.com>, "'HARTWICK Ken - FINANCE (ken.hartwick@opg.com)'" <ken.hartwick@opg.com>, "'Kim Marshall (Kim.Marshall@ieso.ca)'" <Kim.Marshall@ieso.ca>, "Thompson, Scott (MOF)" <Scott.Thompson@ontario.ca>, "Angus, Helen (TBS)" <Helen.Angus@ontario.ca>, "Davidson, Steven (CAB)" <Steven.Davidson@ontario.ca>, "'CROZZOLI Carlo -CBUSDEV&STRT'" <carlo.crozzoli@opg.com>, "Mayman, Gadi (OFA)" <Gadi.Mayman@ofina.on.ca>, 'LEE John -TREASURY' <john.s.lee@opg.com>, "Hughes, Karen (TBS)" <Karen.Hughes@ontario.ca>, "Veinot, Cindy (TBS)" <Cindy.Veinot@ontario.ca>, Michael Boll <Michael.Boll@ieso.ca>, "'peter.gregg@ieso.ca'" <peter.gregg@ieso.ca>, 'ROWE Jennifer - CORPAFFAIRS' <jennifer.rowe@opg.com>
Cc: "Imbrogno, Serge (ENERGY)" <Serge.Imbrogno@ontario.ca>, "Teliszewsky, Andrew (ENERGY)" <Andrew.Teliszewsky@ontario.ca>, "Whittington, Matt (ENERGY)" <Matt.Whittington@ontario.ca>, "Baker, Carys (ENERGY)" <Carys.Baker@ontario.ca>, "McLean, David (MOF)" <David.McLean@ontario.ca>, "Foster, Robert (CAB)" <Robert.Foster@ontario.ca>, "'jordan.penic@ieso.ca'" <jordan.penic@ieso.ca>, "'catriona.king@opg.com'" <catriona.king@opg.com>, "Bungaro-Yemec, Francesca (ENERGY)" <Francesca.Bungaro-Yemec@ontario.ca>, "Yordi, Samer (ENERGY)" <Samer.Yordi@ontario.ca>, "Cox, Hilary (ENERGY)" <Hilary.Cox@ontario.ca>, "Edwards, Matthew (ENERGY)" <Matthew.Edwards@ontario.ca>, "Laughton, Patrick (TBS)" <Patrick.Laughton@ontario.ca>, David Barrett <david.barrett@ieso.ca>, "HAHN PARKER Janet -TREASURY" <j.hahnparker@opg.com>, "Christie, Tim (ENERGY)" <Tim.Christie@ontario.ca>, "Thouin, Alena (ENERGY)" <Alena.Thouin@ontario.ca>, "Murray, Maud (ENERGY/MEDG/MRIS/MOI)" <Maud.Murray3@ontario.ca>
Subject: RE: Rate Mitigation Implementation Meeting - December 7, 2017

Hi everyone,

Attached are the action items from this morning's meeting.
Thanks,
Martin

From: Schlaepfer, Martin (ENERGY)
Sent: December 6, 2017 8:13 PM
To: Hume, Steen (ENERGY) <Steen.Hume@ontario.ca>; Sermat-Harding, Kaili (ENERGY) <Kaili.Sermat-Harding@ontario.ca>; Calwell, Carolyn (ENERGY) <Carolyn.Calwell@ontario.ca>; ''jeffrey.lyash@opg.com' (jeffrey.lyash@opg.com)' <jeffrey.lyash@opg.com>; 'HARTWICK Ken -FINANCE (ken.hartwick@opg.com)' <ken.hartwick@opg.com>; 'Kim Marshall (Kim.Marshall@ieso.ca)' <Kim.Marshall@ieso.ca>; Thompson, Scott (MOF) <Scott.Thompson@ontario.ca>; Angus, Helen (TBS) <Helen.Angus@ontario.ca>; Davidson, Steven (CAB) <Steven.Davidson@ontario.ca>; 'CROZZOLI Carlo -CBUSDEV&STRT' <carlo.crozzoli@opg.com>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; 'LEE John -TREASURY' <john.s.lee@opg.com>; Hughes, Karen (TBS) <Karen.Hughes@ontario.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Michael Boll <Michael.Boll@ieso.ca>; 'peter.gregg@ieso.ca' <peter.gregg@ieso.ca>; 'ROWE Jennifer -CORPAFFAIRS' <jennifer.rowe@opg.com>
Cc: Imbrogno, Serge (ENERGY) <Serge.Imbrogno@ontario.ca>; Teliszewsky, Andrew (ENERGY) <Andrew.Teliszewsky@ontario.ca>; Whittington, Matt (ENERGY) <Matt.Whittington@ontario.ca>; Baker, Carys (ENERGY) <Carys.Baker@ontario.ca>; McLean, David (MOF) <David.McLean@ontario.ca>; Foster, Robert (CAB) <Robert.Foster@ontario.ca>; 'jordan.penic@ieso.ca' <jordan.penic@ieso.ca>; 'catriona.king@opg.com' <catriona.king@opg.com>; Bungaro-Yemec, Francesca (ENERGY) <Francesca.Bungaro-Yemec@ontario.ca>; Yordi, Samer (ENERGY) <Samer.Yordi@ontario.ca>; Cox, Hilary (ENERGY) <Hilary.Cox@ontario.ca>; Edwards, Matthew (ENERGY) <Matthew.Edwards@ontario.ca>; Laughton, Patrick (TBS) <Patrick.Laughton@ontario.ca>; David Barrett <david.barrett@ieso.ca>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com>; Christie, Tim (ENERGY) <Tim.Christie@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Murray, Maud (ENERGY/MEDG/MRIS/MOI) <Maud.Murray3@ontario.ca>
Subject: Re: Rate Mitigation Implementation Meeting - December 7, 2017

Hi everyone,
Attached is a timeline from OPG for tomorrow's briefing.
Thanks,
Martin

From: Schlaepfer, Martin (ENERGY)
Sent: Wednesday, December 6, 2017 5:27 PM
To: Hume, Steen (ENERGY); Sermat-Harding, Kaili (ENERGY); Calwell, Carolyn (ENERGY); ''jeffrey.lyash@opg.com' (jeffrey.lyash@opg.com)'; 'HARTWICK Ken -FINANCE (ken.hartwick@opg.com)'; 'Kim Marshall (Kim.Marshall@ieso.ca)'; Thompson, Scott (MOF); Angus, Helen (TBS); Davidson, Steven (CAB); 'CROZZOLI Carlo -CBUSDEV&STRT'; Mayman, Gadi (OFA); 'LEE John -TREASURY'; Hughes, Karen (TBS); Veinot, Cindy (TBS); Michael Boll; 'peter.gregg@ieso.ca'; 'ROWE Jennifer -CORPAFFAIRS'
Cc: Imbrogno, Serge (ENERGY); Teliszewsky, Andrew (ENERGY); Whittington, Matt (ENERGY); Baker,

Carys (ENERGY); McLean, David (MOF); Foster, Robert (CAB); 'jordan.penic@ieso.ca'; 'catriona.king@opg.com'; Bungaro-Yemec, Francesca (ENERGY); Yordi, Samer (ENERGY); Cox, Hilary (ENERGY); Edwards, Matthew (ENERGY); Laughton, Patrick (TBS); David Barrett; HAHN PARKER Janet -TREASURY; Christie, Tim (ENERGY); Thouin, Alena (ENERGY); Murray, Maud (ENERGY/MEDG/MRIS/MOI)

Subject: Rate Mitigation Implementation Meeting - December 7, 2017

Hi everyone,

Please find attached the material for discussion tomorrow.

Thanks,

Martin

Action Items
December 7, 2017

Agenda

1) GA Refinancing
    - Provincial Support Agreements (OFA / OPG / ENERGY)
        - To be ready to be signed early next week (Monday or Tuesday) – required for OPG to obtain final credit rating of warehouse

    - General Business Update (OPG / IESO / ENERGY)
        - OPG working to finalize the offering memorandum and investor presentation by end of next week
        - Sometime next week EY to provide updated accounting memo to OPG
        - OPG to share with TBS documentation provided to EY for review
        - OPG finacing plan – to be presented by OPG at Minister's briefing on Decemeber 14th
        - PILs exemption – MOF drafting Minister's regulation
        - Commercial agreements between IESO and OPG finalized – IESO to prepare one pager for Minister's briefing on December 14th

2) OPG's Market Activities – Rollout (All)
        - OPG to prepare a presentation that outlines key details with respect to its Market Activities
        - OPG anticipates going to market 3 to 4 times in 2018

3) Other OFHP Initiatives
    - RRRP, OESP and FN (SNAP)
        - Look at options around deferring the transfer of the OESP to province

    - Affordability Fund (CRED)
        - Implementation agreement near finalized – about 45 LDCs have signaled intent to deliver the program and an additional 5 are interested
        - Trustees are concerned about implications of HAP program changes on the Affordability Fund
        - Affordability Fund briefing for ENERGY DM and CoS to be scheduled for the week of December 18th, including IESO

From:	Ken Kandeepan
To:	Malle Hanslep (MOF); Tobias P. Whitfield (MOF); STEPHEN.ASHBOURNE@blakes.com
Cc:	Mike Manning; Anna Strathy
Subject:	Fwd: Were you able to discuss the new concept with Gadi?
Date:	Friday, December 08, 2017 5:47:02 PM

Hi all

FYI, I am doing this on my phone so difficult to provide a proper explanation of John's proposal.

If Malle or Toby want to call me at 647-202-4373 happy to explain,

Thanks

Ken k

Begin forwarded message:

> **From:** Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
> **Date:** December 8, 2017 at 5:43:23 PM EST
> **To:** LEE John -TREASURY <john.s.lee@opg.com>
> **Cc:** Mike Manning <Mike.Manning@ofina.on.ca>, Anna Strathy <Anna.Strathy@ofina.on.ca>
> **Subject: Re: Were you able to discuss the new concept with Gadi?**
>
> Hi John
>
> The option that you are proposing to address the refinancing seems very reasonable so pls go ahead and instruct your counsel to draft the appropriate language.
>
> With regard to the materiality issue, we are sticking to our position.
>
> Thanks
>
> Ken k
>
> On Dec 8, 2017, at 4:32 PM, LEE John -TREASURY <john.s.lee@opg.com> wrote:
>
> **John Lee | Vice President Treasurer |**
> Ontario Power Generation | 700 University Avenue, H18 A6, Toronto, Ontario M5G 1X6 |
> 416.592.6392 | john.s.lee@opg.com
>
> ---

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

From:	Olga Whiteley
To:	Mike Manning
Cc:	Anthony Martinello
Subject:	IESO Financial Information Pursuant to Note Payable - Q3 2017
Date:	Monday, November 27, 2017 2:28:40 PM
Attachments:	Financial Statements Q3 2017.pdf

Dear Mr. Manning,

As required by the April 1, 1999, as amended, Note Agreement between IESO and OEFC, please find attached a copy of IESO's Q3 2017 unaudited financial statements.

Please let us know if you have any questions or concerns,

Best regards.

Olga Whiteley, CFA | Treasury and Pension Operations

Independent Electricity System Operator (IESO) | T: (905) 403-6917 | F: (905) 403-6913

Station A, Box 4474, Toronto, ON M5W 4E5

Web: www.ieso.ca[ieso.ca] | Email: olga.whiteley@ieso.ca

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Independent Electricity System Operator
Statement of Financial Position
Unaudited

As at (in thousands of Canadian dollars)	September 30, 2017	December 31, 2016
	$	$
FINANCIAL ASSETS		
Cash and cash equivalents	70,020	33,005
Accounts receivable	38,679	31,103
Regulated assets	45,812	65,064
Long-term investments	42,503	40,355
Market accounts - assets (Note 2)	1,973,371	1,636,201
TOTAL FINANCIAL ASSETS	**2,170,385**	**1,805,728**
LIABILITIES		
Accounts payable and accrued liabilities (Note 3)	33,357	38,963
Accrued interest on debt	530	315
Rebates due to market participants (Note 4)	12,551	12,551
Debt (Note 5)	120,000	90,000
Accrued pension liability	29,620	34,620
Accrued liability for employee future benefits other than pension	94,810	90,251
Market accounts - liabilities (Note 2)	1,973,371	1,636,201
TOTAL LIABILITIES	**2,264,239**	**1,902,901**
NET DEBT	**(93,854)**	**(97,173)**
NON-FINANCIAL ASSETS		
Net tangible capital assets	100,350	105,047
Prepaid expenses	6,889	6,614
TOTAL NON-FINANCIAL ASSETS	**107,239**	**111,661**
ACCUMULATED SURPLUS		
Accumulated surplus from operations (Note 4)	4,173	6,582
Accumulated remeasurement gains	9,212	7,906
ACCUMULATED SURPLUS	**13,385**	**14,488**

Independent Electricity System Operator
Statement of Operations and Accumulated Surplus
Unaudited

For the nine months ended September 30 (in thousands of Canadian dollars)	2017 Budget	2017 Actual	2016 Actual
IESO CORE OPERATIONS	**$**	**$**	**$**
System fees	139,724	128,906	136,070
Other revenue	574	2,874	1,886
Interest and investment income	1,575	801	862
Core operation revenues	**141,873**	**132,581**	**138,818**
Compensation and benefits	(84,382)	(81,792)	(78,257)
Professional and consulting	(13,277)	(12,152)	(10,668)
Operating and administration	(27,060)	(26,070)	(24,512)
Core operating expenses	**(124,719)**	**(120,014)**	**(113,437)**
Amortization	(13,894)	(13,685)	(14,827)
Interest	(555)	(1,207)	(898)
Core expenses	**(139,168)**	**(134,906)**	**(129,162)**
Core operations surplus/(deficit) before rebates	2,705	**(2,325)**	**9,656**
Rebates due to market participants	-	-	-
Core operations surplus/(deficit)	**2,705**	**(2,325)**	**9,656**
MARKET SANCTIONS AND PAYMENT ADJUSTMENTS			
Market sanctions and payment adjustments	**3,040**	**2,286**	**2,557**
Compensation and benefits	(2,004)	(1,584)	(1,571)
Professional and consulting	(1,137)	(257)	(537)
Operating and administration	(114)	(529)	(535)
Customer education and market enforcement expenses	(3,255)	(2,370)	(2,643)
Market sanctions and payment adjustments deficit	**(215)**	**(84)**	**(86)**
SMART METERING ENTITY			
Smart metering charge	**23,282**	**19,141**	**20,290**
Compensation and benefits	(2,591)	(1,992)	(1,870)
Professional and consulting	(12,844)	(10,580)	(10,771)
Operating and administration	(2,644)	(3,313)	(4,463)
Smart metering operating expenses	**(18,079)**	**(15,885)**	**(17,104)**
Amortization	(3,416)	(3,033)	(2,733)
Interest	(1,787)	(223)	(453)
Smart metering expenses	(23,282)	(19,141)	(20,290)
Smart metering entity surplus/(deficit)	**-**	**-**	**-**
SURPLUS/(DEFICIT)	**2,490**	**(2,409)**	**9,570**
ACCUMULATED SURPLUS FROM OPERATIONS, BEGINNING OF PERIOD	6,582	6,582	6,348
ACCUMULATED SURPLUS FROM OPERATIONS, END OF PERIOD	**9,072**	**4,173**	**15,918**

Independent Electricity System Operator
Statement of Remeasurement Gains and Losses
Unaudited

For the nine months ended September 30 (in thousands of Canadian dollars)	2017 Actual	2016 Actual
	$	$
ACCUMULATED REMEASUREMENT GAINS, BEGINNING OF PERIOD	**7,906**	**7,658**
UNREALIZED GAINS ATTRIBUTABLE TO:		
Foreign exchange - other	737	478
Portfolio investments	1,332	1,747
AMOUNTS RECLASSIFIED TO THE STATEMENT OF OPERATIONS:		
Foreign exchange - other	(763)	(515)
NET REMEASUREMENT GAINS FOR THE PERIOD	**1,306**	**1,710**
ACCUMULATED REMEASUREMENT GAINS, END OF PERIOD	**9,212**	**9,368**

Independent Electricity System Operator
Statement of Change in Net Debt
Unaudited

For the nine months ended September 30 (in thousands of Canadian dollars)	2017 Budget	2017 Actual	2016 Actual
	$	$	$
SURPLUS/(DEFICIT)	**2,490**	**(2,409)**	**9,570**
CHANGE IN NON-FINANCIAL ASSETS			
Acquisition of tangible capital assets	(19,375)	(12,021)	(20,670)
Amortization of tangible capital assets	17,310	16,718	17,560
Change in prepaid expenses	-	(275)	(636)
TOTAL CHANGE IN NON-FINANCIAL ASSETS	**(2,065)**	**4,422**	**(3,746)**
NET REMEASUREMENT GAINS FOR THE PERIOD	-	1,306	1,710
CHANGE IN NET DEBT	**425**	**3,319**	**7,534**
NET DEBT, BEGINNING OF PERIOD	(97,173)	(97,173)	(95,907)
NET DEBT, END OF PERIOD	**(96,748)**	**(93,854)**	**(88,373)**

Independent Electricity System Operator
Statement of Cash Flows
Unaudited

For the nine months ended September 30 (in thousands of Canadian dollars)	2017	2016
	$	$
OPERATING TRANSACTIONS		
Change in accumulated surplus/(deficit)		
Surplus/(Deficit)	(2,409)	9,570
	(2,409)	9,570
Changes in non-cash items		
Amortization	16,718	17,560
Pension expense	6,083	8,614
Other employee future benefits expense	6,451	6,095
	29,252	32,269
Changes in non-cash balances related to operations:		
Change in accounts payable and accrued liabilities	(4,571)	(13,306)
Change in accounts receivable	(7,576)	(6,348)
Change in rebates due to market participants	-	4,474
Change in regulated assets	19,252	17,632
Change in prepaid expenses	(275)	(636)
	6,830	1,816
Other:		
Contribution to pension fund	(11,083)	(10,715)
Payment of employee future benefits	(1,892)	(1,783)
	(12,975)	(12,498)
Cash provided by operating transactions	**20,697**	**31,157**
CAPITAL TRANSACTIONS		
Acquisition of tangible capital assets	(12,021)	(20,670)
Change in accounts payable and accrued liabilities	(820)	(1,187)
Cash applied to capital transactions	**(12,841)**	**(21,857)**
INVESTING TRANSACTIONS		
Purchase of long-term investments	(816)	(1,142)
Cash applied to investing transactions	**(816)**	**(1,142)**
FINANCING TRANSACTIONS		
Issue debt	30,000	-
Cash applied to financing transactions	**30,000**	**-**
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**37,041**	**8,158**
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD	33,005	14,715
Unrealized foreign exchange (losses) for the period	(26)	(37)
CASH AND CASH EQUIVALENTS - END OF PERIOD	**70,020**	**22,836**

Independent Electricity System Operator
Notes to Financial Statements (unaudited)

September 30, 2017

1) INTERIM FINANCIAL STATEMENTS

The interim financial statements follow the same accounting policies and methods of their application as the 2016 IESO annual financial statements.

The interim financial statements have been prepared on a going concern basis and should be read in conjunction with the 2016 IESO annual financial statements.

2) MARKET ACCOUNTS

As of January 1, 2016 the IESO changed its accounting policy regarding the recognition of market accounts assets and liabilities on the statement of financial position. The IESO-administered markets is a balancing system and includes amounts due from market participants (e.g. LDCs) and amounts due to market participants (e.g. generators). The net position of market accounts will settle to a $nil balance.

In March 2017, the Government of Ontario announced its Fair Hydro Plan (FHP). Under this Plan, the IESO continues to settle the transactions between generators and distributors, but collects only a portion of the Global Adjustment from eligible customers, identified in the Ontario Fair Hydro Plan Act.

As at September 30, Deferred Global Adjustment Variance was $818,174 thousand. This balance includes the variance created by the partial implementation of the FHP prior to the effective date of July 1, 2017. The partial reduction granted from May 1 to June 30, resulted in a variance of $239,452 thousand. During the third quarter the market under collected $577,922 thousand from customers. In addition, interest payable on the account decreased by $800 thousand.

The FHP also shifted the cost of the Ontario Electricity Support Program (OESP) and most of the Rural or Remote Rate Protection (RRRP) program costs from ratepayers to taxpayer-funded programs.

Prior to May 1 the balance of OESP funds collected and paid through the market was in a credit position of $116,096 thousand. With the implementation of the FHP on May 1, 2017, only payments to OESP eligible customers are currently being made and the balance at September 30, 2017 was in a credit position of $62,312 thousand, net of interest.

A new rate for the RRRP program under the FHP was effective July 1, 2017. The balance in the RRRP variance account to June 30, 2017 was $6,626 thousand. The new rate has resulted in an under collection of $4,017 thousand (net of interest) in the third quarter for the RRRP settled through the market accounts, resulting in balance in the variance of $10,643 thousand as at September 30, 2017.

Components of the market accounts are as follows:	As at September 30, 2017	As at December 31, 2016
Cash, restricted for market accounts	215,476	244,755
Amounts due from market participants	939,095	1,391,260
Interest receivable	126	186
Regulatory assets/liabilities	766,505	37,873
Market Debt	(614,805)	(150,501)
HST receivable	131,000	25,531
Amounts due to market participants	(1,241,849)	(1,387,971)
Other net liabilities	(195,548)	(161,133)
Closing balance	**-**	**-**

Regulatory assets/liabilities consist of the following:	As at September 30, 2017	As at December 31, 2016
Deferred Global Adjustment Variance	818,174	-
Regulated Price Plan Variance	-	134,988
Ontario Electricity Support Program Variance	(62,312)	(92,443)
Rural or Remote Rate Protection Variance	10,643	(4,672)
Closing balance	**766,505**	**37,873**

3) ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

(in thousands of Canadian dollars)	As at September 30, 2017	As at December 31, 2016
Relating to operations	30,844	35,630
Relating to tangible capital assets	2,513	3,333
Closing balance	**33,357**	**38,963**

4) REBATES DUE TO MARKET PARTICIPANTS AND ACCUMULATED SURPLUS

As at September 30, 2017 and December 31, 2016, the components of the IESO's Accumulated Surplus were as follows:

Accumulated Surplus

(in thousands of Canadian dollars)	As at September 30, 2017	As at December 31, 2016
Approved regulatory deferral account	7,675	10,000
Accumulated market sanctions and payment adjustments	642	726
Remeasurement gains	5,068	3,762
Accumulated surplus – end of period	**13,385**	**14,488**

Regulatory Deferral Account

(in thousands of Canadian dollars)	As at September 30, 2017	As at December 31, 2016
Accumulated surplus – December 31, 2016	10,000	10,000
Revenues (before rebates due to market participants)	132,581	190,219
Rebates due to market participants	-	(12,551)
IESO operation expenses	(134,906)	(177,668)
Accumulated surplus – end of period	**7,675**	**10,000**

Accumulated Market Sanctions and Payment Adjustments

(in thousands of Canadian dollars)	As at September 30, 2017	As at December 31, 2016
Accumulated surplus – December 31, 2016	726	492
Market sanctions and payment adjustments	2,286	3,889
Customer education and market enforcement expenses	(2,370)	(3,655)
Accumulated surplus – end of period	**642**	**726**

5) DEBT

Note Payable to Ontario Electricity Finance Corporation (OEFC)

In April 2017, the IESO entered into a note payable with the OEFC. The note payable is unsecured, bears interest at a fixed rate of 1.767% per annum and is repayable in full on June 30, 2020. Interest accrues daily and is payable in arrears semi-annually in June and December of each year. As at September 30, 2017, the note payable to the OEFC was $120 million (December 31, 2016 - $90 million).

Credit Facility

The IESO has an unsecured credit facility agreement with the OEFC, which will make available to the IESO an amount up to $160.0 million. Advances under the credit facility are payable at a variable interest rate equal to the Province of Ontario's cost of borrowing for a 30 day term plus 0.50% per annum, with draws, repayments and interest payments due monthly. The credit facility expires June 30, 2020. As at September 30, 2017, no funds were drawn on the credit facility (December 31, 2016 - $nil).

From:	ASHBOURNE, STEPHEN
To:	Malle Hanslep (MOF); Tobias P. Whitfield (MOF); Mike Manning; Ken Kandeepan; Ronald Kwan; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca); Tom McKinlay (MAG)
Cc:	Gadi Mayman
Subject:	Interim Mark-up of the new Torys version of the Process Agreement
Date:	Wednesday, December 06, 2017 6:16:47 PM
Attachments:	Fair Hydro -- Change of Law Process Agreement.msg 23239361-v21-Change of Law - Process Agreement.DOCX 23239361-vpdf-Change of Law - Process Agreement.PDF

Hi. In the interest of time, here are my preliminary comments on the version of the Process Agreement just circulated by Torys (at 4:39 this afternoon). You will see that there are several provisions that tie-in to what appear to be new proposed changes to the Protection Agreement – although we won't be able to understand them until that other document is circulated by Torys. I have highlighted those and a few other points for you to specifically consider, in yellow or in new footnotes. It would be helpful if you could review my interim mark-up, as you look over the blackline forwarded by Torys this afternoon (also attached here for your convenience), and let me know if you agree with my suggested revisions. Thanks, Steve

Stephen R. Ashbourne
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CC: Ken Kandeepan [Ken.Kandeepan@ofina.on.ca]; 'LADAK Lubna -TREASURY' [lubna.ladak@opg.com]; Anna Strathy [Anna.Strathy@ofina.on.ca]; 'Veinot, Cindy (TBS)' [Cindy.Veinot@ontario.ca]; Tom McKinlay (MAG) [Tom.McKinlay@ontario.ca]; Mark Donaldson (MOF) [Mark.Donaldson@ontario.ca]; Daniel Cayley (ENERGY) [Daniel.Cayley@ontario.ca]; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' [Alena.Thouin@ontario.ca]; Ramchandani, Rima [rramchandani@torys.com]; 'LEE John -TREASURY' [john.s.lee@opg.com]; 'RYFA Ken -TREASURY' [ken.ryfa@opg.com]; 'HAHN PARKER Janet -TREASURY' [j.hahnparker@opg.com]; 'MAUTI John -FIN & C CTRL' [john.mauti@opg.com]; 'LAURETA LAPIRA May -TREASURY' [may.lapira@opg.com]; Feldman, Michael [mfeldman@torys.com]; 'WONG Leslie -LAWDIV' [leslie.wong@opg.com]; 'Sebastiano, Rocco' [RSebastiano@osler.com]; 'Milligan, Peter' [PMilligan@osler.com]; 'Fullerton, Rick' [RFullerton@osler.com]; Gadi Mayman [Gadi.Mayman@ofina.on.ca]; Mike Manning [Mike.Manning@ofina.on.ca]; Malle Hanslep (MOF) [Malle.Hanslep@ontario.ca]; 'ian.benaiah@rbccm.com' [ian.benaiah@rbccm.com]; 'Khan, Nur (nur.khan@rbccm.com)' [nur.khan@rbccm.com]; 'brent.r.taylor@rbccm.com' [brent.r.taylor@rbccm.com]; 'katrina.niehaus@gs.com' [katrina.niehaus@gs.com]; 'brian.delaney@gs.com' [brian.delaney@gs.com]; 'Maciel, Andrew' [Andrew.Maciel@cibc.com]; 'Adalja, Sunil' [Sunil.Adalja@cibc.com]; 'Persad, Nicole' [Nicole.Persad@cibc.com]; 'Persaud, Donnie - Debt Capital Markets' [Donnie.Persaud@cibc.com]; Steen Hume (CAB) [Steen.Hume@ontario.ca]; Mansoori, Nina [nmansoori@torys.com]; Saulnier, Brett [bsaulnier@torys.com]; Olusoga, Yinka [yolusoga@torys.com]
Subject: Fair Hydro -- Change of Law Process Agreement
Date: Wednesday, December 06, 2017 17:38:10
Attachment 1: imagef9850f.JPG
Attachment 2: Change of Law Process Agreement (Dec 6).docx
Attachment 3: Blackline_24592518v1 - 24592518v4.pdf

Blakes team,

Please find attached OPG and Torys' comments on the Process Agreement reflecting our discussions from yesterday's call. Please note that this draft is subject to continuing review and comment by Osler and the dealers. As discussed at the tail end of our call yesterday, the section in the Process Agreement that gives the Province the right to object to new and material changes to transaction documents dovetails with the Protection Agreement so additional comments from Oslers may be forthcoming on this draft.

We are working on getting you a revised draft of the Protection Agreement either later today or tomorrow. In the meantime, please let us know if you have any comments or questions on the Process Agreement.

Best Regards,
Nina

Nina Mansoori
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TORYS

LLP

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.

CHANGE OF LAW PROCESS AGREEMENT[1]

Dated as of [■], 2017

[1] Explanatory Note: Closing mechanics under consideration by the Province. Province to advise what is under consideration.

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**") is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.

Pursuant to a Declaration of Trust dated as of [■], 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions.

Prior to entering into this Agreement, OPG provided the Province with the proposed forms of certain of the Transaction Documents listed on Exhibit "A", and the Province has not objected to such forms and has confirmed to OPG that such Transaction Documents constitute "Reference Documentation" for purposes of this Agreement.

Prior to entering into this Agreement, OPG, as the FSM, provided the Province with the initial Financing Plan, which includes the initial forecast (the "**Initial Forecast**") setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the 24 month period from December 1, 2017 to November 30, 2019 (the "**Initial Forecast Period**") and the initial Protection Agreement Maximum (the "**Initial Protection Agreement Maximum**"). The Province has acknowledged receipt of the initial Financing Plan and has not objected to the Initial Forecast or the Initial Protection Agreement Maximum.

This Agreement sets out the obligations OPG has agreed to perform and assurances OPG has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the Adherence Conditions have been satisfied and maintaining information related to the Program Agreements and the Approved Obligations.

All things necessary to make this Agreement a valid and legally binding agreement of OPG and the Province, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall"; the word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed; the words "herein", "hereof" and "hereunder" and other words of similar import refer to this

Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 References to the Financing Entity

For greater certainty, each reference to the Financing Entity shall be construed as a reference to the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 Effect of Headings

The Article and Section headings herein and are for convenience only and will not affect the construction hereof.

1.04 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.06 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF OPG

2.01 Deliveries to the Province

(a) OPG shall promptly deliver to the Province a copy of any proposed change to or replacement of the Financing Plan.

(b) Not less than 10 Business Days, or such lesser period as the Province may agree to in writing, prior to:

(i) any proposed change in the material terms or conditions applicable to a Primary Obligation in a previously provided Transaction Document becoming effective or otherwise being used, including regarding the timing of or circumstances under which related payments are or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that would affect the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation; provided, however, that the foregoing does not apply to any proposed change in particular financial terms, rates and levels, and

(ii) any additional or replacement Transaction Document becoming effective or otherwise being used,

OPG shall deliver to the Province a copy of such proposed change to the Transaction Document and any such additional or replacement Transaction Document.

(c) Promptly following (i) any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor being made, (ii) any new, additional or replacement instruments, documents, agreements or security being used or granted in connection with all or any part of the Approved Obligations, or (iii) any waiver, release, reconveyance, termination, abandonment, subordination, exchange, substitution, transfer, compound, compromise, liquidation or enforcement of all or any part of the Approved Obligations or any security or guarantee therefor being effected, OPG shall deliver to the Province a detailed description of such event and the reasons for it together with any related documents, agreements and instruments.

(d) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, OPG shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations (including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(e) Promptly upon request, OPG shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

2.02 <u>Covenants</u>

(a) OPG shall use commercially reasonable efforts to cause the Financing Entity to:

(i) punctually perform and observe all of the Financing Entity's obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not (unless waived in writing by the Province):

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement or replacement or waiver or consent could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any change in particular financial terms, rates and levels;

(B) extend, renew, compromise, novate, replace, suspend, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, liquidate or enforce the terms of all or any part of the Approved Obligations or any Collateral, if any such action could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to the extent that only particular financial terms, rates and levels are affected; or

(C) permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired.

[NTD: As discussed, para (D) was deleted as a consequence of the Province's assumption right being deleted.]

(b) OPG shall:

(i) comply, and shall use commercially reasonable efforts to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

(ii) punctually perform and observe all of its (including as the FSM and as Manager) obligations and agreements contained in the Program Agreements;

(iii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation; and

(iv) after the occurrence of any Protection Event (or any event known to OPG that with the passage of time or the giving of notice would be a Protection Event), not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.

(c) The Province and OPG acknowledge that their obligations to each other under the Indemnity Agreement between the Province and OPG dated June 1, 2017 (as amended, the "**Indemnity Agreement**") are not amended by this Agreement and continue in full force and effect, notwithstanding that this Agreement is entered into subsequent to the Indemnity Agreement. ***[NTD: Torys and Blakes have mutually agreed to this language.]***

(d) The Province and OPG acknowledge that their obligations to each other under the Indemnity Agreement are not amended by the Change of Law Protection Agreement and continue in full force and effect, notwithstanding that the Change of Law Protection Agreement was entered into subsequent to the Indemnity Agreement. ***[NTD: Torys and Blakes have mutually agreed to this language.]***

ARTICLE III
PROCESS CERTIFICATE

3.01 <u>Process Certificate</u>

OPG shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Province, on or before the incurrence or any amendment of a Funding Obligation, other than any Funding Obligation under which not more than $5,000,000 in the aggregate may become payable by the Financing Entity (provided that delivery

may not be more than 5 Business Days before the incurrence or amendment of the Funding Obligation), setting out the following with respect to such Funding Obligation:

(a) the material terms of the Funding Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a Derivative Agreement, OPG's best estimate of the expected notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights; ***[NTD: OPG can only provide an estimate of these matters and the actual pricing may be different than what is provided in the certificate since the price is based on the spot market and subject to change.]***

(b) if an existing Funding Obligation is proposed to be amended, material details respecting such amendment, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

(c) a statement to the effect that: (i) the Funding Obligation to be incurred or amended (1) will arise under terms and conditions that are Substantially in the Form of the Reference Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reference Documentation;

(d) a statement confirming that any disclosure made in respect of the Funding Obligation (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to the Funding Obligation) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement has been made available to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made;

(e) a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and

(f) confirmation that, at the time the Funding Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Funding Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the Protection

Agreement Maximum applicable on the date that the Process Certificate is delivered; for clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be determined on the date the Process Certificate is delivered hereunder in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

3.02 Acknowledgement regarding delivery of certificate under Change of Law Protection Agreement

The Province acknowledges and agrees that, concurrent with the delivery of the Process Certificate pursuant to Section 3.01 of this Agreement, the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) are authorized to deliver the certificate referred to in Subsection 4.02(a)(ii) of the Change of Law Protection Agreement to the Indenture Trustee confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with adherence of the Limited Guarantee to the incurrence of the Certified Primary Obligations in respect of which the certificate in Subsection 4.02(a)(ii) of the Change of Law Protection Agreement is being delivered; provided that, upon receipt of a Suspension Notice under the Change of Law Protection Agreement, OPG covenants not to deliver any further certificates to the Indenture Trustee under Subsection 4.02(a)(ii) of the Change of Law Protection Agreement but, for greater certainty, OPG, as FSM, may deliver a certificate referred to in Subsection 4.02(b)(ii) of the Change of Law Protection Agreement to the Indenture Trustee and the Province in connection with a Refinancing of a Primary Obligation in respect of which the Adherence Conditions in Subsection 4.02(a) of the Change of Law Protection Agreement had been satisfied at the time such Primary Obligation was incurred. ***[NTD: Conforming changes made to line up with Change of Law Protection Agreement.]***

3.03 Acknowledgement regarding delivery of Suspension Notice

The parties acknowledge and agree that the Province is entitled to deliver a Suspension Notice under Section 7.01 of the Change of Law Protection Agreement if a Program Breach or Breach Event has occurred. The Province agrees not to deliver a Suspension Notice pursuant to Section 7.01 of the Change of Law Protection Agreement unless a Program Breach or a Breach Event has occurred.

3.04 Meaning of "Reference Documentation"

For the purposes of Subsection 3.01(c), the term "Reference Documentation" shall mean each Transaction Document that, at the relevant time:

(a) is a Transaction Document listed on Exhibit "A"; or

(b) is a Transaction Document provided to the Province in accordance with Subsection 2.01(b) that has not been objected to by the Province, by delivery of an objection notice in writing delivered to OPG, within 10 Business Days after it is provided to the Province.

3.05 Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(c), the term "Substantially in the Form" shall mean:

(a) with respect to the Reference Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such Reference Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation, including regarding the timing of or circumstances under which related payments are or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that would affect the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation; provided, however, that the foregoing does not apply to any variable terms to be set forth in the proposed documents as are reasonably contemplated in the Reference Documentation, including the particular financial terms, rates and levels set forth in the proposed documents other than to the extent that the forms of Reference Documentation themselves specify specific requirements, limitations or parameters with respect to such financial terms, rates, levels and parameters; and

(b) with respect to the Reference Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum

(a) Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Approved Obligations that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast shall be further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum, which may not exceed such Forecast.

(b) Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of any further Forecast and notice of the revised Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province may disagree with such further Forecast or revised Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or such further Forecast, (ii) the further Forecast is inconsistent with the Financing Plan, or (iii) the revised Protection Agreement Maximum is more than the further Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the revised Protection Agreement Maximum will be further revised accordingly and confirmed by an amended notice to the Province.

(c) For clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be valued at the time to be determined for the purposes of this Section 4.01 in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of OPG

OPG represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, may cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario and has the power and authority to enter into and perform its obligations under this Agreement and all instruments and agreements delivered pursuant hereto.

(c) OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Financing Entity or in the ability of the Financing Entity to perform its obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

5.02 Representations and Warranties of the Province

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
BREACH EVENTS

6.01 Breach Events

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

(a) a default in the performance, or breach, of any covenants of OPG under this Agreement, excluding Section 2.01(b)(i), which continues for thirty (30) days after written notice by the Province to OPG of such default or breach;

(b) a default in the performance, or breach, by OPG of Section 2.01(b)(i);

(c) any representation or warranty made by OPG in this Agreement, any certification made in a Process Certificate, or any certification made in a certificate contemplated by Subsection 4.02 of the Change of Law Protection Agreement, proves to be incorrect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation; or

(d) OPG is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the Manager.

ARTICLE VII
MISCELLANEOUS

7.01 Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

7.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to OPG:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel

Fax: (416) 592-4189

(b) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 7.02.

7.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 7.03 shall be null and void.

7.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

7.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

7.06 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

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

By: _____

Name:
Title:

By: _____

Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Conditions**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Approved Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Beneficiaries**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Breach Event**" has the meaning ascribed thereto in Section 6.01.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Certified Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the FSM on behalf of the Financing Entity and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

"**Executive Officer**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Financing Entity**" means Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(a).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**IESO Security Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**Indenture Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Initial Forecast**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Initial Forecast Period**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Initial Protection Agreement Maximum**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Limited Guarantee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Management Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Manager**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Program Breach**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Protection Agreement Maximum**" means the dollar amount referenced as the Program Agreement Maximum and determined in accordance with Article IV.

"**Protection Event**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture.

"**Reference Documentation**" has the meaning ascribed thereto in Section 3.04.

"**Repayment**" has the meaning ascribed to the term "repayment" in the General Regulation as of the date of this Agreement.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Substantially in the Form**" has the meaning ascribed thereto in Section 3.05.

"**Suspension Notice**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement; (vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that affects the Province's subrogation rights and/or subrogee interests, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

EXHIBIT "A"
INITIAL REFERENCE DOCUMENTATION

- Declaration of Trust;
- Management Agreement;
- Master Transfer and Servicing Agreement;
- Acknowledgement and indemnity agreement dated as of [■], 2017 made by IESO in favour of the Indenture Trustee;
- IESO Security Agreement;
- Trust Indenture;
- Warehouse Senior Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;
- Warehouse Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017; and
- Warehouse Junior Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.
- Term Senior Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;
- Term Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;
- Term Junior Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;
- [Confidential shelf offering memorandum of the Financing Entity dated as of [■], 2017, including the term sheet incorporated by reference therein; and
- Agency agreement between the Financing Entity, CIBC World Markets Inc., RBC Dominion Securities Inc., Goldman Sachs Canada Inc. and the other agents named therein dated as of [■], 2017.] ***[NTD: OM and Agency Agreement will be removed from Schedule A if not provided to the Province sufficiently in advance of execution of the Process Agreement.]***

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.

CHANGE OF LAW PROCESS AGREEMENT[1]

Dated as of [■], 2017

[1] Explanatory Note: Closing mechanics under consideration by the Province. **Province to advise what is under consideration.**

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**") is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.

Pursuant to a Declaration of Trust dated as of [■], 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions.

Prior to entering into this Agreement, OPG provided the Province with the proposed forms of certain of the Transaction Documents **listed on Exhibit "A"**, and the Province has not objected to such forms **and has confirmed to OPG that such Transaction Documents constitute "Reference Documentation" for purposes of this Agreement.**

Prior to entering into this Agreement, OPG, as the FSM, provided the Province with the initial Financing Plan, which includes the initial forecast (the "Initial Forecast")> *setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the* <**24 month period from December 1, 2017 to November 30, 2019**> *(the "**Initial Forecast Period**")*< **and**> *the initial Protection Agreement Maximum*< **(the "Initial Protection Agreement Maximum"). The Province has acknowledged receipt of the initial Financing Plan and has not objected to the Initial Forecast or the Initial Protection Agreement Maximum**.

This Agreement sets out the obligations OPG has agreed to perform and assurances OPG has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the Adherence Conditions have been satisfied~~,~~ **and** maintaining information related to the Program Agreements and the Approved Obligations~~, and ensuring that the Province's assumption rights pursuant to Article VI of the Change of Law Protection Agreement may be exercised without impediment on the terms and conditions contemplated in this Agreement and the Change of Law Protection Agreement~~.

All things necessary to make this Agreement a valid and legally binding agreement of OPG and the Province, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall"; the word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the

designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed; the words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 References to the Financing Entity

For greater certainty, each reference to the Financing Entity shall be construed as a reference to the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 Effect of Headings

The Article and Section headings herein and are for convenience only and will not affect the construction hereof.

1.04 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.06 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF OPG

2.01 Deliveries to the Province

(a) ~~Not less than 15 Business Days, or such lesser period as the Province may agree to in writing, prior to the initial issuance of any Funding Obligation by the Financing Entity, OPG shall deliver to the Province a copy of the initial Financing Plan. Thereafter,~~ OPG shall promptly deliver to the Province a copy of any proposed change to or replacement of the Financing Plan.

(b) Not less than 10 Business Days, or such lesser period as the Province may agree to in writing, prior to ~~(i)~~ **:**

(i) any proposed change ~~or supplement to~~**in the material terms or conditions applicable to a Primary Obligation in** a previously provided Transaction Document becoming effective or otherwise being used, ~~(ii)~~ **including regarding the timing of or circumstances under which related payments are or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that would affect the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation; provided, however, that the foregoing does not apply to any proposed change in particular financial terms, rates and levels, and**

(ii) any additional or replacement Transaction Document becoming effective or otherwise being used,

OPG shall deliver to the Province a copy of such proposed change ~~or supplement~~ to the Transaction Document and any such additional or replacement Transaction Document.

(c) Promptly following (i) any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor being made, (ii) any new, additional or replacement instruments, documents, agreements or security being used or granted in connection with all or any part of the Approved Obligations, or (iii) any waiver, release, reconveyance, termination, abandonment, subordination, exchange, substitution, transfer, compound, compromise, liquidation or enforcement of all or any part of the Approved Obligations or any security or guarantee therefor being effected, OPG shall deliver to the Province a detailed description of such event and the reasons for it together with any related documents, agreements and instruments.

(d) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, OPG shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations (including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(e) Promptly upon request, OPG shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

2.02 <u>Covenants</u>

(a) OPG shall use commercially reasonable efforts to cause the Financing Entity to:

(i) punctually perform and observe all of the Financing Entity's obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not (unless waived in writing by the Province):

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement or replacement or waiver or consent could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any change in particular financial terms, rates and levels;

(B) extend, renew, compromise, novate, replace, suspend, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, liquidate or enforce the terms of all or any part of the Approved Obligations or any Collateral, if any such action could reasonably be considered to be materially prejudicial to the rights

or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to the extent that only particular financial terms, rates and levels are affected; **or**

(C) permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired~~; or~~**.**

~~(D) allow the Financing Entity to enter into any Supplemental Indenture or Loan Agreement where any penalty or make-whole payment, or any requirement for further consent, approval or agreement, of the Specified Creditor party thereto would be required for the Province to assume the Obligations Secured thereunder.~~

[NTD: As discussed, para (D) was deleted as a consequence of the Province's assumption right being deleted.]

(b) OPG shall:

(i) comply, and shall use commercially reasonable efforts to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

(ii) punctually perform and observe all of its (including as the FSM and as Manager) obligations and agreements contained in the Program Agreements;

(iii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation; and

(iv) after the occurrence of any Protection Event (or any event known to OPG that with the passage of time or the giving of notice would be a Protection Event), not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.

(c) ~~Nothing in this Agreement shall limit the~~**The Province and OPG acknowledge that their** obligations ~~of the Province~~**to each other** under the Indemnity Agreement ~~by~~**between** the Province ~~in favour of~~**and** OPG dated June 1, 2017 (as amended, the "**Indemnity Agreement**") ~~and to the extent of any conflict between this Agreement and such Indemnity Agreement, in respect of any matter relating to the Province's obligations to indemnify OPG, the Indemnity Agreement shall~~

~~prevail.~~**are not amended by this Agreement and continue in full force and effect, notwithstanding that this Agreement is entered into subsequent to the Indemnity Agreement.** ***[NTD: Torys and Blakes have mutually agreed to this language.]***

(d) **The Province and OPG acknowledge that their obligations to each other under the Indemnity Agreement are not amended by the Change of Law Protection Agreement and continue in full force and effect, notwithstanding that the Change of Law Protection Agreement was entered into subsequent to the Indemnity Agreement.** ***[NTD: Torys and Blakes have mutually agreed to this language.]***

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate

OPG shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Province, on or before the incurrence or any amendment of a Funding Obligation, other than any Funding Obligation under which not more than $~~[~~5,000,000~~]~~ in the aggregate may become payable by the Financing Entity (provided that delivery may not be more than 5 Business Days before the incurrence or amendment of the Funding Obligation), setting out the following with respect to such Funding Obligation:

(a) the material terms of the Funding Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a Derivative Agreement, ~~the~~**OPG's best estimate of the expected** notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights; ***[NTD: OPG can only provide an estimate of these matters and the actual pricing may be different than what is provided in the certificate since the price is based on the spot market and subject to change.]***

(b) if an existing Funding Obligation is proposed to be amended, material details respecting such amendment, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

(c) a statement to the effect that: (i) the Funding Obligation to be incurred or amended (1) will arise under terms and conditions that are Substantially in the Form of the Reference Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a

reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reference Documentation;

(d) a statement confirming that any disclosure made in respect of the Funding Obligation (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to the Funding Obligation) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement has been made available to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made;

(e) a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and

(f) confirmation that, at the time the Funding Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Funding Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the Protection Agreement Maximum applicable on the date that the Process Certificate is delivered; for clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be determined on the date the Process Certificate is delivered hereunder in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

3.02 Acknowledgement regarding delivery of certificate under Change of Law ~~protection~~Protection Agreement

The Province acknowledges and agrees that, concurrent with the delivery of the Process Certificate pursuant to Section 3.01 of this Agreement, the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) are authorized to deliver the certificate referred to in Subsection 4.02(~~b~~**a)(ii)** of the Change of Law Protection Agreement to the Indenture Trustee confirming that OPG has ~~delivered all required certifications~~**complied with all of its obligations** to the Province **and internal requirements**

and processes in connection with adherence of the Limited Guarantee to the incurrence of the Certified Primary Obligations in respect of which the certificate in Subsection 4.02(~~b~~**a**)**(ii)** of the Change of Law Protection Agreement is being delivered; provided that, upon receipt of a Suspension Notice under the Change of Law Protection Agreement, OPG covenants not to deliver any further certificates to the Indenture Trustee under Subsection 4.02(~~b~~**a**)**(ii)** of the Change of Law Protection Agreement ~~other than~~**but, for greater certainty, OPG, as FSM, may deliver a certificate referred to in Subsection 4.02(b)(ii) of the Change of Law Protection Agreement to the Indenture Trustee and the Province** in connection with a Refinancing of a Primary Obligation in respect of which the Adherence Conditions **in Subsection 4.02(a) of the Change of Law Protection Agreement** had been satisfied at the time such Primary Obligation was incurred. ***[NTD: Conforming changes made to line up with Change of Law Protection Agreement.]***

3.03 Acknowledgement regarding delivery of Suspension Notice

The parties acknowledge and agree that the Province is entitled to deliver a Suspension Notice under Section 7.01 of the Change of Law Protection Agreement if a Program Breach or Breach Event has occurred. The Province agrees not to deliver a Suspension Notice pursuant to Section 7.01 of the Change of Law Protection Agreement unless a Program Breach or a Breach Event has occurred.

3.04 Meaning of "Reference Documentation"

For the purposes of Subsection 3.01(c), the term "Reference Documentation" shall mean each Transaction Document ~~(including any change, addition or supplement thereto)~~ that, at the relevant time:

(a) is a Transaction Document ~~provided to, and not objected to by, the Province prior to the making of this Agreement, as contemplated in the fifth recital to this Agreement~~**listed on Exhibit "A"**; or

(b) is a Transaction Document provided to the Province in accordance with Subsection 2.01(b) that has not been objected to by the Province, by delivery of an objection notice in writing delivered to OPG, within 10 Business Days after it is provided to the Province.

3.05 Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(c), the term "Substantially in the Form" shall mean:

(a) with respect to the Reference Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such Reference Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation, including regarding the timing of or circumstances under which related payments are or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that

would affect the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation; provided, however, that the foregoing does not apply to any variable terms to be set forth in the proposed documents as are reasonably contemplated in the Reference Documentation, including the particular financial terms, rates and levels set forth in the proposed documents other than to the extent that the forms of Reference Documentation themselves specify specific requirements, limitations or parameters with respect to such financial terms, rates, levels and parameters; and

(b) with respect to the Reference Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum

~~(a) Not less than 15 Business Days, or such lesser period as the Province may agree to in writing, prior to the proposed incurrence of the first Funding Obligation, OPG shall, as the FSM, deliver to the Province: (i) a forecast< *setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the* >next following 24 month period< *(the "**Initial Forecast Period**")*>, which expectations shall be consistent with the Financing Plan (the "**Initial Forecast**"); and (ii) notice of< *the initial Protection Agreement Maximum*>, which may not exceed the Initial Forecast.~~

~~(b) Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of the Initial Forecast and notice of the initial Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province may disagree with the Initial Forecast and the initial Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or the Initial Forecast, (ii) the Initial Forecast is inconsistent with the Financing Plan, or (iii) the initial Protection Agreement Maximum is more than the Initial Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the initial Protection Agreement Maximum will be revised accordingly and confirmed by an amended notice to the Province.~~

(a) ~~(c)~~ Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Approved Obligations that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast shall be further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum, which may not exceed such Forecast.

(b) ~~(d)~~ Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of any further Forecast and notice of the revised Protection Agreement Maximum from OPG pursuant to Section 4.01(~~c~~**a**), the Province may disagree with such further Forecast or revised Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or such further Forecast, (ii) the further Forecast is inconsistent with the Financing Plan, or (iii) the revised Protection Agreement Maximum is more than the further Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the revised Protection Agreement Maximum will be further revised accordingly and confirmed by an amended notice to the Province.

(c) ~~(e)~~ For clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be valued at the time to be determined for the purposes of this Section 4.01 in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of OPG

OPG represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, may cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario and has the power and authority to enter into and perform its obligations under this Agreement and all instruments and agreements delivered pursuant hereto.

(c) OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Financing Entity or in the ability of the Financing Entity to perform its obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

5.02 Representations and Warranties of the Province

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
BREACH EVENTS

6.01 Breach Events

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

(a) a default in the performance, or breach, of any covenants of OPG under this Agreement, **excluding Section 2.01(b)(i),** which continues for thirty (30) days after written notice by the Province to OPG of such default or breach;

(b) **a default in the performance, or breach, by OPG of Section 2.01(b)(i);**

(c) ~~(b)~~ any representation or warranty made by OPG in this Agreement, any certification made in a Process Certificate, or any certification made in a certificate contemplated by Subsection 4.02~~(b)~~ of the Change of Law Protection Agreement, proves to be incorrect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation; or

(d) ~~(c)~~ OPG is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the Manager.

ARTICLE VII
MISCELLANEOUS

7.01 Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

7.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to OPG:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel

Fax: (416) 592-4189

(b) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 7.02.

7.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 7.03 shall be null and void.

7.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

7.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

7.06 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

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

By: _____

Name:
Title:

By: _____

Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Conditions**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Approved Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Beneficiaries**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Breach Event**" has the meaning ascribed thereto in Section 6.01.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Certified Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the FSM on behalf of the Financing Entity and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

"**Executive Officer**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Financing Entity**" means Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Financing Plan**" has the meaning ascribed ~~thereto in the Act as of the date of this Agree~~ment.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(~~c~~**a**).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed ~~to the term "governing document" in the~~ General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"IESO Security> ***Agreement****" has the meaning ascribed thereto in the Trust Indenture.*<

"**Indenture Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Initial Forecast**" has the meaning ascribed thereto in ~~Section 4.01(a)~~**the recitals of this Agreement.**

"**Initial Forecast Period**" has the meaning ascribed thereto in ~~Section 4.01(a)~~**the recitals of this Agreement.**

"~~**Investment Interest**~~**Initial Protection Agreement Maximum**" has the meaning ascribed **thereto in the recitals of this Agreement.**

"Investment Interest" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Limited Guarantee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

~~"**Loan**< ***Agreement*** *" has the meaning ascribed thereto in the Trust Indenture.*>~~

"**Management Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Manager**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Program Breach**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Protection Agreement Maximum**" means the dollar amount referenced as the Program Agreement Maximum and determined in accordance with Article IV.

"**Protection Event**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture.

"**Reference Documentation**" has the meaning ascribed thereto in Section 3.04.

"**Repayment**" has the meaning ascribed to the term "repayment" in the General Regulation as of the date of this Agreement.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Substantially in the Form**" has the meaning ascribed thereto in Section 3.05.

"**Suspension Notice**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement; (vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that affects the Province's subrogation rights and/or subrogee interests, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

EXHIBIT "A"
INITIAL REFERENCE DOCUMENTATION

- **Declaration of Trust;**
- **Management Agreement;**
- **Master Transfer and Servicing Agreement;**
- **Acknowledgement and indemnity agreement dated as of [■], 2017 made by IESO in favour of the Indenture Trustee;**
- **IESO Security Agreement;**
- **Trust Indenture;**
- **Warehouse Senior Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;**
- **Warehouse Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017; and**
- **Warehouse Junior Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.**
- **Term Senior Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;**
- **Term Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;**
- **Term Junior Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;**
- **[Confidential shelf offering memorandum of the Financing Entity dated as of [■], 2017, including the term sheet incorporated by reference therein; and**
- **Agency agreement between the Financing Entity, CIBC World Markets Inc., RBC Dominion Securities Inc., Goldman Sachs Canada Inc. and the other agents named therein dated as of [■], 2017.]** ***[NTD: OM and Agency Agreement will be removed from Schedule A if not provided to the Province sufficiently in advance of execution of the Process Agreement.]***

Document comparison by Workshare Compare on December-06-17 4:23:37 PM

Input:	
Document 1 ID	interwovenSite://INVENTORYS1/TorysAtWork/24592518/1
Description	#24592518v1<TorysAtWork> - Change of Law Process Agreement (Dec 4)
Document 2 ID	interwovenSite://INVENTORYS1/TorysAtWork/24592518/4
Description	#24592518v4<TorysAtWork> - Change of Law Process Agreement (Dec 6)
Rendering set	strikeout-colour

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

Statistics:	
	Count
Insertions	87
Deletions	46
Moved from	4
Moved to	4
Style change	0
Format changed	0
Total changes	141

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.

CHANGE OF LAW PROCESS AGREEMENT

Dated as of [■], 2017

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**") is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.

Pursuant to a Declaration of Trust dated as of [■], 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions.

Prior to entering into this Agreement, OPG provided the Province with the final forms of certain of the Transaction Documents, as described on Exhibit "A", and the Province has not objected to such forms and has confirmed to OPG that such Transaction Documents will constitute "Reference Documentation" for purposes of this Agreement.

Prior to entering into this Agreement, OPG, as the FSM, provided the Province with the initial Financing Plan, which includes the initial forecast (the "**Initial Forecast**") setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Obligations Secured to be incurred during the 24 month period from December 1, 2017 to November 30, 2019 (the "**Initial Forecast Period**") and the initial Protection Agreement Maximum (the "**Initial Protection Agreement Maximum**"). The Province has acknowledged receipt of the initial Financing Plan and has not disagreed with the Initial Forecast or the Initial Protection Agreement Maximum on the basis of an apparent inaccuracy in the Initial Forecast, an inconsistency between the Initial Forecast and the initial Financing Plan, or as a result of the Initial Protection Agreement Maximum being more than the Initial Forecast.

This Agreement sets out the obligations OPG has agreed to perform and assurances OPG has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the Adherence Conditions have been satisfied and maintaining information related to the Program Agreements and the Approved Obligations.

All things necessary to make this Agreement a valid and legally binding agreement of OPG and the Province, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall"; the word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the

designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed; the words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 <u>References to the Financing Entity</u>

For greater certainty, each reference to the Financing Entity shall be construed as a reference to the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 <u>Effect of Headings</u>

The Article and Section headings herein and are for convenience only and will not affect the construction hereof.

1.04 <u>Successors and Assigns</u>

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 <u>Severability</u>

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.06 <u>Governing Law</u>

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF OPG

2.01 Deliveries to the Province

(a) OPG shall promptly deliver to the Province a copy of any proposed change to or replacement of the Financing Plan.

(b) Not less than 10 Business Days, or such lesser period as the Province may agree to in writing, prior to:

(i) any proposed change in the terms or conditions applicable to a Primary Obligation in a previously provided Transaction Document becoming effective or otherwise being used that could reasonably be expected to have a material effect on the obligations (including as a result of a change in the nature, scope or extent of the Primary Obligation and the affect on the Provinces obligations therefor under the Limited Guarantee) or rights of the Province under the Limited Guarantee, the Change of Law Protection Agreement or this Agreement, including any proposed change that could affect the timing of or circumstances under which related payments would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that could affect the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation; provided, however, that a proposed change in particular financial terms, rates and levels would not be such a material change except to the extent that such proposed change would be a material change to any specific requirements, limitations or parameters with respect to such financial terms, rates and levels that were set forth in the previously provided Transaction Document, and

(ii) any additional, supplemental or replacement Transaction Document becoming effective or otherwise being used,

OPG shall deliver to the Province a copy of such proposed change to the Transaction Document and any such additional, supplemental or replacement Transaction Document.

(c) Promptly following (i) any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor being made, (ii) any new, additional or replacement instruments, documents, agreements or security being used or granted in connection with all or any part of the Approved Obligations, or (iii) any waiver, release, reconveyance, termination, abandonment, subordination, exchange, substitution, transfer, compound, compromise, liquidation or enforcement of all or any part of the Approved Obligations or any security or guarantee therefor being

effected, OPG shall deliver to the Province a detailed description of such event and the reasons for it together with any related documents, agreements and instruments.

(d) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, OPG shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations (including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(e) Promptly upon request, OPG shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

2.02 <u>Covenants</u>

(a) OPG shall use commercially reasonable efforts to cause the Financing Entity to:

(i) punctually perform and observe all of the Financing Entity's obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not (unless waived in writing by the Province):

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement or replacement or waiver or consent could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any change in particular financial terms, rates and levels;

(B) extend, renew, compromise, novate, replace, suspend, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, liquidate or enforce the terms of all or any part of the Approved Obligations or any Collateral, if any such action could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to the extent that only particular financial terms, rates and levels are affected; or

(C) permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired.

[NTD: As discussed, para (D) was deleted as a consequence of the Province's assumption right being deleted.][PROVINCE TO CONSIDER DELETION OF "(D) allow the Financing Entity to enter into any Supplemental Indenture or Loan Agreement where any penalty or make-whole payment, or any requirement for further consent, approval or agreement, of the Specified Creditor party thereto would be required for the Province to assume the Obligations Secured thereunder." *This deletion is not inconsistent with the abandonment of the "assumption option", although Province to consider if leaving some foothold on the point is appropriate.*

(b) OPG shall:

(i) comply, and shall use commercially reasonable efforts to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

(ii) punctually perform and observe all of its (including as the FSM and as Manager) obligations and agreements contained in the Program Agreements;

(iii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation; and

(iv) after the occurrence of any Protection Event (or any event known to OPG that with the passage of time or the giving of notice would be a Protection Event), not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.

(c) The Province and OPG acknowledge that their obligations to each other under the Indemnity Agreement between the Province and OPG dated June 1, 2017 (as amended, the "**Indemnity Agreement**") are not amended by this Agreement and continue in full force and effect, notwithstanding that this Agreement is entered into subsequent to the Indemnity Agreement. ***[NTD: Torys and Blakes have mutually agreed to this language.]***

(d) The Province and OPG acknowledge that their obligations to each other under the Indemnity Agreement are not amended by the Change of Law Protection Agreement and continue in full force and effect, notwithstanding that the Change of Law Protection Agreement was entered into subsequent to the Indemnity Agreement. ***[NTD: Torys and Blakes have mutually agreed to this language.]***

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate

OPG shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Province, on or before the incurrence or any amendment of a Funding Obligation, other than any Funding Obligation under which not more than $5,000,000 in the aggregate may become payable by the Financing Entity (provided that delivery may not be more than 5 Business Days before the incurrence or amendment of the Funding Obligation), setting out the following with respect to such Funding Obligation:

(a) the material terms of the Funding Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a Derivative Agreement, OPG's best estimate of the expected notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights; ***[NTD: OPG can only provide an estimate of these matters and the actual pricing may be different than what is provided in the certificate since the price is based on the spot market and subject to change.]***

(b) if an existing Funding Obligation is proposed to be amended, material details respecting such amendment, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

(c) a statement to the effect that: (i) the Funding Obligation to be incurred or amended (1) will arise under terms and conditions that are Substantially in the Form of the Reference Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a

reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reference Documentation;

(d) a statement confirming that any disclosure made in respect of the Funding Obligation (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to the Funding Obligation) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement has been made available to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made;

(e) a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and

(f) confirmation that, at the time the Funding Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Funding Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the Protection Agreement Maximum applicable on the date that the Process Certificate is delivered; for clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be determined on the date the Process Certificate is delivered hereunder in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

3.02 Acknowledgement regarding delivery of certificate under Change of Law Protection Agreement

The Province acknowledges and agrees that, concurrent with the delivery of the Process Certificate pursuant to Section 3.01 of this Agreement, the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) are authorized to deliver the certificate referred to in Subsection [4.02(a)(ii)][1] of the Change of Law

[1] Section change to be confirmed once Protection Agreement is recirculated.

Protection Agreement to the Indenture Trustee confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with adherence of the Limited Guarantee to the incurrence of the Certified Primary Obligations in respect of which the certificate in Subsection [4.02(a)(ii)] of the Change of Law Protection Agreement is being delivered; provided that, upon receipt of a Suspension Notice under the Change of Law Protection Agreement, OPG covenants not to deliver any further certificates to the Indenture Trustee under Subsection [4.02(a)(ii)] of the Change of Law Protection Agreement [but, for greater certainty, OPG, as FSM, may deliver a certificate referred to in Subsection [4.02(b)(ii)] of the Change of Law Protection Agreement to the Indenture Trustee and the Province in connection with a Refinancing of a Primary Obligation in respect of which the Adherence Conditions in Subsection 4.02(a) of the Change of Law Protection Agreement had been satisfied at the time such Primary Obligation was incurred.][2] ***[NTD: Conforming changes made to line up with Change of Law Protection Agreement.]***

3.03 Acknowledgement regarding delivery of Suspension Notice

The parties acknowledge and agree that the Province is entitled to deliver a Suspension Notice under Section 7.01 of the Change of Law Protection Agreement if a Program Breach or Breach Event has occurred. The Province agrees not to deliver a Suspension Notice pursuant to Section 7.01 of the Change of Law Protection Agreement unless a Program Breach or a Breach Event has occurred.

3.04 <u>Meaning of "Reference Documentation"</u>

For the purposes of Subsection 3.01(c), the term "Reference Documentation" shall mean each Transaction Document that, at the relevant time:

(a) is a Transaction Document listed on Exhibit "A"; or

(b) is a Transaction Document (including any amended Transaction Document) provided to the Province in accordance with Subsection 2.01(b) that has not been objected to by the Province, by delivery of an objection notice in writing delivered to OPG, within 10 Business Days after it is provided to the Province.

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[2] <u>Note to Province</u>: Changes have been made to the Protection Agreement that have not been circulated, so we are unable to understand the nature of this change. Torys gave Province a heads up on the 12/5 call that dealers would want any post-Suspension Refinancing not to itself be subject to the Adherence Conditions otherwise applying. This would be a new point and would significantly undermine the internal structure developed to allow the Province to know the scope of its potential obligations. In the absence of the Refinancing transaction being subject to the agreed Adherence Conditions, OPG would have no constraints on the nature and documentation of that Refinancing, and the Province would become subject to those Refinancing terms, whatever they are – without any ability to object or mitigate its exposure. Based on the current Protection Agreement requirements, any Refinancing would be subject to the "substantially in the form" requirements, which would mean that the key Refinancing terms would be unchanged, but the replacement financial terms would be unconstrained (e.g., to achieve a Refinancing, OPG could reprice the debt at a significantly higher interest rate to attract investors, and the Province would have no right to object). Blakes suggests that, if this in fact what is to be contemplated in the next Tory version of the Protection Agreement, OFA should reject this sort of significant weakening of the internal protections now contemplated and tell the dealers that unconstrained repricing flexibility will need to be sufficient to be assured that a Refinancing will be possible.

3.05 Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(c), the term "Substantially in the Form" shall mean:

(a) with respect to the Reference Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such Reference Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation, including regarding the timing of or circumstances under which related payments are or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that would affect the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation; provided, however, that the foregoing does not apply to any variable terms to be set forth in the proposed documents as are reasonably contemplated in the Reference Documentation, including the particular financial terms, rates and levels set forth in the proposed documents other than to the extent that the forms of Reference Documentation themselves specify specific requirements, limitations or parameters with respect to such financial terms, rates, levels and parameters; and

(b) with respect to the Reference Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum

(a) Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Approved Obligations that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast shall be further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated

forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum, which may not exceed such Forecast.

(b) Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of any further Forecast and notice of the revised Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province may disagree with such further Forecast or revised Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in such further Forecast, (ii) the further Forecast is inconsistent with the Financing Plan, or (iii) the revised Protection Agreement Maximum is more than the further Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the revised Protection Agreement Maximum will be further revised accordingly and confirmed by an amended notice to the Province.

(c) For clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be valued at the time to be determined for the purposes of this Section 4.01 in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of OPG

OPG represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, may cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario and has the power and authority to enter into and perform its

obligations under this Agreement and all instruments and agreements delivered pursuant hereto.

(c) OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Financing Entity or in the ability of the Financing Entity to perform its obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

5.02 Representations and Warranties of the Province

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
BREACH EVENTS

6.01 Breach Events

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

(a) a default in the performance, or breach, of any covenants of OPG under this Agreement, excluding Section 2.01(b)(i), which continues for thirty (30) days after written notice by the Province to OPG of such default or breach;

(b) a default in the performance, or breach, by OPG of Section 2.01(b)(i);

(c) any representation or warranty made by OPG in this Agreement, any certification made in a Process Certificate, or any certification made in a certificate contemplated by Subsection 4.02 of the Change of Law Protection Agreement, proves to be incorrect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation; or

(d) OPG is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the Manager.

ARTICLE VII
MISCELLANEOUS

7.01 Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

7.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to OPG:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

(b) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 7.02.

7.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 7.03 shall be null and void.

7.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

7.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

7.06 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

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

By: _____

Name:
Title:

By: _____

Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Conditions**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Approved Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Beneficiaries**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Breach Event**" has the meaning ascribed thereto in Section 6.01.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Certified Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the FSM on behalf of the Financing Entity and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

"**Executive Officer**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Financing Entity**" means Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(a).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**IESO Security Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**Indenture Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Initial Forecast**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Initial Forecast Period**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Initial Protection Agreement Maximum**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Limited Guarantee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Management Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Manager**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Program Breach**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Protection Agreement Maximum**" means the dollar amount referenced as the Program Agreement Maximum and determined in accordance with Article IV.

"**Protection Event**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture.

"**Reference Documentation**" has the meaning ascribed thereto in Section 3.04.

"**Repayment**" has the meaning ascribed to the term "repayment" in the General Regulation as of the date of this Agreement.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Substantially in the Form**" has the meaning ascribed thereto in Section 3.05.

"**Suspension Notice**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement; (vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that affects the Province's subrogation rights and/or subrogee interests, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

EXHIBIT "A"
INITIAL REFERENCE DOCUMENTATION[3]

- Declaration of Trust;
- Management Agreement;
- Master Transfer and Servicing Agreement;
- Acknowledgement and indemnity agreement dated as of [■], 2017 made by IESO in favour of the Indenture Trustee;
- IESO Security Agreement;
- Trust Indenture;
- Warehouse Senior Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;
- Warehouse Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017; and
- [Warehouse Junior Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.]

[3] Explanatory Note: The Province is limiting this to the documents required to complete the warehouse financing. Term issuance related documents will be considered by the Province once received under 2.01(b)(ii) and become part of the Reviewed Documentation in accordance with 3.04(b).

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.

CHANGE OF LAW PROCESS AGREEMENT[1]

Dated as of [■], 2017

[1] ~~Explanatory Note: Closing mechanics under consideration by the Province. Province to advise what is under consideration.~~

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**") is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.

Pursuant to a Declaration of Trust dated as of [■], 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions.

Prior to entering into this Agreement, OPG provided the Province with the ~~proposed~~final forms of certain of the Transaction Documents~~ listed~~, as described on Exhibit "A", and the Province has not objected to such forms and has confirmed to OPG that such Transaction Documents will constitute "Reference Documentation" for purposes of this Agreement.

Prior to entering into this Agreement, OPG, as the FSM, provided the Province with the initial Financing Plan, which includes the initial forecast (the "**Initial Forecast**") setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under~~ Approved~~ Obligations Secured to be incurred during the 24 month period from December 1, 2017 to November 30, 2019 (the "**Initial Forecast Period**") and the initial Protection Agreement Maximum (the "**Initial Protection Agreement Maximum**"). The Province has acknowledged receipt of the initial Financing Plan and has not ~~objected to~~disagreed with the Initial Forecast or the Initial Protection Agreement Maximum on the basis of an apparent inaccuracy in the Initial Forecast, an inconsistency between the Initial Forecast and the initial Financing Plan, or as a result of the Initial Protection Agreement Maximum being more than the Initial Forecast.

This Agreement sets out the obligations OPG has agreed to perform and assurances OPG has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the

Adherence Conditions have been satisfied and maintaining information related to the Program Agreements and the Approved Obligations.

All things necessary to make this Agreement a valid and legally binding agreement of OPG and the Province, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall"; the word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed; the words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 References to the Financing Entity

For greater certainty, each reference to the Financing Entity shall be construed as a reference to the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 Effect of Headings

The Article and Section headings herein and are for convenience only and will not affect the construction hereof.

1.04 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.06 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF OPG

2.01 Deliveries to the Province

(a) OPG shall promptly deliver to the Province a copy of any proposed change to or replacement of the Financing Plan.

(b) Not less than 10 Business Days, or such lesser period as the Province may agree to in writing, prior to:

(i) any proposed change in the ~~material~~ terms or conditions applicable to a Primary Obligation in a previously provided Transaction Document becoming effective or otherwise being used~~, including regarding~~ that could reasonably be expected to have a material effect on the obligations (including as a result of a change in the nature, scope or extent of the Primary Obligation and the affect on the Provinces obligations therefor under the Limited Guarantee) or rights of the Province under the Limited Guarantee, the Change of Law Protection Agreement or this Agreement, including any proposed change that could affect the timing of or circumstances under which related payments ~~are~~would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that ~~would~~could affect the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation; provided, however, that ~~the foregoing does not apply to any~~a proposed change in particular financial terms, rates and levels would not be such a material change except to the extent that such proposed change would be a material change to any specific requirements, limitations or parameters with respect to such financial terms, rates and levels that were set forth in the previously provided Transaction Document, and

(ii) any additional, supplemental or replacement Transaction Document becoming effective or otherwise being used,

OPG shall deliver to the Province a copy of such proposed change to the Transaction Document and any such additional, supplemental or replacement Transaction Document.

(c) Promptly following (i) any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor being made, (ii) any new, additional or replacement instruments, documents, agreements or security being used or granted in connection with all or any part of the Approved Obligations, or (iii) any waiver, release, reconveyance, termination, abandonment, subordination, exchange, substitution, transfer, compound, compromise, liquidation or enforcement of all or

any part of the Approved Obligations or any security or guarantee therefor being effected, OPG shall deliver to the Province a detailed description of such event and the reasons for it together with any related documents, agreements and instruments.

(d) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, OPG shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations (including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(e) Promptly upon request, OPG shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

2.02 <u>Covenants</u>

(a) OPG shall use commercially reasonable efforts to cause the Financing Entity to:

(i) punctually perform and observe all of the Financing Entity's obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not (unless waived in writing by the Province):

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement or replacement or waiver or consent could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any change in particular financial terms, rates and levels;

(B) extend, renew, compromise, novate, replace, suspend, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, liquidate or enforce the terms of all or any part of the Approved Obligations or any Collateral, if any such action could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to the extent that only particular financial terms, rates and levels are affected; or

(C) permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired.

[NTD: As discussed, para (D) was deleted as a consequence of the Province's assumption right being deleted.][PROVINCE TO CONSIDER DELETION OF "(D) allow the Financing Entity to enter into any Supplemental Indenture or Loan Agreement where any penalty or make-whole payment, or any requirement for further consent, approval or agreement, of the Specified Creditor party thereto would be required for the Province to assume the Obligations Secured thereunder." *This deletion is not inconsistent with the abandonment of the "assumption option", although Province to consider if leaving some foothold on the point is appropriate.*

(b) OPG shall:

(i) comply, and shall use commercially reasonable efforts to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

(ii) punctually perform and observe all of its (including as the FSM and as Manager) obligations and agreements contained in the Program Agreements;

(iii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation; and

(iv) after the occurrence of any Protection Event (or any event known to OPG that with the passage of time or the giving of notice would be a Protection Event), not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.

(c) The Province and OPG acknowledge that their obligations to each other under the Indemnity Agreement between the Province and OPG dated June 1, 2017 (as amended, the "**Indemnity Agreement**") are not amended by this Agreement and continue in full force and effect, notwithstanding that this Agreement is entered into subsequent to the Indemnity Agreement. ***[NTD: Torys and Blakes have mutually agreed to this language.]***

(d) The Province and OPG acknowledge that their obligations to each other under the Indemnity Agreement are not amended by the Change of Law Protection Agreement and continue in full force and effect, notwithstanding that the Change of Law Protection Agreement was entered into subsequent to the Indemnity Agreement. ***[NTD: Torys and Blakes have mutually agreed to this language.]***

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate

OPG shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Province, on or before the incurrence or any amendment of a Funding Obligation, other than any Funding Obligation under which not more than $5,000,000 in the aggregate may become payable by the Financing Entity (provided that delivery may not be more than 5 Business Days before the incurrence or amendment of the Funding Obligation), setting out the following with respect to such Funding Obligation:

(a) the material terms of the Funding Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a Derivative Agreement, OPG's best estimate of the expected notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights; ***[NTD: OPG can only provide an estimate of these matters and the actual pricing may be different than what is provided in the certificate since the price is based on the spot market and subject to change.]***

(b) if an existing Funding Obligation is proposed to be amended, material details respecting such amendment, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

(c) a statement to the effect that: (i) the Funding Obligation to be incurred or amended (1) will arise under terms and conditions that are Substantially in the Form of the Reference Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a

reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reference Documentation;

(d) a statement confirming that any disclosure made in respect of the Funding Obligation (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to the Funding Obligation) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement has been made available to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made;

(e) a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and

(f) confirmation that, at the time the Funding Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Funding Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the Protection Agreement Maximum applicable on the date that the Process Certificate is delivered; for clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be determined on the date the Process Certificate is delivered hereunder in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

3.02 Acknowledgement regarding delivery of certificate under Change of Law Protection Agreement

The Province acknowledges and agrees that, concurrent with the delivery of the Process Certificate pursuant to Section 3.01 of this Agreement, the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) are authorized to deliver the certificate referred to in Subsection [4.02(a)(ii)][1] of the Change of Law

[1] Section change to be confirmed once Protection Agreement is recirculated.

Protection Agreement to the Indenture Trustee confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with adherence of the Limited Guarantee to the incurrence of the Certified Primary Obligations in respect of which the certificate in Subsection [4.02(a)(ii)] of the Change of Law Protection Agreement is being delivered; provided that, upon receipt of a Suspension Notice under the Change of Law Protection Agreement, OPG covenants not to deliver any further certificates to the Indenture Trustee under Subsection [4.02(a)(ii)] of the Change of Law Protection Agreement [but, for greater certainty, OPG, as FSM, may deliver a certificate referred to in Subsection [4.02(b)(ii)] of the Change of Law Protection Agreement to the Indenture Trustee and the Province in connection with a Refinancing of a Primary Obligation in respect of which the Adherence Conditions in Subsection 4.02(a) of the Change of Law Protection Agreement had been satisfied at the time such Primary Obligation was incurred.][2] ***[NTD: Conforming changes made to line up with Change of Law Protection Agreement.]***

3.03 Acknowledgement regarding delivery of Suspension Notice

The parties acknowledge and agree that the Province is entitled to deliver a Suspension Notice under Section 7.01 of the Change of Law Protection Agreement if a Program Breach or Breach Event has occurred. The Province agrees not to deliver a Suspension Notice pursuant to Section 7.01 of the Change of Law Protection Agreement unless a Program Breach or a Breach Event has occurred.

3.04 Meaning of "Reference Documentation"

For the purposes of Subsection 3.01(c), the term "Reference Documentation" shall mean each Transaction Document that, at the relevant time:

(a) is a Transaction Document listed on Exhibit "A"; or

(b) is a Transaction Document (including any amended Transaction Document) provided to the Province in accordance with Subsection 2.01(b) that has not been objected to by the Province, by delivery of an objection notice in writing delivered to OPG, within 10 Business Days after it is provided to the Province.

[2] Note to Province: Changes have been made to the Protection Agreement that have not been circulated, so we are unable to understand the nature of this change. Torys gave Province a heads up on the 12/5 call that dealers would want any post-Suspension Refinancing not to itself be subject to the Adherence Conditions otherwise applying. This would be a new point and would significantly undermine the internal structure developed to allow the Province to know the scope of its potential obligations. In the absence of the Refinancing transaction being subject to the agreed Adherence Conditions, OPG would have no constraints on the nature and documentation of that Refinancing, and the Province would become subject to those Refinancing terms, whatever they are – without any ability to object or mitigate its exposure. Based on the current Protection Agreement requirements, any Refinancing would be subject to the "substantially in the form" requirements, which would mean that the key Refinancing terms would be unchanged, but the replacement financial terms would be unconstrained (e.g., to achieve a Refinancing, OPG could reprice the debt at a significantly higher interest rate to attract investors, and the Province would have no right to object). Blakes suggests that, if this in fact what is to be contemplated in the next Tory version of the Protection Agreement, OFA should reject this sort of significant weakening of the internal protections now contemplated and tell the dealers that unconstrained repricing flexibility will need to be sufficient to be assured that a Refinancing will be possible.

3.05 Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(c), the term "Substantially in the Form" shall mean:

(a) with respect to the Reference Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such Reference Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation, including regarding the timing of or circumstances under which related payments are or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that would affect the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation; provided, however, that the foregoing does not apply to any variable terms to be set forth in the proposed documents as are reasonably contemplated in the Reference Documentation, including the particular financial terms, rates and levels set forth in the proposed documents other than to the extent that the forms of Reference Documentation themselves specify specific requirements, limitations or parameters with respect to such financial terms, rates, levels and parameters; and

(b) with respect to the Reference Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum

(a) Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Approved Obligations that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast shall be further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a

"**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum, which may not exceed such Forecast.

(b) Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of any further Forecast and notice of the revised Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province may disagree with such further Forecast or revised Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in~~ the Financing Plan or~~ such further Forecast, (ii) the further Forecast is inconsistent with the Financing Plan, or (iii) the revised Protection Agreement Maximum is more than the further Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the revised Protection Agreement Maximum will be further revised accordingly and confirmed by an amended notice to the Province.

(c) For clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be valued at the time to be determined for the purposes of this Section 4.01 in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of OPG

OPG represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, may cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario and has the power and authority to enter into and perform its

obligations under this Agreement and all instruments and agreements delivered pursuant hereto.

(c) OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Financing Entity or in the ability of the Financing Entity to perform its obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

5.02 Representations and Warranties of the Province

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
BREACH EVENTS

6.01 Breach Events

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

(a) a default in the performance, or breach, of any covenants of OPG under this Agreement, excluding Section 2.01(b)(i), which continues for thirty (30) days after written notice by the Province to OPG of such default or breach;

(b) a default in the performance, or breach, by OPG of Section 2.01(b)(i);

(c) any representation or warranty made by OPG in this Agreement, any certification made in a Process Certificate, or any certification made in a certificate contemplated by Subsection 4.02 of the Change of Law Protection Agreement, proves to be incorrect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation; or

(d) OPG is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the Manager.

ARTICLE VII
MISCELLANEOUS

7.01 Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

7.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to OPG:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

(b) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 7.02.

7.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 7.03 shall be null and void.

7.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

7.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

7.06 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

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

By: _____

Name:
Title:

By: _____

Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Conditions**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Approved Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Beneficiaries**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Breach Event**" has the meaning ascribed thereto in Section 6.01.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Certified Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the FSM on behalf of the Financing Entity and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes,

bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

"**Executive Officer**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Financing Entity**" means Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(a).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**IESO Security Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**Indenture Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Initial Forecast**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Initial Forecast Period**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Initial Protection Agreement Maximum**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Limited Guarantee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Management Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Manager**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Program Breach**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Protection Agreement Maximum**" means the dollar amount referenced as the Program Agreement Maximum and determined in accordance with Article IV.

"**Protection Event**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture.

"**Reference Documentation**" has the meaning ascribed thereto in Section 3.04.

"**Repayment**" has the meaning ascribed to the term "repayment" in the General Regulation as of the date of this Agreement.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Substantially in the Form**" has the meaning ascribed thereto in Section 3.05.

"**Suspension Notice**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement; (vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that affects the Province's subrogation rights and/or subrogee interests, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

EXHIBIT "A"
INITIAL REFERENCE DOCUMENTATION[3]

- Declaration of Trust;
- Management Agreement;
- Master Transfer and Servicing Agreement;
- Acknowledgement and indemnity agreement dated as of [■], 2017 made by IESO in favour of the Indenture Trustee;
- IESO Security Agreement;
- Trust Indenture;
- Warehouse Senior Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;
- Warehouse Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017; and
- [Warehouse Junior Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■]~~], 2017.~~], 2017.]
- ~~Term Senior Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;~~
- ~~Term Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;~~
- ~~Term Junior Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;~~
- ~~[Confidential shelf offering memorandum of the Financing Entity dated as of [■], 2017, including the term sheet incorporated by reference therein; and~~
- ~~Agency agreement between the Financing Entity, CIBC World Markets Inc., RBC Dominion Securities Inc., Goldman Sachs Canada Inc. and the other agents named therein dated as of [■], 2017.] *[NTD: OM and Agency Agreement will be removed from Schedule A if not provided to the Province sufficiently in advance of execution of the Process Agreement.]*~~

[3] Explanatory Note: The Province is limiting this to the documents required to complete the warehouse financing. Term issuance related documents will be considered by the Province once received under 2.01(b)(ii) and become part of the Reviewed Documentation in accordance with 3.04(b).

Document comparison by Workshare Compare on Wednesday, December 06, 2017 6:03:59 PM

Input:	
Document 1 ID	PowerDocs://TOR_2528/23239361/20
Description	TOR_2528-#23239361-v20-Change_of_Law_-_Process_Agreement
Document 2 ID	PowerDocs://TOR_2528/23239361/21
Description	TOR_2528-#23239361-v21-Change_of_Law_-_Process_Agreement
Rendering set	Standard

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

Statistics:	
	Count
Insertions	42
Deletions	29
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	71

From: Hanslep, Malle (MOF)
To: Gadi Mayman; Mike Manning; Anna Strathy; Tobias P. Whitfield (MOF); ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com); Ken Kandeepan; Ronald Kwan

From:	Anna Strathy
To:	Jonathan Tekle (CAB)
Cc:	David McLean (MOF); Patrick Laughton (MOF); Jonathan Tekle (CAB); Gadi Mayman; Ronald Kwan; Ken Kandeepan; Mike Manning; Usman Zahid; Tobias P. Whitfield (MOF); Mark Donaldson (MOF); Tim Christie (ENERGY); Thouin, Alena (ENERGY); Hosick, Sarah (TBS); Malle Hanslep (MOF); Hilary Cox (ENE); Gadi Mayman
Subject:	Materials | Joint Ministers Briefing | OFHP
Date:	Tuesday, November 28, 2017 5:21:03 PM
Attachments:	23254960-v7-Province Limited Guarantee - Briefing Deck.pptx

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Hi Jonathan,

Please find attached, a proposed deck for use at the Joint Ministers briefing on the Protection Agreement, tomorrow at noon. Could you please share with the Energy and TBS DMOs?

I'm copying the rest of the group here that provided input, including OPCD and Energy. And my apologies to the group – our timelines did not allow for me to send this latest draft around for additional comments.

Thanks everyone,

Anna

-----Original Appointment-----
From: Imbrogno, Serge (ENERGY) [mailto:Serge.Imbrogno@ontario.ca]
Sent: Monday, November 27, 2017 1:32 PM
To: Imbrogno, Serge (ENERGY); Martin Schlaepfer (MOF); Francesca Bungaro-Yemec (ENERGY); Steen Hume (CAB); Hilary Cox (ENE); HARTWICK Ken -FINANCE; 'LEE John - TREASURY'; 'jeffrey.lyash@opg.com'; catriona.king@opg.com; 'HOILETT Rosemarie - PRESIDENT'; Scott Thompson (CAB); Gadi Mayman; Anna Strathy; David McLean (MOF); Helen Angus (MOHLTC); Kyle MacIntyre (MOF)
Subject: Joint Ministers Briefing | OFHP
When: Wednesday, November 29, 2017 12:00 PM-1:00 PM (UTC-05:00) Eastern Time (US & Canada).
Where: Room 263, Main Legislative Building

Ontario’s Fair Hydro Plan

Limited Guarantee from the Province – Overview

Joint Ministers Briefing
November 29, 2017

Purpose

- Provide Ministers with an update of the work being done to prepare two provincial agreements to support the implementation of Ontario's Fair Hydro Plan.

- Provide an overview of the two provincial agreements, including key details of the agreements.

- Outline next steps.

Context

- On March 2, 2017, the government announced its proposed Ontario's Fair Hydro Plan (OFHP), which would lower bills by 25% for a typical residential consumer, starting in the summer of 2017.

- Ontario Power Generation (OPG) has indicated that it requires some level of guarantee from province to be able to secure the financing for the OFHP.

- On September 25, 2017, TB/MBC approved a "term sheet" that set out the broad parameters of this guarantee.

- Ministries have been working with OPG, external lawyers and underwriters to finalize the provincial agreements.

- The provincial agreements must be signed by OPG and the Ministers of Energy and Finance well in advance of December 31st, to allow the Financing Entity to purchase the regulatory asset from the IESO before its year-end.

Overview of Provincial Approvals Already Completed

- Authorization under Section 5(3) of OFHPA
  - Section 5(3) provides that LGIC may by order authorize the Minister of Energy and Minister of Finance, acting together on behalf of the Province, to agree to guarantee or indemnify obligations associated with an Investment Interest

- Order in Council 1981/2017 made pursuant to subsection 5(3) of the OFHPA
  - The OIC, approved by Cabinet on September 27, 2017, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of a financing entity established under the OFHPA associated with investment interests acquired by a financing entity.

Overview of Proposed Agreements

- There are two agreements which set out the terms of the limited guarantee:
  1. Change of Law Protection Agreement **("Protection Agreement")**
  2. Change of Law Process Agreement ("**Process Agreement**")

- The **Protection Agreement** describes the circumstances that would trigger the guarantee:
  - A change of law (i.e., repeal or amendment of the *Ontario Fair Hydro Plan Act, 2017*); court decision; or a change in the electricity market structure or operations that adversely affects the ability of the Financing Entity to recover amounts related to funding obligations.

- Should the guarantee be triggered, the Province would take over the financial obligations of the Financing Entity, which would have an immediate impact on the Province's fiscal plan and debt.

- The Protection Agreement also describes "adherence conditions" which must be fulfilled before the guarantee covers debt obligations:
  - For example, OPG must confirm that terms of a bond deal are aligned with reference documentation.

Overview of Proposed Agreements Cont'd

- The **Process Agreement** sets out the information and necessary documentation that has to be provided by OPG to the Province to ensure the continuing application of the limited guarantee.

- A breach of the Process Agreement allows the Province to suspend the limited guarantee for any new obligations.

Accounting Implications

- Reporting structure of the Financing Entity, as determined by OPG, will be a subsidiary of OPG, reporting as a government business enterprise in the Public Accounts on a modified equity, one-line basis (no change from current presentation)

- Reporting under IFRS 10, the ability for OPG to consolidate the Financing Entity is determined by way of its power to direct and access returns from the subsidiary (as set out in the agreements)

- Province can set the terms and conditions without exercising direct control

Risks

- Accounting
  - Any actions taken by the Province to direct the activities of the Financing Entity may result in the Financing Entity being controlled directly by the Province and not consolidated under OPG
  - No assessment has been undertaken as to whether the Financing Entity would be considered a government business enterprise

- Province dependent on OPG for key matters relating to the limited guarantee
  - Less power/information than would typically be afforded to a guarantor
  - Significant reliance on OPG to deliver timely, accurate information
  - Province has no say on financing decisions if permitted by the Financing Plan

- Even without a change of law by the Legislature, a court determination may trigger a Protection Event

- Possible criticism for wholesale delegation to OPG; although accounting considerations and the Act itself lead to this outcome

- Potential for opportunistic litigation by Financing Entity creditors to trigger a Protection Event

Next Steps

- Ministries are working to finalize the two agreements, incorporating recent input from the credit rating agencies and continued input from the underwriters.

- Final agreements will come forward for signature by the Ministers of Energy and Finance in the coming weeks. The Minister of Finance will be asked to provide s.28 approval at the same time as the agreements are signed.

- Upon execution of the agreements, and completion of the rating agency process, the Financing Entity will enter into a short-term borrowing facility (the warehouse) in order to purchase the regulatory asset from the IESO before December 31st.

- In January 2018, the Financing Entity plans to issue long-term notes (bond issue) to empty the warehouse. Going forward, the Financing Entity will make monthly purchases of the regulatory asset. These purchases will be financed through the warehouse, provincial equity injection and OPG borrowing. It is expected that the Financing Entity will enter into approximately three bond issues per year in order to regularly pay down the warehouse.

Appendix

General Background

- Ontario Fair Hydro Plan Act ("**Act**") permits debt financings through one or more [special purpose] financing entities, to be managed by OPG
  - Proceeds of financings are used to acquire portions of the Fair Hydro regulatory asset ("**Investment Interests**") from IESO
  - Amounts owing will be serviced from "clean energy adjustments" ("**CEAs**") collected from "specified consumers"

- Hydro Trust [will be] established to facilitate the first financing transactions
  - Some combination of short-term "warehouse financings" and long-term notes will be issued
  - OPG, funded by the Province, will acquire subordinated debt issued by Hydro Trust
  - Proceeds raised before December 31st are expected to be $•M ($•M from external investors)
  - Future issuances will follow the same pattern (51% external/senior; 49% OPG/subordinated)

- Payment obligations will be owed to noteholders, lenders, credit enhancers, derivative counterparties, service providers, etc.
  - Payment obligations will be governed under a Trust Indenture
  - Hydro Trust payment obligations under the Trust Indenture are "Obligations Secured"

- Limited Guarantee from the Province of obligations payable by Hydro Trust when due
  - Province pays only upon a "Protection Event"
  - Limited Guarantee applies to almost all Obligations Secured
  - Certain "**Adherence Conditions**" to be satisfied before Limited Guarantee willy apply to material obligations

- Two relevant agreements:
  i. Change of Law Protection Agreement ("**Protection Agreement**")
  ii. Change of Law Process Agreement ("**Process Agreement**")

Technical Details – Limited Guarantee from the Province

- Triggered by a "**Protection Event**": Either:
  - There is a change of law (by the Legislature, LGIC, Ministers, government officials, government appointed boards, etc.) or implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or and entity controlled by the Province that materially and adversely affects either (1) the ability of Hydro Trust to receive CEA cash flows or (2) the Protection Agreement or any Obligation Secured
  - A court of competent jurisdiction determines that any part of the OFHPA or the related regulations are *ultra vires* or invalid in a way that materially and adversely affects the ability of Hydro Trust to receive CEA cash flows and that in fact results in a deficiency such that Hydro Trust cannot pay Obligations Secured when they become due

- **Not covered by the Limited Guarantee:**
  - Amounts required to be deposited into collateral or reserve accounts established under the Hydro Trust program to credit enhance or provide liquidity for ultimate payment of Obligations Secured
  - Certain residual payments to OPG under the "payment waterfall"

- **Term:** Until all applicable Obligations Secured are paid in full

Technical Details – Adherence Conditions

- Certain minimal conditions will apply before the Limited Guarantee will attach to applicable Obligations Secured:
  - Incurrence of indebtedness to fund ownership of an Investment Interest
  - Entry into ISDA master agreements
  - Entry into service contracts with term > 3 years and aggregate payments >$5M that are not terminable on giving 3 years notice or less

- Those conditions are:
  - Must be an Obligation Secured under the Trust Indenture
  - Delivery of officer's certificate by OPG to Indenture Trustee confirming compliance with internal processes as between OPG and the Province in connection the Limited Guarantee (under the Process Agreement)
  - Province has not delivered a "Suspension Notice"

Technical Details – Process between Province and OPG

- Process Agreement between Province and OPG
  - Sets out informational requirements and supporting affirmations regarding incurrence or amendment of Obligations Secured
  - Contemplates some (limited) rights of Province to comment on disclosure and terms of Obligations Secured
  - Provides for OPG executive officer affirmation regarding certain matters (in a "**Process Certificate**")

- Delivery of Process Certificate by OPG executive officers to the Province setting out:
  - Material terms of obligations (incurrence or amendment)
  - Confirmation that terms are "**Substantially in the Form**" of the "**Reference Documentation**"
  - Confirmation that the offering document is "**Substantially in the Form**" of the "**Reference Documentation**"
  - Confirmation that no breach of the Process Agreement has occurred
  - Confirmation that the maximum payment amounts due in the future under the obligation plus other outstanding amounts will not exceed the "**Protection Agreement Maximum**"
  - Confirmation that any disclosure referring to the Protection Agreement or Process Agreement was made available to the Province
  - Confirmation as to reasonableness, arm's length terms and conditions, and compliance with the Act and the Financing Plan

- Suspension Right
  - Uncured breach of Process Agreement or breach by any party of other program agreements allows Province to suspend Limited Guarantee for new obligations, other than for refinancings
  - Exercise of suspension right does not impact prior Hydro Trust obligations covered under the Limited Guarantee

Technical Details – Obligation of Province on Protection Event

- Make payments on Limited Guarantee
- Payments replicate stream of CEAs to pay amounts due and payable by Hydro Trust
- In event of an acceleration of any Obligation Secured, Province would pay acceleration amounts, capped at scheduled payment amounts (without acceleration) plus an additional amount up to the “fair allocation” in the aggregate
- Province will be subrogated to rights of the creditors of Hydro Trust to the extent of performance under the Limited Guarantee

Technical Details – Obligations of OPG

- Process Agreement obligates OPG, but without limiting protections under existing indemnity agreement
  - Province has indemnified OPG, its subsidiaries, and each of their respective directors, officers and employees from liability resulting from activities under the Act and activities of Hydro Trust pursuant to an Indemnity Agreement

- If there is any conflict between the Process Agreement, the Protection Agreement and the existing Indemnity Agreement in respect of any matter relating to the Province's indemnification obligations in favour of OPG, the Indemnity Agreement is paramount

From:	Tekle, Jonathan (MOF)
To:	Patrick Laughton (MOF); Gadi Mayman; Ronald Kwan; Ken Kandeepan; Mike Manning; Usman Zahid; Tobias P. Whitfield (MOF); Mark Donaldson (MOF); Tim Christie (ENERGY); Thouin, Alena (ENERGY); Hosick, Sarah (TBS); Malle Hanslep (MOF); Hilary Cox (ENE); Tom McKinlay (MAG)
Cc:	Anna Strathy; David McLean (MOF)
Subject:	Materials | Joint Ministers Briefing | OFHP
Date:	Wednesday, November 29, 2017 11:21:51 AM
Attachments:	OPG - COLPA Ministers Briefing - Nov 29 2017 v7.pptx

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Hi all,

Attached is additional material for the joint Minister's briefing at noon. ENERGY will bring copies of this deck to the meeting.

As far as stage management for the meeting:

- Andrew will provide opening remarks
- Overview of the Limited Guarantee from the Province
- OPG Update on Financing Program

Thanks,

Jonathan Tekle

Senior Policy Advisor, Deputy Minister's Office, Ministry of Finance

Frost Building South, 7th Floor

7 Queen's Park Crescent

Toronto, Ontario M7A 1Y7

Ontario Power Generation

Update on Fair Hydro Plan Financing Program

November 29, 2017

ONTARIO POWER GENERATION

Context

- Provide an update for Ministers on Ontario Power Generation (OPG) financing activities
- Update on discussions with rating agencies
- Outline of next steps

ONTARIO POWER GENERATION

Rating Agencies' Status

OPG has engaged the following rating agencies (i.e., DBRS and Moody's) to provide credit ratings on the Fair Hydro Trust's (FHT) senior debt (i.e., Tranche A) and subordinated debt (i.e., Tranche B and Tranche C)

Completed To-Date:

- OPG has provided drafts of all requisite program agreements for rating agencies' review
- Several meetings have occurred between management, financial advisors and rating agencies to review key elements of the program
- Initial comments received from rating agencies have been addressed
- The Independent Electricity System Operator (IESO) servicing review was conducted with rating agencies, dealers, and OPG

Outstanding:

- DBRS and Moody's to complete review of final documentation and provide preliminary credit ratings for all debt tranches by **week of December 11th**

ONTARIO POWER GENERATION

Short-Term Warehouse

OPG is securing an $800 million warehouse facility agreement with a bank syndicate comprising of CIBC, RBC and Goldman Sachs under a 2-year committed term

Proposed December 2017 Transaction

- Regulatory asset available to be purchased from IESO is expected to be approximately $1.2 billion, representing accumulated deferrals up to the end of November 2017
- OPG advises that better market access for term debt is expected in January 2018. The FHT will fund the December transaction using the following sources:
  - Short-term warehousing facility for 51% or ~$610 million;
  - Province's equity injection for 44% or ~$530 million; and
  - OPG's contribution for 5% or ~$60 million

ONTARIO POWER GENERATION

Indicative Marketing Timeline

The following outlines the proposed timeline for funding the initial regulatory asset purchase from IESO:

Activity	Indicative Timeline
Term Debt Rating Agencies' Preliminary Assessment	Week of December 11, 2017
Warehouse Facility Closing & Funding	December 18, 2017
Term Debt Rating Agencies' Confirmation of Ratings	Week of January 8, 2018
Marketing & Roadshow (Toronto, Montreal & Vancouver)	Week of January 15, 2018
Term Debt Pricing	Week of January 22, 2018
Term Debt Closing	T+5 of Pricing Date

ONTARIO POWER GENERATION

Next Steps

- Finalize Change of Law Protection Agreement by week of December 4, 2017
- Complete rating agencies' process by week of December 11, 2017
- Fund equity contribution and close short-term warehouse on December 18, 2017 for purchase of regulatory asset from IESO
- Market and close long-term debt in January 2018

ONTARIO POWER GENERATION

From: Mike Manning
To: Ramchandani, Rima
Subject: Meeting Forward Notification: UPDATED - Fair Hydro -- Change of Law Agreements

---

Your meeting was forwarded

Mike Manning <mailto:/o=OFA/ou=OFINA%20Administrative%20Group/cn=Recipients/cn=mmanning> has forwarded your meeting request to additional people.

Meeting

UPDATED - Fair Hydro -- Change of Law Agreements

Meeting Time

Tuesday, November 21, 2017 5:00 PM - Tuesday, November 21, 2017 10:00 PM

Recipients

Ronald Kwan <mailto:/o=OFA/ou=OFINA%20ADMINISTRATIVE%20GROUP/cn=RECIPIENTS/cn=RKWAN>

All times listed are in the following time zone: (UTC-05:00) Eastern Time (US & Canada)

_____

From:	Anna Strathy
To:	Tom McKinlay (MAG); Veinot, Cindy (TBS); Steen Hume (CAB)
Cc:	Hilary Cox (ENE); "Hosick, Sarah (TBS)"; Ken Kandeepan; Mike Manning; Tim Christie (ENERGY); Daniel Cayley (ENERGY); Mark Donaldson (MOF); Gadi Mayman; Thouin, Alena (ENERGY)
Subject:	Meeting with OPG this evening | Protection and Process Agreements
Date:	Tuesday, November 21, 2017 3:21:23 PM

Cindy, Steen, Tom,

After some back and forth today, we'll be meeting OPG at Toys this evening at 5pm to discuss the remaining business issues in the protection and process agreements. Could you please advise who from your respective Ministries will be attending? Happy to discuss.

Thanks, Anna

-----Original Appointment-----
From: Anna Strathy
Sent: Tuesday, November 21, 2017 10:41 AM
To: Anna Strathy; Malle Hanslep (MOF); Tobias P. Whitfield (MOF); ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com); Tom McKinlay (MAG); Thouin, Alena (ENERGY); Ken Kandeepan; Mike Manning; Ronald Kwan; John Kim; Veinot, Cindy (TBS); Steen Hume (CAB); Tim Christie (ENERGY); Gadi Mayman; Mark Donaldson (MOF); Daniel Cayley (ENERGY)
Cc: Usman Zahid; Hilary Cox (ENE); 'Hosick, Sarah (TBS)'
Subject: Internal Discussion | Protection and Process Agreements | Blakes, OFA, MOF, Energy, OPCD
When: Tuesday, November 21, 2017 11:30 AM-12:00 PM (UTC-05:00) Eastern Time (US & Canada).
Where: Teleconference 1-866-602-5461 or 416-212-8011 | Conference ID: 4717656

Purpose: to discuss proposed dealer changes, received yesterday afternoon.

Toll-free dial-in number: 1-866-602-5461

Local dial-in number: 416-212-8011

Conference ID: 4717656

OFA to Moderate

From:	ASHBOURNE, STEPHEN
To:	Malle Hanslep (MOF); Mike Manning; Tobias P. Whitfield (MOF); Ken Kandeepan; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca); Tom McKinlay (MAG)
Cc:	Gadi Mayman
Subject:	My comments on the version of the Process Agreement circulated by Torys yesterday morning
Date:	Wednesday, December 13, 2017 11:21:18 AM
Attachments:	23239361-v26-Change of Law - Process Agreement.DOCX 23239361-vpdf-Change of Law - Process Agreement.PDF

PRIVILEGED AND CONFIDENTIAL

Hi. Here for your consideration is my mark-up of the version of the Process Agreement circulated by Torys yesterday morning. Please let me know if you have questions or concerns with the mark-up or would like to walk through it on a call.

As a strategy, we may want to slow-roll commenting on the Process Agreement, since everyone seems focused on the Protection Agreement right now and that is clearly the priority, and there may be some benefit in not infecting the third party/rating agency review of the Protection Agreement with issues that may percolate as a result of Osler and the dealers turning their minds in detail to the Process Agreement.

Please pass along any thoughts at your earliest opportunity.

Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

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HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.

CHANGE OF LAW PROCESS AGREEMENT

Dated as of [■], 2017

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**") is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.

Pursuant to a Declaration of Trust dated as of [■], 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

Pursuant to the Management Agreement dated as of [■], 2017, OPG was appointed the Manager of the Financing Entity.

Concurrent with this Agreement, the Province, OPG (as the FSM and as the Manager), the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the applicable Adherence Conditions.

Prior to entering into this Agreement, OPG provided the Province with the final forms of certain of the Transaction Documents, as described on Exhibit "A", and the Province has not objected to such forms and hereby confirms to OPG that such Transaction Documents will constitute "Reference Documentation" for purposes of this Agreement.

Prior to entering into this Agreement, OPG, as the FSM, provided the Minister of Energy, in compliance with the Act, with the initial Financing Plan, which includes the initial forecast (the "**Initial Forecast**") setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Obligations Secured to be incurred during the 24 month period from December 1, 2017 to November 30, 2019 (the "**Initial Forecast Period**"). Prior to entering into this Agreement, OPG provided the Province with the initial Protection Agreement Maximum (the "**Initial Protection Agreement Maximum**"). The Province has received the initial Financing Plan and has not disagreed with the Initial Forecast or the Initial Protection Agreement Maximum on the basis of an apparent inaccuracy in the Initial Forecast, an inconsistency between the Initial Forecast and the initial Financing Plan, or as a result of the Initial Protection Agreement Maximum being more than the Initial Forecast.

This Agreement sets out the obligations OPG has agreed to perform and assurances OPG has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the applicable Adherence Conditions have been satisfied and maintaining information related to the Program Agreements and the Approved Obligations.

All things necessary to make this Agreement a valid and legally binding agreement of OPG and the Province, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall"; the word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such

other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed; the words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 <u>References to the Financing Entity</u>

For greater certainty, each reference to the Financing Entity shall be construed as a reference to the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 <u>Effect of Headings</u>

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.04 <u>Successors and Assigns</u>

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 <u>Severability</u>

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.06 <u>Governing Law</u>

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND

REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF OPG

2.01 Deliveries to the Province

(a) OPG shall promptly deliver to the Province a copy of any proposed change to or replacement of the Financing Plan.

(b) Not less than 10 Business Days, or such lesser period as the Province may agree to in writing, prior to:

(i) any proposed material change in the terms or conditions applicable to a Primary Obligation in a previously provided Transaction Document becoming effective or otherwise being used; provided, for greater certainty, that a proposed change in particular financial terms, rates or levels shall not constitute a material change for this purpose and, without limitation, any change that could reasonably be expected to have a Material Effect shall constitute a material change for this purpose, and

(ii) any additional, supplemental or replacement Transaction Document becoming effective or otherwise being used,

OPG shall deliver to the Province a copy of such proposed change to the Transaction Document and any such additional, supplemental or replacement Transaction Document.

(c) Without limiting Subsection 2.01(b), promptly following (i) any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor being made, (ii) any new, additional, supplemental or replacement instruments, documents, agreements or security being used or granted in connection with all or any part of the Approved Obligations, or (iii) any waiver, release, reconveyance, termination, abandonment, subordination, exchange, substitution, transfer, compound, compromise, liquidation or enforcement of all or any part of the Approved Obligations or any security or guarantee therefor being effected, OPG shall, except if previously been provided to the Province under Subsection 2.01(b), deliver to the Province a detailed description of such event and the reasons for it, together with any related documents, agreements and instruments.

(d) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, OPG shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations

(including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(e) Promptly upon request, OPG shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

2.02 <u>Covenants</u>

(a) OPG shall use commercially reasonable efforts to cause the Financing Entity to:

(i) punctually perform and observe all of the Financing Entity's obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not (unless waived in writing by the Province):

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement, replacement, waiver or consent has or could reasonably be considered to have a Material Effect; provided, however, that the foregoing does not apply to any supplement, amendment, modification, restatement, replacement, waiver or consent in respect of particular financial terms, rates or levels;

(B) extend, renew, compromise, novate, replace, suspend, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, liquidate or enforce the terms of all or any part of the Approved Obligations or any Collateral, if any such action has could reasonably be considered to have a Material Effect; provided, however, that the foregoing does not apply to any such action taken in respect of particular financial terms, rates or levels; or

(C) permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired.

(b) If any action restricted pursuant to Section 2.02(a)(v) is reflected in the terms of a Transaction Document (including any proposed change, addition, supplement or replacement to or of a Transaction Document) delivered by OPG to the Province in accordance with Section 2.01(b) and such terms and action are specifically brought to the attention of the Province at the time of such delivery, then the Province shall be deemed to have waived its rights with respect to such action under Section 2.02(a)(v) if the Province has not objected to the terms of such Transaction Document (including any proposed change, addition, supplement or replacement to or of a Transaction Document) under Section 3.04(b) with respect to the taking of such action.

(c) OPG shall:

(i) comply, and shall use commercially reasonable efforts to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

(ii) punctually perform and observe all of its (including as the FSM and as Manager) obligations and agreements contained in the Program Agreements;

(iii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation;

(iv) notify the Province of (1) the occurrence of any Breach Event and any Program Breach, in each case within 2 Business Days of any such occurrence, and (2) any event or circumstance known to OPG that with the passage of time or the giving of notice would be a Breach Event or a Program Breach, in each case within 1 Business Day of OPG first becoming aware of such event or circumstance; and

(v) after the occurrence of any Protection Event or any Suspension Event (or any event or circumstance known to OPG that with the passage of time or the giving of notice would be a Protection Event or a Suspension Event), not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.

(d) The Province and OPG acknowledge that their obligations to each other under the Indemnity Agreement between the Province and OPG dated June 1, 2017 (as

amended, the "**Indemnity Agreement**") are not amended by this Agreement and continue in full force and effect, notwithstanding that this Agreement is entered into subsequent to the Indemnity Agreement.

(e) The Province and OPG acknowledge that their obligations to each other under the Indemnity Agreement are not amended by the Change of Law Protection Agreement and continue in full force and effect, notwithstanding that the Change of Law Protection Agreement was entered into subsequent to the Indemnity Agreement.

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate

OPG shall deliver to the Province a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Province, on or before the incurrence or any amendment of a Funding Obligation (provided that delivery may not be more than 5 Business Days before the incurrence or amendment of the Funding Obligation), in each case setting out the following with respect to such Funding Obligation:

(a) the material terms of the Funding Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a Derivative Agreement, OPG's best estimate of the expected notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

(b) if an existing Funding Obligation is proposed to be amended, material details respecting such amendment, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

(c) a statement to the effect that: (i) the Funding Obligation to be incurred or amended (1) will arise under terms and conditions that are Substantially in the Form of the Reference Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reference Documentation;

(d) a statement confirming that any disclosure made in respect of the Funding Obligation (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to the Funding Obligation) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement has been made available to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made;

(e) a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and

(f) confirmation that, at the time the Funding Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Funding Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the Protection Agreement Maximum applicable on the date that the Process Certificate is delivered; for clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be determined on the date the Process Certificate is delivered hereunder in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

Notwithstanding the foregoing, no Process Certificate shall be required to be delivered in respect of: (x) any Funding Obligation under which not more than $5,000,000 in the aggregate may become payable by the Financing Entity or (y) the incurrence of a Post-Suspension Refinancing that is proposed to be entered into by the Manager in compliance with the requirements of Section 7.03 of the Change of Law Protection Agreement after the Province has elected not to offer to fund such Post-Suspension Refinancing in accordance with such requirements.

3.02 Acknowledgement regarding delivery of certificate under Change of Law Protection Agreement

The Province acknowledges that, concurrent with the delivery of the Process Certificate pursuant to Section 3.01 of this Agreement, the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) will be authorized by OPG to deliver the certificate referred to in Subsection 4.02(a)(ii) of the Change of Law Protection Agreement to the Indenture Trustee confirming that OPG has complied with all

of its obligations to the Province and internal requirements and processes in connection with adherence of the Limited Guarantee to the incurrence of the Certified Primary Obligations in respect of which the certificate in Subsection 4.02(a)(ii) of the Change of Law Protection Agreement is being delivered; provided that, upon receipt of a Suspension Notice under the Change of Law Protection Agreement, OPG covenants not to not permit the delivery of any further certificates to the Indenture Trustee under Subsection 4.02(a)(ii) of the Change of Law Protection Agreement.

3.03 Suspension Events and Related Matters

(a) The parties acknowledge and agree that the Province is entitled to deliver a Suspension Notice under Section 7.01 of the Change of Law Protection Agreement if a Program Breach or Breach Event has occurred.

(b) The Province agrees not to deliver a Suspension Notice pursuant to Section 7.01 of the Change of Law Protection Agreement unless a Program Breach or a Breach Event has occurred.

(c) The Province acknowledges that it will not be entitled to object to an incurrence by the Financing Entity of a Post-Suspension Refinancing proposed to be entered into by the Manager in compliance with the requirements of Section 7.03 of the Change of Law Protection Agreement after the Province has elected not to offer to fund such Post-Suspension Refinancing in accordance with such requirements. For greater certainty, the requirements of this Agreement shall apply in respect of any Post-Suspension Refinancing, including any Transaction Document that is proposed to be entered into, amended or otherwise affected in connection with implementation of the Post-Suspension Refinancing, except that no Process Certificate shall be required to be delivered to the Province in connection with such an incurrence.

3.04 <u>Meaning of "Reference Documentation"</u>

For the purposes of Subsection 3.01(c), the term "Reference Documentation" shall mean each Transaction Document that, at the relevant time:

(a) is a Transaction Document listed on Exhibit "A"; or

(b) is a Transaction Document (including any amended or amended and restated Transaction Document) delivered to the Province in accordance with Subsection 2.01(b) that has not been objected to by the Province, by delivery of an objection notice in writing delivered to OPG, within 10 Business Days after it is so delivered to the Province; provided that the Province (i) shall only be entitled to deliver an objection notice in connection with a change proposed to be made or an action proposed to be taken to or in respect of a previously delivered Transaction Document that forms part of the Reviewed Documentation at the relevant time, or in connection with any additional, supplemental or replacement Transaction Document that contains a term or a condition that differs in any material respect

from the terms or conditions applicable to any other Transaction Document that forms part of the Reviewed Documentation at the relevant time, in each case if such change, action, addition, supplement or replacement to, of or in respect of the applicable Transaction Document has or could reasonably be expected to have a Material Effect and (ii) shall not be entitled to deliver an objection notice in respect of the incurrence of a Post-Suspension Refinancing that is proposed to be entered into by the Manager in compliance with the requirements of Section 7.03 of the Change of Law Protection Agreement after the Province has elected not to offer to fund such Post-Suspension Refinancing in accordance with such requirements.

3.05 Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(c), the term "Substantially in the Form" shall mean:

(a) with respect to the Reference Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such Reference Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation that has or could have a Material Effect; provided, however, that the foregoing does not apply to any particular financial terms, rates or levels; and

(b) with respect to the Reference Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum

(a) Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Obligations Secured that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Obligations Secured to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast shall be further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum, which may not exceed such Forecast.

(b) Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of any further Forecast and notice of the revised Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province may disagree with such further Forecast or revised Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in such further Forecast, (ii) the further Forecast is inconsistent with the Financing Plan, or (iii) the revised Protection Agreement Maximum is more than the further Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the revised Protection Agreement Maximum will be further revised accordingly and confirmed by an amended notice to the Province.

(c) For clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be valued at the time to be determined for the purposes of this Section 4.01 in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of OPG

OPG represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM or as the Manager, may cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario and has the power and authority to enter into and perform its obligations under this Agreement and all instruments and agreements delivered pursuant hereto.

(c) OPG has the power and authority to enter into and perform its obligations as the FSM and as the Manager under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM or as the Manager has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Financing Entity or in the ability of the Financing Entity to perform its obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with

the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

5.02 Representations and Warranties of the Province

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
BREACH EVENTS

6.01 Breach Events

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

(a) a default in the performance, or breach, by OPG of Section 2.01(b)(i), Section 2.02(b)(iv) or Section 3.01;

(b) a default in the performance, or breach, of any other covenants of OPG under this Agreement (excluding Section 2.01(b)(i), Section 2.02(b)(iv) and Section 3.01), which, if curable in a way such that the default or breach would not have or have had a material adverse effect on the rights and interests of the Province, is not so cured within thirty (30) days;

(c) any representation or warranty made by OPG in this Agreement, any certification made in a Process Certificate, or any certification made in a certificate contemplated by Subsection 4.02 of the Change of Law Protection Agreement, proves to be incorrect in any material respect on the date made and which, if curable in a way such that the incorrect representation or warranty may be remedied without having or having had a material adverse effect on the rights and interests of the Province as a result of the Province's reliance thereon, is not so cured within thirty (30) days; or

(d) OPG is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the Manager.

ARTICLE VII
MISCELLANEOUS

7.01 Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

7.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to OPG:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

(b) if to the Province:

Deputy Minister of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Deputy Ministry of Energy

[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 7.02.

7.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 7.03 shall be null and void.

7.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

7.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

7.06 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

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

By: _____

Name:
Title:

By: _____

Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Breach Event**" has the meaning ascribed thereto in Section 6.01.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the Financing Entity, OPG (as the FSM and the Manager) and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

"**Financing Entity**" means Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(a).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**IESO Security Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**Initial Forecast**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Initial Forecast Period**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Initial Protection Agreement Maximum**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO.

"**Material Effect**" means:

(a) with respect to any change or action, as applicable, to or in respect of a previously delivered Transaction Document that forms part of the Reviewed Documentation at the relevant time; and

(b) with respect to any additional, supplemental or replacement Transaction Document proposed to form part of the Reviewed Documentation and that contains a term or a condition that differs in any material respect from the terms or conditions applicable to any other Transaction Document that forms part of the Reviewed Documentation at the relevant time,

that the making of such change, the taking of such action, or the entering into of such addition, supplement or replacement, as applicable, has or could reasonably be expected to have a material effect on the obligations (including as a result of a change in the nature, scope or extent of the

Primary Obligation and the effect on the Province's obligations therefor under the Limited Guarantee) or the rights of the Province under the Limited Guarantee, the Change of Law Protection Agreement or this Agreement, in each case that could reasonably be expected to affect (i) the timing of or circumstances under which Primary Obligations would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization); (ii) the appointment, obligations or duties of OPG as the Manager; (iii) the existence, powers or authority of the Financing Entity or the Financing Entity Trustee; (iv) the obligations of the Indenture Trustee to or in respect of the Province as a Specified Creditor; [(v) the limitations and requirements otherwise applicable to the capital structure of the Financing Entity under any existing Program Agreement;] (vi) the payment provisions and associated priorities set forth in the Trust Indenture; [(vii) the obligations or liability of the Financing Entity to pay any tax;] (viii) compliance by the FSM or the Manager with the then applicable Financing Plan; [(ix) the circumstances in which a Protection Event could arise;] (x) compliance by the FSM, the Manager, the Financing Entity or IESO with the Act or the General Regulation; (xi) the nature or character of the payment obligations (but, subject to compliance with the Financing Plan, irrespective of the amount payable thereunder) that could become payable under the Limited Guarantee; or (xii) the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of this Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Protection Agreement Maximum**" means the dollar amount referenced as the Program Agreement Maximum and determined in accordance with Section 4.01.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture.

"**Reference Documentation**" has the meaning ascribed thereto in Section 3.04.

"**Repayment**" has the meaning ascribed to the term "repayment" in the General Regulation as of the date of this Agreement.

"**Substantially in the Form**" has the meaning ascribed thereto in Section 3.05.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement; (vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that could affect the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

EXHIBIT "A"
INITIAL REFERENCE DOCUMENTATION

- Declaration of Trust;
- Management Agreement;
- Master Transfer and Servicing Agreement;
- Acknowledgement and indemnity agreement dated as of [■], 2017 made by IESO in favour of the Indenture Trustee;
- IESO Security Agreement;
- Trust Indenture;
- Warehouse Senior Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;
- Warehouse Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017; and
- Warehouse Junior Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.

CHANGE OF LAW PROCESS AGREEMENT

Dated as of [■], 2017

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**") is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.

Pursuant to a Declaration of Trust dated as of [■], 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

Pursuant to the Management Agreement dated as of [■], 2017, OPG was appointed the Manager of the Financing Entity.

Concurrent with this Agreement, the Province, OPG (as the FSM and as the Manager), the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the applicable Adherence Conditions.

Prior to entering into this Agreement, OPG provided the Province with the final forms of certain of the Transaction Documents, as described on Exhibit "A", and the Province has not objected to such forms and hereby confirms to OPG that such Transaction Documents will constitute "Reference Documentation" for purposes of this Agreement.

Prior to entering into this Agreement, OPG, as the FSM, provided the Minister of Energy, in compliance with the Act, with the initial Financing Plan, which includes the initial forecast (the "**Initial Forecast**") setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Obligations Secured to be incurred during the 24 month period from December 1, 2017 to November 30, 2019 (the "**Initial Forecast Period**"). Prior to entering into this Agreement, OPG provided the Province with the initial Protection Agreement Maximum (the "**Initial Protection Agreement Maximum**"). The Province has received the initial Financing Plan and has not disagreed with the Initial Forecast or the Initial Protection Agreement Maximum on the basis of an apparent inaccuracy in the Initial

Forecast, an inconsistency between the Initial Forecast and the initial Financing Plan, or as a result of the Initial Protection Agreement Maximum being more than the Initial Forecast.

This Agreement sets out the obligations OPG has agreed to perform and assurances OPG has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the applicable Adherence Conditions have been satisfied and maintaining information related to the Program Agreements and the Approved Obligations.

All things necessary to make this Agreement a valid and legally binding agreement of OPG and the Province, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall"; the word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed; the words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 References to the Financing Entity

For greater certainty, each reference to the Financing Entity shall be construed as a reference to the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.04 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.06 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF OPG

2.01 Deliveries to the Province

(a) OPG shall promptly deliver to the Province a copy of any proposed change to or replacement of the Financing Plan.

(b) Not less than 10 Business Days, or such lesser period as the Province may agree to in writing, prior to:

(i) any proposed material change in the terms or conditions applicable to a Primary Obligation in a previously provided Transaction Document becoming effective or otherwise being used; provided, for greater certainty, that a proposed change in particular financial terms, rates or levels shall not constitute a material change for this purpose and, without limitation, any change that could reasonably be expected to have a Material Effect shall constitute a material change for this purpose, and

(ii) any additional, supplemental or replacement Transaction Document becoming effective or otherwise being used,

OPG shall deliver to the Province a copy of such proposed change to the Transaction Document and any such additional, supplemental or replacement Transaction Document.

(c) Without limiting Subsection 2.01(b), ~~and except as has previously been provided to the Province under Subsection 2.01(b),~~ promptly following (i) any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor being made, (ii) any new, additional, supplemental or replacement instruments, documents, agreements or security being used or granted in connection with all or any part of the Approved Obligations, or (iii) any waiver, release, reconveyance, termination, abandonment, subordination, exchange, substitution, transfer, compound, compromise, liquidation or enforcement of all or any part of the Approved Obligations or any security or guarantee therefor being effected, OPG shall, except if previously been provided to the Province under Subsection 2.01(b), deliver to the Province a detailed description of such event and the reasons for it, together with any related documents, agreements and instruments. ~~*[Note to Province/Blakes: We assume that if the change is provided pursuant to Subsection 2.01(b) that it may not be redelivered under this section.]*~~

(d) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, OPG shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations (including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(e) Promptly upon request, OPG shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

2.02 Covenants

(a) OPG shall use commercially reasonable efforts to cause the Financing Entity to:

(i) punctually perform and observe all of the Financing Entity's obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not (unless waived in writing by the Province):

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement, replacement, waiver or consent has or could reasonably be considered to have a Material Effect; provided, however, that the foregoing does not apply to any supplement, amendment, modification, restatement, replacement, waiver or consent in respect of particular financial terms, rates or levels;

(B) extend, renew, compromise, novate, replace, suspend, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, liquidate or enforce the terms of all or any part of the Approved Obligations or any Collateral, if any such action has could reasonably be considered to have a Material Effect;

provided, however, that the foregoing does not apply to any such action taken in respect of particular financial terms, rates or levels; or

(C) permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired.

(b) If any action restricted pursuant to Section 2.02(a)(v) is reflected in ~~a delivery required to be made~~the terms of a Transaction Document (including any proposed change, addition, supplement or replacement to or of a Transaction Document) delivered by OPG to the Province ~~pursuant to~~in accordance with Section 2.01(b) and ~~is not objected to by the Province under Section 3.04(b),~~such terms and action are specifically brought to the attention of the Province at the time of such delivery, then the Province shall be deemed to have waived its rights ~~under Section 2.02(a)(v)~~with respect to such action under Section 2.02(a)(v) if the Province has not objected to the terms of such Transaction Document (including any proposed change, addition, supplement or replacement to or of a Transaction Document) under Section 3.04(b) with respect to the taking of such action.

(c) OPG shall:

(i) comply, and shall use commercially reasonable efforts to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

(ii) punctually perform and observe all of its (including as the FSM and as Manager) obligations and agreements contained in the Program Agreements;

(iii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation; ~~and~~

(iv) notify the Province of (1) the occurrence of any Breach Event and any Program Breach, in each case within 2 Business Days of any such occurrence, and (2) any event or circumstance known to OPG that with the passage of time or the giving of notice would be a Breach Event or a Program Breach, in each case within 1 Business Day of OPG first becoming aware of such event or circumstance; and

(v) after the occurrence of any Protection Event or any Suspension Event (or any event or circumstance known to OPG that with the passage of time or the giving of notice would be a Protection Event or a Suspension Event), not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation

under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.

(d) The Province and OPG acknowledge that their obligations to each other under the Indemnity Agreement between the Province and OPG dated June 1, 2017 (as amended, the "**Indemnity Agreement**") are not amended by this Agreement and continue in full force and effect, notwithstanding that this Agreement is entered into subsequent to the Indemnity Agreement.

(e) The Province and OPG acknowledge that their obligations to each other under the Indemnity Agreement are not amended by the Change of Law Protection Agreement and continue in full force and effect, notwithstanding that the Change of Law Protection Agreement was entered into subsequent to the Indemnity Agreement.

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate

OPG shall deliver to the Province a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Province, on or before the incurrence or any amendment of a Funding Obligation~~, other than any Funding Obligation under which not more than $5,000,000 in the aggregate may become payable by the Financing Entity~~ (provided that delivery may not be more than 5 Business Days before the incurrence or amendment of the Funding Obligation), in each case setting out the following with respect to such Funding Obligation:

(a) the material terms of the Funding Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a Derivative Agreement, OPG's best estimate of the expected notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

(b) if an existing Funding Obligation is proposed to be amended, material details respecting such amendment, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

(c) a statement to the effect that: (i) the Funding Obligation to be incurred or amended (1) will arise under terms and conditions that are Substantially in the Form of the Reference Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a

reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reference Documentation;

(d) a statement confirming that any disclosure made in respect of the Funding Obligation (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to the Funding Obligation) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement has been made available to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made;

(e) a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and

(f) confirmation that, at the time the Funding Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Funding Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the Protection Agreement Maximum applicable on the date that the Process Certificate is delivered; for clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be determined on the date the Process Certificate is delivered hereunder in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

Notwithstanding the foregoing, no Process Certificate shall be required to be delivered in respect of: (x) any Funding Obligation under which not more than $5,000,000 in the aggregate may become payable by the Financing Entity or (y) the incurrence of a Post-Suspension Refinancing that is proposed to be entered into by the Manager in compliance with the requirements of Section 7.03 of the Change of Law Protection Agreement after the Province has elected not to offer to fund such Post-Suspension Refinancing in accordance with such requirements.

3.02 Acknowledgement regarding delivery of certificate under Change of Law Protection Agreement

The Province acknowledges and agrees that, concurrent with the delivery of the Process Certificate pursuant to Section 3.01 of this Agreement, the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) arewill be authorized by OPG to deliver the certificate referred to in Subsection 4.02(a)(ii) of the Change of Law Protection Agreement to the Indenture Trustee confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with adherence of the Limited Guarantee to the incurrence of the Certified Primary Obligations in respect of which the certificate in Subsection 4.02(a)(ii) of the Change of Law Protection Agreement is being delivered; provided that, upon receipt of a Suspension Notice under the Change of Law Protection Agreement, OPG covenants not to delivernot permit the delivery of any further certificates to the Indenture Trustee under Subsection 4.02(a)(ii) of the Change of Law Protection Agreement.

3.03 Acknowledgement regarding delivery of Suspension Notice Events and Related Matters

(a) The parties acknowledge and agree that the Province is entitled to deliver a Suspension Notice under Section 7.01 of the Change of Law Protection Agreement if a Program Breach or Breach Event has occurred. The Province agrees not to deliver a Suspension Notice pursuant to Section 7.01 of the Change of Law Protection Agreement unless a Program Breach or a Breach Event has occurred.

(b) The Province agrees not to deliver a Suspension Notice pursuant to Section 7.01 of the Change of Law Protection Agreement unless a Program Breach or a Breach Event has occurred.

(c) The Province acknowledges that it will not be entitled to object to an incurrence by the Financing Entity of a Post-Suspension Refinancing proposed to be entered into by the Manager in compliance with the requirements of Section 7.03 of the Change of Law Protection Agreement after the Province has elected not to offer to fund such Post-Suspension Refinancing in accordance with such requirements. For greater certainty, the requirements of this Agreement shall apply in respect of any Post-Suspension Refinancing, including any Transaction Document that is proposed to be entered into, amended or otherwise affected in connection with implementation of the Post-Suspension Refinancing, except that no Process Certificate shall be required to be delivered to the Province in connection with such an incurrence.

3.04 Meaning of "Reference Documentation"

For the purposes of Subsection 3.01(c), the term "Reference Documentation" shall mean each Transaction Document that, at the relevant time:

(a) is a Transaction Document listed on Exhibit "A"; or

(b) is a Transaction Document (including any amended or amended and restated Transaction Document) ~~provided~~delivered to the Province in accordance with Subsection 2.01(b) that has not been objected to by the Province, by delivery of an objection notice in writing delivered to OPG, within 10 Business Days after it is ~~provided~~so delivered to the Province; provided that the Province (i) shall only be entitled to deliver an objection notice ~~if the Transaction Document (including any amended or amended and restated Transaction Document) has~~in connection with a change proposed to be made or an action proposed to be taken to or in respect of a previously delivered Transaction Document that forms part of the Reviewed Documentation at the relevant time, or in connection with any additional, supplemental or replacement Transaction Document that contains a term or a condition that differs in any material respect from the terms or conditions applicable to any other Transaction Document that forms part of the Reviewed Documentation at the relevant time, in each case if such change, action, addition, supplement or replacement to, of or in respect of the applicable Transaction Document has or could reasonably be expected to have a Material Effect and (ii) shall not be entitled to deliver an objection notice in respect of the incurrence of a Post-Suspension Refinancing that is proposed to be entered into by the Manager in compliance with the requirements of Section 7.03 of the Change of Law Protection Agreement after the Province has elected not to offer to fund such Post-Suspension Refinancing in accordance with such requirements.

3.05 Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(c), the term "Substantially in the Form" shall mean:

(a) with respect to the Reference Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such Reference Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation that has or could have a Material Effect; provided, however, that the foregoing does not apply to any particular financial terms, rates or levels; and

(b) with respect to the Reference Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum

(a) Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Obligations Secured that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Obligations Secured to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast shall be further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum, which may not exceed such Forecast. ~~***[Note to Province/Blakes: Change made to be consistent with changes in recitals and to reflect what is provided in the Financing Plan.]***~~

(b) Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of any further Forecast and notice of the revised Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province may disagree with such further Forecast or revised Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in such further Forecast, (ii) the further Forecast is inconsistent with the Financing Plan, or (iii) the revised Protection Agreement Maximum is more than the further Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the revised Protection Agreement Maximum will be further revised accordingly and confirmed by an amended notice to the Province.

(c) For clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be valued at the time to be determined for the purposes of this Section 4.01 in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of OPG

OPG represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM or as the Manager, may cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario and has the power and authority to enter into and perform its obligations under this Agreement and all instruments and agreements delivered pursuant hereto.

(c) OPG has the power and authority to enter into and perform its obligations as the FSM and as the Manager under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM or as the Manager has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Financing Entity or in the ability of the Financing Entity to perform its obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

5.02 Representations and Warranties of the Province

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
BREACH EVENTS

6.01 Breach Events

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

(a) a default in the performance, or breach, by OPG of Section 2.01(b)(i), Section 2.02(b)(iv) or Section 3.01;

(b) a default in the performance, or breach, of any other covenants of OPG under this Agreement (excluding Section 2.01(b)(i), Section 2.02(b)(iv) and Section 3.01), which, if curable in a way such that the default or breach would not have or have had a ~~Material Effect~~material adverse effect on the rights and interests of the Province, is not so cured within thirty (30) days;

(c) any representation or warranty made by OPG in this Agreement, any certification made in a Process Certificate, or any certification made in a certificate contemplated by Subsection 4.02 of the Change of Law Protection Agreement, proves to be incorrect in ~~a~~any material respect on the date made and which, if curable in a way such that the incorrect representation or warranty may be remedied without ~~any Material Effect having occurred~~having or having had a material adverse effect on the rights and interests of the Province as a result of the Province's reliance thereon, is not so cured within thirty (30) days; or~~ *[Note to Province/Blakes: Change made to be consistent with description of Breach Event in the Change of Law Protection Agreement.]*~~

(d) OPG is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the Manager.

ARTICLE VII
MISCELLANEOUS

7.01 Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

7.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to OPG:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

(b) if to the Province:

Deputy Minister of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Deputy Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 7.02.

7.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 7.03 shall be null and void.

7.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

7.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

7.06 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

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

By: _____

Name:
Title:

By: _____

Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Breach Event**" has the meaning ascribed thereto in Section 6.01.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the Financing Entity, OPG (as the FSM and the Manager) and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

"**Financing Entity**" means Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(a).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**IESO Security Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**Initial Forecast**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Initial Forecast Period**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Initial Protection Agreement Maximum**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO.

"**Material Effect**" means ~~(i) with respect to a previously provided Transaction Document, any change or action, as applicable, that could affect the timing of or circumstances under which related payments would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that could adversely affect the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation or (ii) with respect to any additional, supplemental or replacement Transaction Document, such Transaction Document contains a term that (X) could adversely affect the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation or (Y) relates to the timing of or circumstances under which Primary Obligations would or may become due or accrue (including as a result of any default, acceleration,~~

~~termination, wind-up, liquidation or realization) that is different in any material respect than the equivalent terms contained in any previously provided Reference Documentation.~~:

(a) with respect to any change or action, as applicable, to or in respect of a previously delivered Transaction Document that forms part of the Reviewed Documentation at the relevant time; and

(b) with respect to any additional, supplemental or replacement Transaction Document proposed to form part of the Reviewed Documentation and that contains a term or a condition that differs in any material respect from the terms or conditions applicable to any other Transaction Document that forms part of the Reviewed Documentation at the relevant time,

that the making of such change, the taking of such action, or the entering into of such addition, supplement or replacement, as applicable, has or could reasonably be expected to have a material effect on the obligations (including as a result of a change in the nature, scope or extent of the Primary Obligation and the effect on the Province's obligations therefor under the Limited Guarantee) or the rights of the Province under the Limited Guarantee, the Change of Law Protection Agreement or this Agreement, in each case that could reasonably be expected to affect (i) the timing of or circumstances under which Primary Obligations would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization); (ii) the appointment, obligations or duties of OPG as the Manager; (iii) the existence, powers or authority of the Financing Entity or the Financing Entity Trustee; (iv) the obligations of the Indenture Trustee to or in respect of the Province as a Specified Creditor; [(v) the limitations and requirements otherwise applicable to the capital structure of the Financing Entity under any existing Program Agreement;] (vi) the payment provisions and associated priorities set forth in the Trust Indenture; [(vii) the obligations or liability of the Financing Entity to pay any tax;] (viii) compliance by the FSM or the Manager with the then applicable Financing Plan; [(ix) the circumstances in which a Protection Event could arise;] (x) compliance by the FSM, the Manager, the Financing Entity or IESO with the Act or the General Regulation; (xi) the nature or character of the payment obligations (but, subject to compliance with the Financing Plan, irrespective of the amount payable thereunder) that could become payable under the Limited Guarantee; or (xii) the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of this Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Protection Agreement Maximum**" means the dollar amount referenced as the Program Agreement Maximum and determined in accordance with Section 4.01.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture.

"**Reference Documentation**" has the meaning ascribed thereto in Section 3.04.

"**Repayment**" has the meaning ascribed to the term "repayment" in the General Regulation as of the date of this Agreement.

"**Substantially in the Form**" has the meaning ascribed thereto in Section 3.05.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement; (vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that could affect the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

EXHIBIT "A"
INITIAL REFERENCE DOCUMENTATION

- Declaration of Trust;
- Management Agreement;
- Master Transfer and Servicing Agreement;
- Acknowledgement and indemnity agreement dated as of [■], 2017 made by IESO in favour of the Indenture Trustee;
- IESO Security Agreement;
- Trust Indenture;
- Warehouse Senior Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;
- Warehouse Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017; and
- Warehouse Junior Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

Document comparison by Workshare Compare on Wednesday, December 13, 2017 11:04:49 AM

Input:	
Document 1 ID	PowerDocs://TOR_2528/23239361/25
Description	TOR_2528-#23239361-v25-Change_of_Law_-_Process_Agreement
Document 2 ID	PowerDocs://TOR_2528/23239361/26
Description	TOR_2528-#23239361-v26-Change_of_Law_-_Process_Agreement
Rendering set	Standard

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

Statistics:	
	Count
Insertions	59
Deletions	39
Moved from	9
Moved to	9
Style change	0
Format changed	0
Total changes	116

From:	Ronald Kwan
To:	Gadi Mayman; Mike Manning
Subject:	OEFC-IESO Credit Facilities and Amendment
Date:	Wednesday, November 29, 2017 8:15:43 AM
Attachments:	IESO-OEFC Note_v8.docx ATT00001.htm

Hi Gadi, Mike,
Staff updated the BN on the IESO request to amend the OEFC credit facilities for permitted liens. Staff heard from the IESO yesterday that without the terms of the OEFC facilities being amended this week, it would need to ask for an interim waiver from the OEFC to avoid being in default. If feasible, it may make sense to simply go ahead with amending the facilities for permitted liens instead.
Ron

OEFC -- IESO CREDIT FACILITY AGREEMENT & THE PERMITTED LIENS

The Independent Electricity System Operator ("IESO") has requested that OEFC amend the existing credit facility agreements between OEFC and IESO (for $160M and $120M) to address the additional obligations IESO is taking on under Ontario's Fair Hydro Plan. IESO has indicated that OEFC credit facilities will not be used for Ontario Fair Hydro Plan (FHP) purposes.

- On November 28, 2017, IESO staff wrote to staff that without the terms of the OEFC facilities being amended, it would need to ask for an interim waiver from the OEFC to avoid being in default.

CONTEXT

- Under the FHP, the IESO and Ontario Power Generation (OPG) are interacting to refinance a portion of the Global Adjustment over a longer period of time.

- IESO and OPG are in a discussion to grant a security/priority interest on IESO's assets to OPG Trust for the period of the first 4 years of the GA deferral.

- The IESO sought and received its Board's approval on Nov 22, 2017 to enter into a security agreement with OPG Trust. The security agreement is currently in draft form. Without amending the existing OEFC $160M and $120M credit facility agreements (the "OEFC Agreements"), IESO could potentially be considered to be in default of the terms of the various agreements. IESO staff wrote:

  "…it likely is best to add to the definition of "Permitted Liens" in the two OEFC facilities to address a) IESO granting security to the OPG Trust during the first 4 years of fair hydro program and b) the possibility that the Clean Energy Adjustment funds collected by IESO might be considered to be subject to a lien. The IESO does not want to be inadvertently in default."

- The IESO provided a draft Security Agreement, dated November 7th, 2017, between them and the OPG Trust to OFA. According to the draft Security Agreement, in the unlikely event that the IESO runs into financial difficulty, the IESO would give OPG Trust a priority in the IESO's assets, including all accounts of the IESO and all cash and proceeds from LDCs, that would put OPG Trust ahead of unsecured creditors, including the OFA and the OEFC.
  - The security agreement is not limited to the Clean Energy Adjustment funds collected by the IESO only.

- In order to address this issue, the IESO has requested to amend the definition of the "permitted liens" in both existing OEFC Agreements to include any liens related to the FHP. Specifically, adding a clause in the existing OEFC Agreements that any lien related to OFHP will not be viewed as negative pledge by OEFC, so those liens can be used to secure the performance of IESO's obligations to OPG under the FHP. This would allow IESO to grant security to the OPG Trust during the first 4 years of implementing the GA deferral and also avoid breaching the terms of the existing agreements with OEFC.

- To support IESO's role in the implementation and participation under the Ontario Fair Hydro Plan Act, 2017 ("OFHP Act"), in July 2017 the IESO had requested that the OFA make similar changes to the credit facility agreements with OFA in October.
  - On November 6, 2017, the OFA amended the $475M facility to amend the definition of "permitted liens" and also included same for the new $2B credit facility agreement between OFA and the IESO , as requested by the IESO.

CONSIDERATIONS

- With the proposed new security agreement between OPG Trust and the IESO, OPG Trust would have a priority claim against the IESO's assets, the OEFC could find itself unable to collect payments due from the IESO. The likelihood of this scenario could be assessed as low.
  - The extent of this risk is subject to uncertainty at this time, given that the regulations that govern the payments related to the Fair Allocation Amount in each period, and how that relates to the obligations to the Financing Entity, are still under development.

- IESO is an agency of the government consolidated line-by-line in the Province's accounts.

- The OFA agreed to IESO's requested changes to the OFA credit facilities.

- OFA'S Capital Markets Operations staff have commented that the legislation governing OEFC, the *Electricity Act, 1998*, may provide differing context from the OFA's objects and mandate under the *Capital Investment Plan Act, 1993* and any changes to the OEFC agreements should take this into account.

- According to the Minister's Directives associated with the OEFC Agreements, the loan and the credit facilities are "subject to such other terms as OEFC deems appropriate." Therefore, an amendment for permitted liens can be done under the existing directives, and new or revised directives from the Minister of Finance are not deemed necessary. This would be consistent with the approach when the pre-existing OFA-IESO credit facility agreement was amended for permited liens on November 6, 2017.

RECOMMENDATIONS

- In order to support IESO's request in relation to its obligation with respect to FHP, OFA staff are of the view that the exisiting OEFC Agreements can be amended to include liens related to FHP under the definition of the "permitted liens".

BACKGROUND

- In order to support IESO's role with the implementation of the OFHP Act, OFA staff made similar changes to the definition of 'permitted liens" in existing OFA-IESO credit facility agreements on November 6, 2017.

- Currently, under the existing credit facility agreements between OEFC and the IESO, the definition of "permitted liens" does not include any lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP.

Electricity Finance Branch, Corporate and Electricity Finance Division
Capital Markets Operations, Capital Markets Division
Ontario Financing Authority
November 28, 2017

From:	olms.ws@ofina.on.ca
To:	OFA_Loans
Subject:	OLMS: Loan has a new Rollover.
Date:	Tuesday, December 19, 2017 2:08:22 PM

Loan has a new rollover that is now available for viewing. Loan Id:2680, Entity: Independent Electricity System Operator and Project: Ontario Fair Hydro Plan

From: olms.ws@ofina.on.ca
To: OFA_Loans
Subject: OLMS: Loan has a new Rollover.
Date: Tuesday, December 19, 2017 2:49:19 PM

Loan has a new rollover that has been verified by settlements. Loan Id:2680, Entity: Independent Electricity System Operator and Project: Ontario Fair Hydro Plan

From: olms.ws@ofina.on.ca
To: OFA_Loans
Subject: OLMS: Loan modification approved.
Date: Thursday, December 14, 2017 12:47:40 PM

Loan modification has been approved. Loan Id:2680, Entity: Independent Electricity System Operator and Project: Ontario Fair Hydro Plan
James Devine:
Mike Manning:
Sujeev Jegatheeswaran:

From: olms.ws@ofina.on.ca
To: OFA_Loans
Subject: OLMS: Loan modification approved.
Date: Tuesday, December 05, 2017 1:52:47 PM

Loan modification has been approved. Loan Id:2680, Entity: Independent Electricity System Operator and Project: Ontario Fair Hydro Plan
James Devine:
Mike Manning:
Sujeev Jegatheeswaran:

From: olms.ws@ofina.on.ca
To: OFA_Loans
Subject: OLMS: Loan modification approved.
Date: Tuesday, December 19, 2017 11:31:55 AM

Loan modification has been approved. Loan Id:2680, Entity: Independent Electricity System Operator and Project: Ontario Fair Hydro Plan
James Devine:
Mike Manning:
Sujeev Jegatheeswaran:

From: olms.ws@ofina.on.ca
To: OFA_Loans
Subject: OLMS: New Loans in Workflow.
Date: Monday, November 20, 2017 9:40:55 AM

A New loan is now available for viewing. Loan Id: 2674 Entity: Independent Electricity System Operator and Project: Ontario Fair Hydro Plan

From: olms.ws@ofina.on.ca
To: OFA_Loans
Subject: OLMS: New Loans in Workflow.
Date: Monday, November 20, 2017 2:28:30 PM

A New loan is now available for viewing. Loan Id: 2680 Entity: Independent Electricity System Operator and Project: Ontario Fair Hydro Plan

From:	HAHN PARKER Janet -TREASURY
To:	Mike Manning
Cc:	Ken Kandeepan; Carolyn Calwell (MCSS); Thouin, Alena (ENERGY); Tim Christie (ENERGY); Malle Hanslep (MOF); Tobias P. Whitfield (MOF); LEE John -TREASURY; Ramchandani, Rima; stephen.ashbourne@blakes.com; LADAK Lubna -TREASURY
Subject:	Ontario Fair Hydro Plan - Financing Plan
Date:	Wednesday, December 20, 2017 12:46:19 PM
Attachments:	December 20 2017 letter to Hon. Glenn Thibeault.pdf L - Mike Manning 2017 12 20 re FP and IPAM to MOE.pdf

---

Mike Manning,

Please see attached correspondence (and attachment) from the office of Lubna Ladak, VP FHP.

Thank you,

Janet Hahn Parker

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

ONTARIO POWER GENERATION

Bernard Lord
Board Chair

700 University Avenue Toronto, ON M5G 1X6

Tel: 416-592-2115
bernard.lord@opg.com

Wednesday, December 20, 2017

The Honourable Glenn Thibeault
Minister of Energy
4th Floor, Hearst Block
900 Bay Street
Toronto, Ontario
M7A 2E1

Hand Delivered and sent via email

Dear Minister Thibeault,

Re: Financing Plan under the Ontario Fair Hydro Plan Act, 2017 (the "Act")

I am writing further to our recent exchange of letters and the most recent one dated May 19, 2017, regarding the delivery of a Financing Plan by OPG as Financial Services Manager of the Fair Hydro Trust under the Act. I am pleased to advise that OPG's delivery of the Financing Plan was confirmed by the OPG Board on November 22, 2017, and it is enclosed herewith.

Sincerely,

Bernard Lord
Board Chair

cc (by email):
The Honourable Charles Sousa, Minister of Finance
Scott Thompson, Deputy Minister of Finance
Serge Imbrogno, Deputy Minister of Energy
Gadi Mayman, CEO, Ontario Financing Authority
Jeff Lyash, President and CEO, Ontario Power Generation

Enclosure

** CONFIDENTIAL **

FAIR HYDRO TRUST
FINANCING PLAN

December 18, 2017

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A. Background

In June 2017, the Province enacted the *Ontario Fair Hydro Plan Act, 2017* (the **Act**), to establish a framework under which the costs and benefits associated with the Government of Ontario's (the **Province**) Clean Energy Initiatives are to be fairly allocated between present and future consumers of electricity under Ontario's Fair Hydro Plan (Fair Hydro Plan or FHP). The Act requires the Ontario Energy Board (**OEB**) to set rates that would reduce electricity bills for a proxy regulated rate specified consumer by 25 percent commencing on July 1, 2017. The total bill reduction is comprised of the 8 percent rebate equivalent to the Provincial portion of the Harmonized Sales Tax, the shifting of funding for electricity support programs from electricity bills to provincial revenues, and by decreasing electricity rates for specified consumers paying the Regulated Price Plan (**RPP**) rate. The OEB is providing a Global Adjustment reduction credit for non-RPP specified consumers.

The reduction in electricity bills will result in a shortfall in the Independent Electricity System Operator's (**IESO**) collections, which will need to be financed in order to pay the underlying global adjustment costs (**GAC**). The objective of the Fair Hydro Plan Program (**FHP Program**) is to refinance a portion of the deferred GAC over a longer period.

Under the Act, OPG is appointed as the Financial Services Manager (**FSM**) and is given the authority to, among other things, establish and manage one or more financing entities to raise debt financing (referred to as "Funding Obligations") for the purposes of the Act. The Act requires the Minister of Energy (**MOE**) to calculate the Fair Allocation Amount and for the FSM to incur Funding Obligations that, subject to refinancing, reasonably align with the Fair Allocation Amount, as adjusted by any readjustment amount.

The following attendant regulations were enacted in support of the Act:

- *Ontario Regulation 206/17 General* (**General Regulation**) provides details on specific requirements of the Act, in particular, the requirements for the Financing Plan.
- *Ontario Regulation 195/17 Fair Adjustment* provides details on rate reductions up to April 30, 2019 for specified consumers under the Act.
- *Ontario Regulation 196/17 Invoicing Requirements* provides details on information to be included with the invoice for specified consumers under the Act.

Under sections 21(1) and 21(2) of the Act, OPG, as FSM, has an obligation to prepare a Financing Plan in accordance with the Act and regulations, and to deliver it to the Minister of Energy. Under section 21(6) of the Act, the FSM has the right to amend the Financing Plan from time to time, without affecting any Clean Energy Adjustment that has already been determined or any Funding Obligations that have already been incurred before the amendment.

This Financing Plan was prepared based on the information available to, and the views of, OPG at the time this Financing Plan was prepared (or amended, as applicable). This Financing Plan also includes forward-looking information, which is subject to change. Actual outcomes and results may differ materially from what is expressed, implied or forecasted due to, but not limited to, changes in underlying assumptions relating to the Fair Allocation Amount, interest rates, investor interest, market capacity, market conditions, and credit rating assessments. References made to the "current Fair Allocation Amount" pertains to the Fair Allocation Amount received by OPG from the MOE at the end of September 2017. Terms that are capitalized and not defined

herein have meanings ascribed to the same terms as in the Act or in the General Regulation. All amounts presented are in Canadian dollars.

1. Financing Entity – Fair Hydro Trust

Trustees

In December 2017, OPG as FSM, appointed Computershare Trust Company of Canada to act as the third party issuer trustee (Computershare or **Issuer Trustee**). Following its appointment, the Fair Hydro Trust (the **Trust**) was established as a financing entity contemplated in the Act through a declaration of trust. The Trust is structured to be bankruptcy remote from OPG. The Issuer Trustee is empowered under the declaration of trust to appoint, employ or contract with any person for the transaction of the Trust's activities. Under the Management Agreement between the Trust (by the Issuer Trustee) and OPG, the Trust appointed OPG as its agent to provide services and perform duties for the Trust in planning, implementing and administering the debt financing for the FHP Program.

In December 2017, OPG as FSM, appointed BNY Trust Company of Canada, as the third party indenture trustee (BNY or **Indenture Trustee**). The Indenture Trustee will be acting on behalf of all specified creditors, who are all persons who may have contractual claims against the Trust under the FHP Program agreements contemplated by the Master Trust Indenture (**MTI**) governing the debt issued by the Trust.

Unitholders

The Trust will carry on activities for the benefit of its unitholders outlined below:

Table 1: Fair Hydro Trust Unitholders

Unitholder	Number of Units Held
FHP2017 Inc., a wholly-owned subsidiary of OPG	1,000,000
BNY, as Indenture Trustee	1
Total Units Outstanding	**1,000,001**

Trust Capitalization Structure

The Trust will be 100 percent debt financed and the contemplated source of funding is summarized in Table 2.

Table 2: Type and Source of Debt Funding

Tranche and Debt Type	Source of Funding	% of Total Funding Requirement
Tranche A Senior Debt	Capital Markets	51%
Tranche B Subordinated Debt	OPG via Province	39%
Tranche C Junior Subordinated Debt	OPG via Province	5%
	OPG via Capital Markets	5%

The Trust will issue senior debt in the capital markets to finance 51 percent of the total funding requirement related to the deferred GAC (Tranche A). The financing platform was developed to allow the Trust access to both the Canadian and United States (**US**) markets in order to optimize pricing, provide flexibility, and market capacity. Further details on the types of financing that can be utilized are outlined under the heading *Current Funding Options*.

Through periodic equity injections in OPG, the Province is expected to provide 44 percent of the total funding requirement throughout the duration of the FHP Program. OPG will invest the proceeds from the equity injections into the Trust, with 39 percent in Tranche B as subordinated debt and five percent in Tranche C as junior subordinated debt.

OPG will invest the remaining five percent of the total funding requirement in Tranche C as junior subordinated debt, using internally generated funds or proceeds raised from debt issuances from the public markets.

2. OPG's Duties and Responsibilities

Financial Services Manager under the Act

OPG, as FSM, will perform its duties and responsibilities under the Act and its attendant regulations. These include, but are not limited to, the following:

- Establish one or more financing entities to incur Funding Obligations for the FHP Program
- Prepare a written Financing Plan to be used by OPG to evaluate the incurrence of Funding Obligations to acquire and finance a portion of the GAC deferral
- Ensure that Funding Obligations are incurred in a manner that is consistent with the Financing Plan
- Forecast the cash flow requirements of the financing entities
- Determine the monthly Clean Energy Adjustment for a particular Reference Period
- Administer the Investment Asset on behalf of the financing entities
- Establish and charge fees to the financing entities to recover costs and expenditures and to earn a return

- Seek the best terms available at the time of incurrence of a Funding Obligation, having regard to other financing transactions of similar size and type
- Apply debt proceeds to purchase an Investment Interest or repay or redeem outstanding debt
- Consider the interests of specified consumers with respect to stable and predictable electricity rates
- Deal with related parties on arm's length terms
- Fulfil various reporting requirements to stakeholders

Manager under the Management Agreement

OPG has also entered into a management agreement with the Issuer Trustee, on behalf of the Trust, whereby all of the powers and duties of managing the Trust have been delegated to OPG as the manager. The duties and responsibilities associated with this role includes:

- Determining whether to incur Funding Obligations to acquire an Investment Interest or to refinance existing Funding Obligations;
- Negotiating and entering into program agreements;
- Maintaining accounts and banking records;
- Preparing any offering documents furnished by the Trust to prospective purchasers of Funding Obligations; and
- Preparing financial statements and tax filings on behalf of the Trust.

OPG's entitlement to fees, as FSM, is subject to the payment priorities outlined in the MTI and summarized in Section C, *Application of Recovery Amounts to Funding Obligations,* Figure 5. The FSM is not entitled to resign from its duties or terminate the management agreement as long as Funding Obligations remain outstanding. OPG may be terminated by the Issuer Trustee, with the consent of the Indenture Trustee, or by the Indenture Trustee in accordance with the MTI.

3. Fair Allocation Amount and the Financing Plan

The Fair Allocation Amount, including the readjustment amount where applicable, is an amount calculated under the Act and the regulations by the MOE for every Reference Period over the term of the FHP Program. It is intended to allocate the estimated Clean Energy Costs and Clean Energy Benefits fairly among specified consumers.

The FSM is required to prepare a Financing Plan under the Act to evaluate whether Funding Obligations should be incurred by the Trust. OPG is to have regard to certain prescribed principles (outlined in detail in Section B below), including that Funding Obligations should be incurred so that the estimated Finance Amount that would become due and payable during a Reference Period will, subject to refinancing, reasonably align with the Fair Allocation Amount determined in respect of such Reference Period, as adjusted by a readjustment amount where applicable. In other words, the Financing Plan should contemplate the issuance of Funding Obligations from time to time, with terms that would result in Clean Energy Adjustments being payable by specified consumers to ensure that they are bearing their fair share of the costs of providing Clean Energy Benefits. The Act also provides that each Funding Obligation is deemed

to be consistent with the Financing Plan and to provide for the reasonable alignment of the estimated Finance Amount with the Fair Allocation Amount.

Figures 1 and 2 illustrate the FHP Program's financing profile over the next 30-year period.

Figure 1: Fair Hydro Trust Debt Balance

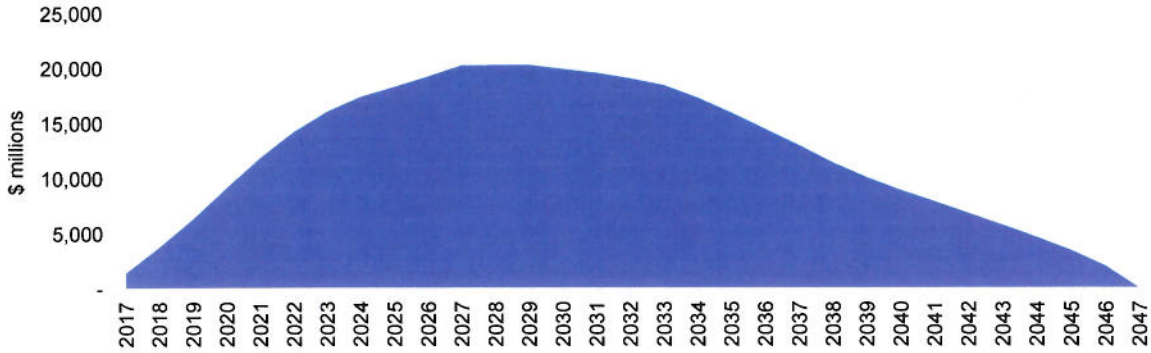

Figure 2: Fair Hydro Trust Borrowing and Repayment Profile

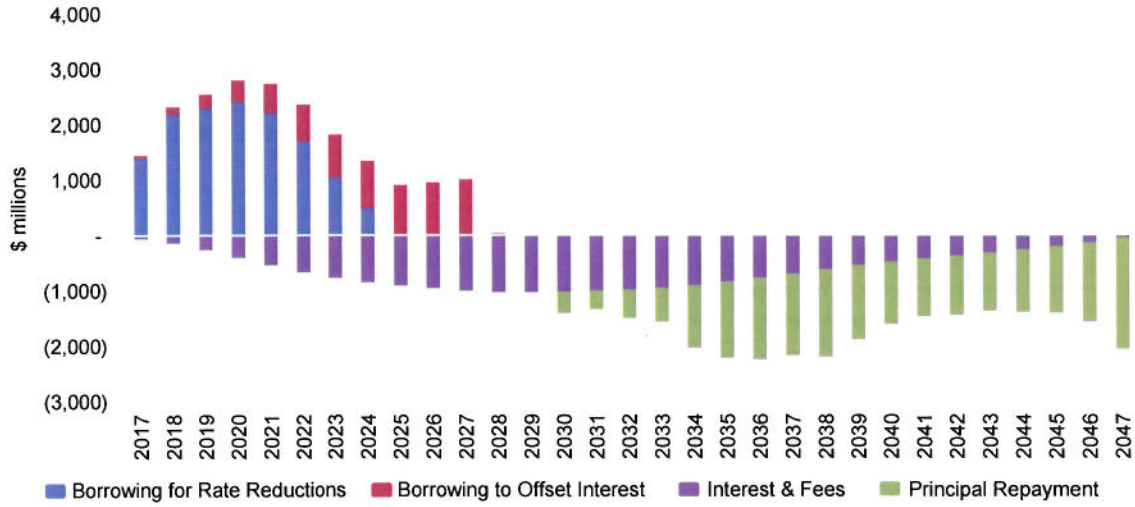

The Fair Allocation Amount is a net amount, either positive or negative, equal to the difference between the following:

1) estimated costs of Clean Energy Initiatives without adjustment; and
2) a re-profiling of the costs in item 1) plus:
    a. the estimated operating and financing costs of the FHP Program, and
    b. the repayment of the readjustment amount.

A negative Fair Allocation Amount in any Reference Period generally represents a period of borrowing, and a positive Fair Allocation Amount generally represents a period of principal repayment.

In a Reference Period when the Fair Allocation Amount is negative, the operating and financing costs of the FHP Program are shown in the Fair Allocation Amount calculation as an increase in the debt of the FHP Program. This treatment is equivalent to increasing the amount of the deferred GAC. The repayment of the related debt is included in the Fair Allocation Amount calculation to establish that all debt will be repaid by the end of the FHP Program. During these periods, operating and financing costs of the FHP Program are considered to align with the Fair Allocation Amount as long as these costs do not exceed the corresponding components in the Fair Allocation Amount calculation in any Reference Period by more than +/- 15 percent. If these costs exceed the corresponding components of the Fair Allocation Amount by more than +/- 15 percent, the FSM will take reasonable actions in accordance with the Act and regulations to align to the Fair Allocation Amount. Variability in costs is expected throughout the FHP Program as the Fair Allocation Amount was calculated on a forecast basis. Accordingly, any variability that is less than +/- 15 percent is deemed to be within an acceptable range.

Assessment for Reasonable Alignment

The Act stipulates that the Financing Plan must reasonably align with Fair Allocation Amount. This requirement is expected to be achieved through the consistent application of the following methodology, guidelines, and steps throughout the term of the FHP Program:

- Maintain a financial model that captures the Funding Obligations requirements of the Trust. Translate the funding requirements into expected cash flows by determining the related interest amounts, reserve requirements, fees, principal repayment, and the Trust's operating costs. This exercise will be performed for each Reference Period over the term of the program.
- Determine and assess the following:
    - For Reference Periods when the Fair Allocation Amount is negative, determine whether the forecast cash flow requirements is less than or equal to the financing and operating costs reflected in the Fair Allocation Amount as additional debt of the Trust. If the forecast cash flow requirements exceed the addition to the debt in the Fair Allocation Amount by more than +/- 15 percent, determine the cause of the variance. In these situations, the FSM will take reasonable actions in accordance with the Act and regulations to align to the Fair Allocation Amount.
    - For Reference Periods when the Fair Allocation Amount is positive, determine whether the forecast cash flow requirements is less than or equal to the Fair Allocation Amount. If the forecast cash flow requirements exceed the Fair Allocation Amount by more than +/- 15 percent, determine the cause of the variance. In these situations, the FSM will take reasonable actions in accordance with the Act and regulations to align to the Fair Allocation Amount.
- Due to the timing of the collection of cash flows, the General Regulation contemplates the use of reserve accounts. Provisions for reserves are excluded from the reasonable alignment assessment as these amounts are required to allow the Trust to incur the Funding Obligations. In addition, the reserve balances will be credited to specified consumers at the end of the term through the true-up mechanism if they are not required to satisfy terms of any Funding Obligation agreements pursuant to the MTI. Refer to *Financing Reserve and Capital Accounts* for more information on reserve accounts.

- Utilize and apply an accrual methodology when determining costs of the program, except for debt issuance costs, principal repayments, and reserve requirements.

The FSM will establish a methodology for assessing reasonable alignment at such time when a new Fair Allocation Amount letter is received from the MOE.

B. Principles and Assumptions of the Financing Plan

This section outlines the various principles and assumptions that guided the development of this Financing Plan in accordance with the Act and section 14 of the General Regulation. The same principles and assumptions will apply to all subsequent revisions of the Financing Plan, if required.

The FSM is required to make reasonable assumptions regarding the following matters:

1. IESO Deferral for Future Months

The FSM will base its expectation of the IESO deferrals on the most current version of the Fair Allocation Amount and readjustment amounts provided by the MOE. Actual IESO deferrals and forecasts of near term deferrals, if available, will be used to guide forecast deferrals over the next quarter.

2. Future Transfers of Portions of the IESO's Regulatory Asset

The Trust anticipates periodic purchases of Investment Assets from the IESO when the cumulative balance of its regulatory assets is large enough to be financed and when effective financing options are available to the Trust. The market capacity for both long-term and short-term debt financing will also be key elements to consider when determining the most cost efficient option.

3. Term to Maturity of Funding Obligations

<u>Initial Term Debt Tranche – 2018 Borrowing</u>

The forecast debt profile for the Trust based on the current Fair Allocation Amount received from the Province at the end of September 2017 indicates that principal repayments can commence in 2030 (see Figure 3). However, the principal repayment amount for that year is expected to be relatively small at approximately $400 million for the year or about $200 million for each six-month Reference Period. Accordingly, principal repayment of the initial 2018 term debt tranche is expected to commence in 2032 when the cumulative principal repayment amount reaches approximately $1 billion, which indicates a minimum term for the initial debt issuance of approximately 15 years. This offering is expected to include $500 million of senior notes, which is a sizeable amount to ensure sufficient liquidity and marketability. Subsequently, principal repayment increases to approximately $1.5 billion annually or $0.75 billion for each Reference Period by around 2035 allowing for larger single maturities.

Figure 3: Principal Repayment Profile Based on Current Fair Allocation Amount

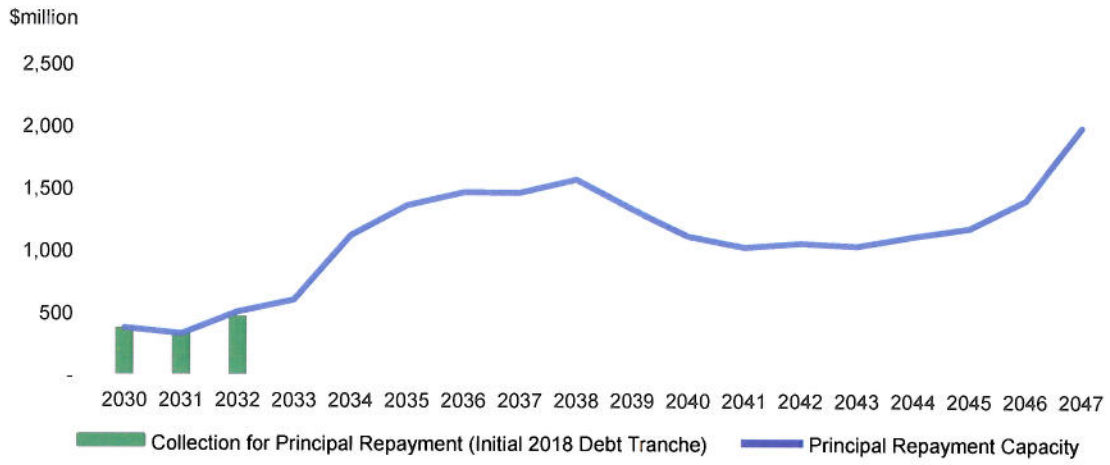

This length of term for an asset-backed security (**ABS**) has no precedence in the Canadian market where terms are typically 10 years or less. Therefore, it is expected that a higher premium will be required to attract investors. Refer to Table 3 under the heading *Interest Rates* for the indicative current pricing range for all debt tranches, including senior debt.

For a new issuer such as the Trust offering a unique program, a strategy of issuing a 15-year term paper may not provide an optimal initial pricing given the absence of a specific credit curve for the Trust. It is expected that at program inception, the Trust will issue debt to cover both short and long-term exposures. The terms of maturities will be staggered, up to year 30, with maturities capped at the projected Fair Allocation Amount and readjustment amount, during each six-month Reference Period. In addition, consideration for a combination of characteristics established by the Fair Allocation Amount curve and investor interest will drive the term of a Funding Obligation.

Indicative Debt Maturities for Borrowings

Using the current Fair Allocation Amount, the forecast debt maturities over the life of the FHP Program was derived in Figure 4 for illustrative purposes only and is current as of the date of this Financing Plan. Actual debt maturities may differ materially from what is illustrated in Figure 4 primarily due, but not limited to, future changes in the Fair Allocation Amount.

Figure 4: Indicative Debt Maturities Using the Current Fair Allocation Amount

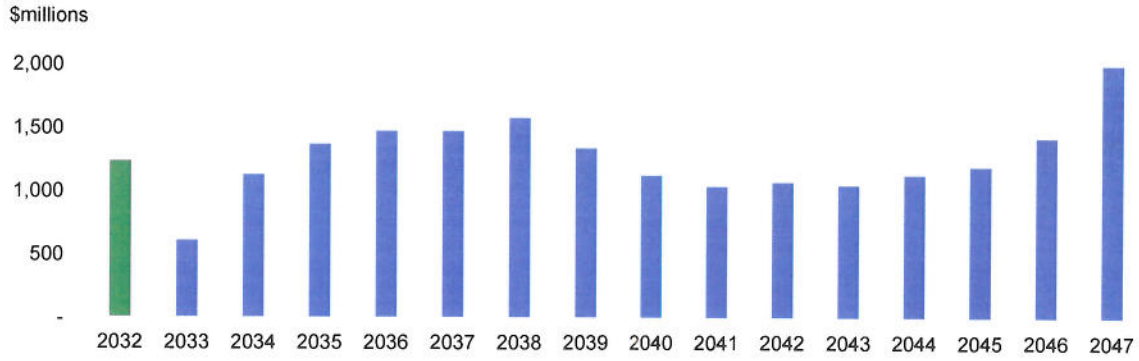

The key objective when determining the indicative debt maturities in Figure 4 is to align the annual amount of debt maturities with the principal repayment capacity under the Fair Allocation Amount curve. In years where the principal repayment capacity is less than $500 million, the debt maturities will fall in subsequent years where the cumulative maturities do not exceed the cumulative principal repayment capacity. This type of decision will be made along with other considerations such as size of each issuance to ensure liquidity (and thus, cost efficiency). As this schedule is based on the current Fair Allocation Amount curve and its underlying assumptions, a shift in the curve and/or any changes in the assumptions will result in changes to this indicative debt maturity schedule.

4. Refinancing

The MTI requires the Trust to establish and maintain a deposit account in the name of the Indenture Trustee for a refinancing account held for the benefit of the Indenture Trustee and specified creditors. All proceeds arising from notes and borrowings related to refinancing shall be deposited to this refinancing account.

Debt refinancing may occur under the following scenarios:

- When original financing is incurred, the short end of the yield curve is more cost efficient than the long end, on a relative basis;
- The Fair Allocation Amount or readjustment amount is updated; and
- In line with the provisions of the Act, no Clean Energy Adjustments will be collected from specified consumers between July 1, 2017 and April 30, 2021. Accordingly, any debt maturities during this period will need to be refinanced.

Refinancing decisions will be guided by the Trust's ability to secure cost efficient long-term financing from investors and the maximum principal repayment profile dictated by the Fair Allocation Amount curve. Given the current Fair Allocation Amount, the FSM expects that debt issuances during the moratorium period will be a minimum of 15-year terms.

However, if market conditions are such that short-term notes (e.g. 5-year notes), along with hedging the refinancing of these notes after 5 years, could be more cost effective than issuing longer term notes, the FSM may consider such a strategy instead of issuing 15-year notes. In the event of an update to the Fair Allocation Amount or the readjustment amount that leads to a significant change in the profile whereby collections of CEAs could start earlier, short-term notes could also be issued.

5. Cash Flow Requirements

The Trust's cash flow requirements to meet its contractual obligations include, but are not limited to, the following:

- Payment of taxes, if any
- Reimbursing the FSM for costs and expenditures outlined in sections 10.2 (3) and 10.13 (3) of the General Regulation and summarized under the heading *Fair Hydro Trust Costs and Expenditures*
- Interest and fees on all outstanding borrowings
- Scheduled principal repayments

- Deposits or transfers to reserve accounts required by the MTI and summarized under the heading *Financing Reserve and Capital Accounts*
- OPG's fees as FSM as summarized under the heading *Financial Services Manager's Fees*
- Termination payments to defaulting derivative counterparties, if applicable

Refer to Figure 5 in Section C, *Application of Recovery Amounts to Funding Obligations* for the cash flow receipts' payment priority.

6. Current Funding Options and Related Terms and Conditions

To achieve cost efficiencies, the following funding vehicles could be utilized in either the Canadian or US markets (except for the subordinated debt), from time to time, depending on the financing requirement, as well as market capacity and relative pricing at the time of issuance:

- **Short Term**: asset-backed commercial paper (**ABCP**) conduit and revolving bank lines of credit in the Canadian market
- **Medium to Long-Term**: term ABS and privately placed debt securities in either the Canadian or US markets
- **Subordinated Debt**: to be provided by OPG

Syndicated Short-Term Warehousing Facility

Short-term notes will be issued by the Trust to fund short-term borrowing requirements. The amount outstanding will be periodically refinanced and repaid by long-term funding from the capital markets once the cumulative amount of the Investment Asset available to be purchased is approximately $300 million to $500 million. This warehouse facility is expected to be utilized on a monthly basis to fund the Investment Asset purchases from the IESO.

The Trust will be securing a warehouse facility agreement with a bank syndicate comprising of CIBC, RBC, and Goldman Sachs for $800 million under a 2-year committed term, which would be primarily funded through their ABCP conduit.

Revolving Bank Lines of Credit

This type of funding option provides the Trust with a warehouse facility under which principal amounts can be advanced, repaid and again advanced during a committed revolving period. This bank funding option will be utilized when it is more cost effective than short-term notes.

Term ABS

ABS are notes that will be backed by the Trust's Investment Asset and issued under the MTI. The specific terms and conditions of each series, class or tranche of notes will be set forth in a supplemental indenture and, if applicable, a terms document authorizing that series, class or tranche.

To minimize financing costs, term ABS bullet bonds will be used rather than amortizing bonds, which require an additional premium by investors. The current intent is to issue term ABS notes in the 15 to 25 year term to fill out the yield curve based on the Fair Allocation Amount and investor demand.

Subordinated Debt

Concurrent with every issuance of senior debt by the Trust, it is expected that OPG will acquire subordinated debt in an amount not to exceed 49 percent of all outstanding debt of the Trust at any time. The subordination of OPG's debt investment plays an important credit enhancement role, which is expected to minimize the cost of senior debt tranches in the external market by garnering a higher rating through some differentiation. The subordinated debt will assume substantially all of the liquidity and deferral risk for the structure. Accordingly, the cash flow payment waterfall in Figure 5 reflects this subordination structure.

The credit rating for the subordinated debt will be dependent on the rating agency assessment and evaluation of the stress credit scenarios. It is expected that there will be a minimum of one rating category differential between each debt tranche.

The interest rate applicable to subordinated debt is expected to be the aggregate of:

- The applicable base rate, which is the relevant senior debt rate, plus
- The applicable spread, which represents the additional interest, in basis points, over the base rate that will apply to the relevant subordinated debt. This rate will be established by OPG through an annual survey of market spreads from a syndicate of banks.

The subordinated debt will maintain a minimum of one rating to allow for appropriate benchmarking/pricing. A simple average of the market spreads will determine the rate, excluding the highest and lowest rates in the survey sample. The terms of the subordinated debt will be finalized prior to the initial debt issuance.

For the short-term subordinated debt lending facility, the banking syndicate will provide OPG with comparable short-term lending spreads on committed bank credit facilities on an annual basis (i.e. ratings based on a pricing grid). A simple average of the market spreads will determine the rate, excluding the highest and lowest rates in the survey sample.

The process will be consistent with the Subordinated Debt Pricing Protocol between OPG, as FSM, and the Ontario Financing Authority.

7. Currency and Interest Rate Hedging Programs

As the FHP Program develops over time, the Trust will consider interest rate and currency swaps and other hedging instruments, as required. Refer to the Section C, *Risk Mitigation Strategies* for further details on hedging and other instruments that could be used by the Trust.

8. Fair Hydro Trust Costs and Expenditures

The costs and expenditures incurred by OPG as FSM on behalf of the Trust will be in accordance with sections 10.2 (3) and 10.13 (3) of the General Regulation as amended in November 2017.

Specifically, the costs and expenditures incurred by the FSM include, but are not limited to, the following:

1. Underwriters or selling agents for Funding Obligations.
2. Banking fees, including but not limited to structuring fees or work fees.
3. Fees of issuing and paying agents for Funding Obligations.
4. Fees of trustees.

5. Fees incurred in the preparation of financial statements, financial reports, compliance certificates and tax returns.
6. Fees of legal counsel.
7. Rating agency fees.
8. Filing or registration fees.
9. Direct costs of OPG for employees whose work consists exclusively of the provision of services to the Trust in relation to prescribed matters.
10. Costs and expenditures incurred on behalf of any financing entity in connection with OPG's duties under the Act in relation to the financing entity.
11. Costs and expenditures incurred in relation to a management agreement between OPG as FSM and any financing entity, where the agreement provides for the reimbursement of the costs and expenditures.

The costs and expenditures incurred directly by the Trust, as well as the fees of the FSM and the costs and expenditures incurred by the FSM on behalf of the Trust, are Finance Amounts that can be recovered by the Trust (as carrying costs) from the IESO until July 2021 and thereafter through Clean Energy Adjustments charged to specified consumers.

9. Interest Rates

As the FHP Program is expected to last until 2047, it is appropriate to assume that long-term debt rates are the primary components of the financing costs for the overall program. In estimating indicative interest rates for each tranche and debt type, the following key considerations and assumptions were utilized:

- The base case credit rating assumptions are as follows:
  - Target of "AAA" for Tranche A – Senior Debt,
  - "A" for Tranche B – Subordinated Debt which is dependent on the senior debt credit rating, and
  - "BBB" for Tranche C – Junior Subordinated Debt
- Using the projected Province of Ontario long bond rate of 4 percent plus a 25 basis points premium to reflect the securitization structure, the estimated indicative pricing over the life of Tranche A – Senior Debt is 4.25 percent
- For comparative purposes, the current pricing using the Province of Ontario long bond rate of 3.0 percent plus the same 25 basis points premium was included to reflect the current low interest rate environment
- A higher return on the subordinated debt is required to compensate for incremental risks assuming:
  - Rating agencies attribute a lower rating to the subordinated debt relative to the senior debt due to the lower priority in the cash flow waterfall (refer to Figure 5 in Section C, *Application of Recovery Amounts to Funding Obligations*)
  - Senior debt's rating needs to be credit enhanced to address collection and liquidity risks

To achieve cost efficiencies, the Trust was established with a tiered debt structure to achieve a higher credit rating for the senior debt and to maximize market capacity by accessing the AAA market to achieve cheaper financing costs overall. The following table summarizes the indicative pricing range by debt tranche:

Table 3: Indicative Pricing by Debt Tranche

Tranche and Debt Type	Risk Profile	Source	% of Total Funding Requirement	Rating Category Estimate	Current Pricing	Potential Rating Range	Price Based on Rating Range
Tranche A Senior Debt	Lowest Risk	Capital Market	51%	AAA	3.25%	AAA – AA	3.25% – 3.75%
Tranche B Subordinated Debt	Medium Risk	OPG via Province	39%	A	4.5%	AA – A	4.0% – 4.5%
Tranche C Junior Subordinated Debt	Highest Risk	OPG via Province	5%	BBB	5.5%	A – BBB	5.0% – 5.75%
		OPG via Capital Markets	5%				
Weighted Average					**4.0%**		**3.75% – 4.5%**

The credit range for each debt tranche will be determined by the overall credit strength of the financing structure and its resilience under various credit stress scenarios. The rating agencies' assessment of the limited guarantee to bondholders provided by the Change of Law Protection Agreement, discussed under the heading *Indemnifications*, is one of the major factors that will influence the final ratings of each debt tranche. In addition, in assessing credit stress, the following factors, among others, will be considered: (i) declining energy usage throughout the securitization period, (ii) forecast collections in peak months not materializing, and (iii) declining consumption equal to the largest absolute annual forecast error. The market capacity for securitization notes is predominantly available for AAA-rated notes, limited for AA-rated notes, and not tested or developed for A-rated or lower. The pricing estimates provided in Table 3 reflect these credit and liquidity factors. Debt pricing will be finalized at the time of the initial issuance.

10. Finance and Capital Reserve Accounts

Section 5(1) of the General Regulation stipulates that the Finance Amount shall include any amounts the Trust deposits into capital or finance reserve accounts as required under the governing documents of the Funding Obligations (i.e. the MTI). The accounts also act as a credit enhancement feature in support of the Trust borrowings. Any unused balance in the segregated trust accounts at the end of the term will be credited to specified consumers. Refer to Figure 5 in Section C, *Application of Recovery Amounts to Funding Obligations*, for the priority order of deposits into the reserve accounts.

Section 7.02 of the MTI between the Trust and the Indenture Trustee specifies the establishment and maintenance of the following key reserve accounts:

Finance Reserve Accounts

Program Cash Reserve Account

The Trust shall establish and maintain a Program Cash Reserve Account, a deposit account in the name of the Indenture Trustee with an eligible institution. This finance reserve account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the specified creditors. The Trust is required to deposit to this account the Program Cash Reserve Required Amount during the Reference Period commencing May 1, 2021, being an amount equal to 0.50 percent of the aggregate outstanding principal amount of the senior Funding Obligations, subordinated Funding Obligations and junior subordinated Funding Obligations after giving effect to all settlements on such payment date, or such lesser amount that satisfies the rating agency condition. Amounts available from the collection account will be deposited from time to time in the Program Cash Reserve Account to maintain the balance at the then Program Cash Reserve Required Amount.

Series Finance Reserve Account

From time to time, the Trust may establish a Series Finance Reserve Account, a deposit account in the name of the Indenture Trustee with an eligible institution. Each Series Finance Reserve Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the applicable specified creditors. This finance reserve account may be established for the purpose of allowing the Trust to reserve funds to pay finance charges (including, without limitation, interest and payments under derivative agreements) for a series of issuer Funding Obligations.

Capital Reserve Account

Series Capital Reserve Account

From time to time, the Trust may establish a Series Capital Reserve Account, a deposit account in the name of the Indenture Trustee with an eligible institution. Each Series Capital Reserve Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the applicable specified creditors. This capital reserve account may be established for the sole purpose of allowing the Trust to accumulate funds to be used to make repayments in respect of Funding Obligations. Details of any period of accumulation and the amounts to be accumulated shall be specified in the related Funding Obligation agreement.

11. Indemnifications

The following forms of indemnities are expected to be issued for the FHP Program:

Change of Law Protection Agreement

The Change of Law Protection Agreement provides bondholders a limited guarantee in the event of a protection event and acts as a credit enhancement for the Trust's senior debt. The guarantee will be triggered if:

i. the Province changes the Fair Hydro legislation/regulations or passes other legislation/regulation; or

ii. a change in the organization or structure of the IESO is implemented or Ontario's electricity market is undertaken at the initiative of the Province or an entity controlled by the Province; or

iii. the Act is declared invalid/unconstitutional.

in each case, in a way that adversely affects the ability of the Trust to receive amounts in respect of its Investment Interest so that it can pay funding obligations covered by the agreement, after taking into account and having regard to (i) any funds available at such time to apply to pay such Funding Obligations, including in any finance reserve account, (ii) the availability of any credit enhancement to which the Trust is a party and (iii) any reasonably expected potential effect of a true-up amount under the Act in the Reference Period immediately following the occurrence of an event described above.

Upon the occurrence of a protection event, the Province is required to pay the approved obligations owing by the Trust as they become due and payable provided that the Province has a right of subrogation to receive amounts that the Trust has a right to receive.

Change of Law Process Agreement

Prior to entering into to the Change of Law Process Agreement between OPG and the Province, OPG as FSM provided the Province with an initial forecast setting out OPG's expectations regarding the aggregate maximum amount of debt to be incurred during the initial 24-month forecast period commencing December 1, 2017. This initial forecast amount is designated as the "Initial Protection Agreement Maximum". The Province did not disagree with the initial forecast or the Initial Protection Agreement Maximum on the basis of an apparent inaccuracy in the initial forecast, an inconsistency between the initial forecast and the initial Financing Plan, or as a result of the Initial Protection Agreement Maximum being more than the initial forecast. Pursuant to the Change of Law Process Agreement, between 9 and 12 months prior to the expiry of the initial 24-month forecast period (and every subsequent 24-month forecast period), OPG as FSM will provide the Province with an updated forecast of the aggregate maximum amount of debt to be issued such 24-month forecast periods. This amount, combined with such future amounts with which the Province has not disagreed, will be the Protection Agreement Maximum.

Table 4 provides the expected debt issuance amounts for the next 24-month period as consistent with the Financing Plan and submitted to the Province pursuant to the agreement.

Table 4: Initial Protection Agreement Maximum

Forecast Period Start Date	Forecast Period End Date	Expected Amount of Debt Issuance ($M)
December 1, 2017	December 31, 2017	$1,179
January 1, 2018	December 31, 2018	$2,591
January 1, 2019	November 30, 2019	$2,553
Initial Protection Agreement Maximum:		**$6,323**

Issuer Trustee

Each of the Issuer Trustee and its related parties will be indemnified out of the trust property from and against all liabilities, obligations, losses, damages, penalties, taxes, claims, actions, investigations, proceedings, costs, expenses or disbursements of any kind arising out of, among other things, the declaration of trust or any other program agreement, the administration of the Trust's assets or the action or inaction of the Issuer Trustee's agents, except for its own fraud, willful misconduct, bad faith or negligence.

Limited Recourse

The obligation of the Trust to pay principal and interest on the Funding Obligations is subject to the allocation and payment provisions in the MTI and the applicable Funding Obligation agreement and limited to amounts available from the collateral. Neither the Indenture Trustee, OPG nor the Issuer Trustee in its individual capacity will be personally liable for the payment of the principal or interest on the notes or any other Funding Obligation, or for the Trust's covenants and agreements contained in the MTI.

12. Financial Services Manager's Fees

All fees charged by OPG to the Trust will be in accordance with the provisions of the General Regulation.

Subject to OEB approval, OPG is entitled to the following:

- For 2017, OPG will receive $3.1 million and an amount to cover up-front costs incurred between June 1 and December 31, 2017 by OPG on behalf of the Trust (e.g. legal fees, rating agency fees, trustee fees). The $3.1 million includes a $600,000 fee and $2.5 million to cover costs incurred prior to June 1, 2017. The expenses between June 1 and December 31, 2017 will also include direct costs of OPG employees who are dedicated exclusively to Fair Hydro matters.
- For January 2018 to March 2019, OPG will receive a general fee consisting of (i) a monthly base fee equal to 7.5 basis points, divided by 12, multiplied by the average outstanding debt of the Trust, calculated on a monthly basis, (ii) a variable fee that is calculated based on how the interest rate for external funding tranches for that period compare to forecast interest rates for the period (and which fee is limited to ± 2 percent of 5 percent of the total

external funding tranches issued in the period), and (iii) third-party expenses and direct employee costs of dedicated Fair Hydro employees.

- For April 2019 to March 2020, and every 12-month period thereafter, OPG will make submissions to the OEB on the base fee, variable fee and expenses. The base fee will be based on comparable fees charged by full-service managers of securitization vehicles (and other similar funds). The variable fee will be calculated in the same manner noted above, but with a refresh of forecast interest rates for the relevant period. For 2019 onward, the expenses will include direct employee costs of dedicated Fair Hydro employees only if the fees of comparable managers also include such direct costs.

A written confirmation from OPG's external auditor or another external auditor is required to accompany each submission to the OEB for the recovery of expenditures incurred by OPG on behalf of the Trust. The report shall confirm the accuracy of the costs and expenditures charged to the Trust, that such amounts were incurred by OPG, and the amounts were paid to third parties (with the exception of direct employee costs).

C. Other Considerations

1. Market

The FHP Program's financing platform was developed to allow for access to both the Canadian and US markets in order to have the best pricing and flexibility options. To the extent that the Canadian market has sufficient capacity and provides cost efficiency, priority will be given to the domestic market. However, there is no precedence in the Canadian market for term ABS notes longer than 10 years, nor the size of funding required by the FHP Program. Due to this, the ability to access the US market provides the program additional financing capacity in the event that the Canadian market cannot support the financing requirement. The FSM will make its decision on which market to access on a deal-by-deal basis.

2. Application of Recovery Amounts to Funding Obligations

Section 7.04(e) of the MTI outlines the payment priorities for the Trust's receipt of cash flows. Figure 5 below summarizes the significant components of the payment waterfall.

Figure 5: Payment Waterfall for Fair Hydro Trust Cash Collections

Payment Priorities

On each payment date, all amounts on deposit in the collection account will be paid out in the following order of priority:

1. to pay (A) all taxes exigible for which a governmental authority is given priority over the specified creditors under the laws of the applicable jurisdiction, and then (B) fees, expenses and reimbursements owing to the Issuer Trustee and the Indenture Trustee up to a maximum aggregate amount of equal to $150,000, multiplied by the number of series of senior Funding Obligations outstanding on the payment date, divided by 12;
2. to pay (A) interest, fees and other amounts owing in respect of senior debt and (B) amounts payable to derivative counterparties other than termination payments;
3. to pay interest, fees and other amounts owing in respect of subordinated debt;
4. to pay interest, fees and other amounts owing in respect of junior subordinated debt;
5. to pay principal owing in respect of warehouse debt;
6. to pay (A) principal owing in respect of senior debt to the extent required to satisfy any payment of principal; and (B) termination payments owing to derivative counterparties where the derivative counterparty is not the defaulting party or the sole affected party;
7. to pay fees, expenses, reimbursement and indemnity amounts owing to the FSM;
8. to pay principal owing in respect of subordinated debt to the extent required to satisfy any payment of principal;

9. to pay principal owing in respect of junior subordinated debt to the extent required to satisfy any payment of principal;
10. to deposit to the Program Cash Reserve Account, if the amount on deposit is less than the required amount;
11. to replenish any reserve account in respect of senior debt, the amount required pursuant to the applicable Funding Obligation agreement;
12. to replenish any reserve account in respect of subordinated debt, the amount required pursuant to the applicable Funding Obligation agreement;
13. to replenish any reserve account in respect of junior subordinated debt, the amount required pursuant to the applicable Funding Obligation agreement;
14. to be held in the collection account for distribution in the above order of priority on the next payment date; or (ii) after all Funding Obligations have been paid and discharged, and all other amounts have been paid in full, to pay to the Trust.

3. Risk Mitigation Strategies

Currency Risk

If the Canadian market cannot support the financing capacity of the FHP Program in the future and/or it is less cost efficient than the US market at the time of each subsequent debt issuance, the Trust will access the US market for long-term financing.

Under this scenario, hedges will be considered to mitigate currency exposure. For the initial debt issuance in 2017, it is anticipated that funding will be sourced from the Canadian market only as it is expected to be more cost efficient and there is sufficient market capacity.

Interest Rate and Refinancing Risk

The FHP Program is expected to span over a 30-year period until 2047 with various series of notes expected to be issued at various maturity dates. Given the long-term timeline of the program, it is subject to interest rate and refinancing risk.

Interest rate hedges, including bond forwards and/or forward start interest rate swaps, will be considered in the future to mitigate potential interest rate risk and/or refinancing risk in a cost-efficient manner.

Legal and Political Risk

Given the long-term nature of the FHP Program and the potential for changes in provincial policy, the lenders requires that changes to any legislation (including the Act and its attendant regulations) that would materially and adversely affect the ability of the Trust to service interest or principal payments on its debt would be addressed by the Province.

As discussed in Section B, *11. Indemnifications*, the Change of Law Protection Agreement provides bondholders a limited guarantee that the Province will cover the approved obligations of the Trust if the guarantee is triggered.

4. Tax Minimization Strategies

Beneficiary – FHP2017 Inc.

The majority unitholder and beneficiary of the Trust is exempt from federal tax under section 149 of the *Income Tax Act, Canada* and from Ontario tax under section 27 of the *Ontario Taxation Act, 2007*.

The beneficiary is subject to payments in lieu of federal and provincial income taxes (**PILs**). In order to minimize the tax associated with the Fair Hydro Plan, an exemption from PILs payable on income from the Trust has been requested for the beneficiary. This will result in a reduction in the income tax costs related to the Financing Plan.

Fair Hydro Trust

Trust income will be fully distributed to unitholders to ensure that there is no tax payable by the Trust.

D. Execution Plan for First Investment Asset Purchase

The regulatory asset balance available to be purchased from the IESO is expected to be approximately $1.2 billion, representing accumulated GAC deferrals up to the end of November 2017. Given there will be better market access in January 2018 compared to December 2017, the short-term warehouse facility will be utilized to fund the senior debt tranche of the funding requirement for the first investment asset purchase. Accordingly, the size of the short-term funding is approximately $600 million, representing 51 percent of the funding structure allocation from capital markets. OPG will purchase short-term subordinated and junior subordinated debt issued by the Trust for approximately $580 million, representing the remaining 49 percent of the total funding requirement.

Key Activities

The following table outlines the key activities for funding the first purchase of the Investment Asset:

Activity	2017/2018 Timeline
Province's Equity Contribution and Warehouse Facility Closing & Funding to Purchase Investment Asset	December 21, 2017
Term Debt Rating Agencies' Confirmation of Ratings	Week of January 8, 2018
Marketing & Roadshow	Week of January 22, 2018
Term Debt Pricing	Week of February 5, 2018
Term Debt Closing & Funding	T+5 of Pricing Date

E. Glossary of Terms

In this Financing Plan, the capitalized terms used have the following meanings from the Act:

"**Clean Energy Adjustment**" means the amount determined under section 15 and payable by specified consumers

"**Clean Energy Benefits**" means the value of the benefits determined to be derived by or accruing to specified consumers as a result of the clean energy initiative, including as a result of clean energy costs

"**Clean Energy Costs**" means the value of the costs allocated to specified consumers as a result of the clean energy initiative, including as a result of past, present and expected costs incurred in respect of,

a) the amounts to be paid or reflected by the IESO in adjustments made under section 25.33 of the Electricity Act, 1998 or any provision that is the successor to that provision, which relate to contracts or amounts for,
   (i) renewable energy generation or capacity,
   (ii) conservation and demand management,
   (iii) energy storage,
   (iv) energy efficiency,
   (v) natural gas generation and capacity, excluding contracts relating to amounts payable by the IESO under section 78.2 of the Ontario Energy Board Act, 1998 and excluding such other contracts as may be prescribed,
b) payments made or expected to be made under section 78.5 of the *Ontario Energy Board Act, 1998*, and
c) such other costs or estimated costs as may be prescribed

"**Clean Energy Initiative**" means the policies of the Government of Ontario related to,

a) eliminating coal generation and fostering the growth of and investment in clean, modern and reliable energy sources and technologies,
b) removing barriers to and promoting opportunities for clean and renewable energy sources and technologies,
c) promoting conservation, demand management and energy efficiency, and
d) investing in energy infrastructure to ensure a clean, modern and reliable system

"**Fair Allocation Amount**" means an amount calculated under section 20 of the Act

"**Finance Amount**" means the finance amount determined in accordance with the regulations

"**Funding Obligation**" means a payment obligation incurred by or on behalf of an investment interest owner to fund its ownership of an investment interest or a payment obligation that meets such other criteria as may be prescribed

"**Investment Asset**" means the rights and interests described in section 29 of the Act

"**Investment Interest**" means,

a) an ownership interest in the investment asset, and
b) in circumstances where the ownership interest is transferred, the rights and benefits specified in the agreement under which the interest is transferred

"**Reference Period**" means,

a) the period beginning on July 1, 2017 and ending on October 31, 2017, and
b) during the period beginning on November 1, 2017 and ending on either April 30, 2047 or such later day as may be prescribed,
   (i) every six-month period following the period mentioned in clause (a), or
   (ii) any period shorter than six months, as may be prescribed

ONTARIOPOWER GENERATION

Lubna Ladak
VP – Fair Hydro Plan

Tel: 416 592-5984
Lubna.Ladak@opg.com

December 20, 2017

Via email

Mike Manning
Executive Director & Chief Investment Officer, Capital Markets
Ontario Financing Authority
One Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Dear Mr. Manning,

Re: Ontario Fair Hydro Plan – Financing Plan & Initial Protection Agreement Maximum

I am writing to provide notice that the Financing Plan has been delivered to the Minister of Energy today and the "Initial Protection Agreement Maximum", as defined in the Change of Law Process Agreement to be dated on or about December 21, 2017 between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance, and Ontario Power Generation Inc., has been included therein.

Sincerely,

Lubna Ladak
Vice President, Fair Hydro Plan

cc (by email):
Ken Kandeepan, Ontario Financing Authority
Carolyn Calwell, Ministry of Energy
Alena Thouin, Ministry of Energy
Tim Christie, Ministry of Energy
Malle Hanslep, Ministry of Finance
Tobias Whitfield, Ministry of Finance
John Lee, Ontario Power Generation Inc.
Rima Ramchandani, Torys LLP
Stephen R. Ashbourne, Blake, Cassels & Graydon LLP

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Subject:	Ontario Power Generation - Indicative Issuance Spreads for 12/04/2017
Date:	Monday, December 04, 2017 7:39:28 PM
Attachments:	OPG Weekly Indicative Spreads - December 4, 2017.xlsx Ontario Power Generation-Dec-4-2017.pdf estimates.pdf

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Good Evening,

Please find attached the excel copy of our indicative new issue spreads.

Thanks,

D. Gregory Lawrence | Managing Director | Canadian Debt Capital Markets | Scotia Capital Inc.

Scotiabank | Global Banking and Markets

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Bank Name	Scotiabank
Date	4-Dec-17

Indicative OPG New Issue Spreads	Current				Week over Week			
	30-year	10-year	5-year	2-year	30-year	10-year	5-year	2-year
Benchmark Canada Bond Maturity	1-Dec-48	1-Jun-27	1-Sep-22	1-Nov-19				
Benchmark Canada Bond Coupon	2.75%	1.00%	1.00%	1.25%				
Benchmark Yield	2.21%	1.94%	1.74%	1.55%	-0.01%	0.05%	0.11%	0.11%
Curve Adjustment (bp)								
Spread to GoC Curve (bp)	+153	+107	+82	+58	0	0	0	0
Re-Offered Yield	3.74%	3.01%	2.56%	2.13%	-0.01%	0.05%	0.11%	0.11%
Commission (bp)	4.00	5.00	7.00	10.00				
All-in Yield	**3.79%**	**3.06%**	**2.63%**	**2.23%**	**-0.01%**	**0.05%**	**0.11%**	**0.11%**

Primary Comparable (S&P/Moody's/ DBRS)	Current				Week over Week			
Spread to GoC Curve (bp)	30-year	10-year	5-year	2-year	30-year	10-year	5-year	2-year
Hydro One (A(H)/A3/A)	+130	+85	+60	-	2	1	1	-

Other Comparables (S&P/Moody's/ DBRS)	Current				Week over Week			
Spread to GoC Curve (bp)	30-year	10-year	5-year	2-year	30-year	10-year	5-year	2-year
Nova Scotia Power (A(L)/-/BBB+)	138	94	69	50	0	0	0	0
EPCOR (A(L)/-/A-)	127	83	58	-	-1	-1	-1	-

Bank Name	
Date	

Indicative OPG New Issue Spreads		**Cur**
	30-year	**10-year**
Benchmark Canada Bond Maturity	1-Dec-48	1-Jun-27
Benchmark Canada Bond Coupon	2.75%	1.00%
Benchmark Yield	2.22%	1.89%
Curve Adjustment (bp)		
Spread to GoC Curve (bp)	+153	+107
Re-Offered Yield	3.75%	2.96%
Commission (bp)	4.00	5.00
All-in Yield	**3.79%**	**3.01%**

Primary Comparable (S&P/Moody's/ DBRS)		**Cur**
Spread to GoC Curve (bp)	**30-year**	**10-year**
Hydro One (A(H)/A1/A+)	+128	+84

Other Comparables (S&P/Moody's/ DBRS)		**Cur**
Spread to GoC Curve (bp)	**30-year**	**10-year**
Nova Scotia Power (A(L)/-/BBB+)	138	94
EPCOR (A(L)/-/A-)	128	84

Scotiabank
27-Nov-17

rent	
5-year	**2-year**
1-Sep-22	1-Nov-19
1.00%	1.25%
1.63%	1.44%
+82	+58
2.45%	2.02%
7.00	10.00
2.52%	**2.12%**

rent	
5-year	**2-year**
+59	-

rent	
5-year	**2-year**
69	50
59	-

Indicative New Issue Spreads

December-04-17

NEW ISSUE SPREADS

	2 Year	WoW	5 Year	WoW	10 Year	WoW	30 Year	WoW
Canada Benchmark	1.25%		1.00%		1.00%		2.75%	
	1-Nov-19		1-Sep-22		1-Jun-27		01-Dec-48	
Interpolated Yield (GoC Yield + Roll)	1.55%	0.11%	1.74%	0.11%	1.94%	0.05%	2.21%	-0.01%
Indicative Spread	**+58**	0	**+82**	0	**+107**	0	**+153**	0
Indicative Re-offer Yield	2.13%	0.11%	2.56%	0.11%	3.01%	0.05%	3.74%	-0.01%
Agency Commission	$0.20		$0.35		$0.40		$0.50	
Agency Commission BPS	+10		+7		+5		+4	
All-in Canada Yield	2.234%		2.626%		3.064%		3.785%	
All-in Spread to GoC curve (bp)	+68		+89		+112		+157	

RECENT NEW ISSUES

Date	Issuer	Ratings	Size	Term	Spread
30-Nov	Thames Water Utilities	-/BBB+/A3	$250M	7.0	+125
30-Nov	Ford Credit Canada	BBB/BBB/Baa2	$500M	2.0	3MCDOR+57
30-Nov	Windsor Solar LP	-/-/-	$188M	18.7	+225
30-Nov	Southgate Solar	-/-/-	$171M	18.7	+225
30-Nov	FortisBC Inc	A(L)/-/Baa1	$750M	32.0	+138
30-Nov	Royal Bank of Canada	AA/AA-/A1	$2,250M	5.0	+73

COMPARABLES

	Ratings	2 Year	WoW	5 Year	WoW	10 Year	WoW	30 Year	WoW
	DBRS/Moody's/S&P								
Ontario Power Generation	**A(L)/-/BBB+**	**+58**	0	**+82**	0	**+107**	0	**+153**	0
Hydro One	A(H)/A3/A	-		+60	1	+85	1	+130	2
Nova Scotia Power	A(L)/-/BBB+	+50	0	+69	0	+94	0	+138	0
EPCOR	A(L)/-/A-	-		+58	-1	+83	-1	+127	-1

DEX UNIVERSE SPREADS

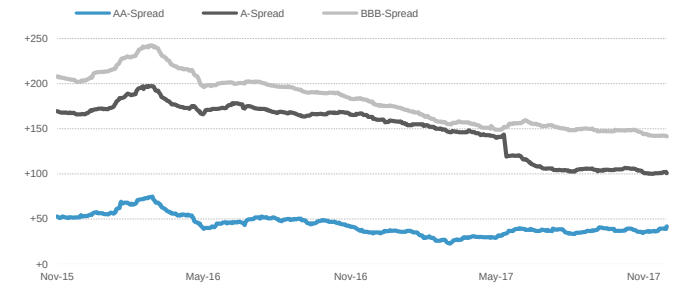

MARKET COMMENTARY

The Canadian corporate debt market had a very active week with 12 issuers pricing a total of $7.5B. Enbridge Gas Distribution Inc. launched a $300MM 30 year deal at +128 bps vs. CAN Dec/48 bond – their first 30 year transaction in over three years. TMX Group Ltd. priced a 7 year $300MM transaction at CRV + 128 bps. Fairfax Financial issued $650MM in 10 year notes at CRV + 238 bps. Metro Inc. priced $1.2B across three tranches: $300MM in 5 year notes at CRV + 104 bps, $450MM in 10 year notes at CRV + 150 bps, and $450MM in 5 year notes at CRV + 205 bps. RBC came to market with both $2.25B in 5 year deposit notes (CRV + 73 bps) and $295MM in 1 year FRN (1M CDOR + 8 bps). Thames Water Utilities Cayman Finance Limited was in the maple market with a $250MM 7 year offering at CRV + 125 bps. Ford Credit Canada priced 2 year Floating Rate Notes at 3M CDOR + 57 bps. Fortis BC priced $75MM 32 year notes at GoC + 138 bps. CIBC priced $1.25B 5 year deposit notes at CRV + 74 bps.

The market saw high volume this week with the TSX finishing the week slightly lower by -0.44% and the S&P500 rising by 1.52%. US Q3 GDP came in higher than estimates at 3.3% vs. a consensus of 3.2%. Canada released very strong GDP and unemployment numbers, resulting in a strong focus on the upcoming BoC statement next Wednesday. Headline risks in the US around the Administration and Senate's tax bill remain to be the focus of the market. Spreads ended the week generally unchanged on the back of an active secondary market with elevated trading volumes. At week end, YTD new issue volume in the CAD market reached $124.8B, 18% ahead of last year and officially becoming the busiest year on record.

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Estimates for the week of December 4 – 8

CANADA

Date	Time	Indicator	Period	BNS	Consensus	Latest
DEC 3-7		**Canadian Prime Minister Trudeau Visits China**				
12/05	08:30	Merchandise Trade Balance (C$ bn)	Oct	-2.5	-2.7	-3.2
12/06	08:30	Productivity (q/q a.r.)	3Q	--	--	-0.1
12/06	10:00	**BoC Interest Rate Announcement (%)**	**Dec 6**	**1.00**	**1.00**	**1.00**
12/07	08:30	Building Permits (m/m)	Oct	--	--	3.8
12/08	08:15	Housing Starts (000s a.r.)	Nov	205.0	215.0	222.8
12/08	08:30	Capacity Utilization (%)	3Q	--	--	85.0

UNITED STATES

Date	Time	Indicator	Period	BNS	Consensus	Latest
12/04	10:00	Durable Goods Orders (m/m)	Oct F	--	-1.0	-1.2
12/04	10:00	Durable Goods Orders ex. Trans. (m/m)	Oct F	--	--	0.4
12/04	10:00	Factory Orders (m/m)	Oct	-0.5	-0.4	1.4
12/05	08:30	Trade Balance (US$ bn)	Oct	-47.0	-47.4	-43.5
12/05	10:00	ISM Non-Manufacturing Composite	Nov	59.5	59.0	60.1
12/06	07:00	MBA Mortgage Applications (w/w)	DEC 1	--	--	-3.1
12/06	08:15	ADP Employment Report (000s m/m)	Nov	195.0	190.0	234.9
12/06	08:30	Productivity (q/q a.r.)	3Q F	--	3.3	3.0
12/06	08:30	Unit Labor Costs (q/q a.r.)	3Q F	--	0.3	0.5
12/07	08:30	Initial Jobless Claims (000s)	DEC 2	235	240	238
12/07	08:30	Continuing Claims (000s)	NOV 25	1900	1893	1957
12/07	15:00	Consumer Credit (US$ bn m/m)	Oct	--	16.4	20.8
12/08	08:30	Nonfarm Employment Report (000s m/m)	Nov	190.0	200.0	261.0
12/08	08:30	Unemployment Rate (%)	Nov	4.1	4.1	4.1
12/08	08:30	Household Employment Report (000s m/m)	Nov	--	--	-484.0
12/08	08:30	Average Hourly Earnings (m/m)	Nov	--	0.3	0.0
12/08	08:30	Average Hourly Earnings (y/y)	Nov	2.6	2.7	2.4
12/08	08:30	Average Weekly Hours	Nov	--	34.4	34.4
12/08	10:00	U. of Michigan Consumer Sentiment	Dec P	99.0	99.0	98.5

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Cc:	Greg Lawrence (Scotiabank GBM); Fanny Doucet (Scotiabank GBM); Michael Costakos (Scotiabank GBM); Stephen Lepone (Scotiabank GBM); Tiffany Sun (Scotiabank GBM); Andrew Fredericks (Scotiabank GBM); Jenna Dicks (Scotiabank GBM)
Subject:	Ontario Power Generation - Indicative Issuance Spreads for 11/27/2017
Date:	Monday, November 27, 2017 8:06:12 PM
Attachments:	OPG Weekly Indicative Spreads - November 27, 2017.xlsx Ontario Power Generation-Nov-27-2017.pdf estimates.pdf

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Good Evening,

Please find attached the excel copy of our indicative new issue spreads.

Thanks,

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Scotiabank | Global Banking and Markets

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Bank Name	Scotiabank
Date	27-Nov-17

Indicative OPG New Issue Spreads	Current				Week over Week			
	30-year	10-year	5-year	2-year	30-year	10-year	5-year	2-year
Benchmark Canada Bond Maturity	1-Dec-48	1-Jun-27	1-Sep-22	1-Nov-19				
Benchmark Canada Bond Coupon	2.75%	1.00%	1.00%	1.25%				
Benchmark Yield	2.22%	1.89%	1.63%	1.44%	-0.07%	-0.08%	-0.06%	-0.04%
Curve Adjustment (bp)								
Spread to GoC Curve (bp)	+153	+107	+82	+58	2	2	2	2
Re-Offered Yield	3.75%	2.96%	2.45%	2.02%	-0.05%	-0.06%	-0.04%	-0.02%
Commission (bp)	4.00	5.00	7.00	10.00				
All-in Yield	**3.79%**	**3.01%**	**2.52%**	**2.12%**	**-0.05%**	**-0.06%**	**-0.04%**	**-0.02%**

Primary Comparable (S&P/Moody's/ DBRS)	Current				Week over Week			
Spread to GoC Curve (bp)	30-year	10-year	5-year	2-year	30-year	10-year	5-year	2-year
Hydro One (A(H)/A3/A)	+128	+84	+59	-	3	1	1	-

Other Comparables (S&P/Moody's/ DBRS)	Current				Week over Week			
Spread to GoC Curve (bp)	30-year	10-year	5-year	2-year	30-year	10-year	5-year	2-year
Nova Scotia Power (A(L)/-/BBB+)	138	94	69	50	3	1	1	1
EPCOR (A(L)/-/A-)	128	84	59	-	2	1	1	-

Bank Name	
Date	

Indicative OPG New Issue Spreads	**Cur**	
	30-year	**10-year**
Benchmark Canada Bond Maturity	1-Dec-48	1-Jun-27
Benchmark Canada Bond Coupon	2.75%	1.00%
Benchmark Yield	2.29%	1.97%
Curve Adjustment (bp)		
Spread to GoC Curve (bp)	+151	+105
Re-Offered Yield	3.80%	3.02%
Commission (bp)	4.00	5.00
All-in Yield	**3.84%**	**3.07%**

Primary Comparable (S&P/Moody's/ DBRS)	**Cur**	
Spread to GoC Curve (bp)	**30-year**	**10-year**
Hydro One (A(H)/A1/A+)	+125	+83

Other Comparables (S&P/Moody's/ DBRS)	**Cur**	
Spread to GoC Curve (bp)	**30-year**	**10-year**
Nova Scotia Power (A(L)/-/BBB+)	135	93
EPCOR (A(L)/-/A-)	126	83

Scotiabank
20-Nov-17

rent	
5-year	**2-year**
1-Sep-22	1-Nov-19
1.00%	1.25%
1.69%	1.48%
+80	+56
2.49%	2.04%
7.00	10.00
2.56%	**2.14%**

rent	
5-year	**2-year**
+58	-

rent	
5-year	**2-year**
68	49
58	-

Indicative New Issue Spreads

November-27-17

NEW ISSUE SPREADS	2 Year	WoW	5 Year	WoW	10 Year	WoW	30 Year	WoW
Canada Benchmark	1.25%		1.00%		1.00%		2.75%	
	1-Nov-19		1-Sep-22		1-Jun-27		01-Dec-48	
Interpolated Yield (GoC Yield + Roll)	1.44%	-0.04%	1.63%	-0.06%	1.89%	-0.08%	2.22%	-0.07%
Indicative Spread	**+58**	2	**+82**	2	**+107**	2	**+153**	2
Indicative Re-offer Yield	2.02%	-0.02%	2.45%	-0.04%	2.96%	-0.06%	3.75%	-0.05%
Agency Commission	$0.20		$0.35		$0.40		$0.50	
Agency Commission BPS	+10		+7		+5		+4	
All-in Canada Yield	2.116%		2.518%		3.006%		3.793%	
All-in Spread to GoC curve (bp)	+68		+89		+112		+157	

RECENT NEW ISSUES

Date	Issuer	Ratings	Size	Term	Spread
20-Nov	CU Inc.	A(H)/A-/-	$430M	30.0	+124
20-Nov	Union Gas Limited	A/A-/-	$250M	10.0	+89
20-Nov	Union Gas Limited	A/A-/-	$250M	30.0	+128
21-Nov	Sun Life Financial Inc.	A(L)/A-/-	$400M	10.0	+109
21-Nov	SNC-Lavalin Group Inc.	BBB/BBB/-	$300M	3.0	+115
21-Nov	AIMCo Realty Investors LP	AA(L)/-/-	$400M	10.5	+108

COMPARABLES	Ratings	2 Year	WoW	5 Year	WoW	10 Year	WoW	30 Year	WoW
	DBRS/Moody's/S&P								
Ontario Power Generation	**A(L)/-/BBB+**	**+58**	2	**+82**	2	**+107**	2	**+153**	2
Hydro One	A(H)/A3/A	-		+59	1	+84	1	+128	3
Nova Scotia Power	A(L)/-/BBB+	+50	1	+69	1	+94	1	+138	3
EPCOR	A(L)/-/A-	-		+59	1	+84	1	+128	2

DEX UNIVERSE SPREADS

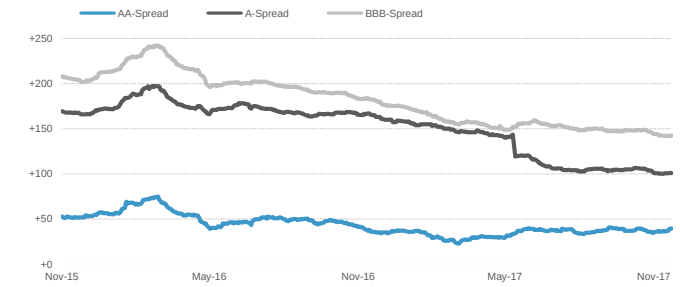

MARKET COMMENTARY

Last week was surprisingly active despite American Thanksgiving, the unofficial start of the Canadian holiday season. We had 5 different issuers price ~$2BN worth of new issue supply in the Canadian market, all packed into the first 2 trading days. We had a pretty good cross section of issuers with CU Inc. and Union Gas (Energy Sector), Sun Life, and AIMCo (Financial Sector), and a rare Canadian Industrial with SNC-Lavalin. By the end of the week, total corporate issuance reached ~$117BN, which is 18% ahead of last year and ~$1BN shy of the all-time record in 2013 of $118BN.

CU Inc. kicked off the week with a $430MM 30 year senior unsecured note transaction at GoC+124 bps – with books 3x oversubscribed. Union Gas Limited accessed the market with a $500MM dual tranche transaction across 10 year and 30 year unsecured tranches. SNC-Lavalin Group Inc. priced $300MM 3 year debentures at the tight end of guidance at GoC+115 bps. Sun Life Financial Inc. executed a $400MM 10NC5 subordinated debt transaction. AIMCo Realty Investors LP rounded out the week's activity with a $400MM 10.5 year senior unsecured transaction at GoC+108 bps.

One significant flow we should all keep top of mind – this December, there will be significant cash hitting the accounts of Canadian Fixed Income Investors. Canada will pay $4.8BN in coupon payments on December 1st; Ontario and Quebec will each pay $4.1BN and $2.0BN throughout the month; and CMB will pay $1.8BN on December 15th. They total up to $12.7BN of reflows for investors. It is conceivable that investors have already allocated this cash to the market, explaining the current dynamic of credit spreads close to 3 yr tights, and the near-record corporate issuance calendar we have enjoyed this year. That being said, we are often surprised with drive-by issuers at this time of year, and we would anticipate a busy couple of weeks.

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Estimates for the week of November 27 – December 1

CANADA

Date	Time	Indicator	Period	BNS	Consensus	Latest
11/28	08:30	IPPI (m/m)	Oct	--	--	-0.3
11/28	08:30	Raw Materials Price Index (m/m)	Oct	--	--	-0.1
11/28	10:30	**Bank of Canada Releases Financial System Review**				
11/28	11:30	**Bank of Canada Gov. Poloz, Sr. Dep. Gov Wilkins Press Conference**				
11/30	08:30	Current Account (C$ bn a.r.)	3Q	--	-20.0	-16.3
12/01	08:30	Employment (000s m/m)	Nov	20.0	10.0	35.3
12/01	08:30	Real GDP (m/m)	Sep	0.1	0.2	-0.1
12/01	08:30	Real GDP (q/q a.r.)	3Q	1.6	1.6	4.5
12/01	08:30	Unemployment Rate (%)	Nov	6.2	6.3	6.3

UNITED STATES

Date	Time	Indicator	Period	BNS	Consensus	Latest
11/27	10:00	New Home Sales (000s a.r.)	Oct	600.0	625.0	667.0
11/27	10:30	Dallas Fed. Manufacturing Activity	Nov	--	24.0	27.6
11/27	19:00	**Fed's Dudley Speaks on U.S. Economy: 10 Years After Crisis**				
11/28	08:30	Wholesale Inventories (m/m)	Oct P	--	0.4	0.3
11/28	09:00	S&P/Case-Shiller Home Price Index (m/m)	Sep	--	0.3	0.5
11/28	09:00	S&P/Case-Shiller Home Price Index (y/y)	Sep	--	6.0	5.9
11/28	09:45	**Powell Testifies at Confirmation Hearing Before Senate Banking Committee**				
11/28	10:00	Consumer Confidence Index	Nov	125.0	123.8	125.9
11/28	10:00	Richmond Fed Manufacturing Index	Nov	--	14.0	12.0
11/28	10:15	**Fed's Harker Speaks on Financial Safety for Aging Population**				
11/29	07:00	MBA Mortgage Applications (w/w)	NOV 24	--	--	0.1
11/29	08:30	GDP (q/q a.r.)	3Q S	3.1	3.2	3.0
11/29	08:30	GDP Deflator (q/q a.r.)	3Q S	--	2.2	2.2
11/29	08:30	**Fed's Dudley Speaks About U.S. Economy**				
11/29	10:00	Pending Home Sales (m/m)	Oct	1.0	1.2	0.0
11/29	10:00	**Yellen Appears before Joint Economic Committee of Congress**				
11/29	12:45	**Fed's Williams Speaks at Economic Forecast Luncheon in Phoenix**				
11/29	14:00	**U.S. Federal Reserve Releases Beige Book**				
11/30	08:30	PCE Deflator (m/m)	Oct	0.1	0.1	0.4
11/30	08:30	PCE Deflator (y/y)	Oct	1.5	1.5	1.6
11/30	08:30	PCE ex. Food & Energy (m/m)	Oct	0.2	0.2	0.1
11/30	08:30	PCE ex. Food & Energy (y/y)	Oct	1.4	1.4	1.3
11/30	08:30	Personal Spending (m/m)	Oct	0.2	0.3	1.0
11/30	08:30	Personal Income (m/m)	Oct	0.3	0.3	0.4
11/30	08:30	Initial Jobless Claims (000s)	NOV 24	240	240	239
11/30	08:30	Continuing Claims (000s)	NOV 17	1900	--	1904
11/30	09:45	Chicago PMI	Nov	--	62.3	66.2
11/30	12:30	**Fed's Quarles Speaks on Payments Systems in Cleveland**				
11/30	13:00	**Fed's Kaplan Speaks in Dallas**				
12/01	09:05	**Fed's Bullard Speaks in Little Rock, Arkansas**				
12/01	09:30	**Fed's Kaplan Speaks in McAllen, Texas**				
12/01	10:00	Construction Spending (m/m)	Oct	0.3	0.5	0.3
12/01	10:00	ISM Manufacturing Index	Nov	59.0	58.3	58.7
12/01		Domestic Vehicle Sales (mn a.r.)	Nov	--	13.4	14.0
12/01		Total Vehicle Sales (mn a.r.)	Nov	17.5	17.5	18.0
12/01	10:15	**Fed's Harker Speaks on Inclusive Economic Growth**				

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Cc:	Greg Lawrence (Scotiabank GBM); Fanny Doucet (Scotiabank GBM); Michael Costakos (Scotiabank GBM); Stephen Lepone (Scotiabank GBM); Tiffany Sun (Scotiabank GBM); Andrew Fredericks (Scotiabank GBM); Jenna Dicks (Scotiabank GBM)
Subject:	Ontario Power Generation - Indicative Issuance Spreads for 12/11/2017
Date:	Monday, December 11, 2017 6:37:05 PM
Attachments:	OPG Weekly Indicative Spreads - December 11, 2017.xlsx Ontario Power Generation-Dec-11-2017.pdf estimates.pdf

---

Good Evening,

Please find attached the excel copy of our indicative new issue spreads.

Thanks,

D. Gregory Lawrence | Managing Director | Canadian Debt Capital Markets | Scotia Capital Inc.

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Bank Name	Scotiabank
Date	11-Dec-17

Indicative OPG New Issue Spreads	Current				Week over Week			
	30-year	10-year	5-year	2-year	30-year	10-year	5-year	2-year
Benchmark Canada Bond Maturity	1-Dec-48	1-Jun-27	1-Sep-22	1-Nov-19				
Benchmark Canada Bond Coupon	2.75%	1.00%	1.00%	1.25%				
Benchmark Yield	2.16%	1.88%	1.69%	1.52%	-0.05%	-0.06%	-0.05%	-0.03%
Curve Adjustment (bp)								
Spread to GoC Curve (bp)	+153	+107	+82	+58	0	0	0	0
Re-Offered Yield	3.69%	2.95%	2.51%	2.10%	-0.05%	-0.06%	-0.05%	-0.03%
Commission (bp)	4.00	5.00	7.00	10.00				
All-in Yield	**3.73%**	**3.00%**	**2.58%**	**2.20%**	**-0.05%**	**-0.06%**	**-0.05%**	**-0.03%**

Primary Comparable (S&P/Moody's/ DBRS)	Current				Week over Week			
Spread to GoC Curve (bp)	30-year	10-year	5-year	2-year	30-year	10-year	5-year	2-year
Hydro One (A(H)/A3/A)	+130	+85	+60	-	0	0	0	-

Other Comparables (S&P/Moody's/ DBRS)	Current				Week over Week			
Spread to GoC Curve (bp)	30-year	10-year	5-year	2-year	30-year	10-year	5-year	2-year
Nova Scotia Power (A(L)/-/BBB+)	138	94	69	50	0	0	0	0
EPCOR (A(L)/-/A-)	127	83	58	-	0	0	0	-

Bank Name	
Date	

Indicative OPG New Issue Spreads	**Cur**	
	30-year	**10-year**
Benchmark Canada Bond Maturity	1-Dec-48	1-Jun-27
Benchmark Canada Bond Coupon	2.75%	1.00%
Benchmark Yield	2.21%	1.94%
Curve Adjustment (bp)		
Spread to GoC Curve (bp)	+153	+107
Re-Offered Yield	3.74%	3.01%
Commission (bp)	4.00	5.00
All-in Yield	**3.79%**	**3.06%**

Primary Comparable (S&P/Moody's/ DBRS)	**Cur**	
Spread to GoC Curve (bp)	**30-year**	**10-year**
Hydro One (A(H)/A1/A+)	+130	+85

Other Comparables (S&P/Moody's/ DBRS)	**Cur**	
Spread to GoC Curve (bp)	**30-year**	**10-year**
Nova Scotia Power (A(L)/-/BBB+)	138	94
EPCOR (A(L)/-/A-)	127	83

Scotiabank
4-Dec-17

rent	
5-year	**2-year**
1-Sep-22	1-Nov-19
1.00%	1.25%
1.74%	1.55%
+82	+58
2.56%	2.13%
7.00	10.00
2.63%	**2.23%**

rent	
5-year	**2-year**
+60	-

rent	
5-year	**2-year**
69	50
58	-

Indicative New Issue Spreads

December-11-17

NEW ISSUE SPREADS

	2 Year	WoW	5 Year	WoW	10 Year	WoW	30 Year	WoW
Canada Benchmark	1.25%		1.00%		1.00%		2.75%	
	1-Nov-19		1-Sep-22		1-Jun-27		01-Dec-48	
Interpolated Yield (GoC Yield + Roll)	1.52%	-0.03%	1.69%	-0.05%	1.88%	-0.06%	2.16%	-0.05%
Indicative Spread	**+58**	0	**+82**	0	**+107**	0	**+153**	0
Indicative Re-offer Yield	2.10%	-0.03%	2.51%	-0.05%	2.95%	-0.06%	3.69%	-0.05%
Agency Commission	$0.20		$0.35		$0.40		$0.50	
Agency Commission BPS	+10		+7		+5		+4	
All-in Canada Yield	2.196%		2.577%		3.001%		3.731%	
All-in Spread to GoC curve (bp)	+68		+89		+112		+157	

RECENT NEW ISSUES

Date	Issuer	Ratings	Size	Term	Spread
8-Dec	MLCanada NHA MBS	AAA/AAA/Aaa	$784M	5.0	+45
8-Dec	MCAP Commercial LP	BBB(L)/-/-	$200M	5.0	+332
7-Dec	University of Regina	-/-/Aa3	$79M	40.0	+119
6-Dec	CIBC	AA/A+/A1	$1,000M	3.0	+25
5-Dec	IGM Financial Inc.	A(H)/A/-	$250M	30.0	+190
4-Dec	Enwave Energy Corp	A(L)/-/-	$100M	20.0/30.0	+175/+185
4-Dec	The Hospital for Sick Children	-/A+/Aa2	$300M	40.0	+118

COMPARABLES

	Ratings	2 Year	WoW	5 Year	WoW	10 Year	WoW	30 Year	WoW
	DBRS/Moody's/S&P								
Ontario Power Generation	**A(L)/-/BBB+**	**+58**	0	**+82**	0	**+107**	0	**+153**	0
Hydro One	A(H)/A3/A	-		+60	0	+85	0	+130	0
Nova Scotia Power	A(L)/-/BBB+	+50	0	+69	0	+94	0	+138	0
EPCOR	A(L)/-/A-	-		+58	0	+83	0	+127	0

DEX UNIVERSE SPREADS

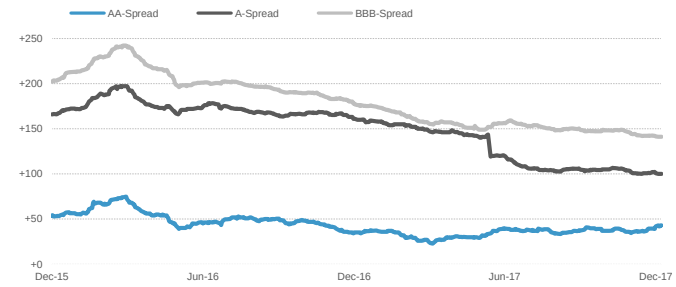

MARKET COMMENTARY

The Canadian corporate credit market remained busy last week with 7 issuers pricing a combined total of $3.0BN. By the end of the week, Canadian new issue supply reached ~$128BN, which is 16% ahead of last year with still room to grow before the holiday slow down.

Last week's activity kicked off in the Auto Finance space with Penske Truck Leasing Canada Inc. pricing $375MM in 5-yr notes at CRV + 110 bps. The deal priced at the tight end of guidance and saw 45 buyers with 15% late average fills. The Infrastructure industry saw both The Hospital of Sick Children (Sick Kids) and the University of Regina access debt capital markets. Sick Kids executed a $300MM 40-yr transaction at CRV + 118 bps and the University of Regina priced a small $79MM 40-yr deal at GoC + 119 bps. In the Non-Bank Financial space, we saw IGM Financial Inc. and MCAP Commercial LP (MCAP) come to market. IGM Financial brought $250MM in 30-yr notes to market at CRV + 190 bps and MCAP executed a $200MM 5-yr transaction at CRV + 332 bps. The bank space remained active with CIBC launching a $1BN FRN at 3M CDOR + 25 bps. South of the border, we saw BMO price a $1.25BN 15NC10 NVCC Tier 2 transaction at T + 145 bps.

The market saw a neutral tone last week with both the TSX and S&P500 finishing the week slightly higher. On the data front, Canada Housing Starts picked up with an increase of 252k units and US non-farm payrolls came in higher than consensus at 228k; wage growth came in at 2.5%. On the policy front, the U.S. Senate passed the Tax Cuts and Jobs Act and The BoC left rates unchanged with an emphasis on a data driven decision making process moving forward.

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Estimates for the week of December 11 – 15

CANADA

Date	Time	Indicator	Period	BNS	Consensus	Latest
12/13	08:30	Teranet - National Bank HPI (y/y)	Nov	--	--	10.0
12/14	08:30	New Housing Price Index (m/m)	Oct	--	0.2	0.2
12/14	12:25	**Bank of Canada's Poloz Speech to Canadian Club of Toronto**				
12/15	08:30	Manufacturing Shipments (m/m)	Oct	1.0	0.9	0.5
12/15	09:00	Existing Home Sales (m/m)	Nov	--	--	0.9

UNITED STATES

Date	Time	Indicator	Period	BNS	Consensus	Latest
12/11	10:00	JOLTS Job Openings (000s)	Oct	--	6100.0	6093.0
12/12	08:30	PPI (m/m)	Nov	0.3	0.3	0.4
12/12	08:30	PPI ex. Food & Energy (m/m)	Nov	0.2	0.2	0.4
12/12	09:00	**The Federal Open Market Committee (FOMC) holds a closed meeting**				
12/12	14:00	Treasury Budget (US$ bn)	Nov	--	-134.5	-63.2
12/13	07:00	MBA Mortgage Applications (w/w)	DEC 8	--	--	4.7
12/13	08:30	CPI (m/m)	Nov	0.3	0.4	0.1
12/13	08:30	CPI (y/y)	Nov	2.2	2.2	2.0
12/13	08:30	CPI (index)	Nov	--	246.8	246.7
12/13	08:30	CPI ex. Food & Energy (m/m)	Nov	0.2	0.2	0.2
12/13	08:30	CPI ex. Food & Energy (y/y)	Nov	1.8	1.8	1.8
12/13	14:00	**FOMC Interest Rate Meeting (%)**	**Dec 13**	**1.50**	**1.50**	**1.25**
12/13	14:30	**Yellen Holds Press Conference Following FOMC Meeting**				
12/14	08:30	Export Prices (m/m)	Nov	--	0.7	0.2
12/14	08:30	Import Prices (m/m)	Nov	--	0.7	0.2
12/14	08:30	Initial Jobless Claims (000s)	DEC 9	235	239	236
12/14	08:30	Continuing Claims (000s)	DEC 2	1900	1905	1908
12/14	08:30	Retail Sales (m/m)	Nov	0.2	0.3	0.2
12/14	08:30	Retail Sales ex. Autos (m/m)	Nov	0.5	0.7	0.1
12/14	10:00	Business Inventories (m/m)	Oct	--	-0.1	0.0
12/15	08:30	Empire State Manufacturing Index	Dec	--	18.3	19.4
12/15	09:15	Capacity Utilization (%)	Nov	--	77.2	77.0
12/15	09:15	Industrial Production (m/m)	Nov	0.1	0.3	0.9
12/15	16:00	Total Net TIC Flows (US$ bn)	Oct	--	--	-51.3
12/15	16:00	Net Long-term TIC Flows (US$ bn)	Oct	--	--	80.9

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From:	Hanslep, Malle (MOF)
To:	Gadi Mayman; Mike Manning; Anna Strathy; Tobias P. Whitfield (MOF); ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com); Ken Kandeepan; Ronald Kwan
Cc:	Ken Kandeepan
Subject:	Passcode is 5801207#
Date:	Tuesday, November 21, 2017 4:04:41 PM

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Deputy Director
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Telephone: 416-325-1457
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From:	ASHBOURNE, STEPHEN
To:	Gadi Mayman; Mike Manning; Ken Kandeepan
Cc:	Malle Hanslep (MOF); Tobias P. Whitfield (MOF); VINER, JON
Subject:	Possible Alternative to the "Assumption" Option under the current Change of Law Protection Agreement
Date:	Wednesday, November 22, 2017 7:57:17 PM
Attachments:	Defeasance.zip 12922051-v1-Defeasance Scenario (OPG Trust).DOCX

Gadi, Mike and Ken,

Please see the attached Word document, which describes a possible alternative to the "assumption" option (or "exchange") we have been contemplating. This has not been previously shared with anyone else at this stage (including Malle or Toby), as I thought it best to start with your views as to whether it would accomplish the Province's overall economic objectives.

The zip file contains market precedents (Canadian dollar offerings with strictly Canadian trust indenture: Alimentation Couche-Tarde; Fortis; John Deere), in case you are interested to see how defeasance techniques, akin to those contemplated in the alternative proposal, have been used in other Canadian transactions.

Please let us know your thoughts.

Regards, Steve

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PROSPECTUS SUPPLEMENT
(To short form base shelf prospectus dated March 26, 2014)

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

This prospectus supplement together with the short form base shelf prospectus to which it relates, as further amended or supplemented, and each document deemed to be incorporated by reference into the short form base shelf prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities.

Information has been incorporated by reference in this prospectus from documents filed with securities commissions or similar authorities in Canada and filed with, or furnished to, the U.S. Securities and Exchange Commission. *Copies of the documents incorporated herein by reference may be obtained on request without charge from Thomson Reuters, Attention: Investor Relations Department, 3 Times Square, New York, New York 10036, United States (telephone: 646-223-4000), and are also available electronically at www.sedar.com and www.sec.gov.*

The securities to be issued hereunder have not been and will not be registered under the U.S. Securities Act of 1933 and subject to certain exceptions may not be offered, sold or delivered directly or indirectly in the United States or to, or for the account or benefit of, U.S. persons.

New Issue November 4, 2014

C$550,000,000

THOMSON REUTERS

Thomson Reuters Corporation

3.309% Notes due 2021

We will pay interest on the notes on May 12 and November 12 of each year, beginning on May 12, 2015. The notes will mature on November 12, 2021. The notes will be direct, unsecured obligations of Thomson Reuters Corporation. The notes will be issued only in denominations of C$1,000 and integral multiples thereof. We may redeem all or a portion of the notes at any time at the applicable redemption price described in this prospectus supplement. We will be required to make an offer to purchase the notes at a price equal to 101% of their principal amount, plus accrued and unpaid interest to the date of repurchase, upon the occurrence of a Change of Control Triggering Event (as defined herein). See the section of this prospectus supplement entitled "Description of the Notes" for more information, including a description of the ranking of the notes.

Investing in the notes involves risks that are described in some of the documents incorporated by reference herein and in the "Risk Factors" section on page S-3 of this prospectus supplement and page 5 of the accompanying short form base shelf prospectus.

	Per Note		Total
Public offering price [(1)]	100%	C$	550,000,000
Dealers' fee	0.37%	C$	2,035,000
Proceeds to Thomson Reuters (before expenses)	99.63%	C$	547,965,000

(1) Plus accrued interest on the notes from November 12, 2014, if settlement occurs after that date.

The notes will not be listed on any securities exchange or quotation system and, consequently, there is no market through which the notes may be sold and purchasers may not be able to resell notes purchased under this prospectus supplement. This may affect the pricing of the securities in the secondary market, the transparency and availability of trading prices, the liquidity of the securities and the extent of issuer regulation. See "Risk Factors".

BMO Nesbitt Burns Inc., TD Securities Inc., RBC Dominion Securities Inc., Merrill Lynch Canada Inc., HSBC Securities (Canada) Inc., Wells Fargo Securities Canada, Ltd., Barclays Capital Canada Inc., Citigroup Global Markets Canada Inc., Goldman Sachs Canada Inc., Morgan Stanley Canada Limited and RBS Capital Markets (Canada) Limited, together referred to as Dealers, have agreed to offer the notes for sale in Canada, on a best efforts basis, if, as and when issued by us and in accordance with the terms of the dealer agreement referred to under "Plan of Distribution," the notes at a price of C$1,000 per C$1,000 principal amount of notes, subject to the approval of certain legal matters on our behalf by Torys LLP with respect to matters of Canadian law and on behalf of the Dealers by McCarthy Tétrault LLP. In connection with the offering, the Dealers may, subject to applicable law, over-allot or effect transactions which stabilize or maintain the market price of the notes at levels other than those that might otherwise prevail on the open market. Such transactions, if commenced, may be discontinued at any time. See "Plan of Distribution".

We reserve the right to accept or reject any subscription in whole or in part. While the Dealers have agreed to use their reasonable best efforts to sell the notes, they are not obligated to purchase any notes which are not sold.

We expect that the closing of this offering will take place on or about November 12, 2014 or such later date as we and the Dealers may agree. We expect the notes to be delivered to purchasers in book-entry form only through CDS Clearing and Depository Services Inc., or CDS, on or about the closing date.

This short form base shelf prospectus has been filed under legislation in each of the provinces of Canada that permits certain information about these securities to be determined after this prospectus has become final and that permits the omission from this prospectus of that information. The legislation requires the delivery to purchasers of a prospectus supplement containing the omitted information within a specified period of time after agreeing to purchase any of these securities. A registration statement relating to these securities has been filed with the U.S. Securities and Exchange Commission, and no securities may be sold until such registration statement becomes effective.

This short form base shelf prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

No securities regulatory authority has expressed an opinion about these securities and it is an offense to claim otherwise. Information has been incorporated by reference in this prospectus from documents filed with securities regulatory authorities in Canada and filed with, or furnished to, the U.S. Securities and Exchange Commission. *Copies of the documents incorporated herein by reference may be obtained on request without charge from Thomson Reuters, Attention: Investor Relations Department, 3 Times Square, New York, New York 10036, United States (telephone: 646-223-4000), and are also available electronically at www.sedar.com and www.sec.gov.*

SHORT FORM BASE SHELF PROSPECTUS

New Issue

March 26, 2014

Thomson Reuters Corporation
US$3,000,000,000
Debt Securities
(unsecured)

We may from time to time offer and issue one or more series of unsecured debt securities, together referred to as Debt Securities, in an aggregate principal amount of up to US$3,000,000,000 (or the equivalent in other currencies) or, if any Debt Securities are issued at an original issue discount, such greater amount as shall result in an aggregate issue price of US$3,000,000,000 (or the equivalent in other currencies), during the 25 month period that this short form base shelf prospectus, including any further amendments hereto, remains valid.

We will provide the specific terms of the Debt Securities in respect of which this prospectus is being delivered in applicable prospectus supplements and may include, where applicable, the specific designation, aggregate principal amount, currency, maturity, interest provisions, authorized denominations, offering price, any terms for redemption at our option or at the option of the holder and any other specific terms. You should read this prospectus and any applicable prospectus supplements carefully before you invest. Debt Securities may consist of debentures, notes or other types of debt and may be issuable in series. This prospectus may not be used to offer Debt Securities unless accompanied by a prospectus supplement. Our intended use for any net proceeds we expect to receive from the issue of Debt Securities will be set forth in a prospectus supplement.

Investing in the Debt Securities is subject to certain risks. See "Risk Factors" beginning on page 5 of this prospectus.

All information permitted under applicable securities laws to be omitted from this prospectus will be contained in one or more prospectus supplements that will be delivered to purchasers together with this prospectus. Each prospectus supplement will be deemed to be incorporated by reference into this prospectus as of the date of the prospectus supplement and only for the purposes of the distribution of the Debt Securities to which the prospectus supplement pertains.

Our principal executive office is located at 3 Times Square, New York, New York 10036, United States (telephone: 646-223-4000). Our registered office is located at Suite 400, 333 Bay Street, Toronto, Ontario M5H 2R2, Canada.

- certain other conditions are met. (Section 801)

In addition, no such amalgamation, consolidation, merger or transfer may be made if, as a result thereof, any of our property or assets would become subject to any mortgage or other encumbrance securing Debt, unless such mortgage or other encumbrance could be created pursuant to the provisions described under "— Negative Pledge" above without equally and ratably securing the Debt Securities or unless the Debt Securities are secured equally and ratably with, or prior to, the Debt secured by such mortgage or other encumbrance. (Section 803)

Discharge, Defeasance and Covenant Defeasance

We may discharge certain obligations to Holders of any series of Debt Securities issued under the trust indenture which have not already been delivered to the Trustee for cancellation and which have either become due and payable or are by their terms due and payable within one year (or scheduled for redemption within one year) by irrevocably depositing with the Trustee trust funds in an amount sufficient to pay the entire indebtedness on such Debt Securities for principal (and premium, if any) and interest to the date of such deposit (if such Debt Securities have become due and payable) or to the Stated Maturity or Redemption Date, as the case may be. (Section 401)

We may, at our option and at any time, elect to have our obligations discharged with respect to the Outstanding Debt Securities of or within any series, which we refer to as defeasance. Defeasance means that we shall be deemed to have paid and discharged the entire indebtedness represented by such Outstanding Debt Securities and to have satisfied our other obligations under the trust indenture with respect to such Debt Securities, except for:

- the rights of Holders of such Outstanding Debt Securities to receive solely from the trust fund described below payments in respect of the principal of (and premium, if any) and interest on such Debt Securities when such payments are due;

- our obligations with respect to such Debt Securities relating to the issuance of temporary securities, the registration, transfer and exchange of the Debt Securities, the replacement of mutilated, destroyed, lost or stolen Debt Securities, the maintenance of an office or agency in the applicable Place of Payment, the holding of money for security payments in trust and with respect to the payment of Additional Amounts, if any, pursuant to Section 301 of the trust indenture;

- the rights, powers, trusts, duties and immunities of the Trustee; and

- the defeasance provisions of the trust indenture.

We may, at our option and at any time, elect to be released from our obligations with respect to certain covenants that are described in the trust indenture (including those described under "— Negative Pledge" and "— Merger, Consolidation or Amalgamation" above), and we refer to this as "covenant defeasance," and any omission to comply with such obligations thereafter shall not constitute a default or an Event of Default with respect to such Debt Securities. (Sections 1401, 1402 and 1403)

In order to exercise either defeasance or covenant defeasance:

- we must irrevocably deposit with the Trustee (or other qualifying trustee), in trust, for the benefit of the Holders of such Debt Securities, cash, Government Obligations, or a combination thereof, in such amounts as will be sufficient, in the opinion of a nationally recognized firm of independent public accountants, to pay the principal of (and premium, if any) and interest on such Outstanding Debt Securities, and any mandatory sinking fund or analogous payments thereon, on the scheduled due dates therefor in the Currency in which such Debt Securities are then specified as payable at Stated Maturity;

- in the case of defeasance, we shall have delivered to the Trustee an Opinion of Counsel qualified to practice law in the United States stating that (x) we have received from, or there has been published by, the Internal Revenue Service a ruling or (y) since the date of the trust indenture, there has been a change in the applicable United States federal income tax law, in either case to the effect that, and based thereon such Opinion of Counsel shall confirm that, the Holders of such Debt Securities will not recognize income, gain or loss for United States federal income tax purposes as a result of such defeasance and will be subject to United States federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such defeasance had not occurred;

- in the case of covenant defeasance, we shall have delivered to the Trustee an Opinion of Counsel qualified to practice law in the United States to the effect that the Holders of such Debt Securities will not recognize income, gain or loss for United States federal income tax purposes as a result of such covenant defeasance and will be subject to United States federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such covenant defeasance had not occurred;

THOMSON REUTERS CORPORATION,
as Issuer

and

COMPUTERSHARE TRUST COMPANY OF CANADA,

as Trustee

and

DEUTSCHE BANK TRUST COMPANY AMERICAS,

as Trustee

Amended and Restated Indenture

Dated as of December 21, 2010

THOMSON REUTERS CORPORATION

Reconciliation and tie between Trust Indenture Act of 1939 and Amended and Restated Indenture, dated as of December 21, 2010

Trust Indenture Act Section	Indenture Section
§ 310(a)(1)	607
(a)(2)	607
(b)	606
§ 312(c)	701
§ 314(a)	703
(a)(4)	1004
(c)(1)	102
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(e)	102
§ 315(b)	502
§ 316(a)(last sentence)	101 ("Outstanding")
(a)(1)(A)	503, 513
(a)(1)(B)	514
(b)	509
(c)	104(e)
§ 317(a)(1)	504
(a)(2)	505
(b)	1003
§ 318(a)	111

Note: This reconciliation and tie shall not, for any purpose, be deemed to be a part of the Indenture.

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FORMS OF CERTIFICATION ..... EXHIBIT A

This AMENDED AND RESTATED INDENTURE is dated as of December 21, 2010 and is entered into between THOMSON REUTERS CORPORATION, a corporation duly organized and existing under the laws of the Province of Ontario, Canada (herein called the "**Company**"), having its principal office at 3 Times Square, New York, New York 10036, United States, Computershare Trust Company of Canada, a trust company incorporated under the laws of Canada, as trustee (herein called the "**Canadian Trustee**"), having its principal office at 100 University Avenue, 9th Floor , North Tower, Toronto, Ontario, M5J 2Y1, Canada, and Deutsche Bank Trust Company Americas, a New York banking corporation, as trustee (herein called the "**U.S. Trustee**"), having its principal office at 60 Wall Street, 27th Floor, MS NYC60 2710, New York, New York 10005, United States. The Canadian Trustee and the U.S. Trustee are also individually referred to in this Indenture as a "Trustee".

RECITALS OF THE COMPANY

The Company and the Canadian Trustee entered into a trust indenture dated as of November 20, 2001 (the "**Original Indenture**") providing for the creation and issuance from time to time of one or more series of the Company's unsecured debentures, notes or other evidences of indebtedness (herein called the "**Securities**"), which may be convertible into or exchangeable for any securities of any person (including the Company), to be issued in one or more series as provided therein.

The Company, the Canadian Trustee and the U.S. Trustee desire to amend and restate the Original Indenture to, among other things, reflect certain amendments made to the Original Indenture pursuant to the eighth supplemental indenture dated September 20, 2005 and the eleventh supplemental indenture dated May 29, 2008 and add alternative methods to deliver and receive notices and reports under the Indenture.

Section 901(9) of the Original Indenture provides that the Company, the Canadian Trustee and the U.S. Trustee may enter into one or more indentures supplemental to the Original Indenture to make certain provisions with respect to matters arising under the Original Indenture, provided that such action does not adversely affect the interests of the Holders of Securities of any series and any related coupons in any material respect.

The proposed amendments in this Indenture do not adversely affect the interests of the Holders of Securities of any series and any related coupons in any material respect.

The Company, the Canadian Trustee and the U.S. Trustee desire to amend and restate the Original Indenture in it entirety to reflect the proposed amendments and, upon becoming effective, this Indenture shall apply to all of the Securities Outstanding as of the date hereof.

This Indenture is subject to and shall be governed by the applicable provisions of the Trust Indenture Legislation.

All things necessary to make this Indenture a valid agreement of the Company, in accordance with its terms, have been done.

The foregoing recitals are made as representations and statements of fact by the Company and not by the Canadian Trustee or the U.S. Trustee.

NOW, THEREFORE, THIS INDENTURE WITNESSETH:

For and in consideration of the premises and the purchase of the Securities by the Holders thereof, it is mutually covenanted and agreed, for the equal and proportionate benefit of all Holders of the Securities or of series thereof, as follows:

ARTICLE ONE

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

SECTION 101. Definitions.

For all purposes of this Indenture, except as otherwise expressly provided or unless the context otherwise requires:

(1) the terms defined in this Article have the meanings assigned to them in this Article and include the plural as well as the singular;

(2) all other terms used herein which are defined in the Trust Indenture Act, either directly or by reference therein, have the meanings assigned to them therein, and the terms "cash transaction" and "self-liquidating paper", as used in TIA Section 311, shall have the meanings assigned to them in the rules of the Commission adopted under the Trust Indenture Act;

(3) all accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles, and, except as otherwise herein expressly provided, the term "generally accepted accounting principles" with respect to any computation required or permitted hereunder shall mean such accounting principles as are generally accepted at the date of such computation; and

(4) the words "herein", "hereof" and "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision.

Certain terms, used principally in Article Three, are defined in that Article.

"**Act**", when used with respect to any Holder, has the meaning specified in Section 104.

"**Additional Amounts**" has the meaning specified in Section 1005.

"**Affiliate**" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, "control" when used with respect to any specified Person means the power to direct the management and policies of such Person, directly or

indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"**Authenticating Agent**" means any Person appointed by the Trustee to act on behalf of the Trustee pursuant to Section 611 to authenticate Securities.

"**Authorized Newspaper**" means a newspaper, in the English language or in an official language of the country of publication, customarily published on each Business Day, whether or not published on Saturdays, Sundays or holidays, and of general circulation in each place in connection with which the term is used or in the financial community of each such place. Where successive publications are required to be made in Authorized Newspapers, the successive publications may be made in the same or in different newspapers in the same city meeting the foregoing requirements and in each case on any Business Day.

"**Bearer Security**" means any Security except a Registered Security.

"**Board of Directors**" means either the board of directors of the Company or any duly authorized committee of that board.

"**Board Resolution**" means a copy of a resolution certified by the Secretary or an Assistant Secretary of the Company to have been duly adopted by the Board of Directors and to be in full force and effect on the date of such certification and delivered to the Trustee.

"**branch register**" has the meaning specified in Section 305.

"**branch security registrar**" has the meaning specified in Section 305.

"**Business Day**", when used with respect to any Place of Payment or any other location referred to in this Indenture, expressly or impliedly, which shall include Toronto, Ontario, New York, New York and London England, hereunder, or in the Securities, means, unless otherwise specified with respect to any Securities pursuant to Section 301, each Monday, Tuesday, Wednesday, Thursday and Friday which is not a day on which banking institutions in that Place of Payment or other such location are authorized or obligated by law or executive order to close.

"**Canadian Trustee**" means the Person named as the "Canadian Trustee" in the first paragraph of this Indenture until a successor Canadian Trustee shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "Canadian Trustee" shall mean or include each Person who is then a Trustee hereunder.

"**Central Register**" has the meaning specified in Section 305.

"**Central Security Registrar**" has the meaning specified in Section 305.

"**Clearstream**" means Clearstream Banking, société anonyme, or its successor.

"**Commission**" means the U.S. Securities and Exchange Commission, as from time to time constituted, created under the Securities Exchange Act of 1934, or, if at any time after the execution of this Indenture such Commission is not existing and performing the duties

now assigned to it under the Trust Indenture Act, then the body performing such duties at such time.

"**Common Depositary**" has the meaning specified in Section 304.

"**Company**" means the Person named as the "Company" in the first paragraph of this Indenture until a successor Person shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "Company" shall mean such successor Person.

"**Company Request**" or "**Company Order**" means a written request or order signed in the name of the Company by its Chairman, its Deputy Chairman, President or a Vice President, and by its Treasurer or an Assistant Treasurer, its Secretary or an Assistant Secretary and delivered to the Trustee.

"**Component Currency**" has the meaning specified in Section 312.

"**Consolidated Shareholders' Equity**" means the aggregate of the stated capital accounts for all outstanding shares of the Company and the amount of consolidated surplus of the Company and its Subsidiaries, whether paid in, earned, or otherwise arrived at, as such consolidated surplus is shown on the then most recent consolidated balance sheet of the Company but, in any event, as of a date within 150 days of the date of determination, and computed in accordance with GAAP.

"**Conversion Date**" has the meaning specified in Section 312(d).

"**Conversion Event**" means the cessation of use of (i) a Foreign Currency (other than the Euro or other Currency unit) both by the government of the country which issued such Currency and by a central bank or other public institution of or within the international banking community for the settlement of transactions, (ii) the Euro or (iii) any Currency unit (or composite Currency) other than the Euro for the purposes for which it was established.

"**Corporate Trust Office**" means the principal corporate trust office of the Trustee, at which at any particular time its corporate trust business shall be administered, which office on the date of execution of this Indenture is the applicable address specified in the first paragraph of this Indenture, except that with respect to presentation of Securities for payment or for registration of transfer or exchange, such term shall mean the office or agency of the Trustee at which, at any particular time, its corporate agency business shall be conducted.

"**corporation**" includes corporations, associations, companies and business trusts.

"**coupon**" means any interest coupon appertaining to a Bearer Security.

"**covenant defeasance**" has the meaning specified in Section 1403.

"**Currency**" means any currency or currencies, composite currency or currency unit or currency units, including, without limitation, the Euro, issued by the government of one or more countries or by any recognized confederation or association of such governments.

"**Debt**" means notes, bonds, debentures or other similar evidences of indebtedness for money borrowed.

"**Default**" means any event which is, or after notice or passage of time or both would be, an Event of Default with respect to Securities of a certain series.

"**Defaulted Interest**" has the meaning specified in Section 307.

"**defeasance**" has the meaning specified in Section 1402.

"**Depositary**" means with respect to the Securities of any series issuable or issued in the form of one or more Registered Securities, the Person designated as Depositary by the Company pursuant to Section 305 until a successor Depositary shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "Depositary" shall mean or include each Person who is then a Depositary hereunder, and if at any time there is more than one such Person, "Depositary" as used with respect to the Securities of any such series shall mean the Depositary with respect to the Registered Securities of that series.

"**Dollar**" or "**$**" means a dollar or other equivalent unit in such coin or Currency of the United States of America as at the time shall be legal tender for the payment of public and private debts.

"**Dollar Equivalent of the Currency Unit**" has the meaning specified in Section 312(g).

"**Dollar Equivalent of the Foreign Currency**" has the meaning specified in Section 312(f).

"**Election Date**" has the meaning specified in Section 312(h).

"**Euro**" means the single Currency of the participating member states from time to time of the European Union described in legislation of the European Counsel for the Operation of a single unified European Currency (whether known as the Euro or otherwise).

"**Euroclear**" means Euroclear Bank S.A./N.V., or its successor as operator of the Euroclear System.

"**Event of Default**" has the meaning specified in Section 501.

"**Exchange Date**" has the meaning specified in Section 304.

"**Exchange Rate Agent**" means, with respect to Securities of or within any series, unless otherwise specified with respect to any Securities pursuant to Section 301, a New York Clearing House bank, designated pursuant to Section 301 or Section 313.

"**Exchange Rate Officer's Certificate**" means a tested telex or a certificate setting forth (i) the applicable Market Exchange Rate and (ii) the Dollar or Foreign Currency amounts of principal (and premium, if any) and interest, if any (on an aggregate basis and on the basis of a Security having the lowest denomination principal amount determined in accordance with Section 302 in the relevant Currency), payable with respect to a Security of any series on

the basis of such Market Exchange Rate, sent (in the case of a telex) or signed (in the case of a certificate) by the Treasurer, any Vice President or any Assistant Treasurer of the Company.

"**Extension Notice**" has the meaning specified in Section 308.

"**Extension Period**" has the meaning specified in Section 308.

"**First Currency**" has the meaning specified in Section 115.

"**Foreign Currency**" means any Currency other than Currency of the United States.

"**Funded Obligation**" means any Debt, the principal amount of which by its terms is not payable on demand and the due date of payment of which, after giving effect to any right of extension or renewal exercisable unilaterally on the part of the obligor, is more than 18 months from the date of the creation, issue or incurring of the same.

"**GAAP**" means generally accepted accounting principles which are in effect from time to time in Canada (or, if the Corporation hereafter determines to prepare its principal consolidated financial statements in accordance with generally accepted accounting principles which are in effect from time to time in the United States, such principles).

"**Government Obligations**" means, unless otherwise specified with respect to any series of Securities pursuant to Section 301, securities which are (i) direct obligations of the government which issued the Currency in which the Securities of a particular series are payable or (ii) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the government which issued the Currency in which the Securities of such series are payable, the payment of which is unconditionally guaranteed by such government, which, in either case, are full faith and credit obligations of such government payable in such Currency and are not callable or redeemable at the option of the issuer thereof and shall also include a depository receipt issued by a bank or trust company as custodian with respect to any such Government Obligation or a specific payment of interest on or principal of any such Government Obligation held by such custodian for the account of the holder of a depository receipt; provided that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount received by the custodian in respect of the Government Obligation or the specific payment of interest or principal of the Government Obligation evidenced by such depository receipt.

"**Guarantee**" means any guarantee, indemnity or similar obligation.

"**Holder**" means, in the case of a Registered Security, the Person in whose name a Security is registered in the Security Register and, in the case of a Bearer Security, the bearer thereof and, when used with respect to any coupon, shall mean the bearer thereof.

"**Indenture**" means this instrument as originally executed and as it may from time to time be supplemented or amended by one or more indentures supplemental hereto entered into pursuant to the applicable provisions hereof, and shall include the terms of particular series of Securities established as contemplated by Section 301; provided, however, that, if at any time more than one Person is acting as Trustee under this instrument, "Indenture" shall mean, with

respect to any one or more series of Securities for which such Person is Trustee, this instrument as originally executed or as it may from time to time be supplemented or amended by one or more indentures supplemental hereto entered into pursuant to the applicable provisions hereof and shall include the terms of particular series of Securities for which such Person is Trustee established as contemplated by Section 301, exclusive, however, of any provisions or terms which relate solely to other series of Securities for which such Person is not Trustee, regardless of when such terms or provisions were adopted, and exclusive of any provisions or terms adopted by means of one or more indentures supplemental hereto executed and delivered after such Person had become such Trustee but to which such Person, as such Trustee, was not a party.

"**Indexed Security**" means a Security the terms of which provide that the principal amount thereof payable at Stated Maturity may be more or less than the principal face amount thereof at original issuance.

"**interest**", when used with respect to an Original Issue Discount Security which by its terms bears interest only after Maturity, means interest payable after Maturity at the rate prescribed in such Original Issue Discount Security.

"**Interest Payment Date**", when used with respect to any Security, means the Stated Maturity of an installment of interest on such Security.

"**Judgment Currency**" has the meaning specified in Section 114.

"**Lien**" means, with respect to any properties or assets, any mortgage or deed of trust, pledge, hypothecation, assignment, security interest, lien, charge, encumbrance, preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever on or with respect to such properties or assets (including, without limitation, any conditional sale or other title retention agreement having substantially the same economic effect as any of the foregoing).

"**mandatory sinking fund payment**" has the meaning specified in Section 1201.

"**Market Exchange Rate**" means, unless otherwise specified with respect to any Securities pursuant to Section 301, (i) for any conversion involving a Currency unit on the one hand and Dollars or any Foreign Currency on the other, the exchange rate between the relevant Currency unit and Dollars or such Foreign Currency calculated by the method specified pursuant to Section 301 for the Securities of the relevant series, (ii) for any conversion of Dollars into any Foreign Currency, the noon (New York City time) buying rate for such Foreign Currency for cable transfers quoted in New York City as certified for customs purposes by the Federal Reserve Bank of New York and (iii) for any conversion of one Foreign Currency into Dollars or another Foreign Currency, the spot rate at noon local time in the relevant market at which, in accordance with normal banking procedures, the Dollars or Foreign Currency into which conversion is being made could be purchased with the Foreign Currency from which conversion is being made from major banks located in either New York City, Toronto, London or any other principal market for Dollars or such purchased Foreign Currency, in each case determined by the Exchange Rate Agent. Unless otherwise specified with respect to any Securities pursuant to Section 301, in the event of the unavailability of any of the exchange rates provided for in the foregoing clauses (i), (ii) and (iii), the Exchange Rate Agent shall use, in its sole discretion and without liability on its part, such quotation of the Federal Reserve Bank of New York as of the

most recent available date, or quotations from one or more major banks in New York City, Toronto, London or another principal market for the Currency in question, or such other quotations as the Exchange Rate Agent shall deem appropriate. Unless otherwise specified by the Exchange Rate Agent, if there is more than one market for dealing in any Currency by reason of foreign exchange regulations or otherwise, the market to be used in respect of such Currency shall be that upon which a non-resident issuer of securities designated in such Currency would purchase such Currency in order to make payments in respect of such securities.

"**Material Subsidiary**" means any Subsidiary of the Company the revenues of which for the 12 months ending at the end of the most recently completed fiscal year of such Subsidiary represent 5% or more of the revenues of the Company and its consolidated Subsidiaries taken as a whole for the 12 months ending at the end of the most recently completed fiscal year of the Company, or the gross assets of which as at the end of the most recently completed fiscal year of such Subsidiary represent 5% or more of the gross assets of the Company and its consolidated Subsidiaries taken as a whole as at the end of the most recently completed fiscal year of the Company, calculated in each case in accordance with GAAP.

"**Maturity**", when used with respect to any Security, means the date on which the principal of such Security or an installment of principal becomes due and payable as therein or herein provided, whether at the Stated Maturity or by declaration of acceleration, notice of redemption, notice of option to elect repayment or otherwise.

"**Officer's Certificate**" means a certificate signed by the Chairman, Deputy Chairman, the President or a Vice President, and by the Treasurer, an Assistant Treasurer, the Secretary or an Assistant Secretary of the Company, and delivered to the Trustee.

"**Opinion of Counsel**" means a written opinion of counsel containing the information specified in Section 102, who may be counsel for the Company, including an employee of the Company (except in the case of an Opinion of Counsel delivered pursuant to Sections 1108 or 1404 or as otherwise provided), and who shall be acceptable to the Trustee.

"**Optional Reset Date**" has the meaning specified in Section 307.

"**optional sinking fund payment**" has the meaning specified in Section 1201.

"**Original Indenture**" means the indenture between the Company and the Canadian Trustee dated as of November 20, 2001 as it was originally executed.

"**Original Issue Discount Security**" means any Security which provides for an amount less than the principal amount thereof to be due and payable upon a declaration of acceleration of the Maturity thereof pursuant to Section 503.

"**Original Stated Maturity**" has the meaning specified in Section 308.

"**Other Currency**" has the meaning specified in Section 115.

"**Outstanding**", when used with respect to Securities, means, as of the date of determination, all Securities theretofore authenticated and delivered under this Indenture, <u>except</u>:

(i) Securities theretofore cancelled by the Trustee or delivered to the Trustee for cancellation;

(ii) Securities, or portions thereof, for whose payment or redemption or repayment at the option of the Holder money in the necessary amount has been theretofore deposited with the Trustee or any Paying Agent (other than the Company) in trust or set aside and segregated in trust by the Company (if the Company shall act as its own Paying Agent) for the Holders of such Securities and any coupons appertaining thereto; provided that, if such Securities are to be redeemed, notice of such redemption has been duly given pursuant to this Indenture or provision therefor satisfactory to the Trustee has been made;

(iii) Securities, except to the extent provided in Sections 1402 and 1403, with respect to which the Company has effected defeasance and/or covenant defeasance as provided in Article Fourteen; and

(iv) Securities which have been paid pursuant to Section 306 or in exchange for or in lieu of which other Securities have been authenticated and delivered pursuant to this Indenture, other than any such Securities in respect of which there shall have been presented to the Trustee proof satisfactory to it that such Securities are held by a bona fide purchaser in whose hands such Securities are valid obligations of the Company;

provided, however, that in determining whether the Holders of the requisite principal amount of the Outstanding Securities have given any request, demand, authorization, direction, notice, consent or waiver hereunder or are present at a meeting of Holders for quorum purposes, and for the purpose of making the calculations required by Trust Indenture Legislation, (i) the principal amount of an Original Issue Discount Security that may be counted in making such determination or calculation and that shall be deemed to be Outstanding for such purpose shall be equal to the amount of principal thereof that would be (or shall have been declared to be) due and payable, at the time of such determination, upon a declaration of acceleration of the maturity thereof pursuant to Section 503, (ii) the principal amount of any Security denominated in a Foreign Currency that may be counted in making such determination or calculation and that shall be deemed Outstanding for such purpose shall be equal to the Dollar equivalent, determined as of the date such Security is originally issued by the Company as set forth in an Exchange Rate Officer's Certificate delivered to the Trustee, of the principal amount (or, in the case of an Original Issue Discount Security, the Dollar equivalent as of such date of original issuance of the amount determined as provided in clause (i) above) of such Security, (iii) the principal amount of any Indexed Security that may be counted in making such determination or calculation and that shall be deemed Outstanding for such purpose shall be equal to the principal face amount of such Indexed Security at original issuance, unless otherwise provided with respect to such Security pursuant to Section 301, and (iv) Securities owned by the Company or any other obligor upon the Securities or any Affiliate of the Company or of such other obligor shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Trustee shall be protected in making such calculation or in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Securities which are certified to the Trustee as so owned shall be disregarded. Securities so owned which have been pledged in good faith may be regarded as Outstanding if the pledgee establishes to the satisfaction of the Trustee the pledgee's right so to act with respect to such Securities and that the pledgee is not the Company or any other obligor upon the Securities or any Affiliate of the Company or such other obligor.

"**pari passu**", when used with respect to the ranking of any Debt of any Person in relation to other Debt of such Person, means that each such Debt (a) either (i) is not subordinated in right of payment to any other Debt of such Person or (ii) is subordinate in right of payment to the same Debt of such Person as is the other and is so subordinate to the same extent and (b) is not subordinate in right of payment to the other or to any Debt of such Person as to which the other is not so subordinate.

"**Paying Agent**" means any Person (including the Company acting as Paying Agent) authorized by the Company to pay the principal of (or premium, if any) or interest, if any, on any Securities on behalf of the Company.

"**Person**" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

"**Place of Payment**" means, when used with respect to the Securities of or within any series, the place or places where the principal of (and premium, if any) and interest, if any, on such Securities are payable as specified as contemplated by Sections 301 and 1002.

"**Predecessor Security**" of any particular Security means every previous Security evidencing all or a portion of the same debt as that evidenced by such particular Security; and, for the purposes of this definition, any Security authenticated and delivered under Section 306 in exchange for or in lieu of a mutilated, destroyed, lost or stolen Security or a Security to which a mutilated, destroyed, lost or stolen coupon appertains shall be deemed to evidence the same debt as the mutilated, destroyed, lost or stolen Security or the Security to which the mutilated, destroyed, lost or stolen coupon appertains, as the case may be.

"**Privacy Laws**" has the meaning specified in Section 618.

"**Redemption Date**", when used with respect to any Security to be redeemed, in whole or in part, means the date fixed for such redemption by or pursuant to this Indenture.

"**Redemption Price**", when used with respect to any Security to be redeemed, means the price at which it is to be redeemed pursuant to this Indenture.

"**Registered Security**" means any Security registered in the Security Register.

"**Regular Record Date**" for the interest payable on any Interest Payment Date on the Registered Securities of or within any series means the date, if any, specified for that purpose as contemplated by Section 301.

"**Repayment Date**" means, when used with respect to any Security to be repaid in whole or in part at the option of the Holder, the date fixed for such repayment pursuant to this Indenture.

"**Repayment Price**" means, when used with respect to any Security to be repaid at the option of the Holder, the price at which it is to be repaid pursuant to this Indenture.

"**Required Currency**" has the meaning specified in Section 114.

"**Reset Notice**" has the meaning specified in Section 307.

"**Responsible Officer**", when used with respect to the Trustee, means the chairman or any vice-chairman of the board of directors, the chairman or any vice-chairman of the executive committee of the board of directors, the chairman of the trust committee, the president, any vice president, the secretary, any assistant secretary, the treasurer, any assistant treasurer, the cashier, any assistant cashier, any trust officer or assistant trust officer, the controller or any assistant controller or any other officer of the Trustee customarily performing functions similar to those performed by any of the above-designated officers, and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject.

"**Secretary**", when used with respect to the Company, shall include the Secretary to the Board of Directors.

"**Securities**" has the meaning stated in the first recital of this Indenture and more particularly means any Securities authenticated and delivered under this Indenture; provided, however, that if at any time there is more than one Person acting as Trustee under this Indenture, "Securities" with respect to the Indenture as to which such Person is Trustee shall have the meaning stated in the first recital of this Indenture and shall more particularly mean Securities authenticated and delivered under this Indenture, exclusive, however, of Securities of any series as to which such Person is not Trustee.

"**Security Interest**" means any mortgage, pledge, lien, encumbrance, conditional sale or other title retention agreement, or other similar security interest.

"**Security Register**" and "**Security Registrar**" have the respective meanings specified in Section 305.

A **"series"** of Securities means all Securities denoted as part of the same series authorized by or pursuant to a particular Board Resolution as the case may be.

"**Special Record Date**" for the payment of any Defaulted Interest on the Registered Securities of or within any series means a date fixed by the Trustee pursuant to Section 307.

"**Specified Amount**" has the meaning specified in Section 312(h).

"**Stated Maturity**", when used with respect to any Security or any installment of principal thereof or interest thereon, means the date specified in such Security or a coupon representing such installment of interest as the fixed date on which the principal of such Security or such installment of principal or interest is due and payable, as such date may be extended pursuant to the provisions of Section 308.

"**Subsequent Interest Period**" has the meaning specified in Section 307.

"**Subsidiary**" means any corporation, limited liability company, partnership, association or other entity (whether incorporated or unincorporated) of which at the time of

determination the Company, directly and/or indirectly, through one or more Subsidiaries, owns more than 50% of the shares or interests of Voting Stock/Interests of such entity.

"**Taxes**" has the meaning specified in Section 1005.

"**Trust Indenture Act**" or "**TIA**" means the Trust Indenture Act of 1939 as in force at the date as of which this Indenture was executed, except as provided in Section 905.

"**Trust Indenture Legislation**" means, at any time, statutory provisions relating to trust indentures and the rights, duties, and obligations of trustees under trust indentures and of corporations issuing debt obligations under trust indentures to the extent that such provisions are at such time in force and applicable to this Indenture, and at the date of this Indenture means (i) in respect of Securities of any series offered solely in Canada and not concurrently in the United States, the applicable provisions of the Business Corporations Act (Ontario) and the regulations thereunder as amended or re-enacted from time to time and (ii) in respect of Securities of any series offered solely in the United States and not concurrently in Canada or offered concurrently in the United States and Canada, the Trust Indenture Act and the regulations thereunder.

"**Trustee**" means the Person named as the "Trustee" in the first paragraph of this Indenture until a successor Trustee shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "Trustee" shall mean or include each Person who is then a Trustee hereunder; provided, however, that if at any time there is more than one such Person, "Trustee" as used with respect to the Securities of any series shall mean only the Trustee with respect to Securities of that series.

"**U.S. Trustee**" means the Person named as the "U.S. Trustee" in the first paragraph of this Indenture until a successor U.S. Trustee shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "U.S. Trustee" shall mean or include each Person who is then a Trustee hereunder.

"**United States**" means, unless otherwise specified with respect to any Securities pursuant to Section 301, the United States of America (including the states and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction.

"**Valuation Date**" has the meaning specified in Section 312(c).

"**Vice President**", when used with respect to the Company or the Trustee, means any vice president, whether or not designated by a number or a word or words added before or after the title "vice president".

"**Voting Stock/Interests**" means stock or interests of the class or classes having general voting power under ordinary circumstances to elect at least a majority of the board of directors, managers, partners or trustees of a Subsidiary (irrespective of whether or not at the time stock or interests of any other class or classes shall have or might have voting power by reason of the happening of any contingency).

"**Yield to Maturity**" means the yield to maturity, computed at the time of issuance of a Security (or, if applicable, at the most recent redetermination of interest on such

Security) and as set forth in such Security in accordance with generally accepted United States bond yield computation principles.

SECTION 102. Compliance Certificates and Opinions.

Upon any application or request by the Company to the Trustee to take any action under any provision of this Indenture, the Company shall furnish to the Trustee an Officer's Certificate stating that all conditions precedent, if any, provided for in this Indenture (including any covenant compliance with which constitutes a condition precedent) relating to the proposed action have been complied with and an Opinion of Counsel stating that in the opinion of such counsel all such conditions precedent, if any, have been complied with, except that in the case of any such application or request as to which the furnishing of such documents is specifically required by any provision of this Indenture relating to such particular application or request, no additional certificate or opinion need be furnished.

Every certificate or opinion with respect to compliance with a covenant or condition provided for in this Indenture (other than pursuant to Section 1004) shall include:

(1) a statement that each individual signing such certificate or opinion has read such covenant or condition and the definitions herein relating thereto;

(2) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(3) a statement that, in the opinion of each such individual, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(4) a statement as to whether, in the opinion of each such individual, such covenant or condition has been complied with.

SECTION 103. Form of Documents Delivered to Trustee.

(a) In any case where several matters are required to be certified by, or covered by an opinion of, any specified Person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

(b) Any certificate or opinion of an officer of the Company may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless such officer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to the matters upon which his certificate or opinion is based are erroneous. Any such certificate or Opinion of Counsel may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, an officer or officers of the Company stating that the information with respect to such factual matters is in the possession of the Company, unless such counsel knows, or in the exercise of

reasonable care should know, that the certificate or opinion or representations with respect to such matters are erroneous.

(c) Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

SECTION 104. Acts of Holders.

(a) Any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Indenture to be given or taken by Holders of the Outstanding Securities of all series or one or more series, as the case may be, may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Holders in person or by agents duly appointed in writing. If Securities of a series are issuable as Bearer Securities, any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Indenture to be given or taken by Holders of such series may, alternatively, be embodied in and evidenced by the record of Holders of Securities of such series voting in favor thereof, either in person or by proxies duly appointed in writing, at any meeting of Holders of Securities of such series duly called and held in accordance with the provisions of Article Fifteen, or a combination of such instruments and any such record. Except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments or record or both are delivered to the Trustee and, where it is hereby expressly required, to the Company. Such instrument or instruments and any such record (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the "**Act**" of the Holders signing such instrument or instruments or so voting at any such meeting. Proof of execution of any such instrument or of a writing appointing any such agent, or of the holding by any Person of a Security, shall be sufficient for any purpose of this Indenture and conclusive in favor of the Trustee and the Company, if made in the manner provided in this Section. The record of any meeting of Holders of Securities shall be proved in the manner provided in Section 1506.

(b) The fact and date of the execution by any Person of any such instrument or writing may be proved by the affidavit of a witness of such execution or by a certificate of a notary public or other officer authorized by law to take acknowledgments of deeds, certifying that the individual signing such instrument or writing acknowledged to him the execution thereof. Where such execution is by a signer acting in a capacity other than his individual capacity, such certificate or affidavit shall also constitute sufficient proof of authority. The fact and date of the execution of any such instrument or writing, or the authority of the Person executing the same, may also be proved in any other manner which the Trustee deems sufficient.

(c) The principal amount and serial numbers of Registered Securities held by any Person, and the date of holding the same, shall be proved by the Security Register.

(d) The principal amount and serial numbers of Bearer Securities held by any Person, and the date of holding the same, may be proved by the production of such Bearer Securities or by a certificate executed, as depositary, by any trust company, bank, banker or other depositary, wherever situated, if such certificate shall be deemed by the Trustee to be satisfactory, showing that at the date therein mentioned such Person had on deposit with such depositary, or exhibited to it, the Bearer Securities therein described; or such facts may be proved by the certificate or affidavit of the Person holding such Bearer Securities, if such

certificate or affidavit is deemed by the Trustee to be satisfactory. The Trustee and the Company may assume that such ownership of any Bearer Security continues until (1) another certificate or affidavit bearing a later date issued in respect of the same Bearer Security is produced, or (2) such Bearer Security is produced to the Trustee by some other Person, or (3) such Bearer Security is surrendered in exchange for a Registered Security, or (4) such Bearer Security is no longer Outstanding. The principal amount and serial numbers of Bearer Securities held by any Person, and the date of holding the same, may also be proved in any other manner that the Trustee deems sufficient.

(e) If the Company shall solicit from the Holders of Registered Securities any request, demand, authorization, direction, notice, consent, waiver or other Act of Holders , the Company may, at its option, by or pursuant to a Board Resolution, fix in advance a record date for the determination of Holders entitled to give such request, demand, authorization, direction, notice, consent, waiver or other Act of Holders, but the Company shall have no obligation to do so. Notwithstanding Trust Indenture Legislation, such record date shall be the record date specified in or pursuant to such Board Resolution, which shall be a date not earlier than the date 30 days prior to the first solicitation of Holders generally in connection therewith and not later than the date such solicitation is completed. If such a record date is fixed, such request, demand, authorization, direction, notice, consent, waiver or other Act of Holders may be given before or after such record date, but only the Holders of record at the close of business on such record date shall be deemed to be Holders for the purposes of determining whether Holders of the requisite proportion of Outstanding Securities have authorized or agreed or consented to such request, demand, authorization, direction, notice, consent, waiver or other Act of Holders, and for that purpose the Outstanding Securities shall be computed as of such record date; provided that no such request, demand, authorization, direction, notice, consent, waiver or other Act of Holders on such record date shall be deemed effective unless it shall become effective pursuant to the provisions of this Indenture not later than eleven months after the record date.

(f) Any request, demand, authorization, direction, notice, consent, waiver or other Act of the Holder of any Security shall bind every future Holder of the same Security and the Holder of every Security issued upon the registration of transfer thereof or in exchange therefor or in lieu thereof in respect of anything done, omitted or suffered to be done by the Trustee or the Company in reliance thereon, whether or not notation of such action is made upon such Security.

SECTION 105. Notices, etc. to Trustee and Company.

Any request, demand, authorization, direction, notice, consent, waiver or Act of Holders or other documents provided or permitted by this Indenture to be made upon, given or furnished to, or filed with,

(1) the Canadian Trustee by the U.S. Trustee, any Holder or by the Company shall be sufficient for every purpose hereunder if delivered to an officer of the Trustee at Computershare Trust Company of Canada, 100 University Avenue, 9th floor, North Tower, Toronto, Ontario, M5J 2Y1, Canada, Attention: Manager Corporate Trust Services, or if sent by facsimile transmission (with receipt confirmed) to Computershare Trust Company of Canada, Attention: Manager, Corporate Trust Services at (416) 981-9777, shall be deemed to be validly given at the time of delivery or transmission if it is

received prior to 4:00 p.m. (New York City time) on a Business Day, failing which it shall be deemed to have been given on the next Business Day. Notice to the Canadian Trustee may also be provided by e-mail at corporatetrust.toronto@computershare.com so long as the Canadian Trustee confirms its receipt of the e-mail by return reply, and the time of delivery shall be the time such return reply is sent by the Canadian Trustee. The Canadian Trustee may from time to time notify the Company of a change in address, e-mail address or facsimile number which thereafter, until changed by like notice, shall be the address, e-mail address or facsimile number of the Canadian Trustee for the purposes of this Indenture.

(2) the U.S. Trustee by the Canadian Trustee, any Holder or by the Company shall be sufficient for every purpose under the Indenture if delivered to an officer of the U.S. Trustee at 60 Wall Street, 27th Floor, MS NYC60 2710, New York, New York 10005, United States, Attention: Trust and Securities Services, or if sent by facsimile transmission (with receipt confirmed) to Deutsche Bank Trust Company Americas, Attention: Trust and Securities Services at (732) 578-4635, shall be deemed to be validly given at the time of delivery or transmission if it is received prior to 4:00 p.m. (New York City time) on a Business Day, failing which it shall be deemed to have been given on the next Business Day. The U.S. Trustee may from time to time notify the Company of a change in address or facsimile number which thereafter, until changed by like notice, shall be the address or facsimile number of the U.S. Trustee for the purposes of the Indenture.

(3) the Company by a Trustee or by any Holder shall be sufficient for every purpose hereunder if delivered to the Company at Thomson Reuters, 3 Times Square, New York, New York 10036, United States, Attention: Treasurer, with a copy at the same address to the attention of the General Counsel, shall be deemed to be validly given at the time of delivery if it is received prior to 4:00 p.m. (New York City time) on a Business Day, failing which it shall be deemed to have been given on the next Business Day. Notice to the Company may also be provided by e-mail at legal@thomsonreuters.com so long as the Company confirms its receipt of the e-mail by return reply, and the time of delivery shall be the time such return reply is sent by the Company. The Company may from time to time notify the Trustee of a change in address or e-mail address which thereafter, until changed by like notice, shall be the address or e-mail address of the Company for the purposes of this Indenture.

SECTION 106. Notice to Holders; Waiver.

(a) Other than as set forth in Section 106(b), where this Indenture provides for notice of any event to Holders of Registered Securities by the Company or the Trustee, such notice shall be sufficiently given to each such Holder affected by such event (unless otherwise herein expressly provided) if in writing and (i) mailed, first-class postage prepaid; or (ii) delivered by certified or registered mail or overnight courier. Notice shall be given to a Holder at its address as it appears in the Security Register as reflected in the Trustee's records or as provided by a Holder to the Trustee or the Company, not later than the latest date, and not earlier than the earliest date, prescribed for the giving of such notice. Neither the failure to mail, deliver or send such notice, nor any defect in any notice so mailed, delivered or sent to any particular Holder shall affect the sufficiency of such notice with respect to other Holders of Registered

Securities or the sufficiency of any notice to Holders of Bearer Securities given as provided. Any notice mailed, delivered or sent to a Holder in the manner herein prescribed shall be conclusively deemed to have been received by such Holder, whether or not such Holder actually receives such notice.

(b) Where this Indenture provides for notice of any event to a Holder of a global Security, such notice shall be sufficiently given if given to the Depositary for such Security (or its designee) in writing and (i) delivered in person; or (ii) sent by e-mail, so long as such Depositary confirms his receipt of the e-mail by return reply. Notice shall be given to such Depositary at its address as it appears in the Security Register or its e-mail address as reflected in the Trustee's records or as provided by the Depositary to the Trustee or the Company, not later than the latest date, and not earlier than the earliest date, prescribed for the giving of such notice.

(c) In case, by reason of the suspension of or irregularities in regular mail service or by reason of any other cause, it shall be impractical to mail notice of any event to Holders of Registered Securities when such notice is required to be given pursuant to any provision of this Indenture, then any manner of giving such notice as shall be satisfactory to the Trustee shall be deemed to be sufficient giving of such notice for every purpose hereunder.

(d) Except as otherwise expressly provided herein or otherwise specified with respect to any Securities pursuant to Section 301, where this Indenture provides for notice to Holders of Bearer Securities of any event, such notice shall be sufficiently given to Holders of Bearer Securities if published in an Authorized Newspaper in The City of New York and in such other city or cities as may be specified in such Securities on a Business Day at least twice, the first such publication to be not earlier than the earliest date, and not later than the latest date, prescribed for the giving of such notice. Any such notice shall be deemed to have been given on the date of the first such publication.

(e) In case, by reason of the suspension of publication of any Authorized Newspaper or Authorized Newspapers or by reason of any other cause, it shall be impracticable to publish any notice to Holders of Bearer Securities as provided above, then such notification to Holders of Bearer Securities as shall be given with the approval of the Trustee shall constitute sufficient notice to such Holders for every purpose hereunder. Neither the failure to give notice by publication to Holders of Bearer Securities as provided above, nor any defect in any notice so published, shall affect the sufficiency of such notice with respect to other Holders of Bearer Securities or the sufficiency of any notice to Holders of Registered Securities given as provided herein.

(f) Any request, demand, authorization, direction, notice, consent or waiver required or permitted under this Indenture shall be in the English language, except that any published notice may be in an official language of the country of publication.

(g) Where this Indenture provides for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Holders shall be filed with the Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

SECTION 107. Effect of Headings and Table of Contents.

The Article and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

SECTION 108. Successors and Assigns.

All covenants and agreements in this Indenture by the Company shall bind its successors and assigns, whether so expressed or not.

SECTION 109. Separability Clause.

In case any provision in this Indenture or in any Security or coupon shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

SECTION 110. Benefits of Indenture.

Nothing in this Indenture or in the Securities or coupons, express or implied, shall give to any Person, other than the parties hereto, any Authenticating Agent, any Paying Agent, any Securities Registrar and their successors hereunder and the Holders of Securities or coupons, any benefit or any legal or equitable right, remedy or claim under this Indenture.

SECTION 111. Governing Law.

This Indenture and the Securities and coupons shall be governed by and construed in accordance with the law of the State of New York. This Indenture is subject to the provisions of the Trust Indenture Legislation and shall, to the extent applicable, be governed by such provisions.

SECTION 112. Legal Holidays.

In any case where any Interest Payment Date, Redemption Date, sinking fund payment date or Stated Maturity or Maturity of any Security shall not be a Business Day at any Place of Payment or other location contemplated hereunder, then (notwithstanding any other provision of this Indenture or of any Security or coupon other than a provision in the Securities of any series which specifically states that such provision shall apply in lieu of this Section), payment of principal (or premium, if any) or interest, if any, need not be made at such Place of Payment or other location contemplated hereunder on such date, but may be made on the next succeeding Business Day at such Place of Payment or other location contemplated hereunder with the same force and effect as if made on the Interest Payment Date or Redemption Date or sinking fund payment date, or at the Stated Maturity or Maturity; provided that no interest shall accrue for the period from and after such Interest Payment Date, Redemption Date, sinking fund payment date, Stated Maturity or Maturity, as the case may be.

SECTION 113. Agent for Service; Submission to Jurisdiction; Waiver of Immunities.

(a) By the execution and delivery of this Indenture, the Company (i) acknowledges that it has irrevocably designated and appointed Thomson Reuters Holdings Inc., 3 Times Square, New York, New York 10036, as its authorized agent upon which process may be served in any suit or proceeding arising out of or relating to the Securities or this Indenture that may be instituted in any federal or state court in the City of New York or brought under federal or state securities laws or brought by the Trustee (whether in its individual capacity or in its capacity as Trustee hereunder), (ii) submits to the non-exclusive jurisdiction of any such court in any such suit or proceeding, and (iii) agrees that service of process upon Thomson Reuters Holdings Inc. and written notice of said service to the Company (mailed or delivered to the Company, attention: General Counsel, at its principal office specified in the first paragraph of this Indenture and in the manner specified in Section 105 hereof), shall be deemed in every respect effective service of process upon the Company in any such suit or proceeding. The Company further agrees to take any and all action, including the execution and filing of any and all such documents and instruments, as may be necessary to continue such designation and appointment of Thomson Reuters Holdings Inc. in full force and effect so long as any of the Securities shall be outstanding.

(b) To the extent that the Company has or hereafter may acquire any immunity from jurisdiction of any court or from any legal process (whether through service of notice, attachment prior to judgment, attachment in aid of execution, execution or otherwise) with respect to itself or its property, the Company hereby irrevocably waives such immunity in respect of its obligations under this Indenture and the Securities, to the extent permitted by law.

(c) The Company hereby irrevocably and unconditionally waives, to the extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Indenture or the Securities in any federal or state court in the State of New York, Borough of Manhattan. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

SECTION 114. Conversion of Currency.

(a) The Company covenants and agrees that the following provisions shall apply to conversion of Currency in the case of the Securities and this Indenture:

(i) If for the purposes of obtaining judgment in, or enforcing the judgment of, any court in any country, it becomes necessary to convert into any other Currency (the "**Judgment Currency**") an amount due or contingently due under the Securities of any series and this Indenture (the "**Required Currency**"), then the conversion shall be made at the rate of exchange prevailing on the Business Day before the day on which a final judgment which is not appealable or is not appealed is given or the order of enforcement is made, as the case may be (unless a court shall otherwise determine).

(ii) If there is a change in the rate of exchange prevailing between the Business Day before the day on which the judgment referred to in (i) above is given or an order of endorsement is made, as the case may be (or such other date as a court shall determine), and the date of receipt of the amount due, the Company shall pay such additional (or, as the case may be, such lesser) amount, if any, as may be necessary so that the amount paid in the judgment Currency when converted at the rate of exchange prevailing on the date of receipt will produce the amount in the Required Currency originally due.

(b) In the event of the winding-up of the Company at any time while any amount or damages owing under the Securities and this Indenture, or any judgment or order rendered in respect thereof, shall remain outstanding, the Company shall indemnify and hold the Holders of Securities and the Trustee harmless against any deficiency arising or resulting from any variation in rates of exchange between (1) the date as of which the equivalent of the amount in the Required Currency due or contingently due under the Securities and this Indenture (other than under this Subsection (b)) is calculated for the purposes of such winding-up and (2) the final date for the filing of proofs of claim in such winding-up. For the purpose of this Subsection (b) the final date for the filing of proofs of claim in the winding-up of the Company shall be the date fixed by the liquidator or otherwise in accordance with the relevant provisions of applicable law as being the latest practicable date as at which liabilities of the Company may be ascertained for such winding-up prior to payment by the liquidator or otherwise in respect thereto.

(c) The obligations contained in Subsections (a)(ii) and (b) of this Section shall constitute separate and independent obligations of the Company from its other obligations under the Securities and this Indenture, shall give rise to separate and independent causes of action against the Company, shall apply irrespective of any waiver or extension granted by any Holder or Trustee from time to time and shall continue in full force and effect notwithstanding any judgment or order or the filing of any proof of claim in the winding-up of the Company for a liquidated sum in respect of amounts due hereunder (other than under Subsection (b) above) or under any such judgment or order. Any such deficiency as aforesaid shall be deemed to constitute a loss suffered by the Holders or the Trustee, as the case may be, and no proof or evidence of any actual loss shall be required by the Company or the applicable liquidator. In the case of Subsection (b) above, the amount of such deficiency shall not be deemed to be reduced by any variation in rates of exchange occurring between the said final date and the date of any liquidating distribution.

The term "**rate(s) of exchange**" shall mean the Bank of Canada noon rate for purchases on the relevant date of the Required Currency with the Judgment Currency, as reported by Telerate on screen 3194 (or such other means of reporting the Bank of Canada noon rate as may be agreed upon by each of the parties to this Indenture) and includes any premiums and costs of exchange payable.

SECTION 115. Currency Equivalent.

Except as otherwise provided in this Indenture, for purposes of the construction of the terms of this Indenture or of the Securities, in the event that any amount is stated herein in the Currency of one nation (or in Euros) (the "**First Currency**"), as of any date such amount shall

also be deemed to represent the amount in the Currency of any other relevant nation (the "**Other Currency**") which is required to purchase such amount in the First Currency at the Bank of Canada noon rate as reported by Telerate on screen 3194 (or such other means of reporting the Bank of Canada noon rate as may be agreed upon by each of the parties to this Indenture) on the date of determination.

SECTION 116. Securities in a Foreign Currency or in Euros.

Unless otherwise specified in or pursuant to a Board Resolution, a supplemental indenture or an Officer's Certificate delivered pursuant to Section 301 with respect to a particular series of Securities, whenever for purposes of this Indenture any action may be taken by the Holders of a specified percentage in aggregate principal amount of the Securities of one or more series at the time Outstanding and, at such time, there are Outstanding Securities of any such affected series which are denominated in a Foreign Currency (including Euros), then the principal amount of the Securities of such series which shall be deemed to be Outstanding for the purpose of taking such action shall be the amount of Dollars which could be obtained for such principal amount at the Market Exchange Rate on the applicable record date, or if no such record date shall have been established, on the date that the taking of such action shall be authorized by Act of the Holders of all such affected series. The provisions of this paragraph shall also apply in connection with any other action taken by the Holders pursuant to the terms of this Indenture, including without limitation any action under Section 503.

SECTION 117. Conflict with Trust Indenture Legislation.

Each of the Company and the Trustee agrees to comply with all provisions of the Trust Indenture Legislation applicable to or binding upon it in connection with this Indenture and any action to be taken hereunder. If and to the extent that any provision of this Indenture limits, qualifies or conflicts with any mandatory requirement of Trust Indenture Legislation, such mandatory requirements shall prevail.

SECTION 118. Language Clause.

Les parties aux présentes ont exigé que la présente convention ainsi que tous les documents et avis qui s'y rattachent et/ou qui en découleront soient rédigés en langue anglaise. The parties hereto have required that this Indenture and all documents and notices related thereto be drawn up in English.

SECTION 119. Shareholders, Officers and Directors Exempt from Individual Liability.

No recourse under or upon any obligation, covenant or agreement contained in this Indenture, or in any Security, or because of any indebtedness evidenced thereby, shall be had against any past, present or future shareholder, officer or director, as such, of the Company or of any successor, either directly or through the Company or any successor, under any rule of law, statute or constitutional provision or by the enforcement of any assessment or by any legal or equitable proceeding or otherwise, all such liability being expressly waived and released by the acceptance of the Securities by the Holders thereof and as part of the consideration for the issue of the Securities.

SECTION 120. Amendment and Restatement.

Effective as of the date hereof, this Indenture amends, restates and supercedes in its entirety the Original Indenture as supplemented by the eighth supplemental indenture thereto dated September 20, 2005 and the eleventh supplemental indenture thereto dated May 29, 2008. For greater certainty, all other supplemental indentures within the meaning of Section 901 of the Original Indenture shall remain in full force and effect.

ARTICLE TWO

SECURITIES FORMS

SECTION 201. Forms Generally.

(a) The Registered Securities, if any, of each series and the Bearer Securities, if any, of each series and related coupons shall be in substantially the forms as shall be established by or pursuant to a Board Resolution or in one or more indentures supplemental hereto, in each case with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture, and may have such letters, numbers or other marks of identification and such legends or endorsements placed thereon as may be required to comply with any law, with any rule or regulation made pursuant thereto, with the rules of any securities exchange or to conform to usage as may, consistently herewith, be determined by the officers executing such Securities or coupons, as evidenced by their execution of the Securities or coupons. If the forms of Securities or coupons of any series are established by action taken pursuant to a Board Resolution, a copy of an appropriate record of such action shall be certified by the Secretary or an Assistant Secretary of the Company and delivered to the Trustee at or prior to the delivery of the Company Order contemplated by Section 303(c) for the authentication and delivery of such Securities or coupons. If temporary Securities of any series are issued in global form as permitted by Section 304, the form thereof shall be established as provided in the preceding sentence. Any portion of the text of any Security may be set forth on the reverse thereof, with an appropriate reference thereto on the face of the Security.

(b) Unless otherwise specified as contemplated by Section 301, Securities in bearer form shall have interest coupons attached.

(c) The Trustee's certificate of authentication on all Securities shall be in substantially the form set forth in this Article.

(d) The definitive Securities and coupons shall be printed, lithographed or engraved or produced by any combination of these methods on steel-engraved borders or may be produced in any other manner, all as determined by the officers of the Company executing such Securities, as evidenced by their execution of such Securities or coupons.

SECTION 202. Form of Trustee's Certificate of Authentication.

Subject to Sections 609 and 611, the Trustee's certificate of authentication shall be in substantially the following form:

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

Dated: _____

This is one of the Securities of the series designated, and issued under the Indenture as described herein.

[ ],
as Trustee

By _____
Authorized Officer

THE CERTIFICATE OF THE TRUSTEE SIGNED ON THE SECURITIES WILL NOT BE CONSTRUED AS A REPRESENTATION OR WARRANTY BY THE TRUSTEE AS TO THE VALIDITY OF THE INDENTURE OR OF THE SECURITIES OR OF THEIR ISSUANCE AND THE TRUSTEE WILL IN NO RESPECT BE LIABLE OR ANSWERABLE FOR THE USE MADE OF SUCH SECURITIES OR ANY OF THEM OR THE PROCEEDS THEREOF. THE CERTIFICATE OF THE TRUSTEE SIGNED ON THE SECURITIES WILL, HOWEVER, BE A REPRESENTATION AND WARRANTY BY THE TRUSTEE THAT THE SECURITIES HAVE BEEN DULY CERTIFIED BY OR ON BEHALF OF THE TRUSTEE PURSUANT TO THE PROVISIONS OF THE INDENTURE.

SECTION 203. Securities Issuable in Global Form.

(a) If Securities of or within a series are issuable in global form, as specified and contemplated by Section 301, then, notwithstanding clause (10) of Section 301(b), any such Security shall represent such of the Outstanding Securities of such series as shall be specified therein and may provide that it shall represent the aggregate amount of Outstanding Securities of such series from time to time endorsed thereon and that the aggregate amount of Outstanding Securities of such series represented thereby may from time to time be increased or decreased to reflect exchanges. Any endorsement of a Security in global form to reflect the amount, or any increase or decrease in the amount, of Outstanding Securities represented thereby shall be made by the Trustee in such manner and upon instructions given by such Person or Persons as shall be specified therein or in the Company Order to be delivered to the Trustee pursuant to Section 303 or Section 304. Subject to the provisions of Section 303 and, if applicable, Section 304, the Trustee shall deliver and redeliver any Security in permanent global form in the manner and upon instructions given by the Person or Persons specified therein or in the applicable Company Order. If a Company Order pursuant to Section 303 or Section 304 has been, or simultaneously is, delivered, any instructions by the Company with respect to endorsement or delivery or redelivery of a Security in global form shall be in writing but need not comply with Section 102 and need not be accompanied by an Opinion of Counsel.

(b) The provisions of the last sentence of Section 303 shall apply to any Security represented by a Security in global form if such Security was never issued and sold by the Company and the Company delivers to the Trustee the Security in global form together with written instructions (which need not comply with Section 102 and need not be accompanied by an Opinion of Counsel) with regard to the reduction in the principal amount of Securities

represented thereby, together with the written statement contemplated by the last sentence of Section 303.

(c) Notwithstanding the provisions of Section 307, unless otherwise specified as contemplated by Section 301, payment of principal of, (and premium, if any) and interest, if any, on any Security in permanent global form shall be made to the Person or Persons specified therein.

(d) Notwithstanding the provisions of Section 309 and except as provided in the preceding paragraph, the Company, the Trustee and any agent of the Company and the Trustee shall treat as the Holder of such principal amount of Outstanding Securities represented by a permanent global Security (i) in the case of a permanent global Security in registered form, the Holder of such permanent global Security in registered form, or (ii) in the case of a permanent global Security in bearer form, Euroclear or Clearstream.

ARTICLE THREE

THE SECURITIES

SECTION 301. Amount Unlimited; Issuable in Series.

(a) The aggregate principal amount of Securities which may be authenticated and delivered under this Indenture is unlimited.

(b) The Securities may be issued in one or more series. There shall be established in one or more Board Resolutions or pursuant to authority granted by one or more Board Resolutions and, subject to Section 303, set forth in, or determined in the manner provided in, an Officer's Certificate, or established in one or more indentures supplemental hereto, prior to the issuance of Securities of any series, any or all of the following, as applicable (each of which (except for the matters set forth in clauses (1), (2) and (19) below), if so provided, may be determined from time to time by the Company with respect to unissued Securities of the series and set forth in such Securities of the series when issued from time to time):

(1) the title of the Securities of the series (which shall distinguish the Securities of the series from all other series of Securities) and the Trustee of the Securities of the series;

(2) any limit upon the aggregate principal amount of the Securities of the series that may be authenticated and delivered under this Indenture (except for Securities authenticated and delivered upon registration of transfer of, or in exchange for, or in lieu of, other Securities of the series pursuant to Section 304, 305, 306, 906, 1107 or 1305);

(3) the extent and manner, if any, to which payment on or in respect of Securities of that series will be senior or will be subordinated to the prior payment or other liabilities and obligations of the Company;

(4) the percentage or percentages of principal amount at which the Securities of a series will be issued;

(5) the date or dates, or the method by which such date or dates will be determined or extended, on which the principal of the Securities of the series is payable;

(6) the rate or rates at which the Securities of the series shall bear interest, if any, or the method by which such rate or rates shall be determined, the date or dates from which such interest shall accrue, or the method by which such date or dates shall be determined, the Interest Payment Dates on which such interest shall be payable and the Regular Record Date, if any, for the interest payable on any Registered Security on any Interest Payment Date, or the method by which such date or dates shall be determined, and the basis upon which interest shall be calculated if other than on the basis of a 360-day year of twelve 30-day months;

(7) the place or places, if any, other than or in addition to the Borough of Manhattan, The City of New York, where the principal of (and premium, if any) and interest, if any, on Securities of the series shall be payable, where any Registered Securities of the series may be surrendered for registration of transfer, where Securities of the series may be surrendered for exchange, where Securities of the series that are convertible or exchangeable may be surrendered for conversion or exchange, as applicable and, if different than the location specified in Section 105, the place or places where notices or demands to or upon the Company in respect of the Securities of the series and this Indenture may be served;

(8) the period or periods within which, the price or prices at which, the Currency in which, and other terms and conditions upon which Securities of the series may be redeemed, in whole or in part, at the option of the Company, if the Company is to have that option;

(9) the obligation, if any, of the Company to redeem, repay or purchase Securities of the series pursuant to any sinking fund or analogous provision or at the option of a Holder thereof, and the period or periods within which, the price or prices at which, the Currency in which, and other terms and conditions upon which Securities of the series shall be redeemed, repaid or purchased, in whole or in part, pursuant to such obligation;

(10) if other than denominations of $1,000 and any integral multiple thereof, the denomination or denominations in which any Registered Securities of the series shall be issuable and, if other than denominations of $5,000, the denomination or denominations in which any Bearer Securities of the series shall be issuable;

(11) if other than the Company or the Trustee, the identity of each Security Registrar and/or Paying Agent;

(12) if other than the principal amount thereof, the portion of the principal amount of Securities of the series that shall be payable upon declaration of acceleration of the Maturity thereof pursuant to Section 503 or the method by which such portion shall be determined;

(13) if other than Dollars, the Currency in which payment of the principal of (or premium, if any) or interest, if any, on the Securities of the series shall be payable or in which the Securities of the series shall be denominated and the particular provisions

applicable thereto in accordance with, in addition to or in lieu of any of the provisions of Section 312;

(14) whether the amount of payments of principal of (or premium, if any) or interest, if any, on the Securities of the series may be determined with reference to an index, formula or other method (which index, formula or method may be based, without limitation, on one or more Currencies, commodities, equity indices or other indices), and the manner in which such amounts shall be determined;

(15) whether the principal of (or premium, if any) or interest, if any, on the Securities of the series are to be payable, at the election of the Company or a Holder thereof, in a Currency other than that in which such Securities are denominated or stated to be payable, the period or periods within which (including the Election Date), and the terms and conditions upon which, such election may be made, and the time and manner of determining the exchange rate between the Currency in which such Securities are denominated or stated to be payable and the Currency in which such Securities are to be so payable, in each case in accordance with, in addition to or in lieu of any of the provisions of Section 312;

(16) the designation of the initial Exchange Rate Agent, if any;

(17) the applicability, if any, of Sections 1402 and/or 1403 to the Securities of the series and any deletion from, modification of, in addition to or in lieu of any of the provisions of Article Fourteen with respect to Securities of that series whether or not consistent with the provisions of Article Fourteen set forth herein;

(18) provisions, if any, granting special rights to the Holders of Securities of the series upon the occurrence of such events as may be specified;

(19) any deletions from, modifications of or additions to the Events of Default or covenants (including any deletions from, modifications of or additions to Section 1008) of the Company with respect to Securities of the series, whether or not such Events of Default or covenants are consistent with the Events of Default or covenants set forth herein;

(20) whether Securities of the series are to be issuable as Registered Securities, Bearer Securities (with or without coupons) or both, any restrictions applicable to the offer, sale or delivery of Bearer Securities, whether any Securities of the series are to be issuable initially in temporary global form and whether any Securities of the series are to be issuable in permanent global form with or without coupons and, if so, whether beneficial owners of interests in any such permanent global Security may exchange such interests for Securities of such series and of like tenor of any authorized form and denomination and the circumstances under which any such exchanges may occur, if other than in the manner provided in Section 305, whether Registered Securities of the series may be exchanged for Bearer Securities of the series (if permitted by applicable laws and regulations), whether Bearer Securities of the series may be exchanged for Registered Securities of such series, and the circumstances under which and the place or places where any such exchanges may be made and if Securities of the series are to be issuable in global form, the identity of any initial depository therefor;

(21) the date as of which any Bearer Securities of the series and any temporary global Security representing Outstanding Securities of the series shall be dated if other than the date of original issuance of the first Security of the series to be issued;

(22) the Person to whom any interest on any Registered Security of the series shall be payable, if other than the Person in whose name that Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest, the manner in which, or the Person to whom, any interest on any Bearer Security of the series shall be payable, if otherwise than upon presentation and surrender of the coupons appertaining thereto as they severally mature, and the extent to which, or the manner in which, any interest payable on a temporary global Security on an Interest Payment Date will be paid if other than in the manner provided in Section 304;

(23) if Securities of the series are to be issuable in definitive form (whether upon original issue or upon exchange of a temporary Security of such series) only upon receipt of certain certificates or other documents or satisfaction of other conditions, the form and/or terms of such certificates, documents or conditions;

(24) if the Securities of the series are to be issued upon the exercise of warrants, the time, manner and place for such Securities to be authenticated and delivered;

(25) whether, under what circumstances and the Currency in which the Company will pay Additional Amounts as contemplated by Section 1005 on the Securities of the series to any Holder (including any modification to the definition of such term) in respect of any tax, assessment or governmental charge and, if so, whether the Company will have the option to redeem such Securities rather than pay such Additional Amounts (and the terms of any such option);

(26) if the Securities of the series are to be convertible into or exchangeable for any securities of any Person (including the Company), the terms and conditions upon which such Securities will be so convertible or exchangeable;

(27) the application, if any, of Sections 1005 and 1108 to the Securities of that series; and

(28) any other terms, conditions, rights and preferences (or limitations on such rights and preferences) relating to the series (which terms shall not be inconsistent with the requirements of the Trust Indenture Legislation or the provisions of this Indenture).

(c) All Securities of any one series and the coupons appertaining to any Bearer Securities of such series shall be substantially identical except, in the case of Registered Securities, as to denomination and except as may otherwise be provided in or pursuant to such Board Resolution (subject to Section 303) and set forth in such Officer's Certificate or in any such indenture supplemental hereto. Not all Securities of any one series need be issued at the same time, and, unless otherwise provided, a series may be reopened for issuances of additional Securities of such series.

(d) If any of the terms of the series are established by action taken pursuant to one or more Board Resolutions, such Board Resolutions shall be delivered to the Trustee at or prior to the delivery of the Officer's Certificate setting forth the terms of the series.

SECTION 302. Denominations.

The Securities of each series shall be issuable in such denominations as shall be specified as contemplated by Section 301. With respect to Securities of any series denominated in Dollars, in the absence of any such provisions, the Registered Securities of such series, other than Registered Securities issued in global form (which may be of any denomination), shall be issuable in denominations of $1,000 and any integral multiple thereof and the Bearer Securities of such series, other than the Bearer Securities issued in global form (which may be of any denomination), shall be issuable in a denomination of $5,000.

SECTION 303. Execution, Authentication, Delivery and Dating.

(a) The Securities and any coupons appertaining thereto shall be executed on behalf of the Company by its Chairman, its Deputy Chairman, its President or a Vice President, and attested by a Vice President, its Secretary or an Assistant Secretary. The signature of any of these officers on the Securities or coupons may be the manual or facsimile signatures of the present or any future such authorized officer and may be imprinted or otherwise reproduced on the Securities.

(b) Securities or coupons bearing the manual or facsimile signatures of individuals who were at any time the proper officers of the Company shall bind the Company, notwithstanding that such individuals or any of them have ceased to hold such offices prior to the authentication and delivery of such Securities or did not hold such offices at the date of such Securities or coupons.

(c) At any time and from time to time after the execution and delivery of this Indenture, the Company may deliver Securities of any series together with any coupon appertaining thereto, executed by the Company to the Trustee for authentication, together with a Company Order for the authentication and delivery of such Securities, and the Trustee in accordance with such Company Order shall authenticate and deliver such Securities; provided, however, that, in connection with its original issuance, no Bearer Security shall be mailed or otherwise delivered to any location in the United States; and provided further that, unless otherwise specified with respect to any series of Securities pursuant to Section 301, a Bearer Security may be delivered in connection with its original issuance only if the Person entitled to receive such Bearer Security shall have furnished a certificate in the form set forth in Exhibit A-1 to this Indenture, dated no earlier than 15 days prior to the earlier of the date on which such Bearer Security is delivered and the date on which any temporary Security first becomes exchangeable for such Bearer Security in accordance with the terms of such temporary Security and this Indenture. If any Security shall be represented by a permanent global Bearer Security, then, for purposes of this Section and Section 304, the notation of a beneficial owner's interest therein upon original issuance of such Security or upon exchange of a portion of a temporary global Security shall be deemed to be delivery in connection with its original issuance of such beneficial owner's interest in such permanent global Security. Except as permitted by Section 306, the Trustee shall not authenticate and deliver any Bearer Security unless all appurtenant coupons for interest then matured have been detached and cancelled. If not all the

Securities of any series are to be issued at one time and if the Board Resolution or supplemental indenture establishing such series shall so permit, such Company Order may set forth procedures acceptable to the Trustee for the issuance of such Securities and determining terms of particular Securities of such series such as interest rate, stated maturity, date of issuance and date from which interest shall accrue.

(d) In authenticating such Securities, and accepting the additional responsibilities under this Indenture in relation to such Securities, the Trustee shall be entitled to receive, and (subject to Trust Indenture Legislation) shall be fully protected in relying upon, an Opinion of Counsel stating:

(1) that the form or forms of such Securities and any coupons have been established in conformity with the provisions of this Indenture;

(2) that the terms of such Securities and any coupons have been established in conformity with the provisions of this Indenture;

(3) that such Securities, together with any coupons appertaining thereto, when completed by appropriate insertions and executed and delivered by the Company to the Trustee for authentication in accordance with this Indenture, authenticated and delivered by the Trustee in accordance with this Indenture and issued by the Company in the manner and subject to any conditions specified in such Opinion of Counsel, will constitute the legal, valid and binding obligations of the Company, enforceable in accordance with their terms, subject to applicable bankruptcy, insolvency, reorganization and other similar laws of general applicability relating to or affecting the enforcement of creditors' rights, to general equitable principles and to such other qualifications as such counsel shall conclude do not materially affect the rights of Holders of such Securities and any coupons;

(4) that the Company has the corporate power to issue such Securities and any coupons, and has duly taken all necessary corporate action with respect to such issuance; and

(5) that the issuance of such Securities and any coupons will not contravene the articles of incorporation or by-laws of the Company.

(e) Notwithstanding the provisions of Section 301 and of the preceding two paragraphs, if not all the Securities of any series are to be issued at one time, it shall not be necessary to deliver the Officer's Certificate otherwise required pursuant to Section 301 or the Company Order and Opinion of Counsel otherwise required pursuant to the preceding two paragraphs prior to or at the time of issuance of each Security, but such documents shall be delivered prior to or at the time of issuance of the first Security of such series.

(f) The Trustee shall not be required to authenticate and deliver any such Securities if the issue of such Securities pursuant to this Indenture will affect the Trustee's own rights, duties or immunities under the Securities and this Indenture or otherwise in a manner which is not reasonably acceptable to the Trustee.

(g) Each Registered Security shall be dated the date of its authentication and each Bearer Security shall be dated as of the date specified as contemplated by Section 301.

(h) No Security or coupon shall be entitled to any benefit under this Indenture or be valid or obligatory for any purpose unless there appears on such Security a certificate of authentication substantially in the form provided for herein duly executed by the Trustee by manual signature of an authorized officer, and such certificate upon any Security shall be conclusive evidence, and the only evidence, that such Security has been duly authenticated and delivered hereunder and is entitled to the benefits of this Indenture. Notwithstanding the foregoing, if any Security shall have been authenticated and delivered hereunder but never issued and sold by the Company, and the Company shall deliver such Security to the Trustee for cancellation as provided in Section 310 together with a written statement (which need not comply with Section 102 and need not be accompanied by an Opinion of Counsel) stating that such Security has never been issued and sold by the Company, for all purposes of this Indenture such Security shall be deemed never to have been authenticated and delivered hereunder and shall never be entitled to the benefits of this Indenture.

SECTION 304. Temporary Securities.

(a) Pending the preparation of definitive Securities of any series, the Company may execute, and upon Company Order the Trustee shall authenticate and deliver, temporary Securities which are printed, lithographed, typewritten, mimeographed or otherwise produced, in any authorized denomination, substantially of the tenor of the definitive Securities in lieu of which they are issued, in registered form or, if authorized, in bearer form with one or more coupons or without coupons, and with such appropriate insertions, omissions, substitutions and other variations as conclusively the officers executing such Securities may determine, as conclusively evidenced by their execution of such Securities. Such temporary Securities may be in global form.

(b) Except in the case of temporary Securities in global form (which shall be exchanged in accordance with the provisions of the following paragraphs), if temporary Securities of any series are issued, the Company will cause definitive Securities of that series to be prepared without unreasonable delay. After the preparation of definitive Securities of such series, the temporary Securities of such series shall be exchangeable for definitive Securities of such series upon surrender of the temporary Securities of such series at the office or agency of the Company in a Place of Payment for that series, without charge to the Holder. Upon surrender for cancellation of any one or more temporary Securities of any series (accompanied by any unmatured coupons appertaining thereto), the Company shall execute and the Trustee shall authenticate and deliver in exchange therefor a like principal amount of definitive Securities of the same series of authorized denominations; provided, however, that no definitive Bearer Security shall be delivered in exchange for a temporary Registered Security; and provided further that a definitive Bearer Security shall be delivered in exchange for a temporary Bearer Security only in compliance with the conditions set forth in Section 303. Until so exchanged the temporary Securities of any series shall in all respects be entitled to the same benefits under this Indenture as definitive Securities of such series.

(c) If temporary Securities of any series are issued in global form, any such temporary global Security shall, unless otherwise provided therein, be delivered to the London

office of a depositary or common depositary (the "**Common Depositary**"), for the benefit of Euroclear and Clearstream, for credit to the respective accounts of the beneficial owners of such Securities (or to such other accounts as they may direct).

(d) Without unnecessary delay but in any event not later than the date specified in, or determined pursuant to the terms of, any such temporary global Security (the "**Exchange Date**"), the Company shall deliver to the Trustee definitive Securities, in aggregate principal amount equal to the principal amount of such temporary global Security, executed by the Company. On or after the Exchange Date such temporary global Security shall be surrendered by the Common Depositary to the Trustee, as the Company's agent for such purpose, to be exchanged, in whole or from time to time in part, for definitive Securities without charge and the Trustee shall authenticate and deliver, in exchange for each portion of such temporary global Security, an equal aggregate principal amount of definitive Securities of the same series of authorized denominations and of like tenor as the portion of such temporary global Security to be exchanged. The definitive Securities to be delivered in exchange for any such temporary global Security shall be in bearer form, registered form, permanent global bearer form or permanent global registered form, or any combination thereof, as specified as contemplated by Section 301, and, if any combination thereof is so specified, as requested by the beneficial owner thereof; provided, however, that, unless otherwise specified in such temporary global Security, upon such presentation by the Common Depositary, such temporary global Security is accompanied by a certificate dated the Exchange Date or a subsequent date and signed by Euroclear as to the portion of such temporary global Security held for its account then to be exchanged and a certificate dated the Exchange Date or a subsequent date and signed by Clearstream as to the portion of such temporary global Security held for its account then to be exchanged, each in the form set forth in Exhibit A-2 to this Indenture (or in such other form as may be established pursuant to Section 301); and provided further that definitive Bearer Securities shall be delivered in exchange for a portion of a temporary global Security only in compliance with the requirements of Section 303.

(e) Unless otherwise specified in such temporary global Security, the interest of a beneficial owner of Securities of a series in a temporary global Security shall be exchanged for definitive Securities of the same series and of like tenor following the Exchange Date when the account holder instructs Euroclear or Clearstream, as the case may be, to request such exchange on his behalf and delivers to Euroclear or Clearstream, as the case may be, a certificate in the form set forth in Exhibit A-1 to this Indenture (or in such other form as may be established pursuant to Section 301), dated no earlier than 15 days prior to the Exchange Date, copies of which certificate shall be available from the offices of Euroclear and Clearstream, the Trustee, any Authenticating Agent appointed for such series of Securities and each Paying Agent. Unless otherwise specified in such temporary global Security, any such exchange shall be made free of charge to the beneficial owners of such temporary global Security, except that a Person receiving definitive Securities must bear the cost of insurance, postage, transportation and the like in the event that such Person does not take delivery of such definitive Securities in person at the offices of Euroclear or Clearstream. Definitive Securities in bearer form to be delivered in exchange for any portion of a temporary global Security shall be delivered only outside the United States.

(f) Until exchanged in full as hereinabove provided, the temporary Securities of any series shall in all respects be entitled to the same benefits under this Indenture as definitive Securities of the same series and of like tenor authenticated and delivered hereunder,

except that, unless otherwise specified as contemplated by Section 301, interest payable on a temporary global Security on an Interest Payment Date for Securities of such series occurring prior to the applicable Exchange Date shall be payable to Euroclear and Clearstream on such Interest Payment Date upon delivery by Euroclear and Clearstream to the Trustee of a certificate or certificates in the form set forth in Exhibit A-2 to this Indenture (or in such other form as may be established pursuant to Section 301), for credit without further interest thereon on or after such Interest Payment Date to the respective accounts of the Persons who are the beneficial owners of such temporary global Security on such Interest Payment Date and who have each delivered to Euroclear or Clearstream, as the case may be, a certificate dated no earlier than 15 days prior to the Interest Payment Date occurring prior to such Exchange Date in the form set forth in Exhibit A-1 to this Indenture (or in such other form as may be established pursuant to Section 301). Notwithstanding anything to the contrary herein contained, the certifications made pursuant to this paragraph shall satisfy the certification requirements of the preceding two paragraphs of this Section and of the third paragraph of Section 303 of this Indenture and the interests of the Persons who are the beneficial owners of the temporary global Security with respect to which such certification was made will be exchanged for definitive Securities of the same series and of like tenor on the Exchange Date or the date of certification if such date occurs after the Exchange Date, without further act or deed by such beneficial owners. Except as otherwise provided in this paragraph, no payments of principal (or premium, if any) or interest, if any, owing with respect to a beneficial interest in a temporary global Security will be made unless and until such interest in such temporary global Security shall have been exchanged for an interest in a definitive Security. Any interest so received by Euroclear and Clearstream and not paid as herein provided shall be returned to the Trustee immediately prior to the expiration of two years after such Interest Payment Date in order to be repaid to the Company in accordance with Section 1003.

SECTION 305. Registration, Registration of Transfer and Exchange.

(a) So long as required by Trust Indenture Legislation, the Company shall keep at its principal office in the Province of Ontario, or shall cause to be kept at the office or agency of a trust corporation registered under the Loan and Trust Corporations Act (Ontario), a securities register (the "**Central Register**") of Holders of each series of Securities maintained in compliance with the laws of the Province of Ontario. The Company will cause the particulars of each such issue, exchange or transfer of Securities to be recorded in the Central Register. The Company shall initially be the central security registrar (the "**Central Security Registrar**") for the purpose of registering Securities and transfers and exchanges of Securities in the Central Register as provided herein; provided, however, the Company may appoint from time to time one or more successor Central Security Registrars and may from time to time rescind any such appointment. If no longer required by Trust Indenture Legislation, the Company may appoint a Person other than the Company or a trust corporation registered under the Loan and Trust Corporations Act (Ontario) as the Central Securities Registrar.

(b) The Company shall also cause to be maintained a branch register (a "**branch register**") or branch registers of Holders of Securities in accordance with Section 1002 in the same manner and containing the same information with respect to each entry contained therein as contained in the Central Register. A copy of every entry in a branch register shall, promptly after the entry is made, be transmitted to the Central Security Registrar. If there is a conflict between the information contained in the Central Register and the information contained

in the branch register, the information contained in the Central Register shall prevail. The Central Register together with each branch register are collectively referred to herein as the "**Security Register**". At all reasonable times, the Security Register shall be open to inspection by the Trustee. The Trustee is hereby initially appointed as branch security registrar (the "**Branch Security Registrar**") for the purpose of maintaining a branch register at its Corporate Trust Office; provided, however, the Company may appoint from time to time one or more successor or additional Branch Security Registrars and may from time to time rescind any such appointment. The Central Security Registrar together with each Branch Security Registrar are collectively referred to herein as the "**Security Registrar**".

(c) Upon surrender for registration of transfer of any Registered Security of any series at the office or agency in a Place of Payment for that series, the Company shall execute, and the Trustee shall authenticate and deliver, in the name of the designated transferee, one or more new Registered Securities of the same series, of any authorized denominations and of a like aggregate principal amount and tenor.

(d) At the option of the Holder, Registered Securities of any series may be exchanged for other Registered Securities of the same series, of any authorized denomination and of a like aggregate principal amount, upon surrender of the Registered Securities to be exchanged at such office or agency. Whenever any Registered Securities are so surrendered for exchange, the Company shall execute, and the Trustee shall authenticate and deliver, the Registered Securities which the Holder making the exchange is entitled to receive. Unless otherwise specified with respect to any series of Securities as contemplated by Section 301, Bearer Securities may not be issued in exchange for Registered Securities.

(e) If (but only if) expressly permitted in or pursuant to the applicable Board Resolution and (subject to Section 303) set forth in the applicable Officer's Certificate, or in any indenture supplemental hereto, delivered as contemplated by Section 301, at the option of the Holder, Bearer Securities of any series may be exchanged for Registered Securities of the same series of any authorized denomination and of a like aggregate principal amount and tenor, upon surrender of the Bearer Securities to be exchanged at any such office or agency, with all unmatured coupons and all matured coupons in default thereto appertaining. If the Holder of a Bearer Security is unable to produce any such unmatured coupon or coupons or matured coupon or coupons in default, any such permitted exchange may be effected if the Bearer Securities are accompanied by payment in funds acceptable to the Company in an amount equal to the face amount of such missing coupon or coupons, or the surrender of such missing coupon or coupons may be waived by the Company and the Trustee if there is furnished to them such security or indemnity as they may require to save each of them and any Paying Agent harmless. If thereafter the Holder of such Security shall surrender to any Paying Agent any such missing coupon in respect of which such a payment shall have been made, such Holder shall be entitled to receive the amount of such payment; provided, however, that, except as otherwise provided in Section 1002, interest represented by coupons shall be payable only upon presentation and surrender of those coupons at an office or agency located outside the United States. Notwithstanding the foregoing, in case a Bearer Security of any series is surrendered at any such office or agency in a permitted exchange for a Registered Security of the same series and like tenor after the close of business at such office or agency on (i) any Regular Record Date and before the opening of business at such office or agency on the relevant Interest Payment Date, or (ii) any Special Record Date and before the opening of business at such office or agency on the

related proposed date for payment of Defaulted Interest, such Bearer Security shall be surrendered without the coupon relating to such Interest Payment Date or proposed date for payment, as the case may be, and interest or Defaulted Interest, as the case may be, will not be payable on such Interest Payment Date or proposed date for payment, as the case may be, in respect of the Registered Security issued in exchange for such Bearer Security, but will be payable only to the Holder of such coupon when due in accordance with the provisions of this Indenture.

(f) Whenever any Securities are so surrendered for exchange, the Company shall execute, and the Trustee shall authenticate and deliver, the Securities which the Holder making the exchange is entitled to receive.

(g) Notwithstanding the foregoing, except as otherwise specified as contemplated by Section 301, any permanent global Security shall be exchangeable only as provided in this paragraph. If any beneficial owner of an interest in a permanent global Security is entitled to exchange such interest for Securities of such series and of like tenor and principal amount of another authorized form and denomination, as specified as contemplated by Section 301 and provided that any applicable notice provided in the permanent global Security shall have been given, then without unnecessary delay but in any event not later than the earliest date on which such interest may be so exchanged, the Company shall deliver to the Trustee definitive Securities in aggregate principal amount equal to the principal amount of such beneficial owner's interest in such permanent global Security, executed by the Company. On or after the earliest date on which such interests may be so exchanged, such permanent global Security shall be surrendered by the Common Depositary or such other depositary as shall be specified in the Company Order with respect thereto to the Trustee, as the Company's agent for such purpose, to be exchanged, in whole or from time to time in part, for definitive Securities without charge, and the Trustee shall authenticate and deliver, in exchange for each portion of such permanent global Security, an equal aggregate principal amount of definitive Securities of the same series of authorized denominations and of like tenor as the portion of such permanent global Security to be exchanged which, unless the Securities of the series are not issuable both as Bearer Securities and as Registered Securities, as specified as contemplated by Section 301, shall be in the form of Bearer Securities or Registered Securities, or any combination thereof, as shall be specified by the beneficial owner thereof; provided, however, that no such exchanges may occur during a period beginning at the opening of business 15 days before any selection of Securities to be redeemed and ending on the relevant Redemption Date if the Security for which exchange is requested may be among those selected for redemption; and provided, further, that no Bearer Security delivered in exchange for a portion of a permanent global Security shall be mailed or otherwise delivered to any location in the United States. If a Registered Security is issued in exchange for any portion of a permanent global Security after the close of business at the office or agency where such exchange occurs on (i) any Regular Record Date and before the opening of business at such office or agency on the relevant Interest Payment Date, or (ii) any Special Record Date and before the opening of business at such office or agency on the related proposed date for payment of Defaulted Interest, interest or Defaulted Interest, as the case may be, will not be payable on such Interest Payment Date or proposed date for payment, as the case may be, in respect of such Registered Security, but will be payable on such Interest Payment Date or proposed date for payment, as the case may be, only to the Person to whom interest in respect of such portion of such permanent global Security is payable in accordance with the provisions of this Indenture.

(h) If at any time the Depositary of a series notifies the Company that it is unwilling, unable or no longer qualifies to continue as Depositary of such series or if at any time the Depositary for such series shall no longer be registered or in good standing under the Securities Exchange Act of 1934, as amended, or other applicable statute or regulation, the Company shall appoint a successor depositary with respect to the Securities for such series. If a successor to the Depositary is not appointed by the Company within 90 days after the Company receives such notice or becomes aware of such condition, as the case may be, the Company's election pursuant to Section 301 shall no longer be effective with respect to the Securities for such series and the Company will execute, and the Trustee, upon receipt of a Company Order for the authentication and delivery of definitive Securities of such series, will authenticate and deliver Securities of such series in definitive registered form, in authorized denominations, and in an aggregate principal amount equal to the principal amount of the global Security or Securities representing such series in exchange for such global Security or Securities.

(i) The Company may at any time and in its sole discretion determine that the Securities of any series issued in the form of one or more global Securities shall no longer be represented by such global Security or Securities. In such event the Company will execute, and the Trustee, upon receipt of a Company Order for the authentication and delivery of definitive Securities of such series, will authenticate and deliver Securities of such series in definitive registered form, in authorized denominations, and in an aggregate principal amount equal to the principal amount of the global Security or Securities representing such series in exchange for such global Security or Securities.

(j) Upon the exchange of a global Security for Securities in definitive registered form, such global Security shall be cancelled by the Trustee. Securities issued in exchange for a global Security pursuant to this Section shall be registered in such names and in such authorized denominations as the depositary for such global Security, pursuant to instructions from its direct or indirect participants or otherwise, shall instruct the Trustee in writing. The Trustee shall deliver such Securities to the persons in whose names such Securities are so registered.

(k) All Securities issued upon any registration of transfer or exchange of Securities shall be the valid obligations of the Company, evidencing the same debt, and entitled to the same benefits under this Indenture, as the Securities surrendered upon such registration of transfer or exchange.

(l) Every Registered Security presented or surrendered for registration of transfer or for exchange shall (if so required by the Company or the Security Registrar) be duly endorsed, or be accompanied by a written instrument of transfer, in form satisfactory to the Company and the Security Registrar, duly executed by the Holder thereof or his attorney duly authorized in writing.

(m) No service charge shall be made for any registration of transfer or exchange of Securities, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any registration of transfer or exchange of Securities, other than exchanges pursuant to Section 304, 906, 1107 or 1305 not involving any transfer.

(n) The Company shall not be required (i) to issue, register the transfer of or exchange Securities of any series during a period beginning at the opening of business 15 days before the day of the selection for redemption of Securities of that series under Sections 1103 or 1203 and ending at the close of business on (A) if Securities of the series are issuable only as Registered Securities, the day of the mailing of the relevant notice of redemption and (B) if Securities of the series are issuable as Bearer Securities, the day of the first publication of the relevant notice of redemption or, if Securities of the series are also issuable as Registered Securities and there is no publication, the mailing of the relevant notice of redemption, or (ii) to register the transfer of or exchange any Registered Security so selected for redemption in whole or in part, except the unredeemed portion of any Security being redeemed in part, or (iii) to exchange any Bearer Security so selected for redemption except that such a Bearer Security may be exchanged for a Registered Security of that series and like tenor; provided that such Registered Security shall be simultaneously surrendered for redemption, or (iv) to issue, register the transfer of or exchange any Security which has been surrendered for repayment at the option of the Holder, except the portion, if any, of such Security not to be so repaid.

SECTION 306. Mutilated, Destroyed, Lost and Stolen Securities.

(a) If any mutilated Security or a Security with a mutilated coupon appertaining to it is surrendered to the Trustee, the Company shall execute and the Trustee shall authenticate and deliver in exchange therefor a new Security of the same series and of like tenor and principal amount and bearing a number not contemporaneously outstanding, with coupons corresponding to the coupons, if any, appertaining to the surrendered Security, or, in case any such mutilated Security or coupon has become or is about to become due and payable, the Company in its discretion may, instead of issuing a new Security, with coupons corresponding to the coupons, if any, appertaining to the surrendered Security, pay such Security or coupon.

(b) If there shall be delivered to the Company and to the Trustee (i) evidence to their satisfaction of the destruction, loss or theft of any Security or coupon and (ii) such security or indemnity as may be required by them to save each of them and any agent of either of them harmless, then, in the absence of notice to the Company or the Trustee that such Security or coupon has been acquired by a good faith purchaser (as defined under the Business Corporations Act (Ontario)) or a protected purchaser (as defined in Article 8 of the Uniform Commercial Code), as applicable, the Company shall execute and upon Company Order the Trustee shall authenticate and deliver, in lieu of any such destroyed, lost or stolen Security or in exchange for the Security for which a destroyed, lost or stolen coupon appertains (with all appurtenant coupons not destroyed, lost or stolen), a new Security of the same series and of like tenor and principal amount and bearing a number not contemporaneously outstanding, with coupons corresponding to the coupons, if any, appertaining to such destroyed, lost or stolen Security or to the Security to which such destroyed, lost or stolen coupon appertains.

(c) Notwithstanding the provisions of the previous two paragraphs, in case any such mutilated, destroyed, lost or stolen Security or coupon has become or is about to become due and payable, the Company in its discretion may, instead of issuing a new Security, with coupons corresponding to the coupons, if any, appertaining to such mutilated, destroyed, lost or stolen Security or to the Security to which such mutilated, destroyed, lost or stolen coupon appertains, pay such Security or coupon; provided, however, that payment of principal of (and premium, if any) and interest, if any, on Bearer Securities shall, except as otherwise provided in

Section 1002, be payable only at an office or agency located outside the United States and, unless otherwise specified as contemplated by Section 301, any interest on Bearer Securities shall be payable only upon presentation and surrender of the coupons appertaining thereto.

(d) Upon the issuance of any new Security under this Section, the Company may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Trustee) connected therewith.

(e) Every new Security of any series with its coupons, if any, issued pursuant to this Section in lieu of any mutilated, destroyed, lost or stolen Security or in exchange for a Security to which a mutilated, destroyed, lost or stolen coupon appertains, shall constitute an original additional contractual obligation of the Company, whether or not the mutilated, destroyed, lost or stolen Security and its coupons, if any, or the mutilated, destroyed, lost or stolen coupon shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Indenture equally and proportionately with any and all other Securities of that series and their coupons, if any, duly issued hereunder.

(f) The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Securities or coupons.

SECTION 307. Payment of Interest; Interest Rights Preserved; Optional Interest Reset.

(a) Unless otherwise provided as contemplated by Section 301 with respect to any series of Securities, interest, if any, on any Registered Security which is payable, and is punctually paid or duly provided for, on any Interest Payment Date shall be paid to the Person in whose name such Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest at the office or agency of the Company maintained for such purpose pursuant to Section 1002; provided, however, that each installment of interest, if any, on any Registered Security may at the Company's option be paid by (i) mailing a check for such interest, payable to or upon the written order of the Person entitled thereto pursuant to Section 309, to the address of such Person as it appears on the Security Register or (ii) wire transfer to an account located in the United States or Canada maintained by the payee.

(b) Unless otherwise provided as contemplated by Section 301 with respect to the Securities of any series, payment of interest, if any, may be made, in the case of a Bearer Security, by transfer to an account located outside the United States maintained by the payee.

(c) Unless otherwise provided as contemplated by Section 301, every permanent global Security will provide that interest, if any, payable on any Interest Payment Date will be paid to each of Euroclear and Clearstream with respect to that portion of such permanent global Security held for its account by the Common Depositary, for the purpose of permitting each of Euroclear and Clearstream to credit the interest, if any, received by it in respect of such permanent global Security to the accounts of the beneficial owners thereof.

(d) Any interest on any Registered Security of any series which is payable, but is not punctually paid or duly provided for, on any Interest Payment Date shall forthwith cease to be payable to the Holder on the relevant Regular Record Date by virtue of having been such Holder, and such defaulted interest and, if applicable, interest on such defaulted interest (to the extent lawful) at the rate specified in the Securities of such series (such defaulted interest and, if applicable, interest thereon herein collectively called "**Defaulted Interest**") may be paid by the Company, at its election in each case, as provided in clause (1) or (2) below:

(1) The Company may elect to make payment of any Defaulted Interest to the Persons in whose names the Registered Securities of such series (or their respective Predecessor Securities) are registered at the close of business on a Special Record Date for the payment of such Defaulted Interest, which shall be fixed in the following manner. The Company shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each Registered Security of such series and the date of the proposed payment, and at the same time the Company shall deposit with the Trustee an amount of money in the Currency in which the Securities of such series are payable (except as otherwise specified pursuant to Section 301 for the Securities of such series and except, if applicable, as provided in Sections 312(b), 312(d) and 312(e)) equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit on or prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the Persons entitled to such Defaulted Interest as in this clause provided. Thereupon the Trustee shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 days and not less than 10 days prior to the date of the proposed payment and not less than 10 days after the receipt by the Trustee of the notice of the proposed payment. The Trustee shall promptly notify the Company of such Special Record Date and, in the name and at the expense of the Company, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be given in the manner provided in Section 106, not less than 10 days prior to such Special Record Date. Notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor having been so given, such Defaulted Interest shall be paid to the Persons in whose name the Registered Securities of such series (or their respective Predecessor Securities) are registered at the close of business on such Special Record Date and shall no longer be payable pursuant to the following clause (2).

(2) The Company may make payment of any Defaulted Interest on the Registered Securities of any series in any other lawful manner not inconsistent with the requirements of any securities exchange on which such Securities may be listed, and upon such notice as may be required by such exchange, if, after notice given by the Company to the Trustee of the proposed payment pursuant to this clause, such manner of payment shall be deemed practicable by the Trustee.

(e) The provisions of this Section 307(e) may be made applicable to any series of Securities pursuant to Section 301 (with such modifications, additions or substitutions as may be specified pursuant to such Section 301). The interest rate (or the spread or spread multiplier used to calculate such interest rate, if applicable) on any Security of such series may be reset by the Company on the date or dates specified on the face of such Security (each an "**Optional Reset Date**"). The Company may exercise such option with respect to such Security

by notifying the Trustee of such exercise at least 50 but not more than 60 days prior to an Optional Reset Date for such Security, which notice shall set forth the specific information to be contained in the Reset Notice (as defined below). Not later than 40 days prior to each Optional Reset Date, the Trustee shall transmit, in the manner provided for in Section 106, to the Holder of any such Security a notice (the "**Reset Notice**") indicating whether the Company has elected to reset the interest rate (or the spread or spread multiplier used to calculate such interest rate, if applicable), and if so (i) such new interest rate (or such new spread or spread multiplier, if applicable) or method of determining such rate (or spread or spread multiplier, if applicable) and (ii) the provisions, if any, for redemption during the period from such Optional Reset Date to the next Optional Reset Date or if there is no such next Optional Reset Date, to the Stated Maturity Date of such Security (each such period a "**Subsequent Interest Period**"), including the date or dates on which or the period or periods during which and the price or prices at which such redemption may occur during the Subsequent Interest Period.

(f) Notwithstanding the foregoing, not later than 20 days prior to the Optional Reset Date, the Company may, at its option, revoke the interest rate (or spread or spread multiplier used to calculate such interest rate, if applicable) or method of determining such interest rate (or spread or spread multiplier, if applicable) provided for in the Reset Notice and establish an interest rate (or a spread or spread multiplier used to calculate such interest rate, if applicable) or method of determining such interest rate (or spread or spread multiplier, if applicable) that is higher than the interest rate (or spread or spread multiplier, if applicable) or method of determining such interest rate (or spread or spread multiplier, if applicable) provided for in the Reset Notice, for the Subsequent Interest Period by causing the Trustee to transmit, in the manner provided for in Section 106, notice of such higher interest rate (or such higher spread or spread multiplier, if applicable) or method of determining such interest rate (or spread or spread multiplier, if applicable) to the Holder of such Security. Such notice shall be irrevocable. All Securities with respect to which the interest rate (or the spread or spread multiplier used to calculate such interest rate, if applicable) is reset on an Optional Reset Date, and with respect to which the Holders of such Securities have not tendered such Securities for repayment (or have validly revoked any such tender) pursuant to the next succeeding paragraph, will bear such higher interest rate (or such higher spread or spread multiplier, if applicable).

(g) The Holder of any such Security will have the option to elect repayment by the Company of the principal of such Security on each Optional Reset Date at a price equal to the principal amount thereof plus interest accrued to such Optional Reset Date. In order to obtain repayment on an Optional Reset Date, the Holder must follow the procedures set forth in Article Thirteen for repayment at the option of Holders except that the period for delivery or notification to the Trustee shall be at least 25 but not more than 35 days prior to such Optional Reset Date and except that, if the Holder has tendered any Security for repayment pursuant to the Reset Notice, the Holder may, by written notice to the Trustee, revoke such tender or repayment until the close of business on the tenth day before such Optional Reset Date.

(h) Subject to the foregoing provisions of this Section and Section 305, each Security delivered under this Indenture upon registration of transfer of or in exchange for or in lieu of any other Security shall carry the rights to interest accrued and unpaid, and to accrue, which were carried by such other Security.

SECTION 308. Optional Extension of Stated Maturity.

(a) The provisions of this Section 308 may be made applicable to any series of Securities pursuant to Section 301 (with such modifications, additions or substitutions as may be specified pursuant to such Section 301). The Stated Maturity of any Security of such series may be extended at the option of the Company for the period or periods specified on the face of such Security (each an "**Extension Period**") up to but not beyond the date (the "**Final Maturity**") set forth on the face of such Security. The Company may exercise such option with respect to any Security by notifying the Trustee of such exercise at least 50 but not more than 60 days prior to the Stated Maturity of such Security in effect prior to the exercise of such option (the "**Original Stated Maturity**"), which notice shall set forth the specific information to be contained in the Extension Notice (as defined below). If the Company exercises such option, the Trustee shall transmit, in the manner provided for in Section 106, to the Holder of such Security not later than 40 days prior to the Original Stated Maturity a notice (the "**Extension Notice**") indicating (i) the election of the Company to extend the Stated Maturity, (ii) the new Stated Maturity, (iii) the interest rate, if any, applicable to the Extension Period and (iv) the provisions, if any, for redemption during such Extension Period. Upon the Trustee's transmittal of the Extension Notice, the Stated Maturity of such Security shall be extended automatically and, except as modified by the Extension Notice and as described in the next paragraph, such Security will have the same terms as prior to the transmittal of such Extension Notice.

(b) Notwithstanding the foregoing, not later than 20 days before the Original Stated Maturity of such Security, the Company may, at its option, revoke the interest rate provided for in the Extension Notice and establish a higher interest rate for the Extension Period by causing the Trustee to transmit, in the manner provided for in Section 106, notice of such higher interest rate to the Holder of such Security. Such notice shall be irrevocable. All Securities with respect to which the Stated Maturity is extended will bear such higher interest rate.

(c) If the Company extends the Maturity of any Security, the Holder will have the option to elect repayment of such Security by the Company on the Original Stated Maturity at a price equal to the principal amount thereof, plus interest accrued to such date. In order to obtain repayment on the Original Stated Maturity once the Company has extended the Maturity thereof, the Holder must follow the procedures set forth in Article Thirteen for repayment at the option of Holders, except that the period for delivery or notification to the Trustee shall be at least 25 but not more than 35 days prior to the Original Stated Maturity and except that, if the Holder has tendered any Security for repayment pursuant to an Extension Notice, the Holder may by written notice to the Trustee revoke such tender for repayment until the close of business on the tenth day before the Original Stated Maturity.

SECTION 309. Persons Deemed Owners.

(a) Prior to due presentment of a Registered Security for registration of transfer, the Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name such Registered Security is registered as the owner of such Registered Security for the purpose of receiving payment of principal of (and premium, if any) and (subject to Sections 305 and 307) interest, if any, on such Security and for all other purposes whatsoever,

whether or not such Security be overdue, and none of the Company, the Trustee or any agent of the Company or the Trustee shall be affected by notice to the contrary.

(b) Title to any Bearer Security and any coupons appertaining thereto shall pass by delivery. The Company, the Trustee and any agent of the Company or the Trustee may treat the bearer of any Bearer Security and the bearer of any coupon as the absolute owner of such Security or coupon for the purpose of receiving payment thereof or on account thereof and for all other purposes whatsoever, whether or not such Security or coupons be overdue, and none of the Company, the Trustee or any agent of the Company or the Trustee shall be affected by notice to the contrary.

(c) None of the Company, the Trustee, any Paying Agent or the Security Registrar will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests of a Security in global form or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

(d) Notwithstanding the foregoing, with respect to any global Security, nothing herein shall prevent the Company, the Trustee, or any agent of the Company or the Trustee, from giving effect to any written certification, proxy or other authorization furnished by any depositary, as a Holder, with respect to such global Security or impair, as between such depositary and owners of beneficial interests in such global Security, the operation of customary practices governing the exercise of the rights of such depositary (or its nominee) as Holder of such global Security.

SECTION 310. Cancellation.

All Securities and coupons surrendered for payment, redemption, repayment at the option of the Holder, registration of transfer or exchange or for credit against any current or future sinking fund payment shall, if surrendered to any Person other than the Trustee, be delivered to the Trustee. All Securities and coupons so delivered to the Trustee shall be promptly cancelled by it. The Company may at any time deliver to the Trustee for cancellation any Securities previously authenticated and delivered hereunder which the Company may have acquired in any manner whatsoever, and may deliver to the Trustee (or to any other Person for delivery to the Trustee) for cancellation any Securities previously authenticated hereunder which the Company has not issued and sold, and all Securities so delivered shall be promptly cancelled by the Trustee. If the Company shall so acquire any of the Securities, however, such acquisition shall not operate as a redemption or satisfaction of the indebtedness represented by such Securities unless and until the same are surrendered to the Trustee for cancellation. No Securities shall be authenticated in lieu of or in exchange for any Securities cancelled as provided in this Section, except as expressly permitted by this Indenture. All cancelled Securities held by the Trustee shall be disposed of by the Trustee in accordance with its customary procedures and certification of their disposal delivered to the Company unless by Company Order the Company shall direct that cancelled Securities be returned to it.

SECTION 311. Computation of Interest.

Except as otherwise specified as contemplated by Section 301 with respect to any Securities, interest, if any, on the Securities of each series shall be computed on the basis of a 360-day year of twelve 30-day months.

SECTION 312. Currency and Manner of Payments in Respect of Securities.

(a) With respect to Registered Securities of any series not permitting the election provided for in paragraph (b) below or the Holders of which have not made the election provided for in paragraph (b) below, and with respect to Bearer Securities of any series, except as provided in paragraph (d) below, payment of the principal of (and premium, if any) and interest, if any, on any Registered or Bearer Security of such series will be made in the Currency in which such Registered Security or Bearer Security, as the case may be, is payable. The provisions of this Section 312 may be modified or superseded with respect to any Securities pursuant to Section 301.

(b) It may be provided pursuant to Section 301 with respect to Registered Securities of any series that Holders shall have the option, subject to paragraphs (d) and (e) below, to receive payments of principal of (or premium, if any) or interest, if any, on such Registered Securities in any of the Currencies which may be designated for such election by delivering to the Trustee a written election with signature guarantees and in the applicable form established pursuant to Section 301, not later than the close of business on the Election Date immediately preceding the applicable payment date. If a Holder so elects to receive such payments in any such Currency, such election will remain in effect for such Holder or any transferee of such Holder until changed by such Holder or such transferee by written notice to the Trustee (but any such change must be made not later than the close of business on the Election Date immediately preceding the next payment date to be effective for the payment to be made on such payment date and no such change of election may be made with respect to payments to be made on any Registered Security of such series with respect to which an Event of Default has occurred or with respect to which the Company has deposited funds pursuant to Article Four or Fourteen or with respect to which a notice of redemption has been given by the Company or a notice of option to elect repayment has been sent by such Holder or such transferee). In the event any Holder makes any such election pursuant to the preceding sentence, such election will not be effective on any transferee of such Holder and such transferee shall be paid in the Currency indicated pursuant to paragraph (a) above unless such transferee makes an election pursuant to the preceding sentence; provided, however, that such election, if in effect at the time funds are deposited with respect to the Securities of such series as described in Section 401(a)(2), will be effective on any transferee of such Holder unless otherwise specified pursuant to Section 301 for the Securities of such series. Any Holder of any such Registered Security who shall not have delivered any such election to the Trustee not later than the close of business on the applicable Election Date will be paid the amount due on the applicable payment date in the relevant Currency as provided in Section 312(a). In no case may a Holder of Securities of any series elect to receive payments in any Currency as described in this Section 312(b) following a deposit of funds with respect to the Securities of such series as described in Section 401(a)(2). The Trustee shall notify the Exchange Rate Agent as soon as practicable after the Election Date

of the aggregate principal amount of Registered Securities for which Holders have made such written election.

(c) Unless otherwise specified pursuant to Section 301, if the election referred to in paragraph (b) above has been provided for pursuant to Section 301, then, unless otherwise specified pursuant to Section 301, not later than the fourth Business Day after the Election Date for each payment date for Registered Securities of any series, the Exchange Rate Agent will deliver to the Company a written notice specifying, in the Currency in which Registered Securities of such series are payable, the respective aggregate amounts of principal of (and premium, if any) and interest, if any, on the Registered Securities to be paid on such payment date, specifying the amounts in such Currency so payable in respect of the Registered Securities as to which the Holders of Registered Securities of such series shall have elected to be paid in another Currency as provided in paragraph (b) above. If the election referred to in paragraph (b) above has been provided for pursuant to Section 301 and if at least one Holder has made such election, then, unless otherwise specified pursuant to Section 301, on the second Business Day preceding such payment date the Company will deliver to the Trustee for such series of Registered Securities an Exchange Rate Officer's Certificate in respect of the Dollar or Foreign Currency payments to be made on such payment date. Unless otherwise specified pursuant to Section 301, the Dollar or Foreign Currency amount receivable by Holders of Registered Securities who have elected payment in a Currency as provided in paragraph (b) above shall be determined by the Company on the basis of the applicable Market Exchange Rate in effect on the third Business Day (the "**Valuation Date**") immediately preceding each payment date, and such determination shall be conclusive and binding for all purposes, absent manifest error.

(d) If a Conversion Event occurs with respect to a Foreign Currency in which any of the Securities are denominated or payable other than pursuant to an election provided for pursuant to paragraph (b) above, then with respect to each date for the payment of principal of (and premium, if any) and interest, if any, on the applicable Securities denominated or payable in such Foreign Currency occurring after the last date on which such Foreign Currency was used (the "**Conversion Date**"), the Dollar shall be the Currency of payment for use on each such payment date. Unless otherwise specified pursuant to Section 301, the Dollar amount to be paid by the Company to the Trustee and by the Trustee or any Paying Agent to the Holders of such Securities with respect to such payment date shall be, in the case of a Foreign Currency other than a Currency unit, the Dollar Equivalent of the Foreign Currency or, in the case of a Currency unit, the Dollar Equivalent of the Currency Unit, in each case as determined by the Exchange Rate Agent in the manner provided in paragraph (f) or (g) below.

(e) Unless otherwise specified pursuant to Section 301, if the Holder of a Registered Security denominated in any Currency shall have elected to be paid in another Currency as provided in paragraph (b) above, and a Conversion Event occurs with respect to such elected Currency, such Holder shall receive payment in the Currency in which payment would have been made in the absence of such election; and if a Conversion Event occurs with respect to the Currency in which payment would have been made in the absence of such election, such Holder shall receive payment in Dollars as provided in paragraph (d) above.

(f) The "**Dollar Equivalent of the Foreign Currency**" shall be determined by the Exchange Rate Agent and shall be obtained for each subsequent payment date after the

Conversion Date by converting the specified Foreign Currency into Dollars at the Market Exchange Rate on the Conversion Date.

(g) The "**Dollar Equivalent of the Currency Unit**" shall be determined by the Exchange Rate Agent and subject to the provisions of paragraph (h) below shall be the sum of each amount obtained by converting the Specified Amount of each Component Currency into Dollars at the Market Exchange Rate for such Component Currency on the Valuation Date with respect to each payment.

(h) For purposes of this Section 312 the following terms shall have the following meanings:

A "**Component Currency**" shall mean any Currency which, on the Conversion Date, was a component Currency of the relevant Currency unit, including, but not limited to, the Euro.

A "**Specified Amount**" of a Component Currency shall mean the number of units of such Component Currency or fractions thereof which were represented in the relevant Currency unit, including, but not limited to, the Euro, on the Conversion Date. If after the Conversion Date the official unit of any Component Currency is altered by way of combination or subdivision, the Specified Amount of such Component Currency shall be divided or multiplied in the same proportion. If after the Conversion Date two or more Component Currencies are consolidated into a single Currency, the respective Specified Amounts of such Component Currencies shall be replaced by an amount in such single Currency equal to the sum of the respective Specified Amounts of such consolidated Component Currencies expressed in such single Currency, and such amount shall thereafter be a Specified Amount and such single Currency shall thereafter be a Component Currency. If after the Conversion Date any Component Currency shall be divided into two or more currencies, the Specified Amount of such Component Currency shall be replaced by amounts of such two or more currencies, having an aggregate Dollar Equivalent value at the Market Exchange Rate on the date of such replacement equal to the Dollar Equivalent value of the Specified Amount of such former Component Currency at the Market Exchange Rate immediately before such division and such amounts shall thereafter be Specified Amounts and such currencies shall thereafter be Component Currencies. If, after the Conversion Date of the relevant Currency unit, including, but not limited to, the Euro, a Conversion Event (other than any event referred to above in this definition of "Specified Amount") occurs with respect to any Component Currency of such Currency unit and is continuing on the applicable Valuation Date, the Specified Amount of such Component Currency shall, for purposes of calculating the Dollar Equivalent of the Currency Unit, be converted into Dollars at the Market Exchange Rate in effect on the Conversion Date of such Component Currency.

"**Election Date**" shall mean the date for any series of Registered Securities as specified pursuant to clause (15) of Section 301(b) by which the written election referred to in paragraph (b) above may be made.

(i) All decisions and determinations of the Exchange Rate Agent regarding the Dollar Equivalent of the Foreign Currency, the Dollar Equivalent of the Currency Unit, the

Market Exchange Rate and changes in the Specified Amounts as specified above shall be in its sole discretion and shall, in the absence of manifest error, be conclusive for all purposes and irrevocably binding upon the Company, the Trustee and all Holders of such Securities denominated or payable in the relevant Currency. The Exchange Rate Agent shall promptly give written notice to the Company and the Trustee of any such decision or determination.

(j) In the event that the Company determines in good faith that a Conversion Event has occurred with respect to a Foreign Currency, the Company will immediately give written notice thereof to the Trustee and to the Exchange Rate Agent (and the Trustee will promptly thereafter give notice in the manner provided for in Section 106 to the affected Holders) specifying the Conversion Date. In the event the Company so determines that a Conversion Event has occurred with respect to the Euro or any other Currency unit in which Securities are denominated or payable, the Company will immediately give written notice thereof to the Trustee and to the Exchange Rate Agent (and the Trustee will promptly thereafter give notice in the manner provided for in Section 106 to the affected Holders) specifying the Conversion Date and the Specified Amount of each Component Currency on the Conversion Date. In the event the Company determines in good faith that any subsequent change in any Component Currency as set forth in the definition of Specified Amount above has occurred, the Company will similarly give written notice to the Trustee and the Exchange Rate Agent.

(k) The Trustee shall be fully justified and protected in relying and acting upon information received by it from the Company and the Exchange Rate Agent and shall not otherwise have any duty or obligation to determine the accuracy or validity of such information independent of the Company or the Exchange Rate Agent.

SECTION 313. Appointment and Resignation of Successor Exchange Rate Agent.

(a) Unless otherwise specified pursuant to Section 301, if and so long as the Securities of any series (i) are denominated in a Currency other than Dollars or (ii) may be payable in a Currency other than Dollars, or so long as it is required under any other provision of this Indenture, then the Company will maintain with respect to each such series of Securities, or as so required, at least one Exchange Rate Agent. The Company will cause the Exchange Rate Agent to make the necessary foreign exchange determinations at the time and in the manner specified pursuant to Section 301 for the purpose of determining the applicable rate of exchange and, if applicable, for the purpose of converting the issued Currency into the applicable payment Currency for the payment of principal (and premium, if any) and interest, if any, pursuant to Section 312.

(b) No resignation of the Exchange Rate Agent and no appointment of a successor Exchange Rate Agent pursuant to this Section shall become effective until the acceptance of appointment by the successor Exchange Rate Agent as evidenced by a written instrument delivered to the Company and the Trustee accepting such appointment executed by the successor Exchange Rate Agent.

(c) If the Exchange Rate Agent shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of the Exchange Rate Agent for any cause with respect to the Securities of one or more series, the Company, by or pursuant to a Board Resolution, shall promptly appoint a successor Exchange Rate Agent or Exchange Rate Agents

with respect to the Securities of that or those series (it being understood that any such successor Exchange Rate Agent may be appointed with respect to the Securities of one or more or all of such series and that, unless otherwise specified pursuant to Section 301, at any time there shall only be one Exchange Rate Agent with respect to the Securities of any particular series that are originally issued by the Company on the same date and that are initially denominated and/or payable in the same Currency).

ARTICLE FOUR

SATISFACTION AND DISCHARGE

SECTION 401. Satisfaction and Discharge of Indenture.

(a) This Indenture shall upon Company Request cease to be of further effect with respect to any series of Securities specified in such Company Request (except as to any surviving rights of registration of transfer or exchange of Securities of such series expressly provided for herein or pursuant hereto and any right to receive Additional Amounts as contemplated by Section 1005) and the Trustee, at the expense of the Company, shall execute proper instruments acknowledging satisfaction and discharge of this Indenture as to such series when

(1) either

(A) all Securities of such series theretofore authenticated and delivered and all coupons, if any, appertaining thereto (other than (i) coupons appertaining to Bearer Securities surrendered for exchange for Registered Securities and maturing after such exchange, whose surrender is not required or has been waived as provided in Section 305, (ii) Securities and coupons of such series which have been destroyed, lost or stolen and which have been replaced or paid as provided in Section 306, (iii) coupons appertaining to Securities called for redemption and maturing after the relevant Redemption Date, whose surrender has been waived as provided in Section 1106, and (iv) Securities and coupons of such series for whose payment money has theretofore been deposited in trust with the Trustee or any Paying Agent or segregated and held in trust by the Company and thereafter repaid to the Company, as provided in Section 1003) have been delivered to the Trustee for cancellation; or

(B) all Securities of such series and, in the case of (i) or (ii) below, any coupons appertaining thereto not theretofore delivered to the Trustee for cancellation

(i) have become due and payable, or

(ii) will become due and payable at their Stated Maturity within one year, or

(iii) if redeemable at the option of the Company, are to be called for redemption within one year under arrangements satisfactory to the

Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Company,

and the Company, in the case of (i), (ii) or (iii) above, has irrevocably deposited or caused to be deposited with the Trustee as trust funds in trust for such purpose an amount in the Currency in which the Securities of such series are payable, sufficient to pay and discharge the entire indebtedness on such Securities not theretofore delivered to the Trustee for cancellation, for principal (and premium, if any) and interest, if any, to the date of such deposit (in the case of Securities which have become due and payable) or to the Stated Maturity or Redemption Date, as the case may be;

(2) the Company has paid or caused to be paid all other sums payable with respect to the Securities of such series hereunder by the Company; and

(3) the Company has delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that all conditions precedent herein provided for relating to the satisfaction and discharge of this Indenture as to such series have been complied with.

(b) Notwithstanding the satisfaction and discharge of this Indenture, the obligations of the Company to the Trustee under Section 605, the obligations of the Trustee to any Authenticating Agent under Section 611 and, if money shall have been deposited with the Trustee pursuant to subclause (B) of clause (1) of this Section, the obligations of the Trustee under Section 402 and the last paragraph of Section 1003 shall survive.

SECTION 402. Application of Trust Money.

Subject to the provisions of the last paragraph of Section 1003, all money deposited with the Trustee pursuant to Section 401 shall be held in trust and applied by it, in accordance with the provisions of the Securities, the coupons and this Indenture, to the payment, either directly or through any Paying Agent (including the Company acting as its own Paying Agent) as the Trustee may determine, to the Persons entitled thereto, of the principal (and premium, if any) and interest, if any, for whose payment such money has been deposited with the Trustee; but such money need not be segregated from other funds except to the extent required by law.

ARTICLE FIVE

REMEDIES

SECTION 501. Events of Default.

"**Event of Default**", wherever used herein with respect to Securities of any series, means any one of the following events (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(1) default in the payment of any interest due on any Security of that series, or any related coupon, when such interest or coupon becomes due and payable, and continuance of such default for a period of 30 days; or

(2) default in the payment of the principal of (or premium, if any, on) any Security of that series at its Maturity; or

(3) default in the deposit of any sinking fund or analogous payment when due by the terms of any Security of that series and Article Twelve; or

(4) default in the performance, or breach, of any covenant or agreement of the Company in this Indenture, and continuance of such default or breach for a period of 60 days after there has been given, by registered or certified mail, to the Company by the Trustee or to the Company and the Trustee by the Holders of at least 25% in principal amount of all Outstanding Securities of that series a written notice specifying such default or breach and requiring it to be remedied and stating that such notice is a "Notice of Default" hereunder; or

(5) the entry of a decree or order by a court having jurisdiction in the premises adjudging the Company a bankrupt or insolvent, or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition of or in respect of the Company under or subject to the Bankruptcy and Insolvency Act (Canada), the Companies' Creditors Arrangement Act (Canada) or other analogous bankruptcy or insolvency laws in the United States, or the issuance of a sequestration order or the appointment of a receiver, liquidator, assignee, trustee, sequestrator (or other similar official) of the Company or in receipt of any substantial part of the property of the Company, and any such decree, order or appointment continues unstayed and in effect for a period of 90 consecutive days; or

(6) the institution by the Company of proceedings to be adjudicated a bankrupt or insolvent, or the consent by it to the institution of bankruptcy or insolvency proceedings against it, or the filing by it of a petition or answer or consent seeking reorganization or relief from creditors in respect of it or its property under or subject to the Bankruptcy and Insolvency Act (Canada), the Companies' Creditors Arrangement Act (Canada) or other analogous bankruptcy or insolvency laws in the United States or the consent by it to the filing of any such petition or to the appointment of a receiver, liquidator, assignee, trustee, sequestrator (or other similar official) of the Company or of any substantial part of its property, or the making by it of a general assignment for the benefit of creditors, or the admission by it in writing of its inability to pay its debts generally as they become due or the taking by it of corporate action in furtherance of any of the aforesaid purposes; or

(7) any other Event of Default provided with respect to Securities of that series.

SECTION 502. Notice of Defaults.

(a) If an Event of Default with respect to the Securities of any series shall occur and be continuing, the Trustee shall, within 90 days after the Trustee becomes aware of the occurrence of such Event of Default, give notice of such Event of Default to the Holders of that series, and may, notwithstanding that no Default has occurred with respect to the Securities of

any other series, give notice to the Holders of the Securities of such other series in the manner and to the extent provided in Trust Indenture Legislation, unless such Default shall have been cured of waived; provided, however, that, except in the case of a Default in the payment of the principal of (or premium, if any) or interest, if any, on any Security of such series or in the payment of any sinking fund installment with respect to Securities of such series, the Trustee shall be protected in withholding such notice if and so long as the board of directors, the executive committee or a trust committee of directors and/or Responsible Officers of the Trustee in good faith determine that the withholding of such notice is in the best interest of the Holders of such series and any related coupons; and provided further that in the case of any Default of the character specified in Section 501(4) with respect to Securities of such series, no such notice to Holders shall be given until at least 30 days after the occurrence thereof.

(b) If notice of an Event of Default has been given to Holders and such Event of Default is thereafter remedied or cured prior to the acceleration of the indebtedness of the Company hereunder pursuant to Section 503, notice that such Event of Default is no longer continuing shall be given by the Trustee to the Persons to whom notice of such Event of Default was given pursuant to this Section, such notice to be given within a reasonable time, not to exceed 30 days, after the Trustee becomes aware that such Event of Default has been remedied or cured during such period of time.

SECTION 503. Acceleration of Maturity; Rescission and Annulment.

(a) If an Event of Default described in clause (1), (2), (3), (4) or (7) of Section 501 with respect to Securities of any series at the time Outstanding occurs and is continuing, then in every such case the Trustee, acting on written direction of Holders of not less than 25% in principal amount of the Outstanding Securities of that series may declare the principal amount (or, if the Securities of that series are Original Issue Discount Securities or Indexed Securities, such portion of the principal amount as may be specified in the terms of that series) of all of the Securities of that series to be due and payable immediately, by a notice in writing to the Company (and to the Trustee if given by Holders), and upon any such declaration such principal amount (or specified portion thereof) shall become immediately due and payable. If an Event of Default described in clause (5) or (6) of Section 501 occurs and is continuing, then in every such case the Trustee, acting on written direction of Holders of not less than 25% in principal amount of all the Securities then Outstanding may declare the principal amount (or, if any such Securities are Original Issue Discount Securities or Indexed Securities, such portion of the principal amount as may be specified in the terms of that series) of all of the Outstanding Securities to be due and payable immediately, by a notice in writing to the Company (and to the Trustee if given by the Holders) and upon any such declaration such principal amount (or specified portion thereof) shall become immediately due and payable.

(b) At any time after such a declaration of acceleration with respect to Securities of any series (or of all series, as the case may be) has been made and before a judgment or decree for payment of the money due has been obtained by the Trustee as hereinafter provided in this Article, the Holders of a majority in principal amount of the Outstanding Securities of that series (or of all series, as the case may be), by written notice to the Company and the Trustee, may rescind and annul such declaration and its consequences if:

(1) the Company has paid or deposited with the Trustee a sum sufficient to pay in the Currency in which the Securities of such series are payable (except as otherwise specified pursuant to Section 301 for the Securities of such series and except, if applicable, as provided in Sections 312(b), 312(d) and 312(e)),

(A) all overdue interest, if any, on all Outstanding Securities of that series (or of all series, as the case may be) and any related coupons,

(B) all unpaid principal of (and premium, if any, on) any Outstanding Securities of that series (or of all series, as the case may be) which has become due otherwise than by such declaration of acceleration, and interest on such unpaid principal at the rate or rates prescribed therefor in such Securities,

(C) to the extent that payment of such interest is lawful, interest upon overdue interest at the rate or rates prescribed therefor in such Securities, and

(D) all sums paid or advanced by the Trustee hereunder and the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel; and

(2) all Events of Default with respect to Securities of that series (or of all series, as the case may be), other than the non-payment of amounts of principal of (or premium, if any, on) or interest on Securities of that series (or of all series, as the case may be) which have become due solely by such declaration of acceleration, have been cured or waived as provided in Section 514.

(c) No such rescission shall affect any subsequent default or impair any right consequent thereon.

SECTION 504. Collection of Debt and Suits for Enforcement by Trustee.

(a) The Company covenants that if

(1) default is made in the payment of any installment of interest on any Security and any related coupon when such interest becomes due and payable and such default continues for a period of 30 days, or

(2) default is made in the payment of the principal of (or premium, if any, on) any Security at the Maturity thereof,

then the Company will, upon demand of the Trustee, pay to the Trustee for the benefit of the Holders of such Securities and coupons, the whole amount then due and payable on such Securities and coupons for principal (and premium, if any) and interest, if any, and interest on any overdue principal (and premium, if any) and, to the extent that payment of such interest shall be legally enforceable, on any overdue interest, at the rate or rates prescribed therefor in such Securities, and, in addition thereto, such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel.

(b) If the Company fails to pay such amounts forthwith upon such demand, the Trustee, upon receipt of a notice in writing to the Trustee by the Holders of not less than 25% in principal amount of the Outstanding Securities of that series and upon being sufficiently indemnified to its reasonable satisfaction against all costs, expenses and liabilities to be incurred, may, in its name as Trustee hereunder institute a judicial proceeding for the collection of the sums so due and unpaid, may prosecute such proceeding to judgment or final decree and may enforce the same against the Company or any other obligor upon such Securities and collect the moneys adjudged or decreed to be payable in the manner provided by law out of the property of the Company or any other obligor upon such Securities, wherever situated.

(c) If an Event of Default with respect to Securities of any series (or of all series, as the case may be) occurs and is continuing, the Trustee may in its discretion proceed to protect and enforce its rights and the rights of the Holders of Securities of such series (or of all series, as the case may be) by such appropriate judicial proceedings as the Trustee shall deem most effectual to protect and enforce any such rights, whether for the specific enforcement of any covenant or agreement in this Indenture or in aid of the exercise of any power granted herein, or to enforce any other proper remedy.

SECTION 505. Trustee May File Proofs of Claim.

(a) In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to the Company or any other obligor upon the Securities or the property of the Company or of such other obligor or their creditors, the Trustee (irrespective of whether the principal of the Securities shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Trustee shall have made any demand on the Company for the payment of overdue principal, premium, if any, or interest) shall be entitled and empowered, by intervention in such proceeding or otherwise,

(1) to file and prove a claim for the whole amount of principal (and premium, if any), or such portion of the principal amount of any series of Original Issue Discount Securities or Indexed Securities as may be specified in the terms of such series, and interest, if any, owing and unpaid in respect of the Securities and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel) and of the Holders allowed in such judicial proceeding, and

(2) to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Holder to make such payments to the Trustee and, in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay to the Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 605.

(b) Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting the Securities or the rights of any Holder thereof or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding except as aforesaid, for the electing of a trustee in bankruptcy or other person performing similar functions.

SECTION 506. Trustee May Enforce Claims Without Possession of Securities.

All rights of action and claims under this Indenture or with respect to the Securities or coupons may be prosecuted and enforced by the Trustee without the possession of any of the Securities or coupons or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, be for the ratable benefit of the Holders of the Securities and coupons in respect of which such judgment has been recovered.

SECTION 507. Application of Money Collected.

Any money collected by the Trustee pursuant to this Article with respect to the Securities shall be applied in the following order, at the date or dates fixed by the Trustee and, in case of the distribution of such money on account of principal (or premium, if any) or interest, if any, upon presentation of the Securities or coupons, or both, as the case may be, and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid:

First: To the payment of all amounts due the Trustee under Section 605;

Second: To the payment of the amounts then due and unpaid for principal of (and premium, if any) and interest, if any, on the Securities and coupons in respect of which or for the benefit of which such money has been collected, ratably, without preference or priority of any kind, according to the amounts due and payable on such Securities and coupons for principal (and premium, if any) and interest, if any, respectively; and

Third: The balance, if any, to the Company or any other Person or Persons entitled thereto.

SECTION 508. Limitation on Suits.

No Holder of any Security of any series or any related coupons shall have any right to institute any proceeding, judicial or otherwise, with respect to this Indenture, or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless

(1) an Event of Default with respect to that series shall have occurred and be continuing and such Holder has previously given written notice to the Trustee of a continuing Event of Default with respect to the Securities of that series;

(2) the Holders of not less than 25% in principal amount of the Outstanding Securities of that series in the case of any Event of Default described in clause (1), (2), (3), (4) or (7) of Section 501, or, in the case of any Event of Default described in clause (5) or (6) of Section 501, the Holders of not less than 25% in principal amount of all Outstanding Securities, shall have made written request to the Trustee to institute proceedings in respect of such Event of Default in its own name as Trustee hereunder;

(3) such Holder or Holders have offered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request;

(4) the Trustee for 60 days after its receipt of such notice, request and offer of indemnity has failed to institute any such proceeding; and

(5) no direction inconsistent with such written request has been given to the Trustee during such 60-day period by the Holders of a majority or more in principal amount of the Outstanding Securities of that series in the case of any Event of Default described in clause (1), (2), (3), (4) or (7) of Section 501, or, in the case of any Event of Default described in clause (5) or (6) of Section 501, by the Holders of a majority or more in principal amount of all Outstanding Securities;

it being understood and intended that no one or more of such Holders shall have any right in any manner whatever by virtue of, or by availing of, any provision of this Indenture to affect, disturb or prejudice the rights of any other Holders of Securities of the same series, in the case of any Event of Default described in clause (1), (2), (3), (4) or (7) of Section 501, or of Holders of all Securities in the case of any Event of Default described in clause (5) or (6) of Section 501, or to obtain or to seek to obtain priority or preference over any other of such Holders or to enforce any right under this Indenture, except in the manner herein provided and for the equal and ratable benefit of all Holders of Securities of the same series, in the case of any Event of Default described in clause (1), (2), (3), (4) or (7) of Section 501, or of Holders of all Securities in the case of any Event of Default described in clause (5) or (6) of Section 501.

SECTION 509. Unconditional Right of Holders to Receive Principal, Premium and Interest.

Notwithstanding any other provision in this Indenture, the Holder of any Security shall have the right, which is absolute and unconditional, to receive payment, as provided herein (including, if applicable, Article Fourteen) and in such Security, of the principal of (and premium, if any) and (subject to Section 307) interest, if any, on such Security or payment of such coupon on the respective Stated Maturities expressed in such Security or coupon (or, in the case of redemption or repayment, on the Redemption Date or Repayment Date, as the case may be) and to institute suit for the enforcement of any such payment, and such rights shall not be impaired without the consent of such Holder.

SECTION 510. Restoration of Rights and Remedies.

If the Trustee or any Holder has instituted any proceeding to enforce any right or remedy under this Indenture and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Trustee or to such Holder, then and in every such case, subject to any determination in such proceeding, the Company, the Trustee and the Holders

of Securities and coupons shall be restored severally and respectively to their former positions hereunder and thereafter all rights and remedies of the Trustee and the Holders shall continue as though no such proceeding had been instituted.

SECTION 511. Rights and Remedies Cumulative.

Except as otherwise provided with respect to the replacement or payment of mutilated, destroyed, lost or stolen Securities or coupons in the last paragraph of Section 306, no right or remedy herein conferred upon or reserved to the Trustee or to the Holders of Securities or coupons is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

SECTION 512. Delay or Omission Not Waiver.

No delay or omission of the Trustee or of any Holder of any Security of any series or coupon to exercise any right or remedy accruing upon any Event of Default with respect to the Securities of such series shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Indenture or by law to the Trustee or to the Holders may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the Holders, as the case may be.

SECTION 513. Control by Holders.

With respect to the Securities of any series, the Holders of not less than a majority in principal amount of the Outstanding Securities of such series shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee, relating to or arising under clause (1), (2), (3), (4) or (7) of Section 501, and, with respect to all Securities, the Holders of not less than a majority in principal amount of all Outstanding Securities shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee, not relating to or arising under clause (1), (2), (3), (4) or (7) of Section 501, provided that in each case

(1) such direction shall not be in conflict with any rule of law or with this Indenture,

(2) the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction, and

(3) the Trustee need not take any action which might involve it in personal liability or be unjustly prejudicial to the Holders of Securities of such series not taking part in such direction.

SECTION 514. Waiver of Past Defaults.

(a) Subject to Section 503, the Holders of not less than a majority in principal amount of the Outstanding Securities of any series may on behalf of the Holders of all the Securities of such series waive any past default described in clause (1), (2), (3), (4) or (7) of Section 501 (or, in the case of a default described in clause (5) or (6) of Section 501, the Holders of not less than a majority in principal amount of all Outstanding Securities may waive any such past default), and its consequences, except a default

(1) in respect of the payment of the principal of (or premium, if any) or interest, if any, on any Security or any related coupon, or

(2) in respect of a covenant or provision hereof which under Article Nine cannot be modified or amended without the consent of the Holder of each Outstanding Security of such series affected.

(b) Upon any such waiver, any such default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured, for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other default or Event of Default or impair any right consequent thereon.

SECTION 515. Waiver of Stay or Extension Laws.

The Company covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law wherever enacted, now or at any time hereafter in force, which may affect the covenants or the performance of this Indenture; and the Company (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

ARTICLE SIX

THE TRUSTEE

SECTION 601. Certain Duties, Rights and Responsibilities of Trustee.

(a) The Trustee shall undertake to perform such duties and only such duties, as are specifically set forth in this Indenture, and no implied covenants shall be read into this Indenture against the Trustee.

(b) In the exercise of the rights, powers, and duties prescribed or conferred by the terms hereunder, the Trustee shall honestly and in good faith with a view to the best interests of the Holders and exercise that degree of care, diligence and skill of a reasonably prudent trustee acting in such capacity.

(c) In the absence of bad faith on the part of the Trustee, the Trustee may conclusively rely and act, as to the truth of the statements and the correctness of the opinions

expressed therein, upon any certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture; but in the case of any such certificates or opinions that by any provision hereof are specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Indenture.

(d) No provision of this Indenture shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(i) this subsection shall not be construed to limit the effect of Sections 601(a), (b) or (c);

(ii) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer of the Trustee, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts;

(iii) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Holders of not less than a majority in principal amount of the Securities at the time Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under this Indenture; and

(iv) no provision contained in this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties or in the exercise of any of its rights or powers, if there is reasonable ground for believing that the repayment of such funds or liability is not reasonably assured to it under the terms of this Indenture or adequate indemnity against such risk is not reasonably assured to it.

(e) No provision of this Indenture shall be construed to relieve the Trustee from its duties, except to the extent permitted by Trust Indenture Legislation and provided that:

(i) any request or direction of the Company mentioned herein shall be sufficiently evidenced by a Company Request or Company Order and any resolution of the Board of Directors may be sufficiently evidenced by a Board Resolution;

(ii) whenever in the administration of this Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon an Officer's Certificate;

(iii) the Trustee may consult with counsel and the written advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon;

(iv) subject to section 601(c), the Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the Company, personally or by agent or attorney;

(v) the Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder;

(vi) the Trustee shall not be liable for any action taken, suffered or omitted by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture;

(vii) the Trustee will disburse monies according to this Indenture only to the extent that monies have been deposited with it;

(viii) in the event that Bearer Securities are issued, the Trustee, upon the occurrence or at any time during the continuance of any act, action or proceeding, may require the Holders at whose instance it is acting to deposit with it Bearer Securities held by them, for which the Trustee shall issue receipts; and

(ix) the Trustee shall not be deemed to have notice of any Default or Event of Default unless written notice of any event which is in fact such a Default is received by the Trustee at the Corporate Trust Office of the Trustee, and such notice references the Securities and the Indenture.

(f) Whether or not therein and expressly so provided, except to the extent expressly provided herein to the contrary, every provision of this Indenture relating to the conduct or effecting the liability or affording protection to the Trustee shall be subject to the provisions of this Section 601.

SECTION 602. Trustee Not Responsible for Recitals or Issuance of Securities.

The recitals contained herein and in the Securities, except for the Trustee's certificates of authentication, and in any coupons shall be taken as the statements of the Company, and neither the Trustee nor any Authenticating Agent assumes any responsibility for their correctness. The Trustee makes no representations as to the validity or sufficiency of this Indenture or of the Securities or coupons, except that the Trustee represents that it is duly authorized to execute and deliver this Indenture, authenticate the Securities and perform its obligations hereunder. Neither the Trustee nor any Authenticating Agent shall be accountable for the use or application by the Company of Securities or the proceeds thereof.

SECTION 603. May Hold Securities.

The Trustee, any Authenticating Agent, any Paying Agent, any Security Registrar or any other agent of the Company or of the Trustee, in its individual or any other capacity, may become the owner or pledgee of Securities and coupons and, subject to Trust Indenture Legislation, may otherwise deal with the Company with the same rights it would have if it were not Trustee, Authenticating Agent, Paying Agent, Security Registrar or such other agent.

SECTION 604. Money Held in Trust.

Money held by the Trustee in trust hereunder need not be segregated from other funds except to the extent required by law. The Trustee shall be under no liability for interest on any money received by it hereunder except as otherwise agreed with the Company.

SECTION 605. Compensation and Reimbursement.

(a) The Company agrees, both before any default hereunder and thereafter until all the duties of the Trustee shall be firmly and fully performed, except any such expense, disbursement, or advance as may arise from its negligence or willful default:

(1) to pay to the Trustee from time to time reasonable compensation for all services rendered by it hereunder (which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust);

(2) except as otherwise expressly provided herein, to reimburse the Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Trustee in accordance with any provision of this Indenture (including the reasonable compensation and the expenses and disbursements of its agents and counsel and the reasonable expenses related to the calling of any meeting of Holders by the Company), except any such expense, disbursement or advance as may be attributable to its negligence or bad faith; and

(3) to indemnify the Trustee for, and to hold it harmless against, any loss, liability or expense incurred without negligence or bad faith on its part, arising out of or in connection with the acceptance or administration of the trust or trusts hereunder, including the costs and expenses of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties hereunder.

(b) The obligations of the Company under this Section to compensate the Trustee, to pay or reimburse the Trustee for expenses, disbursements and advances and to indemnify and hold harmless the Trustee shall constitute additional indebtedness hereunder and shall survive the satisfaction and discharge of this Indenture. As security for the performance of such obligations of the Company, the Trustee shall have a claim prior to the Securities upon all property and funds held or collected by the Trustee as such, except funds held in trust for the payment of principal of (or premium, if any) or interest, if any, on particular Securities or any coupons.

(c) When the Trustee incurs expenses or renders services in connection with an Event of Default specified in Section 501(5) or (6), the expenses (including reasonable

charges and expense of its counsel) of and the compensation for such services are intended to constitute expenses of administration under any applicable U.S. or Canadian federal, state or provincial bankruptcy, insolvency or other similar law.

(d) The provisions of this Section shall survive the termination of this Indenture. Any amount due under this Section 605 and unpaid 30 days after request for such payment shall bear interest at the then current rate for overdue amounts charged by the Trustee.

(e) The remuneration of the Trustee hereunder shall continue to be payable until the trusts hereof shall be finally wound up, whether or not the trusts of this Indenture shall be in course of administration by or under the direction of any court.

SECTION 606. Conflict of Interest.

(a) The Trustee represents to the Company that at the time of the execution and delivery hereof no material conflict of interest exists between the Trustee's role as a fiduciary hereunder and the Trustee's role in any other capacity and agrees that in the event of a material conflict of interest arising hereafter it will, within 90 days after becoming aware that a material conflict of interest exists, either eliminate the same or resign its trust hereunder.

(b) If, notwithstanding Section 606(a), the Trustee has a material conflict of interest, the validity and enforceability of this Indenture, of the Security Interest (if any) constituted by or under this Indenture and of the Securities of any series issued hereunder shall not be affected in any manner whatsoever by reason only of the existence of such material conflict of interest.

(c) If the Trustee contravenes Section 606(a), the Company or the Holders of not less than 25% in aggregate principal amount of the Securities of any series affected thereby may apply to the Ontario Superior Court of Justice with respect to the Canadian Trustee or the U.S. federal or New York State court with respect to the U.S. Trustee for an order that the Trustee be replaced, and such court may make an order on such terms as it thinks fit.

SECTION 607. Corporate Trustee Required; Eligibility.

For as long as required by Trust Indenture Legislation, there shall be at all times a Trustee hereunder with respect to the Securities of each series which may be the Trustee hereunder for Securities of one or more series. Each Trustee shall be a Person which shall be eligible to act as Trustee under Trust Indenture Legislation and shall have a combined capital and surplus of at least $35,000,000. For so long as required by the Trust Indenture Legislation, there shall be a Canadian Trustee under this Indenture. The Canadian Trustee shall at all times be a corporation organized under the laws of Canada or province thereof and authorized under such laws and the laws of the Province of Ontario to carry on trust business therein and be subject to supervision or examination pursuant to the Trust Companies Act (Canada) or the Canada Deposit Insurance Corporation Act. A Trustee acting as Trustee in respect of Securities of any series offered solely in the United States and not concurrently in Canada or offered concurrently in the United States and Canada shall at all times satisfy the requirements of Sections 310(a)(1), 310(a)(2) and 310(b) of the Trust Indenture Act. If at any time the Trustee with respect to the Securities of any series shall cease to be eligible in accordance with the provisions of this

Section, it shall resign immediately in the manner and with the effect hereinafter specified in this Article.

SECTION 608. Resignation and Removal; Appointment of Successor.

(a) No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to this Article shall become effective until the acceptance of appointment by the successor Trustee in accordance with the applicable requirements of Section 609.

(b) The Trustee may resign at any time with respect to the Securities of one or more series by giving written notice thereof to the Company upon three months notice or such shorter period as agreed to by the Company. If the instrument of acceptance by a successor Trustee required by Section 609 shall not have been delivered to the Trustee within 30 days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee with respect to the Securities of such series.

(c) The Trustee may be removed at any time with respect to the Securities of any series by Act of the Holders of not less than a majority in principal amount of the Outstanding Securities of such series, delivered to the Trustee and to the Company.

(d) If at any time:

(1) the Trustee shall fail to comply with the provisions of Trust Indenture Legislation or Section 606 after written request therefor by the Company or by any Holder who has been a bona fide Holder of a Security for at least six months, or

(2) the Trustee shall cease to be eligible under Section 607 and shall fail to resign after written request therefor by the Company or by any Holder who has been a bona fide Holder of a Security for at least six months, or

(3) the Trustee shall become incapable of acting or shall be adjudged a bankrupt or insolvent or a receiver of the Trustee or of its property shall be appointed or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation,

then, in any such case, (i) the Company, by a Board Resolution, may remove the Trustee with respect to all Securities, or (ii) subject to Trust Indenture Legislation, any Holder who has been a bona fide Holder of a Security for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee with respect to all Securities and the appointment of a successor Trustee or Trustees.

(e) If the Trustee shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of Trustee for any cause, with respect to the Securities of one or more series, the Company, by a Board Resolution, shall promptly appoint a successor Trustee or Trustees with respect to the Securities of that or those series (it being understood that any such successor Trustee may be appointed with respect to the Securities of one or more or all of such series and that at any time there shall be only one Trustee with respect to the Securities of any

particular series). If, within one year after such resignation, removal or incapability, or the occurrence of such vacancy, a successor Trustee with respect to the Securities of any series shall be appointed by Act of the Holders of a majority in principal amount of the Outstanding Securities of such series delivered to the Company and the retiring Trustee, the successor Trustee so appointed shall, forthwith upon its acceptance of such appointment, become the successor Trustee with respect to the Securities of such series and to that extent supersede the successor Trustee appointed by the Company. If no successor Trustee with respect to the Securities of any series shall have been so appointed by the Company or the Holders and accepted appointment in the manner hereinafter provided, any Holder who has been a bona fide Holder of a Security of such series for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the appointment of a successor Trustee with respect to the Securities of such series.

(f) The Company shall give notice of each resignation and each removal of the Trustee with respect to the Securities of any series and each appointment of a successor Trustee with respect to the Securities of any series to the Holders of Securities of such series in the manner provided for in Section 106. Each notice shall include the name of the successor Trustee with respect to the Securities of such series and the address of its Corporate Trust Office.

SECTION 609. Acceptance of Appointment by Successor.

(a) In case of the appointment hereunder of a successor Trustee with respect to all Securities, every such successor Trustee so appointed shall execute, acknowledge and deliver to the Company and to the retiring Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Trustee shall become effective and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts and duties of the retiring Trustee; but, on the request of the Company or the successor Trustee, such retiring Trustee shall, upon payment of all amounts due to it under Section 605, execute and deliver an instrument transferring to such successor Trustee all the rights, powers and trusts of the retiring Trustee and shall duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring Trustee hereunder.

(b) In case of the appointment hereunder of a successor Trustee with respect to the Securities of one or more (but not all) series, the Company, the retiring Trustee and each successor Trustee with respect to the Securities of one or more series shall execute and deliver an indenture supplemental hereto wherein each successor Trustee shall accept such appointment and which (1) shall contain such provisions as shall be necessary or desirable to transfer and confirm to, and to vest in, each successor Trustee all the rights, powers, trusts and duties of the retiring Trustee with respect to the Securities of that or those series to which the appointment of such successor Trustee relates, (2) if the retiring Trustee is not retiring with respect to all Securities, shall contain such provisions as shall be deemed necessary or desirable to confirm that all the rights, powers, trusts and duties of the retiring Trustee with respect to the Securities of that or those series as to which the retiring Trustee is not retiring shall continue to be vested in the retiring Trustee, and (3) shall add to or change any of the provisions of this Indenture as shall be necessary to provide for or facilitate the administration of the trusts hereunder by more than one Trustee, it being understood that nothing herein or in such supplemental indenture shall constitute such Trustees co-trustees of the same trust and that each such Trustee shall be trustee of a trust or trusts hereunder separate and apart from any trust or trusts hereunder administered

by any other such Trustee; and upon the execution and delivery of such supplemental indenture the resignation or removal of the retiring Trustee shall become effective to the extent provided therein and each such successor Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts and duties of the retiring Trustee with respect to the Securities of that or those series to which the appointment of such successor Trustee relates; but, on request of the Company or any successor Trustee, such retiring Trustee shall upon payment of all amounts due to it under Section 605 duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring Trustee hereunder with respect to the Securities of that or those series to which the appointment of such successor Trustee relates. Whenever there is a successor Trustee with respect to one or more (but less than all) series of securities issued pursuant to this Indenture, the terms "Indenture" and "Securities" shall have the meanings specified in the provisos to the respective definitions of those terms in Section 101 which contemplate such situation.

(c) Upon request of any such successor Trustee, the Company shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor Trustee all rights, powers and trusts referred to in paragraph (a) or (b) of this Section, as the case may be.

(d) No successor Trustee shall accept its appointment unless at the time of such acceptance such successor Trustee shall be qualified and eligible under this Article.

SECTION 610. Merger, Conversion, Consolidation or Succession to Business.

Any corporation into which the Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any corporation succeeding to all or substantially all the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder, provided such corporation shall be otherwise qualified and eligible under this Article, without the execution or filing of any paper or any further act on the part of any of the parties hereto. In case any Securities shall have been authenticated, but not delivered, by the Trustee or the Authenticating Agent then in office, any successor by merger, conversion or consolidation to such authenticating Trustee or any successor Authentication Agent, as the case may be, may adopt such authentication and deliver the Securities so authenticated with the same effect as if such successor Trustee or successor Authenticating Agent, as the case may be, had itself authenticated such Securities. In case any of the Securities shall not have been authenticated by such predecessor Trustee, any successor Trustee or any successor Authenticating Agent, as the case may be, may authenticate such Securities either in the name of any predecessor hereunder or in the name of the successor Trustee. In all such cases such certificates shall have the full force and effect which this Indenture provides for the certificate of authentication of the Trustee or the Authenticating Agent; provided, however, that the right to adopt the certificate of authentication of any predecessor Trustee or to authenticate Securities in the name of any predecessor Trustee shall apply only to its successor or successors by merger, conversion or consolidation.

SECTION 611. Appointment of Authenticating Agent.

(a) At any time when any of the Securities remain Outstanding, the Trustee may appoint an Authenticating Agent or Agents with respect to one or more series of Securities

which shall be authorized to act on behalf of the Trustee to authenticate Securities of such series and the Trustee shall give written notice of such appointment to all Holders of Securities of the series with respect to which such Authenticating Agent will serve, in the manner provided for in Section 106. Securities so authenticated shall be entitled to the benefits of this Indenture and shall be valid and obligatory for all purposes as if authenticated by the Trustee hereunder. Any such appointment shall be evidenced by an instrument in writing signed by a Responsible Officer of the Trustee, and a copy of such instrument shall be promptly furnished to the Company. Wherever reference is made in this Indenture to the authentication and delivery of Securities by the Trustee or the Trustee's certificate of authentication, such reference shall be deemed to include authentication and delivery on behalf of the Trustee by an Authenticating Agent and a certificate of authentication executed on behalf of the Trustee by an Authenticating Agent. Each Authenticating Agent shall be acceptable to the Company and shall at all times be a corporation organized and doing business under the laws of the United States of America, any state thereof or the District of Columbia or the laws of Canada or any province thereof, authorized under such laws to act as Authenticating Agent, having a combined capital and surplus of not less than $35,000,000 and subject to supervision or examination by U.S. federal or state or Canadian federal or provincial authority. If such corporation publishes reports of condition at least annually, pursuant to law or to the requirements of said supervising or examining authority, then for the purposes of this Section, the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time an Authenticating Agent shall cease to be eligible in accordance with the provisions of this Section, it shall resign immediately in the manner and with the effect specified in this Section.

(b) Any corporation into which an Authenticating Agent may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which such Authenticating Agent shall be a party, or any corporation succeeding to the corporate agency or corporate trust business of an Authenticating Agent, shall continue to be an Authenticating Agent, provided such corporation shall be otherwise eligible under this Section, without the execution or filing of any paper or any further act on the part of the Trustee or the Authenticating Agent.

(c) An Authenticating Agent may resign at any time by giving written notice thereof to the Trustee and to the Company. The Trustee may at any time terminate the agency of an Authenticating Agent by giving written notice thereof to such Authenticating Agent and to the Company. Upon receiving such a notice of resignation or upon such a termination, or in case at any time such Authenticating Agent shall cease to be eligible in accordance with the provisions of this Section, the Trustee may appoint a successor Authenticating Agent which shall be acceptable to the Company and shall give written notice of such appointment to all Holders of Securities of the series with respect to which such Authenticating Agent will serve, in the manner provided for in Section 106. Any successor Authenticating Agent upon acceptance of its appointment hereunder shall become vested with all the rights, powers and duties of its predecessor hereunder, with like effect as if originally named as an Authenticating Agent. No successor Authenticating Agent shall be appointed unless eligible under the provisions of this Section.

(d) The Trustee agrees to pay to each Authenticating Agent from time to time reasonable compensation for its services under this Section, and the Trustee shall be entitled to be reimbursed for such payments, subject to the provisions of Section 605.

(e) If an appointment with respect to one or more series is made pursuant to this Section, the Securities of such series may have endorsed thereon, in addition to the Trustee's certificate of authentication, an alternate certificate of authentication in the following form:

Dated: _____

This is one of the Securities of the series designated, and issued under the Indenture described herein.

[ ],
as Trustee

By_____
as Authenticating Agent

By_____
Authorized Officer

SECTION 612. Acceptance of Trust.

The Trustee hereby accepts the trusts in this Indenture declared and provided for and agrees to perform the same upon the terms and conditions set forth in this Indenture and in trust for the Holders from time to time, subject to the terms and conditions of this Indenture.

SECTION 613. Trustee Not Required to Give Security.

The Trustee shall not be required to give any bond or security in respect of the execution of the trusts and powers of this Indenture or otherwise in respect of this Indenture.

SECTION 614. Trustee Not Required to Possess Securities.

All rights of action under this Indenture may be enforced by the Trustee without the possession of any of the Securities or the production thereof on any trial or other proceedings relative thereto.

SECTION 615. Protection of Trustee.

(a) The Trustee shall not incur any liability or responsibility whatsoever or in any way be responsible for the consequence of any breach on the part of the Company of any of the covenants contained in this Indenture or in any Securities or of any acts of the agents or employees of the Company.

(b) Neither the Trustee nor any affiliate of the Trustee shall be appointed a receiver or receiver and manager or liquidator of all or any part of the assets or undertaking of the Company.

(c) Nothing in this Indenture shall impose on the Trustee any obligation to see to, or to require evidence of, the registration or filing (or renewal thereof) of this Indenture or any instrument ancillary or supplemental to this Indenture in any jurisdiction.

(d) The Trustee shall incur no liability with respect to the delivery or non-delivery of any certificate or certificates whether delivered by hand, mail or any other means.

SECTION 616. Anti-Money Laundering and Anti-Terrorism Legislation Compliance.

The Trustee shall retain the right not to act and shall not be liable for refusing to act if, due to a lack of information or for any other reason whatsoever, the Trustee, in its sole judgment, determines that such act might cause it to be in non-compliance with any applicable anti-money laundering or anti-terrorist legislation, regulation or guideline. Further, should the Trustee, in its sole judgment, determine at any time that its acting under this Indenture has resulted in its being in non-compliance with any applicable anti-money laundering or anti-terrorist legislation, regulation or guideline, then it shall have the right to resign on 10 Business Days written notice to the Company, provided that (i) the Trustee's written notice shall describe the circumstances of such non-compliance; and (ii) if such circumstances are rectified to the Trustee's satisfaction within such 10 Business Day period, then such resignation shall not be effective.

SECTION 617. Third Party Interests.

The Company hereby represents to the Trustee that any account to be opened by, or interest to be held by, the Trustee in connection with this Indenture, for or to the credit of the Company, either (i) is not intended to be used by or on behalf of any third party; or (ii) is intended to be used by or on behalf of a third party, in which case the Company hereby agrees to complete, execute and deliver forthwith to the Trustee a declaration, in the Trustee's prescribed form or in such other form as may be satisfactory to it, as to the particulars of such third party.

SECTION 618. Privacy Laws.

The Parties acknowledge that federal and/or provincial legislation that addresses the protection of individuals' personal information (collectively, "**Privacy Laws**") applies to obligations and activities under this Indenture. Despite any other provision of this Indenture, neither party shall take or direct any action that would contravene, or cause the other to contravene, applicable Privacy Laws. The Company shall, prior to transferring or causing to be transferred personal information to the Trustee, obtain and retain required consents of the relevant individuals to the collection, use and disclosure of their personal information, or shall have determined that such consents either have previously been given upon which the Parties can rely or are not required under the Privacy Laws. The Trustee shall use commercially reasonable efforts to ensure that its services hereunder comply with Privacy Laws. Specifically, the Trustee agrees: (a) to have a designated chief privacy officer; (b) to maintain policies and procedures to protect personal information and to receive and respond to any privacy compliant or inquiry; (c) to use personal information solely for the purposes of providing its services under or ancillary to this Indenture and not to use it for any other purpose except with the consent of or direction from the Company or the individual involved; (d) not to sell or otherwise improperly disclose personal information to any third party; and (e) to employ administrative, physical and technological

safeguards to reasonably secure and protect personal information against loss, theft, or unauthorized access, use or modification.

ARTICLE SEVEN

HOLDERS' LISTS AND REPORTS BY TRUSTEE AND COMPANY

SECTION 701. Disclosure of Names and Addresses of Holders.

(a) A Holder may, upon payment to either Trustee of a reasonable fee and subject to compliance with any applicable requirement of Trust Indenture Legislation, require such Trustee to furnish within 15 days after receiving the statutory declaration referred to below, a list setting out (i) the name and address of every registered Holder, (ii) the aggregate principal amount of Securities owned by each registered Holder, and (iii) the aggregate principal amount of Outstanding Securities, each as shown on the records of such Trustee on the day that the statutory declaration is delivered to such Trustee. The statutory declaration shall contain (i) the name and address of the Holder, (ii) where the Holder is a corporation, its name and address for service, and (iii) a statement that the list will not be used except in connection with an effort to influence the voting of the Holders, an offer to acquire Securities, or any other matter relating to the Securities or the affairs of the Company. Where the Holder is a corporation, the affidavit or statutory declaration shall be made by a director or officer of the corporation.

(b) Every Holder of Securities or coupons, by receiving and holding the same, agrees with the Company and the Trustee that neither the Company nor the Trustee or any agent of either of them shall be held accountable by reason of the disclosure of such list of the names and addresses of the Holders, regardless of the source from which such information was derived, and that the Trustees shall not be held accountable by reason of mailing any material pursuant to a request made under Trust Indenture Legislation.

SECTION 702. Reports by the Company.

(a) The Company shall file with the Trustee such information, documents and other reports, and such summaries thereof, as may be required pursuant to the Trust Indenture Legislation at the times and in the manner provided pursuant to Trust Indenture Legislation. Any such information, documents or reports required to be filed with the Commission pursuant to Section 13 or 15(d) of the Exchange Act shall be filed with the Trustee, upon written request.

(b) Notwithstanding that the Company may not be required to remain subject to the reporting requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, or otherwise report on an annual and quarterly basis on forms provided for such annual and quarterly reporting pursuant to rules and regulations promulgated by the Commission, the Company shall provide the Trustee:

(i) within 140 days after the end of each fiscal year, the information required to be contained in the Company's annual information form required to be provided under the laws of Canada or any province thereof to security holders of a company with securities listed on The Toronto Stock Exchange whether or not the Company has securities so listed; and

(ii) within 60 days after the end of each of the first three fiscal quarters of each fiscal year, the information required to be contained in reports in the Company's quarterly reports required to be provided under the laws of Canada or any province thereof to security holders of a company with securities listed on The Toronto Stock Exchange, whether or not the Company has any of its securities so listed.

Such information will be prepared in accordance with U.S. or Canadian disclosure requirements, as applicable, and GAAP. Notwithstanding the foregoing, such form and information shall be deemed provided to the Trustee pursuant to this clause (b) if such form and information have been filed by the Company with the Commission or applicable Canadian securities regulatory authorities and are publicly available.

ARTICLE EIGHT

CONSOLIDATION, MERGER, CONVEYANCE, TRANSFER OR LEASE

SECTION 801. Company May Consolidate, etc., Only on Certain Terms.

(a) The Company shall not amalgamate or consolidate with or merge into any other Person or convey, transfer or lease its properties and assets substantially as an entirety to any Person, unless:

(1) the Person formed by such consolidation or amalgamation or into which the Company is merged or the Person which acquires by conveyance or transfer, or which leases, the properties and assets of the Company substantially as an entirety shall be a corporation, partnership or trust organized and existing under the laws of any Canadian, United States, the United Kingdom, or other country that is in the European Community jurisdiction and shall expressly assume, by an indenture supplemental hereto, executed and delivered to the Trustee, in form satisfactory to the Trustee, the Company's obligation for the due and punctual payment of the principal of (and premium, if any), including Redemption Price and Repayment Price, and interest on all the Securities and the performance of every covenant of this Indenture on the part of the Company to be performed or observed;

(2) immediately after giving effect to such transaction, no Event of Default, and no event which, after notice or lapse of time or both, would become an Event of Default, shall have happened and be continuing; and

(3) the Company or such Person shall have delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that such amalgamation, consolidation, merger, conveyance, transfer or lease and such supplemental indenture comply with this Article and that all conditions precedent herein provided for relating to such transaction have been complied with.

(b) This Section shall only apply to a merger, amalgamation or consolidation in which the Company is not the surviving corporation and to conveyances, leases and transfers by the Company as transferor or lessor.

SECTION 802. Successor Person Substituted.

Upon any amalgamation or consolidation by the Company with or merger by the Company into any other corporation or any conveyance, transfer or lease of the properties and assets of the Company substantially as an entirety to any Person in accordance with Section 801, the successor Person formed by such amalgamation or consolidation or into which the Company is merged or to which such conveyance, transfer or lease is made shall succeed to, and be substituted for, and may exercise every right and power of, the Company under this Indenture with the same effect as if such successor Person had been named as the Company herein, and in the event of any such conveyance or transfer, the Company (which term shall for this purpose mean the Person named as the "Company" in the first paragraph of this Indenture or any successor Person which shall theretofore become such in the manner described in Section 801), except in the case of a lease, shall be discharged of all obligations and covenants under this Indenture and the Securities and the coupons and may be dissolved and liquidated.

SECTION 803. Securities to Be Secured in Certain Events.

If, as a result of any amalgamation or consolidation of the Company with or merger of the Company with any other Person, or upon any conveyance, lease or transfer of the property of the Company as an entirety or substantially as an entirety to any other Person, any properties or assets of the Company would become subject to a mortgage, pledge, charge, security interest or other encumbrance securing Debt, then unless such mortgage, pledge, charge, security interest or other encumbrance could be created without equally and ratably securing the Securities under Section 1007, the Company or such successor Person, as the case may be, prior to or simultaneously with such amalgamation, consolidation, merger, conveyance, lease or transfer, will, with respect to such properties or assets, secure the Securities Outstanding hereunder (together with, if the Company shall so determine, any other Debt of the Company now existing or hereafter created which is not subordinate to the Securities) equally and ratably with (or prior to) all such Debt which upon such amalgamation, consolidation, merger, conveyance, lease or transfer is to become secured as to such properties or assets, or will cause such Securities to be so secured; provided that for the purpose of providing such equal and rateable or prior security, the principal amount of Original Issue Discount Securities and Indexed Securities shall mean that amount which would at the time of making such effective provision be due and payable pursuant to Section 503 and the terms of such Original Issue Discount Securities and Indexed Securities upon a declaration of acceleration of the Maturity thereof, and the extent of such equal and ratable security shall be adjusted, to the extent permitted by law, as and when said amount changes over time pursuant to the terms of such Original Issue Discount Securities and Indexed Securities.

ARTICLE NINE

SUPPLEMENTAL INDENTURES

SECTION 901. Supplemental Indentures Without Consent of Holders.

Without the consent of any Holders, the Company, when authorized by or pursuant to a Board Resolution, and the Trustee, at any time and from time to time, may enter

into one or more indentures supplemental hereto, in form satisfactory to the Trustee, for any of the following purposes:

(1) to evidence the succession (or successive successors) of another Person to the Company and the assumption by any such successor of the covenants of the Company contained herein and in the Securities; or

(2) to add to the covenants of the Company for the benefit of the Holders of all or any series of Securities and any related coupons (and if such covenants are to be for the benefit of less than all series of Securities, stating that such covenants are being included solely for the benefit of such series) or to surrender any right or power herein conferred upon the Company; or

(3) to add any additional Events of Default (and if such Events of Default are to be for the benefit of less than all series of Securities, stating that such Events of Default are being included solely for the benefit of such series); or

(4) to add to or change any of the provisions of this Indenture to provide that Bearer Securities may be registrable as to principal, to change or eliminate any restrictions on the payment of principal of or any premium or interest on Bearer Securities, to permit Bearer Securities to be issued in exchange for Registered Securities, to permit Bearer Securities to be issued in exchange for Bearer Securities of other authorized denominations or to permit or facilitate the issuance of Securities in uncertificated form; provided that any such action shall not adversely affect the interests of the Holders of Securities of any series or any related coupons in any material respect; or

(5) to add to, change or eliminate any of the provisions of this Indenture with respect to one or more series; provided that any such addition or change or elimination shall become effective only when there is no Security Outstanding of any series created prior to the execution of such supplemental indenture which is entitled to the benefit of such provision; or

(6) to secure the Securities pursuant to the requirements of Section 803 or otherwise; or

(7) to establish the form or terms of Securities of any series as permitted by Sections 201 and 301; or

(8) to evidence and provide for the acceptance of appointment hereunder by a successor Trustee with respect to the Securities of one or more series and to add to or change any of the provisions of this Indenture as shall be necessary to provide for or facilitate the administration of the trusts hereunder by more than one Trustee, pursuant to the requirements of Section 609(b); or

(9) to close this Indenture with respect to the issuance, authentication and delivery of additional series of Securities, to cure any ambiguity, to correct or supplement any provision herein which may be defective or inconsistent with any other provision herein, or to make any other provisions with respect to matters or questions arising under

this Indenture; provided such action shall not adversely affect the interests of the Holders of Securities of any series and any related coupons in any material respect; or

(10) to add to the conditions, limitations and restrictions on the authorized amount, form, terms or purposes of issue, authentication and delivery of Securities, as herein set forth, other conditions, limitations and restrictions thereafter to be observed, provided that any such action shall not adversely affect the interests of Holders of Securities of such series and any related coupons or any other series of Securities in any material respect; or

(11) to supplement any of the provisions of this Indenture to such extent as shall be necessary to permit or facilitate the defeasance and discharge of any series of Securities pursuant to Sections 401, 1402 and 1403; provided that any such action shall not adversely affect the interests of the Holders of Securities of such series and any related coupons or any other series of Securities in any material respect; or

(12) to add to or change or eliminate the provisions of this Indenture as shall be necessary to comply with Trust Indenture Legislation, provided that any such action shall not adversely affect the interests of Holders of Securities of such series and any related coupons or any other series of Securities in any material respect.

SECTION 902. Supplemental Indentures with Consent of Holders.

(a) With the consent of the Holders of not less than a majority in principal amount of all Outstanding Securities affected by such supplemental indenture, by Act of said Holders delivered to the Company and the Trustee, the Company, when authorized by or pursuant to a Board Resolution, and the Trustee may enter into an indenture or indentures supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Indenture or of modifying in any manner the rights of the Holders of Securities under this Indenture; provided, however, that no such supplemental indenture shall, without the consent of the Holder of each Outstanding Security affected thereby,

(1) change the Stated Maturity of the principal of (or premium, if any) or any installment of interest on any Security, or reduce the principal amount thereof (or premium, if any) or the rate of interest, if any, thereon, or change any obligation of the Company to pay Additional Amounts contemplated by Section 1005 (except as contemplated by Section 801(a) and permitted by Section 901(a)), or reduce the amount of the principal of an Original Issue Discount Security of such series that would be due and payable upon a declaration of acceleration of the Maturity thereof pursuant to Section 503 or the amount thereof provable in bankruptcy pursuant to Section 505, or adversely affect any right of repayment at the option of any Holder of any Security, or change any Place of Payment where, or the Currency in which, any Security or any premium or interest thereon is payable, or impair the right to institute suit for the enforcement of any such payment on or after the Stated Maturity thereof (or, in the case of redemption or repayment at the option of the Holder, on or after the Redemption Date or Repayment Date, as the case may be), or adversely affect any right to convert or exchange any Security as may be provided pursuant to Section 301 herein, or

(2) reduce the percentage in principal amount of the Outstanding Securities of any series, the consent of whose Holders is required for any such supplemental indenture, for any waiver of compliance with certain provisions of this Indenture or certain defaults hereunder and their consequences provided for in this Indenture, or reduce the requirements of Section 1504 for quorum or voting, or

(3) modify any of the provisions of this Section, Section 514 or Section 1008, except to increase any such percentage or to provide that certain other provisions of this Indenture cannot be modified or waived without the consent of the Holder of each Outstanding Security of such series affected thereby provided, however, that this clause shall not be deemed to require the consent of any Holder of a Security of such series with respect to changes in the references to "the Trustee" and concomitant changes in this Section and Section 1008, or the deletion of this proviso, in accordance with the requirements of Sections 609(b) and 901(8).

(b) A supplemental indenture which changes or eliminates any covenant or other provision of this Indenture which has expressly been included solely for the benefit of one or more particular series of Securities, or which modifies the rights of the Holders of Securities of such series with respect to such covenant or other provision, shall be deemed not to affect the rights under this Indenture of the Holders of Securities of any other series. Any such supplemental indenture adding any provisions to or changing in any manner or eliminating any of the provisions of this Indenture, or modifying in any manner the rights of the Holders of Securities of such series, shall not affect the rights under this Indenture of the Holders of Securities of any other series.

(c) It shall not be necessary for any Act of Holders under this Section to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such Act shall approve the substance thereof.

SECTION 903. Execution of Supplemental Indentures.

In executing, or accepting the additional trusts created by, any supplemental indenture permitted by this Article or the modifications thereby of the trusts created by this Indenture, the Trustee shall be entitled to receive, and shall be fully protected in relying upon, an Opinion of Counsel stating that the execution of such supplemental indenture is authorized or permitted by this Indenture. The Trustee may, but shall not be obligated to, enter into any such supplemental indenture which affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

SECTION 904. Effect of Supplemental Indentures.

Upon the execution of any supplemental indenture under this Article, this Indenture shall be modified in accordance therewith, and such supplemental indenture shall form a part of this Indenture for all purposes; and every Holder of Securities theretofore or thereafter authenticated and delivered hereunder shall be bound thereby.

SECTION 905. Conformity with Trust Indenture Legislation.

Every supplemental indenture executed pursuant to this Article shall conform to the requirements of the Trust Indenture Legislation as then in effect.

SECTION 906. Reference in Securities to Supplemental Indentures.

Securities of any series authenticated and delivered after the execution of any supplemental indenture pursuant to this Article may, and shall if required by the Trustee, bear a notation in form approved by the Trustee as to any matter provided for in such supplemental indenture. If the Company shall so determine, new Securities of any series so modified as to conform, in the opinion of the Trustee and the Company, to any such supplemental indenture may be prepared and executed by the Company and authenticated and delivered by the Trustee in exchange for Outstanding Securities of such series.

SECTION 907. Notice of Supplemental Indentures.

Promptly after the execution by the Company and the Trustee of any supplemental indenture pursuant to the provisions of Section 902, the Company shall give notice thereof to the Holders of each Outstanding Security affected, in the manner provided for in Section 106, setting forth in general terms the substance of such supplemental indenture.

ARTICLE TEN

COVENANTS

SECTION 1001. Payment of Principal, Premium, if any, and Interest.

The Company covenants and agrees for the benefit of the Holders of each series of Securities and any related coupons that it will duly and punctually pay the principal of (and premium, if any) and interest, if any, on the Securities of that series in accordance with the terms of the Securities, any coupons appertaining thereto and this Indenture. Unless otherwise specified as contemplated by Section 301 with respect to any series of Securities, any interest installments due on Bearer Securities on or before Maturity shall be payable only upon presentation and surrender of the several coupons for such interest installments as are evidenced thereby as they severally mature.

SECTION 1002. Maintenance of Office or Agency.

If the Securities of a series are issuable only as Registered Securities, the Company will maintain in each Place of Payment for any series of Securities an office or agency where Securities of that series may be presented or surrendered for payment, where Securities of that series may be surrendered for registration of transfer or exchange, where Securities of that series that are convertible or exchangeable may be surrendered for conversion or exchange, as applicable and where notices and demands to or upon the Company in respect of the Securities of that series and this Indenture may be served.

Unless otherwise specified with respect to any Securities as contemplated by Section 301 with respect to a series of Securities, if Securities of a series are issuable as Bearer

Securities, the Company will maintain (A) in The City of New York, an office or agency where any Registered Securities of that series may be presented or surrendered for payment, where any Registered Securities of that series may be surrendered for registration of transfer, where Securities of that series may be surrendered for exchange, where Securities of that series that are convertible or exchangeable may be surrendered for conversion or exchange, as applicable, where notices and demands to or upon the Company in respect of the Securities of that series and this Indenture may be served and where Bearer Securities of that series and related coupons may be presented or surrendered for payment in the circumstances described in the following paragraph (and not otherwise) (B) subject to any laws or regulations applicable thereto, in a Place of Payment for that series which is located outside the United States, an office or agency where Securities of that series and related coupons may be presented and surrendered for payment; provided, however, that, if the Securities of that series are listed on any stock exchange located outside the United States and such stock exchange shall so require, the Company will maintain a Paying Agent for the Securities of that series in any required city located outside the United States so long as the Securities of that series are listed on such exchange, and (C) subject to any laws or regulations applicable thereto, in a Place of Payment for that series located outside the United States an office or agency where any Registered Securities of that series may be surrendered for registration of transfer, where Securities of that series may be surrendered for exchange, where Securities of that series that are convertible and exchangeable may be surrendered for conversion or exchange, as applicable and where notices and demands to or upon the Company in respect of the Securities of that series and this Indenture may be served.

The Company will give prompt written notice to the Trustee of the location, and any change in the location, of such office or agency. If at any time the Company shall fail to maintain any such required office or agency or shall fail to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office of the Trustee, except that Bearer Securities of any series and the related coupons may be presented and surrendered for payment at the offices specified in the Security, in London, and the Company hereby appoints the same as its agents to receive such respective presentations, surrenders, notices and demands.

Unless otherwise specified with respect to any Securities pursuant to Section 301, no payment of principal, premium or interest on Bearer Securities shall be made at any office or agency of the Company in the United States or by check mailed to any address in the United States or by transfer to an account maintained with a bank located in the United States; provided, however, that, if the Securities of a series are payable in Dollars, payment of principal of (and premium, if any) and interest, if any, on any Bearer Security shall be made at the office of the Company's Paying Agent in The City of New York, if (but only if) payment in Dollars of the full amount of such principal, premium or interest, as the case may be, at all offices or agencies outside the United States maintained for such purpose by the Company in accordance with this Indenture is illegal or effectively precluded by exchange controls or other similar restrictions.

The Company may also from time to time designate one or more other offices or agencies where the Securities of one or more series may be presented or surrendered for any or all such purposes and may from time to time rescind any such designation; provided, however, that no such designation or rescission shall in any manner relieve the Company of its obligation to maintain an office or agency in accordance with the requirements set forth above for Securities of any series for such purposes. The Company will give prompt written notice to the

Trustee of any such designation or rescission and of any change in the location of any such other office or agency. Unless otherwise specified with respect to any Securities as contemplated by Section 301 with respect to a series of Securities, the Company hereby designates as a Place of Payment for each series of Securities the office or agency of the Company in the Borough of Manhattan, The City of New York, and initially appoints the Trustee at its Corporate Trust Office as Paying Agent in such city and as its agent to receive all such presentations, surrenders, notices and demands.

Unless otherwise specified with respect to any Securities pursuant to Section 301, if and so long as the Securities of any series (i) are denominated in a Currency other than Dollars or (ii) may be payable in a Currency other than Dollars, or so long as it is required under any other provision of the Indenture, then the Company will maintain with respect to each such series of Securities, or as so required, at least one Exchange Rate Agent.

SECTION 1003. Money for Securities Payments to Be Held in Trust.

(a) If the Company shall at any time act as its own Paying Agent with respect to any series of Securities and any related coupons, it will, on or before each due date of the principal of (or premium, if any) or interest, if any, on any of the Securities of that series, segregate and hold in trust for the benefit of the Persons entitled thereto a sum in the Currency in which the Securities of such series are payable (except as otherwise specified pursuant to Section 301 for the Securities of such series and except, if applicable, as provided in Sections 312(b), 312(d) and 312(e)) sufficient to pay the principal of (or premium, if any) or interest, if any, on Securities of such series so becoming due until such sums shall be paid to such Persons or otherwise disposed of as herein provided and will promptly notify the Trustee of its action or failure so to act.

(b) Whenever the Company shall have one or more Paying Agents for any series of Securities and any related coupons, it will, prior to or on each due date of the principal of (or premium, if any) or interest, if any, on any Securities of that series, deposit with a Paying Agent a sum (in the Currency described in the preceding paragraph) sufficient to pay the principal (or premium, if any) or interest, if any, so becoming due, such sum to be held in trust for the benefit of the Persons entitled to such principal, premium or interest, and (unless such Paying Agent is the Trustee) the Company will promptly notify the Trustee of its action or failure so to act.

(c) The Company will cause each Paying Agent (other than the Trustee) for any series of Securities to execute and deliver to the Trustee an instrument in which such Paying Agent shall agree with the Trustee, subject to the provisions of this Section, that such Paying Agent will:

(1) hold all sums held by it for the payment of the principal of (and premium, if any) and interest, if any, on Securities of such series in trust for the benefit of the Persons entitled thereto until such sums shall be paid to such Persons or otherwise disposed of as herein provided;

(2) give the Trustee notice of any default by the Company (or any other obligor upon the Securities of such series) in the making of any payment of principal of (or premium, if any) or interest, if any, on the Securities of such series; and

(3) at any time during the continuance of any such default, upon the written request of the Trustee, forthwith pay to the Trustee all sums so held in trust by such Paying Agent.

(d) The Company may at any time, for the purpose of obtaining the satisfaction and discharge of this Indenture or for any other purpose, pay, or by Company Order direct any Paying Agent to pay, to the Trustee all sums held in trust by the Company or such Paying Agent, such sums to be held by the Trustee upon the same trusts as those upon which sums were held by the Company or such Paying Agent; and, upon such payment by any Paying Agent to the Trustee, such Paying Agent shall be released from all further liability with respect to such sums.

(e) Except as provided in the Securities of any series, any money deposited with the Trustee or any Paying Agent, or then held by the Company, in trust for the payment of the principal of (or premium, if any) or interest, if any, on any Security of any series, or any coupon appertaining thereto, and remaining unclaimed for two years after such principal, premium or interest has become due and payable shall be paid to the Company on Company Request subject to applicable abandoned property or escheat law, or (if then held by the Company) shall be discharged from such trust; and the Holder of such Security or coupon shall thereafter, as an unsecured general creditor, look only to the Company for payment thereof, and all liability of the Trustee or such Paying Agent with respect to such trust money, and all liability of the Company as trustee thereof, shall thereupon cease; provided, however, that the Trustee or such Paying Agent, before being required to make any such repayment, may at the expense of the Company cause to be published once, in an Authorized Newspaper, notice that such money remains unclaimed and that, after a date specified therein, which shall not be less than 30 days from the date of such publication, any unclaimed balance of such money then remaining will be repaid to the Company.

SECTION 1004. Statement as to Compliance.

So long as any of the Securities are Outstanding, the Company will deliver to the Trustee, within 120 days after the end of each fiscal year, a brief certificate from the principal executive officer, principal financial officer, principal accounting officer or treasurer as to his or her knowledge of the Company's compliance with all conditions and covenants under this Indenture. For purposes of this Section 1004, such compliance shall be determined without regard to any period of grace or requirement of notice under this Indenture.

SECTION 1005. Additional Amounts.

(a) If specified pursuant to Section 301, all payments made by the Company under or with respect to the Securities of any series will be made free and clear of and without withholding or deduction for or on account of any present or future tax, duty, levy, impost, assessment or other governmental charge imposed or levied by or on behalf of the Government of Canada or of any province or territory thereof or by any authority or agency therein or thereof having power to tax (hereinafter "**Taxes**"), unless the Company is required to withhold or deduct Taxes by law or by the interpretation or administration thereof. If the Company is so required to withhold or deduct any amount for or on account of Taxes from any payment made under or with respect to the Securities, the Company will pay such additional amounts ("**Additional Amounts**") as may be necessary so that the net amount received by each Holder (including

Additional Amounts) after such withholding or deduction will not be less than the amount the Holder would have received if such Taxes had not been withheld or deducted; provided that no Additional Amounts will be payable:

(1) to any Person in respect of whom such taxes are required to be withheld or deducted as a result of such Person not dealing at arm's length with the Company (within the meaning of the *Income Tax Act* (Canada));

(2) to any Person by reason of such Person being connected with Canada (otherwise than merely by holding or ownership of any series of Securities or receiving any payments or exercising any rights thereunder), including without limitation a non-resident insurer who carries on an insurance business in Canada and in a country other than Canada;

(3) which is subject to such Taxes by reason of its failure to comply with any certification, identification, information, documentation or other reporting requirement if compliance is required by law, regulation, administrative practice or an applicable treaty as a precondition to exemption from, or a reduction in the rate of deduction or withholding of, such Taxes; or

(4) for any combination of items (1), (2) and (3);

nor will Additional Amounts be paid with respect to any payment on a Security to a Holder who is a fiduciary or partnership or other than the sole beneficial owner of such payment to the extent such payment would be required by the laws of Canada (or any political subdivision thereof) to be included in the income for Canadian federal income tax purposes of a beneficiary or settlor with respect to such fiduciary or a member of such partnership or a beneficial owner who would not have been entitled to payment of the additional amounts had such beneficiary, settlor, member or beneficial owner been the Holder of such Security.

(b) At least 10 days prior to each date on which any payment under or with respect to the Securities is due and payable, if the Company will be obligated to pay Additional Amounts with respect to such payment, the Company will deliver to the Trustee an Officer's Certificate stating the fact that such Additional Amounts will be payable, the amounts so payable and will set forth such other information necessary to enable the Trustee to pay such Additional Amounts to Holders on the payment date. Whenever in this Indenture there is mentioned, in any context, the payment of principal (and premium, if any), Redemption Price, interest or any other amount payable under or with respect to any Security such mention shall be deemed to include mention of the payment of Additional Amounts provided for in this Section to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof pursuant to the provisions of this Section and express mention of the payment of Additional Amounts (if applicable) in any provisions hereof shall not be construed as excluding Additional Amounts in those provisions hereof where such express mention is not made (if applicable).

(c) The obligations of the Company under this Section 1005 shall survive the termination of the Indenture.

(d) The Company will furnish to Holders, within 30 days after the date the payment of any Taxes is due pursuant to applicable law, certified copies of tax receipts evidencing such payment by the Company. The Company will indemnify and hold harmless each Holder (other than an Excluded Holder) and upon written request reimburse each such Holder for the amount of (i) any Taxes so levied or imposed which have not been withheld or deducted and remitted by the Company and which have been paid by such Holder as a result of payments made under or with respect to the Securities, (ii) any liability (including penalties, interest and expenses) arising therefrom or with respect thereto or from the failure to make such payment, and (iii) any Taxes imposed with respect to any reimbursement under clause (i) or (ii) above, but excluding any such Taxes on such Holder's net income.

SECTION 1006. Corporate Existence; To Carry on Business.

So long as any of the Securities are Outstanding, the Company will itself or through its Subsidiaries carry on its business in accordance with ordinary industry practice (which may include carrying on business in partnership), will keep or cause to be kept proper books of account in relation to its business and the business of its Subsidiaries, as the case may be, and, subject to the other provisions of this Indenture, will do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence, and will not consolidate, amalgamate or merge with any other corporation or transfer its undertaking and property as an entirety or substantially as an entirety to any other Person, except in compliance with the provisions of Article Eight; provided, however, that nothing herein contained shall prevent the Company (including its Subsidiaries) from ceasing to carry on any portion of its business (but not substantially all of the Company's consolidated business) or from ceasing to operate any premises or property if it shall be advisable and in the best interests of the Company.

SECTION 1007. Negative Pledge.

So long as any of the Securities are Outstanding:

(a) the Company will not create or permit to subsist after knowledge of the existence thereof any Security Interest upon any part of its undertaking or assets to secure any Debt of the Company; or

(b) permit any Material Subsidiary to give any Guarantee to secure any Debt of the Company

without at the same time or as soon as reasonably practicable thereafter according to the Holders of Securities a rateable and *pari passu* interest in the same Security Interest or Guarantee, as applicable, but the covenant in this Section 1007 will not apply to, or operate to prevent:

(i) any Security Interest for, or any Guarantee by a Material Subsidiary of, any Debt of the Company, the amount of which, when aggregated with the amount of all other Debt of the Company then outstanding in respect of which Security Interest or a Guarantee by a Material Subsidiary has been given, excluding any Security Interest or Guarantee given pursuant to the exceptions in subparagraphs (ii) to (iv), would not exceed 10% of Consolidated Shareholders' Equity;

(ii) any Security Interest on (a) any asset (including shares) acquired or held by the Company to secure Debt of the Company incurred solely for the purpose of financing the acquisition, construction, research, development or improvement of such asset, or (b) shares of a Subsidiary organized solely to acquire any such asset;

(iii) the assumption by the Company of any Security Interest in existence on any asset at the time of acquisition thereof, including any such assumption consequent upon any amalgamation, merger, arrangement or other corporate reorganization;

(iv) the Company giving Security Interest (other than on shares or fixed assets) in the ordinary course of its business to any bank or banks or others to secure any Debt of the Company that is not a Funded Obligation; or

(v) the extension, renewal or refunding of any Security Interest permitted under subparagraphs (ii) to (iv) to the extent of the principal amount of the Debt of the Company secured by and owing under any such Security at the time of such extension, renewal or refunding.

SECTION 1008. Waiver of Certain Covenants.

The Company may, with respect to any series of Securities, omit in any particular instance to comply with any term, provision or condition which affects such series set forth in Section 803 or Sections 1005 to 1007, inclusive, or, as specified pursuant to Section 301 for Securities of such series, in any covenants of the Company added to Article Ten pursuant to Section 301 in connection with Securities of such series, if before the time for such compliance the Holders of at least a majority in principal amount of all Outstanding Securities of each series affected by the omission (which, in the case of a covenant not set forth herein and specified pursuant to Section 301 to be applicable to the Securities of any series, shall include only those series to which such covenant is so specified to be applicable), shall in each case by Act of such Holders, either waive such compliance in such instance or generally waive compliance with such term, provision or condition, but no such waiver shall extend to or affect such term, provision or condition except to the extent so expressly waived, and, until such waiver shall become effective, the obligations of the Company and the duties of the Trustee to Holders of Securities of such series in respect of any such term, provision or condition shall remain in full force and effect.

ARTICLE ELEVEN

REDEMPTION OF SECURITIES

SECTION 1101. Applicability of Article.

Redemption of Securities of any series (whether by operation of a sinking fund or otherwise) as permitted or required by any form of Security issued pursuant to this Indenture shall be made in accordance with such form of Security and this Article; provided, however, that if any provision of any such form of Security shall conflict with any provision of this Article, the provision of such form of Security shall govern.

SECTION 1102. Election to Redeem; Notice to Trustee.

The election of the Company to redeem any Securities shall be evidenced by or pursuant to a Board Resolution. In case of any redemption at the election of the Company, the Company shall, at least 60 days prior to the Redemption Date fixed by the Company (unless a shorter notice shall be satisfactory to the Trustee), notify the Trustee of such Redemption Date and of the principal amount of Securities of such series to be redeemed and shall deliver to the Trustee such documentation and records as shall enable the Trustee to select the Securities to be redeemed pursuant to Section 1103. In the case of any redemption of Securities prior to the expiration of any restriction on such redemption provided in the terms of such Securities or elsewhere in this Indenture, the Company shall furnish the Trustee with an Officer's Certificate evidencing compliance with such restriction.

SECTION 1103. Selection by Trustee of Securities to Be Redeemed.

(a) If less than all the Securities of any series are to be redeemed, the particular Securities to be redeemed shall be selected not more than 60 days prior to the Redemption Date by the Trustee, from the Outstanding Securities of such series not previously called for redemption on a pro rata basis, or by such other method as the Trustee shall deem fair and appropriate and which may provide for the selection for redemption of portions of the principal amount of Securities of such series; provided, however, that no such partial redemption shall reduce the portion of the principal amount of a Security not redeemed to less than the minimum authorized denomination for Securities of such series established pursuant to Section 301. The Trustee may make regulations with regard to the manner in which Securities are selected for redemption, and regulations so made shall be valid and binding upon all Holders.

(b) The Trustee shall promptly notify the Company in writing of the Securities selected for redemption and, in the case of any Securities selected for partial redemption, the principal amount thereof to be redeemed.

(c) For all purposes of this Indenture, unless the context otherwise requires, all provisions relating to the redemption of Securities shall relate, in the case of any Security redeemed or to be redeemed only in part, to the portion of the principal amount of such Security which has been or is to be redeemed.

SECTION 1104. Notice of Redemption.

(a) Except as otherwise specified as contemplated by Section 301, notice of redemption shall be given in the manner provided for in Section 106 not less than 30 nor more than 60 days prior to the Redemption Date, to each Holder of Securities to be redeemed.

(b) All notices of redemption shall state:

(1) the Redemption Date,

(2) the Redemption Price and the amount of accrued interest to the Redemption Date payable as provided in Section 1106, if any,

(3) if less than all the Outstanding Securities of any series are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the particular Securities to be redeemed,

(4) in case any Security is to be redeemed in part only, the notice which relates to such Security shall state that on and after the Redemption Date, upon surrender of such Security, the holder will receive, without charge, a new Security or Securities of authorized denominations for the principal amount thereof remaining unredeemed,

(5) that on the Redemption Date, the Redemption Price and accrued interest, if any, to the Redemption Date payable as provided in Section 1106 will become due and payable upon each such Security, or the portion thereof, to be redeemed and, if applicable, that interest thereon will cease to accrue on and after said date,

(6) the Place or Places of Payment where such Securities, together in the case of Bearer Securities with all coupons appertaining thereto, if any, maturing after the Redemption Date, are to be surrendered for payment of the Redemption Price and accrued interest, if any,

(7) that the redemption is for a sinking fund, if such is the case,

(8) that, unless otherwise specified in such notice, Bearer Securities of any series, if any, surrendered for redemption must be accompanied by all coupons maturing subsequent to the Redemption Date or the amount of any such missing coupon or coupons will be deducted from the Redemption Price unless security or indemnity satisfactory to the Company, the Trustee and any Paying Agent is furnished, and

(9) if Bearer Securities of any series are to be redeemed and any Registered Securities of such series are not to be redeemed, and if such Bearer Securities may be exchanged for Registered Securities not subject to redemption on such Redemption Date pursuant to Section 305 or otherwise, the last date, as determined by the Company, on which such exchanges may be made.

(c) Notice of redemption of Securities to be redeemed at the election of the Company shall be given by the Company or, at the Company's request, by the Trustee in the name and at the expense of the Company.

SECTION 1105. Deposit of Redemption Price.

Prior to any Redemption Date, the Company shall deposit with the Trustee or with a Paying Agent (or, if the Company is acting as its own Paying Agent, segregate and hold in trust as provided in Section 1003) an amount of money in the Currency in which the Securities of such series are payable (except as otherwise specified pursuant to Section 301 for the Securities of such series and except, if applicable, as provided in Sections 312(b), 312(d) and 312(e)) sufficient to pay the Redemption Price of, and accrued interest, if any, on, all the Securities which are to be redeemed on that date.

SECTION 1106. Securities Payable on Redemption Date.

(a) Notice of redemption having been given as aforesaid, the Securities so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified in the Currency in which the Securities of such series are payable (except as otherwise specified pursuant to Section 301 for the Securities of such series and except, if applicable, as provided in Sections 312(b), 312(d) and 312(e)) (together with accrued interest, if any, to the Redemption Date), and from and after such date (unless the Company shall default in the payment of the Redemption Price and accrued interest, if any) such Securities shall, if the same were interest-bearing, cease to bear interest and the coupons for such interest appertaining to any Bearer Securities so to be redeemed, except to the extent provided below, shall be void. Upon surrender of any such Security for redemption in accordance with said notice, together with all coupons, if any, appertaining thereto maturing after the Redemption Date, such Security or specified portions thereof shall be paid by the Company at the Redemption Price, together with accrued interest, if any, to the Redemption Date; provided, however, that installments of interest on Bearer Securities whose Stated Maturity is on or prior to the Redemption Date shall be payable only at an office or agency located outside the United States (except as otherwise provided in Section 1002) and, unless otherwise specified as contemplated by Section 301, only upon presentation and surrender of coupons for such interest; and provided further that installments of interest on Registered Securities whose Stated Maturity is on or prior to the Redemption Date shall be payable to the Holders of such Securities, or one or more Predecessor Securities, registered as such at the close of business on the relevant Record Dates according to their terms and the provisions of Section 307.

(b) If any Bearer Security surrendered for redemption shall not be accompanied by all appurtenant coupons maturing after the Redemption Date, such Security may be paid after deducting from the Redemption Price an amount equal to the face amount of all such missing coupons, or the surrender of such missing coupon or coupons may be waived by the Company and the Trustee if there be furnished to them such security or indemnity as they may require to save each of them and any Paying Agent harmless. If thereafter the Holder of such Security shall surrender to the Trustee or any Paying Agent any such missing coupon in respect of which a deduction shall have been made from the Redemption Price, such Holder shall be entitled to receive the amount so deducted; provided, however, that interest represented by coupons shall be payable only at an office or agency located outside the United States (except as otherwise provided in Section 1002) and, unless otherwise specified as contemplated by Section 301, only upon presentation and surrender of those coupons.

(c) If any Security called for redemption shall not be so paid upon surrender thereof for redemption, the principal (and premium, if any) shall, until paid, bear interest from the Redemption Date at the rate of interest or Yield to Maturity (in the case of Original Issue Discount Securities) set forth in such Security.

SECTION 1107. Securities Redeemed in Part.

Any Security which is to be redeemed only in part (pursuant to the provisions of this Article or of Article Twelve) shall be surrendered at a Place of Payment therefor (with, if the Company or the Trustee so requires, due endorsement by, or a written instrument of transfer in form satisfactory to the Company and the Securities Registrar duly executed by, the Holder

thereof or such Holder's attorney duly authorized in writing), and the Company shall execute, and the Trustee shall authenticate and deliver to the Holder of such Security without service charge, a new Security or Securities of the same series, of any authorized denomination as requested by such Holder, and having the same terms and provisions and in an aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Security so surrendered.

SECTION 1108. Tax Redemption.

If specified pursuant to Section 301, the Securities of a series will be subject to redemption at any time, in whole but not in part, at a Redemption Price equal to the principal amount thereof together with accrued and unpaid interest to the date fixed for redemption on the Redemption Date specified pursuant to Section 301, upon the giving of a notice as described below, if (1) the Company determines that (a) as a result of any change in or amendment to the laws (or any regulations or rulings promulgated thereunder) of Canada or of any political subdivision or taxing authority thereof or therein affecting taxation, or any change in official position regarding application or interpretation of such laws, regulations or rulings (including a holding by a court of competent jurisdiction), which change or amendment is announced or becomes effective on or after a date specified in Section 301, if any date is so specified, the Company has or will become obligated to pay, on the next succeeding date on which interest is due, Additional Amounts pursuant to Section 1005 with respect to any Security of such series or (b) on or after a date specified pursuant to Section 301 with respect to any Security of such series, any action has been taken by any taxing authority of, or any decision has been rendered by a court of competent jurisdiction in, Canada or any political subdivision or taxing authority thereof or therein, including any of those actions specified in (a) above, whether or not such action was taken or decision was rendered with respect to the Company, or any change, amendment, application or interpretation shall be officially proposed, which, in any such case, in the Opinion of Counsel to the Company, will result in the Company becoming obligated to pay, on the next succeeding Interest Payment Date, Additional Amounts with respect to any Security of such series and (2) in any such case, the Company in its business judgment determines that such obligation cannot be avoided by the use of reasonable measures available to the Company; provided however, that (i) no such notice of redemption may be given earlier than 90 or later than 30 days prior to the earliest date on which the Company would be obligated to pay such Additional Amounts were a payment in respect of the Securities then due, and (ii) at the time such notice of redemption is given, such obligation to pay such Additional Amounts remains in effect.

ARTICLE TWELVE

SINKING FUNDS

SECTION 1201. Applicability of Article.

(a) Redemption of Securities through operation of a sinking fund as permitted or required by any form of Security issued pursuant to this Indenture shall be made in accordance with such form of Security and this Article; provided, however, that if any provision of any such form of Security shall conflict with any provision of this Article, the provision of such form of Security shall govern.

(b) The minimum amount of any sinking fund payment provided for by the terms of Securities of any series is herein referred to as a "**mandatory sinking fund payment**", and any payment in excess of such minimum amount provided for by the terms of Securities of any series is herein referred to as an "**optional sinking fund payment**". If provided for by the terms of Securities of any series, the cash amount of any mandatory sinking fund payment may be subject to reduction as provided in Section 1202. Each sinking fund payment shall be applied to the redemption of Securities of any series as provided for by the terms of Securities of such series.

SECTION 1202. Satisfaction of Sinking Fund Payments with Securities.

Subject to Section 1203, in lieu of making all or any part of any mandatory sinking fund payment with respect to any Securities of a series in cash, the Company may at its option (1) deliver to the Trustee Outstanding Securities of a series (other than any previously called for redemption) theretofore purchased or otherwise acquired by the Company together in the case of any Bearer Securities of such series with all unmatured coupons appertaining thereto, and/or (2) receive credit for the principal amount of Securities of such series which have been previously delivered to the Trustee by the Company or for Securities of such series which have been redeemed either at the election of the Company pursuant to the terms of such Securities or through the application of permitted optional sinking fund payments pursuant to the terms of such Securities, in each case in satisfaction of all or any part of any mandatory sinking fund payment with respect to the Securities of the same series required to be made pursuant to the terms of such Securities as provided for by the terms of such series; provided, however, that such Securities have not been previously so credited. Such Securities shall be received and credited for such purpose by the Trustee at the Redemption Price specified in such Securities for redemption through operation of the sinking fund and the amount of such mandatory sinking fund payment shall be reduced accordingly.

SECTION 1203. Redemption of Securities for Sinking Fund.

(a) Not less than 60 days prior to each sinking fund payment date for any series of Securities, the Company will deliver to the Trustee an Officer's Certificate specifying the amount of the next ensuing sinking fund payment for that series pursuant to the terms of that series, the portion thereof, if any, which is to be satisfied by payment of cash in the Currency in which the Securities of such series are payable (except as otherwise specified pursuant to Section 301 for the Securities of such series and except, if applicable, as provided in Sections 312(b), 312(d) and 312(e)) and the portion thereof, if any, which is to be satisfied by delivering or crediting Securities of that series pursuant to Section 1202 (which Securities will, if not previously delivered, accompany such certificate) and whether the Company intends to exercise its right to make a permitted optional sinking fund payment with respect to such series. Such certificate shall be irrevocable and upon its delivery the Company shall be obligated to make the cash payment or payments therein referred to, if any, on or before the next succeeding sinking fund payment date. In the case of the failure of the Company to deliver such certificate, the sinking fund payment due on the next succeeding sinking fund payment date for that series shall be paid entirely in cash and shall be sufficient to redeem the principal amount of such Securities subject to a mandatory sinking fund payment without the option to deliver or credit Securities as provided in Section 1202 and without the right to make any optional sinking fund payment, if any, with respect to such series.

(b) Not more than 60 days before each such sinking fund payment date the Trustee shall select the Securities to be redeemed upon such sinking fund payment date in the manner specified in Section 1103 and cause notice of the redemption thereof to be given in the name of and at the expense of the Company in the manner provided in Section 1104. Such notice having been duly given, the redemption of such Securities shall be made upon the terms and in the manner stated in Sections 1106 and 1107.

(c) On or prior to any sinking fund payment date, the Company shall pay to the Trustee or a Paying Agent (or, if the Company is acting as its own Paying Agent, segregate and hold in trust as provided in Section 1003) in cash a sum equal to any interest that will accrue to the date fixed for redemption of Securities or portions thereof to be redeemed on such sinking fund payment date pursuant to this Section 1203.

(d) Notwithstanding the foregoing, with respect to a sinking fund for any series of Securities, if at any time the amount of cash to be paid into such sinking fund on the next succeeding sinking fund payment date, together with any unused balance of any preceding sinking fund payment or payments for such series, does not exceed in the aggregate $100,000, the Trustee, unless requested by the Company, shall not give the next succeeding notice of the redemption of Securities of such series through the operation of the sinking fund. Any such unused balance of moneys deposited in such sinking fund shall be added to the sinking fund payment for such series to be made in cash on the next succeeding sinking fund payment date or, at the request of the Company, shall be applied at any time or from time to time to the purchase of Securities of such series, by public or private purchase, in the open market or otherwise, at a purchase price for such Securities (excluding accrued interest and brokerage commissions, for which the Trustee or any Paying Agent will be reimbursed by the Company) not in excess of the principal amount thereof.

ARTICLE THIRTEEN

REPAYMENT AT OPTION OF HOLDERS

SECTION 1301. Applicability of Article.

Repayment of Securities of any series before their Stated Maturity at the option of Holders thereof, as permitted by any form of Security issued pursuant to this Indenture, shall be made in accordance with such form of Security and this Article; provided, however, that if any provision of any such form of Security shall conflict with any provision of this Article, the provision of such form of Security shall govern.

SECTION 1302. Repayment of Securities.

Securities of any series subject to repayment in whole or in part at the option of the Holders thereof will, unless otherwise provided in the terms of such Securities, be repaid at a price equal to the principal amount thereof, together with interest, if any, thereon accrued to the Repayment Date specified in or pursuant to the terms of such Securities. The Company covenants that on or before the Repayment Date it will deposit with the Trustee or with a Paying Agent (or, if the Company is acting as its own Paying Agent, segregate and hold in trust as provided in Section 1003) an amount of money in the Currency in which the Securities of such series are payable (except as otherwise specified pursuant to Section 301 for the Securities of

such series and except, if applicable, as provided in Sections 312(b), 312(d) and 312(e)) sufficient to pay the principal (or, if so provided by the terms of the Securities of any series, a percentage of the principal) of and (except if the Repayment Date shall be an Interest Payment Date) accrued interest, if any, on, all the Securities or portions thereof, as the case may be, to be repaid on such date.

SECTION 1303. Exercise of Option.

(a) Securities of any series subject to repayment at the option of the Holders thereof will contain an "Option to Elect Repayment" form on the reverse of such Securities. To be repaid at the option of the Holder, any Security so providing for such repayment, with the "**Option to Elect Repayment**" form on the reverse of such Security duly completed by the Holder (or by the Holder's attorney duly authorized in writing), must be received by the Company at the Place of Payment therefor specified in the terms of such Security (or at such other place or places or which the Company shall from time to time notify the Holders of such Securities) not earlier than 45 days nor later than 30 days prior to the Repayment Date. If less than the entire principal amount of such Security is to be repaid in accordance with the terms of such Security, the principal amount of such Security to be repaid, in increments of the minimum denomination for Securities of such series, and the denomination or denominations of the Security or Securities to be issued to the Holder for the portion of the principal amount of such Security surrendered that is not to be repaid, must be specified. The principal amount of any Security providing for repayment at the option of the Holder thereof may not be repaid in part if, following such repayment, the unpaid principal amount of such Security would be less than the minimum authorized denomination of Securities of the series of which such Security to be repaid is a part. Except as otherwise may be provided by the terms of any Security providing for repayment at the option of the Holder thereof, exercise of the repayment option by the Holder shall be irrevocable unless waived by the Company.

(b) For all purposes of this Indenture, unless the context otherwise requires, all provisions relating to the repayment of Securities shall related, in the case of any Security, repaid or to be repaid only in part, to the portion of the principal amount of such Securities which has been or is to be repaid.

SECTION 1304. When Securities Presented for Repayment Become Due and Payable.

(a) If Securities of any series providing for repayment at the option of the Holders thereof shall have been surrendered as provided in this Article and as provided by or pursuant to the terms of such Securities, such Securities or the portions thereof, as the case may be, to be repaid shall become due and payable and shall be paid by the Company on the Repayment Date therein specified, and on and after such Repayment Date (unless the Company shall default in the payment of such Securities on such Repayment Date) such Securities shall, if the same were interest-bearing, cease to bear interest and the coupons for such interest appertaining to any Bearer Securities so to be repaid, except to the extent provided below, shall be void. Upon surrender of any such Security for repayment in accordance with such provisions, together with all coupons, if any, appertaining thereto maturing after the Repayment Date, the principal amount of such Security so to be repaid shall be paid by the Company, together with accrued interest, if any, to the Repayment Date; provided, however, that coupons whose Stated

Maturity is on or prior to the Repayment Date shall be payable only at an office or agency located outside the United States (except as otherwise provided in Section 1002) and, unless otherwise specified pursuant to Section 301, only upon presentation and surrender of such coupons; and provided further that unless otherwise contemplated by Section 301, in the case of Registered Securities, whose Stated Maturity is on or prior to the Repayment Date, installments of interest, if any, shall be payable to the Holders of such Securities, or one or more Predecessor Securities, registered as such at the close of business on the relevant Record Dates according to their terms and the provisions of Section 307.

(b) If any Bearer Security surrendered for repayment shall not be accompanied by all appurtenant coupons maturing after the Repayment Date, such Security may be paid after deducting from the amount payable therefor as provided in Section 1302 an amount equal to the face amount of all such missing coupons, or the surrender of such missing coupon or coupons may be waived by the Company and the Trustee if there be furnished to them such security or indemnity as they may require to save each of them and any Paying Agent harmless. If thereafter the Holder of such Security shall surrender to the Trustee or any Paying Agent any such missing coupon in respect of which a deduction shall have been made as provided in the preceding sentence, such Holder shall be entitled to receive the amount so deducted; provided, however, that interest represented by coupons shall be payable only at an office or agency located outside the United States (except as otherwise provided in Section 1002) and, unless otherwise specified as contemplated by Section 301, only upon presentation and surrender of those coupons.

(c) If the principal amount of any Security surrendered for repayment shall not be so repaid upon surrender thereof, such principal amount (together with interest, if any, thereon accrued to such Repayment Date) shall, until paid, bear interest from the Repayment Date at the rate of interest or Yield to Maturity (in the case of Original Issue Discount Securities) set forth in such Security.

SECTION 1305. Securities Repaid in Part.

Any Security which is to be repaid only in part (pursuant to the provisions of this Article) shall be surrendered at a Place of Payment therefor (with, if the Company or the Trustee so requires, due endorsement by, or a written instrument of transfer in form satisfactory to the Company and the Securities Registrar duly executed by, the Holder thereof or such Holder's attorney duly authorized in writing), and the Company shall execute, and the Trustee shall authenticate and deliver to the Holder of such Security without service charge, a new Security or Securities of the same series, of any authorized denomination as requested by such Holder, and having the same terms and provisions and in an aggregate principal amount equal to and in exchange for the portion of the principal of the Security so surrendered which is not to be repaid.

ARTICLE FOURTEEN

DEFEASANCE AND COVENANT DEFEASANCE

SECTION 1401. Company's Option to Effect Defeasance or Covenant Defeasance.

Except as otherwise specified as contemplated by Section 301 for Securities of any series, the provisions of this Article Fourteen shall apply to each series of Securities, and the Company may, at its option, effect defeasance of the Securities of or within a series under Section 1402, or covenant defeasance of or within a series under Section 1403 in accordance with the terms of such Securities and in accordance with this Article.

SECTION 1402. Defeasance and Discharge.

Upon the Company's exercise of the above option applicable to this Section with respect to any Securities of or within a series, the Company shall be deemed to have been discharged from its obligations with respect to such Outstanding Securities and any related coupons on the date the conditions set forth in Section 1404 are satisfied (hereinafter, "**defeasance**"). For this purpose, such defeasance means that the Company shall be deemed to have paid and discharged the entire indebtedness represented by such Outstanding Securities and any related coupons, which shall thereafter be deemed to be "Outstanding" only for the purposes of Section 1405 and the other Sections of this Indenture referred to in (A) and (B) below, and to have satisfied all its other obligations under such Securities and any related coupons and this Indenture insofar as such Securities and any related coupons are concerned (and the Trustee, at the expense of the Company, shall execute proper instruments acknowledging the same), except for the following which shall survive until otherwise terminated or discharged hereunder: (A) the rights of Holders of such Outstanding Securities and any related coupons to receive, solely from the trust fund described in Section 1404 and as more fully set forth in such Section, payments in respect of the principal of (and premium, if any) and interest, if any, on such Securities and any related coupons when such payments are due, (B) the Company's obligations with respect to such Securities under Sections 304, 305, 306, 1002 and 1003 and with respect to the payment of Additional Amounts, if any, on such Securities as contemplated by Section 1005, (C) the rights, powers, trusts, duties and immunities of the Trustee hereunder and (D) this Article Fourteen. Subject to compliance with this Article Fourteen, the Company may exercise its option under this Section 1402 notwithstanding the prior exercise of its option under Section 1403 with respect to such Securities and any related coupons.

SECTION 1403. Covenant Defeasance.

Upon the Company's exercise of the above option applicable to this Section with respect to any Securities of or within a series, the Company shall be released from its obligations under Sections 803, 1006 and1007, and, if specified pursuant to Section 301, its obligations under any other covenant, with respect to such Outstanding Securities and any related coupons on and after the date the conditions set forth in Section 1404 are satisfied (hereinafter, "**covenant defeasance**"), and such Securities and any related coupons shall thereafter be deemed not to be "Outstanding" for the purposes of any request, demand, authorization, notice, direction, waiver, consent or declaration or Act of Holders (and the consequences of any thereof) in connection

with such covenants, but shall continue to be deemed "Outstanding" for all other purposes hereunder. For this purpose, such covenant defeasance means that, with respect to such Outstanding Securities and any related coupons, the Company may omit to comply with and shall have no liability in respect of any term, condition or limitation set forth in any such covenant, whether directly or indirectly, by reason of any reference elsewhere herein to any such covenant or by reason of reference in any such covenant to any other provision herein or in any other document and such omission to comply shall not constitute a Default or an Event of Default under Section 501(4) or Section 501(7) or otherwise, as the case may be, but, except as specified above, the remainder of this Indenture and such Securities and any related coupons shall be unaffected thereby.

SECTION 1404. Conditions to Defeasance or Covenant Defeasance.

(a) The following shall be the conditions to application of either Section 1402 or Section 1403 to any Outstanding Securities of or within a series and any related coupons:

(1) The Company shall irrevocably have deposited or caused to be deposited with the Trustee (or another trustee satisfying the requirements of Section 607 who shall agree to comply with the provisions of this Article Fourteen applicable to it) as trust funds in trust for the purpose of making the following payments, specifically pledged as security for, and dedicated solely to, the benefit of the Holders of such Securities and any related coupons, (A) an amount (in such Currency in which such Securities and any related coupons are then specified as payable at Stated Maturity), except as otherwise specified pursuant to Section 301 for the Securities of such series and except as provided in Sections 312 (b), 312(d) and 312(e), or (B) Government Obligations applicable to such Securities (determined on the basis of the Currency in which such Securities are then specified as payable at Stated Maturity), except as otherwise specified pursuant to Section 301 for the Securities of such series and except as provided in Sections 312 (b), 312(d) and 312(e), which through the scheduled payment of principal and interest in respect thereof in accordance with their terms will provide, not later than one day before the due date of any payment of principal of (and premium, if any), and interest, if any, under such Securities and any related coupons, money in an amount, or (C) a combination thereof, sufficient, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee, to pay and discharge, and which shall be applied by the Trustee (or other qualifying trustee) to pay and discharge, (i) the principal of (and premium, if any) and interest, if any, on such Outstanding Securities and any related coupons on the Stated Maturity (or Redemption Date, if applicable) of such principal (and premium, if any) or installment of interest, if any, and (ii) any mandatory sinking fund payments or analogous payments applicable to such Outstanding Securities and any related coupons on the day on which such payments are due and payable in accordance with the terms of this Indenture and of such Securities and any related coupons; provided that the Trustee shall have been irrevocably instructed to apply such money or the proceeds of such Government Obligations to said payments with respect to such Securities and any related coupons. Before such a deposit, the Company may give to the Trustee, in accordance with Section 1102 hereof, a notice of its election to redeem all or any portion of such Outstanding Securities at a future date in accordance with the terms of the Securities of

such series and Article Eleven hereof, which notice shall be irrevocable. Such irrevocable redemption notice, if given, shall be given effect in applying the foregoing.

(2) No Default or Event of Default with respect to such Securities or any related coupons shall have occurred and be continuing on the date of such deposit or, insofar as paragraphs (5) or (6) of Section 501 are concerned, at any time during the period ending on the 91st day after the date of such deposit (it being understood that this condition shall not be deemed satisfied until the expiration of such period).

(3) Such defeasance or covenant defeasance shall not result in a breach or violation of, or constitute a default under, this Indenture or any other material agreement or instrument to which the Company is a party or by which it is bound.

(4) In the case of an election under Section 1402, the Company shall have delivered to the Trustee an Opinion of Counsel qualified to practice law in the United States stating that (x) the Company has received from, or there has been published by, the Internal Revenue Service a ruling, or (y) since the date of execution of this Indenture, there has been a change in the applicable U.S. federal income tax law, in either case to the effect that, and based thereon such opinion shall confirm that, the Holders of such Outstanding Securities and any related coupons will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such defeasance had not occurred.

(5) Notwithstanding any other provisions of this Section, such defeasance or covenant defeasance shall be effected in compliance with any additional or substitute terms, conditions or limitations in connection therewith pursuant to Section 301.

(6) The Company shall have delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that all conditions precedent provided for relating to either the defeasance under Section 1402 or the covenant defeasance under Section 1403 (as the case may be) have been complied with.

(7) In the case of an election under Section 1403, the Company shall have delivered to the Trustee an Opinion of Counsel qualified to practice law in the United States to the effect that the Holders of such Outstanding Securities will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such covenant defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such covenant defeasance had not occurred.

(8) The Company shall have delivered to the Trustee an Opinion of Counsel qualified to practice law in Canada or a ruling from Canada Customs and Revenue Agency to the effect that the Holders of such Outstanding Securities will not recognize income, gain or loss for Canadian federal, provincial or territorial income tax or other tax purposes as a result of such defeasance or covenant defeasance, as applicable, and will be subject to Canadian federal or provincial income tax and other tax on the same amounts, in the same manner and at the same times as would have been the case had such defeasance or covenant defeasance, as applicable, not occurred (and for the purposes of

such opinion, such Canadian counsel shall assume that Holders of the Securities include Holders who are not resident in Canada).

(9) The Company is not an "insolvent person" within the meaning of the Bankruptcy and Insolvency Act (Canada) on the date of such deposit or at any time during the period ending on the 91st day after the date of such deposit (it being understood that this condition shall not be deemed satisfied until the expiration of such period).

(10) The Company has delivered to the Trustee an Opinion of Counsel to the effect that such deposit shall not cause the Trustee or the trust so created to be subject to the Investment Company Act of 1940, as amended.

(b) Such defeasance or covenant defeasance shall not result in a breach or violation of, or constitute a default under, this Indenture or any other material agreement or instrument to which the Company is a party or by which it is bound.

SECTION 1405. Deposited Money and Government Obligations to Be Held in Trust; Other Miscellaneous Provisions.

(a) Subject to the provisions of the last paragraph of Section 1003, all money and Government Obligations (or other property as may be provided pursuant to Section 301) (including the proceeds thereof) deposited with the Trustee (or other qualifying trustee, collectively for purposes of this Section 1405, the "Trustee") pursuant to Section 1404 in respect of such Outstanding Securities and any related coupons shall be held in trust and applied by the Trustee, in accordance with the provisions of such Securities and any related coupons and this Indenture, to the payment, either directly or through any Paying Agent (including the Company acting as its own Paying Agent) as the Trustee may determine, to the Holders of such Securities and any related coupons of all sums due and to become due thereon in respect of principal (and premium, if any) and interest, if any, but such money need not be segregated from other funds except to the extent required by law.

(b) Unless otherwise specified with respect to any Security pursuant to Section 301, if, after a deposit referred to in Section 1404(a)(1) has been made, (a) the Holder of a Security in respect of which such deposit was made is entitled to, and does, elect pursuant to Section 312(b) or the terms of such Security to receive payment in a Currency other than that in which the deposit pursuant to Section 1404(a)(1) has been made in respect of such Security, or (b) a Conversion Event occurs as contemplated in Section 312(d) or 312(e) or by the terms of any Security in respect of which the deposit pursuant to Section 1404(a)(1) has been made, the indebtedness represented by such Security and any related coupons shall be deemed to have been, and will be, fully discharged and satisfied through the payment of the principal of (and premium, if any) and interest, if any, on such Security as they become due out of the proceeds yielded by converting (from time to time as specified below in the case of any such election) the amount or other property deposited in respect of such Security into the Currency in which such Security becomes payable as a result of such election or Conversion Event based on the applicable Market Exchange Rate for such Currency in effect on the third Business Day prior to each payment date, except, with respect to a Conversion Event, for such Currency in effect (as nearly as feasible) at the time of the Conversion Event.

(c) The Company shall pay and indemnify the Trustee against any tax, fee or other charge imposed on or assessed against the Government Obligations deposited pursuant to Section 1404 or the principal and interest received in respect thereof other than any such tax, fee or other charge which by law is for the account of the Holders of such Outstanding Securities and any related coupons.

(d) Anything in this Article Fourteen to the contrary notwithstanding, the Trustee shall deliver or pay to the Company from time to time upon Company Request any money or Government Obligations (or other property and any proceeds therefrom) held by it as provided in Section 1404 which, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee, are in excess of the amount thereof which would then be required to be deposited to effect an equivalent defeasance or covenant defeasance, as applicable, in accordance with this Article.

SECTION 1406. Reinstatement.

If the Trustee or any Paying Agent is unable to apply any money in accordance with Section 1405 by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, then the Company's obligations under this Indenture and such Securities and any related coupons shall be revived and reinstated as though no deposit had occurred pursuant to Section 1402 or 1403, as the case may be, until such time as the Trustee or Paying Agent is permitted to apply all such money in accordance with Section 1405; provided, however, that if the Company makes any payment of principal of (or premium, if any) or interest, if any, on any such Security or any related coupon following the reinstatement of its obligations, the Company shall be subrogated to the rights of the Holders of such Securities and any related coupons to receive such payment from the money held by the Trustee or Paying Agent.

ARTICLE FIFTEEN

MEETINGS OF HOLDERS OF SECURITIES

SECTION 1501. Purposes for Which Meetings May Be Called.

If Securities of a series are issuable as Bearer Securities, a meeting of Holders of Securities of such series may be called at any time and from time to time pursuant to this Article to make, give or take any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Indenture to be made, given or taken by Holders of Securities of such series.

SECTION 1502. Call, Notice and Place of Meetings.

(a) The Trustee may at any time call a meeting of Holders of Securities of any series, and the Trustee shall convene a meeting upon receipt of a request of the Company or upon receipt of a request in writing to the Trustee by the Holders of not less than 25% in principal amount of the Outstanding Securities of any series, for any purpose specified in Section 1501, to be held at such time and at such place in The City of New York, New York, London, England or Toronto, Ontario as the Trustee shall determine. Notice of every meeting of Holders of Securities of any series, setting forth the time and the place of such meeting and in general terms

the action proposed to be taken at such meeting, shall be given, in the manner provided for in Section 106, not less than 21 nor more than 180 days prior to the date fixed for the meeting. Holders shall reimburse the Trustee for reasonable out-of-pocket expenses relating to the calling and holding of such meeting if called by such Holders. The Holders shall indemnify the Trustee for, and to hold it harmless against, any loss, liability or expense incurred without negligence or bad faith on its part, arising out of or in connection with the calling of such meeting on behalf of Holders, including the costs and expenses of defending itself against any claim or liability in connection with such meeting.

(b) In case at any time the Company, pursuant to a Board Resolution, or the Holders of at least 25% in principal amount of the Outstanding Securities of any series shall have requested the Trustee to call a meeting of the Holders of Securities of such series for any purpose specified in Section 1501, by written request setting forth in reasonable detail the action proposed to be taken at the meeting, and the Trustee shall not have made the first publication of the notice of such meeting within 21 days after receipt of such request or shall not thereafter proceed to cause the meeting to be held as provided herein, then the Company or the Holders of Securities of such series in the amount above specified, as the case may be, may determine the time and the place in The City of New York, New York, London, England or Toronto, Ontario for such meeting and may call such meeting for such purposes by giving notice thereof as provided in paragraph (a) of this Section.

SECTION 1503. Persons Entitled to Vote at Meetings.

To be entitled to vote at any meeting of Holders of Securities of any series, a Person shall be (1) a Holder of one or more Outstanding Securities of such series, or (2) a Person appointed by an instrument in writing as proxy for a Holder or Holders of one or more Outstanding Securities of such series by such Holder of Holders. The only Persons who shall be entitled to be present or to speak at any meeting of Holders of Securities of any series shall be the Person entitled to vote at such meeting and their counsel, any representatives of the Trustee and its counsel and any representatives of the Company and its counsel.

SECTION 1504. Quorum; Action.

(a) The Persons entitled to vote 25% in principal amount of the Outstanding Securities of a series shall constitute a quorum for a meeting of Holders of Securities of such series; provided, however, that, if any action is to be taken at such meeting with respect to a consent or waiver which this Indenture expressly provides may be given by the Holders of not less than a specified percentage in principal amount of the Outstanding Securities of a series, the Persons entitled to vote such specified percentage in principal amount of the Outstanding Securities of such series shall constitute a quorum. In the absence of a quorum within 30 minutes of the time appointed for any such meeting, the meeting shall, if convened at the request of Holders of Securities of such series, be dissolved. In any other case the meeting may be adjourned for a period of not less than 10 days as determined by the chairman of the meeting prior to the adjournment of such meeting. In the absence of a quorum at any such adjourned meeting, such adjourned meeting may be further adjourned for a period of not less than 10 days as determined by the chairman of the meeting prior to the adjournment of such adjourned meeting. Notice of the reconvening of any adjourned meeting shall be given as provided in Section 1502(a), except that such notice need be given only once not less than five days prior to

the date on which the meeting is scheduled to be reconvened. Notice of the reconvening of any adjourned meeting shall state expressly the percentage, as provided above, of the principal amount of the Outstanding Securities of such series which shall constitute a quorum.

(b) Subject to the foregoing, at the reconvening of any meeting adjourned for lack of a quorum the Persons entitled to vote 10% in principal amount of the Outstanding Securities at the time shall constitute a quorum for the taking of any action set forth in the notice of the original meeting.

(c) Except as limited by the proviso to Section 902, any resolution presented to a meeting or adjourned meeting duly reconvened at which a quorum is present as aforesaid may be adopted by the affirmative vote of the Holders of not less than a majority in principal amount of the Outstanding Securities of such series; provided, however, that, except as limited by the proviso to Section 902, any resolution with respect to any request, demand, authorization, direction, notice, consent, waiver or other action which this Indenture expressly provides may be made, given or taken by the Holders of a specified percentage, which is less than a majority, in principal amount of the Outstanding Securities of a series may be adopted at a meeting or an adjourned meeting duly reconvened and at which a quorum is present as aforesaid by the affirmative vote of the Holders of not less than such specified percentage in principal amount of the Outstanding Securities of such series.

(d) Any resolution passed or decision taken at any meeting of Holders of Securities of any series duly held in accordance with this Section shall be binding on all the Holders of Securities of such series and the related coupons, whether or not present or represented at the meeting.

(e) Notwithstanding the foregoing provisions of this Section 1504, if any action is to be taken at a meeting of Holders of Securities of any series with respect to any request, demand, authorization, direction, notice, consent, waiver or other action that this Indenture expressly provides may be made, given or taken by the Holders of a specified percentage in principal amount of all Outstanding Securities affected thereby, or of the Holders of such series and one or more additional series:

(i) there shall be no minimum quorum requirement for such meeting; and

(ii) the principal amount of the Outstanding Securities of such series that vote in favor of such request, demand, authorization, direction, notice, consent, waiver or other action shall be taken into account in determining whether such request, demand, authorization, direction, notice, consent, waiver or other action has been made, given or taken under this Indenture.

SECTION 1505. Determination of Voting Rights; Conduct and Adjournment of Meetings.

(a) Notwithstanding any provisions of this Indenture, the Trustee may make such reasonable regulations as it may deem advisable for any meeting of Holders of Securities of

a series in regard to proof of the holding of Securities of such series and of the appointment of proxies and in regard to the appointment and duties of inspectors of votes, the submission and examination of proxies, certificates and other evidence of the right to vote, and such other matters concerning the conduct of the meeting as its shall deem appropriate. Except as otherwise permitted or required by any such regulations, the holding of Securities shall be proved in the manner specified in Section 104 and the appointment of any proxy shall be proved in the manner specified in Section 104 or by having the signature of the person executing the proxy witnessed or guaranteed by any trust company, bank or banker authorized by Section 104 to certify to the holding of Bearer Securities. Such regulations may provide that written instruments appointing proxies, regular on their face, may be presumed valid and genuine without the proof specified in Section 104 or other proof.

(b) The Trustee shall, by an instrument in writing appoint a temporary chairman of the meeting, which need not be a Holder of Securities, unless the meeting shall have been called by the Company or by Holders of Securities as provided in Section 1502(b), in which case the Company or the Holders of Securities of the series calling the meeting, as the case may be, shall in like manner appoint a temporary chairman. A permanent chairman and a permanent secretary of the meeting shall be elected by vote of the Persons entitled to vote a majority in principal amount of the Outstanding Securities of such series represented at the meeting.

(c) At any meeting each Holder of a Security of such series or proxy shall be entitled to one vote for each $1,000 principal amount of Outstanding Securities of such series held or represented by him (determined as specified in the definition of "Outstanding" in Section 101); provided, however, that no vote shall be cast or counted at any meeting in respect of any Security challenged as not Outstanding and ruled by the chairman of the meeting to be not Outstanding. The chairman of the meeting shall have no right to vote, except as a Holder of a Security of such series or proxy.

(d) Any meeting of Holders of Securities of any series duly called pursuant to Section 1502 at which a quorum is present may be adjourned from time to time by the Chairman with consent of the Holders entitled to vote a majority in principal amount of the Outstanding Securities of such series represented at the meeting and voting thereon; and the meeting may be held as so adjourned without further notice.

SECTION 1506. Counting Votes and Recording Action of Meetings.

The vote upon any resolution submitted to any meeting of Holders of Securities of any series shall be by written ballots on which shall be subscribed the signatures of the Holders of Securities of such series or of their representatives by proxy and the principal amounts and serial numbers of the Outstanding Securities of such series held or represented by them. The permanent chairman of the meeting shall appoint two inspectors of votes who shall count all votes cast at the meeting for or against any resolution and who shall make and file with the secretary of the meeting their verified written reports in duplicate of all votes cast at the meeting. A record, at least in duplicate, of the proceedings of each meeting of Holders of Securities of any series shall be prepared by the secretary of the meeting and there shall be attached to said record the original reports of the inspectors of votes on any vote by ballot taken thereat and affidavits by one or more persons having knowledge of the facts setting forth a copy of the notice of the meeting and showing that said notice was given as provided in Section 1502 and, if applicable,

Section 1504. Each copy shall be signed and verified by the affidavits of the permanent chairman and secretary of the meeting and one such copy shall be delivered to the Company, and another to the Trustee to be preserved by the Trustee, the latter to have attached thereto the ballots voted at the meeting. Any record so signed and verified shall be conclusive evidence of the matters therein stated.

This Indenture may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Indenture.

* * * * *

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly executed and attested, all as of the day and year first above written.

THOMSON REUTERS CORPORATION

By: /s/ David Shaw
Name: David Shaw
Title: Senior Vice President and Treasurer

Attest: /s/ Marc E. Gold
Name: Marc E. Gold
Title: Assistant Secretary

COMPUTERSHARE TRUST COMPANY
OF CANADA,
as Trustee

By: /s/ Kemi Atawo
Name: Kemi Atawo
Title: Corporate Trust Officer

By: /s/ Mohanie Shivprasad
Name: Mohanie Shivprasad
Title: Associate Trust Officer

Attest: /s/ Kelly Wood
Name: Kelly Wood
Title: Manager, Administration

DEUTSCHE BANK TRUST COMPANY
AMERICAS,
as Trustee

by

DEUTSCHE BANK NATIONAL TRUST
COMPANY

By: /s/ Irina Golovashchuk
Name: Irina Golovashchuk
Title: Assistant Vice President

By: /s/ Kenneth R. Ring
Name: Kenneth R. Ring
Title: Vice President

Attest: /s/ Chris Niesz
Name: Chris Niesz
Title: Associate

EXHIBIT A

FORMS OF CERTIFICATION

EXHIBIT A-1

FORM OF CERTIFICATE TO BE GIVEN BY
PERSON ENTITLED TO RECEIVE BEARER SECURITY
OR TO OBTAIN INTEREST PAYABLE PRIOR
TO THE EXCHANGE DATE

CERTIFICATE

THOMSON REUTERS CORPORATION
●% Notes due ●

This is to certify that as of the date hereof, and except as set forth below, the above-captioned Securities held by you for our account (i) are owned by any person(s) that is not a citizen or resident of the United States; a corporation or partnership (including any entity treated as a corporation or partnership for United States Federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia unless, in the case of a partnership, Treasury Regulations provide otherwise; any estate whose income is subject to United States Federal income tax regardless of its source or; a trust if (A) a United States court can exercise primary supervision over the trust's administration and one of more United States persons are authorized to control all substantial decisions of the trust or (B) a trust in existence on August 20, 1996, and treated as a United States person before this date that timely elected to continue to be treated as a United States person ("**United States persons(s)**"), (ii) are owned by United States person(s) that are (a) foreign branches of United States financial institutions (financial institutions, as defined in United States Treasury Regulation Section 1.165-12(c)(1)(iv) are herein referred to as "**financial institutions**") purchasing for their own account or for resale, or (b) United States person(s) who acquired the Securities through foreign branches of United States financial institutions and who hold the Securities through such United States financial institutions on the date hereof (and in either case (a) or (b), each such United States financial institution hereby agrees, on its own behalf or through its agent, that you may advise Thomson Reuters Corporation or its agent that such financial institution will comply with the requirements of Section 165(j)(3)(A), (B) or (C) of the United States Internal Revenue Code of 1986, as amended, and the regulations thereunder), or (iii) are owned by United States or foreign financial institution(s) for purposes of resale during the restricted period (as defined in United States Treasury Regulation Section 1.163-5(c)(2)(i)(D)(7)), and, in addition, if the owner is a United States or foreign financial institution described in clause (iii) above (whether or not also described in clause (i) or (ii)), this is to further certify that such financial institution has not acquired the Securities for purposes of resale directly or indirectly to a United States person or to a person within the United States or its possessions.

As used herein, "United States" means the United States of America (including the states and the District of Columbia); and its "possessions" include Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands.

We undertake to advise you promptly by tested telex on or prior to the date on which you intend to submit your certification relating to the above-captioned Securities held by you for our account in accordance with your operating procedures if any applicable statement herein is not correct on such date, and in the absence of any such notification it may be assumed that this certification applies as of such date.

This certificate excepts and does not relate to U.S.$● of such interest in the above-captioned Securities in respect of which we are not able to certify and as to which we understand an exchange for an interest in a permanent global security or an exchange for and delivery of definitive Securities (or, if relevant, collection of any interest) cannot be made until we do so certify.

We understand that this certificate may be required in connection with certain tax legislation in the United States. If administrative or legal proceedings are commenced or threatened in connection with which this certificate is or would be relevant, we irrevocably authorize you to produce this certificate or a copy thereof to any interested party in such proceedings.

Dated:

[To be dated no earlier than the 15th day prior to (i) the Exchange Date or (ii) the relevant Interest Payment Date occurring prior to the Exchange Date, applicable]

[Name of Person Making Certification]

_____

Name:
Title:

EXHIBIT A-2

FORM OF CERTIFICATE TO BE GIVEN BY EUROCLEAR AND CLEARSTREAM IN CONNECTION WITH THE EXCHANGE OF A PORTION OF A TEMPORARY GLOBAL SECURITY OR TO OBTAIN INTEREST PAYABLE PRIOR TO THE EXCHANGE DATE

CERTIFICATE

THOMSON REUTERS CORPORATION
●% Notes due ●

This is to certify that based solely on written certifications that we have received in writing, by tested telex or by electronic transmission from each of the persons appearing in our records as persons entitled to a portion of the principal amount set forth below (our "**Member Organizations**") substantially in the form attached hereto, as of the date hereof, U.S.$● principal amount of the above-captioned Securities (i) is owned by any person(s) that is not a citizen or resident of the United States; a corporation or partnership (including any entity treated as a corporation or partnership for United States Federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia unless, in the case of a partnership, Treasury Regulations provide otherwise; any estate whose income is subject to United States Federal income tax regardless of its source or; a trust if (A) a United States court can exercise primary supervision over the trust's administration and one of more United States persons are authorized to control all substantial decisions of the trust or (B) a trust in existence on August 20, 1996, and treated as a United States person before this date that timely elected to continue to be treated as a United States person ("**United States person(s)**"), (ii) is owned by United States person(s) that are (a) foreign branches of United States financial institutions (financial institutions, as defined in U.S. Treasury Regulation Section 1.165-12(c)(1)(iv) are herein referred to as "**financial institutions**") purchasing for their own account or for resale, or (b) United States person(s) who acquired the Securities through foreign branches of United States financial institutions and who hold the Securities through such United States financial institutions on the date hereof (and in either case (a) or (b), each such financial institution has agreed, on its own behalf or through its agent, that we may advise Thomson Reuters Corporation or its agent that such financial institution will comply with the requirements of Section 165(j)(3)(A), (B) or (C) of the Internal Revenue Code of 1986, as amended, and the regulations thereunder), or (iii) is owned by United States or foreign financial institution(s) for purposes of resale during the restricted period (as defined in United States Treasury Regulation Section 1.163-5(c)(2)(i)(D)(7)) and, to the further effect, that financial institutions described in clause (iii) above (whether or not also described in clause (i) or (ii)) have certified that they have not acquired the Securities for purposes of resale directly or indirectly to a United States person or to a person within the United States or its possessions.

As used herein, "United States" means the United States of America (including the states and the District of Columbia); and its "possessions" include Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands.

We further certify that (i) we are not making available herewith for exchange (or, if relevant, collection of any interest) any portion of the temporary global Security representing the above-captioned Securities excepted in the above-referenced certificates of Member Organizations and (ii) as of the date hereof we have not received any notification from any of our Member Organizations to the effect that the statements made by such Member Organizations with respect to any portion of the part submitted herewith for exchange (or, if relevant, collection of any interest) are no longer true and cannot be relied upon as of the date hereof.

We understand that this certification is required in connection with certain tax legislation in the United States. If administrative or legal proceedings are commenced or threatened in connection with which this certificate is or would be relevant, we irrevocably authorize you to produce this certificate or a copy thereof to any interested party in such proceedings.

Dated:

[To be dated no earlier than the 15th day prior to (i) the Exchange Date or (ii) the relevant Interest Payment Date occurring prior to the Exchange Date, applicable]

[EUROCLEAR BANK S.A./N.V., as Operator of the Euroclear System]
[CLEARSTREAM BANKING]

By_____

Attachment Alimentation Couche Tarde (0 Bytes) cannot be converted to PDF format.

Attachment Fortis (0 Bytes) cannot be converted to PDF format.

Attachment John Deere (0 Bytes) cannot be converted to PDF format.

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This short form prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. The securities being offered hereunder have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), or any state securities laws, and may not be offered or sold in the United States or to U.S. persons (as hereinafter defined) except pursuant to an effective registration statement under the U.S. Securities Act or pursuant to an available exemption from the registration requirements under the U.S. Securities Act and any applicable state securities laws. This short form prospectus does not constitute an offer to sell or a solicitation to buy any of the securities to be offered hereunder within the United States or to U.S. persons. See "Plan of Distribution".

Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada. *Copies of the documents incorporated herein by reference may be obtained on request without charge from the Corporate Secretary of Alimentation Couche-Tard Inc. at 4204 boulevard Industriel, Laval, Québec, H7L 0E3, Tel: 450-662-6632 and are also available electronically at www.sedar.com.*

New Issue

August 15, 2013

SHORT FORM PROSPECTUS

Cdn.$300,000,000

ALIMENTATION COUCHE-TARD INC.

Cdn.$300,000,000 principal amount of 4.214% Series 4 Senior Unsecured Notes Due 2020

The Cdn.$300,000,000 principal amount of 4.214% Series 4 senior unsecured notes due 2020 (the "Notes") will bear interest at the rate of 4.214% per year from August 21, 2013. We will pay interest on the Notes semi-annually in arrears in equal instalments on February 21 and August 21 of each year, beginning on February 21, 2014. **The effective yield on the Notes if held to maturity will be 4.214% per year.** Unless we redeem the Notes earlier, the Notes will mature on August 21, 2020.

We may redeem some or all of the Notes at any time and from time to time at the redemption prices described in this short form prospectus. See "Description of the Notes – Optional Redemption and Purchase for Cancellation". If there is a specified decline in the credit rating of the Notes as a result of our experiencing a change of control, we will be required to make an offer to purchase all of the Notes at a price equal to 101% of their principal amount plus accrued interest to the date of purchase. See "Description of the Notes – Change of Control".

The Notes will be unsecured, unsubordinated obligations of Alimentation Couche-Tard Inc. ("Couche-Tard") and will rank equally and *pari passu* with its other unsecured, unsubordinated obligations. Subject to the release provisions described herein, payment of principal, premium, if any, and interest on the Notes will be fully and unconditionally guaranteed on an unsecured, unsubordinated basis by certain guarantors, each of which is one of our wholly-owned subsidiaries. The Notes will be effectively subordinated to all existing and future obligations, including indebtedness and trade payables, of any of our subsidiaries that do not guarantee the Notes.

The Notes offered hereby will generally be qualified investments under the *Income Tax Act* (Canada). See "Eligibility for Investment."

Investing in the Notes involves risks. See the "Risk Factors" section beginning on page 27 of this short form prospectus.

(continued on next page)

the principal amount thereof to be redeemed. A replacement Note in principal amount equal to the unredeemed portion thereof will be issued in the name of the holder thereof upon cancellation of the original Note.

In the event that less than all of the Notes are to be redeemed, the Trustee shall select the Notes within the series in question to be redeemed on a *pro rata* basis as the Trustee shall deem equitable.

Couche-Tard will not be obligated, pursuant to mandatory sinking fund payments or otherwise, to redeem the Notes and will not be obligated, at the option of the holder, to purchase or repay the Notes.

Subject to applicable law, Couche-Tard shall also have the right while not in default to purchase Notes at any time in the market, by tender or by private contract unless such Notes by their terms are not so purchasable. Notes so redeemed or purchased by Couche-Tard will be cancelled and may not be reissued.

Defeasance

The Base Indenture requires the Trustee to release Couche-Tard from its obligations under the Indenture provided that specified conditions are satisfied. Among other things, Couche-Tard must irrevocably deposit money or securities in trust with the Trustee solely for the benefit of the Noteholders for the payment of all principal of and interest, premium and any other amounts due or to become due on the Notes as well as for the payment of the expenses and remuneration of the Trustee, and taxes arising with respect to all the deposited funds. The deposited money or securities must be denominated in Canadian dollars and, in the case of deposited securities, must constitute direct obligations of Canada or an agency or instrumentality of Canada or a province of Canada whose securities are rated at least AA(low) and AA- by Dominion Bond Rating Service Limited and S&P (as hereinafter defined), respectively, or their successors.

Change of Control

If a Change of Control Triggering Event occurs (unless Couche-Tard has exercised its right to redeem the Notes as described above under "Description of the Notes – Optional Redemption and Purchase for Cancellation"), Couche-Tard will be required to make an offer to each Noteholder to repurchase all or, at the option of the holder, any part (in minimum denominations of Cdn.$1,000 and integral multiples thereof) of that holder's Notes pursuant to the offer described below (the "Change of Control Offer"). The Change of Control Offer shall be made at a purchase price equal to 101% of the principal amount of the Notes repurchased (the "Purchase Price"), plus accrued and unpaid interest thereon, if any, up to but excluding the date of purchase (the "Purchase Date"). A Change of Control Offer shall be open for 30 days and the payment date shall be made not less than 30 days and not more than 60 days following the mailing of the written notice to the Trustee (the "Payment Date").

Couche-Tard will, no later than 15 days after the occurrence of a Change of Control Triggering Event, provide written notice to the Trustee of the Change of Control Triggering Event. The Trustee will, within 15 days after receiving notice from Couche-Tard of the Change of Control Triggering Event, provide written notice to the Noteholders of the Change of Control Triggering Event (a "Change of Control Notice"). A form of such Change of Control Notice shall be provided by Couche-Tard to the Trustee and shall specify: (i) that a Change of Control Triggering Event has occurred and that a Change of Control Offer is being made in accordance with the Indenture, and that all outstanding Notes that are duly tendered will be accepted for payment; (ii) the Purchase Price and the Payment Date; (iii) that any Notes not tendered will continue to accrue interest pursuant to its terms; (iv) that, unless Couche-Tard defaults on the payment of the Purchase Price, any Note accepted for payment pursuant to the Change of Control Offer shall cease to accrue interest on and after the Purchase Date; (v) that any Noteholder electing to have a Note purchased pursuant to the Change of Control Offer will be required to surrender the Note to the Trustee at the address specified in the notice prior to the close of business on the Business Day immediately preceding the Payment Date; (vi) that any Noteholder will be entitled to withdraw their election if the Trustee receives, not later than the close of business on the fifth Business Day immediately preceding the Purchase Date, a facsimile transmission or letter setting forth the name of such Noteholder, the principal amount of Notes delivered for purchase and a statement that such Noteholder is withdrawing his election to have such Notes purchased; and (vii) that any Noteholder that elects to have its Notes repurchased must specify the principal amount that is being tendered for repurchase, which principal amount must be an integral multiple of Cdn.$1,000.

ALIMENTATION COUCHE-TARD INC.

and

COMPUTERSHARE TRUST COMPANY OF CANADA

TRUST INDENTURE
providing for the issue of Senior Unsecured Notes

DATED AS OF NOVEMBER 1, 2012

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SCHEDULE "A" – INITIAL GUARANTORS

SCHEDULE "B" – FORM OF GUARANTEE

THIS INDENTURE dated as of November 1, 2012

BETWEEN:

ALIMENTATION COUCHE-TARD INC., a corporation incorporated under the laws of the Province of Québec,

(the "**Issuer**")

- and -

COMPUTERSHARE TRUST COMPANY OF CANADA, a trust company existing under the laws of Canada,

(the "**Trustee**")

WITNESSETH:

A. The Issuer wishes to create and issue Notes in the manner provided in this Indenture.

B. The Issuer, under the laws relating thereto, is duly authorized to create and issue the Notes to be issued as herein provided.

C. Each of the Guarantors are duly authorized to guarantee the obligations of the Issuer as herein provided.

D. All necessary resolutions of the directors of the Issuer have been duly passed and other proceedings taken and conditions complied with to make the creation and issue of the Notes proposed to be issued hereunder and this Indenture and the execution thereof legal, valid and binding on the Issuer in accordance with the laws relating to the Issuer.

E. All necessary resolutions of the directors of the Guarantors have been duly passed and other proceedings taken and conditions complied with to make this Indenture legal, valid and binding on each of the Guarantors in accordance with the laws relating to the each of the Guarantors.

F. The foregoing recitals are made as representations and statements of fact by the Issuer and not by the Trustee.

NOW THEREFORE in consideration of the premises, the mutual covenants contained herein and for other consideration, the receipt and sufficiency of which are acknowledged, the parties hereto have agreed as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Indenture and in the Notes, unless there is something in the subject matter or context inconsistent therewith, the following terms shall have the meanings ascribed thereto below:

"**Acquisition Facility**" means the credit facility made available pursuant to a credit agreement dated as of April 16, 2012 among Alimentation Couche-Tard Inc., as borrower, certain financial institutions, as

lenders and National Bank of Canada, as administrative agent, as amended, supplemented or restated from time to time;

"**Affiliate**" means any Person which, directly or indirectly, Controls, is Controlled by or is under direct or indirect common Control with, any other Person;

"**Auditor**" means an independent chartered accountant or independent firm of chartered accountants or certified public accountants duly appointed as auditor or auditors of the Issuer and acceptable to the Trustee;

"**Authorized Investments**" has the meaning ascribed thereto in Section 13.9 hereof;

"**Authorized Officer**" means any individual who holds one or more of the offices of President, Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Senior Vice-Presidents, Vice-Presidents, Senior Director, Finance, Corporate Secretary or Assistant Corporate Secretary, in each case of the Issuer or any Subsidiary, as applicable;

"**Book Entry Only Notes**" means Notes of a Series which, in accordance with the terms applicable to such Series, are to be held only by or on behalf of the Depository;

"**Business Day**" means, with respect to a particular location, any day which is not a Saturday or a Sunday or a civic or statutory holiday at such location and on which chartered banks in Montréal, Québec, are open for the transaction of regular business;

"**Capitalized Lease Liabilities**" means, with respect to any Person, all monetary obligations of such Person under any leasing or similar arrangement which, in accordance with IFRS, would be classified as capitalized leases, and for purposes hereof the amount of such obligations shall be the capitalized amount thereof, determined in accordance with IFRS, and the stated maturity thereof shall be the date of the last payment of rent or any other scheduled amount due under such lease prior to the first date upon which such lease may be terminated by the lessee without payment of a premium or a penalty;

"**Capital Securities**" means, with respect to any Person, all shares, interests, participations or other equivalents (however designated, whether voting or non-voting) of or in such Person's capital, whether now outstanding or issued after the Closing Date, including common shares, preferred shares, membership interests in a limited liability company, limited or general partnership interests in a partnership or any other equivalent of such ownership interest;

"**Central Register**" has the meaning ascribed thereto in Section 3.3;

"**Certified Resolution**" means a copy of a resolution certified by an Authorized Officer to have been duly passed by the Directors and to be in full force and effect on the date of such certification;

"**Change of Control Event**" means the occurrence of any of the following (a) the direct or indirect sale, transfer, conveyance, lease or other disposition, in one or more series of related transactions, of all or substantially all of the property and assets of the Issuer and its Subsidiaries, taken as a whole, to any Person or group of Persons acting jointly or in concert for purposes of such transaction (other than to the Issuer or its Subsidiaries); or (b) the consummation of any transaction including, without limitation, any consolidation, amalgamation, merger or issue of voting shares the result of which is that any Person or group of Persons acting jointly or in concert for purposes of such transaction (other than the Permitted Holders) becomes the beneficial owner, directly or indirectly, of Voting Securities to which are attached

50% or more of the voting rights that may be casted to elect the Directors of the Issuer on a fully-diluted basis;

"**Change of Control Notice**" has the meaning ascribed to such term in Section 5.6(b);

"**Change of Control Offer**" has the meaning ascribed to such term in Section 5.6;

"**Change of Control Triggering Event**" means the occurrence of both a Change of Control Event and a Rating Event;

"**Chief Financial Officer**" means the chief financial officer of the Issuer;

"**Closing Date**" means the date of this Indenture;

"**Contingent Liability**" means any agreement, undertaking or arrangement by which any Person guarantees, endorses or otherwise becomes or is contingently liable upon (by direct or indirect agreement, contingent or otherwise, to provide funds for payment, to supply funds to, or otherwise to invest in, a debtor, or otherwise to assure a creditor against loss) the Indebtedness of any other Person (other than by endorsements of instruments in the course of collection);

"**Control**", "**Controls**" and "**Controlled**" when used with respect to any Person means the power to appoint the majority of the directors, managing members or general partners (as applicable) of such Person, directly or indirectly, whether through ownership of Capital Securities, by contract or otherwise;

"**Counsel**" means legal counsel to the Issuer acceptable to the Trustee;

"**Credit Support Requirement**" has the meaning ascribed thereto in Section 6.1;

"**DBRS**" means Dominion Bond Rating Service Limited;

"**defeasance option**" has the meaning ascribed thereto in Section 9.6;

"**Definitive Notes**" means Notes in definitive form;

"**Depository**" means CDS Clearing and Depository Services Inc. or such other Person as is designated in writing by the Issuer and acceptable to the Trustee to act as depository in respect of any Series of Book Entry Only Notes;

"**Directors**" means the directors of the Issuer or, whenever duly empowered by a resolution of the directors of the Issuer in accordance with applicable law, a committee of the directors of the Issuer, and reference to action by the Directors means action by the directors of the Issuer or action by any such committee;

"**EBITDA**" means, with respect to any Person, for any fiscal quarter, the sum of (a) net income, plus (b) to the extent deducted in determining net income, the sum of (i) amounts attributable to amortization, (ii) income tax expense, (iii) Interest Expense, and (iv) amounts attributable to depreciation of assets;

"**Event of Default**" means, with respect to the Notes of any Series, any of the events set forth in Section 8.1;

"**Extraordinary Resolution**" has the meaning ascribed to such term in Section 11.13;

"**Fitch**" means Fitch Ratings or any successor in the rating of securities;

"**Global Note**" means a Note representing the aggregate principal amount of a Series of Notes;

"**Guarantee Agreement**" means any guarantee agreement to be entered into from time to time by Subsidiaries of the Issuer in accordance with the provisions of Article 6;

"**Guarantors**" means the Subsidiaries of the Issuer that guarantee the Notes from time to time in accordance with the provisions of Article 6 and, on the Closing Date, comprises the Subsidiaries of the Issuer listed in Schedule "A" hereto;

"**Hedging Obligations**" means, with respect to any Person, all liabilities of such Person under currency exchange agreements, interest rate swap agreements, interest rate cap agreements and interest rate collar agreements and other agreements or arrangements designed to protect such Person against fluctuations in interest rates or currency exchange rates, and cash-settled commodity contracts designed to protect such Person against fluctuations in the price of petroleum products;

"**IFRS**" means the International Financial Reporting Standards adopted by the International Accounting Standards Board as and to the extent accepted in Canada, in effect from time to time and consistently applied;

"**Indebtedness**" means, with respect to any Person: (a) all obligations of such Person for borrowed money, including obligations for borrowed money evidenced by bonds, debentures, notes or similar instruments, (b) all obligations of such Person, contingent or otherwise, relative to the face amount of all letters of credit, whether or not drawn, and banker's acceptances issued for the account of such Person, (c) all Hedging Obligations of such Person, (d) all obligations of such Person to pay the deferred purchase price of property or services to the extent such obligations bear interest (excluding trade accounts payable in the ordinary course of business), and (e) all Contingent Liabilities of such Person in respect of any of the foregoing;

"**Indenture Legislation**" means the provisions, if any, of any statute of Canada or a Province thereof and the respective regulations thereunder relating to trust indentures and/or to the rights, duties and obligations of trustees under trust indentures and of companies issuing debt obligations under trust indentures, to the extent that such provisions are at the time in force and applicable to this Indenture;

"**Insolvency Event**" means with respect to any Person, the occurrence of any of the following events:

(a) such Person applies for, consents to, or acquiesces in the appointment of a receiver, receiver and manager, statutory manager, trustee or similar official for all or substantially all of its assets; or

(b) such Person enters into, or resolves to enter into, an arrangement or reconstruction or composition with, or assignment for the benefit of, all or any class of its creditors or it proposes a reorganization, moratorium or other administration involving any of them for reasons relating to insolvency; or

(c) such Person is declared to be in a final judgment or admits in writing that it is unable to pay its debts generally when they fall due; or

(d) such Person resolves to wind itself up, assigns itself into bankruptcy (including by filing a voluntary petition under Title 11 of the *United States Code*) or commits any act of bankruptcy as such term is defined in the *Bankruptcy and Insolvency Act* (Canada) or in

any other legislation applicable to such Person, or gives notice of its intention to do so for reasons relating to insolvency; or

(e) (i) the commencement of an involuntary proceeding against such Person (A) seeking bankruptcy, liquidation, reorganization, arrangement, dissolution, winding up, a composition or arrangement with creditors, a readjustment of debts, or other relief with respect to it or its debts under any bankruptcy laws or any other laws or statutes relating to reorganization, arrangement, dissolution, liquidation, winding up or other customary insolvency actions or (B) seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its assets, and such involuntary proceeding shall remain undismissed and unstayed for a period of 60 days, (ii) an order for relief is entered against such Person under the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada) or any other present or future federal bankruptcy or insolvency Laws of Canada or Title 11 of the *United States Code* as now or hereafter in effect, (iii) filing by such Person of an answer admitting the material allegations of a petition filed against it in any such involuntary proceeding commenced against it, or (iv) consent by such Person to any relief referred to in this paragraph (e) or to the appointment of or taking possession by any such official in any such involuntary proceeding commenced against it; or

(f) anything analogous or having a substantially similar effect to any of the events specified above occurs under the applicable law;

"**Intercreditor Agreement**" means the Intercreditor Agreement dated as of June 12, 2012 among, *inter alia*, National Bank of Canada, as administrative agent, the Issuer and National Bank of Canada, as collateral agent, as amended, supplemented or restated from time to time;

"**Interest Expense**" means, with respect to any Person, for any applicable period, the aggregate interest expense (both accrued and paid) of such Person, including the portion of any payments made in respect of Capitalized Lease Liabilities allocable to interest expense;

"**Interest Payment Date**" means, for each Series of interest-bearing Notes, a date on which interest is due and payable in accordance with the terms pertaining to such Series;

"**Investment Grade**" means (a) with respect to any rating provided by S&P, BBB- or better, (b) with respect to any rating provided by Moody's, Baa3 or better, and (c) with respect to any rating provided by Fitch, BBB- or better, or the equivalent rating from time to time;

"**Issuer**" means Alimentation Couche-Tard Inc. and, subject to Article 10, its successors and assigns;

"**Lien**" means any interest in property securing an obligation owed to, or a claim by, a Person other than the owner (which for the purposes hereof shall include a possessor under a title retention agreement and a lessee under a capital lease) including by way of mortgage, pledge, charge, lien, assignment by way of security, hypothecation, security interest, conditional sale agreement, deposit arrangement, deemed trust, title retention, capital lease, factoring or securitization arrangement, on recourse terms;

"**Material Subsidiary**" means at any date, each Subsidiary of the Issuer (a) the EBITDA of which, together with that of its Subsidiaries, on a consolidated basis, constitutes 10% or more of the consolidated EBITDA of the Issuer for the then most recently ended fiscal quarter of the Issuer, or (b) the assets of which, together with those of its Subsidiaries, on a consolidated basis, from time to time constitute 10%

or more of the consolidated assets of the Issuer as of the end of the then most recently ended fiscal quarter of the Issuer;

"**Maturity Date**" means, with respect to any Note, the date on which the principal of such Note becomes due and payable as therein or herein provided, whether at the Stated Maturity thereof or by acceleration, redemption or otherwise;

"**Moody's**" means Moody's Investors Service, Inc. or any successor in the rating of securities;

"**Nominee**" means a nominee of the Depository;

"**Noteholders**" or "**Holders**" means the Persons for the time being entered in the Registers hereinafter mentioned as the holders of any Notes;

"**Noteholders' Request**" means an instrument signed in one or more counterparts by Holders of not less than 25% of the aggregate principal amount of all outstanding Notes requesting or directing the Trustee to take or refrain from taking the action or proceeding specified therein;

"**Notes**" means senior unsecured notes of the Issuer created and issued or to be issued pursuant to the terms of this Indenture, guaranteed by the Guarantors, and executed and delivered by the Trustee;

"**Obligors**" means the Issuer and the Guarantors;

"**Officer's Certificate**" means a certificate in writing signed in the name of the Issuer by an Authorized Officer;

"**Ordinary Resolution**" a resolution proposed to be passed as an ordinary resolution at a meeting of Noteholders duly convened for the purpose and held in accordance with the provisions of Article 11 at which a quorum of the Noteholders is present and passed by the affirmative votes of Noteholders present in person or represented by proxy at the meeting who hold more than 50% of the aggregate principal amount of the Notes voted in respect of such resolution;

"**Participants**" has the meaning ascribed thereto in Section 3.4(c);

"**Paying Agent**" means a Person, its successors or assigns, authorized by the Issuer to pay the principal, interest or any Premium in respect of any Notes on behalf of the Issuer, and may include the Issuer and the Trustee;

"**Payment Date**" has the meaning ascribed thereto in Section 5.6(a);

"**Permitted Accounts Receivable Transaction**" means any transaction or series of transactions pursuant to which the Issuer or any of its Subsidiaries sells, transfers, disposes of, securitizes or enters into any other asset-backed financing of trade accounts receivable of or owing to the Issuer or any of its Subsidiaries, and any contract rights related thereto, in each case on customary terms for fair value as determined at the time of consummation in good faith by the Issuer;

"**Permitted Encumbrances**" means:

(a) Liens for taxes, rates, assessments or other governmental charges or levies not yet due, which are being contested diligently and in good faith and for the payment of which appropriate provision has been made in accordance with IFRS;

(b) undetermined or inchoate liens, rights of distress and charges incidental to current operations which have not at such time been filed or which relate to obligations not due or payable;

(c) reservations, limitations, provisos and conditions expressed in any original grants from the Crown or other grants of real or immovable property, or interests therein, which do not materially affect the use of the affected land for the purpose for which it is used including, without limitation zoning laws and ordinances, municipal by-laws and regulations, ground leases, leases and sub-leases;

(d) licenses, easements, rights-of-way and rights in the nature of easements (including, without limiting the generality of the foregoing, licenses, party-wall agreements, servitudes, easements, rights-of-way and rights in the nature of easements for railways, sidewalks, public ways, sewers, drains, oil and gas pipelines, gas, steam and water mains or electric light and power, or telephone and telegraph or cable television conduits, poles, wires and cables) which do not materially impair the use of the affected land for the purpose for which it is used;

(e) title defects, or irregularities or other matters relating to title which are of a minor nature and which in the aggregate do not materially impair the use of the affected Property for the purpose for which it is used;

(f) the right reserved to or vested in any municipality or governmental or other public authority by the terms of any lease, licence, franchise, grant or permit acquired or by any statutory provision to terminate any such lease, licence, franchise, grant or permit, or to require annual or other payments as a condition to the continuance thereof;

(g) Liens in connection with contracts, tenders or expropriation proceedings, or to secure workmen's compensation, employment insurance, liens and claims incidental to current construction, mechanics', warehousemen's, carriers' and other similar liens, and public, statutory and other like obligations incurred in the ordinary course of business, provided that, in the case of liens in respect of which payment is alleged to be due, the validity thereof is being contested diligently and in good faith and appropriate provision has been made for the payment thereof in accordance with IFRS;

(h) security given to a public utility or any municipality or governmental authority when required by such utility or authority in connection with normal operations in the ordinary course of its business;

(i) any Lien on a Property or asset acquired by an acquiring person that secures any obligations, whether or not that obligation is assumed by the acquiring person, which Lien exists at the time that Property or asset is acquired and which (a) was not incurred in contemplation of that Property or asset being acquired and (b) does not attach to the other Properties or assets of such acquiring person;

(j) zoning bylaws and other land use restrictions including, without limitation, site plan agreements, development agreements, and contract zoning agreements;

(k) restrictive covenants, private deed restrictions or other agreements which relate to the use of real property provided that such agreements do not materially impair the use of any agreements evidencing cost sharing or shared parking arrangements;

(l) any Liens on the funds or securities deposited with the Trustee in connection with any defeasance under the Trust Indenture;

(m) rates, assessments or governmental charges or levies for which final assessments have not been received over and above the amount of such taxes, rates, assessments or governmental charges or levies as estimated by a responsible officer of the Issuer;

(n) any Lien payment of which has been provided for by the deposit with the Trustee of an amount in cash sufficient to pay same in principal and interest until the date of its maturity; and

(o) such other Liens as are agreed to in writing by the Trustee from time to time relying on the advice of Counsel;

"**Permitted Holders**" means (a) Alain Bouchard, (b) Richard Fortin, (c) Réal Plourde and (d) Jacques D'Amours, (e) the spouse, children or other lineal descendants (whether adoptive or biological) of any individual named in paragraphs (a) through (d) above, (f) any revocable or irrevocable *intervivos* or testamentary trust or the probate estate of any individual named in paragraphs (a) through (e) above, so long as one or more of the foregoing individuals named in paragraphs (a) through (e) above is the principal beneficiary of such trust or probate estate, and (g) any Person all of the Voting Securities of which are held, directly or indirectly, by, or for the benefit of, one or more of the foregoing individuals or trusts specified in paragraphs (a) through (d) above;

"**Permitted Sale Leaseback Transaction**" means any transaction or series of transactions pursuant to which the Issuer or any of its Subsidiaries sells, transfers or otherwise disposes of any Property, real or personal, and as part of such transaction, thereafter rents or leases such Property or other Property that it intends to use for substantially the same purpose or purposes as the Property being sold, transferred or disposed, provided that such transaction is consummated for fair value as determined at the time of consummation in good faith by the Issuer;

"**Person**" means any individual, corporation, company, limited liability company, estate, limited or general partnership, trust, joint venture, other legal entity, unincorporated association or governmental authority;

"**Premium**" means, with respect to any Note at a particular time, the excess, if any, of the then applicable Redemption Price of such Note over the principal amount of such Note;

"**Prime Rate**" means the rate of interest expressed as a rate per annum which the Issuer's principal Canadian bank designates as its prime rate and which establishes from time to time the reference rate of interest such bank will use to determine the rate of interest, expressed as its prime rate of interest, that it will charge for demand loans in Canadian dollars made in Canada, as such rate may be adjusted from time to time;

"**Property**" means all or any portion of a Person's undertakings, property and assets, both real and personal, including for greater certainty any share in the capital of any corporation or ownership interest in any other Person;

"**Purchase Date**" has the meaning ascribed thereto in Section 5.6(a);

"**Purchase Price**" has the meaning ascribed thereto in Section 5.6(a);

"**Rating Event**" means that the rating on the Notes is lowered to below an Investment Grade Rating by each of the Rating Agencies, if there are less than three Ratings Agencies, or by two out of three of the Ratings Agencies, if there are three Rating Agencies (the "**Required Threshold**"), on any day within the 60-day period (which 60-day period will be extended so long as the ratings of the Notes is under publicly announced consideration for a possible downgrade by such number of the Rating Agencies which, together with Ratings Agencies which have already lowered their ratings on the Notes as aforesaid, would aggregate in number the Required Threshold, but only to the extent that, and for so long as, a Change of Control Triggering Event would result if such downgrade were to occur) after the earlier of (a) the occurrence of a Change of Control and (b) public notice of the occurrence of a Change of Control or of the Issuer's intention or agreement to effect a Change of Control;

"**Rating Agencies**" means S&P, Moody's and Fitch;

"**Redemption Date**" has the meaning ascribed to such term in Section 5.4;

"**Redemption Price**" means, in respect of a Note, the principal amount of the Note so redeemed together with interest on the principal amount of Notes so redeemed accrued and unpaid to the Redemption Date and payable on the Redemption Date fixed for such Note;

"**Redemption Price Calculation Date**" has the meaning ascribed to such term in Section 5.4;

"**Register**" has the meaning ascribed to such term in Section 3.1 and includes the Central Register;

"**Registrar**" means the Trustee or a Person other than the Trustee designated by the Issuer to keep a Register;

"**S&P**" means Standard & Poor's, a division of the McGraw-Hill Companies, Inc. or any successor in the rating of securities;

"**Schedules**" means all schedules attached hereto forming part of this Indenture;

"**Securities**" means any stock, shares, units, installment receipts, voting trust certificates, bonds, debentures, notes, other evidences of indebtedness, or other documents or instruments commonly known as securities or any certificates of interest, shares or participations in temporary or interim certificates for, receipts for, guarantees of, or warrants, options or rights to subscribe for, purchase or acquire any of the foregoing;

"**Senior Credit Agreement**" means the credit agreement dated as of December 9, 2011 among Alimentation Couche-Tard Inc., as a credit party, the several Canadian Subsidiaries named therein, as Canadian borrowers, the several US Subsidiaries named therein, as US borrowers, certain financial institutions, as lenders, and National Bank of Canada, as administrative agent, as amended, supplemented or restated from time to time;

"**Senior Credit Facilities**" means the credit facilities made available pursuant to the Senior Credit Agreement and the Acquisition Facility, in each case, as renewed, restructured, refinanced or replaced, in whole or in part, from time to time, and any other senior unsecured and unsubordinated indebtedness for borrowed money incurred or assumed from time to time by the Issuer that is governed by the provisions of the Intercreditor Agreement;

"**serial meeting**" has the meaning ascribed thereto in Section 11.18;

"**Series**" means a series of Notes which, unless otherwise specified in a Supplemental Indenture or a Terms Schedule, consists of those Notes which have identical terms and were or are to be issued at the same time, regardless of whether such Notes are designated as a series;

"**Shareholders' Equity**" means, with respect to the Issuer, the sum of its share capital, contributed surplus and retained earnings on a consolidated basis;

"**Stated Maturity**" means the date specified in a Note as the date on which the principal of such Note is due and payable;

"**Subsidiary**" of any Person means and includes (a) any corporation more than 50% of whose stock of any class or classes having by the terms thereof ordinary voting power to elect a majority of the directors of such corporation (irrespective of whether or not at the time stock or issued share capital or any class or classes of such corporation shall have or might have voting power by reason of the happening of any contingency) is at the time owned by such Person directly or indirectly through Subsidiaries and (b) any partnership, association, joint venture or other entity in which such Person directly or indirectly through Subsidiaries has more than a 50% equity interest at the time and (c) any other corporation, partnership, joint venture or other entity (i) the accounts of which would be consolidated with those of such Person in such Person's consolidated financial statements if such statements were prepared in accordance with IFRS and (ii) that is Controlled by such Person. Unless otherwise expressly provided, all references herein to a "Subsidiary" shall mean a Subsidiary of the Issuer;

"**Successor**" has the meaning ascribed to such term in Section 10.1;

"**Supplemental Indenture**" means an indenture supplemental to this Indenture pursuant to which, among other things, Notes may be authorized for issue or the provisions of this Indenture may be amended;

"**Terms Schedule**" has the meaning ascribed to such term in Section 4.1(b);

"**Trustee**" means Computershare Trust Company of Canada or a duly appointed successor;

"**Trustee Affiliate**" has the meaning ascribed to such term in Section 13.9; and

"**Voting Securities**" means, with respect to any Person, Capital Securities of any class or kind ordinarily having the power to vote for the election of directors, managers or other voting members of the governing body of such Person.

1.2 Meaning of "Outstanding"

Every Note certified and delivered by the Trustee hereunder shall be deemed to be outstanding until it is cancelled or delivered to the Trustee for cancellation or money for the payment thereof is set aside under Article 9, provided that:

(a) Notes that have been partially redeemed shall be deemed to be outstanding only to the extent of the unredeemed part of the principal amount;

(b) where a new Note has been issued under Section 2.11 in substitution for a Note that has been mutilated, lost, stolen or destroyed, only one of said Notes shall be counted for the purpose of determining the aggregate principal amount of Notes outstanding; and

(c) for the purpose of any provision of this Indenture entitling Noteholders of outstanding Notes to vote, sign consents, requisitions or other instruments or take any other action under this Indenture, Notes owned legally or beneficially by the Issuer or any of its Subsidiaries shall be disregarded except that:

(i) for the purpose of determining whether the Trustee shall be protected in relying on any such vote, consent, requisition, instrument or other action only the Notes which are certified by an Authorized Officer to the Trustee as being so owned shall be disregarded;

(ii) Notes so owned that have been pledged in good faith other than to the Issuer or any Affiliate shall not be so disregarded if the pledgee shall establish to the satisfaction of the Trustee the pledgee's right to vote such Notes in such pledgee's discretion free from the control of the Issuer or any of its Affiliates; and

(iii) for the purposes of disregarding any Notes owned legally or beneficially by the Issuer or any of its Affiliates, the Issuer shall provide to the Trustee, at the request of the Trustee, from time to time, a certificate of the Issuer setting forth as at the date of such certificate:

(A) the names of the registered holders of Notes which, to the knowledge of the Issuer, are owned, directly or indirectly, legally or equitably by the Issuer or any of its Affiliates; and

(B) the principal amount of Notes owned legally and beneficially by each of such Holders;

and the Trustee in making a such determination shall be entitled to rely upon such certificate.

1.3 Interpretation Not Affected by Headings

The division of this Indenture into Articles, Sections, and other sub-divisions and the provision of headings and of a table of contents are for convenience of reference only and shall not affect the construction or interpretation of this Indenture.

1.4 Extended Meanings

In this Indenture, unless otherwise expressly provided herein or unless the context otherwise requires, words importing the singular number include the plural and vice versa; words importing gender include the masculine, feminine and neuter genders; references to "**Indenture**", "**Trust Indenture**", "**this Indenture**", "**hereto**", "**herein**", "**hereof**", "**hereby**", "**hereunder**" and similar expressions refer to this Indenture, and not to any particular Article, Section, clause or other portion hereof, and include all

Schedules and amendments hereto, modifications or restatements hereof, and any and every Supplemental Indenture and Terms Schedule; and the expressions "**Article**", "**Section**", "**clause**" and "**Schedule**" followed by a number, letter, or combination of numbers and letters refer to the specified Article, Section or clause of or Schedule to this Indenture.

1.5 Day Not a Business Day

If any day on which an amount is to be determined or an action is to be taken hereunder at a particular location is not a Business Day at such location, then such amount shall be determined or such action shall be taken at or before the requisite time on the next succeeding day that is a Business Day at such location.

1.6 Currency

Except as otherwise provided herein, all references in this Indenture to "**Cdn.$**" "**Canadian dollars**", "**dollars**" and "**$**" are to lawful money of Canada.

1.7 Other Currencies

For the purpose of making any computation under this Indenture, any currency other than Canadian dollars shall be converted into Canadian dollars at the applicable Bank of Canada noon rate of exchange for purchases or sales of Canadian dollars as applicable in the circumstances on the date on which such computation is to be made.

1.8 Governing Law

This Indenture and the Notes shall be governed by and construed in accordance with the laws of the Province of Québec and the laws of Canada applicable therein.

1.9 Language

The parties hereto have declared that they have required this Agreement and all notices, statements of account and other documents related hereto be in the English language. *Les parties aux présentes ont déclaré qu'elles ont exigé que la présente convention ainsi que tout avis, tout état de compte et tout autre document s'y rapportant soient rédigés en anglais.*

1.10 Certificates and Opinions

Any certificate made or given under or for the purpose of satisfying any provision of this Indenture or evidencing the compliance with any provision of this Indenture by one or more Authorized Officers or Directors of the Issuer, a Material Subsidiary or a Guarantor may be based, in so far as it relates to legal matters, upon an opinion of Counsel, unless such person or persons signing the certificate knows, or with the exercise of reasonable care should have known, that the opinion with respect to the matters upon which his or their certificate is based as aforesaid is or are erroneous. Any opinion made or given by Counsel may be based, in so far as it relates to factual matters and information with respect to which is in the possession of the Issuer, a Material Subsidiary or a Guarantor, upon the certificate of an officer or officers of the Issuer, a Material Subsidiary or a Guarantor, unless such Counsel knows, or in the exercise of reasonable care should have known, that the certificate with respect to the matters upon which its opinion is based as aforesaid is or are erroneous. Any such certificate or opinion, as the case may be, made or given by an Authorized Officer, Authorized Officers, Director or Directors of the Issuer, a Material Subsidiary or a Guarantor or by Counsel may be based, in so far as it relates to accounting

matters, upon the certificate or opinion of an auditor or accountant, including the Auditors, unless such Authorized Officer, Director or Counsel, as the case may be, knows, or in the exercise of reasonable care should have known, that the certificate or opinion with respect to the matters upon which his certificate or opinion is based as aforesaid is or are erroneous.

1.11 Severability

If, in any jurisdiction, any provision of this Indenture or its application to any party or circumstance is restricted, prohibited or unenforceable, such provision shall, as to such jurisdiction, be ineffective only to the extent of such restriction, prohibition or unenforceability without invalidating the remaining provisions of this Indenture and without affecting the validity or enforceability of such provision in any other jurisdiction or without affecting its application to other party or circumstances.

ARTICLE 2
THE NOTES

2.1 No Fixed Limitation

The aggregate principal amount of Notes that may be issued under this Indenture is unlimited, but Notes may be issued hereunder only upon the terms and subject to the conditions herein provided.

2.2 Issuance in Series

Notes may be issued in one or more Series. The Notes of each Series shall be designated in such manner, shall bear such date or dates and mature on such date or dates, shall bear interest, if any, at such rate or rates accruing from and payable on such date or dates, may be issued at such times and in such denominations, may be redeemable before maturity in such manner and subject to payment of such Premium, may be payable as to principal, interest and Premium at such place or places and in such currency or currencies, may be payable as to principal, interest and Premium in Securities of the Issuer or any other Person, may provide for such mandatory redemption, sinking fund or other analogous repayment obligations, may contain such provisions for the exchange or transfer of Notes of different denominations and forms, may have attached thereto or issued therewith Securities entitling the Holders to subscribe for, purchase or acquire Securities of the Issuer or any other Person upon such terms, may give the Holders thereof the right to convert Notes into Securities of the Issuer or any other Person upon such terms, may be defeasible at the option of the Issuer, and may contain such other provisions, not inconsistent with the provisions of this Indenture, as may be determined by the Directors by a resolution passed at or prior to the time of issue of the Notes of such Series and set forth in a Terms Schedule or, to such extent as the Directors may deem appropriate, in a Supplemental Indenture pertaining to the Notes of such Series. At the option of the Issuer, the principal amount of Notes of any Series may be limited, such limitation to be expressed in the Terms Schedule or Supplemental Indenture providing for the issuance of the Notes of such Series, and any such limitation may be increased at any time by the Issuer by means of a resolution of the Directors.

2.3 Form of Notes

The Notes of any Series may be of different denominations and forms and may contain such variations of tenor and effect, not inconsistent with the provisions of this Indenture, as are incidental to such differences of denomination and form, including variations in the provisions for the exchange of Notes of different denominations or forms and in the provisions for the registration or transfer of Notes, and any Series of Notes may consist of Notes having different dates of issue, different dates of maturity,

different rates of interest, different redemption prices, different sinking fund provisions, and partly of Notes carrying the benefit of a sinking fund and partly of Notes with no sinking fund provided therefor.

Subject to the foregoing provisions and subject to any limitation as to the maximum principal amount of Notes of any particular Series, any Note may be issued as part of any Series of Notes previously issued.

The Notes and the registration panel and certificate of the Trustee endorsed thereon may be in the forms (which may include legends) as the Directors shall by resolution determine prior to the time of issue thereof and as shall be approved by the Trustee based on an opinion of Counsel pursuant to Section 4.1(c), whose approval shall be conclusively evidenced by their respective certification thereof.

The Notes of any Series may be engraved, lithographed, printed, mimeographed or typewritten, or partly in one form and partly in another, as the Issuer may determine, provided that if a Note is issued in mimeographed or typewritten form, the Issuer, on the demand of the Holder thereof, shall make available within a reasonable time after such demand, without expense to such Holder, an engraved, lithographed or printed Note in exchange therefor.

Unless otherwise specified in the Supplemental Indenture authorizing a Series of Notes, every Global Note of such Series authenticated and delivered by the Trustee shall bear a legend in substantially the following form:

> **UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF CDS CLEARING AND DEPOSITORY SERVICES INC. ("CDS") TO ALIMENTATION COUCHE-TARD INC. (THE "ISSUER") OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IN RESPECT THEREOF IS REGISTERED IN THE NAME OF CDS & CO., OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS (AND ANY PAYMENT IS MADE TO CDS & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED HOLDER HEREOF, CDS & CO., HAS A PROPERTY INTEREST IN THE SECURITIES REPRESENTED BY THIS CERTIFICATE HEREIN AND IT IS A VIOLATION OF ITS RIGHTS FOR ANOTHER PERSON TO HOLD, TRANSFER OR DEAL WITH THIS CERTIFICATE.**

2.4 Denomination of Notes

Notes shall be issuable in such denominations as shall be specified as contemplated by Section 2.2, and unless otherwise specified, the Notes shall be issuable in Canadian dollars in a minimum denomination of $5,000 and thereafter in integral multiples of $1,000.

2.5 Notes to Rank Equally

The Notes will be senior unsecured obligations of the Issuer and the Guarantors. The Notes of each Series shall rank equally and *pari passu* with each other and with the Notes of every other Series (regardless of their actual dates or terms of issue) and, subject to statutory preferred exceptions, the Notes

shall rank *pari passu* with all other current and future senior unsecured and unsubordinated indebtedness of the Issuer and the Guarantors. The Notes will effectively be subordinated to all of the secured indebtedness of the Issuer and the Guarantors, to the extent of the assets securing such indebtedness, and senior to all future subordinated indebtedness of the Issuer and the Guarantors.

The Trustee shall intervene to the Intercreditor Agreement on the Closing Date and shall remain party to the Intercreditor Agreement until the earlier of the repayment in full of the Notes and the termination of the Intercreditor Agreement in accordance with the terms thereof. Accordingly, the Trustee shall be bound by all obligations imposed on a "Creditor" thereunder, including sharing obligations, and shall be entitled to the rights granted to a "Creditor" thereunder.

2.6 Book Entry Only Notes

Except as otherwise provided in a Terms Schedule or Supplemental Indenture applicable to a Series of Notes, each Series of Notes shall be issued as Book Entry Only Notes represented by a Global Note. Each Global Note authenticated in accordance with any Supplemental Indenture shall be registered in the name of the Depository designated for such Global Note or a Nominee thereof and delivered to such Depository or a Nominee thereof or custodian therefor, and each such Global Note shall constitute a single Note for all purposes of this Indenture and all Supplemental Indentures. None of the Issuer, the Trustee, Registrar or any other Paying Agent shall have any responsibility or liability for any aspects of the records relating to or payments made by any Depository on account of the beneficial interest in any Global Note or for maintaining, reviewing or supervising any records relating to such beneficial interests. Except as provided in this Section 2.6, owners of beneficial interests in any Global Note shall not be entitled to have Notes registered in their names, shall not receive or be entitled to receive Definitive Notes and shall not be considered owners or holders thereof under this Indenture or any Supplemental Indenture. Nothing herein or in a Supplemental Indenture shall prevent the beneficial owners in Global Notes from voting such Notes using duly executed proxies.

Every Note authenticated and delivered upon registration of transfer of a Global Note, or in exchange for or in lieu of a Global Note or any portion thereof, shall be authenticated and delivered in the form of, and shall be, a Global Note, unless such Note is registered in the name of a Person other than the Depository for such Global Note or a Nominee thereof.

2.7 Signatures on Notes

All Notes shall be signed (either manually or by facsimile signature) by any two Authorized Officers of the Issuer. A facsimile signature on any Note shall for all purposes of this Indenture be deemed to be the signature of the individual whose signature it purports to be and to have been signed at the time such facsimile signature was reproduced, and each Note so signed shall be valid and binding upon the Issuer notwithstanding that any individual whose signature (either manual or facsimile) appears on a Note is not an Authorized Officer at the date of this Indenture or at the date of the Note or at the date of the certification and delivery thereof.

2.8 Certification

No Note shall be issued or, if issued, shall be obligatory or entitle the Holder thereof to the benefit thereof until it has been certified by or on behalf of the Trustee in the form of the certificate set out in the Notes or in some other form approved by the Trustee and such certification by the Trustee upon any Note shall be conclusive evidence against the Issuer that such Note has been duly issued hereunder and is a valid obligation of the Issuer.

The certificate of the Trustee signed on a Note shall not be construed as a representation or warranty by the Trustee as to the validity of this Indenture or of such Note or its issuance, and the Trustee shall not be liable for the use made of such Note or the proceeds of issuance thereof. The certificate of the Trustee signed on any Note shall, however, be a representation and warranty by the Trustee that such Note has been duly certified by or on behalf of the Trustee pursuant to the provisions of this Indenture.

2.9 Payments of Principal, Interest and Premium

Except as otherwise provided in a Terms Schedule or Supplemental Indenture applicable to a Series of Notes:

(a) payment of interest, principal or Premium, as applicable will be made in the currency in which the Note is denominated;

(b) each Note of a Series, whether issued originally or in exchange or in substitution for previously issued Notes, shall bear interest from and including the later of:

(i) its date of issue, and

(ii) the last Interest Payment Date to which interest shall have been paid or made available for payment on the outstanding Notes of such Series;

(c) fixed rate Notes will bear interest at the rate per annum set out on the face thereof until the principal amount is made or made available for payment, interest will be calculated and payable monthly, quarterly, semi-annually or annually in arrears in equal installments on the date specified or as may be agreed to between the Issuer and the purchaser of a Note and at maturity or redemption;

(d) floating rate Notes will bear interest from its original issue date at rates set out on the face thereof, the rate of interest on floating rate Notes will be reset and payable monthly or quarterly and the Issuer shall act as pricing agent of floating rate Notes;

(e) interest payable shall be computed on the basis of a year of 365 days; and

(f) whenever interest is computed on the basis of a year (the "**deemed year**") that contains fewer days than the actual number of days in the calendar year of calculation, such rate of interest shall be expressed as a yearly rate for purposes of the *Interest Act* (Canada) by multiplying such rate of interest by the actual number of days in the calendar year of calculation and dividing such product by the number of days in the deemed year.

Subject to accrual of any interest on unpaid interest from time to time, interest on each Note shall cease to accrue from the earlier of the Maturity Date of such Note and, if such Note is called for redemption, the Redemption Date fixed for such Note, unless, in each case, upon due presentation and surrender of such Note for payment on or after such Maturity Date or Redemption Date, as the case may be, such payment is improperly withheld or refused.

Wherever in this Indenture or a Note there is mention, in any context, of the payment of interest, such mention is deemed to include the payment of interest on amounts in default to the extent that, in such context, such interest is, was or would be payable pursuant to this Indenture or such Note, and express mention of interest on amounts in default in any of the provisions of this Indenture shall not be construed

as excluding such interest in those provisions of this Indenture in which such express mention is not made.

If the date for payment of any amount of interest, principal or Premium in respect of a Note is not a Business Day at the place of payment, then payment shall be made on the next Business Day at such place and the Holder of such Note shall not be entitled to any further interest or other payment in respect of the delay.

Except as otherwise provided in a Terms Schedule or Supplemental Indenture applicable to a Series of Notes, the Issuer shall pay the interest, principal and Premium:

(g) on each Definitive Note, at the places and in the manner specified in the applicable Terms Schedule. Payments of interest on each interest bearing Definitive Note (except interest payable on maturity or redemption of such Note which, at the option of the Issuer, may be paid only upon surrender of such Note to the Trustee for payment) will be made by cheque dated the Interest Payment Date and mailed to the address of, or funds representing the interest payable will be forwarded by wire transfer on the Interest Payment Date to the account of, the Holder appearing on the Register maintained by Computershare Trust Company of Canada, as Registrar and transfer agent (the "**Transfer Agent**", which term shall include such other registrar or transfer agent as may from time to time be appointed by the Issuer) at the close of business in the City of Montréal on the tenth Business Day prior to the applicable Interest Payment Date, or in the case of joint Holders, payable to all such joint Holders and addressed to one of them at the last address appearing in the applicable Register (unless otherwise instructed in writing). The forwarding of any such payments of interest, principal or Premium to the Holder shall satisfy and discharge the liability in respect of such amounts on such Note to the extent of the sum represented thereby (plus the amount of any tax deducted or withheld) unless, if such payment is made by cheque, such cheque is not paid on presentation at any of the places at which such payment payable. In the event of the non-receipt of such cheque by the applicable Noteholder or the loss, theft or destruction thereof, the Issuer, upon being furnished with evidence of such non-receipt, loss, theft or destruction and indemnity reasonably satisfactory to it, shall issue or cause to be issued to such Noteholder a replacement cheque for the amount of such cheque; or

(h) on each Global Note to the Depository or the Nominee, as the case may be, as the registered holder of the Global Note. Interest payments on Global Notes will be made by wire transfer on the date interest is payable and delivered to the Depository or the Nominee, as the case may be, on the applicable Interest Payment Date. Principal payments on Global Notes will be made by wire transfer delivered to the Depository or the Nominee, as the case may be, at maturity against surrender to the Trustee of the Global Note. As long as the Depository or the Nominee is the registered owner of a Global Note, the Depository or the Nominee, as the case may be, will be considered the sole owner of the Global Note for the purposes of receiving payments of interest, principal and Premium on the Note and for all other purposes under the Trust Indenture and the Note. The record date in respect of the payment of interest on a Global Note will be that day which is the tenth Business Day prior to the applicable Interest Payment Date. The forwarding of any such payments of interest, principal or Premium to the Depository or the Nominee shall satisfy and discharge the liability in respect of such amounts on such Note to the extent of the sum represented thereby (plus the amount of any tax deducted or withheld).

If payment of interest is made by cheque, such cheque shall be forwarded at least three (3) Business Days prior to the applicable Interest Payment Date, and if payment is made in any other manner, such payment shall be made in a manner whereby the recipient receives credit for such payment on the applicable Interest Payment Date, provided the Trustee and the Paying Agents shall only forward such cheques upon receipt of the full amount of interest being paid in immediately available funds.

2.10 Interim Notes

Subject to the provisions of any Terms Schedule or Supplemental Indenture authorizing any Series of Notes, Definitive Notes, other than Global Notes, of such Series shall be lithographed or printed with steel engraved borders. Pending the preparation and delivery to the Trustee of Definitive Notes of any Series, the Issuer may execute in lieu thereof (but subject to the same provisions, conditions and limitations as herein set forth) and the Trustee may certify interim printed, mimeographed or typewritten Notes, in such forms and in such denominations and with such appropriate omissions, insertions and variations as may be approved by the Trustee and any two Authorized Officers of the Issuer (whose certification or signature, either manual or facsimile, on any such interim Notes shall be conclusive evidence of such approval) entitling the Holders thereof to receive Definitive Notes of such Series in any authorized denominations and forms when the same are prepared and ready for delivery, without expense to such Holders, but the total amount of interim Notes of any Series so issued shall not exceed the total amount of Notes of such Series authorized at such time.

Forthwith after the issuance of any such interim Notes, the Issuer shall cause to be prepared the appropriate Definitive Notes for delivery to the Holders of such interim Notes. After the preparation of Definitive Notes of a Series, the interim Note or Notes of such Series shall be exchangeable for Definitive Notes of such Series upon surrender of such interim Note or Notes at the principal office of the Trustee in Montréal, Québec, or at the principal office of any other Paying Agent, without charge to the holder thereof. Upon surrender of any such interim Note, the Issuer shall execute and the Trustee shall authenticate and deliver in exchange for all or any part of such interim Note, one or more Definitive Notes of the same Series, of any authorized denomination and of like tenor and for an aggregate principal amount equal to the aggregate principal amount of the interim Note or part thereof that is being exchanged for such Definitive Note or Notes and if part only of such interim Note is being exchanged for such Definitive Note or Notes, together with such interim Note with the reduction of the principal amount thereof endorsed thereon or on a schedule annexed thereto by the Trustee or such Paying Agent or together with a new interim Note or Notes, executed by the Issuer and authenticated and delivered by the Trustee, of the same Series, of any authorized denomination and of like tenor and for an aggregate principal amount equal to the remaining principal amount of the surrendered interim Note or Notes. Upon the exchange of the entire principal amount of an interim Note for Definitive Notes or for Definitive Notes together with new interim Notes, the interim Note so exchanged shall be cancelled.

Any interim Notes when duly issued shall, until exchanged for Definitive Notes, entitle the Holders thereof to rank for all purposes as Noteholders and otherwise in respect of this Indenture to the same extent and in the same manner as though such exchange had actually been made. Any interest paid upon interim Notes shall be noted thereon by the Paying Agent at the time of payment unless paid by cheque to the Holder thereof.

2.11 Issue of Replacement Notes

If any Note issued and certified hereunder becomes mutilated or is lost, destroyed or stolen, the Issuer, in its discretion, may issue, and thereupon the Trustee shall certify and deliver, a replacement Note of like date and tenor as the one mutilated, lost, destroyed or stolen in exchange for and in place of and upon cancellation of such mutilated Note or in lieu of and in substitution for such lost, destroyed or stolen

Note. The substituted Note shall be in a form reasonably approved by the Trustee and shall be entitled to the benefit hereof and rank equally in accordance with its terms with all other Notes. The applicant for a substitutional Note shall bear the cost of the issue thereof and in case of loss, destruction or theft shall, as a condition precedent to the issue thereof, furnish to the Issuer and to the Trustee such evidence of ownership and of the loss, destruction or theft of the Note so lost, destroyed or stolen as shall be satisfactory to the Issuer and to the Trustee in their discretion, and such applicant shall also furnish an indemnity and surety bond, in amount and form satisfactory to the Issuer and the Trustee in their discretion, and shall pay the reasonable charges and expenses of the Issuer and the Trustee in connection therewith.

2.12 Option of Holder as to Place of Payment

Except as herein otherwise provided, all amounts that at any time become payable on account of any Note or any interest or Premium thereon shall be payable at the option of the Holder at any of the places at which the principal and interest in respect of such Note are payable.

2.13 Record of Payments

The Trustee shall maintain accounts and records evidencing each payment of principal, interest and Premium on the Notes, which accounts and records shall constitute, in the absence of manifest error, prima facie evidence thereof.

2.14 Right to Receive Indenture

Each Noteholder is entitled to receive from the Issuer a copy of this Indenture on written request and upon payment of a reasonable copying charge.

ARTICLE 3
REGISTRATION, TRANSFER, EXCHANGE AND OWNERSHIP OF NOTES

3.1 Registration of Notes

The Issuer shall cause to be kept by the Trustee a register or an electronic database that shall contain the names and addresses of the Noteholders of each Series and particulars of the Notes held by them respectively (the "**Register**"). Unless otherwise provided in this Indenture or in any Supplemental Indenture, the Issuer shall also, with respect to each Series of Notes, cause to be provided by and at the principal office of the Trustee, facilities for the exchange and transfer of Notes, or at such other place or places (if any) as may be specified in such Notes, facilities for the registration, exchange and transfer of such Notes. The Issuer may from time to time provide additional facilities for such registration, exchange and transfer at other offices of the Trustee or at other agencies, as Registrar.

3.2 Transfer of Notes

The Noteholder may at any time and from time to time have a Note transferred at any one of the places at which a Register is kept pursuant to the provisions of this Section 3.2 provided that no transfer of a Note shall be valid unless made at one of such offices or other agencies by the registered Noteholder or his executors, administrators or other legal representatives or his or their attorney duly appointed by an instrument in writing in form and execution satisfactory to the Trustee or other Registrar and upon compliance with applicable law, such reasonable requirements as the Trustee or other Registrar may prescribe and upon payment of a reasonable fee to be fixed by the Trustee. Such change of registration

shall be noted on such Note (unless a new Note shall be issued upon such change of registration) and on one of the appropriate Registers by the Trustee or other Registrar.

3.3 Closing of Registers

Except in the case of the Register maintained by Trustee at its principal office in Montréal, Québec (the "**Central Register**"), the Issuer shall have the power at any time to close any Register. The Issuer shall transfer the registration of any Notes registered on a Register which the Issuer closes to another existing Register or to a new Register and thereafter such Notes shall be deemed to be registered on such existing or new Register, as the case may be. If the Register in any place is closed and the records are transferred to a Register in another place, notice of such change shall be given to each Noteholder registered in the Register so closed and the particulars of such change shall be recorded in the Central Register.

None of the Issuer, the Trustee or any Registrar shall be required to:

(a) effect transfers or exchanges of Notes of any Series on any Interest Payment Date for Notes of that Series or the date fixed for payment of the principal or premium for Notes of that Series or during the ten preceding Business Days; or

(b) to make exchanges of Notes of any Series on the Redemption Date of Notes of that Series to be redeemed or during the ten preceding Business Days.

3.4 Restrictions on the Transfer of Global Notes

(a) Notwithstanding any other provision of this Indenture, a Global Note registered in the name of the Depository or a Nominee of the Depository may not be transferred by the Depository or such Nominee except in the following circumstances or as otherwise specified in a Terms Schedule or Supplemental Indenture relating to such Note:

(i) the Depository ceases to be a clearing agency or otherwise ceases to be eligible to be a depository and the Issuer is unable to locate a qualified successor;

(ii) such Global Note may be transferred at any time after the Depository for such Global Note has notified the Issuer that it is unwilling or unable or no longer eligible to continue as depository for such Global Note;

(iii) such Global Note may be transferred at any time after the Issuer has determined, in its sole discretion, that the Notes represented by such Global Note shall no longer be held as Book Entry Only Notes; or

(iv) such transfer is required by applicable law, as determined by the Issuer and its Counsel.

Following any of the events described above, Definitive Notes will be issued to beneficial owners of such Notes or their nominee.

(b) Transfers and registrations of Global Notes will only be made to another Nominee of the Depository or to a successor Depository or a Nominee of such successor Depository.

(c) It is expressly acknowledged that transfer of beneficial ownership in any Note represented by a Global Note certificate will be effected only (a) with respect to the interests of Depository participants ("**Participants**"), through records maintained by the Depository or its Nominee for the Global Note certificate, and (b) with respect to interests of Persons other than Participants, through records maintained by Participants. Beneficial owners of Notes who are not Participants but who desire to purchase, sell or otherwise transfer ownership of or other interest in Notes represented by a Global Note certificate may do so only through a Participant.

3.5 Transferee Entitled to Registration

The transferee of a Note shall be entitled, after the appropriate form of transfer is lodged with the Trustee or other Registrar and upon compliance with all other conditions in that regard required by this Indenture or by applicable law, to be entered on a Register as the Holder of such Note free from all equities or rights of set-off or counterclaim between the Issuer and the transferor or any previous Noteholder, except in respect of equities of which the Issuer is required to take notice by statute or by order of a court of competent jurisdiction.

3.6 Exchange of Notes

(a) Subject to Sections 3.3 and 3.4, Notes in any authorized form or denomination may be exchanged upon reasonable notice for Notes in any other authorized form or denomination, of the same Series and Maturity Date, carrying the same interest rate and of the same aggregate principal amount as the Notes so exchanged.

(b) Notes of any Series may be exchanged only at the principal office of the Trustee at Montréal, Québec, or at such other place or places (if any) as may be specified in the Notes of such Series and at such other place or places (if any) as may from time to time be designated by the Issuer with the approval of the Trustee. Any Notes tendered for exchange shall be surrendered to the Trustee. The Issuer shall execute and the Trustee shall certify all Notes necessary to carry out exchanges as aforesaid. All Notes surrendered for exchange shall be cancelled.

(c) Notes issued in exchange for Notes that at the time of such issue have been selected or called for redemption at a later date shall be deemed to have been selected or called for redemption in the same manner and shall have noted thereon, by the Trustee, a statement to that effect, provided that:

(i) Notes that have been selected or called for redemption may not be exchanged for Notes of larger denominations; and

(ii) if a Note that has been selected or called for redemption in part is presented for exchange into Notes of smaller denominations, the Trustee shall designate, according to such method as the Trustee shall deem equitable, particular Notes of those issued in exchange, which shall be deemed to have been selected or called for redemption, in whole or in part, and the Trustee shall note thereon a statement to that effect.

3.7 Charges for Registration, Transfer and Exchange

Unless otherwise provided in any Supplemental Indenture or Terms Schedule, for each Note registered, exchanged or transferred, the Trustee or other Registrar may charge a reasonable fee for its services and, in addition, may charge a reasonable amount for each new Note issued (such amount to be agreed upon by the Trustee and the Issuer from time to time), and payment of such charges and reimbursement of the Trustee for any stamp taxes or governmental or other charges required to be paid by the Person requesting such registration, exchange or transfer as a condition precedent thereto, provided that no charge to a Noteholder shall be made hereunder:

(a) for any registration, exchange or transfer of any Note applied for within the period of 45 days from and including the date of the original issue of such Note;

(b) for any exchange of Notes in denominations in excess of $5,000 for Notes of lesser denominations, provided that the Notes surrendered for exchange shall not have been issued as a result of any previous exchange other than an exchange pursuant to subsection (a) above;

(c) for any exchange of any interim Note that has been issued pursuant to Section 2.10; or

(d) for any exchange of any Note resulting from a partial redemption pursuant to Section 5.3.

3.8 Register Open for Inspection

The Registers referred to herein shall be open for inspection by the Issuer and the Trustee and, at such cost as may be established by the Trustee, shall be open for inspection by any Noteholder at all reasonable times upon prior written notice. The Trustee and every Registrar shall, from time to time when requested to do so by the Issuer or by the Trustee, furnish the Issuer or the Trustee, as the case may be, with a list of names and addresses of Noteholders entered on the Registers and the principal amount and serial numbers of the Notes held by each Noteholder.

3.9 Ownership of Notes

Subject to Section 13.21, the Person in whose name a Note is registered shall be deemed to be the beneficial owner thereof for all purposes of this Indenture and payment of or on account of the principal of and Premium and interest on such Note shall be made only to or upon the order in writing of such Person, and each such payment shall be a good and sufficient discharge to the Issuer, the Trustee, any Registrar and any Paying Agent for the amount so paid.

If a Note is registered in the name of more than one Person, the principal, Premium and interest from time to time payable in respect thereof may be paid to the order of any such Person, failing written instructions from them to the contrary, and each such payment shall be a good and sufficient discharge to the Issuer, the Trustee, any Registrar and any Paying Agent for the amount so paid.

Notwithstanding any other provision of this Indenture, all payments in respect of Notes represented by a Global Note shall be made to the Depository or its Nominee for subsequent payment by the Depository or its Nominee to holders of interests in such Global Note.

The Holder for the time being of a Note shall be entitled to the principal, interest and Premium evidenced by such Note, free from all equities or rights of setoff or counterclaim between the Issuer and the original or any intermediate Holder thereof, and all Persons may act accordingly. The receipt by any

such Holder of any such principal, interest or Premium shall be a good and sufficient discharge to the Issuer, the Trustee, any Registrar and any Paying Agent for the amount so paid, and none of the Issuer, the Trustee, any Registrar nor any Paying Agent shall be bound to inquire into the title of any such Holder.

3.10 Evidence of Ownership

The Issuer and the Trustee may treat the registered Holder of a Note as the beneficial owner thereof without actual production of such Note for the purpose of any Noteholders' Request, requisition, direction, consent, instrument or other document to be made, signed or given by the Holder of such Note.

3.11 No Notice of Trusts

Neither the Issuer nor the Trustee nor any Registrar nor any Paying Agent shall be bound to take notice of or see to the performance or observance of any duty owed to a third Person (whether under a trust, express, implied, resulting or constructive, in respect of any Note or otherwise) by the beneficial owner or the Holder of a Note or any Person whom the Issuer or the Trustee treat, as permitted or required by law, as the beneficial owner or the Holder of such Note, and the Issuer, the Trustee or any Registrar may transfer such Note on the direction of the Person so treated or registered as the Holder thereof, whether named as trustee or otherwise, as though that Person was the absolute owner of such Note.

3.12 Joint Noteholders

In the case of the death of one or more joint registered Noteholders, and receipt by the Trustee of satisfactory documentation evidencing same, the principal, interest and Premium, and interest on Notes so registered may be paid by cheque to the survivor or survivors of such registered Noteholders whose receipt therefor shall constitute a valid discharge to the Trustee, any Registrar and the Issuer, unless such cheque not be paid on presentation at any one of the places where such principal, interest and Premium is payable pursuant to the terms of such Note.

ARTICLE 4
ISSUANCE OF NOTES

4.1 Issuance of Notes

The Issuer may issue, and the Trustee shall certify and deliver to or to the order of the Issuer, Notes issuable under this Indenture, but only upon receipt by the Trustee of the following:

(a) an Officer's Certificate stating that no default exists in respect of any of the covenants, agreements or provisions of this Indenture or, if any such default exists, specifying the nature thereof and the action, if any, being taken by the Issuer to remedy such default;

(b) a written order of the Issuer signed by any one or more Authorized Officers or Directors of the Issuer requesting the certification and delivery of such Notes specifying the principal amount requested to be certified and delivered and having attached a schedule (a "**Terms Schedule**") specifying the date, principal amount, Maturity Date, interest rate, if any, Interest Payment Dates, and place of delivery for each Note requested to be certified and delivered or, at the option of the Issuer, a Supplemental Indenture providing for the issue of such Notes; and

(c) an opinion of Counsel to the effect that all legal requirements in respect of the proposed issue of such Notes have been satisfied.

Upon the certification and delivery by the Trustee of Notes in accordance with an order of the Issuer, the Terms Schedule or Supplemental Indenture attached to such order of the Issuer shall be deemed to be a Schedule to and form part of this Indenture.

4.2 No Notes to Be Issued During Default

The Trustee shall not certify or deliver Notes if, at the time of such certification and delivery, the Trustee has received written notice that the Issuer is in default under this Indenture.

ARTICLE 5
PURCHASE FOR CANCELLATION AND REDEMPTION

5.1 Purchase

(a) Subject to the provisions of any Series of Notes, the Issuer, when not in default under this Indenture, will have the right at any time and from time to time to purchase all or any of the Notes in the market (which shall include purchase from or through an investment dealer or other market intermediary) or by tender or by private contract.

(b) If, upon an invitation for tenders made pursuant to subsection (a) above, more Notes are tendered at the same lowest price than the Issuer is prepared to accept, the Notes to be purchased by the Issuer will be selected by the Trustee on a *pro rata* basis in such manner as the Trustee may deem equitable, from the Notes tendered by each tendering Noteholder who tendered at such lowest price. For this purpose, the Trustee may make, and from time to time amend, regulations with respect to the manner in which Notes may be so selected, and regulations so made shall be valid and binding upon all Noteholders, notwithstanding the fact that, as a result thereof, one or more of such Notes becomes subject to purchase in part only.

All Notes purchased pursuant to (a) and (b) above shall forthwith be delivered to the Trustee and shall be cancelled pursuant to Section 5.7.

5.2 Redemption

The Issuer, when not in default hereunder, shall have the right at its option to redeem, either in whole at any time or in part from time to time before their Stated Maturity, Notes of any Series that, by their terms, are made so redeemable, at such rate or rates of Premium, on such date or dates and on such terms and conditions as shall have been determined at the time of issue of such Notes and as shall be expressed in such Notes or in the Terms Schedule or Supplemental Indenture authorizing or providing for the issue thereof.

5.3 Partial Redemption and Selection for Redemption

In the event that less than all the Notes of any Series of Notes for the time being outstanding are at any time to be redeemed, the Trustee shall select the Notes so to be redeemed on a *pro rata* basis in such manner as the Trustee shall deem equitable. For this purpose the Trustee may make regulations with regard to the manner in which such Notes may be so selected and regulations so made shall be valid and binding on all Noteholders. In the event of a partial redemption of Notes pursuant to the provisions of this

Section 5.3, but subject to the provisions of Section 5.6, upon surrender of any Note for payment of the Redemption Price, the Issuer shall execute and the Trustee shall certify and deliver without charge to the holder thereof or upon his order one or more new Notes of the same Series, maturity and rate of interest for the unredeemed part of the principal amount of the Note or Notes so surrendered. Unless the context otherwise requires, the terms "**Note**" or "**Notes**" as used in this Article 5 shall be deemed to mean or include any part of the principal amount of any Note that, in accordance with the foregoing provisions, has become subject to redemption.

5.4 Notice of Redemption

Notice of intention to redeem any Notes shall be given by or on behalf of the Issuer to the Holders of the Notes that are to be redeemed not more than 60 days and not less than 30 days prior to the date fixed for redemption (the "**Redemption Date**") in the manner provided in Section 12.2. Every notice of redemption shall specify the Series and the Stated Maturity of the Notes called for redemption, the Redemption Date, the Redemption Price or, where applicable only, the date upon which the Redemption Price shall be calculated in connection with the Notes called for redemption ("**Redemption Price Calculation Date**") and the place or places of payment, and shall state that all interest thereon shall cease from and after the Redemption Date. In addition, unless all the outstanding Notes of a Series are to be redeemed, the notice of redemption shall specify:

(a) in the case of a notice mailed to a Holder, the distinguishing letters and numbers of the Notes that are to be redeemed (or of such thereof as are registered in the name of such Holder);

(b) in the case of a published notice, the distinguishing letters and numbers of the Notes which are to be redeemed or, if such Notes are selected by terminal digit or other similar system, such particulars as may be sufficient to identify the Notes so selected;

(c) in the case of Book Entry Only Notes, that the redemption shall take place in such manner as may be agreed by the Depository, the Trustee and the Issuer; and

(d) in all cases, the principal amount of each Note to be redeemed or, if any such Note is to be redeemed in part only, the principal amount of such part.

If a notice of redemption specifies a Redemption Price Calculation Date for any Notes, the Issuer shall deliver to the Trustee, not later than the third Business Day prior to the Redemption Date for such Notes, a certificate of the Issuer signed by any one or more Authorized Officers or Directors of the Issuer that specifies the Redemption Price of such Notes.

5.5 Payment of Redemption Price

Upon notice of redemption having been given as specified in Section 5.4, all the Notes so called for redemption shall thereupon be and become due and payable at the Redemption Price and on the Redemption Date specified in such notice, in the same manner and with the same effect as if such date was the Stated Maturity specified in such Notes, anything therein or herein to the contrary notwithstanding, and from and after such Redemption Date, if the money necessary to redeem such Notes shall have been paid or deposited with the Trustee in trust and proof satisfactory to the Trustee as to the publication or mailing of such notice shall have been lodged with the Trustee, such Notes shall not be considered as outstanding hereunder and interest upon such Notes shall cease. If any question shall arise as to whether any notice has been given as required or any deposit has been made, such question shall be decided by the Trustee, whose decision shall be final and binding upon all parties in interest.

5.6 Change of Control Offer on Change of Control Triggering Event

If a Change of Control Triggering Event occurs, unless the Issuer has exercised its right to redeem or purchase all of the Notes pursuant to Section 5.2, the Issuer will be required to make an offer to repurchase all or, at the Holder's option, any part (equal to Cdn.$1,000 or an integral multiple thereof) of each Holder's Notes on the terms set forth in this Section 5.6 (the "**Change of Control Offer**").

(a) The Change of Control Offer shall be made at a purchase price (the "**Purchase Price**") equal to 101% of the principal amount of the Notes repurchased, plus accrued and unpaid interest thereon, if any, up to but excluding the date of purchase (the "**Purchase Date**"). A Change of Control Offer shall be open for 30 days and the payment date shall be made not less than 30 days and not more than 60 days following the mailing of the written notice to the Trustee (the "**Payment Date**").

(b) The Issuer will, no later than 15 days after the occurrence of a Change of Control Triggering Event, provide written notice to the Trustee of the Change of Control Triggering Event. The Trustee will, within 15 days after receiving notice from the Issuer of the Change of Control Triggering Event, provide written notice to the Holders of the Change of Control Triggering Event (a "**Change of Control Notice**"). A form of such Change of Control Notice shall be provided by the Issuer to the Trustee. The Change of Control Notice shall specify:

(i) that a Change of Control Triggering Event has occurred and that a Change of Control Offer is being made in accordance with this Section 5.6, and that all outstanding Notes that are duly tendered will be accepted for payment;

(ii) the Purchase Price and the Payment Date;

(iii) that any Notes not tendered will continue to accrue interest pursuant to its terms;

(iv) that, unless the Issuer defaults on the payment of the Purchase Price, any Note accepted for payment pursuant to the Change of Control Offer shall cease to accrue interest on and after the Purchase Date;

(v) that any Holder electing to have a Note purchased pursuant to the Change of Control Offer will be required to surrender such Note to the Trustee at the address specified in the notice prior to the close of business on the Business Day immediately preceding the Payment Date;

(vi) that any Holder will be entitled to withdraw their election if the Trustee receives, not later than the close of business on the fifth Business Day immediately preceding the Purchase Date, a facsimile transmission or letter setting forth the name of such Holder, the principal amount of Notes delivered for purchase and a statement that such Holder is withdrawing its election to have such Notes purchased; and

(vii) that any Holder that elects to have its Notes repurchased must specify the principal amount that is being tendered for repurchase, which principal amount must be an integral multiple of $1,000.

(c) A Holder may exercise its right to require the Issuer to purchase its Notes upon delivery of a written notice (which shall be substantially in the form provided by the Issuer) of the exercise of such rights to the Issuer or the Trustee at any time prior to the close of business on the third Business Day immediately preceding the Purchase Date.

(d) On the Payment Date, the Issuer shall: (i) accept for payment Notes or portions thereof tendered pursuant to the Change of Control Offer; (ii) deposit with the Trustee money sufficient to pay the Purchase Price of all Notes or portions thereof so accepted; and (iii) deliver, or cause to be delivered, to the Trustee all Notes or portions thereof so accepted together with an Officer's Certificate specifying the Notes or portions thereof accepted for payment by the Issuer. The Trustee shall as soon as practicable mail to the Holders who have so accepted payment an amount equal to the Purchase Price.

(e) Upon surrender of a Note that is tendered in part, the Issuer shall issue and the Trustee shall authenticate and mail to such Holders a replacement Note equal in principal amount to any unpurchased portion of the Notes surrendered, provided that each Note purchased and each replacement Note issued shall be in a principal amount of $1,000 or integral multiples thereof.

(f) The Issuer will publicly announce the results of any Change of Control Offer as soon as practicable after the Purchase Date.

(g) The Issuer will comply with all applicable securities laws in the event that the Issuer is required to repurchase the Notes pursuant to a Change of Control Offer in connection with a Change of Control Triggering Event.

(h) The Issuer will not be required to purchase any Note in accordance with this Section 5.6 upon a Change of Control Triggering Event if a third party makes a Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements of this Section 5.6 and such third party purchases all such Notes properly tendered and not withdrawn under its offer.

(i) Subject to the provisions above related to Notes purchased in part, all Notes redeemed and paid under this Section 5.6 shall forthwith be delivered to the Trustee and cancelled and no Notes shall be issued in substitution therefor.

5.7 Cancellation of Notes

Subject to the provisions of Sections 5.1 and 5.3 as to Notes purchased or redeemed in part and to the provisions of Section 2.10, all Notes redeemed or purchased in whole or in part by the Issuer under the provisions of this Article shall be forthwith delivered to and cancelled by the Trustee at the principal office of the Trustee in Montréal, Québec, and no Notes shall be issued in substitution thereof.

ARTICLE 6
GUARANTEE

6.1 Guarantors

The Issuer covenants that prior to the issuance of the first series of Notes, the Issuer will cause each of the Guarantors to provide a joint and several guarantee of the Notes, subject to all limitations and restrictions under applicable law, substantially in the form of the guarantee agreement attached hereto as

Schedule "B". Notwithstanding the foregoing, the Issuer shall ensure that, at all times, (i) the combined EBITDA of the Issuer and the Guarantors exceeds 80% of the consolidated EBITDA of the Issuer and (ii) the combined assets of the Issuer and the Guarantors exceed 80% of the consolidated assets of the Issuer (the "**Credit Support Requirement**"), which is the requirement currently applicable under the Senior Credit Agreement. The Credit Support Requirement shall be deemed to be amended, varied, waived, stayed or otherwise deemed to be satisfied upon and to the extent of any amendment to, or any variation, waiver or stay of, or the implementation of any alternative arrangement to satisfy, the requirement for any Subsidiary of the Issuer to become a guarantor of the outstanding obligations under the Senior Credit Facilities, provided and to the extent only that:

(a) the Issuer does not, directly or indirectly, provide other alternative credit support to any holder of indebtedness under the Senior Credit Facilities in replacement of or as consideration for such amendment, variation, waiver, stay or arrangement unless such other alternative credit support is concurrently provided to the Trustee on a *pari passu* basis; and

(b) no increase of the pricing or other economic terms of the Senior Credit Facilities (excluding any customary amendment, waiver or similar fees), whether by way of supplemental or additional interest, other fees or otherwise, is paid, by the Issuer or on its behalf, to the holders of indebtedness under the Senior Credit Facilities, for the sole purpose of or as unique inducement to introduce or implement such amendment, variation, waiver, stay or arrangement.

6.2 Addition of Guarantors

Any Subsidiary of the Issuer that becomes a guarantor of the Senior Credit Facilities at any time after the Closing Date shall promptly provide a joint and several guarantee of the Notes, subject to all limitations and restrictions under applicable law, by becoming a party to an existing Guarantee Agreement or by entering into a guarantee agreement substantially in the form of the guarantee agreement attached hereto as Schedule "B" with such amendments or variations thereto as may be necessary or advisable under applicable law and shall deliver or cause to be delivered to the Trustee, in form and substance satisfactory to it, acting reasonably:

(a) true and complete copies of the constitutive documents, charter and by-laws (if applicable), resolutions, certificates of incumbency and certificate of good standing or its equivalent from the jurisdiction of incorporation or organization of such additional Guarantor, to the extent that such certificate of good standing exists in the relevant jurisdiction;

(b) a legal opinion of such Guarantor's counsel addressed to the Trustee; and

(c) an accession certificate duly executed in the form of the accession certificate attached to the Guarantee Agreement as Schedule "B" with such amendments or variations thereto as may be necessary or advisable under applicable law.

6.3 Release of Guarantors

Notwithstanding the foregoing and provided that at such time no Event of Default exists and is continuing (as confirmed by an Officer's Certificate), any Guarantor that ceases to be a guarantor of the Senior Credit Facilities for any reason after the Closing Date shall be released by the Trustee of its guarantee of the Notes and shall cease to be a Guarantor upon receipt by the Trustee of a notice from the

Issuer confirming that the Guarantor ceased to be a guarantor of the Senior Credit Facilities. Upon such occurrence, the Trustee shall execute any documents reasonably required in order to evidence such release and termination in respect of such guarantee.

ARTICLE 7
COVENANTS OF THE ISSUER

7.1 Positive Covenants

So long as any Notes are outstanding and except as otherwise permitted by the terms hereof, the Issuer covenants and agrees with the Trustee for the benefit of the Noteholders:

(a) to duly and punctually pay or cause to be paid to every Noteholder the principal, interest or Premium and any interest accrued thereon on the dates and at the places and in the manner specified herein and in such Notes;

(b) to appoint a Trustee whenever necessary to avoid or fill a vacancy in the office of Trustee so that there shall at all times be a Trustee hereunder;

(c) subject to the express provisions hereof, to carry on and conduct or cause to be carried on and conducted its business and the business of its Material Subsidiaries in the ordinary course thereof, provided, however, that nothing in this Indenture shall prevent the Issuer or its Material Subsidiaries from ceasing to operate any premises or division if the Issuer or such Material Subsidiary determines in good faith that it is advisable to do so;

(d) from time to time to pay or cause to be paid all taxes, rates, levies, assessments, ordinary or extraordinary, government fees or dues lawfully levied, assessed or imposed upon or in respect of its Property and the Property of its Material Subsidiaries or any part thereof or upon the income and profits of the Issuer as and when the same become due and payable, and the Issuer and its Material Subsidiaries will exhibit or cause to be exhibited to the Trustee, when required, the receipts and vouchers establishing such payment and will duly observe and conform to all valid requirements of any governmental authority relative to any of the property or rights of the Issuer and its Material Subsidiaries and all covenants, terms and conditions upon or under which any such property or rights are held, provided, however, that the Issuer and its Material Subsidiaries shall have the right to contest by legal proceedings any such taxes, rates, levies, assessments, government fees or dues and, upon such contest, may delay or defer payment or discharge thereof;

(e) to pay to the Trustee from time to time reasonable remuneration for its services hereunder and pay or reimburse the Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Trustee in the administration or execution of its duties hereunder (including the reasonable compensation and the disbursements of its third-party counsel and all other third- party advisers and assistants not regularly in its employ), both before any default hereunder and thereafter until all duties of the Trustee hereunder shall be finally and fully performed, except any such expense, disbursement or advance as may arise from its negligence or willful misconduct, and after default, all amounts so payable shall be payable out of any funds coming into the possession of the Trustee or its successors hereunder in priority to any payment of the principal, interest or Premium on, or sinking fund, with respect to the Notes and any amount due under this provision and unpaid 30 days after request for such payment shall

bear interest from the expiration of such 30 day period at a rate per annum equal to the Prime Rate, payable on demand;

(f) subject the express provisions hereof, to, and to cause each Material Subsidiary to, at all times maintain its respective corporate existence, carry and conduct its respective business in a proper, efficient and businesslike manner and in accordance with good business practice and diligently maintain use and operate its respective properties so as to preserve and protect the earnings, incomes, rents, issues and profits thereof;

(g) on becoming aware, at any time of any Event of Default, to promptly notify the Trustee in writing;

(h) furnish to the Trustee copies of financial statements, whether annual or interim, of the Issuer and any report of the Auditors thereon at the same time as such financial statements are filed with securities regulatory authorities and at all reasonable times will furnish or cause to be furnished to the Trustee such information relating to its business as the Trustee may reasonably require; and

(i) within 120 days after the end of each fiscal year of the Issuer, and at any other time if requested by the Trustee, furnish the Trustee with an Officer's Certificate of the Chief Financial Officer of the Issuer stating that, to the knowledge of the Chief Financial Officer, the Issuer has complied with all covenants, conditions or other requirements contained in this Indenture, the non-compliance with which would, with notification or with the lapse of time or otherwise, constitute an Event of Default hereunder, or, if such is not the case, setting forth with reasonable particulars the circumstances of any failure to comply, the period of existence thereof and the action the Issuer is taking with respect thereto; for the purposes of this subsection, compliance by the Issuer with the covenants, conditions or other requirements of this Indenture shall be determined without regard to any period of grace or notice requirement under this Indenture.

7.2 Office for Notices, Payments and Registration of Transfer, Etc.

The Issuer will maintain in Montréal, Québec, and in such other places as the Directors shall designate from time to time, an office or agency where the Notes may be presented for payment, transfer or exchange and for exercise of conversion rights (if any) and where notices and demands to the Issuer in respect of the Notes and this Indenture may be served. The principal office of the Trustee in Montréal, Québec, shall be such office or agency of the Issuer unless the Issuer shall designate and maintain some other office or agency for one or more such purposes. The Issuer will give to the Trustee written notice of the location of any such office or agency and of any change of location thereof. In case the Issuer shall fail to maintain any such office or agency or shall fail to give such notice of the location or of any change in the location thereof, presentations and demands may be made and notices may be served at the principal office of the Trustee in Montréal, Québec.

7.3 Not to Extend Time for Payment of Interest

Subject to the provisions of Section 11.11, in order to prevent any accumulation after maturity of unpaid interest on the Notes, the Issuer will not directly or indirectly extend or assent to the extension of time for payment of interest upon any Notes or directly or indirectly be or become a party to or approve any such arrangement by purchasing or funding interest on the Notes or in any other manner.

If the time for the payment of any interest shall be so extended, whether or not such extension is by or with the consent of the Issuer, notwithstanding anything herein or in the Notes contained, such interest shall not be entitled in case of default hereunder to the benefit of this Indenture until such time as payment in full has been made of the principal of all the Notes and of all interest on such Notes the payment of which has not been so extended.

7.4 Negative Pledge

The Issuer covenants that, so long as any of the Notes are outstanding, it will not and will not permit any other Obligor to create, incur or assume or permit to subsist, any Liens upon any part of its Property or assets, whether now owned or hereafter acquired, to secure any Indebtedness, unless at the same time, or as soon as reasonably practicable thereafter, the Issuer secures all the Notes then outstanding on a *pari passu* basis with such Indebtedness, provided that this covenant shall not apply to:

(a) Liens disclosed in writing to the Trustee on or before the Closing Date, provided that no such Lien shall encumber any additional Property and the principal amount of Indebtedness or other obligations secured thereby shall not be increased in excess of the maximum amount secured thereby on the Closing Date;

(b) Liens securing Indebtedness due by an Obligor to another Obligor;

(c) Capitalized Lease Liabilities;

(d) any Permitted Accounts Receivable Transactions and any Permitted Sale Leaseback Transactions, provided that such Liens attach only to the assets subject to such transactions;

(e) the extension or renewal of any Lien permitted under subsection 7.4(a) above, provided that the principal amount of the Indebtedness secured thereby is not in excess of the principal amount thereof on the date of such extension or renewal, the security does not extend to any additional Property, and immediately after such extension or renewal, no Event of Default would exist; or

(f) any Permitted Encumbrances; and

(g) the creation or assumption of Liens not otherwise permitted to be incurred pursuant to the provisions in subsections 7.4(a) through (f) above and not exceeding 15% in the aggregate of Shareholders' Equity at any time;

Notwithstanding the foregoing, upon the request of the Issuer to the Noteholders, the Noteholders may direct the Trustee to grant permission for the Issuer or any other Obligor to create, issue or assume any Liens without providing to the Trustee (for the benefit of the Noteholders) a Lien of a substantially similar nature, and ranking rateably and *pari passu* therewith, provided such direction is first approved by Extraordinary Resolution.

7.5 Performance of Covenants by Trustee

If the Issuer fails to perform any covenant on its part herein contained, the Trustee may perform any of such covenants capable of being performed by it, and if any such covenant requires the payment or expenditure of money, the Trustee may make such payment or expenditure with its own funds or with money borrowed by or advanced to it for such purpose, but shall be under no obligation to do so, and all

sums so expended or advanced shall be repayable by the Issuer in the manner provided in Section 7.1(e), but no such performance or payment shall be deemed to relieve the Issuer from any default or continuing obligation hereunder.

ARTICLE 8
DEFAULT AND ENFORCEMENT

8.1 Events of Default

Except as otherwise provided in any Terms Schedule or Supplemental Indenture, each of the following events shall be an Event of Default in respect of each Series of Notes:

(a) if the Issuer fails to pay any principal or Premium, if any, on any Notes when due, at maturity, upon redemption or otherwise;

(b) if the Issuer defaults in the due and punctual payment of any installment of interest on any Note when due and any such default is not remedied within 30 days;

(c) if the Issuer or any other Obligor makes default in the performance or observance of any other covenant, agreement or condition in the Trust Indenture, any Supplemental Indenture, the Notes or the Guarantee Agreement and, after written notice to the Issuer by the Trustee or the Holders of not less than 25% in principal amount of Notes at the time outstanding (except that in respect of such notice, Notes not entitled to the benefits of such covenant, agreement or condition shall be excluded) specifying such default and requiring it to be remedied and stating that such a notice is a "Notice of Default" under the Trust Indenture, the Issuer shall fail to remedy such default within a period of 60 days;

(d) if any Indebtedness of the Issuer or any other Obligor in excess of $50,000,000 is accelerated as a result of the failure of the Issuer or any other Obligor to perform any covenant or agreement applicable to such Indebtedness; and

(e) if any Insolvency Event occurs and is continuing with respect of the Issuer or a Material Subsidiary.

8.2 Notice of Event of Default

If an Event of Default shall occur and is continuing, the Trustee shall, within 45 days of such Event of Default, give notice of such Event of Default to the Noteholders in the manner provided in Section 12.2 provided that, notwithstanding the foregoing, the Trustee shall not be required to give such notice if the Trustee in good faith shall have decided that the withholding of such notice is in the best interests of the Noteholders and shall have so advised the Issuer in writing.

8.3 Acceleration on Default

Subject to Section 8.4, if an Event of Default has occurred, the Trustee may in its discretion and shall upon prior funding and indemnity and receipt of a requisition in writing made by the Holders of at least 25% in principal amount of the Notes then outstanding (or if the Event of Default occurs only in respect of one or more Series of the Notes then outstanding, upon prior funding and indemnity and upon receipt of a requisition in writing made by the Holders of at least 25% in principal amount of the Notes of such Series then outstanding), declare the principal of and interest accrued on all Notes and all other

amounts, if any, owing under the provisions of this Indenture, to be due and payable to the Trustee on demand, and the same shall forthwith become immediately due and payable to the Trustee on demand, anything herein contained to the contrary notwithstanding, and the Issuer shall, on such demand, forthwith pay to the Trustee, for the benefit of the Noteholders, the principal (including Premium on the Notes then outstanding which would have been payable upon the redemption thereof by the Issuer at its option and not out of sinking fund monies, if any, on the date of such declaration) and unpaid interest then accrued upon all such Notes (including interest on amounts in default), and all other amounts owing under the provisions of this Indenture, together with interest at the respective rates borne by the Notes from the date of such declaration to the date payment is received by the Trustee. Such payments, when received, shall be deemed to have been in discharge of the Issuer's obligations under this Indenture and any amounts so received by the Trustee shall be applied in the manner specified in Section 8.7.

8.4 Waiver of Default

If an Event of Default has occurred otherwise than by default in payment of the principal amount at the Maturity Date:

(a) the Holders of the Notes then outstanding shall have power by Extraordinary Resolution pursuant to Section 11.11 to require the Trustee to waive the default or to cancel any declaration made by the Trustee and the Trustee shall thereupon waive the default or cancel such declaration or demand upon such terms and conditions as such resolution shall prescribe; provided that, notwithstanding the foregoing, if a default has occurred by reason of the non-observance or non-performance by the Issuer of any covenant applicable only to one or more particular Series of Notes, then the Noteholders of the outstanding Notes of that Series or those Series, as the case may be, shall be entitled by Extraordinary Resolution (or by separate Extraordinary Resolutions if more than one Series of Notes is so affected) to exercise the foregoing power as if the Notes of that Series or those Series, as the case may be, were the only Notes outstanding hereunder and the Trustee shall so act and it shall not be necessary to obtain a waiver from the Noteholders of any other Series of Notes; and

(b) the Trustee, so long as it has not become bound to institute any proceedings hereunder, shall have power to waive the default if, in the Trustee's opinion, the same shall have been cured or adequate satisfaction made therefor, and in such event to cancel any such declaration theretofore made by the Trustee in the exercise of its discretion, upon such terms and conditions as the Trustee may deem advisable.

No delay or omission of the Trustee or of the Noteholders in exercising any right or power accruing upon the occurrence of an Event of Default shall impair any such right or power or shall be construed to be a waiver of such Event of Default or acquiescence therein, and no act or omission of the Trustee or of the Noteholders shall extend to or be taken in any manner whatsoever to affect any subsequent Event of Default or the rights resulting therefrom.

8.5 Enforcement by the Trustee

Upon the occurrence of an Event of Default, the Trustee shall, subject to the other provisions of this Indenture, exercise the rights and powers vested in it under this Indenture.

Upon the occurrence of an Event of Default and subject to the provisions of Section 8.4 and to the provisions of any Extraordinary Resolution, if the Issuer fails to pay to the Trustee, forthwith after the same shall have been declared to be due and payable under Section 8.3, the principal, interest and

Premium on all Notes then outstanding together with any other amounts due hereunder, the Trustee shall, upon receipt of a Noteholders' Request and upon being sufficiently funded and indemnified to its reasonable satisfaction against all costs, expenses and liabilities to be incurred thereby, proceed in its name as Trustee hereunder to obtain or enforce payment of such principal of and Premium and interest on all the Notes then outstanding together with any other amounts due hereunder by such proceedings authorized by this Indenture or by law or equity as the Trustee in such request has been directed to take, or if such request contains no such direction, then by such proceedings authorized by this Indenture or by suit at law or in equity as the Trustee shall deem expedient.

The Trustee shall be entitled and empowered, either in its own name or as trustee of an express trust, or as attorney-in-fact for the Holders, or in any one or more of such capacities, to file such proof of debt, amendment of proof of debt, claim, petition or other document as may be necessary or advisable in order to have the claims of the Trustee and of the Holders allowed in any insolvency, bankruptcy, liquidation or other judicial proceedings relative to the Issuer or any Guarantor or their respective creditors or relative to or affecting their respective Property. The Trustee is hereby irrevocably appointed (and the successive respective Noteholders by taking and holding Notes shall be conclusively deemed to have so appointed the Trustee) the true and lawful attorney-in-fact of the respective Holders with authority to make and file in the respective names of the Holders or on behalf of the Holders as a class, subject to deduction from any such claims of the amounts of any claims filed by any of the Holders themselves, any proof of debt, amendment of proof of debt, claim, petition or other document in any such proceedings and to receive payment of any sums becoming distributable on account thereof, and to execute any such other documents and to do and perform any and all such acts and things, for and on behalf of such Holders, as may be necessary or advisable, in the opinion of the Trustee acting on the advice of the Trustee's counsel, in order to have the respective claims of the Trustee and of the Holders against the Issuer or a Material Subsidiary or its Property allowed in any such proceeding, and to receive payment of or on account of such claims, provided that nothing contained in this Indenture shall be deemed to give to the Trustee, unless so authorized by Extraordinary Resolution, any right to accept or consent to any plan of reorganization or otherwise by action of any character in such proceeding to waive or change in any way any right of any Noteholder.

The Trustee shall also have power at any time and from time to time to institute and to maintain such suits and proceedings as it may be advised shall be necessary or advisable to preserve and protect their interests and the interests of the Noteholders.

All rights of action hereunder may be enforced by the Trustee without the possession of any of the Notes or the production thereof on the trial or other proceedings relative thereto. Any such suit or proceeding instituted by the Trustee shall be brought in the name of the Trustee as trustee of an express trust, and any recovery of judgment shall be for the rateable benefit of the Noteholders subject to the provisions of this Indenture. In any proceeding brought by the Trustee (and also in any proceeding in which a declaratory judgment of a court may be sought as to the interpretation or construction of any provision of this Indenture to which the Trustee shall be a party), the Trustee shall be held to represent all the Noteholders, and it shall not be necessary to make any Noteholders party to any such proceeding.

8.6 Suits by Noteholders

No Holder of any Note shall have the right to institute any action or proceeding or to exercise any other remedy authorized by this Indenture for the purpose of enforcing any rights on behalf of the Noteholders or for the execution of any trust or power hereunder or for the appointment of a liquidator or receiver or for a receiving order under bankruptcy legislation or to have the Issuer or any Guarantor wound up or to file or prove a claim in any liquidation or bankruptcy proceedings, unless:

(a) the Noteholders of such Series, by Extraordinary Resolution or by Noteholders' Request, shall have made a request to the Trustee and the Trustee shall have been afforded reasonable opportunity to proceed to exercise the powers conferred upon it or to institute an action, suit or proceeding in its name for such purpose;

(b) the Noteholders of such Series or any of them shall have furnished to the Trustee, when so requested by the Trustee, an indemnity satisfactory to the Trustee with respect to the costs, expenses and liabilities to be incurred thereby;

(c) the Trustee shall have failed to act within a reasonable time after such notification, request and provision of indemnity; and

(d) no direction inconsistent with such written request has been received by the Trustee from Holders of a majority in principal amount of the outstanding Notes of such Series.

In such case, but not otherwise, any Noteholder acting on behalf of himself and all other Noteholders shall be entitled to take proceedings in any court of competent jurisdiction such as the Trustee might have taken under Section 8.5, but in no event shall any Noteholder or combination of Noteholders have any right to seek any other remedy or institute proceedings out of court. No one or more Noteholders shall have any right in any manner whatsoever to enforce any right under this Indenture or under any Note, except in accordance with the conditions and in the manner provided in this Indenture.

8.7 Application of Money

Except as herein otherwise expressly provided or in the Intercreditor Agreement, any money received by the Trustee or a Noteholder pursuant to the provisions of this Article 8 or as a result of legal or other proceedings against the Issuer or any Guarantor pursuant hereto, or from any trustee in bankruptcy or liquidator of the Issuer or any Guarantor, shall be applied, together with other money available to the Trustee for such purpose, as follows:

(a) first, in payment or in reimbursement to the Trustee of its fee, costs, charges, expenses, borrowings, advances or other amounts furnished or provided by or at the request of the Trustee in or about the administration and execution of its trusts under, or otherwise in relation to, this Indenture, with interest thereon as herein provided;

(b) second, subject to the provisions of Section 7.3 and this Section 8.7, in payment of the principal of and Premium and accrued and unpaid interest and interest on amounts in default on the Notes which shall then be outstanding in the priority of principal first and then Premium and then accrued and unpaid interest and interest on amounts in default, unless otherwise directed by an Extraordinary Resolution, and in that case in such order or priority as between principal, Premium and interest as may be directed by such resolution; and

(c) third, in payment of the surplus, if any, of such money to the Issuer or its assigns;

provided, however, that no payment shall be made pursuant to Section 8.7(b) in respect of the principal of or Premium or interest on any Note which the Trustee knows is held, directly or indirectly, by or for the benefit of the Issuer or any Affiliate of the Issuer (other than any Note pledged for value and in good faith to a Person other than the Issuer or any Affiliate of the Issuer, but only to the extent of such Person's interest therein) until the prior payment in full of the principal of and Premium and interest on all Notes which are not so held.

8.8 Distribution of Proceeds

Payment to Noteholders pursuant to Section 8.7(b) shall be made as follows:

(a) at least 15 days' notice of every such payment shall be given in the manner provided in Article 12, specifying the time and place or places where the Notes are to be presented and the amount of the payment and the application thereof as between principal, interest and Premium;

(b) payment in respect of any Note shall be made upon presentation thereof at any one of the places specified in such notice and any such Note thereby paid in full shall be surrendered, otherwise a memorandum of such payment shall be endorsed thereon, but the Trustee may in its discretion dispense with presentation and surrender or endorsement in any special case upon such indemnity being given as it shall deem sufficient; and

(c) from and after the date of payment specified in the notice, interest shall accrue only on the amount owing on each Note after giving credit for the amount of the payment specified in such notice unless it be duly presented on or after the date so specified and payment of such amount be not made.

8.9 Immunity of Shareholders, Directors and Officers

The Noteholders and the Trustee hereby waive and release any right, cause of action or remedy now or hereafter existing in any jurisdiction against any past, present or future incorporator, shareholder, director or officer of the Issuer or of any Successor for the payment of the principal of or Premium or interest on any of the Notes or on any covenant, agreement, representation or warranty by the Issuer contained herein or in the Notes.

8.10 Trustee Appointed Attorney

The Issuer hereby irrevocably appoints the Trustee to be the attorney of the Issuer, in the name of and on behalf of the Issuer, to execute any instruments and do any acts and things which the Issuer ought to execute and do, and has not executed or done, under the covenants and provisions contained in this Indenture and generally to use the name of the Issuer in the exercise of all or any of the powers hereby conferred on the Trustee, with full powers of substitution and revocation.

8.11 Remedies Cumulative

No remedy herein conferred upon or reserved to the Trustee or upon or to the Noteholders is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now existing or hereafter to exist by law.

ARTICLE 9
CANCELLATION, DISCHARGE AND DEFEASANCE

9.1 Cancellation and Destruction

All Notes surrendered to the Issuer, a Registrar or a Paying Agent for any purpose shall be delivered to the Trustee forthwith. Each such Note and each Note surrendered to the Trustee shall be cancelled by the Trustee forthwith after all payments required in respect thereof to the date of surrender have been made. Subject to applicable law, all Notes cancelled or required to be cancelled under this or

any other provision of this Indenture shall be destroyed by the Trustee in accordance with the Trustee's ordinary practice when requested in writing, and the Trustee shall furnish to the Issuer a cancellation or destruction certificate in respect of the Notes so cancelled or destroyed.

9.2 Non-Presentation of Notes

If the Noteholder shall fail to present the Note for payment prior to or on the date on which the principal, interest and Premium thereon or represented thereby becomes payable either on the Maturity Date or on redemption, purchase or otherwise, either:

(a) the Issuer shall be entitled to pay to the Trustee and direct the Trustee to set aside such amounts and, in respect of money in the hands of the Trustee that may or should be applied to the payment or redemption of the Notes, the Issuer shall be entitled to direct the Trustee to set aside the principal, interest and Premium, as the case may be, in trust to be paid to the Noteholder upon due presentation or surrender thereof in accordance with the provisions of this Indenture; or

(b) the Issuer may otherwise make provision in form satisfactory to the Trustee in its absolute discretion for the payment of such amounts,

and thereupon the principal, interest and Premium payable on or represented by each Note in respect whereof such amounts have been set aside shall be deemed to have been paid and the Noteholder thereof shall thereafter have no right in respect thereof except that of receiving payment of such amounts so set aside by the Trustee (without interest on such money such interest being the Property of the Issuer) or provided for by the Issuer upon due presentation and surrender thereof, subject always to the provisions of Section 9.4.

9.3 Paying Agent to Repay Monies Held

Upon the satisfaction and discharge of this Indenture all money then held by any Paying Agent of the Notes (other than the Trustee) shall, upon written request of the Issuer, be repaid to it or paid to the Trustee, and thereupon such Paying Agent shall be released from all further liability with respect to such monies.

9.4 Repayment of Unclaimed Monies to the Issuer

Subject to applicable law, any monies set aside under Section 9.2 in respect of any Note and not claimed by and paid to the Noteholder thereof, as provided in Section 9.2, within six years after the date of such setting aside shall be repaid to the Issuer by the Trustee upon written request, and thereupon the Trustee shall be released from all further liability with respect to such money, and thereafter, subject to any other requirements of law, such Noteholder shall have no rights in respect of such Note except to obtain payment of such money (without interest thereon) from the Issuer.

9.5 Discharge

Upon proof being given to the Trustee that the principal, interest and Premium on all the Notes (including interest on amounts in default) and other amounts payable hereunder have been paid or satisfied, or that all the outstanding Notes have matured or have been duly called for redemption, or the Trustee having been given irrevocable instructions by the Issuer to publish within 90 days of receipt of such instructions a notice of redemption of all the outstanding Notes, such payment or redemption has been duly and effectually provided for by payment to the Trustee or otherwise, and upon payment of all

costs, charges and expenses properly incurred by the Trustee in relation to this Indenture and all interest thereon and the remuneration of the Trustee, or upon provision satisfactory to the Trustee being made therefor, the Trustee shall, at the request and at the expense of the Issuer, execute and deliver to the Issuer such deeds or other instruments as shall be required to evidence the satisfaction and discharge of this Indenture and to release the Issuer from its covenants herein contained other than those relating to the indemnification of the Trustee.

9.6 Defeasance

The Issuer shall have the right (the "**defeasance option**") to be released from the terms of this Indenture relating to the outstanding Notes of a Series specified by the Issuer in a written notice to the Trustee, and upon receipt of such notice the Trustee shall, at the request and expense of the Issuer, execute and deliver to the Issuer such deeds and other instruments as shall be necessary to release the Issuer from the terms of this Indenture relating to the Notes of the Series specified in such notice, except those relating to the indemnification of the Trustee, subject to the following:

(a) the Issuer shall have delivered to the Trustee evidence that the Issuer has:

(i) deposited sufficient funds for payment of all principal, interest and Premium and other amounts due or to become due on the Notes of such Series to the Stated Maturity thereof;

(ii) deposited funds or made provision for the payment of all remuneration and expenses of the Trustee to carry out its duties under this Indenture in respect of the Notes of such Series; and

(iii) deposited funds for the payment of taxes arising with respect to all deposited funds or other provision for payment in respect of the Notes of such Series

in each case irrevocably pursuant to the terms of a trust agreement or collateral agreement in form and substance satisfactory to the Issuer and the Trustee;

(b) no Event of Default shall have occurred and be continuing on the date of the deposit referred to in Section 9.2(a);

(c) such release does not result in a breach or violation of, or constitute a default under, any material agreement or instrument to which the Issuer is a party or by which the Issuer is bound;

(d) the Issuer shall have delivered to the Trustee an Officer's Certificate stating that the deposit referred to in Section 9.2(a) was not made by the Issuer with the intent of preferring the Noteholders over the other creditors of the Issuer or with the intent of defeating, hindering, delaying or defrauding creditors of the Issuer or others; and

(e) the Issuer shall have delivered to the Trustee an Officer's Certificate and an opinion of Counsel as required pursuant Sections 13.13 and 13.14 stating that all conditions precedent provided for or relating to the exercise of such defeasance option have been complied with.

The Issuer shall be deemed to have made due provision for the depositing of funds if it deposits or causes to be deposited with the Trustee under the terms of an irrevocable trust agreement in form and

substance satisfactory to the Issuer and the Trustee (each acting reasonably), solely for the benefit of the Noteholder, money or Securities denominated in the currency in which principal is payable constituting direct obligations of Canada or an agency or instrumentality of Canada or a province of Canada whose securities are rated at least AA(low) and AA- by DBRS and S&P, respectively or their successors, which will be sufficient, in the opinion of a firm of independent chartered accountants or an investment dealer acting reasonably and acceptable to the Trustee, to provide for payment in full of the Notes and all other amounts from time to time due and owing under this Indenture which pertain to the Notes.

The Trustee shall hold in trust all money or Securities deposited with it pursuant to this Section 9.6 and shall apply the deposited money and the money derived from such Securities in accordance with this Indenture to the payment of principal, interest and Premium on the Notes and, as applicable, other amounts.

If the Trustee is unable to apply any money or Securities in accordance with this Section 9.6 by reason of any legal proceeding or any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, the Issuer's obligations under this Indenture and the Notes shall be revived and reinstated as though no money or Securities had been deposited pursuant to this Section 9.6 until such time as the Trustee is permitted to apply all such money or Securities in accordance with this Section 9.6, provided that if the Issuer has made any payment in respect of principal, interest or Premium on Notes or, as applicable, other amounts because of the reinstatement of its obligations, the Issuer shall be subrogated to the rights of the Noteholders to receive such payment from the money or Securities held by the Trustee.

ARTICLE 10
SUCCESSORS

10.1 Requirements for Successors

So long as any Notes issued under the Trust Indenture remain outstanding, the Issuer and its Material Subsidiaries will not enter into any transaction in which all or substantially all of the Issuer's or a Material Subsidiary's Property and assets would become the property of any other Person (any such Person being referred to herein as a "**Successor**"), whether by way of reorganization, consolidation, amalgamation, arrangement, merger, transfer, sale or otherwise, unless:

(a) the Issuer or the Material Subsidiary, as the case may be, shall be the surviving Person, or the Successor, if other than the Issuer or the Material Subsidiary, as the case may be, formed by the amalgamation, consolidation or into which the Issuer or the Material Subsidiary, as the case may be, is merged or that acquires all or substantially all of the Property or assets of the Issuer or the Material Subsidiary, as the case may be, shall expressly assume, by a Supplemental Indenture executed and delivered to the Trustee in form satisfactory to the Trustee in the case of the Issuer or in accordance with the terms of the Guarantee Agreement in the case of any Material Subsidiary, all of the obligations under the Trust Indenture of the Issuer or the Material Subsidiary, and shall, in the case of the Successor of the Issuer, be a corporation organized and validly existing under the federal laws of Canada or any of its provinces or territories;

(b) immediately before and after giving effect to the transaction, no Event of Default or event that with the passing of time or the giving of notice, or both, would constitute an Event of Default shall have occurred and be continuing; and

(c) the Trustee shall be satisfied that such transaction is on terms which substantially preserves and does not impair in any material respect any of the rights and powers of the Trustee or the holders of the Notes under the Indenture and the interests of the holders of the Notes are not prejudiced in any material respect by the transaction.

Upon satisfaction of the foregoing, the Trustee shall facilitate the same in all respects, and may give such consents and sign, execute or join in such documents and do such acts as in its discretion may be thought advisable in order that such consolidation, amalgamation, merger, transfer, sale or other similar transaction may be carried out, and thereupon the Issuer or a Guarantor or Guarantors may be released and discharged from liability under this Trust Indenture and the Trustee may execute any document or documents which it may be advised is or are necessary or advisable for effecting or evidencing such release and discharge and the opinion of Counsel shall be full warrant and authority to the Trustee for so doing. As a condition precedent to any consolidation, amalgamation, merger, transfer, sale or other similar transaction proposed to be carried out pursuant to this Section 10.1, the Issuer shall furnish to the documents referred to in subsection 6.2(a) and 6.2(b) and, if applicable, 6.2(c) with respect to the applicable Successor, and the Trustee shall incur no liability by reason of reliance thereon.

Notwithstanding any provisions contained in this Indenture,, the Issuer, any Material Subsidiary or any Guarantor may enter into any Permitted Accounts Receivable Transaction or any Permitted Sale Leaseback Transaction.

10.2 Vesting of Powers in Successor

Whenever the conditions of Section 10.1 have been duly observed and performed, the Successor of the Issuer shall possess and from time to time may exercise each and every right and power of the Issuer under this Indenture, in the name of the Issuer or otherwise, and any act or proceeding required by any provision of this Indenture to be done or performed by any directors or officers of the Issuer may be done and performed with like force and effect by the directors or officers of the Successor.

ARTICLE 11
MEETINGS OF NOTEHOLDERS

11.1 Right to Convene Meetings

The Trustee may at any time and from time to time convene a meeting of Noteholders, and the Trustee shall convene a meeting of Noteholders upon receipt of a request of the Issuer or a Noteholders' Request and upon being indemnified to its reasonable satisfaction by the Issuer or by the Noteholders signing such request against the costs which may be incurred in connection with the calling and holding of such meeting. If the Trustee fails within 30 days after receipt of any such request and such indemnity to give notice convening a meeting, the Issuer or such Noteholders, as the case may be, may convene such meeting. Every such meeting shall be held in Laval, Québec, or at such other place as may be approved or determined by the Trustee, the Issuer and the Noteholders as convened in accordance with this Section 11.1.

11.2 Notices of Meetings

Notice of a meeting of Noteholders shall be given to the Noteholders in the manner specified in Section 12.2 at least 21 days prior to the date of the meeting, and a copy of any notice sent by mail to Noteholders shall be sent by mail to the Trustee (unless the meeting has been called by it) and to the Issuer (unless the meeting has been called by it). A notice of a meeting of Noteholders shall state the time and place at which the meeting is to be held and shall state briefly the general nature of the business to be

transacted thereat, and it shall not be necessary for any such notice to set out the terms of any resolution to be proposed or any of the provisions of this Article 11.

11.3 Chairman

The Noteholders present in person or represented by proxy shall choose an individual present to be the chairman of the meeting who need not be a Noteholder.

11.4 Quorum

Subject to the provisions of Section 11.13, the quorum for a meeting of Noteholders shall be Noteholders present in person or represented by proxy and owning or representing at least 50% of the aggregate principal amount of the Notes then outstanding. If a quorum is not present within 30 minutes from the time fixed for the holding of a meeting, the meeting, if convened by the Noteholders, shall be dissolved, but in any other case the meeting shall be adjourned to the same day in the next week (unless such day is not a Business Day, in which case it shall be adjourned to the next following Business Day thereafter) at the same time and place, and no notice shall be required to be given in respect of such adjourned meeting. At the adjourned meeting, the Noteholders present in person or represented by proxy shall constitute a quorum and may transact the business for which the meeting was originally convened notwithstanding that they may not represent at least 50% of the aggregate principal amount of the Notes then outstanding.

11.5 Power to Adjourn

The chairman of a meeting at which a quorum of Noteholders is present may, with the consent of the Holders of a majority of the aggregate principal amount of the Notes present or represented thereat, adjourn such meeting, and no notice of such adjournment need be given except such notice, if any, as the meeting may prescribe.

11.6 Show of Hands

Except as otherwise provided in this Indenture, every resolution submitted to a meeting shall be decided by a majority of the votes cast on a show of hands, and unless a poll is duly demanded as herein provided, a declaration by the chairman that a resolution has been carried or carried unanimously or by a particular majority or lost or not carried by a particular majority shall be conclusive evidence of such fact. The chairman of any meeting shall be entitled, both on a show of hands and on a poll, to vote in respect of the Notes, if any, held by him.

11.7 Poll

On every resolution proposed to be passed as an Extraordinary Resolution and on any other resolution submitted to a meeting in respect of which the chairman of the meeting or one or more Noteholders or proxyholders for Noteholders holding at least $10,000 principal amount of Notes after a vote by show of hands, demands a poll, a poll shall be taken in such manner and either at once or after an adjournment as the chairman of the meeting shall direct.

11.8 Voting

On a show of hands, every Person who is present and entitled to vote, whether as a Noteholder or as proxyholder for one or more Noteholders or both, shall have one vote. On a poll, each Noteholder present in person or represented by a proxy duly appointed by an instrument in writing shall be entitled to

one vote in respect of each $1,000 principal amount of Notes held by such Noteholder on the record date fixed for the meeting. A proxyholder need not be a Noteholder. In the case of joint Holders of a Note, any one of them present in person or represented by proxy at the meeting may vote in the absence of the other or others, but if more than one of them are present in person or represented by proxy, they shall vote together in respect of the Notes of which they are joint Holders.

In the case of a Global Note, the Depository may appoint or cause to be appointed a Person or Persons as proxies and shall designate the number of votes entitled to each such Person, and each such Person shall be entitled to be present at any meeting of Noteholders and shall be the Persons entitled to vote at such meeting in accordance with the number of votes set out in the Depository's designation.

11.9 Regulations

The Trustee, or the Issuer with the approval of the Trustee, may from time to time make and from time to time vary such regulations as it shall from time to time think fit providing for or governing the following:

(a) voting by proxy by Noteholders, the form of the instrument appointing a proxyholder (which shall be in writing) and the manner in which it may be executed, and the authority to be provided by any Person signing a proxy on behalf of a Noteholder;

(b) the deposit of instruments appointing proxyholders at, such place as the Trustee, the Issuer or the Noteholders convening the meeting, as the case may be, may, in the notice convening the meeting, direct and the time, if any, before the holding of the meeting or any adjournment thereof by which the same shall be deposited;

(c) the deposit of instruments appointing proxyholders at an approved place or places other than the place at which the meeting is to be held and enabling particulars of such instruments appointing proxyholders to be provided before the meeting to the Issuer or to the Trustee at the place at which the meeting is to be held and for the voting of proxies so deposited as though the instruments themselves were produced at the meeting; and

(d) generally for the calling of a meeting of Noteholders and the conduct of business thereat.

Any regulations so made shall be binding and effective and the votes given in accordance therewith shall be valid and shall be counted. Except as such regulations may provide, the only Persons who shall be recognized at a meeting as the Holders of any Notes, or as entitled to vote or be present at the meeting in respect thereof, shall be registered Noteholders and Persons whom registered Noteholders have by instrument in writing duly appointed as their proxyholders.

11.10 Issuer and Trustee May Be Represented

The Issuer and the Trustee, by their respective officers, directors and employees, and the legal advisers of the Issuer and the Trustee may attend any meeting of the Noteholders, but shall have no voting rights.

11.11 Powers Exercisable by Noteholders by Extraordinary Resolution

In addition to all other powers conferred upon the Noteholders by any other provision of this Indenture, the following powers of the Noteholders shall be exercisable from time to time only by Extraordinary Resolution:

(a) power to sanction any modification, abrogation, alteration, compromise or arrangement of the rights of the Noteholders or any of them or the Trustee against the Issuer or against its Property provided that such sanctioned actions are not prejudicial to the Trustee;

(b) power to assent to any modification of or change in or addition to or omission from the provisions contained in this Indenture which shall be agreed to by the Issuer and to authorize the Trustee to concur in and execute any Supplemental Indenture embodying any modification, change, addition or omission;

(c) power to sanction any scheme for the reconstruction or reorganization of the Issuer or for the consolidation, amalgamation or merger of the Issuer with or into any other Person or for the sale, leasing, transfer or other disposition of the undertaking, Property and assets of the Issuer or any part thereof, provided that no such sanction shall be necessary in respect of any transaction which is not subject to the restriction in Section 10.1 or which is subject to such restriction and is completed in compliance with the provisions of Section 10.1;

(d) power to direct or authorize the Trustee to exercise any power, right, remedy or authority given to it by this Indenture or the Notes in any manner specified in any such Extraordinary Resolution or to refrain from exercising any such power, right, remedy or authority;

(e) power to waive and direct the Trustee to waive any Event of Default and to cancel any declaration made by the Trustee pursuant to Section 8.4 either unconditionally or upon any condition specified in such Extraordinary Resolution;

(f) power to restrain any Noteholder from taking or instituting any suit, action or proceeding for the purpose of enforcing payment of the principal of or interest or Premium on any Notes or for the purpose of executing any trust or power hereunder or for the appointment of a liquidator or a receiver or a trustee in bankruptcy or for any other remedy hereunder;

(g) power to direct any Noteholder who, as such, has brought any action, suit or proceeding to stay or discontinue or otherwise deal with the same upon payment, if the taking of such suit, action or proceeding shall have been permitted by Section 8.6, of the costs, charges and expenses reasonably and properly incurred by such Noteholder in connection therewith;

(h) power to assent to any compromise or arrangement with any creditor or creditors or any class or classes of creditors, whether secured or otherwise, and with holders of any shares or other Securities of the Issuer;

(i) power to amend, alter or repeal any Extraordinary Resolution previously passed or sanctioned by the Noteholder; and

(j) power to appoint and remove a committee with power and authority (subject to such limitations, if any, as may be prescribed in the resolution) to exercise, and to direct the Trustee to exercise, on behalf of the Noteholders, such of the powers of the Noteholders as are exercisable by Extraordinary Resolution or otherwise as shall be included in the resolution appointing the committee. The resolution making such appointment may provide for payment of the expenses and disbursements of and compensation to such committee and the Trustee. Such committee shall consist of such number of individuals

as shall be prescribed in the Extraordinary Resolution appointing it and the members need not be Noteholders. Subject to Extraordinary Resolution appointing it, every such committee may elect its chairman and may make regulations respecting its quorum, the calling of its meetings, the filling of vacancies occurring in its number and its procedure generally. Such regulations may provide that the committee may act at a meeting at which a quorum is present or may act by minutes signed by the number of members thereof necessary to constitute a quorum. All acts of any such committee within the authority delegated to it shall be binding upon all Noteholders. Neither the committee nor any member thereof nor the Trustee shall be liable for any loss arising from or in connection with any action taken or omitted to be taken by them in good faith.

Except as otherwise provided in this Indenture, all other powers of and matters to be determined by the Noteholders may be exercised or determined from time to time by Ordinary Resolution.

11.12 Meaning of Ordinary Resolution

The expression "**Ordinary Resolution**" when used in this Indenture means, except as otherwise provided in this Indenture, a resolution proposed to be passed as an ordinary resolution at a meeting of Noteholders duly convened for the purpose and held in accordance with the provisions of this Article 11 at which a quorum of the Noteholders is present and passed by the affirmative votes of Noteholders present in person or represented by proxy at the meeting who hold more than 50% of the aggregate principal amount of the Notes voted in respect of such resolution.

11.13 Meaning of Extraordinary Resolution

The expression "**Extraordinary Resolution**" when used in this Indenture means, except as otherwise provided in this Indenture, a resolution proposed to be passed as an extraordinary resolution at a meeting of Noteholders duly convened for the purpose and held in accordance with the provisions of this Article 11 at which the Holders of at least 50% of the aggregate principal amount of the Notes then outstanding are present in person or represented by proxy and passed by the affirmative votes of Noteholders who hold more than 66⅔% of the aggregate principal amount of the Notes present in person or represented by proxy at the meeting.

If, at any such meeting, the Holders of at least 50% of the aggregate principal amount of the Notes then outstanding are not present in person or represented by proxy within 30 minutes after the time appointed for the meeting, then the meeting, if convened by or on the requisition of Noteholders, shall be dissolved, but in any other case the meeting shall stand adjourned to such date, being not less than 21 nor more than 45 days later, and to such place and time as may be appointed by the chairman of the meeting. Notice of the time and place of such adjourned meeting shall be given to the Noteholders in the manner specified in Section 11.4 at least 10 days prior to the date of the adjourned meeting. Such notice shall state that at the adjourned meeting the Noteholders present in person or represented by proxy shall constitute a quorum, but it shall not be necessary to set forth the purposes for which the meeting was originally called or any other particulars. At the adjourned meeting, the Noteholders present in person or represented by proxy shall constitute a quorum and may transact the business for which the meeting was originally convened, and a resolution proposed to be passed as an Extraordinary Resolution at such adjourned meeting and passed by the requisite vote as provided in this Section 11.13 shall be an Extraordinary Resolution within the meaning of this Indenture, notwithstanding that the Holders of at least 50% of the aggregate principal amount of the Notes then outstanding are not present in person or represented by proxy at such adjourned meeting.

11.14 Powers Cumulative

Any one or more of the powers or any combination of the powers in this Indenture stated to be exercisable by the Noteholders may be exercised from time to time, and the exercise of any one or more of such powers or any combination of powers from time to time shall not be deemed to exhaust the rights of the Noteholders to exercise the same or any other such power or powers or combination of powers thereafter from time to time. No powers exercisable by the Noteholders shall derogate in any way from the rights of the Issuer under or pursuant to this Indenture or any Notes.

11.15 Minutes

Minutes of all resolutions and proceedings at every meeting of Noteholders shall be made and duly entered in books to be from time to time provided for that purpose by the Trustee at the expense of the Issuer, and any such minutes, if signed by the chairman of the meeting at which such resolutions were passed or proceedings had, or by the chairman of the next succeeding meeting of the Noteholders, shall be *prima facie* evidence of the matters therein stated and, unless the contrary is proved, every such meeting, in respect of the proceedings of which minutes shall have been made, shall be deemed to have been duly held and convened, and all resolutions passed thereat or proceedings had shall be deemed to have been duly passed and had.

11.16 Instruments in Writing

All actions that may be taken and all powers that may be exercised by the Noteholders at a meeting held as provided in this Article 11 may also be taken and exercised by an instrument in writing signed in one or more counterparts by the Holders of more than 50%, in the case of an Ordinary Resolution, or more than 66⅔%, in the case of an Extraordinary Resolution, of the aggregate principal amount of the outstanding Notes, and the expressions "**Ordinary Resolution**" and "**Extraordinary Resolution**" when used in this Indenture shall include any instrument so signed.

11.17 Binding Effect of Resolutions

Subject to Section 11.18, every resolution passed in accordance with the provisions of this Article 11 at a meeting of Noteholders shall be binding upon all the Noteholders, whether present at or absent from such meeting, and every instrument in writing signed by Noteholders in accordance with Section 11.16 shall be binding upon all the Noteholders, whether signatories thereto or not, and each and every Noteholder and the Trustee (subject to the provisions for its remuneration, indemnification and protection herein contained) shall be bound to give effect accordingly to every such resolution and instrument in writing.

11.18 Serial Meetings

If any business to be transacted at a meeting of Noteholders or any action to be taken or power to be exercised by instrument in writing pursuant to Section 11.16 especially affects the rights of the Noteholders of one or more Series in a manner or to an extent substantially differing from that in which it affects the rights of the Noteholders of any other Series (as to which an opinion of Counsel shall be binding on the Issuer, Trustee and Noteholder), then:

(a) reference to such fact, indicating the Notes of each Series so especially affected, shall be made in the notice of such meeting and the meeting shall be and is herein called a "serial meeting";

(b) the Noteholders of a Series so especially affected shall not be bound by any action taken or power exercised at a serial meeting unless, in addition to the other provisions of this Article 11,

(i) there are present in person or represented by proxy at such meeting Holders of at least 25% (or, for the purpose of passing an Extraordinary Resolution, at least 50%) of the aggregate principal amount of the Notes of such Series then outstanding, subject to the provisions of this Article 11 as to adjourned meetings, and

(ii) the resolution is passed by the favourable votes of the Holders of more than 50% (or, in the case of an Extraordinary Resolution, more than 66⅔%) of the aggregate principal amount of Notes of such Series present or represented by proxy at the serial meeting; and

(c) the Holders of Notes of a Series so especially affected shall not be bound by any action taken or power exercised by instrument in writing under Section 11.16 unless, in addition to the other provisions of this Article 11, such instrument is signed in one or more counterparts by the Holders of more than 50%, in the case of an Ordinary Resolution, or more than 66⅔%, in the case of an Extraordinary Resolution, of the aggregate principal amount of the Notes of such Series then outstanding.

Notwithstanding anything herein contained, any covenant or other provision contained herein that is expressed to be effective only so long as any Notes of a particular Series remain outstanding may be modified by the required resolution or consent of the Holders of such Series in the same manner as if the Notes of such Series were the only Notes outstanding hereunder. In addition, if any business to be transacted at any meeting or any action to be taken or power to be exercised by instrument in writing does not adversely affect the rights of the Noteholders of one or more particular Series, the provisions of this Article 11 shall apply as if the Notes of such Series were not outstanding and no notice of any such meeting need be to given to the Noteholders of such Series.

11.19 Record Dates

If the Issuer shall solicit from the Holders any request, demand, authorization, direction, notice, consent, waiver or other action, the Issuer may, at its option, by or pursuant to a Certified Resolution, fix in advance a record date for the determination of such Holders entitled to provide such request, demand, authorization, direction, notice, consent, waiver or other action, but the Issuer shall have no obligation to do so. Any such record date shall be the record date specified in or pursuant to such Certified Resolution.

If such a record date is fixed, such request, demand, authorization, direction, notice, consent, waiver or other action may be given before or after such record date, but only the Holders of record at the close of business on such record date shall be deemed to be Holders for the purposes of determining whether Holders of the requisite proportion of Notes then outstanding have authorized or agreed or consented to such request, demand, authorization, direction, notice, consent, waiver or other act, and for this purpose the Notes then outstanding shall be computed as of such record date.

ARTICLE 12
NOTICES

12.1 Notice to the Issuer

Any notice to the Issuer under the provisions hereof shall be valid and effective if delivered to 4204 Industriel Blvd., Laval, Québec, H7L 0E3, Attention: Raymond Paré, or if sent by facsimile transmission (with receipt confirmed) at (450) 662-6648, and shall be deemed to have been validly given at the time of delivery or transmission if it is received prior to 4:00 p.m. on a Business Day, failing which it shall be deemed to have been given on the next Business Day. The Issuer may from time to time notify the Trustee of a change in address or facsimile number which thereafter, until changed by like notice, shall be the address or facsimile number of the Issuer for all purposes of this Indenture.

12.2 Notice to Noteholders

Unless otherwise expressly provided in this Indenture, any notice to Noteholders under the provisions hereof shall be valid and effective if in the case of Holders of registered Notes or a Global Note, it is delivered, sent by electronic communication or mailed postage prepaid, addressed to such Noteholders, at their addresses or electronic communication numbers, if any, appearing in any of the Registers hereinbefore mentioned and, subject as provided in this Section 12.2, shall be deemed to have been received at the time of delivery or sending by electronic communication or on the fifth Business Day after mailing. Any notice made by delivery or sent by electronic communication on a day other than a Business Day, or after 4:00 p.m. (Montréal time) on a Business Day, shall be deemed to be received on the next following Business Day. All notices to joint Holders of any Notes may be given to whichever one of the holders thereof is named first in the Registers hereinbefore mentioned, and any notice so given shall be sufficient notice to all Holders of such Note. In the event of a postal disruption, notice to Noteholders shall be given or sent by other appropriate means. Any notice to the Noteholders which are not registered Notes shall be valid and effective and deemed to have been received by all such holders if published once in a newspaper of general circulation published in Montréal, Québec and such other cities, if any, at which Registers in respect of such Notes are required to be kept.

12.3 Notice to the Trustee

Any notice to the Trustee under the provisions hereof shall be valid and effective if delivered to an officer of the Trustee at Computershare Trust Company of Canada, 1500 University, Suite 700, Montréal, Québec, H3A 3S8, Attention: Manager, Corporate Trust Department or if sent by facsimile transmission (with receipt confirmed) at (514) 982-7677, shall be deemed to have been validly given at the time of delivery or transmission if it is received prior to 4:00 p.m. on a Business Day, failing which it shall be deemed to have been given on the next Business Day. The Trustee may from time to time notify the Issuer of a change in address or facsimile number which thereafter, until changed by like notice, shall be the address or facsimile number of the Trustee for all purposes of this Indenture.

12.4 When Publication Not Required

If at any time a notice is required by this Indenture to be published in a particular city and no newspaper of general circulation is then being published and circulated on a daily basis in that city, the Issuer shall not be required to publish such notice in that city.

12.5 Waiver of Notice

Any notice provided for in this Indenture may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Noteholders shall be filed with the Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waivers.

ARTICLE 13
CONCERNING THE TRUSTEE

13.1 Indenture Legislation

(a) If and to the extent that any provision of this Indenture limits, qualifies or conflicts with a mandatory requirement of Indenture Legislation, such mandatory requirement shall prevail.

(b) The Issuer agrees that it will at all times in relation to this Indenture and any action to be taken hereunder observe and comply with and be entitled to the benefits of Indenture Legislation. The Trustee agrees that it will at all times in relation to this Indenture and any action to be taken hereunder observe and comply with and be entitled to the benefits of Indenture Legislation.

13.2 Corporate Trustee Required Eligibility

For so long as required by applicable Canadian law, there shall be a trustee under this Indenture. The Trustee shall at all times be a corporation organized under the laws of Canada or any province thereof and authorized under such laws and the laws of the Province of Québec to carry on trust business therein. If at any time the Trustee shall cease to be eligible in accordance with this Section 13.2, it shall resign immediately in the manner and with the effect hereinafter specified in this Article 13.

13.3 Certain Duties and Responsibilities of Trustee

In the exercise of the rights, powers and duties prescribed or conferred by the terms of this Indenture, the Trustee shall act honestly and in good faith and exercise that degree of care, diligence and skill that a reasonably prudent trustee would exercise in comparable circumstances, and shall duly observe and comply with the provisions of any legislation and regulations which relate to the functions or role of the Trustee as a fiduciary hereunder.

None of the provisions of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers nor shall the Trustee be so compelled pursuant to any provisions contained in this Indenture unless the Trustee is indemnified and funded as required in this Indenture.

The Trustee, upon the occurrence or at any time during the continuance of any act, action or proceeding, may require the Noteholders at whose instance it is acting to deposit with it Notes held by them, for which Notes the Trustee shall issue receipts.

Notwithstanding any other provisions of this Indenture to the contrary, every provision of this Indenture that by its terms relieves the Trustee of liability or entitles the Trustee to rely or act upon any evidence submitted to it is subject to the provisions of Indenture Legislation, this Section 13.3 and Section 13.4.

No provision of this Indenture shall operate to confer any obligation, duty or power on the Trustee in any jurisdiction in which it does not have the legal capacity required to assume, hold or carry out such obligation, duty or power. For the purposes of this Section 13.3, legal capacity includes, without limitation, the capacity to act as a fiduciary in such jurisdiction.

13.4 No Conflict of Interest

The Trustee represents to the Issuer that at the date of the execution and delivery of this Indenture there exists no material conflict of interest in the Trustee's role as a fiduciary hereunder. If at any time a material conflict of interest exists in respect of the Trustee's role as a fiduciary under this Indenture that is not eliminated within 90 days after the Trustee becomes aware that such a material conflict of interest exists, the Trustee shall resign from its duties under this Indenture by giving notice in writing of such resignation and the nature of such conflict to the Issuer at least 21 days prior to the date upon which such resignation is to take effect, and shall on such date be discharged from all further duties and liabilities hereunder. The validity and enforceability of this Indenture and any Notes shall not be affected in any manner whatsoever by reason only of the existence of a material conflict of interest of the Trustee.

13.5 Conditions Precedent to Trustee's Obligation to Act

The Trustee shall not be bound to give any notice or take any action or proceeding unless it is required to do so under the terms of this Indenture. The Trustee shall not be required to take notice of an Event of Default under this Indenture, other than in respect of payment of any money required by any provision of this Indenture to be paid to it, unless and until the Trustee is notified in writing of such Event of Default by any Noteholder or the Issuer. In the absence of such notice, the Trustee may for all purposes of this Indenture assume that no Event of Default has occurred.

The obligation of the Trustee to commence or continue any act, action or proceeding under this Indenture shall be conditional upon its receipt of the following:

(a) an Extraordinary Resolution, Ordinary Resolution, Noteholders' Request, requisition in writing, or such other notice or direction as is required pursuant to this Indenture, specifying the action or proceeding which the Trustee is requested, directed or authorized to take,

(b) sufficient funds to commence or continue such act, action or proceeding, and

(c) an indemnity satisfactory to the Trustee to protect and hold harmless the Trustee against the costs, charges, expenses and liabilities to be incurred thereby and any loss and damages it may suffer by reason thereof.

13.6 Replacement of Trustee

No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to this Section 13.6 shall become effective until the acceptance of appointment by the successor Trustee under Section 13.7.

The Trustee may resign its trust and be discharged from all further duties and liabilities hereunder by giving to the Issuer two months' notice in writing or such shorter notice as the Issuer may accept as sufficient. The Noteholders, by Extraordinary Resolution, shall have power at any time to remove the Trustee and to appoint a new trustee. The Issuer may remove the Trustee on three months' notice in writing to the Trustee or on such shorter notice as the Trustee may accept as sufficient. In the event of the

Trustee resigning or being removed as aforesaid or being dissolved, becoming bankrupt, going into liquidation or otherwise becoming incapable of acting hereunder, the Issuer shall forthwith appoint a new trustee unless a new trustee has already been appointed by the Noteholders; failing such appointment by the Issuer, the retiring Trustee, at the Issuers' expense, or any of the Noteholders may apply to any court of competent jurisdiction on such notice as such court may direct, for the appointment of a new trustee; but any new trustee so appointed by the Issuer or by the court shall be subject to removal as aforesaid by the Noteholders. Any new trustee appointed under any provision of this Section shall be a corporation authorized to carry on the business of a trust company in the Province of Québec and every other jurisdiction where such authorization is necessary to enable it to act as Trustee hereunder. On any new appointment the new trustee shall be vested with the same property powers, rights, duties and responsibilities as if it had been originally named herein as Trustee without any further assurance, conveyance, act or deed, but there shall be immediately executed at the expense of the Issuer, all such conveyances or other instruments as may, in the opinion of Counsel, be necessary or advisable for the purpose of assuring the same to the new trustee.

13.7 Acceptance of Appointment by Successor

Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to the Issuer, the Noteholders and to the retiring Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Trustee shall become effective and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts and duties of the retiring Trustee, but, on request of the Issuer, the successor Trustee, such retiring Trustee shall, upon payment of all amounts due under Section 7.1(e), execute and deliver an instrument transferring to such successor Trustee all the rights, powers and trusts of the retiring Trustee, and shall duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring Trustee hereunder subject to the claim provided for in Section 7.1(e). Upon request of any such successor Trustee, the Issuer shall execute any and all instruments for more fully and certainly vesting in and conforming to such rights, powers and trusts.

No successor Trustee shall accept its appointment unless at the time of such acceptance such successor Trustee shall be qualified and eligible under this Article 13.

13.8 Trustee May Deal in Notes

The Trustee may buy, sell, lend upon and deal in the Notes and generally contract and enter into financial transactions with the Issuer or otherwise, without being liable to account for any profits made thereby.

13.9 No Person Dealing with Trustee Need Inquire

No Person dealing with the Trustee shall be required to inquire as to whether the powers that the Trustee is purporting to exercise have become exercisable, or whether any amount remains due upon the Notes or to see to the application of any amount paid to the Trustee.

Any Securities or other instruments that may at any time be held by the Trustee subject to the terms hereof, will, upon receipt of a written direction from the Issuer, be invested in an Authorized Investment by the Trustee in its name in accordance with such direction. Any direction from the Issuer to the Trustee shall be in writing and shall be provided to the Trustee no later than 9:00 a.m. on the day on which the investment is to be made. Any such direction received by the Trustee after 9:00 a.m. or received on a day that is not a Business Day, shall be deemed to have been given prior to 9:00 a.m. on the next Business Day. For the purpose of this Section, "**Business Day**" shall not include any day on which

banks are not open for business in Montréal, Québec. For the purpose hereof, "**Authorized Investments**" means short term interest bearing or discount debt obligations that are direct obligations of Canada or an agency or instrumentality of Canada, a province of a Canada or a chartered bank (which may include a Trustee Affiliate or related party of the Trustee), provided that such obligation is rated, as applicable, at least in one of the three highest sub-categories of short-term debt of R1 (high), R1(mid) or R1(low) or for long term debt AA(low) or greater by DBRS or an equivalent rating by S&P or their respective successors.

In addition to any written direction to invest cash in an Authorized Investment, the Trustee may hold cash balances constituting part or all of the fund and may, but need not, invest same in its deposit department or the deposit department of any Trustee Affiliate, but the Trustee and its Trustee Affiliates shall not be liable to account for any profit to any parties to this Agreement or to any other person or entity other than at a rate, if any, established from time to time by the Trustee or any of its Trustee Affiliates. For the purpose of this Section, "**Trustee Affiliate**" means an affiliate of the Trustee within the meaning of the *Canadian Business Corporations Act*.

The Trustee shall not be held liable for any losses incurred in the investment of any funds in Authorized Investments. All interest or other income received by the Trustee in respect of any investment or deposit made pursuant to the provisions of this Section 13.9, shall belong to the Issuer, and unless and until the Trustee shall have declared the principal, interest and Premium on the Notes to be due and payable, the Trustee shall pay over to the Issuer all such interest and other income forthwith upon receipt thereof by the Trustee.

13.10 Trustee Not Required to Give Security

The Trustee shall not be required to give any bond or security in respect of the execution of the duties and powers of this Indenture or otherwise in respect of this Indenture.

13.11 Trustee Not Required to Possess Notes

All rights of action under this Indenture may be enforced by the Trustee without the possession of any of the Notes or the production thereof on any trial or other proceedings relative thereto.

13.12 Financial Statements

Following receipt of financial statements by the Trustee pursuant to this Indenture, the Trustee shall, while such statements are current, maintain custody of same and make same available for inspection by Noteholders upon reasonable request. No obligation shall rest with the Trustee to analyse such statements, or evaluate the performance of the Issuer as indicated by such financial statements, in any manner whatsoever.

13.13 Evidence of Compliance

The Issuer shall furnish to the Trustee forthwith evidence of compliance with the conditions specified in this Indenture relating to the issue, certification, authentication and delivery of Notes hereunder, the satisfaction and discharge of this Indenture or the taking of any other action to be taken by the Trustee at the request of or on the application of the Issuer. Such evidence shall consist of the following:

(a) an Officer's Certificate stating that such conditions have been complied with in accordance with the terms of this Indenture; and

(b) in the case of conditions, compliance with which are by this Indenture subject to review or examination by Counsel, an opinion of such Counsel that such conditions have been complied with in accordance with the terms of this Indenture, including any statements required by the applicable laws.

13.14 Form of Evidence

Evidence furnished to the Trustee which relates to a matter other than the issue, certification and delivery of Notes or the satisfaction and discharge of this Indenture may consist of or otherwise be in accordance with a report or opinion of any solicitor, auditor, accountant, engineer or appraiser or any other Person whose qualifications give authority to a statement made by such Person, but if such report or opinion is furnished by a director, officer or employee of the Issuer it shall be in the form of a statutory declaration or a certificate.

Evidence furnished to the Trustee pursuant to Section 13.13 or this Section 13.14 shall include:

(a) a statement by the Person giving the evidence declaring that such Person has read and understands the provisions hereof relating to the conditions precedent with respect to compliance with which such evidence is being given;

(b) a statement describing the nature and scope of the examination or investigation upon which the statements or opinions contained in the evidence are based; and

(c) a statement declaring that, in the belief of the Person giving the evidence, such Person has made such examination or investigation as is necessary to enable such Person to make the statements or give the opinions contained or expressed therein.

13.15 Certain Rights of Trustee

Subject to the provisions of Section 13.3,

(a) the Trustee may conclusively act and rely as to the truth of the statements and correctness of the opinions expressed in, shall not be bound to make any investigation into the facts or matters of, and shall be fully protected in acting or relying or refraining from acting upon, any resolution, certificate, statement, statutory declaration, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties;

(b) any request or direction of the Issuer shall be sufficiently evidenced by a request of the Issuer or order of the Issuer and any resolution of the Directors shall be sufficiently evidenced by a Certified Resolution;

(c) whenever in the administration of this Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee (unless other evidence is herein specifically prescribed) may, in the absence of bad faith on its part, rely and act upon an Officer's Certificate;

(d) the Trustee at the expense of the Issuer may consult with the Trustee counsel and such other experts and advisers as the Trustee believes is necessary to enable it to perform its duties hereunder, and the advice or opinion of the Trustee's counsel, experts or advisers

shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon;

(e) the Trustee shall not be under any obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Noteholders pursuant to this Indenture unless such Noteholders shall have offered to the Trustee sufficient security or indemnity against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction, and provisions of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section 13.15(e).

13.16 Merger, Conversion, Consolidation or Succession to Business

Any corporation into which the Trustee may be merged or with which it may be amalgamated or consolidated, or any corporation resulting from any merger, amalgamation or consolidation to which the Trustee shall be a party, or any corporation succeeding to all or substantially all the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder, provided such corporation shall be otherwise qualified and eligible under this Article 13, without the execution or filing of any instrument or any further act on the part of any of the parties hereto.

13.17 Action by Trustee to Protect Interests

The Trustee shall have power to institute and maintain such actions and proceedings as it may consider necessary or expedient to preserve, protect or enforce its interests and the interests of the Noteholders.

13.18 Intercreditor Agreement

The Trustee shall have the power to execute and deliver an accession agreement pursuant to which the Trustee agrees to be bound by the terms of the Intercreditor Agreement as a Creditor for and on behalf of the Noteholders and to execute and deliver all such other agreements, instruments or other documents as may be deem necessary or advisable to remain party to the Intercreditor Agreement or to comply with the provisions thereof.

13.19 Protection of Trustee

The Issuer shall indemnify and agrees to hold the Trustee, its directors, officers and employees harmless from and against any and all taxes, charges, costs, expenses, damages, claims, demands and liabilities to which they, or any of them, may become subject, including legal and accounting costs, for or in respect of anything done or omitted to be done in connection with this Indenture, except such as may arise from the negligence, willful misconduct or lack of good faith of the Trustee, its directors, officers and employees or the material breach of any term of this Indenture by the Trustee, its directors, officers and employees, such indemnification to survive the resignation or removal of the Trustee and the termination of this Indenture.

13.20 Authority to Carry on Business

The Trustee represents to the Issuer that, at the date of execution and delivery by it of this Indenture, it is authorized to carry on the business of a trust company in each of the provinces of Canada. If the Trustee ceases to be authorized to carry on such business in any province of Canada, the validity and enforceability of this Indenture and the Notes issued under this Indenture shall not be affected in any

manner whatsoever by reason only of such event, but within 90 days after ceasing to be authorized to carry on the business of a trust company in any province of Canada, the Trustee either shall become so authorized or shall resign in the manner and with the effect specified in Section 13.6.

13.21 Trustee Not Liable in Respect of Depository

The Trustee shall not have any liability whatsoever for as follows:

(a) any aspect of the records relating to or payments made on account of beneficial ownership interests in the Notes held by and registered in the name of a Depository;

(b) maintaining, supervising or reviewing any records relating to such beneficial ownership interests; or

(c) any advice or representation made or given by or with respect to a Depository and made or given herein with respect to rules of such Depository or any action to be taken by a Depository or at the direction of a Participant of a Depository.

13.22 Global Notes

Notes issued to a Depository in the form of a Global Note shall be subject to the following:

(a) the Trustee may deal with such Depository as the authorized representative of the beneficial owners of such Notes;

(b) the rights of the beneficial owners of such Notes shall be exercised only through such Depository and the rights of beneficial owners shall be limited to those established by applicable law and agreements between the Depository and the Participants and between such Participants and beneficial owners, and must be exercised through a Participant in accordance with the rules and procedures of the Depository;

(c) such Depository will make book-entry transfers among the direct Participants of such Depository and will receive and transmit distributions of principal, Premium and interest on the Notes to such direct Participants; and

(d) the direct Participants of such Depository shall have no rights under this Indenture or under or with respect to any of the Notes held on their behalf by such Depository, and such Depository may be treated by the Trustee and its agents, employees, officers and directors as the absolute owner of the Notes represented by such Global Note for all purposes whatsoever.

13.23 Trustee Appointed Attorney

The Issuer hereby irrevocably appoints the Trustee to be the attorney of the Issuer during the continuance of an Event of Default in the name and on behalf of the Issuer to execute any documents and to do any acts and things which the Issuer ought to execute and do, and has not executed or done, under the covenants and provisions contained in this Indenture and generally to use the name of the Issuer in the exercise of all or any of the powers hereby conferred on the Trustee, with full powers of substitution and revocation.

13.24 Acceptance of Duties

The Trustee hereby accepts the duties set out in this Indenture and agrees to perform the same upon the terms and conditions set forth in this Indenture and in trust for the Noteholders from time to time, subject to the terms and conditions of this Indenture.

13.25 No Liability for Certain Deposited Monies

The Trustee will bear no liability for monies deposited other than with the Trustee. The Trustee will disburse monies according to this Indenture only to the extent that monies have been deposited with it.

13.26 Third Party Interests

The Issuer hereby represents to the Trustee that any account to be opened by the Trustee in connection with this Indenture, for or to the credit of the Issuer, either (i) is not intended to be used by or on behalf of any third party, or (ii) is intended to be used by or on behalf of a third party in which case the Issuer hereby agrees to complete, execute and deliver forthwith to the Trustee a declaration, in the Trustee's prescribed form or in such other form as may be satisfactory to it, as to the particulars of such third party.

13.27 Anti-Money Laundering

The Trustee retains the right not to act and will not be liable for refusing to act if, due to a lack of information or for any other reason whatsoever, the Trustee, in its sole judgment and acting reasonably, determines that such act might cause it to be in non-compliance with any applicable anti-money laundering or anti-terrorist legislation, regulation or guideline. Further, should the Trustee, in its sole judgment and acting reasonably, determine at any time that its acting under this Indenture has resulted in its being in non-compliance with any applicable anti-money laundering or anti-terrorist legislation, regulation or guideline, then it will have the right to resign on 10 days' written notice to the Issuer or any shorter period of time as agreed to by the Issuer, provided that:

(a) the Trustee's written notice must describe the circumstances of such non-compliance; and

(b) if such circumstances are rectified to the Trustee's satisfaction within such 10 day period, then such resignation shall not be effective.

13.28 Currently Not Filing

The Issuer confirms that as at the date of execution of this Indenture it does not have a class of securities registered pursuant to Section 12 of the U.S. Securities Exchange Act or have a reporting obligation pursuant to Section 15(d) of the U.S. Securities Exchange Act. The Issuer covenants that in the event that (a) any class of its securities becomes registered pursuant to Section 12 of the U.S. Securities Exchange Act or the Issuer incurs a reporting obligation pursuant to Section 15(d) of the U.S. Securities Exchange Act, or (b) any such registration or reporting obligation will be terminated by the Issuer in accordance with the U.S. Securities Exchange Act then the Issuer will promptly deliver to the Trustee an Officer's Certificate (in a form provided by the Trustee) notifying the Trustee of such registration or termination and such other information as the Trustee may require at the time, acting reasonably. The Issuer acknowledges that the Trustee is relying upon the foregoing representation and covenants in order to meet certain U.S. Securities and Exchange Commission obligations with respect to those clients who are filing with the U.S. Securities and Exchange Commission.

ARTICLE 14
SUPPLEMENTAL INDENTURES AND CORRECTIONS

14.1 Supplemental Indentures

From time to time the Issuer (when authorized by a resolution of its Directors) and the Trustee may, subject to the provisions of this Indenture, execute and deliver Supplemental Indentures, which thereafter shall form part hereof, or may take any other action for any one or more of the following purposes:

(a) creating any Notes and establishing the terms of any Notes and the terms and denominations in which such Notes may be issued as provided in Article 2;

(b) adding to the covenants of the Issuer or otherwise amending the terms hereof if in the opinion of the Trustee, relying on an opinion of Counsel, such addition or amendment will not be prejudicial to the interests of the Noteholders generally;

(c) evidencing the succession (or successive successions) of another Issuer to the Issuer and the obligations assumed by such Successor in accordance with the provisions of this Indenture;

(d) adding to or altering the provisions hereof in respect of the registration and transfer of Notes, making provision for the issue of Notes in forms or denominations other than those herein provided for and for the exchange of Notes of different forms and denominations, and making any modifications in the forms of the Notes which in the opinion of the Trustee, relying on an opinion of Counsel, do not affect the substance thereof;

(e) making any additions to, deletions from or alterations of the provisions of this Trust Indenture which the Issuer may deem necessary or advisable in order to facilitate the sale of the Notes and which, in the opinion of the Trustee, relying on an opinion of Counsel, do not adversely affect in any substantial respect the interests of the Noteholders, or any Series or maturity thereof then outstanding, including provision for the appointment of an additional trustee or a co-trustee in any jurisdiction, as would be required to comply with the provisions relating to trust indentures contained in any corporations act, securities act, trust indenture act or similar legislation in any jurisdiction in which the Issuer may desire to sell the Notes;

(f) making any additions to, deletions from or alterations of the provisions of this Trust Indenture, and in particular but without limitation Article 13 hereof, which in the opinion of Counsel may from time to time be necessary or advisable to conform to the Indenture Legislation;

(g) making such provisions not inconsistent with this Indenture as may be necessary or desirable with respect to matters or questions arising hereunder including the making of any modification in the forms of the Notes, that do not affect the substance thereof and which in the opinion of the Trustee it may be expedient to make, if in the opinion of the Trustee, relying on an opinion of Counsel, such provisions or modification will not be prejudicial to the interests of the Noteholders generally;

(h) providing for the issue, as permitted hereby, of Notes of one or more Series; and

(i) giving effect to any Ordinary Resolution or Extraordinary Resolution.

14.2 Corrections

The Trustee may also, without the consent or concurrence of the Noteholders, by Supplemental Indenture or otherwise, concur with the Issuer in making any changes or corrections in this Indenture that it shall have been advised by Counsel are required for the purpose of curing or correcting any ambiguity or defective or inconsistent provision or clerical omission or mistake or manifest error contained herein or in any Supplemental Indenture, provided that the rights of the Noteholders are in no way adversely affected thereby.

14.3 Effect of Supplemental Indentures

Upon the execution of any Supplemental Indenture, this Indenture shall be modified in accordance therewith, such Supplemental Indenture shall form a part of this Indenture for all purposes, and every Noteholder shall be bound thereby. Any Supplemental Indenture may contain terms which add to, modify or negate any of the terms contained in this Indenture, and to the extent that there is any difference between the terms of this Indenture and the terms contained in a Supplemental Indenture, the terms contained in the Supplemental Indenture shall be applicable to the Notes to which such Supplemental Indenture relates and the corresponding terms contained in this Indenture shall not be applicable unless otherwise indicated in such Supplemental Indenture.

14.4 Execution of Supplemental Indentures

In executing or accepting any Supplemental Indenture permitted by this Indenture or the modifications thereby of this Indenture, the Trustee shall be entitled to receive, and shall be fully protected in relying upon, an opinion of Counsel stating that the execution of such Supplemental Indenture is authorized or permitted by this Indenture. The Trustee may, but shall not be obligated to, enter into any such Supplemental Indenture which affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

14.5 Reference in Securities to Supplemental Indentures

Securities of any Series authenticated and delivered after the execution of any Supplemental Indenture pursuant to this Article may, and shall if required by the Trustee, bear a notation in form approved by the Trustee as to any matter provided for in such Supplemental Indenture.

ARTICLE 15
EXECUTION

15.1 Counterparts and Formal Date

This Indenture may be executed in several counterparts, each of which, when so executed shall be deemed to be an original, and such counterparts together shall constitute one and the same instrument and notwithstanding their date of execution shall be deemed to bear date as of November 1, 2012.

[*signature page is next*]

IN WITNESS WHEREOF, the parties hereto have executed this Indenture.

ALIMENTATION COUCHE-TARD INC.

By : *(signed) Raymond Paré*
Name: Raymond Paré
Title: Vice-President and Chief Financial Officer

By : *(signed) Sylvain Aubry*
Name: Sylvain Aubry
Title: Senior Director, Legal Affairs and Corporate Secretary

COMPUTERSHARE TRUST COMPANY OF CANADA

By : *(signed) Sophie Brault*
Name: Sophie Brault
Title: Corporate Trust Officer

By : *(signed) Fabienne Pinatel*
Name: Fabienne Pinatel
Title: Corporate Trust Officer

SCHEDULE "A"
INITIAL GUARANTORS

Dépan-Escompte Couche-Tard Inc.
Couche-Tard Inc.
Mac's Convenience Stores Inc.
Circle K Stores Inc.
Mac's Convenience Stores LLC
Circle K Delaware Inc.
The Circle K Corporation
9121-2738 Québec Inc.
7724080 Canada Inc.
8057575 Canada Inc.
Circle K Terminal LLC
Mac's Luxembourg S.A.
8147507 Canada Inc.
Société en commandite ACT
Couche-Tard U.S. Inc.
Couche-Tard Luxembourg S.à.r.l.
Couche-Tard Norway AS
Couche-Tard Norway GP ANS
Statoil Fuel & Retail AS
Statoil Fuel & Retail Norge AS
Statoil Detaljist AS
Statoil Fuel & Retail Aviation AS
Statoil Polen Invest AS
Statoil Fuel & Retail A/S
Statoil Polen Holding A/S
Statoil AB
Statoil Fuel & Retail Sverige AB
Statoil Poland Sp Z.o.o.
Statoil Fuel & Retail Eesti AS
SIA Statoil Fuel & Retail Latvia
UAB Lietuva Statoil
OOO Statoil Energy & Retail Russia
OOO Statoil Nefto
OOO Statoil Retail Operations

SCHEDULE "B"
FORM OF GUARANTEE

(see attached)

GUARANTEE AGREEMENT

- among -

THE SEVERAL GUARANTORS SET FORTH IN SCHEDULE "A" HERETO
as Guarantor

- and -

COMPUTERSHARE TRUST COMPANY OF CANADA
as Trustee

- and -

ALIMENTATION COUCHE-TARD INC.
as Issuer

Dated as of November 1, 2012

GUARANTEE AGREEMENT entered into at Montréal, Province of Québec, dated as of November 1, 2012.

AMONG: **THE SEVERAL GUARANTORS SET FORTH IN SCHEDULE "A" HERETO**, as Guarantors (the "**Guarantors**" and each as a "**Guarantor**");

AND: **COMPUTERSHARE TRUST COMPANY OF CANADA**, as Trustee (the "**Trustee**");

AND: **ALIMENTATION COUCHE-TARD INC.**, as Issuer (the "**Issuer**");

WHEREAS the Issuer and the Guarantors (collectively, the "**Obligors**" and each as an "**Obligor**") are all part of a common business enterprise;

WHEREAS the Issuer and the Trustee entered into a Trust Indenture dated as of November 1, 2012 (as the same may be supplemented, amended, restated or replaced from time to time, the "**Trust Indenture**") pursuant to which senior unsecured notes (the "**Notes**") may be issued from time to time;

WHEREAS in accordance with the terms of the Trust Indenture, the holders of the Notes from to time to time (the "**Noteholders**") and the Trustee will be relying upon the covenants and guarantees of the Obligors set forth herein;

NOW, THEREFORE, for good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, the parties hereto have agreed as follows:

ARTICLE 1
INTERPRETATION

1.1 **Definitions**.

The capitalized words and expressions, wherever used in this Agreement, in its Schedules or in any deed or agreement supplemental or ancillary hereto, unless otherwise defined in Schedule "B" hereof or unless there is something in the subject or the context inconsistent therewith, shall have the meanings ascribed thereto from time to time in the Trust Indenture.

1.2 **Preamble**.

The preamble of this Agreement shall form an integral part hereof, as if at length recited herein.

1.3 **General Interpretation**.

Unless there is something in the subject or the context inconsistent therewith, words importing the singular only shall include the plural and vice versa, and words importing the masculine gender shall include the feminine gender, and vice versa, and all references to dollars shall mean Canadian Dollars.

1.4 **Division into Articles**.

The division of this Agreement into Articles, Sections, subsections, paragraphs and subparagraphs and the

insertion of titles are for convenience of reference only and do not affect the meaning or the interpretation of this Agreement.

1.5 **Governing Law**.

This Agreement and the interpretation and enforcement thereof shall be governed by and in accordance with the Laws of the Province of Québec and the federal Laws of Canada applicable therein.

1.6 **Waiver of Jury Trial**.

Each party hereto hereby waives any right it may have to a trial by jury of any dispute arising under or relating to this Agreement and agrees that any such dispute shall be tried before a judge sitting without a jury.

1.7 **Submission to Jurisdiction**.

Each of the parties hereto irrevocably submits to the non-exclusive jurisdiction of the Courts of the Province of Québec sitting in the judicial district of Montréal with respect to any matter arising hereunder or in relation herewith. The parties hereto irrevocably waive any objections on the ground of venue or *forum non conveniens* or any similar grounds. The parties hereto irrevocably consent to service of process by mail or in any other manner permitted by applicable Law.

1.8 **Election of Domicile**.

For the purposes of notification under this Agreement, the Obligors shall at all times designate an Obligor to act as an agent for service of process in the Province of Québec and, upon such designation, the Obligors shall be deemed for notification purposes hereunder to have elected domicile at the address of such Obligor acting as an agent for service of process. Such Obligor acting as agent shall be:

Name:	Alimentation Couche-Tard Inc.
Address:	Alimentation Couche-Tard Inc. 4204 Industriel Blvd. Laval, Québec H7L OE3
To the attention of:	Raymond Paré
Telecopier:	(450) 662-6648

(or such other address in the Province of Québec as the Obligors may notify to the Trustee) and the Obligors may at any time appoint an alternate Obligor to act as agent for service of process (such Obligor to be acceptable to the Trustee) provided, however, that the Obligors notify the Trustee in writing of the address of such Obligor acting as agent upon each substitution, and any writ, judgment or other notice of legal process shall be sufficiently served on the Obligors and each one thereof if delivered to such Obligor acting as agent at its address for the time being. If for any reason, such Obligor acting as agent no longer serves as agent of the Obligors to receive service of process, the Obligors shall promptly appoint another Obligor acting as agent and advise the Trustee thereof.

ARTICLE 2
GUARANTEE

2.1 **Object of Guarantee**.

The Guarantors, solidarily and jointly and severally, hereby irrevocably, absolutely and unconditionally guarantee to the Guaranteed Parties, the due and punctual payment, observance and performance of all of the Obligations when and as due (whether at maturity, by reason of acceleration or otherwise) and in accordance with their respective terms, and the Guarantors expressly agree so to pay, observe or perform the same when so due or deemed to be due, upon demand therefor by the Trustee.

2.2 **Consideration for Guarantors**.

Each of the Guarantors acknowledges that it has made this Guarantee to induce the Noteholders to purchase the Notes issued by the Issuer and that the Guaranteed Parties are purchasing the Notes in reliance upon this Guarantee and would not purchase same without the appropriate execution and delivery of this Guarantee. Each of the Guarantors represents and warrants that this Guarantee may reasonably be expected to benefit it directly or indirectly.

2.3 **Nature of the Obligors' Obligations**.

The Guarantors' obligations hereunder are solidary, joint and several, absolute and unconditional, present and continuing, unlimited, general and irrevocable and constitute a guarantee of payment and performance and not merely a guarantee of collection. The obligations of the Guarantors hereunder are independent of the Obligations, and a separate action may be brought or prosecuted against all or any one of the Guarantors to enforce this Guarantee.

2.4 **Manner of Payment**.

Upon receipt of a written demand from the Trustee, the Guarantors shall make payment forthwith of any amount due and payable in the same currency as that in which the relevant Obligations are then outstanding, in funds immediately available to the Trustee. Subject to the following sentence, any amount payable by any Guarantor under this Guarantee which is not paid forthwith upon demand therefor will bear interest from the date of such demand until paid in full at the rate or rates applicable to such Obligations under the applicable Notes Instruments. The intention of the parties is that no more interest will accrue or be demanded from any Guarantor than is owing by any other Guarantor as part of the Obligations. All payments hereunder shall be made to the Trustee no later than fifteen (15) days after a demand is made hereunder.

2.5 **No Reduction in Payment or Performance**.

All payments due to the Guaranteed Parties hereunder and all of the other terms, conditions, covenants and agreements to be observed or performed by the Guarantors hereunder, whether in respect of the Obligations or otherwise, shall be made, observed or performed by the Guarantors without any reduction whatsoever, including, without limitation, any reduction resulting from any defence, right of action, right of set-off or compensation, right of recoupment or counterclaim of any nature whatsoever that the Issuer or the Guarantors, as the case may be, may have or have had at any time against a Guaranteed Party or any other Person whether with respect to this Agreement, the Trust Indenture, any other Notes Instruments or otherwise other than the prior payment, in accordance with the terms of the Notes Instruments, of the Obligations (or the relevant portion thereof).

2.6 **Imputation of moneys received in reduction of Obligations**.

Notwithstanding every legal rule concerning the imputation of payments, all sums of money received from any Guarantor pursuant to the provisions of this Article 2, shall be applied in reduction of the Obligations as provided in the Notes Instruments. No Guarantor shall be subrogated to the rights of the Guaranteed Parties as long as they have not received the full, final and definitive amount of their claim against the Issuer and the Guarantors, as the case may be, with respect to all of the Obligations.

2.7 **Irregularity in payments of no effect on obligations of the Obligors**.

All sums of money, advances, commitments and undertakings related to the Obligations effectively obtained from the Guaranteed Parties by the Issuer or any Guarantor pursuant to the Trust Indenture or otherwise, shall be considered as being part of the Obligations, notwithstanding any irregularity, defect or flaw in the obtaining of such sums of money, advances, commitments and undertakings, whether or not the Guaranteed Parties, or any one thereof, were aware of the same, it being expressly understood that any sum which cannot be recovered from the Guarantors as guarantors hereunder for reasons of voidness of the principal obligation, may be recovered from the Guarantors and any one thereof as sole or principal debtor and shall be payable to the Trustee, for the benefit of the Guaranteed Parties upon demand therefor by the Trustee.

2.8 **No Release of the Guarantors**.

Save and except for, and only upon the cancellation or the redemption in full of the Notes and the receipt by the Guaranteed Parties of the full, final and definitive amount of their claim against the Issuer, with respect to the Obligations, the obligations of the Guarantors hereunder shall not be reduced, limited or terminated, nor shall the Guarantors be discharged from any obligation hereunder, for any reason whatsoever including, but not limited to (and whether or not the same shall have occurred or failed to occur once or more than once and, in the case of extensions of time for payment, observance or performance of obligations, whether such extensions or any of them are for periods longer than the respective periods then specified therefor and whether or not the Guarantors or any one thereof shall have received notice thereof or assented thereto):

2.8.1 any extension of the time for payment, observance or performance, or any other amendment or modification of any of the terms and conditions of the Obligations or the Notes Instruments;

2.8.2 any composition or settlement (whether by way of release, acceptance of a plan of reorganization or otherwise) of the Obligations;

2.8.3 any failure to exercise, delay in the exercise of, exercise or waiver of, or forbearance or other indulgence with respect to any rights, remedies and/or recourses available to the Guaranteed Parties, including but not limited to:

2.8.3.1 any exercise of or failure to exercise any right of set-off, compensation, recoupment or counterclaim;

2.8.3.2 any election of rights, remedies and/or recourses effected by the Guaranteed Parties;

2.8.3.3 any subordination by operation of Law, whether present or future, of any or all of the Obligations; and

2.8.3.4 any other act or failure to act which varies the risks of the Guarantors hereunder or, but for the provisions hereof, under the terms of any Law, would operate to reduce, limit or terminate the obligations of the Guarantors from any obligation hereunder.

2.9 **Certain Waivers**.

Each of the Guarantor hereby waives:

2.9.1 any benefit of discussion or division including, without limitation, any requirement, and any right to require, that any power be exercised or any action be taken against any other Obligor or any collateral for any of the Obligations;

2.9.2 any and all defences to and set-offs, counterclaims and claims of recoupment against any and all of the Obligations that may at any time be available to the Guarantors;

2.9.3 notice of acceptance of the incurrence or renewal of any Obligations;

2.9.4 all notices which may be required by Law to preserve any rights against such Guarantor hereunder including, but not limited to, any notice of default, demand, dishonour, presentment and protest;

2.9.5 any defence based upon, arising out of or in any way related to:

2.9.5.1 any claim that any election of remedies by the Guaranteed Parties impaired, reduced, released or extinguished any rights that such Guarantor might otherwise have had against any other Obligor; and

2.9.5.2 any claim that the Obligations should be strictly construed against the Guaranteed Parties; and

2.9.6 any and all other defences related to the Obligations, save and except, and only upon the cancellation or redemption in full of the Notes, that the Guaranteed Parties have received the full, final and definitive amount of their claim against the Obligors with respect to the Obligations.

2.10 **No Release in Event of Bankruptcy**.

No settlement or discharge of the Obligations shall be effective if any payment by any of the Obligors in respect thereof is avoided or reduced by virtue of any provision or enactment relating to bankruptcy, insolvency, liquidation or similar Laws of general application from time to time, and if such payment is so avoided or reduced, the Guaranteed Parties shall be entitled to recover the amount of such payment as if such settlement or discharge had not occurred.

2.11 **Additional Security**.

This Guarantee shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Guaranteed Parties or any one thereof. None of the Guaranteed Parties shall be under any obligation to marshal any such security or any of the funds or assets the Guaranteed Parties or

any one thereof may be entitled to receive or have a claim upon.

2.12 **Continuing Liability of Obligors**.

The Obligations shall be deemed not to have been paid, observed or performed, and the liability of each of the Guarantors hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Issuer or any Guarantor, or out of the proceeds of any collateral (collectively referred to herein as the "**Disgorged Amount**"), is recovered from or reimbursed by or for the account of the Guaranteed Parties for any reason, including, but not limited to, a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by the Guaranteed Parties (whether or not consented to by the Issuer or any Guarantor) of any claim for any such recovery or payment over. Each of the Obligors hereby expressly waives the benefit of any applicable Law of limitations and agrees that it shall be liable hereunder whenever such a recovery or payment ever occurs.

2.13 **Rights of Subrogation, etc**.

None of the Guarantors will enforce any right that it may at any time have against any other Obligor or any collateral for any of the Obligations, including, but not limited to, rights of subrogation, exoneration, reimbursement and contribution and whether arising by operation of Law or otherwise, until all of the Obligations have been paid, observed and performed in full, except that this Section 2.13 shall not apply to routine acts, such as the giving of notices and the filing of continuation statements, necessary to preserve any such rights. Notwithstanding the fact that at such time any of the Guarantors may be subrogated to all or any part of the Obligations or have existing rights of exoneration, reimbursement, contribution or similar rights, the Guaranteed Parties may from time to time take or refrain from taking any and all of the actions referred to in Section 2.8 and such Guarantor hereby releases the Guaranteed Parties from any and all claims arising therefrom, connected therewith or in any way related thereto.

2.14 **Continuance of Guarantee**.

Subject to Section 2.12, this Guarantee shall continue in full force and effect until the payment, observance and performance in full of the Obligations and the cancellation or the redemption in full of the Notes, provided however that where at any time the Guaranteed Parties or any one thereof is required to pay over any Disgorged Amount, the Guaranteed Parties or any one thereof shall be permitted to make a claim therefor under the provisions of Section 2.12.

2.15 **Reasonableness of Waivers, Renunciations, Declarations and Authorizations**.

Each of the Obligors warrants and agrees with the Guaranteed Parties (herein acting and represented by the Trustee) that each of the waivers, renunciations, declarations and authorizations set forth in this Guarantee is made with full knowledge of its significance and consequences and each of the Obligors and the Guaranteed Parties (herein acting and represented by the Trustee) hereby warrants and agrees that if any of such waivers, renunciations, declarations and authorizations is determined to be contrary to any applicable Law or public policy, such waivers, renunciations, declarations and authorizations shall be effective only to the maximum extent permitted by Law.

2.16 **Authority to Modify Obligations**.

Each of the Guarantors expressly authorizes the Guaranteed Parties or any one thereof, at any time and from time to time, without notice and without affecting the liability of such Guarantor hereunder, to:

2.16.1 alter the terms of all or any part of the Obligations and any security and guarantees therefor including, without limitation, modification of times for payment and rates of interest and increases to the amount of the Obligations;

2.16.2 accept new or additional instruments, documents, agreements, security or guarantees in connection with all or any part of the Obligations;

2.16.3 accept partial payments on the Obligations;

2.16.4 waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Trustee (for the Guaranteed Parties) in its discretion may determine;

2.16.5 release the Issuer, any of the Guarantors or any other Person from any personal liability with respect to all or any part of the Obligations; and

2.16.6 otherwise amend the provisions of any Notes Instrument.

2.17 **Limitation on Obligations of Luxembourg Guarantors**.

2.17.1 The parties to this Agreement acknowledge and agree that, notwithstanding any other provisions of this Agreement, the aggregate obligations and liabilities of Mac's Luxembourg S.A:

2.17.1.1 shall not include any payment which, if made, would either constitute a misuse of corporate assets as defined under article 171-1 of the Luxembourg law of August 10, 1915, concerning commercial companies, as amended (the "**LSC**") or amount to prohibited financial assistance as provided in article 49-6 of the LSC; and

2.17.1.2 shall be limited to the aggregate of 95% of the net assets of Mac's Luxembourg S.A., where the net assets means the shareholders' equity (*capitaux propres*, as referred to in article 34 of the Luxembourg law of December 19, 2002, on the commercial register and annual accounts, as amended) of Mac's Luxembourg S.A. as shown in (x) the latest interim financial statements available, as approved by the board of directors of Mac's Luxembourg S.A. and existing as of the date on which Mac's Luxembourg S.A. executes this Agreement, or, if net assets of Mac's Luxembourg S.A. are determined to be higher on the date of any payment by Mac's Luxembourg S.A. under this Section 2.17, then such payment date (such date, the "**Mac's Luxembourg Applicable Date**"), or (y) if the interim financial statements are not available, the latest financial statements (*comptes annuels*) available at the Mac's Luxembourg Applicable Date, as approved by the shareholders of Mac's Luxembourg S.A., as audited by its statutory auditor or its external auditors (*réviseur d'entreprises*), if required by law, or (z) in the absence of such financial statements, the pro forma balance sheet of Mac's Luxembourg S.A.;

provided that, to the extent any change in Luxembourg law would allow the Guarantee provided by Mac's Luxembourg S.A.to be for an amount greater than the amount provided for in this Section 2.17, this Section 2.17 shall be automatically adjusted and construed as referring to such greater amount.

2.17.2 The parties to this Agreement acknowledge and agree that, notwithstanding any other provisions of this Agreement, the aggregate obligations and liabilities of Couche-Tard Luxembourg S.à.r.l. shall be limited to the aggregate of 95% of the net assets of Couche-Tard Luxembourg S.à.r.l., where the net assets means the shareholders' equity (*capitaux propres*, as referred to in article 34 of the Luxembourg law of December 19, 2002, on the commercial register and annual accounts, as amended) of Couche-Tard Luxembourg S.à.r.l. as shown in (x) the latest interim financial statements available, as approved by the board of managers of Couche-Tard Luxembourg S.à.r.l. and existing as of the date on which Couche-Tard Luxembourg S.à.r.l. executes this Agreement, or, if net assets of Couche-Tard Luxembourg S.à.r.l. are determined to be higher on the date of any payment by Couche-Tard Luxembourg S.à.r.l. under this Section 2.17, then such payment date (such date, the " **Couche-Tard Luxembourg Applicable Date**"), or (y) if the interim financial statements are not available, the latest financial statements (*comptes annuels*) available at the Couche-Tard Luxembourg Applicable Date, as approved by the shareholders of Couche-Tard Luxembourg S.à.r.l., as audited by its statutory auditor or its external auditors (*réviseur d'entreprises*), if required by law, or (z) in the absence of such financial statements, the pro forma balance sheet of Couche-Tard Luxembourg S.à.r.l., provided that none of the restrictions in this Section 2.17.2 shall apply to proceeds of the Trust Indenture which shall either directly or indirectly benefit to Couche-Tard Luxembourg S.à.r.l., whether by way of equity injections or intra-group loans, and provided further that to the extent any change in Luxembourg law would allow the Guarantee provided by Couche-Tard Luxembourg S.à.r.l. to be for an amount greater than the amount provided for in this Section 2.17, this Section 2.17 shall be automatically adjusted and construed as referring to such greater amount.

2.18 **Limitation on Obligations of Norwegian Guarantors**.

Notwithstanding any provision to the contrary in this Agreement and the Trust Indenture, the Obligations of any Guarantor incorporated under the laws of Norway, whether in its capacity as Guarantor or security provider, shall be limited to the extent necessary to comply with mandatory provisions of Sections § 8-7, § 8-10 and § 3-8 of the *Norwegian Limited Liability Act* (act of 13 June 1997 no. 44), regarding unlawful financial assistance and other restrictions on a company's ability to grant guarantees, loans or securities in favour of shareholder(s) or other group companies for the benefit of Guaranteed Parties.

2.19 **Limitation on Obligations of Danish Guarantors**.

Notwithstanding any provision to the contrary in this Guarantee Agreement and the Trust Indenture, the Obligations of any Danish Guarantor shall be deemed not to be assumed and shall not extend to include any obligations or liabilities if this would constitute a breach of the financial assistance prohibitions contained in Sections 206 through 212 of the *Danish Companies Act* (Consolidated Act No. 322 of 11 April 2011 as amended and supplemented from time to time).

Notwithstanding any provision to the contrary in this Guarantee Agreement and the Trust Indenture, the Guarantee Obligations of any Danish Guarantor shall be further limited so that the maximum amount payable by that Danish Guarantor in respect of the Guarantee Obligations will be limited to an amount equal to:

(i) the higher of that Danish Guarantor's equity as at (a) the date of this Guarantee Agreement and (b) the Guarantee Demand Date calculated in accordance with generally accepted Danish accounting principles (consistently applied) at that time; plus

(ii) that Danish Guarantor's Obligor Indirect Borrowings as at the Guarantee Demand Date; plus

(iii) that Danish Guarantor's Subsidiary Indirect Borrowings as at the Guarantee Demand Date.

For the sole purpose of this section, the following terms shall have the meaning prescribed hereinafter:

The reference to "**Danish Guarantor**" means a Guarantor incorporated under the laws of Denmark.

The reference to "**Guarantee Demand Date**" in this section means the date upon which a Guaranteed Party makes written demand upon the relevant Danish Guarantor to make payment in respect of their Guarantee Obligations under any of the Notes Instruments and in particular this Guarantee Agreement.

The reference to "**Guarantee Obligations**" in this section means the relevant Danish Guarantor's obligations and liabilities under this Guarantee Agreement and under any other guarantee, indemnity, collateral, subordination of rights and claims, subordination or turnover of rights of recourse, application of proceeds and any other means of direct and indirect financial assistance in a Notes Instrument.

The reference to "**Obligor Indirect Borrowings**" in this section means, in respect of any intercompany loan owing by a Danish Guarantor to the Issuer and originally obtained by the Issuer under the Trust Indenture and on-lent by the Issuer to that Danish Guarantor, the amounts outstanding at the time when a claim for payment is made plus any accrued and unpaid interest, costs and fees in respect of or attributable to that intercompany loan, provided always that any payment made by that Danish Guarantor under this Guarantee Agreement in respect of such obligations shall reduce *pro tanto* the outstanding amount of the intercompany loan owing by that Danish Guarantor.

The reference to "**Subsidiary**" in this section has the meaning given to it in the Trust Indenture.

The reference to "**Subsidiary Indirect Borrowings**" of a Subsidiary of a Danish Guarantor means in respect of any intercompany loan owing by that Subsidiary to the Issuer and originally obtained by the Issuer under the Trust Indenture and on-lent by the Issuer to that Subsidiary the amounts outstanding at the time when a claim for payment is made plus any accrued and unpaid interest, costs and fees in respect of or attributable to that intercompany loan of that Subsidiary.

2.20 **Limitation on Obligations of Swedish Guarantors**.

Notwithstanding any provision to the contrary in this Guarantee Agreement and the Trust Indenture, the Obligations of any Guarantor under the laws of Sweden shall be limited to the extent necessary to comply with the provisions of the *Swedish Companies Act* (Sw. Aktiebolagslagen (2005:551)) regulating unlawful dividends or distribution of assets (Chapter 17, Sections 1-4) (or their equivalents from time to time), and (ii) unlawful financial assistance (Chapter 21, Section 5) (or its equivalent from time to time), and it is understood that the liability as a Guarantor under this Guarantee Agreement only applies to the extent permitted by the above mentioned provisions of the *Swedish Companies Act*.

2.21 **Limitation on Obligations of Polish Guarantors**.

Notwithstanding any provision to the contrary in this Guarantee Agreement and the Trust Indenture, the Obligations of any Guarantor under the laws of Poland shall be limited to the extent necessary to comply with the mandatory provisions of Polish law, including the *Polish Commercial Partnerships and Companies Code*, relating in particular to unlawful distribution of dividends or assets, anti-money laundering regulations, and application of Polish law in case the rules of the governing laws of this Guarantee Agreement are considered to be manifestly incompatible with the Polish public policy.

2.22 **Limitation on Obligations of Estonian Guarantors**.

Notwithstanding any provision to the contrary in this Guarantee Agreement and the Trust Indenture, the Obligations of the Estonian Guarantor arising from the Guarantee and the Trust Indenture shall be only valid provided that (and only to the extent) undertaking such guarantee and indemnity obligations by Estonian Guarantor would not contravene any mandatory prohibition under Estonian laws and would be in full compliance with the mandatory provisions of the Estonian Commercial Code (in Estonian: *äriseadustik*) regarding unlawful financial assistance (including prohibited loans, security and guarantees) and unlawful distribution of assets (including profits/dividends) and would not constitute a harmful transaction that may result in personal liability of members of the management or supervisory board of Estonian Guarantor. For the avoidance of doubt, no claims may be submitted by any party against the Guarantor under this Guarantee Agreement and the Trust Indenture where guaranteeing or securing by Estonian Guarantor of any payment or other obligation for the benefit of the guaranteed parties would contravene any mandatory prohibition or provision under Estonian law or would constitute a harmful transaction that may result in personal liability of members of the management or supervisory board of Estonian Guarantor, irrespective of the fact that the Estonian Commercial Code may consider such prohibited guarantee or security valid.

2.23 **Limitation on Obligations of Latvian Guarantors**.

Notwithstanding any provision to the contrary in this Guarantee Agreement and the Trust Indenture, the Obligations of any Guarantor as a limited liability company incorporated in Latvia shall be limited to the extent necessary to comply with mandatory provisions of Latvian law (Article 241 of the *Commercial Law of Latvia*, in Latvian – *Komerclikums*) regarding unlawful financial assistance and other restrictions on company's ability to directly or indirectly finance acquisition of its shares, should Article 241 of the Commercial Law of Latvia be deemed to apply to a limited liability company.

2.24 **Limitation on Obligations of Lithuanian Guarantors**.

Notwithstanding any provision to the contrary in this Guarantee Agreement and the Trust Indenture, the Obligations of any Guarantor under the laws of Lithuania shall be limited to the extent necessary to comply with mandatory provisions of Article 44 Par 9 of the *Law on Companies of the Republic of Lithuania* regarding unlawful financial assistance and other restrictions on company's ability to directly or indirectly finance acquisition of its shares, and other mandatory provisions regulating unlawful distribution of assets (including profits/dividends).

2.25 **Limitation on Obligations of Russian Guarantors**.

Notwithstanding any provision to the contrary in this Guarantee Agreement and the Trust Indenture, the Obligations of the Russian Guarantor shall be limited to the extent of its assets value as prescribed by the Russian Civil Code and the Russian Federal Law On Limited Liability Companies.

ARTICLE 3
ACCESSIONS

3.1 **Additional Guarantors**.

At any time and from time to time, any Subsidiary of the Issuer which is not already a Guarantor may become party to this Agreement in the capacity of a Guarantor provided:

3.1.1 an instrument, in the form attached hereto as Schedule "C", with all amendments and variations thereto as may be necessary or advisable under applicable Law to permit the guarantee of the Obligations by such Person to the maximum extent permitted by applicable Law without such Person providing additional security and without constituting any reserve to cover the amount of such guarantee, shall have been executed by such Person and the Trustee and shall have been delivered to such Person, the Trustee and the Issuer. The Trustee hereby covenants and agrees not unreasonably to delay, condition, or withhold its execution of the aforesaid instrument; and

3.1.2 that such Person shall have delivered to the Trustee the documents contemplated in Section 6.2 of the Trust Indenture.

3.2 **Effective Date**.

As of and from the effective date stipulated in the instrument referred to in subsection 3.1.1, such Person shall for all purposes be a Guarantor party to this Agreement and shall have all the rights and obligations of a Guarantor under this Agreement and shall be entitled to the benefit of, and be bound by the provisions hereof, to the same extent as if it were an original party hereto and no further consent or action by the Issuer or the Guaranteed Parties shall be required. Such instrument shall constitute, *inter alia*, an amendment to this Agreement and more particularly, of Schedule "A" hereof to the extent, and only to the extent, necessary to reflect the addition of such Person as a Guarantor. Promptly after receipt thereof, the Trustee shall deliver to each of the other Guaranteed Parties a copy of any instrument received under the terms of Section 3.1.

ARTICLE 4
JUDGMENT CURRENCY

4.1 **Conversion Rules**.

If for the purpose of obtaining or enforcing judgment in any court or for any other purpose hereunder, it is necessary to convert an amount due hereunder in the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be the Exchange Rate for conversion of the Original Currency into the Second Currency on the Business Day on which judgment is given or the amount is due, as the case may be.

4.2 **Currency Indemnity**.

Each of the Guarantors agrees that its obligations, in respect of any amounts due from it to the Guaranteed Parties in the Original Currency hereunder shall, notwithstanding any payment or tender, including pursuant to any judgment expressed or payment made in the Second Currency, be discharged only to the extent that, on the Business Day following receipt of any sums so paid or adjudged to be due hereunder in the Second Currency, the Trustee, on behalf of the Guaranteed Parties, as the case may be, in accordance with normal banking procedure, may purchase in the Canadian money market or the Canadian foreign exchange market, as the case may be, the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and, if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, each of the Guarantors agrees as a separate and independent obligation and notwithstanding any such payment or judgment to indemnify the Guaranteed Parties against such loss and, if the amount of the Original Currency so purchased is greater than the amount originally due in the Original Currency, the Trustee and the other Guaranteed Parties (herein acting and represented by the Trustee) agree, notwithstanding any such payment or judgment, to remit to the relevant Obligors, on demand, any such excess. The obligation provided for in this Section 4.2 shall

not be affected by or merged with any judgment obtained under this Agreement.

ARTICLE 5
BENEFIT OF THIS AGREEMENT FOR FUTURE GUARANTEED PARTIES

The Guaranteed Parties (herein acting and represented by the Trustee) hereto do hereby expressly acknowledge, declare and agree that the rights, benefits and remedies created and intended to be created at any time and from time to time by this Agreement in favour of the Trustee, are created and intended to be created in favour of the Guaranteed Parties and in favour of the Trustee as Trustee for such Person or Persons who now are or may, at any time and from time to time, become Guaranteed Parties in the same manner and to the same extent as though each such Person was personally an original Guaranteed Party hereto or a Person specifically named as a beneficiary in this Agreement. In furtherance of the provisions of this Article 5, the original Guaranteed Parties (herein acting and represented by the Trustee) hereto do hereby irrevocably mandate the Trustee, for and on their behalf, to confirm to and confer upon each Person who becomes a Guaranteed Party, the benefits of this Agreement and to execute any instrument necessary to evidence same.

ARTICLE 6
GENERAL PROVISIONS

6.1 **Notices**.

Except as otherwise specified herein, all notices, requests, demands or other communications to or upon the respective parties hereto shall be deemed to have been duly given or made to the party to which such notice, request, demand or other communication is required or permitted to be given or made under this Agreement, when delivered to **(i)** the Obligors (by certified mail, postage prepaid, or by telecopier or hand delivery) at the address and attention of the Obligor acting as agent for service of process at such time, and **(ii)** the Trustee (by certified mail, postage prepaid, or by telecopier or hand delivery) at its address and attention set forth with its signature below, or at such other address as any of the parties hereto may hereafter notify the others in writing. No other method of giving notice is hereby precluded.

6.2 **Amendments and Waivers**.

The rights and remedies of the Guaranteed Parties under this Agreement shall be cumulative and not exclusive of any rights or remedies which they would otherwise have and no failure or delay by any one thereof in exercising any right shall operate as a waiver thereof, nor shall any single or partial exercise of any power or right preclude its other or further exercise or the exercise of any other power or right. Any term, covenant, agreement or condition contained in this Agreement may be amended with the consent of the Guarantors, the Issuer and the Trustee and such amendment shall be binding upon all of the parties hereto and the Guaranteed Parties, or compliance therewith may be waived (either generally or in a particular instance and either retroactively or prospectively) by the Trustee and such waiver shall be binding upon all of the parties hereto and the Guaranteed Parties, and in any such event the failure to observe, perform or discharge any such covenant, condition or obligation (whether such amendment is executed or such consent or waiver is given before or after such failure) shall not be construed as a breach of such covenant, condition or obligation.

6.3 **No Duty to Disclose**.

Each of the Guarantors hereby acknowledges that it is presently, and covenants that it will keep itself at any time and from time to time, fully informed of the financial condition of the Issuer and of all other

circumstances which a diligent inquiry would reveal and which bear upon the risk of non-payment of the Obligations. Each of the Guarantors hereby agrees that none of the Guaranteed Parties shall have any duty to disclose or report to any of the Guarantors any information now or hereafter known to them, relating to the business, assets, liabilities, financial position, results of operations or status of the Issuer`s performance of their obligations under the Notes Instruments.

6.4 **Limitation on Interest**.

The Guaranteed Parties and each of the Obligors intend to fully comply with all applicable Laws limiting the amount of interest which may be contracted for, charged or received, and so in the event that any portion of the payments required hereunder from any of the Guarantors is determined to be interest, such payments shall be automatically limited to the portion thereof which, after taking into account all other interest contracted for, charged or received, shall not exceed the limit prescribed by applicable Law, and in the event the Guaranteed Parties shall have received any such amounts determined to be interest in excess of the amount permitted hereunder, the Guaranteed Parties shall apply such excess amounts to the other obligations of the Guarantors hereunder which do not constitute interest and shall return to the Obligors any portion of the excess not so applied.

6.5 **Counterparts**.

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all such separate counterparts shall together constitute but one and the same instrument.

6.6 **Severability**.

Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof in that jurisdiction or affecting the validity or enforceability of such provision in any other jurisdiction.

6.7 **Entire Agreement**.

With respect to the obligations of the Guarantors hereunder, this Agreement constitutes the entire agreement among the parties hereto.

6.8 **Assignments by the Obligors**.

The rights of the Obligors hereunder are declared to be purely personal and may therefore not be assigned or transferred, nor can any Obligor assign or transfer any of its obligations, any such assignment being null and void insofar as the Guaranteed Parties are concerned.

6.9 **Expenses**.

The Guarantors solidarily agree to pay all duly documented reasonable out-of pocket costs and expenses, including reasonable legal fees, which may be incurred by the Guaranteed Parties or any one thereof in any effort to collect or enforce any of their obligations hereunder. The obligations of the Guarantors under this Section 6.9 is subject to each of the limitations and conditions contained in Section 7.1(e) of the Trust Indenture which shall apply to this Section 6.9 *mutatis mutandis*.

6.10 **Acknowledgment**.

Each of the Guarantors hereby acknowledges that it has received and taken cognizance of an original executed copy of the Trust Indenture, this Agreement and the other Notes Instruments and is familiar with all the provisions thereof.

6.11 **Formal Date**.

For the purpose of convenience, this Agreement may be referred to as bearing formal date of November 1, 2012 irrespective of the actual date of its execution.

6.12 **English Language**.

The parties hereto have expressly required that this Agreement and all deeds, documents and notices relating thereto be drafted in the English language. *Les parties aux présentes ont expressément exigé que la présente convention et tous les autres contrats, documents ou avis qui y sont afférents soient rédigés en langue anglaise.*

[*signature pages are next*]

IN WITNESS WHEREOF, the parties hereto have signed this Agreement.

COMPUTERSHARE TRUST COMPANY OF CANADA,
AS TRUSTEE

Per: _____

and Per: _____

ALIMENTATION COUCHE-TARD INC.
AS ISSUER

Per: _____

DÉPAN-ESCOMPTE COUCHE-TARD INC.
AS GUARANTOR

Per: _____

and Per: _____

COUCHE-TARD INC.
AS GUARANTOR

Per: _____

and Per: _____

MAC'S CONVENIENCE STORES INC.
AS GUARANTOR

Per: _____

and Per: _____

CIRCLE K STORES INC.
AS GUARANTOR

Per: _____

and Per: _____

MAC'S CONVENIENCE STORES LLC
AS GUARANTOR

Per: _____

and Per: _____

CIRCLE K DELAWARE INC.
AS GUARANTOR

Per: _____

and Per: _____

THE CIRCLE K CORPORATION
AS GUARANTOR

Per: _____

and Per: _____

9121-2738 QUÉBEC INC.
AS GUARANTOR

Per: _____

and Per: _____

7724080 CANADA INC.
AS GUARANTOR

Per: _____

and Per: _____

8057575 CANADA INC.
AS GUARANTOR

Per: _____

and Per: _____

CIRCLE K TERMINAL LLC
AS GUARANTOR

Per: _____

and Per: _____

8147507 CANADA INC.
AS GUARANTOR

Per: _____

and Per: _____

COUCHE-TARD U.S. INC.
AS GUARANTOR

Per: _____

and Per: _____

SOCIÉTÉ EN COMMANDITE ACT
AS GUARANTOR

Per: _____

and Per: _____

MAC'S LUXEMBOURG S.A.
AS GUARANTOR

Per: _____

Name:

Title: Type ____ director

and Per: _____

Name:

Title: Type ____ director

COUCHE-TARD LUXEMBOURG S.À.R.L.
AS GUARANTOR

Per: _____

Name:
Title: type ____ manager

and Per: _____

Name:
Title: type ____ manager

COUCHE-TARD NORWAY AS
AS GUARANTOR

Per: _____

and Per: _____

COUCHE-TARD NORWAY GP ANS
AS GUARANTOR

Per: _____

and Per: _____

STATOIL FUEL & RETAIL AS
AS GUARANTOR

Per: _____

and Per: _____

STATOIL FUEL & RETAIL NORGE AS
AS GUARANTOR

Per: _____

and Per: _____

STATOIL DETALJIST AS
AS GUARANTOR

Per: _____

and Per: _____

STATOIL FUEL & RETAIL AVIATION AS
AS GUARANTOR

Per: _____

and Per: _____

STATOIL POLEN INVEST AS
AS GUARANTOR

Per: _____

and Per: _____

STATOIL FUEL & RETAIL A/S
AS GUARANTOR

Per: _____

and Per: _____

STATOIL POLEN HOLDING A/S
AS GUARANTOR

Per: _____

and Per: _____

STATOIL AB
AS GUARANTOR

Per: _____

and Per: _____

STATOIL FUEL & RETAIL SVERIGE AB
AS GUARANTOR

Per: _____

and Per: _____

STATOIL POLAND SP Z.O.O.
AS GUARANTOR

Per: _____

and Per: _____

STATOIL FUEL & RETAIL EESTI AS
AS GUARANTOR

Per: _____

and Per: _____

SIA STATOIL FUEL & RETAIL LATVIA
AS GUARANTOR

Per: _____

and Per: _____

UAB LIETUVA STATOIL
AS GUARANTOR

Per: _____

and Per: _____

OOO STATOIL ENERGY & RETAIL RUSSIA
AS GUARANTOR

Per: _____

and Per: _____

OOO STATOIL NEFTO
AS GUARANTOR

Per: _____

and Per: _____

OOO STATOIL RETAIL OPERATIONS
AS GUARANTOR

Per: _____

and Per: _____

SCHEDULE "A"
GUARANTORS

Canada and US

Dépan-Escompte Couche-Tard Inc.
Couche-Tard Inc.
Mac's Convenience Stores Inc.
Circle K Stores Inc.
Mac's Convenience Stores LLC
Circle K Delaware Inc.
The Circle K Corporation
9121-2738 Québec Inc.
7724080 Canada Inc.
8057575 Canada Inc.
Circle K Terminal LLC
8147507 Canada Inc.
Couche-Tard U.S. Inc.
Société en commandite ACT

Luxembourg

Mac's Luxembourg, a Luxembourg société anonyme, having its registered office at 16, avenue Pasteur, L-2310 Luxembourg, Grand-Duchy of Luxembourg and registered with the Luxembourg Registre de Commerce et des Sociétés under number B 152.901

Couche-Tard Luxembourg, a Luxembourg société à responsabilité limitée, with a share capital of USD 6,517,000.-, having its registered office at 16, avenue Pasteur, L-2310 Luxembourg, Grand-Duchy of Luxembourg and registered with the Luxembourg Registre de Commerce et des Sociétés under number B 168.586.

Norway

Couche-Tard Norway AS
Couche-Tard Norway GP ANS
Statoil Fuel & Retail AS
Statoil Fuel & Retail Norge AS
Statoil Detaljist AS
Statoil Fuel & Retail Aviation AS
Statoil Polen Invest AS

Denmark

Statoil Fuel & Retail A/S
Statoil Polen Holding A/S

Sweden

Statoil AB
Statoil Fuel & Retail Sverige AB

Poland

Statoil Poland Sp Z.o.o.

Estonia

Statoil Fuel & Retail Eesti AS

Latvia

SIA Statoil Fuel & Retail Latvia

Lithuania

UAB Lietuva Statoil

Russia

OOO Statoil Energy & Retail Russia
OOO Statoil Nefto
OOO Statoil Retail Operations is a limited liability company duly incorporated and validly existing under the Russian Federation laws. The charter capital of the Company is Five Million (5,000,000) Rubles. The Company is registered at the address 191011, the Russian Federation, St. Petersburg, embankment of Fontanka river, 13, liter A.

SCHEDULE "B"
DEFINITIONS

"**Business Day**" means any day excluding Saturday, Sunday or any other day which in Montréal, Québec, Toronto, Ontario or New York, New York, United States of America is a legal holiday or a day on which banks are authorized by law or by local proclamation to close;

"**Exchange Rate**" means the rate of exchange quoted by the Bank of Canada on the Business Day preceding the day as of which any determination of such rate is required to be made under the terms hereof, as the noon mid-market spot rate for conversions of any currency into another currency;

"**Governmental Authority**" means Canada, the Provinces thereof, any other sovereign country and any other regional, municipal, state, provincial, local or other subdivision of any jurisdiction, and any other governmental entity of any such jurisdiction and includes any agency, department, commission, office, régie, ministry, tribunal, central bank or other Person exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government;

"**Guaranteed Parties**" means collectively the Trustee and the Noteholders;

"**Guarantors**", as at any time, means collectively:

1. any Person whose name is set forth in Schedule "A" hereto; and

2. any other Person who, as such time, has become a party hereto in the capacity of a Guarantor pursuant to the provisions of Section 3.1.

and, "**Guarantor**" refers to any one thereof;

"**Law**" means any international treaty or any federal, provincial, territorial, state, municipal, county or local statute, law, ordinance, code, rule, regulation or order (including any consent, decree or administrative order) or any directive, guideline or policy of any Governmental Authority;

"**Noteholders**" shall have the meaning ascribed to it in the preamble hereof;

"**Notes**" shall have the meaning ascribed to it in the preamble hereof;

"**Notes Instruments**" means the Trust Indenture, any Supplemental Trust Indenture, any Notes (of any Series) and this Agreement and each agreement, instrument or document entered into by the Issuer from time to time pursuant thereto or supplemental thereto;

"**Obligations**" means the payment of the principal of and premium (if any) and the interest on the Notes and all other amounts due or owing to Trustee or any of the Noteholders in accordance with the terms of any Notes Instruments;

"**Obligors**" shall have the meaning ascribed to it in the preamble hereof;

"**Original Currency**" shall have the meaning ascribed to it in Section 4.1;

"**Person**" means any individual, corporation, company, limited liability company, estate, limited or general partnership, trust, joint venture, other legal entity, unincorporated association or Governmental Authority;

"**Second Currency**" shall have the meaning ascribed to it in Section 4.1;

"**this Agreement**", "**this Guarantee**", "**this Guarantee Agreement**", "**these presents**", "**herein**", "**hereby**", "**hereunder**", "**hereof**" and similar expressions refer to this Guarantee Agreement and include any and every deed or instrument which is supplemental or ancillary hereto or in implementation hereof, the whole as same may be amended, supplemented or restated at any time and from time to time; and

"**Trust Indenture**" shall have the meaning ascribed to it in the preamble paragraph hereof.

SCHEDULE "C"
ACCESSION CERTIFICATE FOR A GUARANTOR

COMPUTERSHARE TRUST COMPANY OF CANADA
as Trustee

Gentlemen:

We refer you to this Guarantee Agreement entered into as of November 1, 2012 among, Computershare Trust Company of Canada, as Trustee, Alimentation Couche-Tard Inc., as Issuer and the Guarantors named therein (as the same may be amended, supplemented, restated, replaced or otherwise modified from time to time the "**Guarantee Agreement**").

Unless otherwise defined herein or unless there be something in the subject or the context inconsistent therewith, all capitalized terms and expressions used herein shall have the same meaning ascribed to them, directly or by reference, from time to time in this Guarantee Agreement.

Pursuant to the provisions of Section 3.1 of this Guarantee Agreement, we hereby notify you of our desire to become a party to this Guarantee Agreement as a Guarantor, which accession thereto shall be effective as of and from **Note 1**. In that regard, you will find attached hereto the documents contemplated in subsection 3.1.2 of this Guarantee Agreement.

We hereby acknowledge and agree that as of and from **Note 1**, we shall for all purposes of this Guarantee Agreement, be a Guarantor and party to this Guarantee Agreement and shall have all the rights and obligations of a Guarantor under this Guarantee Agreement and shall be entitled to the benefit of, and be bound by the provisions thereof, to the same extent as if we were an original party thereto.

[NOTE: ADD ANY AMENDMENTS OR VARIATIONS TO THIS GUARANTEE AGREEMENT AS MAY BE NECESSARY OR ADVISABLE UNDER APPLICABLE LAW TO PERMIT THE GUARANTEE OF THE OBLIGATIONS BY THE ADDITIONAL GUARANTOR TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW (WITHOUT SUCH ADDITIONAL GUARANTOR PROVIDING ADDITIONAL SECURITY AND WITHOUT CONSTITUTING ANY RESERVE TO COVER THE AMOUNT OF SUCH GUARANTEE)]

Furthermore, we hereby acknowledge having taken cognizance **(y)** of this Guarantee Agreement and consent and agree to be bound by the terms and conditions thereof to the same extent as if we were an original party thereto, and **(z)** of the Trust Indenture and the other Notes Instruments and hereby accept the terms and conditions of each one thereof.

This instrument shall, for all purposes, constitute our intervention into this Guarantee Agreement.

We would ask you to kindly confirm your acceptance of the foregoing by executing the enclosed duplicate copy hereof and return same to us, with a copy to the Issuer.

Dated: _____

Note 2

Per: _____

CONFIRMATION

Relying upon the foregoing and the representations and warranties made by **Note 2**, Computershare Trust Company of Canada, in its capacity as Trustee for and on behalf of the Guaranteed Parties, accepts the foregoing and as of and from **Note 1**, **Note 2** shall, for all purposes of this Guarantee Agreement, be a Guarantor as if it were an original party thereto.

Dated: _____

COMPUTERSHARE TRUST COMPANY OF CANADA,
AS TRUSTEE

Per: _____

and Per: _____

Notes:

1. Insert the effective date as of which such Person shall become party to this Guarantee Agreement.

2. Insert the full name of the Person requesting to accede to this Guarantee Agreement.

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This prospectus supplement together with the short form base shelf prospectus to which it relates dated November 30, 2016, as amended or supplemented, and each document incorporated or deemed to be incorporated by reference in this prospectus supplement and the short form base shelf prospectus, as amended or supplemented, constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities.

The securities being offered under this prospectus supplement have not been and will not be registered under the United States Securities Act of 1933, as amended, or the Securities Act, or any state securities laws, and may not be offered or sold within the United States or to or for the account or benefit of any person in the United States (as defined in Regulation S under the Securities Act) unless the securities are registered under the Securities Act or an exemption from the registration requirements of the Securities Act and applicable U.S. state securities laws is available. This prospectus supplement does not constitute an offer to sell or a solicitation of an offer to buy any of these securities in the United States. See "Plan of Distribution".

Information has been incorporated by reference in this prospectus supplement and the short form base shelf prospectus to which it relates dated November 30, 2016, as amended or supplemented, from documents filed with securities commissions or similar authorities in Canada. *Copies of the documents incorporated by reference herein may be obtained on request without charge from the Corporate Secretary of Fortis at Suite 1100, 5 Springdale Street, P.O. Box 8837, St. John's, Newfoundland and Labrador A1B 3T2 (telephone (709) 737-2800) and are also available electronically at www.sedar.com.*

New Issue December 7, 2016

PROSPECTUS SUPPLEMENT
(to the Short Form Base Shelf Prospectus dated November 30, 2016)

FORTIS INC.

$500,000,000

2.85% SENIOR UNSECURED NOTES DUE DECEMBER 12, 2023

We are offering $500,000,000 aggregate principal amount of our 2.85% senior unsecured notes due December 12, 2023, or the Notes. The Notes will bear interest at a rate of 2.85% per year from December 12, 2016. We will pay interest on the Notes in equal instalments semi-annually in arrears on June 12 and December 12 of each year, commencing on June 12, 2017. **The effective yield on the Notes if held to maturity will be 2.853% per year.** Unless redeemed earlier, the Notes will mature on December 12, 2023. The Notes will be issued in denominations of $1,000 and integral multiples thereof.

This prospectus supplement, or the Prospectus Supplement, together with the short form base shelf prospectus to which it relates dated November 30, 2016, or the Prospectus, qualifies the Notes for distribution in each of the provinces of Canada. The Notes will be issued in Canadian dollars and will be our direct senior unsecured unsubordinated obligations and payment of the principal of and interest on the Notes will rank equally with all our other present and future unsecured and unsubordinated senior indebtedness. The Notes are not guaranteed by any of our subsidiaries.

We may, at our option, in whole at any time or in part from time to time before maturity redeem the Notes at the applicable redemption price or otherwise as described in this Prospectus Supplement, together, in each case, with accrued but unpaid interest to but excluding the redemption date. See "Description of the Notes – Optional Redemption".

Investing in the Notes involves certain risks that should be considered by a prospective purchaser. See the section of this Prospectus Supplement entitled "Risks Related to the Notes".

The Notes offered hereby will generally be qualified investments under the *Income Tax Act* (Canada). See "Eligibility for Investment".

Financial statements incorporated by reference herein have been prepared in accordance with U.S. generally accepted accounting principles, or U.S. GAAP.

(b) all events of default with respect to that series, other than the nonpayment of the principal that became due solely by virtue of the declaration, have been cured or waived.

The Trustee is under no obligation to exercise any of its rights or powers at the request or direction of any holders of debt securities unless those holders have offered the Trustee security or indemnity against the costs, expenses and liabilities which they might incur as a result. The holders of a majority in principal amount of the outstanding debt securities of any series have, with certain exceptions, the right to direct the time, method and place of conducting any proceedings for any remedy available to the Trustee or the exercise of any power of the Trustee with respect to those debt securities. The Trustee may withhold notice of any default, except a default in the payment of principal or interest, or in the payment of any sinking or purchase fund installment, from the holders of any series if the Trustee in good faith considers it in the interest of the holders to do so.

The holder of any debt security will have an absolute and unconditional right to receive payment of the principal, any premium and, within certain limitations, any interest on that debt security on its maturity date or redemption date and to enforce those payments.

We are required to furnish each year to the Trustee a statement by certain of our officers to the effect that we are not in default under the Indenture or, if there has been a default, specifying the default and our status.

Payments; Paying Agent

The paying agent will pay the principal of any debt securities only if those debt securities are surrendered to it. The paying agent will pay interest on debt securities issued as global securities by wire transfer to the holder of those global securities. The paying agent will pay interest on debt securities that are not in global form at its office or, at our option:

(a) by wire transfer to an account at a banking institution in Canada that is designated in writing to the Trustee at least five business days prior to the date of payment by the person entitled to that interest; or

(b) by cheque mailed to the address of the person entitled to that interest as that address appears in the security register for those debt securities.

The Trustee will act as paying agent for that series of debt securities, and the corporate trust office of the Trustee will be the office through which the paying agent acts. We may, however, change or add paying agents or approve a change in the office through which a paying agent acts.

Any money that we have paid to the Trustee or a paying agent for principal, any premium or interest on any debt securities which remains unclaimed at the end of two years after that principal, premium or interest has become due will be repaid to us at our request. After repayment to us, holders should look only to us for those payments.

Satisfaction and Discharge, Defeasance and Covenant Defeasance

Upon our written request, the Indenture shall be satisfied and discharged (except as to certain surviving rights and obligations specified in the Indenture) when:

(a) either all debt securities have been delivered to the Trustee for cancellation or all debt securities not delivered to the Trustee for cancellation are due and payable within one year (at maturity or due to redemption) and we have deposited with the Trustee money or government obligations sufficient to pay and discharge such debt securities to the applicable maturity or redemption date (including principal, any premium and interest thereon);

(b) we have paid or caused to be paid all other sums payable under the Indenture; and

(c) we have delivered to the Trustee an officer's certificate and an opinion of counsel stating that all conditions precedent relating to the satisfaction and discharge of the Indenture have been complied with.

The Indenture provides that we may be:

(a) discharged from our obligations, with certain limited exceptions, with respect to any series of debt securities, as described in the Indenture, such a discharge being called a "defeasance" in this Prospectus Supplement; and

(b) released from our obligations under certain restrictive covenants especially established with respect to any series of debt securities, as described in the Indenture, such a release being called a "covenant defeasance" in this Prospectus Supplement.

We must satisfy certain conditions to effect a defeasance or covenant defeasance. Those conditions include the irrevocable deposit with the Trustee, in trust, of money or government obligations which through their scheduled payments of principal and interest would provide sufficient money to pay the principal and any premium and interest on those debt securities on the maturity dates of those payments or upon redemption.

Following a defeasance, payment of the debt securities defeased may not be accelerated because of an event of default under the Indenture. Following a covenant defeasance, the payment of debt securities may not be accelerated by reference to the covenants from which we have been released. A defeasance may occur after a covenant defeasance.

Concerning the Trustee

Computershare Trust Company of Canada is the Trustee. Certain of our subsidiaries maintain deposit accounts and banking relationships with the Trustee or its respective affiliates. The Trustee or its respective affiliates may also serve as trustee or agent under other indentures and agreements pursuant to which we have outstanding securities or securities of certain of our subsidiaries are outstanding.

The Trustee will perform only those duties that are specifically set forth in the Indenture unless an event of default under the Indenture occurs and is continuing. In case an event of default occurs and is continuing, the Trustee will exercise the same degree of care as a prudent individual would exercise in the conduct of his or her own affairs.

Governing Law

The Indenture, any supplemental indentures and the debt securities will be governed by, and construed in accordance with, the laws of the Province of Newfoundland and Labrador, Canada.

BOOK−ENTRY ONLY SYSTEM

Except as otherwise provided below, the Notes will be issued in a "book-entry only" form and must be purchased or transferred through Participants in the depository service of CDS or its nominee which include securities brokers and dealers, banks and trust companies. On the Closing Date, we will cause a global certificate representing the Notes, or the Global Note, to be delivered to, and registered in the name of, CDS or its nominee. Interests in the Notes will be issued only in denominations of $1,000 or integral multiples thereof. Except as otherwise provided below, no purchaser of Notes will be entitled to a certificate or other instrument from us or CDS evidencing that purchaser's ownership, and no purchaser will be shown on the records maintained by CDS except through a book-entry account of a CDS Participant acting on behalf of the purchaser. Each purchaser of Notes will receive a customer confirmation of purchase from the registered dealer from which the Notes are purchased in accordance with the practices and procedures of the registered dealer. The practices of registered dealers may vary, but generally customer confirmations are issued promptly after execution of a customer order. CDS is responsible for establishing and maintaining book-entry accounts for its Participants having interests in the Notes. Physical certificates evidencing the Notes will not be issued to purchasers, except in limited circumstances, and registration will be made through the depository service of CDS.

None of us, the Agents or their respective affiliates will assume any liability for: (a) any aspect of the records relating to the beneficial ownership of the Notes held by CDS or the payments relating thereto; (b) maintaining, supervising or reviewing any records relating to the Notes; or (c) any advice or representation made by or with respect to CDS and relating to the rules governing CDS or any action to be taken by CDS or at the direction of its Participants, or the description thereof in this Prospectus Supplement. The rules governing CDS provide that it acts as the agent and depository for the Participants. As a result, the Participants must look solely to CDS and persons other than Participants having an interest in the Notes must look solely to Participants for payments made by or on behalf of us to CDS in respect of the Notes. See "– Payment of Interest and Other Amounts".

INDENTURE

Among

FORTIS INC.

As the Corporation

AND

COMPUTERSHARE TRUST COMPANY OF CANADA

As Trustee

Dated as of December 12, 2016

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EXHIBITS

Exhibit A FORM OF SECURITY

INDENTURE, dated as of December 12, 2016, among Fortis Inc., a corporation duly continued and existing under the laws of the province of Newfoundland and Labrador, Canada (herein called the "**Corporation**"), having its principal office at Fortis Place, Suite 1100, 5 Springdale Street, St. John's, Newfoundland and Labrador, Canada, A1E 034, and Computershare Trust Company of Canada, as Trustee (herein called the "**Trustee**").

RECITALS OF THE CORPORATION

The Corporation has duly authorized the execution and delivery of this Indenture to provide for the issuance from time to time of its unsecured debentures, notes or other evidences of indebtedness (herein called the "**Securities**"), to be issued in one or more series as in this Indenture provided.

All things necessary to make this Indenture a valid agreement of the Corporation, in accordance with its terms, have been done.

Now, Therefore, This Indenture Witnesseth:

For and in consideration of the premises and the purchase of the Securities by the Holders thereof, it is mutually agreed, for the equal and proportionate benefit of all Holders of the Securities or of series thereof, as follows:

ARTICLE ONE

Definitions and Other Provisions of General Application

Section 101. Definitions.

For all purposes of this Indenture, except as otherwise expressly provided or unless the context otherwise requires:

(1) the terms defined in this Article have the meanings assigned to them in this Article and include the plural as well as the singular;

(2) all accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles, and, except as otherwise herein expressly provided, the term "generally accepted accounting principles" with respect to any computation required or permitted hereunder shall mean such accounting principles as are generally accepted in the United States of America;

(3) unless the context otherwise requires, any reference to an "Article" or a "Section" refers to an Article or a Section, as the case may be, of this Indenture; and

(4) the words "herein," "hereof" and "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision.

"**Act**," when used with respect to any Holder, has the meaning specified in Section 104.

"**Affiliate**" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, "control" when used with respect to any specified Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"**Applicable Procedures**" means, with respect to any transfer or exchange of or for beneficial interests in any Global Securities, the rules and procedures of the Depositary that apply to such transfer or exchange.

"**Authorized Denomination**" has the meaning specified in Section 203.

"**Beneficial Owner**" means (a) with respect to Book-Entry Securities, the Person who is the beneficial owner of such Book-Entry Securities as reflected on the books of a Clearing Agency or a Participant maintaining an account with a Clearing Agency (directly or as an indirect participant, in accordance with the rules of a Clearing Agency); or (b) with respect to Securities other than Book-Entry Securities, a Person who is (i) a beneficial owner of such Securities and as reflected on the Register or (ii) a Person who is the beneficial owner of such Securities and as reflected on the books of a registered Holder who holds such Securities on behalf of the beneficial owner, as the case may be.

"**Board of Directors**" means either the board of directors of the Corporation or any duly authorized committee of that board.

"**Board Resolution**" means a copy of a resolution certified by the Secretary or an Assistant Secretary of the Corporation to have been duly adopted by the Board of Directors and to be in full force and effect on the date of such certification, and delivered to the Trustee.

"**Book-Entry Securities**" means any Global Securities issued or registered in the name of a Clearing Agency maintaining book-entry records with respect to the ownership and transfer of such Securities, or its nominee, or a custodian of such Clearing Agency, or its nominee, and for which registration, transfer and exchange of such Securities or any interest therein may not be effected by the Trustee or any other Person maintaining the Register, except in accordance with the terms of this Indenture and the rules of the Clearing Agency.

"**Business Day**," means a day other than (i) a Saturday or a Sunday, (ii) a day on which banking institutions in Toronto, Ontario or St. John's, Newfoundland and Labrador are authorized or obligated by law or executive order to remain closed or (iii) a day on which the Corporate Trust Office of the Trustee is closed for business.

"**CDS**" means CDS Clearing and Depository Services Inc., together with its successors from time to time.

"**Clearing Agency**" means, in relation to Securities of a series issuable in whole or in part in the form of one or more Global Securities, CDS or any other organization recognized as a "clearing agency" pursuant to applicable securities laws that is specified for such purpose in the related supplemental indenture; provided, however, if no Clearing Agency is so designated in the related supplemental indenture, "**Clearing Agency**" means, with regards to the Securities of such series, CDS.

"**Company Request**" or "**Company Order**" means a written request or order signed in the name of the Corporation by any one of the following directors and/or officers of the Corporation: its Chairman of the Board; its Chief Executive Officer; its Chief Financial Officer; its President; a Vice President; its Treasurer; or an Assistant Treasurer, and delivered to the Trustee.

"**Corporate Trust Office**" means the office or offices of the Trustee designated by the Trustee at which at any particular time its corporate trust business shall be administered, which offices at the date hereof are located at 100 University Avenue, 11th Floor, Toronto, Ontario M5J 2Y1 and 1500 Robert-Bourassa Boulevard, 7th Floor, Montreal, Quebec H3A 3S8, or such other address or addresses as the Trustee may designate from time to time by notice to the Holders and the Corporation, or the principal corporate trust office of any successor Trustee (or such other address as such successor Trustee may designate from time to time by notice to the Holders and the Corporation).

"**Corporation**" means the Person named as the "Corporation" in the first paragraph of this instrument until a successor Person shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "Corporation" shall mean such successor Person. To the extent necessary to comply with the requirements of the provisions of the Trust Indenture Legislation as they are applicable to the Corporation, the term "Corporation" shall include any other obligor with respect to the Securities for the purposes of complying with such provisions.

"**corporation**" means a corporation, association, company, limited liability company, joint-stock company or business trust.

"**Covenant Defeasance**" has the meaning specified in Section 1203.

"**Currency**" means any currency or currencies, composite currency or currency unit or currency units, including, without limitation, the Euro, issued by the government of one or more countries or by any recognized confederation or association of such governments.

"**Defaulted Interest**" has the meaning specified in Section 308.

"**Defeasance**" has the meaning specified in Section 1202.

"**Definitive Security**" means a certificated Security registered in the name of the Holder thereof and issued in accordance with Section 306 hereof substantially in the form of Exhibit A hereto, except that such Security shall not bear the Global Security Legend and shall not have the "Schedule of Exchanges of Interests in the Global Security" attached thereto.

"**Depositary**" means, with respect to Securities of any series issuable in whole or in part in the form of one or more Global Securities, the Clearing Agency or Clearing Agencies designated to act as the Depositary or Depositaries for such Securities as contemplated by Section 301.

"**Event of Default**" has the meaning specified in Section 501.

"**Expiration Date**" has the meaning specified in Section 104.

"**First Currency**" has the meaning specified in Section 116.

"**Global Security**" means a Security that evidences all or part of the Securities of any series which is issued to a Depositary or a nominee thereof for such series in accordance with Section 301(18).

"**Global Security Legend**" means the legend set forth in Section 202 hereof, which is required to be placed on all Global Securities issued under this Indenture.

"**Government Obligation**" has the meaning specified in Section 1204.

"**Holder**" means a Person in whose name a Security is registered in the Register (and including, for greater certainty, in the case of any Global Security, the applicable Depositary or its nominee which has possession of such Global Security or in whose name such Global Security is registered, as the case may be).

"**Holder Direction**" means, in respect of an Act of Holders of a series of Securities, an approval of or direction to make, give or take such Act given (i) by Holders of more than 50% of the principal amount of such series then Outstanding voted (either in person or by proxies duly appointed in writing) at a meeting of such Holders duly called and held in accordance with the provisions of Article Fifteen or (ii) pursuant to an instrument in writing signed in one or more counterparts by Holders (in person or by their agent duly appointed in writing) of more than 50% of the principal amount of such series then Outstanding.

"**Indenture**" means (i) this instrument as originally executed (including all exhibits and schedules hereto) and as it may from time to time be supplemented, amended or otherwise modified (other than by a supplemental indenture in respect of a series), or (ii) with respect to a particular series, this Indenture as defined in clause (i) above as supplemented by the related supplemental indenture.

"**interest**," when used with respect to an Original Issue Discount Security which by its terms bears interest only after Maturity, means interest payable after Maturity.

"**Interest Payment Date**," when used with respect to any Security, means the Stated Maturity of an installment of interest on such Security.

"**Judgment Currency**" has the meaning specified in Section 115.

"**Maturity**," when used with respect to any Security, means the date on which the principal of such Security or an installment of principal becomes due and payable as therein or herein provided, whether at the Stated Maturity thereof or by declaration of acceleration, call for redemption or otherwise.

"**Notice of Default**" means a written notice of the kind specified in Section 501(3).

"**Officer's Certificate**" means a certificate signed by the Chairman of the Board, the Chief Executive Officer, the Chief Financial Officer, the President, a Vice President, the Treasurer, an Assistant Treasurer, the Secretary or an Assistant Secretary of the Corporation, and delivered to the Trustee.

"**Opinion of Counsel**" means a written opinion of counsel, who may be an employee of or counsel for the Corporation or any of its Affiliates.

"**Original Issue Discount Security**" means any Security which provides for an amount less than the principal amount thereof to be due and payable upon a declaration of acceleration of the Maturity thereof pursuant to Section 502.

"**Other Currency**" has the meaning specified in Section 116.

"**Outstanding**," when used with respect to Securities or a series of Securities, means, as of the date of determination, all Securities (or all Securities of such series, as applicable) theretofore authenticated and delivered under this Indenture, except:

(1) Securities theretofore cancelled by the Trustee or delivered to the Trustee, the related Registrar or the related Paying Agent for cancellation;

(2) Securities for whose payment or redemption the necessary amount of money or money's worth has been theretofore deposited with the Trustee or any related Paying Agent (other than the Corporation) in trust or set aside and segregated in trust by the Corporation (if the Corporation shall act as its own Paying Agent) for the Holders of such Securities; provided that, if such Securities are to be redeemed, notice of such redemption has been duly given pursuant to this Indenture or provision therefor satisfactory to the Trustee has been made;

(3) Securities as to which Defeasance has been effected pursuant to Section 1202; and

(4) Securities which have been paid pursuant to Section 306 or in exchange for or in lieu of which other Securities have been authenticated and delivered pursuant to this Indenture, other than any such Securities in respect of which there shall have been presented to the Trustee proof satisfactory to it that such Securities are held by a *bona fide* purchaser in whose hands such Securities are valid obligations of the Corporation;

provided, however, that in determining whether the Holders of the requisite principal amount of the Outstanding Securities (or series of Outstanding Securities) have given, made or taken any request, demand, authorization, direction, notice, consent, waiver or other action hereunder as of any date or are present at a meeting of Holders of Securities for quorum purposes, (A) the principal amount of an Original Issue Discount Security which shall be deemed to be Outstanding shall be the amount of the principal thereof which would be due and payable as of such date upon acceleration of the Maturity thereof to such date pursuant to Section 502, (B) if, as of such date, the principal amount payable at the Stated Maturity of a Security is not determinable, the principal amount of such Security which shall be deemed to be Outstanding shall be the amount as specified or determined as contemplated by Section 301, (C) the principal amount of a Security denominated in one or more foreign currencies or currency units which shall be deemed to be Outstanding shall be the Canadian dollar equivalent, determined as of such date in the manner provided as contemplated by Section 301(12), or otherwise as contemplated by Section 116, of the principal amount of such Security (or, in the case of a Security described in Clause (A) or (B) above, of the amount determined as provided in such Clause), and (D) Securities owned by the Corporation or any other obligor upon the Securities or any Affiliate of the Corporation or of such other obligor, whether of record or beneficially, shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent, waiver or other action, only Securities which the Trustee actually knows to be so owned shall be so disregarded. Securities so owned which have been pledged in good faith may be regarded as Outstanding if the pledgee establishes to the satisfaction of the Trustee the pledgee's right so to act with respect to such Securities and that the pledgee is not the Corporation or any other obligor upon the Securities or any Affiliate of the Corporation or of such other obligor.

"**Participant**" means a broker, dealer, bank, other financial institution or other Person for whom from time to time a Clearing Agency effects book-entry transfers and pledges of Book-Entry Securities held by the Clearing Agency.

"**Paying Agent**" means, in respect of a series of Securities, any Person authorized by the Corporation to pay the principal of or any premium or interest on any Securities of such series on behalf of the Corporation.

"**Periodic Offering**" means an offering of Securities of a series from time to time the specific terms of which Securities, including without limitation the rate or rates of interest or formula for determining the rate or rates of interest thereon, if any, the Stated Maturity or Maturities thereof and the redemption provisions, if any, with respect thereto, are to be determined by the Corporation upon the issuance of such Securities.

"**Person**" means any individual, corporation, partnership, limited liability company or corporation, joint venture, trust, unincorporated organization or government or any agency or political subdivision thereof.

"**Place of Payment**," when used with respect to the Securities of any series, means the place or places where the principal of and any premium and interest on the Securities of that series are payable as specified as contemplated by Section 301.

"**Predecessor Security**" of any particular Security means every previous Security evidencing all or a portion of the same debt as that evidenced by such particular Security; and, for the purposes of this definition, any Security authenticated and delivered under Section 306 in exchange for or in lieu of a mutilated, destroyed, lost or stolen Security shall be deemed to evidence the same debt as such mutilated, destroyed, lost or stolen Security.

"**Purchase Date**" means, with respect to any Securities of a series to be repurchased, the date fixed for such repurchase by or pursuant to this Indenture.

"**Purchase Price**" means the amount payable for the repurchase of any Securities of a series on a Purchase Date, exclusive of accrued and unpaid interest thereon to the Purchase Date, unless otherwise specifically provided.

"**rate(s) of exchange**" has the meaning specified in Section 115.

"**Redemption Date**," when used with respect to any Security to be redeemed, means the date fixed for such redemption by or pursuant to this Indenture.

"**Redemption Price**," when used with respect to any Security to be redeemed, means the price at which it is to be redeemed pursuant to this Indenture.

"**Register**" and "**Registrar**" have the respective meanings specified in Section 305.

"**Regular Record Date**" means, for the interest payable on any Interest Payment Date on the Securities of any series means, the date specified for that purpose as contemplated by Section 301.

"**Required Currency**" has the meaning specified in Section 115.

"**Responsible Officer**" means an officer of the Trustee in its Corporate Trust Office, having direct responsibility for the administration of this Indenture, and also, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of such officer's knowledge of and familiarity with the particular subject.

"**Securities**" has the meaning stated in the first recital of this Indenture and more particularly means any Securities authenticated and delivered under this Indenture.

"**Senior Indebtedness**" means all obligations or indebtedness of, or guaranteed or assumed by, the Corporation, whether or not represented by bonds, debentures, notes or similar instruments, for borrowed money, and any amendments, renewals, extensions, modifications and refundings of any such obligations or indebtedness, unless in the instrument creating or evidencing any such indebtedness or obligations or pursuant to which the same is outstanding it is specifically stated, at or prior to the time the Corporation becomes liable in respect thereof, that any such obligation or indebtedness or such amendment, renewal, extension, modification and refunding thereof is not Senior Indebtedness.

"**Special Record Date**" for the payment of any Defaulted Interest means a date fixed by the Trustee pursuant to Section 308.

"**Stated Maturity**," when used with respect to any Security or any installment of principal thereof or interest thereon, means the date specified in such Security as the date on which the principal of such Security or such installment of principal or interest is due and payable, in the case of such principal, as such date may be advanced or extended as provided pursuant to the terms of such Security and this Indenture.

"**Subordinated Security**" means any security issued under this Indenture which is designated as a Subordinated Security.

"**Trust Indenture Legislation**" means, with respect to a series of Securities, at any time, statutory provisions relating to trust indentures and the rights, duties and obligations of trustees under the trust indentures and of bodies corporate issuing debt obligations under trust indentures to the extent that such provisions are at such time in force and applicable to this Indenture, the Corporation or the Trustee and at the date of this Indenture includes the applicable provisions of the *Trust and Loan Corporations Act* (Newfoundland and Labrador), the *Trust and Loan Companies Act* (Canada), *the Business Corporations Act* (Ontario) and the *Corporations Act* (Newfoundland and Labrador) and any statute that may be

substituted therefor, as from time to time amended, and any other statute of Canada or a province thereof and of the regulations under any such statute.

"**Trustee**" means the Person named as the "Trustee" in the first paragraph of this instrument until a successor Trustee shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "Trustee" shall mean or include each Person who is then a Trustee hereunder.

Section 102. Compliance Certificates and Opinions.

Upon any application or request by the Corporation to the Trustee to take any action under any provision of this Indenture, the Corporation shall furnish to the Trustee such certificates and opinions as may be required under the Trust Indenture Legislation. Each such certificate or opinion shall be given in the form of an Officer's Certificate, if to be given by an officer of the Corporation, or an Opinion of Counsel, if to be given by counsel, and shall comply with the requirements of the Trust Indenture Legislation and any other requirements set forth in this Indenture.

Every certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture (except for Officer's Certificates delivered under Section 1004) shall include:

(1) a statement that the individual signing such certificate or opinion has read such covenant or condition and the definitions herein relating thereto;

(2) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(3) a statement that, in the opinion of such individual, he has made such examination or investigation as such individual believes is necessary to enable him to make the statements or give the opinions contained or expressed therein; and

(4) a statement as to whether, in the opinion of such individual, such condition or covenant has been satisfied or complied with.

Section 103. Form of Documents Delivered to Trustee.

In any case where several matters are required to be certified by, or covered by an opinion of, any specified Person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

Any certificate or opinion of an officer of the Corporation may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless such officer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to the matters upon which his certificate or opinion is based are erroneous. Any such certificate or Opinion of Counsel may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, an officer or officers of the Corporation stating that the information with respect to such factual matters is in the possession of the Corporation, unless such counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to such matters are erroneous.

Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

Whenever, subsequent to the receipt by the Trustee of any Board Resolution, Officer's Certificate, Opinion of Counsel or other document or instrument, a clerical, typographical or other inadvertent or unintentional error or omission shall be discovered therein, a new document or instrument may be substituted therefor in corrected form with the same force and effect as if originally filed in the corrected form and, irrespective of the date or dates of the actual execution and delivery thereof, such substitute document or instrument shall be deemed to have been executed and delivered as of the date or dates required with respect to the document or instrument for which it is substituted. Anything in this Indenture to the contrary notwithstanding, if any such corrective document or instrument indicates that action has been taken by or at the request of the Corporation which could not have been taken had the original document or instrument not contained such error or omission, the action so taken shall not be invalidated or otherwise rendered ineffective but shall be and remain in full force and effect, except to the extent that such action was a result of willful misconduct or bad faith. Without limiting the generality of the foregoing, any Securities issued under the authority of such defective document or instrument shall nevertheless be the valid obligations of the Corporation entitled to the benefits of this Indenture equally and ratably with all other Outstanding Securities, except as aforesaid.

Section 104. Acts of Holders; Record Dates.

Any request, demand, authorization, direction, notice, consent, waiver or other action provided or permitted by this Indenture to be given, made or taken by Holders of Securities of one or more series may be made, given or taken by way of a Holder Direction from Holders of such one or more series or embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Holders in person or by an agent duly appointed in writing; and, except as herein otherwise expressly provided, such action shall become effective when such instrument is, or instruments are, or such record in respect of the Holder Direction is, delivered to the Trustee and, where it is hereby expressly required, to the Corporation. Such instrument or instruments and such record (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the "Act" of the Holders signing such instrument or instruments and so voting at any such meeting or by proxy. Proof of execution of any such instrument or of a writing appointing any such agent, or of the holding by any Person of a Security shall be sufficient for any purpose of this Indenture and (subject to Section 601) conclusive in favor of the Trustee and the Corporation, if made in the manner provided in this Section. The record of any meeting of Holders of Securities shall be proved in the manner provided in Section 1506.

Without limiting the generality of this Section 104, unless otherwise established in or pursuant to a supplemental indenture pursuant to Section 301, a Holder, including a Clearing Agency that is a Holder of a Global Security, may make, give or take, by a proxy or proxies, duly appointed in writing, any request, demand, authorization, direction, notice, consent, waiver or other action provided in this Indenture to be made, given or taken by Holders, and a Clearing Agency that is a Holder of a Global Security may provide its proxy or proxies to the Beneficial Owners of interests in any such Global Security through such Clearing Agency's standing instructions and customary practices.

The fact and date of the execution by any Person of any such instrument or writing may be proved by the affidavit of a witness of such execution or by a certificate of a notary public or other officer authorized by law to take acknowledgments of deeds, certifying that the individual signing such instrument or writing acknowledged to him the execution thereof. Where such execution is by a signer acting in a capacity other than his individual capacity, such certificate or affidavit shall also constitute sufficient proof of his

authority. The fact and date of the execution of any such instrument or writing, or the authority of the Person executing the same, may also be proved in any other manner which the Trustee deems sufficient.

The ownership of Securities shall be proved by the Register.

Any request, demand, authorization, direction, notice, consent, waiver or other Act of the Holder of any Security shall bind every future Holder of the same Security and the Holder of every Security issued upon the registration of transfer thereof or in exchange therefor or in lieu thereof in respect of anything done, omitted or suffered to be done by the Trustee or the Corporation in reliance thereon, whether or not notation of such action is made upon such Security.

The Corporation may set any day as a record date for the purpose of determining the Holders of Outstanding Securities of any series entitled to give, make or take any request, demand, authorization, direction, notice, consent, waiver or other action provided or permitted by this Indenture to be given, made or taken by Holders of Securities of such series; provided that the Corporation may not set a record date for, and the provisions of this paragraph shall not apply with respect to, the giving or making of any notice, declaration, request or direction referred to in the next paragraph. If any record date is set pursuant to this paragraph, the Holders of Outstanding Securities of the relevant series on such record date, and no other Holders, shall be entitled to take or revoke the relevant action, whether or not such Holders remain Holders after such record date; provided that no such action shall be effective hereunder unless taken on or prior to the applicable Expiration Date by Holders of the requisite principal amount of Outstanding Securities of such series on such record date. Nothing in this paragraph shall be construed to prevent the Corporation from setting a new record date for any action for which a record date has previously been set pursuant to this paragraph (whereupon the record date previously set shall automatically and with no action by any Person be cancelled and of no effect), and nothing in this paragraph shall be construed to render ineffective any action taken by Holders of the requisite principal amount of Outstanding Securities of the relevant series on the date such action is taken. Promptly after any record date is set pursuant to this paragraph, the Corporation, at its own expense, shall cause notice of such record date, the proposed action by Holders and the applicable Expiration Date to be given to the Trustee in writing and to each Holder of Securities of the relevant series in the manner set forth in Section 106.

The Trustee may set any day as a record date for the purpose of determining the Holders of Outstanding Securities of any series entitled to join in the giving or making of (i) any Notice of Default, (ii) any declaration of acceleration referred to in Section 502, (iii) any request to institute proceedings referred to in Section 507(2) or (iv) any direction referred to in Section 512, in each case with respect to Securities of such series. If any record date is set pursuant to this paragraph, the Holders of Outstanding Securities of the applicable series on such record date, and no other Holders, shall be entitled to join in such notice, declaration, request or direction or to revoke the same, whether or not such Holders remain Holders after such record date; provided that no such action shall be effective hereunder unless taken on or prior to the applicable Expiration Date by Holders of the requisite principal amount of Outstanding Securities of such series on such record date. Nothing in this paragraph shall be construed to prevent the Trustee from setting a new record date for any action for which a record date has previously been set pursuant to this paragraph (whereupon the record date previously set shall automatically and with no action by any Person be cancelled and of no effect), and nothing in this paragraph shall be construed to render ineffective any action taken by Holders of the requisite principal amount of Outstanding Securities of the relevant series on the date such action is taken. Promptly after any record date is set pursuant to this paragraph, the Trustee, at the Corporation's expense, shall cause notice of such record date, the proposed action by Holders and the applicable Expiration Date to be sent to the Corporation in writing and to each Holder of Securities of the relevant series in the manner set forth in Sections 105 and 106.

With respect to any record date set pursuant to this Section, the party hereto which sets such record date may designate any day as the applicable "Expiration Date" and from time to time may change such Expiration Date to any earlier or later day; provided that no such change shall be effective unless notice of such proposed new Expiration Date is given to the other party hereto in writing, and to each Holder of Securities of the relevant series in the manner set forth in Section 106, on or prior to the applicable existing Expiration Date. If an Expiration Date is not designated with respect to any record date set pursuant to this Section, the party hereto which set such record date shall be deemed to have initially designated the 180th day after such record date as the Expiration Date with respect thereto, subject to its right to change the Expiration Date as provided in this paragraph. Notwithstanding the foregoing, no Expiration Date shall be later than the 180th day after the applicable record date.

Without limiting the foregoing, a Holder entitled hereunder to take any action hereunder with regard to any particular Security may do so with regard to all or any part of the principal amount of such Security or by one or more duly appointed agents, each of which may do so pursuant to such appointment with regard to all or any part of such principal amount.

Section 105. Notices, Etc., to Trustee and Corporation.

Any request, demand, authorization, direction, notice, consent, waiver or Act of Holders or other document provided or permitted by this Indenture to be made upon, given or furnished to, or filed with,

(1) the Trustee by any Holder or the Corporation shall be sufficient for every purpose hereunder if made, given, furnished or filed in writing to or with the Trustee at its Corporate Trust Office, Attention: General Manager, or

(2) [Intentionally deleted.]

(3) the Corporation by the Trustee or by any Holder shall be sufficient for every purpose hereunder (unless otherwise herein expressly provided) if in writing and mailed, first-class postage prepaid, to the Corporation addressed to it at the address of its principal office specified in the first paragraph of this instrument, Attention: Chief Financial Officer, or at any other address previously furnished in writing to the Trustee by the Corporation.

The Trustee shall have the right to accept and act upon instructions, including funds transfer instructions ("Instructions") given pursuant to this Indenture and delivered using electronic means; provided, however, that the Corporation shall provide to the Trustee an incumbency certificate listing officers with the authority to provide such Instructions ("Authorized Officers") and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the Corporation whenever a person is to be added or deleted from the listing. If the Corporation elects to give the Trustee Instructions using electronic means and the Trustee in its discretion elects to act upon such Instructions, the Trustee's understanding of such Instructions shall be deemed controlling. The Corporation understands and agrees that the Trustee cannot determine the identity of the actual sender of such Instructions and that the Trustee may conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Trustee have been sent by such Authorized Officer. The Corporation shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Trustee and that the Corporation and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and authentication keys upon receipt by the Corporation. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such Instructions notwithstanding that such directions may conflict or be inconsistent with a subsequent written instruction. The Corporation agrees: (i) to assume all risks arising out of the use of electronic means to submit Instructions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized

Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by the Corporation; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

Section 106. Notice to Holders; Waiver.

Where this Indenture provides for notice to Holders of any event, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and mailed, first-class postage prepaid, to each Holder affected by such event, at his or her address as it appears in the Register, or sent electronically through the Applicable Procedures of the Depositary, not later than the latest date (if any), and not earlier than the earliest date (if any), prescribed for the giving of such notice. In any case where notice to Holders is given by mail or sent electronically, neither the failure to mail or send such notice, nor any defect in any notice so mailed or sent, to any particular Holder shall affect the sufficiency of such notice with respect to other Holders. Where this Indenture provides for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Holders shall be filed with the Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

In case by reason of the suspension of regular mail service or by reason of any other cause it shall be impracticable to give such notice by mail or by electronic transmission, then such notification as shall be made with the approval of the Trustee (not to be unreasonably withheld, conditioned or delayed) shall constitute a sufficient notification for every purpose hereunder.

Section 107. Conflict with Trust Indenture Legislation.

If and to the extent that any provision of this Indenture (including any supplemental indenture) limits, qualifies or conflicts with a mandatory requirement of the Trust Indenture Legislation, such mandatory requirement shall prevail. At all times in relation to this Indenture, any supplemental indenture and any action to be taken hereunder or thereunder, the Corporation and the Trustee each shall observe and comply with the Trust Indenture Legislation and the Corporation, the Trustee and each Holder shall be entitled to the benefits of the Trust Indenture Legislation.

Section 108. Effect of Headings and Table of Contents.

The Article and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

Section 109. Successors and Assigns.

All covenants and agreements in this Indenture by the Corporation shall bind its successors and assigns, whether so expressed or not. All covenants and agreements of the Trustee in this Indenture shall bind its successors and assigns, whether so expressed or not.

Section 110. Separability Clause

In case any provision in this Indenture or in the Securities shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 111. Benefits of Indenture.

Nothing in this Indenture or in the Securities, express or implied, shall give to any Person, other than the parties hereto, their successors hereunder and the Holders, any benefit or any legal or equitable right, remedy or claim under this Indenture.

Section 112. Governing Law; Attornment.

This Indenture and the Securities shall be governed by and construed in accordance with the laws of the Province of Newfoundland and Labrador and the laws of Canada applicable therein.

With respect to any suit, action or proceedings relating to this Indenture or any Securities, each of the Corporation, the Trustee and, by their acceptance of Securities and the benefits of this Indenture and the related supplemental indenture, the Holders from time to time irrevocably submits and attorns to the non-exclusive jurisdiction of the courts of the Province of Newfoundland & Labrador.

Section 113. Intentionally Deleted.

Section 114. Legal Holidays.

In any case where any Interest Payment Date, Redemption Date or Stated Maturity of any Security shall not be a Business Day at any Place of Payment, then (notwithstanding any other provision of this Indenture or of the Securities (other than a provision of any Security which specifically states that such provision shall apply in lieu of this Section)) payment of interest or principal (and premium) need not be made at such Place of Payment on such date, but may be made on the next succeeding Business Day at such Place of Payment with the same force and effect as if made on the Interest Payment Date or Redemption Date, or at the Stated Maturity.

Section 115. Conversion of Currency.

(1) The Corporation covenants and agrees that the following provisions shall apply to conversion of Currency in the case of the Securities and this Indenture:

(A) If for the purposes of obtaining judgment in, or enforcing the judgment of, any court in any country, it becomes necessary to convert into any other Currency (the "Judgment Currency") an amount due or contingently due under the Securities of any series and this Indenture (the "Required Currency"), then the conversion shall be made at the rate of exchange prevailing on the Business Day before the day on which a final judgment which is not appealable or is not appealed is given or the order of enforcement is made, as the case may be (unless a court shall otherwise determine).

(B) If there is a change in the rate of exchange prevailing between the Business Day before the day on which the judgment referred to in (A) above is given or an order of endorsement is made, as the case may be (or such other date as a court shall determine), and the date of receipt of the amount due, the Corporation shall pay such additional (or, as the case may be, such lesser) amount, if any, as may be necessary so that the amount paid in the Judgment Currency when converted at the rate of exchange prevailing on the date of receipt will produce the amount in the Required Currency originally due.

(2) In the event of the winding-up of the Corporation at any time while any amount or damages owing under the Securities and this Indenture, or any judgment or order rendered in respect thereof, shall remain outstanding, the Corporation shall indemnify and hold the Holders of Securities and

the Trustee harmless and indemnified as contemplated in Section 607 against any deficiency arising or resulting from any variation in rates of exchange between (A) the date as of which the equivalent of the amount in the Required Currency due or contingently due under the Securities and this Indenture (other than under this Subsection (2)) is calculated for the purposes of such winding-up and (B) the final date for the filing of proofs of claim in such winding-up. For the purpose of this Subsection (2) the final date for the filing of proofs of claim in the winding-up of the Corporation shall be the date fixed by the liquidator or otherwise in accordance with the relevant provisions of applicable law as being the latest practicable date as at which liabilities of the Corporation may be ascertained for such winding-up prior to payment by the liquidator or otherwise in respect thereto.

(3) The obligations of the Corporation contained in Subsections (1)(B) and (2) of this Section shall constitute separate and independent obligations from its other obligations under the Securities and this Indenture, shall give rise to separate and independent causes of action against the Corporation, shall apply irrespective of any waiver or extension granted by any Holder or the Trustee from time to time and shall continue in full force and effect notwithstanding any judgment or order or the filing of any proof of claim in the winding-up of the Corporation for a liquidated sum in respect of amounts due hereunder (other than under Subsection (2) above) or under any such judgment or order. Any such deficiency as aforesaid shall be deemed to constitute a loss suffered by the Holders or the Trustee, as the case may be, and no proof or evidence of any actual loss shall be required by the Corporation or the applicable liquidator. In the case of Subsection (2) above, the amount of such deficiency shall not be deemed to be reduced by any variation in rates of exchange occurring between the said final date and the date of any liquidating distribution.

(4) The term "rate(s) of exchange" shall mean the Bank of Canada closing rate for purchases on the relevant date of the Required Currency with the Judgment Currency, as reported on the "Exchange Rates-Daily closing rates" page of the website of the Bank of Canada (or by such other means of reporting the Bank of Canada closing rate as may be agreed upon by each of the parties to this Indenture) and includes any premiums and costs of exchange payable.

Section 116. Currency Equivalent.

Except as otherwise provided in this Indenture, for purposes of the construction of the terms of this Indenture or of the Securities, in the event that any amount is stated herein in the Currency of one nation (or in Euros) (the "First Currency"), as of any date such amount shall also be deemed to represent the amount in the Currency of any other relevant nation (the "Other Currency") which is required to purchase such amount in the First Currency at the Bank of Canada closing rate as reported by Telerate on screen 3194 (or such other means of reporting the Bank of Canada closing rate as may be agreed upon by each of the parties to this Indenture) on the date of determination.

Section 117. Currency.

Unless otherwise indicated in this Indenture, any Security or any indenture supplemental hereto, all amounts referenced herein are in Canadian dollars. Unless expressly provided to the contrary in this Indenture or otherwise expressly provided in the supplemental indenture in respect of a series, all payments to be made hereunder and in respect of any series shall be made in Canadian dollars.

Section 118. Rules of Construction and Conventions.

Unless the context otherwise requires:

(1) a term has the meaning assigned to it;

(2) an accounting term not otherwise defined has the meaning assigned to it in accordance with U.S. GAAP;

(3) "or" is not exclusive;

(4) "including" means including without limitation;

(5) words in the singular include the plural and words in the plural include the singular;

(6) unsecured indebtedness shall not be deemed to be subordinate or junior to secured indebtedness merely because it is unsecured;

(7) indebtedness shall not be deemed to be subordinate or junior to any other secured indebtedness merely because it has a junior priority with respect to the same collateral; and

(8) unless otherwise specified, any value to be determined under this Indenture will be determined by the Corporation as set forth in this paragraph. With respect to any provision of this Indenture that specifies a value or requires or provides for a determination of the value of any item or amount, the value shall be as determined in good faith by an officer of the Corporation. Any such determination shall be conclusive for all purposes under this Indenture.

Section 119. Documents in English.

The Corporation, the Trustee and, by their acceptance of Securities and the benefits of this Indenture (including the related supplemental indenture), the Holders acknowledge that this Indenture, each Security and each document related hereto and thereto (whether or not any of such documents is also drawn up in French) has been drawn up in English at the express will of such Persons. Les parties à ces présentes conviennent que ces présentes ainsi que tout document qui s'y rattache (incluant tout document rédigé en française et en anglais) soient rédigés en langue anglaise à la volonté expresse des parties.

Section 120. Language of Notices, Etc.

Any request, demand, authorization, direction, notice, consent, election or waiver required or permitted under this Indenture shall be in the English language (or in the French language in the Province of Québec, but only to the extent required by law), except that, if the Corporation so elects, any published notice may be in an official language of the country of publication to the extent permitted by law.

Section 121. No Adverse Interpretation of Other Agreements.

This Indenture may not be used to interpret any other indenture, loan or debt agreement of the Corporation or its subsidiaries or of any other Person. Any such indenture, loan or debt agreement may not be used to interpret this Indenture.

Section 122. No Conflict With Series Supplements.

The terms and provisions of a supplemental indenture in respect of a series of Securities may eliminate, modify, amend or add to any of the terms and provisions of this Indenture, but solely as applied to such series. The insertion of the phrase "in any supplemental indenture in respect of a series of Securities", "unless otherwise provided in the related supplemental indenture in respect of a series of Securities" or similar phrases in this Indenture, or the absence of any such phrase, shall not limit the scope of or otherwise affect the proceeding sentence or Section 301. For greater certainty, if a term or provision contained in this Indenture shall conflict or be inconsistent with a term or provision of any such supplemental indenture, such supplemental indenture shall govern with respect to the series of Securities to which it relates; provided, however, that the terms and provisions of such supplemental indenture may

eliminate, modify, amend or add to the terms and provisions of this Indenture solely as applied to such series of Securities.

Section 123. Counterparts.

This Indenture may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument. The exchange of copies of this Indenture and of signature pages by facsimile or PDF transmission shall constitute effective execution and delivery of this Indenture as to the parties hereto and may be used in lieu of the original Indenture for all purposes. Signatures of the parties hereto transmitted by facsimile or PDF shall be deemed to be their original signatures for all purposes.

ARTICLE TWO

Security Forms

Section 201. Forms Generally.

The Securities of each series shall be in substantially the form set forth in Exhibit A, or in such other form as shall be established by or pursuant to a Board Resolution or in one or more indentures supplemental hereto, in each case with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture, and may have such letters, numbers or other marks of identification and such legends or endorsements placed thereon as may be required to comply with the rules of any securities exchange or Depositary therefor or as may, consistently herewith, be determined by the officers executing such Securities, as evidenced by their execution thereof. If the form of Securities of any series is established by action taken pursuant to a Board Resolution, a copy of an appropriate record of such action shall be certified by the Secretary or an Assistant Secretary of the Corporation and delivered to the Trustee at or prior to the delivery of the Company Order contemplated by Section 303 for the authentication and delivery of such Securities.

Any Definitive Securities shall be printed, lithographed or engraved on steel engraved borders or may be produced in any other manner, all as determined by the officers executing such Securities, as evidenced by their execution of such Securities.

Any Global Security will represent such of the outstanding Securities as will be specified therein and each Global Security shall provide that it represents the aggregate principal amount of outstanding Securities from time to time endorsed thereon and that the aggregate principal amount of outstanding Securities represented thereby may from time to time be reduced or increased, as appropriate, to reflect exchanges and redemptions. Any endorsement of a Global Security to reflect the amount of any increase or decrease in the aggregate principal amount of outstanding amount represented thereby will be made by the Trustee or the Depositary, at the direction of the Trustee, in accordance with instructions given by the Holder thereof as required by Section 306 hereof. Any Global Security may also be produced in any other manner, all as determined by the officers executing such Securities, as evidenced by their execution of such Securities.

Section 202. Form of Legends.

Each Global Security will bear a legend in substantially the following form:

> "THIS GLOBAL SECURITY IS HELD BY THE DEPOSITARY (AS DEFINED IN THE INDENTURE GOVERNING THIS SECURITY) OR ITS NOMINEE IN CUSTODY FOR THE BENEFIT OF THE BENEFICIAL OWNERS HEREOF, AND IS NOT TRANSFERABLE TO ANY PERSON UNDER ANY CIRCUMSTANCES EXCEPT THAT (1) THE TRUSTEE MAY

MAKE SUCH NOTATIONS HEREON AS MAY BE REQUIRED PURSUANT TO SECTION 306 OF THE INDENTURE, (2) THIS GLOBAL SECURITY MAY BE EXCHANGED IN WHOLE BUT NOT IN PART PURSUANT TO SECTION 306(a) OF THE INDENTURE, (3) THIS GLOBAL SECURITY MAY BE DELIVERED TO THE TRUSTEE FOR CANCELLATION PURSUANT TO SECTION 310 OF THE INDENTURE AND (4) THIS GLOBAL SECURITY MAY BE TRANSFERRED TO A SUCCESSOR DEPOSITARY WITH THE PRIOR WRITTEN CONSENT OF THE CORPORATION.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF CDS CLEARING AND DEPOSITORY SERVICES INC. ("CDS") TO FORTIS INC. OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IN RESPECT THEREOF IS REGISTERED IN THE NAME OF CDS & CO., OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS (AND ANY PAYMENT IS MADE TO CDS & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS), **ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL** SINCE THE REGISTERED HOLDER HEREOF, CDS & CO., HAS A PROPERTY INTEREST IN THE SECURITIES REPRESENTED BY THIS CERTIFICATE HEREIN AND IT IS A VIOLATION OF ITS RIGHTS FOR ANOTHER PERSON TO HOLD, TRANSFER OR DEAL WITH THIS CERTIFICATE."

Section 203. Form of Trustee's Certificate of Authentication.

Subject to Section 614, the Trustee's certificates of authentication shall be in substantially the following form:

This is one of the Securities of the series designated therein referred to in the within-mentioned Indenture.

Computershare Trust Company of Canada,
as Trustee

By: _____
Authorized Signatory

ARTICLE THREE

The Securities

Section 301. Amount Unlimited; Issuable in Series.

The aggregate principal amount of Securities which may be authenticated and delivered under this Indenture is unlimited.

The Securities may be issued in one or more series. There shall be established in or pursuant to a Board Resolution and, subject to Section 303, set forth, or determined in the manner provided, in an Officer's Certificate, or established in one or more indentures supplemental hereto, prior to the issuance of Securities of any series,

(1) the title of the Securities of the series (which shall distinguish the Securities of the series from Securities of any other series);

(2) any limit upon the aggregate principal amount of the Securities of the series which may be authenticated and delivered under this Indenture (except for Securities authenticated and delivered upon registration of, transfer of, or in exchange for, or in lieu of, other Securities of the series pursuant to Section 304, 305, 306, 307, 906 or 1106 and except for any Securities which, pursuant to Section 303, are deemed never to have been authenticated and delivered hereunder);

(3) [Intentionally Deleted.]

(4) the date or dates on which the principal of any Securities of the series is payable or the method by which such date shall be determined and the right, if any, to shorten or extend the date on which the principal of any Securities of the series is payable and the conditions to any such change;

(5) the rate or rates at which any Securities of the series shall bear interest, if any, or the method by which such rate or rates shall be determined; the date or dates from which any such interest shall accrue; the Interest Payment Dates on which any such interest shall be payable; the manner (if any) of determination of such Interest Payment Dates; and the Regular Record Date, if any, for any such interest payable on any Interest Payment Date;

(6) the right, if any, to extend the interest payment periods and the terms of such extension or extensions;

(7) any Place of Payment in addition to or instead of the Corporate Trust Office of the Trustee and the method of such payment, if by electronic transfer, mail or other means, to the extent different or additional to the method provided herein, where Securities of such series may be surrendered for registration, transfer or exchange and where demand to or upon the Corporation in respect of such Securities and this Indenture may be served;

(8) the period or periods within which, or the date or dates on which, the price or prices at which and the terms and conditions upon which any Securities of the series may be redeemed, in whole or in part, at the option of the Corporation and, if other than by a Board Resolution, the manner in which any election by the Corporation to redeem the Securities shall be evidenced;

(9) the obligation, if any, of the Corporation to redeem or purchase any Securities of the series pursuant to any sinking fund, purchase fund or analogous provisions or at the option of the Holder thereof, the period or periods within which, the price or prices at which and the terms and conditions upon which any Securities of the series shall be redeemed or purchased, in whole or in part, pursuant to such obligation and any other provisions related to such redemption or purchase pursuant to such sinking fund or otherwise;

(10) if other than denominations of $1,000 and any integral multiple of $1,000 in excess thereof, the denominations in which any Securities of the series shall be issuable;

(11) if the amount of principal of or any premium or interest on any Securities of the series may be determined with reference to an index or pursuant to a formula, the manner in which such amounts shall be determined;

(12) if other than the Canadian dollars, the currency, currencies or currency units in which the principal of or any premium or interest on any Securities of the series shall be payable and the manner of determining the equivalent thereof in Canadian dollars for any purpose, including for purposes of the definition of “Outstanding” in Section 101;

(13) if other than the entire principal amount thereof, the portion of the principal amount of any Securities of the series which shall be payable upon declaration of acceleration of the Maturity thereof pursuant to Section 502;

(14) [Intentionally Deleted.]

(15) [Intentionally Deleted.]

(16) if the principal amount payable at the Stated Maturity of any Securities of the series will not be determinable as of any one or more dates prior to the Stated Maturity, the amount which shall be deemed to be the principal amount of such Securities as of any such date for any purpose thereunder or hereunder, including the principal amount thereof which shall be due and payable upon any Maturity other than the Stated Maturity or which shall be deemed to be Outstanding as of any date prior to the Stated Maturity (or, in any such case, the manner in which such amount deemed to be the principal amount shall be determined);

(17) if either or both of Sections 1202 and 1203 do not apply to any Securities of the series;

(18) if applicable, that any Securities of the series shall be issuable in whole or in part in the form of one or more Global Securities and, in such case, the respective Depositary or Depositaries for such Global Securities, the form of any legend or legends which shall be borne by any such Global Security in addition to or in lieu of that set forth in Section 202 and any circumstances in addition to or in lieu of those set forth in Clause (2) of the last paragraph of Section 305 in which any such Global Security may be exchanged in whole or in part for Securities registered, and any transfer of such Global Security in whole or in part may be registered, in the name or names of Persons other than the Depositary for such Global Security or a nominee thereof;

(19) any transfer and exchange provisions of the Securities of the series;

(20) any addition, modification or deletion of any Events of Default or covenants provided with respect to any Securities of the series and any change in the right of the Trustee or the requisite Holders of such Securities to declare the principal amount thereof due and payable pursuant to Section 502;

(21) any addition, modification or deletion in the covenants set forth in Article Ten which applies to Securities of the series;

(22) whether such Securities are Subordinated Securities and if so, the provisions for such subordination if other than the provisions set forth in Article Fourteen; and

(23) any other terms of the series (which may amend, supplement, modify or delete any provision of this Indenture insofar as it applies to such series).

All Securities of any one series shall be substantially identical except as to denomination and except as may otherwise be provided in or pursuant to the Board Resolution referred to above and (subject to Section 303) set forth, or determined in the manner provided, in the Officer's Certificate referred to above or in any applicable indenture supplemental hereto.

If any of the terms of the series are established by action taken pursuant to a Board Resolution, a copy of an appropriate record of such action shall be certified by the Secretary or an Assistant Secretary of the Corporation and delivered to the Trustee at or prior to the delivery of the Officer's Certificate setting forth the terms or the manner of determining the terms of the series.

With respect to Securities of a series offered in a Periodic Offering, the Board Resolution (or action taken pursuant thereto), Officer's Certificate or supplemental indenture referred to above may provide general terms or parameters for Securities of such series and provide either that the specific terms of particular Securities of such series shall be specified in a Company Order or that such terms shall be determined by the Corporation in accordance with other procedures specified in a Company Order as contemplated by the third paragraph of Section 303.

Notwithstanding Section 301(2) herein and unless otherwise expressly provided with respect to a series of Securities, the aggregate principal amount of a series of Securities may be increased and additional Securities of such series may be issued up to the maximum aggregate principal amount authorized with respect to such series as increased.

Section 302. Denominations.

The Securities of each series shall be issuable only in fully registered form without coupons and only in such denominations as shall be specified as contemplated by Section 301. In the absence of any such specified denomination with respect to the Securities of any series, the Securities of such series shall be issuable in denominations of $1,000 and any integral multiple of $1,000 in excess thereof.

Section 303. Execution, Authentication, Delivery and Dating.

The Securities shall be executed on behalf of the Corporation by any one of the following directors and/or officers of the Corporation: its Chairman of the Board; its Chief Executive Officer; its Chief Financial Officer; its President; any of its Vice Presidents; its Treasurer; or any of its Assistant Treasurers. The signature of any of these officers on the Securities may be manual or facsimile.

Securities bearing the manual or facsimile signatures of individuals who were at any time the proper officers of the Corporation shall bind the Corporation, notwithstanding that such individuals or any of them have ceased to hold such offices prior to the authentication and delivery of such Securities or did not hold such offices at the date of such Securities.

At any time and from time to time after the execution and delivery of this Indenture, the Corporation may deliver Securities of any series executed by the Corporation to the Trustee for authentication, together with a Company Order for the authentication and delivery of such Securities, and the Trustee in accordance with the Company Order shall authenticate and deliver such Securities, provided, however, that in the case of Securities offered in a Periodic Offering, the Trustee shall authenticate and deliver such Securities from time to time in accordance with such other procedures (including, without limitation, the receipt by the Trustee of written electronic instructions from the Corporation or its duly authorized agents) acceptable to the Trustee as may be specified by or pursuant to a Company Order delivered to the Trustee prior to the time of the first authentication of Securities of such series. If the form or terms of the Securities of the series have been established by or pursuant to one or more Board Resolutions as permitted by Sections 201 and 301, in authenticating such Securities, and accepting the additional responsibilities under this Indenture in relation to such Securities, the Trustee shall be entitled to receive, and (subject to Section 601) shall be fully protected in relying upon, an Opinion of Counsel stating:

(1) if the form of such Securities has been established by or pursuant to Board Resolution as permitted by Section 201, that such form has been established in conformity with the provisions of this Indenture;

(2) if the terms of such Securities have been, or in the case of Securities of a series offered in a Periodic Offering, will be, established by or pursuant to Board Resolution as permitted by Section 301, that such terms have been, or in the case of Securities of a series offered in a Periodic Offering, will be,

established in conformity with the provisions of this Indenture, subject, in the case of Securities of a series offered in a Periodic Offering, to any conditions specified in such Opinion of Counsel; and

(3) that such Securities, when authenticated and delivered by the Trustee and issued by the Corporation in the manner and subject to any conditions specified in such Opinion of Counsel, will constitute valid and legally binding obligations of the Corporation enforceable in accordance with their terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles.

If such form or terms have been so established, the Trustee shall not be required to authenticate such Securities if the issue of such Securities pursuant to this Indenture will affect the Trustee's own rights, duties or immunities under the Securities and this Indenture or otherwise in a manner which is not reasonably acceptable to the Trustee.

With respect to Securities of a series offered in a Periodic Offering, the Trustee may rely, as to the authorization by the Corporation of any of such Securities, the form and terms thereof and the legality, validity, binding effect and enforceability thereof, upon the Opinion of Counsel and the other documents delivered pursuant to Sections 201 and 301 and this Section, as applicable, in connection with the first authentication of Securities of such series.

Each Security shall be dated the date of its authentication.

No Security shall be entitled to any benefit under this Indenture or be valid or obligatory for any purpose unless there appears on such Security a certificate of authentication substantially in the form provided for herein executed by the Trustee by manual signature of an authorized signatory, and such certificate upon any Security shall be conclusive evidence, and the only evidence, that such Security has been duly authenticated and delivered hereunder. Notwithstanding the foregoing, if any Security shall have been authenticated and delivered hereunder but never issued and sold by the Corporation, and the Corporation shall deliver such Security to the Trustee for cancellation as provided in Section 310, for all purposes of this Indenture such Security shall be deemed never to have been authenticated and delivered hereunder and shall never be entitled to the benefits of this Indenture.

Section 304. Temporary Securities.

Pending the preparation of definitive Securities of any series, the Corporation may execute, and upon Company Order the Trustee shall authenticate and deliver temporary Securities which are printed, lithographed, typewritten, mimeographed or otherwise produced, in any authorized denomination, substantially of the tenor of the definitive Securities in lieu of which they are issued and with such appropriate insertions, omissions, substitutions and other variations as the officers executing such Securities may determine, as evidenced by their execution of such Securities.

If temporary Securities of any series are issued, the Corporation will cause definitive Securities of that series to be prepared without unreasonable delay. After the preparation of definitive Securities of such series, the temporary Securities of such series shall be exchangeable for definitive Securities of such series upon surrender of the temporary Securities of such series at the office or agency of the Corporation in a Place of Payment for that series, without charge to the Holder. Upon surrender for cancellation of any one or more temporary Securities of any series, the Corporation shall execute and the Trustee shall authenticate and deliver in exchange therefore one or more definitive Securities of the same series, of any authorized denominations and of like tenor and aggregate principal amount. Until so exchanged, the temporary Securities of any series shall in all respects be entitled to the same benefits under this Indenture as definitive Securities of such series and tenor.

Section 305. Registrar and Paying Agent

The Trustee is hereby appointed a security registrar for the purpose of registering Securities and transfers of Securities as herein provided (each such registrar, a "Registrar") and the Corporation hereby designates the Corporate Trust Office of the Trustee as the office where Securities may be presented for payment. The Registrar will keep a register (the "Register") of the Securities and of their transfer and exchange. The Corporation may appoint one or more co-registrars and one or more additional paying agents. The Corporation may change any Registrar or Paying Agent without notice to any Holder. The Corporation will notify the Trustee in writing of the name and address of any Paying Agent or Registrar not a party to this Indenture. If the Corporation fails to appoint or maintain another entity as Registrar or Paying Agent, the Trustee shall act as such. The Corporation or any of its Subsidiaries may act as Registrar or Paying Agent.

The Corporation hereby appoints CDS to act as the initial Depositary with respect to the Global Securities.

The Corporation hereby appoints the Trustee to act as the initial Registrar and Paying Agent with respect to the Global Securities.

Section 306. Transfer and Exchange.

(a) *Transfer and Exchange of Global Securities*. A Global Security may not be transferred except as a whole by the Depositary to a nominee of the Depositary, by a nominee of the Depositary to the Depositary or to another nominee of the Depositary or by the Depositary or any such nominee to a successor Depositary or a nominee of such successor Depositary. All Global Securities will be exchanged by the Corporation for Definitive Securities if:

(1) the Corporation delivers to the Trustee notice from the Depositary that it is unwilling or unable to continue to act as Depositary or that ceases to be eligible to be a Clearing Agency in accordance with the applicable securities laws and, in either case, a successor Depositary is not appointed by the Corporation within 90 days after the date of such notice from the Depositary;

(2) the Corporation in its sole discretion determines that the Global Securities (in whole but not in part) should be exchanged for Definitive Securities and delivers a written notice to such effect to the Trustee; or

(3) there has occurred and is continuing a default or Event of Default with respect to the Securities.

Upon the occurrence of either of the preceding events in Clause (1) or (2) above, Definitive Securities shall be issued in such names as the Depositary shall instruct the Trustee. Global Securities also may be exchanged or replaced, in whole or in part, as provided in Sections 304 and 307. Every Security authenticated and delivered, in exchange for, or in lieu of, a Global Security or any portion thereof, whether pursuant to this Section 306, or Section 304, 307, 906 or 1106 or otherwise, shall be authenticated and delivered in the form of, and shall be, a Global Security. A Global Security may not be exchanged for another Security other than as provided in this Section 306(a), however, beneficial interests in a Global Security may be transferred and exchanged as provided in Section 306(b).

(b) *Book-Entry Provisions for Global Securities*. A Supplemental Indenture in respect of an series of Securities shall establish whether the Securities of such series shall be issued in whole or in part in the form of one or more Global Securities and the Depositary for such Global Security or Securities. Ownership of the Book-Entry Securities will be constituted through beneficial interests in the Book-Entry Securities held by the Depositary or its nominee in the form of a Global Security, and will be represented

through book-entry accounts of Participants, acting on behalf of the Beneficial Owners of such Book-Entry Securities. Any registration of beneficial ownership in, and transfers of beneficial ownership of, Book-Entry Securities may be made only through the applicable book-based system by a Participant of the Depositary identified in such Supplemental Indenture. In such case, the Trustee shall deal with the Depositary and Participants as representatives of the Beneficial Owners of such Securities for purposes of exercising the rights of Holders hereunder, as provided in this Indenture. Requests and directions from, and votes of, such representatives shall not be deemed to be inconsistent if they are made with respect to different Beneficial Owners.

The Corporation, the Trustee and any agent of the Trustee shall treat a person as the Holder of such principal amount of outstanding Securities of such series represented by a Global Security as shall be specified in a written statement of the Depositary with respect to such Global Security, for purposes of obtaining any consents, declarations, waivers or directions required to be given by the Holders pursuant to this Indenture.

(c) *General Provisions Relating to Transfers and Exchanges*.

(1) At the option of the Holder, Securities may be exchanged for other Securities of the same series containing identical terms and provisions, in any authorized denomination or denominations, and of a like aggregate principal amount, upon surrender of the Securities to be exchanged at the Corporate Trust Office. Whenever any Securities are so surrendered for exchange, the Corporation shall execute, and the Trustee shall authenticate and deliver, the replacement Securities which the Holder making the exchange is entitled to receive.

(2) Any Holder of a Global Security shall, by acceptance of such Global Security, agree that transfers of beneficial interests in such Global Security may be effected only through a book-entry system maintained by the Depositary or such other Holder of such Global Security (or its agent), as applicable, in accordance with Section 306(b), and that ownership of a beneficial interest in the Security shall be required to be reflected in a book entry.

(3) To permit registrations of transfers and exchanges, the Corporation will execute and the Trustee will authenticate Global Securities and Definitive Securities upon receipt of an Authentication Order in accordance with Section 303 hereof or at the Registrar's request.

(4) No service charge will be made to a Holder of a beneficial interest in Global Securities or to a Holder of a Definitive Securities for any registration of transfer or exchange, but the Corporation and the Trustee may require payment of a sum sufficient to cover any transfer tax or similar governmental charge payable in connection therewith (other than any such transfer taxes or similar governmental charge payable upon exchange or transfer pursuant to Sections 304 and 1106).

(5) The Registrar will not be required to register the transfer of or exchange of any Security selected for redemption in whole or in part, except the unredeemed portion of any Security being redeemed in part.

(6) All Global Securities and Definitive Securities issued upon any registration of transfer or exchange of Global Securities or Definitive Securities will be the valid obligations of the Corporation, evidencing the same debt, and entitled to the same benefits under this Indenture, as the Global Securities or Definitive Securities surrendered upon such registration of transfer or exchange.

(7) Neither the Registrar nor the Corporation will be required:

(A) to issue, to register the transfer of or to exchange any Securities during a period beginning at the opening of business 15 days before the day of any selection of Securities for redemption under Article 11 hereof and ending at the close of business on the day of selection;

(B) to register the transfer of or to exchange any Security selected for redemption in whole or in part, except the unredeemed portion of any Security being redeemed in part; or

(C) to register the transfer of or to exchange a Security between a record date and the next succeeding interest payment date.

(8) Prior to due presentment for the registration of a transfer of any Security, the Trustee, any Agent and the Corporation may deem and treat the Person in whose name any Security is registered as the absolute owner of such Security for the purpose of receiving payment of principal of and interest on such Securities and for all other purposes, and none of the Trustee, any Agent or the Corporation shall be affected by notice to the contrary.

(9) The Trustee will authenticate Global Securities and Definitive Securities in accordance with the provisions of Section 303.

(10) All certifications, certificates and Opinions of Counsel required to be submitted to the Registrar pursuant to this Section 306 to effect a registration of transfer or exchange may be submitted by facsimile.

Section 307. Mutilated, Destroyed, Lost and Stolen Securities.

If any mutilated Security is surrendered to the Trustee, the Corporation shall execute and the Trustee shall authenticate and deliver in exchange therefor a new Security of the same series and of like tenor and principal amount and bearing a number not contemporaneously outstanding.

If there shall be delivered to the Corporation and to the Trustee (i) evidence to their satisfaction of the destruction, loss or theft of any Security and (ii) such security (including, for greater certainty, a surety bond) and indemnity as may be required by them (in each case, at their sole discretion) to save each of them and any agent of either of them harmless, then, in the absence of notice to the Corporation or the Trustee that such Security has been acquired by a *bona fide* purchaser, the Corporation shall execute and the Trustee shall authenticate and deliver, in lieu of any such destroyed, lost or stolen Security, a new Security of the same series and of like tenor and principal amount and bearing a number not contemporaneously outstanding.

In case any such mutilated, destroyed, lost or stolen Security has become or is about to become due and payable, the Corporation in its discretion may, instead of issuing a new Security, pay such Security.

Upon the issuance of any new Security under this Section, the Corporation may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Trustee) connected therewith. Every new Security of any series issued pursuant to this Section in lieu of any destroyed, lost or stolen Security shall constitute an original additional contractual obligation of the Corporation, whether or not the destroyed, lost or stolen Security shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Indenture equally and proportionately with any and all other Securities of that series duly issued hereunder.

The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Securities.

Section 308. Payment of Interest; Interest Rights Preserved.

Except as otherwise provided as contemplated by Section 301 with respect to any series of Securities, interest on any Security which is payable, and is punctually paid or duly provided for, on any Interest Payment Date shall be paid to the Person in whose name that Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest.

Except as otherwise provided as contemplated by Section 301 with respect to any series of Securities, any interest on any Security of any series which is payable, but is not punctually paid or duly provided for, on any Interest Payment Date (herein called "Defaulted Interest") shall forthwith cease to be payable to the Holder on the relevant Regular Record Date by virtue of having been such Holder, and such Defaulted Interest may be paid by the Corporation, at its election in each case, as provided in Clause (1) or (2) below:

(1) The Corporation may elect to make payment of any Defaulted Interest to the Persons in whose names the Securities of such series (or their respective Predecessor Securities) are registered at the close of business on a Special Record Date for the payment of such Defaulted Interest, which shall be fixed in the following manner. The Corporation shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each Security of such series and the date of the proposed payment, and at the same time the Corporation shall deposit with the Trustee an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the Persons entitled to such Defaulted Interest as in this Clause provided. Thereupon the Trustee shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 days and not less than 10 days prior to the date of the proposed payment and not less than 10 days after the receipt by the Trustee of the notice of the proposed payment. The Trustee shall promptly notify the Corporation of such Special Record Date and, in the name and at the expense of the Corporation, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be given to each Holder of Securities of such series in the manner set forth in Section 106, not less than 10 days prior to such Special Record Date. Notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor having been so sent, such Defaulted Interest shall be paid to the Persons in whose names the Securities of such series (or their respective Predecessor Securities) are registered at the close of business on such Special Record Date and shall no longer be payable pursuant to the following Clause (2).

(2) The Corporation may make payment of any Defaulted Interest on the Securities of any series in any other lawful manner consistent with the requirements of any securities exchange, if any, on which such Securities may be listed, and upon such notice as may be required by such exchange, if, after notice given by the Corporation to the Trustee of the proposed payment pursuant to this Clause, such manner of payment shall be deemed practicable by the Trustee.

Subject to the foregoing provisions of this Section, each Security delivered under this Indenture upon registration of transfer of or in exchange for or in lieu of any other Security shall carry the rights to interest accrued and unpaid, and to accrue, which were carried by such other Security.

Section 309. Persons Deemed Owners.

Prior to due presentment of a Security for registration of transfer, the Corporation, the Trustee and any agent of the Corporation or the Trustee may treat the Person in whose name such Security is registered as

the owner of such Security for the purpose of receiving payment of principal of and any premium and (subject to Section 307) any interest on such Security and for all other purposes whatsoever, whether or not such Security be overdue, and neither the Corporation, the Trustee nor any agent of the Corporation or the Trustee shall be affected by notice to the contrary.

Section 310. Cancellation.

All Securities surrendered for payment, redemption, registration of transfer or exchange or for credit against any sinking fund payment shall, if surrendered to any Person other than the Trustee, be delivered to the Trustee and shall be promptly cancelled by it. The Corporation may at any time deliver to the Trustee for cancellation any Securities previously authenticated and delivered hereunder which the Corporation may have acquired in any manner whatsoever, and may deliver to the Trustee (or to any other Person for delivery to such Trustee) for cancellation any Securities previously authenticated hereunder which the Corporation has not issued and sold, and all Securities so delivered shall be promptly cancelled by the Trustee. No Securities shall be authenticated in lieu of or in exchange for any Securities cancelled as provided in this Section, except as expressly permitted by this Indenture. All cancelled Securities held by the Trustee shall be disposed of by the Trustee in accordance with its then customary practice; provided, however, that the Trustee shall not be required to destroy such cancelled Securities.

Section 311. Computation of Interest.

Except as otherwise specified as contemplated by Section 301 for Securities of any series, interest on the Securities of each series shall be computed on the basis of a 365-day or 366-day year, as applicable. For disclosure purposes under the *Interest Act* (Canada), whenever in this Indenture or any Securities issued hereunder interest at a specified rate is to be calculated on the basis of a period less than a calendar year, the yearly rate of interest to which such rate is equivalent is such rate multiplied by the actual number of days in the relevant calendar year and divided by the number of days in such period.

Section 312. CUSIP Numbers, ISIN, etc.

The Corporation in issuing the Securities may use "CUSIP" numbers, "ISINs" and "Common Code" numbers (in each case if then generally in use), and, if so, the Trustee shall use "CUSIP" numbers, "ISINs" and "Common Code" numbers in notices of redemption as a convenience to Holders; provided that any such notice may state that no representation is made as to the correctness of such numbers either as printed on the Securities or as contained in any notice of a redemption and that reliance may be placed only on the other identification numbers printed on the Securities, and any such redemption shall not be affected by any defect in or omission of such numbers. The Corporation shall notify the Trustee in writing of any change in any "CUSIP" numbers, "ISINs" or "Common Code" numbers applicable to the Securities.

ARTICLE FOUR

Satisfaction and Discharge

Section 401. Satisfaction and Discharge of Indenture.

This Indenture shall be discharged and shall cease to be of further effect (except as to any surviving rights of registration of transfer or exchange of Securities herein expressly provided for and the rights of the Trustee with respect to regular payment and indemnity which also shall survive), and the Trustee, upon Company Request and at the expense of the Corporation, shall execute proper instruments acknowledging satisfaction and discharge of this Indenture, when

(1) either

(A) all Securities theretofore authenticated and delivered (other than (i) Securities which have been destroyed, lost or stolen and which have been replaced or paid as provided in Section 306 and (ii) Securities for whose payment money has theretofore been deposited in trust or segregated and held in trust by the Corporation and thereafter repaid to the Corporation or discharged from such trust, as provided in Section 1003) have been delivered to the Trustee for cancellation; or

(B) all such Securities not theretofore delivered to the Trustee for cancellation

(i) have become due and payable, or

(ii) will become due and payable at their Stated Maturity within one year, or

(iii) are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Corporation,

and the Corporation, in the case of (B)(i), (B)(ii) or (B)(iii) above, has deposited or caused to be deposited with the Trustee as trust funds in trust for the purpose (I) money in an amount, (II) Government Obligations (as defined in Section 1204) which in accordance with their terms will provide, not later than the due date of any payment, money in an amount, or (III) a combination thereof, sufficient, in the case of (II) or (III), in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee, to pay and discharge, and which shall be applied by the Trustee to pay and discharge, the entire indebtedness on such Securities not theretofore delivered to the Trustee for cancellation, for principal and any premium, and interest to the date of such deposit (in the case of Securities which have become due and payable) or to the Stated Maturity or Redemption Date, as the case may be;

(2) the Corporation has paid or caused to be paid all other sums payable hereunder by the Corporation; and

(3) the Corporation has delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that all conditions precedent to the satisfaction and discharge of this Indenture have been complied with.

Notwithstanding the satisfaction and discharge of this Indenture, each of the obligations of the Corporation to the Trustee under Section 607 and, if money shall have been deposited with the Trustee pursuant to subclause (B) of Clause (1) of this Section, the obligations of the Trustee under Section 402 and the last paragraph of Section 1003 shall survive until otherwise terminated or discharged hereunder.

Section 402. Application of Trust Money.

Subject to the provisions of the last paragraph of Section 1003, all money deposited with the Trustee pursuant to Section 401 shall be held in trust and applied by it, in accordance with the provisions of the Securities and this Indenture, to the payment, either directly or through any Paying Agent (including the Corporation acting as its own Paying Agent) as the Trustee may determine, to the Persons entitled thereto, of the principal and any premium, and interest for whose payment such money has been deposited with the Trustee. Moneys held pursuant to this Section for the benefit of the Holders of Subordinated Securities shall not be subject to the subordination provisions established with respect to such Securities pursuant to Section 301(22).

The Corporation shall pay and indemnify the Trustee against any tax, fee or other charge imposed on or assessed against the Government Obligations deposited pursuant to Section 401 or the principal and interest received in respect thereof.

Anything in this Article to the contrary notwithstanding, the Trustee shall deliver or pay to the Corporation from time to time upon Company Request any money or Government Obligations held by either of them as provided in Section 401 which, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee (in case Government Obligations are held by the Trustee as provided in Section 401), are in excess of the amount thereof which would then be required to be deposited to effect the satisfaction and discharge of this Indenture.

ARTICLE FIVE

Remedies

Section 501. Events of Default.

"Event of Default," wherever used herein with respect to Securities of any series, means any one of the following events (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body), unless it is inapplicable to a particular series or is specifically deleted or modified in the Board Resolution (or action taken pursuant thereto), Officer's Certificate or supplemental indenture under which such series of Securities is issued or has been deleted or modified in an indenture supplemental hereto:

(1) default in the payment of any interest upon any Security of that series when it becomes due and payable, and continuance of such default for a period of 60 days; provided, however, that if the Corporation is permitted by the terms of the Securities of such series to defer the payment in question, the date on which such payment is due and payable shall be the date on which the Corporation is required to make payment following such deferral, if such deferral has been elected pursuant to the terms of the Securities; or

(2) default in the payment of the principal of or any premium on any Security of that series at its Maturity; or

(3) default in the performance, or breach, by the Corporation of its covenant in Section 801; or

(4) default in the performance, or breach, of any covenant of the Corporation in this Indenture (other than a covenant a default in whose performance or whose breach is elsewhere in this Section specifically dealt with or which has expressly been included in this Indenture solely for the benefit of a series of Securities other than that series), and continuance of such default or breach for a period of 90 days after there has been given, by registered or certified mail, to the Corporation by the Trustee or to the Corporation and the Trustee by the Holders of at least 33% in principal amount of the Outstanding Securities of that series a written notice specifying such default or breach and requiring it to be remedied and stating that such notice is a "Notice of Default" hereunder, unless the Trustee, or the Trustee and the Holders of a principal amount of Securities of such series not less than the principal amount of Securities the Holders of which gave such notice, as the case may be, shall agree in writing to an extension of such period prior to its expiration; provided, however, that the Trustee, or the Trustee and the Holders of such principal amount of Securities of such series, as the case may be, shall be deemed to

have agreed to an extension of such period if corrective action is initiated by the Corporation within such period and is being diligently pursued; or

(5) default in any sinking fund payment when required for any Security of that series, and continuance of such default for a period of 60 days; or

(6) the entry by a court having jurisdiction in the premises of (A) a decree or order for relief in respect of the Corporation in an involuntary case or proceeding under the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangements Act* (Canada) or other applicable Canadian federal or provincial bankruptcy, insolvency, reorganization or other similar law or (B) a decree or order adjudging the Corporation a bankrupt or insolvent, or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition of or in respect of the Corporation under the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangements Act* (Canada) or other applicable Canadian federal or provincial law, or appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official of the Corporation or of any substantial part of its property, or ordering the winding-up or liquidation of its affairs, and the continuance of any such decree or order for relief or any such other decree or order unstayed and in effect for a period of 90 consecutive days; or

(7) the commencement by the Corporation of a voluntary case or proceeding under the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada) or other Canadian federal or provincial bankruptcy, insolvency, reorganization or other similar law or of any other case or proceeding to be adjudicated a bankrupt or insolvent, or the consent by it to the entry of a decree or order for relief in respect of the Corporation in an involuntary case or proceeding under the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada) or other applicable Canadian federal or provincial bankruptcy, insolvency, reorganization or other similar law or to the commencement of any bankruptcy or insolvency case or proceeding against it, or the filing by it of a petition or answer or consent seeking reorganization or relief thereunder, or the consent by it to the filing of such petition or to the appointment of or taking possession by a custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official of the Corporation or of any substantial part of its property, or the making by it of an assignment for the benefit of creditors, or the admission by it in writing of its inability to pay its debts generally as they become due, or the authorization of any such action by the Board of Directors; or

(8) any other Event of Default provided with respect to Securities of that series.

Section 502. Acceleration of Maturity; Rescission and Annulment.

If an Event of Default with respect to Securities of any series at the time Outstanding occurs and is continuing, then in every such case the Trustee or the Holders of not less than 33% in principal amount of the Outstanding Securities of that series may declare the principal amount of all the Securities of that series (or, if any Securities of that series are Original Issue Discount Securities, such portion of the principal amount of such Securities as may be specified by the terms thereof) to be due and payable immediately, by a notice in writing to the Corporation (and to the Trustee if given by Holders), and upon any such declaration such principal amount (or specified amount) shall become immediately due and payable.

The Corporation shall deliver to the Trustee, within 30 days after the Corporation becoming aware of the occurrence thereof, written notice in the form of an Officer's Certificate of any Event of Default and any event which with the giving of notice or the lapse of time would become an Event of Default, its status and what action the Corporation is taking or proposes to take with respect thereto.

At any time after such a declaration of acceleration with respect to Securities of any series has been made and before a judgment or decree for payment of the money due has been obtained by the Trustee as hereinafter in this Article provided, the Event of Default giving rise to such declaration of acceleration shall, without further act, be deemed to have been waived, and such declaration and its consequences shall, without further act, be deemed to have been rescinded and annulled, if

(1) the Corporation has, or has caused to be, paid or deposited with the Trustee a sum sufficient to pay

(A) all overdue interest on all Securities of that series,

(B) the principal of (and premium, if any, on) any Securities of that series which have become due otherwise than by such declaration of acceleration and any interest thereon at the rate or rates prescribed therefor in such Securities to the extent that payment of such interest is lawful,

(C) to the extent that payment of such interest is lawful, interest upon overdue interest at the rate or rates prescribed therefor in the Securities of such series, and

(D) all sums paid or advanced by the Trustee hereunder and the reasonable compensation, expenses, disbursements and advances of the Trustee and its agents and counsels, to the extent the Corporation is required to reimburse the Trustee therefor pursuant to Section 607;

and

(2) all Events of Default with respect to Securities of that series, other than the non-payment of the principal of Securities of that series which has become due solely by such declaration of acceleration, have been cured or waived as provided in Section 513.

No such rescission and annulment shall affect any subsequent default or impair any right consequent thereon. In addition, no rescission or annulment in respect of one series of Securities shall affect any Event of Default with respect to any other series of Securities or impair any right of the Trustee or the Holders of such other series with respect thereto.

Section 503. Collection of Indebtedness and Suits for Enforcement by Trustee.

The Corporation covenants that if

(1) default is made in the payment of any interest on any Security of a series when such interest becomes due and payable and such default continues for a period of 60 days, or

(2) default is made in the payment of the principal of (or premium, if any, on) any Security of a series at the Maturity thereof,

the Corporation will, upon demand of the Trustee, pay to it, for the benefit of the Holders of such Securities, the whole amount then due and payable on such Securities for principal and any premium and interest and, to the fullest extent that payment of such interest is legally enforceable, interest on any overdue principal and premium and on any overdue interest, at the rate or rates prescribed therefor in such Securities, and, in addition thereto, such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Trustee and its agents and counsels.

If an Event of Default with respect to Securities of any series occurs and is continuing, the Trustee may in its discretion proceed to protect and enforce the rights of the Trustee and the rights of the Holders of

Securities of such series by such appropriate judicial proceedings as the Trustee shall deem most effectual to protect and enforce any such rights, whether for the specific enforcement of any covenant or agreement in this Indenture or in aid of the exercise of any power granted herein, or to enforce any other proper remedy.

Section 504. Trustee May File Proofs of Claim.

In case of any judicial proceeding relative to the Corporation (or any other obligor upon the Securities), its property or its creditors, the Trustee shall be entitled and empowered, by intervention in such proceeding or otherwise, to take any and all actions authorized under the Trust Indenture Legislation in order to have claims of the Holders and the Trustee allowed in any such proceeding. In particular, the Trustee shall be authorized to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute the same; and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Holder to make such payments to the Trustee and, in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay to the Trustee any amount due for the reasonable compensation, expenses, disbursements and advances of the Trustee and their agents and counsels, and any other amounts due the Trustee under Section 607.

No provision of this Indenture shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting the Securities or the rights of any Holder thereof or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding; provided, however, that the Trustee may, on behalf of the Holders, vote for the election of a trustee in bankruptcy or similar official and be a member of a creditors' or other similar committee.

Section 505. Trustee May Enforce Claims Without Possession of Securities.

All rights of action and claims under this Indenture or the Securities may be prosecuted and enforced by the Trustee without the possession of any of the Securities or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, be for the ratable benefit of the Holders of the Securities in respect of which such judgment has been recovered.

Section 506. Application of Money Collected.

Any money collected by the Trustee pursuant to this Article for a series of Securities shall be applied in the following order, at the date or dates fixed by the Trustee and, in case of the distribution of such money on account of principal or any premium or interest, upon presentation of such Securities and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid:

First: To the payment of all amounts due the Trustee under Section 607 with respect to such series of Securities;

Second: Subject to the subordination terms established pursuant to Section 301(22), if applicable, to the payment of the amounts then due and unpaid for principal of and any premium and interest (including interest on interest, if any) on the Securities in respect of which or for the benefit of which such money has been collected, ratably, without preference or priority of any kind, according to the amounts due and payable on such Securities for principal and any premium and interest, respectively; and

Third: To the payment of the balance, if any, to the Corporation or any other Person or Persons legally entitled thereto.

Section 507. Limitation on Suits.

No Holder of any Security of any series shall have any right to institute any proceeding, judicial or otherwise, with respect to this Indenture or such Securities, or for the appointment of a receiver, receiver and manager or trustee, or to pursue any other remedy hereunder, unless:

(1) such Holder has previously given written notice to the Trustee and the Corporation of a continuing Event of Default with respect to the Securities of that series;

(2) the Holders of not less than a majority in aggregate principal amount of all of the Outstanding Securities of that series shall have made written request to the Trustee to institute proceedings in respect of such Event of Default in its own name as Trustee hereunder;

(3) such Holder or Holders have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities to be incurred in compliance with such request;

(4) for 60 days after its receipt of such notice, request and offer of security or indemnity, the Trustee has failed to institute any such proceeding; and

(5) no Holder Direction inconsistent with such written request has been given to the Trustee during such 60-day period by the Holders;

it being understood and intended that no one or more of such Holders shall have any right in any manner whatever by virtue of, or by availing of, any provision of this Indenture to affect, disturb or prejudice the rights of any other Holders (whether of the same series or any other series of Securities), or to obtain or to seek to obtain priority or preference over any other Holders (whether of the same series or any other series of Securities) or to enforce any right under this Indenture, except in the manner herein provided and for the equal and ratable benefit of all of such Holders.

Section 508. Unconditional Right of Holders to Receive Principal, Premium and Interest.

Notwithstanding any other provision in this Indenture, the Holder of any Security shall have the right, which is absolute and unconditional, to receive payment of the principal of and any premium and (subject to Section 308) interest on such Security on the respective Stated Maturities thereof expressed in such Security (or, in the case of redemption of such Securities, on the Redemption Date therefor) and to institute suit for the enforcement of any such payment on or after such respective dates, and such legal rights shall not be impaired without the consent of such Holder.

Section 509. Restoration of Rights and Remedies.

If the Trustee or any Holder has instituted any proceeding to enforce any legal right or remedy under this Indenture and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Trustee or to such Holder, then and in every such case, subject to any determination in such proceeding, the Corporation, the Trustee and the Holders shall be restored severally and respectively to their former positions hereunder and thereafter all rights and remedies of the Trustee and the Holders shall continue as though no such proceeding had been instituted.

Section 510. Rights and Remedies Cumulative.

Except as otherwise provided with respect to the replacement or payment of mutilated, destroyed, lost or stolen Securities in the last paragraph of Section 307, no right or remedy herein conferred upon or

reserved to the Trustee or to the Holders is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 511. Delay or Omission Not Waiver.

No delay or omission of the Trustee or of any Holder of any Securities to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein.

Every right and remedy given by this Article or by law to the Trustee or to the Holders may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the Holders, as the case may be.

Section 512. Control by Holders.

Except as otherwise provided in this Indenture, and subject to compliance with the provisions of this Indenture requiring the giving of sufficient funds and security or indemnity to the Trustee, the Holders of a series of Securities shall have the right, in each case by Holder Direction, to direct the time, method and place of conducting any proceeding for any remedy available to any Trustee, or exercising any trust or power conferred on any Trustee, with respect to the Securities of such series; provided that

(1) such Holder Direction shall not be in conflict with any rule of law or with this Indenture,

(2) [Intentionally Deleted.], and

(3) subject to the provisions of Section 601, the Trustee shall have the right to decline to follow any such Holder Direction if the Trustee in good faith shall, by a Responsible Officer of the Trustee, determine that the proceeding so directed would involve the Trustee in personal liability.

Section 513. Waiver of Past Defaults.

The Holders of Outstanding Securities of any series with respect to which any default under the Indenture shall have occurred and be continuing may, on behalf of all Holders of such series, waive any past default under the Indenture and its consequences by providing written notice of a Holder Direction to the Trustee, except a default

(1) in the payment of the principal of or any premium or interest on any Security of such series, or

(2) in respect of a covenant or provision hereof which under Article Nine cannot be modified or amended without the consent of the Holder of each Outstanding Security of the series affected.

Upon any such waiver, such default shall cease to exist and be deemed not to have occurred, and any Event of Default arising therefrom shall be deemed to have been cured and not to have occurred, for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

Section 514. Undertaking for Costs.

In any suit for the enforcement of any right or remedy under this Indenture, or in any suit against either or both of the Trustee for any action taken, suffered or omitted by it or them as the Trustee, a court may

require any party litigant in such suit to file an undertaking to pay the costs of such suit, and may assess costs against any such party litigant, in the manner and to the extent provided in the Trust Indenture Legislation; provided that neither this Section nor the Trust Indenture Legislation shall be deemed to authorize any court to require such an undertaking or to make such an assessment in any suit instituted by the Corporation or the Trustee.

Section 515. Intentionally Deleted.

ARTICLE SIX

The Trustee

Section 601. Certain Duties and Responsibilities.

(a) In its exercise of the rights and powers and discharge of its duties prescribed or conferred by the terms of this Indenture, the Trustee shall:

(1) act honestly and in good faith with a view to the best interests of the Holders of Securities of each series in respect of which it acts as Trustee,

(2) act in a commercially reasonable manner, and

(3) exercise the care, diligence and skill of a reasonably prudent trustee appointed under an indenture for corporate debt obligations would exercise in comparable circumstances.

(b) Except during the continuance of an Event of Default:

(1) the Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(2) in the absence of bad faith on their part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, and act upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture. However, the Trustee shall examine such certificates and opinions to determine whether or not they conform to the requirements of this Indenture (but need not confirm or investigate the accuracy of mathematical calculations or other facts stated therein) and shall be entitled to seek advice from legal counsel in relation thereto.

(c) The Trustee will not be relieved from liability for its own grossly negligent action, its own grossly negligent failure to act or its own willful misconduct, except that:

(1) this Section 601(c) does not limit the effect of Section 601(a) or Section 601(b);

(2) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer unless it is proved that the Trustee was grossly negligent; and

(3) the Trustee shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a Holder Direction received by it pursuant to Article 6.

(d) The Trustee shall not be deemed to have notice or any actual knowledge of any matter (including, without limitation, defaults or Events of Default) unless written notice thereof is received by the Trustee in accordance with this Indenture and such notice clearly references the Securities, the Corporation or this Indenture.

(e) Every provision of this Indenture that in any way relates to the Trustee is subject to Section 601(a), Section 601(b), Section 601(c) and Section 601(f).

(f) No provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur liability in the performance of any of its duties hereunder or to take or omit to take any action under this Indenture or take any action at the request or direction of holders if it does not receive an agreement in writing from such holders for full indemnity and security satisfactory to it in its discretion against any loss, liability or expense which might be incurred by it in compliance with such request or direction nor shall the Trustee be required to do anything which is illegal or contrary to applicable laws or this Indenture. The Trustee will not be liable to the holders if prevented or delayed in performing any of its obligations or discretionary functions under this Indenture by reason of any present or future law applicable to it, by any governmental or regulatory authority or by any circumstances beyond its control.

(g) The Trustee shall not be liable for interest on any money received by it except as the Trustee may agree in writing with the Corporation.

(h) Money held in trust by the Trustee need not be segregated from other funds except to the extent required by law.

(i) The Trustee will (save as expressly otherwise provided herein) have absolute and uncontrolled discretion as to the exercise or non-exercise of their functions and will not be responsible (save as expressly provided herein) for any loss, liability, cost, claim, action, demand, expense or inconvenience which may result from its exercise or non-exercise but, whenever the Trustee is under the provisions of this Indenture or the Securities bound to act at the request or direction of the Holders, the Trustee shall nevertheless not be so bound unless first indemnified or secured to its satisfaction against all actions, proceedings, claims and demands to which it may render itself liable and all costs, charges, damages, expenses and liabilities which it may incur by so doing.

Section 602. Notice of Defaults.

The Trustee shall, within 30 days after the occurrence of any default with respect to any series of Securities, give the Holders of the applicable series of Securities notice of all uncured defaults thereunder known to it; provided, however, that, except in the case of an Event of Default in the payment of the principal of (or premium, if any) or interest on any Security or in the payment of any sinking or purchase fund installment on any Security, the Trustee shall be protected in withholding such notice if and so long as the Trustee determines in good faith that the withholding of such notice is in the interest of the Holders of such series.

Where notice of the occurrence of any Event of Default is given by the Trustee under the preceding paragraph and the default is thereafter cured, the Trustee shall, within a reasonable time but not exceeding 30 days after the Trustee becomes aware of the curing of the default, transmit by mail to all Holders of the applicable series of Securities, as their names and addresses appear in the Register, or deliver electronically to such Holders, notice that the Event of Default is no longer continuing.

For the purpose of this Section and Section 601, the term “default” means any event which is, or after notice or lapse of time or both would become, an Event of Default with respect to Securities of such series.

Section 603. Certain Rights of Trustee.

Subject to the provisions of Section 601 and the applicable provisions of the Trust Indenture Legislation:

(1) the Trustee may rely and shall be protected in acting or refraining from acting, in each case in good faith, upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document believed by them to be genuine and to have been signed or presented by the proper party or parties that, where applicable, complies with this Indenture and the Trust Indenture Legislation;

(2) any request or direction of the Corporation mentioned herein shall be sufficiently evidenced by a Company Request or Company Order or as otherwise expressly provided herein, and any resolution of the Board of Directors shall be sufficiently evidenced by a Board Resolution;

(3) whenever in the administration of this Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon an Officer's Certificate;

(4) the Trustee may consult with counsel of its selection and the advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon;

(5) the Trustee may employ or retain and act and rely on the opinion or advice of or information obtained from any auditor, valuator, engineer, surveyor, appraiser or other expert, whether obtained by the Trustee or by the Corporation, or otherwise, and shall not be liable for acting, or refusing to act, in good faith on any such opinion or advice;

(6) the Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Holders pursuant to this Indenture, unless such Holders shall have offered to the Trustee reasonable fees and indemnity against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction;

(7) the Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled, at reasonable times previously notified to the Corporation, to examine the relevant books, records and premises of the Corporation, personally or by agent or attorney;

(8) the Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder;

(9) in no event shall the Trustee be liable for special, indirect, punitive or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), even if the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action;

(10) in no event shall the Trustee be responsible or liable for any failure or delay in the performance of its obligations under this Indenture arising out of or caused by, directly or indirectly, forces beyond its reasonable control, including without limitation strikes, work stoppages, accidents, acts

of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer (software or hardware) services;

(11) the permissive rights of the Trustee to take the actions permitted by this Indenture will not be construed as an obligation or duty to do so;

(12) the Trustee shall have no duty to inquire as to the performance of the Corporation with respect to the covenants contained herein. The Trustee may assume without inquiry in the absence of written notice to the contrary that the Corporation is duly complying with its obligations contained in this Indenture required to be performed and observed by it, and that no Default or Event of Default or other event which would require repayment of the Securities has occurred;

(13) the Trustee may request that the Corporation deliver an Officer's Certificate setting forth the names of the individuals and titles of officers authorized at such time to take specified actions pursuant to this Indenture, which Officer's Certificate may be signed by any person authorized to sign an Officer's Certificate, including any person specified as so authorized in any such certificate previously delivered and not superseded; and

(14) the Trustee shall not have any obligation or duty to monitor, determine or inquire as to compliance, and shall not be responsible or liable for compliance with restrictions on transfer, exchange, redemption, purchase or repurchase, as applicable, of minimum denominations imposed under this Indenture or under applicable law or regulation with respect to any transfer, exchange, redemption, purchase or repurchase, as applicable, of any interest in any Securities, but may in its sole discretion, choose to do so.

Section 604. Not Responsible for Recitals or Issuance of Securities.

Except with respect to the express representations, warranties and covenants of the Trustee contained herein, the recitals contained herein and in the Securities, except the Trustee's certificate of authentication, shall be taken as the statements of the Corporation, and the Trustee does not assume any responsibility for their correctness. The Trustee makes no representations as to the validity or sufficiency of this Indenture or of the Securities. The Trustee shall not be accountable for the use or application by the Corporation of Securities or the proceeds thereof.

Section 605. May Hold Securities.

The Trustee, any Paying Agent, any Registrar or any other agent of the Corporation, in its individual or any other capacity, may become the owner or pledgee of Securities and, subject to Sections 608 and 613, may otherwise deal with the Corporation with the same rights it would have if it were not the Trustee, Paying Agent, Registrar or other agent.

Section 606. Money Held in Trust.

The Trustee may retain any cash balance held in connection with this Indenture and may, but need not, hold the same in its deposit department, the deposit department of one of its Affiliates or the deposit department of a Canadian chartered bank; but the Trustee, its Affiliates or a Canadian chartered bank shall not be liable to account for any profit to the Corporation or any other person or entity other than at a rate, if any, established from time to time by the Trustee, its Affiliates or a Canadian chartered bank.

For the purpose of this Section, "Affiliate" means affiliated companies within the meaning of the *Corporations Act* (Newfoundland & Labrador) (the "NLCA").

Section 607. Compensation and Reimbursement; Indemnity.

The Corporation shall pay to the Trustee from time to time compensation for its services hereunder as agreed separately by the Corporation and the Trustee, and shall pay or reimburse the Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Trustee in the administration or execution of its duties under this Indenture (including the reasonable and compensation and disbursements of its Counsel and all other advisers and assistants not regularly in its employ), both before any default hereunder and thereafter until all duties of the Trustee under this Indenture shall be finally and fully performed. The Trustee's compensation shall not be limited by any law on compensation of a trustee of an express trust. Notwithstanding the foregoing, the Corporation shall not be required to pay to the Trustee any such expense, disbursement or advance as may be attributable to the Trustee's gross negligence, willful misconduct or bad faith.

The Corporation indemnifies and holds the Trustee and its affiliates, their successors and assigns, as well as its and their respective directors, officers, employees and agents, harmless from and against any and all claims, demands, assessments, interest, penalties, actions, suits, proceedings, liabilities, losses, damages, costs and expenses, including, without limiting the foregoing, expert, consultant and counsel fees and disbursements on a solicitor and client basis, arising from or in connection with any actions or omissions that the Trustee or they take pursuant to this agreement, provided that any such action or omission is taken in good faith and without gross negligence or bad faith or is taken on advice and instructions given to the Trustee or them by the Corporation, the Corporation representatives, including legal counsel, or counsel consulted by the Trustee or them.

In no event shall the Trustee be liable for any indirect, special, punitive or consequential loss or damage of any kind whatsoever, including, but not limited to, lost profits, even if the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action.

In no event shall the Trustee be liable for any failure or delay in the performance of its obligations hereunder because of circumstances beyond its control, including, but not limited to, acts of God, flood, war (whether declared or undeclared), terrorism, fire, riot, embargo, government action, including any laws, ordinances, regulations, governmental action or the like which delay, restrict or prohibit the providing of the services contemplated by this Indenture.

The Trustee shall have a lien prior to the Securities upon all property and funds held by it hereunder for any amount owing them or any predecessor of the Trustee pursuant to this Section 607, except with respect to funds held in trust for the benefit of the Holders of particular Securities.

Without limiting any rights available to the Trustee under applicable law, when the Trustee incurs expenses or renders services in connection with an Event of Default specified in Section 501(4) or Section 501(5), the expenses (including the reasonable charges and expenses of its counsel) and the compensation for the services are intended to constitute expenses of administration under any applicable Canadian federal or provincial bankruptcy, insolvency or other similar law.

The provisions of this Section shall survive the satisfaction, discharge or termination of this Indenture and the resignation or removal of the Trustee.

Section 608. Conflicting Interests.

The Trustee represents to the Corporation that, to the best of its knowledge at the date of the execution and delivery of this Indenture, there exists no material conflict of interest in the role of the Trustee hereunder and the Trustee's role in any other capacity. If, at any time, a material conflict of interest exists in the Trustee's role hereunder and in the Trustee's role in any other capacity, the Trustee shall, within 90

days after it becomes aware that such a material conflict of interest exists, either eliminate the same or resign from the trusts hereunder by giving notice in writing to the Corporation at least 21 days prior to such resignation and shall upon such resignation becoming effective be discharged from all further duties and liabilities hereunder. The Trustee shall not be deemed to have a material conflict of interest by virtue of being a trustee under this Indenture with respect to Securities of more than one series. If, despite this Section, the Trustee has a material conflict of interest, the validity and enforceability of this Indenture and the Securities shall not be affected in any manner whatsoever by reason only of the existence of such material conflict of interest.

Section 609. Corporate Trustee Required; Eligibility.

There shall at all times be a Trustee hereunder with respect to the Securities of each series, which may be Trustee hereunder for Securities of one or more other series. The Trustee shall at all times be a corporation organized under the laws of Canada or any province thereof and authorized under the laws of the Province of Ontario to carry on trust business therein and be registered under Section 3 of the *Trust and Loan Companies Act* (Canada). If at any time the Trustee shall cease to be eligible in accordance with this Section, it shall resign immediately in the manner and with the effect hereinafter specified in this Article. Without limitation, it shall not be a conflict of interest for the Trustee to continue to act hereunder in respect of all Securities during any period of time in which there are Securities affected by, and Securities not affected by, an Event of Default.

Section 610. Resignation and Removal; Appointment of Successor.

No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to this Article shall become effective until the acceptance of appointment by the successor Trustee in accordance with the applicable requirements of Section 611.

The Trustee may resign at any time with respect to the Securities of one or more series by giving written notice thereof to the Corporation. If the instrument of acceptance by a successor Trustee required by Section 611 shall not have been delivered to the Trustee within 30 days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee with respect to the Securities of such series.

The Trustee may be removed at any time with respect to the Securities of any series by a Holder Direction for Holders of the Outstanding Securities of such series, delivered to the Trustee and to the Corporation or by the Corporation by Officer's Certificate delivered to the Trustee. If at any time:

(1) the Trustee shall fail to comply with Section 608 or such other obligations imposed upon it under the Trust Indenture Legislation after written request therefor by the Corporation or by any Holder who has been a bona fide Holder of a Security for at least six months, or

(2) the Trustee shall cease to be eligible under Section 609 and shall fail to resign after written request therefor by the Corporation or by any such Holder, or

(3) the Trustee shall become incapable of acting or shall be adjudged a bankrupt or insolvent or a receiver of the Trustee or of its property shall be appointed or any public officer shall take charge or control of the Trustee or its property or affairs for the purpose of rehabilitation, conservation or liquidation,

then, in any such case, (A) the Corporation by a Board Resolution may remove the Trustee with respect to all Securities, or (B) subject to Section 514 the Trust Indenture Legislation, any Holder who has been a bona fide Holder of a Security for at least six months may, on behalf of himself and all others similarly

situated, petition any court of competent jurisdiction for the removal of the Trustee with respect to all Securities and the appointment of a successor Trustee.

If the Trustee shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of the Trustee for any cause, with respect to the Securities of one or more series, the Corporation, by a Board Resolution, shall promptly appoint a successor Trustee with respect to the Securities of that or those series (it being understood that any such successor Trustee may be appointed with respect to the Securities of one or more or all of such series and that at any time there shall be at most one Trustee with respect to the Securities of any particular series) and shall comply with the applicable requirements of Section 611. If, within 90 days after such resignation, removal or incapability, or the occurrence of such vacancy, a successor Trustee with respect to the Securities of any series shall be appointed by a Holder Direction delivered to the Corporation and the retiring Trustee, the successor Trustee so appointed shall, forthwith upon its acceptance of such appointment in accordance with the applicable requirements of Section 611, become the successor Trustee with respect to the Securities of such series and to that extent supersede the successor Trustee appointed by the Corporation. If no successor Trustee with respect to the Securities of any series shall have been so appointed by the Corporation or the Holders and accepted appointment in the manner required by Section 611, any Holder who has been a bona fide Holder of a Security of such series for at least six months may, on behalf of himself and all others similarly situated or the Trustee, at the expense of the Corporation, may petition any court of competent jurisdiction for the appointment of a successor Trustee with respect to the Securities of such series.

The Corporation shall give notice of each resignation and each removal of the Trustee with respect to the Securities of any series and each appointment of a successor Trustee with respect to the Securities of any series to all Holders of Securities of such series in the manner provided in Section 106. Each notice shall include the name of the successor Trustee with respect to the Securities of such series and the address of its Corporate Trust Office.

Section 611. Acceptance of Appointment by Successor.

In case of the appointment hereunder of a successor Trustee with respect to all Securities, every such successor Trustee so appointed shall execute, acknowledge and deliver to the Corporation and to the retiring Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Trustee shall become effective and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts and duties of the retiring Trustee; but, on the request of the Corporation or the successor Trustee, such retiring Trustee shall, upon payment of its charges, execute and deliver an instrument transferring to such successor Trustee all the rights, powers and trusts of the retiring Trustee and shall duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring Trustee hereunder.

In case of the appointment hereunder of a successor Trustee with respect to the Securities of one or more (but not all) series, the Corporation, the retiring Trustee and each successor Trustee with respect to the Securities of one or more series shall execute and deliver an indenture supplemental hereto wherein each successor Trustee shall accept such appointment and which (1) shall contain such provisions as shall be necessary or desirable to transfer and confirm to, and to vest in, each successor Trustee all the rights, powers, trusts and duties of the retiring Trustee with respect to the Securities of that or those series to which the appointment of such successor Trustee relates, (2) if the retiring Trustee is not retiring with respect to all Securities, shall contain such provisions as shall be deemed necessary or desirable to confirm that all the rights, powers, trusts and duties of the retiring Trustee with respect to the Securities of that or those series as to which the retiring Trustee is not retiring shall continue to be vested in the retiring Trustee, and (3) shall add to or change any of the provisions of this Indenture as shall be necessary to provide for or facilitate the administration of the trusts hereunder by multiple Trustees, it being

understood that nothing herein or in such supplemental indenture shall constitute such Trustees co-trustees of the same trust, except as otherwise provided in this Indenture, and that each such Trustee shall be trustee of a trust or trusts hereunder separate and apart from any trust or trusts hereunder administered, except as otherwise provided in this Indenture, by any other such Trustee; and upon the execution and delivery of such supplemental indenture the resignation or removal of the retiring Trustee shall become effective to the extent provided therein and each such successor Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts and duties of the retiring Trustee with respect to the Securities of that or those series to which the appointment of such successor Trustee relates; but, on request of the Corporation or any successor Trustee, such retiring Trustee shall duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring Trustee hereunder with respect to the Securities of that or those series to which the appointment of such successor Trustee relates.

Upon request of any such successor Trustee, the Corporation shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor Trustee all such rights, powers and trusts referred to in the first or second preceding paragraph, as the case may be.

No successor Trustee shall accept its appointment unless at the time of such acceptance such successor Trustee shall be qualified and eligible under this Article.

Section 612. Merger, Conversion, Consolidation or Succession to Business.

Any corporation into which the Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, arrangement, amalgamation, conversion or consolidation to which the Trustee shall be a party, or any corporation succeeding to all or substantially all the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder, provided that such corporation shall be otherwise qualified and eligible under this Article, without the execution or filing of any paper or any further act on the part of any of the parties hereto. In case any Securities shall have been authenticated, but not delivered, by the Trustee then in office, any successor by merger, conversion or consolidation to such authenticating Trustee may adopt such authentication and deliver the Securities so authenticated with the same effect as if such successor Trustee had itself authenticated such Securities.

Section 613. Preferential Collection of Claims Against Corporation.

If and when the Trustee shall be or become a creditor of the Corporation (or any other obligor upon the Securities), the Trustee shall be subject to the provisions of the applicable Trust Indenture Legislation regarding the collection of claims against the Corporation (or any such other obligor).

Section 614. Intentionally Deleted.

Section 615. Authority to Carry on Business.

The Trustee represents to the Corporation that at the date of execution and delivery by it of this Indenture, it is qualified to act as trustee hereunder in accordance with Section 609 but if, notwithstanding the provisions of this Section, it ceases to be qualified to act as trustee hereunder in accordance with Section 609, the validity and enforceability of this Indenture and the Securities issued hereunder shall not be affected in any manner whatsoever by reason only of such event but the Trustee shall, within 90 days after ceasing to be qualified to act as trustee hereunder in accordance with Section 609 either become so qualified or resign in the manner and with the effect specified in Section 610.

Section 616. Trustee Not Required to Give Security.

The Trustee shall not be required to give any bond or security in respect of the execution of the trusts and powers of this Indenture or otherwise in respect of this Indenture.

Section 617. Additional Representations and Warranties of Trustee.

The Trustee further represents and warrants to the Corporation that:

(1) it is a trust company validly existing under the laws of its jurisdiction of incorporation and is authorized to do business in each jurisdiction where it is required to be so authorized in order to perform the obligations of Trustee hereunder;

(2) it has full power, authority and right to execute and deliver and perform its obligations under this Indenture and has taken all necessary action to authorize the execution, delivery and performance of it of this Indenture;

(3) this Indenture has been duly executed and delivered by it and constitutes a valid and binding obligation of the Trustee enforceable against it in accordance with its terms;

(4) it is in compliance with all requirements of the Trust Indenture Legislation in connection with the Indenture and acting as Trustee hereunder; and

(5) is not a non-resident of Canada within the meaning of the *Income Tax Act* (Canada).

Section 618. Anti-Money Laundering.

The Trustee shall retain the right not to act and shall not be liable for refusing to act if, due to a lack of information or for any other reason whatsoever, the Trustee, in its sole judgment and acting reasonably, determines that such act might cause it to be in non-compliance with any applicable anti-money laundering or anti-terrorist legislation, regulation or guideline. Further, should the Trustee, in its sole judgment and acting reasonably, determine at any time that its acting under this Indenture has resulted in its being in non-compliance with any applicable anti-money laundering or anti-terrorist legislation, regulation or guideline, then it shall have the right to resign on 10 days' prior written notice sent to the Corporation or any shorter period of time as agreed to by the Corporation provided that:

(1) the Trustee's written notice shall describe the circumstances of such non-compliance; and

(2) if such circumstances are rectified to the Trustee's satisfaction within such 10-day period, then such resignation shall not be effective.

Section 619. Acceptance of Trusts.

The Trustee hereby accepts the trusts imposed upon it by this Indenture and covenants and agrees to perform the same as herein expressed.

Section 620. Third Party Interests

The Corporation hereby represents to the Trustee that any account to be opened by, or interest to be held by, the Trustee in connection with this Indenture, for or to the credit of such party, either (a) is not intended to be used by or on behalf of any third party; or (b) is intended to be used by or on behalf of a third party, in which case such party hereto agrees to complete and execute forthwith a declaration in the Trustee's prescribed form as to the particulars of such third party.

ARTICLE SEVEN

Holders' Lists and Reports by Trustee and Corporation

Section 701. Names and Addresses of Holders.

A Holder of a particular series of Securities may, upon payment to the Trustee of a reasonable fee and subject to compliance with any applicable requirement of the Trust Indenture Legislation, require the Trustee to furnish within 10 days after receiving the affidavit or statutory declaration referred to below, a list setting out (i) the name and address of every registered Holder of Outstanding Securities of such series, the aggregate principal amount of Outstanding Securities owned by each registered Holder of such series and (ii) the aggregate principal amount of Outstanding Securities of such series, each as shown on the records of the Trustee on the day that the affidavit or statutory declaration is delivered to the Trustee. The affidavit or statutory declaration, as the case may be, shall contain (x) the name and address of the Holder, (y) where the Holder is a corporation, its name and address for service and (z) a statement that the list will not be used except in connection with an effort to influence the voting of the Holders of such series, an offer to acquire such Securities, or any other matter relating to such Securities or the affairs of the Corporation. Where the Holder is a corporation, the affidavit or statutory declaration shall be made by a director or officer of the corporation.

Every Holder of Securities, by receiving and holding the same, agrees with the Corporation and the Trustee that neither the Corporation nor the Trustee shall be held accountable by reason of the disclosure of such list of the names and addresses of the Holders, regardless of the source from which such information was derived, and that the Trustee shall not be held accountable by reason of mailing any material pursuant to a request made under the Trust Indenture Legislation.

Upon the demand of the Trustee, the Corporation shall furnish the Trustee with the information required to enable the Trustee to comply with obligations in clause (a) of this Section 701; provided, however, that, for so long as the Trustee is the Registrar, the Corporation need not furnish to the Trustee the list referred to therein. The Corporation shall comply with the terms of such other applicable provisions of the Trust Indenture Legislation in respect of the provision of a list of Holders of Securities.

Section 702. Intentionally Deleted.

Section 703. Intentionally Deleted.

Section 704. Reports by Corporation.

The Corporation shall supply to Holders and the Trustee, in each case at the Corporation's own expense, copies of the annual reports and interim reports and of any information, documents or reports that the Corporation is required to file with the Ontario Securities Commission or any other securities commission or similar authority in any province or territory of Canada pursuant to its continuous disclosure obligations under National Instrument 51-102 – *Continuous Disclosure Obligations* (or any successor instrument thereto) within 15 days after the same is filed with any such Canadian securities regulatory authority. Notwithstanding the foregoing, such reports, information or documents shall be deemed supplied to Holders and the Trustee pursuant to this Section 704 if such reports, information or documents have been filed by the Corporation with any such Canadian securities regulatory authority and are made publicly available on SEDAR or any other website maintained by a securities regulatory authority in Canada; provided, further, that, notwithstanding the requirements of this Section 704 or any other

requirement of this Indenture, the Corporation need not furnish to the Trustee or the Holders confidential portions of any information, documents or reports filed or furnished with the Ontario Securities Commission, the Securities and Exchange Commission or any other securities regulatory authority on a confidential basis. The Trustee shall have no responsibility to determine if and when any such reports, information or documents have been filed by the Corporation with any such Canadian securities regulatory authority. Delivery of these reports, information and documents to the Trustee is for informational purposes only and the Trustee's receipt of any such report will not constitute constructive notice of any information contained therein or determinable from information contained therein, including the Corporation's compliance with any of its covenants hereunder (as to which the Trustee are entitled to rely exclusively on Officer's Certificates).

Notwithstanding the foregoing, such reports, statements, documents and information shall be deemed supplied to Holders and the Trustee if such reports, statements, documents and information have been posted on the Corporation's public website under "Investor Relations" or a similar heading.

ARTICLE EIGHT

Consolidation, Merger, Conveyance or Transfer

Section 801. Corporation May Consolidate, Etc., on Certain Terms.

Nothing contained in this Indenture or in any of the Securities shall prevent any consolidation, merger, arrangement or amalgamation of the Corporation with or into any other Person or Persons (whether or not affiliated with the Corporation), or successive consolidations, mergers, arrangements or amalgamations in which the Corporation or its successor or successors shall be a party or parties, or shall prevent any conveyance or transfer of all or substantially all of the properties and assets of the Corporation to any other Person (whether or not affiliated with the Corporation) lawfully entitled to acquire the same; provided, however, and the Corporation hereby covenants and agrees, that (1) if an Event of Default has occurred and is continuing, it will not enter into any agreement for any such consolidation, merger, arrangement, amalgamation, conveyance or transfer, and (2) upon any such consolidation, merger, arrangement, amalgamation, conveyance or transfer, (i) the due and punctual payment of the principal of and premium, if any, and interest on all of the Securities, according to their tenor, and the due and punctual performance and observance of all of the covenants and conditions of this Indenture to be performed by the Corporation, shall be expressly assumed, by indenture supplemental hereto, in form reasonably satisfactory to the Trustee, executed and delivered to the Trustee by the Person (if other than the Corporation) formed by such consolidation, or into which the Corporation shall have been merged, arranged or amalgamated, or by the Person which shall have acquired such properties and assets, and (ii) the Corporation shall deliver to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that such consolidation, merger, arrangement, amalgamation, conveyance or transfer and, if a supplemental indenture is required in connection with such transaction, such supplemental indenture, comply with this Article and that all conditions precedent herein provided for relating to such transaction have been complied with.

Section 802. Successor Substituted.

Upon any consolidation of the Corporation, arrangement or amalgamation with, or merger of the Corporation into, any other Person or any conveyance or transfer of all or substantially all of the properties and assets of the Corporation in accordance with Section 801, the successor Person formed by such consolidation, arrangement or amalgamation or into which the Corporation is merged or to which such conveyance or transfer is made shall succeed to, and be substituted for, and may exercise every right and power of, the Corporation under this Indenture with the same effect as if such successor Person had

been named as the Corporation herein, and thereafter the predecessor Person shall be discharged from, and relieved of, all obligations and covenants under this Indenture and the Securities.

ARTICLE NINE

Supplemental Indentures

Section 901. Supplemental Indentures Without Consent of Holders.

The Corporation, when authorized by a Board Resolution, and the Trustee, at any time and from time to time, without the consent of any Holders, may enter into one or more indentures supplemental hereto, in form reasonably satisfactory to the Trustee, for any of the following purposes:

(1) to evidence the succession of another Person to the Corporation and the assumption by any such successor of the covenants of the Corporation herein and in the Securities; or

(2) to add to the covenants of the Corporation for the benefit of the Holders of all or any series of Securities (and if such covenants are to be for the benefit of less than all series of Securities, stating that such covenants are expressly being included solely for the benefit of such series) or to surrender any right or power herein conferred upon the Corporation; or

(3) to add any additional Events of Default for the benefit of the Holders of all or any series of Securities (and if such additional Events of Default are to be for the benefit of less than all series of Securities, stating that such additional Events of Default are expressly being included solely for the benefit of such series); or

(4) to add to or change any of the provisions of this Indenture to such extent as shall be necessary to permit or facilitate the issuance of Securities in bearer form, registrable or not registrable as to principal, and with or without interest coupons, or to facilitate the issuance of Securities in uncertificated form; or

(5) to add to, change or eliminate any of the provisions of this Indenture in respect of one or more series of Securities; provided that any such addition, change or elimination (A) shall neither (i) apply to any Security of any series created prior to the execution of such supplemental indenture and entitled to the benefit of such provision nor (ii) modify the rights of the Holder of any such Security with respect to such provision or (B) shall become effective only when there is no such Security Outstanding; or

(6) to add security to, to further secure, or to guarantee the Securities of any series; or

(7) to establish the form or terms of Securities of any series as permitted by Sections 201 and 301; or

(8) to evidence and provide for the acceptance of appointment hereunder by a successor Trustee with respect to the Securities of one or more series and to add to or change any of the provisions of this Indenture as shall be necessary to provide for or facilitate the administration of the trusts hereunder by multiple Trustees pursuant to the requirements of Section 611; or

(9) to cure any ambiguity, to correct or supplement any provision herein which may be defective or inconsistent with any other provision herein, or to make any other provisions with respect to matters or questions arising under this Indenture; provided that such action pursuant to this Clause (9) shall not adversely affect the interests of the Holders of Securities of any series in any material respect; or

(10) to give effect to any Holder Direction or any other direction from Holders permitted to be given under this Indenture, and to any other Act of the Holders made, given or taken by the Holders of one or more series of Securities in accordance with this Indenture; or

(11) to modify this Indenture, the Securities of a series or a guarantee in order to comply with applicable Trust Indenture Legislation.

Section 902. Supplemental Indentures With Consent of Holders.

The Corporation and the Trustee may, and the Trustee shall upon written request of the Corporation or when so directed by this Indenture, enter into one or more indentures supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Indenture or the Securities of any series or of waiving or modifying in any manner the rights of the Holders of a series under this Indenture or the Securities of such series upon delivery to the Corporation and the Trustee of written notice of a Holder Direction from the Holders of Outstanding Securities of each series that would be affected, voting as a single class, by such supplemental indenture or indentures, as the case may be; provided, however, that no such supplemental indenture, amendment or waiver shall, without the consent of the Holder of each Outstanding Security of a series affected thereby:

(1) change the Stated Maturity of the principal of, or any installment of principal of or interest on, any Security, or reduce the principal amount thereof or the rate of interest thereon or any premium payable upon the redemption thereof, or reduce the amount of the principal of an Original Issue Discount Security or any other Security which would be due and payable upon a declaration of acceleration of the Maturity thereof pursuant to Section 502 or change the coin or currency in which any Security or any premium or interest thereon is payable, or impair the legal right to institute suit for the enforcement of any such payment on or after the Stated Maturity thereof (or, in the case of redemption, on or after the Redemption Date), or

(2) reduce the percentage in principal amount of the Outstanding Securities of any series, the consent of whose Holders is required for any such supplemental indenture, or the consent of whose Holders is required for any waiver (of compliance with certain provisions of this Indenture or certain defaults hereunder and their consequences) provided for in this Indenture, or

(3) modify any of the provisions of this Section, Section 513 or Section 1005, except to increase any such percentage or to provide that certain other provisions of this Indenture cannot be modified or waived without the consent of the Holder of each Outstanding Security affected thereby.

A supplemental indenture which changes or eliminates any covenant or other provision of this Indenture which has expressly been included solely for the benefit of one or more particular series of Securities, or which modifies the rights of the Holders of Securities of such series with respect to such covenant or other provision, shall be deemed not to affect the rights under this Indenture of the Holders of Securities of any other series.

It shall not be necessary for any Act of Holders under this Section to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such Act shall approve the substance thereof. Notwithstanding anything to the contrary in this Indenture, any action that is permitted or authorized to be taken by a Holder Direction shall be binding upon all Holders of the applicable series regardless of whether a particular Holder shall have approved such Holder Direction and, except as otherwise provided in such Holder Direction, regardless of whether the Holders of any other affected series shall have approved such action in respect of such other affected series under this Section.

Section 903. Execution of Supplemental Indentures.

In executing, or accepting the additional trusts created by, any supplemental indenture entered into pursuant to Section 901 or Section 902 or the modifications thereby of the trusts created by this Indenture, the Trustee shall be entitled to receive, and (subject to Section 601) shall be fully protected in relying upon, in addition to the documents required by Section 102, an Opinion of Counsel and an Officer's Certificate each stating that the execution of such supplemental indenture is authorized or permitted by this Indenture. The Trustee may, but shall not be obligated to, enter into any such supplemental indenture which affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

Section 904. Effect of Supplemental Indentures.

Upon the execution of any supplemental indenture under this Article, this Indenture shall be modified in accordance therewith, and such supplemental indenture shall form a part of this Indenture for all purposes; and every Holder of Securities theretofore or thereafter authenticated and delivered hereunder shall be bound thereby. A supplemental indenture which changes or eliminates any covenant or other provision of this Indenture which has expressly been included solely for the benefit of one or more particular series of Securities, or which modifies the rights of the Holders of Securities of such series with respect to such covenant or other provision, shall be deemed not to affect the rights under this Indenture of the Holders of Securities of any other series.

Section 905. Conformity with Trust Indenture Legislation.

Every supplemental indenture executed pursuant to this Article shall conform to the requirements of the Trust Indenture Legislation, if any, or then in effect and to the extent applicable.

Section 906. Reference in Securities to Supplemental Indentures.

Securities of any series authenticated and delivered after the execution of any supplemental indenture pursuant to this Article may, and shall if required by the Trustee, bear a notation in form approved by the Trustee as to any matter provided for in such supplemental indenture. If the Corporation shall so determine, new Securities of any series so modified as to conform, in the opinion of the Trustee and the Corporation, to any such supplemental indenture may be prepared and executed by the Corporation and authenticated and delivered by the Trustee in exchange for Outstanding Securities of such series.

ARTICLE TEN

Covenants

Section 1001. Payment of Principal, Premium and Interest.

The Corporation covenants and agrees for the benefit of the Holders of each particular series of Securities that it will duly and punctually pay the principal of and any premium and interest on the Securities of that series in accordance with the terms of the Securities and this Indenture.

Section 1002. Intentionally Deleted.

Section 1003. Maintenance of Office or Agency.

The Corporation will maintain, or cause the related Registrar or related Paying Agent, as the case may be, to maintain in each Place of Payment for any series of Securities an office or agency where Securities of that series may be presented or surrendered for payment, where Securities of that series may be

surrendered for registration of transfer or exchange and where notices and demands to or upon the Corporation in respect of the Securities of that series and this Indenture may be served. The Corporate Trust Office of the Trustee shall be such office or agency of the Corporation, unless the Corporation shall designate and maintain some other office or agency for one or more of such purposes. The Corporation will give prompt written notice to the Trustee of the location, and any change in the location, of such office or agency. If at any time the Corporation shall fail to maintain any such required office or agency or shall fail to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office of the Trustee, and the Corporation hereby appoints the Trustee as its agent to receive all such presentations, surrenders, notices and demands.

The Corporation may also from time to time designate one or more other offices or agencies where the Securities of one or more series may be presented or surrendered for any or all such purposes and may from time to time rescind such designations; provided, however, that no such designation or rescission shall in any manner relieve the Corporation of its obligation to maintain an office or agency in each Place of Payment for Securities of any series for such purposes. The Corporation will give prompt written notice to the Trustee of any such designation or rescission and of any change in the location of any such other office or agency.

Section 1004. Money for Securities Payments to Be Held in Trust.

If the Corporation shall at any time act as its own Paying Agent with respect to any series of Securities, it will, on or before each due date of the principal of or any premium, or interest on any of the Securities of that series, segregate and hold in trust for the benefit of the Persons entitled thereto a sum sufficient to pay the principal and any premium, and interest so becoming due until such sums shall be paid to such Persons or otherwise disposed of as herein provided and will promptly notify the Trustee of its action or failure so to act.

Whenever the Corporation shall have one or more Paying Agents for any series of Securities, it will, on or prior to each due date of the principal of or any premium, or interest on any Securities of that series, deposit with a Paying Agent a sum sufficient to pay such amount, such sum to be held as provided by the Trust Indenture Legislation, and (unless such Paying Agent is the Trustee) the Corporation will promptly notify the Trustee of its action or failure so to act.

The Corporation will cause each Paying Agent for any series of Securities other than the Trustee to execute and deliver to the Trustee an instrument in which such Paying Agent shall agree with the Trustee, subject to the provisions of this Section, that such Paying Agent will (1) comply with the provisions of the Trust Indenture Legislation applicable to it as a Paying Agent and (2) during the continuance of any default by the Corporation (or any other obligor upon the Securities of that series) in the making of any payment in respect of the Securities of that series, upon the written request of the Trustee, forthwith pay to the Trustee all sums held in trust by such Paying Agent for payment in respect of the Securities of that series.

The Corporation may at any time, for the purpose of obtaining the satisfaction and discharge of this Indenture or for any other purpose, pay, or by Company Order direct any Paying Agent to pay, to the Trustee all sums held in trust hereunder by the Corporation or such Paying Agent, such sums to be held by the Trustee upon the same trusts as those upon which such sums were held by the Corporation or such Paying Agent; and, upon such payment by any Paying Agent to the Trustee, such Paying Agent shall be released from all further liability with respect to such money.

Any money deposited with the Trustee or any Paying Agent, or then held by the Corporation, in trust for the payment of the principal of or any premium or interest on any Security of any series and remaining unclaimed for two years (or such shorter period as may be specified in the applicable abandoned property

statutes) after such principal, premium, or interest has become due and payable shall be paid to the Corporation on Company Request, or (if then held by the Corporation) shall be discharged from such trust; and the Holder of such Security shall thereafter, as an unsecured general creditor, look only to the Corporation for payment thereof, and all liability of the Trustee or such Paying Agent with respect to such trust money, and all liability of the Corporation as trustee thereof, shall thereupon cease; provided, however, that the Trustee or such Paying Agent, before being required to make any such repayment, may at the expense of the Corporation cause to be mailed to Holders of Securities notice that such consideration remains unclaimed and that, after a date specified therein, which shall not be less than 30 days from the date of such publication, any unclaimed balance of such money then remaining will be repaid to the Corporation.

Section 1005. Statement by Officers as to Default.

The Corporation will deliver to the Trustee for each Series of securities, within 120 days after the end of each fiscal year of the Corporation ending after the date hereof (or within such shorter time period as may be required by the Trust Indenture Legislation), stating whether or not to the best knowledge of the signers thereof the Corporation is in default in the performance and observance of any of the terms, provisions and conditions of this Indenture (without regard to any period of grace or requirement of notice provided hereunder) and, if the Corporation shall be in default, specifying all such defaults and the nature and status thereof of which they may have knowledge.

Section 1006. Waiver of Certain Covenants.

Except as otherwise specified as contemplated by Section 301 for Securities of such series, the Corporation may, with respect to the Securities of any series, omit in any particular instance to comply with any term, provision or condition set forth in any covenant provided pursuant to Section 301(20), 301(21), 901(2) or 901(7) for the benefit of the Holders of such series if, before or after the time for such compliance, the Holders of the Outstanding Securities of such affected Series shall, by Holder Direction, either waive such compliance in such instance or generally waive compliance with such term, provision or condition, but no such waiver shall extend to or affect such term, provision or condition except to the extent so expressly waived, and, until such waiver shall become effective, the obligations of the Corporation and the duties of the Trustee in respect of any such term, provision or condition shall remain in full force and effect. The Corporation will promptly notify the Trustee in writing of any such waiver or the revocation of any such waiver.

Section 1007. Calculation of Original Issue Discount.

The Corporation shall file with the Trustee promptly after the end of each calendar year a written notice specifying the amount of original issue discount (including daily rates and accrual periods) accrued on Outstanding Securities as of the end of such year.

ARTICLE ELEVEN

Redemption of Securities

Section 1101. Applicability of Article.

Securities of any series which are redeemable before their Stated Maturity shall be redeemable in accordance with their terms and (except as otherwise specified as contemplated by Section 301 for such Securities) in accordance with this Article.

Section 1102. Election to Redeem; Notice to Trustee.

The election of the Corporation to redeem any Securities shall be evidenced by a Board Resolution or in another manner specified as contemplated by Section 301 for such Securities. In case of any redemption at the election of the Corporation, the Corporation shall, at least 30 days prior to the Redemption Date fixed by the Corporation (unless a shorter notice shall be reasonably satisfactory to the Trustee), notify the Trustee of such Redemption Date, of the principal amount of Securities of such series to be redeemed and, if applicable, of the tenor of the Securities to be redeemed. In the case of any redemption of Securities (a) prior to the expiration of any restriction on such redemption provided in the terms of such Securities or elsewhere in this Indenture, or (b) pursuant to an election of the Corporation which is subject to a condition specified in the terms of such Securities or elsewhere in this Indenture, the Corporation shall furnish the Trustee with an Officer's Certificate evidencing compliance with each such restriction or condition.

Section 1103. Selection by Trustee of Securities to Be Redeemed.

If less than all the Securities of any series are to be redeemed (unless all the Securities of such series and of a specified tenor are to be redeemed or unless such redemption affects only a single Security), the particular Securities to be redeemed shall be selected by the Trustee, from the Outstanding Securities of such series not previously called for redemption, in accordance with the applicable procedures of the Depositary; provided that the unredeemed portion of the principal amount of any Security shall be in an Authorized Denomination for such Security. If less than all the Securities of such series and of a specified tenor are to be redeemed (unless such redemption affects only a single Security), the particular Securities to be redeemed shall be selected not more than 60 days prior to the Redemption Date by the Trustee, from the Outstanding Securities of such series and specified tenor not previously called for redemption in accordance with the preceding sentence.

The Trustee shall promptly notify the Corporation in writing of the Securities selected for redemption as aforesaid and, in the case of any Securities selected for partial redemption as aforesaid, the principal amount thereof to be redeemed.

The provisions of the two preceding paragraphs shall not apply with respect to any redemption affecting only a single Security, whether such Security is to be redeemed in whole or in part. In the case of any such redemption in part, the unredeemed portion of the principal amount of the Security shall be in an Authorized Denomination for such Security.

For all purposes of this Indenture, unless the context otherwise requires, all provisions relating to the redemption of Securities shall relate, in the case of any Securities redeemed or to be redeemed only in part, to the portion of the principal amount of such Securities which has been or is to be redeemed.

Section 1104. Notice of Redemption.

Notice of redemption shall be mailed by first-class mail to each Holder of Securities of the series to be redeemed, at its address appearing in the Register, or delivered electronically, in each case not less than 30 nor more than 60 days prior to the Redemption Date.

All notices of redemption shall state:

(1) the Redemption Date;

(2) the Redemption Price or, if not then ascertainable, the manner of calculation thereof;

(3) if less than all the Outstanding Securities of any series and of a specified tenor consisting of more than a single Security are to be redeemed, the identification (and, in the case of partial redemption of any such Securities, the principal amounts) of the particular Securities to be redeemed and, if less than all the Outstanding Securities of any series and of a specified tenor consisting of a single Security are to be redeemed, the principal amount of the particular Security to be redeemed;

(4) that on the Redemption Date the Redemption Price, together with accrued interest, if any, to the Redemption Date, will become due and payable upon each such Security to be redeemed and, if applicable, that interest thereon will cease to accrue on and after said date;

(5) the place or places where each such Security is to be surrendered for payment of the Redemption Price and accrued interest, if any, unless it shall have been specified as contemplated by Section 301 with respect to such Securities that such surrender shall not be required;

and

(6) such other matters as the Corporation shall deem desirable or appropriate.

Unless otherwise specified with respect to any Securities in accordance with Section 301, with respect to any redemption of Securities at the election of the Corporation, unless, upon the giving of notice of such redemption, Defeasance shall have been effected with respect to such Securities pursuant to Section 1202, such notice may state that such redemption shall be conditional upon the receipt by the Trustee or the Paying Agent(s) for such Securities, on or prior to the date fixed for such redemption, of money sufficient to pay the principal of and any premium and interest on such Securities and that if such money shall not have been so received such notice shall be of no force or effect and the Corporation shall not be required to redeem such Securities. In the event that such notice of redemption contains such a condition and such money is not so received, the redemption shall not be made and within a reasonable time thereafter notice shall be given, in the manner in which the notice of redemption was given, that such money was not so received and such redemption was not required to be made, and the Trustee or Paying Agent(s) for the Securities otherwise to have been redeemed shall promptly return to the Holders thereof any of such Securities which had been surrendered for payment upon such redemption.

Notice of redemption of Securities to be redeemed at the election of the Corporation, and any notice of non-satisfaction of redemption as aforesaid, shall be given by the Corporation or, at the Corporation's request, by the Trustee in the name and at the expense of the Corporation. Subject to the preceding paragraph, any such notice of redemption shall be irrevocable.

Section 1105. Securities Payable on Redemption Date.

Notice of redemption having been given as aforesaid, and the conditions, if any, set forth in such notice having been satisfied, the Securities or portions thereof so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified, and from and after such date (unless, in the case of an unconditional notice of redemption, the Corporation shall default in the payment of the Redemption Price and accrued interest, if any) such Securities or portions thereof, if interest-bearing, shall cease to bear interest. Upon surrender of any such Security for redemption in accordance with said notice, such Security or portion thereof shall be paid by the Corporation at the Redemption Price, together with accrued interest, if any, to the Redemption Date; provided, however, that no such surrender shall be a condition to such payment if so specified as contemplated by Section 301 with respect to such Security, and provided further that, unless otherwise specified as contemplated by Section 301, installments of interest whose Stated Maturity is on or prior to the Redemption Date will be payable to the Holders of such Securities, or one or more Predecessor Securities, registered as such at the close of business on the relevant Record Dates according to their terms and the provisions of Section 308.

If any Security called for redemption shall not be so paid upon surrender thereof for redemption, the principal and any premium shall, until paid, bear interest from the Redemption Date at the rate prescribed therefor in the Security.

Section 1106. Securities Redeemed in Part.

Any Security which is to be redeemed only in part shall be surrendered at a Place of Payment therefor (with, if the Corporation or the Trustee so require, due endorsement by, or a written instrument of transfer in form satisfactory to the Corporation and the Trustee duly executed by, the Holder thereof or his attorney duly authorized in writing), and the Corporation shall execute, and the Trustee or the Authentication Agent, shall authenticate and deliver to the Holder of such Security without service charge, a new Security or Securities of the same series and of like tenor, of any authorized denomination as requested by such Holder, in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Security so surrendered.

Section 1107. Intentionally Deleted.

Section 1108. Deposit of Redemption Price or Purchase Price.

On or prior to 12:00 p.m. Eastern Time on any Redemption Date or Purchase Date, the Corporation shall deposit or cause to be deposited with the Trustee or with a Paying Agent (or, if the Corporation is acting as its own Paying Agent, segregate and hold in trust as provided in Section 1004) an amount of money sufficient to pay the Redemption Price or Purchase Price, as applicable, of, and (except if the Redemption Date or Purchase Date shall be an Interest Payment Date) any accrued and unpaid interest to, but excluding, the Redemption Date or Purchase Date, as applicable, on, all the Securities which are to be redeemed or repurchased on that date.

Section 1109. Acquisition by Means Other Than Redemption.

For avoidance of doubt, the Corporation may purchase or otherwise acquire, at any time or from time to time, Securities of any series by means other than a redemption, whether pursuant to an offer to purchase, open market purchase, private contract or otherwise, at such prices as the Corporation may determine in its sole discretion.

ARTICLE TWELVE

Defeasance and Covenant Defeasance

Section 1201. Applicability of Article.

Unless, pursuant to Section 301, provision is made that either or both of (a) defeasance of any Securities or any series of Securities under Section 1202 and (b) covenant defeasance of any Securities or any series of Securities under Section 1203 shall not apply to such Securities of a series, then the provisions of either or both of Sections 1202 and Section 1203 as the case may be, together with Sections 1204 and 1205, shall be applicable to the Outstanding Securities of such series upon compliance with the conditions set forth below in this Article.

Section 1202. Defeasance and Discharge.

The Corporation may cause itself to be discharged from its obligations with respect to any Securities or any series of Securities on and after the date the conditions set forth in Section 1204 are satisfied (hereinafter called "Defeasance"). For this purpose, such Defeasance means that the Corporation shall be

deemed to have paid and discharged the entire indebtedness represented by such Securities and to have satisfied all its other obligations under such Securities and this Indenture insofar as such Securities are concerned (and the Trustee, at the expense of the Corporation, shall execute proper instruments acknowledging the same), subject to the following which shall survive until otherwise terminated or discharged hereunder: (1) the rights of Holders of such Securities to receive, solely from the trust fund described in Section 1204 and as more fully set forth in such Section, payments in respect of the principal of and any premium and interest on such Securities when payments are due, (2) the Corporation's obligations with respect to such Securities under Sections 304, 305, 306 and 1003 and with respect to the Trustee under Section 607, (3) the rights, powers, trusts, duties and immunities of the Trustee hereunder and (4) this Article. Subject to compliance with this Article, Defeasance with respect to any Securities or any series of Securities by the Corporation is permitted under this Section 1202 notwithstanding the prior exercise by the Corporation of its rights under Section 1203 with respect to such Securities. Following a Defeasance, payment of such Securities may not be accelerated because of an Event of Default.

Section 1203. Covenant Defeasance.

The Corporation may cause itself to be released from its obligations under any covenants provided pursuant to Section 301(20), 901(2), 901(6) or 901(7) with respect to any Securities or any series of Securities for the benefit of the Holders of such Securities and the occurrence of any event specified in Section 501(3) (with respect to any such covenants provided pursuant to Section 301(20), 901(2), 901(6) or 901(7)) or 501(6) shall be deemed not to be or result in an Event of Default with respect to such Securities as provided in this Section, in each case on and after the date the conditions set forth in Section 1204 are satisfied (hereinafter called "Covenant Defeasance"). For this purpose, such Covenant Defeasance means that, with respect to such Securities, the Corporation may omit to comply with and shall have no liability in respect of any term, condition or limitation set forth in any such specified Section (to the extent so specified in the case of Section 501(3)), whether directly or indirectly by reason of any reference elsewhere herein to any such Section or by reason of any reference in any such Section to any other provision herein or in any other document, but the remainder of this Indenture and such Securities shall be unaffected thereby.

Section 1204. Conditions to Defeasance or Covenant Defeasance.

The following shall each be a condition precedent to the application of Section 1202 or Section 1203 to any Securities or any series of Securities, as the case may be:

(1) The Corporation shall have irrevocably deposited or caused to be deposited with the Trustee as trust funds in trust for the purpose of making the following payments, specifically pledged as security for, and dedicated solely to, the benefit of the Holders of such Securities, (A) money in an amount, or (B) Government Obligations which through the scheduled payment of principal and interest in respect thereof in accordance with their terms will provide, not later than the due date of any payment, money in an amount, or (C) a combination thereof, sufficient, in the case of (B) or (C), in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee, to pay and discharge, and which shall be applied by the Trustee to pay and discharge, the principal of and any premium and interest on such Securities on the applicable Stated Maturities or on any Redemption Date established pursuant to Clause (3) below, in accordance with the terms of this Indenture and such Securities. As used herein, "Government Obligation" means (x) any security which is (i) a direct obligation of Canada or the government which issued the foreign currency in which such Securities are payable, for the payment of which its full faith and credit is pledged or (ii) an obligation of a Person controlled or supervised by and acting as an agency or instrumentality of Canada or such government which issued the foreign currency in which such Securities are payable, the payment of which is unconditionally guaranteed as a full faith and credit obligation by Canada or such other

government, which, in either case (i) or (ii), is not callable or redeemable at the option of the issuer thereof, and (y) any depositary receipt issued by a bank as custodian with respect to any Government Obligation which is specified in Clause (x) above and held by such bank for the account of the holder of such depositary receipt, or with respect to any specific payment of principal of or interest on any Government Obligation which is so specified and held, provided that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depositary receipt from any amount received by the custodian in respect of the Government Obligation or the specific payment of principal or interest evidenced by such depositary receipt.

(2) No event which is, or after notice or lapse of time or both would become, an Event of Default with respect to such Securities or any other Securities shall have occurred and be continuing at the time of such deposit.

(3) If the Securities are to be redeemed prior to the applicable Stated Maturity (other than from mandatory sinking fund payments or analogous payments), notice of such redemption shall have been duly given pursuant to this Indenture or provision therefor satisfactory to the Trustee shall have been made.

(4) The Corporation shall have delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that all conditions precedent with respect to such Defeasance or Covenant Defeasance have been complied with.

Section 1205. Deposited Money and Government Obligations to Be Held in Trust; Miscellaneous Provisions.

Subject to the provisions of the last paragraph of Section 1003, all money and Government Obligations (including the proceeds thereof) deposited with the Trustee pursuant to Section 1204 in respect of any Securities shall be held in trust and applied by the Trustee, in accordance with the provisions of such Securities and this Indenture, to the payment, either directly or through any such Paying Agent (including the Corporation acting as its own Paying Agent) as the Trustee may determine, to the Holders of such Securities, of all sums due and to become due thereon in respect of principal and any premium and interest, but money so held in trust need not be segregated from other funds except to the extent required by law. Moneys and Government Obligations (and the proceeds thereof) held pursuant to this Section for the benefit of the Holders of Subordinated Securities shall not be subject to the subordination provisions established with respect to such Securities pursuant to Section 301(22).

The Corporation shall pay and indemnify (in accordance with Section 607) the Trustee against any tax, fee or other charge imposed on or assessed against the Government Obligations deposited pursuant to Section 1204 or the principal and interest received in respect thereof other than any such tax, fee or other charge which by law is for the account of the Holders of Outstanding Securities.

Anything in this Article to the contrary notwithstanding, the Trustee shall deliver or pay to the Corporation from time to time upon Company Request any money or Government Obligations held by it as provided in Section 1204 with respect to any Securities which, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee, are in excess of the amount thereof which would then be required to be deposited to effect the Defeasance or Covenant Defeasance, as the case may be, with respect to such Securities.

Section 1206. Reinstatement.

If and for so long as the Trustee is unable to apply any money or Government Obligations held in trust pursuant to Section 1003, Section 1204 or Section 1205 by reason of any legal proceeding or by reason of

any order or judgment of any court or government agency enjoining, restraining or otherwise prohibiting such application, the Corporation's obligations with respect to this Indenture and the Securities will be reinstated as though no such deposit in trust had been made. If the Corporation makes any payment of principal of or interest on any Securities because of the reinstatement of its obligations, it will be subrogated to the rights of the Holders of such Securities to receive such payment from the money or Government Obligations held in trust.

ARTICLE THIRTEEN

Immunity of Incorporators, Stockholders, Officers and Directors

Section 1301. Indenture and Securities Solely Corporate Obligations.

No recourse for the payment of the principal of or any premium or interest on any Security, or for any claim based thereon or otherwise in respect thereof, and no recourse under or upon any obligation, covenant or agreement of the Corporation in this Indenture or in any supplemental indenture, or in any Security, or because of the creation of any indebtedness represented thereby, shall be had against any incorporator, stockholder, officer, director or employee, as such, past, present or future, of the Corporation or of any successor corporation, either directly or through the Corporation or any successor corporation, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise; it being expressly understood that all such liability is hereby expressly waived and released as a condition of, and as a consideration for, the execution of this Indenture and the issue of the Securities.

ARTICLE FOURTEEN

Subordination of Subordinated Securities

Section 1401. Agreement to Subordinate.

The Corporation covenants and agrees, and each Holder of any Subordinated Security issued hereunder by his acceptance thereof, whether upon original issue or upon transfer or assignment, likewise covenants and agrees, that the principal of (and premium, if any) and interest on each and all of the Subordinated Securities issued hereunder are hereby expressly subordinated, to the extent and in the manner hereinafter set forth, in right of payment to the prior payment in full of all Senior Indebtedness.

Section 1402. Payment on Dissolution, Liquidation or Reorganization; Default on Senior Indebtedness.

Upon any payment or distribution of assets or securities of the Corporation of any kind or character, whether in cash, property or securities, upon any dissolution or winding up or total or partial liquidation or reorganization of the Corporation, whether voluntary or involuntary or in bankruptcy, insolvency, receivership or other similar proceedings, or upon any assignment for the benefit of creditors or any other marshalling of the assets and liabilities of the Corporation or otherwise, all principal of (and premium, if any) and interest then due upon all Senior Indebtedness shall first be paid in full, or payment thereof provided for in money or money's worth, before the Holders of the Subordinated Securities or the Trustee on their behalf shall be entitled to receive any assets or securities (other than shares of stock of the Corporation as reorganized or readjusted or securities of the Corporation or any other corporation provided for by a plan of reorganization or readjustment, junior to, or the payment of which is subordinated at least to the extent provided in this Article to the payment of, all Senior Indebtedness which may at the time be outstanding or any securities issued in respect thereof under any such plan of reorganization or readjustment) in respect of the Subordinated Securities (for principal, premium or

interest). Upon any such dissolution or winding up or liquidation or reorganization, any payment or distribution of assets or securities of the Corporation of any kind or character, whether in cash, property or securities (other than as aforesaid), to which the Holders of the Subordinated Securities or the Trustee on their behalf would be entitled, except for the provisions of this Article, shall be made by the Corporation or by any receiver, trustee in bankruptcy, liquidating trustee, agent or other person making such payment or distribution, direct to the holders of Senior Indebtedness or their representatives to the extent necessary to pay all Senior Indebtedness in full, in money or money's worth, after giving effect to any concurrent payment or distribution to or for the holders of Senior Indebtedness. In the event that, notwithstanding the foregoing, the Trustee or the Holder of any Subordinated Security shall, under the circumstances described in the two preceding sentences, have received any payment or distribution of assets or securities of the Corporation of any kind or character, whether in cash, property or securities (other than as aforesaid) before all Senior Indebtedness is paid in full or payment thereof provided for in money or money's worth, and if such fact shall then have been made known to the Trustee or, as the case may be, such Holder, then such payment or distribution of assets or securities of the Corporation shall be paid over or delivered forthwith to the receiver, trustee in bankruptcy, liquidating trustee, agent or other person making payment or distribution of assets or securities of the Corporation for application to the payment of all Senior Indebtedness remaining unpaid, to the extent necessary to pay all Senior Indebtedness in full, in money or money's worth, after giving effect to any concurrent payment or distribution to or for the holders of Senior Indebtedness.

Subject to the payment in full, in money or money's worth, of all Senior Indebtedness, the Holders of the Subordinated Securities (together with the holders of any indebtedness of the Corporation which is subordinate in right of payment to the payment in full of all Senior Indebtedness and which is not subordinate in right of payment to the Subordinated Securities) shall be subrogated to the rights of the holders of Senior Indebtedness to receive payments or distribution of assets or securities of the Corporation applicable to Senior Indebtedness until the principal of (and premium, if any) and interest on the Senior Indebtedness shall be paid in full. No such payments or distributions applicable to Senior Indebtedness shall, as between the Corporation, its creditors other than the holders of Senior Indebtedness, and the Holders of the Subordinated Securities, be deemed to be a payment by the Corporation to or on account of the Subordinated Securities, it being understood that the provisions of this Article are and are intended solely for the purpose of defining the relative rights of the Holders of the Subordinated Securities, on the one hand, and the holders of Senior Indebtedness, on the other hand. Nothing contained in this Article or elsewhere in this Indenture or in the Subordinated Securities is intended to or shall impair, as between the Corporation and the Holders of Subordinated Securities, the obligation of the Corporation, which is unconditional and absolute, to pay to the Holders of the Subordinated Securities the principal of (and premium, if any) and interest on the Subordinated Securities as and when the same shall become due and payable in accordance with their terms, or to affect (except to the extent specifically provided above in this paragraph) the relative rights of the Holders of the Subordinated Securities and creditors of the Corporation other than the holders of Senior Indebtedness. Nothing contained herein shall prevent the Trustee or the Holder of any Subordinated Security from exercising all remedies otherwise permitted by applicable law upon default under this Indenture, subject to the rights, if any, under this Article, of the holders of Senior Indebtedness in respect of assets or securities of the Corporation of any kind or character, whether cash, property or securities, received upon the exercise of any such remedy.

Upon any payment or distribution of assets or securities of the Corporation referred to in this Article, the Trustee and the Holders of the Subordinated Securities shall be entitled to rely upon any order or decree of a court of competent jurisdiction in which such dissolution, winding up, liquidation or reorganization proceedings are pending, and upon a certificate of the receiver, trustee in bankruptcy, liquidating trustee, agent or other person making any such payment or distribution, delivered to the Trustee or to the Holders

of the Subordinated Securities for the purpose of ascertaining the persons entitled to participate in such distribution, the holders of Senior Indebtedness and other indebtedness of the Corporation, the amount thereof or payable thereon, the amount or amounts paid or distributed thereon and all other facts pertinent thereto or to this Article.

If:

(1) there shall have occurred a default in the payment on account of the principal of (or premium, if any) or interest on or other monetary amounts due and payable on any Senior Indebtedness, or

(2) any other default shall have occurred concerning any Senior Indebtedness which permits the holder or holders thereof to accelerate the maturity of such Senior Indebtedness following notice, the lapse of time, or both, or

(3) during any time Senior Indebtedness is outstanding, the principal of, and accrued interest on, any series of Subordinated Securities shall have been declared due and payable upon an Event of Default pursuant to Section 502 hereof (and such declaration shall not have been rescinded or annulled pursuant to this Indenture);

then, unless and until such default shall have been cured or waived or shall have ceased to exist, or such declaration shall have been waived, rescinded or annulled, no payment shall be made by the Corporation on account of the principal (or premium, if any) or interest on the Subordinated Securities.

The Trustee shall be entitled to rely on the delivery to it of a written notice by a Person representing himself to be a holder of Senior Indebtedness (or a representative of such holder or a trustee under any indenture under which any instruments evidencing any such Senior Indebtedness may have been issued) to establish that such notice has been given by a holder of such Senior Indebtedness or such representative or trustee on behalf of such holder. In the event that the Trustee determines in good faith that further evidence is required with respect to the right of any Person as a holder of Senior Indebtedness to participate in any payment or distribution pursuant to this Article Fourteen, the Trustee may request such Person to furnish evidence to the reasonable satisfaction of the Trustee as to the amount of Senior Indebtedness held by such Person, the extent to which such Person is entitled to participate in such payment or distribution and any other facts pertinent to the right of such Person under this Article Fourteen, and, if such evidence is not furnished, the Trustee may defer any payment to such Person pending judicial determination as to the right of such Person to receive such payment or distribution.

Section 1403. Payment Prior to Dissolution or Default.

Nothing contained in this Article or elsewhere in this Indenture, or in any of the Subordinated Securities, shall prevent (a) the Corporation, at any time except under the conditions described in Section 1402 or during the pendency of any dissolution or winding up or total or partial liquidation or reorganization proceedings therein referred to, from making payments at any time of principal of (or premium, if any) or interest on Subordinated Securities or from depositing with the Trustee or any Paying Agent moneys for such payments, or (b) the application by the Trustee or any Paying Agent of any moneys deposited with it under this Indenture to the payment of or on account of the principal of (or premium, if any) or interest on Subordinated Securities to the Holders entitled thereto if such payment would not have been prohibited by the provisions of Section 1402 on the day such moneys were so deposited.

Notwithstanding the provisions of Section 1401 or any other provision of this Indenture, the Trustee and any Paying Agent shall not be charged with knowledge of the existence of any Senior Indebtedness, or of the occurrence of any default with respect to Senior Indebtedness of the character described in Section

1402, or of any other facts which would prohibit the making of any payment of moneys to or by the Trustee or such Paying Agent, unless and until the Trustee shall have received, no later than three Business Days prior to such payment, written notice thereof from the Corporation or from a holder of such Senior Indebtedness and the Trustee shall not be affected by any such notice which may be received by it on or after such third Business Day.

Section 1404. Securityholders Authorize Trustee to Effectuate Subordination of Securities.

Each Holder of Subordinated Securities by his or her acceptance thereof authorizes and expressly directs the Trustee on his or her behalf to take such action in accordance with the terms of this Indenture as may be necessary or appropriate to effectuate the subordination provisions contained in this Article Fourteen and to protect the rights of the Holders of Subordinated Securities pursuant to this Indenture, and appoints the Trustee his or her attorney-in-fact for such purpose.

Section 1405. Right of Trustee to Hold Senior Indebtedness.

The Trustee shall be entitled to all of the rights set forth in this Article Fourteen in respect of any Senior Indebtedness at any time held by it to the same extent as any other holder of Senior Indebtedness, and nothing in this Indenture shall be construed to deprive the Trustee of any of its rights as such holder.

Section 1406. Article Fourteen Not to Prevent Events of Default.

The failure to make a payment on account of principal of, premium, if any, or interest on the Subordinated Securities by reason of any provision of this Article Fourteen shall not be construed as preventing the occurrence of an Event of Default under Section 501 or an event which with the giving of notice or lapse of time, or both, would become an Event of Default or in any way prevent the Holders of Subordinated Securities from exercising any right hereunder other than the right to receive payment on the Subordinated Securities.

Section 1407. No Fiduciary Duty of Trustee to Holders of Senior Indebtedness.

The Trustee shall not be deemed to owe any fiduciary duty to the holders of Senior Indebtedness, and shall not be liable to any such holders (other than for its willful misconduct, bad faith or gross negligence) if either of them shall in good faith mistakenly pay over or distribute to the Holders of Subordinated Securities or the Corporation or any other Person, cash, property or securities to which any holders of Senior Indebtedness shall be entitled by virtue of this Article Fourteen or otherwise. Nothing in this Section 1407 shall affect the obligation of any other such Person to hold such payment for the benefit of, and to pay such payment over to, the holders of Senior Indebtedness or their representative. Nothing in this Article Fourteen shall apply to amounts due the Trustee pursuant to Section 607 or any other Section of this Indenture.

This instrument may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

ARTICLE FIFTEEN

Meetings of Holders of Securities

Section 1501. Purposes for which Meetings may be Called.

A meeting of Holders of Securities of any series may be called at any time and from time to time pursuant to this Article Fifteen to make, give or take any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Indenture to be made, given or taken by Holders of Securities of such series.

Section 1502. Call, Notice and Place of Meetings.

Upon receiving the necessary funding and indemnity required by Section 603(4), the Trustee may at any time call a meeting of Holders of Securities of any series for any purpose specified in Section 1501, to be held at such time and at such place in Toronto, Ontario as the Trustee shall determine. Notice of every meeting of Holders of Securities of any series, setting forth the time and the place of such meeting and in general terms the action proposed to be taken at such meeting, shall be given, in the manner provided in Section 106, not less than 21 nor more than 180 days prior to the date fixed for the meeting; provided that the Trustee shall have no obligation to call any meeting if it is not funded and indemnified to its reasonable satisfaction against its costs, expenses and liabilities associated therewith.

In case at any time the Corporation, pursuant to a Board Resolution, or the Holders of at least 25% in principal amount of the Outstanding Securities of any series shall have requested the Trustee to call a meeting of the Holders of Securities of such Series for any purpose specified in Section 1501, by written request setting forth in reasonable detail the action proposed to be taken at the meeting, and the Trustee shall not thereafter proceed to cause the meeting to be held as provided herein, then the Corporation or the Holders of Securities of such series in the amount above specified, as the case may be, may determine the time and the place in Toronto, Ontario for such meeting and may call such meeting for such purposes by giving notice thereof as provided in paragraph (a) of this Section.

Section 1503. Persons Entitled to Vote at Meetings.

To be entitled to vote at any meeting of Holders of Securities of any series, a Person shall be (a) a Holder of one or more Outstanding Securities of such series; or (b) a Person appointed by an instrument in writing as proxy for a Holder or Holders of one or more Outstanding Securities of such series by such Holder or Holders. The only Persons who shall be entitled to be present or to speak at any meeting of Holders of Securities of any series shall be the Persons entitled to vote at such meeting and their counsel, any representatives of the Trustee and its counsel and any representatives of the Corporation and its counsel.

Section 1504. Quorum; Action.

The Persons entitled to vote a majority in principal amount of the Outstanding Securities of a series shall constitute a quorum for a meeting of Holders of Securities of such series. In the absence of a quorum within 30 minutes of the time appointed for any such meeting, the meeting shall, if convened at the request of Holders of Securities of such series, be dissolved. In any other case, the meeting may be adjourned for a period of not less than 10 days as determined by the chairman of the meeting prior to the adjournment of such meeting. In the absence of a quorum at any such adjourned meeting, such adjourned meeting may be further adjourned for a period of not less than 10 days as determined by the chairman of the meeting prior to the adjournment of such adjourned meeting. Notice of the reconvening of any adjourned meeting shall be given as provided in Section 1502(a), except that such notice need be given

only once not less than five days prior to the date on which the meeting is scheduled to be reconvened. Notice of the reconvening of an adjourned meeting shall state expressly the percentage, as provided above, of the principal amount of the Outstanding Securities of such series which shall constitute a quorum.

Any resolution passed or decision taken at any meeting of Holders of Securities of any series duly held in accordance with this Section shall be binding on all the Holders of Securities of such series, whether or not present or represented at the meeting.

Section 1505. Determinations of Voting Rights; Conduct and Adjournment of Meetings.

Notwithstanding any other provisions of this Indenture, the Trustee may make such reasonable regulations as it may deem advisable for any meeting of Holders of Securities of any series in regard to proof of the holding of Securities of such series and of the appointment of proxies and in regard to the appointment and duties of inspectors of votes, the submission and examination of proxies, certificates and other evidence of the right to vote, and such other matters concerning the conduct of the meeting as it shall deem appropriate. Except as otherwise permitted or required by any such regulations, the holding of Securities shall be proved in the manner specified in Section 104 and the appointment of any proxy shall be proved in the manner specified in Section 104. Such regulations may provide that written instruments appointing proxies, regular on their face, may be presumed valid and genuine without the proof specified in Section 104 or other proof.

The Trustee shall, by an instrument in writing, appoint a temporary chairman of the meeting, unless the meeting shall have been called by the Company or by Holders of Securities as provided in Section 1502(b), in which case the Company or the Holders of Securities of the series calling the meeting, as the case may be, shall in like manner appoint a temporary chairman. A permanent chairman and a permanent secretary of the meeting shall be elected by vote of the Persons entitled to vote a majority in principal amount of the Outstanding Securities of such series as are represented in person or by proxy at the meeting.

At any meeting, each Holder of a Security of such series or a proxy thereof shall be entitled to one vote for each $1,000 principal amount of Securities held or represented by such Holder; provided, however, that no vote shall be cast or counted at any meeting in respect of any Security challenged as not Outstanding and ruled by the chairman of the meeting to be not Outstanding. The chairman of the meeting shall have no right to vote, except as a Holder of a Security of such series or a proxy thereof.

Any meeting of Holders of Securities of any series duly called pursuant to Section 1502 at which a quorum is present may be adjourned from time to time by Persons entitled to vote a majority in principal amount of the Outstanding Securities of such series represented in person or by proxy at the meeting; and the meeting may be held as so adjourned without further notice.

Section 1506. Counting Votes and Recording Action of Meetings.

The vote upon any resolution submitted to any meeting of Holders of Securities of any series shall be by written ballots on which shall be subscribed the signatures of the Holders of Securities of such Series or of their representatives by proxy and the principal amounts and, if appropriate, the serial numbers of the Outstanding Securities of such series held or represented by them. The permanent chairman of the meeting shall appoint two inspectors of votes who shall count all votes cast at the meeting for or against any resolution and who shall make and file with the secretary of the meeting their verified written reports in triplicate of all votes cast at the meeting. A record, at least in triplicate, of the proceedings of each meeting of Holders of Securities of any series shall be prepared by the secretary of the meeting and there shall be attached to said record the original reports of the inspectors of votes on any vote by ballot taken

thereat and affidavits by one or more Persons having knowledge of the facts setting forth a copy of the notice of the meeting and showing that said notice was given as provided in Section 1502 and, if applicable, Section 1504. Each copy shall be signed and verified by the affidavits of the permanent chairman and secretary of the meeting and one such copy shall be delivered to the Corporation, and another to the Trustee to be preserved by the Trustee, the latter to have attached thereto the ballots voted at the meeting. Any record so signed and verified shall be conclusive evidence of the matters therein stated.

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly executed as of the day and year first above written.

Fortis Inc.

By: *(signed) Barry V. Perry*
Name: Barry V. Perry
Title: President and Chief Executive Officer

By: *(signed) Karl W. Smith*
Name: Karl W. Smith
Title: Executive Vice President,
Chief Financial Officer

Computershare Trust Company of Canada,
as Trustee

By: *(signed) Sophie Brault*
Name: Sophie Brault
Title: Manager

By: *(signed) Ekaterini Galouzis*
Name: Ekaterini Galouzis
Title: Associate Trust Officer

Exhibit A

[Form of Face of Security]

[Insert the Global Security Legend, if applicable pursuant to the provisions of the Indenture]

[Insert any legend required by the *Income Tax Act* (Canada) and the regulations thereunder.]

FORTIS INC.

No. __ $_____

CUSIP No._____

Fortis Inc., a corporation duly continued and existing under the laws of the province of Newfoundland and Labrador, Canada (herein called the "Corporation," which term includes any successor Person under the Indenture hereinafter referred to), for value received, hereby promises to pay to _____, or registered assigns, the principal sum of _____ Dollars on *[if the Security is to bear interest prior to Maturity and interest payment periods are not extendable, insert—*, and to pay interest thereon from _____ or from the most recent Interest Payment Date to which interest has been paid or duly provided for, *[insert—* semi-annually, quarterly, monthly or other description of the relevant payment period] on _____, ___, and _____ in each year, commencing _____, ____, at the rate of ____% per annum, until the principal hereof is paid or made available for payment *[if applicable, insert—*; provided that any principal, and premium, and any such installment of interest, which is overdue shall bear interest at the rate of ____% per annum (to the extent that the payment of such interest shall be legally enforceable), from the dates such amounts are due until they are paid or made available for payment, and such interest shall be payable on demand]. The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date (other than an Interest Payment Date that is the Stated Maturity or a Redemption Date) will, as provided in such Indenture, be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest, which shall be the _____ (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date. Any such interest not so punctually paid or duly provided for will forthwith cease to be payable to the Holder on such Regular Record Date and may either be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on a Special Record Date for the payment of such Defaulted Interest to be fixed by the Trustee, notice whereof shall be given to Holders of Securities of this series not less than 10 days prior to such Special Record Date, or be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange, if any, on which the Securities of this series may be listed, and upon such notice as may be required by any such exchange, all as more fully provided in said Indenture].

*[If the Security is not to bear interest prior to Maturity, insert—*The principal of this Security shall not bear interest except in the case of a default in payment of principal upon acceleration, upon redemption or at Stated Maturity and in such case the overdue principal and any overdue premium shall bear interest at the rate of ____% per annum (to the extent that the payment of such interest shall be legally enforceable), from the dates such amounts are due until they are paid or made available for payment. Interest on any overdue principal or premium shall be payable on demand. Any such interest on overdue principal or premium which is not paid on demand shall bear interest at the rate of ____% per annum (to the extent that the payment of such interest on interest shall be legally enforceable), from the date of such demand until the amount so demanded is paid or made available for payment. Interest on any overdue interest shall be payable on demand.]

Payment of the principal of (and premium, if any) and [*if applicable,*

insert—any such] interest on this Security will be made at the office or agency of the Corporation maintained for that purpose, in such coin or currency of Canada as at the time of payment is legal tender for payment of public and private debts. [*if applicable, insert*—; Payments of principal of, premium, if any, and interest on the Securities of this series represented by a Global Security shall be made by wire transfer of immediately available funds to the Holder of such Global Security, provided that, in the case of payments of principal and premium, if any, such Global Security is first surrendered to the Paying Agent. If any of the Securities of this series are no longer represented by a Global Security, (i) payments of principal, premium, if any, and interest due at the Stated Maturity or earlier redemption of such Securities shall be made at the office of the Paying Agent upon surrender of such Securities to the Paying Agent, and (ii) at the option of the Corporation payment of interest may be made by (A) check mailed to the address of the Person entitled thereto as such address shall appear in the Register or (B) wire transfer at such place and to such account at a banking institution in Canada as may be designated in writing to the Trustee at least five (5) Business Days prior to the date for payment by the Person entitled thereto].

REFERENCE IS HEREBY MADE TO THE FURTHER PROVISIONS OF THIS SECURITY SET FORTH ON THE REVERSE HEREOF, WHICH FURTHER PROVISIONS SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS IF SET FORTH AT THIS PLACE.

Unless the certificate of authentication hereon has been executed by the Trustee referred to on the reverse hereof by manual signature, this Security shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Corporation has caused this instrument to be duly executed.

Dated:

Fortis Inc.

By: _____
Name:
Title:

By: _____
Name:
Title:

[**Form of Reverse of Security**]

This Security is one of a duly authorized issue of securities of the Corporation (herein called the "Securities"), issued and to be issued in one or more series under an Indenture, dated as of _____ (herein called the "Indenture," which term shall have the meaning assigned to it in such instrument), between the Corporation and Computershare Trust Company of Canada (the "Trustee", which term includes any successor trustee under the Indenture), and reference is hereby made to the Indenture for a statement of the respective rights, limitation of rights, duties and immunities thereunder of the Corporation, the Trustee [*if applicable, insert*—, the holders of Senior Indebtedness] and the Holders of the Securities and of the terms upon which the Securities are, and are to be, authenticated and delivered. This Security is one of the series designated on the face hereof [*if applicable, insert*—, [initially] limited in aggregate principal amount to $_____, provided that the Corporation may, without the consent of any Holder, at any time and from time to time, increase the initial principal amount].

[*If applicable, insert*—The Securities of this series are subject to redemption upon not less than 30 days' notice by mail, at any time [if applicable, insert—on or after _____, ____], as a whole or in part, at the election of the Corporation, at the following Redemption Prices (expressed as percentages of the principal amount): If redeemed [*if applicable, insert*— on or before _____, ____, ____%, and if redeemed] during the 12-month period beginning _____ of the years indicated,

YEAR	REDEMPTION PRICE	YEAR	REDEMPTION PRICE

and thereafter at a Redemption Price equal to ____% of the principal amount, together in the case of any such redemption with accrued interest to the Redemption Date, but interest installments whose Stated Maturity is on or prior to such Redemption Date will be payable to the Holders of such Securities, or one or more Predecessor Securities, of record at the close of business on the relevant Record Dates referred to on the face hereof, all as provided in the Indenture.]

[*If applicable, insert*—Notwithstanding the foregoing, the Corporation may not, prior to _____, ____, redeem any Securities of this series as contemplated by [*if applicable, insert*—Clause (2) of] the preceding paragraph as a part of, or in anticipation of, any refunding operation by the application, directly or indirectly, of moneys borrowed having an interest cost to the Corporation (calculated in accordance with generally accepted financial practice) of less than ____% per annum.]

[*If the Security is subject to redemption of any kind, insert*—In the event of redemption of this Security in part only, a new Security or Securities of this series and of like tenor for the unredeemed portion hereof will be issued in the name of the Holder hereof upon the cancellation hereof.]

[*If applicable, insert*—The Indenture contains provisions for defeasance at any time of [the entire indebtedness of this Security] [or] [certain restrictive covenants and Events of Default with respect to this Security] [, in each case] upon compliance with certain conditions set forth in the Indenture.]

[*If the Security is not an Original Issue Discount Security, insert*—If an Event of Default with respect to Securities of this series shall occur and be continuing, the principal of the Securities of this series may be declared due and payable in the manner, with the effect and subject to the conditions set forth in the Indenture.]

[*If the Security is an Original Issue Discount Security, insert*—If an Event of Default with respect to the Securities of this series shall occur and be continuing, an amount of principal of the Securities of this series may be declared due and payable in the manner and with the effect provided in the Indenture. Such amount shall be equal to [*insert formula for determining the amount*]. Upon payment of (i) the amount of principal so declared due and payable and (ii) interest on any overdue principal, premium, and interest (in

each case to the extent that the payment of such interest shall be legally enforceable), all of the Corporation's obligations in respect of the payment of the principal of and premium and interest, if any, on the Securities of this series shall terminate.]

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Corporation and the rights of the Holders of the Securities of all series affected under the Indenture at any time by the Corporation and the Trustee with approval by Holder Direction. The Indenture also contains provisions permitting the Holders of specified percentages in aggregate principal amount of the Notes at the time Outstanding, on behalf of the Holders of all the Notes, to waive compliance with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver by the Holder of this Security shall be conclusive and binding upon such Holder and upon all future Holders of this Security and of any Security issued upon the registration of transfer hereof or in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this Security.

As provided in and subject to the provisions of the Indenture, the Holder of this Security shall not have the right to institute any proceeding with respect to the Indenture or for the appointment of a receiver or trustee or for any other remedy thereunder unless such Holder shall have previously given the Trustee written notice of a continuing Event of Default with respect to the Securities of this series, the Holders of not less than a majority in principal amount of the Securities of this series at the time Outstanding shall have made written request to the Trustee to institute proceedings in respect of such Event of Default as Trustee and offered the Trustee reasonable indemnity, and the Trustee shall not have received a Holder Direction inconsistent with such request, and shall have failed to institute any such proceeding, for 60 days after receipt of such notice, request and offer of indemnity. The foregoing shall not apply to any suit instituted by the Holder of this Security for the enforcement of any payment of principal hereof or any premium or interest hereon on or after the respective due dates expressed herein.

No reference herein to the Indenture and no provision of this Security or of the Indenture shall alter or impair the obligation of the Corporation, which is absolute and unconditional, to pay the principal of and any premium and interest on this Security at the times, place and rate, and in the coin or currency, herein prescribed.

For disclosure purposes under the *Interest Act* (Canada), whenever in the Securities of this series or the Indenture interest at a specified rate is to be calculated on the basis of a period less than a calendar year, the yearly rate of interest to which such rate is equivalent is such rate multiplied by the actual number of days in the relevant calendar year and divided by the number of days in such period.

As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Security is registrable in the Register, upon surrender of this Security for registration of transfer at the office or agency of the Corporation in any place where the principal of and any premium and interest on this Security are payable, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Corporation and the Registrar duly executed by, the Holder hereof or his attorney duly authorized in writing, and thereupon one or more new Securities of this series and of like tenor, of authorized denominations and for the same aggregate principal amount, will be issued to the designated transferee or transferees.

The Securities of this series are issuable only in registered form without coupons in denominations of $1,000 and any integral multiple of $1,000 in excess thereof. As provided in the Indenture and subject to certain limitations therein set forth, Securities of this series are exchangeable for a like aggregate principal amount of Securities of this series and of like tenor of a different authorized denomination, as requested by the Holder surrendering the same.

No service charge shall be made for any such registration of transfer or exchange, but the Corporation and the Trustee may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Prior to due presentment of this Security for registration of transfer, the Corporation, the Trustee and any agent of the Corporation or the Trustee may treat the Person in whose name this Security is registered as the owner hereof for all purposes, whether or not this Security be overdue, and neither the Corporation, the Trustee nor any such agent shall be affected by notice to the contrary.

All terms used in this Security which are defined in the Indenture shall have the meanings assigned to them in the Indenture.

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

This short form prospectus has been filed under legislation in all provinces of Canada that permits certain information about these securities to be determined after this prospectus has become final and that permits the omission from this prospectus of that information. The legislation requires the delivery to purchasers of a prospectus supplement containing the omitted information within a specified period of time after agreeing to purchase any of these securities.

This short form prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. The medium term notes to be issued hereunder have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") or any state securities laws and will not be offered or sold, directly or indirectly, within the United States or to, or for the account or benefit of, U.S. persons. See "Plan of Distribution".

Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada. *Copies of the documents incorporated herein by reference relating to John Deere Canada Funding Inc. may be obtained on request without charge from the Secretary of John Deere Canada Funding Inc., 3430 Superior Court, Oakville, Ontario, Canada, L6L 0C4, telephone: (905) 319-4958, and are also available electronically at www.sedar.com, and copies of the documents incorporated herein by reference relating to John Deere Capital Corporation may be obtained on request without charge from John Deere Capital Corporation, 10587 Double R Blvd, Suite 100, Reno, Nevada, U.S.A. 89521, telephone: (775) 786-5527 and are also available electronically at www.sedar.com.*

SHORT FORM BASE SHELF PROSPECTUS

New Issue August 16, 2016

JOHN DEERE FINANCIAL

JOHN DEERE CANADA FUNDING INC.

$3,500,000,000

Medium Term Notes (Unsecured)

Unconditionally guaranteed as to payment of principal, premium (if any), interest and certain other amounts by

JOHN DEERE CAPITAL CORPORATION

John Deere Canada Funding Inc. (the "**Company**") may offer to the public from time to time (during the twenty-five month period that this short form prospectus, including any amendments hereto (this "**Prospectus**"), remains valid) up to $3,500,000,000 aggregate principal amount, or the equivalent thereof in one or more non-Canadian currencies or currency units, of its guaranteed medium term notes (collectively the "**Notes**"). Each Note will mature on such date, not less than one year from the date of issue, as specified in the applicable prospectus supplement or pricing supplement hereto. Each Note may be subject to redemption at the option of the Company, in whole or in part, prior to its Stated Maturity (as defined below), as set forth therein and specified in the applicable prospectus supplement or pricing supplement. The Notes will be issued under a trust indenture dated as of June 1, 2012, (as amended, supplemented and restated from time to time, the "**Note Indenture**") entered into among the Company, John Deere Capital Corporation, a Delaware corporation (the "**Guarantor**" or "**JDCC**") and Computershare Trust Company of Canada, as trustee ("**Computershare**" or the "**Trustee**"), as amended, supplemented and restated from time to time in any number of series or separate issues thereof. The Notes will be direct unsecured and unsubordinated obligations of the Company ranking *pari passu* with all other unsecured and unsubordinated debt of the Company. The obligations of the Guarantor under the Guarantee (as defined below) will constitute direct unsecured and unsubordinated obligations of the Guarantor and will rank *pari passu* with all unsecured and unsubordinated debt of the Guarantor for borrowed money. The Notes will be unconditionally guaranteed by JDCC as to the payment of principal, premium, if any, interest, and certain other amounts. See "The Note Indenture".

The Company's registered and executive offices are located at 3430 Superior Court, Oakville, Ontario, L6L 0C4.

transferring all or substantially all of its assets to another corporation; or (e) the bankruptcy or insolvency of the Company or any compromise or arrangement with respect to the Company and its creditors.

The Guarantee shall continue to be effective or be reinstated, as the case may be, if at any time any payment of any principal, premium, if any, Additional Amounts, if any, interest or other amounts payable to holders on the Securities is rescinded or must otherwise be returned by the Trustee or any holder upon the insolvency, bankruptcy or reorganization of the Company or in connection with any challenge with respect to amounts paid on defeasance, covenant defeasance or otherwise, all as though such payment had not been made.

The liabilities of the Guarantor under the Note Indenture and under the Guarantee shall not be released, discharged, limited or in any way affected by anything done, suffered or permitted by the Trustee or any holder in connection with the Note Indenture or with the Company.

The Guarantor shall not be or become liable under the Note Indenture or under the Guarantee to make any payment of principal, premium, if any, interest or other amounts payable to holders in respect of which the Company shall be in default if the default of the Company in respect of which the Guarantor would otherwise be or become liable under the Note Indenture or under any guarantee shall have been waived or directed to be waived pursuant to the provisions in that behalf contained in the Note Indenture; provided, however, that no waiver or consent of any kind whatsoever shall release, alter or impair the irrevocable and unconditional obligations of the Guarantor under the Note Indenture or under the Guarantee after giving effect to such waiver or consent.

If any monies become payable by the Guarantor under the Note Indenture, the Trustee shall be entitled to enforce and receive payment thereof, for the benefit of the holders of the Securities, and shall be entitled to recover judgment against the Guarantor for any portion of the same remaining unpaid; and the Trustee shall have further remedies with respect to the Guarantor similar to the remedies granted to it with respect to the Company. The whole of the monies from time to time received by the Trustee under the Note Indenture shall be applied by the Trustee in accordance with the Note Indenture.

No further act or acknowledgement of the Guarantor is required in connection with any issuance of Securities under the Note Indenture in order for the obligations of the Guarantor under the Guarantee and the Note Indenture to be valid, binding and enforceable obligations of the Guarantor in respect of any of those Securities.

Any and all payments made by the Guarantor pursuant to the provisions of its Guarantee shall be made without withholding of or deduction for, or on account of, any current or future taxes imposed by or on behalf of the United States or any political subdivision thereof unless such taxes are required by law or by the administration thereof to be withheld or deducted, in which case the Guarantor shall pay such amounts ("**Additional Amounts**") as will result (after the withholding or deduction of such taxes) in the payment to the holders of the amounts which would otherwise have been payable pursuant to the Guarantor's Guarantee; provided, however, the foregoing obligation to pay Additional Amounts will not apply to any one or more of the following:

- any tax, assessment or other governmental charge which would not have been so imposed but for (A) the existence of any present or former connection between such holder (or between a fiduciary, settlor or beneficiary of, or a Person holding a power over, such holder, if such holder is an estate or trust or a member or shareholder of such holder, if such holder is a partnership or corporation) and the United States, including without limitation, such holder (or such fiduciary, settlor, beneficiary, Person holding a power over such holder) being or having been a citizen or resident or treated as a resident thereof or being or having been engaged in a trade or business or present therein or having had a permanent establishment therein, or (B) such holder's current or former status as a personal holding company, a foreign personal holding company, a passive foreign investment company, a controlled foreign corporation that is related to the Guarantor through stock ownership, a foreign tax-exempt organization for United States tax purposes or as a corporation which accumulates earnings to avoid United States federal income tax;
- any tax, assessment or other governmental charge which would not have been so imposed but for the presentation by the holder of any Security of any series for payment on a date more than 60 days after the

Execution Version

JOHN DEERE CANADA FUNDING INC.

- and -

JOHN DEERE CAPITAL CORPORATION

(as Guarantor)

to

COMPUTERSHARE TRUST COMPANY OF CANADA

Trustee

Indenture

Dated as of June 1, 2012

Providing for the Issuance

of

Senior Guaranteed Debt Securities

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EXHIBIT "A" Form of Fixed Rate Note Certificate
EXHIBIT "B" Form of Floating Rate Note Certificate
EXHIBIT "C" Form of Trustee's Certificate of Authentication

INDENTURE, dated as of June 1, 2012, among JOHN DEERE CANADA FUNDING INC., a corporation existing under the laws of Canada (hereinafter called the "**Company**") having its principal office at 1001 Champlain Avenue, Suite 401, Burlington, Ontario L7L 5Z4, JOHN DEERE CAPITAL CORPORATION, a Delaware corporation (hereinafter called the "**Guarantor**"), having its principal office at 1 East First Street, Reno, Nevada 89501, and COMPUTERSHARE TRUST COMPANY OF CANADA, a trust company, as trustee (hereinafter called the "**Trustee**"), having its principal office at 100 University Avenue, 8th Floor, South Tower, Toronto, Ontario, M5J 2Y1.

RECITALS OF THE COMPANY AND THE GUARANTOR

The Company deems it necessary to issue from time to time for its lawful purposes senior guaranteed debt securities (hereinafter called the "**Securities**") evidencing its unsecured and unsubordinated indebtedness, and has duly authorized the execution and delivery of this Indenture to provide for the issuance from time to time of the Securities, unlimited as to principal amount, to bear such rates of interest, to mature at such times and to have such other provisions as shall be fixed as hereinafter provided;

Deere & Company ("**Deere**"), directly or indirectly, owns beneficially and of record 100% of the issued and outstanding shares in the capital of the Company and of the Guarantor. The Guarantor has duly authorized the execution and delivery of this Indenture and the Guarantee with respect to the Securities as set forth in this Indenture;

All things necessary have been done to make the Securities, when executed by the Company and certified and delivered hereunder, the Guarantee when executed by the Guarantor and delivered hereunder, and this Indenture a valid agreement of the Company and the Guarantor as applicable, in accordance with their respective terms; and

The foregoing are made as statements and representations of fact by the Company or the Guarantor and not by the Trustee.

NOW, THEREFORE, THIS INDENTURE WITNESSETH:

For and in consideration of the premises and the purchase of the Securities by the Holders thereof, it is mutually covenanted and agreed, for the equal and proportionate benefit of all Holders of the Securities, as follows:

ARTICLE 1
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 101. Definitions.

For all purposes of this Indenture, except as otherwise expressly provided or unless the context otherwise requires:

(1) the terms defined in this Article and elsewhere in this Indenture include the plural as well as the singular;

(2) an accounting term not otherwise defined herein, when used in relation to the Company or any other Person governed by or existing under the laws of Canada or any province thereof shall have the meaning assigned to it in accordance with generally accepted accounting principles in Canada, as in effect from time to time and, when used in relation to the Guarantor or any other Person governed by or existing under the laws of any jurisdiction within the United States shall have the meaning assigned to it in accordance with generally accepted accounting principles in the United States, as in effect from time to time, and references to generally accepted accounting principles or practices, when made in relation to the Company or any other Person governed by or existing under the laws of Canada or any province thereof, refer to such principles or practice generally accepted in Canada, and, when made in relation to the Guarantor or any other Person governed by or existing under the laws of any jurisdiction within the United States, refer to such principles or practice generally accepted in the United States;

(3) the words "**herein**", "**hereof**" and "**hereunder**" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision; and

(4) certain terms, used principally in Article 3, Article 5 and Article 6, are defined in those Articles.

For purposes of this Indenture, the following terms have the following meanings:

"**Act**", when used with respect to any Holder, has the meaning specified in Section 104.

"**Additional Amounts**" has the meaning specified in Section 1602(a).

"**Affiliate**" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, "**control**" when used with respect to any specified Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "**controlling**" and "**controlled**" have meanings correlative to the foregoing.

"**Authenticating Agent**" means any authenticating agent appointed by the Trustee pursuant to Section 615.

"**Authorized Newspaper**" means a newspaper, in the English language or in an official language of the country of publication, customarily published on each Business Day, whether or not published on Saturdays, Sundays or holidays, and of general circulation in each place in connection with which the term is used or in the financial community of each such place. Where successive publications are required to be made in Authorized Newspapers, the successive publications may be made in the same or in different newspapers in the same city meeting the foregoing requirements and in each case on any Business Day.

"**Beneficial Owner**" means with respect to a Book Entry Security, the Person who is the beneficial owner of such Security as reflected on the books of the Clearing Agency or on the books of a Person maintaining an account with such Clearing Agency (directly or as an indirect participant, in accordance with the rules of such Clearing Agency).

"**Board of Directors**" means the board of directors of the Company or the Guarantor, as the context requires, or the executive committee or any committee of that board duly authorized to act hereunder, as the case may be.

"**Board Resolution**" means a copy of a resolution certified by the Secretary or an Assistant Secretary of the Company or the Guarantor, as the context requires, to have been duly passed or adopted by the Board of Directors and to be in full force and effect on the date of such certification, and delivered to the Trustee.

"**Book Entry Securities**" means Securities of a series issued initially as one or more certificates in the name of a Clearing Agency maintaining book entry records with respect to ownership and transfer of such Securities or its nominee or a custodian bank of such Clearing Agency, or its nominee.

"Business Day", when used with respect to any Place of Payment or any other particular location referred to in this Indenture or in the Securities means, unless otherwise specified with respect to any Securities pursuant to Section 301, each Monday, Tuesday, Wednesday, Thursday and Friday which is not a day on

which banking institutions in that Place of Payment or particular location are authorized or obligated by law or executive order to close. In addition, if on that day a payment is to be made in (or a rate is to be ascertained for) euro, "**Business Day**" shall mean a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer System is open for settlement of payments in euro.

"**Canadian Securities Commissions**" means the security commission or similar regulatory authority in each of the provinces of Canada.

"**Canadian Securities Laws**" means the securities legislation, regulations, policies and rules in effect from time to time in each province of Canada and includes any exemptive relief order granted by any Canadian Securities Commission in respect of the Company or the Guarantor.

"**Clearing Agency**" means, initially, CDS Clearing and Depository Services Inc. and such other clearing agency as may be selected by the Company from time to time in accordance with the terms hereof.

"**Clearing Agency Participant**" means a broker, dealer, bank, other financial institution or other Person for whom from time to time a Clearing Agency effects book entry transfers and pledges of securities held by the Clearing Agency.

"**Commission**" means the United States Securities and Exchange Commission, as from time to time constituted, created under the *Securities Exchange Act of 1934*, or, if at any time after execution of this instrument such Commission is not existing and performing the duties now assigned to it, then the body performing such duties on such date.

"**Company**" means the Person named as the "**Company**" in the first paragraph of this Indenture until a successor corporation shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "**Company**" shall mean such successor corporation.

"**Company Request**" and "**Company Order**" mean, respectively, a written request or order signed in the name of the Company by the President or a Vice President, and by any Treasurer, Assistant Treasurer, Comptroller, Assistant Comptroller, Secretary or Assistant Secretary of the Company, and delivered to the Trustee.

"**Conversion Date**" has the meaning specified in Section 313(d).

"**Conversion Event**" means the cessation of use of (i) a Foreign Currency both by the government of the country which issued such currency and for the settlement of transactions by a central bank or other public institutions of or within the international banking community, (ii) the euro both within the European Monetary

System and for the settlement of transactions by public institutions of or within the European Communities or (iii) any currency unit (or composite currency) other than the euro for the purposes for which it was established.

"**Corporate Trust Office**" means the office of the Trustee at which, at any particular time, its corporate trust business shall be principally administered, which office at the date hereof is located at 100 University Avenue, 8th Floor, South Tower, Toronto, Ontario, M5J 2Y1.

"**corporation**" includes corporations, limited liability companies, associations, companies and business trusts.

"**Currency**" means any currency or currencies, composite currency or currency unit or currency units, including, without limitation, the euro, issued by the government of one or more countries or by any recognized confederation or association of such governments.

"**Default**" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"**Defaulted Interest**" has the meaning specified in Section 307(a).

"**Definitive Note**" has the meaning specified in Section 316(b).

"**Dollar**" or "**$**"or any similar reference shall mean Canadian dollars, except as may otherwise be provided in this Indenture, or in the form of Securities of any particular series pursuant to the provisions of this Indenture, and "**US Dollars**" or "**US$**" or any similar reference shall mean United States dollars.

"**Election Date**" has the meaning specified in Section 313(h).

"**euro**" means the single currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty establishing the European Communities, as amended.

"**European Communities**" means the European Union, the European Coal and Steel Community and the European Atomic Energy Community.

"**European Monetary System**" means the European Monetary System established by the Resolution of December 5, 1978 of the Council of the European Communities.

"**Event of Default**" has the meaning specified in Article 5.

"**Exchange Rate Agent**", with respect to Securities of any series, means, unless otherwise specified with respect to any Securities pursuant to Section 301, Royal Bank of Canada.

"**Exchange Rate Officer's Certificate**" means a certificate setting forth (i) the applicable Market Exchange Rate or the applicable bid quotation and (ii) the Dollar or Foreign Currency amounts of principal (and premium, if any) and interest, if any (on an aggregate basis and on the basis of a Security having the lowest denomination principal amount determined in accordance with Section 302 in the relevant currency or currency unit), payable with respect to a Security of any series on the basis of such Market Exchange Rate or the applicable bid quotation signed by any Treasurer, the President or any Vice President of the Company or the Treasurer or any Assistant Treasurer of the Guarantor.

"**Fixed Rate Note**" means a Security which bears interest from its Original Issue Date after as well as before Maturity, default and judgment at a fixed rate.

"**Floating Rate Note**" means a Security which bears interest from its Original Issue Date after as well as before Maturity, default and judgment at a floating rate.

"**Foreign Currency**" means any Currency, including, without limitation, the euro issued by the government of one or more countries other than Canada or by any recognized confederation or association of such governments.

"**Global Note**" has the meaning specified in Section 307(a).

"**Government Obligations**" means securities which are (i) direct obligations of Canada or the government which issued the Foreign Currency in which the Securities of a particular series are payable, for the payment of which its full faith and credit is pledged or (ii) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of Canada or such government which issued the Foreign Currency in which the Securities of such series are payable, the payment of which is unconditionally guaranteed as a full faith and credit obligation by Canada or such other government, which, in either case, are not callable or redeemable at the option of the issuer thereof, and shall also include a depository receipt issued by a bank or trust company as custodian with respect to any such Government Obligation or a specific payment of interest on or principal of any such Government Obligation held by such custodian for the account of the holder of a depository receipt; provided that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount received by the custodian in respect of the Government Obligation or the specific payment of interest on or principal of the Government Obligation evidenced by such depository receipt.

"**Government of Canada Yield**" on any date, and with respect to any Fixed Rate Note shall mean the yield to Maturity on such date, compounded semi-annually calculated in accordance with generally accepted financial practice, which a non-callable Government of Canada Bond would carry if issued, in Canadian dollars in Canada, at 100% of its principal amount on such date, with a term to maturity equal to the remaining term to Maturity of such Fixed Rate Note.

"**Guarantee**" has the meaning specified in Section 1601.

"**Guarantor**" means the Person named as the "**Guarantor**" in the first paragraph of this Indenture until a successor corporation shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "**Guarantor**" shall mean such successor corporation.

"**Holder**" means the Person in whose name a Security is registered in the Security Register.

"**Indenture**" means this instrument as originally executed or as it may from time to time be supplemented or amended by one or more indentures supplemental hereto entered into pursuant to the applicable provisions hereof, and shall include the terms of particular series of Securities established as contemplated by Section 301; provided, however, that, if at any time more than one Person is acting as Trustee under this instrument, "**Indenture**" shall mean, with respect to any one or more series of Securities for which such Person is Trustee, this instrument as originally executed or as it may from time to time be supplemented or amended by one or more indentures supplemental hereto entered into pursuant to the applicable provisions hereof and shall include the terms of the series of Securities or those particular series of Securities for which such Person is Trustee established as contemplated by Section 301, exclusive, however, of any provisions or terms which relate solely to other series of Securities for which such Person is not Trustee, regardless of when such terms or provisions were adopted, and exclusive of any provisions or terms adopted by means of one or more indentures supplemental hereto executed and delivered after such Person had become such Trustee but to which such Person, as such Trustee, was not a party.

"**Indenture Legislation**" has the meaning specified in Section 601.

"**Indexed Security**" means a Security as to which all or certain interest payments and/or the principal amount payable at Maturity are determined by reference to prices, changes in prices, or differences between prices, of securities, Currencies, intangibles, goods, articles or commodities or by such other objective price, economic or other measures as are specified in Section 301 hereof.

"**Interest Determination Date**" with respect to a Floating Rate Note, means the date on which the rate of interest for the next succeeding Interest Reset Period will be determined, in accordance with such Floating Rate Note.

"**Interest Payment Date**", when used with respect to any Security, means the Stated Maturity of an instalment of interest on such Security.

"**Interest Rate Basis**" means, with respect to a particular Floating Rate Note, a rate determined by reference to such interest rate basis or formula as is specified in the Floating Rate Note.

"**Interest Reset Date**" means, with respect to a Floating Rate Note, the date on which the rate of interest thereon will be reset, as specified in such Floating Rate Note.

"**Interest Reset Period**" means, with respect to a Floating Rate Note, the period of time specified therein, which may be daily, monthly, quarterly, semi-annually, annually or such other period as may be specified in such Floating Rate Note.

"**Market Exchange Rate**" means, unless otherwise specified with respect to any Securities pursuant to Section 301, (i) for any conversion involving a currency unit on the one hand and Dollars or any Foreign Currency on the other, the exchange rate between the relevant currency unit and Dollars or such Foreign Currency calculated by the method specified pursuant to Section 301 for the Securities of the relevant series, (ii) for any conversion of Dollars into any Foreign Currency, the noon (Toronto time) buying rate for such Foreign Currency for cable transfers quoted in Toronto, Ontario by The Toronto-Dominion Bank or its successor, and (iii) for any conversion of one Foreign Currency into Dollars or another Foreign Currency, the spot rate at noon local time in the relevant market at which, in accordance with normal banking procedures, the Dollars or Foreign Currency into which conversion is being made could be purchased with the Foreign Currency from which conversion is being made from major banks located in Toronto, New York City, London or any other principal market for Dollars or such purchased Foreign Currency, in each case determined by the Exchange Rate Agent. Unless otherwise specified with respect to any Securities pursuant to Section 301, in the event of the unavailability of any of the exchange rates provided for in the foregoing clauses (i), (ii) and (iii), the Exchange Rate Agent shall use, in its sole discretion and without liability on its part, such quotation of The Toronto-Dominion Bank or its successor in Toronto as of the most recent available date, or quotations from one or more major banks in Toronto, New York City, London or other principal market for such Currency in question, or such other quotations as the Exchange Rate Agent shall deem appropriate. Unless otherwise specified by the Exchange Rate Agent, if there is more than one market for dealing in any Currency

by reason of foreign exchange regulations or otherwise, the market to be used in respect of such Currency shall be that upon which a non-resident issuer of securities designated in such Currency would purchase such Currency in order to make payments in respect of such securities.

"**Maturity**" or "**Maturity Date**", when used with respect to any Security, means the date on which the principal of such Security or an instalment of principal becomes due and payable as therein or herein provided, whether at the Stated Maturity or by declaration of acceleration, notice of redemption, notice of option to elect repayment, notice of exchange or otherwise.

"**Officers' Certificate**" means in respect of the Company or the Guarantor, as applicable, a certificate signed by one of the Chairman, President, any Vice President, Comptroller, Assistant Comptroller, Treasurer, Assistant Treasurer, Secretary or Assistant Secretary, or equivalent authorized signatory, and delivered to the Trustee.

"**Opinion of Counsel**" means a written opinion of counsel, who may be counsel for the Company, the Guarantor or Deere or who may be an employee of or other counsel for the Company, the Guarantor or Deere, as the case may be.

"**Original Issue Date**" in respect of a Security means the date on which the Security is originally issued, unless the Security is issued in replacement of a Predecessor Security in which case it shall mean the date on which the Predecessor Security was issued.

"**Original Issue Discount Security**" means any Security which provides for an amount less than the principal amount thereof to be due and payable upon a declaration of acceleration of the Maturity thereof pursuant to Section 502.

"**Outstanding**", when used with respect to Securities, means, as of the date of determination, all Securities theretofore authenticated and delivered under this Indenture, except:

(i) Securities theretofore cancelled by the Trustee or delivered to the Trustee for cancellation;

(ii) Securities, or portions thereof, for whose payment or redemption or repayment at the option of the Holder money in the necessary amount has been theretofore deposited with the Trustee or any Paying Agent (other than the Company or the Guarantor) in trust or set aside and segregated in trust by the Company or Guarantor (if either the Company or Guarantor shall act as Paying Agent) for the Holders of such Securities, provided that, if such Securities are to be redeemed, notice of

such redemption has been duly given pursuant to this Indenture or provision therefor satisfactory to the Trustee has been made;

(iii) Securities, except to the extent provided in Section 1402 and Section 1403, with respect to which the Company has effected defeasance and/or covenant defeasance as provided in Article 14; and

(iv) Securities which have been paid pursuant to Section 306 or in exchange for or in lieu of which other Securities have been authenticated and delivered pursuant to this Indenture, other than any such Securities in respect of which there shall have been presented to the Trustee proof satisfactory to it that such Securities are held by a bona fide purchaser in whose hands such Securities are valid obligations of the Company;

provided, however, that in determining whether the Holders of the requisite principal amount of the Outstanding Securities have given any request, demand, authorization, direction, notice, consent or waiver hereunder or are present at a meeting of Holders for quorum purposes, (i) the principal amount of an Original Issue Discount Security that may be counted in making such determination or calculation and that shall be deemed to be Outstanding for such purpose shall be equal to the amount of principal thereof that would be (or shall have been declared to be) due and payable, at the time of such determination, upon a declaration of acceleration of the Maturity thereof pursuant to Section 502, (ii) the principal amount of any Security denominated in a Foreign Currency that may be counted in making such determination or calculation and that shall be deemed to be Outstanding for such purpose shall be equal to the Dollar equivalent, determined as of the Original Issue Date as set forth in an Exchange Rate Officer's Certificate delivered to the Trustee, of the principal amount (or, in the case of an Original Issue Discount Security or Indexed Security, the Dollar equivalent as of such Original Issue Date of the amount determined as provided in clause (i) above or (iii) below, respectively) of such Security, (iii) the principal amount of any Indexed Security that may be counted in making such determination or calculation and that shall be deemed outstanding for such purpose shall be equal to the principal face amount of such Indexed Security at the Original Issue Date, unless otherwise provided with respect to such Security pursuant to Section 301, and (iv) Securities owned by the Company or the Guarantor or any other obligor upon the Securities or any Affiliate of the Company or the Guarantor or of such other obligor shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Trustee shall be protected in making such calculation or in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Securities which the Trustee actually knows to be so owned shall be so disregarded. Securities so

owned which have been pledged in good faith may be regarded as Outstanding if the pledgee establishes to the satisfaction of the Trustee the pledgee's right so to act with respect to such Securities and that the pledgee is not the Company, the Guarantor or any other obligor or any Affiliate of the Company, the Guarantor or of such other obligor.

"**Paying Agent**" means any Person authorized by the Company to pay the principal of (or premium, if any) or interest, if any, on any Securities on behalf of the Company and may include the Company itself.

"**Person**" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

"**Place of Payment**", when used with respect to the Securities of any series, means the place or places where the principal of (and premium, if any) and interest, if any, on such Securities are payable as specified and as contemplated by Section 301 and Section 1002.

"**Predecessor Security**" of any particular Security means every previous Security evidencing all or a portion of the same debt as that evidenced by such particular Security; and, for the purposes of this definition, any Security authenticated and delivered under Section 306 in exchange for or in lieu of a mutilated, destroyed, lost or stolen Security shall be deemed to evidence the same debt as the mutilated, destroyed, lost or stolen Security.

"**Redemption Date**", when used with respect to any Security to be redeemed, in whole or in part, means the date fixed for such redemption by or pursuant to this Indenture.

"**Redemption Price**", when used with respect to any Security to be redeemed, means the price at which it is to be redeemed pursuant to this Indenture.

"**Registered Security**" shall mean any Security which is registered in the Security Register.

"**Regular Record Date**" for the interest payable on any Interest Payment Date on the Registered Securities of any series means the date specified for that purpose as contemplated by Section 301, whether or not a Business Day.

"**Repayment Date**" means, when used with respect to any Security to be repaid at the option of the Holder, the date fixed for such repayment by or pursuant to this Indenture.

"**Repayment Price**" means, when used with respect to any Security to be repaid at the option of the Holder, the price at which it is to be repaid by or pursuant to this Indenture.

"**Responsible Officer**", when used with respect to the Trustee, means any officer of the Trustee assigned by the Trustee to administer its corporate trust matters.

"**Security**" or "**Securities**" has the meaning stated in the first recital of this Indenture and, more particularly, means any Security or Securities authenticated and delivered under this Indenture; provided, however, that, if at any time there is more than one Person acting as Trustee under this Indenture, "**Securities**" with respect to this Indenture as to which such Person is Trustee shall have the meaning stated in the first recital of this Indenture and shall more particularly mean Securities authenticated and delivered under this Indenture, exclusive, however, of Securities of any series as to which such Person is not Trustee.

"**Security Register**" and "**Security Registrar**" have the respective meanings specified in Section 305.

"**series**" shall mean all Securities denoted as part of the same series authorized by or pursuant to a particular Board Resolution.

"**Special Record Date**" for the payment of any Defaulted Interest on the Registered Securities of any series means a date fixed by the Trustee pursuant to Section 307(a)(1).

"**Spread**" means, with respect to a Floating Rate Note, the number of basis points (one basis point equals one one-hundredth of a percentage point), which may be positive or negative, specified as the Spread in such Floating Rate Note.

"**Spread Multiplier**" means, with respect to a Floating Rate Note, the percentage specified as the Spread Multiplier in such Floating Rate Note.

"**Stated Maturity**", when used with respect to any Security or any instalment of principal thereof or interest thereon, means the date specified in such Security representing such instalment of interest as the fixed date on which the principal of such Security or such instalment of principal or interest is due and payable, as such date may be extended pursuant to the provisions of Section 308.

"Subsidiary" means any corporation a majority of the outstanding voting stock of which is owned, directly or indirectly, by the Guarantor or by one or more other Subsidiaries of the Guarantor. For the purposes of this definition, "voting stock" means stock having voting power for the election of directors, whether at all

times or only so long as no senior class of stock has such voting power by reason of any contingency.

"**Trustee**" means the Person named as the "Trustee" in the first paragraph of this Indenture until a successor Trustee shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "**Trustee**" shall mean or include each Person who is then a Trustee hereunder; provided, however, that if at any time there is more than one such Person, "**Trustee**" as used with respect to the Securities of any series shall mean only the Trustee with respect to Securities of that series.

"**United States**" means the United States of America (including the states and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction.

"**United States Alien**" means any Person who, for United States federal income tax purposes is a foreign corporation, a non-resident alien individual, a non-resident alien fiduciary of a foreign estate or trust, or a foreign partnership one or more of the members of which is, for United States federal income tax purposes, a foreign corporation, a non-resident alien individual or a non-resident alien fiduciary of a foreign estate or trust.

"**United States person**" means, unless otherwise specified with respect to any Securities pursuant to Section 301, an individual who is a citizen or resident of the United States, a corporation, partnership or other entity created or organized in or under the laws of the United States or an estate or trust, the income of which is subject to United States federal income taxation regardless of its source.

"**Valuation Date**" has the meaning specified in Section 313(c).

"**Yield to Maturity**" means the yield to Maturity, computed at the time of issuance of a Security (or, if applicable, at the most recent redetermination of interest on such Security) and as set forth in such Security in accordance with generally accepted Canadian bond yield computation principles.

Section 102. Compliance Certificates and Opinions.

Upon any application or request by the Company or the Guarantor to the Trustee to take any action under any provision of this Indenture, the Company or the Guarantor, as the case may be, shall furnish to the Trustee an Officers' Certificate stating that all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with and an Opinion of Counsel stating that in the opinion of such counsel all such conditions precedent, if any, have been complied with, except that in the case of any such application or request as to which the furnishing of such documents is specifically required by any provision of this

Indenture relating to such particular application or request, no additional certificate or opinion need be furnished.

Every certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture (other than pursuant to Section 1004 and Section 1007) shall include:

(1) a statement that each individual signing such certificate or opinion has read such condition or covenant and the definitions herein relating thereto;

(2) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(3) a statement that, in the opinion of each such individual, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such condition or covenant has been complied with; and

(4) a statement as to whether, in the opinion of each such individual, such condition or covenant has been complied with.

Section 103. Form of Documents Delivered to Trustee.

In any case where several matters are required to be certified by, or covered by an opinion of, any specified Person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion as to some matters and one or more other such Persons as to other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

Any certificate or opinion of an officer of the Company or the Guarantor may be based, insofar as it relates to legal matters, upon an Opinion of Counsel, or a certificate or representations by counsel, unless such officer knows, or in the exercise of reasonable care should know, that the opinion, certificate or representations with respect to the matters upon which his certificate or opinion is based are erroneous. Any such Opinion of Counsel or certificate or representations may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, an officer or officers of the Company or the Guarantor, as the case may be, stating that the information as to such factual matters is in the possession of the Company or Guarantor, as the case may be, unless such counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations as to such matters are erroneous.

Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

Section 104. Acts of Holders.

(a) Any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Indenture to be given or taken by Holders of the Outstanding Securities of all series or one or more series, as the case may be, may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by the requisite Holders in person or by agents duly appointed in writing. Except as herein otherwise expressly provided, any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Indenture to be given or taken by Holders of Securities shall become effective when such instrument or instruments or record or both are signed by the requisite Holders in person or by agents duly appointed in writing and delivered to the Trustee and, where it is hereby expressly required, to the Company and the Guarantor. In addition, the record of any meeting of Holders of Securities shall be proved in the manner provided in Section 1506. Such instrument or instruments and any such record (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the "**Act**" of the Holders signing such instrument or instruments or so voting at any such meeting. Any Act of the Holders signing such instrument or instruments or so voting at any such meeting shall be binding on all the Holders of Securities of each particular series to which the Act of the Holders relates that has been duly authorized hereunder by the requisite Holders, whether or not a particular Holder is a signatory to such instrument or instruments and whether or not a particular Holder was present or represented at the meeting and voted in favour of such Act. Proof of execution of any such instrument or of a writing appointing any such agent, or of the holding by any Person of a Security, shall be sufficient for any purpose of this Indenture and conclusive in favour of the Trustee and the Company and the Guarantor and any agent of the Trustee, the Company or the Guarantor, if made in the manner provided in this Section.

(b) The fact and date of the execution of any such instrument or writing, or the authority of the Person executing the same, may be proved in any manner that the Trustee deems reasonably sufficient.

(c) The ownership of Registered Securities shall be proved by the Security Register.

(d) If the Company shall solicit from the Holders of Registered Securities any request, demand, authorization, direction, notice, consent, waiver or other Act, the Company may, at its option, in or pursuant to a Board Resolution, fix in advance a record date for the determination of Holders entitled to give such request, demand, authorization, direction, notice, consent, waiver or other Act, but the Company shall have no obligation to do so. The record date shall be the record date specified in or pursuant to such Board Resolution, which shall be a date not earlier than the date 30 days prior to the first solicitation of Holders generally in connection therewith and not later than the date such solicitation is completed. If such a record date is fixed, such request, demand, authorization, direction, notice, consent, waiver or other Act may be given before or after such record date, but only the Holders of record at the close of business on such record date shall be deemed to be Holders for the purposes of determining whether Holders of the requisite proportion of Outstanding Securities have authorized or agreed or consented to such request, demand, authorization, direction, notice, consent, waiver or other Act, and for that purpose the Outstanding Securities shall be computed as of such record date; provided that no such authorization, agreement or consent by the Holders on such record date shall be deemed effective unless it shall become effective pursuant to the provisions of this Indenture not later than eleven months after the record date.

(e) Any request, demand, authorization, direction, notice, consent, waiver or other Act of the Holder of any Security shall bind every future Holder of the same Security and the Holder of every Security issued upon the registration of transfer thereof or in exchange therefor or in lieu thereof in respect of anything done, omitted or suffered to be done by the Trustee, any Security Registrar, any Paying Agent, any Authenticating Agent, the Company or the Guarantor in reliance thereon, whether or not notation of such action is made upon such Security.

Section 105. Notices, etc., to Trustee, the Company and Guarantor.

Any request, demand, authorization, direction, notice, consent, waiver or Act of Holders or other document provided or permitted by this Indenture to be made upon, given or furnished to, or filed with,

(1) the Trustee by any Holder or by the Company or the Guarantor shall be sufficient for every purpose hereunder (unless otherwise herein expressly provided) if in writing and mailed, first-class postage prepaid or delivered by electronic means (including portable document format (.pdf)), to the Trustee addressed to: Corporate Trust Office, Attention: Manager, Corporate Trust Services, or

(2) the Company or the Guarantor by the Trustee or by any Holder shall be sufficient for every purpose hereunder (unless otherwise herein expressly provided) if in writing and mailed, first-class postage prepaid or delivered by electronic means (including portable document format (.pdf)), to the Company or the Guarantor, as the case may be, addressed to it, Attention: Secretary for the Company, Attention: Treasurer for the Guarantor, at the address of its respective principal office specified in the first paragraph of this Indenture or at any other address previously furnished in writing to the Trustee by the Company or the Guarantor.

Section 106. Notice to Holders; Waiver.

Where this Indenture provides for notice of any event to Holders of Registered Securities by the Company or the Guarantor or the Trustee, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and mailed, first-class postage prepaid, to each such Holder affected by such event, at the address as it appears in the Security Register, not later than the latest date, and not earlier than the earliest date, prescribed for the giving of such notice. In any case where notice to Holders of Registered Securities is given by mail, neither the failure to mail such notice, nor any defect in any notice so mailed, to any particular Holder shall affect the sufficiency of such notice with respect to other Holders of Registered Securities. Any notice mailed to a Holder in the manner herein prescribed shall be conclusively deemed to have been received by such Holder, whether or not such Holder actually receives such notice.

If by reason of the suspension of or irregularities in regular mail service or by reason of any other cause it shall be impracticable to give such notice by mail, then such notification to Holders of Registered Securities as shall be made with the approval of the Trustee shall constitute a sufficient notification to such Holders for every purpose hereunder.

Any request, demand, authorization, direction, notice, consent or waiver required or permitted under this Indenture shall be in the English language, provided that any published notice in an Authorized Newspaper may also be in an official language of the country or province of publication.

Where this Indenture provides for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Holders shall be filed with the Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Section 107. Effect of Headings and Table of Contents.

The Article and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

Section 108. Successors and Assigns.

All covenants and agreements in this Indenture by the Company and the Guarantor shall bind their successors and assigns, whether so expressed or not. All covenants and agreements of the Trustee in this Indenture shall bind its successors and assigns.

Section 109. Severability Clause.

In case any provision in this Indenture or in any Security shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 110. Benefits of Indenture.

Nothing in this Indenture or in the Securities, express or implied, shall give to any Person other than the parties hereto, any Security Registrar, any Paying Agent, any Authenticating Agent and their successors hereunder and the Holders any benefit or any legal or equitable right, remedy or claim under this Indenture.

Section 111. Governing Law.

THIS INDENTURE, THE SECURITIES AND THE GUARANTEE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE PROVINCE OF ONTARIO AND THE LAWS OF CANADA APPLICABLE THEREIN, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAWS.

Section 112. Legal Holidays.

In any case where any Interest Payment Date, Redemption Date, Repayment Date, sinking fund payment date, Stated Maturity or Maturity of any Security shall not be a Business Day at any Place of Payment, then (notwithstanding any other provision of this Indenture or any Security other than a provision in the Securities of any series which specifically states that such provision shall apply in lieu of this Section), payment of principal (or premium, if any) or interest, if any, need not be made at such Place of Payment on such date, but may be made on the next succeeding Business Day at such Place of Payment with the same force and effect as if made on the Interest Payment Date, Redemption Date, Repayment Date or sinking fund payment date, or at the Stated Maturity or Maturity; provided that no interest shall accrue on the amount so payable for the period from and after such Interest Payment Date, Redemption Date, Repayment Date, sinking fund payment date, Stated Maturity or Maturity, as the case may be.

Section 113. No Adverse Interpretation of Other Agreements.

This Indenture may not be used to interpret another indenture, loan or debt agreement of the Company, the Guarantor or any of their respective subsidiaries. Any such indenture, loan or debt agreement may not be used to interpret this Indenture.

Section 114. No Recourse Against Others.

All liability described in the Securities of any director, officer, employee or stockholder, as such of the Company or the Guarantor is waived and released other than that of the Guarantor, pursuant to the Guarantee.

Section 115. Judgment Currency.

If for the purpose of obtaining a judgment in any court with respect to any obligation of the Company or of the Guarantor hereunder or under any Security or Guarantee, it shall become necessary to convert into any other currency or currency unit (the "**Judgment Currency**") any amount in the currency or currency unit due hereunder or under such Security or Guarantee (the "**Obligation Currency**"), then such conversion shall be made at the Market Exchange Rate as in effect on the date the Company or the Guarantor, as the case may be, shall make payment to any Person in satisfaction of such judgment. If pursuant to any such judgment, conversion shall be made on a date other than the date payment is made and there shall occur a change between the Market Exchange Rate as in effect on the date of such conversion and the Market Exchange Rate as in effect on the date of payment, the Company or the Guarantor, as the case may be, shall pay such additional amounts, if any, as may be necessary to ensure that the amount paid is the amount in the Judgment Currency which, when converted into the Obligation Currency at the Market Exchange Rate as in effect on the date of payment, is the amount of the Obligation Currency which would have been paid had the amount paid in the Judgment Currency been converted into the Obligation Currency on the date of payment. Any amount due from the Company or the Guarantor under this Section 115 shall be due as a separate debt and is not to be affected by or merged into any judgment being obtained for any other sums due hereunder or in respect of any Security or Guarantee so that in any event the Company's and the Guarantor's respective obligations hereunder or under such Security or Guarantee will be effectively maintained as obligations in the Obligation Currency. In no event, however, shall the Company or the Guarantor be required to pay more in the Obligation Currency than the amount stated to be due hereunder or under such Security.

Section 116. Submission to Jurisdiction

The Trustee or (where entitled to do so under the provisions contained in this Indenture) any Holder shall be entitled to take proceedings against the Company

and the Guarantor in the courts in the Province of Ontario in respect of their obligations under this Indenture, the Securities and the Guarantee.

The Guarantor hereby submits to the non-exclusive jurisdiction of the courts of the Province of Ontario for all purposes of or in connection with this Indenture, the Securities and the Guarantee. The Guarantor irrevocably and unconditionally submits to the non-exclusive jurisdiction of 1. the judicial, quasi-judicial and administrative tribunals of each province of Canada in which the Securities are to be distributed, and 2. any administrative proceeding in each province of Canada in which the Securities are to be distributed in any proceeding arising out of or related to or concerning the Securities. In connection with all of the foregoing, the Guarantor hereby designates and appoints for all such purposes the Company at its principal place of business to accept service of process on its behalf.

Section 117. Interest Act.

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Indenture that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis, and the rates of interest stipulated in this Indenture or in any of the Securities are intended to be nominal rates and not effective rates or yields.

Section 118. Meaning of "interest".

When used with respect to an Original Issue Discount Security which by its terms bears interest only after Maturity, "**interest**" shall mean interest payable after Maturity, and, when used with respect to a Security which provides for the payment of Additional Amounts pursuant to Section 1602, includes such Additional Amounts.

ARTICLE 2
SECURITIES FORMS

Section 201. Forms of Securities.

The Registered Securities, if any, of each series shall be in substantially the forms as shall be established in one or more indentures supplemental hereto or approved from time to time by or pursuant to a Board Resolution in accordance with Section 301, shall have such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture or any indenture supplemental hereto, and may have such letters, numbers or other marks of identification or designation and such legends or endorsements placed thereon as the Company may deem appropriate and as are not inconsistent with the provisions

of this Indenture, or as may be required to comply with any law or with any rule or regulation made pursuant thereto or with any rule or regulation of any stock exchange on which the Securities may be listed, or to conform to usage.

The definitive Securities shall be printed, lithographed or engraved or produced by any combination of these methods on a steel engraved border or steel engraved borders or may be produced in any other manner, all as determined by the officers of the Company executing such Securities, as evidenced by their execution of such Securities.

Section 202. Form of Trustee's Certificate of Authentication.

Subject to Section 615, the Trustee's certificate of authentication shall be in substantially the following form:

This note is one of the Securities of the series designated therein referred to in the trust indenture dated as of June 1, 2012 among John Deere Canada Funding Inc., John Deere Capital Corporation and Computershare Trust Company of Canada, as trustee.

COMPUTERSHARE TRUST COMPANY OF CANADA
as Trustee

By: _____
Authorized Officer

By: _____
Authorized Officer

Section 203. Securities Issuable in Global Form.

If Securities of a series are issuable in global form (including Book Entry Securities), as contemplated by Section 301, then, notwithstanding clause (8) of Section 301 and the provisions of Section 302, any such Security shall represent such of the Outstanding Securities of such series as shall be specified therein and may provide that it shall represent the aggregate amount of Outstanding Securities of such series from time to time endorsed thereon and that the aggregate amount of Outstanding Securities of such series represented thereby may from time to time be increased or decreased to reflect exchanges, repayments, redemptions or repurchases. Any endorsement of a Security in global form to reflect the amount, or any increase or decrease in the amount, of Outstanding Securities represented thereby shall be made by the Trustee in such manner and upon instructions given by

such Person or Persons as shall be specified therein or in the Company Order to be delivered to the Trustee pursuant to Section 303 or Section 304. Subject to the provisions of Section 303 and, if applicable, Section 304, the Trustee shall deliver and redeliver any Security in permanent global form in the manner and upon instructions given by the Person or Persons specified therein or in the applicable Company Order. If a Company Order pursuant to Section 303 or Section 304 has been, or simultaneously is, delivered, any instructions by the Company with respect to endorsement, delivery or redelivery of a Security in global form shall be in writing but need not comply with Section 102 and need not be accompanied by an Opinion of Counsel.

The provisions of the last sentence of Section 303 shall apply to any Security represented by a Security in global form if such Security was never issued and sold by the Company and the Company delivers to the Trustee the Security in global form together with written instructions (which need not comply with Section 102 and need not be accompanied by an Opinion of Counsel) with regard to the reduction in the principal amount of Securities represented thereby, together with the written statement contemplated by the last sentence of Section 303.

Notwithstanding the provisions of Section 307, unless otherwise specified as contemplated by Section 301, payment of principal of (and premium, if any) and interest, if any, on any Security in permanent global form shall be made to the Person or Persons specified therein.

Notwithstanding the provisions of Section 309 and except as provided in the preceding paragraph, the Company, the Guarantor, the Trustee and any agent of the Company, the Guarantor and the Trustee shall treat as the Holder of such principal amount of Outstanding Securities represented by a permanent global Security the Holder of such permanent global Security in registered form.

ARTICLE 3
THE SECURITIES

Section 301. Amount Unlimited; Issuable in Series.

The aggregate principal amount of Securities which may be authenticated and delivered under this Indenture is unlimited.

The Securities shall rank equally and *pari passu* and may be issued in one or more series. There shall be established in one or more Board Resolutions of each of the Company and the Guarantor or pursuant to authority granted by one or more Board Resolutions and, subject to Section 303, set forth, or determined in the manner provided by the Company, in an Officers' Certificate, or established in one or more indentures supplemental hereto, prior to the issuance of Securities of any series, any or all of the following, as applicable (each of which (except for the matters set forth

in clauses (1), (2) and (17) below), if so provided, may be determined from time to time by the Company with respect to unissued Securities of the series when issued from time to time):

(1) the title of the Securities of the series (which shall distinguish the Securities of such series from all other series of Securities);

(2) any limit upon the aggregate principal amount of the Securities of the series that may be authenticated and delivered under this Indenture (except for Securities authenticated and delivered upon registration of transfer of, or in exchange for, or in lieu of, other Securities of the series pursuant to Section 304, Section 305, Section 306, Section 906, Section 1107 or Section 1305);

(3) the date or dates, or the method by which such date or dates will be determined or extended, on which the principal of the Securities of the series shall be payable;

(4) the rate or rates at which the Securities of the series shall bear interest, if any, or the method by which such rate or rates shall be determined, the date or dates from which such interest shall accrue or the method by which such date or dates shall be determined, the Interest Payment Dates on which such interest will be payable and the Regular Record Date, if any, for the interest payable on any Registered Security on any Interest Payment Date, or the method by which such date shall be determined, and the basis upon which such interest shall be calculated if other than that of a 365-day or 366-day year, as applicable;

(5) the place or places, if any, other than or in addition to the City of Toronto, Ontario, where the principal of (and premium, if any) and interest, if any, on Securities of the series shall be payable, any Registered Securities of the series may be surrendered for registration of transfer, Securities of the series may be surrendered for exchange, and where notices or demands to or upon the Company in respect of the Securities of the series and this Indenture may be served;

(6) the period or periods within which, or the date or dates on which, the price or prices at which, the Currency or Currencies in which, and other terms and conditions upon which Securities of the series may be redeemed, in whole or in part, at the option of the Company, if the Company is to have the option;

(7) the obligation, if any, of the Company to redeem, repay or purchase Securities of the series pursuant to any sinking fund or analogous

provision or at the option of a Holder thereof, and the period or periods within which or the date or dates on which, the price or prices at which, the Currency or Currencies in which, and other terms and conditions upon which Securities of the series shall be redeemed, repaid or purchased, in whole or in part, pursuant to such obligation;

(8) if other than denominations of $1,000 and any integral multiple thereof, the denomination or denominations in which any Registered Securities of the series shall be issuable;

(9) if other than the Trustee, the identity of each Security Registrar and/or Paying Agent;

(10) if any certificates evidencing Fixed Rate Notes or Floating Rate Notes shall be in a form substantially different from that set out in Exhibit "A" and Exhibit "B" hereto, respectively the form of such certificates, provided that if no specification is made, certificates evidencing Fixed Rate Notes or Floating Rate Notes, as applicable, shall be in the form set out in Exhibit "A" and Exhibit "B" hereto, respectively (with such appropriate insertions, omissions, substitutions and variations thereto as the Company may approve, provided they are not inconsistent with this Indenture);

(11) if the certificate of the Trustee to be executed on any Global Note shall be in a form substantially different from that set out in Exhibit "C" hereto, the form of such certificate as the Company, with the consent of the Trustee (which consent shall not be unreasonably withheld) may from time to time approve, the consent of the Trustee to be conclusively evidenced by its certification of such Global Note provided that if no specification is made, the certificate of the Trustee shall be in the form set out in Exhibit "C" hereto (with such appropriate insertions, omissions, substitutions and variations thereto).

(12) if other than the principal amount thereof, the portion of the principal amount of Securities of the series that shall be payable upon declaration of acceleration of the Maturity thereof pursuant to Section 502 or the method by which such portion shall be determined;

(13) if other than Dollars, the Currency or Currencies in which payment of the principal of (or premium, if any) or interest, if any, on the Securities of the series shall be made or in which the Securities of the series shall be denominated and the particular provisions applicable

thereto in accordance with, in addition to or in lieu of any of the provisions of Section 313;

(14) whether the amount of payments of principal of (or premium, if any) or interest, if any, on the Securities of the series may be determined with reference to an index, formula or other method (which index, formula or method may be based, without limitation, on one or more Currencies, commodities, equity indices or other indices), and the manner in which such amounts shall be determined;

(15) whether the principal of (or premium, if any) or interest, if any, on the Securities of the series are to be payable, at the election of the Company or a Holder thereof, in one or more Currencies other than that in which such Securities are denominated or stated to be payable, the period or periods within which (including the Election Date), and the terms and conditions upon which, such election may be made, and the time and manner of determining the exchange rate between the Currency or Currencies in which such Securities are denominated or stated to be payable and the Currency or Currencies in which such Securities are to be paid, in each case in accordance with, in addition to or in lieu of any of the provisions of Section 313;

(16) provisions, if any, granting special rights to the Holders of Securities of the series upon the occurrence of such events as may be specified;

(17) any deletions from, modifications of or additions to the Events of Default or covenants (including any deletions from, modifications of or additions to any of the provisions of Section 1005 of the Company or the Guarantor) with respect to Securities of the series, whether or not such Events of Default or covenants are consistent with the Events of Default or covenants set forth herein;

(18) whether any Securities of the series are to be issuable initially in temporary global form and whether any Securities of the series are to be issuable in permanent global form and, if so, whether Beneficial Owners of interests in any such permanent global Security may exchange such interests for Securities of such series in certificated form and of like tenor of any authorized form and denomination and the circumstances under which any such exchanges may occur, if other than in the manner provided in Section 305, and, if Registered Securities of the series are to be issuable as a global Security, the identity of the depository for such series;

(19) the date as of which any temporary global Security representing Outstanding Securities of the series shall be dated if other than the Original Issue Date of the first Security of the series to be issued;

(20) the Person to whom any interest on any Registered Security of the series shall be payable, if other than the Person in whose name such Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest, the manner in which and the extent to which, or the manner in which, any interest payable on a temporary global Security on an Interest Payment Date will be paid if other than in the manner provided in Section 304;

(21) the applicability, if any, of Section 1402 and/or Section 1403 to the Securities of the series and any provisions in modification of, in addition to or in lieu of any of the provisions of Article 14;

(22) if the Securities of such series are to be issuable in definitive form (whether upon original issue or upon exchange of a temporary Security of such series) only upon receipt of certain certificates or other documents or satisfaction of other conditions, then the form and/or terms of such certificates, documents or conditions;

(23) the designation of the initial Exchange Rate Agent, if any;

(24) any other terms of the series (which terms, subject to Section 301(17) above, shall not be inconsistent with the provisions of this Indenture);

(25) all Securities of any one series need not be issued at the same time and, unless otherwise provided, a series may be reopened, without the consent of the Holders, for issuances of additional Securities of such series; and

(26) if any of the terms of the Securities of any series are established by action taken pursuant to one or more Board Resolutions, a copy of an appropriate record of such action(s) shall be certified by the Secretary or an Assistant Secretary of the Company and the Guarantor and delivered to the Trustee at or prior to the delivery of the Officers' Certificate setting forth the terms of the Securities of such series.

Section 302. Denominations.

The Securities of each series shall be issuable in such denominations as shall be specified as contemplated by Section 301. With respect to Securities of any series denominated in Dollars, in the absence of any such provisions with respect to the Securities of any series, the Registered Securities of such series, other than

Registered Securities issued in global form (which may be of any denomination) shall be issuable in denominations of $1,000 and any integral multiple thereof.

Section 303. Execution, Authentication, Delivery and Dating.

The Securities shall be executed on behalf of the Company by any two of the President, any Vice President, Treasurer, Assistant Treasurer or the Comptroller or any one of the foregoing and one of the Secretary or any Assistant Secretary. The signatures of any of these officers on the Securities may be manual or electronic signatures (including portable document format (.pdf)) of the present or any future such authorized officers and may be imprinted or otherwise reproduced on the Securities.

Securities bearing the manual or electronic (including portable document format (.pdf)) signatures of individuals who were at any time the proper officers of the Company shall bind the Company, notwithstanding that such individuals or any of them have ceased to hold such offices prior to the authentication and delivery of such Securities or did not hold such offices at the date of such Securities.

At any time and from time to time after the execution and delivery of this Indenture, the Company may deliver Securities of any series executed by the Company, to the Trustee for authentication, together with a Company Order for the authentication and delivery of such Securities, and the Trustee in accordance with the Company Order shall authenticate and deliver such Securities. If all the Securities of any series are not to be issued at one time and if the Board Resolution or supplemental indenture establishing such series shall so permit, such Company Order may set forth procedures acceptable to the Trustee for the issuance of such Securities and determining the terms of particular Securities of such series, such as interest rate, Maturity Date, date of issuance and date from which interest shall accrue. In authenticating such Securities, and accepting the additional responsibilities under this Indenture in relation to such Securities, the Trustee shall be entitled to receive prior to such authentication, and shall be fully protected in relying upon,

(1) an Opinion of Counsel stating,

(i) that the form or forms of such Securities have been established in conformity with the provisions of this Indenture;

(ii) that the terms of such Securities have been established in conformity with the provisions of this Indenture; and

(iii) that such Securities when completed by appropriate insertions and executed and delivered by the Company to the Trustee for authentication in accordance with this Indenture, authenticated

and delivered by the Trustee in accordance with this Indenture and issued by the Company in the manner and subject to any conditions specified in such Opinion of Counsel, will constitute legal, valid and binding obligations of the Company and the Guarantor, enforceable against the Company and the Guarantor in accordance with their terms, subject to applicable bankruptcy, insolvency, reorganization, arrangement, fraudulent preference and conveyance, assignment and preference, moratorium and other similar laws of general applicability relating to or affecting the enforcement of creditors' rights generally, to general equitable principles (regardless of whether enforcement is sought in a proceeding in equity or at law), the *Currency Act* (Canada), if applicable, and to such other qualifications as such counsel shall conclude do not materially affect the rights of Holders of such Securities; and

(2) an Officers' Certificate from each of the Company and the Guarantor stating, to the best of the knowledge of the signers of such certificate, after due enquiry, that no Event of Default with respect to any of the Securities shall have occurred and be continuing.

Notwithstanding the provisions of Section 301 and of this Section 303, if all the Securities of any series are not to be issued at one time, it shall not be necessary to deliver an Officers' Certificate otherwise required pursuant to Section 301 or the Company Order, Opinion of Counsel or Officers' Certificate otherwise required pursuant to the preceding paragraph at the time of issuance of each Security of such series, but such order, opinion and certificates, with appropriate modifications to cover such future issuances, shall be delivered at or before the time of issuance of the first Security of such series.

If such form or terms have been so established, the Trustee shall not be required to authenticate such Securities if the issue of such Securities pursuant to this Indenture will affect the Trustee's own rights, duties, obligations or immunities under the Securities and this Indenture or otherwise in a manner which the Trustee, being advised by counsel, determines may not lawfully be taken. Notwithstanding the generality of the foregoing, the Trustee will not be required to authenticate Securities denominated in a Foreign Currency if the Trustee reasonably believes that it would be unable to perform its duties with respect to such Securities.

Each Registered Security shall be dated the date of its authentication.

No Security shall be entitled to any benefit under this Indenture or be valid or obligatory for any purpose unless there appears on such Security a certificate of authentication substantially in the form provided for herein duly executed by the

Trustee or an Authenticating Agent by manual or electronic (including portable document format (.pdf)) signature of an authorized signatory, and such certificate upon any Security shall be conclusive evidence, and the only evidence, that such Security has been duly authenticated and delivered hereunder and is entitled to the benefits of this Indenture. Notwithstanding the foregoing, if any Security shall have been authenticated and delivered hereunder but never issued and sold by the Company, and the Company shall deliver such Security to the Trustee for cancellation as provided in Section 310 together with a written statement (which need not comply with Section 102 and need not be accompanied by an Opinion of Counsel) stating that such Security has never been issued and sold by the Company, for all purposes of this Indenture such Security shall be deemed never to have been authenticated and delivered hereunder and shall never be entitled to the benefits of this Indenture.

Section 304. Temporary Securities.

Pending the preparation of definitive Securities of any series, the Company may execute, and upon Company Order the Trustee shall authenticate and deliver, temporary Securities which are printed, lithographed, typewritten, mimeographed or otherwise produced, in any authorized denomination, substantially of the tenor of the definitive Securities in lieu of which they are issued, in registered form, with such appropriate insertions, omissions, substitutions and other variations as the officers executing such Securities may determine, as conclusively evidenced by their execution of such Securities. In the case of Securities of any series, such temporary Securities may be in global form.

Except in the case of temporary Securities in global form (which shall be exchanged in accordance with the provisions thereof), if temporary Securities of any series are issued, the Company will cause definitive Securities of that series to be prepared without unreasonable delay. After the preparation of definitive Securities of such series, the temporary Securities of such series shall be exchangeable for definitive Securities of such series upon surrender of the temporary Securities of such series at the office or agency of the Company in a Place of Payment for that series, without charge to the Holder. Upon surrender for cancellation of any one or more temporary Securities of any series, the Company shall execute and the Trustee shall authenticate and deliver in exchange therefor a like principal amount of definitive Securities of the same series of authorized denominations. Until so exchanged, the temporary Securities of any series shall in all respects be entitled to the same benefits under this Indenture as definitive Securities of such series.

Section 305. Registration, Registration of Transfer and Exchange.

The Company shall cause to be kept at the Corporate Trust Office of the Trustee or in any office or agency of the Company in a Place of Payment a register for each series of Securities (the registers maintained in such office or in any such

office or agency of the Company in a Place of Payment being herein sometimes referred to collectively as the "**Security Register**") in which, subject to such reasonable regulations as it may prescribe, the Company shall provide for the registration of Registered Securities and of transfers of Registered Securities. The Security Register shall be in written form or any other form capable of being converted into written form within a reasonable time. The Trustee, at its Corporate Trust Office, is hereby initially appointed "**Security Registrar**" for the purpose of registering Registered Securities and transfers of Registered Securities on such Security Register as herein provided. In the event that the Trustee shall cease to be Security Registrar, it shall have the right to examine the Security Register at all reasonable times.

Upon surrender for registration of transfer of any Registered Security of any series at any office or agency of the Company in a Place of Payment for that series, the Company shall execute, and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Registered Securities of the same series, of any authorized denominations and of a like aggregate principal amount, bearing a number not contemporaneously outstanding and containing identical terms and provisions. At the option of the Holder, Registered Securities of any series may be exchanged for other Registered Securities of the same series, of any authorized denomination or denominations and of a like aggregate principal amount, containing identical terms and provisions, upon surrender of the Registered Securities to be exchanged at any such office or agency. Whenever any Registered Securities are so surrendered for exchange, the Company shall execute, and the Trustee shall authenticate and deliver, the Registered Securities which the Holder making the exchange is entitled to receive.

Notwithstanding the foregoing, except as otherwise specified as contemplated by Section 301, any permanent global Security shall be exchangeable only as provided in this paragraph. If any Beneficial Owner of an interest in a permanent global Security is entitled to exchange such interest for Securities of such series and of like tenor and principal amount of another authorized form and denomination, as specified as contemplated by Section 301 and provided that any applicable notice provided in the permanent global Security shall have been given, then without unnecessary delay but in any event not later than the earliest date on which such interest may be so exchanged, the Company shall deliver to the Trustee definitive Securities in aggregate principal amount equal to the principal amount of such Beneficial Owner's interest in such permanent global Security, executed by the Company. On or after the earliest date on which such interests may be so exchanged, such permanent global Security shall be surrendered by the Clearing Agency or such other depositary as shall be specified in the Company Order with respect thereto to the Trustee, as the Company's agent for such purpose, to be exchanged, in whole or from time to time in part, for definitive Securities without

charge and the Trustee shall authenticate and deliver, in exchange for each portion of such permanent global Security, an equal aggregate principal amount of definitive Securities of the same series of authorized denominations and of like tenor as the portion of such permanent global Security to be exchanged which shall be in the form of Registered Securities; provided, however, that no such exchanges may occur during a period beginning at the opening of business 15 days before any selection of Securities to be redeemed or repurchased and ending on the relevant Redemption Date or repurchase date if the Security for which exchange is requested may be among those selected for redemption or repurchase. If a Registered Security is issued in exchange for any portion of a permanent global Security after the close of business at the office or agency where such exchange occurs on (i) any Regular Record Date and before the opening of business at such office or agency on the relevant Interest Payment Date, or (ii) any Special Record Date and before the opening of business at such office or agency on the related proposed date for payment of Defaulted Interest, interest or Defaulted Interest, as the case may be, will not be payable on such Interest Payment Date or proposed date for payment, as the case may be, in respect of such Registered Security, but will be payable on such Interest Payment Date or proposed date for payment, as the case may be, only to the Person to whom interest in respect of such portion of such permanent global Security is payable in accordance with the provisions of this Indenture. All Securities issued upon any registration of transfer or exchange of Securities shall be valid obligations of the Company, evidencing the same debt and entitled to the same benefits under this Indenture, as the Securities surrendered upon such registration of transfer or exchange.

Every Registered Security presented or surrendered for registration of transfer or for exchange shall (if so required by the Company or the Security Registrar) be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Company and the Security Registrar, duly executed by the Holder thereof or his attorney duly authorized in writing.

No service charge shall be made for any registration of transfer or exchange of Securities, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any registration of transfer or exchange of Securities, other than exchanges pursuant to Section 304, Section 906, Section 1107 or Section 1305 not involving any transfer.

The Company shall not be required (i) to issue, register the transfer of or exchange any Security if such Security may be among those selected for redemption during a period beginning at the opening of business 15 days before selection of the Securities to be redeemed under Section 1103 and ending at the close of business on the day of the mailing of the relevant notice of redemption or (ii) to register the transfer of or exchange any Registered Security so selected for redemption in whole or in part, except, in the case of any Registered Security to be redeemed in part, the

portion thereof not to be redeemed, or (iii) to issue, register the transfer of or exchange any Security which has been surrendered for repayment at the option of the Holder, except the portion, if any, of such Security not to be so repaid.

Section 306. Mutilated, Destroyed, Lost and Stolen Securities.

If any mutilated Security is surrendered to the Trustee or the Company, together with, in proper cases, such security or indemnity as may be required by the Company or the Trustee to save each of them or any agent of either of them harmless, all in their sole discretion acting reasonably, the Company shall execute and the Trustee shall authenticate and deliver in exchange therefor a new Security of the same series and principal amount, containing identical terms and provisions and bearing a number not contemporaneously outstanding.

If there shall be delivered to the Company and to the Trustee (i) evidence to their satisfaction of the destruction, loss or theft of any Security, and (ii) such security or indemnity as may be required by them to save each of them and any agent of either of them harmless, all in their sole discretion acting reasonably, then, in the absence of notice to the Company or the Trustee that such Security has been acquired by a bona fide purchaser, the Company shall execute and upon its request the Trustee shall authenticate and deliver, in lieu of any such destroyed, lost or stolen Security, a new Security of the same series and principal amount, containing identical terms and provisions and bearing a number not contemporaneously outstanding.

Notwithstanding the provisions of the previous two paragraphs, in case the principal amount of any such mutilated, destroyed, lost or stolen Security has become or is about to become due and payable, the Company in its discretion may, instead of issuing a new Security, pay such Security upon it becoming due and payable in accordance with Section 1001.

Upon the issuance of any new Security under this Section, the Company may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Trustee) connected therewith.

Every new Security of any series issued pursuant to this Section in lieu of any destroyed, lost or stolen Security shall constitute an original additional contractual obligation of the Company, and the Guarantor in respect of the Guarantee, whether or not the destroyed, lost or stolen Security shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Indenture equally and proportionately with any and all other Securities of that series duly issued hereunder. The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Securities.

Section 307. Payment of Interest; Interest Rights Preserved; Optional Interest Reset.

(a) Except as otherwise specified with respect to a series of Securities in accordance with the provisions of Section 301, interest, if any, on any Registered Security that is payable, and is punctually paid or duly provided for, on any Interest Payment Date shall be paid to the Person in whose name that Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest at the office or agency of the Company maintained for such purpose pursuant to Section 1002; provided, however, that each instalment of interest, if any, on any Registered Security may at the Company's option be paid by (i) mailing a cheque for such interest, payable to or upon the written order of the Person entitled thereto pursuant to Section 309, to the address of such Person as it appears on the Security Register or (ii) transfer to an account maintained by the payee.

Unless otherwise provided as contemplated by Section 301, every Security evidenced by a permanent global Security, including Book Entry Securities (each a "**Global Note**" and collectively, the "**Global Notes**"), will provide that interest, if any, payable on any Interest Payment Date will be paid to the Clearing Agency or its nominee with respect to that portion of such permanent global Security held for its account by any common depository, for the purpose of permitting the Clearing Agency or its nominee to credit the interest, if any, received by it in respect of such permanent global Security to the accounts of the Clearing Agency Participants or the Beneficial Owners thereof.

Except as otherwise specified with respect to a series of Securities in accordance with the provisions of Section 301, any interest on any Registered Security of any series that is payable, but is not punctually paid or duly provided for, on any Interest Payment Date (herein called "**Defaulted Interest**") shall forthwith cease to be payable to the registered Holder thereof on the relevant Regular Record Date by virtue of having been such Holder, and such Defaulted Interest may be paid by the Company, at its election in each case, as provided in clause (1) or (2) below:

(1) The Company may elect to make payment of any Defaulted Interest to the Persons in whose names the Registered Securities of such series (or their respective Predecessor Securities) are registered at the close of business on a specified record date (the "**Special Record Date**") for the payment of such Defaulted Interest, which shall be fixed in the following manner. The Company shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each

Registered Security of such series and the date of the proposed payment (which shall not be less than 20 days after such notice is received by the Trustee), and at the same time the Company shall deposit with the Trustee an amount of money in the Currency in which the Securities of such series are payable (except as otherwise specified pursuant to Section 301 for the Securities of such series and except, if applicable, as provided in Section 313(b), Section 313(d) and Section 313(e)) equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit on or prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the Persons entitled to such Defaulted Interest as in this clause provided. Thereupon the Trustee shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 days and not less than 10 days prior to the date of the proposed payment and not less than 10 days after the receipt by the Trustee of the notice of the proposed payment. The Trustee shall promptly notify the Company of such Special Record Date and, in the name and at the expense of the Company, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first-class postage prepaid, to each Holder of Registered Securities of such series at his address as it appears in the Security Register not less than 10 days prior to such Special Record Date. Notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor having been mailed as aforesaid, such Defaulted Interest shall be paid to the Persons in whose names the Registered Securities of such series (or their respective Predecessor Securities) are registered at the close of business on such Special Record Date and shall no longer be payable pursuant to the following clause (2).

(2) The Company may make payment of any Defaulted Interest on the Registered Securities of any series in any other lawful manner not inconsistent with the requirements of any securities exchange on which such Securities may be listed, and upon such notice as may be required by such exchange, if, after notice given by the Company to the Trustee of the proposed payment pursuant to this clause, such manner of payment shall be deemed practicable by the Trustee.

(b) The provisions of this Section 307(b) may be made applicable to any series of Securities pursuant to Section 301 (with such modifications, additions or substitutions as may be specified pursuant to such Section 301). The interest rate (or the Spread or Spread Multiplier used to calculate such interest rate, if

applicable) on any Security of such series may be reset by the Company on the date or dates specified on the face of such Security (each an "**Optional Reset Date**"). The Company may exercise such option with respect to such Security by notifying the Trustee of such exercise at least 45 but not more than 60 days prior to an Optional Reset Date for such Security. Not later than 40 days prior to each Optional Reset Date, the Trustee shall transmit, in the manner provided for in Section 106, to the Holder of any such Security a notice (the "**Reset Notice**") indicating whether the Company has elected to reset the interest rate (or the Spread or Spread Multiplier used to calculate such interest rate, if applicable), and if so (i) such new interest rate (or such new Spread or Spread Multiplier, if applicable) and (ii) the provisions, if any, for redemption during the period from such Optional Reset Date to the next Optional Reset Date or if there is no such next Optional Reset Date, to the Stated Maturity of such Security (each such period a "**Subsequent Interest Period**"), including the date or dates on which or the period or periods during which and the price or prices at which such redemption may occur during the Subsequent Interest Period.

Notwithstanding the foregoing, not later than 20 days prior to the Optional Reset Date, the Company may, at its option, revoke the interest rate (or the Spread or Spread Multiplier used to calculate such interest rate, if applicable) provided for in the Reset Notice and establish a higher interest rate (or a Spread or Spread Multiplier providing for a higher interest rate, if applicable) for the Subsequent Interest Period by causing the Trustee to transmit, in the manner provided for in Section 106, notice of such higher interest rate (or such Spread or Spread Multiplier providing for a higher interest rate, if applicable) to the Holder of such Security. Such notice shall be irrevocable. All Securities with respect to which the interest rate (or the Spread or Spread Multiplier used to calculate such interest rate, if applicable) is reset on an Optional Reset Date, and with respect to which the Holders of such Securities have not tendered such Securities for repayment (or have validly revoked any such tender) pursuant to the next succeeding paragraph, will bear such higher interest rate (or such Spread or Spread Multiplier providing for a higher interest rate, if applicable).

The Holder of any such Security will have the option to elect repayment by the Company of the principal of such Security on each Optional Reset Date at a price equal to the principal amount thereof plus interest accrued to such Optional Reset Date. In order to obtain repayment on an Optional Reset Date, the Holder must follow the procedures set forth in Article 13 for repayment at the option of Holders except that the period for delivery or notification to the Trustee shall be at least 25 but not more than 35 days prior to such Optional Reset Date and except that, if the Holder has tendered any Security for

repayment pursuant to the Reset Notice, the Holder may, by written notice to the Trustee, revoke such tender or repayment until the close of business on the tenth day before such Optional Reset Date.

Subject to the foregoing provisions of this Section and Section 305, each Security delivered under this Indenture upon registration of transfer of or in exchange for or in lieu of any other Security shall carry the rights to interest accrued and unpaid, and to accrue, which were carried by such other Security.

Section 308. Optional Extension of Maturity.

The provisions of this Section 308 may be made applicable to any series of Securities pursuant to Section 301 (with such modifications, additions or substitutions as may be specified pursuant to such Section 301). The Stated Maturity of any Security of such series may be extended at the option of the Company for the period or periods specified on the face of such Security (each an "**Extension Period**") up to but not beyond the date (the "**Final Maturity**") set forth on the face of such Security. The Company may exercise such option with respect to any Security by notifying the Trustee of such exercise at least 45 but not more than 60 days prior to the Stated Maturity of such Security in effect prior to the exercise of such option (the "**Original Stated Maturity**"). If the Company exercises such option, the Trustee shall transmit, in the manner provided for in Section 106, to the Holder of such Security not later than 40 days prior to the Original Stated Maturity a notice (the "**Extension Notice**") indicating (i) the election of the Company to extend the Stated Maturity, (ii) the new Stated Maturity, (iii) the interest rate (or Spread, Spread Multiplier or other formula to calculate such interest rate, if applicable), if any, applicable to the Extension Period and (iv) the provisions, if any, for redemption during such Extension Period. Upon the Trustee's transmittal of the Extension Notice, the Stated Maturity of such Security shall be extended automatically and, except as modified by the Extension Notice and as described in the next paragraph, such Security will have the same terms as prior to the transmittal of such Extension Notice.

Notwithstanding the foregoing, not later than 20 days before the Original Stated Maturity of such Security, the Company may, at its option, revoke the interest rate (or Spread, Spread Multiplier or other formula to calculate such interest rate, if applicable) provided for in the Extension Notice and establish a higher interest rate (or Spread, Spread Multiplier or other formula to calculate such higher interest rate, if applicable) for the Extension Period by causing the Trustee to transmit, in the manner provided for in Section 106, notice of such higher interest rate (or Spread, Spread Multiplier or other formula to calculate such interest rate, if applicable) to the Holder of such Security. Such notice shall be irrevocable. All Securities with respect to which the Stated Maturity is extended will bear such higher interest rate.

If the Company extends the Stated Maturity of any Security, the Holder will have the option to elect repayment of such Security by the Company on the Original Stated Maturity at a price equal to the principal amount thereof, plus interest accrued to such date. In order to obtain repayment on the Original Stated Maturity once the Company has extended the Stated Maturity thereof, the Holder must follow the procedures set forth in Article 13 for repayment at the option of Holders, except that the period for delivery or notification to the Trustee shall be at least 25 but not more than 35 days prior to the Original Stated Maturity and except that, if the Holder has tendered any Security for repayment pursuant to an Extension Notice, the Holder may by written notice to the Trustee revoke such tender for repayment until the close of business on the tenth day before the Original Stated Maturity.

Section 309. Persons Deemed Owners.

Prior to due presentment of a Registered Security for registration of transfer, the Company, the Guarantor, the Trustee and any agent of the Company, the Guarantor or the Trustee may treat the Person in whose name such Registered Security is registered as the owner of such Security for the purpose of receiving payment of principal of (and premium, if any) and (subject to Section 305 and Section 307) interest, if any, on such Registered Security and for all other purposes whatsoever, except as required by law, whether or not such Registered Security be overdue, and neither the Company, the Guarantor the Trustee nor any agent of the Company, the Guarantor or the Trustee shall be affected by notice to the contrary.

None of the Company, the Guarantor, the Trustee, any Paying Agent or the Security Registrar will have any responsibility or liability for any aspect of the records relating to or payments made on account of Beneficial Ownership interests of a Security in global form or for maintaining, supervising or reviewing any records relating to such Beneficial Ownership interests.

Notwithstanding the foregoing, with respect to any global Security, nothing herein shall prevent the Company, the Trustee, or any agent of the Company or the Trustee, from giving effect to any written certification, proxy or other authorization furnished by any depositary, as a Holder, with respect to such global Security or impair, as between such depositary and owners of beneficial interests in such global Security, the operation of customary practices governing the exercise of the rights of such depositary (or its nominee) as Holder of such global Security.

Section 310. Purchase by the Company

The Company may at any time purchase all or any Securities of a series in the market (which shall include purchase from or through an investment dealer or a firm holding membership on a recognized stock exchange) or by invitation for

tenders or by private contract at such price or prices as may be determined by the Board of Directors of the Company by Board Resolution.

If, upon an invitation for tenders, more Securities of a series than the Company is prepared to accept are tendered at the same lowest price that the Company is prepared to accept, the Securities of such series to be purchased by the Company shall be selected by the Trustee *pro rata* or by lot, or in such other manner as the Trustee may consider equitable, from the Securities of such series tendered by each Holder who tendered at such lowest price. For this purpose, the Trustee may make, and from time to time amend, regulations with respect to the manner in which any Securities may be so selected and regulations so made shall be valid and binding upon all Holders of such series, notwithstanding the fact that, as a result thereof, one or more of such Securities become subject to purchase in part only. The Holder of any Securities of a series of which a part only is purchased, upon surrender of such Securities of such series for payment, shall be entitled to receive, without expense to such Holder, one or more new certificates evidencing Securities of such series for the unpurchased part so surrendered and the Trustee shall certify and deliver such new Securities of such series upon receipt of the Securities of such series so surrendered.

Section 311. Cancellation.

All Securities surrendered for payment, redemption, repayment at the option of the Holder, registration of transfer or exchange or for credit against any sinking fund payment shall, if surrendered to any Person other than the Trustee, be delivered to the Trustee, and any such Securities surrendered directly to the Trustee for any such purpose shall be promptly cancelled by it. The Company may at any time deliver to the Trustee for cancellation any Securities previously authenticated and delivered hereunder which the Company may have acquired in any manner whatsoever, and may deliver to the Trustee (or to any other Person for delivery to the Trustee) for cancellation any Securities previously authenticated hereunder which the Company has not issued and sold, and all Securities so delivered shall be promptly cancelled by the Trustee. If the Company shall so acquire any of the Securities, however, such acquisition shall not operate as a redemption or satisfaction of the indebtedness represented by such Securities unless and until the same are surrendered to the Trustee for cancellation. No Securities shall be authenticated in lieu of or in exchange for any Securities cancelled as provided in this Section, except as expressly permitted by this Indenture. Cancelled Securities held by the Trustee shall be destroyed by the Trustee and the Trustee shall deliver a certificate of such destruction to the Company, unless by a Company Order the Company directs their return to it.

Section 312. Computation of Interest.

Except as otherwise specified as contemplated by Section 301 or the applicable Security with respect to Securities of any series, interest, if any, on the Securities of each series shall be computed on the basis of a 365-day or a 366-day year, as applicable.

For the purposes of this Indenture, whenever interest is calculated on the basis of a year of 360 days, each rate of interest determined pursuant to such calculation expressed as an annual rate for the purposes of the *Interest Act* (Canada) is equivalent to such rate as so determined multiplied by the actual number of days in the calendar year in which the same is to be ascertained, whether 365 or 366, as the case may be, and divided by 360.

The parties further agree that for the purpose of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Indenture, and (ii) the rates of interest stipulated in this Indenture are intended to be nominal rates and not effective rates or yields.

Section 313. Currency and Manner of Payments in Respect of Securities.

(a) Unless otherwise specified with respect to any Securities pursuant to Section 301, with respect to Registered Securities of any series not permitting the election provided for in paragraph (b) below or the Holders of which have not made the election provided for in paragraph (b) below, payment of the principal of (and premium, if any) and interest, if any, on any Registered Security of such series will be made in the Currency in which such Registered Security, is payable. The provisions of this Section 313 may be modified or superseded with respect to any Securities pursuant to Section 301.

(b) It may be provided pursuant to Section 301 with respect to Registered Securities of any series that Holders shall have the option, subject to paragraphs (d) and (e) below, to receive payments of principal of (or premium, if any) or interest, if any, on such Registered Securities in any of the Currencies which may be designated for such election by delivering to the Trustee for such series of Registered Securities a written election with signature guarantees and in the applicable form established pursuant to Section 301, not later than the close of business on the Election Date immediately preceding the applicable payment date. If a Holder so elects to receive such payments in any such Currency, such election will remain in effect for such Holder or any transferee of such Holder until changed by such Holder or such transferee by written notice to the Trustee for such series of Registered Securities (but any such change must be made not later than the close of business on the Election Date immediately preceding the next payment date to be effective for the payment to be made on such payment

date and no such change of election may be made with respect to payments to be made on any Registered Security of such series with respect to which an Event of Default has occurred or with respect to which the Company has deposited funds pursuant to Article 4 or Article 14 or with respect to which a notice of redemption has been given by the Company or a notice of option to elect repayment has been sent by such Holder or such transferee). Any Holder of any such Registered Security who shall not have delivered any such election to the Trustee of such series of Registered Securities not later than the close of business on the applicable Election Date will be paid the amount due on the applicable payment date in the relevant Currency as provided in Section 313(a). The Trustee for each such series of Registered Securities shall notify the Exchange Rate Agent as soon as practicable after the Election Date of the aggregate principal amount of Registered Securities for which Holders have made such written election.

(c) Unless otherwise specified pursuant to Section 301, if the election referred to in paragraph (b) above has been provided for pursuant to Section 301, then, unless otherwise specified pursuant to Section 301, not later than the fourth Business Day after the Election Date for each payment date for Registered Securities of any series, the Exchange Rate Agent will deliver to the Company a written notice specifying the Currency in which Registered Securities of such series are payable, the respective aggregate amounts of principal of (and premium, if any) and interest, if any, on the Registered Securities to be paid on such payment date, specifying the amounts in such Currency so payable in respect of the Registered Securities as to which the Holders of Registered Securities denominated in any Currency shall have elected to be paid in another Currency as provided in paragraph (b) above. If the election referred to in paragraph (b) above has been provided for pursuant to Section 301 and if at least one Holder has made such election, then, unless otherwise specified pursuant to Section 301, on the second Business Day preceding such payment date the Company will deliver to the Trustee for such series of Registered Securities an Exchange Rate Officer's Certificate in respect of the Dollar or Foreign Currency or Currencies payments to be made on such payment date. Unless otherwise specified pursuant to Section 301, the Dollar or Foreign Currency or Currencies amount receivable by Holders of Registered Securities who have elected payment in a Currency as provided in paragraph (b) above shall be determined by the Company on the basis of the applicable Market Exchange Rate in effect on the second Business Day (the "**Valuation Date**") immediately preceding each payment date, and such determination shall be conclusive and binding for all purposes, absent manifest error.

(d) If a Conversion Event occurs with respect to a Foreign Currency in which any of the Securities are denominated or payable other than pursuant to an election provided for pursuant to paragraph (b) above, then with respect to each date for the payment of principal of (and premium, if any) and interest, if any on the applicable Securities denominated or payable in such Foreign Currency occurring after the last date on which such Foreign Currency was used (the "**Conversion Date**"), the Dollar shall be the currency of payment for use on each such payment date. Unless otherwise specified pursuant to Section 301, the Dollar amount to be paid by the Company to the Trustee of each such series of Securities and by such Trustee or any Paying Agent to the Holders of such Securities with respect to such payment date shall be, in the case of a Foreign Currency other than a currency unit, the Dollar Equivalent of the Foreign Currency or, in the case of a currency unit, the Dollar Equivalent of the Currency Unit, in each case as determined by the Exchange Rate Agent in the manner provided in paragraph (f) or (g) below.

(e) Unless otherwise specified pursuant to Section 301, if the Holder of a Registered Security denominated in any Currency shall have elected to be paid in another Currency as provided in paragraph (b) above, and a Conversion Event occurs with respect to such elected Currency, such Holder shall receive payment in the Currency in which payment would have been made in the absence of such election; and if a Conversion Event occurs with respect to the Currency in which payment would have been made in the absence of such election, such Holder shall receive payment in Dollars as provided in paragraph (d) of this Section 313.

(f) The "**Dollar Equivalent of the Foreign Currency**" shall be determined by the Exchange Rate Agent and shall be obtained for each subsequent payment date by converting the specified Foreign Currency into Dollars at the Market Exchange Rate on the Conversion Date.

(g) The "**Dollar Equivalent of the Currency Unit**" shall be determined by the Exchange Rate Agent and subject to the provisions of paragraph (h) below shall be the sum of each amount obtained by converting the Specified Amount of each Component Currency into Dollars at the Market Exchange Rate for such Component Currency on the Valuation Date with respect to each payment.

(h) For purposes of this Section 313, the following terms shall have the following meanings:

A "**Component Currency**" shall mean any currency which, on the Conversion Date, was a component currency of the relevant currency unit, including, but not limited to, the euro.

A "**Specified Amount**" of a Component Currency shall mean the number of units of such Component Currency or fractions thereof which were represented in the relevant currency unit, including, but not limited to, the euro, on the Conversion Date. If after the Conversion Date the official unit of any Component Currency is altered by way of combination or subdivision, the Specified Amount of such Component Currency shall be divided or multiplied in the same proportion. If after the Conversion Date two or more Component Currencies are consolidated into a single currency, the respective Specified Amounts of such Component Currencies shall be replaced by an amount in such single currency equal to the sum of the respective Specified Amounts of such consolidated Component Currencies expressed in such single currency, and such amount shall thereafter be a Specified Amount and such single currency shall thereafter be a Component Currency. If after the Conversion Date any Component Currency shall be divided into two or more currencies, the Specified Amount of such Component Currency shall be replaced by amounts of such two or more currencies, having an aggregate Dollar Equivalent value at the Market Exchange Rate on the date of such replacement equal to the Dollar Equivalent of the Specified Amount of such former Component Currency at the Market Exchange Rate immediately before such division, and such amounts shall thereafter be Specified Amounts and such currencies shall thereafter be Component Currencies. If, after the Conversion Date of the relevant currency unit, including, but not limited to, the euro, a Conversion Event (other than any event referred to above in this definition of "**Specified Amount**") occurs with respect to any Component Currency of such currency unit and is continuing on the applicable Valuation Date, the Specified Amount of such Component Currency shall, for purposes of calculating the Dollar Equivalent of the currency unit, be converted into Dollars at the Market Exchange Rate in effect on the Conversion Date of such Component Currency.

"**Election Date**" shall mean the Regular Record Date for the applicable series of Registered Securities or at least 16 days prior to Maturity, as the case may be, or such other prior date for any series of Registered Securities as specified pursuant to clause 15 of Section 301 by which the written election referred to in Section 313(b) may be made.

All decisions and determinations of the Exchange Rate Agent regarding the Dollar Equivalent of the Foreign Currency, the Dollar Equivalent of the Currency Unit, the Market Exchange Rate and changes in the Specified Amounts as specified above shall be in its sole discretion and shall, in the absence of manifest error, be conclusive for all purposes and irrevocably binding upon the Company, the Guarantor, the Trustee for the appropriate series of Securities and all Holders of such Securities denominated or payable in the relevant Currency. The Exchange

Rate Agent shall promptly give written notice to the Company, the Guarantor and the Trustee for the appropriate series of Securities of any such decision or determination.

In the event that the Company determines in good faith that a Conversion Event has occurred with respect to a Foreign Currency, the Company will immediately give written notice thereof to the Trustee of the appropriate series of Securities (and such Trustee will promptly thereafter give notice in the manner provided in Section 106 to the affected Holders) and to the Exchange Rate Agent specifying the Conversion Date. In the event the Company so determines that a Conversion Event has occurred with respect to the euro or any other currency unit in which Securities are denominated or payable, the Company will immediately give written notice thereof to the Trustee of the appropriate series of Securities (and such Trustee will promptly thereafter give notice in the manner provided in Section 106 to the affected Holders) and to the Exchange Rate Agent specifying the Conversion Date and the Specified Amount of each Component Currency on the Conversion Date. In the event the Company determines in good faith that any subsequent change in any Component Currency as set forth in the definition of Specified Amount above has occurred, the Company will similarly give written notice to the Trustee of the appropriate series of Securities and to the Exchange Rate Agent.

The Trustee of the appropriate series of Securities shall be fully justified and protected in relying and acting upon information received by it from the Company and the Exchange Rate Agent and shall not otherwise have any duty or obligation to determine the accuracy or validity of such information independent of the Company or the Exchange Rate Agent.

Section 314. Appointment and Resignation of Successor Exchange Rate Agent.

(a) Unless otherwise specified pursuant to Section 301, if and so long as the Securities of any series (i) are denominated in a Foreign Currency or (ii) may be payable in a Foreign Currency, or so long as it is required under any other provision of this Indenture, then the Company will maintain with respect to each such series of Securities, or as so required, at least one Exchange Rate Agent. The Company will cause the Exchange Rate Agent to make the necessary foreign exchange determinations at the time and in the manner specified pursuant to Section 301 for the purpose of determining the applicable rate of exchange and, if applicable, for the purpose of converting the issued Foreign Currency into the applicable payment Currency for the payment of principal (and premium, if any) and interest, if any, pursuant to Section 313.

(b) No resignation of the Exchange Rate Agent and no appointment of a successor Exchange Rate Agent pursuant to this Section shall become

effective until the acceptance of appointment by the successor Exchange Rate Agent as evidenced by a written instrument delivered to the Company and the Trustee of the appropriate series of Securities accepting such appointment executed by the successor Exchange Rate Agent.

(c) If the Exchange Rate Agent shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of the Exchange Rate Agent for any cause, with respect to the Securities of one or more series, the Company, by or pursuant to a Board Resolution, shall promptly appoint a successor Exchange Rate Agent or Exchange Rate Agents with respect to the Securities of that or those series (it being understood that any such successor Exchange Rate Agent may be appointed with respect to the Securities of one or more or all of such series and that, unless otherwise specified pursuant to Section 301, at any time there shall only be one Exchange Rate Agent with respect to the Securities of any particular series that are originally issued by the Company on the same date and that are initially denominated and/or payable in the same Currency).

Section 315. Book Entry Securities.

The Securities shall, unless otherwise provided for in accordance with Section 301, be issued initially as Book Entry Securities. In such case, the Trustee shall deal with the Clearing Agency and Clearing Agency Participants as representatives of the Beneficial Owners of such Securities for purposes of exercising the rights of Holders hereunder, as provided in this Indenture. Requests and directions from, and votes of, such representatives shall not be deemed to be inconsistent if they are made with respect to different Beneficial Owners.

Section 316. Termination of Book Entry System.

(a) The book entry system through the Clearing Agency with respect to any Book Entry Securities may be terminated upon the happening of any of the following events:

(1) the Clearing Agency or the Company advises the Trustee that the Clearing Agency is no longer willing or able to discharge properly its responsibilities and the Trustee or the Company is unable to locate a qualified successor clearing agency satisfactory to the Trustee and the Company;

(2) the Company, in its sole discretion, elects to terminate the book entry system by notice to the Clearing Agency and the Trustee; or

(3) after the occurrence of an Event of Default (at which time the Trustee shall use its best efforts to notify each Beneficial Owner through the

Clearing Agency and Clearing Agency Participants of the occurrence of such Event of Default), the Beneficial Owners of a majority in aggregate outstanding principal amount of any series of Securities in book entry form, advise the Trustee in writing, through the related Clearing Agency Participants and the Clearing Agency, that the continuation of a book entry system through the Clearing Agency to the exclusion of any Securities of such series other than Book Entry Securities being issued to any person other than the Clearing Agency or its nominee is no longer in the best interests of the Beneficial Owners of such series of Securities.

(b) Upon the occurrence of any events described in Section 316(a) above, the Trustee shall use its best efforts to notify all Beneficial Owners of the such affected series of Securities in book entry form, as the case may be, through the Clearing Agency and Clearing Agency Participants, of the occurrence of such event and of the availability of definitive Securities in fully registered form ("**Definitive Notes**") to Beneficial Owners requesting the same, in an aggregate outstanding principal amount representing the interest of each, making such adjustments and allowances as it may find necessary or appropriate as to accrued interest and previous payments, if any. Definitive Notes shall be issued only upon surrender to the Trustee of such series of Securities in book entry form, as the case may be, by the Clearing Agency, accompanied by registration instructions for the Definitive Notes. Neither the Company nor the Trustee shall be liable for any delay in delivery of such instructions and may conclusively rely on, and shall be protected in relying on, such instructions. Upon issuance of Definitive Notes, all references herein to obligations imposed upon or to be performed by the Clearing Agencies shall cease to be applicable.

Section 317. CUSIP Numbers.

The Company in issuing the Securities may use "CUSIP" numbers (if then generally in use), and, if so, the Trustee shall indicate the "CUSIP" numbers of the Securities in notices of redemption as a convenience to Holders; provided that any such notice may state that no representation is made as to the correctness of such numbers either as printed on the Securities or as contained in any notice of redemption and that reliance may be placed only on the other identification numbers printed on the Securities, and any such redemption shall not be affected by any defect in or omission of such numbers.

ARTICLE 4
SATISFACTION AND DISCHARGE

Section 401. Satisfaction and Discharge of Indenture.

This Indenture shall upon Company Request cease to be of further effect with respect to any series of Securities specified in such Company Request (except as to any surviving rights of registration of transfer or exchange of Securities of such series expressly provided for herein or pursuant hereto and any right to receive Additional Amounts, as provided in Section 1602), and the Trustee, upon receipt of a Company Order, and at the expense of the Company, shall execute proper instruments acknowledging satisfaction and discharge of this Indenture as to such series when:

(1) either:

(i) all Securities of such series theretofore authenticated and delivered have been delivered to the Trustee for cancellation; or

(ii) all Securities of such series not theretofore delivered to the Trustee for cancellation

(A) have become due and payable, or

(B) will become due and payable at their Stated Maturity within one year, or

(C) if redeemable at the option of the Company, are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Company,

and the Company, in the case of (ii) above, has irrevocably deposited or caused to be deposited with the Trustee as trust funds in trust for such purpose an amount in the Currency in which the Securities of such series are payable, sufficient to pay and discharge the entire indebtedness on such Securities, for principal (and premium, if any) and interest, if any, to the date of such deposit (in the case of Securities which have become due and payable) or to the Stated Maturity or Redemption Date, as the case may be;

(2) the Company has paid or caused to be paid all other sums payable hereunder by the Company; and

(3) the Company has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent herein provided for relating to the satisfaction and discharge of this Indenture as to such series have been complied with.

Notwithstanding the satisfaction and discharge of this Indenture, the obligations of the Company to the Trustee and any predecessor Trustee under Section 609 and Section 616, the obligations of the Company to any Authenticating Agent under Section 615 and, if money shall have been deposited with the Trustee pursuant to clause (1)(ii) of this Section, the obligations of the Trustee under Section 402 and the last paragraph of Section 1003 shall survive.

Section 402. Application of Trust Funds.

Subject to the provisions of the last paragraph of Section 1003, all money deposited with the Trustee pursuant to Section 401 shall be held in trust and applied by it, in accordance with the provisions of the Securities and this Indenture, to the payment, either directly or through any Paying Agent (including the Company acting as its own Paying Agent) as the Trustee may determine, to the Persons entitled thereto, of the principal (and premium, if any) and interest, if any, for whose payment such money has been deposited with or received by the Trustee, but such money need not be segregated from other funds except to the extent required by law.

ARTICLE 5
REMEDIES

Section 501. Events of Default.

"**Event of Default**", wherever used herein with respect to any particular series of Securities, means any one of the following events (whatever the reason for such Event of Default and whether or not it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(1) the Company defaults in the payment of any interest upon any Security of that series, when such interest becomes due and payable, and continuance of such default for a period of 30 days; or

(2) the Company defaults in the payment of the principal of (or premium, if any, on) any Security of that series when it becomes due and payable at its Maturity; or

(3) the Company defaults in the deposit of any sinking fund payment, when and as due by the terms of any Security of that series; or

(4) the Guarantor defaults in the payment of any amounts payable by it pursuant to Article 16 hereof; or

(5) the Company or the Guarantor defaults in the performance, or breach, of any covenant or agreement of the Company or the Guarantor, as the case may be, in this Indenture with respect to any Security of that series (other than a covenant or agreement a default in whose performance or whose breach is elsewhere in this Section specifically dealt with), and continuance of such default or breach for a period of 60 days after there has been given, by registered or certified mail, to the Company and the Guarantor, as the case may be, by the Trustee or to the Company and the Guarantor, as the case may be, and the Trustee by the Holders of at least 25% in principal amount of the Outstanding Securities of that series a written notice specifying such default or breach and requiring it to be remedied and stating that such notice is a "**Notice of Default**" hereunder; or

(6) the Company shall become insolvent or bankrupt or subject to the provisions of the *Bankruptcy and Insolvency Act* (Canada) or a proposal for a compromise or arrangement under the *Companies' Creditors Arrangement Act* (Canada) or similar relief affecting creditor's rights under the *Canada Business Corporation Act* or goes into liquidation or insolvency, either voluntarily or under an order of a court of competent jurisdiction, or make a general assignment for the benefit of its creditors or otherwise acknowledge its insolvency; or

(7) if a liquidator or liquidators, a receiver or receivers, a receiver and manager, or a trustee or trustees in bankruptcy be appointed to the Company or an encumbrancer takes possession of all or substantially all of the property of the Company; or

(8) the Guarantor pursuant to or within the meaning of any Bankruptcy Law:

(i) commences a voluntary case,

(ii) consents to the entry of an order for relief against it in an involuntary case,

(iii) consents to the appointment of a Custodian of it or for all or substantially all of its property, or

(iv) makes a general assignment for the benefit of its creditors; or

(9) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that:

(i) is for relief against the Guarantor in an involuntary case,

(ii) appoints a Custodian of the Guarantor for all or substantially all of the Guarantor's property, or

(iii) orders the liquidation of the Guarantor,

and the order or decree remains unstayed and in effect for 90 days; or

(10) any other Event of Default provided with respect to Securities of that series.

The term "**Bankruptcy Law**" means title 11, U.S. Code or any similar United States Federal or State law for the relief of debtors. The term "**Custodian**" means any receiver, trustee, assignee, liquidator or other similar official under any Bankruptcy Law.

Section 502. Acceleration of Maturity; Rescission and Annulment.

If an Event of Default with respect to Securities of any series at the time Outstanding occurs and is continuing, then and in every such case either (i) the Trustee, in its own capacity or at the direction of Holders of not less than 25% in principal amount of the Outstanding Securities of that series, or (ii) the Holders of not less than 25% in principal amount of the Outstanding Securities of that series; may declare the principal (or, if any Securities are Original Issue Discount Securities or Indexed Securities, such portion of the principal as may be specified in the terms thereof) of all the Securities of that series to be due and payable immediately, by a notice in writing to the Company and the Guarantor (and to the Trustee if given by the Holders), and upon any such declaration such principal or specified portion thereof shall become immediately due and payable.

At any time after such a declaration of acceleration with respect to Securities of any series has been made and before a judgment or decree for payment of the money due has been obtained by the Trustee as hereinafter provided in this Article, the Holders of a majority in principal amount of the Outstanding Securities of that series, by written notice to the Company and the Trustee, may rescind and annul such declaration and its consequences if:

(1) the Company has paid or deposited with the Trustee a sum sufficient to pay in the Currency in which the Securities of such series are payable (except as otherwise specified pursuant to Section 301 for the

Securities of such series and except, if applicable, as provided in Section 313(b), Section 313(d) and Section 313(e)):

(i) all overdue instalments of interest, if any, on all Outstanding Securities of that series,

(ii) the principal of (and premium, if any, on) all Outstanding Securities of that series which have become due otherwise than by such declaration of acceleration and interest thereon at the rate or rates borne by or provided for in such Securities,

(iii) to the extent that payment of such interest is lawful, interest upon overdue instalments of interest at the rate or rates borne by or provided for in such Securities, and

(iv) all sums paid or advanced by the Trustee hereunder and the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel; and

(2) all Events of Default with respect to Securities of that series, other than the nonpayment of the principal of (or premium, if any) or interest on Securities of that series which have become due solely by such declaration of acceleration, have been cured or waived as provided in Section 513.

No such rescission shall affect any subsequent default or impair any right consequent thereon.

Section 503. Collection of Indebtedness and Suits for Enforcement by Trustee.

The Company covenants that if:

(1) default is made in the payment of any instalment of interest on any Security of any series when such interest becomes due and payable and such default continues for a period of 30 days, or

(2) default is made in the payment of the principal of (or premium, if any, on) any Security of any series at its Maturity,

then the Company will, upon demand of the Trustee, pay to the Trustee, for the benefit of the Holders of Securities of such series, the whole amount then due and payable on such Securities for principal (and premium, if any) and interest, if any, with interest upon any overdue principal (and premium, if any) and, to the extent that payment of such interest shall be legally enforceable, upon any overdue instalments of interest, if any, at the rate or rates borne by or provided for in such Securities, and, in addition thereto, such further amount as shall be sufficient to

cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel.

If the Company fails to pay such amounts forthwith upon such demand, the Trustee, in its own name and as trustee of an express trust, may institute a judicial proceeding for the collection of the sums so due and unpaid, and may prosecute such proceeding to judgment or final decree, and may enforce the same against the Company or the Guarantor upon Securities of such series and collect the moneys adjudged or decreed to be payable in the manner provided by law out of the property of the Company or the Guarantor upon such Securities of such series, wherever situated.

If an Event of Default with respect to Securities of any series occurs and is continuing, the Trustee may in its discretion proceed to protect and enforce its rights and the rights of the Holders of Securities of such series by such appropriate judicial proceedings as the Trustee shall deem most effectual to protect and enforce any such rights, whether for the specific enforcement of any covenant or agreement in this Indenture or in aid of the exercise of any power granted herein, or to enforce any other proper remedy.

Section 504. Trustee May File Proofs of Claim.

In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition, moratorium or other judicial proceeding relative to the Company or the Guarantor upon the Securities or the property of the Company or the Guarantor or their respective creditors, the Trustee (irrespective of whether the principal of the Securities of any series shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Trustee shall have made any demand on the Company for the payment of any overdue principal, premium or interest) shall be entitled and empowered, by intervention in such proceeding or otherwise:

(1) to file and prove a claim for the whole amount of principal (or in the case of Original Issue Discount Securities or Indexed Securities, such portion of the principal as may be provided for in the terms thereof) (and premium, if any) and interest, if any, owing and unpaid in respect of the Securities and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel) and of the Holders allowed in such judicial proceeding, and

(2) to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, receiver and manager, assignee, trustee, liquidator, sequestrator (or other similar official) in any such judicial proceeding is hereby authorized by each Holder of Securities of such series to make such payments to the Trustee, and in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay to the Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Trustee and any predecessor Trustee, their agents and counsel, and any other amounts due the Trustee or any predecessor Trustee under Section 609 and Section 616.

Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder of a Security any plan of reorganization, arrangement, adjustment, merger, composition or moratorium affecting the Securities or the rights of any Holder thereof, or to authorize the Trustee to vote in respect of the claim of any Holder of a Security in any such proceeding.

Section 505. Trustee May Enforce Claims Without Possession of Securities.

All rights of action and claims under this Indenture or any of the Securities may be prosecuted and enforced by the Trustee without the possession of any of the Securities or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, be for the ratable benefit of the Holders of the Securities in respect of which such judgment has been recovered.

Section 506. Application of Money Collected.

Any money collected by the Trustee pursuant to this Article shall be applied in the following order, at the date or dates fixed by the Trustee and, in case of the distribution of such money on account of principal (or premium, if any) or interest, if any, upon presentation of the Securities and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid:

FIRST: To the payment of all amounts due the Trustee and any predecessor Trustee under Section 609 or Section 616;

SECOND: To the payment of the amounts then due and unpaid upon the Securities for principal (and premium, if any) and interest, if any, in respect of which or for the benefit of which such money has been collected, ratably, without preference or priority of any kind, according to the aggregate amounts due and payable on such Securities and for principal (and premium, if any) and interest, if any, respectively; and

THIRD: To the payment of the remainder, if any, to the Company or any other Person or Persons entitled thereto.

Section 507. Limitation on Suits.

No Holder of any Security of any series shall have any right to institute any proceeding, judicial or otherwise, with respect to this Indenture, or for the appointment of a receiver, receiver and manager or trustee, or for any other remedy hereunder, unless:

(1) such Holder has previously given written notice to the Trustee of a continuing Event of Default with respect to the Securities of that series;

(2) the Holders of not less than 25% in principal amount of the Outstanding Securities of that series shall have made written request to the Trustee to institute proceedings in respect of such Event of Default in its own name as Trustee hereunder;

(3) such Holder or Holders have offered to the Trustee such reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request as the Trustee may deem to be sufficient in its sole discretion, acting reasonably;

(4) the Trustee for 60 days after its receipt of such notice and indemnity has failed to institute any such proceeding; and

(5) no direction inconsistent with such written request has been given to the Trustee during such 60-day period by the Holders of a majority in principal amount of the Outstanding Securities of that series;

it being understood and intended that no one or more of such Holders shall have any right in any manner whatever by virtue of, or by availing of, any provision of this Indenture to affect, disturb or prejudice the rights of any other of such Holders, or to obtain or to seek to obtain priority or preference over any other of such Holders or to enforce any right under this Indenture, except in the manner herein provided and for the equal and ratable benefit of all such Holders.

Section 508. Unconditional Right of Holders to Receive Principal, Premium and Interest.

Notwithstanding any other provision in this Indenture, the Holder of any Security shall have the right which is absolute and unconditional to receive payment of the principal of (and premium, if any) and (subject to Section 305 and Section 307) interest, if any, on such Security on the respective due dates expressed in such Security (or, in the case of redemption, on the Redemption Date) and to institute suit

for the enforcement of any such payment, and such rights shall not be impaired without the consent of such Holder.

Section 509. Restoration of Rights and Remedies.

If the Trustee or any Holder of a Security has instituted any proceeding to enforce any right or remedy under this Indenture and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Trustee or to such Holder, then and in every such case the Company, the Guarantor, the Trustee and the Holders of Securities shall, subject to any determination in such proceeding, be restored severally and respectively to their former positions hereunder and thereafter all rights and remedies of the Trustee and the Holders shall continue as though no such proceeding had been instituted.

Section 510. Rights and Remedies Cumulative.

Except as otherwise provided with respect to the replacement or payment of mutilated, destroyed, lost or stolen Securities in the last paragraph of Section 306, no right or remedy herein conferred upon or reserved to the Trustee or to the Holders of Securities is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 511. Delay or Omission Not Waiver.

No delay or omission of the Trustee or of any Holder of any Security to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article or by law to the Trustee or to the Holders may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the Holders of Securities.

Section 512. Control by Holders of Securities.

The Holders of a majority in principal amount of the Outstanding Securities of any series shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee with respect to the Securities of such series, provided that

(1) such direction shall not be in conflict with any rule of law or with this Indenture,

(2) the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction, and

(3) the Trustee need not take any action which might involve it in personal liability or be unjustly prejudicial to the Holders of Securities of such series not consenting.

Section 513. Waiver of Past Defaults.

The Holders of not less than a majority in principal amount of the Outstanding Securities of any series may on behalf of the Holders of all the Securities of such series waive any past default hereunder with respect to such series and its consequences, except a default

(1) in the payment of the principal of (or premium, if any) or interest, if any, on any Security of such series, or

(2) in respect of a covenant or provision hereof which under Article 9 cannot be modified or amended without the consent of the Holder of each Outstanding Security of such series affected.

Upon any such waiver, such default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured, for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other default or Event of Default or impair any right consequent thereon.

Section 514. Waiver of Stay or Extension Laws.

Each of the Company and the Guarantor jointly and severally covenants (to the extent that each may lawfully do so) that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law wherever enacted, now or at any time hereafter in force, which may affect the covenants or the performance of this Indenture; and each of the Company and the Guarantor jointly and severally (to the extent that each may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

ARTICLE 6
THE TRUSTEE

Section 601. Trust Indenture Legislation.

(a) In this Indenture, the term "**Indenture Legislation**" means the provisions, if any, of the *Canada Business Corporations Act* (the "**CBCA**") and any other

statute of Canada or a province thereof, and of the regulations under any such statute, relating to trust indentures and to the rights, duties and obligations of trustees under trust indentures and of corporations issuing debt obligations under trust indentures, to the extent that such provisions are at the time in force and applicable to this Indenture, the Company, the Guarantor or the Trustee provided that in the event of any inconsistency, the provisions of the CBCA shall prevail.

(b) If and to the extent that any provision of this Indenture or any supplemental indenture limits, qualifies or conflicts with a mandatory requirement of Indenture Legislation, such mandatory requirement shall prevail.

(c) At all times in relation to this Indenture, any supplemental indenture and any action to be taken hereunder or thereunder, the Company, the Guarantor and the Trustee each shall observe and comply with Indenture Legislation and the Company, the Guarantor, the Trustee and each Holder shall be entitled to the benefits of Indenture Legislation.

Section 602. No Conflict of Interest.

The Trustee represents to each of the Company and the Guarantor that at the date of the execution and delivery of this Indenture there exists no material conflict of interest in the role of the Trustee as a fiduciary hereunder. If at any time a material conflict of interest exists in the Trustee's role as a fiduciary hereunder, the Trustee shall, within 90 days after it becomes aware that such a material conflict of interest exists, either eliminate the same or else resign from the trusts hereunder by , notwithstanding Section 612, giving notice in writing to the Company at least 21 days prior to such resignation and shall upon such resignation becoming effective be discharged from all further duties and liabilities hereunder.

Section 603. Rights and Duties of Trustee.

(a) In the exercise of the rights and duties prescribed or conferred by the terms of this Indenture, the Trustee shall act honestly and in good faith with a view to the best interests of the Holders of Securities of each series for which it is a trustee as a whole and exercise that degree of care, diligence and skill that a reasonably prudent trustee would exercise in comparable circumstances.

(b) Subject only to Section 603(a), the obligation of the Trustee to commence or continue any act, action or proceeding for the purpose of enforcing any rights of the Trustee or the Holders hereunder shall be conditional upon the Holders of the applicable series of Securities furnishing, when required by notice in writing by the Trustee, sufficient funds to commence or continue such act, action or proceeding and indemnity reasonably satisfactory to the Trustee to protect and hold harmless the Trustee against the costs, charges,

expenses and liabilities to be incurred thereby and any loss and damage it may suffer by reason thereof. None of the provisions contained in this Indenture or any supplemental indenture shall require the Trustee to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers unless indemnified and funded as aforesaid.

(c) The Trustee may, before commencing or at any time during the continuance of any such act, action or proceeding, require the Holders of a series of Securities at whose instance it is acting to deposit with the Trustee the Securities held by them, for which Securities the Trustee shall issue receipts.

(d) Every provision of this Indenture or any supplemental indenture that by its terms relieves the Trustee of liability or entitles it to rely upon any evidence submitted to it is subject to the provisions of the Indenture Legislation, this Section 603 and Section 604.

(e) The Trustee shall not be bound to give any notice or do or take any act, action or proceeding by virtue of the powers conferred on it by this Indenture unless and until it shall have been required so to do under the terms of this Indenture or any supplemental indenture; nor shall the Trustee be required to take notice of any Default or Event of Default hereunder or thereunder, unless and until notified in writing of such Default or Event of Default, which notice shall distinctly specify the Default or Event of Default desired to be brought to the attention of the Trustee and in the absence of any such notice the Trustee may for all purposes of this Indenture or any supplemental indenture conclusively assume that no Default or Event of Default has been made in the observance or performance of any of the representations, warranties, covenants, agreements or conditions contained herein. Any such notice shall in no way limit any discretion herein given the Trustee to determine whether or not the Trustee shall take action with respect to any Default or Event of Default.

(f) The Trustee and its directors, officers, employees, agents and representatives will not be liable for any error of judgment, or for any act done or step taken or omitted by the Trustee in good faith, or for any mistake of fact or law or for anything which the Trustee may do or refrain from doing in connection herewith except for such acts done or steps taken or omitted as a result of the negligence, willful misconduct or fraud of the Trustee or its directors, officers, employees, agents or representatives.

Section 604. Evidence, Experts and Advisers.

(a) In addition to the reports, certificates, opinions, statutory declarations and other evidence required by this Indenture or any supplemental indenture, the

Company or the Guarantor, as the case may be, shall furnish to the Trustee such additional evidence of compliance with any provisions hereof, and in such form as may be prescribed by the Indenture Legislation or as the Trustee may reasonably require by written notice to the Company or the Guarantor.

(b) In the exercise of its rights, duties and obligations, the Trustee may, if it is acting in good faith, act, and rely as to the truth of the statements and the accuracy of the opinions expressed therein, upon statutory declarations, opinions, reports, certificates or other evidence referred to in Section 604(a) provided that the Trustee examines the same and determines that such evidence complies with the terms of this Indenture.

(c) The Trustee may employ or retain with due care such counsel, auditors, accountants, agents, appraisers, brokers or other experts or advisers, whose qualifications give authority to any advice, opinion or report made by them, as it may reasonably require for the purpose of discharging its duties hereunder, shall not be responsible for any misconduct on the part of any of them, and the Trustee may act and rely on the advice, opinion or report of any such expert or adviser and shall not be responsible for any loss occasioned by so acting and relying, unless such action constitutes negligence, fraud or wilful misconduct. The Company will reimburse the Trustee for all reasonable costs, charges and expenses properly incurred by it in employing or retaining such experts and advisers.

Section 605. Certificate, etc. of the Company or the Guarantor as Evidence.

Except as otherwise specifically provided or prescribed by this Indenture or in any supplemental indenture, whenever in the administration of the provisions of this Indenture or any supplemental indenture the Trustee shall deem necessary or desirable that the matter be approved or established prior to taking or admitting any action hereunder, the Trustee, if acting in good faith, may rely and act upon a certificate of the Company or the Guarantor or a written direction of the Company or the Guarantor.

Section 606. Trustee May Deal in Securities.

The Trustee and its Affiliates may buy, sell, lend upon and deal in the Securities or other securities of the Company or the Guarantor, either with the Company or the Guarantor or otherwise, and generally contract and enter into financial transactions with the Company or the Guarantor or otherwise, without being liable to account for any profits made thereby.

Section 607. Trustee Not Required to Give Security.

The Trustee shall not be required to give any bond or security in respect of the execution of the trusts and powers of this Indenture or otherwise in respect of this Indenture.

Section 608. Trustee Not to be Appointed Receiver.

The Trustee and any Person related to the Trustee shall not be appointed a receiver or receiver and manager or liquidator of all or any part of the assets or undertaking of the Company or the Guarantor.

Section 609. Protection of Trustee.

By way of supplement to the provisions of any law for the time being relating to trustees, it is expressly declared and addressed as follows:

(a) The Trustee and its directors, officers, employees, agents and representatives will at all times be indemnified and saved harmless by the Company and the Guarantor from and against all claims, demands, losses, actions, causes of action, costs, charges, expenses, damages, penalties and liabilities whatsoever arising in connection with this Indenture or any supplemental indenture, including, without limitation, those arising out of or related to actions taken or omitted to be taken by the Trustee contemplated hereby, legal fees and disbursements on a solicitor and client basis, and costs and expenses incurred in connection with the enforcement of this indemnity, which the Trustee may suffer or incur, whether at law or in equity, in any way caused by or arising, directly or indirectly, in respect of any act, deed, matter or thing whatsoever made, done, acquiesced in or omitted in or about or in relation to the execution of its duties as Trustee. The foregoing provisions of this Section do not apply in any circumstances where the Trustee or its directors, officers, employees, agents or representatives have acted negligently or engaged in fraud or wilful misconduct. This indemnity shall survive resignation or removal of the Trustee and the discharge of this Indenture or any supplemental indenture;

(b) The Trustee shall not be liable for or by reason of any statements of fact or recitals in this Indenture, any supplemental indenture or in the Securities (except the representation contained in Section 602 and in the certificate of the Trustee on the Securities) or required to verify the same, but all such statements or recitals are and shall be deemed to be made by the Company or the Guarantor;

(c) Nothing herein contained shall impose any obligation on the Trustee to see to or to require evidence of the registration or filing (or renewal thereof) of this Indenture or any instrument ancillary or supplemental hereto;

(d) The Trustee shall not be bound to give notice to any Person of the execution hereof; and

(e) The Trustee shall not incur any liability or responsibility whatever or be in any way responsible for the consequence of any breach on the part of the Company or the Guarantor or any of the covenants herein contained or of any acts of the agents of the Company or the Guarantor.

Section 610. Investment of Trust Moneys.

(a) Unless otherwise provided in this Indenture, any moneys held by the Trustee, which under the trusts of this Indenture may or ought to be invested or which may be on deposit with the Trustee or which may be in the hands of the Trustee, shall be invested and reinvested in the name or under the control of the Trustee in any Authorized Investments (i) prior to the date the Trustee shall have declared the principal of and interest on the applicable series of Securities to be due and payable, at the direction of the Company and (ii) thereafter, as may be directed in a resolution of Holders of such series of Securities. The Trustee will not be obligated to confirm that the investments identified in the foregoing directions are Authorized Investments. Any such direction to the Trustee as to the investment of the funds shall be in writing and shall be provided to the Trustee no later than 10:00 a.m. (Toronto time) on the day on which the investment is to be made. Any such direction received by the Trustee after 10:00 a.m. (Toronto time) or received on a non-Business Day, shall be deemed to have been given prior to 10:00 a.m. (Toronto time) the next Business Day. The Trustee shall not be held liable for any losses incurred in the investment of any funds in Authorized Investments. Pending such investment, such moneys may be deposited by the Trustee in any chartered bank in Canada (including any Affiliate of the Trustee) or maintained in a trust account with the Trustee. The Trustee shall allow interest at its current rate for trust accounts on moneys maintained in a trust account with it and shall credit the Company with interest received or other return obtained on moneys deposited with other depositaries and on all money invested as provided for in this Section 610. For the purposes of this Section 610 "**Authorized Investments**" means interest bearing or discount debt obligations issued or guaranteed by the Government of Canada or a Province of Canada or a Canadian chartered bank (which may include an Affiliate or related party of the Trustee) provided that each such obligation is rated at least R1 (middle) by DBRS Limited (or its successors) or an equivalent rating by any other nationally recognized rating agency and provided that such debt obligations are expressed to mature within one year after their purchase by the Trustee.

(b) Unless and until the Trustee shall have declared the principal of and interest on any series of Securities to be due and payable, the Trustee shall, on request, pay over to the Company all interest received or other return obtained by the Trustee in respect of any investments or deposits made pursuant to the provisions of this Section 610, including interest payable on funds maintained in a trust account with the Trustee.

Section 611. Action by Trustee to Protect Interests.

The Trustee shall have the power to institute and maintain in its name as trustee all and any such actions, suits or proceedings as it may consider necessary or expedient to preserve, protect or enforce its interests and the interests of the Holders of any series of Securities.

Section 612. Replacement of Trustee.

(a) Subject to Section 602, the Trustee may resign from the trusts hereunder and thereupon be discharged from all further duties and liabilities hereunder by giving to the Company 60 days' notice in writing or such shorter notice as the Company may accept as sufficient; provided that the Trustee may resign immediately by giving written notice to the Company in the event that the Holders of any series of Securities pass a resolution which has a material adverse effect on the rights of the Trustee under this Indenture or any supplemental indenture. The Holders of a majority in principal amount of the Outstanding Securities, by Resolution shall have power at any time to remove the Trustee for such series and to appoint a new trustee hereunder. In the event of the Trustee resigning or being removed as aforesaid or being dissolved, becoming bankrupt, going into liquidation or otherwise becoming incapable of acting hereunder, the Company shall forthwith appoint a new trustee hereunder unless a new trustee has already been appointed by the Holders; failing such appointment by the Company, the retiring trustee hereunder (at the expense of the Company) or any Holder may apply to a Judge of the Superior Court of Justice (Ontario), on such notice as such Judge may direct, for the appointment of a new trustee hereunder; but any trustee so appointed by the Company or by the Court shall be subject to removal as aforesaid by the Holders.

(b) Any corporation into which the Trustee may be merged or with which it may be consolidated or amalgamated, or any corporation resulting from any merger, consolidation or amalgamation to which the Trustee shall be a party or any corporation which acquires all or substantially all of the corporate trust business of the Trustee, shall be the successor trustee under this Indenture without the necessity of the execution of any instrument or any further act. In case any Securities shall have been authenticated, but not delivered, by the Trustee then in office, any successor by merger,

amalgamation or consolidation to such authenticating Trustee may adopt such authentication and deliver the Securities so authenticated with the same effect as if such successor Trustee had itself authenticated such Securities. In case any Securities shall not have been authenticated by such predecessor Trustee, any such successor Trustee may authenticate and deliver such Securities, in either its own name or that of its predecessor Trustee, with the full force and effect which this Indenture provides for in the certificate of authentication of the Trustee.

(c) Upon the written request of the successor trustee or of the Company, the Trustee ceasing to act shall, subject to the payment of its outstanding remuneration and expenses, execute and deliver an instrument assigning and transferring to such successor trustee, upon the trusts herein expressed, all the rights, powers and trusts of the Trustee so ceasing to act, and shall duly assign, transfer and deliver all property and money held by such Trustee to the successor trustee so appointed in its place. Should any deed, conveyance or instrument in writing from the Company be required by any new trustee for more fully and certainly vesting in and confirming to it such estates, properties, rights, powers and trusts, then any and all such deeds, conveyances and instruments in writing shall on request of such new trustee be made, executed, acknowledged and delivered by the Company.

(d) Any new trustee appointed under any provision of this Section 612 shall be a corporation authorized and qualified to carry on the business of a trust company in the Province of Ontario and every other jurisdiction where such authorization or qualification is necessary to enable it to act as trustee hereunder, shall certify that it will not have any material conflict of interest upon becoming trustee hereunder, and shall accept the trusts herein declared and provided for. On any new appointment, the new trustee shall be vested with the same powers, rights, duties and responsibilities as if it had been originally named herein as Trustee.

Section 613. Authority to Carry on Business.

The Trustee represents to each of the Company and the Guarantor that at the date of execution and delivery by it of this Indenture, it is authorized to carry on the business of a trust company in all of the Provinces of Canada but if, notwithstanding the provisions of this Section, it ceases to be so authorized to carry on business, the validity and enforceability of this Indenture and the Securities issued hereunder shall not be affected in any manner whatsoever by reason only of such event but the Trustee shall, within 90 days after ceasing to be authorized to carry on the business of a trust company in any of the Provinces of Canada, either become so authorized or resign in the manner and with the effect specified in Section 612.

Section 614. Acceptance of Trusts.

The Trustee accepts the trusts in this Indenture declared and provided for and agrees to perform the same upon the terms and conditions herein set forth and in trust for the various Persons who shall from time to time be Holders, subject to the terms and conditions herein set forth.

Section 615. Appointment of Authenticating Agent.

At any time when any of the Securities remain Outstanding, the Trustee may appoint an authenticating agent or agents with respect to one or more series of Securities which shall be authorized to act on behalf of the Trustee to authenticate Securities of such series issued upon exchange, registration of transfer or partial redemption thereof or partial repayment therefor (an "**Authenticating Agent**"), and Securities so authenticated shall be entitled to the benefits of this Indenture and shall be valid and obligatory for all purposes as if authenticated by the Trustee hereunder. Any such appointment shall be evidenced by an instrument in writing signed by a Responsible Officer of the Trustee, a copy of which instrument shall be promptly furnished to the Company. Wherever reference is made in this Indenture to the authentication and delivery of Securities by the Trustee or the Trustee's certificate of authentication, such reference shall be deemed to include authentication and delivery on behalf of the Trustee by an Authenticating Agent and a certificate of authentication executed on behalf of the Trustee by an Authenticating Agent. Each Authenticating Agent shall be acceptable to the Company and, except as may otherwise be provided pursuant to Section 301, shall at all times be a bank or trust company or corporation organized and doing business and in good standing under the laws of Canada or any Province thereof, authorized under such laws to act as Authenticating Agent, having a combined capital and surplus of not less than $50,000,000 and subject to supervision or examination by Federal or Provincial authorities. If such Authenticating Agent publishes reports of condition at least annually, pursuant to law or the requirements of the aforesaid supervising or examining authority, then for the purposes of this Section, the combined capital and surplus of such Authenticating Agent shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time an Authenticating Agent shall cease to be eligible in accordance with the provisions of this Section, such Authenticating Agent shall resign immediately in the manner and with the effect specified in this Section.

Any corporation into which an Authenticating Agent may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which such Authenticating Agent shall be a party or any corporation which acquires all or substantially all of the corporate trust business of the Trustee, or any corporation succeeding to the corporate agency or corporate trust business of an Authenticating Agent, shall continue to be an Authenticating Agent, provided such corporation shall be otherwise eligible under

this Section, without the execution or filing of any paper or further act on the part of the Trustee or the Authenticating Agent.

An Authenticating Agent for any series of Securities may at any time resign by giving written notice of resignation to the Trustee for such series and to the Company. The Trustee for any series of Securities may at any time terminate the agency of an Authenticating Agent by giving written notice of termination to such Authenticating Agent and to the Company. Upon receiving such a notice of resignation or upon such a termination, or in case at any time such Authenticating Agent shall cease to be eligible in accordance with the provisions of this Section, the Trustee for such series may appoint a successor Authenticating Agent which shall be acceptable to the Company and shall give notice of such appointment to all Holders of Securities of the series with respect to which such Authenticating Agent will serve in the manner set forth in Section 106. Any successor Authenticating Agent upon acceptance of its appointment hereunder shall become vested with all the rights, powers and duties of its predecessor hereunder, with like effect as if originally named as an Authenticating Agent herein. No successor Authenticating Agent shall be appointed unless eligible under the provisions of this Section.

The Company agrees to pay to each Authenticating Agent from time to time reasonable compensation including reimbursement of its reasonable expenses for its services under this Section.

If an appointment with respect to one or more series is made pursuant to this Section, the Securities of such series may have endorsed thereon, in addition to or in lieu of the Trustee's certificate of authentication, an alternate certificate of authentication substantially in the following form:

This note is one of the Securities of the series designated therein referred to in the trust indenture dated as of June 1, 2012 among John Deere Canada Funding Inc., John Deere Capital Corporation and Computershare Trust Company of Canada, as trustee.

COMPUTERSHARE TRUST COMPANY OF CANADA
as Trustee

By: _____
Authorized Officer

By: _____
Authorized Officer

Section 616. Authorized Officer Compensation and Reimbursement.

The Company (and the Guarantor, to the extent that the Company fails to do so) agrees to pay to the Trustee from time to time such compensation for all services rendered by it hereunder as has been agreed upon in writing (which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust) and shall pay or reimburse the Trustee for all reasonable expenses, disbursements and advances incurred or made by the Trustee in the administration or execution of its duties under this Indenture (including the reasonable compensation and disbursements of its agents and counsel and all other advisers and assistants not regularly in its employ), both before any default hereunder and thereafter until all duties of the Trustee under this Indenture shall be finally and fully performed, except any such expense, disbursement or advance as may be attributable to negligence, fraud or willful misconduct on the part of the Trustee, or its employees or representatives. Any amount owing under this Section and unpaid thirty (30) days after request for such payment will bear interest from the expiration of such thirty (30) days at a rate per annum equal to the then current rate charged by the Trustee, payable on demand.

Section 617. Right to Disclose Information.

Subject to the provisions of any applicable privacy legislation, the Trustee shall have the right to disclose any information disclosed or released to it in its capacity as trustee hereunder if, in the reasonable opinion of the Trustee or its legal counsel, it is required to make such disclosure pursuant to applicable laws, a court order or administrative directions provided that (i) if the information pertains to an individual, the Trustee shall not disclose such information unless such disclosure is (A) required to comply with a subpoena or warrant issued or an order made by a court, person or body with jurisdiction to compel the production of information, or to comply with rules of court relating to the production of records or (B) made to a government institution or part of a government institution that has made a request for the information, identified its lawful authority to obtain the information and

indicated that (1) it suspects that the information relates to national security, the defence of Canada or the conduct of international affairs, (2) the disclosure is requested for the purpose of enforcing any law of Canada, a Province thereof or a foreign jurisdiction, carrying out an investigation relating to the enforcement of any such law or gathering intelligence for the purpose of enforcing any such law, or (3) the disclosure is requested for the purpose of administering any law of Canada or a Province thereof; and (ii) the Trustee shall, to the extent permitted by law, provide notice to the Company and the Guarantor prior to any such disclosure being made. The Trustee shall not be responsible or liable to any party for any loss or damage arising out of, or in any way sustained or incurred in connection with, such disclosure.

Section 618. Trustee Not Bound to Act.

(a) The Trustee shall retain the right not to act and shall not be liable for refusing to act if, due to a lack of information or for any other reason whatsoever, the Trustee, in its sole judgment, determines at any time:

(1) that such act would cause it to be in non-compliance with any applicable anti-money laundering or anti-terrorist legislation, regulation or guideline; or

(2) that its acting under this Indenture has resulted in its being in non-compliance with any applicable anti-money laundering or anti-terrorist legislation, regulation or guideline.

(b) In the event that the Trustee exercises its rights under Section 618(a)(1) or (2) above, the Trustee:

(1) shall provide written notice to the Company and the Guarantor that describes the circumstances of such non-compliance; and

(2) shall allow the Company and Guarantor opportunity to rectify such circumstances to the Trustee's satisfaction, acting reasonably, within 10 Business Days of the notice being provided in accordance with Section 618(b)(1).

(c) Upon the rectification by the Company or the Guarantor of such circumstances in accordance with Section 618(b)(2), the Trustee shall not refuse to act following such rectification.

(d) The Trustee shall have the right to resign upon 30 days written notice to the Company and the Guarantor following the expiry of the period set out in Section 618(b)(2) if the Company and/or the Guarantor have not rectified such circumstances.

Section 619. Third Party Interests.

The Company hereby represents to the Trustee that any account to be opened by, or interest to be held by, the Trustee in connection with this Indenture for or to the credit of the Company is not intended to be used by or on behalf of any third party that is not participating in any transaction contemplated hereby in any capacity, including but not limited to as issuer, guarantor, registered holder or beneficial holder.

Section 620. Compliance with Privacy Laws.

Notwithstanding any other provision of this Indenture, no party to this Indenture shall take or direct any action that would contravene, or cause the other to contravene, applicable federal and/or provincial legislation that addresses the protection of individuals' personal information (collectively, the "**Privacy Laws**"). The Company shall, prior to transferring or causing to be transferred personal information to the Trustee, obtain and retain required consents of the relevant individuals to the collection, use and disclosure of their personal information, or shall have determined that such consents either have previously been given upon which the parties can rely or are not required under the Privacy Laws. The Trustee shall use commercially reasonable efforts to ensure that its services hereunder comply with Privacy Laws. Specifically, the Trustee agrees: (a) to have a designated chief privacy officer; (b) to maintain policies and procedures to protect personal information and to receive and respond to any privacy complaint or inquiry; (c) to use personal information solely for the purposes of providing its services under or ancillary to this Indenture and not to use it for any other purpose except with the consent of or direction from the Company or the individual involved; (d) not to sell or otherwise improperly disclose personal information to any third party; and (e) to employ administrative, physical and technological safeguards to reasonably secure and protect personal information against loss, theft, or unauthorized access, use or modification.

Section 621. Force Majeure.

Except for the payment obligations of the Company and Guarantor contained herein, none of the Company, the Trustee nor the Guarantor shall be liable each to the other, or held in breach of this Indenture, if prevented, hindered, or delayed in the performance or observance of any provision contained herein by reason of act of God, riots, terrorism, acts of war, epidemics, governmental action or judicial order, earthquakes, or any other similar causes (including, but not limited to, general mechanical, electronic or communication interruptions, disruptions or failures not specifically affecting one party to a greater extent than another). Performance times under this Indenture shall be extended for a period of time equivalent to the time lost because of any delay that is excusable under this Section 621.

Section 622. SEC Filing/Reporting.

The Company confirms that as at the date of execution of this agreement, it does not have a class of securities registered pursuant to Section 12 of the United States Securities Exchange Act of 1934, as amended (the "**US Securities Exchange Act**") or have a reporting obligation pursuant to Section 15(d) of the US Securities Exchange Act. The Company covenants that, in the event that (i) any class of its securities shall become registered pursuant to Section 12 of the US Securities Exchange Act or the Company shall incur a reporting obligation pursuant to Section 15(d) of the US Securities Exchange Act, or (ii) any such registration or reporting obligation shall be terminated by the Company in accordance with the US Securities Exchange Act, the Company shall promptly deliver to the Trustee an Officer's Certificate (in a form provided by the Trustee), notifying the Trustee of such registration or termination, as the case may be, and such other information as the Trustee may require at the time. The Company acknowledges that the Trustee is relying upon the foregoing representation and covenants in order to meet certain obligations with respect to those clients who are filing with the U.S. Securities and Exchange Commission.

ARTICLE 7
HOLDERS' LISTS AND REPORTS BY COMPANY AND GUARANTOR

Section 701. Disclosure of Names and Addresses of Holders.

The Trustee shall preserve, in as current a form as is reasonably practicable: (i) the names and addresses of Holders of Registered Securities (x) contained in the most recent list furnished to the Trustee for each series, (y) received by the Trustee for each series in the capacity of Security Registrar if the Trustee is then acting in such capacity, and (z) filed with it within the two preceding years; (ii) the principal amount of outstanding Securities owned by each such Holder; and (iii) the aggregate principal amount of Outstanding Securities. The Trustee may destroy, at the request of the Company any list furnished to it, and destroy not earlier than two years after filing, any information filed with it pursuant to Section 702(a) or Section 702(b).

Section 702. Filings by Company and Guarantor.

(a) The Company will for so long as there are any Outstanding Securities:

(1) file with the Canadian Securities Commissions, copies of all reports, information and other documents other than press releases (or copies of such portions of any of the foregoing as the Canadian Securities Commissions may from time to time prescribe pursuant to Canadian Securities Laws) which the Company may be required to file with the

Canadian Securities Commissions pursuant to Canadian Securities Laws; and

(2) file with the Canadian Securities Commissions, in accordance with Canadian Securities Laws and Indenture Legislation, such additional information, documents and reports with respect to compliance by the Company with the conditions and covenants of this Indenture as may be required from time to time by Canadian Securities Laws and Indenture Legislation.

(b) The Guarantor will for so long as there are any Outstanding Securities:

(1) file with the Commission, copies of the annual reports and of the information, documents, and other reports (or copies of such portions of any of the foregoing as the Commission may from time to time by rules and regulations prescribe) which the Guarantor may be required to file with the Commission pursuant to Section 13 or Section 15(d) of the *Securities Exchange Act* of 1934; or, if the Guarantor is not required to file information, documents or reports pursuant to either of such Sections, then it will file with the Commission, in accordance with rules and regulations prescribed from time to time by the Commission, such of the supplementary and periodic information, documents and reports which may be required pursuant to Section 13 of the *Securities Exchange Act* of 1934 in respect of a security listed and registered on a national securities exchange as may be prescribed from time to time in such rules and regulations; and

(2) file with the Commission, in accordance with rules and regulations prescribed from time to time by the Commission, such additional information, documents and reports with respect to compliance by the Guarantor with the conditions and covenants of this Indenture as may be required from time to time by such rules and regulations.

Section 703. Calculation of Original Issue Discount.

Upon request of the Trustee, the Company shall file with the Trustee promptly at the end of each calendar year a written notice specifying the amount of original issue discount (including daily rates and accrual periods), if any, accrued on Outstanding Securities as of the end of such year.

ARTICLE 8
AMALGAMATION, CONVEYANCE OR TRANSFER

Section 801. Company May Amalgamate, etc., Only on Certain Terms.

The Company shall not enter into an arrangement, amalgamate or merge with or into any other corporation or convey or transfer its properties and assets substantially as an entirety to any Person, unless:

(1) either the Company shall be the continuing corporation, or the corporation (if other than the Company) formed by such arrangement, merger or amalgamation or into which the Company is amalgamated or the Person which acquires by conveyance or transfer the properties and assets of the Company substantially as an entirety shall expressly assume, by an indenture supplemental hereto, executed and delivered to the Trustee, in form satisfactory to the Trustee, the due and punctual payment of the principal of (and premium, if any) and interest, if any, on all the Securities and the performance of every covenant of this Indenture on the part of the Company to be performed or observed, provided, that if the Company as the continuing corporation, or the corporation (if other than the Company) formed by such arrangement, merger or amalgamation or into which the Company is amalgamated or the Person which acquires by conveyance or transfer the properties and assets of the Company is not a resident of Canada for purposes of the *Income Tax Act* (Canada), then such supplemental indenture shall contain standard provisions providing for the payment of "additional amounts" as a gross-up for taxes by the Company, such corporation or Person, as the case may be;

(2) immediately after giving effect to such transaction, no Default or Event of Default shall have occurred and be continuing; and

(3) the Company and the successor Person (if other than the Company) shall have delivered to the Trustee an Officers' Certificate and an Opinion of Counsel each stating that such amalgamation, arrangement, merger, conveyance or transfer and such supplemental indenture comply with this Article and that all conditions precedent herein provided for relating to such transaction have been complied with.

Section 802. Guarantor May Consolidate, etc., Only on Certain Terms.

The Guarantor shall not consolidate with or merge with or into any other corporation or convey or transfer its properties and assets substantially as an entirety to any Person, unless:

(1) either the Guarantor shall be the continuing corporation, or the corporation (if other than the Guarantor) formed by such consolidation or into which the Guarantor is merged or the Person which acquires by conveyance or transfer the properties and assets of the Guarantor substantially as an entirety shall expressly assume, by an indenture supplemental hereto, executed and delivered to the Trustee, in form satisfactory to the Trustee, the guarantee of the due and punctual payment of the principal of (and premium if any) and interest, if any, and Additional Amounts, if any, on all the Securities and the performance of every covenant of this Indenture on the part of the Guarantor to be performed or observed;

(2) immediately after giving effect to such transaction, no Default or Event of Default shall have occurred and be continuing;

(3) if as a result thereof any property or assets of the Guarantor or a Subsidiary would become subject to any mortgage, lien, pledge, charge or other encumbrance not permitted by (1) through (10) of Section 1006, compliance shall be affected by providing security in accordance with the first clause of Section 1006; and

(4) the Guarantor and the successor Person (if other than the Guarantor) shall have delivered to the Trustee an Officers' Certificate and an Opinion of Counsel each stating that such consolidation, merger, conveyance or transfer and such supplemental indenture comply with this Article and that all conditions precedent herein provided for relating to such transaction have been complied with.

Section 803. Successor Person Substituted.

Upon any arrangement, consolidation, amalgamation or merger, or any conveyance or transfer of the properties and assets of the Company or the Guarantor, as the case may be, substantially as an entirety in accordance with Section 801 or Section 802, the successor corporation formed by such arrangement, consolidation, amalgamation or merger or into which the Company or the Guarantor, as the case may be, is merged or the successor Person to which such conveyance or transfer is made shall succeed to, and be substituted for, and may exercise every right and power of, the Company or the Guarantor, as the case may be, under this Indenture with the same effect as if such successor had been named as the Company or the Guarantor, as the case may be, herein; and in the event of any such conveyance or transfer, the Company or the Guarantor, as the case may be, shall be discharged from all obligations and covenants under this Indenture and the Securities and may be dissolved and liquidated.

ARTICLE 9
SUPPLEMENTAL INDENTURES

Section 901. Supplemental Indentures Without Consent of Holders.

Without the consent of any Holders of Securities, the Company or the Guarantor, when authorized by or pursuant to Board Resolutions, and the Trustee, at any time and from time to time, may enter into one or more indentures supplemental hereto, in form satisfactory to the Trustee, for any of the following purposes:

(1) to evidence the succession of another Person to the Company or the Guarantor and the assumption by any such successor of the covenants of the Company or the Guarantor herein and in the Securities contained; or

(2) to add to the covenants of the Company or the Guarantor for the benefit of the Holders of all or any series of Securities (and if such covenants are to be for the benefit of less than all series of Securities, stating that such covenants are expressly being included solely for the benefit of such series) or to surrender any right or power herein conferred upon the Company or the Guarantor; or

(3) to add any additional Events of Default for the benefit of the Holders of all or any series of Securities (and if such Events of Default are to be for the benefit of less than all series of Securities, stating that such Events of Default are expressly being included solely for the benefit of such series); provided, however, that in respect of any such additional Events of Default such supplemental indenture may provide for a particular period of grace after default (which period may be shorter or longer than that allowed in the case of other defaults) or may provide for an immediate enforcement upon such default or may limit the remedies available to the Trustee upon such default or may limit the right of the Holders of a majority in aggregate principal amount of that or those series of Securities to which such additional Events of Default apply to waive such default; or

(4) to change or eliminate any of the provisions of this Indenture; provided that any such change or elimination shall become effective only when there is no Security Outstanding of any series created prior to the execution of such supplemental indenture which is entitled to the benefit of such provision; or

(5) to secure the Securities pursuant to the requirements of Section 802, Section 1006 or otherwise; or

(6) to establish the form or terms of Securities of any series as permitted by Section 201 and Section 301, including the provisions and procedures relating to Securities exchangeable for any securities of any Person (including the Company); or

(7) to evidence and provide for the acceptance of appointment hereunder by a successor Trustee with respect to the Securities of one or more series and to add to or change any of the provisions of this Indenture as shall be necessary to provide for or facilitate the administration of the trusts hereunder by more than one Trustee; or

(8) to cure any ambiguity, to correct or supplement any provision herein which may be inconsistent with any other provision herein, or to make any other provisions with respect to matters or questions arising under this Indenture; provided that such action shall not adversely affect the interests of the Holders of Securities of any series in any material respect; or

(9) to provide for uncertificated Securities in addition to or in place of certificated Securities; or

(10) to supplement any of the provisions of this Indenture to such extent as shall be necessary to permit or facilitate the defeasance and/or covenant defeasance and discharge of any series of Securities pursuant to Section 401, Section 1402 and Section 1403; provided that any such action shall not adversely affect the interests of the Holders of Securities of such series or any other series of Securities in any material respect.

Section 902. Supplemental Indentures With Consent of Holders.

With the consent of the Holders of not less than a majority in principal amount of all Outstanding Securities of the one or more series affected by such supplemental indenture, by Act of such Holders delivered to the Company, the Guarantor and the Trustee, the Company and the Guarantor, when authorized by or pursuant to Board Resolutions, and the Trustee may enter into an indenture or indentures supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Indenture or of modifying in any manner the rights of the Holders of Securities of each such series under this Indenture; provided, however, that no such supplemental indenture shall, without the consent of the Holder of each Outstanding Security of each such series affected thereby:

(1) change the Stated Maturity of the principal of (or premium, if any, on) or any instalment of principal of or interest on, any Security, subject to

the provisions of Section 308; or reduce the principal amount thereof or the rate of interest (or change the manner of calculating the rate of interest, thereon, or any premium payable upon the redemption thereof, or change any obligation of the Guarantor to pay Additional Amounts pursuant to Section 1602 (except as contemplated by Section 802(1) and permitted by Section 901(1)), or reduce the portion of the principal of an Original Issue Discount Security or Indexed Security that would be due and payable upon a declaration of acceleration of the Maturity thereof pursuant to Section 502 or the amount thereof provable in bankruptcy pursuant to Section 504, or adversely affect any right of repayment at the option of the Holder of any Security, or change any Place of Payment where, or the Currency in which, any Security or any premium or interest thereon is payable, or impair the right to institute suit for the enforcement of any such payment on or after the Stated Maturity thereof (or, in the case of redemption or repayment at the option of the Holder, on or after the Redemption Date or the Repayment Date, as the case may be), or change the obligations of the Guarantor set out in Article 16;

(2) reduce the percentage in principal amount of the Outstanding Securities of any series, the consent of whose Holders is required for any such supplemental indenture, or the consent of whose Holders is required for any waiver with respect to such series (or required for compliance with certain provisions of this Indenture or required to waive certain defaults hereunder and their consequences) provided for in this Indenture, or reduce the requirements of Section 1504 for quorum or voting, or

(3) modify any of the provisions of this Section, Section 513 or Section 1005, except to increase any such percentage or to provide that certain other provisions of this Indenture cannot be modified or waived without the consent of the Holder of each Outstanding Security affected thereby.

It shall not be necessary for any Act of Holders under this Section to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such Act shall approve the substance thereof.

A supplemental indenture which changes or eliminates any covenant or other provision of this Indenture which has expressly been included solely for the benefit of one or more particular series of Securities, or which modifies the rights of the Holders of Securities of such series with respect to such covenant or other provision, shall be deemed not to affect the rights under this Indenture of the Holders of Securities of any other series.

The Company may, but shall not be obligated to, fix a record date for the purpose of determining the Persons entitled to consent to any indenture supplemental hereto. If a record date is fixed, the Holders on such record date, or their duly designated proxies, and only such Persons, shall be entitled to consent to such supplemental indenture, whether or not such Holders remain Holders after such record date; provided, that unless such consent shall have become effective by virtue of the requisite percentage having been obtained prior to the date which is 90 days after such record date, any such consent previously given shall automatically and without further action by any Holder be cancelled and of no further effect.

Section 903. Execution of Supplemental Indentures.

In executing, or accepting the additional trusts created by, any supplemental indenture permitted by this Article or the modification thereby of the trusts created by this Indenture, the Trustee shall be entitled to receive, and shall be fully protected in relying upon, an Opinion of Counsel stating that the execution of such supplemental indenture is authorized or permitted by this Indenture. The Trustee may, but shall not be obligated to, enter into any such supplemental indenture which affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

Section 904. Effect of Supplemental Indentures.

Upon the execution of any supplemental indenture under this Article, this Indenture shall be modified in accordance therewith, and such supplemental indenture shall form a part of this Indenture for all purposes; and every Holder of Securities of the applicable series theretofore or thereafter authenticated and delivered hereunder shall be bound thereby.

Section 905. Compliance with Trust Indenture Legislation.

Every amendment to this Indenture or the Securities shall be set forth in a supplemental indenture that complies with the provisions of Indenture Legislation.

Section 906. Reference in Securities to Supplemental Indentures.

Securities of any series authenticated and delivered after the execution of any supplemental indenture pursuant to this Article may, and shall, if required by the Trustee, bear a notation in form approved by the Trustee as to any matter provided for in such supplemental indenture. If the Company shall so determine, new Securities of any series so modified as to conform, in the opinion of the Trustee and the Company, to any such supplemental indenture may be prepared and executed by the Company and authenticated and delivered by the Trustee in exchange for Outstanding Securities of such series.

ARTICLE 10
COVENANTS

Section 1001. Payment of Principal, Premium, if any, and Interest.

The Company covenants and agrees for the benefit of the Holders of each series of Securities that it will duly and punctually pay the principal of (and premium, if any) and interest, if any, on the Securities of that series in accordance with the terms of such series of Securities. Unless otherwise specified with respect to Securities of any series, at the option of the Company, all payments of principal may be paid by cheque or wire transfer to the registered Holder of the Registered Security or other person entitled thereto against surrender of such Security.

Section 1002. Maintenance of Office or Agency.

If Securities of a series are issuable only as Registered Securities, the Company shall maintain in each Place of Payment for any series of Securities an office or agency where Securities of that series may be presented or surrendered for payment, where Securities of that series may be surrendered for registration of transfer or exchange, where Securities of that series that are exchangeable may be surrendered for exchange, and where notices and demands to or upon the Company in respect of the Securities of that series and this Indenture may be served. The Company will give prompt written notice to the Trustee of the location, and any change in the location, of each such office or agency. If at any time the Company shall fail to maintain any such required office or agency or shall fail to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office of the Trustee, and the Company hereby appoints the same as its agent to receive such respective presentations, surrenders, notices and demands, and the Company hereby appoints the Trustee its agent to receive all such presentations, surrenders, notices and demands.

The Company may from time to time designate one or more other offices or agencies where the Securities of one or more series may be presented or surrendered for any or all of such purposes, and may from time to time rescind such designations; provided, however, that no such designation or rescission shall in any manner relieve the Company of its obligation to maintain an office or agency in accordance with the requirements set forth above for Securities of any series for such purposes. The Company will give prompt written notice to the Trustee of any such designation or rescission and of any change in the location of any such other office or agency. Unless otherwise specified with respect to any Securities pursuant to Section 301 with respect to a series of Securities, the Company hereby initially appoints the Trustee as Paying Agent and designates as a Place of Payment, the Trustee's Corporate Trust Office where such Paying Agent will receive all such presentations, surrenders, notices and demands.

Unless otherwise specified with respect to any Securities, if and so long as the Securities of any series (i) are denominated in a currency other than Dollars or (ii) may be payable in a currency other than Dollars, or so long as it is required under any other provision of this Indenture, then the Company will maintain with respect to each such series of Securities, or as so required, at least one Exchange Rate Agent.

Section 1003. Money for Securities Payments to be Held in Trust.

If the Company shall at any time act as its own Paying Agent with respect to any series of any Securities, it will, on or before each due date of the principal of (or premium, if any) or interest, if any, on any of the Securities of that series, segregate and hold in trust for the benefit of the Persons entitled thereto a sum in the Currency in which the Securities of such series are payable (except as otherwise specified pursuant to Section 301 for the Securities of such series and except, if applicable, as provided in Section 313(b), Section 313(d) and Section 313(e)) sufficient to pay the principal (and premium, if any) and interest, if any, on Securities of such series so becoming due until such sums shall be paid to such Persons or otherwise disposed of as herein provided, and will promptly notify the Trustee of its action or failure so to act.

Whenever the Company shall have one or more Paying Agents for any series of Securities, it will, on or before each due date of the principal of (or premium, if any) or interest, if any, on any Securities of that series, deposit with a Paying Agent a sum (in the Currency described in the preceding paragraph) sufficient to pay the principal (or premium, if any) or interest, if any, so becoming due, such sum to be held in trust for the benefit of the Persons entitled to such principal, premium or interest and (unless such Paying Agent is the Trustee) the Company will promptly notify the Trustee of its action or failure so to act.

The Company may at any time, for the purpose of obtaining the satisfaction and discharge of this Indenture or for any other purpose, pay, or by Company Order direct any Paying Agent to pay, to the Trustee all sums held in trust by the Company or such Paying Agent, such sums to be held by the Trustee upon the same trusts as those upon which such sums were held by the Company or such Paying Agent; and, upon such payment by any Paying Agent to the Trustee, such Paying Agent shall be released from all further liability with respect to such sums.

Except as otherwise provided in the Securities of any series, any money deposited with the Trustee or any Paying Agent, or then held by the Company, in trust for the payment of the principal of (or premium, if any) or interest, if any, on any Security of any series and remaining unclaimed for two years after such principal, premium or interest has become due and payable shall be paid to the Company upon Company Request or (if then held by the Company) shall be discharged from such trust; and the Holder of such Security shall thereafter, as an

unsecured general creditor, look only to the Company for payment of such principal, premium or interest on any Security, without interest thereon, and all liability of the Trustee or such Paying Agent with respect to such trust money, and all liability of the Company as trustee thereof, shall thereupon cease; provided, however, that the Trustee or such Paying Agent, before being required to make any such repayment, may at the expense of the Company cause to be published once, in an Authorized Newspaper, notice that such money remains unclaimed and that, after a date specified therein, which shall not be less than 30 days from the date of such publication, any unclaimed balance of such money then remaining will be repaid to the Company.

Section 1004. Statement as to Compliance of the Company.

The Company will deliver to the Trustee, at least once in every 12 month period commencing on the date the first Securities are issued hereunder, a certificate which need not comply with the requirements of Section 102, from the principal executive officer, principal financial officer or principal accounting officer as to his or her knowledge of the Company's compliance with all conditions and covenants under this Indenture that if not complied with, would, with the giving of notice, lapse of time or otherwise, constitute an Event of Default, or if there has been failure to so comply, giving particulars thereof. For purposes of this Section 1004, such compliance shall be determined without regard to any period of grace or requirement of notice under this Indenture.

Section 1005. Waiver of Certain Covenants.

The Company or the Guarantor, as the case may be, may omit in any particular instance to comply with any applicable term, provision or condition set forth in Section 1006, Section 1007 and, as specified pursuant to Section 301(17) for Securities of any series, in any covenants of the Company or the Guarantor, as the case may be, added to Article 10 pursuant to Section 301(16) or Section 301(17) in connection with Securities of a series, if before or after the time for such compliance the Holders of at least a majority in principal amount of all Outstanding Securities, by Act of such Holders, waive such compliance in such instance or generally waive compliance with such term, provision or condition, but no such waiver shall extend to or affect such term, provision or condition except to the extent so expressly waived, and, until such waiver shall become effective, the obligations of the Company and the Guarantor and the duties of the Trustee in respect of any such term, provision or condition shall remain in full force and effect.

Section 1006. Limitations on Liens of the Guarantor.

Except as provided in this Section, the Guarantor will not, and will not permit any Subsidiary to, at any time pledge or otherwise subject to any lien any of its property or assets, or any of the property or assets of a Subsidiary, without thereby

expressly securing the due and punctual payment of the principal of and the interest on the Securities equally and ratably with any and all other obligations and indebtedness secured by such pledge or other lien, so long as any such other obligations and indebtedness shall be so secured, and the Guarantor covenants that if and when any such pledge or other lien is created, the Securities will be so secured thereby; provided, however, that this restriction shall not apply to:

(1) the giving of any lien or charge on fixed assets or other physical properties hereafter acquired to secure all or part of the purchase price thereof or the acquiring hereafter of such assets or properties subject to any existing lien or charge securing indebtedness (whether or not assumed);

(2) easements, liens, franchises or other minor encumbrances on or over any real property which do not materially detract from the value of such property or its use in the business of the Guarantor or a Subsidiary;

(3) any deposit or pledge of assets (i) with any surety company or clerk of any court, or in escrow, as collateral in connection with, or in lieu of, any bond on appeal from any judgment or decree against the Guarantor or a Subsidiary, or in connection with other proceedings or actions at law or in equity by or against the Guarantor or a Subsidiary, or (ii) as security for the performance of any contract or undertaking not directly or indirectly related to the borrowing of money or the securing of indebtedness, if made in the ordinary course of business, or (iii) with any governmental agency, which deposit or pledge is required or permitted to qualify the Guarantor or a Subsidiary to conduct business, to maintain self-insurance, or to obtain the benefits of any law pertaining to workmen's compensation, unemployment insurance, old age pensions, social security, or similar matters, or (iv) made in the ordinary course of business to obtain the release of mechanics', workmen's, repairmen's, warehousemen's or similar liens, or the release of property in the possession of a common carrier;

(4) mortgages and pledges, liens or charges by a Subsidiary as security for indebtedness owed to the Guarantor;

(5) liens for taxes and governmental charges not yet due or contested by appropriate proceeding in good faith;

(6) mortgages, pledges, liens or charges existing on property acquired by the Guarantor or a Subsidiary through the exercise of rights arising out of defaults on receivables acquired in the ordinary course of business;

(7) judgment liens, so long as the finality of such judgment is being contested in good faith and execution thereon is stayed;

(8) any claim in favour of the Trustee or any predecessor, pursuant to Section 616;

(9) any pledge or lien (other than directly or indirectly to secure borrowed money) if, after giving effect thereto, the aggregate principal sums secured by pledges or liens otherwise within the restrictions in this Section 1006 contained do not exceed U.S.$500,000;

(10) any transaction characterized as a sale of receivables (retail or wholesale) but reflected as secured indebtedness on a balance sheet in conformity with generally accepted accounting principles then in effect;

(11) any mortgage, pledge or lien securing the aggregate outstanding indebtedness for borrowed money, owner trust certificates (however classified) or credit enhancements incurred in connection with transactions involving (i) the sale, transfer or other disposition of receivables or leases (retail or wholesale) by the Guarantor or any of its Subsidiaries and (ii) the issuance of commercial paper, medium term notes or any other form of financing by any structured bankruptcy-remote Subsidiary of the Guarantor or any related conduit lender; and

(12) cash collateral provided to any counterparty of the Guarantor or of any Subsidiary in connection with any derivative transaction.

Section 1007. Statement as to Compliance of the Guarantor.

The Guarantor will deliver to the Trustee, at least once in every 12 month period commencing on the date the first Securities are issued hereunder, a certificate which need not comply with the requirements of Section 102 from the principal executive officer, principal financial officer or principal accounting officer as to his or her knowledge of the Guarantor's compliance with all conditions and covenants under this Indenture that if not complied with, would, with the giving of notice, lapse of time or otherwise, constitute an Event of Default, or if there has been failure to so comply, giving particulars thereof. For purposes of this Section 1007, such compliance shall be determined without regard to any period of grace or requirement of notice under this Indenture.

Section 1008. Corporate Existence.

Subject to Section 801, the Company covenants with the Trustee that so long as any Securities remain outstanding, it will do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence and

corporate power and authority, provided that this Section shall not prohibit the Company from continuing as a corporation, an unlimited liability company or a limited liability company under the laws of Canada or a province thereof.

Section 1009. Performance of Covenants by Trustee.

If the Company or the Guarantor, as the case may be, shall fail to perform any of its covenants contained in this Indenture the Trustee may itself perform any of said covenants capable of being performed by it, but shall be under no obligation to do so. All sums expended or advanced by the Trustee shall be repayable as provided in Section 609. No such performance or advance by the Trustee shall be deemed to relieve the Company or the Guarantor, as the case may be, of any Default hereunder.

Section 1010. Payment of Taxes and Other Claims.

The Company will pay or discharge or cause to be paid or discharged, as and when the same shall become due and payable, (i) all material taxes, assessments and governmental charges levied or imposed upon or upon the income, profits or property of it, and (ii) all lawful material claims for labour, materials and supplies which, if unpaid, might by law become a lien upon its property; provided, however, that they shall not be required to pay or discharge or cause to be paid or discharged any such tax, assessment, charge or claim whose amount, applicability or validity is being contested in good faith by appropriate proceedings and for which adequate provision has been made.

ARTICLE 11
REDEMPTION OF SECURITIES

Section 1101. Applicability of Article.

Securities of any series which are redeemable before their Stated Maturity shall be redeemable in accordance with their terms and (except as otherwise specified as contemplated by Section 301 for Securities of any series) in accordance with this Article.

Section 1102. Election to Redeem; Notice to Trustee.

The election of the Company to redeem any Securities shall be evidenced by or pursuant to a Board Resolution. In case of any redemption at the election of the Company of less than all of the Securities of any series, the Company shall, at least 60 days prior to the Redemption Date fixed by the Company (unless a shorter notice shall be satisfactory to the Trustee), notify the Trustee in writing of such Redemption Date and of the principal amount of Securities of such series to be redeemed. In the case of any redemption of Securities prior to the expiration of any restriction on such redemption provided in the terms of such Securities or elsewhere in this Indenture, the Company shall furnish the Trustee with an Officers' Certificate evidencing compliance with such restriction.

Section 1103. Selection by Trustee of Securities to be Redeemed.

If less than all the Securities of any series issued on the same day with the same terms (including those issued on a another day with the same terms but for the issuance price and issuance date) are to be redeemed, the particular Securities to be redeemed shall be selected not more than 60 days prior to the Redemption Date by the Trustee, from the Outstanding Securities of such series issued on such date with the same terms not previously called for redemption, by such method as the Trustee shall deem fair and appropriate (provided that, for so long as Computershare Trust Company of Canada is the Trustee hereunder it shall be either *pro-rata* or by lot as the Trustee shall deem fair and appropriate) and which may provide for the selection for redemption of portions (equal to the minimum authorized denomination for Securities of that series or any integral multiple thereof) of the principal amount of Securities of such series of a denomination larger than the minimum authorized denomination for Securities of that series.

The Trustee shall promptly notify the Company and the Security Registrar (if other than itself) in writing of the Securities selected for redemption and, in the case of any Securities selected for partial redemption, the principal amount thereof to be redeemed.

For all purposes of this Indenture, unless the context otherwise requires, all provisions relating to the redemption of Securities shall relate, in the case of any Security redeemed or to be redeemed only in part, to the portion of the principal amount of such Security which has been or is to be redeemed.

Section 1104. Notice of Redemption.

Notice of redemption shall be given in the manner provided in Section 106, not less than 30 days nor more than 60 days prior to the Redemption Date, unless a shorter period is specified by the terms of such series established pursuant to Section 301, to each Holder of Securities to be redeemed, but failure to give such notice in the manner herein provided to the Holder of any Security designated for redemption as a whole or in part, or any defect in the notice to any such Holder, shall not affect the validity of the proceedings for the redemption of any other such Security or portion thereof.

Any notice that is mailed to the Holders of Registered Securities in the manner herein provided shall be conclusively presumed to have been duly given, whether or not the Holder receives the notice.

All notices of redemption shall state:

(1) the Redemption Date;

(2) the Redemption Price (or the basis for calculating the same) and accrued interest, if any, to the Redemption Date payable as provided in Section 1106;

(3) if less than all Outstanding Securities of any series are to be redeemed, the identification (and, in the case of partial redemption, the principal amount) of the particular Security or Securities to be redeemed;

(4) in case any Security is to be redeemed in part only, the notice which relates to such Security shall state that on and after the Redemption Date, upon surrender of such Security, the Holder will receive, without a charge, a new Security or Securities of authorized denominations for the principal amount thereof remaining unredeemed;

(5) that on the Redemption Date, the Redemption Price and accrued interest, if any, to the Redemption Date payable as provided in Section 1106 will become due and payable upon each such Security, or the portion thereof, to be redeemed and, if applicable, that interest thereon shall cease to accrue on and after said date;

(6) the Place or Places of Payment where such Securities are to be surrendered for payment of the Redemption Price and accrued interest, if any;

(7) that the redemption is for a sinking fund, if such is the case; and

(8) the CUSIP number of such Security, if any.

Notice of redemption of Securities to be redeemed shall be given by the Company or, at the Company's request, by the Trustee in the name and at the expense of the Company.

Section 1105. Deposit of Redemption Price.

On or prior to any Redemption Date, the Company shall deposit with the Trustee or with a Paying Agent (or, if the Company is acting as its own Paying Agent, which it may not do in the case of a sinking fund payment under Article 12, segregate and hold in trust as provided in Section 1003) an amount of money in the Currency in which the Securities of such series are payable (except as otherwise specified pursuant to Section 301 for the Securities of such series and except, if applicable, as provided in Section 313(b), Section 313(d) and Section 313(e)) sufficient to pay on the Redemption Date the Redemption Price of, and (unless otherwise specified pursuant to Section 301) accrued interest on, all the Securities or portions thereof which are to be redeemed on that date (provided that if the

Redemption Date falls between a Regular Record Date and an Interest Payment Date, interest will be paid to the Holder of record on the Regular Record Date).

Section 1106. Securities Payable on Redemption Date.

Notice of redemption having been given as aforesaid, the Securities so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified in the Currency in which the Securities of such series are payable (except as otherwise specified pursuant to Section 301 for the Securities of such series and except, if applicable, as provided in Section 313(b), Section 313(d) and Section 313(e)) (together with accrued interest, if any, to the Redemption Date), and from and after such date (unless the Company shall default in the payment of the Redemption Price and accrued interest, if any) such Securities shall if the same were interest-bearing cease to bear interest. Upon surrender of any such Security for redemption in accordance with said notice, such Security shall be paid by the Company at the Redemption Price, together with accrued interest, if any, to the Redemption Date; provided further that instalments of interest on Registered Securities whose Stated Maturity is prior to (or, if specified pursuant to Section 301, on) the Redemption Date shall be payable to the Holders of such Securities, or one or more Predecessor Securities, registered as such at the close of business on the relevant Record Dates according to their terms and the provisions of Section 307.

If any Security called for redemption shall not be so paid upon surrender thereof for redemption, the Redemption Price shall, until paid, bear interest from the Redemption Date at the rate of interest set forth in such Security or, in the case of Original Issue Discount Security, at the Yield to Maturity of such Security.

Section 1107. Securities Redeemed in Part.

Except as may otherwise be provided with respect to the Securities of any series, any Registered Security which is to be redeemed only in part (pursuant to the provisions of this Article or of Article 12) shall be surrendered at a Place of Payment therefor (with, if the Company or the Trustee so requires, due endorsement by, or a written instrument of transfer in form satisfactory to the Company and the Trustee duly executed by, the Holder thereof or his attorney duly authorized in writing) and the Company shall execute and the Trustee shall authenticate and deliver to the Holder of such Security without service charge a new Registered Security or Securities of the same series, of any authorized denomination as requested by such Holder in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Security so surrendered. However, if less than all the Securities of any series with differing issue dates, interest rates and Stated Maturities are to be redeemed, the Company in its sole discretion shall select the particular Securities to be redeemed and shall notify the Trustee in writing thereof at least 45 days prior to the relevant redemption date.

ARTICLE 12
SINKING FUNDS

Section 1201. Applicability of Article.

The provisions of this Article shall be applicable to any sinking fund for the retirement of Securities of a series except as otherwise specified as contemplated by Section 301 for Securities of such series.

The minimum amount of any sinking fund payment provided for by the terms of Securities of any series is herein referred to as a "mandatory sinking fund payment", and any payment in excess of such minimum amount provided for by the terms of such Securities of any series is herein referred to as an "optional sinking fund payment". If provided for by the terms of any Securities of any series, the cash amount of any mandatory sinking fund payment may be subject to reduction as provided in Section 1202. Each sinking fund payment shall be applied to the redemption of Securities of any series as provided for by the terms of Securities of such series.

Section 1202. Satisfaction of Sinking Fund Payments with Securities.

The Company may, in satisfaction of all or any part of any mandatory sinking fund payment with respect to the Securities of a series, (1) deliver Outstanding Securities of such series (other than any previously called for redemption) and (2) apply as a credit Securities of such series which have been redeemed either at the election of the Company pursuant to the terms of such Securities or through the application of permitted optional sinking fund payments pursuant to the terms of such Securities, as provided for by the terms of such Securities; provided that such Securities so delivered or applied as a credit have not been previously so credited. Such Securities shall be received and credited for such purpose by the Trustee at the applicable Redemption Price specified in such Securities for redemption through operation of the sinking fund and the amount of such mandatory sinking fund payment shall be reduced accordingly.

Section 1203. Redemption of Securities for Sinking Fund.

Not less than 60 days prior to each sinking fund payment date for Securities of any series, the Company will deliver to the Trustee an Officers' Certificate specifying the amount of the next ensuing mandatory sinking fund payment for that series pursuant to the terms of that series, the portion thereof, if any, which is to be satisfied by payment of cash in the Currency in which the Securities of such series are payable (except as otherwise specified pursuant to Section 301 for the Securities of such series and except, if applicable, as provided in Section 313(b), Section 313(d) and Section 313(e)) and the portion thereof, if any, which is to be satisfied by delivering and crediting Securities of that series pursuant to Section 1202, and the optional amount, if any, to be added in cash to the next ensuing mandatory sinking

fund payment, and will also deliver to the Trustee any Securities to be so delivered and credited. If such Officers' Certificate shall specify an optional amount to be added in cash to the next ensuing mandatory sinking fund payment, the Company shall thereupon be obligated to pay the amount therein specified. Not less than 30 days before each such sinking fund payment date the Trustee shall select the Securities to be redeemed upon such sinking fund payment date in the manner specified in Section 1103 and cause notice of the redemption thereof to be given in the name of and at the expense of the Company in the manner provided in Section 1104. Such notice having been duly given, the redemption of such Securities shall be made upon the terms and in the manner stated in Section 1106 and Section 1107.

ARTICLE 13
REPAYMENT AT THE OPTION OF HOLDERS

Section 1301. Applicability of Article.

Repayment of Securities of any series before their Stated Maturity at the option of Holders thereof shall be made in accordance with the terms of such Securities and (except as otherwise specified by the terms of such series established pursuant to Section 301) in accordance with this Article.

Section 1302. Repayment of Securities.

Securities of any series subject to repayment in whole or in part at the option of the Holders thereof will, unless otherwise provided in the terms of such Securities, be repaid at the Repayment Price thereof, together with interest, if any, thereon accrued to the Repayment Date specified in or pursuant to the terms of such Securities. The Company covenants that on or before the Repayment Date it will deposit with the Trustee or with a Paying Agent (or, if the Company is acting as its own Paying Agent, segregate and hold in trust as provided in Section 1003) an amount of money in the Currency in which the Securities of such series are payable (except as otherwise specified pursuant to Section 301 for the Securities of such series and except, if applicable, as provided in Section 313(b), Section 313(d) and Section 313(e)) sufficient to pay the Repayment Price of, and (unless otherwise specified pursuant to Section 301) accrued interest on, all the Securities or portions thereof, as the case may be, to be repaid on such date (provided that if the Repayment Date falls between a Regular Record Date and an Interest Payment Date, interest will be paid to the Holder of record on the Regular Record Date).

Section 1303. Exercise of Option.

Securities of any series subject to repayment at the option of the Holders thereof will contain an "Option to Elect Repayment" form on the reverse of such Securities. To be repaid at the option of the Holder, any Security so providing for such repayment, with the "Option to Elect Repayment" form on the reverse of such

Security duly completed by the Holder (or by the Holder's attorney duly authorized in writing), must be received by the Company at the Place of Payment therefor specified in the terms of such Security (or at such other place or places of which the Company shall from time to time notify the Holders of such Securities) not earlier than 45 days nor later than 30 days prior to the Repayment Date. If less than the entire Repayment Price of such Security is to be repaid in accordance with the terms of such Security, the portion of the Repayment Price of such Security to be repaid, in increments of the minimum denomination for Securities of such series, and the denomination or denominations of the Security or Securities to be issued to the Holder for the portion of such Security surrendered that is not to be repaid, must be specified. Any Security providing for repayment at the option of the Holder thereof may not be repaid in part if, following such repayment, the unpaid principal amount of such Security would be less than the minimum authorized denomination of Securities of the series of which such Security to be repaid is a part. Except as otherwise may be provided by the terms of any Security providing for repayment at the option of the Holder thereof, exercise of the repayment option by the Holder shall be irrevocable unless waived by the Company.

Section 1304. When Securities Presented for Repayment Become Due and Payable.

If Securities of any series providing for repayment at the option of the Holders thereof shall have been surrendered as provided in this Article and as provided by or pursuant to the terms of such Securities, such Securities or the portions thereof, as the case may be, to be repaid shall become due and payable and shall be paid by the Company on the Repayment Date therein specified, and on and after such Repayment Date (unless the Company shall default in the payment of such Securities on such Repayment Date) such Securities shall, if the same were interest-bearing, cease to bear interest. Upon surrender of any Security for repayment in accordance with such provisions, the Repayment Price of such Security so to be repaid shall be paid by the Company, together with accrued interest, if any, to the Repayment Date; provided that instalments of interest, if any, on Registered Securities, whose Stated Maturity is on or prior to (or, if specified pursuant to Section 301, on) the Repayment Date shall be payable (but without additional interest thereon, unless the Company shall default in the payment thereof) to the Holders of such Securities, or one or more Predecessor Securities, registered as such at the close of business on the relevant Regular Record Dates according to their terms and the provisions of Section 307.

If any Security surrendered for repayment shall not be so repaid upon surrender thereof, the Repayment Price shall, until paid, bear interest from the Repayment Date at the rate of interest set forth in such Security or, in the case of an Original Issue Discount Security, at the Yield to Maturity of such Security.

Section 1305. Securities Repaid in Part.

Upon surrender of any Registered Security which is to be repaid in part only, the Company shall execute and the Trustee shall authenticate and deliver to the Holder of such Security, without service charge and at the expense of the Company, a new Registered Security or Securities of the same series, of any authorized denomination specified by the Holder, in an aggregate principal amount equal to and in exchange for the portion of the principal of such Security so surrendered which is not to be repaid.

ARTICLE 14
DEFEASANCE AND COVENANT DEFEASANCE

Section 1401. Applicability of Article; Company's Option to Effect Defeasance and/or Covenant Defeasance.

If pursuant to Section 301 provision is made for either or both of (a) defeasance of the Securities of a series under Section 1402 or (b) covenant defeasance of the Securities of a series under Section 1403, then the provisions of such Section or Sections, as the case may be, together with the other provisions of this Article (with such modifications thereto as may be specified pursuant to Section 301 with respect to any Securities), shall be applicable to such Securities, and the Company may at its option by Board Resolution, at any time, with respect to such Securities, elect to have Section 1402 (if applicable) or Section 1403 (if applicable) or both be applied to such Outstanding Securities upon compliance with the conditions set forth below in this Article.

Section 1402. Defeasance and Discharge.

Upon the Company's exercise of the above option applicable to this Section with respect to any Securities of a series, the Company and the Guarantor shall be deemed to have been discharged from their obligations with respect to such Outstanding Securities on the date the conditions set forth in Section 1404 are satisfied (hereinafter, "**defeasance**"). For this purpose, such defeasance means that the Company shall be deemed to have paid and discharged the entire indebtedness represented by such Outstanding Securities, which shall thereafter be deemed to be "Outstanding" only for the purposes of Section 1405 and the other Sections of this Indenture referred to in clauses (A) and (B) of this Section, and to have satisfied all its other obligations under such Securities and this Indenture insofar as such Securities are concerned (and the Trustee, at the expense of the Company, shall execute proper instruments acknowledging the same), except for the following which shall survive until otherwise terminated or discharged hereunder: (A) the rights of Holders of such Outstanding Securities to receive, solely from the trust fund described in Section 1404 and as more fully set forth in such Section, payments in respect of the principal of (and premium, if any) and interest, if any, on such Securities when such payments are due, (B) the Company's obligations with respect

to such Securities under Section 305, Section 306, Section 1002 and Section 1003 and the Guarantor's obligations with respect to the payment of Additional Amounts, if any, on such Securities as contemplated by Section 1602, (C) the rights, powers, trusts, duties and immunities of the Trustee hereunder and (D) this Article. Subject to compliance with this Article 14, the Company may exercise its option under this Section notwithstanding the prior exercise of its option under Section 1403 with respect to such Securities.

Section 1403. Covenant Defeasance.

Upon the Company's exercise of the above option applicable to this Section with respect to any Securities a series, the Guarantor shall be released from its obligations under Section 1006, and, if specified pursuant to Section 301, the Company, the Guarantor or both shall be released from their respective obligations under any other covenant, with respect to such Outstanding Securities on and after the date the conditions set forth in Section 1404 are satisfied (hereinafter, "**covenant defeasance**"), and such Securities shall thereafter be deemed to be not "Outstanding" for the purposes of any direction, waiver, consent or declaration or Act of Holders (and the consequences of any thereof) in connection with Section 1006, or such other covenant, but shall continue to be deemed "Outstanding" for all other purposes hereunder. For this purpose, such covenant defeasance means that, with respect to such Outstanding Securities the Company and the Guarantor may omit to comply with and shall have no liability in respect of any term, condition or limitation set forth in any such Section or such other covenant, whether directly or indirectly, by reason of any reference elsewhere herein to any such Section or such other covenant or by reason of reference in any such Section or such other covenant to any other provision herein or in any other document and such omission to comply shall not constitute a Default or an Event of Default under Section 501(5) or Section 501(10) or otherwise, as the case may be, but, except as specified above, the remainder of this Indenture and such Securities shall be unaffected thereby.

Section 1404. Conditions to Defeasance and/or Covenant Defeasance.

The following shall be the conditions to application of Section 1402 or Section 1403 to any Outstanding Securities of a series:

(1) The Company shall irrevocably have deposited or caused to be deposited with the Trustee (or another trustee satisfying the requirements of Section 612 who shall agree to comply with the provisions of this Article 14 applicable to it) as trust funds in trust for the purpose of making the following payments, specifically pledged as security for, and dedicated solely to, the benefit of the Holders of such Securities, (1) an amount (in such Currency in which such Securities are then specified as payable at Stated Maturity), or (2) Government Obligations applicable to such Securities (determined on the basis of

the Currency in which such Securities are then specified as payable at Stated Maturity) which through the scheduled payment of principal and interest in respect thereof in accordance with their terms will provide, not later than one day before the due date of any payment of principal of (and premium, if any) and interest, if any, on such Securities, money in an amount, or (3) a combination thereof in an amount, sufficient, in the opinion of a nationally recognized firm of independent chartered accountants expressed in a written certification thereof delivered to the Trustee, to pay and discharge, and which shall be applied by the Trustee (or other qualifying trustee) to pay and discharge, (i) the principal of (and premium, if any) and interest, if any, on such Outstanding Securities on the Stated Maturity of such principal or instalment of principal or interest and (ii) any mandatory sinking fund payments or analogous payments applicable to such Outstanding Securities on the day on which such payments are due and payable in accordance with the terms of this Indenture and of such Securities.

(2) Such defeasance and/or covenant defeasance shall not result in a breach or violation of, or constitute a default under, this Indenture or any other material agreement or instrument to which the Company is a party or by which it is bound.

(3) No Default or Event of Default with respect to such Securities shall have occurred and be continuing on the date of such deposit or, insofar as Section 501(6), Section 501(7), Section 501(8) and Section 501(9) are concerned, at any time during the period ending on the 91st day after the date of such deposit (it being understood that this condition shall not be deemed satisfied until the expiration of such period).

(4) In the case of an election under Section 1402 or Section 1403, the Company shall have delivered to the Trustee an Opinion of Counsel stating that:

(i) holders of the Securities, subject to defeasance and/or covenant defeasance, will not be subject to any tax as a result of the Company's election under Section 1402 and/or Section 1403 and deposit of funds and/or securities in trust as provided in this Section 1404 and that Holders of such Securities will be subject to Canadian taxes on income (including taxable capital gains) in the same amount, in the same manner and at the same time or times as would have been the case had no such defeasance and/or covenant defeasance occurred, which may be based

upon an advance ruling issued by the Canada Revenue Agency; and

(ii) after the passage of three months following the deposit of funds and/or other securities into trust (12 months where such deposit is in favour of a Person related to the Company), such trust funds shall not be subject to successful attack pursuant to any applicable Canadian federal or provincial bankruptcy, preference, fraudulent conveyance or similar laws affecting creditors' rights generally, except that such opinion may contain a qualification that no opinion is given as to the effect of such laws on the trust funds if a judgment or order of a court is made in any proceeding to the effect that the deposit was made by the Company:

(A) with the intent to defeat, hinder, delay, prejudice or defraud creditors of the Guarantor other than the Holders of such Securities or others;

(B) with the intent to prefer Holders of such Securities of such series over other creditors of the Company; or

(C) as a settlement of property as well as any further qualifications of a factual nature which are appropriate under applicable laws of a similar nature proclaimed in force subsequent to the date of this Indenture;

(5) An indemnity in form and substance satisfactory to the Trustee under which the Company agrees to indemnify and hold harmless the Holders of such Securities in respect of any Canadian taxes on income (including capital gains) to which the Holders of such Securities become subject as a result of such defeasance and/or covenant defeasance and which are in addition to or are payable at an earlier time (in which respect such indemnity need only indemnify the Holders of such Securities to the extent of such early payment) than the Canadian taxes on income (including capital gains) to which the Holder of such Securities would have been subject if such defeasance and/or covenant defeasance had not occurred, including where such result occurs because of a change in applicable Canadian taxation legislation or in the administration thereof following the date on which such defeasance and/or covenant defeasance occurs; and

(6) Notwithstanding any other provisions of this Section, such defeasance and/or covenant defeasance shall be effected in compliance with any

additional or substitute terms, conditions or limitations which may be imposed on the Company in connection therewith pursuant to Section 301.

Section 1405. Deposited Money and Government Obligations to be Held in Trust; Other Miscellaneous Provisions.

Subject to the provisions of the last paragraph of Section 1003, all money and Government Obligations (or other property as may be provided pursuant to Section 301) (including the proceeds thereof) deposited with the Trustee (or other qualifying trustee, collectively for purposes of this Section 1405, the "**Trustee**") pursuant to Section 1404 in respect of any Outstanding Securities of any series shall be held in trust and applied by the Trustee, in accordance with the provisions of such Securities and this Indenture, to the payment, either directly or through any Paying Agent (including the Company acting as its own Paying Agent) as the Trustee may determine, to the Holders of such Securities of all sums due and to become due thereon in respect of principal (and premium, if any) and interest, if any, but such money need not be segregated from other funds except to the extent required by law.

Unless otherwise specified with respect to any Security pursuant to Section 301, if, after a deposit referred to in Section 401(1)(ii) or Section 1404(1) has been made, (a) the Holder of a Security in respect of which such deposit was made is entitled to, and does, elect pursuant to Section 313(b) or the terms of such Security to receive payment in a Currency other than that in which the deposit pursuant to Section 401(1)(ii) or Section 1404(1) has been made in respect of such Security, or (b) a Conversion Event occurs as contemplated in Section 313(d) or Section 313(e) or by the terms of any Security in respect of which the deposit pursuant to Section 1404(1) has been made, the indebtedness represented by such Security shall be deemed to have been, and will be, fully discharged and satisfied through the payment of the principal of (and premium, if any) and interest, if any, on such Security as the same becomes due out of the proceeds yielded by the Exchange Rate Agent converting (from time to time as specified below in the case of any such election) the amount or other property deposited in respect of such Security into the Currency in which such Security becomes payable as a result of such election or Conversion Event based on the applicable Market Exchange Rate for such Currency in effect on the second Business Day prior to each payment date, except, with respect to a Conversion Event, for such Currency in effect (as nearly as feasible) at the time of the Conversion Event.

The Company shall pay and indemnify the Trustee against any tax, fee or other charge imposed on or assessed against the Government Obligations deposited pursuant to Section 1404 or the principal and interest received in respect thereof

other than any such tax, fee or other charge which by law is for the account of the Holders of such Outstanding Securities.

Anything in this Article to the contrary notwithstanding, the Trustee shall deliver or pay to the Company from time to time upon Company Request any money or Government Obligations (or other property and any proceeds therefrom) held by it as provided in Section 1404 which, in the opinion of a nationally recognized firm of independent chartered accountants expressed in a written certification thereof delivered to the Trustee, are in excess of the amount thereof which would then be required to be deposited to effect a defeasance and/or covenant defeasance, as applicable, in accordance with this Article.

ARTICLE 15
MEETINGS OF HOLDERS OF SECURITIES

Section 1501. Purposes for Which Meetings May be Called.

A meeting of Holders of Securities of a series may be called at any time and from time to time pursuant to this Article to make, give or take any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Indenture to be made, given or taken by Holders of Securities of such series.

Section 1502. Call, Notice and Place of Meetings.

(a) The Trustee may at any time and upon receiving in advance funding for the costs thereof and being indemnified to its reasonable satisfaction by the Company or the Holder of Securities, as applicable, call a meeting of Holders of Securities of any series for any purpose specified in Section 1501, to be held at such time and at such place in the City of Toronto, Ontario as the Trustee shall determine. Notice of every meeting of Holders of Securities of any series, setting forth the time and the place of such meeting and in general terms the action proposed to be taken at such meeting, shall be given, in the manner provided in Section 106, not less than 21 nor more than 180 days prior to the date fixed for the meeting.

(b) In case at any time the Company, or the Guarantor, pursuant to a Board Resolution, or the Holders of at least 10% in principal amount of the Outstanding Securities of any series shall have requested the Trustee to call a meeting of the Holders of Securities of such series for any purpose specified in Section 1501, by written request setting forth in reasonable detail the action proposed to be taken at the meeting and upon receiving in advance funding for the costs thereof and being indemnified to its reasonable satisfaction by the Company or the Holder of Securities, as applicable, and the Trustee shall not have made the first publication of the notice of such meeting within 21 days after receipt of such request or shall not thereafter proceed to cause the

meeting to be held as provided herein, then the Company (on behalf of itself or the Guarantor, as applicable) or the Holders of Securities of such series in the amount above specified, as the case may be, may determine the time and the place in the City of Toronto, Ontario for such meeting and may call such meeting for such purposes by giving notice thereof as provided in subsection (a) of this Section.

Section 1503. Persons Entitled to Vote at Meetings.

To be entitled to vote at any meeting of Holders of Securities of any series, a Person shall be (1) a Holder of one or more Outstanding Securities of such series, or (2) a Person appointed by an instrument in writing as proxy for a Holder or Holders of one or more Outstanding Securities of such series by such Holder or Holders. The only Persons who shall be entitled to be present or to speak at any meeting of Holders of Securities of any series shall be the Persons entitled to vote at such meeting and their counsel, any representatives of the Trustee and its counsel and any representatives of the Company, the Guarantor and their counsel.

Section 1504. Quorum; Action.

The Persons entitled to vote a majority in principal amount of the Outstanding Securities of a series shall constitute a quorum for a meeting of Holders of Securities of such series; provided, however, that if any action is to be taken at such meeting with respect to a consent or waiver which this Indenture expressly provides may be given by the Holders of not less than a specified percentage in principal amount of the Outstanding Securities of a series, the Persons entitled to vote such specified percentage in principal amount of the Outstanding Securities of such series shall constitute a quorum. In the absence of a quorum within 30 minutes of the time appointed for any such meeting, the meeting shall, if convened at the request of Holders of Securities of such series, be dissolved. In any other case the meeting may be adjourned for a period of not less than 10 days as determined by the chairman of the meeting prior to the adjournment of such meeting. In the absence of a quorum at any such adjourned meeting, the Holders of Securities of such series then present shall constitute a quorum for such meeting. Notice of the reconvening of any adjourned meeting shall be given as provided in Section 1502(a), except that such notice need be given only once not less than five days prior to the date on which the meeting is scheduled to be reconvened. Notice of the reconvening of any adjourned meeting shall state expressly the percentage, as provided above, of the principal amount of the Outstanding Securities of such series which shall constitute a quorum.

Except as limited by the proviso to Section 902, any resolution presented to a meeting or adjourned meeting duly reconvened at which a quorum is present as aforesaid may be adopted by the affirmative vote of the Holders of a majority in principal amount of the Outstanding Securities of that series; provided, however,

that, except as limited by the proviso to Section 902, any resolution with respect to any request, demand, authorization, direction, notice, consent, waiver or other action which this Indenture expressly provides may be made, given or taken by the Holders of a specified percentage, which is less than a majority, in principal amount of the Outstanding Securities of a series may be adopted at a meeting or an adjourned meeting duly reconvened and at which a quorum is present as aforesaid by the affirmative vote of the Holders of such specified percentage in principal amount of the Outstanding Securities of that series.

Any resolution passed or decision taken at any meeting of Holders of Securities of any series duly held in accordance with this Section shall be binding on all the Holders of Securities of such series, whether or not present or represented at the meeting.

Notwithstanding the foregoing provisions of this Section 1504, if any action is to be taken at a meeting of Holders of Securities of any series with respect to any request, demand, authorization, direction, notice, consent, waiver or other action that this Indenture expressly provides may be made, given or taken by the Holders of a specified percentage in principal amount of all Outstanding Securities affected thereby, or of the Holders of such series and one or more additional series:

(1) there shall be no minimum quorum requirement for such meeting; and

(2) the principal amount of the Outstanding Securities of such series that vote in favour of such request, demand, authorization, direction, notice, consent, waiver or other action shall be taken into account in determining whether such request, demand, authorization, direction, notice, consent, waiver or other action has been made, given or taken under this Indenture.

Section 1505. Determination of Voting Rights; Conduct and Adjournment of Meetings.

(a) Notwithstanding any provisions of this Indenture, the Trustee may make such reasonable regulations as it may deem advisable for any meeting of Holders of Securities of a series in regard to proof of the holding of Securities of such series and of the appointment of proxies and in regard to the appointment and duties of inspectors of votes, the submission and examination of proxies, certificates and other evidence of the right to vote, and such other matters concerning the conduct of the meeting as it shall deem appropriate. Except as otherwise permitted or required by any such regulations, the holding of Securities shall be proved in the manner specified in Section 104 and the appointment of any proxy shall be proved in the manner specified in Section 104. Such regulations may provide that written

instruments appointing proxies, regular on their face, may be presumed valid and genuine without the proof specified in Section 104 or other proof.

(b) The Trustee shall, by an instrument in writing appoint a temporary chairman of the meeting, unless the meeting shall have been called by the Company, the Guarantor or by Holders of Securities as provided in Section 1502(b), in which case the Company, the Guarantor or the Holders of Securities of the series calling the meeting, as the case may be, shall in like manner appoint a temporary chairman. A permanent chairman and a permanent secretary of the meeting shall be elected by vote of the Persons entitled to vote a majority in principal amount of the Outstanding Securities of such series represented at the meeting.

(c) At any meeting each Holder of a Security of such series or proxy shall be entitled to one vote for each $1,000 principal amount of the Outstanding Securities of such series held or represented by him; provided, however, that no vote shall be cast or counted at any meeting in respect of any Security challenged as not Outstanding and ruled by the chairman of the meeting to be not Outstanding. The chairman of the meeting shall have no right to vote, except as a Holder of a Security of such series or proxy.

(d) Any meeting of Holders of Securities of any series duly called pursuant to Section 1502 at which a quorum is present may be adjourned from time to time by Persons entitled to vote a majority in principal amount of the Outstanding Securities of such series represented at the meeting, and the meeting may be held as so adjourned without further notice.

Section 1506. Counting Votes and Recording Action of Meetings.

The vote upon any resolution submitted to any meeting of Holders of Securities of any series shall be by written ballots on which shall be subscribed the signatures of the Holders of Securities of such series or of their representatives by proxy and the principal amounts and serial numbers of the Outstanding Securities of such series held or represented by them. The permanent chairman of the meeting shall appoint two inspectors of votes who shall count all votes cast at the meeting for or against any resolution and who shall make and file with the secretary of the meeting their verified written reports in duplicate of all votes cast at the meeting. A record, at least in duplicate, of the proceedings of each meeting of Holders of Securities of any Series shall be prepared by the secretary of the meeting and there shall be attached to said record the original reports of the inspectors of votes on any vote by ballot taken thereat and affidavits by one or more persons having knowledge of the fact, setting forth a copy of the notice of the meeting and showing that said notice was given as provided in Section 1502 and, if applicable, Section 1504. Each copy shall be signed and verified by the affidavits of the

permanent chairman and secretary of the meeting and one such copy shall be delivered to the Company, another to the Guarantor and another to the Trustee to be preserved by the Trustee, the latter to have attached thereto the ballots voted at the meeting. Any record so signed and verified shall be conclusive evidence of the matters therein stated.

ARTICLE 16
GUARANTEE OF SECURITIES

Section 1601. Guarantee of Securities.

(a) The Guarantor hereby irrevocably and unconditionally guarantees (collectively, the "**Guarantee**") (i) the due and punctual payment of the principal of and premium, if any, and interest on the Securities certified by or on behalf of the Trustee, when and as the same shall become due and payable, whether at their respective due dates, on redemption or on a declaration or otherwise, in accordance with the terms of such Securities and of this Indenture, (ii) the payment of the Additional Amounts pursuant to Section 1602, and (iii) the payment of all other amounts payable by the Company hereunder to Holders on or under any of the Securities; provided however, that payment of interest on overdue instalments of interest is hereby guaranteed only to the extent permitted by applicable law. In case of default by the Company in the payment of any such principal, premium, if any, or interest or other amounts payable to Holders on such Securities, the Guarantor agrees to duly and punctually pay the same without demand. The Guarantor agrees that its obligations under the Guarantee shall be unconditional, irrespective of any invalidity, illegality, irregularity or unenforceability of any such Securities or this Indenture or any part thereof as regards the Company (other than by reason of lack of genuineness), or the absence of any action to enforce the same, the recovery of any judgment against the Company or any action to enforce the same or any circumstance which might otherwise constitute a legal or equitable discharge or defence of a guarantor. The Guarantor hereby waives diligence, presentment, demand of payment, filing of claims with a court in the event of arrangement, merger, amalgamation, insolvency or bankruptcy of the Company, protest or notice with respect to any Securities or the indebtedness evidenced thereby and all demands whatsoever, and covenants that its obligations under this Indenture and the Guarantee will not be discharged as to any Securities except by payment in full of the principal of and premium, if any, Additional Amounts, if any, and interest or other amounts payable to Holders on such Securities.

(b) The obligations of the Guarantor under the Guarantee, which, for greater certainty, include its obligations under this Indenture, shall be continuing obligations and a fresh cause of action shall be deemed to arise in respect of

each Default in the payment of principal of or premium, if any, or interest on any Securities, or in the payment of any other amount on the Securities and that principal and premium, if any, and interest or other amounts payable to Holders on the Securities will be paid strictly in accordance with their terms, regardless of any law, regulation or order now or hereafter in effect in any jurisdiction affecting any of such terms or the rights of the Trustee or any Holder with respect thereto. The liability of the Guarantor under the Guarantee shall only be satisfied upon payment in full of the principal of and premium, if any, Additional Amounts, if any, and interest on the Securities or other amounts payable by the Company hereunder or under any of the Securities to the Holders thereof and shall be absolute and unconditional irrespective of:

(1) Any change in the time, manner or place of payment under, or in any other term of, or any other amendment or waiver of or any consent to departure from, the terms of this Indenture of any Security;

(2) Any impossibility, impracticability, frustration of purpose, illegality, *force majeure* or act of government;

(3) The principal amount of Securities issued after the date hereof or outstanding from time to time and whether the Guarantor had knowledge of any particular issuance of Securities;

(4) Except as provided in Section 801, any change in the name, objects, constitution, capacity, capital stock or certificate of amalgamation or by-laws of the Company or the Company being amalgamated or merged with or transferring all or substantially all of its assets to another corporation (in which case this Article 16 shall apply to the liabilities of the resulting corporation and the term the **"Company"** shall include such resulting corporation); or

(5) The bankruptcy or insolvency of the Company or any compromise or arrangement with respect to the Company and its creditors.

(c) The Guarantee shall continue to be effective or be reinstated, as the case may be, if at any time any payment of any principal of, or premium or Additional Amount or interest or other amounts payable to Holders on the Securities is rescinded or must otherwise be returned by the Trustee or any Holder upon the insolvency, bankruptcy or reorganization of the Company or in connection with any challenge with respect to amounts paid on defeasance, covenant defeasance or otherwise, all as though such payment had not been made.

(d) The liabilities of the Guarantor under the Guarantee and this Indenture shall not be released, discharged, limited or in any way affected by anything done, suffered or permitted by the Trustee or any Holder in connection with this Indenture or with the Company. It is agreed that the Trustee and any Holder, without releasing, discharging, limiting or otherwise affecting in whole or in part the Guarantor's liabilities under the Guarantee and this Indenture, may, without limiting the generality of the foregoing:

(1) Grant time, renewals, extensions, indulgences, releases and discharges to the Company;

(2) Accept compromises from the Company; or

(3) Otherwise deal with the Company and all other persons, including any other guarantor, as the Trustee or such Holder may see fit.

(e) The Guarantor shall not be or become liable under the Guarantee or this Indenture to make any payment of principal, premium, if any, or interest or other amounts payable to Holders in respect of which the Company shall be in default if the default of the Company in respect of which the Guarantor would otherwise be or become liable under the Guarantee or this Indenture shall have been waived or directed to be waived pursuant to the provisions in that behalf contained in this Indenture, provided, however, that no waiver or consent of any kind whatsoever shall release, alter or impair the unconditional obligations of the Guarantor under the Guarantee and this Indenture after giving effect to such waiver or consent.

(f) The Guarantor shall be subrogated to all rights of the Holders of the Securities against the Company in respect of any amount paid by the Guarantor pursuant to the provisions of the Guarantee and this Indenture, provided, however, that the Guarantor shall not be entitled to enforce, or to receive any payments arising out of or based upon, such right of subrogation until the principal of and premium, if any, and interest or other amounts payable to the Holders on all Securities shall have been paid in full.

(g) No remedy for the enforcement of the rights of the Holders of the Securities to receive payment of the principal of and/or premium and/or interest or other amounts payable to Holders on the Securities in accordance with their terms under such Securities, the Guarantee and this Indenture shall be exclusive of or dependent on any other remedy. Holders of the Securities need not exhaust their recourse against the Company before proceeding against the Guarantor under the Guarantee.

(h) If any monies become payable by the Guarantor hereunder, the Trustee shall be entitled to enforce and receive payment thereof, for the benefit of the Holders of the Securities, and shall be entitled to recover judgment against the Guarantor for any portion of the same remaining unpaid; and the Trustee shall have further remedies with respect to the Guarantor similar to the remedies granted to it with respect to the Company. The whole of the monies from time to time received by the Trustee hereunder shall be applied by the Trustee in accordance with the provisions of Section 506.

(i) For clarity, no further act or acknowledgement of the Guarantor is required in connection with any issuance of Securities under this Indenture in order for the obligations of the Guarantor under the Guarantee and this Indenture to be valid, binding and enforceable obligations of the Guarantor in respect of any of those Securities.

Section 1602. Gross-up for Withholding Taxes on Payments by the Guarantor.

(a) Any and all payments made by the Guarantor pursuant to the provisions of its Guarantee shall be made without withholding of or deduction for, or on account of, any current or future taxes imposed by or on behalf of the United States or any political subdivision thereof unless such taxes are required by law or by the administration thereof to be withheld or deducted, in which case the Guarantor shall pay such amounts (**"Additional Amounts"**) as will result (after the withholding or deduction of such taxes) in the payment to the Holders of the amounts which would otherwise have been payable pursuant to the Guarantor's Guarantee provided, however, the foregoing obligation to pay Additional Amounts will not apply to any one or more of the following:

(1) Any tax, assessment or other governmental charge which would not have been so imposed but for (A) the existence of any present or former connection between such Holder (or between a fiduciary, settlor or beneficiary of, or a Person holding a power over, such Holder, if such Holder is an estate or trust or a member or shareholder of such holder, if such Holder is a partnership or corporation) and the United States, including without limitation, such Holder (or such fiduciary, settlor, beneficiary, Person holding a power over such Holder) being or having been a citizen or resident or treated as a resident thereof or being or having been engaged in a trade or business or present therein or having had a permanent establishment therein, or (B) such Holder's current or former status as a personal holding company, a foreign personal holding company, a passive foreign investment company, a controlled foreign corporation that is related to the Guarantor through stock ownership, a foreign tax-exempt

organization for United States tax purposes or as a corporation which accumulates earnings to avoid United States federal income tax;

(2) Any tax, assessment or other governmental charge which would not have been so imposed but for the presentation by the Holder of any Security of any series for payment on a date more than 60 days after the date on which such payment became due and payable or the date on which payment thereof is duly provided for, whichever occurs later;

(3) Any estate, inheritance, gift, sales, transfer, personal property or any similar tax, assessment or other governmental charge;

(4) Any tax, assessment or other governmental charge which would not have been imposed but for the failure to comply with any certification, identification or other reporting requirements concerning the nationality, residence, identity or connection with the United States of the Holder or Beneficial Owner of any Security of any series (or of the owners, if any, of such Holder or Beneficial Owner), if compliance is required by statute, regulation, treaty or administrative rule of the United States or any political subdivision thereof or taxing authority therein as a precondition to relief or exemption from such tax, assessment or other governmental charge;

(5) Any tax, assessment or other governmental charge which is payable otherwise than by deduction or withholding from payments of, or payments under the Guarantee in respect of principal, premium, if any, interest, or other amounts payable to Holders or any Additional Amount on any Security of any series;

(6) Any tax imposed on a financial institution pursuant to the Foreign Account Tax Compliance Act;

(7) Any tax, assessment or other governmental charge imposed on interest received by a Person holding, actually or constructively, 10% or more of the total combined voting power of all classes of stock of the Guarantor entitled to vote; or

(8) Any tax, assessment or other governmental charge imposed on a Holder that is a non-resident of Canada for the purposes of the *Income Tax Act* (Canada);

nor will Additional Amounts be paid with respect to any payment of principal of or interest on any Security to any United States Alien who is a fiduciary or partnership or other than the sole Beneficial Owner of any such payment, to the extent that a

beneficiary or settlor with respect to such fiduciary, a member of such partnership or the Beneficial Owner would not have been entitled to the Additional Amounts had such beneficiary, settlor, member or Beneficial Owner been the Holder of any Security of any series.

(b) Except as specifically provided in this Indenture, the Guarantor shall not be required to make any payment with respect to any tax, assessment or other governmental charge imposed by any government or any political subdivision or taxing authority thereof or therein. Whenever in any Security of any series there is a reference, in any context, to the payment of the principal of or interest on, or other amounts or in respect of, any Security, such mention shall be deemed to include mention of the payment of Additional Amounts provided for herein to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof pursuant to the provisions hereof and express mention of the payment of Additional Amounts (if applicable) in any provisions hereof shall not be construed as excluding Additional Amounts in those provisions hereof where such express mention is not made.

* * * * *

The parties to this Indenture require that this Indenture be prepared in the English language. Les parties à cet acte de fiducie demandent par les présentes que l'acte de fiducie soit rédigé en anglais.

This Indenture may be executed in any number of counterparts and delivered via facsimile or portable document format (pdf), each of which when so executed and delivered shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Indenture.

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly executed, and their respective corporate seals to be hereunto affixed and attested, all as of the day and year first written above.

JOHN DEERE CANADA FUNDING INC.

By: (Signed) *"W. John Grosso"*

Name: W. John Grosso

Title: President

By: (Signed) *"David R. Bugaresti"*

Name: David R. Bugaresti

Title: Secretary

JOHN DEERE CAPITAL CORPORATION

By: (Signed) *"Larry J. Gant"*

Name: Larry J. Gant

Title: Assistant Secretary

COMPUTERSHARE TRUST COMPANY OF CANADA, as Trustee

By: (Signed) *"Sean Pigott"*

Name: Sean Pigott

Title: Corporate Trust Officer

By: (Signed) *"Cheryl Davidson"*

Name: Cheryl Davidson

Title: Associate Trust Officer

EXHIBIT "A"
Form of Fixed Rate Note Certificate

*UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF CDS CLEARING AND DEPOSITORY SERVICES INC. ("**CDS**") TO JOHN DEERE CANADA FUNDING INC. OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IN RESPECT THEREOF IS REGISTERED IN THE NAME OF CDS & CO., OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS (AND ANY PAYMENT IS MADE TO CDS & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED HOLDER HEREOF, CDS & CO., HAS A PROPERTY INTEREST IN THE SECURITIES REPRESENTED BY THIS CERTIFICATE HEREIN AND IT IS A VIOLATION OF ITS RIGHTS FOR ANOTHER PERSON TO HOLD, TRANSFER OR DEAL WITH THIS CERTIFICATE. THIS CERTIFICATE IS ISSUED PURSUANT TO A BOOK ENTRY ONLY SECURITIES SERVICES AGREEMENT BETWEEN JOHN DEERE CANADA FUNDING INC. AND CDS, AS SUCH AGREEMENT MAY BE REPLACED OR AMENDED FROM TIME TO TIME.*

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR ANY STATE SECURITIES LAWS AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OF, U.S. PERSONS (AS SUCH TERM IS DEFINED IN REGULATION S UNDER THE SECURITIES ACT). BY ACCEPTING THIS NOTE, THE HOLDER REPRESENTS AND WARRANTS THAT IT (I) IS NOT A UNITED STATES PERSON (AS DEFINED IN THE UNITED STATES INTERNAL REVENUE CODE) (OTHER THAN AN EXEMPT RECIPIENT DESCRIBED IN SECTION 6049(b)(4) OF THE INTERNAL REVENUE CODE AND THE REGULATIONS THEREUNDER) AND (II) IS NOT HOLDING SUCH NOTE FOR OR ON BEHALF OF A UNITED STATES PERSON (OTHER THAN AN EXEMPT RECIPIENT DESCRIBED IN SECTION 6049(b)(4) OF THE INTERNAL REVENUE CODE AND THE REGULATIONS THEREUNDER).

No. _____ $ _____
CUSIP No: _____

JOHN DEERE CANADA FUNDING INC.
Incorporated under the laws of Canada

FIXED RATE NOTE

Interest Rate (per annum):_____%

Principal Amount: $ _____ Original Issue Date:_____

Specified Currency: _____ Maturity Date: _____

Interest Payment Dates: _____

Interest Payment Period: _____

Redemption Date(s): _____ Redemption Price(s): $ _____

Repayment Date(s): _____ Repayment Price(s): $ _____

Form: ( ) Fully Registered Definitive Note

( ) Book Entry Only

FOR VALUE RECEIVED, John Deere Canada Funding Inc. (herein referred to as the "**Company**") acknowledges itself indebted and hereby promises to pay to the registered holder hereof (herein referred to as the "**Holder"**), on the Maturity Date specified above, or on such earlier date as the Principal Amount hereof and premium, if any, may become payable in accordance with the provisions of the Indenture hereinafter mentioned, on presentation and surrender of this Security at the office or agency of the Trustee (as hereinafter defined) in Toronto, Ontario, the Principal Amount specified above in the Specified Currency mentioned above, and to pay interest (if interest is payable on this Security) on the Principal Amount hereof and, should the Company at any time make default in the payment of any principal and premium, if any, or interest, to pay interest on the amount in default at the same rate and on the same dates in like money.

Payments of principal and interest, if any, on each Security which is a Global Note (including Book Entry Securities) will be made to the Clearing Agency or its nominee, as the case may be, as registered Holder of the note, for the purpose of permitting the Clearing Agency or its nominee to credit such principal and interest received by it in respect of such note to the accounts of the Clearing Agency Participants or the Beneficial Owners thereof.

This Security is designated as **[INSERT SERIES IDENTIFIER]** issued as a separate series of Securities under a trust indenture dated as of June 1, 2012 (as it may be amended, supplemented and restated from time to time, hereinafter referred to as the "**Indenture**") made among the Company, John Deere Capital Corporation as guarantor (herein referred to as the "**Guarantor**"), and Computershare Trust Company of Canada as trustee (herein referred to as the "**Trustee**"). Reference is hereby expressly made to the Indenture for a statement and description of the terms and conditions upon which this series of Securities is issued or may be issued and held, and the rights and remedies of the holders of this series of Securities, of the

Company, of the Guarantor and of the Trustee, all to the same effect as if the provisions of the Indenture were herein set forth, to all of which the Holder by acceptance hereof assents. All terms used in this Security which are not defined herein and which are defined in the Indenture shall have the meanings assigned to them in the Indenture.

The aggregate Principal Amount of this series of Securities which may be issued under the Indenture is unlimited and varying as to such other terms and conditions as are specified in the Indenture. Securities of this series in an unlimited Principal Amount have been authorized to be issued.

This Security is a direct obligation of the Company but is not secured by any mortgage, pledge or other charge.

The Company promises to pay interest on the Principal Amount, in lawful money of Canada, after as well as before Maturity, default and judgment (with interest on overdue interest), at the rate per annum shown on the face hereof until the Principal Amount hereof is paid or duly made available for payment. The Company will pay interest on the Interest Payment Dates specified on the face hereof to the Holder of the Fixed Rate Note at the close of business on the fifteenth Business Day (the "**Regular Record Date**") prior to the applicable Interest Payment Date, commencing with the first Interest Payment Date following the Original Issue Date shown on the face hereof, and at Maturity; provided, however, that if the Original Issue Date shown on the face hereof is between a Regular Record Date and the related Interest Payment Date, the first payment of interest will be on the next succeeding Interest Payment Date to the Holder on the Regular Record Date prior to such next succeeding Interest Payment Date. The interest payable on each Interest Payment Date will include accrued interest from and including the Original Issue Date or from and including the day following the last day in respect of which interest has been paid, as the case may be, to, but excluding, the Interest Payment Date.

As interest, if any, on this series of Securities matures, the Company, at least two Business Days prior to each date on which any interest on this series of Securities becomes payable, shall forward or cause to be forwarded by prepaid mail, to the Holder at the close of business on the Regular Record Date, or in the case of joint Holders, to one of such Holders, at such Holder's registered address, a cheque dated the payment date for such interest (less any tax required to be deducted) payable to the order of such Holder or Holders and negotiable at par at each of the places at which interest upon this series of Securities is payable. The forwarding of such cheque shall satisfy and discharge the liability for any interest upon this series of Securities to the extent of the sums represented thereby (plus the amount of any tax deducted as aforesaid) unless such cheque is not honoured on presentation. In the event of the non-receipt of such cheque by the Holder or the loss or destruction

thereof, upon the Company and the Trustee being furnished with evidence of such non-receipt, loss or destruction and indemnity reasonably satisfactory to them, the Company shall issue or cause to be issued to such Holder a replacement cheque for the amount of such cheque. At the Company's option, payments of interest to Holders may also be made by wire transfer to such Holder on the date on which any such interest becomes payable. Notwithstanding the foregoing, the Company, at its option, may make payment of any interest payable at the Maturity or upon redemption or repayment of this series of Securities (less any tax required to be deducted) only upon surrender of this Security.

In respect of payments of principal on this series of Securities, the Company, at least two Business Days prior to the Maturity Date, shall forward or cause to be forwarded by prepaid mail, to the Holder at the close of business on the applicable record date, or in the case of joint Holders, to one of such Holders, at such Holder's registered address, a cheque dated the Maturity Date (less any tax required to be deducted) payable to the order of such Holder or Holders and negotiable at par at each of the places at which principal upon this series of Securities is payable, against receipt of this Security. The forwarding of such cheque shall satisfy and discharge the liability for the principal upon this series of Securities to the extent of the sums represented thereby (plus the amount of any tax deducted as aforesaid) unless such cheque is not honoured on presentation. In the event of the non-receipt of such cheque by the Holder or the loss or destruction thereof, upon the Company and the Trustee being furnished with evidence of such non-receipt, loss or destruction and indemnity reasonably satisfactory to them, the Company shall issue or cause to be issued to such Holder a replacement cheque for the amount of such cheque. At the Company's option, payments of principal to Holders may also be made by wire transfer to such Holder on the date on the Maturity Date, against receipt of this Security.

Upon presentation at the principal office of the Trustee in the City of Toronto, or to such other Security Registrar or Security Registrars (if any) and/or at such other place or places (if any) as the Company with the approval of the Trustee may designate, subject to the provisions of the Indenture and upon compliance with the reasonable requirements of the Trustee: (i) fully registered Securities of this series of any denomination may be exchanged for Securities of this series of any other authorized denominations in the same Principal Amount, but no such Securities may be exchanged unless the Securities received in exchange therefor have terms and provisions which are identical in all respects to the terms and provisions of the Securities so exchanged; and (ii) fully registered Securities of this series may be transferred by the Holder thereof or his executors, administrators or other legal representatives or his, her or their attorney duly appointed in writing, but no such transfer shall be valid unless it has been registered and such registration has been duly noted on such Security. No transfers or exchanges of Securities of this series

will be registered during the fifteen Business Days immediately preceding any Interest Payment Date for such Security. Securities of this series issued in book entry only form may be transferred or exchanged only in accordance with the procedures agreed to from time to time by the Company, the Trustee and the Clearing Agency.

If specified on the face hereof, this Security will be subject to repayment, in whole or in part, at the option of the Holder on any Repayment Date and at the related Repayment Price (expressed as a percentage of the Principal Amount hereof) set forth on the face hereof, together with accrued and unpaid interest to but excluding such Repayment Date. If no Repayment Date is set forth on the face hereof, this Security may not be so repaid at the option of the Holder prior to its Stated Maturity. If this Security is a Book Entry Only Security (which by its terms is repayable at the option of the Holder), this Security may be repaid only in accordance with the procedures agreed to from time to time by the Company, the Trustee and the Clearing Agency. Exercise of such repayment option shall be irrevocable. Such option may be exercised by the Holder for less than the entire Principal Amount hereof, provided that the Principal Amount that is to be repaid is equal to $1,000 or an integral multiple thereof, and provided that the portion of the Principal Amount hereof not being repaid shall be at least $1,000.

[Insert terms of redemption, if applicable.]

The right is reserved to the Company, subject to the terms and conditions in the Indenture, to purchase any Securities of this series at any time in the market or by tender or by private contract.

The Principal Amount of this series of Securities may also become or be declared payable before its Stated Maturity on the conditions, in the manner, with the effect and at the times set forth in the Indenture.

The Indenture contains provisions for the holding of meetings of Holders of each series of Securities and rendering resolutions passed at such meetings and instruments in writing signed by the Holders of a specified percentage of the Principal Amount of the Securities of that series outstanding binding upon all holders of such series of Securities.

The principal amount, premium, if any, interest and certain other amounts payable under this Security have been unconditionally guaranteed by the Guarantor. Reference is made to the Indenture for the terms and conditions of the Guarantor's obligations in this regard.

This Security shall not become obligatory for any purpose until it has been certified or authenticated by or on behalf of the Trustee.

THIS SECURITY SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE PROVINCE OF ONTARIO, AND THE LAWS OF CANADA APPLICABLE THEREIN WITHOUT REGARD TO THE PRINCIPLES OF CONFLICTS OF LAWS.

IN WITNESS WHEREOF John Deere Canada Funding Inc. has caused this Security to be signed by its duly authorized officers, manually or by facsimile signature, as of the _____ day of _____, _____.

JOHN DEERE CANADA FUNDING INC.

By: _____
Authorized Signing Officer

By: _____
Authorized Signing Officer

EXHIBIT "B"
Form of Floating Rate Note Certificate

*UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF CDS CLEARING AND DEPOSITORY SERVICES INC. ("**CDS**") TO JOHN DEERE CANADA FUNDING INC. OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IN RESPECT THEREOF IS REGISTERED IN THE NAME OF CDS & CO., OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS (AND ANY PAYMENT IS MADE TO CDS & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED HOLDER HEREOF, CDS & CO., HAS A PROPERTY INTEREST IN THE SECURITIES REPRESENTED BY THIS CERTIFICATE HEREIN AND IT IS A VIOLATION OF ITS RIGHTS FOR ANOTHER PERSON TO HOLD, TRANSFER OR DEAL WITH THIS CERTIFICATE. THIS CERTIFICATE IS ISSUED PURSUANT TO A BOOK ENTRY ONLY SECURITIES SERVICES AGREEMENT BETWEEN JOHN DEERE CANADA FUNDING INC. AND CDS, AS SUCH AGREEMENT MAY BE REPLACED OR AMENDED FROM TIME TO TIME.*

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR ANY STATE SECURITIES LAWS AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OF, U.S. PERSONS (AS SUCH TERM IS DEFINED IN REGULATION S UNDER THE SECURITIES ACT). BY ACCEPTING THIS NOTE, THE HOLDER REPRESENTS AND WARRANTS THAT IT (I) IS NOT A UNITED STATES PERSON (AS DEFINED IN THE UNITED STATES INTERNAL REVENUE CODE) (OTHER THAN AN EXEMPT RECIPIENT DESCRIBED IN SECTION 6049(b)(4) OF THE INTERNAL REVENUE CODE AND THE REGULATIONS THEREUNDER) AND (II) IS NOT HOLDING SUCH NOTE FOR OR ON BEHALF OF A UNITED STATES PERSON (OTHER THAN AN EXEMPT RECIPIENT DESCRIBED IN SECTION 6049(b)(4) OF THE INTERNAL REVENUE CODE AND THE REGULATIONS THEREUNDER)).

No. _____ $ _____
CUSIP No: _____

JOHN DEERE CANADA FUNDING INC.
Incorporated under the laws of Canada

FLOATING RATE NOTE

Interest Rate Basis:

( ) BA Rate Floating Rate Note;
( ) Cdn. Prime Rate Floating Rate Note;
( ) LIBOR Floating Rate Note; or
( ) Other (specify): _____

Principal Amount: $ _____ Original Issue Date:_____

Specified Currency: _____ Maturity Date: _____

Interest Payment Dates: _____

Interest Payment Period: _____

Redemption Date(s): _____ Redemption Price(s): $ _____

Repayment Date(s): _____ Repayment Price(s): $ _____

Form: ( ) Fully Registered Definitive Note

( ) Book Entry Only

Initial Interest Rate: _____ % Spread (plus or minus): _____

Reference Bankers' Acceptance Maturity: (if applicable) Spread Multiplier: _____

( ) 1 month ( ) 2 month ( ) 3 month Maximum Interest Rate: _____ %

Interest Reset Period: _____ Minimum Interest Rate: _____ %

Interest Reset Dates: _____

LIBOR Options:
( ) LIBOR Reuters
( ) LIBOR Telerate
Index Currency: _____
Index Maturity: _____

FOR VALUE RECEIVED, John Deere Canada Funding Inc. (herein referred to as the "**Company**") acknowledges itself indebted and hereby promises to pay to the registered holder hereof (herein referred to as the "**Holder**"), on the Maturity Date specified above, or on such earlier date as the Principal Amount hereof and premium, if any, may become payable in accordance with the provisions of the Indenture hereinafter mentioned, on presentation and surrender of this Security at the office or agency of the Trustee (as hereinafter defined) in Toronto, Ontario, the Principal Amount specified above in the Specified Currency mentioned above, and to pay interest (if interest is payable on this Security) on the Principal Amount

hereof and, should the Company at any time make default in the payment of any principal and premium, if any, or interest, to pay interest on the amount in default at the same rate and on the same dates in like money.

Payments of principal and interest, if any, on each Security which is a Global Note (including Book Entry Securities) will be made to the Clearing Agency or its nominee, as the case may be, as registered Holder of the note, for the purpose of permitting the Clearing Agency or its nominee to credit such principal and interest received by it in respect of such note to the accounts of the Clearing Agency Participants or the Beneficial Owners thereof.

This Security is designated as **[INSERT SERIES IDENTIFIER]** issued as a separate series of Securities under a trust indenture dated as of June 1, 2012 (as it may be amended, supplemented and restated from time to time, hereinafter referred to as the "**Indenture**") made among the Company, John Deere Capital Corporation as guarantor (herein referred to as the "**Guarantor**"), and Computershare Trust Company of Canada as trustee (herein referred to as the "**Trustee**"). Reference is hereby expressly made to the Indenture for a statement and description of the terms and conditions upon which this series of Securities is issued or may be issued and held, and the rights and remedies of the holders of this series of Securities, of the Company, of the Guarantor and of the Trustee, all to the same effect as if the provisions of the Indenture were herein set forth, to all of which the Holder by acceptance hereof assents. All terms used in this Security which are not defined herein and which are defined in the Indenture shall have the meanings assigned to them in the Indenture.

The aggregate Principal Amount of this series of Securities which may be issued under the Indenture is unlimited and varying as to such other terms and conditions as are specified in the Indenture. Securities of this series in an unlimited Principal Amount have been authorized to be issued.

This Security is a direct obligation of the Company but is not secured by any mortgage, pledge or other charge.

The Company promises to pay interest on the Principal Amount, in lawful money of Canada, after as well as before Maturity, default and judgment (with interest on overdue interest), at the rate per annum equal to the Initial Interest Rate specified on the face hereof until the first Interest Reset Date following the Original Issue Date specified on the face hereof, and thereafter at the rate per annum equal to the interest rate in effect from time to time, until the Principal Amount hereof is paid or duly made available for payment. The Company will pay interest daily, weekly, monthly, quarterly, semi-annually or annually, as specified on the face hereof under "Interest Reset Period" and "Interest Payment Period", to the Holder of the Floating Rate Note at the close of business on the fifteenth Business Day ("**Regular Record**

Date") prior to the applicable Interest Payment Date commencing with the first Interest Payment Date following the Original Issue Date shown on the face hereof, and at Maturity; provided, however, that if the Original Issue Date shown on the face hereof is between a Regular Record Date and the related Interest Payment Date, the first payment of interest will be made on the next succeeding Interest Payment Date to the Holder on the Regular Record Date prior to such next succeeding Interest Payment Date. The interest payable on each Interest Payment Date will include accrued interest from and including the Original Issue Date or from and including the day following the last day in respect of which interest has been paid, as the case may be, to, but excluding, the Interest Payment Date.

[Insert a description of the applicable procedures for calculating interest payments]

[Insert a description of the applicable Interest Rate Basis and Interest Determination Date]

As interest, if any, on this series of Securities matures, the Company, at least two Business Days prior to each date on which any interest on this series of Securities becomes payable, shall forward or cause to be forwarded by prepaid mail, to the Holder at the close of business on the Regular Record Date, or in the case of joint Holders, to one of such Holders, at such Holder's registered address, a cheque dated the payment date for such interest (less any tax required to be deducted) payable to the order of such Holder or Holders and negotiable at par at each of the places at which interest upon this series of Securities is payable. The forwarding of such cheque shall satisfy and discharge the liability for any interest upon this series of Securities to the extent of the sums represented thereby (plus the amount of any tax deducted as aforesaid) unless such cheque is not honoured on presentation. In the event of the non-receipt of such cheque by the Holder or the loss or destruction thereof, upon the Company and the Trustee being furnished with evidence of such non-receipt, loss or destruction and indemnity reasonably satisfactory to them, the Company shall issue or cause to be issued to such Holder a replacement cheque for the amount of such cheque. At the Company's option, payments of interest to Holders may also be made by wire transfer to such Holder on the date on which any such interest becomes payable. Notwithstanding the foregoing, the Company, at its option, may make payment of any interest payable at the Maturity or upon redemption or repayment of this series of Securities (less any tax required to be deducted) only upon surrender of this Security.

In respect of payments of principal on this series of Securities, the Company, at least two Business Days prior to the Maturity Date, shall forward or cause to be forwarded by prepaid mail, to the Holder at the close of business on the applicable record date, or in the case of joint Holders, to one of such Holders, at such Holder's registered address, a cheque dated the Maturity Date (less any tax required to be deducted) payable to the order of such Holder or Holders and negotiable at par at each of the places at which principal upon this series of Securities is payable, against

receipt of this Security. The forwarding of such cheque shall satisfy and discharge the liability for the principal upon this series of Securities to the extent of the sums represented thereby (plus the amount of any tax deducted as aforesaid) unless such cheque is not honoured on presentation. In the event of the non-receipt of such cheque by the Holder or the loss or destruction thereof, upon the Company and the Trustee being furnished with evidence of such non-receipt, loss or destruction and indemnity reasonably satisfactory to them, the Company shall issue or cause to be issued to such Holder a replacement cheque for the amount of such cheque. At the Company's option, payments of principal to Holders may also be made by wire transfer to such Holder on the date on the Maturity Date, against receipt of this Security.

Upon presentation at the principal office of the Trustee in the City of Toronto, or to such other Security Registrar or Security Registrars (if any) and/or at such other place or places (if any) as the Company with the approval of the Trustee may designate, subject to the provisions of the Indenture and upon compliance with the reasonable requirements of the Trustee: (i) fully registered Securities of this series of any denomination may be exchanged for Securities of this series of any other authorized denominations in the same Principal Amount, but no such Securities may be exchanged unless the Securities received in exchange therefor have terms and provisions which are identical in all respects to the terms and provisions of the Securities so exchanged; and (ii) fully registered Securities of this series may be transferred by the Holder thereof or his executors, administrators or other legal representatives or his, her or their attorney duly appointed in writing, but no such transfer shall be valid unless it has been registered and such registration has been duly noted on such Security. No transfers or exchanges of Securities of this series will be registered during the fifteen Business Days immediately preceding any Interest Payment Date for such Security. Securities of this series issued in book entry only form may be transferred or exchanged only in accordance with the procedures agreed to from time to time by the Company, the Trustee and the Clearing Agency.

If specified on the face hereof, this Security will be subject to repayment, in whole or in part, at the option of the Holder on any Repayment Date and at the related Repayment Price (expressed as a percentage of the Principal Amount hereof) set forth on the face hereof, together with accrued and unpaid interest to but excluding such Repayment Date. If no Repayment Date is set forth on the face hereof, this Security may not be so repaid at the option of the Holder prior to its Stated Maturity. If this Security is a Book Entry Only Security (which by its terms is repayable at the option of the Holder), this Security may be repaid only in accordance with the procedures agreed to from time to time by the Company, the Trustee and the Clearing Agency. Exercise of such repayment option shall be irrevocable. Such option may be exercised by the Holder for less than the entire Principal Amount hereof, provided that the Principal Amount that is to be repaid is

equal to $1,000 or an integral multiple thereof, and provided that the portion of the Principal Amount hereof not being repaid shall be at least $1,000.

[Insert terms of redemption, if applicable.]

The right is reserved to the Company, subject to the terms and conditions in the Indenture, to purchase any Securities of this series at any time in the market or by tender or by private contract.

The Principal Amount of this series of Securities may also become or be declared payable before its Stated Maturity on the conditions, in the manner, with the effect and at the times set forth in the Indenture.

The Indenture contains provisions for the holding of meetings of Holders of each series of Securities and rendering resolutions passed at such meetings and instruments in writing signed by the Holders of a specified percentage of the Principal Amount of the Securities of that series outstanding binding upon all holders of such series of Securities.

The principal amount, premium, if any, interest and certain other amounts payable under this Security have been unconditionally guaranteed by the Guarantor. Reference is made to the Indenture for the terms and conditions of the Guarantor's obligations in this regard.

This Security shall not become obligatory for any purpose until it has been certified or authenticated by or on behalf of the Trustee.

THIS SECURITY SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE PROVINCE OF ONTARIO, AND THE LAWS OF CANADA APPLICABLE THEREIN WITHOUT REGARD TO THE PRINCIPLES OF CONFLICTS OF LAWS.

IN WITNESS WHEREOF John Deere Canada Funding Inc. has caused this Security to be signed by its duly authorized officers, manually or by facsimile signature, as of the _____ day of _____, _____.

JOHN DEERE CANADA FUNDING INC.

By: _____
Authorized Signing Officer

By: _____
Authorized Signing Officer

EXHIBIT "C"
Form of Trustee's Certificate of Authentication

This note is one of the Securities referred to in the trust indenture dated as of June 1, 2012, as amended, supplemented and restated to date, among John Deere Canada Funding Inc. (the "**Company**"), John Deere Capital Corporation ("**JDCC**") and Computershare Trust Company of Canada as trustee.

COMPUTERSHARE TRUST COMPANY OF CANADA, TRUSTEE

By:_____
(Authorized Officer)

(FORM OF REGISTRATION PANEL)
(No writing hereon except by Registrar)

DATE OF REGISTRY	IN WHOSE NAME REGISTERED	REGISTRAR

Attachment Brookfield (0 Bytes) cannot be converted to PDF format.

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

This prospectus supplement together with the short form base shelf prospectus to which it relates dated February 17, 2017, as amended or supplemented, and each document incorporated by reference in the short form base shelf prospectus, as amended or supplemented, constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities.

Information has been incorporated by reference in this prospectus supplement and the accompanying short form base shelf prospectus to which it relates, as amended or supplemented, from documents filed with securities commissions or similar authorities in Canada. *Copies of the documents incorporated herein by reference may be obtained on request without charge from the office of the Corporate Secretary of the Company at Suite 300, Brookfield Place, 181 Bay Street, Toronto, Ontario, Canada, M5J 2T3, Telephone: (416) 363-9491, and are also available electronically at www.sedar.com.*

PROSPECTUS SUPPLEMENT

(To a Short Form Base Shelf Prospectus Dated February 17, 2017)

New Issue September 11, 2017

Brookfield

US$550,000,000

BROOKFIELD FINANCE INC.

4.700% Notes due September 20, 2047

Fully and unconditionally guaranteed by Brookfield Asset Management Inc.

Brookfield Finance Inc. ("**BFI**") will pay interest on the notes each March 20 and September 20. BFI will make the first interest payment on March 20, 2018. Unless BFI redeems the notes earlier, the notes will mature on September 20, 2047. BFI may redeem some or all of the notes at any time at the applicable Redemption Price (as defined herein). BFI will be required to make an offer to purchase the notes at a price equal to 101% of their principal amount, plus accrued and unpaid interest to the date of repurchase upon the occurrence of a Change of Control Triggering Event (as defined herein). BFI may also redeem all of the notes at any time in the event that certain changes affecting Canadian income taxation occur. The notes will be fully and unconditionally guaranteed as to payment of principal, premium (if any) and interest and certain other amounts by Brookfield Asset Management Inc. (the "**Company**").

The notes will not be listed on a securities exchange or quotation system and consequently, there is no market through which the notes may be sold and purchasers may not be able to resell the notes purchased under this prospectus supplement. This may affect the pricing of the notes in the secondary market, the transparency and availability of trading prices, the liquidity of the notes and the extent of issuer regulation. See "Risk Factors".

Investing in the notes involves risks. See "Risk Factors" beginning on page S-9.

	Per Note	Total
Public Offering Price[(1)]	99.219%	US$545,704,500
Underwriting Fees	0.875%	US$4,812,500
Proceeds to BFI (before expenses)	98.344%	US$540,892,000

(1) **The effective yield of the notes, if held to September 20, 2047, will be 4.749%.**

Interest on the notes will accrue from September 14, 2017 to the date of delivery. **The offering price of the notes will be payable in U.S. dollars.**

This offering is made by a Canadian issuer that is permitted, under a multijurisdictional disclosure system adopted by the United States and Canada, to prepare this prospectus supplement and the accompanying base shelf

(iii) the applicable Trustee(s) has failed to institute such proceeding, and has not received from the Holders of a majority in aggregate principal amount of the Outstanding Securities of that series a direction inconsistent with such request, within 60 days after such notice, request and offer. (Section 507 of the BAM Indenture, Section 6.7 of the BFI Indenture and Section 6.7 of the US LLC Indenture) However, such limitations do not apply to a suit instituted by a Holder of an Indenture Security for the enforcement of payment of the principal of, or of any premium or interest on, such Indenture Security on or after the applicable due date specified in such Indenture Security. (Section 508 of the BAM Indenture, Section 6.8 of the BFI Indenture and Section 6.8 of the US LLC Indenture)

The Company, BFI and US LLC are each required to furnish to the BAM Trustee, the BFI Trustee and US LLC Trustees, respectively, a quarterly statement by certain of its officers as to whether or not the Company, BFI or US LLC, as applicable, to their knowledge, is in default in the performance or observance of any of the terms, provisions and conditions of the applicable Indenture and, if so, specifying all such known defaults. (Section 1004 of the BAM Indenture, Section 11.4 of the BFI Indenture and Section 11.4 of the US LLC Indenture) In addition, the US LLC is required to deliver an annual compliance certificate as required under the Trust Indenture Act. (Section 11.4(d) of the US LLC Indenture)

Defeasance

Each Indenture provides that, at the option of the particular Issuer, the Issuer and, in the case of the BFI Indenture and US LLC Indenture, the Company will be discharged from any and all obligations in respect of any Outstanding Securities upon irrevocable deposit with the applicable Trustee(s), in trust, of money and/or Government Obligations which will provide money in an amount sufficient, in the opinion of a nationally recognized firm of independent public accountants, to pay the principal of or premium, if any, and each instalment of interest, if any, on such Outstanding Securities ("**Defeasance**"). Such trust may only be established if certain customary conditions precedent are satisfied, including, among other things, confirmation that Holders will not recognize gain or loss for U.S. federal income tax purposes as a result of such Defeasance. The Issuer may exercise its Defeasance option notwithstanding its prior exercise of its Covenant Defeasance option described in the following paragraph if the Issuer meets the conditions precedent at the time the Issuer exercises the Defeasance option.

Each Indenture provides that, at the option of the Issuer, unless and until the Issuer has exercised its Defeasance option described in the preceding paragraph, the Issuer may omit to comply with certain restrictive covenants and such omission shall not be deemed to be an Event of Default under the Indenture and the Outstanding Securities upon irrevocable deposit with the applicable Trustee(s), in trust, of money and/or Government Obligations which will provide money in an amount sufficient, in the opinion of a nationally recognized firm of independent public accountants, to pay the principal of and premium, if any, and each instalment of interest, if any, on the Outstanding Securities of the Issuer ("**Covenant Defeasance**"). In the event the Issuer exercises its Covenant Defeasance option, the obligations under the applicable Indenture (other than with respect to such covenants and the Events of Default other than the Events of Default relating to such covenants above) shall remain in full force and effect. Such trust may only be established if certain customary conditions precedent are satisfied, including, among other things, confirmation that Holders will not recognize gain or loss for U.S. federal income tax purposes as a result of such Defeasance. (Article Thirteen of the BAM Indenture, Article Fourteen of the BFI Indenture and Article Fourteen of the US LLC Indenture)

Modification and Waiver

Modifications and amendments of an Indenture may be made by the Company, the Issuer (if other than the Company) and the applicable Trustee(s) with the consent of the Holders of a majority in aggregate principal amount of the Outstanding Securities of each series of Indenture Securities affected by such modification or amendment; provided, however, that no such modification or amendment may, without the consent of the Holder of each Outstanding Security affected thereby, (a) change the Stated Maturity of the principal of, or any instalment of interest on, any Outstanding Security, (b) reduce the principal amount of (or the premium), or interest on, any Outstanding Security, (c) reduce the amount of the principal of any Outstanding Security payable upon the acceleration of the maturity thereof, (d) change the place or currency of payment of principal of (or the premium), or interest on, any Outstanding Security, (e) impair the right to institute suit for the enforcement of any payment on or with respect to any Outstanding Security, (f) reduce the above-stated percentage of Outstanding Securities necessary to modify or amend the particular Indenture, (g) reduce the percentage of aggregate principal amount of Outstanding Securities necessary for waiver of compliance with certain provisions of the particular Indenture or for waiver of certain defaults, (h) modify any provisions of the particular Indenture relating to the modification and amendment of such Indenture or the waiver of past defaults or covenants, except as otherwise specified or (i) following the mailing of any Offer to Purchase, modify any Offer to Purchase for such Outstanding Security required to be made pursuant to the terms of such Outstanding Security in a manner materially adverse to the Holders thereof. (Section 902 of the BAM Indenture, Section 10.2 of the BFI Indenture and Section 10.2 of the US LLC Indenture) In the case of the US LLC Indenture, no such modification or waiver may, without consent of the Holder

EXECUTION COPY

BROOKFIELD FINANCE INC.

AND

BROOKFIELD ASSET MANAGEMENT INC.

AND

COMPUTERSHARE TRUST COMPANY OF CANADA

INDENTURE

Dated as of June 2, 2016

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INDENTURE

Dated as of June 2, 2016,

BETWEEN

BROOKFIELD FINANCE INC., a corporation incorporated under the laws of Ontario, Canada,

(herein called the "**Issuer**")

and

BROOKFIELD ASSET MANAGEMENT INC., a corporation amalgamated under the laws of Ontario, Canada,

(herein called the "**Company**")

and

COMPUTERSHARE TRUST COMPANY OF CANADA, a trust company organized under the laws of Canada

(herein called the "**Trustee**").

RECITALS OF THE ISSUER AND THE COMPANY

The Issuer and the Company have duly authorized the execution and delivery of this Indenture to provide for the issuance by the Issuer from time to time of unsecured debentures, notes or other evidences of indebtedness in one or more series (herein called the "**Securities**"), each of which is unconditionally guaranteed by Company as provided herein.

All things necessary to make this Indenture a valid agreement of the Issuer and the Company, in accordance with its terms, have been done.

NOW, THEREFORE, THIS INDENTURE WITNESSETH:

For and in consideration of the premises and the purchase of the Securities by the Holders thereof, it is mutually agreed, for the equal and proportionate benefit of all Holders of the Securities or of series thereof, as follows:

ARTICLE 1
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.1 Definitions.

For all purposes of this Indenture, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms defined in this Article have the meanings assigned to them in this Article and include the plural as well as the singular;

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

(c) all accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles, and, except as otherwise herein expressly provided, the terms "generally accepted accounting principles" with respect to any determination required or permitted hereunder shall mean such accounting principles as are generally accepted in Canada at the date of such determination;

(d) unless the context otherwise requires, any reference to an "Article" or a "Section" refers to an Article or a Section, as the case may be, of this Indenture;

(e) the words "herein", "hereof" and "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision; and

(f) any reference to any Person shall include such Person's successors and assigns.

"**Act**", when used with respect to any Holder, has the meaning specified in Section 1.4.

"**Additional Amounts**" if applicable in respect of the Securities of any series, will have the meaning attributed to such term in the supplemental indenture pursuant to which such series of Securities were created.

"**Affiliate**" of any Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such Person. For the purposes of this definition, "**control**", when used with respect to any Person, means the power to influence the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "**controlling**" and "**controlled**" have meanings correlative to the foregoing.

"**Authenticating Agent**" means any Person authorized by the Trustee pursuant to Section 7.16 to act on behalf of the Trustee to authenticate Securities of one or more series.

"**Board of Directors**" means the board of directors of the Issuer or any duly authorized committee of that board.

"**Board Resolution**" means a copy of a resolution that is certified by any director or officer of the Issuer to have been duly adopted by the Board of Directors and to be in full force and effect on the date of such certification, and delivered to the Trustee.

"**Business Day**", when used with respect to any Place of Payment, means each Monday, Tuesday, Wednesday, Thursday and Friday which is not a day on which banking institutions in that Place of Payment are authorized or obligated by law or executive order to close.

"**Capital Lease Obligation**" of any Person means the obligation to pay rent or other payment amounts under a lease of (or other Debt arrangements conveying the right to use) real or personal property of such Person which is required to be classified and accounted for as a capital lease or a liability on the face of a balance sheet of such Person in accordance with generally accepted accounting principles and which has a term of at least 36 months. The stated maturity of such obligation shall be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be terminated by the lessee without payment of a penalty.

"**Capital Stock**" of any Person means any and all shares, units, interests, participations or other equivalents (however designated) of corporate stock or other equity participations, including partnership interests, whether general or limited, of such Person.

"**Commission**" means the U.S. Securities and Exchange Commission, as from time to time constituted, created under the Exchange Act, or, if at any time after the execution of this instrument such Commission is not existing and performing the duties now assigned to it under the Trust Indenture Act, then the body performing such duties at such time.

"**Common Stock**" of any Person means Capital Stock of such Person that does not rank prior, as to the payment of dividends or as to the distribution of assets upon any voluntary or involuntary liquidation, dissolution or winding up of such Person, to shares of Capital Stock of any other class of such Person.

"**Company**" means the Person named as the "Company" in the first paragraph of this instrument until a successor Person shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "**Company**" shall mean such successor Person.

"**Consolidated Net Worth**" of any Person means the consolidated stockholders' equity of such Person, determined on a consolidated basis in accordance with generally accepted accounting principles, plus, without duplication, Qualifying Subordinated Debt and Deferred Credits;

"**Corporate Trust Office**" means the principal office of the Trustee in Toronto, Ontario at which at any particular time its corporate trust business shall be administered, which office at the date hereof is located at 100 University Avenue, 11th Floor, Toronto, Canada M5J 2Y1.

"**corporation**" means a corporation, association, company, joint-stock company or business trust.

"**Covenant Defeasance**" has the meaning specified in Section 14.3.

"**Debt**" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent, (i) every obligation of such Person for money borrowed, (ii) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments, including obligations incurred in connection with the

acquisition of property, assets or businesses, (iii) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar facilities issued for the account of such Person, (iv) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or accrued liabilities arising in the ordinary course of business which are not overdue or which are being contested in good faith), (v) every Capital Lease Obligation of such Person, (vi) every obligation of such Person the payment of which could not be considered as interest in accordance with generally accepted accounting principles under Interest Rate or Currency Protection Agreements of such Person and (vii) every obligation of the type referred to in Clauses (i) through (vi) of another Person and all dividends of another Person the payment of which, in either case, such Person has Guaranteed or for which such Person is responsible or liable, directly or indirectly, as obligor, Guarantor or otherwise.

"**Defaulted Interest**" has the meaning specified in Section 3.7.

"**Defeasance**" has the meaning specified in Section 14.2.

"**Deferred Credits**" means the deferred credits of any Person and its Subsidiaries determined on a consolidated basis in accordance with generally accepted accounting principles.

"**Depositary**" means, with respect to Securities of any series issuable in whole or in part in the form of one or more Global Securities, a clearing agency that is designated to act as Depositary for such Securities as contemplated by Section 3.1.

"**Dollars**" and "**$**" means lawful money of the United States, and "**Canadian Dollars**" and "**CDN$**" means lawful money of Canada.

"**Event of Default**" has the meaning specified in Section 6.1.

"**Exchange Act**" means the *United States Securities Exchange Act of 1934* and any statute successor thereto, in each case as amended from time to time.

"**Expiration Date**" has the meaning specified in Section 1.4.

"**Foreign Currency**" means a currency issued by the government of a country other than the United States.

"**Global Security**" means a Security that evidences all or part of the Securities of any series.

"**Government Obligation**" has the meaning specified in Section 14.4.

"**Guarantee**" by any Person means any obligation, contingent or otherwise, of such Person guaranteeing, or having the economic effect of guaranteeing, any Debt of any other Person (the "primary obligor") in any manner, whether directly or indirectly, and including, without limitation, any obligation of such Person, (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Debt or to purchase (or to advance or supply funds for the purchase of) any security for the payment of such Debt, (ii) to purchase property, securities or services for the purpose of assuring the holder of such Debt of the payment of such Debt, or (iii) to maintain

working capital, equity capital or other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such Debt (and "**Guaranteed**", "**Guaranteeing**" and "**Guarantor**" shall have meanings correlative to the foregoing); provided, however, that the Guarantee by any Person shall not include endorsements by such Person for collection or deposit, in either case, in the ordinary course of business.

"**Holder**" means a Person in whose name a Security is registered in the Security Register.

"**Incur**" means, with respect to any Debt or other obligation of any Person, to create, issue, incur (by conversion, exchange or otherwise), assume, Guarantee or otherwise become liable in respect of such Debt or other obligation or the recording, as required pursuant to generally accepted accounting principles, or otherwise, of any such Debt or other obligation on the balance sheet of such Person (and "**Incurrence**", "**Incurred**" and "**Incurring**" shall have meanings correlative to the foregoing); provided, however, that a change in generally accepted accounting principles that results in an obligation of such Person that exists at such time becoming Debt shall not be deemed an Incurrence of such Debt.

"**Indenture**" means this instrument as originally executed and as it may from time to time be supplemented or amended by one or more indentures supplemental hereto entered into pursuant to the applicable provisions hereof, including, for all purposes of this instrument and any such supplemental indenture, the provisions of the Trust Indenture Legislation that are deemed to be a part of and govern this instrument and any such supplemental indenture, respectively. The term "**Indenture**" shall also include the terms of particular series of Securities established as contemplated by Section 3.1.

"**interest**", when used with respect to an Original Issue Discount Security which by its terms bears interest only after Maturity, means interest payable after Maturity.

"**Interest Payment Date**", when used with respect to any Security, means the Stated Maturity of an instalment of interest on such Security.

"**Interest Rate or Currency Protection Agreement**" of any Person means any interest rate protection agreement (including, without limitation, interest rate swaps, caps, floors, collars and similar agreements), and/or other types of interest hedging agreements, and any currency protection agreement (including foreign exchange contracts, currency swap agreements or other currency hedging arrangements).

"**Investment Company Act**" means the *Investment Company Act of 1940* and any statute successor thereto, in each case as amended from time to time.

"**Issuer**" means the Person named as the "Issuer" in the first paragraph of this instrument until a successor Person shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "**Issuer**" shall mean such successor Person.

"**Issuer Request**" or "**Issuer Order**" means a written request or order signed in the name of the Issuer by any director or officer of the Issuer and delivered to the Trustee.

"**Lien**" means, with respect to any property or assets, any mortgage, charge, hypothecation, pledge, encumbrance on, or other security interest in, such property or assets.

"**Market Exchange Rate**" has the meaning specified in Section 1.20.

"**Maturity**", when used with respect to any Security, means the date on which the principal of such Security or an instalment of principal becomes due and payable as therein or herein provided, whether at the Stated Maturity or by declaration of acceleration, call for redemption or otherwise.

"**Notice of Default**" means a written notice of the kind specified in Section 6.1(e).

"Obligations" means, with respect to the Securities of any series, the principal of, premium and Additional Amounts, if any, and interest on all Securities of such series issued by the Issuer under this Indenture when and as the same shall become due and payable, whether at maturity, upon redemption, acceleration or otherwise, and all other obligations and liabilities owing by the Issuer to the Trustee under this Indenture in respect of such series, whether present or future, absolute or contingent, liquidated or unliquidated, as principal or as surety, alone or with others, of whatsoever nature or kind, in any currency, under or in respect of this Indenture.

"**Offer to Purchase**" means a written offer (the "**Offer**") sent by the Issuer by first class mail, postage prepaid, to each Holder of a series of Securities at his address appearing in the Security Register on the date of the Offer offering to purchase up to the principal amount of Securities of such series specified in such Offer at the purchase price specified in such Offer (as determined pursuant to this Indenture). Unless otherwise required by applicable law, the Offer shall specify an expiration date (the "**Offer Expiration Date**") of the Offer to Purchase which shall be, subject to any contrary requirements of applicable law, not less than 30 days or more than 60 days after the date of such Offer and a settlement date (the "**Purchase Date**") for purchase of Securities of such series within five Business Days after the Offer Expiration Date. The Issuer shall notify the Trustee at least 15 Business Days (or such shorter period as is acceptable to the Trustee) prior to the mailing of the Offer of the Issuer's obligation to make an Offer to Purchase, and the Offer shall be mailed by the Issuer or, at the Issuer's request, by the Trustee in the name and at the expense of the Issuer. The Offer shall contain information concerning the business of the Issuer, the Company and their Subsidiaries which the Issuer in good faith believes will enable such Holders to make an informed decision with respect to the Offer to Purchase (which at minimum will include (i) the most recent annual and quarterly financial statements and "Management's Discussion and Analysis of Financial Condition and Results of Operations" of the Company contained in the documents required to be filed with the Trustee pursuant to this Indenture (which requirements may be satisfied by delivery of such documents together with the Offer), (ii) a description of material developments in the Issuer or Company's business subsequent to the date of the latest of such financial statements referred to in clause (i) (including a description of the events requiring the Issuer to make the Offer to Purchase), (iii) if applicable, appropriate pro forma financial information concerning the Offer to Purchase and the events requiring the Issuer to make the Offer to Purchase and (iv) any other information required by applicable law to be included therein. The Offer shall contain all instructions and materials necessary to enable such Holders to tender Securities pursuant to the Offer to Purchase. The Offer shall also state:

(a) the Section of this Indenture pursuant to which the Offer to Purchase is being made:

(b) the Offer Expiration Date and the Purchase Date;

(c) the aggregate principal amount of the Outstanding Securities of such series offered to be purchased by the Issuer pursuant to the Offer to Purchase (including, if less than 100%, the manner by which such amount has been determined) (the "**Purchase Amount**");

(d) the purchase price to be paid by the Issuer for each $1,000 aggregate principal amount of Securities accepted for payment (as specified pursuant to this Indenture) (the "**Purchase Price**");

(e) that the Holder may tender all or any portion of the Securities registered in the name of such Holder and that any portion of a Security tendered must be tendered in an integral multiple of $1,000 principal amount;

(f) the place or places where Securities are to be surrendered for tender pursuant to the Offer to Purchase;

(g) that interest on any Security not tendered or tendered but not purchased by the Issuer pursuant to the Offer to Purchase will continue to accrue;

(h) that on the Purchase Date, the Purchase Price will become due and payable upon each Security being accepted for payment pursuant to the Offer to Purchase and that interest thereon shall cease to accrue on and after the Purchase Date;

(i) that each Holder electing to tender a Security pursuant to the Offer to Purchase will be required to surrender such Security at the place or places specified in the Offer prior to the close of business on the Offer Expiration Date (such Security being, if the Issuer or the Trustee so requires, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Issuer and the Trustee duly executed by, the Holder thereof or his attorney duly authorized in writing);

(j) that Holders will be entitled to withdraw all or any portion of Securities tendered if the Issuer (or its Paying Agent) receives, not later than the close of business on the Offer Expiration Date, a telegram, telex, facsimile transmission or letter setting forth the name of the Holder, the principal amount of the Security the Holder tendered, the certificate number of the Security the Holder tendered and a statement that such Holder is withdrawing all or a portion of his tender;

(k) that (a) if Securities in an aggregate principal amount less than or equal to the Purchase Amount are duly tendered and not withdrawn pursuant to the Offer to Purchase, the Issuer shall purchase all such Securities and (b) if Securities in an aggregate principal amount in excess of the Purchase Amount are tendered and not withdrawn pursuant to the Offer to Purchase, the Issuer shall purchase Securities having an aggregate principal amount equal to the Purchase Amount on a *pro rata*

basis (with such adjustments as may be deemed appropriate so that only Securities in denominations of $1,000 or integral multiples thereof shall be purchased); and

(l) that in the case of any Holder whose Security is purchased only in part, the Issuer shall execute, and the Trustee shall authenticate and deliver to the Holder of such Security without service charge, a new Security or Securities, of any authorized denomination as requested by such Holder, in an aggregate principal amount equal to and in exchange for the unpurchased portion of the Security so tendered.

Any Offer to Purchase shall be governed by and effected in accordance with the Offer for such Offer to Purchase.

"**Officer's Certificate**" means a certificate signed by any director or officer of the Issuer and delivered to the Trustee. The person signing an Officer's Certificate given pursuant to Section 11.4 shall be the principal executive, financial or accounting officer of the Issuer.

"**Opinion of Counsel**" means a written opinion of counsel, who may be counsel for the Issuer or the Company, and who shall be acceptable to the Trustee, and which opinion will be subject to customary assumptions and qualifications.

"**Original Issue Discount Security**" means any Security which provides for an amount less than the principal amount thereof to be due and payable upon a declaration of acceleration of the Maturity thereof pursuant to Section 6.2.

"**Outstanding**", when used with respect to Securities, means, as of the date of determination, all Securities theretofore authenticated and delivered under this Indenture, except:

(a) Securities theretofore cancelled by the Trustee or delivered to the Trustee for cancellation;

(b) Securities or portions thereof for whose payment or redemption money in the necessary amount has been theretofore deposited with the Trustee or any Paying Agent (other than the Issuer) in trust or set aside and segregated in trust by the Issuer (if the Issuer shall act as its own Paying Agent) for the Holders of such Securities; provided that, if such Securities are to be redeemed, notice of such redemption has been duly given pursuant to this Indenture or provision therefor satisfactory to the Trustee has been made;

(c) Securities as to which Defeasance has been effected pursuant to Section 14.2; and

(d) Securities which have been paid pursuant to Section 3.6 or in exchange for or in lieu of which other Securities have been authenticated and delivered pursuant to this Indenture, other than any such Securities in respect of which there shall have been presented to the Trustee proof satisfactory to it that such Securities are held by a *bona fide* purchaser in whose hands such Securities are valid obligations of the Issuer;

provided, however, that in determining whether the Holders of the requisite principal amount of the Outstanding Securities have given, made or taken any request, demand, authorization, direction, notice, consent, waiver or other action hereunder as of any date, (A) the principal amount of an Original Issue Discount Security which shall be deemed to be Outstanding shall be the amount of the principal thereof which would be due and payable as of such date upon acceleration of the Maturity thereof to such date pursuant to Section 6.2, (B) if, as of such date, the principal amount payable at the Stated Maturity of a Security is not determinable, the principal amount of such Security which shall be deemed to be Outstanding shall be the amount as specified or determined as contemplated by Section 3.1, (C) the principal amount of a Security denominated in one or more foreign currencies or currency units which shall be deemed to be Outstanding shall be the U.S. dollar equivalent, determined as of such date in the manner provided as contemplated by Section 3.1, of the principal amount of such Security (or, in the case of a Security described in Clause (A) or (B) above, of the amount determined as provided in such Clause), and (D) Securities owned by the Issuer, the Company or any other obligor upon the Securities or any Affiliate of the Issuer, the Company or of such other obligor shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent, waiver or other action, only Securities which the Trustee knows to be so owned shall be so disregarded. Securities so owned which have been pledged in good faith may be regarded as Outstanding if the pledgee establishes to the satisfaction of the Trustee the pledgee's right so to act with respect to such Securities and that the pledgee is not the Issuer, the Company or any other obligor upon the Securities or any Affiliate of the Issuer, the Company or of such other obligor.

"***pari passu***", when used with respect to the ranking of any Debt of any Person in relation to other Debt of such Person, means that each such Debt (a) either (i) is not subordinated in right of payment to the same Debt of such Person, or (ii) is subordinate in right of payment to the same Debt of such Person as is the other and is so subordinate to the same extent, and (b) is not subordinate in right of payment to the other or to any Debt of such Person as to which the other is not so subordinate.

"**Paying Agent**" means any Person authorized by the Issuer to pay the principal of or any premium or interest on any Securities on behalf of the Issuer.

"**Person**" means any individual, corporation, partnership, joint venture, association, company, trust, unincorporated organization or government or any agency or political subdivision thereof.

"**Place of Payment**", when used with respect to the Securities of any series, means the place or places where the principal of and any premium and interest on the Securities of that series are payable as specified as contemplated by Section 3.1.

"**Predecessor Security**" of any particular Security means every previous Security evidencing all or a portion of the same debt as that evidenced by such particular Security; and, for the purposes of this definition, any Security authenticated and delivered under Section 3.6 in exchange for or in lieu of a mutilated, destroyed, lost or stolen Security shall be deemed to evidence the same debt as the mutilated, destroyed, lost or stolen Security.

"**Proceeding**" means any receivership, insolvency, proposal, bankruptcy, compromise, arrangement, winding-up, dissolution or other similar judicial proceeding.

"**Qualifying Subordinated Debt**" means Debt of the Company (i) which by its terms provides that the payment of principal of (and premium, if any) and interest on and all other payment obligations in respect of such Debt shall be subordinate to the prior payment in full of the Company's obligations in respect of the Securities pursuant to Article 5 to at least the extent that no payment of principal of (or premium, if any) or interest on or otherwise due in respect of such Debt may be made for so long as there exists any default in the payment of principal (or premium, if any) or interest on the Securities or any other default that with the passing of time or the giving of notice, or both, would constitute an event of default with respect to the Securities; and (ii) which expressly by its terms gives the Company the right to make payments of principal in respect of such Debt in Common Stock of the Company.

"**Redemption Date**", when used with respect to any Security to be redeemed, means the date fixed for such redemption by or pursuant to this Indenture.

"**Redemption Price**", when used with respect to any Security to be redeemed, means the price at which it is to be redeemed pursuant to this Indenture.

"**Regular Record Date**" for the interest payable on any Interest Payment Date on the Securities of any series means the date specified for that purpose as contemplated by Section 3.1.

"**Securities**" has the meaning stated in the first recital of this Indenture and more particularly means any Securities authenticated and delivered under this Indenture.

"**Securities Act**" means the *Securities Act of 1933* and any statute successor thereto, in each case as amended from time to time.

"**Security Register**" and "**Security Registrar**" have the respective meanings specified in Section 3.5.

"**Special Record Date**" for the payment of any Defaulted Interest means a date fixed by the Trustee pursuant to Section 3.7.

"**Stated Maturity**", when used with respect to any Security or any instalment of principal thereof or interest thereon, means the date specified in such Security as the fixed date on which the principal of such Security or such instalment of principal or interest is due and payable.

"**Subsidiary**" of any Person means (i) a corporation 50% or more of the combined voting power of the outstanding Voting Stock of which is owned, directly or indirectly, by such Person or by one or more other Subsidiaries of such Person or by such Person and one or more Subsidiaries thereof or (ii) any other Person (other than a corporation) in which such Person, or one or more other Subsidiaries of such Person or such Person and one or more other Subsidiaries thereof, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"**Trust Indenture Act**" means the *Trust Indenture Act of 1939* as in force at the date as of which this instrument was executed; provided, however, that in the event the *Trust Indenture Act of 1939* is amended after such date, "**Trust Indenture Act**" means, to the extent required by any such amendment, the *Trust Indenture Act of 1939* as so amended.

"**Trust Indenture Legislation**" means, at any time, (i) the provisions of the *Business Corporations Act* (Ontario) and regulations thereunder as amended or re-enacted from time to time, (ii) the provisions of any other statute of Canada or any province thereof and any regulations thereunder and (iii) the Trust Indenture Act and regulations thereunder, but only to the extent applicable under Rule 4d-9 under the Trust Indenture Act, in each case relating to trust indentures and to the rights, duties, and obligations of trustees under trust indentures and of corporations issuing debt obligations under trust indentures to the extent that such provisions are at such time in force and applicable to this Indenture.

"**Trustee**" means the Person named as the "**Trustee**" in the first paragraph of this instrument until a successor Trustee shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "**Trustee**" shall mean or include each Person who is then a Trustee hereunder, and if at any time there is more than one such Person, "**Trustee**" as used with respect to the Securities of any series shall mean the Trustee with respect to Securities of that series.

"**Voting Stock**" of any Person means Capital Stock of such Person which ordinarily has voting power for the election of directors (or persons performing similar functions) of such Person, whether at all times or only so long as no senior class of securities has such voting power by reason of any contingency.

1.2 Compliance Certificates and Opinions.

Upon any application or request by the Issuer to the Trustee to take any action under any provision of this Indenture, the Issuer shall furnish to the Trustee such certificates and opinions as may be required under the Trust Indenture Legislation. Each such certificate or opinion shall be given in the form of an Officer's Certificate, if to be given by an officer of the Issuer, or an Opinion of Counsel, if to be given by counsel, and shall comply with the requirements of the Trust Indenture Legislation and any other requirements set forth in this Indenture.

Every certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture shall include,

(a) a statement that each individual signing such certificate or opinion has read such covenant or condition and the definitions herein relating thereto;

(b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(c) a statement that, in the opinion of each such individual, he has made such examination or investigation as is necessary to enable him to express an informed

opinion as to whether or not such covenant or condition has been complied with; and

(d) a statement as to whether, in the opinion of each such individual, such condition or covenant has been complied with.

1.3 Form of Documents Delivered to Trustee.

In any case where several matters are required to be certified by, or covered by an opinion of, any specified Person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

Any certificate or opinion of an officer of the Issuer or the Company may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless such officer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to the matters upon which his certificate or opinion is based are erroneous. Any such certificate or opinion of counsel may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, an officer or officers of the Issuer or the Company (as applicable) stating that the information with respect to such factual matters is in its possession, unless such counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to such matters are erroneous.

Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

1.4 Acts of Holders; Record Dates.

Any request, demand, authorization, direction, notice, consent, waiver or other action provided or permitted by this Indenture to be given, made or taken by Holders may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Holders in person or by an agent duly appointed in writing; and, except as herein otherwise expressly provided, such action shall become effective when such instrument is or instruments are delivered to the Trustee and, where it is hereby expressly required, to the Issuer and the Company. Such instrument or instruments (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the "**Act**" of the Holders signing such instrument or instruments. Proof of execution of any such instrument or of a writing appointing any such agent shall be sufficient for any purpose of this Indenture and conclusive in favor of the Trustee, the Issuer and the Company, if made in the manner provided in this Section.

The fact and date of the execution by any Person of any such instrument or writing may be proved by the affidavit of a witness of such execution or by a certificate of a notary public or other officer authorized by law to take acknowledgments of deeds, certifying that the individual

signing such instrument or writing acknowledged to him the execution thereof. Where such execution is by a signer acting in a capacity other than his individual capacity, such certificate or affidavit shall also constitute sufficient proof of his authority. The fact and date of the execution of any such instrument or writing, or the authority of the Person executing the same, may also be proved in any other manner which the Trustee deems sufficient.

The ownership of Securities shall be proved by the Security Register.

Any request, demand, authorization, direction, notice, consent, waiver or other Act of the Holder of any Security shall bind every future Holder of the same Security and the Holder of every Security issued upon the registration of transfer thereof or in exchange therefor or in lieu thereof in respect of anything done, omitted or suffered to be done by the Trustee or the Issuer in reliance thereon, whether or not notation of such action is made upon such Security.

The Issuer may set any day as a record date for the purpose of determining the Holders of Outstanding Securities of any series entitled to give, make or take any request, demand, authorization, direction, notice, consent, waiver or other action provided or permitted by this Indenture to be given, made or taken by Holders of Securities of such series, provided that the Issuer may not set a record date for, and the provisions of this paragraph shall not apply with respect to, the giving or making of any notice, declaration, request or direction referred to in the next paragraph. If any record date is set pursuant to this paragraph, the Holders of Outstanding Securities of the relevant series on such record date, and no other Holders, shall be entitled to take the relevant action, whether or not such Holders remain Holders after such record date; provided that no such action shall be effective hereunder unless taken on or prior to the applicable Expiration Date by Holders of the requisite principal amount of Outstanding Securities of such series on such record date. Nothing in this paragraph shall be construed to prevent the Issuer from setting a new record date for any action for which a record date has previously been set pursuant to this paragraph (whereupon the record date previously set shall automatically and with no action by any Person be cancelled and of no effect), and nothing in this paragraph shall be construed to render ineffective any action taken by Holders of the requisite principal amount of Outstanding Securities of the relevant series on the date such action is taken. Promptly after any record date is set pursuant to this paragraph, the Issuer, at its own expense, shall cause notice of such record date, the proposed action by Holders and the applicable Expiration Date to be given to the Trustee in writing and to each Holder of Securities of the relevant series in the manner set forth in Section 1.6.

The Trustee may set any day as a record date for the purpose of determining the Holders of Outstanding Securities of any series entitled to join in the giving or making of (i) any Notice of Default, (ii) any declaration of acceleration referred to in Section 6.2, (iii) any request to institute proceedings referred to in Section 6.7(b) or (iv) any direction referred to in Section 6.12, in each case with respect to Securities of such series. If any record date is set pursuant to this paragraph, the Holders of Outstanding Securities of such series on such record date, and no other Holders, shall be entitled to join in such notice, declaration, request or direction, whether or not such Holders remain Holders after such record date; provided that no such action shall be effective hereunder unless taken on or prior to the applicable Expiration Date by Holders of the requisite principal amount of Outstanding Securities of such series on such record date. Nothing in this paragraph shall be construed to prevent the Trustee from setting a new record date for any action

for which a record date has previously been set pursuant to this paragraph (whereupon the record date previously set shall automatically and with no action by any Person be cancelled and of no effect), and nothing in this paragraph shall be construed to render ineffective any action taken by Holders of the requisite principal amount of Outstanding Securities of the relevant series on the date such action is taken. Promptly after any record date is set pursuant to this paragraph, the Trustee, at the Issuer's expense, shall cause notice of such record date, the proposed action by Holders and the applicable Expiration Date to be given to the Issuer in writing and to each Holder of Securities of the relevant series in the manner set forth in Section 1.6.

With respect to any record date set pursuant to this Section, the party hereto which sets such record dates may designate any day as the "**Expiration Date**" and from time to time may change the Expiration Date to any earlier or later day; provided that no such change shall be effective unless notice of the proposed new Expiration Date is given to each other party hereto in writing, and to each Holder of Securities of the relevant series in the manner set forth in Section 1.6, on or prior to the existing Expiration Date. If an Expiration Date is not designated with respect to any record date pursuant to this Section, the party hereto which set such record date shall be deemed to have initially designated the 180th day after such record date as the Expiration Date with respect thereto, subject to its right to change the Expiration Date as provided in this paragraph. Notwithstanding the foregoing, no Expiration Date shall be later than the 180th day after the applicable record date.

Without limiting the foregoing, a Holder entitled hereunder to take any action hereunder with regard to any particular Security may do so with regard to all or any part of the principal amount of such Security or by one or more duly appointed agents each of which may do so pursuant to such appointment with regard to all or any part of such principal amount.

1.5 Notices, Etc., to Trustee, Issuer and Company.

Any request, demand, authorization, direction, notice, consent, waiver or Act of Holders or other documents provided or permitted by this Indenture to be made upon, given or furnished to, or filed with:

(a) the Trustee by any Holder or by the Issuer shall be sufficient for every purpose hereunder if delivered to an officer of the Trustee at 100 University Avenue, 11th Floor, Toronto, Ontario M5J 2Yl, Attention: Manager, Corporate Trust Services, or if sent by facsimile transmission or other electronic communication (with receipt confirmed) to (416) 981-9777 or corporatetrust.toronto@computershare.com, Attention: Manager, Corporate Trust Services, shall be deemed to be validly given at the time of delivery or transmission if it is received prior to 4:00 p.m. (Toronto time) on a Business Day, failing which it shall be deemed to have been given on the next Business Day. The Trustee may from time to time notify the Issuer of a change in address, facsimile number or email address which thereafter, until changed by like notice, shall be the address, facsimile number or email address of the Trustee for the purposes of this Indenture; or

(b) the Issuer or the Company by the Trustee or by any Holder shall be sufficient for every purpose hereunder if delivered to the Issuer at Brookfield Place, 181 Bay Street, Suite 330, Toronto, Ontario, M5J 2T3, Attention: Finance & Treasury Group, or, if sent by facsimile transmission (with receipt confirmed) to the Issuer or the Company, Attention: Finance & Treasury Group at (416) 365-9642 shall be deemed to be validly given at the time of delivery or transmission if it is received prior to 4:00 p.m. (Toronto time) on a Business Day, failing which it shall be deemed to have been given on the next Business Day. The Issuer or the Company may from time to time notify the Trustee of a change in address or facsimile number which thereafter, until changed by like notice, shall be the address or facsimile number of the Issuer or the Company (as applicable) for the purposes of this Indenture. Copies of any notices that are sent to the Issuer or the Company by any Holder will be sent by such Holder to the Trustee.

1.6 Notice to Holders; Waiver.

Where this Indenture provides for notice to Holders of any event, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and mailed, first-class postage prepaid, to each Holder affected by such event, at his address as it appears in the Security Register, not later than the latest date (if any), and not earlier than the earliest date (if any), prescribed for the giving of such notice. In any case where notice to Holders is given by mail, neither the failure to mail such notice, nor any defect in any notice so mailed, to any particular Holder shall affect the sufficiency of such notice with respect to other Holders. Where this Indenture provides for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Holders shall be filed with the Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver. Any notice mailed to a Holder in the manner herein prescribed shall be conclusively deemed to have been received by such Holder, whether or not such Holder actually receives such notice.

In case by reason of the suspension of regular mail service or by reason of any other cause it shall be impracticable to give such notice by mail, then such notification as shall be made with the approval of the Trustee shall constitute a sufficient notification for every purpose hereunder.

1.7 Trust Indenture Legislation Controls.

Each of the Issuer and the Trustee agrees to comply with all provisions of the Trust Indenture Legislation applicable to or binding upon it in connection with this Indenture and any action to be taken hereunder. If and to the extent that any provision of this Indenture limits, qualifies or conflicts with any mandatory requirement of Trust Indenture Legislation, such mandatory requirements shall prevail.

1.8 Access to the Securityholder Lists.

(a) A Holder may, upon payment to the Trustee of a reasonable fee, require the Trustee to furnish within 10 days after receiving the affidavit or statutory declaration referred to below, a list setting out (i) the name and address of every holder of Securities, (ii) the aggregate stated amount at maturity of Securities owned by each such Holder, and (iii) the aggregate stated amount at maturity of the Securities then outstanding, each as shown on the records of the Trustee on the day that the affidavit or statutory declaration is delivered to the Trustee. The affidavit or statutory declaration, as the case may be, shall contain (i) the name and address of the Holder, (ii) where the applicant is a corporation, its name and address for service, and (iii) a statement that the list will not be used except in connection with an effort to influence the voting of the Holders of Securities, an offer to acquire Securities, or any other matter relating to the Securities or the affairs of the Issuer. Where the Holder is a corporation, the affidavit or statutory declaration shall be made by a director or officer of the corporation.

(b) Every Holder of Securities, by receiving and holding the same, agrees with the Issuer and the Trustee that none of the Issuer, Company nor the Trustee nor any agent of any of them shall be held accountable by reason of the disclosure of any such list of the names and addresses of Holders of Securities, regardless of the source from which such information was derived, and that the Trustee shall not be held accountable by reason of mailing any material to any person pursuant to any request made under Trust Indenture Legislation.

1.9 Effect of Headings and Table of Contents.

The Article and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

1.10 Successors and Assigns.

All covenants and agreements in this Indenture by the Issuer and the Company shall bind their successors and assigns, whether so expressed or not.

1.11 Separability Clause.

In case any provision in this Indenture or in the Securities shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

1.12 Benefits of Indenture.

Nothing in this Indenture or in the Securities, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder and the Holders, any benefit or any legal or equitable right, remedy or claim under this Indenture.

1.13 Governing Law.

This Indenture and the Securities shall be governed by and construed in accordance with the law of the State of New York. Notwithstanding the preceding sentence of this Section, the exercise, performance or discharge by the Trustee of any of its rights, powers, duties or responsibilities hereunder shall be construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable thereto.

1.14 Legal Holidays.

In any case where any Interest Payment Date, Redemption Date, Purchase Date or Stated Maturity of any Security shall not be a Business Day at any Place of Payment, then (notwithstanding any other provision of this Indenture or of the Securities (other than a provision of any Security which specifically states that such provision shall apply in lieu of this Section)) payment of interest or principal (and premium, if any) need not be made at such Place of Payment on such date, but may be made on the next succeeding Business Day at such Place of Payment with the same force and effect as if made on the Interest Payment Date, Redemption Date, or Purchase Date, or at the Stated Maturity, as the case may be.

1.15 Agent for Service; Submission to Jurisdiction; Waiver of Immunities.

By the execution and delivery of this Indenture, each of the Issuer and the Company (i) acknowledges that it has, by separate written instrument, irrevocably designated and appointed Brookfield Asset Management LLC, Brookfield Place, 250 Vesey Street, 15th Floor, New York, New York 10281-1023 as its authorized agent upon which process may be served in any suit or proceeding arising out of or relating to the Securities or this Indenture that may be instituted in any Federal or State court in the Borough of Manhattan, The City of New York or brought under Federal or State securities laws or brought by the Trustee (whether in its individual capacity or in its capacity as a trustee hereunder), and acknowledges that Brookfield Asset Management LLC has accepted such designation, (ii) submits to the non-exclusive jurisdiction of any such court in any such suit or proceeding, and (iii) agrees that service of process upon Brookfield Asset Management LLC and written notice of said service to it (mailed or delivered to its Secretary at its principal office at the address specified in the first paragraph of this instrument or at any other address previously furnished in writing to the Trustee) shall be deemed in every respect effective service of process upon it in any such suit or proceeding. Each of the Issuer and the Company further agrees to take any and all action, including the execution and filing of any and all such documents and instruments, as may be necessary to continue such designation and appointment of Brookfield Asset Management LLC in full force and effect so long as this Indenture shall be in full force and effect and so long as any of the Securities shall be outstanding.

To the extent that the Issuer or the Company has or hereafter may acquire any immunity from jurisdiction of any court or from any legal process (whether through service of notice, attachment prior to judgment, attachment in aid of execution, execution or otherwise) with respect to itself or its property, it hereby irrevocably waives such immunity in respect of its respective obligations under this Indenture and the Securities to the extent permitted by law.

1.16 Conversion of Currency.

The Issuer covenants and agrees that the following provisions shall apply to conversion of currency in the case of the Securities and this Indenture:

(a) If for the purpose of obtaining judgment in, or enforcing the judgment of, any court in any country, it becomes necessary to convert into any other currency (the "**Judgment Currency**") an amount due under any Securities or this Indenture in any currency other than the judgment currency (the "**Currency Due**"), then the conversion shall be made at the rate of exchange prevailing on the Business Day before the day on which the judgment is given or the order of enforcement is made, as the case may be (unless a court shall otherwise determine).

(b) If there is a change in the rate of exchange prevailing between the Business Day before the day on which the judgment is given or an order of enforcement is made, as the case may be (or such other date as a court shall determine), and the date of receipt of the amount due, the Issuer will pay such additional (or, as the case may be, such lesser) amount, if any, as may be necessary so that the amount paid in the Judgment Currency when converted at the rate of exchange prevailing on the date of receipt will produce the amount originally due in the Currency Due.

(c) In the event of the winding-up of the Issuer or the Company at any time while any amount or damages owing under any Securities of a series and this Indenture, or any judgment or order rendered in respect thereof, shall remain outstanding, the Issuer and the Company shall indemnify and hold the Holders of such Securities and the Trustee harmless against any deficiency arising or resulting from any variation in rates of exchange between (1) the date as of which the equivalent of the amount in Currency Due or contingently due under such Securities and this Indenture (other than under this Section 1.16(c)) is calculated for the purposes of such winding-up, and (2) the final date for the filing of proofs of claim in such winding-up. For the purpose of this Section 1.16(c), the final date for the filing of proofs of claim in the winding-up of the Issuer or the Company shall be the date fixed by the liquidator or otherwise in accordance with the relevant provisions of applicable law as being the latest practicable date as at which liabilities of the Issuer or the Company (as applicable) may be ascertained for such winding-up prior to payment by the liquidator or otherwise in respect thereto.

(d) The obligations contained in Sections 1.16(a) and 1.16(b) shall constitute separate and independent obligations of the Issuer and the Company from their other obligations under the Securities and this Indenture, shall give rise to separate and independent causes of action against the Issuer and the Company, as applicable, shall apply irrespective of any waiver or extension granted by any Holder or the Trustee or any of them from time to time, and shall continue in full force and effect notwithstanding any judgment or order or the filing of any proof of claim in the winding-up of the Issuer or the Company for a liquidated sum in respect of amounts due hereunder (other than under Section 1.16(b)) or under any such judgment or

order. Any such deficiency as aforesaid shall be deemed to constitute a loss suffered by the Holders and no proof or evidence of any actual loss shall be required by the Issuer, the Company or the liquidator or otherwise or any of them. In the case of Section 1.16(b), the amount of such deficiency shall not be deemed to be increased or reduced, as the case may be, by any variation in rates of exchange occurring between the said final date and the date of any liquidating distribution.

(e) The term "rate(s) of exchange" shall mean the noon spot rate of exchange for Canadian interbank transactions applied in converting any other currency into the Currency Due published by the Bank of Canada for the date of determination.

1.17 Currency Equivalent.

Except as provided in Section 1.16, for purposes of the construction of the terms of this Indenture or of the Securities, in the event that any amount is stated herein in the currency of one nation (the "**First Currency**"), as of any date such amount shall also be deemed to represent the amount in the currency of any other relevant nation (the "**Other Currency**") which is required to purchase such amount in the First Currency at the noon spot rate of exchange for Canadian interbank transactions applied in converting the Other Currency into the First Currency published by the Bank of Canada for the date of determination.

1.18 Language Clause.

Les parties aux presentes ont exige que la presente convention ainsi que tous les documents et avis qui s'y rattachent et/ou qui en decouleront soient rediges en langue anglaise. The parties hereto have required that this Indenture and all documents and notices related thereto be drawn up in English.

1.19 Shareholders, Officers and Directors Exempt from Individual Liability.

No recourse under or upon any obligation, covenant or agreement contained in this Indenture, or in any Security, or because of any indebtedness evidenced thereby, shall be had against any past, present or future shareholder, officer or director, as such, of the Issuer, the Company or any of their successors, either directly or through the Issuer, the Company or any successor, under any rule of law, statute or constitutional provision or by the enforcement of any assessment or by any legal or equitable proceeding or otherwise, all such liability being expressly waived and released by the acceptance of the Securities by the Holders thereof and as part of the consideration for the issue of the Securities.

1.20 Securities in a Foreign Country.

Unless otherwise specified in or pursuant to a Board Resolution, a supplemental indenture or an Officer's Certificate delivered pursuant to Section 3.1 with respect to a particular series of Securities, whenever for purposes of this Indenture any action may be taken by the Holders of a specified percentage in aggregate principal amount of the Securities of one or more series at the time Outstanding and, at such time, there are Outstanding Securities of any such

affected series which are denominated in a Foreign Currency, then the principal amount of the Securities of such series which shall be deemed to be Outstanding for the purpose of taking such action shall be the amount of Dollars which could be obtained for such principal amount at the Market Exchange Rate on the applicable record date established pursuant to Section 1.4 or, if no such record date shall have been established, on the date that the taking of such action shall be authorized by Act of the Holders of the Securities of all such affected series. For the purposes of this Section, "**Market Exchange Rate**" shall mean the noon rate of exchange for the Foreign Currency in Dollars quoted by the Bank of Canada. If such Market Exchange Rate shall not be available for any reason with respect to such Foreign Currency, the Trustee shall use, in its sole discretion and without liability on its part, such quotation of the Bank of Canada as of the most recent available date, or quotations or rates of exchange from one or more major banks in Toronto, Canada or in the country of issue of the Foreign Currency in question, or such other quotations or rates of exchange as the Trustee shall deem appropriate. The provisions of this paragraph shall also apply in connection with any other action taken by the Holders pursuant to the terms of this Indenture, including without limitation any action under Section 6.2.

All decisions and determinations of the Trustee regarding the Market Exchange Rate or any alternative determination provided for in the preceding paragraph shall be in its sole discretion and shall, in the absence of manifest error, be conclusive to the extent permitted by law for all purposes and irrevocably binding upon the Issuer, the Company and all Holders.

ARTICLE 2
SECURITY FORMS

2.1 Forms Generally.

The Securities of each series shall be in substantially the form established by or pursuant to a Board Resolution or in one or more indentures supplemental hereto, in each case with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture, and may have such letters, numbers or other marks of identification and such legends or endorsements placed thereon as may be required to comply with the rules of any securities exchange or Depositary therefor or as may, consistently herewith, be determined by the officers executing such Securities, as evidenced by their execution thereof. If the form of Securities of any series is established by action taken pursuant to a Board Resolution, a copy of an appropriate record of such action shall be certified by a director or officer of the Issuer and delivered to the Trustee at or prior to the delivery of the Issuer Order contemplated by Section 3.3 for the authentication and delivery of such Securities.

The definitive Securities shall be printed, lithographed or engraved on steel engraved borders or may be produced in any other manner, all as determined by the officers executing such Securities, as evidenced by their execution of such Securities.

2.2 Form of Trustee's Certificate of Authentication.

The Trustee's certificates of authentication shall be in substantially the following form:

"This is one of the Securities of the series designated therein referred to in the within-mentioned Indenture.

Computershare Trust Company of Canada,
As Trustee

By_____
Authorized Officer

Dated: _____"

ARTICLE 3
THE SECURITIES

3.1 Amount Unlimited; Issuable in Series.

The aggregate principal amount of Securities which may be authenticated and delivered under this Indenture is unlimited. The Securities may be issued in one or more series, and each such series shall rank *pari passu* with each other without discrimination, preference or priority whatever may be the actual date of issue, and with all other unsecured and unsubordinated indebtedness of the Issuer and the Company. There shall be established in or pursuant to a Board Resolution of the Issuer and consented to in writing by the Company, subject to Section 3.3, set forth or determined in the manner provided in an Officer's Certificate of the Issuer, or established in one or more indentures supplemental hereto, prior to the issuance of Securities of any series:

(a) the title of the Securities of the series (which shall distinguish the Securities of the series from Securities of any other series);

(b) any limit upon the aggregate principal amount of the Securities of the series which may be authenticated and delivered under this Indenture (except for Securities authenticated and delivered upon registration of transfer of, or in exchange for, or in lieu of, other Securities of the series pursuant to Sections 3.4, 3.5, 3.6, 10.6 or 12.7 and except for any Securities which, pursuant to Section 3.3, are deemed never to have been authenticated and delivered hereunder);

(c) the Person to whom any interest on a Security of the series shall be payable, if other than the Person in whose name that Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest;

(d) the date or dates on which the principal of any Securities of the series is payable;

(e) the rate or rates at which any Securities of the series shall bear interest, if any, the date or dates from which any such interest shall accrue, the Interest Payment Dates on which any such interest shall be payable and the Regular Record Date for any such interest payable on any Interest Payment Date;

(f) the place or places where the principal of and any premium and interest on any Securities of the series shall be payable;

(g) the period or periods within which, the price or prices at which and the terms and conditions upon which any Securities of the series may be redeemed, in whole or in part, at the option of the Issuer and, if other than by a Board Resolution, the manner in which any election by the Issuer to redeem the Securities shall be evidenced;

(h) the obligation, if any, of the Issuer to redeem or purchase any Securities of the series pursuant to any sinking fund or analogous provisions or at the option of the Holder thereof and the period or periods within which, the price or prices at which and the terms and conditions upon which any Securities of the series shall be redeemed or purchased, in whole or in part, pursuant to such obligation;

(i) if other than denominations of $1,000 and any integral multiple thereof, the denominations in which any Securities of the series shall be issuable;

(j) if the amount of principal of or any premium or interest on any Securities of the series may be determined with reference to an index or pursuant to a formula, the manner in which such amounts shall be determined;

(k) if other than the currency of the United States of America, the currency, currencies or currency units in which the principal of or any premium or interest on any Securities of the series shall be payable and the manner of determining the equivalent thereof in the currency of the United States of America for any purpose, including for purposes of the definition of "**Outstanding**" in Section 1.1;

(l) if the principal of or any premium or interest on any Securities of the series is to be payable, at the election of the Issuer or the Holder thereof, in one or more currencies or currency units other than that or those in which such Securities are stated to be payable, the currency, currencies or currency units in which the principal of or any premium or interest on such Securities as to which such election is made shall be payable, the periods within which and the terms and conditions upon which such election is to be made and the amount so payable (or the manner in which such amount shall be determined);

(m) if other than the entire principal amount thereof, the portion of the principal amount of any Securities of the series which shall be payable upon declaration of acceleration of the Maturity thereof pursuant to Section 6.2;

(n) if the principal amount payable at the Stated Maturity of any Securities of the series will not be determinable as of any one or more dates prior to the Stated Maturity, the amount which shall be deemed to be the principal amount of such Securities as of any such date for any purpose thereunder or hereunder, including the principal amount thereof which shall be due and payable upon any Maturity other than the

Stated Maturity or which shall be deemed to be Outstanding as of any date prior to the Stated Maturity (or, in any such case, the manner in which such amount deemed to be the principal amount shall be determined);

(o) if applicable, that the Securities of the series, in whole or any specified part, shall be defeasible pursuant to Section 14.2 or Section 14.3 or both such Sections and, if other than by a Board Resolution, the manner in which any election by the Issuer to defease such Securities shall be evidenced;

(p) if applicable, that any Securities of the series shall be issuable in whole or in part in the form of one or more Global Securities and, in such case, the respective Depositaries for such Global Securities, the form of any legend or legends which shall be borne by any such Global Security and any circumstances in addition to or in lieu of those set forth in Section 3.5.2 in which any such Global Security may be exchanged in whole or in part for Securities registered, and any transfer of such Global Security in whole or in part may be registered, in the name or names of Persons other than the Depositary for such Global Security or a nominee thereof;

(q) any addition to or change in the Events of Default which applies to any Securities of the series and any change in the right of the Trustee or the requisite Holders of such Securities to declare the principal amount thereof due and payable pursuant to Section 6.2;

(r) any addition to or change in the covenants set forth in Article 11 which applies to Securities of the series; and

(s) any other terms of the series (which terms shall not be inconsistent with the provisions of this Indenture, except as permitted by Section 10.1(d)).

All Securities of any one series shall be substantially identical except as to denomination and except as may otherwise be provided in or pursuant to the Board Resolution referred to above and (subject to Section 3.3) set forth, or determined in the manner provided, in the Officer's Certificate referred to above or in any such indenture supplemental hereto. All Securities of any series need not be issued at the same time and may be issued from time to time, consistent with the terms of this Indenture, if so provided by or pursuant to such Board Resolution, Officer's Certificate or supplemental indenture.

If any of the terms of the series are established by action taken pursuant to a Board Resolution, a copy of an appropriate record of such action shall be certified by a director or officer of the Issuer and delivered to the Trustee at or prior to the delivery of the Officer's Certificate setting forth the terms of the series.

3.2 Denominations.

Unless otherwise provided in accordance with Section 3.1, the Securities of each series shall be issuable only in registered form without coupons and only in such denominations

as shall be specified as contemplated by Section 3.1. In the absence of any such specified denomination with respect to the Securities of any series, the Securities of such series shall be issuable in denominations of $1,000 and any integral multiple thereof.

3.3 Execution, Authentication, Delivery and Dating.

The Securities shall be executed on behalf of the Issuer by any director or officer of the Issuer. The signature of any of these officers on the Securities may be manual or by facsimile or other electronic means.

Securities bearing the manual, facsimile or electronic signatures of individuals who were at any time the proper officers of the Issuer shall bind the Issuer, notwithstanding that such individuals or any of them have ceased to hold such offices prior to the authentication and delivery of such Securities or did not hold such offices at the date of such Securities.

At any time and from time to time after the execution and delivery of this Indenture, the Issuer may deliver Securities of any series executed by the Issuer to the Trustee for authentication, together with an Issuer Order for the authentication and delivery of such Securities, and the Trustee in accordance with the Issuer Order shall authenticate and deliver such Securities. If the form or terms of the Securities of the series have been established by or pursuant to one or more Board Resolutions as permitted by Sections 2.1 and 3.1, in authenticating such Securities, and accepting the additional responsibilities under this Indenture in relation to such Securities, the Trustee shall be entitled to receive, and (subject to Section 7.1) shall be fully protected in relying upon, an Opinion of Counsel stating:

(a) if the form of such Securities has been established by or pursuant to Board Resolution as permitted by Section 2.1, that such form has been established in conformity with the provisions of this Indenture;

(b) if the terms of such Securities have been established by or pursuant to Board Resolution as permitted by Section 3.1, that such terms have been established in conformity with the provisions of this Indenture; and

(c) that such Securities, when authenticated and delivered by the Trustee and issued by the Issuer in the manner and subject to any conditions specified in such Opinion of Counsel, will constitute valid and legally binding obligations of the Issuer enforceable in accordance with their terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles.

If such form or terms have been so established, the Trustee shall not be required to authenticate such Securities if the issue of such Securities pursuant to this Indenture will affect the Trustee's own rights, duties or immunities under the Securities and this Indenture or otherwise in a manner which is not reasonably acceptable to the Trustee.

Notwithstanding the provisions of Section 3.1 and of the preceding paragraph, if all Securities of a series are not to be originally issued at one time, it shall not be necessary to deliver the Officer's Certificate otherwise required pursuant to Section 3.1 or the Issuer Order and Opinion of Counsel otherwise required pursuant to such preceding paragraph at or prior to the authentication of each Security of such series if such documents are delivered at or prior to the authentication upon original issuance of the first Security of such series to be issued.

Each Security shall be dated the date of its authentication or, in the case of the original issuance of the Securities of a series, the date of original issuance of such Securities, as the case may be.

No Security shall be entitled to any benefit under this Indenture or be valid or obligatory for any purpose unless there appears on such Security a certificate of authentication substantially in the form provided for herein executed by the Trustee by manual signature, and such certificate upon any Security shall be conclusive evidence, and the only evidence, that such Security has been duly authenticated and delivered hereunder. Notwithstanding the foregoing, if any Security shall have been authenticated and delivered hereunder but never issued and sold by the Issuer, and the Issuer shall deliver such Security to the Trustee for cancellation as provided in Section 3.9, for all purposes of this Indenture such Security shall be deemed never to have been authenticated and delivered hereunder and shall never be entitled to the benefits of this Indenture.

3.4 Temporary Securities.

Pending the preparation of definitive Securities of any series, the Issuer may execute, and upon receipt of the Issuer Order the Trustee shall authenticate and deliver, temporary Securities which are printed, lithographed, typewritten, mimeographed or otherwise produced, in any authorized denomination, substantially of the tenor of the definitive Securities in lieu of which they are issued and with such appropriate insertions, omissions, substitutions and other variations as the officers executing such Securities may determine, as evidenced by their execution of such Securities.

If temporary Securities of any series are issued, the Issuer will cause definitive Securities of that series to be prepared without unreasonable delay. After the preparation of definitive Securities of such series, the temporary Securities of such series shall be exchangeable for definitive Securities of such series upon surrender of the temporary Securities of such series at the office or agency of the Issuer in a Place of Payment for that series, without charge to the Holder. Upon surrender for cancellation of any one or more temporary Securities of any series, the Issuer shall execute and the Trustee shall authenticate and deliver in exchange therefor one or more definitive Securities of the same series, of any authorized denominations and of like tenor and aggregate principal amount. Until so exchanged, the temporary Securities of any series shall in all respects be entitled to the same benefits under this Indenture as definitive Securities of such series and tenor.

3.5 Registration, Registration of Transfer and Exchange.

The Issuer shall cause to be kept at the Corporate Trust Office of the Trustee a register (the register maintained in such office and in any other office or agency of the Issuer in a Place of Payment being herein sometimes collectively referred to as the "**Security Register**") in which, subject to such reasonable regulations as it may prescribe, the Issuer shall provide for the registration of Securities and of transfers of Securities. The Trustee is hereby appointed "**Security Registrar**" for the purpose of registering Securities and transfers of Securities as herein provided.

Upon surrender for registration of transfer of any Security of a series at the office or agency of the Issuer in a Place of Payment for that series, the Issuer shall execute, and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Securities of the same series, of any authorized denominations and of like tenor and aggregate principal amount.

At the option of the Holder, Securities of any series may be exchanged for other Securities of the same series, of any authorized denominations and of like tenor and aggregate principal amount, upon surrender of the Securities to be exchanged at such office or agency. Whenever any Securities are so surrendered for exchange, the Issuer shall execute, and the Trustee shall authenticate and deliver, the Securities which the Holder making the exchange is entitled to receive.

All Securities issued upon any registration of transfer or exchange of Securities shall be the valid obligations of the Issuer, evidencing the same debt, and entitled to the same benefits under this Indenture, as the Securities surrendered upon such registration of transfer or exchange.

Every Security presented or surrendered for registration of transfer or for exchange shall (if so required by the Issuer or the Trustee) be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Issuer and the Security Registrar duly executed, by the Holder thereof or his attorney duly authorized in writing.

No service charge shall be made for any registration of transfer or exchange of Securities, but the Issuer may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any registration of transfer or exchange of Securities, other than exchanges pursuant to Section 3.4, 10.6 or 12.7 not involving any transfer.

If the Securities of any series (or of any series and specified tenor) are to be redeemed in part, the Issuer shall not be required (A) to issue, register the transfer of or exchange any Securities of that series (or of that series and specified tenor, as the case may be) during a period beginning at the opening of business 15 days before the day of the mailing of a notice of redemption of any such Securities selected for redemption under Section 12.3 and ending at the close of business on the day of such mailing, or (B) to register the transfer of or exchange any Security so selected for redemption in whole or in part, except the unredeemed portion of any Security being redeemed in part.

The provisions of Sections 3.5.1, 3.5.2, 3.5.3 and 3.5.4 below shall apply only to Global Securities:

3.5.1 Each Global Security authenticated under this Indenture shall be registered in the name of the Depositary designated for such Global Security or a nominee thereof and delivered to such Depositary or a nominee thereof or custodian therefor, and each such Global Security shall constitute a single Security for all purposes of this Indenture.

3.5.2 Notwithstanding any other provision in this Indenture, no Global Security may be exchanged in whole or in part for Securities registered, and no transfer of a Global Security in whole or in part may be registered, in the name of any Person other than the Depositary for such Global Security or a nominee thereof unless (A) such Depositary (i) has notified the Issuer that it is unwilling or unable to continue as Depositary for such Global Security or (ii) has ceased to be a clearing agency registered under the Exchange Act, and a successor securities depositary is not obtained, (B) there shall have occurred and be continuing an Event of Default with respect to such Global Security, (C) the Issuer determines, in its sole discretion, that the Securities of such series shall no longer be represented by such Global Security and executes and delivers to the Trustee an Issuer Order that such Global Security shall be so exchangeable and the transfer thereof so registerable or (D) there shall exist such circumstances, if any, in addition to or in lieu of the foregoing as have been specified for this purpose as contemplated by Section 3.1.

3.5.3 Subject to Section 3.5.2 above, any exchange of a Global Security for other Securities may be made in whole or in part, and all Securities issued in exchange for a Global Security or any portion thereof shall be registered in such names as the Depositary for such Global Security shall direct.

3.5.4 Every Security authenticated and delivered upon registration of transfer of, or in exchange for or in lieu of, a Global Security or any portion thereof, whether pursuant to this Section, Section 3.4, 3.6, 10.6 or 12.7 or otherwise, shall be authenticated and delivered in the form of, and shall be, a Global Security, unless such Security is registered in the name of a Person other than the Depositary for such Global Security or a nominee thereof.

3.6 Mutilated, Destroyed, Lost and Stolen Securities.

If any Security issued and certified hereunder becomes mutilated or is lost, destroyed or stolen, the Issuer, in its discretion, may issue, and thereupon the Trustee shall certify and deliver, a replacement Security of like date and tenor as the one mutilated, lost, destroyed or stolen in exchange for and in place of and upon cancellation of such mutilated Security or in lieu of and in substitution for such lost, destroyed or stolen Security. The substituted Security shall be substantially in a form reasonably approved by the Issuer and the Trustee and shall be entitled to the benefit hereof and rank equally in accordance with its terms with all other Securities. The applicant for a replacement Security shall bear the cost of the issue thereof and in case of loss, destruction or theft shall, as a condition precedent to the issue thereof, furnish to the Issuer and to the Trustee such evidence of ownership and of the loss, destruction or theft of the Security so lost, destroyed or stolen as shall be satisfactory to each of the Issuer and the Trustee in their discretion,

and such applicant shall also furnish an indemnity and surety bond, in amount and form satisfactory to each of the Issuer and the Trustee in their discretion, and shall pay the reasonable charges and expenses of the Issuer and the Trustee in connection therewith. Any instructions by the Issuer to the Trustee under this section shall include such indemnity for the protection of the Trustee as the Trustee may reasonably require.

Upon the issuance of any new Security under this Section, the Issuer may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Trustee) connected therewith.

The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Securities.

3.7 Payment of Interest; Interest Rights Preserved.

Unless otherwise provided in accordance with Section 3.1 for the Securities of any series, payments of principal of (and premium, if any) and interest on any Security will be made at the Corporate Trust Office of the Trustee and the office or agency of the Issuer maintained for that purpose in Toronto, Ontario, except that at the option of the Issuer payment of interest may be made by (a) check mailed to the address of the Person entitled thereto as such address shall appear on the Security Register or (b) wire transfer to an account maintained by the Person entitled thereto as specified in the Security Register.

Except as otherwise provided as contemplated by Section 3.1 with respect to any series of Securities, interest on any Security which is payable, and is punctually paid or duly provided for, on any Interest Payment Date shall be paid to the Person in whose name that Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest.

Any interest on any Security of any series which is payable, but is not punctually paid or duly provided for, on any Interest Payment Date (herein called "**Defaulted Interest**") shall forthwith cease to be payable to the Holder on the relevant Regular Record Date by virtue of having been such Holder, and such Defaulted Interest may be paid by the Issuer, at its election in each case, as provided in Section 3.7.1 or 3.7.2 below:

3.7.1 The Issuer may elect to make payment of any Defaulted Interest to the Persons in whose names the Securities of such series (or their respective Predecessor Securities) are registered at the close of business on a Special Record Date for the payment of such Defaulted Interest, which shall be fixed in the following manner. The Issuer shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each Security of such series and the date of the proposed payment, and at the same time the Issuer shall deposit with the Trustee an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment, such money when

deposited to be held in trust for the benefit of the Persons entitled to such Defaulted Interest as is provided for in this Clause. Thereupon the Trustee shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 days and not less than 10 days prior to the date of the proposed payment and not less than 10 days after the receipt by the Trustee of the notice of the proposed payment. The Trustee shall promptly notify the Issuer of such Special Record Date and, in the name and at the expense of the Issuer, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be given to each Holder of Securities of such series in the manner set forth in Section 1.6, not less than 10 days prior to such Special Record Date. Notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor having been so mailed, such Defaulted Interest shall be paid to the Persons in whose names the Securities of such series (or their respective Predecessor Securities) are registered at the close of business on such Special Record Date and shall no longer be payable pursuant to the following Section 3.7.2.

3.7.2 The Issuer may make payment of any Defaulted Interest on the Securities of any series in any other lawful manner not inconsistent with the requirements of any securities exchange on which such Securities may be listed, and upon such notice as may be required by such exchange, if, after notice given by the Issuer to the Trustee of the proposed payment pursuant to this Section, such manner of payment shall be deemed practicable by the Trustee.

Subject to the foregoing provisions of this Section, each Security delivered under this Indenture upon registration of transfer of or in exchange for or in lieu of any other Security shall carry the rights to interest accrued and unpaid, and to accrue, which were carried by such other Security.

3.8 Persons Deemed Owners.

Prior to due presentment of a Security for registration of transfer, the Issuer, the Trustee and any agent of the Issuer or the Trustee may treat the Person in whose name such Security is registered as the owner of such Security for the purpose of receiving payment of principal of and any premium and (subject to Section 3.7) any interest on such Security and for all other purposes whatsoever, whether or not such Security be overdue, and neither the Issuer, the Trustee nor any agent of the Issuer or the Trustee shall be affected by notice to the contrary.

3.9 Cancellation.

All Securities surrendered for payment, redemption, registration of transfer or exchange or for credit against any sinking fund payment shall, if surrendered to any Person other than the Trustee, be delivered to the Trustee and shall be promptly cancelled by it. The Issuer may at any time deliver to the Trustee for cancellation any Securities previously authenticated and delivered hereunder which the Issuer may have acquired in any manner whatsoever, and may deliver to the Trustee (or to any other Person for delivery to the Trustee) for cancellation any Securities previously authenticated hereunder which the Issuer has not issued and sold, and all Securities so delivered shall be promptly cancelled by the Trustee. No Securities shall be authenticated in lieu of or in exchange for any Securities cancelled as provided in this Section,

except as expressly permitted by this Indenture. All cancelled Securities held by the Trustee shall be disposed of as directed by an Issuer Order.

3.10 Computation of Interest.

Except as otherwise specified as contemplated by Section 3.1 for Securities of any series, interest on the Securities of each series shall be computed on the basis of a 360-day year of twelve 30-day months. For the purposes of disclosure under the *Interest Act* (Canada), the yearly rate of interest for any period of less than one year to which interest at a stated rate computed on the basis of a year of 360 days consisting of twelve 30-day months is equivalent is the stated rate multiplied by a fraction of which (a) the numerator is the product of (i) the actual number of days in the calendar year in which the first day of the relevant period falls and (ii) the sum of (A) the product of (x) 30 and (y) the number of complete months elapsed in the relevant period and (B) the actual number of days elapsed in any incomplete month in the relevant period, and (b) the denominator is the product of (i) 360 and (ii) the actual number of days in the relevant period.

3.11 Affiliate Purchase on Maturity.

Notwithstanding the other provisions of this Indenture, the Issuer may, by providing notice to the Trustee at least two Business Days prior to the Maturity of any Securities, elect to have an Affiliate of the Issuer or the Company purchase all, but not less than all, of the Securities so to be redeemed or repaid at a price equal to the Redemption Price, in the case of Securities called for redemption, or at a price equal to the principal amount, in the case of Securities coming due at Stated Maturity (in each case, the "**Repayment Price**"). Upon payment therefore of an amount equal to the Repayment Price, as well as payment by the Issuer of accrued interest and premium, if any, such Securities shall be cancelled by the Trustee and a new certificate in the name of such Affiliate will be issued by the Trustee upon receipt by the Trustee of an Issuer Order, provided however, that such cancellation and reissuance of certificates shall be deemed not to represent a novation of the debt represented by such Securities, but rather such Securities shall be deemed transferred to such Affiliate and such debt shall continue to remain outstanding on the same terms subject to such modifications, if any, as may be agreed by the Issuer and such Affiliate in writing. Such Affiliate shall not be permitted to vote such Securities in connection with any matter put before Holders for approval, unless 100% of the Securities of each series entitled to be voted in respect of such matter are held by the Issuer, the Company or its Affiliates. Should such Affiliate fail to make full payment of the Repayment Price on Maturity, then such Securities shall become due and payable as otherwise provided for but for this Section 3.11. The Trustee may request, and the Issuer and its counsel shall provide upon such request, any additional supporting documentation in connection with this Section 3.11, including but not limited to an Opinion of Counsel addressed to the Trustee in support of the Affiliate purchase herein described.

3.12 Additional Co-Obligor.

Without the consent of any Holders, the Issuer, when authorized by a Board Resolution, the Company and the Trustee, may enter into an indenture supplemental to this Indenture, in form satisfactory to the Trustee, for the purpose of adding as a co-obligor of the Securities of any series, an Affiliate of the Issuer or the Company that is incorporated or formed

under the laws of the United States or any state thereof. The co-obligor shall be jointly and severally liable with the Issuer to pay the principal, premium, if any, and interest on such Securities.

The Issuer may add a co-obligor only if it shall have received prior confirmation from the rating agencies that rate such Securities that the addition of such co-obligor shall not result in a decrease in the rating of such Securities.

In addition, the Issuer may only add a co-obligor if the Issuer determines that adding a co-obligor would not result in a disposition of such Securities by any Holder for Canadian federal income tax purposes nor a deemed sale or exchange of such Securities by any Holder for U.S. federal income tax purposes under applicable U.S. Treasury Regulations.

If a co-obligor is appointed under the Securities of any series, the Issuer must provide the Trustee with advance notification of details of same at least four weeks prior to the first interest payment for which the co-obligor will have responsibility.

ARTICLE 4
SATISFACTION AND DISCHARGE

4.1 Satisfaction and Discharge of Indenture.

This Indenture (including the Issuer and Company's obligations hereunder) shall upon Issuer Request cease to be of further effect (except as to any surviving rights of registration of transfer or exchange of Securities herein expressly provided for), and the Trustee, at the expense of the Issuer, shall execute proper instruments acknowledging satisfaction and discharge of this Indenture, when:

(a) either

(i) all Securities theretofore authenticated and delivered (other than (i) Securities which have been destroyed, lost or stolen and which have been replaced or paid as provided in Section 3.6 and (ii) Securities for whose payment money has theretofore been deposited in trust or segregated and held in trust by the Issuer and thereafter repaid to the Issuer or discharged from such trust, as provided in Section 11.3) have been delivered to the Trustee for cancellation; or

(ii) all such Securities not theretofore delivered to the Trustee for cancellation

(A) have become due and payable, or

(B) will become due and payable at their Stated Maturity within one year, or

(C) are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Issuer,

and the Issuer, in the case of (A), (B) or (C) above, has deposited or caused to be deposited with the Trustee as trust funds in trust for the purpose money in an amount sufficient to pay and discharge the entire indebtedness on such Securities not theretofore delivered to the Trustee for cancellation, for principal and any premium and interest to the date of such deposit (in the case of Securities which have become due and payable) or to the Stated Maturity or Redemption Date, as the case may be;

(b) the Issuer has paid or caused to be paid all other sums payable hereunder by the Issuer; and

(c) the Issuer has delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that all conditions precedent herein provided for relating to the satisfaction and discharge of this Indenture have been complied with.

Notwithstanding the satisfaction and discharge of this Indenture, the obligations of the Issuer to the Trustee under Section 7.9, the obligations of the Trustee to any Authenticating Agent under Section 7.16 and, if money shall have been deposited with the Trustee pursuant to subclause (ii) of section (a) above, the obligations of the Trustee under Section 4.2 and the last paragraph of Section 11.3 shall survive.

4.2 Application of Trust Money.

Subject to the provisions of the last paragraph of Section 11.3, all money deposited with the Trustee pursuant to Section 4.1 shall be held in trust and applied by it, in accordance with the provisions of the Securities and this Indenture, to the payment, either directly or through any Paying Agent (including the Issuer acting as its own Paying Agent) as the Trustee may determine, to the Persons entitled thereto, of the principal and any premium and interest for whose payment such money has been deposited with the Trustee.

ARTICLE 5
GUARANTEE OF THE COMPANY

5.1 Guarantee.

The Company hereby fully guarantees in favour of the Holders of a series of Securities the due and prompt payment of all Obligations related to such Securities when and as the same shall become due and payable, whether at Stated Maturity, by declaration of acceleration, call for redemption or otherwise, according to the terms of such Securities and this Indenture. In case of the failure of the Issuer punctually to pay any such Obligation when due, the Company hereby agrees to cause any such payment to be made promptly when and as the same shall become due and payable, whether at the Stated Maturity, by declaration of acceleration, call for redemption

or otherwise, and as if such payment were made by the Issuer. The Company agrees that its obligations hereunder shall be as if it were principal debtor and not merely as surety, and shall be absolute and unconditional, irrespective of, and shall be unaffected by, any invalidity, irregularity or unenforceability of any Security of any series or this Indenture, or any waiver, modification or indulgence granted to the Issuer with respect thereto by the Holder of any Security of any series or the Trustee, or any other circumstance which may otherwise constitute a legal or equitable discharge of a surety or guarantor (except as expressly set forth in this Indenture). The Company's guarantee shall be a continuing guarantee of the payment of all such Obligations and shall apply to and secure any ultimate balance thereof due or remaining unpaid. This guarantee herein shall not be considered as wholly or partially satisfied by the intermediate payment or satisfaction at any time of all or any part of such Obligations.

5.2 Demand.

The Company shall, on demand by the Trustee, forthwith pay to the Trustee all Obligations related to such Securities for which such demand was made. The Trustee shall not be bound to make any demand on or to seek or exhaust its recourse against the Issuer or any other Person before being entitled to demand payment from the Company with respect to such Obligations and enforce its rights under this Indenture against the Company. The Company hereby renounces all benefits of discussion and division and waives diligence, presentment, filing of claims with a court in the event of merger or bankruptcy of the Issuer, any right to require a proceeding first against the Issuer, protest or notice with respect to any Security or the indebtedness evidenced thereby or with respect to any sinking fund payment required pursuant to the terms of a Security issued under this Indenture and all demands whatsoever, and covenants that its guarantee will not be discharged with respect to any Security except by payment in full of the principal of (and premium, if any) and interest on such Security or pursuant to Article 14. This guarantee constitutes a guarantee of payment and not of collection.

5.3 Trustee Statement.

The statement in writing of the Trustee as to the amount payable by the Company with respect to the Securities of any series shall be binding upon the Company, conclusive against it in the absence of manifest error.

5.4 Liability of Company Absolute.

The liability of the Company hereunder in respect of any Obligations shall be absolute and unconditional and shall not be discharged, diminished or in any way affected by:

(a) any sale, transfer or assignment by any Holder of any Securities or any right, title, benefit or interest of a Holder therein or thereto;

(b) any amalgamation, merger, consolidation or reorganization of the Issuer, the Company or the Trustee, or any continuation of the Issuer, the Company or the Trustee from the statute under which it now or hereafter exists to another statute, whether under the laws of the same jurisdiction or another jurisdiction;

(c) any change in the name, business, objects, capital structure, ownership, constating documents, by-laws or resolutions of any of the Issuer, Company or Trustee, including without limitation any transaction (whether by way of transfer, sale or otherwise) whereby all or any part of the undertaking, property and assets of the Issuer, Company or Trustee becomes the property of any other Person;

(d) any Proceedings of or affecting the Issuer, the Company, the Trustee or any other Person, and any court order made or action taken by any of the Issuer, the Company, the Trustee or any other Person under or in connection with any Proceeding, whether or not the Proceeding, order or action results in any of the matters described in Section 5.5 occurring with or without the consent of the Trustee;

(e) any partial payment by the Issuer, or any release or waiver, by operation of law or otherwise, of the performance or observance by the Issuer of any express or implied agreement, covenant, term or condition relating to any Securities to be performed or observed by the Issuer;

(f) the extension of time for the payment by the Issuer of all or any portion of the Obligations or the extension of time for the performance of any other obligation under, arising out of, or in connection with any Securities or this Indenture;

(g) any failure, omission, delay or lack of diligence on the part of the Trustee or any Holder to enforce, assert or exercise any right, privilege, power or remedy conferred on such Person by this Indenture or pursuant to the terms of any Securities, or any action on the part of the Issuer granting indulgence or extension of any kind;

(h) any defence, counterclaim or right of set-off available to the Issuer; and

(i) any other circumstance which might otherwise constitute in whole or in part a defence available to, or a discharge of, the Company, the Issuer or any other Person in respect of the Obligations or the liability of the Company in respect of any series of Securities.

5.5 Dealings by Trustee.

The Trustee may from time to time in its absolute discretion, and shall when directed by the Holders, in each case in accordance with this Indenture, without discharging, diminishing or in any way affecting the liability of the Company hereunder:

(a) enforce or take action under or abstain from enforcing or taking action under this Indenture or any other agreement;

(b) renew all or any part of any Obligations or grant extensions of time or any other indulgences to the Issuer or to any other guarantor or other Person liable directly or as surety for all or any part of any Obligations;

(c) accept or make any compromises or arrangements with or release, discharge or otherwise deal with or abstain from dealing with the Issuer or any other guarantor or other Person liable directly or as surety for all or any part of any Obligations;

(d) apply all money at any time received from the Issuer in respect of the Obligations upon such part of the Obligations as the Trustee may see fit or change any such application in whole or in part from time to time as it may see fit;

(e) in whole or in part prove or abstain from proving a claim in any Proceedings of or affecting the Issuer or any other Person; and

(f) agree with the Issuer, any other guarantor or any other Person to do anything described in Sections 5.5(a) to 5.5(e),

whether or not any of the matters described above occur alone or in connection with one or more other such matters.

ARTICLE 6
REMEDIES

6.1 Events of Default.

"**Event of Default**", wherever used herein with respect to Securities of any series, means any one of the following events (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body) unless otherwise provided with respect to a series of Securities pursuant to Section 3.1:

(a) default in the payment of any interest (including any Additional Amounts) upon any Security of that series when it becomes due and payable, and continuance of such default for a period of 30 days; or

(b) default in the payment of the principal (including any Additional Amounts) of or any premium on any Security of that series when due; or

(c) default, on the applicable Purchase Date, in the purchase of Securities of that series required to be purchased pursuant to an Offer to Purchase as to which an Offer has been mailed to Holders of that series; or

(d) default in the deposit of any sinking fund payment, when and as due by the terms of a Security of that series; or

(e) default in the performance, or breach, of any covenant or warranty of the Issuer or the Company in this Indenture (other than a covenant or warranty a default in whose performance or whose breach is elsewhere in this Section specifically dealt with or which has expressly been included in this Indenture solely for the benefit of a series of Securities other than that series), and continuance of such default or breach for a

period of 60 days after there has been given, by registered or certified mail, to the Issuer and the Company by the Trustee or to the Issuer, the Company and the Trustee by the Holders of at least 25% in principal amount of the Outstanding Securities of that series a written notice specifying such default or breach and requiring it to be remedied and stating that such notice is a "Notice of Default" hereunder; or

(f) the Company's guarantee of the due payment of all Obligations related to that series of Securities shall, for any reason, cease to be, or the Company shall assert in writing to the Trustee or the Holders that such guarantee is not, in full force and effect and enforceable against the Company in accordance with its terms; or

(g) default by the Company in the payment of principal of, premium, if any, or interest on any obligation for borrowed money (other than an obligation payable on demand or maturing less than 12 months from the creation of issue thereof) having an outstanding principal amount in excess of 5% of the Company's Consolidated Net Worth in the aggregate at the time of default or in the performance of any other covenant of the Company contained in any instrument under which such obligations are created or issued, and the holders thereof, or a trustee for such holders (if any) declares such obligations to be due and payable prior to the stated maturities thereof, provided that if such default is waived by such holders or trustee, then the Event of Default hereunder shall be deemed to be waived without further action on the part of the Trustee or the Holders; or

(h) the entry by a court having jurisdiction in the premises of (A) a decree or order for relief in respect of the Issuer or the Company in an involuntary case or proceeding under any applicable U.S. Federal or State, Canadian federal or provincial, or other applicable bankruptcy, insolvency, reorganization or other similar law or (B) a decree or order adjudging the Issuer or the Company a bankrupt or insolvent, or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition of or in respect of the Issuer or the Company under any applicable U.S. Federal or State, Canadian federal or provincial, or other applicable law, or appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official of the Issuer or the Company or of any substantial part of the property of the Issuer or the Company, or ordering the winding up or liquidation of the affairs of the Issuer or the Company, and the continuance of any such decree or order for relief or any such other decree or order unstayed and in effect for a period of 60 consecutive days; or

(i) the commencement by the Issuer or the Company of a voluntary case or proceeding under any applicable U.S. Federal or State, or other Canadian federal or provincial, or other applicable bankruptcy, insolvency, reorganization or other similar law or of any other case or proceeding to be adjudicated a bankrupt or insolvent, or the consent by the Issuer or the Company to the entry of a decree or order for relief in respect of the Issuer or the Company in an involuntary case or proceeding under any applicable U.S. Federal or State, Canadian federal or provincial, or other

applicable bankruptcy, insolvency, reorganization or other similar law or to the commencement of any bankruptcy or insolvency case or proceeding against the Issuer or the Company, or the filing by the Issuer or the Company of a petition or answer or consent seeking reorganization or relief under any applicable U.S. Federal or State, Canadian federal or provincial, or other applicable law, or the consent by the Issuer or the Company to the filing of such petition or to the appointment of or taking possession by a custodian, receiver, liquidator, assignee, trustee, sequestrator or similar official of the Issuer or the Company or of any substantial part of the property of the Issuer or the Company, or the making by the Issuer or the Company of an assignment for the benefit of creditors, or the admission by the Issuer or the Company in writing of its inability to pay its debts generally as they become due, or the taking of corporate action by the Issuer or the Company in furtherance of any such action; or

(j) any other Event of Default provided with respect to Securities of that series.

6.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default (other than an Event of Default specified in Section 6.1(h) or 6.1(i)) with respect to Securities of any series at the time Outstanding occurs and is continuing (and only in such circumstance), then in every such case the Trustee or the Holders of not less than 25% in principal amount of the Outstanding Securities of that series may declare the principal amount of all the Securities of that series (or, if any Securities of that series are Original Issue Discount Securities, such portion of the principal amount of such Securities as may be specified by the terms thereof) to be due and payable immediately, by a notice in writing to the Issuer and the Company (and to the Trustee if given by Holders), and upon any such declaration such principal amount (or specified amount) shall become immediately due and payable. If an Event of Default specified in Section 6.1(h) or 6.1(i) with respect to Securities of any series at the time Outstanding occurs, the principal amount of all the Securities of that series (or, if any Securities of that series are Original Issue Discount Securities, such portion of the principal amount of such Securities as may be specified by the terms thereof) shall automatically, and without any declaration or other action on the part of the Trustee or any Holder, become immediately due and payable.

At any time after such a declaration of acceleration with respect to Securities of any series has been made and before a judgment or decree for payment of the money due has been obtained by the Trustee as hereinafter in this Article provided, the Holders of a majority in principal amount of the Outstanding Securities of that series, by written notice to the Issuer or the Company and the Trustee, may rescind and annul such declaration and its consequences if:

(a) the Issuer or the Company has paid or deposited with the Trustee a sum sufficient to pay:

(i) all overdue interest on all Securities of that series;

(ii) the principal of (and premium, if any, on) any Securities of that series which have become due otherwise than by such declaration of acceleration and any interest thereon at the rate or rates prescribed therefor in such Securities;

(iii) to the extent that payment of such interest is lawful, interest upon overdue interest at the rate or rates prescribed therefor in such Securities; and

(iv) all sums paid or advanced by the Trustee hereunder and the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel;

and

(b) all Events of Default with respect to Securities of that series, other than the non-payment of the principal of Securities of that series which have become due solely by such declaration of acceleration, have been cured or waived as provided in Section 6.13.

No such rescission shall affect any subsequent default or impair any right consequent thereon.

6.3 Collection of Indebtedness and Suits for Enforcement by Trustee.

The Issuer and the Company covenant that if:

(a) default is made in the payment of any interest on any Security when such interest becomes due and payable and such default continues for a period of 30 days; or

(b) default is made in the payment of the principal of (or premium, if any, on) any Security at the Maturity thereof,

they will, upon demand of the Trustee, pay to the Trustee, for the benefit of the Holders of such Securities, the whole amount then due and payable on such Securities for principal and any premium and interest and, to the extent that payment of such interest shall be legally enforceable, interest on any overdue principal and premium and on any overdue interest, at the rate or rates prescribed therefor in such Securities, and, in addition thereto, such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel.

If an Event of Default with respect to Securities of any series occurs and is continuing, the Trustee may in its discretion proceed to protect and enforce its rights and the rights of the Holders of Securities of such series by such appropriate judicial proceedings as the Trustee shall deem most effectual to protect and enforce any such rights, whether for the specific enforcement of any covenant or agreement in this Indenture or in aid of the exercise of any power granted herein, or to enforce any other proper remedy.

6.4 Trustee May File Proofs of Claim.

In case of any judicial proceeding relative to the Issuer or the Company (or any other obligor upon the Securities), its property or its creditors, the Trustee shall be entitled and empowered, by intervention in such proceeding or otherwise, to take any and all actions authorized under the Trust Indenture Legislation in order to have claims of the Holders and the Trustee allowed in any such proceeding. In particular, the Trustee shall be authorized to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute the same; and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Holder to make such payments to the Trustee and, in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay to the Trustee any amount due it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 7.9.

No provision of this Indenture shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization. arrangement, adjustment or composition affecting the Securities or the rights of any Holder thereof or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding; provided, however, that the Trustee may, on behalf of the Holders, vote for the election of a trustee in bankruptcy or similar official and be a member of a creditors' or other similar committee.

6.5 Trustee May Enforce Claims Without Possession of Securities.

All rights of action and claims under this Indenture or the Securities may be prosecuted and enforced by the Trustee without the possession of any of the Securities or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, be for the ratable benefit of the Holders of the Securities in respect of which such judgment has been recovered.

6.6 Application of Money Collected.

Any money collected by the Trustee pursuant to this Article shall be applied in the following order, at the date or dates fixed by the Trustee and, in case of the distribution of such money on account of principal or any premium or interest, upon presentation of the Securities and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid:

FIRST: To the payment of all amounts due the Trustee under Section 7.9; and

SECOND: To the payment of the amounts then due and unpaid for principal of and any premium and interest on the Securities in respect of which or for the benefit of which such money has been collected, ratably, without preference or priority of any kind, according to the amounts due and payable on such Securities for principal and any premium and interest, respectively.

6.7 Limitation on Suits.

No Holder of any Security of any series shall have any right to institute any proceeding, judicial or otherwise, with respect to this Indenture, or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless:

(a) such Holder has previously given written notice to the Trustee of a continuing Event of Default with respect to the Securities of that series;

(b) the Holders of not less than 25% in principal amount of the Outstanding Securities of that series shall have made written request to the Trustee to institute proceedings in respect of such Event of Default in its own name as Trustee hereunder;

(c) such Holder or Holders have offered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request;

(d) the Trustee for 60 days after its receipt of such notice, request and offer of indemnity has failed to institute any such proceeding; and

(e) no direction inconsistent with such written request has been given to the Trustee during such 60-day period by the Holders of a majority in principal amount of the Outstanding Securities of that series;

it being understood and intended that no one or more of such Holders shall have any right in any manner whatever by virtue of, or by availing of, any provision of this Indenture to affect, disturb or prejudice the rights of any other of such Holders, or to obtain or to seek to obtain priority or preference over any other of such Holders or to enforce any right under this Indenture, except in the manner herein provided and for the equal and ratable benefit of all of such Holders.

6.8 Unconditional Right of Holders to Receive Principal, Premium and Interest.

Notwithstanding any other provision in this Indenture, the Holder of any Security shall have the right, which is absolute and unconditional, to receive payment of the principal of and any premium and (subject to Section 3.7) interest on such Security on the respective Stated Maturities expressed in such Security (or, in the case of redemption, on the Redemption Date) and to institute suit for the enforcement of any such payment, and such rights shall not be impaired without the consent of such Holder.

6.9 Restoration of Rights and Remedies.

If the Trustee or any Holder has instituted any proceeding to enforce any right or remedy under this Indenture and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Trustee or to such Holder, then and in every such case, subject to any determination in such proceeding, the Issuer, the Company, the Trustee and the Holders shall be restored severally and respectively to their former positions hereunder and thereafter all rights and remedies of the Trustee and the Holders shall continue as though no such proceeding had been instituted.

6.10 Rights and Remedies Cumulative.

Except as otherwise provided with respect to the replacement or payment of mutilated, destroyed, lost or stolen Securities in the last paragraph of Section 3.6, no right or remedy herein conferred upon or reserved to the Trustee or to the Holders is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

6.11 Delay or Omission Not Waiver.

No delay or omission of the Trustee or of any Holder of any Securities to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article or by law to the Trustee or to the Holders may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the Holders, as the case may be.

6.12 Control by Holders.

The Holders of a majority in principal amount of the Outstanding Securities of any series shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee, with respect to the Securities of such series, provided that:

(a) such direction shall not be in conflict with any rule of law or with this Indenture, and

(b) the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction.

6.13 Waiver of Past Defaults.

The Holders of not less than a majority in principal amount of the Outstanding Securities of any series may by Act on behalf of the Holders of all the Securities of such series waive any past default hereunder with respect to such series and its consequences, except a default:

(a) in the payment of the principal of or any premium or interest on any Security of such series, or

(b) in respect of a covenant or provision hereof which under Article 10 cannot be modified or amended without the consent of the Holder of each Outstanding Security of such series affected.

Upon any such waiver, such default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured, for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

6.14 Undertaking for Costs.

In any suit for the enforcement of any right or remedy under this Indenture, or in any suit against the Trustee for any action taken, suffered or omitted by it as Trustee, a court may require any party litigant in such suit to file an undertaking to pay the costs of such suit, and may assess costs against any such party litigant, in the manner and to the extent provided in the Trust Indenture Legislation; provided that neither this Section nor the Trust Indenture Legislation shall be deemed to authorize any court to require such an undertaking or to make such an assessment in any suit instituted by the Issuer or the Company.

6.15 Waiver of Usury, Stay or Extension Laws.

Each of the Issuer and the Company covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any usury, stay or extension law wherever enacted, now or at any time hereafter in force, which may affect its covenants or the performance of its obligations under this Indenture; and each of the Issuer and the Company (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Trustee pursuant to this Indenture, but will suffer and permit the execution of every such power as though no such law had been enacted.

ARTICLE 7
THE TRUSTEE

7.1 Certain Duties and Responsibilities.

The Trustee hereby accepts the trusts imposed upon it by this Indenture and covenants and agrees to perform the same as herein expressed. Notwithstanding the foregoing, no provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers. Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section.

7.2 Compliance With Anti-Money Laundering and Suppression of Terrorism Legislation.

The Issuer represents to the Trustee that it is entering into this Indenture on its own behalf and not as agent for any third party.

The Trustee shall retain the right not to act and shall not be liable for refusing to act if, due to a lack of information or for any other reason whatsoever, the Trustee, in its sole judgment,

determines that such act might cause it to be in non-compliance with any applicable anti-money laundering or anti-terrorist legislation, regulation or guideline. Further, should the Trustee, in its sole judgment, determine at any time that its acting under this Indenture has resulted in its being in non-compliance with any applicable anti-money laundering or anti-terrorist legislation, regulation or guideline, then it shall have the right to resign on 10 days' written notice to all parties provided (i) that the Trustee's written notice shall describe the circumstances of such non-compliance; and (ii) that if such circumstances are rectified to the Trustee's satisfaction within such 10 day period, then such resignation shall not be effective.

7.3 Compliance with Privacy Laws.

The parties and the Holders acknowledge that federal and/or provincial legislation that addresses the protection of individuals' personal information (collectively, "**Privacy Laws**") applies to certain obligations and activities under this Indenture. Notwithstanding any other provision of this Indenture, no party shall take or direct any action that would contravene, or cause the other to contravene, applicable Privacy Laws. The parties shall, prior to transferring or causing to be transferred personal information to the Trustee, obtain and retain required consents of the relevant individuals to the collection, use and disclosure of their personal information, or shall have determined that such consents either have previously been given upon which the parties can rely or are not required under the Privacy Laws. The Trustee shall use commercially reasonable efforts to ensure that its services hereunder comply with Privacy Laws. Specifically, the Trustee agrees: (a) to have a designated chief privacy officer; (b) to maintain policies and procedures to protect personal information and to receive and respond to any privacy complaint or inquiry; (c) to use personal information solely for the purposes of providing its services under or ancillary to the Indenture and to comply with applicable laws and not to use it for any other purpose except with the consent of or direction from the Issuer and the Company or the individual involved or as permitted by Privacy Laws; (d) not to sell or otherwise improperly disclose personal information to any third party; and (e) to employ administrative, physical and technological safeguards to reasonably secure and protect personal information against loss, theft, or unauthorized access, use or modification.

7.4 Notice of Defaults.

If a default occurs hereunder with respect to Securities of any series, the Trustee shall give the Holders of Securities of such series notice of such default; provided, however, that in the case of any default of the character specified in Section 6.1(g) with respect to Securities of such series, no such notice to Holders shall be given until at least 30 days after the occurrence thereof. For the purpose of this Section, the term "default" means any event which is, or after notice or lapse of time or both would become, an Event of Default with respect to Securities of such series.

7.5 Certain Rights of Trustee.

In the exercise of powers and discharge of the duties prescribed or conferred by the terms of this Indenture, the Trustee shall exercise the care, diligence and skill of a reasonably prudent trustee, and shall act honestly and in good faith and in a commercially reasonable manner

and with a view to and in the best interests of the Holders of the Securities. No provision of this Indenture shall be construed to relieve the Trustee from its duties, except, that to the extent permitted by Trust Indenture Legislation:

(a) the Trustee may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties;

(b) any request or direction of the Issuer mentioned herein shall be sufficiently evidenced by an Issuer Request or Issuer Order, and any resolution of the Board of Directors shall be sufficiently evidenced by a Board Resolution;

(c) whenever in the administration of this Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon an Officer’s Certificate;

(d) the Trustee may employ such agents, counsel, accountants, appraisers or other advisors as it may reasonably require for the proper discharge and determination of its rights and duties hereunder, and may pay reasonable remuneration for all services performed for it in the discharge of the trusts hereof and thereof (including the reasonable disbursements and expenses of any such agents, counsel, accountants, appraisers or advisors) and the Trustee may act and shall be protected in acting in good faith on the opinion or advice or on information obtained from any such parties and shall not be responsible for any misconduct on the part of any of them. The reasonable costs of such services shall be added to and be part of the Trustee's fee hereunder;

(e) the Trustee may act on the opinion or advice of or on information obtained from any notary, valuer, surveyor, engineer, broker, auctioneer, accountant or other expert, whether obtained by the Trustee or by the Issuer or the Company or otherwise;

(f) the Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture or to commence or continue any act, action or proceeding for the purpose of enforcing any rights of the Trustee or the Holders hereunder unless such Holders shall have furnished, when required by notice in writing by the Trustee, sufficient funds to commence or continue such exercise, act, action or proceeding and an indemnity satisfactory to the Trustee to protect and hold harmless the Trustee against the costs, expenses, liabilities, losses and damages which might be incurred or suffered by the Trustee in compliance with such request or direction;

(g) the Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the Issuer and the Company, personally or by agent or attorney; and

(h) the Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder.

The Issuer and the Company jointly and severally agree to indemnify and hold harmless the Trustee, its directors, officers, agents and employees from and against any and all losses which they might incur or to which they might have become subject in any action, suit or other similar legal proceeding which might be instituted against the Trustee arising from or out of any act, omission or error of the Trustee, its directors, officers or employees or any person for whom the Trustee is legally responsible, provided that such act, omission or error was made in good faith in the conduct of the Trustee's duties hereunder and in accordance with the standards set forth in this Article 7 and did not constitute gross negligence or wilful misconduct on the part of the Trustee or any of its directors, officers or employees or any person for whom the Trustee is legally responsible or any wilful breach by the Trustee of its obligations under this Indenture. This provision shall survive the resignation or removal of the Trustee and/or the termination of this Indenture.

7.6 Not Responsible for Recitals or Issuance of Securities.

The recitals contained herein and in the Securities, except the Trustee’s certificates of authentication, shall be taken as the statements of the Issuer and the Company, and neither the Trustee nor any Authenticating Agent assumes any responsibility for their correctness. The Trustee makes no representations as to the validity or sufficiency of this Indenture or of the Securities. Neither the Trustee nor any Authenticating Agent shall be accountable for the use or application by the Issuer of Securities or the proceeds thereof. The Trustee shall not be bound to give any notice of the execution hereof.

7.7 May Hold Securities.

The Trustee, any Authenticating Agent, any Paying Agent, any Security Registrar or any other agent of the Issuer, in its individual or any other capacity, may become the owner or pledgee of Securities and, subject to Sections 7.10 and 7.15, may otherwise deal with the Issuer with the same rights it would have if it were not Trustee, Authenticating Agent, Paying Agent, Security Registrar or such other agent.

7.8 Money Held in Trust.

Money held by the Trustee in trust hereunder need not be segregated from other funds except to the extent required by law. The Trustee shall be under no liability for interest on any money received by it hereunder except as otherwise agreed with the Issuer.

7.9 Compensation and Reimbursement.

The Issuer agrees

(a) to pay to the Trustee from time to time reasonable compensation for all services rendered by it hereunder (which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust); and

(b) except as otherwise expressly provided herein, to reimburse the Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Trustee in accordance with any provision of this Indenture (including the reasonable compensation and the expenses and disbursements of its agents and counsel), except any such expense, disbursement or advance as may be attributable to its negligence or bad faith.

Any amount due under this Section that remains unpaid for thirty days after request for such payment is made shall bear interest from the expiration of such thirty days at a rate per annum equal to the then current rate charged by the Trustee from time to time, payable on demand. After default, all amounts so payable and the interest thereon shall be payable out of any funds coming into the possession of the Trustee or its successors in the trusts hereunder in priority to any payment of the principal of or interest or premium on the Securities.

7.10 Conflicting Interests.

7.10.1 The Trustee represents to the Issuer that at the date of execution and delivery by it of this Indenture, there exists no material conflict of interest between its role as Trustee hereunder and its role in any other capacity. The Trustee shall, within 90 days after ascertaining that such a material conflict of interest exists, either eliminate such conflict of interest or resign in the manner and with the effect specified in Section 7.12.

7.10.2 If, notwithstanding the provisions of Section 7.10.1, the Trustee has such a material conflict of interest, the validity and enforceability of this Indenture and of the Securities issued hereunder shall not be affected in any manner whatsoever by reason only of such material conflict of interest.

7.10.3 If at any time the Trustee fails to comply with the provisions of Section 7.10.1, such Trustee shall within 10 days after the expiration of the 90-day period referred to therein, transmit notice of such failure to the Holders of Securities in the manner provided for notices to the Holders of Securities in Section 1.6.

7.11 Required Trustee Eligibility.

7.11.1 There shall at all times be one (and only one) Trustee hereunder with respect to the Securities of each series, which may be Trustee hereunder for Securities of one or more other series. The Trustee shall be a Person that is eligible pursuant to the Trust Indenture Legislation to act as such and has a corporate trust office in New York, New York or Toronto, Ontario. If at any time the Trustee with respect to the Securities of any series shall cease to be eligible in accordance with the provisions of this Section, it shall resign immediately in the manner and with the effect hereinafter specified in this Article.

7.11.2 For so long as required by Trust Indenture Legislation, there shall be a Canadian Trustee under this Indenture. The Canadian Trustee shall at all times be organized under the laws of Canada or any province thereof and authorized under the law of Ontario to carry on trust business therein. If at any times the Canadian Trustee shall cease to be eligible in accordance with this Section, it shall immediately notify the Issuer.

7.12 Resignation and Removal; Appointment of Successor.

No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to this Article shall become effective until the acceptance of appointment by the successor Trustee in accordance with the applicable requirements of Section 7.13.

The Trustee may resign at any time with respect to the Securities of one or more series by giving written notice thereof to the Issuer. If the instrument of acceptance by a successor Trustee required by Section 7.13 shall not have been delivered to the Trustee within 30 days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee with respect to the Securities of such series.

The Trustee may be removed at any time with respect to the Securities of any series by Act of the Holders of a majority in principal amount of the Outstanding Securities of such series, delivered to the Trustee and to the Issuer.

If at any time:

(a) the Trustee shall fail to comply with Section 7.10 after written request therefor by the Issuer or by any Holder who has been a *bona fide* Holder of a Security for at least six months; or

(b) the Trustee shall cease to be eligible under Section 7.11 and shall fail to resign after written request therefor by the Issuer or by any such Holder; or

(c) the Trustee shall become incapable of acting or shall be adjudged a bankrupt or insolvent or a receiver of the Trustee or of its property shall be appointed or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation,

then, in any such case, (A) the Issuer by a Board Resolution may remove the Trustee with respect to all Securities, or (B) subject to Section 6.14, any Holder who has been a *bona fide* Holder of a Security for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee with respect to all Securities and the appointment of a successor Trustee or Trustees.

If the Trustee shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of Trustee for any cause, with respect to the Securities of one or more series, the Issuer, by a Board Resolution, shall promptly appoint a successor Trustee or Trustees with respect to the Securities of that or those series (it being understood that any such successor Trustee may be appointed with respect to the Securities of one or more or all of such series and that at any time there shall be only one Trustee with respect to the Securities of any particular series) and shall comply with the applicable requirements of Section 7.13. If, within one year after such resignation, removal or incapability, or the occurrence of such vacancy, a successor Trustee with respect to the Securities of any series shall be appointed by Act of the Holders of a majority in principal amount of the Outstanding Securities of such series delivered to the Issuer and the retiring Trustee, the successor Trustee so appointed shall, forthwith upon its acceptance of such appointment in accordance with the applicable requirements of Section 7.13, become the successor Trustee with respect to the Securities of such series and to that extent supersede the successor Trustee appointed by the Issuer. If no successor Trustee with respect to the Securities of any series shall have been so appointed by the Issuer or the Holders and accepted appointment in the manner required by Section 7.13, any Holder who has been a *bona fide* Holder of a Security of such series for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the appointment of a successor Trustee with respect to the Securities of such series.

The Issuer shall give notice of each resignation and each removal of the Trustee with respect to the Securities of any series and each appointment of a successor Trustee with respect to the Securities of any series to all Holders of Securities of such series in the manner provided in Section 1.6. Each notice shall include the name of the successor Trustee with respect to the Securities of such series and the address of its Corporate Trust Office.

7.13 Acceptance of Appointment by Successor.

In case of the appointment hereunder of a successor Trustee with respect to all Securities, every such successor Trustee so appointed shall execute, acknowledge and deliver to the Issuer, the Company and the retiring Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Trustee shall become effective and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts and duties of the retiring Trustee; but, on the request of the Issuer or the successor Trustee, such retiring Trustee shall, upon payment of its charges, execute and deliver an instrument transferring to such successor Trustee all the rights, powers and trusts of the retiring Trustee and shall duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring Trustee hereunder.

In case of the appointment hereunder of a successor Trustee with respect to the Securities of one or more (but not all) series, the Issuer, the Company, the retiring Trustee and each successor Trustee with respect to the Securities of one or more series shall execute and deliver an indenture supplemental hereto wherein each successor Trustee shall accept such appointment and which (1) shall contain such provisions as shall be necessary or desirable to transfer and confirm to, and to vest in, each successor Trustee all the rights, powers, trusts and duties of the retiring Trustee with respect to the Securities of that or those series to which the appointment of such successor Trustee relates, (2) if the retiring Trustee is not retiring with respect to all Securities, shall contain such provisions as shall be deemed necessary or desirable to confirm that all the rights, powers, trusts and duties of the retiring Trustee with respect to the Securities of that or those series as to which the retiring Trustee is not retiring shall continue to be vested in the retiring Trustee, and (3) shall add to or change any of the provisions of this Indenture as shall be necessary to provide for or facilitate the administration of the trusts hereunder by more than one Trustee, it being understood that nothing herein or in such supplemental indenture shall constitute such Trustees co-trustees of the same trust and that each such Trustee shall be trustee of a trust or trusts hereunder separate and apart from any trust or trusts hereunder administered by any other such Trustee; and upon the execution and delivery of such supplemental indenture the resignation or removal of the retiring Trustee shall become effective to the extent provided therein and each such successor Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts and duties of the retiring Trustee with respect to the Securities of that or those series to which the appointment of such successor Trustee relates; but, on request of the Issuer or any successor Trustee, such retiring Trustee shall duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring Trustee hereunder with respect to the Securities of that or those series to which the appointment of such successor Trustee relates.

Upon request of any such successor Trustee, the Issuer and the Company shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor Trustee all such rights, powers and trusts referred to in the first or second preceding paragraph, as the case may be.

No successor Trustee shall accept its appointment unless at the time of such acceptance such successor Trustee shall be qualified and eligible under this Article.

7.14 Merger, Conversion, Consolidation or Succession to Business.

Any Person into which the Trustee may be merged or converted or with which it may be consolidated, or any Person resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any Person succeeding to all or substantially all the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder, provided such Person shall be otherwise qualified and eligible under this Article, without the execution or filing of any paper or any further act on the part of any of the parties hereto. In case any Securities shall have been authenticated, but not delivered, by the Trustee then in office, any successor by merger, conversion or consolidation to such authenticating Trustee may adopt such authentication and deliver the Securities so authenticated with the same effect as if such successor Trustee had itself authenticated such Securities.

7.15 Trustee Not to be Appointed as Receiver.

Neither the Trustee nor any Affiliate or related person, as defined in the *Business Corporations Act* (Ontario), to the Trustee shall be appointed a receiver or receiver and manager or liquidator of all or any part of the assets or undertaking of the Issuer or the Company.

7.16 Appointment of Authenticating Agent.

The Trustee may appoint an Authenticating Agent or Agents with respect to one or more series of Securities which shall be authorized to act on behalf of the Trustee to authenticate Securities of such series issued upon original issue and upon exchange, registration of transfer or partial redemption thereof or pursuant to Section 3.6, and Securities so authenticated shall be entitled to the benefits of this Indenture and shall be valid and obligatory for all purposes as if authenticated by the Trustee hereunder. Wherever reference is made in this Indenture to the authentication and delivery of Securities by the Trustee or the Trustee's certificate of authentication, such reference shall be deemed to include authentication and delivery on behalf of the Trustee by an Authenticating Agent and a certificate of authentication executed on behalf of the Trustee by an Authenticating Agent. Each Authenticating Agent shall be acceptable to the Issuer and shall at all times be organized and doing business under the laws of the United States of America, any State thereof or the District of Columbia, or the laws of Canada or any province thereof, authorized under such laws to act as Authenticating Agent and subject to supervision or examination by Federal or State authority or a Person organized and doing business under the laws of Canada or any province thereof authorized under such law to act as Authenticating Agent and subject to supervision or examination by governmental authority of its jurisdiction of formation. If such Authenticating Agent publishes reports of condition at least annually, pursuant to law or to the requirements of said supervising or examining authority, then for the purposes of this Section, the combined capital and surplus of such Authenticating Agent shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time Authenticating Agent shall cease to be eligible in accordance with the provisions of this Section, such Authenticating Agent shall resign immediately in the manner and with the effect specified in this Section.

Any Person into which an Authenticating Agent may be merged or converted or with which it may be consolidated, or any Person resulting from any merger, conversion or consolidation to which such Authenticating Agent shall be a party, or any Person succeeding to the corporate agency or corporate trust business of an Authenticating Agent, shall continue to be an Authenticating Agent, provided such Person shall be otherwise eligible under this Section, without the execution or filing of any paper or any further act on the part of the Trustee or the Authenticating Agent.

An Authenticating Agent may resign at any time by giving written notice thereof to the Trustee and to the Issuer. The Trustee may at any time terminate the agency of an Authenticating Agent by giving written notice thereof to such Authenticating Agent and to the Issuer. Upon receiving such a notice of resignation or upon such a termination, or in case at any time such Authenticating Agent shall cease to be eligible in accordance with the provisions of this Section, the Trustee may appoint a successor Authenticating Agent which shall be acceptable to

the Issuer and shall give notice of such appointment in the manner provided in Section 1.6 to all Holders of Securities of the series with respect to which such Authenticating Agent will serve. Any successor Authenticating Agent upon acceptance of its appointment hereunder shall become vested with all the rights, powers and duties of its predecessor hereunder, with like effect as if originally named as an Authenticating Agent. No successor Authenticating Agent shall be appointed unless eligible under the provisions of this Section.

The Issuer agrees to pay to each Authenticating Agent from time to time reasonable compensation for its services under this Section.

If an appointment with respect to one or more series is made pursuant to this Section, the Securities of such series may have endorsed thereon, in addition to the Trustee's certificate of authentication, an alternative certificate of authentication in the following form:

"This is one of the Securities of the series designated therein referred to in the within-mentioned Indenture.

Computershare Trust Company of Canada
As Trustee

By _____
Authorized Officer

Dated:

_____
"

7.17 Force Majeure.

The Trustee shall not be held liable, or held in breach of this Indenture, if prevented, hindered, or delayed in the performance or observance of any provision contained herein by reason of act of God, riots, terrorism, acts of war, earthquakes, or any other similar causes; it being understood that the Trustee shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

ARTICLE 8
HOLDERS' LISTS AND REPORTS BY TRUSTEE AND ISSUER

8.1 Preservation of Information; Communications to Holders.

The Trustee shall preserve, in as current a form as is reasonably practicable, the names and addresses of Holders received by the Trustee in its capacity as Security Registrar.

The Trustee shall provide to any Holder such information with respect to other Holders as is required under any applicable Trust Indenture Legislation.

The rights of Holders to communicate with other Holders with respect to their rights under this Indenture or under the Securities, and the corresponding rights and privileges of the Trustee, shall be as provided by the Trust Indenture Legislation.

Every Holder of Securities, by receiving and holding the same, agrees with the Issuer and the Trustee that none of the Issuer, the Company nor the Trustee nor any agent of any of them shall be held accountable by reason of the disclosure of such list of the names and addresses of the Holders, regardless of the source from which such information was derived, and that the Issuer, the Company and the Trustee shall not be held accountable by reason of mailing any material pursuant to a request made under the Trust Indenture Act or pursuant to or in compliance with any Trust Indenture Legislation.

8.2 Reports by Trustee.

The Trustee shall transmit to Holders such reports concerning the Trustee and its actions under this Indenture as may be required pursuant to the Trust Indenture Legislation at the times and in the manner provided pursuant thereto.

A copy of each such report shall, at the time of such transmission to Holders, be filed by the Trustee with each stock exchange upon which any Securities are listed, with the Commission and with the Issuer. The Issuer will notify the Trustee when any Securities are listed on any stock exchange.

8.3 Reports by Issuer.

The Issuer shall file with the Trustee and the Commission, and transmit to Holders, such information, documents and other reports, and such summaries thereof, as may be required pursuant to the Trust Indenture Legislation at the times and in the manner provided pursuant thereto; provided that any such information, documents or reports required to be filed with the Commission shall be filed with the Trustee within 15 days after the same is so required to be filed with the Commission.

ARTICLE 9
CONSOLIDATION, MERGER, CONVEYANCE, TRANSFER OR LEASE

9.1 Issuer and Company May Consolidate, Etc., Only on Certain Terms.

Neither the Issuer nor the Company (in each case, herein called a "**Predecessor**") shall enter into any transaction (whether by way of reorganization, reconstruction, consolidation, amalgamation, merger, transfer, sale or otherwise) whereby all or substantially all of its undertaking, property and assets would become the property of any other Person (in each case, herein called a "**Successor**") unless:

(a) prior to or contemporaneously with the consummation of such transaction the Predecessor and the Successor shall have executed such instruments and done such things as, in the Opinion of Counsel, are necessary or advisable to establish that upon the consummation of such transaction:

(i) the Successor will have assumed all the covenants and obligations of the Predecessor under this Indenture in respect of the Securities of every series and, in the case of the Company, its guarantee of such Securities; and

(ii) the Securities of every series will be valid and binding obligations of the Successor entitling the Holders thereof, as against the Successor, to all the rights of Holders of Securities under this Indenture in respect of the Predecessor; and

(b) such transaction shall be on such terms and shall be carried out at such times and otherwise in such manner as shall be not prejudicial to the interests of the Holders of Securities or to the rights and powers of the Trustee hereunder; and

(c) the Issuer has delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that such transaction and, if a supplemental indenture is required in connection with such transaction, such supplemental indenture, complies with this Article and that all conditions precedent herein provided for relating to such transaction have been complied with,

provided, however, that the provisions of this Section 9.1 shall not be applicable to any sale or transfer by the Issuer or the Company to any one or more of their Subsidiaries.

9.2 Successor Substituted.

Upon any reorganization, reconstitution, consolidation or amalgamation of the Issuer or the Company with, or merger of the Issuer or the Company with or into, any other Person or any conveyance or transfer of the properties and assets of the Issuer or the Company substantially as an entirety in accordance with Section 9.1, the successor Person formed by such reorganization, reconstitution, consolidation or amalgamation or into which the Issuer or the Company is merged or to which such conveyance or transfer is made shall succeed to, and be substituted for, and may exercise every right and power of, the Issuer or the Company (as applicable) under this Indenture with the same effect as if such successor Person had been named as the Issuer or the Company (as applicable) herein, and thereafter, the predecessor Person shall be relieved of all obligations and covenants under this Indenture and the Securities.

ARTICLE 10
SUPPLEMENTAL INDENTURES

10.1 Supplemental Indentures Without Consent of Holders.

Without the consent of any Holders, the Issuer, when authorized by a Board Resolution, the Company and the Trustee, at any time and from time to time, may enter into one or more indentures supplemental hereto, in form satisfactory to the Trustee, for any of the following purposes:

(a) to evidence the succession of another Person to the Issuer or the Company and the assumption by any such successor of the covenants of the Issuer or the Company (as applicable) herein and in the Securities; or

(b) to add to the covenants of the Issuer or the Company for the benefit of the Holders of all or any series of Securities (and if such covenants are to be for the benefit of less than all series of Securities, stating that such covenants are expressly being included solely for the benefit of such series) or to surrender any right or power herein conferred upon the Issuer or the Company; or

(c) to add any additional Events of Default for the benefit of the Holders of all or any series of Securities (and if such additional Events of Default are to be for the benefit of less than all series of Securities, stating that such additional Events of Default are expressly being included solely for the benefit of such series); or

(d) to add to, change or eliminate any of the provisions of this Indenture in respect of one or more series of Securities, provided that any such addition, change or elimination (A) shall neither (i) apply to any Security of any series created prior to the execution of such supplemental indenture and entitled to the benefit of such provision nor (ii) modify the rights of the Holder of any such Security with respect to such provision or (B) shall become effective only when there is no such Security Outstanding; or

(e) to secure the Securities pursuant to the requirements of any provision of this Indenture or any indenture supplemental hereto or otherwise; or

(f) to establish the form or terms of Securities of any series as permitted by Sections 2.1 and 3.1 and, if required, to provide for the appointment of a co-trustee; or

(g) to evidence and provide for the acceptance of appointment hereunder by a successor Trustee with respect to the Securities of one or more series and to add to or change any of the provisions of this Indenture as shall be necessary to provide for or facilitate the administration of the trusts hereunder by more than one Trustee, pursuant to the requirements of Section 7.13; or

(h) to add to or change any of the provisions of this Indenture to such extent as shall be necessary to permit or facilitate the issuance of Securities in bearer form, registrable or not registrable as to principal, and with or without interest coupons, or to permit or facilitate the issuance of Securities in uncertificated form; or

(i) to cure any ambiguity, to correct or supplement any provision herein which may be defective or inconsistent with any other provision herein, or to make any other provisions with respect to matters or questions arising under this Indenture, provided that such action pursuant to this Clause (i) shall not adversely affect in any material respect the interests of the Holders of Securities of any series.

10.2 Supplemental Indentures With Consent of Holders.

With the consent of the Holders of not less than a majority in principal amount of the Outstanding Securities of each series affected by such supplemental indenture, by Act of said Holders delivered to the Issuer and the Trustee, the Issuer, when authorized by a Board Resolution, the Company and the Trustee may enter into an indenture or indentures supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Indenture or of modifying in any manner the rights of the Holders of Securities of such series under this Indenture; provided, however, that no such supplemental indenture shall, without the consent of the Holder of each Outstanding Security affected thereby:

(a) change the Stated Maturity of the principal of, or any instalment of principal of or interest on, any Security, or reduce the principal amount thereof or the rate of interest thereon or any premium payable upon the redemption thereof, or reduce the amount of the principal of an Original Issue Discount Security or any other Security which would be due and payable upon a declaration of acceleration of the Maturity thereof pursuant to Section 6.2, or change any Place of Payment where, or the coin or currency in which, any Security or any premium or interest thereon is payable, or impair the right to institute suit for the enforcement of any such payment on or after the Stated Maturity thereof (or, in the case of redemption, on or after the Redemption Date); or

(b) reduce the percentage in principal amount of the Outstanding Securities of any series, the consent of whose Holders is required for any such supplemental indenture, or the consent of whose Holders is required for any waiver (of compliance with certain provisions of this Indenture or certain defaults hereunder and their consequences) provided for in this Indenture; or

(c) modify any of the provisions of this Section 10.2, Section 6.13 or Section 11.10, except to increase any such percentage or to provide that certain other provisions of this Indenture cannot be modified or waived without the consent of the Holder of each Outstanding Security affected thereby; provided, however, that this clause shall not be deemed to require the consent of any Holder with respect to changes in the references to "the Trustee" and concomitant changes in this Section and Section 11.10, or the deletion of this proviso, in accordance with the requirements of Sections 7.13 and 10.1(g); or

(d) following the mailing of an Offer with respect to an Offer to Purchase any Series of Securities pursuant to the provisions of any Section of this Indenture or any indenture supplemental hereto, modify the provisions of this Indenture or such supplemental indenture with respect to such Offer to Purchase in a manner materially adverse to such Holder.

A supplemental indenture which changes or eliminates any covenant or other provision of this Indenture which has expressly been included solely for the benefit of one or more particular series of Securities, or which modifies the rights of the Holders of Securities of such

series with respect to such covenant or other provision, shall be deemed not to affect the rights under this Indenture of the Holders of Securities of any other series.

It shall not be necessary for any Act of Holders under this Section to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such Act shall approve the substance thereof.

10.3 Execution of Supplemental Indentures.

In executing, or accepting the additional trusts created by, any supplemental indenture permitted by this Article or the modifications thereby of the trusts created by this Indenture, the Trustee shall be entitled to receive, and (subject to Section 7.1) shall be fully protected in relying upon, an Opinion of Counsel stating that the execution of such supplemental indenture is authorized or permitted by this Indenture. The Trustee may, but shall not be obligated to, enter into any such supplemental indenture which affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

10.4 Effect of Supplemental Indentures.

Upon the execution of any supplemental indenture under this Article, this Indenture shall be modified in accordance therewith, and such supplemental indenture shall form a part of this Indenture for all purposes; and Holders of all or the affected Securities theretofore or thereafter authenticated and delivered hereunder, as applicable, shall be bound thereby.

10.5 Conformity with Trust Indenture Legislation.

Every supplemental indenture executed pursuant to this Article shall conform to the requirements of the Trust Indenture Legislation.

10.6 Reference in Securities to Supplemental Indentures.

Securities of any series authenticated and delivered after the execution of any supplemental indenture pursuant to this Article may, and shall if required by the Trustee, bear a notation in form approved by the Trustee as to any matter provided for in such supplemental indenture. If the Issuer shall so determine, new Securities of any series so modified as to conform, in the opinion of the Trustee, relying upon the opinion or advice of counsel, and the Issuer, to any such supplemental indenture may be prepared and executed by the Issuer and the Company and authenticated and delivered by the Trustee in exchange for Outstanding Securities of such series.

ARTICLE 11
COVENANTS

11.1 Payment of Principal, Premium and Interest.

The Issuer covenants and agrees for the benefit of each series of Securities that it will duly and punctually pay the principal of and any premium and interest on the Securities of that series in accordance with the terms of the Securities and this Indenture.

11.2 Maintenance of Office or Agency.

The Issuer will maintain in each Place of Payment for any series of Securities an office or agency where Securities of that series may be presented or surrendered for payment, where Securities of that series may be surrendered for registration of transfer or exchange and where notices and demands to or upon the Issuer in respect of the Securities of that series and this Indenture may be served. The Issuer will give prompt written notice to the Trustee of the location, and any change in the location, of such office or agency. If at any time the Issuer shall fail to maintain any such required office or agency or shall fail to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office of the Trustee, and the Issuer hereby appoints the Trustee as its agent to receive all such presentations, surrenders, notices and demands.

The Issuer may also from time to time designate one or more other offices or agencies where the Securities of one or more series may be presented or surrendered for any or all such purposes and may from time to time rescind such designations; provided, however, that no such designation or rescission shall in any manner relieve the Issuer of its obligation to maintain an office or agency in each Place of Payment for Securities of any series for such purposes. The Issuer will give prompt written notice to the Trustee of any such designation or rescission and of any change in the location of any such other office or agency.

11.3 Money for Securities Payments to Be Held in Trust.

If the Issuer shall at any time act as its own Paying Agent with respect to any series of Securities, it will, on or before each due date of the principal of or any premium or interest on any of the Securities of that series, segregate and hold in trust for the benefit of the Persons entitled thereto a sum sufficient to pay the principal and any premium and interest so becoming due until such sums shall be paid to such Persons or otherwise disposed of as herein provided and will promptly notify the Trustee of its action or failure so to act.

Whenever the Issuer shall have one or more Paying Agents for any series of Securities, it will, prior to each due date of the principal of or any premium or interest on any Securities of that series, deposit with a Paying Agent a sum sufficient to pay such amount, such sum to be held as provided by the Trust Indenture Legislation, and (unless such Paying Agent is the Trustee) the Issuer will promptly notify the Trustee of its action or failure so to act.

The Issuer will cause each Paying Agent for any series of Securities other than the Trustee to execute and deliver to the Trustee an instrument in which such Paying Agent shall agree with the Trustee, subject to the provisions of this Section, that such Paying Agent will (1) comply with the provisions of the Trust Indenture Legislation applicable to it as a Paying Agent and (2) during the continuance of any default by the Issuer or the Company (or any other obligor upon the Securities of that series) in the making of any payment in respect of the Securities of that series, upon the written request of the Trustee, forthwith pay to the Trustee all sums held in trust by such Paying Agent for payment in respect of the Securities of that series.

The Issuer may at any time, for the purpose of obtaining the satisfaction and discharge of this Indenture or for any other purpose, pay, or by Issuer Order direct any Paying Agent to pay, to the Trustee all sums held in trust by the Issuer or such Paying Agent, such sums to be held by the Trustee upon the same trusts as those upon which such sums were held by the Issuer or such Paying Agent; and, upon such payment by any Paying Agent to the Trustee, such Paying Agent shall be released from all further liability with respect to such money.

Any money deposited with the Trustee or any Paying Agent, or then held by the Issuer, in trust for the payment of the principal of or any premium or interest on any Security of any series and remaining unclaimed for two years after such principal, premium or interest has become due and payable shall be paid to the Issuer on Issuer Request, or (if then held by the Issuer) shall be discharged from such trust; and the Holder of such Security shall thereafter, as an unsecured general creditor, look only to the Issuer for payment thereof, and all liability of the Trustee or such Paying Agent with respect to such trust money, and all liability of the Issuer as trustee thereof, shall thereupon cease; provided, however, that the Trustee or such Paying Agent, before being required to make any such repayment, may at the expense of the Issuer cause to be published once, in a newspaper published in the English language, customarily published on each Business Day and of general circulation in New York, New York, notice that such money remains unclaimed and that, after a date specified therein, which shall not be less than 30 days from the date of such publication, any unclaimed balance of such money then remaining will be repaid to the Issuer.

11.4 Statement by Officers as to Default.

The Issuer will deliver to the Trustee, within 90 days after the end of each fiscal year, and within 60 days after the end of each fiscal quarter (other than the fourth fiscal quarter) of the Issuer ending after the date hereof, an Officer's Certificate, stating whether or not to the best knowledge of the signers thereof the Issuer or the Company is in default in the performance and observance of any of the terms, provisions and conditions of this Indenture (without regard to any period of grace or requirement of notice provided hereunder) and, if the Issuer or the Company shall be in default, specifying all such defaults and the nature and status thereof of which they may have knowledge.

(a) The Issuer shall deliver to the Trustee, as soon as possible and in any event within 10 days after the Issuer becomes aware or should reasonably become aware of the occurrence of an Event of Default or an event which, with notice or the lapse of time or both, would constitute an Event of Default, an Officer's Certificate setting forth the details of such Event of Default or default, and the action which the Issuer or the Company (as applicable) proposes to take with respect thereto.

(b) The Issuer shall deliver to the Trustee within 120 days after the end of each fiscal year a written statement by the Issuer and the Company's independent public accountants stating (A) that their audit examination has included a review of the terms of this Indenture, all indentures supplemental hereto and the Securities as they relate to accounting matters, and (B) whether, in connection with their audit examination, any event which, with notice or the lapse of time or both, would

constitute an Event of Default has come to their attention and, if such a default has come to their attention, specifying the nature and period of the existence thereof.

11.5 Existence.

Subject to Article 9, each of the Issuer and the Company will do or cause to be done all things necessary to preserve and keep in full force and effect its existence, rights (charter and statutory) and franchises; provided, however, that neither of them shall be required to preserve any such right or franchise if its board of directors or any duly authorized committee of such board of directors determines that the preservation thereof is no longer desirable in the conduct of its business.

11.6 Maintenance of Properties.

The Company will cause all properties used or useful in the conduct of its business or the business of its Subsidiaries to be maintained and kept in good condition, repair and working order and supplied with all necessary equipment and will cause to be made all necessary repairs, renewals, replacements, betterments and improvements thereof, all as in the judgment of the Company may be necessary so that the business carried on in connection therewith may be properly and advantageously conducted at all times; provided, however, that nothing in this Section shall prevent the Company or any Subsidiary from discontinuing the operation or maintenance of any property or business if such discontinuance is, in the judgment of the Company, desirable in the conduct of its business or the business of any Subsidiary.

11.7 Payment of Taxes and Other Claims.

The Company will pay or discharge or cause to be paid or discharged, before the same shall become delinquent, (1) all taxes, assessments and governmental charges levied or imposed upon the Company or any Subsidiary or upon the income, profits or property of the Company or any Subsidiary, and (2) all lawful claims for labor, materials and supplies which, if unpaid, might by law become a lien upon the property of the Company or any Subsidiary; provided, however, that the Company shall not be required to pay or discharge or cause to be paid or discharged any such tax, assessment, charge or claim whose amount, applicability or validity is being contested in good faith by appropriate proceedings.

11.8 Maintenance of Insurance.

The Company shall, and shall cause its Subsidiaries to, keep at all times all of their properties which are of an insurable nature insured against loss or damage with insurers believed by the Company to be responsible to the extent that property of similar character is usually so insured by corporations similarly situated and owning like properties in accordance with good business practice. No duty with respect to effecting or maintaining insurance shall rest upon the Trustee and the Trustee shall not be responsible for any loss by reason of want, defect or insufficiency of insurance or by reason of the failure of any issuer in which the insurance is carried to pay the full amount of any loss against which they have insured. The Trustee shall be entitled

to request annually, and rely absolutely upon, an Officer's Certificate that the insurance carried from time to time is in compliance with the foregoing provision.

11.9 U.S. Securities and Exchange Commission Reporting Issuer Status.

The Issuer confirms that as at the date of execution of this Indenture it does not have a class of securities registered pursuant to Section 12 of the Exchange Act or have a reporting obligation pursuant to Section 15(d) of the Exchange Act.

The Issuer covenants that in the event that (i) any class of its securities shall become registered pursuant to Section 12 of the Exchange Act or such Issuer shall incur a reporting obligation pursuant to Section 15(d) of the Exchange Act, or (ii) any such registration or reporting obligation shall be terminated by such Issuer in accordance with the Exchange Act, such Issuer shall promptly deliver to the Trustee an Officer's Certificate (in a form provided by the Trustee) notifying the Trustee of such registration or termination and such other information as the Trustee may require at the time. The Issuer acknowledges that the Trustee is relying upon the foregoing representation and covenants in order to meet certain Commission obligations with respect to those clients who are filing with the Commission.

11.10 Waiver of Certain Covenants.

Except as otherwise specified as contemplated by Section 3.1 for Securities of such series, the Issuer may, with respect to the Securities of any series, omit in any particular instance to comply with any term, provision or condition set forth in any covenant provided pursuant to Section 3.1(r), 10.1(b) or 10.1(f) for the benefit of the Holders of such series or in any of Sections 11.5 to 11.8, inclusive, if before the time for such compliance the Holders of at least a majority in principal amount of the Outstanding Securities of such series shall, by Act of such Holders, either waive such compliance in such instance or generally waive compliance with such term, provision or condition, but no such waiver shall extend to or affect such term, provision or condition except to the extent so expressly waived, and, until such waiver shall become effective, the obligations of the Issuer and the duties of the Trustee in respect of any such term, provision or condition shall remain in full force and effect.

ARTICLE 12
REDEMPTION OF SECURITIES

12.1 Applicability of Article.

Securities of any series which are redeemable at the election of the Issuer before their Stated Maturity shall be redeemable in accordance with their terms and (except as otherwise specified as contemplated by Section 3.1 for such Securities) in accordance with this Article.

12.2 Election to Redeem; Notice to Trustee.

The election of the Issuer to redeem any Securities shall be evidenced by a Board Resolution or in another manner specified as contemplated by Section 3.1 for such Securities. In case of any redemption at the election of the Issuer of less than all the Securities of any series

(including any such redemption affecting only a single Security), the Issuer shall, at least 60 days prior to the Redemption Date fixed by the Issuer (unless a shorter notice shall be satisfactory to the Trustee), notify the Trustee of such Redemption Date, of the principal amount of Securities of such series to be redeemed and, if applicable, of the tenor of the Securities to be redeemed. In the case of any redemption of Securities prior to the expiration of any restriction on such redemption provided in the terms of such Securities or elsewhere in this Indenture, the Issuer shall furnish the Trustee with an Officer's Certificate evidencing compliance with such restriction.

12.3 Selection by Trustee of Securities to Be Redeemed.

If less than all the Securities of any series are to be redeemed (unless all the Securities of such series and of a specified tenor are to be redeemed or unless such redemption affects only a single Security), the particular Securities to be redeemed shall be selected not more than 60 days prior to the Redemption Date by the Trustee, from the Outstanding Securities of such series not previously called for redemption, by such method as the Trustee shall deem fair and appropriate and which may provide for the selection for redemption of a portion of the principal amount of any Security of such series, provided that the unredeemed portion of the principal amount of any Security shall be in an authorized denomination (which shall not be less than the minimum authorized denomination) for such Security. If less than all the Securities of such series and of a specified tenor are to be redeemed (unless such redemption affects only a single Security), the particular Securities to be redeemed shall be selected not more than 60 days prior to the Redemption Date by the Trustee, from the Outstanding Securities of such series and specified tenor not previously called for redemption in accordance with the preceding sentence.

The Trustee shall promptly notify the Issuer in writing of the Securities selected for redemption as aforesaid and, in case of any Securities selected for partial redemption as aforesaid, the principal amount thereof to be redeemed.

The provisions of the two preceding paragraphs shall not apply with respect to any redemption affecting only a single Security, whether such Security is to be redeemed in whole or in part. In the case of any such redemption in part, the unredeemed portion of the principal amount of the Security shall be in an authorized denomination (which shall not be less than the minimum authorized denomination) for such Security.

For all purposes of this Indenture, unless the context otherwise requires, all provisions relating to the redemption of Securities shall relate, in the case of any Securities redeemed or to be redeemed only in part, to the portion of the principal amount of such Securities which has been or is to be redeemed.

12.4 Notice of Redemption.

Notice of redemption shall be given by first-class mail, postage prepaid, mailed not less than 30 nor more than 60 days prior to the Redemption Date, to each Holder of Securities to be redeemed, at his address appearing in the Security Register.

All notices of redemption shall state:

(a) the Redemption Date;

(b) the Redemption Price;

(c) if less than all the Outstanding Securities of any series consisting of more than a single Security are to be redeemed, the identification (and, in the case of partial redemption of any such Securities, the principal amounts) of the particular Securities to be redeemed and, if less than all the Outstanding Securities of any series consisting of a single Security are to be redeemed, the principal amount of the particular Security to be redeemed;

(d) that on the Redemption Date the Redemption Price will become due and payable upon each such Security to be redeemed and, if applicable, that interest thereon will cease to accrue on and after said date;

(e) the place or places where each such Security is to be surrendered for payment of the Redemption Price; and

(f) that the redemption is for a sinking fund, if such is the case.

Notice of redemption of Securities to be redeemed at the election of the Issuer shall be given by the Issuer or, at the Issuer's request, by the Trustee in the name and at the expense of the Issuer and shall be irrevocable.

12.5 Deposit of Redemption Price.

Prior to any Redemption Date, the Issuer shall deposit with the Trustee or with a Paying Agent (or, if the Issuer is acting as its own Paying Agent, segregate and hold in trust as provided in Section 11.3) an amount of money sufficient to pay the Redemption Price of, and (except if the Redemption Date shall be an Interest Payment Date) accrued interest on, all the Securities which are to be redeemed on that date.

12.6 Securities Payable on Redemption Date.

Notice of redemption having been given as aforesaid, the Securities so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the Issuer shall default in the payment of the Redemption Price and accrued interest) such Securities shall cease to bear interest. Upon surrender of any such Security for redemption in accordance with said notice, such Security shall be paid by the Issuer at the Redemption Price, together with accrued interest to the Redemption Date; provided, however, that, unless otherwise specified as contemplated by Section 3.1, installments of interest whose Stated Maturity is on or prior to the Redemption Date will be payable to the Holders of such Securities, or one or more Predecessor Securities, registered as such at the close of business on the relevant Record Dates according to their terms and the provisions of Section 3.7.

If any Security called for redemption shall not be so paid upon surrender thereof for redemption, the principal and any premium shall, until paid, bear interest from the Redemption Date at the rate prescribed therefor in the Security.

12.7 Securities Redeemed in Part.

Any Security which is to be redeemed only in part shall be surrendered at a Place of Payment therefor (with, if the Issuer or the Trustee so requires, due endorsement by, or a written instrument of transfer in form satisfactory to the Issuer and the Trustee duly executed by, the Holder thereof or his attorney duly authorized in writing), and the Issuer shall execute, and the Trustee shall authenticate and deliver to the Holder of such Security without service charge, a new Security or Securities of the same series and of like tenor, of any authorized denomination as requested by such Holder, in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Security so surrendered.

ARTICLE 13
SINKING FUNDS

13.1 Applicability of Article.

The provisions of this Article shall be applicable to any sinking fund for the retirement of Securities of any series except as otherwise specified as contemplated by Section 3.1 for such Securities.

The minimum amount of any sinking fund payment provided for by the terms of any Securities is herein referred to as a "**mandatory sinking fund payment**", and any payment in excess of such minimum amount provided for by the terms of such Securities is herein referred to as an "**optional sinking fund payment**". If provided for by the terms of any Securities, the cash amount of any sinking fund payment may be subject to reduction as provided in Section 13.2. Each sinking fund payment shall be applied to the redemption of Securities as provided for by the terms of such Securities.

13.2 Satisfaction of Sinking Fund Payments with Securities.

The Issuer (1) may deliver Outstanding Securities of a series (other than any previously called for redemption) and (2) may apply as a credit Securities of a series which have been redeemed either at the election of the Issuer pursuant to the terms of such Securities or through the application of permitted optional sinking fund payments pursuant to the terms of such Securities, in each case in satisfaction of all or any part of any sinking fund payment with respect to any Securities of such series required to be made pursuant to the terms of such Securities as and to the extent provided for by the terms of such Securities; provided that the Securities to be so credited have not been previously so credited. The Securities to be so credited shall be received and credited for such purpose by the Trustee at the Redemption Price, as specified in the Securities so to be redeemed, for redemption through operation of the sinking fund and the amount of such sinking fund payment shall be reduced accordingly.

13.3 Redemption of Securities for Sinking Fund.

Not less than 60 days prior to each sinking fund payment date for any Securities, the Issuer will deliver to the Trustee an Officer's Certificate specifying the amount of the next ensuing sinking fund payment for such Securities pursuant to the terms of such Securities, the portion thereof, if any, which is to be satisfied by payment of cash and the portion thereof, if any, which is to be satisfied by delivering and crediting Securities pursuant to Section 13.2 and will also deliver to the Trustee any Securities to be so delivered. Not less than 60 days prior to each such sinking fund payment date, the Trustee shall select the Securities to be redeemed upon such sinking fund payment date in the manner specified in Section 12.3 and cause notice of the redemption thereof to be given in the name of and at the expense of the Issuer in the manner provided in Section 12.4. Such notice having been duly given, the redemption of such Securities shall be made upon the terms and in the manner stated in Sections 12.6 and 12.7.

ARTICLE 14
DEFEASANCE AND COVENANT DEFEASANCE

14.1 Issuer's Option to Effect Defeasance or Covenant Defeasance.

The Issuer may elect, at its option at any time, to have Section 14.2 or Section 14.3 applied to any Securities or any series of Securities, as the case may be, designated pursuant to Section 3.1 as being defeasible pursuant to such Section 14.2 or 14.3, in accordance with any applicable requirements provided pursuant to Section 3.1 and upon compliance with the conditions set forth below in this Article. Any such election shall be evidenced by a Board Resolution or in another manner specified as contemplated by Section 3.1 for such Securities.

14.2 Defeasance and Discharge.

Upon the Issuer's exercise of its option (if any) to have this Section applied to any Securities or any series of Securities, as the case may be, the Issuer shall be deemed to have been discharged from its obligations, with respect to such Securities as provided in this Section on and after the date the conditions set forth in Section 14.4 are satisfied (hereinafter called "**Defeasance**"). For this purpose, such Defeasance means that the Issuer shall be deemed to have paid and discharged the entire indebtedness represented by such Securities and to have satisfied all its other obligations under such Securities and this Indenture insofar as such Securities are concerned (and the Trustee, at the expense of the Issuer, shall execute proper instruments acknowledging the same), subject to the following which shall survive until otherwise terminated or discharged hereunder: (1) the rights of Holders of such Securities to receive, solely from the trust fund described in Section 14.4 and as more fully set forth in such Section, payments in respect of the principal of and any premium and interest on such Securities when payments are due, (2) the Issuer's obligations with respect to such Securities under Sections 3.4, 3.5, 3.6, 11.2 and 11.3, (3) the rights, powers, trusts, duties and immunities of the Trustee hereunder, and (4) this Article 14. Subject to compliance with this Article 14, the Issuer may exercise its option (if any) to have this Section applied to any Securities notwithstanding the prior exercise of its option (if any) to have Section 14.3 applied to such Securities. Upon the completion of any Defeasance in respect of any Securities, the Company shall be deemed to have been unconditionally and

irrevocably released from all obligations under this Indenture in respect of such Securities, without the need for any notice, document or action.

14.3 Covenant Defeasance.

Upon the Issuer's exercise of its option (if any) to have this Section applied to any Securities or any series of Securities, as the case may be, (1) the Issuer shall be released from its obligations under Sections 9.1(b), 9.1(c) and any covenants provided pursuant to Section 3.1(r), 10.1(b) or 10.1(f) for the benefit of the Holders of such Securities, (2) the Company shall be released from all of its obligations under this Indenture, including pursuant to Article 5 and Sections 11.6 through 11.8, inclusive, and (3) the occurrence of any event specified in Sections 6.1(e) (with respect to any of Article 5, Sections 9.1(b) and 9.1(c), Sections 11.6 through 11.8, inclusive, and any such covenants provided pursuant to Section 3.1(r), 10.1(b) or 10.1(f)), 6.1(f), 6.1(g), 6.1(h), 6.1(i) and 6.1(j) shall be deemed not to be or result in an Event of Default, in each case with respect to such Securities as provided in this Section on and after the date the conditions set forth in Section 14.4 are satisfied (hereinafter called "**Covenant Defeasance**"). For this purpose, such Covenant Defeasance means that, with respect to such Securities, the Issuer and the Company may omit to comply with and shall have no liability in respect of any term, condition or limitation set forth in any such specified Section (to the extent so specified in the case of Section 6.1(e)), whether directly or indirectly by reason of any reference elsewhere herein to any such Section or by reason of any reference in any such Section to any other provision herein or in any other document, but the remainder of this Indenture and such Securities shall be unaffected thereby.

14.4 Conditions to Defeasance or Covenant Defeasance.

The following shall be the conditions to the application of Section 14.2 or Section 14.3 to any Securities or any series of Securities, as the case may be:

(a) The Issuer shall irrevocably have deposited or caused to be deposited with the Trustee (or another trustee which satisfies the requirements contemplated by Section 7.11 and agrees to comply with the provisions of this Article applicable to it) as trust funds in trust for the purpose of making the following payments, specifically pledged as security for, and dedicated solely to, the benefits of the Holders of such Securities, (A) money (in the currency in which the Securities of a particular series are denominated) in an amount, or (B) Government Obligations which through the scheduled payments of principal and interest in respect thereof in accordance with their terms will provide, not later than one day before the due date of any payment, money (in the currency in which the Securities of a particular series are denominated) in an amount, or (C) a combination thereof, in each case sufficient, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee, to pay and discharge, and which shall be applied by the Trustee (or any such other qualifying trustee) to pay and discharge, the principal of and any premium and interest on such Securities on the respective Stated Maturities, in accordance with the terms of this Indenture and such Securities. As used herein, "**Government**

Obligation" means (x) any security which is (i) a direct obligation of the government which issued, or of the Government of Canada denominated in, the currency in which the Securities of a particular series are denominated for the payment of which its full faith and credit is pledged, or (ii) obligations of a Person the payment of which is unconditionally guaranteed as its full faith and credit obligation by such government, or, if such obligations are denominated in the currency in which the Securities of a particular series are issued, by the Government of Canada, which, in either case (i) or (ii), is not callable or redeemable at the option of the issuer thereof, and (y) any depositary receipt issued by a bank (as defined in Section 3(a)(2) of the Securities Act or in the *Bank Act* (Canada)) as custodian with respect to any Government Obligation which is specified in Clause (x) above and held by such bank for the account of the holder of such depositary receipt, or with respect to any specific payment of principal of or interest on any Government Obligation which is so specified and held, provided that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depositary receipt from any amount received by the custodian in respect of the Government Obligation or the specific payment of principal or interest evidenced by such depositary receipt.

(b) In the event of an election to have Section 14.2 apply to any Securities or any series of Securities, as the case may be, the Issuer shall have delivered to the Trustee an Opinion of Counsel qualified to practice law in the United States stating that (A) the Issuer has received from, or there has been published by, the Internal Revenue Service a ruling or (B) since the date of this instrument, there has been a change in the applicable U.S. Federal income tax law, in either case (A) or (B) to the effect that, and based thereon such opinion shall confirm that, the Holders of such Securities will not recognize gain or loss for U.S. Federal income tax purposes as a result of the deposit, Defeasance and discharge to be effected with respect to such Securities and will be subject to U.S. Federal income tax on the same amount, in the same manner and at the same times as would be the case if such deposit, Defeasance and discharge were not to occur.

(c) In the event of an election to have Section 14.3 apply to any Securities or any series of Securities, as the case may be, the Issuer shall have delivered to the Trustee an Opinion of Counsel qualified to practice law in the United States to the effect that the Holders of such Securities will not recognize gain or loss for U.S. Federal income tax purposes as a result of the deposit and Covenant Defeasance to be effected with respect to such Securities and will be subject to U.S. Federal income tax on the same amount, in the same manner and at the same times as would be the case if such deposit and Covenant Defeasance were not to occur.

(d) The Issuer shall have delivered to the Trustee an Opinion of Counsel qualified to practice law in Canada or a ruling from Canada Revenue Agency to the effect that the Holders of Outstanding Securities will not recognize income, gain or loss for Canadian federal, provincial or territorial income tax or other tax purposes as a result of such defeasance or covenant defeasance, as applicable, and will be subject

to Canadian federal, provincial or territorial income tax and other tax on the same amounts, in the same manner and at the same times as would have been the case had such defeasance or covenant defeasance, as the case may be, not occurred (and for the purposes of such opinion, such Canadian counsel shall assume that Holders of the Securities include Holders who are not resident in Canada).

(e) The Issuer shall have delivered to the Trustee an Officer's Certificate to the effect that neither such Securities nor any other Securities of the same series, if then listed on any securities exchange, will be delisted as a result of such deposit.

(f) The Issuer shall have delivered an Opinion of Counsel qualified to practice law in the United States to the effect that such deposit shall not cause the Trustee or the trust so created to be subject to the Investment Company Act.

(g) No event which is, or after notice or lapse of time or both would become, an Event of Default with respect to such Securities or any other Securities shall have occurred and be continuing at the time of such deposit or, with regard to any such event specified in Section 6.1(h) or 6.1(i), at any time on or prior to the 90th day after the date of such deposit (it being understood that this condition shall not be deemed satisfied until after such 90th day).

(h) The Issuer is not an "insolvent person" within the meaning of the *Bankruptcy and Insolvency Act* (Canada) on the date of such deposit or at any time during the period ending on the 91st day after the date of such deposit (it being understood that this condition shall not be deemed satisfied until the expiration of such period).

(i) The Issuer shall have delivered an Opinion of Counsel qualified to practice law in the United States to the effect that such Defeasance or Covenant Defeasance shall not cause the Trustee to have a conflicting interest within the meaning of the Trust Indenture Legislation (assuming all Securities are in default within the meaning of such Trust Indenture Legislation).

(j) Such Defeasance or Covenant Defeasance shall not result in a breach or violation of, or constitute a default under, any other agreement or instrument to which the Issuer is a party or by which it is bound.

(k) The Issuer shall have delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that all conditions precedent with respect to such Defeasance or Covenant Defeasance have been complied with.

14.5 Deposited Money and Government Obligations to Be Held in Trust; Miscellaneous Provisions.

Subject to the provisions of the last paragraph of Section 11.3, all money and Government Obligations (including the proceeds thereof) deposited with the Trustee or other qualifying trustee (solely for purposes of this Section and Section 14.6, the Trustee and any such

other trustee are referred to collectively as the "**Trustee**") pursuant to Section 14.4 in respect of any Securities shall be held in trust and applied by the Trustee, in accordance with the provisions of such Securities and this Indenture, to the payment, either directly or through any such Paying Agent (including the Issuer acting as its own Paying Agent) as the Trustee may determine, to the Holders of such Securities, of all sums due and to become due thereon in respect of principal and any premium and interest, but money so held in trust need not be segregated from other funds except to the extent required by law.

The Issuer shall pay and indemnify the Trustee against any tax, fee or other charge imposed on or assessed against the Government Obligations deposited pursuant to Section 14.4 or the principal and interest received in respect thereof other than any such tax, fee or other charge which by law is for the account of the Holders of Outstanding Securities.

Anything in this Article to the contrary notwithstanding, the Trustee shall deliver or pay to the Issuer from time to time upon Issuer Request any money or Government Obligations held by it as provided in Section 14.4 with respect to any Securities which, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee, are in excess of the amount thereof which would then be required to be deposited to effect the Defeasance or Covenant Defeasance, as the case may be, with respect to such Securities.

The Issuer may exercise the Defeasance option notwithstanding its prior exercise of Covenant Defeasance if the Issuer meets the conditions required set forth in Section 14.4.

14.6 Reinstatement.

If the Trustee or the Paying Agent is unable to apply any money in accordance with this Article with respect to any Securities by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, then the obligations under this Indenture and such Securities from which the Issuer and the Company have been discharged or released pursuant to Section 14.2 or 14.3 shall be revived and reinstated as though no deposit had occurred pursuant to this Article with respect to such Securities, until such time as the Trustee or Paying Agent is permitted to apply all money held in trust pursuant to Section 14.5 with respect to such Securities in accordance with this Article 14; provided, however, that if the Issuer makes any payment of principal of or any premium or interest on any such Security following such reinstatement of its obligations, the Issuer shall be subrogated to the rights (if any) of the Holders of such Securities to receive such payments from the money so held in trust.

ARTICLE 15
MEETINGS OF HOLDERS OF NOTES

15.1 Call, Notice and Place of Meetings.

15.1.1 The Trustee may at any time call a meeting of Holders of Securities of all or any one or more series, and the Trustee shall convene a meeting upon receipt of a request of the Issuer or upon receipt of a request in writing to the Trustee by the Holders of not less than

25% in principal amount of the Outstanding Securities of any series, for the purpose of making, giving or taking any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Indenture to be made, given or taken by Holders of Securities of such series, to be held at such time and at such place in Toronto, Ontario or City of New York, New York or as the Trustee shall determine. Notice of every meeting of Holders of Securities of any series, setting forth the time and the place of such meeting and in general terms the action proposed to be taken at such meeting, shall be given, in the manner provided for in Section 1.6, not less than 21 nor more than 60 days prior to the date fixed for the meeting. The Holders calling a meeting shall (i) reimburse the Trustee for all of its reasonable out-of-pocket expenses relating to the calling and holding of such meeting, and (ii) indemnify and hold harmless the Trustee against any loss, liability or expense that it may incur arising out of or in connection with such meeting, including the costs and expenses of defending the Trustee against any claim or liability in connection with such meeting.

15.1.2 In case at any time the Issuer, pursuant to a Board Resolution, or the Holders of at least 25% in principal amount of the Outstanding Securities of any series shall have requested the Trustee to call a meeting of the Holders of Securities of such series for any purpose specified in Section 15.1.1, by written request setting forth in reasonable detail the action proposed to be taken at the meeting (which notice need not include the terms of any resolution to be proposed), and the Trustee shall not have made the first publication of the notice of such meeting within 21 days after receipt of such request or shall not thereafter proceed to cause the meeting to be held as provided herein, then the Issuer or the Holders of Securities of such series in the amount above specified, as the case may be, may determine the time and the place in The City of New York, New York or Toronto, Ontario for such meeting and may call such meeting for such purposes by giving notice thereof as provided in Section 15.1.1.

15.2 Persons Entitled to Vote at Meetings.

To be entitled to vote at any meeting of Holders of Securities of any series, a Person must be (1) a Holder of one or more Outstanding Securities of such series, or (2) a Person appointed by an instrument in writing as proxy for a Holder or Holders of one or more Outstanding Securities of such series by such Holder of Holders. The only Persons who shall be entitled to be present or to speak at any meeting of Holders of Securities of any series shall be the Persons entitled to vote at such meeting and their counsel, any representatives of the Trustee and the Trustee's counsel and any representatives of the Issuer, the Company and their counsel.

15.3 Quorum; Action.

15.3.1 The Persons entitled to vote 25% in principal amount of the Outstanding Securities of the applicable series shall constitute a quorum for a meeting of Holders of Securities of such series; provided, however, that, if any action is to be taken at such meeting with respect to a consent or waiver which this Indenture expressly provides may be given by the Holders of not less than a specified percentage in principal amount of the Outstanding Securities of a series, the Persons entitled to vote such specified percentage in principal amount of the Outstanding Securities of such series shall constitute a quorum. In the absence of a quorum

within 30 minutes of the time appointed for any such meeting, the meeting shall, if convened at the request of Holders of Securities of such series, be dissolved. In any other case the meeting may be adjourned for a period of not less than 10 days as determined by the chairman of the meeting prior to the adjournment of such meeting. At the reconvening of any adjourned meeting, the Holders of the Outstanding Securities entitled to vote at such adjourned meeting, present in person or represented by proxy, shall constitute a quorum and shall transact the business for which the meeting was originally convened, notwithstanding that they may not represent at least 25% in principal amount of the Outstanding Securities.

15.3.2 Except as limited by the proviso to Section 10.2, any resolution presented to a meeting or adjourned meeting duly reconvened at which a quorum is present as aforesaid may be adopted by the affirmative vote of the Holders of not less than a majority in principal amount of the Outstanding Securities of such series as are entitled to vote at such meeting; provided, however, that, except as limited by the proviso to Section 10.2, any resolution with respect to any request, demand, authorization, direction, notice, consent, waiver or other action which this Indenture expressly provides may be made, given or taken by the Holders of a specified percentage, which is less than a majority in principal amount of the Outstanding Securities of a series, may be adopted at a meeting or an adjourned meeting duly reconvened and at which a quorum is present as aforesaid by the affirmative vote of the Holders of not less than such specified percentage in principal amount of the Outstanding Securities of such series present at such meeting.

15.3.3 Any resolution passed or decision taken at any meeting of Holders of Securities of any series duly held in accordance with this Section shall be binding on all the Holders of Securities of such series and the related coupons, if any, whether or not present or represented at the meeting.

15.3.4 Notwithstanding the foregoing provisions of this Section 15.3, if any action is to be taken at a meeting of Holders of Securities of any series with respect to any request, demand, authorization, direction, notice, consent, waiver or other action that this Indenture expressly provides may be made, given or taken by the Holders of a specified percentage in principal amount of all Outstanding Securities affected thereby, or of the Holders of such series and one or more additional series:

(a) there shall be no minimum quorum requirement for such meeting; and

(b) the principal amount of the Outstanding Securities of such series that vote in favor of such request, demand, authorization, direction, notice, consent, waiver or other action shall be taken into account in determining whether such request, demand, authorization, direction, notice, consent, waiver or other action has been made, given or taken under this Indenture.

15.4 Determination of Voting Rights; Conduct and Adjournment of Meetings.

15.4.1 Notwithstanding any provisions of this Indenture, the Trustee may make such reasonable regulations as the Trustee may deem advisable for any meeting of Holders of

Securities of a series in regard to proof of the holding of Securities of such series and of the appointment of proxies and in regard to the appointment and duties of inspectors of votes, the submission and examination of proxies, certificates and other evidence of the right to vote, and such other matters concerning the conduct of the meeting as it shall deem appropriate. Except as otherwise permitted or required by any such regulations, the holding of Securities shall be proved in the manner specified in Section 1.4 and the appointment of any proxy shall be proved in the manner specified in Section 1.4. Such regulations may provide that written instruments appointing proxies, regular on their face, may be presumed valid and genuine without the proof specified in Section 1.4 or other proof.

15.4.2 The Trustee shall, by an instrument in writing appoint a temporary chairman of the meeting, which need not be a Holder of Securities, unless the meeting shall have been called by the Issuer or by Holders of Securities as provided in Section 15.1.2, in which case the Issuer or the Holders of Securities of the series calling the meeting, as the case may be, shall in like manner appoint a temporary chairman. A permanent chairman and a permanent secretary of the meeting shall be elected by vote of the Persons entitled to vote a majority in principal amount of the Outstanding Securities of such series represented at the meeting.

15.4.3 At any meeting each Holder of a Security of such series or proxy shall be entitled to one vote for each $1,000 principal amount of Outstanding Securities of such series held or represented by him (determined as specified in the definition of "**Outstanding**" in Section 1.1); provided, however, that no vote shall be cast or counted at any meeting in respect of any Security challenged as not Outstanding and ruled by the chairman of the meeting to be not Outstanding. The chairman of the meeting shall have no right to vote, except as a Holder of a Security of such series or proxy.

15.4.4 Any meeting of Holders of Securities of any series duly called pursuant to Section 15.1 at which a quorum is present may be adjourned from time to time by the Chairman with consent of the Holders entitled to vote a majority in principal amount of the Outstanding Securities of such series represented at the meeting and voting thereon; and the meeting may be held as so adjourned without further notice.

15.5 Counting Votes and Recording Action of Meetings.

The vote upon any resolution submitted to any meeting of Holders of Securities of any series shall be by written ballots on which shall be subscribed the signatures of the Holders of Securities of such series or of their representatives by proxy and the principal amounts and serial numbers of the Outstanding Securities of such series held or represented by them. The chairman of the meeting shall appoint two inspectors of votes who shall count all votes cast at the meeting for or against any resolution and who shall make and file with the secretary of the meeting their verified written reports in duplicate of all votes cast at the meeting. A record, at least in duplicate, of the proceedings of each meeting of Holders of Securities of any series shall be prepared by the secretary of the meeting and there shall be attached to said record the original reports of the inspectors of votes on any vote by ballot taken thereat and affidavits by one or more persons having knowledge of the facts setting forth a copy of the notice of the meeting and showing that said notice was given as provided in Section 15.1 and, if applicable, Section 15.3. Each copy shall be

signed and verified by the affidavits of the chairman and secretary of the meeting and one such copy shall be delivered to the Issuer, and another to the Trustee to be preserved by the Trustee, the latter to have attached thereto the ballots voted at the meeting. Any record so signed and verified shall be conclusive evidence of the matters therein stated.

15.6 Instruments in Writing.

All actions that may be taken and all powers that may be exercised by the Holders at any meeting of Holders of Securities of any series may also be taken and exercised by an instrument in writing signed in one or more counterparts by Holders representing not less than a majority in principal amount of the Outstanding Securities of such series as are entitled to vote at such meeting; provided, however, that, except as limited by the proviso to Section 10.2, any resolution with respect to any request, demand, authorization, direction, notice, consent, waiver or other action which this Indenture expressly provides may be made, given or taken by the Holders of a specified percentage, which is less than a majority, in principal amount of the Outstanding Securities of a series may also be taken and exercised by an instrument in writing signed in one or more counterparts by the Holders of not less than such specified percentage in principal amount of the Outstanding Securities of such series as are entitled to vote at such meeting.

This instrument may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument. This instrument may be executed and delivered by facsimile or other electronic transmission of a counterpart hereof bearing a manual, facsimile or other electronic signature.

BROOKFIELD FINANCE INC.

By: *"Brian D. Lawson"*

Title Chief Financial Officer

By: *"J. Bruce Flatt"*

Title Chief Executive Officer

BROOKFIELD ASSET MANAGEMENT INC.

By: *"Kelly Marshall"*

Title Managing Partner

By: *"A.J. Silber"*

Title Vice-President, Legal Affairs

COMPUTERSHARE TRUST COMPANY OF CANADA

By: *"Yana Nedyalkova"*

Title Corporate Trust Officer

By: *"Raji Sivalingam"*

Title Associate Trust Officer

Gadi, Mike and Ken,

Further to the meeting last night, I have been thinking about how we can facilitate the Province's "assumption" option without provoking a lot of extra thinking, conditions and negotiations. In that light, I thought it would be useful to preview an alternative scenario with you before exposing it to others, in order to see if it might accomplish the Province's objectives more easily that the "exchange" and "assumption" mechanics canvassed last night at Torys.

Possible Alternative: In lieu of the current "assumption" option, we would provide for the following:

- The Trust would have a "defeasance option" with respect to all notes and bonds, but exercisable only following a Payment Demand (i.e., demand after a Protection Event)

- The Trust would agree with the Province to exercise the defeasance option and specified termination rights upon a direction by the Province and in no other circumstances

- OPG would ensure that all other Trust obligations (i.e., not notes or bonds) are cancellable at the option of the Trust, on not more than [• months] notice following a Payment Demand, subject to market terms, pricing and conditions applicable for comparable termination rights (similar concept to current Process Agreement, section 6.05)

- If the defeasance option is exercised by the Trust:

    - Province could issue bonds/notes with maturities, interest rates and payment terms identical to and corresponding with the specified terms of the Trust's outstanding notes and bonds

    - In full satisfaction and discharge of the Limited Guarantee in respect of the Trust's outstanding notes and bonds, Province would irrevocably deposit notes and bonds (either newly issued or existing secondary market Provincial notes and bonds having economically equivalent economic terms[1]) into a defeasance account for the benefit of the bond/noteholders[2], sufficient to pay all principal and interest owing under notes

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[1] Sample language: "Government Obligations (full faith and credit is pledged by Province) which through the scheduled payment of principal and interest in respect thereof in accordance with their terms will provide, not later than the due date of any payment, money in an amount, or a combination thereof, sufficient, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Indenture Trustee, to pay and discharge, and which shall be applied by the Indenture Trustee to pay and discharge, the principal of and any premium and interest on such securities on the applicable stated maturities or on any redemption date established under the Trust Indenture."

[2] Sample language: "Government Obligations (including the proceeds thereof) deposited with the Indenture Trustee in respect of any securities shall be held in trust and applied by the Indenture Trustee, in accordance with the provisions of such securities and the Trust Indenture, to the payment, either directly or through any such Paying Agent (including the Trust acting as its own Paying Agent) as the Indenture Trustee may determine, to the holders of such securities, of all sums due and to become due thereon in respect of principal and any premium and interest, but money so held in trust need not be

and bonds as and when they become due and payable in accordance with their respective terms

- The defeasance account would become collateral under the Trust Indenture for the purpose of paying bonds and notes, and Province would be subrogated to the position of existing note/bondholders whose note and bonds have been defeased

- Note/bondholders would be entitled to receive, solely from the defeasance account, payments in respect of the principal of and any interest on their notes and bonds when payments become due

- The Province would pay the Trust any amount required to pay and indemnify the Indenture Trustee against any tax, fee or other charge imposed on or assessed against the Government Obligations deposited into the defeasance account or the principal and interest received in respect thereof other than any such tax, fee or other charge which by law is for the account of the holders of outstanding notes and bonds

- The Trust's obligations with respect to outstanding notes and bonds, and the on-going responsibilities of the Indenture Trustee related to the notes and bonds, would be limited to specified matters, such as the provision of certificates; the mechanics to pass-through funds from the defesance account to pay notes and bonds when due; and the rights, powers, trusts, duties and immunities of the Indenture Trustee

- Province could require the Trust to exercise termination rights under some or all other Trust obligations, provided that Province pays Trust all applicable related termination amounts and charges, whereupon such obligations will be satisfied and the Province's obligations under the Limited Guarantee with respect to such other Trust obligations would be discharged

- Resulting discharge scenarios:

    - If all Trust obligations are defeased or terminated, Collateral would be released from the lien of the Trust Indenture and the Trust could effectively be discontinued[3]

    - If not all Trust obligations are defeased or terminated, Province would continue to observe the Limited Guarantee to the extent of continuing, non-defeased Trust obligations until satisfied, and only after all Trust obligations

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segregated from other funds except to the extent required by law. Government Obligations (and the proceeds thereof) held pursuant to this Section for the benefit of the holders of subordinated securities shall not be subject to the subordination provisions established with respect to such Securities pursuant to the Trust Indenture."

[3] The Trust would continue to "exist" until the last dollar owing is paid under the outstanding notes. However, all of the related infrastructure and support, and all of the related service providers and charges (other than for the Indenture Trustee), could be discontinued, together with the extensive administration and oversight associated with running the Trust's obligations and functions under the OFHPA program.

have been defeased or terminated could the Trust be effectively discontinued.

Possible Advantages:

- Defeasance is a familiar market convention, and so should be relatively easy to digest by investors and rating agencies in these circumstances, based on market precedents (for example, see attached)

- Since the notes and bonds are technically still outstanding, and since the defeasance condition is not an “exchange”, identified issues (e.g., taxes on disposition under an exchange) may not arise or be lessened

- Province can use its own credit by designating only Province debt as “eligible instruments”

- With Trust continuing (albeit hollowed out), the technical issue of a change in investor and rating agency treatment of the outstanding notes and bonds may be much less of a concern

- ‘All or nothing’ approach to termination of all Trust obligations need not be achieved, subject to consideration of the costs and benefits of allowing certain obligations to continue.

- Complexity of fabricating and explaining an unusual and unprecedented “exchange” mechanic would avoid execution risks

Disadvantages:

- Since the Trust will need to exist until the last debt is repaid from the defeasance account, the Province will not be able to apply a clean “kill shot” to the Trust; although as mentioned, the Trust could be effectively discontinued once other Trust obligations have terminated

- Continued execution, and indirect implementation of the option, through the Trust is more cumbersome than direct rights

- The defeasance option may exact a charge from initial investors to the extent that the market expects to be paid for defeasance rights; although if properly explained, it should be understood not to be real optionality for the Province

- Defeasance may produce “negative carry” to the extent that deposited Province obligations do not perfectly match the payment schedule under existing notes and bonds; although that asymmetry and negative carry can be eliminated by the Province issuing matching obligations

Other Considerations before Tabling the Defeasance Alternative:

- Accounting implications (to be considered by Cindy) for the Province

- Governance and authorization considerations (to be considered by Malle and Toby)

- Cost implications of the Trust continuing to exist (albeit hollowed out) to be considered (OFA)

- Precedent review and consideration (Blakes), to identify any unforeseen or unintended consequences (e.g., tax treatment for investors).

From:	RYFA Ken -TREASURY
To:	Talwar, Shruti (ENERGY); Mike Manning; Ken Kandeepan
Cc:	LEE John -TREASURY; GRECO Clara -LAWDIV; LADAK Lubna -TREASURY; GO Matthew -TREASURY; LIU Sheen -TREASURY; WONG Leslie -LAWDIV
Subject:	Preliminary notice of first asset purchase and debt issuance under Fair Hydro Program
Date:	Thursday, November 23, 2017 1:25:49 PM

Shruti / Mike / Ken K,

Just wanted to give you a preliminary notice of expected funding requirements over the next month to facilitate the first purchase of the asset from the IESO and corresponding debt issued by the Trust, a part of which is supported by the equity injection from the Province. A formal notice will be provided in accordance with the relevant processes but given that this is the first transaction during a month when many people are away then we are providing this preliminary notice to help with lining up the relevant approvals.

The timing of the asset purchase will correspond to the debt issuance by the Trust. The exact timing will depend on completing the items required to market to investors – program documents and credit rating are the key elements.

In terms of dollar amount we anticipate the Trust purchasing the entire variance account balance. This is expected to be about $1.2 billion. As of the end of October, the account is just over $1 billion. It is expected that the senior debt for this first transaction will be both term debt and warehouse debt.

Since this is the first transaction in this structure and there are a number of moving parts at the current time then we will need to have some flexibility on the 5 business day requirement between notification and funding. One of the challenges is to include the Transfer Notice as part of the request for the equity since there is a similar 5 business day notice requirement. We may need to issue the equity request without the Transfer Notice attachment which would follow shortly after.

At the current time the expected dates are:

Pricing of term debt issuance – current target is sometime between Dec 12 to 15

Closing of debt issuance – Dec 19 to 22 (standard for securitization is T+5)

Closing date would correspond to the date for OPG to issue Class A shares to the Province in exchange for the corresponding funding from the Province.

Thanks,

Ken R

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

Subject: Protection Agreement & Process Agreement
Date: Monday, December 04, 2017 2:27:17 PM

Subject: Protection Agreement & Process Agreement
Date: Monday, December 04, 2017 3:09:03 PM
Attachments: 23239360-v22-Change of Law Protection Agreement.DOCX
23263869-v2-DBRS Comments (Change of Law Protection Agreement).DOCX
23239361-v19-Change of Law - Process Agreement.DOCX
DBRS responses - Comments.pdf
Protection - BL v Dec 3 draft.pdf
Process - BL v Dec 3 draft.pdf
Protection - BL v Torys draft (Nov 24).pdf
Process - BL v Torys draft (Nov 24).pdf

Draft: December 4, 2017

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE[1]

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

[1] Explanatory Note: Logistics of closing are under consideration by the Province.

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust under the laws of the Province of Ontario (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council dated as of 1981/2017 (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Primary Obligations that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred. This Agreement sets out the terms and conditions of such protections and assurances.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 Intentionally Deleted

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture as of the date of this Agreement.

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 2.01 or Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee, the Financing Entity, the Financing Entity Trustee, the Manager or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the “Change of Law Protection Agreement” referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or

release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee shall (unless the Rating Agency Condition has been satisfied with respect to a demand not being made as a result of the Protection Event), deliver a written demand, substantially in the form attached as Exhibit A (a "**Payment Demand**"), to the Province requiring the Province to make payments in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in this Agreement. From and after such delivery of a Payment Demand, the Province shall make the following payments in respect of the Approved Obligations (the "**Limited Guarantee**"), and the Financing Entity shall pay, and the Province shall be entitled to be paid, the Subrogation Entitlements specified below:

i. Not less than 3 Business Days prior to each day when any payment or payments are to be made in respect of one or more Approved Obligations occurring after such delivery of a Payment Demand (each such day, a "**Guarantee Payment Date**"), the Manager shall deliver a written statement setting forth the Aggregate Approved Obligations Amount, if any, in respect of the Approved Obligations that are due and payable on such Guarantee Payment Date, together with a detailed description identifying such Approved Obligations and the nature and amount of payments due and payable thereunder on the Guarantee Payment Date, the aggregate outstanding amount payable by the Financing Entity under such Approved Obligations as of the date of such written statement, and details regarding any default in performance by any party obligated thereunder.

ii. On each such Guarantee Payment Date, the Province shall deposit the Aggregate Approved Obligations Amount into the Protection Account.

iii. On each such Guarantee Payment Date, the Financing Entity and the Indenture Trustee shall ensure that the amounts on deposit in the Protection Account are applied to pay each Beneficiary to whom an amount is due and payable under an Approved Obligation on the Guarantee Payment Date the Approved Obligation Amount for such Beneficiary in respect of such Approved Obligation on such Guarantee Payment Date; provided that if the amount deposited pursuant to clause 2.01(a)ii is insufficient to pay all such Approved Obligation Amounts in full, the amount on deposit in the Protection Account on the Guarantee Payment Date shall be applied to pay Beneficiaries in the order of priority in which such Approved Obligations are payable under the payment provisions of the Trust Indenture applicable to the making of such payments on the Guarantee Payment Date (each, a "**Beneficiary Payee**" and each payment made to a Beneficiary Payee on a Guarantee Payment Date, a "**Guarantee Payment**").

iv. On any Guarantee Payment Date on which an amount is paid by the Province pursuant to clause 2.01(a)ii, the applicable payment provisions of the Trust Indenture shall, notwithstanding the express terms of such provisions set forth in the Trust Indenture, be applied and operate on the following basis:

(A) [2]the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available under

[2] Explanatory Note: In a particular period, the cash available from CEAs may exceed the aggregate Finance Amounts payable - for example, as a result of the "true-up" under the Act, which will determine the actual amount of cash available. The basic structure is that the Province will pay all Approved Obligation Amounts, and will be entitled to receive all cash flows available to the Beneficiary Payees. Limiting the subrogation amounts to the lesser of such available cash and the Guarantee Payments could result in leakage of the cash that the Province looks to under this arrangement.

such payment provisions on such Guarantee Payment Date shall be reduced by the amount of the Guarantee Payment paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on such Guarantee Payment Date;

(B) the Province shall be paid the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available to pay the Beneficiary Payee under such payment provisions on the Guarantee Payment Date, determined without regard to the Guarantee Payment paid on such Guarantee Payment Date and the corresponding reduction of the amount owing to the Beneficiary Payee pursuant to subclause 2.01(a)iv(A) (each such amount payable to the Province being a "**Subrogation Amount**");

(C) no Beneficiary having a right to be paid an amount in respect of an Approved Obligation, and no other Person entitled under an Obligation Secured, in each case that ranks equal with or subordinate to an Approved Obligation in respect of which a Subrogation Amount is payable to the Province under subclause 2.01(a)iv(B), shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under such subclause (including any right of reimbursement, contribution or indemnity) and no such Beneficiary or other Person shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of any such Subrogation Amount;

(D) [3]on the first day when any payment or payments are to be made in respect of Obligations Secured that occurs on or after the date on which all amounts payable under all Approved Obligations have been paid in full, the Province shall be entitled to be paid from amounts available to pay Obligations Secured on such day (and thereafter on each subsequent day when any payment or payments are to be made in respect of Obligations Secured, until paid in full), in each case in accordance with the applicable payment provisions of the Trust Indenture on such day, the

[3] Explanatory Note: The Province will be entitled to receive subrogation cash flows after satisfaction of all Approved Obligations. This provision provides how that these amounts will be payable from available cash flows, based on priorities that address cash entitlements opposite non-guaranteed obligations secured (e.g., after a suspension event). Conforming changes will need to be made to the Trust Indenture once these mechanics have been settled.

following amounts (each, a "**Final Subrogation Amount**"), in each case in the priorities specified below:

(I) as an amount ranking equally with [Senior Obligations][4], the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including such day in respect of Approved Obligations ranking equally with or prior to [Senior Obligations], plus (y) the sum of amounts determined in respect of interest on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount is paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related[5], exceeds (2) the sum of all Subrogation Amounts paid to the Province up to and including such day;

(II) as an amount ranking equally with [Subordinated Obligations], the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including such day in respect of Approved Obligations ranking equally with or prior to [Subordinated Obligations], plus (y) the sum of amounts determined in respect of interest on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount is paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of (x) all Subrogation Amounts paid to the Province up to and including such day, plus (y) the amount determined under (I); and

[4] Explanatory Note: Nomenclature to be conformed, once the corresponding provisions of the Trust Indenture have been settled.

[5] Explanatory Note: Nomenclature to be conformed, once the corresponding provisions of the Trust Indenture have been settled.

(III) as an amount ranking equally with [Junior Obligations], the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including such day in respect of Approved Obligations ranking equally with or prior to [Junior Obligations], plus (y) the sum of amounts determined in respect of interest on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount is paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of (x) all Subrogation Amounts paid to the Province up to and including such day, plus (y) the sum of the amounts determined under (I) plus (z) the sum of the amounts determined under (II); and

(E) no Person entitled under an Obligation Secured that ranks equal with or subordinate to a Final Subrogation Amount shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province in respect of such Final Subrogation Amount and no such Person shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of any such Final Subrogation Amount.

v. On any Guarantee Payment Date, the Indenture Trustee shall release and pay to the Province free and clear of any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay Guarantee Payments to Beneficiary Payees on the Guarantee Payment Date in accordance with clause 2.01(a)iii.

vi. In preparing any payment instructions under the Trust Indenture, the Manager shall reflect the amounts payable under Section 2.01(a).

(b) The Province shall, as a payee of Subrogation Amounts under clause 2.01(a)(iv)(B), as a payee of each Final Subrogation Amount under clause 2.01(a)(iv)(B) and as a payee of any amounts payable under clause 2.01(a)(v), be a “Specified Creditor” under the Trust Indenture and have the benefit of the Collateral thereunder.

(c) For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the Approved Obligation Amounts, if any, for payment to Beneficiary Payees and will be subject to the priorities and to the Province's rights to Subrogation Entitlements, set forth in Section 2.01(a).

(d) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(e) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation by their terms.

(f) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under and in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any amount due and payable to a Beneficiary Payee under the Limited Guarantee.

2.02 Intentionally Deleted.

2.03 <u>Absence of Set-off</u>

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 <u>Payment into Protection Account in Satisfaction</u>

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period,

not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account" for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section **[7.03]** of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Financing Entity and the Indenture Trustee shall ensure that all amounts paid by the Province into the Protection Account on a Guarantee Payment Date in respect of an Approved Obligation are applied to pay the amounts due and payable to the Beneficiaries as and to the extent provided for in Section 2.01(a). Upon a payment having been made by or on behalf of the Province into the Protection Account, the amounts so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiaries as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such Beneficiaries in respect of the applicable Approved Obligations, whereupon an affected Beneficiary shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid. For greater certainty, the obligations arising in respect of an applicable Approved Obligation shall not be reduced by such payment as the Province shall become entitled to be paid related Subrogation Entitlements and the rights contemplated under Section 2.01(a) and Section 5.01 in relation to such continuing obligations.

2.05 <u>Certain Waivers</u>

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations in accordance with Section 8.01.

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

A Primary Obligation shall constitute an Approved Obligation if (i) the Adherence Conditions applicable thereto have been satisfied at the time the Primary Obligation was incurred, or (ii) the Province, in its sole discretion, designates in writing that it is an Approved Obligation.

4.02 Adherence Conditions

The following shall be the Adherence Conditions applicable in relation to each Certified Primary Obligation:

(a) the Certified Primary Obligation when incurred is an Obligation Secured under the Trust Indenture; and

(b) OPG, as FSM, delivers a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee, on or before the incurrence of a Certified Primary Obligation (provided that delivery may not be more than 5 Business Days before the incurrence of the Certified Primary Obligation), confirming that OPG has delivered to the Province a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by

such officers in their capacity as officers of OPG acting in its capacity as FSM) confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation; and

(c) in respect of a Certified Primary Obligation other than a Refinancing of a Primary Obligation in respect of which the Adherence Conditions had been satisfied, the Province has not provided a Suspension Notice to the Indenture Trustee, OPG and the Financing Entity.

For greater certainty, (y) satisfaction of the Adherence Conditions for a Certified Primary Obligation shall be deemed satisfaction of the Adherence Conditions in respect of all principal, interest and other amounts owing under the Certified Primary Obligation, as such Certified Primary Obligation may be amended, restated, supplemented or otherwise modified from time to time, and (z) there shall be no Adherence Conditions applicable in relation to a Primary Obligation that is not a Certified Primary Obligation.

4.03 Evidence of Satisfaction

A closing certificate delivered in accordance with Section 4.02(b) in connection with an incurrence of a Certified Primary Obligation shall be determinative as to whether the applicable Adherence Conditions with respect thereto have been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same. A closing certificate that purports on its face to be signed by officers specified in Section 4.02(b) may be relied upon by any addressee without further enquiry or evidence as to the incumbency or signatures of such officers. If a closing certificate is not delivered in accordance with the timing requirements of Section 4.02(b) in respect of a Certified Primary Obligation, such certificate may be delivered at a later date, and be effective as if it had been delivered in accordance with the timing requirement of Section 4.02(b), if at the time such certificate was required to be delivered OPG had delivered to the Province all certifications required by the Province in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation.

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, including (i) the right and entitlement to be paid and receive the related Subrogation Entitlements, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all

rights and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including **[Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 7.12 (Payments Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Section 8.14 (Limited Recourse), Article IX (The Indenture Trustee), including all limitations of liability thereunder, Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition)]**; (ii) consents, requests and authorizes the Issuer and the Indenture Trustee to (x) add the Province to the register of Specified Creditors described in subsection **[13.13(b)]** of the Trust Indenture and (y) disseminate the notice details of the Province to other Specified Creditors for the purposes set out in subsection **[9.14(b)]** of the Trust Indenture, and (iii) confirms that it will execute and deliver, or cause to be executed and delivered, all such further agreements, documents and instruments in connection with this Section 5.01 as the Indenture Trustee may request from time to time for the purpose of giving effect to the terms of this Section 5.01.

5.02 <u>Priorities</u>

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation shall rank equally with the rights, interests and entitlements of a Beneficiary to whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the

extent of the priorities established in relation to the Approved Obligation under the Trust Indenture in the manner and to the extent contemplated in Section 7.10(d) of the Trust Indenture.

5.03 Intentionally Deleted

5.04 Representations and Warranties

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
INDENTURE TRUSTEE MATTERS

6.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

6.02 Not Responsible for Recitals

The recitals contained herein will be taken as the statements of the Province, the Financing Entity and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

6.03 Representations and Covenants of the Indenture Trustee[6]

The Indenture Trustee represents, warrants and covenants that:

[6] Explanatory Note: The Province is content to receive the same representations as are provided by the Indenture Trustee should be under the Trust Indenture. Please conform.

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada; and

(b) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada.

ARTICLE VII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

7.01 Suspension Notice

Upon:

(a) a Program Breach;

(b) a default in the performance, or breach, of any covenants of OPG, as FSM, or OPG, in its corporate capacity, in each case to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the provision of the Limited Guarantee, which continues for thirty (30) days after written notice by the Province to OPG of such default or breach;

(c) a representation or warranty made by OPG or a certification made by one or more officers of OPG, in each case whether as FSM or in its corporate capacity, to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the provision of the Limited Guarantee, proves to be incorrect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation; or

(d) the FSM no longer being the Manager or actions having been taken by or on behalf of the Indenture Trustee to remove the FSM as the Manager,

the Province may declare that the Limited Guarantee under this Agreement shall not apply to any Primary Obligations incurred on or after such declaration, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied (provided that the Refinancing is an Approved Obligation), by delivering a written notice in the form of Exhibit B (a "**Suspension Notice**") to the Indenture Trustee, the FSM and the Financing Entity.

The Limited Guarantee shall apply to any Certified Primary Obligation incurred after a Suspension Event on the basis that it is a Refinancing (provided that such Refinancing is an Approved Obligation) only if the FSM certifies to the Province in writing prior to the incurrence that the proceeds of such incurrence will be used solely for the purposes of repaying one or more Certified Primary Obligations incurred prior to the Suspension Event and to which the Limited Guarantee adhered as of the time the Suspension Event occurred, and the delivery of such written

certification by the FSM to the Province shall be determinative for the purposes of concluding that such incurrence is a Refinancing for the purposes of Sections 7.01, 7.02 and 7.03.

7.02 Suspension

If a Suspension Notice has been provided under Section 7.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of any Primary Obligation incurred or amended on or after the time such Suspension Notice is delivered, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied (provided that the Refinancing is an Approved Obligation).

7.03 No Impact on Adherence

For greater certainty, the occurrence of a Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event or in respect of any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied (provided that the Refinancing is an Approved Obligation).

ARTICLE VIII
MISCELLANEOUS

8.01 Term of Agreement

This Agreement will continue until the date that no amount is or may become due and payable by the Province under the Limited Guarantee.

8.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: Manager, Corporate Trust
Fax: (416) 981-9777
Email: corporatetrust.toronto@computershare.com

(b) if to the FSM:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

(c) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 8.02.

8.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section 8.03 shall be null and void.

8.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

8.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

8.07 Notice to Rating Agencies

OPG, as FSM, shall deliver prompt written notice to the Rating Agencies on occurrence of (i) a Protection Event; (ii) receipt of a Suspension Notice delivered by the Province pursuant to Section 7.01; and (iii) an assignment of this Agreement by any party pursuant to Section 8.03.

8.08 Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their benefits hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

8.09 <u>Delivery of Executed Copies</u>

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, IN ITS CAPACITY AS TRUSTEE OF FAIR HYDRO TRUST, AS ISSUER, BY ONTARIO POWER GENERATION INC., NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Action**" has the meaning ascribed thereto under the Trust Indenture.

"**Adherence Conditions**", means, in respect of a Certified Primary Obligation, the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of a Guarantee Payment Date, the aggregate of the Approved Obligation Amounts for such Guarantee Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, for a Beneficiary in respect of an Approved Obligation under which an amount is due and payable on a Guarantee Payment Date:

(a) if no Acceleration has occurred in respect of any Obligation Secured on or before the Guarantee Payment Date, the amount due and payable to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation (for greater certainty, determined on the assumption that there are adequate amounts available under the applicable payment provisions of the Trust Indenture to pay in full all amounts referred to in such payment provisions that are due and payable on the Guarantee Payment Date); and

(b) if an Acceleration has occurred in respect of any Obligations Secured on or before the Guarantee Payment Date, the amount that would be available to be paid to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation under the applicable payment provisions of the Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with such applicable payment provisions of the Trust Indenture in respect of each relevant month during each Reference Period is equal to the estimated Finance Amount determined in respect of such Reference Period for purposes of section 15(1) of the Act (in effect on the date hereof), including section 6.1 of the General Regulation (in effect on the date hereof), divided by the number of months in such Reference Period.

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Beneficiary Payee**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Certified Primary Obligations**" means Primary Obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest or to repay payment obligations that were incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest,[7] (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not each individual trade confirmation, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and aggregate payments by the Financing Entity thereunder during the term of such contract is in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).

"**Change of Law Protection Agreement**" means this Agreement.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Eligible Deposit Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Eligible Institution**" has the meaning ascribed thereto in the Trust Indenture.

"**Executive Officer**" has the meaning ascribed to the term "executive officer" in National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators.

"**Final Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(D).

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[7] Explanatory Note: Province requires a Process Certificate for each monthly draw.

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the first paragraph of this Agreement until a successor Financing Entity Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and the Declaration of Trust, and thereafter "Financing Entity Trustee" means and includes such Person.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Guarantee Payment**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Guarantee Payment Date**" has the meaning ascribed thereto in Section 2.01(a)i.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Issuer Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Issuer Funding Obligation**" has the meaning ascribed thereto in the Trust Indenture.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Lien**" has the meaning ascribed thereto in the Trust Indenture.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(a).

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity, as amended, supplemented, restated or otherwise modified from time to time.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Agreement**" means an agreement in the form of an ISDA Master Agreement as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, as amended, supplemented, restated or otherwise modified from time to time.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account or Finance Reserve Account or required to be held in the Collection Account after the application of amounts under the applicable payment provision of the Trust Indenture on an applicable payment date[8]; and (ii) any obligation to pay the Financing Entity or on the Financing Entity's direction any remaining amounts in the Collection Account pursuant to the Trust Indenture.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

[8] Explanatory Note: The Trust Indenture states that if extra cash is available in the Collections Account, it can be held until a subsequent Payment Date.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event[9], termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that materially and adversely affects (a) the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured, or (b) this Agreement or any of the agreements under which Obligations Secured arise; or

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that materially and adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Obligations Secured that have become due and payable.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

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[9] Explanatory Note: Early amortization events may be included in a supplemental indenture, so retaining that concept makes sense.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency Condition" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Reference Period**" has the meaning ascribed thereto in the Act.

"**Refinancing**"[10] has the meaning ascribed to the term "refinancing" in the Act as of the date hereof, as more particularly described and given meaning in the General Regulation as of the date hereof.[11]

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Subrogation Entitlement**" means each Subrogation Amount and each Final Subrogation Amount.

"**Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(B).

"**Supplemental Indenture**" has the meaning ascribed in the Trust Indenture.

"**Supplemental Reserve Account**" has the meaning ascribed in the Trust Indenture.

"**Suspension Event**" has the meaning ascribed thereto in Section 7.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 7.01.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

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[10] Explanatory Note: This relates to a refinancing of an existing debt obligation; not an undrawn commitment to fund.

[11] Explanatory Note: The General Regulation provides that debt can be considered a "Refinancing" when incurred within the 6 months prior to the maturity date of a funding obligation. The Act/Regulation's definition doesn't require that "Refinancings" be simultaneous with the repayment of existing Approved Obligations. We have added a certificate mechanic in 7.01 by which there can be certainty when an obligation is incurred that if the obligation is intended to be a refinancing, it will be covered by the guarantee.

EXHIBIT A
FORM OF PAYMENT DEMAND

TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Pursuant to and in accordance with section 2.01(a) of the Change of the Law Protection Agreement, the Indenture Trustee hereby demands payment from the Province in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in the Change of Law Protection Agreement.

DATED as of the [■] day of [■], [■].

BNY TRUST COMPANY OF CANADA

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT B
SUSPENSION NOTICE

TO: Ontario Power Generation Inc., in its capacity as Financial Services Manager

AND TO: Fair Hydro Trust

AND TO: Computershare Trust Company of Canada, in its capacity as trustee of Fair Hydro Trust

AND TO: BNY Trust Company of Canada, as Indenture Trustee

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement. All references in this Suspension Notice to "Articles" or "Sections" refer to Articles or Sections of the Change of Law Protection Agreement.

The Province has a reasonable basis for concluding that an event described in Section 7.01 has occurred. Pursuant to Section 7.01, the Province hereby declares that the Limited Guarantee shall not apply in respect of any Primary Obligation incurred or amended on or after the delivery of this Suspension Notice, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied, in accordance with the terms and conditions in Article VII.

The Limited Guarantee shall hereby not apply in respect of any Primary Obligation incurred or amended on or after delivery of this Suspension Notice, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied.

This Suspension Notice is hereby delivered to the FSM, the Financing Entity and the Indenture Trustee in accordance with Section 8.02 of the Change of Law Protection Agreement.

* * * *

DATED as of the [■] day of [■], [■].

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

DBRS Comments on Change of Law Protection Agreement

Below are DBRS comments on the draft Change of Law Protection Agreement sent to DBRS on November 22. Our responses are noted below each comment.

(1) Will there be a legal opinion addressing the binding nature and enforceability of the Protection Agreement on its terms?

> ***Torys Response***: Yes, legal opinions regarding the enforceability of the Change of Law Protection Agreement will be delivered on closing (subject to appropriate limitations for enforceability opinions delivered in respect of contracts executed by the Province).[1]

(2) Section 1.15: DBRS expects any material amendment or material waiver to the agreement to be subject to a RAC and prompt notice of any other amendments/waivers/consents.

> ***Torys Response***: The Change of Law Protection Agreement is a Program Agreement under the Trust Indenture. As such, material amendments are covered off by section 13.18 of the Trust Indenture, which states that unless the Rating Agency Condition is satisfied, the Issuer will not amend any Program Agreement (other than the Trust Indenture, Derivative Agreements and the Declaration of Trust) if any such amendment could reasonably be considered to be materially prejudicial to the rights or interests of [any] [the relevant] Specified Creditor(s), except as expressly permitted by such Specified Creditor.

(3) Section 2.01: Please provide DBRS prompt written notice of a Protection Event.

> ***Torys Response***: This change has been made.

(4) Section 2.01 (a): "Payment Date" is not defined in this Agreement. Is the reference to the Guarantee Payment Date?

> ***Torys Response***: This was a typo. The reference to "Payment Date" has been changed to "Guarantee Payment Date".

(5) Section 2.01 (a)(iv)(ii): Subrogated Amounts: this calculation is confusing and seems to missing the next prong "y". Is the subrogated amount the amount that has been actually paid to the Beneficiary by the Province in relation to the amounts payable from amounts available?

> ***Torys Response***: The "Subrogation Amounts" to which the Province are entitled are the amounts that would otherwise be payable to Beneficiary Payees in respect of an Approved Obligation from amounts available (from Clean Energy Adjustments collected) to pay such Beneficiary Payees. These Subrogation Amounts are determined without regard to the payments from the Province to Beneficiary Payees (now defined as "Guarantee Payments") in performing on the guarantee.

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[1] **Note to Torys:** Please confirm that opinions to include opinions in respect of Protection Agreement against Fair Hydro Trust, and that those opinions will be available for review by the Province at closing. Note that "customary" (in "customary limitations") is not accurate given the unique nature of these arrangements.

In circumstances where (i) a Protection Event has occurred; and (ii) all amounts payable under Approved Obligations are paid in full, the Province will also be entitled to receive a "Final Subrogation Amount", which is the amount by which Guarantee Payments exceed the sum of all Subrogation Amounts paid to the Province. These Final Subrogation Amounts are subject to priorities and pro rata sharing with non-guaranteed obligations (if any).

(6) To the extent the amounts paid by the Province into the Protection Account exceed the amounts payable to Beneficiary from amounts available – is that excess the subrogation amount or is that excess just returned to the Province?

Torys Response: Any excess of amounts paid by the Province into the Protection Account over amounts paid to Beneficiary Payees would be returned to the Province. Please note that the amounts paid to Beneficiary Payees is determined without reference to amounts available from Clean Energy Adjustment collections (as the "Protection Event" trigger would itself have impaired collection of Clean Energy Adjustments).

Any excess over the amounts paid to Beneficiary Payees would be returned to the Province.

(7) As a general comment: With respect to subrogation amounts owing to the Province - the Province seems to maintain a subrogated claim against the Financing Entity that has the same ranking as the Beneficiary obligation that has been paid by the Province and that subrogated claim is to be paid on the same date the amounts on deposit in the Protection Account are paid to the Beneficiary (i.e. the Province's subrogated claim becomes a Specified Creditor under the Trust Indenture and potentially ranks in priority or pari passu to all other securityholders claims depending on applicable Beneficiary's obligation's respective ranking within the trust indenture waterfall). How will this subrogated claim be satisfied – from what resources? Why has the right of subrogation of the guarantor (the Province) not been postponed until after all the rated obligations have been paid in full?

Torys Response: Prior to a Protection Event, payments owing to Specified Creditors are satisfied through collection of the Clean Energy Adjustment amounts. Upon the occurrence of a Protection Event and delivery of a Payment Demand, the Province will be required to make all payments under Approved Obligations (i.e. Specified Creditors will be looking to the Province to make payments when due, instead of relying on the collection of Clean Energy Adjustment amounts). However, notwithstanding the occurrence of a Protection Event triggering the Limited Guarantee, the Fair Hydro program will remain in place and Clean Energy Adjustments may continue to be billed and collected. In such a circumstance, while the Province will be required to make payments under Approved Obligations as they come due in amounts determined by reference to the "Approved Obligation Amounts", applied in accordance with the applicable payment waterfall priorities, the Province (in place of Specified Creditors) would be entitled to receive any Clean Energy Adjustment amounts that are billed and collected i.e. the Clean Energy Adjustment amounts collected constitute Subrogation Amounts.

(8) Section 4.02: Adherence Obligations: With respect to Funding Obligations under a certain amount that do not need to meet the Adherence Conditions, what would those Funding Obligations consist of? Are these limited amounts still treated as Primary Obligations pursuant to which the guarantee obligation applies?

> ***Torys Response***: All Funding Obligations (and all other finance amounts) constitute Primary Obligations pursuant to which the Change of Law Protection Agreement applies; however, there is a subset of Funding Obligations for which the Adherence Conditions must be satisfied.
>
> The Agreement will be revised to make clear that there are no Adherence Conditions applicable to Funding Obligations that are not "Certified Primary Obligations". "Certified Primary Obligations" will mean Primary Obligations that are payment obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest or to repay payment obligations that were incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest, (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not each individual trade confirmation, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and aggregate payments by the Financing Entity thereunder during the term of such contract is in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).

(9) Section 4.03: Is 4.02(b)(x) a typo? There is no "x" in 4.02(b)?

> ***Torys Response***: This is a typo and has been corrected.

(10) Section 5.01 (a): As per the question above on section 2.01(a)(iv)(ii), please clarify how the Subrogation Amount is calculated (if not based on the actual amount paid by the Province in respect of amounts payable).

> ***Torys Response***: Please see the response to Question 5.

(11) Section 6.01: Why is it at the Province's election to provide the Indenture Trustee notice of the Province's election to assume the Financing Entity's Obligations Secured? Under what circumstances would the Province decide not to provide the Indenture Trustee notice of its election to assume? In any event, DBRS expects to receive prompt written notice of an election to assume and copy of any such Assumption Notice.

> ***Torys Response***: The Assumption Election has been removed from the Agreement.

(12) Section 6.04: How long can the Interim Period be in effect during the implementation and completion of the assumption terms? Are the securityholders and Indenture Trustee stayed from accelerating and enforcing if there is an Event of Default under the rated notes during the Interim Period? Are there any other restrictions on the SPV Financing Entity and/or the securityholders during the Interim Period?

Torys Response: The Assumption Election has been removed from the Agreement.

(13) Section 8.01: Under this section the Province may declare at any time for any reason that the guarantee shall not apply to any Obligation Secured incurred on after the date of such declaration (other than the refinancing of a previously incurred funding obligation) by delivering a "Suspension Notice" to the Indenture Trustee/OPG/SPV.

Please provide DBRS with prompt written notice of any such Suspension Notice.

Torys Response: This change has been made. Please note that we have revised the Change of Law Protection Agreement such that the Province may deliver a Suspension Notice in certain specified circumstances (but no longer "at any time for any reason").

Please confirm how the Suspension Notice would apply with respect to refinancing, increases or issuances up the program limits under the Warehouse Supplement. For example if a suspension notice is issued does the suspension apply to any issuance of notes for the purposes of refinancing outstanding ABCP? Or does this type of refinancing fall within the carve-out from a suspension notice, "Refinancing of a Primary Obligation" noted in this section 8.01?" Further, will issuances after the Suspension Notice but up to the program limit or already permitted increases be subject to a Suspension Notice?

Torys Response: Any debt issued on a refinancing of a Primary Obligation in respect of which the Adherence Conditions had been satisfied prior to delivery of the Suspension Notice (which will include the debt already issued under the Warehouse Supplement) will continue to have the benefit of the Limited Guarantee following the delivery of the Suspension Notice. In other words, any debt issued on the refinancing of "protected debt" will continue to be "protected debt" following the Suspension Notice (provided that the Adherence Conditions are satisified in respect of debt issued on the refinancing). Except for refinancing of protected debt, no other Primary Obligations incurred after the delivery of a Suspension Notice will have the benefit of the Limited Guarantee.

(16) Section 8.03: Please provide DBRS with prompt written notice of any such Termination Notice.

Torys Response: We have revised the Change of Law Protection Agreement to remove the concept of a "Termination Notice".

(17) Section 9.03: Please provide DBRS with prompt written notice of any assignment.

Torys Response: This change has been made.

(18) Definitions: Approved Obligation Amount (subsection (b)): Where an acceleration has occurred, how will this calculation address circumstances under which the CEA is no longer able to be charged or collected? Where amounts that would be available to be paid is compromised in some way and acceleration has occurred, could the Approved Obligation Amount be nil?

Torys Response: Subsection (b) of the definition of an Approved Obligation Amount provides that this amount is to be determined on the assumption that the amount available

for allocation to Specified Creditors is equal to the estimated finance amount determined in respect of such reference period divided by the number of months in the reference period. In other words, the amount payable under the Limited Guarantee following a Protection Event would be determined in the same way that the amount payable through Clean Energy Adjustment collections would have been determined prior to the Protection Event (except determined without a “true-up”). The Approved Obligation Amount is by definition a positive amount payable in respect of an Approved Obligation to a beneficiary payee based on the priorities in the applicable waterfall and could therefore not be a nil amount.

Draft: December 4, 2017

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.

CHANGE OF LAW PROCESS AGREEMENT[1]

Dated as of [■], 2017

[1] Explanatory Note: Closing mechanics under consideration by the Province.

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**") is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.

Pursuant to a Declaration of Trust dated as of [■], 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions.

Prior to entering into this Agreement, OPG provided the Province with the proposed forms of certain of the Transaction Documents, and the Province has not objected to such forms.

This Agreement sets out the obligations OPG has agreed to perform and assurances OPG has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the Adherence Conditions have been satisfied, maintaining information related to the Program Agreements and the Approved Obligations, and ensuring that the Province's assumption rights pursuant to Article VI of the Change of Law Protection Agreement may be exercised without impediment on the terms and conditions contemplated in this Agreement and the Change of Law Protection Agreement.

All things necessary to make this Agreement a valid and legally binding agreement of OPG and the Province, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall"; the word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed; the words "herein", "hereof" and "hereunder" and other words of similar import refer to this

Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 References to the Financing Entity

For greater certainty, each reference to the Financing Entity shall be construed as a reference to the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 Effect of Headings

The Article and Section headings herein and are for convenience only and will not affect the construction hereof.

1.04 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.06 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF OPG

2.01 Deliveries to the Province

(a) Not less than 15 Business Days, or such lesser period as the Province may agree to in writing, prior to the initial issuance of any Funding Obligation by the Financing Entity, OPG shall deliver to the Province a copy of the initial Financing Plan. Thereafter, OPG shall promptly deliver to the Province a copy of any proposed change to or replacement of the Financing Plan.

(b) Not less than 10 Business Days, or such lesser period as the Province may agree to in writing, prior to (i) any proposed change or supplement to a previously provided Transaction Document becoming effective or otherwise being used, (ii) any additional or replacement Transaction Document becoming effective or otherwise being used, OPG shall deliver to the Province a copy of such proposed change or supplement to the Transaction Document and any such additional or replacement Transaction Document.

(c) Promptly following (i) any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor being made, (ii) any new, additional or replacement instruments, documents, agreements or security being used or granted in connection with all or any part of the Approved Obligations, or (iii) any waiver, release, reconveyance, termination, abandonment, subordination, exchange, substitution, transfer, compound, compromise, liquidation or enforcement of all or any part of the Approved Obligations or any security or guarantee therefor being effected, OPG shall deliver to the Province a detailed description of such event and the reasons for it together with any related documents, agreements and instruments.

(d) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, OPG shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations (including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(e) Promptly upon request, OPG shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

2.02 <u>Covenants</u>

(a) OPG shall use commercially reasonable efforts to cause the Financing Entity to:

(i) punctually perform and observe all of the Financing Entity's obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not (unless waived in writing by the Province):

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement or replacement or waiver or consent could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any change in particular financial terms, rates and levels;

(B) extend, renew, compromise, novate, replace, suspend, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, liquidate or enforce the terms of all or any part of the Approved Obligations or any Collateral, if any such action could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to the extent that only particular financial terms, rates and levels are affected;

(C) permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired; or

(D) allow the Financing Entity to enter into any Supplemental Indenture or Loan Agreement where any penalty or make-whole payment, or any requirement for further consent, approval or agreement, of the Specified Creditor party thereto would be required for the Province to assume the Obligations Secured thereunder.

(b) OPG shall:

(i) comply, and shall use commercially reasonable efforts to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

(ii) punctually perform and observe all of its (including as the FSM and as Manager) obligations and agreements contained in the Program Agreements;

(iii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation; and

(iv) after the occurrence of any Protection Event (or any event known to OPG that with the passage of time or the giving of notice would be a Protection Event), not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.

(c) Nothing in this Agreement shall limit the obligations of the Province under the Indemnity Agreement by the Province in favour of OPG dated June 1, 2017 (as amended, the "**Indemnity Agreement**") and to the extent of any conflict between this Agreement and such Indemnity Agreement, in respect of any matter relating to the Province's obligations to indemnify OPG, the Indemnity Agreement shall prevail.

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate

OPG shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Province, on or before the incurrence or any amendment of a Funding Obligation, other than any Funding Obligation under which not more than **$[5,000,000]** in the aggregate may become payable by the Financing Entity (provided that delivery may not be more than 5 Business Days before the incurrence or amendment of the Funding Obligation), setting out the following with respect to such Funding Obligation:

(a) the material terms of the Funding Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a Derivative Agreement, the notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

(b) if an existing Funding Obligation is proposed to be amended, material details respecting such amendment, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

(c) a statement to the effect that: (i) the Funding Obligation to be incurred or amended (1) will arise under terms and conditions that are Substantially in the

Form of the Reference Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reference Documentation;

(d) a statement confirming that any disclosure made in respect of the Funding Obligation (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to the Funding Obligation) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement has been made available to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made;

(e) a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and

(f) confirmation that, at the time the Funding Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Funding Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the Protection Agreement Maximum applicable on the date that the Process Certificate is delivered; for clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be determined on the date the Process Certificate is delivered hereunder in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

3.02 Acknowledgement regarding delivery of certificate under Change of Law protection Agreement

The Province acknowledges and agrees that, concurrent with the delivery of the Process Certificate pursuant to Section 3.01 of this Agreement, the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be

provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) are authorized to deliver the certificate referred to in Subsection 4.02(b) of the Change of Law Protection Agreement to the Indenture Trustee confirming that OPG has delivered all required certifications to the Province in connection with adherence of the Limited Guarantee to the incurrence of the Certified Primary Obligations in respect of which the certificate in Subsection 4.02(b) of the Change of Law Protection Agreement is being delivered; provided that, upon receipt of a Suspension Notice under the Change of Law Protection Agreement, OPG covenants not to deliver any further certificates to the Indenture Trustee under Subsection 4.02(b) of the Change of Law Protection Agreement other than in connection with a Refinancing of a Primary Obligation in respect of which the Adherence Conditions had been satisfied at the time such Primary Obligation was incurred.

3.03 Acknowledgement regarding delivery of Suspension Notice

The parties acknowledge and agree that the Province is entitled to deliver a Suspension Notice under Section 7.01 of the Change of Law Protection Agreement if a Program Breach or Breach Event has occurred. The Province agrees not to deliver a Suspension Notice pursuant to Section 7.01 of the Change of Law Protection Agreement unless a Program Breach or a Breach Event has occurred.

3.04 Meaning of "Reference Documentation"

For the purposes of Subsection 3.01(c), the term "Reference Documentation" shall mean each Transaction Document (including any change, addition or supplement thereto) that, at the relevant time:

(a) is a Transaction Document provided to, and not objected to by, the Province prior to the making of this Agreement, as contemplated in the fifth recital to this Agreement; or

(b) is a Transaction Document provided to the Province in accordance with Subsection 2.01(b) that has not been objected to by the Province, by delivery of an objection notice in writing delivered to OPG, within 10 Business Days after it is provided to the Province.

3.05 Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(c), the term "Substantially in the Form" shall mean:

(a) with respect to the Reference Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such Reference Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation, including regarding the timing of or circumstances under which related payments are or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that would affect the Province's rights of subrogation or assignment (including

pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation; provided, however, that the foregoing does not apply to any variable terms to be set forth in the proposed documents as are reasonably contemplated in the Reference Documentation, including the particular financial terms, rates and levels set forth in the proposed documents other than to the extent that the forms of Reference Documentation themselves specify specific requirements, limitations or parameters with respect to such financial terms, rates, levels and parameters; and

(b) with respect to the Reference Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum

(a) Not less than 15 Business Days, or such lesser period as the Province may agree to in writing, prior to the proposed incurrence of the first Funding Obligation, OPG shall, as the FSM, deliver to the Province: (i) a forecast setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the next following 24 month period (the "**Initial Forecast Period**"), which expectations shall be consistent with the Financing Plan (the "**Initial Forecast**"); and (ii) notice of the initial Protection Agreement Maximum, which may not exceed the Initial Forecast.

(b) Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of the Initial Forecast and notice of the initial Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province may disagree with the Initial Forecast and the initial Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or the Initial Forecast, (ii) the Initial Forecast is inconsistent with the Financing Plan, or (iii) the initial Protection Agreement Maximum is more than the Initial Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the initial Protection Agreement Maximum will be revised accordingly and confirmed by an amended notice to the Province.

(c) Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Approved Obligations that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast shall be further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum, which may not exceed such Forecast.

(d) Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of any further Forecast and notice of the revised Protection Agreement Maximum from OPG pursuant to Section 4.01(c), the Province may disagree with such further Forecast or revised Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or such further Forecast, (ii) the further Forecast is inconsistent with the Financing Plan, or (iii) the revised Protection Agreement Maximum is more than the further Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the revised Protection Agreement Maximum will be further revised accordingly and confirmed by an amended notice to the Province.

(e) For clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be valued at the time to be determined for the purposes of this Section 4.01 in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of OPG

OPG represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, may cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario and has the power and authority to enter into and perform its obligations under this Agreement and all instruments and agreements delivered pursuant hereto.

(c) OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Financing Entity or in the ability of the Financing Entity to perform its obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

5.02 Representations and Warranties of the Province

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
BREACH EVENTS

6.01 Breach Events

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

(a) a default in the performance, or breach, of any covenants of OPG under this Agreement, which continues for thirty (30) days after written notice by the Province to OPG of such default or breach;

(b) any representation or warranty made by OPG in this Agreement, any certification made in a Process Certificate, or any certification made in a certificate

contemplated by Subsection 4.02(b) of the Change of Law Protection Agreement, proves to be incorrect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation; or

(c) OPG is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the Manager.

ARTICLE VII
MISCELLANEOUS

7.01 Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

7.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to OPG:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

(b) if to the Province:

Ministry of Finance
[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 7.02.

7.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 7.03 shall be null and void.

7.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

7.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

7.06 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

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

By: _____

Name:
Title:

By: _____

Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Conditions**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Approved Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Beneficiaries**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Breach Event**" has the meaning ascribed thereto in Section 6.01.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Certified Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the FSM on behalf of the Financing Entity and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

"**Executive Officer**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Financing Entity**" means Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(c).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Indenture Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Initial Forecast**" has the meaning ascribed thereto in Section 4.01(a)

"**Initial Forecast Period**" has the meaning ascribed thereto in Section 4.01(a)

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Limited Guarantee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Loan Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**Management Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Manager**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Program Breach**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Protection Agreement Maximum**" means the dollar amount referenced as the Program Agreement Maximum and determined in accordance with Article IV.

"**Protection Event**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture.

"**Reference Documentation**" has the meaning ascribed thereto in Section 3.04.

"**Repayment**" has the meaning ascribed to the term "repayment" in the General Regulation as of the date of this Agreement.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Substantially in the Form**" has the meaning ascribed thereto in Section 3.05.

"**Suspension Notice**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement; (vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that affects the Province's subrogation rights and/or subrogee interests, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

DBRS Comments on Change of Law Protection Agreement

Below are DBRS comments on the draft Change of Law Protection Agreement sent to DBRS on November 22. Our responses are noted below each comment.

(1) Will there be a legal opinion addressing the binding nature and enforceability of the Protection Agreement on its terms?

> ***Torys Response***: Yes, legal opinions regarding the enforceability of the Change of Law Protection Agreement will be delivered on closing (subject to ~~customary~~appropriate limitations for enforceability opinions delivered in respect of contracts executed by the Province).[1]

(2) Section 1.15: DBRS expects any material amendment or material waiver to the agreement to be subject to a RAC and prompt notice of any other amendments/waivers/consents.

> ***Torys Response***: ~~We will make these changes.~~The Change of Law Protection Agreement is a Program Agreement under the Trust Indenture. As such, material amendments are covered off by section 13.18 of the Trust Indenture, which states that unless the Rating Agency Condition is satisfied, the Issuer will not amend any Program Agreement (other than the Trust Indenture, Derivative Agreements and the Declaration of Trust) if any such amendment could reasonably be considered to be materially prejudicial to the rights or interests of [any] [the relevant] Specified Creditor(s), except as expressly permitted by such Specified Creditor.

(3) Section 2.01: Please provide DBRS prompt written notice of a Protection Event.

> ***Torys Response***: ~~We will make this~~This change has been made.

(4) Section 2.01 (a): "Payment Date" is not defined in this Agreement. Is the reference to the Guarantee Payment Date?

> ***Torys Response***: This was a typo. The reference to "Payment Date" ~~will be~~has been changed to "Guarantee Payment Date".

(5) Section 2.01 (a)(iv)(ii): Subrogated Amounts: this calculation is confusing and seems to missing the next prong "y". Is the subrogated amount the amount that has been actually paid to the Beneficiary by the Province in relation to the amounts payable from amounts available?

> ***Torys Response***: ~~This will be revised to refer to the lesser of (x) and (y).~~The "Subrogation Amounts" to which the Province are entitled are the amounts that would otherwise be payable to Beneficiary Payees in respect of an Approved Obligation from amounts available (from Clean Energy Adjustments collected) to pay such Beneficiary Payees. These Subrogation Amounts are determined without regard to the payments from

[1] **Note to Torys:** Please confirm that opinions to include opinions in respect of Protection Agreement against Fair Hydro Trust, and that those opinions will be available for review by the Province at closing. Note that "customary" (in "customary limitations") is not accurate given the unique nature of these arrangements.

the Province to Beneficiary Payees (now defined as "Guarantee Payments") in performing on the guarantee.

In circumstances where (i) a Protection Event has occurred; and (ii) all amounts payable under Approved Obligations are paid in full, the Province will also be entitled to receive a "Final Subrogation Amount", which is the amount by which Guarantee Payments exceed the sum of all Subrogation Amounts paid to the Province. These Final Subrogation Amounts are subject to priorities and pro rata sharing with non-guaranteed obligations (if any).

(6) To the extent the amounts paid by the Province into the Protection Account exceed the amounts payable to Beneficiary from amounts available – is that excess the subrogation amount or is that excess just returned to the Province?

Torys Response: Any excess of amounts paid by the Province into the Protection Account over amounts paid to Beneficiary Payees would be returned to the Province. Please note that the amounts paid to Beneficiary Payees is determined without reference to amounts available from Clean Energy Adjustment collections (as the "Protection Event" trigger would itself have impaired collection of Clean Energy Adjustments).

Any excess ~~amount~~over the amounts paid to Beneficiary Payees would be returned to the Province.

(7) As a general comment: With respect to subrogation amounts owing to the Province - the Province seems to maintain a subrogated claim against the Financing Entity that has the same ranking as the Beneficiary obligation that has been paid by the Province and that subrogated claim is to be paid on the same date the amounts on deposit in the Protection Account are paid to the Beneficiary (i.e. the Province's subrogated claim becomes a Specified Creditor under the Trust Indenture and potentially ranks in priority or pari passu to all other securityholders claims depending on applicable Beneficiary's obligation's respective ranking within the trust indenture waterfall). How will this subrogated claim be satisfied – from what resources? Why has the right of subrogation of the guarantor (the Province) not been postponed until after all the rated obligations have been paid in full?

Torys Response: Prior to a Protection Event, payments owing to Specified Creditors are satisfied through collection of the Clean Energy Adjustment amounts. Upon the occurrence of a Protection Event and delivery of a Payment Demand, the Province will be required to make all payments under Approved Obligations (i.e. Specified Creditors will be looking to the Province to make payments when due, instead of relying on the collection of Clean Energy Adjustment amounts). However, notwithstanding the occurrence of a Protection Event triggering the Limited Guarantee, the Fair Hydro program ~~may~~will remain in place and Clean Energy Adjustments may continue to be billed and collected. In such a circumstance, while the Province will be required to make payments under ~~all~~ Approved Obligations as they come due in amounts determined by reference to the "Approved Obligation Amounts", applied in accordance with the applicable payment waterfall priorities, the Province (in place of Specified Creditors) would be entitled to receive any Clean Energy Adjustment amounts that are billed and

collected i.e. the Clean Energy Adjustment amounts collected constitute ~~the Subrogated~~Subrogation Amounts.

(8) Section 4.02: Adherence Obligations: With respect to Funding Obligations under a certain amount that do not need to meet the Adherence Conditions, what would those Funding Obligations consist of? Are these limited amounts still treated as Primary Obligations pursuant to which the guarantee obligation applies?

Torys Response: All Funding Obligations (and all other finance amounts) constitute Primary Obligations pursuant to which the Change of Law Protection Agreement applies; however, there is a subset of Funding Obligations for which the Adherence Conditions must be satisfied.

The Agreement will be revised to make clear that there are no Adherence Conditions applicable to Funding Obligations that are not "Certified Primary Obligations". "Certified Primary Obligations" will mean Primary Obligations that are payment obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest or to repay payment obligations that were incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest, (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not each individual trade confirmation, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and aggregate payments by the Financing Entity thereunder during the term of such contract is in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).

(9) Section 4.03: Is 4.02(b)(x) a typo? There is no "x" in 4.02(b)?

Torys Response: This is a typo and ~~will be~~has been corrected.

(10) Section 5.01 (a): As per the question above on section 2.01(a)(iv)(ii), please clarify how the Subrogation Amount is calculated (if not based on the actual amount paid by the Province in respect of amounts payable).

Torys Response: Please see the response to ~~question (7) above.~~Question 5.

(11) Section 6.01: Why is it at the Province's election to provide the Indenture Trustee notice of the Province's election to assume the Financing Entity's Obligations Secured? Under what circumstances would the Province decide not to provide the Indenture Trustee notice of its election to assume? In any event, DBRS expects to receive prompt written notice of an election to assume and copy of any such Assumption Notice.

Torys Response: ~~As described in response to question (7), upon the occurrence of a Protection Event and delivery of a Payment Demand, the Limited Guarantee is triggered and the Province is obligated to make all payments in respect of Approved Obligations. However, notwithstanding the Limited Guarantee taking effect, the Financing Entity will~~

~~continue to exist and the entire program structure may stay in place (and Clean Energy Adjustment amounts may continue to be billed and collected). The assumption right of the Province has been included to provide the Province with the flexibility to wind-up the Financing Entity and dismantle the program by assuming all of the Obligations Secured. In either case, following the occurrence of a Protection Event, the Province will be obligated to make all payments in respect of Approved Obligations.~~The Assumption Election has been removed from the Agreement.

~~We will add a rating agency notice requirement and a covenant to deliver to the rating agencies a copy of the Assumption Notice as requested.~~

(12) Section 6.04: How long can the Interim Period be in effect during the implementation and completion of the assumption terms? Are the securityholders and Indenture Trustee stayed from accelerating and enforcing if there is an Event of Default under the rated notes during the Interim Period? Are there any other restrictions on the SPV Financing Entity and/or the securityholders during the Interim Period?

Torys Response: The ~~details of any assignment and assumption by the Province will be addressed in the supplemental indenture relating to a particular issuance of Funding Obligations. Securityholders and the Indenture Trustee will not be stayed from accelerating and enforcing if there is an Event of Default under the rated notes during the interim period.~~Assumption Election has been removed from the Agreement.

~~While there are no restrictions on the Financing Entity during the interim period, under a process agreement between OPG and the Province, after the occurrence of any Protection Event, OPG has agreed that it shall not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.~~

(13) Section 8.01: Under this section the Province may declare at any time for any reason that the guarantee shall not apply to any Obligation Secured incurred on after the date of such declaration (other than the refinancing of a previously incurred funding obligation) by delivering a "Suspension Notice" to the Indenture Trustee/OPG/SPV.

Please provide DBRS with prompt written notice of any such Suspension Notice.

Torys Response: ~~We will make this change.~~This change has been made. Please note that we have revised the Change of Law Protection Agreement such that the Province may deliver a Suspension Notice in certain specified circumstances (but no longer "at any time for any reason").

Please confirm how the Suspension Notice would apply with respect to refinancing, increases or issuances up the program limits under the Warehouse Supplement. For example if a suspension notice is issued does the suspension apply to any issuance of notes for the purposes of refinancing outstanding ABCP? Or does this type of refinancing fall within the carve-out from a

suspension notice, "Refinancing of a Primary Obligation" noted in this section 8.01?" Further, will issuances after the Suspension Notice but up to the program limit or already permitted increases be subject to a Suspension Notice?

> ***Torys Response***: Any debt issued on a refinancing of a Primary Obligation in respect of which the Adherence Conditions had been satisfied prior to delivery of the Suspension Notice (which will include the debt ~~issuable~~already issued under the Warehouse Supplement) will continue to have the benefit of the Limited Guarantee following the delivery of the Suspension Notice. In other words, any debt issued on the refinancing of "protected debt" will continue to be "protected debt" following the Suspension Notice (provided that the Adherence Conditions are satisified in respect of debt issued on the refinancing). Except for refinancing of protected debt, no other Primary Obligations incurred after the delivery of a Suspension Notice will have the benefit of the Limited Guarantee.

(16) Section 8.03: Please provide DBRS with prompt written notice of any such Termination Notice.

> ***Torys Response***: We ~~will make this change.~~have revised the Change of Law Protection Agreement to remove the concept of a "Termination Notice".

(17) Section 9.03: Please provide DBRS with prompt written notice of any assignment.

> ***Torys Response***: ~~We will make this~~This change has been made.

(18) Definitions: Approved Obligation Amount (subsection (b)): Where an acceleration has occurred, how will this calculation address circumstances under which the CEA is no longer able to be charged or collected? Where amounts that would be available to be paid is compromised in some way and acceleration has occurred, could the Approved Obligation Amount be nil?

> ***Torys Response***: Subsection (b) of the definition of an Approved Obligation Amount provides that this amount is to be determined on the assumption that the amount available for allocation to Specified Creditors is equal to the estimated finance amount determined in respect of such reference period divided by the number of months in the reference period. In other words, the amount payable under the Limited Guarantee following a Protection Event would be determined in the same way that the amount payable through ~~CEA~~Clean Energy Adjustment collections would have been determined prior to the Protection Event (except determined without a "true-up"). The Approved Obligation Amount is by definition a positive amount payable in respect of an Approved Obligation to a beneficiary payee based on the priorities in the applicable waterfall and could therefore not be a nil amount.

Document comparison by Workshare Compare on Monday, December 04, 2017 11:57:56 AM

Input:	
Document 1 ID	PowerDocs://TOR_2528/23263869/1
Description	TOR_2528-#23263869-v1-DBRS_Comments_(Change_of_Law_Protection_Agreement)
Document 2 ID	PowerDocs://TOR_2528/23263869/2
Description	TOR_2528-#23263869-v2-DBRS_Comments_(Change_of_Law_Protection_Agreement)
Rendering set	Standard

Legend:	
Insertion	
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Style change	
Format change	
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Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	35
Deletions	26
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	61

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE[1]

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST[2]

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

[1] ~~This Agreement and the Process Agreement will need to be effective on closing but signed and held in escrow as soon as they are settled. **Note to Torys**~~Explanatory Note: Logistics of closing are under consideration by the Province.

[2] ~~**Torys Note:** Please advise if there are any further issues with the Manager signing the Protection Agreement on behalf of the Trust? If so, can you please explain the issue. The Manager is currently signing all Program Agreements on behalf of the Trust and has authority to do so. We would like the Manager to sign this Agreement on behalf of the Trust. **Note to Torys:** Manager derives authority under the Management Agreement to sign Program Agreements. Management Agreement powers determined by reference to the Program Agreements, so authority is circular. Ultimately, Province will accept the opinion of Torys on due execution point.~~

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust under the laws of the Province of Ontario (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council dated as of 1981/2017 (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust[3] dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Primary Obligations that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred. This Agreement sets out the terms and conditions of such protections and assurances.

[3] ~~**Torys Note:** We are comfortable on this point because OPG has retained Computershare as issuer trustee. The recitals of the Declaration of Trust provide that Computershare has established the Trust at the request of the FSM. We can also provide you with a copy of the Computershare engagement letter upon request. **Note to Torys:** The Province will accept authorities opinion regarding the Trust from Torys.~~

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other

subdivisions of this Agreement as originally executed. The words “herein”, “hereof” and “hereunder” and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) “including” and words of similar import will be deemed to be followed by “without limitation”; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word “from” means “from and including” and the words “to” and “until” each mean “to but excluding”.

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 Intentionally Deleted

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture as of the date of this Agreement.

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province’s rights as an assignee, subrogee or pursuant to Section 2.01 or Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee, the Financing Entity, the Financing Entity Trustee, the Manager or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant,

representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee shall (~~absent~~unless the Rating Agency Condition ~~being~~has been satisfied with respect to a demand not being made as a result of the Protection Event~~ not occurring~~), deliver a written demand, substantially in the form attached

as Exhibit A (a "**Payment Demand**"), to the Province requiring the Province to make payments in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in this Agreement. From and after such delivery of a Payment Demand, the Province shall make the following payments in respect of the Approved Obligations (the "**Limited Guarantee**"), and the Financing Entity shall pay, and the Province shall be entitled to be paid, the Subrogation ~~Amounts~~Entitlements specified below~~, on the specified Guarantee Payment Date~~:

i. Not less than 3 Business Days prior to each day when any payment or payments are to be made in respect of one or more Approved Obligations occurring after such delivery of a Payment Demand (each such day, a "**Guarantee Payment Date**"), the Manager shall deliver a written statement setting forth the Aggregate Approved Obligations Amount, if any, in respect of the Approved Obligations that are due and payable on such Guarantee Payment Date, together with a detailed description identifying such Approved Obligations and the nature and amount of payments due and payable thereunder on the Guarantee Payment Date, the aggregate outstanding amount payable by the Financing Entity under such Approved Obligations as of the date of such written statement, and details regarding any default in performance by any party obligated thereunder.

ii. On each such Guarantee Payment Date, the Province shall deposit the Aggregate Approved Obligations Amount into the Protection Account.

iii. On each such Guarantee Payment Date, the Financing Entity and the Indenture Trustee shall ensure that the amounts on deposit in the Protection Account are applied to pay each Beneficiary to whom an amount is due and payable under an Approved Obligation on the Guarantee Payment Date the Approved Obligation Amount for such Beneficiary in respect of such Approved Obligation on such Guarantee Payment Date; provided that if the amount deposited pursuant to clause 2.01(a)ii is insufficient to pay all such Approved Obligation Amounts in full, the amount on deposit in the Protection Account on the Guarantee Payment Date shall be applied to pay Beneficiaries in the order of priority in which such Approved Obligations are payable under the payment provisions of the Trust Indenture applicable to the making of such payments on the Guarantee Payment Date (each, a "**Beneficiary Payee**" and each payment made to a Beneficiary Payee on a Guarantee Payment Date, a "**Guarantee Payment**").

iv. On any Guarantee Payment Date on which an amount is paid by the Province pursuant to clause 2.01(a)ii, the applicable payment provisions of the Trust Indenture shall, notwithstanding the express terms of such provisions set forth in the Trust Indenture, be applied and operate on the following basis:

(A) [2]the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available under such payment provisions on such Guarantee Payment Date shall be reduced by the amount of the Guarantee Payment paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on such Guarantee Payment Date;

(B) the Province shall be paid the ~~lesser of (x) the~~ amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available to pay the Beneficiary Payee under such payment provisions on the Guarantee Payment Date, determined without regard to ~~subclause 2.01(a)iv(A), and (y) the amount paid~~the Guarantee Payment paid on such Guarantee Payment Date and the corresponding reduction of the amount owing to the Beneficiary Payee pursuant to ~~clause 2.01(a)iii in respect of such Approved Obligation on the Guarantee Payment Date (such amounts paid to Beneficiary Payees being "**Subrogation Amounts**~~subclause 2.01(a)iv(A) (each such amount payable to the Province being a "**Subrogation Amount**");~~ and~~[4]

(C) no Beneficiary having a right to be paid an amount in respect of an Approved Obligation, and no other Person entitled under an Obligation Secured, in

[2] Explanatory Note: In a particular period, the cash available from CEAs may exceed the aggregate Finance Amounts payable - for example, as a result of the "true-up" under the Act, which will determine the actual amount of cash available. The basic structure is that the Province will pay all Approved Obligation Amounts, and will be entitled to receive all cash flows available to the Beneficiary Payees. Limiting the subrogation amounts to the lesser of such available cash and the Guarantee Payments could result in leakage of the cash that the Province looks to under this arrangement.

[4] ~~**Note:** The Province will be entitled to receive cash flows that would have been required to pay Approved Obligations remaining under the payment waterfalls after satisfaction of all Approved Obligations. Further consideration is required in order to ensure these amounts are paid to the Province, despite those amounts not being paid on a "Guarantee Payment Date" (ie. no amount is paid by the Province under the Limited Guarantee on those later Payment Dates, so currently not covered as not arising on a Guarantee Payment Date). Those residual entitlements must be included as "Subrogation Amounts".~~

each case that ranks equal with or subordinate to an Approved Obligation in respect of which ~~an amount~~a Subrogation Amount is payable to the Province under subclause 2.01(a)iv(B), shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under such subclause (including any right ~~or~~of reimbursement, contribution or indemnity) and no such Beneficiary or other Person shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of any such ~~amounts.~~Subrogation Amount;

(D) [3]on the first day when any payment or payments are to be made in respect of Obligations Secured that occurs on or after the date on which all amounts payable under all Approved Obligations have been paid in full, the Province shall be entitled to be paid from amounts available to pay Obligations Secured on such day (and thereafter on each subsequent day when any payment or payments are to be made in respect of Obligations Secured, until paid in full), in each case in accordance with the applicable payment provisions of the Trust Indenture on such day, the following amounts (each, a "**Final Subrogation Amount**"), in each case in the priorities specified below:

(I) as an amount ranking equally with [Senior Obligations][4], the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including such day in respect of Approved Obligations ranking equally with or prior to [Senior Obligations], plus (y) the sum of amounts determined in respect of interest on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount is paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee

[3] Explanatory Note: The Province will be entitled to receive subrogation cash flows after satisfaction of all Approved Obligations. This provision provides how that these amounts will be payable from available cash flows, based on priorities that address cash entitlements opposite non-guaranteed obligations secured (e.g., after a suspension event). Conforming changes will need to be made to the Trust Indenture once these mechanics have been settled.

[4] Explanatory Note: Nomenclature to be conformed, once the corresponding provisions of the Trust Indenture have been settled.

Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related[5], exceeds (2) the sum of all Subrogation Amounts paid to the Province up to and including such day;

(II) as an amount ranking equally with [Subordinated Obligations], the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including such day in respect of Approved Obligations ranking equally with or prior to [Subordinated Obligations], plus (y) the sum of amounts determined in respect of interest on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount is paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of (x) all Subrogation Amounts paid to the Province up to and including such day, plus (y) the amount determined under (I); and

(III) as an amount ranking equally with [Junior Obligations], the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including such day in respect of Approved Obligations ranking equally with or prior to [Junior Obligations], plus (y) the sum of amounts determined in respect of interest on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount is paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee

[5] Explanatory Note: Nomenclature to be conformed, once the corresponding provisions of the Trust Indenture have been settled.

Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of (x) all Subrogation Amounts paid to the Province up to and including such day, plus (y) the sum of the amounts determined under (I) plus (z) the sum of the amounts determined under (II); and

(E) no Person entitled under an Obligation Secured that ranks equal with or subordinate to a Final Subrogation Amount shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province in respect of such Final Subrogation Amount and no such Person shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of any such Final Subrogation Amount.

v. On any Guarantee Payment Date, the Indenture Trustee shall release and pay to the Province free and clear of any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay Guarantee Payments to Beneficiary Payees on the Guarantee Payment Date in accordance with clause 2.01(a)iii.

vi. In preparing any payment instructions under the Trust Indenture, the Manager shall reflect the amounts payable for the Guarantee Payment Date under Section 2.01(a).

(b) The Province shall, as a payee of Subrogation Amounts under clause 2.01(a)(iv)(B) and, as a payee of each Final Subrogation Amount under clause 2.01(a)(iv)(B) and as a payee of any amounts payable under clause 2.01(a)(v), be a "Specified Creditor" under the Trust Indenture and have the benefit of the Collateral thereunder.

(c) For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the Approved Obligation Amounts, if any, for payment to Beneficiary Payees and will be subject to the priorities and to the Province's rights to Subrogation AmountsEntitlements, set forth in Section 2.01(a).

(d) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(e) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation by their terms.

(f) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under and in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any amount due and payable to a Beneficiary Payee under the Limited Guarantee.

2.02 Intentionally Deleted.

2.03 Absence of Set-off

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 Payment into Protection Account in Satisfaction

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is

established, it shall be the "Protection Account" for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section **[7.03]** of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Financing Entity and the Indenture Trustee shall ensure that all amounts paid by the Province into the Protection Account on a Guarantee Payment Date in respect of an Approved Obligation are applied to pay the amounts due and payable to the Beneficiaries as and to the extent provided for in Section 2.01(a). Upon a payment having been made by or on behalf of the Province into the Protection Account, the amounts so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiaries as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such Beneficiaries in respect of the applicable Approved Obligations, whereupon an affected Beneficiary shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid. For greater certainty, the obligations arising in respect of an applicable Approved Obligation shall not be reduced by such payment as the Province shall become entitled to be paid related Subrogation ~~Amounts~~Entitlements and the rights contemplated under Section 2.01(a) and Section 5.01 in relation to such continuing obligations.

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations in accordance with Section 8.01.

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

A Primary Obligation shall constitute an Approved Obligation if (i) the Adherence Conditions applicable thereto have been satisfied at the time the Primary Obligation was incurred, or (ii) the Province, in its sole discretion, designates in writing that it is an Approved Obligation.

4.02 Adherence Conditions

The following shall be the Adherence Conditions applicable in relation to each Certified Primary Obligation:

(a) the Certified Primary Obligation when incurred is an Obligation Secured under the Trust Indenture; and

(b) OPG, as FSM, delivers a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee, on or before the incurrence of a Certified Primary Obligation (provided that delivery may not be more than 5 Business Days before the incurrence of the Certified Primary Obligation), confirming that OPG has delivered to the Province a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers

of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation; and

(c) in respect of a Certified Primary Obligation other than a Refinancing of a Primary Obligation in respect of which the Adherence Conditions had been satisfied, the Province has not provided a Suspension Notice to the Indenture Trustee, OPG and the Financing Entity.

For greater certainty, (y) satisfaction of the Adherence Conditions for a Certified Primary Obligation shall be deemed satisfaction of the Adherence Conditions in respect of all principal, interest and other amounts owing under the Certified Primary Obligation, as such Certified Primary Obligation may be amended, restated, supplemented or otherwise modified from time to time, and (z) there shall be no Adherence Conditions applicable in relation to a Primary Obligation that is not a Certified Primary Obligation.

4.03 Evidence of Satisfaction

A closing certificate delivered in accordance with Section 4.02(b) in connection with an incurrence of a Certified Primary Obligation shall be determinative as to whether the applicable Adherence Conditions with respect thereto have been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same. A closing certificate that purports on its face to be signed by officers specified in Section 4.02(b) may be relied upon by any addressee without further enquiry or evidence as to the incumbency or signatures of such officers. If a closing certificate is not delivered in accordance with the timing requirements of Section 4.02(b) in respect of a Certified Primary Obligation, such certificate may be delivered at a later date, and be effective as if it had been delivered in accordance with the timing requirement of Section 4.02(b), if at the time such certificate was required to be delivered OPG had delivered to the Province all certifications required by the Province in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation.

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, including (i) the right and entitlement to be paid and receive the related Subrogation

~~Amounts~~Entitlements, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including **[Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 7.12 (Payments Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Section 8.14 (Limited Recourse), Article IX (The Indenture Trustee), including all limitations of liability thereunder, Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition)]**; (ii) consents, requests and authorizes the Issuer and the Indenture Trustee to (x) add the Province to the register of Specified Creditors described in subsection **[13.13(b)]** of the Trust Indenture and (y) disseminate the notice details of the Province to other Specified Creditors for the purposes set out in subsection **[9.14(b)]** of the Trust Indenture, and (iii) confirms that it will execute and deliver, or cause to be executed and delivered, all such further agreements, documents and instruments in connection with this Section 5.01 as the Indenture Trustee may request from time to time for the purpose of giving effect to the terms of this Section 5.01.

5.02 Priorities

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation shall rank equally with the rights, interests and entitlements of a Beneficiary to whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture in the manner and to the extent contemplated in Section 7.10(d) of the Trust Indenture.

5.03 Intentionally Deleted

5.04 Representations and Warranties

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
INDENTURE TRUSTEE MATTERS

6.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

6.02 Not Responsible for Recitals

The recitals contained herein will be taken as the statements of the Province, the Financing Entity and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

6.03 Representations and Covenants of the Indenture Trustee[5][6]

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada; and

(b) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada.

ARTICLE VII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

7.01 Suspension Notice

Upon:

(a) a Program Breach;

(b) a default in the performance, or breach, of any covenants of OPG, as FSM, or OPG, in its corporate capacity, in each case to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the provision of the Limited Guarantee, which continues for thirty (30) days after written notice by the Province to OPG of such default or breach;

(c) a representation or warranty made by OPG or a certification made by one or more officers of OPG, in each case whether as FSM or in its corporate capacity, to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the provision of the Limited Guarantee, proves to be incorrect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation; or

(d) the FSM no longer being the Manager or actions having been taken by or on behalf of the Indenture Trustee to remove the FSM as the Manager,

the Province may declare that the Limited Guarantee under this Agreement shall not apply to any Primary Obligations incurred on or after such declaration, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied (provided that the Refinancing is an Approved Obligation), by delivering a written notice in the

[5] **Torys Note:** The Indenture Trustee asked us to delete these representations. They will not provide these types of representations without attaining a legal opinion from outside counsel. To avoid delay, we would ask that the parties agree to this deletion. **Note to Torys:** The[6] Explanatory Note: The Province is content to receive the same representations as are provided by the Indenture Trustee should be consistent with those inunder the Trust Indenture. Please conform.

form of Exhibit B (a "**Suspension Notice**") to the Indenture Trustee, the FSM and the Financing Entity.

The Limited Guarantee shall apply to any Certified Primary Obligation incurred after a Suspension Event on the basis that it is a Refinancing (provided that such Refinancing is an Approved Obligation) only if the FSM certifies to the Province in writing prior to the incurrence that the proceeds of such incurrence will be used solely for the purposes of repaying one or more Certified Primary Obligations incurred prior to the Suspension Event and to which the Limited Guarantee adhered as of the time the Suspension Event occurred, and the delivery of such written certification by the FSM to the Province shall be determinative for the purposes of concluding that such incurrence is a Refinancing for the purposes of Sections 7.01, 7.02 and 7.03.

7.02 Suspension

If a Suspension Notice has been provided under Section 7.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of any Primary Obligation incurred or amended on or after the time such Suspension Notice is delivered, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied (provided that the Refinancing is an Approved Obligation).

7.03 No Impact on Adherence

For greater certainty, the occurrence of a Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event or in respect of any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied (provided that the Refinancing is an Approved Obligation).

ARTICLE VIII
MISCELLANEOUS

8.01 Term of Agreement

This Agreement will continue until the date that no amount is or may become due and payable by the Province under the Limited Guarantee.

8.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business

Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust

700 University Avenue

Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: Manager, Corporate Trust
Fax: (416) 981-9777
Email: corporatetrust.toronto@computershare.com

(b) if to the FSM:

Ontario Power Generation Inc.

700 University Avenue

Toronto, Ontario M5G 1X6

Attention: General Counsel
Fax: (416) 592-4189

(c) if to the Province:

Ministry of Finance

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 8.02.

8.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section 8.03 shall be null and void.

8.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

8.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

8.07 Notice to Rating Agencies

OPG, as FSM, shall deliver prompt written notice to the Rating Agencies on occurrence of (i) a Protection Event; (ii) receipt of a Suspension Notice delivered by the Province pursuant to Section 7.01; and (iii) an assignment of this Agreement by any party pursuant to Section 8.03.

8.08 Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their benefits hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

8.09 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, IN ITS CAPACITY AS TRUSTEE OF FAIR HYDRO TRUST, AS ISSUER, BY ONTARIO POWER GENERATION INC., NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Action**" has the meaning ascribed thereto under the Trust Indenture.

"**Adherence Conditions**", means, in respect of a Certified Primary Obligation, the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of a Guarantee Payment Date, the aggregate of the Approved Obligation Amounts for such Guarantee Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, for a Beneficiary in respect of an Approved Obligation under which an amount is due and payable on a Guarantee Payment Date:

(a) if no Acceleration has occurred in respect of any Obligation Secured on or before the Guarantee Payment Date, the amount due and payable to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation (for greater certainty, determined on the assumption that there are adequate amounts available under the applicable payment provisions of the Trust Indenture to pay in full all amounts referred to in such payment provisions that are due and payable on the Guarantee Payment Date); and

(b) if an Acceleration has occurred in respect of any Obligations Secured on or before the Guarantee Payment Date, the amount that would be available to be paid to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation under the applicable payment provisions of the Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with such applicable payment provisions of the Trust Indenture in respect of each relevant month during each Reference Period is equal to the estimated Finance Amount determined in respect of such Reference Period for purposes of section 15(1) of the Act (in effect on the date hereof), including section 6.1 of the General Regulation (in effect on the date hereof), divided by the number of months in such Reference Period.

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Beneficiary Payee**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Certified Primary Obligations**" means Primary Obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest or to repay payment obligations that were incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest,[6][7] (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not each individual trade confirmation, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and aggregate payments by the Financing Entity thereunder during the term of such contract is in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).[7]

"**Change of Law Protection Agreement**" means this Agreement.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Eligible Deposit Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Eligible Institution**" has the meaning ascribed thereto in the Trust Indenture.

"**Executive Officer**" has the meaning ascribed to the term "executive officer" in National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators.

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[6] **Torys Query**: For a warehouse facility, does the[7] Explanatory Note: Province want arequires a Process Certificate for each monthly draw? **Note to Torys:** Yes.

[7] **Note to Province**: Torys suggests that this concept reflects what Primary Obligations the parties agreed to be subject to the adherence conditions. Province to confirm that this is their understanding from meeting on Tuesday, November 21, particularly prongs (ii) and (iii) of the definition.

"**Final Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(D).

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the first paragraph of this Agreement until a successor Financing Entity Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and the Declaration of Trust, and thereafter "Financing Entity Trustee" means and includes such Person.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Guarantee Payment**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Guarantee Payment Date**" has the meaning ascribed thereto in Section 2.01(a)i.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Issuer Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Issuer Funding Obligation**" has the meaning ascribed thereto in the Trust Indenture.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Lien**" has the meaning ascribed thereto in the Trust Indenture.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(a).

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity, as amended, supplemented, restated or otherwise modified from time to time.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Agreement**" means an agreement in the form of an ISDA Master Agreement as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, as amended, supplemented, restated or otherwise modified from time to time.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account or Finance Reserve Account or required to be held in the Collection Account after the application of amounts under the applicable payment provision of the Trust Indenture on an applicable payment date[8]; and (ii) any obligation to pay the

[8] Explanatory Note: The Trust Indenture states that if extra cash is available in the Collections Account, it can be held until a subsequent Payment Date.

Financing Entity or on the Financing Entity's direction any remaining amounts in the Collection Account pursuant to the Trust Indenture.[8]

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event[9], termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.[9]

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that materially and adversely affects (a) the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay

[8] ~~**Torys Note:** These changes were made to conform to the most current version of the Trust Indenture, a copy of which will be circulated soon. Additionally, money in the Collection Account is required to flow through the waterfall and is not required to be held in the Collection Account otherwise. **Note to Torys:** Please confirm. The Trust Indenture states that if extra cash is available in the Collections Account, it can be held until a subsequent Payment Date.~~

[9] Explanatory Note: Early amortization events may be included in a supplemental indenture, so retaining that concept makes sense.

[9] ~~**Torys Note:** We deleted early amortization events because that is no longer a concept used in the Trust Indenture. **Note to Torys:** Early amortization events may be included in a supplemental indenture so we think retaining that reference makes sense.~~

Obligations Secured, or (b) this Agreement or any of the agreements under which Obligations Secured arise; or

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that materially and adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Obligations Secured that have become due and payable.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency Condition" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Reference Period**" has the meaning ascribed thereto in the Act.

"**Refinancing**"[10] has the meaning ascribed to the term "refinancing" in the Act as of the date hereof, as more particularly described and given meaning in the General Regulation as of the date hereof.[10][11]

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Subrogation** **Amounts**Entitlement" means each Subrogation Amount and each Final Subrogation Amount.

[10] Explanatory Note: This relates to a refinancing of an existing debt obligation; not an undrawn commitment to fund.

[10] **Torys Note:** Refinancings can occur up to six months prior to the application of the refinancing proceeds to the existing obligation. The regulations provide that if the refinancing proceeds are not applied to repay the intended f unding obligation, then it is not a Refinancing. Accordingly, we have revised the definition to ensure that Refinancings do not have to be simultaneous with repayment of the existing Approved Obligation (we understand from the dealers that in most circumstances they will not be). **Note to Torys**[11] Explanatory Note: The General Regulation specifically provides that debt can be considered a "Refinancing" when incurred within the 6 months prior to the maturity date of a funding obligation. The Act/Regulation's definition doesn't require that "Refinancings" arebe simultaneous with the repayment of existing Approved Obligations. We have added a certificate mechanic in 7.01 by which there can be certainty when an obligation is incurred that if the obligation is intended to be a refinancing, it will be covered by the guarantee.

"**Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(B).

"**Supplemental Indenture**" has the meaning ascribed in the Trust Indenture.

"**Supplemental Reserve Account**" has the meaning ascribed in the Trust Indenture.

"**Suspension Event**" has the meaning ascribed thereto in Section 7.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 7.01.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

EXHIBIT A
FORM OF PAYMENT DEMAND

TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Pursuant to and in accordance with section 2.01(a) of the Change of the Law Protection Agreement, the Indenture Trustee hereby demands payment from the Province in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in the Change of Law Protection Agreement.

DATED as of the [■] day of [■], [■].

BNY TRUST COMPANY OF CANADA

By:
Name:
Title:

By:
Name:
Title:

EXHIBIT B
SUSPENSION NOTICE

TO: Ontario Power Generation Inc., in its capacity as Financial Services Manager

AND TO: Fair Hydro Trust

AND TO: Computershare Trust Company of Canada, in its capacity as trustee of Fair Hydro Trust

AND TO: BNY Trust Company of Canada, as Indenture Trustee

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement. All references in this Suspension Notice to "Articles" or "Sections" refer to Articles or Sections of the Change of Law Protection Agreement.

The Province has a reasonable basis for concluding that an event described in Section 7.01 has occurred. Pursuant to Section 7.01, the Province hereby declares that the Limited Guarantee shall not apply in respect of any Primary Obligation incurred or amended on or after the delivery of this Suspension Notice, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied, in accordance with the terms and conditions in Article VII.

The Limited Guarantee shall hereby not apply in respect of any Primary Obligation incurred or amended on or after delivery of this Suspension Notice, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied.

This Suspension Notice is hereby delivered to the FSM, the Financing Entity and the Indenture Trustee in accordance with Section 8.02 of the Change of Law Protection Agreement.

* * * *

DATED as of the [■] day of [■], [■].

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

Document comparison by Workshare Compare on Monday, December 04, 2017 11:54:21 AM

Input:	
Document 1 ID	PowerDocs://TOR_2528/23239360/21
Description	TOR_2528-#23239360-v21-Change_of_Law_Protection_Agreement
Document 2 ID	PowerDocs://TOR_2528/23239360/22
Description	TOR_2528-#23239360-v22-Change_of_Law_Protection_Agreement
Rendering set	standard

Legend:	
Insertion	
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Moved to	
Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	82
Deletions	60
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	142

Draft: December ~~3,~~4, 2017

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.

CHANGE OF LAW PROCESS AGREEMENT[1]

Dated as of [■], 2017

[1] ~~This Agreement and the Protection Agreement will need to be effective on closing but signed and held in escrow as soon as they are settled. **Note to Torys**~~Explanatory Note: Closing mechanics under consideration by the Province.

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**") is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.

Pursuant to a Declaration of Trust dated as of [■], 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions.

Prior to entering into this Agreement, OPG provided the Province with the proposed forms of certain of the Transaction Documents, and the Province has not objected to such forms.

This Agreement sets out the obligations OPG has agreed to perform and assurances OPG has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the Adherence Conditions have been satisfied, maintaining information related to the Program Agreements and the Approved Obligations, and ensuring that the Province's assumption rights pursuant to Article VI of the Change of Law Protection Agreement may be exercised without impediment on the terms and conditions contemplated in this Agreement and the Change of Law Protection Agreement.

All things necessary to make this Agreement a valid and legally binding agreement of OPG and the Province, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall"~~. The~~; the word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed~~. The~~; the words "herein", "hereof" and "hereunder" and other words of similar import refer to this

Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 References to the Financing Entity

For greater certainty, each reference to the Financing Entity shall be construed as a reference to the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 Effect of Headings

The Article and Section headings herein and are for convenience only and will not affect the construction hereof.

1.04 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.06 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF OPG

2.01 Deliveries to the Province

(a) Not less than 15 Business Days, or such lesser period as the Province may agree to in writing, prior to the initial issuance of any Funding Obligation by the Financing Entity, OPG shall deliver to the Province a copy of the initial Financing Plan. Thereafter, OPG shall promptly deliver to the Province a copy of any proposed change to or replacement of the Financing Plan.

(b) Not less than 10 Business Days, or such lesser period as the Province may agree to in writing, prior to (i) any proposed change or supplement to a previously provided Transaction Document becoming effective or otherwise being used, (ii) any additional or replacement Transaction Document becoming effective or otherwise being used, OPG shall deliver to the Province a copy of such proposed change or supplement to the Transaction Document and any such additional or replacement Transaction Document.

(c) Promptly following (i) any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor being made, (ii) any new, additional or replacement instruments, documents, agreements or security being used or granted in connection with all or any part of the Approved Obligations, or (iii) any waiver, release, reconveyance, termination, abandonment, subordination, exchange, substitution, transfer, compound, compromise, liquidation or enforcement of all or any part of the Approved Obligations or any security or guarantee therefor being effected, OPG shall deliver to the Province a detailed description of such event and the reasons for it together with any related documents, agreements and instruments.

(d) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, OPG shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations (including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(e) Promptly upon request, OPG shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

2.02 <u>Covenants</u>

(a) OPG shall use commercially reasonable efforts to cause the Financing Entity to:

(i) punctually perform and observe all of the Financing Entity's obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not (unless waived in writing by the Province):

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement or replacement or waiver or consent could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any change in particular financial terms, rates and levels;

(B) extend, renew, compromise, novate, replace, suspend, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, liquidate or enforce the terms of all or any part of the Approved Obligations or any Collateral, if any such action could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to the extent that only particular financial terms, rates and levels are affected;

(C) permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired; or

(D) allow the Financing Entity to enter into any Supplemental Indenture or Loan Agreement where any penalty or make-whole payment, or any requirement for further consent, approval or agreement, of the Specified Creditor party thereto would be required for the Province to assume the Obligations Secured thereunder.

(b) OPG shall:

(i) comply, and shall use commercially reasonable efforts to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

(ii) punctually perform and observe all of its (including as the FSM and as Manager) obligations and agreements contained in the Program Agreements;

(iii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation; and

(iv) after the occurrence of any Protection Event (or any event known to OPG that with the passage of time or the giving of notice would be a Protection Event), not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.

(c) Nothing in this Agreement shall limit the obligations of the Province under the Indemnity Agreement by the Province in favour of OPG dated June 1, 2017 (as amended, the "**Indemnity Agreement**") and to the extent of any conflict between this Agreement and such Indemnity Agreement, in respect of any matter relating to the Province's obligations to indemnify OPG, the Indemnity Agreement shall prevail.

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate

OPG shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Province, on or before the incurrence or any amendment of a Funding Obligation, other than any Funding Obligation under which not more than **$[5,000,000]** in the aggregate may become payable by the Financing Entity (provided that delivery may not be more than 5 Business Days before the incurrence or amendment of the Funding Obligation), setting out the following with respect to such Funding Obligation:

(a) the material terms of the Funding Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a Derivative Agreement, the notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

(b) if an existing Funding Obligation is proposed to be amended, material details respecting such amendment, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

(c) a statement to the effect that: (i) the Funding Obligation to be incurred or amended (1) will arise under terms and conditions that are Substantially in the

Form of the Reference Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reference Documentation;

(d) a statement confirming that any disclosure made in respect of the Funding Obligation (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to the Funding Obligation) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement has been made available to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made;

(e) a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and

(f) confirmation that, at the time the Funding Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Funding Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the Protection Agreement Maximum applicable on the date that the Process Certificate is delivered;[2] for clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be determined on the date the Process Certificate is delivered hereunder in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

[2] ~~**Note to Torys:** We believe the revision makes clear that OPG is only certifying as to the Protection Agreement Maximum as at the date the Process Certificate is delivered.~~

3.02 Acknowledgement regarding delivery of certificate under Change of Law protection Agreement

The Province acknowledges and agrees that, concurrent with the delivery of the Process Certificate pursuant to Section 3.01 of this Agreement, the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) are authorized to deliver the certificate referred to in ~~[~~Subsection 4.02(b)~~]~~ of the Change of Law Protection Agreement to the Indenture Trustee confirming that OPG has delivered all required certifications to the Province in connection with adherence of the Limited Guarantee to the incurrence of the Certified Primary Obligations in respect of which the certificate in ~~[~~Subsection 4.02(b)~~]~~ of the Change of Law Protection Agreement is being delivered; provided that, upon receipt of a Suspension Notice under the Change of Law Protection Agreement, OPG covenants not to deliver any further certificates to the Indenture Trustee under ~~[~~Subsection 4.02(b)~~]~~ of the Change of Law Protection Agreement other than in connection with a Refinancing of a Primary Obligation in respect of which the Adherence Conditions had been satisfied at the time such Primary Obligation was incurred.

3.03 Acknowledgement regarding delivery of Suspension Notice

The parties acknowledge and agree that the Province is entitled to deliver a Suspension Notice under ~~[~~Section 7.01~~]~~ of the Change of Law Protection Agreement if a Program Breach or Breach Event has occurred. The Province agrees not to deliver a Suspension Notice pursuant to ~~[~~Section 7.01~~]~~ of the Change of Law Protection Agreement unless a Program Breach or a Breach Event has occurred.

3.04 Meaning of "Reference Documentation"

For the purposes of Subsection 3.01(c), the term "Reference Documentation" shall mean each Transaction Document (including any change, addition or supplement thereto) that, at the relevant time:

(a) is a Transaction Document provided to, and not objected to by, the Province prior to the making of this Agreement, as contemplated in the fifth recital to this Agreement; or

(b) is a Transaction Document provided to the Province in accordance with Subsection 2.01(b) that has not been objected to by the Province, by delivery of an objection notice in writing delivered to OPG, within 10 Business Days after it is provided to the Province.

3.05 Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(c), the term "Substantially in the Form" shall mean:

(a) with respect to the Reference Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between

the proposed documents and such Reference Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation, including regarding the timing of or circumstances under which related payments are or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that would affect the Province's rights of subrogation or assignment (including pursuant to ~~[Section~~Sections 1.05, 2.01 or 5.01~~]~~ of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation; provided, however, that the foregoing does not apply to any variable terms to be set forth in the proposed documents as are reasonably contemplated in the Reference Documentation, including the particular financial terms, rates and levels set forth in the proposed documents other than to the extent that the forms of Reference Documentation themselves specify specific requirements, limitations or parameters with respect to such financial terms, rates, levels and parameters; and

(b) with respect to the Reference Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum

(a) Not less than 15 Business Days, or such lesser period as the Province may agree to in writing, prior to the proposed incurrence of the first Funding Obligation, OPG shall, as the FSM, deliver to the Province: (i) a forecast setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the next following 24 month period (the "**Initial Forecast Period**"), which expectations shall be consistent with the Financing Plan (the "**Initial Forecast**"); and (ii) notice of the initial Protection Agreement Maximum, which may not exceed the Initial Forecast.

(b) Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of the Initial Forecast and notice of the initial Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province may disagree with the Initial Forecast and the initial Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or the Initial Forecast, (ii) the Initial Forecast is inconsistent with the Financing Plan, or (iii) the initial Protection Agreement Maximum is more

than the Initial Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the initial Protection Agreement Maximum will be revised accordingly and confirmed by an amended notice to the Province.

(c) Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Approved Obligations that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast shall be further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum, which may not exceed such Forecast.

(d) Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of any further Forecast and notice of the revised Protection Agreement Maximum from OPG pursuant to Section 4.01(c), the Province may disagree with such further Forecast or revised Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or such further Forecast, (ii) the further Forecast is inconsistent with the Financing Plan, or (iii) the revised Protection Agreement Maximum is more than the further Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the revised Protection Agreement Maximum will be further revised accordingly and confirmed by an amended notice to the Province.

(e) For clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be valued at the time to be determined for the purposes of this Section 4.01 in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of OPG

OPG represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, may cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario and has the power and authority to enter into and perform its obligations under this Agreement and all instruments and agreements delivered pursuant hereto.

(c) OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Financing Entity or in the ability of the Financing Entity to perform its obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

5.02 Representations and Warranties of the Province

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
BREACH EVENTS

6.01 Breach Events

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

(a) a default in the performance, or breach, of any covenants of OPG under this Agreement, which continues for thirty (30) days after written notice by the Province to OPG of such default or breach;

(b) any representation or warranty made by OPG in this Agreement, any certification made in a Process Certificate, or any certification made in a certificate contemplated by ~~Section [~~Subsection 4.02~~]~~(b) of the Change of Law Protection Agreement, proves to be incorrect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation; or

(c) OPG is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the Manager.

ARTICLE VII
MISCELLANEOUS

7.01 Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

7.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to OPG:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

(b) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 7.02.

7.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 7.03 shall be null and void.

7.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

7.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

7.06 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

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

By: _____

Name:
Title:

By: _____

Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Conditions**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Approved Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Beneficiaries**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Breach Event**" has the meaning ascribed thereto in Section 6.01.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Certified Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the FSM on behalf of the Financing Entity and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes,

bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

"**Executive Officer**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Financing Entity**" means Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(c).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Indenture Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Initial Forecast**" has the meaning ascribed thereto in Section 4.01(a)

"**Initial Forecast Period**" has the meaning ascribed thereto in Section 4.01(a)

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Limited Guarantee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Loan Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**Management Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Manager**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Program Breach**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Protection Agreement Maximum**" means the dollar amount referenced as the Program Agreement Maximum and determined in accordance with Article IV.

"**Protection Event**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture.

"**Reference Documentation**" has the meaning ascribed thereto in Section 3.04.

"**Repayment**" has the meaning ascribed to the term "repayment" in the General Regulation as of the date of this Agreement.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Substantially in the Form**" has the meaning ascribed thereto in Section 3.05.

"**Suspension Notice**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement; (vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that affects the Province's subrogation rights and/or subrogee interests, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

Document comparison by Workshare Compare on Monday, December 04, 2017 11:57:19 AM

Input:	
Document 1 ID	PowerDocs://TOR_2528/23239361/18
Description	TOR_2528-#23239361-v18-Change_of_Law_-_Process_Agreement
Document 2 ID	PowerDocs://TOR_2528/23239361/19
Description	TOR_2528-#23239361-v19-Change_of_Law_-_Process_Agreement
Rendering set	Standard

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

Statistics:	
	Count
Insertions	15
Deletions	29
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	44

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE[1]

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST~~[2]~~

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

[1] ~~This Agreement and the Process Agreement will need to be effective on closing but signed and held in escrow as soon as they are settled and prior to pricing of the term deal~~Explanatory Note: Logistics of closing are under consideration by the Province.

~~[2] Please advise if there are any further issues with the Manager signing the Protection Agreement on behalf of the Trust? If so, can you please explain the issue. The Manager is currently signing all Program Agreements on behalf of the Trust and has authority to do so. We would like the Manager to sign this Agreement on behalf of the Trust.~~

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust under the laws of the Province of Ontario (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council dated as of ■1981/2017 (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust[3] dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Primary Obligations that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred. This Agreement sets out the terms and conditions of such protections and assurances.

[3] We are comfortable on this point because OPG has retained Computershare as issuer trustee. The recitals of the Declaration of Trust provide that Computershare has established the Trust at the request of the FSM. We can also provide you with a copy of the Computershare engagement letter upon request.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other

subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 ~~Proof of Approved Obligations~~Intentionally Deleted

~~The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Indenture Trustee deems to be sufficient.~~

~~Any statement of account prepared by the Indenture Trustee as regards the Primary Obligations shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and the Province hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Indenture Trustee agrees to provide the Province with the computations and calculations used by the Indenture Trustee to prepare each such statement of account promptly following a request therefor.~~

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture as of the date of this Agreement.

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 2.01 or Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a

Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee, the Financing Entity, the Financing Entity Trustee, the Manager or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee ~~may~~shall (unless the Rating Agency Condition has been satisfied with respect to a demand not being made as a result of the Protection Event), deliver a written demand, substantially in the form attached as Exhibit A (a "**Payment Demand**"), to the Province requiring the Province to make payments in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in this Agreement. From and after such delivery of a Payment Demand, the Province shall make the following payments in respect of the Approved Obligations (the "**Limited Guarantee**"), and the Financing Entity shall pay, and the Province shall be entitled to be paid, the Subrogation ~~Amounts~~Entitlements specified below~~, on the specified Guarantee Payment Date~~:

i. Not less than 3 Business Days prior to each day when any payment or payments are to be made in respect of one or more Approved Obligations occurring after such delivery of a Payment Demand ~~and prior to the Assumption Effective Date, if any, (~~(each such day, a "**Guarantee Payment Date**"), the Manager shall deliver a written statement setting forth the Aggregate Approved Obligations Amount, if any, in respect of the Approved Obligations that are due and payable on such Guarantee Payment Date, together with a detailed description identifying such Approved Obligations and the nature and amount of payments due and payable thereunder on the Guarantee Payment Date, the aggregate outstanding amount payable by the Financing Entity under such Approved Obligations as of the date of ~~the Guarantor Settlement Statement~~such written statement, and details regarding any default in performance by any party obligated thereunder~~ (a "**Guarantor Settlement Statement**")~~[4].

ii. On each such Guarantee Payment Date, the Province shall deposit the Aggregate Approved Obligations Amount into the Protection Account.

iii. On each such Guarantee Payment Date, the Financing Entity and the Indenture Trustee shall ensure that the amounts on deposit in the Protection Account are applied to pay each Beneficiary to whom an amount is due and payable under an Approved Obligation on the Guarantee Payment Date the Approved

[4] ~~Given timing, we would appreciate if the parties did not negotiate this form now.~~

Obligation Amount for such Beneficiary in respect of such Approved Obligation on such Guarantee Payment Date; provided that if the amount deposited pursuant to clause 2.01(a)ii is insufficient to pay all such Approved Obligation Amounts in full, the amount on deposit in the Protection Account on the Guarantee Payment Date shall be applied to pay Beneficiaries in the order of priority in which such Approved Obligations are payable under the payment provisions of the Trust Indenture applicable to the making of such payments on the Guarantee Payment Date (each, a "**Beneficiary Payee**" and each payment made to a Beneficiary Payee on a Guarantee Payment Date, a "**Guarantee Payment**").

iv. On any Guarantee Payment Date on which an amount is paid by the Province pursuant to clause 2.01(a)ii, the applicable payment provisions of the Trust Indenture shall, notwithstanding the express terms of such provisions set forth in the Trust Indenture, be applied and operate on the following basis:

(A) [2]the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available under such payment provisions on such Guarantee Payment Date shall be reduced by the amount of the Guarantee Payment paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on such Guarantee Payment Date;

(B) the Province shall be paid the ~~lesser of (x) the~~ amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available to pay the Beneficiary Payee under such payment provisions on the Guarantee Payment Date, determined without regard to ~~subclause 2.01(a)iv(A), and (y) the amount paid~~the Guarantee Payment paid on such Guarantee Payment Date and the corresponding reduction of the amount owing to the Beneficiary Payee pursuant to ~~clause 2.01(a)iii in respect of such Approved Obligation on the Guarantee Payment Date (such payments~~subclause 2.01(a)iv(A) (each such amount payable to the

[2] Explanatory Note: In a particular period, the cash available from CEAs may exceed the aggregate Finance Amounts payable - for example, as a result of the "true-up" under the Act, which will determine the actual amount of cash available. The basic structure is that the Province will pay all Approved Obligation Amounts, and will be entitled to receive all cash flows available to the Beneficiary Payees. Limiting the subrogation amounts to the lesser of such available cash and the Guarantee Payments could result in leakage of the cash that the Province looks to under this arrangement.

Province being a "**Subrogation ~~Amounts~~Amount**");~~ and~~[5]

(C) no Beneficiary having a right to be paid an amount in respect of an Approved Obligation, and no other Person entitled under an Obligation Secured, in each case that ranks equal with or subordinate to an Approved Obligation in respect of which ~~an amount~~a Subrogation Amount is payable to the Province under subclause 2.01(a)iv(B), shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under such subclause (including any right ~~or~~of reimbursement, contribution or indemnity) and no such Beneficiary or other Person shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of any such ~~amounts.~~Subrogation Amount;

(D) [3]on the first day when any payment or payments are to be made in respect of Obligations Secured that occurs on or after the date on which all amounts payable under all Approved Obligations have been paid in full, the Province shall be entitled to be paid from amounts available to pay Obligations Secured on such day (and thereafter on each subsequent day when any payment or payments are to be made in respect of Obligations Secured, until paid in full), in each case in accordance with the applicable payment provisions of the Trust Indenture on such day, the following amounts (each, a "**Final Subrogation Amount**"), in each case in the priorities specified below:

(I) as an amount ranking equally with [Senior Obligations][4], the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including such day in respect of Approved Obligations ranking equally with or prior to [Senior Obligations],

[5] ~~We thought this section required tweaking to reflect the intention of the parties.~~

[3] Explanatory Note: The Province will be entitled to receive subrogation cash flows after satisfaction of all Approved Obligations. This provision provides how that these amounts will be payable from available cash flows, based on priorities that address cash entitlements opposite non-guaranteed obligations secured (e.g., after a suspension event). Conforming changes will need to be made to the Trust Indenture once these mechanics have been settled.

[4] Explanatory Note: Nomenclature to be conformed, once the corresponding provisions of the Trust Indenture have been settled.

plus (y) the sum of amounts determined in respect of interest on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount is paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related[5], exceeds (2) the sum of all Subrogation Amounts paid to the Province up to and including such day;

(II) as an amount ranking equally with [Subordinated Obligations], the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including such day in respect of Approved Obligations ranking equally with or prior to [Subordinated Obligations], plus (y) the sum of amounts determined in respect of interest on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount is paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of (x) all Subrogation Amounts paid to the Province up to and including such day, plus (y) the amount determined under (I); and

(III) as an amount ranking equally with [Junior Obligations], the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including such day in respect of Approved Obligations ranking equally with or prior to [Junior Obligations],

[5] Explanatory Note: Nomenclature to be conformed, once the corresponding provisions of the Trust Indenture have been settled.

plus (y) the sum of amounts determined in respect of interest on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount is paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of (x) all Subrogation Amounts paid to the Province up to and including such day, plus (y) the sum of the amounts determined under (I) plus (z) the sum of the amounts determined under (II); and

(E) no Person entitled under an Obligation Secured that ranks equal with or subordinate to a Final Subrogation Amount shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province in respect of such Final Subrogation Amount and no such Person shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of any such Final Subrogation Amount.

v. On any Guarantee Payment Date, the Indenture Trustee shall release and pay to the Province free and clear of any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay Guarantee Payments to Beneficiary Payees on the Guarantee Payment Date in accordance with clause 2.01(a)iii.

vi. In preparing any payment instructions under the Trust Indenture, the Manager shall reflect the amounts payable for the Guarantee Payment Date under Section 2.01(a).

(b) The Province shall, as a payee of Subrogation Amounts and under clause 2.01(a)(iv)(B), as a payee of each Final Subrogation Amount under clause 2.01(a)(iv)(B) and as a payee of any amounts payable under clause 2.01(a)(iv)(Bv), be a “Specified Creditor” under the Trust Indenture and have the benefit of the Collateral thereunder.

(c) For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the Approved Obligation Amounts, if any, for payment to Beneficiary Payees and will be subject to the priorities and to the Province's rights to Subrogation ~~Amounts~~Entitlements, set forth in Section 2.01(a).

(d) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(e) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation by their terms.

(f) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under and in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any amount due and payable to a Beneficiary Payee under the Limited Guarantee.

2.02 Intentionally Deleted.

2.03 Absence of Set-off

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 Payment into Protection Account in Satisfaction

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection

Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account" for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section **[7.03]** of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Financing Entity and the Indenture Trustee shall ensure that all amounts paid by the Province into the Protection Account on a Guarantee Payment Date in respect of an Approved Obligation are applied to pay the amounts due and payable to the Beneficiaries as and to the extent provided for in Section 2.01(a). Upon a payment having been made by or on behalf of the Province into the Protection Account, the amounts so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiaries as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such Beneficiaries in respect of the applicable Approved Obligations, whereupon an affected Beneficiary shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid. For greater certainty, the obligations arising in respect of an applicable Approved Obligation shall not be reduced by such payment as the Province shall become entitled to be paid related Subrogation ~~Amounts~~Entitlements and the rights contemplated under Section 2.01(a) and Section 5.01 in relation to such continuing obligations.

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations in accordance with Section ~~9.01~~8.01.[6]

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of

[6] ~~We made this change to be consistent with the termination clause in section 9.01.~~

sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

A Primary Obligation shall constitute an Approved Obligation if (i) the Adherence Conditions applicable thereto have been satisfied at the time the Primary Obligation was incurred, or (ii) the Province, in its sole discretion, ~~agrees~~designates in writing that it is an Approved Obligation.

4.02 Adherence Conditions[7]

The following shall be the Adherence Conditions applicable in relation to each Certified Primary Obligation:

(a) the Certified Primary Obligation when incurred is an Obligation Secured under the Trust Indenture; and

(b) OPG, as FSM, delivers a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for

[7] ~~We would propose that the certification in section 4.02(b) of the Protection Agreement track the requirements of section 3.01 of the Process Agreement to ensure that the two sections are consistent. Accordingly, we have revised section 4.02(b) of the Protection Agreement to state the certificate delivered to the Indenture Trustee under this section should confirm that all certifications to the Province required in connection with the incurrence of such Certified Primary Obligations have been delivered to the Province.~~

clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee, on or before the incurrence of a Certified Primary Obligation[8] (provided that delivery may not be more than 5 Business Days before the incurrence of the Certified Primary Obligation), confirming that OPG has provided to the Province all certifications required bydelivered to the Province a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with the incurrence of suchadherence of the Limited Guarantee to the Certified Primary Obligation; and

(c) in respect of a Certified Primary Obligation other than a Refinancing of a Primary Obligation in respect of which the Adherence Conditions had been satisfied, the Province has not provided a Suspension Notice to the Indenture Trustee, OPG and the Financing Entity.

For greater certainty, (y) satisfaction of the Adherence Conditions for a Certified Primary Obligation shall be deemed satisfaction of the Adherence Conditions in respect of all principal, interest and other amounts owing under the Certified Primary Obligation, as such Certified Primary Obligation may be amended, restated, supplemented or otherwise modified from time to time, and (z) there shall be no Adherence Conditions applicable in relation to a Primary Obligation that is not a Certified Primary Obligation.

4.03 Evidence of Satisfaction

A closing certificate delivered in accordance with Section 4.02(b) in connection with an incurrence of a Certified Primary Obligation shall be determinative as to whether the applicable Adherence Conditions with respect thereto have been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same. A closing certificate that purports on its face to be signed by officers specified in Section 4.02(b) may be relied upon by any addressee without further enquiry or evidence as to the incumbency or signatures of such officers. If a closing certificate is not delivered in accordance with the timing requirements of Section 4.02(b) in respect of a Certified Primary Obligation, such certificate may be delivered at a later date, and be effective as if it had been delivered in accordance with the timing requirement of Section 4.02(b), if at the time such certificate was required to be delivered OPG had delivered to the Province all certifications required by the Province in connection with the incurrence of aadherence of the Limited Guarantee to the Certified Primary Obligation.[9]

[8] We tried to address all parties concerns expressed at our last meeting by this language. The Province can be assured that no certificate earlier than 5 Business Days prior to incurring the Certified Primary Obligation is delivered and the dealers have comfort that the clause is not too prescriptive.

[9] This additional language was added to address the concerns of the dealers and Oslers discussed at our last meeting.

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, including (i) the right and entitlement to be paid and receive the related Subrogation ~~Amounts~~Entitlements, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including **[Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 7.12 (Payments Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Section 8.14 (Limited Recourse), Article IX (The Indenture Trustee), including all limitations of liability thereunder, Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition)]**; (ii) consents, requests and authorizes

the Issuer and the Indenture Trustee to (x) add the Province to the register of Specified Creditors described in subsection **[13.13(b)]** of the Trust Indenture and (y) disseminate the notice details of the Province to other Specified Creditors for the purposes set out in subsection **[9.14(b)]** of the Trust Indenture, and (iii) confirms that it will execute and deliver, or cause to be executed and delivered, all such further agreements, documents and instruments in connection with this Section 5.01 as the Indenture Trustee shall send notices to the Province, in its capacity as a Specified Creditor, in accordance with Section 9.02.[10]may request from time to time for the purpose of giving effect to the terms of this Section 5.01.

5.02 Priorities

For greater certainty, the rights, interests and entitlements of the Province as an assignee orand subrogee, as applicable, of and with respect to an Approved Obligation shall rank equally with the rights, interests and entitlements of a Beneficiary to whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture in the manner and to the extent contemplated in Section 2.01.7.10(d) of the Trust Indenture.

5.03 Intentionally Deleted

5.04 Representations and Warranties

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

[10] These changes were made to conform to the latest draft of the Trust Indenture, a copy of which will be circulated soon.

ARTICLE VI
NOTICE OF ASSUMPTION OF CERTAIN OBLIGATIONS SECURED[11]

6.01 Delivery of Assumption Notice

Following the occurrence of a Protection Event, the Province may (but shall not be obligated to) provide notice (in the form of Exhibit B) to the Indenture Trustee that the Province has elected to assume the Financing Entity's obligations in respect of all Obligations Secured permitted to be assumed by their terms (the "**Assumption Notice**"). The Assumption Notice shall specify the date on which the assignment and assumption of such Obligations Secured will be effective (each such date being an "**Assumption Closing Date**").[12]

6.02 Cooperation to Implement the Assignment and Assumption

The Indenture Trustee, the FSM, the Financing Entity and the Province will cooperate and use best efforts to complete the assignment and assumption of the Obligations Secured referenced in Section 6.01 by and from the Financing Entity to and by the Province by the applicable Assumption Closing Date.

6.03 Effect of Assignment and Assumption

On the date that the assignment and assumption of the Obligations Secured referenced in Section 6.01 by and from the Financing Entity to and by the Province becomes effective (the "**Assumption Effective Date**"), the Province shall no longer be required to provide and perform the Limited Guarantee but will instead become a primary obligor under such Obligations Secured assumed pursuant to and in accordance with an applicable Assumption Agreement. For greater certainty, the obligations of the Province so assumed will not be secured obligations of the Province and the obligees thereof will have no right, interest or claim to or in respect of the Collateral or any proceeds therefrom.

6.04 Interim Period

Until the effective time of the assignment and assumption of the Obligations Secured referenced in Section 6.01 by and from the Financing Entity to and by the Province on the Assumption Effective Date, the Province shall continue to perform and be obligated under the Limited Guarantee with respect to those Obligations Secured.

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[11] Please see Torys' cover email to explain changes made in this Article and the related Article in the Process Agreement. Section 6.05 was deleted since it was not applicable in a context where only some of the Obligations Secured would be assumed.

[12] It is not realistic to think that the assumptions of Secured Obligations will all occur on one day. We think it has to happen on a contract by contract basis. As a Secured Obligation is assumed, the Limited Guarantee falls away with respect to it (it becomes a "zero" item in the waterfalls).

ARTICLE VI~~ARTICLE VII~~
INDENTURE TRUSTEE MATTERS

6.01 ~~7.01~~ Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

6.02 ~~7.02~~ Not Responsible for Recitals

The recitals contained herein will be taken as the statements of the Province, the Financing Entity and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

6.03 ~~7.03~~ Representations and Covenants of the Indenture Trustee~~13~~[6]

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada; and

(b) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada.

ARTICLE VII~~ARTICLE VIII~~
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

7.01 ~~8.01~~ Suspension Notice

Upon:

(a) a Program Breach;~~ or~~

(b) a default in the performance, or breach, of any covenants ~~or representations of the FSM~~of OPG, as FSM, or OPG, in its corporate capacity, in each case to the Province in connection with ~~an incurrence or amendment of Primary~~

~~13 The Indenture Trustee asked us to delete these representations. They will not provide these types of representations without attaining a legal opinion from outside counsel. To avoid delay, we would ask that the parties agree to this deletion~~[6] Explanatory Note: The Province is content to receive the same representations as are provided by the Indenture Trustee should be under the Trust Indenture. Please conform.

~~Obligations~~its obligations to the Province pursuant to internal requirements and processes in connection with the provision of the Limited Guarantee, which continues for thirty (30) days after written notice by the Province to ~~the FSM~~OPG of such default or breach;

(c) a representation or warranty made by OPG or a certification made by one or more officers of OPG, in each case whether as FSM or in its corporate capacity, to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the provision of the Limited Guarantee, proves to be incorrect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation; or

(d) ~~(c)~~ the FSM no longer being the Manager or actions having been taken by or on behalf of the Indenture Trustee to remove the FSM as the Manager,

the Province may declare that the Limited Guarantee under this Agreement shall not apply to any Primary Obligations incurred[14] on or after such declaration, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied (provided that the Refinancing is an Approved Obligation), by delivering a written notice in the form of Exhibit ~~C~~B (a "**Suspension Notice**") ~~to the Province~~ to the Indenture Trustee, the FSM and the Financing Entity.[15]

The Limited Guarantee shall apply to any Certified Primary Obligation incurred after a Suspension Event on the basis that it is a Refinancing (provided that such Refinancing is an Approved Obligation) only if the FSM certifies to the Province in writing prior to the incurrence that the proceeds of such incurrence will be used solely for the purposes of repaying one or more Certified Primary Obligations incurred prior to the Suspension Event and to which the Limited Guarantee adhered as of the time the Suspension Event occurred, and the delivery of such written certification by the FSM to the Province shall be determinative for the purposes of concluding that such incurrence is a Refinancing for the purposes of Sections 7.01, 7.02 and 7.03.

7.02 ~~8.02~~ Suspension

If a Suspension Notice has been provided under Section ~~8.01~~7.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of any Primary Obligation incurred[16] or amended on or after the time such Suspension Notice is delivered, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied~~. For greater certainty, the rights of the Province under~~

[14] ~~We will need the ability to amend the Primary Obligations after a Suspension Notice to deal with the Suspension Notice itself.~~

[15] ~~OPG has confirmed that it is problematic from an accounting perspective to give the Province a broad right to suspend at any time. As discussed in the meeting, we therefore reintroduced the concept of the Program Breach and Breach Event but we made the breach event generic to ensure we do not have to reference the Process Agreement in this document.~~

[16] ~~We will need the ability to amend the Primary Obligations after a Suspension Notice to deal with the Suspension Notice itself.~~

~~Article VI shall apply in respect of the Obligations Secured referenced in Section 6.01, including if incurred on or after the time such Suspension Notice is delivered.~~[17] (provided that the Refinancing is an Approved Obligation).

7.03 ~~8.03~~ No Impact on Adherence

For greater certainty, the occurrence of a Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event or in respect of any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied~~, nor will it in any way impact the Obligations Secured which are assumed by the Province in accordance with ARTICLE VI~~ (provided that the Refinancing is an Approved Obligation).

ARTICLE VIII~~ARTICLE IX~~
MISCELLANEOUS

8.01 ~~9.01~~ Term of Agreement

This Agreement will continue until the date that no amount is or may become due and payable by the Province under the Limited Guarantee.

8.02 ~~9.02~~ Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust

700 University Avenue

~~[17] We have deleted the concept of the termination notice since it no longer serves a purpose and is potentially confusing to the reader.~~

Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: Manager, Corporate Trust
Fax: (416) 981-9777
Email: corporatetrust.toronto@computershare.com

(b) if to the FSM:

Ontario Power Generation Inc.

700 University Avenue

Toronto, Ontario M5G 1X6

Attention: General Counsel
Fax: (416) 592-4189

(c) if to the Province:

Ministry of Finance

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section ~~9.02~~8.02.

8.03 ~~9.03~~ Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section ~~9.03~~8.03 shall be null and void.

8.04 ~~9.04~~ Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

8.05 ~~9.05~~ FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 ~~9.06~~ No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

~~9.07~~ ~~Intentionally Deleted~~

8.07 Notice to Rating Agencies

OPG, as FSM, shall deliver prompt written notice to the Rating Agencies on occurrence of (i) a Protection Event; (ii) receipt of a Suspension Notice delivered by the Province pursuant to Section 7.01; and (iii) an assignment of this Agreement by any party pursuant to Section 8.03.

8.08 ~~9.08~~ Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their benefits hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

8.09 ~~9.09~~ Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, IN ITS CAPACITY AS TRUSTEE OF FAIR HYDRO TRUST, AS ISSUER, BY ONTARIO POWER GENERATION INC., NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Action**" has the meaning ascribed thereto under the Trust Indenture.

"**Adherence Conditions**", means, in respect of ~~the~~a Certified Primary ~~Obligations~~Obligation, the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of a Guarantee Payment Date, the aggregate of the Approved Obligation Amounts for such Guarantee Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, for a Beneficiary in respect of an Approved Obligation under which an amount is due and payable on a Guarantee Payment Date:

(a) if no Acceleration has occurred in respect of any Obligation Secured on or before the Guarantee Payment Date, the amount due and payable to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation (for greater certainty, determined on the assumption that there are adequate amounts available under the applicable payment provisions of the Trust Indenture to pay in full all amounts referred to in such payment provisions that are due and payable on the Guarantee Payment Date); and

(b) if an Acceleration has occurred in respect of any Obligations Secured on or before the Guarantee Payment Date, the amount that would be available to be paid to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation under the applicable payment provisions of the Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with such applicable payment provisions of the Trust Indenture in respect of each relevant month during each Reference Period is equal to the estimated Finance Amount determined in respect of such Reference Period for purposes of section 15(1) of the Act (in effect on the date hereof), including section 6.1 of the General Regulation (in effect on the date hereof)~~,~~ divided by the number of months in such Reference Period.

~~"**Assumption Agreement**" means the agreement among the Province, the Indenture Trustee, the Financing Entity and any other person that is party to the applicable Supplemental Indenture or Loan Agreement affected by the assignment and assumption contemplated under Article VI,~~

~~which agreement shall be in substantially the form of assumption agreement set forth in the applicable Supplemental Indenture or Loan Agreement.~~

~~"**Assumption Effective Date**" has the meaning ascribed thereto in Section 6.03.~~

~~"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.01.~~

~~"**Assumption Notice**" has the meaning ascribed thereto in Section 6.01.~~

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Beneficiary Payee**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Certified Primary Obligations**" means Primary Obligations that ~~are payment obligations that~~ are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest or to repay payment obligations that were incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest,~~[18]~~[7] (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not each individual trade confirmation, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and aggregate payments by the Financing Entity thereunder during the term of such contract is in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).~~[19]~~

"**Change of Law Protection Agreement**" means this Agreement.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency

~~[18] Query: For a warehouse facility, does the~~[7] Explanatory Note: Province ~~want a~~requires a Process Certificate for each monthly draw~~?~~.

~~[19] This concept reflects what Primary Obligations the parties agreed to be subject to the adherence conditions.~~

option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Eligible Deposit Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Eligible Institution**" has the meaning ascribed thereto in the Trust Indenture.

"**Executive Officer**" has the meaning ascribed ~~thereto in the *Securities Act* (Ontario).~~ to the term "executive officer" in National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators.

"**Final Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(D).

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the first paragraph of this Agreement until a successor Financing Entity Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and the Declaration of Trust, and thereafter "Financing Entity Trustee" means and includes such Person.[~~20~~]

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Guarantee Payment**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Guarantee Payment Date**" has the meaning ascribed thereto in Section 2.01(a)i.

~~"**Guarantor Settlement Statement**" has the meaning ascribed thereto in Section 2.01(a).~~

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other

[~~20~~] ~~We are merely conforming this definition to the definition of Indenture Trustee.~~

instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Issuer Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Issuer Funding Obligation**" has the meaning ascribed thereto in the Trust Indenture.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Lien**" has the meaning ascribed thereto in the Trust Indenture.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(a).

~~"**Loan Agreement**" has the meaning ascribed thereto in the Trust Indenture.~~

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity, as amended, supplemented, restated or otherwise modified from time to time.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Agreement**" means an agreement in the form of ~~a 1992~~an ISDA Master Agreement ~~(Multi-Currency – Cross-Border)~~ as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, as amended, supplemented, restated or otherwise modified from time to time.

~~21~~

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

~~21 The definition of Notes is not used in the Agreement.~~

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account or Finance Reserve Account or required to be held in the Collection Account after the application of amounts under the applicable payment provision of the Trust Indenture on an applicable payment date[8]; and (ii) any obligation to pay the Financing Entity or on the Financing Entity's direction any remaining amounts in the Collection Account pursuant to the Trust Indenture.[22]

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event[9], termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.[23]

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

[8] Explanatory Note: The Trust Indenture states that if extra cash is available in the Collections Account, it can be held until a subsequent Payment Date.

[22] These changes were made to conform to the most current version of the Trust Indenture, a copy of which will be circulated soon. Additionally, money in the Collection Account is required to flow through the waterfall and is not required to be held in the Collection Account otherwise.

[9] Explanatory Note: Early amortization events may be included in a supplemental indenture, so retaining that concept makes sense.

[23] We deleted early amortization events because that is no longer a concept used in the Trust Indenture.

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that materially and adversely affects (a) the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured, or (b) this Agreement or any of the agreements under which Obligations Secured arise; or

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that materially and adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Obligations Secured that have become due and payable.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency Condition" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Reference Period**" has the meaning ascribed thereto in the Act.

"**Refinancing**" ~~means the incurrence of debt where at the time of issuance the use of the proceeds thereof are identified by the Issuer as to be used to repay an existing Approved Obligation.~~[24][10] has the meaning ascribed to the term "refinancing" in the Act as of the date

[10] Explanatory Note: This relates to a refinancing of an existing debt obligation; not an undrawn commitment to fund.

hereof, as more particularly described and given meaning in the General Regulation as of the date hereof.[11]

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Subrogation ~~Amounts~~Entitlement**" means each Subrogation Amount and each Final Subrogation Amount.

"**Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(~~ii~~B).

"**Supplemental Indenture**" has the meaning ascribed in the Trust Indenture.

"**Supplemental Reserve Account**" has the meaning ascribed in the Trust Indenture.

"**Suspension Event**" has the meaning ascribed thereto in Section ~~8.02~~7.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section ~~8.01~~7.01.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

[24] ~~Refinancings can occur up to six months prior to the application of the refinancing proceeds to the existing obligation. The regulations provide that if the refinancing proceeds are not applied to repay the intended funding obligation, then it is not a Refinancing. Accordingly, we have revised the definition to ensure~~[11] Explanatory Note: The General Regulation provides that debt can be considered a "Refinancing" when incurred within the 6 months prior to the maturity date of a funding obligation. The Act/Regulation's definition doesn't require that "Refinancings ~~do not have to~~" be simultaneous with the repayment of ~~the existing Approved Obligation (we understand from the dealers that in most circumstances they will not be)~~existing Approved Obligations. We have added a certificate mechanic in 7.01 by which there can be certainty when an obligation is incurred that if the obligation is intended to be a refinancing, it will be covered by the guarantee.

EXHIBIT A
FORM OF PAYMENT DEMAND

TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Pursuant to and in accordance with section 2.01(a) of the Change of the Law Protection Agreement, the Indenture Trustee hereby demands payment from the Province in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in the Change of Law Protection Agreement.

DATED as of the [■] day of [■], [■].

BNY TRUST COMPANY OF CANADA

By:
Name:
Title:

By:
Name:
Title:

EXHIBIT B
~~ASSUMPTION~~SUSPENSION NOTICE

~~[NTD: Blakes to provide draft]~~

~~EXHIBIT C~~
~~SUSPENSION NOTICE~~

~~**[NTD: Blakes to provide draft]**~~

TO:	Ontario Power Generation Inc., in its capacity as Financial Services Manager
AND TO:	Fair Hydro Trust
AND TO:	Computershare Trust Company of Canada, in its capacity as trustee of Fair Hydro Trust
AND TO:	BNY Trust Company of Canada, as Indenture Trustee

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement. All references in this Suspension Notice to "Articles" or "Sections" refer to Articles or Sections of the Change of Law Protection Agreement.

The Province has a reasonable basis for concluding that an event described in Section 7.01 has occurred. Pursuant to Section 7.01, the Province hereby declares that the Limited Guarantee shall not apply in respect of any Primary Obligation incurred or amended on or after the delivery of this Suspension Notice, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied, in accordance with the terms and conditions in Article VII.

The Limited Guarantee shall hereby not apply in respect of any Primary Obligation incurred or amended on or after delivery of this Suspension Notice, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied.

This Suspension Notice is hereby delivered to the FSM, the Financing Entity and the Indenture Trustee in accordance with Section 8.02 of the Change of Law Protection Agreement.

* * * *

DATED as of the [■] day of [■], [■].

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

Document comparison by Workshare Compare on Monday, December 04, 2017 11:55:46 AM

Input:	
Document 1 ID	PowerDocs://TOR_2528/23239360/18
Description	TOR_2528-#23239360-v18-Change_of_Law_Protection_Agreement
Document 2 ID	PowerDocs://TOR_2528/23239360/22
Description	TOR_2528-#23239360-v22-Change_of_Law_Protection_Agreement
Rendering set	Standard

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

Statistics:	
	Count
Insertions	159
Deletions	170
Moved from	2
Moved to	2
Style change	0
Format changed	0
Total changes	333

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.

CHANGE OF LAW PROCESS AGREEMENT[1]

Dated as of [■], 2017

[1] ~~This Agreement and the Protection Agreement will need to be effective on closing but signed and held in escrow as soon as they are settled and prior to pricing of the term deal.~~Explanatory Note: Closing mechanics under consideration by the Province.

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**") is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.

Pursuant to a Declaration of Trust dated as of [■], 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.[2]

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of ~~Primary~~ Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions.

Prior to entering into this Agreement, OPG provided the Province with the proposed forms of certain of the Transaction Documents ~~listed on Exhibit "A"~~, and the Province has not objected to such forms ~~and has confirmed to OPG that such Transaction Documents constitute "Reference Documentation" for purposes of this Agreement~~.

~~Prior to entering into this Agreement, OPG, as the FSM, provided the Province with the initial Financing Plan attached hereto as Exhibit "B" (the "**Initial Financing Plan**"), and the Province has not objected to such Initial Financing Plan.~~

~~Prior to entering into this Agreement, OPG, as the FSM, provided to the Province (i) the initial forecast attached hereto as Exhibit "C" (the "**Initial Forecast**") setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the 24 month period following the date hereof (the "**Initial Forecast Period**"); and (ii) notice of the initial Protection Agreement Maximum of C$■ (the "**Initial Protection Agreement Maximum**").~~[3]

[2] ~~We are comfortable on this point because OPG has retained Computershare as issuer trustee. The recitals of the Declaration of Trust provide that Computershare has established the Trust at the request of the FSM. We can also provide you with a copy of the Computershare engagement letter upon request.~~

[3] ~~Given that this Agreement would now be delivered on or immediately prior to closing, we thought it would be acceptable to reference these initial items as delivered versus as future deliverables. Please note that OPG is working with the Province to deliver the initial financing plan and the initial forecast and to confirm the initial protection agreement maximum.~~

~~The Province has not objected to the Initial Forecast and the Initial Protection Agreement Maximum on the basis that (i) there does not appear to be inaccuracies in the Initial Financing Plan or the Initial Forecast, (ii) the Initial Forecast is consistent with the Initial Financing Plan, and (iii) the Initial Protection Agreement Maximum is less than the Initial Forecast.~~

This Agreement sets out the obligations OPG has agreed to perform and assurances OPG has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the Adherence Conditions have been satisfied, maintaining information related to the Program Agreements and the Approved Obligations, and ensuring that the Province's assumption rights pursuant to Article VI of the Change of Law Protection Agreement may be exercised without impediment on the terms and conditions contemplated in this Agreement and the Change of Law Protection Agreement.

All things necessary to make this Agreement a valid and legally binding agreement of OPG and the Province, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect,

including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall"~~. The~~; the word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed~~. The~~; the words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 References to the Financing Entity

For greater certainty, each reference to the Financing Entity shall be construed as a reference to the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 Effect of Headings

The Article and Section headings herein and are for convenience only and will not affect the construction hereof.

1.04 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof.

To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.06 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise

expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF OPG

2.01 Deliveries to the Province

(a) Not less than 15 Business Days, or such lesser period as the Province may agree to in writing, prior to the initial issuance of any Funding Obligation by the Financing Entity, OPG shall deliver to the Province a copy of the initial Financing Plan. Thereafter, OPG shall promptly deliver to the Province a copy of any proposed change to or replacement of the ~~Initial~~ Financing Plan.

(b) Not less than 10 Business Days, or such lesser period as the Province may agree to in writing, prior to (i) any proposed change or supplement to a previously provided Transaction Document becoming effective or otherwise being used, (ii) any additional or replacement Transaction Document becoming effective or otherwise being used, OPG shall deliver to the Province a copy of such proposed change or supplement to the Transaction Document and any such additional or replacement Transaction Document.

(c) Promptly following (i) any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor being made, (ii) any new, additional or replacement instruments, documents, agreements or security being used or granted in connection with all or any part of the Approved Obligations, or (iii) any waiver, release, reconveyance, termination, abandonment, subordination, exchange, substitution, transfer, compound, compromise, liquidation or enforcement of all or any part of the Approved Obligations or any security or guarantee therefor being effected, OPG shall deliver to the Province a detailed description of such event and the reasons for it together with any related documents, agreements and instruments.

(d) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, OPG shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations (including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(e) Promptly upon request, OPG shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

2.02 Covenants

(a) OPG shall use commercially reasonable efforts to cause the Financing Entity to:

(i) punctually perform and observe all of the Financing Entity's obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not (unless waived in writing by the Province):

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement or replacement or waiver or consent could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any change in particular financial terms, rates and levels;

(B) extend, renew, compromise, novate, replace, suspend, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, liquidate or enforce the terms of all or any part of the Approved Obligations or any Collateral, if any such action could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to the extent that only particular financial terms, rates and levels are affected;

(C) permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired; or

(D) allow the Financing Entity to enter into any Supplemental Indenture or Loan Agreement where any penalty or make-whole payment, or any requirement for further consent, approval or agreement, of the Specified Creditor party thereto would be required for the Province to assume the Obligations Secured thereunder.[4]

(b) OPG shall:

(i) comply, and shall use commercially reasonable efforts to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

(ii) punctually perform and observe all of its (including as the FSM and as Manager) obligations and agreements contained in the Program Agreements;

(iii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation; and

(iv) after the occurrence of any Protection Event[5] (or any event known to OPG that with the passage of time or the giving of notice would be a Protection Event), not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.

~~(c) For greater certainty, the parties hereto acknowledge and agree that OPG's obligations under this Agreement are subject to (i) OPG's obligations as FSM under the Act, and (ii) OPG's obligations under the Management Agreement.[6]~~

(c) ~~(d)~~ Nothing in this Agreement ~~nor in the Change of Law Protection Agreement[7]~~ shall limit the obligations of the Province under the Indemnity Agreement by the

~~[4] Please see our cover note regarding the proposed assumption by the Province. Lawyers to discuss if appropriate mechanics for the first two deals are possible given timing.~~

~~[5] OPG is not in a position to be aware of events that may lead to a Protection Event.~~

~~[6] We would like to ensure that there is an acknowledgement that OPG has certain obligations under the Act and the Management Agreement.~~

~~[7] This language has extra-contractual implications and so its meaning as between only 2 of the parties to the Protection Agreement is uncertain. Torys to explain intention. Torys: This provision is intended to clarify that neither the Protection Agreement nor the Process Agreement supersedes or otherwise amends the Province's obligations under the Provincial Indemnity Agreement. It is effectively an acknowledgment by the Province in favour of OPG and does not involve the other parties to the Protection Agreement and so we are comfortable including it here only. However, we do not have an issue with putting an equivalent clause in the Protection Agreement if that is preferable from your perspective.~~

Province in favour of OPG dated June 1, 2017 (as amended, the "**Indemnity Agreement**") and to the extent of any conflict between this Agreement~~, the Change of Law Protection Agreement~~ and such Indemnity Agreement, in respect of any matter relating to the Province's obligations to indemnify OPG, the Indemnity Agreement shall prevail.

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate[8]

OPG shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Province, on or before the incurrence or any amendment of a ~~Certified Primary Obligation~~Funding Obligation, other than any Funding Obligation under which not more than $**[5,000,000]** in the aggregate may become payable by the Financing Entity (provided that delivery may not be more than 5 Business Days before the incurrence or amendment of the ~~Certified Primary~~Funding Obligation), setting out the following with respect to such ~~Certified Primary~~Funding Obligation:

(a) the material terms of the ~~Certified Primary~~Funding Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a ~~Master~~Derivative Agreement[9]~~, events of default, termination events and any amendment to the standard terms of the Master Agreement relating to the calculation of termination amounts (and, for greater certainty, it shall not be necessary to set out the terms of any trade confirmation)~~, the notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

(b) if an existing Funding Obligation is proposed to be amended, material details respecting such amendment, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

(c) ~~(b)~~ a statement to the effect that: (i) the ~~Certified Primary~~Funding Obligation to be incurred or amended (1) will arise under terms and conditions that are

[8] ~~The Process Certificate conforms to the certificate delivered under the Change of Law Protection Agreement including the changes to ensure that the Process Certificate is only provided here when a concurrent certificate is required to be delivered by OPG under the Protection Agreement. Without this consistency, the obligations can become confusing and the intent of the parties of when Primary Obligations are subject to the adherence conditions may not be clear.~~

[9] ~~Since we agreed at our meeting that OPG only needs to provide a certificate under section 4.02 of the Change of Law Protection Agreement when they enter into a Master Agreement (and not the broader concept of the Derivative Agreement), we had to revise the language here to conform to what would be expected to be found in a Master Agreement.~~

Substantially in the Form of the Reference Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reference Documentation;

(d) ~~(c)~~ a statement confirming that any disclosure made in respect of the ~~Certified Primary~~Funding Obligation (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to the ~~Certified Primary~~Funding Obligation) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement has been made available to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made;

(e) ~~(d)~~ a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and

(f) ~~(e)~~ confirmation that, at the time the ~~Certified Primary~~Funding Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the ~~Certified Primary~~Funding Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the ~~then applicable~~ Protection Agreement Maximum applicable on the date that the Process Certificate is delivered; for clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be determined on the date the Process Certificate is delivered hereunder in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

3.02 Acknowledgement[10] regarding delivery of certificate under Change of Law protection Agreement

The Province acknowledges and agrees that, concurrent with the delivery of the Process Certificate pursuant to Section 3.01 of this Agreement, the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) are authorized to deliver the certificate referred to in Subsection [4.02(b)] of the Change of Law Protection Agreement to the Indenture Trustee confirming that OPG has delivered all required certifications to the Province in connection with adherence of the Limited Guarantee to the incurrence of the Certified Primary Obligations in respect of which the certificate in Subsection [4.02(b)] of the Change of Law Protection Agreement is being delivered; provided that, upon receipt of a Suspension Notice under the Change of Law Protection Agreement, OPG covenants not to deliver any further certificates to the Indenture Trustee under Subsection [4.02(b)] of the Change of Law Protection Agreement other than in connection with a Refinancing of a Primary Obligation in respect of which the Adherence Conditions had been satisfied at the time such Primary Obligation was incurred.[11]

3.03 Acknowledgement regarding delivery of Suspension Notice

The parties acknowledge and agree that the Province is entitled to deliver a Suspension Notice under Section 7.01 of the Change of Law Protection Agreement if a Program Breach or Breach Event has occurred. The Province agrees not to deliver a Suspension Notice pursuant to Section 7.01 of the Change of Law Protection Agreement unless a Program Breach or a Breach Event has occurred.

3.04 3.03 Meaning of "Reference Documentation"

For the purposes of Subsection 3.01(bc), the term "Reference Documentation" shall mean each Transaction Document (including any change, addition or supplement thereto) that, at the relevant time:

(a) is a Transaction Document provided to, and not objected to by, the Province prior to the making of this Agreement, as contemplated in the fifth recital to this Agreement; or

(b) is a Transaction Document provided to the Province in accordance with Subsection 2.01(b) that has not been objected to by the Province, by delivery of an objection notice in writing delivered to OPG, within 10 Business Days after it is provided to the Province.

[10] OPG needs certainty on the conditions in which it is permitted to deliver the certificate under the Change of Law adherence conditions.

[11] Since OPG receives a Suspension Notice under the Change of Law Protection Agreement, we removed the concept of such notice here other than to provide the covenant above.

3.05 3.04 Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(bc), the term "Substantially in the Form" shall mean:

(a) with respect to the Reference Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such Reference Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation, including regarding the timing of or circumstances under which related payments are or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that would affect the Province's rights of subrogation or assignment (including pursuant to **[Section**Sections 1.05, 2.01 or 5.01 **or Article VI]** of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation or upon the assumption of obligations in accordance with **[Article VI]** of the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any variable terms to be set forth in the proposed documents as are reasonably contemplated in the Reference Documentation, including the particular financial terms, rates and levels set forth in the proposed documents other than to the extent that the forms of Reference Documentation themselves specify specific requirements, limitations or parameters with respect to such financial terms, rates, levels and parameters; and

(b) with respect to the Reference Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum[12]

(a) Not less than 15 Business Days, or such lesser period as the Province may agree to in writing, prior to the proposed incurrence of the first Funding Obligation, OPG shall, as the FSM, deliver to the Province: (i) a forecast setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the next following 24 month period (the "**Initial Forecast Period**"), which expectations shall be consistent with the Financing Plan (the "**Initial Forecast**"); and (ii) notice

[12] Per an earlier footnote, the items in previous draft (a) and (b) were moved to the recitals.

of the initial Protection Agreement Maximum, which may not exceed the Initial Forecast.

(b) Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of the Initial Forecast and notice of the initial Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province may disagree with the Initial Forecast and the initial Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or the Initial Forecast, (ii) the Initial Forecast is inconsistent with the Financing Plan, or (iii) the initial Protection Agreement Maximum is more than the Initial Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the initial Protection Agreement Maximum will be revised accordingly and confirmed by an amended notice to the Province.

(c) ~~(a)~~ Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Approved Obligations that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast shall be further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum, which may not exceed such Forecast.

(d) ~~(b)~~ Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of any further Forecast and notice of the revised Protection Agreement Maximum from OPG pursuant to Section 4.01(~~a~~c), the Province may disagree with such further Forecast or revised Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or such further Forecast, (ii) the further Forecast is inconsistent with the Financing Plan, or (iii) the revised Protection Agreement Maximum is more than the further Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the revised Protection Agreement Maximum will be further revised accordingly and confirmed by an amended notice to the Province.

(e) ~~(c)~~ For clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be valued at the time to be determined for the purposes of this Section 4.01 in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of OPG

OPG represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, may cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario and has the power and authority to enter into and perform its obligations under this Agreement and all instruments and agreements delivered pursuant hereto.

(c) OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Financing Entity or in the ability of the Financing Entity to perform its obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

5.02 <u>Representations and Warranties of the Province</u>

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
PROCESS FOR ELECTION TO ASSUME APPROVED OBLIGATIONS[13]BREACH EVENTS

6.01 Election by the ProvinceBreach Events

Pursuant to Section 6.01 of the Change of Law Protection Agreement, at any time following the occurrence of a Protection Event, the Province may (but shall not be obligated) elect to assume the Financing Entity's obligations in respect of all Obligations Secured permitted to be assumed by their terms as obligor and debtor by giving notice to the Indenture Trustee. Prior to determining whether or not to exercise its election, the Province may deliver to OPG a notice in the form of Exhibit "D" (an "**Election Information Notice**"). The Election Information Notice shall, among other things, specify the date or dates on which the Province proposes to assume the Obligations Secured referred to in this Section 6.01, which date or dates shall be no earlier than 60 days[14] following delivery of the Election Information Notice to OPG (with respect to each such Obligation Secured, the "**Proposed Assumption Date**").

6.02 Details regarding Obligations Secured

Within 10 Business Days following the delivery of the Election Information Notice to OPG, OPG shall provide the following information and documentation to the Province:

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

(a) a summary of the amounts that will be owing under the Obligations Secured referred to in Section 6.01 as of the Proposed Assumption Date, together with a detailed schedule setting out the dates on which such amounts will become due and payable under such Obligations Secured;a default in the performance, or breach, of any covenants of OPG under this Agreement, which continues for thirty (30) days after written notice by the Province to OPG of such default or breach;

(b) a summary of the rights arising under the Obligations Secured referred to in Section 6.01 that permit the Province to assume such Obligations Secured, including details regarding any conditions precedent to such assignment and the related assumption becoming effective and any notices, filings, consents or other actions that will be required in order to implement and effect such assignment and assumption;any representation or warranty made by OPG in this Agreement, any

[13] Please see Torys' cover email to explain changes made in this Article and the related Article in the Protection Agreement. Section 6.05 was deleted and moved up as a covenant in section 2.02(a)(v)(D).

[14] This process will take time and require appropriate notice to holders of the applicable Obligations Secured.

certification made in a Process Certificate, or any certification made in a certificate contemplated by Subsection 4.02(b) of the Change of Law Protection Agreement, proves to be incorrect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation; or

(c) ~~current versions of all documentation under which the Obligations Secured referred to in Section 6.01 arise;~~OPG is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the Manager.

~~(d) copies of all correspondence exchanged between OPG, as the FSM, or the Financing Entity, on the one hand, and any Specified Creditor, Rating Agency or the Indenture Trustee, on the other hand, in each case that may reasonably be considered to be material to the assumption and performance of the Obligations Secured referred to in Section 6.01 by the Province; and~~

~~(e) all income tax returns and assessments, financial statements and notices of proceedings of or pertaining to the Financing Entity or its business and any documentation related thereto, including any pleadings, appeals, objections, qualifications or other similar materials in respect of the Financing Entity or any Program Agreement.~~

~~**6.03 Settlement of Terms**~~

~~Following receipt and consideration by the Province of the information and documentation to be provided under Section 6.02, the Province shall confirm in writing whether or not it expects to proceed with the assignment and assumption of the Obligations Secured referred to in Section 6.01 and, if it will be proceeding with the assignment and assumption, the date on which the Province expects that assignment and assumption will be effected. If it will be proceeding with such assignment and assumption, the Province will deliver an Assumption Notice as contemplated under Section **[6.01]** of the Change of Law Protection Agreement. A decision not to proceed with an election at any time will not limit the Province from proceeding with an election at a later date, including by issuing a further Election Information Notice, and Article VI of this Agreement shall continue to apply unaffected.~~

~~**6.04 Cooperation to Implement the Assignment and Assumption**~~

~~OPG shall cooperate with the Province and, as FSM, shall use commercially reasonable efforts to cause the Financing Entity to cooperate, and shall use its commercially reasonable efforts, to complete the assignment and assumption of the Obligations Secured referred to in Section 6.01 by and from the Financing Entity to and by the Province, by the applicable Assumption Closing Date.~~

ARTICLE VII[15]
MISCELLANEOUS

7.01 Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

7.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to OPG:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

(b) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]

[15] Breach events not required to be listed since OPG receives a Suspension Notice under the Change of Law Protection Agreement. See also the proviso in section 3.02.

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 7.02.

7.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 7.03 shall be null and void.

7.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

7.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

7.06 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

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

By: _____

Name:
Title:

By: _____

Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Conditions**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Approved Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

~~"**Assumption Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.~~

~~"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.03.~~

"**Beneficiaries**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Breach Event**" ~~means the occurrence of an event described~~has the meaning ascribed thereto in Section ~~**[8.01(b) or (c)]** of the Change of Law Protection Agreement.~~ 6.01.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Certified Primary Obligations**" ~~means Primary Obligations that are payment obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest or to repay payment obligations that were incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest,[16] (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not each individual trade confirmation, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and aggregate payments by the Financing Entity thereunder during the term of such contract is in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).[17]~~has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the FSM on behalf of the Financing Entity and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

~~[16] Query: For a warehouse facility, does the Province want a Certificate for each monthly draw?~~
~~[17] This concept reflects what Primary Obligations the parties agreed to be subject to the adherence conditions.~~

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

~~"**Election Information Notice**" has the meaning ascribed thereto in Section 6.01.~~

"**Executive Officer**" has the meaning ascribed thereto in the ~~*Securities Act* (Ontario)~~Change of Law Protection Agreement.

"**Financing Entity**" means Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(~~a~~c).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other

instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Indenture Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

~~"**Initial Financing Plan**" has the meaning ascribed thereto in the recitals of this Agreement.~~

"**Initial Forecast**" has the meaning ascribed thereto in ~~the recitals of this Agreement.~~Section 4.01(a)

"**Initial Forecast Period**" has the meaning ascribed thereto in ~~the recitals of this Agreement.~~Section 4.01(a)

~~"**Initial Protection Agreement Maximum**" has the meaning ascribed thereto in the recitals of this Agreement.~~

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

~~18~~

"**Limited Guarantee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Loan Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**Management Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Manager**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

~~"**Master Agreement**" means an agreement in the form of a 1992 ISDA Master Agreement (Multi-Currency – Cross Border) as published by ISDA or any replacement or substitute or functional equivalent of such agreement.~~

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

~~18 Definition of Legislature not used here.~~

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Proposed Assumption Date**Program Breach" has the meaning ascribed thereto in Section 6.01the Change of Law Protection Agreement.

"**Protection Agreement Maximum**" means the dollar amount referenced as the Program Agreement Maximum and determined in accordance with Article IV.

"**Protection Event**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture.

"**Reference Documentation**" has the meaning ascribed thereto in Section 3.033.04.

"**Repayment**" has the meaning ascribed to the term "repayment" in the General Regulation as of the date of this Agreement.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Substantially in the Form**" has the meaning ascribed thereto in Section 3.043.05.

"**Suspension Notice**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement;

(vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to aan ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that affects the Province's subrogation rights and/or subrogee interests, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

EXHIBIT "A"
INITIAL REFERENCE DOCUMENTATION

- Declaration of Trust;
- Management Agreement;
- Master Transfer and Servicing Agreement;
- Acknowledgement and indemnity agreement dated as of [■], 2017 made by IESO in favour of the Indenture Trustee;
- Security agreement made by IESO in favour of the Financing Entity to secure certain of its obligations under the Master Transfer and Servicing Agreement;
- Trust Indenture;
- Term Senior Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;
- Term Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;
- Term Junior Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;
- Warehouse Senior Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;
- Warehouse Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;
- Warehouse Junior Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;
- Schedule to the ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time;
- Confidential shelf offering memorandum of the Financing Entity dated as of [■], 2017, including the term sheet incorporated by reference therein; and

- ~~Agency agreement between the Financing Entity, CIBC World Markets Inc., RBC Dominion Securities Inc., Goldman Sachs Canada Inc. and the other agents named therein dated as of [■], 2017.~~

~~[NTD: List above to be confirmed.]~~

~~EXHIBIT "B"~~
~~INITIAL FINANCING PLAN~~

~~(see attached)~~

~~EXHIBIT "C"~~
~~INITIAL FORECAST~~

~~(see attached)~~

~~EXHIBIT "D"~~
~~FORM OF ELECTION INFORMATION NOTICE~~

~~[NTD: Blakes to provide draft.]~~

Document comparison by Workshare Compare on Monday, December 04, 2017 11:56:43 AM

Input:	
Document 1 ID	PowerDocs://TOR_2528/23239361/15
Description	TOR_2528-#23239361-v15-Change_of_Law_-_Process_Agreement
Document 2 ID	PowerDocs://TOR_2528/23239361/19
Description	TOR_2528-#23239361-v19-Change_of_Law_-_Process_Agreement
Rendering set	Standard

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

Statistics:	
	Count
Insertions	72
Deletions	157
Moved from	4
Moved to	4
Style change	0
Format changed	0
Total changes	237

From:	Whitfield, Tobias P. (MOF)
To:	Gadi Mayman; Ken Kandeepan; Ronald Kwan; Mike Manning; Anna Strathy; John Kim; Thouin, Alena (ENERGY); Tom McKinlay (MAG); ASHBOURNE, STEPHEN; JACKSON, ADAM; PRESTAGE, JA; VINER, JON (JON.VINER@blakes.com)
Cc:	Malle Hanslep (MOF)
Subject:	Protection Agreement revised drafts comments/questions
Date:	Thursday, November 30, 2017 11:54:49 AM
Attachments:	Draft Documents Nov 30 2017.docx Protection - BL v previous Province draft.pdf Process Agreement - BL v previous Province draft.pdf Blackline_ProtectionAgreement.pdf Blackline_ProcessAgreement.pdf

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Please find attached a documents setting out MOF Legal's summary and questions from our review of the revised drafts of the Protection Agreement and Process Agreement.

We have reviewed Torys' Nov. 24 markup and also Blakes' Nov 28 markup and based the questions and comments on those drafts. The numbering of the sections is from the Blakes Nov 28 markup. I have attached our comments, as well as the relevant blacklines to this email.

Please review these comments, including the questions and decision points.

Perhaps we should have a meeting tomorrow with this group (including the appropriate Energy clients) to discuss this draft. Can the OFA can set up the meeting/call?

Best

Toby

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CONFIDENTIAL AND PRIVILEGED LEGAL ADVICE – Nov 30, 2017

Review of Blakes' mark-up dated November 28, 2017 as proposed response to OPG/Dealers/Torys/Oslers' Comments Daft November 24, 2017 [as updated by their further comments dated November 29, 2017 – not included yet.]

<u>Process Agreement</u>

1. Proposed Response: Agree with response to Footnote #1 – Closing mechanics are under consideration by Province.

2. P. 1 Recitals - OPG moved the provisions requiring delivery of the Initial Financing Plan, Initial Forecast and Initial Protection Agreement Maximum into the recitals as they suggest that these actions will have taken place prior the Ministers executing the Process Agreement and Protection Agreement. They would like to add a list of the "reference" agreements, the Initial Financing Plan and Initial Forecast as exhibits to the Process Agreement. This doesn't work for a number of reasons including:
   - The authority for provincial staff to "not object to" and "confirm" these documents flows from the Ministers' power to determine the terms and conditions of the limited guarantee.
   - The agreements and financing plan will not necessarily be in final form at the time that OPG is hoping that the Ministers sign the Process Agreement and Protection Agreement so it is not possible to attach the final form.
   - This reduces flexibility for the Province in reviewing these documents and revises the approach that has already been agreed to through negotiation to date on numerous iterations of the Process Agreement.
   - The recitals are inaccurate as the Province doesn't have a role to "not object to the financing plan" so it seems like OPG is trying to obtain some agreement on a point outside the parameters of the Process Agreement. Financing Plan is delivered to the Minister of Energy under the statute.
   - The Province's role as set out in s. 4.01(b) of the Process Agreement concerns how the Protection Agreement Maximum can be established: "the Province may disagree with the Initial Forecast and the initial Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or the Initial Forecast, (ii) the Initial Forecast is inconsistent with the Financing Plan or (iii) the initial Protection Agreement Maximum is not less than the Initial Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the province, address any inaccuracies and inconsistencies so the reasonable satisfaction of the province and OPG and the initial Protection Agreement Maximum will be revised accordingly and confirmed by an amended notice to the Province."

   Proposed Response: Agree with Blakes' mark-up to revert to previous provisions on all these points.

3. P. 1, Recital 5 – Need to consider whether the delivery of the initial "Reference (formerly "Reviewed") Documents" should be moved into the body of the Process Agreement as an obligation for OPG and Province has right to object within 10 Business Days or such shorter period. OPG suggests adding a schedule that lists these documents but as noted above these Reference Documents are not likely to be in final form prior to Ministers executing agreements. How can these particular documents be identified as being the "Reference Documents" for the purposes of the agreement? Will they be sent under a particular covering letter or dated a particular date or version?

4. Concept of "not objecting to" vs "confirming or accepting". Understand that the preference is for the Province to "not object' rather than "confirm/accept". The original approach was for the Province to positively confirm in writing acceptance or approval but this was revised a few drafts ago. The reason for the revision was based to a certain degree on the limited time that the Province has to review any of the Reference Agreements and as a result the defined term was changed as well. So now certain documents (Reference (Reviewed) Agreements and the delivery of the Initial Forecast and subsequent Forecasts and Protection Agreement Maximum) are delivered to the Province and will be accepted unless the Province objects or disagrees with them. Right now there is a 10 day period for disagreeing in writing with forecast and Protection Agreement Maximum and then discussion and OPG to address discrepancies to reasonable satisfaction of Province and re-send Initial Forecast amount. Also the Province may "object" to any amendments of the "Reference Documents" by "delivery of an objection notice in writing delivered to OPG within 10 Business Days after it is provided to the Province" but no steps as to what happens when Province objects. Would it be informal discussion?
   <u>Province to decide</u>: Also, it is important now from a practical perspective to determine to whom at the Province the following documents are sent under the Process Agreement and who will determine whether or not to object/disagree on behalf of the Province:
   - Deliver initial Financing Plan (s. 2.01(a))
   - Deliver Reference Documents (as mentioned in recital or if moved to obligation under agreement)
   - Deliver Initial Forecast and initial Protection Agreement Maximum (s. 4.01(a))

5. 2.02(a)(v) – Addition of "unless waived in writing by the Province:
   Proposed Response: OK because any provision can be waived in writing by a party anyway.

6. 2.02(a)(v)(D) – This provision would not allow Financing Entity to enter into transactions where there is penalty or make-whole payment or consent right required for Province to assume the obligations?

Proposed Response: Need to discuss whether this is still relevant to be preserved if no assumption right?

7. 2.02(b)(iv) – OPG says they will not be aware of any event that with the passage of time or the giving of notice would be a Protection Event.– we propose adding “known to OPG” so that if they do know something they should not go ahead and exercise redemption etc. rights.
Proposed Response: Agree with Blakes mark-up to insert “known to OPG”.

8. 2.02(c) – OPG inserted that its obligations under the Process Agreement are subject to OPG’s obligation as FSM and as Manager. At the Tuesday evening meeting, we had asked them to narrow this wording so that it identified any points at which their fiduciary or other obligations under those agreements might conflict with the obligations under the Process Agreement, but they haven’t narrowed it so the effect is that they could rely on this to say that in any particular case there is a conflict with their other role so they can’t comply with their obligation to the Province
Proposed Response: Agree with Blakes mark-up not to accept this addition.

9. 2.02(c) – OPG wants to reference that nothing in the Protection Agreement limits the obligations of the Province under the Indemnity Agreement to indemnify OPG. OPG in its own capacity is not a party to the Protection Agreement. Don’t understand why this needs to be added and how anything in the Protection Agreement would affect the Indemnity Agreement. [Need further explanation of disadvantage to Province.]
Proposed Response: Agree with Blakes mark-up not to accept this addition.

10. 3.01 Process Certificate: OPG has significantly reduced the amount of information and its responsibilities under the Process Agreement and is proposing to only provide the Province with a certificate under s. 3.01 in the same circumstances that OPG is giving one to the dealers under the Protection Agreement. The Province agreed to limit delivery of OPG’s certificate under the Protection Agreement because dealers’ counsel refused to agree to provision of a certificate in the case where funding obligations were amended (and the Province agreed to a compromise position where notice of amendments is given to the province under the trustee indenture amendment provisions). OPG has now deleted delivery of that certificate to the Province under the Process Agreement too, which was never discussed or agreed to by the Province. In addition, it has narrowed the obligations for which a certificate is provided under the Process Agreement to the narrower category of Certified Primary Obligations – borrowing, master ISDA agreement and other agreements for with a term of 3 years or longer (without termination within 3 years and above a $5 million thresholds, etc. The Province agreed to a narrower circumstance in the Protection Agreement on the insistence of dealers counsel that there was too much uncertainty associated with when the guarantee applied and so these categories were

delineated. Again, there was no discussion about so restricting the delivery of certificates under the Process Agreement. The principle is quite different and the Process Agreement is between the Province and OPG to ensure that Province receives sufficient information about obligations to which the Province's guarantee will apply.
Proposed Response: Revert to previous version of Process Agreement so that Province receives broader information and certificates. Consider specifically the following:
  - Certificate should be provided before amendment to guaranteed obligations as previously agreed.
  - Footnote 2 on p. 7 - When should certificate be provided? Previously said before earlier of pricing and incurrence of obligation. Have now agreed before "incurrence" In Protection Agreement – do we still want it before earlier of pricing and incurrence of obligation?
- What is the scope of obligations for which certificate must be provided? Previously said Funding Obligations above a $ threshold. $ threshold has not yet been included. The way it is drafted it would apply a $ threshold to all types of obligations. Also, in Protection Agreement, have narrowed it to Certified Primary Obligations as set out above. Would say that this is too narrow for swaps - definitely want it for swap confirms in process agreement as ISDA Master is not informative of any transactions guaranteed. Need to consider this further – what about other obligations? Note that these certificates are informational – they don't determine whether the Limited Guarantee applies.

11. 3.02 Acknowledgement – OPG added a provision in which Province acknowledges that OPG will provide a certificate to Indenture Trustee and that if there is a Suspension Notice, OPG agrees not to deliver any further certificates. In general, this provision seems ok, but OPG deleted the Suspension Notice Delivery provision which should be re-inserted with the specific range of suspension events.
Proposed Response: Agree with Blakes mark-up to include Acknowledgement but also include a specific acknowledgement about Province's entitlement to deliver a Suspension Notice under the Protection Agreement if there is a Program Breach or Breach Event under Process Agreement and also inclusion in 6.01 of the definition of Breach Event.

12. 6.01 Election to Assume – Deleted.

<u>Protection Agreement</u>

1. Footnote 1 – Agree that logistics of closing are under consideration by Province

2. Footnotes 2 and 3 – Legal note to Torys' that Province will accept Torys opinion on due execution point and establishment of trust as financing entity point.

3. Recital 2 – Insert OIC number 1981/2017 made September 27, 2017

4. P. 2 – Proposed Response: accept deletion of “or amended” because no adherence conditions required on amendments. (compromise position that Province will get notice under Trust indenture).

5. 1.12 – Question from LSB only – Are we going to request original executed copies of these agreements by all parties? Typically we ask for originals. Perhaps we can discuss further?

6. 2.01(a) – Proposed Response: Agree to deletion of form of “Guarantee Settlement Statement” in advance given timing.

7. 2.01(a)(iv)(B) – Proposed Response: Agree to revised wording. The change is to reflect the Province’s subrogation rights. After a Protection Event the Province pays the whole amount owed to the Beneficiary, and not just the deficiency. The Province then receives any payments that it has a right to receive by being subrogated to the rights of the Beneficiary after making payment on the Limited Guarantee. [NTD: Blakes is undertaking further review on this issue and may suggest further changes.]

8. 2.01(b) – Proposed Response: OK, conforming change

9. 2.01(e) – Proposed Response: Fine for completeness.

10. 2.08 – Proposed Response: Fine, 8.01 is the section describing when Limited Guarantee ends – when all obligations are paid.

11. 4.01 – Addition of ability for Province in its sole discretion designate in writing that it is an Approved Obligation.
    Proposed Response; OK, adds flexibility and it is in Province’s sole discretion.

12. 4.02 (b) – Changes to delivery by OPG of Certificate to **[Indenture Trustee][NTD: Is it sufficiently clear who the Certificate is delivered to?]** to confirm adherence of Guarantee to reflect business issues raised by dealers’ counsel re: Protection Agreement. However, OPG has proposed using the same approach for the Process Agreement which is discussed above. We also do not agree to the description of the contents of the Certificate as it must say that OPG has complied with its obligations to the Province and internal requirements and processes in connection with adherence of Limited Guarantee to the Certified Primary Obligation, not that it has delivered all certifications to Province as required.
    Proposed Response: Agree with Blakes mark-up.

    Additional Issues with respect to Certificates:

a) new narrowed concept of Certified Primary Obligation in Definitions for which a certificate will be required for adherence includes: (i) obligations incurred to fund investment interests or repay such funding, (ii) Master ISDA Agreement (not confirms or trades) and (iii) other contracts that have a term of more than 3 years and not terminable within 3 years and with aggregate amount payable of more than $5million.

b) timing of certificate (before incurrence but not more than 5 days in advance). – before it was the earlier of pricing and closing – but reflects discussion at meeting that it would be provided before closing.

13. 4.02(c) – re-insert reference to "in respect of which the Adherence Conditions had been satisfied" because it has to be clear that it is only a Refinancing of an existing Primary Obligation to which the Limited Guarantee already properly applied that is not affected by a Suspension Notice.

14. Proviso to 4.02 – Agree with wording that adherence conditions only apply to Certified Primary Obligations.

15. 4.03 – Reflects discussion at meeting permitting reliance on OPG certificate (without verifying officer authority) and allows for adherence if it can be demonstrated that OPG did comply with Process Agreement respecting delivering certificates for Certified Primary Obligation. However need to review wording "OPG had delivered to the Province all certifications required by the Province in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation – compare this to the wording in 4.02(b)?

16. 5.01(b) and 5.02 – Conforming – To confirm with Blakes.

17. Delete Article VI – Assumption Option - Given the changes that have been made and the reality that OPG is not building this right into the initial documents means that there is limited prospect for the assumption right to be meaningful. Even if exercised with respect to some obligations, does not remove the structure in the event of a Protection Event because there will still be outstanding obligations that are not capable of being assumed, except where the Province is subject to negotiations with certain creditors who may not allow assumption without compensation.

18. 6.03 – Agree with conforming Indenture Trustee reps to whatever is contained in Master Trust Indenture.

19. 7.01 – **Suspension of Adherence**. OPG has significantly reduced the rights of the Province with respect to the Province's rights to suspend the adherence of the Limited Guarantee to new obligations. This relates to the Process Agreement. In previous versions the Province had a right to suspend based on a breach of the Process Agreement, and this has been carved back to a narrower

right to suspend based on a breach in connection with an incurrence of a Primary Obligation. This needs to be revised to provide a link so that a breach of the Process Agreement can result in a suspension of the Limited Guarantee for new obligations going forward.
Proposed Response: Agree with Blakes' mark-up to insert clear suspension right for Program Breach and other defaults related to internal requirements and processes. [NTD: Review wording because perhaps all of the requirements don't actually concern adherence of the Limited Guarantee – consider this because adherence conditions only apply to Certified Primary Obligations.]

20. 7.01 – Note new wording requiring a certification from FSM prior to incurrence that proceeds will be used for refinancing of a Certified Primary Obligation incurred prior to the Suspension. Need to review and consider whether the Province is comfortable with allowing the FSM to make determinative when the suspension may have been a result of FSM breach. Difficult to predict scenarios under which suspension has occurred, but should consider what issues may arise.

21. 7.02 – Do not accept deletion of "amended" as Limited Guarantee should not apply where obligations are amended after suspension event.

22. [OLD 8.03] – Agree to delete Termination Notice as not necessary.

23. 8.01 – Agree to new wording that Agreement continues until amounts are paid under Limited Guarantee.

24. 8.02 – Notices to Province – to whom at MOF and MOE – Should it be Minister or someone else – most likely to be a payment demand? Any other notices that are likely?

25. Definition of Approved Obligation Amount – Should the regulation be referenced here? The "capping regulation" as opposed to just the Act. Footnote 5: **Needs review by MOE**.

26. Footnote 6: We would suggest that monthly draws under warehouse should be Certified Primary Obligations as they will be large amounts and significant obligations under the Protection Agreement.

27. See discussion above about definition of Certified Primary Obligation, including questions in Footnote 7.

28. Definition of Executive Officer – Footnote 8 – Looks like Torys has changed it to National Instrument in next draft which appears to be a better definition – more senior officers. – OFA to confirm whether this works.

29. Definition of Lien [used in 2.01(v)] and Loan Agreement [not used] – Do we need to include these? Lien is a generally understood concept, or do we need more specificity?

30. Definition of Master Agreement – Agree we should delete 1992 as it might not always be a 1992?

31. Definition of Primary Obligation – Footnote 9: Torys to confirm that this matches the Trust Indenture. See question in footnote.

32. Footnote 10 – Deletion because not in Trust Indenture, but a question for Torys because this concept may be included in a supplemental indenture.

33. Definition of “Refinancing” - Footnote 11 - This should be linked to the Act and Regulations. The General Regulation allows for a Refinancing to include amounts incurred within 6 months prior to the maturity date of a funding obligation. Need to consider whether this could lead to any problems with amounts that are intended for a refinancing but then are not used to refinance such debt. Suggesting some review with MOE on this point.

34. We should review the forms of notices attached to agreement.

Draft: November ~~21,~~28, 2017

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE[1]

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST[~~1~~2]

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

[1] This Agreement and the Process Agreement will need to be effective on closing but signed and held in escrow as soon as they are settled and prior to pricing of the term deal. **Note to Torys:** Logistics of closing are under consideration.

~~[1] Torys and Blakes to discuss signatory~~[2] **Torys Note:** Please advise if there are any further issues with the Manager signing the Protection Agreement on behalf of the Trust? If so, can you please explain the issue. The Manager is currently signing all Program Agreements on behalf of the Trust and has authority to do so. We would ~~propose to do the same on the change of law agreement~~like the Manager to sign this Agreement on behalf of the Trust. **Note to Torys:** Manager derives authority under the Management Agreement to sign Program Agreements. Management Agreement powers determined by reference to the Program Agreements, so authority is circular. Ultimately, Province will accept the opinion of Torys on due execution point.

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust under the laws of the Province of Ontario (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council dated as of ■ (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust[~~2~~3] dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Primary Obligations ~~Secured~~ that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence

[~~2~~] ~~Torys to confirm that Trust is a "financing entity" under OFHPA. Under definition, FSM to establish or cause to be established. DofT indicates Computershare declares trust. Need to have this confirmed for purposes of authority under OFHPA 5(3), among other things~~[3] **Torys Note:** We are comfortable on this point because OPG has retained Computershare as issuer trustee. The recitals of the Declaration of Trust provide that Computershare has established the Trust at the request of the FSM. We can also provide you with a copy of the Computershare engagement letter upon request. **Note to Torys:** The Province will accept authorities opinion regarding the Trust from Torys.

Conditions at the time the Approved Obligation is incurred~~ or amended~~. This Agreement sets out the terms and conditions of such protections and assurances.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 Proof of Approved Obligations

The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Indenture Trustee deems to be sufficient.

Any statement of account prepared by the Indenture Trustee as regards the Primary Obligations shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and the Province hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Indenture Trustee agrees to provide the Province with the computations and calculations used by the Indenture Trustee to prepare each such statement of account promptly following a request therefor.

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture as of the date of this Agreement.

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 2.01 or Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee, the Financing Entity, the Financing Entity Trustee, the Manager or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR

OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest

calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able

on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee may deliver a written demand, substantially in the form attached as Exhibit A (a "**Payment Demand**"), to the Province requiring the Province to make payments in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in this Agreement. From and after such delivery of a Payment Demand, the Province shall make the following payments in respect of the Approved Obligations (the "**Limited Guarantee**"), and the Financing Entity shall pay, and the Province shall be entitled to be paid, the Subrogation Amounts specified below, on the specified Guarantee Payment Date:

i. Not less than ~~[~~3~~]~~ Business Days prior to each day when any payment or payments are to be made in respect of one or more Approved Obligations occurring after such delivery of a Payment Demand and prior to the Assumption Effective Date, if any, (a "**Guarantee Payment Date**"), the Manager shall deliver a written statement~~, substantially in the form attached as Exhibit A.1 (a "**Guarantor Settlement Statement**")~~ setting forth the Aggregate Approved Obligations Amount, if any, in respect of the Approved Obligations that are due and payable on such Guarantee Payment Date, together with a detailed description identifying such Approved Obligations and the nature and amount of payments due and payable thereunder on the Guarantee Payment Date, the aggregate outstanding amount payable by the Financing Entity under such Approved Obligations as of the date of ~~the Guarantor Settlement Statement~~such written statement, and details regarding any default in performance by any party obligated thereunder.

ii. On each such Guarantee Payment Date, the Province shall deposit the Aggregate Approved Obligations Amount into the Protection Account.

iii. On each such Guarantee Payment Date, the Financing Entity and the Indenture Trustee shall ensure that the amounts on deposit in the Protection Account are applied to pay each Beneficiary to whom an amount is due and payable under an Approved Obligation on the Guarantee Payment Date the Approved

Obligation Amount for such Beneficiary in respect of such Approved Obligation on such Guarantee Payment Date; provided that if the amount deposited pursuant to clause 2.01(a)ii is insufficient to pay all such Approved Obligation Amounts in full, the amount on deposit in the Protection Account on the Guarantee Payment Date shall be applied to pay Beneficiaries in the order of priority in which such Approved Obligations are payable under the payment provisions of the Trust Indenture applicable to the making of such payments on the Guarantee Payment Date (each, a "**Beneficiary Payee**").

iv. On any Guarantee Payment Date on which an amount is paid by the Province pursuant to clause 2.01(a)ii, the applicable payment provisions of the Trust Indenture shall, notwithstanding the express terms of such provisions set forth in the Trust Indenture, be applied and operate on the following basis:

(A) ~~(i)~~ the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available under such payment provisions on such Guarantee Payment Date shall be reduced by the amount paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on such Guarantee Payment Date;

(B) ~~(ii)~~ the Province shall be paid the ~~amount by which~~lesser of (x) the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available to pay the Beneficiary Payee under such payment provisions on the Guarantee Payment Date, determined without regard to subclause 2.01(a)iv(~~i~~A), ~~exceeds~~and (y) the amount paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on the Guarantee Payment Date (such payments to the Province being "**Subrogation Amounts**"); and

(C) ~~(iii)~~ no Beneficiary having a right to be paid an amount in respect of an Approved Obligation that ranks equal with or subordinate to an Approved Obligation in respect of which an amount is payable to the Province under subclause 2.01(a)iv(~~ii~~B) shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under such subclause (including any right or

reimbursement, contribution or indemnity) and no such Beneficiary shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of such amounts.

v. On any Guarantee Payment Date, the Indenture Trustee shall release and pay to the Province free and clear of any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay Beneficiary Payees on the Guarantee Payment Date in accordance with clause 2.01(a)iii.

vi. In preparing any payment instructions under the Trust Indenture, the Manager shall reflect the amounts payable for the Guarantee Payment Date under Section 2.01(a).

(b) The Province shall, as a payee of Subrogation Amounts under clause 2.01(a)(iv)(B) and any amounts payable under clause 2.01(a)(v)**,** be a "Specified Creditor" under the Trust Indenture and have the benefit of the Collateral thereunder.

(c) For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the Approved Obligation Amounts, if any, for payment to Beneficiary Payees and will be subject to the priorities and to the Province's rights to Subrogation Amounts, set forth in Section 2.01(a).

(d) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(e) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation by their terms.

(f) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under and in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any

amount due and payable to a Beneficiary Payee under the Limited Guarantee.

2.02 Intentionally Deleted.

2.03 Absence of Set-off

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 Payment into Protection Account[3] in Satisfaction

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account" for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section **[7.03]** of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Financing Entity and the Indenture Trustee shall ensure that all amounts paid by the Province into the Protection Account on a Guarantee Payment Date in respect of an Approved Obligation are applied to pay the amounts due and payable to the Beneficiaries as and to the extent provided for in Section 2.01(a). Upon a payment having been made by or on behalf of the Province into the Protection Account, the amounts so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiaries as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such Beneficiaries in respect of the applicable Approved Obligations, whereupon an affected Beneficiary shall have no continuing rights, interests or entitlements (including rights as a secured party) in

[3] ~~Mechanics of Protection Account to be considered by Province after required modifications to Trust Indenture have been provided.~~

respect of the Approved Obligation to the extent so paid[4]. For greater certainty, the obligations arising in respect of an applicable Approved Obligation shall not be reduced by such payment as the Province shall become entitled to be paid related Subrogation Amounts and the rights contemplated under Section 2.01(a) and Section 5.01 in relation to such continuing obligations.

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment,

[4] [redacted]

decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations~~, or until the Province is no longer required to provide and perform the Limited Guarantee~~ in accordance with Section ~~6.03 or Section 8.02.~~8.01.

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

A Primary Obligation shall constitute an Approved Obligation if (i) the Adherence Conditions applicable thereto have been satisfied at the time the Primary Obligation was incurred, or (ii) the Province, in its sole discretion, designates in writing that it is an Approved Obligation.

4.02 Adherence Conditions[5]

The following shall be the Adherence Conditions applicable in relation to each Certified Primary Obligation other than any Funding Obligation under which not more than $■ in the aggregate may become payable by the Financing Entity:

(a) the Certified Primary Obligation when incurred is an Obligation Secured under the Trust Indenture; and

(b) OPG, as FSM, delivers a certificate signed by the Chief Financial Officer and the Treasurer of OPG (or their respective designees, provided that such designees are executive officers of OPG and, , or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee, one Business Day prior to the Financing Entity entering into or becoming bound by the related Funding Obligation Agreementon or before the incurrence of a Certified Primary Obligation (provided that delivery may not be more than 5 Business Days before the incurrence of the Certified Primary Obligation), confirming that OPG has delivered to the Province a certificate signed by the Chief Financial Officer and the Treasurer of OPG, (or their respective designees, provided that such designees are executive officers of OPG and, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in

[5] Dealers to explain how the current structure requiring satisfaction of the adherence conditions in the Protection Agreement is more onerous than ordinary adherence conditions applicable to government guaranteed bonds and to estimate the quantum impact on the marketability of the transaction and explain what uncertainty an ordinary closing condition of this type poses for investors.

connection with the adherence of the Limited Guarantee to the Certified Primary Obligation; and

(c) in respect of a Certified Primary Obligation other than a Refinancing of a Primary Obligation in respect of which the Adherence Conditions had been satisfied, the Province has not provided a Suspension Notice to the Indenture Trustee, OPG and the Financing Entity.

For greater certainty, (y) satisfaction of the Adherence Conditions for a ~~Funding~~Certified Primary Obligation shall be deemed satisfaction of the Adherence Conditions in respect of all principal, interest and other amounts owing under the ~~Funding~~Certified Primary Obligation, as such ~~Funding~~Certified Primary Obligation may be amended, restated, supplemented or otherwise modified from time to time, and (z) there shall be no Adherence Conditions applicable in relation to a Primary Obligation that is not a Certified Primary Obligation.

4.03 Evidence of Satisfaction

A closing certificate delivered in accordance with Section 4.02(b~~)(x~~) in connection with an incurrence of a Certified Primary Obligation shall be determinative as to whether the applicable Adherence Conditions with respect thereto have been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same. A closing certificate that purports on its face to be signed by officers specified in Section 4.02(b) may be relied upon by any addressee without further enquiry or evidence as to the incumbency or signatures of such officers. If a closing certificate is not delivered in accordance with the timing requirements of Section 4.02(b) in respect of a Certified Primary Obligation, such certificate may be delivered at a later date, and be effective as if it had been delivered in accordance with the timing requirement of Section 4.02(b), if at the time such certificate was required to be delivered OPG had delivered to the Province all certifications required by the Province in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation.

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, including (i) the right and entitlement to be paid and receive the related Subrogation Amounts, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests

(including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including **[Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section ~~7.11~~7.12 (Payments Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), ~~Sections 7.04 and 8.13 (Payment Priorities),~~ Section 8.14 (Limited Recourse), Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition)~~ thereof]~~ and (ii]**; (ii) consents, requests and authorizes the Issuer and the Indenture Trustee to (x) add the Province to the register of Specified Creditors described in subsection **[13.13(b)]** of the Trust Indenture and (y) disseminate the notice details of the Province to other Specified Creditors for the purposes set out in subsection **[9.14(b)]** of the Trust Indenture, and (iii) confirms that the Indenture Trustee shall send notices to the Province, in its capacity as a Specified Creditor, in accordance with Section ~~9.02~~8.02.[6]

5.02 Priorities

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation shall rank equally with the rights, interests and entitlements of a Beneficiary to whom a Limited Guarantee payment is made in

[6] ~~Section to be updated to conform with section in the Trust Indenture once settled.~~

respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture in the manner and to the extent contemplated in Section ~~2.01.~~7.1(d) of the Trust Indenture.

5.03 Intentionally Deleted

5.04 Representations and Warranties

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

~~**ARTICLE VI**~~
~~**NOTICE OF ASSUMPTION OF OBLIGATIONS SECURED**~~

~~**6.01 Delivery of Assumption Notice**~~

~~Following the occurrence of a Protection Event, the Province may (but shall not be obligated to) provide notice (in the form of Exhibit B) to the Indenture Trustee that the Province has elected to assume the Financing Entity's obligations in respect of all Obligations Secured, as obligor and debtor (the "**Assumption Notice**"). The Assumption Notice shall specify the date on which the assignment and assumption of the Obligations Secured will be effective (the "**Assumption Closing Date**").~~

~~**6.02 Cooperation to Implement the Assignment and Assumption**~~

~~The Indenture Trustee, the FSM, the Financing Entity and the Province will cooperate and use best efforts to complete the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province, by the Assumption Closing Date.~~[7]

~~**6.03 Effect of Assumption**~~

~~On the date that the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province becomes effective (the "**Assumption Effective Date**"), the Province shall no longer be required to provide and perform the Limited Guarantee but will instead become a primary obligor under the Obligations Secured assumed pursuant to~~

[7] ~~Further details regarding obtaining of third party consents and rating agency approvals to be provided by OPG.~~

~~and in accordance with an applicable Assumption Agreement. For greater certainty, the obligations of the Province so assumed will not be secured obligations of the Province and the obligees thereof will have no right, interest or claim to or in respect of the Collateral or any proceeds therefrom. **[NTD: the forms of assumption agreement(s) need to be settled before this agreement is finalized.]**~~

~~6.04 Interim Period~~

~~Until the effective time of the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province on the Assumption Effective Date, the Province shall continue to perform and be obligated under the Limited Guarantee.~~

~~6.05 Rights in respect of the Assets Comprising the Collateral~~

~~Upon assuming the Financing Entity's obligations in respect of all Obligations Secured under Article VI, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the Financing Entity's rights and interests under and in respect of the assets, property and undertaking comprising the Collateral and all proceeds therefrom, free and clear of any liens, encumbrances or restrictions arising under or as a result of the Trust Indenture. The Province shall have and be entitled to enforce all such rights and interests as an absolute assignee of the Financing Entity, with effect from and after the time of such assumption, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing to the Financing Entity and unaffected by any other rights, interests or equities that arise thereafter in respect of the assets, property and undertaking comprising the Collateral as between the Beneficiaries and the Financing Entity. The Indenture Trustee and the Beneficiaries shall thereupon recognize the Province as the absolute owner of the assets, property and undertaking comprising the Collateral.~~

ARTICLE VI~~ARTICLE VII~~
INDENTURE TRUSTEE MATTERS

6.01 ~~7.01~~ Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

6.02 ~~7.02~~ Not Responsible for Recitals ~~or Issuance of Notes~~

The recitals contained herein will be taken as the statements of the Province, the Financing Entity and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

6.03 ~~7.03~~ Representations and Covenants of the Indenture Trustee[4]

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada; and

~~(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Agreement and has taken all necessary action to authorize the execution, delivery and performance by it of this Agreement and other documents to which it is a party;~~

~~(c) each of this Agreement and the other documents to which it is a party has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and~~

(b) ~~(d)~~ the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada.

ARTICLE VII~~ARTICLE VIII~~
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

7.01 ~~8.01~~ Suspension Notice

Upon:

(a) a Program Breach;

(b) a default in the performance, or breach, of any covenants of OPG, as FSM, or OPG, in its corporate capacity, in each case to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the adherence of the Limited Guarantee, which continues for thirty (30) days after written notice by the Province to OPG of such default or breach;

[4] **Torys Note:** The Indenture Trustee asked us to delete these representations. They will not provide these types of representations without attaining a legal opinion from outside counsel. To avoid delay, we would ask that the parties agree to this deletion. **Note to Torys:** The representations provided by the Indenture Trustee should be consistent with those in the Trust Indenture.

(c) a representation or warranty made by OPG or a certification made by one or more officers of OPG, in each case whether as FSM or in its corporate capacity, to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the adherence of the Limited Guarantee, proves to be incorrect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation; or

(d) the FSM no longer being the Manager or actions having been taken by or on behalf of the Indenture Trustee to remove the FSM as the Manager,

~~The~~the Province may~~, at any time and for any reason,~~ declare that the Limited Guarantee under this Agreement shall not apply to any ~~Obligation Secured~~Primary Obligations incurred on or after such declaration, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied, by delivering a written notice in the form of Exhibit ~~C~~B (a "**Suspension Notice**")~~ to the Province~~ to the Indenture Trustee, the FSM and the Financing Entity.

The Limited Guarantee shall apply to any Certified Primary Obligation incurred after a Suspension Event on the basis that it is a Refinancing only if the FSM certifies to the Province in writing prior to the incurrence that the proceeds of such incurrence will be used solely for the purposes of repaying one or more Certified Primary Obligations incurred prior to the Suspension Event and to which the Limited Guarantee adhered as of the time the Suspension Event occurred, and the delivery of such written certification by the FSM to the Province shall be determinative for the purposes of concluding that such incurrence is a Refinancing for the purposes of Sections 7.01, 7.02 and 7.03.

7.02 ~~8.02~~ Suspension

If a Suspension Notice has been provided under Section ~~8.01~~7.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of any Primary Obligation~~ Secured~~ incurred or amended on or after the time such Suspension Notice is delivered, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied. ~~For greater certainty, the rights of the Province under Article VI shall apply in respect of all Obligations Secured, including if incurred or amended on or after the time such Suspension Notice is delivered.~~

~~8.03 Termination Notice~~

~~On (a) the occurrence of a Suspension Event or (b) the Assumption Effective Date, the Province may provide to the Indenture Trustee, the FSM and the Financing Entity a notice in the form of Exhibit D (a "**Termination Notice**").~~

7.03 ~~8.04~~ No Impact on Adherence

For greater certainty, the occurrence of Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish

the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event or in respect of any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied~~, nor will it in any way impact the Obligations Secured which are assumed by the Province in accordance with Article VI~~.

ARTICLE VIII~~ARTICLE IX~~
MISCELLANEOUS

8.01 ~~9.01~~ Term of Agreement

~~This Agreement will continue until the later of:~~

~~(a)~~ ~~the~~ This Agreement will continue until the date that no amount is or may become due and payable by the Province under the Limited Guarantee~~; and~~.

~~(b) the date that a Termination Notice delivered in accordance with Section 8.03 is received by the Indenture Trustee, the FSM and the Financing Entity.~~

8.02 ~~9.02~~ Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust

700 University Avenue

Toronto, Ontario M5G 1X6
Attention: ~~[■]~~General Counsel
Fax: (416) ~~[■]~~

~~Email: [■]~~592-4189

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: ~~[■]~~Manager, Corporate Trust
Fax: (416) ~~[■]~~981-9777
Email: ~~[■]~~corporatetrust.toronto@computershare.com

~~[■]~~

(b) if to the FSM:

Ontario Power Generation Inc.

700 University Avenue

Toronto, Ontario M5G 1X6

Attention: ~~[■]~~General Counsel
Fax: (416) ~~[■]~~592-4189

~~Email: [■]~~

(c) if to the Province:

Ministry of Finance

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section ~~9.02~~8.02.

8.03 ~~9.03~~ Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section ~~9.03~~8.03 shall be null and void.

8.04 ~~9.04~~ Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

8.05 ~~9.05~~ FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 ~~9.06~~ No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

8.07 ~~9.07~~ Intentionally Deleted

8.08 ~~9.08~~ Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their benefits hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

8.09 ~~9.09~~ Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, IN ITS CAPACITY AS TRUSTEE OF FAIR HYDRO TRUST, AS ISSUER, ~~[~~BY ONTARIO POWER GENERATION INC., NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS MANAGER~~]~~[8]

By: _____
Name:
Title:
By: _____
Name:
Title:

~~[8] To be discussed.~~

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Action**" has the meaning ascribed thereto under the Trust Indenture.

"**Adherence Conditions**", means, in respect of a Certified Primary Obligation, means the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of a Guarantee Payment Date, the aggregate of the Approved Obligation Amounts for such Guarantee Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, for a Beneficiary in respect of an Approved Obligation under which an amount is due and payable on a Guarantee Payment Date:

(a) if no Acceleration has occurred in respect of any Obligation Secured on or before the Guarantee Payment Date, the amount due and payable to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation (for greater certainty, determined on the assumption that there are adequate amounts available under the applicable payment provisions of the Trust Indenture to pay in full all amounts referred to in such payment provisions that are due and payable on the Guarantee Payment Date); and

(b) if an Acceleration has occurred in respect of any Obligations Secured on or before the Guarantee Payment Date, the amount that would be available to be paid to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation under the applicable payment provisions of the Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with such applicable payment provisions of the Trust Indenture in respect of each relevant month [during each Reference Period from and after May, 2021][9] is equal to the [estimated finance amountFinance Amount determined in respect of such Reference Period pursuant tofor purposes of section •15(1) of the General Regulation (as set forthAct (in effect on

[9] What about earlier periods? Are the earlier periods covered at all, or is the intention that they would be determined without regard to the acceleration mechanics of the Regulation?

the date hereof)~~]~~[10][5] divided by the number of months in such Reference Period.

~~"**Assumption Agreement**" means the agreement among the Province, the Indenture Trustee, the Financing Entity and any other person that is party to the Funding Obligation Agreement affected by the assignment and assumption contemplated under Article VI, which agreement shall be in substantially the form of the form of assumption agreement set forth in Exhibit E.~~

~~"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.01.~~

~~"**Assumption Effective Date**" has the meaning ascribed thereto in Section 6.03.~~

~~"**Assumption Notice**" has the meaning ascribed thereto in Section 6.01.~~

~~"**Available Collections**" has the meaning ascribed thereto in the Trust Indenture.~~

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Beneficiary Payee**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Certified Primary Obligations**" means Primary Obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest or to repay payment obligations that were incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest,[6] (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not each individual trade confirmation, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and aggregate payments

~~[10] This needs to tie into the "estimated finance amount" determined under the General Regulation applicable during the Reference Period~~[5] **Note to Province**: MOE should confirm that this captures the limitations contemplated in connection with any "acceleration" under the revised Regulation. Consider whether it is necessary to refer specifically to the Regulation to avoid any disconnect, and to tie-in specifically to the context of the acceleration scenario applicable at the time.

[6] **Torys Query**: For a warehouse facility, does the Province want a Certificate for each monthly draw? **Note to Province:** Please advise. We may respond that to extent the draw is a Certified Primary Obligation, we would like to maintain the process set out in this Agreement.

by the Financing Entity thereunder during the term of such contract is in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).[7]

"**Change of Law Protection Agreement**" means this Agreement.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Eligible Deposit Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Eligible Institution**" has the meaning ascribed thereto in the Trust Indenture.

"**Executive Officer**" has the meaning ascribed thereto in National Instrument 51-102 – *Continuous Disclosure Obligations*.[8]

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" ~~means, at any time, the Person who is, in accordance with~~has the meaning ascribed thereto in the first paragraph of this Agreement until a successor Financing

[7] **Note to Province**: Torys suggests that this concept reflects what Primary Obligations the parties agreed to be subject to the adherence conditions. Province to confirm that this is their understanding from meeting on Tuesday, November 21, particularly prongs (ii) and (iii) of the definition.

[8] **Note to Torys:** We have used the definition from NI 51-102 as there is only a definition of "officer" (but not "executive officer") in the OSA. **Note to Province:** Province to confirm that scope is acceptable. In NI 51-102, "Executive officer" means an individual who is (a) a chair, vice-chair or president; (a.1) a chief executive officer or chief financial officer; (b) a vice-president in charge of a principal business unit, division or function including sales, finance or production; or (c) performing a policy-making function in respect of the issuer". If you prefer, we may use the definition of "officer" from the *Securities Act*. "Officer" means (a) a chair or vice-chair of the board of directors, a chief executive officer, a chief operating officer, a chief financial officer, a president, a vice-president, a secretary, an assistant secretary, a treasurer, an assistant treasurer and a general manager; (b) every individual who is designated as an officer under a by-law or similar authority of the registrant or issuer, and (c) every individual who performs functions similar to those normally performed by an individual referred to in clause (a) or (b).

Entity Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and the Declaration of Trust, ~~the trustee of the~~ and thereafter "Financing Entity ~~at~~Trustee" means and includes such ~~time~~Person.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Guarantee Payment Date**" has the meaning ascribed thereto in Section 2.01(a)i.

~~"**Guarantor Settlement Statement**" has the meaning ascribed thereto in Section 2.01(a).~~

~~"**General Regulation**" means O. Reg. 206/17 made under the Act.~~

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Issuer Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Lien**" has the meaning ascribed thereto in the Trust Indenture.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(a).

"**Loan Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity, as amended, supplemented, restated or otherwise modified from time to time.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Agreement**" means an agreement in the form of an ISDA Master Agreement as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, as amended, supplemented, restated or otherwise modified from time to time.

~~"**Note**" or "**Notes**" has the meaning ascribed thereto under the Trust Indenture.~~

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

~~"**Paying Agent**" has the meaning ascribed thereto in the Trust Indenture.~~

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account~~,~~ or Finance Reserve Account~~, or Supplemental Reserve Account~~; and (ii) any ~~amounts that would be remaining amounts of Available Collections required by the to be held in the Collection Account for distribution on a succeeding Payment Date pursuant to the Trust Indenture; and (iii) any obligation to pay the Trust~~obligation to pay the Financing Entity or on the ~~Trust~~Financing Entity's direction any remaining amounts ~~of Available Collections.~~in the Collection Account pursuant to the Trust Indenture.[9]

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

[9] **Torys Note:** These changes were made to conform to the most current version of the Trust Indenture, a copy of which will be circulated soon. Additionally, money in the Collection Account is required to flow through the waterfall and is not required to be held in the Collection Account otherwise. **Note to Torys:** Please confirm. The Trust Indenture states that if extra cash is available in the Collections Account, it can be held until a subsequent Payment Date.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.[10]

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the ~~[~~Crown~~]~~, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that materially and adversely affects (a) the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured, or (b) this Agreement or any of the agreements under which Obligations Secured arise; or

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that materially and adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Obligations Secured that have become due and payable.

[10] **Torys Note:** We deleted early amortization events because that is no longer a concept used in the Trust Indenture. **Note to Torys:** Early amortization events may be included in a supplemental indenture so we think retaining that reference makes sense.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture.

"**Reference Period**" has the meaning ascribed thereto in the Act.

"**Refinancing**" has the meaning ascribed to the term "refinancing" in the Act as of the date hereof, as more particularly described and given meaning in ~~in~~ the General Regulation as of the date hereof.[11]

~~"**Repayment**" has the meaning ascribed thereto in the General Regulation.~~

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Subrogation Amounts**" has the meaning ascribed thereto in subclause 2.01(a)iv(~~ii~~B).

"**Supplemental Indenture**" has the meaning ascribed in the Trust Indenture.

"**Supplemental Reserve Account**" has the meaning ascribed in the Trust Indenture.

"**Suspension Event**" has the meaning ascribed thereto in Section ~~8.02~~7.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section ~~8.01~~7.01.

~~"**Termination Notice**" has the meaning ascribed thereto in Section 8.03.~~

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

[11] **Torys Note:** Refinancings can occur up to six months prior to the application of the refinancing proceeds to the existing obligation. The regulations provide that if the refinancing proceeds are not applied to repay the intended f unding obligation, then it is not a Refinancing. Accordingly, we have revised the definition to ensure that Refinancings do not have to be simultaneous with repayment of the existing Approved Obligation (we understand from the dealers that in most circumstances they will not be). **Note to Province**: The General Regulation specifically provides that debt can be considered a "Refinancing" when incurred within the 6 months prior to the maturity date of a funding obligation. The Act/Regulation's definition doesn't require that "Refinancings" are simultaneous with the repayment of existing Approved Obligations. Consider if further discussion is required and MOE to specifically confirm understanding of the Regulation on this point.

EXHIBIT A
FORM OF PAYMENT DEMAND

TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Pursuant to and in accordance with section 2.01(a) of the Change of the Law Protection Agreement, the Indenture Trustee hereby demands payment from the Province in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in the Change of Law Protection Agreement.

DATED as of the [■] day of [■], [■].

BNY TRUST COMPANY OF CANADA

By:
Name:
Title:

By:
Name:
Title:

~~EXHIBIT A.1~~
~~FORM OF GUARANTOR SETTLEMENT STATEMENT~~

EXHIBIT B
~~ASSUMPTION~~SUSPENSION NOTICE

TO:	Ontario Power Generation Inc., in its capacity as Financial Services Manager
AND TO:	Fair Hydro Trust
AND TO:	Computershare Trust Company of Canada, in its capacity as trustee of Fair Hydro Trust
AND TO:	BNY Trust Company of Canada, as Indenture Trustee

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement. All references in this Suspension Notice to "Articles" or "Sections" refer to Articles or Sections of the Change of Law Protection Agreement.

The Province has a reasonable basis for concluding that an event described in Section 7.01 has occurred. Pursuant to Section 7.01, the Province hereby declares that the Limited Guarantee shall not apply in respect of any Primary Obligation incurred or amended on or after the delivery of this Suspension Notice, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied, in accordance with the terms and conditions in Article VII.

The Limited Guarantee shall hereby not apply in respect of any Primary Obligation incurred or amended on or after delivery of this Suspension Notice, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied.

This Suspension Notice is hereby delivered to the FSM, the Financing Entity and the Indenture Trustee in accordance with Section 8.02 of the Change of Law Protection Agreement.

* * * *

~~**EXHIBIT C**~~
~~**SUSPENSION NOTICE**~~**DATED** as of the [■] day of [■], [■].

~~EXHIBIT D~~
~~TERMINATION NOTICE~~

~~EXHIBIT E~~

~~FORM OF ASSUMPTION AGREEMENT~~

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

Document comparison by Workshare Compare on Tuesday, November 28, 2017 10:35:57 AM

Input:	
Document 1 ID	PowerDocs://TOR_2528/23239360/17
Description	TOR_2528-#23239360-v17-Change_of_Law_Protection_Agreement
Document 2 ID	PowerDocs://TOR_2528/23239360/20
Description	TOR_2528-#23239360-v20-Change_of_Law_Protection_Agreement
Rendering set	Standard

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

Statistics:	
	Count
Insertions	176
Deletions	180
Moved from	5
Moved to	5
Style change	0
Format changed	0
Total changes	366

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.

CHANGE OF LAW PROCESS AGREEMENT[1]

Dated as of [■], 2017

[1] This Agreement and the Protection Agreement will need to be effective on closing but signed and held in escrow as soon as they are settled and prior to pricing of the term deal. **Note to Torys:** Closing mechanics under consideration by the Province.

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**") is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.[1]

Pursuant to a Declaration of Trust dated as of [■], 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.[2]

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions.

Prior to entering into this Agreement, OPG provided the Province with the proposed forms of certain of the Transaction Documents, and the Province has not objected to such forms.

This Agreement sets out the obligations OPG has agreed to perform and assurances OPG has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the Adherence Conditions have been satisfied, maintaining information related to the Program Agreements and the Approved Obligations, and ensuring that the Province's assumption rights pursuant to Article VI of the Change of Law Protection Agreement may be exercised without impediment on the terms and conditions contemplated in this Agreement and the Change of Law Protection Agreement.

All things necessary to make this Agreement a valid and legally binding agreement of OPG and the Province, have been done.

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[1] ~~[redacted]~~

[2] ~~[redacted]~~

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this

Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 References to the Financing Entity

For greater certainty, each reference to the Financing Entity shall be construed as a reference to the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 Effect of Headings

The Article and Section headings herein and are for convenience only and will not affect the construction hereof.

1.04 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.06 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF OPG

2.01 Deliveries to the Province

(a) Not less than 15 Business Days, or such lesser period as the Province may agree to in writing, prior to the initial issuance of any Funding Obligation by the Financing Entity, OPG shall deliver to the Province a copy of the initial Financing Plan. Thereafter, OPG shall promptly deliver to the Province a copy of any proposed change to or replacement of the Financing Plan.

(b) Not less than 10 Business Days, or such lesser period as the Province may agree to in writing, prior to (i) any proposed change or supplement to a previously provided Transaction Document becoming effective or otherwise being used, (ii) any additional or replacement Transaction Document becoming effective or otherwise being used, OPG shall deliver to the Province a copy of such proposed change or supplement to the Transaction Document and any such additional or replacement Transaction Document.

(c) Promptly following (i) any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor being made, (ii) any new, additional or replacement instruments, documents, agreements or security being used or granted in connection with all or any part of the Approved Obligations, or (iii) any waiver, release, reconveyance, termination, abandonment, subordination, exchange, substitution, transfer, compound, compromise, liquidation or enforcement of all or any part of the Approved Obligations or any security or guarantee therefor being effected, OPG shall deliver to the Province a detailed description of such event and the reasons for it together with any related documents, agreements and instruments.

(d) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, OPG shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations (including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(e) Promptly upon request, OPG shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

2.02 <u>Covenants</u>

(a) OPG shall use commercially reasonable efforts to cause the Financing Entity to:

(i) punctually perform and observe all of the Financing Entity's obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not (unless waived in writing by the Province):

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement or replacement or waiver or consent could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any change in particular financial terms, rates and levels;

(B) extend, renew, compromise, novate, replace, suspend, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, liquidate or enforce the terms of all or any part of the Approved Obligations or any Collateral, if any such action could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to the extent that only particular financial terms, rates and levels are affected[3];

(C) permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired; or

(D) allow the Financing Entity to enter into any Supplemental Indenture or Loan Agreement where any penalty or make-whole payment, or any requirement for further consent, approval or agreement, of the Specified Creditor party thereto would be required for the Province to assume the Obligations Secured thereunder.

(b) OPG shall:

(i) comply, and shall use commercially reasonable efforts to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

(ii) punctually perform and observe all of its (including as the FSM and as Manager) obligations and agreements contained in the Program Agreements;

[3] [redacted]

(iii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation; and

(iv) after the occurrence of any Protection Event (or any event known to OPG that with the passage of time or the giving of notice would be a Protection Event), not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.

(c) Nothing in this Agreement [nor in the Change of Law Protection Agreement][4] shall limit the obligations of the Province under the Indemnity Agreement by the Province in favour of OPG dated June 1, 2017 (as amended, the "**Indemnity Agreement**") and to the extent of any conflict between this Agreement, the Change of Law Protection Agreement and such Indemnity Agreement, in respect of any matter relating to the Province's obligations to indemnify OPG, the Indemnity Agreement shall prevail.

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate[5]

OPG shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of OPG (or their respective designees, provided that such designees are also executiveor any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Province, on the earlier of (i) one Business Day prior toor before the incurrence or any amendment[2] of a Funding Obligation, (other than any Funding Obligation under which not more than $[redacted]• in the aggregate may become payable by the Financing Entity), and (ii) on the Business Day on which the financial terms of such Funding Obligation are definitively determined (including the interest or discount rate applicable to any notes, bonds or other securities (provided that delivery may not be more than 5 Business Days before the incurrence or

[4] This language has extra-contractual implications and so its meaning as between only 2 of the parties to the Protection Agreement is uncertain. Torys to explain intention.

[5] OPG/Dealers have indicated that "The current structure requiring satisfaction of the adherence conditions in the Protection Agreement impacts the marketability of the transaction and creates uncertainty for investors. Province has asked Dealers to explain how the current structure requiring satisfaction of the adherence conditions in the Protection Agreement is more onerous than ordinary adherence conditions applicable to government guaranteed bonds and to estimate the quantum impact on the marketability of the transaction and explain what uncertainty an ordinary closing condition of this type poses for investors.

[2] **Note to Province:** Please confirm that the timing of the delivery of the Process Certificate is satisfactory to you. The Process Certificate is delivered "on or before" incurrence or amendment. If preferable, we can revert back to the prior timing, which was delivery on the earlier of incurrence/ amendment, or pricing.

amendment of the Funding Obligation), setting out the following with respect to such Funding Obligation:

(a) the material terms of the Funding Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a Derivative Agreement, the notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

(b) if an existing Funding Obligation is proposed to be amended, material details respecting such amendment, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

(c) a statement to the effect that: (i) the Funding Obligation to be incurred or amended (1) will arise under terms and conditions that are Substantially in the Form of the Reference Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reference Documentation;

(d) a statement confirming that any disclosure made in respect of the Funding Obligation (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to the Funding Obligation) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement has been made available to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made;

(e) a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and

(f) confirmation that, at the time the Funding Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Funding Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the then applicable Protection Agreement Maximum; for clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be determined on

the date the Process Certificate is delivered hereunder in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

3.02 ~~Delivery of a Suspension Notice~~ Acknowledgement regarding delivery of certificate under Change of Law protection Agreement

The Province acknowledges and agrees that, concurrent with the delivery of the Process Certificate pursuant to Section ~~8.01~~3.01 of this Agreement, the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) are authorized to deliver the certificate referred to in **[Subsection 4.02(b)]** of the Change of Law Protection Agreement~~,~~ to the Indenture Trustee confirming that OPG has delivered all required certifications to the Province in connection with adherence of the Limited Guarantee to the incurrence of the Certified Primary Obligations in respect of which the certificate in **[Subsection 4.02(b)]** of the Change of Law Protection Agreement is being delivered; provided that, upon receipt of a Suspension Notice under the Change of Law Protection Agreement, OPG covenants not to deliver any further certificates to the Indenture Trustee under **[Subsection 4.02(b)]** of the Change of Law Protection Agreement other than in connection with a Refinancing of a Primary Obligation in respect of which the Adherence Conditions had been satisfied at the time such Primary Obligation was incurred.

3.03 Acknowledgement regarding delivery of Suspension Notice

The parties acknowledge and agree that the Province is entitled to deliver a Suspension Notice under **[Section 7.01]** of the Change of Law Protection Agreement if a Program Breach or Breach Event has occurred. The Province agrees not to deliver a Suspension Notice pursuant to **[Section** ~~8.01~~**7.01]** of the Change of Law Protection Agreement unless ~~any of the following circumstances~~a Program Breach or a Breach Event has occurred~~:~~.

~~(a) a Program Breach; and~~

~~(b) a Breach Event.~~

3.04 ~~3.03~~ Meaning of "Reference Documentation"

For the purposes of Subsection 3.01(c), the term "Reference Documentation" shall mean each Transaction Document (including any change, addition or supplement thereto) that, at the relevant time:

(a) is a Transaction Document provided to, and not objected to by, the Province prior to the making of this Agreement, as contemplated in the fifth recital to this Agreement; or

(b) is a Transaction Document provided to the Province in accordance with Subsection 2.01(b) that has not been objected to by the Province, by delivery of an objection notice in writing delivered to OPG, within 10 Business Days after it is provided to the Province.

3.05 ~~3.04~~ Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(c), the term "Substantially in the Form" shall mean:

(a) with respect to the Reference Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such Reference Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation, including regarding the timing of or circumstances under which related payments are or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that would affect the Province's rights of subrogation or assignment (including pursuant to **[Section 5.01~~ or Article VI~~]** of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation~~ or upon the assumption of obligations in accordance with **[Article VI]** of the Change of Law Protection Agreement~~; provided, however, that the foregoing does not apply to any variable terms to be set forth in the proposed documents as are reasonably contemplated in the Reference Documentation, including the particular financial terms, rates and levels set forth in the proposed documents other than to the extent that the forms of Reference Documentation themselves specify specific requirements, limitations or parameters with respect to such financial terms, rates, levels and parameters; and

(b) with respect to the Reference Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum

(a) Not less than 15 Business Days, or such lesser period as the Province may agree to in writing, prior to the proposed incurrence of the first Funding Obligation, OPG

shall, as the FSM, deliver to the Province: (i) a forecast setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the next following 24 month period (the "**Initial Forecast Period**"), which expectations shall be consistent with the Financing Plan (the "**Initial Forecast**"); and (ii) notice of the initial Protection Agreement Maximum, which may not exceed the Initial Forecast.

(b) Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of the Initial Forecast and notice of the initial Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province may disagree with the Initial Forecast and the initial Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or the Initial Forecast, (ii) the Initial Forecast is inconsistent with the Financing Plan, or (iii) the initial Protection Agreement Maximum is ~~not less~~more than the Initial Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the initial Protection Agreement Maximum will be revised accordingly and confirmed by an amended notice to the Province.

(c) Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Approved Obligations that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast shall be further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum, which may not exceed such Forecast.

(d) Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of any further Forecast and notice of the revised Protection Agreement Maximum from OPG pursuant to Section 4.01(c), the Province may disagree with such further Forecast or revised Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or such further Forecast, (ii) the further Forecast is inconsistent with the Financing Plan, or (iii) the revised Protection Agreement Maximum is ~~not less~~more than the further Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the revised Protection

Agreement Maximum will be further revised accordingly and confirmed by an amended notice to the Province.

(e) For clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be valued at the time to be determined for the purposes of this Section 4.01 in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of OPG

OPG represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, may cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario and has the power and authority to enter into and perform its obligations under this Agreement and all instruments and agreements delivered pursuant hereto.

(c) OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may

limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Financing Entity or in the ability of the Financing Entity to perform its obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

5.02 <u>Representations and Warranties of the Province</u>

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

~~ARTICLE VI~~
~~PROCESS FOR ELECTION TO ASSUME APPROVED OBLIGATIONS~~[6]

~~6.01 Election by the Province~~

~~Pursuant to Section 6.01 of the Change of Law Protection Agreement, at any time following the occurrence of a Protection Event, the Province may (but shall not be obligated) elect to assume the Financing Entity's obligations in respect of all Obligations Secured, as obligor and debtor by giving notice to the Indenture Trustee. Prior to determining whether or not to exercise its election, the Province may deliver to OPG a notice in the form of Exhibit A (an "**Election Information Notice**"). The Election Information Notice shall, among other things, specify the date on which the Province proposes to assume the Obligations Secured, which date shall be no earlier than 20 Business Days following delivery of the Election Information Notice to OPG (the "**Proposed Assumption Date**").~~

~~6.02 Details regarding Obligations Secured~~

~~Promptly following the delivery of the Election Information Notice to OPG, OPG shall provide the following information and documentation to the Province:~~

~~(a) a summary of the amounts that will be owing under all Obligations Secured as of the Proposed Assumption Date, together with a detailed schedule setting out the dates on which such amounts will become due and payable under the Obligations Secured;~~

~~(b) a summary of the rights arising under the Obligations Secured that permit the Financing Entity to assign the Obligations Secured to the Province, including details regarding any conditions precedent to such assignment and the related assumption becoming effective and any notices, filings, consents or other actions that will be required in order to implement and effect such assignment and assumption;~~

~~(c) current versions of all documentation under which the Obligations Secured arise;~~

~~(d) copies of all correspondence exchanged between OPG, as the FSM, or the Financing Entity, on the one hand, and any Specified Creditor, Rating Agency or~~

[6] ~~Note: Lawyers to discuss assumption mechanics.~~

~~the Indenture Trustee, on the other hand, in each case that may reasonably be considered to be material to the assumption and performance of the Obligations Secured by the Province; and~~

~~(e) all income tax returns and assessments, financial statements and notices of proceedings of or pertaining to the Financing Entity or its business and any documentation related thereto, including any pleadings, appeals, objections, qualifications or other similar materials in respect of the Financing Entity or any Program Agreement.~~

~~6.03 Settlement of Terms~~

~~Following receipt and consideration by the Province of the information and documentation to be provided under Section 6.02, the Province shall confirm in writing whether or not it expects to proceed with the assignment and assumption of the Obligations Secured and, if it will be proceeding with the assignment and assumption, the date on which the Province expects that assignment and assumption will be effected. If it will be proceeding with such assignment and assumption, the Province will deliver an Assumption Notice as contemplated under Section 6.01 of the Change of Law Protection Agreement. A decision not to proceed with an election at any time will not limit the Province from proceeding with an election at a later date, including by issuing a further Election Information Notice, and Article VI of this Agreement shall continue to apply unaffected.~~

~~6.04 Cooperation to Implement the Assignment and Assumption~~

~~OPG shall cooperate with the Province and, as FSM, shall use commercially reasonable efforts to cause the Financing Entity to cooperate, and shall use its commercially reasonable efforts, to complete the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province, by the applicable Assumption Closing Date.~~

~~6.05 Terms of Obligations Secured~~

~~In order to permit the Province to assume the Obligations Secured in the circumstances contemplated herein, OPG, as FSM, shall cause the Financing Entity to use commercially reasonable efforts to ensure that all Obligations Secured permit such an assignment to and assumption by the Province substantially in accordance with the terms and on the basis contemplated in the Assumption Agreement, without any penalty or make-whole payment, or any requirement for further consent, approval or agreement, or alternatively, in the case of any Obligations Secured entered into by or on behalf of the Financing Entity for the provision of on-going services to the Financing Entity permitting the satisfaction and termination of such Obligations Secured on or prior to the effective time of such assumption without any acceleration of future fees, profits or other like amounts, other than to the extent of payment obligations that~~

~~arise under market standard mark-to-market payment terms and conditions included on a commercially reasonable basis under a Derivative Agreement.~~[7]

ARTICLE VI~~ARTICLE VII~~
BREACH EVENTS

6.01 ~~7.01~~ Breach Events

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

(a) a default in the performance, or breach, of any covenants of OPG under this Agreement, which continues for thirty (30) days after written notice by the Province to OPG of such default or breach;

(b) any representation or warranty made by OPG in this Agreement, any certification made in a Process Certificate, or any certification made in a certificate contemplated by Section **[4.02]** of the Change of Law Protection Agreement, proves to be incorrect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation; or

(c) OPG is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the Manager.

ARTICLE VII~~ARTICLE VIII~~
MISCELLANEOUS

7.01 ~~8.01~~ Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

7.02 ~~8.02~~ Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business

[7] ~~The Trust Indenture will need to be revised to ensure that the Province's assignment and assumption right is fully contemplated and may be implemented without any requirement for further Specified Creditor or other third party consents. Among other changes, it is contemplated that Torys will add the following to the MTI to address this requirement: (i) Specified Creditors (including in the applicable Funding Obligation Agreement) will be required to acknowledge the rights of the Province to assume the Obligations Secured on the basis contemplated in the form of assumption agreement, and (ii) the Indenture Trustee will be permitted to enter into and give effect to the global Assumption Agreement without the consent of Specified Creditors or any other third parties.~~

Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to OPG:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: ~~[■]~~General Counsel
Fax: (416) ~~[■]~~592-4189
~~Email: [■]~~

(b) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section ~~8.02~~7.02.

7.03 ~~8.03~~ Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section ~~8.03~~7.03 shall be null and void.

7.04 ~~8.04~~ Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

7.05 ~~8.05~~ FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

7.06 ~~8.06~~ Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

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

By: _____

Name:
Title:

By: _____

Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Conditions**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Approved Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

~~"**Assumption Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.~~

~~"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.03.~~

"**Beneficiaries**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Breach Event**" ~~means the occurrence or existence of any one or more of the following: (a) a default in the performance, or breach, of any covenants of the FSM under this Agreement; or (b) any representation or warranty made by the FSM, any certification made by the FSM under this Agreement, or any certification made by the FSM in a certificate contemplated by Section 4.03 of the Change of Law Protection Agreement, proves to be incorrect in any material respect on the date made; or (c) OPG is no longer the FSM or the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the FSM or the Manager.~~has the meaning ascribed thereto in Section 6.01.

~~has the meaning ascribed thereto in Section 7.01.~~

~~"**Breach Event Suspension Notice**" has the meaning ascribed thereto in Section 7.02.~~

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Certified Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the FSM on behalf of the Financing Entity and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

"**~~Election Information Notice~~Executive Officer**" has the meaning ascribed thereto in ~~Section 6.01~~the Change of Law Protection Agreement.

"**Financing Entity**" means Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Entity Trustee**" ~~means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Financing Entity at such time~~has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(c).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Indenture Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Initial Forecast**" has the meaning ascribed thereto in Section 4.01(a).

"**Initial Forecast Period**" has the meaning ascribed thereto in Section 4.01(a).

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Limited Guarantee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Loan Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**Management Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Manager**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.has the meaning ascribed thereto in the Change of Law Protection Agreement.

~~"**Proposed Assumption Date**" has the meaning ascribed thereto in Section 6.01.~~

"**Protection Agreement Maximum**" means the dollar amount referenced as the Program Agreement Maximum and determined in accordance with Article IV.

"**Protection Event**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture.

"**Reference Documentation**" has the meaning ascribed thereto in Section ~~3.03.~~3.04.

"**Repayment**" has the meaning ascribed to the term "repayment" in the General Regulation as of the date of this Agreement.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Substantially in the Form**" has the meaning ascribed thereto in Section ~~3.04.~~3.05.

"**Suspension Notice**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement; (vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that affects the Province's subrogation rights and/or subrogee interests, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons

having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

EXHIBIT A
FORM OF ELECTION INFORMATION NOTICE

EXHIBIT B
FORM OF BREACH EVENT SUSPENSION NOTICE

Document comparison by Workshare Compare on Tuesday, November 28, 2017 10:32:18 AM

Input:	
Document 1 ID	PowerDocs://TOR_2528/23239361/14
Description	TOR_2528-#23239361-v14-Change_of_Law_-_Process_Agreement
Document 2 ID	PowerDocs://TOR_2528/23239361/17
Description	TOR_2528-#23239361-v17-Change_of_Law_-_Process_Agreement
Rendering set	Standard

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

Statistics:	
	Count
Insertions	55
Deletions	103
Moved from	1
Moved to	1
Style change	0
Format changed	0
Total changes	160

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE[1]

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST~~[1]~~[2]

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

[1] **This Agreement and the Process Agreement will need to be effective on closing but signed and held in escrow as soon as they are settled and prior to pricing of the term deal.**

~~[1] Torys and Blakes to discuss signatory~~[2] **Please advise if there are any further issues with the Manager signing the Protection Agreement** on behalf of the Trust**? If so, can you please explain the issue**. The Manager is currently signing all Program Agreements on behalf of the Trust and has authority to do so. We would ~~propose to do the same on the change of law agreement~~**like the Manager to sign this Agreement on behalf of the Trust**.

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust under the laws of the Province of Ontario (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council dated as of ■ (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust[2][3] dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of **Primary** Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence

[2] Torys to confirm that Trust is a "financing entity" under OFHPA. Under definition, FSM to establish or cause to be established. DofT indicates Computershare declares trust. Need to have this confirmed for purposes of authority under OFHPA 5(3), among other things[3] **We are comfortable on this point because OPG has retained Computershare as issuer trustee. The recitals of the Declaration of Trust provide that Computershare has established the Trust at the request of the FSM. We can also provide you with a copy of the Computershare engagement letter upon request**.

Conditions at the time the Approved Obligation is incurred~~ or amended~~. This Agreement sets out the terms and conditions of such protections and assurances.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 Proof of Approved Obligations

The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Indenture Trustee deems to be sufficient.

Any statement of account prepared by the Indenture Trustee as regards the Primary Obligations shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and the Province hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Indenture Trustee agrees to provide the Province with the computations and calculations used by the Indenture Trustee to prepare each such statement of account promptly following a request therefor.

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture as of the date of this Agreement.

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 2.01 or Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee, the Financing Entity, the Financing Entity Trustee, the Manager or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT **(ONTARIO)**.

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR

OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest

calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able

on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee may deliver a written demand, substantially in the form attached as Exhibit A (a "**Payment Demand**"), to the Province requiring the Province to make payments in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in this Agreement. From and after such delivery of a Payment Demand, the Province shall make the following payments in respect of the Approved Obligations (the "**Limited Guarantee**"), and the Financing Entity shall pay, and the Province shall be entitled to be paid, the Subrogation Amounts specified below, on the specified **Guarantee** Payment Date:

i. Not less than ~~[~~3~~]~~ Business Days prior to each day when any payment or payments are to be made in respect of one or more Approved Obligations occurring after such delivery of a Payment Demand and prior to the Assumption Effective Date, if any, (a "**Guarantee Payment Date**"), the Manager shall deliver a written statement~~, substantially in the form attached as Exhibit A.1~~< ~~*(a "**Guarantor Settlement Statement**")*~~> setting forth the Aggregate Approved Obligations Amount, if any, in respect of the Approved Obligations that are due and payable on such Guarantee Payment Date, together with a detailed description identifying such Approved Obligations and the nature and amount of payments due and payable thereunder on the Guarantee Payment Date, the aggregate outstanding amount payable by the Financing Entity under such Approved Obligations as of the date of the Guarantor Settlement Statement, and details regarding any default in performance by any party obligated thereunder> *(a "**Guarantor Settlement Statement**")*<[4].

ii. On each such Guarantee Payment Date, the Province shall deposit the Aggregate Approved Obligations Amount into the Protection Account.

iii. On each such Guarantee Payment Date, the Financing Entity and the Indenture Trustee shall ensure that the amounts on deposit in the Protection Account are applied to pay each Beneficiary to

[4] Given timing, we would appreciate if the parties did not negotiate this form now.

whom an amount is due and payable under an Approved Obligation on the Guarantee Payment Date the Approved Obligation Amount for such Beneficiary in respect of such Approved Obligation on such Guarantee Payment Date; provided that if the amount deposited pursuant to clause 2.01(a)ii is insufficient to pay all such Approved Obligation Amounts in full, the amount on deposit in the Protection Account on the Guarantee Payment Date shall be applied to pay Beneficiaries in the order of priority in which such Approved Obligations are payable under the payment provisions of the Trust Indenture applicable to the making of such payments on the Guarantee Payment Date (each, a "**Beneficiary Payee**").

iv. On any Guarantee Payment Date on which an amount is paid by the Province pursuant to clause 2.01(a)ii, the applicable payment provisions of the Trust Indenture shall, notwithstanding the express terms of such provisions set forth in the Trust Indenture, be applied and operate on the following basis:

(A) ~~(i)~~ the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available under such payment provisions on such Guarantee Payment Date shall be reduced by the amount paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on such Guarantee Payment Date;

(B) ~~(ii)~~ the Province shall be paid the ~~amount by which~~**lesser of** (x) the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available to pay the Beneficiary Payee under such payment provisions on the Guarantee Payment Date, determined without regard to subclause 2.01(a)iv(~~i~~**A**), ~~exceeds~~**and (y)** the amount paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on the Guarantee Payment Date (such payments to the Province being "**Subrogation Amounts**"); and[5]

(C) ~~(iii)~~ no Beneficiary having a right to be paid an amount in respect of an Approved Obligation that ranks equal with or subordinate to an Approved Obligation in respect of which an amount is payable to the Province under subclause 2.01(a)iv(~~ii~~**B**) shall

[5] We thought this section required tweaking to reflect the intention of the parties.

be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under such subclause (including any right or reimbursement, contribution or indemnity) and no such Beneficiary shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of such amounts.

v. On any Guarantee Payment Date, the Indenture Trustee shall release and pay to the Province free and clear of any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay Beneficiary Payees on the Guarantee Payment Date in accordance with clause 2.01(a)iii.

vi. In preparing any payment instructions under the Trust Indenture, the Manager shall reflect the amounts payable for the Guarantee Payment Date under Section 2.01(a).

(b) The Province shall, as a payee of Subrogation Amounts and any amounts payable under clause 2.01(a)~~v~~**(iv)(B)**, be a "Specified Creditor" under the Trust Indenture and have the benefit of the Collateral thereunder.

(c) For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the Approved Obligation Amounts, if any, for payment to Beneficiary Payees and will be subject to the priorities and to the Province's rights to Subrogation Amounts, set forth in Section 2.01(a).

(d) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(e) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation **by their terms**.

(f) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under **and** in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive

damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any amount due and payable to a Beneficiary Payee under the Limited Guarantee.

2.02 Intentionally Deleted.

2.03 Absence of Set-off

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 Payment into Protection Account[3] in Satisfaction

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account" for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section **[7.03]** of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Financing Entity and the Indenture Trustee shall ensure that all amounts paid by the Province into the Protection Account on a Guarantee Payment Date in respect of an Approved Obligation are applied to pay the amounts due and payable to the Beneficiaries as and to the extent provided for in Section 2.01(a). Upon a payment having been made by or on behalf of the Province into the Protection Account, the amounts so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiaries as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such Beneficiaries in respect of the applicable

[3] ~~Mechanics of Protection Account to be considered by Province after required modifications to Trust Indenture have been provided.~~

Approved Obligations, whereupon an affected Beneficiary shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid[4]. For greater certainty, the obligations arising in respect of an applicable Approved Obligation shall not be reduced by such payment as the Province shall become entitled to be paid related Subrogation Amounts and the rights contemplated under Section 2.01(a) and Section 5.01 in relation to such continuing obligations.

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer

[4] ~~A corresponding provision needs to be added to the Trust Indenture and each other Funding Obligation Agreement under which the Obligation Secured arises, so that the Beneficiaries are bound by these applications and the agreement of the Indenture Trustee under this Agreement.~~

or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations~~, or until the Province is no longer required to provide and perform the Limited Guarantee~~ in accordance with Section ~~6.03 or Section 8.02.~~**9.01.**[6]

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

[6] **We made this change to be consistent with the termination clause in section 9.01.**

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

A Primary Obligation shall constitute an Approved Obligation if **(i)** the Adherence Conditions applicable thereto have been satisfied at the time the Primary Obligation was incurred**, or (ii) the Province, in its sole discretion, agrees it is an Approved Obligation**.

4.02 Adherence Conditions[5][7]

The following shall be the Adherence Conditions applicable in relation to each **Certified** Primary Obligation~~ other than any Funding Obligation under which not more than $■ in the aggregate may become payable by the Financing Entity~~:

(a) the **Certified** Primary Obligation when incurred is an Obligation Secured under the Trust Indenture; and

(b) OPG, as FSM, delivers a certificate signed by the Chief Financial Officer and the Treasurer of OPG~~ (or their respective designees, provided that such designees are executive officers of OPG and,~~ **, or any two Executive Officers of OPG (**for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee, ~~one Business Day prior to the Financing Entity entering into or becoming bound by the related Funding Obligation Agreement~~**on or before the incurrence of a Certified Primary Obligation[8] (provided that delivery may not be more than 5 Business Days before the incurrence of the Certified Primary Obligation)**, confirming that OPG has ~~delivered to the Province a certificate signed by the Chief Financial Officer and the Treasurer of OPG~~

[5] ~~Dealers to explain how the current structure requiring satisfaction of the adherence conditions in~~[7] **We would propose that the certification in section 4.02(b) of** the Protection Agreement ~~is more onerous than ordinary adherence conditions applicable to government guaranteed bonds and to estimate the quantum impact on the marketability of the transaction and explain what uncertainty an ordinary closing condition of this type poses for investors~~**track the requirements of section 3.01 of the Process Agreement to ensure that the two sections are consistent. Accordingly, we have revised section 4.02(b) of the Protection Agreement to state the certificate delivered to the Indenture Trustee under this section should confirm that all certifications to the Province required in connection with the incurrence of such Certified Primary Obligations have been delivered to the Province**.

[8] **We tried to address all parties concerns expressed at our last meeting by this language. The Province can be assured that no certificate earlier than 5 Business Days prior to incurring the Certified Primary Obligation is delivered and the dealers have comfort that the clause is not too prescriptive.**

~~(or their respective designees, provided that such designees are executive officers of OPG and, for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) confirming that OPG has complied with all of its obligations to~~**provided to the Province all certifications required by** the Province~~ and internal requirements and processes~~ in connection with the ~~adherence of the Limited Guarantee to the~~**incurrence of such Certified** Primary Obligation; and

(c) in respect of a **Certified** Primary Obligation other than a Refinancing~~ of a Primary Obligation in respect of which the Adherence Conditions had been satisfied~~, the Province has not provided **a** Suspension Notice to the Indenture Trustee, OPG and the Financing Entity.

For greater certainty, **(y)** satisfaction of the Adherence Conditions for a ~~Funding~~**Certified Primary** Obligation shall be deemed satisfaction of the Adherence Conditions in respect of all principal, interest and other amounts owing under the ~~Funding~~**Certified Primary** Obligation, as such ~~Funding~~**Certified Primary** Obligation may be amended, restated, supplemented or otherwise modified from time to time**, and (z) there shall be no Adherence Conditions applicable in relation to a Primary Obligation that is not a Certified Primary Obligation**.

4.03 Evidence of Satisfaction

A closing certificate delivered in accordance with Section 4.02(b)~~(x)~~ in connection with an incurrence of a **Certified** Primary Obligation shall be determinative as to whether the applicable Adherence Conditions with respect thereto have been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same. **A closing certificate that purports on its face to be signed by officers specified in Section 4.02(b) may be relied upon by any addressee without further enquiry or evidence as to the incumbency or signatures of such officers. If a closing certificate is not delivered in accordance with the timing requirements of Section 4.02(b), such certificate may be delivered at a later date, and be effective as if it had been delivered in accordance with the timing requirement of Section 4.02(b), if at the time such certificate was required to be delivered OPG had delivered to the Province all certifications required by the Province in connection with the incurrence of a Certified Primary Obligation.**[9]

[9] **This additional language was added to address the concerns of the dealers and Oslers discussed at our last meeting.**

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, including (i) the right and entitlement to be paid and receive the related Subrogation Amounts, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including **[Sections 7.04 through 7.11> *and 8.13 (Payment Priorities),* <Section ~~7.11~~7.12 (Payments Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), ~~Sections 7.04~~< ~~*and 8.13 (Payment Priorities),*~~ >Section 8.14 (Limited Recourse), Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition)~~ thereof]~~ ~~and (ii~~]; (ii) consents, requests and authorizes the**

Issuer and the Indenture Trustee to (x) add the Province to the register of Specified Creditors described in subsection [13.13(b)] of the Trust Indenture and (y) disseminate the notice details of the Province to other Specified Creditors for the purposes set out in subsection [9.14(b)] of the Trust Indenture, and (iii) confirms that the Indenture Trustee shall send notices to the Province, in its capacity as a Specified Creditor, in accordance with Section 9.02.[6][10]

5.02 Priorities

For greater certainty, the rights, interests and entitlements of the Province as an assignee ~~and~~**or** subrogee**, as applicable,** of and with respect to an Approved Obligation shall rank equally with the rights, interests and entitlements of a Beneficiary to whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture in the manner and to the extent contemplated in Section 2.01.

5.03 Intentionally Deleted

5.04 Representations and Warranties

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
NOTICE OF ASSUMPTION OF CERTAIN OBLIGATIONS SECURED[11]

6.01 Delivery of Assumption Notice

Following the occurrence of a Protection Event, the Province may (but shall not be obligated to) provide notice (in the form of Exhibit B) to the Indenture Trustee that the Province has elected to assume the Financing Entity's obligations in respect of all Obligations Secured~~, as~~

[6] ~~Section to be updated~~[10] **These changes were made** to conform ~~with section in~~**to the latest draft of** the Trust Indenture ~~once settled~~**, a copy of which will be circulated soon**.

[11] **Please see Torys' cover email to explain changes made in this Article and the related Article in the Process Agreement. Section 6.05 was deleted since it was not applicable in a context where only some of the Obligations Secured would be assumed.**

~~obligor and debtor~~ **permitted to be assumed by their terms** (the "**Assumption Notice**"). The Assumption Notice shall specify the date on which the assignment and assumption of ~~the~~**such** Obligations Secured will be effective (~~the~~**each such date being an** "**Assumption Closing Date**").[12]

6.02 Cooperation to Implement the Assignment and Assumption

The Indenture Trustee, the FSM, the Financing Entity and the Province will cooperate and use best efforts to complete the assignment and assumption of the Obligations Secured **referenced in Section 6.01** by and from the Financing Entity to and by the Province~~,~~ by the **applicable** Assumption Closing Date.[7]

6.03 Effect of Assignment and Assumption

On the date that the assignment and assumption of the Obligations Secured **referenced in Section 6.01** by and from the Financing Entity to and by the Province becomes effective (the "**Assumption Effective Date**"), the Province shall no longer be required to provide and perform the Limited Guarantee but will instead become a primary obligor under ~~the~~**such** Obligations Secured assumed pursuant to and in accordance with an applicable Assumption Agreement. For greater certainty, the obligations of the Province so assumed will not be secured obligations of the Province and the obligees thereof will have no right, interest or claim to or in respect of the Collateral or any proceeds therefrom. ~~**[NTD: the forms of assumption agreement(s) need to be settled before this agreement is finalized.]**~~

6.04 Interim Period

Until the effective time of the assignment and assumption of the Obligations Secured **referenced in Section 6.01** by and from the Financing Entity to and by the Province on the Assumption Effective Date, the Province shall continue to perform and be obligated under the Limited Guarantee **with respect to those Obligations Secured**.

~~6.05 Rights in respect of the Assets Comprising the Collateral~~

~~Upon assuming the Financing Entity's obligations in respect of all Obligations Secured under Article VI, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the Financing Entity's rights and interests under and in respect of the assets, property and undertaking comprising the Collateral and all proceeds therefrom, free and clear of any liens, encumbrances or restrictions arising under or as a result of the Trust Indenture. The Province shall have and be entitled to enforce all such rights and interests as an absolute assignee of the Financing Entity, with effect from and after the time of such assumption, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing to the~~

[12] **It is not realistic to think that the assumptions of Secured Obligations will all occur on one day. We think it has to happen on a contract by contract basis. As a Secured Obligation is assumed, the Limited Guarantee falls away with respect to it (it becomes a "zero" item in the waterfalls).**

~~[7] Further details regarding obtaining of third party consents and rating agency approvals to be provided by OPG.~~

~~Financing Entity and unaffected by any other rights, interests or equities that arise thereafter in respect of the assets, property and undertaking comprising the Collateral as between the Beneficiaries and the Financing Entity. The Indenture Trustee and the Beneficiaries shall thereupon recognize the Province as the absolute owner of the assets, property and undertaking comprising the Collateral.~~

ARTICLE VII
INDENTURE TRUSTEE MATTERS

7.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

7.02 Not Responsible for Recitals ~~or Issuance of Notes~~

The recitals contained herein will be taken as the statements of the Province, the Financing Entity and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

7.03 Representations and Covenants of the Indenture Trustee[13]

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada; **and**

~~(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Agreement and has taken all necessary action to authorize the execution, delivery and performance by it of this Agreement and other documents to which it is a party;~~

~~(c) each of this Agreement and the other documents to which it is a party has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and~~

[13] **The Indenture Trustee asked us to delete these representations. They will not provide these types of representations without attaining a legal opinion from outside counsel. To avoid delay, we would ask that the parties agree to this deletion.**

(b) ~~(d)~~ the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada.

ARTICLE VIII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

8.01 Suspension Notice

Upon:

(a) **a Program Breach; or**

(b) **a default in the performance, or breach, of any covenants or representations of the FSM to the Province in connection with an incurrence or amendment of Primary Obligations, which continues for thirty (30) days after written notice by the Province to the FSM of such default or breach; or**

(c) **the FSM no longer being the Manager or actions having been taken by or on behalf of the Indenture Trustee to remove the FSM as the Manager,**

~~The~~**the** Province may~~, at any time and for any reason,~~ declare that the Limited Guarantee under this Agreement shall not apply to any ~~Obligation Secured~~**Primary Obligations** incurred[14] on or after such declaration, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied, by delivering a written notice in the form of Exhibit C (a "**Suspension Notice**") to the Province to the Indenture Trustee, the FSM and the Financing Entity.[15]

8.02 Suspension

If a Suspension Notice has been provided under Section 8.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of any **Primary** Obligation ~~Secured~~ incurred~~ or amended~~[16] on or after the time such Suspension Notice is delivered, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied. For greater certainty, the rights of the Province under Article VI shall apply in respect of ~~all~~**the** Obligations Secured **referenced in Section 6.01**, including if incurred ~~or amended~~ on or after the time such Suspension Notice is delivered.

[14] **We will need the ability to amend the Primary Obligations after a Suspension Notice to deal with the Suspension Notice itself.**

[15] **OPG has confirmed that it is problematic from an accounting perspective to give the Province a broad right to suspend at any time. As discussed in the meeting, we therefore reintroduced the concept of the Program Breach and Breach Event but we made the breach event generic to ensure we do not have to reference the Process Agreement in this document.**

[16] **We will need the ability to amend the Primary Obligations after a Suspension Notice to deal with the Suspension Notice itself.**

~~**8.03** **Termination Notice**On (a) the occurrence of a Suspension Event or (b) the Assumption Effective Date, the Province may provide to the Indenture Trustee, the FSM and the Financing Entity a notice in the form of Exhibit D (a "**Termination Notice**").~~[17]

8.03 ~~8.04~~ No Impact on Adherence

For greater certainty, the occurrence of Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event or in respect of any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied, nor will it in any way impact the Obligations Secured which are assumed by the Province in accordance with ~~Article~~**ARTICLE** VI.

ARTICLE IX
MISCELLANEOUS

9.01 Term of Agreement

This Agreement will continue until the ~~later of:(a)~~ ~~the~~ date that no amount is or may become due and payable by the Province under the Limited Guarantee~~; and(b) the date that a Termination Notice delivered in accordance with Section 8.03 is received by the Indenture Trustee, the FSM and the Financing Entity~~.

9.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust

[17] **We have deleted the concept of the termination notice since it no longer serves a purpose and is potentially confusing to the reader.**

700 University Avenue

Toronto, Ontario M5G 1X6
Attention: ~~[■]~~**General Counsel**
Fax: (416) ~~[■]~~
~~Email: [■]~~**592-4189**

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: ~~[■]~~**Manager, Corporate Trust**
Fax: (416) ~~[■]~~**981-9777**
Email: ~~[■]~~**corporatetrust.toronto@computershare.com**

~~[■]~~

(b) if to the FSM:

Ontario Power Generation Inc.

700 University Avenue

Toronto, Ontario M5G 1X6

Attention: ~~[■]~~**General Counsel**
Fax: (416) ~~[■]~~**592-4189**

~~Email: [■]~~

(c) if to the Province:

Ministry of Finance

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 9.02.

9.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section 9.03 shall be null and void.

9.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

9.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

9.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

9.07 Intentionally Deleted

9.08 Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their benefits hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

9.09 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, IN ITS CAPACITY AS TRUSTEE OF FAIR HYDRO TRUST, AS ISSUER, ~~[~~BY ONTARIO POWER GENERATION INC., NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS MANAGER~~]~~[8]

By: _____
Name:
Title:
By: _____
Name:
Title:

[8] ~~To be discussed.~~

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Action**" has the meaning ascribed thereto under the Trust Indenture.

"**Adherence Conditions**", **means,** in respect of ~~a~~**the Certified** Primary ~~Obligation, means~~**Obligations,** the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of a Guarantee Payment Date, the aggregate of the Approved Obligation Amounts for such Guarantee Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, for a Beneficiary in respect of an Approved Obligation under which an amount is due and payable on a Guarantee Payment Date:

(a) if no Acceleration has occurred in respect of any Obligation Secured on or before the Guarantee Payment Date, the amount due and payable to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation (for greater certainty, determined on the assumption that there are adequate amounts available under the applicable payment provisions of the Trust Indenture to pay in full all amounts referred to in such payment provisions that are due and payable on the Guarantee Payment Date); and

(b) if an Acceleration has occurred in respect of any Obligations Secured on or before the Guarantee Payment Date, the amount that would be available to be paid to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation under the applicable payment provisions of the Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with such applicable payment provisions of the Trust Indenture in respect of each relevant month ~~[~~during each Reference Period~~ from and after May, 2021]~~[9] is equal to the ~~[~~estimated ~~finance amount~~**Finance Amount** determined in respect of such Reference Period ~~pursuant to~~**for purposes of** section ~~•~~**15(1)** of the ~~General Regulation (as set forth~~**Act (in effect** on

[9] ~~What about earlier periods? Are the earlier periods covered at all, or is the intention that they would be determined without regard to the acceleration mechanics of the Regulation?~~

the date hereof)]~~[10~~ divided by the number of months in such Reference Period.

"**Assumption Agreement**" means the agreement among the Province, the Indenture Trustee, the Financing Entity and any other person that is party to the ~~Funding Obligation~~**applicable Supplemental Indenture or Loan** Agreement affected by the assignment and assumption contemplated under Article VI, which agreement shall be in substantially the form of ~~the form of~~ assumption agreement set forth in ~~Exhibit E.~~<~~*"**Assumption Closing Date**" has the meaning ascribed thereto in Section* ~~><~~*6.01*>**the applicable Supplemental Indenture or Loan Agreement**.

"**Assumption Effective Date**" has the meaning ascribed thereto in Section 6.03.

>*"**Assumption Closing Date**" has the meaning ascribed thereto in Section* <>*6.01*<**.**

"**Assumption Notice**" has the meaning ascribed thereto in Section ~~6.01."**Available Collections**" has the meaning ascribed thereto in the Trust Indenture~~**6.01**.

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Beneficiary Payee**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"Certified Primary Obligations" means Primary Obligations that are payment obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest or to repay payment obligations that were incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest,[18] (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not each individual trade confirmation, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and aggregate payments by the Financing Entity thereunder during the term of such contract is in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).[19]

~~[10] This needs to tie into the "estimated finance amount" determined under the General Regulation applicable during the Reference Period.~~

[18] Query: For a warehouse facility, does the Province want a Certificate for each monthly draw?

[19] This concept reflects what Primary Obligations the parties agreed to be subject to the adherence conditions.

"**Change of Law Protection Agreement**" means this Agreement.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Eligible Deposit Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Eligible Institution**" has the meaning ascribed thereto in the Trust Indenture.

"Executive Officer" has the meaning ascribed thereto in the *Securities Act* (Ontario).

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" ~~means, at any time, the Person who is, in accordance with~~**has the meaning ascribed thereto in the first paragraph of this Agreement until a successor Financing Entity Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and** the Declaration of Trust, ~~the trustee of the~~ **and thereafter "**Financing Entity ~~at~~**Trustee" means and includes** such ~~time.~~**Person.**[20]

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

>*"**General Regulation**" means O. Reg. 206/17 made under the Act.*<

"**Guarantee Payment Date**" has the meaning ascribed thereto in Section 2.01(a).

[20] **We are merely conforming this definition to the definition of Indenture Trustee.**

"**Guarantor Settlement Statement**" has the meaning ascribed thereto in Section 2.01(a).

<~~"***General Regulation***" *means O. Reg. 206/17 made under the Act.*~~>

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Issuer Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Legislature**" means the Legislature of the Province of Ontario.

"Lien" has the meaning ascribed thereto in the Trust Indenture.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(a).

"Loan Agreement" has the meaning ascribed thereto in the Trust Indenture.

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity, as amended, supplemented, restated or otherwise modified from time to time.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"Master Agreement" means an agreement in the form of a 1992 ISDA Master Agreement (Multi-Currency – Cross Border) as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, as amended, supplemented, restated or otherwise modified from time to time.

~~"**Note**" or "**Notes**" has the meaning ascribed thereto under the Trust Indenture.~~

[21]

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

~~"**Paying Agent**" has the meaning ascribed thereto in the Trust Indenture.~~

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account~~,~~ **or** Finance Reserve Account~~, or Supplemental Reserve Account~~; **and** (ii) any ~~amounts that would be remaining amounts of Available Collections required by the to be held~~ <~~*in the Collection Account*~~> ~~for distribution on a succeeding Payment Date~~<~~ *pursuant to the Trust Indenture*~~>~~; and (iii) any obligation to pay the Trust~~**obligation to pay the Financing Entity** or on the ~~Trust~~**Financing Entity**'s direction any remaining amounts ~~of Available Collections.~~>*in the Collection Account*<> *pursuant to the Trust Indenture*<.[22]

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, ~~early amortization event,~~ termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.[23]

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

[21] **The definition of Notes is not used in the Agreement.**

[22] **These changes were made to conform to the most current version of the Trust Indenture, a copy of which will be circulated soon. Additionally, money in the Collection Account is required to flow through the water fall and is not required to be held in the Collection Account otherwise.**

[23] **We deleted early amortization events because that is no longer a concept used in the Trust Indenture.**

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the ~~[~~Crown~~]~~, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that materially and adversely affects (a) the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured, or (b) this Agreement or any of the agreements under which Obligations Secured arise; or

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that materially and adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Obligations Secured that have become due and payable.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture.

"~~**Refinancing**" has the meaning ascribed to the term "refinancing" in the Act as of the date hereof, as more particularly described and given meaning in in the General Regulation as of the date hereof."~~~~**Repayment**~~**Reference Period**" has the meaning ascribed thereto in the ~~General Regulation~~**Act**.

"Refinancing" means the incurrence of debt where at the time of issuance the use of the proceeds thereof are identified by the Issuer as to be used to repay an existing Approved Obligation.[24]

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Subrogation Amounts**" has the meaning ascribed thereto in subclause 2.01(a)iv(ii).

"Supplemental Indenture" has the meaning ascribed in the Trust Indenture.

"**Supplemental Reserve Account**" has the meaning ascribed in the Trust Indenture.

"**Suspension Event**" has the meaning ascribed thereto in Section 8.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 8.01.

~~"**Termination Notice**" has the meaning ascribed thereto in Section 8.03.~~

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

[24] **Refinancings can occur up to six months prior to the application of the refinancing proceeds to the existing obligation. The regulations provide that if the refinancing proceeds are not applied to repay the intended funding obligation, then it is not a Refinancing. Accordingly, we have revised the definition to ensure that Refinancings do not have to be simultaneous with repayment of the existing Approved Obligation (we understand from the dealers that in most circumstances they will not be).**

EXHIBIT A
FORM OF PAYMENT DEMAND

TO: **Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "Province")**

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "Financing Entity"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "Change of Law Protection Agreement"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Pursuant to section 2.01(a) of the Change of the Law Protection Agreement, the Indenture Trustee hereby demands payment from the Province in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in the Change of Law Protection Agreement.

DATED as of the [■] day of [■], [■].

BNY TRUST COMPANY OF CANADA

By:
Name:
Title:

By:
Name:
Title:

~~EXHIBIT A.1~~
~~FORM OF GUARANTOR SETTLEMENT STATEMENT~~

EXHIBIT B
ASSUMPTION NOTICE

[NTD: Blakes to provide draft]

EXHIBIT C
SUSPENSION NOTICE

~~EXHIBIT D~~
~~TERMINATION NOTICE~~

~~EXHIBIT E~~

~~FORM OF ASSUMPTION AGREEMENT~~

[NTD: Blakes to provide draft]

Document comparison by Workshare Compare on November-24-17 1:52:11 PM

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Insertion	
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Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	180
Deletions	148
Moved from	7
Moved to	7
Style change	0
Format changed	0
Total changes	342

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.

CHANGE OF LAW PROCESS AGREEMENT[1]

Dated as of [■], 2017

[1] This Agreement and the Protection Agreement will need to be effective on closing but signed and held in escrow as soon as they are settled and prior to pricing of the term deal.

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**") is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.[1]

Pursuant to a Declaration of Trust dated as of [■], 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.[2]

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of **Primary** Obligations ~~Secured~~ that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions.

Prior to entering into this Agreement, OPG provided the Province with the proposed forms of ~~certain of~~ the Transaction Documents **listed on Exhibit "A"**, and the Province has not objected to such forms **and has confirmed to OPG that such Transaction Documents constitute "Reference Documentation" for purposes of this Agreement**.

Prior to entering into this Agreement, OPG, as the FSM, provided the Province with the initial Financing Plan attached hereto as Exhibit "B" (the "Initial Financing Plan"), and the Province has not objected to such Initial Financing Plan.

Prior to entering into this Agreement, OPG, as the FSM, provided to the Province (i) the initial forecast attached hereto as Exhibit "C" (the "Initial Forecast")> *setting out OPG's expectations regarding the aggregate maximum amount of Repayments* <>*that would arise in the future under Approved Obligations to be incurred during the* <**24 month period**

[1] ~~Blakes suggests that it be made clear in the Declaration of Trust that OPG is establishing the Trust. Blakes would appreciate the benefit of Torys analysis as to how the Trust is an "entity" under the OFHPA, as opposed to the trustee. Clearly OPG has not established Computershare. Blakes and Torys to discuss.~~

[2] ~~Lawyers to discuss~~**We are comfortable on this point because OPG has retained Computershare as issuer trustee. The recitals of the Declaration of Trust provide that Computershare has established the Trust at the request of the FSM. We can also provide you with a copy of the Computershare engagement letter upon request**.

following the date hereof> *(the "**Initial Forecast Period**")*<**; and (ii) notice of the initial Protection Agreement Maximum of C$■ (the "Initial Protection Agreement Maximum").**[3]

The Province has not objected to the Initial Forecast and the Initial> *Protection Agreement Maximum on the basis that (i) there*< **does not appear to be inaccuracies in the Initial Financing Plan or the Initial Forecast, (ii) the Initial Forecast is consistent with the Initial Financing Plan, and (iii) the Initial Protection Agreement Maximum is less than the Initial Forecast.**

This Agreement sets out the obligations OPG has agreed to perform and assurances OPG has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the Adherence Conditions have been satisfied, maintaining information related to the Program Agreements and the Approved Obligations, and ensuring that the Province's assumption rights pursuant to Article VI of the Change of Law Protection Agreement may be exercised without impediment on the terms and conditions contemplated in this Agreement and the Change of Law Protection Agreement.

All things necessary to make this Agreement a valid and legally binding agreement of OPG and the Province, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

[3] **Given that this Agreement would now be delivered on or immediately prior to closing, we thought it would be acceptable to reference these initial items as delivered versus as future deliverables. Please note that OPG is working with the Province to deliver the initial financing plan and the initial forecast and to confirm the initial protection agreement maximum.**

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 References to the Financing Entity

For greater certainty, each reference to the Financing Entity shall be construed as a reference to the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 Effect of Headings

The Article and Section headings herein and are for convenience only and will not affect the construction hereof.

1.04 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.06 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT **(ONTARIO)**.

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF OPG

2.01 Deliveries to the Province

(a) ~~Not less than 15 Business Days, or such lesser period as the Province may agree to in writing, prior to the initial issuance of any Funding Obligation by the Financing Entity, OPG shall deliver to the Province a copy of the initial Financing Plan. Thereafter,~~ OPG shall promptly deliver to the Province a copy of any proposed change to or replacement of the **Initial** Financing Plan.

(b) Not less than 10 Business Days, or such lesser period as the Province may agree to in writing, prior to (i) any proposed change or supplement to a previously provided Transaction Document becoming effective or otherwise being used, (ii) any additional or replacement Transaction Document becoming effective or otherwise being used, OPG shall deliver to the Province a copy of such proposed change or supplement to the Transaction Document and any such additional or replacement Transaction Document.

(c) Promptly following (i) any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor being made, (ii) any new, additional or replacement instruments, documents, agreements or security being used or granted in connection with all or any part of the Approved Obligations, or (iii) any waiver, release, reconveyance, termination, abandonment, subordination, exchange, substitution, transfer, compound, compromise, liquidation or enforcement of all or any part of the Approved Obligations or any security or guarantee therefor being

effected, OPG shall deliver to the Province a detailed description of such event and the reasons for it together with any related documents, agreements and instruments.

(d) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, OPG shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations (including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(e) Promptly upon request, OPG shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

2.02 Covenants

(a) OPG shall use commercially reasonable efforts to cause the Financing Entity to:

(i) punctually perform and observe all of the Financing Entity's obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not **(unless waived by the Province)**:

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement or replacement or waiver or consent could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any change in particular financial terms, rates and levels;

(B) extend, renew, compromise, novate, replace, suspend, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, liquidate or enforce the terms of all or any part of the Approved Obligations or any Collateral, if any such action could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to the extent that only particular financial terms, rates and levels are affected[3];

(C) permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired.**; or**

(D) allow the Financing Entity to enter into any Supplemental Indenture or Loan Agreement where> *any penalty or make-whole payment, or any requirement for further consent, approval or agreement,* <**of the Specified Creditor party thereto would be required for**> *the Province to assume the Obligations Secured* <**thereunder.**[4]

(b) OPG shall:

(i) comply, and shall use commercially reasonable efforts to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

(ii) punctually perform and observe all of its (including as the FSM and as Manager) obligations and agreements contained in the Program Agreements;

(iii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation; and

(iv) after the occurrence of any Protection Event (or any event that with the passage of time or the giving of notice would be a Protection Event)[5], not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.

[3] Added to address the scenarios contemplated in 2.01(c).

[4] Please see our cover note regarding the proposed assumption by the Province. Lawyers to discuss if appropriate mechanics for the first two deals are possible given timing.

[5] OPG is not in a position to be aware of events that may lead to a Protection Event.

(c) **For greater certainty, the parties hereto acknowledge and agree that OPG's obligations under this Agreement are subject to (i) OPG's obligations as FSM under the Act, and (ii) OPG's obligations under the Management Agreement.**[6]

(d) ~~(c)~~ Nothing in this Agreement ~~[~~nor in the Change of Law Protection Agreement~~]~~[47] shall limit the obligations of the Province under the Indemnity Agreement by the Province in favour of OPG dated June 1, 2017 (as amended, the "**Indemnity Agreement**") and to the extent of any conflict between this Agreement, the Change of Law Protection Agreement and such Indemnity Agreement, in respect of any matter relating to the Province's obligations to indemnify OPG, the Indemnity Agreement shall prevail.

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate[58]

OPG shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of OPG ~~(or their respective designees, provided that such designees are also executive~~**or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as** officers of OPG **acting in its capacity as FSM**) and addressed to the Province, on ~~the earlier of (i) one Business Day prior to~~**or before** the incurrence ~~or any amendment~~ of a ~~Funding~~**Certified Primary** Obligation (~~other than any Funding Obligation under which not more than $■ in the aggregate may become payable by the Financing Entity), and (ii) on the Business Day on which the financial terms of such Funding Obligation are definitively determined (including the interest or discount rate applicable to any notes, bonds or other securities~~**provided that delivery may not be more than 5 Business Days before the incurrence of the Certified Primary Obligation**), setting out the following with respect to such ~~Funding~~**Certified Primary** Obligation:

[6] **We would like to ensure that there is an acknowledgement that OPG has certain obligations under the Act and the Management Agreement.**

[47] This language has extra-contractual implications and so its meaning as between only 2 of the parties to the Protection Agreement is uncertain. Torys to explain intention. **Torys: This provision is intended to clarify that neither the Protection Agreement nor the Process Agreement supersedes or otherwise amends the Province's obligations under the Provincial Indemnity Agreement. It is effectively an acknowledgment by the Province in favour of OPG and does not involve the other parties to the Protection Agreement and so we are comfortable including it here only. However, we do not have an issue with putting an equivalent clause in the Protection Agreement if that is preferable from your perspective.**

[5] ~~OPG/Dealers have indicated that "The current structure requiring satisfaction of~~< ~~*the adherence conditions*~~ >~~in~~[8] **The Process Certificate conforms to the certificate delivered under the Change of Law Protection Agreement including the changes to ensure that the Process Certificate is only provided here when a concurrent certificate is required to be delivered by OPG under** the Protection Agreement ~~impacts the marketability of the transaction and creates uncertainty for investors. Province has asked Dealers to explain how the current structure requiring satisfaction of the adherence conditions in the Protection Agreement is more onerous than ordinary adherence conditions applicable to government guaranteed bonds and to estimate the quantum impact on the marketability of the transaction and explain what uncertainty an ordinary closing condition of this type poses for investors~~**. Without this consistency, the obligations can become confusing and the intent of the parties of when Primary Obligations are subject to**> *the adherence conditions* <**may not be clear**.

(a) the material terms of the ~~Funding~~**Certified Primary** Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a ~~Derivative~~**Master** Agreement[9]**, events of default**~~, the notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights~~ **termination events and any amendment to the standard terms of the Master Agreement relating to the calculation of termination amounts (and, for greater certainty, it shall not be necessary to set out the terms of any trade confirmation)**;

~~(b) if an existing Funding Obligation is proposed to be amended, material details respecting such amendment, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;~~

(b) ~~(c)~~ a statement to the effect that: (i) the ~~Funding~~**Certified Primary** Obligation to be incurred~~ or amended~~ (1) will arise under terms and conditions that are Substantially in the Form of the Reference Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reference Documentation;

(c) ~~(d)~~ a statement confirming that any disclosure made in respect of the ~~Funding~~**Certified Primary** Obligation (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to the ~~Funding~~**Certified Primary** Obligation) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement has been made available to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made;

(d) ~~(e)~~ a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and

(e) ~~(f)~~ confirmation that, at the time the ~~Funding~~**Certified Primary** Obligation is incurred~~ or amended~~, the maximum aggregate payment amounts due or becoming

[9] **Since we agreed at our meeting that OPG only needs to provide a certificate under section 4.02 of the Change of Law Protection Agreement when they enter into a Master Agreement (and not the broader concept of the Derivative Agreement), we had to revise the language here to conform to what would be expected to be found in a Master Agreement.**

due in the future in respect of Repayments under the ~~Funding~~**Certified Primary** Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the **then applicable** Protection Agreement Maximum; for clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be determined on the date the Process Certificate is delivered hereunder in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

3.02 ~~**Delivery of a Suspension Notice**~~ **Acknowledgement**[10]

The Province acknowledges and agrees that, concurrent with the delivery of the Process Certificate pursuant to Section ~~8.01~~<~~*of the Change of Law Protection Agreement*~~>~~, the Province is entitled to deliver a Suspension Notice. The Province agrees not to deliver a Suspension Notice pursuant to Section 8.01~~**3.01 of this Agreement, the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) are authorized to deliver the certificate referred to in Subsection [4.02(b)] of the** Change of Law Protection Agreement ~~unless any of the following circumstances has occurred:~~**to the Indenture Trustee confirming that OPG has delivered all required certifications to the Province in connection with the incurrence of the Certified Primary Obligations in respect of which the certificate in Subsection [4.02(b)]**> *of the Change of Law Protection Agreement*< **is being delivered; provided that, upon receipt of a Suspension Notice under the Change of Law Protection Agreement, OPG covenants not to deliver any further certificates to the Indenture Trustee under Subsection [4.02(b)] of the Change of Law Protection Agreement other than in connection with a Refinancing.**[11]

~~(a) a Program Breach; and~~

~~(b) a Breach Event.~~

[10] **OPG needs certainty on the conditions in which it is permitted to deliver the certificate under the Change of Law adherence conditions.**

[11] **Since OPG receives a Suspension Notice under the Change of Law Protection Agreement, we removed the concept of such notice here other than to provide the covenant above.**

3.03 Meaning of "Reference Documentation"

For the purposes of Subsection 3.01(~~c~~**b**), the term "Reference Documentation" shall mean each Transaction Document (including any change, addition or supplement thereto) that, at the relevant time:

(a) is a Transaction Document provided to, and not objected to by, the Province prior to the making of this Agreement, as contemplated in the fifth recital to this Agreement; or

(b) is a Transaction Document provided to the Province in accordance with Subsection 2.01(b) that has not been objected to by the Province, by delivery of an objection notice in writing delivered to OPG, within 10 Business Days after it is provided to the Province.

3.04 Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(~~c~~**b**), the term "Substantially in the Form" shall mean:

(a) with respect to the Reference Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such Reference Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation, including regarding the timing of or circumstances under which related payments are or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that would affect the Province's rights of subrogation or assignment (including pursuant to **[Section 5.01 or Article VI]** of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation or upon the assumption of obligations in accordance with **[Article VI]** of the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any variable terms to be set forth in the proposed documents as are reasonably contemplated in the Reference Documentation, including the particular financial terms, rates and levels set forth in the proposed documents other than to the extent that the forms of Reference Documentation themselves specify specific requirements, limitations or parameters with respect to such financial terms, rates, levels and parameters; and

(b) with respect to the Reference Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum[12]

~~(a) Not less than 15 Business Days, or such lesser period as the Province may agree to in writing, prior to the proposed incurrence of the first Funding Obligation, OPG shall, as the FSM, deliver to the Province: (i) a forecast< *setting out OPG's expectations regarding the aggregate maximum amount of Repayments* >< *that would arise in the future under Approved Obligations to be incurred during the* >next following 24 month period< *(the "**Initial Forecast Period**")*>, which expectations shall be consistent with the Financing Plan (the "**Initial Forecast**"); and (ii) notice of the initial Protection Agreement Maximum, which may not exceed the Initial Forecast.~~

~~(b) Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of the Initial Forecast and notice of the initial Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province may disagree with the Initial Forecast and the initial< *Protection Agreement Maximum on the basis that (i) there*> appears to be inaccuracies in the Financing Plan or the Initial Forecast, (ii) the Initial Forecast is inconsistent with the Financing Plan, or (iii) the initial Protection Agreement Maximum is not less than the Initial Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the initial Protection Agreement Maximum will be revised accordingly and confirmed by an amended notice to the Province.~~

(a) ~~(c)~~ Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Approved Obligations that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast shall be further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum, which may not exceed such Forecast.

(b) ~~(d)~~ Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of any further Forecast and notice of the

[12] **Per an earlier footnote, the items in previous draft (a) and (b) were moved to the recitals.**

revised Protection Agreement Maximum from OPG pursuant to Section 4.01(~~e~~**a**), the Province may disagree with such further Forecast or revised Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or such further Forecast, (ii) the further Forecast is inconsistent with the Financing Plan, or (iii) the revised Protection Agreement Maximum is ~~not less~~**more** than the further Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the revised Protection Agreement Maximum will be further revised accordingly and confirmed by an amended notice to the Province.

(c) ~~(e)~~ For clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be valued at the time to be determined for the purposes of this Section 4.01 in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of OPG

OPG represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, may cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario and has the power and authority to enter into and perform its obligations under this Agreement and all instruments and agreements delivered pursuant hereto.

(c) OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Financing Entity or in the ability of the Financing Entity to perform its obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or

any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

5.02 Representations and Warranties of the Province

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
PROCESS FOR ELECTION TO ASSUME APPROVED OBLIGATIONS[6][13]

6.01 Election by the Province

Pursuant to Section 6.01 of the Change of Law Protection Agreement, at any time following the occurrence of a Protection Event, the Province may (but shall not be obligated) elect to assume the Financing Entity's obligations in respect of all Obligations Secured, **permitted to be assumed by their terms** as obligor and debtor by giving notice to the Indenture Trustee. Prior to determining whether or not to exercise its election, the Province may deliver to OPG a notice in the form of Exhibit A**"D"** (an "**Election Information Notice**"). The Election Information Notice shall, among other things, specify the date **or dates** on which the Province proposes to assume the Obligations Secured **referred to in this Section 6.01**, which date **or dates** shall be no earlier than 20 Business Days**60 days**[14] following delivery of the Election Information Notice to OPG (**with respect to each such Obligation Secured,** the "**Proposed Assumption Date**").

6.02 Details regarding Obligations Secured

Promptly**Within 10 Business Days** following the delivery of the Election Information Notice to OPG, OPG shall provide the following information and documentation to the Province:

(a) a summary of the amounts that will be owing under all**the** Obligations Secured **referred to in Section 6.01** as of the Proposed Assumption Date, together with a

[6] Note: Lawyers to discuss assumption mechanics[13] **Please see Torys' cover email to explain changes made in this Article and the related Article in the Protection Agreement. Section 6.05 was deleted and moved up as a covenant in section 2.02(a)(v)(D).**

[14] **This process will take time and require appropriate notice to holders of the applicable Obligations Secured.**

detailed schedule setting out the dates on which such amounts will become due and payable under ~~the~~**such** Obligations Secured;

(b) a summary of the rights arising under the Obligations Secured **referred to in Section 6.01** that permit the ~~Financing Entity to assign the~~**Province to assume such** Obligations Secured~~ to the Province~~, including details regarding any conditions precedent to such assignment and the related assumption becoming effective and any notices, filings, consents or other actions that will be required in order to implement and effect such assignment and assumption;

(c) current versions of all documentation under which the Obligations Secured **referred to in Section 6.01** arise;

(d) copies of all correspondence exchanged between OPG, as the FSM, or the Financing Entity, on the one hand, and any Specified Creditor, Rating Agency or the Indenture Trustee, on the other hand, in each case that may reasonably be considered to be material to the assumption and performance of the Obligations Secured **referred to in Section 6.01** by the Province; and

(e) all income tax returns and assessments, financial statements and notices of proceedings of or pertaining to the Financing Entity or its business and any documentation related thereto, including any pleadings, appeals, objections, qualifications or other similar materials in respect of the Financing Entity or any Program Agreement.

6.03 Settlement of Terms

Following receipt and consideration by the Province of the information and documentation to be provided under Section 6.02, the Province shall confirm in writing whether or not it expects to proceed with the assignment and assumption of the Obligations Secured **referred to in Section 6.01** and, if it will be proceeding with the assignment and assumption, the date on which the Province expects that assignment and assumption will be effected. If it will be proceeding with such assignment and assumption, the Province will deliver an Assumption Notice as contemplated under Section **[6.01]** of the Change of Law Protection Agreement. A decision not to proceed with an election at any time will not limit the Province from proceeding with an election at a later date, including by issuing a further Election Information Notice, and Article VI of this Agreement shall continue to apply unaffected.

6.04 Cooperation to Implement the Assignment and Assumption

OPG shall cooperate with the Province and, as FSM, shall use commercially reasonable efforts to cause the Financing Entity to cooperate, and shall use its commercially reasonable efforts, to complete the assignment and assumption of the Obligations Secured **referred to in Section 6.01** by and from the Financing Entity to and by the Province, by the applicable Assumption Closing Date.

~~6.05~~ ~~Terms of Obligations Secured~~

ARTICLE VII~~In order to permit~~<~~ *the Province to assume the Obligations Secured* ~~>~~~~in the circumstances contemplated herein, OPG, as FSM, shall cause the Financing Entity to use commercially reasonable efforts to ensure that all Obligations Secured permit such an assignment to and assumption by the Province substantially in accordance with the terms and on the basis contemplated in the Assumption Agreement, without~~<~~ *any penalty or make-whole payment, or any requirement for further consent, approval or agreement,* ~~>~~~~or alternatively, in the case of any Obligations Secured entered into by or on behalf of the Financing Entity for the provision of on-going services to the Financing Entity permitting the satisfaction and termination of such Obligations Secured on or prior to the effective time of such assumption without any acceleration of future fees, profits or other like amounts, other than to the extent of payment obligations that arise under market standard mark-to-market payment terms and conditions included on a commercially reasonable basis under a Derivative Agreement.~~[~~7~~][15]

~~ARTICLE VII~~
~~BREACH EVENTS~~

~~7.01~~ ~~Breach Events~~

~~"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:~~

~~(a)~~ ~~a default in the performance, or breach, of any covenants of OPG under this Agreement, which continues for thirty (30) days after written notice by the Province to OPG of such default or breach;~~

~~(b)~~ ~~any representation or warranty made by OPG in this Agreement, any certification made in a Process Certificate, or any certification made in a certificate contemplated by Section **[4.02]** of the Change of Law Protection Agreement, proves to be incorrect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation; or~~

~~(c)~~ ~~OPG is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the Manager.~~ ~~**ARTICLE VIII**~~

~~[7] The Trust Indenture will need to be revised to ensure that the Province's assignment and assumption right is fully contemplated and may be implemented without any requirement for further Specified Creditor or other third party consents. Among other changes, it is contemplated that Torys will add the following to the MTI to address this requirement: (i) Specified Creditors (including in the applicable Funding Obligation Agreement) will be required to acknowledge the rights of the Province to assume the Obligations Secured on the basis contemplated in the form of assumption agreement, and (ii) the Indenture Trustee will be permitted to enter into and give effect to the global Assumption Agreement without the consent of Specified Creditors or any other third parties~~[15] **Breach events not required to be listed since OPG receives a Suspension Notice under the Change of Law Protection Agreement. See also the proviso in section 3.02.**

~~MISCELLANEOUS~~
MISCELLANEOUS

7.01 ~~8.01~~ Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

7.02 ~~8.02~~ Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to OPG:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: ~~[■]~~General Counsel
Fax: (416) ~~[■]~~592-4189
~~Email: [■]~~

(b) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section ~~8.02~~**7.02**.

7.03 ~~**8.03**~~ **Assignment**

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section ~~8.03~~**7.03** shall be null and void.

7.04 ~~**8.04**~~ **Enurement**

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

7.05 ~~**8.05**~~ **FIPPA**

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

7.06 ~~**8.06**~~ **Delivery of Executed Copies**

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

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

By: _____

Name:
Title:

By: _____

Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Conditions**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Approved Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Assumption Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.03.

"**Beneficiaries**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Breach Event**" means the occurrence ~~or existence of any one or more of the following: (a) a default in the performance, or breach, of any covenants of the FSM under this Agreement; or (b) any representation or warranty made by the FSM, any certification made by the FSM under this Agreement, or any certification made by the FSM in a certificate contemplated by Section 4.03~~**of an event described in Section [8.01(b) or (c)]** of the Change of Law Protection Agreement~~, proves to be incorrect in any material respect on the date made; or (c) OPG is no longer the FSM or the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the FSM or the Manager~~.

~~has the meaning ascribed thereto in Section 7.01.~~

~~"**Breach Event Suspension Notice**" has the meaning ascribed thereto in Section 7.02.~~

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"Certified Primary Obligations" means Primary Obligations that are payment obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest or to repay payment obligations that were incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest,[16] (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not each individual trade confirmation, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and aggregate payments by the

[16] Query: For a warehouse facility, does the Province want a Certificate for each monthly draw?

Financing Entity thereunder during the term of such contract is in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).[17]

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the FSM on behalf of the Financing Entity and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

"**Election Information Notice**" has the meaning ascribed thereto in Section 6.01.

"Executive Officer" has the meaning ascribed thereto in the *Securities Act* (Ontario).

"**Financing Entity**" means Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Entity Trustee**" ~~means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Financing Entity at such time~~**has the meaning ascribed thereto in the Change of Law Protection Agreement**.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(~~e~~**a**).

[17] **This concept reflects what Primary Obligations the parties agreed to be subject to the adherence conditions.**

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Indenture Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"Initial Financing Plan" has the meaning ascribed thereto in the recitals of this Agreement.

"**Initial Forecast**" has the meaning ascribed thereto in ~~Section 4.01(a)~~**the recitals of this Agreement**.

"**Initial Forecast Period**" has the meaning ascribed thereto in ~~Section 4.01(a)~~**the recitals of this Agreement.**

"Initial Protection Agreement Maximum" has the meaning ascribed thereto in the recitals of this Agreement.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

~~"**Legislature**" means the Legislature of the Province of Ontario.~~

[18]

"**Limited Guarantee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"Loan Agreement" has the meaning ascribed thereto in the Trust Indenture.

"**Management Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

[18] Definition of Legislature not used here.

"**Manager**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"Master Agreement" means an agreement in the form of a 1992 ISDA Master Agreement (Multi-Currency – Cross Border) as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

~~"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.~~

"**Proposed Assumption Date**" has the meaning ascribed thereto in Section 6.01.

"**Protection Agreement Maximum**" means the dollar amount referenced as the Program Agreement Maximum and determined in accordance with Article IV.

"**Protection Event**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture.

"**Reference Documentation**" has the meaning ascribed thereto in Section ~~3.03.~~**3.03.**

"**Repayment**" has the meaning ascribed to the term "repayment" in the General Regulation as of the date of this Agreement.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Substantially in the Form**" has the meaning ascribed thereto in Section ~~3.04.~~**3.04.**

"**Suspension Notice**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement; (vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to ~~an ISDA~~**a** Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that affects the Province's subrogation rights and/or subrogee interests, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

EXHIBIT "A<
~~FORM OF ELECTION INFORMATION NOTICE~~>"
INITIAL REFERENCE DOCUMENTATION

- **Declaration of Trust;**
- **Management Agreement;**
- **Master Transfer and Servicing Agreement;**
- **Acknowledgement and indemnity agreement dated as of [■], 2017 made by IESO in favour of the Indenture Trustee;**
- **Security agreement made by IESO in favour of the Financing Entity to secure certain of its obligations under the Master Transfer and Servicing Agreement;**
- **Trust Indenture;**
- **Term Senior Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;**
- **Term Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;**
- **Term Junior Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;**
- **Warehouse Senior Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;**
- **Warehouse Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;**
- **Warehouse Junior Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;**
- **Schedule to the ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time;**
- **Confidential shelf offering memorandum of the Financing Entity dated as of [■], 2017, including the term sheet incorporated by reference therein; and**
- **Agency agreement between the Financing Entity, CIBC World Markets Inc., RBC Dominion Securities Inc., Goldman Sachs Canada Inc. and the other agents named therein dated as of [■], 2017.**

[NTD: List above to be confirmed.]

EXHIBIT "B"
INITIAL FINANCING PLAN

(see attached)

EXHIBIT "C"
INITIAL FORECAST

(see attached)

EXHIBIT "D">
FORM OF ELECTION INFORMATION NOTICE<

[NTD: Blakes to provide draft.]

~~EXHIBIT B~~
~~FORM OF BREACH EVENT SUSPENSION NOTICE~~

Document comparison by Workshare Compare on November-24-17 1:50:23 PM

Input:	
Document 1 ID	interwovenSite://INVENTORYS1/TorysAtWork/24529785/1
Description	#24529785v1<TorysAtWork> - -CLPA - Process Agreement(November 22/17)
Document 2 ID	interwovenSite://INVENTORYS1/TorysAtWork/24529785/2
Description	#24529785v2<TorysAtWork> - -CLPA - Process Agreement(November 22/17)
Rendering set	strikeout-colour

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

Statistics:	
	Count
Insertions	166
Deletions	124
Moved from	9
Moved to	9
Style change	0
Format changed	0
Total changes	308

From:	Whitfield, Tobias P. (MOF)
To:	Mike Manning; Ken Kandeepan; Gadi Mayman; Anna Strathy; Thouin, Alena (ENERGY); Tom McKinlay (MAG); Carlos Yep; Ronald Kwan; John Kim
Cc:	Malle Hanslep (MOF); stephen.ashbourne@blakes.com
Subject:	Protection/Process Agreements s. 28 Approval Forms
Date:	Wednesday, December 06, 2017 3:08:56 PM
Attachments:	Fair Hydro Plan Process Agreement s. 28 Approval - Dec 6 DRAFT.doc Fair Hydro Plan Protection Agreement s. 28 Approval - Dec 6 DRAFT.doc

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Please find attached forms of s. 28 approval for the Change of Law Protection Agreement and the Change of Law Process Agreement. Please let me know if you have any comments.

We have divided these into two separate approvals because the Process Agreement does not have to be shared with the same parties as the Protection Agreement.

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
777 Bay Street, 11th Floor
Toronto, ON, M5G 2C8
tobias.whitfield@ontario.ca
Phone: 416-325-1456

Ministry of Finance
Office of the Minister

Ministère des Finances
Bureau du ministre

Ontario

7th Floor, Frost Building South
7 Queen's Park Crescent
Toronto ON M7A 1Y7
Telephone: 416-325-0400
Facsimile: 416-325-0374

7e étage, Édifice Frost Sud
7 Queen's Park Crescent
Toronto ON M7A 1Y7
Téléphone: 416-325-0400
Télécopieur: 416-325-0374

December , 2017

TO: **Minister of Energy**

Approval pursuant to section 28 of the
Financial Administration Act

For the purpose of section 28(1) of the *Financial Administration Act*, I hereby approve the entry into by Her Majesty the Queen in right of Ontario, as represented by the Minister of Energy and the Minister of Finance acting together, of the financial arrangements, financial commitments, guarantees, indemnities and similar transactions that would increase, directly or indirectly, the indebtedness or contingent liabilities of Ontario substantially in the attached form of Change of Law Process Agreement.

Charles Sousa
Minister of Finance

Attachment

DRAFT

Ministry of Finance
Office of the Minister

Ministère des Finances
Bureau du ministre

Ontario

7th Floor, Frost Building South
7 Queen's Park Crescent
Toronto ON M7A 1Y7
Telephone: 416-325-0400
Facsimile: 416-325-0374

7e étage, Édifice Frost Sud
7 Queen's Park Crescent
Toronto ON M7A 1Y7
Téléphone: 416-325-0400
Télécopieur: 416-325-0374

December , 2017

TO: **Minister of Energy**

Approval pursuant to section 28 of the
Financial Administration Act

For the purpose of section 28(1) of the *Financial Administration Act*, I hereby approve the entry into by Her Majesty the Queen in right of Ontario, as represented by the Minister of Energy and the Minister of Finance acting together, of the financial arrangements, financial commitments, guarantees, indemnities and similar transactions that would increase, directly or indirectly, the indebtedness or contingent liabilities of Ontario substantially in the attached form of Change of Law Protection Agreement.

Charles Sousa
Minister of Finance

Attachment

DRAFT

From:	Anna Strathy
To:	ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com); Tobias P. Whitfield (MOF); Mike Manning; Ken Kandeepan; Malle Hanslep (MOF); Hresa Gavaris
Subject:	Provincial Protection Agreement, Regroup | OFA, Legal Counsel, Blakes

Toll-free dial-in number: 1-866-602-5461
Local dial-in number: 416-212-8011
Conference ID: 4717656
Anna to Moderate

From:	Anna Strathy
To:	Ken Kandeepan; Ronald Kwan; Mike Manning; John Kim; Thouin, Alena (ENERGY); Tom McKinlay (MAG); Malle Hanslep (MOF); ASHBOURNE, STEPHEN; JACKSON, ADAM; PRESTAGE, JA; VINER, JON (JON.VINER@blakes.com); Tobias P. Whitfield (MOF); Steen Hume (CAB); Hilary Cox (ENE); Tim Christie (ENERGY); Daniel Cayley (ENERGY); John Psinas
Subject:	Provincial Protection and Process Agreements, Review | OFA, Energy, Legal Counsel, Blakes
Start:	Monday, December 04, 2017 2:30:00 PM
End:	Monday, December 04, 2017 3:00:00 PM
Location:	Teleconference 1-866-602-5461 or 416-212-8011 | Conference ID: 4717656

Teleconference only. The Executive Boardroom is booked.

From:	Anna Strathy
To:	ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com); Tobias P. Whitfield (MOF); Mike Manning; Ken Kandeepan; Ronald Kwan; Thouin, Alena (ENERGY); Tom McKinlay (MAG); Gadi Mayman; Malle Hanslep (MOF); Hresa Gavaris
Subject:	Provincial Protection and Process Agreements, Review | OFA, Energy, Legal Counsel, Blakes

Please call Hresa at 5-8002 upon arrival to gain access to the 14th floor of 1 Dundas.

Toll-free dial-in number: 1-866-602-5461
Local dial-in number: 416-212-8011
Conference ID: 4717656
OFA to Moderate

From:	Hanslep, Malle (MOF)
To:	ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com); Tobias P. Whitfield (MOF); Mike Manning; Ken Kandeepan; Ronald Kwan; Thouin, Alena (ENERGY); Tom McKinlay (MAG)
Cc:	Malle Hanslep (MOF); Gadi Mayman; Anna Strathy
Subject:	RE:
Date:	Thursday, December 07, 2017 12:05:27 PM

Hi all,

These are really just my notes as I went through the agreement mark-up. Hopefully we can have a call at about 2 pm to go through the mark-up.

Thanks.

Comments on Process Agreement. Some of these questions relate to the closing logistics.

1. What date will the agreement be "dated as of"?
2. P. 1, fifth recital – Agree with changes to reference the final form of the Transaction Documents as described in Exhibit "A". Regarding mechanics – to whom will OPG send the final forms and when and who will confirm to OPG on behalf of the Province that such Transaction Documents will constitute Reference Documentation? Is it necessary to include the phrase "and the Province has not objected to such forms" since the Province is not actually given a contractual right to object to the forms?
3. P. 1 6th recital – When is it expected that OPG will deliver the Financing Plan to the Minister of Energy as required under the statute? i.e. the final version of the financing plan. Will it be done by the time the Ministers are to be briefed on and requested to sign the Protection and Process Agreements. Is the Minister of Energy going to be acknowledging receipt of the Financing Plan? We understand that the Initial Forecast will be included in the Financing Plan? Is it a single dollar amount? And the Initial Protection Agreement Maximum will be the same dollar amount?
4. 2.01(b) and 2.02(a) and 3.05(a) – New definition of Material Effect inserted to cover
5. 2.02(a)(D) – think Province agrees to delete (D) since assumption election has been deleted.
6. 2.02(c) and (d) – think Province is agreeable to this too.
7. 2.02(b) – OPG obligation to notify Province of Breach Events and Program Breaches added
8. 3.01(a) – think an estimate is fine.
9. Footnote 2 – Will need to discuss Oslers' email from last evening and interaction with the Process Agreement
10. 4.01(b) – Agree with deletion here because purpose is not to disagree based on inaccuracies in the Financing Plan but only with respect to the Forecast (which is contained in the Financing Plan)
11. 6.01 – Amendments to Breach Events to specifically reference in obligations related to "material effect" amendments
12. Footnote 3 - Agree that reference documentation related to term deal should be deleted now as there will not be time to finalize now.

From:	Anna Strathy
To:	Malle Hanslep (MOF); Gadi Mayman; Mike Manning; Tobias P. Whitfield (MOF); ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com); Ken Kandeepan; Ronald Kwan
Subject:	RE:
Date:	Tuesday, November 21, 2017 4:05:02 PM

Hi Malle, the conference ID isn't working for me.

Anna

-----Original Appointment-----
From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Tuesday, November 21, 2017 3:46 PM
To: Hanslep, Malle (MOF); Gadi Mayman; Mike Manning; Anna Strathy; Tobias P. Whitfield (MOF); ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com); Ken Kandeepan; Ronald Kwan
Subject:
When: Tuesday, November 21, 2017 4:00 PM-5:00 PM (UTC-05:00) Eastern Time (US & Canada).
Where: 416-212-8012 PC 58012074 Passcode 1686#

From:	Anna Strathy
To:	Malle Hanslep (MOF); ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com); Tobias P. Whitfield (MOF); Mike Manning; Ken Kandeepan; Ronald Kwan; Thouin, Alena (ENERGY); Tom McKinlay (MAG)
Cc:	Malle Hanslep (MOF); Gadi Mayman
Subject:	RE:
Date:	Thursday, December 07, 2017 12:37:52 PM

Happy to set up the call for 2pm. Invite to follow.

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: Thursday, December 07, 2017 12:05 PM

To: ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com) ; Tobias P. Whitfield (MOF) ; Mike Manning ; Ken Kandeepan ; Ronald Kwan ; Thouin, Alena (ENERGY) ; Tom McKinlay (MAG)

Cc: Malle Hanslep (MOF) ; Gadi Mayman ; Anna Strathy

Subject: RE:

Hi all,

These are really just my notes as I went through the agreement mark-up. Hopefully we can have a call at about 2 pm to go through the mark-up.

Thanks.

Comments on Process Agreement. Some of these questions relate to the closing logistics.

1. What date will the agreement be "dated as of"?
2. P. 1, fifth recital – Agree with changes to reference the final form of the Transaction Documents as described in Exhibit "A". Regarding mechanics – to whom will OPG send the final forms and when and who will confirm to OPG on behalf of the Province that such Transaction Documents will constitute Reference Documentation? Is it necessary to include the phrase "and the Province has not objected to such forms" since the Province is not actually given a contractual right to object to the forms?
3. P. 1 6th recital – When is it expected that OPG will deliver the Financing Plan to the Minister of Energy as required under the statute? i.e. the final version of the financing plan. Will it be done by the time the Ministers are to be briefed on and requested to sign the Protection and Process Agreements. Is the Minister of Energy going to be acknowledging receipt of the Financing Plan? We understand that the Initial Forecast will be included in the Financing Plan? Is it a single dollar amount? And the Initial Protection Agreement Maximum will be the same dollar amount?
4. 2.01(b) and 2.02(a) and 3.05(a) – New definition of Material Effect inserted to cover
5. 2.02(a)(D) – think Province agrees to delete (D) since assumption election has been deleted.
6. 2.02(c) and (d) – think Province is agreeable to this too.
7. 2.02(b) – OPG obligation to notify Province of Breach Events and Program Breaches added
8. 3.01(a) – think an estimate is fine.
9. Footnote 2 – Will need to discuss Oslers' email from last evening and interaction with the Process Agreement
10. 4.01(b) – Agree with deletion here because purpose is not to disagree based on inaccuracies in the Financing Plan but only with respect to the Forecast (which is contained in the Financing Plan)
11. 6.01 – Amendments to Breach Events to specifically reference in obligations related to "material effect" amendments
12. Footnote 3 - Agree that reference documentation related to term deal should be deleted now as there will not be time to finalize now.

From:	Anna Strathy
To:	Gadi Mayman
Cc:	Ken Kandeepan; Mike Manning; Ronald Kwan
Subject:	RE: 23254960-v4-Province Limited Guarantee - Briefing Deck.pptx
Date:	Tuesday, November 28, 2017 11:56:48 AM
Attachments:	23254960-v4-Province Limited Guarantee - Briefing Deck.pptx

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Gadi, I hope you don't mind, but I went ahead and sent to OPCD/Energy in the interest of time. We still have an opportunity to remove the accounting/risk slides if you think it necessary.
By way of this email, I'd like to also ask Ken, Mike and Ron to review the attached and let me know if they have any edits/comments. The red text is Malle's edits.
Thanks, Anna

From: Anna Strathy
Sent: Tuesday, November 28, 2017 11:33 AM
To: Gadi Mayman
Cc: Ken Kandeepan ; Mike Manning ; Ronald Kwan
Subject: FW: 23254960-v4-Province Limited Guarantee - Briefing Deck.pptx

Hi Gadi,
Attached is a draft deck prepared by Blakes/MOF legal to be used at the Ministers' briefing tomorrow at noon. I'm about to send this around to OPCD and Energy for input, but Malle has raised two points:

- Consider deleting the accounting considerations slide?
  - I'd like to recommend leaving the inclusion/exclusion to OPCD to decide
- Consider deleting the risks slide since OPG will be in the room
  - I'd like to recommend Energy provide additional input on the risks slide (10) to incorporate risks both the Province's and OPG's perspectives – rather than removing it altogether.

If you're ok with my recommendations above, I'll proceed.
Anna

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Tuesday, November 28, 2017 11:28 AM
To: Anna Strathy <Anna.Strathy@ofina.on.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: 23254960-v4-Province Limited Guarantee - Briefing Deck.pptx

Hi Anna,
I made a few small changes to this in red. I think you could circulate this version to others at OFA. I would suggest deleting the last 2 pages Accounting and Risks subject to views of OFA and others. Certainly Accounting page is dependent on OPCD and whether we are including anything in this briefing so suggest delete. Risks page also doesn't seem appropriate for a briefing where OPG attends. However, maybe part of this page could be retained but this is subject to Gadi's and others views.
Should we discuss at some point?
I am going to send this version to Alena (Energy Legal) and Blakes as well to show them what changes have been made but think Energy and OFA should discuss inclusion of Accounting and Risks.
Thanks.
Malle

Ontario Fair Hydro Plan

Limited Guarantee from the Province

[Date]Appropriate cover page to be inserted

Context – should be reviewed and updated as required

- Ontario Fair Hydro Plan Act ("**Act**") permits debt financings through one or more [special purpose] financing entities, to be managed by OPG
  - Proceeds of financings are used to acquire portions of the Fair Hydro regulatory asset ("**Investment Interests**") from IESO
  - Amounts owing will be serviced from "clean energy adjustments" ("**CEAs**") collected from "specified consumers"
- Hydro Trust [will be] established to facilitate the first financing transactions
  - Some combination of short-term "warehouse financings" and long-term notes will be issued
  - OPG, funded by the Province, will acquire subordinated debt issued by Hydro Trust
  - Proceeds raised before December 31st are expected to be $•M ($•M from external investors)
  - Future issuances will follow the same pattern (51% external/senior; 49% OPG/subordinated)
- Payment obligations will be owed to noteholders, lenders, credit enhancers, derivative counterparties, service providers, etc.
  - Payment obligations will be governed under a Trust Indenture
  - Hydro Trust payment obligations under the Trust Indenture are "Obligations Secured"
- Limited Guarantee from the Province of obligations payable by Hydro Trust when due
  - Province pays only upon a "Protection Event"
  - Limited Guarantee applies to almost all Obligations Secured
  - Certain "**Adherence Conditions**" to be satisfied before Limited Guarantee willy apply to material obligations
- Two relevant agreements:
  i. Change of Law Protection Agreement ("**Protection Agreement**")
  ii. Change of Law Process Agreement ("**Process Agreement**")

Limited Guarantee from the Province

- Triggered by a "**Protection Event**": Either:
  - There is a change of law (by the Legislature, LGIC, Ministers, government officials, government appointed boards, etc.) or implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or and entity controlled by the Province that materially and adversely affects either (1) the ability of Hydro Trust to receive CEA cash flows or (2) the Protection Agreement or any Obligation Secured
  - A court of competent jurisdiction determines that any part of the OFHPA or the related regulations are *ultra vires* or invalid in a way that materially and adversely affects the ability of Hydro Trust to receive CEA cash flows and that in fact results in a deficiency such that Hydro Trust cannot pay Obligations Secured when they become due

- **Not covered by the Limited Guarantee:**
  - Amounts required to be deposited into collateral or reserve accounts established under the Hydro Trust program to credit enhance or provide liquidity for ultimate payment of Obligations Secured
  - Certain residual payments to OPG under the "payment waterfall"

- **Term:** Until all applicable Obligations Secured are paid in full

Adherence Conditions

- Certain minimal conditions will apply before the Limited Guarantee will attach to applicable Obligations Secured:
  - **Incurrence of indebtedness to fund ownership of an Investment Interest**
  - **Entry into ISDA master agreements**
  - **Entry into service contracts with term > 3 years and aggregate payments >$5M that are not terminable on giving 3 years notice or less**

- Those conditions are:
  - Must be an Obligation Secured under the Trust Indenture
  - Delivery of officer's certificate by OPG to Indenture Trustee confirming compliance with internal processes as between OPG and the Province in connection the Limited Guarantee (under the Process Agreement)
  - Province has not delivered a "Suspension Notice"

Process between Province and OPG

- Process Agreement between Province and OPG
  - Sets out informational requirements and supporting affirmations regarding incurrence or amendment of Obligations Secured
  - Contemplates some (limited) rights of Province to comment on disclosure and terms of Obligations Secured
  - Provides for OPG executive officer affirmation regarding certain matters (in a "**Process Certificate**")

- Delivery of Process Certificate by OPG executive officers to the Province setting out:
  - Material terms of obligations (incurrence or amendment)
  - Confirmation that terms are "**Substantially in the Form**" of the "**Reference Documentation**"
  - Confirmation that the offering document is "**Substantially in the Form**" of the "**Reference Documentation**"
  - Confirmation that no breach of the Process Agreement has occurred
  - Confirmation that the maximum payment amounts due in the future under the obligation plus other outstanding amounts will not exceed the "**Protection Agreement Maximum**"
  - Confirmation that any disclosure referring to the Protection Agreement or Process Agreement was made available to the Province
  - Confirmation as to reasonableness, arm's length terms and conditions, and compliance with the Act and the Financing Plan

- Suspension Right
  - Uncured breach of Process Agreement or breach by any party of other program agreements allows Province to suspend Limited Guarantee for new obligations, other than for refinancings
  - Exercise of suspension right does not impact prior Hydro Trust obligations covered under the Limited Guarantee

Obligation of Province on Protection Event

- Make payments on Limited Guarantee
- Payments replicate stream of CEAs to pay amounts due and payable by Hydro Trust
- In event of an acceleration of any Obligation Secured, Province would pay acceleration amounts, capped at scheduled payment amounts (without acceleration) plus an additional amount up to the “fair allocation” in the aggregate [should this reference regulation?]
- Province will be subrogated to rights of the creditors of Hydro Trust to the extent of performance under the Limited Guarantee

Obligations of OPG

- Process Agreement obligates OPG, but without limiting protections under existing indemnity agreement
  - Province has indemnified OPG, its subsidiaries, and each of their respective directors, officers and employees from liability resulting from activities under the Act and activities of Hydro Trust pursuant to an Indemnity Agreement
- If there is any conflict between the Process Agreement, the Protection Agreement and the existing Indemnity Agreement in respect of any matter relating to the Province's indemnification obligations in favour of OPG, the Indemnity Agreement is paramount

Provincial Approval Process

- Authorization under Section 5(3) of OFHPA
  - Section 5(3) provides that LGIC may by order authorize the Minister of Energy and Minister of Finance, acting together on behalf of the Province, to agree to guarantee or indemnify obligations associated with an Investment Interest
- Order in Council 1981/2017 made pursuant to subsection 5(3) of the OFHPA
  - The OIC authorizes the Minister of Energy and the Minister of Finance, acting together on behalf of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of a financing entity established under the OFHPA associated with investment interests acquired by a financing entity.
- [Should TB approval be included here?]
- Approval under section 28 of *Financial Administration Act* will be required prior to entry into the Protection Agreement and the Process Agreement by the Minister of Finance and the Minister of Energy.

Accounting Implications

- [Please complete. Please describe absence of lump-sum recognition and other disclosure/notes that would be required in Province's financial statements.]

- [Please also complete following slide in respect of accounting risks.]

Risks

- Accounting
  - [Please add a sub-bullet on accounting risks (e.g., control limitations; loss of off-balance sheet treatment if a Protection Event occurs)]
- Province dependent on OPG in relation to most key matters relating to the Limited Guarantee
  - Less power/information than would typically be afforded to a guarantor
  - Significant reliance on OPG to deliver timely, accurate information
  - Province has no say on financing decisions if permitted by the Financing Plan **[, except in narrow circumstances]**
- Even without a change of law by the Legislature, a court determination may trigger a Protection Event
- Possible criticism for wholesale delegation to OPG; although accounting considerations and the Act itself lead to this outcome
- Possible opportunistic litigation by Hydro Trust creditors incentivized by spread differentials to trigger a Protection Event

From:	Hanslep, Malle (MOF)
To:	Mike Manning
Cc:	Tobias P. Whitfield (MOF)
Subject:	RE: Anything over from across the street.
Date:	Monday, December 04, 2017 1:24:09 PM

Hi Mike,

I just send an email on this. I think that we should have a quick call so that we understand the revised wording on p. 8, 9 and 10 of the protection agreement before this goes out. Otherwise, I think that the rest of it looks fine.

Malle

-----Original Message-----
From: Mike Manning [mailto:Mike.Manning@ofina.on.ca]
Sent: December 4, 2017 1:19 PM
To: Hanslep, Malle (MOF)
Subject: FW: Anything over from across the street.

How's it going? Not trying to rush you, but would like to give John/Ken a rough idea on timing.

Thanks, Mike

-----Original Message-----
From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: Monday, December 04, 2017 1:16 PM
To: Mike Manning <Mike.Manning@ofina.on.ca>
Subject: Fwd: Anything over from across the street.

Need to respond to Ken any update on timing

Sent with BlackBerry Work (www.blackberry.com) _____
From: HARTWICK Ken -FINANCE <ken.hartwick@opg.com>
Sent: Dec 4, 2017 1:11 PM
To: LEE John -TREASURY <john.s.lee@opg.com>
Subject: Anything over from across the street.

Ken Hartwick, SVP Finance, Strategy, Risk & Chief Financial Officer - Tel: 416-592-6985/Cell: 647-544-6985
700 University Avenue, 19th Fl., Toronto, Ontario M5G 1X6

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From:	Hanslep, Malle (MOF)
To:	Mike Manning; Anna Strathy; Gadi Mayman; Ronald Kwan; Ken Kandeepan; Veinot, Cindy (TBS); Mark Donaldson (MOF); Steen Hume (CAB); Daniel Cayley (ENERGY); Scott Nelms (ENERGY); James Devine; Carlos Yep; Keley Katona (ENERGY); Usman Zahid; Anis Hirani; John Kim; John Psinas
Cc:	Tobias P. Whitfield (MOF); Thouin, Alena (ENERGY); McKinlay, Tom (ENERGY)
Subject:	RE: Blakes comments on Torys/Osler 11/20 mark-ups of the Protection and Process Agreements
Date:	Tuesday, November 21, 2017 9:40:22 AM

Thanks Mike.

From: Mike Manning [mailto:Mike.Manning@ofina.on.ca]
Sent: November 21, 2017 9:40 AM
To: Hanslep, Malle (MOF); Strathy, Anna (OFA); Mayman, Gadi (OFA); Kwan, Ronald (OFA); Kandeepan, Ken (OFA); Veinot, Cindy (TBS); Donaldson, Mark (TBS); Hume, Steen (ENERGY); Cayley, Daniel (ENERGY); Nelms, Scott (MOF); Devine, James (OFA); Yep, Carlos (OFA); Katona, Keley (MOF); Zahid, Usman (OFA); Hirani, Anis (OFA); Kim, John (OFA); John Psinas
Cc: Whitfield, Tobias P. (MOF); Thouin, Alena (ENERGY); McKinlay, Tom (ENERGY)
Subject: RE: Blakes comments on Torys/Osler 11/20 mark-ups of the Protection and Process Agreements

Hi all:

I believe 11:00 scheduled meeting is a placeholder only and can be modified if we need more time or want a different approach.

Mike

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Tuesday, November 21, 2017 9:33 AM
To: Anna Strathy <Anna.Strathy@ofina.on.ca>; Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Mark Donaldson (MOF) <Mark.Donaldson@ontario.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>; Daniel Cayley (ENERGY) <Daniel.Cayley@ontario.ca>; Scott Nelms (ENERGY) <Scott.Nelms@ontario.ca>; James Devine <James.Devine@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; Keley Katona (ENERGY) <Keley.Katona@ontario.ca>; Usman Zahid <Usman.Zahid@ofina.on.ca>; Anis Hirani <Anis.Hirani@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; McKinlay, Tom (ENERGY) <Tom.McKinlay2@ontario.ca>
Subject: RE: Blakes comments on Torys/Osler 11/20 mark-ups of the Protection and Process Agreements

Hi Anna,

We think that we should spend more time reviewing the mark-up and considering issues on our side before attending a meeting with Torys and OPG at this point given their significant change and request and have a sufficient time for internal provincial consideration of these issues.

Malle

From: Anna Strathy [mailto:Anna.Strathy@ofina.on.ca]
Sent: November 21, 2017 9:31 AM
To: Hanslep, Malle (MOF); Mayman, Gadi (OFA); Manning, Mike (OFA); Kwan, Ronald (OFA); Kandeepan, Ken (OFA); Veinot, Cindy (TBS); Donaldson, Mark (TBS); Hume, Steen (ENERGY); Cayley, Daniel (ENERGY); Nelms, Scott (MOF); Devine, James (OFA); Yep, Carlos (OFA); Katona, Keley (MOF); Zahid, Usman (OFA); Hirani, Anis (OFA); Kim, John (OFA); John Psinas
Cc: Whitfield, Tobias P. (MOF); Thouin, Alena (ENERGY); McKinlay, Tom (ENERGY)

Subject: RE: Blakes comments on Torys/Osler 11/20 mark-ups of the Protection and Process Agreements

Hi Malle,

I note that Rima has scheduled a meeting from 11:00-2:00pm at Tory's today. We'll need to have Energy and OPCD represented at this meeting and I'd like to propose a pre-call with Stephen OFA, Energy and OPCD for 15-20 minutes beforehand to discuss our strategy. I'll set it up.

Steen, Cindy, please advise if you or a delegate are unable to attend. Without Energy or OPCD representation we'll need to reschedule.

Unfortunately, Gadi is unable to attend due to several conflicts this morning, but I'm assuming Mike/Ken/Ron can be available.

Thanks, Anna

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Tuesday, November 21, 2017 9:18 AM
To: Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Mark Donaldson (MOF) <Mark.Donaldson@ontario.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>; Daniel Cayley (ENERGY) <Daniel.Cayley@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Scott Nelms (ENERGY) <Scott.Nelms@ontario.ca>; James Devine <James.Devine@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; Keley Katona (ENERGY) <Keley.Katona@ontario.ca>; Usman Zahid <Usman.Zahid@ofina.on.ca>; Anis Hirani <Anis.Hirani@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; McKinlay, Tom (ENERGY) <Tom.McKinlay2@ontario.ca>
Subject: FW: Blakes comments on Torys/Osler 11/20 mark-ups of the Protection and Process Agreements

Please find attached mark-ups sent to us for our review by Blakes this morning.

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: November 21, 2017 8:57 AM
To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Thouin, Alena (ENERGY); McKinlay, Tom (MAG)
Cc: VINER, JON; PRESTAGE, JA
Subject: Blakes comments on Torys/Osler 11/20 mark-ups of the Protection and Process Agreements

Hi. Here are my comments on the mark-ups forwarded to us by Torys yesterday afternoon. These blacklines show changes from the Torys/Osler 11/20 versions. I have colour coded the open items (gray points require client input; yellow are items for discussion/resolution among the lawyers). I suggest that we meet with the MOE and OFA clients this morning if possible to try to sort out these remaining issues – assuming that OPG needs these matters resolved before submitting the agreements to its Board tomorrow morning. Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

Blakes

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From:	Hanslep, Malle (MOF)
To:	Anna Strathy; Gadi Mayman; Mike Manning; Ronald Kwan; Ken Kandeepan; Veinot, Cindy (TBS); Mark Donaldson (MOF); Steen Hume (CAB); Daniel Cayley (ENERGY); Scott Nelms (ENERGY); James Devine; Carlos Yep; Keley Katona (ENERGY); Usman Zahid; Anis Hirani; John Kim; John Psinas
Cc:	Tobias P. Whitfield (MOF); Thouin, Alena (ENERGY); McKinlay, Tom (ENERGY)
Subject:	RE: Blakes comments on Torys/Osler 11/20 mark-ups of the Protection and Process Agreements
Date:	Tuesday, November 21, 2017 9:40:07 AM

I think that a meeting or call for later this afternoon makes more sense so that the Province has time to consider and review.

From: Hanslep, Malle (MOF)
Sent: November 21, 2017 9:33 AM
To: Strathy, Anna (OFA); Mayman, Gadi (OFA); Manning, Mike (OFA); Kwan, Ronald (OFA); Kandeepan, Ken (OFA); Veinot, Cindy (TBS); Donaldson, Mark (TBS); Hume, Steen (ENERGY); Cayley, Daniel (ENERGY); Nelms, Scott (MOF); Devine, James (OFA); Yep, Carlos (OFA); Katona, Keley (MOF); Zahid, Usman (OFA); Hirani, Anis (OFA); Kim, John (OFA); John Psinas
Cc: Whitfield, Tobias P. (MOF); Thouin, Alena (ENERGY); McKinlay, Tom (ENERGY)
Subject: RE: Blakes comments on Torys/Osler 11/20 mark-ups of the Protection and Process Agreements

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Sent: November 21, 2017 9:31 AM
To: Hanslep, Malle (MOF); Mayman, Gadi (OFA); Manning, Mike (OFA); Kwan, Ronald (OFA); Kandeepan, Ken (OFA); Veinot, Cindy (TBS); Donaldson, Mark (TBS); Hume, Steen (ENERGY); Cayley, Daniel (ENERGY); Nelms, Scott (MOF); Devine, James (OFA); Yep, Carlos (OFA); Katona, Keley (MOF); Zahid, Usman (OFA); Hirani, Anis (OFA); Kim, John (OFA); John Psinas
Cc: Whitfield, Tobias P. (MOF); Thouin, Alena (ENERGY); McKinlay, Tom (ENERGY)
Subject: RE: Blakes comments on Torys/Osler 11/20 mark-ups of the Protection and Process Agreements

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Steen, Cindy, please advise if you or a delegate are unable to attend. Without Energy or OPCD representation we'll need to reschedule.
Unfortunately, Gadi is unable to attend due to several conflicts this morning, but I'm assuming Mike/Ken/Ron can be available.
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Sent: Tuesday, November 21, 2017 9:18 AM
To: Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Mark Donaldson (MOF) <Mark.Donaldson@ontario.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>; Daniel Cayley (ENERGY) <Daniel.Cayley@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Scott Nelms (ENERGY) <Scott.Nelms@ontario.ca>; James Devine <James.Devine@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; Keley Katona (ENERGY)

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Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; McKinlay, Tom (ENERGY) <Tom.McKinlay2@ontario.ca>
Subject: FW: Blakes comments on Torys/Osler 11/20 mark-ups of the Protection and Process Agreements
Please find attached mark-ups sent to us for our review by Blakes this morning.

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: November 21, 2017 8:57 AM
To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Thouin, Alena (ENERGY); McKinlay, Tom (MAG)
Cc: VINER, JON; PRESTAGE, JA
Subject: Blakes comments on Torys/Osler 11/20 mark-ups of the Protection and Process Agreements
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stephen.ashbourne@blakes.com
Dir: 416-863-3086

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From:	Mike Manning
To:	Malle Hanslep (MOF); Anna Strathy; Gadi Mayman; Ronald Kwan; Ken Kandeepan; Veinot, Cindy (TBS); Mark Donaldson (MOF); Steen Hume (CAB); Daniel Cayley (ENERGY); Scott Nelms (ENERGY); James Devine; Carlos Yep; Keley Katona (ENERGY); Usman Zahid; Anis Hirani; John Kim; John Psinas
Cc:	Tobias P. Whitfield (MOF); Thouin, Alena (ENERGY); McKinlay, Tom (ENERGY)
Subject:	RE: Blakes comments on Torys/Osler 11/20 mark-ups of the Protection and Process Agreements
Date:	Tuesday, November 21, 2017 9:39:51 AM

Hi all:
I believe 11:00 scheduled meeting is a placeholder only and can be modified if we need more time or want a different approach.

Mike

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Tuesday, November 21, 2017 9:33 AM
To: Anna Strathy <Anna.Strathy@ofina.on.ca>; Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Mark Donaldson (MOF) <Mark.Donaldson@ontario.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>; Daniel Cayley (ENERGY) <Daniel.Cayley@ontario.ca>; Scott Nelms (ENERGY) <Scott.Nelms@ontario.ca>; James Devine <James.Devine@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; Keley Katona (ENERGY) <Keley.Katona@ontario.ca>; Usman Zahid <Usman.Zahid@ofina.on.ca>; Anis Hirani <Anis.Hirani@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>
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Subject: RE: Blakes comments on Torys/Osler 11/20 mark-ups of the Protection and Process Agreements

Hi Anna,

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Malle

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Subject:	RE: Blakes comments on Torys/Osler 11/20 mark-ups of the Protection and Process Agreements
Date:	Tuesday, November 21, 2017 9:33:01 AM

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From:	Anna Strathy
To:	Malle Hanslep (MOF); Gadi Mayman; Mike Manning; Ronald Kwan; Ken Kandeepan; Veinot, Cindy (TBS); Mark Donaldson (MOF); Steen Hume (CAB); Daniel Cayley (ENERGY); Scott Nelms (ENERGY); James Devine; Carlos Yep; Keley Katona (ENERGY); Usman Zahid; Anis Hirani; John Kim; John Psinas
Cc:	Tobias P. Whitfield (MOF); Thouin, Alena (ENERGY); McKinlay, Tom (ENERGY)
Subject:	RE: Blakes comments on Torys/Osler 11/20 mark-ups of the Protection and Process Agreements
Date:	Tuesday, November 21, 2017 9:30:59 AM

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Sent: Tuesday, November 21, 2017 9:18 AM
To: Gadi Mayman ; Mike Manning ; Ronald Kwan ; Ken Kandeepan ; Veinot, Cindy (TBS) ; Mark Donaldson (MOF) ; Steen Hume (CAB) ; Daniel Cayley (ENERGY) ; Anna Strathy ; Scott Nelms (ENERGY) ; James Devine ; Carlos Yep ; Keley Katona (ENERGY) ; Usman Zahid ; Anis Hirani ; John Kim ; John Psinas
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Subject:	RE: Blakes comments on Torys/Osler 11/20 mark-ups of the Protection and Process Agreements
Date:	Tuesday, November 21, 2017 9:50:23 AM

Thanks Malle, Mike.

I'll await direction on the timing of the meeting with Torys and Oslers. Hopefully a meeting later this afternoon will be more convenient for OPCD and Energy who may have conflicts with the original timing of 11-2.

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Tuesday, November 21, 2017 9:40 AM
To: Anna Strathy ; Gadi Mayman ; Mike Manning ; Ronald Kwan ; Ken Kandeepan ; Veinot, Cindy (TBS) ; Mark Donaldson (MOF) ; Steen Hume (CAB) ; Daniel Cayley (ENERGY) ; Scott Nelms (ENERGY) ; James Devine ; Carlos Yep ; Keley Katona (ENERGY) ; Usman Zahid ; Anis Hirani ; John Kim ; John Psinas
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Subject: RE: Blakes comments on Torys/Osler 11/20 mark-ups of the Protection and Process Agreements

I think that a meeting or call for later this afternoon makes more sense so that the Province has time to consider and review.

From: Hanslep, Malle (MOF)
Sent: November 21, 2017 9:33 AM
To: Strathy, Anna (OFA); Mayman, Gadi (OFA); Manning, Mike (OFA); Kwan, Ronald (OFA); Kandeepan, Ken (OFA); Veinot, Cindy (TBS); Donaldson, Mark (TBS); Hume, Steen (ENERGY); Cayley, Daniel (ENERGY); Nelms, Scott (MOF); Devine, James (OFA); Yep, Carlos (OFA); Katona, Keley (MOF); Zahid, Usman (OFA); Hirani, Anis (OFA); Kim, John (OFA); John Psinas
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immédiatement m’en aviser par téléphone ou par courriel et en détruire toute copie. Merci.

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From:	Mike Manning
To:	Malle Hanslep (MOF); Gadi Mayman
Cc:	Ken Kandeepan; Ronald Kwan; Tobias P. Whitfield (MOF); Michael Waterston (MOF); Anna Strathy
Subject:	RE: Change of Law Protection Agreement and Change of Law Process Agreement - Fair Hydro
Date:	Tuesday, November 21, 2017 10:07:18 AM

I've indicated that we would need a written explanation/rationale of the marketability issue from the dealers on the proposed changes to the adherence conditions which we would discuss later today if and when we have a meeting.

Mike

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Tuesday, November 21, 2017 10:01 AM
To: Gadi Mayman <Gadi.Mayman@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Michael Waterston (MOF) <Michael.Waterston@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: RE: Change of Law Protection Agreement and Change of Law Process Agreement - Fair Hydro

Given the follow up email from Torys proposing changes to the structure of the agreements and the other comments on the agreements, have the dealers been asked to provide their written explanation as set out below as all the requested changes seem predicated on this point.

From: Gadi Mayman [mailto:Gadi.Mayman@ofina.on.ca]
Sent: November 21, 2017 8:13 AM
To: Hanslep, Malle (MOF)
Cc: Kandeepan, Ken (OFA); Manning, Mike (OFA); Kwan, Ronald (OFA); Whitfield, Tobias P. (MOF); Waterston, Michael (MOF); Strathy, Anna (OFA)
Subject: Re: Change of Law Protection Agreement and Change of Law Process Agreement - Fair Hydro

As I may not be able to join the call this morning, I thought I'd share my view: if this truly is an issue for marketing the bonds to investors, it would be significant from their perspective. Mike and I don't yet understand why it would be, so it is up to the underwriters, or their counsel, to provide us with a written, not oral, explanation as to why it would be. If they are not prepared to put their reasons in a short, plain English, form, I'm not prepared to accept their request.

Gadi

On Nov 21, 2017, at 8:04 AM, Gadi Mayman <Gadi.Mayman@ofina.on.ca> wrote:

> Energy (both policy and legal) staff and OPCD should be on any call to discuss this, as well.
>
> Thanks,
> Gadi

On Nov 21, 2017, at 8:00 AM, Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca> wrote:

> I think that it would be useful to discuss next steps here given Torys email below. According to Torys some of this reflects discussions they had with dealers counsel on the weekend and contacted me to have call to give more context. However I would like to discuss this with you as this seems to be quite a significant change to what we were discussing on Monday and our most recent draft. If we have a call maybe it should be the whole group and include Blakes.
>
> Malle
>
> Sent from my BlackBerry 10 smartphone on the Rogers network.
> From: Mansoori, Nina <nmansoori@torys.com>
> Sent: Monday, November 20, 2017 14:06
> To: Mayman, Gadi (OFA); Hanslep, Malle (MOF); ASHBOURNE, STEPHEN; Whitfield, Tobias P. (MOF); Kandeepan, Ken (OFA); Manning, Mike (OFA); Kwan, Ronald (OFA); Thouin, Alena (ENERGY); McKinlay, Tom (MAG); VINER, JON; PRESTAGE, JA; Cayley, Daniel (ENERGY)
> Cc: 'dup-john.s.lee@opg.com'; 'leslie.wong@opg.com'; 'sheen.liu@opg.com'; 'tyler.mcauley@opg.com'; 'clara.greco@opg.com'; 'matthew.go@opg.com'; 'anthea.yao@opg.com'; 'jenny.jorda@opg.com'; 'stuart.preston@opg.com'; 'john.drewniak@opg.com'; 'j.hahnparker@opg.com'; Feldman, Michael; Ramchandani, Rima; Emes, Aaron; Hunter, Rosalind; 'Alvi, Shariq'; Innes, Michael; 'Stoddart, Jesse - Debt Capital Markets'; 'Rix, Lindsey - Legal'; 'Hume, Tyler'; 'Daou, Hadi'; 'Persad, Nicole'; Olusoga, Yinka; Saulnier, Brett; 'mfitzpatrick@hunton.com'; 'aobrian@hunton.com'; Watson, Gwen; Johnson, Richard; Smith, Elliot; King, Richard; Royer, Kate; Hughes, Timothy; 'Adalja, Sunil'; 'Persaud, Donnie - Debt Capital Markets'; Sebastiano, Rocco; 'Maciel, Andrew'; 'Benaiah, Ian'; 'Khan, Nur'; "Niehaus, Katrina' (Katrina.Niehaus@gs.com)'; 'Delaney, Brian (Brian.Delaney@gs.com)'; 'Conner, Robbin'; 'Milligan, Peter'; Sebastiano, Rocco; Fullerton, Rick; Olusoga, Yinka; Emes, Aaron; Saulnier, Brett; Mansoori, Nina
> Subject: RE: Change of Law Protection Agreement and Change of Law Process Agreement - Fair Hydro
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Best Regards,
Nina
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<Blackline_ProtectionAgreement.pdf>

<Blackline_ProcessAgreement.pdf>

<CLPA - Protection Agreement (COMMENTS).docx>

<CLPA - Process Agreement (COMMENTS).docx>

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To:	Gadi Mayman
Cc:	Ken Kandeepan; Mike Manning; Ronald Kwan; Tobias P. Whitfield (MOF); Michael Waterston (MOF); Anna Strathy
Subject:	RE: Change of Law Protection Agreement and Change of Law Process Agreement - Fair Hydro
Date:	Tuesday, November 21, 2017 10:01:42 AM

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Sent: November 21, 2017 8:13 AM
To: Hanslep, Malle (MOF)
Cc: Kandeepan, Ken (OFA); Manning, Mike (OFA); Kwan, Ronald (OFA); Whitfield, Tobias P. (MOF); Waterston, Michael (MOF); Strathy, Anna (OFA)
Subject: Re: Change of Law Protection Agreement and Change of Law Process Agreement - Fair Hydro

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>> Malle
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>> From: Mansoori, Nina <nmansoori@torys.com>
>> Sent: Monday, November 20, 2017 14:06
>> To: Mayman, Gadi (OFA); Hanslep, Malle (MOF); ASHBOURNE, STEPHEN; Whitfield, Tobias P. (MOF); Kandeepan, Ken (OFA); Manning, Mike (OFA); Kwan, Ronald (OFA); Thouin, Alena (ENERGY); McKinlay, Tom (MAG); VINER, JON; PRESTAGE, JA; Cayley, Daniel (ENERGY)

Cc: 'dup-john.s.lee@opg.com'; 'leslie.wong@opg.com'; 'sheen.liu@opg.com'; 'tyler.mcauley@opg.com'; 'clara.greco@opg.com'; 'matthew.go@opg.com'; 'anthea.yao@opg.com'; 'jenny.jorda@opg.com'; 'stuart.preston@opg.com'; 'john.drewniak@opg.com'; 'j.hahnparker@opg.com'; Feldman, Michael; Ramchandani, Rima; Emes, Aaron; Hunter, Rosalind; 'Alvi, Shariq'; Innes, Michael; 'Stoddart, Jesse - Debt Capital Markets'; 'Rix, Lindsey - Legal'; 'Hume, Tyler'; 'Daou, Hadi'; 'Persad, Nicole'; Olusoga, Yinka; Saulnier, Brett; 'mfitzpatrick@hunton.com'; 'aobrian@hunton.com'; Watson, Gwen; Johnson, Richard; Smith, Elliot; King, Richard; Royer, Kate; Hughes, Timothy; 'Adalja, Sunil'; 'Persaud, Donnie - Debt Capital Markets'; Sebastiano, Rocco; 'Maciel, Andrew'; 'Benaiah, Ian'; 'Khan, Nur'; "Niehaus, Katrina' (Katrina.Niehaus@gs.com)'; 'Delaney, Brian (Brian.Delaney@gs.com)'; 'Conner, Robbin'; 'Milligan, Peter'; Sebastiano, Rocco; Fullerton, Rick; Olusoga, Yinka; Emes, Aaron; Saulnier, Brett; Mansoori, Nina
Subject: RE: Change of Law Protection Agreement and Change of Law Process Agreement - Fair Hydro

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Best Regards,
Nina
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6reBTUJh9PAGSfpmSjeJXGKKb9SzvJOII&m=MrpUmWD3dcc7aBZwZo-vo7ltU4uMqH-66WunWE2l7Qg&s=eEbg_tyY-YaKY4yvrCFty-qqJo_QZcAOJl_j_LWV4EA&e= >

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From:	Mansoori, Nina
To:	Gadi Mayman; Malle Hanslep (MOF); "ASHBOURNE, STEPHEN"; Tobias P. Whitfield (MOF); Ken Kandeepan; Mike Manning; Ronald Kwan; "Thouin, Alena (ENERGY)"; Tom McKinlay (MAG); "VINER, JON"; "PRESTAGE, JA"; Daniel Cayley (ENERGY)
Cc:	"dup-john.s.lee@opg.com"; "leslie.wong@opg.com"; "sheen.liu@opg.com"; "tyler.mcauley@opg.com"; "clara.greco@opg.com"; "matthew.go@opg.com"; "anthea.yao@opg.com"; "jenny.jorda@opg.com"; "stuart.preston@opg.com"; "john.drewniak@opg.com"; "j.hahnparker@opg.com"; Feldman, Michael; Ramchandani, Rima; Emes, Aaron; "Hunter, Rosalind"; "Alvi, Shariq"; "Innes, Michael"; "Stoddart, Jesse - Debt Capital Markets"; "Rix, Lindsey - Legal"; "Hume, Tyler"; "Daou, Hadi"; "Persad, Nicole"; Olusoga, Yinka; Saulnier, Brett; "mfitzpatrick@hunton.com"; "aobrian@hunton.com"; Watson, Gwen; Johnson, Richard; "Smith, Elliot"; "King, Richard"; "Royer, Kate"; "Hughes, Timothy"; "Adalja, Sunil"; "Persaud, Donnie - Debt Capital Markets"; "Sebastiano, Rocco"; "Maciel, Andrew"; "Benaiah, Ian"; "Khan, Nur"; ""Niehaus, Katrina" (Katrina.Niehaus@gs.com)"; "Delaney, Brian (Brian.Delaney@gs.com)"; "Conner, Robbin"; "Milligan, Peter"; "Sebastiano, Rocco"; "Fullerton, Rick"; Olusoga, Yinka; Emes, Aaron; Saulnier, Brett
Subject:	RE: Change of Law Protection Agreement and Change of Law Process Agreement - Fair Hydro
Date:	Tuesday, November 21, 2017 8:54:16 AM
Attachments:	Protection Agr Email Text.docx

All – further to my note below, please find attached our proposal on the change of law agreement referenced below. We can make ourselves available to discuss as soon as possible. Can the Province and Blakes confirm their availability for a time to discuss today? Thank you,

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com[torys.com]

TORYS LLP[torys.com]

From: Mansoori, Nina
Sent: November-20-17 2:06 PM
To: Mayman, Gadi (OFA) ; 'Hanslep, Malle (MOF)' ; ASHBOURNE, STEPHEN ; Whitfield, Tobias P. (MOF) ; Kandeepan, Ken (OFA) ; Manning, Mike (OFA) ; Kwan, Ronald (OFA) ; Thouin, Alena (ENERGY) ; McKinlay, Tom (MAG) ; VINER, JON ; PRESTAGE, JA ; Cayley, Daniel (ENERGY)
Cc: 'dup-john.s.lee@opg.com' ; 'leslie.wong@opg.com' ; 'sheen.liu@opg.com' ; 'tyler.mcauley@opg.com' ; 'clara.greco@opg.com' ; 'matthew.go@opg.com' ; 'anthea.yao@opg.com' ; 'jenny.jorda@opg.com' ; 'stuart.preston@opg.com' ; 'john.drewniak@opg.com' ; 'j.hahnparker@opg.com' ; Feldman, Michael ; Ramchandani, Rima ; Emes, Aaron ; Hunter, Rosalind ; 'Alvi, Shariq' ; Innes, Michael ; 'Stoddart, Jesse - Debt Capital Markets' ; 'Rix, Lindsey - Legal' ; 'Hume, Tyler' ; 'Daou, Hadi' ; 'Persad, Nicole' ; Olusoga, Yinka ; Saulnier, Brett ; 'mfitzpatrick@hunton.com' ; 'aobrian@hunton.com' ; Watson, Gwen ; Johnson, Richard ; Smith, Elliot ; King, Richard ; Royer, Kate ; Hughes, Timothy ; 'Adalja, Sunil' ; 'Persaud, Donnie - Debt Capital Markets' ; Sebastiano, Rocco ; 'Maciel, Andrew' ; 'Benaiah, Ian' ; 'Khan, Nur' ; ''Niehaus, Katrina' (Katrina.Niehaus@gs.com)' ; 'Delaney, Brian (Brian.Delaney@gs.com)' ; 'Conner, Robbin' ; 'Milligan, Peter' ; Sebastiano, Rocco ; Fullerton, Rick ; Olusoga, Yinka ; Emes, Aaron ; Saulnier, Brett ; Mansoori, Nina
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We have been discussing the Change of Law Protection and Process Agreements with the dealers and their counsel, and there continues to be a strong desire to try and simplify the Protection Agreement as best we can to make it absolutely clear to investors that once debt has been issued they have the benefit of the change of law protection agreement for any amounts owing under the term of that debt. The Adherence Conditions in the Protection Agreement, in particular, are causing some concerns because these are not straight forward provisions that make it absolutely clear when an obligation actually constitutes an Approved Obligation. We have gone part way to address these concerns by including the language that says a certificate can be relied upon once issued by OPG, and by creating two agreements and including all of the "back office" deliverables and oversight mechanics in the Process Agreement between the Province and OPG. But we would like to complete this simplification and really make this a non-issue for investors and OPG, while at the same time leaving the Province in effectively the same position as it currently is in under the agreements.

To that end, here is our proposal:

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

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

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

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

gives the Province significant comfort that they will have control over the potential scope of their protected obligations.

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

Rima Ramchandani

From:	Hanslep, Malle (MOF)
To:	Gadi Mayman
Cc:	Ken Kandeepan; Mike Manning; Ronald Kwan; Tobias P. Whitfield (MOF); Michael Waterston (MOF); Anna Strathy
Subject:	RE: Change of Law Protection Agreement and Change of Law Process Agreement - Fair Hydro
Date:	Tuesday, November 21, 2017 8:36:47 AM

Steve will be sending a mark-up of the two agreements to us shortly for our review.

From: Gadi Mayman [mailto:Gadi.Mayman@ofina.on.ca]
Sent: November 21, 2017 8:13 AM
To: Hanslep, Malle (MOF)
Cc: Kandeepan, Ken (OFA); Manning, Mike (OFA); Kwan, Ronald (OFA); Whitfield, Tobias P. (MOF); Waterston, Michael (MOF); Strathy, Anna (OFA)
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>> To: Mayman, Gadi (OFA); Hanslep, Malle (MOF); ASHBOURNE, STEPHEN; Whitfield, Tobias P. (MOF); Kandeepan, Ken (OFA); Manning, Mike (OFA); Kwan, Ronald (OFA); Thouin, Alena (ENERGY); McKinlay, Tom (MAG); VINER, JON; PRESTAGE, JA; Cayley, Daniel (ENERGY)
>> Cc: 'dup-john.s.lee@opg.com'; 'leslie.wong@opg.com'; 'sheen.liu@opg.com'; 'tyler.mcauley@opg.com';

'clara.greco@opg.com'; 'matthew.go@opg.com'; 'anthea.yao@opg.com'; 'jenny.jorda@opg.com'; 'stuart.preston@opg.com'; 'john.drewniak@opg.com'; 'j.hahnparker@opg.com'; Feldman, Michael; Ramchandani, Rima; Emes, Aaron; Hunter, Rosalind; 'Alvi, Shariq'; Innes, Michael; 'Stoddart, Jesse - Debt Capital Markets'; 'Rix, Lindsey - Legal'; 'Hume, Tyler'; 'Daou, Hadi'; 'Persad, Nicole'; Olusoga, Yinka; Saulnier, Brett; 'mfitzpatrick@hunton.com'; 'aobrian@hunton.com'; Watson, Gwen; Johnson, Richard; Smith, Elliot; King, Richard; Royer, Kate; Hughes, Timothy; 'Adalja, Sunil'; 'Persaud, Donnie - Debt Capital Markets'; Sebastiano, Rocco; 'Maciel, Andrew'; 'Benaiah, Ian'; 'Khan, Nur'; ''Niehaus, Katrina' (Katrina.Niehaus@gs.com)'; 'Delaney, Brian (Brian.Delaney@gs.com)'; 'Conner, Robbin'; 'Milligan, Peter'; Sebastiano, Rocco; Fullerton, Rick; Olusoga, Yinka; Emes, Aaron; Saulnier, Brett; Mansoori, Nina
Subject: RE: Change of Law Protection Agreement and Change of Law Process Agreement - Fair Hydro

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Best Regards,
Nina
P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada |
www.torys.com[torys.com]<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.torys.com&d=DwIF-g&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=OdoCVLs6i-6reBTUJh9PAGSfpmSjeJXGKKb9SzvJOII&m=MrpUmWD3dcc7aBZwZo-vo7ltU4uMqH-66WunWE2l7Qg&s=eEbg_tyY-YaKY4yvrCFty-qqJo_QZcAOJl_j_LWV4EA&e= >
[Torys LLP]<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.torys.com&d=DwIF-g&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=OdoCVLs6i-6reBTUJh9PAGSfpmSjeJXGKKb9SzvJOII&m=MrpUmWD3dcc7aBZwZo-vo7ltU4uMqH-66WunWE2l7Qg&s=eEbg_tyY-YaKY4yvrCFty-

qqJo_QZcAOJl_j_LWV4EA&e= >

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From:	Mike Manning
To:	Gadi Mayman; Ken Kandeepan; Ronald Kwan
Cc:	Anna Strathy
Subject:	RE: Change of Law Protection Agreement and Change of Law Process Agreement - Fair Hydro
Date:	Monday, November 20, 2017 2:31:45 PM

Looking & talking to lawyers, could be a problem. Will get back.
Mike

From: Gadi Mayman
Sent: Monday, November 20, 2017 2:16 PM
To: Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: Fwd: Change of Law Protection Agreement and Change of Law Process Agreement - Fair Hydro

Is this a small ask, or does it undermine the progress that we'd thought we'd made when we met at noon?

Gadi

Begin forwarded message:

> **From:** "Mansoori, Nina" <nmansoori@torys.com>
> **Date:** November 20, 2017 at 2:05:34 PM EST
> **To:** "Mayman, Gadi (OFA)" <Gadi.Mayman@ofina.on.ca>, "'Hanslep, Malle (MOF)'" <Malle.Hanslep@ontario.ca>, "ASHBOURNE, STEPHEN" <STEPHEN.ASHBOURNE@blakes.com>, "Whitfield, Tobias P. (MOF)" <Tobias.Whitfield@ontario.ca>, "Kandeepan, Ken (OFA)" <Ken.Kandeepan@ofina.on.ca>, "Manning, Mike (OFA)" <Mike.Manning@ofina.on.ca>, "Kwan, Ronald (OFA)" <Ronald.Kwan@ofina.on.ca>, "Thouin, Alena (ENERGY)" <Alena.Thouin@ontario.ca>, "McKinlay, Tom (MAG)" <Tom.McKinlay@ontario.ca>, "VINER, JON" <JON.VINER@blakes.com>, "PRESTAGE, JA" <JA.PRESTAGE@blakes.com>, "Cayley, Daniel (ENERGY)" <Daniel.Cayley@ontario.ca>
> **Cc:** "'dup-john.s.lee@opg.com'" <john.s.lee@opg.com>, "'leslie.wong@opg.com'" <leslie.wong@opg.com>, "'sheen.liu@opg.com'" <sheen.liu@opg.com>, "'tyler.mcauley@opg.com'" <tyler.mcauley@opg.com>, "'clara.greco@opg.com'" <clara.greco@opg.com>, "'matthew.go@opg.com'" <matthew.go@opg.com>, "'anthea.yao@opg.com'" <anthea.yao@opg.com>, "'jenny.jorda@opg.com'" <jenny.jorda@opg.com>, "'stuart.preston@opg.com'" <stuart.preston@opg.com>, "'john.drewniak@opg.com'" <john.drewniak@opg.com>, "'j.hahnparker@opg.com'" <j.hahnparker@opg.com>, "Feldman, Michael" <mfeldman@torys.com>, "Ramchandani, Rima" <rramchandani@torys.com>, "Emes, Aaron" <aemes@torys.com>, "Hunter, Rosalind" <RHunter@osler.com>, "'Alvi, Shariq'"

<Shariq.Alvi@cibc.com>, "Innes, Michael" <MInnes@osler.com>, "'Stoddart, Jesse - Debt Capital Markets'" <Jesse.Stoddart@cibc.com>, "'Rix, Lindsey - Legal'" <Lindsey.Rix@cibc.com>, "'Hume, Tyler'" <Tyler.Hume@cibc.com>, "'Daou, Hadi'" <Hadi.Daou@cibc.com>, "'Persad, Nicole'" <Nicole.Persad@cibc.com>, "Olusoga, Yinka" <yolusoga@torys.com>, "Saulnier, Brett" <bsaulnier@torys.com>, "'mfitzpatrick@hunton.com'" <mfitzpatrick@hunton.com>, "'aobrian@hunton.com'" <aobrian@hunton.com>, "Watson, Gwen" <gwatson@torys.com>, "Johnson, Richard" <rjohnson@torys.com>, "Smith, Elliot" <ESmith@osler.com>, "King, Richard" <rking@osler.com>, "Royer, Kate" <KRoyer@osler.com>, "Hughes, Timothy" <THughes@osler.com>, "'Adalja, Sunil'" <Sunil.Adalja@cibc.com>, "'Persaud, Donnie - Debt Capital Markets'" <Donnie.Persaud@cibc.com>, "Sebastiano, Rocco" <RSebastiano@osler.com>, "'Maciel, Andrew'" <Andrew.Maciel@cibc.com>, "'Benaiah, Ian'" <ian.benaiah@rbccm.com>, "'Khan, Nur'" <nur.khan@rbccm.com>, "''Niehaus, Katrina' (Katrina.Niehaus@gs.com)'" <Katrina.Niehaus@gs.com>, "'Delaney, Brian (Brian.Delaney@gs.com)'" <Brian.Delaney@gs.com>, "'Conner, Robbin'" <Robbin.Conner@gs.com>, "'Milligan, Peter'" <PMilligan@osler.com>, "Sebastiano, Rocco" <RSebastiano@osler.com>, "Fullerton, Rick" <RFullerton@osler.com>, "Olusoga, Yinka" <yolusoga@torys.com>, "Emes, Aaron" <aemes@torys.com>, "Saulnier, Brett" <bsaulnier@torys.com>, "Mansoori, Nina" <nmansoori@torys.com>
Subject: RE: Change of Law Protection Agreement and Change of Law Process Agreement - Fair Hydro

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Nina

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Toronto, Ontario M5K 1N2 Canada | www.torys.com[torys.com]

From:	Mansoori, Nina
To:	Gadi Mayman; Malle Hanslep (MOF); ASHBOURNE, STEPHEN; Tobias P. Whitfield (MOF); Ken Kandeepan; Mike Manning; Ronald Kwan; Thouin, Alena (ENERGY); Tom McKinlay (MAG); VINER, JON; PRESTAGE, JA; Daniel Cayley (ENERGY)
Cc:	"dup-john.s.lee@opg.com"; "leslie.wong@opg.com"; "sheen.liu@opg.com"; "tyler.mcauley@opg.com"; "clara.greco@opg.com"; "matthew.go@opg.com"; "anthea.yao@opg.com"; "jenny.jorda@opg.com"; "stuart.preston@opg.com"; "john.drewniak@opg.com"; "j.hahnparker@opg.com"; Feldman, Michael; Ramchandani, Rima; Emes, Aaron; Hunter, Rosalind; "Alvi, Shariq"; Innes, Michael; "Stoddart, Jesse - Debt Capital Markets"; "Rix, Lindsey - Legal"; "Hume, Tyler"; "Daou, Hadi"; "Persad, Nicole"; Olusoga, Yinka; Saulnier, Brett; "mfitzpatrick@hunton.com"; "aobrian@hunton.com"; Watson, Gwen; Johnson, Richard; Smith, Elliot; King, Richard; Royer, Kate; Hughes, Timothy; "Adalja, Sunil"; "Persaud, Donnie - Debt Capital Markets"; Sebastiano, Rocco; "Maciel, Andrew"; "Benaiah, Ian"; "Khan, Nur"; ""Niehaus, Katrina" (Katrina.Niehaus@gs.com)"; "Delaney, Brian (Brian.Delaney@gs.com)"; "Conner, Robbin"; "Milligan, Peter"; Sebastiano, Rocco; Fullerton, Rick; Olusoga, Yinka; Emes, Aaron; Saulnier, Brett; Mansoori, Nina
Subject:	RE: Change of Law Protection Agreement and Change of Law Process Agreement - Fair Hydro
Date:	Monday, November 20, 2017 2:06:43 PM
Attachments:	Blackline_ProtectionAgreement.pdf Blackline_ProcessAgreement.pdf CLPA - Protection Agreement (COMMENTS).docx CLPA - Process Agreement (COMMENTS).docx

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HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST[1]

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

[1] Torys and Blakes to discuss signatory on behalf of the Trust. The Manager is currently signing all Program Agreements on behalf of the Trust and has authority to do so. We would propose to do the same on the change of law agreement.

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust under the laws of the Province of Ontario (the "**Financing Entity**")[1][2], Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council dated as of ■ (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust[2][3] dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred or amended. This Agreement sets out the terms and conditions of such protections and assurances.

[1][2] Province needs the Trust as a party to be assured of its rights of subrogation, step-in, etc.

[2][3] Torys to confirm that Trust is a "financing entity" under OFHPA. Under definition, FSM to establish or cause to be established. DofT indicates Computershare declares trust. Need to have this confirmed for purposes of authority under OFHPA 5(3), among other things.

~~OPG and the Province will concurrently enter into the Process Agreement, under which OPG will agree to perform certain activities and to provide certain assurances in relation to this Agreement, on which the Province will rely.~~

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 Proof of Approved Obligations

The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Indenture Trustee deems to be sufficient.

Any statement of account prepared by the Indenture Trustee as regards the Primary Obligations shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and the Province hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Indenture Trustee agrees to provide the Province with the computations and calculations used by the Indenture Trustee to prepare each such statement of account promptly following a request therefor.

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture[~~3~~4].

[~~3~~4] With respect to the possibility of unsanctioned amendments, the OPG proposal would allow amendments to be made in favour of bondholders to permit individual bondholders to sue the Province under this agreement. This is one circumstance that demonstrates why the Province needs the right to know about and consider all underlying amendments.

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 2.01 or Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the **Province, the** Indenture Trustee, the Financing Entity, the Financing Entity Trustee**, the Manager** or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect. **[The parties will engage in good faith negotiations to replace any provision which is declared invalid or unenforceable with a valid and enforceable provision, the economic effect of which comes as close as possible to that of the invalid or unenforceable provision which it replaces.]**
[NTD: this is unusual. Why is it necessary in this Agreement?]

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT.

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days

comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee may deliver a written demand, substantially in the form attached as Exhibit A (a "**Payment Demand**"), to the Province requiring the Province to make payments in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in this Agreement. From and after such delivery of a Payment Demand, the Province shall make the following payments in respect of the Approved Obligations (the "**Limited Guarantee**"), and the Financing Entity shall pay, and the Province shall be entitled to be paid, the Subrogation Amounts specified below, on the specified Payment Date:

i. Not less than **[**3**]** Business Days prior to each ~~Payment Date~~**day when any payment or payments are to be made in respect of one or more Approved Obligations** occurring after such delivery of a Payment Demand and prior to the Assumption Effective Date **(a "Guarantee Payment Date")**[5], if any, the Manager shall deliver a written statement, substantially in the form attached as Exhibit A.1 (a "**Guarantor Settlement Statement**") setting forth the Aggregate Approved Obligations Amount, if any, in respect of the Approved Obligations that are due and payable on such **Guarantee** Payment Date, together with a detailed description identifying such Approved Obligations~~,~~ **and** the nature and amount of payments due and payable thereunder on the **Guarantee** Payment Date~~, the aggregate outstanding amount payable by the Financing Entity under such Approved Obligations as of the date of the Guarantor Settlement Statement, and details regarding any default in performance by any party obligated thereunder~~.

ii. On each such **Guarantee** Payment Date, the Province shall pay the Aggregate Approved Obligations Amount ~~[~~to the Indenture Trustee and the Indenture Trustee~~]~~[4] shall deposit such amount to the Protection Account.

[5] **PM: Interest Payment Dates and Principal Payment Dates are set in the supplements. While the present intention is to set them on Payment Dates, there is no guarantee that will always be the case.**

[4] ~~Confirm payment mechanics. Consider direct deposit. Confirm that no set-off if pay through indenture trustee.~~

iii. On each such **Guarantee** Payment Date, ~~[the Financing Entity shall cause] the Paying Agent[5] [to]~~**the Indenture Trustee** shall apply all amounts on deposit in the Protection Account to pay each Beneficiary to whom an amount is due and payable under an Approved Obligation on the **Guarantee** Payment Date the Approved Obligation Amount for such Beneficiary in respect of such Approved Obligation on such **Guarantee** Payment Date; provided that if the amount deposited pursuant to clause 2.01(a)ii is insufficient to pay all such Approved Obligation Amounts in full, the amount on deposit in the Protection Account on the **Guarantee** Payment Date shall be applied to pay Beneficiaries in the order of priority in which such Approved Obligations are payable under the ~~applicable~~ payment provisions of the Trust Indenture applicable to the making of such payments on the **Guarantee** Payment Date (each, a "**Beneficiary Payee**")[6].

iv. On any **Guarantee** Payment Date on which an amount is paid by the Province pursuant to clause 2.01(a)ii, the applicable payment provisions of the Trust Indenture shall, notwithstanding the express terms of such provisions set forth in the Trust Indenture ~~and subject to Section 2.04(b)~~, be applied and operate on the following basis:

(i) the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available under such payment provisions on such **Guarantee** Payment Date shall be reduced by the amount paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on such **Guarantee** Payment Date;

(ii) the Province shall be paid the amount by which (x) the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available to pay the Beneficiary Payee under such payment provisions on the **Guarantee** Payment Date, determined without regard to subclause 2.01(a)iv(i), exceeds the amount paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on the **Guarantee** Payment Date (such payments to the Province being "**Subrogation Amounts**"); and

(iii) no Beneficiary having a right to be paid an amount in respect of an Approved Obligation that ranks equal with or subordinate to an Approved Obligation in respect of which an amount is payable to the Province under subclause 2.01(a)iv(ii) shall be entitled to make any claim or assert any right in or to the amounts paid or payable to

~~[5] To be effective, will need to add the Paying Agent as a party to this agreement.~~

[6] For example, the effect of this is that senior notes will receive cash earmarked for sub notes based on the scheduled amounts payable for sub notes. Confirm that is the intention.

the Province under such subclause (including any right or reimbursement, contribution or indemnity) and no such Beneficiary shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of such amounts.

v. On any **Guarantee** Payment Date, the Indenture Trustee shall release and pay to the Province free and clear of any Liens any amount ~~on~~ remaining **on** deposit in the Protection Account that has not been applied to pay Beneficiary Payees on the **Guarantee** Payment Date in accordance with clause 2.01(a)iii.

vi. In preparing any payment instructions under the Trust Indenture, the Manager shall reflect the amounts payable for the **Guarantee** Payment Date under Section 2.01(a).

(b) The Province shall, as a payee of Subrogation Amounts and any amounts payable under clause 2.01(a)v, be a "Specified Creditor" under the Trust Indenture and have the benefit of the Collateral thereunder.

(c) For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the ~~payment amounts~~**Approved Obligation Amounts**, if any, and will be subject to the priorities and to the Province's rights to Subrogation Amounts, set forth in Section 2.01(a).

(d) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(e) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation.

(f) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any amount due and payable to a Beneficiary Payee under the Limited Guarantee.

2.02 Intentionally Deleted.

2.03 Absence of Set-off

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 Payment into Protection Account[7] in Satisfaction

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account" for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section 7.03 of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the [Indenture Trustee][8] shall apply all amounts paid by the Province into the Protection Account on a **Guarantee** Payment Date in respect of an Approved Obligation to pay the amounts due and payable to the Beneficiaries as and to the extent provided for in Section 2.01(a)[9]. Upon a payment having been made by or on behalf of the Province into the Protection Account, the amounts so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiaries as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such Beneficiaries in respect of the applicable Approved Obligations, whereupon an affected Beneficiary shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the

[7] Use of Protection Account to be considered by Province after required modifications to Trust Indenture have been provided.

[8] Conform.

[9] For example, amounts payable in respect of subnotes will not get the amounts payable to them based on scheduled payments since senior notes will preempt them under the acceleration waterfall.

Approved Obligation to the extent so paid[10]. For greater certainty, the obligations arising in respect of an applicable Approved Obligation shall not be reduced by such payment as the Province shall become entitled to be paid related Subrogation Amounts and the rights contemplated under Section 2.01(a) and Section 5.01 in relation to such continuing obligations.

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by

[10] A corresponding provision needs to be added to the Trust Indenture and each other contract under which the Obligation Secured arises, so that the Beneficiaries are bound by these applications and the agreement of the Indenture Trustee under this Agreement.

settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations, or until the Province is no longer required to provide and perform the Limited Guarantee in accordance with ~~Section 6.03 or~~ Section **6.03 or Section** 8.02.

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements[11] and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

[11] The deletion of the earlier proviso in this draft is based on the understanding that the Province will receive adequat e notices of these event under the Trust Indenture. OPG will agree not to allow any of these events without confirming to the Province under the Process Certificate that the changes are within the agreed scope of the Reviewed Documents, etc.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

A Primary Obligation shall constitute an Approved Obligation if the Adherence Conditions applicable thereto have been satisfied ~~[~~at the time the Primary Obligation was incurred~~]~~[12].

4.02 Adherence Conditions[12]

~~[~~There shall be no Adherence Conditions applicable in relation to**: (i)** a Primary Obligation that is not a Funding Obligation **or (ii) a Primary Obligation that (x) arises under a Derivative Agreement, or (x) is a Funding Obligation that does not provide for the advance of more than $■ to the Financing Entity**.~~]~~[13] The following shall be the Adherence Conditions applicable in relation to a Primary Obligation that is a Funding Obligation **that does provide for the advance of more than $■ to the Financing Entity**:

(a) the Primary Obligation ~~is contemplated~~**when incurred will be an Obligation Secured** under the Trust Indenture ~~as an Obligation Secured~~; and

(b) ~~the FSM~~**either (x) OPG** delivers ~~a certificate signed by the Chief Financial Officer and the Treasurer of OPG (or their respective designees, provided that such designees are executive officers of OPG and, for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and~~**an officer's certificate** addressed to the Indenture Trustee, prior to the ~~earlier of (i) one Business Day prior to the incurrence [or any amendment]~~[14] ~~of the Primary Obligation, and (ii) [one Business Day after] [on] the Business Day on which the financial terms of the Primary Obligation are definitively determined (including the interest or discount rate applicable to any notes, bonds or other securities)~~**entering into of the related Funding Obligation Agreement**, confirming that OPG has ~~delivered to the Province a Process Certificate in~~

~~[12] Still under consideration. Tied to the discussion around authorized "amendments".~~

[12] The current structure requiring satisfaction of the adherence conditions in the Protection Agreement impacts the marketability of the transaction and creates uncertainty for investors. Province/OPG/Dealers to discuss moving the adherence conditions to the Process Agreement while preserving Province's oversight of its obligations under the Protection Agreement.

~~[13] Under consideration by the Province. Province is comfortable that immaterial (<1M) obligations need not be subject to these adherence provisions.~~

~~[14] Still under consideration. Tied to the discussion around authorized "amendments".~~

accordance with Section [3.01] of the Process Agreementcomplied with its obligations to the Province in connection with the Primary Obligation, or (y) OPG has in fact complied with its obligations to the Province in connection with the Primary Obligation; and

(c) the Province has not provided a Suspension Notice to the Indenture Trustee, the FSM and the Financing Entity in accordance with the terms of this Agreement.

For greater certainty, satisfaction of the Adherence Conditions for any Funding Obligation shall be deemed satisfaction of the Adherence Conditions in respect of all principal, interest and other amounts owing under, or in respect of, the Funding Obligation and the related Funding Obligation Agreement as such agreement may be amended, restated, supplemented> *or otherwise modified from time to time*<.[13]

4.03 Evidence of Satisfaction

A closing certificate delivered in accordance with Section 4.02(b)(x) in connection with an incurrence or amendment of a Primary Obligation shall be determinative as to whether the applicable Adherence Conditions with respect thereto have been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same.

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, including (i) the right and entitlement to be paid and receive the related Subrogation Amounts, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without

[13] This language was added to track Section 2(2) of the regs and ensure that there is no obligation to satisfy the Adherence Conditions every time interest is incurred in respect of a Funding Obligation for which the Adherence Conditions have already been satisfied.

any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including **[Section 7.11 (Payments Held in Trust), Section 8.12 (Limitation on Suits), Sections 7.04 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse) and Section 16.01 (No Petition) thereof]** and (ii) confirms that the Indenture Trustee shall send notices to the Province, in its capacity as a Specified Creditor, in accordance with Section 9.02.[14]

5.02 Priorities

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation shall rank equally with the rights, interests and entitlements of a Beneficiary to whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture in the manner and to the extent contemplated in Section 2.01.

5.03 Province May Perform Other Program Agreement Covenants.[15]

If the Financing Entity fails to perform any covenant under any Program Agreement, the Province may (but, except as expressly provided for under this Agreement, shall not be obligated to) perform such covenant on behalf of the Financing Entity. If the Province performs such a covenant on behalf of the Financing Entity, all sums expended or advanced by the Province in so performing the covenant will bear interest at the rate of interest determined by the Province to

[14] Section to be updated to conform with section in the Trust Indenture once settled.

[15] To be confirmed this covenant is only meant to apply following a Payment Demand? Note that once the Province exercises this right, ,the desired accounting treatment will be lost.

reflect market terms and conditions for a borrowing made by the Province at the relevant time from the date of expenditure until repayment by the Financing Entity and will (together with such interest) be paid by the Financing Entity upon demand and will until paid form part of the Obligations Secured subject to Sections **[7.04 and 8.13]** of the Trust Indenture and constitute a Finance Amount.[~~15~~16]

5.04 Representations and Warranties

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
NOTICE OF ASSUMPTION OF OBLIGATIONS SECURED

6.01 Delivery of Assumption Notice

Following the occurrence of a Protection Event, the Province may (but shall not be obligated to) provide notice (in the form of Exhibit B) to the Indenture Trustee that the Province has elected to assume the Financing Entity's obligations in respect of all Obligations Secured, as obligor and debtor (the "**Assumption Notice**"). The Assumption Notice shall specify the date on which the assignment and assumption of the Obligations Secured will be effective (the "**Assumption Closing Date**").

6.02 Cooperation to Implement the Assignment and Assumption

The Indenture Trustee, the FSM, the Financing Entity and the Province will cooperate and use best efforts to complete the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province, by the Assumption Closing Date.[~~16~~17]

6.03 Effect of Assumption

On the date that the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province becomes effective (the "**Assumption Effective Date**"), the Province shall no longer be required to provide and perform the Limited Guarantee but will instead become a primary obligor under the Obligations Secured assumed pursuant to and in accordance with an applicable Assumption Agreement. For greater certainty, the obligations of the Province so assumed will not be secured obligations of the Province and the

[~~15~~16] Payments to be addressed in the Trust Indenture like servicer advances under the waterfall provisions.

[~~16~~17] Further details regarding obtaining of third party consents and rating agency approvals to be provided by OPG.

obligees thereof will have no right, interest or claim to or in respect of the Collateral or any proceeds therefrom. **[NTD: the forms of assumption agreement(s) need to be settled before this agreement is finalized.]**

6.04 Interim Period

Until the effective time of the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province on the Assumption Effective Date, the Province shall continue to perform and be obligated under the Limited Guarantee.

6.05 Rights in respect of the Assets Comprising the Collateral

Upon assuming the Financing Entity's obligations in respect of all Obligations Secured under Article VI, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the Financing Entity's rights and interests under and in respect of the assets, property and undertaking comprising the Collateral and all proceeds therefrom, free and clear of any liens, encumbrances or restrictions arising under or as a result of the Trust Indenture. The Province shall have and be entitled to enforce all such rights and interests as an absolute assignee of the Financing Entity, with effect from and after the time of such assumption, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing to the Financing Entity and unaffected by any other rights, interests or equities that arise thereafter in respect of the assets, property and undertaking comprising the Collateral as between the Beneficiaries and the Financing Entity. The Indenture Trustee and the Beneficiaries shall thereupon recognize the Province as the absolute owner of the assets, property and undertaking comprising the Collateral.

ARTICLE VII
INDENTURE TRUSTEE MATTERS

7.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

7.02 Not Responsible for Recitals or Issuance of Notes

The recitals contained herein will be taken as the statements of the Province, the Financing Entity and the FSM, and the Indenture Trustee assumes no responsibility for their

correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

7.03 Representations and Covenants of the Indenture Trustee

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Agreement and has taken all necessary action to authorize the execution, delivery and performance by it of this Agreement and other documents to which it is a party;

(c) each of this Agreement and the other documents to which it is a party has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada.

ARTICLE VIII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

8.01 Suspension Notice

A written notice in the form of Exhibit C (a "**Suspension Notice**") may be provided by the Province to the Indenture Trustee, the FSM and the Financing Entity ~~in any of the following circumstances:(a)~~ following the Province becoming aware of the occurrence of a Program Breach~~; and~~.

~~(b) following the occurrence of a Breach Event that has not been waived in writing by the Province.~~

[NTD: the concept of Breach Event has been removed from Protection Agreement and replaced by provisions in the Process Agreement providing that upon notice of a Breach Event to OPG in the Process Agreement, OPG will not be permitted to deliver the certificate required to satisfy the Adherence Conditions. This was done to cleanse the Protection Agreement of any references to the Process Agreement but leave the Province in the same position of being able to (indirectly) suspend application of the change of law agreement to future issuances upon a Breach Event.]

8.02 Suspension

If a Suspension Notice has been provided under Section 8.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of any Obligation Secured incurred or amended on or after the time such Suspension Notice is delivered. For greater certainty, the rights of the Province under Article VI shall apply in respect of all Obligations Secured, including if incurred or amended on or after the time such Suspension Notice is delivered[17][18].

8.03 Termination Notice

On (a) the occurrence of a Suspension Event or (b) the Assumption Effective Date, the Province may provide to the Indenture Trustee, the FSM and the Financing Entity a notice in the form of Exhibit D (a "**Termination Notice**").

8.04 No Impact on Adherence

For greater certainty, the occurrence of Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event, nor will it in any way impact the Obligations Secured which are assumed by the Province in accordance with Article VI.

ARTICLE IX
MISCELLANEOUS

9.01 Term of Agreement

This Agreement will continue until the later of:

(a) the date that no amount is or may become due and payable by the Province under the Limited Guarantee; and

(b) the date that a Termination Notice delivered in accordance with Section 8.03 is received by the Indenture Trustee, the FSM and the Financing Entity.

9.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the

[17][18] This will be affected by the resolution of the "amendments" point.

time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust

700 University Avenue

Toronto, Ontario M5G 1X6
Attention: [■]
Fax: (416) [■]
Email: [■]

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: [■]
Fax: (416) [■]
Email: [■]

[■]

(b) if to the FSM:

Ontario Power Generation Inc.

700 University Avenue

Toronto, Ontario M5G 1X6

Attention: [■]

Fax: (416) [■]

Email: [■]

(c) if to the Province:

Ministry of Finance

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 9.02.

9.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section 9.03 shall be null and void.

(c) Notwithstanding Section 9.03(a), assignments and participations of the rights and obligations of the Indenture Trustee and Specified Creditors (other than the Province) in accordance with the terms of the Trust Indenture may also assign the rights and obligations of the Indenture Trustee and Specified Creditors under this Agreement.

9.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

9.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

9.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

9.07 Intentionally Deleted

9.08 Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their benefits hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

9.09 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, IN ITS CAPACITY AS TRUSTEE OF FAIR HYDRO TRUST , AS ISSUER, BY ONTARIO POWER GENERATION INC., NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS MANAGER

By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS

INDIVIDUAL CAPACITY

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS[18][19]

"**Acceleration**" has the meaning ascribed to the term "acceleration" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Action**" has the meaning ascribed thereto under the Trust Indenture.

"**Adherence Conditions**", in respect of a Primary Obligation, means the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of a **Guarantee** Payment Date, the aggregate of the Approved Obligation Amounts for such **Guarantee** Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, for a Beneficiary in respect of an Approved Obligation under which an amount is due and payable on a **Guarantee** Payment Date:

(a) if no Acceleration has occurred in respect of any Obligation Secured on or before the **Guarantee** Payment Date, the amount due and payable to the Beneficiary on such **Guarantee** Payment Date in respect of the Approved Obligation (for greater certainty, determined on the assumption that there are adequate amounts available under the applicable payment provisions of the Trust Indenture to pay in full all amounts referred to in such payment provisions that are due and payable on the **Guarantee** Payment Date); and

(b) if an Acceleration has occurred in respect of any Obligations Secured on or before the **Guarantee** Payment Date, the amount that would be available to be paid to the Beneficiary on such **Guarantee** Payment Date in respect of the Approved Obligation under the applicable payment provisions of the Trust Indenture, determined on the assumption that the ~~amounts available under such applicable payment provisions~~**amount available for allocation to Specified Creditors in accordance with the terms** of the Trust Indenture ~~would be limited to the Clean Energy Adjustment payable in respect of such month.~~ **in respect of each relevant month during each Reference Period from and after May,**

[18][19] If Province is satisfied that it will receive notice of any amendments, waivers, etc. under the various agreements, and corresponding rights under the trust indenture, Province will not require veto rights over changes to the defined terms in the MTI. All of this is predicated on Province receiving comfort from OPG that no changes, amendments, waivers, etc. will be made if outside the pre-agreed scope of the reviewed documents.

2021 is equal to the Finance Amount in respect of such Reference Period divided by the number of months in such Reference Period.[20]

"**Assumption Agreement**" means the agreement among the Province, the Indenture Trustee, the Financing Entity and any other person that is party to the ~~Finding~~**Funding** Obligation Agreement affected by the assignment and assumption contemplated under Article VI, which agreement shall be in substantially the form of the form of assumption agreement set forth in Exhibit E.

"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.01.

"**Assumption Effective Date**" has the meaning ascribed thereto in Section 6.03.

"**Assumption Notice**" has the meaning ascribed thereto in Section 6.01.

"**Available Collections**" has the meaning ascribed thereto in the Trust Indenture.

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Beneficiary Payee**" has the meaning ascribed thereto in Section 2.01(a)iii.

~~"**Breach Event**" [means the occurrence or existence of any one or more of the following: (a) a default in the performance, or breach, of any covenants of the FSM under the Process Agreement; or (b) any representation or warranty made by the FSM, any certification made by the FSM under the Process Agreement, or any certification made by the FSM in a certificate contemplated by Section 4.03 of this Agreement, proves to be incorrect in any material respect on the date made; or (c) OPG is no longer the FSM or the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the FSM or the Manager.][has the meaning ascribed thereto in the Process Agreement.]~~[19]

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Change of Law Protection Agreement**" means this Agreement.

~~"**Clean Energy Adjustment**" has the meaning ascribed to the term "clean energy adjustment" in the Act as of the date of this Agreement.~~

[20] **PM: the challenge is that the permitted acceleration amount is determined under the Regulations but in a post-change of law environment, we don't know what provisions of the Regulation remain. By going to "Finance Amount", we are using a defined term that is frozen at the date of this agreement.**

[19] ~~Process Agreement references define Suspension Rights. If dealers and OPG are comfortable with broad suspension rights (subject to the agreement of the Province with OPG under Process Agreement, not to implement suspension rights other than for Program Breach or Breach Event), then may be able to better cleanse this Agreement of operative references to the Process Agreement.~~

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Eligible Deposit Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Eligible Institution**" has the meaning ascribed thereto in the Trust Indenture.

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Financing Entity at such time.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"Guarantee Payment Date" has the meaning ascribed thereto in Section 2.01(a).

"**Guarantor Settlement Statement**" has the meaning ascribed thereto in Section 2.01(a).

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Issuer Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(a).

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity, ~~[~~as amended, supplemented, restated or otherwise modified from time to time~~]~~.~~[20]~~

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, ~~[~~as amended, supplemented, restated or otherwise modified from time to time~~]~~.

"**Note**" or "**Notes**" has the meaning ascribed thereto under the Trust Indenture.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Paying Agent**" has the meaning ascribed thereto in the Trust Indenture.

~~"**Payment Date**" means the 15th day of each month.~~

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

~~[20] Still under consideration. Tied to the discussion around authorized "amendments".~~

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account, Finance Reserve Account, or Supplemental Reserve Account; (ii) any amounts that would be remaining amounts of Available Collections required by the to be held in the Collection Account for distribution on a succeeding Payment Date pursuant to the Trust Indenture; and (iii) any obligation to pay the Trust or on the Trust's direction any remaining amounts of Available Collections.

~~"**Process Agreement**" means the Change of Law Process Agreement dated [■], 2017 between the Province and [the FSM] [as amended, supplemented, restated<~~ ~~*or otherwise modified from time to time*~~>~~].~~

~~[**"Process Certificate**" has the meaning ascribed thereto in the Process Agreement.]~~

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the [Crown], an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that materially and adversely affects (a) the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay ~~Approved Obligation Amounts to persons who would be Beneficiary Payees under this Agreement~~**Obligations Secured**, or (b) this Agreement or any of the agreements under which ~~Approved~~ Obligations **Secured** arise, other than if the Indenture Trustee has confirmed in writing that the effect under such agreements is otherwise acceptable; or

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that materially and adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay ~~Approved Obligation Amounts to persons who would be Beneficiary Payees under this Agreement~~**Obligations Secured** and that has the effect of the Financing Entity not in fact having sufficient funds to pay such ~~Approved Obligation Amounts to persons who would be Beneficiary Payees under this Agreement in respect of Approved~~ Obligations **Secured** that have become due and payable.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture.

"**Repayment**" has the meaning ascribed thereto in the General Regulation.

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Subrogation Amounts**" has the meaning ascribed thereto in subclause 2.01(a)iv(ii).

"**Supplemental Reserve Account**" has the meaning ascribed in the Trust Indenture.

"**Suspension Event**" has the meaning ascribed thereto in Section 8.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 8.01.

"**Termination Notice**" has the meaning ascribed thereto in Section 8.03.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

EXHIBIT A
FORM OF PAYMENT DEMAND

EXHIBIT A.1
FORM OF GUARANTOR SETTLEMENT STATEMENT

EXHIBIT B
ASSUMPTION NOTICE

EXHIBIT C
SUSPENSION NOTICE

EXHIBIT D
TERMINATION NOTICE

EXHIBIT E

FORM OF ASSUMPTION AGREEMENT

Document comparison by Workshare Compare on November-20-17 1:54:22 PM

Input:	
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Description	#24511859v3<TorysAtWork> - CLPA - Protection Agreement (COMMENTS)
Rendering set	strikeout-colour

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

Statistics:	
	Count
Insertions	106
Deletions	88
Moved from	1
Moved to	1
Style change	0
Format changed	0
Total changes	196

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.

CHANGE OF LAW PROCESS AGREEMENT

Dated as of [■], 2017

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**") is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.[1]

Pursuant to a Declaration of Trust dated as of [■], 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions.

Prior to entering into this Agreement, OPG provided the Province with copies of certain of the Transaction Documents, and the Province has confirmed by a notice delivered to OPG that the reviewed forms (as further described in such notice) shall be Reviewed Documentation for the purposes of this Agreement.[2]

This Agreement sets out the obligations OPG has agreed to perform and assurances OPG has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the Adherence Conditions have been satisfied, maintaining information related to the Program Agreements and the Approved Obligations, and ensuring that the Province's assumption rights pursuant to Article VI of the Change of Law Protection Agreement may be exercised without impediment on the terms and conditions contemplated in this Agreement and the Change of Law Protection Agreement.

All things necessary to make this Agreement a valid and legally binding agreement of OPG and the Province, have been done.

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[1] Blakes suggests that it be made clear in the Declaration of Trust that OPG is establishing the Trust. Blakes would appreciate the benefit of Torys analysis as to how the Trust is an "entity" under the OFHPA, as opposed to the trustee. Clearly OPG has not established Computershare. **Blakes and Torys to discuss.**

[2] Once agreements are settled, Province to provide draft notice.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this

Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 References to the Financing Entity

For greater certainty, each reference to the Financing Entity shall be construed as a reference to the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 Effect of Headings

The Article and Section headings herein and are for convenience only and will not affect the construction hereof.

1.04 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect. The parties will engage in good faith negotiations to replace any provision which is declared invalid or unenforceable with a valid and enforceable provision, the economic effect of which comes as close as possible to that of the invalid or unenforceable provision which it replaces.

1.06 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT.

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF OPG

2.01 Deliveries to the Province

(a) Not less than [15 Business Days]**, or such lesser period as the Province may agree to,** prior to the initial issuance of any Funding Obligation by the Financing Entity, OPG shall deliver to the Province a copy of the initial Financing Plan. Thereafter, OPG shall promptly deliver to the Province a copy of any proposed change to or replacement of the Financing Plan.

(b) Not less than 10 Business Days**, or such lesser period as the Province may agree to,** prior to (i) any proposed change or supplement to a previously provided Transaction Document becoming effective or otherwise being used, (ii) any additional or replacement Transaction Document becoming effective or otherwise being used, OPG shall deliver to the Province a copy of such proposed change or supplement to the Transaction Document and any such additional or replacement Transaction Document.

(c) ~~Not less than 10 Business Days prior to~~**Promptly following**[3] (i) any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor being made, (ii) any new, additional or replacement instruments, documents, agreements or security being used or granted in connection with all or any part of the Approved Obligations, or (iii) any waiver, release, reconveyance, termination, abandonment, subordination, exchange, substitution, transfer, compound, compromise, liquidation or enforcement of all or any part of the Approved Obligations or any security or guarantee therefor being effected, OPG shall deliver to the Province a detailed description of such event and the reasons for it together with any related documents, agreements and instruments.

(d) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, OPG shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations (including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(e) Promptly upon request, OPG shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

2.02 Covenants

(a) OPG shall use commercially reasonable efforts to cause the Financing Entity to:

[3] **This change was made due to accounting.**

(i) punctually perform and observe all of the Financing Entity's obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not:

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement or replacement or waiver or consent could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any change in particular financial terms, rates and levels; **or**

(B) ~~resign as the Manager under the Management Agreement; or~~ [4]

(C) permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired.

(b) OPG shall:

(i) comply, and shall use commercially reasonable efforts to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

(ii) punctually perform and observe all of its (including as the FSM and as Manager) obligations and agreements contained in the Program Agreements;

(iii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation; and

(iv) after the ~~occurrence of any Protection Event (or any event that with the passage of time or the giving of notice would be a Protection~~

[4] **As discussed in the meeting, this causes an accounting issue. Additionally, OPG is not permitted to resign under the Management Agreement.**

~~Event)~~**delivery of a Payment Demand**[5], not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.

(c) **For greater certainty, nothing in this Agreement is intended to derogate from OPG's obligations as FSM and Manager.**

(d) ~~(c)~~ Nothing in this Agreement nor in the Change of Law Protection Agreement shall limit the obligations of the Province under the Indemnity Agreement by the Province in favour of OPG dated June 1, 2017 (as amended, the "**Indemnity Agreement**") and to the extent of any conflict between this Agreement, the Change of Law Protection Agreement and such Indemnity Agreement, in respect of any matter relating to the Province's obligations to indemnify OPG, the Indemnity Agreement shall prevail.

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate[6]

OPG shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of OPG (or their respective designees, provided that such designees are also executive officers of OPG) and addressed to the Province, on the earlier of (i) one Business Day prior to the incurrence or any amendment of a Funding Obligation[7] **(other than a Funding Obligation that (x) arises under a Derivative Agreement, or (y) is a Funding Obligation that does not provide for the advance of more than $■ to the Financing Entity)**, and (ii) on the Business Day on which the financial terms of such Funding Obligation are definitively determined (including the interest or discount rate applicable to any notes, bonds or other securities), setting out the following with respect to such Funding Obligation:~~:~~[8]

(a) the material terms of the Funding Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features,

[5] **Given that delivery of a Payment Demand is the trigger for the Limited Guarantee, the delivery of the Payment Demand is the more appropriate milestone.**

[6] **The current structure requiring satisfaction of the adherence conditions in the Protection Agreement impacts the marketability of the transaction and creates uncertainty for investors. Province/OPG/Dealers to discuss moving the adherence conditions to the Process Agreement while preserving Province's oversight of its obligations under the Protection Agreement.**

[7] **OPG/Province to discuss circumstances in which a certificate will be required under this Section.**

~~3~~[8] Note to Province: We have revised this section so as to allow the Process Agreement to be cleansed from the Change of Law Protection Agreement. In addition to all the deliverables under section 2.01 of this Agreement, the Province will receive the certifications in section 3.01 in the case of an incurrence of funding obligations and an amendment to funding obligations.

structure and coupon frequency, as applicable, and (ii) in the case of a Derivative Agreement, the notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

(b) if an existing ~~Primary~~**Funding** Obligation is proposed to be amended, material details respecting such amendment, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

(c) a statement to the effect that: (i) the Funding Obligation to be incurred or amended (1) will arise under terms and conditions that are Substantially in the Form of the Reviewed Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reviewed Documentation;

(d) a statement confirming that any disclosure made in respect of the Funding Obligation (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to the Funding Obligation) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement has been made available for review to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made;

(e) a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and[9]

(f) confirmation that, at the time the Funding Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Funding Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the Protection Agreement Maximum; for clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be determined on the date the Process Certificate is delivered hereunder in accordance with the following:

[9] **We have cleansed the Protection Agreement of the concept of the Process Agreement and the related concept of the Breach Event. The process certificate already contemplates that a breach event has not occurred at the time of delivery of the certificate but we have also provided the added comfort of the covenant below in section 3.02.**

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

3.02 ~~Intentionally Deleted~~Acknowledgement

The Province acknowledges and agrees that, concurrent with the delivery of the Process Certificate pursuant to Section 3.01 of this Agreement, any two senior officers of OPG are authorized to deliver the certificate referred to in Subsection 4.02(b) of the Change of Law Protection Agreement to the Indenture Trustee confirming that OPG has complied with its obligations to the Province in connection with the incurrence of the Funding Obligations in respect of which such certificate is delivered; provided that, upon receipt of a Breach Event Suspension Notice, OPG covenants not to deliver the certificate referred to in Subsection 4.02(b) of the Change of Law Protection Agreement to the Indenture Trustee. [10]

3.03 Meaning of "Reviewed Documentation"

For the purposes of Subsection 3.01(c), the term "Reviewed Documentation" shall mean each Transaction Document (including any change, addition or supplement thereto) that, at the relevant time:

(a) is a Transaction Document provided to the Province prior to the making of this Agreement and in respect of which the notice contemplated in the fifth recital to this Agreement has been delivered by the Province to OPG; or

(b) is a Transaction Document provided to the Province in accordance with Subsection 2.01(b) that has been accepted by the Province, as confirmed by way of a written notice of acceptance from the Province delivered to OPG.

3.04 Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(c), the term "Substantially in the Form" shall mean:

(a) with respect to the Reviewed Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such Reviewed Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation, including regarding the timing of or circumstances under which related payments are or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that would affect the Province's rights of subrogation or assignment (including

[10] **OPG needs the authority to provide this certification.**

pursuant to **[Section 5.01 or Article VI]** of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation or upon the assumption of obligations in accordance with **[Article VI]** of the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any variable terms to be set forth in the proposed documents as are reasonably contemplated in the Reviewed Documentation, including the particular financial terms, rates and levels set forth in the proposed documents other than to the extent that the forms of Reviewed Documentation themselves specify specific requirements, limitations or parameters with respect to such financial terms, rates, levels and parameters; and

(b) with respect to the Reviewed Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum

(a) Not less than 15 Business Days**, or such lesser period as the Province may agree to,** prior to the proposed incurrence of the first Funding Obligation, OPG shall, as the FSM, deliver to the Province: (i) a forecast setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the next following 24 month period (the "**Initial Forecast Period**"), which expectations shall be consistent with the Financing Plan (the "**Initial Forecast**"); and (ii) notice of the initial Protection Agreement Maximum, which may not exceed the Initial Forecast.

(b) Not more than 10 Business Days**, or such lesser period as the Province may agree to,** following receipt of the Initial Forecast and notice of the initial Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province may disagree with the Initial Forecast and the initial Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or the Initial Forecast, (ii) the Initial Forecast is inconsistent with the Financing Plan, or (iii) the initial Protection Agreement Maximum is not less than the Initial Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province~~,~~ **and OPG,**[11] and the initial Protection Agreement Maximum will be revised accordingly and confirmed by an amended notice to the Province.

[11] **This is an accounting comment.**

(c) Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Approved Obligations that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast shall be further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum, which may not exceed such Forecast.

(d) Not more than 10 Business Days**, or such lesser period as the Province may agree to,** following receipt of any further Forecast and notice of the revised Protection Agreement Maximum from OPG pursuant to Section 4.01(c), the Province may disagree with such further Forecast or revised Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or such further Forecast, (ii) the further Forecast is inconsistent with the Financing Plan, or (iii) the revised Protection Agreement Maximum is not less than the further Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province~~,~~ **and OPG,**[12] and the revised Protection Agreement Maximum will be further revised accordingly and confirmed by an amended notice to the Province.

(e) For clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be valued at the time to be determined for the purposes of this Section 4.01 in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

[12] **This is an accounting comment.**

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of OPG

OPG represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, may cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario and has the power and authority to enter into and perform its obligations under this Agreement and all instruments and agreements delivered pursuant hereto.

(c) OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Financing Entity or in the ability of the Financing Entity to perform its obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

5.02 Representations and Warranties of the Province

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
PROCESS FOR ELECTION TO ASSUME APPROVED OBLIGATIONS[413]

[413] Note: Lawyers to discuss assumption mechanics.

6.01 Election by the Province

Pursuant to Section 6.01 of the Change of Law Protection Agreement, at any time following the occurrence of a Protection Event, the Province may (but shall not be obligated) elect to assume the Financing Entity's obligations in respect of all Obligations Secured, as obligor and debtor by giving notice to the Indenture Trustee. Prior to determining whether or not to exercise its election, the Province may deliver to OPG a notice in the form of Exhibit A (an "**Election Information Notice**"). The Election Information Notice shall, among other things, specify the date on which the Province proposes to assume the Obligations Secured, which date shall be no earlier than 20 Business Days following delivery of the Election Information Notice to OPG (the "**Proposed Assumption Date**").

6.02 Details regarding Obligations Secured

Promptly following the delivery of the Election Information Notice to OPG, OPG shall provide the following information and documentation to the Province:

(a) a summary of the amounts that will be owing under all Obligations Secured as of the Proposed Assumption Date, together with a detailed schedule setting out the dates on which such amounts will become due and payable under the Obligations Secured;

(b) a summary of the rights arising under the Obligations Secured that permit the Financing Entity to assign the Obligations Secured to the Province, including details regarding any conditions precedent to such assignment and the related assumption becoming effective and any notices, filings, consents or other actions that will be required in order to implement and effect such assignment and assumption;

(c) current versions of all documentation under which the Obligations Secured arise;

(d) copies of all correspondence exchanged between OPG, as the FSM, or the Financing Entity, on the one hand, and any Specified Creditor, Rating Agency or the Indenture Trustee, on the other hand, in each case that may reasonably be considered to be material to the assumption and performance of the Obligations Secured by the Province; and

(e) all income tax returns and assessments, financial statements and notices of proceedings of or pertaining to the Financing Entity or its business and any documentation related thereto, including any pleadings, appeals, objections, qualifications or other similar materials in respect of the Financing Entity or any Program Agreement.

6.03 Settlement of Terms

Following receipt and review by the Province of the information and documentation to be provided under Section 6.02, the Province shall confirm in writing whether or not it expects to proceed with the assignment and assumption of the Obligations Secured and, if it will be

proceeding with the assignment and assumption, the date on which the Province expects that assignment and assumption will be effected. If it will be proceeding with such assignment and assumption, the Province will deliver an Assumption Notice as contemplated under Section 6.01 of the Change of Law Protection Agreement. A decision not to proceed with an election at any time will not limit the Province from proceeding with an election at a later date, including by issuing a further Election Information Notice and Article VI of this Agreement shall continues to apply unaffected.

6.04 Cooperation to Implement the Assignment and Assumption

OPG shall cooperate with the Province and, as FSM, will use commercially reasonable efforts to cause the Financing Entity to cooperate, and shall use its commercially reasonable efforts, to complete the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province, by the applicable Assumption Closing Date.

6.05 Terms of Obligations Secured

In order to permit the Province to assume the Obligations Secured in the circumstances contemplated herein, OPG, as FSM, shall cause the Financing Entity to use commercially reasonable efforts to ensure that all Obligations Secured permit such an assignment to and assumption by the Province substantially in accordance with the terms and on the basis contemplated in the Assumption Agreement, without any penalty or make-whole payment, or any requirement for further consent, approval or agreement, or alternatively, in the case of any Obligations Secured entered into by or on behalf of the Financing Entity for the provision of on-going services to the Financing Entity permitting the satisfaction and termination of such Obligations Secured on or prior to the effective time of such assumption without any acceleration of future fees, profits or other like amounts, ~~[~~other than to the extent of payment obligations arise under market standard mark-to-market payment terms and conditions included on a commercially reasonable basis under a Derivative Agreement~~[[NTD: Subject to the input of the dealers.]~~[~~5~~] [14].

ARTICLE VII
BREACH EVENTS

7.01 Breach Events

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

[~~5~~14] The Trust Indenture will need to be revised to ensure that the Province's assignment and assumption right is fully contemplated and may be implemented without any requirement for further Specified Creditor or other third party consents. Among other changes, it is contemplated that Torys will add the following to the MTI to address this requirement: (i) Specified Creditors will be required to acknowledge the rights of the Province to assume the Obligations Secured on the basis contemplated in the form of assumption agreement, and (ii) the Indenture Trustee will be permitted to enter into and give effect to the global Assumption Agreement without the consent of Specified Creditors or any other third parties.

(a) a default in the performance, or breach, of any covenants of OPG under this Agreement, which continues for thirty (30) days after written notice by the Province to OPG of such default or breach;

(b) any representation or warranty made by OPG in this Agreement, any certification made in a Process Certificate, or any certification made in a certificate contemplated by Section **[4.02]** of the Change of Law Protection Agreement, proves to be incorrect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation; or

(c) OPG is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the Manager.

7.02 Notice on Breach Event

If any Breach Event shall have occurred and not been waived in writing by the Province, the Province shall have the right at its option, ~~upon written notice to OPG,~~ and in addition to and not in substitution for any other remedies available hereunder at law or equity, to provide a **written notice in the form of Exhibit ■ (a "Breach Event** Suspension Notice**")** to ~~the Indenture Trustee, OPG and the Financing Entity in accordance with the terms of the Change of Law Protection Agreement~~**OPG**.

ARTICLE VIII
MISCELLANEOUS

8.01 Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

8.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to OPG:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: [■]
Fax: (416) [■]
Email: [■]

(b) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 8.02.

8.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 8.03 shall be null and void.

8.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

8.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

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

By: _____

Name:
Title:

By: _____

Name:
Title:

SCHEDULE A
DEFINED TERMS[615]

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Conditions**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Approved Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Assumption Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.03.

"**Beneficiaries**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Breach Event**" has the meaning ascribed thereto in Section 7.01.

"Breach Event >*Suspension Notice* *" has the meaning ascribed thereto in* **<Section 7.02.**

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the FSM on behalf of the Financing Entity and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar

[615] If Province is satisfied that it will receive notice of any amendments, waivers, etc. under the various agreements, and corresponding rights under the trust indenture as a secured creditor, Province will not require veto rights over changes to the defined terms in the MTI. All of this is predicated on Province receiving comfort from OPG that no changes, amendments, waivers, etc. will be made if outside the pre-agreed scope of the reviewed documents.

transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

"**Election Information Notice**" has the meaning ascribed thereto in Section 6.01.

"**Financing Entity**" means Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Entity Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Financing Entity at such time.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(c).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement~~ but in no event shall it include obligations to service providers or amounts payable by the Financing Entity to a counterparty under any Funding Obligation Agreement permitted to be entered into by the Financing Entity pursuant to the Program Agreements under which an amount in excess of $1 Million in the aggregate would be payable~~.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Indenture Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Initial Forecast**" has the meaning ascribed thereto in Section 4.01(a).

"**Initial Forecast Period**" has the meaning ascribed thereto in Section 4.01(a).

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Limited Guarantee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Management Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Manager**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Proposed Assumption Date**" has the meaning ascribed thereto in Section 6.01.

"**Protection Agreement Maximum**" means the dollar amount referenced as the Program Agreement Maximum and determined in accordance with Article IV.

"**Protection Event**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture.

"**Reviewed Documentation**" has the meaning ascribed thereto in Section 3.03.

"**Repayment**" has the meaning ascribed to the term "repayment" in the General Regulation as of the date of this Agreement.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Substantially in the Form**" has the meaning ascribed thereto in Section 3.04.

~~"<***Suspension Notice****" has the meaning ascribed thereto in >*~~the Change of Law Protection Agreement.~~

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement; (vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that affects the Province's subrogation rights and/or subrogee interests, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

EXHIBIT A
FORM OF ELECTION INFORMATION NOTICE

Document comparison by Workshare Compare on November-20-17 1:53:34 PM

Input:	
Document 1 ID	interwovenSite://INVENTORYS1/TorysAtWork/24511858/1
Description	#24511858v1<TorysAtWork> - 23239361-v12-CLPA - Process Agreement
Document 2 ID	interwovenSite://INVENTORYS1/TorysAtWork/24511858/3
Description	#24511858v3<TorysAtWork> - CLPA - Process Agreement (COMMENTS)
Rendering set	strikeout-colour

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

Statistics:	
	Count
Insertions	54
Deletions	34
Moved from	1
Moved to	1
Style change	0
Format changed	0
Total changes	90

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST[1]

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

[1] Torys and Blakes to discuss signatory on behalf of the Trust. The Manager is currently signing all Program Agreements on behalf of the Trust and has authority to do so. We would propose to do the same on the change of law agreement.

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust under the laws of the Province of Ontario (the "**Financing Entity**")[2], Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council dated as of ■ (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust[3] dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred or amended. This Agreement sets out the terms and conditions of such protections and assurances.

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[2] Province needs the Trust as a party to be assured of its rights of subrogation, step-in, etc.

[3] Torys to confirm that Trust is a "financing entity" under OFHPA. Under definition, FSM to establish or cause to be established. DofT indicates Computershare declares trust. Need to have this confirmed for purposes of authority under OFHPA 5(3), among other things.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder"

and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 Proof of Approved Obligations

The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Indenture Trustee deems to be sufficient.

Any statement of account prepared by the Indenture Trustee as regards the Primary Obligations shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and the Province hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Indenture Trustee agrees to provide the Province with the computations and calculations used by the Indenture Trustee to prepare each such statement of account promptly following a request therefor.

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture[4].

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 2.01 or

[4] With respect to the possibility of unsanctioned amendments, the OPG proposal would allow amendments to be made in favour of bondholders to permit individual bondholders to sue the Province under this agreement. This is one circumstance that demonstrates why the Province needs the right to know about and consider all underlying amendments.

Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Province, the Indenture Trustee, the Financing Entity, the Financing Entity Trustee, the Manager or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect. [**The parties will engage in good faith negotiations to replace any provision which is declared invalid or unenforceable with a valid and enforceable provision, the economic effect of which comes as close as possible to that of the invalid or unenforceable provision which it replaces.**] [**NTD: this is unusual. Why is it necessary in this Agreement?**]

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT.

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR

OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee may deliver a written demand, substantially in the form attached as Exhibit A (a "**Payment Demand**"), to the Province requiring the Province to make payments in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in this Agreement. From and after such delivery of a Payment Demand, the Province shall make the following payments in respect of the Approved Obligations (the "**Limited Guarantee**"), and the Financing Entity shall pay, and the Province shall be entitled to be paid, the Subrogation Amounts specified below, on the specified Payment Date:

i. Not less than [3] Business Days prior to each day when any payment or payments are to be made in respect of one or more Approved Obligations occurring after such delivery of a Payment Demand and prior to the Assumption Effective Date (a "**Guarantee Payment Date**")[5], if any, the Manager shall deliver a written statement, substantially in the form attached as Exhibit A.1 (a "**Guarantor Settlement Statement**") setting forth the Aggregate Approved Obligations Amount, if any, in respect of the Approved Obligations that are due and payable on such Guarantee Payment Date, together with a detailed description identifying such Approved Obligations and the nature and amount of payments due and payable thereunder on the Guarantee Payment Date.

ii. On each such Guarantee Payment Date, the Province shall pay the Aggregate Approved Obligations Amount to the Indenture Trustee and the Indenture Trustee shall deposit such amount to the Protection Account.

iii. On each such Guarantee Payment Date, the Indenture Trustee shall apply all amounts on deposit in the Protection Account to pay each Beneficiary to whom an amount is due and payable under an Approved Obligation on the Guarantee Payment Date the Approved Obligation Amount for such Beneficiary in respect of such Approved Obligation on such Guarantee Payment Date; provided that if the amount deposited pursuant to clause 2.01(a)ii is insufficient to pay all such Approved Obligation Amounts in full, the amount on deposit in the Protection Account on the Guarantee Payment Date shall be applied to pay Beneficiaries in the order of priority in which such Approved Obligations are payable under the payment

[5] PM: Interest Payment Dates and Principal Payment Dates are set in the supplements. While the present intention is to set them on Payment Dates, there is no guarantee that will always be the case.

provisions of the Trust Indenture applicable to the making of such payments on the Guarantee Payment Date (each, a "**Beneficiary Payee**")[6].

iv. On any Guarantee Payment Date on which an amount is paid by the Province pursuant to clause 2.01(a)ii, the applicable payment provisions of the Trust Indenture shall, notwithstanding the express terms of such provisions set forth in the Trust Indenture, be applied and operate on the following basis:

(i) the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available under such payment provisions on such Guarantee Payment Date shall be reduced by the amount paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on such Guarantee Payment Date;

(ii) the Province shall be paid the amount by which (x) the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available to pay the Beneficiary Payee under such payment provisions on the Guarantee Payment Date, determined without regard to subclause 2.01(a)iv(i), exceeds the amount paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on the Guarantee Payment Date (such payments to the Province being "**Subrogation Amounts**"); and

(iii) no Beneficiary having a right to be paid an amount in respect of an Approved Obligation that ranks equal with or subordinate to an Approved Obligation in respect of which an amount is payable to the Province under subclause 2.01(a)iv(ii) shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under such subclause (including any right or reimbursement, contribution or indemnity) and no such Beneficiary shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of such amounts.

v. On any Guarantee Payment Date, the Indenture Trustee shall release and pay to the Province free and clear of any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay Beneficiary Payees on the Guarantee Payment Date in accordance with clause 2.01(a)iii.

vi. In preparing any payment instructions under the Trust Indenture, the Manager shall reflect the amounts payable for the Guarantee Payment Date under Section 2.01(a).

[6] For example, the effect of this is that senior notes will receive cash earmarked for sub notes based on the scheduled amounts payable for sub notes. Confirm that is the intention.

(b) The Province shall, as a payee of Subrogation Amounts and any amounts payable under clause 2.01(a)v, be a "Specified Creditor" under the Trust Indenture and have the benefit of the Collateral thereunder.

(c) For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the Approved Obligation Amounts, if any, and will be subject to the priorities and to the Province's rights to Subrogation Amounts, set forth in Section 2.01(a).

(d) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(e) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation.

(f) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any amount due and payable to a Beneficiary Payee under the Limited Guarantee.

2.02 Intentionally Deleted.

2.03 <u>Absence of Set-off</u>

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 <u>Payment into Protection Account[7] in Satisfaction</u>

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The

[7] Use of Protection Account to be considered by Province after required modifications to Trust Indenture have been provided.

Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account" for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section 7.03 of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the [Indenture Trustee][8] shall apply all amounts paid by the Province into the Protection Account on a Guarantee Payment Date in respect of an Approved Obligation to pay the amounts due and payable to the Beneficiaries as and to the extent provided for in Section 2.01(a)[9]. Upon a payment having been made by or on behalf of the Province into the Protection Account, the amounts so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiaries as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such Beneficiaries in respect of the applicable Approved Obligations, whereupon an affected Beneficiary shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid[10]. For greater certainty, the obligations arising in respect of an applicable Approved Obligation shall not be reduced by such payment as the Province shall become entitled to be paid related Subrogation Amounts and the rights contemplated under Section 2.01(a) and Section 5.01 in relation to such continuing obligations.

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

---

[8] Conform.

[9] For example, amounts payable in respect of subnotes will not get the amounts payable to them based on scheduled payments since senior notes will preempt them under the acceleration waterfall.

[10] A corresponding provision needs to be added to the Trust Indenture and each other contract under which the Obligation Secured arises, so that the Beneficiaries are bound by these applications and the agreement of the Indenture Trustee under this Agreement.

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations, or until the Province is no longer required to provide and perform the Limited Guarantee in accordance with Section 6.03 or Section 8.02.

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements[11] and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

A Primary Obligation shall constitute an Approved Obligation if the Adherence Conditions applicable thereto have been satisfied at the time the Primary Obligation was incurred.

[11] The deletion of the earlier proviso in this draft is based on the understanding that the Province will receive adequate notices of these event under the Trust Indenture. OPG will agree not to allow any of these events without confirming to the Province under the Process Certificate that the changes are within the agreed scope of the Reviewed Documents, etc.

4.02 Adherence Conditions[12]

There shall be no Adherence Conditions applicable in relation to: (i) a Primary Obligation that is not a Funding Obligation or (ii) a Primary Obligation that (x) arises under a Derivative Agreement, or (x) is a Funding Obligation that does not provide for the advance of more than $■ to the Financing Entity. The following shall be the Adherence Conditions applicable in relation to a Primary Obligation that is a Funding Obligation that does provide for the advance of more than $■ to the Financing Entity:

(a) the Primary Obligation when incurred will be an Obligation Secured under the Trust Indenture; and

(b) either (x) OPG delivers an officer's certificate addressed to the Indenture Trustee, prior to the entering into of the related Funding Obligation Agreement, confirming that OPG has complied with its obligations to the Province in connection with the Primary Obligation, or (y) OPG has in fact complied with its obligations to the Province in connection with the Primary Obligation; and

(c) the Province has not provided a Suspension Notice to the Indenture Trustee, the FSM and the Financing Entity in accordance with the terms of this Agreement.

For greater certainty, satisfaction of the Adherence Conditions for any Funding Obligation shall be deemed satisfaction of the Adherence Conditions in respect of all principal, interest and other amounts owing under, or in respect of, the Funding Obligation and the related Funding Obligation Agreement as such agreement may be amended, restated, supplemented or otherwise modified from time to time.[13]

4.03 Evidence of Satisfaction

A closing certificate delivered in accordance with Section 4.02(b)(x) in connection with an incurrence of a Primary Obligation shall be determinative as to whether the applicable Adherence Conditions with respect thereto have been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same.

[12] The current structure requiring satisfaction of the adherence conditions in the Protection Agreement impacts the marketability of the transaction and creates uncertainty for investors. Province/OPG/Dealers to discuss moving the adherence conditions to the Process Agreement while preserving Province's oversight of its obligations under the Protection Agreement.

[13] This language was added to track Section 2(2) of the regs and ensure that there is no obligation to satisfy the Adherence Conditions every time interest is incurred in respect of a Funding Obligation for which the Adherence Conditions have already been satisfied.

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, including (i) the right and entitlement to be paid and receive the related Subrogation Amounts, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including **[Section 7.11 (Payments Held in Trust), Section 8.12 (Limitation on Suits), Sections 7.04 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse) and Section 16.01 (No Petition) thereof]** and (ii) confirms that the Indenture Trustee shall send notices to the Province, in its capacity as a Specified Creditor, in accordance with Section 9.02.[14]

[14] Section to be updated to conform with section in the Trust Indenture once settled.

5.02 Priorities

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation shall rank equally with the rights, interests and entitlements of a Beneficiary to whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture in the manner and to the extent contemplated in Section 2.01.

5.03 Province May Perform Other Program Agreement Covenants.[15]

If the Financing Entity fails to perform any covenant under any Program Agreement, the Province may (but, except as expressly provided for under this Agreement, shall not be obligated to) perform such covenant on behalf of the Financing Entity. If the Province performs such a covenant on behalf of the Financing Entity, all sums expended or advanced by the Province in so performing the covenant will bear interest at the rate of interest determined by the Province to reflect market terms and conditions for a borrowing made by the Province at the relevant time from the date of expenditure until repayment by the Financing Entity and will (together with such interest) be paid by the Financing Entity upon demand and will until paid form part of the Obligations Secured subject to Sections **[7.04 and 8.13]** of the Trust Indenture and constitute a Finance Amount.[16]

5.04 Representations and Warranties

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
NOTICE OF ASSUMPTION OF OBLIGATIONS SECURED

6.01 Delivery of Assumption Notice

Following the occurrence of a Protection Event, the Province may (but shall not be obligated to) provide notice (in the form of Exhibit B) to the Indenture Trustee that the Province has elected to assume the Financing Entity's obligations in respect of all Obligations Secured, as

[15] To be confirmed this covenant is only meant to apply following a Payment Demand? Note that once the Province exercises this right, ,the desired accounting treatment will be lost.

[16] Payments to be addressed in the Trust Indenture like servicer advances under the waterfall provisions.

obligor and debtor (the "**Assumption Notice**"). The Assumption Notice shall specify the date on which the assignment and assumption of the Obligations Secured will be effective (the "**Assumption Closing Date**").

6.02 Cooperation to Implement the Assignment and Assumption

The Indenture Trustee, the FSM, the Financing Entity and the Province will cooperate and use best efforts to complete the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province, by the Assumption Closing Date.[17]

6.03 Effect of Assumption

On the date that the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province becomes effective (the "**Assumption Effective Date**"), the Province shall no longer be required to provide and perform the Limited Guarantee but will instead become a primary obligor under the Obligations Secured assumed pursuant to and in accordance with an applicable Assumption Agreement. For greater certainty, the obligations of the Province so assumed will not be secured obligations of the Province and the obligees thereof will have no right, interest or claim to or in respect of the Collateral or any proceeds therefrom. **[NTD: the forms of assumption agreement(s) need to be settled before this agreement is finalized.]**

6.04 Interim Period

Until the effective time of the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province on the Assumption Effective Date, the Province shall continue to perform and be obligated under the Limited Guarantee.

6.05 Rights in respect of the Assets Comprising the Collateral

Upon assuming the Financing Entity's obligations in respect of all Obligations Secured under Article VI, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the Financing Entity's rights and interests under and in respect of the assets, property and undertaking comprising the Collateral and all proceeds therefrom, free and clear of any liens, encumbrances or restrictions arising under or as a result of the Trust Indenture. The Province shall have and be entitled to enforce all such rights and interests as an absolute assignee of the Financing Entity, with effect from and after the time of such assumption, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing to the Financing Entity and unaffected by any other rights, interests or equities that arise thereafter in respect of the assets, property and undertaking comprising the Collateral as between the Beneficiaries and the Financing Entity. The Indenture Trustee and the Beneficiaries shall thereupon recognize the Province as the absolute owner of the assets, property and undertaking comprising the Collateral.

[17] Further details regarding obtaining of third party consents and rating agency approvals to be provided by OPG.

ARTICLE VII
INDENTURE TRUSTEE MATTERS

7.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

7.02 Not Responsible for Recitals or Issuance of Notes

The recitals contained herein will be taken as the statements of the Province, the Financing Entity and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

7.03 Representations and Covenants of the Indenture Trustee

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Agreement and has taken all necessary action to authorize the execution, delivery and performance by it of this Agreement and other documents to which it is a party;

(c) each of this Agreement and the other documents to which it is a party has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada.

ARTICLE VIII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

8.01 Suspension Notice

A written notice in the form of Exhibit C (a "**Suspension Notice**") may be provided by the Province to the Indenture Trustee, the FSM and the Financing Entity following the Province becoming aware of the occurrence of a Program Breach.

[NTD: the concept of Breach Event has been removed from Protection Agreement and replaced by provisions in the Process Agreement providing that upon notice of a Breach Event to OPG in the Process Agreement, OPG will not be permitted to deliver the certificate required to satisfy the Adherence Conditions. This was done to cleanse the Protection Agreement of any references to the Process Agreement but leave the Province in the same position of being able to (indirectly) suspend application of the change of law agreement to future issuances upon a Breach Event.]

8.02 Suspension

If a Suspension Notice has been provided under Section 8.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of any Obligation Secured incurred or amended on or after the time such Suspension Notice is delivered. For greater certainty, the rights of the Province under Article VI shall apply in respect of all Obligations Secured, including if incurred or amended on or after the time such Suspension Notice is delivered[18].

8.03 Termination Notice

On (a) the occurrence of a Suspension Event or (b) the Assumption Effective Date, the Province may provide to the Indenture Trustee, the FSM and the Financing Entity a notice in the form of Exhibit D (a "**Termination Notice**").

8.04 No Impact on Adherence

For greater certainty, the occurrence of Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event, nor will it in any way impact the Obligations Secured which are assumed by the Province in accordance with Article VI.

ARTICLE IX
MISCELLANEOUS

9.01 Term of Agreement

This Agreement will continue until the later of:

(a) the date that no amount is or may become due and payable by the Province under the Limited Guarantee; and

(b) the date that a Termination Notice delivered in accordance with Section 8.03 is received by the Indenture Trustee, the FSM and the Financing Entity.

[18] This will be affected by the resolution of the "amendments" point.

9.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: [■]
Fax: (416) [■]
Email: [■]

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: [■]
Fax: (416) [■]
Email: [■]

[■]

(b) if to the FSM:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: [■]
Fax: (416) [■]
Email: [■]

(c) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 9.02.

9.03 <u>Assignment</u>

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section 9.03 shall be null and void.

(c) Notwithstanding Section 9.03(a), assignments and participations of the rights and obligations of the Indenture Trustee and Specified Creditors (other than the Province) in accordance with the terms of the Trust Indenture may also assign the rights and obligations of the Indenture Trustee and Specified Creditors under this Agreement.

9.04 <u>Enurement</u>

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

9.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

9.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

9.07 Intentionally Deleted

9.08 Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their benefits hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

9.09 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, IN ITS CAPACITY AS TRUSTEE OF FAIR HYDRO TRUST, AS ISSUER, BY ONTARIO POWER GENERATION INC., NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS MANAGER

By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS[19]

"**Acceleration**" has the meaning ascribed to the term "acceleration" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Action**" has the meaning ascribed thereto under the Trust Indenture.

"**Adherence Conditions**", in respect of a Primary Obligation, means the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of a Guarantee Payment Date, the aggregate of the Approved Obligation Amounts for such Guarantee Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, for a Beneficiary in respect of an Approved Obligation under which an amount is due and payable on a Guarantee Payment Date:

(a) if no Acceleration has occurred in respect of any Obligation Secured on or before the Guarantee Payment Date, the amount due and payable to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation (for greater certainty, determined on the assumption that there are adequate amounts available under the applicable payment provisions of the Trust Indenture to pay in full all amounts referred to in such payment provisions that are due and payable on the Guarantee Payment Date); and

(b) if an Acceleration has occurred in respect of any Obligations Secured on or before the Guarantee Payment Date, the amount that would be available to be paid to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation under the applicable payment provisions of the Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with the terms of the Trust Indenture in respect of each relevant month during each Reference Period from and after May, 2021 is equal to the Finance Amount in respect of such Reference Period divided by the number of months in such Reference Period.[20]

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[19] If Province is satisfied that it will receive notice of any amendments, waivers, etc. under the various agreements, and corresponding rights under the trust indenture, Province will not require veto rights over changes to the defined terms in the MTI. All of this is predicated on Province receiving comfort from OPG that no changes, amendments, waivers, etc. will be made if outside the pre-agreed scope of the reviewed documents.

[20] PM: the challenge is that the permitted acceleration amount is determined under the Regulations but in a post-change of law environment, we don't know what provisions of the Regulation remain. By going to "Finance Amount", we are using a defined term that is frozen at the date of this agreement.

"**Assumption Agreement**" means the agreement among the Province, the Indenture Trustee, the Financing Entity and any other person that is party to the Funding Obligation Agreement affected by the assignment and assumption contemplated under Article VI, which agreement shall be in substantially the form of the form of assumption agreement set forth in Exhibit E.

"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.01.

"**Assumption Effective Date**" has the meaning ascribed thereto in Section 6.03.

"**Assumption Notice**" has the meaning ascribed thereto in Section 6.01.

"**Available Collections**" has the meaning ascribed thereto in the Trust Indenture.

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Beneficiary Payee**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Change of Law Protection Agreement**" means this Agreement.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Eligible Deposit Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Eligible Institution**" has the meaning ascribed thereto in the Trust Indenture.

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Financing Entity at such time.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**Guarantee Payment Date**" has the meaning ascribed thereto in Section 2.01(a).

"**Guarantor Settlement Statement**" has the meaning ascribed thereto in Section 2.01(a).

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Issuer Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(a).

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity, as amended, supplemented, restated or otherwise modified from time to time.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, as amended, supplemented, restated or otherwise modified from time to time.

"**Note**" or "**Notes**" has the meaning ascribed thereto under the Trust Indenture.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Paying Agent**" has the meaning ascribed thereto in the Trust Indenture.

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account, Finance Reserve Account, or Supplemental Reserve Account; (ii) any amounts that would be remaining amounts of Available Collections required by the to be held in the Collection Account for distribution on a succeeding Payment Date pursuant to the Trust Indenture; and (iii) any obligation to pay the Trust or on the Trust's direction any remaining amounts of Available Collections.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the [Crown], an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that materially and adversely affects (a) the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured, or (b) this Agreement or any of the agreements under which Obligations Secured arise, other than if the Indenture Trustee has confirmed in writing that the effect under such agreements is otherwise acceptable; or

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that materially and adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Obligations Secured that have become due and payable.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture.

"**Repayment**" has the meaning ascribed thereto in the General Regulation.

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Subrogation Amounts**" has the meaning ascribed thereto in subclause 2.01(a)iv(ii).

"**Supplemental Reserve Account**" has the meaning ascribed in the Trust Indenture.

"**Suspension Event**" has the meaning ascribed thereto in Section 8.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 8.01.

"**Termination Notice**" has the meaning ascribed thereto in Section 8.03.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

EXHIBIT A
FORM OF PAYMENT DEMAND

EXHIBIT A.1
FORM OF GUARANTOR SETTLEMENT STATEMENT

EXHIBIT B
ASSUMPTION NOTICE

EXHIBIT C
SUSPENSION NOTICE

EXHIBIT D
TERMINATION NOTICE

EXHIBIT E

FORM OF ASSUMPTION AGREEMENT

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.

CHANGE OF LAW PROCESS AGREEMENT

Dated as of [■], 2017

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**") is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.[1]

Pursuant to a Declaration of Trust dated as of [■], 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions.

Prior to entering into this Agreement, OPG provided the Province with copies of certain of the Transaction Documents, and the Province has confirmed by a notice delivered to OPG that the reviewed forms (as further described in such notice) shall be Reviewed Documentation for the purposes of this Agreement.[2]

This Agreement sets out the obligations OPG has agreed to perform and assurances OPG has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the Adherence Conditions have been satisfied, maintaining information related to the Program Agreements and the Approved Obligations, and ensuring that the Province's assumption rights pursuant to Article VI of the Change of Law Protection Agreement may be exercised without impediment on the terms and conditions contemplated in this Agreement and the Change of Law Protection Agreement.

All things necessary to make this Agreement a valid and legally binding agreement of OPG and the Province, have been done.

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[1] Blakes suggests that it be made clear in the Declaration of Trust that OPG is establishing the Trust. Blakes would appreciate the benefit of Torys analysis as to how the Trust is an "entity" under the OFHPA, as opposed to the trustee. Clearly OPG has not established Computershare. Blakes and Torys to discuss.

[2] Once agreements are settled, Province to provide draft notice.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this

Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 <u>References to the Financing Entity</u>

For greater certainty, each reference to the Financing Entity shall be construed as a reference to the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 <u>Effect of Headings</u>

The Article and Section headings herein and are for convenience only and will not affect the construction hereof.

1.04 <u>Successors and Assigns</u>

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 <u>Severability</u>

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect. The parties will engage in good faith negotiations to replace any provision which is declared invalid or unenforceable with a valid and enforceable provision, the economic effect of which comes as close as possible to that of the invalid or unenforceable provision which it replaces.

1.06 <u>Governing Law</u>

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT.

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF OPG

2.01 Deliveries to the Province

(a) Not less than [15 Business Days] , or such lesser period as the Province may agree to, prior to the initial issuance of any Funding Obligation by the Financing Entity, OPG shall deliver to the Province a copy of the initial Financing Plan. Thereafter, OPG shall promptly deliver to the Province a copy of any proposed change to or replacement of the Financing Plan.

(b) Not less than 10 Business Days, or such lesser period as the Province may agree to, prior to (i) any proposed change or supplement to a previously provided Transaction Document becoming effective or otherwise being used, (ii) any additional or replacement Transaction Document becoming effective or otherwise being used, OPG shall deliver to the Province a copy of such proposed change or supplement to the Transaction Document and any such additional or replacement Transaction Document.

(c) Promptly following[3] (i) any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor being made, (ii) any new, additional or replacement instruments, documents, agreements or security being used or granted in connection with all or any part of the Approved Obligations, or (iii) any waiver, release, reconveyance, termination, abandonment, subordination, exchange, substitution, transfer, compound, compromise, liquidation or enforcement of all or any part of the Approved Obligations or any security or guarantee therefor being effected, OPG shall deliver to the Province a detailed description of such event and the reasons for it together with any related documents, agreements and instruments.

(d) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, OPG shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations (including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(e) Promptly upon request, OPG shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

2.02 Covenants

(a) OPG shall use commercially reasonable efforts to cause the Financing Entity to:

[3] This change was made due to accounting.

(i) punctually perform and observe all of the Financing Entity's obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not:

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement or replacement or waiver or consent could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any change in particular financial terms, rates and levels; or

(B) [4]

(C) permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired.

(b) OPG shall:

(i) comply, and shall use commercially reasonable efforts to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

(ii) punctually perform and observe all of its (including as the FSM and as Manager) obligations and agreements contained in the Program Agreements;

(iii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation; and

(iv) after the delivery of a Payment Demand[5], not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption,

[4] As discussed in the meeting, this causes an accounting issue. Additionally, OPG is not permitted to resign under the Management Agreement.

pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.

(c) For greater certainty, nothing in this Agreement is intended to derogate from OPG's obligations as FSM and Manager.

(d) Nothing in this Agreement nor in the Change of Law Protection Agreement shall limit the obligations of the Province under the Indemnity Agreement by the Province in favour of OPG dated June 1, 2017 (as amended, the "**Indemnity Agreement**") and to the extent of any conflict between this Agreement, the Change of Law Protection Agreement and such Indemnity Agreement, in respect of any matter relating to the Province's obligations to indemnify OPG, the Indemnity Agreement shall prevail.

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate[6]

OPG shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of OPG (or their respective designees, provided that such designees are also executive officers of OPG) and addressed to the Province, on the earlier of (i) one Business Day prior to the incurrence or any amendment of a Funding Obligation[7] (other than a Funding Obligation that (x) arises under a Derivative Agreement, or (y) is a Funding Obligation that does not provide for the advance of more than $■ to the Financing Entity), and (ii) on the Business Day on which the financial terms of such Funding Obligation are definitively determined (including the interest or discount rate applicable to any notes, bonds or other securities), setting out the following with respect to such Funding Obligation:[8]

(a) the material terms of the Funding Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features,

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[5] Given that delivery of a Payment Demand is the trigger for the Limited Guarantee, the delivery of the Payment Demand is the more appropriate milestone.

[6] The current structure requiring satisfaction of the adherence conditions in the Protection Agreement impacts the marketability of the transaction and creates uncertainty for investors. Province/OPG/Dealers to discuss moving the adherence conditions to the Process Agreement while preserving Province's oversight of its obligations under the Protection Agreement.

[7] OPG/Province to discuss circumstances in which a certificate will be required under this Section.

[8] Note to Province: We have revised this section so as to allow the Process Agreement to be cleansed from the Change of Law Protection Agreement. In addition to all the deliverables under section 2.01 of this Agreement, the Province will receive the certifications in section 3.01 in the case of an incurrence of funding obligations and an amendment to funding obligations.

structure and coupon frequency, as applicable, and (ii) in the case of a Derivative Agreement, the notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

(b) if an existing Funding Obligation is proposed to be amended, material details respecting such amendment, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

(c) a statement to the effect that: (i) the Funding Obligation to be incurred or amended (1) will arise under terms and conditions that are Substantially in the Form of the Reviewed Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reviewed Documentation;

(d) a statement confirming that any disclosure made in respect of the Funding Obligation (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to the Funding Obligation) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement has been made available for review to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made;

(e) a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and[9]

(f) confirmation that, at the time the Funding Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Funding Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the Protection Agreement Maximum; for clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be determined on the date the Process Certificate is delivered hereunder in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

[9] We have cleansed the Protection Agreement of the concept of the Process Agreement and the related concept of the Breach Event. The process certificate already contemplates that a breach event has not occurred at the time of delivery of the certificate but we have also provided the added comfort of the covenant below in section 3.02.

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

3.02 Acknowledgement

The Province acknowledges and agrees that, concurrent with the delivery of the Process Certificate pursuant to Section 3.01 of this Agreement, any two senior officers of OPG are authorized to deliver the certificate referred to in Subsection 4.02(b) of the Change of Law Protection Agreement to the Indenture Trustee confirming that OPG has complied with its obligations to the Province in connection with the incurrence of the Funding Obligations in respect of which such certificate is delivered; provided that, upon receipt of a Breach Event Suspension Notice, OPG covenants not to deliver the certificate referred to in Subsection 4.02(b) of the Change of Law Protection Agreement to the Indenture Trustee. [10]

3.03 <u>Meaning of "Reviewed Documentation"</u>

For the purposes of Subsection 3.01(c), the term "Reviewed Documentation" shall mean each Transaction Document (including any change, addition or supplement thereto) that, at the relevant time:

(a) is a Transaction Document provided to the Province prior to the making of this Agreement and in respect of which the notice contemplated in the fifth recital to this Agreement has been delivered by the Province to OPG; or

(b) is a Transaction Document provided to the Province in accordance with Subsection 2.01(b) that has been accepted by the Province, as confirmed by way of a written notice of acceptance from the Province delivered to OPG.

3.04 <u>Meaning of "Substantially in the Form"</u>

For the purposes of Subsection 3.01(c), the term "Substantially in the Form" shall mean:

(a) with respect to the Reviewed Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such Reviewed Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation, including regarding the timing of or circumstances under which related payments are or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that would affect the Province's rights of subrogation or assignment (including pursuant to **[Section 5.01 or Article VI]** of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation or upon the assumption of obligations in accordance with **[Article VI]**

[1010] OPG needs the authority to provide this certification.

of the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any variable terms to be set forth in the proposed documents as are reasonably contemplated in the Reviewed Documentation, including the particular financial terms, rates and levels set forth in the proposed documents other than to the extent that the forms of Reviewed Documentation themselves specify specific requirements, limitations or parameters with respect to such financial terms, rates, levels and parameters; and

(b) with respect to the Reviewed Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum

(a) Not less than 15 Business Days, or such lesser period as the Province may agree to, prior to the proposed incurrence of the first Funding Obligation, OPG shall, as the FSM, deliver to the Province: (i) a forecast setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the next following 24 month period (the "**Initial Forecast Period**"), which expectations shall be consistent with the Financing Plan (the "**Initial Forecast**"); and (ii) notice of the initial Protection Agreement Maximum, which may not exceed the Initial Forecast.

(b) Not more than 10 Business Days, or such lesser period as the Province may agree to, following receipt of the Initial Forecast and notice of the initial Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province may disagree with the Initial Forecast and the initial Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or the Initial Forecast, (ii) the Initial Forecast is inconsistent with the Financing Plan, or (iii) the initial Protection Agreement Maximum is not less than the Initial Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG,[11] and the initial Protection Agreement Maximum will be revised accordingly and confirmed by an amended notice to the Province.

(c) Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting

[11] This is an accounting comment.

out the sum of (1) the aggregate amount of Repayments that will arise in the future under Approved Obligations that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast shall be further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum, which may not exceed such Forecast.

(d) Not more than 10 Business Days, or such lesser period as the Province may agree to, following receipt of any further Forecast and notice of the revised Protection Agreement Maximum from OPG pursuant to Section 4.01(c), the Province may disagree with such further Forecast or revised Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or such further Forecast, (ii) the further Forecast is inconsistent with the Financing Plan, or (iii) the revised Protection Agreement Maximum is not less than the further Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG,[12] and the revised Protection Agreement Maximum will be further revised accordingly and confirmed by an amended notice to the Province.

(e) For clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be valued at the time to be determined for the purposes of this Section 4.01 in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of OPG

OPG represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

[12] This is an accounting comment.

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, may cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario and has the power and authority to enter into and perform its obligations under this Agreement and all instruments and agreements delivered pursuant hereto.

(c) OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Financing Entity or in the ability of the Financing Entity to perform its obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

5.02 Representations and Warranties of the Province

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
PROCESS FOR ELECTION TO ASSUME APPROVED OBLIGATIONS[13]

6.01 Election by the Province

Pursuant to Section 6.01 of the Change of Law Protection Agreement, at any time following the occurrence of a Protection Event, the Province may (but shall not be obligated) elect to assume the Financing Entity's obligations in respect of all Obligations Secured, as obligor and debtor by giving notice to the Indenture Trustee. Prior to determining whether or not to exercise its election, the Province may deliver to OPG a notice in the form of Exhibit A (an "**Election Information Notice**"). The Election Information Notice shall, among other things,

[13] Note: Lawyers to discuss assumption mechanics.

specify the date on which the Province proposes to assume the Obligations Secured, which date shall be no earlier than 20 Business Days following delivery of the Election Information Notice to OPG (the "**Proposed Assumption Date**").

6.02 Details regarding Obligations Secured

Promptly following the delivery of the Election Information Notice to OPG, OPG shall provide the following information and documentation to the Province:

(a) a summary of the amounts that will be owing under all Obligations Secured as of the Proposed Assumption Date, together with a detailed schedule setting out the dates on which such amounts will become due and payable under the Obligations Secured;

(b) a summary of the rights arising under the Obligations Secured that permit the Financing Entity to assign the Obligations Secured to the Province, including details regarding any conditions precedent to such assignment and the related assumption becoming effective and any notices, filings, consents or other actions that will be required in order to implement and effect such assignment and assumption;

(c) current versions of all documentation under which the Obligations Secured arise;

(d) copies of all correspondence exchanged between OPG, as the FSM, or the Financing Entity, on the one hand, and any Specified Creditor, Rating Agency or the Indenture Trustee, on the other hand, in each case that may reasonably be considered to be material to the assumption and performance of the Obligations Secured by the Province; and

(e) all income tax returns and assessments, financial statements and notices of proceedings of or pertaining to the Financing Entity or its business and any documentation related thereto, including any pleadings, appeals, objections, qualifications or other similar materials in respect of the Financing Entity or any Program Agreement.

6.03 Settlement of Terms

Following receipt and review by the Province of the information and documentation to be provided under Section 6.02, the Province shall confirm in writing whether or not it expects to proceed with the assignment and assumption of the Obligations Secured and, if it will be proceeding with the assignment and assumption, the date on which the Province expects that assignment and assumption will be effected. If it will be proceeding with such assignment and assumption, the Province will deliver an Assumption Notice as contemplated under Section 6.01 of the Change of Law Protection Agreement. A decision not to proceed with an election at any time will not limit the Province from proceeding with an election at a later date, including by issuing a further Election Information Notice and Article VI of this Agreement shall continues to apply unaffected.

6.04 Cooperation to Implement the Assignment and Assumption

OPG shall cooperate with the Province and, as FSM, will use commercially reasonable efforts to cause the Financing Entity to cooperate, and shall use its commercially reasonable efforts, to complete the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province, by the applicable Assumption Closing Date.

6.05 Terms of Obligations Secured

In order to permit the Province to assume the Obligations Secured in the circumstances contemplated herein, OPG, as FSM, shall cause the Financing Entity to use commercially reasonable efforts to ensure that all Obligations Secured permit such an assignment to and assumption by the Province substantially in accordance with the terms and on the basis contemplated in the Assumption Agreement, without any penalty or make-whole payment, or any requirement for further consent, approval or agreement, or alternatively, in the case of any Obligations Secured entered into by or on behalf of the Financing Entity for the provision of on-going services to the Financing Entity permitting the satisfaction and termination of such Obligations Secured on or prior to the effective time of such assumption without any acceleration of future fees, profits or other like amounts, other than to the extent of payment obligations arise under market standard mark-to-market payment terms and conditions included on a commercially reasonable basis under a Derivative Agreement.[14]

ARTICLE VII
BREACH EVENTS

7.01 Breach Events

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

(a) a default in the performance, or breach, of any covenants of OPG under this Agreement, which continues for thirty (30) days after written notice by the Province to OPG of such default or breach;

(b) any representation or warranty made by OPG in this Agreement, any certification made in a Process Certificate, or any certification made in a certificate contemplated by Section **[4.02]** of the Change of Law Protection Agreement, proves to be incorrect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation; or

[14] The Trust Indenture will need to be revised to ensure that the Province's assignment and assumption right is fully contemplated and may be implemented without any requirement for further Specified Creditor or other third party consents. Among other changes, it is contemplated that Torys will add the following to the MTI to address this requirement: (i) Specified Creditors will be required to acknowledge the rights of the Province to assume the Obligations Secured on the basis contemplated in the form of assumption agreement, and (ii) the Indenture Trustee will be permitted to enter into and give effect to the global Assumption Agreement without the consent of Specified Creditors or any other third parties.

(c) OPG is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the Manager.

7.02 Notice on Breach Event

If any Breach Event shall have occurred and not been waived in writing by the Province, the Province shall have the right at its option, and in addition to and not in substitution for any other remedies available hereunder at law or equity, to provide a written notice in the form of Exhibit ■ (a "Breach Event Suspension Notice") to OPG.

ARTICLE VIII
MISCELLANEOUS

8.01 Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

8.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to OPG:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: [■]
Fax: (416) [■]
Email: [■]

(b) if to the Province:

Ministry of Finance
[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 8.02.

8.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 8.03 shall be null and void.

8.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

8.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

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

By: _____

Name:
Title:

By: _____

Name:
Title:

SCHEDULE A
DEFINED TERMS[15]

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Conditions**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Approved Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Assumption Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.03.

"**Beneficiaries**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Breach Event**" has the meaning ascribed thereto in Section 7.01.

"**Breach Event Suspension Notice**" has the meaning ascribed thereto in Section 7.02.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the FSM on behalf of the Financing Entity and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar

[15] If Province is satisfied that it will receive notice of any amendments, waivers, etc. under the various agreements, and corresponding rights under the trust indenture as a secured creditor, Province will not require veto rights over changes to the defined terms in the MTI. All of this is predicated on Province receiving comfort from OPG that no changes, amendments, waivers, etc. will be made if outside the pre-agreed scope of the reviewed documents.

transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

"**Election Information Notice**" has the meaning ascribed thereto in Section 6.01.

"**Financing Entity**" means Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Entity Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Financing Entity at such time.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(c).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Indenture Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Initial Forecast**" has the meaning ascribed thereto in Section 4.01(a).

"**Initial Forecast Period**" has the meaning ascribed thereto in Section 4.01(a).

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Limited Guarantee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Management Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Manager**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Proposed Assumption Date**" has the meaning ascribed thereto in Section 6.01.

"**Protection Agreement Maximum**" means the dollar amount referenced as the Program Agreement Maximum and determined in accordance with Article IV.

"**Protection Event**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture.

"**Reviewed Documentation**" has the meaning ascribed thereto in Section 3.03.

"**Repayment**" has the meaning ascribed to the term "repayment" in the General Regulation as of the date of this Agreement.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Substantially in the Form**" has the meaning ascribed thereto in Section 3.04.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement; (vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that affects the Province's subrogation rights and/or subrogee interests, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

EXHIBIT A
FORM OF ELECTION INFORMATION NOTICE

From:	Hanslep, Malle (MOF)
To:	ASHBOURNE, STEPHEN; Mansoori, Nina; Feldman, Michael; Saulnier, Brett; "WONG Leslie -LAWDIV"; LEE John -TREASURY; RYFA Ken -TREASURY; Ramchandani, Rima
Cc:	Tobias P. Whitfield (MOF); Ken Kandeepan; Mike Manning; Ronald Kwan; Thouin, Alena (ENERGY); Tom McKinlay (MAG); VINER, JON; PRESTAGE, JA; Daniel Cayley (ENERGY); Gadi Mayman
Subject:	RE: Change of Law Protection Agreement and Change of Law Process Agreement
Date:	Monday, November 20, 2017 1:27:51 PM

Hi all,
We understand that the board committee meeting took place this morning and the aim is to get any drafting issues resolved as soon as possible, i.e. tomorrow, so that the agreements can be presented to the board tomorrow. We are available to receive and deal with any points today on the drafts that were circulated by us to OPG and Torys on Friday.
Thank you.
Malle
Malle Hanslep
Deputy Director
Ministry of the Attorney General
Ministry of Finance Legal Services Branch
Telephone: 416-325-1457
Notice: This communication may be solicitor/client privileged and contain confidential information intended only for the person(s) to whom it is addressed. If you have received this message in error please notify the writer and permanently delete the message and all attachments. Thank you.

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: November 17, 2017 4:24 PM
To: Mansoori, Nina; Feldman, Michael; Saulnier, Brett; 'WONG Leslie -LAWDIV'; LEE John -TREASURY; RYFA Ken -TREASURY; Ramchandani, Rima
Cc: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Kandeepan, Ken (OFA); Manning, Mike (OFA); Kwan, Ronald (OFA); Thouin, Alena (ENERGY); McKinlay, Tom (MAG); VINER, JON; PRESTAGE, JA; Cayley, Daniel (ENERGY); Mayman, Gadi (OFA)
Subject: RE: Change of Law Protection Agreement and Change of Law Process Agreement
Attached are comments on your drafts from 8:30 last night. The attached blacklines are to those versions. These remain subject to review and comment by the Province, but we hope will give you a version (with several open items identified in Notes) OPG can feel comfortable sharing with its Board for their information purposes. Regards, Steve
Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: Thursday, November 16, 2017 8:29 PM
To: ASHBOURNE, STEPHEN; Feldman, Michael; Saulnier, Brett; 'WONG Leslie -LAWDIV'; LEE John -TREASURY; RYFA Ken -TREASURY; Milligan, Peter; Fullerton, Rick; 'Persaud, Donnie - Debt Capital Markets'; Adalja, Sunil; Maciel, Andrew; 'Benaiah, Ian'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; Niehaus, Katrina; Delaney, Brian; Conner, Robbin; Sebastiano, Rocco; Ramchandani, Rima; VINER, JON; PRESTAGE, JA; Malle.Hanslep@ontario.ca; Tobias.Whitfield@ontario.ca; tom.mckinlay@ontario.ca; Alena.Thouin@ontario.ca
Cc: Mansoori, Nina
Subject: RE: Change of Law Protection Agreement and Change of Law Process Agreement
All – please find attached consolidated comments from OPG and the Dealers on the Change of

Law Agreements. Please note that the attached remains subject to the review of the working group. There are a few drafting points to confirm amongst the lawyers but please let us know if there are any remaining business points to be discussed on these documents tomorrow.
Many thanks,

Nina Mansoori
P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com[torys.com]

TORYS LLP[torys.com]

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: November-14-17 8:30 PM
To: Sebastiano, Rocco <RSebastiano@osler.com>; Ramchandani, Rima <rramchandani@torys.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>; Malle.Hanslep@ontario.ca; Tobias.Whitfield@ontario.ca; tom.mckinlay@ontario.ca; Alena.Thouin@ontario.ca
Cc: Feldman, Michael <mfeldman@torys.com>; Mansoori, Nina <nmansoori@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; Adalja, Sunil <Sunil.Adalja@cibc.com>; Maciel, Andrew <Andrew.Maciel@cibc.com>; 'Benaiah, Ian' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; Niehaus, Katrina <Katrina.Niehaus@gs.com>; Delaney, Brian <Brian.Delaney@gs.com>; Conner, Robbin <Robbin.Conner@gs.com>
Subject: RE: Change of Law Protection Agreement and Change of Law Process Agreement
Please find attached revised versions of the Protection and Process Agreements. The blacklines show changes to the November 2nd (Province/Blakes) and November 8th (OPG/Dealers/Osler/Torys) circulated versions. In the interest of time, these versions are being circulated at the same time to the Province and so remain subject to comment. Please let us know if you have any comments or concerns. Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From: Sebastiano, Rocco [mailto:RSebastiano@osler.com]
Sent: Thursday, November 09, 2017 2:11 AM
To: Ramchandani, Rima; ASHBOURNE, STEPHEN; VINER, JON; PRESTAGE, JA; Malle.Hanslep@ontario.ca; Tobias.Whitfield@ontario.ca; tom.mckinlay@ontario.ca; Alena.Thouin@ontario.ca
Cc: Feldman, Michael; Mansoori, Nina; Saulnier, Brett; 'WONG Leslie -LAWDIV'; LEE John -TREASURY; RYFA Ken -TREASURY; Milligan, Peter; Fullerton, Rick; 'Persaud, Donnie - Debt Capital Markets'; Adalja, Sunil; Maciel, Andrew; 'Benaiah, Ian'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; Niehaus, Katrina; Delaney, Brian; Conner, Robbin
Subject: RE: Change of Law Protection Agreement and Change of Law Process Agreement
Please find enclosed revised drafts of the Change of Law Protection Agreement and the Change of Law Process Agreement. I have also enclosed redlines to the drafts which Stephen circulated on

November 2nd. The revised drafts and comments contained in these two agreements are a consolidation of comments from Osler and Torys. Please note that we have not had an opportunity to discuss all of the revisions and comments contained in these revised drafts with OPG and the Dealers and therefore, are subject to any further comments which the Dealers and OPG may have. The initial drafts of these two agreement have not been provided to the rating agencies for their review and therefore, further revisions may be required following their review and comment once drafts have been provided to them to review.

Regards, Rocco

OSLER

Rocco Sebastiano
Partner
416.862.5859 DIRECT
416.862.6666 FACSIMILE
rsebastiano@osler.com
Osler, Hoskin & Harcourt LLP
Box 50, 1 First Canadian Place
Toronto, Ontario, Canada M5X 1B8

osler.com
[osler.com]

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: November-02-17 9:02 PM
To: Feldman, Michael <mfeldman@torys.com>; Ramchandani, Rima <rramchandani@torys.com>; Mansoori, Nina <nmansoori@torys.com>; Hill, Krista <khill@torys.com>
Cc: Hanslep, Malle (MOF) (Malle.Hanslep@ontario.ca) <Malle.Hanslep@ontario.ca>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; tom.mckinlay@ontario.ca; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca) <Alena.Thouin@ontario.ca>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: Change of Law Protection Agreement and Change of Law Process Agreement

Rima, Krista, Nina and Michael,

Here are drafts of the Change of Law Protection Agreement and Change of Law Process Agreement. Please note that while various people at the Province have provided considerable thought and input into these drafts, they remain subject to on-going review, comment and consideration (including where indicated in the drafts) by the Province, and of course remain subject to ultimate consideration and approval by the Ministers. This circulation is for discussion purposes only. Please feel free to circulate these drafts to OPG, E&Y, Osler and the Dealers, reflecting that understanding.

We propose that a consolidated mark-up be prepared that reflects all of the issues that you or those others may have, and ideally reflects input from the rating agencies. Once that mark-up is available, we propose that a meeting of interested parties be held to resolve any outstanding issues.

In the meantime, please feel free to call Malle, Toby, Tom, Alena or me if you have questions or concerns.

Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

Blake, Cassels & Graydon LLP
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blakes.com[blakes.com] | **Twitter**[twitter.com] | **Unsubscribe**[blakes.com]
Blake, Cassels & Graydon LLP | Barristers & Solicitors | Patent & Trade-mark Agents
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From:	Hanslep, Malle (MOF)
To:	Mike Manning; Gadi Mayman
Cc:	Ken Kandeepan; Ronald Kwan; Tobias P. Whitfield (MOF); Michael Waterston (MOF); Anna Strathy
Subject:	RE: Change of Law Protection Agreement and Change of Law Process Agreement - Fair Hydro
Date:	Tuesday, November 21, 2017 10:09:35 AM

Thanks.

From: Mike Manning [mailto:Mike.Manning@ofina.on.ca]
Sent: November 21, 2017 10:07 AM
To: Hanslep, Malle (MOF); Mayman, Gadi (OFA)
Cc: Kandeepan, Ken (OFA); Kwan, Ronald (OFA); Whitfield, Tobias P. (MOF); Waterston, Michael (MOF); Strathy, Anna (OFA)
Subject: RE: Change of Law Protection Agreement and Change of Law Process Agreement - Fair Hydro

I've indicated that we would need a written explanation/rationale of the marketability issue from the dealers on the proposed changes to the adherence conditions which we would discuss later today if and when we have a meeting.
Mike

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Tuesday, November 21, 2017 10:01 AM
To: Gadi Mayman <Gadi.Mayman@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Michael Waterston (MOF) <Michael.Waterston@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: RE: Change of Law Protection Agreement and Change of Law Process Agreement - Fair Hydro

Given the follow up email from Torys proposing changes to the structure of the agreements and the other comments on the agreements, have the dealers been asked to provide their written explanation as set out below as all the requested changes seem predicated on this point.

From: Gadi Mayman [mailto:Gadi.Mayman@ofina.on.ca]
Sent: November 21, 2017 8:13 AM
To: Hanslep, Malle (MOF)
Cc: Kandeepan, Ken (OFA); Manning, Mike (OFA); Kwan, Ronald (OFA); Whitfield, Tobias P. (MOF); Waterston, Michael (MOF); Strathy, Anna (OFA)
Subject: Re: Change of Law Protection Agreement and Change of Law Process Agreement - Fair Hydro

As I may not be able to join the call this morning, I thought I'd share my view: if this truly is an issue for marketing the bonds to investors, it would be significant from their perspective. Mike and I don't yet understand why it would be, so it is up to the underwriters, or their counsel, to provide us with a written, not oral, explanation as to why it would be. If they are not prepared to put their reasons in a short, plain English, form, I'm not prepared to accept their request.
Gadi

On Nov 21, 2017, at 8:04 AM, Gadi Mayman <Gadi.Mayman@ofina.on.ca> wrote:

> Energy (both policy and legal) staff and OPCD should be on any call to discuss this, as well.
> Thanks,
> Gadi
>
> On Nov 21, 2017, at 8:00 AM, Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca> wrote:

I think that it would be useful to discuss next steps here given Torys email below. According to Torys some of this reflects discussions they had with dealers counsel on the weekend and contacted me to have call to give more context. However I would like to discuss this with you as this seems to be quite a significant change to what we were discussing on Monday and our most recent draft. If we have a call maybe it should be the whole group and include Blakes.

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.
From: Mansoori, Nina <nmansoori@torys.com>
Sent: Monday, November 20, 2017 14:06
To: Mayman, Gadi (OFA); Hanslep, Malle (MOF); ASHBOURNE, STEPHEN; Whitfield, Tobias P. (MOF); Kandeepan, Ken (OFA); Manning, Mike (OFA); Kwan, Ronald (OFA); Thouin, Alena (ENERGY); McKinlay, Tom (MAG); VINER, JON; PRESTAGE, JA; Cayley, Daniel (ENERGY)
Cc: 'dup-john.s.lee@opg.com'; 'leslie.wong@opg.com'; 'sheen.liu@opg.com'; 'tyler.mcauley@opg.com'; 'clara.greco@opg.com'; 'matthew.go@opg.com'; 'anthea.yao@opg.com'; 'jenny.jorda@opg.com'; 'stuart.preston@opg.com'; 'john.drewniak@opg.com'; 'j.hahnparker@opg.com'; Feldman, Michael; Ramchandani, Rima; Emes, Aaron; Hunter, Rosalind; 'Alvi, Shariq'; Innes, Michael; 'Stoddart, Jesse - Debt Capital Markets'; 'Rix, Lindsey - Legal'; 'Hume, Tyler'; 'Daou, Hadi'; 'Persad, Nicole'; Olusoga, Yinka; Saulnier, Brett; 'mfitzpatrick@hunton.com'; 'aobrian@hunton.com'; Watson, Gwen; Johnson, Richard; Smith, Elliot; King, Richard; Royer, Kate; Hughes, Timothy; 'Adalja, Sunil'; 'Persaud, Donnie - Debt Capital Markets'; Sebastiano, Rocco; 'Maciel, Andrew'; 'Benaiah, Ian'; 'Khan, Nur'; ''Niehaus, Katrina' (Katrina.Niehaus@gs.com)'; 'Delaney, Brian (Brian.Delaney@gs.com)'; 'Conner, Robbin'; 'Milligan, Peter'; Sebastiano, Rocco; Fullerton, Rick; Olusoga, Yinka; Emes, Aaron; Saulnier, Brett; Mansoori, Nina
Subject: RE: Change of Law Protection Agreement and Change of Law Process Agreement - Fair Hydro

All – please find attached consolidated comments on the Process Agreement and the Protection Agreement blacklined to the drafts circulated by Blakes on Friday. We understand that the current structure requiring satisfaction of the adherence conditions in the Protection Agreement impacts the marketability of the transaction and creates uncertainty for investors. Accordingly, the dealers and OPG would like to discuss with the Province the possibility of moving the adherence conditions to the Process Agreement while preserving the Province's oversight of its obligations under the Protection Agreement. We will provide a proposal on that basis to

discuss with the Province. Please note that the attached remains subject to the comments of the working group and the rating agencies.

Best Regards,
Nina
P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada |
www.torys.com[torys.com]<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.torys.com&d=DwIF-g&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=OdoCVLs6i-6reBTUJh9PAGSfpmSjeJXGKKb9SzvJOII&m=MrpUmWD3dcc7aBZwZo-vo7ltU4uMqH-66WunWE2l7Qg&s=eEbg_tyY-YaKY4yvrCFty-qqJo_QZcAOJl_j_LWV4EA&e= >
[Torys LLP]<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.torys.com&d=DwIF-g&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=OdoCVLs6i-6reBTUJh9PAGSfpmSjeJXGKKb9SzvJOII&m=MrpUmWD3dcc7aBZwZo-vo7ltU4uMqH-66WunWE2l7Qg&s=eEbg_tyY-YaKY4yvrCFty-qqJo_QZcAOJl_j_LWV4EA&e= >

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From:	Sebastiano, Rocco
To:	Malle Hanslep (MOF); ASHBOURNE, STEPHEN; Ramchandani, Rima (rramchandani@torys.com); Milligan, Peter
Cc:	Mansoori, Nina (nmansoori@torys.com); Mike Manning; Tobias P. Whitfield (MOF)
Subject:	RE: Change of Law Protection Agreement
Date:	Tuesday, December 12, 2017 5:32:47 PM

Rima has proposed a change that would address my concerns with this section. Hopefully, it will work for the Province also. If not, then we will need to find another solution because as it is drafted does not work for us.

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Tuesday, December 12, 2017 5:29 PM
To: ASHBOURNE, STEPHEN ; Sebastiano, Rocco ; Ramchandani, Rima (rramchandani@torys.com) ; Milligan, Peter
Cc: Mansoori, Nina (nmansoori@torys.com) ; Manning, Mike (OFA) ; Whitfield, Tobias P. (MOF)
Subject: RE: Change of Law Protection Agreement
Hi all
This is to confirm that the Province agrees with Steve's email and we do not agree to any change on this point. It is an important one for the Province and we do not agree to any modifications on this.
Malle

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: December-12-17 5:03 PM
To: Sebastiano, Rocco; Ramchandani, Rima (rramchandani@torys.com); Milligan, Peter
Cc: Mansoori, Nina (nmansoori@torys.com); Hanslep, Malle (MOF); Manning, Mike (OFA); Whitfield, Tobias P. (MOF)
Subject: RE: Change of Law Protection Agreement
No, that is not how we left it. The Province can suspend if OPG fails in relation to any matter contemplated in the Process Agreement. The "provision" is to cover items that do not directly relate to adherence conditions, such as notice of changes to documents, etc.
Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From: Sebastiano, Rocco [mailto:RSebastiano@osler.com]
Sent: Tuesday, December 12, 2017 4:59 PM
To: ASHBOURNE, STEPHEN; Ramchandani, Rima (rramchandani@torys.com); Milligan, Peter
Cc: Mansoori, Nina (nmansoori@torys.com); Hanslep, Malle (MOF) (Malle.Hanslep@ontario.ca); 'Manning, Mike (OFA)'; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca)
Subject: RE: Change of Law Protection Agreement
In section 7.01(b) and 7.01(b), I thought that we agreed last night to delete the words "provision of" such that it would read in both instances:
"in connection with the adherence of the Limited Guarantee to the Certified Primary Obligations"
Please make that change and it can go to the rating agencies on the understanding that it remains subject to final review by the Dealers.
Thanks, Rocco

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: Tuesday, December 12, 2017 3:16 PM
To: Sebastiano, Rocco <RSebastiano@osler.com>; Ramchandani, Rima (rramchandani@torys.com) <rramchandani@torys.com>; Milligan, Peter <PMilligan@osler.com>
Cc: Mansoori, Nina (nmansoori@torys.com) <nmansoori@torys.com>; Hanslep, Malle (MOF) (Malle.Hanslep@ontario.ca) <Malle.Hanslep@ontario.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>

Subject: RE: Change of Law Protection Agreement
Agreed, that's better. Thanks.
Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From: Sebastiano, Rocco [mailto:RSebastiano@osler.com]
Sent: Tuesday, December 12, 2017 3:15 PM
To: ASHBOURNE, STEPHEN; Ramchandani, Rima (rramchandani@torys.com); Milligan, Peter
Cc: Mansoori, Nina (nmansoori@torys.com); Hanslep, Malle (MOF) (Malle.Hanslep@ontario.ca); 'Manning, Mike (OFA)'; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca)
Subject: RE: Change of Law Protection Agreement
May I suggest a slight modification to the lead-in language to section 4.01 as follows:
Except ~~as provided in Section 7.02,~~7.02 in respect of any Primary Obligation to which the Limited Guarantee will not apply on or after a Suspension Notice is delivered in accordance with Section 7.02,

---

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: Tuesday, December 12, 2017 3:01 PM
To: Ramchandani, Rima (rramchandani@torys.com) <rramchandani@torys.com>; Milligan, Peter <PMilligan@osler.com>; Sebastiano, Rocco <RSebastiano@osler.com>
Cc: Mansoori, Nina (nmansoori@torys.com) <nmansoori@torys.com>; Hanslep, Malle (MOF) (Malle.Hanslep@ontario.ca) <Malle.Hanslep@ontario.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>
Subject: FW: Change of Law Protection Agreement
Here are the clean-ups I just described.
Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

Blake, Cassels & Graydon LLP
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From:	ASHBOURNE, STEPHEN
To:	Sebastiano, Rocco; Ramchandani, Rima (rramchandani@torys.com); Milligan, Peter
Cc:	Mansoori, Nina (nmansoori@torys.com); Malle Hanslep (MOF); Mike Manning; Tobias P. Whitfield (MOF)
Subject:	RE: Change of Law Protection Agreement
Date:	Tuesday, December 12, 2017 3:16:35 PM

Agreed, that's better. Thanks.
Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From: Sebastiano, Rocco [mailto:RSebastiano@osler.com]
Sent: Tuesday, December 12, 2017 3:15 PM
To: ASHBOURNE, STEPHEN; Ramchandani, Rima (rramchandani@torys.com); Milligan, Peter
Cc: Mansoori, Nina (nmansoori@torys.com); Hanslep, Malle (MOF) (Malle.Hanslep@ontario.ca); 'Manning, Mike (OFA)'; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca)
Subject: RE: Change of Law Protection Agreement

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Sent: Tuesday, December 12, 2017 3:01 PM
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Cc: Mansoori, Nina (nmansoori@torys.com) <nmansoori@torys.com>; Hanslep, Malle (MOF) (Malle.Hanslep@ontario.ca) <Malle.Hanslep@ontario.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>
Subject: FW: Change of Law Protection Agreement

Here are the clean-ups I just described.
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stephen.ashbourne@blakes.com
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Tel: 416-863-2400 Fax: 416-863-2653
blakes.com[blakes.com] | **Twitter**[twitter.com] | **Unsubscribe**[blakes.com]
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From:	Sebastiano, Rocco
To:	ASHBOURNE, STEPHEN; Ramchandani, Rima (rramchandani@torys.com); Milligan, Peter
Cc:	Mansoori, Nina (nmansoori@torys.com); Malle Hanslep (MOF); Mike Manning; Tobias P. Whitfield (MOF)
Subject:	RE: Change of Law Protection Agreement
Date:	Tuesday, December 12, 2017 3:15:21 PM

May I suggest a slight modification to the lead-in language to section 4.01 as follows:
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From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: Tuesday, December 12, 2017 3:01 PM
To: Ramchandani, Rima (rramchandani@torys.com) ; Milligan, Peter ; Sebastiano, Rocco
Cc: Mansoori, Nina (nmansoori@torys.com) ; Hanslep, Malle (MOF) (Malle.Hanslep@ontario.ca) ; 'Manning, Mike (OFA)' ; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca)
Subject: FW: Change of Law Protection Agreement
Here are the clean-ups I just described.
Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

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blakes.com[blakes.com] | **Twitter**[twitter.com] | **Unsubscribe**[blakes.com]
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****

From:	Hanslep, Malle (MOF)
To:	ASHBOURNE, STEPHEN; Sebastiano, Rocco; Ramchandani, Rima (rramchandani@torys.com); Milligan, Peter
Cc:	Mansoori, Nina (nmansoori@torys.com); Mike Manning; Tobias P. Whitfield (MOF)
Subject:	RE: Change of Law Protection Agreement
Date:	Tuesday, December 12, 2017 5:29:07 PM

Hi all
This is to confirm that the Province agrees with Steve's email and we do not agree to any change on this point. It is an important one for the Province and we do not agree to any modifications on this.
Malle

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: December-12-17 5:03 PM
To: Sebastiano, Rocco; Ramchandani, Rima (rramchandani@torys.com); Milligan, Peter
Cc: Mansoori, Nina (nmansoori@torys.com); Hanslep, Malle (MOF); Manning, Mike (OFA); Whitfield, Tobias P. (MOF)
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Sent: Tuesday, December 12, 2017 4:59 PM
To: ASHBOURNE, STEPHEN; Ramchandani, Rima (rramchandani@torys.com); Milligan, Peter
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Thanks, Rocco

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To: Sebastiano, Rocco <RSebastiano@osler.com>; Ramchandani, Rima (rramchandani@torys.com) <rramchandani@torys.com>; Milligan, Peter <PMilligan@osler.com>
Cc: Mansoori, Nina (nmansoori@torys.com) <nmansoori@torys.com>; Hanslep, Malle (MOF) (Malle.Hanslep@ontario.ca) <Malle.Hanslep@ontario.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>
Subject: RE: Change of Law Protection Agreement
Agreed, that's better. Thanks.
Stephen R. Ashbourne
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Sent: Tuesday, December 12, 2017 3:15 PM
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Cc: Mansoori, Nina (nmansoori@torys.com); Hanslep, Malle (MOF) (Malle.Hanslep@ontario.ca); 'Manning, Mike

(OFA)'; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca)
Subject: RE: Change of Law Protection Agreement

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Cc: Mansoori, Nina (nmansoori@torys.com) <nmansoori@torys.com>; Hanslep, Malle (MOF) (Malle.Hanslep@ontario.ca) <Malle.Hanslep@ontario.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>
Subject: FW: Change of Law Protection Agreement

Here are the clean-ups I just described.

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

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199 Bay Street, Suite 4000, Toronto ON M5L 1A9
Tel: 416-863-2400 Fax: 416-863-2653
blakes.com[blakes.com] | **Twitter**[twitter.com] | **Unsubscribe**[blakes.com]
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****

From:	Sebastiano, Rocco
To:	Ramchandani, Rima; "ASHBOURNE, STEPHEN"; Milligan, Peter
Cc:	Mansoori, Nina; Malle Hanslep (MOF); Mike Manning; Tobias P. Whitfield (MOF)
Subject:	RE: Change of Law Protection Agreement
Date:	Tuesday, December 12, 2017 5:27:51 PM

I would be fine with this change.

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: Tuesday, December 12, 2017 5:25 PM
To: 'ASHBOURNE, STEPHEN' ; Sebastiano, Rocco ; Milligan, Peter
Cc: Mansoori, Nina ; Hanslep, Malle (MOF) (Malle.Hanslep@ontario.ca) ; 'Manning, Mike (OFA)' ; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca)
Subject: RE: Change of Law Protection Agreement

Steve and Rocco, this may not be acceptable to either of you but I will throw out a possible compromise on this to bridge the gap … what if we said the following instead (new words are bold and underlined below):

"(b) a default in the performance, or breach, of any covenants of OPG, as FSM, or OPG, in its corporate capacity, in each case to the Province in connection with its obligations to the Province pursuant to internal requirements and processes **in connection with this Agreement**, and the expiration of any applicable cure period;"

We would make the same change in para (c). Steve, I would think the above is quite broad and perhaps that addresses Rocco's concern? Recall that we are only describing it this way to avoid using the term Breach Event and cross-referencing the Process Agreement – if we do it that way, I think we probably heighten the risk that this will become a Program Agreement.

Rima

Rima Ramchandani
P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com[torys.com]

TORYS LLP[torys.com]

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: December-12-17 5:03 PM
To: Sebastiano, Rocco <RSebastiano@osler.com>; Ramchandani, Rima <rramchandani@torys.com>; Milligan, Peter <PMilligan@osler.com>
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Dir: 416-863-3086

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Cc:	Mansoori, Nina; Malle Hanslep (MOF); Mike Manning; Tobias P. Whitfield (MOF)
Subject:	RE: Change of Law Protection Agreement
Date:	Tuesday, December 12, 2017 5:24:58 PM

Steve and Rocco, this may not be acceptable to either of you but I will throw out a possible compromise on this to bridge the gap … what if we said the following instead (new words are bold and underlined below):

"(b) a default in the performance, or breach, of any covenants of OPG, as FSM, or OPG, in its corporate capacity, in each case to the Province in connection with its obligations to the Province pursuant to internal requirements and processes **in connection with this Agreement**, and the expiration of any applicable cure period;"

We would make the same change in para (c). Steve, I would think the above is quite broad and perhaps that addresses Rocco's concern? Recall that we are only describing it this way to avoid using the term Breach Event and cross-referencing the Process Agreement – if we do it that way, I think we probably heighten the risk that this will become a Program Agreement.

Rima

Rima Ramchandani
P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com[torys.com]

TORYS LLP[torys.com]

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Subject:	RE: Change of Law Protection Agreement
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I guess that we'll need to resolve this point in the next draft. I also received another point from the Dealers and regarding the clause "the proceeds of which are used solely for the purposed of repaying one or more Funding Obligations that are Approved Obligations" in the definition of "Post-Suspension Refinancing" and in paragraph 2 of Exhibit B. The point is that the proceeds will also need to be used for fees, transaction and other closing costs associated with the Refinancing.
We can resolved these two point along with the definition of "Material Effect" in the next draft. This draft can be sent to the Rating Agencies to review.
Regards, Rocco

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To: Sebastiano, Rocco <RSebastiano@osler.com>; Ramchandani, Rima (rramchandani@torys.com) <rramchandani@torys.com>; Milligan, Peter <PMilligan@osler.com>
Cc: Mansoori, Nina (nmansoori@torys.com) <nmansoori@torys.com>; Hanslep, Malle (MOF) (Malle.Hanslep@ontario.ca) <Malle.Hanslep@ontario.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>
Subject: RE: Change of Law Protection Agreement
Agreed, that's better. Thanks.
Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From: Sebastiano, Rocco [mailto:RSebastiano@osler.com]
Sent: Tuesday, December 12, 2017 3:15 PM
To: ASHBOURNE, STEPHEN; Ramchandani, Rima (rramchandani@torys.com); Milligan, Peter
Cc: Mansoori, Nina (nmansoori@torys.com); Hanslep, Malle (MOF) (Malle.Hanslep@ontario.ca); 'Manning, Mike (OFA)'; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca)
Subject: RE: Change of Law Protection Agreement
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Sent: Tuesday, December 12, 2017 3:01 PM
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Subject: FW: Change of Law Protection Agreement
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199 Bay Street, Suite 4000, Toronto ON M5L 1A9
Tel: 416-863-2400 Fax: 416-863-2653
blakes.com[blakes.com] | **Twitter**[twitter.com] | **Unsubscribe**[blakes.com]
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****

From:	Ramchandani, Rima
To:	"Sebastiano, Rocco"; ASHBOURNE, STEPHEN; Milligan, Peter
Cc:	Mansoori, Nina; Malle Hanslep (MOF); Mike Manning; Tobias P. Whitfield (MOF); Saulnier, Brett; Ramchandani, Rima
Subject:	RE: Change of Law Protection Agreement
Date:	Tuesday, December 12, 2017 5:02:12 PM

Hi Rocco, we were instructed to send a revised draft to Ian for rating agency circulation and you will see that Brett just sent that across now (cc'ing you and Peter). I don't know if this change is critical for the rating agency circulation but if so, I would ask that Blakes sign off on this.
Rima

Rima Ramchandani
P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com[torys.com]

TORYS LLP[torys.com]

From: Sebastiano, Rocco [mailto:RSebastiano@osler.com]
Sent: December-12-17 4:59 PM
To: ASHBOURNE, STEPHEN ; Ramchandani, Rima ; Milligan, Peter
Cc: Mansoori, Nina ; Hanslep, Malle (MOF) (Malle.Hanslep@ontario.ca) ; 'Manning, Mike (OFA)' ; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca)
Subject: RE: Change of Law Protection Agreement
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"in connection with the adherence of the Limited Guarantee to the Certified Primary Obligations"
Please make that change and it can go to the rating agencies on the understanding that it remains subject to final review by the Dealers.
Thanks, Rocco

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Cc: Mansoori, Nina (nmansoori@torys.com) <nmansoori@torys.com>; Hanslep, Malle (MOF) (Malle.Hanslep@ontario.ca) <Malle.Hanslep@ontario.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>
Subject: FW: Change of Law Protection Agreement

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From:	Sebastiano, Rocco
To:	ASHBOURNE, STEPHEN; Ramchandani, Rima (rramchandani@torys.com); Milligan, Peter
Cc:	Mansoori, Nina (nmansoori@torys.com); Malle Hanslep (MOF); Mike Manning; Tobias P. Whitfield (MOF)
Subject:	RE: Change of Law Protection Agreement
Date:	Tuesday, December 12, 2017 4:58:40 PM

In section 7.01(b) and 7.01(b), I thought that we agreed last night to delete the words "provision of" such that it would read in both instances:
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Please make that change and it can go to the rating agencies on the understanding that it remains subject to final review by the Dealers.
Thanks, Rocco

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Subject: RE: Change of Law Protection Agreement
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Subject: RE: Change of Law Protection Agreement
May I suggest a slight modification to the lead-in language to section 4.01 as follows:
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Sent: Tuesday, December 12, 2017 3:01 PM
To: Ramchandani, Rima (rramchandani@torys.com) <rramchandani@torys.com>; Milligan, Peter <PMilligan@osler.com>; Sebastiano, Rocco <RSebastiano@osler.com>
Cc: Mansoori, Nina (nmansoori@torys.com) <nmansoori@torys.com>; Hanslep, Malle (MOF) (Malle.Hanslep@ontario.ca) <Malle.Hanslep@ontario.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>
Subject: FW: Change of Law Protection Agreement
Here are the clean-ups I just described.
Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

Blakes
Blake, Cassels & Graydon LLP
199 Bay Street, Suite 4000, Toronto ON M5L 1A9

Tel: 416-863-2400 Fax: 416-863-2653
blakes.com[blakes.com] | **Twitter**[twitter.com] | **Unsubscribe**[blakes.com]
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From:	Hanslep, Malle (MOF)
To:	Sebastiano, Rocco; ASHBOURNE, STEPHEN; Ramchandani, Rima (rramchandani@torys.com); Milligan, Peter
Cc:	Mansoori, Nina (nmansoori@torys.com); Mike Manning; Tobias P. Whitfield (MOF)
Subject:	RE: Change of Law Protection Agreement
Date:	Tuesday, December 12, 2017 5:34:00 PM

Hi – I reviewed the change and we do not agree to change it.

From: Sebastiano, Rocco [mailto:RSebastiano@osler.com]
Sent: December-12-17 5:33 PM
To: Hanslep, Malle (MOF); ASHBOURNE, STEPHEN; Ramchandani, Rima (rramchandani@torys.com); Milligan, Peter
Cc: Mansoori, Nina (nmansoori@torys.com); Manning, Mike (OFA); Whitfield, Tobias P. (MOF)
Subject: RE: Change of Law Protection Agreement

Rima has proposed a change that would address my concerns with this section. Hopefully, it will work for the Province also. If not, then we will need to find another solution because as it is drafted does not work for us.

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Tuesday, December 12, 2017 5:29 PM
To: ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Ramchandani, Rima (rramchandani@torys.com) <rramchandani@torys.com>; Milligan, Peter <PMilligan@osler.com>
Cc: Mansoori, Nina (nmansoori@torys.com) <nmansoori@torys.com>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: Change of Law Protection Agreement

Hi all

This is to confirm that the Province agrees with Steve's email and we do not agree to any change on this point. It is an important one for the Province and we do not agree to any modifications on this.

Malle

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: December-12-17 5:03 PM
To: Sebastiano, Rocco; Ramchandani, Rima (rramchandani@torys.com); Milligan, Peter
Cc: Mansoori, Nina (nmansoori@torys.com); Hanslep, Malle (MOF); Manning, Mike (OFA); Whitfield, Tobias P. (MOF)
Subject: RE: Change of Law Protection Agreement

No, that is not how we left it. The Province can suspend if OPG fails in relation to any matter contemplated in the Process Agreement. The "provision" is to cover items that do not directly relate to adherence conditions, such as notice of changes to documents, etc.

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

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Cc: Mansoori, Nina (nmansoori@torys.com); Hanslep, Malle (MOF) (Malle.Hanslep@ontario.ca); 'Manning, Mike (OFA)'; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca)
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Subject: RE: Change of Law Protection Agreement

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Subject: RE: Change of Law Protection Agreement

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****

From:	Mike Manning
To:	Malle Hanslep (MOF); ASHBOURNE, STEPHEN; Tobias P. Whitfield (MOF); VINER, JON; Anna Strathy
Cc:	JACKSON, ADAM; PALMER, AARON; PRESTAGE, JA
Subject:	RE: Change of Law agreements
Date:	Monday, December 04, 2017 3:30:03 PM

Sorry, sent out as package, but I'm sure if would be fine to send it out separately as well.

Mike

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Monday, December 04, 2017 3:17 PM
To: ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; VINER, JON <JON.VINER@blakes.com>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Cc: JACKSON, ADAM <ADAM.JACKSON@blakes.com>; PALMER, AARON <AARON.PALMER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: RE: Change of Law agreements

Hi – Maybe it makes sense to ask Blakes to send the DBRS feedback separately – the reason being is that we have not addressed that in our covering email and it is a separate type of document.

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: December 4, 2017 3:13 PM
To: Whitfield, Tobias P. (MOF); VINER, JON; Strathy, Anna (OFA); Manning, Mike (OFA); Hanslep, Malle (MOF)
Cc: JACKSON, ADAM; PALMER, AARON; PRESTAGE, JA
Subject: RE: Change of Law agreements

Mike and Toby, I am not sure whether you intend to send the Blakes feedback on DBRS comments to OPG (attached to Tobys email) along with the agreements. If better, we can send them to Torys (the real audience for those) on the heels of getting your email to OPG. Just let us know. Thanks, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Monday, December 04, 2017 3:01 PM
To: VINER, JON; Strathy, Anna (OFA); Manning, Mike (OFA); Hanslep, Malle (MOF)
Cc: ASHBOURNE, STEPHEN; JACKSON, ADAM; PALMER, AARON; PRESTAGE, JA
Subject: RE: Change of Law agreements

Mike – these are the versions to be sent to OPG which can be included in your email to OPG once Stephen confirms that the cover email works.

Toby

Tobias Whitfield

Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: VINER, JON [mailto:JON.VINER@blakes.com]
Sent: December 4, 2017 12:06 PM
To: Mayman, Gadi (OFA); Strathy, Anna (OFA); Kandeepan, Ken (OFA); Kwan, Ronald (OFA); Manning, Mike (OFA); Kim, John (OFA); Thouin, Alena (ENERGY); McKinlay, Tom (ENERGY); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Hume, Steen (ENERGY); Cox, Hilary (ENERGY); Christie, Tim (ENERGY); Cayley, Daniel (ENERGY); John.Psinas@ofina.on.ca
Cc: ASHBOURNE, STEPHEN; JACKSON, ADAM; PALMER, AARON; PRESTAGE, JA
Subject: Change of Law agreements

All,

Please find attached clean and blacklined copies of the Change of Law Protection and Process Agreements that can be circulated to OPG.

I've attached blacklines against: (i) the OPG/Torys November 24 draft (for circulation to OPG/Torys); and (ii) yesterday's December 3 draft (for your review).

I have also attached our comments on Torys' proposed responses to DBRS. You may wish to send this with the revised Change of Law agreements, or alternatively, we can circulate this to Torys.

Kind regards,
Jon

Jon Viner
Associate
jon.viner@blakes.com
Dir: 416-863-2499

Blake, Cassels & Graydon LLP
199 Bay Street, Suite 4000, Toronto ON M5L 1A9
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From:	Hanslep, Malle (MOF)
To:	ASHBOURNE, STEPHEN; Tobias P. Whitfield (MOF); VINER, JON; Anna Strathy; Mike Manning
Cc:	JACKSON, ADAM; PALMER, AARON; PRESTAGE, JA
Subject:	RE: Change of Law agreements
Date:	Monday, December 04, 2017 3:17:30 PM

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From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: December 4, 2017 3:13 PM
To: Whitfield, Tobias P. (MOF); VINER, JON; Strathy, Anna (OFA); Manning, Mike (OFA); Hanslep, Malle (MOF)
Cc: JACKSON, ADAM; PALMER, AARON; PRESTAGE, JA
Subject: RE: Change of Law agreements

Mike and Toby, I am not sure whether you intend to send the Blakes feedback on DBRS comments to OPG (attached to Tobys email) along with the agreements. If better, we can send them to Torys (the real audience for those) on the heels of getting your email to OPG. Just let us know. Thanks, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Monday, December 04, 2017 3:01 PM
To: VINER, JON; Strathy, Anna (OFA); Manning, Mike (OFA); Hanslep, Malle (MOF)
Cc: ASHBOURNE, STEPHEN; JACKSON, ADAM; PALMER, AARON; PRESTAGE, JA
Subject: RE: Change of Law agreements

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Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: VINER, JON [mailto:JON.VINER@blakes.com]
Sent: December 4, 2017 12:06 PM
To: Mayman, Gadi (OFA); Strathy, Anna (OFA); Kandeepan, Ken (OFA); Kwan, Ronald (OFA); Manning, Mike (OFA); Kim, John (OFA); Thouin, Alena (ENERGY); McKinlay, Tom (ENERGY); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Hume, Steen (ENERGY); Cox, Hilary (ENERGY); Christie, Tim (ENERGY); Cayley, Daniel (ENERGY); John.Psinas@ofina.on.ca
Cc: ASHBOURNE, STEPHEN; JACKSON, ADAM; PALMER, AARON; PRESTAGE, JA
Subject: Change of Law agreements

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Kind regards,

Jon
Jon Viner
Associate
jon.viner@blakes.com
Dir: 416-863-2499

Blake, Cassels & Graydon LLP
199 Bay Street, Suite 4000, Toronto ON M5L 1A9
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To:	Tobias P. Whitfield (MOF); VINER, JON; Anna Strathy; Mike Manning; Malle Hanslep (MOF)
Cc:	JACKSON, ADAM; PALMER, AARON; PRESTAGE, JA
Subject:	RE: Change of Law agreements
Date:	Monday, December 04, 2017 3:13:20 PM

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To: VINER, JON; Strathy, Anna (OFA); Manning, Mike (OFA); Hanslep, Malle (MOF)
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To: Mayman, Gadi (OFA); Strathy, Anna (OFA); Kandeepan, Ken (OFA); Kwan, Ronald (OFA); Manning, Mike (OFA); Kim, John (OFA); Thouin, Alena (ENERGY); McKinlay, Tom (ENERGY); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Hume, Steen (ENERGY); Cox, Hilary (ENERGY); Christie, Tim (ENERGY); Cayley, Daniel (ENERGY); John.Psinas@ofina.on.ca
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Cc:	ASHBOURNE, STEPHEN; JACKSON, ADAM; PALMER, AARON; PRESTAGE, JA
Subject:	RE: Change of Law agreements
Date:	Monday, December 04, 2017 3:01:23 PM
Attachments:	23239360-v22-Change of Law Protection Agreement.docx 23239361-v19-Change of Law - Process Agreement.docx Protection - BL v Torys draft (Nov 24).pdf Process - BL v Torys draft (Nov 24).pdf DBRS responses - Comments.pdf

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Draft: December 4, 2017

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE[1]

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

[1] Explanatory Note: Logistics of closing are under consideration by the Province.

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust under the laws of the Province of Ontario (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council dated as of 1981/2017 (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Primary Obligations that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred. This Agreement sets out the terms and conditions of such protections and assurances.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 Intentionally Deleted

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture as of the date of this Agreement.

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 2.01 or Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee, the Financing Entity, the Financing Entity Trustee, the Manager or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the “Change of Law Protection Agreement” referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or

release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee shall (unless the Rating Agency Condition has been satisfied with respect to a demand not being made as a result of the Protection Event), deliver a written demand, substantially in the form attached as Exhibit A (a "**Payment Demand**"), to the Province requiring the Province to make payments in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in this Agreement. From and after such delivery of a Payment Demand, the Province shall make the following payments in respect of the Approved Obligations (the "**Limited Guarantee**"), and the Financing Entity shall pay, and the Province shall be entitled to be paid, the Subrogation Entitlements specified below:

i. Not less than 3 Business Days prior to each day when any payment or payments are to be made in respect of one or more Approved Obligations occurring after such delivery of a Payment Demand (each such day, a "**Guarantee Payment Date**"), the Manager shall deliver a written statement setting forth the Aggregate Approved Obligations Amount, if any, in respect of the Approved Obligations that are due and payable on such Guarantee Payment Date, together with a detailed description identifying such Approved Obligations and the nature and amount of payments due and payable thereunder on the Guarantee Payment Date, the aggregate outstanding amount payable by the Financing Entity under such Approved Obligations as of the date of such written statement, and details regarding any default in performance by any party obligated thereunder.

ii. On each such Guarantee Payment Date, the Province shall deposit the Aggregate Approved Obligations Amount into the Protection Account.

iii. On each such Guarantee Payment Date, the Financing Entity and the Indenture Trustee shall ensure that the amounts on deposit in the Protection Account are applied to pay each Beneficiary to whom an amount is due and payable under an Approved Obligation on the Guarantee Payment Date the Approved Obligation Amount for such Beneficiary in respect of such Approved Obligation on such Guarantee Payment Date; provided that if the amount deposited pursuant to clause 2.01(a)ii is insufficient to pay all such Approved Obligation Amounts in full, the amount on deposit in the Protection Account on the Guarantee Payment Date shall be applied to pay Beneficiaries in the order of priority in which such Approved Obligations are payable under the payment provisions of the Trust Indenture applicable to the making of such payments on the Guarantee Payment Date (each, a "**Beneficiary Payee**" and each payment made to a Beneficiary Payee on a Guarantee Payment Date, a "**Guarantee Payment**").

iv. On any Guarantee Payment Date on which an amount is paid by the Province pursuant to clause 2.01(a)ii, the applicable payment provisions of the Trust Indenture shall, notwithstanding the express terms of such provisions set forth in the Trust Indenture, be applied and operate on the following basis:

(A) [2]the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available under

[2] Explanatory Note: In a particular period, the cash available from CEAs may exceed the aggregate Finance Amounts payable - for example, as a result of the "true-up" under the Act, which will determine the actual amount of cash available. The basic structure is that the Province will pay all Approved Obligation Amounts, and will be entitled to receive all cash flows available to the Beneficiary Payees. Limiting the subrogation amounts to the lesser of such available cash and the Guarantee Payments could result in leakage of the cash that the Province looks to under this arrangement.

such payment provisions on such Guarantee Payment Date shall be reduced by the amount of the Guarantee Payment paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on such Guarantee Payment Date;

(B) the Province shall be paid the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available to pay the Beneficiary Payee under such payment provisions on the Guarantee Payment Date, determined without regard to the Guarantee Payment paid on such Guarantee Payment Date and the corresponding reduction of the amount owing to the Beneficiary Payee pursuant to subclause 2.01(a)iv(A) (each such amount payable to the Province being a "**Subrogation Amount**");

(C) no Beneficiary having a right to be paid an amount in respect of an Approved Obligation, and no other Person entitled under an Obligation Secured, in each case that ranks equal with or subordinate to an Approved Obligation in respect of which a Subrogation Amount is payable to the Province under subclause 2.01(a)iv(B), shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under such subclause (including any right of reimbursement, contribution or indemnity) and no such Beneficiary or other Person shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of any such Subrogation Amount;

(D) [3]on the first day when any payment or payments are to be made in respect of Obligations Secured that occurs on or after the date on which all amounts payable under all Approved Obligations have been paid in full, the Province shall be entitled to be paid from amounts available to pay Obligations Secured on such day (and thereafter on each subsequent day when any payment or payments are to be made in respect of Obligations Secured, until paid in full), in each case in accordance with the applicable payment provisions of the Trust Indenture on such day, the

[3] Explanatory Note: The Province will be entitled to receive subrogation cash flows after satisfaction of all Approved Obligations. This provision provides how that these amounts will be payable from available cash flows, based on priorities that address cash entitlements opposite non-guaranteed obligations secured (e.g., after a suspension event). Conforming changes will need to be made to the Trust Indenture once these mechanics have been settled.

following amounts (each, a "**Final Subrogation Amount**"), in each case in the priorities specified below:

(I) as an amount ranking equally with [Senior Obligations][4], the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including such day in respect of Approved Obligations ranking equally with or prior to [Senior Obligations], plus (y) the sum of amounts determined in respect of interest on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount is paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related[5], exceeds (2) the sum of all Subrogation Amounts paid to the Province up to and including such day;

(II) as an amount ranking equally with [Subordinated Obligations], the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including such day in respect of Approved Obligations ranking equally with or prior to [Subordinated Obligations], plus (y) the sum of amounts determined in respect of interest on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount is paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of (x) all Subrogation Amounts paid to the Province up to and including such day, plus (y) the amount determined under (I); and

[4] Explanatory Note: Nomenclature to be conformed, once the corresponding provisions of the Trust Indenture have been settled.

[5] Explanatory Note: Nomenclature to be conformed, once the corresponding provisions of the Trust Indenture have been settled.

(III) as an amount ranking equally with [Junior Obligations], the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including such day in respect of Approved Obligations ranking equally with or prior to [Junior Obligations], plus (y) the sum of amounts determined in respect of interest on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount is paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of (x) all Subrogation Amounts paid to the Province up to and including such day, plus (y) the sum of the amounts determined under (I) plus (z) the sum of the amounts determined under (II); and

(E) no Person entitled under an Obligation Secured that ranks equal with or subordinate to a Final Subrogation Amount shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province in respect of such Final Subrogation Amount and no such Person shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of any such Final Subrogation Amount.

v. On any Guarantee Payment Date, the Indenture Trustee shall release and pay to the Province free and clear of any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay Guarantee Payments to Beneficiary Payees on the Guarantee Payment Date in accordance with clause 2.01(a)iii.

vi. In preparing any payment instructions under the Trust Indenture, the Manager shall reflect the amounts payable under Section 2.01(a).

(b) The Province shall, as a payee of Subrogation Amounts under clause 2.01(a)(iv)(B), as a payee of each Final Subrogation Amount under clause 2.01(a)(iv)(B) and as a payee of any amounts payable under clause 2.01(a)(v), be a “Specified Creditor” under the Trust Indenture and have the benefit of the Collateral thereunder.

(c) For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the Approved Obligation Amounts, if any, for payment to Beneficiary Payees and will be subject to the priorities and to the Province's rights to Subrogation Entitlements, set forth in Section 2.01(a).

(d) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(e) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation by their terms.

(f) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under and in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any amount due and payable to a Beneficiary Payee under the Limited Guarantee.

2.02 Intentionally Deleted.

2.03 <u>Absence of Set-off</u>

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 <u>Payment into Protection Account in Satisfaction</u>

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period,

not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account" for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section **[7.03]** of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Financing Entity and the Indenture Trustee shall ensure that all amounts paid by the Province into the Protection Account on a Guarantee Payment Date in respect of an Approved Obligation are applied to pay the amounts due and payable to the Beneficiaries as and to the extent provided for in Section 2.01(a). Upon a payment having been made by or on behalf of the Province into the Protection Account, the amounts so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiaries as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such Beneficiaries in respect of the applicable Approved Obligations, whereupon an affected Beneficiary shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid. For greater certainty, the obligations arising in respect of an applicable Approved Obligation shall not be reduced by such payment as the Province shall become entitled to be paid related Subrogation Entitlements and the rights contemplated under Section 2.01(a) and Section 5.01 in relation to such continuing obligations.

2.05 <u>Certain Waivers</u>

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations in accordance with Section 8.01.

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

A Primary Obligation shall constitute an Approved Obligation if (i) the Adherence Conditions applicable thereto have been satisfied at the time the Primary Obligation was incurred, or (ii) the Province, in its sole discretion, designates in writing that it is an Approved Obligation.

4.02 Adherence Conditions

The following shall be the Adherence Conditions applicable in relation to each Certified Primary Obligation:

(a) the Certified Primary Obligation when incurred is an Obligation Secured under the Trust Indenture; and

(b) OPG, as FSM, delivers a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee, on or before the incurrence of a Certified Primary Obligation (provided that delivery may not be more than 5 Business Days before the incurrence of the Certified Primary Obligation), confirming that OPG has delivered to the Province a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by

such officers in their capacity as officers of OPG acting in its capacity as FSM) confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation; and

(c) in respect of a Certified Primary Obligation other than a Refinancing of a Primary Obligation in respect of which the Adherence Conditions had been satisfied, the Province has not provided a Suspension Notice to the Indenture Trustee, OPG and the Financing Entity.

For greater certainty, (y) satisfaction of the Adherence Conditions for a Certified Primary Obligation shall be deemed satisfaction of the Adherence Conditions in respect of all principal, interest and other amounts owing under the Certified Primary Obligation, as such Certified Primary Obligation may be amended, restated, supplemented or otherwise modified from time to time, and (z) there shall be no Adherence Conditions applicable in relation to a Primary Obligation that is not a Certified Primary Obligation.

4.03 Evidence of Satisfaction

A closing certificate delivered in accordance with Section 4.02(b) in connection with an incurrence of a Certified Primary Obligation shall be determinative as to whether the applicable Adherence Conditions with respect thereto have been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same. A closing certificate that purports on its face to be signed by officers specified in Section 4.02(b) may be relied upon by any addressee without further enquiry or evidence as to the incumbency or signatures of such officers. If a closing certificate is not delivered in accordance with the timing requirements of Section 4.02(b) in respect of a Certified Primary Obligation, such certificate may be delivered at a later date, and be effective as if it had been delivered in accordance with the timing requirement of Section 4.02(b), if at the time such certificate was required to be delivered OPG had delivered to the Province all certifications required by the Province in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation.

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, including (i) the right and entitlement to be paid and receive the related Subrogation Entitlements, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all

rights and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including **[Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 7.12 (Payments Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Section 8.14 (Limited Recourse), Article IX (The Indenture Trustee), including all limitations of liability thereunder, Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition)]**; (ii) consents, requests and authorizes the Issuer and the Indenture Trustee to (x) add the Province to the register of Specified Creditors described in subsection **[13.13(b)]** of the Trust Indenture and (y) disseminate the notice details of the Province to other Specified Creditors for the purposes set out in subsection **[9.14(b)]** of the Trust Indenture, and (iii) confirms that it will execute and deliver, or cause to be executed and delivered, all such further agreements, documents and instruments in connection with this Section 5.01 as the Indenture Trustee may request from time to time for the purpose of giving effect to the terms of this Section 5.01.

5.02 <u>Priorities</u>

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation shall rank equally with the rights, interests and entitlements of a Beneficiary to whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the

extent of the priorities established in relation to the Approved Obligation under the Trust Indenture in the manner and to the extent contemplated in Section 7.10(d) of the Trust Indenture.

5.03 Intentionally Deleted

5.04 Representations and Warranties

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
INDENTURE TRUSTEE MATTERS

6.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

6.02 Not Responsible for Recitals

The recitals contained herein will be taken as the statements of the Province, the Financing Entity and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

6.03 Representations and Covenants of the Indenture Trustee[6]

The Indenture Trustee represents, warrants and covenants that:

[6] Explanatory Note: The Province is content to receive the same representations as are provided by the Indenture Trustee should be under the Trust Indenture. Please conform.

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada; and

(b) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada.

ARTICLE VII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

7.01 Suspension Notice

Upon:

(a) a Program Breach;

(b) a default in the performance, or breach, of any covenants of OPG, as FSM, or OPG, in its corporate capacity, in each case to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the provision of the Limited Guarantee, which continues for thirty (30) days after written notice by the Province to OPG of such default or breach;

(c) a representation or warranty made by OPG or a certification made by one or more officers of OPG, in each case whether as FSM or in its corporate capacity, to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the provision of the Limited Guarantee, proves to be incorrect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation; or

(d) the FSM no longer being the Manager or actions having been taken by or on behalf of the Indenture Trustee to remove the FSM as the Manager,

the Province may declare that the Limited Guarantee under this Agreement shall not apply to any Primary Obligations incurred on or after such declaration, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied (provided that the Refinancing is an Approved Obligation), by delivering a written notice in the form of Exhibit B (a "**Suspension Notice**") to the Indenture Trustee, the FSM and the Financing Entity.

The Limited Guarantee shall apply to any Certified Primary Obligation incurred after a Suspension Event on the basis that it is a Refinancing (provided that such Refinancing is an Approved Obligation) only if the FSM certifies to the Province in writing prior to the incurrence that the proceeds of such incurrence will be used solely for the purposes of repaying one or more Certified Primary Obligations incurred prior to the Suspension Event and to which the Limited Guarantee adhered as of the time the Suspension Event occurred, and the delivery of such written

certification by the FSM to the Province shall be determinative for the purposes of concluding that such incurrence is a Refinancing for the purposes of Sections 7.01, 7.02 and 7.03.

7.02 Suspension

If a Suspension Notice has been provided under Section 7.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of any Primary Obligation incurred or amended on or after the time such Suspension Notice is delivered, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied (provided that the Refinancing is an Approved Obligation).

7.03 No Impact on Adherence

For greater certainty, the occurrence of a Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event or in respect of any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied (provided that the Refinancing is an Approved Obligation).

ARTICLE VIII
MISCELLANEOUS

8.01 Term of Agreement

This Agreement will continue until the date that no amount is or may become due and payable by the Province under the Limited Guarantee.

8.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: Manager, Corporate Trust
Fax: (416) 981-9777
Email: corporatetrust.toronto@computershare.com

(b) if to the FSM:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

(c) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 8.02.

8.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section 8.03 shall be null and void.

8.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

8.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

8.07 Notice to Rating Agencies

OPG, as FSM, shall deliver prompt written notice to the Rating Agencies on occurrence of (i) a Protection Event; (ii) receipt of a Suspension Notice delivered by the Province pursuant to Section 7.01; and (iii) an assignment of this Agreement by any party pursuant to Section 8.03.

8.08 Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their benefits hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

8.09 <u>Delivery of Executed Copies</u>

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, IN ITS CAPACITY AS TRUSTEE OF FAIR HYDRO TRUST, AS ISSUER, BY ONTARIO POWER GENERATION INC., NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Action**" has the meaning ascribed thereto under the Trust Indenture.

"**Adherence Conditions**", means, in respect of a Certified Primary Obligation, the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of a Guarantee Payment Date, the aggregate of the Approved Obligation Amounts for such Guarantee Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, for a Beneficiary in respect of an Approved Obligation under which an amount is due and payable on a Guarantee Payment Date:

(a) if no Acceleration has occurred in respect of any Obligation Secured on or before the Guarantee Payment Date, the amount due and payable to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation (for greater certainty, determined on the assumption that there are adequate amounts available under the applicable payment provisions of the Trust Indenture to pay in full all amounts referred to in such payment provisions that are due and payable on the Guarantee Payment Date); and

(b) if an Acceleration has occurred in respect of any Obligations Secured on or before the Guarantee Payment Date, the amount that would be available to be paid to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation under the applicable payment provisions of the Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with such applicable payment provisions of the Trust Indenture in respect of each relevant month during each Reference Period is equal to the estimated Finance Amount determined in respect of such Reference Period for purposes of section 15(1) of the Act (in effect on the date hereof), including section 6.1 of the General Regulation (in effect on the date hereof), divided by the number of months in such Reference Period.

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Beneficiary Payee**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Certified Primary Obligations**" means Primary Obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest or to repay payment obligations that were incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest,[7] (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not each individual trade confirmation, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and aggregate payments by the Financing Entity thereunder during the term of such contract is in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).

"**Change of Law Protection Agreement**" means this Agreement.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Eligible Deposit Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Eligible Institution**" has the meaning ascribed thereto in the Trust Indenture.

"**Executive Officer**" has the meaning ascribed to the term "executive officer" in National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators.

"**Final Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(D).

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[7] Explanatory Note: Province requires a Process Certificate for each monthly draw.

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the first paragraph of this Agreement until a successor Financing Entity Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and the Declaration of Trust, and thereafter "Financing Entity Trustee" means and includes such Person.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Guarantee Payment**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Guarantee Payment Date**" has the meaning ascribed thereto in Section 2.01(a)i.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Issuer Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Issuer Funding Obligation**" has the meaning ascribed thereto in the Trust Indenture.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Lien**" has the meaning ascribed thereto in the Trust Indenture.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(a).

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity, as amended, supplemented, restated or otherwise modified from time to time.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Agreement**" means an agreement in the form of an ISDA Master Agreement as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, as amended, supplemented, restated or otherwise modified from time to time.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account or Finance Reserve Account or required to be held in the Collection Account after the application of amounts under the applicable payment provision of the Trust Indenture on an applicable payment date[8]; and (ii) any obligation to pay the Financing Entity or on the Financing Entity's direction any remaining amounts in the Collection Account pursuant to the Trust Indenture.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

[8] Explanatory Note: The Trust Indenture states that if extra cash is available in the Collections Account, it can be held until a subsequent Payment Date.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event[9], termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that materially and adversely affects (a) the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured, or (b) this Agreement or any of the agreements under which Obligations Secured arise; or

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that materially and adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Obligations Secured that have become due and payable.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

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[9] Explanatory Note: Early amortization events may be included in a supplemental indenture, so retaining that concept makes sense.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency Condition" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Reference Period**" has the meaning ascribed thereto in the Act.

"**Refinancing**"[10] has the meaning ascribed to the term "refinancing" in the Act as of the date hereof, as more particularly described and given meaning in the General Regulation as of the date hereof.[11]

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Subrogation Entitlement**" means each Subrogation Amount and each Final Subrogation Amount.

"**Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(B).

"**Supplemental Indenture**" has the meaning ascribed in the Trust Indenture.

"**Supplemental Reserve Account**" has the meaning ascribed in the Trust Indenture.

"**Suspension Event**" has the meaning ascribed thereto in Section 7.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 7.01.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

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[10] Explanatory Note: This relates to a refinancing of an existing debt obligation; not an undrawn commitment to fund.

[11] Explanatory Note: The General Regulation provides that debt can be considered a "Refinancing" when incurred within the 6 months prior to the maturity date of a funding obligation. The Act/Regulation's definition doesn't require that "Refinancings" be simultaneous with the repayment of existing Approved Obligations. We have added a certificate mechanic in 7.01 by which there can be certainty when an obligation is incurred that if the obligation is intended to be a refinancing, it will be covered by the guarantee.

EXHIBIT A
FORM OF PAYMENT DEMAND

TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Pursuant to and in accordance with section 2.01(a) of the Change of the Law Protection Agreement, the Indenture Trustee hereby demands payment from the Province in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in the Change of Law Protection Agreement.

DATED as of the [■] day of [■], [■].

BNY TRUST COMPANY OF CANADA

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT B
SUSPENSION NOTICE

TO: Ontario Power Generation Inc., in its capacity as Financial Services Manager

AND TO: Fair Hydro Trust

AND TO: Computershare Trust Company of Canada, in its capacity as trustee of Fair Hydro Trust

AND TO: BNY Trust Company of Canada, as Indenture Trustee

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement. All references in this Suspension Notice to "Articles" or "Sections" refer to Articles or Sections of the Change of Law Protection Agreement.

The Province has a reasonable basis for concluding that an event described in Section 7.01 has occurred. Pursuant to Section 7.01, the Province hereby declares that the Limited Guarantee shall not apply in respect of any Primary Obligation incurred or amended on or after the delivery of this Suspension Notice, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied, in accordance with the terms and conditions in Article VII.

The Limited Guarantee shall hereby not apply in respect of any Primary Obligation incurred or amended on or after delivery of this Suspension Notice, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied.

This Suspension Notice is hereby delivered to the FSM, the Financing Entity and the Indenture Trustee in accordance with Section 8.02 of the Change of Law Protection Agreement.

* * * *

DATED as of the [■] day of [■], [■].

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

Draft: December 4, 2017

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.

CHANGE OF LAW PROCESS AGREEMENT[1]

Dated as of [■], 2017

[1] Explanatory Note: Closing mechanics under consideration by the Province.

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**") is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.

Pursuant to a Declaration of Trust dated as of [■], 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions.

Prior to entering into this Agreement, OPG provided the Province with the proposed forms of certain of the Transaction Documents, and the Province has not objected to such forms.

This Agreement sets out the obligations OPG has agreed to perform and assurances OPG has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the Adherence Conditions have been satisfied, maintaining information related to the Program Agreements and the Approved Obligations, and ensuring that the Province's assumption rights pursuant to Article VI of the Change of Law Protection Agreement may be exercised without impediment on the terms and conditions contemplated in this Agreement and the Change of Law Protection Agreement.

All things necessary to make this Agreement a valid and legally binding agreement of OPG and the Province, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall"; the word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed; the words "herein", "hereof" and "hereunder" and other words of similar import refer to this

Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 References to the Financing Entity

For greater certainty, each reference to the Financing Entity shall be construed as a reference to the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 Effect of Headings

The Article and Section headings herein and are for convenience only and will not affect the construction hereof.

1.04 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.06 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF OPG

2.01 Deliveries to the Province

(a) Not less than 15 Business Days, or such lesser period as the Province may agree to in writing, prior to the initial issuance of any Funding Obligation by the Financing Entity, OPG shall deliver to the Province a copy of the initial Financing Plan. Thereafter, OPG shall promptly deliver to the Province a copy of any proposed change to or replacement of the Financing Plan.

(b) Not less than 10 Business Days, or such lesser period as the Province may agree to in writing, prior to (i) any proposed change or supplement to a previously provided Transaction Document becoming effective or otherwise being used, (ii) any additional or replacement Transaction Document becoming effective or otherwise being used, OPG shall deliver to the Province a copy of such proposed change or supplement to the Transaction Document and any such additional or replacement Transaction Document.

(c) Promptly following (i) any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor being made, (ii) any new, additional or replacement instruments, documents, agreements or security being used or granted in connection with all or any part of the Approved Obligations, or (iii) any waiver, release, reconveyance, termination, abandonment, subordination, exchange, substitution, transfer, compound, compromise, liquidation or enforcement of all or any part of the Approved Obligations or any security or guarantee therefor being effected, OPG shall deliver to the Province a detailed description of such event and the reasons for it together with any related documents, agreements and instruments.

(d) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, OPG shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations (including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(e) Promptly upon request, OPG shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

2.02 <u>Covenants</u>

(a) OPG shall use commercially reasonable efforts to cause the Financing Entity to:

(i) punctually perform and observe all of the Financing Entity's obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not (unless waived in writing by the Province):

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement or replacement or waiver or consent could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any change in particular financial terms, rates and levels;

(B) extend, renew, compromise, novate, replace, suspend, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, liquidate or enforce the terms of all or any part of the Approved Obligations or any Collateral, if any such action could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to the extent that only particular financial terms, rates and levels are affected;

(C) permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired; or

(D) allow the Financing Entity to enter into any Supplemental Indenture or Loan Agreement where any penalty or make-whole payment, or any requirement for further consent, approval or agreement, of the Specified Creditor party thereto would be required for the Province to assume the Obligations Secured thereunder.

(b) OPG shall:

(i) comply, and shall use commercially reasonable efforts to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

(ii) punctually perform and observe all of its (including as the FSM and as Manager) obligations and agreements contained in the Program Agreements;

(iii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation; and

(iv) after the occurrence of any Protection Event (or any event known to OPG that with the passage of time or the giving of notice would be a Protection Event), not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.

(c) Nothing in this Agreement shall limit the obligations of the Province under the Indemnity Agreement by the Province in favour of OPG dated June 1, 2017 (as amended, the "**Indemnity Agreement**") and to the extent of any conflict between this Agreement and such Indemnity Agreement, in respect of any matter relating to the Province's obligations to indemnify OPG, the Indemnity Agreement shall prevail.

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate

OPG shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Province, on or before the incurrence or any amendment of a Funding Obligation, other than any Funding Obligation under which not more than **$[5,000,000]** in the aggregate may become payable by the Financing Entity (provided that delivery may not be more than 5 Business Days before the incurrence or amendment of the Funding Obligation), setting out the following with respect to such Funding Obligation:

(a) the material terms of the Funding Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a Derivative Agreement, the notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

(b) if an existing Funding Obligation is proposed to be amended, material details respecting such amendment, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

(c) a statement to the effect that: (i) the Funding Obligation to be incurred or amended (1) will arise under terms and conditions that are Substantially in the

Form of the Reference Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reference Documentation;

(d) a statement confirming that any disclosure made in respect of the Funding Obligation (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to the Funding Obligation) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement has been made available to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made;

(e) a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and

(f) confirmation that, at the time the Funding Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Funding Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the Protection Agreement Maximum applicable on the date that the Process Certificate is delivered; for clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be determined on the date the Process Certificate is delivered hereunder in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

3.02 Acknowledgement regarding delivery of certificate under Change of Law protection Agreement

The Province acknowledges and agrees that, concurrent with the delivery of the Process Certificate pursuant to Section 3.01 of this Agreement, the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be

provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) are authorized to deliver the certificate referred to in Subsection 4.02(b) of the Change of Law Protection Agreement to the Indenture Trustee confirming that OPG has delivered all required certifications to the Province in connection with adherence of the Limited Guarantee to the incurrence of the Certified Primary Obligations in respect of which the certificate in Subsection 4.02(b) of the Change of Law Protection Agreement is being delivered; provided that, upon receipt of a Suspension Notice under the Change of Law Protection Agreement, OPG covenants not to deliver any further certificates to the Indenture Trustee under Subsection 4.02(b) of the Change of Law Protection Agreement other than in connection with a Refinancing of a Primary Obligation in respect of which the Adherence Conditions had been satisfied at the time such Primary Obligation was incurred.

3.03 Acknowledgement regarding delivery of Suspension Notice

The parties acknowledge and agree that the Province is entitled to deliver a Suspension Notice under Section 7.01 of the Change of Law Protection Agreement if a Program Breach or Breach Event has occurred. The Province agrees not to deliver a Suspension Notice pursuant to Section 7.01 of the Change of Law Protection Agreement unless a Program Breach or a Breach Event has occurred.

3.04 Meaning of "Reference Documentation"

For the purposes of Subsection 3.01(c), the term "Reference Documentation" shall mean each Transaction Document (including any change, addition or supplement thereto) that, at the relevant time:

(a) is a Transaction Document provided to, and not objected to by, the Province prior to the making of this Agreement, as contemplated in the fifth recital to this Agreement; or

(b) is a Transaction Document provided to the Province in accordance with Subsection 2.01(b) that has not been objected to by the Province, by delivery of an objection notice in writing delivered to OPG, within 10 Business Days after it is provided to the Province.

3.05 Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(c), the term "Substantially in the Form" shall mean:

(a) with respect to the Reference Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such Reference Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation, including regarding the timing of or circumstances under which related payments are or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that would affect the Province's rights of subrogation or assignment (including

pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation; provided, however, that the foregoing does not apply to any variable terms to be set forth in the proposed documents as are reasonably contemplated in the Reference Documentation, including the particular financial terms, rates and levels set forth in the proposed documents other than to the extent that the forms of Reference Documentation themselves specify specific requirements, limitations or parameters with respect to such financial terms, rates, levels and parameters; and

(b) with respect to the Reference Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum

(a) Not less than 15 Business Days, or such lesser period as the Province may agree to in writing, prior to the proposed incurrence of the first Funding Obligation, OPG shall, as the FSM, deliver to the Province: (i) a forecast setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the next following 24 month period (the "**Initial Forecast Period**"), which expectations shall be consistent with the Financing Plan (the "**Initial Forecast**"); and (ii) notice of the initial Protection Agreement Maximum, which may not exceed the Initial Forecast.

(b) Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of the Initial Forecast and notice of the initial Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province may disagree with the Initial Forecast and the initial Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or the Initial Forecast, (ii) the Initial Forecast is inconsistent with the Financing Plan, or (iii) the initial Protection Agreement Maximum is more than the Initial Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the initial Protection Agreement Maximum will be revised accordingly and confirmed by an amended notice to the Province.

(c) Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Approved Obligations that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast shall be further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum, which may not exceed such Forecast.

(d) Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of any further Forecast and notice of the revised Protection Agreement Maximum from OPG pursuant to Section 4.01(c), the Province may disagree with such further Forecast or revised Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or such further Forecast, (ii) the further Forecast is inconsistent with the Financing Plan, or (iii) the revised Protection Agreement Maximum is more than the further Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the revised Protection Agreement Maximum will be further revised accordingly and confirmed by an amended notice to the Province.

(e) For clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be valued at the time to be determined for the purposes of this Section 4.01 in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of OPG

OPG represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, may cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario and has the power and authority to enter into and perform its obligations under this Agreement and all instruments and agreements delivered pursuant hereto.

(c) OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Financing Entity or in the ability of the Financing Entity to perform its obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

5.02 Representations and Warranties of the Province

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
BREACH EVENTS

6.01 Breach Events

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

(a) a default in the performance, or breach, of any covenants of OPG under this Agreement, which continues for thirty (30) days after written notice by the Province to OPG of such default or breach;

(b) any representation or warranty made by OPG in this Agreement, any certification made in a Process Certificate, or any certification made in a certificate

contemplated by Subsection 4.02(b) of the Change of Law Protection Agreement, proves to be incorrect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation; or

(c) OPG is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the Manager.

ARTICLE VII
MISCELLANEOUS

7.01 Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

7.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to OPG:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

(b) if to the Province:

Ministry of Finance
[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 7.02.

7.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 7.03 shall be null and void.

7.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

7.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

7.06 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

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

By: _____

Name:
Title:

By: _____

Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Conditions**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Approved Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Beneficiaries**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Breach Event**" has the meaning ascribed thereto in Section 6.01.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Certified Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the FSM on behalf of the Financing Entity and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

"**Executive Officer**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Financing Entity**" means Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(c).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Indenture Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Initial Forecast**" has the meaning ascribed thereto in Section 4.01(a)

"**Initial Forecast Period**" has the meaning ascribed thereto in Section 4.01(a)

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Limited Guarantee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Loan Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**Management Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Manager**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Program Breach**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Protection Agreement Maximum**" means the dollar amount referenced as the Program Agreement Maximum and determined in accordance with Article IV.

"**Protection Event**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture.

"**Reference Documentation**" has the meaning ascribed thereto in Section 3.04.

"**Repayment**" has the meaning ascribed to the term "repayment" in the General Regulation as of the date of this Agreement.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Substantially in the Form**" has the meaning ascribed thereto in Section 3.05.

"**Suspension Notice**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement; (vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that affects the Province's subrogation rights and/or subrogee interests, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE[1]

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST~~[2]~~

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

[1] ~~This Agreement and the Process Agreement will need to be effective on closing but signed and held in escrow as soon as they are settled and prior to pricing of the term deal~~Explanatory Note: Logistics of closing are under consideration by the Province.

~~[2] Please advise if there are any further issues with the Manager signing the Protection Agreement on behalf of the Trust? If so, can you please explain the issue. The Manager is currently signing all Program Agreements on behalf of the Trust and has authority to do so. We would like the Manager to sign this Agreement on behalf of the Trust.~~

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust under the laws of the Province of Ontario (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council dated as of ■1981/2017 (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust[3] dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Primary Obligations that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred. This Agreement sets out the terms and conditions of such protections and assurances.

[3] We are comfortable on this point because OPG has retained Computershare as issuer trustee. The recitals of the Declaration of Trust provide that Computershare has established the Trust at the request of the FSM. We can also provide you with a copy of the Computershare engagement letter upon request.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other

subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 ~~Proof of Approved Obligations~~Intentionally Deleted

~~The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Indenture Trustee deems to be sufficient.~~

~~Any statement of account prepared by the Indenture Trustee as regards the Primary Obligations shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and the Province hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Indenture Trustee agrees to provide the Province with the computations and calculations used by the Indenture Trustee to prepare each such statement of account promptly following a request therefor.~~

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture as of the date of this Agreement.

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 2.01 or Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a

Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee, the Financing Entity, the Financing Entity Trustee, the Manager or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee ~~may~~shall (unless the Rating Agency Condition has been satisfied with respect to a demand not being made as a result of the Protection Event), deliver a written demand, substantially in the form attached as Exhibit A (a "**Payment Demand**"), to the Province requiring the Province to make payments in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in this Agreement. From and after such delivery of a Payment Demand, the Province shall make the following payments in respect of the Approved Obligations (the "**Limited Guarantee**"), and the Financing Entity shall pay, and the Province shall be entitled to be paid, the Subrogation ~~Amounts~~Entitlements specified below~~, on the specified Guarantee Payment Date~~:

i. Not less than 3 Business Days prior to each day when any payment or payments are to be made in respect of one or more Approved Obligations occurring after such delivery of a Payment Demand ~~and prior to the Assumption Effective Date, if any, (~~(each such day, a "**Guarantee Payment Date**"), the Manager shall deliver a written statement setting forth the Aggregate Approved Obligations Amount, if any, in respect of the Approved Obligations that are due and payable on such Guarantee Payment Date, together with a detailed description identifying such Approved Obligations and the nature and amount of payments due and payable thereunder on the Guarantee Payment Date, the aggregate outstanding amount payable by the Financing Entity under such Approved Obligations as of the date of ~~the Guarantor Settlement Statement~~such written statement, and details regarding any default in performance by any party obligated thereunder~~ (a "**Guarantor Settlement Statement**")~~[4].

ii. On each such Guarantee Payment Date, the Province shall deposit the Aggregate Approved Obligations Amount into the Protection Account.

iii. On each such Guarantee Payment Date, the Financing Entity and the Indenture Trustee shall ensure that the amounts on deposit in the Protection Account are applied to pay each Beneficiary to whom an amount is due and payable under an Approved Obligation on the Guarantee Payment Date the Approved

[4] ~~Given timing, we would appreciate if the parties did not negotiate this form now.~~

Obligation Amount for such Beneficiary in respect of such Approved Obligation on such Guarantee Payment Date; provided that if the amount deposited pursuant to clause 2.01(a)ii is insufficient to pay all such Approved Obligation Amounts in full, the amount on deposit in the Protection Account on the Guarantee Payment Date shall be applied to pay Beneficiaries in the order of priority in which such Approved Obligations are payable under the payment provisions of the Trust Indenture applicable to the making of such payments on the Guarantee Payment Date (each, a "**Beneficiary Payee**" and each payment made to a Beneficiary Payee on a Guarantee Payment Date, a "**Guarantee Payment**").

iv. On any Guarantee Payment Date on which an amount is paid by the Province pursuant to clause 2.01(a)ii, the applicable payment provisions of the Trust Indenture shall, notwithstanding the express terms of such provisions set forth in the Trust Indenture, be applied and operate on the following basis:

(A) [2]the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available under such payment provisions on such Guarantee Payment Date shall be reduced by the amount of the Guarantee Payment paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on such Guarantee Payment Date;

(B) the Province shall be paid the ~~lesser of (x) the~~ amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available to pay the Beneficiary Payee under such payment provisions on the Guarantee Payment Date, determined without regard to ~~subclause 2.01(a)iv(A), and (y) the amount paid~~the Guarantee Payment paid on such Guarantee Payment Date and the corresponding reduction of the amount owing to the Beneficiary Payee pursuant to ~~clause 2.01(a)iii in respect of such Approved Obligation on the Guarantee Payment Date (such payments~~subclause 2.01(a)iv(A) (each such amount payable to the

[2] Explanatory Note: In a particular period, the cash available from CEAs may exceed the aggregate Finance Amounts payable - for example, as a result of the "true-up" under the Act, which will determine the actual amount of cash available. The basic structure is that the Province will pay all Approved Obligation Amounts, and will be entitled to receive all cash flows available to the Beneficiary Payees. Limiting the subrogation amounts to the lesser of such available cash and the Guarantee Payments could result in leakage of the cash that the Province looks to under this arrangement.

Province being a "**Subrogation ~~Amounts~~Amount**");~~ and~~[5]

(C) no Beneficiary having a right to be paid an amount in respect of an Approved Obligation, and no other Person entitled under an Obligation Secured, in each case that ranks equal with or subordinate to an Approved Obligation in respect of which ~~an amount~~a Subrogation Amount is payable to the Province under subclause 2.01(a)iv(B), shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under such subclause (including any right ~~or~~of reimbursement, contribution or indemnity) and no such Beneficiary or other Person shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of any such ~~amounts.~~Subrogation Amount;

(D) [3]on the first day when any payment or payments are to be made in respect of Obligations Secured that occurs on or after the date on which all amounts payable under all Approved Obligations have been paid in full, the Province shall be entitled to be paid from amounts available to pay Obligations Secured on such day (and thereafter on each subsequent day when any payment or payments are to be made in respect of Obligations Secured, until paid in full), in each case in accordance with the applicable payment provisions of the Trust Indenture on such day, the following amounts (each, a "**Final Subrogation Amount**"), in each case in the priorities specified below:

(I) as an amount ranking equally with [Senior Obligations][4], the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including such day in respect of Approved Obligations ranking equally with or prior to [Senior Obligations],

[5] ~~We thought this section required tweaking to reflect the intention of the parties.~~

[3] Explanatory Note: The Province will be entitled to receive subrogation cash flows after satisfaction of all Approved Obligations. This provision provides how that these amounts will be payable from available cash flows, based on priorities that address cash entitlements opposite non-guaranteed obligations secured (e.g., after a suspension event). Conforming changes will need to be made to the Trust Indenture once these mechanics have been settled.

[4] Explanatory Note: Nomenclature to be conformed, once the corresponding provisions of the Trust Indenture have been settled.

plus (y) the sum of amounts determined in respect of interest on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount is paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related[5], exceeds (2) the sum of all Subrogation Amounts paid to the Province up to and including such day;

(II) as an amount ranking equally with [Subordinated Obligations], the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including such day in respect of Approved Obligations ranking equally with or prior to [Subordinated Obligations], plus (y) the sum of amounts determined in respect of interest on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount is paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of (x) all Subrogation Amounts paid to the Province up to and including such day, plus (y) the amount determined under (I); and

(III) as an amount ranking equally with [Junior Obligations], the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including such day in respect of Approved Obligations ranking equally with or prior to [Junior Obligations],

[5] Explanatory Note: Nomenclature to be conformed, once the corresponding provisions of the Trust Indenture have been settled.

plus (y) the sum of amounts determined in respect of interest on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount is paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of (x) all Subrogation Amounts paid to the Province up to and including such day, plus (y) the sum of the amounts determined under (I) plus (z) the sum of the amounts determined under (II); and

(E) no Person entitled under an Obligation Secured that ranks equal with or subordinate to a Final Subrogation Amount shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province in respect of such Final Subrogation Amount and no such Person shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of any such Final Subrogation Amount.

v. On any Guarantee Payment Date, the Indenture Trustee shall release and pay to the Province free and clear of any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay Guarantee Payments to Beneficiary Payees on the Guarantee Payment Date in accordance with clause 2.01(a)iii.

vi. In preparing any payment instructions under the Trust Indenture, the Manager shall reflect the amounts payable for the Guarantee Payment Date under Section 2.01(a).

(b) The Province shall, as a payee of Subrogation Amounts and under clause 2.01(a)(iv)(B), as a payee of each Final Subrogation Amount under clause 2.01(a)(iv)(B) and as a payee of any amounts payable under clause 2.01(a)(iv)(Bv), be a “Specified Creditor” under the Trust Indenture and have the benefit of the Collateral thereunder.

(c) For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the Approved Obligation Amounts, if any, for payment to Beneficiary Payees and will be subject to the priorities and to the Province's rights to Subrogation ~~Amounts~~Entitlements, set forth in Section 2.01(a).

(d) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(e) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation by their terms.

(f) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under and in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any amount due and payable to a Beneficiary Payee under the Limited Guarantee.

2.02 Intentionally Deleted.

2.03 Absence of Set-off

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 Payment into Protection Account in Satisfaction

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection

Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account" for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section **[7.03]** of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Financing Entity and the Indenture Trustee shall ensure that all amounts paid by the Province into the Protection Account on a Guarantee Payment Date in respect of an Approved Obligation are applied to pay the amounts due and payable to the Beneficiaries as and to the extent provided for in Section 2.01(a). Upon a payment having been made by or on behalf of the Province into the Protection Account, the amounts so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiaries as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such Beneficiaries in respect of the applicable Approved Obligations, whereupon an affected Beneficiary shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid. For greater certainty, the obligations arising in respect of an applicable Approved Obligation shall not be reduced by such payment as the Province shall become entitled to be paid related Subrogation ~~Amounts~~Entitlements and the rights contemplated under Section 2.01(a) and Section 5.01 in relation to such continuing obligations.

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations in accordance with Section ~~9.01~~8.01.[6]

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of

[6] ~~We made this change to be consistent with the termination clause in section 9.01.~~

sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

A Primary Obligation shall constitute an Approved Obligation if (i) the Adherence Conditions applicable thereto have been satisfied at the time the Primary Obligation was incurred, or (ii) the Province, in its sole discretion, ~~agrees~~designates in writing that it is an Approved Obligation.

4.02 Adherence Conditions[7]

The following shall be the Adherence Conditions applicable in relation to each Certified Primary Obligation:

(a) the Certified Primary Obligation when incurred is an Obligation Secured under the Trust Indenture; and

(b) OPG, as FSM, delivers a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for

[7] ~~We would propose that the certification in section 4.02(b) of the Protection Agreement track the requirements of section 3.01 of the Process Agreement to ensure that the two sections are consistent. Accordingly, we have revised section 4.02(b) of the Protection Agreement to state the certificate delivered to the Indenture Trustee under this section should confirm that all certifications to the Province required in connection with the incurrence of such Certified Primary Obligations have been delivered to the Province.~~

clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee, on or before the incurrence of a Certified Primary Obligation[8] (provided that delivery may not be more than 5 Business Days before the incurrence of the Certified Primary Obligation), confirming that OPG has provided to the Province all certifications required bydelivered to the Province a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with the incurrence of suchadherence of the Limited Guarantee to the Certified Primary Obligation; and

(c) in respect of a Certified Primary Obligation other than a Refinancing of a Primary Obligation in respect of which the Adherence Conditions had been satisfied, the Province has not provided a Suspension Notice to the Indenture Trustee, OPG and the Financing Entity.

For greater certainty, (y) satisfaction of the Adherence Conditions for a Certified Primary Obligation shall be deemed satisfaction of the Adherence Conditions in respect of all principal, interest and other amounts owing under the Certified Primary Obligation, as such Certified Primary Obligation may be amended, restated, supplemented or otherwise modified from time to time, and (z) there shall be no Adherence Conditions applicable in relation to a Primary Obligation that is not a Certified Primary Obligation.

4.03 Evidence of Satisfaction

A closing certificate delivered in accordance with Section 4.02(b) in connection with an incurrence of a Certified Primary Obligation shall be determinative as to whether the applicable Adherence Conditions with respect thereto have been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same. A closing certificate that purports on its face to be signed by officers specified in Section 4.02(b) may be relied upon by any addressee without further enquiry or evidence as to the incumbency or signatures of such officers. If a closing certificate is not delivered in accordance with the timing requirements of Section 4.02(b) in respect of a Certified Primary Obligation, such certificate may be delivered at a later date, and be effective as if it had been delivered in accordance with the timing requirement of Section 4.02(b), if at the time such certificate was required to be delivered OPG had delivered to the Province all certifications required by the Province in connection with the incurrence of aadherence of the Limited Guarantee to the Certified Primary Obligation.[9]

[8] We tried to address all parties concerns expressed at our last meeting by this language. The Province can be assured that no certificate earlier than 5 Business Days prior to incurring the Certified Primary Obligation is delivered and the dealers have comfort that the clause is not too prescriptive.

[9] This additional language was added to address the concerns of the dealers and Oslers discussed at our last meeting.

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, including (i) the right and entitlement to be paid and receive the related Subrogation ~~Amounts~~Entitlements, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including **[Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 7.12 (Payments Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Section 8.14 (Limited Recourse), Article IX (The Indenture Trustee), including all limitations of liability thereunder, Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition)]**; (ii) consents, requests and authorizes

the Issuer and the Indenture Trustee to (x) add the Province to the register of Specified Creditors described in subsection **[13.13(b)]** of the Trust Indenture and (y) disseminate the notice details of the Province to other Specified Creditors for the purposes set out in subsection **[9.14(b)]** of the Trust Indenture, and (iii) confirms that it will execute and deliver, or cause to be executed and delivered, all such further agreements, documents and instruments in connection with this Section 5.01 as the Indenture Trustee shall send notices to the Province, in its capacity as a Specified Creditor, in accordance with Section 9.02.[10]may request from time to time for the purpose of giving effect to the terms of this Section 5.01.

5.02 Priorities

For greater certainty, the rights, interests and entitlements of the Province as an assignee orand subrogee, as applicable, of and with respect to an Approved Obligation shall rank equally with the rights, interests and entitlements of a Beneficiary to whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture in the manner and to the extent contemplated in Section 2.01.7.10(d) of the Trust Indenture.

5.03 Intentionally Deleted

5.04 Representations and Warranties

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

[10] These changes were made to conform to the latest draft of the Trust Indenture, a copy of which will be circulated soon.

ARTICLE VI
NOTICE OF ASSUMPTION OF CERTAIN OBLIGATIONS SECURED[11]

6.01 Delivery of Assumption Notice

Following the occurrence of a Protection Event, the Province may (but shall not be obligated to) provide notice (in the form of Exhibit B) to the Indenture Trustee that the Province has elected to assume the Financing Entity's obligations in respect of all Obligations Secured permitted to be assumed by their terms (the "**Assumption Notice**"). The Assumption Notice shall specify the date on which the assignment and assumption of such Obligations Secured will be effective (each such date being an "**Assumption Closing Date**").[12]

6.02 Cooperation to Implement the Assignment and Assumption

The Indenture Trustee, the FSM, the Financing Entity and the Province will cooperate and use best efforts to complete the assignment and assumption of the Obligations Secured referenced in Section 6.01 by and from the Financing Entity to and by the Province by the applicable Assumption Closing Date.

6.03 Effect of Assignment and Assumption

On the date that the assignment and assumption of the Obligations Secured referenced in Section 6.01 by and from the Financing Entity to and by the Province becomes effective (the "**Assumption Effective Date**"), the Province shall no longer be required to provide and perform the Limited Guarantee but will instead become a primary obligor under such Obligations Secured assumed pursuant to and in accordance with an applicable Assumption Agreement. For greater certainty, the obligations of the Province so assumed will not be secured obligations of the Province and the obligees thereof will have no right, interest or claim to or in respect of the Collateral or any proceeds therefrom.

6.04 Interim Period

Until the effective time of the assignment and assumption of the Obligations Secured referenced in Section 6.01 by and from the Financing Entity to and by the Province on the Assumption Effective Date, the Province shall continue to perform and be obligated under the Limited Guarantee with respect to those Obligations Secured.

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[11] Please see Torys' cover email to explain changes made in this Article and the related Article in the Process Agreement. Section 6.05 was deleted since it was not applicable in a context where only some of the Obligations Secured would be assumed.

[12] It is not realistic to think that the assumptions of Secured Obligations will all occur on one day. We think it has to happen on a contract by contract basis. As a Secured Obligation is assumed, the Limited Guarantee falls away with respect to it (it becomes a "zero" item in the waterfalls).

ARTICLE VI~~ARTICLE VII~~
INDENTURE TRUSTEE MATTERS

6.01 ~~7.01~~ Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

6.02 ~~7.02~~ Not Responsible for Recitals

The recitals contained herein will be taken as the statements of the Province, the Financing Entity and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

6.03 ~~7.03~~ Representations and Covenants of the Indenture Trustee~~13~~[6]

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada; and

(b) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada.

ARTICLE VII~~ARTICLE VIII~~
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

7.01 ~~8.01~~ Suspension Notice

Upon:

(a) a Program Breach;~~ or~~

(b) a default in the performance, or breach, of any covenants ~~or representations of the FSM~~of OPG, as FSM, or OPG, in its corporate capacity, in each case to the Province in connection with ~~an incurrence or amendment of Primary~~

~~13 The Indenture Trustee asked us to delete these representations. They will not provide these types of representations without attaining a legal opinion from outside counsel. To avoid delay, we would ask that the parties agree to this deletion~~[6] Explanatory Note: The Province is content to receive the same representations as are provided by the Indenture Trustee should be under the Trust Indenture. Please conform.

~~Obligations~~its obligations to the Province pursuant to internal requirements and processes in connection with the provision of the Limited Guarantee, which continues for thirty (30) days after written notice by the Province to ~~the FSM~~OPG of such default or breach;

(c) a representation or warranty made by OPG or a certification made by one or more officers of OPG, in each case whether as FSM or in its corporate capacity, to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the provision of the Limited Guarantee, proves to be incorrect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation; or

(d) ~~(c)~~ the FSM no longer being the Manager or actions having been taken by or on behalf of the Indenture Trustee to remove the FSM as the Manager,

the Province may declare that the Limited Guarantee under this Agreement shall not apply to any Primary Obligations incurred[14] on or after such declaration, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied (provided that the Refinancing is an Approved Obligation), by delivering a written notice in the form of Exhibit ~~C~~B (a "**Suspension Notice**") ~~to the Province~~ to the Indenture Trustee, the FSM and the Financing Entity.[15]

The Limited Guarantee shall apply to any Certified Primary Obligation incurred after a Suspension Event on the basis that it is a Refinancing (provided that such Refinancing is an Approved Obligation) only if the FSM certifies to the Province in writing prior to the incurrence that the proceeds of such incurrence will be used solely for the purposes of repaying one or more Certified Primary Obligations incurred prior to the Suspension Event and to which the Limited Guarantee adhered as of the time the Suspension Event occurred, and the delivery of such written certification by the FSM to the Province shall be determinative for the purposes of concluding that such incurrence is a Refinancing for the purposes of Sections 7.01, 7.02 and 7.03.

7.02 ~~8.02~~ Suspension

If a Suspension Notice has been provided under Section ~~8.01~~7.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of any Primary Obligation incurred[16] or amended on or after the time such Suspension Notice is delivered, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied~~. For greater certainty, the rights of the Province under~~

[14] ~~We will need the ability to amend the Primary Obligations after a Suspension Notice to deal with the Suspension Notice itself.~~

[15] ~~OPG has confirmed that it is problematic from an accounting perspective to give the Province a broad right to suspend at any time. As discussed in the meeting, we therefore reintroduced the concept of the Program Breach and Breach Event but we made the breach event generic to ensure we do not have to reference the Process Agreement in this document.~~

[16] ~~We will need the ability to amend the Primary Obligations after a Suspension Notice to deal with the Suspension Notice itself.~~

~~Article VI shall apply in respect of the Obligations Secured referenced in Section 6.01, including if incurred on or after the time such Suspension Notice is delivered.~~[17] (provided that the Refinancing is an Approved Obligation).

7.03 ~~8.03~~ No Impact on Adherence

For greater certainty, the occurrence of a Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event or in respect of any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied~~, nor will it in any way impact the Obligations Secured which are assumed by the Province in accordance with ARTICLE VI~~ (provided that the Refinancing is an Approved Obligation).

ARTICLE VIII~~ARTICLE IX~~
MISCELLANEOUS

8.01 ~~9.01~~ Term of Agreement

This Agreement will continue until the date that no amount is or may become due and payable by the Province under the Limited Guarantee.

8.02 ~~9.02~~ Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust

700 University Avenue

~~[17] We have deleted the concept of the termination notice since it no longer serves a purpose and is potentially confusing to the reader.~~

Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: Manager, Corporate Trust
Fax: (416) 981-9777
Email: corporatetrust.toronto@computershare.com

(b) if to the FSM:

Ontario Power Generation Inc.

700 University Avenue

Toronto, Ontario M5G 1X6

Attention: General Counsel
Fax: (416) 592-4189

(c) if to the Province:

Ministry of Finance

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section ~~9.02~~8.02.

8.03 ~~9.03~~ Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section ~~9.03~~8.03 shall be null and void.

8.04 ~~9.04~~ Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

8.05 ~~9.05~~ FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 ~~9.06~~ No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

~~9.07~~ ~~Intentionally Deleted~~

8.07 Notice to Rating Agencies

OPG, as FSM, shall deliver prompt written notice to the Rating Agencies on occurrence of (i) a Protection Event; (ii) receipt of a Suspension Notice delivered by the Province pursuant to Section 7.01; and (iii) an assignment of this Agreement by any party pursuant to Section 8.03.

8.08 ~~9.08~~ Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their benefits hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

8.09 ~~9.09~~ Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, IN ITS CAPACITY AS TRUSTEE OF FAIR HYDRO TRUST, AS ISSUER, BY ONTARIO POWER GENERATION INC., NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Action**" has the meaning ascribed thereto under the Trust Indenture.

"**Adherence Conditions**", means, in respect of ~~the~~a Certified Primary ~~Obligations~~Obligation, the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of a Guarantee Payment Date, the aggregate of the Approved Obligation Amounts for such Guarantee Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, for a Beneficiary in respect of an Approved Obligation under which an amount is due and payable on a Guarantee Payment Date:

(a) if no Acceleration has occurred in respect of any Obligation Secured on or before the Guarantee Payment Date, the amount due and payable to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation (for greater certainty, determined on the assumption that there are adequate amounts available under the applicable payment provisions of the Trust Indenture to pay in full all amounts referred to in such payment provisions that are due and payable on the Guarantee Payment Date); and

(b) if an Acceleration has occurred in respect of any Obligations Secured on or before the Guarantee Payment Date, the amount that would be available to be paid to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation under the applicable payment provisions of the Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with such applicable payment provisions of the Trust Indenture in respect of each relevant month during each Reference Period is equal to the estimated Finance Amount determined in respect of such Reference Period for purposes of section 15(1) of the Act (in effect on the date hereof), including section 6.1 of the General Regulation (in effect on the date hereof)~~,~~ divided by the number of months in such Reference Period.

~~"**Assumption Agreement**" means the agreement among the Province, the Indenture Trustee, the Financing Entity and any other person that is party to the applicable Supplemental Indenture or Loan Agreement affected by the assignment and assumption contemplated under Article VI,~~

~~which agreement shall be in substantially the form of assumption agreement set forth in the applicable Supplemental Indenture or Loan Agreement.~~

~~"**Assumption Effective Date**" has the meaning ascribed thereto in Section 6.03.~~

~~"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.01.~~

~~"**Assumption Notice**" has the meaning ascribed thereto in Section 6.01.~~

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Beneficiary Payee**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Certified Primary Obligations**" means Primary Obligations that ~~are payment obligations that~~ are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest or to repay payment obligations that were incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest,~~[18]~~[7] (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not each individual trade confirmation, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and aggregate payments by the Financing Entity thereunder during the term of such contract is in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).~~[19]~~

"**Change of Law Protection Agreement**" means this Agreement.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency

~~[18] Query: For a warehouse facility, does the~~[7] Explanatory Note: Province ~~want a~~requires a Process Certificate for each monthly draw~~?~~.

~~[19] This concept reflects what Primary Obligations the parties agreed to be subject to the adherence conditions.~~

option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Eligible Deposit Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Eligible Institution**" has the meaning ascribed thereto in the Trust Indenture.

"**Executive Officer**" has the meaning ascribed ~~thereto in the *Securities Act* (Ontario).~~ to the term "executive officer" in National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators.

"**Final Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(D).

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the first paragraph of this Agreement until a successor Financing Entity Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and the Declaration of Trust, and thereafter "Financing Entity Trustee" means and includes such Person.[~~20~~]

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Guarantee Payment**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Guarantee Payment Date**" has the meaning ascribed thereto in Section 2.01(a)i.

~~"**Guarantor Settlement Statement**" has the meaning ascribed thereto in Section 2.01(a).~~

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other

[~~20~~] ~~We are merely conforming this definition to the definition of Indenture Trustee.~~

instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Issuer Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Issuer Funding Obligation**" has the meaning ascribed thereto in the Trust Indenture.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Lien**" has the meaning ascribed thereto in the Trust Indenture.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(a).

~~"**Loan Agreement**" has the meaning ascribed thereto in the Trust Indenture.~~

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity, as amended, supplemented, restated or otherwise modified from time to time.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Agreement**" means an agreement in the form of ~~a 1992~~an ISDA Master Agreement ~~(Multi-Currency – Cross-Border)~~ as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, as amended, supplemented, restated or otherwise modified from time to time.

~~21~~

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

~~21 The definition of Notes is not used in the Agreement.~~

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account or Finance Reserve Account or required to be held in the Collection Account after the application of amounts under the applicable payment provision of the Trust Indenture on an applicable payment date[8]; and (ii) any obligation to pay the Financing Entity or on the Financing Entity's direction any remaining amounts in the Collection Account pursuant to the Trust Indenture.[22]

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event[9], termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.[23]

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

[8] Explanatory Note: The Trust Indenture states that if extra cash is available in the Collections Account, it can be held until a subsequent Payment Date.

[22] These changes were made to conform to the most current version of the Trust Indenture, a copy of which will be circulated soon. Additionally, money in the Collection Account is required to flow through the waterfall and is not required to be held in the Collection Account otherwise.

[9] Explanatory Note: Early amortization events may be included in a supplemental indenture, so retaining that concept makes sense.

[23] We deleted early amortization events because that is no longer a concept used in the Trust Indenture.

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that materially and adversely affects (a) the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured, or (b) this Agreement or any of the agreements under which Obligations Secured arise; or

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that materially and adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Obligations Secured that have become due and payable.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency Condition" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Reference Period**" has the meaning ascribed thereto in the Act.

"**Refinancing**" ~~means the incurrence of debt where at the time of issuance the use of the proceeds thereof are identified by the Issuer as to be used to repay an existing Approved Obligation.~~[24][10] has the meaning ascribed to the term "refinancing" in the Act as of the date

[10] Explanatory Note: This relates to a refinancing of an existing debt obligation; not an undrawn commitment to fund.

hereof, as more particularly described and given meaning in the General Regulation as of the date hereof.[11]

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Subrogation ~~Amounts~~Entitlement**" means each Subrogation Amount and each Final Subrogation Amount.

"**Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(~~ii~~B).

"**Supplemental Indenture**" has the meaning ascribed in the Trust Indenture.

"**Supplemental Reserve Account**" has the meaning ascribed in the Trust Indenture.

"**Suspension Event**" has the meaning ascribed thereto in Section ~~8.02~~7.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section ~~8.01~~7.01.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

[24] ~~Refinancings can occur up to six months prior to the application of the refinancing proceeds to the existing obligation. The regulations provide that if the refinancing proceeds are not applied to repay the intended funding obligation, then it is not a Refinancing. Accordingly, we have revised the definition to ensure~~[11] Explanatory Note: The General Regulation provides that debt can be considered a "Refinancing" when incurred within the 6 months prior to the maturity date of a funding obligation. The Act/Regulation's definition doesn't require that "Refinancings ~~do not have to~~" be simultaneous with the repayment of ~~the existing Approved Obligation (we understand from the dealers that in most circumstances they will not be)~~existing Approved Obligations. We have added a certificate mechanic in 7.01 by which there can be certainty when an obligation is incurred that if the obligation is intended to be a refinancing, it will be covered by the guarantee.

EXHIBIT A
FORM OF PAYMENT DEMAND

TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Pursuant to and in accordance with section 2.01(a) of the Change of the Law Protection Agreement, the Indenture Trustee hereby demands payment from the Province in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in the Change of Law Protection Agreement.

DATED as of the [■] day of [■], [■].

BNY TRUST COMPANY OF CANADA

By:
Name:
Title:

By:
Name:
Title:

EXHIBIT B
~~ASSUMPTION~~SUSPENSION NOTICE

~~[NTD: Blakes to provide draft]~~

~~EXHIBIT C~~
~~SUSPENSION NOTICE~~

~~**[NTD: Blakes to provide draft]**~~

TO:	Ontario Power Generation Inc., in its capacity as Financial Services Manager
AND TO:	Fair Hydro Trust
AND TO:	Computershare Trust Company of Canada, in its capacity as trustee of Fair Hydro Trust
AND TO:	BNY Trust Company of Canada, as Indenture Trustee

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement. All references in this Suspension Notice to "Articles" or "Sections" refer to Articles or Sections of the Change of Law Protection Agreement.

The Province has a reasonable basis for concluding that an event described in Section 7.01 has occurred. Pursuant to Section 7.01, the Province hereby declares that the Limited Guarantee shall not apply in respect of any Primary Obligation incurred or amended on or after the delivery of this Suspension Notice, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied, in accordance with the terms and conditions in Article VII.

The Limited Guarantee shall hereby not apply in respect of any Primary Obligation incurred or amended on or after delivery of this Suspension Notice, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied.

This Suspension Notice is hereby delivered to the FSM, the Financing Entity and the Indenture Trustee in accordance with Section 8.02 of the Change of Law Protection Agreement.

* * * *

DATED as of the [■] day of [■], [■].

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

Document comparison by Workshare Compare on Monday, December 04, 2017 11:55:46 AM

Input:	
Document 1 ID	PowerDocs://TOR_2528/23239360/18
Description	TOR_2528-#23239360-v18-Change_of_Law_Protection_Agreement
Document 2 ID	PowerDocs://TOR_2528/23239360/22
Description	TOR_2528-#23239360-v22-Change_of_Law_Protection_Agreement
Rendering set	Standard

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

Statistics:	
	Count
Insertions	159
Deletions	170
Moved from	2
Moved to	2
Style change	0
Format changed	0
Total changes	333

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.

CHANGE OF LAW PROCESS AGREEMENT[1]

Dated as of [■], 2017

[1] ~~This Agreement and the Protection Agreement will need to be effective on closing but signed and held in escrow as soon as they are settled and prior to pricing of the term deal.~~Explanatory Note: Closing mechanics under consideration by the Province.

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**") is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.

Pursuant to a Declaration of Trust dated as of [■], 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.[2]

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of ~~Primary~~ Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions.

Prior to entering into this Agreement, OPG provided the Province with the proposed forms of certain of the Transaction Documents ~~listed on Exhibit "A"~~, and the Province has not objected to such forms ~~and has confirmed to OPG that such Transaction Documents constitute "Reference Documentation" for purposes of this Agreement~~.

~~Prior to entering into this Agreement, OPG, as the FSM, provided the Province with the initial Financing Plan attached hereto as Exhibit "B" (the "**Initial Financing Plan**"), and the Province has not objected to such Initial Financing Plan.~~

~~Prior to entering into this Agreement, OPG, as the FSM, provided to the Province (i) the initial forecast attached hereto as Exhibit "C" (the "**Initial Forecast**") setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the 24 month period following the date hereof (the "**Initial Forecast Period**"); and (ii) notice of the initial Protection Agreement Maximum of C$■ (the "**Initial Protection Agreement Maximum**").~~[3]

[2] ~~We are comfortable on this point because OPG has retained Computershare as issuer trustee. The recitals of the Declaration of Trust provide that Computershare has established the Trust at the request of the FSM. We can also provide you with a copy of the Computershare engagement letter upon request.~~

[3] ~~Given that this Agreement would now be delivered on or immediately prior to closing, we thought it would be acceptable to reference these initial items as delivered versus as future deliverables. Please note that OPG is working with the Province to deliver the initial financing plan and the initial forecast and to confirm the initial protection agreement maximum.~~

~~The Province has not objected to the Initial Forecast and the Initial Protection Agreement Maximum on the basis that (i) there does not appear to be inaccuracies in the Initial Financing Plan or the Initial Forecast, (ii) the Initial Forecast is consistent with the Initial Financing Plan, and (iii) the Initial Protection Agreement Maximum is less than the Initial Forecast.~~

This Agreement sets out the obligations OPG has agreed to perform and assurances OPG has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the Adherence Conditions have been satisfied, maintaining information related to the Program Agreements and the Approved Obligations, and ensuring that the Province's assumption rights pursuant to Article VI of the Change of Law Protection Agreement may be exercised without impediment on the terms and conditions contemplated in this Agreement and the Change of Law Protection Agreement.

All things necessary to make this Agreement a valid and legally binding agreement of OPG and the Province, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect,

including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall"~~. The~~; the word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed~~. The~~; the words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 References to the Financing Entity

For greater certainty, each reference to the Financing Entity shall be construed as a reference to the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 Effect of Headings

The Article and Section headings herein and are for convenience only and will not affect the construction hereof.

1.04 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof.

To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.06 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise

expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF OPG

2.01 Deliveries to the Province

(a) Not less than 15 Business Days, or such lesser period as the Province may agree to in writing, prior to the initial issuance of any Funding Obligation by the Financing Entity, OPG shall deliver to the Province a copy of the initial Financing Plan. Thereafter, OPG shall promptly deliver to the Province a copy of any proposed change to or replacement of the ~~Initial~~ Financing Plan.

(b) Not less than 10 Business Days, or such lesser period as the Province may agree to in writing, prior to (i) any proposed change or supplement to a previously provided Transaction Document becoming effective or otherwise being used, (ii) any additional or replacement Transaction Document becoming effective or otherwise being used, OPG shall deliver to the Province a copy of such proposed change or supplement to the Transaction Document and any such additional or replacement Transaction Document.

(c) Promptly following (i) any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor being made, (ii) any new, additional or replacement instruments, documents, agreements or security being used or granted in connection with all or any part of the Approved Obligations, or (iii) any waiver, release, reconveyance, termination, abandonment, subordination, exchange, substitution, transfer, compound, compromise, liquidation or enforcement of all or any part of the Approved Obligations or any security or guarantee therefor being effected, OPG shall deliver to the Province a detailed description of such event and the reasons for it together with any related documents, agreements and instruments.

(d) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, OPG shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations (including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(e) Promptly upon request, OPG shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

2.02 Covenants

(a) OPG shall use commercially reasonable efforts to cause the Financing Entity to:

(i) punctually perform and observe all of the Financing Entity's obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not (unless waived in writing by the Province):

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement or replacement or waiver or consent could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any change in particular financial terms, rates and levels;

(B) extend, renew, compromise, novate, replace, suspend, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, liquidate or enforce the terms of all or any part of the Approved Obligations or any Collateral, if any such action could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to the extent that only particular financial terms, rates and levels are affected;

(C) permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired; or

(D) allow the Financing Entity to enter into any Supplemental Indenture or Loan Agreement where any penalty or make-whole payment, or any requirement for further consent, approval or agreement, of the Specified Creditor party thereto would be required for the Province to assume the Obligations Secured thereunder.[4]

(b) OPG shall:

(i) comply, and shall use commercially reasonable efforts to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

(ii) punctually perform and observe all of its (including as the FSM and as Manager) obligations and agreements contained in the Program Agreements;

(iii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation; and

(iv) after the occurrence of any Protection Event[5] (or any event known to OPG that with the passage of time or the giving of notice would be a Protection Event), not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.

~~(c) For greater certainty, the parties hereto acknowledge and agree that OPG's obligations under this Agreement are subject to (i) OPG's obligations as FSM under the Act, and (ii) OPG's obligations under the Management Agreement.[6]~~

(c) ~~(d)~~ Nothing in this Agreement ~~nor in the Change of Law Protection Agreement[7]~~ shall limit the obligations of the Province under the Indemnity Agreement by the

~~[4] Please see our cover note regarding the proposed assumption by the Province. Lawyers to discuss if appropriate mechanics for the first two deals are possible given timing.~~

~~[5] OPG is not in a position to be aware of events that may lead to a Protection Event.~~

~~[6] We would like to ensure that there is an acknowledgement that OPG has certain obligations under the Act and the Management Agreement.~~

~~[7] This language has extra-contractual implications and so its meaning as between only 2 of the parties to the Protection Agreement is uncertain. Torys to explain intention. Torys: This provision is intended to clarify that neither the Protection Agreement nor the Process Agreement supersedes or otherwise amends the Province's obligations under the Provincial Indemnity Agreement. It is effectively an acknowledgment by the Province in favour of OPG and does not involve the other parties to the Protection Agreement and so we are comfortable including it here only. However, we do not have an issue with putting an equivalent clause in the Protection Agreement if that is preferable from your perspective.~~

Province in favour of OPG dated June 1, 2017 (as amended, the "**Indemnity Agreement**") and to the extent of any conflict between this Agreement~~, the Change of Law Protection Agreement~~ and such Indemnity Agreement, in respect of any matter relating to the Province's obligations to indemnify OPG, the Indemnity Agreement shall prevail.

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate[8]

OPG shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Province, on or before the incurrence or any amendment of a ~~Certified Primary Obligation~~Funding Obligation, other than any Funding Obligation under which not more than $**[5,000,000]** in the aggregate may become payable by the Financing Entity (provided that delivery may not be more than 5 Business Days before the incurrence or amendment of the ~~Certified Primary~~Funding Obligation), setting out the following with respect to such ~~Certified Primary~~Funding Obligation:

(a) the material terms of the ~~Certified Primary~~Funding Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a ~~Master~~Derivative Agreement[9]~~, events of default, termination events and any amendment to the standard terms of the Master Agreement relating to the calculation of termination amounts (and, for greater certainty, it shall not be necessary to set out the terms of any trade confirmation)~~, the notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

(b) if an existing Funding Obligation is proposed to be amended, material details respecting such amendment, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

(c) ~~(b)~~ a statement to the effect that: (i) the ~~Certified Primary~~Funding Obligation to be incurred or amended (1) will arise under terms and conditions that are

[8] ~~The Process Certificate conforms to the certificate delivered under the Change of Law Protection Agreement including the changes to ensure that the Process Certificate is only provided here when a concurrent certificate is required to be delivered by OPG under the Protection Agreement. Without this consistency, the obligations can become confusing and the intent of the parties of when Primary Obligations are subject to the adherence conditions may not be clear.~~

[9] ~~Since we agreed at our meeting that OPG only needs to provide a certificate under section 4.02 of the Change of Law Protection Agreement when they enter into a Master Agreement (and not the broader concept of the Derivative Agreement), we had to revise the language here to conform to what would be expected to be found in a Master Agreement.~~

Substantially in the Form of the Reference Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reference Documentation;

(d) ~~(c)~~ a statement confirming that any disclosure made in respect of the ~~Certified Primary~~Funding Obligation (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to the ~~Certified Primary~~Funding Obligation) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement has been made available to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made;

(e) ~~(d)~~ a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and

(f) ~~(e)~~ confirmation that, at the time the ~~Certified Primary~~Funding Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the ~~Certified Primary~~Funding Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the ~~then applicable~~ Protection Agreement Maximum applicable on the date that the Process Certificate is delivered; for clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be determined on the date the Process Certificate is delivered hereunder in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

3.02 Acknowledgement[10] regarding delivery of certificate under Change of Law protection Agreement

The Province acknowledges and agrees that, concurrent with the delivery of the Process Certificate pursuant to Section 3.01 of this Agreement, the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) are authorized to deliver the certificate referred to in Subsection [4.02(b)] of the Change of Law Protection Agreement to the Indenture Trustee confirming that OPG has delivered all required certifications to the Province in connection with adherence of the Limited Guarantee to the incurrence of the Certified Primary Obligations in respect of which the certificate in Subsection [4.02(b)] of the Change of Law Protection Agreement is being delivered; provided that, upon receipt of a Suspension Notice under the Change of Law Protection Agreement, OPG covenants not to deliver any further certificates to the Indenture Trustee under Subsection [4.02(b)] of the Change of Law Protection Agreement other than in connection with a Refinancing of a Primary Obligation in respect of which the Adherence Conditions had been satisfied at the time such Primary Obligation was incurred.[11]

3.03 Acknowledgement regarding delivery of Suspension Notice

The parties acknowledge and agree that the Province is entitled to deliver a Suspension Notice under Section 7.01 of the Change of Law Protection Agreement if a Program Breach or Breach Event has occurred. The Province agrees not to deliver a Suspension Notice pursuant to Section 7.01 of the Change of Law Protection Agreement unless a Program Breach or a Breach Event has occurred.

3.04 3.03 Meaning of "Reference Documentation"

For the purposes of Subsection 3.01(bc), the term "Reference Documentation" shall mean each Transaction Document (including any change, addition or supplement thereto) that, at the relevant time:

(a) is a Transaction Document provided to, and not objected to by, the Province prior to the making of this Agreement, as contemplated in the fifth recital to this Agreement; or

(b) is a Transaction Document provided to the Province in accordance with Subsection 2.01(b) that has not been objected to by the Province, by delivery of an objection notice in writing delivered to OPG, within 10 Business Days after it is provided to the Province.

[10] OPG needs certainty on the conditions in which it is permitted to deliver the certificate under the Change of Law adherence conditions.

[11] Since OPG receives a Suspension Notice under the Change of Law Protection Agreement, we removed the concept of such notice here other than to provide the covenant above.

3.05 3.04 Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(bc), the term "Substantially in the Form" shall mean:

(a) with respect to the Reference Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such Reference Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation, including regarding the timing of or circumstances under which related payments are or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that would affect the Province's rights of subrogation or assignment (including pursuant to **[Section**Sections 1.05, 2.01 or 5.01 **or Article VI]** of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation or upon the assumption of obligations in accordance with **[Article VI]** of the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any variable terms to be set forth in the proposed documents as are reasonably contemplated in the Reference Documentation, including the particular financial terms, rates and levels set forth in the proposed documents other than to the extent that the forms of Reference Documentation themselves specify specific requirements, limitations or parameters with respect to such financial terms, rates, levels and parameters; and

(b) with respect to the Reference Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum[12]

(a) Not less than 15 Business Days, or such lesser period as the Province may agree to in writing, prior to the proposed incurrence of the first Funding Obligation, OPG shall, as the FSM, deliver to the Province: (i) a forecast setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the next following 24 month period (the "**Initial Forecast Period**"), which expectations shall be consistent with the Financing Plan (the "**Initial Forecast**"); and (ii) notice

[12] Per an earlier footnote, the items in previous draft (a) and (b) were moved to the recitals.

of the initial Protection Agreement Maximum, which may not exceed the Initial Forecast.

(b) Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of the Initial Forecast and notice of the initial Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province may disagree with the Initial Forecast and the initial Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or the Initial Forecast, (ii) the Initial Forecast is inconsistent with the Financing Plan, or (iii) the initial Protection Agreement Maximum is more than the Initial Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the initial Protection Agreement Maximum will be revised accordingly and confirmed by an amended notice to the Province.

(c) ~~(a)~~ Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Approved Obligations that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast shall be further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum, which may not exceed such Forecast.

(d) ~~(b)~~ Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of any further Forecast and notice of the revised Protection Agreement Maximum from OPG pursuant to Section 4.01(~~a~~c), the Province may disagree with such further Forecast or revised Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or such further Forecast, (ii) the further Forecast is inconsistent with the Financing Plan, or (iii) the revised Protection Agreement Maximum is more than the further Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the revised Protection Agreement Maximum will be further revised accordingly and confirmed by an amended notice to the Province.

(e) ~~(c)~~ For clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be valued at the time to be determined for the purposes of this Section 4.01 in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of OPG

OPG represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, may cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario and has the power and authority to enter into and perform its obligations under this Agreement and all instruments and agreements delivered pursuant hereto.

(c) OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Financing Entity or in the ability of the Financing Entity to perform its obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

5.02 <u>Representations and Warranties of the Province</u>

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
PROCESS FOR ELECTION TO ASSUME APPROVED OBLIGATIONS[13]BREACH EVENTS

6.01 Election by the ProvinceBreach Events

Pursuant to Section 6.01 of the Change of Law Protection Agreement, at any time following the occurrence of a Protection Event, the Province may (but shall not be obligated) elect to assume the Financing Entity's obligations in respect of all Obligations Secured permitted to be assumed by their terms as obligor and debtor by giving notice to the Indenture Trustee. Prior to determining whether or not to exercise its election, the Province may deliver to OPG a notice in the form of Exhibit "D" (an "**Election Information Notice**"). The Election Information Notice shall, among other things, specify the date or dates on which the Province proposes to assume the Obligations Secured referred to in this Section 6.01, which date or dates shall be no earlier than 60 days[14] following delivery of the Election Information Notice to OPG (with respect to each such Obligation Secured, the "**Proposed Assumption Date**").

6.02 Details regarding Obligations Secured

Within 10 Business Days following the delivery of the Election Information Notice to OPG, OPG shall provide the following information and documentation to the Province:

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

(a) a summary of the amounts that will be owing under the Obligations Secured referred to in Section 6.01 as of the Proposed Assumption Date, together with a detailed schedule setting out the dates on which such amounts will become due and payable under such Obligations Secured;a default in the performance, or breach, of any covenants of OPG under this Agreement, which continues for thirty (30) days after written notice by the Province to OPG of such default or breach;

(b) a summary of the rights arising under the Obligations Secured referred to in Section 6.01 that permit the Province to assume such Obligations Secured, including details regarding any conditions precedent to such assignment and the related assumption becoming effective and any notices, filings, consents or other actions that will be required in order to implement and effect such assignment and assumption;any representation or warranty made by OPG in this Agreement, any

[13] Please see Torys' cover email to explain changes made in this Article and the related Article in the Protection Agreement. Section 6.05 was deleted and moved up as a covenant in section 2.02(a)(v)(D).

[14] This process will take time and require appropriate notice to holders of the applicable Obligations Secured.

certification made in a Process Certificate, or any certification made in a certificate contemplated by Subsection 4.02(b) of the Change of Law Protection Agreement, proves to be incorrect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation; or

(c) ~~current versions of all documentation under which the Obligations Secured referred to in Section 6.01 arise;~~OPG is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the Manager.

~~(d) copies of all correspondence exchanged between OPG, as the FSM, or the Financing Entity, on the one hand, and any Specified Creditor, Rating Agency or the Indenture Trustee, on the other hand, in each case that may reasonably be considered to be material to the assumption and performance of the Obligations Secured referred to in Section 6.01 by the Province; and~~

~~(e) all income tax returns and assessments, financial statements and notices of proceedings of or pertaining to the Financing Entity or its business and any documentation related thereto, including any pleadings, appeals, objections, qualifications or other similar materials in respect of the Financing Entity or any Program Agreement.~~

~~**6.03 Settlement of Terms**~~

~~Following receipt and consideration by the Province of the information and documentation to be provided under Section 6.02, the Province shall confirm in writing whether or not it expects to proceed with the assignment and assumption of the Obligations Secured referred to in Section 6.01 and, if it will be proceeding with the assignment and assumption, the date on which the Province expects that assignment and assumption will be effected. If it will be proceeding with such assignment and assumption, the Province will deliver an Assumption Notice as contemplated under Section **[6.01]** of the Change of Law Protection Agreement. A decision not to proceed with an election at any time will not limit the Province from proceeding with an election at a later date, including by issuing a further Election Information Notice, and Article VI of this Agreement shall continue to apply unaffected.~~

~~**6.04 Cooperation to Implement the Assignment and Assumption**~~

~~OPG shall cooperate with the Province and, as FSM, shall use commercially reasonable efforts to cause the Financing Entity to cooperate, and shall use its commercially reasonable efforts, to complete the assignment and assumption of the Obligations Secured referred to in Section 6.01 by and from the Financing Entity to and by the Province, by the applicable Assumption Closing Date.~~

ARTICLE VII[15]
MISCELLANEOUS

7.01 Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

7.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to OPG:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

(b) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]

[15] Breach events not required to be listed since OPG receives a Suspension Notice under the Change of Law Protection Agreement. See also the proviso in section 3.02.

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 7.02.

7.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 7.03 shall be null and void.

7.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

7.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

7.06 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

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

By: _____

Name:
Title:

By: _____

Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Conditions**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Approved Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

~~"**Assumption Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.~~

~~"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.03.~~

"**Beneficiaries**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Breach Event**" ~~means the occurrence of an event described~~has the meaning ascribed thereto in Section ~~**[8.01(b) or (c)]** of the Change of Law Protection Agreement.~~ 6.01.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Certified Primary Obligations**" ~~means Primary Obligations that are payment obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest or to repay payment obligations that were incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest,[16] (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not each individual trade confirmation, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and aggregate payments by the Financing Entity thereunder during the term of such contract is in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).[17]~~has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the FSM on behalf of the Financing Entity and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

~~[16] Query: For a warehouse facility, does the Province want a Certificate for each monthly draw?~~
~~[17] This concept reflects what Primary Obligations the parties agreed to be subject to the adherence conditions.~~

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

~~"**Election Information Notice**" has the meaning ascribed thereto in Section 6.01.~~

"**Executive Officer**" has the meaning ascribed thereto in the ~~*Securities Act* (Ontario)~~Change of Law Protection Agreement.

"**Financing Entity**" means Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(~~a~~c).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other

instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Indenture Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

~~"**Initial Financing Plan**" has the meaning ascribed thereto in the recitals of this Agreement.~~

"**Initial Forecast**" has the meaning ascribed thereto in ~~the recitals of this Agreement.~~Section 4.01(a)

"**Initial Forecast Period**" has the meaning ascribed thereto in ~~the recitals of this Agreement.~~Section 4.01(a)

~~"**Initial Protection Agreement Maximum**" has the meaning ascribed thereto in the recitals of this Agreement.~~

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

~~18~~

"**Limited Guarantee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Loan Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**Management Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Manager**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

~~"**Master Agreement**" means an agreement in the form of a 1992 ISDA Master Agreement (Multi-Currency – Cross Border) as published by ISDA or any replacement or substitute or functional equivalent of such agreement.~~

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

~~18 Definition of Legislature not used here.~~

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Proposed Assumption Date**Program Breach" has the meaning ascribed thereto in Section 6.01the Change of Law Protection Agreement.

"**Protection Agreement Maximum**" means the dollar amount referenced as the Program Agreement Maximum and determined in accordance with Article IV.

"**Protection Event**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture.

"**Reference Documentation**" has the meaning ascribed thereto in Section 3.033.04.

"**Repayment**" has the meaning ascribed to the term "repayment" in the General Regulation as of the date of this Agreement.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Substantially in the Form**" has the meaning ascribed thereto in Section 3.043.05.

"**Suspension Notice**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement;

(vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to aan ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that affects the Province's subrogation rights and/or subrogee interests, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

EXHIBIT "A"
INITIAL REFERENCE DOCUMENTATION

- Declaration of Trust;
- Management Agreement;
- Master Transfer and Servicing Agreement;
- Acknowledgement and indemnity agreement dated as of [■], 2017 made by IESO in favour of the Indenture Trustee;
- Security agreement made by IESO in favour of the Financing Entity to secure certain of its obligations under the Master Transfer and Servicing Agreement;
- Trust Indenture;
- Term Senior Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;
- Term Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;
- Term Junior Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;
- Warehouse Senior Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;
- Warehouse Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;
- Warehouse Junior Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;
- Schedule to the ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time;
- Confidential shelf offering memorandum of the Financing Entity dated as of [■], 2017, including the term sheet incorporated by reference therein; and

- ~~Agency agreement between the Financing Entity, CIBC World Markets Inc., RBC Dominion Securities Inc., Goldman Sachs Canada Inc. and the other agents named therein dated as of [■], 2017.~~

~~[NTD: List above to be confirmed.]~~

~~EXHIBIT "B"~~
~~INITIAL FINANCING PLAN~~

~~(see attached)~~

~~EXHIBIT "C"~~
~~INITIAL FORECAST~~

~~(see attached)~~

~~EXHIBIT "D"~~
~~FORM OF ELECTION INFORMATION NOTICE~~

~~[NTD: Blakes to provide draft.]~~

Document comparison by Workshare Compare on Monday, December 04, 2017 11:56:43 AM

Input:	
Document 1 ID	PowerDocs://TOR_2528/23239361/15
Description	TOR_2528-#23239361-v15-Change_of_Law_-_Process_Agreement
Document 2 ID	PowerDocs://TOR_2528/23239361/19
Description	TOR_2528-#23239361-v19-Change_of_Law_-_Process_Agreement
Rendering set	Standard

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

Statistics:	
	Count
Insertions	72
Deletions	157
Moved from	4
Moved to	4
Style change	0
Format changed	0
Total changes	237

DBRS Comments on Change of Law Protection Agreement

Below are DBRS comments on the draft Change of Law Protection Agreement sent to DBRS on November 22. Our responses are noted below each comment.

(1) Will there be a legal opinion addressing the binding nature and enforceability of the Protection Agreement on its terms?

> ***Torys Response***: Yes, legal opinions regarding the enforceability of the Change of Law Protection Agreement will be delivered on closing (subject to ~~customary~~appropriate limitations for enforceability opinions delivered in respect of contracts executed by the Province).[1]

(2) Section 1.15: DBRS expects any material amendment or material waiver to the agreement to be subject to a RAC and prompt notice of any other amendments/waivers/consents.

> ***Torys Response***: ~~We will make these changes.~~The Change of Law Protection Agreement is a Program Agreement under the Trust Indenture. As such, material amendments are covered off by section 13.18 of the Trust Indenture, which states that unless the Rating Agency Condition is satisfied, the Issuer will not amend any Program Agreement (other than the Trust Indenture, Derivative Agreements and the Declaration of Trust) if any such amendment could reasonably be considered to be materially prejudicial to the rights or interests of [any] [the relevant] Specified Creditor(s), except as expressly permitted by such Specified Creditor.

(3) Section 2.01: Please provide DBRS prompt written notice of a Protection Event.

> ***Torys Response***: ~~We will make this~~This change has been made.

(4) Section 2.01 (a): "Payment Date" is not defined in this Agreement. Is the reference to the Guarantee Payment Date?

> ***Torys Response***: This was a typo. The reference to "Payment Date" ~~will be~~has been changed to "Guarantee Payment Date".

(5) Section 2.01 (a)(iv)(ii): Subrogated Amounts: this calculation is confusing and seems to missing the next prong "y". Is the subrogated amount the amount that has been actually paid to the Beneficiary by the Province in relation to the amounts payable from amounts available?

> ***Torys Response***: ~~This will be revised to refer to the lesser of (x) and (y).~~The "Subrogation Amounts" to which the Province are entitled are the amounts that would otherwise be payable to Beneficiary Payees in respect of an Approved Obligation from amounts available (from Clean Energy Adjustments collected) to pay such Beneficiary Payees. These Subrogation Amounts are determined without regard to the payments from

[1] **Note to Torys:** Please confirm that opinions to include opinions in respect of Protection Agreement against Fair Hydro Trust, and that those opinions will be available for review by the Province at closing. Note that "customary" (in "customary limitations") is not accurate given the unique nature of these arrangements.

the Province to Beneficiary Payees (now defined as "Guarantee Payments") in performing on the guarantee.

In circumstances where (i) a Protection Event has occurred; and (ii) all amounts payable under Approved Obligations are paid in full, the Province will also be entitled to receive a "Final Subrogation Amount", which is the amount by which Guarantee Payments exceed the sum of all Subrogation Amounts paid to the Province. These Final Subrogation Amounts are subject to priorities and pro rata sharing with non-guaranteed obligations (if any).

(6) To the extent the amounts paid by the Province into the Protection Account exceed the amounts payable to Beneficiary from amounts available – is that excess the subrogation amount or is that excess just returned to the Province?

Torys Response: Any excess of amounts paid by the Province into the Protection Account over amounts paid to Beneficiary Payees would be returned to the Province. Please note that the amounts paid to Beneficiary Payees is determined without reference to amounts available from Clean Energy Adjustment collections (as the "Protection Event" trigger would itself have impaired collection of Clean Energy Adjustments).

Any excess ~~amount~~over the amounts paid to Beneficiary Payees would be returned to the Province.

(7) As a general comment: With respect to subrogation amounts owing to the Province - the Province seems to maintain a subrogated claim against the Financing Entity that has the same ranking as the Beneficiary obligation that has been paid by the Province and that subrogated claim is to be paid on the same date the amounts on deposit in the Protection Account are paid to the Beneficiary (i.e. the Province's subrogated claim becomes a Specified Creditor under the Trust Indenture and potentially ranks in priority or pari passu to all other securityholders claims depending on applicable Beneficiary's obligation's respective ranking within the trust indenture waterfall). How will this subrogated claim be satisfied – from what resources? Why has the right of subrogation of the guarantor (the Province) not been postponed until after all the rated obligations have been paid in full?

Torys Response: Prior to a Protection Event, payments owing to Specified Creditors are satisfied through collection of the Clean Energy Adjustment amounts. Upon the occurrence of a Protection Event and delivery of a Payment Demand, the Province will be required to make all payments under Approved Obligations (i.e. Specified Creditors will be looking to the Province to make payments when due, instead of relying on the collection of Clean Energy Adjustment amounts). However, notwithstanding the occurrence of a Protection Event triggering the Limited Guarantee, the Fair Hydro program ~~may~~will remain in place and Clean Energy Adjustments may continue to be billed and collected. In such a circumstance, while the Province will be required to make payments under ~~all~~ Approved Obligations as they come due in amounts determined by reference to the "Approved Obligation Amounts", applied in accordance with the applicable payment waterfall priorities, the Province (in place of Specified Creditors) would be entitled to receive any Clean Energy Adjustment amounts that are billed and

collected i.e. the Clean Energy Adjustment amounts collected constitute ~~the Subrogated~~Subrogation Amounts.

(8) Section 4.02: Adherence Obligations: With respect to Funding Obligations under a certain amount that do not need to meet the Adherence Conditions, what would those Funding Obligations consist of? Are these limited amounts still treated as Primary Obligations pursuant to which the guarantee obligation applies?

Torys Response: All Funding Obligations (and all other finance amounts) constitute Primary Obligations pursuant to which the Change of Law Protection Agreement applies; however, there is a subset of Funding Obligations for which the Adherence Conditions must be satisfied.

The Agreement will be revised to make clear that there are no Adherence Conditions applicable to Funding Obligations that are not "Certified Primary Obligations". "Certified Primary Obligations" will mean Primary Obligations that are payment obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest or to repay payment obligations that were incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest, (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not each individual trade confirmation, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and aggregate payments by the Financing Entity thereunder during the term of such contract is in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).

(9) Section 4.03: Is 4.02(b)(x) a typo? There is no "x" in 4.02(b)?

Torys Response: This is a typo and ~~will be~~has been corrected.

(10) Section 5.01 (a): As per the question above on section 2.01(a)(iv)(ii), please clarify how the Subrogation Amount is calculated (if not based on the actual amount paid by the Province in respect of amounts payable).

Torys Response: Please see the response to ~~question (7) above.~~Question 5.

(11) Section 6.01: Why is it at the Province's election to provide the Indenture Trustee notice of the Province's election to assume the Financing Entity's Obligations Secured? Under what circumstances would the Province decide not to provide the Indenture Trustee notice of its election to assume? In any event, DBRS expects to receive prompt written notice of an election to assume and copy of any such Assumption Notice.

Torys Response: ~~As described in response to question (7), upon the occurrence of a Protection Event and delivery of a Payment Demand, the Limited Guarantee is triggered and the Province is obligated to make all payments in respect of Approved Obligations. However, notwithstanding the Limited Guarantee taking effect, the Financing Entity will~~

~~continue to exist and the entire program structure may stay in place (and Clean Energy Adjustment amounts may continue to be billed and collected). The assumption right of the Province has been included to provide the Province with the flexibility to wind-up the Financing Entity and dismantle the program by assuming all of the Obligations Secured. In either case, following the occurrence of a Protection Event, the Province will be obligated to make all payments in respect of Approved Obligations.~~The Assumption Election has been removed from the Agreement.

~~We will add a rating agency notice requirement and a covenant to deliver to the rating agencies a copy of the Assumption Notice as requested.~~

(12) Section 6.04: How long can the Interim Period be in effect during the implementation and completion of the assumption terms? Are the securityholders and Indenture Trustee stayed from accelerating and enforcing if there is an Event of Default under the rated notes during the Interim Period? Are there any other restrictions on the SPV Financing Entity and/or the securityholders during the Interim Period?

Torys Response: The ~~details of any assignment and assumption by the Province will be addressed in the supplemental indenture relating to a particular issuance of Funding Obligations. Securityholders and the Indenture Trustee will not be stayed from accelerating and enforcing if there is an Event of Default under the rated notes during the interim period.~~Assumption Election has been removed from the Agreement.

~~While there are no restrictions on the Financing Entity during the interim period, under a process agreement between OPG and the Province, after the occurrence of any Protection Event, OPG has agreed that it shall not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.~~

(13) Section 8.01: Under this section the Province may declare at any time for any reason that the guarantee shall not apply to any Obligation Secured incurred on after the date of such declaration (other than the refinancing of a previously incurred funding obligation) by delivering a "Suspension Notice" to the Indenture Trustee/OPG/SPV.

Please provide DBRS with prompt written notice of any such Suspension Notice.

Torys Response: ~~We will make this change.~~This change has been made. Please note that we have revised the Change of Law Protection Agreement such that the Province may deliver a Suspension Notice in certain specified circumstances (but no longer "at any time for any reason").

Please confirm how the Suspension Notice would apply with respect to refinancing, increases or issuances up the program limits under the Warehouse Supplement. For example if a suspension notice is issued does the suspension apply to any issuance of notes for the purposes of refinancing outstanding ABCP? Or does this type of refinancing fall within the carve-out from a

suspension notice, "Refinancing of a Primary Obligation" noted in this section 8.01?" Further, will issuances after the Suspension Notice but up to the program limit or already permitted increases be subject to a Suspension Notice?

> ***Torys Response***: Any debt issued on a refinancing of a Primary Obligation in respect of which the Adherence Conditions had been satisfied prior to delivery of the Suspension Notice (which will include the debt ~~issuable~~already issued under the Warehouse Supplement) will continue to have the benefit of the Limited Guarantee following the delivery of the Suspension Notice. In other words, any debt issued on the refinancing of "protected debt" will continue to be "protected debt" following the Suspension Notice (provided that the Adherence Conditions are satisified in respect of debt issued on the refinancing). Except for refinancing of protected debt, no other Primary Obligations incurred after the delivery of a Suspension Notice will have the benefit of the Limited Guarantee.

(16) Section 8.03: Please provide DBRS with prompt written notice of any such Termination Notice.

> ***Torys Response***: We ~~will make this change.~~have revised the Change of Law Protection Agreement to remove the concept of a "Termination Notice".

(17) Section 9.03: Please provide DBRS with prompt written notice of any assignment.

> ***Torys Response***: ~~We will make this~~This change has been made.

(18) Definitions: Approved Obligation Amount (subsection (b)): Where an acceleration has occurred, how will this calculation address circumstances under which the CEA is no longer able to be charged or collected? Where amounts that would be available to be paid is compromised in some way and acceleration has occurred, could the Approved Obligation Amount be nil?

> ***Torys Response***: Subsection (b) of the definition of an Approved Obligation Amount provides that this amount is to be determined on the assumption that the amount available for allocation to Specified Creditors is equal to the estimated finance amount determined in respect of such reference period divided by the number of months in the reference period. In other words, the amount payable under the Limited Guarantee following a Protection Event would be determined in the same way that the amount payable through ~~CEA~~Clean Energy Adjustment collections would have been determined prior to the Protection Event (except determined without a "true-up"). The Approved Obligation Amount is by definition a positive amount payable in respect of an Approved Obligation to a beneficiary payee based on the priorities in the applicable waterfall and could therefore not be a nil amount.

Document comparison by Workshare Compare on Monday, December 04, 2017 11:57:56 AM

Input:	
Document 1 ID	PowerDocs://TOR_2528/23263869/1
Description	TOR_2528-#23263869-v1-DBRS_Comments_(Change_of_Law_Protection_Agreement)
Document 2 ID	PowerDocs://TOR_2528/23263869/2
Description	TOR_2528-#23263869-v2-DBRS_Comments_(Change_of_Law_Protection_Agreement)
Rendering set	Standard

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

Statistics:	
	Count
Insertions	35
Deletions	26
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	61

From:	Hanslep, Malle (MOF)
To:	VINER, JON; Gadi Mayman; Anna Strathy; Ken Kandeepan; Ronald Kwan; Mike Manning; John Kim; Thouin, Alena (ENERGY); McKinlay, Tom (ENERGY); Tobias P. Whitfield (MOF); Steen Hume (CAB); Hilary Cox (ENE); Tim Christie (ENERGY); Daniel Cayley (ENERGY); John Psinas
Cc:	ASHBOURNE, STEPHEN; JACKSON, ADAM; PALMER, AARON; PRESTAGE, JA
Subject:	RE: Change of Law agreements
Date:	Monday, December 04, 2017 2:13:24 PM

Hi – We will set up a call for 2:30 to go through the change. Thanks.

From: Hanslep, Malle (MOF)
Sent: December 4, 2017 1:23 PM
To: 'VINER, JON'; Mayman, Gadi (OFA); Strathy, Anna (OFA); Kandeepan, Ken (OFA); Kwan, Ronald (OFA); Manning, Mike (OFA); Kim, John (OFA); Thouin, Alena (ENERGY); McKinlay, Tom (ENERGY); Whitfield, Tobias P. (MOF); Hume, Steen (ENERGY); Cox, Hilary (ENERGY); Christie, Tim (ENERGY); Cayley, Daniel (ENERGY); John.Psinas@ofina.on.ca
Cc: ASHBOURNE, STEPHEN; JACKSON, ADAM; PALMER, AARON; PRESTAGE, JA
Subject: RE: Change of Law agreements

Thanks Jon.

I think that it would be helpful to have a quick call about the revised provision clarifying the province's right to excess cash where it has paid under the terms of the guarantee and also the new provision protecting the Province's position in th event there are unguaranteed obligations outstanding so that everyone has an understanding of it. Would be possible to for you to write a plain language summary of the effect of the provisions? I think that this would be very helpful. I think that we will have to include a sentence about this in our covering email too.

Malle

From: VINER, JON [mailto:JON.VINER@blakes.com]
Sent: December 4, 2017 12:06 PM
To: Mayman, Gadi (OFA); Strathy, Anna (OFA); Kandeepan, Ken (OFA); Kwan, Ronald (OFA); Manning, Mike (OFA); Kim, John (OFA); Thouin, Alena (ENERGY); McKinlay, Tom (ENERGY); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Hume, Steen (ENERGY); Cox, Hilary (ENERGY); Christie, Tim (ENERGY); Cayley, Daniel (ENERGY); John.Psinas@ofina.on.ca
Cc: ASHBOURNE, STEPHEN; JACKSON, ADAM; PALMER, AARON; PRESTAGE, JA
Subject: Change of Law agreements

All,

Please find attached clean and blacklined copies of the Change of Law Protection and Process Agreements that can be circulated to OPG.

I've attached blacklines against: (i) the OPG/Torys November 24 draft (for circulation to OPG/Torys); and (ii) yesterday's December 3 draft (for your review).

I have also attached our comments on Torys' proposed responses to DBRS. You may wish to send this with the revised Change of Law agreements, or alternatively, we can circulate this to Torys.

Kind regards,

Jon

Jon Viner
Associate
jon.viner@blakes.com
Dir: 416-863-2499

Blake, Cassels & Graydon LLP
199 Bay Street, Suite 4000, Toronto ON M5L 1A9
Tel: 416-863-2400 Fax: 416-863-2653
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Cc:	ASHBOURNE, STEPHEN; JACKSON, ADAM; PALMER, AARON; PRESTAGE, JA
Subject:	RE: Change of Law agreements
Date:	Monday, December 04, 2017 1:23:00 PM

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Sent: December 4, 2017 12:06 PM
To: Mayman, Gadi (OFA); Strathy, Anna (OFA); Kandeepan, Ken (OFA); Kwan, Ronald (OFA); Manning, Mike (OFA); Kim, John (OFA); Thouin, Alena (ENERGY); McKinlay, Tom (ENERGY); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Hume, Steen (ENERGY); Cox, Hilary (ENERGY); Christie, Tim (ENERGY); Cayley, Daniel (ENERGY); John.Psinas@ofina.on.ca
Cc: ASHBOURNE, STEPHEN; JACKSON, ADAM; PALMER, AARON; PRESTAGE, JA
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Kind regards,
Jon
Jon Viner
Associate
jon.viner@blakes.com
Dir: 416-863-2499

Blake, Cassels & Graydon LLP
199 Bay Street, Suite 4000, Toronto ON M5L 1A9
Tel: 416-863-2400 Fax: 416-863-2653
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From: Hanslep, Malle (MOF)
To: Mike Manning; ASHBOURNE, STEPHEN; Tobias P. Whitfield (MOF); VINER, JON; Anna Strathy
Cc: JACKSON, ADAM; PALMER, AARON; PRESTAGE, JA
Subject: RE: Change of Law agreements
Date: Monday, December 04, 2017 3:33:49 PM

Thanks Mike. Would you please forward your email to us so we have it as they may follow up. Thanks.
Malle

From: Mike Manning [mailto:Mike.Manning@ofina.on.ca]
Sent: December 4, 2017 3:30 PM
To: Hanslep, Malle (MOF); ASHBOURNE, STEPHEN; Whitfield, Tobias P. (MOF); VINER, JON; Strathy, Anna (OFA)
Cc: JACKSON, ADAM; PALMER, AARON; PRESTAGE, JA
Subject: RE: Change of Law agreements

Sorry, sent out as package, but I'm sure if would be fine to send it out separately as well.
Mike

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Monday, December 04, 2017 3:17 PM
To: ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; VINER, JON <JON.VINER@blakes.com>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Cc: JACKSON, ADAM <ADAM.JACKSON@blakes.com>; PALMER, AARON <AARON.PALMER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: RE: Change of Law agreements

Hi – Maybe it makes sense to ask Blakes to send the DBRS feedback separately – the reason being is that we have not addressed that in our covering email and it is a separate type of document.

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: December 4, 2017 3:13 PM
To: Whitfield, Tobias P. (MOF); VINER, JON; Strathy, Anna (OFA); Manning, Mike (OFA); Hanslep, Malle (MOF)
Cc: JACKSON, ADAM; PALMER, AARON; PRESTAGE, JA
Subject: RE: Change of Law agreements

Mike and Toby, I am not sure whether you intend to send the Blakes feedback on DBRS comments to OPG (attached to Tobys email) along with the agreements. If better, we can send them to Torys (the real audience for those) on the heels of getting your email to OPG. Just let us know. Thanks, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Monday, December 04, 2017 3:01 PM
To: VINER, JON; Strathy, Anna (OFA); Manning, Mike (OFA); Hanslep, Malle (MOF)
Cc: ASHBOURNE, STEPHEN; JACKSON, ADAM; PALMER, AARON; PRESTAGE, JA
Subject: RE: Change of Law agreements

Mike – these are the versions to be sent to OPG which can be included in your email to OPG once Stephen confirms that the cover email works.
Toby

Tobias Whitfield
Counsel, Legal Services Branch

Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: VINER, JON [mailto:JON.VINER@blakes.com]
Sent: December 4, 2017 12:06 PM
To: Mayman, Gadi (OFA); Strathy, Anna (OFA); Kandeepan, Ken (OFA); Kwan, Ronald (OFA); Manning, Mike (OFA); Kim, John (OFA); Thouin, Alena (ENERGY); McKinlay, Tom (ENERGY); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Hume, Steen (ENERGY); Cox, Hilary (ENERGY); Christie, Tim (ENERGY); Cayley, Daniel (ENERGY); John.Psinas@ofina.on.ca
Cc: ASHBOURNE, STEPHEN; JACKSON, ADAM; PALMER, AARON; PRESTAGE, JA
Subject: Change of Law agreements

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Kind regards,

Jon

Jon Viner
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From: Lively, Pamela
To: Mansoori, Nina; "dup-john.s.lee@opg.com"; "leslie.wong@opg.com"; Gadi Mayman; "Hunter, Rosalind"; Malle Hanslep (MOF); "ASHBOURNE, STEPHEN"; Tobias P. Whitfield (MOF); Ken Kandeepan; Mike Manning; Ronald Kwan; "Thouin, Alena (ENERGY)"; Tom McKinlay (MAG); "VINER, JON"; "PRESTAGE, JA"; Daniel Cayley (ENERGY); "sheen.liu@opg.com"; "tyler.mcauley@opg.com"; "clara.greco@opg.com"; "matthew.go@opg.com"; "anthea.yao@opg.com"; "jenny.jorda@opg.com"; "stuart.preston@opg.com"; "john.drewniak@opg.com"; "j.hahnparker@opg.com"; "Alvi, Shariq"; "Innes, Michael"; "Stoddart, Jesse - Debt Capital Markets"; "Rix, Lindsey - Legal"; "Hume, Tyler"; "Daou, Hadi"; "Persad, Nicole"; "mfitzpatrick@hunton.com"; "aobrian@hunton.com"; "Smith, Elliot"; "King, Richard"; "Royer, Kate"; "Hughes, Timothy"; "Adalja, Sunil"; "Persaud, Donnie - Debt Capital Markets"; "Sebastiano, Rocco"; "Maciel, Andrew"; "Benaiah, Ian"; "Khan, Nur"; ""Niehaus, Katrina" (Katrina.Niehaus@gs.com)"; "Delaney, Brian (Brian.Delaney@gs.com)"; "Conner, Robbin"; "Milligan, Peter"; "Sebastiano, Rocco"; "Fullerton, Rick"; Adam, Ahmad; Krowles, Geralyn; Morris, Eleonore; "Peter Hamilton"; "Michael Boll"; "Anthony Martinello (Anthony.Martinello@ieso.ca)"; "Jeannette Briggs (jeannette.briggs@ieso.ca)"; "kim.marshall@ieso.ca"; RYFA Ken -TREASURY
Cc: Feldman, Michael; Ramchandani, Rima; Emes, Aaron; Olusoga, Yinka; Saulnier, Brett; Prado, Melissa; Dost, Mitchell
Subject: RE: Closing Mechanics - Fair Hydro
Date: Wednesday, December 20, 2017 11:46:56 AM

We are checking with our banker and will advise as soon as it is received.
Regards,

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: Wednesday, December 20, 2017 11:32 AM
To: 'dup-john.s.lee@opg.com'; 'leslie.wong@opg.com'; 'Mayman, Gadi (OFA)'; 'Hunter, Rosalind'; 'Hanslep, Malle (MOF)'; 'ASHBOURNE, STEPHEN'; 'Whitfield, Tobias P. (MOF)'; 'Kandeepan, Ken (OFA)'; 'Manning, Mike (OFA)'; 'Kwan, Ronald (OFA)'; 'Thouin, Alena (ENERGY)'; 'McKinlay, Tom (MAG)'; 'VINER, JON'; 'PRESTAGE, JA'; 'Cayley, Daniel (ENERGY)'; 'sheen.liu@opg.com'; 'tyler.mcauley@opg.com'; 'clara.greco@opg.com'; 'matthew.go@opg.com'; 'anthea.yao@opg.com'; 'jenny.jorda@opg.com'; 'stuart.preston@opg.com'; 'john.drewniak@opg.com'; 'j.hahnparker@opg.com'; 'Alvi, Shariq'; 'Innes, Michael'; 'Stoddart, Jesse - Debt Capital Markets'; 'Rix, Lindsey - Legal'; 'Hume, Tyler'; 'Daou, Hadi'; 'Persad, Nicole'; 'mfitzpatrick@hunton.com'; 'aobrian@hunton.com'; 'Smith, Elliot'; 'King, Richard'; 'Royer, Kate'; 'Hughes, Timothy'; 'Adalja, Sunil'; 'Persaud, Donnie - Debt Capital Markets'; 'Sebastiano, Rocco'; 'Maciel, Andrew'; 'Benaiah, Ian'; 'Khan, Nur'; ''Niehaus, Katrina' (Katrina.Niehaus@gs.com)'; 'Delaney, Brian (Brian.Delaney@gs.com)'; 'Conner, Robbin'; 'Milligan, Peter'; 'Sebastiano, Rocco'; 'Fullerton, Rick'; Lively, Pamela; Adam, Ahmad; Krowles, Geralyn; Morris, Eleonore; 'Peter Hamilton'; 'Michael Boll'; 'Anthony Martinello (Anthony.Martinello@ieso.ca)'; 'Jeannette Briggs (jeannette.briggs@ieso.ca)'; 'kim.marshall@ieso.ca'; RYFA Ken -TREASURY
Cc: Feldman, Michael; Ramchandani, Rima; Emes, Aaron; Olusoga, Yinka; Saulnier, Brett; Prado, Melissa; Dost, Mitchell
Subject: RE: Closing Mechanics - Fair Hydro

All - IESO confirms it has wired C$6,000,000 (representing the carrying costs) to the Collection Account. See details below. BNY team, please confirm once you have received these funds.
Thanks
LVTS #: LVTS65GI5S78DTR2
TD Bank wire confirmation number: TO171220B1432600

Nina Mansoori
P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com[clicktime.symantec.com]

TORYS LLP[clicktime.symantec.com]

From: Mansoori, Nina
Sent: December-19-17 4:52 PM

To: 'dup-john.s.lee@opg.com' <john.s.lee@opg.com>; 'leslie.wong@opg.com' <leslie.wong@opg.com>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; Hunter, Rosalind <RHunter@osler.com>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>; Cayley, Daniel (ENERGY) <Daniel.Cayley@ontario.ca>; 'sheen.liu@opg.com' <sheen.liu@opg.com>; 'tyler.mcauley@opg.com' <tyler.mcauley@opg.com>; 'clara.greco@opg.com' <clara.greco@opg.com>; 'matthew.go@opg.com' <matthew.go@opg.com>; 'anthea.yao@opg.com' <anthea.yao@opg.com>; 'jenny.jorda@opg.com' <jenny.jorda@opg.com>; 'stuart.preston@opg.com' <stuart.preston@opg.com>; 'john.drewniak@opg.com' <john.drewniak@opg.com>; 'j.hahnparker@opg.com' <j.hahnparker@opg.com>; 'Alvi, Shariq' <Shariq.Alvi@cibc.com>; Innes, Michael <MInnes@osler.com>; 'Stoddart, Jesse - Debt Capital Markets' <Jesse.Stoddart@cibc.com>; 'Rix, Lindsey - Legal' <Lindsey.Rix@cibc.com>; 'Hume, Tyler' <Tyler.Hume@cibc.com>; 'Daou, Hadi' <Hadi.Daou@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'mfitzpatrick@hunton.com' <mfitzpatrick@hunton.com>; 'aobrian@hunton.com' <aobrian@hunton.com>; Smith, Elliot <ESmith@osler.com>; King, Richard <rking@osler.com>; Royer, Kate <KRoyer@osler.com>; Hughes, Timothy <THughes@osler.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; Sebastiano, Rocco <RSebastiano@osler.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Benaiah, Ian' <ian.benaiah@rbccm.com>; 'Khan, Nur' <nur.khan@rbccm.com>; ''Niehaus, Katrina' (Katrina.Niehaus@gs.com)' <Katrina.Niehaus@gs.com>; 'Delaney, Brian (Brian.Delaney@gs.com)' <Brian.Delaney@gs.com>; 'Conner, Robbin' <Robbin.Conner@gs.com>; 'Milligan, Peter' <PMilligan@osler.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Fullerton, Rick <RFullerton@osler.com>; 'Lively, Pamela' <Pamela.Lively@bnymellon.com>; Adam, Ahmad <Ahmad.Adam@bnymellon.com>; Krowles, Geralyn <Geralyn.Krowles@BNYMellon.com>; Morris, Eleonore <Eleonore.Morris@bnymellon.com>; Peter Hamilton <PHamilton@stikeman.com>; Michael Boll <Michael.Boll@ieso.ca>; Anthony Martinello (Anthony.Martinello@ieso.ca) <Anthony.Martinello@ieso.ca>; Jeannette Briggs (jeannette.briggs@ieso.ca) <jeannette.briggs@ieso.ca>; kim.marshall@ieso.ca
Cc: Feldman, Michael <mfeldman@torys.com>; Ramchandani, Rima <rramchandani@torys.com>; Emes, Aaron <aemes@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Prado, Melissa <mprado@torys.com>; Dost, Mitchell <mdost@torys.com>; Mansoori, Nina <nmansoori@torys.com>
Subject: Closing Mechanics - Fair Hydro
Importance: High

Dear all,

As you know we are closing the warehouse financing this coming Thursday, December 21 at 9 am. We have set out below the pre-closing and closing mechanics to ensure all parties know what to expect. Please let us know as soon as possible if you have any questions. Thank you.

Wednesday, December 20, 2017

- **by 10 am**, all legal counsel to deliver their client's signature pages and all signed legal

opinions in escrow to Torys

- **by 10 am**, the Trust will be formed and Torys will provide the IESO with the necessary documentation to wire the carrying costs
- **by noon**, IESO will wire C$6,000,000 representing the carrying costs to the Collection Account and circulate a wire confirmation to this group
- Oslers, Stikemans and Blakes are welcome to attend the closing room at Torys from 1 pm onwards to review applicable documentation (or request that documentation by email)
- by close of business, Oslers, Stikemans, Blakes and Torys to confirm to their respective clients that the applicable documents are in satisfactory form and Oslers to confirm to lenders that all CPs to closing are satisfied (subject to OPG's funding of the subordinated debt and payment of lender fees)

Thursday, December 21, 2017

- this group will hold a call at 9 am so that each counsel can confirm release of their clients' signature pages from escrow (Torys to send a calendar invite with call-in details)
- OPG will wire C$117,900,000 representing the Junior Subordinated Debt proceeds to the IESO and circulate a wire confirmation to this group
- OPG will wire C$459,810,000 representing the Subordinated Debt proceeds to the IESO and circulate a wire confirmation to this group
- BNY will wire C$650,000 (for fees) to CIBC per the wire details on Schedule B of the attached global direction and circulate a wire confirmation to this group
- BNY will wire C$650,000 (for fees) to RBC per the wire details on Schedule B of the attached global direction and circulate a wire confirmation to this group
- BNY will wire C$300,000 (for fees) to Goldman per the wire details on Schedule B of the attached global direction and circulate a wire confirmation to this group
- Upon receipt of the tracking numbers for the two OPG wires and three BNY wires above:
    - CIBC will transfer C$244,274,062.50 to IESO per the wire details on Schedule A of the attached global direction
    - RBC will transfer C$244,274,062.50 to IESO per the wire details on Schedule A of the attached global direction
    - Goldman will transfer C$112,741,875.00 to IESO per the wire details on Schedule A of the attached global direction
- IESO to confirm to this group receipt of all wires sent to them above
- CIBC, RBC and Goldman to confirm to this group receipt of all fees wired above
- Oslers to circulate email to this group confirming closing of warehouse financing

Nina Mansoori
P. 416.865.7332

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From: Mansoori, Nina
To: "dup-john.s.lee@opg.com"; "leslie.wong@opg.com"; Gadi Mayman; "Hunter, Rosalind"; Malle Hanslep (MOF); "ASHBOURNE, STEPHEN"; Tobias P. Whitfield (MOF); Ken Kandeepan; Mike Manning; Ronald Kwan; "Thouin, Alena (ENERGY)"; Tom McKinlay (MAG); "VINER, JON"; "PRESTAGE, JA"; Daniel Cayley (ENERGY); "sheen.liu@opg.com"; "tyler.mcauley@opg.com"; "clara.greco@opg.com"; "matthew.go@opg.com"; "anthea.yao@opg.com"; "jenny.jorda@opg.com"; "stuart.preston@opg.com"; "john.drewniak@opg.com"; "j.hahnparker@opg.com"; "Alvi, Shariq"; "Innes, Michael"; "Stoddart, Jesse - Debt Capital Markets"; "Rix, Lindsey - Legal"; "Hume, Tyler"; "Daou, Hadi"; "Persad, Nicole"; "mfitzpatrick@hunton.com"; "aobrian@hunton.com"; "Smith, Elliot"; "King, Richard"; "Royer, Kate"; "Hughes, Timothy"; "Adalja, Sunil"; "Persaud, Donnie - Debt Capital Markets"; "Sebastiano, Rocco"; "Maciel, Andrew"; "Benaiah, Ian"; "Khan, Nur"; ""Niehaus, Katrina" (Katrina.Niehaus@gs.com)"; "Delaney, Brian (Brian.Delaney@gs.com)"; "Conner, Robbin"; "Milligan, Peter"; "Sebastiano, Rocco"; "Fullerton, Rick"; "Lively, Pamela"; "Adam, Ahmad"; "Krowles, Geralyn"; "Morris, Eleonore"; "Peter Hamilton"; "Michael Boll"; "Anthony Martinello (Anthony.Martinello@ieso.ca)"; "Jeannette Briggs (jeannette.briggs@ieso.ca)"; "kim.marshall@ieso.ca"; RYFA Ken -TREASURY
Cc: Feldman, Michael; Ramchandani, Rima; Emes, Aaron; Olusoga, Yinka; Saulnier, Brett; Prado, Melissa; Dost, Mitchell
Subject: RE: Closing Mechanics - Fair Hydro
Date: Wednesday, December 20, 2017 11:32:11 AM

All - IESO confirms it has wired C$6,000,000 (representing the carrying costs) to the Collection Account. See details below. BNY team, please confirm once you have received these funds. Thanks

LVTS #: LVTS65GI5S78DTR2

TD Bank wire confirmation number: TO171220B1432600

Nina Mansoori
P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
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TORYS LLP[torys.com]

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Sent: December-19-17 4:52 PM
To: 'dup-john.s.lee@opg.com' ; 'leslie.wong@opg.com' ; Mayman, Gadi (OFA) ; Hunter, Rosalind ; 'Hanslep, Malle (MOF)' ; ASHBOURNE, STEPHEN ; Whitfield, Tobias P. (MOF) ; Kandeepan, Ken (OFA) ; Manning, Mike (OFA) ; Kwan, Ronald (OFA) ; Thouin, Alena (ENERGY) ; McKinlay, Tom (MAG) ; VINER, JON ; PRESTAGE, JA ; Cayley, Daniel (ENERGY) ; 'sheen.liu@opg.com' ; 'tyler.mcauley@opg.com' ; 'clara.greco@opg.com' ; 'matthew.go@opg.com' ; 'anthea.yao@opg.com' ; 'jenny.jorda@opg.com' ; 'stuart.preston@opg.com' ; 'john.drewniak@opg.com' ; 'j.hahnparker@opg.com' ; 'Alvi, Shariq' ; Innes, Michael ; 'Stoddart, Jesse - Debt Capital Markets' ; 'Rix, Lindsey - Legal' ; 'Hume, Tyler' ; 'Daou, Hadi' ; 'Persad, Nicole' ; 'mfitzpatrick@hunton.com' ; 'aobrian@hunton.com' ; Smith, Elliot ; King, Richard ; Royer, Kate ; Hughes, Timothy ; 'Adalja, Sunil' ; 'Persaud, Donnie - Debt Capital Markets' ; Sebastiano, Rocco ; 'Maciel, Andrew' ; 'Benaiah, Ian' ; 'Khan, Nur' ; ''Niehaus, Katrina' (Katrina.Niehaus@gs.com)' ; 'Delaney, Brian (Brian.Delaney@gs.com)' ; 'Conner, Robbin' ; 'Milligan, Peter' ; Sebastiano, Rocco ; Fullerton, Rick ; 'Lively, Pamela' ; Adam, Ahmad ; Krowles, Geralyn ; Morris, Eleonore ; Peter Hamilton ; Michael Boll ; Anthony Martinello (Anthony.Martinello@ieso.ca) ; Jeannette Briggs (jeannette.briggs@ieso.ca) ; kim.marshall@ieso.ca
Cc: Feldman, Michael ; Ramchandani, Rima ; Emes, Aaron ; Olusoga, Yinka ; Saulnier, Brett ; Prado, Melissa ; Dost, Mitchell ; Mansoori, Nina
Subject: Closing Mechanics - Fair Hydro

Importance: High

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- CIBC, RBC and Goldman to confirm to this group receipt of all fees wired above
- Oslers to circulate email to this group confirming closing of warehouse financing

Nina Mansoori
P. 416.865.7332

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From: Lively, Pamela
To: Mansoori, Nina; "dup-john.s.lee@opg.com"; "leslie.wong@opg.com"; Gadi Mayman; "Hunter, Rosalind"; Malle Hanslep (MOF); "ASHBOURNE, STEPHEN"; Tobias P. Whitfield (MOF); Ken Kandeepan; Mike Manning; Ronald Kwan; "Thouin, Alena (ENERGY)"; Tom McKinlay (MAG); "VINER, JON"; "PRESTAGE, JA"; Daniel Cayley (ENERGY); "sheen.liu@opg.com"; "tyler.mcauley@opg.com"; "clara.greco@opg.com"; "matthew.go@opg.com"; "anthea.yao@opg.com"; "jenny.jorda@opg.com"; "stuart.preston@opg.com"; "john.drewniak@opg.com"; "j.hahnparker@opg.com"; "Alvi, Shariq"; "Innes, Michael"; "Stoddart, Jesse - Debt Capital Markets"; "Rix, Lindsey - Legal"; "Hume, Tyler"; "Daou, Hadi"; "Persad, Nicole"; "mfitzpatrick@hunton.com"; "aobrian@hunton.com"; "Smith, Elliot"; "King, Richard"; "Royer, Kate"; "Hughes, Timothy"; "Adalja, Sunil"; "Persaud, Donnie - Debt Capital Markets"; "Sebastiano, Rocco"; "Maciel, Andrew"; "Benaiah, Ian"; "Khan, Nur"; ""Niehaus, Katrina" (Katrina.Niehaus@gs.com)"; "Delaney, Brian (Brian.Delaney@gs.com)"; "Conner, Robbin"; "Milligan, Peter"; "Sebastiano, Rocco"; "Fullerton, Rick"; Adam, Ahmad; Krowles, Geralyn; Morris, Eleonore; "Peter Hamilton"; "Michael Boll"; "Anthony Martinello (Anthony.Martinello@ieso.ca)"; "Jeannette Briggs (jeannette.briggs@ieso.ca)"; "kim.marshall@ieso.ca"; RYFA Ken -TREASURY
Cc: Feldman, Michael; Ramchandani, Rima; Emes, Aaron; Olusoga, Yinka; Saulnier, Brett; Prado, Melissa; Dost, Mitchell
Subject: RE: Closing Mechanics - Fair Hydro
Date: Wednesday, December 20, 2017 12:13:31 PM
Attachments: image001.png

Wire for $6,000,000 has been received.

Regards,

Pamela Lively
Client Service Manager
BNY Trust Company of Canada
1 York Street, 6th Floor
Toronto, ON
M5J 0B6

Tel - 416-933-8532 / Fax - 416-360-1711
pamela.lively@bnymellon.com / www.bnymellon.com[bnymellon.com]

Your feedback is important to us. If you'd like to provide your feedback, please click on the client feedback button below.

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From: Lively, Pamela
Sent: Wednesday, December 20, 2017 11:47 AM
To: 'Mansoori, Nina'; 'dup-john.s.lee@opg.com'; 'leslie.wong@opg.com'; 'Mayman, Gadi (OFA)'; 'Hunter, Rosalind'; 'Hanslep, Malle (MOF)'; 'ASHBOURNE, STEPHEN'; 'Whitfield, Tobias P. (MOF)'; 'Kandeepan, Ken (OFA)'; 'Manning, Mike (OFA)'; 'Kwan, Ronald (OFA)'; 'Thouin, Alena (ENERGY)'; 'McKinlay, Tom (MAG)'; 'VINER, JON'; 'PRESTAGE, JA'; 'Cayley, Daniel (ENERGY)'; 'sheen.liu@opg.com'; 'tyler.mcauley@opg.com'; 'clara.greco@opg.com'; 'matthew.go@opg.com'; 'anthea.yao@opg.com'; 'jenny.jorda@opg.com'; 'stuart.preston@opg.com'; 'john.drewniak@opg.com'; 'j.hahnparker@opg.com'; 'Alvi, Shariq'; 'Innes, Michael'; 'Stoddart, Jesse - Debt Capital Markets'; 'Rix, Lindsey - Legal'; 'Hume, Tyler'; 'Daou, Hadi'; 'Persad, Nicole'; 'mfitzpatrick@hunton.com'; 'aobrian@hunton.com'; 'Smith, Elliot'; 'King, Richard'; 'Royer, Kate'; 'Hughes, Timothy'; 'Adalja, Sunil'; 'Persaud, Donnie - Debt Capital Markets'; 'Sebastiano, Rocco'; 'Maciel, Andrew'; 'Benaiah, Ian'; 'Khan, Nur'; ''Niehaus, Katrina' (Katrina.Niehaus@gs.com)'; 'Delaney, Brian (Brian.Delaney@gs.com)'; 'Conner, Robbin'; 'Milligan, Peter'; 'Sebastiano, Rocco'; 'Fullerton, Rick'; Adam, Ahmad; Krowles, Geralyn; Morris, Eleonore; 'Peter Hamilton'; 'Michael Boll'; 'Anthony Martinello (Anthony.Martinello@ieso.ca)'; 'Jeannette Briggs (jeannette.briggs@ieso.ca)'; 'kim.marshall@ieso.ca'; RYFA Ken -TREASURY
Cc: Feldman, Michael; Ramchandani, Rima; Emes, Aaron; Olusoga, Yinka; Saulnier, Brett; Prado, Melissa; Dost, Mitchell
Subject: RE: Closing Mechanics - Fair Hydro

We are checking with our banker and will advise as soon as it is received.
Regards,

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LVTS #: LVTS65GI5S78DTR2
TD Bank wire confirmation number: TO171220B1432600

Nina Mansoori
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Sent: December-19-17 4:52 PM
To: 'dup-john.s.lee@opg.com' <john.s.lee@opg.com>; 'leslie.wong@opg.com' <leslie.wong@opg.com>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; Hunter, Rosalind <RHunter@osler.com>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>; Cayley, Daniel (ENERGY) <Daniel.Cayley@ontario.ca>; 'sheen.liu@opg.com' <sheen.liu@opg.com>; 'tyler.mcauley@opg.com' <tyler.mcauley@opg.com>; 'clara.greco@opg.com' <clara.greco@opg.com>; 'matthew.go@opg.com' <matthew.go@opg.com>; 'anthea.yao@opg.com' <anthea.yao@opg.com>; 'jenny.jorda@opg.com' <jenny.jorda@opg.com>; 'stuart.preston@opg.com' <stuart.preston@opg.com>; 'john.drewniak@opg.com'

<john.drewniak@opg.com>; 'j.hahnparker@opg.com' <j.hahnparker@opg.com>; 'Alvi, Shariq' <Shariq.Alvi@cibc.com>; Innes, Michael <MInnes@osler.com>; 'Stoddart, Jesse - Debt Capital Markets' <Jesse.Stoddart@cibc.com>; 'Rix, Lindsey - Legal' <Lindsey.Rix@cibc.com>; 'Hume, Tyler' <Tyler.Hume@cibc.com>; 'Daou, Hadi' <Hadi.Daou@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'mfitzpatrick@hunton.com' <mfitzpatrick@hunton.com>; 'aobrian@hunton.com' <aobrian@hunton.com>; Smith, Elliot <ESmith@osler.com>; King, Richard <rking@osler.com>; Royer, Kate <KRoyer@osler.com>; Hughes, Timothy <THughes@osler.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; Sebastiano, Rocco <RSebastiano@osler.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Benaiah, Ian' <ian.benaiah@rbccm.com>; 'Khan, Nur' <nur.khan@rbccm.com>; ''Niehaus, Katrina' (Katrina.Niehaus@gs.com)' <Katrina.Niehaus@gs.com>; 'Delaney, Brian (Brian.Delaney@gs.com)' <Brian.Delaney@gs.com>; 'Conner, Robbin' <Robbin.Conner@gs.com>; 'Milligan, Peter' <PMilligan@osler.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Fullerton, Rick <RFullerton@osler.com>; 'Lively, Pamela' <Pamela.Lively@bnymellon.com>; Adam, Ahmad <Ahmad.Adam@bnymellon.com>; Krowles, Geralyn <Geralyn.Krowles@BNYMellon.com>; Morris, Eleonore <Eleonore.Morris@bnymellon.com>; Peter Hamilton <PHamilton@stikeman.com>; Michael Boll <Michael.Boll@ieso.ca>; Anthony Martinello (Anthony.Martinello@ieso.ca) <Anthony.Martinello@ieso.ca>; Jeannette Briggs (jeannette.briggs@ieso.ca) <jeannette.briggs@ieso.ca>; kim.marshall@ieso.ca
Cc: Feldman, Michael <mfeldman@torys.com>; Ramchandani, Rima <rramchandani@torys.com>; Emes, Aaron <aemes@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Prado, Melissa <mprado@torys.com>; Dost, Mitchell <mdost@torys.com>; Mansoori, Nina <nmansoori@torys.com>
Subject: Closing Mechanics - Fair Hydro
Importance: High

Dear all,

As you know we are closing the warehouse financing this coming Thursday, December 21 at 9 am. We have set out below the pre-closing and closing mechanics to ensure all parties know what to expect. Please let us know as soon as possible if you have any questions. Thank you.

Wednesday, December 20, 2017

- **by 10 am**, all legal counsel to deliver their client's signature pages and all signed legal opinions in escrow to Torys
- **by 10 am**, the Trust will be formed and Torys will provide the IESO with the necessary documentation to wire the carrying costs
- **by noon**, IESO will wire C$6,000,000 representing the carrying costs to the Collection Account and circulate a wire confirmation to this group
- Oslers, Stikemans and Blakes are welcome to attend the closing room at Torys from 1 pm onwards to review applicable documentation (or request that documentation by email)
- by close of business, Oslers, Stikemans, Blakes and Torys to confirm to their respective clients that the applicable documents are in satisfactory form and Oslers to confirm to lenders that all CPs to closing are satisfied (subject to OPG's funding of the

subordinated debt and payment of lender fees)

Thursday, December 21, 2017

- this group will hold a call at 9 am so that each counsel can confirm release of their clients' signature pages from escrow (Torys to send a calendar invite with call-in details)
- OPG will wire C$117,900,000 representing the Junior Subordinated Debt proceeds to the IESO and circulate a wire confirmation to this group
- OPG will wire C$459,810,000 representing the Subordinated Debt proceeds to the IESO and circulate a wire confirmation to this group
- BNY will wire C$650,000 (for fees) to CIBC per the wire details on Schedule B of the attached global direction and circulate a wire confirmation to this group
- BNY will wire C$650,000 (for fees) to RBC per the wire details on Schedule B of the attached global direction and circulate a wire confirmation to this group
- BNY will wire C$300,000 (for fees) to Goldman per the wire details on Schedule B of the attached global direction and circulate a wire confirmation to this group
- Upon receipt of the tracking numbers for the two OPG wires and three BNY wires above:
    - CIBC will transfer C$244,274,062.50 to IESO per the wire details on Schedule A of the attached global direction
    - RBC will transfer C$244,274,062.50 to IESO per the wire details on Schedule A of the attached global direction
    - Goldman will transfer C$112,741,875.00 to IESO per the wire details on Schedule A of the attached global direction
- IESO to confirm to this group receipt of all wires sent to them above
- CIBC, RBC and Goldman to confirm to this group receipt of all fees wired above
- Oslers to circulate email to this group confirming closing of warehouse financing

Nina Mansoori
P. 416.865.7332

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of viruses.

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Your Feedback
Is Important

From:	Hanslep, Malle (MOF)
To:	ASHBOURNE, STEPHEN; Ken Kandeepan; Mike Manning; Tobias P. Whitfield (MOF)
Cc:	Gadi Mayman; Anna Strathy
Subject:	RE: Conference Call
Date:	Tuesday, December 05, 2017 1:59:26 PM

Ok so 2;30 sounds good.

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: December 5, 2017 1:59 PM
To: Hanslep, Malle (MOF); Kandeepan, Ken (OFA); Manning, Mike (OFA); Whitfield, Tobias P. (MOF)
Cc: Mayman, Gadi (OFA); Strathy, Anna (OFA)
Subject: RE: Conference Call

I can do a call at 2:30.

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

Blake, Cassels & Graydon LLP
199 Bay Street, Suite 4000, Toronto ON M5L 1A9
Tel: 416-863-2400 Fax: 416-863-2653
blakes.com[blakes.com] | **Twitter**[twitter.com] | **Unsubscribe**[blakes.com]
Blake, Cassels & Graydon LLP | Barristers & Solicitors | Patent & Trade-mark Agents
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From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Tuesday, December 05, 2017 1:52 PM
To: Kandeepan, Ken (OFA); ASHBOURNE, STEPHEN; Manning, Mike (OFA); Whitfield, Tobias P. (MOF)
Cc: Mayman, Gadi (OFA); Strathy, Anna (OFA)
Subject: RE: Conference Call

Thanks. We'll wait to hear from Steve and Toby but hopefully 2:30 will work.
Once we are confirmed then we should send John Lee/Les Wong and email confirming the time.
I asked if they could please identify the specific sections that might be problematic to us, rather than they taking back and rewriting.

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: December 5, 2017 1:38 PM
To: Hanslep, Malle (MOF); ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com); Manning, Mike (OFA); Whitfield, Tobias P. (MOF)
Cc: Mayman, Gadi (OFA); Strathy, Anna (OFA)
Subject: RE: Conference Call

I am ok as well

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Tuesday, December 05, 2017 1:36 PM
To: ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com) <STEPHEN.ASHBOURNE@blakes.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Ken

Kandeepan <Ken.Kandeepan@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Cc: Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: Conference Call
I understand from OPG that there are some accounting concerns about certain provisions of the process agreement. Possibly the "object to" wording. OPG would like to have a call with us to identify those provisions to us. Please let us know if you are available for call at 2:30 or later. I think Mike is available from 2:30 on.
Thanks,
Malle

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From: ASHBOURNE, STEPHEN
To: Malle Hanslep (MOF); Ken Kandeepan; Mike Manning; Tobias P. Whitfield (MOF)
Cc: Gadi Mayman; Anna Strathy
Subject: RE: Conference Call
Date: Tuesday, December 05, 2017 1:58:49 PM

I can do a call at 2:30.

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

———————————————

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199 Bay Street, Suite 4000, Toronto ON M5L 1A9
Tel: 416-863-2400 Fax: 416-863-2653
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Sent: Tuesday, December 05, 2017 1:52 PM
To: Kandeepan, Ken (OFA); ASHBOURNE, STEPHEN; Manning, Mike (OFA); Whitfield, Tobias P. (MOF)
Cc: Mayman, Gadi (OFA); Strathy, Anna (OFA)
Subject: RE: Conference Call

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Sent: December 5, 2017 1:38 PM
To: Hanslep, Malle (MOF); ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com); Manning, Mike (OFA); Whitfield, Tobias P. (MOF)
Cc: Mayman, Gadi (OFA); Strathy, Anna (OFA)
Subject: RE: Conference Call

I am ok as well

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Sent: Tuesday, December 05, 2017 1:36 PM
To: ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com) <STEPHEN.ASHBOURNE@blakes.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Cc: Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: Conference Call

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From:	Hanslep, Malle (MOF)
To:	Ken Kandeepan; ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com); Mike Manning; Tobias P. Whitfield (MOF)
Cc:	Gadi Mayman; Anna Strathy
Subject:	RE: Conference Call
Date:	Tuesday, December 05, 2017 1:52:15 PM

Thanks. We'll wait to hear from Steve and Toby but hopefully 2:30 will work.
Once we are confirmed then we should send John Lee/Les Wong and email confirming the time.
I asked if they could please identify the specific sections that might be problematic to us, rather than they taking back and rewriting.

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: December 5, 2017 1:38 PM
To: Hanslep, Malle (MOF); ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com); Manning, Mike (OFA); Whitfield, Tobias P. (MOF)
Cc: Mayman, Gadi (OFA); Strathy, Anna (OFA)
Subject: RE: Conference Call

I am ok as well

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Tuesday, December 05, 2017 1:36 PM
To: ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com) <STEPHEN.ASHBOURNE@blakes.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Cc: Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: Conference Call

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From:	Ken Kandeepan
To:	Malle Hanslep (MOF); ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com); Mike Manning; Tobias P. Whitfield (MOF)
Cc:	Gadi Mayman; Anna Strathy
Subject:	RE: Conference Call
Date:	Tuesday, December 05, 2017 1:37:57 PM

I am ok as well

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: Tuesday, December 05, 2017 1:36 PM

To: ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com) ; Mike Manning ; Ken Kandeepan ; Tobias P. Whitfield (MOF)

Cc: Gadi Mayman ; Anna Strathy

Subject: Conference Call

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Thanks,
Malle

From: Hanslep, Malle (MOF)
To: Tobias P. Whitfield (MOF); ASHBOURNE, STEPHEN; Ken Kandeepan; Mike Manning
Cc: Gadi Mayman; Anna Strathy
Subject: RE: Conference Call
Date: Tuesday, December 05, 2017 2:09:19 PM

Good. Thanks.

From: Whitfield, Tobias P. (MOF)
Sent: December 5, 2017 2:08 PM
To: ASHBOURNE, STEPHEN; Hanslep, Malle (MOF); Kandeepan, Ken (OFA); Manning, Mike (OFA)
Cc: Mayman, Gadi (OFA); Strathy, Anna (OFA)
Subject: Re: Conference Call

I can also do 2:30

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
777 Bay Street, 11th Floor
Toronto, ON, M5G 2C8
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: ASHBOURNE, STEPHEN
Sent: Tuesday, December 5, 2017 1:58 PM
To: Hanslep, Malle (MOF); Kandeepan, Ken (OFA); Manning, Mike (OFA); Whitfield, Tobias P. (MOF)
Cc: Mayman, Gadi (OFA); Strathy, Anna (OFA)
Subject: RE: Conference Call

I can do a call at 2:30.

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

Blake, Cassels & Graydon LLP
199 Bay Street, Suite 4000, Toronto ON M5L 1A9
Tel: 416-863-2400 Fax: 416-863-2653
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Cc: Mayman, Gadi (OFA); Strathy, Anna (OFA)
Subject: RE: Conference Call

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Cc: Mayman, Gadi (OFA); Strathy, Anna (OFA)
Subject: RE: Conference Call

I am ok as well

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Cc: Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
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From:	ASHBOURNE, STEPHEN
To:	Malle Hanslep (MOF); Mike Manning; Tobias P. Whitfield (MOF); VINER, JON
Subject:	RE: DRAFT email
Date:	Monday, December 04, 2017 3:09:28 PM
Attachments:	12923292-v3-Rider.DOCX 12923292-vpdf-Rider.PDF

Malle, attached are a few comments for your consideration. Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

———————————————

Blake, Cassels & Graydon LLP
199 Bay Street, Suite 4000, Toronto ON M5L 1A9
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From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Monday, December 04, 2017 1:29 PM
To: Manning, Mike (OFA); ASHBOURNE, STEPHEN; Whitfield, Tobias P. (MOF); VINER, JON
Subject: DRAFT email

Here is a draft for review and editing.

As discussed, please find attached revised versions of the Protection Agreement and Process Agreement.

We have deleted Article VI and the assumption provisions of the Protection Agreement. The Province recognizes that it is not practical, given the constraints and timelines, to build these rights into the agreements at the present time. In addition, revisions have been made to s. 2.01(iv) to take into account the possibility of unguaranteed obligations existing at the time the Province is required to make payments under the limited guarantee.

We have revised the Process Agreement back to reflect the previous version as the purpose of the Process Agreement is to support sufficient meaningful information going to the Province with respect to obligations to be incurred. Although the Province was satisfied with removing some of the details and obligations contained in the certificate under the Protection Agreement in order to address the Dealers' concerns under the Protection Agreement, the same concerns and principles do not apply to the Process Agreement between the Province and OPG as FSM. In addition, we do not think it is appropriate from a timing perspective to move certain deliveries into recitals at this point as the process agreement already set out a clear process.

The Province has carefully considered all of the issues and suggestions raised by OPG and the Dealers in this draft of the agreements. We do not believe that any further business issues with these agreements should be raised unless they are important to the financeability [marketability?] of the Trust.

As discussed, please find attached revised versions of the Protection Agreement and Process Agreement.

We have tried to address all of the issues raised in the November 24th mark-up from Torys. In some cases, we have further simplified the arrangements, such as deleting the specific assumption option in favour of the Province previously included in the Protection Agreement. The Province recognizes that it is not practical, given the constraints and timelines, to build these rights into the agreements at the present time. In addition, revisions have been made to s. 2.01(a)iv to address the Province's subrogation entitlements following payment in full of the Approved Obligations. This is somewhat complicated by the possibility of unguaranteed obligations existing at the time the Province has fulfilled all of its payment obligations under the limited guarantee, and so we have suggested a simplified approach to addressing the priorities of those remaining cash amounts when they arise (see s.2.01(a)ivD).

We have revised the Process Agreement back to reflect the previous version as the purpose of the Process Agreement is to support sufficient meaningful information going to the Province with respect to obligations to be incurred. Although the Province was satisfied with removing some of the details and obligations contained in the certificate under the Protection Agreement in order to address the Dealers' concerns under the Protection Agreement, the same concerns and principles do not apply to the Process Agreement between the Province and OPG as FSM. In addition, we do not think it is appropriate from a timing perspective to move certain deliveries into recitals at this point as the process agreement already sets out a clear process.

The Province has carefully considered all of the issues and suggestions raised by OPG and the Dealers in this draft of the agreements. We do not believe that any further business issues with these agreements should be raised unless they are important to the financeability of the Trust.

As discussed, please find attached revised versions of the Protection Agreement and Process Agreement.

We have ~~deleted Article VI and the assumption provisions of~~tried to address all of the issues raised in the November 24th mark-up from Torys. In some cases, we have further simplified the arrangements, such as deleting the specific assumption option in favour of the Province previously included in the Protection Agreement. The Province recognizes that it is not practical, given the constraints and timelines, to build these rights into the agreements at the present time. In addition, revisions have been made to s. 2.01(a)iv~~) to take into account~~ to address the Province's subrogation entitlements following payment in full of the Approved Obligations. This is somewhat complicated by the possibility of unguaranteed obligations existing at the time the Province ~~is required to make payments~~has fulfilled all of its payment obligations under the limited guarantee, and so we have suggested a simplified approach to addressing the priorities of those remaining cash amounts when they arise (see s.2.01(a)ivD).

We have revised the Process Agreement back to reflect the previous version as the purpose of the Process Agreement is to support sufficient meaningful information going to the Province with respect to obligations to be incurred. Although the Province was satisfied with removing some of the details and obligations contained in the certificate under the Protection Agreement in order to address the Dealers' concerns under the Protection Agreement, the same concerns and principles do not apply to the Process Agreement between the Province and OPG as FSM. In addition, we do not think it is appropriate from a timing perspective to move certain deliveries into recitals at this point as the process agreement already ~~set~~sets out a clear process.

The Province has carefully considered all of the issues and suggestions raised by OPG and the Dealers in this draft of the agreements. We do not believe that any further business issues with these agreements should be raised unless they are important to the financeability ~~[marketability?]~~ of the Trust.

Document comparison by Workshare Compare on Monday, December 04, 2017 3:07:26 PM

Input:	
Document 1 ID	PowerDocs://TOR_2024/12923292/1
Description	TOR_2024-#12923292-v1-Rider
Document 2 ID	PowerDocs://TOR_2024/12923292/3
Description	TOR_2024-#12923292-v3-Rider
Rendering set	Standard

Legend:	
Insertion	
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~~Moved from~~	
Moved to	
Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	10
Deletions	8
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	18

From: Hanslep, Malle (MOF)
To: ASHBOURNE, STEPHEN; Mike Manning; Tobias P. Whitfield (MOF); VINER, JON
Subject: RE: DRAFT email
Date: Monday, December 04, 2017 3:16:35 PM

Hi – I'm fine with all of those changes.

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: December 4, 2017 3:09 PM
To: Hanslep, Malle (MOF); Manning, Mike (OFA); Whitfield, Tobias P. (MOF); VINER, JON
Subject: RE: DRAFT email
Malle, attached are a few comments for your consideration. Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

Blake, Cassels & Graydon LLP
199 Bay Street, Suite 4000, Toronto ON M5L 1A9
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From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Monday, December 04, 2017 1:29 PM
To: Manning, Mike (OFA); ASHBOURNE, STEPHEN; Whitfield, Tobias P. (MOF); VINER, JON
Subject: DRAFT email
Here is a draft for review and editing.
As discussed, please find attached revised versions of the Protection Agreement and Process Agreement.
We have deleted Article VI and the assumption provisions of the Protection Agreement. The Province recognizes that it is not practical, given the constraints and timelines, to build these rights into the agreements at the present time. In addition, revisions have been made to s. 2.01(iv) to take into account the possibility of unguaranteed obligations existing at the time the Province is required to make payments under the limited guarantee.
We have revised the Process Agreement back to reflect the previous version as the purpose of the Process Agreement is to support sufficient meaningful information going to the Province with respect to obligations to be incurred. Although the Province was satisfied with removing some of the details and obligations contained in the certificate under the Protection Agreement in order to address the Dealers' concerns under the Protection Agreement, the same concerns and principles

do not apply to the Process Agreement between the Province and OPG as FSM. In addition, we do not think it is appropriate from a timing perspective to move certain deliveries into recitals at this point as the process agreement already set out a clear process.

The Province has carefully considered all of the issues and suggestions raised by OPG and the Dealers in this draft of the agreements. We do not believe that any further business issues with these agreements should be raised unless they are important to the financeability [marketability?] of the Trust.

From:	Anna Strathy
To:	Malle Hanslep (MOF)
Cc:	Mike Manning; Tobias P. Whitfield (MOF)
Subject:	RE: Defeasance Scenario
Date:	Thursday, November 23, 2017 4:08:48 PM

Hi Malle, I just got off the phone with Gadi and he was hoping we could have a quick call tomorrow morning with you and Mike to discuss the defeasance scenario. Per his email below, he's not convinced that this solution actually solves the problem, but he'd like to discuss it further.
Is there a good time for you and Toby tomorrow morning? Gadi's pretty open.

From: Gadi Mayman
Sent: Thursday, November 23, 2017 3:43 PM
To: VINER, JON
Cc: Mike Manning ; Ken Kandeepan ; Anna Strathy ; Malle Hanslep (MOF) ; Tobias P. Whitfield (MOF) ; ASHBOURNE, STEPHEN
Subject: Re: Defeasance Scenario
Thanks Jon. I wasn't able to join the call today about defeasance, and appreciate the effort being put into this option, but I think that it's too early to send this to OPG, as I'm not yet convinced that it achieves the business goal of a clean exit from the trust debt if the assumption were to be exercised.
Thanks,
Gadi

On Nov 23, 2017, at 3:32 PM, VINER, JON <JON.VINER@blakes.com> wrote:

> All,
> Please find attached a revised copy of the Defeasance Proposal to send to OPG and the dealers for their consideration. As discussed this afternoon, we believe the Province should send this proposal and request that OPG and the dealers provide their thoughts/comments as soon as possible.
> Kind regards,
> Jon
> Jon Viner
> Associate
> jon.viner@blakes.com
> Dir: 416-863-2499
>
> ————————————
>
> **Blake, Cassels & Graydon LLP**
> 199 Bay Street, Suite 4000, Toronto ON M5L 1A9
> Tel: 416-863-2400 Fax: 416-863-2653
> **blakes.com**[blakes.com] **| Twitter**[twitter.com] **| Unsubscribe**[blakes.com]
>
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<12922051-v2-Defeasance Scenario (OPG Trust).DOCX>

From:	Ronald Kwan
To:	Gadi Mayman; Ken Kandeepan; Mike Manning; Anna Strathy
Subject:	RE: Discuss status before 10:00 Fair Hydro Call
Date:	Tuesday, December 12, 2017 9:28:55 AM

Hi,

I'm double-booked. I'll try to get there when I can.

Ron

-----Original Appointment-----
From: Hresa Gavaris
Sent: December-12-17 09:27
To: Gadi Mayman; Ken Kandeepan; Mike Manning; Ronald Kwan; Malle Hanslep (MOF); Tobias P. Whitfield (MOF); 'stephen.ashbourne@blakes.com'; Anna Strathy
Subject: Discuss status before 10:00 Fair Hydro Call
When: December-12-17 09:30-10:00 (UTC-05:00) Eastern Time (US & Canada).
Where: Teleconference Call in Executive Boardroom

Local dial-in number: 416-212-8011 Conference ID: 4717656

From:	Whitfield, Tobias P. (MOF)
To:	Mike Manning; Ken Kandeepan; Anna Strathy; stephen.ashbourne@blakes.com
Subject:	RE: Discussion of FHP drafts
Date:	Monday, December 18, 2017 2:25:42 PM

Please use this number:

416-212-8010

Toll Free: 1-866-602-5423

Participant Passcode: 3860643#

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

-----Original Appointment-----
From: Whitfield, Tobias P. (MOF)
Sent: December 18, 2017 1:50 PM
To: Whitfield, Tobias P. (MOF); Manning, Mike (OFA) (Mike.Manning@ofina.on.ca); Kandeepan, Ken (OFA); Strathy, Anna (OFA); stephen.ashbourne@blakes.com
Subject: Discussion of FHP drafts
When: December 18, 2017 2:30 PM-3:30 PM (UTC-05:00) Eastern Time (US & Canada).
Where: Teleconference (number to follow)

From: Mike Manning
To: "LEE John -TREASURY"
Subject: RE: EXTERNAL - Fwd: financing plan
Date: Thursday, December 07, 2017 10:44:27 AM

Hi John:
When do you think the financing plan will be finalized, as opposed to in draft form? Just wondering as could impact meeting with the Ministers scheduled for next week.

Mike

-----Original Message-----
From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: Wednesday, December 06, 2017 1:30 PM
To: Mike Manning <Mike.Manning@ofina.on.ca>
Subject: FW: EXTERNAL - Fwd: financing plan

As requested.

-----Original Message-----
From: LEE John -TREASURY
Sent: Tuesday, December 05, 2017 8:48 AM
To: 'Christie, Tim (ENERGY)' <Tim.Christie@ontario.ca>
Cc: LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; LIU Sheen -TREASURY <sheen.liu@opg.com>
Subject: RE: EXTERNAL - Fwd: financing plan

Attached is the most current version.

-----Original Message-----
From: Christie, Tim (ENERGY) [mailto:Tim.Christie@ontario.ca]
Sent: Tuesday, December 05, 2017 8:44 AM
To: LEE John -TREASURY <john.s.lee@opg.com>
Subject: EXTERNAL - Fwd: financing plan

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John, see below. Is there a more recent draft?

_____
From: Hume, Steen (ENERGY) <steen.hume@ontario.ca>
Sent: Tuesday, December 5, 2017 8:37 AM
Subject: RE: financing plan
To: Christie, Tim (ENERGY) <tim.christie@ontario.ca>
Cc: Cox, Hilary (ENERGY) <hilary.cox@ontario.ca>

Thanks Tim. Next week seems fine to finalize the report, but can we have another opportunity to review and comment? Would like to give DM and MO an opportunity to weigh in before we finalize.

Is it possible to get another draft this week from OPG, minus the final commentary from the rating agencies. Something we could send up to for Thursday?

Steen

From: Christie, Tim (ENERGY)
Sent: December 4, 2017 4:59 PM
To: Hume, Steen (ENERGY)
Cc: Cox, Hilary (ENERGY)
Subject: financing plan

Steen, I spoke to John L this afternoon about the timing for the final financing plan. I think early next week is the best option as it will allow the plan to incorporate any information coming out of the rating agency process, which is expected to conclude this week. Let me know if you agree with that timing.

Tim

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From: LEE John -TREASURY
To: Mike Manning
Subject: RE: EXTERNAL - Fwd: financing plan
Date: Thursday, December 07, 2017 10:52:56 AM

We will finalize next week once Guarantee is in final form as it is critical document. Also need to confirm with Moodys on any structural elements this week.

-----Original Message-----
From: Mike Manning [mailto:Mike.Manning@ofina.on.ca]
Sent: Thursday, December 07, 2017 10:44 AM
To: LEE John -TREASURY <john.s.lee@opg.com>
Subject: RE: EXTERNAL - Fwd: financing plan

Hi John:
When do you think the financing plan will be finalized, as opposed to in draft form? Just wondering as could impact meeting with the Ministers scheduled for next week.

Mike

-----Original Message-----
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Sent: Wednesday, December 06, 2017 1:30 PM
To: Mike Manning <Mike.Manning@ofina.on.ca>
Subject: FW: EXTERNAL - Fwd: financing plan

As requested.

-----Original Message-----
From: LEE John -TREASURY
Sent: Tuesday, December 05, 2017 8:48 AM
To: 'Christie, Tim (ENERGY)' <Tim.Christie@ontario.ca>
Cc: LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; LIU Sheen -TREASURY <sheen.liu@opg.com>
Subject: RE: EXTERNAL - Fwd: financing plan

Attached is the most current version.

-----Original Message-----
From: Christie, Tim (ENERGY) [mailto:Tim.Christie@ontario.ca]
Sent: Tuesday, December 05, 2017 8:44 AM
To: LEE John -TREASURY <john.s.lee@opg.com>
Subject: EXTERNAL - Fwd: financing plan

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John, see below. Is there a more recent draft?

_____
From: Hume, Steen (ENERGY) <steen.hume@ontario.ca>
Sent: Tuesday, December 5, 2017 8:37 AM
Subject: RE: financing plan

To: Christie, Tim (ENERGY) <tim.christie@ontario.ca>
Cc: Cox, Hilary (ENERGY) <hilary.cox@ontario.ca>

Thanks Tim. Next week seems fine to finalize the report, but can we have another opportunity to review and comment? Would like to give DM and MO an opportunity to weigh in before we finalize.

Is it possible to get another draft this week from OPG, minus the final commentary from the rating agencies. Something we could send up to for Thursday?

Steen

From: Christie, Tim (ENERGY)
Sent: December 4, 2017 4:59 PM
To: Hume, Steen (ENERGY)
Cc: Cox, Hilary (ENERGY)
Subject: financing plan

Steen, I spoke to John L this afternoon about the timing for the final financing plan. I think early next week is the best option as it will allow the plan to incorporate any information coming out of the rating agency process, which is expected to conclude this week. Let me know if you agree with that timing.

Tim

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From: Mike Manning
To: Ken Kandeepan
Subject: RE: EXTERNAL – Change of Law Protection Agreement
Date: Monday, December 11, 2017 8:55:55 AM

Can discuss

-----Original Message-----
From: Ken Kandeepan
Sent: Monday, December 11, 2017 8:50 AM
To: 'LEE John -TREASURY' <john.s.lee@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>
Cc: LADAK Lubna -TREASURY <lubna.ladak@opg.com>
Subject: RE: EXTERNAL – Change of Law Protection Agreement

Hi John

Note sure if you have already called Mike if so I will get the info from him, if not let me know when you intend to call and I will walk over to Mike's office

Thanks

Ken k

-----Original Message-----
From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: Monday, December 11, 2017 7:45 AM
To: Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: LADAK Lubna -TREASURY <lubna.ladak@opg.com>
Subject: Re: EXTERNAL – Change of Law Protection Agreement

Was not successful getting them to agree to the compromise proposal last night. They want face to face with Gadi and/or yourselves on their position.

On way in. Will call you closer to 830

Sent with BlackBerry Work (www.blackberry.com) _____
From: LEE John -TREASURY <john.s.lee@opg.com>
Sent: Dec 10, 2017 10:44 PM
To: Mike Manning <mmanning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: LADAK Lubna -TREASURY <lubna.ladak@opg.com>
Subject: Fwd: EXTERNAL – Change of Law Protection Agreement

See Dealers comments

Sent with BlackBerry Work (www.blackberry.com) _____
From: "Niehaus, Katrina" <Katrina.Niehaus@gs.com>
Sent: Dec 10, 2017 8:02 PM
To: LEE John -TREASURY <john.s.lee@opg.com>
Cc: '"David Dal Bello (david.dalbello@rbccm.com)"' <david.dalbello@rbccm.com>; '"Benaiah, Ian"' <ian.benaiah@rbccm.com>; '"geoffrey.reeves@cibc.com"' <geoffrey.reeves@cibc.com>; '"Persaud, Donnie - Debt Capital Markets"' <Donnie.Persaud@cibc.com>; '"Maciel, Andrew"' <Andrew.Maciel@cibc.com>; '"Adalja, Sunil"' <Sunil.Adalja@cibc.com>; "Bolster, Brian" <brian.bolster@gs.com>; "Sabri, Salina" <Salina.Sabri@gs.com>; "Delaney, Brian" <Brian.Delaney@gs.com>
Subject: EXTERNAL – Change of Law Protection Agreement

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John,

We plan to discuss the below on the call with you at 8:30, but wanted to formalize our thoughts in email for your reference. The Friday draft with the changes to Section 2.01 and to the Adherence Conditions was materially worse from our perspective than the draft which we received from the Province last Monday. The document as is does not work, and we are at the point that continuing iterations around the agreement endangers the closing of the warehouse facility prior to year-end.

More complete thoughts below, but in summary: in order for the rating agencies to rate a deal and the Dealers to be able to close the warehouse financing, the Change of Law Protection Agreement will need to be in the form proposed by Osler/Torys in the draft of December 7 (with the exception that section 2.01(a)iv(D) be entirely deleted (or revised as noted below) as the concepts in section 2.01(a)(iv)(D) in any form will require material changes to the MTI).
Best,
Katrina

****

With respect to the Adherence Conditions, the Dealers have been consistent with our concerns that there should not be trips or traps that could prevent the ability of a Primary Obligation to become an Approved Obligation. Furthermore, we have stressed the importance of the Adherence Conditions not preventing the ability to effect a Refinancing of an Approved Obligation. Our strong preference has been all along that there be no Adherence Conditions; however, in light of the Province's insistence that it needed a level of control that went beyond the protections set out in the Change of Law Process Agreement, we agreed to consider the existence of straightforward Adherence Conditions. The draft of the Adherence Conditions and Adherence Compliance Certificates which were reflect in our draft of the Change of Law Protection Agreement of Thursday evening is as far as the Dealers are prepared to accept under the circumstances.
As relates to the Province's right to object to a Transaction Document under the Process Agreement in connection with a Refinancing, that should remain an issue as between the Province and the FSM and should not be a risk passed on to the Dealers under the Change or Law Protection Agreement. To be clear, the concern with the Province's ability to object to a Refinancing is not simply one which arises following the occurrence of a suspension event. The Dealers have included a step-up in market pricing to deal with a market disruption event which causes a delay in the timing of the Refinancing, but the Dealers are not in a position to accept the risk that a Refinancing cannot proceed, for example, because the rating agencies have determined that there needs to be a change to the Program Agreements. Furthermore, the requirements relating to a Refinancing need to apply equally to any Refinancing, including the refinancing of any term debt.
As relates to Protection Events, we need a clear and objective standard to determine what would satisfy a "materially and adversely" threshold. To be clear, this is not simply an issue raised by the rating agencies. The Dealers have been concerned with this issue dating back to our review of the Province's term sheet. This was included as one of the specific items that the Dealers were concerned about as summarized in the email from Osler to the Province back in September and we expressly asked that it be deleted from the term sheet. Notwithstanding our stated position on this issue, we agreed to permit the "materially and adversely" threshold to remain in the definition provided that there is an objective standard to be able to satisfy this threshold condition which is reflected in our draft "for clarity" language in the definition. Without an objective standard, we would be faced with the potential of a drawn out dispute with the Province before the Province would be obligated to honor its obligations under the Limited Guarantee; for example, would a $10 million impact of the warehouse or another tranche of debt be "material" in the context of $8 to $10 billion in debt at the end of the moratorium period? This is not a risk which the Dealers can take in the face of a Protection Event. The Province must stand behind the Limited Guarantee if there is a downgrade or other negative impact on the rating of such debt which arises because of an event contemplated in the definition of Protection Event.
As relates to section 2.01 of the Friday draft (or the Monday draft), we do not understand why the Limited Guarantee has to include any provisions to deal with the "theoretical" possibility that the Province's subrogation rights to collect on amounts paid under Approved Obligations would compete with then-existing Primary Obligations which are not Approved Obligations. The Program Agreements already contemplate a restriction on the FSM issuing Certified Primary Obligations which are not Approved Obligations. The changes to section 2.01 (as set out in Section 2.01 (a)iv(D) and then further expended by the Province in Friday's draft under Section 2.01(a)v) proposed by the Province to address this "theoretical" possibility would undermine this approach and would require us to explain to the Rating Agencies why the MTI needs extensive revisions to address something which is not supposed to happen. The implications of this would most certainly result in a delay in the rating agency process and would jeopardize the ability to close the warehouse financing before December 31. This is not acceptable and we require that these concepts be abandoned.
As a side note, we have been advised that Blakes today proposed a revised draft of Section 2.01(a) which is somewhat consistent with a proposed draft of Section 2.01(a) which Torys and Osler jointly prepared last Tuesday/Wednesday which Blakes completely dismissed at that time. If this revised draft can be implemented with minimal revisions to the MTI, then we may be prepared to move forward on that basis; however, given that we no longer have any luxury of time, we need Torys and Osler to advise us by the latest midday on Monday as to whether this alternate approach is feasible under the current constraints.

Goldman Sachs

200 West Street | 7th Floor | New York, New York 10282-2198
Tel: 212-357-8161 | Fax: 212-256-5491
Katrina.Niehaus@gs.com<mailto:Katrina.Niehaus@gs.com>

Katrina T. Niehaus
Managing Director
Investment Banking Division

_____

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From: Ken Kandeepan
To: "LEE John -TREASURY"; Mike Manning
Cc: LADAK Lubna -TREASURY
Subject: RE: EXTERNAL – Change of Law Protection Agreement
Date: Monday, December 11, 2017 8:50:14 AM

Hi John

Note sure if you have already called Mike if so I will get the info from him, if not let me know when you intend to call and I will walk over to Mike's office

Thanks

Ken k

-----Original Message-----
From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: Monday, December 11, 2017 7:45 AM
To: Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: LADAK Lubna -TREASURY <lubna.ladak@opg.com>
Subject: Re: EXTERNAL – Change of Law Protection Agreement

Was not successful getting them to agree to the compromise proposal last night. They want face to face with Gadi and/or yourselves on their position.

On way in. Will call you closer to 830

Sent with BlackBerry Work (www.blackberry.com) _____
From: LEE John -TREASURY <john.s.lee@opg.com>
Sent: Dec 10, 2017 10:44 PM
To: Mike Manning <mmanning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: LADAK Lubna -TREASURY <lubna.ladak@opg.com>
Subject: Fwd: EXTERNAL – Change of Law Protection Agreement

See Dealers comments

Sent with BlackBerry Work (www.blackberry.com) _____
From: "Niehaus, Katrina" <Katrina.Niehaus@gs.com>
Sent: Dec 10, 2017 8:02 PM
To: LEE John -TREASURY <john.s.lee@opg.com>
Cc: "'David Dal Bello (david.dalbello@rbccm.com)'" <david.dalbello@rbccm.com>; "'Benaiah, Ian'" <ian.benaiah@rbccm.com>; "'geoffrey.reeves@cibc.com'" <geoffrey.reeves@cibc.com>; "'Persaud, Donnie - Debt Capital Markets'" <Donnie.Persaud@cibc.com>; "'Maciel, Andrew'" <Andrew.Maciel@cibc.com>; "'Adalja, Sunil'" <Sunil.Adalja@cibc.com>; "Bolster, Brian" <brian.bolster@gs.com>; "Sabri, Salina" <Salina.Sabri@gs.com>; "Delaney, Brian" <Brian.Delaney@gs.com>
Subject: EXTERNAL – Change of Law Protection Agreement

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John,

We plan to discuss the below on the call with you at 8:30, but wanted to formalize our thoughts in email for your reference. The Friday draft with the changes to Section 2.01 and to the Adherence Conditions was materially worse from our perspective than the draft which we received from the Province last Monday. The document as is does not work, and we are at the point that continuing iterations around the agreement endangers the closing of the warehouse facility prior to year-end.

More complete thoughts below, but in summary: in order for the rating agencies to rate a deal and the Dealers to be able to close the warehouse financing, the Change of Law Protection Agreement will need to be in the form proposed by Osler/Torys in the draft of December 7 (with the exception that section 2.01(a)iv(D) be entirely deleted (or revised as noted below) as the concepts in section 2.01(a)(iv)(D) in any form will require material changes to the MTI).
Best,
Katrina

****

With respect to the Adherence Conditions, the Dealers have been consistent with our concerns that there should not be trips or traps that could prevent the ability of a Primary Obligation to become an Approved Obligation. Furthermore, we have stressed the importance of the Adherence Conditions not preventing the ability to effect a Refinancing of an Approved Obligation. Our strong preference has been all along that there be no Adherence Conditions; however, in light of the Province's insistence that it needed a level of control that went beyond the protections set out in the Change of Law Process Agreement, we agreed to consider the existence of straightforward Adherence Conditions. The draft of the Adherence Conditions and Adherence Compliance Certificates which were reflect in our draft of the Change of Law Protection Agreement of Thursday evening is as far as the Dealers are prepared to accept under the circumstances.

As relates to the Province's right to object to a Transaction Document under the Process Agreement in connection with a Refinancing, that should remain an issue as between the Province and the FSM and should not be a risk passed on to the Dealers under the Change or Law Protection Agreement. To be clear, the concern with the Province's ability to object to a Refinancing is not simply one which arises following the occurrence of a suspension event. The Dealers have included a step-up in market pricing to deal with a market disruption event which causes a delay in the timing of the Refinancing, but the Dealers are not in a position to accept the risk that a Refinancing cannot proceed, for example, because the rating agencies have determined that there needs to be a change to the Program Agreements. Furthermore, the requirements relating to a Refinancing need to apply equally to any Refinancing, including the refinancing of any term debt.

As relates to Protection Events, we need a clear and objective standard to determine what would satisfy a "materially and adversely" threshold. To be clear, this is not simply an issue raised by the rating agencies. The Dealers have been concerned with this issue dating back to our review of the Province's term sheet. This was included as one of the specific items that the Dealers were concerned about as summarized in the email from Osler to the Province back in September and we expressly asked that it be deleted from the term sheet. Notwithstanding our stated position on this issue, we agreed to permit the "materially and adversely" threshold to remain in the definition provided that there is an objective standard to be able to satisfy this threshold condition which is reflected in our draft "for clarity" language in the definition. Without an objective standard, we would be faced with the potential of a drawn out dispute with the Province before the Province would be obligated to honor its obligations under the Limited Guarantee; for example, would a $10 million impact of the warehouse or another tranche of debt be "material" in the context of $8 to $10 billion in debt at the end of the moratorium period? This is not a risk which the Dealers can take in the face of a Protection Event. The Province must stand behind the Limited Guarantee if there is a downgrade or other negative impact on the rating of such debt which arises because of an event contemplated in the definition of Protection Event.

As relates to section 2.01 of the Friday draft (or the Monday draft), we do not understand why the Limited Guarantee has to include any provisions to deal with the "theoretical" possibility that the Province's subrogation rights to collect on amounts paid under Approved Obligations would compete with then-existing Primary Obligations which are not Approved Obligations. The Program Agreements already contemplate a restriction on the FSM issuing Certified Primary Obligations which are not Approved Obligations. The changes to section 2.01 (as set out in Section 2.01 (a)iv(D) and then further expended by the Province in Friday's draft under Section 2.01(a)v) proposed by the Province to address this "theoretical" possibility would undermine this approach and would require us to explain to the Rating Agencies why the MTI needs extensive revisions to address something which is not supposed to happen. The implications of this would most certainly result in a delay in the rating agency process and would jeopardize the ability to close the warehouse financing before December 31. This is not acceptable and we require that these concepts be abandoned.

As a side note, we have been advised that Blakes today proposed a revised draft of Section 2.01(a) which is somewhat consistent with a proposed draft of Section 2.01(a) which Torys and Osler jointly prepared last Tuesday/Wednesday which Blakes completely dismissed at that time. If this revised draft can be implemented with minimal revisions to the MTI, then we may be prepared to move forward on that basis; however, given that we no longer have any luxury of time, we need Torys and Osler to advise us by the latest midday on Monday as to whether this alternate approach is feasible under the current constraints.

Goldman Sachs

200 West Street | 7th Floor | New York, New York 10282-2198
Tel: 212-357-8161 | Fax: 212-256-5491
Katrina.Niehaus@gs.com<mailto:Katrina.Niehaus@gs.com>

Katrina T. Niehaus
Managing Director
Investment Banking Division

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26sdata-3Dhi-252F-252FtccYflSUHDsC6VbynkZKGH4bIJt47uttdronUcg-253D-26reserved-3D0&d=DwIF-g&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=sDTjf9tVmfT9K92u269doOHn6NwIN5Soa0mhVrZmimM&m=3i6cRd-vtTFGtoH4hB9uUvGtw0xaDiOlmJSCC3HOkeI&s=1umJgReqgtPBxQVhXt3DbjxT98Smf6x5lnCkQN9-Gkc&e= > for important information regarding this message and your reliance on information contained in it. This message may contain information that is confidential or privileged. If you are not the intended recipient, please advise the sender immediately and delete this message. See the https://urldefense.proofpoint.com/v2/url?u=http-3A__www.gs.com_disclaimer_email_&d=DwIF-g&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=sDTjf9tVmfT9K92u269doOHn6NwIN5Soa0mhVrZmimM&m=3i6cRd-vtTFGtoH4hB9uUvGtw0xaDiOlmJSCC3HOkeI&s=g58nCMLYS7w2dPa0eaXS4k0r5RlhArkiykQrFgQycBU&e= <https://urldefense.proofpoint.com/v2/url?u=https-3A__na01.safelinks.protection.outlook.com_-3Furl-3Dhttp-253A-252F-252Fwww.gs.com-252Fdisclaimer-252Femail-252F-26data-3D02-257C01-257Cjohn.s.lee-2540opg.com-257Cccf66a30290b4ab24a6408d54032dea7-257C962f21cf93ea449f99bf402e2b2987b2-257C0-257C0-257C636485509596712979-26sdata-3Dz7BDCLAMXmQo3NJB6Sx-252BqmFWcAPU62tDoXW-252BSfoS4vE-253D-26reserved-3D0&d=DwIF-g&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=sDTjf9tVmfT9K92u269doOHn6NwIN5Soa0mhVrZmimM&m=3i6cRd-vtTFGtoH4hB9uUvGtw0xaDiOlmJSCC3HOkeI&s=M-BYnJpTwKri7PTs7ktmT5DGBayQOMyRphUW6ADjHFk&e= > for further information on confidentiality and the risks inherent in electronic communication.

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From: Ken Kandeepan
To: Mike Manning
Subject: RE: EXTERNAL – Change of Law Protection Agreement
Date: Monday, December 11, 2017 9:02:09 AM

Thanks Mike, have with Cindy now will come over when that is done.

-----Original Message-----
From: Mike Manning
Sent: Monday, December 11, 2017 8:56 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Subject: RE: EXTERNAL – Change of Law Protection Agreement

Can discuss

-----Original Message-----
From: Ken Kandeepan
Sent: Monday, December 11, 2017 8:50 AM
To: 'LEE John -TREASURY' <john.s.lee@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>
Cc: LADAK Lubna -TREASURY <lubna.ladak@opg.com>
Subject: RE: EXTERNAL – Change of Law Protection Agreement

Hi John

Note sure if you have already called Mike if so I will get the info from him, if not let me know when you intend to call and I will walk over to Mike's office

Thanks

Ken k

-----Original Message-----
From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: Monday, December 11, 2017 7:45 AM
To: Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: LADAK Lubna -TREASURY <lubna.ladak@opg.com>
Subject: Re: EXTERNAL – Change of Law Protection Agreement

Was not successful getting them to agree to the compromise proposal last night. They want face to face with Gadi and/or yourselves on their position.

On way in. Will call you closer to 830

Sent with BlackBerry Work (www.blackberry.com) _____
From: LEE John -TREASURY <john.s.lee@opg.com>
Sent: Dec 10, 2017 10:44 PM
To: Mike Manning <mmanning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: LADAK Lubna -TREASURY <lubna.ladak@opg.com>
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See Dealers comments

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From: "Niehaus, Katrina" <Katrina.Niehaus@gs.com>
Sent: Dec 10, 2017 8:02 PM
To: LEE John -TREASURY <john.s.lee@opg.com>
Cc: '"David Dal Bello (david.dalbello@rbccm.com)"' <david.dalbello@rbccm.com>; '"Benaiah, Ian"' <ian.benaiah@rbccm.com>; '"geoffrey.reeves@cibc.com"' <geoffrey.reeves@cibc.com>; '"Persaud, Donnie - Debt Capital Markets"' <Donnie.Persaud@cibc.com>; '"Maciel, Andrew"' <Andrew.Maciel@cibc.com>; '"Adalja, Sunil"' <Sunil.Adalja@cibc.com>; "Bolster, Brian" <brian.bolster@gs.com>; "Sabri, Salina" <Salina.Sabri@gs.com>; "Delaney, Brian" <Brian.Delaney@gs.com>
Subject: EXTERNAL – Change of Law Protection Agreement

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John,

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More complete thoughts below, but in summary: in order for the rating agencies to rate a deal and the Dealers to be able to close the warehouse financing, the Change of Law Protection Agreement will need to be in the form proposed by Osler/Torys in the draft of December 7 (with the exception that section 2.01(a)iv(D) be entirely deleted (or revised as noted below) as the concepts in section 2.01(a)(iv)(D) in any form will require material changes to the MTI).
Best,
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Katrina T. Niehaus
Managing Director
Investment Banking Division

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From: YAO Anthea -FUNDMGMT
To: Mansoori, Nina; LEE John -TREASURY; WONG Leslie -LAWDIV; Gadi Mayman; Hunter, Rosalind; Malle Hanslep (MOF); ASHBOURNE, STEPHEN; Tobias P. Whitfield (MOF); Ken Kandeepan; Mike Manning; Ronald Kwan; Thouin, Alena (ENERGY); Tom McKinlay (MAG); VINER, JON; PRESTAGE, JA; Daniel Cayley (ENERGY); LIU Sheen -TREASURY; MCAULEY Tyler -LAWDIV; GRECO Clara -LAWDIV; GO Matthew -TREASURY; JORDA Jenny -FIN & C CTRL; PRESTON Stuart -TREASURY; DREWNIAK John -TREASURY; HAHN PARKER Janet -TREASURY; "Alvi, Shariq"; Innes, Michael; "Stoddart, Jesse - Debt Capital Markets"; "Rix, Lindsey - Legal"; "Hume, Tyler"; "Daou, Hadi"; "Persad, Nicole"; "mfitzpatrick@hunton.com"; "aobrian@hunton.com"; Smith, Elliot; King, Richard; Royer, Kate; Hughes, Timothy; "Adalja, Sunil"; "Persaud, Donnie - Debt Capital Markets"; Sebastiano, Rocco; "Maciel, Andrew"; "Benaiah, Ian"; "Khan, Nur"; ""Niehaus, Katrina" (Katrina.Niehaus@gs.com)"; "Delaney, Brian (Brian.Delaney@gs.com)"; "Conner, Robbin"; "Milligan, Peter"; Sebastiano, Rocco; Fullerton, Rick; "Lively, Pamela"; Adam, Ahmad; Krowles, Geralyn; Morris, Eleonore; Peter Hamilton; Michael Boll; Anthony Martinello (Anthony.Martinello@ieso.ca); Jeannette Briggs (jeannette.briggs@ieso.ca); kim.marshall@ieso.ca; RYFA Ken -TREASURY
Cc: Feldman, Michael; Ramchandani, Rima; Emes, Aaron; Olusoga, Yinka; Saulnier, Brett; Prado, Melissa; Dost, Mitchell
Subject: RE: EXTERNAL – Closing Mechanics - Fair Hydro
Date: Wednesday, December 20, 2017 10:53:33 AM
Attachments: image001.png

All,
I will provide the LVTS numbers for the following two wire payments tomorrow morning.

12/21/2017	7000731	Independent Elect Sys Operator	117,900,000.00	CAD
12/21/2017	7000732	Independent Elect Sys Operator	459,810,000.00	CAD

Thanks,
Anthea

Anthea Yao | Ontario Power Generation
700 University Avenue, Suite H18 C2, Toronto, Ontario, M5G 1X6 | T416.592.5542 | F 416.592.4189 | E anthea.yao@opg.com

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: Tuesday, December 19, 2017 4:52 PM
To: LEE John -TREASURY ; WONG Leslie -LAWDIV ; Mayman, Gadi (OFA) ; Hunter, Rosalind ; 'Hanslep, Malle (MOF)' ; ASHBOURNE, STEPHEN ; Whitfield, Tobias P. (MOF) ; Kandeepan, Ken (OFA) ; Manning, Mike (OFA) ; Kwan, Ronald (OFA) ; Thouin, Alena (ENERGY) ; McKinlay, Tom (MAG) ; VINER, JON ; PRESTAGE, JA ; Cayley, Daniel (ENERGY) ; LIU Sheen -TREASURY ; MCAULEY Tyler -LAWDIV ; GRECO Clara -LAWDIV ; GO Matthew -TREASURY ; YAO Anthea -FUNDMGMT ; JORDA Jenny -FIN & C CTRL ; PRESTON Stuart -TREASURY ; DREWNIAK John -TREASURY ; HAHN PARKER Janet -TREASURY ; 'Alvi, Shariq' ; Innes, Michael ; 'Stoddart, Jesse - Debt Capital Markets' ; 'Rix, Lindsey - Legal' ; 'Hume, Tyler' ; 'Daou, Hadi' ; 'Persad, Nicole' ; 'mfitzpatrick@hunton.com' ; 'aobrian@hunton.com' ; Smith, Elliot ; King, Richard ; Royer, Kate ; Hughes, Timothy ; 'Adalja, Sunil' ; 'Persaud, Donnie - Debt Capital Markets' ; Sebastiano, Rocco ; 'Maciel, Andrew' ; 'Benaiah, Ian' ; 'Khan, Nur' ; ''Niehaus, Katrina' (Katrina.Niehaus@gs.com)' ; 'Delaney, Brian (Brian.Delaney@gs.com)' ; 'Conner, Robbin' ; 'Milligan, Peter' ; Sebastiano, Rocco ; Fullerton, Rick ; 'Lively, Pamela' ; Adam, Ahmad ; Krowles, Geralyn ; Morris, Eleonore ; Peter Hamilton ; Michael Boll ; Anthony Martinello (Anthony.Martinello@ieso.ca) ; Jeannette Briggs (jeannette.briggs@ieso.ca) ; kim.marshall@ieso.ca
Cc: Feldman, Michael ; Ramchandani, Rima ; Emes, Aaron ; Olusoga, Yinka ; Saulnier, Brett ; Prado, Melissa ; Dost, Mitchell ; Mansoori, Nina
Subject: EXTERNAL – Closing Mechanics - Fair Hydro
Importance: High
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Dear all,
As you know we are closing the warehouse financing this coming Thursday, December 21 at 9 am. We have set out below the pre-closing and closing mechanics to ensure all parties know what to expect. Please let us know as soon as possible if you have any questions. Thank you.
Wednesday, December 20, 2017

- **by 10 am**, all legal counsel to deliver their client's signature pages and all signed legal opinions in escrow to Torys
- **by 10 am**, the Trust will be formed and Torys will provide the IESO with the necessary documentation to wire the carrying costs
- **by noon**, IESO will wire C$6,000,000 representing the carrying costs to the Collection Account and circulate a wire confirmation to this group

- Oslers, Stikemans and Blakes are welcome to attend the closing room at Torys from 1 pm onwards to review applicable documentation (or request that documentation by email)
- by close of business, Oslers, Stikemans, Blakes and Torys to confirm to their respective clients that the applicable documents are in satisfactory form and Oslers to confirm to lenders that all CPs to closing are satisfied (subject to OPG's funding of the subordinated debt and payment of lender fees)

Thursday, December 21, 2017

- this group will hold a call at 9 am so that each counsel can confirm release of their clients' signature pages from escrow (Torys to send a calendar invite with call-in details)
- OPG will wire C$117,900,000 representing the Junior Subordinated Debt proceeds to the IESO and circulate a wire confirmation to this group
- OPG will wire C$459,810,000 representing the Subordinated Debt proceeds to the IESO and circulate a wire confirmation to this group
- BNY will wire C$650,000 (for fees) to CIBC per the wire details on Schedule B of the attached global direction and circulate a wire confirmation to this group
- BNY will wire C$650,000 (for fees) to RBC per the wire details on Schedule B of the attached global direction and circulate a wire confirmation to this group
- BNY will wire C$300,000 (for fees) to Goldman per the wire details on Schedule B of the attached global direction and circulate a wire confirmation to this group
- Upon receipt of the tracking numbers for the two OPG wires and three BNY wires above:
    - CIBC will transfer C$244,274,062.50 to IESO per the wire details on Schedule A of the attached global direction
    - RBC will transfer C$244,274,062.50 to IESO per the wire details on Schedule A of the attached global direction
    - Goldman will transfer C$112,741,875.00 to IESO per the wire details on Schedule A of the attached global direction
- IESO to confirm to this group receipt of all wires sent to them above
- CIBC, RBC and Goldman to confirm to this group receipt of all fees wired above
- Oslers to circulate email to this group confirming closing of warehouse financing

Nina Mansoori
P. 416.865.7332

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com[na01.safelinks.protection.outlook.com]

TORYS LLP[na01.safelinks.protection.outlook.com]

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12/21/2017	7000731	Independent Elect Sys Operator	117,900,000.00	CAD
12/21/2017	7000732	Independent Elect Sys Operator	459,810,000.00	CAD

From:	Ken Kandeepan
To:	Malle Hanslep (MOF); LEE John -TREASURY; WONG Leslie -LAWDIV; HAHN PARKER Janet -TREASURY
Cc:	Tobias P. Whitfield (MOF); STEPHEN.ASHBOURNE@blakes.com; Mike Manning; Anna Strathy
Subject:	RE: EXTERNAL – Conference Call
Date:	Tuesday, December 05, 2017 2:14:08 PM

Ok by me as well

Ken k

-----Original Message-----
From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Tuesday, December 05, 2017 2:11 PM
To: LEE John -TREASURY <john.s.lee@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; STEPHEN.ASHBOURNE@blakes.com; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: RE: EXTERNAL – Conference Call

Fine with me. I will let others confirm for themselves. Thanks.

-----Original Message-----
From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: December 5, 2017 2:10 PM
To: Hanslep, Malle (MOF); WONG Leslie -LAWDIV; HAHN PARKER Janet -TREASURY
Cc: Whitfield, Tobias P. (MOF); STEPHEN.ASHBOURNE@blakes.com; Kandeepan, Ken (OFA); Manning, Mike (OFA); Strathy, Anna (OFA)
Subject: Re: EXTERNAL – Conference Call

Can you make it 3 pm

Sent with BlackBerry Work (www.blackberry.com) _____
From: "Hanslep, Malle (MOF)" <Malle.Hanslep@ontario.ca>
Sent: Dec 5, 2017 2:01 PM
To: LEE John -TREASURY <john.s.lee@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>
Cc: "Whitfield, Tobias P. (MOF)" <Tobias.Whitfield@ontario.ca>; "ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com)" <STEPHEN.ASHBOURNE@blakes.com>; "Kandeepan, Ken (OFA)" <Ken.Kandeepan@ofina.on.ca>; "Manning, Mike (OFA)" <Mike.Manning@ofina.on.ca>; "Strathy, Anna (OFA)" <Anna.Strathy@ofina.on.ca>
Subject: EXTERNAL – Conference Call

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Hi John, Les,

A call at 2:30 works for us. Would you be able to send a conference call number?

Thanks,

Malle

Malle Hanslep

Deputy Director
Ministry of the Attorney General
Ministry of Finance Legal Services Branch
Telephone: 416-325-1457

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From:	Hanslep, Malle (MOF)
To:	LEE John -TREASURY; WONG Leslie -LAWDIV; HAHN PARKER Janet -TREASURY
Cc:	Tobias P. Whitfield (MOF); STEPHEN.ASHBOURNE@blakes.com; Ken Kandeepan; Mike Manning; Anna Strathy
Subject:	RE: EXTERNAL – Conference Call
Date:	Tuesday, December 05, 2017 2:11:34 PM

Fine with me. I will let others confirm for themselves. Thanks.

-----Original Message-----
From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: December 5, 2017 2:10 PM
To: Hanslep, Malle (MOF); WONG Leslie -LAWDIV; HAHN PARKER Janet -TREASURY
Cc: Whitfield, Tobias P. (MOF); STEPHEN.ASHBOURNE@blakes.com; Kandeepan, Ken (OFA); Manning, Mike (OFA); Strathy, Anna (OFA)
Subject: Re: EXTERNAL – Conference Call

Can you make it 3 pm

Sent with BlackBerry Work (www.blackberry.com) _____
From: "Hanslep, Malle (MOF)" <Malle.Hanslep@ontario.ca>
Sent: Dec 5, 2017 2:01 PM
To: LEE John -TREASURY <john.s.lee@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>
Cc: "Whitfield, Tobias P. (MOF)" <Tobias.Whitfield@ontario.ca>; "ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com)" <STEPHEN.ASHBOURNE@blakes.com>; "Kandeepan, Ken (OFA)" <Ken.Kandeepan@ofina.on.ca>; "Manning, Mike (OFA)" <Mike.Manning@ofina.on.ca>; "Strathy, Anna (OFA)" <Anna.Strathy@ofina.on.ca>
Subject: EXTERNAL – Conference Call

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Thanks,

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Malle Hanslep
Deputy Director
Ministry of the Attorney General
Ministry of Finance Legal Services Branch
Telephone: 416-325-1457

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From: ASHBOURNE, STEPHEN
To: Ken Kandeepan; Malle Hanslep (MOF); LEE John -TREASURY; WONG Leslie -LAWDIV; HAHN PARKER Janet -TREASURY
Cc: Tobias P. Whitfield (MOF); Mike Manning; Anna Strathy
Subject: RE: EXTERNAL – Conference Call
Date: Tuesday, December 05, 2017 2:19:00 PM

Fine for me.

Stephen R. Ashbourne

Partner

stephen.ashbourne@blakes.com

Dir: 416-863-3086

Blake, Cassels & Graydon LLP

199 Bay Street, Suite 4000, Toronto ON M5L 1A9

Tel: 416-863-2400 Fax: 416-863-2653

https://urldefense.proofpoint.com/v2/url?u=http-3A__www.blakes.com&d=DwIGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=gV-xgZHI0tggSwOPXBdMOr4DyITzOyaIKJLqH9Oy-40&m=63T900_8hVcmYs8o4rAhxuz9KOKBt1Ng9JX4HyoMIC8&s=ELbcdHHpUcXL9dlYMwlZp_rzl1ie91b0o07fyadDtlA&e= | https://urldefense.proofpoint.com/v2/url?u=http-3A__twitter.com_BlakesLaw&d=DwIGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=gV-xgZHI0tggSwOPXBdMOr4DyITzOyaIKJLqH9Oy-40&m=63T900_8hVcmYs8o4rAhxuz9KOKBt1Ng9JX4HyoMIC8&s=SY_cK_s7viTYOakBn88AvsHeCv21dSEdQWuMgBXhL2Y&e= | https://urldefense.proofpoint.com/v2/url?u=http-3A__www.blakes.com_English_Resources_Bulletins_Pages_unsubscribe.aspx&d=DwIGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=gV-xgZHI0tggSwOPXBdMOr4DyITzOyaIKJLqH9Oy-40&m=63T900_8hVcmYs8o4rAhxuz9KOKBt1Ng9JX4HyoMIC8&s=Lq8Rbj7ib4JA7JwumGGPQj-gn1sr_sYy1670ILWsO_c&e=

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-----Original Message-----

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]

Sent: Tuesday, December 05, 2017 2:14 PM

To: Malle Hanslep (MOF); LEE John -TREASURY; WONG Leslie -LAWDIV; HAHN PARKER Janet -TREASURY

Cc: Tobias P. Whitfield (MOF); ASHBOURNE, STEPHEN; Mike Manning; Anna Strathy

Subject: RE: EXTERNAL – Conference Call

Ok by me as well

Ken k

-----Original Message-----

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: Tuesday, December 05, 2017 2:11 PM

To: LEE John -TREASURY <john.s.lee@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com>

Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; STEPHEN.ASHBOURNE@blakes.com; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>

Subject: RE: EXTERNAL – Conference Call

Fine with me. I will let others confirm for themselves. Thanks.

-----Original Message-----

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]

Sent: December 5, 2017 2:10 PM

To: Hanslep, Malle (MOF); WONG Leslie -LAWDIV; HAHN PARKER Janet -TREASURY

Cc: Whitfield, Tobias P. (MOF); STEPHEN.ASHBOURNE@blakes.com; Kandeepan, Ken (OFA); Manning, Mike (OFA); Strathy, Anna (OFA)

Subject: Re: EXTERNAL – Conference Call

Can you make it 3 pm

Sent with BlackBerry Work (www.blackberry.com) _____

From: "Hanslep, Malle (MOF)" <Malle.Hanslep@ontario.ca>

Sent: Dec 5, 2017 2:01 PM

To: LEE John -TREASURY <john.s.lee@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>

Cc: "Whitfield, Tobias P. (MOF)" <Tobias.Whitfield@ontario.ca>; "ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com)" <STEPHEN.ASHBOURNE@blakes.com>; "Kandeepan, Ken (OFA)" <Ken.Kandeepan@ofina.on.ca>; "Manning, Mike (OFA)" <Mike.Manning@ofina.on.ca>; "Strathy, Anna (OFA)" <Anna.Strathy@ofina.on.ca>

Subject: EXTERNAL – Conference Call

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_____

Hi John, Les,

A call at 2:30 works for us. Would you be able to send a conference call number?

Thanks,

Malle

Malle Hanslep

Deputy Director

Ministry of the Attorney General

Ministry of Finance Legal Services Branch

Telephone: 416-325-1457

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From:	LEE John -TREASURY
To:	Ken Kandeepan
Cc:	Mike Manning; John Psinas
Subject:	RE: EXTERNAL – FW: Closing Mechanics - Fair Hydro
Date:	Wednesday, December 20, 2017 11:11:03 AM

They are in committee this morning. Haven't heard anything yet.

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: Wednesday, December 20, 2017 10:48 AM
To: LEE John -TREASURY
Cc: Mike Manning ; John Psinas
Subject: RE: EXTERNAL – FW: Closing Mechanics - Fair Hydro

Hi John
One more question, do you know what was the rating from DBRS or is that due sometime today?
Thanks
Ken k

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: Wednesday, December 20, 2017 9:44 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>
Subject: RE: EXTERNAL – FW: Closing Mechanics - Fair Hydro

We wire the total Subdebt amount including the 5%

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: Wednesday, December 20, 2017 9:08 AM
To: LEE John -TREASURY <john.s.lee@opg.com>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>
Subject: EXTERNAL – FW: Closing Mechanics - Fair Hydro
Importance: High

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Hi John
I left you a VM on this issue. When I add up the wires to IESO from the three dealers it corresponds with the 51% and the Province's wire this AM for $518,760,000.00 equates to 44%. So quick question is OPG directly wiring the 5% to IESO?
Thanks
Ken k

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: Tuesday, December 19, 2017 4:52 PM
To: 'dup-john.s.lee@opg.com' <john.s.lee@opg.com>; 'leslie.wong@opg.com' <leslie.wong@opg.com>; Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Hunter, Rosalind <RHunter@osler.com>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>;

Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>; Daniel Cayley (ENERGY) <Daniel.Cayley@ontario.ca>; 'sheen.liu@opg.com' <sheen.liu@opg.com>; 'tyler.mcauley@opg.com' <tyler.mcauley@opg.com>; 'clara.greco@opg.com' <clara.greco@opg.com>; 'matthew.go@opg.com' <matthew.go@opg.com>; 'anthea.yao@opg.com' <anthea.yao@opg.com>; 'jenny.jorda@opg.com' <jenny.jorda@opg.com>; 'stuart.preston@opg.com' <stuart.preston@opg.com>; 'john.drewniak@opg.com' <john.drewniak@opg.com>; 'j.hahnparker@opg.com' <j.hahnparker@opg.com>; 'Alvi, Shariq' <Shariq.Alvi@cibc.com>; Innes, Michael <MInnes@osler.com>; 'Stoddart, Jesse - Debt Capital Markets' <Jesse.Stoddart@cibc.com>; 'Rix, Lindsey - Legal' <Lindsey.Rix@cibc.com>; 'Hume, Tyler' <Tyler.Hume@cibc.com>; 'Daou, Hadi' <Hadi.Daou@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'mfitzpatrick@hunton.com' <mfitzpatrick@hunton.com>; 'aobrian@hunton.com' <aobrian@hunton.com>; Smith, Elliot <ESmith@osler.com>; King, Richard <rking@osler.com>; Royer, Kate <KRoyer@osler.com>; Hughes, Timothy <THughes@osler.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; Sebastiano, Rocco <RSebastiano@osler.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Benaiah, Ian' <ian.benaiah@rbccm.com>; 'Khan, Nur' <nur.khan@rbccm.com>; ''Niehaus, Katrina' (Katrina.Niehaus@gs.com)' <Katrina.Niehaus@gs.com>; 'Delaney, Brian (Brian.Delaney@gs.com)' <Brian.Delaney@gs.com>; 'Conner, Robbin' <Robbin.Conner@gs.com>; 'Milligan, Peter' <PMilligan@osler.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Fullerton, Rick <RFullerton@osler.com>; 'Lively, Pamela' <Pamela.Lively@bnymellon.com>; Adam, Ahmad <Ahmad.Adam@bnymellon.com>; Krowles, Geralyn <Geralyn.Krowles@BNYMellon.com>; Morris, Eleonore <Eleonore.Morris@bnymellon.com>; Peter Hamilton <PHamilton@stikeman.com>; Michael Boll <Michael.Boll@ieso.ca>; Anthony Martinello (Anthony.Martinello@ieso.ca) <Anthony.Martinello@ieso.ca>; Jeannette Briggs (jeannette.briggs@ieso.ca) <jeannette.briggs@ieso.ca>; kim.marshall@ieso.ca
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Subject: Closing Mechanics - Fair Hydro
Importance: High

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    - RBC will transfer C$244,274,062.50 to IESO per the wire details on Schedule A of the attached global direction
    - Goldman will transfer C$112,741,875.00 to IESO per the wire details on Schedule A of the attached global direction
- IESO to confirm to this group receipt of all wires sent to them above
- CIBC, RBC and Goldman to confirm to this group receipt of all fees wired above
- Oslers to circulate email to this group confirming closing of warehouse financing

Nina Mansoori
P. 416.865.7332

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From: Ken Kandeepan
To: "LEE John -TREASURY"
Cc: Mike Manning; John Psinas
Subject: RE: EXTERNAL – FW: Closing Mechanics - Fair Hydro
Date: Wednesday, December 20, 2017 10:47:48 AM

Hi John
One more question, do you know what was the rating from DBRS or is that due sometime today?
Thanks
Ken k

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Sent: Wednesday, December 20, 2017 9:44 AM
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Subject: Closing Mechanics - Fair Hydro

Importance: High

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To: "LEE John -TREASURY"
Cc: Mike Manning; John Psinas
Subject: RE: EXTERNAL – FW: Closing Mechanics - Fair Hydro
Date: Wednesday, December 20, 2017 9:44:56 AM

Thanks, Ken Rhys called me and explained the numbers, much appreciated.
Ken K

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- BNY will wire C$650,000 (for fees) to CIBC per the wire details on Schedule B of the attached global direction and circulate a wire confirmation to this group
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- CIBC, RBC and Goldman to confirm to this group receipt of all fees wired above
- Oslers to circulate email to this group confirming closing of warehouse financing

Nina Mansoori
P. 416.865.7332

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com[torys.com][na01.safelinks.protection.outlook.com]

TORYS LLP[torys.com][na01.safelinks.protection.outlook.com]

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From:	LEE John -TREASURY
To:	Ken Kandeepan
Cc:	Mike Manning; John Psinas
Subject:	RE: EXTERNAL – FW: Closing Mechanics - Fair Hydro
Date:	Wednesday, December 20, 2017 9:43:57 AM

We wire the total Subdebt amount including the 5%

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: Wednesday, December 20, 2017 9:08 AM
To: LEE John -TREASURY
Cc: Mike Manning ; John Psinas
Subject: EXTERNAL – FW: Closing Mechanics - Fair Hydro
Importance: High
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Hi John
I left you a VM on this issue. When I add up the wires to IESO from the three dealers it corresponds with the 51% and the Province's wire this AM for $518,760,000.00 equates to 44%. So quick question is OPG directly wiring the 5% to IESO?
Thanks
Ken k

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: Tuesday, December 19, 2017 4:52 PM
To: 'dup-john.s.lee@opg.com' <john.s.lee@opg.com>; 'leslie.wong@opg.com' <leslie.wong@opg.com>; Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Hunter, Rosalind <RHunter@osler.com>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>; Daniel Cayley (ENERGY) <Daniel.Cayley@ontario.ca>; 'sheen.liu@opg.com' <sheen.liu@opg.com>; 'tyler.mcauley@opg.com' <tyler.mcauley@opg.com>; 'clara.greco@opg.com' <clara.greco@opg.com>; 'matthew.go@opg.com' <matthew.go@opg.com>; 'anthea.yao@opg.com' <anthea.yao@opg.com>; 'jenny.jorda@opg.com' <jenny.jorda@opg.com>; 'stuart.preston@opg.com' <stuart.preston@opg.com>; 'john.drewniak@opg.com' <john.drewniak@opg.com>; 'j.hahnparker@opg.com' <j.hahnparker@opg.com>; 'Alvi, Shariq' <Shariq.Alvi@cibc.com>; Innes, Michael <MInnes@osler.com>; 'Stoddart, Jesse - Debt Capital Markets' <Jesse.Stoddart@cibc.com>; 'Rix, Lindsey - Legal' <Lindsey.Rix@cibc.com>; 'Hume, Tyler' <Tyler.Hume@cibc.com>; 'Daou, Hadi' <Hadi.Daou@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'mfitzpatrick@hunton.com' <mfitzpatrick@hunton.com>; 'aobrian@hunton.com' <aobrian@hunton.com>; Smith, Elliot <ESmith@osler.com>; King, Richard <rking@osler.com>; Royer, Kate <KRoyer@osler.com>; Hughes, Timothy <THughes@osler.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; Sebastiano, Rocco <RSebastiano@osler.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Benaiah, Ian' <ian.benaiah@rbccm.com>; 'Khan, Nur'

<nur.khan@rbccm.com>; ''Niehaus, Katrina' (Katrina.Niehaus@gs.com)' <Katrina.Niehaus@gs.com>; 'Delaney, Brian (Brian.Delaney@gs.com)' <Brian.Delaney@gs.com>; 'Conner, Robbin' <Robbin.Conner@gs.com>; 'Milligan, Peter' <PMilligan@osler.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Fullerton, Rick <RFullerton@osler.com>; 'Lively, Pamela' <Pamela.Lively@bnymellon.com>; Adam, Ahmad <Ahmad.Adam@bnymellon.com>; Krowles, Geralyn <Geralyn.Krowles@BNYMellon.com>; Morris, Eleonore <Eleonore.Morris@bnymellon.com>; Peter Hamilton <PHamilton@stikeman.com>; Michael Boll <Michael.Boll@ieso.ca>; Anthony Martinello (Anthony.Martinello@ieso.ca) <Anthony.Martinello@ieso.ca>; Jeannette Briggs (jeannette.briggs@ieso.ca) <jeannette.briggs@ieso.ca>; kim.marshall@ieso.ca
Cc: Feldman, Michael <mfeldman@torys.com>; Ramchandani, Rima <rramchandani@torys.com>; Emes, Aaron <aemes@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Prado, Melissa <mprado@torys.com>; Dost, Mitchell <mdost@torys.com>; Mansoori, Nina <nmansoori@torys.com>
Subject: Closing Mechanics - Fair Hydro
Importance: High

Dear all,

As you know we are closing the warehouse financing this coming Thursday, December 21 at 9 am. We have set out below the pre-closing and closing mechanics to ensure all parties know what to expect. Please let us know as soon as possible if you have any questions. Thank you.

Wednesday, December 20, 2017

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From: Ken Kandeepan
To: "LEE John -TREASURY"
Cc: Mike Manning; John Psinas
Subject: RE: EXTERNAL – FW: Closing Mechanics - Fair Hydro
Date: Wednesday, December 20, 2017 11:11:19 AM

Ok thanks
Ken K

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: Wednesday, December 20, 2017 11:11 AM
To: Ken Kandeepan
Cc: Mike Manning ; John Psinas
Subject: RE: EXTERNAL – FW: Closing Mechanics - Fair Hydro
They are in committee this morning. Haven't heard anything yet.

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: Wednesday, December 20, 2017 10:48 AM
To: LEE John -TREASURY <john.s.lee@opg.com>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>
Subject: RE: EXTERNAL – FW: Closing Mechanics - Fair Hydro
Hi John
One more question, do you know what was the rating from DBRS or is that due sometime today?
Thanks
Ken k

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: Wednesday, December 20, 2017 9:44 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>
Subject: RE: EXTERNAL – FW: Closing Mechanics - Fair Hydro
We wire the total Subdebt amount including the 5%

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Cc: Mike Manning <Mike.Manning@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>
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From: Mansoori, Nina [mailto:nmansoori@torys.com]

Sent: Tuesday, December 19, 2017 4:52 PM
To: 'dup-john.s.lee@opg.com' <john.s.lee@opg.com>; 'leslie.wong@opg.com' <leslie.wong@opg.com>; Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Hunter, Rosalind <RHunter@osler.com>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>; Daniel Cayley (ENERGY) <Daniel.Cayley@ontario.ca>; 'sheen.liu@opg.com' <sheen.liu@opg.com>; 'tyler.mcauley@opg.com' <tyler.mcauley@opg.com>; 'clara.greco@opg.com' <clara.greco@opg.com>; 'matthew.go@opg.com' <matthew.go@opg.com>; 'anthea.yao@opg.com' <anthea.yao@opg.com>; 'jenny.jorda@opg.com' <jenny.jorda@opg.com>; 'stuart.preston@opg.com' <stuart.preston@opg.com>; 'john.drewniak@opg.com' <john.drewniak@opg.com>; 'j.hahnparker@opg.com' <j.hahnparker@opg.com>; 'Alvi, Shariq' <Shariq.Alvi@cibc.com>; Innes, Michael <MInnes@osler.com>; 'Stoddart, Jesse - Debt Capital Markets' <Jesse.Stoddart@cibc.com>; 'Rix, Lindsey - Legal' <Lindsey.Rix@cibc.com>; 'Hume, Tyler' <Tyler.Hume@cibc.com>; 'Daou, Hadi' <Hadi.Daou@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'mfitzpatrick@hunton.com' <mfitzpatrick@hunton.com>; 'aobrian@hunton.com' <aobrian@hunton.com>; Smith, Elliot <ESmith@osler.com>; King, Richard <rking@osler.com>; Royer, Kate <KRoyer@osler.com>; Hughes, Timothy <THughes@osler.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; Sebastiano, Rocco <RSebastiano@osler.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Benaiah, Ian' <ian.benaiah@rbccm.com>; 'Khan, Nur' <nur.khan@rbccm.com>; ''Niehaus, Katrina' (Katrina.Niehaus@gs.com)' <Katrina.Niehaus@gs.com>; 'Delaney, Brian (Brian.Delaney@gs.com)' <Brian.Delaney@gs.com>; 'Conner, Robbin' <Robbin.Conner@gs.com>; 'Milligan, Peter' <PMilligan@osler.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Fullerton, Rick <RFullerton@osler.com>; 'Lively, Pamela' <Pamela.Lively@bnymellon.com>; Adam, Ahmad <Ahmad.Adam@bnymellon.com>; Krowles, Geralyn <Geralyn.Krowles@BNYMellon.com>; Morris, Eleonore <Eleonore.Morris@bnymellon.com>; Peter Hamilton <PHamilton@stikeman.com>; Michael Boll <Michael.Boll@ieso.ca>; Anthony Martinello (Anthony.Martinello@ieso.ca) <Anthony.Martinello@ieso.ca>; Jeannette Briggs (jeannette.briggs@ieso.ca) <jeannette.briggs@ieso.ca>; kim.marshall@ieso.ca
Cc: Feldman, Michael <mfeldman@torys.com>; Ramchandani, Rima <rramchandani@torys.com>; Emes, Aaron <aemes@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Prado, Melissa <mprado@torys.com>; Dost, Mitchell <mdost@torys.com>; Mansoori, Nina <nmansoori@torys.com>
Subject: Closing Mechanics - Fair Hydro
Importance: High

Dear all,

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- Oslers to circulate email to this group confirming closing of warehouse financing

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From: Hanslep, Malle (MOF)
To: Mike Manning; Tobias P. Whitfield (MOF); stephen.ashbourne@blakes.com
Subject: RE: EXTERNAL – Fair Hydro -- Draft Offering Memorandum
Date: Wednesday, November 22, 2017 1:23:07 PM

Thanks Mike.
We hadn't received it yet.

From: Mike Manning [mailto:Mike.Manning@ofina.on.ca]
Sent: November 22, 2017 1:20 PM
To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); stephen.ashbourne@blakes.com
Subject: FW: EXTERNAL – Fair Hydro -- Draft Offering Memorandum

I expect you've received already, but passing along in case you haven't.
Regards, Mike

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: Wednesday, November 22, 2017 9:38 AM
To: Tim Christie (ENERGY) <Tim.Christie@ontario.ca>
Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; LIU Sheen -TREASURY <sheen.liu@opg.com>; PRESTON Stuart -TREASURY <stuart.preston@opg.com>
Subject: FW: EXTERNAL – Fair Hydro -- Draft Offering Memorandum

Tim:
As requested, attached is the current draft of the OM. Please note that there have been a number of recent changes which will be reflected in the next turn of the document.
John

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From: Ken Kandeepan
To: "LEE John -TREASURY"
Cc: Mike Manning
Subject: RE: EXTERNAL – Fair Hydro Plan Financing Program
Date: Wednesday, December 13, 2017 8:55:51 AM

Thanks John, I note that the definition of "material" on A-6 is consistent with what Steve drafted yesterday morning, even though we had agreed to remove a few of the 12 clauses. I guess May or Lubna will let me know this morning what are the final changes being proposed to this definition.
Ken K

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: Wednesday, December 13, 2017 8:38 AM
To: Ken Kandeepan
Cc: Mike Manning
Subject: FW: EXTERNAL – Fair Hydro Plan Financing Program
Ken:
Confirming that the Protection Agreement has been sent by separate emails to each respective Rating Agency.
Process agreement hopefully can get signoff this morning.
John

From: Taylor, Brent R [mailto:brent.r.taylor@rbccm.com]
Sent: Tuesday, December 12, 2017 6:18 PM
To: Richard.Hunt@moodys.com; Andrew.Butville@moodys.com; Simba.Murahwi@moodys.com; Aliya.Ehmar@moodys.com; Zulaikha.Khurram@moodys.com; Harry.Hendrix@moodys.com; Gavin.Macfarlane@moodys.com
Cc: Benaiah, Ian <ian.benaiah@rbccm.com>; Khan, Nur <nur.khan@rbccm.com>; Donnie Persaud (Donnie.Persaud@cibc.com) (Donnie.Persaud@cibc.com) <Donnie.Persaud@cibc.com>; andrew.maciel@cibc.com; sunil.adalja@cibc.com; Katrina Niehaus (Katrina.Niehaus@gs.com) (Katrina.Niehaus@gs.com) <Katrina.Niehaus@gs.com>; Delaney, Brian (Brian.Delaney@gs.com) <Brian.Delaney@gs.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; LEE John -TREASURY <john.s.lee@opg.com>
Subject: EXTERNAL – Fair Hydro Plan Financing Program
*** Exercise caution. This is an EXTERNAL email. DO NOT open attachments or click links from unknown senders or unexpected email. ***

Moody's Team,
In connection with the Fair Hydro Plan Financing Program please find attached;
Change of Law Protection Agreement – Clean / Blackline to December 4
Please let us know if you have any questions
Brent R Taylor | Analyst, Securitization Finance | **RBC Capital Markets** | 200 Bay Street, 2nd Floor, Toronto, ON M5J 2W7 | T. 416-842-7284 | C. 647-632-6169 | brent.r.taylor@rbccm.com

---

From: Taylor, Brent R
Sent: December 6, 17 5:03 PM
To: Richard.Hunt@moodys.com; Andrew.Butville@moodys.com; 'Simba.Murahwi@moodys.com'; 'Aliya.Ehmar@moodys.com'; 'Zulaikha.Khurram@moodys.com'; 'Harry.Hendrix@moodys.com'; 'Gavin.Macfarlane@moodys.com'
Cc: Benaiah, Ian; Khan, Nur; Donnie Persaud (Donnie.Persaud@cibc.com) (Donnie.Persaud@cibc.com);

'andrew.maciel@cibc.com'; 'sunil.adalja@cibc.com'; Katrina Niehaus (Katrina.Niehaus@gs.com) (Katrina.Niehaus@gs.com); Delaney, Brian (Brian.Delaney@gs.com); RYFA Ken -TREASURY (ken.ryfa@opg.com); LEE John -TREASURY (john.s.lee@opg.com)
Subject: Fair Hydro Plan Financing Program

Moody's Team,

In connection with the Fair Hydro Plan Financing Program please find the below documents attached:

Warehouse Subordinated Supplemental Indenture – Clean / Blackline to the Warehouse Senior Supplemental Indenture

Warehouse Junior Subordinated Supplemental Indenture– Clean/ Blackline to the Warehouse Subordinated Supplemental Indenture

erm Subordinated Supplemental Indenture – Clean/ Blackline to the Term Senior Supplemental Indenture

erm Junior Subordinated Supplemental Indenture– Clean/ Blackline to the Term Subordinated Supplemental Indenture

<< File: Warehouse Subordinated Supplemental Indenture.DOCX >> << File: Warehouse Junior Subordinated Supplemental Indenture.DOCX >> << File: Blackline_Warehouse Subordinated Supplemental Indenture.pdf >> << File: Term Subordinated Supplemental Indenture.DOCX >> << File: Blackline_Term Junior Subordinated Supplemental Indenture.pdf >> << File: Blackline_Term Subordinated Supplemental Indenture.pdf >> << File: Term Junior Subordinated Supplemental Indenture.DOCX >> << File: Blackline_Warehouse Junior Subordinated Supplemental Indenture.pdf >>

We hope you will find these documents helpful in your analysis.

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From: Taylor, Brent R
Sent: December 5, 17 3:37 PM
To: Richard.Hunt@moodys.com; Andrew.Butville@moodys.com; 'Simba.Murahwi@moodys.com'; 'Aliya.Ehmar@moodys.com'; 'Zulaikha.Khurram@moodys.com'; 'Harry.Hendrix@moodys.com'; 'Gavin.Macfarlane@moodys.com'
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Subject: Fair Hydro Plan Financing Program

Moody's Team,

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You will note that there is a new Section 2.01(a)(iv)(D). This new Section only applies in the situation where all Approved Obligations (that is, obligations with the benefit of the Protection Agreement) have been repaid in full and there are still subrogation amounts owing to the Province. As we don't expect there will be any rated debt issued that is not an Approved Obligation, we don't think these provisions should be of significant concern to the rating agencies.

You will also note that the provisions allowing for the province to assume the obligations of Fair Hydro Trust have been dropped. The implementation of this proposal had a number of challenges so the decision was made to abandon it. As it was at the option of the Province and not a right of the

noteholders, we do not consider this adverse.

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<< File: Change of Law Protection Agreement.DOCX >> << File: Blackline_Change of Law Protection Agreement.pdf >>

Brent R Taylor | Analyst, Securitization Finance | **RBC Capital Markets** | 200 Bay Street, 2nd Floor, Toronto, ON M5J 2W7 | T. 416-842-7284 | C. 647-632-6169 | brent.r.taylor@rbccm.com

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Sent: December 4, 17 4:07 PM
To: Richard.Hunt@moodys.com; Andrew.Butville@moodys.com; 'Simba.Murahwi@moodys.com'; 'Aliya.Ehmar@moodys.com'; 'Zulaikha.Khurram@moodys.com'; 'Harry.Hendrix@moodys.com'; 'Gavin.Macfarlane@moodys.com'
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Subject: Fair Hydro Plan Financing Program

Moody's Team,

In connection with the Fair Hydro Plan Financing Program please find the below documents attached:

Master Trust Indenture – Clean / Blackline to November 7

Senior Term Supplement – Clean/ Blackline to November 15

Senior Warehouse Supplement – Clean/ Blackline to November 15

<< File: Blackline_Master Trust Indenture.pdf >> << File: Blackline_Senior Term Supplement.pdf >> << File: Blackline_Senior Warehouse Supplement.pdf >> << File: Master Trust Indenture.docx >> << File: Senior Term Supplement.docx >> << File: Senior Warehouse Supplement.docx >>

We hope you will find these documents helpful in your analysis.

Brent R Taylor | Analyst, Securitization Finance | **RBC Capital Markets** | 200 Bay Street, 2nd Floor, Toronto, ON M5J 2W7 | T. 416-842-7284 | C. 647-632-6169 | brent.r.taylor@rbccm.com

---

From: Taylor, Brent R
Sent: December 1, 17 6:40 PM
To: Richard.Hunt@moodys.com; Andrew.Butville@moodys.com; 'Simba.Murahwi@moodys.com'; 'Aliya.Ehmar@moodys.com'; 'Zulaikha.Khurram@moodys.com'; 'Harry.Hendrix@moodys.com'; 'Gavin.Macfarlane@moodys.com'
Cc: Benaiah, Ian; Khan, Nur; Donnie Persaud (Donnie.Persaud@cibc.com) (Donnie.Persaud@cibc.com); 'andrew.maciel@cibc.com'; 'sunil.adalja@cibc.com'; Katrina Niehaus (Katrina.Niehaus@gs.com) (Katrina.Niehaus@gs.com); Delaney, Brian (Brian.Delaney@gs.com); RYFA Ken -TREASURY (ken.ryfa@opg.com); LEE John -TREASURY (john.s.lee@opg.com)
Subject: Fair Hydro Plan Financing Program

Moody's Team,

In connection with the Fair Hydro Plan Financing Program please find the below documents attached:

OPG Indemnity Agreement

IESO Acknowledgement and Indemnity Agreement

Declaration of Trust - Clean / Blackline to October 12

Management Agreement - Clean / Blackline to October 12

IESO Security Agreement - Clean / Blackline to November 7

Master Transfer and Servicing Agreement - Clean / Blackline to November 7

<< File: Blackline - Declaration of Trust.pdf >> << File: Blackline - IESO Security Agreement.pdf >> <<

File: Blackline - Management Agreement.pdf >> << File: Blackline - Master Transfer and Servicing Agreement.pdf >> << File: Declaration of Trust.docx >> << File: IESO Acknowledgement and Indemnity Agreement.DOC >> << File: IESO Security Agreement.DOCX >> << File: Management Agreement.DOCX >> << File: Master Transfer and Servicing Agreement.DOCX >> << File: OPG Indemnity Agreement.DOC >>

We are expecting to send the revised Master Trust Indenture and Senior Warehouse Supplement early next week.

As always, please let us know if you have any questions.

Brent R Taylor | Analyst, Securitization Finance | **RBC Capital Markets** | 200 Bay Street, 2nd Floor, Toronto, ON M5J 2W7 | T. 416-842-7284 | C. 647-632-6169 | brent.r.taylor@rbccm.com

---

From: Taylor, Brent R
Sent: November 22, 17 9:56 AM
To: Richard.Hunt@moodys.com; Andrew.Butville@moodys.com; 'Simba.Murahwi@moodys.com'; 'Aliya.Ehmar@moodys.com'; 'Zulaikha.Khurram@moodys.com'; 'Harry.Hendrix@moodys.com'; 'Gavin.Macfarlane@moodys.com'
Cc: Benaiah, Ian; Khan, Nur; Donnie Persaud (Donnie.Persaud@cibc.com) (Donnie.Persaud@cibc.com); 'andrew.maciel@cibc.com'; 'sunil.adalja@cibc.com'; Katrina Niehaus (Katrina.Niehaus@gs.com) (Katrina.Niehaus@gs.com); Delaney, Brian (Brian.Delaney@gs.com); RYFA Ken -TREASURY (ken.ryfa@opg.com); LEE John -TREASURY (john.s.lee@opg.com)
Subject: Fair Hydro Program: Change of Law Protection Agreement

Moody's Team,

In connection with the Fair Hydro Program please find attached;

hange of Law Protection Agreement

We hope you will find this document helpful in your analysis.

<< File: Change of Law Protection Agreement.docx >>

Brent R Taylor | Analyst, Securitization Finance | **RBC Capital Markets** | 200 Bay Street, 2nd Floor, Toronto, ON M5J 2W7 | T. 416-842-7284 | C. 647-632-6169 | brent.r.taylor@rbccm.com

---

From: Taylor, Brent R
Sent: November 19, 17 2:12 PM
To: Richard.Hunt@moodys.com; Andrew.Butville@moodys.com; 'Simba.Murahwi@moodys.com'; 'Aliya.Ehmar@moodys.com'; 'Zulaikha.Khurram@moodys.com'; 'Harry.Hendrix@moodys.com'; 'Gavin.Macfarlane@moodys.com'
Cc: Benaiah, Ian; Khan, Nur; Donnie Persaud (Donnie.Persaud@cibc.com) (Donnie.Persaud@cibc.com); 'andrew.maciel@cibc.com'; 'sunil.adalja@cibc.com'; Katrina Niehaus (Katrina.Niehaus@gs.com) (Katrina.Niehaus@gs.com); Delaney, Brian (Brian.Delaney@gs.com); RYFA Ken -TREASURY (ken.ryfa@opg.com); LEE John -TREASURY (john.s.lee@opg.com)
Subject: Fair Hydro Preliminary Draft Offering Memorandum

Moody's Team,

We have attached a preliminary draft of the Offering Memorandum. Typically we would not share the current form of the OM at this early stage, but we ŽŽthink it may help to advance your process by offering a high-level summary of the market, roles of the various participants and structure. It is worth noting that the OM is not synchronized with the most recent versions of the underlying documents.

As always, please let us know if you have any questions.

<< File: _Fair Hydro Trust - Preliminary Confidential Offering Memorandum.docx >>

Brent R Taylor | Analyst, Securitization Finance | **RBC Capital Markets** | 200 Bay Street, 2nd Floor, Toronto, ON M5J 2W7 | T. 416-842-7284 | C. 647-632-6169 | brent.r.taylor@rbccm.com

---

From: Taylor, Brent R
Sent: November 16, 17 9:45 AM
To: Richard.Hunt@moodys.com; Andrew.Butville@moodys.com; 'Simba.Murahwi@moodys.com';

'Aliya.Ehmar@moodys.com'; 'Zulaikha.Khurram@moodys.com'; 'Harry.Hendrix@moodys.com'; 'Gavin.Macfarlane@moodys.com'
Cc: Benaiah, Ian; Khan, Nur; Donnie Persaud (Donnie.Persaud@cibc.com) (Donnie.Persaud@cibc.com); 'andrew.maciel@cibc.com'; 'sunil.adalja@cibc.com'; Katrina Niehaus (Katrina.Niehaus@gs.com) (Katrina.Niehaus@gs.com); Delaney, Brian (Brian.Delaney@gs.com); RYFA Ken -TREASURY (ken.ryfa@opg.com); LEE John -TREASURY (john.s.lee@opg.com)
Subject: RE: Fair Hydro Draft Agreements

Moody's Team,

In connection with the Fair Hydro Program please find attached;

enior Term Supplement - Nov 15

enior Warehouse Supplement - Nov 15

We hope you will find these documents helpful in your analysis. Additionally, we are happy to discuss any follow-up requests you may have regarding the financial model.

<< File: Senior Term Supplement - Nov 15.DOC >> << File: Senior Warehouse Supplement - Nov 15.DOCX >>

Brent R Taylor | Analyst, Securitization Finance | **RBC Capital Markets** | 200 Bay Street, 2nd Floor, Toronto, ON M5J 2W7 | T. 416-842-7284 | C. 647-632-6169 | brent.r.taylor@rbccm.com

---

From: Taylor, Brent R
Sent: November 7, 17 3:12 PM
To: Richard.Hunt@moodys.com; Andrew.Butville@moodys.com; 'Simba.Murahwi@moodys.com'; 'Aliya.Ehmar@moodys.com'; 'Zulaikha.Khurram@moodys.com'; 'Harry.Hendrix@moodys.com'; 'Gavin.Macfarlane@moodys.com'
Cc: Benaiah, Ian; Khan, Nur; Donnie Persaud (Donnie.Persaud@cibc.com) (Donnie.Persaud@cibc.com); 'andrew.maciel@cibc.com'; 'sunil.adalja@cibc.com'; Katrina Niehaus (Katrina.Niehaus@gs.com) (Katrina.Niehaus@gs.com); Delaney, Brian (Brian.Delaney@gs.com); RYFA Ken -TREASURY (ken.ryfa@opg.com); LEE John -TREASURY (john.s.lee@opg.com)
Subject: Fair Hydro Draft Agreements

Moody's Team,

In connection with the Fair Hydro Program please find attached;

Master Trust Indenture (November 7th Rating Agency Draft)

MTSA (November 7th Rating Agency Draft)

ESO Security Agreement (November 7th Rating Agency Draft)

We hope you will find these documents helpful in your analysis. We will organize a call tomorrow to discuss next steps.

<< File: MTSA (November 7th Rating Agency Draft).DOCX >> << File: IESO Security Agreement (November 7th Rating Agency Draft).DOCX >> << File: Master Trust Indenture (November 7th Rating Agency Draft).DOCX >>

Regards,

Brent R Taylor | Analyst, Securitization Finance | **RBC Capital Markets** | 200 Bay Street, 2nd Floor, Toronto, ON M5J 2W7 | T. 416-842-7284 | C. 647-632-6169 | brent.r.taylor@rbccm.com

---

From: Taylor, Brent R
Sent: October 13, 17 6:23 PM
To: Richard.Hunt@moodys.com; Andrew.Butville@moodys.com; 'Simba.Murahwi@moodys.com'; 'Aliya.Ehmar@moodys.com'; 'Zulaikha.Khurram@moodys.com'; 'Harry.Hendrix@moodys.com'; 'Gavin.Macfarlane@moodys.com'
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Subject: Fair Hydro Materials

Moody's Team,

Further to our kick-off meeting on October 3rd, I have attached a comprehensive presentation which contains information about the Ontario Electricity Market, Transaction Overview, Key Agreements and other information that we hope you will find helpful in your understanding and analysis.
In addition I have attached drafts of the Declaration of Trust and Management Agreement. The Declaration of Trust establishes a trust for the purpose of carrying on the activities of a financing entity as defined in the Ontario Fair Hydro Act, 2017. The Management Agreement delegates to OPG all powers and duties of managing the financing entity.
Please let us know if you would like us to arrange a call to walk you through these materials and provide context. Alternatively as you are going through the materials please reach-out with any questions you have.
<< File: Fair Hydro Plan Financing Program 2017-10-13.pdf >> << File: Fair Hydro - Management Agreement (DRAFT).pdf >> << File: Fair Hydro - Declaration of Trust (DRAFT).pdf >>
Regards,
Brent R Taylor | Analyst, Securitization Finance | **RBC Capital Markets** | 200 Bay Street, 2nd Floor, Toronto, ON M5J 2W7 | T. 416-842-7284 | C. 647-632-6169 | brent.r.taylor@rbccm.com

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Unauthorised use or disclosure is prohibited. If you receive this e-mail in error, please advise immediately and delete the original message.
This message may have been altered without your or our knowledge and the sender does not accept any liability for any errors or omissions in the message.

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From:	LEE John -TREASURY
To:	Ken Kandeepan
Cc:	Mike Manning
Subject:	RE: EXTERNAL – Fair Hydro Plan Financing Program
Date:	Wednesday, December 13, 2017 9:10:08 AM

It is square bracketed and will be updated after the issue has been resolved with the accountants.

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: Wednesday, December 13, 2017 8:56 AM
To: LEE John -TREASURY
Cc: Mike Manning
Subject: RE: EXTERNAL – Fair Hydro Plan Financing Program
Thanks John, I note that the definition of "material" on A-6 is consistent with what Steve drafted yesterday morning, even though we had agreed to remove a few of the 12 clauses. I guess May or Lubna will let me know this morning what are the final changes being proposed to this definition.
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Cc: Benaiah, Ian <ian.benaiah@rbccm.com>; Khan, Nur <nur.khan@rbccm.com>; Donnie Persaud (Donnie.Persaud@cibc.com) (Donnie.Persaud@cibc.com) <Donnie.Persaud@cibc.com>; andrew.maciel@cibc.com; sunil.adalja@cibc.com; Katrina Niehaus (Katrina.Niehaus@gs.com) (Katrina.Niehaus@gs.com) <Katrina.Niehaus@gs.com>; Delaney, Brian (Brian.Delaney@gs.com) <Brian.Delaney@gs.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; LEE John -TREASURY <john.s.lee@opg.com>
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Subject: Fair Hydro Plan Financing Program

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From: Taylor, Brent R
Sent: December 4, 17 4:07 PM
To: Richard.Hunt@moodys.com; Andrew.Butville@moodys.com; 'Simba.Murahwi@moodys.com'; 'Aliya.Ehmar@moodys.com'; 'Zulaikha.Khurram@moodys.com'; 'Harry.Hendrix@moodys.com'; 'Gavin.Macfarlane@moodys.com'
Cc: Benaiah, Ian; Khan, Nur; Donnie Persaud (Donnie.Persaud@cibc.com) (Donnie.Persaud@cibc.com); 'andrew.maciel@cibc.com'; 'sunil.adalja@cibc.com'; Katrina Niehaus (Katrina.Niehaus@gs.com) (Katrina.Niehaus@gs.com); Delaney, Brian (Brian.Delaney@gs.com); RYFA Ken -TREASURY (ken.ryfa@opg.com); LEE John -TREASURY (john.s.lee@opg.com)
Subject: Fair Hydro Plan Financing Program

Moody's Team,

In connection with the Fair Hydro Plan Financing Program please find the below documents attached:

Master Trust Indenture – Clean / Blackline to November 7
Senior Term Supplement – Clean/ Blackline to November 15
Senior Warehouse Supplement – Clean/ Blackline to November 15

<< File: Blackline_Master Trust Indenture.pdf >> << File: Blackline_Senior Term Supplement.pdf >> << File: Blackline_Senior Warehouse Supplement.pdf >> << File: Master Trust Indenture.docx >> << File: Senior Term Supplement.docx >> << File: Senior Warehouse Supplement.docx >>

We hope you will find these documents helpful in your analysis.

Brent R Taylor | Analyst, Securitization Finance | **RBC Capital Markets** | 200 Bay Street, 2nd Floor, Toronto, ON M5J 2W7 | T. 416-842-7284 | C. 647-632-6169 | brent.r.taylor@rbccm.com

---

From: Taylor, Brent R
Sent: December 1, 17 6:40 PM
To: Richard.Hunt@moodys.com; Andrew.Butville@moodys.com; 'Simba.Murahwi@moodys.com'; 'Aliya.Ehmar@moodys.com'; 'Zulaikha.Khurram@moodys.com'; 'Harry.Hendrix@moodys.com'; 'Gavin.Macfarlane@moodys.com'
Cc: Benaiah, Ian; Khan, Nur; Donnie Persaud (Donnie.Persaud@cibc.com) (Donnie.Persaud@cibc.com); 'andrew.maciel@cibc.com'; 'sunil.adalja@cibc.com'; Katrina Niehaus (Katrina.Niehaus@gs.com) (Katrina.Niehaus@gs.com); Delaney, Brian (Brian.Delaney@gs.com); RYFA Ken -TREASURY (ken.ryfa@opg.com); LEE John -TREASURY (john.s.lee@opg.com)
Subject: Fair Hydro Plan Financing Program

Moody's Team,

In connection with the Fair Hydro Plan Financing Program please find the below documents attached:

OPG Indemnity Agreement
IESO Acknowledgement and Indemnity Agreement
Declaration of Trust - Clean / Blackline to October 12
Management Agreement - Clean / Blackline to October 12
IESO Security Agreement - Clean / Blackline to November 7
Master Transfer and Servicing Agreement - Clean / Blackline to November 7

<< File: Blackline - Declaration of Trust.pdf >> << File: Blackline - IESO Security Agreement.pdf >> << File: Blackline - Management Agreement.pdf >> << File: Blackline - Master Transfer and Servicing Agreement.pdf >> << File: Declaration of Trust.docx >> << File: IESO Acknowledgement and Indemnity Agreement.DOC >> << File: IESO Security Agreement.DOCX >> << File: Management Agreement.DOCX >> << File: Master Transfer and Servicing Agreement.DOCX >> << File: OPG Indemnity Agreement.DOC >>

We are expecting to send the revised Master Trust Indenture and Senior Warehouse Supplement

early next week.

As always, please let us know if you have any questions.

Brent R Taylor | Analyst, Securitization Finance | **RBC Capital Markets** | 200 Bay Street, 2nd Floor, Toronto, ON M5J 2W7 | T. 416-842-7284 | C. 647-632-6169 | brent.r.taylor@rbccm.com

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From: Taylor, Brent R
Sent: November 22, 17 9:56 AM
To: Richard.Hunt@moodys.com; Andrew.Butville@moodys.com; 'Simba.Murahwi@moodys.com'; 'Aliya.Ehmar@moodys.com'; 'Zulaikha.Khurram@moodys.com'; 'Harry.Hendrix@moodys.com'; 'Gavin.Macfarlane@moodys.com'
Cc: Benaiah, Ian; Khan, Nur; Donnie Persaud (Donnie.Persaud@cibc.com) (Donnie.Persaud@cibc.com); 'andrew.maciel@cibc.com'; 'sunil.adalja@cibc.com'; Katrina Niehaus (Katrina.Niehaus@gs.com) (Katrina.Niehaus@gs.com); Delaney, Brian (Brian.Delaney@gs.com); RYFA Ken -TREASURY (ken.ryfa@opg.com); LEE John -TREASURY (john.s.lee@opg.com)
Subject: Fair Hydro Program: Change of Law Protection Agreement

Moody's Team,

In connection with the Fair Hydro Program please find attached;

Change of Law Protection Agreement

We hope you will find this document helpful in your analysis.

<< File: Change of Law Protection Agreement.docx >>

Brent R Taylor | Analyst, Securitization Finance | **RBC Capital Markets** | 200 Bay Street, 2nd Floor, Toronto, ON M5J 2W7 | T. 416-842-7284 | C. 647-632-6169 | brent.r.taylor@rbccm.com

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From: Taylor, Brent R
Sent: November 19, 17 2:12 PM
To: Richard.Hunt@moodys.com; Andrew.Butville@moodys.com; 'Simba.Murahwi@moodys.com'; 'Aliya.Ehmar@moodys.com'; 'Zulaikha.Khurram@moodys.com'; 'Harry.Hendrix@moodys.com'; 'Gavin.Macfarlane@moodys.com'
Cc: Benaiah, Ian; Khan, Nur; Donnie Persaud (Donnie.Persaud@cibc.com) (Donnie.Persaud@cibc.com); 'andrew.maciel@cibc.com'; 'sunil.adalja@cibc.com'; Katrina Niehaus (Katrina.Niehaus@gs.com) (Katrina.Niehaus@gs.com); Delaney, Brian (Brian.Delaney@gs.com); RYFA Ken -TREASURY (ken.ryfa@opg.com); LEE John -TREASURY (john.s.lee@opg.com)
Subject: Fair Hydro Preliminary Draft Offering Memorandum

Moody's Team,

We have attached a preliminary draft of the Offering Memorandum. Typically we would not share the current form of the OM at this early stage, but we ŽŽthink it may help to advance your process by offering a high-level summary of the market, roles of the various participants and structure. It is worth noting that the OM is not synchronized with the most recent versions of the underlying documents.

As always, please let us know if you have any questions.

<< File: _Fair Hydro Trust - Preliminary Confidential Offering Memorandum.docx >>

Brent R Taylor | Analyst, Securitization Finance | **RBC Capital Markets** | 200 Bay Street, 2nd Floor, Toronto, ON M5J 2W7 | T. 416-842-7284 | C. 647-632-6169 | brent.r.taylor@rbccm.com

---

From: Taylor, Brent R
Sent: November 16, 17 9:45 AM
To: Richard.Hunt@moodys.com; Andrew.Butville@moodys.com; 'Simba.Murahwi@moodys.com'; 'Aliya.Ehmar@moodys.com'; 'Zulaikha.Khurram@moodys.com'; 'Harry.Hendrix@moodys.com'; 'Gavin.Macfarlane@moodys.com'
Cc: Benaiah, Ian; Khan, Nur; Donnie Persaud (Donnie.Persaud@cibc.com) (Donnie.Persaud@cibc.com); 'andrew.maciel@cibc.com'; 'sunil.adalja@cibc.com'; Katrina Niehaus (Katrina.Niehaus@gs.com) (Katrina.Niehaus@gs.com); Delaney, Brian (Brian.Delaney@gs.com); RYFA Ken -TREASURY (ken.ryfa@opg.com); LEE John -TREASURY (john.s.lee@opg.com)
Subject: RE: Fair Hydro Draft Agreements

Moody's Team,

In connection with the Fair Hydro Program please find attached;
enior Term Supplement - Nov 15
enior Warehouse Supplement - Nov 15
We hope you will find these documents helpful in your analysis. Additionally, we are happy to discuss any follow-up requests you may have regarding the financial model.
<< File: Senior Term Supplement - Nov 15.DOC >> << File: Senior Warehouse Supplement - Nov 15.DOCX >>
Brent R Taylor | Analyst, Securitization Finance | **RBC Capital Markets** | 200 Bay Street, 2nd Floor, Toronto, ON M5J 2W7 | T. 416-842-7284 | C. 647-632-6169 | brent.r.taylor@rbccm.com

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From: Taylor, Brent R
Sent: November 7, 17 3:12 PM
To: Richard.Hunt@moodys.com; Andrew.Butville@moodys.com; 'Simba.Murahwi@moodys.com'; 'Aliya.Ehmar@moodys.com'; 'Zulaikha.Khurram@moodys.com'; 'Harry.Hendrix@moodys.com'; 'Gavin.Macfarlane@moodys.com'
Cc: Benaiah, Ian; Khan, Nur; Donnie Persaud (Donnie.Persaud@cibc.com) (Donnie.Persaud@cibc.com); 'andrew.maciel@cibc.com'; 'sunil.adalja@cibc.com'; Katrina Niehaus (Katrina.Niehaus@gs.com) (Katrina.Niehaus@gs.com); Delaney, Brian (Brian.Delaney@gs.com); RYFA Ken -TREASURY (ken.ryfa@opg.com); LEE John -TREASURY (john.s.lee@opg.com)
Subject: Fair Hydro Draft Agreements
Moody's Team,
In connection with the Fair Hydro Program please find attached;
Master Trust Indenture (November 7th Rating Agency Draft)
MTSA (November 7th Rating Agency Draft)
IESO Security Agreement (November 7th Rating Agency Draft)
We hope you will find these documents helpful in your analysis. We will organize a call tomorrow to discuss next steps.
<< File: MTSA (November 7th Rating Agency Draft).DOCX >> << File: IESO Security Agreement (November 7th Rating Agency Draft).DOCX >> << File: Master Trust Indenture (November 7th Rating Agency Draft).DOCX >>
Regards,
Brent R Taylor | Analyst, Securitization Finance | **RBC Capital Markets** | 200 Bay Street, 2nd Floor, Toronto, ON M5J 2W7 | T. 416-842-7284 | C. 647-632-6169 | brent.r.taylor@rbccm.com

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From: Taylor, Brent R
Sent: October 13, 17 6:23 PM
To: Richard.Hunt@moodys.com; Andrew.Butville@moodys.com; 'Simba.Murahwi@moodys.com'; 'Aliya.Ehmar@moodys.com'; 'Zulaikha.Khurram@moodys.com'; 'Harry.Hendrix@moodys.com'; 'Gavin.Macfarlane@moodys.com'
Cc: Benaiah, Ian; Khan, Nur; Donnie Persaud (Donnie.Persaud@cibc.com) (Donnie.Persaud@cibc.com); 'andrew.maciel@cibc.com'; 'sunil.adalja@cibc.com'; Katrina Niehaus (Katrina.Niehaus@gs.com) (Katrina.Niehaus@gs.com); Delaney, Brian (Brian.Delaney@gs.com); RYFA Ken -TREASURY (ken.ryfa@opg.com); LEE John -TREASURY (john.s.lee@opg.com)
Subject: Fair Hydro Materials
Moody's Team,
Further to our kick-off meeting on October 3rd, I have attached a comprehensive presentation which contains information about the Ontario Electricity Market, Transaction Overview, Key Agreements and other information that we hope you will find helpful in your understanding and analysis.
In addition I have attached drafts of the Declaration of Trust and Management Agreement. The Declaration of Trust establishes a trust for the purpose of carrying on the activities of a financing entity as defined in the Ontario Fair Hydro Act, 2017. The Management Agreement delegates to OPG all powers and duties of managing the financing entity.
Please let us know if you would like us to arrange a call to walk you through these materials and provide context. Alternatively as you are going through the materials please reach-out with any

questions you have.
<< File: Fair Hydro Plan Financing Program 2017-10-13.pdf >> << File: Fair Hydro - Management Agreement (DRAFT).pdf >> << File: Fair Hydro - Declaration of Trust (DRAFT).pdf >>
Regards,

Brent R Taylor | Analyst, Securitization Finance | **RBC Capital Markets** | 200 Bay Street, 2nd Floor, Toronto, ON M5J 2W7 | T. 416-842-7284 | C. 647-632-6169 | brent.r.taylor@rbccm.com

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From:	LEE John -TREASURY
To:	Mike Manning
Cc:	Ken Kandeepan
Subject:	RE: EXTERNAL – Please re-send adherence comments
Date:	Tuesday, November 21, 2017 4:05:27 PM
Attachments:	FW EXTERNAL Protection Agreement Adherence Conditions.msg

Email attached

From: Mike Manning [mailto:Mike.Manning@ofina.on.ca]
Sent: Tuesday, November 21, 2017 4:01 PM
To: LEE John -TREASURY
Subject: EXTERNAL – Please re-send adherence comments
*** Exercise caution. This is an EXTERNAL email. DO NOT open attachments or click links from unknown senders or unexpected email. ***

Hi John:
Can you please re-send.
Thanks, Mike

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From: LEE John -TREASURY [john.s.lee@opg.com]
To: Mike Manning [Mike.Manning@ofina.on.ca]; Ken Kandeepan [Ken.Kandeepan@ofina.on.ca]
CC: WONG Leslie -LAWDIV [leslie.wong@opg.com]
Subject: FW: EXTERNAL – Protection Agreement / Adherence Conditions
Date: Tuesday, November 21, 2017 16:40:24

Mike:

Some thoughts from the dealers.

John

From: Benaiah, Ian [mailto:ian.benaiah@rbccm.com]
Sent: Tuesday, November 21, 2017 3:33 PM
To: LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>
Cc: Katrina Niehaus (Katrina.Niehaus@gs.com) <Katrina.Niehaus@gs.com>; Brian Delaney (brian.delaney@gs.com) <brian.delaney@gs.com>; Donnie Persaud (Donnie.Persaud@cibc.com) <Donnie.Persaud@cibc.com>; Adalja, Sunil (Sunil.Adalja@cibc.com) <Sunil.Adalja@cibc.com>; Maciel, Andrew (Andrew.Maciel@cibc.com) <Andrew.Maciel@cibc.com>; Khan, Nur <nur.khan@rbccm.com>; Taylor, Brent R <brent.r.taylor@rbccm.com>
Subject: EXTERNAL – Protection Agreement / Adherence Conditions

*** Exercise caution. This is an EXTERNAL email. DO NOT open attachments or click links from unknown senders or unexpected email. ***

John – We have spent considerable time on the Change of Law Protection Agreement (the "Protection Agreement") to ensure that its benefits can easily be identified and understood by investors. The robustness of the Protection Agreement is critical for obtaining optimal ratings, and the marketability of the warehouse and term debt transactions. Here are our collective thoughts on the concepts of having Adherence Conditions and a suspension right in the Protection Agreement:

- Investors need certainty that when they invest in the Financing Entity, they have the protection of the change of law agreement for any amounts owing under the terms of their debt
- It is important for all creditors of the Financing Entity to have the benefit of the Protection Agreement to ensure that there is no misalignment between different groups of creditors
- Under the current draft, Financing Entity obligations are only protected under the Protection Agreement if they satisfy the "Adherence Conditions"
- The concept of having any Adherence Conditions makes it uncertain when something is covered; for example, the current draft provides that OPG has to deliver a certificate for some subset of obligations (the scope of that subset of obligations is still an open point in the draft)
- Even if we could get 100% clarity on when a certificate is required to be delivered in order for an obligation to be protected, the dealers have to rely on OPG delivering that certificate and there is concern that a certificate may not always be delivered
- Essentially, Adherence Conditions make it impossible to be certain that obligations are or aren't covered under the Protection Agreement

The proposal we shared this morning was designed to give investors (and all creditors) of the Financing Entity assurance that obligations are protected while maintaining the Province's oversight over the program. We should also point out that with respect to the right to suspend the application of the Protection Agreement, its effect on refinancing the warehouse must be addressed.

Thanks, Ian

Ian Benaiah | Director, Securitization Finance | RBC Capital Markets | TEL: 416.842.3820 | FAX: 416.842.3888 | ian.benaiah@rbccm.com

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From:	Hanslep, Malle (MOF)
To:	Mansoori, Nina
Cc:	John Psinas; Mike Manning; Ramchandani, Rima; "RYFA Ken -TREASURY"; Ken Kandeepan; LEE John -TREASURY; Saulnier, Brett; Feldman, Michael; Tobias P. Whitfield (MOF)
Subject:	RE: EXTERNAL – Process Certificate
Date:	Wednesday, December 20, 2017 2:42:52 PM

Hi Nina,
We like the approach of have the advance and the max on the certificate as well as in the schedule. The one change we request is to change the wording so it says "will be drawn on December 21, 2017" in all the relevant places because the certificate must be delivered prior to incurring the funding obligation.
Thanks,
Malle

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: December 20, 2017 1:47 PM
To: Hanslep, Malle (MOF)
Cc: John Psinas; Manning, Mike (OFA); Ramchandani, Rima; 'RYFA Ken -TREASURY'; Kandeepan, Ken (OFA); LEE John -TREASURY; Saulnier, Brett; Feldman, Michael; Whitfield, Tobias P. (MOF); Mansoori, Nina
Subject: RE: EXTERNAL – Process Certificate

Malle,
Further to our telephone discussion, please find attached the revised process certificate for your review. Please let me know if you have any further questions.
Thanks,
Nina

Nina Mansoori
P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: December-20-17 1:29 PM
To: Ramchandani, Rima <rramchandani@torys.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; LEE John -TREASURY <john.s.lee@opg.com>; Saulnier, Brett <bsaulnier@torys.com>; Mansoori, Nina <nmansoori@torys.com>; Feldman, Michael <mfeldman@torys.com>; Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>
Cc: John Psinas <John.Psinas@ofina.on.ca>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>
Subject: RE: EXTERNAL – Process Certificate

I did just have a chat with Nina on the point and we were thinking of removing the principal amount in the re: lines and leaving the initial draw and maximum amount in the schedules.
However, maybe the better way to do it is to actual references both numbers in the re: line too. This way all of the information is upfront clearly as well as in the schedule.
So:
C^601,290,000 initial principal advance under $800,00,000 aggregate maximum principal amount of Floating Rate…

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: December 20, 2017 1:26 PM
To: 'RYFA Ken -TREASURY'; Kandeepan, Ken (OFA); LEE John -TREASURY; Saulnier, Brett; Mansoori, Nina; Feldman, Michael; Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Cc: John Psinas; Manning, Mike (OFA)

Subject: RE: EXTERNAL – Process Certificate

Ken, we can't remove the re lines in the process certificate. Nina is discussing this point with Malle and will come to an agreement with her on how she would like us to reference this.

Thanks,

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

From: RYFA Ken -TREASURY [mailto:ken.ryfa@opg.com]

Sent: December-20-17 1:22 PM

To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; LEE John -TREASURY <john.s.lee@opg.com>; Saulnier, Brett <bsaulnier@torys.com>; Mansoori, Nina <nmansoori@torys.com>; Ramchandani, Rima <rramchandani@torys.com>; Feldman, Michael <mfeldman@torys.com>

Cc: John Psinas <John.Psinas@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>

Subject: RE: EXTERNAL – Process Certificate

Ken K – we had a similar concern raised by the IESO with their certificate. The confusion is the reference to the maximum amount of the note versus the amount drawn. See below:

	Max	Dec 21 issuance
Senior notes	800,000,000.00	601,290,000.00
Subordinated notes	611,764,705.88	459,810,000.00
Jr subordinated notes	156,862,745.10	117,900,000.00
	1,568,627,450.98	1,179,000,000.00

The maximum tracks the relationship among the different classes as we have to maintain a specific breakdown whereas the amount issued corresponds to the asset purchased from the IESO. To avoid confusion it is best to remove the "Re:" lines in the certificate.

Brett,

Could you do the same with this certificate and remove the "Re:" lines.

Thanks,

Ken

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]

Sent: Wednesday, December 20, 2017 12:32 PM

To: LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>

Cc: John Psinas <John.Psinas@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>

Subject: FW: EXTERNAL – Process Certificate

Hi John and Ken

The attached process certificate revises the amounts to the maximum face amounts as opposed to the actual drawn, to me the latter is more reflective of the intent behind OPG issuing the certificate to the Province, since it certifies the amount the Province is on the hook for if a Protection Event were to occur next week.

So my preference would be to revert back to the numbers reflecting the actual asset purchase for tomorrow.

Thanks

Ken k

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: Wednesday, December 20, 2017 12:07 PM

To: Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>; Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: FW: EXTERNAL – Process Certificate

Please find attached a slightly revised Process Certificate to be delivered to the Province under the Process Agreement. Please review and consider whether this is a sufficient level of detail on the various points respecting the material terms of the notes comparing it to the warehouse supplement. Since this is the first process certificate, if we would like a bit more detail, it would be good to ask now. I'm not sure when the interest is paid on these notes based on the summary. Extracted below is the s. 3.01(a) of the Process Agreement.

> (a) the material terms of the Funding Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a Derivative Agreement, OPG's best estimate of the expected notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: December 20, 2017 11:16 AM
To: Hanslep, Malle (MOF); Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF)
Cc: 'LEE John -TREASURY'; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'MCAULEY Tyler -LAWDIV'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Prado, Melissa; Feldman, Michael; Ramchandani, Rima; Olusoga, Yinka; Saulnier, Brett; Dost, Mitchell; 'VINER, JON'; 'ASHBOURNE, STEPHEN'; Mansoori, Nina
Subject: RE: EXTERNAL – Process Certificate

Malle/Alena/Toby – please find attached a further revised process certificate. The only change made was to revise the note amounts to reflect the maximum face amount of each note at closing (versus the initial amounts being drawn under each such note at closing). The signed process certificate and all signed reference documentation will be delivered to you by end of day. Thanks,

Nina Mansoori
P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679

From: Mansoori, Nina
Sent: December-19-17 9:31 PM
To: 'Malle.Hanslep@ontario.ca' <Malle.Hanslep@ontario.ca>; 'Thouin, Alena (ENERGY)' <Alena.Thouin@ontario.ca>; 'Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca)' <Tobias.Whitfield@ontario.ca>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; 'MCAULEY Tyler -LAWDIV' <tyler.mcauley@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; Prado, Melissa <mprado@torys.com>; Feldman, Michael <mfeldman@torys.com>; Ramchandani, Rima <rramchandani@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Dost, Mitchell <mdost@torys.com>; 'VINER, JON' <JON.VINER@blakes.com>; 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>; Mansoori, Nina <nmansoori@torys.com>

Subject: RE: EXTERNAL – Process Certificate

Malle/Alena/Toby – further to my email below, please find attached the process certificate which will be delivered to you along with all signed reference documentation by tomorrow. Please let me know if you have any questions.

Many thanks,

Nina

Nina Mansoori

From: Mansoori, Nina
Sent: December-19-17 1:22 PM
To: 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>
Cc: VINER, JON <JON.VINER@blakes.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; Feldman, Michael <mfeldman@torys.com>; Ramchandani, Rima <rramchandani@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Prado, Melissa <mprado@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Dost, Mitchell <mdost@torys.com>; Mansoori, Nina <nmansoori@torys.com>
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Thanks for your voicemail, Steve. I will wait to hear back from you or Toby on the Province's process for delivery of their signature pages in escrow. Given timing, I'd appreciate if you could get back to us soon so that we can send out our pre-closing and closing memo to the wider group this afternoon.

We discussed the list of addressees for the Blakes' opinion with Oslers; please find attached a revised list above. Can you please circulate a revised draft of your opinion as we'll need to provide all drafts to the rating agencies as soon as possible today.

We'll send along a draft of the Process Certificate later today.

Lastly, please find attached blacklines of the most current versions of the Process Agreement and the Protection Agreement to the drafts circulated last Thursday.

Best Regards,

Nina

Nina Mansoori

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: December-19-17 11:01 AM
To: Mansoori, Nina <nmansoori@torys.com>
Cc: VINER, JON <JON.VINER@blakes.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>
Subject: FW: EXTERNAL – Issues relating to the Process/Protection Agreements

Nina, here are the signature page versions I understand were sent for signature to the Ministers. Toby has also confirmed that the Province can table signatures as part of the overall escrow closing, without the extra considerations I mentioned earlier. Once you confirm the opinion addressees, we will send the Blakes opinion to be held in escrow. Thanks, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

Blake, Cassels & Graydon LLP
199 Bay Street, Suite 4000, Toronto ON M5L 1A9
Tel: 416-863-2400 Fax: 416-863-2653
blakes.com[blakes.com][na01.safelinks.protection.outlook.com] | **Twitter**[twitter.com][na01.safelinks.protection.outlook.com] | **Unsubscribe**[blakes.com][na01.safelinks.protection.outlook.com]

Blake, Cassels & Graydon LLP | Barristers & Solicitors | Patent & Trade-mark Agents
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From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Tuesday, December 19, 2017 10:24 AM
To: ASHBOURNE, STEPHEN
Subject: FW: EXTERNAL – Issues relating to the Process/Protection Agreements
Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Whitfield, Tobias P. (MOF)
Sent: December 18, 2017 4:39 PM
To: 'Ramchandani, Rima'; Hanslep, Malle (MOF); LEE John -TREASURY; WONG Leslie -LAWDIV
Cc: Saulnier, Brett; Kandeepan, Ken (OFA); Saulnier, Brett; Dost, Mitchell
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Rima – we have provided forms of signature pages in the form attached for the Ministers to sign (although without the page numbers as on the attached). They will be signing those pages and we will hold them in escrow.

Thanks

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: December 18, 2017 1:16 PM
To: Whitfield, Tobias P. (MOF); Hanslep, Malle (MOF); LEE John -TREASURY; WONG Leslie -LAWDIV
Cc: Saulnier, Brett; Kandeepan, Ken (OFA); Saulnier, Brett; Dost, Mitchell
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Hi Toby, I understand from OPG that the Minister(s) are actually signed the agreements today – do you want us to send you execution versions in Word reflecting the change I sent across below and filling in the notice provisions as per your email below?

Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: December-18-17 1:08 PM
To: Ramchandani, Rima <rramchandani@torys.com>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; LEE John -TREASURY <john.s.lee@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>
Cc: Saulnier, Brett <bsaulnier@torys.com>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Saulnier, Brett <bsaulnier@torys.com>; Dost, Mitchell <mdost@torys.com>
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Rima – I will ask the Ministry of Energy to provide their notice information. For the Minister/Deputy Minister of Finance it is:

Minister of Finance
Ministry of Finance
7 Queen's Park Crescent, 7th Floor
Toronto, ON M7A 1Y7
Fax No.: (416) 325-0374
- and -
Deputy Minister of Finance
Ministry of Finance
7 Queen's Park Crescent, 7th Floor
Toronto, ON M7A 1Y7
Fax No.: (416) 325-1595

Thanks

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: December 18, 2017 1:05 PM
To: Hanslep, Malle (MOF); LEE John -TREASURY; WONG Leslie -LAWDIV
Cc: Whitfield, Tobias P. (MOF); Saulnier, Brett; Kandeepan, Ken (OFA); Saulnier, Brett
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Sorry Malle, can you also please provide us with the notice information for the Province so we can finalize those sections of both the process and protection agreements? Thanks,

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

From: Ramchandani, Rima
Sent: December-18-17 1:03 PM
To: 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; LEE John -TREASURY <john.s.lee@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>
Cc: Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>; Saulnier, Brett

<bsaulnier@torys.com>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Saulnier, Brett <bsaulnier@torys.com>; Ramchandani, Rima <rramchandani@torys.com>
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements
Hi Malle, we discussed your second point below with the accountants and with Osler and they have both confirmed they are comfortable with making the changes reflected in the attached definition of a Breach Event in the process agreement (FYI, the drafting is based on the words proposed by Steve in his last comments provided on the process agreement, with only one change to reference the Province's interests under the process agreement or the protection agreement). Please also note that DBRS has required that all material waivers of the Process Agreement (in addition to material amendments) be subject to satisfaction of the Rating Agency Condition – so that change is also reflected in the attached.
Thanks,
Rima
Rima Ramchandani
P. 416.865.7666

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: December-15-17 5:51 PM
To: LEE John -TREASURY <john.s.lee@opg.com>; Ramchandani, Rima <rramchandani@torys.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>
Cc: Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements
Hi John,
On the second point, we understand that to be case but it had an unintended indirect effect on the 2 subsections mentioned in addition to the provision that we understand that it is targeted to, i.e. s. 3.04(b). We don't need to use the defined term in 6.01(b) and (c).
Thanks,
Malle

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: December 15, 2017 5:21 PM
To: Ramchandani, Rima; WONG Leslie -LAWDIV
Cc: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Saulnier, Brett; Kandeepan, Ken (OFA)
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements
Toby/Les:
With respect to the first point, the process agreement can be amended without Bond holder consent but will require Rating Agency confirmation if the changes are material.
On point #2 definition of Material effect was drafted to enable accounting signoff.
John

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: Friday, December 15, 2017 5:01 PM
To: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LEE John -TREASURY <john.s.lee@opg.com>
Cc: Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Ramchandani, Rima <rramchandani@torys.com>

Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Hi Les, I agree with Toby that the cross-reference to 2.02(b)(iv) should be fixed and should refer to 2.02(c)(iv) – Toby, that comes up in 6.01(a) and 6.01(b). We will do a good scrub of the agreements on Monday to make sure we pick up any nits like this. Thanks,

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com[na01.safelinks.protection.outlook.com]

TORYS LLP[na01.safelinks.protection.outlook.com]

From: WONG Leslie -LAWDIV [mailto:leslie.wong@opg.com] .
Sent: December-15-17 4:38 PM
To: LEE John -TREASURY <john.s.lee@opg.com>; Ramchandani, Rima <rramchandani@torys.com>
Cc: Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

John – Regarding the first two points, please advise on how you'd like us to proceed.

Rima - Regarding the third point, can you please check the cross-reference and, if it needs correction, please correct the cross-reference.

Regards,

Les

Leslie Wong
Senior Counsel
Ontario Power Generation Inc.
700 University Avenue, H18 G26.1, Toronto, ON M5G 1X6
T: (416) 592-3110 **|** E: leslie.wong@opg.com

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Friday, December 15, 2017 3:51 PM
To: WONG Leslie -LAWDIV <leslie.wong@opg.com>
Cc: Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>
Subject: EXTERNAL – Issues relating to the Process/Protection Agreements

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Les,

Further to our phone call, there are three issues that are priority issues for the Province, and we would like to understand what the thinking is behind them, or understand what the scope is for amending them.

1. With respect to the use of the definitions and references that now require defining the Process Agreement in the Protection Agreement, what is the reasoning behind making this change in this way? We had discussed whether a Rating Agency Condition could be included for any amendments to the Process Agreement, but we would also like to understand why it is necessary to import the Process Agreement into the Protection Agreement. We are concerned that this means that any amendments to the Process Agreement will be subject to bondholder approval or other processes that are a consequence of becoming a Program

Agreement under the Master Trust Indenture.

2. We are concerned about the changes to the Material Effect definition in the Process Agreement which has had the effect of significantly undermining the rights of the Province, particularly under the Breach Events provisions 6.01 (b) and (c) because the definition of "Material Effect" as now revised does not apply to those types of breaches. For instance, it is not clear that the failure to perform or breach of a covenant in 6.01(b) is capable of being qualified by the definition of "Material Effect" in a coherent way, thus potentially rendering that provision meaningless. The purpose of the changes to the Material Effect definition was with reference to s. 3.04(b).
3. There is a cross referencing error in the Process Agreement that is the result of the introduction of a new 2.02(b) in the Torys December 12 draft, which results in the reference in 6.01(a) being mistakenly to 2.02(b)(iv), when it should be 2.02(c)(iv) as a result of the new numbering.

Please let us know if we can provide further explanation of these items.

Thanks

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
777 Bay Street, 11th Floor
Toronto, ON, M5G 2C8
tobias.whitfield@ontario.ca
Phone: 416-325-1456

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manière permanente.

From: Ken Kandeepan
To: Malle Hanslep (MOF); Mike Manning; Ronald Kwan
Cc: Anna Strathy; Gadi Mayman; Tobias P. Whitfield (MOF)
Subject: RE: EXTERNAL – Process Certificate
Date: Wednesday, December 20, 2017 12:11:53 PM

Thanks, the numbers relating to the senior and subordinated debt in the certificate don't reflect the asset purchase for tomorrow or the 2017 PAM in the Financing Plan, so I am a little puzzled. Note the numbers in the first version of the certificate sent this AM were in line with the above.
Ken k

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Wednesday, December 20, 2017 12:07 PM
To: Mike Manning ; Ken Kandeepan ; Ronald Kwan
Cc: Anna Strathy ; Gadi Mayman ; Tobias P. Whitfield (MOF)
Subject: FW: EXTERNAL – Process Certificate

Please find attached a slightly revised Process Certificate to be delivered to the Province under the Process Agreement. Please review and consider whether this is a sufficient level of detail on the various points respecting the material terms of the notes comparing it to the warehouse supplement. Since this is the first process certificate, if we would like a bit more detail, it would be good to ask now. I'm not sure when the interest is paid on these notes based on the summary. Extracted below is the s. 3.01(a) of the Process Agreement.

> (a) the material terms of the Funding Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a Derivative Agreement, OPG's best estimate of the expected notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: December 20, 2017 11:16 AM
To: Hanslep, Malle (MOF); Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF)
Cc: 'LEE John -TREASURY'; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'MCAULEY Tyler -LAWDIV'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Prado, Melissa; Feldman, Michael; Ramchandani, Rima; Olusoga, Yinka; Saulnier, Brett; Dost, Mitchell; 'VINER, JON'; 'ASHBOURNE, STEPHEN'; Mansoori, Nina
Subject: RE: EXTERNAL – Process Certificate

Malle/Alena/Toby – please find attached a further revised process certificate. The only change made was to revise the note amounts to reflect the maximum face amount of each note at closing (versus the initial amounts being drawn under each such note at closing). The signed process certificate and all signed reference documentation will be delivered to you by end of day. Thanks,

Nina Mansoori
P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679

From: Mansoori, Nina
Sent: December-19-17 9:31 PM
To: 'Malle.Hanslep@ontario.ca' <Malle.Hanslep@ontario.ca>; 'Thouin, Alena (ENERGY)' <Alena.Thouin@ontario.ca>; 'Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca)' <Tobias.Whitfield@ontario.ca>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; 'MCAULEY Tyler -LAWDIV' <tyler.mcauley@opg.com>;

LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; Prado, Melissa <mprado@torys.com>; Feldman, Michael <mfeldman@torys.com>; Ramchandani, Rima <rramchandani@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Dost, Mitchell <mdost@torys.com>; 'VINER, JON' <JON.VINER@blakes.com>; 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>; Mansoori, Nina <nmansoori@torys.com>

Subject: RE: EXTERNAL – Process Certificate

Malle/Alena/Toby – further to my email below, please find attached the process certificate which will be delivered to you along with all signed reference documentation by tomorrow. Please let me know if you have any questions.

Many thanks,

Nina

Nina Mansoori

From: Mansoori, Nina

Sent: December-19-17 1:22 PM

To: 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>

Cc: VINER, JON <JON.VINER@blakes.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; Feldman, Michael <mfeldman@torys.com>; Ramchandani, Rima <rramchandani@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Prado, Melissa <mprado@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Dost, Mitchell <mdost@torys.com>; Mansoori, Nina <nmansoori@torys.com>

Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Thanks for your voicemail, Steve. I will wait to hear back from you or Toby on the Province's process for delivery of their signature pages in escrow. Given timing, I'd appreciate if you could get back to us soon so that we can send out our pre-closing and closing memo to the wider group this afternoon.

We discussed the list of addressees for the Blakes' opinion with Oslers; please find attached a revised list above. Can you please circulate a revised draft of your opinion as we'll need to provide all drafts to the rating agencies as soon as possible today.

We'll send along a draft of the Process Certificate later today.

Lastly, please find attached blacklines of the most current versions of the Process Agreement and the Protection Agreement to the drafts circulated last Thursday.

Best Regards,

Nina

Nina Mansoori

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]

Sent: December-19-17 11:01 AM

To: Mansoori, Nina <nmansoori@torys.com>

Cc: VINER, JON <JON.VINER@blakes.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>

Subject: FW: EXTERNAL – Issues relating to the Process/Protection Agreements

Nina, here are the signature page versions I understand were sent for signature to the Ministers. Toby has also confirmed that the Province can table signatures as part of the overall escrow closing, without the extra considerations I mentioned earlier. Once you confirm the opinion addressees, we will send the Blakes opinion to be held in escrow. Thanks, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com

Dir: 416-863-3086

———————————

Blake, Cassels & Graydon LLP
199 Bay Street, Suite 4000, Toronto ON M5L 1A9
Tel: 416-863-2400 Fax: 416-863-2653
blakes.com[blakes.com] | **Twitter**[twitter.com] | **Unsubscribe**[blakes.com]

Blake, Cassels & Graydon LLP | Barristers & Solicitors | Patent & Trade-mark Agents
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From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Tuesday, December 19, 2017 10:24 AM
To: ASHBOURNE, STEPHEN
Subject: FW: EXTERNAL – Issues relating to the Process/Protection Agreements

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Whitfield, Tobias P. (MOF)
Sent: December 18, 2017 4:39 PM
To: 'Ramchandani, Rima'; Hanslep, Malle (MOF); LEE John -TREASURY; WONG Leslie -LAWDIV
Cc: Saulnier, Brett; Kandeepan, Ken (OFA); Saulnier, Brett; Dost, Mitchell
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Rima – we have provided forms of signature pages in the form attached for the Ministers to sign (although without the page numbers as on the attached). They will be signing those pages and we will hold them in escrow.

Thanks

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: December 18, 2017 1:16 PM
To: Whitfield, Tobias P. (MOF); Hanslep, Malle (MOF); LEE John -TREASURY; WONG Leslie -LAWDIV
Cc: Saulnier, Brett; Kandeepan, Ken (OFA); Saulnier, Brett; Dost, Mitchell
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Hi Toby, I understand from OPG that the Minister(s) are actually signed the agreements today – do you want us to send you execution versions in Word reflecting the change I sent across below and filling in the notice provisions as per your email below?

Rima

Rima Ramchandani
P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: December-18-17 1:08 PM
To: Ramchandani, Rima <rramchandani@torys.com>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; LEE John -TREASURY <john.s.lee@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>
Cc: Saulnier, Brett <bsaulnier@torys.com>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Saulnier, Brett <bsaulnier@torys.com>; Dost, Mitchell <mdost@torys.com>
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Rima – I will ask the Ministry of Energy to provide their notice information. For the Minister/Deputy Minister of Finance it is:

Minister of Finance
Ministry of Finance
7 Queen's Park Crescent, 7th Floor
Toronto, ON M7A 1Y7
Fax No.: (416) 325-0374
- and -
Deputy Minister of Finance
Ministry of Finance
7 Queen's Park Crescent, 7th Floor
Toronto, ON M7A 1Y7
Fax No.: (416) 325-1595

Thanks
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: December 18, 2017 1:05 PM
To: Hanslep, Malle (MOF); LEE John -TREASURY; WONG Leslie -LAWDIV
Cc: Whitfield, Tobias P. (MOF); Saulnier, Brett; Kandeepan, Ken (OFA); Saulnier, Brett
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Sorry Malle, can you also please provide us with the notice information for the Province so we can finalize those sections of both the process and protection agreements? Thanks,

Rima Ramchandani
P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

From: Ramchandani, Rima
Sent: December-18-17 1:03 PM
To: 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; LEE John -TREASURY <john.s.lee@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>
Cc: Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Saulnier, Brett <bsaulnier@torys.com>; Ramchandani, Rima <rramchandani@torys.com>
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Hi Malle, we discussed your second point below with the accountants and with Osler and they have both confirmed they are comfortable with making the changes reflected in the attached definition of a Breach Event in the process agreement (FYI, the drafting is based on the words

proposed by Steve in his last comments provided on the process agreement, with only one change to reference the Province's interests under the process agreement or the protection agreement). Please also note that DBRS has required that all material waivers of the Process Agreement (in addition to material amendments) be subject to satisfaction of the Rating Agency Condition – so that change is also reflected in the attached.
Thanks,
Rima
Rima Ramchandani
P. 416.865.7666

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: December-15-17 5:51 PM
To: LEE John -TREASURY <john.s.lee@opg.com>; Ramchandani, Rima <rramchandani@torys.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>
Cc: Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Hi John,
On the second point, we understand that to be case but it had an unintended indirect effect on the 2 subsections mentioned in addition to the provision that we understand that it is targeted to, i.e. s. 3.04(b). We don't need to use the defined term in 6.01(b) and (c).
Thanks,
Malle

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: December 15, 2017 5:21 PM
To: Ramchandani, Rima; WONG Leslie -LAWDIV
Cc: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Saulnier, Brett; Kandeepan, Ken (OFA)
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Toby/Les:
With respect to the first point, the process agreement can be amended without Bond holder consent but will require Rating Agency confirmation if the changes are material.
On point #2 definition of Material effect was drafted to enable accounting signoff.
John

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: Friday, December 15, 2017 5:01 PM
To: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LEE John -TREASURY <john.s.lee@opg.com>
Cc: Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Ramchandani, Rima <rramchandani@torys.com>
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Hi Les, I agree with Toby that the cross-reference to 2.02(b)(iv) should be fixed and should refer to 2.02(c)(iv) – Toby, that comes up in 6.01(a) and 6.01(b). We will do a good scrub of the agreements on Monday to make sure we pick up any nits like this. Thanks,

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com[na01.safelinks.protection.outlook.com]

TORYS LLP[na01.safelinks.protection.outlook.com]

From: WONG Leslie -LAWDIV [mailto:leslie.wong@opg.com] .
Sent: December-15-17 4:38 PM
To: LEE John -TREASURY <john.s.lee@opg.com>; Ramchandani, Rima <rramchandani@torys.com>
Cc: Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

John – Regarding the first two points, please advise on how you'd like us to proceed.

Rima - Regarding the third point, can you please check the cross-reference and, if it needs correction, please correct the cross-reference.

Regards,
Les

Leslie Wong
Senior Counsel
Ontario Power Generation Inc.
700 University Avenue, H18 G26.1, Toronto, ON M5G 1X6
T: (416) 592-3110 **|** E: leslie.wong@opg.com

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Friday, December 15, 2017 3:51 PM
To: WONG Leslie -LAWDIV <leslie.wong@opg.com>
Cc: Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>
Subject: EXTERNAL – Issues relating to the Process/Protection Agreements

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Les,
Further to our phone call, there are three issues that are priority issues for the Province, and we would like to understand what the thinking is behind them, or understand what the scope is for amending them.

1. With respect to the use of the definitions and references that now require defining the Process Agreement in the Protection Agreement, what is the reasoning behind making this change in this way? We had discussed whether a Rating Agency Condition could be included for any amendments to the Process Agreement, but we would also like to understand why it is necessary to import the Process Agreement into the Protection Agreement. We are concerned that this means that any amendments to the Process Agreement will be subject to bondholder approval or other processes that are a consequence of becoming a Program Agreement under the Master Trust Indenture.
2. We are concerned about the changes to the Material Effect definition in the Process Agreement which has had the effect of significantly undermining the rights of the Province, particularly under the Breach Events provisions 6.01 (b) and (c) because the definition of "Material Effect" as now revised does not apply to those types of breaches. For instance, it is not clear that the failure to perform or breach of a covenant in 6.01(b) is capable of being qualified by the definition of "Material Effect" in a coherent way, thus potentially rendering that provision meaningless. The purpose of the changes to the Material Effect definition was with reference to s. 3.04(b).
3. There is a cross referencing error in the Process Agreement that is the result of the

introduction of a new 2.02(b) in the Torys December 12 draft, which results in the reference in 6.01(a) being mistakenly to 2.02(b)(iv), when it should be 2.02(c)(iv) as a result of the new numbering.

Please let us know if we can provide further explanation of these items.

Thanks

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
777 Bay Street, 11th Floor
Toronto, ON, M5G 2C8
tobias.whitfield@ontario.ca
Phone: 416-325-1456

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From: Ken Kandeepan
To: Malle Hanslep (MOF); Mike Manning; Ronald Kwan
Cc: Anna Strathy; Gadi Mayman; Tobias P. Whitfield (MOF)
Subject: RE: EXTERNAL – Process Certificate
Date: Wednesday, December 20, 2017 2:36:16 PM

Perfect, that works for me.
Thanks
Ken k

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Wednesday, December 20, 2017 1:22 PM
To: Ken Kandeepan ; Mike Manning ; Ronald Kwan
Cc: Anna Strathy ; Gadi Mayman ; Tobias P. Whitfield (MOF)
Subject: RE: EXTERNAL – Process Certificate

HI Ken,
I spoke with Nina and she is going to change it so that the principal amount # is removed from the re: line in the beginning part of the certificate and then the schedule for each will identify the principal amount advanced at closing tomorrow (the lower amount) and also that it is an initial draw on a facility that has the higher maximum aggregate amount. She said she realized that they have to give a process certificate each time they borrow/draw on it.
She will also add in something about the revolving nature and monthly interest payments and send us a revised version.
Malle

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: December 20, 2017 12:12 PM
To: Hanslep, Malle (MOF); Manning, Mike (OFA); Kwan, Ronald (OFA)
Cc: Strathy, Anna (OFA); Mayman, Gadi (OFA); Whitfield, Tobias P. (MOF)
Subject: RE: EXTERNAL – Process Certificate

Thanks, the numbers relating to the senior and subordinated debt in the certificate don't reflect the asset purchase for tomorrow or the 2017 PAM in the Financing Plan, so I am a little puzzled. Note the numbers in the first version of the certificate sent this AM were in line with the above.
Ken k

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Wednesday, December 20, 2017 12:07 PM
To: Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>; Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: FW: EXTERNAL – Process Certificate

Please find attached a slightly revised Process Certificate to be delivered to the Province under the Process Agreement. Please review and consider whether this is a sufficient level of detail on the various points respecting the material terms of the notes comparing it to the warehouse supplement. Since this is the first process certificate, if we would like a bit more detail, it would be good to ask now. I'm not sure when the interest is paid on these notes based on the summary. Extracted below is the s. 3.01(a) of the Process Agreement.

(a) the material terms of the Funding Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features,

structure and coupon frequency, as applicable, and (ii) in the case of a Derivative Agreement, OPG's best estimate of the expected notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: December 20, 2017 11:16 AM
To: Hanslep, Malle (MOF); Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF)
Cc: 'LEE John -TREASURY'; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'MCAULEY Tyler -LAWDIV'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Prado, Melissa; Feldman, Michael; Ramchandani, Rima; Olusoga, Yinka; Saulnier, Brett; Dost, Mitchell; 'VINER, JON'; 'ASHBOURNE, STEPHEN'; Mansoori, Nina
Subject: RE: EXTERNAL – Process Certificate

Malle/Alena/Toby – please find attached a further revised process certificate. The only change made was to revise the note amounts to reflect the maximum face amount of each note at closing (versus the initial amounts being drawn under each such note at closing). The signed process certificate and all signed reference documentation will be delivered to you by end of day. Thanks,

Nina Mansoori
P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679

From: Mansoori, Nina
Sent: December-19-17 9:31 PM
To: 'Malle.Hanslep@ontario.ca' <Malle.Hanslep@ontario.ca>; 'Thouin, Alena (ENERGY)' <Alena.Thouin@ontario.ca>; 'Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca)' <Tobias.Whitfield@ontario.ca>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; 'MCAULEY Tyler -LAWDIV' <tyler.mcauley@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; Prado, Melissa <mprado@torys.com>; Feldman, Michael <mfeldman@torys.com>; Ramchandani, Rima <rramchandani@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Dost, Mitchell <mdost@torys.com>; 'VINER, JON' <JON.VINER@blakes.com>; 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>; Mansoori, Nina <nmansoori@torys.com>
Subject: RE: EXTERNAL – Process Certificate

Malle/Alena/Toby – further to my email below, please find attached the process certificate which will be delivered to you along with all signed reference documentation by tomorrow. Please let me know if you have any questions.
Many thanks,
Nina

Nina Mansoori

From: Mansoori, Nina
Sent: December-19-17 1:22 PM
To: 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>
Cc: VINER, JON <JON.VINER@blakes.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; Feldman, Michael <mfeldman@torys.com>; Ramchandani, Rima <rramchandani@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Prado, Melissa <mprado@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Dost, Mitchell <mdost@torys.com>; Mansoori, Nina <nmansoori@torys.com>
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Thanks for your voicemail, Steve. I will wait to hear back from you or Toby on the Province's process for delivery of their signature pages in escrow. Given timing, I'd appreciate if you could get back to us soon so that we can send out our pre-closing and closing memo to the wider group this afternoon.
We discussed the list of addressees for the Blakes' opinion with Oslers; please find attached a revised list above. Can you please circulate a revised draft of your opinion as we'll need to provide all drafts to the rating agencies as soon as possible today.
We'll send along a draft of the Process Certificate later today.
Lastly, please find attached blacklines of the most current versions of the Process Agreement and the Protection Agreement to the drafts circulated last Thursday.
Best Regards,
Nina
Nina Mansoori

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: December-19-17 11:01 AM
To: Mansoori, Nina <nmansoori@torys.com>
Cc: VINER, JON <JON.VINER@blakes.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>
Subject: FW: EXTERNAL – Issues relating to the Process/Protection Agreements
Nina, here are the signature page versions I understand were sent for signature to the Ministers. Toby has also confirmed that the Province can table signatures as part of the overall escrow closing, without the extra considerations I mentioned earlier. Once you confirm the opinion addressees, we will send the Blakes opinion to be held in escrow. Thanks, Steve
Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

———————————

Blakes

Blake, Cassels & Graydon LLP
199 Bay Street, Suite 4000, Toronto ON M5L 1A9
Tel: 416-863-2400 Fax: 416-863-2653
blakes.com[blakes.com] | **Twitter**[twitter.com] | **Unsubscribe**[blakes.com]

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From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Tuesday, December 19, 2017 10:24 AM
To: ASHBOURNE, STEPHEN
Subject: FW: EXTERNAL – Issues relating to the Process/Protection Agreements
Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca

Phone: 416-325-1456

From: Whitfield, Tobias P. (MOF)
Sent: December 18, 2017 4:39 PM
To: 'Ramchandani, Rima'; Hanslep, Malle (MOF); LEE John -TREASURY; WONG Leslie -LAWDIV
Cc: Saulnier, Brett; Kandeepan, Ken (OFA); Saulnier, Brett; Dost, Mitchell
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Rima – we have provided forms of signature pages in the form attached for the Ministers to sign (although without the page numbers as on the attached). They will be signing those pages and we will hold them in escrow.

Thanks

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: December 18, 2017 1:16 PM
To: Whitfield, Tobias P. (MOF); Hanslep, Malle (MOF); LEE John -TREASURY; WONG Leslie -LAWDIV
Cc: Saulnier, Brett; Kandeepan, Ken (OFA); Saulnier, Brett; Dost, Mitchell
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Hi Toby, I understand from OPG that the Minister(s) are actually signed the agreements today – do you want us to send you execution versions in Word reflecting the change I sent across below and filling in the notice provisions as per your email below?

Rima

Rima Ramchandani
P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: December-18-17 1:08 PM
To: Ramchandani, Rima <rramchandani@torys.com>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; LEE John -TREASURY <john.s.lee@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>
Cc: Saulnier, Brett <bsaulnier@torys.com>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Saulnier, Brett <bsaulnier@torys.com>; Dost, Mitchell <mdost@torys.com>
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Rima – I will ask the Ministry of Energy to provide their notice information. For the Minister/Deputy Minister of Finance it is:

Minister of Finance
Ministry of Finance
7 Queen's Park Crescent, 7th Floor
Toronto, ON M7A 1Y7
Fax No.: (416) 325-0374
- and -
Deputy Minister of Finance
Ministry of Finance
7 Queen's Park Crescent, 7th Floor
Toronto, ON M7A 1Y7
Fax No.: (416) 325-1595

Thanks

Toby
Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: December 18, 2017 1:05 PM
To: Hanslep, Malle (MOF); LEE John -TREASURY; WONG Leslie -LAWDIV
Cc: Whitfield, Tobias P. (MOF); Saulnier, Brett; Kandeepan, Ken (OFA); Saulnier, Brett
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Sorry Malle, can you also please provide us with the notice information for the Province so we can finalize those sections of both the process and protection agreements? Thanks,

Rima Ramchandani
P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

From: Ramchandani, Rima
Sent: December-18-17 1:03 PM
To: 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; LEE John -TREASURY <john.s.lee@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>
Cc: Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Saulnier, Brett <bsaulnier@torys.com>; Ramchandani, Rima <rramchandani@torys.com>
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Hi Malle, we discussed your second point below with the accountants and with Osler and they have both confirmed they are comfortable with making the changes reflected in the attached definition of a Breach Event in the process agreement (FYI, the drafting is based on the words proposed by Steve in his last comments provided on the process agreement, with only one change to reference the Province's interests under the process agreement or the protection agreement). Please also note that DBRS has required that all material waivers of the Process Agreement (in addition to material amendments) be subject to satisfaction of the Rating Agency Condition – so that change is also reflected in the attached.
Thanks,
Rima

Rima Ramchandani
P. 416.865.7666

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: December-15-17 5:51 PM
To: LEE John -TREASURY <john.s.lee@opg.com>; Ramchandani, Rima <rramchandani@torys.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>
Cc: Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Hi John,
On the second point, we understand that to be case but it had an unintended indirect effect on the 2 subsections mentioned in addition to the provision that we understand that it is targeted to, i.e. s. 3.04(b). We don't need to use the defined term in 6.01(b) and (c).
Thanks,
Malle

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]

Sent: December 15, 2017 5:21 PM
To: Ramchandani, Rima; WONG Leslie -LAWDIV
Cc: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Saulnier, Brett; Kandeepan, Ken (OFA)
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Toby/Les:

With respect to the first point, the process agreement can be amended without Bond holder consent but will require Rating Agency confirmation if the changes are material.

On point #2 definition of Material effect was drafted to enable accounting signoff.

John

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: Friday, December 15, 2017 5:01 PM
To: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LEE John -TREASURY <john.s.lee@opg.com>
Cc: Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Ramchandani, Rima <rramchandani@torys.com>
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Hi Les, I agree with Toby that the cross-reference to 2.02(b)(iv) should be fixed and should refer to 2.02(c)(iv) – Toby, that comes up in 6.01(a) and 6.01(b). We will do a good scrub of the agreements on Monday to make sure we pick up any nits like this. Thanks,

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com[na01.safelinks.protection.outlook.com]

TORYS LLP[na01.safelinks.protection.outlook.com]

From: WONG Leslie -LAWDIV [mailto:leslie.wong@opg.com] .
Sent: December-15-17 4:38 PM
To: LEE John -TREASURY <john.s.lee@opg.com>; Ramchandani, Rima <rramchandani@torys.com>
Cc: Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

John – Regarding the first two points, please advise on how you'd like us to proceed.

Rima - Regarding the third point, can you please check the cross-reference and, if it needs correction, please correct the cross-reference.

Regards,

Les

Leslie Wong
Senior Counsel
Ontario Power Generation Inc.
700 University Avenue, H18 G26.1, Toronto, ON M5G 1X6
T: (416) 592-3110 **|** E: leslie.wong@opg.com

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Friday, December 15, 2017 3:51 PM
To: WONG Leslie -LAWDIV <leslie.wong@opg.com>
Cc: Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>
Subject: EXTERNAL – Issues relating to the Process/Protection Agreements

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Les,

Further to our phone call, there are three issues that are priority issues for the Province, and we would like to understand what the thinking is behind them, or understand what the scope is for amending them.

1. With respect to the use of the definitions and references that now require defining the Process Agreement in the Protection Agreement, what is the reasoning behind making this change in this way? We had discussed whether a Rating Agency Condition could be included for any amendments to the Process Agreement, but we would also like to understand why it is necessary to import the Process Agreement into the Protection Agreement. We are concerned that this means that any amendments to the Process Agreement will be subject to bondholder approval or other processes that are a consequence of becoming a Program Agreement under the Master Trust Indenture.
2. We are concerned about the changes to the Material Effect definition in the Process Agreement which has had the effect of significantly undermining the rights of the Province, particularly under the Breach Events provisions 6.01 (b) and (c) because the definition of "Material Effect" as now revised does not apply to those types of breaches. For instance, it is not clear that the failure to perform or breach of a covenant in 6.01(b) is capable of being qualified by the definition of "Material Effect" in a coherent way, thus potentially rendering that provision meaningless. The purpose of the changes to the Material Effect definition was with reference to s. 3.04(b).
3. There is a cross referencing error in the Process Agreement that is the result of the introduction of a new 2.02(b) in the Torys December 12 draft, which results in the reference in 6.01(a) being mistakenly to 2.02(b)(iv), when it should be 2.02(c)(iv) as a result of the new numbering.

Please let us know if we can provide further explanation of these items.

Thanks

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
777 Bay Street, 11th Floor
Toronto, ON, M5G 2C8
tobias.whitfield@ontario.ca
Phone: 416-325-1456

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From: Thouin, Alena (ENERGY)
To: Malle Hanslep (MOF); Ken Kandeepan; Tobias P. Whitfield (MOF); Mike Manning
Subject: RE: EXTERNAL – Process Certificate
Date: Wednesday, December 20, 2017 2:01:25 PM

Looks good to me and agree with your comment Malle. Good catch!

From: Hanslep, Malle (MOF)
Sent: December 20, 2017 1:55 PM
To: Kandeepan, Ken (OFA); Whitfield, Tobias P. (MOF); Manning, Mike (OFA); Thouin, Alena (ENERGY)
Subject: FW: EXTERNAL – Process Certificate
This look ok except it should say "will be" not "has been" because this must be delivered before the borrowing is done. Before the funding obligation is incurred.
Please let me know if you have any further comments.

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: December 20, 2017 1:47 PM
To: Hanslep, Malle (MOF)
Cc: John Psinas; Manning, Mike (OFA); Ramchandani, Rima; 'RYFA Ken -TREASURY'; Kandeepan, Ken (OFA); LEE John -TREASURY; Saulnier, Brett; Feldman, Michael; Whitfield, Tobias P. (MOF); Mansoori, Nina
Subject: RE: EXTERNAL – Process Certificate
Malle,
Further to our telephone discussion, please find attached the revised process certificate for your review. Please let me know if you have any further questions.
Thanks,
Nina
Nina Mansoori
P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: December-20-17 1:29 PM
To: Ramchandani, Rima <rramchandani@torys.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; LEE John -TREASURY <john.s.lee@opg.com>; Saulnier, Brett <bsaulnier@torys.com>; Mansoori, Nina <nmansoori@torys.com>; Feldman, Michael <mfeldman@torys.com>; Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>
Cc: John Psinas <John.Psinas@ofina.on.ca>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>
Subject: RE: EXTERNAL – Process Certificate
I did just have a chat with Nina on the point and we were thinking of removing the principal amount in the re: lines and leaving the initial draw and maximum amount in the schedules.
However, maybe the better way to do it is to actual references both numbers in the re: line too. This way all of the information is upfront clearly as well as in the schedule.
So:
C^601,290,000 initial principal advance under $800,00,000 aggregate maximum principal amount of Floating Rate…

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: December 20, 2017 1:26 PM
To: 'RYFA Ken -TREASURY'; Kandeepan, Ken (OFA); LEE John -TREASURY; Saulnier, Brett; Mansoori, Nina; Feldman,

Michael; Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Cc: John Psinas; Manning, Mike (OFA)
Subject: RE: EXTERNAL – Process Certificate

Ken, we can't remove the re lines in the process certificate. Nina is discussing this point with Malle and will come to an agreement with her on how she would like us to reference this.
Thanks,
Rima Ramchandani
P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

From: RYFA Ken -TREASURY [mailto:ken.ryfa@opg.com]
Sent: December-20-17 1:22 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; LEE John -TREASURY <john.s.lee@opg.com>; Saulnier, Brett <bsaulnier@torys.com>; Mansoori, Nina <nmansoori@torys.com>; Ramchandani, Rima <rramchandani@torys.com>; Feldman, Michael <mfeldman@torys.com>
Cc: John Psinas <John.Psinas@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: EXTERNAL – Process Certificate

Ken K – we had a similar concern raised by the IESO with their certificate. The confusion is the reference to the maximum amount of the note versus the amount drawn. See below:

	Max	Dec 21 issuance
Senior notes	800,000,000.00	601,290,000.00
Subordinated notes	611,764,705.88	459,810,000.00
Jr subordinated notes	156,862,745.10	117,900,000.00
	1,568,627,450.98	1,179,000,000.00

The maximum tracks the relationship among the different classes as we have to maintain a specific breakdown whereas the amount issued corresponds to the asset purchased from the IESO. To avoid confusion it is best to remove the "Re:" lines in the certificate.
Brett,
Could you do the same with this certificate and remove the "Re:" lines.
Thanks,
Ken

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: Wednesday, December 20, 2017 12:32 PM
To: LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>
Cc: John Psinas <John.Psinas@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: FW: EXTERNAL – Process Certificate

Hi John and Ken
The attached process certificate revises the amounts to the maximum face amounts as opposed to the actual drawn, to me the latter is more reflective of the intent behind OPG issuing the certificate to the Province, since it certifies the amount the Province is on the hook for if a Protection Event were to occur next week.
So my preference would be to revert back to the numbers reflecting the actual asset purchase for tomorrow.
Thanks
Ken k

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Wednesday, December 20, 2017 12:07 PM
To: Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>; Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: FW: EXTERNAL – Process Certificate

Please find attached a slightly revised Process Certificate to be delivered to the Province under the Process Agreement. Please review and consider whether this is a sufficient level of detail on the various points respecting the material terms of the notes comparing it to the warehouse supplement. Since this is the first process certificate, if we would like a bit more detail, it would be good to ask now. I'm not sure when the interest is paid on these notes based on the summary. Extracted below is the s. 3.01(a) of the Process Agreement.

> (a) the material terms of the Funding Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a Derivative Agreement, OPG's best estimate of the expected notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: December 20, 2017 11:16 AM
To: Hanslep, Malle (MOF); Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF)
Cc: 'LEE John -TREASURY'; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'MCAULEY Tyler -LAWDIV'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Prado, Melissa; Feldman, Michael; Ramchandani, Rima; Olusoga, Yinka; Saulnier, Brett; Dost, Mitchell; 'VINER, JON'; 'ASHBOURNE, STEPHEN'; Mansoori, Nina
Subject: RE: EXTERNAL – Process Certificate

Malle/Alena/Toby – please find attached a further revised process certificate. The only change made was to revise the note amounts to reflect the maximum face amount of each note at closing (versus the initial amounts being drawn under each such note at closing). The signed process certificate and all signed reference documentation will be delivered to you by end of day. Thanks,

Nina Mansoori
P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679

From: Mansoori, Nina
Sent: December-19-17 9:31 PM
To: 'Malle.Hanslep@ontario.ca' <Malle.Hanslep@ontario.ca>; 'Thouin, Alena (ENERGY)' <Alena.Thouin@ontario.ca>; 'Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca)' <Tobias.Whitfield@ontario.ca>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; 'MCAULEY Tyler -LAWDIV' <tyler.mcauley@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; Prado, Melissa <mprado@torys.com>; Feldman, Michael <mfeldman@torys.com>; Ramchandani, Rima <rramchandani@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Dost, Mitchell <mdost@torys.com>;

'VINER, JON' <JON.VINER@blakes.com>; 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>; Mansoori, Nina <nmansoori@torys.com>
Subject: RE: EXTERNAL – Process Certificate

Malle/Alena/Toby – further to my email below, please find attached the process certificate which will be delivered to you along with all signed reference documentation by tomorrow. Please let me know if you have any questions.

Many thanks,

Nina

Nina Mansoori

From: Mansoori, Nina
Sent: December-19-17 1:22 PM
To: 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>
Cc: VINER, JON <JON.VINER@blakes.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; Feldman, Michael <mfeldman@torys.com>; Ramchandani, Rima <rramchandani@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Prado, Melissa <mprado@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Dost, Mitchell <mdost@torys.com>; Mansoori, Nina <nmansoori@torys.com>
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Thanks for your voicemail, Steve. I will wait to hear back from you or Toby on the Province's process for delivery of their signature pages in escrow. Given timing, I'd appreciate if you could get back to us soon so that we can send out our pre-closing and closing memo to the wider group this afternoon.

We discussed the list of addressees for the Blakes' opinion with Oslers; please find attached a revised list above. Can you please circulate a revised draft of your opinion as we'll need to provide all drafts to the rating agencies as soon as possible today.

We'll send along a draft of the Process Certificate later today.

Lastly, please find attached blacklines of the most current versions of the Process Agreement and the Protection Agreement to the drafts circulated last Thursday.

Best Regards,

Nina

Nina Mansoori

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: December-19-17 11:01 AM
To: Mansoori, Nina <nmansoori@torys.com>
Cc: VINER, JON <JON.VINER@blakes.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>
Subject: FW: EXTERNAL – Issues relating to the Process/Protection Agreements

Nina, here are the signature page versions I understand were sent for signature to the Ministers. Toby has also confirmed that the Province can table signatures as part of the overall escrow closing, without the extra considerations I mentioned earlier. Once you confirm the opinion addressees, we will send the Blakes opinion to be held in escrow. Thanks, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com

Dir: 416-863-3086

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Tel: 416-863-2400 Fax: 416-863-2653
blakes.com[blakes.com][na01.safelinks.protection.outlook.com] | **Twitter**[twitter.com] [na01.safelinks.protection.outlook.com] | **Unsubscribe**[blakes.com][na01.safelinks.protection.outlook.com]

Blake, Cassels & Graydon LLP | Barristers & Solicitors | Patent & Trade-mark Agents
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From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Tuesday, December 19, 2017 10:24 AM
To: ASHBOURNE, STEPHEN
Subject: FW: EXTERNAL – Issues relating to the Process/Protection Agreements
Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Whitfield, Tobias P. (MOF)
Sent: December 18, 2017 4:39 PM
To: 'Ramchandani, Rima'; Hanslep, Malle (MOF); LEE John -TREASURY; WONG Leslie -LAWDIV
Cc: Saulnier, Brett; Kandeepan, Ken (OFA); Saulnier, Brett; Dost, Mitchell
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Rima – we have provided forms of signature pages in the form attached for the Ministers to sign (although without the page numbers as on the attached). They will be signing those pages and we will hold them in escrow.

Thanks

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: December 18, 2017 1:16 PM
To: Whitfield, Tobias P. (MOF); Hanslep, Malle (MOF); LEE John -TREASURY; WONG Leslie -LAWDIV
Cc: Saulnier, Brett; Kandeepan, Ken (OFA); Saulnier, Brett; Dost, Mitchell
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Hi Toby, I understand from OPG that the Minister(s) are actually signed the agreements today

– do you want us to send you execution versions in Word reflecting the change I sent across below and filling in the notice provisions as per your email below?
Rima
Rima Ramchandani
P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: December-18-17 1:08 PM
To: Ramchandani, Rima <rramchandani@torys.com>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; LEE John -TREASURY <john.s.lee@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>
Cc: Saulnier, Brett <bsaulnier@torys.com>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Saulnier, Brett <bsaulnier@torys.com>; Dost, Mitchell <mdost@torys.com>
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements
Rima – I will ask the Ministry of Energy to provide their notice information. For the Minister/Deputy Minister of Finance it is:
Minister of Finance
Ministry of Finance
7 Queen's Park Crescent, 7th Floor
Toronto, ON M7A 1Y7
Fax No.: (416) 325-0374
- and -
Deputy Minister of Finance
Ministry of Finance
7 Queen's Park Crescent, 7th Floor
Toronto, ON M7A 1Y7
Fax No.: (416) 325-1595
Thanks
Toby
Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: December 18, 2017 1:05 PM
To: Hanslep, Malle (MOF); LEE John -TREASURY; WONG Leslie -LAWDIV
Cc: Whitfield, Tobias P. (MOF); Saulnier, Brett; Kandeepan, Ken (OFA); Saulnier, Brett
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements
Sorry Malle, can you also please provide us with the notice information for the Province so we can finalize those sections of both the process and protection agreements? Thanks,
Rima Ramchandani
P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

From: Ramchandani, Rima
Sent: December-18-17 1:03 PM
To: 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; LEE John -TREASURY

<john.s.lee@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>
Cc: Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Saulnier, Brett <bsaulnier@torys.com>; Ramchandani, Rima <rramchandani@torys.com>
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Hi Malle, we discussed your second point below with the accountants and with Osler and they have both confirmed they are comfortable with making the changes reflected in the attached definition of a Breach Event in the process agreement (FYI, the drafting is based on the words proposed by Steve in his last comments provided on the process agreement, with only one change to reference the Province's interests under the process agreement or the protection agreement). Please also note that DBRS has required that all material waivers of the Process Agreement (in addition to material amendments) be subject to satisfaction of the Rating Agency Condition – so that change is also reflected in the attached.

Thanks,

Rima

Rima Ramchandani

P. 416.865.7666

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: December-15-17 5:51 PM
To: LEE John -TREASURY <john.s.lee@opg.com>; Ramchandani, Rima <rramchandani@torys.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>
Cc: Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Hi John,

On the second point, we understand that to be case but it had an unintended indirect effect on the 2 subsections mentioned in addition to the provision that we understand that it is targeted to, i.e. s. 3.04(b). We don't need to use the defined term in 6.01(b) and (c).

Thanks,

Malle

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: December 15, 2017 5:21 PM
To: Ramchandani, Rima; WONG Leslie -LAWDIV
Cc: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Saulnier, Brett; Kandeepan, Ken (OFA)
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Toby/Les:

With respect to the first point, the process agreement can be amended without Bond holder consent but will require Rating Agency confirmation if the changes are material.

On point #2 definition of Material effect was drafted to enable accounting signoff.

John

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: Friday, December 15, 2017 5:01 PM
To: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LEE John -TREASURY <john.s.lee@opg.com>
Cc: Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; Whitfield, Tobias P. (MOF)

<Tobias.Whitfield@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Ramchandani, Rima <rramchandani@torys.com>

Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Hi Les, I agree with Toby that the cross-reference to 2.02(b)(iv) should be fixed and should refer to 2.02(c)(iv) – Toby, that comes up in 6.01(a) and 6.01(b). We will do a good scrub of the agreements on Monday to make sure we pick up any nits like this. Thanks,

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com[na01.safelinks.protection.outlook.com]

TORYS LLP[na01.safelinks.protection.outlook.com]

From: WONG Leslie -LAWDIV [mailto:leslie.wong@opg.com] .
Sent: December-15-17 4:38 PM
To: LEE John -TREASURY <john.s.lee@opg.com>; Ramchandani, Rima <rramchandani@torys.com>
Cc: Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

John – Regarding the first two points, please advise on how you'd like us to proceed.

Rima - Regarding the third point, can you please check the cross-reference and, if it needs correction, please correct the cross-reference.

Regards,

Les

Leslie Wong
Senior Counsel
Ontario Power Generation Inc.
700 University Avenue, H18 G26.1, Toronto, ON M5G 1X6
T: (416) 592-3110 **|** E: leslie.wong@opg.com

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Friday, December 15, 2017 3:51 PM
To: WONG Leslie -LAWDIV <leslie.wong@opg.com>
Cc: Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>
Subject: EXTERNAL – Issues relating to the Process/Protection Agreements

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Les,

Further to our phone call, there are three issues that are priority issues for the Province, and we would like to understand what the thinking is behind them, or understand what the scope is for amending them.

1. With respect to the use of the definitions and references that now require defining the Process Agreement in the Protection Agreement, what is the reasoning behind making this change in this way? We had discussed whether a Rating Agency Condition could be included for any amendments to the Process Agreement, but we would also like to understand why it is necessary to import the Process Agreement into the Protection Agreement. We are

concerned that this means that any amendments to the Process Agreement will be subject to bondholder approval or other processes that are a consequence of becoming a Program Agreement under the Master Trust Indenture.

2. We are concerned about the changes to the Material Effect definition in the Process Agreement which has had the effect of significantly undermining the rights of the Province, particularly under the Breach Events provisions 6.01 (b) and (c) because the definition of "Material Effect" as now revised does not apply to those types of breaches. For instance, it is not clear that the failure to perform or breach of a covenant in 6.01(b) is capable of being qualified by the definition of "Material Effect" in a coherent way, thus potentially rendering that provision meaningless. The purpose of the changes to the Material Effect definition was with reference to s. 3.04(b).
3. There is a cross referencing error in the Process Agreement that is the result of the introduction of a new 2.02(b) in the Torys December 12 draft, which results in the reference in 6.01(a) being mistakenly to 2.02(b)(iv), when it should be 2.02(c)(iv) as a result of the new numbering.

Please let us know if we can provide further explanation of these items.

Thanks

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
777 Bay Street, 11th Floor
Toronto, ON, M5G 2C8
tobias.whitfield@ontario.ca
Phone: 416-325-1456

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manière permanente.

From:	Mansoori, Nina
To:	Malle Hanslep (MOF)
Cc:	John Psinas; Mike Manning; Ramchandani, Rima; "RYFA Ken -TREASURY"; Ken Kandeepan; LEE John -TREASURY; Saulnier, Brett; Feldman, Michael; Tobias P. Whitfield (MOF); Mansoori, Nina
Subject:	RE: EXTERNAL – Process Certificate
Date:	Wednesday, December 20, 2017 1:47:10 PM
Attachments:	Blackline_24671204v1 - 24546313v5.pdf Process Certificate of the CFO and Treasurer of OPG re section 3.01 of the CLPA (5).DOCX

Malle,

Further to our telephone discussion, please find attached the revised process certificate for your review. Please let me know if you have any further questions.

Thanks,

Nina

Nina Mansoori

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: December-20-17 1:29 PM

To: Ramchandani, Rima ; 'RYFA Ken -TREASURY' ; Kandeepan, Ken (OFA) ; LEE John -TREASURY ; Saulnier, Brett ; Mansoori, Nina ; Feldman, Michael ; Whitfield, Tobias P. (MOF)

Cc: John Psinas ; Manning, Mike (OFA)

Subject: RE: EXTERNAL – Process Certificate

I did just have a chat with Nina on the point and we were thinking of removing the principal amount in the re: lines and leaving the initial draw and maximum amount in the schedules.

However, maybe the better way to do it is to actual references both numbers in the re: line too. This way all of the information is upfront clearly as well as in the schedule.

So:

C^601,290,000 initial principal advance under $800,00,000 aggregate maximum principal amount of Floating Rate…

From: Ramchandani, Rima [mailto:rramchandani@torys.com]

Sent: December 20, 2017 1:26 PM

To: 'RYFA Ken -TREASURY'; Kandeepan, Ken (OFA); LEE John -TREASURY; Saulnier, Brett; Mansoori, Nina; Feldman, Michael; Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)

Cc: John Psinas; Manning, Mike (OFA)

Subject: RE: EXTERNAL – Process Certificate

Ken, we can't remove the re lines in the process certificate. Nina is discussing this point with Malle and will come to an agreement with her on how she would like us to reference this.

Thanks,

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

From: RYFA Ken -TREASURY [mailto:ken.ryfa@opg.com]

Sent: December-20-17 1:22 PM

To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; LEE John -TREASURY <john.s.lee@opg.com>; Saulnier, Brett <bsaulnier@torys.com>; Mansoori, Nina <nmansoori@torys.com>; Ramchandani, Rima <rramchandani@torys.com>; Feldman, Michael <mfeldman@torys.com>

Cc: John Psinas <John.Psinas@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>

Subject: RE: EXTERNAL – Process Certificate

Ken K – we had a similar concern raised by the IESO with their certificate. The confusion is the reference to the maximum amount of the note versus the amount drawn. See below:

	Max	Dec 21 issuance
Senior notes	800,000,000.00	601,290,000.00
Subordinated notes	611,764,705.88	459,810,000.00
Jr subordinated notes	156,862,745.10	117,900,000.00
	1,568,627,450.98	1,179,000,000.00

The maximum tracks the relationship among the different classes as we have to maintain a specific breakdown whereas the amount issued corresponds to the asset purchased from the IESO. To avoid confusion it is best to remove the "Re:" lines in the certificate.
Brett,
Could you do the same with this certificate and remove the "Re:" lines.
Thanks,
Ken

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: Wednesday, December 20, 2017 12:32 PM
To: LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>
Cc: John Psinas <John.Psinas@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: FW: EXTERNAL – Process Certificate
Hi John and Ken
The attached process certificate revises the amounts to the maximum face amounts as opposed to the actual drawn, to me the latter is more reflective of the intent behind OPG issuing the certificate to the Province, since it certifies the amount the Province is on the hook for if a Protection Event were to occur next week.
So my preference would be to revert back to the numbers reflecting the actual asset purchase for tomorrow.
Thanks
Ken k

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Wednesday, December 20, 2017 12:07 PM
To: Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>; Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: FW: EXTERNAL – Process Certificate
Please find attached a slightly revised Process Certificate to be delivered to the Province under the Process Agreement. Please review and consider whether this is a sufficient level of detail on the various points respecting the material terms of the notes comparing it to the warehouse supplement. Since this is the first process certificate, if we would like a bit more detail, it would be good to ask now. I'm not sure when the interest is paid on these notes based on the summary. Extracted below is the s. 3.01(a) of the Process Agreement.

(a) the material terms of the Funding Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features,

structure and coupon frequency, as applicable, and (ii) in the case of a Derivative Agreement, OPG's best estimate of the expected notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: December 20, 2017 11:16 AM
To: Hanslep, Malle (MOF); Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF)
Cc: 'LEE John -TREASURY'; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'MCAULEY Tyler -LAWDIV'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Prado, Melissa; Feldman, Michael; Ramchandani, Rima; Olusoga, Yinka; Saulnier, Brett; Dost, Mitchell; 'VINER, JON'; 'ASHBOURNE, STEPHEN'; Mansoori, Nina
Subject: RE: EXTERNAL – Process Certificate

Malle/Alena/Toby – please find attached a further revised process certificate. The only change made was to revise the note amounts to reflect the maximum face amount of each note at closing (versus the initial amounts being drawn under each such note at closing). The signed process certificate and all signed reference documentation will be delivered to you by end of day. Thanks,

Nina Mansoori

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679

From: Mansoori, Nina
Sent: December-19-17 9:31 PM
To: 'Malle.Hanslep@ontario.ca' <Malle.Hanslep@ontario.ca>; 'Thouin, Alena (ENERGY)' <Alena.Thouin@ontario.ca>; 'Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca)' <Tobias.Whitfield@ontario.ca>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; 'MCAULEY Tyler -LAWDIV' <tyler.mcauley@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; Prado, Melissa <mprado@torys.com>; Feldman, Michael <mfeldman@torys.com>; Ramchandani, Rima <rramchandani@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Dost, Mitchell <mdost@torys.com>; 'VINER, JON' <JON.VINER@blakes.com>; 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>; Mansoori, Nina <nmansoori@torys.com>
Subject: RE: EXTERNAL – Process Certificate

Malle/Alena/Toby – further to my email below, please find attached the process certificate which will be delivered to you along with all signed reference documentation by tomorrow. Please let me know if you have any questions.

Many thanks,

Nina

Nina Mansoori

From: Mansoori, Nina
Sent: December-19-17 1:22 PM
To: 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>
Cc: VINER, JON <JON.VINER@blakes.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; Feldman, Michael <mfeldman@torys.com>; Ramchandani, Rima <rramchandani@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Prado, Melissa

<mprado@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Dost, Mitchell <mdost@torys.com>; Mansoori, Nina <nmansoori@torys.com>

Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Thanks for your voicemail, Steve. I will wait to hear back from you or Toby on the Province's process for delivery of their signature pages in escrow. Given timing, I'd appreciate if you could get back to us soon so that we can send out our pre-closing and closing memo to the wider group this afternoon.

We discussed the list of addressees for the Blakes' opinion with Oslers; please find attached a revised list above. Can you please circulate a revised draft of your opinion as we'll need to provide all drafts to the rating agencies as soon as possible today.

We'll send along a draft of the Process Certificate later today.

Lastly, please find attached blacklines of the most current versions of the Process Agreement and the Protection Agreement to the drafts circulated last Thursday.

Best Regards,

Nina

Nina Mansoori

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]

Sent: December-19-17 11:01 AM

To: Mansoori, Nina <nmansoori@torys.com>

Cc: VINER, JON <JON.VINER@blakes.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>

Subject: FW: EXTERNAL – Issues relating to the Process/Protection Agreements

Nina, here are the signature page versions I understand were sent for signature to the Ministers. Toby has also confirmed that the Province can table signatures as part of the overall escrow closing, without the extra considerations I mentioned earlier. Once you confirm the opinion addressees, we will send the Blakes opinion to be held in escrow. Thanks, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

Blake, Cassels & Graydon LLP
199 Bay Street, Suite 4000, Toronto ON M5L 1A9
Tel: 416-863-2400 Fax: 416-863-2653
blakes.com[blakes.com][na01.safelinks.protection.outlook.com] | **Twitter**[twitter.com][na01.safelinks.protection.outlook.com] | **Unsubscribe**[blakes.com][na01.safelinks.protection.outlook.com]

Blake, Cassels & Graydon LLP | Barristers & Solicitors | Patent & Trade-mark Agents
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From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Tuesday, December 19, 2017 10:24 AM
To: ASHBOURNE, STEPHEN
Subject: FW: EXTERNAL – Issues relating to the Process/Protection Agreements
Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Whitfield, Tobias P. (MOF)
Sent: December 18, 2017 4:39 PM
To: 'Ramchandani, Rima'; Hanslep, Malle (MOF); LEE John -TREASURY; WONG Leslie -LAWDIV
Cc: Saulnier, Brett; Kandeepan, Ken (OFA); Saulnier, Brett; Dost, Mitchell
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements
Rima – we have provided forms of signature pages in the form attached for the Ministers to sign (although without the page numbers as on the attached). They will be signing those pages and we will hold them in escrow.
Thanks
Toby
Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: December 18, 2017 1:16 PM
To: Whitfield, Tobias P. (MOF); Hanslep, Malle (MOF); LEE John -TREASURY; WONG Leslie -LAWDIV
Cc: Saulnier, Brett; Kandeepan, Ken (OFA); Saulnier, Brett; Dost, Mitchell
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements
Hi Toby, I understand from OPG that the Minister(s) are actually signed the agreements today – do you want us to send you execution versions in Word reflecting the change I sent across below and filling in the notice provisions as per your email below?
Rima
Rima Ramchandani
P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: December-18-17 1:08 PM
To: Ramchandani, Rima <rramchandani@torys.com>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; LEE John -TREASURY <john.s.lee@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>
Cc: Saulnier, Brett <bsaulnier@torys.com>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Saulnier, Brett <bsaulnier@torys.com>; Dost, Mitchell <mdost@torys.com>
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements
Rima – I will ask the Ministry of Energy to provide their notice information. For the Minister/Deputy Minister of Finance it is:
Minister of Finance

Ministry of Finance
7 Queen's Park Crescent, 7th Floor
Toronto, ON M7A 1Y7
Fax No.: (416) 325-0374
- and -
Deputy Minister of Finance
Ministry of Finance
7 Queen's Park Crescent, 7th Floor
Toronto, ON M7A 1Y7
Fax No.: (416) 325-1595
Thanks
Toby
Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: December 18, 2017 1:05 PM
To: Hanslep, Malle (MOF); LEE John -TREASURY; WONG Leslie -LAWDIV
Cc: Whitfield, Tobias P. (MOF); Saulnier, Brett; Kandeepan, Ken (OFA); Saulnier, Brett
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Sorry Malle, can you also please provide us with the notice information for the Province so we can finalize those sections of both the process and protection agreements? Thanks,
Rima Ramchandani
P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

From: Ramchandani, Rima
Sent: December-18-17 1:03 PM
To: 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; LEE John -TREASURY <john.s.lee@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>
Cc: Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Saulnier, Brett <bsaulnier@torys.com>; Ramchandani, Rima <rramchandani@torys.com>
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Hi Malle, we discussed your second point below with the accountants and with Osler and they have both confirmed they are comfortable with making the changes reflected in the attached definition of a Breach Event in the process agreement (FYI, the drafting is based on the words proposed by Steve in his last comments provided on the process agreement, with only one change to reference the Province's interests under the process agreement or the protection agreement). Please also note that DBRS has required that all material waivers of the Process Agreement (in addition to material amendments) be subject to satisfaction of the Rating Agency Condition – so that change is also reflected in the attached.
Thanks,
Rima
Rima Ramchandani

P. 416.865.7666

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: December-15-17 5:51 PM
To: LEE John -TREASURY <john.s.lee@opg.com>; Ramchandani, Rima <rramchandani@torys.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>
Cc: Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Hi John,

On the second point, we understand that to be case but it had an unintended indirect effect on the 2 subsections mentioned in addition to the provision that we understand that it is targeted to, i.e. s. 3.04(b). We don't need to use the defined term in 6.01(b) and (c).

Thanks,

Malle

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: December 15, 2017 5:21 PM
To: Ramchandani, Rima; WONG Leslie -LAWDIV
Cc: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Saulnier, Brett; Kandeepan, Ken (OFA)
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Toby/Les:

With respect to the first point, the process agreement can be amended without Bond holder consent but will require Rating Agency confirmation if the changes are material.

On point #2 definition of Material effect was drafted to enable accounting signoff.

John

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: Friday, December 15, 2017 5:01 PM
To: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LEE John -TREASURY <john.s.lee@opg.com>
Cc: Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Ramchandani, Rima <rramchandani@torys.com>
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Hi Les, I agree with Toby that the cross-reference to 2.02(b)(iv) should be fixed and should refer to 2.02(c)(iv) – Toby, that comes up in 6.01(a) and 6.01(b). We will do a good scrub of the agreements on Monday to make sure we pick up any nits like this. Thanks,

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com[na01.safelinks.protection.outlook.com]

TORYS LLP[na01.safelinks.protection.outlook.com]

From: WONG Leslie -LAWDIV [mailto:leslie.wong@opg.com] .
Sent: December-15-17 4:38 PM
To: LEE John -TREASURY <john.s.lee@opg.com>; Ramchandani, Rima <rramchandani@torys.com>
Cc: Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>

Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

John – Regarding the first two points, please advise on how you'd like us to proceed.

Rima - Regarding the third point, can you please check the cross-reference and, if it needs correction, please correct the cross-reference.

Regards,

Les

Leslie Wong
Senior Counsel
Ontario Power Generation Inc.
700 University Avenue, H18 G26.1, Toronto, ON M5G 1X6
T: (416) 592-3110 **|** E: leslie.wong@opg.com

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Friday, December 15, 2017 3:51 PM
To: WONG Leslie -LAWDIV <leslie.wong@opg.com>
Cc: Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>
Subject: EXTERNAL – Issues relating to the Process/Protection Agreements

*** Exercise caution. This is an EXTERNAL email. DO NOT open attachments or click links from unknown senders or unexpected email. ***

Les,

Further to our phone call, there are three issues that are priority issues for the Province, and we would like to understand what the thinking is behind them, or understand what the scope is for amending them.

1. With respect to the use of the definitions and references that now require defining the Process Agreement in the Protection Agreement, what is the reasoning behind making this change in this way? We had discussed whether a Rating Agency Condition could be included for any amendments to the Process Agreement, but we would also like to understand why it is necessary to import the Process Agreement into the Protection Agreement. We are concerned that this means that any amendments to the Process Agreement will be subject to bondholder approval or other processes that are a consequence of becoming a Program Agreement under the Master Trust Indenture.
2. We are concerned about the changes to the Material Effect definition in the Process Agreement which has had the effect of significantly undermining the rights of the Province, particularly under the Breach Events provisions 6.01 (b) and (c) because the definition of "Material Effect" as now revised does not apply to those types of breaches. For instance, it is not clear that the failure to perform or breach of a covenant in 6.01(b) is capable of being qualified by the definition of "Material Effect" in a coherent way, thus potentially rendering that provision meaningless. The purpose of the changes to the Material Effect definition was with reference to s. 3.04(b).
3. There is a cross referencing error in the Process Agreement that is the result of the introduction of a new 2.02(b) in the Torys December 12 draft, which results in the reference in 6.01(a) being mistakenly to 2.02(b)(iv), when it should be 2.02(c)(iv) as a result of the new numbering.

Please let us know if we can provide further explanation of these items.

Thanks

Toby
Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
777 Bay Street, 11th Floor
Toronto, ON, M5G 2C8
tobias.whitfield@ontario.ca
Phone: 416-325-1456

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by return e-mail and delete this message from your system. Ontario Power Generation Inc.

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ONTARIO POWER GENERATION INC.,
in its capacity as FSM

PROCESS CERTIFICATE

Certificate of the CFO and Treasurer pursuant to section 3.01 of the Change of Law Process Agreement

TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

RE: ~~C$800,000,000 aggregate principal amount of~~ Floating Rate Variable Funding Senior Notes, Series 2017-1 (the "**Series 2017-1 Senior Notes**") **in the aggregate maximum principal amount of C$800,000,000, of which $601,290,000 has been drawn as of December 21, 2017**

AND RE: ~~C$611,764,705.88 principal amount of~~ Floating Rate Variable Funding Subordinated Notes, Series 2017-1 (the "**Series 2017-1 Subordinated Notes**") **in the maximum principal amount of C$611,764,705.88, of which $459,810,000 has been drawn as of December 21, 2017**

AND RE: ~~C$156,862,745.10 principal amount~~ Floating Rate Variable Funding Junior Subordinated Notes, Series 2017-1 **in the maximum principal amount of C$156,862,745.10, of which $117,900,000 has been drawn as of December 21, 2017** (the "**Series 2017-1 Junior Subordinated Notes**" and, together with the Series 2017-1 Senior Notes and the Series 2017-1 Subordinated Notes, the "**Funding Obligations**")

AND RE: Fee letter in respect of the Series 2017-1 Senior Notes among Ontario Power Generation Inc., in its capacity as FSM, Royal Bank of Canada, as Administrative Agent, certain CP Conduit Purchasers, the Non-Conduit Purchaser, and certain Group Banks, each as defined therein (the "**Fee Letter**", the terms of which are incorporated by reference in the Reference Documentation relating to the Series 2017-1 Senior Notes)

Reference is made to the Change of Law Process Agreement dated December 21, 2017 among the Province of Ontario and Ontario Power Generation Inc. (the "**Change of Law Process Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Process Agreement.

Each of the undersigned, being the Chief Financial Officer and Treasurer of OPG acting in its capacity as FSM and holding the offices set forth under their names and signatures below, pursuant to and accordance with clause 3.01 of the Change of Law Process Agreement, hereby certifies for and on behalf of OPG, in its capacity as Financial Services Manager, and not in such officer's personal capacity and intending that this certificate may be relied on by the addressees hereof without independent inquiry, that:

1. I have read and understand the provisions of the Change of Law Process Agreement and all other documents and materials necessary to enable me to deliver this certificate.
2. The material terms of the Series 2017-1 Senior Notes are set forth in Schedule A.
3. The material terms of the Series 2017-1 Subordinated Notes are set forth in Schedule B.
4. The material terms of the Series 2017-1 Junior Subordinated Notes are set forth in Schedule C.
5. The material terms of the Fee Letter are set forth in Schedule D.
6. The Funding Obligations:
   (a) will arise under terms and conditions that are Substantially in the Form of the Reference Documentation applicable thereto;
   (b) in my opinion, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the Financing Plan;
   (c) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and
   (d) reflect, in all material respects, arm's length terms and conditions.
7. No Disclosure Document was used in connection with the offering and sale of the Funding Obligations.
8. Any disclosure made in respect of any of the Funding Obligations (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to any of the Funding Obligations) that refers to or describes the terms, effect or adherence of or to the Change of Law Process Agreement or the Change of Law Protection Agreement has been made available to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made.
9. No Breach Event has occurred on or prior to the date hereof, unless such Breach Event has been waived by the Province in writing.
10. At the time the Funding Obligations are incurred, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Funding Obligations, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not exceed the Protection Agreement Maximum applicable on the date hereof.

[Remainder of page intentionally left blank.]

DATED the ____ day of December, 2017.

_____
Name:
Title:

_____
Name:
Title:

SCHEDULE A

SERIES 2017-1 SENIOR NOTES TERM SHEET	
Type of Credit:	**Revolving**
Principal Amount	Aggregate maximum principal amount of C$800,000,000 **available under the Series 2017-1 Senior Notes, of which $601,290,000 has been drawn as of December 21, 2017**
Interest Rate	Variable rate based on ABCP cost of funds or CDOR, as applicable, plus the Applicable Margin (as defined on Schedule D)
Interest Payments	**Interest is due on the 15th of each month, beginning in January 2018**
Discount	N/A
Fees	See Schedule D
Term to Maturity	Initial 2 year term
Amortization	N/A
Redemption	N/A
Extension	May only be extended with the prior written consent of the Administrative Agent, each Non-Conduit Purchaser and each Funding Agent, and satisfaction of the Rating Agency Condition (each as defined in the Supplemental Indenture creating the Series 2017-1 Senior Notes)
Coupon Payments	N/A

SCHEDULE B

SERIES 2017-1 SUBORDINATED NOTES TERM SHEET	
Type of Credit:	**Revolving**
Principal Amount	Maximum principal amount of C$611,764,705.88 **available under the Series 2017-1 Subordinated Notes, of which $459,810,000 has been drawn as of December 21, 2017**
Interest Rate	For any payment date, the amount of interest and fees payable to the holders of the Series 2017-1 Senior Notes on such date, expressed as a rate per annum on the weighted average outstanding principal amount of the Series 2017-1 Senior Notes from the preceding payment date to such payment date, plus 0.10% per annum
Interest Payments	**Interest is due on the 15th of each month, beginning in January 2018**
Discount	N/A
Fees	N/A
Term to Maturity	Initial 2 year term
Amortization	N/A
Redemption	N/A
Extension	Automatic extension upon extension of Series 2017-1 Senior Notes
Coupon Payments	N/A

SCHEDULE C

SERIES 2017-1 JUNIOR SUBORDINATED NOTES TERM SHEET	
Type of Credit:	**Revolving**
Principal Amount	Maximum principal amount of C$156,862,745.10 **available under the Series 2017-1 Junior Subordinated Notes, of which $117,900,000 has been drawn as of December 21, 2017**
Interest Rate	For any payment date, the amount of interest and fees payable to the holders of the Series 2017-1 Senior Notes on such date, expressed as a rate per annum on the weighted average outstanding principal amount of the Series 2017-1 Senior Notes from the preceding payment date to such payment date, plus 0.10% per annum
Interest Payments	**Interest is due on the 15th of each month, beginning in January 2018**
Discount	N/A
Fees	N/A
Term to Maturity	Initial 2 year term
Amortization	N/A
Redemption	N/A
Extension	Automatic extension upon extension of Series 2017-1 Senior Notes
Coupon Payments	N/A

SCHEDULE D

FEE LETTER TERMS	
Upfront Fee:	An "Upfront Fee" of 20 bps per annum
Applicable Margin:	An "Applicable Margin" of 90 basis points (0.90%); provided that (i) for the period commencing on December 21, 2019 and ending on the payment date in May, 2021 (the "**Initial Step-up Period**"), the Applicable Margin shall be equal to 290 basis points (2.90%) (the "**Step-up Applicable Margin**"), and (ii) with respect to each of the six- payment date periods following the Initial Step-up Period (from the day following the payment date in May to the payment date in November or from the day following the payment date in November to the payment date in May, as applicable), the Applicable Margin shall continue to increase by an additional 50 basis points (0.50%) over the Applicable Margin for the Initial Step-up Period or immediately preceding six- payment date period, as applicable, subject to a maximum Applicable Margin of 590 basis points (5.90%)
Commitment Fees:	The "Commitment Fee Rate" is based on weighted average monthly utilization and will be payable monthly in arrears on each interest payment date as follows with respect to the preceding interest period based on the rate below and the unutilized amount of the commitment: A daily rate of 40 bps per annum if utilization on such day is >66.67% A daily rate of 55 bps per annum if utilization on such day is >33.33% and </= 66.67% A daily rate of 70 bps per annum if utilization on such day </= 33.33%
Other Fees/Expenses:	Reasonable Fees incurred for any professional or other services which include, but are not limited to, reasonable fees of legal counsel, rating agency fees, accountant fees, and any reasonable out-of-pocket expenses (including without limitation, travel, meals etc.), so long as each such reimbursement complies with Ontario Power Generation Inc.'s Standard Form Business Expense Schedule, as amended from time to time.

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Input:	
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Description	#24671204v1<TorysAtWork> - ignore
Document 2 ID	interwovenSite://INVENTORYS1/TorysAtWork/24546313/5
Description	#24546313v5<TorysAtWork> - Process Certificate of the CFO and Treasurer of OPG re section 3.01 of the CLPA
Rendering set	strikeout-colour

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

Statistics:	
	Count
Insertions	29
Deletions	10
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	39

ONTARIO POWER GENERATION INC.,
in its capacity as FSM

PROCESS CERTIFICATE

Certificate of the CFO and Treasurer pursuant to section 3.01 of the Change of Law Process Agreement

TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

RE: Floating Rate Variable Funding Senior Notes, Series 2017-1 (the "**Series 2017-1 Senior Notes**") in the aggregate maximum principal amount of C$800,000,000, of which $601,290,000 has been drawn as of December 21, 2017

AND RE: Floating Rate Variable Funding Subordinated Notes, Series 2017-1 (the "**Series 2017-1 Subordinated Notes**") in the maximum principal amount of C$611,764,705.88, of which $459,810,000 has been drawn as of December 21, 2017

AND RE: Floating Rate Variable Funding Junior Subordinated Notes, Series 2017-1 in the maximum principal amount of C$156,862,745.10, of which $117,900,000 has been drawn as of December 21, 2017 (the "**Series 2017-1 Junior Subordinated Notes**" and, together with the Series 2017-1 Senior Notes and the Series 2017-1 Subordinated Notes, the "**Funding Obligations**")

AND RE: Fee letter in respect of the Series 2017-1 Senior Notes among Ontario Power Generation Inc., in its capacity as FSM, Royal Bank of Canada, as Administrative Agent, certain CP Conduit Purchasers, the Non-Conduit Purchaser, and certain Group Banks, each as defined therein (the "**Fee Letter**", the terms of which are incorporated by reference in the Reference Documentation relating to the Series 2017-1 Senior Notes)

Reference is made to the Change of Law Process Agreement dated December 21, 2017 among the Province of Ontario and Ontario Power Generation Inc. (the "**Change of Law Process Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Process Agreement.

Each of the undersigned, being the Chief Financial Officer and Treasurer of OPG acting in its capacity as FSM and holding the offices set forth under their names and signatures below, pursuant to and accordance with clause 3.01 of the Change of Law Process Agreement, hereby certifies for and on behalf of OPG, in its capacity as Financial Services Manager, and not in such officer's personal capacity and intending that this certificate may be relied on by the addressees hereof without independent inquiry, that:

1. I have read and understand the provisions of the Change of Law Process Agreement and all other documents and materials necessary to enable me to deliver this certificate.

2. The material terms of the Series 2017-1 Senior Notes are set forth in Schedule A.

3. The material terms of the Series 2017-1 Subordinated Notes are set forth in Schedule B.

4. The material terms of the Series 2017-1 Junior Subordinated Notes are set forth in Schedule C.

5. The material terms of the Fee Letter are set forth in Schedule D.

6. The Funding Obligations:

   (a) will arise under terms and conditions that are Substantially in the Form of the Reference Documentation applicable thereto;

   (b) in my opinion, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the Financing Plan;

   (c) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and

   (d) reflect, in all material respects, arm's length terms and conditions.

7. No Disclosure Document was used in connection with the offering and sale of the Funding Obligations.

8. Any disclosure made in respect of any of the Funding Obligations (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to any of the Funding Obligations) that refers to or describes the terms, effect or adherence of or to the Change of Law Process Agreement or the Change of Law Protection Agreement has been made available to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made.

9. No Breach Event has occurred on or prior to the date hereof, unless such Breach Event has been waived by the Province in writing.

10. At the time the Funding Obligations are incurred, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Funding Obligations, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not exceed the Protection Agreement Maximum applicable on the date hereof.

[Remainder of page intentionally left blank.]

DATED the ____ day of December, 2017.

_____

Name:
Title:

_____

Name:
Title:

SCHEDULE A

SERIES 2017-1 SENIOR NOTES TERM SHEET	
Type of Credit:	Revolving
Principal Amount	Aggregate maximum principal amount of C$800,000,000 available under the Series 2017-1 Senior Notes, of which $601,290,000 has been drawn as of December 21, 2017
Interest Rate	Variable rate based on ABCP cost of funds or CDOR, as applicable, plus the Applicable Margin (as defined on Schedule D)
Interest Payments	Interest is due on the 15th of each month, beginning in January 2018
Discount	N/A
Fees	See Schedule D
Term to Maturity	Initial 2 year term
Amortization	N/A
Redemption	N/A
Extension	May only be extended with the prior written consent of the Administrative Agent, each Non-Conduit Purchaser and each Funding Agent, and satisfaction of the Rating Agency Condition (each as defined in the Supplemental Indenture creating the Series 2017-1 Senior Notes)
Coupon Payments	N/A

SCHEDULE B

SERIES 2017-1 SUBORDINATED NOTES TERM SHEET	
Type of Credit:	Revolving
Principal Amount	Maximum principal amount of C$611,764,705.88 available under the Series 2017-1 Subordinated Notes, of which $459,810,000 has been drawn as of December 21, 2017
Interest Rate	For any payment date, the amount of interest and fees payable to the holders of the Series 2017-1 Senior Notes on such date, expressed as a rate per annum on the weighted average outstanding principal amount of the Series 2017-1 Senior Notes from the preceding payment date to such payment date, plus 0.10% per annum
Interest Payments	Interest is due on the 15th of each month, beginning in January 2018
Discount	N/A
Fees	N/A
Term to Maturity	Initial 2 year term
Amortization	N/A
Redemption	N/A
Extension	Automatic extension upon extension of Series 2017-1 Senior Notes
Coupon Payments	N/A

SCHEDULE C

SERIES 2017-1 JUNIOR SUBORDINATED NOTES TERM SHEET	
Type of Credit:	Revolving
Principal Amount	Maximum principal amount of C$156,862,745.10 available under the Series 2017-1 Junior Subordinated Notes, of which $117,900,000 has been drawn as of December 21, 2017
Interest Rate	For any payment date, the amount of interest and fees payable to the holders of the Series 2017-1 Senior Notes on such date, expressed as a rate per annum on the weighted average outstanding principal amount of the Series 2017-1 Senior Notes from the preceding payment date to such payment date, plus 0.10% per annum
Interest Payments	Interest is due on the 15th of each month, beginning in January 2018
Discount	N/A
Fees	N/A
Term to Maturity	Initial 2 year term
Amortization	N/A
Redemption	N/A
Extension	Automatic extension upon extension of Series 2017-1 Senior Notes
Coupon Payments	N/A

SCHEDULE D

FEE LETTER TERMS	
Upfront Fee:	An "Upfront Fee" of 20 bps per annum
Applicable Margin:	An "Applicable Margin" of 90 basis points (0.90%); provided that (i) for the period commencing on December 21, 2019 and ending on the payment date in May, 2021 (the "**Initial Step-up Period**"), the Applicable Margin shall be equal to 290 basis points (2.90%) (the "**Step-up Applicable Margin**"), and (ii) with respect to each of the six-payment date periods following the Initial Step-up Period (from the day following the payment date in May to the payment date in November or from the day following the payment date in November to the payment date in May, as applicable), the Applicable Margin shall continue to increase by an additional 50 basis points (0.50%) over the Applicable Margin for the Initial Step-up Period or immediately preceding six-payment date period, as applicable, subject to a maximum Applicable Margin of 590 basis points (5.90%)
Commitment Fees:	The "Commitment Fee Rate" is based on weighted average monthly utilization and will be payable monthly in arrears on each interest payment date as follows with respect to the preceding interest period based on the rate below and the unutilized amount of the commitment: • A daily rate of 40 bps per annum if utilization on such day is >66.67% • A daily rate of 55 bps per annum if utilization on such day is >33.33% and </= 66.67% • A daily rate of 70 bps per annum if utilization on such day </= 33.33%
Other Fees/Expenses:	Reasonable Fees incurred for any professional or other services which include, but are not limited to, reasonable fees of legal counsel, rating agency fees, accountant fees, and any reasonable out-of-pocket expenses (including without limitation, travel, meals etc.), so long as each such reimbursement complies with Ontario Power Generation Inc.'s Standard Form Business Expense Schedule, as amended from time to time.

From: Hanslep, Malle (MOF)
To: Ramchandani, Rima; "RYFA Ken -TREASURY"; Ken Kandeepan; LEE John -TREASURY; Saulnier, Brett; Mansoori, Nina; Feldman, Michael; Tobias P. Whitfield (MOF)
Cc: John Psinas; Mike Manning
Subject: RE: EXTERNAL – Process Certificate
Date: Wednesday, December 20, 2017 1:29:26 PM

I did just have a chat with Nina on the point and we were thinking of removing the principal amount in the re: lines and leaving the initial draw and maximum amount in the schedules.
However, maybe the better way to do it is to actual references both numbers in the re: line too. This way all of the information is upfront clearly as well as in the schedule.
So:
C^601,290,000 initial principal advance under $800,00,000 aggregate maximum principal amount of Floating Rate…

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: December 20, 2017 1:26 PM
To: 'RYFA Ken -TREASURY'; Kandeepan, Ken (OFA); LEE John -TREASURY; Saulnier, Brett; Mansoori, Nina; Feldman, Michael; Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Cc: John Psinas; Manning, Mike (OFA)
Subject: RE: EXTERNAL – Process Certificate

Ken, we can't remove the re lines in the process certificate. Nina is discussing this point with Malle and will come to an agreement with her on how she would like us to reference this.
Thanks,
Rima Ramchandani
P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

From: RYFA Ken -TREASURY [mailto:ken.ryfa@opg.com]
Sent: December-20-17 1:22 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; LEE John -TREASURY <john.s.lee@opg.com>; Saulnier, Brett <bsaulnier@torys.com>; Mansoori, Nina <nmansoori@torys.com>; Ramchandani, Rima <rramchandani@torys.com>; Feldman, Michael <mfeldman@torys.com>
Cc: John Psinas <John.Psinas@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: EXTERNAL – Process Certificate

Ken K – we had a similar concern raised by the IESO with their certificate. The confusion is the reference to the maximum amount of the note versus the amount drawn. See below:

	Max	Dec 21 issuance
Senior notes	800,000,000.00	601,290,000.00
Subordinated notes	611,764,705.88	459,810,000.00
Jr subordinated notes	156,862,745.10	117,900,000.00
	1,568,627,450.98	1,179,000,000.00

The maximum tracks the relationship among the different classes as we have to maintain a specific breakdown whereas the amount issued corresponds to the asset purchased from the IESO. To avoid confusion it is best to remove the "Re:" lines in the certificate.
Brett,
Could you do the same with this certificate and remove the "Re:" lines.
Thanks,

Ken

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: Wednesday, December 20, 2017 12:32 PM
To: LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>
Cc: John Psinas <John.Psinas@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: FW: EXTERNAL – Process Certificate

Hi John and Ken

The attached process certificate revises the amounts to the maximum face amounts as opposed to the actual drawn, to me the latter is more reflective of the intent behind OPG issuing the certificate to the Province, since it certifies the amount the Province is on the hook for if a Protection Event were to occur next week.

So my preference would be to revert back to the numbers reflecting the actual asset purchase for tomorrow.

Thanks

Ken k

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Wednesday, December 20, 2017 12:07 PM
To: Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>; Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: FW: EXTERNAL – Process Certificate

Please find attached a slightly revised Process Certificate to be delivered to the Province under the Process Agreement. Please review and consider whether this is a sufficient level of detail on the various points respecting the material terms of the notes comparing it to the warehouse supplement. Since this is the first process certificate, if we would like a bit more detail, it would be good to ask now. I'm not sure when the interest is paid on these notes based on the summary. Extracted below is the s. 3.01(a) of the Process Agreement.

> (a) the material terms of the Funding Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a Derivative Agreement, OPG's best estimate of the expected notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: December 20, 2017 11:16 AM
To: Hanslep, Malle (MOF); Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF)
Cc: 'LEE John -TREASURY'; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'MCAULEY Tyler -LAWDIV'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Prado, Melissa; Feldman, Michael; Ramchandani, Rima; Olusoga, Yinka; Saulnier, Brett; Dost, Mitchell; 'VINER, JON'; 'ASHBOURNE, STEPHEN'; Mansoori, Nina
Subject: RE: EXTERNAL – Process Certificate

Malle/Alena/Toby – please find attached a further revised process certificate. The only change made was to revise the note amounts to reflect the maximum face amount of each note at closing (versus the initial amounts being drawn under each such note at closing). The signed

process certificate and all signed reference documentation will be delivered to you by end of day. Thanks,

Nina Mansoori

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679

From: Mansoori, Nina
Sent: December-19-17 9:31 PM
To: 'Malle.Hanslep@ontario.ca' <Malle.Hanslep@ontario.ca>; 'Thouin, Alena (ENERGY)' <Alena.Thouin@ontario.ca>; 'Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca)' <Tobias.Whitfield@ontario.ca>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; 'MCAULEY Tyler -LAWDIV' <tyler.mcauley@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; Prado, Melissa <mprado@torys.com>; Feldman, Michael <mfeldman@torys.com>; Ramchandani, Rima <rramchandani@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Dost, Mitchell <mdost@torys.com>; 'VINER, JON' <JON.VINER@blakes.com>; 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>; Mansoori, Nina <nmansoori@torys.com>
Subject: RE: EXTERNAL – Process Certificate

Malle/Alena/Toby – further to my email below, please find attached the process certificate which will be delivered to you along with all signed reference documentation by tomorrow. Please let me know if you have any questions.

Many thanks,

Nina

Nina Mansoori

From: Mansoori, Nina
Sent: December-19-17 1:22 PM
To: 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>
Cc: VINER, JON <JON.VINER@blakes.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; Feldman, Michael <mfeldman@torys.com>; Ramchandani, Rima <rramchandani@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Prado, Melissa <mprado@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Dost, Mitchell <mdost@torys.com>; Mansoori, Nina <nmansoori@torys.com>
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Thanks for your voicemail, Steve. I will wait to hear back from you or Toby on the Province's process for delivery of their signature pages in escrow. Given timing, I'd appreciate if you could get back to us soon so that we can send out our pre-closing and closing memo to the wider group this afternoon.

We discussed the list of addressees for the Blakes' opinion with Oslers; please find attached a revised list above. Can you please circulate a revised draft of your opinion as we'll need to provide all drafts to the rating agencies as soon as possible today.

We'll send along a draft of the Process Certificate later today.

Lastly, please find attached blacklines of the most current versions of the Process Agreement and the Protection Agreement to the drafts circulated last Thursday.

Best Regards,
Nina
Nina Mansoori

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: December-19-17 11:01 AM
To: Mansoori, Nina <nmansoori@torys.com>
Cc: VINER, JON <JON.VINER@blakes.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>
Subject: FW: EXTERNAL – Issues relating to the Process/Protection Agreements

Nina, here are the signature page versions I understand were sent for signature to the Ministers. Toby has also confirmed that the Province can table signatures as part of the overall escrow closing, without the extra considerations I mentioned earlier. Once you confirm the opinion addressees, we will send the Blakes opinion to be held in escrow. Thanks, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

Blake, Cassels & Graydon LLP
199 Bay Street, Suite 4000, Toronto ON M5L 1A9
Tel: 416-863-2400 Fax: 416-863-2653
blakes.com[blakes.com][na01.safelinks.protection.outlook.com] | **Twitter**[twitter.com][na01.safelinks.protection.outlook.com] | **Unsubscribe**[blakes.com][na01.safelinks.protection.outlook.com]

Blake, Cassels & Graydon LLP | Barristers & Solicitors | Patent & Trade-mark Agents
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From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Tuesday, December 19, 2017 10:24 AM
To: ASHBOURNE, STEPHEN
Subject: FW: EXTERNAL – Issues relating to the Process/Protection Agreements

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Whitfield, Tobias P. (MOF)
Sent: December 18, 2017 4:39 PM
To: 'Ramchandani, Rima'; Hanslep, Malle (MOF); LEE John -TREASURY; WONG Leslie -LAWDIV
Cc: Saulnier, Brett; Kandeepan, Ken (OFA); Saulnier, Brett; Dost, Mitchell
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Rima – we have provided forms of signature pages in the form attached for the Ministers to sign (although without the page numbers as on the attached). They will be signing those pages and we will hold them in escrow.
Thanks
Toby
Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: December 18, 2017 1:16 PM
To: Whitfield, Tobias P. (MOF); Hanslep, Malle (MOF); LEE John -TREASURY; WONG Leslie -LAWDIV
Cc: Saulnier, Brett; Kandeepan, Ken (OFA); Saulnier, Brett; Dost, Mitchell
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Hi Toby, I understand from OPG that the Minister(s) are actually signed the agreements today – do you want us to send you execution versions in Word reflecting the change I sent across below and filling in the notice provisions as per your email below?
Rima
Rima Ramchandani
P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: December-18-17 1:08 PM
To: Ramchandani, Rima <rramchandani@torys.com>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; LEE John -TREASURY <john.s.lee@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>
Cc: Saulnier, Brett <bsaulnier@torys.com>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Saulnier, Brett <bsaulnier@torys.com>; Dost, Mitchell <mdost@torys.com>
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Rima – I will ask the Ministry of Energy to provide their notice information. For the Minister/Deputy Minister of Finance it is:
Minister of Finance
Ministry of Finance
7 Queen's Park Crescent, 7th Floor
Toronto, ON M7A 1Y7
Fax No.: (416) 325-0374
- and -
Deputy Minister of Finance
Ministry of Finance
7 Queen's Park Crescent, 7th Floor
Toronto, ON M7A 1Y7
Fax No.: (416) 325-1595
Thanks
Toby
Tobias Whitfield
Counsel, Legal Services Branch

Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: December 18, 2017 1:05 PM
To: Hanslep, Malle (MOF); LEE John -TREASURY; WONG Leslie -LAWDIV
Cc: Whitfield, Tobias P. (MOF); Saulnier, Brett; Kandeepan, Ken (OFA); Saulnier, Brett
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Sorry Malle, can you also please provide us with the notice information for the Province so we can finalize those sections of both the process and protection agreements? Thanks,

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

From: Ramchandani, Rima
Sent: December-18-17 1:03 PM
To: 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; LEE John -TREASURY <john.s.lee@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>
Cc: Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Saulnier, Brett <bsaulnier@torys.com>; Ramchandani, Rima <rramchandani@torys.com>
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Hi Malle, we discussed your second point below with the accountants and with Osler and they have both confirmed they are comfortable with making the changes reflected in the attached definition of a Breach Event in the process agreement (FYI, the drafting is based on the words proposed by Steve in his last comments provided on the process agreement, with only one change to reference the Province's interests under the process agreement or the protection agreement). Please also note that DBRS has required that all material waivers of the Process Agreement (in addition to material amendments) be subject to satisfaction of the Rating Agency Condition – so that change is also reflected in the attached.

Thanks,

Rima

Rima Ramchandani

P. 416.865.7666

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: December-15-17 5:51 PM
To: LEE John -TREASURY <john.s.lee@opg.com>; Ramchandani, Rima <rramchandani@torys.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>
Cc: Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Hi John,

On the second point, we understand that to be case but it had an unintended indirect effect on the 2 subsections mentioned in addition to the provision that we understand that it is targeted to, i.e. s. 3.04(b). We don't need to use the defined term in 6.01(b) and (c).

Thanks,

Malle

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: December 15, 2017 5:21 PM
To: Ramchandani, Rima; WONG Leslie -LAWDIV
Cc: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Saulnier, Brett; Kandeepan, Ken (OFA)
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Toby/Les:

With respect to the first point, the process agreement can be amended without Bond holder consent but will require Rating Agency confirmation if the changes are material.

On point #2 definition of Material effect was drafted to enable accounting signoff.

John

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: Friday, December 15, 2017 5:01 PM
To: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LEE John -TREASURY <john.s.lee@opg.com>
Cc: Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Ramchandani, Rima <rramchandani@torys.com>
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Hi Les, I agree with Toby that the cross-reference to 2.02(b)(iv) should be fixed and should refer to 2.02(c)(iv) – Toby, that comes up in 6.01(a) and 6.01(b). We will do a good scrub of the agreements on Monday to make sure we pick up any nits like this. Thanks,

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com[na01.safelinks.protection.outlook.com]

TORYS LLP[na01.safelinks.protection.outlook.com]

From: WONG Leslie -LAWDIV [mailto:leslie.wong@opg.com] .
Sent: December-15-17 4:38 PM
To: LEE John -TREASURY <john.s.lee@opg.com>; Ramchandani, Rima <rramchandani@torys.com>
Cc: Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

John – Regarding the first two points, please advise on how you'd like us to proceed.

Rima - Regarding the third point, can you please check the cross-reference and, if it needs correction, please correct the cross-reference.

Regards,

Les

Leslie Wong
Senior Counsel
Ontario Power Generation Inc.
700 University Avenue, H18 G26.1, Toronto, ON M5G 1X6
T: (416) 592-3110 **|** E: leslie.wong@opg.com

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Friday, December 15, 2017 3:51 PM

To: WONG Leslie -LAWDIV <leslie.wong@opg.com>
Cc: Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>
Subject: EXTERNAL – Issues relating to the Process/Protection Agreements
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Les,
Further to our phone call, there are three issues that are priority issues for the Province, and we would like to understand what the thinking is behind them, or understand what the scope is for amending them.

1. With respect to the use of the definitions and references that now require defining the Process Agreement in the Protection Agreement, what is the reasoning behind making this change in this way? We had discussed whether a Rating Agency Condition could be included for any amendments to the Process Agreement, but we would also like to understand why it is necessary to import the Process Agreement into the Protection Agreement. We are concerned that this means that any amendments to the Process Agreement will be subject to bondholder approval or other processes that are a consequence of becoming a Program Agreement under the Master Trust Indenture.
2. We are concerned about the changes to the Material Effect definition in the Process Agreement which has had the effect of significantly undermining the rights of the Province, particularly under the Breach Events provisions 6.01 (b) and (c) because the definition of "Material Effect" as now revised does not apply to those types of breaches. For instance, it is not clear that the failure to perform or breach of a covenant in 6.01(b) is capable of being qualified by the definition of "Material Effect" in a coherent way, thus potentially rendering that provision meaningless. The purpose of the changes to the Material Effect definition was with reference to s. 3.04(b).
3. There is a cross referencing error in the Process Agreement that is the result of the introduction of a new 2.02(b) in the Torys December 12 draft, which results in the reference in 6.01(a) being mistakenly to 2.02(b)(iv), when it should be 2.02(c)(iv) as a result of the new numbering.

Please let us know if we can provide further explanation of these items.
Thanks
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
777 Bay Street, 11th Floor
Toronto, ON, M5G 2C8
tobias.whitfield@ontario.ca
Phone: 416-325-1456

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personnes. Si vous ne faites pas partie des destinataires concernés, veuillez en informer immédiatement l'expéditeur, ainsi que supprimer ce courriel et les documents joints de manière permanente.

From: Ramchandani, Rima
To: "RYFA Ken -TREASURY"; Ken Kandeepan; LEE John -TREASURY; Saulnier, Brett; Mansoori, Nina; Feldman, Michael; Malle Hanslep (MOF); Tobias P. Whitfield (MOF)
Cc: John Psinas; Mike Manning
Subject: RE: EXTERNAL – Process Certificate
Date: Wednesday, December 20, 2017 1:26:12 PM

Ken, we can't remove the re lines in the process certificate. Nina is discussing this point with Malle and will come to an agreement with her on how she would like us to reference this.
Thanks,
Rima Ramchandani
P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

From: RYFA Ken -TREASURY [mailto:ken.ryfa@opg.com]
Sent: December-20-17 1:22 PM
To: Ken Kandeepan ; LEE John -TREASURY ; Saulnier, Brett ; Mansoori, Nina ; Ramchandani, Rima ; Feldman, Michael
Cc: John Psinas ; Mike Manning
Subject: RE: EXTERNAL – Process Certificate

Ken K – we had a similar concern raised by the IESO with their certificate. The confusion is the reference to the maximum amount of the note versus the amount drawn. See below:

	Max	Dec 21 issuance
Senior notes	800,000,000.00	601,290,000.00
Subordinated notes	611,764,705.88	459,810,000.00
Jr subordinated notes	156,862,745.10	117,900,000.00
	1,568,627,450.98	1,179,000,000.00

The maximum tracks the relationship among the different classes as we have to maintain a specific breakdown whereas the amount issued corresponds to the asset purchased from the IESO. To avoid confusion it is best to remove the "Re:" lines in the certificate.
Brett,
Could you do the same with this certificate and remove the "Re:" lines.
Thanks,
Ken

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: Wednesday, December 20, 2017 12:32 PM
To: LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>
Cc: John Psinas <John.Psinas@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: FW: EXTERNAL – Process Certificate

Hi John and Ken
The attached process certificate revises the amounts to the maximum face amounts as opposed to the actual drawn, to me the latter is more reflective of the intent behind OPG issuing the certificate to the Province, since it certifies the amount the Province is on the hook for if a Protection Event were to occur next week.
So my preference would be to revert back to the numbers reflecting the actual asset purchase for tomorrow.
Thanks

Ken k

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Wednesday, December 20, 2017 12:07 PM
To: Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>; Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: FW: EXTERNAL – Process Certificate

Please find attached a slightly revised Process Certificate to be delivered to the Province under the Process Agreement. Please review and consider whether this is a sufficient level of detail on the various points respecting the material terms of the notes comparing it to the warehouse supplement. Since this is the first process certificate, if we would like a bit more detail, it would be good to ask now. I'm not sure when the interest is paid on these notes based on the summary. Extracted below is the s. 3.01(a) of the Process Agreement.

> (a) the material terms of the Funding Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a Derivative Agreement, OPG's best estimate of the expected notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: December 20, 2017 11:16 AM
To: Hanslep, Malle (MOF); Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF)
Cc: 'LEE John -TREASURY'; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'MCAULEY Tyler -LAWDIV'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Prado, Melissa; Feldman, Michael; Ramchandani, Rima; Olusoga, Yinka; Saulnier, Brett; Dost, Mitchell; 'VINER, JON'; 'ASHBOURNE, STEPHEN'; Mansoori, Nina
Subject: RE: EXTERNAL – Process Certificate

Malle/Alena/Toby – please find attached a further revised process certificate. The only change made was to revise the note amounts to reflect the maximum face amount of each note at closing (versus the initial amounts being drawn under each such note at closing). The signed process certificate and all signed reference documentation will be delivered to you by end of day. Thanks,

Nina Mansoori

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679

From: Mansoori, Nina
Sent: December-19-17 9:31 PM
To: 'Malle.Hanslep@ontario.ca' <Malle.Hanslep@ontario.ca>; 'Thouin, Alena (ENERGY)' <Alena.Thouin@ontario.ca>; 'Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca)' <Tobias.Whitfield@ontario.ca>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; 'MCAULEY Tyler -LAWDIV' <tyler.mcauley@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; Prado, Melissa <mprado@torys.com>; Feldman, Michael <mfeldman@torys.com>; Ramchandani, Rima <rramchandani@torys.com>; Olusoga, Yinka

<yolusoga@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Dost, Mitchell <mdost@torys.com>; 'VINER, JON' <JON.VINER@blakes.com>; 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>; Mansoori, Nina <nmansoori@torys.com>
Subject: RE: EXTERNAL – Process Certificate

Malle/Alena/Toby – further to my email below, please find attached the process certificate which will be delivered to you along with all signed reference documentation by tomorrow. Please let me know if you have any questions.

Many thanks,

Nina

Nina Mansoori

From: Mansoori, Nina
Sent: December-19-17 1:22 PM
To: 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>
Cc: VINER, JON <JON.VINER@blakes.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; Feldman, Michael <mfeldman@torys.com>; Ramchandani, Rima <rramchandani@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Prado, Melissa <mprado@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Dost, Mitchell <mdost@torys.com>; Mansoori, Nina <nmansoori@torys.com>
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Thanks for your voicemail, Steve. I will wait to hear back from you or Toby on the Province's process for delivery of their signature pages in escrow. Given timing, I'd appreciate if you could get back to us soon so that we can send out our pre-closing and closing memo to the wider group this afternoon.

We discussed the list of addressees for the Blakes' opinion with Oslers; please find attached a revised list above. Can you please circulate a revised draft of your opinion as we'll need to provide all drafts to the rating agencies as soon as possible today.

We'll send along a draft of the Process Certificate later today.

Lastly, please find attached blacklines of the most current versions of the Process Agreement and the Protection Agreement to the drafts circulated last Thursday.

Best Regards,

Nina

Nina Mansoori

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: December-19-17 11:01 AM
To: Mansoori, Nina <nmansoori@torys.com>
Cc: VINER, JON <JON.VINER@blakes.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>
Subject: FW: EXTERNAL – Issues relating to the Process/Protection Agreements

Nina, here are the signature page versions I understand were sent for signature to the Ministers. Toby has also confirmed that the Province can table signatures as part of the overall escrow closing, without the extra considerations I mentioned earlier. Once you confirm the opinion addressees, we will send the Blakes opinion to be held in escrow. Thanks, Steve

Stephen R. Ashbourne

Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

Blake, Cassels & Graydon LLP
199 Bay Street, Suite 4000, Toronto ON M5L 1A9
Tel: 416-863-2400 Fax: 416-863-2653
blakes.com[blakes.com][na01.safelinks.protection.outlook.com] | **Twitter**[twitter.com][na01.safelinks.protection.outlook.com] | **Unsubscribe**[blakes.com][na01.safelinks.protection.outlook.com]

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From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Tuesday, December 19, 2017 10:24 AM
To: ASHBOURNE, STEPHEN
Subject: FW: EXTERNAL – Issues relating to the Process/Protection Agreements
Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Whitfield, Tobias P. (MOF)
Sent: December 18, 2017 4:39 PM
To: 'Ramchandani, Rima'; Hanslep, Malle (MOF); LEE John -TREASURY; WONG Leslie -LAWDIV
Cc: Saulnier, Brett; Kandeepan, Ken (OFA); Saulnier, Brett; Dost, Mitchell
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Rima – we have provided forms of signature pages in the form attached for the Ministers to sign (although without the page numbers as on the attached). They will be signing those pages and we will hold them in escrow.

Thanks

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: December 18, 2017 1:16 PM
To: Whitfield, Tobias P. (MOF); Hanslep, Malle (MOF); LEE John -TREASURY; WONG Leslie -LAWDIV
Cc: Saulnier, Brett; Kandeepan, Ken (OFA); Saulnier, Brett; Dost, Mitchell
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Hi Toby, I understand from OPG that the Minister(s) are actually signed the agreements today – do you want us to send you execution versions in Word reflecting the change I sent across below and filling in the notice provisions as per your email below?

Rima

Rima Ramchandani
P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: December-18-17 1:08 PM
To: Ramchandani, Rima <rramchandani@torys.com>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; LEE John -TREASURY <john.s.lee@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>
Cc: Saulnier, Brett <bsaulnier@torys.com>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Saulnier, Brett <bsaulnier@torys.com>; Dost, Mitchell <mdost@torys.com>
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Rima – I will ask the Ministry of Energy to provide their notice information. For the Minister/Deputy Minister of Finance it is:

Minister of Finance
Ministry of Finance
7 Queen's Park Crescent, 7th Floor
Toronto, ON M7A 1Y7
Fax No.: (416) 325-0374
- and -
Deputy Minister of Finance
Ministry of Finance
7 Queen's Park Crescent, 7th Floor
Toronto, ON M7A 1Y7
Fax No.: (416) 325-1595

Thanks

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: December 18, 2017 1:05 PM
To: Hanslep, Malle (MOF); LEE John -TREASURY; WONG Leslie -LAWDIV
Cc: Whitfield, Tobias P. (MOF); Saulnier, Brett; Kandeepan, Ken (OFA); Saulnier, Brett
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Sorry Malle, can you also please provide us with the notice information for the Province so we can finalize those sections of both the process and protection agreements? Thanks,

Rima Ramchandani
P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

From: Ramchandani, Rima
Sent: December-18-17 1:03 PM

To: 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; LEE John -TREASURY <john.s.lee@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>
Cc: Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Saulnier, Brett <bsaulnier@torys.com>; Ramchandani, Rima <rramchandani@torys.com>
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Hi Malle, we discussed your second point below with the accountants and with Osler and they have both confirmed they are comfortable with making the changes reflected in the attached definition of a Breach Event in the process agreement (FYI, the drafting is based on the words proposed by Steve in his last comments provided on the process agreement, with only one change to reference the Province's interests under the process agreement or the protection agreement). Please also note that DBRS has required that all material waivers of the Process Agreement (in addition to material amendments) be subject to satisfaction of the Rating Agency Condition – so that change is also reflected in the attached.

Thanks,

Rima

Rima Ramchandani
P. 416.865.7666

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: December-15-17 5:51 PM
To: LEE John -TREASURY <john.s.lee@opg.com>; Ramchandani, Rima <rramchandani@torys.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>
Cc: Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Hi John,

On the second point, we understand that to be case but it had an unintended indirect effect on the 2 subsections mentioned in addition to the provision that we understand that it is targeted to, i.e. s. 3.04(b). We don't need to use the defined term in 6.01(b) and (c).

Thanks,

Malle

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: December 15, 2017 5:21 PM
To: Ramchandani, Rima; WONG Leslie -LAWDIV
Cc: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Saulnier, Brett; Kandeepan, Ken (OFA)
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Toby/Les:

With respect to the first point, the process agreement can be amended without Bond holder consent but will require Rating Agency confirmation if the changes are material.

On point #2 definition of Material effect was drafted to enable accounting signoff.

John

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: Friday, December 15, 2017 5:01 PM
To: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LEE John -TREASURY <john.s.lee@opg.com>

Cc: Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Ramchandani, Rima <rramchandani@torys.com>
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Hi Les, I agree with Toby that the cross-reference to 2.02(b)(iv) should be fixed and should refer to 2.02(c)(iv) – Toby, that comes up in 6.01(a) and 6.01(b). We will do a good scrub of the agreements on Monday to make sure we pick up any nits like this. Thanks,

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com[na01.safelinks.protection.outlook.com]

TORYS LLP[na01.safelinks.protection.outlook.com]

From: WONG Leslie -LAWDIV [mailto:leslie.wong@opg.com] .
Sent: December-15-17 4:38 PM
To: LEE John -TREASURY <john.s.lee@opg.com>; Ramchandani, Rima <rramchandani@torys.com>
Cc: Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

John – Regarding the first two points, please advise on how you'd like us to proceed.
Rima - Regarding the third point, can you please check the cross-reference and, if it needs correction, please correct the cross-reference.
Regards,
Les

Leslie Wong
Senior Counsel
Ontario Power Generation Inc.
700 University Avenue, H18 G26.1, Toronto, ON M5G 1X6
T: (416) 592-3110 **|** E: leslie.wong@opg.com

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Friday, December 15, 2017 3:51 PM
To: WONG Leslie -LAWDIV <leslie.wong@opg.com>
Cc: Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>
Subject: EXTERNAL – Issues relating to the Process/Protection Agreements

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Les,
Further to our phone call, there are three issues that are priority issues for the Province, and we would like to understand what the thinking is behind them, or understand what the scope is for amending them.

1. With respect to the use of the definitions and references that now require defining the Process Agreement in the Protection Agreement, what is the reasoning behind making this change in this way? We had discussed whether a Rating Agency Condition could be included for any amendments to the Process Agreement, but we would also like to understand why it is

necessary to import the Process Agreement into the Protection Agreement. We are concerned that this means that any amendments to the Process Agreement will be subject to bondholder approval or other processes that are a consequence of becoming a Program Agreement under the Master Trust Indenture.

2. We are concerned about the changes to the Material Effect definition in the Process Agreement which has had the effect of significantly undermining the rights of the Province, particularly under the Breach Events provisions 6.01 (b) and (c) because the definition of "Material Effect" as now revised does not apply to those types of breaches. For instance, it is not clear that the failure to perform or breach of a covenant in 6.01(b) is capable of being qualified by the definition of "Material Effect" in a coherent way, thus potentially rendering that provision meaningless. The purpose of the changes to the Material Effect definition was with reference to s. 3.04(b).
3. There is a cross referencing error in the Process Agreement that is the result of the introduction of a new 2.02(b) in the Torys December 12 draft, which results in the reference in 6.01(a) being mistakenly to 2.02(b)(iv), when it should be 2.02(c)(iv) as a result of the new numbering.

Please let us know if we can provide further explanation of these items.

Thanks

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
777 Bay Street, 11th Floor
Toronto, ON, M5G 2C8
tobias.whitfield@ontario.ca
Phone: 416-325-1456

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From: Hanslep, Malle (MOF)
To: Ken Kandeepan; Mike Manning; Ronald Kwan
Cc: Anna Strathy; Gadi Mayman; Tobias P. Whitfield (MOF)
Subject: RE: EXTERNAL – Process Certificate
Date: Wednesday, December 20, 2017 1:22:15 PM

HI Ken,
I spoke with Nina and she is going to change it so that the principal amount # is removed from the re: line in the beginning part of the certificate and then the schedule for each will identify the principal amount advanced at closing tomorrow (the lower amount) and also that it is an initial draw on a facility that has the higher maximum aggregate amount. She said she realized that they have to give a process certificate each time they borrow/draw on it.
She will also add in something about the revolving nature and monthly interest payments and send us a revised version.
Malle

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: December 20, 2017 12:12 PM
To: Hanslep, Malle (MOF); Manning, Mike (OFA); Kwan, Ronald (OFA)
Cc: Strathy, Anna (OFA); Mayman, Gadi (OFA); Whitfield, Tobias P. (MOF)
Subject: RE: EXTERNAL – Process Certificate
Thanks, the numbers relating to the senior and subordinated debt in the certificate don't reflect the asset purchase for tomorrow or the 2017 PAM in the Financing Plan, so I am a little puzzled. Note the numbers in the first version of the certificate sent this AM were in line with the above.
Ken k

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Wednesday, December 20, 2017 12:07 PM
To: Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>; Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: FW: EXTERNAL – Process Certificate
Please find attached a slightly revised Process Certificate to be delivered to the Province under the Process Agreement. Please review and consider whether this is a sufficient level of detail on the various points respecting the material terms of the notes comparing it to the warehouse supplement. Since this is the first process certificate, if we would like a bit more detail, it would be good to ask now. I'm not sure when the interest is paid on these notes based on the summary.
Extracted below is the s. 3.01(a) of the Process Agreement.

> (a) the material terms of the Funding Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a Derivative Agreement, OPG's best estimate of the expected notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: December 20, 2017 11:16 AM

To: Hanslep, Malle (MOF); Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF)
Cc: 'LEE John -TREASURY'; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'MCAULEY Tyler -LAWDIV'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Prado, Melissa; Feldman, Michael; Ramchandani, Rima; Olusoga, Yinka; Saulnier, Brett; Dost, Mitchell; 'VINER, JON'; 'ASHBOURNE, STEPHEN'; Mansoori, Nina
Subject: RE: EXTERNAL – Process Certificate

Malle/Alena/Toby – please find attached a further revised process certificate. The only change made was to revise the note amounts to reflect the maximum face amount of each note at closing (versus the initial amounts being drawn under each such note at closing). The signed process certificate and all signed reference documentation will be delivered to you by end of day. Thanks,

Nina Mansoori

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679

From: Mansoori, Nina
Sent: December-19-17 9:31 PM
To: 'Malle.Hanslep@ontario.ca' <Malle.Hanslep@ontario.ca>; 'Thouin, Alena (ENERGY)' <Alena.Thouin@ontario.ca>; 'Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca)' <Tobias.Whitfield@ontario.ca>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; 'MCAULEY Tyler -LAWDIV' <tyler.mcauley@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; Prado, Melissa <mprado@torys.com>; Feldman, Michael <mfeldman@torys.com>; Ramchandani, Rima <rramchandani@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Dost, Mitchell <mdost@torys.com>; 'VINER, JON' <JON.VINER@blakes.com>; 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>; Mansoori, Nina <nmansoori@torys.com>
Subject: RE: EXTERNAL – Process Certificate

Malle/Alena/Toby – further to my email below, please find attached the process certificate which will be delivered to you along with all signed reference documentation by tomorrow. Please let me know if you have any questions.

Many thanks,

Nina

Nina Mansoori

From: Mansoori, Nina
Sent: December-19-17 1:22 PM
To: 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>
Cc: VINER, JON <JON.VINER@blakes.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; Feldman, Michael <mfeldman@torys.com>; Ramchandani, Rima <rramchandani@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Prado, Melissa <mprado@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Dost, Mitchell <mdost@torys.com>; Mansoori, Nina <nmansoori@torys.com>
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Thanks for your voicemail, Steve. I will wait to hear back from you or Toby on the Province's process for delivery of their signature pages in escrow. Given timing, I'd appreciate if you could get back to us soon so that we can send out our pre-closing and closing memo to the

wider group this afternoon.
We discussed the list of addressees for the Blakes' opinion with Oslers; please find attached a revised list above. Can you please circulate a revised draft of your opinion as we'll need to provide all drafts to the rating agencies as soon as possible today.
We'll send along a draft of the Process Certificate later today.
Lastly, please find attached blacklines of the most current versions of the Process Agreement and the Protection Agreement to the drafts circulated last Thursday.
Best Regards,
Nina
Nina Mansoori

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: December-19-17 11:01 AM
To: Mansoori, Nina <nmansoori@torys.com>
Cc: VINER, JON <JON.VINER@blakes.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>
Subject: FW: EXTERNAL – Issues relating to the Process/Protection Agreements
Nina, here are the signature page versions I understand were sent for signature to the Ministers. Toby has also confirmed that the Province can table signatures as part of the overall escrow closing, without the extra considerations I mentioned earlier. Once you confirm the opinion addressees, we will send the Blakes opinion to be held in escrow. Thanks, Steve
Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

Blakes

Blake, Cassels & Graydon LLP
199 Bay Street, Suite 4000, Toronto ON M5L 1A9
Tel: 416-863-2400 Fax: 416-863-2653
blakes.com[blakes.com] | **Twitter**[twitter.com] | **Unsubscribe**[blakes.com]

Blake, Cassels & Graydon LLP | Barristers & Solicitors | Patent & Trade-mark Agents
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From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Tuesday, December 19, 2017 10:24 AM
To: ASHBOURNE, STEPHEN
Subject: FW: EXTERNAL – Issues relating to the Process/Protection Agreements
Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance

tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Whitfield, Tobias P. (MOF)
Sent: December 18, 2017 4:39 PM
To: 'Ramchandani, Rima'; Hanslep, Malle (MOF); LEE John -TREASURY; WONG Leslie -LAWDIV
Cc: Saulnier, Brett; Kandeepan, Ken (OFA); Saulnier, Brett; Dost, Mitchell
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Rima – we have provided forms of signature pages in the form attached for the Ministers to sign (although without the page numbers as on the attached). They will be signing those pages and we will hold them in escrow.

Thanks

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: December 18, 2017 1:16 PM
To: Whitfield, Tobias P. (MOF); Hanslep, Malle (MOF); LEE John -TREASURY; WONG Leslie -LAWDIV
Cc: Saulnier, Brett; Kandeepan, Ken (OFA); Saulnier, Brett; Dost, Mitchell
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Hi Toby, I understand from OPG that the Minister(s) are actually signed the agreements today – do you want us to send you execution versions in Word reflecting the change I sent across below and filling in the notice provisions as per your email below?

Rima

Rima Ramchandani
P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: December-18-17 1:08 PM
To: Ramchandani, Rima <rramchandani@torys.com>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; LEE John -TREASURY <john.s.lee@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>
Cc: Saulnier, Brett <bsaulnier@torys.com>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Saulnier, Brett <bsaulnier@torys.com>; Dost, Mitchell <mdost@torys.com>
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Rima – I will ask the Ministry of Energy to provide their notice information. For the Minister/Deputy Minister of Finance it is:

Minister of Finance
Ministry of Finance
7 Queen's Park Crescent, 7th Floor
Toronto, ON M7A 1Y7
Fax No.: (416) 325-0374
- and -
Deputy Minister of Finance
Ministry of Finance

7 Queen's Park Crescent, 7th Floor
Toronto, ON M7A 1Y7
Fax No.: (416) 325-1595
Thanks
Toby
Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: December 18, 2017 1:05 PM
To: Hanslep, Malle (MOF); LEE John -TREASURY; WONG Leslie -LAWDIV
Cc: Whitfield, Tobias P. (MOF); Saulnier, Brett; Kandeepan, Ken (OFA); Saulnier, Brett
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Sorry Malle, can you also please provide us with the notice information for the Province so we can finalize those sections of both the process and protection agreements? Thanks,
Rima Ramchandani
P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

From: Ramchandani, Rima
Sent: December-18-17 1:03 PM
To: 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; LEE John -TREASURY <john.s.lee@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>
Cc: Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Saulnier, Brett <bsaulnier@torys.com>; Ramchandani, Rima <rramchandani@torys.com>
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Hi Malle, we discussed your second point below with the accountants and with Osler and they have both confirmed they are comfortable with making the changes reflected in the attached definition of a Breach Event in the process agreement (FYI, the drafting is based on the words proposed by Steve in his last comments provided on the process agreement, with only one change to reference the Province's interests under the process agreement or the protection agreement). Please also note that DBRS has required that all material waivers of the Process Agreement (in addition to material amendments) be subject to satisfaction of the Rating Agency Condition – so that change is also reflected in the attached.
Thanks,
Rima
Rima Ramchandani
P. 416.865.7666

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: December-15-17 5:51 PM
To: LEE John -TREASURY <john.s.lee@opg.com>; Ramchandani, Rima <rramchandani@torys.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>
Cc: Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>; Saulnier, Brett

<bsaulnier@torys.com>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements
Hi John,
On the second point, we understand that to be case but it had an unintended indirect effect on the 2 subsections mentioned in addition to the provision that we understand that it is targeted to, i.e. s. 3.04(b). We don't need to use the defined term in 6.01(b) and (c).
Thanks,
Malle

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: December 15, 2017 5:21 PM
To: Ramchandani, Rima; WONG Leslie -LAWDIV
Cc: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Saulnier, Brett; Kandeepan, Ken (OFA)
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements
Toby/Les:
With respect to the first point, the process agreement can be amended without Bond holder consent but will require Rating Agency confirmation if the changes are material.
On point #2 definition of Material effect was drafted to enable accounting signoff.
John

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: Friday, December 15, 2017 5:01 PM
To: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LEE John -TREASURY <john.s.lee@opg.com>
Cc: Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Ramchandani, Rima <rramchandani@torys.com>
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements
Hi Les, I agree with Toby that the cross-reference to 2.02(b)(iv) should be fixed and should refer to 2.02(c)(iv) – Toby, that comes up in 6.01(a) and 6.01(b). We will do a good scrub of the agreements on Monday to make sure we pick up any nits like this. Thanks,
P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com[na01.safelinks.protection.outlook.com]
TORYS LLP[na01.safelinks.protection.outlook.com]

From: WONG Leslie -LAWDIV [mailto:leslie.wong@opg.com] .
Sent: December-15-17 4:38 PM
To: LEE John -TREASURY <john.s.lee@opg.com>; Ramchandani, Rima <rramchandani@torys.com>
Cc: Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements
John – Regarding the first two points, please advise on how you'd like us to proceed.
Rima - Regarding the third point, can you please check the cross-reference and, if it needs correction, please correct the cross-reference.
Regards,
Les

Leslie Wong
Senior Counsel
Ontario Power Generation Inc.
700 University Avenue, H18 G26.1, Toronto, ON M5G 1X6
T: (416) 592-3110 **|** E: leslie.wong@opg.com

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Friday, December 15, 2017 3:51 PM
To: WONG Leslie -LAWDIV <leslie.wong@opg.com>
Cc: Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>
Subject: EXTERNAL – Issues relating to the Process/Protection Agreements
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Les,
Further to our phone call, there are three issues that are priority issues for the Province, and we would like to understand what the thinking is behind them, or understand what the scope is for amending them.

1. With respect to the use of the definitions and references that now require defining the Process Agreement in the Protection Agreement, what is the reasoning behind making this change in this way? We had discussed whether a Rating Agency Condition could be included for any amendments to the Process Agreement, but we would also like to understand why it is necessary to import the Process Agreement into the Protection Agreement. We are concerned that this means that any amendments to the Process Agreement will be subject to bondholder approval or other processes that are a consequence of becoming a Program Agreement under the Master Trust Indenture.
2. We are concerned about the changes to the Material Effect definition in the Process Agreement which has had the effect of significantly undermining the rights of the Province, particularly under the Breach Events provisions 6.01 (b) and (c) because the definition of "Material Effect" as now revised does not apply to those types of breaches. For instance, it is not clear that the failure to perform or breach of a covenant in 6.01(b) is capable of being qualified by the definition of "Material Effect" in a coherent way, thus potentially rendering that provision meaningless. The purpose of the changes to the Material Effect definition was with reference to s. 3.04(b).
3. There is a cross referencing error in the Process Agreement that is the result of the introduction of a new 2.02(b) in the Torys December 12 draft, which results in the reference in 6.01(a) being mistakenly to 2.02(b)(iv), when it should be 2.02(c)(iv) as a result of the new numbering.

Please let us know if we can provide further explanation of these items.
Thanks
Toby
Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
777 Bay Street, 11th Floor
Toronto, ON, M5G 2C8

tobias.whitfield@ontario.ca
Phone: 416-325-1456

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From: RYFA Ken -TREASURY
To: Ken Kandeepan; LEE John -TREASURY; "Saulnier, Brett"; "Mansoori, Nina"; Ramchandani, Rima; "Feldman, Michael"
Cc: John Psinas; Mike Manning
Subject: RE: EXTERNAL – Process Certificate
Date: Wednesday, December 20, 2017 1:21:38 PM

Ken K – we had a similar concern raised by the IESO with their certificate. The confusion is the reference to the maximum amount of the note versus the amount drawn. See below:

	Max	Dec 21 issuance
Senior notes	800,000,000.00	601,290,000.00
Subordinated notes	611,764,705.88	459,810,000.00
Jr subordinated notes	156,862,745.10	117,900,000.00
	1,568,627,450.98	1,179,000,000.00

The maximum tracks the relationship among the different classes as we have to maintain a specific breakdown whereas the amount issued corresponds to the asset purchased from the IESO. To avoid confusion it is best to remove the "Re:" lines in the certificate.
Brett,
Could you do the same with this certificate and remove the "Re:" lines.
Thanks,
Ken

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: Wednesday, December 20, 2017 12:32 PM
To: LEE John -TREASURY ; RYFA Ken -TREASURY
Cc: John Psinas ; Mike Manning
Subject: FW: EXTERNAL – Process Certificate
Hi John and Ken
The attached process certificate revises the amounts to the maximum face amounts as opposed to the actual drawn, to me the latter is more reflective of the intent behind OPG issuing the certificate to the Province, since it certifies the amount the Province is on the hook for if a Protection Event were to occur next week.
So my preference would be to revert back to the numbers reflecting the actual asset purchase for tomorrow.
Thanks
Ken k

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Wednesday, December 20, 2017 12:07 PM
To: Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>; Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: FW: EXTERNAL – Process Certificate
Please find attached a slightly revised Process Certificate to be delivered to the Province under the Process Agreement. Please review and consider whether this is a sufficient level of detail on the various points respecting the material terms of the notes comparing it to the warehouse

supplement. Since this is the first process certificate, if we would like a bit more detail, it would be good to ask now. I'm not sure when the interest is paid on these notes based on the summary. Extracted below is the s. 3.01(a) of the Process Agreement.

> (a) the material terms of the Funding Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a Derivative Agreement, OPG's best estimate of the expected notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: December 20, 2017 11:16 AM
To: Hanslep, Malle (MOF); Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF)
Cc: 'LEE John -TREASURY'; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'MCAULEY Tyler -LAWDIV'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Prado, Melissa; Feldman, Michael; Ramchandani, Rima; Olusoga, Yinka; Saulnier, Brett; Dost, Mitchell; 'VINER, JON'; 'ASHBOURNE, STEPHEN'; Mansoori, Nina
Subject: RE: EXTERNAL – Process Certificate

Malle/Alena/Toby – please find attached a further revised process certificate. The only change made was to revise the note amounts to reflect the maximum face amount of each note at closing (versus the initial amounts being drawn under each such note at closing). The signed process certificate and all signed reference documentation will be delivered to you by end of day. Thanks,

Nina Mansoori

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679

From: Mansoori, Nina
Sent: December-19-17 9:31 PM
To: 'Malle.Hanslep@ontario.ca' <Malle.Hanslep@ontario.ca>; 'Thouin, Alena (ENERGY)' <Alena.Thouin@ontario.ca>; 'Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca)' <Tobias.Whitfield@ontario.ca>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; 'MCAULEY Tyler -LAWDIV' <tyler.mcauley@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; Prado, Melissa <mprado@torys.com>; Feldman, Michael <mfeldman@torys.com>; Ramchandani, Rima <rramchandani@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Dost, Mitchell <mdost@torys.com>; 'VINER, JON' <JON.VINER@blakes.com>; 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>; Mansoori, Nina <nmansoori@torys.com>
Subject: RE: EXTERNAL – Process Certificate

Malle/Alena/Toby – further to my email below, please find attached the process certificate which will be delivered to you along with all signed reference documentation by tomorrow. Please let me know if you have any questions.

Many thanks,

Nina

Nina Mansoori

From: Mansoori, Nina
Sent: December-19-17 1:22 PM
To: 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>
Cc: VINER, JON <JON.VINER@blakes.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; Feldman, Michael <mfeldman@torys.com>; Ramchandani, Rima <rramchandani@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Prado, Melissa <mprado@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Dost, Mitchell <mdost@torys.com>; Mansoori, Nina <nmansoori@torys.com>
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Thanks for your voicemail, Steve. I will wait to hear back from you or Toby on the Province's process for delivery of their signature pages in escrow. Given timing, I'd appreciate if you could get back to us soon so that we can send out our pre-closing and closing memo to the wider group this afternoon.

We discussed the list of addressees for the Blakes' opinion with Oslers; please find attached a revised list above. Can you please circulate a revised draft of your opinion as we'll need to provide all drafts to the rating agencies as soon as possible today.

We'll send along a draft of the Process Certificate later today.

Lastly, please find attached blacklines of the most current versions of the Process Agreement and the Protection Agreement to the drafts circulated last Thursday.

Best Regards,
Nina
Nina Mansoori

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: December-19-17 11:01 AM
To: Mansoori, Nina <nmansoori@torys.com>
Cc: VINER, JON <JON.VINER@blakes.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>
Subject: FW: EXTERNAL – Issues relating to the Process/Protection Agreements

Nina, here are the signature page versions I understand were sent for signature to the Ministers. Toby has also confirmed that the Province can table signatures as part of the overall escrow closing, without the extra considerations I mentioned earlier. Once you confirm the opinion addressees, we will send the Blakes opinion to be held in escrow. Thanks, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

Blake, Cassels & Graydon LLP
199 Bay Street, Suite 4000, Toronto ON M5L 1A9
Tel: 416-863-2400 Fax: 416-863-2653

blakes.com[blakes.com][na01.safelinks.protection.outlook.com] | **Twitter**[twitter.com][na01.safelinks.protection.outlook.com] | **Unsubscribe**[blakes.com][na01.safelinks.protection.outlook.com]

Blake, Cassels & Graydon LLP | Barristers & Solicitors | Patent & Trade-mark Agents
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From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Tuesday, December 19, 2017 10:24 AM
To: ASHBOURNE, STEPHEN
Subject: FW: EXTERNAL – Issues relating to the Process/Protection Agreements

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Whitfield, Tobias P. (MOF)
Sent: December 18, 2017 4:39 PM
To: 'Ramchandani, Rima'; Hanslep, Malle (MOF); LEE John -TREASURY; WONG Leslie -LAWDIV
Cc: Saulnier, Brett; Kandeepan, Ken (OFA); Saulnier, Brett; Dost, Mitchell
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Rima – we have provided forms of signature pages in the form attached for the Ministers to sign (although without the page numbers as on the attached). They will be signing those pages and we will hold them in escrow.

Thanks

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: December 18, 2017 1:16 PM
To: Whitfield, Tobias P. (MOF); Hanslep, Malle (MOF); LEE John -TREASURY; WONG Leslie -LAWDIV
Cc: Saulnier, Brett; Kandeepan, Ken (OFA); Saulnier, Brett; Dost, Mitchell
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Hi Toby, I understand from OPG that the Minister(s) are actually signed the agreements today – do you want us to send you execution versions in Word reflecting the change I sent across below and filling in the notice provisions as per your email below?

Rima

Rima Ramchandani
P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: December-18-17 1:08 PM
To: Ramchandani, Rima <rramchandani@torys.com>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; LEE John -TREASURY <john.s.lee@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>

Cc: Saulnier, Brett <bsaulnier@torys.com>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Saulnier, Brett <bsaulnier@torys.com>; Dost, Mitchell <mdost@torys.com>
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Rima – I will ask the Ministry of Energy to provide their notice information. For the Minister/Deputy Minister of Finance it is:

Minister of Finance
Ministry of Finance
7 Queen's Park Crescent, 7th Floor
Toronto, ON M7A 1Y7
Fax No.: (416) 325-0374
- and -
Deputy Minister of Finance
Ministry of Finance
7 Queen's Park Crescent, 7th Floor
Toronto, ON M7A 1Y7
Fax No.: (416) 325-1595

Thanks
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: December 18, 2017 1:05 PM
To: Hanslep, Malle (MOF); LEE John -TREASURY; WONG Leslie -LAWDIV
Cc: Whitfield, Tobias P. (MOF); Saulnier, Brett; Kandeepan, Ken (OFA); Saulnier, Brett
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Sorry Malle, can you also please provide us with the notice information for the Province so we can finalize those sections of both the process and protection agreements? Thanks,

Rima Ramchandani
P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

From: Ramchandani, Rima
Sent: December-18-17 1:03 PM
To: 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; LEE John -TREASURY <john.s.lee@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>
Cc: Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Saulnier, Brett <bsaulnier@torys.com>; Ramchandani, Rima <rramchandani@torys.com>
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Hi Malle, we discussed your second point below with the accountants and with Osler and they have both confirmed they are comfortable with making the changes reflected in the attached definition of a Breach Event in the process agreement (FYI, the drafting is based on the words proposed by Steve in his last comments provided on the process agreement, with only one change to reference the Province's interests under the process agreement or the protection

agreement). Please also note that DBRS has required that all material waivers of the Process Agreement (in addition to material amendments) be subject to satisfaction of the Rating Agency Condition – so that change is also reflected in the attached.
Thanks,
Rima
Rima Ramchandani
P. 416.865.7666

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: December-15-17 5:51 PM
To: LEE John -TREASURY <john.s.lee@opg.com>; Ramchandani, Rima <rramchandani@torys.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>
Cc: Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements
Hi John,
On the second point, we understand that to be case but it had an unintended indirect effect on the 2 subsections mentioned in addition to the provision that we understand that it is targeted to, i.e. s. 3.04(b). We don't need to use the defined term in 6.01(b) and (c).
Thanks,
Malle

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: December 15, 2017 5:21 PM
To: Ramchandani, Rima; WONG Leslie -LAWDIV
Cc: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Saulnier, Brett; Kandeepan, Ken (OFA)
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements
Toby/Les:
With respect to the first point, the process agreement can be amended without Bond holder consent but will require Rating Agency confirmation if the changes are material.
On point #2 definition of Material effect was drafted to enable accounting signoff.
John

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: Friday, December 15, 2017 5:01 PM
To: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LEE John -TREASURY <john.s.lee@opg.com>
Cc: Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Ramchandani, Rima <rramchandani@torys.com>
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements
Hi Les, I agree with Toby that the cross-reference to 2.02(b)(iv) should be fixed and should refer to 2.02(c)(iv) – Toby, that comes up in 6.01(a) and 6.01(b). We will do a good scrub of the agreements on Monday to make sure we pick up any nits like this. Thanks,
P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com[na01.safelinks.protection.outlook.com]

TORYS LLP [na01.safelinks.protection.outlook.com]

From: WONG Leslie -LAWDIV [mailto:leslie.wong@opg.com] .
Sent: December-15-17 4:38 PM
To: LEE John -TREASURY <john.s.lee@opg.com>; Ramchandani, Rima <rramchandani@torys.com>
Cc: Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

John – Regarding the first two points, please advise on how you'd like us to proceed.

Rima - Regarding the third point, can you please check the cross-reference and, if it needs correction, please correct the cross-reference.

Regards,

Les

Leslie Wong
Senior Counsel
Ontario Power Generation Inc.
700 University Avenue, H18 G26.1, Toronto, ON M5G 1X6
T: (416) 592-3110 **|** E: leslie.wong@opg.com

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Friday, December 15, 2017 3:51 PM
To: WONG Leslie -LAWDIV <leslie.wong@opg.com>
Cc: Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>
Subject: EXTERNAL – Issues relating to the Process/Protection Agreements

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Les,

Further to our phone call, there are three issues that are priority issues for the Province, and we would like to understand what the thinking is behind them, or understand what the scope is for amending them.

1. With respect to the use of the definitions and references that now require defining the Process Agreement in the Protection Agreement, what is the reasoning behind making this change in this way? We had discussed whether a Rating Agency Condition could be included for any amendments to the Process Agreement, but we would also like to understand why it is necessary to import the Process Agreement into the Protection Agreement. We are concerned that this means that any amendments to the Process Agreement will be subject to bondholder approval or other processes that are a consequence of becoming a Program Agreement under the Master Trust Indenture.
2. We are concerned about the changes to the Material Effect definition in the Process Agreement which has had the effect of significantly undermining the rights of the Province, particularly under the Breach Events provisions 6.01 (b) and (c) because the definition of "Material Effect" as now revised does not apply to those types of breaches. For instance, it is not clear that the failure to perform or breach of a covenant in 6.01(b) is capable of being qualified by the definition of "Material Effect" in a coherent way, thus potentially rendering

that provision meaningless. The purpose of the changes to the Material Effect definition was with reference to s. 3.04(b).

3. There is a cross referencing error in the Process Agreement that is the result of the introduction of a new 2.02(b) in the Torys December 12 draft, which results in the reference in 6.01(a) being mistakenly to 2.02(b)(iv), when it should be 2.02(c)(iv) as a result of the new numbering.

Please let us know if we can provide further explanation of these items.

Thanks

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
777 Bay Street, 11th Floor
Toronto, ON, M5G 2C8
tobias.whitfield@ontario.ca
Phone: 416-325-1456

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From:	Hanslep, Malle (MOF)
To:	Mansoori, Nina; Thouin, Alena (ENERGY); Tobias P. Whitfield (MOF)
Cc:	"LEE John -TREASURY"; "WONG Leslie -LAWDIV"; "RYFA Ken -TREASURY"; "MCAULEY Tyler -LAWDIV"; "LADAK Lubna -TREASURY"; "LAURETA LAPIRA May -TREASURY"; Prado, Melissa; Feldman, Michael; Ramchandani, Rima; Olusoga, Yinka; Saulnier, Brett; Dost, Mitchell; "VINER, JON"; "ASHBOURNE, STEPHEN"; Ken Kandeepan; Mike Manning; Anna Strathy; Gadi Mayman
Subject:	RE: EXTERNAL – Process Certificate
Date:	Wednesday, December 20, 2017 12:57:18 PM

Hi Nina,
The OFA would like an explanation of why the numbers of the certificate changed as they don't appear to reflect the numbers for the closing. The earlier certificate appeared to be correct. Isn't the certificate supposed to reflect the actual borrowing being done? When would the further amounts be borrowed?
Also, I didn't see anything in the process certificate about the frequency of interest payments for example. Also, if the facility is a revolving facility perhaps there should be an explanation of that as well.
Thanks.
Malle

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: December 20, 2017 11:16 AM
To: Hanslep, Malle (MOF); Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF)
Cc: 'LEE John -TREASURY'; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'MCAULEY Tyler -LAWDIV'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Prado, Melissa; Feldman, Michael; Ramchandani, Rima; Olusoga, Yinka; Saulnier, Brett; Dost, Mitchell; 'VINER, JON'; 'ASHBOURNE, STEPHEN'; Mansoori, Nina
Subject: RE: EXTERNAL – Process Certificate

Malle/Alena/Toby – please find attached a further revised process certificate. The only change made was to revise the note amounts to reflect the maximum face amount of each note at closing (versus the initial amounts being drawn under each such note at closing). The signed process certificate and all signed reference documentation will be delivered to you by end of day. Thanks,
Nina Mansoori
P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679

From: Mansoori, Nina
Sent: December-19-17 9:31 PM
To: 'Malle.Hanslep@ontario.ca' <Malle.Hanslep@ontario.ca>; 'Thouin, Alena (ENERGY)' <Alena.Thouin@ontario.ca>; 'Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca)' <Tobias.Whitfield@ontario.ca>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; 'MCAULEY Tyler -LAWDIV' <tyler.mcauley@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; Prado, Melissa <mprado@torys.com>; Feldman, Michael <mfeldman@torys.com>; Ramchandani, Rima <rramchandani@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Dost, Mitchell <mdost@torys.com>; 'VINER, JON' <JON.VINER@blakes.com>; 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>; Mansoori, Nina <nmansoori@torys.com>
Subject: RE: EXTERNAL – Process Certificate

Malle/Alena/Toby – further to my email below, please find attached the process certificate which will be delivered to you along with all signed reference documentation by tomorrow. Please let me know if you have any questions.
Many thanks,
Nina
Nina Mansoori

From: Mansoori, Nina
Sent: December-19-17 1:22 PM
To: 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>
Cc: VINER, JON <JON.VINER@blakes.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; Feldman, Michael <mfeldman@torys.com>; Ramchandani, Rima <rramchandani@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Prado, Melissa <mprado@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Dost, Mitchell <mdost@torys.com>; Mansoori, Nina <nmansoori@torys.com>
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements
Thanks for your voicemail, Steve. I will wait to hear back from you or Toby on the Province's process for delivery of their signature pages in escrow. Given timing, I'd appreciate if you could get back to us soon so that we can send out our pre-closing and closing memo to the wider group this afternoon.
We discussed the list of addressees for the Blakes' opinion with Oslers; please find attached a revised list above. Can you please circulate a revised draft of your opinion as we'll need to provide all drafts to the rating agencies as soon as possible today.
We'll send along a draft of the Process Certificate later today.
Lastly, please find attached blacklines of the most current versions of the Process Agreement and the Protection Agreement to the drafts circulated last Thursday.
Best Regards,
Nina
Nina Mansoori

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: December-19-17 11:01 AM
To: Mansoori, Nina <nmansoori@torys.com>
Cc: VINER, JON <JON.VINER@blakes.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>
Subject: FW: EXTERNAL – Issues relating to the Process/Protection Agreements
Nina, here are the signature page versions I understand were sent for signature to the Ministers. Toby has also confirmed that the Province can table signatures as part of the overall escrow closing, without the extra considerations I mentioned earlier. Once you confirm the opinion addressees, we will send the Blakes opinion to be held in escrow. Thanks, Steve
Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

Blake, Cassels & Graydon LLP
199 Bay Street, Suite 4000, Toronto ON M5L 1A9
Tel: 416-863-2400 Fax: 416-863-2653
blakes.com[blakes.com] | **Twitter**[twitter.com] | **Unsubscribe**[blakes.com]

Blake, Cassels & Graydon LLP | Barristers & Solicitors | Patent & Trade-mark Agents
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From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Tuesday, December 19, 2017 10:24 AM
To: ASHBOURNE, STEPHEN
Subject: FW: EXTERNAL – Issues relating to the Process/Protection Agreements
Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Whitfield, Tobias P. (MOF)
Sent: December 18, 2017 4:39 PM
To: 'Ramchandani, Rima'; Hanslep, Malle (MOF); LEE John -TREASURY; WONG Leslie -LAWDIV
Cc: Saulnier, Brett; Kandeepan, Ken (OFA); Saulnier, Brett; Dost, Mitchell
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Rima – we have provided forms of signature pages in the form attached for the Ministers to sign (although without the page numbers as on the attached). They will be signing those pages and we will hold them in escrow.

Thanks

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: December 18, 2017 1:16 PM
To: Whitfield, Tobias P. (MOF); Hanslep, Malle (MOF); LEE John -TREASURY; WONG Leslie -LAWDIV
Cc: Saulnier, Brett; Kandeepan, Ken (OFA); Saulnier, Brett; Dost, Mitchell
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Hi Toby, I understand from OPG that the Minister(s) are actually signed the agreements today – do you want us to send you execution versions in Word reflecting the change I sent across below and filling in the notice provisions as per your email below?

Rima

Rima Ramchandani
P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: December-18-17 1:08 PM
To: Ramchandani, Rima <rramchandani@torys.com>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; LEE John -TREASURY <john.s.lee@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>
Cc: Saulnier, Brett <bsaulnier@torys.com>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Saulnier, Brett <bsaulnier@torys.com>; Dost, Mitchell <mdost@torys.com>
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Rima – I will ask the Ministry of Energy to provide their notice information. For the Minister/Deputy Minister of Finance it is:
Minister of Finance
Ministry of Finance
7 Queen's Park Crescent, 7th Floor
Toronto, ON M7A 1Y7
Fax No.: (416) 325-0374
- and -
Deputy Minister of Finance
Ministry of Finance
7 Queen's Park Crescent, 7th Floor
Toronto, ON M7A 1Y7
Fax No.: (416) 325-1595
Thanks
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: December 18, 2017 1:05 PM
To: Hanslep, Malle (MOF); LEE John -TREASURY; WONG Leslie -LAWDIV
Cc: Whitfield, Tobias P. (MOF); Saulnier, Brett; Kandeepan, Ken (OFA); Saulnier, Brett
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Sorry Malle, can you also please provide us with the notice information for the Province so we can finalize those sections of both the process and protection agreements? Thanks,
Rima Ramchandani
P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

From: Ramchandani, Rima
Sent: December-18-17 1:03 PM
To: 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; LEE John -TREASURY <john.s.lee@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>
Cc: Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Saulnier, Brett

<bsaulnier@torys.com>; Ramchandani, Rima <rramchandani@torys.com>
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements
Hi Malle, we discussed your second point below with the accountants and with Osler and they have both confirmed they are comfortable with making the changes reflected in the attached definition of a Breach Event in the process agreement (FYI, the drafting is based on the words proposed by Steve in his last comments provided on the process agreement, with only one change to reference the Province's interests under the process agreement or the protection agreement). Please also note that DBRS has required that all material waivers of the Process Agreement (in addition to material amendments) be subject to satisfaction of the Rating Agency Condition – so that change is also reflected in the attached.
Thanks,
Rima
Rima Ramchandani
P. 416.865.7666

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: December-15-17 5:51 PM
To: LEE John -TREASURY <john.s.lee@opg.com>; Ramchandani, Rima <rramchandani@torys.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>
Cc: Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements
Hi John,
On the second point, we understand that to be case but it had an unintended indirect effect on the 2 subsections mentioned in addition to the provision that we understand that it is targeted to, i.e. s. 3.04(b). We don't need to use the defined term in 6.01(b) and (c).
Thanks,
Malle

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: December 15, 2017 5:21 PM
To: Ramchandani, Rima; WONG Leslie -LAWDIV
Cc: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Saulnier, Brett; Kandeepan, Ken (OFA)
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements
Toby/Les:
With respect to the first point, the process agreement can be amended without Bond holder consent but will require Rating Agency confirmation if the changes are material.
On point #2 definition of Material effect was drafted to enable accounting signoff.
John

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: Friday, December 15, 2017 5:01 PM
To: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LEE John -TREASURY <john.s.lee@opg.com>
Cc: Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Ramchandani, Rima <rramchandani@torys.com>
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Hi Les, I agree with Toby that the cross-reference to 2.02(b)(iv) should be fixed and should refer to 2.02(c)(iv) – Toby, that comes up in 6.01(a) and 6.01(b). We will do a good scrub of the agreements on Monday to make sure we pick up any nits like this. Thanks,

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com[na01.safelinks.protection.outlook.com]

TORYS LLP[na01.safelinks.protection.outlook.com]

From: WONG Leslie -LAWDIV [mailto:leslie.wong@opg.com] .
Sent: December-15-17 4:38 PM
To: LEE John -TREASURY <john.s.lee@opg.com>; Ramchandani, Rima <rramchandani@torys.com>
Cc: Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

John – Regarding the first two points, please advise on how you'd like us to proceed.
Rima - Regarding the third point, can you please check the cross-reference and, if it needs correction, please correct the cross-reference.
Regards,
Les

Leslie Wong
Senior Counsel
Ontario Power Generation Inc.
700 University Avenue, H18 G26.1, Toronto, ON M5G 1X6
T: (416) 592-3110 **|** E: leslie.wong@opg.com

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Friday, December 15, 2017 3:51 PM
To: WONG Leslie -LAWDIV <leslie.wong@opg.com>
Cc: Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>
Subject: EXTERNAL – Issues relating to the Process/Protection Agreements

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Les,
Further to our phone call, there are three issues that are priority issues for the Province, and we would like to understand what the thinking is behind them, or understand what the scope is for amending them.

1. With respect to the use of the definitions and references that now require defining the Process Agreement in the Protection Agreement, what is the reasoning behind making this change in this way? We had discussed whether a Rating Agency Condition could be included for any amendments to the Process Agreement, but we would also like to understand why it is necessary to import the Process Agreement into the Protection Agreement. We are concerned that this means that any amendments to the Process Agreement will be subject to bondholder approval or other processes that are a consequence of becoming a Program Agreement under the Master Trust Indenture.

2. We are concerned about the changes to the Material Effect definition in the Process Agreement which has had the effect of significantly undermining the rights of the Province, particularly under the Breach Events provisions 6.01 (b) and (c) because the definition of "Material Effect" as now revised does not apply to those types of breaches. For instance, it is not clear that the failure to perform or breach of a covenant in 6.01(b) is capable of being qualified by the definition of "Material Effect" in a coherent way, thus potentially rendering that provision meaningless. The purpose of the changes to the Material Effect definition was with reference to s. 3.04(b).
3. There is a cross referencing error in the Process Agreement that is the result of the introduction of a new 2.02(b) in the Torys December 12 draft, which results in the reference in 6.01(a) being mistakenly to 2.02(b)(iv), when it should be 2.02(c)(iv) as a result of the new numbering.

Please let us know if we can provide further explanation of these items.

Thanks

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
777 Bay Street, 11th Floor
Toronto, ON, M5G 2C8
tobias.whitfield@ontario.ca
Phone: 416-325-1456

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immédiatement l'expéditeur, ainsi que supprimer ce courriel et les documents joints de manière permanente.

From: Hanslep, Malle (MOF)
To: Mansoori, Nina
Cc: John Psinas; Mike Manning; Ramchandani, Rima; "RYFA Ken -TREASURY"; Ken Kandeepan; LEE John -TREASURY; Saulnier, Brett; Feldman, Michael; Tobias P. Whitfield (MOF); PALMER, AARON (AARON.PALMER@blakes.com); ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com)
Subject: RE: EXTERNAL – Process Certificate
Date: Wednesday, December 20, 2017 4:44:37 PM

Hi Nina,
Would you be able to send us a revised version of the process certificate making this change and also the one requested by Aaron Palmer. Thank you.
Malle

From: Hanslep, Malle (MOF)
Sent: December 20, 2017 2:43 PM
To: 'Mansoori, Nina'
Cc: John Psinas; Manning, Mike (OFA); Ramchandani, Rima; 'RYFA Ken -TREASURY'; Kandeepan, Ken (OFA); LEE John -TREASURY; Saulnier, Brett; Feldman, Michael; Whitfield, Tobias P. (MOF)
Subject: RE: EXTERNAL – Process Certificate
Hi Nina,
We like the approach of have the advance and the max on the certificate as well as in the schedule. The one change we request is to change the wording so it says "will be drawn on December 21, 2017" in all the relevant places because the certificate must be delivered prior to incurring the funding obligation.
Thanks,
Malle

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: December 20, 2017 1:47 PM
To: Hanslep, Malle (MOF)
Cc: John Psinas; Manning, Mike (OFA); Ramchandani, Rima; 'RYFA Ken -TREASURY'; Kandeepan, Ken (OFA); LEE John -TREASURY; Saulnier, Brett; Feldman, Michael; Whitfield, Tobias P. (MOF); Mansoori, Nina
Subject: RE: EXTERNAL – Process Certificate
Malle,
Further to our telephone discussion, please find attached the revised process certificate for your review. Please let me know if you have any further questions.
Thanks,
Nina
Nina Mansoori
P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: December-20-17 1:29 PM
To: Ramchandani, Rima <rramchandani@torys.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; LEE John -TREASURY <john.s.lee@opg.com>; Saulnier, Brett <bsaulnier@torys.com>; Mansoori, Nina <nmansoori@torys.com>; Feldman, Michael <mfeldman@torys.com>; Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>
Cc: John Psinas <John.Psinas@ofina.on.ca>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>
Subject: RE: EXTERNAL – Process Certificate
I did just have a chat with Nina on the point and we were thinking of removing the principal amount

in the re: lines and leaving the initial draw and maximum amount in the schedules.
However, maybe the better way to do it is to actual references both numbers in the re: line too. This way all of the information is upfront clearly as well as in the schedule.
So:
C^601,290,000 initial principal advance under $800,00,000 aggregate maximum principal amount of Floating Rate…

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: December 20, 2017 1:26 PM
To: 'RYFA Ken -TREASURY'; Kandeepan, Ken (OFA); LEE John -TREASURY; Saulnier, Brett; Mansoori, Nina; Feldman, Michael; Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Cc: John Psinas; Manning, Mike (OFA)
Subject: RE: EXTERNAL – Process Certificate

Ken, we can't remove the re lines in the process certificate. Nina is discussing this point with Malle and will come to an agreement with her on how she would like us to reference this.
Thanks,
Rima Ramchandani
P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

From: RYFA Ken -TREASURY [mailto:ken.ryfa@opg.com]
Sent: December-20-17 1:22 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; LEE John -TREASURY <john.s.lee@opg.com>; Saulnier, Brett <bsaulnier@torys.com>; Mansoori, Nina <nmansoori@torys.com>; Ramchandani, Rima <rramchandani@torys.com>; Feldman, Michael <mfeldman@torys.com>
Cc: John Psinas <John.Psinas@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: EXTERNAL – Process Certificate

Ken K – we had a similar concern raised by the IESO with their certificate. The confusion is the reference to the maximum amount of the note versus the amount drawn. See below:

	Max	Dec 21 issuance
Senior notes	800,000,000.00	601,290,000.00
Subordinated notes	611,764,705.88	459,810,000.00
Jr subordinated notes	156,862,745.10	117,900,000.00
	1,568,627,450.98	1,179,000,000.00

The maximum tracks the relationship among the different classes as we have to maintain a specific breakdown whereas the amount issued corresponds to the asset purchased from the IESO. To avoid confusion it is best to remove the "Re:" lines in the certificate.
Brett,
Could you do the same with this certificate and remove the "Re:" lines.
Thanks,
Ken

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: Wednesday, December 20, 2017 12:32 PM
To: LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>
Cc: John Psinas <John.Psinas@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: FW: EXTERNAL – Process Certificate

Hi John and Ken

The attached process certificate revises the amounts to the maximum face amounts as opposed to the actual drawn, to me the latter is more reflective of the intent behind OPG issuing the certificate to the Province, since it certifies the amount the Province is on the hook for if a Protection Event were to occur next week.
So my preference would be to revert back to the numbers reflecting the actual asset purchase for tomorrow.
Thanks
Ken k

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Wednesday, December 20, 2017 12:07 PM
To: Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>; Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: FW: EXTERNAL – Process Certificate
Please find attached a slightly revised Process Certificate to be delivered to the Province under the Process Agreement. Please review and consider whether this is a sufficient level of detail on the various points respecting the material terms of the notes comparing it to the warehouse supplement. Since this is the first process certificate, if we would like a bit more detail, it would be good to ask now. I'm not sure when the interest is paid on these notes based on the summary. Extracted below is the s. 3.01(a) of the Process Agreement.

> (a) the material terms of the Funding Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a Derivative Agreement, OPG's best estimate of the expected notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: December 20, 2017 11:16 AM
To: Hanslep, Malle (MOF); Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF)
Cc: 'LEE John -TREASURY'; 'WONG Leslie -LAWDIV'; 'RYFA Ken -TREASURY'; 'MCAULEY Tyler -LAWDIV'; 'LADAK Lubna -TREASURY'; 'LAURETA LAPIRA May -TREASURY'; Prado, Melissa; Feldman, Michael; Ramchandani, Rima; Olusoga, Yinka; Saulnier, Brett; Dost, Mitchell; 'VINER, JON'; 'ASHBOURNE, STEPHEN'; Mansoori, Nina
Subject: RE: EXTERNAL – Process Certificate
Malle/Alena/Toby – please find attached a further revised process certificate. The only change made was to revise the note amounts to reflect the maximum face amount of each note at closing (versus the initial amounts being drawn under each such note at closing). The signed process certificate and all signed reference documentation will be delivered to you by end of day. Thanks,
Nina Mansoori
P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679

From: Mansoori, Nina
Sent: December-19-17 9:31 PM
To: 'Malle.Hanslep@ontario.ca' <Malle.Hanslep@ontario.ca>; 'Thouin, Alena (ENERGY)'

<Alena.Thouin@ontario.ca>; 'Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca)' <Tobias.Whitfield@ontario.ca>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; 'MCAULEY Tyler -LAWDIV' <tyler.mcauley@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; Prado, Melissa <mprado@torys.com>; Feldman, Michael <mfeldman@torys.com>; Ramchandani, Rima <rramchandani@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Dost, Mitchell <mdost@torys.com>; 'VINER, JON' <JON.VINER@blakes.com>; 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>; Mansoori, Nina <nmansoori@torys.com>
Subject: RE: EXTERNAL – Process Certificate

Malle/Alena/Toby – further to my email below, please find attached the process certificate which will be delivered to you along with all signed reference documentation by tomorrow. Please let me know if you have any questions.

Many thanks,

Nina

Nina Mansoori

From: Mansoori, Nina
Sent: December-19-17 1:22 PM
To: 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>
Cc: VINER, JON <JON.VINER@blakes.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; Feldman, Michael <mfeldman@torys.com>; Ramchandani, Rima <rramchandani@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Prado, Melissa <mprado@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Dost, Mitchell <mdost@torys.com>; Mansoori, Nina <nmansoori@torys.com>
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Thanks for your voicemail, Steve. I will wait to hear back from you or Toby on the Province's process for delivery of their signature pages in escrow. Given timing, I'd appreciate if you could get back to us soon so that we can send out our pre-closing and closing memo to the wider group this afternoon.

We discussed the list of addressees for the Blakes' opinion with Oslers; please find attached a revised list above. Can you please circulate a revised draft of your opinion as we'll need to provide all drafts to the rating agencies as soon as possible today.

We'll send along a draft of the Process Certificate later today.

Lastly, please find attached blacklines of the most current versions of the Process Agreement and the Protection Agreement to the drafts circulated last Thursday.

Best Regards,

Nina

Nina Mansoori

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: December-19-17 11:01 AM
To: Mansoori, Nina <nmansoori@torys.com>
Cc: VINER, JON <JON.VINER@blakes.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca)

<Tobias.Whitfield@ontario.ca>

Subject: FW: EXTERNAL – Issues relating to the Process/Protection Agreements

Nina, here are the signature page versions I understand were sent for signature to the Ministers. Toby has also confirmed that the Province can table signatures as part of the overall escrow closing, without the extra considerations I mentioned earlier. Once you confirm the opinion addressees, we will send the Blakes opinion to be held in escrow. Thanks, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

Blake, Cassels & Graydon LLP
199 Bay Street, Suite 4000, Toronto ON M5L 1A9
Tel: 416-863-2400 Fax: 416-863-2653
blakes.com[blakes.com][na01.safelinks.protection.outlook.com] | **Twitter**[twitter.com][na01.safelinks.protection.outlook.com] | **Unsubscribe**[blakes.com][na01.safelinks.protection.outlook.com]

Blake, Cassels & Graydon LLP | Barristers & Solicitors | Patent & Trade-mark Agents
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From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Tuesday, December 19, 2017 10:24 AM
To: ASHBOURNE, STEPHEN
Subject: FW: EXTERNAL – Issues relating to the Process/Protection Agreements

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Whitfield, Tobias P. (MOF)
Sent: December 18, 2017 4:39 PM
To: 'Ramchandani, Rima'; Hanslep, Malle (MOF); LEE John -TREASURY; WONG Leslie -LAWDIV
Cc: Saulnier, Brett; Kandeepan, Ken (OFA); Saulnier, Brett; Dost, Mitchell
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Rima – we have provided forms of signature pages in the form attached for the Ministers to sign (although without the page numbers as on the attached). They will be signing those pages and we will hold them in escrow.

Thanks

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance

tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: December 18, 2017 1:16 PM
To: Whitfield, Tobias P. (MOF); Hanslep, Malle (MOF); LEE John -TREASURY; WONG Leslie -LAWDIV
Cc: Saulnier, Brett; Kandeepan, Ken (OFA); Saulnier, Brett; Dost, Mitchell
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Hi Toby, I understand from OPG that the Minister(s) are actually signed the agreements today – do you want us to send you execution versions in Word reflecting the change I sent across below and filling in the notice provisions as per your email below?

Rima

Rima Ramchandani
P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: December-18-17 1:08 PM
To: Ramchandani, Rima <rramchandani@torys.com>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; LEE John -TREASURY <john.s.lee@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>
Cc: Saulnier, Brett <bsaulnier@torys.com>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Saulnier, Brett <bsaulnier@torys.com>; Dost, Mitchell <mdost@torys.com>
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Rima – I will ask the Ministry of Energy to provide their notice information. For the Minister/Deputy Minister of Finance it is:

Minister of Finance
Ministry of Finance
7 Queen's Park Crescent, 7th Floor
Toronto, ON M7A 1Y7
Fax No.: (416) 325-0374
- and -
Deputy Minister of Finance
Ministry of Finance
7 Queen's Park Crescent, 7th Floor
Toronto, ON M7A 1Y7
Fax No.: (416) 325-1595

Thanks

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: December 18, 2017 1:05 PM
To: Hanslep, Malle (MOF); LEE John -TREASURY; WONG Leslie -LAWDIV
Cc: Whitfield, Tobias P. (MOF); Saulnier, Brett; Kandeepan, Ken (OFA); Saulnier, Brett
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Sorry Malle, can you also please provide us with the notice information for the Province so we can finalize those sections of both the process and protection agreements? Thanks,

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

From: Ramchandani, Rima
Sent: December-18-17 1:03 PM
To: 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; LEE John -TREASURY <john.s.lee@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>
Cc: Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Saulnier, Brett <bsaulnier@torys.com>; Ramchandani, Rima <rramchandani@torys.com>
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Hi Malle, we discussed your second point below with the accountants and with Osler and they have both confirmed they are comfortable with making the changes reflected in the attached definition of a Breach Event in the process agreement (FYI, the drafting is based on the words proposed by Steve in his last comments provided on the process agreement, with only one change to reference the Province's interests under the process agreement or the protection agreement). Please also note that DBRS has required that all material waivers of the Process Agreement (in addition to material amendments) be subject to satisfaction of the Rating Agency Condition – so that change is also reflected in the attached.

Thanks,

Rima

Rima Ramchandani

P. 416.865.7666

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: December-15-17 5:51 PM
To: LEE John -TREASURY <john.s.lee@opg.com>; Ramchandani, Rima <rramchandani@torys.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>
Cc: Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Hi John,

On the second point, we understand that to be case but it had an unintended indirect effect on the 2 subsections mentioned in addition to the provision that we understand that it is targeted to, i.e. s. 3.04(b). We don't need to use the defined term in 6.01(b) and (c).

Thanks,

Malle

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: December 15, 2017 5:21 PM
To: Ramchandani, Rima; WONG Leslie -LAWDIV
Cc: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Saulnier, Brett; Kandeepan, Ken (OFA)
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Toby/Les:

With respect to the first point, the process agreement can be amended without Bond holder

consent but will require Rating Agency confirmation if the changes are material.
On point #2 definition of Material effect was drafted to enable accounting signoff.
John

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: Friday, December 15, 2017 5:01 PM
To: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LEE John -TREASURY <john.s.lee@opg.com>
Cc: Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Ramchandani, Rima <rramchandani@torys.com>
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

Hi Les, I agree with Toby that the cross-reference to 2.02(b)(iv) should be fixed and should refer to 2.02(c)(iv) – Toby, that comes up in 6.01(a) and 6.01(b). We will do a good scrub of the agreements on Monday to make sure we pick up any nits like this. Thanks,

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com[na01.safelinks.protection.outlook.com]

TORYS LLP[na01.safelinks.protection.outlook.com]

From: WONG Leslie -LAWDIV [mailto:leslie.wong@opg.com] .
Sent: December-15-17 4:38 PM
To: LEE John -TREASURY <john.s.lee@opg.com>; Ramchandani, Rima <rramchandani@torys.com>
Cc: Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: EXTERNAL – Issues relating to the Process/Protection Agreements

John – Regarding the first two points, please advise on how you'd like us to proceed.
Rima - Regarding the third point, can you please check the cross-reference and, if it needs correction, please correct the cross-reference.
Regards,
Les

Leslie Wong
Senior Counsel
Ontario Power Generation Inc.
700 University Avenue, H18 G26.1, Toronto, ON M5G 1X6
T: (416) 592-3110 **|** E: leslie.wong@opg.com

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Friday, December 15, 2017 3:51 PM
To: WONG Leslie -LAWDIV <leslie.wong@opg.com>
Cc: Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>
Subject: EXTERNAL – Issues relating to the Process/Protection Agreements

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Les,
Further to our phone call, there are three issues that are priority issues for the Province, and we

would like to understand what the thinking is behind them, or understand what the scope is for amending them.

1. With respect to the use of the definitions and references that now require defining the Process Agreement in the Protection Agreement, what is the reasoning behind making this change in this way? We had discussed whether a Rating Agency Condition could be included for any amendments to the Process Agreement, but we would also like to understand why it is necessary to import the Process Agreement into the Protection Agreement. We are concerned that this means that any amendments to the Process Agreement will be subject to bondholder approval or other processes that are a consequence of becoming a Program Agreement under the Master Trust Indenture.
2. We are concerned about the changes to the Material Effect definition in the Process Agreement which has had the effect of significantly undermining the rights of the Province, particularly under the Breach Events provisions 6.01 (b) and (c) because the definition of "Material Effect" as now revised does not apply to those types of breaches. For instance, it is not clear that the failure to perform or breach of a covenant in 6.01(b) is capable of being qualified by the definition of "Material Effect" in a coherent way, thus potentially rendering that provision meaningless. The purpose of the changes to the Material Effect definition was with reference to s. 3.04(b).
3. There is a cross referencing error in the Process Agreement that is the result of the introduction of a new 2.02(b) in the Torys December 12 draft, which results in the reference in 6.01(a) being mistakenly to 2.02(b)(iv), when it should be 2.02(c)(iv) as a result of the new numbering.

Please let us know if we can provide further explanation of these items.

Thanks

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
777 Bay Street, 11th Floor
Toronto, ON, M5G 2C8
tobias.whitfield@ontario.ca
Phone: 416-325-1456

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From: Hanslep, Malle (MOF)
To: Ramchandani, Rima ; WONG Leslie -LAWDIV ; LEE John -TREASURY ; Mansoori, Nina
Cc: Manning, Mike (OFA) ; ASHBOURNE, STEPHEN ; LAURETA LAPIRA May -TREASURY ; LADAK Lubna -TREASURY ; Ken Kandeepan ; "Sebastiano, Rocco" ; Milligan, Peter ; Feldman, Michael ; Tobias P. Whitfield (MOF) ; Thouin, Alena (ENERGY)
Subject: RE: EXTERNAL – RE: Change of Law Protection Agreement and Change of Law Process Agreement
Date: Monday, November 20, 2017 1:21:28 PM

Hi all,
Just checking into see whether Oslers' has reviewed and signed off on the attached?
Thank you.
Malle
Malle Hanslep
Deputy Director
Ministry of the Attorney General
Ministry of Finance Legal Services Branch
Telephone: 416-325-1457
Notice: This communication may be solicitor/client privileged and contain confidential information intended only for the person(s) to whom it is addressed. If you have received this message in error please notify the writer and permanently delete the message and all attachments. Thank you.

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: November 17, 2017 8:20 PM
To: WONG Leslie -LAWDIV; Hanslep, Malle (MOF); LEE John -TREASURY; Mansoori, Nina
Cc: Manning, Mike (OFA); ASHBOURNE, STEPHEN; LAURETA LAPIRA May -TREASURY; LADAK Lubna -TREASURY; Kandeepan, Ken (OFA); 'Sebastiano, Rocco'; Milligan, Peter; Feldman, Michael; Ramchandani, Rima
Subject: RE: EXTERNAL – RE: Change of Law Protection Agreement and Change of Law Process Agreement

Malle, attached are the changed pages of the Master Trust Indenture reflecting the changes agreed upon between OPG and the Province as set out below. We are cc'ing the Osler Team and note that the attached remains subject to their review and sign off.
Regards,
Rima
Rima Ramchandani
P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com(torys.com)
TORYS LLP(torys.com)

From: WONG Leslie -LAWDIV [mailto:leslie.wong@opg.com]
Sent: November-17-17 5:48 PM
To: Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; LEE John -TREASURY <john.s.lee@opg.com>; Ramchandani, Rima <rramchandani@torys.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>
Subject: RE: EXTERNAL – RE: Change of Law Protection Agreement and Change of Law Process Agreement

Dear Malle,
We have provided instructions to Torys to reflect your request below in the MTI. They will need to run the changes by the Dealers' counsel, and will circulate the changed pages of the MTI to the group as soon as they have received sign-off from Dealers' counsel.
Regards,
Les
Leslie Wong
Senior Counsel
Ontario Power Generation Inc.
700 University Avenue, H18 G26.1, Toronto, ON M5G 1X6
T: (416) 592-3110 | E: leslie.wong@opg.com
-----Original Message-----
From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Friday, November 17, 2017 5:38 PM
To: LEE John -TREASURY <john.s.lee@opg.com>; Ramchandani, Rima <rramchandani@torys.com>; 'nmansoori@torys.com' <nmansoori@torys.com>
Cc: Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>
Subject: Re: EXTERNAL – RE: Change of Law Protection Agreement and Change of Law Process Agreement
Hi John
As a follow up here the province is requesting that this be in the master trust indenture. That it be an obligation of the Trust and Indenture Trustee and that it be included in the amendment provisions of the trust indenture s 11.01 11'02 and 13.18 and acknowledge the point about the point that failure to relieve the notice does not invalidate. As noted we are requesting inclusion in the Trust Indenture not protection agreement
Thanks
Malle
Sent from my BlackBerry 10 smartphone on the Rogers network.
From: LEE John -TREASURY
Sent: Friday, November 17, 2017 16:56
To: Ramchandani, Rima; 'nmansoori@torys.com'
Cc: Manning, Mike (OFA); ASHBOURNE, STEPHEN; Hanslep, Malle (MOF); WONG Leslie -LAWDIV; LAURETA LAPIRA May -TREASURY; LADAK Lubna -TREASURY; Kandeepan, Ken (OFA)
Subject: RE: EXTERNAL – RE: Change of Law Protection Agreement and Change of Law Process Agreement
Rima:
Further to our early discussion I have confirmed with Mike the approach to the amendments, can you draft something that reflect the following points:
- Province gets a copy of all the notices regarding amendments that OPG sends to the Indenture Trustee under the MTI;
- Province gets a copy of all of the notices regarding amendments that the Indenture Trustee under the MTI sends out to bondholders;
- This could be put in the Change of Law Protection Agreement, where the Indenture Trustee is a party. However, if it is in the MTI, the Province would not be a party to the MTI as this may trip accounting test. Please note the Province request below that it be in the MTI.
- The failure by OPG or the Indenture Trustee to deliver a notice to the Province does not invalidate the amendments or the Province's guarantee which is the key point from the Dealers.
We will need Torys (in consultation with Oslers) to prepare the specific language and confirm where it will go.
If you could expedite this request that would be appreciated.
Thanks
John
From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Friday, November 17, 2017 4:41 PM
To: LEE John -TREASURY <john.s.lee@opg.com>; ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>
Cc: Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>
Subject: RE: EXTERNAL – RE: Change of Law Protection Agreement and Change of Law Process Agreement
Thanks John.
Regarding the other item that you discussed with Mike on the approach to amendments to the master trust indenture respecting notice to the Province, we would appreciate receive a mark-up of the master trust indenture of OPG's proposal for the Province's review as soon as possible for our review as this is an important item for the Province.
Thank you.
Malle
From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: November 17, 2017 4:37 PM
To: ASHBOURNE, STEPHEN
Cc: Hanslep, Malle (MOF); Manning, Mike (OFA)
Subject: RE: EXTERNAL – RE: Change of Law Protection Agreement and Change of Law Process Agreement
Thanks for turning this around quickly.
From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: Friday, November 17, 2017 4:24 PM
To: Mansoori, Nina <nmansoori@torys.com>; Feldman, Michael <mfeldman@torys.com>>; Saulnier, Brett <bsaulnier@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com>>; LEE John -TREASURY <john.s.lee@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com>>; Ramchandani, Rima <rramchandani@torys.com>>
Cc: Hanslep, Malle (MOF) (Malle.Hanslep@ontario.ca>) <Malle.Hanslep@ontario.ca>>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca>) <Tobias.Whitfield@ontario.ca>>; Ken Kandeepan (Ken.Kandeepan@ofina.on.ca>) <Ken.Kandeepan@ofina.on.ca>>; Mike Manning <Mike.Manning@ofina.on.ca>>; Kwan, Ronald (OFA) (Ronald.Kwan@ofina.on.ca>) <Ronald.Kwan@ofina.on.ca>>; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca>) <Alena.Thouin@ontario.ca>>; tom.mckinlay@ontario.ca>; VINER, JON <JON.VINER@blakes.com>>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>>; Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca>) <Daniel.Cayley@ontario.ca>>; Gadi Mayman (Gadi.Mayman@ofina.on.ca>) <Gadi.Mayman@ofina.on.ca>>
Subject: EXTERNAL – RE: Change of Law Protection Agreement and Change of Law Process Agreement
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Attached are comments on your drafts from 8:30 last night. The attached blacklines are to those versions. These remain subject to review and comment by the Province, but we hope will give you a version (with several open items identified in Notes) OPG can feel comfortable sharing with its Board for their information purposes. Regards, Steve
Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com>
Dir: 416-863-3086
From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: Thursday, November 16, 2017 8:29 PM
To: ASHBOURNE, STEPHEN; Feldman, Michael; Saulnier, Brett; 'WONG Leslie -LAWDIV'; LEE John -TREASURY; RYFA Ken -TREASURY; Milligan, Peter; Fullerton, Rick; 'Persaud, Donnie - Debt Capital Markets'; Adalja, Sunil; Maciel, Andrew; 'Benaiah, Ian'; 'Khan, Nur (nur.khan@rbccm.com>)'; 'brent.r.taylor@rbccm.com'; Niehaus, Katrina; Delaney, Brian; Conner, Robbin; Sebastiano, Rocco; Ramchandani, Rima; VINER, JON; PRESTAGE, JA; Malle.Hanslep@ontario.ca>; Tobias.Whitfield@ontario.ca>; tom.mckinlay@ontario.ca>; Alena.Thouin@ontario.ca>
Cc: Mansoori, Nina
Subject: RE: Change of Law Protection Agreement and Change of Law Process Agreement
All – please find attached consolidated comments from OPG and the Dealers on the Change of Law Agreements. Please note that the attached remains subject to the review of the working group. There are a few drafting points to confirm amongst the lawyers but please let us know if there are any remaining business points to be discussed on these documents tomorrow. Many thanks,
Nina Mansoori
P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower Toronto, Ontario M5K 1N2 Canada | https://na01.safelinks.protection.outlook.com/?
url=www.torys.com&data=02%7C01%7Cleslie.wong%40opg.com%7Cd05d6686cf564b70d2db08d5 2e0bdb78%7C962f21cf93ea449f99bf402e2b2987b2%7C0%7C0%7C63646550837198145&sdata=oNpQDdAkKo%2BukwKaeVZHBaDoG8%2FVBmJi6IOlqHwbZ%2BA%3D&reserved=0[na01.safelinks.protection.outlook.com]>
[Torys LLP]<https://na01.safelinks.protection.outlook.com/?
url=http%3A%2F%2Fwww.torys.com%2F&data=02%7C01%7Cjohn.s.lee%40opg.com%7C4399c6d6b4c946b2e0c708d52e019a22%7C962f21cf93ea449f99bf402e2b2987b2%7C0%7C0%7C636465077553376 62&sdata=Wo7Fvy%2FhQnS0mYn2L5mD8HLs%2FgsDH6nSoWE8oesbZ%2B0%3D&reserved=0[na01.safelinks.protection.outlook.com]>
From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: November-14-17 8:30 PM
To: Sebastiano, Rocco <RSebastiano@osler.com>>; Ramchandani, Rima <rramchandani@torys.com>>; VINER, JON <JON.VINER@blakes.com>>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>>; Malle.Hanslep@ontario.ca>; Tobias.Whitfield@ontario.ca>; tom.mckinlay@ontario.ca>; Alena.Thouin@ontario.ca>
Cc: Feldman, Michael <mfeldman@torys.com>>; Mansoori, Nina <nmansoori@torys.com>>; Saulnier, Brett <bsaulnier@torys.com>>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>>; LEE John -TREASURY <john.s.lee@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com>>; Milligan, Peter <PMilligan@osler.com>>; Fullerton, Rick <RFullerton@osler.com>>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@rbc.com>>; Adalja, Sunil <Sunil.Adalja@rbc.com>>; Maciel, Andrew <Andrew.Maciel@rbc.com>>; 'Benaiah, Ian' <ian.benaiah@rbccm.com>>; 'Khan, Nur (nur.khan@rbccm.com>)' <nur.khan@rbccm.com>>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>>; Niehaus, Katrina <Katrina.Niehaus@gs.com>>; Delaney, Brian <Brian.Delaney@gs.com>>; Conner, Robbin <Robbin.Conner@gs.com>>
Subject: RE: Change of Law Protection Agreement and Change of Law Process Agreement
Please find attached revised versions of the Protection and Process Agreements. The blacklines show changes to the November 2nd (Province/Blakes) and November 8th (OPG/Dealers/Osler/Torys) circulated versions. In the interest of time, these versions are being circulated at the same time to the Province and so remain subject to comment. Please let us know if you have any comments or concerns. Regards, Steve
Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com>
Dir: 416-863-3086
From: Sebastiano, Rocco [mailto:RSebastiano@osler.com]
Sent: Thursday, November 09, 2017 2:11 AM
To: Ramchandani, Rima; ASHBOURNE, STEPHEN; VINER, JON; PRESTAGE, JA; Malle.Hanslep@ontario.ca>; Tobias.Whitfield@ontario.ca>; tom.mckinlay@ontario.ca>; Alena.Thouin@ontario.ca>
Cc: Feldman, Michael; Mansoori, Nina; Saulnier, Brett; 'WONG Leslie -LAWDIV'; LEE John -TREASURY; RYFA Ken -TREASURY; Milligan, Peter; Fullerton, Rick; 'Persaud, Donnie - Debt Capital Markets'; Adalja, Sunil; Maciel, Andrew; 'Benaiah, Ian'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; Niehaus, Katrina; Delaney, Brian; Conner, Robbin
Subject: RE: Change of Law Protection Agreement and Change of Law Process Agreement
Please find enclosed revised drafts of the Change of Law Protection Agreement and the Change of Law Process Agreement. I have also enclosed redlines to the drafts which Stephen circulated on November 2nd. The revised drafts and comments contained in these two agreements are a consolidation of comments from Osler and Torys. Please note that we have not had an opportunity to discuss all of the revisions and comments contained in these revised drafts with OPG and the Dealers and therefore, are subject to any further comments which the Dealers and OPG may have.
The initial drafts of these two agreement have not been provided to the rating agencies for their review and therefore, further revisions may be required following their review and comment once drafts have been provided to them to review.
Regards, Rocco
[cid:image001.gif@01D35D84.2A5D7330]
Rocco Sebastiano
Partner
416.862.5859
DIRECT
416.862.6666
FACSIMILE
rsebastiano@osler.com>
Osler, Hoskin & Harcourt LLP
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Toronto, Ontario, Canada M5X 1B8
[cid:image002.gif@01D35D84.2A5D7330]<https://na01.safelinks.protection.outlook.com/?
url=http%3A%2F%2Fwww.osler.com%2F&data=02%7C01%7Cjohn.s.lee%40opg.com%7C4399c6d6b4c946b2e0c708d52e019a22%7C962f21cf93ea449f99bf402e2b2987b2%7C0%7C0%7C636465077553376 62&sdata=OPc7u4mdj38y11Uttg65apw2TIKTc5w2or6c%2B7FxYq0%3D&reserved=0[na01.safelinks.protection.outlook.com]>
From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: November-02-17 9:02 PM
To: Feldman, Michael <mfeldman@torys.com>>; Ramchandani, Rima <rramchandani@torys.com>>; Mansoori, Nina <nmansoori@torys.com>>; Hill, Krista <khill@torys.com>>
Cc: Hanslep, Malle (MOF) (Malle.Hanslep@ontario.ca>) <Malle.Hanslep@ontario.ca>>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca>) <Tobias.Whitfield@ontario.ca>>; tom.mckinlay@ontario.ca>; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca>) <Alena.Thouin@ontario.ca>>; VINER, JON <JON.VINER@blakes.com>>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>>
Subject: Change of Law Protection Agreement and Change of Law Process Agreement
Rima, Krista, Nina and Michael,
Here are drafts of the Change of Law Protection Agreement and Change of Law Process Agreement. Please note that while various people at the Province have provided considerable thought and input into these drafts, they remain subject to on-going review, comment and consideration (including where indicated in the drafts) by the Province, and of course remain subject to ultimate consideration and approval by the Ministers. This circulation is for discussion purposes only. Please feel free to circulate these drafts to OPG, E&Y, Osler and the Dealers, reflecting that understanding.
We propose that a consolidated mark-up be prepared that reflects all of the issues that you or those others may have, and ideally reflects input from the rating agencies. Once that mark-up is available, we propose that a meeting of interested parties be held to resolve any outstanding issues.
In the meantime, please feel free to call Malle, Toby, Tom, Alena or me if you have questions or concerns.
Regards, Steve
Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com>
Dir: 416-863-3086

[cid:image003.gif@ed6c8812c.40a5c483]
Blake, Cassels & Graydon LLP
199 Bay Street, Suite 4000, Toronto ON M5L 1A9
Tel: 416-863-2400 Fax: 416-863-2653
blakes.com<https://na01.safelinks.protection.outlook.com/?url=http%3A%2F%2Fwww.blakes.com&data=02%7C01%7Cjohn.s.lee%40opg.com%7C4399c6d6b4c946b2e0c708d52e019a22%7C962f21cf93ea449f99bf402e2b2987b2%7C0%7C0%7C636465077553376 62&sdata=k59YKfUpLpn%2FC98DGMKRiJuaTzGuCObabyq83NOEAc%3D&reserved=0[na01.safelinks.protection.outlook.com]> |
Twitter<https://na01.safelinks.protection.outlook.com/?
url=http%3A%2F%2Ftwitter.com%2FBlakesLaw&%2E&data=02%7C01%7Cjohn.s.lee%40opg.com%7C4399c6d6b4c946b2e0c708d52e019a22%7C962f21cf93ea449f99bf402e2b2987b2%7C0%7C0%7C636465077553376 62&sdata=3%2FvPggMcoACGVulpZHdbVu%2FIeON2EAPoVvTo9dD8o%3D&reserved=0[na01.safelinks.protection.outlook.com]> |
Unsubscribe<https://na01.safelinks.protection.outlook.com/?
url=http%3A%2F%2Fwww.blakes.com%2FEnglish%2FResources%2FBulletins%2FPages%2Funsubscribe.aspx&data=02%7C01%7Cjohn.s.lee%40opg.com%7C4399c6d6b4c946b2e0c708d52e019a22%7C962f21cf93ea449f99bf402e2b2987b2%7C0%7C0%7C636465077553376 62&sdata=MGcAcvKorZoqq%2B4THWvPMIPR8lA15BLYlWSMN1a2d8E%3D&reserved=0[na01.safelinks.protection.outlook.com]>
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From: Hanslep, Malle [MOF]
To: Ramchandani, Rima ; WONG Leslie -LAWDIV; LEE John -TREASURY; Mansoori, Nina
Cc: Mike Manning ; ASHBOURNE, STEPHEN ; LAURETA LAPIRA May -TREASURY; LADAK Lubna -TREASURY; Ken Kandeepan ; "Sebastiano, Rocco"; Milligan, Peter; Feldman, Michael
Subject: RE: EXTERNAL – RE: Change of Law Protection Agreement and Change of Law Process Agreement
Date: Saturday, November 18, 2017 10:31:56 AM

Thank you. We will review.

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: November-17-17 8:20 PM
To: 'WONG Leslie -LAWDIV'; Hanslep, Malle (MOF); LEE John -TREASURY; Mansoori, Nina
Cc: Manning, Mike (OFA); ASHBOURNE, STEPHEN; LAURETA LAPIRA May -TREASURY; LADAK Lubna -TREASURY; Kandeepan, Ken (OFA); 'Sebastiano, Rocco'; Milligan, Peter; Feldman, Michael; Ramchandani, Rima
Subject: RE: EXTERNAL – RE: Change of Law Protection Agreement and Change of Law Process Agreement

Malle, attached are the changed pages of the Master Trust Indenture reflecting the changes agreed upon between OPG and the Province as set out below. We are cc'ing the Osler Team and note that the attached remains subject to their review and sign off.

Regards,
Rima

Rima Ramchandani
P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com[torys.com]

TORYS[torys.com]

From: WONG Leslie -LAWDIV [mailto:leslie.wong@opg.com]
Sent: November-17-17 5:48 PM
To: Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; LEE John -TREASURY <john.s.lee@opg.com>; Ramchandani, Rima <rramchandani@torys.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>
Subject: RE: EXTERNAL – RE: Change of Law Protection Agreement and Change of Law Process Agreement

Dear Malle,
We have provided instructions to Torys to reflect your request below in the MTI. They will need to run the changes by the Dealers' counsel, and will circulate the changed pages of the MTI to the group as soon as they have received sign-off from Dealers' counsel.
Regards,
Les
Leslie Wong
Senior Counsel
Ontario Power Generation Inc.
700 University Avenue, H18 G26.1, Toronto, ON M5G 1X6
T: (416) 592-3110 | E: leslie.wong@opg.com

-----Original Message-----
From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Friday, November 17, 2017 5:38 PM
To: LEE John -TREASURY <john.s.lee@opg.com>; Ramchandani, Rima <rramchandani@torys.com>; 'nmansoori@torys.com' <nmansoori@torys.com>
Cc: Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>
Subject: Re: EXTERNAL – RE: Change of Law Protection Agreement and Change of Law Process Agreement
Hi John
As a follow up here the province is requesting that this be in the master trust indenture. That it be an obligation of the Trust and Indenture Trustee and that it be included in the amendment provisions of the trust indenture s 11,01 11'02 and 13.18 and acknowledge the point about the point that failure to reliever the notice does not invalidate. As noted we are requesting inclusion in the Trust Indenture not protection agreement
Thanks
Malle
Sent from my BlackBerry 10 smartphone on the Rogers network.
From: LEE John -TREASURY
Sent: Friday, November 17, 2017 16:56
To: Ramchandani, Rima; 'nmansoori@torys.com'
Cc: Manning, Mike (OFA); ASHBOURNE, STEPHEN; Hanslep, Malle (MOF); WONG Leslie -LAWDIV; LAURETA LAPIRA May -TREASURY; LADAK Lubna -TREASURY; Kandeepan, Ken (OFA)
Subject: RE: EXTERNAL – RE: Change of Law Protection Agreement and Change of Law Process Agreement
Rima:
Further to our early discussion I have confirmed with Mike the approach to the amendments, can you draft something that reflect the following points:
- Province gets a copy of all the notices regarding amendments that OPG sends to the Indenture Trustee under the MTI;
- Province gets a copy of all of the notices regarding amendments that the Indenture Trustee under the MTI sends out to bondholders;
- This could be put in the Change of Law Protection Agreement, where the Indenture Trustee is a party. However, if it is in the MTI, the Province would not be a party to the MTI as this may trip accounting test. Please note the Province request below that it be in the MTI.
- The failure by OPG or the Indenture Trustee to deliver a notice to the Province does not invalidate the amendments or the Province's guarantee which is the key point from the Dealers.
We will need Torys (in consultation with Oslers) to prepare the specific language and confirm where it will go.
If you could expedite this request that would be appreciated.
Thanks
John
From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Friday, November 17, 2017 4:41 PM
To: LEE John -TREASURY <john.s.lee@opg.com>; ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>
Cc: Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>
Subject: RE: EXTERNAL – RE: Change of Law Protection Agreement and Change of Law Process Agreement
Thanks John.
Regarding the other item that you discussed with Mike on the approach to amendments to the master trust indenture respecting notice to the Province, we would appreciate receive a mark-up of the master trust indenture of OPG's proposal for the Province's review as soon as possible for our review as this is an important item for the Province.
Thank you.
Malle
From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: November 17, 2017 4:37 PM
To: ASHBOURNE, STEPHEN
Cc: Hanslep, Malle (MOF); Manning, Mike (OFA)
Subject: RE: EXTERNAL – RE: Change of Law Protection Agreement and Change of Law Process Agreement
Thanks for turning this around quickly.
From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: Friday, November 17, 2017 4:24 PM
To: Mansoori, Nina <nmansoori@torys.com>>; Feldman, Michael <mfeldman@torys.com>>; Saulnier, Brett <bsaulnier@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com>>; LEE John -TREASURY <john.s.lee@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com>>; Ramchandani, Rima <rramchandani@torys.com>>
Cc: Hanslep, Malle (MOF) [Malle.Hanslep@ontario.ca>] <Malle.Hanslep@ontario.ca>>; Whitfield, Tobias P. (MOF) [Tobias.Whitfield@ontario.ca>] <Tobias.Whitfield@ontario.ca>>; Ken Kandeepan [Ken.Kandeepan@ofina.on.ca>] <Ken.Kandeepan@ofina.on.ca>>; Mike Manning <Mike.Manning@ofina.on.ca>>; Kwan, Ronald (OFA) [Ronald.Kwan@ofina.on.ca>] <Ronald.Kwan@ofina.on.ca>>; Thouin, Alena (ENERGY) [Alena.Thouin@ontario.ca>] <Alena.Thouin@ontario.ca>>; tom.mckinlay@ontario.ca>; VINER, JON <JON.VINER@blakes.com>>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>>; Cayley, Daniel (ENERGY) [Daniel.Cayley@ontario.ca>] <Daniel.Cayley@ontario.ca>>; Gadi Mayman (Gadi.Mayman@ofina.on.ca>) <Gadi.Mayman@ofina.on.ca>>
Subject: EXTERNAL – RE: Change of Law Protection Agreement and Change of Law Process Agreement
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Attached are comments on your drafts from 8:30 last night. The attached blacklines are to those versions. These remain subject to review and comment by the Province, but we hope will give you a version (with several open items identified in Notes) OPG can feel comfortable sharing with its Board for their information purposes. Regards, Steve
Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com>
Dir: 416-863-3086
From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: Thursday, November 16, 2017 8:29 PM
To: ASHBOURNE, STEPHEN; Feldman, Michael; Saulnier, Brett; 'WONG Leslie -LAWDIV'; LEE John -TREASURY; RYFA Ken -TREASURY; Milligan, Peter; Fullerton, Rick; 'Persaud, Donnie - Debt Capital Markets'; Adalja, Sunil; Maciel, Andrew; 'Benaiah, Ian'; 'Khan, Nur (nur.khan@rbccm.com>)'; 'brent.r.taylor@rbccm.com'; Niehaus, Katrina; Delaney, Brian; Conner, Robbin; Sebastiano, Rocco; Ramchandani, Rima; VINER, JON; PRESTAGE, JA; Malle.Hanslep@ontario.ca>; Tobias.Whitfield@ontario.ca>; tom.mckinlay@ontario.ca>; Alena.Thouin@ontario.ca>
Cc: Mansoori, Nina
Subject: RE: Change of Law Protection Agreement and Change of Law Process Agreement
All – please find attached consolidated comments from OPG and the Dealers on the Change of Law Agreements. Please note that the attached remains subject to the review of the working group. There are a few drafting points to confirm amongst the lawyers but please let us know if there are any remaining business points to be discussed on these documents tomorrow. Many thanks,
Nina Mansoori
P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower Toronto, Ontario M5K 1N2 Canada | https://na01.safelinks.protection.outlook.com/?
url=www.torys.com&data=02%7C01%7Cleslie.wong%40opg.com%7Cd05d6886cf5e4b70d2db08d52e0bdb78%7C962f21cf93ea449f99bf402e2b2987b2%7C0%7C0%7C636465550837198145&sdata=oNpQDdAKkPs%2BukwKaeVZHBaDoG8%2FVBmJ6IDlqHwb2%2BA%3D&reserved=0[na01.safelinks.protection.outlook.com]>
[Torys LLP]<https://na01.safelinks.protection.outlook.com/?
url=http%3A%2F%2Fwww.torys.com%2F&data=02%7C01%7Cjohn.s.lee%40opg.com%7C4399c6d6b4c946b2e0c708d52e019a22%7C962f21cf93ea449f99bf402e2b2987b2%7C0%7C0%7C636465507755337662&sdata=Wo7Fvv%2FhQnSNmYo7L5mDtHLi%2FgsDHGnSoWE8oesbZ%2B0%3D&reserved=0[na01.safelinks.protection.outlook.com]>
From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: November-14-17 8:30 PM
To: Sebastiano, Rocco <RSebastiano@osler.com>>; Ramchandani, Rima <rramchandani@torys.com>>; VINER, JON <JON.VINER@blakes.com>>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>>; Malle.Hanslep@ontario.ca>; Tobias.Whitfield@ontario.ca>; tom.mckinlay@ontario.ca>; Alena.Thouin@ontario.ca>
Cc: Feldman, Michael <mfeldman@torys.com>>; Mansoori, Nina <nmansoori@torys.com>>; Saulnier, Brett <bsaulnier@torys.com>>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>>; LEE John -TREASURY <john.s.lee@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com>>; Milligan, Peter <PMilligan@osler.com>>; Fullerton, Rick <RFullerton@osler.com>>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>>; Adalja, Sunil <Sunil.Adalja@cibc.com>>; Maciel, Andrew <Andrew.Maciel@cibc.com>>; 'Benaiah, Ian' <ian.benaiah@rbccm.com>>; 'Khan, Nur (nur.khan@rbccm.com>)' <nur.khan@rbccm.com>>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>>; Niehaus, Katrina <Katrina.Niehaus@gs.com>>; Delaney, Brian <Brian.Delaney@gs.com>>; Conner, Robbin <Robbin.Conner@gs.com>>
Subject: RE: Change of Law Protection Agreement and Change of Law Process Agreement
Please find attached revised versions of the Protection and Process Agreements. The blacklines show changes to the November 2nd (Province/Blakes) and November 8th (OPG/Dealers/Osler/Torys) circulated versions. In the interest of time, these versions are being circulated at the same time to the Province and so remain subject to comment. Please let us know if you have any comments or concerns. Regards, Steve
Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com>
Dir: 416-863-3086
From: Sebastiano, Rocco [mailto:RSebastiano@osler.com]
Sent: Thursday, November 09, 2017 2:11 AM
To: Ramchandani, Rima; ASHBOURNE, STEPHEN; VINER, JON; PRESTAGE, JA; Malle.Hanslep@ontario.ca>; Tobias.Whitfield@ontario.ca>; tom.mckinlay@ontario.ca>; Alena.Thouin@ontario.ca>
Cc: Feldman, Michael; Mansoori, Nina; Saulnier, Brett; 'WONG Leslie -LAWDIV'; LEE John -TREASURY; RYFA Ken -TREASURY; Milligan, Peter; Fullerton, Rick; 'Persaud, Donnie - Debt Capital Markets'; Adalja, Sunil; Maciel, Andrew; 'Benaiah, Ian'; 'Khan, Nur (nur.khan@rbccm.com>)'; 'brent.r.taylor@rbccm.com'; Niehaus, Katrina; Delaney, Brian; Conner, Robbin
Subject: RE: Change of Law Protection Agreement and Change of Law Process Agreement
Please find enclosed revised drafts of the Change of Law Protection Agreement and the Change of Law Process Agreement. I have also enclosed redlines to the drafts which Stephen circulated on November 2nd. The revised drafts and comments contained in these two agreements are a consolidation of comments from Osler and Torys. Please note that we have not had an opportunity to discuss all of the revisions and comments contained in these revised drafts with OPG and the Dealers and therefore, are subject to any further comments which the Dealers and OPG may have.
The initial drafts of these two agreement have not been provided to the rating agencies for their review and therefore, further revisions may be required following their review and comment once drafts have been provided to them to review.
Regards, Rocco
[cid:image001.gif@01D35D84.2A5D7330]
Rocco Sebastiano
Partner
416.862.5859
DIRECT
416.862.6666
FACSIMILE
rsebastiano@osler.com>
Osler, Hoskin & Harcourt LLP
Box 50, 1 First Canadian Place
Toronto, Ontario, Canada M5X 1B8
[cid:image002.gif@01D35D84.2A5D7330]<https://na01.safelinks.protection.outlook.com/?
url=http%3A%2F%2Fwww.osler.com%2F&data=02%7C01%7Cjohn.s.lee%40opg.com%7C4399c6d6b4c946b2e0c708d52e019a22%7C962f21cf93ea449f99bf402e2b2987b2%7C0%7C0%7C636465507755337662&sdata=OPc7uHm4J8yUittg6Sapw2TJKTc5w2or6s%2B7FxYq0%3D&reserved=0[na01.safelinks.protection.outlook.com]>
From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: November-02-17 9:02 PM
To: Feldman, Michael <mfeldman@torys.com>>; Ramchandani, Rima <rramchandani@torys.com>>; Mansoori, Nina <nmansoori@torys.com>>; Hill, Krista <khill@torys.com>>
Cc: Hanslep, Malle (MOF) [Malle.Hanslep@ontario.ca>] <Malle.Hanslep@ontario.ca>>; Whitfield, Tobias P. (MOF) [Tobias.Whitfield@ontario.ca>] <Tobias.Whitfield@ontario.ca>>; tom.mckinlay@ontario.ca>; Thouin, Alena (ENERGY) [Alena.Thouin@ontario.ca>] <Alena.Thouin@ontario.ca>>; VINER, JON <JON.VINER@blakes.com>>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>>
Subject: Change of Law Protection Agreement and Change of Law Process Agreement
Rima, Krista, Nina and Michael,
Here are drafts of the Change of Law Protection Agreement and Change of Law Process Agreement. Please note that while various people at the Province have provided considerable thought and input into these drafts, they remain subject to on-going review, comment and consideration (including where indicated in the drafts) by the Province, and of course remain subject to ultimate consideration and approval by the Ministers. This circulation is for discussion purposes only. Please feel free to circulate these drafts to OPG, E&Y, Osler and the Dealers, reflecting that understanding.
We propose that a consolidated mark-up be prepared that reflects all of the issues that you or those others may have, and ideally reflects input from the rating agencies. Once that mark-up is available, we propose that a meeting of interested parties be held to resolve any outstanding issues.
In the meantime, please feel free to call Malle, Toby, Tom, Alena or me if you have questions or concerns.
Regards, Steve
Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com>
Dir: 416-863-3086

[cid:image003.gif@01D3DB84.2A5D7330]
Blake, Cassels & Graydon LLP
199 Bay Street, Suite 4000, Toronto ON M5L 1A9
Tel: 416-863-2400 Fax: 416-863-2653
blakes.com<https://na01.safelinks.protection.outlook.com/?url=http%3A%2F%2Fwww.blakes.com&data=02%7C01%7Cjohn.s.lee%40opg.com%7C4399c6d6b4c946b2e0c708d52e019a22%7C962f21cf93ea449f99bf402e2b2987b2%7C0%7C0%7C636465507755337662&sdata=k59YKfUpLpn%2FC9BDGMKRJ1uaTrGuCOhbvp83N0EAc%3D&reserved=0[na01.safelinks.protection.outlook.com]> | Twitter<https://na01.safelinks.protection.outlook.com/?
url=http%3A%2F%2Ftwitter.com%2FBlakesLaw%2F&data=02%7C01%7Cjohn.s.lee%40opg.com%7C4399c6d6b4c946b2e0c708d52e019a22%7C962f21cf93ea449f99bf402e2b2987b2%7C0%7C0%7C636465507755337662&sdata=3%2FVPgqMcoACGXvlp2HdbYv%2FIeQN2EAPz0vVTo9dD8o%3D&reserved=0[na01.safelinks.protection.outlook.com]> | Unsubscribe<https://na01.safelinks.protection.outlook.com/?
url=http%3A%2F%2Fwww.blakes.com%2FEnglish%2FResources%2FBulletins%2FPages%2Funsubscribe.aspx&data=02%7C01%7Cjohn.s.lee%40opg.com%7C4399c6d6b4c946b2e0c708d52e019a22%7C962f21cf93ea449f99bf402e2b2987b2%7C0%7C0%7C636465507755337662&sdata=MGcAcvKprZpqq%2B4THWvPMPBBA1SBLYlWGMN1a7dBE%3D&reserved=0[na01.safelinks.protection.outlook.com]>
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THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

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From: Ramchandani, Rima
To: "WONG Leslie -LAWDIV"; Malle Hanslep (MOF); LEE John -TREASURY; Mansoori, Nina
Cc: Mike Manning; ASHBOURNE, STEPHEN; LAURETA LAPIRA May -TREASURY; LADAK Lubna -TREASURY; Ken Kandeepan; "Sebastiano, Rocco"; Milligan, Peter; Feldman, Michael; Ramchandani, Rima
Subject: RE: EXTERNAL – RE: Change of Law Protection Agreement and Change of Law Process Agreement
Date: Friday, November 17, 2017 8:20:19 PM
Attachments: [illegible]

Malle, attached are the changed pages of the Master Trust Indenture reflecting the changes agreed upon between OPG and the Province as set out below. We are cc'ing the Osler Team and note that the attached remains subject to their review and sign off.
Regards,
Rima

Rima Ramchandani
P. 416.865.7686 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com[torys.com]
TORYS LLP[torys.com]

From: WONG Leslie -LAWDIV [mailto:leslie.wong@opg.com]
Sent: November-17-17 5:48 PM
To: Hanslep, Malle (MOF) ; LEE John -TREASURY ; Ramchandani, Rima ; Mansoori, Nina
Cc: Manning, Mike (OFA) ; ASHBOURNE, STEPHEN ; LAURETA LAPIRA May -TREASURY ; LADAK Lubna -TREASURY ; Kandeepan, Ken (OFA)
Subject: RE: EXTERNAL – RE: Change of Law Protection Agreement and Change of Law Process Agreement
Dear Malle,
We have provided instructions to Torys to reflect your request below in the MTI. They will need to run the changes by the Dealers' counsel, and will circulate the changed pages of the MTI to the group as soon as they have received sign-off from Dealers' counsel.
Regards,
Les
Leslie Wong
Senior Counsel
Ontario Power Generation Inc.
700 University Avenue, H18 G26 J, Toronto, ON M5G 1X6
T: (416) 592-3110 | E: leslie.wong@opg.com
-----Original Message-----
From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Friday, November 17, 2017 5:38 PM
To: LEE John -TREASURY <john.s.lee@opg.com>; Ramchandani, Rima <rramchandani@torys.com>; 'nmansoori@torys.com' <nmansoori@torys.com>
Cc: Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>
Subject: Re: EXTERNAL – RE: Change of Law Protection Agreement and Change of Law Process Agreement
Hi John
As a follow up here the province is requesting that this be in the master trust indenture. That it be an obligation of the Trust and Indenture Trustee and that it be included in the amendment provisions of the trust indenture s 11.01 11'02 and 13.18 and acknowledge the point about the point that failure to relievier the notice does not invalidate. As noted we are requesting inclusion in the Trust Indenture not protection agreement
Thanks
Malle
Sent from my BlackBerry 10 smartphone on the Rogers network.
From: LEE John -TREASURY
Sent: Friday, November 17, 2017 16:56
To: Ramchandani, Rima; 'nmansoori@torys.com'
Cc: Manning, Mike (OFA); ASHBOURNE, STEPHEN; Hanslep, Malle (MOF); WONG Leslie -LAWDIV; LAURETA LAPIRA May -TREASURY; LADAK Lubna -TREASURY; Kandeepan, Ken (OFA)
Subject: RE: EXTERNAL – RE: Change of Law Protection Agreement and Change of Law Process Agreement
Rima:
Further to our early discussion I have confirmed with Mike the approach to the amendments, can you draft something that reflect the following points:
- Province gets a copy of all the notices regarding amendments that OPG sends to the Indenture Trustee under the MTI;
- Province gets a copy of all of the notices regarding amendments that the Indenture Trustee under the MTI sends out to bondholders;
- This could be put in the Change of Law Protection Agreement, where the Indenture Trustee is a party. However, if it is in the MTI, the Province would not be a party to the MTI as this may trip accounting test. Please note the Province request below that it be in the MTI.
- The failure by OPG or the Indenture Trustee to deliver a notice to the Province does not invalidate the amendments or the Province's guarantee which is the key point from the Dealers.
We will need Torys (in consultation with Oslers) to prepare the specific language and confirm where it will go.
If you could expedite this request that would be appreciated.
Thanks
John
From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Friday, November 17, 2017 4:41 PM
To: LEE John -TREASURY <john.s.lee@opg.com>; ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>
Cc: Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>
Subject: RE: EXTERNAL – RE: Change of Law Protection Agreement and Change of Law Process Agreement
Thanks John.
Regarding the other item that you discussed with Mike on the approach to amendments to the master trust indenture respecting notice to the Province, we would appreciate receive a mark-up of the master trust indenture of OPG's proposal for the Province's review as soon as possible for our review as this is an important item for the Province.
Thank you.
Malle
From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: November 17, 2017 4:37 PM
To: ASHBOURNE, STEPHEN
Cc: Hanslep, Malle (MOF); Manning, Mike (OFA)
Subject: RE: EXTERNAL – RE: Change of Law Protection Agreement and Change of Law Process Agreement
Thanks for turning this around quickly.
From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: Friday, November 17, 2017 4:24 PM
To: Mansoori, Nina <nmansoori@torys.com>; Feldman, Michael <mfeldman@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Ramchandani, Rima <rramchandani@torys.com>
Cc: Hanslep, Malle (MOF) (Malle.Hanslep@ontario.ca) <Malle.Hanslep@ontario.ca>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; Ken Kandeepan (Ken.Kandeepan@ofina.on.ca) <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Kwan, Ronald (OFA) (Ronald.Kwan@ofina.on.ca) <Ronald.Kwan@ofina.on.ca>; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca) <Alena.Thouin@ontario.ca>; tom.mckinlay@ontario.ca; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>; Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca) <Daniel.Cayley@ontario.ca>; Gadi Mayman (Gadi.Mayman@ofina.on.ca) <Gadi.Mayman@ofina.on.ca>
Subject: EXTERNAL – RE: Change of Law Protection Agreement and Change of Law Process Agreement
*** Exercise caution. This is an EXTERNAL email. DO NOT open attachments or click links from unknown senders or unexpected email. *** _____
Attached are comments on your drafts from 8:30 last night. The attached blacklines are to those versions. These remain subject to review and comment by the Province, but we hope will give you a version (with several open items identified in Notes) OPG can feel comfortable sharing with its Board for their information purposes. Regards, Steve
Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com>
Dir: 416-863-3086
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Sent: Thursday, November 16, 2017 8:29 PM
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Cc: Mansoori, Nina
Subject: RE: Change of Law Protection Agreement and Change of Law Process Agreement
All – please find attached consolidated comments from OPG and the Dealers on the Change of Law Agreements. Please note that the attached remains subject to the review of the working group. There are a few drafting points to confirm amongst the lawyers but please let us know if there are any remaining business points to be discussed on these documents tomorrow. Many thanks,
Nina Mansoori
P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679
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url=www.torys.com&data=02%7C01%7Cleslie.wong%40opg.com%7Cd05d6686cf564b70d2d8d52e0bdb78%7C962f21cf93ea449f99bf402e2b2987b2%7C0%7C0%7C636465550837198145&sdata=oNpQDJdAkKp%2BukwKaeVZH8aDoG8%2FVBmiiiIOlqHwb7%2BA%3D&reserved=0[na01.safelinks.protection.outlook.com]>
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url=http%3A%2F%2Fwww.torys.com%2F&data=02%7C01%7Cjohn.s.lee%40opg.com%7C4399c6d6b4c946b2e0c708d52e019a22%7C962f21cf93ea449f99bf402e2b2987b2%7C0%7C0%7C636465507755337662&sdata=Wo7Fvy%2FhOnSNmYnZL5mDtHLs%2FgsDH6nSoWEBoesbZ%2BO%3D&reserved=0[na01.safelinks.protection.outlook.com]>
From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: November-14-17 8:30 PM
To: Sebastiano, Rocco <RSebastiano@osler.com>; Ramchandani, Rima <rramchandani@torys.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>; Malle.Hanslep@ontario.ca; Tobias.Whitfield@ontario.ca; tom.mckinlay@ontario.ca; Alena.Thouin@ontario.ca>
Cc: Feldman, Michael <mfeldman@torys.com>; Mansoori, Nina <nmansoori@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; LEE John -TREASURY <john.s.lee@opg.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; Adaljа, Sunil <Sunil.Adaljа@cibc.com>; Maciel, Andrew <Andrew.Maciel@cibc.com>; 'Benaiah, Ian' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; Niehaus, Katrina <Katrina.Niehaus@gs.com>; Delaney, Brian <Brian.Delaney@gs.com>; Conner, Robbin <Robbin.Conner@gs.com>
Subject: RE: Change of Law Protection Agreement and Change of Law Process Agreement
Please find attached revised versions of the Protection and Process Agreements. The blacklines show changes to the November 2nd (Province/Blakes) and November 8th (OPG/Dealers/Osler/Torys) circulated versions. In the interest of time, these versions are being circulated at the same time to the Province and so remain subject to comment. Please let us know if you have any comments or concerns. Regards, Steve
Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com>
Dir: 416-863-3086
From: Sebastiano, Rocco [mailto:RSebastiano@osler.com]
Sent: Thursday, November 09, 2017 2:11 AM
To: Ramchandani, Rima; ASHBOURNE, STEPHEN; VINER, JON; PRESTAGE, JA; Malle.Hanslep@ontario.ca; Tobias.Whitfield@ontario.ca; tom.mckinlay@ontario.ca; Alena.Thouin@ontario.ca
Cc: Feldman, Michael; Mansoori, Nina; Saulnier, Brett; 'WONG Leslie -LAWDIV'; LEE John -TREASURY; RYFA Ken -TREASURY; Milligan, Peter; Fullerton, Rick; 'Persaud, Donnie - Debt Capital Markets'; Adaljа, Sunil; Maciel, Andrew; 'Benaiah, Ian'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; Niehaus, Katrina; Delaney, Brian; Conner, Robbin
Subject: RE: Change of Law Protection Agreement and Change of Law Process Agreement
Please find enclosed revised drafts of the Change of Law Protection Agreement and the Change of Law Process Agreement. I have also enclosed redlines to the drafts which Stephen circulated on November 2nd. The revised drafts and comments contained in these two agreements are a consolidation of comments from Osler and Torys. Please note that we have not had an opportunity to discuss all of the revisions and comments contained in these revised drafts with OPG and the Dealers and therefore, are subject to any further comments which the Dealers and OPG may have.
The initial drafts of these two agreement have not been provided to the rating agencies for their review and therefore, further revisions may be required following their review and comment once drafts have been provided to them to review.
Regards, Rocco
[cid:image001.gif@01D35D84.2A5D7330]
Rocco Sebastiano
Partner
416.862.5859
DIRECT
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FACSIMILE
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Osler, Hoskin & Harcourt LLP
Box 50, 1 First Canadian Place
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[cid:image001.gif@01D35D84.2A5D7330]<https://na01.safelinks.protection.outlook.com/?
url=http%3A%2F%2Fwww.osler.com%2F&data=02%7C01%7Cjohn.s.lee%40opg.com%7C4399c6d6b4c946b2e0c708d52e019a22%7C962f21cf93ea449f99bf402e2b2987b2%7C0%7C0%7C636465507755337662&sdata=0Pc7uHm4J8y1Uttg6Sapw2TJKTc5w2or6c%2B7FxYq0%3D&reserved=0[na01.safelinks.protection.outlook.com]>
From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: November-02-17 9:02 PM
To: Feldman, Michael <mfeldman@torys.com>; Ramchandani, Rima <rramchandani@torys.com>; Mansoori, Nina <nmansoori@torys.com>; Hill, Krista <khill@torys.com>>
Cc: Hanslep, Malle (MOF) (Malle.Hanslep@ontario.ca) <Malle.Hanslep@ontario.ca>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; tom.mckinlay@ontario.ca>; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca) <Alena.Thouin@ontario.ca>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>>
Subject: Change of Law Protection Agreement and Change of Law Process Agreement
Rima, Krista, Nina and Michael,
Here are drafts of the Change of Law Protection Agreement and Change of Law Process Agreement. Please note that while various people at the Province have provided considerable thought and input into these drafts, they remain subject to on-going review, comment and consideration (including where indicated in the drafts) by the Province, and of course remain subject to ultimate consideration and approval by the Ministers. This circulation is for discussion purposes only. Please feel free to circulate these drafts to OPG, E&Y, Osler and the Dealers, reflecting that understanding.
We propose that a consolidated mark-up be prepared that reflects all of the issues that you or those others may have, and ideally reflects input from the rating agencies. Once that mark-up is available, we propose that a meeting of interested parties be held to resolve any outstanding issues.
In the meantime, please feel free to call Malle, Toby, Tom, Alena or me if you have questions or concerns.
Regards, Steve
Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com>
Dir: 416-863-3086

[cid:image003.png@01D3C8B2.60A5C483]
Blake, Cassels & Graydon LLP
199 Bay Street, Suite 4000, Toronto ON M5L 1A9
Tel: 416-863-2400 Fax: 416-863-2653
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Twitter<https://na01.safelinks.protection.outlook.com/?
url=http%3A%2F%2Ftwitter.com%2FBlakesLaw%2F&data=02%7C01%7Cjohn.s.lee%40opg.com%7C4399c6d6b4c946b2e0c708d52e019a22%7C962f21cf93ea449f99bf402e2b2987b2%7C0%7C0%7C636465507755337662&sdata=3%2FVPgqMcoACGXvlpZHdbVv%2FIeQN2EAPz0vVTo9dD8o%3D&reserved=0[na01.safelinks.protection.outlook.com]> |
Unsubscribe<https://na01.safelinks.protection.outlook.com/?
url=http%3A%2F%2Fwww.blakes.com%2FEnglish%2FResource%2FBulletins%2FPages%2Funsubscribe.aspx&data=02%7C01%7Cjohn.s.lee%40opg.com%7C4399c6d6b4c946b2e0c708d52e019a22%7C962f21cf93ea449f99bf402e2b2987b2%7C0%7C0%7C636465507755337662&sdata=MGcAcvKor2oqg%2B4THWvPMiPB8lA1S8LYIWGMN1a2dBE%3D&reserved=0[na01.safelinks.protection.outlook.com]>
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10.06 Signed Instruments

Any resolution or instrument signed in one or more counterparts by (a) Debtholders holding not less than 50% of the aggregate Outstanding Dollar Principal Amount of Issuer Funding Obligations of a Debtholder Group, in the case of matters capable of being decided by Ordinary Resolution, and (b) Debtholders holding not less than 66⅔% of the aggregate Outstanding Dollar Principal Amount of Issuer Funding Obligations of all Controlling Class Obligations in the case of matters required to be decided by Extraordinary Resolution, shall, in either case, have the same force and effect as a resolution duly passed at a meeting of such Debtholders by the affirmative vote of all of the votes cast upon a poll. Notice of any Ordinary Resolution or Extraordinary Resolution passed in accordance with this Section 10.06 shall be given by the Indenture Trustee to all applicable Debtholders within 30 days of the date on which such Ordinary Resolution or Extraordinary Resolution was passed.

10.07 Persons Who May Attend

Each Debtholder, by their respective officers, directors, employees, and the legal advisers of such parties, may attend any meeting of Debtholders.

10.08 Binding Effect of Resolutions

Every Ordinary Resolution and every Extraordinary Resolution passed in accordance with the provisions of this Article X at a meeting of Debtholders of a Debtholder Group will be binding upon all of the Debtholders of such Debtholder Group whether present at or absent from such meeting, and every instrument in writing signed by Debtholders in accordance with Section 10.06 will be binding upon all of the Debtholders of such Debtholder Group, whether signatories thereto or not, and the Indenture Trustee will be bound to give effect accordingly to every such Ordinary Resolution, Extraordinary Resolution and instrument in writing. For greater certainty, any Extraordinary Resolution shall bind all Debtholders in accordance with Section 10.03.

10.09 Notes Regarded as Not Outstanding for Certain Purposes

If, in the opinion of the Indenture Trustee and upon receipt of an Issuer Certificate in respect of the following, any business to be transacted at any meeting of Debtholders or any action to be taken or power exercised by instrument in writing under Section 10.06 does not materially adversely affect the rights of the Debtholders of one or more particular Class, Series or Tranche of Issuer Funding Obligations, the provisions of this Article X shall apply as if the Issuer Funding Obligations of that Class, Series or Tranche were not Outstanding, and no notice of any such meeting need be given to the Debtholders of that Class, Series or Tranche.

ARTICLE XI
SUPPLEMENTAL INDENTURES

11.01 Supplemental Indentures and Amendments Without Consent of Specified Creditors

Without the consent of Specified Creditors but with 10 Business Days' prior notice to each Rating Agency **and the Province**, the Issuer and the Indenture Trustee, at any time and from time to time, and upon delivery by the Issuer to the Indenture Trustee of an Issuer

Certificate to the effect that the Issuer reasonably believes that such amendment will not have an Adverse Effect and is not reasonably expected to have an Adverse Effect at any time in the future, the Issuer may amend this Indenture, including any Supplemental Indenture or enter into one or more Supplemental Indentures, in form satisfactory to the Indenture Trustee, for any of the following purposes:

(a) to evidence the succession or successive successions of another Financing Entity to the Issuer, and the assumption by any such successor of the covenants of the Issuer herein and in the Notes; or

(b) to evidence the assumption by the Province of all Obligations Secured in connection with Section 5.06; or

(c) to add to the covenants of the Issuer, or to surrender any right or power herein conferred upon the Issuer by the Issuer, for the benefit of Debtholders of any or all Classes, Series or Tranches of Issuer Funding Obligations; or

(d) to cure any ambiguity, to correct or supplement any provision herein which may be inconsistent with any other provision herein, to correct a clear clerical or administrative error, or to make any other provisions with respect to matters or questions arising under this Indenture; or

(e) to provide for the issuance of any Series or Tranche of Notes as provided in Article IV and Article V and to set forth the terms thereof, and/or to add to the rights of the Noteholders of any Class, Series or Tranche; or

(f) to evidence and provide for the acceptance of appointment by another corporation as a successor Indenture Trustee hereunder; or

(g) to add any additional Events of Default in respect of any or all Classes, Series or Tranches of Issuer Funding Obligations; or

(h) to provide for the consolidation of any Financing Entity and the Issuer into a single Person or the transfer of assets in any Financing Entity to the Issuer; or

(i) if IESO is replaced under the Master Transfer and Servicing Agreement as Servicer, to make any necessary changes to this Indenture or any other related document; or

(j) to provide for additional forms of Credit Enhancement for any Class, Series or Tranche of Issuer Funding Obligations; or

(k) to facilitate the issuance of Foreign Currency Issuer Funding Obligations; or

(l) to comply with any regulatory, accounting, securities or tax laws, rules, regulations or requirements, or changes to Rating Agency ratings criteria; or

(m) to enable the Issuer to file a registration statement (and any related exhibits thereto) for the offering of securities registered under the U.S. Securities Act and to comply with Regulation AB (including, without limitation, ongoing reporting obligations thereunder); or

(n) to qualify for sale treatment under generally accepted accounting principles.

Additionally, notwithstanding any provision of this Article XI to the contrary and in addition to clauses (a) through (n) above, the Issuer and the Indenture Trustee may amend this Indenture, including any Supplemental Indenture, without the consent of any Specified Creditor **but with 10 Business Days' prior notice to the Province by the Indenture Trustee and the Issuer**, to modify, eliminate or add to the provisions of this Indenture (i) to facilitate compliance with any amendment to any change of law or regulation which applies to the Issuer or the transactions governed by the Program Agreements, or (ii) to cause the provisions hereof to conform to or be consistent with or in furtherance of the statements made with respect to this Indenture in any applicable offering document; in each case, provided that the Issuer shall deliver to the Indenture Trustee an Issuer Certificate to the effect that (A) the Issuer reasonably believes that such amendment will not have an Adverse Effect and is not reasonably expected to have an Adverse Effect at any time in the future or (B) such amendment is required to remain in compliance with any change of law or regulation which applies to the Issuer or the transactions governed by the Program Agreements, or such amendment is required to cause the provisions hereof to conform to or be consistent with or in furtherance of the statements made with respect to this Indenture in any applicable offering document.

Additionally, notwithstanding any provision of this Article XI to the contrary and in addition to clauses (a) through (n) above and the immediately preceding paragraph, this Indenture, including any Supplemental Indenture, may also be amended by the Issuer and the Indenture Trustee, without the consent of any Specified Creditor **but with 10 Business Days' prior notice to the Province by the Indenture Trustee and the Issuer**, for the purpose of (i) adding any provisions to, or changing in any manner or eliminating any of the provisions of, this Indenture or any Supplemental Indenture or (ii) modifying in any manner the rights of the Specified Creditors under this Indenture or any Supplemental Indenture; provided, however, that (A) the Issuer shall deliver to the Indenture Trustee an Issuer Certificate to the effect that the Issuer reasonably believes that such amendment will not have an Adverse Effect and is not reasonably expected to have an Adverse Effect at any time in the future, and (B) the Rating Agency Condition shall be satisfied.

Additionally, notwithstanding any provision of this Article XI to the contrary and in addition to clauses (a) through (n) above and the immediately preceding paragraphs, this Indenture, including any Supplemental Indenture, may also be amended by the Issuer and the Indenture Trustee, without the consent of any Specified Creditor **but with 10 Business Days' prior notice to the Province by the Indenture Trustee and the Issuer**, to provide for those changes necessary for compliance with securities law requirements or banking laws or regulations; provided, however, that (i) the Issuer shall deliver to the Indenture Trustee an Issuer Certificate to the effect that the Issuer reasonably believes that such amendment will not have an Adverse Effect and is not reasonably expected to have an Adverse Effect at any time in the future, and (ii) the Rating Agency Condition shall be satisfied.

The Issuer **and the Indenture Trustee** shall send a copy of any amendment to this Indenture or any Supplemental Indenture to each Rating Agency **and the Province in accordance with this Section 11.01; provided that failure to send copies of any amendment to this Indenture or any Supplemental Indenture or failure to provide any notice under this Section 11.01 shall not invalidate such amendment to this Indenture or Supplemental Indenture**.

The Indenture Trustee may, but shall not be obligated to, enter into any amendment which adversely affects the Indenture Trustee's rights, duties, benefits, protections, privileges or immunities under this Indenture or otherwise.

11.02 Supplemental Indentures and Amendments with Consent of Debtholders

In addition to any amendment permitted pursuant to Section 11.01, with **10 Business Days'** prior notice to each Rating Agency **and the Province,** and the consent of Debtholders of each Class, Series or Tranche of Issuer Funding Obligations affected by such amendment of this Indenture, including any Supplemental Indenture, by Ordinary Resolution delivered to the Issuer and the Indenture Trustee, the Issuer and the Indenture Trustee may enter into an amendment of this Indenture or any Supplemental Indenture for the purpose of adding any provisions to, or changing in any manner or eliminating any of the provisions of, this Indenture or of modifying in any manner the rights of the Debtholders of each such Class, Series or Tranche of Issuer Funding Obligations under this Indenture or any Supplemental Indenture; provided, however, that no such amendment of this Indenture or any Supplemental Indenture will, without the consent of each Debtholder of Issuer Funding Obligations affected thereby:

(a) change an Interest Payment Date, Principal Payment Date or Principal Payment Default Date of any Issuer Funding Obligation;

(b) reduce the principal amount of, or the interest rate on any Note, or change the method of computing the Outstanding Dollar Principal Amount, the Outstanding Currency Specific Dollar Principal Amount or the Outstanding Dollar Principal Amount in a manner that is adverse to any Debtholders;

(c) reduce the amount of a Discount Note payable upon its acceleration;

(d) reduce the percentage in Outstanding Dollar Principal Amount of Issuer Funding Obligations of any Class, Series or Tranche, the consent of whose holders is required for any such amendment, or the consent of whose holders is required for any waiver of compliance with the provisions of this Indenture or of defaults hereunder and their consequences, provided for in this Indenture;

(e) modify any of the provisions of this Section 11.02 or Section 8.03, except to increase any percentage of Debtholders required to consent to any such amendment or to provide that other provisions of this Indenture cannot be modified or waived without the consent of the Debtholders affected thereby;

(f) change any Place of Payment where any principal of, or interest on, any Note is payable, unless otherwise provided in the Related Supplemental Indenture; or

(g) change the method of computing the amount of principal of, or interest on, any Note on any date.

An amendment of this Indenture or a Supplemental Indenture which changes or eliminates any covenant or other provision of this Indenture which has expressly been included solely for the benefit of one or more particular Classes, Series or Tranches of Issuer Funding Obligations, or which modifies the rights of the Debtholders of such Class, Series or Tranche with respect to such covenant or other provision, will be deemed not to affect the rights under this Indenture of the Debtholders of any other Class, Series or Tranche of Issuer Funding Obligations.

It will not be necessary for any Ordinary Resolution under this Section 11.02 to approve the particular form of any proposed amendment or Supplemental Indenture, but it will be sufficient if such Ordinary Resolution will approve the substance thereof.

The Issuer and the Indenture Trustee shall send a copy of any amendment to this Indenture or any Supplemental Indenture to each Rating Agency and the Province in accordance with this Section 11.02; provided that failure to send copies of any amendment to this Indenture or any Supplemental Indenture or failure to provide any notice under this Section 11.02 shall not invalidate such amendment to this Indenture or Supplemental Indenture.

11.03 Execution of Amendments and Supplemental Indentures

In executing or accepting the additional trusts created by any amendment of this Indenture or Supplemental Indenture permitted by this Article XI or the modifications thereby of the trusts created by this Indenture, the Indenture Trustee will be provided with, and (subject to Section 9.01) will be fully protected in relying upon, an Opinion of Counsel stating that the execution of such amendment or Supplemental Indenture is authorized or permitted by this Indenture and that all conditions precedent thereto have been satisfied. The Indenture Trustee may, but will not (except to the extent required in the case of an amendment or Supplemental Indenture entered into under subsection 11.01(f)) be obligated to, enter into any such amendment or Supplemental Indenture which affects the Indenture Trustee's own rights, duties or immunities under this Indenture or otherwise.

11.04 Effect of Amendments and Supplemental Indentures

Upon the execution of any amendment of this Indenture or any Supplemental Indenture under this Article XI, this Indenture and/or such Supplemental Indenture will be modified in accordance therewith with respect to each Class, Series or Tranche of Issuer Funding Obligations affected thereby, or all Issuer Funding Obligations, as the case may be, and such amendment or Supplemental Indenture will form a part of this Indenture and such Supplemental Indenture for all purposes; and every holder of Issuer Funding Obligations theretofore or thereafter incurred and every other Specified Creditor will be bound thereby to the extent provided therein.

causing to be disclosed information) as may be reasonably necessary or proper to carry out more effectively the purpose of this Indenture.

13.17 No Other Business

The Issuer will not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto.

13.18 Amendments to Program Agreements

(a) The Issuer will not:

(i) amend, supplement, modify, restate or replace, or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to, any of the Funding Obligation Agreements (other than this Indenture and Derivative Agreements) if any such supplementation, amendment, modification, restatement or replacement, or waiver or consent, could reasonably be considered to be materially prejudicial to the rights or interests of any Specified Creditor, except as expressly permitted by such Specified Creditor, and unless the Rating Agency Condition is satisfied **and the Issuer has provided the Province with 10 Business Days' prior written notice (provided that failure to provide such notice shall not invalidate such supplementation, amendment, modification, restatement or replacement, or waiver or consent)**; or

(ii) consent, if consent is required, to the resignation of the Manager under the Management Agreement unless the Rating Agency Condition is satisfied.

(b) The Issuer will not amend the Declaration of Trust if such amendment would have an Adverse Effect or would reasonably be expected to have an Adverse Effect at any time in the future; provided that if an amendment would have, or would reasonably be expected to have, an Adverse Effect, such amendment may only be made with the consent of the Debtholders affected thereby, acting pursuant to an Ordinary Resolution.

13.19 Issuer May Consolidate, Etc., Only on Certain Terms

The Issuer shall not consolidate or merge with or into any other Person, or sell, convey, exchange, transfer or otherwise dispose of any of its properties or assets included in the Collateral to any Person (in this Section 13.19, a "**transaction**"), unless:

(a) the Person (if other than the Issuer) formed by or surviving the consolidation or merger, or the Person that acquires by conveyance or transfer the properties and assets of the Issuer the conveyance or transfer of which is restricted, as applicable, shall: (i) be a Financing Entity, (ii) be organized and existing under the laws of Canada or any province or territory thereof, (iii) not be a Non-resident, (iv) not be subject to regulation as an "investment company" under the Investment Company Act, (v) expressly assume, pursuant to an assignment and/or assumption

From: WONG Leslie -LAWDIV
To: Malle Hanslep (MOF); LEE John -TREASURY; Ramchandani, Rima; 'nmansoori@torys.com'
Cc: Mike Manning; ASHBOURNE, STEPHEN ; LAURETA LAPIRA May -TREASURY ; LADAK Lubna -TREASURY; Ken Kandeepan
Subject: RE: EXTERNAL – RE: Change of Law Protection Agreement and Change of Law Process Agreement
Date: Friday, November 17, 2017 5:48:31 PM

Dear Malle,
We have provided instructions to Torys to reflect your request below in the MTI. They will need to run the changes by the Dealers' counsel, and will circulate the changed pages of the MTI to the group as soon as they have received sign-off from Dealers' counsel.
Regards,
Les
Leslie Wong
Senior Counsel
Ontario Power Generation Inc.
700 University Avenue, H18 G26.1, Toronto, ON M5G 1X6
T: (416) 592-3110 | E: leslie.wong@opg.com

-----Original Message-----
From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Friday, November 17, 2017 5:38 PM
To: LEE John -TREASURY ; Ramchandani, Rima ; 'nmansoori@torys.com'
Cc: Manning, Mike (OFA) ; ASHBOURNE, STEPHEN ; WONG Leslie -LAWDIV ; LAURETA LAPIRA May -TREASURY ; LADAK Lubna -TREASURY ; Kandeepan, Ken (OFA)
Subject: Re: EXTERNAL – RE: Change of Law Protection Agreement and Change of Law Process Agreement
Hi John
As a follow up here the province is requesting that this be in the master trust indenture. That it be an obligation of the Trust and Indenture Trustee and that it be included in the amendment provisions of the trust indenture s 11,01 11'02 and 13.18 and acknowledge the point about the point that failure to reliever the notice does not invalidate. As noted we are requesting inclusion in the Trust Indenture not protection agreement
Thanks
Malle
Sent from my BlackBerry 10 smartphone on the Rogers network.
From: LEE John -TREASURY
Sent: Friday, November 17, 2017 16:56
To: Ramchandani, Rima; 'nmansoori@torys.com'
Cc: Manning, Mike (OFA); ASHBOURNE, STEPHEN; Hanslep, Malle (MOF); WONG Leslie -LAWDIV; LAURETA LAPIRA May -TREASURY; LADAK Lubna -TREASURY; Kandeepan, Ken (OFA)
Subject: RE: EXTERNAL – RE: Change of Law Protection Agreement and Change of Law Process Agreement
Rima:
Further to our early discussion I have confirmed with Mike the approach to the amendments, can you draft something that reflect the following points:
- Province gets a copy of all the notices regarding amendments that OPG sends to the Indenture Trustee under the MTI;
- Province gets a copy of all of the notices regarding amendments that the Indenture Trustee under the MTI sends out to bondholders;
- This could be put in the Change of Law Protection Agreement, where the Indenture Trustee is a party. However, if it is in the MTI, the Province would not be a party to the MTI as this may trip accounting test. Please note the Province request below that it be in the MTI.
- The failure by OPG or the Indenture Trustee to deliver a notice to the Province does not invalidate the amendments or the Province's guarantee which is the key point from the Dealers.
We will need Torys (in consultation with Osler) to prepare the specific language and confirm where it will go.
If you could expedite this request that would be appreciated.
Thanks
John
From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Friday, November 17, 2017 4:41 PM
To: LEE John -TREASURY <john.s.lee@opg.com>; ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>
Cc: Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>
Subject: RE: EXTERNAL – RE: Change of Law Protection Agreement and Change of Law Process Agreement
Thanks John.
Regarding the other item that you discussed with Mike on the approach to amendments to the master trust indenture respecting notice to the Province, we would appreciate receive a mark-up of the master trust indenture of OPG's proposal for the Province's review as soon as possible for our review as this is an important item for the Province.
Thank you.
Malle
From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: November 17, 2017 4:37 PM
To: ASHBOURNE, STEPHEN
Cc: Hanslep, Malle (MOF); Manning, Mike (OFA)
Subject: RE: EXTERNAL – RE: Change of Law Protection Agreement and Change of Law Process Agreement
Thanks for turning this around quickly.
From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: Friday, November 17, 2017 4:24 PM
To: Mansoori, Nina <nmansoori@torys.com>; Feldman, Michael <mfeldman@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Ramchandani, Rima <ramchandani@torys.com>;
Cc: Hanslep, Malle (MOF) [Malle.Hanslep@ontario.ca] <Malle.Hanslep@ontario.ca>; Whitfield, Tobias P. (MOF) [Tobias.Whitfield@ontario.ca] <Tobias.Whitfield@ontario.ca>; Ken Kandeepan [Ken.Kandeepan@ofina.on.ca] <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Kwan, Ronald (OFA) [Ronald.Kwan@ofina.on.ca] <Ronald.Kwan@ofina.on.ca>; Thouin, Alena (ENERGY) [Alena.Thouin@ontario.ca] <Alena.Thouin@ontario.ca>; tom.mckinlay@ontario.ca; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>; Cayley, Daniel (ENERGY) [Daniel.Cayley@ontario.ca] <Daniel.Cayley@ontario.ca>; Gadi Mayman (Gadi.Mayman@ofina.on.ca) <Gadi.Mayman@ofina.on.ca>;
Subject: EXTERNAL – RE: Change of Law Protection Agreement and Change of Law Process Agreement
*** Exercise caution. This is an EXTERNAL email. DO NOT open attachments or click links from unknown senders or unexpected email. ***
Attached are comments on your drafts from 8:30 last night. The attached blacklines are to those versions. These remain subject to review and comment by the Province, but we hope will give you a version (with several open items identified in Notes) OPG can feel comfortable sharing with its Board for their information purposes. Regards, Steve
Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com>
Dir: 416-863-3086
From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: Thursday, November 16, 2017 8:29 PM
To: ASHBOURNE, STEPHEN; Feldman, Michael; Saulnier, Brett; 'WONG Leslie -LAWDIV'; LEE John -TREASURY; RYFA Ken -TREASURY; Milligan, Peter; Fullerton, Rick; 'Persaud, Donnie - Debt Capital Markets'; Adaljia, Sunil; Maciel, Andrew; 'Benaiah, Ian'; 'Khan, Nur (nur.khan@rbccm.com>)'; 'brent.r.taylor@rbccm.com'; Niehaus, Katrina; Delaney, Brian; Conner, Robbin; Sebastiano, Rocco; Ramchandani, Rima; VINER, JON; PRESTAGE, JA; Malle.Hanslep@ontario.ca; Tobias.Whitfield@ontario.ca; tom.mckinlay@ontario.ca; Alena.Thouin@ontario.ca;
Cc: Mansoori, Nina
Subject: RE: Change of Law Protection Agreement and Change of Law Process Agreement
All – please find attached consolidated comments from OPG and the Dealers on the Change of Law Agreements. Please note that the attached remains subject to the review of the working group. There are a few drafting points to confirm amongst the lawyers but please let us know if there are any remaining business points to be discussed on these documents tomorrow. Many thanks,
Nina Mansoori
P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower Toronto, Ontario M5K 1N2 Canada | https://na01.safelinks.protection.outlook.com/?
url=www.torys.com&data=02%7C01%7Cleslie.wong%40opg.com%7C4054d686cf954fb70d2d0d4053e0bdb7%7C962f21cf93ea449f99bf402e2b2987b2%7C0%7C0%7C636465508371981 45&sdata=oNpOD6AkKp%2BukwKaeVZHBaDoG8%2FVBmUiSIQlqHwb2%2BA%3D&reserved=0[na01.safelinks.protection.outlook.com]>
[Torys LLP]<https://na01.safelinks.protection.outlook.com/?
url=http%3A%2F%2Fwww.torys.com%2F&data=02%7C01%7Cjohn.s.lee%40opg.com%7C4399c6d6b4c946b2e0c708d52e019a22%7C962f21cf93ea449f99bf402e2b2987b2%7C0%7C0%7C636465077553337662&sdata=Wo7Fvy%2FhQnSNmYnZL5mDtHLs%2FgsDH6nSoWE8oesbZ%2B0%3D&reserved=0[na01.safelinks.protection.outlook.com]>
From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: November-14-17 8:30 PM
To: Sebastiano, Rocco <RSebastiano@osler.com>>; Ramchandani, Rima <ramchandani@torys.com>>; VINER, JON <JON.VINER@blakes.com>>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>>; Malle.Hanslep@ontario.ca>; Tobias.Whitfield@ontario.ca>; tom.mckinlay@ontario.ca>; Alena.Thouin@ontario.ca>
Cc: Feldman, Michael <mfeldman@torys.com>>; Mansoori, Nina <nmansoori@torys.com>>; Saulnier, Brett <bsaulnier@torys.com>>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>>; LEE John -TREASURY <john.s.lee@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com>>; Milligan, Peter <PMilligan@osler.com>>; Fullerton, Rick <RFullerton@osler.com>>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@rbc.com>>; Adaljia, Sunil <Sunil.Adaljia@rbc.com>>; Maciel, Andrew <Andrew.Maciel@rbc.com>>; 'Benaiah, Ian' <ian.benaiah@rbccm.com>>; 'Khan, Nur (nur.khan@rbccm.com>)' <nur.khan@rbccm.com>>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>>; Niehaus, Katrina <Katrina.Niehaus@gs.com>>; Delaney, Brian <Brian.Delaney@gs.com>>; Conner, Robbin <Robbin.Conner@gs.com>>
Subject: RE: Change of Law Protection Agreement and Change of Law Process Agreement
Please find attached revised versions of the Protection and Process Agreements. The blacklines show changes to the November 2nd (Province/Blakes) and November 8th (OPG/Dealers/Osler/Torys) circulated versions. In the interest of time, these versions are being circulated at the same time to the Province and so remain subject to comment. Please let us know if you have any comments or concerns. Regards, Steve
Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com>
Dir: 416-863-3086
From: Sebastiano, Rocco [mailto:RSebastiano@osler.com]
Sent: Thursday, November 09, 2017 2:11 AM
To: Ramchandani, Rima; ASHBOURNE, STEPHEN; VINER, JON; PRESTAGE, JA; Malle.Hanslep@ontario.ca>; Tobias.Whitfield@ontario.ca>; tom.mckinlay@ontario.ca>; Alena.Thouin@ontario.ca>
Cc: Feldman, Michael; Mansoori, Nina; Saulnier, Brett; 'WONG Leslie -LAWDIV'; LEE John -TREASURY; RYFA Ken -TREASURY; Milligan, Peter; Fullerton, Rick; 'Persaud, Donnie - Debt Capital Markets'; Adaljia, Sunil; Maciel, Andrew; 'Benaiah, Ian'; 'Khan, Nur (nur.khan@rbccm.com>)'; 'brent.r.taylor@rbccm.com'; Niehaus, Katrina; Delaney, Brian; Conner, Robbin
Subject: RE: Change of Law Protection Agreement and Change of Law Process Agreement
Please find enclosed revised drafts of the Change of Law Protection Agreement and the Change of Law Process Agreement. I have also enclosed redlines to the drafts which Stephen circulated on November 2nd. The revised drafts and comments contained in these two agreements are a consolidation of comments from Osler and Torys. Please note that we have not had an opportunity to discuss all of the revisions and comments contained in these revised drafts with OPG and the Dealers and therefore, are subject to any further comments which the Dealers and OPG may have.
The initial drafts of these two agreement have not been provided to the rating agencies for their review and therefore, further revisions may be required following their review and comment once drafts have been provided to them to review.
Regards, Rocco
[cid:image001.gif@01D35D84.2A5D7330]
Rocco Sebastiano
Partner
416.862.5859
DIRECT
416.862.6666
FACSIMILE
rsebastiano@osler.com>
Osler, Hoskin & Harcourt LLP
Box 50, 1 First Canadian Place
Toronto, Ontario, Canada M5X 1B8
[cid:image002.gif@01D35D84.2A5D7330]<https://na01.safelinks.protection.outlook.com/?
url=http%3A%2F%2Fwww.osler.com%2F&data=02%7C01%7Cjohn.s.lee%40opg.com%7C4399c6d6b4c946b2e0c708d52e019a22%7C962f21cf93ea449f99bf402e2b2987b2%7C0%7C0%7C636465077553337662&sdata=0Pc7uHm4j38y1Uittg65apw2TJKTcSw2orGc%2B7FvYq0%3D&reserved=0[na01.safelinks.protection.outlook.com]>
From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: November-02-17 9:02 PM
To: Feldman, Michael <mfeldman@torys.com>>; Ramchandani, Rima <ramchandani@torys.com>>; Mansoori, Nina <nmansoori@torys.com>>; Hill, Krista <khill@torys.com>>
Cc: Hanslep, Malle (MOF) [Malle.Hanslep@ontario.ca] <Malle.Hanslep@ontario.ca>; Whitfield, Tobias P. (MOF) [Tobias.Whitfield@ontario.ca] <Tobias.Whitfield@ontario.ca>; tom.mckinlay@ontario.ca>; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca) <Alena.Thouin@ontario.ca>>; VINER, JON <JON.VINER@blakes.com>>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>>
Subject: Change of Law Protection Agreement and Change of Law Process Agreement
Rima, Krista, Nina and Michael,
Here are drafts of the Change of Law Protection Agreement and Change of Law Process Agreement. Please note that while various people at the Province have provided considerable thought and input into these drafts, they remain subject to on-going review, comment and consideration (including where indicated in the drafts) by the Province, and of course remain subject to ultimate consideration and approval by the Ministers. This circulation is for discussion purposes only. Please feel free to circulate these drafts to OPG, E&Y, Osler and the Dealers, reflecting that understanding.
We propose that a consolidated mark-up be prepared that reflects all of the issues that you or those others may have, and ideally reflects input from the rating agencies. Once that mark-up is available, we propose that a meeting of interested parties be held to resolve any outstanding issues.
In the meantime, please feel free to call Malle, Toby, Tom, Alena or me if you have questions or concerns.
Regards, Steve
Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com>
Dir: 416-863-3086

[cid:imageb23443.GIF@edc8812c-40a5c483]
Blake, Cassels & Graydon LLP
199 Bay Street, Suite 4000, Toronto ON M5L 1A9
Tel: 416-863-2400 Fax: 416-863-2653
blakes.com<https://na01.safelinks.protection.outlook.com/?url=http%3A%2F%2Fwww.blakes.com&data=02%7C01%7Cjohn.s.lee%40opg.com%7C4399c6d6b4c946b2e0c708d52e019a22%7C962f21cf93ea449f99bf402e2b2987b2%7C0%7C0%7C636465077553337662&sdata=k59YKfUplpn%2FC9BDGMK8Ii1uaTrGuCObabvq83NOEA%3D&reserved=0[na01.safelinks.protection.outlook.com]> |
Twitter<https://na01.safelinks.protection.outlook.com/?
url=http%3A%2F%2Ftwitter.com%2FBlakesLaw%3F&data=02%7C01%7Cjohn.s.lee%40opg.com%7C4399c6d6b4c946b2e0c708d52e019a22%7C962f21cf93ea449f99bf402e2b2987b2%7C0%7C0%7C636465077553337662&sdata=3%2FVPgqMcoACGXvip7HdbYv%2FIeON2EAPz0vVTo9dD8o%3D&reserved=0[na01.safelinks.protection.outlook.com]> |
Unsubscribe<https://na01.safelinks.protection.outlook.com/?
url=http%3A%2F%2Fwww.blakes.com%2FEnglish%2FResources%2FBulletins%2FPages%2Funsubscribe.aspx&data=02%7C01%7Cjohn.s.lee%40opg.com%7C4399c6d6b4c946b2e0c708d52e019a22%7C962f21cf93ea449f99bf402e2b2987b2%7C0%7C0%7C636465077553337662&sdata=MGcAcyKprZpqq%2B4THWvPMIPB8A15BLYIW6MN1aZdBE%3D&reserved=0[na01.safelinks.protection.outlook.com]>
Blake, Cassels & Graydon LLP | Barristers & Solicitors | Patent & Trade-mark Agents This email communication is CONFIDENTIAL AND LEGALLY PRIVILEGED. If you are not the intended recipient, please notify me at the telephone number shown above or by return email and delete this communication and any copy immediately. Thank you.
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From: Ramchandani, Rima
To: Malle Hanslep (MOF) ; 'WONG Leslie -LAWDIV' ; LEE John -TREASURY ; Mansoori, Nina
Cc: Mike Manning ; ASHBOURNE, STEPHEN ; LAURETA LAPIRA May -TREASURY ; LADAK Lubna -TREASURY ; Ken Kandeepan ; "Sebastiano, Rocco" ; Milligan, Peter ; Feldman, Michael ; Whitfield, Tobias P. (MOF) ; Thouin, Alena (ENERGY)
Subject: RE: EXTERNAL – RE: Change of Law Protection Agreement and Change of Law Process Agreement
Date: Monday, November 20, 2017 1:53:18 PM
Attachments: [illegible]

Rocco and Peter, can you please confirm Osler is signed off on the attached MTI changes? Thanks,
Rima Ramchandani
P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: November-20-17 1:21 PM
To: Ramchandani, Rima ; 'WONG Leslie -LAWDIV' ; LEE John -TREASURY ; Mansoori, Nina
Cc: Manning, Mike (OFA) ; ASHBOURNE, STEPHEN ; LAURETA LAPIRA May -TREASURY ; LADAK Lubna -TREASURY ; Kandeepan, Ken (OFA) ; 'Sebastiano, Rocco' ; Milligan, Peter ; Feldman, Michael ; Whitfield, Tobias P. (MOF) ; Thouin, Alena (ENERGY)
Subject: RE: EXTERNAL – RE: Change of Law Protection Agreement and Change of Law Process Agreement

Hi all,
Just checking into see whether Oslers' has reviewed and signed off on the attached?
Thank you.
Malle
Malle Hanslep
Deputy Director
Ministry of the Attorney General
Ministry of Finance Legal Services Branch
Telephone: 416-325-1457

Notice: This communication may be solicitor/client privileged and contain confidential information intended only for the person(s) to whom it is addressed. If you have received this message in error please notify the writer and permanently delete the message and all attachments. Thank you.

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: November 17, 2017 8:20 PM
To: 'WONG Leslie -LAWDIV'; Hanslep, Malle (MOF); LEE John -TREASURY; Mansoori, Nina
Cc: Manning, Mike (OFA); ASHBOURNE, STEPHEN; LAURETA LAPIRA May -TREASURY; LADAK Lubna -TREASURY; Kandeepan, Ken (OFA); 'Sebastiano, Rocco'; Milligan, Peter; Feldman, Michael; Ramchandani, Rima
Subject: RE: EXTERNAL – RE: Change of Law Protection Agreement and Change of Law Process Agreement

Malle, attached are the changed pages of the Master Trust Indenture reflecting the changes agreed upon between OPG and the Province as set out below. We are cc'ing the Osler Team and note that the attached remains subject to their review and sign off.
Regards,
Rima
Rima Ramchandani
P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com[torys.com]

TORYS[torys.com]

From: WONG Leslie -LAWDIV [mailto:leslie.wong@opg.com]
Sent: November-17-17 5:48 PM
To: Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; LEE John -TREASURY <john.s.lee@opg.com>; Ramchandani, Rima <rramchandani@torys.com>; Mansoori, Nina <nmansoori@torys.com>;
Cc: Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>
Subject: RE: EXTERNAL – RE: Change of Law Protection Agreement and Change of Law Process Agreement

Dear Malle,
We have provided instructions to Torys to reflect your request below in the MTI. They will need to run the changes by the Dealers' counsel, and will circulate the changed pages of the MTI to the group as soon as they have received sign-off from Dealers' counsel.
Regards,
Les
Leslie Wong
Senior Counsel
Ontario Power Generation Inc.
700 University Avenue, H18 G26.1, Toronto, ON M5G 1X6
T: (416) 592-3110 | E: leslie.wong@opg.com

-----Original Message-----
From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Friday, November 17, 2017 5:38 PM
To: LEE John -TREASURY <john.s.lee@opg.com>; Ramchandani, Rima <rramchandani@torys.com>; 'nmansoori@torys.com' <nmansoori@torys.com>
Cc: Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>
Subject: Re: EXTERNAL – RE: Change of Law Protection Agreement and Change of Law Process Agreement
Hi John
As a follow up here the province is requesting that this be in the master trust indenture. That it be an obligation of the Trust and Indenture Trustee and that it be included in the amendment provisions of the trust indenture s 11,01 11'02 and 13.18 and acknowledge the point about the point that failure to relievor the notice does not invalidate. As noted we are requesting inclusion in the Trust Indenture not protection agreement
Thanks
Malle
Sent from my BlackBerry 10 smartphone on the Rogers network.
From: LEE John -TREASURY
Sent: Friday, November 17, 2017 16:56
To: Ramchandani, Rima; 'nmansoori@torys.com'
Cc: Manning, Mike (OFA); ASHBOURNE, STEPHEN; Hanslep, Malle (MOF); WONG Leslie -LAWDIV; LAURETA LAPIRA May -TREASURY; LADAK Lubna -TREASURY; Kandeepan, Ken (OFA)
Subject: RE: EXTERNAL – RE: Change of Law Protection Agreement and Change of Law Process Agreement
Rima:
Further to our early discussion I have confirmed with Mike the approach to the amendments, can you draft something that reflect the following points:
- Province gets a copy of all the notices regarding amendments that OPG sends to the Indenture Trustee under the MTI;
- Province gets a copy of all of the notices regarding amendments that the Indenture Trustee under the MTI sends out to bondholders;
- This could be put in the Change of Law Protection Agreement, where the Indenture Trustee is a party. However, if it is in the MTI, the Province would not be a party to the MTI as this may trip accounting test. Please note the Province request below that it be in the MTI.
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We will need Torys (in consultation with Oslers) to prepare the specific language and confirm where it will go.
If you could expedite this request that would be appreciated.
Thanks
John
From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Friday, November 17, 2017 4:41 PM
To: LEE John -TREASURY <john.s.lee@opg.com>; ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>;
Cc: Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>
Subject: RE: EXTERNAL – RE: Change of Law Protection Agreement and Change of Law Process Agreement
Thanks John.
Regarding the other item that you discussed with Mike on the approach to amendments to the master trust indenture respecting notice to the Province, we would appreciate receive a mark-up of the master trust indenture of OPG's proposal for the Province's review as soon as possible for our review as this is an important item for the Province.
Thank you.
Malle
From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: November 17, 2017 4:37 PM
To: ASHBOURNE, STEPHEN
Cc: Hanslep, Malle (MOF); Manning, Mike (OFA)
Subject: RE: EXTERNAL – RE: Change of Law Protection Agreement and Change of Law Process Agreement
Thanks for turning this around quickly.
From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: Friday, November 17, 2017 4:24 PM
To: Mansoori, Nina <nmansoori@torys.com>>; Feldman, Michael <mfeldman@torys.com>>; Saulnier, Brett <bsaulnier@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com>>; LEE John -TREASURY <john.s.lee@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com>>; Ramchandani, Rima <rramchandani@torys.com>>
Cc: Hanslep, Malle (MOF) (Malle.Hanslep@ontario.ca>) <Malle.Hanslep@ontario.ca>>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca>) <Tobias.Whitfield@ontario.ca>>; Ken Kandeepan (Ken.Kandeepan@ofina.on.ca>) <Ken.Kandeepan@ofina.on.ca>>; Mike Manning <Mike.Manning@ofina.on.ca>>; Kwan, Ronald (OFA) (Ronald.Kwan@ofina.on.ca>) <Ronald.Kwan@ofina.on.ca>>; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca>) <Alena.Thouin@ontario.ca>>; tom.mckinlay@ontario.ca>; VINER, JON <JON.VINER@blakes.com>>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>>; Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca>) <Daniel.Cayley@ontario.ca>>; Gadi Mayman (Gadi.Mayman@ofina.on.ca>) <Gadi.Mayman@ofina.on.ca>>
Subject: EXTERNAL – RE: Change of Law Protection Agreement and Change of Law Process Agreement
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Attached are comments on your drafts from 8:30 last night. The attached blacklines are to those versions. These remain subject to review and comment by the Province, but we hope will give you a version (with several open items identified in Notes) OPG can feel comfortable sharing with its Board for their information purposes. Regards, Steve
Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com>
Dir: 416-863-3086
From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: Thursday, November 16, 2017 8:29 PM
To: ASHBOURNE, STEPHEN; Feldman, Michael; Saulnier, Brett; 'WONG Leslie -LAWDIV'; LEE John -TREASURY; RYFA Ken -TREASURY; Milligan, Peter; Fullerton, Rick; 'Persaud, Donnie - Debt Capital Markets'; Adaljia, Sunil; Maciel, Andrew; 'Benaiah, Ian'; 'Khan, Nur (nur.khan@rbccm.com>)'; 'brent.r.taylor@rbccm.com'; Niehaus, Katrina; Delaney, Brian; Conner, Robbin; Sebastiano, Rocco; Ramchandani, Rima; VINER, JON; PRESTAGE, JA; Malle.Hanslep@ontario.ca>; Tobias.Whitfield@ontario.ca>; tom.mckinlay@ontario.ca>; Alena.Thouin@ontario.ca>
Cc: Mansoori, Nina
Subject: RE: Change of Law Protection Agreement and Change of Law Process Agreement
All – please find attached consolidated comments from OPG and the Dealers on the Change of Law Agreements. Please note that the the attached remains subject to the review of the working group. There are a few drafting points to confirm amongst the lawyers but please let us know if there are any remaining business points to be discussed on these documents tomorrow. Many thanks,
Nina Mansoori
P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower Toronto, Ontario M5K 1N2 Canada | https://na01.safelinks.protection.outlook.com/?
url=www.torys.com&data=02%7C01%7Cleslie.wong%40opg.com%7Cd05d6686cf564b70d2db0bd52e0bdb78%7C962f21cf93ea449f99bf402e2b2987b2%7C0%7C0%7C636465508371981454&sdata=oNpQDdAkKfo%2Bukw4arV7HBaDoG8%2FVBmiiSiOIqHwh2%2BA%3D&reserved=0[na01.safelinks.protection.outlook.com]>
[Torys LLP](https://na01.safelinks.protection.outlook.com/?
url=http%3A%2F%2Fwww.torys.com%2F&data=02%7C01%7Cjohn.s.lee%40opg.com%7C4399c6d6b4c946b2e0c708d52e019a22%7C962f21cf93ea449f99bf402e2b2987b2%7C0%7C0%7C636465077553337662&sdata=Wo7Fvy%2FhQnSNmYo7L5mDtHLi%2FgsDH6nSoWE8oesb2%2B0%3D&reserved=0[na01.safelinks.protection.outlook.com]>
From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: November-14-17 8:30 PM
To: Sebastiano (<RSebastiano@osler.com>>; Ramchandani, Rima <rramchandani@torys.com>>; VINER, JON <JON.VINER@blakes.com>>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>>; Malle.Hanslep@ontario.ca>; Tobias.Whitfield@ontario.ca>; tom.mckinlay@ontario.ca>; Alena.Thouin@ontario.ca>
Cc: Feldman, Michael <mfeldman@torys.com>>; Mansoori, Nina <nmansoori@torys.com>>; Saulnier, Brett <bsaulnier@torys.com>>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>>; LEE John -TREASURY <john.s.lee@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com>>; Milligan, Peter <PMilligan@osler.com>>; Fullerton, Rick <RFullerton@osler.com>>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>>; Adaljia, Sunil <Sunil.Adaljia@cibc.com>>; Maciel, Andrew <Andrew.Maciel@cibc.com>>; 'Benaiah, Ian' <ian.benaiah@rbccm.com>>; 'Khan, Nur (nur.khan@rbccm.com>)' <nur.khan@rbccm.com>>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>>; Niehaus, Katrina <Katrina.Niehaus@gs.com>>; Delaney, Brian <Brian.Delaney@gs.com>>; Conner, Robbin <Robbin.Conner@gs.com>>
Subject: RE: Change of Law Protection Agreement and Change of Law Process Agreement
Please find attached revised versions of the Protection and Process Agreements. The blacklines show changes to the November 2nd (Province/Blakes) and November 8th (OPG/Dealers/Osler/Torys) circulated versions. In the interest of time, these versions are being circulated at the same time to the Province and so remain subject to comment. Please let us know if you have any comments or concerns. Regards, Steve
Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com>
Dir: 416-863-3086
From: Sebastiano, Rocco [mailto:RSebastiano@osler.com]
Sent: Thursday, November 09, 2017 2:11 AM
To: Ramchandani, Rima; ASHBOURNE, STEPHEN; VINER, JON; PRESTAGE, JA; Malle.Hanslep@ontario.ca>; Tobias.Whitfield@ontario.ca>; tom.mckinlay@ontario.ca>; Alena.Thouin@ontario.ca>
Cc: Feldman, Michael; Mansoori, Nina; Saulnier, Brett; 'WONG Leslie -LAWDIV'; LEE John -TREASURY; RYFA Ken -TREASURY; Milligan, Peter; Fullerton, Rick; 'Persaud, Donnie - Debt Capital Markets'; Adaljia, Sunil; Maciel, Andrew; 'Benaiah, Ian'; 'Khan, Nur (nur.khan@rbccm.com>)'; 'brent.r.taylor@rbccm.com'; Niehaus, Katrina; Delaney, Brian; Conner, Robbin
Subject: RE: Change of Law Protection Agreement and Change of Law Process Agreement
Please find enclosed revised drafts of the Change of Law Protection Agreement and the Change of Law Process Agreement. I have also enclosed redlines to the drafts which Stephen circulated on November 2nd. The revised drafts and comments contained in these two agreements are a consolidation of comments from Osler and Torys. Please note that we have not had an opportunity to discuss all of the revisions and comments contained in these revised drafts with OPG and the Dealers and therefore, are subject to any further comments which the Dealers and OPG may have.
The initial drafts of these two agreement have not been provided to the rating agencies for their review and therefore, further revisions may be required following their review and comment once drafts have been provided to them to review.
Regards, Rocco
[cid:image001.gif@01D35D84.2A5D7330]
Rocco Sebastiano
Partner
416.862.5859
DIRECT
416.862.6666
FACSIMILE
rsebastiano@osler.com>
Osler, Hoskin & Harcourt LLP
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[cid:image001.gif@01D35D84.2A5D7330](<https://na01.safelinks.protection.outlook.com/?
url=http%3A%2F%2Fwww.osler.com%2F&data=02%7C01%7Cjohn.s.lee%40opg.com%7C4399c6d6b4c946b2e0c708d52e019a22%7C962f21cf93ea449f99bf402e2b2987b2%7C0%7C0%7C636465077553337662&sdata=OPc7uHm4j38y1UJttg6Sapw2TJKTc5w2or6c%2B7FxYq0%3D&reserved=0[na01.safelinks.protection.outlook.com]>
From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: November-02-17 9:02 PM
To: Feldman, Michael <mfeldman@torys.com>>; Ramchandani, Rima <rramchandani@torys.com>>; Mansoori, Nina <nmansoori@torys.com>>; Hill, Krista <khill@torys.com>>
Cc: Hanslep, Malle (MOF) (Malle.Hanslep@ontario.ca>) <Malle.Hanslep@ontario.ca>>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca>) <Tobias.Whitfield@ontario.ca>>; tom.mckinlay@ontario.ca>; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca>) <Alena.Thouin@ontario.ca>>; VINER, JON <JON.VINER@blakes.com>>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>>
Subject: Change of Law Protection Agreement and Change of Law Process Agreement
Rima, Krista, Nina and Michael,
Here are drafts of the Change of Law Protection Agreement and Change of Law Process Agreement. Please note that while various people at the Province have provided considerable thought and input into these drafts, they remain subject to on-going review, comment and consideration (including where indicated in the drafts) by the Province, and of course remain subject to ultimate consideration and approval by the Ministers. This circulation is for discussion purposes only. Please feel free to circulate these drafts to OPG, E&Y, Osler and the Dealers, reflecting that understanding.
We propose that a consolidated mark-up be prepared that reflects all of the issues that you or those others may have, and ideally reflects input from the rating agencies. Once that mark-up is available, we propose that a meeting of interested parties be held to resolve any outstanding issues.
In the meantime, please feel free to call Malle, Toby, Tom, Alena or me if you have questions or concerns.
Regards, Steve
Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com>
Dir: 416-863-3086

[cid:image003.gif@01D35D84.2A5D7330]
Blake, Cassels & Graydon LLP
199 Bay Street, Suite 4000, Toronto ON M5L 1A9
Tel: 416-863-2400 Fax: 416-863-2653
blakes.com<https://na01.safelinks.protection.outlook.com/?url=http%3A%2F%2Fwww.blakes.com&data=02%7C01%7Cjohn.s.lee%40opg.com%7C4399c6d6b4c946b2e0c708d52e019a22%7C962f21cf93ea449f99bf402e2b2987b2%7C0%7C0%7C636465077553337662&sdata=k59YKfUplpn%2FC98DGMXRJ1uaTzGuCO0xbvq83NOEAc%3D&reserved=0[na01.safelinks.protection.outlook.com]> |
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url=http%3A%2F%2Ftwitter.com%2FBlakesLaw%2F&data=02%7C01%7Cjohn.s.lee%40opg.com%7C4399c6d6b4c946b2e0c708d52e019a22%7C962f21cf93ea449f99bf402e2b2987b2%7C0%7C0%7C636465077553337662&sdata=3%2FVPpgMcoACGXvlp2HdbVv%2FIeQhZEAPzOvTo9dD8o%3D&reserved=0[na01.safelinks.protection.outlook.com]> |

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url=http%3A%2F%2Fwww.blakes.com%2FEnglish%2FResources%2FBulletins%2FPages%2Funsubscribe.aspx&data=02%7C01%7Cjohn.c.lee%40opg.com%7C4399c6d6b4c946b2e0c708d52e019a22%7C962f21cf93ea449f99bfd02e2b2987b2%7C0%7C0%7C636465507753337662&sdata=MGcAcyKprZpqq%2B4THWvPMIPB8iA1S8LYIWi6MRj1aZdBE%3D&reserved=0|na01.safelinks.protection.outlook.com|>
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10.06 Signed Instruments

Any resolution or instrument signed in one or more counterparts by (a) Debtholders holding not less than 50% of the aggregate Outstanding Dollar Principal Amount of Issuer Funding Obligations of a Debtholder Group, in the case of matters capable of being decided by Ordinary Resolution, and (b) Debtholders holding not less than 66⅔% of the aggregate Outstanding Dollar Principal Amount of Issuer Funding Obligations of all Controlling Class Obligations in the case of matters required to be decided by Extraordinary Resolution, shall, in either case, have the same force and effect as a resolution duly passed at a meeting of such Debtholders by the affirmative vote of all of the votes cast upon a poll. Notice of any Ordinary Resolution or Extraordinary Resolution passed in accordance with this Section 10.06 shall be given by the Indenture Trustee to all applicable Debtholders within 30 days of the date on which such Ordinary Resolution or Extraordinary Resolution was passed.

10.07 Persons Who May Attend

Each Debtholder, by their respective officers, directors, employees, and the legal advisers of such parties, may attend any meeting of Debtholders.

10.08 Binding Effect of Resolutions

Every Ordinary Resolution and every Extraordinary Resolution passed in accordance with the provisions of this Article X at a meeting of Debtholders of a Debtholder Group will be binding upon all of the Debtholders of such Debtholder Group whether present at or absent from such meeting, and every instrument in writing signed by Debtholders in accordance with Section 10.06 will be binding upon all of the Debtholders of such Debtholder Group, whether signatories thereto or not, and the Indenture Trustee will be bound to give effect accordingly to every such Ordinary Resolution, Extraordinary Resolution and instrument in writing. For greater certainty, any Extraordinary Resolution shall bind all Debtholders in accordance with Section 10.03.

10.09 Notes Regarded as Not Outstanding for Certain Purposes

If, in the opinion of the Indenture Trustee and upon receipt of an Issuer Certificate in respect of the following, any business to be transacted at any meeting of Debtholders or any action to be taken or power exercised by instrument in writing under Section 10.06 does not materially adversely affect the rights of the Debtholders of one or more particular Class, Series or Tranche of Issuer Funding Obligations, the provisions of this Article X shall apply as if the Issuer Funding Obligations of that Class, Series or Tranche were not Outstanding, and no notice of any such meeting need be given to the Debtholders of that Class, Series or Tranche.

ARTICLE XI
SUPPLEMENTAL INDENTURES

11.01 Supplemental Indentures and Amendments Without Consent of Specified Creditors

Without the consent of Specified Creditors but with 10 Business Days' prior notice to each Rating Agency **and the Province**, the Issuer and the Indenture Trustee, at any time and from time to time, and upon delivery by the Issuer to the Indenture Trustee of an Issuer

Certificate to the effect that the Issuer reasonably believes that such amendment will not have an Adverse Effect and is not reasonably expected to have an Adverse Effect at any time in the future, the Issuer may amend this Indenture, including any Supplemental Indenture or enter into one or more Supplemental Indentures, in form satisfactory to the Indenture Trustee, for any of the following purposes:

(a) to evidence the succession or successive successions of another Financing Entity to the Issuer, and the assumption by any such successor of the covenants of the Issuer herein and in the Notes; or

(b) to evidence the assumption by the Province of all Obligations Secured in connection with Section 5.06; or

(c) to add to the covenants of the Issuer, or to surrender any right or power herein conferred upon the Issuer by the Issuer, for the benefit of Debtholders of any or all Classes, Series or Tranches of Issuer Funding Obligations; or

(d) to cure any ambiguity, to correct or supplement any provision herein which may be inconsistent with any other provision herein, to correct a clear clerical or administrative error, or to make any other provisions with respect to matters or questions arising under this Indenture; or

(e) to provide for the issuance of any Series or Tranche of Notes as provided in Article IV and Article V and to set forth the terms thereof, and/or to add to the rights of the Noteholders of any Class, Series or Tranche; or

(f) to evidence and provide for the acceptance of appointment by another corporation as a successor Indenture Trustee hereunder; or

(g) to add any additional Events of Default in respect of any or all Classes, Series or Tranches of Issuer Funding Obligations; or

(h) to provide for the consolidation of any Financing Entity and the Issuer into a single Person or the transfer of assets in any Financing Entity to the Issuer; or

(i) if IESO is replaced under the Master Transfer and Servicing Agreement as Servicer, to make any necessary changes to this Indenture or any other related document; or

(j) to provide for additional forms of Credit Enhancement for any Class, Series or Tranche of Issuer Funding Obligations; or

(k) to facilitate the issuance of Foreign Currency Issuer Funding Obligations; or

(l) to comply with any regulatory, accounting, securities or tax laws, rules, regulations or requirements, or changes to Rating Agency ratings criteria; or

(m) to enable the Issuer to file a registration statement (and any related exhibits thereto) for the offering of securities registered under the U.S. Securities Act and to comply with Regulation AB (including, without limitation, ongoing reporting obligations thereunder); or

(n) to qualify for sale treatment under generally accepted accounting principles.

Additionally, notwithstanding any provision of this Article XI to the contrary and in addition to clauses (a) through (n) above, the Issuer and the Indenture Trustee may amend this Indenture, including any Supplemental Indenture, without the consent of any Specified Creditor **but with 10 Business Days' prior notice to the Province by the Indenture Trustee and the Issuer**, to modify, eliminate or add to the provisions of this Indenture (i) to facilitate compliance with any amendment to any change of law or regulation which applies to the Issuer or the transactions governed by the Program Agreements, or (ii) to cause the provisions hereof to conform to or be consistent with or in furtherance of the statements made with respect to this Indenture in any applicable offering document; in each case, provided that the Issuer shall deliver to the Indenture Trustee an Issuer Certificate to the effect that (A) the Issuer reasonably believes that such amendment will not have an Adverse Effect and is not reasonably expected to have an Adverse Effect at any time in the future or (B) such amendment is required to remain in compliance with any change of law or regulation which applies to the Issuer or the transactions governed by the Program Agreements, or such amendment is required to cause the provisions hereof to conform to or be consistent with or in furtherance of the statements made with respect to this Indenture in any applicable offering document.

Additionally, notwithstanding any provision of this Article XI to the contrary and in addition to clauses (a) through (n) above and the immediately preceding paragraph, this Indenture, including any Supplemental Indenture, may also be amended by the Issuer and the Indenture Trustee, without the consent of any Specified Creditor **but with 10 Business Days' prior notice to the Province by the Indenture Trustee and the Issuer**, for the purpose of (i) adding any provisions to, or changing in any manner or eliminating any of the provisions of, this Indenture or any Supplemental Indenture or (ii) modifying in any manner the rights of the Specified Creditors under this Indenture or any Supplemental Indenture; provided, however, that (A) the Issuer shall deliver to the Indenture Trustee an Issuer Certificate to the effect that the Issuer reasonably believes that such amendment will not have an Adverse Effect and is not reasonably expected to have an Adverse Effect at any time in the future, and (B) the Rating Agency Condition shall be satisfied.

Additionally, notwithstanding any provision of this Article XI to the contrary and in addition to clauses (a) through (n) above and the immediately preceding paragraphs, this Indenture, including any Supplemental Indenture, may also be amended by the Issuer and the Indenture Trustee, without the consent of any Specified Creditor **but with 10 Business Days' prior notice to the Province by the Indenture Trustee and the Issuer**, to provide for those changes necessary for compliance with securities law requirements or banking laws or regulations; provided, however, that (i) the Issuer shall deliver to the Indenture Trustee an Issuer Certificate to the effect that the Issuer reasonably believes that such amendment will not have an Adverse Effect and is not reasonably expected to have an Adverse Effect at any time in the future, and (ii) the Rating Agency Condition shall be satisfied.

The Issuer **and the Indenture Trustee** shall send a copy of any amendment to this Indenture or any Supplemental Indenture to each Rating Agency **and the Province in accordance with this Section 11.01; provided that failure to send copies of any amendment to this Indenture or any Supplemental Indenture or failure to provide any notice under this Section 11.01 shall not invalidate such amendment to this Indenture or Supplemental Indenture**.

The Indenture Trustee may, but shall not be obligated to, enter into any amendment which adversely affects the Indenture Trustee's rights, duties, benefits, protections, privileges or immunities under this Indenture or otherwise.

11.02 Supplemental Indentures and Amendments with Consent of Debtholders

In addition to any amendment permitted pursuant to Section 11.01, with **10 Business Days'** prior notice to each Rating Agency **and the Province,** and the consent of Debtholders of each Class, Series or Tranche of Issuer Funding Obligations affected by such amendment of this Indenture, including any Supplemental Indenture, by Ordinary Resolution delivered to the Issuer and the Indenture Trustee, the Issuer and the Indenture Trustee may enter into an amendment of this Indenture or any Supplemental Indenture for the purpose of adding any provisions to, or changing in any manner or eliminating any of the provisions of, this Indenture or of modifying in any manner the rights of the Debtholders of each such Class, Series or Tranche of Issuer Funding Obligations under this Indenture or any Supplemental Indenture; provided, however, that no such amendment of this Indenture or any Supplemental Indenture will, without the consent of each Debtholder of Issuer Funding Obligations affected thereby:

(a) change an Interest Payment Date, Principal Payment Date or Principal Payment Default Date of any Issuer Funding Obligation;

(b) reduce the principal amount of, or the interest rate on any Note, or change the method of computing the Outstanding Dollar Principal Amount, the Outstanding Currency Specific Dollar Principal Amount or the Outstanding Dollar Principal Amount in a manner that is adverse to any Debtholders;

(c) reduce the amount of a Discount Note payable upon its acceleration;

(d) reduce the percentage in Outstanding Dollar Principal Amount of Issuer Funding Obligations of any Class, Series or Tranche, the consent of whose holders is required for any such amendment, or the consent of whose holders is required for any waiver of compliance with the provisions of this Indenture or of defaults hereunder and their consequences, provided for in this Indenture;

(e) modify any of the provisions of this Section 11.02 or Section 8.03, except to increase any percentage of Debtholders required to consent to any such amendment or to provide that other provisions of this Indenture cannot be modified or waived without the consent of the Debtholders affected thereby;

(f) change any Place of Payment where any principal of, or interest on, any Note is payable, unless otherwise provided in the Related Supplemental Indenture; or

(g) change the method of computing the amount of principal of, or interest on, any Note on any date.

An amendment of this Indenture or a Supplemental Indenture which changes or eliminates any covenant or other provision of this Indenture which has expressly been included solely for the benefit of one or more particular Classes, Series or Tranches of Issuer Funding Obligations, or which modifies the rights of the Debtholders of such Class, Series or Tranche with respect to such covenant or other provision, will be deemed not to affect the rights under this Indenture of the Debtholders of any other Class, Series or Tranche of Issuer Funding Obligations.

It will not be necessary for any Ordinary Resolution under this Section 11.02 to approve the particular form of any proposed amendment or Supplemental Indenture, but it will be sufficient if such Ordinary Resolution will approve the substance thereof.

The Issuer and the Indenture Trustee shall send a copy of any amendment to this Indenture or any Supplemental Indenture to each Rating Agency and the Province in accordance with this Section 11.02; provided that failure to send copies of any amendment to this Indenture or any Supplemental Indenture or failure to provide any notice under this Section 11.02 shall not invalidate such amendment to this Indenture or Supplemental Indenture.

11.03 Execution of Amendments and Supplemental Indentures

In executing or accepting the additional trusts created by any amendment of this Indenture or Supplemental Indenture permitted by this Article XI or the modifications thereby of the trusts created by this Indenture, the Indenture Trustee will be provided with, and (subject to Section 9.01) will be fully protected in relying upon, an Opinion of Counsel stating that the execution of such amendment or Supplemental Indenture is authorized or permitted by this Indenture and that all conditions precedent thereto have been satisfied. The Indenture Trustee may, but will not (except to the extent required in the case of an amendment or Supplemental Indenture entered into under subsection 11.01(f)) be obligated to, enter into any such amendment or Supplemental Indenture which affects the Indenture Trustee's own rights, duties or immunities under this Indenture or otherwise.

11.04 Effect of Amendments and Supplemental Indentures

Upon the execution of any amendment of this Indenture or any Supplemental Indenture under this Article XI, this Indenture and/or such Supplemental Indenture will be modified in accordance therewith with respect to each Class, Series or Tranche of Issuer Funding Obligations affected thereby, or all Issuer Funding Obligations, as the case may be, and such amendment or Supplemental Indenture will form a part of this Indenture and such Supplemental Indenture for all purposes; and every holder of Issuer Funding Obligations theretofore or thereafter incurred and every other Specified Creditor will be bound thereby to the extent provided therein.

causing to be disclosed information) as may be reasonably necessary or proper to carry out more effectively the purpose of this Indenture.

13.17 No Other Business

The Issuer will not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto.

13.18 Amendments to Program Agreements

(a) The Issuer will not:

(i) amend, supplement, modify, restate or replace, or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to, any of the Funding Obligation Agreements (other than this Indenture and Derivative Agreements) if any such supplementation, amendment, modification, restatement or replacement, or waiver or consent, could reasonably be considered to be materially prejudicial to the rights or interests of any Specified Creditor, except as expressly permitted by such Specified Creditor, and unless the Rating Agency Condition is satisfied **and the Issuer has provided the Province with 10 Business Days' prior written notice (provided that failure to provide such notice shall not invalidate such supplementation, amendment, modification, restatement or replacement, or waiver or consent)**; or

(ii) consent, if consent is required, to the resignation of the Manager under the Management Agreement unless the Rating Agency Condition is satisfied.

(b) The Issuer will not amend the Declaration of Trust if such amendment would have an Adverse Effect or would reasonably be expected to have an Adverse Effect at any time in the future; provided that if an amendment would have, or would reasonably be expected to have, an Adverse Effect, such amendment may only be made with the consent of the Debtholders affected thereby, acting pursuant to an Ordinary Resolution.

13.19 Issuer May Consolidate, Etc., Only on Certain Terms

The Issuer shall not consolidate or merge with or into any other Person, or sell, convey, exchange, transfer or otherwise dispose of any of its properties or assets included in the Collateral to any Person (in this Section 13.19, a "**transaction**"), unless:

(a) the Person (if other than the Issuer) formed by or surviving the consolidation or merger, or the Person that acquires by conveyance or transfer the properties and assets of the Issuer the conveyance or transfer of which is restricted, as applicable, shall: (i) be a Financing Entity, (ii) be organized and existing under the laws of Canada or any province or territory thereof, (iii) not be a Non-resident, (iv) not be subject to regulation as an "investment company" under the Investment Company Act, (v) expressly assume, pursuant to an assignment and/or assumption

From:	Whitfield, Tobias P. (MOF)
To:	Gadi Mayman; Ken Kandeepan
Cc:	Malle Hanslep (MOF); Anna Strathy; Mike Manning
Subject:	RE: EXTERNAL – RE: Fair Hydro -- Revised Program Agreements
Date:	Friday, December 15, 2017 12:18:43 PM

FYI, I have not had a chance to discuss these changes with Stephen, but I think that if we want to consider them, time is of the essence. Please let me know if you would like to discuss any of the changes.

I would also suggest that we get back to Tory's to let them know that we think there is a cross referencing error that needs to be fixed, but I wanted to discuss whether we are going to raise any other comments at the same time.

Best
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

-----Original Message-----
From: Whitfield, Tobias P. (MOF)
Sent: December 15, 2017 9:38 AM
To: Mayman, Gadi (OFA); Kandeepan, Ken (OFA)
Cc: Hanslep, Malle (MOF); Strathy, Anna (OFA); Manning, Mike (OFA) (Mike.Manning@ofina.on.ca)
Subject: RE: EXTERNAL – RE: Fair Hydro -- Revised Program Agreements

There are a few changes, notably they reference the Process Agreement in the Protection Agreement, which may have consequences we were trying to avoid. They also don't pick up any of our comments, including some drafting/cross referencing errors. They also have added a Rating Agency Condition giving to any amendments or waivers of the Process Agreement.

We will discuss with Stephen and see if there are any other issues with the drafting changes we should note.

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

-----Original Message-----
From: Gadi Mayman [mailto:Gadi.Mayman@ofina.on.ca]
Sent: December 15, 2017 7:08 AM
To: Kandeepan, Ken (OFA)
Cc: Whitfield, Tobias P. (MOF); Hanslep, Malle (MOF); Strathy, Anna (OFA)
Subject: Re: EXTERNAL – RE: Fair Hydro -- Revised Program Agreements

Any changes from what we gave to the Ministers for signature yesterday?

> On Dec 15, 2017, at 6:54 AM, Ken Kandeepan <Ken.Kandeepan@ofina.on.ca> wrote:
>
> Final versions
>
> Thanks
>
> Ken k
>
>
> Begin forwarded message:
>
> From: "LEE John -TREASURY"

> <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>
> To: "Mike Manning"
> <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>, "Ken
> Kandeepan"
> <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>
> Subject: Fwd: EXTERNAL – RE: Fair Hydro -- Revised Program Agreements
>
> Fyi
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>
> Sent with BlackBerry Work
> (www.blackberry.com<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.blackberry.com&d=DwIF-g&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=gV-xgZHI0tggSwOPXBdMOr4DyITzOyaIKJLqH9Oy-40&m=LWEwfvR9DWes82UnBBRxsGE_bFzUxY9d6VwPbZclsj8&s=XRPNc2wCx6bXp1fu00DSlh1Zkr6EZoFqSjzkfFwezDU&e=
>)
> _____
> From: "Saulnier, Brett"
> <bsaulnier@torys.com<mailto:bsaulnier@torys.com>>
> Sent: Dec 15, 2017 12:15 AM
> To: Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>;
> Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>;
> Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>;
> Tom.McKinlay@ontario.ca<mailto:Tom.McKinlay@ontario.ca>;
> STEPHEN.ASHBOURNE@blakes.com<mailto:STEPHEN.ASHBOURNE@blakes.com>;
> "VINER, JON" <JON.VINER@blakes.com<mailto:JON.VINER@blakes.com>>;
> "PRESTAGE, JA"
> <JA.PRESTAGE@blakes.com<mailto:JA.PRESTAGE@blakes.com>>; "PALMER,
> AARON" <AARON.PALMER@blakes.com<mailto:AARON.PALMER@blakes.com>>
> Cc: WONG Leslie -LAWDIV
> <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LEE John -TREASURY
> <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>; RYFA Ken -TREASURY
> <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; "Feldman, Michael"
> <mfeldman@torys.com<mailto:mfeldman@torys.com>>; "Ramchandani, Rima"
> <rramchandani@torys.com<mailto:rramchandani@torys.com>>; "Mansoori,
> Nina" <nmansoori@torys.com<mailto:nmansoori@torys.com>>; "Olusoga,
> Yinka" <yolusoga@torys.com<mailto:yolusoga@torys.com>>
> Subject: EXTERNAL – RE: Fair Hydro -- Revised Program Agreements
>
> *** Exercise caution. This is an EXTERNAL email. DO NOT open
> attachments or click links from unknown senders or unexpected email.
> *** _____
>
> All,
>
> Please find attached the latest drafts of the following documents:
>
>
> 1. Declaration of Trust
>
> 2. Management Agreement
>
> 3. Master Transfer and Servicing Agreement
>
> 4. IESO Security Agreement
>
> 5. IESO Acknowledgement and Indemnity Agreement
>
> 6. OPG Indemnity Agreement
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> 7. Master Trust Indenture
>
> 8. Change of Law Protection Agreement
>
> 9. Change of Law Process Agreement
>
> 10. Warehouse Senior Supplemental Indenture

>
> 11. Warehouse Junior Supplemental Indenture
>
> 12. Warehouse Junior Subordinated Supplemental Indenture
>
> Thanks,
> Brett
>
> Brett Saulnier
> P. 416.865.8148 | F. 416.865.7380 | 1.800.505.8679
> 79 Wellington St. W., 30th Floor, Box 270, TD South Tower Toronto,
> Ontario M5K 1N2 Canada |
> www.torys.com<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.torys.com&d=DwIF-g&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=gV-xgZHI0tggSwOPXBdMOr4DyITzOyaIKJLqH9Oy-40&m=LWEwfvR9DWes82UnBBRxsGE_bFzUxY9d6VwPbZclsj8&s=HABhC4CH3VOfdlXfKQefMaWJT9KCaaq42tdAi2WkqZs&e=
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> LLP]<https://urldefense.proofpoint.com/v2/url?u=https-3A__na01.safelin> ks.protection.outlook.com_-3Furl-3Dhttp-253A-252F-252Fwww.torys.com-26
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> <_Fair Hydro -- Management Agreement.docx> <_Fair Hydro -- Declaration
> of Trust.docx> <_Fair Hydro -- Master Transfer and Servicing
> Agreement.docx> <_Fair Hydro - IESO Security Agreement.docx> <_Fair
> Hydro -- Master Trust Indenture.docx> <_Fair Hydro - OPG Indemnity
> Agreement.doc> <_Fair Hydro - IESO Acknowledgement and Indemnity.doc>
> <_Fair Hydro -- Change of Law Protection Agreement.docx> <_Fair Hydro
> -- Change of Law Process Agreement.docx> <Senior Warehouse
> Supplement.docx> <Subordinated Warehouse Supplement.docx> <Junior
> Subordinated Warehouse Supplement.docx> <Blackline_Management
> Agreement.pdf> <Blackline - Declaration of Trust.pdf>
> <Blackline_Master Transfer and Servicing Agreement.pdf>
> <Blackline_IESO Security Agreement.pdf> <Blackline_Master Trust
> Indenture.pdf> <Blackline_OPG Indemnity.pdf> <Blackline_IESO
> Indemnity.pdf> <Blackline_Change of Law Protection Agreement.pdf>
> <Blackline_Change of Law Process Agreement.pdf> <Blackline_Senior

> Warehouse Supplement - Senior Warehouse Supplement.pdf>
> <Blackline_Warehouse Subordinated Supplement.pdf> <Blackline_Warehouse
> Junior Subordinated Supplement.pdf>

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From: Ken Kandeepan
To: Tobias P. Whitfield (MOF); Gadi Mayman; Malle Hanslep (MOF)
Cc: Anna Strathy; Mike Manning
Subject: RE: EXTERNAL – RE: Fair Hydro -- Revised Program Agreements
Date: Friday, December 15, 2017 9:59:47 AM

Thanks, the Rating Agency condition was agreed upon at the Monday meeting, the logic being that if the Process Agreement was shared with the Rating Agencies at the outset, subsequent material changes would also need to be reviewed by them.

Ken k

-----Original Message-----
From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Friday, December 15, 2017 9:38 AM
To: Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: EXTERNAL – RE: Fair Hydro -- Revised Program Agreements

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Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

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From: Gadi Mayman [mailto:Gadi.Mayman@ofina.on.ca]
Sent: December 15, 2017 7:08 AM
To: Kandeepan, Ken (OFA)
Cc: Whitfield, Tobias P. (MOF); Hanslep, Malle (MOF); Strathy, Anna (OFA)
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> On Dec 15, 2017, at 6:54 AM, Ken Kandeepan <Ken.Kandeepan@ofina.on.ca> wrote:
>
> Final versions
>
> Thanks
>
> Ken k
>
>
> Begin forwarded message:
>
> From: "LEE John -TREASURY"
> <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>
> To: "Mike Manning"
> <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>, "Ken
> Kandeepan"
> <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>
> Subject: Fwd: EXTERNAL – RE: Fair Hydro -- Revised Program Agreements
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> Fyi
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> Sent with BlackBerry Work
> (www.blackberry.com<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.blackberry.com&d=DwIF-g&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=sDTjf9tVmfT9K92u269doOHn6NwIN5Soa0mhVrZmimM&m=Ytmq8MEDKd3knQbM7dhp6XWlM6HIlQTRmN_fXd-5JwE&s=1TQesVEB4n6r2o2zw_gZxMTmPq1EOvBHCj0qcW_UKVg&e= >)
> _____
> From: "Saulnier, Brett"
> <bsaulnier@torys.com<mailto:bsaulnier@torys.com>>
> Sent: Dec 15, 2017 12:15 AM
> To: Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>;
> Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>;
> Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>;
> Tom.McKinlay@ontario.ca<mailto:Tom.McKinlay@ontario.ca>;
> STEPHEN.ASHBOURNE@blakes.com<mailto:STEPHEN.ASHBOURNE@blakes.com>;
> "VINER, JON" <JON.VINER@blakes.com<mailto:JON.VINER@blakes.com>>;
> "PRESTAGE, JA"
> <JA.PRESTAGE@blakes.com<mailto:JA.PRESTAGE@blakes.com>>; "PALMER,
> AARON" <AARON.PALMER@blakes.com<mailto:AARON.PALMER@blakes.com>>
> Cc: WONG Leslie -LAWDIV
> <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LEE John -TREASURY
> <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>; RYFA Ken -TREASURY
> <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; "Feldman, Michael"
> <mfeldman@torys.com<mailto:mfeldman@torys.com>>; "Ramchandani, Rima"
> <rramchandani@torys.com<mailto:rramchandani@torys.com>>; "Mansoori,
> Nina" <nmansoori@torys.com<mailto:nmansoori@torys.com>>; "Olusoga,
> Yinka" <yolusoga@torys.com<mailto:yolusoga@torys.com>>
> Subject: EXTERNAL – RE: Fair Hydro -- Revised Program Agreements
>

> *** Exercise caution. This is an EXTERNAL email. DO NOT open
> attachments or click links from unknown senders or unexpected email.
> *** _____
>
> All,
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> Please find attached the latest drafts of the following documents:
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>
> 10. Warehouse Senior Supplemental Indenture
>
> 11. Warehouse Junior Supplemental Indenture
>
> 12. Warehouse Junior Subordinated Supplemental Indenture
>
> Thanks,
> Brett
>
> Brett Saulnier
> P. 416.865.8148 | F. 416.865.7380 | 1.800.505.8679
> 79 Wellington St. W., 30th Floor, Box 270, TD South Tower Toronto,
> Ontario M5K 1N2 Canada |
> www.torys.com<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.torys.com&d=DwIF-g&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=sDTjf9tVmfT9K92u269doOHn6NwIN5Soa0mhVrZmimM&m=Ytmq8MEDKd3knQbM7dhp6XWlM6HIlQTRmN_fXd-5JwE&s=4qzYlUfRuBnpw0PWIDX-3gmXj14kxao76122DDYkpkM&e= ><https://urldefense.proofpoint.com/> v2/url?u=https-3A__na01.safelinks.protection.outlook.com_-3Furl-3Dhttp
> -253A-252F-252Fwww.torys.com-26data-3D02-257C01-257Cjohn.s.lee-2540opg
> .com-257C45d86baa13094f7adf0508d5437a8ff2-257C962f21cf93ea449f99bf402e
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> BAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=sDTjf9tVmfT9K92u269doOHn6NwIN5Soa0m
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> c_o_tt8yAIQeZuAFXVeRQC7zhgjaf4&e= > [Torys
> LLP]<https://urldefense.proofpoint.com/v2/url?u=https-3A__na01.safelin> ks.protection.outlook.com_-3Furl-3Dhttp-253A-252F-252Fwww.torys.com-26
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> e= >
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>
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> of Trust.docx> <_Fair Hydro -- Master Transfer and Servicing
> Agreement.docx> <_Fair Hydro - IESO Security Agreement.docx> <_Fair
> Hydro -- Master Trust Indenture.docx> <_Fair Hydro - OPG Indemnity
> Agreement.doc> <_Fair Hydro - IESO Acknowledgement and Indemnity.doc>
> <_Fair Hydro -- Change of Law Protection Agreement.docx> <_Fair Hydro
> -- Change of Law Process Agreement.docx> <Senior Warehouse
> Supplement.docx> <Subordinated Warehouse Supplement.docx> <Junior
> Subordinated Warehouse Supplement.docx> <Blackline_Management
> Agreement.pdf> <Blackline - Declaration of Trust.pdf>
> <Blackline_Master Transfer and Servicing Agreement.pdf>
> <Blackline_IESO Security Agreement.pdf> <Blackline_Master Trust
> Indenture.pdf> <Blackline_OPG Indemnity.pdf> <Blackline_IESO
> Indemnity.pdf> <Blackline_Change of Law Protection Agreement.pdf>
> <Blackline_Change of Law Process Agreement.pdf> <Blackline_Senior
> Warehouse Supplement - Senior Warehouse Supplement.pdf>
> <Blackline_Warehouse Subordinated Supplement.pdf> <Blackline_Warehouse

> Junior Subordinated Supplement.pdf>

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From:	Whitfield, Tobias P. (MOF)
To:	Gadi Mayman; Ken Kandeepan
Cc:	Malle Hanslep (MOF); Anna Strathy; Mike Manning
Subject:	RE: EXTERNAL – RE: Fair Hydro -- Revised Program Agreements
Date:	Friday, December 15, 2017 9:38:22 AM

There are a few changes, notably they reference the Process Agreement in the Protection Agreement, which may have consequences we were trying to avoid. They also don't pick up any of our comments, including some drafting/cross referencing errors. They also have added a Rating Agency Condition giving to any amendments or waivers of the Process Agreement.

We will discuss with Stephen and see if there are any other issues with the drafting changes we should note.

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

-----Original Message-----
From: Gadi Mayman [mailto:Gadi.Mayman@ofina.on.ca]
Sent: December 15, 2017 7:08 AM
To: Kandeepan, Ken (OFA)
Cc: Whitfield, Tobias P. (MOF); Hanslep, Malle (MOF); Strathy, Anna (OFA)
Subject: Re: EXTERNAL – RE: Fair Hydro -- Revised Program Agreements

Any changes from what we gave to the Ministers for signature yesterday?

> On Dec 15, 2017, at 6:54 AM, Ken Kandeepan <Ken.Kandeepan@ofina.on.ca> wrote:
>
> Final versions
>
> Thanks
>
> Ken k
>
>
> Begin forwarded message:
>
> From: "LEE John -TREASURY"
> <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>
> To: "Mike Manning"
> <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>, "Ken
> Kandeepan"
> <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>
> Subject: Fwd: EXTERNAL – RE: Fair Hydro -- Revised Program Agreements
>
> Fyi
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>
> Sent with BlackBerry Work
> (www.blackberry.com<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.blackberry.com&d=DwIF-

g&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=gV-xgZHI0tggSwOPXBdMOr4DyITzOyaIKJLqH9Oy-40&m=1vQWR4WEBKRWjJ-ZP0ZECcz7XOb41q3khUB79KjM3A8&s=XOZCSnlmQcSVNOZchCD9Ztnb3sMV2pkhgwqBsC5tT_E&e= >)
> _____
> From: "Saulnier, Brett"
> <bsaulnier@torys.com<mailto:bsaulnier@torys.com>>
> Sent: Dec 15, 2017 12:15 AM
> To: Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>;
> Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>;
> Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>;
> Tom.McKinlay@ontario.ca<mailto:Tom.McKinlay@ontario.ca>;
> STEPHEN.ASHBOURNE@blakes.com<mailto:STEPHEN.ASHBOURNE@blakes.com>;
> "VINER, JON" <JON.VINER@blakes.com<mailto:JON.VINER@blakes.com>>;
> "PRESTAGE, JA"
> <JA.PRESTAGE@blakes.com<mailto:JA.PRESTAGE@blakes.com>>; "PALMER,
> AARON" <AARON.PALMER@blakes.com<mailto:AARON.PALMER@blakes.com>>
> Cc: WONG Leslie -LAWDIV
> <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LEE John -TREASURY
> <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>; RYFA Ken -TREASURY
> <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; "Feldman, Michael"
> <mfeldman@torys.com<mailto:mfeldman@torys.com>>; "Ramchandani, Rima"
> <rramchandani@torys.com<mailto:rramchandani@torys.com>>; "Mansoori,
> Nina" <nmansoori@torys.com<mailto:nmansoori@torys.com>>; "Olusoga,
> Yinka" <yolusoga@torys.com<mailto:yolusoga@torys.com>>
> Subject: EXTERNAL – RE: Fair Hydro -- Revised Program Agreements
>
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> attachments or click links from unknown senders or unexpected email.
> *** _____
>
> All,
>
> Please find attached the latest drafts of the following documents:
>
>
> 1. Declaration of Trust
>
> 2. Management Agreement
>
> 3. Master Transfer and Servicing Agreement
>
> 4. IESO Security Agreement
>
> 5. IESO Acknowledgement and Indemnity Agreement
>
> 6. OPG Indemnity Agreement
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>
> 8. Change of Law Protection Agreement
>
> 9. Change of Law Process Agreement
>
> 10. Warehouse Senior Supplemental Indenture
>
> 11. Warehouse Junior Supplemental Indenture
>

> 12. Warehouse Junior Subordinated Supplemental Indenture
>
> Thanks,
> Brett
>
> Brett Saulnier
> P. 416.865.8148 | F. 416.865.7380 | 1.800.505.8679
> 79 Wellington St. W., 30th Floor, Box 270, TD South Tower Toronto,
> Ontario M5K 1N2 Canada |
> www.torys.comhttps://urldefense.proofpoint.com/v2/url?u=http-3A__www.torys.com&d=DwIF-g&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=gV-xgZHI0tggSwOPXBdMOr4DyITzOyaIKJLqH9Oy-40&m=1vQWR4WEBKRWjJ-ZP0ZECcz7XOb41q3khUB79KjM3A8&s=G_JoHXN6ZpYpYxBXLJVJ93QYVeg2fwPberXEhzNi3Ww&e= >
<https://urldefense.proofpoint.com/> v2/url?u=https-3A__na01.safelinks.protection.outlook.com_-3Furl-3Dhttp
> -253A-252F-252Fwww.torys.com-26data-3D02-257C01-257Cjohn.s.lee-2540opg
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> LLP]<https://urldefense.proofpoint.com/v2/url?u=https-3A__na01.safelin> ks.protection.outlook.com_-3Furl-3Dhttp-253A-252F-252Fwww.torys.com-26
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> d5437a8ff2-257C962f21cf93ea449f99bf402e2b2987b2-257C0-257C0-257C636489
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> e= >
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> _____
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> -- Change of Law Process Agreement.docx> <Senior Warehouse

> Supplement.docx> <Subordinated Warehouse Supplement.docx> <Junior
> Subordinated Warehouse Supplement.docx> <Blackline_Management
> Agreement.pdf> <Blackline - Declaration of Trust.pdf>
> <Blackline_Master Transfer and Servicing Agreement.pdf>
> <Blackline_IESO Security Agreement.pdf> <Blackline_Master Trust
> Indenture.pdf> <Blackline_OPG Indemnity.pdf> <Blackline_IESO
> Indemnity.pdf> <Blackline_Change of Law Protection Agreement.pdf>
> <Blackline_Change of Law Process Agreement.pdf> <Blackline_Senior
> Warehouse Supplement - Senior Warehouse Supplement.pdf>
> <Blackline_Warehouse Subordinated Supplement.pdf> <Blackline_Warehouse
> Junior Subordinated Supplement.pdf>

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From: Gadi Mayman
To: Tobias P. Whitfield (MOF); Ken Kandeepan
Cc: Malle Hanslep (MOF); Anna Strathy; Mike Manning; Ronald Kwan
Subject: RE: EXTERNAL – RE: Fair Hydro -- Revised Program Agreements
Date: Friday, December 15, 2017 1:26:25 PM

John Lee just called me. They've just heard from the Moody's who have decided that they will be capping the rating of the debt at the Province's level of Aa2 with a short term rating of P1. This is still confidential, obviously, but he wanted to let me know given that Mike's away today.

Gadi

-----Original Message-----
From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Friday, December 15, 2017 12:19 PM
To: Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: EXTERNAL – RE: Fair Hydro -- Revised Program Agreements

FYI, I have not had a chance to discuss these changes with Stephen, but I think that if we want to consider them, time is of the essence. Please let me know if you would like to discuss any of the changes.

I would also suggest that we get back to Tory's to let them know that we think there is a cross referencing error that needs to be fixed, but I wanted to discuss whether we are going to raise any other comments at the same time.

Best
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

-----Original Message-----
From: Whitfield, Tobias P. (MOF)
Sent: December 15, 2017 9:38 AM
To: Mayman, Gadi (OFA); Kandeepan, Ken (OFA)
Cc: Hanslep, Malle (MOF); Strathy, Anna (OFA); Manning, Mike (OFA) (Mike.Manning@ofina.on.ca)
Subject: RE: EXTERNAL – RE: Fair Hydro -- Revised Program Agreements

There are a few changes, notably they reference the Process Agreement in the Protection Agreement, which may have consequences we were trying to avoid. They also don't pick up any of our comments, including some drafting/cross referencing errors. They also have added a Rating Agency Condition giving to any amendments or waivers of the Process Agreement.

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Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

-----Original Message-----
From: Gadi Mayman [mailto:Gadi.Mayman@ofina.on.ca]
Sent: December 15, 2017 7:08 AM
To: Kandeepan, Ken (OFA)
Cc: Whitfield, Tobias P. (MOF); Hanslep, Malle (MOF); Strathy, Anna (OFA)
Subject: Re: EXTERNAL – RE: Fair Hydro -- Revised Program Agreements

Any changes from what we gave to the Ministers for signature yesterday?

> On Dec 15, 2017, at 6:54 AM, Ken Kandeepan <Ken.Kandeepan@ofina.on.ca> wrote:
>
> Final versions
>
> Thanks
>
> Ken k
>
>
> Begin forwarded message:
>
> From: "LEE John -TREASURY"
> <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>
> To: "Mike Manning"
> <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>, "Ken
> Kandeepan"
> <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>
> Subject: Fwd: EXTERNAL – RE: Fair Hydro -- Revised Program Agreements
>
> Fyi
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> Sent with BlackBerry Work
> (www.blackberry.com<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.blackberry.com&d=DwIF-g&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=OdoCVLs6i-6reBTUJh9PAGSfpmSjeJXGKKb9SzvJOII&m=Q-DWrSq1ZIqMOeVkSn0rBHmsCY0FtV8u7FY5zzXWBck&s=GA5FNdbOZX5WOSucpdfXmblIIkTSddR_TGoEGj4WJ7s&e=>)
> _____
> From: "Saulnier, Brett"
> <bsaulnier@torys.com<mailto:bsaulnier@torys.com>>
> Sent: Dec 15, 2017 12:15 AM
> To: Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>;
> Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>;
> Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>;
> Tom.McKinlay@ontario.ca<mailto:Tom.McKinlay@ontario.ca>;
> STEPHEN.ASHBOURNE@blakes.com<mailto:STEPHEN.ASHBOURNE@blakes.com>;
> "VINER, JON" <JON.VINER@blakes.com<mailto:JON.VINER@blakes.com>>;
> "PRESTAGE, JA"
> <JA.PRESTAGE@blakes.com<mailto:JA.PRESTAGE@blakes.com>>; "PALMER,
> AARON" <AARON.PALMER@blakes.com<mailto:AARON.PALMER@blakes.com>>
> Cc: WONG Leslie -LAWDIV
> <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LEE John -TREASURY
> <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>; RYFA Ken -TREASURY
> <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; "Feldman, Michael"
> <mfeldman@torys.com<mailto:mfeldman@torys.com>>; "Ramchandani, Rima"
> <rramchandani@torys.com<mailto:rramchandani@torys.com>>; "Mansoori,
> Nina" <nmansoori@torys.com<mailto:nmansoori@torys.com>>; "Olusoga,
> Yinka" <yolusoga@torys.com<mailto:yolusoga@torys.com>>
> Subject: EXTERNAL – RE: Fair Hydro -- Revised Program Agreements
>
> *** Exercise caution. This is an EXTERNAL email. DO NOT open

> attachments or click links from unknown senders or unexpected email.
> *** _____
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> All,
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> Please find attached the latest drafts of the following documents:
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> 10. Warehouse Senior Supplemental Indenture
>
> 11. Warehouse Junior Supplemental Indenture
>
> 12. Warehouse Junior Subordinated Supplemental Indenture
>
> Thanks,
> Brett
>
> Brett Saulnier
> P. 416.865.8148 | F. 416.865.7380 | 1.800.505.8679
> 79 Wellington St. W., 30th Floor, Box 270, TD South Tower Toronto,
> Ontario M5K 1N2 Canada |
> www.torys.com<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.torys.com&d=DwIF-g&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=OdoCVLs6i-6reBTUJh9PAGSfpmSjeJXGKKb9SzvJOII&m=Q-DWrSq1ZIqMOeVkSn0rBHmsCY0FtV8u7FY5zzXWBck&s=DrDjUzB_jN7fY5ATc5oM9gn54ueSNB3cGmFpoyLsa-I&e=
><https://urldefense.proofpoint.com/> v2/url?u=https-3A__na01.safelinks.protection.outlook.com_-3Furl-3Dhttp
> -253A-252F-252Fwww.torys.com-26data-3D02-257C01-257Cjohn.s.lee-2540opg
> .com-257C45d86baa13094f7adf0508d5437a8ff2-257C962f21cf93ea449f99bf402e
> 2b2987b2-257C0-257C0-257C636489117145332903-26sdata-3D1hM89VywhCV42SSI
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> BAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=sDTjf9tVmfT9K92u269doOHn6NwIN5Soa0m
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> c_o_tt8yAIQeZuAFXVeRQC7zhgjaf4&e= > [Torys
> LLP]<https://urldefense.proofpoint.com/v2/url?u=https-3A__na01.safelin> ks.protection.outlook.com_-3Furl-3Dhttp-253A-252F-252Fwww.torys.com-26
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> d5437a8ff2-257C962f21cf93ea449f99bf402e2b2987b2-257C0-257C0-257C636489
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> FPNHMn2X7itPBtAfCiNI8WA&s=eZtwfLruABmZ9c_o_tt8yAIQeZuAFXVeRQC7zhgjaf4&
> e= >
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> Agreement.docx> <_Fair Hydro - IESO Security Agreement.docx> <_Fair
> Hydro -- Master Trust Indenture.docx> <_Fair Hydro - OPG Indemnity
> Agreement.doc> <_Fair Hydro - IESO Acknowledgement and Indemnity.doc>
> <_Fair Hydro -- Change of Law Protection Agreement.docx> <_Fair Hydro
> -- Change of Law Process Agreement.docx> <Senior Warehouse
> Supplement.docx> <Subordinated Warehouse Supplement.docx> <Junior
> Subordinated Warehouse Supplement.docx> <Blackline_Management
> Agreement.pdf> <Blackline - Declaration of Trust.pdf>
> <Blackline_Master Transfer and Servicing Agreement.pdf>
> <Blackline_IESO Security Agreement.pdf> <Blackline_Master Trust
> Indenture.pdf> <Blackline_OPG Indemnity.pdf> <Blackline_IESO
> Indemnity.pdf> <Blackline_Change of Law Protection Agreement.pdf>
> <Blackline_Change of Law Process Agreement.pdf> <Blackline_Senior
> Warehouse Supplement - Senior Warehouse Supplement.pdf>
> <Blackline_Warehouse Subordinated Supplement.pdf> <Blackline_Warehouse
> Junior Subordinated Supplement.pdf>

_____

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From:	MCAULEY Tyler -LAWDIV
To:	Sawwaf, Khareem (ENERGY); Carlos Yep
Cc:	Thouin, Alena (ENERGY); WONG Leslie -LAWDIV; LIU Sheen -TREASURY; LEE John -TREASURY; Mike Manning; RYFA Ken -TREASURY; shruti.talwar@ontario.ca
Subject:	RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt
Date:	Monday, December 18, 2017 5:27:18 PM
Attachments:	Interest Protocol Agreement (OPG 12-18b).doc Interest Protocol Agreement (Execution Copy).pdf

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All,

Further to our earlier discussions, please find attached an execution copy of the Subordinated Debt Pricing Protocol as well as an incremental blackline that references the draft previously circulated. Subject to any additional comments or questions, could each of OFA and MOE coordinate execution and return a scan of your completed signature page. Upon receipt, we will circulate a fully executed copy of the document.

Regards,

Tyler

Tyler McAuley
Senior Counsel, Law Division
Ontario Power Generation
700 University Avenue, H18 G23
Toronto, ON, M5G 1X6
E: tyler.mcauley@opg.com
P: 416-592-4015

From: MCAULEY Tyler -LAWDIV
Sent: Friday, December 15, 2017 5:22 PM
To: 'Sawwaf, Khareem (ENERGY)' ; 'Carlos.Yep@ofina.on.ca'
Cc: 'Thouin, Alena (ENERGY)' ; WONG Leslie -LAWDIV ; LIU Sheen -TREASURY ; LEE John -TREASURY ; 'Mike.Manning@ofina.on.ca' ; RYFA Ken -TREASURY ; 'shruti.talwar@ontario.ca'
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Hi Carlos,

Pleasure speaking with you this afternoon. In speaking with John further, I understand the MOE would be willing to sign the document confirming receipt, with the OFA signing the Protocol. Could OFA/MOE kindly confirm that this would be acceptable?

Thanks,

Tyler

Tyler McAuley
Senior Counsel, Law Division
Ontario Power Generation
700 University Avenue, H18 G23
Toronto, ON, M5G 1X6
E: tyler.mcauley@opg.com
P: 416-592-4015

From: MCAULEY Tyler -LAWDIV
Sent: Friday, December 15, 2017 3:30 PM
To: 'Sawwaf, Khareem (ENERGY)' <Khareem.Sawwaf@ontario.ca>; 'Carlos.Yep@ofina.on.ca' <Carlos.Yep@ofina.on.ca>

Cc: Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; LIU Sheen -TREASURY <sheen.liu@opg.com>; LEE John -TREASURY <john.s.lee@opg.com>; 'Mike.Manning@ofina.on.ca' <Mike.Manning@ofina.on.ca>; RYFA Ken -TREASURY <ken.ryfa@opg.com>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Khareem/ Carlos,

The approach proposed below is not in line with what was agreed between John Lee and Gadi. It's our expectation that the document will be agreed as between two parties (as opposed to receipt acknowledged). Could you please consult with your team and advise. If it's helpful, we are happy to coordinate a call to discuss.

Regards,

Tyler McAuley
Senior Counsel, Law Division
Ontario Power Generation
700 University Avenue, H18 G23
Toronto, ON, M5G 1X6
E: tyler.mcauley@opg.com
P: 416-592-4015

From: Sawwaf, Khareem (ENERGY) [mailto:Khareem.Sawwaf@ontario.ca]
Sent: Friday, December 15, 2017 1:54 PM
To: WONG Leslie -LAWDIV <leslie.wong@opg.com>; MCAULEY Tyler -LAWDIV <tyler.mcauley@opg.com>
Cc: Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Hi Les,

Further to our discussion this morning, OFA and the Ministry of Energy agreed that the best way to proceed will be acknowledging the Protocol Agreement in a manner of receipt. The following language will be included under the signature lines:

"On behalf of the OFA ,I acknowledge receipt of this document,

On behalf of the Ministry of Energy, I acknowledge receipt of this document,"

Kind regards,

Khareem Sawwaf

From: Sawwaf, Khareem (ENERGY)
Sent: December-14-17 12:49 PM
To: 'WONG Leslie -LAWDIV'
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Hi Les,

We can call you.

Khareem

From: WONG Leslie -LAWDIV [mailto:leslie.wong@opg.com]
Sent: December-14-17 12:19 PM

To: Sawwaf, Khareem (ENERGY); Thouin, Alena (ENERGY)
Cc: MCAULEY Tyler -LAWDIV; Kulasinghe, Meineka (MEDG/MRIS)
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Thanks. Would you be calling my office, or would like us to call you? Or will we need a call-in number?

From: Sawwaf, Khareem (ENERGY) [mailto:Khareem.Sawwaf@ontario.ca]
Sent: Thursday, December 14, 2017 12:18 PM
To: WONG Leslie -LAWDIV <leslie.wong@opg.com>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>
Cc: MCAULEY Tyler -LAWDIV <tyler.mcauley@opg.com>; Kulasinghe, Meineka (MEDG/MRIS) <Meineka.Kulasinghe@ontario.ca>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Hi Les,

Thank you for your prompt response.

5pm should be fine.

Khareem

From: WONG Leslie -LAWDIV [mailto:leslie.wong@opg.com]
Sent: December-14-17 12:11 PM
To: Sawwaf, Khareem (ENERGY); Thouin, Alena (ENERGY)
Cc: MCAULEY Tyler -LAWDIV; Kulasinghe, Meineka (MEDG/MRIS)
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Yes, after 5 pm works. Let us know what time (e.g. 5 pm or 5:30).

From: Sawwaf, Khareem (ENERGY) [mailto:Khareem.Sawwaf@ontario.ca]
Sent: Thursday, December 14, 2017 12:10 PM
To: WONG Leslie -LAWDIV <leslie.wong@opg.com>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>
Cc: MCAULEY Tyler -LAWDIV <tyler.mcauley@opg.com>; Kulasinghe, Meineka (MEDG/MRIS) <Meineka.Kulasinghe@ontario.ca>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Hi Les,

Can we schedule something for today after 5pm?

Regards,

Khareem

From: WONG Leslie -LAWDIV [mailto:leslie.wong@opg.com]
Sent: December-14-17 11:59 AM
To: Sawwaf, Khareem (ENERGY); Thouin, Alena (ENERGY)
Cc: MCAULEY Tyler -LAWDIV; Kulasinghe, Meineka (MEDG/MRIS)
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Khareem,
We will need to address any questions today, as we are arranging for signing of the Fair Hydro documents tomorrow. Tyler and I are available today between 12:30 pm and 1 pm and from 4:30 pm onward.
Let us know what works for you.
Regards,
Les
Leslie Wong
Senior Counsel
Ontario Power Generation Inc.
700 University Avenue, H18 G26.1, Toronto, ON M5G 1X6
T: (416) 592-3110 **|** E: leslie.wong@opg.com

From: Sawwaf, Khareem (ENERGY) [mailto:Khareem.Sawwaf@ontario.ca]
Sent: Thursday, December 14, 2017 11:52 AM
To: WONG Leslie -LAWDIV <leslie.wong@opg.com>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>
Cc: MCAULEY Tyler -LAWDIV <tyler.mcauley@opg.com>; Kulasinghe, Meineka (MEDG/MRIS) <Meineka.Kulasinghe@ontario.ca>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Hi Les,
I hope all is well.
Alena and I were hoping to have another discussion with you either today or tomorrow regarding the protocol agreement. If you could let us know your availability, I would appreciate it.
Thanks,
Khareem

From: Sawwaf, Khareem (ENERGY)
Sent: December-06-17 3:48 PM
To: WONG Leslie -LAWDIV; Thouin, Alena (ENERGY)
Cc: MCAULEY Tyler -LAWDIV; Kulasinghe, Meineka (MEDG/MRIS)
Subject: Re: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Hi Les,
Do you mind if we push our meeting to 4:30? I hope that works for you and Tyler.
Look forward to your reply.
Kind regards,
Khareem Sawwaf
Sent from my BlackBerry 10 smartphone on the Rogers network.

From: WONG Leslie -LAWDIV
Sent: Wednesday, December 6, 2017 11:10 AM
To: Sawwaf, Khareem (ENERGY); Thouin, Alena (ENERGY)
Cc: MCAULEY Tyler -LAWDIV; Kulasinghe, Meineka (MEDG/MRIS)
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Hi Khareem,
My colleague, Tyler McAuley, who drafted the agreement, and I are available for a call from 4:00-4:30. Would you like us to call you or Alena, or would you like to call us?
Also, if you had specific comments or questions, would it be possible to let us know in advance, to make the call more efficient? Thanks.

Regards,
Les
Leslie Wong
Senior Counsel
Ontario Power Generation Inc.
700 University Avenue, H18 G26.1, Toronto, ON M5G 1X6
T: (416) 592-3110 **|** E: leslie.wong@opg.com
-----Original Message-----
From: Sawwaf, Khareem (ENERGY) [mailto:Khareem.Sawwaf@ontario.ca]
Sent: Wednesday, December 06, 2017 11:00 AM
To: WONG Leslie -LAWDIV <leslie.wong@opg.com>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>
Cc: MCAULEY Tyler -LAWDIV <tyler.mcauley@opg.com>; Kulasinghe, Meineka (MEDG/MRIS) <Meineka.Kulasinghe@ontario.ca>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt
Hi Les,
Alena and I were hoping to arrange a call with you later today to discuss the Protocol Agreement. Are you available for a 30 minute call sometime between 4-5, preferably 4:00-4:30?
I look forward to your reply.
Kind regards,
Khareem Sawwaf
-----Original Message-----
From: WONG Leslie -LAWDIV [mailto:leslie.wong@opg.com]
Sent: December-04-17 1:17 PM
To: Thouin, Alena (ENERGY)
Cc: Sawwaf, Khareem (ENERGY); MCAULEY Tyler -LAWDIV
Subject: Re: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt
Alena - I am available at 5:15. My colleague, Tyler McAuley, who worked in the agreement, will also be available for a call then.
Let us know your preference on call logistics (who to call whom, or whether a call-in number would be preferable).
Regards,
Les
Sent from my BlackBerry 10 smartphone on the Bell network.
From: Thouin, Alena (ENERGY)
Sent: Monday, December 4, 2017 12:49 PM
To: WONG Leslie -LAWDIV

Cc: Sawwaf, Khareem (ENERGY)
Subject: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt
*** Exercise caution. This is an EXTERNAL email. DO NOT open attachments or click links from unknown senders or unexpected email. *** _____
Hi Les
Hope you are well
I was hoping we can have a quick call on this (legal only at this point), just had some questions. I am around after 5:15 today?
Thanks
Alena
Alena Thouin
Deputy Director, Legal Services Branch
Ministries of Energy / Infrastructure / Economic Development & Growth / Research, Innovation & Science / Accessibility
56 Wellesley St. W. 18th Floor, Toronto, ON M7A 2E7
Tel: 416-325-1834 Email: alena.thouin@ontario.ca>
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From: WONG Leslie -LAWDIV [mailto:leslie.wong@opg.com]
Sent: November 30, 2017 12:16 PM
To: Thouin, Alena (ENERGY); Hanslep, Malle (MOF)
Cc: LEE John -TREASURY; LIU Sheen -TREASURY; MCAULEY Tyler -LAWDIV; RYFA Ken -TREASURY; PRESTON Stuart -TREASURY
Subject: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt
Dear Alena and Malle,
Please find attached a draft of the protocol agreement relating to the determination of interest rates on the subordinated and junior subordinated debt to be issued to OPG by the Fair Hydro Trust. Most of this debt will be funded through equity injections by the Province into OPG. OPG's Treasury team has been working with Carlos Yep of the OFA on this agreement. I understand that Alena has previously seen a term sheet setting out the main terms of the agreement.
Let us know if you have any questions or comments on the draft.
Regards,
Les
Leslie Wong
Senior Counsel
Ontario Power Generation Inc.
700 University Avenue, H18 G26.1, Toronto, ON M5G 1X6
T: (416) 592-3110 | E: leslie.wong@opg.com>
_____
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by return e-mail and delete this message from your system. Ontario Power Generation Inc.

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Subordinated Debt Pricing Protocol

ONTARIO POWER GENERATION INC., a corporation incorporated under the laws of Ontario (**"OPG"**), solely in its capacity as financial services manager (the "**FSM**") of the **FAIR HYDRO TRUST** (the "**Issuer**"), a trust existing under the laws of the Province of Ontario and the **ONTARIO FINANCING AUTHORITY**, a crown agency of the Province of Ontario have agreed to enter into this subordinated debt pricing protocol (the "**Protocol**") wherein they have agreed to certain procedures for establishing the interest rate applicable to each Series of Subordinated Notes and Junior Subordinated Notes where such Notes are to be issued only to OPG or its Affiliates.

ARTICLE 1 - INTERPRETATION

1.01 Definitions

In this Protocol, unless something in the subject matter or context is inconsistent therewith terms used herein have the meanings ascribed in the Trust Indenture. In addition, the following terms shall have the following meanings:

(a) "**Applicable Spread**" has the meaning ascribed to such term in section 2.04(c);

(b) "**Base Rate**" has the meaning ascribed to such term in section 2.03(a) or (b), as applicable;

(c) "**Junior Subordinated Term Note**" means a Junior Subordinated Note that is not incurred pursuant to a Warehouse Facility Agreement;

(d) "**Junior Subordinated Warehouse Note**" means a Junior Subordinated Note that is incurred pursuant to a Warehouse Facility Agreement;

(e) "**Subordinated Term Note**" means a Subordinated Note that is not incurred pursuant to a Warehouse Facility Agreement;

(f) "**Subordinated Warehouse Note**" means a Subordinated Note that is incurred pursuant to a Warehouse Facility Agreement;

(g) "**Trust Indenture"** means that certain trust indenture entered into between the Issuer and BNY Trust Company of Canada on December **,** 2017 (as supplemented from time to time).

ARTICLE 2 - INTEREST RATE PROTOCOLS

2.01 Interest Rate Protocols

The interest rate applicable to each Series of Subordinated Notes and Junior Subordinated Notes that are issued only to OPG or its Affiliates shall be established by the FSM in accordance with the procedures set out herein.

2.02 **Composite Interest Rate**

For any Series of Subordinated Notes or Junior Subordinated Notes that are issued only to OPG or its Affiliates, the interest rate shall be the aggregate of the applicable Base Rate and the Applicable Spread.

2.03 **Base Rate**

(a) For Subordinated Term Notes and Junior Subordinated Term Notes, the "Base Rate" shall be an annual rate of interest comprised of the applicable yield for the Benchmark Government of Canada bonds listed at the time and with the same term as that of the Series of Subordinated Notes or Series of Junior Subordinated Notes, as applicable. In the event that there are no such Benchmark Government of Canada bonds listed at the time of issuance, the applicable Base Rate of interest shall be established by interpolating, on a straight line basis, the terms of the two Benchmark Government of Canada bonds that are closest to the term of the applicable Series of Subordinated Term Notes or Series of Junior Subordinated Term Notes, as applicable, one being for a longer term and the other being for a shorter term; and

(b) For Subordinated Warehouse Notes and Junior Subordinated Warehouse Notes, the "Base Rate" shall be an annual interest rate equal to the all-in funding costs under the related Warehouse Obligations, expressed as a rate per annum, as determined by the FSM acting reasonably, or at any time when there are no Warehouse Obligations outstanding the "Base Rate" shall be the average of the posted "prime rate of interest" published by the five largest Canadian banks at such time.

2.04 **Applicable Spread**

(a) Prior to the issuance of any new Subordinated Term Notes or Junior Subordinated Term Notes, the FSM will solicit from at least five investment dealers in Canada, a survey of indicative spreads over the applicable Base Rate (collectively, the "**Indicative Spreads**" and each an "**Indicative Spread**") applicable to capital market debt issuances having features comparable to each of the proposed Series of Subordinated Term Notes and Junior Subordinated Term Notes, having regard to the expected credit rating and tenor. Such solicitation of Indicative Spreads shall occur on the pricing date of the applicable Series of Subordinated Term Notes and Junior Subordinated Term Notes and may, at the FSM's option, also occur on other dates selected by the FSM provided that no such date is more than one week prior to the pricing date. The Applicable Spread for Subordinated Term Notes or Junior Subordinated Term Notes, as applicable, will be the simple average of the respective Indicative Spreads after excluding the highest and the lowest Indicative Spread for each day (not more than one week prior to the pricing date) that Indicative Spreads were provided;

(b) The Applicable Spread for Subordinated Warehouse Notes shall be:

(i) for the initial issuance:10 bps; and

(ii) for all subsequent issuances of Subordinated Warehouse Notes the FSM will solicit from time to time, but no less frequently than on an annual basis, from at least five investment dealers in Canada, a survey of Indicative Spreads over the applicable Base Rate applicable to commercial paper issuances having features comparable to the Subordinated Warehouse Notes including credit rating and tenor. The Applicable Spread for Subordinated Warehouse Notes will be the simple average of the respective Indicative Spreads, after excluding the highest and the lowest Indicative Spread.

(c) The Applicable Spread for Junior Subordinated Warehouse Notes shall be:

(i) for the initial issuance: 10 bps; and

(ii) for all subsequent issuances of Junior Subordinated Warehouse Notes, equal to the Applicable Spread derived from Section 2.04(b) for the Subordinated Warehouse Notes, provided the Junior Subordinated Term Notes are rated Investment Grade. In such subsequent issuances, if the Junior Subordinated Term Notes are rated below Investment Grade, the Applicable Spread for the Junior Subordinated Warehouse Notes will equal to the Applicable Spread for the Subordinated Warehouse Notes plus 100 bps.

For the purposes of this section "Investment Grade" means an "approved rating" from at least one "designated rating organization" (as such terms are defined for securities law purposes).

2.05 **Credit Ratings**

In order to facilitate the survey of Indicative Spreads, the FSM will solicit from time to time, from an approved rating organization (as such term is defined for securities laws purposes), a credit rating, which may include a shadow rating, for the Subordinated Notes and the Junior Subordinated Notes.

2.06 **Reporting**

The FSM will share with the OFA and the Ministry of Energy, within a reasonable time period following receipt, a copy of all Indicative Spreads obtained pursuant to Section 2.04 and all Credit Ratings obtained pursuant to Section 2.05.

2.07 **Governing Law**

This Protocol is governed by and will be construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein. For the purpose of all legal proceedings this Protocol will be deemed to have been performed in the Province of Ontario and the courts of the Province of Ontario will have exclusive jurisdiction to entertain any action arising under this Protocol. The parties hereby attorn to the exclusive jurisdiction of the courts of the Province of Ontario.

2.08 **Counterparts**

This Protocol may be executed in any number of counterparts, each of which will be deemed to be an original and all of which taken together will be deemed to constitute one and the same instrument.

2.09 **Electronic Execution**

Any party may deliver an executed signature page to this Protocol by electronic transmission and such delivery will be as effective as delivery of a manually executed copy of the Protocol by such party.

[REMAINDER OF THE PAGE INTENTIONALLY DELETED]

ONTARIO POWER GENERATION INC.
solely in its capacity as Financial Services Manager of the Fair Hydro Trust

Per: _____

Per: _____

THE ONTARIO FINANCING AUTHORITY

Per: _____
Michael Manning
Executive Director & Chief Investment Officer, Capital Markets

Acknowledged on behalf of the Ministry of Energy by:

MINISTRY OF ENERGY

Per: _____
By:
Title:

[Subordinated Debt Pricing Protocol- Signature Page]

Subordinated Debt Pricing Protocol

ONTARIO POWER GENERATION INC., a corporation incorporated under the laws of Ontario (**"OPG"**), solely in its capacity as financial services manager (the "**FSM**") of the **FAIR HYDRO TRUST** (the "**Issuer**"), a trust existing under the laws of the Province of Ontario and the **ONTARIO FINANCING AUTHORITY**, a crown agency of the Province of Ontario have agreed to enter into this subordinated debt pricing protocol (the "**Protocol**") wherein they have agreed to certain procedures for establishing the interest rate applicable to each Series of Subordinated Notes and Junior Subordinated Notes where such Notes are to be issued only to OPG or its Affiliates.

ARTICLE 1 - INTERPRETATION

1.01 Definitions

In this Protocol, unless something in the subject matter or context is inconsistent therewith terms used herein have the meanings ascribed in the Trust Indenture. In addition, the following terms shall have the following meanings:

(a) "**Applicable Spread**" has the meaning ascribed to such term in section 2.04(c);

(b) "**Base Rate**" has the meaning ascribed to such term in section 2.03(a) or (b), as applicable;

(c) "**Junior Subordinated Term Note**" means a Junior Subordinated Note that is not incurred pursuant to a Warehouse Facility Agreement;

(d) "**Junior Subordinated Warehouse Note**" means a Junior Subordinated Note that is incurred pursuant to a Warehouse Facility Agreement;

(e) "**Subordinated Term Note**" means a Subordinated Note that is not incurred pursuant to a Warehouse Facility Agreement;

(f) "**Subordinated Warehouse Note**" means a Subordinated Note that is incurred pursuant to a Warehouse Facility Agreement;

(g) "**Trust Indenture"** means that certain trust indenture entered into between the Issuer and BNY Trust Company of Canada on December **,** 2017 (as supplemented from time to time).

ARTICLE 2 - INTEREST RATE PROTOCOLS

2.01 Interest Rate Protocols

The interest rate applicable to each Series of Subordinated Notes and Junior Subordinated Notes that are issued only to OPG or its Affiliates shall be established by the FSM in accordance with the procedures set out herein.

2.02 **Composite Interest Rate**

For any Series of Subordinated Notes or Junior Subordinated Notes that are issued only to OPG or its Affiliates, the interest rate shall be the aggregate of the applicable Base Rate and the Applicable Spread.

2.03 **Base Rate**

(a) For Subordinated Term Notes and Junior Subordinated Term Notes, the "Base Rate" shall be an annual rate of interest comprised of the applicable yield for the Benchmark Government of Canada bonds listed at the time and with the same term as that of the Series of Subordinated Notes or Series of Junior Subordinated Notes, as applicable. In the event that there are no such Benchmark Government of Canada bonds listed at the time of issuance, the applicable Base Rate of interest shall be established by interpolating, on a straight line basis, the terms of the two Benchmark Government of Canada bonds that are closest to the term of the applicable Series of Subordinated Term Notes or Series of Junior Subordinated Term Notes, as applicable, one being for a longer term and the other being for a shorter term; and

(b) For Subordinated Warehouse Notes and Junior Subordinated Warehouse Notes, the "Base Rate" shall be an annual interest rate equal to the all-in funding costs under the related Warehouse Obligations, expressed as a rate per annum, as determined by the FSM acting reasonably, or at any time when there are no Warehouse Obligations outstanding the "Base Rate" shall be the average of the posted "prime rate of interest" published by the five largest Canadian banks at such time.

2.04 **Applicable Spread**

(a) Prior to the issuance of any new Subordinated Term Notes or Junior Subordinated Term Notes, the FSM will solicit from at least five investment dealers in Canada, a survey of indicative spreads over the applicable Base Rate (collectively, the "**Indicative Spreads**" and each an "**Indicative Spread**") applicable to capital market debt issuances having features comparable to each of the proposed Series of Subordinated Term Notes and Junior Subordinated Term Notes, having regard to the expected credit rating and tenor. Such solicitation of Indicative Spreads shall occur on the pricing date of the applicable Series of Subordinated Term Notes and Junior Subordinated Term Notes and may, at the FSM's option, also occur on other dates selected by the FSM provided that no such date is more than one week prior to the pricing date. The Applicable Spread for Subordinated Term Notes or Junior Subordinated Term Notes, as applicable, will be the simple average of the respective Indicative Spreads after excluding the highest and the lowest Indicative Spread for each day (not more than one week prior to the pricing date) that Indicative Spreads were provided;

(b) The Applicable Spread for Subordinated Warehouse Notes shall be:

(i) for the initial issuance:10 bps; and

(ii) for all subsequent issuances of Subordinated Warehouse Notes the FSM will solicit from time to time, but no less frequently than on an annual basis, from at least five investment dealers in Canada, a survey of Indicative Spreads over the applicable Base Rate applicable to commercial paper issuances having features comparable to the Subordinated Warehouse Notes including credit rating and tenor. The Applicable Spread for Subordinated Warehouse Notes will be the simple average of the respective Indicative Spreads, after excluding the highest and the lowest Indicative Spread.

(c) The Applicable Spread for Junior Subordinated Warehouse Notes shall be:

(i) for the initial issuance: 10 bps; and

(ii) for all subsequent issuances of Junior Subordinated Warehouse Notes, equal to the Applicable Spread derived from Section 2.04(b) for the Subordinated Warehouse Notes, provided the Junior Subordinated Term Notes are rated Investment Grade. In such subsequent issuances, if the Junior Subordinated Term Notes are rated below Investment Grade, the Applicable Spread for the Junior Subordinated Warehouse Notes will equal to the Applicable Spread for the Subordinated Warehouse Notes plus 100 bps.

For the purposes of this section "Investment Grade" means an "approved rating" from at least one "designated rating organization" (as such terms are defined for securities law purposes).

2.05 **Credit Ratings**

In order to facilitate the survey of Indicative Spreads, the FSM will solicit from time to time, from an approved rating organization (as such term is defined for securities laws purposes), a credit rating, which may include a shadow rating, for the Subordinated Notes and the Junior Subordinated Notes.

2.06 **Reporting**

The FSM will share with the OFA and the Ministry of Energy, within a reasonable time period following receipt, a copy of all Indicative Spreads obtained pursuant to Section 2.04 and all Credit Ratings obtained pursuant to Section 2.05.

2.07 **Governing Law**

This Protocol is governed by and will be construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein. For the purpose of all legal proceedings this Protocol will be deemed to have been performed in the Province of Ontario and the courts of the Province of Ontario will have exclusive jurisdiction to entertain any action arising under this Protocol. The parties hereby attorn to the exclusive jurisdiction of the courts of the Province of Ontario.

2.08 **Counterparts**

This Protocol may be executed in any number of counterparts, each of which will be deemed to be an original and all of which taken together will be deemed to constitute one and the same instrument.

2.09 **Electronic Execution**

Any party may deliver an executed signature page to this Protocol by electronic transmission and such delivery will be as effective as delivery of a manually executed copy of the Protocol by such party.

[REMAINDER OF THE PAGE INTENTIONALLY DELETED]

ONTARIO POWER GENERATION INC.
solely in its capacity as Financial Services Manager of the Fair Hydro Trust

Per: _____

Per: _____

THE ONTARIO FINANCING AUTHORITY

Per: _____
Michael Manning
Executive Director & Chief Investment Officer, Capital Markets

Acknowledged on behalf of the Ministry of Energy by:

MINISTRY OF ENERGY

Per: _____
By:
Title:

From:	Carlos Yep
To:	"MCAULEY Tyler -LAWDIV"; Sawwaf, Khareem (ENERGY)
Cc:	Mike Manning; shruti.talwar@ontario.ca
Subject:	RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt
Date:	Monday, December 18, 2017 11:25:37 AM

Tyler,
In addition to adding a section for the **Ministry of Energy** to sign at the end of the document with the acknowledging receipt language - Can you also amend:
section 2.06 Reporting. "The FSM will share with the OFA **and Ministry of Energy** ....."
Thanks
Carlos

From: MCAULEY Tyler -LAWDIV [mailto:tyler.mcauley@opg.com]
Sent: Friday, December 15, 2017 5:22 PM
To: Sawwaf, Khareem (ENERGY) ; Carlos Yep
Cc: Thouin, Alena (ENERGY) ; WONG Leslie -LAWDIV ; LIU Sheen -TREASURY ; LEE John -TREASURY ; Mike Manning ; RYFA Ken -TREASURY ; shruti.talwar@ontario.ca
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt
Hi Carlos,
Pleasure speaking with you this afternoon. In speaking with John further, I understand the MOE would be willing to sign the document confirming receipt, with the OFA signing the Protocol. Could OFA/MOE kindly confirm that this would be acceptable?
Thanks,
Tyler

Tyler McAuley
Senior Counsel, Law Division
Ontario Power Generation
700 University Avenue, H18 G23
Toronto, ON, M5G 1X6
E: tyler.mcauley@opg.com
P: 416-592-4015

From: MCAULEY Tyler -LAWDIV
Sent: Friday, December 15, 2017 3:30 PM
To: 'Sawwaf, Khareem (ENERGY)' <Khareem.Sawwaf@ontario.ca>; 'Carlos.Yep@ofina.on.ca' <Carlos.Yep@ofina.on.ca>
Cc: Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; LIU Sheen -TREASURY <sheen.liu@opg.com>; LEE John -TREASURY <john.s.lee@opg.com>; 'Mike.Manning@ofina.on.ca' <Mike.Manning@ofina.on.ca>; RYFA Ken -TREASURY <ken.ryfa@opg.com>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt
Khareem/ Carlos,
The approach proposed below is not in line with what was agreed between John Lee and Gadi. It's our expectation that the document will be agreed as between two parties (as opposed to receipt acknowledged). Could you please consult with your team and advise. If it's helpful, we are happy to

coordinate a call to discuss.

Regards,

Tyler McAuley
Senior Counsel, Law Division
Ontario Power Generation
700 University Avenue, H18 G23
Toronto, ON, M5G 1X6
E: tyler.mcauley@opg.com
P: 416-592-4015

From: Sawwaf, Khareem (ENERGY) [mailto:Khareem.Sawwaf@ontario.ca]
Sent: Friday, December 15, 2017 1:54 PM
To: WONG Leslie -LAWDIV <leslie.wong@opg.com>; MCAULEY Tyler -LAWDIV <tyler.mcauley@opg.com>
Cc: Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Hi Les,
Further to our discussion this morning, OFA and the Ministry of Energy agreed that the best way to proceed will be acknowledging the Protocol Agreement in a manner of receipt. The following language will be included under the signature lines:
"On behalf of the OFA ,I acknowledge receipt of this document,
On behalf of the Ministry of Energy, I acknowledge receipt of this document,"
Kind regards,
Khareem Sawwaf

From: Sawwaf, Khareem (ENERGY)
Sent: December-14-17 12:49 PM
To: 'WONG Leslie -LAWDIV'
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Hi Les,
We can call you.
Khareem

From: WONG Leslie -LAWDIV [mailto:leslie.wong@opg.com]
Sent: December-14-17 12:19 PM
To: Sawwaf, Khareem (ENERGY); Thouin, Alena (ENERGY)
Cc: MCAULEY Tyler -LAWDIV; Kulasinghe, Meineka (MEDG/MRIS)
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Thanks. Would you be calling my office, or would like us to call you? Or will we need a call-in number?

From: Sawwaf, Khareem (ENERGY) [mailto:Khareem.Sawwaf@ontario.ca]
Sent: Thursday, December 14, 2017 12:18 PM
To: WONG Leslie -LAWDIV <leslie.wong@opg.com>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>
Cc: MCAULEY Tyler -LAWDIV <tyler.mcauley@opg.com>; Kulasinghe, Meineka (MEDG/MRIS)

<Meineka.Kulasinghe@ontario.ca>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Hi Les,
Thank you for your prompt response.
5pm should be fine.
Khareem

From: WONG Leslie -LAWDIV [mailto:leslie.wong@opg.com]
Sent: December-14-17 12:11 PM
To: Sawwaf, Khareem (ENERGY); Thouin, Alena (ENERGY)
Cc: MCAULEY Tyler -LAWDIV; Kulasinghe, Meineka (MEDG/MRIS)
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Yes, after 5 pm works. Let us know what time (e.g. 5 pm or 5:30).

From: Sawwaf, Khareem (ENERGY) [mailto:Khareem.Sawwaf@ontario.ca]
Sent: Thursday, December 14, 2017 12:10 PM
To: WONG Leslie -LAWDIV <leslie.wong@opg.com>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>
Cc: MCAULEY Tyler -LAWDIV <tyler.mcauley@opg.com>; Kulasinghe, Meineka (MEDG/MRIS) <Meineka.Kulasinghe@ontario.ca>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Hi Les,
Can we schedule something for today after 5pm?
Regards,
Khareem

From: WONG Leslie -LAWDIV [mailto:leslie.wong@opg.com]
Sent: December-14-17 11:59 AM
To: Sawwaf, Khareem (ENERGY); Thouin, Alena (ENERGY)
Cc: MCAULEY Tyler -LAWDIV; Kulasinghe, Meineka (MEDG/MRIS)
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Khareem,
We will need to address any questions today, as we are arranging for signing of the Fair Hydro documents tomorrow. Tyler and I are available today between 12:30 pm and 1 pm and from 4:30 pm onward.
Let us know what works for you.
Regards,
Les

Leslie Wong
Senior Counsel
Ontario Power Generation Inc.
700 University Avenue, H18 G26.1, Toronto, ON M5G 1X6
T: (416) 592-3110 **|** E: leslie.wong@opg.com

From: Sawwaf, Khareem (ENERGY) [mailto:Khareem.Sawwaf@ontario.ca]

Sent: Thursday, December 14, 2017 11:52 AM
To: WONG Leslie -LAWDIV <leslie.wong@opg.com>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>
Cc: MCAULEY Tyler -LAWDIV <tyler.mcauley@opg.com>; Kulasinghe, Meineka (MEDG/MRIS) <Meineka.Kulasinghe@ontario.ca>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Hi Les,
I hope all is well.
Alena and I were hoping to have another discussion with you either today or tomorrow regarding the protocol agreement. If you could let us know your availability, I would appreciate it.
Thanks,
Khareem

From: Sawwaf, Khareem (ENERGY)
Sent: December-06-17 3:48 PM
To: WONG Leslie -LAWDIV; Thouin, Alena (ENERGY)
Cc: MCAULEY Tyler -LAWDIV; Kulasinghe, Meineka (MEDG/MRIS)
Subject: Re: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Hi Les,
Do you mind if we push our meeting to 4:30? I hope that works for you and Tyler.
Look forward to your reply.
Kind regards,
Khareem Sawwaf
Sent from my BlackBerry 10 smartphone on the Rogers network.

From: WONG Leslie -LAWDIV
Sent: Wednesday, December 6, 2017 11:10 AM
To: Sawwaf, Khareem (ENERGY); Thouin, Alena (ENERGY)
Cc: MCAULEY Tyler -LAWDIV; Kulasinghe, Meineka (MEDG/MRIS)
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Hi Khareem,
My colleague, Tyler McAuley, who drafted the agreement, and I are available for a call from 4:00-4:30. Would you like us to call you or Alena, or would you like to call us?
Also, if you had specific comments or questions, would it be possible to let us know in advance, to make the call more efficient? Thanks.

Regards,
Les
Leslie Wong
Senior Counsel
Ontario Power Generation Inc.
700 University Avenue, H18 G26.1, Toronto, ON M5G 1X6
T: (416) 592-3110 | E: leslie.wong@opg.com
-----Original Message-----

From: Sawwaf, Khareem (ENERGY) [mailto:Khareem.Sawwaf@ontario.ca]
Sent: Wednesday, December 06, 2017 11:00 AM
To: WONG Leslie -LAWDIV <leslie.wong@opg.com>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>
Cc: MCAULEY Tyler -LAWDIV <tyler.mcauley@opg.com>; Kulasinghe, Meineka (MEDG/MRIS) <Meineka.Kulasinghe@ontario.ca>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt
Hi Les,
Alena and I were hoping to arrange a call with you later today to discuss the Protocol Agreement. Are you available for a 30 minute call sometime between 4-5, preferably 4:00-4:30?
I look forward to your reply.
Kind regards,
Khareem Sawwaf
-----Original Message-----
From: WONG Leslie -LAWDIV [mailto:leslie.wong@opg.com]
Sent: December-04-17 1:17 PM
To: Thouin, Alena (ENERGY)
Cc: Sawwaf, Khareem (ENERGY); MCAULEY Tyler -LAWDIV
Subject: Re: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt
Alena - I am available at 5:15. My colleague, Tyler McAuley, who worked in the agreement, will also be available for a call then.
Let us know your preference on call logistics (who to call whom, or whether a call-in number would be preferable).
Regards,
Les
Sent from my BlackBerry 10 smartphone on the Bell network.
From: Thouin, Alena (ENERGY)
Sent: Monday, December 4, 2017 12:49 PM
To: WONG Leslie -LAWDIV
Cc: Sawwaf, Khareem (ENERGY)
Subject: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt
*** Exercise caution. This is an EXTERNAL email. DO NOT open attachments or click links from unknown senders or unexpected email. *** _____
Hi Les
Hope you are well
I was hoping we can have a quick call on this (legal only at this point), just had some questions. I am around after 5:15 today?
Thanks
Alena
Alena Thouin
Deputy Director, Legal Services Branch
Ministries of Energy / Infrastructure / Economic Development & Growth / Research, Innovation &

Science / Accessibility
56 Wellesley St. W. 18th Floor, Toronto, ON M7A 2E7
Tel: 416-325-1834 Email: alena.thouin@ontario.ca>
This communication may be Solicitor/Client privileged and contain confidential information intended only for the individual or entity named in the message. If the reader of this message is not the intended recipient, or the agent responsible to deliver it to the intended recipient, you are hereby notified that any review, dissemination, distribution or copying of this communication is prohibited. If this communication was received in error, please notify us by reply e-mail and delete the original message. Thank you.
From: WONG Leslie -LAWDIV [mailto:leslie.wong@opg.com]
Sent: November 30, 2017 12:16 PM
To: Thouin, Alena (ENERGY); Hanslep, Malle (MOF)
Cc: LEE John -TREASURY; LIU Sheen -TREASURY; MCAULEY Tyler -LAWDIV; RYFA Ken -TREASURY; PRESTON Stuart -TREASURY
Subject: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt
Dear Alena and Malle,
Please find attached a draft of the protocol agreement relating to the determination of interest rates on the subordinated and junior subordinated debt to be issued to OPG by the Fair Hydro Trust. Most of this debt will be funded through equity injections by the Province into OPG. OPG's Treasury team has been working with Carlos Yep of the OFA on this agreement. I understand that Alena has previously seen a term sheet setting out the main terms of the agreement.
Let us know if you have any questions or comments on the draft.
Regards,
Les
Leslie Wong
Senior Counsel
Ontario Power Generation Inc.
700 University Avenue, H18 G26.1, Toronto, ON M5G 1X6
T: (416) 592-3110 | E: leslie.wong@opg.com>
THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.
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From:	MCAULEY Tyler -LAWDIV
To:	Sawwaf, Khareem (ENERGY); Carlos Yep
Cc:	Thouin, Alena (ENERGY); WONG Leslie -LAWDIV; LIU Sheen -TREASURY; LEE John -TREASURY; Mike Manning; RYFA Ken -TREASURY; shruti.talwar@ontario.ca
Subject:	RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt
Date:	Friday, December 15, 2017 5:22:24 PM

Hi Carlos,

Pleasure speaking with you this afternoon. In speaking with John further, I understand the MOE would be willing to sign the document confirming receipt, with the OFA signing the Protocol. Could OFA/MOE kindly confirm that this would be acceptable?

Thanks,

Tyler

Tyler McAuley
Senior Counsel, Law Division
Ontario Power Generation
700 University Avenue, H18 G23
Toronto, ON, M5G 1X6
E: tyler.mcauley@opg.com
P: 416-592-4015

From: MCAULEY Tyler -LAWDIV
Sent: Friday, December 15, 2017 3:30 PM
To: 'Sawwaf, Khareem (ENERGY)' ; 'Carlos.Yep@ofina.on.ca'
Cc: Thouin, Alena (ENERGY) ; WONG Leslie -LAWDIV ; LIU Sheen -TREASURY ; LEE John -TREASURY ; 'Mike.Manning@ofina.on.ca' ; RYFA Ken -TREASURY
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Khareem/ Carlos,

The approach proposed below is not in line with what was agreed between John Lee and Gadi. It's our expectation that the document will be agreed as between two parties (as opposed to receipt acknowledged). Could you please consult with your team and advise. If it's helpful, we are happy to coordinate a call to discuss.

Regards,

Tyler McAuley
Senior Counsel, Law Division
Ontario Power Generation
700 University Avenue, H18 G23
Toronto, ON, M5G 1X6
E: tyler.mcauley@opg.com
P: 416-592-4015

From: Sawwaf, Khareem (ENERGY) [mailto:Khareem.Sawwaf@ontario.ca]
Sent: Friday, December 15, 2017 1:54 PM
To: WONG Leslie -LAWDIV <leslie.wong@opg.com>; MCAULEY Tyler -LAWDIV <tyler.mcauley@opg.com>
Cc: Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Hi Les,
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"On behalf of the OFA ,I acknowledge receipt of this document,
On behalf of the Ministry of Energy, I acknowledge receipt of this document,"
Kind regards,
Khareem Sawwaf

From: Sawwaf, Khareem (ENERGY)
Sent: December-14-17 12:49 PM
To: 'WONG Leslie -LAWDIV'
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt
Hi Les,
We can call you.
Khareem

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Cc: MCAULEY Tyler -LAWDIV; Kulasinghe, Meineka (MEDG/MRIS)
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt
Thanks. Would you be calling my office, or would like us to call you? Or will we need a call-in number?

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Sent: Thursday, December 14, 2017 12:18 PM
To: WONG Leslie -LAWDIV <leslie.wong@opg.com>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>
Cc: MCAULEY Tyler -LAWDIV <tyler.mcauley@opg.com>; Kulasinghe, Meineka (MEDG/MRIS) <Meineka.Kulasinghe@ontario.ca>
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Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt
Yes, after 5 pm works. Let us know what time (e.g. 5 pm or 5:30).

From: Sawwaf, Khareem (ENERGY) [mailto:Khareem.Sawwaf@ontario.ca]
Sent: Thursday, December 14, 2017 12:10 PM
To: WONG Leslie -LAWDIV <leslie.wong@opg.com>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>
Cc: MCAULEY Tyler -LAWDIV <tyler.mcauley@opg.com>; Kulasinghe, Meineka (MEDG/MRIS) <Meineka.Kulasinghe@ontario.ca>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Hi Les,

Can we schedule something for today after 5pm?

Regards,

Khareem

From: WONG Leslie -LAWDIV [mailto:leslie.wong@opg.com]
Sent: December-14-17 11:59 AM
To: Sawwaf, Khareem (ENERGY); Thouin, Alena (ENERGY)
Cc: MCAULEY Tyler -LAWDIV; Kulasinghe, Meineka (MEDG/MRIS)
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Khareem,

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Let us know what works for you.

Regards,

Les

Leslie Wong
Senior Counsel
Ontario Power Generation Inc.
700 University Avenue, H18 G26.1, Toronto, ON M5G 1X6
T: (416) 592-3110 **|** E: leslie.wong@opg.com

From: Sawwaf, Khareem (ENERGY) [mailto:Khareem.Sawwaf@ontario.ca]
Sent: Thursday, December 14, 2017 11:52 AM
To: WONG Leslie -LAWDIV <leslie.wong@opg.com>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>
Cc: MCAULEY Tyler -LAWDIV <tyler.mcauley@opg.com>; Kulasinghe, Meineka (MEDG/MRIS) <Meineka.Kulasinghe@ontario.ca>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

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Khareem

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Sent: December-06-17 3:48 PM
To: WONG Leslie -LAWDIV; Thouin, Alena (ENERGY)
Cc: MCAULEY Tyler -LAWDIV; Kulasinghe, Meineka (MEDG/MRIS)
Subject: Re: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Hi Les,

Do you mind if we push our meeting to 4:30? I hope that works for you and Tyler.

Look forward to your reply.

Kind regards,

Khareem Sawwaf

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: WONG Leslie -LAWDIV
Sent: Wednesday, December 6, 2017 11:10 AM
To: Sawwaf, Khareem (ENERGY); Thouin, Alena (ENERGY)
Cc: MCAULEY Tyler -LAWDIV; Kulasinghe, Meineka (MEDG/MRIS)
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Hi Khareem,

My colleague, Tyler McAuley, who drafted the agreement, and I are available for a call from 4:00-4:30. Would you like us to call you or Alena, or would you like to call us?

Also, if you had specific comments or questions, would it be possible to let us know in advance, to make the call more efficient? Thanks.

Regards,

Les

Leslie Wong
Senior Counsel
Ontario Power Generation Inc.
700 University Avenue, H18 G26.1, Toronto, ON M5G 1X6
T: (416) 592-3110 **|** E: leslie.wong@opg.com

-----Original Message-----

From: Sawwaf, Khareem (ENERGY) [mailto:Khareem.Sawwaf@ontario.ca]

Sent: Wednesday, December 06, 2017 11:00 AM

To: WONG Leslie -LAWDIV <leslie.wong@opg.com>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>

Cc: MCAULEY Tyler -LAWDIV <tyler.mcauley@opg.com>; Kulasinghe, Meineka (MEDG/MRIS) <Meineka.Kulasinghe@ontario.ca>

Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Hi Les,

Alena and I were hoping to arrange a call with you later today to discuss the Protocol Agreement.

Are you available for a 30 minute call sometime between 4-5, preferably 4:00-4:30?

I look forward to your reply.

Kind regards,
Khareem Sawwaf
-----Original Message-----
From: WONG Leslie -LAWDIV [mailto:leslie.wong@opg.com]
Sent: December-04-17 1:17 PM
To: Thouin, Alena (ENERGY)
Cc: Sawwaf, Khareem (ENERGY); MCAULEY Tyler -LAWDIV
Subject: Re: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt
Alena - I am available at 5:15. My colleague, Tyler McAuley, who worked in the agreement, will also be available for a call then.
Let us know your preference on call logistics (who to call whom, or whether a call-in number would be preferable).
Regards,
Les
Sent from my BlackBerry 10 smartphone on the Bell network.
From: Thouin, Alena (ENERGY)
Sent: Monday, December 4, 2017 12:49 PM
To: WONG Leslie -LAWDIV
Cc: Sawwaf, Khareem (ENERGY)
Subject: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt
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Hi Les
Hope you are well
I was hoping we can have a quick call on this (legal only at this point), just had some questions. I am around after 5:15 today?
Thanks
Alena
Alena Thouin
Deputy Director, Legal Services Branch
Ministries of Energy / Infrastructure / Economic Development & Growth / Research, Innovation & Science / Accessibility
56 Wellesley St. W. 18th Floor, Toronto, ON M7A 2E7
Tel: 416-325-1834 Email: alena.thouin@ontario.ca>
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From: WONG Leslie -LAWDIV [mailto:leslie.wong@opg.com]
Sent: November 30, 2017 12:16 PM
To: Thouin, Alena (ENERGY); Hanslep, Malle (MOF)

Cc: LEE John -TREASURY; LIU Sheen -TREASURY; MCAULEY Tyler -LAWDIV; RYFA Ken -TREASURY; PRESTON Stuart -TREASURY
Subject: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt
Dear Alena and Malle,
Please find attached a draft of the protocol agreement relating to the determination of interest rates on the subordinated and junior subordinated debt to be issued to OPG by the Fair Hydro Trust. Most of this debt will be funded through equity injections by the Province into OPG. OPG's Treasury team has been working with Carlos Yep of the OFA on this agreement. I understand that Alena has previously seen a term sheet setting out the main terms of the agreement.
Let us know if you have any questions or comments on the draft.
Regards,
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From:	Sarah Neville
To:	Carlos Yep; Mike Manning; Gadi Mayman
Cc:	Anna Strathy; Malle Hanslep (MOF); Tobias P. Whitfield (MOF); Kenneth Russell
Subject:	RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt
Date:	Friday, December 15, 2017 4:20:18 PM

I have asked Ken Russell to advise on this in my absence, so please include him in correspondence going forward.
Thanks and Happy Holidays!

Sarah

From: Carlos Yep
Sent: Friday, December 15, 2017 3:45 PM
To: Mike Manning ; Gadi Mayman
Cc: Anna Strathy ; Sarah Neville ; Malle Hanslep (MOF) ; Tobias P. Whitfield (MOF)
Subject: FW: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Hi Mike
Can we discuss on Monday?
I spoke to MoE earlier today – They did not see why they should be part of the protocol but as a compromise are comfortable to sign the document as part of receipt and acknowledgement. MoE has not had any input in to the operational part of calculating or describing the process to arrive at the spread. They have been concentrating efforts on broader policy issues.
Thanks
Carlos

From: MCAULEY Tyler -LAWDIV [mailto:tyler.mcauley@opg.com]
Sent: Friday, December 15, 2017 3:30 PM
To: Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>
Cc: Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; LIU Sheen -TREASURY <sheen.liu@opg.com>; LEE John -TREASURY <john.s.lee@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; RYFA Ken -TREASURY <ken.ryfa@opg.com>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Khareem/ Carlos,
The approach proposed below is not in line with what was agreed between John Lee and Gadi. It's our expectation that the document will be agreed as between two parties (as opposed to receipt acknowledged). Could you please consult with your team and advise. If it's helpful, we are happy to coordinate a call to discuss.
Regards,

Tyler McAuley
Senior Counsel, Law Division
Ontario Power Generation
700 University Avenue, H18 G23
Toronto, ON, M5G 1X6

E: tyler.mcauley@opg.com
P: 416-592-4015

From: Sawwaf, Khareem (ENERGY) [mailto:Khareem.Sawwaf@ontario.ca]
Sent: Friday, December 15, 2017 1:54 PM
To: WONG Leslie -LAWDIV <leslie.wong@opg.com>; MCAULEY Tyler -LAWDIV <tyler.mcauley@opg.com>
Cc: Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Hi Les,
Further to our discussion this morning, OFA and the Ministry of Energy agreed that the best way to proceed will be acknowledging the Protocol Agreement in a manner of receipt. The following language will be included under the signature lines:
"On behalf of the OFA ,I acknowledge receipt of this document,
On behalf of the Ministry of Energy, I acknowledge receipt of this document,"
Kind regards,
Khareem Sawwaf

From: Sawwaf, Khareem (ENERGY)
Sent: December-14-17 12:49 PM
To: 'WONG Leslie -LAWDIV'
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Hi Les,
We can call you.
Khareem

From: WONG Leslie -LAWDIV [mailto:leslie.wong@opg.com]
Sent: December-14-17 12:19 PM
To: Sawwaf, Khareem (ENERGY); Thouin, Alena (ENERGY)
Cc: MCAULEY Tyler -LAWDIV; Kulasinghe, Meineka (MEDG/MRIS)
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Thanks. Would you be calling my office, or would like us to call you? Or will we need a call-in number?

From: Sawwaf, Khareem (ENERGY) [mailto:Khareem.Sawwaf@ontario.ca]
Sent: Thursday, December 14, 2017 12:18 PM
To: WONG Leslie -LAWDIV <leslie.wong@opg.com>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>
Cc: MCAULEY Tyler -LAWDIV <tyler.mcauley@opg.com>; Kulasinghe, Meineka (MEDG/MRIS) <Meineka.Kulasinghe@ontario.ca>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Hi Les,
Thank you for your prompt response.
5pm should be fine.
Khareem

From: WONG Leslie -LAWDIV [mailto:leslie.wong@opg.com]
Sent: December-14-17 12:11 PM
To: Sawwaf, Khareem (ENERGY); Thouin, Alena (ENERGY)
Cc: MCAULEY Tyler -LAWDIV; Kulasinghe, Meineka (MEDG/MRIS)
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Yes, after 5 pm works. Let us know what time (e.g. 5 pm or 5:30).

From: Sawwaf, Khareem (ENERGY) [mailto:Khareem.Sawwaf@ontario.ca]
Sent: Thursday, December 14, 2017 12:10 PM
To: WONG Leslie -LAWDIV <leslie.wong@opg.com>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>
Cc: MCAULEY Tyler -LAWDIV <tyler.mcauley@opg.com>; Kulasinghe, Meineka (MEDG/MRIS) <Meineka.Kulasinghe@ontario.ca>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Hi Les,
Can we schedule something for today after 5pm?
Regards,
Khareem

From: WONG Leslie -LAWDIV [mailto:leslie.wong@opg.com]
Sent: December-14-17 11:59 AM
To: Sawwaf, Khareem (ENERGY); Thouin, Alena (ENERGY)
Cc: MCAULEY Tyler -LAWDIV; Kulasinghe, Meineka (MEDG/MRIS)
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Khareem,
We will need to address any questions today, as we are arranging for signing of the Fair Hydro documents tomorrow. Tyler and I are available today between 12:30 pm and 1 pm and from 4:30 pm onward.
Let us know what works for you.
Regards,
Les

Leslie Wong
Senior Counsel
Ontario Power Generation Inc.
700 University Avenue, H18 G26.1, Toronto, ON M5G 1X6
T: (416) 592-3110 **|** E: leslie.wong@opg.com

From: Sawwaf, Khareem (ENERGY) [mailto:Khareem.Sawwaf@ontario.ca]
Sent: Thursday, December 14, 2017 11:52 AM
To: WONG Leslie -LAWDIV <leslie.wong@opg.com>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>
Cc: MCAULEY Tyler -LAWDIV <tyler.mcauley@opg.com>; Kulasinghe, Meineka (MEDG/MRIS) <Meineka.Kulasinghe@ontario.ca>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Hi Les,
I hope all is well.
Alena and I were hoping to have another discussion with you either today or tomorrow regarding the protocol agreement. If you could let us know your availability, I would appreciate it.
Thanks,
Khareem

From: Sawwaf, Khareem (ENERGY)
Sent: December-06-17 3:48 PM
To: WONG Leslie -LAWDIV; Thouin, Alena (ENERGY)
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Subject: Re: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Hi Les,

Do you mind if we push our meeting to 4:30? I hope that works for you and Tyler.

Look forward to your reply.

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Sent from my BlackBerry 10 smartphone on the Rogers network.

From: WONG Leslie -LAWDIV
Sent: Wednesday, December 6, 2017 11:10 AM
To: Sawwaf, Khareem (ENERGY); Thouin, Alena (ENERGY)
Cc: MCAULEY Tyler -LAWDIV; Kulasinghe, Meineka (MEDG/MRIS)
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Hi Khareem,

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Also, if you had specific comments or questions, would it be possible to let us know in advance, to make the call more efficient? Thanks.

Regards,
Les
Leslie Wong
Senior Counsel
Ontario Power Generation Inc.
700 University Avenue, H18 G26.1, Toronto, ON M5G 1X6
T: (416) 592-3110 **|** E: leslie.wong@opg.com

-----Original Message-----
From: Sawwaf, Khareem (ENERGY) [mailto:Khareem.Sawwaf@ontario.ca]
Sent: Wednesday, December 06, 2017 11:00 AM
To: WONG Leslie -LAWDIV <leslie.wong@opg.com>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>
Cc: MCAULEY Tyler -LAWDIV <tyler.mcauley@opg.com>; Kulasinghe, Meineka (MEDG/MRIS) <Meineka.Kulasinghe@ontario.ca>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior

Subordinated Debt
Hi Les,
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Are you available for a 30 minute call sometime between 4-5, preferably 4:00-4:30?
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Cc: Sawwaf, Khareem (ENERGY); MCAULEY Tyler -LAWDIV
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Subject: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt
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Thanks
Alena
Alena Thouin
Deputy Director, Legal Services Branch
Ministries of Energy / Infrastructure / Economic Development & Growth / Research, Innovation & Science / Accessibility
56 Wellesley St. W. 18th Floor, Toronto, ON M7A 2E7
Tel: 416-325-1834 Email: alena.thouin@ontario.ca>
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From: WONG Leslie -LAWDIV [mailto:leslie.wong@opg.com]
Sent: November 30, 2017 12:16 PM
To: Thouin, Alena (ENERGY); Hanslep, Malle (MOF)
Cc: LEE John -TREASURY; LIU Sheen -TREASURY; MCAULEY Tyler -LAWDIV; RYFA Ken -TREASURY; PRESTON Stuart -TREASURY
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Let us know if you have any questions or comments on the draft.

Regards,

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To:	Sawwaf, Khareem (ENERGY); Carlos Yep
Cc:	Thouin, Alena (ENERGY); WONG Leslie -LAWDIV; LIU Sheen -TREASURY; LEE John -TREASURY; Mike Manning; RYFA Ken -TREASURY
Subject:	RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt
Date:	Friday, December 15, 2017 3:30:06 PM

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Tyler McAuley
Senior Counsel, Law Division
Ontario Power Generation
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Toronto, ON, M5G 1X6
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Cc: MCAULEY Tyler -LAWDIV; Kulasinghe, Meineka (MEDG/MRIS)
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Yes, after 5 pm works. Let us know what time (e.g. 5 pm or 5:30).

From: Sawwaf, Khareem (ENERGY) [mailto:Khareem.Sawwaf@ontario.ca]
Sent: Thursday, December 14, 2017 12:10 PM
To: WONG Leslie -LAWDIV <leslie.wong@opg.com>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>
Cc: MCAULEY Tyler -LAWDIV <tyler.mcauley@opg.com>; Kulasinghe, Meineka (MEDG/MRIS) <Meineka.Kulasinghe@ontario.ca>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Hi Les,

Can we schedule something for today after 5pm?

Regards,

Khareem

From: WONG Leslie -LAWDIV [mailto:leslie.wong@opg.com]
Sent: December-14-17 11:59 AM
To: Sawwaf, Khareem (ENERGY); Thouin, Alena (ENERGY)
Cc: MCAULEY Tyler -LAWDIV; Kulasinghe, Meineka (MEDG/MRIS)
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Khareem,

We will need to address any questions today, as we are arranging for signing of the Fair Hydro documents tomorrow. Tyler and I are available today between 12:30 pm and 1 pm and from 4:30 pm onward.
Let us know what works for you.
Regards,
Les

Leslie Wong
Senior Counsel
Ontario Power Generation Inc.
700 University Avenue, H18 G26.1, Toronto, ON M5G 1X6
T: (416) 592-3110 **|** E: leslie.wong@opg.com

From: Sawwaf, Khareem (ENERGY) [mailto:Khareem.Sawwaf@ontario.ca]
Sent: Thursday, December 14, 2017 11:52 AM
To: WONG Leslie -LAWDIV <leslie.wong@opg.com>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>
Cc: MCAULEY Tyler -LAWDIV <tyler.mcauley@opg.com>; Kulasinghe, Meineka (MEDG/MRIS) <Meineka.Kulasinghe@ontario.ca>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Hi Les,
I hope all is well.
Alena and I were hoping to have another discussion with you either today or tomorrow regarding the protocol agreement. If you could let us know your availability, I would appreciate it.
Thanks,
Khareem

From: Sawwaf, Khareem (ENERGY)
Sent: December-06-17 3:48 PM
To: WONG Leslie -LAWDIV; Thouin, Alena (ENERGY)
Cc: MCAULEY Tyler -LAWDIV; Kulasinghe, Meineka (MEDG/MRIS)
Subject: Re: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Hi Les,
Do you mind if we push our meeting to 4:30? I hope that works for you and Tyler.
Look forward to your reply.
Kind regards,
Khareem Sawwaf
Sent from my BlackBerry 10 smartphone on the Rogers network.

From: WONG Leslie -LAWDIV
Sent: Wednesday, December 6, 2017 11:10 AM
To: Sawwaf, Khareem (ENERGY); Thouin, Alena (ENERGY)
Cc: MCAULEY Tyler -LAWDIV; Kulasinghe, Meineka (MEDG/MRIS)
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Hi Khareem,

My colleague, Tyler McAuley, who drafted the agreement, and I are available for a call from 4:00-4:30. Would you like us to call you or Alena, or would you like to call us?
Also, if you had specific comments or questions, would it be possible to let us know in advance, to make the call more efficient? Thanks.

Regards,
Les
Leslie Wong
Senior Counsel
Ontario Power Generation Inc.
700 University Avenue, H18 G26.1, Toronto, ON M5G 1X6
T: (416) 592-3110 **|** E: leslie.wong@opg.com
-----Original Message-----
From: Sawwaf, Khareem (ENERGY) [mailto:Khareem.Sawwaf@ontario.ca]
Sent: Wednesday, December 06, 2017 11:00 AM
To: WONG Leslie -LAWDIV <leslie.wong@opg.com>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>
Cc: MCAULEY Tyler -LAWDIV <tyler.mcauley@opg.com>; Kulasinghe, Meineka (MEDG/MRIS) <Meineka.Kulasinghe@ontario.ca>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt
Hi Les,
Alena and I were hoping to arrange a call with you later today to discuss the Protocol Agreement.
Are you available for a 30 minute call sometime between 4-5, preferably 4:00-4:30?
I look forward to your reply.
Kind regards,
Khareem Sawwaf
-----Original Message-----
From: WONG Leslie -LAWDIV [mailto:leslie.wong@opg.com]
Sent: December-04-17 1:17 PM
To: Thouin, Alena (ENERGY)
Cc: Sawwaf, Khareem (ENERGY); MCAULEY Tyler -LAWDIV
Subject: Re: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt
Alena - I am available at 5:15. My colleague, Tyler McAuley, who worked in the agreement, will also be available for a call then.
Let us know your preference on call logistics (who to call whom, or whether a call-in number would be preferable).
Regards,
Les
Sent from my BlackBerry 10 smartphone on the Bell network.
From: Thouin, Alena (ENERGY)
Sent: Monday, December 4, 2017 12:49 PM
To: WONG Leslie -LAWDIV
Cc: Sawwaf, Khareem (ENERGY)

Subject: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt
*** Exercise caution. This is an EXTERNAL email. DO NOT open attachments or click links from unknown senders or unexpected email. *** _____
Hi Les
Hope you are well
I was hoping we can have a quick call on this (legal only at this point), just had some questions. I am around after 5:15 today?
Thanks
Alena
Alena Thouin
Deputy Director, Legal Services Branch
Ministries of Energy / Infrastructure / Economic Development & Growth / Research, Innovation & Science / Accessibility
56 Wellesley St. W. 18th Floor, Toronto, ON M7A 2E7
Tel: 416-325-1834 Email: alena.thouin@ontario.ca>
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From: WONG Leslie -LAWDIV [mailto:leslie.wong@opg.com]
Sent: November 30, 2017 12:16 PM
To: Thouin, Alena (ENERGY); Hanslep, Malle (MOF)
Cc: LEE John -TREASURY; LIU Sheen -TREASURY; MCAULEY Tyler -LAWDIV; RYFA Ken -TREASURY; PRESTON Stuart -TREASURY
Subject: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt
Dear Alena and Malle,
Please find attached a draft of the protocol agreement relating to the determination of interest rates on the subordinated and junior subordinated debt to be issued to OPG by the Fair Hydro Trust. Most of this debt will be funded through equity injections by the Province into OPG. OPG's Treasury team has been working with Carlos Yep of the OFA on this agreement. I understand that Alena has previously seen a term sheet setting out the main terms of the agreement.
Let us know if you have any questions or comments on the draft.
Regards,
Les
Leslie Wong
Senior Counsel
Ontario Power Generation Inc.
700 University Avenue, H18 G26.1, Toronto, ON M5G 1X6
T: (416) 592-3110 | E: leslie.wong@opg.com>
_____
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From:	Sarah Neville
To:	Carlos Yep
Cc:	Malle Hanslep (MOF); Tobias P. Whitfield (MOF); Mike Manning; James Devine; Ken Kandeepan; John Kim; Kenneth Russell
Subject:	RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt
Date:	Tuesday, December 12, 2017 3:38:06 PM

Hi Carlos – I am still confused. For whose benefit is the protocol being entered into? The Province (MOE or MOF) or OFA?
Who has requested it and for what purpose? Is it to provide OFA(?)/MOF(?)/MOE(?) with certainty as to how subordinate and junior debt issued by OPG will be priced? Who initiated the change from the Nov 29 draft (in which MOE was a party) to the Dec 11 draft (which has switched to OFA?). Was this done at the request of the OFA after review, or was it done unilaterally by MOE?
I am advised by Ken that the service MOU he has been involved with deals only with what OFA will do to facilitate the payment by MoE for Class A Shares. The only parties to the MOU are MOE and OFA (OPG is not a party). There was a proposal in the early stages whereby MOE requested that OFA be a party to the subscription agreement but, as with here, we didn't really understand why that would be necessary or appropriate, and would have had the effect of shifting some responsibilities of MOE onto OFA, without clear authorization. As a result, the MOU was pursued as a better option.
I note the OFA isn't providing any service under the Protocol. It's only role is to receive information from OPG. It is not even clear what the OFA is supposed to do with that information. Based on the above, I do not know why the OFA would properly be the counterparty.
I suspect I am missing key pieces of the puzzle. If you would like to discuss further, I will be back in the office tomorrow.
Sarah

From: Carlos Yep
Sent: Tuesday, December 12, 2017 2:32 PM
To: Sarah Neville ; Kenneth Russell
Cc: Malle Hanslep (MOF) ; Tobias P. Whitfield (MOF) ; Mike Manning ; James Devine ; Ken Kandeepan ; John Kim
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt
Hi Sarah,
Background information:
1)OPG Treasury had initially circulated the "Fair Hydro Subordinated Notes Interest Rate Protocol" draft memos dated Nov7 and Nov 21 describing the process that OPG would use to price the Subordinated and Junior-Subordinated debt between OPG and the Trust. Capital Markets has provided feedback to simplify the process and spread calculations used for pricing the sub and junior-sub debt.
2)A new "Subordinated Debt Pricing Protocol Agreement" draft dated Nov29 showing the counterparties as OPG and MoE was received and circulated on Nov30.
3)This morning, we received the "Subordinated Debt Pricing Protocol" draft dated Dec11 showing the counterparties as OPG and OFA.
Let's discuss with Ken, if the MoU can incorporate any help that MoE requires relating to the pricing of the subordinated and junior sub debt pricing protocol.
Regards

Carlos

From: Sarah Neville
Sent: Tuesday, December 12, 2017 12:41 PM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>
Cc: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Hello Carlos – I have never seen this protocol before and don't have any background or context. I have reached out to Ken Russell who has been working on an MOU with MOE regarding the services being provided to MOE in regard to the equity injection process, to see if this has crossed his desk or come up in discussion. I am waiting for his response but this does not seem related to that.

I agree with Malle that MOE should provide information as to the rationale of making the OFA the counterparty.

Based on a cursory review, I note that the language in the document has been changed from "agreement" to "protocol". I didn't identify any positive obligations of the OFA to do anything under the protocol. The only mention of the OFA is with respect to OPG's reporting obligations:

2.06Reporting

The FSM will share with the OFA, within a reasonable time period following receipt, a copy of all Indicative Spreads obtained pursuant to Section 2.04 and all Credit Ratings obtained pursuant to Section 2.05.

I don't see why OFA needs to be the sole counter-party to this protocol for S. 2.06 to be included/effective (reporting to the Province can be agreed to be done through reporting to the Province's agent, the OFA). I would think that the Province would want to be the counterparty to the extent it wants to enforce the protocol directly, rather than doing so through the OFA (to the extent a Protocol is enforceable, I note that there is no clause indicating that OPG is bound by the protocol and there is no clause outlining any remedies for breach, or process for dispute resolution. I also note that the time periods in 2.05 and 2.06 are vague – "from time to time" and "within a reasonable time" respectively, not sure if this is appropriate for the Provnce's/OFA's needs).

I have no comments on the clauses dealing with interest rate setting and spreads as these are technical. I am assuming that Capital Markets is reviewing and commenting on the appropriateness of these clauses.

Absent more context, background, understanding of the purpose of this protocol, I don't think I can add anything further at this point. Please let me know if you would like to discuss or if you have any questions.

Thanks very much,
Sarah

From: Carlos Yep
Sent: Tuesday, December 12, 2017 9:50 AM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: FW: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Sarah

FYI – here are the 2 documents

C

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: Tuesday, December 12, 2017 9:46 AM

To: Carlos Yep <Carlos.Yep@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>

Cc: Sarah Neville <Sarah.Neville@ofina.on.ca>

Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

We can discuss this but unfortunately will be caught up on a protection agreement call for awhile. Would you please ask them why they think the OFA should be included and what the OFA's obligations should be. I'm copying Sarah Neville here as well as she should review where OFA is to be a party.

From: Carlos Yep [mailto:Carlos.Yep@ofina.on.ca]
Sent: December 12, 2017 9:34 AM
To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Subject: FW: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Hi Malle,

I just received the latest draft of the pricing protocol document and notice that OPG has inserted the OFA as the counterparty.

Can we discuss?

Thanks

Carlos

From: LIU Sheen -TREASURY [mailto:sheen.liu@opg.com]

Sent: Tuesday, December 12, 2017 9:27 AM

To: Carlos Yep <Carlos.Yep@ofina.on.ca>

Cc: LEE John -TREASURY <john.s.lee@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; RYFA Ken -TREASURY <ken.ryfa@opg.com>

Subject: FW: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Carlos,

Please find attached a clean and incremental blackline of the revised Subordinated Debt Pricing Protocol. This reflects comments received from the MOE late last week. We have revised the document to appear less formal (changed from Protocol Agreement to Protocol) and also changed the counterparty to be the OFA. We have also added an obligation for the FSM to share the inputs (ie Indicative Spreads, and Credit Ratings) with the OFA, within a reasonable time period.

Please let us know if you have any additional comments or concerns.

Thanks

Sheen

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From:	Carlos Yep
To:	Sarah Neville; Kenneth Russell
Cc:	Malle Hanslep (MOF); Tobias P. Whitfield (MOF); Mike Manning; James Devine; Ken Kandeepan; John Kim
Subject:	RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt
Date:	Tuesday, December 12, 2017 2:31:35 PM

Hi Sarah,
Background information:
1)OPG Treasury had initially circulated the "Fair Hydro Subordinated Notes Interest Rate Protocol" draft memos dated Nov7 and Nov 21 describing the process that OPG would use to price the Subordinated and Junior-Subordinated debt between OPG and the Trust. Capital Markets has provided feedback to simplify the process and spread calculations used for pricing the sub and junior-sub debt.
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3)This morning, we received the "Subordinated Debt Pricing Protocol" draft dated Dec11 showing the counterparties as OPG and OFA.
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Regards
Carlos

From: Sarah Neville
Sent: Tuesday, December 12, 2017 12:41 PM
To: Carlos Yep
Cc: Malle Hanslep (MOF) ; Tobias P. Whitfield (MOF)
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt
Hello Carlos – I have never seen this protocol before and don't have any background or context. I have reached out to Ken Russell who has been working on an MOU with MOE regarding the services being provided to MOE in regard to the equity injection process, to see if this has crossed his desk or come up in discussion. I am waiting for his response but this does not seem related to that.
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a Protocol is enforceable, I note that there is no clause indicating that OPG is bound by the protocol and there is no clause outlining any remedies for breach, or process for dispute resolution. I also note that the time periods in 2.05 and 2.06 are vague – "from time to time" and "within a reasonable time" respectively, not sure if this is appropriate for the Provnce's/OFA's needs).
I have no comments on the clauses dealing with interest rate setting and spreads as these are technical. I am assuming that Capital Markets is reviewing and commenting on the appropriateness of these clauses.
Absent more context, background, understanding of the purpose of this protocol, I don't think I can add anything further at this point. Please let me know if you would like to discuss or if you have any questions.
Thanks very much,
Sarah

From: Carlos Yep
Sent: Tuesday, December 12, 2017 9:50 AM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: FW: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt
Sarah
FYI – here are the 2 documents
C

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Tuesday, December 12, 2017 9:46 AM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Cc: Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt
We can discuss this but unfortunately will be caught up on a protection agreement call for awhile. Would you please ask them why they think the OFA should be included and what the OFA's obligations should be. I'm copying Sarah Neville here as well as she should review where OFA is to be a party.

From: Carlos Yep [mailto:Carlos.Yep@ofina.on.ca]
Sent: December 12, 2017 9:34 AM
To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Subject: FW: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt
Hi Malle,
I just received the latest draft of the pricing protocol document and notice that OPG has inserted the OFA as the counterparty.
Can we discuss?
Thanks
Carlos

From: LIU Sheen -TREASURY [mailto:sheen.liu@opg.com]
Sent: Tuesday, December 12, 2017 9:27 AM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; RYFA Ken -TREASURY <ken.ryfa@opg.com>

Subject: FW: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Carlos,

Please find attached a clean and incremental blackline of the revised Subordinated Debt Pricing Protocol. This reflects comments received from the MOE late last week. We have revised the document to appear less formal (changed from Protocol Agreement to Protocol) and also changed the counterparty to be the OFA. We have also added an obligation for the FSM to share the inputs (ie Indicative Spreads, and Credit Ratings) with the OFA, within a reasonable time period.

Please let us know if you have any additional comments or concerns.

Thanks

Sheen

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From:	LIU Sheen -TREASURY
To:	Carlos Yep
Cc:	MCAULEY Tyler -LAWDIV; PRESTON Stuart -TREASURY; LEE John -TREASURY; Mike Manning; Ken Kandeepan
Subject:	RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt
Date:	Wednesday, November 29, 2017 6:07:33 PM
Attachments:	Interest Protocol Agreement (OPG 11-29).doc

Carlos,
Attached for your review please find the draft "Sub Debt Pricing Protocol Agreement", based on the term sheet you've commented on. Please let us know if you have any comments.
Thanks
Sheen

From: Carlos Yep [mailto:Carlos.Yep@ofina.on.ca]
Sent: Monday, November 27, 2017 3:10 PM
To: LIU Sheen -TREASURY
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt
Sheen
The only change that I have is in section
Applicable Spread: "Applicable Spread" means the addition spread in basis points …
Regards
Carlos

From: LIU Sheen -TREASURY [mailto:sheen.liu@opg.com]
Sent: Wednesday, November 22, 2017 4:39 PM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt
For term debt, the process will be similar to our corporate debt spread, i.e. dealers provide indicative spread on a weekly basis (I believe OFA is copied on those emails as well), even though OPG does not issue debt on a weekly basis. This will provide us with a good sense of market conditions, etc.
For senior debt issuance, you are correct, probably quarterly, depending on the accumulated amount of deferral assets.
Sheen

From: Carlos Yep [mailto:Carlos.Yep@ofina.on.ca]
Sent: Wednesday, November 22, 2017 4:31 PM
To: LIU Sheen -TREASURY <sheen.liu@opg.com>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt
Sheen
For the term debt, do you still need spreads "no less frequently than weekly"?
What is the projected frequency of issuing senior debt – quarterly?
C

From: LIU Sheen -TREASURY [mailto:sheen.liu@opg.com]
Sent: Wednesday, November 22, 2017 4:27 PM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt
Ok please give me a call if you'd like to discuss

From: Carlos Yep [mailto:Carlos.Yep@ofina.on.ca]
Sent: Wednesday, November 22, 2017 3:41 PM
To: LIU Sheen -TREASURY <sheen.liu@opg.com>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior

Subordinated Debt
Sheen
I have not discussed with Mike or Jim yet
C

From: LIU Sheen -TREASURY [mailto:sheen.liu@opg.com]
Sent: Wednesday, November 22, 2017 3:30 PM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt
Carlos – I left a v-message with you as I've realized that you might find the warehouse pricing different as discussed previously. The reason is that based on the Warehouse Facility Agreement re the senior tranche we are working on with dealers, the way it is to be charged includes various fees, such as upfront fees, standby fees, program fees (CP + adder), etc. The facility is committed by dealers and the Global Adjustments deferral assets will be part of banks' ABCP Trust assets pool, through which CP will be issued.
Please give me a call if you'd like to go through the details and rationale.
Sheen
4165922458

From: LIU Sheen -TREASURY
Sent: Wednesday, November 22, 2017 9:56 AM
To: 'Carlos Yep' <Carlos.Yep@ofina.on.ca>
Cc: MCAULEY Tyler -LAWDIV <tyler.mcauley@opg.com>; PRESTON Stuart -TREASURY <stuart.preston@opg.com>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; LEE John -TREASURY <john.s.lee@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt
Carlos,
Attached please find the revised summary term sheet re Protocol Agreement which incorporated your suggestions/comments. Please review and let us know if you have further comments.
Thanks
Sheen

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Sent: Thursday, November 16, 2017 12:49 PM
To: LIU Sheen -TREASURY <sheen.liu@opg.com>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt
Sheen
Thanks
Carlos

From: LIU Sheen -TREASURY [mailto:sheen.liu@opg.com]
Sent: Thursday, November 16, 2017 11:31 AM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; PRESTON Stuart -TREASURY <stuart.preston@opg.com>; LEE John -TREASURY <john.s.lee@opg.com>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt
Hi Carlos,
To expedite the process, we agree with your suggestion re short term funding, as per our last conversation , i.e. one single spread will be used for both sub and junior sub debt unless junior sub drops to non-investment grade, in which case additional 100bps will be added to junior sub for pricing purpose.

For long term funding, we are in agreement with your approach suggested below.
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Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>
Subject: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt
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Hi Sheen
There are 2 main simplifying comments that start by eliminating the need for the full pricing grid solely based on credit rating from BBB to AAA.
1)For the short term funding, it would be more efficient to use one single spread rather than multiple spreads for subordinated and junior subordinated.
2)For long term funding, there are no comparable issuers of subordinated & junior subordinated debt issues. Dealers can provide estimates for the subordinated and junior subordinated spreads for each tenor based on the specific characteristics of the Financing Trust.
Please call if you have any questions or would like to discuss further.
Regards
Carlos

From: LIU Sheen -TREASURY [mailto:sheen.liu@opg.com]
Sent: Tuesday, November 07, 2017 1:23 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: PRESTON Stuart -TREASURY <stuart.preston@opg.com>; MCAULEY Tyler -LAWDIV <tyler.mcauley@opg.com>
Subject: Fair Hydro Plan Protocol Agreement
Ken,
As you're aware we are currently working on drafting the Protocol Agreement re Sub Debt under the Fair Hydro Plan. Attached for you review please find the key terms re the Agreement, including procedure for advance, as well as price setting, etc. Please let us know if you have any comments/thoughts.
Please be advised that FHP financing will include both a short term warehouse facility (ABCP conduit) and term debt.
Thanks
Sheen

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Subordinated Debt Pricing Protocol Agreement

THIS AGREEMENT is made as of •, 2017

BETWEEN

ONTARIO POWER GENERATION INC., a corporation incorporated under the laws of Ontario ("**OPG**"), solely in its capacity as financial services manager (the "**FSM**") of the Fair Hydro Trust (the "**Issuer**"), a trust existing under the laws of the Province of Ontario

- and -

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, (the "**Province**") as represented by the Minister of Energy

WHEREAS the Issuer and BNY Trust Company of Canada entered into that certain trust indenture (as supplemented from time to time, the "**Trust Indenture**") dated ■, 2017;

AND WHEREAS pursuant to the Trust Indenture the Issuer may issue, from time to time, certain Subordinated Notes and Junior Subordinated Notes;

AND WHEREAS the FSM and the Province have agreed to establish herein the procedures for establishing the interest rate applicable to each Series of Subordinated Notes and Junior Subordinated Notes where such Notes are to be issued only to OPG or its Affiliates;

NOW THEREFORE, in consideration of the premises and the covenants and agreements herein contained, the parties agree as follows:

ARTICLE 1 - INTERPRETATION

1.01 Definitions

In this Agreement, unless something in the subject matter or context is inconsistent therewith terms used herein have the meanings ascribed in the Trust Indenture. In addition, the following terms shall have the following meanings:

(a) "**Applicable Spread**" has the meaning ascribed to such term in section 2.04(c);

(b) "**Base Rate**" has the meaning ascribed to such term in section 2.03(a) or (b), as applicable;

(c) "**Junior Subordinated Term Note**" means a Junior Subordinated Note that is not incurred pursuant to a Warehouse Facility Agreement;

(d) "**Junior Subordinated Warehouse Note**" means a Junior Subordinated Note that is incurred pursuant to a Warehouse Facility Agreement;

(e) "**Subordinated Term Note**" means a Subordinated Note that is not incurred pursuant to a Warehouse Facility Agreement; and

(f) "**Subordinated Warehouse Note**" means a Subordinated Note that is incurred pursuant to a Warehouse Facility Agreement.

1.02 **Headings**

The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and do not affect the construction or interpretation of this Agreement. The terms "hereof", "hereunder" and similar expressions refer to this Agreement and not to any particular Article, Section or other portion hereof.

ARTICLE 2 - INTEREST RATE PROTOCOLS

2.01 **Interest Rate Protocols**

The interest rate applicable to each Series of Subordinated Notes and Junior Subordinated Notes that are issued only to OPG or its Affiliates shall be established by the FSM in accordance with the procedures set out herein.

2.02 **Composite Interest Rate**

For any Series of Subordinated Notes or Junior Subordinated Notes that are issued only to OPG or its Affiliates, the interest rate shall be the aggregate of the applicable Base Rate and the Applicable Spread.

2.03 **Base Rate**

(a) For Subordinated Term Notes and Junior Subordinated Term Notes, the "Base Rate" shall be an annual rate of interest comprised of the applicable yield for the Benchmark Government of Canada bonds listed at the time and with the same term as that of the Series of Subordinated Notes or Series of Junior Subordinated Notes, as applicable. In the event that there are no such Benchmark Government of Canada bonds listed at the time of issuance, the applicable Base Rate of interest shall be established by interpolating on a straight line basis the terms of the two Benchmark Government of Canada bonds that are closest to the term of the applicable Series of Subordinated Term Notes or Series of Junior Subordinated Term Notes, as applicable, one being for a longer term and the other being for a shorter term; and

(b) For Subordinated Warehouse Notes and Junior Subordinated Warehouse Notes, the "Base Rate" shall be an annual interest rate equal to the all-in funding costs under the related Warehouse Obligations, expressed as a rate per annum, as

determined by the FSM acting reasonably, or at any time when there are no Warehouse Obligations outstanding the "Base Rate" shall be the average of the posted "prime rate of interest" published by the five largest Canadian banks at such time.

2.04 **Applicable Spread**

(a) Prior to the issuance of any new Subordinated Term Notes or Junior Subordinated Term Notes, the FSM will solicit from at least five investment dealers in Canada, a survey of indicative spreads over the applicable Base Rate (collectively, the "**Indicative Spreads**" and each an "**Indicative Spread**") applicable to capital market debt issuances having features comparable to each of the proposed Series of Subordinated Term Notes and Junior Subordinated Term Notes, having regard to the expected credit rating and tenor. Such solicitation of Indicative Spreads shall occur on the pricing date of the applicable Series of Subordinated Term Notes and Junior Subordinated Term Notes and may, at the FSM's option, also occur on other dates selected by the FSM provided that no such date is more than **one week** prior to the pricing date. The Applicable Spread for Subordinated Term Notes or Junior Subordinated Term Notes, as applicable, will be the simple average of the respective Indicative Spreads after excluding the highest and the lowest Indicative Spread for each day (not more than one week prior to the pricing date) that Indicative Spreads were provided;

(b) For Subordinated Warehouse Notes the FSM will solicit from time to time, but no less frequently than on an annual basis, from at least five investment dealers in Canada, a survey of Indicative Spreads over the applicable Base Rate applicable to commercial paper issuances having features comparable to the Subordinated Warehouse Notes including credit rating and tenor. The Applicable Spread for Subordinated Warehouse Notes will be the simple average of the respective Indicative Spreads, after excluding the highest and the lowest Indicative Spread;

(c) The Applicable Spread for Junior Subordinated Warehouse Notes shall be equal to the Applicable Spread derived from Section 2.04(b) for the Subordinated Warehouse Notes, provided the Junior Subordinated Term Notes are rated Investment Grade. If the Junior Subordinated Term Notes are rated below Investment Grade, the Applicable Spread for the Junior Subordinated Warehouse Notes will equal to the Applicable Spread for the Subordinated Warehouse Notes plus 100 bps.

For the purposes of this section "Investment Grade" means an "approved rating" from at least one "designated rating organization" (as such terms are defined for securities law purposes).

2.05 **Credit Ratings**

In order to facilitate the survey of Indicative Spreads, the FSM will solicit from time to time, from an approved rating organization (as such term is defined for securities laws

purposes), a credit rating, which may include a shadow rating, for the Subordinated Notes and the Junior Subordinated Notes.

ARTICLE 3 - GENERAL

3.01 Benefit of the Agreement

This Agreement will enure to the benefit of and be binding upon the respective successors and permitted assigns of the parties.

3.02 Entire Agreement

This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and cancel and supersede any prior understandings and agreements between the parties with respect thereto. There are no representations, warranties, terms, conditions, undertakings or collateral agreements, express, implied or statutory, between the parties other than as expressly set forth in this Agreement.

3.03 Assignment, Amendments and Waivers

No assignment or amendment to this Agreement will be valid or binding unless set forth in writing and duly executed by all of the parties. No waiver of any breach of any provision of this Agreement will be effective or binding unless made in writing and signed by the party purporting to give the same and, unless otherwise provided in the written waiver, will be limited to the specific breach waived.

3.04 Severability

If any provision of this Agreement is determined to be invalid or unenforceable in whole or in part, such invalidity or unenforceability will attach only to such provision or part thereof and the remaining part of such provision and all other provisions hereof will continue in full force and effect.

3.05 Governing Law

This Agreement is governed by and will be construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein. For the purpose of all legal proceedings this Agreement will be deemed to have been performed in the Province of Ontario and the courts of the Province of Ontario will have exclusive jurisdiction to entertain any action arising under this Agreement. The parties hereby attorn to the exclusive jurisdiction of the courts of the Province of Ontario.

3.06 Counterparts

This Agreement may be executed in any number of counterparts, each of which will be deemed to be an original and all of which taken together will be deemed to constitute one and the same instrument.

3.07 **Electronic Execution**

Any party may deliver an executed signature page to this Agreement by electronic transmission and such delivery will be as effective as delivery of a manually executed copy of the Agreement by such party.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF the parties have executed this Agreement.

ONTARIO POWER GENERATION INC.
solely in its capacity as Financial Services Manager of the Fair Hydro Trust

Per: _____
Ken Hartwick
Chief Financial Officer and Senior Vice President

Per: _____
John Lee
Vice President- Treasurer

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, as represented by the Minister of Energy

Per: _____
[Name]
[Position]

From:	LIU Sheen -TREASURY
To:	Carlos Yep
Cc:	MCAULEY Tyler -LAWDIV; PRESTON Stuart -TREASURY; Ken Kandeepan; LEE John -TREASURY; Mike Manning
Subject:	RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt
Date:	Wednesday, November 22, 2017 9:56:03 AM
Attachments:	Fair Hydro- Subordinated Notes- Interest Rate Protocol (Draft 11-21c).doc

---

Carlos,
Attached please find the revised summary term sheet re Protocol Agreement which incorporated your suggestions/comments. Please review and let us know if you have further comments.
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Cc: PRESTON Stuart -TREASURY <stuart.preston@opg.com>; MCAULEY Tyler -LAWDIV <tyler.mcauley@opg.com>
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ONTARIO POWER GENERATION

PROTOCOL DOCUMENT- SUBORDINATED AND JUNIOR SUBORDINATED NOTES

Interpretation	Unless inconsistent with the express terms or provisions hereof, terms used herein have the meanings ascribed in the Trust Indenture (the "**Trust Indenture**") dated as of ●, 2017 between the Fair Hydro Trust, a trust existing under the laws of the Province of Ontario (the "**Issuer**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada (the "**Indenture Trustee**").
Financial Services Manager	The interest rate applicable to each Series of Subordinated Notes and/or Junior Subordinated Notes, shall be established by Ontario Power Generation Inc., acting as financial services manager of the Issuer (the "**FSM**"), in accordance with procedures set out herein.
Interest Rate:	For any Series of Subordinated Notes or Junior Subordinated Notes, the interest rate shall be the aggregate of the applicable Base Rate and the Applicable Spread.
Base Rate:	"Base Rate" means: (a) for Term Notes: an annual rate of interest comprised of the applicable yield for the Benchmark Government of Canada bonds listed at the time and with the same term of such Series of Subordinated Notes or Junior Subordinated Notes, as applicable. In the event that there are no Benchmark Government of Canada bonds listed at the time of issuance with the same term, the rate shall be established by interpolating the terms of the two Benchmark Government of Canada bonds that are closest to the term of the Series of Subordinated Notes or Junior Subordinated Notes, as applicable, one being for a longer term and the other being for a shorter term; and (b) for Warehouse Notes: an annual interest rate equal to the [**all-in annual funding costs under the Warehouse Facility related to the senior tranche, expressed in basis points].**
Applicable Spread:	"Applicable Spread" means the additional interest in basis points over the Base Rate applicable to a particular Series of Subordinated Notes or Junior Subordinated Notes as determined by the FSM applying the procedures set out below: (a) for Subordinated Term Notes and Junior Subordinated Term Notes: the FSM will solicit from time to time, but no less frequently than on a weekly basis, from at least five commercial banks in Canada, a survey of indicative spreads (collectively, the **"Indicative Spreads"** and each an "**Indicative Spread**") applicable to capital market debt issuances having features comparable to each of the Subordinated Term Notes and the Junior Subordinated Terms Notes,

	including credit rating and tenor. The Applicable Spread for Subordinated Term Notes or Junior Subordinated Term Notes, as applicable, will be the simple average of the respective Indicative Spreads after excluding the highest and the lowest Indicative Spread; (b) for Subordinated Warehouse Notes: the FSM will solicit from time to time, but no less frequently than on an annual basis, from at least five commercial banks in Canada, a survey of Indicative Rates applicable to commercial paper issuances having features comparable to the Subordinated Warehouse Notes including credit rating and tenor. The Applicable Spread for Subordinated Warehouse Notes will be the simple average of the respective Indicative Spreads, after excluding the highest and the lowest Indicative Spread; (c) for Junior Subordinated Warehouse Notes: while the Junior Subordinated Term Notes are rated Investment Grade, the Applicable Spread for the Junior Subordinated Warehouse Notes shall be equal to the Applicable Spread derived above for the Subordinated Warehouse Notes. If the Junior Subordinated Term Notes are rated below Investment Grade, the Applicable Spread for the Junior Subordinated Warehouse Notes will equal to the Applicable Spread for the Subordinated Warehouse Notes plus 100 bps. For the purposes of this section "Investment Grade" means a credit rating from DBRS above or equal to "BBB low", or from Moody's above or equal to "Baa3".
Credit Rating	In order to facilitate the survey of Indicative Interest Rates, the FSM will solicit from time to time from DBRS and/or Moody's a credit rating, which may include a shadow rating for the Subordinated Notes and the Junior Subordinated Notes.

From:	MCAULEY Tyler -LAWDIV
To:	Sawwaf, Khareem (ENERGY); Carlos Yep
Cc:	Thouin, Alena (ENERGY); WONG Leslie -LAWDIV; LIU Sheen -TREASURY; LEE John -TREASURY; Mike Manning; RYFA Ken -TREASURY; shruti.talwar@ontario.ca
Subject:	RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt
Date:	Monday, December 18, 2017 5:28:25 PM
Attachments:	Interest Protocol Agreement (OPG 12-18- Incremental Blackline).doc

Blackline attached.

Regards,

Tyler

Tyler McAuley
Senior Counsel, Law Division
Ontario Power Generation
700 University Avenue, H18 G23
Toronto, ON, M5G 1X6
E: tyler.mcauley@opg.com
P: 416-592-4015

From: MCAULEY Tyler -LAWDIV
Sent: Monday, December 18, 2017 5:27 PM
To: 'Sawwaf, Khareem (ENERGY)' ; 'Carlos.Yep@ofina.on.ca'
Cc: 'Thouin, Alena (ENERGY)' ; WONG Leslie -LAWDIV ; LIU Sheen -TREASURY ; LEE John -TREASURY ; 'Mike.Manning@ofina.on.ca' ; RYFA Ken -TREASURY ; 'shruti.talwar@ontario.ca'
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

All,

Further to our earlier discussions, please find attached an execution copy of the Subordinated Debt Pricing Protocol as well as an incremental blackline that references the draft previously circulated. Subject to any additional comments or questions, could each of OFA and MOE coordinate execution and return a scan of your completed signature page. Upon receipt, we will circulate a fully executed copy of the document.

Regards,

Tyler

Tyler McAuley
Senior Counsel, Law Division
Ontario Power Generation
700 University Avenue, H18 G23
Toronto, ON, M5G 1X6
E: tyler.mcauley@opg.com
P: 416-592-4015

From: MCAULEY Tyler -LAWDIV
Sent: Friday, December 15, 2017 5:22 PM
To: 'Sawwaf, Khareem (ENERGY)' <Khareem.Sawwaf@ontario.ca>; 'Carlos.Yep@ofina.on.ca' <Carlos.Yep@ofina.on.ca>
Cc: 'Thouin, Alena (ENERGY)' <Alena.Thouin@ontario.ca>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; LIU Sheen -TREASURY <sheen.liu@opg.com>; LEE John -TREASURY <john.s.lee@opg.com>; 'Mike.Manning@ofina.on.ca' <Mike.Manning@ofina.on.ca>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; 'shruti.talwar@ontario.ca' <shruti.talwar@ontario.ca>

Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Hi Carlos,

Pleasure speaking with you this afternoon. In speaking with John further, I understand the MOE would be willing to sign the document confirming receipt, with the OFA signing the Protocol. Could OFA/MOE kindly confirm that this would be acceptable?

Thanks,

Tyler

Tyler McAuley
Senior Counsel, Law Division
Ontario Power Generation
700 University Avenue, H18 G23
Toronto, ON, M5G 1X6
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From: MCAULEY Tyler -LAWDIV
Sent: Friday, December 15, 2017 3:30 PM
To: 'Sawwaf, Khareem (ENERGY)' <Khareem.Sawwaf@ontario.ca>; 'Carlos.Yep@ofina.on.ca' <Carlos.Yep@ofina.on.ca>
Cc: Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; LIU Sheen -TREASURY <sheen.liu@opg.com>; LEE John -TREASURY <john.s.lee@opg.com>; 'Mike.Manning@ofina.on.ca' <Mike.Manning@ofina.on.ca>; RYFA Ken -TREASURY <ken.ryfa@opg.com>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Khareem/ Carlos,

The approach proposed below is not in line with what was agreed between John Lee and Gadi. It's our expectation that the document will be agreed as between two parties (as opposed to receipt acknowledged). Could you please consult with your team and advise. If it's helpful, we are happy to coordinate a call to discuss.

Regards,

Tyler McAuley
Senior Counsel, Law Division
Ontario Power Generation
700 University Avenue, H18 G23
Toronto, ON, M5G 1X6
E: tyler.mcauley@opg.com
P: 416-592-4015

From: Sawwaf, Khareem (ENERGY) [mailto:Khareem.Sawwaf@ontario.ca]
Sent: Friday, December 15, 2017 1:54 PM
To: WONG Leslie -LAWDIV <leslie.wong@opg.com>; MCAULEY Tyler -LAWDIV <tyler.mcauley@opg.com>
Cc: Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Hi Les,

Further to our discussion this morning, OFA and the Ministry of Energy agreed that the best way to proceed will be acknowledging the Protocol Agreement in a manner of receipt. The following language will be included under the signature lines:
"On behalf of the OFA ,I acknowledge receipt of this document,
On behalf of the Ministry of Energy, I acknowledge receipt of this document,"
Kind regards,
Khareem Sawwaf

From: Sawwaf, Khareem (ENERGY)
Sent: December-14-17 12:49 PM
To: 'WONG Leslie -LAWDIV'
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Hi Les,
We can call you.
Khareem

From: WONG Leslie -LAWDIV [mailto:leslie.wong@opg.com]
Sent: December-14-17 12:19 PM
To: Sawwaf, Khareem (ENERGY); Thouin, Alena (ENERGY)
Cc: MCAULEY Tyler -LAWDIV; Kulasinghe, Meineka (MEDG/MRIS)
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Thanks. Would you be calling my office, or would like us to call you? Or will we need a call-in number?

From: Sawwaf, Khareem (ENERGY) [mailto:Khareem.Sawwaf@ontario.ca]
Sent: Thursday, December 14, 2017 12:18 PM
To: WONG Leslie -LAWDIV <leslie.wong@opg.com>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>
Cc: MCAULEY Tyler -LAWDIV <tyler.mcauley@opg.com>; Kulasinghe, Meineka (MEDG/MRIS) <Meineka.Kulasinghe@ontario.ca>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Hi Les,
Thank you for your prompt response.
5pm should be fine.
Khareem

From: WONG Leslie -LAWDIV [mailto:leslie.wong@opg.com]
Sent: December-14-17 12:11 PM
To: Sawwaf, Khareem (ENERGY); Thouin, Alena (ENERGY)
Cc: MCAULEY Tyler -LAWDIV; Kulasinghe, Meineka (MEDG/MRIS)
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Yes, after 5 pm works. Let us know what time (e.g. 5 pm or 5:30).

From: Sawwaf, Khareem (ENERGY) [mailto:Khareem.Sawwaf@ontario.ca]

Sent: Thursday, December 14, 2017 12:10 PM
To: WONG Leslie -LAWDIV <leslie.wong@opg.com>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>
Cc: MCAULEY Tyler -LAWDIV <tyler.mcauley@opg.com>; Kulasinghe, Meineka (MEDG/MRIS) <Meineka.Kulasinghe@ontario.ca>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Hi Les,

Can we schedule something for today after 5pm?

Regards,

Khareem

From: WONG Leslie -LAWDIV [mailto:leslie.wong@opg.com]
Sent: December-14-17 11:59 AM
To: Sawwaf, Khareem (ENERGY); Thouin, Alena (ENERGY)
Cc: MCAULEY Tyler -LAWDIV; Kulasinghe, Meineka (MEDG/MRIS)
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Khareem,

We will need to address any questions today, as we are arranging for signing of the Fair Hydro documents tomorrow. Tyler and I are available today between 12:30 pm and 1 pm and from 4:30 pm onward.

Let us know what works for you.

Regards,

Les

Leslie Wong
Senior Counsel
Ontario Power Generation Inc.
700 University Avenue, H18 G26.1, Toronto, ON M5G 1X6
T: (416) 592-3110 **|** E: leslie.wong@opg.com

From: Sawwaf, Khareem (ENERGY) [mailto:Khareem.Sawwaf@ontario.ca]
Sent: Thursday, December 14, 2017 11:52 AM
To: WONG Leslie -LAWDIV <leslie.wong@opg.com>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>
Cc: MCAULEY Tyler -LAWDIV <tyler.mcauley@opg.com>; Kulasinghe, Meineka (MEDG/MRIS) <Meineka.Kulasinghe@ontario.ca>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Hi Les,

I hope all is well.

Alena and I were hoping to have another discussion with you either today or tomorrow regarding the protocol agreement. If you could let us know your availability, I would appreciate it.

Thanks,

Khareem

From: Sawwaf, Khareem (ENERGY)
Sent: December-06-17 3:48 PM
To: WONG Leslie -LAWDIV; Thouin, Alena (ENERGY)
Cc: MCAULEY Tyler -LAWDIV; Kulasinghe, Meineka (MEDG/MRIS)
Subject: Re: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Hi Les,

Do you mind if we push our meeting to 4:30? I hope that works for you and Tyler.

Look forward to your reply.

Kind regards,

Khareem Sawwaf

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: WONG Leslie -LAWDIV
Sent: Wednesday, December 6, 2017 11:10 AM
To: Sawwaf, Khareem (ENERGY); Thouin, Alena (ENERGY)
Cc: MCAULEY Tyler -LAWDIV; Kulasinghe, Meineka (MEDG/MRIS)
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Hi Khareem,

My colleague, Tyler McAuley, who drafted the agreement, and I are available for a call from 4:00-4:30. Would you like us to call you or Alena, or would you like to call us?

Also, if you had specific comments or questions, would it be possible to let us know in advance, to make the call more efficient? Thanks.

Regards,

Les

Leslie Wong
Senior Counsel
Ontario Power Generation Inc.
700 University Avenue, H18 G26.1, Toronto, ON M5G 1X6
T: (416) 592-3110 **|** E: leslie.wong@opg.com

-----Original Message-----
From: Sawwaf, Khareem (ENERGY) [mailto:Khareem.Sawwaf@ontario.ca]
Sent: Wednesday, December 06, 2017 11:00 AM
To: WONG Leslie -LAWDIV <leslie.wong@opg.com>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>
Cc: MCAULEY Tyler -LAWDIV <tyler.mcauley@opg.com>; Kulasinghe, Meineka (MEDG/MRIS) <Meineka.Kulasinghe@ontario.ca>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Hi Les,

Alena and I were hoping to arrange a call with you later today to discuss the Protocol Agreement.

Are you available for a 30 minute call sometime between 4-5, preferably 4:00-4:30?

I look forward to your reply.

Kind regards,

Khareem Sawwaf

-----Original Message-----
From: WONG Leslie -LAWDIV [mailto:leslie.wong@opg.com]
Sent: December-04-17 1:17 PM
To: Thouin, Alena (ENERGY)
Cc: Sawwaf, Khareem (ENERGY); MCAULEY Tyler -LAWDIV
Subject: Re: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt
Alena - I am available at 5:15. My colleague, Tyler McAuley, who worked in the agreement, will also be available for a call then.
Let us know your preference on call logistics (who to call whom, or whether a call-in number would be preferable).
Regards,
Les
Sent from my BlackBerry 10 smartphone on the Bell network.
From: Thouin, Alena (ENERGY)
Sent: Monday, December 4, 2017 12:49 PM
To: WONG Leslie -LAWDIV
Cc: Sawwaf, Khareem (ENERGY)
Subject: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt
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Hi Les
Hope you are well
I was hoping we can have a quick call on this (legal only at this point), just had some questions. I am around after 5:15 today?
Thanks
Alena
Alena Thouin
Deputy Director, Legal Services Branch
Ministries of Energy / Infrastructure / Economic Development & Growth / Research, Innovation & Science / Accessibility
56 Wellesley St. W. 18th Floor, Toronto, ON M7A 2E7
Tel: 416-325-1834 Email: alena.thouin@ontario.ca>
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From: WONG Leslie -LAWDIV [mailto:leslie.wong@opg.com]
Sent: November 30, 2017 12:16 PM
To: Thouin, Alena (ENERGY); Hanslep, Malle (MOF)
Cc: LEE John -TREASURY; LIU Sheen -TREASURY; MCAULEY Tyler -LAWDIV; RYFA Ken -TREASURY; PRESTON Stuart -TREASURY

Subject: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Dear Alena and Malle,

Please find attached a draft of the protocol agreement relating to the determination of interest rates on the subordinated and junior subordinated debt to be issued to OPG by the Fair Hydro Trust. Most of this debt will be funded through equity injections by the Province into OPG. OPG's Treasury team has been working with Carlos Yep of the OFA on this agreement. I understand that Alena has previously seen a term sheet setting out the main terms of the agreement.

Let us know if you have any questions or comments on the draft.

Regards,

Les

Leslie Wong
Senior Counsel
Ontario Power Generation Inc.
700 University Avenue, H18 G26.1, Toronto, ON M5G 1X6
T: (416) 592-3110 | E: leslie.wong@opg.com>

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~~Draft: December 14, 2017~~

Subordinated Debt Pricing Protocol

ONTARIO POWER GENERATION INC., a corporation incorporated under the laws of Ontario (**"OPG"**), solely in its capacity as financial services manager (the "**FSM**") of the ~~Fair Hydro Trust~~**FAIR HYDRO TRUST** (the "**Issuer**"), a trust existing under the laws of the Province of Ontario and the **ONTARIO FINANCING AUTHORITY**, ~~[~~a crown agency of the Province of Ontario~~]~~ have agreed to enter into this subordinated debt pricing protocol (the "**Protocol**") wherein they have agreed to certain procedures for establishing the interest rate applicable to each Series of Subordinated Notes and Junior Subordinated Notes where such Notes are to be issued only to OPG or its Affiliates.

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ARTICLE 1 - INTERPRETATION

1.01 **Definitions**

In this Protocol, unless something in the subject matter or context is inconsistent therewith terms used herein have the meanings ascribed in the Trust Indenture. In addition, the following terms shall have the following meanings:

(a) "**Applicable Spread**" has the meaning ascribed to such term in section 2.04(c);

(b) "**Base Rate**" has the meaning ascribed to such term in section 2.03(a) or (b), as applicable;

(c) "**Junior Subordinated Term Note**" means a Junior Subordinated Note that is not incurred pursuant to a Warehouse Facility Agreement;

(d) "**Junior Subordinated Warehouse Note**" means a Junior Subordinated Note that is incurred pursuant to a Warehouse Facility Agreement;

(e) "**Subordinated Term Note**" means a Subordinated Note that is not incurred pursuant to a Warehouse Facility Agreement;

(f) "**Subordinated Warehouse Note**" means a Subordinated Note that is incurred pursuant to a Warehouse Facility Agreement;

(g) "**Trust Indenture"** means that certain trust indenture entered into between the Issuer and BNY Trust Company of Canada on ~~[~~December , 2017 (as supplemented from time to time).

ARTICLE 2 - INTEREST RATE PROTOCOLS

2.01 **Interest Rate Protocols**

The interest rate applicable to each Series of Subordinated Notes and Junior Subordinated Notes that are issued only to OPG or its Affiliates shall be established by the FSM in accordance with the procedures set out herein.

2.02 **Composite Interest Rate**

For any Series of Subordinated Notes or Junior Subordinated Notes that are issued only to OPG or its Affiliates, the interest rate shall be the aggregate of the applicable Base Rate and the Applicable Spread.

2.03 **Base Rate**

(a) For Subordinated Term Notes and Junior Subordinated Term Notes, the "Base Rate" shall be an annual rate of interest comprised of the applicable yield for the Benchmark Government of Canada bonds listed at the time and with the same term as that of the Series of Subordinated Notes or Series of Junior Subordinated Notes, as applicable. In the event that there are no such Benchmark Government of Canada bonds listed at the time of issuance, the applicable Base Rate of interest shall be established by interpolating, on a straight line basis, the terms of the two Benchmark Government of Canada bonds that are closest to the term of the applicable Series of Subordinated Term Notes or Series of Junior Subordinated Term Notes, as applicable, one being for a longer term and the other being for a shorter term; and

(b) For Subordinated Warehouse Notes and Junior Subordinated Warehouse Notes, the "Base Rate" shall be an annual interest rate equal to the all-in funding costs under the related Warehouse Obligations, expressed as a rate per annum, as determined by the FSM acting reasonably, or at any time when there are no Warehouse Obligations outstanding the "Base Rate" shall be the average of the posted "prime rate of interest" published by the five largest Canadian banks at such time.

2.04 **Applicable Spread**

(a) Prior to the issuance of any new Subordinated Term Notes or Junior Subordinated Term Notes, the FSM will solicit from at least five investment dealers in Canada, a survey of indicative spreads over the applicable Base Rate (collectively, the "**Indicative Spreads**" and each an "**Indicative Spread**") applicable to capital market debt issuances having features comparable to each of the proposed Series of Subordinated Term Notes and Junior Subordinated Term Notes, having regard to the expected credit rating and tenor. Such solicitation of Indicative Spreads shall occur on the pricing date of the applicable Series of Subordinated Term Notes and Junior Subordinated Term Notes and may, at the FSM's option, also occur on other dates selected by the FSM provided that no such date is more than one week prior to the pricing date. The Applicable Spread for Subordinated Term Notes or Junior Subordinated Term Notes, as applicable, will be the simple average of the respective Indicative Spreads after excluding the highest and the lowest Indicative Spread for each day (not more than one week prior to the pricing date) that Indicative Spreads were provided;

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(b) The Applicable Spread for Subordinated Warehouse Notes shall be:

(i) for the initial issuance:10 bps; and

(ii) for all subsequent issuances of Subordinated Warehouse Notes the FSM will solicit from time to time, but no less frequently than on an annual basis, from at least five investment dealers in Canada, a survey of Indicative Spreads over the applicable Base Rate applicable to commercial paper issuances having features comparable to the Subordinated Warehouse Notes including credit rating and tenor. The Applicable Spread for Subordinated Warehouse Notes will be the simple average of the respective Indicative Spreads, after excluding the highest and the lowest Indicative Spread~~;~~.

(c) The Applicable Spread for Junior Subordinated Warehouse Notes shall be:

(i) for the initial issuance: 10 bps; and

(ii) for all subsequent issuances of Junior Subordinated Warehouse Notes, equal to the Applicable Spread derived from Section 2.04(b) for the Subordinated Warehouse Notes, provided the Junior Subordinated Term Notes are rated Investment Grade. In such subsequent issuances, if the Junior Subordinated Term Notes are rated below Investment Grade, the Applicable Spread for the Junior Subordinated Warehouse Notes will equal to the Applicable Spread for the Subordinated Warehouse Notes plus 100 bps.

For the purposes of this section "Investment Grade" means an "approved rating" from at least one "designated rating organization" (as such terms are defined for securities law purposes).

2.05 **Credit Ratings**

In order to facilitate the survey of Indicative Spreads, the FSM will solicit from time to time, from an approved rating organization (as such term is defined for securities laws purposes), a credit rating, which may include a shadow rating, for the Subordinated Notes and the Junior Subordinated Notes.

2.06 **Reporting**

The FSM will share with the OFA and the Ministry of Energy, within a reasonable time period following receipt, a copy of all Indicative Spreads obtained pursuant to Section 2.04 and all Credit Ratings obtained pursuant to Section 2.05.

2.07 **Governing Law**

This Protocol is governed by and will be construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein. For the purpose of all legal proceedings this Protocol will be deemed to have been performed in the Province of Ontario and the courts of the Province of Ontario will have exclusive jurisdiction to entertain any action arising under this Protocol. The parties hereby attorn to the exclusive jurisdiction of the courts of the Province of Ontario.

2.08 **Counterparts**

This Protocol may be executed in any number of counterparts, each of which will be deemed to be an original and all of which taken together will be deemed to constitute one and the same instrument.

2.09 **Electronic Execution**

Any party may deliver an executed signature page to this Protocol by electronic transmission and such delivery will be as effective as delivery of a manually executed copy of the Protocol by such party.

ONTARIO POWER GENERATION INC.
solely in its capacity as Financial Services Manager of the Fair Hydro Trust

Per: _____
~~Ken Hartwick~~
~~Chief Financial Officer and Senior Vice President~~

Per: _____
~~John Lee~~
~~Vice President - Treasurer~~

THE ONTARIO FINANCING AUTHORITY

Per: _____
Michael Manning
Executive Director & Chief Investment Officer, Capital Markets

Acknowledged on behalf of the Ministry of Energy by:

MINISTRY OF ENERGY

Per: _____
By:
Title:

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From:	RYFA Ken -TREASURY
To:	Talwar, Shruti (ENERGY); Mike Manning; Ken Kandeepan
Cc:	LEE John -TREASURY; GRECO Clara -LAWDIV; LADAK Lubna -TREASURY; GO Matthew -TREASURY; LIU Sheen -TREASURY; WONG Leslie -LAWDIV; Thouin, Alena (ENERGY); Sawwaf, Khareem (ENERGY); Sud, Manu (ENERGY); Graham Young (MOI)
Subject:	RE: EXTERNAL – RE: Preliminary notice of first asset purchase and debt issuance under Fair Hydro Program
Date:	Thursday, November 30, 2017 3:30:15 PM

Shruti,
That is a good idea. I understand that the documentation item was discussed at this morning's meeting. Let me know what is a good time to have a call. From our side the call would involve Lubna, Clara, Matt and me.
Potential times:
Friday – 9:30 to 11;
Monday – 9:30 to 11; 3:00 to 3:30; after 4
Tuesday – all morning is open
Confirming that equity injection would continue to be 44% of the Investment asset purchased from the IESO.
Thanks,
Ken

From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
Sent: Wednesday, November 29, 2017 11:34 AM
To: RYFA Ken -TREASURY ; Manning, Mike (OFA) ; Kandeepan, Ken (OFA)
Cc: LEE John -TREASURY ; GRECO Clara -LAWDIV ; LADAK Lubna -TREASURY ; GO Matthew -TREASURY ; LIU Sheen -TREASURY ; WONG Leslie -LAWDIV ; Thouin, Alena (ENERGY) ; Sawwaf, Khareem (ENERGY) ; Sud, Manu (ENERGY) ; Young, Graham (ENERGY)
Subject: RE: EXTERNAL – RE: Preliminary notice of first asset purchase and debt issuance under Fair Hydro Program
Hi Ken,
Thanks for the update. With respect to the signed transfer notice, after you have had internal discussions, it would be useful to schedule a call, including with our respective legal folks, to discuss potential solutions.
Also, please confirm that the amount you will be seeking from the equity injection would not change under the revised scenario – my understanding is that it would still be 44 per cent of the IESO's regulatory asset balance.
Shruti

From: RYFA Ken -TREASURY [mailto:ken.ryfa@opg.com]
Sent: November 29, 2017 8:43 AM
To: Talwar, Shruti (ENERGY); Manning, Mike (OFA); Kandeepan, Ken (OFA)
Cc: LEE John -TREASURY; GRECO Clara -LAWDIV; LADAK Lubna -TREASURY; GO Matthew -TREASURY; LIU Sheen -TREASURY; WONG Leslie -LAWDIV; Thouin, Alena (ENERGY); Sawwaf, Khareem (ENERGY); Sud, Manu (ENERGY); Young, Graham (ENERGY)
Subject: RE: EXTERNAL – RE: Preliminary notice of first asset purchase and debt issuance under Fair Hydro Program
Shruti,
Thanks for the clarification. We appreciate everyone's effort help this first transaction go smoothly. As you can expect a number of elements continue to move and evolve. We have a couple changes / challenges:

- We are not able to go to the term debt market in December so the funding for the first asset purchase will come from the warehouse for the initial senior debt.
- Another challenge for the first transaction – the agreements supporting the first transfer were not intended to be signed until the transaction close. This presents a challenge to get a signed transfer notice under the MTSA. We will need to see how this could be addressed since the

transaction agreements are an integral part of the structure. We will keep you posted.

Thanks,
Ken

From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
Sent: Tuesday, November 28, 2017 10:10 AM
To: RYFA Ken -TREASURY <ken.ryfa@opg.com>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; GRECO Clara -LAWDIV <clara.greco@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; GO Matthew -TREASURY <matthew.go@opg.com>; LIU Sheen -TREASURY <sheen.liu@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Young, Graham (ENERGY) <Graham.Young@ontario.ca>
Subject: EXTERNAL – RE: Preliminary notice of first asset purchase and debt issuance under Fair Hydro Program
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Ken R.,
Thanks for your email, and the chat last Friday morning to clarify the proposed process for the first transaction. As you know it is important to Ministry to ensure that we follow the proper process at all times, particularly for the first transaction. Here is the proposed process as I understand it from our chat.

1) IESO asset to be transferred is the balance as of November 30. I understand the projected balance is ~$1.2B of which 44 per cent which will covered by the request for the equity injection.
2) On Dec 7 or 8, IESO will get confirmation of the November 30 balance and relay to OPG
3) On Dec 7 or 8, OPG to send Ministry of Energy an unofficial, unsigned Transfer Notice indicating the balance, and the amount requested for equity injection along with the Share Subscription form. This notice will be missing the closing date but all other information will be complete and accurate.
4) Ministry of Energy to commence reviewing the request on the assumption that a formal signed Transfer notice will be provided between Dec 12 –15.
5) Ministry of Energy to make formal request to the OFA under an MOU, once the formal signed Transfer Notice is received by the Ministry from OPG. Only once the formal signed Transfer Notice is received by the Ministry of Energy from OPG, will the 5 day period starts, but we will endeavour to expedite, although only 2 of the 5 days are under our control.
6) OFA staff to process the payment within three business days as per the terms of the MOU and wire funds to the appropriate account as per the MOU

From a Ministry of Energy perspective, we are ok with the above approach for this transaction. Our main concern, legal and policy, is ensuring that we have the formal signed Transfer Notice in hand before making any request to the OFA.
I understand that the closing date of the equity injection is the same as the closing date for the external financing which makes it challenging to provide the formal Transfer Notice within the 5 days. Going forward, you mentioned the warehousing facility may help with this timing issue.
Mike M and Ken K may have additional comments from an OFA perspective.
Shruti

Shruti Talwar
Director, Strategic Policy and Analytics Branch
Strategic, Network and Agency Policy Division
Ontario Ministry of Energy
416.325-8698
shruti.talwar@ontario.ca

From: RYFA Ken -TREASURY [mailto:ken.ryfa@opg.com]
Sent: November 23, 2017 1:26 PM
To: Talwar, Shruti (ENERGY); Manning, Mike (OFA); Kandeepan, Ken (OFA)
Cc: LEE John -TREASURY; GRECO Clara -LAWDIV; LADAK Lubna -TREASURY; GO Matthew -TREASURY; LIU Sheen -TREASURY; WONG Leslie -LAWDIV
Subject: Preliminary notice of first asset purchase and debt issuance under Fair Hydro Program

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Closing date would correspond to the date for OPG to issue Class A shares to the Province in exchange for the corresponding funding from the Province.

Thanks,

Ken R

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From:	Talwar, Shruti (ENERGY)
To:	RYFA Ken -TREASURY; Mike Manning; Ken Kandeepan
Cc:	LEE John -TREASURY; GRECO Clara -LAWDIV; LADAK Lubna -TREASURY; GO Matthew -TREASURY; LIU Sheen -TREASURY; WONG Leslie -LAWDIV; Thouin, Alena (ENERGY); Sawwaf, Khareem (ENERGY); Sud, Manu (ENERGY); Graham Young (MOI)
Subject:	RE: EXTERNAL – RE: Preliminary notice of first asset purchase and debt issuance under Fair Hydro Program
Date:	Wednesday, November 29, 2017 11:34:20 AM

Hi Ken,
Thanks for the update. With respect to the signed transfer notice, after you have had internal discussions, it would be useful to schedule a call, including with our respective legal folks, to discuss potential solutions.
Also, please confirm that the amount you will be seeking from the equity injection would not change under the revised scenario – my understanding is that it would still be 44 per cent of the IESO's regulatory asset balance.
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From: RYFA Ken -TREASURY [mailto:ken.ryfa@opg.com]
Sent: November 29, 2017 8:43 AM
To: Talwar, Shruti (ENERGY); Manning, Mike (OFA); Kandeepan, Ken (OFA)
Cc: LEE John -TREASURY; GRECO Clara -LAWDIV; LADAK Lubna -TREASURY; GO Matthew -TREASURY; LIU Sheen -TREASURY; WONG Leslie -LAWDIV; Thouin, Alena (ENERGY); Sawwaf, Khareem (ENERGY); Sud, Manu (ENERGY); Young, Graham (ENERGY)
Subject: RE: EXTERNAL – RE: Preliminary notice of first asset purchase and debt issuance under Fair Hydro Program
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Ken

From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
Sent: Tuesday, November 28, 2017 10:10 AM
To: RYFA Ken -TREASURY <ken.ryfa@opg.com>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; GRECO Clara -LAWDIV <clara.greco@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; GO Matthew -TREASURY <matthew.go@opg.com>; LIU Sheen -TREASURY <sheen.liu@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Young, Graham (ENERGY) <Graham.Young@ontario.ca>
Subject: EXTERNAL – RE: Preliminary notice of first asset purchase and debt issuance under Fair Hydro Program
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Thanks,
Ken R

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To:	Talwar, Shruti (ENERGY); Mike Manning; Ken Kandeepan
Cc:	LEE John -TREASURY; GRECO Clara -LAWDIV; LADAK Lubna -TREASURY; GO Matthew -TREASURY; LIU Sheen -TREASURY; WONG Leslie -LAWDIV; Thouin, Alena (ENERGY); Sawwaf, Khareem (ENERGY); Sud, Manu (ENERGY); Graham Young (MOI)
Subject:	RE: EXTERNAL – RE: Preliminary notice of first asset purchase and debt issuance under Fair Hydro Program
Date:	Wednesday, November 29, 2017 8:42:39 AM

Shruti,
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Thanks,
Ken

From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
Sent: Tuesday, November 28, 2017 10:10 AM
To: RYFA Ken -TREASURY ; Manning, Mike (OFA) ; Kandeepan, Ken (OFA)
Cc: LEE John -TREASURY ; GRECO Clara -LAWDIV ; LADAK Lubna -TREASURY ; GO Matthew -TREASURY ; LIU Sheen -TREASURY ; WONG Leslie -LAWDIV ; Thouin, Alena (ENERGY) ; Sawwaf, Khareem (ENERGY) ; Sud, Manu (ENERGY) ; Young, Graham (ENERGY)
Subject: EXTERNAL – RE: Preliminary notice of first asset purchase and debt issuance under Fair Hydro Program
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Sent: November 23, 2017 1:26 PM
To: Talwar, Shruti (ENERGY); Manning, Mike (OFA); Kandeepan, Ken (OFA)
Cc: LEE John -TREASURY; GRECO Clara -LAWDIV; LADAK Lubna -TREASURY; GO Matthew -TREASURY; LIU Sheen -TREASURY; WONG Leslie -LAWDIV
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Ken R

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From:	Ken Kandeepan
To:	"RYFA Ken -TREASURY"; Talwar, Shruti (ENERGY)
Cc:	LEE John -TREASURY; GRECO Clara -LAWDIV; LADAK Lubna -TREASURY; GO Matthew -TREASURY; LIU Sheen -TREASURY; WONG Leslie -LAWDIV; Thouin, Alena (ENERGY); Sawwaf, Khareem (ENERGY); Sud, Manu (ENERGY); Graham Young (MOI); Mike Manning; John Psinas
Subject:	RE: EXTERNAL – RE: Preliminary notice of first asset purchase and debt issuance under Fair Hydro Program
Date:	Thursday, November 30, 2017 3:33:56 PM

I am not available tomorrow, can you pls include John Psinas who is cc'ed in your meeting invite.
Thanks
Ken k

From: RYFA Ken -TREASURY [mailto:ken.ryfa@opg.com]
Sent: Thursday, November 30, 2017 3:30 PM
To: Talwar, Shruti (ENERGY) ; Mike Manning ; Ken Kandeepan
Cc: LEE John -TREASURY ; GRECO Clara -LAWDIV ; LADAK Lubna -TREASURY ; GO Matthew -TREASURY ; LIU Sheen -TREASURY ; WONG Leslie -LAWDIV ; Thouin, Alena (ENERGY) ; Sawwaf, Khareem (ENERGY) ; Sud, Manu (ENERGY) ; Graham Young (MOI)
Subject: RE: EXTERNAL – RE: Preliminary notice of first asset purchase and debt issuance under Fair Hydro Program
Shruti,
That is a good idea. I understand that the documentation item was discussed at this morning's meeting. Let me know what is a good time to have a call. From our side the call would involve Lubna, Clara, Matt and me.
Potential times:
Friday – 9:30 to 11;
Monday – 9:30 to 11; 3:00 to 3:30; after 4
Tuesday – all morning is open
Confirming that equity injection would continue to be 44% of the Investment asset purchased from the IESO.
Thanks,
Ken

From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
Sent: Wednesday, November 29, 2017 11:34 AM
To: RYFA Ken -TREASURY <ken.ryfa@opg.com>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; GRECO Clara -LAWDIV <clara.greco@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; GO Matthew -TREASURY <matthew.go@opg.com>; LIU Sheen -TREASURY <sheen.liu@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Young, Graham (ENERGY) <Graham.Young@ontario.ca>
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Closing of debt issuance – Dec 19 to 22 (standard for securitization is T+5)

Closing date would correspond to the date for OPG to issue Class A shares to the Province in exchange for the corresponding funding from the Province.

Thanks,
Ken R

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From: Ken Kandeepan
To: Mike Manning
Subject: RE: EXTERNAL – Refinancing
Date: Tuesday, December 19, 2017 9:09:47 AM

Agreed

Thanks

Ken k

-----Original Message-----
From: Mike Manning
Sent: Tuesday, December 19, 2017 9:08 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Subject: RE: EXTERNAL – Refinancing

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Mike

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To: Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: EXTERNAL – Refinancing

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Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
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Please call if a discussion would be useful.

Regards, Steve

Stephen R. Ashbourne

Partner

stephen.ashbourne@blakes.com

Dir: 416-863-3086

Blake, Cassels & Graydon LLP

199 Bay Street, Suite 4000, Toronto ON M5L 1A9

Tel: 416-863-2400 Fax: 416-863-2653

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-----Original Message-----

From: Mike Manning [mailto:Mike.Manning@ofina.on.ca]

Sent: Monday, December 18, 2017 9:18 PM

To: Tobias P. Whitfield (MOF); Malle Hanslep (MOF); ASHBOURNE, STEPHEN

Cc: Anna Strathy; Ken Kandeepan

Subject: Fwd: EXTERNAL – Refinancing

Maybe we can quickly discuss this tomorrow.

Mike

Begin forwarded message:

From: LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>

Date: December 18, 2017 at 5:47:29 PM EST

To: 'Mike Manning' <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>

Subject: FW: EXTERNAL – Refinancing

Mike:

I believe Michael has properly expressed on where we had landed on this point. See the technical explanation below.

John

From: Feldman, Michael [mailto:mfeldman@torys.com]

Sent: Monday, December 18, 2017 5:26 PM

To: LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>

Cc: Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com>>; Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>

Subject: RE: EXTERNAL – Refinancing

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Michael K. Feldman

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From: LEE John -TREASURY [mailto:john.s.lee@opg.com]

Sent: December-18-17 4:54 PM

To: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>

Cc: Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com>>

Subject: FW: EXTERNAL – Refinancing

Is Mike interpretation correction?

From: Mike Manning [mailto:Mike.Manning@ofina.on.ca]

Sent: Monday, December 18, 2017 4:00 PM

To: LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>

Subject: EXTERNAL – Refinancing

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I've been told section 13.08, Trust Indenture has a prohibition on incurring debt other than pursuant to the warehouse, where a refinancing would be needed to repay principal. At last week's meeting we noted this prohibition would be lifted upon satisfaction of a Rating Agency Condition which would let OPG issue shorter term debt as long as the ratings agencies were satisfied the prospects for refinancing were sufficient. Please let me know if this is your understanding as well.

Thanks, Mike

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From: Mike Manning
To: Ken Kandeepan
Subject: RE: EXTERNAL – Refinancing
Date: Tuesday, December 19, 2017 9:07:52 AM

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Mike

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From: Ken Kandeepan
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Subject: RE: EXTERNAL – Refinancing

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Partner

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From: LEE John -TREASURY [mailto:john.s.lee@opg.com]

Sent: December-18-17 4:54 PM

To: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>

Cc: Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com>>

Subject: FW: EXTERNAL – Refinancing

Is Mike interpretation correction?

From: Mike Manning [mailto:Mike.Manning@ofina.on.ca]

Sent: Monday, December 18, 2017 4:00 PM

To: LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>

Subject: EXTERNAL – Refinancing

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Thanks, Mike

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From: Ken Kandeepan
To: Mike Manning
Subject: RE: EXTERNAL – Refinancing
Date: Tuesday, December 19, 2017 8:25:04 AM

Mike

Maybe I am misunderstanding Stephen's email but it suggests that OPG can in fact issue shorter term debt with the consent of the Province, although binding the Province to undetermined terms. I for one am not too fussed about the undetermined terms since I don't believe that OPG will do anything silly.

So the flexibility does exist.

Thanks

Ken k

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From: Mike Manning
Sent: Tuesday, December 19, 2017 8:18 AM
To: 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Subject: RE: EXTERNAL – Refinancing

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Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Subject: RE: EXTERNAL – Refinancing

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Please call if a discussion would be useful.

Regards, Steve

Stephen R. Ashbourne

Partner

stephen.ashbourne@blakes.com

Dir: 416-863-3086

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199 Bay Street, Suite 4000, Toronto ON M5L 1A9

Tel: 416-863-2400 Fax: 416-863-2653

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From: Mike Manning [mailto:Mike.Manning@ofina.on.ca]

Sent: Monday, December 18, 2017 9:18 PM

To: Tobias P. Whitfield (MOF); Malle Hanslep (MOF); ASHBOURNE, STEPHEN

Cc: Anna Strathy; Ken Kandeepan

Subject: Fwd: EXTERNAL – Refinancing

Maybe we can quickly discuss this tomorrow.

Mike

Begin forwarded message:

From: LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>

Date: December 18, 2017 at 5:47:29 PM EST

To: 'Mike Manning' <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>

Subject: FW: EXTERNAL – Refinancing

Mike:

I believe Michael has properly expressed on where we had landed on this point. See the technical explanation below.

John

From: Feldman, Michael [mailto:mfeldman@torys.com]

Sent: Monday, December 18, 2017 5:26 PM

To: LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>

Cc: Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com>>; Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>

Subject: RE: EXTERNAL – Refinancing

Mike's understanding is not where we ended up that evening. We ended up this point on the basis that there would be two exceptions to the general rule against issuing debt that was expected to have to be refinanced. One exception was for Warehouse Facility Agreements (and to be clear, whereas Mike's email refers to "the" warehouse there is no limitation (in the Trust Indenture) against having more than one warehouse facility; although section 6.1(h) of the warehouse senior supplemental indenture requires you to get the approval of the Requisite Series 2017-1 Noteholders before entering into another warehouse facility prior to the Commitment Expiry Date). The second exception is where there is Pre-Approved Refinancing. This is how section 13.08 is drafted.

As to Mike's specific thought that the rating agencies would think that the prospects for a refinancing were sufficient, without having a Pre-Approved Refinancing, was thought to be too remote because the prospects for a refinancing would be almost entirely dependent on the Protection Agreement applying at the time of the refinancing, and this is essentially what a Pre-Approved Refinancing Amounts to.

Michael K. Feldman

P. 416.865.7513 | F. 416.865.7380 | 1.800.505.8679

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Sent: December-18-17 4:54 PM

To: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>

Cc: Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com>>

Subject: FW: EXTERNAL – Refinancing

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From:	ASHBOURNE, STEPHEN
To:	Mike Manning; Tobias P. Whitfield (MOF); Malle Hanslep (MOF)
Cc:	Anna Strathy; Ken Kandeepan
Subject:	RE: EXTERNAL – Refinancing
Date:	Tuesday, December 19, 2017 8:22:32 AM

Mike, I think changing the terms will become very difficult - since the rating agencies and warehouse banks will become entrenched with the simplicity of this approach (with the burden falling to the Province to make the ultimate decision). After the first term notes are issued broadly to investors, changes of this sort will become extremely difficult/unlikely, unless consent premiums are offered to those investors. Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

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Partner

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John

From: Feldman, Michael [mailto:mfeldman@torys.com]

Sent: Monday, December 18, 2017 5:26 PM

To: LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>

Cc: Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com>>; Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>

Subject: RE: EXTERNAL – Refinancing

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Michael K. Feldman

P. 416.865.7513 | F. 416.865.7380 | 1.800.505.8679

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Sent: December-18-17 4:54 PM

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Cc: Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com>>

Subject: FW: EXTERNAL – Refinancing

Is Mike interpretation correction?

From: Mike Manning [mailto:Mike.Manning@ofina.on.ca]

Sent: Monday, December 18, 2017 4:00 PM

To: LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>

Subject: EXTERNAL – Refinancing

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Thanks, Mike

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From: Mike Manning
To: "ASHBOURNE, STEPHEN"; Tobias P. Whitfield (MOF); Malle Hanslep (MOF)
Cc: Anna Strathy; Ken Kandeepan
Subject: RE: EXTERNAL – Refinancing
Date: Tuesday, December 19, 2017 8:17:57 AM

I'm surprised that OPG hasn't fought to give themselves more financing flexibility, at least as an option if markets prove to be difficult. Do you think that the agreements could be changed in future if it is determined that OPG needs the ability to move down the curve and do shorter term financing?

Mike

-----Original Message-----
From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: Tuesday, December 19, 2017 8:07 AM
To: Mike Manning <Mike.Manning@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Subject: RE: EXTERNAL – Refinancing

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The explanation from Torys seems to recognize that the exception (based on a Rating Agency Condition being satisfied) was considered, but dismissed.

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This is another example of where the funding flexibility contemplated in the Act will be diminished by these initial financing decisions. Other examples have included not pre-agreeing a form of co-ownership agreement to enable multiple financing entities to be created in the future with parity to the initial Trust; the absence of true tranching with individualized CEA cash flows geared to particular debt issues; and the hard-coding of cross defaults across all Series (short and long maturities). Ultimately, I believe that the Province has refrained from pursing similar 'efficiency' concerns in those contexts, on the basis that those decisions must be left to OPG. It seems this case is similar and the Province would be consistent in leaving this decision to OPG too; however constraining and economically inefficient it might be.

The consequence under s.13.08 (as now drafted) is that, at the time that any short-maturity issuance is proposed, the Province will be asked to sign-off that the Limited Guarantee will necessary apply to whatever the ultimate refinancing terms may be. That process will lead, at the time of an initial term issuance, to the Province having to agree to be bound to undefined parameters, or perhaps the "Pre-Approved Refinancing" process can be used to map out acceptable conditions on the terms of refinancing upfront. Absent the Province's upfront consent, the Trust will be constrained and have to precisely match maturities to the "fair allocation" curve - which as discussed could be quite inefficient and expensive.

Please call if a discussion would be useful.

Regards, Steve

Stephen R. Ashbourne

Partner

stephen.ashbourne@blakes.com

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Tel: 416-863-2400 Fax: 416-863-2653

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-----Original Message-----

From: Mike Manning [mailto:Mike.Manning@ofina.on.ca]

Sent: Monday, December 18, 2017 9:18 PM

To: Tobias P. Whitfield (MOF); Malle Hanslep (MOF); ASHBOURNE, STEPHEN

Cc: Anna Strathy; Ken Kandeepan

Subject: Fwd: EXTERNAL – Refinancing

Maybe we can quickly discuss this tomorrow.

Mike

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From: LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>

Date: December 18, 2017 at 5:47:29 PM EST

To: 'Mike Manning' <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>

Subject: FW: EXTERNAL – Refinancing

Mike:

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Sent: Monday, December 18, 2017 5:26 PM

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Cc: Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com>>; Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>

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Partner

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Cc: Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com>>; Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>

Subject: RE: EXTERNAL – Refinancing

Mike's understanding is not where we ended up that evening. We ended up this point on the basis that there would be two exceptions to the general rule against issuing debt that was expected to have to be refinanced. One exception was for Warehouse Facility Agreements (and to be clear, whereas Mike's email refers to "the" warehouse there is no limitation (in the Trust Indenture) against having more than one warehouse facility; although section 6.1(h) of the warehouse senior supplemental indenture requires you to get the approval of the Requisite Series 2017-1 Noteholders before entering into another warehouse facility prior to the Commitment Expiry Date). The second exception is where there is Pre-Approved Refinancing. This is how section 13.08 is drafted.

As to Mike's specific thought that the rating agencies would think that the prospects for a refinancing were sufficient, without having a Pre-Approved Refinancing, was thought to be too remote because the prospects for a refinancing would be almost entirely dependent on the Protection Agreement applying at the time of the refinancing, and this is essentially what a Pre-Approved Refinancing Amounts to.

Michael K. Feldman

P. 416.865.7513 | F. 416.865.7380 | 1.800.505.8679

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From: LEE John -TREASURY [mailto:john.s.lee@opg.com]

Sent: December-18-17 4:54 PM

To: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>

Cc: Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com>>

Subject: FW: EXTERNAL – Refinancing

Is Mike interpretation correction?

From: Mike Manning [mailto:Mike.Manning@ofina.on.ca]

Sent: Monday, December 18, 2017 4:00 PM

To: LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>

Subject: EXTERNAL – Refinancing

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I've been told section 13.08, Trust Indenture has a prohibition on incurring debt other than pursuant to the warehouse, where a refinancing would be needed to repay principal. At last week's meeting we noted this prohibition would be lifted upon satisfaction of a Rating Agency Condition which would let OPG issue shorter term debt as long as the ratings agencies were satisfied the prospects for refinancing were sufficient. Please let me know if this is your understanding as well.

Thanks, Mike

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From: ASHBOURNE, STEPHEN
To: Mike Manning
Subject: RE: EXTERNAL – Refinancing
Date: Tuesday, December 19, 2017 9:42:10 AM

Hi Mike.

If the Province pre-agrees that the Limited Guarantee will apply to an ultimate refinancing (likely with indeterminate terms at the time), that issuance should be excluded from the prohibition. The relevant portion of the text of the proposed restriction (13.08) is included below.

"The Issuer will not enter into any Funding Obligation Agreement, other than a Warehouse Facility Agreement, that provides for Issuer Funding Obligations that have principal repayment obligations that the Manager believes, acting reasonably having regard to the Financing Plan and all Issuer Funding Obligations then outstanding, would likely require the Issuer to satisfy payments of principal on any Principal Payment Date in respect of such Issuer Funding Obligations by means of a Refinancing other than a Pre-Approved Refinancing."

The issue for the Province is getting stuck between a bad capital markets deal and signing a 'blank cheque' committing the Province despite uncertain terms. If OPG internalizes the Province's concerns at the time the ultimate refinancing terms are set, then Ken's faith in OPG will have been appropriate. The standard for our commenting, however, has not been to delegate that sort of power to OPG without constraints (although in the end many points were conceded on that basis).

Happy to discuss live, if useful.

Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

-----Original Message-----
From: Mike Manning [mailto:Mike.Manning@ofina.on.ca]
Sent: Tuesday, December 19, 2017 9:20 AM
To: ASHBOURNE, STEPHEN
Subject: FW: EXTERNAL – Refinancing

Hi Stephen:
I'm passing along Ken's email to verify if this interpretation is correct.

Thanks, Mike

-----Original Message-----
From: Ken Kandeepan
Sent: Tuesday, December 19, 2017 8:25 AM
To: Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: EXTERNAL – Refinancing

Mike

Maybe I am misunderstanding Stephen's email but it suggests that OPG can in fact issue shorter term debt with the consent of the Province, although binding the Province to undetermined terms. I for one am not too fussed about the undetermined terms since I don't believe that OPG will do anything silly.

So the flexibility does exist.

Thanks

Ken k

-----Original Message-----
From: Mike Manning
Sent: Tuesday, December 19, 2017 8:18 AM
To: 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Subject: RE: EXTERNAL – Refinancing

I'm surprised that OPG hasn't fought to give themselves more financing flexibility, at least as an option if markets prove to be difficult. Do you think that the agreements could be changed in future if it is determined that OPG needs the ability to move down the curve and do shorter term financing?

Mike

-----Original Message-----
From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: Tuesday, December 19, 2017 8:07 AM
To: Mike Manning <Mike.Manning@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Subject: RE: EXTERNAL – Refinancing

Thanks for passing this on, Mike.

The explanation from Torys seems to recognize that the exception (based on a Rating Agency Condition being satisfied) was considered, but dismissed.

The scenario we were focused on last week was OPG's ability to issue debt in the agreed form (i.e., based on Reference Documentation) despite a duration cash flow mismatch, so long as the Rating Agencies concluded that was okay in the circumstances. That would happen if the Rating Agencies could be initially convinced that (1) the override in the Act, allowing CEAs in excess of the "fair allocation" to be recovered where the original debt was reasonably incurred with an expectation of refinancing and (2) the ability to refinance based on the existing covenant pattern (but with considerable flexibility on repricing) - would be sufficient, given that the Limited Guarantee would necessarily apply in that context. Torys analysis seems to jump ahead and say that (2) would never happen and that the Rating Agencies would always insist on the Province consenting upfront to the refinancing. It seems to me that conclusion is inconsistent with most ABCP models, where third party liquidity for known duration mismatches is assessed by rating agencies and provided by liquidity banks based on the covenant pattern determined at the outset (i.e., the refinancing covenant pattern is set upfront and the rating agencies do not insist on third party liquidity providers pre-agreeing to fund into unascertained future changes to that pattern).

This is another example of where the funding flexibility contemplated in the Act will be diminished by these initial financing decisions. Other examples have included not pre-agreeing a form of co-ownership agreement to enable multiple financing entities to be created in the future with parity to the initial Trust; the absence of true tranching with individualized CEA cash flows geared to particular debt issues; and the hard-coding of cross defaults across all Series (short and long maturities). Ultimately, I believe that the Province has refrained from pursing similar 'efficiency' concerns in those contexts, on the basis that those decisions must be left to OPG. It seems this case is similar and the Province would be consistent in leaving this decision to OPG too; however constraining and economically inefficient it might be.

The consequence under s.13.08 (as now drafted) is that, at the time that any short-maturity issuance is proposed, the Province will be asked to sign-off that the Limited Guarantee will necessary apply to whatever the ultimate refinancing terms may be. That process will lead, at the time of an initial term issuance, to the Province having to agree to be bound to undefined parameters, or perhaps the "Pre-Approved Refinancing" process can be used to map out acceptable conditions on the terms of refinancing upfront. Absent the Province's upfront consent, the Trust will be constrained and have to precisely match maturities to the "fair allocation" curve - which as discussed could be quite inefficient and expensive.

Please call if a discussion would be useful.

Regards, Steve

Stephen R. Ashbourne

Partner

stephen.ashbourne@blakes.com

Dir: 416-863-3086

Blake, Cassels & Graydon LLP

199 Bay Street, Suite 4000, Toronto ON M5L 1A9

Tel: 416-863-2400 Fax: 416-863-2653

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-----Original Message-----

From: Mike Manning [mailto:Mike.Manning@ofina.on.ca]

Sent: Monday, December 18, 2017 9:18 PM

To: Tobias P. Whitfield (MOF); Malle Hanslep (MOF); ASHBOURNE, STEPHEN

Cc: Anna Strathy; Ken Kandeepan

Subject: Fwd: EXTERNAL – Refinancing

Maybe we can quickly discuss this tomorrow.

Mike

Begin forwarded message:

From: LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>

Date: December 18, 2017 at 5:47:29 PM EST

To: 'Mike Manning' <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>

Subject: FW: EXTERNAL – Refinancing

Mike:

I believe Michael has properly expressed on where we had landed on this point. See the technical explanation below.

John

From: Feldman, Michael [mailto:mfeldman@torys.com]

Sent: Monday, December 18, 2017 5:26 PM

To: LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>

Cc: Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com>>; Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>

Subject: RE: EXTERNAL – Refinancing

Mike's understanding is not where we ended up that evening. We ended up this point on the basis that there would be two exceptions to the general rule against issuing debt that was expected to have to be refinanced. One exception was for Warehouse Facility Agreements (and to be clear, whereas Mike's email refers to "the" warehouse there is no limitation (in the Trust Indenture) against having more than one warehouse facility; although section 6.1(h) of the warehouse senior supplemental indenture requires you to get the approval of the Requisite Series 2017-1 Noteholders before entering into another warehouse facility prior to the Commitment Expiry Date). The second exception is where there is Pre-Approved Refinancing. This is how section 13.08 is drafted.

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Michael K. Feldman

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From: LEE John -TREASURY [mailto:john.s.lee@opg.com]

Sent: December-18-17 4:54 PM

To: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>

Cc: Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com>>

Subject: FW: EXTERNAL – Refinancing

Is Mike interpretation correction?

From: Mike Manning [mailto:Mike.Manning@ofina.on.ca]

Sent: Monday, December 18, 2017 4:00 PM

To: LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>

Subject: EXTERNAL – Refinancing

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Thanks, Mike

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From: Gadi Mayman
To: "ASHBOURNE, STEPHEN"
Cc: Malle Hanslep (MOF); Tobias P. Whitfield (MOF); Mike Manning; Ken Kandeepan; Anna Strathy
Subject: RE: Enforcement of Protection event
Date: Wednesday, December 20, 2017 1:53:38 PM

Sounds good to me for you to follow up with Torys. I'm not sure that we'll ever get the dealers to back down at a later date once they have this right, but you never know.

Gadi

-----Original Message-----
From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: Wednesday, December 20, 2017 1:52 PM
To: Gadi Mayman <Gadi.Mayman@ofina.on.ca>
Cc: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: Re: Enforcement of Protection event

Gadi, I think this is the second alternative I had outlined earlier. It is really more of a business point. The difficulty (mostly for OPG) is explaining the different treatment to investors. To avoid entrenching the warehouse lenders on this point, you could agree to revisit (to treat the warehouse lenders like other investors) prior to the ultimate term deal - but include their proposal in the documents now and leave it to the Province to convince the dealers that direct right is not useful/needed. Let me know and I will follow up with Torys. Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com>
Dir: 416-863-3086<tel:416-863-3086>

On Dec 20, 2017, at 1:33 PM, Gadi Mayman <Gadi.Mayman@ofina.on.ca<mailto:Gadi.Mayman@ofina.on.ca>> wrote:

Does this work from a legal perspective? I have to admit that I find Rocco's earlier comment before his compromise language that "This is not a negotiable position from the Dealer's perspective, especially not the day before closing" and his assertion that this isn't new a little rich, but I'll swallow that, along with the seemingly every-present need to check with the rating agencies, in an effort to get this done.

Thanks,
Gadi

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: Wednesday, December 20, 2017 1:14 PM
To: Gadi Mayman <Gadi.Mayman@ofina.on.ca<mailto:Gadi.Mayman@ofina.on.ca>>
Cc: Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>
Subject: Enforcement of Protection event

Gadi:

See compromise solution from Dealers below:
- Any warehouse lender can instruct the Indenture trustee to enforcement a protection event
- All other bondholders would be required to have an ordinary resolution (>50%) to instruct the Indenture trustee to enforce a protection event.

I believe this addresses the primary concern of leaving the Province exposed to individual bond holders "tripping" the structure. In the interest of time I will instruct the Dealers to run this by the rating agencies to confirm that this does not change their rating assessment.

If you have any concerns please let me know or if you would like to discuss.

John

From: Sebastiano, Rocco [mailto:RSebastiano@osler.com<mailto:RSebastiano@osler.com>]
Sent: December-20-17 12:33 PM
To: 'john.s.lee@opg.com<mailto:john.s.lee@opg.com>' <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>
Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; Mansoori, Nina <nmansoori@torys.com<mailto:nmansoori@torys.com>>
Subject: FW: Fair Hydro -- Revised Program Agreements

John, as requested, here is the email that I just sent to Michael.

From: Sebastiano, Rocco
Sent: Wednesday, December 20, 2017 12:29 PM
To: 'Feldman, Michael' <mfeldman@torys.com<mailto:mfeldman@torys.com>>; Milligan, Peter <PMilligan@osler.com<mailto:PMilligan@osler.com>>; Fullerton, Rick <RFullerton@osler.com<mailto:RFullerton@osler.com>>
Cc: Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com>>; Mansoori, Nina <nmansoori@torys.com<mailto:nmansoori@torys.com>>; Olusoga, Yinka <yolusoga@torys.com<mailto:yolusoga@torys.com>>
Subject: RE: Fair Hydro -- Revised Program Agreements

I just got off the phone with the Dealers. Here is our compromise position which has been discussed with John.

In the first instance, any warehouse lender can instruct the Indenture Trustee. With all of other Controlling Class Creditors, they would require an Ordinary Resolution to instruct the Indenture Trustee. If the indenture Trustee does not act per the instructions, any warehouse lender or any Controlling Class Creditor can take action to enforce.

Even if the Province were to agree, we need to run this down with the Rating Agencies.

And yes, I agree that we should add a notwithstanding clause in the lead-in to section 13.12.

Regards, Rocco

From: Feldman, Michael [mailto:mfeldman@torys.com]
Sent: Wednesday, December 20, 2017 11:12 AM
To: Sebastiano, Rocco <RSebastiano@osler.com<mailto:RSebastiano@osler.com>>; Milligan, Peter <PMilligan@osler.com<mailto:PMilligan@osler.com>>; Fullerton, Rick <RFullerton@osler.com<mailto:RFullerton@osler.com>>
Cc: Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com>>; Mansoori, Nina <nmansoori@torys.com<mailto:nmansoori@torys.com>>; Olusoga, Yinka <yolusoga@torys.com<mailto:yolusoga@torys.com>>; Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>
Subject: RE: Fair Hydro -- Revised Program Agreements

Rocco, Peter and Rick,

A couple of technical observations:

1. Section 13.12(c) does not dovetail well with section 8.12 (the section that limits the rights of Specified Creditors to take their own actions). I think the second sentence of 13.12(c) should have added to it a "notwithstanding section 8.12", whether the first sentence of 13.12(c) requires an Ordinary Resolution or not. Once the required authorization is obtained under the first sentence of 13.12(c), in order to permit any Controlling Class Creditor to act if the indenture Trustee does not (for example, if the Indenture Trustee does not receive an acceptable indemnity as per 8.12(c)), if the intention is that the Controlling Class Creditor can make the demand without waiting the 60 days required by 8.12(d) then we need the "notwithstanding" clause.

2. It may be worth noting that certain Events of Default require (those in 8.01 (c), (d) and (g)) require approval by holders of at least 25% of the Controlling Class Obligations. It is impossible to tell if this is better or worse for individual Controlling Class Creditors than an Ordinary Resolution would be. It would be a much lower threshold if the desire is to act by written instrument (as a written instrument for an Ordinary Resolution requires 50%) but whether it ends up being a higher or lower threshold if the question goes to a meeting depends on how many creditors show up at the meeting or send proxies.

3. The Province has made it clear that there will be no deal if any individual Controlling Class Creditor is to have the right to assert that a Protection Event has occurred so in order to go forward some form of compromise will be needed. Where do things stand with the Dealers right now ?

Michael K. Feldman

P. 416.865.7513<tel:(416)%20865-7513> | F. 416.865.7380<tel:(416)%20865-7380> | 1.800.505.8679<tel:(800)%20505-8679>
From: Feldman, Michael
Sent: December-20-17 9:18 AM
To: Sebastiano, Rocco <RSebastiano@osler.com<mailto:RSebastiano@osler.com>>; Milligan, Peter <PMilligan@osler.com<mailto:PMilligan@osler.com>>; Fullerton, Rick <RFullerton@osler.com<mailto:RFullerton@osler.com>>
Cc: John Lee <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; Leslie Wong <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com>>; Mansoori, Nina <nmansoori@torys.com<mailto:nmansoori@torys.com>>; Olusoga, Yinka <yolusoga@torys.com<mailto:yolusoga@torys.com>>; Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>
Subject: RE: Fair Hydro -- Revised Program Agreements

Rocco,

I completely understand the Dealer's position but we have this issue to deal with today.

See Ashbourne's email from a few minutes ago (attached). He does make a suggestion that I hope will be acceptable to the Dealers or at least some variation of it that we can go back to the Province with. Even if we can get the Dealers and the Province to reach an agreement we need to advise the Rating Agencies.

I think next step would be for you to convene a call with the Dealers to get instructions.

Michael K. Feldman

P. 416.865.7513<tel:(416)%20865-7513>

From: Sebastiano, Rocco [mailto:RSebastiano@osler.com]
Sent: December-20-17 9:12 AM
To: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; Milligan, Peter <PMilligan@osler.com<mailto:PMilligan@osler.com>>; Fullerton, Rick <RFullerton@osler.com<mailto:RFullerton@osler.com>>
Cc: John Lee <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; Leslie Wong <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com>>; Mansoori, Nina <nmansoori@torys.com<mailto:nmansoori@torys.com>>; Olusoga, Yinka <yolusoga@torys.com<mailto:yolusoga@torys.com>>; Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>
Subject: Re: Fair Hydro -- Revised Program Agreements

To be clear, this is not a new issues raised a concern quite some time ago about the rights of creditors to require the Indenture Trustee to enforce the Limited Guarantee given that the Change of Law Protection Agreement restricts the rights of beneficiaries to e action against the Province. We discussed this with the Dealers and received instructions to amend section 13.12(c) as we did. We did discuss this with Nina. This is not a negotiable position from the Dealer's perspective, especially not the day before closing.

Rocco

Sent from my BlackBerry - the most secure mobile device - via the Rogers Network
From: mfeldman@torys.com<mailto:mfeldman@torys.com>
Sent: December 20, 2017 8:46 AM
To: PMilligan@osler.com<mailto:PMilligan@osler.com>; RSebastiano@osler.com<mailto:RSebastiano@osler.com>; RFullerton@osler.com<mailto:RFullerton@osler.com>
Cc: john.s.lee@opg.com<mailto:john.s.lee@opg.com>; ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>; leslie.wong@opg.com<mailto:leslie.wong@opg.com>; rramchandani@torys.com<mailto:rramchandani@torys.com>; nmansoori@torys.com<mailto:nmansoori@torys.com>; yolusoga@torys.com<mailto:yolusoga@torys.com>; mfeldman@torys.com<mailto:mfeldman@torys.com>
Subject: FW: Fair Hydro -- Revised Program Agreements

Peter, Rocco and Rick,

Please see below from Stephen Ashbourne.

As I read this email, he does not yet have instructions from the Province on this point but I think we need to be ready in case he does.

This change came from Oslers and so I do not know whether or not this is a lawyer's comment or a Dealer's comment. Having said that, it did not strike me as unreasonable given the importance of the Protection Agreement to each investor, but I do understand Stephen's perspective that, until this change all actions in the Trust Indenture required at least

Ordinary Resolution of Controlling Class Creditors. And I do think that Stephen has accurately characterized the incentives.

This may go away but in case it doesn't I think it would be helpful to get instructions in advance from the Dealers. I think this is strictly an issue between the Dealers and the Province but we will do whatever we can to help resolve.

Michael K. Feldman

P. 416.865.7513<tel:(416)%20865-7513> | F. 416.865.7380<tel:(416)%20865-7380> | 1.800.505.8679<tel:(800)%20505-8679>
From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: December-20-17 8:32 AM
To: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>
Cc: PALMER, AARON <AARON.PALMER@blakes.com<mailto:AARON.PALMER@blakes.com>>
Subject: FW: Fair Hydro -- Revised Program Agreements

Michael, FYI, I am seeking instructions from the Province as to whether the following proposed change is acceptable:

Trust Indenture (s. 13.12(c)):

Upon the occurrence of a Protection Event, if a request has been made by the Issuer or any Controlling Class Creditor, the Indenture Trustee shall deliver a written demand to the Province requiring the Province to make payments on Obligations Secured pursuant to and in accordance with the Change of Law Protection Agreement. If, following such request, the Indenture Trustee does not deliver such written demand to the Province within 10 days of such request, any Controlling Class Creditor shall be entitled to deliver such written demand to the Province.

I see this as an exception to the general approach in the Trust Indenture, which allows the "Controlling Class Creditors" by ordinary resolution (>50%) to direct the Indenture Trustee to act (see s.8.11 of the Trust Indenture). Allowing any senior noteholder to trigger the Limited Guarantee represents a significant change from the Province's standpoint.

I will let you know once I have had a chance to discuss this with the Province. In the meantime, any color you can share regarding why this is being raised now (and by whom) would be helpful.

Among other issues, I think this could muddle the incentives among the senior investors themselves, since the change would allow any one senior noteholder to trigger the Limited Guarantee despite not being supported by the others.

Regards, Steve

_____

Blake, Cassels & Graydon LLP
199 Bay Street, Suite 4000, Toronto ON M5L 1A9[maps.google.com]<https://urldefense.proofpoint.com/v2/url?u=https-3A__maps.google.com_-3Fq-3D199-2BBay-2BStreet-2C-2BSuite-2B4000-2C-2BToronto-2BON-2BM5L-2B1A9-26entry-3Dgmail-26source-3Dg&d=DwMFAw&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=OdoCVLs6i-6reBTUJh9PAGSfpmSjeJXGKKb9SzvJOII&m=EUwBJ2a_UORgqxyQN53A_5W57PzFhlO01iDA0ypuuIQ&s=A6woRtZxNiUSelK57btRay1uSN_eAIdKKJOtz1EZbdY&e=>
Tel: 416-863-2400<tel:(416)%20863-2400> Fax: 416-863-2653<tel:(416)%20863-2653>
blakes.com[blakes.com]<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.blakes.com_&d=DwMFAw&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=OdoCVLs6i-6reBTUJh9PAGSfpmSjeJXGKKb9SzvJOII&m=EUwBJ2a_UORgqxyQN53A_5W57PzFhlO01iDA0ypuuIQ&s=3X2lCLmB3yf9iCE9p76xT06bxMxQZXx7xG2K7VPyOMg&e=> | Twitter[twitter.com]<https://urldefense.proofpoint.com/v2/url?u=http-3A__twitter.com_BlakesLaw_&d=DwMFAw&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=OdoCVLs6i-6reBTUJh9PAGSfpmSjeJXGKKb9SzvJOII&m=EUwBJ2a_UORgqxyQN53A_5W57PzFhlO01iDA0ypuuIQ&s=ubrZpKoCpPYbhNYn_fzMrpxwNXkiMmN8e58rlg5MfJQ&e=> | Unsubscribe[blakes.com]<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.blakes.com_English_Resources_Bulletins_Pages_unsubscribe.aspx&d=DwMFAw&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=OdoCVLs6i-6reBTUJh9PAGSfpmSjeJXGKKb9SzvJOII&m=EUwBJ2a_UORgqxyQN53A_5W57PzFhlO01iDA0ypuuIQ&s=tVvT0PhnkQKIaPoVRiNrocUykamasWs2m5oZxFSbgy4&e=>

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From: Saulnier, Brett [mailto:bsaulnier@torys.com]
Sent: Tuesday, December 19, 2017 6:32 PM
To: Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>; Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>; Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>; Tom.McKinlay@ontario.ca<mailto:Tom.McKinlay@ontario.ca>; ASHBOURNE, STEPHEN; VINER, JON; PRESTAGE, JA; PALMER, AARON
Cc: 'leslie.wong@opg.com<mailto:leslie.wong@opg.com>'; dup-john.s.lee@opg.com<mailto:dup-john.s.lee@opg.com>; 'ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>'; Feldman, Michael; Ramchandani, Rima; Mansoori, Nina; Olusoga, Yinka
Subject: Fair Hydro -- Revised Program Agreements

All,

Please find attached the latest drafts of the following documents, together with blacklines against the versions last circulated:

1. Management Agreement
2. Declaration of Trust
3. MTSA
4. IESO Security Agreement
5. OPG Indemnity
6. IESO Indemnity
7. Change of Law Protection Agreement
8. Change of Law Process Agreement
9. Master Trust Indenture
10. Warehouse Senior Supplemental Indenture 11. Warehouse Subordinated Supplemental Indenture 12. Warehouse Junior Subordinated Supplemental Indenture

Thanks,
Brett

Brett Saulnier
P. 416.865.8148<tel:(416)%20865-8148> | F. 416.865.7380 | 1.800.505.8679
79 Wellington[maps.google.com]<https://urldefense.proofpoint.com/v2/url?u=https-3A__maps.google.com_-3Fq-3D79-25C2-25A0Wellington-25C2-25A0St.-25C2-25A0W.-2C-25C2-25A030th-25C2-25A0Floor-26entry-3Dgmail-26source-3Dg&d=DwMFAw&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=OdoCVLs6i-6reBTUJh9PAGSfpmSjeJXGKKb9SzvJOII&m=EUwBJ2a_UORgqxyQN53A_5W57PzFhlO01iDA0ypuuIQ&s=pXL0i0tNXS6IKlQK33l6a1SFIXVQzjXIvyqd3mIZfzg&e=> St.[maps.google.com]<https://urldefense.proofpoint.com/v2/url?u=https-3A__maps.google.com_-3Fq-3D79-25C2-25A0Wellington-25C2-25A0St.-25C2-25A0W.-2C-25C2-25A030th-25C2-25A0Floor-26entry-3Dgmail-26source-3Dg&d=DwMFAw&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=OdoCVLs6i-6reBTUJh9PAGSfpmSjeJXGKKb9SzvJOII&m=EUwBJ2a_UORgqxyQN53A_5W57PzFhlO01iDA0ypuuIQ&s=pXL0i0tNXS6IKlQK33l6a1SFIXVQzjXIvyqd3mIZfzg&e=> W.,[maps.google.com]<https://urldefense.proofpoint.com/v2/url?u=https-3A__maps.google.com_-3Fq-3D79-25C2-25A0Wellington-25C2-25A0St.-25C2-25A0W.-2C-25C2-25A030th-25C2-25A0Floor-26entry-3Dgmail-26source-3Dg&d=DwMFAw&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=OdoCVLs6i-6reBTUJh9PAGSfpmSjeJXGKKb9SzvJOII&m=EUwBJ2a_UORgqxyQN53A_5W57PzFhlO01iDA0ypuuIQ&s=pXL0i0tNXS6IKlQK33l6a1SFIXVQzjXIvyqd3mIZfzg&e=> 30th[maps.google.com]<https://urldefense.proofpoint.com/v2/url?u=https-3A__maps.google.com_-3Fq-3D79-25C2-25A0Wellington-25C2-25A0St.-25C2-25A0W.-2C-25C2-25A030th-25C2-25A0Floor-26entry-3Dgmail-26source-3Dg&d=DwMFAw&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=OdoCVLs6i-6reBTUJh9PAGSfpmSjeJXGKKb9SzvJOII&m=EUwBJ2a_UORgqxyQN53A_5W57PzFhlO01iDA0ypuuIQ&s=pXL0i0tNXS6IKlQK33l6a1SFIXVQzjXIvyqd3mIZfzg&e=> Floor[maps.google.com]<https://urldefense.proofpoint.com/v2/url?u=https-3A__maps.google.com_-3Fq-3D79-25C2-25A0Wellington-25C2-25A0St.-25C2-25A0W.-2C-25C2-25A030th-25C2-25A0Floor-26entry-3Dgmail-26source-3Dg&d=DwMFAw&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=OdoCVLs6i-6reBTUJh9PAGSfpmSjeJXGKKb9SzvJOII&m=EUwBJ2a_UORgqxyQN53A_5W57PzFhlO01iDA0ypuuIQ&s=pXL0i0tNXS6IKlQK33l6a1SFIXVQzjXIvyqd3mIZfzg&e=>, Box 270, TD South Tower Toronto, Ontario M5K 1N2 Canada | www.torys.com[torys.com]<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.torys.com_&d=DwMFAw&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=OdoCVLs6i-6reBTUJh9PAGSfpmSjeJXGKKb9SzvJOII&m=EUwBJ2a_UORgqxyQN53A_5W57PzFhlO01iDA0ypuuIQ&s=sCiYX6q52_DkUCC743-DzkXlyzrftwiEnJcuh7O01qQ&e=>

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From:	Gadi Mayman
To:	"LEE John -TREASURY"
Cc:	Mike Manning; Ken Kandeepan; WONG Leslie -LAWDIV; RYFA Ken -TREASURY; LADAK Lubna -TREASURY; Anna Strathy
Subject:	RE: Enforcement of Protection event
Date:	Wednesday, December 20, 2017 2:34:14 PM

Hi John, I'm sure you've heard this from Torys, as Blakes has been in touch with them, but in case you hadn't, we're fine with this approach in order to get the warehouse closed tomorrow.

Gadi

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: Wednesday, December 20, 2017 1:14 PM
To: Gadi Mayman
Cc: Mike Manning ; Ken Kandeepan ; WONG Leslie -LAWDIV ; RYFA Ken -TREASURY ; LADAK Lubna -TREASURY
Subject: Enforcement of Protection event

Gadi:

See compromise solution from Dealers below:

ny warehouse lender can instruct the Indenture trustee to enforcement a protection event

ll other bondholders would be required to have an ordinary resolution (>50%) to instruct the Indenture trustee to enforce a protection event.

I believe this addresses the primary concern of leaving the Province exposed to individual bond holders "tripping" the structure. In the interest of time I will instruct the Dealers to run this by the rating agencies to confirm that this does not change their rating assessment.

If you have any concerns please let me know or if you would like to discuss.

John

From: Sebastiano, Rocco [mailto:RSebastiano@osler.com]
Sent: December-20-17 12:33 PM
To: 'john.s.lee@opg.com' <john.s.lee@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>
Cc: Feldman, Michael <mfeldman@torys.com>; Mansoori, Nina <nmansoori@torys.com>
Subject: FW: Fair Hydro -- Revised Program Agreements

John, as requested, here is the email that I just sent to Michael.

From: Sebastiano, Rocco
Sent: Wednesday, December 20, 2017 12:29 PM
To: 'Feldman, Michael' <mfeldman@torys.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>
Cc: Ramchandani, Rima <rramchandani@torys.com>; Mansoori, Nina <nmansoori@torys.com>; Olusoga, Yinka <yolusoga@torys.com>
Subject: RE: Fair Hydro -- Revised Program Agreements

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Even if the Province were to agree, we need to run this down with the Rating Agencies.
And yes, I agree that we should add a notwithstanding clause in the lead-in to section 13.12.
Regards, Rocco

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Sent: Wednesday, December 20, 2017 11:12 AM
To: Sebastiano, Rocco <RSebastiano@osler.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>
Cc: Ramchandani, Rima <rramchandani@torys.com>; Mansoori, Nina <nmansoori@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Feldman, Michael <mfeldman@torys.com>
Subject: RE: Fair Hydro -- Revised Program Agreements

Rocco, Peter and Rick,
A couple of technical observations:
1. Section 13.12(c) does not dovetail well with section 8.12 (the section that limits the rights of Specified Creditors to take their own actions). I think the second sentence of 13.12(c) should have added to it a "notwithstanding section 8.12", whether the first sentence of 13.12(c) requires an Ordinary Resolution or not. Once the required authorization is obtained under the first sentence of 13.12(c), in order to permit any Controlling Class Creditor to act if the indenture Trustee does not (for example, if the Indenture Trustee does not receive an acceptable indemnity as per 8.12(c)), if the intention is that the Controlling Class Creditor can make the demand without waiting the 60 days required by 8.12(d) then we need the "notwithstanding" clause.
2. It may be worth noting that certain Events of Default require (those in 8.01 (c), (d) and (g)) require approval by holders of at least 25% of the Controlling Class Obligations. It is impossible to tell if this is better or worse for individual Controlling Class Creditors than an Ordinary Resolution would be. It would be a much lower threshold if the desire is to act by written instrument (as a written instrument for an Ordinary Resolution requires 50%) but whether it ends up being a higher or lower threshold if the question goes to a meeting depends on how many creditors show up at the meeting or send proxies.
3. The Province has made it clear that there will be no deal if any individual Controlling Class Creditor is to have the right to assert that a Protection Event has occurred so in order to go forward some form of compromise will be needed. Where do things stand with the Dealers right now ?

Michael K. Feldman
P. 416.865.7513 | F. 416.865.7380 | 1.800.505.8679

From: Feldman, Michael
Sent: December-20-17 9:18 AM
To: Sebastiano, Rocco <RSebastiano@osler.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>
Cc: John Lee <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Leslie Wong <leslie.wong@opg.com>; Ramchandani, Rima <rramchandani@torys.com>; Mansoori, Nina <nmansoori@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Feldman, Michael <mfeldman@torys.com>
Subject: RE: Fair Hydro -- Revised Program Agreements

Rocco,
I completely understand the Dealer's position but we have this issue to deal with today.
See Ashbourne's email from a few minutes ago (attached). He does make a suggestion that I hope will be acceptable to the Dealers or at least some variation of it that we can go back to the Province with. Even if we can get the Dealers and the Province to reach an agreement we need to advise the Rating Agencies.
I think next step would be for you to convene a call with the Dealers to get instructions.

Michael K. Feldman
P. 416.865.7513

From: Sebastiano, Rocco [mailto:RSebastiano@osler.com]
Sent: December-20-17 9:12 AM
To: Feldman, Michael <mfeldman@torys.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>
Cc: John Lee <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Leslie Wong <leslie.wong@opg.com>; Ramchandani, Rima <rramchandani@torys.com>; Mansoori, Nina

<nmansoori@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Feldman, Michael <mfeldman@torys.com>

Subject: Re: Fair Hydro -- Revised Program Agreements

To be clear, this is not a new issues raised a concern quite some time ago about the rights of creditors to require the Indenture Trustee to enforce the Limited Guarantee given that the Change of Law Protection Agreement restricts the rights of beneficiaries to e action against the Province. We discussed this with the Dealers and received instructions to amend section 13.12(c) as we did. We did discuss this with Nina. This is not a negotiable position from the Dealer's perspective, especially not the day before closing.

Rocco

Sent from my BlackBerry - the most secure mobile device - via the Rogers Network

From: mfeldman@torys.com
Sent: December 20, 2017 8:46 AM
To: PMilligan@osler.com; RSebastiano@osler.com; RFullerton@osler.com
Cc: john.s.lee@opg.com; ken.ryfa@opg.com; leslie.wong@opg.com; rramchandani@torys.com; nmansoori@torys.com; yolusoga@torys.com; mfeldman@torys.com
Subject: FW: Fair Hydro -- Revised Program Agreements

Peter, Rocco and Rick,
Please see below from Stephen Ashbourne.
As I read this email, he does not yet have instructions from the Province on this point but I think we need to be ready in case he does.
This change came from Oslers and so I do not know whether or not this is a lawyer's comment or a Dealer's comment. Having said that, it did not strike me as unreasonable given the importance of the Protection Agreement to each investor, but I do understand Stephen's perspective that, until this change all actions in the Trust Indenture required at least Ordinary Resolution of Controlling Class Creditors. And I do think that Stephen has accurately characterized the incentives.
This may go away but in case it doesn't I think it would be helpful to get instructions in advance from the Dealers. I think this is strictly an issue between the Dealers and the Province but we will do whatever we can to help resolve.

Michael K. Feldman
P. 416.865.7513 | F. 416.865.7380 | 1.800.505.8679

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]

Sent: December-20-17 8:32 AM

To: Feldman, Michael <mfeldman@torys.com>

Cc: PALMER, AARON <AARON.PALMER@blakes.com>

Subject: FW: Fair Hydro -- Revised Program Agreements

Michael, FYI, I am seeking instructions from the Province as to whether the following proposed change is acceptable:
Trust Indenture (s. 13.12(c)):
Upon the occurrence of a Protection Event, if a request has been made by the Issuer or any Controlling Class Creditor, the Indenture Trustee shall deliver a written demand to the Province requiring the Province to make payments on Obligations Secured pursuant to and in accordance with the Change of Law Protection Agreement. If, following such request, the Indenture Trustee does not deliver such written demand to the Province within 10 days of such request, any Controlling Class Creditor shall be entitled to deliver such written demand to the Province.
I see this as an exception to the general approach in the Trust Indenture, which allows the "Controlling Class Creditors" by ordinary resolution (>50%) to direct the Indenture Trustee to act (see s.8.11 of the Trust Indenture). Allowing any senior noteholder to trigger the Limited Guarantee represents a significant change from the Province's standpoint.
I will let you know once I have had a chance to discuss this with the Province. In the meantime, any color you can share regarding why this is being raised now (and by whom) would be helpful.
Among other issues, I think this could muddle the incentives among the senior investors themselves, since the change would allow any one senior noteholder to trigger the Limited Guarantee despite not being supported by the others.
Regards, Steve

Blake, Cassels & Graydon LLP
199 Bay Street, Suite 4000, Toronto ON M5L 1A9[maps.google.com]
Tel: 416-863-2400 Fax: 416-863-2653

blakes.com[blakes.com] | Twitter[twitter.com] | Unsubscribe[blakes.com]

Blake, Cassels & Graydon LLP | Barristers & Solicitors | Patent & Trade-mark Agents
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From: Saulnier, Brett [mailto:bsaulnier@torys.com]
Sent: Tuesday, December 19, 2017 6:32 PM
To: Alena.Thouin@ontario.ca; Malle.Hanslep@ontario.ca; Tobias.Whitfield@ontario.ca; Tom.McKinlay@ontario.ca; ASHBOURNE, STEPHEN; VINER, JON; PRESTAGE, JA; PALMER, AARON
Cc: 'leslie.wong@opg.com'; dup-john.s.lee@opg.com; 'ken.ryfa@opg.com'; Feldman, Michael; Ramchandani, Rima; Mansoori, Nina; Olusoga, Yinka
Subject: Fair Hydro -- Revised Program Agreements

All,

Please find attached the latest drafts of the following documents, together with blacklines against the versions last circulated:

1. Management Agreement
2. Declaration of Trust
3. MTSA
4. IESO Security Agreement
5. OPG Indemnity
6. IESO Indemnity
7. Change of Law Protection Agreement
8. Change of Law Process Agreement
9. Master Trust Indenture
10. Warehouse Senior Supplemental Indenture
11. Warehouse Subordinated Supplemental Indenture
12. Warehouse Junior Subordinated Supplemental Indenture

Thanks,
Brett

Brett Saulnier
P. 416.865.8148 | F. 416.865.7380 | 1.800.505.8679
79 Wellington[maps.google.com] St.[maps.google.com] W.,[maps.google.com] 30th[maps.google.com] Floor[maps.google.com], Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com[torys.com]

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From:	Hanslep, Malle (MOF)
To:	Ken Kandeepan; Tobias P. Whitfield (MOF); "ASHBOURNE, STEPHEN"
Cc:	Anna Strathy; Mike Manning
Subject:	RE: Fair Hydro - Change of Law - Protection and Process Agreements
Date:	Wednesday, December 13, 2017 3:48:35 PM

Hi Ken,
Just to clarify did E&Y sign off on the Blakes' mark-up which is attached to your email.
Thank
Malle

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: December 13, 2017 1:24 PM
To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); 'ASHBOURNE, STEPHEN'
Cc: Strathy, Anna (OFA); Manning, Mike (OFA)
Subject: FW: Fair Hydro - Change of Law - Protection and Process Agreements
Hi All
Just got off a call with John Lee, this is the version that E&Y have signed off, I am comfortable with the definition of "Material Effect" since it reflects the discussion Mark Donaldson and I had with OPG's accounts and E&Y yesterday. Based on a discussion I had with Cindy this AM she is also ok. Now John assures me that this version includes changes by Torys' to align the Process Agreement with the final version of the Protection Agreement. It's a pity that we were not provided adequate time to examine this last assertion before it was submitted to E&Y for sign off.
Happy to discuss.
Thanks
Ken k

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: Wednesday, December 13, 2017 11:48 AM
To: Saulnier, Brett <bsaulnier@torys.com>; Milligan, Peter <PMilligan@osler.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; Anna Strathy <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>; Mark Donaldson (MOF) <Mark.Donaldson@ontario.ca>; Daniel Cayley (ENERGY) <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Fullerton, Rick <RFullerton@osler.com>; Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; Steen Hume (CAB) <Steen.Hume@ontario.ca>; Olusoga, Yinka <yolusoga@torys.com>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca) <Alena.Thouin@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
Subject: RE: Fair Hydro - Change of Law - Protection and Process Agreements

Hi Brett. In the interest of time, I am attaching my mark-up of the version of the Process Agreement you circulated yesterday morning. The Province is reviewing this concurrently and so it is subject to client input. I will have a look at what you just sent. You will see my mark-up highlights in yellow the items I had heard may be of consequence to the accountants in the definition of Material Effect – it sounds like you may be more up-to-date. If my comments are not self-evident, I can be available after 2:30 if that works. Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From: Saulnier, Brett [mailto:bsaulnier@torys.com]
Sent: Wednesday, December 13, 2017 11:32 AM
To: ASHBOURNE, STEPHEN; Milligan, Peter; Sebastiano, Rocco; Mansoori, Nina; 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie - LAWDIV'; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Olusoga, Yinka; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca); PALMER, AARON; VINER, JON; PRESTAGE, JA; 'MAUTI John -FIN & C CTRL'
Subject: RE: Fair Hydro - Change of Law - Protection and Process Agreements

All,

Attached is a revised draft of the definition of “Material Effect” that was proposed by Blakes in the last version of the Protection Agreement (changed page only). The attached reflects OPG’s discussions with their accountants and with the Province. Also attached is a revised draft of the Process Agreement, clean and blacklined to the last Torys version circulated below, which conforms the Material Effect definition to the Protection Agreement definition and contains a few other minor cleanups/removal of drafting notes. OPG expects to receive confirmation from the accountants this afternoon that they are comfortable with the documents in this form.

We need to provide the draft Process Agreement to the rating agencies as soon as possible today. Accordingly, we would ask that each of Blakes and Osler confirm their sign off on the attached. Given the timing constraints, we would ask that only substantive concerns be raised as we have limited time to address drafting/style changes.

Regards,
Brett

Brett Saulnier
P. 416.865.8148 | F. 416.865.7380 | 1.800.505.8679

From: Saulnier, Brett
Sent: December-12-17 1:19 AM
To: 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>; 'Milligan, Peter' <PMilligan@osler.com>; 'Sebastiano, Rocco' <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY'

<j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; 'Fullerton, Rick' <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Olusoga, Yinka <yolusoga@torys.com>; 'Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca)' <Tobias.Whitfield@ontario.ca>; 'PALMER, AARON' <AARON.PALMER@blakes.com>; 'VINER, JON' <JON.VINER@blakes.com>; 'PRESTAGE, JA' <JA.PRESTAGE@blakes.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>
Subject: RE: Fair Hydro - Change of Law Process Agreement

All,

In the interest of time, we are circulating concurrently to all parties a revised draft of the Change of Law Process Agreement, clean and blacklined to the last version circulated by Blakes. The attached reflects Torys' attempt to capture the comments and guidance provided by OPG and its accountants and remains subject to their ongoing review. We understand the Province and Blakes will also be discussing the scope of these changes. As there will be limited time to finalize the attached, we suggest discussing next steps to settle this agreement on our 10 a.m. call tomorrow.

Thanks,

Brett

Brett Saulnier

From: Saulnier, Brett
Sent: December-11-17 11:35 PM
To: 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>; Milligan, Peter <PMilligan@osler.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca)

<Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro - Change of Law Protection Agreement
All,
Attached for your review is a revised draft of the Change of Law Protection Agreement, clean and blacklined to the last version circulated by Blakes and reflecting the meetings held earlier today. As discussed, we need to provide the attached to the rating agencies **by no later than noon tomorrow** in order to meet our end of year financing deadline. Accordingly, we will be circulating a calendar invite to this group for 10 a.m. tomorrow morning to confirm the parties are signed off. If Osler or Blakes have any comments on the attached, we would ask that they be circulated to this group prior to the 10 a.m. call.
Kind regards,
Brett
Brett Saulnier

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: December-08-17 3:16 PM
To: Milligan, Peter <PMilligan@osler.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro - Change of Law Protection Agreement
Hi,
Attached is a revised version of the Change of Law Protection Agreement. I believe that most of the changes reflected from last night's Osler version (blackline is attached) are of a drafting or conforming nature, other than: (1) the Province disagrees that Approved Refinancing terms should be unfettered by adherence conditions post-Suspension Event and (2) the proposed rating-based "materially and adversely" qualification in the definition of Protection Event (and in fact any such qualification) is not acceptable to the Province. With regard to (1), this version comes into line with the proposed approach (i.e., using a modified adherence condition) that was incorporated into the version of the Change of Law Process Agreement I circulated yesterday. A further turn of that Agreement, to conform the open item identified in section 3.02 to the revised Change of Law Protection Agreement, is also included here for your reference.
Please note that the Province is working through the drafting concurrently and so further drafting comments may be

provided.
As mentioned yesterday, the Province would like to proceed with the Ministers sign-off briefing early next week, on the basis that these versions (minus the explanatory notes) are now in substantially final form. Please identify if you believe there are other 'must have' points (other than the 2 mentioned above).
Regards, Steve
Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From: Milligan, Peter [mailto:PMilligan@osler.com]
Sent: Thursday, December 07, 2017 6:44 PM
To: ASHBOURNE, STEPHEN; Sebastiano, Rocco; Mansoori, Nina
Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Saulnier, Brett; Olusoga, Yinka; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca); PALMER, AARON; VINER, JON; PRESTAGE, JA
Subject: Fair Hydro - Change of Law Protection Agreement
All,
Attached is a revised comment draft of the Change of Low Protection Agreement reflecting comments from Torys and Osler. In order to meet this transaction's timeline, this comment draft has not been reviewed by OPG or the Dealers and is delivered subject to any comments they may have.
Peter

OSLER

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From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: Thursday, December 07, 2017 4:27 PM
To: Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>;

'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro -- Change of Law Process Agreement
Hi,
Please find (attached) a further turn of the Change of Law Process Agreement, reflecting the Province's comments on the mark-up of the Agreement circulated yesterday afternoon by Torys. The attached blackline shows changes made to yesterday's Torys mark-up.
This version addresses concerns Rocco raised last night, to the extent the Province feels that the issues can be accommodated. For your information, I have set out below responses to Rocco's comments/observations (in CAPs).
The Province would like to proceed with the Ministers briefing early next week, on the basis that this version (minus the explanatory notes) is now in final form. If there are any critical revisions that the other parties believe reflect 'must have' priority, then the Province would like to have a call to discuss them as soon as possible.
Responses to Rocco's Points:
1. The change of the definition of Breach Event in Section 6.01 (i.e., the change to clause (a) and the addition of clause (b)) will result in an inconsistency with section 7.01(b) of the Change of Law Protection Agreement. This will require further consideration. [AGREED. 7.01(b) and 7.01(c) WILL NEED TO MIRROR THE CURE LANGUAGE WE SETTLE ON IN THE PROCESS AGREEMENT (SEE MY EARLIER COMMENTS). PERHAPS THE "which continues …" LANGUAGE IN 7.01(B) CAN BE REVISED TO READ: "to the extent that the Province would be entitled to provide a Suspension Notice in accordance with the terms of the agreement or agreements between the Province and OPG under which such obligations, requirements and processes arise". SIMILAR CHANGE FOR 7.01(C).
2. The right of the Province to issue an objection notice under Section 3.04(b) in connection with a Transaction Document provided to the Province which is required for a Refinancing of an Approved Obligation remains an outstanding issue. Clearly, this will depend upon what Adherence Conditions will be required under Section 4.02 of the Change of Law Protection Agreement in order to permit such Refinancing to become an Approved Obligation. If the Adherence Conditions set out in Section 4.02(a) of the Province's draft of the Change of Law Protection Agreement of December 4 were to apply to such Refinancing, to the extent that such refinancing required a change to a Transaction Document (e.g., as a result of a change to some rating agency condition or criteria), the Province's ability to issue an objection notice and thereby prevent the issuance of a Process Certificate under Section 3.01 (by virtue of Section 3.04) would have the effect of preventing a Refinancing. We trust that this was an unintended outcome of the drafting of Section 3.04 and/or the Adherence Conditions applicable to Refinancings. [THAT IS THE INTENDED EFFECT. THE ADHERENCE CONDITIONS WOULD APPLY TO THE REFINANCING, SO IF THE REFINANCING TERMS DEVIATED MATERIALLY (BASED ON THE SUBSTANTIALLY IN THE FORM" THRESHOLD"), THEN OPG WOULD REQUIRE THE PROVINCE NOT TO OBJECT IN ORDER TO PROCEED WITH THOSE NEW TERMS. OTHERWISE, THE REFINANCING COULD INCORPORATE TERMS AND CONDITIONS, WHICH WOULD BIND THE PROVINCE UNDER THE LIMITED GUARANTEE, THAT WOULD BE UNCONSTRAINED AND WITHOUT ANY ACCOUNTABILITY TO THE PROVINCE. IN ROCCO'S EXAMPLE, THAT MIGHT MEAN THAT OPG WOULD NEED TO RESORT TO UNRATED DEBT, IF THE

PROVINCE WAS UNWILLING TO ACCEPT THE NEW TERMS. PRESUMABLY EVERYONE WOULD ACT RATIONALLY. HOWEVER, AS A FAILSAFE, OPG COULD OFFER INCREASED PRICING IN ORDER TO ATTRACT INVESTORS TO ACCEPT THE EARLIER VETTED TERMS (BASED ON THE THEN ACCEPTED REVIEWED DOCUMENTATION).]

3. Given that the Indenture Trustee is not a party to the Change of Law Process Agreement, the Province and OPG can amend the terms and conditions of this agreement without the consent of the indenture Trustee. Specified Creditors under an Approved Obligation need to be assured that the Province cannot prevent a Refinancing of an Approved Obligation either by virtue of the objection notice discussed in point #2 above or as a result of a future amendment to the agreement. There are a couple of ways to deal with this point. The first is to a add a beneficiary/third party rights clause in the Change of Law Process Agreement which acknowledges that the Indenture Trustee is a beneficiary of certain provisions of this agreement and as a result, the agreement cannot be amended without the consent of the Indenture Trustee. The second is to ensure that the Adherence Conditions relating to Refinancings under the Change of Law Protection Agreement are not dependent upon the terms of the Change of Law Process Agreement. In light of the desire to not disclose the terms and conditions of the Change of Law Process Agreement to the rating agencies, especially at this late stage in the process, we would expect that the latter approach would be preferable. [THE SUGGESTION REGARDING THE PROVINCE PREVENTING A REFINANCING IS ADDRESSED IN #2. IF THE REFINANCING TERMS WOULD EXCEED THE SCOPE OF THE TRANSACTION DOCUMENTS REVIEWED AND NOT OBJECTED TO BY THE PROVINCE, THEN THAT SUGGESTS THERE IS A MATERIAL EFFECT ON THE PROVINCE AND SO THE PROVINCE WOULD NEED THE ABILITY TO REVIEW AND CONSIDER THE PROPRIETY OF THOSE NEW TERMS FROM ITS PERSPECTIVE. AS FOR THE STANDALONE NATURE OF THE PROCESS AGREEMENT, THE INTENTION IS THAT THE PROCESS AGREEMENT BE UNCOUPLED AND NOT PART OF THE COLLATERAL, AND AS MICHAEL FELDMAN HAS EXPLAINED, LEAVE FUTURE FLEXIBILITY FOR THIS LONG-TERM STRUCTURE. TO ADDRESS ROCCO'S CONCERN THAT THE PROVINCE AND OPG COULD CHANGE THE UNDERLYING OBLIGATIONS APPLICABLE TO ADHERENCE IN RELATION TO A NEW OBLIGATION, REQUIREMENT OR PROCESS IN THE PROCESS AGREEMENT THAT WOULD MAKE A REFINANCING LESS LIKELY TO OCCUR, WE HAVE ADDED AND USED IN THE ATTACHED VERSION A NEW DEFFINTION:

> "Approved Refinancing" means a Certified Primary Obligation proposed to be incurred as a Refinancing of an existing Certified Primary Obligation in respect of which the Adherence Conditions had been satisfied on the date such existing Certified Primary Obligation was incurred, that, at the time of incurrence, satisfies each of each of the Adherence Conditions except that the certificate contemplated to be delivered under Section 4.02(b) shall instead confirm that OPG has delivered to the Province a certificate by its applicable officers confirming that OPG would be in compliance with all obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the proposed Certified Primary Obligation that applied as between the Province and OPG on the date of issuance of such existing Certified Primary Obligation." Various references to "Refinancing" in the Protection Agreement can also be revised to refer to "Approved Refinancing", as required.

Regards, Steve

Stephen R. Ashbourne
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Blake, Cassels & Graydon LLP | Barristers & Solicitors | Patent & Trade-mark Agents
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From: Sebastiano, Rocco [mailto:RSebastiano@osler.com]
Sent: Wednesday, December 06, 2017 7:45 PM
To: Mansoori, Nina; ASHBOURNE, STEPHEN; VINER, JON; PRESTAGE, JA
Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Milligan, Peter; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Saulnier, Brett; Olusoga, Yinka
Subject: RE: Fair Hydro -- Change of Law Process Agreement

I have reviewed the revised draft of the Change of Law Process Agreement that Torys has prepared and would like to pass along the following comments/observations:

1. The change of the definition of Breach Event in Section 6.01 (i.e., the change to clause (a) and the addition of clause (b)) will result in an inconsistency with section 7.01(b) of the Change of Law Protection Agreement. This will require further consideration.

2. The right of the Province to issue an objection notice under Section 3.04(b) in connection with a Transaction Document provided to the Province which is required for a Refinancing of an Approved Obligation remains an outstanding issue. Clearly, this will depend upon what Adherence Conditions will be required under Section 4.02 of the Change of Law Protection Agreement in order to permit such Refinancing to become an Approved Obligation. If the Adherence Conditions set out in Section 4.02(a) of the Province's draft of the Change of Law Protection Agreement of December 4 were to apply to such Refinancing, to the extent that such refinancing required a change to a Transaction Document (e.g., as a result of a change to some rating agency condition or criteria), the Province's ability to issue an objection notice and thereby prevent the issuance of a Process Certificate under Section 3.01 (by virtue of Section 3.04) would have the effect of preventing a Refinancing. We trust that this was an unintended outcome of the drafting of Section 3.04 and/or the Adherence Conditions applicable to Refinancings.

3. Given that the Indenture Trustee is not a party to the Change of Law Process Agreement, the Province and OPG can amend the terms and conditions of this agreement without the consent of the indenture Trustee. Specified Creditors under an Approved Obligation need to be assured that the Province cannot prevent a Refinancing of an Approved Obligation either by virtue of the objection notice discussed in point #2 above or as a result of a future amendment to the agreement. There are a couple of ways to deal with this point. The first is to a add a beneficiary/third party rights clause in the Change of Law Process Agreement which acknowledges that the Indenture Trustee is a beneficiary of certain provisions of this agreement and as a result, the agreement cannot be amended without the consent of the Indenture Trustee. The second is to ensure that the Adherence Conditions relating to Refinancings under the Change of Law Protection Agreement are not dependent upon the

terms of the Change of Law Process Agreement. In light of the desire to not disclose the terms and conditions of the Change of Law Process Agreement to the rating agencies, especially at this late stage in the process, we would expect that the latter approach would be preferable.
Regards, Rocco

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: Wednesday, December 06, 2017 4:38 PM
To: 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>; 'JON.VINER@blakes.com' <JON.VINER@blakes.com>; 'JA.PRESTAGE@blakes.com' <JA.PRESTAGE@blakes.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Mansoori, Nina <nmansoori@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>
Subject: Fair Hydro -- Change of Law Process Agreement

Blakes team,

Please find attached OPG and Torys' comments on the Process Agreement reflecting our discussions from yesterday's call. Please note that this draft is subject to continuing review and comment by Osler and the dealers. As discussed at the tail end of our call yesterday, the section in the Process Agreement that gives the Province the right to object to new and material changes to transaction documents dovetails with the Protection Agreement so additional comments from Oslers may be forthcoming on this draft.

We are working on getting you a revised draft of the Protection Agreement either later today or tomorrow. In the meantime, please let us know if you have any comments or questions on the Process Agreement.

Best Regards,
Nina

Nina Mansoori
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From:	Hanslep, Malle (MOF)
To:	Ken Kandeepan; Tobias P. Whitfield (MOF); "ASHBOURNE, STEPHEN"
Cc:	Anna Strathy; Mike Manning
Subject:	RE: Fair Hydro - Change of Law - Protection and Process Agreements
Date:	Wednesday, December 13, 2017 1:33:48 PM

Yes, we have to review Tory's version and Steve's mark-up of that version before we can sign off and agree on the rest of the process agreement, other than the definition. Our understanding was that only the definition was the subject of E&Y's review yesterday and that the rest of the agreement was still under review.
Malle

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: December 13, 2017 1:24 PM
To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); 'ASHBOURNE, STEPHEN'
Cc: Strathy, Anna (OFA); Manning, Mike (OFA)
Subject: FW: Fair Hydro - Change of Law - Protection and Process Agreements
Hi All
Just got off a call with John Lee, this is the version that E&Y have signed off, I am comfortable with the definition of "Material Effect" since it reflects the discussion Mark Donaldson and I had with OPG's accounts and E&Y yesterday. Based on a discussion I had with Cindy this AM she is also ok. Now John assures me that this version includes changes by Torys' to align the Process Agreement with the final version of the Protection Agreement. It's a pity that we were not provided adequate time to examine this last assertion before it was submitted to E&Y for sign off.
Happy to discuss.
Thanks
Ken k

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: Wednesday, December 13, 2017 11:48 AM
To: Saulnier, Brett <bsaulnier@torys.com>; Milligan, Peter <PMilligan@osler.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; Anna Strathy <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>; Mark Donaldson (MOF) <Mark.Donaldson@ontario.ca>; Daniel Cayley (ENERGY) <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Fullerton, Rick <RFullerton@osler.com>; Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; Steen Hume (CAB) <Steen.Hume@ontario.ca>; Olusoga, Yinka <yolusoga@torys.com>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca) <Alena.Thouin@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>

Subject: RE: Fair Hydro - Change of Law - Protection and Process Agreements

Hi Brett. In the interest of time, I am attaching my mark-up of the version of the Process Agreement you circulated yesterday morning. The Province is reviewing this concurrently and so it is subject to client input. I will have a look at what you just sent. You will see my mark-up highlights in yellow the items I had heard may be of consequence to the accountants in the definition of Material Effect – it sounds like you may be more up-to-date. If my comments are not self-evident, I can be available after 2:30 if that works. Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From: Saulnier, Brett [mailto:bsaulnier@torys.com]
Sent: Wednesday, December 13, 2017 11:32 AM
To: ASHBOURNE, STEPHEN; Milligan, Peter; Sebastiano, Rocco; Mansoori, Nina; 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie - LAWDIV'; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Olusoga, Yinka; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca); PALMER, AARON; VINER, JON; PRESTAGE, JA; 'MAUTI John -FIN & C CTRL'
Subject: RE: Fair Hydro - Change of Law - Protection and Process Agreements

All,

Attached is a revised draft of the definition of "Material Effect" that was proposed by Blakes in the last version of the Protection Agreement (changed page only). The attached reflects OPG's discussions with their accountants and with the Province. Also attached is a revised draft of the Process Agreement, clean and blacklined to the last Torys version circulated below, which conforms the Material Effect definition to the Protection Agreement definition and contains a few other minor cleanups/removal of drafting notes. OPG expects to receive confirmation from the accountants this afternoon that they are comfortable with the documents in this form.

We need to provide the draft Process Agreement to the rating agencies as soon as possible today. Accordingly, we would ask that each of Blakes and Osler confirm their sign off on the attached. Given the timing constraints, we would ask that only substantive concerns be raised as we have limited time to address drafting/style changes.

Regards,
Brett

Brett Saulnier
P. 416.865.8148 | F. 416.865.7380 | 1.800.505.8679

From: Saulnier, Brett
Sent: December-12-17 1:19 AM
To: 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>; 'Milligan, Peter' <PMilligan@osler.com>; 'Sebastiano, Rocco' <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -

TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; 'Fullerton, Rick' <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Olusoga, Yinka <yolusoga@torys.com>; 'Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca)' <Tobias.Whitfield@ontario.ca>; 'PALMER, AARON' <AARON.PALMER@blakes.com>; 'VINER, JON' <JON.VINER@blakes.com>; 'PRESTAGE, JA' <JA.PRESTAGE@blakes.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>
Subject: RE: Fair Hydro - Change of Law Process Agreement

All,

In the interest of time, we are circulating concurrently to all parties a revised draft of the Change of Law Process Agreement, clean and blacklined to the last version circulated by Blakes. The attached reflects Torys' attempt to capture the comments and guidance provided by OPG and its accountants and remains subject to their ongoing review. We understand the Province and Blakes will also be discussing the scope of these changes. As there will be limited time to finalize the attached, we suggest discussing next steps to settle this agreement on our 10 a.m. call tomorrow.

Thanks,

Brett

Brett Saulnier

From: Saulnier, Brett
Sent: December-11-17 11:35 PM
To: 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>; Milligan, Peter <PMilligan@osler.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>;

Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro - Change of Law Protection Agreement
All,
Attached for your review is a revised draft of the Change of Law Protection Agreement, clean and blacklined to the last version circulated by Blakes and reflecting the meetings held earlier today. As discussed, we need to provide the attached to the rating agencies **by no later than noon tomorrow** in order to meet our end of year financing deadline. Accordingly, we will be circulating a calendar invite to this group for 10 a.m. tomorrow morning to confirm the parties are signed off. If Osler or Blakes have any comments on the attached, we would ask that they be circulated to this group prior to the 10 a.m. call.
Kind regards,
Brett
Brett Saulnier

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: December-08-17 3:16 PM
To: Milligan, Peter <PMilligan@osler.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro - Change of Law Protection Agreement
Hi,
Attached is a revised version of the Change of Law Protection Agreement. I believe that most of the changes reflected from last night's Osler version (blackline is attached) are of a drafting or conforming nature, other than: (1) the Province disagrees that Approved Refinancing terms should be unfettered by adherence conditions post-Suspension Event and (2) the proposed rating-based "materially and adversely" qualification in the definition of Protection Event (and in fact any such qualification) is not acceptable to the Province. With regard to (1), this version comes into line with the proposed approach (i.e., using a modified adherence condition) that was incorporated into the version of the Change of Law Process Agreement I circulated yesterday. A further turn of that Agreement, to conform the open item identified in section 3.02 to the revised Change of Law Protection Agreement, is also included here for your reference.

Please note that the Province is working through the drafting concurrently and so further drafting comments may be provided.
As mentioned yesterday, the Province would like to proceed with the Ministers sign-off briefing early next week, on the basis that these versions (minus the explanatory notes) are now in substantially final form. Please identify if you believe there are other 'must have' points (other than the 2 mentioned above).
Regards, Steve
Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From: Milligan, Peter [mailto:PMilligan@osler.com]
Sent: Thursday, December 07, 2017 6:44 PM
To: ASHBOURNE, STEPHEN; Sebastiano, Rocco; Mansoori, Nina
Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Saulnier, Brett; Olusoga, Yinka; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca); PALMER, AARON; VINER, JON; PRESTAGE, JA
Subject: Fair Hydro - Change of Law Protection Agreement
All,
Attached is a revised comment draft of the Change of Low Protection Agreement reflecting comments from Torys and Osler. In order to meet this transaction's timeline, this comment draft has not been reviewed by OPG or the Dealers and is delivered subject to any comments they may have.
Peter

OSLER

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From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: Thursday, December 07, 2017 4:27 PM
To: Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Milligan, Peter <PMilligan@osler.com>;

Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro -- Change of Law Process Agreement
Hi,
Please find (attached) a further turn of the Change of Law Process Agreement, reflecting the Province's comments on the mark-up of the Agreement circulated yesterday afternoon by Torys. The attached blackline shows changes made to yesterday's Torys mark-up.
This version addresses concerns Rocco raised last night, to the extent the Province feels that the issues can be accommodated. For your information, I have set out below responses to Rocco's comments/observations (in CAPs).
The Province would like to proceed with the Ministers briefing early next week, on the basis that this version (minus the explanatory notes) is now in final form. If there are any critical revisions that the other parties believe reflect 'must have' priority, then the Province would like to have a call to discuss them as soon as possible.
Responses to Rocco's Points:
1. The change of the definition of Breach Event in Section 6.01 (i.e., the change to clause (a) and the addition of clause (b)) will result in an inconsistency with section 7.01(b) of the Change of Law Protection Agreement. This will require further consideration. [AGREED. 7.01(b) and 7.01(c) WILL NEED TO MIRROR THE CURE LANGUAGE WE SETTLE ON IN THE PROCESS AGREEMENT (SEE MY EARLIER COMMENTS). PERHAPS THE "which continues …" LANGUAGE IN 7.01(B) CAN BE REVISED TO READ: "to the extent that the Province would be entitled to provide a Suspension Notice in accordance with the terms of the agreement or agreements between the Province and OPG under which such obligations, requirements and processes arise". SIMILAR CHANGE FOR 7.01(C).
2. The right of the Province to issue an objection notice under Section 3.04(b) in connection with a Transaction Document provided to the Province which is required for a Refinancing of an Approved Obligation remains an outstanding issue. Clearly, this will depend upon what Adherence Conditions will be required under Section 4.02 of the Change of Law Protection Agreement in order to permit such Refinancing to become an Approved Obligation. If the Adherence Conditions set out in Section 4.02(a) of the Province's draft of the Change of Law Protection Agreement of December 4 were to apply to such Refinancing, to the extent that such refinancing required a change to a Transaction Document (e.g., as a result of a change to some rating agency condition or criteria), the Province's ability to issue an objection notice and thereby prevent the issuance of a Process Certificate under Section 3.01 (by virtue of Section 3.04) would have the effect of preventing a Refinancing. We trust that this was an unintended outcome of the drafting of Section 3.04 and/or the Adherence Conditions applicable to Refinancings. [THAT IS THE INTENDED EFFECT. THE ADHERENCE CONDITIONS WOULD APPLY TO THE REFINANCING, SO IF THE REFINANCING TERMS DEVIATED MATERIALLY (BASED ON THE SUBSTANTIALLY IN THE FORM" THRESHOLD"), THEN OPG WOULD REQUIRE THE PROVINCE NOT TO OBJECT IN ORDER TO PROCEED WITH THOSE NEW TERMS. OTHERWISE, THE REFINANCING COULD INCORPORATE TERMS AND CONDITIONS, WHICH WOULD BIND THE PROVINCE UNDER THE LIMITED GUARANTEE, THAT WOULD BE UNCONSTRAINED AND WITHOUT ANY ACCOUNTABILITY TO THE PROVINCE. IN ROCCO'S EXAMPLE,

THAT MIGHT MEAN THAT OPG WOULD NEED TO RESORT TO UNRATED DEBT, IF THE PROVINCE WAS UNWILLING TO ACCEPT THE NEW TERMS. PRESUMABLY EVERYONE WOULD ACT RATIONALLY. HOWEVER, AS A FAILSAFE, OPG COULD OFFER INCREASED PRICING IN ORDER TO ATTRACT INVESTORS TO ACCEPT THE EARLIER VETTED TERMS (BASED ON THE THEN ACCEPTED REVIEWED DOCUMENTATION).]

3. Given that the Indenture Trustee is not a party to the Change of Law Process Agreement, the Province and OPG can amend the terms and conditions of this agreement without the consent of the indenture Trustee. Specified Creditors under an Approved Obligation need to be assured that the Province cannot prevent a Refinancing of an Approved Obligation either by virtue of the objection notice discussed in point #2 above or as a result of a future amendment to the agreement. There are a couple of ways to deal with this point. The first is to a add a beneficiary/third party rights clause in the Change of Law Process Agreement which acknowledges that the Indenture Trustee is a beneficiary of certain provisions of this agreement and as a result, the agreement cannot be amended without the consent of the Indenture Trustee. The second is to ensure that the Adherence Conditions relating to Refinancings under the Change of Law Protection Agreement are not dependent upon the terms of the Change of Law Process Agreement. In light of the desire to not disclose the terms and conditions of the Change of Law Process Agreement to the rating agencies, especially at this late stage in the process, we would expect that the latter approach would be preferable. [THE SUGGESTION REGARDING THE PROVINCE PREVENTING A REFINANCING IS ADDRESSED IN #2. IF THE REFINANCING TERMS WOULD EXCEED THE SCOPE OF THE TRANSACTION DOCUMENTS REVIEWED AND NOT OBJECTED TO BY THE PROVINCE, THEN THAT SUGGESTS THERE IS A MATERIAL EFFECT ON THE PROVINCE AND SO THE PROVINCE WOULD NEED THE ABILITY TO REVIEW AND CONSIDER THE PROPRIETY OF THOSE NEW TERMS FROM ITS PERSPECTIVE. AS FOR THE STANDALONE NATURE OF THE PROCESS AGREEMENT, THE INTENTION IS THAT THE PROCESS AGREEMENT BE UNCOUPLED AND NOT PART OF THE COLLATERAL, AND AS MICHAEL FELDMAN HAS EXPLAINED, LEAVE FUTURE FLEXIBILITY FOR THIS LONG-TERM STRUCTURE. TO ADDRESS ROCCO'S CONCERN THAT THE PROVINCE AND OPG COULD CHANGE THE UNDERLYING OBLIGATIONS APPLICABLE TO ADHERENCE IN RELATION TO A NEW OBLIGATION, REQUIREMENT OR PROCESS IN THE PROCESS AGREEMENT THAT WOULD MAKE A REFINANCING LESS LIKELY TO OCCUR, WE HAVE ADDED AND USED IN THE ATTACHED VERSION A NEW DEFFINTION:

> "Approved Refinancing" means a Certified Primary Obligation proposed to be incurred as a Refinancing of an existing Certified Primary Obligation in respect of which the Adherence Conditions had been satisfied on the date such existing Certified Primary Obligation was incurred, that, at the time of incurrence, satisfies each of each of the Adherence Conditions except that the certificate contemplated to be delivered under Section 4.02(b) shall instead confirm that OPG has delivered to the Province a certificate by its applicable officers confirming that OPG would be in compliance with all obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the proposed Certified Primary Obligation that applied as between the Province and OPG on the date of issuance of such existing Certified Primary Obligation." Various references to "Refinancing" in the Protection Agreement can also be revised to refer to "Approved Refinancing", as required.

Regards, Steve

Stephen R. Ashbourne
Partner
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Blake, Cassels & Graydon LLP | Barristers & Solicitors | Patent & Trade-mark Agents
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L'information paraissant dans ce message électronique est CONFIDENTIELLE. Si ce message vous est parvenu par erreur, veuillez immédiatement m'en aviser par téléphone ou par courriel et en détruire toute copie. Merci.

From: Sebastiano, Rocco [mailto:RSebastiano@osler.com]
Sent: Wednesday, December 06, 2017 7:45 PM
To: Mansoori, Nina; ASHBOURNE, STEPHEN; VINER, JON; PRESTAGE, JA
Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Milligan, Peter; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Saulnier, Brett; Olusoga, Yinka
Subject: RE: Fair Hydro -- Change of Law Process Agreement

I have reviewed the revised draft of the Change of Law Process Agreement that Torys has prepared and would like to pass along the following comments/observations:

1. The change of the definition of Breach Event in Section 6.01 (i.e., the change to clause (a) and the addition of clause (b)) will result in an inconsistency with section 7.01(b) of the Change of Law Protection Agreement. This will require further consideration.

2. The right of the Province to issue an objection notice under Section 3.04(b) in connection with a Transaction Document provided to the Province which is required for a Refinancing of an Approved Obligation remains an outstanding issue. Clearly, this will depend upon what Adherence Conditions will be required under Section 4.02 of the Change of Law Protection Agreement in order to permit such Refinancing to become an Approved Obligation. If the Adherence Conditions set out in Section 4.02(a) of the Province's draft of the Change of Law Protection Agreement of December 4 were to apply to such Refinancing, to the extent that such refinancing required a change to a Transaction Document (e.g., as a result of a change to some rating agency condition or criteria), the Province's ability to issue an objection notice and thereby prevent the issuance of a Process Certificate under Section 3.01 (by virtue of Section 3.04) would have the effect of preventing a Refinancing. We trust that this was an unintended outcome of the drafting of Section 3.04 and/or the Adherence Conditions applicable to Refinancings.

3. Given that the Indenture Trustee is not a party to the Change of Law Process Agreement, the Province and OPG can amend the terms and conditions of this agreement without the consent of the indenture Trustee. Specified Creditors under an Approved Obligation need to be assured that the Province cannot prevent a Refinancing of an Approved Obligation either by virtue of the objection notice discussed in point #2 above or as a result of a future amendment to the agreement. There are a couple of ways to deal with this point. The first is to a add a beneficiary/third party rights clause in the Change of Law Process Agreement which acknowledges that the Indenture Trustee is a beneficiary of certain provisions of this agreement and as a result, the agreement cannot be amended without the consent of the Indenture Trustee. The second is to ensure that the Adherence Conditions relating to Refinancings under the Change of Law Protection Agreement are not dependent upon the

terms of the Change of Law Process Agreement. In light of the desire to not disclose the terms and conditions of the Change of Law Process Agreement to the rating agencies, especially at this late stage in the process, we would expect that the latter approach would be preferable.
Regards, Rocco

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: Wednesday, December 06, 2017 4:38 PM
To: 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>; 'JON.VINER@blakes.com' <JON.VINER@blakes.com>; 'JA.PRESTAGE@blakes.com' <JA.PRESTAGE@blakes.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Mansoori, Nina <nmansoori@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>
Subject: Fair Hydro -- Change of Law Process Agreement

Blakes team,

Please find attached OPG and Torys' comments on the Process Agreement reflecting our discussions from yesterday's call. Please note that this draft is subject to continuing review and comment by Osler and the dealers. As discussed at the tail end of our call yesterday, the section in the Process Agreement that gives the Province the right to object to new and material changes to transaction documents dovetails with the Protection Agreement so additional comments from Oslers may be forthcoming on this draft.

We are working on getting you a revised draft of the Protection Agreement either later today or tomorrow. In the meantime, please let us know if you have any comments or questions on the Process Agreement.

Best Regards,
Nina

Nina Mansoori
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From:	ASHBOURNE, STEPHEN
To:	Saulnier, Brett; Milligan, Peter; Sebastiano, Rocco; Mansoori, Nina; Ken Kandeepan; "LADAK Lubna -TREASURY"; Anna Strathy; "Veinot, Cindy (TBS)"; Tom McKinlay (MAG); Mark Donaldson (MOF); Daniel Cayley (ENERGY); "Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)"; Ramchandani, Rima; "LEE John -TREASURY"; "RYFA Ken -TREASURY"; "HAHN PARKER Janet -TREASURY"; "MAUTI John -FIN & C CTRL"; "LAURETA LAPIRA May -TREASURY"; Feldman, Michael; "WONG Leslie -LAWDIV"; Fullerton, Rick; Gadi Mayman; Mike Manning; Malle Hanslep (MOF); "ian.benaiah@rbccm.com"; "Khan, Nur (nur.khan@rbccm.com)"; "brent.r.taylor@rbccm.com"; "katrina.niehaus@gs.com"; "brian.delaney@gs.com"; "Maciel, Andrew"; "Adalja, Sunil"; "Persad, Nicole"; "Persaud, Donnie - Debt Capital Markets"; Steen Hume (CAB); Olusoga, Yinka; Tobias P. Whitfield (MOF); PALMER, AARON; VINER, JON; PRESTAGE, JA; "MAUTI John -FIN & C CTRL"; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca); Tom McKinlay (MAG)
Subject:	RE: Fair Hydro - Change of Law - Protection and Process Agreements
Date:	Wednesday, December 13, 2017 11:48:07 AM
Attachments:	23239361-v26-Change of Law - Process Agreement.DOCX 23239361-vpdf-Change of Law - Process Agreement.PDF

Hi Brett. In the interest of time, I am attaching my mark-up of the version of the Process Agreement you circulated yesterday morning. The Province is reviewing this concurrently and so it is subject to client input. I will have a look at what you just sent. You will see my mark-up highlights in yellow the items I had heard may be of consequence to the accountants in the definition of Material Effect – it sounds like you may be more up-to-date. If my comments are not self-evident, I can be available after 2:30 if that works. Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From: Saulnier, Brett [mailto:bsaulnier@torys.com]
Sent: Wednesday, December 13, 2017 11:32 AM
To: ASHBOURNE, STEPHEN; Milligan, Peter; Sebastiano, Rocco; Mansoori, Nina; 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Olusoga, Yinka; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca); PALMER, AARON; VINER, JON; PRESTAGE, JA; 'MAUTI John -FIN & C CTRL'
Subject: RE: Fair Hydro - Change of Law - Protection and Process Agreements

All,

Attached is a revised draft of the definition of “Material Effect” that was proposed by Blakes in the last version of the Protection Agreement (changed page only). The attached reflects OPG’s discussions with their accountants and with the Province. Also attached is a revised draft of the Process Agreement, clean and blacklined to the last Torys version circulated below, which conforms the Material Effect definition to the Protection Agreement definition and contains a few other minor cleanups/removal of drafting notes. OPG expects to receive confirmation from the accountants this afternoon that they are comfortable with the documents in this form.

We need to provide the draft Process Agreement to the rating agencies as soon as possible today. Accordingly, we would ask that each of Blakes and Osler confirm their sign off on the attached. Given the timing constraints, we would ask that only substantive concerns be raised as we have limited time to address drafting/style changes.

Regards,
Brett

Brett Saulnier
P. 416.865.8148 | F. 416.865.7380 | 1.800.505.8679

From: Saulnier, Brett
Sent: December-12-17 1:19 AM
To: 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>; 'Milligan, Peter' <PMilligan@osler.com>; 'Sebastiano, Rocco' <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; 'Fullerton, Rick' <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Olusoga, Yinka <yolusoga@torys.com>; 'Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca)' <Tobias.Whitfield@ontario.ca>; 'PALMER, AARON' <AARON.PALMER@blakes.com>; 'VINER, JON' <JON.VINER@blakes.com>; 'PRESTAGE, JA' <JA.PRESTAGE@blakes.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>
Subject: RE: Fair Hydro - Change of Law Process Agreement

All,

In the interest of time, we are circulating concurrently to all parties a revised draft of the Change of Law Process Agreement, clean and blacklined to the last version circulated by Blakes. The attached reflects Torys' attempt to capture the comments and guidance provided by OPG and its accountants and remains subject to their ongoing review. We understand the Province and Blakes will also be discussing the scope of these changes. As there will be limited time to finalize the attached, we suggest discussing next steps to settle this agreement on our 10 a.m. call tomorrow.

Thanks,

Brett

Brett Saulnier

From: Saulnier, Brett
Sent: December-11-17 11:35 PM
To: 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>; Milligan, Peter <PMilligan@osler.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -

TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro - Change of Law Protection Agreement

All,

Attached for your review is a revised draft of the Change of Law Protection Agreement, clean and blacklined to the last version circulated by Blakes and reflecting the meetings held earlier today. As discussed, we need to provide the attached to the rating agencies **by no later than noon tomorrow** in order to meet our end of year financing deadline. Accordingly, we will be circulating a calendar invite to this group for 10 a.m. tomorrow morning to confirm the parties are signed off. If Osler or Blakes have any comments on the attached, we would ask that they be circulated to this group prior to the 10 a.m. call.

Kind regards,

Brett

Brett Saulnier

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: December-08-17 3:16 PM
To: Milligan, Peter <PMilligan@osler.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON

<AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro - Change of Law Protection Agreement
Hi,
Attached is a revised version of the Change of Law Protection Agreement. I believe that most of the changes reflected from last night's Osler version (blackline is attached) are of a drafting or conforming nature, other than: (1) the Province disagrees that Approved Refinancing terms should be unfettered by adherence conditions post-Suspension Event and (2) the proposed rating-based "materially and adversely" qualification in the definition of Protection Event (and in fact any such qualification) is not acceptable to the Province. With regard to (1), this version comes into line with the proposed approach (i.e., using a modified adherence condition) that was incorporated into the version of the Change of Law Process Agreement I circulated yesterday. A further turn of that Agreement, to conform the open item identified in section 3.02 to the revised Change of Law Protection Agreement, is also included here for your reference.
Please note that the Province is working through the drafting concurrently and so further drafting comments may be provided.
As mentioned yesterday, the Province would like to proceed with the Ministers sign-off briefing early next week, on the basis that these versions (minus the explanatory notes) are now in substantially final form. Please identify if you believe there are other 'must have' points (other than the 2 mentioned above).
Regards, Steve
Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From: Milligan, Peter [mailto:PMilligan@osler.com]
Sent: Thursday, December 07, 2017 6:44 PM
To: ASHBOURNE, STEPHEN; Sebastiano, Rocco; Mansoori, Nina
Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Saulnier, Brett; Olusoga, Yinka; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca); PALMER, AARON; VINER, JON; PRESTAGE, JA
Subject: Fair Hydro - Change of Law Protection Agreement
All,
Attached is a revised comment draft of the Change of Low Protection Agreement reflecting comments from Torys and Osler. In order to meet this transaction's timeline, this comment draft has not been reviewed by OPG or the Dealers and is delivered subject to any comments they may have.
Peter

OSLER

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From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]

Sent: Thursday, December 07, 2017 4:27 PM
To: Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro -- Change of Law Process Agreement

Hi,

Please find (attached) a further turn of the Change of Law Process Agreement, reflecting the Province's comments on the mark-up of the Agreement circulated yesterday afternoon by Torys. The attached blackline shows changes made to yesterday's Torys mark-up.

This version addresses concerns Rocco raised last night, to the extent the Province feels that the issues can be accommodated. For your information, I have set out below responses to Rocco's comments/observations (in CAPs).

The Province would like to proceed with the Ministers briefing early next week, on the basis that this version (minus the explanatory notes) is now in final form. If there are any critical revisions that the other parties believe reflect 'must have' priority, then the Province would like to have a call to discuss them as soon as possible.

Responses to Rocco's Points:

1. The change of the definition of Breach Event in Section 6.01 (i.e., the change to clause (a) and the addition of clause (b)) will result in an inconsistency with section 7.01(b) of the Change of Law Protection Agreement. This will require further consideration. [AGREED. 7.01(b) and 7.01(c) WILL NEED TO MIRROR THE CURE LANGUAGE WE SETTLE ON IN THE PROCESS AGREEMENT (SEE MY EARLIER COMMENTS). PERHAPS THE "which continues …" LANGUAGE IN 7.01(B) CAN BE REVISED TO READ: "to the extent that the Province would be entitled to provide a Suspension Notice in accordance with the terms of the agreement or agreements between the Province and OPG under which such obligations, requirements and processes arise". SIMILAR CHANGE FOR 7.01(C).

2. The right of the Province to issue an objection notice under Section 3.04(b) in connection with a Transaction Document provided to the Province which is required for a Refinancing of an Approved Obligation remains an outstanding issue. Clearly, this will depend upon what Adherence Conditions will be required under Section 4.02 of the Change of Law Protection Agreement in order to permit such Refinancing to become an Approved Obligation. If the Adherence Conditions set out in Section 4.02(a) of the Province's draft of the Change of Law Protection Agreement of December 4 were to

apply to such Refinancing, to the extent that such refinancing required a change to a Transaction Document (e.g., as a result of a change to some rating agency condition or criteria), the Province's ability to issue an objection notice and thereby prevent the issuance of a Process Certificate under Section 3.01 (by virtue of Section 3.04) would have the effect of preventing a Refinancing. We trust that this was an unintended outcome of the drafting of Section 3.04 and/or the Adherence Conditions applicable to Refinancings. [THAT IS THE INTENDED EFFECT. THE ADHERENCE CONDITIONS WOULD APPLY TO THE REFINANCING, SO IF THE REFINANCING TERMS DEVIATED MATERIALLY (BASED ON THE SUBSTANTIALLY IN THE FORM" THRESHOLD"), THEN OPG WOULD REQUIRE THE PROVINCE NOT TO OBJECT IN ORDER TO PROCEED WITH THOSE NEW TERMS. OTHERWISE, THE REFINANCING COULD INCORPORATE TERMS AND CONDITIONS, WHICH WOULD BIND THE PROVINCE UNDER THE LIMITED GUARANTEE, THAT WOULD BE UNCONSTRAINED AND WITHOUT ANY ACCOUNTABILITY TO THE PROVINCE. IN ROCCO'S EXAMPLE, THAT MIGHT MEAN THAT OPG WOULD NEED TO RESORT TO UNRATED DEBT, IF THE PROVINCE WAS UNWILLING TO ACCEPT THE NEW TERMS. PRESUMABLY EVERYONE WOULD ACT RATIONALLY. HOWEVER, AS A FAILSAFE, OPG COULD OFFER INCREASED PRICING IN ORDER TO ATTRACT INVESTORS TO ACCEPT THE EARLIER VETTED TERMS (BASED ON THE THEN ACCEPTED REVIEWED DOCUMENTATION).]

3. Given that the Indenture Trustee is not a party to the Change of Law Process Agreement, the Province and OPG can amend the terms and conditions of this agreement without the consent of the indenture Trustee. Specified Creditors under an Approved Obligation need to be assured that the Province cannot prevent a Refinancing of an Approved Obligation either by virtue of the objection notice discussed in point #2 above or as a result of a future amendment to the agreement. There are a couple of ways to deal with this point. The first is to a add a beneficiary/third party rights clause in the Change of Law Process Agreement which acknowledges that the Indenture Trustee is a beneficiary of certain provisions of this agreement and as a result, the agreement cannot be amended without the consent of the Indenture Trustee. The second is to ensure that the Adherence Conditions relating to Refinancings under the Change of Law Protection Agreement are not dependent upon the terms of the Change of Law Process Agreement. In light of the desire to not disclose the terms and conditions of the Change of Law Process Agreement to the rating agencies, especially at this late stage in the process, we would expect that the latter approach would be preferable. [THE SUGGESTION REGARDING THE PROVINCE PREVENTING A REFINANCING IS ADDRESSED IN #2. IF THE REFINANCING TERMS WOULD EXCEED THE SCOPE OF THE TRANSACTION DOCUMENTS REVIEWED AND NOT OBJECTED TO BY THE PROVINCE, THEN THAT SUGGESTS THERE IS A MATERIAL EFFECT ON THE PROVINCE AND SO THE PROVINCE WOULD NEED THE ABILITY TO REVIEW AND CONSIDER THE PROPRIETY OF THOSE NEW TERMS FROM ITS PERSPECTIVE. AS FOR THE STANDALONE NATURE OF THE PROCESS AGREEMENT, THE INTENTION IS THAT THE PROCESS AGREEMENT BE UNCOUPLED AND NOT PART OF THE COLLATERAL, AND AS MICHAEL FELDMAN HAS EXPLAINED, LEAVE FUTURE FLEXIBILITY FOR THIS LONG-TERM STRUCTURE. TO ADDRESS ROCCO'S CONCERN THAT THE PROVINCE AND OPG COULD CHANGE THE UNDERLYING OBLIGATIONS APPLICABLE TO ADHERENCE IN RELATION TO A NEW OBLIGATION, REQUIREMENT OR PROCESS IN THE PROCESS AGREEMENT THAT WOULD MAKE A REFINANCING LESS LIKELY TO OCCUR, WE HAVE ADDED AND USED IN THE ATTACHED VERSION A NEW DEFFINTION:

> "Approved Refinancing" means a Certified Primary Obligation proposed to be incurred as a Refinancing of an existing Certified Primary Obligation in respect of which the Adherence Conditions had been satisfied on the date such existing Certified Primary Obligation was incurred, that, at the time of incurrence, satisfies each of each of the Adherence Conditions except that the certificate contemplated to be delivered under Section 4.02(b) shall instead confirm that OPG has delivered to the Province a certificate by its applicable officers confirming that OPG would be in compliance with all obligations to the Province and

internal requirements and processes in connection with the adherence of the Limited Guarantee to the proposed Certified Primary Obligation that applied as between the Province and OPG on the date of issuance of such existing Certified Primary Obligation." Various references to "Refinancing" in the Protection Agreement can also be revised to refer to "Approved Refinancing", as required.

Regards, Steve

Stephen R. Ashbourne
Partner
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Dir: 416-863-3086

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From: Sebastiano, Rocco [mailto:RSebastiano@osler.com]
Sent: Wednesday, December 06, 2017 7:45 PM
To: Mansoori, Nina; ASHBOURNE, STEPHEN; VINER, JON; PRESTAGE, JA
Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Milligan, Peter; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Saulnier, Brett; Olusoga, Yinka
Subject: RE: Fair Hydro -- Change of Law Process Agreement

I have reviewed the revised draft of the Change of Law Process Agreement that Torys has prepared and would like to pass along the following comments/observations:

1. The change of the definition of Breach Event in Section 6.01 (i.e., the change to clause (a) and the addition of clause (b)) will result in an inconsistency with section 7.01(b) of the Change of Law Protection Agreement. This will require further consideration.

2. The right of the Province to issue an objection notice under Section 3.04(b) in connection with a Transaction Document provided to the Province which is required for a Refinancing of an Approved Obligation remains an outstanding issue. Clearly, this will depend upon what Adherence Conditions will be required under Section 4.02 of the Change of Law Protection Agreement in order to permit such Refinancing to become an Approved Obligation. If the Adherence Conditions set out in Section 4.02(a) of the Province's draft of the Change of Law Protection Agreement of December 4 were to apply to such Refinancing, to the extent that such refinancing required a change to a Transaction Document (e.g., as a result of a change to some rating agency condition or criteria), the Province's ability to issue an objection notice and thereby prevent the issuance of a Process Certificate under

Section 3.01 (by virtue of Section 3.04) would have the effect of preventing a Refinancing. We trust that this was an unintended outcome of the drafting of Section 3.04 and/or the Adherence Conditions applicable to Refinancings.
3. Given that the Indenture Trustee is not a party to the Change of Law Process Agreement, the Province and OPG can amend the terms and conditions of this agreement without the consent of the indenture Trustee. Specified Creditors under an Approved Obligation need to be assured that the Province cannot prevent a Refinancing of an Approved Obligation either by virtue of the objection notice discussed in point #2 above or as a result of a future amendment to the agreement. There are a couple of ways to deal with this point. The first is to a add a beneficiary/third party rights clause in the Change of Law Process Agreement which acknowledges that the Indenture Trustee is a beneficiary of certain provisions of this agreement and as a result, the agreement cannot be amended without the consent of the Indenture Trustee. The second is to ensure that the Adherence Conditions relating to Refinancings under the Change of Law Protection Agreement are not dependent upon the terms of the Change of Law Process Agreement. In light of the desire to not disclose the terms and conditions of the Change of Law Process Agreement to the rating agencies, especially at this late stage in the process, we would expect that the latter approach would be preferable.
Regards, Rocco

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: Wednesday, December 06, 2017 4:38 PM
To: 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>; 'JON.VINER@blakes.com' <JON.VINER@blakes.com>; 'JA.PRESTAGE@blakes.com' <JA.PRESTAGE@blakes.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Mansoori, Nina <nmansoori@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>
Subject: Fair Hydro -- Change of Law Process Agreement
Blakes team,
Please find attached OPG and Torys' comments on the Process Agreement reflecting our discussions from yesterday's call. Please note that this draft is subject to continuing review and comment by Osler and the dealers. As discussed at the tail end of our call yesterday, the section in the Process Agreement that gives the Province the right to object to new and material changes to transaction documents dovetails with the Protection Agreement so additional comments from Oslers may be forthcoming on this draft.

We are working on getting you a revised draft of the Protection Agreement either later today or tomorrow. In the meantime, please let us know if you have any comments or questions on the Process Agreement.
Best Regards,
Nina

Nina Mansoori
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HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.

CHANGE OF LAW PROCESS AGREEMENT

Dated as of [■], 2017

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**") is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.

Pursuant to a Declaration of Trust dated as of [■], 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

Pursuant to the Management Agreement dated as of [■], 2017, OPG was appointed the Manager of the Financing Entity.

Concurrent with this Agreement, the Province, OPG (as the FSM and as the Manager), the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the applicable Adherence Conditions.

Prior to entering into this Agreement, OPG provided the Province with the final forms of certain of the Transaction Documents, as described on Exhibit "A", and the Province has not objected to such forms and hereby confirms to OPG that such Transaction Documents will constitute "Reference Documentation" for purposes of this Agreement.

Prior to entering into this Agreement, OPG, as the FSM, provided the Minister of Energy, in compliance with the Act, with the initial Financing Plan, which includes the initial forecast (the "**Initial Forecast**") setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Obligations Secured to be incurred during the 24 month period from December 1, 2017 to November 30, 2019 (the "**Initial Forecast Period**"). Prior to entering into this Agreement, OPG provided the Province with the initial Protection Agreement Maximum (the "**Initial Protection Agreement Maximum**"). The Province has received the initial Financing Plan and has not disagreed with the Initial Forecast or the Initial Protection Agreement Maximum on the basis of an apparent inaccuracy in the Initial Forecast, an inconsistency between the Initial Forecast and the initial Financing Plan, or as a result of the Initial Protection Agreement Maximum being more than the Initial Forecast.

This Agreement sets out the obligations OPG has agreed to perform and assurances OPG has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the applicable Adherence Conditions have been satisfied and maintaining information related to the Program Agreements and the Approved Obligations.

All things necessary to make this Agreement a valid and legally binding agreement of OPG and the Province, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall"; the word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such

other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed; the words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 <u>References to the Financing Entity</u>

For greater certainty, each reference to the Financing Entity shall be construed as a reference to the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 <u>Effect of Headings</u>

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.04 <u>Successors and Assigns</u>

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 <u>Severability</u>

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.06 <u>Governing Law</u>

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND

REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF OPG

2.01 Deliveries to the Province

(a) OPG shall promptly deliver to the Province a copy of any proposed change to or replacement of the Financing Plan.

(b) Not less than 10 Business Days, or such lesser period as the Province may agree to in writing, prior to:

(i) any proposed material change in the terms or conditions applicable to a Primary Obligation in a previously provided Transaction Document becoming effective or otherwise being used; provided, for greater certainty, that a proposed change in particular financial terms, rates or levels shall not constitute a material change for this purpose and, without limitation, any change that could reasonably be expected to have a Material Effect shall constitute a material change for this purpose, and

(ii) any additional, supplemental or replacement Transaction Document becoming effective or otherwise being used,

OPG shall deliver to the Province a copy of such proposed change to the Transaction Document and any such additional, supplemental or replacement Transaction Document.

(c) Without limiting Subsection 2.01(b), promptly following (i) any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor being made, (ii) any new, additional, supplemental or replacement instruments, documents, agreements or security being used or granted in connection with all or any part of the Approved Obligations, or (iii) any waiver, release, reconveyance, termination, abandonment, subordination, exchange, substitution, transfer, compound, compromise, liquidation or enforcement of all or any part of the Approved Obligations or any security or guarantee therefor being effected, OPG shall, except if previously been provided to the Province under Subsection 2.01(b), deliver to the Province a detailed description of such event and the reasons for it, together with any related documents, agreements and instruments.

(d) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, OPG shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations

(including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(e) Promptly upon request, OPG shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

2.02 <u>Covenants</u>

(a) OPG shall use commercially reasonable efforts to cause the Financing Entity to:

(i) punctually perform and observe all of the Financing Entity's obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not (unless waived in writing by the Province):

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement, replacement, waiver or consent has or could reasonably be considered to have a Material Effect; provided, however, that the foregoing does not apply to any supplement, amendment, modification, restatement, replacement, waiver or consent in respect of particular financial terms, rates or levels;

(B) extend, renew, compromise, novate, replace, suspend, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, liquidate or enforce the terms of all or any part of the Approved Obligations or any Collateral, if any such action has could reasonably be considered to have a Material Effect; provided, however, that the foregoing does not apply to any such action taken in respect of particular financial terms, rates or levels; or

(C) permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired.

(b) If any action restricted pursuant to Section 2.02(a)(v) is reflected in the terms of a Transaction Document (including any proposed change, addition, supplement or replacement to or of a Transaction Document) delivered by OPG to the Province in accordance with Section 2.01(b) and such terms and action are specifically brought to the attention of the Province at the time of such delivery, then the Province shall be deemed to have waived its rights with respect to such action under Section 2.02(a)(v) if the Province has not objected to the terms of such Transaction Document (including any proposed change, addition, supplement or replacement to or of a Transaction Document) under Section 3.04(b) with respect to the taking of such action.

(c) OPG shall:

(i) comply, and shall use commercially reasonable efforts to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

(ii) punctually perform and observe all of its (including as the FSM and as Manager) obligations and agreements contained in the Program Agreements;

(iii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation;

(iv) notify the Province of (1) the occurrence of any Breach Event and any Program Breach, in each case within 2 Business Days of any such occurrence, and (2) any event or circumstance known to OPG that with the passage of time or the giving of notice would be a Breach Event or a Program Breach, in each case within 1 Business Day of OPG first becoming aware of such event or circumstance; and

(v) after the occurrence of any Protection Event or any Suspension Event (or any event or circumstance known to OPG that with the passage of time or the giving of notice would be a Protection Event or a Suspension Event), not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.

(d) The Province and OPG acknowledge that their obligations to each other under the Indemnity Agreement between the Province and OPG dated June 1, 2017 (as

amended, the "**Indemnity Agreement**") are not amended by this Agreement and continue in full force and effect, notwithstanding that this Agreement is entered into subsequent to the Indemnity Agreement.

(e) The Province and OPG acknowledge that their obligations to each other under the Indemnity Agreement are not amended by the Change of Law Protection Agreement and continue in full force and effect, notwithstanding that the Change of Law Protection Agreement was entered into subsequent to the Indemnity Agreement.

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate

OPG shall deliver to the Province a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Province, on or before the incurrence or any amendment of a Funding Obligation (provided that delivery may not be more than 5 Business Days before the incurrence or amendment of the Funding Obligation), in each case setting out the following with respect to such Funding Obligation:

(a) the material terms of the Funding Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a Derivative Agreement, OPG's best estimate of the expected notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

(b) if an existing Funding Obligation is proposed to be amended, material details respecting such amendment, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

(c) a statement to the effect that: (i) the Funding Obligation to be incurred or amended (1) will arise under terms and conditions that are Substantially in the Form of the Reference Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reference Documentation;

(d) a statement confirming that any disclosure made in respect of the Funding Obligation (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to the Funding Obligation) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement has been made available to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made;

(e) a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and

(f) confirmation that, at the time the Funding Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Funding Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the Protection Agreement Maximum applicable on the date that the Process Certificate is delivered; for clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be determined on the date the Process Certificate is delivered hereunder in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

Notwithstanding the foregoing, no Process Certificate shall be required to be delivered in respect of: (x) any Funding Obligation under which not more than $5,000,000 in the aggregate may become payable by the Financing Entity or (y) the incurrence of a Post-Suspension Refinancing that is proposed to be entered into by the Manager in compliance with the requirements of Section 7.03 of the Change of Law Protection Agreement after the Province has elected not to offer to fund such Post-Suspension Refinancing in accordance with such requirements.

3.02 Acknowledgement regarding delivery of certificate under Change of Law Protection Agreement

The Province acknowledges that, concurrent with the delivery of the Process Certificate pursuant to Section 3.01 of this Agreement, the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) will be authorized by OPG to deliver the certificate referred to in Subsection 4.02(a)(ii) of the Change of Law Protection Agreement to the Indenture Trustee confirming that OPG has complied with all

of its obligations to the Province and internal requirements and processes in connection with adherence of the Limited Guarantee to the incurrence of the Certified Primary Obligations in respect of which the certificate in Subsection 4.02(a)(ii) of the Change of Law Protection Agreement is being delivered; provided that, upon receipt of a Suspension Notice under the Change of Law Protection Agreement, OPG covenants not to not permit the delivery of any further certificates to the Indenture Trustee under Subsection 4.02(a)(ii) of the Change of Law Protection Agreement.

3.03 Suspension Events and Related Matters

(a) The parties acknowledge and agree that the Province is entitled to deliver a Suspension Notice under Section 7.01 of the Change of Law Protection Agreement if a Program Breach or Breach Event has occurred.

(b) The Province agrees not to deliver a Suspension Notice pursuant to Section 7.01 of the Change of Law Protection Agreement unless a Program Breach or a Breach Event has occurred.

(c) The Province acknowledges that it will not be entitled to object to an incurrence by the Financing Entity of a Post-Suspension Refinancing proposed to be entered into by the Manager in compliance with the requirements of Section 7.03 of the Change of Law Protection Agreement after the Province has elected not to offer to fund such Post-Suspension Refinancing in accordance with such requirements. For greater certainty, the requirements of this Agreement shall apply in respect of any Post-Suspension Refinancing, including any Transaction Document that is proposed to be entered into, amended or otherwise affected in connection with implementation of the Post-Suspension Refinancing, except that no Process Certificate shall be required to be delivered to the Province in connection with such an incurrence.

3.04 <u>Meaning of "Reference Documentation"</u>

For the purposes of Subsection 3.01(c), the term "Reference Documentation" shall mean each Transaction Document that, at the relevant time:

(a) is a Transaction Document listed on Exhibit "A"; or

(b) is a Transaction Document (including any amended or amended and restated Transaction Document) delivered to the Province in accordance with Subsection 2.01(b) that has not been objected to by the Province, by delivery of an objection notice in writing delivered to OPG, within 10 Business Days after it is so delivered to the Province; provided that the Province (i) shall only be entitled to deliver an objection notice in connection with a change proposed to be made or an action proposed to be taken to or in respect of a previously delivered Transaction Document that forms part of the Reviewed Documentation at the relevant time, or in connection with any additional, supplemental or replacement Transaction Document that contains a term or a condition that differs in any material respect

from the terms or conditions applicable to any other Transaction Document that forms part of the Reviewed Documentation at the relevant time, in each case if such change, action, addition, supplement or replacement to, of or in respect of the applicable Transaction Document has or could reasonably be expected to have a Material Effect and (ii) shall not be entitled to deliver an objection notice in respect of the incurrence of a Post-Suspension Refinancing that is proposed to be entered into by the Manager in compliance with the requirements of Section 7.03 of the Change of Law Protection Agreement after the Province has elected not to offer to fund such Post-Suspension Refinancing in accordance with such requirements.

3.05 Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(c), the term "Substantially in the Form" shall mean:

(a) with respect to the Reference Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such Reference Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation that has or could have a Material Effect; provided, however, that the foregoing does not apply to any particular financial terms, rates or levels; and

(b) with respect to the Reference Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum

(a) Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Obligations Secured that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Obligations Secured to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast shall be further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum, which may not exceed such Forecast.

(b) Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of any further Forecast and notice of the revised Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province may disagree with such further Forecast or revised Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in such further Forecast, (ii) the further Forecast is inconsistent with the Financing Plan, or (iii) the revised Protection Agreement Maximum is more than the further Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the revised Protection Agreement Maximum will be further revised accordingly and confirmed by an amended notice to the Province.

(c) For clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be valued at the time to be determined for the purposes of this Section 4.01 in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of OPG

OPG represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM or as the Manager, may cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario and has the power and authority to enter into and perform its obligations under this Agreement and all instruments and agreements delivered pursuant hereto.

(c) OPG has the power and authority to enter into and perform its obligations as the FSM and as the Manager under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM or as the Manager has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Financing Entity or in the ability of the Financing Entity to perform its obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with

the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

5.02 Representations and Warranties of the Province

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
BREACH EVENTS

6.01 Breach Events

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

(a) a default in the performance, or breach, by OPG of Section 2.01(b)(i), Section 2.02(b)(iv) or Section 3.01;

(b) a default in the performance, or breach, of any other covenants of OPG under this Agreement (excluding Section 2.01(b)(i), Section 2.02(b)(iv) and Section 3.01), which, if curable in a way such that the default or breach would not have or have had a material adverse effect on the rights and interests of the Province, is not so cured within thirty (30) days;

(c) any representation or warranty made by OPG in this Agreement, any certification made in a Process Certificate, or any certification made in a certificate contemplated by Subsection 4.02 of the Change of Law Protection Agreement, proves to be incorrect in any material respect on the date made and which, if curable in a way such that the incorrect representation or warranty may be remedied without having or having had a material adverse effect on the rights and interests of the Province as a result of the Province's reliance thereon, is not so cured within thirty (30) days; or

(d) OPG is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the Manager.

ARTICLE VII
MISCELLANEOUS

7.01 Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

7.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to OPG:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

(b) if to the Province:

Deputy Minister of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Deputy Ministry of Energy

[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 7.02.

7.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 7.03 shall be null and void.

7.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

7.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

7.06 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

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

By: _____

Name:
Title:

By: _____

Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Breach Event**" has the meaning ascribed thereto in Section 6.01.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the Financing Entity, OPG (as the FSM and the Manager) and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

"**Financing Entity**" means Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(a).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**IESO Security Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**Initial Forecast**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Initial Forecast Period**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Initial Protection Agreement Maximum**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO.

"**Material Effect**" means:

(a) with respect to any change or action, as applicable, to or in respect of a previously delivered Transaction Document that forms part of the Reviewed Documentation at the relevant time; and

(b) with respect to any additional, supplemental or replacement Transaction Document proposed to form part of the Reviewed Documentation and that contains a term or a condition that differs in any material respect from the terms or conditions applicable to any other Transaction Document that forms part of the Reviewed Documentation at the relevant time,

that the making of such change, the taking of such action, or the entering into of such addition, supplement or replacement, as applicable, has or could reasonably be expected to have a material effect on the obligations (including as a result of a change in the nature, scope or extent of the

Primary Obligation and the effect on the Province's obligations therefor under the Limited Guarantee) or the rights of the Province under the Limited Guarantee, the Change of Law Protection Agreement or this Agreement, in each case that could reasonably be expected to affect (i) the timing of or circumstances under which Primary Obligations would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization); (ii) the appointment, obligations or duties of OPG as the Manager; (iii) the existence, powers or authority of the Financing Entity or the Financing Entity Trustee; (iv) the obligations of the Indenture Trustee to or in respect of the Province as a Specified Creditor; [(v) the limitations and requirements otherwise applicable to the capital structure of the Financing Entity under any existing Program Agreement;] (vi) the payment provisions and associated priorities set forth in the Trust Indenture; [(vii) the obligations or liability of the Financing Entity to pay any tax;] (viii) compliance by the FSM or the Manager with the then applicable Financing Plan; [(ix) the circumstances in which a Protection Event could arise;] (x) compliance by the FSM, the Manager, the Financing Entity or IESO with the Act or the General Regulation; (xi) the nature or character of the payment obligations (but, subject to compliance with the Financing Plan, irrespective of the amount payable thereunder) that could become payable under the Limited Guarantee; or (xii) the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of this Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Protection Agreement Maximum**" means the dollar amount referenced as the Program Agreement Maximum and determined in accordance with Section 4.01.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture.

"**Reference Documentation**" has the meaning ascribed thereto in Section 3.04.

"**Repayment**" has the meaning ascribed to the term "repayment" in the General Regulation as of the date of this Agreement.

"**Substantially in the Form**" has the meaning ascribed thereto in Section 3.05.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement; (vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that could affect the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

EXHIBIT "A"
INITIAL REFERENCE DOCUMENTATION

- Declaration of Trust;
- Management Agreement;
- Master Transfer and Servicing Agreement;
- Acknowledgement and indemnity agreement dated as of [■], 2017 made by IESO in favour of the Indenture Trustee;
- IESO Security Agreement;
- Trust Indenture;
- Warehouse Senior Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;
- Warehouse Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017; and
- Warehouse Junior Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.

CHANGE OF LAW PROCESS AGREEMENT

Dated as of [■], 2017

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**") is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.

Pursuant to a Declaration of Trust dated as of [■], 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

Pursuant to the Management Agreement dated as of [■], 2017, OPG was appointed the Manager of the Financing Entity.

Concurrent with this Agreement, the Province, OPG (as the FSM and as the Manager), the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the applicable Adherence Conditions.

Prior to entering into this Agreement, OPG provided the Province with the final forms of certain of the Transaction Documents, as described on Exhibit "A", and the Province has not objected to such forms and hereby confirms to OPG that such Transaction Documents will constitute "Reference Documentation" for purposes of this Agreement.

Prior to entering into this Agreement, OPG, as the FSM, provided the Minister of Energy, in compliance with the Act, with the initial Financing Plan, which includes the initial forecast (the "**Initial Forecast**") setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Obligations Secured to be incurred during the 24 month period from December 1, 2017 to November 30, 2019 (the "**Initial Forecast Period**"). Prior to entering into this Agreement, OPG provided the Province with the initial Protection Agreement Maximum (the "**Initial Protection Agreement Maximum**"). The Province has received the initial Financing Plan and has not disagreed with the Initial Forecast or the Initial Protection Agreement Maximum on the basis of an apparent inaccuracy in the Initial

Forecast, an inconsistency between the Initial Forecast and the initial Financing Plan, or as a result of the Initial Protection Agreement Maximum being more than the Initial Forecast.

This Agreement sets out the obligations OPG has agreed to perform and assurances OPG has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the applicable Adherence Conditions have been satisfied and maintaining information related to the Program Agreements and the Approved Obligations.

All things necessary to make this Agreement a valid and legally binding agreement of OPG and the Province, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall"; the word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed; the words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 References to the Financing Entity

For greater certainty, each reference to the Financing Entity shall be construed as a reference to the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.04 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.06 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF OPG

2.01 Deliveries to the Province

(a) OPG shall promptly deliver to the Province a copy of any proposed change to or replacement of the Financing Plan.

(b) Not less than 10 Business Days, or such lesser period as the Province may agree to in writing, prior to:

(i) any proposed material change in the terms or conditions applicable to a Primary Obligation in a previously provided Transaction Document becoming effective or otherwise being used; provided, for greater certainty, that a proposed change in particular financial terms, rates or levels shall not constitute a material change for this purpose and, without limitation, any change that could reasonably be expected to have a Material Effect shall constitute a material change for this purpose, and

(ii) any additional, supplemental or replacement Transaction Document becoming effective or otherwise being used,

OPG shall deliver to the Province a copy of such proposed change to the Transaction Document and any such additional, supplemental or replacement Transaction Document.

(c) Without limiting Subsection 2.01(b), ~~and except as has previously been provided to the Province under Subsection 2.01(b),~~ promptly following (i) any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor being made, (ii) any new, additional, supplemental or replacement instruments, documents, agreements or security being used or granted in connection with all or any part of the Approved Obligations, or (iii) any waiver, release, reconveyance, termination, abandonment, subordination, exchange, substitution, transfer, compound, compromise, liquidation or enforcement of all or any part of the Approved Obligations or any security or guarantee therefor being effected, OPG shall, except if previously been provided to the Province under Subsection 2.01(b), deliver to the Province a detailed description of such event and the reasons for it, together with any related documents, agreements and instruments. ~~*[Note to Province/Blakes: We assume that if the change is provided pursuant to Subsection 2.01(b) that it may not be redelivered under this section.]*~~

(d) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, OPG shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations (including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(e) Promptly upon request, OPG shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

2.02 Covenants

(a) OPG shall use commercially reasonable efforts to cause the Financing Entity to:

(i) punctually perform and observe all of the Financing Entity's obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not (unless waived in writing by the Province):

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement, replacement, waiver or consent has or could reasonably be considered to have a Material Effect; provided, however, that the foregoing does not apply to any supplement, amendment, modification, restatement, replacement, waiver or consent in respect of particular financial terms, rates or levels;

(B) extend, renew, compromise, novate, replace, suspend, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, liquidate or enforce the terms of all or any part of the Approved Obligations or any Collateral, if any such action has could reasonably be considered to have a Material Effect;

provided, however, that the foregoing does not apply to any such action taken in respect of particular financial terms, rates or levels; or

(C) permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired.

(b) If any action restricted pursuant to Section 2.02(a)(v) is reflected in ~~a delivery required to be made~~the terms of a Transaction Document (including any proposed change, addition, supplement or replacement to or of a Transaction Document) delivered by OPG to the Province ~~pursuant to~~in accordance with Section 2.01(b) and ~~is not objected to by the Province under Section 3.04(b),~~such terms and action are specifically brought to the attention of the Province at the time of such delivery, then the Province shall be deemed to have waived its rights ~~under Section 2.02(a)(v)~~with respect to such action under Section 2.02(a)(v) if the Province has not objected to the terms of such Transaction Document (including any proposed change, addition, supplement or replacement to or of a Transaction Document) under Section 3.04(b) with respect to the taking of such action.

(c) OPG shall:

(i) comply, and shall use commercially reasonable efforts to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

(ii) punctually perform and observe all of its (including as the FSM and as Manager) obligations and agreements contained in the Program Agreements;

(iii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation; ~~and~~

(iv) notify the Province of (1) the occurrence of any Breach Event and any Program Breach, in each case within 2 Business Days of any such occurrence, and (2) any event or circumstance known to OPG that with the passage of time or the giving of notice would be a Breach Event or a Program Breach, in each case within 1 Business Day of OPG first becoming aware of such event or circumstance; and

(v) after the occurrence of any Protection Event or any Suspension Event (or any event or circumstance known to OPG that with the passage of time or the giving of notice would be a Protection Event or a Suspension Event), not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation

under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.

(d) The Province and OPG acknowledge that their obligations to each other under the Indemnity Agreement between the Province and OPG dated June 1, 2017 (as amended, the "**Indemnity Agreement**") are not amended by this Agreement and continue in full force and effect, notwithstanding that this Agreement is entered into subsequent to the Indemnity Agreement.

(e) The Province and OPG acknowledge that their obligations to each other under the Indemnity Agreement are not amended by the Change of Law Protection Agreement and continue in full force and effect, notwithstanding that the Change of Law Protection Agreement was entered into subsequent to the Indemnity Agreement.

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate

OPG shall deliver to the Province a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Province, on or before the incurrence or any amendment of a Funding Obligation~~, other than any Funding Obligation under which not more than $5,000,000 in the aggregate may become payable by the Financing Entity~~ (provided that delivery may not be more than 5 Business Days before the incurrence or amendment of the Funding Obligation), in each case setting out the following with respect to such Funding Obligation:

(a) the material terms of the Funding Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a Derivative Agreement, OPG's best estimate of the expected notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

(b) if an existing Funding Obligation is proposed to be amended, material details respecting such amendment, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

(c) a statement to the effect that: (i) the Funding Obligation to be incurred or amended (1) will arise under terms and conditions that are Substantially in the Form of the Reference Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a

reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reference Documentation;

(d) a statement confirming that any disclosure made in respect of the Funding Obligation (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to the Funding Obligation) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement has been made available to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made;

(e) a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and

(f) confirmation that, at the time the Funding Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Funding Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the Protection Agreement Maximum applicable on the date that the Process Certificate is delivered; for clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be determined on the date the Process Certificate is delivered hereunder in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

Notwithstanding the foregoing, no Process Certificate shall be required to be delivered in respect of: (x) any Funding Obligation under which not more than $5,000,000 in the aggregate may become payable by the Financing Entity or (y) the incurrence of a Post-Suspension Refinancing that is proposed to be entered into by the Manager in compliance with the requirements of Section 7.03 of the Change of Law Protection Agreement after the Province has elected not to offer to fund such Post-Suspension Refinancing in accordance with such requirements.

3.02 Acknowledgement regarding delivery of certificate under Change of Law Protection Agreement

The Province acknowledges and agrees that, concurrent with the delivery of the Process Certificate pursuant to Section 3.01 of this Agreement, the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) arewill be authorized by OPG to deliver the certificate referred to in Subsection 4.02(a)(ii) of the Change of Law Protection Agreement to the Indenture Trustee confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with adherence of the Limited Guarantee to the incurrence of the Certified Primary Obligations in respect of which the certificate in Subsection 4.02(a)(ii) of the Change of Law Protection Agreement is being delivered; provided that, upon receipt of a Suspension Notice under the Change of Law Protection Agreement, OPG covenants not to delivernot permit the delivery of any further certificates to the Indenture Trustee under Subsection 4.02(a)(ii) of the Change of Law Protection Agreement.

3.03 Acknowledgement regarding delivery of Suspension Notice Events and Related Matters

(a) The parties acknowledge and agree that the Province is entitled to deliver a Suspension Notice under Section 7.01 of the Change of Law Protection Agreement if a Program Breach or Breach Event has occurred. The Province agrees not to deliver a Suspension Notice pursuant to Section 7.01 of the Change of Law Protection Agreement unless a Program Breach or a Breach Event has occurred.

(b) The Province agrees not to deliver a Suspension Notice pursuant to Section 7.01 of the Change of Law Protection Agreement unless a Program Breach or a Breach Event has occurred.

(c) The Province acknowledges that it will not be entitled to object to an incurrence by the Financing Entity of a Post-Suspension Refinancing proposed to be entered into by the Manager in compliance with the requirements of Section 7.03 of the Change of Law Protection Agreement after the Province has elected not to offer to fund such Post-Suspension Refinancing in accordance with such requirements. For greater certainty, the requirements of this Agreement shall apply in respect of any Post-Suspension Refinancing, including any Transaction Document that is proposed to be entered into, amended or otherwise affected in connection with implementation of the Post-Suspension Refinancing, except that no Process Certificate shall be required to be delivered to the Province in connection with such an incurrence.

3.04 Meaning of "Reference Documentation"

For the purposes of Subsection 3.01(c), the term "Reference Documentation" shall mean each Transaction Document that, at the relevant time:

(a) is a Transaction Document listed on Exhibit "A"; or

(b) is a Transaction Document (including any amended or amended and restated Transaction Document) ~~provided~~delivered to the Province in accordance with Subsection 2.01(b) that has not been objected to by the Province, by delivery of an objection notice in writing delivered to OPG, within 10 Business Days after it is ~~provided~~so delivered to the Province; provided that the Province (i) shall only be entitled to deliver an objection notice ~~if the Transaction Document (including any amended or amended and restated Transaction Document) has~~in connection with a change proposed to be made or an action proposed to be taken to or in respect of a previously delivered Transaction Document that forms part of the Reviewed Documentation at the relevant time, or in connection with any additional, supplemental or replacement Transaction Document that contains a term or a condition that differs in any material respect from the terms or conditions applicable to any other Transaction Document that forms part of the Reviewed Documentation at the relevant time, in each case if such change, action, addition, supplement or replacement to, of or in respect of the applicable Transaction Document has or could reasonably be expected to have a Material Effect and (ii) shall not be entitled to deliver an objection notice in respect of the incurrence of a Post-Suspension Refinancing that is proposed to be entered into by the Manager in compliance with the requirements of Section 7.03 of the Change of Law Protection Agreement after the Province has elected not to offer to fund such Post-Suspension Refinancing in accordance with such requirements.

3.05 Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(c), the term "Substantially in the Form" shall mean:

(a) with respect to the Reference Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such Reference Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation that has or could have a Material Effect; provided, however, that the foregoing does not apply to any particular financial terms, rates or levels; and

(b) with respect to the Reference Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum

(a) Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Obligations Secured that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Obligations Secured to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast shall be further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum, which may not exceed such Forecast. ~~***[Note to Province/Blakes: Change made to be consistent with changes in recitals and to reflect what is provided in the Financing Plan.]***~~

(b) Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of any further Forecast and notice of the revised Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province may disagree with such further Forecast or revised Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in such further Forecast, (ii) the further Forecast is inconsistent with the Financing Plan, or (iii) the revised Protection Agreement Maximum is more than the further Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the revised Protection Agreement Maximum will be further revised accordingly and confirmed by an amended notice to the Province.

(c) For clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be valued at the time to be determined for the purposes of this Section 4.01 in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of OPG

OPG represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM or as the Manager, may cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario and has the power and authority to enter into and perform its obligations under this Agreement and all instruments and agreements delivered pursuant hereto.

(c) OPG has the power and authority to enter into and perform its obligations as the FSM and as the Manager under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM or as the Manager has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Financing Entity or in the ability of the Financing Entity to perform its obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

5.02 Representations and Warranties of the Province

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
BREACH EVENTS

6.01 Breach Events

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

(a) a default in the performance, or breach, by OPG of Section 2.01(b)(i), Section 2.02(b)(iv) or Section 3.01;

(b) a default in the performance, or breach, of any other covenants of OPG under this Agreement (excluding Section 2.01(b)(i), Section 2.02(b)(iv) and Section 3.01), which, if curable in a way such that the default or breach would not have or have had a ~~Material Effect~~material adverse effect on the rights and interests of the Province, is not so cured within thirty (30) days;

(c) any representation or warranty made by OPG in this Agreement, any certification made in a Process Certificate, or any certification made in a certificate contemplated by Subsection 4.02 of the Change of Law Protection Agreement, proves to be incorrect in ~~a~~any material respect on the date made and which, if curable in a way such that the incorrect representation or warranty may be remedied without ~~any Material Effect having occurred~~having or having had a material adverse effect on the rights and interests of the Province as a result of the Province's reliance thereon, is not so cured within thirty (30) days; or~~ *[Note to Province/Blakes: Change made to be consistent with description of Breach Event in the Change of Law Protection Agreement.]*~~

(d) OPG is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the Manager.

ARTICLE VII
MISCELLANEOUS

7.01 Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

7.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to OPG:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

(b) if to the Province:

Deputy Minister of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Deputy Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 7.02.

7.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 7.03 shall be null and void.

7.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

7.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

7.06 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

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

By: _____

Name:
Title:

By: _____

Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Breach Event**" has the meaning ascribed thereto in Section 6.01.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the Financing Entity, OPG (as the FSM and the Manager) and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

"**Financing Entity**" means Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(a).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**IESO Security Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**Initial Forecast**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Initial Forecast Period**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Initial Protection Agreement Maximum**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO.

"**Material Effect**" means ~~(i) with respect to a previously provided Transaction Document, any change or action, as applicable, that could affect the timing of or circumstances under which related payments would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that could adversely affect the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation or (ii) with respect to any additional, supplemental or replacement Transaction Document, such Transaction Document contains a term that (X) could adversely affect the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation or (Y) relates to the timing of or circumstances under which Primary Obligations would or may become due or accrue (including as a result of any default, acceleration,~~

~~termination, wind-up, liquidation or realization) that is different in any material respect than the equivalent terms contained in any previously provided Reference Documentation.~~:

(a) with respect to any change or action, as applicable, to or in respect of a previously delivered Transaction Document that forms part of the Reviewed Documentation at the relevant time; and

(b) with respect to any additional, supplemental or replacement Transaction Document proposed to form part of the Reviewed Documentation and that contains a term or a condition that differs in any material respect from the terms or conditions applicable to any other Transaction Document that forms part of the Reviewed Documentation at the relevant time,

that the making of such change, the taking of such action, or the entering into of such addition, supplement or replacement, as applicable, has or could reasonably be expected to have a material effect on the obligations (including as a result of a change in the nature, scope or extent of the Primary Obligation and the effect on the Province's obligations therefor under the Limited Guarantee) or the rights of the Province under the Limited Guarantee, the Change of Law Protection Agreement or this Agreement, in each case that could reasonably be expected to affect (i) the timing of or circumstances under which Primary Obligations would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization); (ii) the appointment, obligations or duties of OPG as the Manager; (iii) the existence, powers or authority of the Financing Entity or the Financing Entity Trustee; (iv) the obligations of the Indenture Trustee to or in respect of the Province as a Specified Creditor; [(v) the limitations and requirements otherwise applicable to the capital structure of the Financing Entity under any existing Program Agreement;] (vi) the payment provisions and associated priorities set forth in the Trust Indenture; [(vii) the obligations or liability of the Financing Entity to pay any tax;] (viii) compliance by the FSM or the Manager with the then applicable Financing Plan; [(ix) the circumstances in which a Protection Event could arise;] (x) compliance by the FSM, the Manager, the Financing Entity or IESO with the Act or the General Regulation; (xi) the nature or character of the payment obligations (but, subject to compliance with the Financing Plan, irrespective of the amount payable thereunder) that could become payable under the Limited Guarantee; or (xii) the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of this Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Protection Agreement Maximum**" means the dollar amount referenced as the Program Agreement Maximum and determined in accordance with Section 4.01.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture.

"**Reference Documentation**" has the meaning ascribed thereto in Section 3.04.

"**Repayment**" has the meaning ascribed to the term "repayment" in the General Regulation as of the date of this Agreement.

"**Substantially in the Form**" has the meaning ascribed thereto in Section 3.05.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement; (vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that could affect the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

EXHIBIT "A"
INITIAL REFERENCE DOCUMENTATION

- Declaration of Trust;
- Management Agreement;
- Master Transfer and Servicing Agreement;
- Acknowledgement and indemnity agreement dated as of [■], 2017 made by IESO in favour of the Indenture Trustee;
- IESO Security Agreement;
- Trust Indenture;
- Warehouse Senior Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;
- Warehouse Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017; and
- Warehouse Junior Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

Document comparison by Workshare Compare on Wednesday, December 13, 2017 11:04:49 AM

Input:	
Document 1 ID	PowerDocs://TOR_2528/23239361/25
Description	TOR_2528-#23239361-v25-Change_of_Law_-_Process_Agreement
Document 2 ID	PowerDocs://TOR_2528/23239361/26
Description	TOR_2528-#23239361-v26-Change_of_Law_-_Process_Agreement
Rendering set	Standard

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

Statistics:	
	Count
Insertions	59
Deletions	39
Moved from	9
Moved to	9
Style change	0
Format changed	0
Total changes	116

From: Saulnier, Brett
To: ASHBOURNE, STEPHEN; Milligan, Peter; Sebastiano, Rocco; Mansoori, Nina; Ken Kandeepan; "LADAK Lubna -TREASURY"; Anna Strathy; "Veinot, Cindy (TBS)"; Tom McKinlay (MAG); Mark Donaldson (MOF); Daniel Cayley (ENERGY); "Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)"; Ramchandani, Rima; "LEE John -TREASURY"; "RYFA Ken -TREASURY"; "HAHN PARKER Janet -TREASURY"; "MAUTI John -FIN & C CTRL"; "LAURETA LAPIRA May -TREASURY"; Feldman, Michael; "WONG Leslie -LAWDIV"; Fullerton, Rick; Gadi Mayman; Mike Manning; Malle Hanslep (MOF); "ian.benaiah@rbccm.com"; "Khan, Nur (nur.khan@rbccm.com)"; "brent.r.taylor@rbccm.com"; "katrina.niehaus@gs.com"; "brian.delaney@gs.com"; "Maciel, Andrew"; "Adalja, Sunil"; "Persad, Nicole"; "Persaud, Donnie - Debt Capital Markets"; Steen Hume (CAB); Olusoga, Yinka; Tobias P. Whitfield (MOF); PALMER, AARON; VINER, JON; PRESTAGE, JA; "MAUTI John -FIN & C CTRL"
Subject: RE: Fair Hydro - Change of Law - Protection and Process Agreements
Date: Wednesday, December 13, 2017 11:33:58 AM
Attachments: Blackline - Protection Agreement (Changed Page).pdf
_Fair Hydro -- Change of Law Process Agreement.DOCX
Blackline - Process Agreement.pdf

All,
Attached is a revised draft of the definition of "Material Effect" that was proposed by Blakes in the last version of the Protection Agreement (changed page only). The attached reflects OPG's discussions with their accountants and with the Province. Also attached is a revised draft of the Process Agreement, clean and blacklined to the last Torys version circulated below, which conforms the Material Effect definition to the Protection Agreement definition and contains a few other minor cleanups/removal of drafting notes. OPG expects to receive confirmation from the accountants this afternoon that they are comfortable with the documents in this form.
We need to provide the draft Process Agreement to the rating agencies as soon as possible today. Accordingly, we would ask that each of Blakes and Osler confirm their sign off on the attached. Given the timing constraints, we would ask that only substantive concerns be raised as we have limited time to address drafting/style changes.
Regards,
Brett
Brett Saulnier
P. 416.865.8148 | F. 416.865.7380 | 1.800.505.8679

From: Saulnier, Brett
Sent: December-12-17 1:19 AM
To: 'ASHBOURNE, STEPHEN' ; 'Milligan, Peter' ; 'Sebastiano, Rocco' ; Mansoori, Nina
Cc: 'Ken Kandeepan' ; 'LADAK Lubna -TREASURY' ; 'Anna Strathy' ; 'Veinot, Cindy (TBS)' ; 'McKinlay, Tom (MAG)' ; 'Donaldson, Mark (TBS)' ; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' ; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' ; Ramchandani, Rima ; 'LEE John -TREASURY' ; 'RYFA Ken -TREASURY' ; 'HAHN PARKER Janet -TREASURY' ; 'MAUTI John -FIN & C CTRL' ; 'LAURETA LAPIRA May -TREASURY' ; Feldman, Michael ; 'WONG Leslie -LAWDIV' ; 'Fullerton, Rick' ; 'Mayman, Gadi (OFA)' ; 'Manning, Mike (OFA)' ; 'Hanslep, Malle (MOF)' ; 'ian.benaiah@rbccm.com' ; 'Khan, Nur (nur.khan@rbccm.com)' ; 'brent.r.taylor@rbccm.com' ; 'katrina.niehaus@gs.com' ; 'brian.delaney@gs.com' ; 'Maciel, Andrew' ; 'Adalja, Sunil' ; 'Persad, Nicole' ; 'Persaud, Donnie - Debt Capital Markets' ; 'Steen Hume (CAB)' ; Olusoga, Yinka ; 'Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca)' ; 'PALMER, AARON' ; 'VINER, JON' ; 'PRESTAGE, JA' ; 'MAUTI John -FIN & C CTRL'
Subject: RE: Fair Hydro - Change of Law Process Agreement
All,
In the interest of time, we are circulating concurrently to all parties a revised draft of the Change of Law Process Agreement, clean and blacklined to the last version circulated by Blakes. The attached reflects Torys' attempt to capture the comments and guidance provided by OPG and its accountants and remains subject to their ongoing review. We understand the Province and Blakes will also be discussing the scope of these changes. As there will be

limited time to finalize the attached, we suggest discussing next steps to settle this agreement on our 10 a.m. call tomorrow.
Thanks,
Brett
Brett Saulnier

From: Saulnier, Brett
Sent: December-11-17 11:35 PM
To: 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>; Milligan, Peter <PMilligan@osler.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro - Change of Law Protection Agreement
All,
Attached for your review is a revised draft of the Change of Law Protection Agreement, clean and blacklined to the last version circulated by Blakes and reflecting the meetings held earlier today. As discussed, we need to provide the attached to the rating agencies **by no later than noon tomorrow** in order to meet our end of year financing deadline. Accordingly, we will be circulating a calendar invite to this group for 10 a.m. tomorrow morning to confirm the parties are signed off. If Osler or Blakes have any comments on the attached, we would ask that they be circulated to this group prior to the 10 a.m. call.
Kind regards,
Brett
Brett Saulnier

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: December-08-17 3:16 PM
To: Milligan, Peter <PMilligan@osler.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY)

(Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>

Subject: RE: Fair Hydro - Change of Law Protection Agreement

Hi,

Attached is a revised version of the Change of Law Protection Agreement. I believe that most of the changes reflected from last night's Osler version (blackline is attached) are of a drafting or conforming nature, other than: (1) the Province disagrees that Approved Refinancing terms should be unfettered by adherence conditions post-Suspension Event and (2) the proposed rating-based "materially and adversely" qualification in the definition of Protection Event (and in fact any such qualification) is not acceptable to the Province. With regard to (1), this version comes into line with the proposed approach (i.e., using a modified adherence condition) that was incorporated into the version of the Change of Law Process Agreement I circulated yesterday. A further turn of that Agreement, to conform the open item identified in section 3.02 to the revised Change of Law Protection Agreement, is also included here for your reference.

Please note that the Province is working through the drafting concurrently and so further drafting comments may be provided.

As mentioned yesterday, the Province would like to proceed with the Ministers sign-off briefing early next week, on the basis that these versions (minus the explanatory notes) are now in substantially final form. Please identify if you believe there are other 'must have' points (other than the 2 mentioned above).

Regards, Steve

Stephen R. Ashbourne
Partner
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Dir: 416-863-3086

From: Milligan, Peter [mailto:PMilligan@osler.com]
Sent: Thursday, December 07, 2017 6:44 PM
To: ASHBOURNE, STEPHEN; Sebastiano, Rocco; Mansoori, Nina
Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Saulnier, Brett; Olusoga, Yinka; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca); PALMER, AARON; VINER, JON; PRESTAGE, JA
Subject: Fair Hydro - Change of Law Protection Agreement

All,

Attached is a revised comment draft of the Change of Low Protection Agreement reflecting

comments from Torys and Osler. In order to meet this transaction's timeline, this comment draft has not been reviewed by OPG or the Dealers and is delivered subject to any comments they may have.
Peter

OSLER

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From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: Thursday, December 07, 2017 4:27 PM
To: Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro -- Change of Law Process Agreement
Hi,
Please find (attached) a further turn of the Change of Law Process Agreement, reflecting the Province's comments on the mark-up of the Agreement circulated yesterday afternoon by Torys. The attached blackline shows changes made to yesterday's Torys mark-up.
This version addresses concerns Rocco raised last night, to the extent the Province feels that the issues can be accommodated. For your information, I have set out below responses to Rocco's comments/observations (in CAPs).
The Province would like to proceed with the Ministers briefing early next week, on the basis that this version (minus the explanatory notes) is now in final form. If there are any critical revisions that the other parties believe reflect 'must have' priority, then the Province would like to have a call to discuss them as soon as possible.

Responses to Rocco's Points:

1. The change of the definition of Breach Event in Section 6.01 (i.e., the change to clause (a) and the addition of clause (b)) will result in an inconsistency with section 7.01(b) of the Change of Law Protection Agreement. This will require further consideration. [AGREED. 7.01(b) and 7.01(c) WILL NEED TO MIRROR THE CURE LANGUAGE WE SETTLE ON IN THE PROCESS AGREEMENT (SEE MY EARLIER COMMENTS). PERHAPS THE "which continues …" LANGUAGE IN 7.01(B) CAN BE REVISED TO READ: "to the extent that the Province would be entitled to provide a Suspension Notice in accordance with the terms of the agreement or agreements between the Province and OPG under which such obligations, requirements and processes arise". SIMILAR CHANGE FOR 7.01(C).

2. The right of the Province to issue an objection notice under Section 3.04(b) in connection with a Transaction Document provided to the Province which is required for a Refinancing of an Approved Obligation remains an outstanding issue. Clearly, this will depend upon what Adherence Conditions will be required under Section 4.02 of the Change of Law Protection Agreement in order to permit such Refinancing to become an Approved Obligation. If the Adherence Conditions set out in Section 4.02(a) of the Province's draft of the Change of Law Protection Agreement of December 4 were to apply to such Refinancing, to the extent that such refinancing required a change to a Transaction Document (e.g., as a result of a change to some rating agency condition or criteria), the Province's ability to issue an objection notice and thereby prevent the issuance of a Process Certificate under Section 3.01 (by virtue of Section 3.04) would have the effect of preventing a Refinancing. We trust that this was an unintended outcome of the drafting of Section 3.04 and/or the Adherence Conditions applicable to Refinancings. [THAT IS THE INTENDED EFFECT. THE ADHERENCE CONDITIONS WOULD APPLY TO THE REFINANCING, SO IF THE REFINANCING TERMS DEVIATED MATERIALLY (BASED ON THE SUBSTANTIALLY IN THE FORM" THRESHOLD"), THEN OPG WOULD REQUIRE THE PROVINCE NOT TO OBJECT IN ORDER TO PROCEED WITH THOSE NEW TERMS. OTHERWISE, THE REFINANCING COULD INCORPORATE TERMS AND CONDITIONS, WHICH WOULD BIND THE PROVINCE UNDER THE LIMITED GUARANTEE, THAT WOULD BE UNCONSTRAINED AND WITHOUT ANY ACCOUNTABILITY TO THE PROVINCE. IN ROCCO'S EXAMPLE, THAT MIGHT MEAN THAT OPG WOULD NEED TO RESORT TO UNRATED DEBT, IF THE PROVINCE WAS UNWILLING TO ACCEPT THE NEW TERMS. PRESUMABLY EVERYONE WOULD ACT RATIONALLY. HOWEVER, AS A FAILSAFE, OPG COULD OFFER INCREASED PRICING IN ORDER TO ATTRACT INVESTORS TO ACCEPT THE EARLIER VETTED TERMS (BASED ON THE THEN ACCEPTED REVIEWED DOCUMENTATION).]

3. Given that the Indenture Trustee is not a party to the Change of Law Process Agreement, the Province and OPG can amend the terms and conditions of this agreement without the consent of the indenture Trustee. Specified Creditors under an Approved Obligation need to be assured that the Province cannot prevent a Refinancing of an Approved Obligation either by virtue of the objection notice discussed in point #2 above or as a result of a future amendment to the agreement. There are a couple of ways to deal with this point. The first is to a add a beneficiary/third party rights clause in the Change of Law Process Agreement which acknowledges that the Indenture Trustee is a beneficiary of certain provisions of this agreement and as a result, the agreement cannot be amended without the consent of the Indenture Trustee. The second is to ensure that the Adherence Conditions relating to Refinancings under the Change of Law Protection Agreement are not dependent upon the terms of the Change of Law Process Agreement. In light of the desire to not disclose the terms and conditions of the Change of Law Process Agreement to the rating agencies, especially at this late stage in the process, we would expect that the latter approach would be preferable. [THE SUGGESTION REGARDING THE PROVINCE PREVENTING A REFINANCING IS ADDRESSED IN #2. IF THE REFINANCING TERMS WOULD EXCEED THE SCOPE OF THE TRANSACTION DOCUMENTS REVIEWED AND NOT OBJECTED TO BY THE PROVINCE, THEN THAT SUGGESTS THERE IS A MATERIAL EFFECT ON THE PROVINCE AND SO THE PROVINCE WOULD NEED THE ABILITY TO REVIEW AND CONSIDER THE PROPRIETY OF THOSE NEW TERMS FROM ITS PERSPECTIVE. AS FOR THE

STANDALONE NATURE OF THE PROCESS AGREEMENT, THE INTENTION IS THAT THE PROCESS AGREEMENT BE UNCOUPLED AND NOT PART OF THE COLLATERAL, AND AS MICHAEL FELDMAN HAS EXPLAINED, LEAVE FUTURE FLEXIBILITY FOR THIS LONG-TERM STRUCTURE. TO ADDRESS ROCCO'S CONCERN THAT THE PROVINCE AND OPG COULD CHANGE THE UNDERLYING OBLIGATIONS APPLICABLE TO ADHERENCE IN RELATION TO A NEW OBLIGATION, REQUIREMENT OR PROCESS IN THE PROCESS AGREEMENT THAT WOULD MAKE A REFINANCING LESS LIKELY TO OCCUR, WE HAVE ADDED AND USED IN THE ATTACHED VERSION A NEW DEFFINTION:

> "Approved Refinancing" means a Certified Primary Obligation proposed to be incurred as a Refinancing of an existing Certified Primary Obligation in respect of which the Adherence Conditions had been satisfied on the date such existing Certified Primary Obligation was incurred, that, at the time of incurrence, satisfies each of each of the Adherence Conditions except that the certificate contemplated to be delivered under Section 4.02(b) shall instead confirm that OPG has delivered to the Province a certificate by its applicable officers confirming that OPG would be in compliance with all obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the proposed Certified Primary Obligation that applied as between the Province and OPG on the date of issuance of such existing Certified Primary Obligation." Various references to "Refinancing" in the Protection Agreement can also be revised to refer to "Approved Refinancing", as required.

Regards, Steve

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Blake, Cassels & Graydon LLP | Barristers & Solicitors | Patent & Trade-mark Agents
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From: Sebastiano, Rocco [mailto:RSebastiano@osler.com]
Sent: Wednesday, December 06, 2017 7:45 PM
To: Mansoori, Nina; ASHBOURNE, STEPHEN; VINER, JON; PRESTAGE, JA
Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Milligan, Peter; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel,

Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Saulnier, Brett; Olusoga, Yinka
Subject: RE: Fair Hydro -- Change of Law Process Agreement
I have reviewed the revised draft of the Change of Law Process Agreement that Torys has prepared and would like to pass along the following comments/observations:
1. The change of the definition of Breach Event in Section 6.01 (i.e., the change to clause (a) and the addition of clause (b)) will result in an inconsistency with section 7.01(b) of the Change of Law Protection Agreement. This will require further consideration.
2. The right of the Province to issue an objection notice under Section 3.04(b) in connection with a Transaction Document provided to the Province which is required for a Refinancing of an Approved Obligation remains an outstanding issue. Clearly, this will depend upon what Adherence Conditions will be required under Section 4.02 of the Change of Law Protection Agreement in order to permit such Refinancing to become an Approved Obligation. If the Adherence Conditions set out in Section 4.02(a) of the Province's draft of the Change of Law Protection Agreement of December 4 were to apply to such Refinancing, to the extent that such refinancing required a change to a Transaction Document (e.g., as a result of a change to some rating agency condition or criteria), the Province's ability to issue an objection notice and thereby prevent the issuance of a Process Certificate under Section 3.01 (by virtue of Section 3.04) would have the effect of preventing a Refinancing. We trust that this was an unintended outcome of the drafting of Section 3.04 and/or the Adherence Conditions applicable to Refinancings.
3. Given that the Indenture Trustee is not a party to the Change of Law Process Agreement, the Province and OPG can amend the terms and conditions of this agreement without the consent of the indenture Trustee. Specified Creditors under an Approved Obligation need to be assured that the Province cannot prevent a Refinancing of an Approved Obligation either by virtue of the objection notice discussed in point #2 above or as a result of a future amendment to the agreement. There are a couple of ways to deal with this point. The first is to a add a beneficiary/third party rights clause in the Change of Law Process Agreement which acknowledges that the Indenture Trustee is a beneficiary of certain provisions of this agreement and as a result, the agreement cannot be amended without the consent of the Indenture Trustee. The second is to ensure that the Adherence Conditions relating to Refinancings under the Change of Law Protection Agreement are not dependent upon the terms of the Change of Law Process Agreement. In light of the desire to not disclose the terms and conditions of the Change of Law Process Agreement to the rating agencies, especially at this late stage in the process, we would expect that the latter approach would be preferable.
Regards, Rocco

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: Wednesday, December 06, 2017 4:38 PM
To: 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>; 'JON.VINER@blakes.com' <JON.VINER@blakes.com>; 'JA.PRESTAGE@blakes.com' <JA.PRESTAGE@blakes.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>;

'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Mansoori, Nina <nmansoori@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>
Subject: Fair Hydro -- Change of Law Process Agreement
Blakes team,
Please find attached OPG and Torys' comments on the Process Agreement reflecting our discussions from yesterday's call. Please note that this draft is subject to continuing review and comment by Osler and the dealers. As discussed at the tail end of our call yesterday, the section in the Process Agreement that gives the Province the right to object to new and material changes to transaction documents dovetails with the Protection Agreement so additional comments from Oslers may be forthcoming on this draft.
We are working on getting you a revised draft of the Protection Agreement either later today or tomorrow. In the meantime, please let us know if you have any comments or questions on the Process Agreement.
Best Regards,
Nina
Nina Mansoori
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"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity, as amended, supplemented, restated or otherwise modified from time to time.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Agreement**" means an agreement in the form of a Master Agreement as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, as amended, supplemented, restated or otherwise modified from time to time.

~~[~~"**Material Effect**" means a material **adverse** effect on the obligations~~ (including as a result of a change in the nature, scope or extent of the Primary Obligation and the effect on the Province's obligations therefor under the Limited Guarantee)~~ or the rights of the Province under the Limited Guarantee that ~~could reasonably be expected to affect~~**relates to:** (i) the timing of or circumstances under which Primary Obligations would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization)**, that, in each case, is inconsistent with the Fair Allocation Amount**; (ii) the appointment, obligations or duties of OPG as the Manager; (iii) the existence, powers or authority of the Financing Entity or the Financing Entity Trustee; (iv) the obligations of the Indenture Trustee to or in respect of the Province as a Specified Creditor; (v) ~~the limitations and requirements otherwise applicable to the capital structure of the Financing Entity under any existing Program Agreement; (vi)~~ the payment provisions and associated priorities set forth in the Trust Indenture; (~~vii) the obligations or liability of the Financing Entity to pay any tax, (viii~~**vi**) compliance by the FSM with the then applicable Financing Plan; (~~ix) the circumstances in which a Protection Event could arise; (x~~**vii**) compliance by the FSM~~,~~ **or** the Financing Entity~~ or IESO~~ with the Act or the General Regulation; ~~(xi) the nature or character of the payment obligations (but, subject to compliance with the Financing Plan, irrespective of the amount payable thereunder) that could become payable under the Limited Guarantee; or (xii~~**or (viii**) the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of this Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation.~~] [NTD: Under review by accountants and subject to sign off by all parties.]~~

"**Notes**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

Draft: December 13, 2017

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.

CHANGE OF LAW PROCESS AGREEMENT

Dated as of [■], 2017

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**") is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.

Pursuant to a Declaration of Trust dated as of [■], 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the applicable Adherence Conditions.

Prior to entering into this Agreement, OPG provided the Province with the final forms of certain of the Transaction Documents, as described on Exhibit "A", and the Province has not objected to such forms and hereby confirms to OPG that such Transaction Documents will constitute "Reference Documentation" for purposes of this Agreement.

Prior to entering into this Agreement, OPG, as the FSM, provided the Minister of Energy, in compliance with the Act, with the initial Financing Plan, which includes the initial forecast (the "**Initial Forecast**") setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Obligations Secured to be incurred during the 24 month period from December 1, 2017 to November 30, 2019 (the "**Initial Forecast Period**"). Prior to entering into this Agreement, OPG provided the Province with the initial Protection Agreement Maximum (the "**Initial Protection Agreement Maximum**"). The Province has received the initial Financing Plan and has not disagreed with the Initial Forecast or the Initial Protection Agreement Maximum on the basis of an apparent inaccuracy in the Initial Forecast, an inconsistency between the Initial Forecast and the initial Financing Plan, or as a result of the Initial Protection Agreement Maximum being more than the Initial Forecast.

This Agreement sets out the obligations OPG has agreed to perform and assurances OPG has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the applicable Adherence Conditions have been satisfied and maintaining information related to the Program Agreements and the Approved Obligations.

All things necessary to make this Agreement a valid and legally binding agreement of OPG and the Province, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall"; the word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other

subdivisions of this Agreement as originally executed; the words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 References to the Financing Entity

For greater certainty, each reference to the Financing Entity shall be construed as a reference to the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.04 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.06 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF OPG

2.01 Deliveries to the Province

(a) OPG shall promptly deliver to the Province a copy of any proposed change to or replacement of the Financing Plan.

(b) Not less than 10 Business Days, or such lesser period as the Province may agree to in writing, prior to:

(i) any proposed material change in the terms or conditions applicable to a Primary Obligation in a previously provided Transaction Document becoming effective or otherwise being used; provided, however, that a proposed change in particular financial terms, rates or levels shall not constitute a material change, and

(ii) any additional, supplemental or replacement Transaction Document becoming effective or otherwise being used,

OPG shall deliver to the Province a copy of such proposed change to the Transaction Document and any such additional, supplemental or replacement Transaction Document.

(c) Without limiting Subsection 2.01(b), and except as has previously been provided to the Province under Subsection 2.01(b), promptly following (i) any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor being made, (ii) any new, additional, supplemental or replacement instruments, documents, agreements or security being used or granted in connection with all or any part of the Approved Obligations, or (iii) any waiver, release, reconveyance, termination, abandonment, subordination, exchange, substitution, transfer, compound, compromise, liquidation or enforcement of all or any part of the Approved Obligations or any security or guarantee therefor being effected, OPG shall deliver to the Province a detailed description of such event and the reasons for it together with any related documents, agreements and instruments.

(d) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, OPG shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations (including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(e) Promptly upon request, OPG shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

2.02 <u>Covenants</u>

(a) OPG shall use commercially reasonable efforts to cause the Financing Entity to:

(i) punctually perform and observe all of the Financing Entity's obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not (unless waived in writing by the Province):

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement, replacement, waiver or consent could reasonably be considered to have a Material Effect; provided, however, that the foregoing does not apply to any supplement, amendment, modification, restatement, replacement, waiver or consent in respect of particular financial terms, rates or levels;

(B) extend, renew, compromise, novate, replace, suspend, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, liquidate or enforce the terms of all or any part of the Approved Obligations or any Collateral, if any such action could reasonably be considered to have a Material Effect; provided, however, that the foregoing does not apply to any such action taken in respect of particular financial terms, rates or levels; or

(C) permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired.

(b) If any action restricted pursuant to Section 2.02(a)(v) is reflected in a delivery required to be made by OPG to the Province pursuant to Section 2.01(b) and is not objected to by the Province under Section 3.04(b), the Province shall be

deemed to have waived its rights in respect of such action under Section 2.02(a)(v).

(c) OPG shall:

(i) comply, and shall use commercially reasonable efforts to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

(ii) punctually perform and observe all of its (including as the FSM and as Manager) obligations and agreements contained in the Program Agreements;

(iii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation; and

(iv) notify the Province of (1) the occurrence of any Breach Event and any Program Breach, in each case within 2 Business Days of any such occurrence, and (2) any event or circumstance known to OPG that with the passage of time or the giving of notice would be a Breach Event or a Program Breach, in each case within 1 Business Day of OPG first becoming aware of such event or circumstance; and

(v) after the occurrence of any Protection Event (or any event or circumstance known to OPG that with the passage of time or the giving of notice would be a Protection Event), not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.

(d) The Province and OPG acknowledge that their obligations to each other under the Indemnity Agreement between the Province and OPG dated June 1, 2017 (as amended, the "**Indemnity Agreement**") are not amended by this Agreement and continue in full force and effect, notwithstanding that this Agreement is entered into subsequent to the Indemnity Agreement.

(e) The Province and OPG acknowledge that their obligations to each other under the Indemnity Agreement are not amended by the Change of Law Protection Agreement and continue in full force and effect, notwithstanding that the Change of Law Protection Agreement was entered into subsequent to the Indemnity Agreement.

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate

OPG shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Province, on or before the incurrence or any amendment of a Funding Obligation, other than any Funding Obligation under which not more than $5,000,000 in the aggregate may become payable by the Financing Entity (provided that delivery may not be more than 5 Business Days before the incurrence or amendment of the Funding Obligation), setting out the following with respect to such Funding Obligation:

(a) the material terms of the Funding Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a Derivative Agreement, OPG's best estimate of the expected notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

(b) if an existing Funding Obligation is proposed to be amended, material details respecting such amendment, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

(c) a statement to the effect that: (i) the Funding Obligation to be incurred or amended (1) will arise under terms and conditions that are Substantially in the Form of the Reference Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reference Documentation;

(d) a statement confirming that any disclosure made in respect of the Funding Obligation (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to the Funding Obligation) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement has been made available to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made;

(e) a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and

(f) confirmation that, at the time the Funding Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Funding Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the Protection Agreement Maximum applicable on the date that the Process Certificate is delivered; for clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be determined on the date the Process Certificate is delivered hereunder in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

3.02 Acknowledgement regarding delivery of certificate under Change of Law Protection Agreement

The Province acknowledges and agrees that, concurrent with the delivery of the Process Certificate pursuant to Section 3.01 of this Agreement, the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) are authorized to deliver the certificate referred to in Subsection 4.02(a)(ii) of the Change of Law Protection Agreement to the Indenture Trustee confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with adherence of the Limited Guarantee to the incurrence of the Certified Primary Obligations in respect of which the certificate in Subsection 4.02(a)(ii) of the Change of Law Protection Agreement is being delivered; provided that, upon receipt of a Suspension Notice under the Change of Law Protection Agreement, OPG covenants not to deliver any further certificates to the Indenture Trustee under Subsection 4.02(a)(ii) of the Change of Law Protection Agreement.

3.03 Acknowledgement regarding delivery of Suspension Notice

The parties acknowledge and agree that the Province is entitled to deliver a Suspension Notice under Section 7.01 of the Change of Law Protection Agreement if a Program Breach or Breach Event has occurred. The Province agrees not to deliver a Suspension Notice pursuant to Section 7.01 of the Change of Law Protection Agreement unless a Program Breach or a Breach Event has occurred.

3.04 Meaning of "Reference Documentation"

For the purposes of Subsection 3.01(c), the term "Reference Documentation" shall mean each Transaction Document that, at the relevant time:

(a) is a Transaction Document listed on Exhibit "A"; or

(b) is a Transaction Document (including any amended or amended and restated Transaction Document) provided to the Province in accordance with Subsection 2.01(b) that has not been objected to by the Province, by delivery of an objection notice in writing delivered to OPG, within 10 Business Days after it is provided to the Province; provided that the Province (i) shall only be entitled to deliver an objection notice if the Transaction Document (including any amended or amended and restated Transaction Document) has a Material Effect and (ii) shall not be entitled to deliver an objection notice in respect of any Post-Suspension Refinancing.

3.05 Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(c), the term "Substantially in the Form" shall mean:

(a) with respect to the Reference Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such Reference Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation that could have a Material Effect; provided, however, that the foregoing does not apply to any particular financial terms, rates or levels; and

(b) with respect to the Reference Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum

(a) Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Obligations Secured that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Obligations Secured to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast

shall be further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum, which may not exceed such Forecast.

(b) Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of any further Forecast and notice of the revised Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province may disagree with such further Forecast or revised Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in such further Forecast, (ii) the further Forecast is inconsistent with the Financing Plan, or (iii) the revised Protection Agreement Maximum is more than the further Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the revised Protection Agreement Maximum will be further revised accordingly and confirmed by an amended notice to the Province.

(c) For clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be valued at the time to be determined for the purposes of this Section 4.01 in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of OPG

OPG represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, may cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario and has the power and authority to enter into and perform its obligations under this Agreement and all instruments and agreements delivered pursuant hereto.

(c) OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Financing Entity or in the ability of the Financing Entity to perform its obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

5.02 Representations and Warranties of the Province

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
BREACH EVENTS

6.01 Breach Events

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

(a) a default in the performance, or breach, by OPG of Section 2.01(b)(i), Section 2.02(b)(iv) or Section 3.01;

(b) a default in the performance, or breach, of any other covenants of OPG under this Agreement (excluding Section 2.01(b)(i), Section 2.02(b)(iv) and Section 3.01), which, if curable in a way such that the default or breach would not have or have had a Material Effect, is not so cured within thirty (30) days;

(c) any representation or warranty made by OPG in this Agreement, any certification made in a Process Certificate, or any certification made in a certificate contemplated by Subsection 4.02 of the Change of Law Protection Agreement, proves to be incorrect in a material respect on the date made and which, if curable in a way such that the incorrect representation or warranty may be remedied without any Material Effect having occurred as a result of the Province's reliance thereon, is not so cured within thirty (30) days; or

(d) OPG is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the Manager.

ARTICLE VII
MISCELLANEOUS

7.01 Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

7.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to OPG:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

(b) if to the Province:

Deputy Minister of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Deputy Ministry of Energy
[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 7.02.

7.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 7.03 shall be null and void.

7.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

7.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

7.06 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

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

By: _____

Name:
Title:

By: _____

Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Breach Event**" has the meaning ascribed thereto in Section 6.01.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the Financing Entity, OPG (as the FSM and the Manager) and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

"**Financing Entity**" means Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(a).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**IESO Security Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**Initial Forecast**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Initial Forecast Period**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Initial Protection Agreement Maximum**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO.

"**Material Effect**" means a material adverse effect on the obligations or the rights of the Province under the Limited Guarantee, the Change of Law Protection Agreement or this Agreement that relates to: (i) the timing of or circumstances under which related payments would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization) that, in each case, is inconsistent with the Fair Allocation Amount; (ii) the appointment, obligations or duties of OPG as the Manager; (iii) the existence, powers or authority of the Financing Entity or the Financing Entity Trustee; (iv) the obligations of the Indenture Trustee to or in respect of the Province as a Specified Creditor; (v) the payment provisions and associated priorities set forth in the Trust Indenture; (vi) compliance by the FSM with the then applicable Financing Plan; (vii) compliance by the FSM or the Financing Entity with the Act or the General Regulation; or (viii) the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Protection Agreement Maximum**" means the dollar amount referenced as the Program Agreement Maximum and determined in accordance with Section 4.01.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture.

"**Reference Documentation**" has the meaning ascribed thereto in Section 3.04.

"**Repayment**" has the meaning ascribed to the term "repayment" in the General Regulation as of the date of this Agreement.

"**Substantially in the Form**" has the meaning ascribed thereto in Section 3.05.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement; (vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that could affect the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or

other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

EXHIBIT "A"
INITIAL REFERENCE DOCUMENTATION

- Declaration of Trust;
- Management Agreement;
- Master Transfer and Servicing Agreement;
- Acknowledgement and indemnity agreement dated as of [■], 2017 made by IESO in favour of the Indenture Trustee;
- IESO Security Agreement;
- Trust Indenture;
- Warehouse Senior Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;
- Warehouse Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017; and
- Warehouse Junior Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.

CHANGE OF LAW PROCESS AGREEMENT

Dated as of [■], 2017

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**") is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.

Pursuant to a Declaration of Trust dated as of [■], 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the applicable Adherence Conditions.

Prior to entering into this Agreement, OPG provided the Province with the final forms of certain of the Transaction Documents, as described on Exhibit "A", and the Province has not objected to such forms and hereby confirms to OPG that such Transaction Documents will constitute "Reference Documentation" for purposes of this Agreement.

Prior to entering into this Agreement, OPG, as the FSM, provided the Minister of Energy, in compliance with the Act, with the initial Financing Plan, which includes the initial forecast (the "**Initial Forecast**") setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Obligations Secured to be incurred during the 24 month period from December 1, 2017 to November 30, 2019 (the "**Initial Forecast Period**"). Prior to entering into this Agreement, OPG provided the Province with the initial Protection Agreement Maximum (the "**Initial Protection Agreement Maximum**"). The Province has received the initial Financing Plan and has not disagreed with the Initial Forecast or the Initial Protection Agreement Maximum on the basis of an apparent inaccuracy in the Initial Forecast, an inconsistency between the Initial Forecast and the initial Financing Plan, or as a result of the Initial Protection Agreement Maximum being more than the Initial Forecast.

This Agreement sets out the obligations OPG has agreed to perform and assurances OPG has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the applicable Adherence Conditions have been satisfied and maintaining information related to the Program Agreements and the Approved Obligations.

All things necessary to make this Agreement a valid and legally binding agreement of OPG and the Province, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall"; the word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other

subdivisions of this Agreement as originally executed; the words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 References to the Financing Entity

For greater certainty, each reference to the Financing Entity shall be construed as a reference to the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.04 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.06 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF OPG

2.01 Deliveries to the Province

(a) OPG shall promptly deliver to the Province a copy of any proposed change to or replacement of the Financing Plan.

(b) Not less than 10 Business Days, or such lesser period as the Province may agree to in writing, prior to:

(i) any proposed material change in the terms or conditions applicable to a Primary Obligation in a previously provided Transaction Document becoming effective or otherwise being used; provided, ~~for greater certainty~~**however**, that a proposed change in particular financial terms, rates or levels shall not constitute a material change, and

(ii) any additional, supplemental or replacement Transaction Document becoming effective or otherwise being used,

OPG shall deliver to the Province a copy of such proposed change to the Transaction Document and any such additional, supplemental or replacement Transaction Document.

(c) Without limiting Subsection 2.01(b), and except as has previously been provided to the Province under Subsection 2.01(b), promptly following (i) any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor being made, (ii) any new, additional, supplemental or replacement instruments, documents, agreements or security being used or granted in connection with all or any part of the Approved Obligations, or (iii) any waiver, release, reconveyance, termination, abandonment, subordination, exchange, substitution, transfer, compound, compromise, liquidation or enforcement of all or any part of the Approved Obligations or any security or guarantee therefor being effected, OPG shall deliver to the Province a detailed description of such event and the reasons for it together with any related documents, agreements and instruments. ~~***[Note to Province/Blakes: We assume that if the change is provided pursuant to Subsection 2.01(b) that it may not be redelivered under this section.]***~~

(d) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, OPG shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or

amendment that would affect the Financing Entity's assets or obligations (including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(e) Promptly upon request, OPG shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

2.02 Covenants

(a) OPG shall use commercially reasonable efforts to cause the Financing Entity to:

(i) punctually perform and observe all of the Financing Entity's obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not (unless waived in writing by the Province):

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement, replacement, waiver or consent could reasonably be considered to have a Material Effect; provided, however, that the foregoing does not apply to any supplement, amendment, modification, restatement, replacement, waiver or consent in respect of particular financial terms, rates or levels;

(B) extend, renew, compromise, novate, replace, suspend, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, liquidate or enforce the terms of all or any part of the Approved Obligations or any Collateral, if any such action could reasonably be considered to have a Material Effect; provided, however, that the foregoing does not apply to any such action taken in respect of particular financial terms, rates or levels; or

(C) permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired.

(b) If any action restricted pursuant to Section 2.02(a)(v) is reflected in a delivery required to be made by OPG to the Province pursuant to Section 2.01(b) and is not objected to by the Province under Section 3.04(b), the Province shall be deemed to have waived its rights **in respect of such action** under Section 2.02(a)(v).

(c) OPG shall:

(i) comply, and shall use commercially reasonable efforts to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

(ii) punctually perform and observe all of its (including as the FSM and as Manager) obligations and agreements contained in the Program Agreements;

(iii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation; and

(iv) notify the Province of (1) the occurrence of any Breach Event and any Program Breach, in each case within 2 Business Days of any such occurrence, and (2) any event or circumstance known to OPG that with the passage of time or the giving of notice would be a Breach Event or a Program Breach, in each case within 1 Business Day of OPG first becoming aware of such event or circumstance; and

(v) after the occurrence of any Protection Event (or any event or circumstance known to OPG that with the passage of time or the giving of notice would be a Protection Event), not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.

(d) The Province and OPG acknowledge that their obligations to each other under the Indemnity Agreement between the Province and OPG dated June 1, 2017 (as amended, the "**Indemnity Agreement**") are not amended by this Agreement and continue in full force and effect, notwithstanding that this Agreement is entered into subsequent to the Indemnity Agreement.

(e) The Province and OPG acknowledge that their obligations to each other under the Indemnity Agreement are not amended by the Change of Law Protection Agreement and continue in full force and effect, notwithstanding that the Change of Law Protection Agreement was entered into subsequent to the Indemnity Agreement.

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate

OPG shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Province, on or before the incurrence or any amendment of a Funding Obligation, other than any Funding Obligation under which not more than $5,000,000 in the aggregate may become payable by the Financing Entity (provided that delivery may not be more than 5 Business Days before the incurrence or amendment of the Funding Obligation), setting out the following with respect to such Funding Obligation:

(a) the material terms of the Funding Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a Derivative Agreement, OPG's best estimate of the expected notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

(b) if an existing Funding Obligation is proposed to be amended, material details respecting such amendment, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

(c) a statement to the effect that: (i) the Funding Obligation to be incurred or amended (1) will arise under terms and conditions that are Substantially in the Form of the Reference Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reference Documentation;

(d) a statement confirming that any disclosure made in respect of the Funding Obligation (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to the Funding Obligation) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement has been made available to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made;

(e) a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and

(f) confirmation that, at the time the Funding Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Funding Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the Protection Agreement Maximum applicable on the date that the Process Certificate is delivered; for clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be determined on the date the Process Certificate is delivered hereunder in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

3.02 Acknowledgement regarding delivery of certificate under Change of Law Protection Agreement

The Province acknowledges and agrees that, concurrent with the delivery of the Process Certificate pursuant to Section 3.01 of this Agreement, the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) are authorized to deliver the certificate referred to in Subsection 4.02(a)(ii) of the Change of Law Protection Agreement to the Indenture Trustee confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with adherence of the Limited Guarantee to the incurrence of the Certified Primary Obligations in respect of which the certificate in Subsection 4.02(a)(ii) of the Change of Law Protection Agreement is being delivered; provided that, upon receipt of a Suspension Notice under the Change of Law Protection Agreement, OPG covenants not to deliver any further certificates to the Indenture Trustee under Subsection 4.02(a)(ii) of the Change of Law Protection Agreement.

3.03 Acknowledgement regarding delivery of Suspension Notice

The parties acknowledge and agree that the Province is entitled to deliver a Suspension Notice under Section 7.01 of the Change of Law Protection Agreement if a Program Breach or Breach Event has occurred. The Province agrees not to deliver a Suspension Notice pursuant to Section 7.01 of the Change of Law Protection Agreement unless a Program Breach or a Breach Event has occurred.

3.04 Meaning of "Reference Documentation"

For the purposes of Subsection 3.01(c), the term "Reference Documentation" shall mean each Transaction Document that, at the relevant time:

(a) is a Transaction Document listed on Exhibit "A"; or

(b) is a Transaction Document (including any amended or amended and restated Transaction Document) provided to the Province in accordance with Subsection 2.01(b) that has not been objected to by the Province, by delivery of an objection notice in writing delivered to OPG, within 10 Business Days after it is provided to the Province; provided that the Province (i) shall only be entitled to deliver an objection notice if the Transaction Document (including any amended or amended and restated Transaction Document) has a Material Effect and (ii) shall not be entitled to deliver an objection notice in respect of ~~a~~**any** Post-Suspension Refinancing.

3.05 Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(c), the term "Substantially in the Form" shall mean:

(a) with respect to the Reference Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such Reference Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation that could have a Material Effect; provided, however, that the foregoing does not apply to any particular financial terms, rates or levels; and

(b) with respect to the Reference Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum

(a) Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Obligations Secured that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Obligations Secured to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast shall be

further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum, which may not exceed such Forecast. ~~*[Note to Province/Blakes: Change made to be consistent with changes in recitals and to reflect what is provided in the Financing Plan.]*~~

(b) Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of any further Forecast and notice of the revised Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province may disagree with such further Forecast or revised Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in such further Forecast, (ii) the further Forecast is inconsistent with the Financing Plan, or (iii) the revised Protection Agreement Maximum is more than the further Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the revised Protection Agreement Maximum will be further revised accordingly and confirmed by an amended notice to the Province.

(c) For clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be valued at the time to be determined for the purposes of this Section 4.01 in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of OPG

OPG represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, may cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario and has the power and authority to enter into and perform its obligations under this Agreement and all instruments and agreements delivered pursuant hereto.

(c) OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Financing Entity or in the ability of the Financing Entity to perform its obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

5.02 Representations and Warranties of the Province

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
BREACH EVENTS

6.01 Breach Events

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

(a) a default in the performance, or breach, by OPG of Section 2.01(b)(i), Section 2.02(b)(iv) or Section 3.01;

(b) a default in the performance, or breach, of any other covenants of OPG under this Agreement (excluding Section 2.01(b)(i), Section 2.02(b)(iv) and Section 3.01), which, if curable in a way such that the default or breach would not have or have had a Material Effect, is not so cured within thirty (30) days;

(c) any representation or warranty made by OPG in this Agreement, any certification made in a Process Certificate, or any certification made in a certificate contemplated by Subsection 4.02 of the Change of Law Protection Agreement, proves to be incorrect in a material respect on the date made and which, if curable in a way such that the incorrect representation or warranty may be remedied without any Material Effect having occurred as a result of the Province's reliance thereon, is not so cured within thirty (30) days; or ~~*[Note to Province/Blakes:*~~

~~*Change made to be consistent with description of Breach Event in the Change of Law Protection Agreement.]*~~

(d) OPG is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the Manager.

ARTICLE VII
MISCELLANEOUS

7.01 Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

7.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to OPG:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

(b) if to the Province:

Deputy Minister of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Deputy Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 7.02.

7.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 7.03 shall be null and void.

7.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

7.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

7.06 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

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

By: _____

Name:
Title:

By: _____

Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Breach Event**" has the meaning ascribed thereto in Section 6.01.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the Financing Entity, OPG (as the FSM and the Manager) and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

"**Financing Entity**" means Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(a).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**IESO Security Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**Initial Forecast**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Initial Forecast Period**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Initial Protection Agreement Maximum**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO.

"**Material Effect**" means ~~(i) with respect to a previously provided Transaction Document, any change or action, as applicable, that could affect~~**a material adverse effect on the obligations or the rights of the Province under the Limited Guarantee,** the Change of Law Protection Agreement **or this Agreement that relates to: (i)** the timing of or circumstances under which related payments would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization)~~, or that could adversely affect~~ **that, in each case, is inconsistent with the Fair Allocation Amount; (ii) the appointment, obligations or duties of OPG as the Manager; (iii) the existence, powers or authority of the Financing Entity or the Financing Entity Trustee; (iv) the obligations of the Indenture Trustee to or in respect of the Province as a Specified Creditor; (v) the payment provisions and associated priorities set forth in the Trust Indenture; (vi) compliance by the FSM with the then applicable Financing Plan; (vii) compliance by the FSM or the Financing Entity with the Act or the General Regulation; or (viii)** the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation~~ or (ii) with respect to any additional, supplemental or replacement Transaction Document, such Transaction Document contains a term that (X) could adversely affect the Province's rights of subrogation or~~

~~assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation or (Y) relates to the timing of or circumstances under which Primary Obligations would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization) that is different in any material respect than the equivalent terms contained in any previously provided Reference Documentation~~.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Protection Agreement Maximum**" means the dollar amount referenced as the Program Agreement Maximum and determined in accordance with Section 4.01.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture.

"**Reference Documentation**" has the meaning ascribed thereto in Section 3.04.

"**Repayment**" has the meaning ascribed to the term "repayment" in the General Regulation as of the date of this Agreement.

"**Substantially in the Form**" has the meaning ascribed thereto in Section 3.05.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement; (vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds

or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that could affect the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

EXHIBIT "A"
INITIAL REFERENCE DOCUMENTATION

- Declaration of Trust;
- Management Agreement;
- Master Transfer and Servicing Agreement;
- Acknowledgement and indemnity agreement dated as of [■], 2017 made by IESO in favour of the Indenture Trustee;
- IESO Security Agreement;
- Trust Indenture;
- Warehouse Senior Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;
- Warehouse Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017; and
- Warehouse Junior Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

Document comparison by Workshare Compare on December-13-17 10:21:38 AM

Input:	
Document 1 ID	file://C:\Users\bsaulnie\Desktop\#24622622v2_TorysAtWork_ - 23239361-v24-Change of Law - Process Agreemen....docx
Description	#24622622v2_TorysAtWork_ - 23239361-v24-Change of Law - Process Agreemen...
Document 2 ID	C:\NRPortbl\TorysAtWork\BSAULNIE\24622622_3.docx
Description	C:\NRPortbl\TorysAtWork\BSAULNIE\24622622_3.docx
Rendering set	Firm_Standard

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

Statistics:	
	Count
Insertions	16
Deletions	27
Moved from	1
Moved to	1
Style change	0
Format changed	0
Total changes	45

From: Ken Kandeepan
To: Malle Hanslep (MOF); Tobias P. Whitfield (MOF); "ASHBOURNE, STEPHEN"
Cc: Anna Strathy; Mike Manning
Subject: RE: Fair Hydro - Change of Law - Protection and Process Agreements
Date: Wednesday, December 13, 2017 3:56:59 PM

Yes, can you pls call me. 5-9814
Thanks
Ken k

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Wednesday, December 13, 2017 3:48 PM
To: Ken Kandeepan ; Tobias P. Whitfield (MOF) ; 'ASHBOURNE, STEPHEN'
Cc: Anna Strathy ; Mike Manning
Subject: RE: Fair Hydro - Change of Law - Protection and Process Agreements

Hi Ken,
Just to clarify did E&Y sign off on the Blakes' mark-up which is attached to your email.
Thank
Malle

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: December 13, 2017 1:24 PM
To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); 'ASHBOURNE, STEPHEN'
Cc: Strathy, Anna (OFA); Manning, Mike (OFA)
Subject: FW: Fair Hydro - Change of Law - Protection and Process Agreements

Hi All
Just got off a call with John Lee, this is the version that E&Y have signed off, I am comfortable with the definition of "Material Effect" since it reflects the discussion Mark Donaldson and I had with OPG's accounts and E&Y yesterday. Based on a discussion I had with Cindy this AM she is also ok. Now John assures me that this version includes changes by Torys' to align the Process Agreement with the final version of the Protection Agreement. It's a pity that we were not provided adequate time to examine this last assertion before it was submitted to E&Y for sign off.
Happy to discuss.
Thanks
Ken k

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: Wednesday, December 13, 2017 11:48 AM
To: Saulnier, Brett <bsaulnier@torys.com>; Milligan, Peter <PMilligan@osler.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; Anna Strathy <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>; Mark Donaldson (MOF) <Mark.Donaldson@ontario.ca>; Daniel Cayley (ENERGY) <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Fullerton, Rick <RFullerton@osler.com>; Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Mike Manning

<Mike.Manning@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; Steen Hume (CAB) <Steen.Hume@ontario.ca>; Olusoga, Yinka <yolusoga@torys.com>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca) <Alena.Thouin@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>

Subject: RE: Fair Hydro - Change of Law - Protection and Process Agreements

Hi Brett. In the interest of time, I am attaching my mark-up of the version of the Process Agreement you circulated yesterday morning. The Province is reviewing this concurrently and so it is subject to client input. I will have a look at what you just sent. You will see my mark-up highlights in yellow the items I had heard may be of consequence to the accountants in the definition of Material Effect – it sounds like you may be more up-to-date. If my comments are not self-evident, I can be available after 2:30 if that works.

Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From: Saulnier, Brett [mailto:bsaulnier@torys.com]
Sent: Wednesday, December 13, 2017 11:32 AM
To: ASHBOURNE, STEPHEN; Milligan, Peter; Sebastiano, Rocco; Mansoori, Nina; 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Olusoga, Yinka; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca); PALMER, AARON; VINER, JON; PRESTAGE, JA; 'MAUTI John -FIN & C CTRL'
Subject: RE: Fair Hydro - Change of Law - Protection and Process Agreements

All,

Attached is a revised draft of the definition of "Material Effect" that was proposed by Blakes in the last version of the Protection Agreement (changed page only). The attached reflects OPG's discussions with their accountants and with the Province. Also attached is a revised draft of the Process Agreement, clean and blacklined to the last Torys version circulated below, which conforms the Material Effect definition to the Protection Agreement definition and contains a few other minor cleanups/removal of drafting notes. OPG expects to receive confirmation from the accountants this afternoon that they are comfortable with the documents in this form.

We need to provide the draft Process Agreement to the rating agencies as soon as possible today. Accordingly, we would ask that each of Blakes and Osler confirm their sign off on the attached. Given the timing constraints, we would ask that only substantive concerns be raised as we have limited time to address drafting/style changes.

Regards,
Brett

Brett Saulnier

P. 416.865.8148 | F. 416.865.7380 | 1.800.505.8679

From: Saulnier, Brett
Sent: December-12-17 1:19 AM
To: 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>; 'Milligan, Peter' <PMilligan@osler.com>; 'Sebastiano, Rocco' <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; 'Fullerton, Rick' <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Olusoga, Yinka <yolusoga@torys.com>; 'Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca)' <Tobias.Whitfield@ontario.ca>; 'PALMER, AARON' <AARON.PALMER@blakes.com>; 'VINER, JON' <JON.VINER@blakes.com>; 'PRESTAGE, JA' <JA.PRESTAGE@blakes.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>
Subject: RE: Fair Hydro - Change of Law Process Agreement

All,

In the interest of time, we are circulating concurrently to all parties a revised draft of the Change of Law Process Agreement, clean and blacklined to the last version circulated by Blakes. The attached reflects Torys' attempt to capture the comments and guidance provided by OPG and its accountants and remains subject to their ongoing review. We understand the Province and Blakes will also be discussing the scope of these changes. As there will be limited time to finalize the attached, we suggest discussing next steps to settle this agreement on our 10 a.m. call tomorrow.

Thanks,

Brett

Brett Saulnier

From: Saulnier, Brett
Sent: December-11-17 11:35 PM
To: 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>; Milligan, Peter <PMilligan@osler.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)'

<Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>

Subject: RE: Fair Hydro - Change of Law Protection Agreement

All,

Attached for your review is a revised draft of the Change of Law Protection Agreement, clean and blacklined to the last version circulated by Blakes and reflecting the meetings held earlier today. As discussed, we need to provide the attached to the rating agencies **by no later than noon tomorrow** in order to meet our end of year financing deadline. Accordingly, we will be circulating a calendar invite to this group for 10 a.m. tomorrow morning to confirm the parties are signed off. If Osler or Blakes have any comments on the attached, we would ask that they be circulated to this group prior to the 10 a.m. call.

Kind regards,

Brett

Brett Saulnier

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]

Sent: December-08-17 3:16 PM

To: Milligan, Peter <PMilligan@osler.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>

Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike

(OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>

Subject: RE: Fair Hydro - Change of Law Protection Agreement

Hi,

Attached is a revised version of the Change of Law Protection Agreement. I believe that most of the changes reflected from last night's Osler version (blackline is attached) are of a drafting or conforming nature, other than: (1) the Province disagrees that Approved Refinancing terms should be unfettered by adherence conditions post-Suspension Event and (2) the proposed rating-based "materially and adversely" qualification in the definition of Protection Event (and in fact any such qualification) is not acceptable to the Province. With regard to (1), this version comes into line with the proposed approach (i.e., using a modified adherence condition) that was incorporated into the version of the Change of Law Process Agreement I circulated yesterday. A further turn of that Agreement, to conform the open item identified in section 3.02 to the revised Change of Law Protection Agreement, is also included here for your reference.

Please note that the Province is working through the drafting concurrently and so further drafting comments may be provided.

As mentioned yesterday, the Province would like to proceed with the Ministers sign-off briefing early next week, on the basis that these versions (minus the explanatory notes) are now in substantially final form. Please identify if you believe there are other 'must have' points (other than the 2 mentioned above).

Regards, Steve

Stephen R. Ashbourne
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Dir: 416-863-3086

From: Milligan, Peter [mailto:PMilligan@osler.com]
Sent: Thursday, December 07, 2017 6:44 PM
To: ASHBOURNE, STEPHEN; Sebastiano, Rocco; Mansoori, Nina
Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Saulnier, Brett; Olusoga, Yinka; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca); PALMER, AARON; VINER, JON; PRESTAGE, JA
Subject: Fair Hydro - Change of Law Protection Agreement

All,

Attached is a revised comment draft of the Change of Low Protection Agreement reflecting comments from Torys and Osler. In order to meet this transaction's timeline, this comment draft has not been reviewed by OPG or the Dealers and is delivered subject to any comments they may have.

Peter

OSLER

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From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: Thursday, December 07, 2017 4:27 PM
To: Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro -- Change of Law Process Agreement

Hi,

Please find (attached) a further turn of the Change of Law Process Agreement, reflecting the Province's comments on the mark-up of the Agreement circulated yesterday afternoon by Torys. The attached blackline shows changes made to yesterday's Torys mark-up.

This version addresses concerns Rocco raised last night, to the extent the Province feels that the issues can be accommodated. For your information, I have set out below responses to Rocco's comments/observations (in CAPs).

The Province would like to proceed with the Ministers briefing early next week, on the basis that this

version (minus the explanatory notes) is now in final form. If there are any critical revisions that the other parties believe reflect 'must have' priority, then the Province would like to have a call to discuss them as soon as possible.

Responses to Rocco's Points:

1. The change of the definition of Breach Event in Section 6.01 (i.e., the change to clause (a) and the addition of clause (b)) will result in an inconsistency with section 7.01(b) of the Change of Law Protection Agreement. This will require further consideration. [AGREED. 7.01(b) and 7.01(c) WILL NEED TO MIRROR THE CURE LANGUAGE WE SETTLE ON IN THE PROCESS AGREEMENT (SEE MY EARLIER COMMENTS). PERHAPS THE "which continues …" LANGUAGE IN 7.01(B) CAN BE REVISED TO READ: "to the extent that the Province would be entitled to provide a Suspension Notice in accordance with the terms of the agreement or agreements between the Province and OPG under which such obligations, requirements and processes arise". SIMILAR CHANGE FOR 7.01(C).

2. The right of the Province to issue an objection notice under Section 3.04(b) in connection with a Transaction Document provided to the Province which is required for a Refinancing of an Approved Obligation remains an outstanding issue. Clearly, this will depend upon what Adherence Conditions will be required under Section 4.02 of the Change of Law Protection Agreement in order to permit such Refinancing to become an Approved Obligation. If the Adherence Conditions set out in Section 4.02(a) of the Province's draft of the Change of Law Protection Agreement of December 4 were to apply to such Refinancing, to the extent that such refinancing required a change to a Transaction Document (e.g., as a result of a change to some rating agency condition or criteria), the Province's ability to issue an objection notice and thereby prevent the issuance of a Process Certificate under Section 3.01 (by virtue of Section 3.04) would have the effect of preventing a Refinancing. We trust that this was an unintended outcome of the drafting of Section 3.04 and/or the Adherence Conditions applicable to Refinancings. [THAT IS THE INTENDED EFFECT. THE ADHERENCE CONDITIONS WOULD APPLY TO THE REFINANCING, SO IF THE REFINANCING TERMS DEVIATED MATERIALLY (BASED ON THE SUBSTANTIALLY IN THE FORM" THRESHOLD"), THEN OPG WOULD REQUIRE THE PROVINCE NOT TO OBJECT IN ORDER TO PROCEED WITH THOSE NEW TERMS. OTHERWISE, THE REFINANCING COULD INCORPORATE TERMS AND CONDITIONS, WHICH WOULD BIND THE PROVINCE UNDER THE LIMITED GUARANTEE, THAT WOULD BE UNCONSTRAINED AND WITHOUT ANY ACCOUNTABILITY TO THE PROVINCE. IN ROCCO'S EXAMPLE, THAT MIGHT MEAN THAT OPG WOULD NEED TO RESORT TO UNRATED DEBT, IF THE PROVINCE WAS UNWILLING TO ACCEPT THE NEW TERMS. PRESUMABLY EVERYONE WOULD ACT RATIONALLY. HOWEVER, AS A FAILSAFE, OPG COULD OFFER INCREASED PRICING IN ORDER TO ATTRACT INVESTORS TO ACCEPT THE EARLIER VETTED TERMS (BASED ON THE THEN ACCEPTED REVIEWED DOCUMENTATION).]

3. Given that the Indenture Trustee is not a party to the Change of Law Process Agreement, the Province and OPG can amend the terms and conditions of this agreement without the consent of the indenture Trustee. Specified Creditors under an Approved Obligation need to be assured that the Province cannot prevent a Refinancing of an Approved Obligation either by virtue of the objection notice discussed in point #2 above or as a result of a future amendment to the agreement. There are a couple of ways to deal with this point. The first is to a add a beneficiary/third party rights clause in the Change of Law Process Agreement which acknowledges that the Indenture Trustee is a beneficiary of certain provisions of this agreement and as a result, the agreement cannot be amended without the consent of the Indenture Trustee. The second is to ensure that the Adherence Conditions relating to Refinancings under the Change of Law Protection Agreement are not dependent upon the terms of the Change of Law Process Agreement. In light of the desire to not

disclose the terms and conditions of the Change of Law Process Agreement to the rating agencies, especially at this late stage in the process, we would expect that the latter approach would be preferable. [THE SUGGESTION REGARDING THE PROVINCE PREVENTING A REFINANCING IS ADDRESSED IN #2. IF THE REFINANCING TERMS WOULD EXCEED THE SCOPE OF THE TRANSACTION DOCUMENTS REVIEWED AND NOT OBJECTED TO BY THE PROVINCE, THEN THAT SUGGESTS THERE IS A MATERIAL EFFECT ON THE PROVINCE AND SO THE PROVINCE WOULD NEED THE ABILITY TO REVIEW AND CONSIDER THE PROPRIETY OF THOSE NEW TERMS FROM ITS PERSPECTIVE. AS FOR THE STANDALONE NATURE OF THE PROCESS AGREEMENT, THE INTENTION IS THAT THE PROCESS AGREEMENT BE UNCOUPLED AND NOT PART OF THE COLLATERAL, AND AS MICHAEL FELDMAN HAS EXPLAINED, LEAVE FUTURE FLEXIBILITY FOR THIS LONG-TERM STRUCTURE. TO ADDRESS ROCCO'S CONCERN THAT THE PROVINCE AND OPG COULD CHANGE THE UNDERLYING OBLIGATIONS APPLICABLE TO ADHERENCE IN RELATION TO A NEW OBLIGATION, REQUIREMENT OR PROCESS IN THE PROCESS AGREEMENT THAT WOULD MAKE A REFINANCING LESS LIKELY TO OCCUR, WE HAVE ADDED AND USED IN THE ATTACHED VERSION A NEW DEFFINTION:

> "Approved Refinancing" means a Certified Primary Obligation proposed to be incurred as a Refinancing of an existing Certified Primary Obligation in respect of which the Adherence Conditions had been satisfied on the date such existing Certified Primary Obligation was incurred, that, at the time of incurrence, satisfies each of each of the Adherence Conditions except that the certificate contemplated to be delivered under Section 4.02(b) shall instead confirm that OPG has delivered to the Province a certificate by its applicable officers confirming that OPG would be in compliance with all obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the proposed Certified Primary Obligation that applied as between the Province and OPG on the date of issuance of such existing Certified Primary Obligation." Various references to "Refinancing" in the Protection Agreement can also be revised to refer to "Approved Refinancing", as required.

Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

———————————

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From: Sebastiano, Rocco [mailto:RSebastiano@osler.com]
Sent: Wednesday, December 06, 2017 7:45 PM
To: Mansoori, Nina; ASHBOURNE, STEPHEN; VINER, JON; PRESTAGE, JA
Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Milligan, Peter; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Saulnier, Brett; Olusoga, Yinka
Subject: RE: Fair Hydro -- Change of Law Process Agreement

I have reviewed the revised draft of the Change of Law Process Agreement that Torys has prepared and would like to pass along the following comments/observations:

1. The change of the definition of Breach Event in Section 6.01 (i.e., the change to clause (a) and the addition of clause (b)) will result in an inconsistency with section 7.01(b) of the Change of Law Protection Agreement. This will require further consideration.

2. The right of the Province to issue an objection notice under Section 3.04(b) in connection with a Transaction Document provided to the Province which is required for a Refinancing of an Approved Obligation remains an outstanding issue. Clearly, this will depend upon what Adherence Conditions will be required under Section 4.02 of the Change of Law Protection Agreement in order to permit such Refinancing to become an Approved Obligation. If the Adherence Conditions set out in Section 4.02(a) of the Province's draft of the Change of Law Protection Agreement of December 4 were to apply to such Refinancing, to the extent that such refinancing required a change to a Transaction Document (e.g., as a result of a change to some rating agency condition or criteria), the Province's ability to issue an objection notice and thereby prevent the issuance of a Process Certificate under Section 3.01 (by virtue of Section 3.04) would have the effect of preventing a Refinancing. We trust that this was an unintended outcome of the drafting of Section 3.04 and/or the Adherence Conditions applicable to Refinancings.

3. Given that the Indenture Trustee is not a party to the Change of Law Process Agreement, the Province and OPG can amend the terms and conditions of this agreement without the consent of the indenture Trustee. Specified Creditors under an Approved Obligation need to be assured that the Province cannot prevent a Refinancing of an Approved Obligation either by virtue of the objection notice discussed in point #2 above or as a result of a future amendment to the agreement. There are a couple of ways to deal with this point. The first is to a add a beneficiary/third party rights clause in the Change of Law Process Agreement which acknowledges that the Indenture Trustee is a beneficiary of certain provisions of this agreement and as a result, the agreement cannot be amended without the consent of the Indenture Trustee. The second is to ensure that the Adherence Conditions relating to Refinancings under the Change of Law Protection Agreement are not dependent upon the terms of the Change of Law Process Agreement. In light of the desire to not disclose the terms and conditions of the Change of Law Process Agreement to the rating agencies, especially at this late stage in the process, we would expect that the latter approach would be preferable.

Regards, Rocco

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: Wednesday, December 06, 2017 4:38 PM
To: 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>; 'JON.VINER@blakes.com'

<JON.VINER@blakes.com>; 'JA.PRESTAGE@blakes.com' <JA.PRESTAGE@blakes.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Mansoori, Nina <nmansoori@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>
Subject: Fair Hydro -- Change of Law Process Agreement

Blakes team,

Please find attached OPG and Torys' comments on the Process Agreement reflecting our discussions from yesterday's call. Please note that this draft is subject to continuing review and comment by Osler and the dealers. As discussed at the tail end of our call yesterday, the section in the Process Agreement that gives the Province the right to object to new and material changes to transaction documents dovetails with the Protection Agreement so additional comments from Oslers may be forthcoming on this draft.

We are working on getting you a revised draft of the Protection Agreement either later today or tomorrow. In the meantime, please let us know if you have any comments or questions on the Process Agreement.

Best Regards,

Nina

Nina Mansoori
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From:	Saulnier, Brett
To:	ASHBOURNE, STEPHEN; Milligan, Peter; Sebastiano, Rocco; Mansoori, Nina
Cc:	Ken Kandeepan; "LADAK Lubna -TREASURY"; Anna Strathy; "Veinot, Cindy (TBS)"; Tom McKinlay (MAG); Mark Donaldson (MOF); Daniel Cayley (ENERGY); "Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)"; Ramchandani, Rima; "LEE John -TREASURY"; "RYFA Ken -TREASURY"; "HAHN PARKER Janet -TREASURY"; "MAUTI John -FIN & C CTRL"; "LAURETA LAPIRA May -TREASURY"; Feldman, Michael; "WONG Leslie -LAWDIV"; Fullerton, Rick; Gadi Mayman; Mike Manning; Malle Hanslep (MOF); "ian.benaiah@rbccm.com"; "Khan, Nur (nur.khan@rbccm.com)"; "brent.r.taylor@rbccm.com"; "katrina.niehaus@gs.com"; "brian.delaney@gs.com"; "Maciel, Andrew"; "Adalja, Sunil"; "Persad, Nicole"; "Persaud, Donnie - Debt Capital Markets"; Steen Hume (CAB); Olusoga, Yinka; Tobias P. Whitfield (MOF); PALMER, AARON; VINER, JON; PRESTAGE, JA; "MAUTI John -FIN & C CTRL"
Subject:	RE: Fair Hydro - Change of Law Process Agreement
Date:	Tuesday, December 12, 2017 1:20:00 AM
Attachments:	#24622622v2_TorysAtWork_ - 23239361-v24-Change of Law - Process Agreemen....docx Blackline_24622622v1 - 24622622_2.pdf

All,
In the interest of time, we are circulating concurrently to all parties a revised draft of the Change of Law Process Agreement, clean and blacklined to the last version circulated by Blakes. The attached reflects Torys' attempt to capture the comments and guidance provided by OPG and its accountants and remains subject to their ongoing review. We understand the Province and Blakes will also be discussing the scope of these changes. As there will be limited time to finalize the attached, we suggest discussing next steps to settle this agreement on our 10 a.m. call tomorrow.
Thanks,
Brett
Brett Saulnier
P. 416.865.8148 | F. 416.865.7380 | 1.800.505.8679

From: Saulnier, Brett
Sent: December-11-17 11:35 PM
To: 'ASHBOURNE, STEPHEN' ; Milligan, Peter ; Sebastiano, Rocco ; Mansoori, Nina
Cc: 'Ken Kandeepan' ; 'LADAK Lubna -TREASURY' ; 'Anna Strathy' ; 'Veinot, Cindy (TBS)' ; 'McKinlay, Tom (MAG)' ; 'Donaldson, Mark (TBS)' ; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' ; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' ; Ramchandani, Rima ; 'LEE John -TREASURY' ; 'RYFA Ken -TREASURY' ; 'HAHN PARKER Janet -TREASURY' ; 'MAUTI John -FIN & C CTRL' ; 'LAURETA LAPIRA May -TREASURY' ; Feldman, Michael ; 'WONG Leslie -LAWDIV' ; Fullerton, Rick ; 'Mayman, Gadi (OFA)' ; 'Manning, Mike (OFA)' ; 'Hanslep, Malle (MOF)' ; 'ian.benaiah@rbccm.com' ; 'Khan, Nur (nur.khan@rbccm.com)' ; 'brent.r.taylor@rbccm.com' ; 'katrina.niehaus@gs.com' ; 'brian.delaney@gs.com' ; 'Maciel, Andrew' ; 'Adalja, Sunil' ; 'Persad, Nicole' ; 'Persaud, Donnie - Debt Capital Markets' ; 'Steen Hume (CAB)' ; Olusoga, Yinka ; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) ; PALMER, AARON ; VINER, JON ; PRESTAGE, JA
Subject: RE: Fair Hydro - Change of Law Protection Agreement
All,
Attached for your review is a revised draft of the Change of Law Protection Agreement, clean and blacklined to the last version circulated by Blakes and reflecting the meetings held earlier today. As discussed, we need to provide the attached to the rating agencies **by no later than noon tomorrow** in order to meet our end of year financing deadline. Accordingly, we will be circulating a calendar invite to this group for 10 a.m. tomorrow morning to confirm the parties are signed off. If Osler or Blakes have any comments on the attached, we would ask that they be circulated to this group prior to the 10 a.m. call.
Kind regards,
Brett
Brett Saulnier

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: December-08-17 3:16 PM
To: Milligan, Peter <PMilligan@osler.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro - Change of Law Protection Agreement

Hi,

Attached is a revised version of the Change of Law Protection Agreement. I believe that most of the changes reflected from last night's Osler version (blackline is attached) are of a drafting or conforming nature, other than: (1) the Province disagrees that Approved Refinancing terms should be unfettered by adherence conditions post-Suspension Event and (2) the proposed rating-based "materially and adversely" qualification in the definition of Protection Event (and in fact any such qualification) is not acceptable to the Province. With regard to (1), this version comes into line with the proposed approach (i.e., using a modified adherence condition) that was incorporated into the version of the Change of Law Process Agreement I circulated yesterday. A further turn of that Agreement, to conform the open item identified in section 3.02 to the revised Change of Law Protection Agreement, is also included here for your reference.

Please note that the Province is working through the drafting concurrently and so further drafting comments may be provided.

As mentioned yesterday, the Province would like to proceed with the Ministers sign-off briefing early next week, on the basis that these versions (minus the explanatory notes) are now in substantially final form. Please identify if you believe there are other 'must have' points (other than the 2 mentioned above).

Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From: Milligan, Peter [mailto:PMilligan@osler.com]
Sent: Thursday, December 07, 2017 6:44 PM
To: ASHBOURNE, STEPHEN; Sebastiano, Rocco; Mansoori, Nina
Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -

TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Saulnier, Brett; Olusoga, Yinka; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca); PALMER, AARON; VINER, JON; PRESTAGE, JA
Subject: Fair Hydro - Change of Law Protection Agreement

All,

Attached is a revised comment draft of the Change of Low Protection Agreement reflecting comments from Torys and Osler. In order to meet this transaction's timeline, this comment draft has not been reviewed by OPG or the Dealers and is delivered subject to any comments they may have.

Peter

OSLER

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From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: Thursday, December 07, 2017 4:27 PM
To: Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro -- Change of Law Process Agreement

Hi,

Please find (attached) a further turn of the Change of Law Process Agreement, reflecting the Province's comments on the mark-up of the Agreement circulated yesterday afternoon by Torys. The

attached blackline shows changes made to yesterday's Torys mark-up.
This version addresses concerns Rocco raised last night, to the extent the Province feels that the issues can be accommodated. For your information, I have set out below responses to Rocco's comments/observations (in CAPs).
The Province would like to proceed with the Ministers briefing early next week, on the basis that this version (minus the explanatory notes) is now in final form. If there are any critical revisions that the other parties believe reflect 'must have' priority, then the Province would like to have a call to discuss them as soon as possible.
Responses to Rocco's Points:
1. The change of the definition of Breach Event in Section 6.01 (i.e., the change to clause (a) and the addition of clause (b)) will result in an inconsistency with section 7.01(b) of the Change of Law Protection Agreement. This will require further consideration. [AGREED. 7.01(b) and 7.01(c) WILL NEED TO MIRROR THE CURE LANGUAGE WE SETTLE ON IN THE PROCESS AGREEMENT (SEE MY EARLIER COMMENTS). PERHAPS THE "which continues …" LANGUAGE IN 7.01(B) CAN BE REVISED TO READ: "to the extent that the Province would be entitled to provide a Suspension Notice in accordance with the terms of the agreement or agreements between the Province and OPG under which such obligations, requirements and processes arise". SIMILAR CHANGE FOR 7.01(C).
2. The right of the Province to issue an objection notice under Section 3.04(b) in connection with a Transaction Document provided to the Province which is required for a Refinancing of an Approved Obligation remains an outstanding issue. Clearly, this will depend upon what Adherence Conditions will be required under Section 4.02 of the Change of Law Protection Agreement in order to permit such Refinancing to become an Approved Obligation. If the Adherence Conditions set out in Section 4.02(a) of the Province's draft of the Change of Law Protection Agreement of December 4 were to apply to such Refinancing, to the extent that such refinancing required a change to a Transaction Document (e.g., as a result of a change to some rating agency condition or criteria), the Province's ability to issue an objection notice and thereby prevent the issuance of a Process Certificate under Section 3.01 (by virtue of Section 3.04) would have the effect of preventing a Refinancing. We trust that this was an unintended outcome of the drafting of Section 3.04 and/or the Adherence Conditions applicable to Refinancings. [THAT IS THE INTENDED EFFECT. THE ADHERENCE CONDITIONS WOULD APPLY TO THE REFINANCING, SO IF THE REFINANCING TERMS DEVIATED MATERIALLY (BASED ON THE SUBSTANTIALLY IN THE FORM" THRESHOLD"), THEN OPG WOULD REQUIRE THE PROVINCE NOT TO OBJECT IN ORDER TO PROCEED WITH THOSE NEW TERMS. OTHERWISE, THE REFINANCING COULD INCORPORATE TERMS AND CONDITIONS, WHICH WOULD BIND THE PROVINCE UNDER THE LIMITED GUARANTEE, THAT WOULD BE UNCONSTRAINED AND WITHOUT ANY ACCOUNTABILITY TO THE PROVINCE. IN ROCCO'S EXAMPLE, THAT MIGHT MEAN THAT OPG WOULD NEED TO RESORT TO UNRATED DEBT, IF THE PROVINCE WAS UNWILLING TO ACCEPT THE NEW TERMS. PRESUMABLY EVERYONE WOULD ACT RATIONALLY. HOWEVER, AS A FAILSAFE, OPG COULD OFFER INCREASED PRICING IN ORDER TO ATTRACT INVESTORS TO ACCEPT THE EARLIER VETTED TERMS (BASED ON THE THEN ACCEPTED REVIEWED DOCUMENTATION).]
3. Given that the Indenture Trustee is not a party to the Change of Law Process Agreement, the Province and OPG can amend the terms and conditions of this agreement without the consent of the indenture Trustee. Specified Creditors under an Approved Obligation need to be assured that the Province cannot prevent a Refinancing of an Approved Obligation either by virtue of the objection notice discussed in point #2 above or as a result of a future amendment to the agreement. There are a couple of ways to deal with this point. The first is to a add a beneficiary/third party rights clause in the Change of Law Process Agreement which acknowledges that the Indenture Trustee is a beneficiary of certain provisions of this agreement and as a result, the agreement cannot be amended without the consent of the Indenture Trustee. The second is to ensure that the Adherence Conditions relating to Refinancings under the Change of Law Protection Agreement are not dependent upon the terms of the Change of Law Process Agreement. In light of the desire to not disclose the terms and

conditions of the Change of Law Process Agreement to the rating agencies, especially at this late stage in the process, we would expect that the latter approach would be preferable. [THE SUGGESTION REGARDING THE PROVINCE PREVENTING A REFINANCING IS ADDRESSED IN #2. IF THE REFINANCING TERMS WOULD EXCEED THE SCOPE OF THE TRANSACTION DOCUMENTS REVIEWED AND NOT OBJECTED TO BY THE PROVINCE, THEN THAT SUGGESTS THERE IS A MATERIAL EFFECT ON THE PROVINCE AND SO THE PROVINCE WOULD NEED THE ABILITY TO REVIEW AND CONSIDER THE PROPRIETY OF THOSE NEW TERMS FROM ITS PERSPECTIVE. AS FOR THE STANDALONE NATURE OF THE PROCESS AGREEMENT, THE INTENTION IS THAT THE PROCESS AGREEMENT BE UNCOUPLED AND NOT PART OF THE COLLATERAL, AND AS MICHAEL FELDMAN HAS EXPLAINED, LEAVE FUTURE FLEXIBILITY FOR THIS LONG-TERM STRUCTURE. TO ADDRESS ROCCO'S CONCERN THAT THE PROVINCE AND OPG COULD CHANGE THE UNDERLYING OBLIGATIONS APPLICABLE TO ADHERENCE IN RELATION TO A NEW OBLIGATION, REQUIREMENT OR PROCESS IN THE PROCESS AGREEMENT THAT WOULD MAKE A REFINANCING LESS LIKELY TO OCCUR, WE HAVE ADDED AND USED IN THE ATTACHED VERSION A NEW DEFFINTION:

> "Approved Refinancing" means a Certified Primary Obligation proposed to be incurred as a Refinancing of an existing Certified Primary Obligation in respect of which the Adherence Conditions had been satisfied on the date such existing Certified Primary Obligation was incurred, that, at the time of incurrence, satisfies each of each of the Adherence Conditions except that the certificate contemplated to be delivered under Section 4.02(b) shall instead confirm that OPG has delivered to the Province a certificate by its applicable officers confirming that OPG would be in compliance with all obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the proposed Certified Primary Obligation that applied as between the Province and OPG on the date of issuance of such existing Certified Primary Obligation." Various references to "Refinancing" in the Protection Agreement can also be revised to refer to "Approved Refinancing", as required.

Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
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Blake, Cassels & Graydon LLP | Barristers & Solicitors | Patent & Trade-mark Agents
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From: Sebastiano, Rocco [mailto:RSebastiano@osler.com]
Sent: Wednesday, December 06, 2017 7:45 PM

To: Mansoori, Nina; ASHBOURNE, STEPHEN; VINER, JON; PRESTAGE, JA
Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Milligan, Peter; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Saulnier, Brett; Olusoga, Yinka
Subject: RE: Fair Hydro -- Change of Law Process Agreement

I have reviewed the revised draft of the Change of Law Process Agreement that Torys has prepared and would like to pass along the following comments/observations:

1. The change of the definition of Breach Event in Section 6.01 (i.e., the change to clause (a) and the addition of clause (b)) will result in an inconsistency with section 7.01(b) of the Change of Law Protection Agreement. This will require further consideration.
2. The right of the Province to issue an objection notice under Section 3.04(b) in connection with a Transaction Document provided to the Province which is required for a Refinancing of an Approved Obligation remains an outstanding issue. Clearly, this will depend upon what Adherence Conditions will be required under Section 4.02 of the Change of Law Protection Agreement in order to permit such Refinancing to become an Approved Obligation. If the Adherence Conditions set out in Section 4.02(a) of the Province's draft of the Change of Law Protection Agreement of December 4 were to apply to such Refinancing, to the extent that such refinancing required a change to a Transaction Document (e.g., as a result of a change to some rating agency condition or criteria), the Province's ability to issue an objection notice and thereby prevent the issuance of a Process Certificate under Section 3.01 (by virtue of Section 3.04) would have the effect of preventing a Refinancing. We trust that this was an unintended outcome of the drafting of Section 3.04 and/or the Adherence Conditions applicable to Refinancings.
3. Given that the Indenture Trustee is not a party to the Change of Law Process Agreement, the Province and OPG can amend the terms and conditions of this agreement without the consent of the indenture Trustee. Specified Creditors under an Approved Obligation need to be assured that the Province cannot prevent a Refinancing of an Approved Obligation either by virtue of the objection notice discussed in point #2 above or as a result of a future amendment to the agreement. There are a couple of ways to deal with this point. The first is to a add a beneficiary/third party rights clause in the Change of Law Process Agreement which acknowledges that the Indenture Trustee is a beneficiary of certain provisions of this agreement and as a result, the agreement cannot be amended without the consent of the Indenture Trustee. The second is to ensure that the Adherence Conditions relating to Refinancings under the Change of Law Protection Agreement are not dependent upon the terms of the Change of Law Process Agreement. In light of the desire to not disclose the terms and conditions of the Change of Law Process Agreement to the rating agencies, especially at this late stage in the process, we would expect that the latter approach would be preferable.

Regards, Rocco

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: Wednesday, December 06, 2017 4:38 PM
To: 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>; 'JON.VINER@blakes.com' <JON.VINER@blakes.com>; 'JA.PRESTAGE@blakes.com' <JA.PRESTAGE@blakes.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -

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Subject: Fair Hydro -- Change of Law Process Agreement

Blakes team,

Please find attached OPG and Torys' comments on the Process Agreement reflecting our discussions from yesterday's call. Please note that this draft is subject to continuing review and comment by Osler and the dealers. As discussed at the tail end of our call yesterday, the section in the Process Agreement that gives the Province the right to object to new and material changes to transaction documents dovetails with the Protection Agreement so additional comments from Oslers may be forthcoming on this draft.

We are working on getting you a revised draft of the Protection Agreement either later today or tomorrow. In the meantime, please let us know if you have any comments or questions on the Process Agreement.

Best Regards,

Nina

Nina Mansoori

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HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.

CHANGE OF LAW PROCESS AGREEMENT

Dated as of [■], 2017

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**") is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.

Pursuant to a Declaration of Trust dated as of [■], 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the applicable Adherence Conditions.

Prior to entering into this Agreement, OPG provided the Province with the final forms of certain of the Transaction Documents, as described on Exhibit "A", and the Province has not objected to such forms and hereby confirms to OPG that such Transaction Documents will constitute "Reference Documentation" for purposes of this Agreement.

Prior to entering into this Agreement, OPG, as the FSM, provided the Minister of Energy, in compliance with the Act, with the initial Financing Plan, which includes the initial forecast (the "**Initial Forecast**") setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Obligations Secured to be incurred during the 24 month period from December 1, 2017 to November 30, 2019 (the "**Initial Forecast Period**"). Prior to entering into this Agreement, OPG provided the Province with the initial Protection Agreement Maximum (the "**Initial Protection Agreement Maximum**"). The Province has received the initial Financing Plan and has not disagreed with the Initial Forecast or the Initial Protection Agreement Maximum on the basis of an apparent inaccuracy in the Initial Forecast, an inconsistency between the Initial Forecast and the initial Financing Plan, or as a result of the Initial Protection Agreement Maximum being more than the Initial Forecast.

This Agreement sets out the obligations OPG has agreed to perform and assurances OPG has agreed to provide and on which the Province will rely in entering into and implementing the

Change of Law Protection Agreement, including for the purposes of determining whether the applicable Adherence Conditions have been satisfied and maintaining information related to the Program Agreements and the Approved Obligations.

All things necessary to make this Agreement a valid and legally binding agreement of OPG and the Province, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall"; the word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may

from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed; the words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 <u>References to the Financing Entity</u>

For greater certainty, each reference to the Financing Entity shall be construed as a reference to the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 <u>Effect of Headings</u>

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.04 <u>Successors and Assigns</u>

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 <u>Severability</u>

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.06 <u>Governing Law</u>

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND

REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF OPG

2.01 Deliveries to the Province

(a) OPG shall promptly deliver to the Province a copy of any proposed change to or replacement of the Financing Plan.

(b) Not less than 10 Business Days, or such lesser period as the Province may agree to in writing, prior to:

(i) any proposed material change in the terms or conditions applicable to a Primary Obligation in a previously provided Transaction Document becoming effective or otherwise being used; provided, for greater certainty, that a proposed change in particular financial terms, rates or levels shall not constitute a material change, and

(ii) any additional, supplemental or replacement Transaction Document becoming effective or otherwise being used,

OPG shall deliver to the Province a copy of such proposed change to the Transaction Document and any such additional, supplemental or replacement Transaction Document.

(c) Without limiting Subsection 2.01(b), and except as has previously been provided to the Province under Subsection 2.01(b), promptly following (i) any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor being made, (ii) any new, additional, supplemental or replacement instruments, documents, agreements or security being used or granted in connection with all or any part of the Approved Obligations, or (iii) any waiver, release, reconveyance, termination, abandonment, subordination, exchange, substitution, transfer, compound, compromise, liquidation or enforcement of all or any part of the Approved Obligations or any security or guarantee therefor being effected, OPG shall deliver to the Province a detailed description of such event and the reasons for it together with any related documents, agreements and instruments. ***[Note to Province/Blakes: We assume that if the change is provided pursuant to Subsection 2.01(b) that it may not be redelivered under this section.]***

(d) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, OPG shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations

(including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(e) Promptly upon request, OPG shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

2.02 <u>Covenants</u>

(a) OPG shall use commercially reasonable efforts to cause the Financing Entity to:

(i) punctually perform and observe all of the Financing Entity's obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not (unless waived in writing by the Province):

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement, replacement, waiver or consent could reasonably be considered to have a Material Effect; provided, however, that the foregoing does not apply to any supplement, amendment, modification, restatement, replacement, waiver or consent in respect of particular financial terms, rates or levels;

(B) extend, renew, compromise, novate, replace, suspend, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, liquidate or enforce the terms of all or any part of the Approved Obligations or any Collateral, if any such action could reasonably be considered to have a Material Effect; provided, however, that the foregoing does not apply to any such action taken in respect of particular financial terms, rates or levels; or

(C) permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired.

(b) If any action restricted pursuant to Section 2.02(a)(v) is reflected in a delivery required to be made by OPG to the Province pursuant to Section 2.01(b) and is not objected to by the Province under Section 3.04(b), the Province shall be deemed to have waived its rights under Section 2.02(a)(v).

(c) OPG shall:

(i) comply, and shall use commercially reasonable efforts to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

(ii) punctually perform and observe all of its (including as the FSM and as Manager) obligations and agreements contained in the Program Agreements;

(iii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation; and

(iv) notify the Province of (1) the occurrence of any Breach Event and any Program Breach, in each case within 2 Business Days of any such occurrence, and (2) any event or circumstance known to OPG that with the passage of time or the giving of notice would be a Breach Event or a Program Breach, in each case within 1 Business Day of OPG first becoming aware of such event or circumstance; and

(v) after the occurrence of any Protection Event (or any event or circumstance known to OPG that with the passage of time or the giving of notice would be a Protection Event), not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.

(d) The Province and OPG acknowledge that their obligations to each other under the Indemnity Agreement between the Province and OPG dated June 1, 2017 (as amended, the "**Indemnity Agreement**") are not amended by this Agreement and continue in full force and effect, notwithstanding that this Agreement is entered into subsequent to the Indemnity Agreement.

(e) The Province and OPG acknowledge that their obligations to each other under the Indemnity Agreement are not amended by the Change of Law Protection Agreement and continue in full force and effect, notwithstanding that the Change of Law Protection Agreement was entered into subsequent to the Indemnity Agreement.

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate

OPG shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Province, on or before the incurrence or any amendment of a Funding Obligation, other than any Funding Obligation under which not more than $5,000,000 in the aggregate may become payable by the Financing Entity (provided that delivery may not be more than 5 Business Days before the incurrence or amendment of the Funding Obligation), setting out the following with respect to such Funding Obligation:

(a) the material terms of the Funding Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a Derivative Agreement, OPG's best estimate of the expected notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

(b) if an existing Funding Obligation is proposed to be amended, material details respecting such amendment, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

(c) a statement to the effect that: (i) the Funding Obligation to be incurred or amended (1) will arise under terms and conditions that are Substantially in the Form of the Reference Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reference Documentation;

(d) a statement confirming that any disclosure made in respect of the Funding Obligation (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to the Funding Obligation) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement has been made available to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made;

(e) a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and

(f) confirmation that, at the time the Funding Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Funding Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the Protection Agreement Maximum applicable on the date that the Process Certificate is delivered; for clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be determined on the date the Process Certificate is delivered hereunder in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

3.02 Acknowledgement regarding delivery of certificate under Change of Law Protection Agreement

The Province acknowledges and agrees that, concurrent with the delivery of the Process Certificate pursuant to Section 3.01 of this Agreement, the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) are authorized to deliver the certificate referred to in Subsection 4.02(a)(ii) of the Change of Law Protection Agreement to the Indenture Trustee confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with adherence of the Limited Guarantee to the incurrence of the Certified Primary Obligations in respect of which the certificate in Subsection 4.02(a)(ii) of the Change of Law Protection Agreement is being delivered; provided that, upon receipt of a Suspension Notice under the Change of Law Protection Agreement, OPG covenants not to deliver any further certificates to the Indenture Trustee under Subsection 4.02(a)(ii) of the Change of Law Protection Agreement.

3.03 Acknowledgement regarding delivery of Suspension Notice

The parties acknowledge and agree that the Province is entitled to deliver a Suspension Notice under Section 7.01 of the Change of Law Protection Agreement if a Program Breach or Breach Event has occurred. The Province agrees not to deliver a Suspension Notice pursuant to Section 7.01 of the Change of Law Protection Agreement unless a Program Breach or a Breach Event has occurred.

3.04 Meaning of "Reference Documentation"

For the purposes of Subsection 3.01(c), the term "Reference Documentation" shall mean each Transaction Document that, at the relevant time:

(a) is a Transaction Document listed on Exhibit "A"; or

(b) is a Transaction Document (including any amended or amended and restated Transaction Document) provided to the Province in accordance with Subsection 2.01(b) that has not been objected to by the Province, by delivery of an objection notice in writing delivered to OPG, within 10 Business Days after it is provided to the Province; provided that the Province (i) shall only be entitled to deliver an objection notice if the Transaction Document (including any amended or amended and restated Transaction Document) has a Material Effect and (ii) shall not be entitled to deliver an objection notice in respect of a Post-Suspension Refinancing.

3.05 Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(c), the term "Substantially in the Form" shall mean:

(a) with respect to the Reference Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such Reference Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation that could have a Material Effect; provided, however, that the foregoing does not apply to any particular financial terms, rates or levels; and

(b) with respect to the Reference Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum

(a) Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Obligations Secured that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Obligations Secured to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation

shall be consistent with the then applicable Financing Plan. Such updated forecast shall be further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum, which may not exceed such Forecast. ***[Note to Province/Blakes: Change made to be consistent with changes in recitals and to reflect what is provided in the Financing Plan.]***

(b) Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of any further Forecast and notice of the revised Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province may disagree with such further Forecast or revised Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in such further Forecast, (ii) the further Forecast is inconsistent with the Financing Plan, or (iii) the revised Protection Agreement Maximum is more than the further Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the revised Protection Agreement Maximum will be further revised accordingly and confirmed by an amended notice to the Province.

(c) For clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be valued at the time to be determined for the purposes of this Section 4.01 in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of OPG

OPG represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, may cause it to perform pursuant to this

Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario and has the power and authority to enter into and perform its obligations under this Agreement and all instruments and agreements delivered pursuant hereto.

(c) OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Financing Entity or in the ability of the Financing Entity to perform its obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any

of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

5.02 Representations and Warranties of the Province

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
BREACH EVENTS

6.01 Breach Events

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

(a) a default in the performance, or breach, by OPG of Section 2.01(b)(i), Section 2.02(b)(iv) or Section 3.01;

(b) a default in the performance, or breach, of any other covenants of OPG under this Agreement (excluding Section 2.01(b)(i), Section 2.02(b)(iv) and Section 3.01), which, if curable in a way such that the default or breach would not have or have had a Material Effect, is not so cured within thirty (30) days;

(c) any representation or warranty made by OPG in this Agreement, any certification made in a Process Certificate, or any certification made in a certificate contemplated by Subsection 4.02 of the Change of Law Protection Agreement,

proves to be incorrect in a material respect on the date made and which, if curable in a way such that the incorrect representation or warranty may be remedied without any Material Effect having occurred as a result of the Province's reliance thereon, is not so cured within thirty (30) days; or ***[Note to Province/Blakes: Change made to be consistent with description of Breach Event in the Change of Law Protection Agreement.]***

(d) OPG is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the Manager.

ARTICLE VII
MISCELLANEOUS

7.01 Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

7.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to OPG:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

(b) if to the Province:

Deputy Minister of Finance
[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

and

Deputy Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 7.02.

7.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 7.03 shall be null and void.

7.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

7.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

7.06 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

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

By: _____

Name:
Title:

By: _____

Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Breach Event**" has the meaning ascribed thereto in Section 6.01.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the Financing Entity, OPG (as the FSM and the Manager) and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

"**Financing Entity**" means Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(a).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**IESO Security Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**Initial Forecast**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Initial Forecast Period**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Initial Protection Agreement Maximum**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO.

"**Material Effect**" means (i) with respect to a previously provided Transaction Document, any change or action, as applicable, that could affect the timing of or circumstances under which related payments would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that could adversely affect the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation or (ii) with respect to any additional, supplemental or replacement Transaction Document, such Transaction Document contains a term that (X) could adversely affect the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation or (Y) relates to the timing of or circumstances under which Primary Obligations would or may become due or accrue (including as a result of any default, acceleration,

termination, wind-up, liquidation or realization) that is different in any material respect than the equivalent terms contained in any previously provided Reference Documentation.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Protection Agreement Maximum**" means the dollar amount referenced as the Program Agreement Maximum and determined in accordance with Section 4.01.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture.

"**Reference Documentation**" has the meaning ascribed thereto in Section 3.04.

"**Repayment**" has the meaning ascribed to the term "repayment" in the General Regulation as of the date of this Agreement.

"**Substantially in the Form**" has the meaning ascribed thereto in Section 3.05.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement; (vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any

other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that could affect the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

EXHIBIT "A"
INITIAL REFERENCE DOCUMENTATION

- Declaration of Trust;
- Management Agreement;
- Master Transfer and Servicing Agreement;
- Acknowledgement and indemnity agreement dated as of [■], 2017 made by IESO in favour of the Indenture Trustee;
- IESO Security Agreement;
- Trust Indenture;
- Warehouse Senior Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;
- Warehouse Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017; and
- Warehouse Junior Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.

CHANGE OF LAW PROCESS AGREEMENT

Dated as of [■], 2017

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**") is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.

Pursuant to a Declaration of Trust dated as of [■], 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the applicable Adherence Conditions.

Prior to entering into this Agreement, OPG provided the Province with the final forms of certain of the Transaction Documents, as described on Exhibit "A", and the Province has not objected to such forms and hereby confirms to OPG that such Transaction Documents will constitute "Reference Documentation" for purposes of this Agreement.

Prior to entering into this Agreement, OPG, as the FSM, provided the Minister of Energy, in compliance with the Act, with the initial Financing Plan, which includes the initial forecast (the "**Initial Forecast**") setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Obligations Secured to be incurred during the 24 month period from December 1, 2017 to November 30, 2019 (the "**Initial Forecast Period**"). Prior to entering into this Agreement, OPG provided the Province with the initial Protection Agreement Maximum (the "**Initial Protection Agreement Maximum**"). The Province has received the initial Financing Plan and has not disagreed with the Initial Forecast or the Initial Protection Agreement Maximum on the basis of an apparent inaccuracy in the Initial Forecast, an inconsistency between the Initial Forecast and the initial Financing Plan, or as a result of the Initial Protection Agreement Maximum being more than the Initial Forecast.

This Agreement sets out the obligations OPG has agreed to perform and assurances OPG has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the

applicable Adherence Conditions have been satisfied and maintaining information related to the Program Agreements and the Approved Obligations.

All things necessary to make this Agreement a valid and legally binding agreement of OPG and the Province, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall"; the word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed; the words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 References to the Financing Entity

For greater certainty, each reference to the Financing Entity shall be construed as a reference to the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 Effect of Headings

The Article and Section headings herein ~~and~~ are for convenience only and will not affect the construction hereof.

1.04 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.06 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF OPG

2.01 Deliveries to the Province

(a) OPG shall promptly deliver to the Province a copy of any proposed change to or replacement of the Financing Plan.

(b) Not less than 10 Business Days, or such lesser period as the Province may agree to in writing, prior to:

(i) any proposed **material** change in the terms or conditions applicable to a Primary Obligation in a previously provided Transaction Document becoming effective or otherwise being used~~ that could reasonably be expected to have a Material Effect~~[1]; provided, ~~however~~**for greater certainty**, that a proposed change in particular financial terms, rates ~~and~~**or** levels ~~would~~**shall** not ~~be such a material change other than a proposed change to any specific requirements, limitations or parameters with respect to such financial terms, rates and levels that were set forth in the previously provided Transaction Document and that would have a Material Effect~~**constitute a material change**, and

(ii) any additional, supplemental[2] or replacement Transaction Document becoming effective or otherwise being used,

OPG shall deliver to the Province a copy of such proposed change to the Transaction Document and any such additional, supplemental or replacement Transaction Document.

(c) Without limiting Subsection 2.01(b)**, and except as has previously been provided to the Province under Subsection 2.01(b),** promptly following (i) any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor being made, (ii) any new, additional, supplemental or replacement instruments, documents, agreements or security being used or granted in connection with all or any part of the Approved Obligations, or (iii) any waiver, release, reconveyance, termination, abandonment, subordination, exchange, substitution, transfer, compound, compromise, liquidation or enforcement of all or any part of the Approved

[1] ~~Explanatory Note: New term to encapsulate and consistently use the materiality language previously incorporated in the "Substantially in the Form" provision.~~

[2] ~~Explanatory Note: Supplement (e.g., indenture supplement) needs to be captured. Supplement concept has been reinserted.~~

Obligations or any security or guarantee therefor being effected, OPG shall deliver to the Province a detailed description of such event and the reasons for it together with any related documents, agreements and instruments. ***[Note to Province/Blakes: We assume that if the change is provided pursuant to Subsection 2.01(b) that it may not be redelivered under this section.]***

(d) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, OPG shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations (including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(e) Promptly upon request, OPG shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

2.02 Covenants

(a) OPG shall use commercially reasonable efforts to cause the Financing Entity to:

(i) punctually perform and observe all of the Financing Entity's obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not (unless waived in writing by the Province):

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement, replacement, waiver or consent could reasonably be considered to have a Material Effect; provided, however, that the foregoing does not apply to any ~~supplementation~~**supplement**, amendment, modification, restatement, replacement, waiver or consent~~ of, to or~~ in respect of particular financial terms, rates ~~and levels other than a~~

~~supplementation, amendment, modification, restatement, replacement, waiver or consent to or in respect of any specific requirements, limitations or parameters with respect to such financial terms, rates and levels that were set forth in the applicable Program Agreement and that would have a Material Effect~~**or levels**;

(B) extend, renew, compromise, novate, replace, suspend, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, liquidate or enforce the terms of all or any part of the Approved Obligations or any Collateral, if any such action could reasonably be considered to have a Material Effect; provided, however, that the foregoing does not apply to any such action taken in respect of particular financial terms, rates ~~and levels other than such an action taken in respect of any specific requirements, limitations or parameters with respect to such financial terms, rates and levels that were set forth in the applicable Program Agreement and that would have a Material Effect~~**or levels**; or

(C) permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired.

(b) If any action restricted pursuant to Section 2.02(a)(v) is reflected in a delivery required to be made by OPG to the Province pursuant to Section 2.01(b) and is not objected to by the Province under Section 3.04(b), the Province shall be deemed to have waived its rights under Section 2.02(a)(v).

(c) ~~(b)~~ OPG shall:

(i) comply, and shall use commercially reasonable efforts to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

(ii) punctually perform and observe all of its (including as the FSM and as Manager) obligations and agreements contained in the Program Agreements;

(iii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation; and

(iv) notify the Province of (1) the occurrence of any Breach Event and any Program Breach, in each case within 2 Business Days of any such occurrence, and (2) any event or circumstance known to OPG that with the passage of time or the giving of notice would be a Breach Event or a

Program Breach, in each case within 1 Business Day of OPG first becoming aware of such event or circumstance; and[3]

(v) after the occurrence of any Protection Event (or any event or circumstance known to OPG that with the passage of time or the giving of notice would be a Protection Event), not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.

(d) ~~(c)~~ The Province and OPG acknowledge that their obligations to each other under the Indemnity Agreement between the Province and OPG dated June 1, 2017 (as amended, the "**Indemnity Agreement**") are not amended by this Agreement and continue in full force and effect, notwithstanding that this Agreement is entered into subsequent to the Indemnity Agreement.

(e) ~~(d)~~ The Province and OPG acknowledge that their obligations to each other under the Indemnity Agreement are not amended by the Change of Law Protection Agreement and continue in full force and effect, notwithstanding that the Change of Law Protection Agreement was entered into subsequent to the Indemnity Agreement.

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate

OPG shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Province, on or before the incurrence or any amendment of a Funding Obligation, other than any Funding Obligation under which not more than $5,000,000 in the aggregate may become payable by the Financing Entity (provided that delivery may not be more than 5 Business Days before the incurrence or amendment of the Funding Obligation), setting out the following with respect to such Funding Obligation:

(a) the material terms of the Funding Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a Derivative Agreement, OPG's best estimate of the expected notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

[3] ~~Explanatory Note: This is especially needed in light of Province's passive role and reliance on OPG.~~

(b) if an existing Funding Obligation is proposed to be amended, material details respecting such amendment, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

(c) a statement to the effect that: (i) the Funding Obligation to be incurred or amended (1) will arise under terms and conditions that are Substantially in the Form of the Reference Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reference Documentation;

(d) a statement confirming that any disclosure made in respect of the Funding Obligation (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to the Funding Obligation) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement has been made available to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made;

(e) a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and

(f) confirmation that, at the time the Funding Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Funding Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the Protection Agreement Maximum applicable on the date that the Process Certificate is delivered; for clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be determined on the date the Process Certificate is delivered hereunder in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

3.02 Acknowledgement regarding delivery of certificate under Change of Law Protection Agreement

The Province acknowledges and agrees that, concurrent with the delivery of the Process Certificate pursuant to Section 3.01 of this Agreement, the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) are authorized to deliver the certificate referred to in Subsection 4.02(a)(ii) of the Change of Law Protection Agreement to the Indenture Trustee confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with adherence of the Limited Guarantee to the incurrence of the Certified Primary Obligations in respect of which the certificate in Subsection 4.02(a)(ii) of the Change of Law Protection Agreement is being delivered; provided that, upon receipt of a Suspension Notice under the Change of Law Protection Agreement, OPG covenants not to deliver any further certificates to the Indenture Trustee under Subsection 4.02(a)(ii) of the Change of Law Protection Agreement~~ but, for greater certainty, OPG, as FSM, may deliver a certificate referred to in Subsection 4.02(b)(ii) of the Change of Law Protection Agreement to the Indenture Trustee and the Province in connection with an Approved Refinancing~~.

3.03 Acknowledgement regarding delivery of Suspension Notice

The parties acknowledge and agree that the Province is entitled to deliver a Suspension Notice under Section 7.01 of the Change of Law Protection Agreement if a Program Breach or Breach Event has occurred. The Province agrees not to deliver a Suspension Notice pursuant to Section 7.01 of the Change of Law Protection Agreement unless a Program Breach or a Breach Event has occurred.

3.04 Meaning of "Reference Documentation"

For the purposes of Subsection 3.01(c), the term "Reference Documentation" shall mean each Transaction Document that, at the relevant time:

(a) is a Transaction Document listed on Exhibit "A"; or

(b) is a Transaction Document (including any amended or amended and restated Transaction Document) provided to the Province in accordance with Subsection 2.01(b) that has not been objected to by the Province, by delivery of an objection notice in writing delivered to OPG, within 10 Business Days after it is provided to the Province**; provided that the Province (i) shall only be entitled to deliver an objection notice if the Transaction Document (including any amended or amended and restated Transaction Document) has a Material Effect and (ii) shall not be entitled to deliver an objection notice in respect of a Post-Suspension Refinancing**.

3.05 Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(c), the term "Substantially in the Form" shall mean:

(a) with respect to the Reference Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such Reference Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation that could have a Material Effect; provided, however, that the foregoing does not apply to any particular financial terms, rates ~~and levels set forth in the proposed documents other than to the extent that the forms of Reference Documentation themselves specify specific requirements, limitations or parameters with respect to such financial terms, rates, levels and parameters~~**or levels**; and

(b) with respect to the Reference Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum

(a) Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under ~~Approved~~ Obligations **Secured** that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under ~~Approved~~ Obligations **Secured** to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast shall be further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum, which may not exceed such Forecast. ***[Note to Province/Blakes: Change made to be consistent with changes in recitals and to reflect what is provided in the Financing Plan.]***

(b) Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of any further Forecast and notice of the revised Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province may disagree with such further Forecast or revised Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in such further Forecast, (ii) the further Forecast is inconsistent with the Financing Plan, or (iii) the revised Protection Agreement Maximum is more than the further Forecast. If

the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the revised Protection Agreement Maximum will be further revised accordingly and confirmed by an amended notice to the Province.

(c) For clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be valued at the time to be determined for the purposes of this Section 4.01 in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of OPG

OPG represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, may cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario and has the power and authority to enter into and perform its obligations under this Agreement and all instruments and agreements delivered pursuant hereto.

(c) OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect

affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Financing Entity or in the ability of the Financing Entity to perform its obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

5.02 Representations and Warranties of the Province

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
BREACH EVENTS

6.01 Breach Events

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

(a) a default in the performance, or breach, by OPG of Section 2.01(b)(i), Section 2.02(b)(iv)[4] or Section 3.01[5];

(b) a default in the performance, or breach, of any other covenants of OPG under this Agreement (excluding Section 2.01(b)(i), Section 2.02(b)(iv) and Section 3.01), which, if curable in a way such that the default or breach would not have or have had a Material Effect[6], is not so cured within thirty (30) days;

(c) any representation or warranty made by OPG in this Agreement, any certification made in a Process Certificate, or any certification made in a certificate contemplated by Subsection 4.02 of the Change of Law Protection Agreement, proves to be incorrect **in a material respect** on the date made and which, if curable in a way such that the incorrect representation or warranty may be remedied without any Material Effect[7] having occurred as a result of the Province's reliance thereon, is not so cured within thirty (30) days; or ***[Note to Province/Blakes: Change made to be consistent with description of Breach Event in the Change of Law Protection Agreement.]***

(d) OPG is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the Manager.

[4] ~~Explanatory Note: This recognizes that a failure to notify the Province of an event that would allow it to deliver a Suspension Notice cannot itself be cured since that would create a self-defeating loop from the Province's standpoint.~~

[5] ~~Explanatory Note: This recognizes that a failure to deliver a Process Certificate when required cannot be cured, as this goes to the workability of the corresponding provisions in the Protection Agreement. It would defeat the structure to allow a Protection Agreement certificate to be delivered to satisfy the adherence conditions based on the idea that a default cure period had not yet lapsed in connection with a failure to deliver a Process Certificate.~~

[6] ~~Explanatory Note: This recognizes that a cure period will only be reasonable if the consequence of a possible cure would be that no Material Effect would be/have been created.~~

[7] ~~Explanatory Note: Same.~~

ARTICLE VII
MISCELLANEOUS

7.01 Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

7.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to OPG:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

(b) if to the Province:

Deputy Minister of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Deputy Ministry of Energy
[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 7.02.

7.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 7.03 shall be null and void.

7.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

7.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

7.06 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

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

By: _____

Name:
Title:

By: _____

Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

~~"**Adherence Conditions**" has the meaning ascribed thereto in the Change of Law Protection Agreement.~~

~~"**Approved Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement, and, for greater certainty, will include any Approved Refinancing.~~

~~"**Approved Refinancing**" means a Certified Primary Obligation proposed to be incurred on or after the occurrence of a Suspension Event, as a Refinancing of an existing Certified Primary Obligation in respect of which the Adherence Conditions had been satisfied on the date such existing Certified Primary Obligation was incurred, that, at the time of incurrence, satisfies each of each of the Adherence Conditions except that the certificate contemplated to be delivered under Section 4.02(b) shall instead confirm that OPG has delivered to the Province a certificate by its applicable officers confirming that OPG would be in compliance with all obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the proposed Certified Primary Obligation that applied as between the Province and OPG on the date of issuance of such existing Certified Primary Obligation.~~

~~"**Beneficiaries**" has the meaning ascribed thereto in the Change of Law Protection Agreement.~~

"**Breach Event**" has the meaning ascribed thereto in Section 6.01.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

~~"**Certified Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.~~

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the Financing Entity, OPG (as the FSM and the Manager) and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

~~"**Executive Officer**" has the meaning ascribed thereto in the Change of Law Protection Agreement.~~

"**Financing Entity**" means Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

~~"**Financing Entity Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.~~

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(a).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**IESO Security Agreement**" has the meaning ascribed thereto in the Trust Indenture.

~~"**Indenture Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.~~

"**Initial Forecast**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Initial Forecast Period**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Initial Protection Agreement Maximum**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

~~"**Limited Guarantee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.~~

~~"**Management Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.~~

~~"**Manager**" has the meaning ascribed thereto in the Change of Law Protection Agreement.~~

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO.

"**Material Effect**" means ~~a material effect on the obligations (including as a result of a change in the nature, scope or extent of the Primary Obligation and the effect on the Province's obligations therefor under the Limited Guarantee) or rights of the Province under the Limited Guarantee, the Change of Law Protection Agreement or this Agreement, including any proposed~~**(i) with respect to a previously provided Transaction Document, any** change **or action, as applicable,** that could affect the timing of or circumstances under which related payments would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that could **adversely** affect the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation **or (ii) with respect to any additional, supplemental or replacement Transaction Document, such Transaction Document contains a term that (X) could adversely affect the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of** the Change of Law Protection Agreement**) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation or (Y) relates to the timing of or circumstances under which Primary Obligations would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization) that is different in any material respect than the equivalent terms contained in any previously provided Reference Documentation**.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

~~"**Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.~~

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

~~"**Program Breach**" has the meaning ascribed thereto in the Change of Law Protection Agreement.~~

"**Protection Agreement Maximum**" means the dollar amount referenced as the Program Agreement Maximum and determined in accordance with Section 4.01.

~~"**Protection Event**" has the meaning ascribed thereto in the Change of Law Protection Agreement.~~

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture.

"**Reference Documentation**" has the meaning ascribed thereto in Section 3.04.

"**Repayment**" has the meaning ascribed to the term "repayment" in the General Regulation as of the date of this Agreement.

~~"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.~~

"**Substantially in the Form**" has the meaning ascribed thereto in Section 3.05.

~~"**Suspension Notice**" has the meaning ascribed thereto in the Change of Law Protection Agreement.~~

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or

other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement; (vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that could affect the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

EXHIBIT "A"
INITIAL REFERENCE DOCUMENTATION[8]

- Declaration of Trust;
- Management Agreement;
- Master Transfer and Servicing Agreement;
- Acknowledgement and indemnity agreement dated as of [■], 2017 made by IESO in favour of the Indenture Trustee;
- IESO Security Agreement;
- Trust Indenture;
- Warehouse Senior Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;
- Warehouse Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017; and
- [Warehouse Junior Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.][9]

[8] Explanatory Note: The Province is limiting this to the documents required to complete the warehouse financing. Term issuance related documents will be considered by the Province once received under 2.01(b)(ii) and become part of the Reviewed Documentation in accordance with 3.04(b).

[9] Explanatory Note: This should be deleted unless it will be used in the initial transaction.

Document comparison by Workshare Compare on December-12-17 1:16:49 AM

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Document 2 ID	C:\NRPortbl\TorysAtWork\BSAULNIE\24622622_2.docx
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Rendering set	Firm_Standard

Legend:	
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Moved to	
Style change	
Format change	
~~Moved deletion~~	
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Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
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Deletions	63
Moved from	1
Moved to	1
Style change	0
Format changed	0
Total changes	99

From:	ASHBOURNE, STEPHEN
To:	Feldman, Michael
Cc:	Ken Kandeepan; Malle Hanslep (MOF); Tobias P. Whitfield (MOF); Mike Manning
Subject:	RE: Fair Hydro - Change of Law Protection Agreement
Date:	Tuesday, December 12, 2017 4:47:03 PM

I'm in a meeting, sorry.
e.g., "character" = debt vs. equity
e.g., "nature" = make-whole premiums; option premiums; third party indemnities
If such items are new and a change would impact character or nature, Province (being liable) would want to understand these sorts of impacts.
Hope that helps. I should be free around 5.
Steve
Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From: Feldman, Michael [mailto:mfeldman@torys.com]
Sent: Tuesday, December 12, 2017 4:38 PM
To: ASHBOURNE, STEPHEN
Cc: Feldman, Michael; Ramchandani, Rima
Subject: RE: Fair Hydro - Change of Law Protection Agreement

Stephen,
OPG and the Province are having calls with the accountants to settle your definition of Material Effect. They don't know what you are getting at in your clause (xi) (nature or character of payment obligations) so they asked us and we weren't confident that we knew either.
Can you please give me a quick call. They would like to settle this by 5:00 today.
Michael K. Feldman
P. 416.865.7513 | F. 416.865.7380 | 1.800.505.8679

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: December-12-17 2:09 PM
To: Milligan, Peter <PMilligan@osler.com>; Saulnier, Brett <bsaulnier@torys.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>;

Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro - Change of Law Protection Agreement

Here is my mark-up of the matters raised by Oslers, in today's mark-ups of during our call this morning. Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From: Milligan, Peter [mailto:PMilligan@osler.com]
Sent: Tuesday, December 12, 2017 1:43 PM
To: Saulnier, Brett; ASHBOURNE, STEPHEN; Sebastiano, Rocco; Mansoori, Nina
Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Olusoga, Yinka; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca); PALMER, AARON; VINER, JON; PRESTAGE, JA
Subject: RE: Fair Hydro - Change of Law Protection Agreement

All,
Further to our call this morning, attached is a comparison document showing our comments on "Post-Suspension Refinancing" and "Protection Event".
We will comment on Material Effect after we see what comes back from the accountants.
Peter

From: Milligan, Peter
Sent: Tuesday, December 12, 2017 9:09 AM
To: 'Saulnier, Brett' <bsaulnier@torys.com>; ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER,

JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro - Change of Law Protection Agreement
All,
Attached are changed pages with my comments on the Change of Law Protection Agreement. This does not represent input from any dealer. I will follow up to see if the dealers have any additional comments but given the plan to have a call at 10, I pass along these comments now.
Peter

From: Saulnier, Brett [mailto:bsaulnier@torys.com]
Sent: Monday, December 11, 2017 11:35 PM
To: ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; Milligan, Peter <PMilligan@osler.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro - Change of Law Protection Agreement
All,
Attached for your review is a revised draft of the Change of Law Protection Agreement, clean and blacklined to the last version circulated by Blakes and reflecting the meetings held earlier today. As discussed, we need to provide the attached to the rating agencies **by no later than noon tomorrow** in order to meet our end of year financing deadline. Accordingly, we will be circulating a calendar invite to this group for 10 a.m. tomorrow morning to confirm the parties are signed off. If Osler or Blakes have any comments on the attached, we would ask that they be circulated to this group prior to the 10 a.m. call.
Kind regards,
Brett
Brett Saulnier
P. 416.865.8148 | F. 416.865.7380 | 1.800.505.8679

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: December-08-17 3:16 PM
To: Milligan, Peter <PMilligan@osler.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY'

<lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>

Subject: RE: Fair Hydro - Change of Law Protection Agreement

Hi,

Attached is a revised version of the Change of Law Protection Agreement. I believe that most of the changes reflected from last night's Osler version (blackline is attached) are of a drafting or conforming nature, other than: (1) the Province disagrees that Approved Refinancing terms should be unfettered by adherence conditions post-Suspension Event and (2) the proposed rating-based "materially and adversely" qualification in the definition of Protection Event (and in fact any such qualification) is not acceptable to the Province. With regard to (1), this version comes into line with the proposed approach (i.e., using a modified adherence condition) that was incorporated into the version of the Change of Law Process Agreement I circulated yesterday. A further turn of that Agreement, to conform the open item identified in section 3.02 to the revised Change of Law Protection Agreement, is also included here for your reference.

Please note that the Province is working through the drafting concurrently and so further drafting comments may be provided.

As mentioned yesterday, the Province would like to proceed with the Ministers sign-off briefing early next week, on the basis that these versions (minus the explanatory notes) are now in substantially final form. Please identify if you believe there are other 'must have' points (other than the 2 mentioned above).

Regards, Steve

Stephen R. Ashbourne
Partner
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From: Milligan, Peter [mailto:PMilligan@osler.com]
Sent: Thursday, December 07, 2017 6:44 PM
To: ASHBOURNE, STEPHEN; Sebastiano, Rocco; Mansoori, Nina
Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Saulnier, Brett; Olusoga, Yinka; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca); PALMER, AARON; VINER, JON; PRESTAGE, JA

Subject: Fair Hydro - Change of Law Protection Agreement
All,
Attached is a revised comment draft of the Change of Low Protection Agreement reflecting comments from Torys and Osler. In order to meet this transaction's timeline, this comment draft has not been reviewed by OPG or the Dealers and is delivered subject to any comments they may have.
Peter

OSLER

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From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: Thursday, December 07, 2017 4:27 PM
To: Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro -- Change of Law Process Agreement
Hi,
Please find (attached) a further turn of the Change of Law Process Agreement, reflecting the Province's comments on the mark-up of the Agreement circulated yesterday afternoon by Torys. The attached blackline shows changes made to yesterday's Torys mark-up.
This version addresses concerns Rocco raised last night, to the extent the Province feels that the issues can be accommodated. For your information, I have set out below responses to Rocco's comments/observations (in CAPs).
The Province would like to proceed with the Ministers briefing early next week, on the basis that this

version (minus the explanatory notes) is now in final form. If there are any critical revisions that the other parties believe reflect 'must have' priority, then the Province would like to have a call to discuss them as soon as possible.

Responses to Rocco's Points:

1. The change of the definition of Breach Event in Section 6.01 (i.e., the change to clause (a) and the addition of clause (b)) will result in an inconsistency with section 7.01(b) of the Change of Law Protection Agreement. This will require further consideration. [AGREED. 7.01(b) and 7.01(c) WILL NEED TO MIRROR THE CURE LANGUAGE WE SETTLE ON IN THE PROCESS AGREEMENT (SEE MY EARLIER COMMENTS). PERHAPS THE "which continues …" LANGUAGE IN 7.01(B) CAN BE REVISED TO READ: "to the extent that the Province would be entitled to provide a Suspension Notice in accordance with the terms of the agreement or agreements between the Province and OPG under which such obligations, requirements and processes arise". SIMILAR CHANGE FOR 7.01(C).

2. The right of the Province to issue an objection notice under Section 3.04(b) in connection with a Transaction Document provided to the Province which is required for a Refinancing of an Approved Obligation remains an outstanding issue. Clearly, this will depend upon what Adherence Conditions will be required under Section 4.02 of the Change of Law Protection Agreement in order to permit such Refinancing to become an Approved Obligation. If the Adherence Conditions set out in Section 4.02(a) of the Province's draft of the Change of Law Protection Agreement of December 4 were to apply to such Refinancing, to the extent that such refinancing required a change to a Transaction Document (e.g., as a result of a change to some rating agency condition or criteria), the Province's ability to issue an objection notice and thereby prevent the issuance of a Process Certificate under Section 3.01 (by virtue of Section 3.04) would have the effect of preventing a Refinancing. We trust that this was an unintended outcome of the drafting of Section 3.04 and/or the Adherence Conditions applicable to Refinancings. [THAT IS THE INTENDED EFFECT. THE ADHERENCE CONDITIONS WOULD APPLY TO THE REFINANCING, SO IF THE REFINANCING TERMS DEVIATED MATERIALLY (BASED ON THE SUBSTANTIALLY IN THE FORM" THRESHOLD"), THEN OPG WOULD REQUIRE THE PROVINCE NOT TO OBJECT IN ORDER TO PROCEED WITH THOSE NEW TERMS. OTHERWISE, THE REFINANCING COULD INCORPORATE TERMS AND CONDITIONS, WHICH WOULD BIND THE PROVINCE UNDER THE LIMITED GUARANTEE, THAT WOULD BE UNCONSTRAINED AND WITHOUT ANY ACCOUNTABILITY TO THE PROVINCE. IN ROCCO'S EXAMPLE, THAT MIGHT MEAN THAT OPG WOULD NEED TO RESORT TO UNRATED DEBT, IF THE PROVINCE WAS UNWILLING TO ACCEPT THE NEW TERMS. PRESUMABLY EVERYONE WOULD ACT RATIONALLY. HOWEVER, AS A FAILSAFE, OPG COULD OFFER INCREASED PRICING IN ORDER TO ATTRACT INVESTORS TO ACCEPT THE EARLIER VETTED TERMS (BASED ON THE THEN ACCEPTED REVIEWED DOCUMENTATION).]

3. Given that the Indenture Trustee is not a party to the Change of Law Process Agreement, the Province and OPG can amend the terms and conditions of this agreement without the consent of the indenture Trustee. Specified Creditors under an Approved Obligation need to be assured that the Province cannot prevent a Refinancing of an Approved Obligation either by virtue of the objection notice discussed in point #2 above or as a result of a future amendment to the agreement. There are a couple of ways to deal with this point. The first is to a add a beneficiary/third party rights clause in the Change of Law Process Agreement which acknowledges that the Indenture Trustee is a beneficiary of certain provisions of this agreement and as a result, the agreement cannot be amended without the consent of the Indenture Trustee. The second is to ensure that the Adherence Conditions relating to Refinancings under the Change of Law Protection Agreement are not dependent upon the terms of the Change of Law Process Agreement. In light of the desire to not disclose the terms and conditions of the Change of Law Process Agreement to the rating agencies, especially at this late stage in the process, we would expect that the latter approach would be preferable. [THE SUGGESTION REGARDING THE PROVINCE PREVENTING A REFINANCING IS ADDRESSED IN #2. IF THE REFINANCING TERMS WOULD EXCEED THE SCOPE OF THE TRANSACTION DOCUMENTS REVIEWED AND NOT OBJECTED TO BY THE PROVINCE,

THEN THAT SUGGESTS THERE IS A MATERIAL EFFECT ON THE PROVINCE AND SO THE PROVINCE WOULD NEED THE ABILITY TO REVIEW AND CONSIDER THE PROPRIETY OF THOSE NEW TERMS FROM ITS PERSPECTIVE. AS FOR THE STANDALONE NATURE OF THE PROCESS AGREEMENT, THE INTENTION IS THAT THE PROCESS AGREEMENT BE UNCOUPLED AND NOT PART OF THE COLLATERAL, AND AS MICHAEL FELDMAN HAS EXPLAINED, LEAVE FUTURE FLEXIBILITY FOR THIS LONG-TERM STRUCTURE. TO ADDRESS ROCCO'S CONCERN THAT THE PROVINCE AND OPG COULD CHANGE THE UNDERLYING OBLIGATIONS APPLICABLE TO ADHERENCE IN RELATION TO A NEW OBLIGATION, REQUIREMENT OR PROCESS IN THE PROCESS AGREEMENT THAT WOULD MAKE A REFINANCING LESS LIKELY TO OCCUR, WE HAVE ADDED AND USED IN THE ATTACHED VERSION A NEW DEFFINTION:

> "Approved Refinancing" means a Certified Primary Obligation proposed to be incurred as a Refinancing of an existing Certified Primary Obligation in respect of which the Adherence Conditions had been satisfied on the date such existing Certified Primary Obligation was incurred, that, at the time of incurrence, satisfies each of each of the Adherence Conditions except that the certificate contemplated to be delivered under Section 4.02(b) shall instead confirm that OPG has delivered to the Province a certificate by its applicable officers confirming that OPG would be in compliance with all obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the proposed Certified Primary Obligation that applied as between the Province and OPG on the date of issuance of such existing Certified Primary Obligation." Various references to "Refinancing" in the Protection Agreement can also be revised to refer to "Approved Refinancing", as required.

Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

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From: Sebastiano, Rocco [mailto:RSebastiano@osler.com]
Sent: Wednesday, December 06, 2017 7:45 PM
To: Mansoori, Nina; ASHBOURNE, STEPHEN; VINER, JON; PRESTAGE, JA
Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -

TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Milligan, Peter; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Saulnier, Brett; Olusoga, Yinka
Subject: RE: Fair Hydro -- Change of Law Process Agreement
I have reviewed the revised draft of the Change of Law Process Agreement that Torys has prepared and would like to pass along the following comments/observations:
1. The change of the definition of Breach Event in Section 6.01 (i.e., the change to clause (a) and the addition of clause (b)) will result in an inconsistency with section 7.01(b) of the Change of Law Protection Agreement. This will require further consideration.
2. The right of the Province to issue an objection notice under Section 3.04(b) in connection with a Transaction Document provided to the Province which is required for a Refinancing of an Approved Obligation remains an outstanding issue. Clearly, this will depend upon what Adherence Conditions will be required under Section 4.02 of the Change of Law Protection Agreement in order to permit such Refinancing to become an Approved Obligation. If the Adherence Conditions set out in Section 4.02(a) of the Province's draft of the Change of Law Protection Agreement of December 4 were to apply to such Refinancing, to the extent that such refinancing required a change to a Transaction Document (e.g., as a result of a change to some rating agency condition or criteria), the Province's ability to issue an objection notice and thereby prevent the issuance of a Process Certificate under Section 3.01 (by virtue of Section 3.04) would have the effect of preventing a Refinancing. We trust that this was an unintended outcome of the drafting of Section 3.04 and/or the Adherence Conditions applicable to Refinancings.
3. Given that the Indenture Trustee is not a party to the Change of Law Process Agreement, the Province and OPG can amend the terms and conditions of this agreement without the consent of the indenture Trustee. Specified Creditors under an Approved Obligation need to be assured that the Province cannot prevent a Refinancing of an Approved Obligation either by virtue of the objection notice discussed in point #2 above or as a result of a future amendment to the agreement. There are a couple of ways to deal with this point. The first is to a add a beneficiary/third party rights clause in the Change of Law Process Agreement which acknowledges that the Indenture Trustee is a beneficiary of certain provisions of this agreement and as a result, the agreement cannot be amended without the consent of the Indenture Trustee. The second is to ensure that the Adherence Conditions relating to Refinancings under the Change of Law Protection Agreement are not dependent upon the terms of the Change of Law Process Agreement. In light of the desire to not disclose the terms and conditions of the Change of Law Process Agreement to the rating agencies, especially at this late stage in the process, we would expect that the latter approach would be preferable.
Regards, Rocco

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: Wednesday, December 06, 2017 4:38 PM
To: 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>; 'JON.VINER@blakes.com' <JON.VINER@blakes.com>; 'JA.PRESTAGE@blakes.com' <JA.PRESTAGE@blakes.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Sebastiano, Rocco

<RSebastiano@osler.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Mansoori, Nina <nmansoori@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>

Subject: Fair Hydro -- Change of Law Process Agreement

Blakes team,

Please find attached OPG and Torys' comments on the Process Agreement reflecting our discussions from yesterday's call. Please note that this draft is subject to continuing review and comment by Osler and the dealers. As discussed at the tail end of our call yesterday, the section in the Process Agreement that gives the Province the right to object to new and material changes to transaction documents dovetails with the Protection Agreement so additional comments from Oslers may be forthcoming on this draft.

We are working on getting you a revised draft of the Protection Agreement either later today or tomorrow. In the meantime, please let us know if you have any comments or questions on the Process Agreement.

Best Regards,

Nina

Nina Mansoori

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679

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TORYS LLP[torys.com]

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From: Anna Strathy
To: Ken Kandeepan
Cc: Mike Manning
Subject: RE: Fair Hydro - Change of Law Protection Agreement
Date: Tuesday, December 12, 2017 12:56:06 PM

Hi Ken, I know you're weren't able to join our 12:45pm call – as you can see it was very short, not much to report. But Steve did want to hear back from you on the accounting advice from OPCD before we go back to the larger group. If you'd like, I can set up another call for this small group once you have some more information on the accounting pieces.
Anna

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: Tuesday, December 12, 2017 12:33 PM
To: Anna Strathy ; Mike Manning ; Malle Hanslep (MOF) ; Ken Kandeepan ; Tobias P. Whitfield (MOF)

Subject: RE: Fair Hydro - Change of Law Protection Agreement
Fine for me, thanks Anna.
Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From: Anna Strathy [mailto:Anna.Strathy@ofina.on.ca]
Sent: Tuesday, December 12, 2017 12:32 PM
To: Mike Manning; ASHBOURNE, STEPHEN; Malle Hanslep (MOF); Ken Kandeepan; Tobias P. Whitfield (MOF)
Subject: RE: Fair Hydro - Change of Law Protection Agreement
I can set it up – 12:45?

From: Mike Manning
Sent: Tuesday, December 12, 2017 12:30 PM
To: 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: Fair Hydro - Change of Law Protection Agreement
Will make myself available if re-grouping.
Mike

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: Tuesday, December 12, 2017 12:22 PM
To: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: Fair Hydro - Change of Law Protection Agreement
Let's quickly regroup on a call?
Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Tuesday, December 12, 2017 9:08 AM
To: ASHBOURNE, STEPHEN; Kandeepan, Ken (OFA); Manning, Mike (OFA); Strathy, Anna (OFA);

Whitfield, Tobias P. (MOF)
Subject: FW: Fair Hydro - Change of Law Protection Agreement

Should we have a call before 10 a.m. to discuss status of these 2 documents? We are free anytime. Thanks.

From: Saulnier, Brett [mailto:bsaulnier@torys.com]
Sent: December 11, 2017 11:35 PM
To: ASHBOURNE, STEPHEN; Milligan, Peter; Sebastiano, Rocco; Mansoori, Nina
Cc: Kandeepan, Ken (OFA); 'LADAK Lubna -TREASURY'; Strathy, Anna (OFA); Veinot, Cindy (TBS); McKinlay, Tom (MAG); Donaldson, Mark (TBS); Cayley, Daniel (ENERGY); Thouin, Alena (ENERGY); Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Fullerton, Rick; Mayman, Gadi (OFA); Manning, Mike (OFA); Hanslep, Malle (MOF); 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; Hume, Steen (ENERGY); Olusoga, Yinka; Whitfield, Tobias P. (MOF); PALMER, AARON; VINER, JON; PRESTAGE, JA
Subject: RE: Fair Hydro - Change of Law Protection Agreement

All,

Attached for your review is a revised draft of the Change of Law Protection Agreement, clean and blacklined to the last version circulated by Blakes and reflecting the meetings held earlier today. As discussed, we need to provide the attached to the rating agencies **by no later than noon tomorrow** in order to meet our end of year financing deadline. Accordingly, we will be circulating a calendar invite to this group for 10 a.m. tomorrow morning to confirm the parties are signed off. If Osler or Blakes have any comments on the attached, we would ask that they be circulated to this group prior to the 10 a.m. call.

Kind regards,
Brett

Brett Saulnier
P. 416.865.8148 | F. 416.865.7380 | 1.800.505.8679

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: December-08-17 3:16 PM
To: Milligan, Peter <PMilligan@osler.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt

Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>

Subject: RE: Fair Hydro - Change of Law Protection Agreement

Hi,

Attached is a revised version of the Change of Law Protection Agreement. I believe that most of the changes reflected from last night's Osler version (blackline is attached) are of a drafting or conforming nature, other than: (1) the Province disagrees that Approved Refinancing terms should be unfettered by adherence conditions post-Suspension Event and (2) the proposed rating-based "materially and adversely" qualification in the definition of Protection Event (and in fact any such qualification) is not acceptable to the Province. With regard to (1), this version comes into line with the proposed approach (i.e., using a modified adherence condition) that was incorporated into the version of the Change of Law Process Agreement I circulated yesterday. A further turn of that Agreement, to conform the open item identified in section 3.02 to the revised Change of Law Protection Agreement, is also included here for your reference.

Please note that the Province is working through the drafting concurrently and so further drafting comments may be provided.

As mentioned yesterday, the Province would like to proceed with the Ministers sign-off briefing early next week, on the basis that these versions (minus the explanatory notes) are now in substantially final form. Please identify if you believe there are other 'must have' points (other than the 2 mentioned above).

Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From: Milligan, Peter [mailto:PMilligan@osler.com]
Sent: Thursday, December 07, 2017 6:44 PM
To: ASHBOURNE, STEPHEN; Sebastiano, Rocco; Mansoori, Nina
Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Saulnier, Brett; Olusoga, Yinka; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca); PALMER, AARON; VINER, JON; PRESTAGE, JA
Subject: Fair Hydro - Change of Law Protection Agreement

All,

Attached is a revised comment draft of the Change of Low Protection Agreement reflecting comments from Torys and Osler. In order to meet this transaction's timeline, this comment draft has not been reviewed by OPG or the Dealers and is delivered subject to any comments they may have.

Peter

OSLER

Peter Milligan
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416.862.6666FACSIMILE
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Osler, Hoskin & Harcourt LLP

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From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: Thursday, December 07, 2017 4:27 PM
To: Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro -- Change of Law Process Agreement

Hi,

Please find (attached) a further turn of the Change of Law Process Agreement, reflecting the Province's comments on the mark-up of the Agreement circulated yesterday afternoon by Torys. The attached blackline shows changes made to yesterday's Torys mark-up.

This version addresses concerns Rocco raised last night, to the extent the Province feels that the issues can be accommodated. For your information, I have set out below responses to Rocco's comments/observations (in CAPs).

The Province would like to proceed with the Ministers briefing early next week, on the basis that this version (minus the explanatory notes) is now in final form. If there are any critical revisions that the other parties believe reflect 'must have' priority, then the Province would like to have a call to discuss them as soon as possible.

Responses to Rocco's Points:

1. The change of the definition of Breach Event in Section 6.01 (i.e., the change to clause (a) and the addition of clause (b)) will result in an inconsistency with section 7.01(b) of the Change of Law Protection Agreement. This will require further consideration. [AGREED. 7.01(b) and 7.01(c) WILL

NEED TO MIRROR THE CURE LANGUAGE WE SETTLE ON IN THE PROCESS AGREEMENT (SEE MY EARLIER COMMENTS). PERHAPS THE "which continues …" LANGUAGE IN 7.01(B) CAN BE REVISED TO READ: "to the extent that the Province would be entitled to provide a Suspension Notice in accordance with the terms of the agreement or agreements between the Province and OPG under which such obligations, requirements and processes arise". SIMILAR CHANGE FOR 7.01(C).

2. The right of the Province to issue an objection notice under Section 3.04(b) in connection with a Transaction Document provided to the Province which is required for a Refinancing of an Approved Obligation remains an outstanding issue. Clearly, this will depend upon what Adherence Conditions will be required under Section 4.02 of the Change of Law Protection Agreement in order to permit such Refinancing to become an Approved Obligation. If the Adherence Conditions set out in Section 4.02(a) of the Province's draft of the Change of Law Protection Agreement of December 4 were to apply to such Refinancing, to the extent that such refinancing required a change to a Transaction Document (e.g., as a result of a change to some rating agency condition or criteria), the Province's ability to issue an objection notice and thereby prevent the issuance of a Process Certificate under Section 3.01 (by virtue of Section 3.04) would have the effect of preventing a Refinancing. We trust that this was an unintended outcome of the drafting of Section 3.04 and/or the Adherence Conditions applicable to Refinancings. [THAT IS THE INTENDED EFFECT. THE ADHERENCE CONDITIONS WOULD APPLY TO THE REFINANCING, SO IF THE REFINANCING TERMS DEVIATED MATERIALLY (BASED ON THE SUBSTANTIALLY IN THE FORM" THRESHOLD"), THEN OPG WOULD REQUIRE THE PROVINCE NOT TO OBJECT IN ORDER TO PROCEED WITH THOSE NEW TERMS. OTHERWISE, THE REFINANCING COULD INCORPORATE TERMS AND CONDITIONS, WHICH WOULD BIND THE PROVINCE UNDER THE LIMITED GUARANTEE, THAT WOULD BE UNCONSTRAINED AND WITHOUT ANY ACCOUNTABILITY TO THE PROVINCE. IN ROCCO'S EXAMPLE, THAT MIGHT MEAN THAT OPG WOULD NEED TO RESORT TO UNRATED DEBT, IF THE PROVINCE WAS UNWILLING TO ACCEPT THE NEW TERMS. PRESUMABLY EVERYONE WOULD ACT RATIONALLY. HOWEVER, AS A FAILSAFE, OPG COULD OFFER INCREASED PRICING IN ORDER TO ATTRACT INVESTORS TO ACCEPT THE EARLIER VETTED TERMS (BASED ON THE THEN ACCEPTED REVIEWED DOCUMENTATION).]

3. Given that the Indenture Trustee is not a party to the Change of Law Process Agreement, the Province and OPG can amend the terms and conditions of this agreement without the consent of the indenture Trustee. Specified Creditors under an Approved Obligation need to be assured that the Province cannot prevent a Refinancing of an Approved Obligation either by virtue of the objection notice discussed in point #2 above or as a result of a future amendment to the agreement. There are a couple of ways to deal with this point. The first is to a add a beneficiary/third party rights clause in the Change of Law Process Agreement which acknowledges that the Indenture Trustee is a beneficiary of certain provisions of this agreement and as a result, the agreement cannot be amended without the consent of the Indenture Trustee. The second is to ensure that the Adherence Conditions relating to Refinancings under the Change of Law Protection Agreement are not dependent upon the terms of the Change of Law Process Agreement. In light of the desire to not disclose the terms and conditions of the Change of Law Process Agreement to the rating agencies, especially at this late stage in the process, we would expect that the latter approach would be preferable. [THE SUGGESTION REGARDING THE PROVINCE PREVENTING A REFINANCING IS ADDRESSED IN #2. IF THE REFINANCING TERMS WOULD EXCEED THE SCOPE OF THE TRANSACTION DOCUMENTS REVIEWED AND NOT OBJECTED TO BY THE PROVINCE, THEN THAT SUGGESTS THERE IS A MATERIAL EFFECT ON THE PROVINCE AND SO THE PROVINCE WOULD NEED THE ABILITY TO REVIEW AND CONSIDER THE PROPRIETY OF THOSE NEW TERMS FROM ITS PERSPECTIVE. AS FOR THE

STANDALONE NATURE OF THE PROCESS AGREEMENT, THE INTENTION IS THAT THE PROCESS AGREEMENT BE UNCOUPLED AND NOT PART OF THE COLLATERAL, AND AS MICHAEL FELDMAN HAS EXPLAINED, LEAVE FUTURE FLEXIBILITY FOR THIS LONG-TERM STRUCTURE. TO ADDRESS ROCCO'S CONCERN THAT THE PROVINCE AND OPG COULD CHANGE THE UNDERLYING OBLIGATIONS APPLICABLE TO ADHERENCE IN RELATION TO A NEW OBLIGATION, REQUIREMENT OR PROCESS IN THE PROCESS AGREEMENT THAT WOULD MAKE A REFINANCING LESS LIKELY TO OCCUR, WE HAVE ADDED AND USED IN THE ATTACHED VERSION A NEW DEFFINTION:

> "Approved Refinancing" means a Certified Primary Obligation proposed to be incurred as a Refinancing of an existing Certified Primary Obligation in respect of which the Adherence Conditions had been satisfied on the date such existing Certified Primary Obligation was incurred, that, at the time of incurrence, satisfies each of each of the Adherence Conditions except that the certificate contemplated to be delivered under Section 4.02(b) shall instead confirm that OPG has delivered to the Province a certificate by its applicable officers confirming that OPG would be in compliance with all obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the proposed Certified Primary Obligation that applied as between the Province and OPG on the date of issuance of such existing Certified Primary Obligation." Various references to "Refinancing" in the Protection Agreement can also be revised to refer to "Approved Refinancing", as required.

Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

———————————————

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Blake, Cassels & Graydon LLP | Barristers & Solicitors | Patent & Trade-mark Agents
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From: Sebastiano, Rocco [mailto:RSebastiano@osler.com]
Sent: Wednesday, December 06, 2017 7:45 PM
To: Mansoori, Nina; ASHBOURNE, STEPHEN; VINER, JON; PRESTAGE, JA
Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Milligan, Peter; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur

(nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Saulnier, Brett; Olusoga, Yinka
Subject: RE: Fair Hydro -- Change of Law Process Agreement

I have reviewed the revised draft of the Change of Law Process Agreement that Torys has prepared and would like to pass along the following comments/observations:

1. The change of the definition of Breach Event in Section 6.01 (i.e., the change to clause (a) and the addition of clause (b)) will result in an inconsistency with section 7.01(b) of the Change of Law Protection Agreement. This will require further consideration.

2. The right of the Province to issue an objection notice under Section 3.04(b) in connection with a Transaction Document provided to the Province which is required for a Refinancing of an Approved Obligation remains an outstanding issue. Clearly, this will depend upon what Adherence Conditions will be required under Section 4.02 of the Change of Law Protection Agreement in order to permit such Refinancing to become an Approved Obligation. If the Adherence Conditions set out in Section 4.02(a) of the Province's draft of the Change of Law Protection Agreement of December 4 were to apply to such Refinancing, to the extent that such refinancing required a change to a Transaction Document (e.g., as a result of a change to some rating agency condition or criteria), the Province's ability to issue an objection notice and thereby prevent the issuance of a Process Certificate under Section 3.01 (by virtue of Section 3.04) would have the effect of preventing a Refinancing. We trust that this was an unintended outcome of the drafting of Section 3.04 and/or the Adherence Conditions applicable to Refinancings.

3. Given that the Indenture Trustee is not a party to the Change of Law Process Agreement, the Province and OPG can amend the terms and conditions of this agreement without the consent of the indenture Trustee. Specified Creditors under an Approved Obligation need to be assured that the Province cannot prevent a Refinancing of an Approved Obligation either by virtue of the objection notice discussed in point #2 above or as a result of a future amendment to the agreement. There are a couple of ways to deal with this point. The first is to a add a beneficiary/third party rights clause in the Change of Law Process Agreement which acknowledges that the Indenture Trustee is a beneficiary of certain provisions of this agreement and as a result, the agreement cannot be amended without the consent of the Indenture Trustee. The second is to ensure that the Adherence Conditions relating to Refinancings under the Change of Law Protection Agreement are not dependent upon the terms of the Change of Law Process Agreement. In light of the desire to not disclose the terms and conditions of the Change of Law Process Agreement to the rating agencies, especially at this late stage in the process, we would expect that the latter approach would be preferable.

Regards, Rocco

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: Wednesday, December 06, 2017 4:38 PM
To: 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>; 'JON.VINER@blakes.com' <JON.VINER@blakes.com>; 'JA.PRESTAGE@blakes.com' <JA.PRESTAGE@blakes.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY'

<john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet - TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Mansoori, Nina <nmansoori@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>

Subject: Fair Hydro -- Change of Law Process Agreement

Blakes team,

Please find attached OPG and Torys' comments on the Process Agreement reflecting our discussions from yesterday's call. Please note that this draft is subject to continuing review and comment by Osler and the dealers. As discussed at the tail end of our call yesterday, the section in the Process Agreement that gives the Province the right to object to new and material changes to transaction documents dovetails with the Protection Agreement so additional comments from Oslers may be forthcoming on this draft.

We are working on getting you a revised draft of the Protection Agreement either later today or tomorrow. In the meantime, please let us know if you have any comments or questions on the Process Agreement.

Best Regards,

Nina

Nina Mansoori

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679

79 Wellington St. W., 30th Floor, Box 270, TD South Tower

Toronto, Ontario M5K 1N2 Canada | www.torys.com[torys.com]

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From:	ASHBOURNE, STEPHEN
To:	Anna Strathy; Mike Manning; Malle Hanslep (MOF); Ken Kandeepan; Tobias P. Whitfield (MOF)
Subject:	RE: Fair Hydro - Change of Law Protection Agreement
Date:	Tuesday, December 12, 2017 12:33:16 PM

Fine for me, thanks Anna.
Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From: Anna Strathy [mailto:Anna.Strathy@ofina.on.ca]
Sent: Tuesday, December 12, 2017 12:32 PM
To: Mike Manning; ASHBOURNE, STEPHEN; Malle Hanslep (MOF); Ken Kandeepan; Tobias P. Whitfield (MOF)
Subject: RE: Fair Hydro - Change of Law Protection Agreement
I can set it up – 12:45?

From: Mike Manning
Sent: Tuesday, December 12, 2017 12:30 PM
To: 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: Fair Hydro - Change of Law Protection Agreement
Will make myself available if re-grouping.
Mike

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: Tuesday, December 12, 2017 12:22 PM
To: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: Fair Hydro - Change of Law Protection Agreement
Let's quickly regroup on a call?
Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Tuesday, December 12, 2017 9:08 AM
To: ASHBOURNE, STEPHEN; Kandeepan, Ken (OFA); Manning, Mike (OFA); Strathy, Anna (OFA); Whitfield, Tobias P. (MOF)
Subject: FW: Fair Hydro - Change of Law Protection Agreement
Should we have a call before 10 a.m. to discuss status of these 2 documents? We are free anytime. Thanks.

From: Saulnier, Brett [mailto:bsaulnier@torys.com]
Sent: December 11, 2017 11:35 PM
To: ASHBOURNE, STEPHEN; Milligan, Peter; Sebastiano, Rocco; Mansoori, Nina
Cc: Kandeepan, Ken (OFA); 'LADAK Lubna -TREASURY'; Strathy, Anna (OFA); Veinot, Cindy (TBS); McKinlay, Tom (MAG); Donaldson, Mark (TBS); Cayley, Daniel (ENERGY); Thouin, Alena (ENERGY); Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie - LAWDIV'; Fullerton, Rick; Mayman, Gadi (OFA); Manning, Mike (OFA); Hanslep, Malle (MOF); 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; Hume, Steen (ENERGY); Olusoga, Yinka; Whitfield, Tobias P. (MOF); PALMER, AARON; VINER, JON; PRESTAGE, JA

Subject: RE: Fair Hydro - Change of Law Protection Agreement

All,

Attached for your review is a revised draft of the Change of Law Protection Agreement, clean and blacklined to the last version circulated by Blakes and reflecting the meetings held earlier today. As discussed, we need to provide the attached to the rating agencies **by no later than noon tomorrow** in order to meet our end of year financing deadline. Accordingly, we will be circulating a calendar invite to this group for 10 a.m. tomorrow morning to confirm the parties are signed off. If Osler or Blakes have any comments on the attached, we would ask that they be circulated to this group prior to the 10 a.m. call.

Kind regards,

Brett

Brett Saulnier
P. 416.865.8148 | F. 416.865.7380 | 1.800.505.8679

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: December-08-17 3:16 PM
To: Milligan, Peter <PMilligan@osler.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro - Change of Law Protection Agreement

Hi,

Attached is a revised version of the Change of Law Protection Agreement. I believe that most of the changes reflected from last night's Osler version (blackline is attached) are of a drafting or conforming nature, other than: (1) the Province disagrees that Approved Refinancing terms should be unfettered by adherence conditions post-Suspension Event and (2) the proposed rating-based "materially and adversely" qualification in the definition of Protection Event (and in fact any such qualification) is not acceptable to the Province. With regard to (1), this version comes into line with the proposed approach (i.e., using a modified adherence condition) that was incorporated into the version of the Change of Law Process Agreement I circulated yesterday. A further turn of that Agreement, to conform the open item identified in section 3.02 to the revised Change of Law Protection Agreement, is also included here for your reference.

Please note that the Province is working through the drafting concurrently and so further drafting comments may be provided.

As mentioned yesterday, the Province would like to proceed with the Ministers sign-off briefing early next week, on the basis that these versions (minus the explanatory notes) are now in substantially final form. Please identify if you believe there are other 'must have' points (other than the 2 mentioned above).
Regards, Steve
Stephen R. Ashbourne
Partner
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From: Milligan, Peter [mailto:PMilligan@osler.com]
Sent: Thursday, December 07, 2017 6:44 PM
To: ASHBOURNE, STEPHEN; Sebastiano, Rocco; Mansoori, Nina
Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Saulnier, Brett; Olusoga, Yinka; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca); PALMER, AARON; VINER, JON; PRESTAGE, JA
Subject: Fair Hydro - Change of Law Protection Agreement
All,
Attached is a revised comment draft of the Change of Low Protection Agreement reflecting comments from Torys and Osler. In order to meet this transaction's timeline, this comment draft has not been reviewed by OPG or the Dealers and is delivered subject to any comments they may have.
Peter

OSLER

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From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: Thursday, December 07, 2017 4:27 PM
To: Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>;

'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro -- Change of Law Process Agreement
Hi,
Please find (attached) a further turn of the Change of Law Process Agreement, reflecting the Province's comments on the mark-up of the Agreement circulated yesterday afternoon by Torys. The attached blackline shows changes made to yesterday's Torys mark-up.
This version addresses concerns Rocco raised last night, to the extent the Province feels that the issues can be accommodated. For your information, I have set out below responses to Rocco's comments/observations (in CAPs).
The Province would like to proceed with the Ministers briefing early next week, on the basis that this version (minus the explanatory notes) is now in final form. If there are any critical revisions that the other parties believe reflect 'must have' priority, then the Province would like to have a call to discuss them as soon as possible.
Responses to Rocco's Points:
1. The change of the definition of Breach Event in Section 6.01 (i.e., the change to clause (a) and the addition of clause (b)) will result in an inconsistency with section 7.01(b) of the Change of Law Protection Agreement. This will require further consideration. [AGREED. 7.01(b) and 7.01(c) WILL NEED TO MIRROR THE CURE LANGUAGE WE SETTLE ON IN THE PROCESS AGREEMENT (SEE MY EARLIER COMMENTS). PERHAPS THE "which continues …" LANGUAGE IN 7.01(B) CAN BE REVISED TO READ: "to the extent that the Province would be entitled to provide a Suspension Notice in accordance with the terms of the agreement or agreements between the Province and OPG under which such obligations, requirements and processes arise". SIMILAR CHANGE FOR 7.01(C).
2. The right of the Province to issue an objection notice under Section 3.04(b) in connection with a Transaction Document provided to the Province which is required for a Refinancing of an Approved Obligation remains an outstanding issue. Clearly, this will depend upon what Adherence Conditions will be required under Section 4.02 of the Change of Law Protection Agreement in order to permit such Refinancing to become an Approved Obligation. If the Adherence Conditions set out in Section 4.02(a) of the Province's draft of the Change of Law Protection Agreement of December 4 were to apply to such Refinancing, to the extent that such refinancing required a change to a Transaction Document (e.g., as a result of a change to some rating agency condition or criteria), the Province's ability to issue an objection notice and thereby prevent the issuance of a Process Certificate under Section 3.01 (by virtue of Section 3.04) would have the effect of preventing a Refinancing. We trust that this was an unintended outcome of the drafting of Section 3.04 and/or the Adherence Conditions applicable to Refinancings. [THAT IS THE INTENDED EFFECT. THE ADHERENCE CONDITIONS WOULD APPLY TO THE REFINANCING, SO IF THE REFINANCING TERMS DEVIATED MATERIALLY (BASED ON THE SUBSTANTIALLY IN THE FORM" THRESHOLD"), THEN OPG WOULD REQUIRE THE PROVINCE NOT TO OBJECT IN ORDER TO PROCEED WITH THOSE NEW TERMS. OTHERWISE, THE REFINANCING COULD INCORPORATE TERMS AND CONDITIONS, WHICH WOULD BIND THE PROVINCE UNDER THE LIMITED GUARANTEE, THAT WOULD BE UNCONSTRAINED AND WITHOUT ANY ACCOUNTABILITY TO THE PROVINCE. IN ROCCO'S EXAMPLE, THAT MIGHT MEAN THAT OPG WOULD NEED TO RESORT TO UNRATED DEBT, IF THE

PROVINCE WAS UNWILLING TO ACCEPT THE NEW TERMS. PRESUMABLY EVERYONE WOULD ACT RATIONALLY. HOWEVER, AS A FAILSAFE, OPG COULD OFFER INCREASED PRICING IN ORDER TO ATTRACT INVESTORS TO ACCEPT THE EARLIER VETTED TERMS (BASED ON THE THEN ACCEPTED REVIEWED DOCUMENTATION).]

3. Given that the Indenture Trustee is not a party to the Change of Law Process Agreement, the Province and OPG can amend the terms and conditions of this agreement without the consent of the indenture Trustee. Specified Creditors under an Approved Obligation need to be assured that the Province cannot prevent a Refinancing of an Approved Obligation either by virtue of the objection notice discussed in point #2 above or as a result of a future amendment to the agreement. There are a couple of ways to deal with this point. The first is to a add a beneficiary/third party rights clause in the Change of Law Process Agreement which acknowledges that the Indenture Trustee is a beneficiary of certain provisions of this agreement and as a result, the agreement cannot be amended without the consent of the Indenture Trustee. The second is to ensure that the Adherence Conditions relating to Refinancings under the Change of Law Protection Agreement are not dependent upon the terms of the Change of Law Process Agreement. In light of the desire to not disclose the terms and conditions of the Change of Law Process Agreement to the rating agencies, especially at this late stage in the process, we would expect that the latter approach would be preferable. [THE SUGGESTION REGARDING THE PROVINCE PREVENTING A REFINANCING IS ADDRESSED IN #2. IF THE REFINANCING TERMS WOULD EXCEED THE SCOPE OF THE TRANSACTION DOCUMENTS REVIEWED AND NOT OBJECTED TO BY THE PROVINCE, THEN THAT SUGGESTS THERE IS A MATERIAL EFFECT ON THE PROVINCE AND SO THE PROVINCE WOULD NEED THE ABILITY TO REVIEW AND CONSIDER THE PROPRIETY OF THOSE NEW TERMS FROM ITS PERSPECTIVE. AS FOR THE STANDALONE NATURE OF THE PROCESS AGREEMENT, THE INTENTION IS THAT THE PROCESS AGREEMENT BE UNCOUPLED AND NOT PART OF THE COLLATERAL, AND AS MICHAEL FELDMAN HAS EXPLAINED, LEAVE FUTURE FLEXIBILITY FOR THIS LONG-TERM STRUCTURE. TO ADDRESS ROCCO'S CONCERN THAT THE PROVINCE AND OPG COULD CHANGE THE UNDERLYING OBLIGATIONS APPLICABLE TO ADHERENCE IN RELATION TO A NEW OBLIGATION, REQUIREMENT OR PROCESS IN THE PROCESS AGREEMENT THAT WOULD MAKE A REFINANCING LESS LIKELY TO OCCUR, WE HAVE ADDED AND USED IN THE ATTACHED VERSION A NEW DEFFINTION:

> "Approved Refinancing" means a Certified Primary Obligation proposed to be incurred as a Refinancing of an existing Certified Primary Obligation in respect of which the Adherence Conditions had been satisfied on the date such existing Certified Primary Obligation was incurred, that, at the time of incurrence, satisfies each of each of the Adherence Conditions except that the certificate contemplated to be delivered under Section 4.02(b) shall instead confirm that OPG has delivered to the Province a certificate by its applicable officers confirming that OPG would be in compliance with all obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the proposed Certified Primary Obligation that applied as between the Province and OPG on the date of issuance of such existing Certified Primary Obligation." Various references to "Refinancing" in the Protection Agreement can also be revised to refer to "Approved Refinancing", as required.

Regards, Steve

Stephen R. Ashbourne
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Blake, Cassels & Graydon LLP | Barristers & Solicitors | Patent & Trade-mark Agents
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From: Sebastiano, Rocco [mailto:RSebastiano@osler.com]
Sent: Wednesday, December 06, 2017 7:45 PM
To: Mansoori, Nina; ASHBOURNE, STEPHEN; VINER, JON; PRESTAGE, JA
Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Milligan, Peter; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Saulnier, Brett; Olusoga, Yinka
Subject: RE: Fair Hydro -- Change of Law Process Agreement

I have reviewed the revised draft of the Change of Law Process Agreement that Torys has prepared and would like to pass along the following comments/observations:

1. The change of the definition of Breach Event in Section 6.01 (i.e., the change to clause (a) and the addition of clause (b)) will result in an inconsistency with section 7.01(b) of the Change of Law Protection Agreement. This will require further consideration.

2. The right of the Province to issue an objection notice under Section 3.04(b) in connection with a Transaction Document provided to the Province which is required for a Refinancing of an Approved Obligation remains an outstanding issue. Clearly, this will depend upon what Adherence Conditions will be required under Section 4.02 of the Change of Law Protection Agreement in order to permit such Refinancing to become an Approved Obligation. If the Adherence Conditions set out in Section 4.02(a) of the Province's draft of the Change of Law Protection Agreement of December 4 were to apply to such Refinancing, to the extent that such refinancing required a change to a Transaction Document (e.g., as a result of a change to some rating agency condition or criteria), the Province's ability to issue an objection notice and thereby prevent the issuance of a Process Certificate under Section 3.01 (by virtue of Section 3.04) would have the effect of preventing a Refinancing. We trust that this was an unintended outcome of the drafting of Section 3.04 and/or the Adherence Conditions applicable to Refinancings.

3. Given that the Indenture Trustee is not a party to the Change of Law Process Agreement, the Province and OPG can amend the terms and conditions of this agreement without the consent of the indenture Trustee. Specified Creditors under an Approved Obligation need to be assured that the Province cannot prevent a Refinancing of an Approved Obligation either by virtue of the objection notice discussed in point #2 above or as a result of a future amendment to the agreement. There are a couple of ways to deal with this point. The first is to a add a beneficiary/third party rights clause in the Change of Law Process Agreement which acknowledges that the Indenture Trustee is a beneficiary of certain provisions of this agreement and as a result, the agreement cannot be amended without the consent of the Indenture Trustee. The second is to ensure that the Adherence Conditions relating to Refinancings under the Change of Law Protection Agreement are not dependent upon the

terms of the Change of Law Process Agreement. In light of the desire to not disclose the terms and conditions of the Change of Law Process Agreement to the rating agencies, especially at this late stage in the process, we would expect that the latter approach would be preferable.
Regards, Rocco

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: Wednesday, December 06, 2017 4:38 PM
To: 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>; 'JON.VINER@blakes.com' <JON.VINER@blakes.com>; 'JA.PRESTAGE@blakes.com' <JA.PRESTAGE@blakes.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Mansoori, Nina <nmansoori@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>
Subject: Fair Hydro -- Change of Law Process Agreement

Blakes team,

Please find attached OPG and Torys' comments on the Process Agreement reflecting our discussions from yesterday's call. Please note that this draft is subject to continuing review and comment by Osler and the dealers. As discussed at the tail end of our call yesterday, the section in the Process Agreement that gives the Province the right to object to new and material changes to transaction documents dovetails with the Protection Agreement so additional comments from Oslers may be forthcoming on this draft.

We are working on getting you a revised draft of the Protection Agreement either later today or tomorrow. In the meantime, please let us know if you have any comments or questions on the Process Agreement.

Best Regards,
Nina

Nina Mansoori
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From: Anna Strathy
To: Mike Manning; "ASHBOURNE, STEPHEN"; Malle Hanslep (MOF); Ken Kandeepan; Tobias P. Whitfield (MOF)
Subject: RE: Fair Hydro - Change of Law Protection Agreement
Date: Tuesday, December 12, 2017 12:32:19 PM

I can set it up – 12:45?

From: Mike Manning
Sent: Tuesday, December 12, 2017 12:30 PM
To: 'ASHBOURNE, STEPHEN' ; Malle Hanslep (MOF) ; Ken Kandeepan ; Anna Strathy ; Tobias P. Whitfield (MOF)
Subject: RE: Fair Hydro - Change of Law Protection Agreement

Will make myself available if re-grouping.
Mike

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: Tuesday, December 12, 2017 12:22 PM
To: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: Fair Hydro - Change of Law Protection Agreement

Let's quickly regroup on a call?
Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Tuesday, December 12, 2017 9:08 AM
To: ASHBOURNE, STEPHEN; Kandeepan, Ken (OFA); Manning, Mike (OFA); Strathy, Anna (OFA); Whitfield, Tobias P. (MOF)
Subject: FW: Fair Hydro - Change of Law Protection Agreement

Should we have a call before 10 a.m. to discuss status of these 2 documents? We are free anytime. Thanks.

From: Saulnier, Brett [mailto:bsaulnier@torys.com]
Sent: December 11, 2017 11:35 PM
To: ASHBOURNE, STEPHEN; Milligan, Peter; Sebastiano, Rocco; Mansoori, Nina
Cc: Kandeepan, Ken (OFA); 'LADAK Lubna -TREASURY'; Strathy, Anna (OFA); Veinot, Cindy (TBS); McKinlay, Tom (MAG); Donaldson, Mark (TBS); Cayley, Daniel (ENERGY); Thouin, Alena (ENERGY); Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie - LAWDIV'; Fullerton, Rick; Mayman, Gadi (OFA); Manning, Mike (OFA); Hanslep, Malle (MOF); 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; Hume, Steen (ENERGY); Olusoga, Yinka; Whitfield, Tobias P. (MOF); PALMER, AARON; VINER, JON; PRESTAGE, JA
Subject: RE: Fair Hydro - Change of Law Protection Agreement

All,
Attached for your review is a revised draft of the Change of Law Protection Agreement, clean and blacklined to the last version circulated by Blakes and reflecting the meetings held earlier today. As discussed, we need to provide the attached to the rating agencies **by no later than noon tomorrow** in order to meet our end of year financing deadline. Accordingly, we will be circulating a calendar invite to this group for 10 a.m. tomorrow morning to confirm the parties are signed off. If Osler or Blakes have any comments on the attached, we would ask that they be circulated

to this group prior to the 10 a.m. call.
Kind regards,
Brett

Brett Saulnier
P. 416.865.8148 | F. 416.865.7380 | 1.800.505.8679

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: December-08-17 3:16 PM
To: Milligan, Peter <PMilligan@osler.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro - Change of Law Protection Agreement

Hi,
Attached is a revised version of the Change of Law Protection Agreement. I believe that most of the changes reflected from last night's Osler version (blackline is attached) are of a drafting or conforming nature, other than: (1) the Province disagrees that Approved Refinancing terms should be unfettered by adherence conditions post-Suspension Event and (2) the proposed rating-based "materially and adversely" qualification in the definition of Protection Event (and in fact any such qualification) is not acceptable to the Province. With regard to (1), this version comes into line with the proposed approach (i.e., using a modified adherence condition) that was incorporated into the version of the Change of Law Process Agreement I circulated yesterday. A further turn of that Agreement, to conform the open item identified in section 3.02 to the revised Change of Law Protection Agreement, is also included here for your reference.
Please note that the Province is working through the drafting concurrently and so further drafting comments may be provided.
As mentioned yesterday, the Province would like to proceed with the Ministers sign-off briefing early next week, on the basis that these versions (minus the explanatory notes) are now in substantially final form. Please identify if you believe there are other 'must have' points (other than the 2 mentioned above).
Regards, Steve

Stephen R. Ashbourne
Partner
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Dir: 416-863-3086

From: Milligan, Peter [mailto:PMilligan@osler.com]
Sent: Thursday, December 07, 2017 6:44 PM
To: ASHBOURNE, STEPHEN; Sebastiano, Rocco; Mansoori, Nina
Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Saulnier, Brett; Olusoga, Yinka; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca); PALMER, AARON; VINER, JON; PRESTAGE, JA
Subject: Fair Hydro - Change of Law Protection Agreement

All,

Attached is a revised comment draft of the Change of Low Protection Agreement reflecting comments from Torys and Osler. In order to meet this transaction's timeline, this comment draft has not been reviewed by OPG or the Dealers and is delivered subject to any comments they may have.

Peter

OSLER

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From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: Thursday, December 07, 2017 4:27 PM
To: Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle

(MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>

Subject: RE: Fair Hydro -- Change of Law Process Agreement

Hi,

Please find (attached) a further turn of the Change of Law Process Agreement, reflecting the Province's comments on the mark-up of the Agreement circulated yesterday afternoon by Torys. The attached blackline shows changes made to yesterday's Torys mark-up.

This version addresses concerns Rocco raised last night, to the extent the Province feels that the issues can be accommodated. For your information, I have set out below responses to Rocco's comments/observations (in CAPs).

The Province would like to proceed with the Ministers briefing early next week, on the basis that this version (minus the explanatory notes) is now in final form. If there are any critical revisions that the other parties believe reflect 'must have' priority, then the Province would like to have a call to discuss them as soon as possible.

Responses to Rocco's Points:

1. The change of the definition of Breach Event in Section 6.01 (i.e., the change to clause (a) and the addition of clause (b)) will result in an inconsistency with section 7.01(b) of the Change of Law Protection Agreement. This will require further consideration. [AGREED. 7.01(b) and 7.01(c) WILL NEED TO MIRROR THE CURE LANGUAGE WE SETTLE ON IN THE PROCESS AGREEMENT (SEE MY EARLIER COMMENTS). PERHAPS THE "which continues …" LANGUAGE IN 7.01(B) CAN BE REVISED TO READ: "to the extent that the Province would be entitled to provide a Suspension Notice in accordance with the terms of the agreement or agreements between the Province and OPG under which such obligations, requirements and processes arise". SIMILAR CHANGE FOR 7.01(C).

2. The right of the Province to issue an objection notice under Section 3.04(b) in connection with a Transaction Document provided to the Province which is required for a Refinancing of an Approved Obligation remains an outstanding issue. Clearly, this will depend upon what Adherence Conditions will be required under Section 4.02 of the Change of Law Protection Agreement in order to permit such Refinancing to become an Approved Obligation. If the Adherence Conditions set out in Section 4.02(a) of the Province's draft of the Change of Law Protection Agreement of December 4 were to apply to such Refinancing, to the extent that such refinancing required a change to a Transaction Document (e.g., as a result of a change to some rating agency condition or criteria), the Province's ability to issue an objection notice and thereby prevent the issuance of a Process Certificate under Section 3.01 (by virtue of Section 3.04) would have the effect of preventing a Refinancing. We trust that this was an unintended outcome of the drafting of Section 3.04 and/or the Adherence Conditions applicable to Refinancings. [THAT IS THE INTENDED EFFECT. THE ADHERENCE CONDITIONS WOULD APPLY TO THE REFINANCING, SO IF THE REFINANCING TERMS DEVIATED MATERIALLY (BASED ON THE SUBSTANTIALLY IN THE FORM" THRESHOLD"), THEN OPG WOULD

REQUIRE THE PROVINCE NOT TO OBJECT IN ORDER TO PROCEED WITH THOSE NEW TERMS. OTHERWISE, THE REFINANCING COULD INCORPORATE TERMS AND CONDITIONS, WHICH WOULD BIND THE PROVINCE UNDER THE LIMITED GUARANTEE, THAT WOULD BE UNCONSTRAINED AND WITHOUT ANY ACCOUNTABILITY TO THE PROVINCE. IN ROCCO'S EXAMPLE, THAT MIGHT MEAN THAT OPG WOULD NEED TO RESORT TO UNRATED DEBT, IF THE PROVINCE WAS UNWILLING TO ACCEPT THE NEW TERMS. PRESUMABLY EVERYONE WOULD ACT RATIONALLY. HOWEVER, AS A FAILSAFE, OPG COULD OFFER INCREASED PRICING IN ORDER TO ATTRACT INVESTORS TO ACCEPT THE EARLIER VETTED TERMS (BASED ON THE THEN ACCEPTED REVIEWED DOCUMENTATION).]

3. Given that the Indenture Trustee is not a party to the Change of Law Process Agreement, the Province and OPG can amend the terms and conditions of this agreement without the consent of the indenture Trustee. Specified Creditors under an Approved Obligation need to be assured that the Province cannot prevent a Refinancing of an Approved Obligation either by virtue of the objection notice discussed in point #2 above or as a result of a future amendment to the agreement. There are a couple of ways to deal with this point. The first is to a add a beneficiary/third party rights clause in the Change of Law Process Agreement which acknowledges that the Indenture Trustee is a beneficiary of certain provisions of this agreement and as a result, the agreement cannot be amended without the consent of the Indenture Trustee. The second is to ensure that the Adherence Conditions relating to Refinancings under the Change of Law Protection Agreement are not dependent upon the terms of the Change of Law Process Agreement. In light of the desire to not disclose the terms and conditions of the Change of Law Process Agreement to the rating agencies, especially at this late stage in the process, we would expect that the latter approach would be preferable. [THE SUGGESTION REGARDING THE PROVINCE PREVENTING A REFINANCING IS ADDRESSED IN #2. IF THE REFINANCING TERMS WOULD EXCEED THE SCOPE OF THE TRANSACTION DOCUMENTS REVIEWED AND NOT OBJECTED TO BY THE PROVINCE, THEN THAT SUGGESTS THERE IS A MATERIAL EFFECT ON THE PROVINCE AND SO THE PROVINCE WOULD NEED THE ABILITY TO REVIEW AND CONSIDER THE PROPRIETY OF THOSE NEW TERMS FROM ITS PERSPECTIVE. AS FOR THE STANDALONE NATURE OF THE PROCESS AGREEMENT, THE INTENTION IS THAT THE PROCESS AGREEMENT BE UNCOUPLED AND NOT PART OF THE COLLATERAL, AND AS MICHAEL FELDMAN HAS EXPLAINED, LEAVE FUTURE FLEXIBILITY FOR THIS LONG-TERM STRUCTURE. TO ADDRESS ROCCO'S CONCERN THAT THE PROVINCE AND OPG COULD CHANGE THE UNDERLYING OBLIGATIONS APPLICABLE TO ADHERENCE IN RELATION TO A NEW OBLIGATION, REQUIREMENT OR PROCESS IN THE PROCESS AGREEMENT THAT WOULD MAKE A REFINANCING LESS LIKELY TO OCCUR, WE HAVE ADDED AND USED IN THE ATTACHED VERSION A NEW DEFFINTION:

> "Approved Refinancing" means a Certified Primary Obligation proposed to be incurred as a Refinancing of an existing Certified Primary Obligation in respect of which the Adherence Conditions had been satisfied on the date such existing Certified Primary Obligation was incurred, that, at the time of incurrence, satisfies each of each of the Adherence Conditions except that the certificate contemplated to be delivered under Section 4.02(b) shall instead confirm that OPG has delivered to the Province a certificate by its applicable officers confirming that OPG would be in compliance with all obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the proposed Certified Primary Obligation that applied as between the Province and OPG on the date of issuance of such existing Certified Primary Obligation." Various references to "Refinancing" in the Protection Agreement can also be revised to refer to "Approved Refinancing", as required.

Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

———————————————

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Blake, Cassels & Graydon LLP | Barristers & Solicitors | Patent & Trade-mark Agents
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From: Sebastiano, Rocco [mailto:RSebastiano@osler.com]
Sent: Wednesday, December 06, 2017 7:45 PM
To: Mansoori, Nina; ASHBOURNE, STEPHEN; VINER, JON; PRESTAGE, JA
Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Milligan, Peter; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Saulnier, Brett; Olusoga, Yinka
Subject: RE: Fair Hydro -- Change of Law Process Agreement

I have reviewed the revised draft of the Change of Law Process Agreement that Torys has prepared and would like to pass along the following comments/observations:

1. The change of the definition of Breach Event in Section 6.01 (i.e., the change to clause (a) and the addition of clause (b)) will result in an inconsistency with section 7.01(b) of the Change of Law Protection Agreement. This will require further consideration.

2. The right of the Province to issue an objection notice under Section 3.04(b) in connection with a Transaction Document provided to the Province which is required for a Refinancing of an Approved Obligation remains an outstanding issue. Clearly, this will depend upon what Adherence Conditions will be required under Section 4.02 of the Change of Law Protection Agreement in order to permit such Refinancing to become an Approved Obligation. If the Adherence Conditions set out in Section 4.02(a) of the Province's draft of the Change of Law Protection Agreement of December 4 were to apply to such Refinancing, to the extent that such refinancing required a change to a Transaction Document (e.g., as a result of a change to some rating agency condition or criteria), the Province's ability to issue an objection notice and thereby prevent the issuance of a Process Certificate under Section 3.01 (by virtue of Section 3.04) would have the effect of preventing a Refinancing. We trust that this was an unintended outcome of the drafting of Section 3.04 and/or the Adherence

Conditions applicable to Refinancings.
3. Given that the Indenture Trustee is not a party to the Change of Law Process Agreement, the Province and OPG can amend the terms and conditions of this agreement without the consent of the indenture Trustee. Specified Creditors under an Approved Obligation need to be assured that the Province cannot prevent a Refinancing of an Approved Obligation either by virtue of the objection notice discussed in point #2 above or as a result of a future amendment to the agreement. There are a couple of ways to deal with this point. The first is to a add a beneficiary/third party rights clause in the Change of Law Process Agreement which acknowledges that the Indenture Trustee is a beneficiary of certain provisions of this agreement and as a result, the agreement cannot be amended without the consent of the Indenture Trustee. The second is to ensure that the Adherence Conditions relating to Refinancings under the Change of Law Protection Agreement are not dependent upon the terms of the Change of Law Process Agreement. In light of the desire to not disclose the terms and conditions of the Change of Law Process Agreement to the rating agencies, especially at this late stage in the process, we would expect that the latter approach would be preferable.
Regards, Rocco

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: Wednesday, December 06, 2017 4:38 PM
To: 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>; 'JON.VINER@blakes.com' <JON.VINER@blakes.com>; 'JA.PRESTAGE@blakes.com' <JA.PRESTAGE@blakes.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Mansoori, Nina <nmansoori@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>
Subject: Fair Hydro -- Change of Law Process Agreement
Blakes team,
Please find attached OPG and Torys' comments on the Process Agreement reflecting our discussions from yesterday's call. Please note that this draft is subject to continuing review and

comment by Osler and the dealers. As discussed at the tail end of our call yesterday, the section in the Process Agreement that gives the Province the right to object to new and material changes to transaction documents dovetails with the Protection Agreement so additional comments from Oslers may be forthcoming on this draft.
We are working on getting you a revised draft of the Protection Agreement either later today or tomorrow. In the meantime, please let us know if you have any comments or questions on the Process Agreement.
Best Regards,
Nina

Nina Mansoori
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From: Mike Manning
To: "ASHBOURNE, STEPHEN"; Malle Hanslep (MOF); Ken Kandeepan; Anna Strathy; Tobias P. Whitfield (MOF)
Subject: RE: Fair Hydro - Change of Law Protection Agreement
Date: Tuesday, December 12, 2017 12:30:23 PM

Will make myself available if re-grouping.

Mike

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: Tuesday, December 12, 2017 12:22 PM
To: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: Fair Hydro - Change of Law Protection Agreement

Let's quickly regroup on a call?

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Tuesday, December 12, 2017 9:08 AM
To: ASHBOURNE, STEPHEN; Kandeepan, Ken (OFA); Manning, Mike (OFA); Strathy, Anna (OFA); Whitfield, Tobias P. (MOF)
Subject: FW: Fair Hydro - Change of Law Protection Agreement

Should we have a call before 10 a.m. to discuss status of these 2 documents? We are free anytime. Thanks.

From: Saulnier, Brett [mailto:bsaulnier@torys.com]
Sent: December 11, 2017 11:35 PM
To: ASHBOURNE, STEPHEN; Milligan, Peter; Sebastiano, Rocco; Mansoori, Nina
Cc: Kandeepan, Ken (OFA); 'LADAK Lubna -TREASURY'; Strathy, Anna (OFA); Veinot, Cindy (TBS); McKinlay, Tom (MAG); Donaldson, Mark (TBS); Cayley, Daniel (ENERGY); Thouin, Alena (ENERGY); Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie - LAWDIV'; Fullerton, Rick; Mayman, Gadi (OFA); Manning, Mike (OFA); Hanslep, Malle (MOF); 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; Hume, Steen (ENERGY); Olusoga, Yinka; Whitfield, Tobias P. (MOF); PALMER, AARON; VINER, JON; PRESTAGE, JA
Subject: RE: Fair Hydro - Change of Law Protection Agreement

All,

Attached for your review is a revised draft of the Change of Law Protection Agreement, clean and blacklined to the last version circulated by Blakes and reflecting the meetings held earlier today. As discussed, we need to provide the attached to the rating agencies **by no later than noon**

tomorrow in order to meet our end of year financing deadline. Accordingly, we will be circulating a calendar invite to this group for 10 a.m. tomorrow morning to confirm the parties are signed off. If Osler or Blakes have any comments on the attached, we would ask that they be circulated to this group prior to the 10 a.m. call.

Kind regards,
Brett

Brett Saulnier

P. 416.865.8148 | F. 416.865.7380 | 1.800.505.8679

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: December-08-17 3:16 PM
To: Milligan, Peter <PMilligan@osler.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro - Change of Law Protection Agreement

Hi,

Attached is a revised version of the Change of Law Protection Agreement. I believe that most of the changes reflected from last night's Osler version (blackline is attached) are of a drafting or conforming nature, other than: (1) the Province disagrees that Approved Refinancing terms should be unfettered by adherence conditions post-Suspension Event and (2) the proposed rating-based "materially and adversely" qualification in the definition of Protection Event (and in fact any such qualification) is not acceptable to the Province. With regard to (1), this version comes into line with the proposed approach (i.e., using a modified adherence condition) that was incorporated into the version of the Change of Law

Process Agreement I circulated yesterday. A further turn of that Agreement, to conform the open item identified in section 3.02 to the revised Change of Law Protection Agreement, is also included here for your reference.

Please note that the Province is working through the drafting concurrently and so further drafting comments may be provided.

As mentioned yesterday, the Province would like to proceed with the Ministers sign-off briefing early next week, on the basis that these versions (minus the explanatory notes) are now in substantially final form. Please identify if you believe there are other 'must have' points (other than the 2 mentioned above).

Regards, Steve

Stephen R. Ashbourne
Partner
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Dir: 416-863-3086

From: Milligan, Peter [mailto:PMilligan@osler.com]
Sent: Thursday, December 07, 2017 6:44 PM
To: ASHBOURNE, STEPHEN; Sebastiano, Rocco; Mansoori, Nina
Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Saulnier, Brett; Olusoga, Yinka; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca); PALMER, AARON; VINER, JON; PRESTAGE, JA
Subject: Fair Hydro - Change of Law Protection Agreement

All,

Attached is a revised comment draft of the Change of Low Protection Agreement reflecting comments from Torys and Osler. In order to meet this transaction's timeline, this comment draft has not been reviewed by OPG or the Dealers and is delivered subject to any comments they may have.

Peter

OSLER

Peter Milligan

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From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: Thursday, December 07, 2017 4:27 PM
To: Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro -- Change of Law Process Agreement

Hi,

Please find (attached) a further turn of the Change of Law Process Agreement, reflecting the Province's comments on the mark-up of the Agreement circulated yesterday afternoon by Torys. The attached blackline shows changes made to yesterday's Torys mark-up.

This version addresses concerns Rocco raised last night, to the extent the Province feels that the issues can be accommodated. For your information, I have set out below responses to Rocco's comments/observations (in CAPs).

The Province would like to proceed with the Ministers briefing early next week, on the basis that this version (minus the explanatory notes) is now in final form. If there are any critical revisions that the

other parties believe reflect 'must have' priority, then the Province would like to have a call to discuss them as soon as possible.

Responses to Rocco's Points:

1. The change of the definition of Breach Event in Section 6.01 (i.e., the change to clause (a) and the addition of clause (b)) will result in an inconsistency with section 7.01(b) of the Change of Law Protection Agreement. This will require further consideration. [AGREED. 7.01(b) and 7.01(c) WILL NEED TO MIRROR THE CURE LANGUAGE WE SETTLE ON IN THE PROCESS AGREEMENT (SEE MY EARLIER COMMENTS). PERHAPS THE "which continues …" LANGUAGE IN 7.01(B) CAN BE REVISED TO READ: "to the extent that the Province would be entitled to provide a Suspension Notice in accordance with the terms of the agreement or agreements between the Province and OPG under which such obligations, requirements and processes arise". SIMILAR CHANGE FOR 7.01(C).

2. The right of the Province to issue an objection notice under Section 3.04(b) in connection with a Transaction Document provided to the Province which is required for a Refinancing of an Approved Obligation remains an outstanding issue. Clearly, this will depend upon what Adherence Conditions will be required under Section 4.02 of the Change of Law Protection Agreement in order to permit such Refinancing to become an Approved Obligation. If the Adherence Conditions set out in Section 4.02(a) of the Province's draft of the Change of Law Protection Agreement of December 4 were to apply to such Refinancing, to the extent that such refinancing required a change to a Transaction Document (e.g., as a result of a change to some rating agency condition or criteria), the Province's ability to issue an objection notice and thereby prevent the issuance of a Process Certificate under Section 3.01 (by virtue of Section 3.04) would have the effect of preventing a Refinancing. We trust that this was an unintended outcome of the drafting of Section 3.04 and/or the Adherence Conditions applicable to Refinancings. [THAT IS THE INTENDED EFFECT. THE ADHERENCE CONDITIONS WOULD APPLY TO THE REFINANCING, SO IF THE REFINANCING TERMS DEVIATED MATERIALLY (BASED ON THE SUBSTANTIALLY IN THE FORM" THRESHOLD"), THEN OPG WOULD REQUIRE THE PROVINCE NOT TO OBJECT IN ORDER TO PROCEED WITH THOSE NEW TERMS. OTHERWISE, THE REFINANCING COULD INCORPORATE TERMS AND CONDITIONS, WHICH WOULD BIND THE PROVINCE UNDER THE LIMITED GUARANTEE, THAT WOULD BE UNCONSTRAINED AND WITHOUT ANY ACCOUNTABILITY TO THE PROVINCE. IN ROCCO'S EXAMPLE, THAT MIGHT MEAN THAT OPG WOULD NEED TO RESORT TO UNRATED DEBT, IF THE PROVINCE WAS UNWILLING TO ACCEPT THE NEW TERMS. PRESUMABLY EVERYONE WOULD ACT RATIONALLY. HOWEVER, AS A FAILSAFE, OPG COULD OFFER INCREASED PRICING IN ORDER TO ATTRACT INVESTORS TO ACCEPT THE EARLIER VETTED TERMS (BASED ON THE THEN ACCEPTED REVIEWED DOCUMENTATION).]

3. Given that the Indenture Trustee is not a party to the Change of Law Process Agreement, the Province and OPG can amend the terms and conditions of this agreement without the consent of the indenture Trustee. Specified Creditors under an Approved Obligation need to be assured that the Province cannot prevent a Refinancing of an Approved Obligation either by virtue of the objection notice discussed in point #2 above or as a result of a future amendment to the agreement. There are a couple of ways to deal with this point. The first is to a add a beneficiary/third party rights clause in the Change of Law Process Agreement which acknowledges that the Indenture Trustee is a beneficiary of certain provisions of this agreement and as a result, the

agreement cannot be amended without the consent of the Indenture Trustee. The second is to ensure that the Adherence Conditions relating to Refinancings under the Change of Law Protection Agreement are not dependent upon the terms of the Change of Law Process Agreement. In light of the desire to not disclose the terms and conditions of the Change of Law Process Agreement to the rating agencies, especially at this late stage in the process, we would expect that the latter approach would be preferable. [THE SUGGESTION REGARDING THE PROVINCE PREVENTING A REFINANCING IS ADDRESSED IN #2. IF THE REFINANCING TERMS WOULD EXCEED THE SCOPE OF THE TRANSACTION DOCUMENTS REVIEWED AND NOT OBJECTED TO BY THE PROVINCE, THEN THAT SUGGESTS THERE IS A MATERIAL EFFECT ON THE PROVINCE AND SO THE PROVINCE WOULD NEED THE ABILITY TO REVIEW AND CONSIDER THE PROPRIETY OF THOSE NEW TERMS FROM ITS PERSPECTIVE. AS FOR THE STANDALONE NATURE OF THE PROCESS AGREEMENT, THE INTENTION IS THAT THE PROCESS AGREEMENT BE UNCOUPLED AND NOT PART OF THE COLLATERAL, AND AS MICHAEL FELDMAN HAS EXPLAINED, LEAVE FUTURE FLEXIBILITY FOR THIS LONG-TERM STRUCTURE. TO ADDRESS ROCCO'S CONCERN THAT THE PROVINCE AND OPG COULD CHANGE THE UNDERLYING OBLIGATIONS APPLICABLE TO ADHERENCE IN RELATION TO A NEW OBLIGATION, REQUIREMENT OR PROCESS IN THE PROCESS AGREEMENT THAT WOULD MAKE A REFINANCING LESS LIKELY TO OCCUR, WE HAVE ADDED AND USED IN THE ATTACHED VERSION A NEW DEFFINTION:

> "Approved Refinancing" means a Certified Primary Obligation proposed to be incurred as a Refinancing of an existing Certified Primary Obligation in respect of which the Adherence Conditions had been satisfied on the date such existing Certified Primary Obligation was incurred, that, at the time of incurrence, satisfies each of each of the Adherence Conditions except that the certificate contemplated to be delivered under Section 4.02(b) shall instead confirm that OPG has delivered to the Province a certificate by its applicable officers confirming that OPG would be in compliance with all obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the proposed Certified Primary Obligation that applied as between the Province and OPG on the date of issuance of such existing Certified Primary Obligation." Various references to "Refinancing" in the Protection Agreement can also be revised to refer to "Approved Refinancing", as required.

Regards, Steve

Stephen R. Ashbourne
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Blake, Cassels & Graydon LLP | Barristers & Solicitors | Patent & Trade-mark Agents
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From: Sebastiano, Rocco [mailto:RSebastiano@osler.com]
Sent: Wednesday, December 06, 2017 7:45 PM
To: Mansoori, Nina; ASHBOURNE, STEPHEN; VINER, JON; PRESTAGE, JA
Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Milligan, Peter; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Saulnier, Brett; Olusoga, Yinka
Subject: RE: Fair Hydro -- Change of Law Process Agreement

I have reviewed the revised draft of the Change of Law Process Agreement that Torys has prepared and would like to pass along the following comments/observations:

1. The change of the definition of Breach Event in Section 6.01 (i.e., the change to clause (a) and the addition of clause (b)) will result in an inconsistency with section 7.01(b) of the Change of Law Protection Agreement. This will require further consideration.

2. The right of the Province to issue an objection notice under Section 3.04(b) in connection with a Transaction Document provided to the Province which is required for a Refinancing of an Approved Obligation remains an outstanding issue. Clearly, this will depend upon what Adherence Conditions will be required under Section 4.02 of the Change of Law Protection Agreement in order to permit such Refinancing to become an Approved Obligation. If the Adherence Conditions set out in Section 4.02(a) of the Province's draft of the Change of Law Protection Agreement of December 4 were to apply to such Refinancing, to the extent that such refinancing required a change to a Transaction Document (e.g., as a result of a change to some rating agency condition or criteria), the Province's ability to issue an objection notice and thereby prevent the issuance of a Process Certificate under Section 3.01 (by virtue of Section 3.04) would have the effect of preventing a Refinancing. We trust that this was an unintended outcome of the drafting of Section 3.04 and/or the Adherence Conditions applicable to Refinancings.

3. Given that the Indenture Trustee is not a party to the Change of Law Process Agreement, the Province and OPG can amend the terms and conditions of this agreement without the consent of

the indenture Trustee. Specified Creditors under an Approved Obligation need to be assured that the Province cannot prevent a Refinancing of an Approved Obligation either by virtue of the objection notice discussed in point #2 above or as a result of a future amendment to the agreement. There are a couple of ways to deal with this point. The first is to a add a beneficiary/third party rights clause in the Change of Law Process Agreement which acknowledges that the Indenture Trustee is a beneficiary of certain provisions of this agreement and as a result, the agreement cannot be amended without the consent of the Indenture Trustee. The second is to ensure that the Adherence Conditions relating to Refinancings under the Change of Law Protection Agreement are not dependent upon the terms of the Change of Law Process Agreement. In light of the desire to not disclose the terms and conditions of the Change of Law Process Agreement to the rating agencies, especially at this late stage in the process, we would expect that the latter approach would be preferable.

Regards, Rocco

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: Wednesday, December 06, 2017 4:38 PM
To: 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>; 'JON.VINER@blakes.com' <JON.VINER@blakes.com>; 'JA.PRESTAGE@blakes.com' <JA.PRESTAGE@blakes.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Mansoori, Nina <nmansoori@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>
Subject: Fair Hydro -- Change of Law Process Agreement

Blakes team,

Please find attached OPG and Torys' comments on the Process Agreement reflecting our

discussions from yesterday's call. Please note that this draft is subject to continuing review and comment by Osler and the dealers. As discussed at the tail end of our call yesterday, the section in the Process Agreement that gives the Province the right to object to new and material changes to transaction documents dovetails with the Protection Agreement so additional comments from Oslers may be forthcoming on this draft.

We are working on getting you a revised draft of the Protection Agreement either later today or tomorrow. In the meantime, please let us know if you have any comments or questions on the Process Agreement.

Best Regards,
Nina

Nina Mansoori
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From:	ASHBOURNE, STEPHEN
To:	Malle Hanslep (MOF); Ken Kandeepan; Mike Manning; Anna Strathy; Tobias P. Whitfield (MOF)
Subject:	RE: Fair Hydro - Change of Law Protection Agreement
Date:	Tuesday, December 12, 2017 12:22:23 PM

Let's quickly regroup on a call?
Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Tuesday, December 12, 2017 9:08 AM
To: ASHBOURNE, STEPHEN; Kandeepan, Ken (OFA); Manning, Mike (OFA); Strathy, Anna (OFA); Whitfield, Tobias P. (MOF)
Subject: FW: Fair Hydro - Change of Law Protection Agreement

Should we have a call before 10 a.m. to discuss status of these 2 documents? We are free anytime. Thanks.

From: Saulnier, Brett [mailto:bsaulnier@torys.com]
Sent: December 11, 2017 11:35 PM
To: ASHBOURNE, STEPHEN; Milligan, Peter; Sebastiano, Rocco; Mansoori, Nina
Cc: Kandeepan, Ken (OFA); 'LADAK Lubna -TREASURY'; Strathy, Anna (OFA); Veinot, Cindy (TBS); McKinlay, Tom (MAG); Donaldson, Mark (TBS); Cayley, Daniel (ENERGY); Thouin, Alena (ENERGY); Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie - LAWDIV'; Fullerton, Rick; Mayman, Gadi (OFA); Manning, Mike (OFA); Hanslep, Malle (MOF); 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; Hume, Steen (ENERGY); Olusoga, Yinka; Whitfield, Tobias P. (MOF); PALMER, AARON; VINER, JON; PRESTAGE, JA
Subject: RE: Fair Hydro - Change of Law Protection Agreement

All,
Attached for your review is a revised draft of the Change of Law Protection Agreement, clean and blacklined to the last version circulated by Blakes and reflecting the meetings held earlier today. As discussed, we need to provide the attached to the rating agencies **by no later than noon tomorrow** in order to meet our end of year financing deadline. Accordingly, we will be circulating a calendar invite to this group for 10 a.m. tomorrow morning to confirm the parties are signed off. If Osler or Blakes have any comments on the attached, we would ask that they be circulated to this group prior to the 10 a.m. call.
Kind regards,
Brett
Brett Saulnier
P. 416.865.8148 | F. 416.865.7380 | 1.800.505.8679

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: December-08-17 3:16 PM
To: Milligan, Peter <PMilligan@osler.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -

TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>

Subject: RE: Fair Hydro - Change of Law Protection Agreement

Hi,

Attached is a revised version of the Change of Law Protection Agreement. I believe that most of the changes reflected from last night's Osler version (blackline is attached) are of a drafting or conforming nature, other than: (1) the Province disagrees that Approved Refinancing terms should be unfettered by adherence conditions post-Suspension Event and (2) the proposed rating-based "materially and adversely" qualification in the definition of Protection Event (and in fact any such qualification) is not acceptable to the Province. With regard to (1), this version comes into line with the proposed approach (i.e., using a modified adherence condition) that was incorporated into the version of the Change of Law Process Agreement I circulated yesterday. A further turn of that Agreement, to conform the open item identified in section 3.02 to the revised Change of Law Protection Agreement, is also included here for your reference.

Please note that the Province is working through the drafting concurrently and so further drafting comments may be provided.

As mentioned yesterday, the Province would like to proceed with the Ministers sign-off briefing early next week, on the basis that these versions (minus the explanatory notes) are now in substantially final form. Please identify if you believe there are other 'must have' points (other than the 2 mentioned above).

Regards, Steve

Stephen R. Ashbourne
Partner
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Dir: 416-863-3086

From: Milligan, Peter [mailto:PMilligan@osler.com]
Sent: Thursday, December 07, 2017 6:44 PM
To: ASHBOURNE, STEPHEN; Sebastiano, Rocco; Mansoori, Nina
Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Saulnier, Brett; Olusoga, Yinka; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca); PALMER, AARON; VINER, JON; PRESTAGE, JA
Subject: Fair Hydro - Change of Law Protection Agreement

All,

Attached is a revised comment draft of the Change of Low Protection Agreement reflecting comments from Torys and Osler. In order to meet this transaction's timeline, this comment draft has not been reviewed by OPG or the Dealers and is delivered subject to any comments they may have.

Peter

OSLER

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From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: Thursday, December 07, 2017 4:27 PM
To: Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro -- Change of Law Process Agreement

Hi,

Please find (attached) a further turn of the Change of Law Process Agreement, reflecting the Province's comments on the mark-up of the Agreement circulated yesterday afternoon by Torys. The attached blackline shows changes made to yesterday's Torys mark-up.

This version addresses concerns Rocco raised last night, to the extent the Province feels that the issues can be accommodated. For your information, I have set out below responses to Rocco's comments/observations (in CAPs).

The Province would like to proceed with the Ministers briefing early next week, on the basis that this version (minus the explanatory notes) is now in final form. If there are any critical revisions that the other parties believe reflect 'must have' priority, then the Province would like to have a call to discuss them as soon as possible.

Responses to Rocco's Points:

1. The change of the definition of Breach Event in Section 6.01 (i.e., the change to clause (a) and the

addition of clause (b)) will result in an inconsistency with section 7.01(b) of the Change of Law Protection Agreement. This will require further consideration. [AGREED. 7.01(b) and 7.01(c) WILL NEED TO MIRROR THE CURE LANGUAGE WE SETTLE ON IN THE PROCESS AGREEMENT (SEE MY EARLIER COMMENTS). PERHAPS THE "which continues …" LANGUAGE IN 7.01(B) CAN BE REVISED TO READ: "to the extent that the Province would be entitled to provide a Suspension Notice in accordance with the terms of the agreement or agreements between the Province and OPG under which such obligations, requirements and processes arise". SIMILAR CHANGE FOR 7.01(C).

2. The right of the Province to issue an objection notice under Section 3.04(b) in connection with a Transaction Document provided to the Province which is required for a Refinancing of an Approved Obligation remains an outstanding issue. Clearly, this will depend upon what Adherence Conditions will be required under Section 4.02 of the Change of Law Protection Agreement in order to permit such Refinancing to become an Approved Obligation. If the Adherence Conditions set out in Section 4.02(a) of the Province's draft of the Change of Law Protection Agreement of December 4 were to apply to such Refinancing, to the extent that such refinancing required a change to a Transaction Document (e.g., as a result of a change to some rating agency condition or criteria), the Province's ability to issue an objection notice and thereby prevent the issuance of a Process Certificate under Section 3.01 (by virtue of Section 3.04) would have the effect of preventing a Refinancing. We trust that this was an unintended outcome of the drafting of Section 3.04 and/or the Adherence Conditions applicable to Refinancings. [THAT IS THE INTENDED EFFECT. THE ADHERENCE CONDITIONS WOULD APPLY TO THE REFINANCING, SO IF THE REFINANCING TERMS DEVIATED MATERIALLY (BASED ON THE SUBSTANTIALLY IN THE FORM" THRESHOLD"), THEN OPG WOULD REQUIRE THE PROVINCE NOT TO OBJECT IN ORDER TO PROCEED WITH THOSE NEW TERMS. OTHERWISE, THE REFINANCING COULD INCORPORATE TERMS AND CONDITIONS, WHICH WOULD BIND THE PROVINCE UNDER THE LIMITED GUARANTEE, THAT WOULD BE UNCONSTRAINED AND WITHOUT ANY ACCOUNTABILITY TO THE PROVINCE. IN ROCCO'S EXAMPLE, THAT MIGHT MEAN THAT OPG WOULD NEED TO RESORT TO UNRATED DEBT, IF THE PROVINCE WAS UNWILLING TO ACCEPT THE NEW TERMS. PRESUMABLY EVERYONE WOULD ACT RATIONALLY. HOWEVER, AS A FAILSAFE, OPG COULD OFFER INCREASED PRICING IN ORDER TO ATTRACT INVESTORS TO ACCEPT THE EARLIER VETTED TERMS (BASED ON THE THEN ACCEPTED REVIEWED DOCUMENTATION).]

3. Given that the Indenture Trustee is not a party to the Change of Law Process Agreement, the Province and OPG can amend the terms and conditions of this agreement without the consent of the indenture Trustee. Specified Creditors under an Approved Obligation need to be assured that the Province cannot prevent a Refinancing of an Approved Obligation either by virtue of the objection notice discussed in point #2 above or as a result of a future amendment to the agreement. There are a couple of ways to deal with this point. The first is to a add a beneficiary/third party rights clause in the Change of Law Process Agreement which acknowledges that the Indenture Trustee is a beneficiary of certain provisions of this agreement and as a result, the agreement cannot be amended without the consent of the Indenture Trustee. The second is to ensure that the Adherence Conditions relating to Refinancings under the Change of Law Protection Agreement are not dependent upon the terms of the Change of Law Process Agreement. In light of the desire to not disclose the terms and conditions of the Change of Law Process Agreement to the rating agencies, especially at this late stage in the process, we would expect that the latter approach would be preferable. [THE SUGGESTION REGARDING THE PROVINCE PREVENTING A REFINANCING IS ADDRESSED IN #2. IF THE REFINANCING TERMS WOULD EXCEED THE SCOPE OF THE TRANSACTION DOCUMENTS REVIEWED AND NOT OBJECTED TO BY THE PROVINCE, THEN THAT SUGGESTS THERE IS A MATERIAL EFFECT ON THE PROVINCE AND SO THE PROVINCE WOULD NEED THE ABILITY TO REVIEW AND CONSIDER THE PROPRIETY OF THOSE NEW TERMS FROM ITS PERSPECTIVE. AS FOR THE STANDALONE NATURE OF THE PROCESS AGREEMENT, THE INTENTION IS THAT THE PROCESS AGREEMENT BE UNCOUPLED AND NOT PART OF THE COLLATERAL, AND

AS MICHAEL FELDMAN HAS EXPLAINED, LEAVE FUTURE FLEXIBILITY FOR THIS LONG-TERM STRUCTURE. TO ADDRESS ROCCO'S CONCERN THAT THE PROVINCE AND OPG COULD CHANGE THE UNDERLYING OBLIGATIONS APPLICABLE TO ADHERENCE IN RELATION TO A NEW OBLIGATION, REQUIREMENT OR PROCESS IN THE PROCESS AGREEMENT THAT WOULD MAKE A REFINANCING LESS LIKELY TO OCCUR, WE HAVE ADDED AND USED IN THE ATTACHED VERSION A NEW DEFFINTION:

> "Approved Refinancing" means a Certified Primary Obligation proposed to be incurred as a Refinancing of an existing Certified Primary Obligation in respect of which the Adherence Conditions had been satisfied on the date such existing Certified Primary Obligation was incurred, that, at the time of incurrence, satisfies each of each of the Adherence Conditions except that the certificate contemplated to be delivered under Section 4.02(b) shall instead confirm that OPG has delivered to the Province a certificate by its applicable officers confirming that OPG would be in compliance with all obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the proposed Certified Primary Obligation that applied as between the Province and OPG on the date of issuance of such existing Certified Primary Obligation." Various references to "Refinancing" in the Protection Agreement can also be revised to refer to "Approved Refinancing", as required.

Regards, Steve

Stephen R. Ashbourne
Partner
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From: Sebastiano, Rocco [mailto:RSebastiano@osler.com]
Sent: Wednesday, December 06, 2017 7:45 PM
To: Mansoori, Nina; ASHBOURNE, STEPHEN; VINER, JON; PRESTAGE, JA
Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Milligan, Peter; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Saulnier, Brett; Olusoga, Yinka
Subject: RE: Fair Hydro -- Change of Law Process Agreement

I have reviewed the revised draft of the Change of Law Process Agreement that Torys has prepared and would like to pass along the following comments/observations:

1. The change of the definition of Breach Event in Section 6.01 (i.e., the change to clause (a) and the addition of clause (b)) will result in an inconsistency with section 7.01(b) of the Change of Law Protection Agreement. This will require further consideration.

2. The right of the Province to issue an objection notice under Section 3.04(b) in connection with a Transaction Document provided to the Province which is required for a Refinancing of an Approved Obligation remains an outstanding issue. Clearly, this will depend upon what Adherence Conditions will be required under Section 4.02 of the Change of Law Protection Agreement in order to permit such Refinancing to become an Approved Obligation. If the Adherence Conditions set out in Section 4.02(a) of the Province's draft of the Change of Law Protection Agreement of December 4 were to apply to such Refinancing, to the extent that such refinancing required a change to a Transaction Document (e.g., as a result of a change to some rating agency condition or criteria), the Province's ability to issue an objection notice and thereby prevent the issuance of a Process Certificate under Section 3.01 (by virtue of Section 3.04) would have the effect of preventing a Refinancing. We trust that this was an unintended outcome of the drafting of Section 3.04 and/or the Adherence Conditions applicable to Refinancings.

3. Given that the Indenture Trustee is not a party to the Change of Law Process Agreement, the Province and OPG can amend the terms and conditions of this agreement without the consent of the indenture Trustee. Specified Creditors under an Approved Obligation need to be assured that the Province cannot prevent a Refinancing of an Approved Obligation either by virtue of the objection notice discussed in point #2 above or as a result of a future amendment to the agreement. There are a couple of ways to deal with this point. The first is to a add a beneficiary/third party rights clause in the Change of Law Process Agreement which acknowledges that the Indenture Trustee is a beneficiary of certain provisions of this agreement and as a result, the agreement cannot be amended without the consent of the Indenture Trustee. The second is to ensure that the Adherence Conditions relating to Refinancings under the Change of Law Protection Agreement are not dependent upon the terms of the Change of Law Process Agreement. In light of the desire to not disclose the terms and conditions of the Change of Law Process Agreement to the rating agencies, especially at this late stage in the process, we would expect that the latter approach would be preferable.

Regards, Rocco

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: Wednesday, December 06, 2017 4:38 PM
To: 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>; 'JON.VINER@blakes.com' <JON.VINER@blakes.com>; 'JA.PRESTAGE@blakes.com' <JA.PRESTAGE@blakes.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com'

<brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Mansoori, Nina <nmansoori@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>
Subject: Fair Hydro -- Change of Law Process Agreement

Blakes team,

Please find attached OPG and Torys' comments on the Process Agreement reflecting our discussions from yesterday's call. Please note that this draft is subject to continuing review and comment by Osler and the dealers. As discussed at the tail end of our call yesterday, the section in the Process Agreement that gives the Province the right to object to new and material changes to transaction documents dovetails with the Protection Agreement so additional comments from Oslers may be forthcoming on this draft.

We are working on getting you a revised draft of the Protection Agreement either later today or tomorrow. In the meantime, please let us know if you have any comments or questions on the Process Agreement.

Best Regards,

Nina

Nina Mansoori
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From:	ASHBOURNE, STEPHEN
To:	Sebastiano, Rocco; Saulnier, Brett; Milligan, Peter; Mansoori, Nina
Cc:	Ken Kandeepan; "LADAK Lubna -TREASURY"; Anna Strathy; "Veinot, Cindy (TBS)"; Tom McKinlay (MAG); Mark Donaldson (MOF); Daniel Cayley (ENERGY); "Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)"; Ramchandani, Rima; "LEE John -TREASURY"; "RYFA Ken -TREASURY"; "HAHN PARKER Janet -TREASURY"; "MAUTI John -FIN & C CTRL"; "LAURETA LAPIRA May -TREASURY"; Feldman, Michael; "WONG Leslie -LAWDIV"; Fullerton, Rick; Gadi Mayman; Mike Manning; Malle Hanslep (MOF); "ian.benaiah@rbccm.com"; "Khan, Nur (nur.khan@rbccm.com)"; "brent.r.taylor@rbccm.com"; "katrina.niehaus@gs.com"; "brian.delaney@gs.com"; "Maciel, Andrew"; "Adalja, Sunil"; "Persad, Nicole"; "Persaud, Donnie - Debt Capital Markets"; Steen Hume (CAB); Olusoga, Yinka; Tobias P. Whitfield (MOF); PALMER, AARON; VINER, JON; PRESTAGE, JA; Conner, Robbin
Subject:	RE: Fair Hydro - Change of Law Protection Agreement
Date:	Tuesday, December 12, 2017 9:44:58 AM
Attachments:	TOR_2528-#23239360-v29-Change_of_Law_Protection_Agreement.DOCX 23239360-vpdf-Change of Law Protection Agreement.PDF

Here is my mark-up of the Protection Agreement. It remains subject to input from the Province. Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From: Sebastiano, Rocco [mailto:RSebastiano@osler.com]
Sent: Tuesday, December 12, 2017 9:37 AM
To: Saulnier, Brett; ASHBOURNE, STEPHEN; Milligan, Peter; Mansoori, Nina
Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Olusoga, Yinka; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca); PALMER, AARON; VINER, JON; PRESTAGE, JA; Conner, Robbin
Subject: RE: Fair Hydro - Change of Law Protection Agreement

A bit rushed, but here are my comments on the revised Change of Law Protection Agreement:
- In section 4.02(c), add “a Post-Suspension Obligation or a Pre-Approved Refinancing” after “a Certified Primary Obligation”.
- In section 7.03, should this apply to both Post-Suspension Refinancings and Pre-Approved Refinancings”? Also, need to change the clause “the Manager shall accept such Proposal” as it was the Manage that submitted the Proposal to the Province. It should read “the Manager shall accept the Province’s proposal to provide such Post-Suspension Refinancing”. And change the final “;” to a comma before “provided that such Post-Suspension…”
- In section 7.04, add “or Pre-Approved Refinancing” to the end of the sentence.
- In the definition of “Post-Suspension Refinancing”, why is the term “one or more Series of Approved Obligations” being used? Why not simply “one or more Approved Obligations”?
- In the definition of “Pre-Approved Refinancing”, revise to read “… waived its right to object under the Change of Law Process Agreement or otherwise to such Refinancing being an Approved Obligation.”
- In the definition of “Protection Event”, in paragraph (a), change “an event described in a(i) to a(v)” to “an event described in any of clauses (i) to (v) of this paragraph (a)”. Also, it is not correct to say “after collecting the True-up Amount” because this would suggest having collected the True-up Amount”. It should say, “and (ii) in respect of the True-up Amount for the Reference Period immediately following the occurrence of an event described in any of clauses (i) to (v) of this paragraph (a)”.
- In the new definitions added which refer to “in the Act”, change to “in the Act as of the date hereof” (e.g., “True-up Amount”).

From: Saulnier, Brett [mailto:bsaulnier@torys.com]

Sent: Monday, December 11, 2017 11:35 PM
To: ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; Milligan, Peter <PMilligan@osler.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro - Change of Law Protection Agreement

All,

Attached for your review is a revised draft of the Change of Law Protection Agreement, clean and blacklined to the last version circulated by Blakes and reflecting the meetings held earlier today. As discussed, we need to provide the attached to the rating agencies **by no later than noon tomorrow** in order to meet our end of year financing deadline. Accordingly, we will be circulating a calendar invite to this group for 10 a.m. tomorrow morning to confirm the parties are signed off. If Osler or Blakes have any comments on the attached, we would ask that they be circulated to this group prior to the 10 a.m. call.

Kind regards,

Brett

Brett Saulnier
P. 416.865.8148 | F. 416.865.7380 | 1.800.505.8679

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: December-08-17 3:16 PM
To: Milligan, Peter <PMilligan@osler.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA

LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>

Subject: RE: Fair Hydro - Change of Law Protection Agreement

Hi,

Attached is a revised version of the Change of Law Protection Agreement. I believe that most of the changes reflected from last night's Osler version (blackline is attached) are of a drafting or conforming nature, other than: (1) the Province disagrees that Approved Refinancing terms should be unfettered by adherence conditions post-Suspension Event and (2) the proposed rating-based "materially and adversely" qualification in the definition of Protection Event (and in fact any such qualification) is not acceptable to the Province. With regard to (1), this version comes into line with the proposed approach (i.e., using a modified adherence condition) that was incorporated into the version of the Change of Law Process Agreement I circulated yesterday. A further turn of that Agreement, to conform the open item identified in section 3.02 to the revised Change of Law Protection Agreement, is also included here for your reference.

Please note that the Province is working through the drafting concurrently and so further drafting comments may be provided.

As mentioned yesterday, the Province would like to proceed with the Ministers sign-off briefing early next week, on the basis that these versions (minus the explanatory notes) are now in substantially final form. Please identify if you believe there are other 'must have' points (other than the 2 mentioned above).

Regards, Steve

Stephen R. Ashbourne
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From: Milligan, Peter [mailto:PMilligan@osler.com]
Sent: Thursday, December 07, 2017 6:44 PM
To: ASHBOURNE, STEPHEN; Sebastiano, Rocco; Mansoori, Nina
Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Saulnier, Brett; Olusoga, Yinka; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca); PALMER, AARON; VINER, JON; PRESTAGE, JA
Subject: Fair Hydro - Change of Law Protection Agreement

All,

Attached is a revised comment draft of the Change of Low Protection Agreement reflecting comments from Torys and Osler. In order to meet this transaction's timeline, this comment draft has not been reviewed by OPG or the Dealers and is delivered subject to any comments they may have.

Peter

OSLER

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Sent: Thursday, December 07, 2017 4:27 PM
To: Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro -- Change of Law Process Agreement

Hi,

Please find (attached) a further turn of the Change of Law Process Agreement, reflecting the Province's comments on the mark-up of the Agreement circulated yesterday afternoon by Torys. The attached blackline shows changes made to yesterday's Torys mark-up.

This version addresses concerns Rocco raised last night, to the extent the Province feels that the issues can be accommodated. For your information, I have set out below responses to Rocco's comments/observations (in CAPs).

The Province would like to proceed with the Ministers briefing early next week, on the basis that this version (minus the explanatory notes) is now in final form. If there are any critical revisions that the other parties believe reflect 'must have' priority, then the Province would like to have a call to discuss them as soon as possible.

Responses to Rocco's Points:

1. The change of the definition of Breach Event in Section 6.01 (i.e., the change to clause (a) and the

addition of clause (b)) will result in an inconsistency with section 7.01(b) of the Change of Law Protection Agreement. This will require further consideration. [AGREED. 7.01(b) and 7.01(c) WILL NEED TO MIRROR THE CURE LANGUAGE WE SETTLE ON IN THE PROCESS AGREEMENT (SEE MY EARLIER COMMENTS). PERHAPS THE "which continues …" LANGUAGE IN 7.01(B) CAN BE REVISED TO READ: "to the extent that the Province would be entitled to provide a Suspension Notice in accordance with the terms of the agreement or agreements between the Province and OPG under which such obligations, requirements and processes arise". SIMILAR CHANGE FOR 7.01(C).

2. The right of the Province to issue an objection notice under Section 3.04(b) in connection with a Transaction Document provided to the Province which is required for a Refinancing of an Approved Obligation remains an outstanding issue. Clearly, this will depend upon what Adherence Conditions will be required under Section 4.02 of the Change of Law Protection Agreement in order to permit such Refinancing to become an Approved Obligation. If the Adherence Conditions set out in Section 4.02(a) of the Province's draft of the Change of Law Protection Agreement of December 4 were to apply to such Refinancing, to the extent that such refinancing required a change to a Transaction Document (e.g., as a result of a change to some rating agency condition or criteria), the Province's ability to issue an objection notice and thereby prevent the issuance of a Process Certificate under Section 3.01 (by virtue of Section 3.04) would have the effect of preventing a Refinancing. We trust that this was an unintended outcome of the drafting of Section 3.04 and/or the Adherence Conditions applicable to Refinancings. [THAT IS THE INTENDED EFFECT. THE ADHERENCE CONDITIONS WOULD APPLY TO THE REFINANCING, SO IF THE REFINANCING TERMS DEVIATED MATERIALLY (BASED ON THE SUBSTANTIALLY IN THE FORM" THRESHOLD"), THEN OPG WOULD REQUIRE THE PROVINCE NOT TO OBJECT IN ORDER TO PROCEED WITH THOSE NEW TERMS. OTHERWISE, THE REFINANCING COULD INCORPORATE TERMS AND CONDITIONS, WHICH WOULD BIND THE PROVINCE UNDER THE LIMITED GUARANTEE, THAT WOULD BE UNCONSTRAINED AND WITHOUT ANY ACCOUNTABILITY TO THE PROVINCE. IN ROCCO'S EXAMPLE, THAT MIGHT MEAN THAT OPG WOULD NEED TO RESORT TO UNRATED DEBT, IF THE PROVINCE WAS UNWILLING TO ACCEPT THE NEW TERMS. PRESUMABLY EVERYONE WOULD ACT RATIONALLY. HOWEVER, AS A FAILSAFE, OPG COULD OFFER INCREASED PRICING IN ORDER TO ATTRACT INVESTORS TO ACCEPT THE EARLIER VETTED TERMS (BASED ON THE THEN ACCEPTED REVIEWED DOCUMENTATION).]

3. Given that the Indenture Trustee is not a party to the Change of Law Process Agreement, the Province and OPG can amend the terms and conditions of this agreement without the consent of the indenture Trustee. Specified Creditors under an Approved Obligation need to be assured that the Province cannot prevent a Refinancing of an Approved Obligation either by virtue of the objection notice discussed in point #2 above or as a result of a future amendment to the agreement. There are a couple of ways to deal with this point. The first is to a add a beneficiary/third party rights clause in the Change of Law Process Agreement which acknowledges that the Indenture Trustee is a beneficiary of certain provisions of this agreement and as a result, the agreement cannot be amended without the consent of the Indenture Trustee. The second is to ensure that the Adherence Conditions relating to Refinancings under the Change of Law Protection Agreement are not dependent upon the terms of the Change of Law Process Agreement. In light of the desire to not disclose the terms and conditions of the Change of Law Process Agreement to the rating agencies, especially at this late stage in the process, we would expect that the latter approach would be preferable. [THE SUGGESTION REGARDING THE PROVINCE PREVENTING A REFINANCING IS ADDRESSED IN #2. IF THE REFINANCING TERMS WOULD EXCEED THE SCOPE OF THE TRANSACTION DOCUMENTS REVIEWED AND NOT OBJECTED TO BY THE PROVINCE, THEN THAT SUGGESTS THERE IS A MATERIAL EFFECT ON THE PROVINCE AND SO THE PROVINCE WOULD NEED THE ABILITY TO REVIEW AND CONSIDER THE PROPRIETY OF THOSE NEW TERMS FROM ITS PERSPECTIVE. AS FOR THE STANDALONE NATURE OF THE PROCESS AGREEMENT, THE INTENTION IS THAT THE PROCESS AGREEMENT BE UNCOUPLED AND NOT PART OF THE COLLATERAL, AND

AS MICHAEL FELDMAN HAS EXPLAINED, LEAVE FUTURE FLEXIBILITY FOR THIS LONG-TERM STRUCTURE. TO ADDRESS ROCCO'S CONCERN THAT THE PROVINCE AND OPG COULD CHANGE THE UNDERLYING OBLIGATIONS APPLICABLE TO ADHERENCE IN RELATION TO A NEW OBLIGATION, REQUIREMENT OR PROCESS IN THE PROCESS AGREEMENT THAT WOULD MAKE A REFINANCING LESS LIKELY TO OCCUR, WE HAVE ADDED AND USED IN THE ATTACHED VERSION A NEW DEFFINTION:

> "Approved Refinancing" means a Certified Primary Obligation proposed to be incurred as a Refinancing of an existing Certified Primary Obligation in respect of which the Adherence Conditions had been satisfied on the date such existing Certified Primary Obligation was incurred, that, at the time of incurrence, satisfies each of each of the Adherence Conditions except that the certificate contemplated to be delivered under Section 4.02(b) shall instead confirm that OPG has delivered to the Province a certificate by its applicable officers confirming that OPG would be in compliance with all obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the proposed Certified Primary Obligation that applied as between the Province and OPG on the date of issuance of such existing Certified Primary Obligation." Various references to "Refinancing" in the Protection Agreement can also be revised to refer to "Approved Refinancing", as required.

Regards, Steve

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From: Sebastiano, Rocco [mailto:RSebastiano@osler.com]
Sent: Wednesday, December 06, 2017 7:45 PM
To: Mansoori, Nina; ASHBOURNE, STEPHEN; VINER, JON; PRESTAGE, JA
Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Milligan, Peter; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Saulnier, Brett; Olusoga, Yinka
Subject: RE: Fair Hydro -- Change of Law Process Agreement

I have reviewed the revised draft of the Change of Law Process Agreement that Torys has prepared and would like to pass along the following comments/observations:

1. The change of the definition of Breach Event in Section 6.01 (i.e., the change to clause (a) and the addition of clause (b)) will result in an inconsistency with section 7.01(b) of the Change of Law Protection Agreement. This will require further consideration.

2. The right of the Province to issue an objection notice under Section 3.04(b) in connection with a Transaction Document provided to the Province which is required for a Refinancing of an Approved Obligation remains an outstanding issue. Clearly, this will depend upon what Adherence Conditions will be required under Section 4.02 of the Change of Law Protection Agreement in order to permit such Refinancing to become an Approved Obligation. If the Adherence Conditions set out in Section 4.02(a) of the Province's draft of the Change of Law Protection Agreement of December 4 were to apply to such Refinancing, to the extent that such refinancing required a change to a Transaction Document (e.g., as a result of a change to some rating agency condition or criteria), the Province's ability to issue an objection notice and thereby prevent the issuance of a Process Certificate under Section 3.01 (by virtue of Section 3.04) would have the effect of preventing a Refinancing. We trust that this was an unintended outcome of the drafting of Section 3.04 and/or the Adherence Conditions applicable to Refinancings.

3. Given that the Indenture Trustee is not a party to the Change of Law Process Agreement, the Province and OPG can amend the terms and conditions of this agreement without the consent of the indenture Trustee. Specified Creditors under an Approved Obligation need to be assured that the Province cannot prevent a Refinancing of an Approved Obligation either by virtue of the objection notice discussed in point #2 above or as a result of a future amendment to the agreement. There are a couple of ways to deal with this point. The first is to a add a beneficiary/third party rights clause in the Change of Law Process Agreement which acknowledges that the Indenture Trustee is a beneficiary of certain provisions of this agreement and as a result, the agreement cannot be amended without the consent of the Indenture Trustee. The second is to ensure that the Adherence Conditions relating to Refinancings under the Change of Law Protection Agreement are not dependent upon the terms of the Change of Law Process Agreement. In light of the desire to not disclose the terms and conditions of the Change of Law Process Agreement to the rating agencies, especially at this late stage in the process, we would expect that the latter approach would be preferable.

Regards, Rocco

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: Wednesday, December 06, 2017 4:38 PM
To: 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>; 'JON.VINER@blakes.com' <JON.VINER@blakes.com>; 'JA.PRESTAGE@blakes.com' <JA.PRESTAGE@blakes.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com'

<brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Mansoori, Nina <nmansoori@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>
Subject: Fair Hydro -- Change of Law Process Agreement

Blakes team,

Please find attached OPG and Torys' comments on the Process Agreement reflecting our discussions from yesterday's call. Please note that this draft is subject to continuing review and comment by Osler and the dealers. As discussed at the tail end of our call yesterday, the section in the Process Agreement that gives the Province the right to object to new and material changes to transaction documents dovetails with the Protection Agreement so additional comments from Oslers may be forthcoming on this draft.

We are working on getting you a revised draft of the Protection Agreement either later today or tomorrow. In the meantime, please let us know if you have any comments or questions on the Process Agreement.

Best Regards,

Nina

Nina Mansoori
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Draft: December 12, 2017

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust organized under the laws of the Province of Ontario (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council 1981/2017 (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Primary Obligations that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred. This Agreement sets out the terms and conditions of such protections and assurances.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A, and any other capitalized terms not defined herein shall have the meanings assigned to them in the Trust Indenture;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 Proof of Approved Obligations

The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Manager deems to be sufficient.

Each statement delivered by the Manager under Section 2.01(a)i shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and each of the parties hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Manager shall act diligently in the preparation of each such statement and shall provide the Indenture Trustee and the Province with all supporting computations and calculations used by the Manager to prepare each such statement promptly following a request therefor made by the Indenture Trustee or the Province.

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture as of the date of this Agreement.

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 2.01 or Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee, the Financing Entity, the Financing Entity Trustee, the Manager or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by

electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the

Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 <u>Judgment Currency</u>

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 <u>Limited Guarantee</u>

(a) Upon the occurrence of a Protection Event, the Indenture Trustee may deliver a written demand, substantially in the form attached as **[Exhibit A]** (a "**Payment Demand**"), to the Province requiring the Province to make payments in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in this Agreement. From and after such delivery of a

Payment Demand, the Province shall make the following payments in respect of the Approved Obligations (the "**Limited Guarantee**"), the Financing Entity shall pay, and the Province shall be entitled to be paid, the Subrogation Amounts specified below, and the following terms shall apply:

i. Not less than three (3) Business Days prior to each day when any payment or payments are to be made in respect of one or more Approved Obligations occurring after such delivery of a Payment Demand (each such day, a "**Guarantee Payment Date**"), the Manager shall deliver a written statement setting forth the Aggregate Approved Obligations Amount, if any, in respect of the Approved Obligations that are due and payable on such Guarantee Payment Date, together with a detailed description identifying such Approved Obligations and the nature and amount of payments due and payable thereunder on the Guarantee Payment Date, the aggregate outstanding amount payable by the Financing Entity under such Approved Obligations as of the date of such written statement, and details regarding any default in performance by any party obligated thereunder.

ii. On each such Guarantee Payment Date, the Province shall deposit the Aggregate Approved Obligations Amount into the Protection Account.

iii. On each such Guarantee Payment Date, the Financing Entity and the Indenture Trustee shall ensure that the amounts on deposit in the Protection Account are applied to pay each Beneficiary to whom an amount is due and payable under an Approved Obligation on the Guarantee Payment Date the Approved Obligation Amount for such Beneficiary in respect of such Approved Obligation on such Guarantee Payment Date; provided that if the amount deposited pursuant to clause 2.01(a)ii is insufficient to pay all such Approved Obligation Amounts in full, the amount on deposit in the Protection Account on the Guarantee Payment Date shall be applied to pay Beneficiaries in the order of priority in which such Approved Obligations are payable under the payment provisions of the Trust Indenture applicable to the making of such payments on the Guarantee Payment Date (each, a "**Beneficiary Payee**" and each payment made to a Beneficiary Payee on a Guarantee Payment Date, a "**Guarantee Payment**").

iv. On the first Guarantee Payment Date and on each subsequent Guarantee Payment Date, Payment Date or other day on which any amount is required to be paid in respect of any Obligations Secured under the Trust Indenture (a "**Subrogation Payment Date**"), the Issuer and the Indenture

Trustee shall ensure that the applicable payment provisions of the Trust Indenture shall be applied and operate on the following basis[1]:

(A) If such day is a Guarantee Payment Date, then for each Approved Obligation for which amounts are paid to a Beneficiary Payee on such day pursuant to clause 2.01(a)iii in respect of principal, interest or any other amounts ("**Payable Approved Amounts**"), the amounts payable by the Financing Entity in respect of such amounts for such Approved Obligation shall be reduced by the respective amounts of such payments to the Beneficiary Payee, and equivalent amounts shall be payable by the Financing Entity to the Province as "**Subrogation Amounts**" in respect of such Approved Obligations, such Subrogation Amounts being payable in the same order of priority and with the same entitlements accruing to the Province as applied in respect of the related Payable Approved Amounts which were previously owing to the Beneficiary Payee, and to reflect this subrogation the payments set out in clause 2.01(a)iv(B) below shall be made by the Financing Entity.

(B) If the Province has made all deposits required to be made by it on each Guarantee Payment Date occurring on or before such day in accordance with clause 2.01(a)ii (or the related Approved Obligation Amounts have otherwise all been paid in full), then in respect of each Approved Obligation for which any related Subrogation Amounts have not yet been paid in full to the Province, the Financing Entity shall pay to the Province from amounts available under the Trust Indenture payment provisions and in accordance with the priority of payment provisions in the Trust Indenture the amount that would be payable on such date in satisfaction of the relevant Payable Approved Amounts, as determined without regard to any Guarantee Payment paid on any Guarantee Payment Date and also without regard to the corresponding reduction of the amounts owing to present and former Beneficiary Payees pursuant to subclause 2.01(a)iv(A) up to the amount of the unpaid related Subrogation Amounts.

(C) No Beneficiary having a right to be paid an amount in respect of an Approved Obligation, and no other Person entitled under an Obligation Secured, in each case that

[1] Explanatory Note: The deletion of the paramountcy provision is acceptable as long as section 2.01 if fully reflected in the Trust Indenture. To be confirmed.

ranks equal with or subordinate to the Payable Approved Amount in respect of which a Subrogation Amount is payable to the Province under subclause 2.01(a)iv(B), shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under such subclause (including any right of set-off, offset, reimbursement, contribution or indemnity) and no such Beneficiary or other Person shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of any such Subrogation Amount.

(D) For greater certainty, the entitlements of the Province in respect of Subrogation Amounts arising in respect of Payable Approved Obligations that are interest and principal obligations on Notes shall be treated for all purposes of the Trust Indenture as interest and principal obligations, respectively, arising under Notes having the same priority as and any applicable voting rights[2] under the related Approved Obligations, and accordingly the Province (and any successor, assignee or transferee of such entitlements) shall be entitled to all of the rights, entitlements, interests and privileges of a Holder of such a Notes in accordance with the Trust Indenture, as supplemented by the Supplemental Indenture or other indenture document under which the related Approved Obligations were issued.

(b) On each Guarantee Payment Date and upon demand by the Province, the Indenture Trustee shall release and pay to the Province free and clear of any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay Guarantee Payments to Beneficiary Payees on the Guarantee Payment Date in accordance with clause 2.01(a)iii or that otherwise remains on deposit in the Protection Account on the relevant date.

(c) In preparing any payment instructions under the Trust Indenture, the Manager shall reflect the amounts payable under Section 2.01(a), if applicable.

(d) The Province shall, as a payee of Subrogation Amounts under clause 2.01(a)iv(B) and as a payee of any amounts payable under clause 2.01(a)v, be a "Specified Creditor" under the Trust Indenture and have the benefit of the Collateral thereunder.

[2] Explanatory Note: As discussed, the Province understands that voting rights may be muted by the "outstanding" language in the Trust Indenture. Nevertheless, if voting rights would arise under the Trust Indenture they should be available to the Province.

(e) For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the Approved Obligation Amounts, if any, for payment to Beneficiary Payees and will be subject to the priorities and to the Province's rights to Subrogation Amounts, set forth in Section 2.01(a).

(f) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(g) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation by their terms.

(h) Any amount payable to the Province in respect of a Subrogation Amount shall bear interest from and including the date of payment by the Province of the related Guarantee Payment to but excluding the date of payment of the Subrogation Amount to the Province, such interest to accrue at the rate equivalent to the applicable interest rate borne by the related Approved Obligation, and such interest amounts shall be added to their respective Subrogated Amounts and shall consequently be payable in the same priority as the relevant Subrogated Amount under clause 2.01(a)iv(B), all such accruing interest amounts to be calculated and added to the Subrogation Amounts by the Manager in its discretion acting in a commercially reasonable fashion.

(i) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under and in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any amount due and payable to a Beneficiary Payee under the Limited Guarantee.

2.02 Intentionally Deleted.

2.03 <u>Absence of Set-off</u>

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 Payment into Protection Account in Satisfaction

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account" for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section **[7.03]** of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Financing Entity and the Indenture Trustee shall ensure that all amounts paid by the Province into the Protection Account on a Guarantee Payment Date in respect of an Approved Obligation are applied to pay the amounts due and payable to the Beneficiary Payee as and to the extent provided for in Section 2.01(a). Upon a payment having been made by or on behalf of the Province into the Protection Account, the amounts so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiary Payee as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such Beneficiary Payee in respect of the applicable Approved Obligations, whereupon an affected Beneficiary Payee shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid. For greater certainty, the obligations arising in respect of an applicable Approved Obligation shall not be reduced by such payment as the Province shall become entitled to be paid related Subrogation Amounts and the rights contemplated under Section 2.01(a) and Section 5.01 in relation to such continuing obligations.

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations in accordance with Section 8.01.

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

A Primary Obligation shall constitute an Approved Obligation if (i) the Adherence Conditions applicable thereto have been satisfied at the time the Primary Obligation was incurred, (ii) the Province, in its sole discretion, designates in writing that it is an Approved Obligation or (iii) the Primary Obligation is a Post-Suspension Refinancing or a Pre-Approved Refinancing.

4.02 Adherence Conditions

(a) The following shall be the Adherence Conditions applicable in relation to each Certified Primary Obligation:

i. the Certified Primary Obligation when incurred is an Obligation Secured under the Trust Indenture; and

ii. OPG, as FSM, delivers an Adherence Compliance Certificate in the form attached hereto as Exhibit B signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee, on or before the incurrence of the Certified Primary Obligation (provided that delivery may not be more than 5 Business Days before the incurrence of the Certified Primary Obligation); and

iii. the Province has not provided a Suspension Notice to the Indenture Trustee, OPG and the Financing Entity.

(b) Without limiting any obligations of OPG to the Province arising other than pursuant to this Agreement, satisfaction of the Adherence Conditions for a Certified Primary Obligation shall be deemed satisfaction of the Adherence Conditions in respect of all principal, interest and other amounts owing under the Certified Primary Obligation, as such Certified Primary Obligation may be amended, restated, supplemented or modified from time to time.

(c) For greater certainty, there shall be no Adherence Conditions applicable in relation to a Primary Obligation that is not a Certified Primary Obligation.

4.03 <u>Evidence of Satisfaction</u>

An Adherence Compliance Certificate delivered in accordance with clause 4.02(a)ii shall be determinative as to whether the applicable Adherence Condition with respect thereto has been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same. An Adherence Compliance Certificate that purports on its face to be signed by officers specified in clause 4.02(a)ii may be relied upon by any addressee without further enquiry or evidence as to the incumbency or signatures of such officers. If an Adherence Compliance Certificate is not delivered in accordance with the timing requirements of clause 4.02(a)ii such certificate may be delivered at a later date, and be effective as if it had been delivered in accordance with the timing requirement of clause 4.02(a)ii if at the time such certificate was otherwise required to be delivered OPG had delivered to the Province all certifications required by the Province in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation.

ARTICLE V
PROVINCE MATTERS

5.01 <u>Assignment and Subrogation</u>

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's

rights and interests under and in respect of the Approved Obligation to the extent of such payment, and shall be entitled to (i) the right and entitlement to be paid and receive the related Subrogation Amounts, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including Sections **[7.04]** through **[7.11]** and **[8.13]** (Payment Priorities), Section **[7.12]** (Payments Held in Trust), Section **[8.11]** (Control by Controlling Class Creditors), Section **[8.12]** (Limitation on Suits), Section **[8.14]** (Limited Recourse), Article IX (The Indenture Trustee), including all limitations of liability thereunder, Section **[9.14]** (Communications to Specified Creditors) and Section **[16.01]** (No Petition); (ii) consents, requests and authorizes the Issuer and the Indenture Trustee to (x) add the Province to the register of Specified Creditors described in subsection **[13.13(b)]** of the Trust Indenture and (y) disseminate the notice details of the Province to other Specified Creditors for the purposes set out in subsection **[9.14(b)]** of the Trust Indenture, and (iii) confirms that it will execute and deliver, or cause to be executed and delivered, all such further agreements, documents and instruments in connection with this Section 5.01 as the Indenture Trustee may request from time to time for the purpose of giving effect to the terms of this Section 5.01.

5.02 <u>Priorities</u>

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation and the Payable Approved Amounts

thereunder shall rank equally with the rights, interests and entitlements of a Beneficiary to whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture in the manner and to the extent contemplated in Section **[7.10]** of the Trust Indenture.

5.03 Intentionally Deleted

5.04 Representations and Warranties

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
INDENTURE TRUSTEE MATTERS

6.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

6.02 Not Responsible for Recitals

The recitals contained herein will be taken as the statements of the Province, the Financing Entity and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

6.03 Representations and Covenants of the Indenture Trustee

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Agreement and has taken all necessary action to authorize the execution, delivery and performance by it of this Agreement;

(c) this Agreement has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada. If, notwithstanding the provisions of this subsection 6.03(d), the Indenture Trustee ceases to be so authorized to carry on business, the validity and enforceability of this Agreement shall not be affected in any manner whatsoever by reason only of such event.

ARTICLE VII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

7.01 Suspension Notice

Upon:

(a) a Program Breach;

(b) a default in the performance, or breach, of any covenants of OPG, as FSM, or OPG, in its corporate capacity, in each case to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligation and the expiration of any applicable cure period;

(c) a representation or warranty made by OPG or a certification made by one or more officers of OPG, in each case whether as FSM or in its corporate capacity, to the Province in connection with its obligations to the Province and its internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligations, proves to be incorrect in any material respect on the date made and the expiration of any applicable cure period; or

(d) the FSM no longer being the Manager or actions having been taken by or on behalf of the Indenture Trustee to remove the FSM as the Manager;

the Province may declare that the Limited Guarantee under this Agreement shall not apply to any Primary Obligations incurred on or after such declaration, excluding Post-Suspension Refinancings or Pre-Approved Refinancings, by delivering a written notice in

the form of Exhibit C (a "**Suspension Notice**") to the Indenture Trustee, the FSM and the Financing Entity.

7.02 Suspension

If a Suspension Notice has been provided under Section 7.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of: (i) any Primary Obligation incurred, excluding Post-Suspension Refinancings or Pre-Approved Refinancings, or (ii) any amendment of any Primary Obligation that has a Material Effect, unless otherwise agreed to by the Province, in each case, on or after the time such Suspension Notice is delivered.

7.03 Additional Right of the Province Regarding Post-Suspension Refinancings

Following the occurrence of a Suspension Event, the Limited Guarantee shall continue to apply in respect of any Post-Suspension Refinancing (for greater certainty, without regard to the satisfaction of any Adherence Conditions thereto); provided that prior to the Financing Entity incurring any Primary Obligation constituting a Post-Suspension Refinancing, the Manager shall provide the Province with at least 30 days' notice of its intention to seek a Post-Suspension Refinancing and prior to incurrence, which notice shall describe the material covenants, events of default, representations and warranties and indemnities of the Financing Entity and other material terms, excluding financial terms, rates and levels (the "**Proposal**"), and during such 30 day period the Province may, but is not obligated to, offer to fund such Post-Suspension Refinancing or arrange for another Person to fund such Post-Suspension Refinancing on the same terms as set out in the Proposal or on such other terms as may be considered by the Province to be not more onerous on the Financing Entity and that are acceptable on that basis to the Financing Entity, acting reasonably. If, within such 30-day period, the Province elects to offer to fund such Post-Suspension Refinancing as provided in the preceding sentence, the Manager shall accept such offer; however, if the Province does not elect to offer to fund such Post-Suspension Refinancing, the Manager shall cause the Financing Entity to incur Primary Obligations constituting such a Post-Suspension Refinancing on substantially the same terms as than those set out in the Proposal if the Post-Suspension Refinancing can be completed by the Financing Entity in compliance with the Act, or on such other terms as may be considered by the Financing Entity to be not more onerous on the Province and that are acceptable on that basis to the Province, acting reasonably.

7.04 No Impact on Adherence

For greater certainty, the occurrence of a Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event or in respect of any Post-Suspension Refinancing.

ARTICLE VIII
MISCELLANEOUS

8.01 Term of Agreement

This Agreement will continue until the later of: (a) the date that no amount is or may become due and payable by the Province under the Limited Guarantee and (b) the date that no amount is or may become due and payable to the Province in respect of any Subrogation Amount.

8.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: Manager, Corporate Trust
Fax: (416) 981-9777
Email: corporatetrust.toronto@computershare.com

(b) if to the FSM:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

(c) if to the Province:

Minister of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Minister of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

With copies to:

Deputy Minister of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Deputy Minister of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 8.02.

8.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section 8.03 shall be null and void.

8.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

8.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

8.07 Notice to Rating Agencies

OPG, as FSM, shall deliver prompt written notice to the Rating Agencies of the occurrence of (i) a Protection Event; (ii) receipt of a Suspension Notice delivered by the Province pursuant to Section 7.01; and (iii) an assignment of this Agreement by any party pursuant to Section 8.03.

8.08 Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their benefits hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

8.09 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, IN ITS CAPACITY AS TRUSTEE OF FAIR HYDRO TRUST, AS ISSUER, BY ONTARIO POWER GENERATION INC., NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration of a funding obligation" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Compliance Certificate**" means a certificate in the form attached hereto as Exhibit B delivered by the FSM in accordance with Section 4.02(a)ii.

"**Adherence Conditions**", means, in respect of a Certified Primary Obligation, the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of a Guarantee Payment Date, the aggregate of the Approved Obligation Amounts for such Guarantee Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, for a Beneficiary in respect of an Approved Obligation under which an amount is due and payable on a Guarantee Payment Date:

(a) if no Acceleration has occurred in respect of any Obligation Secured on or before the Guarantee Payment Date, the amount due and payable to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation (for greater certainty, determined on the assumption that there are adequate amounts available under the applicable payment provisions of the Trust Indenture to pay in full all amounts referred to in such payment provisions that are due and payable on the Guarantee Payment Date); and

(b) if an Acceleration has occurred in respect of any Obligations Secured on or before the Guarantee Payment Date, the amount that would be available to be paid to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation under the applicable payment provisions of the Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with such applicable payment provisions of the Trust Indenture in respect of each relevant month during each Reference Period is equal to the estimated Finance Amount determined in respect of such Reference Period for purposes of section 15(1) of the Act (in effect on the date hereof), including section 6.1 of the General Regulation (in effect on the date hereof), divided by the number of months in such Reference Period.

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Beneficiary Payee**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Certified Primary Obligations**" means Primary Obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest, including any Refinancing, other than a Post-Suspension Refinancing or a Pre-Approved Refinancing, of such a Primary Obligation (for greater certainty, including, in the case of any Certified Primary Obligation permitting funding transactions pursuant to a Funding Obligation Agreement applicable to the Certified Primary Obligation, each individual borrowing or funding utilization thereunder), (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not any individual trade confirmation other than a trade confirmation that modifies or purports to override the express terms or conditions of the related Master Agreement, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and expected (as determined by the Manager, acting reasonably) aggregate payments by the Financing Entity thereunder during the term of such contract are or would be in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).

"**Change of Law Protection Agreement**" means this Agreement.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Determination Date**" has the meaning ascribed thereto in clause 2.01(a)iv.

"**Executive Officer**" has the meaning ascribed to the term "executive officer" in National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators.

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the first paragraph of this Agreement until a successor Financing Entity Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and the Declaration of Trust, and thereafter "Financing Entity Trustee" means and includes such Person.

"**Financing Plan**" has the meaning ascribed to the term "Financing Plan" in the Act.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Guarantee Payment**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Guarantee Payment Date**" has the meaning ascribed thereto in Section 2.01(a)i.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**Holder**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Liens**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(a).

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity, as amended, supplemented, restated or otherwise modified from time to time.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Agreement**" means an agreement in the form of a Master Agreement as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, as amended, supplemented, restated or otherwise modified from time to time.

"**Material Effect**" means any change that could affect (i) the timing of or circumstances under which Primary Obligations would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization); (ii) the appointment, obligations or duties of OPG as the Manager; (iii) the existence, powers or authority of the Financing Entity or the Financing Entity Trustee; (iv) the obligations of the Indenture Trustee to or in respect of the Province as a Specified Creditor; (v) the limitations and requirements otherwise applicable to the capital structure of the Financing Entity under any existing Program Agreement; (vi) the payment provisions and associated priorities set forth in the Trust Indenture; (vii) the obligations or liability of the Financing Entity to pay any tax, (viii) compliance by the FSM with the then applicable Financing Plan; (ix) the circumstances in which a Protection Event could arise; (x) compliance by the FSM, the Financing Entity or IESO with the Act or the General Regulation; (xi) the nature or character of the payment obligations (but, subject to compliance with the Financing Plan, irrespective of the amount payable thereunder) that could become payable under the Limited Guarantee; or (xii) the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of this Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation.

"**Notes**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Payable Approved Amounts**" has the meaning ascribed thereto in 2.01(a).

"**Payment Date**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, unlimited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Post-Suspension Refinancing**" means a Funding Obligation that is an Obligation Secured and that is incurred on or after the occurrence of a Suspension Event in compliance with the requirements of Section 7.03, as a Refinancing of one or more Series of Approved Obligations, in each case the proceeds of which are used solely for the purpose of repaying one or more Funding Obligations that are Approved Obligations.

"**Pre-Approved Refinancing**" means a Refinancing of a Certified Primary Obligation in respect of which the Province has, prior to the issuance of such Certified Primary Obligation, consented to such Refinancing not being a Certified Primary Obligation to which the Adherence Conditions would otherwise apply.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account or Finance Reserve Account; and (ii) any obligation to pay the Financing Entity or on the Financing Entity's direction any remaining amounts in the Collection Account pursuant to the Trust Indenture.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that (X) adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations, in each case determined after taking into account and having regard to any funds available at such time, including (i) in any Finance Reserve Account, Capital Account or collateral posting account applicable under a Derivative Agreement, (ii) under any credit enhancement agreement to which the Financing Entity is a party and (iii) after collecting the True-up Amount in the Reference Period immediately following the Reference Period during which an event described in any of subclauses (a)(i) to a(v) occurs, or (Y) adversely changes or adversely affects the enforceability of the terms and conditions of this Agreement or of any of the agreements under which Approved Obligations arise; or

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Approved Obligations that have become due and payable, in each case determined after taking into account and having regard to any funds available at such time, including (i) in any Finance Reserve Account, Capital Account or collateral posting account applicable under a Derivative Agreement, (ii) under any credit enhancement agreement to which the Financing Entity is a party and (iii) after collecting the True-up Amount in the Reference Period immediately following the Reference Period during which an event described in this clause (b) occurs.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency Condition" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Reference Period**" has the meaning ascribed to the term "reference period" in the Act.

"**Refinancing**" has the meaning ascribed to the term "refinancing" in the Act as of the date hereof, as more particularly described and given meaning in the General Regulation as of the date hereof.

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Specified Creditor**" has the meaning ascribed thereto in the Trust Indenture on the date hereof.

"**Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(B).

"**Subrogation Payment Date**" has the meaning ascribed thereto in clause 2.01(a)iv.

"**Suspension Event**" has the meaning ascribed thereto in Section 7.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 7.01.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**True-up Amount**" has the meaning ascribed to the term "true up amount" in the Act.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

EXHIBIT A
FORM OF PAYMENT DEMAND

TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Pursuant to and in accordance with section 2.01(a) of the Change of the Law Protection Agreement, the Indenture Trustee hereby demands payment from the Province in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in the Change of Law Protection Agreement.

DATED as of the [■] day of [■], [■].

BNY TRUST COMPANY OF CANADA

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT B
FORM OF ADHERENCE COMPLIANCE CERTIFICATE UNDER SECTION 4.02(a)

TO: **BNY TRUST COMPANY OF CANADA**, in its capacity as Indenture Trustee (the "**Indenture Trustee**") under the Master Trust Indenture dated as of December ●, 2017 between Fair Hydro Trust and the Indenture Trustee (the "**Master Trust Indenture**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province of Ontario, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust, Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Each of the undersigned, being the ● and ● of OPG acting in its capacity as FSM and holding the offices set forth under their names and signatures below, pursuant to and accordance with clause 4.02(a)ii of the Change of Law Protection Agreement, hereby certifies for and on behalf of OPG, in its capacity as Financial Services Manager, and not in such officer's personal capacity and intending that this certificate may be relied on by the addressees hereof without independent inquiry, that:

1. I have read and understand the provisions of the Change of Law Protection Agreement, the Master Trust Indenture and all other documents and materials necessary to enable me to deliver this certificate.
2. If the Certified Primary Obligation is a Refinancing, the proceeds of the Refinancing will be used solely for the purpose of repaying one or more Certified Primary Obligations in respect of which the Adherence Conditions in Subsection 4.02(a) of the Change of Law Protection Agreement had been satisfied, including one or more other Refinancings in respect of which the Adherence Conditions in Subsection 4.02(a) of the Change of Law Protection Agreement had been satisfied.
3. OPG has delivered to the Province a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate was provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation.

DATED as of the [■] day of [■], [■].

Name: [3]	Name:
Office:	Office:

[3] This certificate must be signed by two officers of OPG being either (i) the Chief Financial Officer and the Treasurer, or (ii) any two Executive Officers (as defined in the Change of Law Protection Agreement) of OPG.

EXHIBIT C
SUSPENSION NOTICE

TO: Ontario Power Generation Inc., in its capacity as Financial Services Manager

AND TO: Fair Hydro Trust

AND TO: Computershare Trust Company of Canada, in its capacity as trustee of Fair Hydro Trust

AND TO: BNY Trust Company of Canada, as Indenture Trustee

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement. All references in this Suspension Notice to "Articles" or "Sections" refer to Articles or Sections of the Change of Law Protection Agreement.

The Province has a reasonable basis for concluding that an event described in clauses (a) to (d) of Section 7.01 has occurred. Pursuant to Section 7.01, the Province hereby declares that the Limited Guarantee shall hereby not apply in respect of (i) any Primary Obligation incurred, excluding Post-Suspension Refinancings or Pre-Approved Refinancings or (ii) any amendment of any Primary Obligation that has a Material Effect, unless otherwise agreed to by the Province, in each case, on or after delivery of this Suspension Notice.

This Suspension Notice is hereby delivered to the FSM, the Financing Entity and the Indenture Trustee in accordance with Section 8.02 of the Change of Law Protection Agreement.

* * * *

DATED as of the [■] day of [■], [■].

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust organized under the laws of the Province of Ontario (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council 1981/2017 (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Primary Obligations that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred. This Agreement sets out the terms and conditions of such protections and assurances.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A, and any other capitalized terms not defined herein shall have the meanings assigned to them in the Trust Indenture;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this

Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 Proof of Approved Obligations

The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Manager deems to be sufficient.

Each statement delivered by the Manager under Section 2.01(a)i shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and each of the parties hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Manager shall act diligently in the preparation of each such statement and shall provide the Indenture Trustee and the Province with all supporting computations and calculations used by the Manager to prepare each such statement promptly following a request therefor made by the Indenture Trustee or the Province.

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture as of the date of this Agreement.

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 2.01 or Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a

related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee, the Financing Entity, the Financing Entity Trustee, the Manager or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee may deliver a written demand, substantially in the form attached as **[Exhibit A]** (a "**Payment Demand**"), to the Province requiring the Province to make payments in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in this Agreement. From and after such delivery of a Payment Demand, the Province shall make the following payments in respect of the Approved Obligations (the "**Limited Guarantee**"), the Financing Entity shall pay, and the Province shall be entitled to be paid, the Subrogation Amounts specified below, and the following terms shall apply:

i. Not less than three (3) Business Days prior to each day when any payment or payments are to be made in respect of one or more Approved Obligations occurring after such delivery of a Payment Demand (each such day, a "**Guarantee Payment Date**"), the Manager shall deliver a written statement setting forth the Aggregate Approved Obligations Amount, if any, in respect of the Approved Obligations that are due and payable on such Guarantee Payment Date, together with a detailed description identifying such Approved Obligations and the nature and amount of payments due and payable thereunder on the Guarantee Payment Date, the aggregate outstanding amount payable by the Financing Entity under such Approved Obligations as of the date of such written statement, and details regarding any default in performance by any party obligated thereunder.

ii. On each such Guarantee Payment Date, the Province shall deposit the Aggregate Approved Obligations Amount into the Protection Account.

iii. On each such Guarantee Payment Date, the Financing Entity and the Indenture Trustee shall ensure that the amounts on deposit in the Protection Account are applied to pay each Beneficiary to whom an amount is due and payable under an Approved Obligation on the Guarantee Payment Date the Approved Obligation Amount for such Beneficiary in respect of such Approved Obligation on such Guarantee Payment Date; provided that if the amount deposited pursuant to clause 2.01(a)ii is insufficient to pay all such Approved Obligation Amounts in full, the amount on deposit in the Protection Account on the Guarantee Payment Date shall be applied to pay Beneficiaries in the order of priority in which such Approved Obligations are payable under the

payment provisions of the Trust Indenture applicable to the making of such payments on the Guarantee Payment Date (each, a "**Beneficiary Payee**" and each payment made to a Beneficiary Payee on a Guarantee Payment Date, a "**Guarantee Payment**").

iv. On the first Guarantee Payment Date and on each subsequent Guarantee Payment Date, Payment Date or other day on which any amount is required to be paid in respect of any Obligations Secured under the Trust Indenture (a "**Subrogation Payment Date**"), the Issuer and the Indenture Trustee shall ensure that the applicable payment provisions of the Trust Indenture shall be applied and operate on the following basis[1]:

(A) If such day is a Guarantee Payment Date, then for each Approved Obligation for which amounts are paid to a Beneficiary Payee on such day pursuant to clause 2.01(a)iii in respect of principal, interest or any other amounts ("**Payable Approved Amounts**"), the amounts payable by the ~~Issuer~~Financing Entity in respect of such amounts for such Approved Obligation shall be reduced by the respective amounts of such payments to the Beneficiary Payee, and equivalent amounts shall be payable by the ~~Issuer~~Financing Entity to the Province as "**Subrogation Amounts**" in respect of such Approved Obligations, such Subrogation Amounts being payable in the same order of priority and with the same entitlements accruing to the Province as applied in respect of the related Payable Approved Amounts which were previously owing to the Beneficiary Payee, and to reflect this subrogation the payments set out in clause 2.01(a)iv(B) below shall be made by the ~~Issuer~~Financing Entity.

(B) If the Province has made all deposits required to be made by it on each Guarantee Payment Date occurring on or before such day in accordance with clause 2.01(a)ii (or the related Approved Obligation Amounts have otherwise all been paid in full), then in respect of each Approved Obligation for which any related Subrogation Amounts have not yet been paid in full to the Province, the ~~Issuer~~Financing Entity shall pay to the Province from amounts available under the Trust Indenture payment

[1] Explanatory Note: The deletion of the paramountcy provision is acceptable as long as section 2.01 if fully reflected in the Trust Indenture. To be confirmed.

provisions and in accordance with the ~~applicable Payment Waterfalls~~priority of payment provisions in the Trust Indenture the amount that would be payable on such date in satisfaction of the relevant Payable Approved Amounts, as determined without regard to any Guarantee Payment paid on any Guarantee Payment Date and also without regard to the corresponding reduction of the amounts owing to present and former Beneficiary Payees pursuant to subclause 2.01(a)iv(A) up to the amount of the unpaid related Subrogation Amounts.

(C) No Beneficiary having a right to be paid an amount in respect of an Approved Obligation, and no other Person entitled under an Obligation Secured, in each case that ranks equal with or subordinate to the Payable Approved Amount in respect of which a Subrogation Amount is payable to the Province under subclause 2.01(a)iv(B), shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under such subclause (including any right of set-off, offset, reimbursement, contribution or indemnity) and no such Beneficiary or other Person shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of any such Subrogation Amount.

(D) For greater certainty, the entitlements of the Province in respect of Subrogation Amounts arising in respect of Payable Approved Obligations that are interest and principal obligations on Notes shall be treated for all purposes of the Trust Indenture as interest and principal obligations, respectively, arising under Notes having the same priority as and any applicable voting rights[2] under the related Approved Obligations, and accordingly the Province (and any successor, assignee or transferee of such entitlements) shall be entitled to all of the rights, entitlements, interests and privileges of a Holder of such a Notes in accordance with the Trust Indenture, as supplemented by the Supplemental Indenture or other indenture document under which the related Approved Obligations were issued.

[2] Explanatory Note: As discussed, the Province understands that voting rights may be muted by the "outstanding" language in the Trust Indenture. Nevertheless, if voting rights would arise under the Trust Indenture they should be available to the Province.

(b) ~~v.~~ On each Guarantee Payment Date and upon demand by the Province, the Indenture Trustee shall release and pay to the Province free and clear of any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay Guarantee Payments to Beneficiary Payees on the Guarantee Payment Date in accordance with clause 2.01(a)iii or that otherwise remains on deposit in the Protection Account on the relevant date.

(c) ~~vi.~~ In preparing any payment instructions under the Trust Indenture, the Manager shall reflect the amounts payable under Section 2.01(a), if applicable.

(d) ~~vii.~~ The Province shall, as a payee of Subrogation Amounts under clause 2.01(a)iv(B) and as a payee of any amounts payable under clause 2.01(a)v, be a "Specified Creditor" under the Trust Indenture and have the benefit of the Collateral thereunder.

(e) ~~viii.~~ For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the Approved Obligation Amounts, if any, for payment to Beneficiary Payees and will be subject to the priorities and to the Province's rights to Subrogation Amounts, set forth in Section 2.01(a).

(f) ~~ix.~~ Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(g) ~~x.~~ Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation by their terms.

(h) ~~xi.~~ Any amount payable to the Province in respect of a Subrogation Amount shall bear interest from and including the date of payment by the Province of the related Guarantee Payment to but excluding the date of payment of the Subrogation Amount to the Province, such interest to accrue at the rate equivalent to the applicable interest rate borne by the related Approved Obligation, and such interest amounts shall be added to their respective Subrogated Amounts and shall consequently be payable in the same priority as the relevant Subrogated Amount under clause 2.01(a)iv(B), all such accruing interest amounts to be calculated and added to the Subrogation Amounts by the Manager in its discretion acting in a commercially reasonable fashion.

(i) ~~xii.~~ The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under and in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any amount due and payable to a Beneficiary Payee under the Limited Guarantee.

~~(b) The Province shall, as a payee of Subrogation Amounts under clause 2.01(a)iv(B), and as a payee of any amounts payable under clause 2.01(a)vi, be a "Specified Creditor" under the Trust Indenture and have the benefit of the Collateral thereunder.~~

~~(c) For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the Approved Obligation Amounts, if any, for payment to Beneficiary Payees and will be subject to the priorities and to the Province's rights to Subrogation Amounts, set forth in Section 2.01(a).~~

~~(d) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.~~

~~(e) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation by their terms.~~

~~(f) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under and in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any amount due and payable to a Beneficiary Payee under the Limited Guarantee.~~

2.02 Intentionally Deleted.

2.03 Absence of Set-off

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 Payment into Protection Account in Satisfaction

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account" for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section **[7.03]** of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Financing Entity and the Indenture Trustee shall ensure that all amounts paid by the Province into the Protection Account on a Guarantee Payment Date in respect of an Approved Obligation are applied to pay the amounts due and payable to the Beneficiary Payee as and to the extent provided for in Section 2.01(a). Upon a payment having been made by or on behalf of the Province into the Protection Account, the amounts so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiary Payee as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such Beneficiary Payee in respect of the applicable Approved Obligations, whereupon an affected Beneficiary Payee shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid. For greater certainty, the obligations arising in respect of an applicable Approved Obligation shall not be reduced by such payment as the Province shall become entitled to be paid related Subrogation Amounts and the rights contemplated under Section 2.01(a) and Section 5.01 in relation to such continuing obligations.

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations in accordance with Section 8.01.

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

A Primary Obligation shall constitute an Approved Obligation if (i) the Adherence Conditions applicable thereto have been satisfied at the time the Primary Obligation was incurred, (ii) the Province, in its sole discretion, designates in writing that it is an Approved

Obligation or (iii) the Primary Obligation is a Post-Suspension Refinancing or a Pre-Approved Refinancing.

4.02 Adherence Conditions

(a) The following shall be the Adherence Conditions applicable in relation to each Certified Primary Obligation:

i. the Certified Primary Obligation when incurred is an Obligation Secured under the Trust Indenture; and

ii. OPG, as FSM, delivers an Adherence Compliance Certificate in the form attached hereto as Exhibit B~~-1~~ signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee, on or before the incurrence of ~~a~~the Certified Primary Obligation (provided that delivery may not be more than 5 Business Days before the incurrence of the Certified Primary Obligation); and

iii. the Province has not provided a Suspension Notice to the Indenture Trustee, OPG and the Financing Entity.

(b) ~~For greater certainty~~Without limiting any obligations of OPG to the Province arising other than pursuant to this Agreement, satisfaction of the Adherence Conditions for a Certified Primary Obligation shall be deemed satisfaction of the Adherence Conditions in respect of all principal, interest and other amounts owing under the Certified Primary Obligation, as such Certified Primary Obligation may be amended, restated, supplemented or modified from time to time~~, without limiting any obligations of OPG to the Province arising other than pursuant to this Agreement~~.

(c) For greater certainty, there shall be no Adherence Conditions applicable in relation to a Primary Obligation that is not a Certified Primary Obligation.

4.03 Evidence of Satisfaction

An Adherence Compliance Certificate delivered in accordance with clause 4.02(a)ii shall be determinative as to whether the applicable Adherence ~~Conditions~~Condition with respect thereto ~~have~~has been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same. An Adherence Compliance Certificate that purports on its face to be signed by officers specified in clause 4.02(a)ii may be relied upon by any addressee without further enquiry or evidence as to the incumbency or signatures of such officers. If an Adherence Compliance Certificate is not delivered in accordance with the timing requirements of clause 4.02(a)ii such certificate may be delivered at a later date, and be effective

as if it had been delivered in accordance with the timing requirement of clause 4.02(a)ii if at the time such certificate was otherwise required to be delivered OPG had delivered to the Province all certifications required by the Province in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation.

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, and shall be entitled to (i) the right and entitlement to be paid and receive the related Subrogation Amounts, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including Sections **[7.04]** through **[7.11]** and **[8.13]** (Payment Priorities), Section **[7.12]** (Payments Held in Trust), Section **[8.11]** (Control by Controlling Class Creditors),

Section **[8.12]** (Limitation on Suits), Section **[8.14]** (Limited Recourse), Article IX (The Indenture Trustee), including all limitations of liability thereunder, Section **[9.14]** (Communications to Specified Creditors) and Section **[16.01]** (No Petition); (ii) consents, requests and authorizes the Issuer and the Indenture Trustee to (x) add the Province to the register of Specified Creditors described in subsection **[13.13(b)]** of the Trust Indenture and (y) disseminate the notice details of the Province to other Specified Creditors for the purposes set out in subsection **[9.14(b)]** of the Trust Indenture, and (iii) confirms that it will execute and deliver, or cause to be executed and delivered, all such further agreements, documents and instruments in connection with this Section 5.01 as the Indenture Trustee may request from time to time for the purpose of giving effect to the terms of this Section 5.01.

5.02 Priorities

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation and the Payable Approved Amounts thereunder shall rank equally with the rights, interests and entitlements of a Beneficiary to whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture in the manner and to the extent contemplated in Section **[7.10]** of the Trust Indenture.

5.03 Intentionally Deleted

5.04 Representations and Warranties

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
INDENTURE TRUSTEE MATTERS

6.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection

herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

6.02 Not Responsible for Recitals

The recitals contained herein will be taken as the statements of the Province, the Financing Entity and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

6.03 Representations and Covenants of the Indenture Trustee

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Agreement and has taken all necessary action to authorize the execution, delivery and performance by it of this Agreement;

(c) this Agreement has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada. If, notwithstanding the provisions of this subsection 6.03(d), the Indenture Trustee ceases to be so authorized to carry on business, the validity and enforceability of this Agreement shall not be affected in any manner whatsoever by reason only of such event.

ARTICLE VII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

7.01 Suspension Notice

Upon:

(a) a Program Breach;

(b) a default in the performance, or breach, of any covenants of OPG, as FSM, or OPG, in its corporate capacity, in each case to the Province in connection with its

obligations to the Province pursuant to internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligation and the expiration of any applicable cure period;

(c) a representation or warranty made by OPG or a certification made by one or more officers of OPG, in each case whether as FSM or in its corporate capacity, to the Province in connection with its obligations to the Province and its internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligations, proves to be incorrect in any material respect on the date made and the expiration of any applicable cure period; or

(d) the FSM no longer being the Manager or actions having been taken by or on behalf of the Indenture Trustee to remove the FSM as the Manager;

the Province may declare that the Limited Guarantee under this Agreement shall not apply to any Primary Obligations incurred on or after such declaration, excluding Post-Suspension Refinancings or Pre-Approved Refinancings, by delivering a written notice in the form of Exhibit C (a "**Suspension Notice**") to the Indenture Trustee, the FSM and the Financing Entity.

7.02 Suspension

If a Suspension Notice has been provided under Section 7.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of: (i) any Primary Obligation incurred, excluding Post-Suspension Refinancings or Pre-Approved Refinancings, or (ii) any amendment of any Primary Obligation that has a Material Effect, unless otherwise agreed to by the Province, in each case, on or after the time such Suspension Notice is delivered.

7.03 Additional Right of the Province Regarding Post-Suspension Refinancings

Following the occurrence of a Suspension Event, the Limited Guarantee shall continue to apply in respect of any Post-Suspension Refinancing (for greater certainty, without regard to the satisfaction of any Adherence Conditions thereto); provided that prior to the Financing Entity incurring any Primary Obligation constituting a Post-Suspension Refinancing, the Manager shall provide the Province with at least 30 days' notice of its intention to seek a Post-Suspension Refinancing and prior to incurrence, which notice shall ~~include a summary of~~describe the material covenants, events of default, representations and warranties and indemnities of the Financing Entity and other material terms, excluding financial terms, rates and levels (the "**Proposal**"), and during such 30 day period the Province may, but is not obligated to, offer to ~~provide~~fund such Post-Suspension Refinancing or arrange for another Person to ~~provide~~fund such Post-Suspension Refinancing on the same~~, or better,~~ terms as set out in the Proposal or on such other terms as may be considered by the Province to be not more onerous on the Financing Entity and that are acceptable on that basis to the Financing Entity, acting reasonably. If, within such 30-day period, the Province elects to ~~provide~~offer to fund such Post-Suspension

Refinancing as provided in the preceding sentence, the Manager shall accept such ~~Proposal~~offer; however, if the Province does not elect to ~~provide~~offer to fund such Post-Suspension Refinancing, the Manager shall cause the Financing Entity to incur Primary Obligations constituting such a Post-Suspension Refinancing on substantially the same ~~or less onerous~~ terms as than those set out in the Proposal~~; provided that such~~ if the Post-Suspension Refinancing ~~is available on such terms~~can be completed by the Financing Entity in compliance with the Act, or on such other terms as may be considered by the Financing Entity to be not more onerous on the Province and that are acceptable on that basis to the Province, acting reasonably.

7.04 No Impact on Adherence

For greater certainty, the occurrence of a Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event or in respect of any Post-Suspension Refinancing.

ARTICLE VIII
MISCELLANEOUS

8.01 Term of Agreement

This Agreement will continue until the later of: (a) the date that no amount is or may become due and payable by the Province under the Limited Guarantee and (b) the date that no amount is or may become due and payable to the Province in respect of any Subrogation Amount.

8.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust

700 University Avenue

Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: Manager, Corporate Trust
Fax: (416) 981-9777
Email: corporatetrust.toronto@computershare.com

(b) if to the FSM:

Ontario Power Generation Inc.

700 University Avenue

Toronto, Ontario M5G 1X6

Attention: General Counsel
Fax: (416) 592-4189

(c) if to the Province:

Minister of Finance

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

and

Minister of Energy

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

With copies to:

Deputy Minister of Finance

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

and

Deputy Minister of Energy

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 8.02.

8.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section 8.03 shall be null and void.

8.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

8.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

8.07 Notice to Rating Agencies

OPG, as FSM, shall deliver prompt written notice to the Rating Agencies of the occurrence of (i) a Protection Event; (ii) receipt of a Suspension Notice delivered by the Province pursuant to Section 7.01; and (iii) an assignment of this Agreement by any party pursuant to Section 8.03.

8.08 Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their benefits hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

8.09 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, IN ITS CAPACITY AS TRUSTEE OF FAIR HYDRO TRUST, AS ISSUER, BY ONTARIO POWER GENERATION INC., NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration of a funding obligation" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Compliance Certificate**" means a certificate in the form attached hereto as Exhibit B~~-1~~ delivered by the FSM in accordance with Section 4.02(a)ii.

"**Adherence Conditions**", means, in respect of a Certified Primary Obligation, the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of a Guarantee Payment Date, the aggregate of the Approved Obligation Amounts for such Guarantee Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, for a Beneficiary in respect of an Approved Obligation under which an amount is due and payable on a Guarantee Payment Date:

(a) if no Acceleration has occurred in respect of any Obligation Secured on or before the Guarantee Payment Date, the amount due and payable to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation (for greater certainty, determined on the assumption that there are adequate amounts available under the applicable payment provisions of the Trust Indenture to pay in full all amounts referred to in such payment provisions that are due and payable on the Guarantee Payment Date); and

(b) if an Acceleration has occurred in respect of any Obligations Secured on or before the Guarantee Payment Date, the amount that would be available to be paid to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation under the applicable payment provisions of the Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with such applicable payment provisions of the Trust Indenture in respect of each relevant month during each Reference Period is equal to the estimated Finance Amount determined in respect of such Reference Period for purposes of section 15(1) of the Act (in effect on the date hereof), including section 6.1 of the General Regulation (in effect on the date hereof), divided by the number of months in such Reference Period.

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Beneficiary Payee**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Certified Primary Obligations**" means Primary Obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest, including any Refinancing, other than a Post-Suspension Refinancing or a Pre-Approved Refinancing, of such a Primary Obligation (for greater certainty, including, in the case of any Certified Primary Obligation permitting funding transactions pursuant to a Funding Obligation Agreement applicable to the Certified Primary Obligation, each individual borrowing or funding utilization thereunder), (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not any individual trade confirmation other than a trade confirmation that modifies or purports to override the express terms or conditions of the related Master Agreement, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and expected (as determined by the Manager, acting reasonably) aggregate payments by the Financing Entity thereunder during the term of such contract are or would be in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).

"**Change of Law Protection Agreement**" means this Agreement.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Determination Date**" has the meaning ascribed thereto in clause 2.01(a)iv.

"**Executive Officer**" has the meaning ascribed to the term "executive officer" in National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators.

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the first paragraph of this Agreement until a successor Financing Entity Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and the Declaration of Trust, and thereafter "Financing Entity Trustee" means and includes such Person.

"**Financing Plan**" has the meaning ascribed to the term "Financing Plan" in the Act.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Guarantee Payment**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Guarantee Payment Date**" has the meaning ascribed thereto in Section 2.01(a)i.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**Holder**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Liens**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(a).

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity, as amended, supplemented, restated or otherwise modified from time to time.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Agreement**" means an agreement in the form of a Master Agreement as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, as amended, supplemented, restated or otherwise modified from time to time.

"**Material Effect**" means any change that could affect (i) the timing of or circumstances under which Primary Obligations would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization)~~, or that could affect~~; (ii) the appointment, obligations or duties of OPG as the Manager; (iii) the existence, powers or authority of the Financing Entity or the Financing Entity Trustee; (iv) the obligations of the Indenture Trustee to or in respect of the Province as a Specified Creditor; (v) the limitations and requirements otherwise applicable to the capital structure of the Financing Entity under any existing Program Agreement; (vi) the payment provisions and associated priorities set forth in the Trust Indenture; (vii) the obligations or liability of the Financing Entity to pay any tax, (viii) compliance by the FSM with the then applicable Financing Plan; (ix) the circumstances in which a Protection Event could arise; (x) compliance by the FSM, the Financing Entity or IESO with the Act or the General Regulation; (xi) the nature or character of the payment obligations (but, subject to compliance with the Financing Plan, irrespective of the amount payable thereunder) that could become payable under the Limited Guarantee; or (xii) the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of this Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation.

"**Notes**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Payable Approved Amounts**" has the meaning ascribed thereto in 2.01(a).

"**Payment Date**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, unlimited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Post-Suspension Refinancing**" means a ~~Primary~~Funding Obligation ~~proposed to be~~that is an Obligation Secured and that is incurred on or after the occurrence of a Suspension Event~~,~~ in compliance with the requirements of Section 7.03, as a Refinancing of one or more Series of Approved Obligations~~ or one or more such Refinancings.~~, in each case the proceeds of which are used solely for the purpose of repaying one or more Funding Obligations that are Approved Obligations.

"**Pre-Approved Refinancing**" means a Refinancing of a Certified Primary Obligation in respect of which the Province has, prior to the issuance of such Certified Primary Obligation, ~~waived its right to object~~consented to such Refinancing not being ~~an Approved~~a Certified Primary Obligation to which the Adherence Conditions would otherwise apply.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account or Finance Reserve Account; and (ii) any obligation to pay the Financing Entity or on the Financing Entity's direction any remaining amounts in the Collection Account pursuant to the Trust Indenture.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in

Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that (X) adversely affects ~~(X)~~ the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations ~~Secured~~, in each case determined after taking into account and having regard to any funds available at such time, including (i) in any Finance Reserve Account ~~at such time and (ii~~, Capital Account or collateral posting account applicable under a Derivative Agreement, (ii) under any credit enhancement agreement to which the Financing Entity is a party and (iii) after collecting the True-up Amount in the Reference Period immediately following the ~~occurrence of~~Reference Period during which an event described in ~~a~~any of subclauses (a)(i) to a(v) occurs, or (Y) adversely changes or adversely affects the enforceability of the terms and conditions of this Agreement or of any of the agreements under which Approved Obligations ~~Secured~~ arise; or

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations ~~Secured~~ and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Approved Obligations ~~Secured~~ that have become due and payable, in each case determined after taking into account and having regard to any funds available at such time, including (i) in any Finance Reserve Account, Capital Account or collateral posting account applicable under a Derivative Agreement, (ii) under any credit enhancement agreement to which the Financing Entity is a party and (iii) after collecting the True-up Amount in the Reference Period immediately following the Reference Period during which an event described in this clause (b) occurs.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency Condition" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Reference Period**" has the meaning ascribed to the term "reference period" in the Act.

"**Refinancing**" has the meaning ascribed to the term "refinancing" in the Act as of the date hereof, as more particularly described and given meaning in the General Regulation as of the date hereof.

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Specified Creditor**" has the meaning ascribed thereto in the Trust Indenture on the date hereof.

"**Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(B).

"**Subrogation Payment Date**" has the meaning ascribed thereto in clause 2.01(a)iv.

"**Suspension Event**" has the meaning ascribed thereto in Section 7.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 7.01.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**True-up Amount**" has the meaning ascribed to the term "true up amount" in the Act.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

EXHIBIT A
FORM OF PAYMENT DEMAND

TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Pursuant to and in accordance with section 2.01(a) of the Change of the Law Protection Agreement, the Indenture Trustee hereby demands payment from the Province in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in the Change of Law Protection Agreement.

DATED as of the [■] day of [■], [■].

BNY TRUST COMPANY OF CANADA

By:
Name:
Title:

By:
Name:
Title:

EXHIBIT B~~-1~~
FORM OF ADHERENCE COMPLIANCE CERTIFICATE UNDER SECTION 4.02(a)

TO: **BNY TRUST COMPANY OF CANADA**, in its capacity as Indenture Trustee (the "**Indenture Trustee**") under the Master Trust Indenture dated as of December ●, 2017 between Fair Hydro Trust and the Indenture Trustee (the "**Master Trust Indenture**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province of Ontario, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust, Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Each of the undersigned, being the ● and ● of OPG acting in its capacity as FSM and holding the offices set forth under their names and signatures below, pursuant to and accordance with clause 4.02(a)ii of the Change of Law Protection Agreement, hereby certifies for and on behalf of OPG, in its capacity as Financial Services Manager, and not in such officer's personal capacity and intending that this certificate may be relied on by the addressees hereof without independent inquiry, that:

1. I have read and understand the provisions of the Change of Law Protection Agreement, the Master Trust Indenture and all other documents and materials necessary to enable me to deliver this certificate.
2. If the Certified Primary Obligation is a Refinancing, the proceeds of the Refinancing will be used solely for the purpose of repaying one or more Certified Primary Obligations in respect of which the Adherence Conditions in Subsection 4.02(a) of the Change of Law Protection Agreement had been satisfied, including one or more other Refinancings in respect of which the Adherence Conditions in Subsection 4.02(a) of the Change of Law Protection Agreement had been satisfied.
3. OPG has delivered to the Province a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate was provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation.

DATED as of the [■] day of [■], [■].

Name: [13]	Name:
Office:	Office:

[13] This certificate must be signed by two officers of OPG being either (i) the Chief Financial Officer and the Treasurer, or (ii) any two Executive Officers (as defined in the Change of Law Protection Agreement) of OPG.

EXHIBIT C
SUSPENSION NOTICE

TO: Ontario Power Generation Inc., in its capacity as Financial Services Manager

AND TO: Fair Hydro Trust

AND TO: Computershare Trust Company of Canada, in its capacity as trustee of Fair Hydro Trust

AND TO: BNY Trust Company of Canada, as Indenture Trustee

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement. All references in this Suspension Notice to "Articles" or "Sections" refer to Articles or Sections of the Change of Law Protection Agreement.

The Province has a reasonable basis for concluding that an event described in clauses (a) to (d) of Section 7.01 has occurred. Pursuant to Section 7.01, the Province hereby declares that the Limited Guarantee shall hereby not apply in respect of (i) any Primary Obligation incurred, excluding Post-Suspension Refinancings or Pre-Approved Refinancings or (ii) any amendment of any Primary Obligation that has a Material Effect, unless otherwise agreed to by the Province, in each case, on or after delivery of this Suspension Notice.

This Suspension Notice is hereby delivered to the FSM, the Financing Entity and the Indenture Trustee in accordance with Section 8.02 of the Change of Law Protection Agreement.

* * * *

DATED as of the [■] day of [■], [■].

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

Document comparison by Workshare Compare on Tuesday, December 12, 2017 9:18:16 AM

Input:	
Document 1 ID	PowerDocs://TOR_2528/23239360/28
Description	TOR_2528-#23239360-v28-Change_of_Law_Protection_Agreement
Document 2 ID	PowerDocs://TOR_2528/23239360/29
Description	TOR_2528-#23239360-v29-Change_of_Law_Protection_Agreement
Rendering set	Standard

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

Statistics:	
	Count
Insertions	83
Deletions	77
Moved from	1
Moved to	1
Style change	0
Format changed	0
Total changes	162

From:	Sebastiano, Rocco
To:	Saulnier, Brett; ASHBOURNE, STEPHEN; Milligan, Peter; Mansoori, Nina
Cc:	Ken Kandeepan; "LADAK Lubna -TREASURY"; Anna Strathy; "Veinot, Cindy (TBS)"; Tom McKinlay (MAG); Mark Donaldson (MOF); Daniel Cayley (ENERGY); "Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)"; Ramchandani, Rima; "LEE John -TREASURY"; "RYFA Ken -TREASURY"; "HAHN PARKER Janet -TREASURY"; "MAUTI John -FIN & C CTRL"; "LAURETA LAPIRA May -TREASURY"; Feldman, Michael; "WONG Leslie -LAWDIV"; Fullerton, Rick; Gadi Mayman; Mike Manning; Malle Hanslep (MOF); "ian.benaiah@rbccm.com"; "Khan, Nur (nur.khan@rbccm.com)"; "brent.r.taylor@rbccm.com"; "katrina.niehaus@gs.com"; "brian.delaney@gs.com"; "Maciel, Andrew"; "Adalja, Sunil"; "Persad, Nicole"; "Persaud, Donnie - Debt Capital Markets"; Steen Hume (CAB); Olusoga, Yinka; Tobias P. Whitfield (MOF); PALMER, AARON; VINER, JON; PRESTAGE, JA; Conner, Robbin
Subject:	RE: Fair Hydro - Change of Law Protection Agreement
Date:	Tuesday, December 12, 2017 9:37:32 AM

A bit rushed, but here are my comments on the revised Change of Law Protection Agreement:
- In section 4.02(c), add “a Post-Suspension Obligation or a Pre-Approved Refinancing” after “a Certified Primary Obligation”.
- In section 7.03, should this apply to both Post-Suspension Refinancings and Pre-Approved Refinancings”? Also, need to change the clause “the Manager shall accept such Proposal” as it was the Manage that submitted the Proposal to the Province. It should read “the Manager shall accept the Province’s proposal to provide such Post-Suspension Refinancing”. And change the final “;” to a comma before “provided that such Post-Suspension…”
- In section 7.04, add “or Pre-Approved Refinancing” to the end of the sentence.
- In the definition of “Post-Suspension Refinancing”, why is the term “one or more Series of Approved Obligations” being used? Why not simply “one or more Approved Obligations”?
- In the definition of “Pre-Approved Refinancing”, revise to read “… waived its right to object under the Change of Law Process Agreement or otherwise to such Refinancing being an Approved Obligation.”
- In the definition of “Protection Event”, in paragraph (a), change “an event described in a(i) to a(v)” to “an event described in any of clauses (i) to (v) of this paragraph (a)”. Also, it is not correct to say “after collecting the True-up Amount” because this would suggest having collected the True-up Amount”. It should say, “and (ii) in respect of the True-up Amount for the Reference Period immediately following the occurrence of an event described in any of clauses (i) to (v) of this paragraph (a)”.
- In the new definitions added which refer to “in the Act”, change to “in the Act as of the date hereof” (e.g., “True-up Amount”).

From: Saulnier, Brett [mailto:bsaulnier@torys.com]
Sent: Monday, December 11, 2017 11:35 PM
To: ASHBOURNE, STEPHEN ; Milligan, Peter ; Sebastiano, Rocco ; Mansoori, Nina
Cc: 'Ken Kandeepan' ; 'LADAK Lubna -TREASURY' ; 'Anna Strathy' ; 'Veinot, Cindy (TBS)' ; 'McKinlay, Tom (MAG)' ; 'Donaldson, Mark (TBS)' ; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' ; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' ; Ramchandani, Rima ; 'LEE John -TREASURY' ; 'RYFA Ken -TREASURY' ; 'HAHN PARKER Janet -TREASURY' ; 'MAUTI John -FIN & C CTRL' ; 'LAURETA LAPIRA May -TREASURY' ; Feldman, Michael ; 'WONG Leslie -LAWDIV' ; Fullerton, Rick ; 'Mayman, Gadi (OFA)' ; 'Manning, Mike (OFA)' ; 'Hanslep, Malle (MOF)' ; 'ian.benaiah@rbccm.com' ; 'Khan, Nur (nur.khan@rbccm.com)' ; 'brent.r.taylor@rbccm.com' ; 'katrina.niehaus@gs.com' ; 'brian.delaney@gs.com' ; 'Maciel, Andrew' ; 'Adalja, Sunil' ; 'Persad, Nicole' ; 'Persaud, Donnie - Debt Capital Markets' ; 'Steen Hume (CAB)' ; Olusoga, Yinka ; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) ; PALMER, AARON ; VINER, JON ; PRESTAGE, JA
Subject: RE: Fair Hydro - Change of Law Protection Agreement
All,
Attached for your review is a revised draft of the Change of Law Protection Agreement, clean and blacklined to the last version circulated by Blakes and reflecting the meetings held earlier today. As discussed, we need to provide the attached to the rating agencies **by no later than**

noon tomorrow in order to meet our end of year financing deadline. Accordingly, we will be circulating a calendar invite to this group for 10 a.m. tomorrow morning to confirm the parties are signed off. If Osler or Blakes have any comments on the attached, we would ask that they be circulated to this group prior to the 10 a.m. call.
Kind regards,
Brett
Brett Saulnier
P. 416.865.8148 | F. 416.865.7380 | 1.800.505.8679

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: December-08-17 3:16 PM
To: Milligan, Peter <PMilligan@osler.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro - Change of Law Protection Agreement
Hi,
Attached is a revised version of the Change of Law Protection Agreement. I believe that most of the changes reflected from last night's Osler version (blackline is attached) are of a drafting or conforming nature, other than: (1) the Province disagrees that Approved Refinancing terms should be unfettered by adherence conditions post-Suspension Event and (2) the proposed rating-based "materially and adversely" qualification in the definition of Protection Event (and in fact any such qualification) is not acceptable to the Province. With regard to (1), this version comes into line with the proposed approach (i.e., using a modified adherence condition) that was incorporated into the version of the Change of Law Process Agreement I circulated yesterday. A further turn of that Agreement, to conform the open item identified in section 3.02 to the revised Change of Law Protection Agreement, is also included here for your reference.
Please note that the Province is working through the drafting concurrently and so further drafting comments may be provided.
As mentioned yesterday, the Province would like to proceed with the Ministers sign-off briefing early next week, on the basis that these versions (minus the explanatory notes) are now in substantially final form. Please identify if you believe there are other 'must have' points (other than the 2 mentioned above).
Regards, Steve
Stephen R. Ashbourne
Partner

stephen.ashbourne@blakes.com
Dir: 416-863-3086

From: Milligan, Peter [mailto:PMilligan@osler.com]
Sent: Thursday, December 07, 2017 6:44 PM
To: ASHBOURNE, STEPHEN; Sebastiano, Rocco; Mansoori, Nina
Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Saulnier, Brett; Olusoga, Yinka; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca); PALMER, AARON; VINER, JON; PRESTAGE, JA
Subject: Fair Hydro - Change of Law Protection Agreement

All,
Attached is a revised comment draft of the Change of Low Protection Agreement reflecting comments from Torys and Osler. In order to meet this transaction's timeline, this comment draft has not been reviewed by OPG or the Dealers and is delivered subject to any comments they may have.
Peter

OSLER

Peter Milligan
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Toronto, Ontario, Canada M5X 1B8

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From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: Thursday, December 07, 2017 4:27 PM
To: Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud,

Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro -- Change of Law Process Agreement
Hi,
Please find (attached) a further turn of the Change of Law Process Agreement, reflecting the Province's comments on the mark-up of the Agreement circulated yesterday afternoon by Torys. The attached blackline shows changes made to yesterday's Torys mark-up.
This version addresses concerns Rocco raised last night, to the extent the Province feels that the issues can be accommodated. For your information, I have set out below responses to Rocco's comments/observations (in CAPs).
The Province would like to proceed with the Ministers briefing early next week, on the basis that this version (minus the explanatory notes) is now in final form. If there are any critical revisions that the other parties believe reflect 'must have' priority, then the Province would like to have a call to discuss them as soon as possible.
Responses to Rocco's Points:
1. The change of the definition of Breach Event in Section 6.01 (i.e., the change to clause (a) and the addition of clause (b)) will result in an inconsistency with section 7.01(b) of the Change of Law Protection Agreement. This will require further consideration. [AGREED. 7.01(b) and 7.01(c) WILL NEED TO MIRROR THE CURE LANGUAGE WE SETTLE ON IN THE PROCESS AGREEMENT (SEE MY EARLIER COMMENTS). PERHAPS THE "which continues …" LANGUAGE IN 7.01(B) CAN BE REVISED TO READ: "to the extent that the Province would be entitled to provide a Suspension Notice in accordance with the terms of the agreement or agreements between the Province and OPG under which such obligations, requirements and processes arise". SIMILAR CHANGE FOR 7.01(C).
2. The right of the Province to issue an objection notice under Section 3.04(b) in connection with a Transaction Document provided to the Province which is required for a Refinancing of an Approved Obligation remains an outstanding issue. Clearly, this will depend upon what Adherence Conditions will be required under Section 4.02 of the Change of Law Protection Agreement in order to permit such Refinancing to become an Approved Obligation. If the Adherence Conditions set out in Section 4.02(a) of the Province's draft of the Change of Law Protection Agreement of December 4 were to apply to such Refinancing, to the extent that such refinancing required a change to a Transaction Document (e.g., as a result of a change to some rating agency condition or criteria), the Province's ability to issue an objection notice and thereby prevent the issuance of a Process Certificate under Section 3.01 (by virtue of Section 3.04) would have the effect of preventing a Refinancing. We trust that this was an unintended outcome of the drafting of Section 3.04 and/or the Adherence Conditions applicable to Refinancings. [THAT IS THE INTENDED EFFECT. THE ADHERENCE CONDITIONS WOULD APPLY TO THE REFINANCING, SO IF THE REFINANCING TERMS DEVIATED MATERIALLY (BASED ON THE SUBSTANTIALLY IN THE FORM" THRESHOLD"), THEN OPG WOULD REQUIRE THE PROVINCE NOT TO OBJECT IN ORDER TO PROCEED WITH THOSE NEW TERMS. OTHERWISE, THE REFINANCING COULD INCORPORATE TERMS AND CONDITIONS, WHICH WOULD BIND THE PROVINCE UNDER THE LIMITED GUARANTEE, THAT WOULD BE UNCONSTRAINED AND WITHOUT ANY ACCOUNTABILITY TO THE PROVINCE. IN ROCCO'S EXAMPLE, THAT MIGHT MEAN THAT OPG WOULD NEED TO RESORT TO UNRATED DEBT, IF THE PROVINCE WAS UNWILLING TO ACCEPT THE NEW TERMS. PRESUMABLY EVERYONE WOULD ACT RATIONALLY. HOWEVER, AS A FAILSAFE, OPG COULD OFFER INCREASED PRICING IN ORDER TO ATTRACT INVESTORS TO ACCEPT THE EARLIER VETTED TERMS (BASED ON THE THEN ACCEPTED REVIEWED DOCUMENTATION).]
3. Given that the Indenture Trustee is not a party to the Change of Law Process Agreement, the Province and OPG can amend the terms and conditions of this agreement without the consent of the

indenture Trustee. Specified Creditors under an Approved Obligation need to be assured that the Province cannot prevent a Refinancing of an Approved Obligation either by virtue of the objection notice discussed in point #2 above or as a result of a future amendment to the agreement. There are a couple of ways to deal with this point. The first is to a add a beneficiary/third party rights clause in the Change of Law Process Agreement which acknowledges that the Indenture Trustee is a beneficiary of certain provisions of this agreement and as a result, the agreement cannot be amended without the consent of the Indenture Trustee. The second is to ensure that the Adherence Conditions relating to Refinancings under the Change of Law Protection Agreement are not dependent upon the terms of the Change of Law Process Agreement. In light of the desire to not disclose the terms and conditions of the Change of Law Process Agreement to the rating agencies, especially at this late stage in the process, we would expect that the latter approach would be preferable. [THE SUGGESTION REGARDING THE PROVINCE PREVENTING A REFINANCING IS ADDRESSED IN #2. IF THE REFINANCING TERMS WOULD EXCEED THE SCOPE OF THE TRANSACTION DOCUMENTS REVIEWED AND NOT OBJECTED TO BY THE PROVINCE, THEN THAT SUGGESTS THERE IS A MATERIAL EFFECT ON THE PROVINCE AND SO THE PROVINCE WOULD NEED THE ABILITY TO REVIEW AND CONSIDER THE PROPRIETY OF THOSE NEW TERMS FROM ITS PERSPECTIVE. AS FOR THE STANDALONE NATURE OF THE PROCESS AGREEMENT, THE INTENTION IS THAT THE PROCESS AGREEMENT BE UNCOUPLED AND NOT PART OF THE COLLATERAL, AND AS MICHAEL FELDMAN HAS EXPLAINED, LEAVE FUTURE FLEXIBILITY FOR THIS LONG-TERM STRUCTURE. TO ADDRESS ROCCO'S CONCERN THAT THE PROVINCE AND OPG COULD CHANGE THE UNDERLYING OBLIGATIONS APPLICABLE TO ADHERENCE IN RELATION TO A NEW OBLIGATION, REQUIREMENT OR PROCESS IN THE PROCESS AGREEMENT THAT WOULD MAKE A REFINANCING LESS LIKELY TO OCCUR, WE HAVE ADDED AND USED IN THE ATTACHED VERSION A NEW DEFFINTION:

> "Approved Refinancing" means a Certified Primary Obligation proposed to be incurred as a Refinancing of an existing Certified Primary Obligation in respect of which the Adherence Conditions had been satisfied on the date such existing Certified Primary Obligation was incurred, that, at the time of incurrence, satisfies each of each of the Adherence Conditions except that the certificate contemplated to be delivered under Section 4.02(b) shall instead confirm that OPG has delivered to the Province a certificate by its applicable officers confirming that OPG would be in compliance with all obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the proposed Certified Primary Obligation that applied as between the Province and OPG on the date of issuance of such existing Certified Primary Obligation." Various references to "Refinancing" in the Protection Agreement can also be revised to refer to "Approved Refinancing", as required.

Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

Blake, Cassels & Graydon LLP
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Blake, Cassels & Graydon LLP | Barristers & Solicitors | Patent & Trade-mark Agents
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From: Sebastiano, Rocco [mailto:RSebastiano@osler.com]
Sent: Wednesday, December 06, 2017 7:45 PM
To: Mansoori, Nina; ASHBOURNE, STEPHEN; VINER, JON; PRESTAGE, JA
Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Milligan, Peter; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Saulnier, Brett; Olusoga, Yinka
Subject: RE: Fair Hydro -- Change of Law Process Agreement

I have reviewed the revised draft of the Change of Law Process Agreement that Torys has prepared and would like to pass along the following comments/observations:

1. The change of the definition of Breach Event in Section 6.01 (i.e., the change to clause (a) and the addition of clause (b)) will result in an inconsistency with section 7.01(b) of the Change of Law Protection Agreement. This will require further consideration.
2. The right of the Province to issue an objection notice under Section 3.04(b) in connection with a Transaction Document provided to the Province which is required for a Refinancing of an Approved Obligation remains an outstanding issue. Clearly, this will depend upon what Adherence Conditions will be required under Section 4.02 of the Change of Law Protection Agreement in order to permit such Refinancing to become an Approved Obligation. If the Adherence Conditions set out in Section 4.02(a) of the Province's draft of the Change of Law Protection Agreement of December 4 were to apply to such Refinancing, to the extent that such refinancing required a change to a Transaction Document (e.g., as a result of a change to some rating agency condition or criteria), the Province's ability to issue an objection notice and thereby prevent the issuance of a Process Certificate under Section 3.01 (by virtue of Section 3.04) would have the effect of preventing a Refinancing. We trust that this was an unintended outcome of the drafting of Section 3.04 and/or the Adherence Conditions applicable to Refinancings.
3. Given that the Indenture Trustee is not a party to the Change of Law Process Agreement, the Province and OPG can amend the terms and conditions of this agreement without the consent of the indenture Trustee. Specified Creditors under an Approved Obligation need to be assured that the Province cannot prevent a Refinancing of an Approved Obligation either by virtue of the objection notice discussed in point #2 above or as a result of a future amendment to the agreement. There are a couple of ways to deal with this point. The first is to a add a beneficiary/third party rights clause in the Change of Law Process Agreement which acknowledges that the Indenture Trustee is a beneficiary of certain provisions of this agreement and as a result, the agreement cannot be amended without the consent of the Indenture Trustee. The second is to ensure that the Adherence Conditions relating to Refinancings under the Change of Law Protection Agreement are not dependent upon the terms of the Change of Law Process Agreement. In light of the desire to not disclose the terms and conditions of the Change of Law Process Agreement to the rating agencies, especially at this late stage in the process, we would expect that the latter approach would be preferable.

Regards, Rocco

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: Wednesday, December 06, 2017 4:38 PM

To: 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>; 'JON.VINER@blakes.com' <JON.VINER@blakes.com>; 'JA.PRESTAGE@blakes.com' <JA.PRESTAGE@blakes.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Mansoori, Nina <nmansoori@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>
Subject: Fair Hydro -- Change of Law Process Agreement

Blakes team,

Please find attached OPG and Torys' comments on the Process Agreement reflecting our discussions from yesterday's call. Please note that this draft is subject to continuing review and comment by Osler and the dealers. As discussed at the tail end of our call yesterday, the section in the Process Agreement that gives the Province the right to object to new and material changes to transaction documents dovetails with the Protection Agreement so additional comments from Oslers may be forthcoming on this draft.

We are working on getting you a revised draft of the Protection Agreement either later today or tomorrow. In the meantime, please let us know if you have any comments or questions on the Process Agreement.

Best Regards,

Nina

Nina Mansoori
P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com[torys.com]

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From:	Anna Strathy
To:	"ASHBOURNE, STEPHEN"; Malle Hanslep (MOF); Ken Kandeepan; Mike Manning; Tobias P. Whitfield (MOF)
Cc:	Hresa Gavaris
Subject:	RE: Fair Hydro - Change of Law Protection Agreement
Date:	Tuesday, December 12, 2017 9:25:19 AM

Here are the conference call details for 9:30am. I won't be able to dial-in, so whomever reaches the line first can moderate. The moderator pin is 8187.
Toll-free dial-in number: 1-866-602-5461
Local dial-in number: 416-212-8011
Conference ID: 4717656
Moderator: 8187 (whomever calls in first)

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: Tuesday, December 12, 2017 9:21 AM
To: Malle Hanslep (MOF) ; Ken Kandeepan ; Mike Manning ; Anna Strathy ; Tobias P. Whitfield (MOF)

Subject: RE: Fair Hydro - Change of Law Protection Agreement
Attached is my mark-up of the Protection Agreement. Please advise if you would like me to circulate it to the broader group at this stage, to facilitate the 10 am group call. Speak to you at 9:30. Steve
Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Tuesday, December 12, 2017 9:08 AM
To: ASHBOURNE, STEPHEN; Kandeepan, Ken (OFA); Manning, Mike (OFA); Strathy, Anna (OFA); Whitfield, Tobias P. (MOF)
Subject: FW: Fair Hydro - Change of Law Protection Agreement
Should we have a call before 10 a.m. to discuss status of these 2 documents? We are free anytime. Thanks.

From: Saulnier, Brett [mailto:bsaulnier@torys.com]
Sent: December 11, 2017 11:35 PM
To: ASHBOURNE, STEPHEN; Milligan, Peter; Sebastiano, Rocco; Mansoori, Nina
Cc: Kandeepan, Ken (OFA); 'LADAK Lubna -TREASURY'; Strathy, Anna (OFA); Veinot, Cindy (TBS); McKinlay, Tom (MAG); Donaldson, Mark (TBS); Cayley, Daniel (ENERGY); Thouin, Alena (ENERGY); Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie - LAWDIV'; Fullerton, Rick; Mayman, Gadi (OFA); Manning, Mike (OFA); Hanslep, Malle (MOF); 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; Hume, Steen (ENERGY); Olusoga, Yinka; Whitfield, Tobias P. (MOF); PALMER, AARON; VINER, JON; PRESTAGE, JA
Subject: RE: Fair Hydro - Change of Law Protection Agreement
All,
Attached for your review is a revised draft of the Change of Law Protection Agreement, clean and blacklined to the last version circulated by Blakes and reflecting the meetings held earlier today. As discussed, we need to provide the attached to the rating agencies **by no later than noon tomorrow** in order to meet our end of year financing deadline. Accordingly, we will be circulating a calendar invite to this group for 10 a.m. tomorrow morning to confirm the parties are signed off. If Osler or Blakes have any comments on the attached, we would ask that they be circulated to this group prior to the 10 a.m. call.
Kind regards,

Brett
Brett Saulnier
P. 416.865.8148 | F. 416.865.7380 | 1.800.505.8679

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: December-08-17 3:16 PM
To: Milligan, Peter <PMilligan@osler.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro - Change of Law Protection Agreement

Hi,
Attached is a revised version of the Change of Law Protection Agreement. I believe that most of the changes reflected from last night's Osler version (blackline is attached) are of a drafting or conforming nature, other than: (1) the Province disagrees that Approved Refinancing terms should be unfettered by adherence conditions post-Suspension Event and (2) the proposed rating-based "materially and adversely" qualification in the definition of Protection Event (and in fact any such qualification) is not acceptable to the Province. With regard to (1), this version comes into line with the proposed approach (i.e., using a modified adherence condition) that was incorporated into the version of the Change of Law Process Agreement I circulated yesterday. A further turn of that Agreement, to conform the open item identified in section 3.02 to the revised Change of Law Protection Agreement, is also included here for your reference.
Please note that the Province is working through the drafting concurrently and so further drafting comments may be provided.
As mentioned yesterday, the Province would like to proceed with the Ministers sign-off briefing early next week, on the basis that these versions (minus the explanatory notes) are now in substantially final form. Please identify if you believe there are other 'must have' points (other than the 2 mentioned above).
Regards, Steve
Stephen R. Ashbourne
Partner

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From: Milligan, Peter [mailto:PMilligan@osler.com]
Sent: Thursday, December 07, 2017 6:44 PM
To: ASHBOURNE, STEPHEN; Sebastiano, Rocco; Mansoori, Nina
Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Saulnier, Brett; Olusoga, Yinka; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca); PALMER, AARON; VINER, JON; PRESTAGE, JA
Subject: Fair Hydro - Change of Law Protection Agreement

All,

Attached is a revised comment draft of the Change of Low Protection Agreement reflecting comments from Torys and Osler. In order to meet this transaction's timeline, this comment draft has not been reviewed by OPG or the Dealers and is delivered subject to any comments they may have.

Peter

OSLER

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From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: Thursday, December 07, 2017 4:27 PM
To: Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com'

<brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>

Subject: RE: Fair Hydro -- Change of Law Process Agreement

Hi,

Please find (attached) a further turn of the Change of Law Process Agreement, reflecting the Province's comments on the mark-up of the Agreement circulated yesterday afternoon by Torys. The attached blackline shows changes made to yesterday's Torys mark-up.

This version addresses concerns Rocco raised last night, to the extent the Province feels that the issues can be accommodated. For your information, I have set out below responses to Rocco's comments/observations (in CAPs).

The Province would like to proceed with the Ministers briefing early next week, on the basis that this version (minus the explanatory notes) is now in final form. If there are any critical revisions that the other parties believe reflect 'must have' priority, then the Province would like to have a call to discuss them as soon as possible.

Responses to Rocco's Points:

1. The change of the definition of Breach Event in Section 6.01 (i.e., the change to clause (a) and the addition of clause (b)) will result in an inconsistency with section 7.01(b) of the Change of Law Protection Agreement. This will require further consideration. [AGREED. 7.01(b) and 7.01(c) WILL NEED TO MIRROR THE CURE LANGUAGE WE SETTLE ON IN THE PROCESS AGREEMENT (SEE MY EARLIER COMMENTS). PERHAPS THE "which continues …" LANGUAGE IN 7.01(B) CAN BE REVISED TO READ: "to the extent that the Province would be entitled to provide a Suspension Notice in accordance with the terms of the agreement or agreements between the Province and OPG under which such obligations, requirements and processes arise". SIMILAR CHANGE FOR 7.01(C).

2. The right of the Province to issue an objection notice under Section 3.04(b) in connection with a Transaction Document provided to the Province which is required for a Refinancing of an Approved Obligation remains an outstanding issue. Clearly, this will depend upon what Adherence Conditions will be required under Section 4.02 of the Change of Law Protection Agreement in order to permit such Refinancing to become an Approved Obligation. If the Adherence Conditions set out in Section 4.02(a) of the Province's draft of the Change of Law Protection Agreement of December 4 were to apply to such Refinancing, to the extent that such refinancing required a change to a Transaction Document (e.g., as a result of a change to some rating agency condition or criteria), the Province's ability to issue an objection notice and thereby prevent the issuance of a Process Certificate under Section 3.01 (by virtue of Section 3.04) would have the effect of preventing a Refinancing. We trust that this was an unintended outcome of the drafting of Section 3.04 and/or the Adherence Conditions applicable to Refinancings. [THAT IS THE INTENDED EFFECT. THE ADHERENCE CONDITIONS WOULD APPLY TO THE REFINANCING, SO IF THE REFINANCING TERMS DEVIATED MATERIALLY (BASED ON THE SUBSTANTIALLY IN THE FORM" THRESHOLD"), THEN OPG WOULD REQUIRE THE PROVINCE NOT TO OBJECT IN ORDER TO PROCEED WITH THOSE NEW TERMS. OTHERWISE, THE REFINANCING COULD INCORPORATE TERMS AND CONDITIONS, WHICH WOULD

BIND THE PROVINCE UNDER THE LIMITED GUARANTEE, THAT WOULD BE UNCONSTRAINED AND WITHOUT ANY ACCOUNTABILITY TO THE PROVINCE. IN ROCCO'S EXAMPLE, THAT MIGHT MEAN THAT OPG WOULD NEED TO RESORT TO UNRATED DEBT, IF THE PROVINCE WAS UNWILLING TO ACCEPT THE NEW TERMS. PRESUMABLY EVERYONE WOULD ACT RATIONALLY. HOWEVER, AS A FAILSAFE, OPG COULD OFFER INCREASED PRICING IN ORDER TO ATTRACT INVESTORS TO ACCEPT THE EARLIER VETTED TERMS (BASED ON THE THEN ACCEPTED REVIEWED DOCUMENTATION).]

3. Given that the Indenture Trustee is not a party to the Change of Law Process Agreement, the Province and OPG can amend the terms and conditions of this agreement without the consent of the indenture Trustee. Specified Creditors under an Approved Obligation need to be assured that the Province cannot prevent a Refinancing of an Approved Obligation either by virtue of the objection notice discussed in point #2 above or as a result of a future amendment to the agreement. There are a couple of ways to deal with this point. The first is to a add a beneficiary/third party rights clause in the Change of Law Process Agreement which acknowledges that the Indenture Trustee is a beneficiary of certain provisions of this agreement and as a result, the agreement cannot be amended without the consent of the Indenture Trustee. The second is to ensure that the Adherence Conditions relating to Refinancings under the Change of Law Protection Agreement are not dependent upon the terms of the Change of Law Process Agreement. In light of the desire to not disclose the terms and conditions of the Change of Law Process Agreement to the rating agencies, especially at this late stage in the process, we would expect that the latter approach would be preferable. [THE SUGGESTION REGARDING THE PROVINCE PREVENTING A REFINANCING IS ADDRESSED IN #2. IF THE REFINANCING TERMS WOULD EXCEED THE SCOPE OF THE TRANSACTION DOCUMENTS REVIEWED AND NOT OBJECTED TO BY THE PROVINCE, THEN THAT SUGGESTS THERE IS A MATERIAL EFFECT ON THE PROVINCE AND SO THE PROVINCE WOULD NEED THE ABILITY TO REVIEW AND CONSIDER THE PROPRIETY OF THOSE NEW TERMS FROM ITS PERSPECTIVE. AS FOR THE STANDALONE NATURE OF THE PROCESS AGREEMENT, THE INTENTION IS THAT THE PROCESS AGREEMENT BE UNCOUPLED AND NOT PART OF THE COLLATERAL, AND AS MICHAEL FELDMAN HAS EXPLAINED, LEAVE FUTURE FLEXIBILITY FOR THIS LONG-TERM STRUCTURE. TO ADDRESS ROCCO'S CONCERN THAT THE PROVINCE AND OPG COULD CHANGE THE UNDERLYING OBLIGATIONS APPLICABLE TO ADHERENCE IN RELATION TO A NEW OBLIGATION, REQUIREMENT OR PROCESS IN THE PROCESS AGREEMENT THAT WOULD MAKE A REFINANCING LESS LIKELY TO OCCUR, WE HAVE ADDED AND USED IN THE ATTACHED VERSION A NEW DEFFINTION:

> "Approved Refinancing" means a Certified Primary Obligation proposed to be incurred as a Refinancing of an existing Certified Primary Obligation in respect of which the Adherence Conditions had been satisfied on the date such existing Certified Primary Obligation was incurred, that, at the time of incurrence, satisfies each of each of the Adherence Conditions except that the certificate contemplated to be delivered under Section 4.02(b) shall instead confirm that OPG has delivered to the Province a certificate by its applicable officers confirming that OPG would be in compliance with all obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the proposed Certified Primary Obligation that applied as between the Province and OPG on the date of issuance of such existing Certified Primary Obligation." Various references to "Refinancing" in the Protection Agreement can also be revised to refer to "Approved Refinancing", as required.

Regards, Steve

Stephen R. Ashbourne
Partner

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———————————————

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From: Sebastiano, Rocco [mailto:RSebastiano@osler.com]
Sent: Wednesday, December 06, 2017 7:45 PM
To: Mansoori, Nina; ASHBOURNE, STEPHEN; VINER, JON; PRESTAGE, JA
Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Milligan, Peter; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Saulnier, Brett; Olusoga, Yinka
Subject: RE: Fair Hydro -- Change of Law Process Agreement

I have reviewed the revised draft of the Change of Law Process Agreement that Torys has prepared and would like to pass along the following comments/observations:

1. The change of the definition of Breach Event in Section 6.01 (i.e., the change to clause (a) and the addition of clause (b)) will result in an inconsistency with section 7.01(b) of the Change of Law Protection Agreement. This will require further consideration.

2. The right of the Province to issue an objection notice under Section 3.04(b) in connection with a Transaction Document provided to the Province which is required for a Refinancing of an Approved Obligation remains an outstanding issue. Clearly, this will depend upon what Adherence Conditions will be required under Section 4.02 of the Change of Law Protection Agreement in order to permit such Refinancing to become an Approved Obligation. If the Adherence Conditions set out in Section 4.02(a) of the Province's draft of the Change of Law Protection Agreement of December 4 were to apply to such Refinancing, to the extent that such refinancing required a change to a Transaction Document (e.g., as a result of a change to some rating agency condition or criteria), the Province's ability to issue an objection notice and thereby prevent the issuance of a Process Certificate under Section 3.01 (by virtue of Section 3.04) would have the effect of preventing a Refinancing. We trust that this was an unintended outcome of the drafting of Section 3.04 and/or the Adherence Conditions applicable to Refinancings.

3. Given that the Indenture Trustee is not a party to the Change of Law Process Agreement, the Province and OPG can amend the terms and conditions of this agreement without the consent of the

indenture Trustee. Specified Creditors under an Approved Obligation need to be assured that the Province cannot prevent a Refinancing of an Approved Obligation either by virtue of the objection notice discussed in point #2 above or as a result of a future amendment to the agreement. There are a couple of ways to deal with this point. The first is to a add a beneficiary/third party rights clause in the Change of Law Process Agreement which acknowledges that the Indenture Trustee is a beneficiary of certain provisions of this agreement and as a result, the agreement cannot be amended without the consent of the Indenture Trustee. The second is to ensure that the Adherence Conditions relating to Refinancings under the Change of Law Protection Agreement are not dependent upon the terms of the Change of Law Process Agreement. In light of the desire to not disclose the terms and conditions of the Change of Law Process Agreement to the rating agencies, especially at this late stage in the process, we would expect that the latter approach would be preferable.
Regards, Rocco

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: Wednesday, December 06, 2017 4:38 PM
To: 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>; 'JON.VINER@blakes.com' <JON.VINER@blakes.com>; 'JA.PRESTAGE@blakes.com' <JA.PRESTAGE@blakes.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Mansoori, Nina <nmansoori@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>
Subject: Fair Hydro -- Change of Law Process Agreement
Blakes team,
Please find attached OPG and Torys' comments on the Process Agreement reflecting our discussions from yesterday's call. Please note that this draft is subject to continuing review and comment by Osler and the dealers. As discussed at the tail end of our call yesterday, the section in the Process Agreement that gives the Province the right to object to new and material changes to transaction documents dovetails with the Protection Agreement so additional comments from Oslers may be forthcoming on this draft.

We are working on getting you a revised draft of the Protection Agreement either later today or tomorrow. In the meantime, please let us know if you have any comments or questions on the Process Agreement.
Best Regards,
Nina

Nina Mansoori
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From: ASHBOURNE, STEPHEN
To: Gadi Mayman; Malle Hanslep (MOF); Tobias P. Whitfield (MOF); Mike Manning; Ken Kandeepan; Ronald Kwan
Cc: Anna Strathy
Subject: RE: Fair Hydro - Change of Law Protection Agreement
Date: Tuesday, December 12, 2017 9:25:15 AM

Yes

Stephen R. Ashbourne

Partner

stephen.ashbourne@blakes.com

Dir: 416-863-3086

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199 Bay Street, Suite 4000, Toronto ON M5L 1A9

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https://urldefense.proofpoint.com/v2/url?u=http-3A__www.blakes.com&d=DwIGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=gV-xgZHI0tggSwOPXBdMOr4DyITzOyaIKJLqH9Oy-40&m=Hl8HbZOYZQZU98gFRVhjoU1KYNShgvd26jE2_59aHME&s=InwJskVI_ON1hAH-bS0qxvv7RaxrXRx4EPB9dmx4d5w&e= | https://urldefense.proofpoint.com/v2/url?u=http-3A__twitter.com_BlakesLaw&d=DwIGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=gV-xgZHI0tggSwOPXBdMOr4DyITzOyaIKJLqH9Oy-40&m=Hl8HbZOYZQZU98gFRVhjoU1KYNShgvd26jE2_59aHME&s=diB_VyximeZLQZzjeiIbS6Fe-na-F6ioMxGn__A9eZI&e= | https://urldefense.proofpoint.com/v2/url?u=http-3A__www.blakes.com_English_Resources_Bulletins_Pages_unsubscribe.aspx&d=DwIGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=gV-xgZHI0tggSwOPXBdMOr4DyITzOyaIKJLqH9Oy-40&m=Hl8HbZOYZQZU98gFRVhjoU1KYNShgvd26jE2_59aHME&s=25o5TtvP0Yv2CEDxgf9XeDPxy85UJI8n_vNPY-BGWUM&e=

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-----Original Message-----

From: Gadi Mayman [mailto:Gadi.Mayman@ofina.on.ca]

Sent: Tuesday, December 12, 2017 9:24 AM

To: ASHBOURNE, STEPHEN; Malle Hanslep (MOF); Tobias P. Whitfield (MOF); Mike Manning; Ken Kandeepan; Ronald Kwan

Cc: Anna Strathy

Subject: Fwd: Fair Hydro - Change of Law Protection Agreement

Are these proposed changes in line with what was agreed to last night, or is this beyond the spirit of the agreement?

Begin forwarded message:

From: "Milligan, Peter" <PMilligan@osler.com<mailto:PMilligan@osler.com>>

Date: December 12, 2017 at 9:09:28 AM EST

To: "Saulnier, Brett" <bsaulnier@torys.com<mailto:bsaulnier@torys.com>>, "ASHBOURNE, STEPHEN" <STEPHEN.ASHBOURNE@blakes.com<mailto:STEPHEN.ASHBOURNE@blakes.com>>, "Sebastiano, Rocco" <RSebastiano@osler.com<mailto:RSebastiano@osler.com>>, "Mansoori, Nina" <nmansoori@torys.com<mailto:nmansoori@torys.com>>

Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>, 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>, 'Anna Strathy' <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>, '"Veinot, Cindy (TBS)"' <Cindy.Veinot@ontario.ca<mailto:Cindy.Veinot@ontario.ca>>, '"McKinlay, Tom (MAG)"' <Tom.McKinlay@ontario.ca<mailto:Tom.McKinlay@ontario.ca>>, '"Donaldson, Mark (TBS)"' <Mark.Donaldson@ontario.ca<mailto:Mark.Donaldson@ontario.ca>>, '"Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca<mailto:Daniel.Cayley@ontario.ca>)"' <Daniel.Cayley@ontario.ca<mailto:Daniel.Cayley@ontario.ca>>, '"Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>)"' <Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>, "Ramchandani, Rima" <rramchandani@torys.com<mailto:rramchandani@torys.com>>, 'LEE John -TREASURY' <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>, 'RYFA Ken -TREASURY' <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>, 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>, 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com<mailto:john.mauti@opg.com>>, 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com<mailto:may.lapira@opg.com>>, "Feldman, Michael" <mfeldman@torys.com<mailto:mfeldman@torys.com>>, 'WONG Leslie -LAWDIV' <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>, "Fullerton, Rick" <RFullerton@osler.com<mailto:RFullerton@osler.com>>, '"Mayman, Gadi (OFA)"' <Gadi.Mayman@ofina.on.ca<mailto:Gadi.Mayman@ofina.on.ca>>, '"Manning, Mike (OFA)"' <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>, '"Hanslep, Malle (MOF)" <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>, '"ian.benaiah@rbccm.com<mailto:ian.benaiah@rbccm.com>'" <ian.benaiah@rbccm.com<mailto:ian.benaiah@rbccm.com>>, '"Khan, Nur (nur.khan@rbccm.com<mailto:nur.khan@rbccm.com>)'" <nur.khan@rbccm.com<mailto:nur.khan@rbccm.com>>, '"brent.r.taylor@rbccm.com<mailto:brent.r.taylor@rbccm.com>'" <brent.r.taylor@rbccm.com<mailto:brent.r.taylor@rbccm.com>>, '"katrina.niehaus@gs.com<mailto:katrina.niehaus@gs.com>'" <katrina.niehaus@gs.com<mailto:katrina.niehaus@gs.com>>, '"brian.delaney@gs.com<mailto:brian.delaney@gs.com>'" <brian.delaney@gs.com<mailto:brian.delaney@gs.com>>, '"Maciel, Andrew"' <Andrew.Maciel@cibc.com<mailto:Andrew.Maciel@cibc.com>>, '"Adalja, Sunil"' <Sunil.Adalja@cibc.com<mailto:Sunil.Adalja@cibc.com>>, '"Persad, Nicole"' <Nicole.Persad@cibc.com<mailto:Nicole.Persad@cibc.com>>, '"Persaud, Donnie - Debt Capital Markets"' <Donnie.Persaud@cibc.com<mailto:Donnie.Persaud@cibc.com>>, '"Steen Hume (CAB)" <Steen.Hume@ontario.ca<mailto:Steen.Hume@ontario.ca>>, "Olusoga, Yinka" <yolusoga@torys.com<mailto:yolusoga@torys.com>>, "Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>)" <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>, "PALMER, AARON" <AARON.PALMER@blakes.com<mailto:AARON.PALMER@blakes.com>>, "VINER, JON" <JON.VINER@blakes.com<mailto:JON.VINER@blakes.com>>, "PRESTAGE, JA" <JA.PRESTAGE@blakes.com<mailto:JA.PRESTAGE@blakes.com>>

Subject: RE: Fair Hydro - Change of Law Protection Agreement

All,

Attached are changed pages with my comments on the Change of Law Protection Agreement. This does not represent input from any dealer. I will follow up to see if the dealers have any additional comments but given the plan to have a call at 10, I pass along these comments now.

Peter

From: Saulnier, Brett [mailto:bsaulnier@torys.com]

Sent: Monday, December 11, 2017 11:35 PM

To: ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com<mailto:STEPHEN.ASHBOURNE@blakes.com>>; Milligan, Peter <PMilligan@osler.com<mailto:PMilligan@osler.com>>; Sebastiano, Rocco <RSebastiano@osler.com<mailto:RSebastiano@osler.com>>; Mansoori, Nina <nmansoori@torys.com<mailto:nmansoori@torys.com>>

Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca<mailto:Cindy.Veinot@ontario.ca>>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca<mailto:Tom.McKinlay@ontario.ca>>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca<mailto:Mark.Donaldson@ontario.ca>>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca<mailto:Daniel.Cayley@ontario.ca>)' <Daniel.Cayley@ontario.ca<mailto:Daniel.Cayley@ontario.ca>>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>)' <Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>; Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com>>; 'LEE John -TREASURY' <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com<mailto:john.mauti@opg.com>>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com<mailto:may.lapira@opg.com>>; Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; Fullerton, Rick <RFullerton@osler.com<mailto:RFullerton@osler.com>>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca<mailto:Gadi.Mayman@ofina.on.ca>>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>; 'ian.benaiah@rbccm.com<mailto:ian.benaiah@rbccm.com>' <ian.benaiah@rbccm.com<mailto:ian.benaiah@rbccm.com>>; 'Khan, Nur (nur.khan@rbccm.com<mailto:nur.khan@rbccm.com>)' <nur.khan@rbccm.com<mailto:nur.khan@rbccm.com>>; 'brent.r.taylor@rbccm.com<mailto:brent.r.taylor@rbccm.com>' <brent.r.taylor@rbccm.com<mailto:brent.r.taylor@rbccm.com>>; 'katrina.niehaus@gs.com<mailto:katrina.niehaus@gs.com>'

<katrina.niehaus@gs.com<mailto:katrina.niehaus@gs.com>>; 'brian.delaney@gs.com<mailto:brian.delaney@gs.com>' <brian.delaney@gs.com<mailto:brian.delaney@gs.com>>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com<mailto:Andrew.Maciel@cibc.com>>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com<mailto:Sunil.Adalja@cibc.com>>; 'Persad, Nicole' <Nicole.Persad@cibc.com<mailto:Nicole.Persad@cibc.com>>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com<mailto:Donnie.Persaud@cibc.com>>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca<mailto:Steen.Hume@ontario.ca>>; Olusoga, Yinka <yolusoga@torys.com<mailto:yolusoga@torys.com>>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>) <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>; PALMER, AARON <AARON.PALMER@blakes.com<mailto:AARON.PALMER@blakes.com>>; VINER, JON <JON.VINER@blakes.com<mailto:JON.VINER@blakes.com>>; PRESTAGE, JA <JA.PRESTAGE@blakes.com<mailto:JA.PRESTAGE@blakes.com>>

Subject: RE: Fair Hydro - Change of Law Protection Agreement

All,

Attached for your review is a revised draft of the Change of Law Protection Agreement, clean and blacklined to the last version circulated by Blakes and reflecting the meetings held earlier today. As discussed, we need to provide the attached to the rating agencies by no later than noon tomorrow in order to meet our end of year financing deadline. Accordingly, we will be circulating a calendar invite to this group for 10 a.m. tomorrow morning to confirm the parties are signed off. If Osler or Blakes have any comments on the attached, we would ask that they be circulated to this group prior to the 10 a.m. call.

Kind regards,

Brett

Brett Saulnier

P. 416.865.8148 | F. 416.865.7380 | 1.800.505.8679

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]

Sent: December-08-17 3:16 PM

To: Milligan, Peter <PMilligan@osler.com<mailto:PMilligan@osler.com>>; Sebastiano, Rocco <RSebastiano@osler.com<mailto:RSebastiano@osler.com>>; Mansoori, Nina <nmansoori@torys.com<mailto:nmansoori@torys.com>>

Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca<mailto:Cindy.Veinot@ontario.ca>>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca<mailto:Tom.McKinlay@ontario.ca>>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca<mailto:Mark.Donaldson@ontario.ca>>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca<mailto:Daniel.Cayley@ontario.ca>)' <Daniel.Cayley@ontario.ca<mailto:Daniel.Cayley@ontario.ca>>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>)' <Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>; Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com>>; 'LEE John -TREASURY' <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com<mailto:john.mauti@opg.com>>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com<mailto:may.lapira@opg.com>>; Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; Fullerton, Rick <RFullerton@osler.com<mailto:RFullerton@osler.com>>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca<mailto:Gadi.Mayman@ofina.on.ca>>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>; 'ian.benaiah@rbccm.com<mailto:ian.benaiah@rbccm.com>' <ian.benaiah@rbccm.com<mailto:ian.benaiah@rbccm.com>>; 'Khan, Nur (nur.khan@rbccm.com<mailto:nur.khan@rbccm.com>)' <nur.khan@rbccm.com<mailto:nur.khan@rbccm.com>>; 'brent.r.taylor@rbccm.com<mailto:brent.r.taylor@rbccm.com>' <brent.r.taylor@rbccm.com<mailto:brent.r.taylor@rbccm.com>>; 'katrina.niehaus@gs.com<mailto:katrina.niehaus@gs.com>' <katrina.niehaus@gs.com<mailto:katrina.niehaus@gs.com>>; 'brian.delaney@gs.com<mailto:brian.delaney@gs.com>' <brian.delaney@gs.com<mailto:brian.delaney@gs.com>>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com<mailto:Andrew.Maciel@cibc.com>>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com<mailto:Sunil.Adalja@cibc.com>>; 'Persad, Nicole' <Nicole.Persad@cibc.com<mailto:Nicole.Persad@cibc.com>>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com<mailto:Donnie.Persaud@cibc.com>>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca<mailto:Steen.Hume@ontario.ca>>; Saulnier, Brett <bsaulnier@torys.com<mailto:bsaulnier@torys.com>>; Olusoga, Yinka <yolusoga@torys.com<mailto:yolusoga@torys.com>>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>) <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>; PALMER, AARON <AARON.PALMER@blakes.com<mailto:AARON.PALMER@blakes.com>>; VINER, JON <JON.VINER@blakes.com<mailto:JON.VINER@blakes.com>>; PRESTAGE, JA <JA.PRESTAGE@blakes.com<mailto:JA.PRESTAGE@blakes.com>>

Subject: RE: Fair Hydro - Change of Law Protection Agreement

Hi,

Attached is a revised version of the Change of Law Protection Agreement. I believe that most of the changes reflected from last night's Osler version (blackline is attached) are of a drafting or conforming nature, other than: (1) the Province disagrees that Approved Refinancing terms should be unfettered by adherence conditions post-Suspension Event and (2) the proposed rating-based "materially and adversely" qualification in the definition of Protection Event (and in fact any such qualification) is not acceptable to the Province. With regard to (1), this version comes into line with the proposed approach (i.e., using a modified adherence condition) that was incorporated into the version of the Change of Law Process Agreement I circulated yesterday. A further turn of that Agreement, to conform the open item identified in section 3.02 to the revised Change of Law Protection Agreement, is also included here for your reference.

Please note that the Province is working through the drafting concurrently and so further drafting comments may be provided.

As mentioned yesterday, the Province would like to proceed with the Ministers sign-off briefing early next week, on the basis that these versions (minus the explanatory notes) are now in substantially final form. Please identify if you believe there are other 'must have' points (other than the 2 mentioned above).

Regards, Steve

Stephen R. Ashbourne

Partner

stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com>

Dir: 416-863-3086

From: Milligan, Peter [mailto:PMilligan@osler.com]

Sent: Thursday, December 07, 2017 6:44 PM

To: ASHBOURNE, STEPHEN; Sebastiano, Rocco; Mansoori, Nina

Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca<mailto:Daniel.Cayley@ontario.ca>)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com<mailto:ian.benaiah@rbccm.com>'; 'Khan, Nur (nur.khan@rbccm.com<mailto:nur.khan@rbccm.com>)'; 'brent.r.taylor@rbccm.com<mailto:brent.r.taylor@rbccm.com>'; 'katrina.niehaus@gs.com<mailto:katrina.niehaus@gs.com>'; 'brian.delaney@gs.com<mailto:brian.delaney@gs.com>'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Saulnier, Brett; Olusoga, Yinka; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>); PALMER, AARON; VINER, JON; PRESTAGE, JA

Subject: Fair Hydro - Change of Law Protection Agreement

All,

Attached is a revised comment draft of the Change of Low Protection Agreement reflecting comments from Torys and Osler. In order to meet this transaction's timeline, this comment draft has not been reviewed by OPG or the Dealers and is delivered subject to any comments they may have.

Peter

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From:	ASHBOURNE, STEPHEN
To:	Malle Hanslep (MOF); Ken Kandeepan; Mike Manning; Anna Strathy; Tobias P. Whitfield (MOF)
Subject:	RE: Fair Hydro - Change of Law Protection Agreement
Date:	Tuesday, December 12, 2017 9:21:15 AM
Attachments:	23239360-v29-Change of Law Protection Agreement.DOCX 23239360-vpdf-Change of Law Protection Agreement.PDF

Attached is my mark-up of the Protection Agreement. Please advise if you would like me to circulate it to the broader group at this stage, to facilitate the 10 am group call. Speak to you at 9:30. Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Tuesday, December 12, 2017 9:08 AM
To: ASHBOURNE, STEPHEN; Kandeepan, Ken (OFA); Manning, Mike (OFA); Strathy, Anna (OFA); Whitfield, Tobias P. (MOF)
Subject: FW: Fair Hydro - Change of Law Protection Agreement

Should we have a call before 10 a.m. to discuss status of these 2 documents? We are free anytime. Thanks.

From: Saulnier, Brett [mailto:bsaulnier@torys.com]
Sent: December 11, 2017 11:35 PM
To: ASHBOURNE, STEPHEN; Milligan, Peter; Sebastiano, Rocco; Mansoori, Nina
Cc: Kandeepan, Ken (OFA); 'LADAK Lubna -TREASURY'; Strathy, Anna (OFA); Veinot, Cindy (TBS); McKinlay, Tom (MAG); Donaldson, Mark (TBS); Cayley, Daniel (ENERGY); Thouin, Alena (ENERGY); Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie - LAWDIV'; Fullerton, Rick; Mayman, Gadi (OFA); Manning, Mike (OFA); Hanslep, Malle (MOF); 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; Hume, Steen (ENERGY); Olusoga, Yinka; Whitfield, Tobias P. (MOF); PALMER, AARON; VINER, JON; PRESTAGE, JA
Subject: RE: Fair Hydro - Change of Law Protection Agreement

All,

Attached for your review is a revised draft of the Change of Law Protection Agreement, clean and blacklined to the last version circulated by Blakes and reflecting the meetings held earlier today. As discussed, we need to provide the attached to the rating agencies **by no later than noon tomorrow** in order to meet our end of year financing deadline. Accordingly, we will be circulating a calendar invite to this group for 10 a.m. tomorrow morning to confirm the parties are signed off. If Osler or Blakes have any comments on the attached, we would ask that they be circulated to this group prior to the 10 a.m. call.

Kind regards,
Brett

Brett Saulnier
P. 416.865.8148 | F. 416.865.7380 | 1.800.505.8679

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: December-08-17 3:16 PM
To: Milligan, Peter <PMilligan@osler.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY)

(Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>

Subject: RE: Fair Hydro - Change of Law Protection Agreement

Hi,

Attached is a revised version of the Change of Law Protection Agreement. I believe that most of the changes reflected from last night's Osler version (blackline is attached) are of a drafting or conforming nature, other than: (1) the Province disagrees that Approved Refinancing terms should be unfettered by adherence conditions post-Suspension Event and (2) the proposed rating-based "materially and adversely" qualification in the definition of Protection Event (and in fact any such qualification) is not acceptable to the Province. With regard to (1), this version comes into line with the proposed approach (i.e., using a modified adherence condition) that was incorporated into the version of the Change of Law Process Agreement I circulated yesterday. A further turn of that Agreement, to conform the open item identified in section 3.02 to the revised Change of Law Protection Agreement, is also included here for your reference.

Please note that the Province is working through the drafting concurrently and so further drafting comments may be provided.

As mentioned yesterday, the Province would like to proceed with the Ministers sign-off briefing early next week, on the basis that these versions (minus the explanatory notes) are now in substantially final form. Please identify if you believe there are other 'must have' points (other than the 2 mentioned above).

Regards, Steve

Stephen R. Ashbourne
Partner
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Dir: 416-863-3086

From: Milligan, Peter [mailto:PMilligan@osler.com]
Sent: Thursday, December 07, 2017 6:44 PM
To: ASHBOURNE, STEPHEN; Sebastiano, Rocco; Mansoori, Nina
Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Saulnier, Brett; Olusoga, Yinka; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca); PALMER, AARON; VINER, JON; PRESTAGE, JA
Subject: Fair Hydro - Change of Law Protection Agreement

All,

Attached is a revised comment draft of the Change of Low Protection Agreement reflecting comments from Torys and Osler. In order to meet this transaction's timeline, this comment draft has

not been reviewed by OPG or the Dealers and is delivered subject to any comments they may have.
Peter

OSLER

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From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: Thursday, December 07, 2017 4:27 PM
To: Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro -- Change of Law Process Agreement

Hi,

Please find (attached) a further turn of the Change of Law Process Agreement, reflecting the Province's comments on the mark-up of the Agreement circulated yesterday afternoon by Torys. The attached blackline shows changes made to yesterday's Torys mark-up.

This version addresses concerns Rocco raised last night, to the extent the Province feels that the issues can be accommodated. For your information, I have set out below responses to Rocco's comments/observations (in CAPs).

The Province would like to proceed with the Ministers briefing early next week, on the basis that this version (minus the explanatory notes) is now in final form. If there are any critical revisions that the other parties believe reflect 'must have' priority, then the Province would like to have a call to discuss them as soon as possible.

Responses to Rocco's Points:

1. The change of the definition of Breach Event in Section 6.01 (i.e., the change to clause (a) and the addition of clause (b)) will result in an inconsistency with section 7.01(b) of the Change of Law Protection Agreement. This will require further consideration. [AGREED. 7.01(b) and 7.01(c) WILL NEED TO MIRROR THE CURE LANGUAGE WE SETTLE ON IN THE PROCESS AGREEMENT (SEE MY EARLIER COMMENTS). PERHAPS THE "which continues …" LANGUAGE IN 7.01(B) CAN BE REVISED TO READ: "to the extent that the Province would be entitled to provide a Suspension Notice in accordance with the terms of the agreement or agreements between the Province and OPG under which such obligations, requirements and processes arise". SIMILAR CHANGE FOR 7.01(C).
2. The right of the Province to issue an objection notice under Section 3.04(b) in connection with a Transaction Document provided to the Province which is required for a Refinancing of an Approved Obligation remains an outstanding issue. Clearly, this will depend upon what Adherence Conditions will be required under Section 4.02 of the Change of Law Protection Agreement in order to permit such Refinancing to become an Approved Obligation. If the Adherence Conditions set out in Section 4.02(a) of the Province's draft of the Change of Law Protection Agreement of December 4 were to apply to such Refinancing, to the extent that such refinancing required a change to a Transaction Document (e.g., as a result of a change to some rating agency condition or criteria), the Province's ability to issue an objection notice and thereby prevent the issuance of a Process Certificate under Section 3.01 (by virtue of Section 3.04) would have the effect of preventing a Refinancing. We trust that this was an unintended outcome of the drafting of Section 3.04 and/or the Adherence Conditions applicable to Refinancings. [THAT IS THE INTENDED EFFECT. THE ADHERENCE CONDITIONS WOULD APPLY TO THE REFINANCING, SO IF THE REFINANCING TERMS DEVIATED MATERIALLY (BASED ON THE SUBSTANTIALLY IN THE FORM" THRESHOLD"), THEN OPG WOULD REQUIRE THE PROVINCE NOT TO OBJECT IN ORDER TO PROCEED WITH THOSE NEW TERMS. OTHERWISE, THE REFINANCING COULD INCORPORATE TERMS AND CONDITIONS, WHICH WOULD BIND THE PROVINCE UNDER THE LIMITED GUARANTEE, THAT WOULD BE UNCONSTRAINED AND WITHOUT ANY ACCOUNTABILITY TO THE PROVINCE. IN ROCCO'S EXAMPLE, THAT MIGHT MEAN THAT OPG WOULD NEED TO RESORT TO UNRATED DEBT, IF THE PROVINCE WAS UNWILLING TO ACCEPT THE NEW TERMS. PRESUMABLY EVERYONE WOULD ACT RATIONALLY. HOWEVER, AS A FAILSAFE, OPG COULD OFFER INCREASED PRICING IN ORDER TO ATTRACT INVESTORS TO ACCEPT THE EARLIER VETTED TERMS (BASED ON THE THEN ACCEPTED REVIEWED DOCUMENTATION).]
3. Given that the Indenture Trustee is not a party to the Change of Law Process Agreement, the Province and OPG can amend the terms and conditions of this agreement without the consent of the indenture Trustee. Specified Creditors under an Approved Obligation need to be assured that the Province cannot prevent a Refinancing of an Approved Obligation either by virtue of the objection notice discussed in point #2 above or as a result of a future amendment to the agreement. There are a couple of ways to deal with this point. The first is to a add a beneficiary/third party rights clause in the Change of Law Process Agreement which acknowledges that the Indenture Trustee is a beneficiary of certain provisions of this agreement and as a result, the agreement cannot be amended without the consent of the Indenture Trustee. The second is to ensure that the Adherence Conditions relating to Refinancings under the Change of Law Protection Agreement are not dependent upon the terms of the Change of Law Process Agreement. In light of the desire to not disclose the terms and conditions of the Change of Law Process Agreement to the rating agencies, especially at this late stage in the process, we would expect that the latter approach would be preferable. [THE SUGGESTION REGARDING THE PROVINCE PREVENTING A REFINANCING IS ADDRESSED IN #2. IF THE REFINANCING TERMS WOULD EXCEED THE SCOPE OF THE TRANSACTION DOCUMENTS REVIEWED AND NOT OBJECTED TO BY THE PROVINCE, THEN THAT SUGGESTS THERE IS A MATERIAL EFFECT ON THE PROVINCE AND SO THE PROVINCE WOULD NEED THE ABILITY TO REVIEW AND CONSIDER THE PROPRIETY OF THOSE NEW TERMS FROM ITS PERSPECTIVE. AS FOR THE STANDALONE NATURE OF THE PROCESS AGREEMENT, THE INTENTION IS THAT THE

PROCESS AGREEMENT BE UNCOUPLED AND NOT PART OF THE COLLATERAL, AND AS MICHAEL FELDMAN HAS EXPLAINED, LEAVE FUTURE FLEXIBILITY FOR THIS LONG-TERM STRUCTURE. TO ADDRESS ROCCO'S CONCERN THAT THE PROVINCE AND OPG COULD CHANGE THE UNDERLYING OBLIGATIONS APPLICABLE TO ADHERENCE IN RELATION TO A NEW OBLIGATION, REQUIREMENT OR PROCESS IN THE PROCESS AGREEMENT THAT WOULD MAKE A REFINANCING LESS LIKELY TO OCCUR, WE HAVE ADDED AND USED IN THE ATTACHED VERSION A NEW DEFFINTION:

> "Approved Refinancing" means a Certified Primary Obligation proposed to be incurred as a Refinancing of an existing Certified Primary Obligation in respect of which the Adherence Conditions had been satisfied on the date such existing Certified Primary Obligation was incurred, that, at the time of incurrence, satisfies each of each of the Adherence Conditions except that the certificate contemplated to be delivered under Section 4.02(b) shall instead confirm that OPG has delivered to the Province a certificate by its applicable officers confirming that OPG would be in compliance with all obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the proposed Certified Primary Obligation that applied as between the Province and OPG on the date of issuance of such existing Certified Primary Obligation." Various references to "Refinancing" in the Protection Agreement can also be revised to refer to "Approved Refinancing", as required.

Regards, Steve

Stephen R. Ashbourne
Partner
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Blake, Cassels & Graydon LLP | Barristers & Solicitors | Patent & Trade-mark Agents
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From: Sebastiano, Rocco [mailto:RSebastiano@osler.com]
Sent: Wednesday, December 06, 2017 7:45 PM
To: Mansoori, Nina; ASHBOURNE, STEPHEN; VINER, JON; PRESTAGE, JA
Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Milligan, Peter; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Saulnier, Brett; Olusoga, Yinka

Subject: RE: Fair Hydro -- Change of Law Process Agreement

I have reviewed the revised draft of the Change of Law Process Agreement that Torys has prepared and would like to pass along the following comments/observations:

1. The change of the definition of Breach Event in Section 6.01 (i.e., the change to clause (a) and the addition of clause (b)) will result in an inconsistency with section 7.01(b) of the Change of Law Protection Agreement. This will require further consideration.

2. The right of the Province to issue an objection notice under Section 3.04(b) in connection with a Transaction Document provided to the Province which is required for a Refinancing of an Approved Obligation remains an outstanding issue. Clearly, this will depend upon what Adherence Conditions will be required under Section 4.02 of the Change of Law Protection Agreement in order to permit such Refinancing to become an Approved Obligation. If the Adherence Conditions set out in Section 4.02(a) of the Province's draft of the Change of Law Protection Agreement of December 4 were to apply to such Refinancing, to the extent that such refinancing required a change to a Transaction Document (e.g., as a result of a change to some rating agency condition or criteria), the Province's ability to issue an objection notice and thereby prevent the issuance of a Process Certificate under Section 3.01 (by virtue of Section 3.04) would have the effect of preventing a Refinancing. We trust that this was an unintended outcome of the drafting of Section 3.04 and/or the Adherence Conditions applicable to Refinancings.

3. Given that the Indenture Trustee is not a party to the Change of Law Process Agreement, the Province and OPG can amend the terms and conditions of this agreement without the consent of the indenture Trustee. Specified Creditors under an Approved Obligation need to be assured that the Province cannot prevent a Refinancing of an Approved Obligation either by virtue of the objection notice discussed in point #2 above or as a result of a future amendment to the agreement. There are a couple of ways to deal with this point. The first is to a add a beneficiary/third party rights clause in the Change of Law Process Agreement which acknowledges that the Indenture Trustee is a beneficiary of certain provisions of this agreement and as a result, the agreement cannot be amended without the consent of the Indenture Trustee. The second is to ensure that the Adherence Conditions relating to Refinancings under the Change of Law Protection Agreement are not dependent upon the terms of the Change of Law Process Agreement. In light of the desire to not disclose the terms and conditions of the Change of Law Process Agreement to the rating agencies, especially at this late stage in the process, we would expect that the latter approach would be preferable.

Regards, Rocco

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: Wednesday, December 06, 2017 4:38 PM
To: 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>; 'JON.VINER@blakes.com' <JON.VINER@blakes.com>; 'JA.PRESTAGE@blakes.com' <JA.PRESTAGE@blakes.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>;

'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Mansoori, Nina <nmansoori@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>
Subject: Fair Hydro -- Change of Law Process Agreement

Blakes team,

Please find attached OPG and Torys' comments on the Process Agreement reflecting our discussions from yesterday's call. Please note that this draft is subject to continuing review and comment by Osler and the dealers. As discussed at the tail end of our call yesterday, the section in the Process Agreement that gives the Province the right to object to new and material changes to transaction documents dovetails with the Protection Agreement so additional comments from Oslers may be forthcoming on this draft.

We are working on getting you a revised draft of the Protection Agreement either later today or tomorrow. In the meantime, please let us know if you have any comments or questions on the Process Agreement.

Best Regards,

Nina

Nina Mansoori
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Draft: December 12, 2017

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust organized under the laws of the Province of Ontario (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council 1981/2017 (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Primary Obligations that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred. This Agreement sets out the terms and conditions of such protections and assurances.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A, and any other capitalized terms not defined herein shall have the meanings assigned to them in the Trust Indenture;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 Proof of Approved Obligations

The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Manager deems to be sufficient.

Each statement delivered by the Manager under Section 2.01(a)i shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and each of the parties hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Manager shall act diligently in the preparation of each such statement and shall provide the Indenture Trustee and the Province with all supporting computations and calculations used by the Manager to prepare each such statement promptly following a request therefor made by the Indenture Trustee or the Province.

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture as of the date of this Agreement.

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 2.01 or Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee, the Financing Entity, the Financing Entity Trustee, the Manager or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by

electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the

Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 <u>Judgment Currency</u>

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 <u>Limited Guarantee</u>

(a) Upon the occurrence of a Protection Event, the Indenture Trustee may deliver a written demand, substantially in the form attached as **[Exhibit A]** (a "**Payment Demand**"), to the Province requiring the Province to make payments in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in this Agreement. From and after such delivery of a

Payment Demand, the Province shall make the following payments in respect of the Approved Obligations (the "**Limited Guarantee**"), the Financing Entity shall pay, and the Province shall be entitled to be paid, the Subrogation Amounts specified below, and the following terms shall apply:

i. Not less than three (3) Business Days prior to each day when any payment or payments are to be made in respect of one or more Approved Obligations occurring after such delivery of a Payment Demand (each such day, a "**Guarantee Payment Date**"), the Manager shall deliver a written statement setting forth the Aggregate Approved Obligations Amount, if any, in respect of the Approved Obligations that are due and payable on such Guarantee Payment Date, together with a detailed description identifying such Approved Obligations and the nature and amount of payments due and payable thereunder on the Guarantee Payment Date, the aggregate outstanding amount payable by the Financing Entity under such Approved Obligations as of the date of such written statement, and details regarding any default in performance by any party obligated thereunder.

ii. On each such Guarantee Payment Date, the Province shall deposit the Aggregate Approved Obligations Amount into the Protection Account.

iii. On each such Guarantee Payment Date, the Financing Entity and the Indenture Trustee shall ensure that the amounts on deposit in the Protection Account are applied to pay each Beneficiary to whom an amount is due and payable under an Approved Obligation on the Guarantee Payment Date the Approved Obligation Amount for such Beneficiary in respect of such Approved Obligation on such Guarantee Payment Date; provided that if the amount deposited pursuant to clause 2.01(a)ii is insufficient to pay all such Approved Obligation Amounts in full, the amount on deposit in the Protection Account on the Guarantee Payment Date shall be applied to pay Beneficiaries in the order of priority in which such Approved Obligations are payable under the payment provisions of the Trust Indenture applicable to the making of such payments on the Guarantee Payment Date (each, a "**Beneficiary Payee**" and each payment made to a Beneficiary Payee on a Guarantee Payment Date, a "**Guarantee Payment**").

iv. On the first Guarantee Payment Date and on each subsequent Guarantee Payment Date, Payment Date or other day on which any amount is required to be paid in respect of any Obligations Secured under the Trust Indenture (a "**Subrogation Payment Date**"), the Issuer and the Indenture

Trustee shall ensure that the applicable payment provisions of the Trust Indenture shall be applied and operate on the following basis[1]:

(A) If such day is a Guarantee Payment Date, then for each Approved Obligation for which amounts are paid to a Beneficiary Payee on such day pursuant to clause 2.01(a)iii in respect of principal, interest or any other amounts ("**Payable Approved Amounts**"), the amounts payable by the Financing Entity in respect of such amounts for such Approved Obligation shall be reduced by the respective amounts of such payments to the Beneficiary Payee, and equivalent amounts shall be payable by the Financing Entity to the Province as "**Subrogation Amounts**" in respect of such Approved Obligations, such Subrogation Amounts being payable in the same order of priority and with the same entitlements accruing to the Province as applied in respect of the related Payable Approved Amounts which were previously owing to the Beneficiary Payee, and to reflect this subrogation the payments set out in clause 2.01(a)iv(B) below shall be made by the Financing Entity.

(B) If the Province has made all deposits required to be made by it on each Guarantee Payment Date occurring on or before such day in accordance with clause 2.01(a)ii (or the related Approved Obligation Amounts have otherwise all been paid in full), then in respect of each Approved Obligation for which any related Subrogation Amounts have not yet been paid in full to the Province, the Financing Entity shall pay to the Province from amounts available under the Trust Indenture payment provisions and in accordance with the priority of payment provisions in the Trust Indenture the amount that would be payable on such date in satisfaction of the relevant Payable Approved Amounts, as determined without regard to any Guarantee Payment paid on any Guarantee Payment Date and also without regard to the corresponding reduction of the amounts owing to present and former Beneficiary Payees pursuant to subclause 2.01(a)iv(A) up to the amount of the unpaid related Subrogation Amounts.

(C) No Beneficiary having a right to be paid an amount in respect of an Approved Obligation, and no other Person entitled under an Obligation Secured, in each case that

[1] Explanatory Note: The deletion of the paramountcy provision is acceptable as long as section 2.01 if fully reflected in the Trust Indenture. To be confirmed.

ranks equal with or subordinate to the Payable Approved Amount in respect of which a Subrogation Amount is payable to the Province under subclause 2.01(a)iv(B), shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under such subclause (including any right of set-off, offset, reimbursement, contribution or indemnity) and no such Beneficiary or other Person shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of any such Subrogation Amount.

(D) For greater certainty, the entitlements of the Province in respect of Subrogation Amounts arising in respect of Payable Approved Obligations that are interest and principal obligations on Notes shall be treated for all purposes of the Trust Indenture as interest and principal obligations, respectively, arising under Notes having the same priority as and any applicable voting rights[2] under the related Approved Obligations, and accordingly the Province (and any successor, assignee or transferee of such entitlements) shall be entitled to all of the rights, entitlements, interests and privileges of a Holder of such a Notes in accordance with the Trust Indenture, as supplemented by the Supplemental Indenture or other indenture document under which the related Approved Obligations were issued.

(b) On each Guarantee Payment Date and upon demand by the Province, the Indenture Trustee shall release and pay to the Province free and clear of any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay Guarantee Payments to Beneficiary Payees on the Guarantee Payment Date in accordance with clause 2.01(a)iii or that otherwise remains on deposit in the Protection Account on the relevant date.

(c) In preparing any payment instructions under the Trust Indenture, the Manager shall reflect the amounts payable under Section 2.01(a), if applicable.

(d) The Province shall, as a payee of Subrogation Amounts under clause 2.01(a)iv(B) and as a payee of any amounts payable under clause 2.01(a)v, be a "Specified Creditor" under the Trust Indenture and have the benefit of the Collateral thereunder.

[2] Explanatory Note: As discussed, the Province understands that voting rights may be muted by the "outstanding" language in the Trust Indenture. Nevertheless, if voting rights would arise under the Trust Indenture they should be available to the Province.

(e) For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the Approved Obligation Amounts, if any, for payment to Beneficiary Payees and will be subject to the priorities and to the Province's rights to Subrogation Amounts, set forth in Section 2.01(a).

(f) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(g) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation by their terms.

(h) Any amount payable to the Province in respect of a Subrogation Amount shall bear interest from and including the date of payment by the Province of the related Guarantee Payment to but excluding the date of payment of the Subrogation Amount to the Province, such interest to accrue at the rate equivalent to the applicable interest rate borne by the related Approved Obligation, and such interest amounts shall be added to their respective Subrogated Amounts and shall consequently be payable in the same priority as the relevant Subrogated Amount under clause 2.01(a)iv(B), all such accruing interest amounts to be calculated and added to the Subrogation Amounts by the Manager in its discretion acting in a commercially reasonable fashion.

(i) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under and in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any amount due and payable to a Beneficiary Payee under the Limited Guarantee.

2.02 Intentionally Deleted.

2.03 <u>Absence of Set-off</u>

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 Payment into Protection Account in Satisfaction

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account" for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section **[7.03]** of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Financing Entity and the Indenture Trustee shall ensure that all amounts paid by the Province into the Protection Account on a Guarantee Payment Date in respect of an Approved Obligation are applied to pay the amounts due and payable to the Beneficiary Payee as and to the extent provided for in Section 2.01(a). Upon a payment having been made by or on behalf of the Province into the Protection Account, the amounts so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiary Payee as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such Beneficiary Payee in respect of the applicable Approved Obligations, whereupon an affected Beneficiary Payee shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid. For greater certainty, the obligations arising in respect of an applicable Approved Obligation shall not be reduced by such payment as the Province shall become entitled to be paid related Subrogation Amounts and the rights contemplated under Section 2.01(a) and Section 5.01 in relation to such continuing obligations.

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations in accordance with Section 8.01.

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

A Primary Obligation shall constitute an Approved Obligation if (i) the Adherence Conditions applicable thereto have been satisfied at the time the Primary Obligation was incurred, (ii) the Province, in its sole discretion, designates in writing that it is an Approved Obligation or (iii) the Primary Obligation is a Post-Suspension Refinancing or a Pre-Approved Refinancing.

4.02 Adherence Conditions

(a) The following shall be the Adherence Conditions applicable in relation to each Certified Primary Obligation:

i. the Certified Primary Obligation when incurred is an Obligation Secured under the Trust Indenture; and

ii. OPG, as FSM, delivers an Adherence Compliance Certificate in the form attached hereto as Exhibit B signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee, on or before the incurrence of the Certified Primary Obligation (provided that delivery may not be more than 5 Business Days before the incurrence of the Certified Primary Obligation); and

iii. the Province has not provided a Suspension Notice to the Indenture Trustee, OPG and the Financing Entity.

(b) Without limiting any obligations of OPG to the Province arising other than pursuant to this Agreement, satisfaction of the Adherence Conditions for a Certified Primary Obligation shall be deemed satisfaction of the Adherence Conditions in respect of all principal, interest and other amounts owing under the Certified Primary Obligation, as such Certified Primary Obligation may be amended, restated, supplemented or modified from time to time.

(c) For greater certainty, there shall be no Adherence Conditions applicable in relation to a Primary Obligation that is not a Certified Primary Obligation.

4.03 <u>Evidence of Satisfaction</u>

An Adherence Compliance Certificate delivered in accordance with clause 4.02(a)ii shall be determinative as to whether the applicable Adherence Condition with respect thereto has been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same. An Adherence Compliance Certificate that purports on its face to be signed by officers specified in clause 4.02(a)ii may be relied upon by any addressee without further enquiry or evidence as to the incumbency or signatures of such officers. If an Adherence Compliance Certificate is not delivered in accordance with the timing requirements of clause 4.02(a)ii such certificate may be delivered at a later date, and be effective as if it had been delivered in accordance with the timing requirement of clause 4.02(a)ii if at the time such certificate was otherwise required to be delivered OPG had delivered to the Province all certifications required by the Province in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation.

ARTICLE V
PROVINCE MATTERS

5.01 <u>Assignment and Subrogation</u>

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's

rights and interests under and in respect of the Approved Obligation to the extent of such payment, and shall be entitled to (i) the right and entitlement to be paid and receive the related Subrogation Amounts, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including Sections **[7.04]** through **[7.11]** and **[8.13]** (Payment Priorities), Section **[7.12]** (Payments Held in Trust), Section **[8.11]** (Control by Controlling Class Creditors), Section **[8.12]** (Limitation on Suits), Section **[8.14]** (Limited Recourse), Article IX (The Indenture Trustee), including all limitations of liability thereunder, Section **[9.14]** (Communications to Specified Creditors) and Section **[16.01]** (No Petition); (ii) consents, requests and authorizes the Issuer and the Indenture Trustee to (x) add the Province to the register of Specified Creditors described in subsection **[13.13(b)]** of the Trust Indenture and (y) disseminate the notice details of the Province to other Specified Creditors for the purposes set out in subsection **[9.14(b)]** of the Trust Indenture, and (iii) confirms that it will execute and deliver, or cause to be executed and delivered, all such further agreements, documents and instruments in connection with this Section 5.01 as the Indenture Trustee may request from time to time for the purpose of giving effect to the terms of this Section 5.01.

5.02 <u>Priorities</u>

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation and the Payable Approved Amounts

thereunder shall rank equally with the rights, interests and entitlements of a Beneficiary to whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture in the manner and to the extent contemplated in Section **[7.10]** of the Trust Indenture.

5.03 Intentionally Deleted

5.04 Representations and Warranties

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
INDENTURE TRUSTEE MATTERS

6.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

6.02 Not Responsible for Recitals

The recitals contained herein will be taken as the statements of the Province, the Financing Entity and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

6.03 Representations and Covenants of the Indenture Trustee

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Agreement and has taken all necessary action to authorize the execution, delivery and performance by it of this Agreement;

(c) this Agreement has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada. If, notwithstanding the provisions of this subsection 6.03(d), the Indenture Trustee ceases to be so authorized to carry on business, the validity and enforceability of this Agreement shall not be affected in any manner whatsoever by reason only of such event.

ARTICLE VII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

7.01 Suspension Notice

Upon:

(a) a Program Breach;

(b) a default in the performance, or breach, of any covenants of OPG, as FSM, or OPG, in its corporate capacity, in each case to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligation and the expiration of any applicable cure period;

(c) a representation or warranty made by OPG or a certification made by one or more officers of OPG, in each case whether as FSM or in its corporate capacity, to the Province in connection with its obligations to the Province and its internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligations, proves to be incorrect in any material respect on the date made and the expiration of any applicable cure period; or

(d) the FSM no longer being the Manager or actions having been taken by or on behalf of the Indenture Trustee to remove the FSM as the Manager;

the Province may declare that the Limited Guarantee under this Agreement shall not apply to any Primary Obligations incurred on or after such declaration, excluding Post-Suspension Refinancings or Pre-Approved Refinancings, by delivering a written notice in

the form of Exhibit C (a "**Suspension Notice**") to the Indenture Trustee, the FSM and the Financing Entity.

7.02 Suspension

If a Suspension Notice has been provided under Section 7.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of: (i) any Primary Obligation incurred, excluding Post-Suspension Refinancings or Pre-Approved Refinancings, or (ii) any amendment of any Primary Obligation that has a Material Effect, unless otherwise agreed to by the Province, in each case, on or after the time such Suspension Notice is delivered.

7.03 Additional Right of the Province Regarding Post-Suspension Refinancings

Following the occurrence of a Suspension Event, the Limited Guarantee shall continue to apply in respect of any Post-Suspension Refinancing (for greater certainty, without regard to the satisfaction of any Adherence Conditions thereto); provided that prior to the Financing Entity incurring any Primary Obligation constituting a Post-Suspension Refinancing, the Manager shall provide the Province with at least 30 days' notice of its intention to seek a Post-Suspension Refinancing and prior to incurrence, which notice shall describe the material covenants, events of default, representations and warranties and indemnities of the Financing Entity and other material terms, excluding financial terms, rates and levels (the "**Proposal**"), and during such 30 day period the Province may, but is not obligated to, offer to fund such Post-Suspension Refinancing or arrange for another Person to fund such Post-Suspension Refinancing on the same terms as set out in the Proposal or on such other terms as may be considered by the Province to be not more onerous on the Financing Entity and that are acceptable on that basis to the Financing Entity, acting reasonably. If, within such 30-day period, the Province elects to offer to fund such Post-Suspension Refinancing as provided in the preceding sentence, the Manager shall accept such offer; however, if the Province does not elect to offer to fund such Post-Suspension Refinancing, the Manager shall cause the Financing Entity to incur Primary Obligations constituting such a Post-Suspension Refinancing on substantially the same terms as than those set out in the Proposal if the Post-Suspension Refinancing can be completed by the Financing Entity in compliance with the Act, or on such other terms as may be considered by the Financing Entity to be not more onerous on the Province and that are acceptable on that basis to the Province, acting reasonably.

7.04 No Impact on Adherence

For greater certainty, the occurrence of a Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event or in respect of any Post-Suspension Refinancing.

ARTICLE VIII
MISCELLANEOUS

8.01 Term of Agreement

This Agreement will continue until the later of: (a) the date that no amount is or may become due and payable by the Province under the Limited Guarantee and (b) the date that no amount is or may become due and payable to the Province in respect of any Subrogation Amount.

8.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: Manager, Corporate Trust
Fax: (416) 981-9777
Email: corporatetrust.toronto@computershare.com

(b) if to the FSM:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

(c) if to the Province:

Minister of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Minister of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

With copies to:

Deputy Minister of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Deputy Minister of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 8.02.

8.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section 8.03 shall be null and void.

8.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

8.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

8.07 Notice to Rating Agencies

OPG, as FSM, shall deliver prompt written notice to the Rating Agencies of the occurrence of (i) a Protection Event; (ii) receipt of a Suspension Notice delivered by the Province pursuant to Section 7.01; and (iii) an assignment of this Agreement by any party pursuant to Section 8.03.

8.08 Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their benefits hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

8.09 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, IN ITS CAPACITY AS TRUSTEE OF FAIR HYDRO TRUST, AS ISSUER, BY ONTARIO POWER GENERATION INC., NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration of a funding obligation" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Compliance Certificate**" means a certificate in the form attached hereto as Exhibit B delivered by the FSM in accordance with Section 4.02(a)ii.

"**Adherence Conditions**", means, in respect of a Certified Primary Obligation, the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of a Guarantee Payment Date, the aggregate of the Approved Obligation Amounts for such Guarantee Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, for a Beneficiary in respect of an Approved Obligation under which an amount is due and payable on a Guarantee Payment Date:

(a) if no Acceleration has occurred in respect of any Obligation Secured on or before the Guarantee Payment Date, the amount due and payable to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation (for greater certainty, determined on the assumption that there are adequate amounts available under the applicable payment provisions of the Trust Indenture to pay in full all amounts referred to in such payment provisions that are due and payable on the Guarantee Payment Date); and

(b) if an Acceleration has occurred in respect of any Obligations Secured on or before the Guarantee Payment Date, the amount that would be available to be paid to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation under the applicable payment provisions of the Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with such applicable payment provisions of the Trust Indenture in respect of each relevant month during each Reference Period is equal to the estimated Finance Amount determined in respect of such Reference Period for purposes of section 15(1) of the Act (in effect on the date hereof), including section 6.1 of the General Regulation (in effect on the date hereof), divided by the number of months in such Reference Period.

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Beneficiary Payee**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Certified Primary Obligations**" means Primary Obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest, including any Refinancing, other than a Post-Suspension Refinancing or a Pre-Approved Refinancing, of such a Primary Obligation (for greater certainty, including, in the case of any Certified Primary Obligation permitting funding transactions pursuant to a Funding Obligation Agreement applicable to the Certified Primary Obligation, each individual borrowing or funding utilization thereunder), (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not any individual trade confirmation other than a trade confirmation that modifies or purports to override the express terms or conditions of the related Master Agreement, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and expected (as determined by the Manager, acting reasonably) aggregate payments by the Financing Entity thereunder during the term of such contract are or would be in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).

"**Change of Law Protection Agreement**" means this Agreement.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Determination Date**" has the meaning ascribed thereto in clause 2.01(a)iv.

"**Executive Officer**" has the meaning ascribed to the term "executive officer" in National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators.

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the first paragraph of this Agreement until a successor Financing Entity Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and the Declaration of Trust, and thereafter "Financing Entity Trustee" means and includes such Person.

"**Financing Plan**" has the meaning ascribed to the term "Financing Plan" in the Act.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Guarantee Payment**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Guarantee Payment Date**" has the meaning ascribed thereto in Section 2.01(a)i.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**Holder**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Liens**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(a).

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity, as amended, supplemented, restated or otherwise modified from time to time.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Agreement**" means an agreement in the form of a Master Agreement as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, as amended, supplemented, restated or otherwise modified from time to time.

"**Material Effect**" means any change that could affect (i) the timing of or circumstances under which Primary Obligations would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization); (ii) the appointment, obligations or duties of OPG as the Manager; (iii) the existence, powers or authority of the Financing Entity or the Financing Entity Trustee; (iv) the obligations of the Indenture Trustee to or in respect of the Province as a Specified Creditor; (v) the limitations and requirements otherwise applicable to the capital structure of the Financing Entity under any existing Program Agreement; (vi) the payment provisions and associated priorities set forth in the Trust Indenture; (vii) the obligations or liability of the Financing Entity to pay any tax, (viii) compliance by the FSM with the then applicable Financing Plan; (ix) the circumstances in which a Protection Event could arise; (x) compliance by the FSM, the Financing Entity or IESO with the Act or the General Regulation; (xi) the nature or character of the payment obligations (but, subject to compliance with the Financing Plan, irrespective of the amount payable thereunder) that could become payable under the Limited Guarantee; or (xii) the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of this Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation.

"**Notes**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Payable Approved Amounts**" has the meaning ascribed thereto in 2.01(a).

"**Payment Date**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, unlimited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Post-Suspension Refinancing**" means a Funding Obligation that is an Obligation Secured and that is incurred on or after the occurrence of a Suspension Event in compliance with the requirements of Section 7.03, as a Refinancing of one or more Series of Approved Obligations, in each case the proceeds of which are used solely for the purpose of repaying one or more Funding Obligations that are Approved Obligations.

"**Pre-Approved Refinancing**" means a Refinancing of a Certified Primary Obligation in respect of which the Province has, prior to the issuance of such Certified Primary Obligation, consented to such Refinancing not being a Certified Primary Obligation to which the Adherence Conditions would otherwise apply.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account or Finance Reserve Account; and (ii) any obligation to pay the Financing Entity or on the Financing Entity's direction any remaining amounts in the Collection Account pursuant to the Trust Indenture.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that (X) adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations, in each case determined after taking into account and having regard to any funds available at such time, including (i) in any Finance Reserve Account, Capital Account or collateral posting account applicable under a Derivative Agreement, (ii) under any credit enhancement agreement to which the Financing Entity is a party and (iii) after collecting the True-up Amount in the Reference Period immediately following the Reference Period during which an event described in any of subclauses (a)(i) to a(v) occurs, or (Y) adversely changes or adversely affects the enforceability of the terms and conditions of this Agreement or of any of the agreements under which Approved Obligations arise; or

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Approved Obligations that have become due and payable, in each case determined after taking into account and having regard to any funds available at such time, including (i) in any Finance Reserve Account, Capital Account or collateral posting account applicable under a Derivative Agreement, (ii) under any credit enhancement agreement to which the Financing Entity is a party and (iii) after collecting the True-up Amount in the Reference Period immediately following the Reference Period during which an event described in this clause (b) occurs.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency Condition" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Reference Period**" has the meaning ascribed to the term "reference period" in the Act.

"**Refinancing**" has the meaning ascribed to the term "refinancing" in the Act as of the date hereof, as more particularly described and given meaning in the General Regulation as of the date hereof.

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Specified Creditor**" has the meaning ascribed thereto in the Trust Indenture on the date hereof.

"**Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(B).

"**Subrogation Payment Date**" has the meaning ascribed thereto in clause 2.01(a)iv.

"**Suspension Event**" has the meaning ascribed thereto in Section 7.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 7.01.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**True-up Amount**" has the meaning ascribed to the term "true up amount" in the Act.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

EXHIBIT A
FORM OF PAYMENT DEMAND

TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Pursuant to and in accordance with section 2.01(a) of the Change of the Law Protection Agreement, the Indenture Trustee hereby demands payment from the Province in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in the Change of Law Protection Agreement.

DATED as of the [■] day of [■], [■].

BNY TRUST COMPANY OF CANADA

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT B
FORM OF ADHERENCE COMPLIANCE CERTIFICATE UNDER SECTION 4.02(a)

TO: **BNY TRUST COMPANY OF CANADA**, in its capacity as Indenture Trustee (the "**Indenture Trustee**") under the Master Trust Indenture dated as of December ●, 2017 between Fair Hydro Trust and the Indenture Trustee (the "**Master Trust Indenture**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province of Ontario, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust, Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Each of the undersigned, being the ● and ● of OPG acting in its capacity as FSM and holding the offices set forth under their names and signatures below, pursuant to and accordance with clause 4.02(a)ii of the Change of Law Protection Agreement, hereby certifies for and on behalf of OPG, in its capacity as Financial Services Manager, and not in such officer's personal capacity and intending that this certificate may be relied on by the addressees hereof without independent inquiry, that:

1. I have read and understand the provisions of the Change of Law Protection Agreement, the Master Trust Indenture and all other documents and materials necessary to enable me to deliver this certificate.
2. If the Certified Primary Obligation is a Refinancing, the proceeds of the Refinancing will be used solely for the purpose of repaying one or more Certified Primary Obligations in respect of which the Adherence Conditions in Subsection 4.02(a) of the Change of Law Protection Agreement had been satisfied, including one or more other Refinancings in respect of which the Adherence Conditions in Subsection 4.02(a) of the Change of Law Protection Agreement had been satisfied.
3. OPG has delivered to the Province a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate was provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation.

DATED as of the [■] day of [■], [■].

Name: [3]	Name:
Office:	Office:

[3] This certificate must be signed by two officers of OPG being either (i) the Chief Financial Officer and the Treasurer, or (ii) any two Executive Officers (as defined in the Change of Law Protection Agreement) of OPG.

EXHIBIT C
SUSPENSION NOTICE

TO: Ontario Power Generation Inc., in its capacity as Financial Services Manager

AND TO: Fair Hydro Trust

AND TO: Computershare Trust Company of Canada, in its capacity as trustee of Fair Hydro Trust

AND TO: BNY Trust Company of Canada, as Indenture Trustee

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement. All references in this Suspension Notice to "Articles" or "Sections" refer to Articles or Sections of the Change of Law Protection Agreement.

The Province has a reasonable basis for concluding that an event described in clauses (a) to (d) of Section 7.01 has occurred. Pursuant to Section 7.01, the Province hereby declares that the Limited Guarantee shall hereby not apply in respect of (i) any Primary Obligation incurred, excluding Post-Suspension Refinancings or Pre-Approved Refinancings or (ii) any amendment of any Primary Obligation that has a Material Effect, unless otherwise agreed to by the Province, in each case, on or after delivery of this Suspension Notice.

This Suspension Notice is hereby delivered to the FSM, the Financing Entity and the Indenture Trustee in accordance with Section 8.02 of the Change of Law Protection Agreement.

* * * *

DATED as of the [■] day of [■], [■].

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust organized under the laws of the Province of Ontario (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council 1981/2017 (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Primary Obligations that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred. This Agreement sets out the terms and conditions of such protections and assurances.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A, and any other capitalized terms not defined herein shall have the meanings assigned to them in the Trust Indenture;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this

Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 Proof of Approved Obligations

The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Manager deems to be sufficient.

Each statement delivered by the Manager under Section 2.01(a)i shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and each of the parties hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Manager shall act diligently in the preparation of each such statement and shall provide the Indenture Trustee and the Province with all supporting computations and calculations used by the Manager to prepare each such statement promptly following a request therefor made by the Indenture Trustee or the Province.

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture as of the date of this Agreement.

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 2.01 or Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a

related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee, the Financing Entity, the Financing Entity Trustee, the Manager or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee may deliver a written demand, substantially in the form attached as **[Exhibit A]** (a "**Payment Demand**"), to the Province requiring the Province to make payments in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in this Agreement. From and after such delivery of a Payment Demand, the Province shall make the following payments in respect of the Approved Obligations (the "**Limited Guarantee**"), the Financing Entity shall pay, and the Province shall be entitled to be paid, the Subrogation Amounts specified below, and the following terms shall apply:

i. Not less than three (3) Business Days prior to each day when any payment or payments are to be made in respect of one or more Approved Obligations occurring after such delivery of a Payment Demand (each such day, a "**Guarantee Payment Date**"), the Manager shall deliver a written statement setting forth the Aggregate Approved Obligations Amount, if any, in respect of the Approved Obligations that are due and payable on such Guarantee Payment Date, together with a detailed description identifying such Approved Obligations and the nature and amount of payments due and payable thereunder on the Guarantee Payment Date, the aggregate outstanding amount payable by the Financing Entity under such Approved Obligations as of the date of such written statement, and details regarding any default in performance by any party obligated thereunder.

ii. On each such Guarantee Payment Date, the Province shall deposit the Aggregate Approved Obligations Amount into the Protection Account.

iii. On each such Guarantee Payment Date, the Financing Entity and the Indenture Trustee shall ensure that the amounts on deposit in the Protection Account are applied to pay each Beneficiary to whom an amount is due and payable under an Approved Obligation on the Guarantee Payment Date the Approved Obligation Amount for such Beneficiary in respect of such Approved Obligation on such Guarantee Payment Date; provided that if the amount deposited pursuant to clause 2.01(a)ii is insufficient to pay all such Approved Obligation Amounts in full, the amount on deposit in the Protection Account on the Guarantee Payment Date shall be applied to pay Beneficiaries in the order of priority in which such Approved Obligations are payable under the

payment provisions of the Trust Indenture applicable to the making of such payments on the Guarantee Payment Date (each, a "**Beneficiary Payee**" and each payment made to a Beneficiary Payee on a Guarantee Payment Date, a "**Guarantee Payment**").

iv. On the first Guarantee Payment Date and on each subsequent Guarantee Payment Date, Payment Date or other day on which any amount is required to be paid in respect of any Obligations Secured under the Trust Indenture (a "**Subrogation Payment Date**"), the Issuer and the Indenture Trustee shall ensure that the applicable payment provisions of the Trust Indenture shall be applied and operate on the following basis[1]:

(A) If such day is a Guarantee Payment Date, then for each Approved Obligation for which amounts are paid to a Beneficiary Payee on such day pursuant to clause 2.01(a)iii in respect of principal, interest or any other amounts ("**Payable Approved Amounts**"), the amounts payable by the ~~Issuer~~Financing Entity in respect of such amounts for such Approved Obligation shall be reduced by the respective amounts of such payments to the Beneficiary Payee, and equivalent amounts shall be payable by the ~~Issuer~~Financing Entity to the Province as "**Subrogation Amounts**" in respect of such Approved Obligations, such Subrogation Amounts being payable in the same order of priority and with the same entitlements accruing to the Province as applied in respect of the related Payable Approved Amounts which were previously owing to the Beneficiary Payee, and to reflect this subrogation the payments set out in clause 2.01(a)iv(B) below shall be made by the ~~Issuer~~Financing Entity.

(B) If the Province has made all deposits required to be made by it on each Guarantee Payment Date occurring on or before such day in accordance with clause 2.01(a)ii (or the related Approved Obligation Amounts have otherwise all been paid in full), then in respect of each Approved Obligation for which any related Subrogation Amounts have not yet been paid in full to the Province, the ~~Issuer~~Financing Entity shall pay to the Province from amounts available under the Trust Indenture payment

[1] Explanatory Note: The deletion of the paramountcy provision is acceptable as long as section 2.01 if fully reflected in the Trust Indenture. To be confirmed.

provisions and in accordance with the ~~applicable Payment Waterfalls~~priority of payment provisions in the Trust Indenture the amount that would be payable on such date in satisfaction of the relevant Payable Approved Amounts, as determined without regard to any Guarantee Payment paid on any Guarantee Payment Date and also without regard to the corresponding reduction of the amounts owing to present and former Beneficiary Payees pursuant to subclause 2.01(a)iv(A) up to the amount of the unpaid related Subrogation Amounts.

(C) No Beneficiary having a right to be paid an amount in respect of an Approved Obligation, and no other Person entitled under an Obligation Secured, in each case that ranks equal with or subordinate to the Payable Approved Amount in respect of which a Subrogation Amount is payable to the Province under subclause 2.01(a)iv(B), shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under such subclause (including any right of set-off, offset, reimbursement, contribution or indemnity) and no such Beneficiary or other Person shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of any such Subrogation Amount.

(D) For greater certainty, the entitlements of the Province in respect of Subrogation Amounts arising in respect of Payable Approved Obligations that are interest and principal obligations on Notes shall be treated for all purposes of the Trust Indenture as interest and principal obligations, respectively, arising under Notes having the same priority as and any applicable voting rights[2] under the related Approved Obligations, and accordingly the Province (and any successor, assignee or transferee of such entitlements) shall be entitled to all of the rights, entitlements, interests and privileges of a Holder of such a Notes in accordance with the Trust Indenture, as supplemented by the Supplemental Indenture or other indenture document under which the related Approved Obligations were issued.

[2] Explanatory Note: As discussed, the Province understands that voting rights may be muted by the "outstanding" language in the Trust Indenture. Nevertheless, if voting rights would arise under the Trust Indenture they should be available to the Province.

(b) ~~v.~~ On each Guarantee Payment Date and upon demand by the Province, the Indenture Trustee shall release and pay to the Province free and clear of any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay Guarantee Payments to Beneficiary Payees on the Guarantee Payment Date in accordance with clause 2.01(a)iii or that otherwise remains on deposit in the Protection Account on the relevant date.

(c) ~~vi.~~ In preparing any payment instructions under the Trust Indenture, the Manager shall reflect the amounts payable under Section 2.01(a), if applicable.

(d) ~~vii.~~ The Province shall, as a payee of Subrogation Amounts under clause 2.01(a)iv(B) and as a payee of any amounts payable under clause 2.01(a)v, be a "Specified Creditor" under the Trust Indenture and have the benefit of the Collateral thereunder.

(e) ~~viii.~~ For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the Approved Obligation Amounts, if any, for payment to Beneficiary Payees and will be subject to the priorities and to the Province's rights to Subrogation Amounts, set forth in Section 2.01(a).

(f) ~~ix.~~ Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(g) ~~x.~~ Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation by their terms.

(h) ~~xi.~~ Any amount payable to the Province in respect of a Subrogation Amount shall bear interest from and including the date of payment by the Province of the related Guarantee Payment to but excluding the date of payment of the Subrogation Amount to the Province, such interest to accrue at the rate equivalent to the applicable interest rate borne by the related Approved Obligation, and such interest amounts shall be added to their respective Subrogated Amounts and shall consequently be payable in the same priority as the relevant Subrogated Amount under clause 2.01(a)iv(B), all such accruing interest amounts to be calculated and added to the Subrogation Amounts by the Manager in its discretion acting in a commercially reasonable fashion.

(i) ~~xii.~~ The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under and in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any amount due and payable to a Beneficiary Payee under the Limited Guarantee.

~~(b) The Province shall, as a payee of Subrogation Amounts under clause 2.01(a)iv(B), and as a payee of any amounts payable under clause 2.01(a)vi, be a "Specified Creditor" under the Trust Indenture and have the benefit of the Collateral thereunder.~~

~~(c) For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the Approved Obligation Amounts, if any, for payment to Beneficiary Payees and will be subject to the priorities and to the Province's rights to Subrogation Amounts, set forth in Section 2.01(a).~~

~~(d) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.~~

~~(e) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation by their terms.~~

~~(f) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under and in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any amount due and payable to a Beneficiary Payee under the Limited Guarantee.~~

2.02 Intentionally Deleted.

2.03 Absence of Set-off

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 Payment into Protection Account in Satisfaction

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account" for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section **[7.03]** of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Financing Entity and the Indenture Trustee shall ensure that all amounts paid by the Province into the Protection Account on a Guarantee Payment Date in respect of an Approved Obligation are applied to pay the amounts due and payable to the Beneficiary Payee as and to the extent provided for in Section 2.01(a). Upon a payment having been made by or on behalf of the Province into the Protection Account, the amounts so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiary Payee as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such Beneficiary Payee in respect of the applicable Approved Obligations, whereupon an affected Beneficiary Payee shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid. For greater certainty, the obligations arising in respect of an applicable Approved Obligation shall not be reduced by such payment as the Province shall become entitled to be paid related Subrogation Amounts and the rights contemplated under Section 2.01(a) and Section 5.01 in relation to such continuing obligations.

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations in accordance with Section 8.01.

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

A Primary Obligation shall constitute an Approved Obligation if (i) the Adherence Conditions applicable thereto have been satisfied at the time the Primary Obligation was incurred, (ii) the Province, in its sole discretion, designates in writing that it is an Approved

Obligation or (iii) the Primary Obligation is a Post-Suspension Refinancing or a Pre-Approved Refinancing.

4.02 Adherence Conditions

(a) The following shall be the Adherence Conditions applicable in relation to each Certified Primary Obligation:

i. the Certified Primary Obligation when incurred is an Obligation Secured under the Trust Indenture; and

ii. OPG, as FSM, delivers an Adherence Compliance Certificate in the form attached hereto as Exhibit B~~-1~~ signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee, on or before the incurrence of ~~a~~the Certified Primary Obligation (provided that delivery may not be more than 5 Business Days before the incurrence of the Certified Primary Obligation); and

iii. the Province has not provided a Suspension Notice to the Indenture Trustee, OPG and the Financing Entity.

(b) ~~For greater certainty~~Without limiting any obligations of OPG to the Province arising other than pursuant to this Agreement, satisfaction of the Adherence Conditions for a Certified Primary Obligation shall be deemed satisfaction of the Adherence Conditions in respect of all principal, interest and other amounts owing under the Certified Primary Obligation, as such Certified Primary Obligation may be amended, restated, supplemented or modified from time to time~~, without limiting any obligations of OPG to the Province arising other than pursuant to this Agreement~~.

(c) For greater certainty, there shall be no Adherence Conditions applicable in relation to a Primary Obligation that is not a Certified Primary Obligation.

4.03 Evidence of Satisfaction

An Adherence Compliance Certificate delivered in accordance with clause 4.02(a)ii shall be determinative as to whether the applicable Adherence ~~Conditions~~Condition with respect thereto ~~have~~has been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same. An Adherence Compliance Certificate that purports on its face to be signed by officers specified in clause 4.02(a)ii may be relied upon by any addressee without further enquiry or evidence as to the incumbency or signatures of such officers. If an Adherence Compliance Certificate is not delivered in accordance with the timing requirements of clause 4.02(a)ii such certificate may be delivered at a later date, and be effective

as if it had been delivered in accordance with the timing requirement of clause 4.02(a)ii if at the time such certificate was otherwise required to be delivered OPG had delivered to the Province all certifications required by the Province in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation.

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, and shall be entitled to (i) the right and entitlement to be paid and receive the related Subrogation Amounts, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including Sections **[7.04]** through **[7.11]** and **[8.13]** (Payment Priorities), Section **[7.12]** (Payments Held in Trust), Section **[8.11]** (Control by Controlling Class Creditors),

Section **[8.12]** (Limitation on Suits), Section **[8.14]** (Limited Recourse), Article IX (The Indenture Trustee), including all limitations of liability thereunder, Section **[9.14]** (Communications to Specified Creditors) and Section **[16.01]** (No Petition); (ii) consents, requests and authorizes the Issuer and the Indenture Trustee to (x) add the Province to the register of Specified Creditors described in subsection **[13.13(b)]** of the Trust Indenture and (y) disseminate the notice details of the Province to other Specified Creditors for the purposes set out in subsection **[9.14(b)]** of the Trust Indenture, and (iii) confirms that it will execute and deliver, or cause to be executed and delivered, all such further agreements, documents and instruments in connection with this Section 5.01 as the Indenture Trustee may request from time to time for the purpose of giving effect to the terms of this Section 5.01.

5.02 Priorities

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation and the Payable Approved Amounts thereunder shall rank equally with the rights, interests and entitlements of a Beneficiary to whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture in the manner and to the extent contemplated in Section **[7.10]** of the Trust Indenture.

5.03 Intentionally Deleted

5.04 Representations and Warranties

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
INDENTURE TRUSTEE MATTERS

6.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection

herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

6.02 Not Responsible for Recitals

The recitals contained herein will be taken as the statements of the Province, the Financing Entity and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

6.03 Representations and Covenants of the Indenture Trustee

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Agreement and has taken all necessary action to authorize the execution, delivery and performance by it of this Agreement;

(c) this Agreement has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada. If, notwithstanding the provisions of this subsection 6.03(d), the Indenture Trustee ceases to be so authorized to carry on business, the validity and enforceability of this Agreement shall not be affected in any manner whatsoever by reason only of such event.

ARTICLE VII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

7.01 Suspension Notice

Upon:

(a) a Program Breach;

(b) a default in the performance, or breach, of any covenants of OPG, as FSM, or OPG, in its corporate capacity, in each case to the Province in connection with its

obligations to the Province pursuant to internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligation and the expiration of any applicable cure period;

(c) a representation or warranty made by OPG or a certification made by one or more officers of OPG, in each case whether as FSM or in its corporate capacity, to the Province in connection with its obligations to the Province and its internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligations, proves to be incorrect in any material respect on the date made and the expiration of any applicable cure period; or

(d) the FSM no longer being the Manager or actions having been taken by or on behalf of the Indenture Trustee to remove the FSM as the Manager;

the Province may declare that the Limited Guarantee under this Agreement shall not apply to any Primary Obligations incurred on or after such declaration, excluding Post-Suspension Refinancings or Pre-Approved Refinancings, by delivering a written notice in the form of Exhibit C (a "**Suspension Notice**") to the Indenture Trustee, the FSM and the Financing Entity.

7.02 Suspension

If a Suspension Notice has been provided under Section 7.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of: (i) any Primary Obligation incurred, excluding Post-Suspension Refinancings or Pre-Approved Refinancings, or (ii) any amendment of any Primary Obligation that has a Material Effect, unless otherwise agreed to by the Province, in each case, on or after the time such Suspension Notice is delivered.

7.03 Additional Right of the Province Regarding Post-Suspension Refinancings

Following the occurrence of a Suspension Event, the Limited Guarantee shall continue to apply in respect of any Post-Suspension Refinancing (for greater certainty, without regard to the satisfaction of any Adherence Conditions thereto); provided that prior to the Financing Entity incurring any Primary Obligation constituting a Post-Suspension Refinancing, the Manager shall provide the Province with at least 30 days' notice of its intention to seek a Post-Suspension Refinancing and prior to incurrence, which notice shall ~~include a summary of~~describe the material covenants, events of default, representations and warranties and indemnities of the Financing Entity and other material terms, excluding financial terms, rates and levels (the "**Proposal**"), and during such 30 day period the Province may, but is not obligated to, offer to ~~provide~~fund such Post-Suspension Refinancing or arrange for another Person to ~~provide~~fund such Post-Suspension Refinancing on the same~~, or better,~~ terms as set out in the Proposal or on such other terms as may be considered by the Province to be not more onerous on the Financing Entity and that are acceptable on that basis to the Financing Entity, acting reasonably. If, within such 30-day period, the Province elects to ~~provide~~offer to fund such Post-Suspension

Refinancing as provided in the preceding sentence, the Manager shall accept such ~~Proposal~~offer; however, if the Province does not elect to ~~provide~~offer to fund such Post-Suspension Refinancing, the Manager shall cause the Financing Entity to incur Primary Obligations constituting such a Post-Suspension Refinancing on substantially the same ~~or less onerous~~ terms as than those set out in the Proposal~~; provided that such~~ if the Post-Suspension Refinancing ~~is available on such terms~~can be completed by the Financing Entity in compliance with the Act, or on such other terms as may be considered by the Financing Entity to be not more onerous on the Province and that are acceptable on that basis to the Province, acting reasonably.

7.04 No Impact on Adherence

For greater certainty, the occurrence of a Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event or in respect of any Post-Suspension Refinancing.

ARTICLE VIII
MISCELLANEOUS

8.01 Term of Agreement

This Agreement will continue until the later of: (a) the date that no amount is or may become due and payable by the Province under the Limited Guarantee and (b) the date that no amount is or may become due and payable to the Province in respect of any Subrogation Amount.

8.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust

700 University Avenue

Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: Manager, Corporate Trust
Fax: (416) 981-9777
Email: corporatetrust.toronto@computershare.com

(b) if to the FSM:

Ontario Power Generation Inc.

700 University Avenue

Toronto, Ontario M5G 1X6

Attention: General Counsel
Fax: (416) 592-4189

(c) if to the Province:

Minister of Finance

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

and

Minister of Energy

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

With copies to:

Deputy Minister of Finance

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

and

Deputy Minister of Energy

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 8.02.

8.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section 8.03 shall be null and void.

8.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

8.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

8.07 Notice to Rating Agencies

OPG, as FSM, shall deliver prompt written notice to the Rating Agencies of the occurrence of (i) a Protection Event; (ii) receipt of a Suspension Notice delivered by the Province pursuant to Section 7.01; and (iii) an assignment of this Agreement by any party pursuant to Section 8.03.

8.08 Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their benefits hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

8.09 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, IN ITS CAPACITY AS TRUSTEE OF FAIR HYDRO TRUST, AS ISSUER, BY ONTARIO POWER GENERATION INC., NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration of a funding obligation" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Compliance Certificate**" means a certificate in the form attached hereto as Exhibit B~~-1~~ delivered by the FSM in accordance with Section 4.02(a)ii.

"**Adherence Conditions**", means, in respect of a Certified Primary Obligation, the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of a Guarantee Payment Date, the aggregate of the Approved Obligation Amounts for such Guarantee Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, for a Beneficiary in respect of an Approved Obligation under which an amount is due and payable on a Guarantee Payment Date:

(a) if no Acceleration has occurred in respect of any Obligation Secured on or before the Guarantee Payment Date, the amount due and payable to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation (for greater certainty, determined on the assumption that there are adequate amounts available under the applicable payment provisions of the Trust Indenture to pay in full all amounts referred to in such payment provisions that are due and payable on the Guarantee Payment Date); and

(b) if an Acceleration has occurred in respect of any Obligations Secured on or before the Guarantee Payment Date, the amount that would be available to be paid to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation under the applicable payment provisions of the Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with such applicable payment provisions of the Trust Indenture in respect of each relevant month during each Reference Period is equal to the estimated Finance Amount determined in respect of such Reference Period for purposes of section 15(1) of the Act (in effect on the date hereof), including section 6.1 of the General Regulation (in effect on the date hereof), divided by the number of months in such Reference Period.

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Beneficiary Payee**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Certified Primary Obligations**" means Primary Obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest, including any Refinancing, other than a Post-Suspension Refinancing or a Pre-Approved Refinancing, of such a Primary Obligation (for greater certainty, including, in the case of any Certified Primary Obligation permitting funding transactions pursuant to a Funding Obligation Agreement applicable to the Certified Primary Obligation, each individual borrowing or funding utilization thereunder), (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not any individual trade confirmation other than a trade confirmation that modifies or purports to override the express terms or conditions of the related Master Agreement, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and expected (as determined by the Manager, acting reasonably) aggregate payments by the Financing Entity thereunder during the term of such contract are or would be in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).

"**Change of Law Protection Agreement**" means this Agreement.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Determination Date**" has the meaning ascribed thereto in clause 2.01(a)iv.

"**Executive Officer**" has the meaning ascribed to the term "executive officer" in National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators.

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the first paragraph of this Agreement until a successor Financing Entity Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and the Declaration of Trust, and thereafter "Financing Entity Trustee" means and includes such Person.

"**Financing Plan**" has the meaning ascribed to the term "Financing Plan" in the Act.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Guarantee Payment**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Guarantee Payment Date**" has the meaning ascribed thereto in Section 2.01(a)i.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**Holder**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Liens**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(a).

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity, as amended, supplemented, restated or otherwise modified from time to time.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Agreement**" means an agreement in the form of a Master Agreement as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, as amended, supplemented, restated or otherwise modified from time to time.

"**Material Effect**" means any change that could affect (i) the timing of or circumstances under which Primary Obligations would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization)~~, or that could affect~~; (ii) the appointment, obligations or duties of OPG as the Manager; (iii) the existence, powers or authority of the Financing Entity or the Financing Entity Trustee; (iv) the obligations of the Indenture Trustee to or in respect of the Province as a Specified Creditor; (v) the limitations and requirements otherwise applicable to the capital structure of the Financing Entity under any existing Program Agreement; (vi) the payment provisions and associated priorities set forth in the Trust Indenture; (vii) the obligations or liability of the Financing Entity to pay any tax, (viii) compliance by the FSM with the then applicable Financing Plan; (ix) the circumstances in which a Protection Event could arise; (x) compliance by the FSM, the Financing Entity or IESO with the Act or the General Regulation; (xi) the nature or character of the payment obligations (but, subject to compliance with the Financing Plan, irrespective of the amount payable thereunder) that could become payable under the Limited Guarantee; or (xii) the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of this Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation.

"**Notes**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Payable Approved Amounts**" has the meaning ascribed thereto in 2.01(a).

"**Payment Date**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, unlimited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Post-Suspension Refinancing**" means a ~~Primary~~Funding Obligation ~~proposed to be~~that is an Obligation Secured and that is incurred on or after the occurrence of a Suspension Event~~,~~ in compliance with the requirements of Section 7.03, as a Refinancing of one or more Series of Approved Obligations~~ or one or more such Refinancings.~~, in each case the proceeds of which are used solely for the purpose of repaying one or more Funding Obligations that are Approved Obligations.

"**Pre-Approved Refinancing**" means a Refinancing of a Certified Primary Obligation in respect of which the Province has, prior to the issuance of such Certified Primary Obligation, ~~waived its right to object~~consented to such Refinancing not being ~~an Approved~~a Certified Primary Obligation to which the Adherence Conditions would otherwise apply.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account or Finance Reserve Account; and (ii) any obligation to pay the Financing Entity or on the Financing Entity's direction any remaining amounts in the Collection Account pursuant to the Trust Indenture.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in

Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that (X) adversely affects ~~(X)~~ the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations ~~Secured~~, in each case determined after taking into account and having regard to any funds available at such time, including (i) in any Finance Reserve Account ~~at such time and (ii~~, Capital Account or collateral posting account applicable under a Derivative Agreement, (ii) under any credit enhancement agreement to which the Financing Entity is a party and (iii) after collecting the True-up Amount in the Reference Period immediately following the ~~occurrence of~~Reference Period during which an event described in ~~a~~any of subclauses (a)(i) to a(v) occurs, or (Y) adversely changes or adversely affects the enforceability of the terms and conditions of this Agreement or of any of the agreements under which Approved Obligations ~~Secured~~ arise; or

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations ~~Secured~~ and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Approved Obligations ~~Secured~~ that have become due and payable, in each case determined after taking into account and having regard to any funds available at such time, including (i) in any Finance Reserve Account, Capital Account or collateral posting account applicable under a Derivative Agreement, (ii) under any credit enhancement agreement to which the Financing Entity is a party and (iii) after collecting the True-up Amount in the Reference Period immediately following the Reference Period during which an event described in this clause (b) occurs.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency Condition" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Reference Period**" has the meaning ascribed to the term "reference period" in the Act.

"**Refinancing**" has the meaning ascribed to the term "refinancing" in the Act as of the date hereof, as more particularly described and given meaning in the General Regulation as of the date hereof.

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Specified Creditor**" has the meaning ascribed thereto in the Trust Indenture on the date hereof.

"**Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(B).

"**Subrogation Payment Date**" has the meaning ascribed thereto in clause 2.01(a)iv.

"**Suspension Event**" has the meaning ascribed thereto in Section 7.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 7.01.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**True-up Amount**" has the meaning ascribed to the term "true up amount" in the Act.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

EXHIBIT A
FORM OF PAYMENT DEMAND

TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Pursuant to and in accordance with section 2.01(a) of the Change of the Law Protection Agreement, the Indenture Trustee hereby demands payment from the Province in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in the Change of Law Protection Agreement.

DATED as of the [■] day of [■], [■].

BNY TRUST COMPANY OF CANADA

By:
Name:
Title:

By:
Name:
Title:

EXHIBIT B~~-1~~
FORM OF ADHERENCE COMPLIANCE CERTIFICATE UNDER SECTION 4.02(a)

TO: **BNY TRUST COMPANY OF CANADA**, in its capacity as Indenture Trustee (the "**Indenture Trustee**") under the Master Trust Indenture dated as of December ●, 2017 between Fair Hydro Trust and the Indenture Trustee (the "**Master Trust Indenture**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province of Ontario, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust, Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Each of the undersigned, being the ● and ● of OPG acting in its capacity as FSM and holding the offices set forth under their names and signatures below, pursuant to and accordance with clause 4.02(a)ii of the Change of Law Protection Agreement, hereby certifies for and on behalf of OPG, in its capacity as Financial Services Manager, and not in such officer's personal capacity and intending that this certificate may be relied on by the addressees hereof without independent inquiry, that:

1. I have read and understand the provisions of the Change of Law Protection Agreement, the Master Trust Indenture and all other documents and materials necessary to enable me to deliver this certificate.
2. If the Certified Primary Obligation is a Refinancing, the proceeds of the Refinancing will be used solely for the purpose of repaying one or more Certified Primary Obligations in respect of which the Adherence Conditions in Subsection 4.02(a) of the Change of Law Protection Agreement had been satisfied, including one or more other Refinancings in respect of which the Adherence Conditions in Subsection 4.02(a) of the Change of Law Protection Agreement had been satisfied.
3. OPG has delivered to the Province a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate was provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation.

DATED as of the [■] day of [■], [■].

Name: [13]	Name:
Office:	Office:

[13] This certificate must be signed by two officers of OPG being either (i) the Chief Financial Officer and the Treasurer, or (ii) any two Executive Officers (as defined in the Change of Law Protection Agreement) of OPG.

EXHIBIT C
SUSPENSION NOTICE

TO: Ontario Power Generation Inc., in its capacity as Financial Services Manager

AND TO: Fair Hydro Trust

AND TO: Computershare Trust Company of Canada, in its capacity as trustee of Fair Hydro Trust

AND TO: BNY Trust Company of Canada, as Indenture Trustee

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement. All references in this Suspension Notice to "Articles" or "Sections" refer to Articles or Sections of the Change of Law Protection Agreement.

The Province has a reasonable basis for concluding that an event described in clauses (a) to (d) of Section 7.01 has occurred. Pursuant to Section 7.01, the Province hereby declares that the Limited Guarantee shall hereby not apply in respect of (i) any Primary Obligation incurred, excluding Post-Suspension Refinancings or Pre-Approved Refinancings or (ii) any amendment of any Primary Obligation that has a Material Effect, unless otherwise agreed to by the Province, in each case, on or after delivery of this Suspension Notice.

This Suspension Notice is hereby delivered to the FSM, the Financing Entity and the Indenture Trustee in accordance with Section 8.02 of the Change of Law Protection Agreement.

* * * *

DATED as of the [■] day of [■], [■].

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

Document comparison by Workshare Compare on Tuesday, December 12, 2017 9:18:16 AM

Input:	
Document 1 ID	PowerDocs://TOR_2528/23239360/28
Description	TOR_2528-#23239360-v28-Change_of_Law_Protection_Agreement
Document 2 ID	PowerDocs://TOR_2528/23239360/29
Description	TOR_2528-#23239360-v29-Change_of_Law_Protection_Agreement
Rendering set	Standard

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

Statistics:	
	Count
Insertions	83
Deletions	77
Moved from	1
Moved to	1
Style change	0
Format changed	0
Total changes	162

From: ASHBOURNE, STEPHEN
To: Ramchandani, Rima; Milligan, Peter; Saulnier, Brett; Sebastiano, Rocco; Mansoori, Nina
Cc: Ken Kandeepan; "LADAK Lubna -TREASURY"; Anna Strathy; "Veinot, Cindy (TBS)"; Tom McKinlay (MAG); Mark Donaldson (MOF); Daniel Cayley (ENERGY); "Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)"; "LEE John -TREASURY"; "RYFA Ken -TREASURY"; "HAHN PARKER Janet -TREASURY"; "MAUTI John -FIN & C CTRL"; "LAURETA LAPIRA May -TREASURY"; Feldman, Michael; "WONG Leslie -LAWDIV"; Fullerton, Rick; Gadi Mayman; Mike Manning; Malle Hanslep (MOF); "ian.benaiah@rbccm.com"; "Khan, Nur (nur.khan@rbccm.com)"; "brent.r.taylor@rbccm.com"; "katrina.niehaus@gs.com"; "brian.delaney@gs.com"; "Maciel, Andrew"; "Adalja, Sunil"; "Persad, Nicole"; "Persaud, Donnie - Debt Capital Markets"; Steen Hume (CAB); Olusoga, Yinka; Tobias P. Whitfield (MOF); PALMER, AARON; VINER, JON; PRESTAGE, JA
Subject: RE: Fair Hydro - Change of Law Protection Agreement
Date: Tuesday, December 12, 2017 3:47:54 PM

The Province is okay with these changes. Thanks.
Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: Tuesday, December 12, 2017 3:29 PM
To: ASHBOURNE, STEPHEN; Milligan, Peter; Saulnier, Brett; Sebastiano, Rocco; Mansoori, Nina
Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Olusoga, Yinka; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca); PALMER, AARON; VINER, JON; PRESTAGE, JA
Subject: RE: Fair Hydro - Change of Law Protection Agreement

Attached is a revised draft of the Change of Law Protection Agreement, clean and blacklined to the Blakes draft circulated below. Except for the definition of “Material Effect”, we believe this draft to be in final form and would ask that each of Blakes and Osler please confirm their sign off as soon as possible.
Rima
Rima Ramchandani
P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: December-12-17 2:09 PM
To: Milligan, Peter <PMilligan@osler.com>; Saulnier, Brett <bsaulnier@torys.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)'

<nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro - Change of Law Protection Agreement
Here is my mark-up of the matters raised by Oslers, in today's mark-ups of during our call this morning. Regards, Steve
Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From: Milligan, Peter [mailto:PMilligan@osler.com]
Sent: Tuesday, December 12, 2017 1:43 PM
To: Saulnier, Brett; ASHBOURNE, STEPHEN; Sebastiano, Rocco; Mansoori, Nina
Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Olusoga, Yinka; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca); PALMER, AARON; VINER, JON; PRESTAGE, JA
Subject: RE: Fair Hydro - Change of Law Protection Agreement
All,
Further to our call this morning, attached is a comparison document showing our comments on "Post-Suspension Refinancing" and "Protection Event".
We will comment on Material Effect after we see what comes back from the accountants.
Peter

From: Milligan, Peter
Sent: Tuesday, December 12, 2017 9:09 AM
To: 'Saulnier, Brett' <bsaulnier@torys.com>; ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com'

<brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro - Change of Law Protection Agreement
All,
Attached are changed pages with my comments on the Change of Law Protection Agreement. This does not represent input from any dealer. I will follow up to see if the dealers have any additional comments but given the plan to have a call at 10, I pass along these comments now.
Peter

From: Saulnier, Brett [mailto:bsaulnier@torys.com]
Sent: Monday, December 11, 2017 11:35 PM
To: ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; Milligan, Peter <PMilligan@osler.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro - Change of Law Protection Agreement
All,
Attached for your review is a revised draft of the Change of Law Protection Agreement, clean and blacklined to the last version circulated by Blakes and reflecting the meetings held earlier today. As discussed, we need to provide the attached to the rating agencies **by no later than noon tomorrow** in order to meet our end of year financing deadline. Accordingly, we will be circulating a calendar invite to this group for 10 a.m. tomorrow morning to confirm the parties are signed off. If Osler or Blakes have any comments on the attached, we would ask that they be circulated to this group prior to the 10 a.m. call.
Kind regards,
Brett
Brett Saulnier
P. 416.865.8148 | F. 416.865.7380 | 1.800.505.8679

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: December-08-17 3:16 PM
To: Milligan, Peter <PMilligan@osler.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro - Change of Law Protection Agreement

Hi,

Attached is a revised version of the Change of Law Protection Agreement. I believe that most of the changes reflected from last night's Osler version (blackline is attached) are of a drafting or conforming nature, other than: (1) the Province disagrees that Approved Refinancing terms should be unfettered by adherence conditions post-Suspension Event and (2) the proposed rating-based "materially and adversely" qualification in the definition of Protection Event (and in fact any such qualification) is not acceptable to the Province. With regard to (1), this version comes into line with the proposed approach (i.e., using a modified adherence condition) that was incorporated into the version of the Change of Law Process Agreement I circulated yesterday. A further turn of that Agreement, to conform the open item identified in section 3.02 to the revised Change of Law Protection Agreement, is also included here for your reference.

Please note that the Province is working through the drafting concurrently and so further drafting comments may be provided.

As mentioned yesterday, the Province would like to proceed with the Ministers sign-off briefing early next week, on the basis that these versions (minus the explanatory notes) are now in substantially final form. Please identify if you believe there are other 'must have' points (other than the 2 mentioned above).

Regards, Steve

Stephen R. Ashbourne
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From: Milligan, Peter [mailto:PMilligan@osler.com]
Sent: Thursday, December 07, 2017 6:44 PM
To: ASHBOURNE, STEPHEN; Sebastiano, Rocco; Mansoori, Nina
Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -

TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Saulnier, Brett; Olusoga, Yinka; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca); PALMER, AARON; VINER, JON; PRESTAGE, JA
Subject: Fair Hydro - Change of Law Protection Agreement

All,

Attached is a revised comment draft of the Change of Low Protection Agreement reflecting comments from Torys and Osler. In order to meet this transaction's timeline, this comment draft has not been reviewed by OPG or the Dealers and is delivered subject to any comments they may have.

Peter

OSLER

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From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: Thursday, December 07, 2017 4:27 PM
To: Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro -- Change of Law Process Agreement

Hi,

Please find (attached) a further turn of the Change of Law Process Agreement, reflecting the Province's comments on the mark-up of the Agreement circulated yesterday afternoon by Torys. The

attached blackline shows changes made to yesterday's Torys mark-up.
This version addresses concerns Rocco raised last night, to the extent the Province feels that the issues can be accommodated. For your information, I have set out below responses to Rocco's comments/observations (in CAPs).
The Province would like to proceed with the Ministers briefing early next week, on the basis that this version (minus the explanatory notes) is now in final form. If there are any critical revisions that the other parties believe reflect 'must have' priority, then the Province would like to have a call to discuss them as soon as possible.
Responses to Rocco's Points:
1. The change of the definition of Breach Event in Section 6.01 (i.e., the change to clause (a) and the addition of clause (b)) will result in an inconsistency with section 7.01(b) of the Change of Law Protection Agreement. This will require further consideration. [AGREED. 7.01(b) and 7.01(c) WILL NEED TO MIRROR THE CURE LANGUAGE WE SETTLE ON IN THE PROCESS AGREEMENT (SEE MY EARLIER COMMENTS). PERHAPS THE "which continues …" LANGUAGE IN 7.01(B) CAN BE REVISED TO READ: "to the extent that the Province would be entitled to provide a Suspension Notice in accordance with the terms of the agreement or agreements between the Province and OPG under which such obligations, requirements and processes arise". SIMILAR CHANGE FOR 7.01(C).
2. The right of the Province to issue an objection notice under Section 3.04(b) in connection with a Transaction Document provided to the Province which is required for a Refinancing of an Approved Obligation remains an outstanding issue. Clearly, this will depend upon what Adherence Conditions will be required under Section 4.02 of the Change of Law Protection Agreement in order to permit such Refinancing to become an Approved Obligation. If the Adherence Conditions set out in Section 4.02(a) of the Province's draft of the Change of Law Protection Agreement of December 4 were to apply to such Refinancing, to the extent that such refinancing required a change to a Transaction Document (e.g., as a result of a change to some rating agency condition or criteria), the Province's ability to issue an objection notice and thereby prevent the issuance of a Process Certificate under Section 3.01 (by virtue of Section 3.04) would have the effect of preventing a Refinancing. We trust that this was an unintended outcome of the drafting of Section 3.04 and/or the Adherence Conditions applicable to Refinancings. [THAT IS THE INTENDED EFFECT. THE ADHERENCE CONDITIONS WOULD APPLY TO THE REFINANCING, SO IF THE REFINANCING TERMS DEVIATED MATERIALLY (BASED ON THE SUBSTANTIALLY IN THE FORM" THRESHOLD"), THEN OPG WOULD REQUIRE THE PROVINCE NOT TO OBJECT IN ORDER TO PROCEED WITH THOSE NEW TERMS. OTHERWISE, THE REFINANCING COULD INCORPORATE TERMS AND CONDITIONS, WHICH WOULD BIND THE PROVINCE UNDER THE LIMITED GUARANTEE, THAT WOULD BE UNCONSTRAINED AND WITHOUT ANY ACCOUNTABILITY TO THE PROVINCE. IN ROCCO'S EXAMPLE, THAT MIGHT MEAN THAT OPG WOULD NEED TO RESORT TO UNRATED DEBT, IF THE PROVINCE WAS UNWILLING TO ACCEPT THE NEW TERMS. PRESUMABLY EVERYONE WOULD ACT RATIONALLY. HOWEVER, AS A FAILSAFE, OPG COULD OFFER INCREASED PRICING IN ORDER TO ATTRACT INVESTORS TO ACCEPT THE EARLIER VETTED TERMS (BASED ON THE THEN ACCEPTED REVIEWED DOCUMENTATION).]
3. Given that the Indenture Trustee is not a party to the Change of Law Process Agreement, the Province and OPG can amend the terms and conditions of this agreement without the consent of the indenture Trustee. Specified Creditors under an Approved Obligation need to be assured that the Province cannot prevent a Refinancing of an Approved Obligation either by virtue of the objection notice discussed in point #2 above or as a result of a future amendment to the agreement. There are a couple of ways to deal with this point. The first is to a add a beneficiary/third party rights clause in the Change of Law Process Agreement which acknowledges that the Indenture Trustee is a beneficiary of certain provisions of this agreement and as a result, the agreement cannot be amended without the consent of the Indenture Trustee. The second is to ensure that the Adherence Conditions relating to Refinancings under the Change of Law Protection Agreement are not dependent upon the terms of the Change of Law Process Agreement. In light of the desire to not disclose the terms and

conditions of the Change of Law Process Agreement to the rating agencies, especially at this late stage in the process, we would expect that the latter approach would be preferable. [THE SUGGESTION REGARDING THE PROVINCE PREVENTING A REFINANCING IS ADDRESSED IN #2. IF THE REFINANCING TERMS WOULD EXCEED THE SCOPE OF THE TRANSACTION DOCUMENTS REVIEWED AND NOT OBJECTED TO BY THE PROVINCE, THEN THAT SUGGESTS THERE IS A MATERIAL EFFECT ON THE PROVINCE AND SO THE PROVINCE WOULD NEED THE ABILITY TO REVIEW AND CONSIDER THE PROPRIETY OF THOSE NEW TERMS FROM ITS PERSPECTIVE. AS FOR THE STANDALONE NATURE OF THE PROCESS AGREEMENT, THE INTENTION IS THAT THE PROCESS AGREEMENT BE UNCOUPLED AND NOT PART OF THE COLLATERAL, AND AS MICHAEL FELDMAN HAS EXPLAINED, LEAVE FUTURE FLEXIBILITY FOR THIS LONG-TERM STRUCTURE. TO ADDRESS ROCCO'S CONCERN THAT THE PROVINCE AND OPG COULD CHANGE THE UNDERLYING OBLIGATIONS APPLICABLE TO ADHERENCE IN RELATION TO A NEW OBLIGATION, REQUIREMENT OR PROCESS IN THE PROCESS AGREEMENT THAT WOULD MAKE A REFINANCING LESS LIKELY TO OCCUR, WE HAVE ADDED AND USED IN THE ATTACHED VERSION A NEW DEFFINTION:

> "Approved Refinancing" means a Certified Primary Obligation proposed to be incurred as a Refinancing of an existing Certified Primary Obligation in respect of which the Adherence Conditions had been satisfied on the date such existing Certified Primary Obligation was incurred, that, at the time of incurrence, satisfies each of each of the Adherence Conditions except that the certificate contemplated to be delivered under Section 4.02(b) shall instead confirm that OPG has delivered to the Province a certificate by its applicable officers confirming that OPG would be in compliance with all obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the proposed Certified Primary Obligation that applied as between the Province and OPG on the date of issuance of such existing Certified Primary Obligation." Various references to "Refinancing" in the Protection Agreement can also be revised to refer to "Approved Refinancing", as required.

Regards, Steve

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From: Sebastiano, Rocco [mailto:RSebastiano@osler.com]
Sent: Wednesday, December 06, 2017 7:45 PM

To: Mansoori, Nina; ASHBOURNE, STEPHEN; VINER, JON; PRESTAGE, JA
Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Milligan, Peter; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Saulnier, Brett; Olusoga, Yinka
Subject: RE: Fair Hydro -- Change of Law Process Agreement

I have reviewed the revised draft of the Change of Law Process Agreement that Torys has prepared and would like to pass along the following comments/observations:

1. The change of the definition of Breach Event in Section 6.01 (i.e., the change to clause (a) and the addition of clause (b)) will result in an inconsistency with section 7.01(b) of the Change of Law Protection Agreement. This will require further consideration.
2. The right of the Province to issue an objection notice under Section 3.04(b) in connection with a Transaction Document provided to the Province which is required for a Refinancing of an Approved Obligation remains an outstanding issue. Clearly, this will depend upon what Adherence Conditions will be required under Section 4.02 of the Change of Law Protection Agreement in order to permit such Refinancing to become an Approved Obligation. If the Adherence Conditions set out in Section 4.02(a) of the Province's draft of the Change of Law Protection Agreement of December 4 were to apply to such Refinancing, to the extent that such refinancing required a change to a Transaction Document (e.g., as a result of a change to some rating agency condition or criteria), the Province's ability to issue an objection notice and thereby prevent the issuance of a Process Certificate under Section 3.01 (by virtue of Section 3.04) would have the effect of preventing a Refinancing. We trust that this was an unintended outcome of the drafting of Section 3.04 and/or the Adherence Conditions applicable to Refinancings.
3. Given that the Indenture Trustee is not a party to the Change of Law Process Agreement, the Province and OPG can amend the terms and conditions of this agreement without the consent of the indenture Trustee. Specified Creditors under an Approved Obligation need to be assured that the Province cannot prevent a Refinancing of an Approved Obligation either by virtue of the objection notice discussed in point #2 above or as a result of a future amendment to the agreement. There are a couple of ways to deal with this point. The first is to a add a beneficiary/third party rights clause in the Change of Law Process Agreement which acknowledges that the Indenture Trustee is a beneficiary of certain provisions of this agreement and as a result, the agreement cannot be amended without the consent of the Indenture Trustee. The second is to ensure that the Adherence Conditions relating to Refinancings under the Change of Law Protection Agreement are not dependent upon the terms of the Change of Law Process Agreement. In light of the desire to not disclose the terms and conditions of the Change of Law Process Agreement to the rating agencies, especially at this late stage in the process, we would expect that the latter approach would be preferable.

Regards, Rocco

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: Wednesday, December 06, 2017 4:38 PM
To: 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>; 'JON.VINER@blakes.com' <JON.VINER@blakes.com>; 'JA.PRESTAGE@blakes.com' <JA.PRESTAGE@blakes.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -

TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Mansoori, Nina <nmansoori@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>

Subject: Fair Hydro -- Change of Law Process Agreement

Blakes team,

Please find attached OPG and Torys' comments on the Process Agreement reflecting our discussions from yesterday's call. Please note that this draft is subject to continuing review and comment by Osler and the dealers. As discussed at the tail end of our call yesterday, the section in the Process Agreement that gives the Province the right to object to new and material changes to transaction documents dovetails with the Protection Agreement so additional comments from Oslers may be forthcoming on this draft.

We are working on getting you a revised draft of the Protection Agreement either later today or tomorrow. In the meantime, please let us know if you have any comments or questions on the Process Agreement.

Best Regards,

Nina

Nina Mansoori

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TORYS LLP[torys.com]

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From:	Hanslep, Malle (MOF)
To:	ASHBOURNE, STEPHEN; Ken Kandeepan; Mike Manning; Anna Strathy; Tobias P. Whitfield (MOF)
Subject:	RE: Fair Hydro - Change of Law Protection Agreement
Date:	Tuesday, December 12, 2017 9:18:56 AM

Sure

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: December 12, 2017 9:15 AM
To: Hanslep, Malle (MOF); Kandeepan, Ken (OFA); Manning, Mike (OFA); Strathy, Anna (OFA); Whitfield, Tobias P. (MOF)
Subject: RE: Fair Hydro - Change of Law Protection Agreement
Yes. 9:30?
Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Tuesday, December 12, 2017 9:08 AM
To: ASHBOURNE, STEPHEN; Kandeepan, Ken (OFA); Manning, Mike (OFA); Strathy, Anna (OFA); Whitfield, Tobias P. (MOF)
Subject: FW: Fair Hydro - Change of Law Protection Agreement
Should we have a call before 10 a.m. to discuss status of these 2 documents? We are free anytime. Thanks.

From: Saulnier, Brett [mailto:bsaulnier@torys.com]
Sent: December 11, 2017 11:35 PM
To: ASHBOURNE, STEPHEN; Milligan, Peter; Sebastiano, Rocco; Mansoori, Nina
Cc: Kandeepan, Ken (OFA); 'LADAK Lubna -TREASURY'; Strathy, Anna (OFA); Veinot, Cindy (TBS); McKinlay, Tom (MAG); Donaldson, Mark (TBS); Cayley, Daniel (ENERGY); Thouin, Alena (ENERGY); Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie - LAWDIV'; Fullerton, Rick; Mayman, Gadi (OFA); Manning, Mike (OFA); Hanslep, Malle (MOF); 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; Hume, Steen (ENERGY); Olusoga, Yinka; Whitfield, Tobias P. (MOF); PALMER, AARON; VINER, JON; PRESTAGE, JA
Subject: RE: Fair Hydro - Change of Law Protection Agreement
All,
Attached for your review is a revised draft of the Change of Law Protection Agreement, clean and blacklined to the last version circulated by Blakes and reflecting the meetings held earlier today. As discussed, we need to provide the attached to the rating agencies **by no later than noon tomorrow** in order to meet our end of year financing deadline. Accordingly, we will be circulating a calendar invite to this group for 10 a.m. tomorrow morning to confirm the parties are signed off. If Osler or Blakes have any comments on the attached, we would ask that they be circulated to this group prior to the 10 a.m. call.
Kind regards,
Brett
Brett Saulnier
P. 416.865.8148 | F. 416.865.7380 | 1.800.505.8679

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: December-08-17 3:16 PM
To: Milligan, Peter <PMilligan@osler.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY'

<lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>

Subject: RE: Fair Hydro - Change of Law Protection Agreement

Hi,

Attached is a revised version of the Change of Law Protection Agreement. I believe that most of the changes reflected from last night's Osler version (blackline is attached) are of a drafting or conforming nature, other than: (1) the Province disagrees that Approved Refinancing terms should be unfettered by adherence conditions post-Suspension Event and (2) the proposed rating-based "materially and adversely" qualification in the definition of Protection Event (and in fact any such qualification) is not acceptable to the Province. With regard to (1), this version comes into line with the proposed approach (i.e., using a modified adherence condition) that was incorporated into the version of the Change of Law Process Agreement I circulated yesterday. A further turn of that Agreement, to conform the open item identified in section 3.02 to the revised Change of Law Protection Agreement, is also included here for your reference.

Please note that the Province is working through the drafting concurrently and so further drafting comments may be provided.

As mentioned yesterday, the Province would like to proceed with the Ministers sign-off briefing early next week, on the basis that these versions (minus the explanatory notes) are now in substantially final form. Please identify if you believe there are other 'must have' points (other than the 2 mentioned above).

Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From: Milligan, Peter [mailto:PMilligan@osler.com]
Sent: Thursday, December 07, 2017 6:44 PM
To: ASHBOURNE, STEPHEN; Sebastiano, Rocco; Mansoori, Nina
Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Saulnier, Brett; Olusoga, Yinka; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca); PALMER, AARON; VINER, JON; PRESTAGE, JA

Subject: Fair Hydro - Change of Law Protection Agreement
All,
Attached is a revised comment draft of the Change of Low Protection Agreement reflecting comments from Torys and Osler. In order to meet this transaction's timeline, this comment draft has not been reviewed by OPG or the Dealers and is delivered subject to any comments they may have.
Peter

OSLER

Peter Milligan
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Osler, Hoskin & Harcourt LLP
Box 50, 1 First Canadian Place
Toronto, Ontario, Canada M5X 1B8

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From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: Thursday, December 07, 2017 4:27 PM
To: Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro -- Change of Law Process Agreement
Hi,
Please find (attached) a further turn of the Change of Law Process Agreement, reflecting the Province's comments on the mark-up of the Agreement circulated yesterday afternoon by Torys. The attached blackline shows changes made to yesterday's Torys mark-up.
This version addresses concerns Rocco raised last night, to the extent the Province feels that the issues can be accommodated. For your information, I have set out below responses to Rocco's comments/observations (in CAPs).
The Province would like to proceed with the Ministers briefing early next week, on the basis that this

version (minus the explanatory notes) is now in final form. If there are any critical revisions that the other parties believe reflect 'must have' priority, then the Province would like to have a call to discuss them as soon as possible.

Responses to Rocco's Points:

1. The change of the definition of Breach Event in Section 6.01 (i.e., the change to clause (a) and the addition of clause (b)) will result in an inconsistency with section 7.01(b) of the Change of Law Protection Agreement. This will require further consideration. [AGREED. 7.01(b) and 7.01(c) WILL NEED TO MIRROR THE CURE LANGUAGE WE SETTLE ON IN THE PROCESS AGREEMENT (SEE MY EARLIER COMMENTS). PERHAPS THE "which continues …" LANGUAGE IN 7.01(B) CAN BE REVISED TO READ: "to the extent that the Province would be entitled to provide a Suspension Notice in accordance with the terms of the agreement or agreements between the Province and OPG under which such obligations, requirements and processes arise". SIMILAR CHANGE FOR 7.01(C).

2. The right of the Province to issue an objection notice under Section 3.04(b) in connection with a Transaction Document provided to the Province which is required for a Refinancing of an Approved Obligation remains an outstanding issue. Clearly, this will depend upon what Adherence Conditions will be required under Section 4.02 of the Change of Law Protection Agreement in order to permit such Refinancing to become an Approved Obligation. If the Adherence Conditions set out in Section 4.02(a) of the Province's draft of the Change of Law Protection Agreement of December 4 were to apply to such Refinancing, to the extent that such refinancing required a change to a Transaction Document (e.g., as a result of a change to some rating agency condition or criteria), the Province's ability to issue an objection notice and thereby prevent the issuance of a Process Certificate under Section 3.01 (by virtue of Section 3.04) would have the effect of preventing a Refinancing. We trust that this was an unintended outcome of the drafting of Section 3.04 and/or the Adherence Conditions applicable to Refinancings. [THAT IS THE INTENDED EFFECT. THE ADHERENCE CONDITIONS WOULD APPLY TO THE REFINANCING, SO IF THE REFINANCING TERMS DEVIATED MATERIALLY (BASED ON THE SUBSTANTIALLY IN THE FORM" THRESHOLD"), THEN OPG WOULD REQUIRE THE PROVINCE NOT TO OBJECT IN ORDER TO PROCEED WITH THOSE NEW TERMS. OTHERWISE, THE REFINANCING COULD INCORPORATE TERMS AND CONDITIONS, WHICH WOULD BIND THE PROVINCE UNDER THE LIMITED GUARANTEE, THAT WOULD BE UNCONSTRAINED AND WITHOUT ANY ACCOUNTABILITY TO THE PROVINCE. IN ROCCO'S EXAMPLE, THAT MIGHT MEAN THAT OPG WOULD NEED TO RESORT TO UNRATED DEBT, IF THE PROVINCE WAS UNWILLING TO ACCEPT THE NEW TERMS. PRESUMABLY EVERYONE WOULD ACT RATIONALLY. HOWEVER, AS A FAILSAFE, OPG COULD OFFER INCREASED PRICING IN ORDER TO ATTRACT INVESTORS TO ACCEPT THE EARLIER VETTED TERMS (BASED ON THE THEN ACCEPTED REVIEWED DOCUMENTATION).]

3. Given that the Indenture Trustee is not a party to the Change of Law Process Agreement, the Province and OPG can amend the terms and conditions of this agreement without the consent of the indenture Trustee. Specified Creditors under an Approved Obligation need to be assured that the Province cannot prevent a Refinancing of an Approved Obligation either by virtue of the objection notice discussed in point #2 above or as a result of a future amendment to the agreement. There are a couple of ways to deal with this point. The first is to a add a beneficiary/third party rights clause in the Change of Law Process Agreement which acknowledges that the Indenture Trustee is a beneficiary of certain provisions of this agreement and as a result, the agreement cannot be amended without the consent of the Indenture Trustee. The second is to ensure that the Adherence Conditions relating to Refinancings under the Change of Law Protection Agreement are not dependent upon the terms of the Change of Law Process Agreement. In light of the desire to not disclose the terms and conditions of the Change of Law Process Agreement to the rating agencies, especially at this late stage in the process, we would expect that the latter approach would be preferable. [THE SUGGESTION REGARDING THE PROVINCE PREVENTING A REFINANCING IS ADDRESSED IN #2. IF THE REFINANCING TERMS WOULD EXCEED THE SCOPE OF THE TRANSACTION DOCUMENTS REVIEWED AND NOT OBJECTED TO BY THE PROVINCE,

THEN THAT SUGGESTS THERE IS A MATERIAL EFFECT ON THE PROVINCE AND SO THE PROVINCE WOULD NEED THE ABILITY TO REVIEW AND CONSIDER THE PROPRIETY OF THOSE NEW TERMS FROM ITS PERSPECTIVE. AS FOR THE STANDALONE NATURE OF THE PROCESS AGREEMENT, THE INTENTION IS THAT THE PROCESS AGREEMENT BE UNCOUPLED AND NOT PART OF THE COLLATERAL, AND AS MICHAEL FELDMAN HAS EXPLAINED, LEAVE FUTURE FLEXIBILITY FOR THIS LONG-TERM STRUCTURE. TO ADDRESS ROCCO'S CONCERN THAT THE PROVINCE AND OPG COULD CHANGE THE UNDERLYING OBLIGATIONS APPLICABLE TO ADHERENCE IN RELATION TO A NEW OBLIGATION, REQUIREMENT OR PROCESS IN THE PROCESS AGREEMENT THAT WOULD MAKE A REFINANCING LESS LIKELY TO OCCUR, WE HAVE ADDED AND USED IN THE ATTACHED VERSION A NEW DEFFINTION:

> "Approved Refinancing" means a Certified Primary Obligation proposed to be incurred as a Refinancing of an existing Certified Primary Obligation in respect of which the Adherence Conditions had been satisfied on the date such existing Certified Primary Obligation was incurred, that, at the time of incurrence, satisfies each of each of the Adherence Conditions except that the certificate contemplated to be delivered under Section 4.02(b) shall instead confirm that OPG has delivered to the Province a certificate by its applicable officers confirming that OPG would be in compliance with all obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the proposed Certified Primary Obligation that applied as between the Province and OPG on the date of issuance of such existing Certified Primary Obligation." Various references to "Refinancing" in the Protection Agreement can also be revised to refer to "Approved Refinancing", as required.

Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

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Blake, Cassels & Graydon LLP | Barristers & Solicitors | Patent & Trade-mark Agents
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From: Sebastiano, Rocco [mailto:RSebastiano@osler.com]
Sent: Wednesday, December 06, 2017 7:45 PM
To: Mansoori, Nina; ASHBOURNE, STEPHEN; VINER, JON; PRESTAGE, JA
Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -

TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Milligan, Peter; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Saulnier, Brett; Olusoga, Yinka
Subject: RE: Fair Hydro -- Change of Law Process Agreement
I have reviewed the revised draft of the Change of Law Process Agreement that Torys has prepared and would like to pass along the following comments/observations:
1. The change of the definition of Breach Event in Section 6.01 (i.e., the change to clause (a) and the addition of clause (b)) will result in an inconsistency with section 7.01(b) of the Change of Law Protection Agreement. This will require further consideration.
2. The right of the Province to issue an objection notice under Section 3.04(b) in connection with a Transaction Document provided to the Province which is required for a Refinancing of an Approved Obligation remains an outstanding issue. Clearly, this will depend upon what Adherence Conditions will be required under Section 4.02 of the Change of Law Protection Agreement in order to permit such Refinancing to become an Approved Obligation. If the Adherence Conditions set out in Section 4.02(a) of the Province's draft of the Change of Law Protection Agreement of December 4 were to apply to such Refinancing, to the extent that such refinancing required a change to a Transaction Document (e.g., as a result of a change to some rating agency condition or criteria), the Province's ability to issue an objection notice and thereby prevent the issuance of a Process Certificate under Section 3.01 (by virtue of Section 3.04) would have the effect of preventing a Refinancing. We trust that this was an unintended outcome of the drafting of Section 3.04 and/or the Adherence Conditions applicable to Refinancings.
3. Given that the Indenture Trustee is not a party to the Change of Law Process Agreement, the Province and OPG can amend the terms and conditions of this agreement without the consent of the indenture Trustee. Specified Creditors under an Approved Obligation need to be assured that the Province cannot prevent a Refinancing of an Approved Obligation either by virtue of the objection notice discussed in point #2 above or as a result of a future amendment to the agreement. There are a couple of ways to deal with this point. The first is to a add a beneficiary/third party rights clause in the Change of Law Process Agreement which acknowledges that the Indenture Trustee is a beneficiary of certain provisions of this agreement and as a result, the agreement cannot be amended without the consent of the Indenture Trustee. The second is to ensure that the Adherence Conditions relating to Refinancings under the Change of Law Protection Agreement are not dependent upon the terms of the Change of Law Process Agreement. In light of the desire to not disclose the terms and conditions of the Change of Law Process Agreement to the rating agencies, especially at this late stage in the process, we would expect that the latter approach would be preferable.
Regards, Rocco

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: Wednesday, December 06, 2017 4:38 PM
To: 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>; 'JON.VINER@blakes.com' <JON.VINER@blakes.com>; 'JA.PRESTAGE@blakes.com' <JA.PRESTAGE@blakes.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Sebastiano, Rocco

<RSebastiano@osler.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Mansoori, Nina <nmansoori@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>

Subject: Fair Hydro -- Change of Law Process Agreement

Blakes team,

Please find attached OPG and Torys' comments on the Process Agreement reflecting our discussions from yesterday's call. Please note that this draft is subject to continuing review and comment by Osler and the dealers. As discussed at the tail end of our call yesterday, the section in the Process Agreement that gives the Province the right to object to new and material changes to transaction documents dovetails with the Protection Agreement so additional comments from Oslers may be forthcoming on this draft.

We are working on getting you a revised draft of the Protection Agreement either later today or tomorrow. In the meantime, please let us know if you have any comments or questions on the Process Agreement.

Best Regards,

Nina

Nina Mansoori

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679

79 Wellington St. W., 30th Floor, Box 270, TD South Tower

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From: Ken Kandeepan
To: "ASHBOURNE, STEPHEN"; Malle Hanslep (MOF); Mike Manning; Anna Strathy; Tobias P. Whitfield (MOF)
Subject: RE: Fair Hydro - Change of Law Protection Agreement
Date: Tuesday, December 12, 2017 9:15:18 AM

Works for me
Thanks
Ken k

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: Tuesday, December 12, 2017 9:15 AM
To: Malle Hanslep (MOF) ; Ken Kandeepan ; Mike Manning ; Anna Strathy ; Tobias P. Whitfield (MOF)

Subject: RE: Fair Hydro - Change of Law Protection Agreement
Yes. 9:30?
Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Tuesday, December 12, 2017 9:08 AM
To: ASHBOURNE, STEPHEN; Kandeepan, Ken (OFA); Manning, Mike (OFA); Strathy, Anna (OFA); Whitfield, Tobias P. (MOF)
Subject: FW: Fair Hydro - Change of Law Protection Agreement
Should we have a call before 10 a.m. to discuss status of these 2 documents? We are free anytime. Thanks.

From: Saulnier, Brett [mailto:bsaulnier@torys.com]
Sent: December 11, 2017 11:35 PM
To: ASHBOURNE, STEPHEN; Milligan, Peter; Sebastiano, Rocco; Mansoori, Nina
Cc: Kandeepan, Ken (OFA); 'LADAK Lubna -TREASURY'; Strathy, Anna (OFA); Veinot, Cindy (TBS); McKinlay, Tom (MAG); Donaldson, Mark (TBS); Cayley, Daniel (ENERGY); Thouin, Alena (ENERGY); Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie - LAWDIV'; Fullerton, Rick; Mayman, Gadi (OFA); Manning, Mike (OFA); Hanslep, Malle (MOF); 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; Hume, Steen (ENERGY); Olusoga, Yinka; Whitfield, Tobias P. (MOF); PALMER, AARON; VINER, JON; PRESTAGE, JA
Subject: RE: Fair Hydro - Change of Law Protection Agreement
All,
Attached for your review is a revised draft of the Change of Law Protection Agreement, clean and blacklined to the last version circulated by Blakes and reflecting the meetings held earlier today. As discussed, we need to provide the attached to the rating agencies **by no later than noon tomorrow** in order to meet our end of year financing deadline. Accordingly, we will be circulating a calendar invite to this group for 10 a.m. tomorrow morning to confirm the parties are signed off. If Osler or Blakes have any comments on the attached, we would ask that they be circulated to this group prior to the 10 a.m. call.
Kind regards,
Brett
Brett Saulnier
P. 416.865.8148 | F. 416.865.7380 | 1.800.505.8679

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: December-08-17 3:16 PM

To: Milligan, Peter <PMilligan@osler.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro - Change of Law Protection Agreement

Hi,

Attached is a revised version of the Change of Law Protection Agreement. I believe that most of the changes reflected from last night's Osler version (blackline is attached) are of a drafting or conforming nature, other than: (1) the Province disagrees that Approved Refinancing terms should be unfettered by adherence conditions post-Suspension Event and (2) the proposed rating-based "materially and adversely" qualification in the definition of Protection Event (and in fact any such qualification) is not acceptable to the Province. With regard to (1), this version comes into line with the proposed approach (i.e., using a modified adherence condition) that was incorporated into the version of the Change of Law Process Agreement I circulated yesterday. A further turn of that Agreement, to conform the open item identified in section 3.02 to the revised Change of Law Protection Agreement, is also included here for your reference.

Please note that the Province is working through the drafting concurrently and so further drafting comments may be provided.

As mentioned yesterday, the Province would like to proceed with the Ministers sign-off briefing early next week, on the basis that these versions (minus the explanatory notes) are now in substantially final form. Please identify if you believe there are other 'must have' points (other than the 2 mentioned above).

Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From: Milligan, Peter [mailto:PMilligan@osler.com]
Sent: Thursday, December 07, 2017 6:44 PM
To: ASHBOURNE, STEPHEN; Sebastiano, Rocco; Mansoori, Nina
Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom

(MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Saulnier, Brett; Olusoga, Yinka; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca); PALMER, AARON; VINER, JON; PRESTAGE, JA
Subject: Fair Hydro - Change of Law Protection Agreement

All,

Attached is a revised comment draft of the Change of Low Protection Agreement reflecting comments from Torys and Osler. In order to meet this transaction's timeline, this comment draft has not been reviewed by OPG or the Dealers and is delivered subject to any comments they may have.

Peter

OSLER

Peter Milligan
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From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: Thursday, December 07, 2017 4:27 PM
To: Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka

<yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro -- Change of Law Process Agreement
Hi,
Please find (attached) a further turn of the Change of Law Process Agreement, reflecting the Province's comments on the mark-up of the Agreement circulated yesterday afternoon by Torys. The attached blackline shows changes made to yesterday's Torys mark-up.
This version addresses concerns Rocco raised last night, to the extent the Province feels that the issues can be accommodated. For your information, I have set out below responses to Rocco's comments/observations (in CAPs).
The Province would like to proceed with the Ministers briefing early next week, on the basis that this version (minus the explanatory notes) is now in final form. If there are any critical revisions that the other parties believe reflect 'must have' priority, then the Province would like to have a call to discuss them as soon as possible.
Responses to Rocco's Points:
1. The change of the definition of Breach Event in Section 6.01 (i.e., the change to clause (a) and the addition of clause (b)) will result in an inconsistency with section 7.01(b) of the Change of Law Protection Agreement. This will require further consideration. [AGREED. 7.01(b) and 7.01(c) WILL NEED TO MIRROR THE CURE LANGUAGE WE SETTLE ON IN THE PROCESS AGREEMENT (SEE MY EARLIER COMMENTS). PERHAPS THE "which continues …" LANGUAGE IN 7.01(B) CAN BE REVISED TO READ: "to the extent that the Province would be entitled to provide a Suspension Notice in accordance with the terms of the agreement or agreements between the Province and OPG under which such obligations, requirements and processes arise". SIMILAR CHANGE FOR 7.01(C).
2. The right of the Province to issue an objection notice under Section 3.04(b) in connection with a Transaction Document provided to the Province which is required for a Refinancing of an Approved Obligation remains an outstanding issue. Clearly, this will depend upon what Adherence Conditions will be required under Section 4.02 of the Change of Law Protection Agreement in order to permit such Refinancing to become an Approved Obligation. If the Adherence Conditions set out in Section 4.02(a) of the Province's draft of the Change of Law Protection Agreement of December 4 were to apply to such Refinancing, to the extent that such refinancing required a change to a Transaction Document (e.g., as a result of a change to some rating agency condition or criteria), the Province's ability to issue an objection notice and thereby prevent the issuance of a Process Certificate under Section 3.01 (by virtue of Section 3.04) would have the effect of preventing a Refinancing. We trust that this was an unintended outcome of the drafting of Section 3.04 and/or the Adherence Conditions applicable to Refinancings. [THAT IS THE INTENDED EFFECT. THE ADHERENCE CONDITIONS WOULD APPLY TO THE REFINANCING, SO IF THE REFINANCING TERMS DEVIATED MATERIALLY (BASED ON THE SUBSTANTIALLY IN THE FORM" THRESHOLD"), THEN OPG WOULD REQUIRE THE PROVINCE NOT TO OBJECT IN ORDER TO PROCEED WITH THOSE NEW TERMS. OTHERWISE, THE REFINANCING COULD INCORPORATE TERMS AND CONDITIONS, WHICH WOULD BIND THE PROVINCE UNDER THE LIMITED GUARANTEE, THAT WOULD BE UNCONSTRAINED AND WITHOUT ANY ACCOUNTABILITY TO THE PROVINCE. IN ROCCO'S EXAMPLE, THAT MIGHT MEAN THAT OPG WOULD NEED TO RESORT TO UNRATED DEBT, IF THE PROVINCE WAS UNWILLING TO ACCEPT THE NEW TERMS. PRESUMABLY EVERYONE WOULD ACT RATIONALLY. HOWEVER, AS A FAILSAFE, OPG COULD OFFER INCREASED PRICING IN ORDER TO ATTRACT INVESTORS TO ACCEPT

THE EARLIER VETTED TERMS (BASED ON THE THEN ACCEPTED REVIEWED DOCUMENTATION).]

3. Given that the Indenture Trustee is not a party to the Change of Law Process Agreement, the Province and OPG can amend the terms and conditions of this agreement without the consent of the indenture Trustee. Specified Creditors under an Approved Obligation need to be assured that the Province cannot prevent a Refinancing of an Approved Obligation either by virtue of the objection notice discussed in point #2 above or as a result of a future amendment to the agreement. There are a couple of ways to deal with this point. The first is to a add a beneficiary/third party rights clause in the Change of Law Process Agreement which acknowledges that the Indenture Trustee is a beneficiary of certain provisions of this agreement and as a result, the agreement cannot be amended without the consent of the Indenture Trustee. The second is to ensure that the Adherence Conditions relating to Refinancings under the Change of Law Protection Agreement are not dependent upon the terms of the Change of Law Process Agreement. In light of the desire to not disclose the terms and conditions of the Change of Law Process Agreement to the rating agencies, especially at this late stage in the process, we would expect that the latter approach would be preferable. [THE SUGGESTION REGARDING THE PROVINCE PREVENTING A REFINANCING IS ADDRESSED IN #2. IF THE REFINANCING TERMS WOULD EXCEED THE SCOPE OF THE TRANSACTION DOCUMENTS REVIEWED AND NOT OBJECTED TO BY THE PROVINCE, THEN THAT SUGGESTS THERE IS A MATERIAL EFFECT ON THE PROVINCE AND SO THE PROVINCE WOULD NEED THE ABILITY TO REVIEW AND CONSIDER THE PROPRIETY OF THOSE NEW TERMS FROM ITS PERSPECTIVE. AS FOR THE STANDALONE NATURE OF THE PROCESS AGREEMENT, THE INTENTION IS THAT THE PROCESS AGREEMENT BE UNCOUPLED AND NOT PART OF THE COLLATERAL, AND AS MICHAEL FELDMAN HAS EXPLAINED, LEAVE FUTURE FLEXIBILITY FOR THIS LONG-TERM STRUCTURE. TO ADDRESS ROCCO'S CONCERN THAT THE PROVINCE AND OPG COULD CHANGE THE UNDERLYING OBLIGATIONS APPLICABLE TO ADHERENCE IN RELATION TO A NEW OBLIGATION, REQUIREMENT OR PROCESS IN THE PROCESS AGREEMENT THAT WOULD MAKE A REFINANCING LESS LIKELY TO OCCUR, WE HAVE ADDED AND USED IN THE ATTACHED VERSION A NEW DEFFINTION:

> "Approved Refinancing" means a Certified Primary Obligation proposed to be incurred as a Refinancing of an existing Certified Primary Obligation in respect of which the Adherence Conditions had been satisfied on the date such existing Certified Primary Obligation was incurred, that, at the time of incurrence, satisfies each of each of the Adherence Conditions except that the certificate contemplated to be delivered under Section 4.02(b) shall instead confirm that OPG has delivered to the Province a certificate by its applicable officers confirming that OPG would be in compliance with all obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the proposed Certified Primary Obligation that applied as between the Province and OPG on the date of issuance of such existing Certified Primary Obligation." Various references to "Refinancing" in the Protection Agreement can also be revised to refer to "Approved Refinancing", as required.

Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

———————————————

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Blake, Cassels & Graydon LLP | Barristers & Solicitors | Patent & Trade-mark Agents
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From: Sebastiano, Rocco [mailto:RSebastiano@osler.com]
Sent: Wednesday, December 06, 2017 7:45 PM
To: Mansoori, Nina; ASHBOURNE, STEPHEN; VINER, JON; PRESTAGE, JA
Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Milligan, Peter; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Saulnier, Brett; Olusoga, Yinka
Subject: RE: Fair Hydro -- Change of Law Process Agreement

I have reviewed the revised draft of the Change of Law Process Agreement that Torys has prepared and would like to pass along the following comments/observations:

1. The change of the definition of Breach Event in Section 6.01 (i.e., the change to clause (a) and the addition of clause (b)) will result in an inconsistency with section 7.01(b) of the Change of Law Protection Agreement. This will require further consideration.

2. The right of the Province to issue an objection notice under Section 3.04(b) in connection with a Transaction Document provided to the Province which is required for a Refinancing of an Approved Obligation remains an outstanding issue. Clearly, this will depend upon what Adherence Conditions will be required under Section 4.02 of the Change of Law Protection Agreement in order to permit such Refinancing to become an Approved Obligation. If the Adherence Conditions set out in Section 4.02(a) of the Province's draft of the Change of Law Protection Agreement of December 4 were to apply to such Refinancing, to the extent that such refinancing required a change to a Transaction Document (e.g., as a result of a change to some rating agency condition or criteria), the Province's ability to issue an objection notice and thereby prevent the issuance of a Process Certificate under Section 3.01 (by virtue of Section 3.04) would have the effect of preventing a Refinancing. We trust that this was an unintended outcome of the drafting of Section 3.04 and/or the Adherence Conditions applicable to Refinancings.

3. Given that the Indenture Trustee is not a party to the Change of Law Process Agreement, the Province and OPG can amend the terms and conditions of this agreement without the consent of the indenture Trustee. Specified Creditors under an Approved Obligation need to be assured that the Province cannot prevent a Refinancing of an Approved Obligation either by virtue of the objection notice discussed in point #2 above or as a result of a future amendment to the agreement. There are a couple of ways to deal with this point. The first is to a add a beneficiary/third party rights clause in

the Change of Law Process Agreement which acknowledges that the Indenture Trustee is a beneficiary of certain provisions of this agreement and as a result, the agreement cannot be amended without the consent of the Indenture Trustee. The second is to ensure that the Adherence Conditions relating to Refinancings under the Change of Law Protection Agreement are not dependent upon the terms of the Change of Law Process Agreement. In light of the desire to not disclose the terms and conditions of the Change of Law Process Agreement to the rating agencies, especially at this late stage in the process, we would expect that the latter approach would be preferable.
Regards, Rocco

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: Wednesday, December 06, 2017 4:38 PM
To: 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>; 'JON.VINER@blakes.com' <JON.VINER@blakes.com>; 'JA.PRESTAGE@blakes.com' <JA.PRESTAGE@blakes.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Mansoori, Nina <nmansoori@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>
Subject: Fair Hydro -- Change of Law Process Agreement

Blakes team,
Please find attached OPG and Torys' comments on the Process Agreement reflecting our discussions from yesterday's call. Please note that this draft is subject to continuing review and comment by Osler and the dealers. As discussed at the tail end of our call yesterday, the section in the Process Agreement that gives the Province the right to object to new and material changes to transaction documents dovetails with the Protection Agreement so additional comments from Oslers may be forthcoming on this draft.
We are working on getting you a revised draft of the Protection Agreement either later today or tomorrow. In the meantime, please let us know if you have any comments or questions on the Process Agreement.
Best Regards,

Nina
Nina Mansoori
P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com[torys.com]

TORYS LLP[torys.com]

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From: ASHBOURNE, STEPHEN
To: Malle Hanslep (MOF); Ken Kandeepan; Mike Manning; Anna Strathy; Tobias P. Whitfield (MOF)
Subject: RE: Fair Hydro - Change of Law Protection Agreement
Date: Tuesday, December 12, 2017 9:14:58 AM

Yes. 9:30?
Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Tuesday, December 12, 2017 9:08 AM
To: ASHBOURNE, STEPHEN; Kandeepan, Ken (OFA); Manning, Mike (OFA); Strathy, Anna (OFA); Whitfield, Tobias P. (MOF)
Subject: FW: Fair Hydro - Change of Law Protection Agreement
Should we have a call before 10 a.m. to discuss status of these 2 documents? We are free anytime. Thanks.

From: Saulnier, Brett [mailto:bsaulnier@torys.com]
Sent: December 11, 2017 11:35 PM
To: ASHBOURNE, STEPHEN; Milligan, Peter; Sebastiano, Rocco; Mansoori, Nina
Cc: Kandeepan, Ken (OFA); 'LADAK Lubna -TREASURY'; Strathy, Anna (OFA); Veinot, Cindy (TBS); McKinlay, Tom (MAG); Donaldson, Mark (TBS); Cayley, Daniel (ENERGY); Thouin, Alena (ENERGY); Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie - LAWDIV'; Fullerton, Rick; Mayman, Gadi (OFA); Manning, Mike (OFA); Hanslep, Malle (MOF); 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; Hume, Steen (ENERGY); Olusoga, Yinka; Whitfield, Tobias P. (MOF); PALMER, AARON; VINER, JON; PRESTAGE, JA
Subject: RE: Fair Hydro - Change of Law Protection Agreement
All,
Attached for your review is a revised draft of the Change of Law Protection Agreement, clean and blacklined to the last version circulated by Blakes and reflecting the meetings held earlier today. As discussed, we need to provide the attached to the rating agencies **by no later than noon tomorrow** in order to meet our end of year financing deadline. Accordingly, we will be circulating a calendar invite to this group for 10 a.m. tomorrow morning to confirm the parties are signed off. If Osler or Blakes have any comments on the attached, we would ask that they be circulated to this group prior to the 10 a.m. call.
Kind regards,
Brett
Brett Saulnier
P. 416.865.8148 | F. 416.865.7380 | 1.800.505.8679

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: December-08-17 3:16 PM
To: Milligan, Peter <PMilligan@osler.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -

TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>

Subject: RE: Fair Hydro - Change of Law Protection Agreement

Hi,

Attached is a revised version of the Change of Law Protection Agreement. I believe that most of the changes reflected from last night's Osler version (blackline is attached) are of a drafting or conforming nature, other than: (1) the Province disagrees that Approved Refinancing terms should be unfettered by adherence conditions post-Suspension Event and (2) the proposed rating-based "materially and adversely" qualification in the definition of Protection Event (and in fact any such qualification) is not acceptable to the Province. With regard to (1), this version comes into line with the proposed approach (i.e., using a modified adherence condition) that was incorporated into the version of the Change of Law Process Agreement I circulated yesterday. A further turn of that Agreement, to conform the open item identified in section 3.02 to the revised Change of Law Protection Agreement, is also included here for your reference.

Please note that the Province is working through the drafting concurrently and so further drafting comments may be provided.

As mentioned yesterday, the Province would like to proceed with the Ministers sign-off briefing early next week, on the basis that these versions (minus the explanatory notes) are now in substantially final form. Please identify if you believe there are other 'must have' points (other than the 2 mentioned above).

Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From: Milligan, Peter [mailto:PMilligan@osler.com]
Sent: Thursday, December 07, 2017 6:44 PM
To: ASHBOURNE, STEPHEN; Sebastiano, Rocco; Mansoori, Nina
Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Saulnier, Brett; Olusoga, Yinka; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca); PALMER, AARON; VINER, JON; PRESTAGE, JA
Subject: Fair Hydro - Change of Law Protection Agreement

All,

Attached is a revised comment draft of the Change of Low Protection Agreement reflecting comments from Torys and Osler. In order to meet this transaction's timeline, this comment draft has not been reviewed by OPG or the Dealers and is delivered subject to any comments they may have.

Peter

OSLER

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From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: Thursday, December 07, 2017 4:27 PM
To: Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro -- Change of Law Process Agreement

Hi,

Please find (attached) a further turn of the Change of Law Process Agreement, reflecting the Province's comments on the mark-up of the Agreement circulated yesterday afternoon by Torys. The attached blackline shows changes made to yesterday's Torys mark-up.

This version addresses concerns Rocco raised last night, to the extent the Province feels that the issues can be accommodated. For your information, I have set out below responses to Rocco's comments/observations (in CAPs).

The Province would like to proceed with the Ministers briefing early next week, on the basis that this version (minus the explanatory notes) is now in final form. If there are any critical revisions that the other parties believe reflect 'must have' priority, then the Province would like to have a call to discuss them as soon as possible.

Responses to Rocco's Points:

1. The change of the definition of Breach Event in Section 6.01 (i.e., the change to clause (a) and the

addition of clause (b)) will result in an inconsistency with section 7.01(b) of the Change of Law Protection Agreement. This will require further consideration. [AGREED. 7.01(b) and 7.01(c) WILL NEED TO MIRROR THE CURE LANGUAGE WE SETTLE ON IN THE PROCESS AGREEMENT (SEE MY EARLIER COMMENTS). PERHAPS THE "which continues …" LANGUAGE IN 7.01(B) CAN BE REVISED TO READ: "to the extent that the Province would be entitled to provide a Suspension Notice in accordance with the terms of the agreement or agreements between the Province and OPG under which such obligations, requirements and processes arise". SIMILAR CHANGE FOR 7.01(C).

2. The right of the Province to issue an objection notice under Section 3.04(b) in connection with a Transaction Document provided to the Province which is required for a Refinancing of an Approved Obligation remains an outstanding issue. Clearly, this will depend upon what Adherence Conditions will be required under Section 4.02 of the Change of Law Protection Agreement in order to permit such Refinancing to become an Approved Obligation. If the Adherence Conditions set out in Section 4.02(a) of the Province's draft of the Change of Law Protection Agreement of December 4 were to apply to such Refinancing, to the extent that such refinancing required a change to a Transaction Document (e.g., as a result of a change to some rating agency condition or criteria), the Province's ability to issue an objection notice and thereby prevent the issuance of a Process Certificate under Section 3.01 (by virtue of Section 3.04) would have the effect of preventing a Refinancing. We trust that this was an unintended outcome of the drafting of Section 3.04 and/or the Adherence Conditions applicable to Refinancings. [THAT IS THE INTENDED EFFECT. THE ADHERENCE CONDITIONS WOULD APPLY TO THE REFINANCING, SO IF THE REFINANCING TERMS DEVIATED MATERIALLY (BASED ON THE SUBSTANTIALLY IN THE FORM" THRESHOLD"), THEN OPG WOULD REQUIRE THE PROVINCE NOT TO OBJECT IN ORDER TO PROCEED WITH THOSE NEW TERMS. OTHERWISE, THE REFINANCING COULD INCORPORATE TERMS AND CONDITIONS, WHICH WOULD BIND THE PROVINCE UNDER THE LIMITED GUARANTEE, THAT WOULD BE UNCONSTRAINED AND WITHOUT ANY ACCOUNTABILITY TO THE PROVINCE. IN ROCCO'S EXAMPLE, THAT MIGHT MEAN THAT OPG WOULD NEED TO RESORT TO UNRATED DEBT, IF THE PROVINCE WAS UNWILLING TO ACCEPT THE NEW TERMS. PRESUMABLY EVERYONE WOULD ACT RATIONALLY. HOWEVER, AS A FAILSAFE, OPG COULD OFFER INCREASED PRICING IN ORDER TO ATTRACT INVESTORS TO ACCEPT THE EARLIER VETTED TERMS (BASED ON THE THEN ACCEPTED REVIEWED DOCUMENTATION).]

3. Given that the Indenture Trustee is not a party to the Change of Law Process Agreement, the Province and OPG can amend the terms and conditions of this agreement without the consent of the indenture Trustee. Specified Creditors under an Approved Obligation need to be assured that the Province cannot prevent a Refinancing of an Approved Obligation either by virtue of the objection notice discussed in point #2 above or as a result of a future amendment to the agreement. There are a couple of ways to deal with this point. The first is to a add a beneficiary/third party rights clause in the Change of Law Process Agreement which acknowledges that the Indenture Trustee is a beneficiary of certain provisions of this agreement and as a result, the agreement cannot be amended without the consent of the Indenture Trustee. The second is to ensure that the Adherence Conditions relating to Refinancings under the Change of Law Protection Agreement are not dependent upon the terms of the Change of Law Process Agreement. In light of the desire to not disclose the terms and conditions of the Change of Law Process Agreement to the rating agencies, especially at this late stage in the process, we would expect that the latter approach would be preferable. [THE SUGGESTION REGARDING THE PROVINCE PREVENTING A REFINANCING IS ADDRESSED IN #2. IF THE REFINANCING TERMS WOULD EXCEED THE SCOPE OF THE TRANSACTION DOCUMENTS REVIEWED AND NOT OBJECTED TO BY THE PROVINCE, THEN THAT SUGGESTS THERE IS A MATERIAL EFFECT ON THE PROVINCE AND SO THE PROVINCE WOULD NEED THE ABILITY TO REVIEW AND CONSIDER THE PROPRIETY OF THOSE NEW TERMS FROM ITS PERSPECTIVE. AS FOR THE STANDALONE NATURE OF THE PROCESS AGREEMENT, THE INTENTION IS THAT THE PROCESS AGREEMENT BE UNCOUPLED AND NOT PART OF THE COLLATERAL, AND

AS MICHAEL FELDMAN HAS EXPLAINED, LEAVE FUTURE FLEXIBILITY FOR THIS LONG-TERM STRUCTURE. TO ADDRESS ROCCO'S CONCERN THAT THE PROVINCE AND OPG COULD CHANGE THE UNDERLYING OBLIGATIONS APPLICABLE TO ADHERENCE IN RELATION TO A NEW OBLIGATION, REQUIREMENT OR PROCESS IN THE PROCESS AGREEMENT THAT WOULD MAKE A REFINANCING LESS LIKELY TO OCCUR, WE HAVE ADDED AND USED IN THE ATTACHED VERSION A NEW DEFFINTION:

> "Approved Refinancing" means a Certified Primary Obligation proposed to be incurred as a Refinancing of an existing Certified Primary Obligation in respect of which the Adherence Conditions had been satisfied on the date such existing Certified Primary Obligation was incurred, that, at the time of incurrence, satisfies each of each of the Adherence Conditions except that the certificate contemplated to be delivered under Section 4.02(b) shall instead confirm that OPG has delivered to the Province a certificate by its applicable officers confirming that OPG would be in compliance with all obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the proposed Certified Primary Obligation that applied as between the Province and OPG on the date of issuance of such existing Certified Primary Obligation." Various references to "Refinancing" in the Protection Agreement can also be revised to refer to "Approved Refinancing", as required.

Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

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Blake, Cassels & Graydon LLP | Barristers & Solicitors | Patent & Trade-mark Agents
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From: Sebastiano, Rocco [mailto:RSebastiano@osler.com]
Sent: Wednesday, December 06, 2017 7:45 PM
To: Mansoori, Nina; ASHBOURNE, STEPHEN; VINER, JON; PRESTAGE, JA
Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Milligan, Peter; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Saulnier, Brett; Olusoga, Yinka
Subject: RE: Fair Hydro -- Change of Law Process Agreement

I have reviewed the revised draft of the Change of Law Process Agreement that Torys has prepared and would like to pass along the following comments/observations:

1. The change of the definition of Breach Event in Section 6.01 (i.e., the change to clause (a) and the addition of clause (b)) will result in an inconsistency with section 7.01(b) of the Change of Law Protection Agreement. This will require further consideration.

2. The right of the Province to issue an objection notice under Section 3.04(b) in connection with a Transaction Document provided to the Province which is required for a Refinancing of an Approved Obligation remains an outstanding issue. Clearly, this will depend upon what Adherence Conditions will be required under Section 4.02 of the Change of Law Protection Agreement in order to permit such Refinancing to become an Approved Obligation. If the Adherence Conditions set out in Section 4.02(a) of the Province's draft of the Change of Law Protection Agreement of December 4 were to apply to such Refinancing, to the extent that such refinancing required a change to a Transaction Document (e.g., as a result of a change to some rating agency condition or criteria), the Province's ability to issue an objection notice and thereby prevent the issuance of a Process Certificate under Section 3.01 (by virtue of Section 3.04) would have the effect of preventing a Refinancing. We trust that this was an unintended outcome of the drafting of Section 3.04 and/or the Adherence Conditions applicable to Refinancings.

3. Given that the Indenture Trustee is not a party to the Change of Law Process Agreement, the Province and OPG can amend the terms and conditions of this agreement without the consent of the indenture Trustee. Specified Creditors under an Approved Obligation need to be assured that the Province cannot prevent a Refinancing of an Approved Obligation either by virtue of the objection notice discussed in point #2 above or as a result of a future amendment to the agreement. There are a couple of ways to deal with this point. The first is to a add a beneficiary/third party rights clause in the Change of Law Process Agreement which acknowledges that the Indenture Trustee is a beneficiary of certain provisions of this agreement and as a result, the agreement cannot be amended without the consent of the Indenture Trustee. The second is to ensure that the Adherence Conditions relating to Refinancings under the Change of Law Protection Agreement are not dependent upon the terms of the Change of Law Process Agreement. In light of the desire to not disclose the terms and conditions of the Change of Law Process Agreement to the rating agencies, especially at this late stage in the process, we would expect that the latter approach would be preferable.

Regards, Rocco

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: Wednesday, December 06, 2017 4:38 PM
To: 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>; 'JON.VINER@blakes.com' <JON.VINER@blakes.com>; 'JA.PRESTAGE@blakes.com' <JA.PRESTAGE@blakes.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com'

<brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Mansoori, Nina <nmansoori@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>
Subject: Fair Hydro -- Change of Law Process Agreement

Blakes team,

Please find attached OPG and Torys' comments on the Process Agreement reflecting our discussions from yesterday's call. Please note that this draft is subject to continuing review and comment by Osler and the dealers. As discussed at the tail end of our call yesterday, the section in the Process Agreement that gives the Province the right to object to new and material changes to transaction documents dovetails with the Protection Agreement so additional comments from Oslers may be forthcoming on this draft.

We are working on getting you a revised draft of the Protection Agreement either later today or tomorrow. In the meantime, please let us know if you have any comments or questions on the Process Agreement.

Best Regards,

Nina

Nina Mansoori
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79 Wellington St. W., 30th Floor, Box 270, TD South Tower
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TORYS LLP[torys.com]

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From:	Anna Strathy
To:	Malle Hanslep (MOF); ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com); Ken Kandeepan; Mike Manning; Tobias P. Whitfield (MOF)
Cc:	Hresa Gavaris
Subject:	RE: Fair Hydro - Change of Law Protection Agreement
Date:	Tuesday, December 12, 2017 9:12:54 AM

Hi All, I'm working from home today with a sick child and may not be able to call in. I'm copying Hresa in my office who can help to set up a dial-in number.
Anna

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Tuesday, December 12, 2017 9:08 AM
To: ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com) ; Ken Kandeepan ; Mike Manning ; Anna Strathy ; Tobias P. Whitfield (MOF)
Subject: FW: Fair Hydro - Change of Law Protection Agreement

Should we have a call before 10 a.m. to discuss status of these 2 documents? We are free anytime. Thanks.

From: Saulnier, Brett [mailto:bsaulnier@torys.com]
Sent: December 11, 2017 11:35 PM
To: ASHBOURNE, STEPHEN; Milligan, Peter; Sebastiano, Rocco; Mansoori, Nina
Cc: Kandeepan, Ken (OFA); 'LADAK Lubna -TREASURY'; Strathy, Anna (OFA); Veinot, Cindy (TBS); McKinlay, Tom (MAG); Donaldson, Mark (TBS); Cayley, Daniel (ENERGY); Thouin, Alena (ENERGY); Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie - LAWDIV'; Fullerton, Rick; Mayman, Gadi (OFA); Manning, Mike (OFA); Hanslep, Malle (MOF); 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; Hume, Steen (ENERGY); Olusoga, Yinka; Whitfield, Tobias P. (MOF); PALMER, AARON; VINER, JON; PRESTAGE, JA
Subject: RE: Fair Hydro - Change of Law Protection Agreement

All,
Attached for your review is a revised draft of the Change of Law Protection Agreement, clean and blacklined to the last version circulated by Blakes and reflecting the meetings held earlier today. As discussed, we need to provide the attached to the rating agencies **by no later than noon tomorrow** in order to meet our end of year financing deadline. Accordingly, we will be circulating a calendar invite to this group for 10 a.m. tomorrow morning to confirm the parties are signed off. If Osler or Blakes have any comments on the attached, we would ask that they be circulated to this group prior to the 10 a.m. call.
Kind regards,
Brett

Brett Saulnier
P. 416.865.8148 | F. 416.865.7380 | 1.800.505.8679

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: December-08-17 3:16 PM
To: Milligan, Peter <PMilligan@osler.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'

<Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>

Subject: RE: Fair Hydro - Change of Law Protection Agreement

Hi,

Attached is a revised version of the Change of Law Protection Agreement. I believe that most of the changes reflected from last night's Osler version (blackline is attached) are of a drafting or conforming nature, other than: (1) the Province disagrees that Approved Refinancing terms should be unfettered by adherence conditions post-Suspension Event and (2) the proposed rating-based "materially and adversely" qualification in the definition of Protection Event (and in fact any such qualification) is not acceptable to the Province. With regard to (1), this version comes into line with the proposed approach (i.e., using a modified adherence condition) that was incorporated into the version of the Change of Law Process Agreement I circulated yesterday. A further turn of that Agreement, to conform the open item identified in section 3.02 to the revised Change of Law Protection Agreement, is also included here for your reference.

Please note that the Province is working through the drafting concurrently and so further drafting comments may be provided.

As mentioned yesterday, the Province would like to proceed with the Ministers sign-off briefing early next week, on the basis that these versions (minus the explanatory notes) are now in substantially final form. Please identify if you believe there are other 'must have' points (other than the 2 mentioned above).

Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From: Milligan, Peter [mailto:PMilligan@osler.com]
Sent: Thursday, December 07, 2017 6:44 PM
To: ASHBOURNE, STEPHEN; Sebastiano, Rocco; Mansoori, Nina
Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Saulnier, Brett; Olusoga, Yinka; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca); PALMER, AARON; VINER, JON; PRESTAGE, JA
Subject: Fair Hydro - Change of Law Protection Agreement

All,
Attached is a revised comment draft of the Change of Low Protection Agreement reflecting comments from Torys and Osler. In order to meet this transaction's timeline, this comment draft has not been reviewed by OPG or the Dealers and is delivered subject to any comments they may have.
Peter

OSLER

Peter Milligan
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From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: Thursday, December 07, 2017 4:27 PM
To: Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro -- Change of Law Process Agreement
Hi,
Please find (attached) a further turn of the Change of Law Process Agreement, reflecting the Province's comments on the mark-up of the Agreement circulated yesterday afternoon by Torys. The

attached blackline shows changes made to yesterday's Torys mark-up.
This version addresses concerns Rocco raised last night, to the extent the Province feels that the issues can be accommodated. For your information, I have set out below responses to Rocco's comments/observations (in CAPs).
The Province would like to proceed with the Ministers briefing early next week, on the basis that this version (minus the explanatory notes) is now in final form. If there are any critical revisions that the other parties believe reflect 'must have' priority, then the Province would like to have a call to discuss them as soon as possible.
Responses to Rocco's Points:
1. The change of the definition of Breach Event in Section 6.01 (i.e., the change to clause (a) and the addition of clause (b)) will result in an inconsistency with section 7.01(b) of the Change of Law Protection Agreement. This will require further consideration. [AGREED. 7.01(b) and 7.01(c) WILL NEED TO MIRROR THE CURE LANGUAGE WE SETTLE ON IN THE PROCESS AGREEMENT (SEE MY EARLIER COMMENTS). PERHAPS THE "which continues …" LANGUAGE IN 7.01(B) CAN BE REVISED TO READ: "to the extent that the Province would be entitled to provide a Suspension Notice in accordance with the terms of the agreement or agreements between the Province and OPG under which such obligations, requirements and processes arise". SIMILAR CHANGE FOR 7.01(C).
2. The right of the Province to issue an objection notice under Section 3.04(b) in connection with a Transaction Document provided to the Province which is required for a Refinancing of an Approved Obligation remains an outstanding issue. Clearly, this will depend upon what Adherence Conditions will be required under Section 4.02 of the Change of Law Protection Agreement in order to permit such Refinancing to become an Approved Obligation. If the Adherence Conditions set out in Section 4.02(a) of the Province's draft of the Change of Law Protection Agreement of December 4 were to apply to such Refinancing, to the extent that such refinancing required a change to a Transaction Document (e.g., as a result of a change to some rating agency condition or criteria), the Province's ability to issue an objection notice and thereby prevent the issuance of a Process Certificate under Section 3.01 (by virtue of Section 3.04) would have the effect of preventing a Refinancing. We trust that this was an unintended outcome of the drafting of Section 3.04 and/or the Adherence Conditions applicable to Refinancings. [THAT IS THE INTENDED EFFECT. THE ADHERENCE CONDITIONS WOULD APPLY TO THE REFINANCING, SO IF THE REFINANCING TERMS DEVIATED MATERIALLY (BASED ON THE SUBSTANTIALLY IN THE FORM" THRESHOLD"), THEN OPG WOULD REQUIRE THE PROVINCE NOT TO OBJECT IN ORDER TO PROCEED WITH THOSE NEW TERMS. OTHERWISE, THE REFINANCING COULD INCORPORATE TERMS AND CONDITIONS, WHICH WOULD BIND THE PROVINCE UNDER THE LIMITED GUARANTEE, THAT WOULD BE UNCONSTRAINED AND WITHOUT ANY ACCOUNTABILITY TO THE PROVINCE. IN ROCCO'S EXAMPLE, THAT MIGHT MEAN THAT OPG WOULD NEED TO RESORT TO UNRATED DEBT, IF THE PROVINCE WAS UNWILLING TO ACCEPT THE NEW TERMS. PRESUMABLY EVERYONE WOULD ACT RATIONALLY. HOWEVER, AS A FAILSAFE, OPG COULD OFFER INCREASED PRICING IN ORDER TO ATTRACT INVESTORS TO ACCEPT THE EARLIER VETTED TERMS (BASED ON THE THEN ACCEPTED REVIEWED DOCUMENTATION).]
3. Given that the Indenture Trustee is not a party to the Change of Law Process Agreement, the Province and OPG can amend the terms and conditions of this agreement without the consent of the indenture Trustee. Specified Creditors under an Approved Obligation need to be assured that the Province cannot prevent a Refinancing of an Approved Obligation either by virtue of the objection notice discussed in point #2 above or as a result of a future amendment to the agreement. There are a couple of ways to deal with this point. The first is to a add a beneficiary/third party rights clause in

the Change of Law Process Agreement which acknowledges that the Indenture Trustee is a beneficiary of certain provisions of this agreement and as a result, the agreement cannot be amended without the consent of the Indenture Trustee. The second is to ensure that the Adherence Conditions relating to Refinancings under the Change of Law Protection Agreement are not dependent upon the terms of the Change of Law Process Agreement. In light of the desire to not disclose the terms and conditions of the Change of Law Process Agreement to the rating agencies, especially at this late stage in the process, we would expect that the latter approach would be preferable. [THE SUGGESTION REGARDING THE PROVINCE PREVENTING A REFINANCING IS ADDRESSED IN #2. IF THE REFINANCING TERMS WOULD EXCEED THE SCOPE OF THE TRANSACTION DOCUMENTS REVIEWED AND NOT OBJECTED TO BY THE PROVINCE, THEN THAT SUGGESTS THERE IS A MATERIAL EFFECT ON THE PROVINCE AND SO THE PROVINCE WOULD NEED THE ABILITY TO REVIEW AND CONSIDER THE PROPRIETY OF THOSE NEW TERMS FROM ITS PERSPECTIVE. AS FOR THE STANDALONE NATURE OF THE PROCESS AGREEMENT, THE INTENTION IS THAT THE PROCESS AGREEMENT BE UNCOUPLED AND NOT PART OF THE COLLATERAL, AND AS MICHAEL FELDMAN HAS EXPLAINED, LEAVE FUTURE FLEXIBILITY FOR THIS LONG-TERM STRUCTURE. TO ADDRESS ROCCO'S CONCERN THAT THE PROVINCE AND OPG COULD CHANGE THE UNDERLYING OBLIGATIONS APPLICABLE TO ADHERENCE IN RELATION TO A NEW OBLIGATION, REQUIREMENT OR PROCESS IN THE PROCESS AGREEMENT THAT WOULD MAKE A REFINANCING LESS LIKELY TO OCCUR, WE HAVE ADDED AND USED IN THE ATTACHED VERSION A NEW DEFFINTION:

> "Approved Refinancing" means a Certified Primary Obligation proposed to be incurred as a Refinancing of an existing Certified Primary Obligation in respect of which the Adherence Conditions had been satisfied on the date such existing Certified Primary Obligation was incurred, that, at the time of incurrence, satisfies each of each of the Adherence Conditions except that the certificate contemplated to be delivered under Section 4.02(b) shall instead confirm that OPG has delivered to the Province a certificate by its applicable officers confirming that OPG would be in compliance with all obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the proposed Certified Primary Obligation that applied as between the Province and OPG on the date of issuance of such existing Certified Primary Obligation." Various references to "Refinancing" in the Protection Agreement can also be revised to refer to "Approved Refinancing", as required.

Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

———————————————

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From: Sebastiano, Rocco [mailto:RSebastiano@osler.com]
Sent: Wednesday, December 06, 2017 7:45 PM
To: Mansoori, Nina; ASHBOURNE, STEPHEN; VINER, JON; PRESTAGE, JA
Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Milligan, Peter; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Saulnier, Brett; Olusoga, Yinka
Subject: RE: Fair Hydro -- Change of Law Process Agreement

I have reviewed the revised draft of the Change of Law Process Agreement that Torys has prepared and would like to pass along the following comments/observations:

1. The change of the definition of Breach Event in Section 6.01 (i.e., the change to clause (a) and the addition of clause (b)) will result in an inconsistency with section 7.01(b) of the Change of Law Protection Agreement. This will require further consideration.

2. The right of the Province to issue an objection notice under Section 3.04(b) in connection with a Transaction Document provided to the Province which is required for a Refinancing of an Approved Obligation remains an outstanding issue. Clearly, this will depend upon what Adherence Conditions will be required under Section 4.02 of the Change of Law Protection Agreement in order to permit such Refinancing to become an Approved Obligation. If the Adherence Conditions set out in Section 4.02(a) of the Province's draft of the Change of Law Protection Agreement of December 4 were to apply to such Refinancing, to the extent that such refinancing required a change to a Transaction Document (e.g., as a result of a change to some rating agency condition or criteria), the Province's ability to issue an objection notice and thereby prevent the issuance of a Process Certificate under Section 3.01 (by virtue of Section 3.04) would have the effect of preventing a Refinancing. We trust that this was an unintended outcome of the drafting of Section 3.04 and/or the Adherence Conditions applicable to Refinancings.

3. Given that the Indenture Trustee is not a party to the Change of Law Process Agreement, the Province and OPG can amend the terms and conditions of this agreement without the consent of the indenture Trustee. Specified Creditors under an Approved Obligation need to be assured that the Province cannot prevent a Refinancing of an Approved Obligation either by virtue of the objection notice discussed in point #2 above or as a result of a future amendment to the agreement. There are a couple of ways to deal with this point. The first is to a add a beneficiary/third party rights clause in the Change of Law Process Agreement which acknowledges that the Indenture Trustee is a beneficiary of certain provisions of this agreement and as a result, the agreement cannot be amended without the consent of the Indenture Trustee. The second is to ensure that the Adherence Conditions relating to Refinancings under the Change of Law Protection Agreement are not dependent upon the terms of the Change of Law Process Agreement. In light of the desire to not disclose the terms and conditions of the Change of Law Process Agreement to the rating agencies, especially at this late stage in the process, we would expect that the latter approach would be preferable.

Regards, Rocco

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: Wednesday, December 06, 2017 4:38 PM
To: 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>; 'JON.VINER@blakes.com' <JON.VINER@blakes.com>; 'JA.PRESTAGE@blakes.com' <JA.PRESTAGE@blakes.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Mansoori, Nina <nmansoori@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>
Subject: Fair Hydro -- Change of Law Process Agreement

Blakes team,

Please find attached OPG and Torys' comments on the Process Agreement reflecting our discussions from yesterday's call. Please note that this draft is subject to continuing review and comment by Osler and the dealers. As discussed at the tail end of our call yesterday, the section in the Process Agreement that gives the Province the right to object to new and material changes to transaction documents dovetails with the Protection Agreement so additional comments from Oslers may be forthcoming on this draft.

We are working on getting you a revised draft of the Protection Agreement either later today or tomorrow. In the meantime, please let us know if you have any comments or questions on the Process Agreement.

Best Regards,

Nina

Nina Mansoori
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79 Wellington St. W., 30th Floor, Box 270, TD South Tower
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From:	Milligan, Peter
To:	Saulnier, Brett; ASHBOURNE, STEPHEN; Sebastiano, Rocco; Mansoori, Nina
Cc:	Ken Kandeepan; "LADAK Lubna -TREASURY"; Anna Strathy; "Veinot, Cindy (TBS)"; Tom McKinlay (MAG); Mark Donaldson (MOF); Daniel Cayley (ENERGY); "Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)"; Ramchandani, Rima; "LEE John -TREASURY"; "RYFA Ken -TREASURY"; "HAHN PARKER Janet -TREASURY"; "MAUTI John -FIN & C CTRL"; "LAURETA LAPIRA May -TREASURY"; Feldman, Michael; "WONG Leslie -LAWDIV"; Fullerton, Rick; Gadi Mayman; Mike Manning; Malle Hanslep (MOF); "ian.benaiah@rbccm.com"; "Khan, Nur (nur.khan@rbccm.com)"; "brent.r.taylor@rbccm.com"; "katrina.niehaus@gs.com"; "brian.delaney@gs.com"; "Maciel, Andrew"; "Adalja, Sunil"; "Persad, Nicole"; "Persaud, Donnie - Debt Capital Markets"; Steen Hume (CAB); Olusoga, Yinka; Tobias P. Whitfield (MOF); PALMER, AARON; VINER, JON; PRESTAGE, JA
Subject:	RE: Fair Hydro - Change of Law Protection Agreement
Date:	Tuesday, December 12, 2017 9:09:42 AM
Attachments:	Changed Pages Protection Agreement (Dec 11 v Dec 12).PDF

All,
Attached are changed pages with my comments on the Change of Law Protection Agreement. This does not represent input from any dealer. I will follow up to see if the dealers have any additional comments but given the plan to have a call at 10, I pass along these comments now.
Peter

From: Saulnier, Brett [mailto:bsaulnier@torys.com]
Sent: Monday, December 11, 2017 11:35 PM
To: ASHBOURNE, STEPHEN ; Milligan, Peter ; Sebastiano, Rocco ; Mansoori, Nina
Cc: 'Ken Kandeepan' ; 'LADAK Lubna -TREASURY' ; 'Anna Strathy' ; 'Veinot, Cindy (TBS)' ; 'McKinlay, Tom (MAG)' ; 'Donaldson, Mark (TBS)' ; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' ; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' ; Ramchandani, Rima ; 'LEE John -TREASURY' ; 'RYFA Ken -TREASURY' ; 'HAHN PARKER Janet -TREASURY' ; 'MAUTI John -FIN & C CTRL' ; 'LAURETA LAPIRA May -TREASURY' ; Feldman, Michael ; 'WONG Leslie -LAWDIV' ; Fullerton, Rick ; 'Mayman, Gadi (OFA)' ; 'Manning, Mike (OFA)' ; 'Hanslep, Malle (MOF)' ; 'ian.benaiah@rbccm.com' ; 'Khan, Nur (nur.khan@rbccm.com)' ; 'brent.r.taylor@rbccm.com' ; 'katrina.niehaus@gs.com' ; 'brian.delaney@gs.com' ; 'Maciel, Andrew' ; 'Adalja, Sunil' ; 'Persad, Nicole' ; 'Persaud, Donnie - Debt Capital Markets' ; 'Steen Hume (CAB)' ; Olusoga, Yinka ; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) ; PALMER, AARON ; VINER, JON ; PRESTAGE, JA
Subject: RE: Fair Hydro - Change of Law Protection Agreement
All,
Attached for your review is a revised draft of the Change of Law Protection Agreement, clean and blacklined to the last version circulated by Blakes and reflecting the meetings held earlier today. As discussed, we need to provide the attached to the rating agencies **by no later than noon tomorrow** in order to meet our end of year financing deadline. Accordingly, we will be circulating a calendar invite to this group for 10 a.m. tomorrow morning to confirm the parties are signed off. If Osler or Blakes have any comments on the attached, we would ask that they be circulated to this group prior to the 10 a.m. call.
Kind regards,
Brett
Brett Saulnier
P. 416.865.8148 | F. 416.865.7380 | 1.800.505.8679

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: December-08-17 3:16 PM
To: Milligan, Peter <PMilligan@osler.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY)

(Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>

Subject: RE: Fair Hydro - Change of Law Protection Agreement

Hi,

Attached is a revised version of the Change of Law Protection Agreement. I believe that most of the changes reflected from last night's Osler version (blackline is attached) are of a drafting or conforming nature, other than: (1) the Province disagrees that Approved Refinancing terms should be unfettered by adherence conditions post-Suspension Event and (2) the proposed rating-based "materially and adversely" qualification in the definition of Protection Event (and in fact any such qualification) is not acceptable to the Province. With regard to (1), this version comes into line with the proposed approach (i.e., using a modified adherence condition) that was incorporated into the version of the Change of Law Process Agreement I circulated yesterday. A further turn of that Agreement, to conform the open item identified in section 3.02 to the revised Change of Law Protection Agreement, is also included here for your reference.

Please note that the Province is working through the drafting concurrently and so further drafting comments may be provided.

As mentioned yesterday, the Province would like to proceed with the Ministers sign-off briefing early next week, on the basis that these versions (minus the explanatory notes) are now in substantially final form. Please identify if you believe there are other 'must have' points (other than the 2 mentioned above).

Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From: Milligan, Peter [mailto:PMilligan@osler.com]
Sent: Thursday, December 07, 2017 6:44 PM
To: ASHBOURNE, STEPHEN; Sebastiano, Rocco; Mansoori, Nina
Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Saulnier, Brett; Olusoga, Yinka; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca); PALMER, AARON; VINER, JON; PRESTAGE, JA
Subject: Fair Hydro - Change of Law Protection Agreement

All,

Attached is a revised comment draft of the Change of Low Protection Agreement reflecting

comments from Torys and Osler. In order to meet this transaction's timeline, this comment draft has not been reviewed by OPG or the Dealers and is delivered subject to any comments they may have.
Peter

OSLER

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From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: Thursday, December 07, 2017 4:27 PM
To: Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro -- Change of Law Process Agreement
Hi,
Please find (attached) a further turn of the Change of Law Process Agreement, reflecting the Province's comments on the mark-up of the Agreement circulated yesterday afternoon by Torys. The attached blackline shows changes made to yesterday's Torys mark-up.
This version addresses concerns Rocco raised last night, to the extent the Province feels that the issues can be accommodated. For your information, I have set out below responses to Rocco's comments/observations (in CAPs).
The Province would like to proceed with the Ministers briefing early next week, on the basis that this version (minus the explanatory notes) is now in final form. If there are any critical revisions that the other parties believe reflect 'must have' priority, then the Province would like to have a call to discuss them as soon as possible.

Responses to Rocco's Points:

1. The change of the definition of Breach Event in Section 6.01 (i.e., the change to clause (a) and the addition of clause (b)) will result in an inconsistency with section 7.01(b) of the Change of Law Protection Agreement. This will require further consideration. [AGREED. 7.01(b) and 7.01(c) WILL NEED TO MIRROR THE CURE LANGUAGE WE SETTLE ON IN THE PROCESS AGREEMENT (SEE MY EARLIER COMMENTS). PERHAPS THE "which continues …" LANGUAGE IN 7.01(B) CAN BE REVISED TO READ: "to the extent that the Province would be entitled to provide a Suspension Notice in accordance with the terms of the agreement or agreements between the Province and OPG under which such obligations, requirements and processes arise". SIMILAR CHANGE FOR 7.01(C).

2. The right of the Province to issue an objection notice under Section 3.04(b) in connection with a Transaction Document provided to the Province which is required for a Refinancing of an Approved Obligation remains an outstanding issue. Clearly, this will depend upon what Adherence Conditions will be required under Section 4.02 of the Change of Law Protection Agreement in order to permit such Refinancing to become an Approved Obligation. If the Adherence Conditions set out in Section 4.02(a) of the Province's draft of the Change of Law Protection Agreement of December 4 were to apply to such Refinancing, to the extent that such refinancing required a change to a Transaction Document (e.g., as a result of a change to some rating agency condition or criteria), the Province's ability to issue an objection notice and thereby prevent the issuance of a Process Certificate under Section 3.01 (by virtue of Section 3.04) would have the effect of preventing a Refinancing. We trust that this was an unintended outcome of the drafting of Section 3.04 and/or the Adherence Conditions applicable to Refinancings. [THAT IS THE INTENDED EFFECT. THE ADHERENCE CONDITIONS WOULD APPLY TO THE REFINANCING, SO IF THE REFINANCING TERMS DEVIATED MATERIALLY (BASED ON THE SUBSTANTIALLY IN THE FORM" THRESHOLD"), THEN OPG WOULD REQUIRE THE PROVINCE NOT TO OBJECT IN ORDER TO PROCEED WITH THOSE NEW TERMS. OTHERWISE, THE REFINANCING COULD INCORPORATE TERMS AND CONDITIONS, WHICH WOULD BIND THE PROVINCE UNDER THE LIMITED GUARANTEE, THAT WOULD BE UNCONSTRAINED AND WITHOUT ANY ACCOUNTABILITY TO THE PROVINCE. IN ROCCO'S EXAMPLE, THAT MIGHT MEAN THAT OPG WOULD NEED TO RESORT TO UNRATED DEBT, IF THE PROVINCE WAS UNWILLING TO ACCEPT THE NEW TERMS. PRESUMABLY EVERYONE WOULD ACT RATIONALLY. HOWEVER, AS A FAILSAFE, OPG COULD OFFER INCREASED PRICING IN ORDER TO ATTRACT INVESTORS TO ACCEPT THE EARLIER VETTED TERMS (BASED ON THE THEN ACCEPTED REVIEWED DOCUMENTATION).]

3. Given that the Indenture Trustee is not a party to the Change of Law Process Agreement, the Province and OPG can amend the terms and conditions of this agreement without the consent of the indenture Trustee. Specified Creditors under an Approved Obligation need to be assured that the Province cannot prevent a Refinancing of an Approved Obligation either by virtue of the objection notice discussed in point #2 above or as a result of a future amendment to the agreement. There are a couple of ways to deal with this point. The first is to a add a beneficiary/third party rights clause in the Change of Law Process Agreement which acknowledges that the Indenture Trustee is a beneficiary of certain provisions of this agreement and as a result, the agreement cannot be amended without the consent of the Indenture Trustee. The second is to ensure that the Adherence Conditions relating to Refinancings under the Change of Law Protection Agreement are not dependent upon the terms of the Change of Law Process Agreement. In light of the desire to not disclose the terms and conditions of the Change of Law Process Agreement to the rating agencies, especially at this late stage in the process, we would expect that the latter approach would be preferable. [THE SUGGESTION REGARDING THE PROVINCE PREVENTING A REFINANCING IS ADDRESSED IN #2. IF THE REFINANCING TERMS WOULD EXCEED THE SCOPE OF THE TRANSACTION DOCUMENTS REVIEWED AND NOT OBJECTED TO BY THE PROVINCE, THEN THAT SUGGESTS THERE IS A MATERIAL EFFECT ON THE PROVINCE AND SO THE PROVINCE WOULD NEED THE ABILITY TO REVIEW AND CONSIDER THE PROPRIETY OF THOSE NEW TERMS FROM ITS PERSPECTIVE. AS FOR THE

STANDALONE NATURE OF THE PROCESS AGREEMENT, THE INTENTION IS THAT THE PROCESS AGREEMENT BE UNCOUPLED AND NOT PART OF THE COLLATERAL, AND AS MICHAEL FELDMAN HAS EXPLAINED, LEAVE FUTURE FLEXIBILITY FOR THIS LONG-TERM STRUCTURE. TO ADDRESS ROCCO'S CONCERN THAT THE PROVINCE AND OPG COULD CHANGE THE UNDERLYING OBLIGATIONS APPLICABLE TO ADHERENCE IN RELATION TO A NEW OBLIGATION, REQUIREMENT OR PROCESS IN THE PROCESS AGREEMENT THAT WOULD MAKE A REFINANCING LESS LIKELY TO OCCUR, WE HAVE ADDED AND USED IN THE ATTACHED VERSION A NEW DEFFINTION:

> "Approved Refinancing" means a Certified Primary Obligation proposed to be incurred as a Refinancing of an existing Certified Primary Obligation in respect of which the Adherence Conditions had been satisfied on the date such existing Certified Primary Obligation was incurred, that, at the time of incurrence, satisfies each of each of the Adherence Conditions except that the certificate contemplated to be delivered under Section 4.02(b) shall instead confirm that OPG has delivered to the Province a certificate by its applicable officers confirming that OPG would be in compliance with all obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the proposed Certified Primary Obligation that applied as between the Province and OPG on the date of issuance of such existing Certified Primary Obligation." Various references to "Refinancing" in the Protection Agreement can also be revised to refer to "Approved Refinancing", as required.

Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

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Blake, Cassels & Graydon LLP | Barristers & Solicitors | Patent & Trade-mark Agents
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From: Sebastiano, Rocco [mailto:RSebastiano@osler.com]
Sent: Wednesday, December 06, 2017 7:45 PM
To: Mansoori, Nina; ASHBOURNE, STEPHEN; VINER, JON; PRESTAGE, JA
Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Milligan, Peter; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel,

Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Saulnier, Brett; Olusoga, Yinka
Subject: RE: Fair Hydro -- Change of Law Process Agreement
I have reviewed the revised draft of the Change of Law Process Agreement that Torys has prepared and would like to pass along the following comments/observations:
1. The change of the definition of Breach Event in Section 6.01 (i.e., the change to clause (a) and the addition of clause (b)) will result in an inconsistency with section 7.01(b) of the Change of Law Protection Agreement. This will require further consideration.
2. The right of the Province to issue an objection notice under Section 3.04(b) in connection with a Transaction Document provided to the Province which is required for a Refinancing of an Approved Obligation remains an outstanding issue. Clearly, this will depend upon what Adherence Conditions will be required under Section 4.02 of the Change of Law Protection Agreement in order to permit such Refinancing to become an Approved Obligation. If the Adherence Conditions set out in Section 4.02(a) of the Province's draft of the Change of Law Protection Agreement of December 4 were to apply to such Refinancing, to the extent that such refinancing required a change to a Transaction Document (e.g., as a result of a change to some rating agency condition or criteria), the Province's ability to issue an objection notice and thereby prevent the issuance of a Process Certificate under Section 3.01 (by virtue of Section 3.04) would have the effect of preventing a Refinancing. We trust that this was an unintended outcome of the drafting of Section 3.04 and/or the Adherence Conditions applicable to Refinancings.
3. Given that the Indenture Trustee is not a party to the Change of Law Process Agreement, the Province and OPG can amend the terms and conditions of this agreement without the consent of the indenture Trustee. Specified Creditors under an Approved Obligation need to be assured that the Province cannot prevent a Refinancing of an Approved Obligation either by virtue of the objection notice discussed in point #2 above or as a result of a future amendment to the agreement. There are a couple of ways to deal with this point. The first is to a add a beneficiary/third party rights clause in the Change of Law Process Agreement which acknowledges that the Indenture Trustee is a beneficiary of certain provisions of this agreement and as a result, the agreement cannot be amended without the consent of the Indenture Trustee. The second is to ensure that the Adherence Conditions relating to Refinancings under the Change of Law Protection Agreement are not dependent upon the terms of the Change of Law Process Agreement. In light of the desire to not disclose the terms and conditions of the Change of Law Process Agreement to the rating agencies, especially at this late stage in the process, we would expect that the latter approach would be preferable.
Regards, Rocco

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: Wednesday, December 06, 2017 4:38 PM
To: 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>; 'JON.VINER@blakes.com' <JON.VINER@blakes.com>; 'JA.PRESTAGE@blakes.com' <JA.PRESTAGE@blakes.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>;

'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Mansoori, Nina <nmansoori@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>
Subject: Fair Hydro -- Change of Law Process Agreement
Blakes team,
Please find attached OPG and Torys' comments on the Process Agreement reflecting our discussions from yesterday's call. Please note that this draft is subject to continuing review and comment by Osler and the dealers. As discussed at the tail end of our call yesterday, the section in the Process Agreement that gives the Province the right to object to new and material changes to transaction documents dovetails with the Protection Agreement so additional comments from Oslers may be forthcoming on this draft.
We are working on getting you a revised draft of the Protection Agreement either later today or tomorrow. In the meantime, please let us know if you have any comments or questions on the Process Agreement.
Best Regards,
Nina
Nina Mansoori
P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com[torys.com]

TORYS LLP[torys.com]

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HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

A Primary Obligation that is not a Certified Primary Obligation shall be an Approved Obligation. A Certified Primary Obligation shall constitute an Approved Obligation if (i) the Adherence Conditions applicable thereto have been satisfied at the time the Primary Obligation was incurred, or (ii) the Province, in its sole discretion, designates in writing that it is an

Approved Obligation~~ or (iii) the Primary Obligation is a Post-Suspension Refinancing or a Pre-Approved Refinancing~~.

4.02 Adherence Conditions

(a) The following shall be the Adherence Conditions applicable in relation to each Certified Primary Obligation:

i. the Certified Primary Obligation when incurred is an Obligation Secured under the Trust Indenture; and

ii. OPG, as FSM, delivers an Adherence Compliance Certificate in the form attached hereto as Exhibit B-1 signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee, on or before the incurrence of a Certified Primary Obligation (provided that delivery may not be more than 5 Business Days before the incurrence of the Certified Primary Obligation); and

iii. the Province has not provided a Suspension Notice to the Indenture Trustee, OPG and the Financing Entity.

(b) For greater certainty, satisfaction of the Adherence Conditions for a Certified Primary Obligation shall be deemed satisfaction of the Adherence Conditions in respect of all principal, interest and other amounts owing under the Certified Primary Obligation as such Certified Primary Obligation may be amended, restated, supplemented or modified from time to time, without limiting any obligations of OPG to the Province arising other than pursuant to this Agreement.

(c) For greater certainty, there shall be no Adherence Conditions applicable in relation to a Primary Obligation that is not a Certified Primary Obligation.

4.03 Evidence of Satisfaction

An Adherence Compliance Certificate delivered in accordance with clause 4.02(a)ii shall be determinative as to whether the applicable Adherence Conditions with respect thereto have been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same. An Adherence Compliance Certificate that purports on its face to be signed by officers specified in clause 4.02(a)ii may be relied upon by any addressee without further enquiry or evidence as to the incumbency or signatures of such officers. If an Adherence Compliance Certificate is not delivered in accordance with the timing requirements of clause 4.02(a)ii such certificate may be delivered at a later date, and be effective as if it had been

ARTICLE VII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

7.01 Suspension Notice

Upon:

(a) a Program Breach;

(b) a default in the performance, or breach, of any covenants of OPG, as FSM, or OPG, in its corporate capacity, in each case to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligation and the expiration of any applicable cure period;

(c) a representation or warranty made by OPG or a certification made by one or more officers of OPG, in each case whether as FSM or in its corporate capacity, to the Province in connection with its obligations to the Province and its internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligations, proves to be incorrect in any material respect on the date made and the expiration of any applicable cure period; or

(d) the FSM no longer being the Manager or actions having been taken by or on behalf of the Indenture Trustee to remove the FSM as the Manager;

the Province may ~~declare that the Limited Guarantee under this Agreement shall not apply to any Primary Obligations incurred on or after such declaration, excluding Post-Suspension Refinancings or Pre-Approved Refinancings, by delivering~~deliver a written notice in the form of Exhibit C (a "**Suspension Notice**") to the Indenture Trustee, the FSM and the Financing Entity. **[NTD: let 7.02 speak to the effects.]**

7.02 Suspension

If a Suspension Notice has been provided under Section 7.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of: (i) any Primary Obligation incurred, excluding Post-Suspension Refinancings or Pre-Approved Refinancings, or (ii) any amendment of any Primary Obligation that has a Material Effect, unless otherwise agreed to by the Province, in each case, on or after the time such Suspension Notice is delivered.

7.03 Additional Right of the Province Regarding Post-Suspension Refinancings

[NTD: does not this also apply to Pre-Approved Refinancings?] Following the occurrence of a Suspension Event, the Limited Guarantee shall continue to apply in respect of any Post-Suspension Refinancing (for greater certainty, without regard to the satisfaction of any Adherence Conditions ~~thereto~~); provided that prior to the Financing Entity incurring any Primary Obligation constituting a Post-Suspension Refinancing, the Manager shall provide the Province

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Beneficiary Payee**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Certified Primary Obligations**" means Primary Obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest, including any Refinancing, other than a Post-Suspension Refinancing or a Pre-Approved Refinancing, of such a Primary Obligation (for greater certainty, including, in the case of any Certified Primary Obligation permitting funding transactions pursuant to a Funding Obligation Agreement applicable to the Certified Primary Obligation, each individual borrowing or funding utilization thereunder), (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not any individual trade confirmation other than a trade confirmation that modifies or purports to override the express terms or conditions of the related Master Agreement, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and expected (as determined by the Manager, acting reasonably) aggregate payments by the Financing Entity thereunder during the term of such contract are or would be in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).

"**Change of Law Protection Agreement**" means this Agreement.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

~~"**Determination Date**" has the meaning ascribed thereto in clause 2.01(a)iv.~~

"**Executive Officer**" has the meaning ascribed to the term "executive officer" in National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Agreement**" means an agreement in the form of a Master Agreement as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, as amended, supplemented, restated or otherwise modified from time to time.

"**Material Effect**" means any change that could affect the timing of or circumstances under which Primary Obligations would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that could affect the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of this Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Payable Approved Amounts**" has the meaning ascribed thereto in 2.01(a).

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, unlimited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Post-Suspension Refinancing**" means a Primary Obligation proposed to be incurred on or after the occurrence of a Suspension Event, as a Refinancing of one or more~~ Series of~~ Approved Obligations~~ or one or more such Refinancings~~. **[NTD: a Post-Suspension Refinancing is an Approved Obligation so the definition can be applied again.]**

"**Pre-Approved Refinancing**" means a Refinancing of a Certified Primary Obligation in respect of which the Province has, prior to the issuance of such Certified Primary Obligation, ~~waived its right to object to such Refinancing being an Approved~~agreed that any Refinancing of such Certified Primary Obligation shall not be a Certified Primary Obligation.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account or Finance Reserve Account; and (ii) any obligation to pay the

From: Mike Manning
To: Malle Hanslep (MOF)
Subject: RE: Fair Hydro - Change of Law Protection Agreement
Date: Tuesday, December 12, 2017 9:09:08 AM

I'm available, Mike

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Tuesday, December 12, 2017 9:08 AM
To: ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com) <STEPHEN.ASHBOURNE@blakes.com>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: FW: Fair Hydro - Change of Law Protection Agreement

Should we have a call before 10 a.m. to discuss status of these 2 documents? We are free anytime. Thanks.

From: Saulnier, Brett [mailto:bsaulnier@torys.com]
Sent: December 11, 2017 11:35 PM
To: ASHBOURNE, STEPHEN; Milligan, Peter; Sebastiano, Rocco; Mansoori, Nina
Cc: Kandeepan, Ken (OFA); 'LADAK Lubna -TREASURY'; Strathy, Anna (OFA); Veinot, Cindy (TBS); McKinlay, Tom (MAG); Donaldson, Mark (TBS); Cayley, Daniel (ENERGY); Thouin, Alena (ENERGY); Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie - LAWDIV'; Fullerton, Rick; Mayman, Gadi (OFA); Manning, Mike (OFA); Hanslep, Malle (MOF); 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; Hume, Steen (ENERGY); Olusoga, Yinka; Whitfield, Tobias P. (MOF); PALMER, AARON; VINER, JON; PRESTAGE, JA
Subject: RE: Fair Hydro - Change of Law Protection Agreement

All,

Attached for your review is a revised draft of the Change of Law Protection Agreement, clean and blacklined to the last version circulated by Blakes and reflecting the meetings held earlier today. As discussed, we need to provide the attached to the rating agencies **by no later than noon tomorrow** in order to meet our end of year financing deadline. Accordingly, we will be circulating a calendar invite to this group for 10 a.m. tomorrow morning to confirm the parties are signed off. If Osler or Blakes have any comments on the attached, we would ask that they be circulated to this group prior to the 10 a.m. call.

Kind regards,
Brett

Brett Saulnier

P. 416.865.8148 | F. 416.865.7380 | 1.800.505.8679

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: December-08-17 3:16 PM
To: Milligan, Peter <PMilligan@osler.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori,

Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro - Change of Law Protection Agreement

Hi,

Attached is a revised version of the Change of Law Protection Agreement. I believe that most of the changes reflected from last night's Osler version (blackline is attached) are of a drafting or conforming nature, other than: (1) the Province disagrees that Approved Refinancing terms should be unfettered by adherence conditions post-Suspension Event and (2) the proposed rating-based "materially and adversely" qualification in the definition of Protection Event (and in fact any such qualification) is not acceptable to the Province. With regard to (1), this version comes into line with the proposed approach (i.e., using a modified adherence condition) that was incorporated into the version of the Change of Law Process Agreement I circulated yesterday. A further turn of that Agreement, to conform the open item identified in section 3.02 to the revised Change of Law Protection Agreement, is also included here for your reference.

Please note that the Province is working through the drafting concurrently and so further drafting comments may be provided.

As mentioned yesterday, the Province would like to proceed with the Ministers sign-off briefing early next week, on the basis that these versions (minus the explanatory notes) are now in substantially final form. Please identify if you believe there are other 'must have' points (other than the 2 mentioned above).

Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com

Dir: 416-863-3086

From: Milligan, Peter [mailto:PMilligan@osler.com]
Sent: Thursday, December 07, 2017 6:44 PM
To: ASHBOURNE, STEPHEN; Sebastiano, Rocco; Mansoori, Nina
Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Saulnier, Brett; Olusoga, Yinka; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca); PALMER, AARON; VINER, JON; PRESTAGE, JA
Subject: Fair Hydro - Change of Law Protection Agreement

All,

Attached is a revised comment draft of the Change of Low Protection Agreement reflecting comments from Torys and Osler. In order to meet this transaction's timeline, this comment draft has not been reviewed by OPG or the Dealers and is delivered subject to any comments they may have.

Peter

OSLER

Peter Milligan

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From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: Thursday, December 07, 2017 4:27 PM
To: Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY'

<john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet - TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro -- Change of Law Process Agreement

Hi,

Please find (attached) a further turn of the Change of Law Process Agreement, reflecting the Province's comments on the mark-up of the Agreement circulated yesterday afternoon by Torys. The attached blackline shows changes made to yesterday's Torys mark-up.

This version addresses concerns Rocco raised last night, to the extent the Province feels that the issues can be accommodated. For your information, I have set out below responses to Rocco's comments/observations (in CAPs).

The Province would like to proceed with the Ministers briefing early next week, on the basis that this version (minus the explanatory notes) is now in final form. If there are any critical revisions that the other parties believe reflect 'must have' priority, then the Province would like to have a call to discuss them as soon as possible.

Responses to Rocco's Points:

1. The change of the definition of Breach Event in Section 6.01 (i.e., the change to clause (a) and the addition of clause (b)) will result in an inconsistency with section 7.01(b) of the Change of Law Protection Agreement. This will require further consideration. [AGREED. 7.01(b) and 7.01(c) WILL NEED TO MIRROR THE CURE LANGUAGE WE SETTLE ON IN THE PROCESS AGREEMENT (SEE MY EARLIER COMMENTS). PERHAPS THE "which continues …" LANGUAGE IN 7.01(B) CAN BE REVISED TO READ: "to the extent that the Province would be entitled to provide a Suspension Notice in accordance with the terms of the agreement or agreements between the Province and OPG under which such obligations, requirements and processes arise". SIMILAR CHANGE FOR 7.01(C).

2. The right of the Province to issue an objection notice under Section 3.04(b) in connection

with a Transaction Document provided to the Province which is required for a Refinancing of an Approved Obligation remains an outstanding issue. Clearly, this will depend upon what Adherence Conditions will be required under Section 4.02 of the Change of Law Protection Agreement in order to permit such Refinancing to become an Approved Obligation. If the Adherence Conditions set out in Section 4.02(a) of the Province's draft of the Change of Law Protection Agreement of December 4 were to apply to such Refinancing, to the extent that such refinancing required a change to a Transaction Document (e.g., as a result of a change to some rating agency condition or criteria), the Province's ability to issue an objection notice and thereby prevent the issuance of a Process Certificate under Section 3.01 (by virtue of Section 3.04) would have the effect of preventing a Refinancing. We trust that this was an unintended outcome of the drafting of Section 3.04 and/or the Adherence Conditions applicable to Refinancings. [THAT IS THE INTENDED EFFECT. THE ADHERENCE CONDITIONS WOULD APPLY TO THE REFINANCING, SO IF THE REFINANCING TERMS DEVIATED MATERIALLY (BASED ON THE SUBSTANTIALLY IN THE FORM" THRESHOLD"), THEN OPG WOULD REQUIRE THE PROVINCE NOT TO OBJECT IN ORDER TO PROCEED WITH THOSE NEW TERMS. OTHERWISE, THE REFINANCING COULD INCORPORATE TERMS AND CONDITIONS, WHICH WOULD BIND THE PROVINCE UNDER THE LIMITED GUARANTEE, THAT WOULD BE UNCONSTRAINED AND WITHOUT ANY ACCOUNTABILITY TO THE PROVINCE. IN ROCCO'S EXAMPLE, THAT MIGHT MEAN THAT OPG WOULD NEED TO RESORT TO UNRATED DEBT, IF THE PROVINCE WAS UNWILLING TO ACCEPT THE NEW TERMS. PRESUMABLY EVERYONE WOULD ACT RATIONALLY. HOWEVER, AS A FAILSAFE, OPG COULD OFFER INCREASED PRICING IN ORDER TO ATTRACT INVESTORS TO ACCEPT THE EARLIER VETTED TERMS (BASED ON THE THEN ACCEPTED REVIEWED DOCUMENTATION).]

3. Given that the Indenture Trustee is not a party to the Change of Law Process Agreement, the Province and OPG can amend the terms and conditions of this agreement without the consent of the indenture Trustee. Specified Creditors under an Approved Obligation need to be assured that the Province cannot prevent a Refinancing of an Approved Obligation either by virtue of the objection notice discussed in point #2 above or as a result of a future amendment to the agreement. There are a couple of ways to deal with this point. The first is to a add a beneficiary/third party rights clause in the Change of Law Process Agreement which acknowledges that the Indenture Trustee is a beneficiary of certain provisions of this agreement and as a result, the agreement cannot be amended without the consent of the Indenture Trustee. The second is to ensure that the Adherence Conditions relating to Refinancings under the Change of Law Protection Agreement are not dependent upon the terms of the Change of Law Process Agreement. In light of the desire to not disclose the terms and conditions of the Change of Law Process Agreement to the rating agencies, especially at this late stage in the process, we would expect that the latter approach would be preferable. [THE SUGGESTION REGARDING THE PROVINCE PREVENTING A REFINANCING IS ADDRESSED IN #2. IF THE REFINANCING TERMS WOULD EXCEED THE SCOPE OF THE TRANSACTION DOCUMENTS REVIEWED AND NOT OBJECTED TO BY THE PROVINCE, THEN THAT SUGGESTS THERE IS A MATERIAL EFFECT ON THE PROVINCE AND SO THE PROVINCE WOULD NEED THE ABILITY TO REVIEW AND CONSIDER THE PROPRIETY OF THOSE NEW TERMS FROM ITS PERSPECTIVE. AS FOR THE STANDALONE NATURE OF THE PROCESS AGREEMENT, THE INTENTION IS THAT THE PROCESS AGREEMENT BE UNCOUPLED AND NOT PART OF THE COLLATERAL, AND AS MICHAEL FELDMAN HAS EXPLAINED, LEAVE FUTURE FLEXIBILITY FOR THIS LONG-TERM STRUCTURE. TO ADDRESS ROCCO'S CONCERN THAT THE PROVINCE AND OPG COULD CHANGE THE UNDERLYING OBLIGATIONS APPLICABLE TO ADHERENCE IN RELATION TO A NEW OBLIGATION, REQUIREMENT OR PROCESS IN

THE PROCESS AGREEMENT THAT WOULD MAKE A REFINANCING LESS LIKELY TO OCCUR, WE HAVE ADDED AND USED IN THE ATTACHED VERSION A NEW DEFFINTION:

> "Approved Refinancing" means a Certified Primary Obligation proposed to be incurred as a Refinancing of an existing Certified Primary Obligation in respect of which the Adherence Conditions had been satisfied on the date such existing Certified Primary Obligation was incurred, that, at the time of incurrence, satisfies each of each of the Adherence Conditions except that the certificate contemplated to be delivered under Section 4.02(b) shall instead confirm that OPG has delivered to the Province a certificate by its applicable officers confirming that OPG would be in compliance with all obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the proposed Certified Primary Obligation that applied as between the Province and OPG on the date of issuance of such existing Certified Primary Obligation." Various references to "Refinancing" in the Protection Agreement can also be revised to refer to "Approved Refinancing", as required.

Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

———————————

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From: Sebastiano, Rocco [mailto:RSebastiano@osler.com]
Sent: Wednesday, December 06, 2017 7:45 PM
To: Mansoori, Nina; ASHBOURNE, STEPHEN; VINER, JON; PRESTAGE, JA

Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Milligan, Peter; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Saulnier, Brett; Olusoga, Yinka
Subject: RE: Fair Hydro -- Change of Law Process Agreement

I have reviewed the revised draft of the Change of Law Process Agreement that Torys has prepared and would like to pass along the following comments/observations:

1. The change of the definition of Breach Event in Section 6.01 (i.e., the change to clause (a) and the addition of clause (b)) will result in an inconsistency with section 7.01(b) of the Change of Law Protection Agreement. This will require further consideration.

2. The right of the Province to issue an objection notice under Section 3.04(b) in connection with a Transaction Document provided to the Province which is required for a Refinancing of an Approved Obligation remains an outstanding issue. Clearly, this will depend upon what Adherence Conditions will be required under Section 4.02 of the Change of Law Protection Agreement in order to permit such Refinancing to become an Approved Obligation. If the Adherence Conditions set out in Section 4.02(a) of the Province's draft of the Change of Law Protection Agreement of December 4 were to apply to such Refinancing, to the extent that such refinancing required a change to a Transaction Document (e.g., as a result of a change to some rating agency condition or criteria), the Province's ability to issue an objection notice and thereby prevent the issuance of a Process Certificate under Section 3.01 (by virtue of Section 3.04) would have the effect of preventing a Refinancing. We trust that this was an unintended outcome of the drafting of Section 3.04 and/or the Adherence Conditions applicable to Refinancings.

3. Given that the Indenture Trustee is not a party to the Change of Law Process Agreement, the Province and OPG can amend the terms and conditions of this agreement without the consent of the indenture Trustee. Specified Creditors under an Approved Obligation need to be assured that the Province cannot prevent a Refinancing of an Approved Obligation either by virtue of the objection notice discussed in point #2 above or as a result of a future amendment to the agreement. There are a couple of ways to deal with this point. The first is to a add a beneficiary/third party rights clause in the Change of Law Process Agreement which acknowledges that the Indenture Trustee is a beneficiary of certain provisions of this agreement and as a result, the agreement cannot be amended without the consent of the Indenture Trustee. The second is to ensure that the Adherence Conditions relating to Refinancings under the Change of Law Protection Agreement are not dependent upon the terms of the Change of Law Process Agreement. In light of the desire to not disclose the terms and conditions of the Change of Law Process Agreement to the rating agencies, especially at this late stage in the process, we would expect that the latter approach would be preferable.

Regards, Rocco

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: Wednesday, December 06, 2017 4:38 PM
To: 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>; 'JON.VINER@blakes.com' <JON.VINER@blakes.com>; 'JA.PRESTAGE@blakes.com' <JA.PRESTAGE@blakes.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Mansoori, Nina <nmansoori@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>
Subject: Fair Hydro -- Change of Law Process Agreement

Blakes team,

Please find attached OPG and Torys' comments on the Process Agreement reflecting our discussions from yesterday's call. Please note that this draft is subject to continuing review and comment by Osler and the dealers. As discussed at the tail end of our call yesterday, the section in the Process Agreement that gives the Province the right to object to new and material changes to transaction documents dovetails with the Protection Agreement so additional comments from Oslers may be forthcoming on this draft.

We are working on getting you a revised draft of the Protection Agreement either later today or tomorrow. In the meantime, please let us know if you have any comments or questions on the Process Agreement.

Best Regards,
Nina

Nina Mansoori
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From:	Saulnier, Brett
To:	ASHBOURNE, STEPHEN; Milligan, Peter; Sebastiano, Rocco; Mansoori, Nina
Cc:	Ken Kandeepan; "LADAK Lubna -TREASURY"; Anna Strathy; "Veinot, Cindy (TBS)"; Tom McKinlay (MAG); Mark Donaldson (MOF); Daniel Cayley (ENERGY); "Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)"; Ramchandani, Rima; "LEE John -TREASURY"; "RYFA Ken -TREASURY"; "HAHN PARKER Janet -TREASURY"; "MAUTI John -FIN & C CTRL"; "LAURETA LAPIRA May -TREASURY"; Feldman, Michael; "WONG Leslie -LAWDIV"; Fullerton, Rick; Gadi Mayman; Mike Manning; Malle Hanslep (MOF); "ian.benaiah@rbccm.com"; "Khan, Nur (nur.khan@rbccm.com)"; "brent.r.taylor@rbccm.com"; "katrina.niehaus@gs.com"; "brian.delaney@gs.com"; "Maciel, Andrew"; "Adalja, Sunil"; "Persad, Nicole"; "Persaud, Donnie - Debt Capital Markets"; Steen Hume (CAB); Olusoga, Yinka; Tobias P. Whitfield (MOF); PALMER, AARON; VINER, JON; PRESTAGE, JA
Subject:	RE: Fair Hydro - Change of Law Protection Agreement
Date:	Monday, December 11, 2017 11:36:27 PM
Attachments:	#24621171v2_TorysAtWork_ - 23239360-v26-Change of Law Protection Agreeme....docx Blackline_24621171v1 - 24621171_2.pdf

All,
Attached for your review is a revised draft of the Change of Law Protection Agreement, clean and blacklined to the last version circulated by Blakes and reflecting the meetings held earlier today. As discussed, we need to provide the attached to the rating agencies **by no later than noon tomorrow** in order to meet our end of year financing deadline. Accordingly, we will be circulating a calendar invite to this group for 10 a.m. tomorrow morning to confirm the parties are signed off. If Osler or Blakes have any comments on the attached, we would ask that they be circulated to this group prior to the 10 a.m. call.
Kind regards,
Brett
Brett Saulnier
P. 416.865.8148 | F. 416.865.7380 | 1.800.505.8679

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: December-08-17 3:16 PM
To: Milligan, Peter ; Sebastiano, Rocco ; Mansoori, Nina
Cc: 'Ken Kandeepan' ; 'LADAK Lubna -TREASURY' ; 'Anna Strathy' ; 'Veinot, Cindy (TBS)' ; 'McKinlay, Tom (MAG)' ; 'Donaldson, Mark (TBS)' ; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' ; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' ; Ramchandani, Rima ; 'LEE John -TREASURY' ; 'RYFA Ken -TREASURY' ; 'HAHN PARKER Janet -TREASURY' ; 'MAUTI John -FIN & C CTRL' ; 'LAURETA LAPIRA May -TREASURY' ; Feldman, Michael ; 'WONG Leslie -LAWDIV' ; Fullerton, Rick ; 'Mayman, Gadi (OFA)' ; 'Manning, Mike (OFA)' ; 'Hanslep, Malle (MOF)' ; 'ian.benaiah@rbccm.com' ; 'Khan, Nur (nur.khan@rbccm.com)' ; 'brent.r.taylor@rbccm.com' ; 'katrina.niehaus@gs.com' ; 'brian.delaney@gs.com' ; 'Maciel, Andrew' ; 'Adalja, Sunil' ; 'Persad, Nicole' ; 'Persaud, Donnie - Debt Capital Markets' ; 'Steen Hume (CAB)' ; Saulnier, Brett ; Olusoga, Yinka ; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) ; PALMER, AARON ; VINER, JON ; PRESTAGE, JA
Subject: RE: Fair Hydro - Change of Law Protection Agreement
Hi,
Attached is a revised version of the Change of Law Protection Agreement. I believe that most of the changes reflected from last night's Osler version (blackline is attached) are of a drafting or conforming nature, other than: (1) the Province disagrees that Approved Refinancing terms should be unfettered by adherence conditions post-Suspension Event and (2) the proposed rating-based "materially and adversely" qualification in the definition of Protection Event (and in fact any such qualification) is not acceptable to the Province. With regard to (1), this version comes into line with the proposed approach (i.e., using a modified adherence condition) that was incorporated into the version of the Change of Law Process Agreement I circulated yesterday. A further turn of that Agreement, to conform the open item identified in section 3.02 to the revised Change of Law Protection Agreement, is also included here for your reference.
Please note that the Province is working through the drafting concurrently and so further drafting comments may be provided.
As mentioned yesterday, the Province would like to proceed with the Ministers sign-off briefing early next week, on the basis that these versions (minus the explanatory notes) are now in substantially final form. Please identify if you

believe there are other 'must have' points (other than the 2 mentioned above).
Regards, Steve
Stephen R. Ashbourne
Partner
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Dir: 416-863-3086

From: Milligan, Peter [mailto:PMilligan@osler.com]
Sent: Thursday, December 07, 2017 6:44 PM
To: ASHBOURNE, STEPHEN; Sebastiano, Rocco; Mansoori, Nina
Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Saulnier, Brett; Olusoga, Yinka; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca); PALMER, AARON; VINER, JON; PRESTAGE, JA
Subject: Fair Hydro - Change of Law Protection Agreement

All,
Attached is a revised comment draft of the Change of Low Protection Agreement reflecting comments from Torys and Osler. In order to meet this transaction's timeline, this comment draft has not been reviewed by OPG or the Dealers and is delivered subject to any comments they may have.
Peter

OSLER

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From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: Thursday, December 07, 2017 4:27 PM
To: Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur

(nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro -- Change of Law Process Agreement
Hi,
Please find (attached) a further turn of the Change of Law Process Agreement, reflecting the Province's comments on the mark-up of the Agreement circulated yesterday afternoon by Torys. The attached blackline shows changes made to yesterday's Torys mark-up.
This version addresses concerns Rocco raised last night, to the extent the Province feels that the issues can be accommodated. For your information, I have set out below responses to Rocco's comments/observations (in CAPs).
The Province would like to proceed with the Ministers briefing early next week, on the basis that this version (minus the explanatory notes) is now in final form. If there are any critical revisions that the other parties believe reflect 'must have' priority, then the Province would like to have a call to discuss them as soon as possible.
Responses to Rocco's Points:
1. The change of the definition of Breach Event in Section 6.01 (i.e., the change to clause (a) and the addition of clause (b)) will result in an inconsistency with section 7.01(b) of the Change of Law Protection Agreement. This will require further consideration. [AGREED. 7.01(b) and 7.01(c) WILL NEED TO MIRROR THE CURE LANGUAGE WE SETTLE ON IN THE PROCESS AGREEMENT (SEE MY EARLIER COMMENTS). PERHAPS THE "which continues …" LANGUAGE IN 7.01(B) CAN BE REVISED TO READ: "to the extent that the Province would be entitled to provide a Suspension Notice in accordance with the terms of the agreement or agreements between the Province and OPG under which such obligations, requirements and processes arise". SIMILAR CHANGE FOR 7.01(C).
2. The right of the Province to issue an objection notice under Section 3.04(b) in connection with a Transaction Document provided to the Province which is required for a Refinancing of an Approved Obligation remains an outstanding issue. Clearly, this will depend upon what Adherence Conditions will be required under Section 4.02 of the Change of Law Protection Agreement in order to permit such Refinancing to become an Approved Obligation. If the Adherence Conditions set out in Section 4.02(a) of the Province's draft of the Change of Law Protection Agreement of December 4 were to apply to such Refinancing, to the extent that such refinancing required a change to a Transaction Document (e.g., as a result of a change to some rating agency condition or criteria), the Province's ability to issue an objection notice and thereby prevent the issuance of a Process Certificate under Section 3.01 (by virtue of Section 3.04) would have the effect of preventing a Refinancing. We trust that this was an unintended outcome of the drafting of Section 3.04 and/or the Adherence Conditions applicable to Refinancings. [THAT IS THE INTENDED EFFECT. THE ADHERENCE CONDITIONS WOULD APPLY TO THE REFINANCING, SO IF THE REFINANCING TERMS DEVIATED MATERIALLY (BASED ON THE SUBSTANTIALLY IN THE FORM" THRESHOLD"), THEN OPG WOULD REQUIRE THE PROVINCE NOT TO OBJECT IN ORDER TO PROCEED WITH THOSE NEW TERMS. OTHERWISE, THE REFINANCING COULD INCORPORATE TERMS AND CONDITIONS, WHICH WOULD BIND THE PROVINCE UNDER THE LIMITED GUARANTEE, THAT WOULD BE UNCONSTRAINED AND WITHOUT ANY ACCOUNTABILITY TO THE PROVINCE. IN ROCCO'S EXAMPLE, THAT MIGHT MEAN THAT OPG WOULD NEED TO RESORT TO UNRATED DEBT, IF THE PROVINCE WAS UNWILLING TO ACCEPT THE NEW TERMS. PRESUMABLY EVERYONE WOULD ACT RATIONALLY. HOWEVER, AS A FAILSAFE, OPG COULD OFFER

INCREASED PRICING IN ORDER TO ATTRACT INVESTORS TO ACCEPT THE EARLIER VETTED TERMS (BASED ON THE THEN ACCEPTED REVIEWED DOCUMENTATION).]

3. Given that the Indenture Trustee is not a party to the Change of Law Process Agreement, the Province and OPG can amend the terms and conditions of this agreement without the consent of the indenture Trustee. Specified Creditors under an Approved Obligation need to be assured that the Province cannot prevent a Refinancing of an Approved Obligation either by virtue of the objection notice discussed in point #2 above or as a result of a future amendment to the agreement. There are a couple of ways to deal with this point. The first is to a add a beneficiary/third party rights clause in the Change of Law Process Agreement which acknowledges that the Indenture Trustee is a beneficiary of certain provisions of this agreement and as a result, the agreement cannot be amended without the consent of the Indenture Trustee. The second is to ensure that the Adherence Conditions relating to Refinancings under the Change of Law Protection Agreement are not dependent upon the terms of the Change of Law Process Agreement. In light of the desire to not disclose the terms and conditions of the Change of Law Process Agreement to the rating agencies, especially at this late stage in the process, we would expect that the latter approach would be preferable. [THE SUGGESTION REGARDING THE PROVINCE PREVENTING A REFINANCING IS ADDRESSED IN #2. IF THE REFINANCING TERMS WOULD EXCEED THE SCOPE OF THE TRANSACTION DOCUMENTS REVIEWED AND NOT OBJECTED TO BY THE PROVINCE, THEN THAT SUGGESTS THERE IS A MATERIAL EFFECT ON THE PROVINCE AND SO THE PROVINCE WOULD NEED THE ABILITY TO REVIEW AND CONSIDER THE PROPRIETY OF THOSE NEW TERMS FROM ITS PERSPECTIVE. AS FOR THE STANDALONE NATURE OF THE PROCESS AGREEMENT, THE INTENTION IS THAT THE PROCESS AGREEMENT BE UNCOUPLED AND NOT PART OF THE COLLATERAL, AND AS MICHAEL FELDMAN HAS EXPLAINED, LEAVE FUTURE FLEXIBILITY FOR THIS LONG-TERM STRUCTURE. TO ADDRESS ROCCO'S CONCERN THAT THE PROVINCE AND OPG COULD CHANGE THE UNDERLYING OBLIGATIONS APPLICABLE TO ADHERENCE IN RELATION TO A NEW OBLIGATION, REQUIREMENT OR PROCESS IN THE PROCESS AGREEMENT THAT WOULD MAKE A REFINANCING LESS LIKELY TO OCCUR, WE HAVE ADDED AND USED IN THE ATTACHED VERSION A NEW DEFFINTION:

> "Approved Refinancing" means a Certified Primary Obligation proposed to be incurred as a Refinancing of an existing Certified Primary Obligation in respect of which the Adherence Conditions had been satisfied on the date such existing Certified Primary Obligation was incurred, that, at the time of incurrence, satisfies each of each of the Adherence Conditions except that the certificate contemplated to be delivered under Section 4.02(b) shall instead confirm that OPG has delivered to the Province a certificate by its applicable officers confirming that OPG would be in compliance with all obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the proposed Certified Primary Obligation that applied as between the Province and OPG on the date of issuance of such existing Certified Primary Obligation." Various references to "Refinancing" in the Protection Agreement can also be revised to refer to "Approved Refinancing", as required.

Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

Blakes

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Blake, Cassels & Graydon LLP | Barristers & Solicitors | Patent & Trade-mark Agents
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From: Sebastiano, Rocco [mailto:RSebastiano@osler.com]
Sent: Wednesday, December 06, 2017 7:45 PM
To: Mansoori, Nina; ASHBOURNE, STEPHEN; VINER, JON; PRESTAGE, JA
Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Milligan, Peter; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Saulnier, Brett; Olusoga, Yinka
Subject: RE: Fair Hydro -- Change of Law Process Agreement

I have reviewed the revised draft of the Change of Law Process Agreement that Torys has prepared and would like to pass along the following comments/observations:

1. The change of the definition of Breach Event in Section 6.01 (i.e., the change to clause (a) and the addition of clause (b)) will result in an inconsistency with section 7.01(b) of the Change of Law Protection Agreement. This will require further consideration.

2. The right of the Province to issue an objection notice under Section 3.04(b) in connection with a Transaction Document provided to the Province which is required for a Refinancing of an Approved Obligation remains an outstanding issue. Clearly, this will depend upon what Adherence Conditions will be required under Section 4.02 of the Change of Law Protection Agreement in order to permit such Refinancing to become an Approved Obligation. If the Adherence Conditions set out in Section 4.02(a) of the Province's draft of the Change of Law Protection Agreement of December 4 were to apply to such Refinancing, to the extent that such refinancing required a change to a Transaction Document (e.g., as a result of a change to some rating agency condition or criteria), the Province's ability to issue an objection notice and thereby prevent the issuance of a Process Certificate under Section 3.01 (by virtue of Section 3.04) would have the effect of preventing a Refinancing. We trust that this was an unintended outcome of the drafting of Section 3.04 and/or the Adherence Conditions applicable to Refinancings.

3. Given that the Indenture Trustee is not a party to the Change of Law Process Agreement, the Province and OPG can amend the terms and conditions of this agreement without the consent of the indenture Trustee. Specified Creditors under an Approved Obligation need to be assured that the Province cannot prevent a Refinancing of an Approved Obligation either by virtue of the objection notice discussed in point #2 above or as a result of a future amendment to the agreement. There are a couple of ways to deal with this point. The first is to a add a beneficiary/third party rights clause in the Change of Law Process Agreement which acknowledges that the Indenture Trustee is a beneficiary of certain provisions of this agreement and as a result, the agreement cannot be amended without the consent of the Indenture Trustee. The second is to ensure that the Adherence Conditions relating to Refinancings under the Change of Law Protection Agreement are not dependent upon the terms of the Change of Law Process Agreement. In light of the desire to not disclose the terms and conditions of the Change of Law Process Agreement to the rating agencies, especially at this late stage in the process, we would expect that the latter approach would be preferable.

Regards, Rocco

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: Wednesday, December 06, 2017 4:38 PM
To: 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>; 'JON.VINER@blakes.com' <JON.VINER@blakes.com>; 'JA.PRESTAGE@blakes.com' <JA.PRESTAGE@blakes.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Mansoori, Nina <nmansoori@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>
Subject: Fair Hydro -- Change of Law Process Agreement

Blakes team,

Please find attached OPG and Torys' comments on the Process Agreement reflecting our discussions from yesterday's call. Please note that this draft is subject to continuing review and comment by Osler and the dealers. As discussed at the tail end of our call yesterday, the section in the Process Agreement that gives the Province the right to object to new and material changes to transaction documents dovetails with the Protection Agreement so additional comments from Oslers may be forthcoming on this draft.

We are working on getting you a revised draft of the Protection Agreement either later today or tomorrow. In the meantime, please let us know if you have any comments or questions on the Process Agreement.

Best Regards,
Nina

Nina Mansoori
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Draft: December 11, 2017

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust organized under the laws of the Province of Ontario (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council 1981/2017 (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Primary Obligations that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred. This Agreement sets out the terms and conditions of such protections and assurances.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A, and any other capitalized terms not defined herein shall have the meanings assigned to them in the Trust Indenture;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 Proof of Approved Obligations

The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Manager deems to be sufficient.

Each statement delivered by the Manager under Section 2.01(a)i shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and each of the parties hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Manager shall act diligently in the preparation of each such statement and shall provide the Indenture Trustee and the Province with all supporting computations and calculations used by the Manager to prepare each such statement promptly following a request therefor made by the Indenture Trustee or the Province.

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture as of the date of this Agreement.

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 2.01 or Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee, the Financing Entity, the Financing Entity Trustee, the Manager or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by

electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the

Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 <u>Judgment Currency</u>

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 <u>Limited Guarantee</u>

(a) Upon the occurrence of a Protection Event, the Indenture Trustee may deliver a written demand, substantially in the form attached as **[Exhibit A]** (a "**Payment Demand**"), to the Province requiring the Province to make payments in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in this Agreement. From and after such delivery of a

Payment Demand, the Province shall make the following payments in respect of the Approved Obligations (the "**Limited Guarantee**"), the Financing Entity shall pay, and the Province shall be entitled to be paid, the Subrogation Amounts specified below, and the following terms shall apply:

i. Not less than three (3) Business Days prior to each day when any payment or payments are to be made in respect of one or more Approved Obligations occurring after such delivery of a Payment Demand (each such day, a "**Guarantee Payment Date**"), the Manager shall deliver a written statement setting forth the Aggregate Approved Obligations Amount, if any, in respect of the Approved Obligations that are due and payable on such Guarantee Payment Date, together with a detailed description identifying such Approved Obligations and the nature and amount of payments due and payable thereunder on the Guarantee Payment Date, the aggregate outstanding amount payable by the Financing Entity under such Approved Obligations as of the date of such written statement, and details regarding any default in performance by any party obligated thereunder.

ii. On each such Guarantee Payment Date, the Province shall deposit the Aggregate Approved Obligations Amount into the Protection Account.

iii. On each such Guarantee Payment Date, the Financing Entity and the Indenture Trustee shall ensure that the amounts on deposit in the Protection Account are applied to pay each Beneficiary to whom an amount is due and payable under an Approved Obligation on the Guarantee Payment Date the Approved Obligation Amount for such Beneficiary in respect of such Approved Obligation on such Guarantee Payment Date; provided that if the amount deposited pursuant to clause 2.01(a)ii is insufficient to pay all such Approved Obligation Amounts in full, the amount on deposit in the Protection Account on the Guarantee Payment Date shall be applied to pay Beneficiaries in the order of priority in which such Approved Obligations are payable under the payment provisions of the Trust Indenture applicable to the making of such payments on the Guarantee Payment Date (each, a "**Beneficiary Payee**" and each payment made to a Beneficiary Payee on a Guarantee Payment Date, a "**Guarantee Payment**").

iv. On the first Guarantee Payment Date and on each subsequent Guarantee Payment Date, Payment Date or other day on which any amount is required to be paid in respect of any Obligations Secured under the Trust Indenture (a "**Subrogation Payment Date**"), the Issuer and the Indenture Trustee shall ensure that the applicable payment provisions of the Trust Indenture shall be applied and operate on the following basis:

(A) If such day is a Guarantee Payment Date, then for each Approved Obligation for which amounts are paid to a

Beneficiary Payee on such day pursuant to clause 2.01(a)iii in respect of principal, interest or any other amounts ("**Payable Approved Amounts**"), the amounts payable by the Issuer in respect of such amounts for such Approved Obligation shall be reduced by the respective amounts of such payments to the Beneficiary Payee, and equivalent amounts shall be payable by the Issuer to the Province as "**Subrogation Amounts**" in respect of such Approved Obligations, such Subrogation Amounts being payable in the same order of priority and with the same entitlements accruing to the Province as applied in respect of the related Payable Approved Amounts which were previously owing to the Beneficiary Payee, and to reflect this subrogation the payments set out in clause 2.01(a)iv(B) below shall be made by the Issuer.

(B) If the Province has made all deposits required to be made by it on each Guarantee Payment Date occurring on or before such day in accordance with clause 2.01(a)ii (or the related Approved Obligation Amounts have otherwise all been paid in full), then in respect of each Approved Obligation for which any related Subrogation Amounts have not yet been paid in full to the Province, the Issuer shall pay to the Province from amounts available under the Trust Indenture payment provisions and in accordance with the applicable Payment Waterfalls the amount that would be payable on such date in satisfaction of the relevant Payable Approved Amounts as determined without regard to any Guarantee Payment paid on any Guarantee Payment Date and also without regard to the corresponding reduction of the amounts owing to present and former Beneficiary Payees pursuant to subclause 2.01(a)iv(A) up to the amount of the unpaid related Subrogation Amounts.

(C) No Beneficiary having a right to be paid an amount in respect of an Approved Obligation, and no other Person entitled under an Obligation Secured, in each case that ranks equal with or subordinate to the Payable Approved Amount in respect of which a Subrogation Amount is payable to the Province under subclause 2.01(a)iv(B), shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under such subclause (including any right of set-off, offset, reimbursement, contribution or indemnity) and no such Beneficiary or other Person shall have any right or

interest in, to or under the Collateral or any proceeds therefrom in respect of any such Subrogation Amount.

(D) For greater certainty, the entitlements of the Province in respect of Subrogation Amounts arising in respect of Payable Approved Obligations that are interest and principal obligations on Notes shall be treated for all purposes of the Trust Indenture as interest and principal obligations, respectively, arising under Notes having the same priority as the related Approved Obligations, and accordingly the Province (and any successor, assignee or transferee of such entitlements) shall be entitled to all of the rights, entitlements, interests and privileges of a Holder of such a Notes in accordance with the Trust Indenture, as supplemented by the Supplemental Indenture or other indenture document under which the related Approved Obligations were issued.

v. On each Guarantee Payment Date and upon demand by the Province, the Indenture Trustee shall release and pay to the Province free and clear of any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay Guarantee Payments to Beneficiary Payees on the Guarantee Payment Date in accordance with clause 2.01(a)iii or that otherwise remains on deposit in the Protection Account on the relevant date.

vi. In preparing any payment instructions under the Trust Indenture, the Manager shall reflect the amounts payable under Section 2.01(a), if applicable.

vii. The Province shall, as a payee of Subrogation Amounts under clause 2.01(a)iv(B) and as a payee of any amounts payable under clause 2.01(a)v, be a “Specified Creditor” under the Trust Indenture and have the benefit of the Collateral thereunder.

viii. For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the Approved Obligation Amounts, if any, for payment to Beneficiary Payees and will be subject to the priorities and to the Province’s rights to Subrogation Amounts, set forth in Section 2.01(a).

ix. Except as expressly provided in this Agreement, the Province’s obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

x. Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation by their terms.

xi. Any amount payable to the Province in respect of a Subrogation Amount shall bear interest from and including the date of payment by the Province of the related Guarantee Payment to but excluding the date of payment of the Subrogation Amount to the Province, such interest to accrue at the rate equivalent to the applicable interest rate borne by the related Approved Obligation, and such interest amounts shall be added to their respective Subrogated Amounts and shall consequently be payable in the same priority as the relevant Subrogated Amount under clause 2.01(a)iv(B), all such accruing interest amounts to be calculated and added to the Subrogation Amounts by the Manager in its discretion acting in a commercially reasonable fashion.

xii. The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under and in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any amount due and payable to a Beneficiary Payee under the Limited Guarantee.

(b) The Province shall, as a payee of Subrogation Amounts under clause 2.01(a)iv(B), and as a payee of any amounts payable under clause 2.01(a)vi, be a “Specified Creditor” under the Trust Indenture and have the benefit of the Collateral thereunder.

(c) For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the Approved Obligation Amounts, if any, for payment to Beneficiary Payees and will be subject to the priorities and to the Province’s rights to Subrogation Amounts, set forth in Section 2.01(a).

(d) Except as expressly provided in this Agreement, the Province’s obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(e) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein

shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation by their terms.

(f) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under and in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any amount due and payable to a Beneficiary Payee under the Limited Guarantee.

2.02 Intentionally Deleted.

2.03 <u>Absence of Set-off</u>

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 <u>Payment into Protection Account in Satisfaction</u>

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account" for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section **[7.03]** of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Financing Entity and the Indenture Trustee shall ensure that all amounts paid by the Province into the Protection Account on a Guarantee Payment Date in respect of an Approved Obligation are applied to pay the amounts due and payable to the

Beneficiary Payee as and to the extent provided for in Section 2.01(a). Upon a payment having been made by or on behalf of the Province into the Protection Account, the amounts so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiary Payee as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such Beneficiary Payee in respect of the applicable Approved Obligations, whereupon an affected Beneficiary Payee shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid. For greater certainty, the obligations arising in respect of an applicable Approved Obligation shall not be reduced by such payment as the Province shall become entitled to be paid related Subrogation Amounts and the rights contemplated under Section 2.01(a) and Section 5.01 in relation to such continuing obligations.

2.05 <u>Certain Waivers</u>

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 <u>Additional Security</u>

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 <u>Continuing Liability of the Province</u>

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing

Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations in accordance with Section 8.01.

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

A Primary Obligation shall constitute an Approved Obligation if (i) the Adherence Conditions applicable thereto have been satisfied at the time the Primary Obligation was incurred, (ii) the Province, in its sole discretion, designates in writing that it is an Approved Obligation or (iii) the Primary Obligation is a Post-Suspension Refinancing or a Pre-Approved Refinancing.

4.02 Adherence Conditions

(a) The following shall be the Adherence Conditions applicable in relation to each Certified Primary Obligation:

i. the Certified Primary Obligation when incurred is an Obligation Secured under the Trust Indenture; and

ii. OPG, as FSM, delivers an Adherence Compliance Certificate in the form attached hereto as Exhibit B-1 signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee, on or before the incurrence of a Certified Primary Obligation (provided that delivery may not be more than 5 Business Days before the incurrence of the Certified Primary Obligation); and

iii. the Province has not provided a Suspension Notice to the Indenture Trustee, OPG and the Financing Entity.

(b) For greater certainty, satisfaction of the Adherence Conditions for a Certified Primary Obligation shall be deemed satisfaction of the Adherence Conditions in respect of all principal, interest and other amounts owing under the Certified Primary Obligation as such Certified Primary Obligation may be amended, restated, supplemented or modified from time to time, without limiting any obligations of OPG to the Province arising other than pursuant to this Agreement.

(c) For greater certainty, there shall be no Adherence Conditions applicable in relation to a Primary Obligation that is not a Certified Primary Obligation.

4.03 Evidence of Satisfaction

An Adherence Compliance Certificate delivered in accordance with clause 4.02(a)ii shall be determinative as to whether the applicable Adherence Conditions with respect thereto have been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same. An Adherence Compliance Certificate that purports on its face to be signed by officers specified in clause 4.02(a)ii may be relied upon by any addressee without further enquiry or evidence as to the incumbency or signatures of such officers. If an Adherence Compliance Certificate is not delivered in accordance with the timing requirements of clause 4.02(a)ii such certificate may be delivered at a later date, and be effective as if it had been delivered in accordance with the timing requirement of clause 4.02(a)ii if at the time such certificate was required to be delivered OPG had delivered to the Province all certifications required by the Province in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation.

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, and shall be entitled to (i) the right and entitlement to be paid and receive the related Subrogation Amounts, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including Sections **[7.04]** through **[7.11]** and **[8.13]** (Payment Priorities), Section **[7.12]** (Payments Held in Trust), Section **[8.11]** (Control by Controlling Class Creditors), Section **[8.12]** (Limitation on Suits), Section **[8.14]** (Limited Recourse), Article IX (The Indenture Trustee), including all limitations of liability thereunder, Section **[9.14]** (Communications to Specified Creditors) and Section **[16.01]** (No Petition); (ii) consents, requests and authorizes the Issuer and the Indenture Trustee to (x) add the Province to the register of Specified Creditors described in subsection **[13.13(b)]** of the Trust Indenture and (y) disseminate the notice details of the Province to other Specified Creditors for the purposes set out in subsection **[9.14(b)]** of the Trust Indenture, and (iii) confirms that it will execute and deliver, or cause to be executed and delivered, all such further agreements, documents and instruments in connection with this Section 5.01 as the Indenture Trustee may request from time to time for the purpose of giving effect to the terms of this Section 5.01.

5.02 <u>Priorities</u>

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation and the Payable Approved Amounts thereunder shall rank equally with the rights, interests and entitlements of a Beneficiary to whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture in the manner and to the extent contemplated in Section **[7.10]** of the Trust Indenture.

5.03 Intentionally Deleted

5.04 <u>Representations and Warranties</u>

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
INDENTURE TRUSTEE MATTERS

6.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

6.02 Not Responsible for Recitals

The recitals contained herein will be taken as the statements of the Province, the Financing Entity and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

6.03 Representations and Covenants of the Indenture Trustee

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Agreement and has taken all necessary action to authorize the execution, delivery and performance by it of this Agreement;

(c) this Agreement has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada. If, notwithstanding the provisions of this subsection 6.03(d), the Indenture Trustee ceases to be so authorized to carry on business, the validity and enforceability of this Agreement shall not be affected in any manner whatsoever by reason only of such event.

ARTICLE VII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

7.01 Suspension Notice

Upon:

(a) a Program Breach;

(b) a default in the performance, or breach, of any covenants of OPG, as FSM, or OPG, in its corporate capacity, in each case to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligation and the expiration of any applicable cure period;

(c) a representation or warranty made by OPG or a certification made by one or more officers of OPG, in each case whether as FSM or in its corporate capacity, to the Province in connection with its obligations to the Province and its internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligations, proves to be incorrect in any material respect on the date made and the expiration of any applicable cure period; or

(d) the FSM no longer being the Manager or actions having been taken by or on behalf of the Indenture Trustee to remove the FSM as the Manager;

the Province may declare that the Limited Guarantee under this Agreement shall not apply to any Primary Obligations incurred on or after such declaration, excluding Post-Suspension Refinancings or Pre-Approved Refinancings, by delivering a written notice in the form of Exhibit C (a "**Suspension Notice**") to the Indenture Trustee, the FSM and the Financing Entity.

7.02 Suspension

If a Suspension Notice has been provided under Section 7.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of: (i) any Primary Obligation incurred, excluding Post-Suspension Refinancings or Pre-Approved Refinancings, or (ii) any amendment of any Primary Obligation that has a Material Effect, unless otherwise agreed to by the Province, in each case, on or after the time such Suspension Notice is delivered.

7.03 Additional Right of the Province Regarding Post-Suspension Refinancings

Following the occurrence of a Suspension Event, the Limited Guarantee shall continue to apply in respect of any Post-Suspension Refinancing (for greater certainty, without regard to the satisfaction of any Adherence Conditions thereto); provided that prior to the Financing Entity incurring any Primary Obligation constituting a Post-Suspension Refinancing, the Manager shall

provide the Province with at least 30 days' notice of its intention to seek a Post-Suspension Refinancing, which notice shall include a summary of the material covenants, events of default, representations and warranties and indemnities of the Financing Entity and other material terms, excluding financial terms, rates and levels (the "**Proposal**"), and during such 30 day period the Province may, but is not obligated to, offer to provide such Post-Suspension Refinancing or arrange for another Person to provide such Post-Suspension Refinancing on the same, or better, terms as set out in the Proposal. If, within such 30-day period, the Province elects to provide such Post-Suspension Refinancing as provided in the preceding sentence, the Manager shall accept such Proposal; however, if the Province does not elect to provide such Post-Suspension Refinancing, the Manager shall cause the Financing Entity to incur Primary Obligations constituting such a Post-Suspension Refinancing on the same or less onerous terms than those set out in the Proposal; provided that such Post-Suspension Refinancing is available on such terms.

7.04 No Impact on Adherence

For greater certainty, the occurrence of a Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event or in respect of any Post-Suspension Refinancing.

ARTICLE VIII
MISCELLANEOUS

8.01 Term of Agreement

This Agreement will continue until the later of: (a) the date that no amount is or may become due and payable by the Province under the Limited Guarantee and (b) the date that no amount is or may become due and payable to the Province in respect of any Subrogation Amount.

8.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic

communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: Manager, Corporate Trust
Fax: (416) 981-9777
Email: corporatetrust.toronto@computershare.com

(b) if to the FSM:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

(c) if to the Province:

Minister of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Minister of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

With copies to:

Deputy Minister of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Deputy Minister of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 8.02.

8.03 <u>Assignment</u>

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section 8.03 shall be null and void.

8.04 <u>Enurement</u>

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

8.05 <u>FIPPA</u>

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

8.07 Notice to Rating Agencies

OPG, as FSM, shall deliver prompt written notice to the Rating Agencies of the occurrence of (i) a Protection Event; (ii) receipt of a Suspension Notice delivered by the Province pursuant to Section 7.01; and (iii) an assignment of this Agreement by any party pursuant to Section 8.03.

8.08 Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their benefits hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

8.09 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, IN ITS CAPACITY AS TRUSTEE OF FAIR HYDRO TRUST, AS ISSUER, BY ONTARIO POWER GENERATION INC., NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration of a funding obligation" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Compliance Certificate**" means a certificate in the form attached hereto as Exhibit B-1 delivered by the FSM in accordance with Section 4.02(a)ii.

"**Adherence Conditions**", means, in respect of a Certified Primary Obligation, the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of a Guarantee Payment Date, the aggregate of the Approved Obligation Amounts for such Guarantee Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, for a Beneficiary in respect of an Approved Obligation under which an amount is due and payable on a Guarantee Payment Date:

(a) if no Acceleration has occurred in respect of any Obligation Secured on or before the Guarantee Payment Date, the amount due and payable to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation (for greater certainty, determined on the assumption that there are adequate amounts available under the applicable payment provisions of the Trust Indenture to pay in full all amounts referred to in such payment provisions that are due and payable on the Guarantee Payment Date); and

(b) if an Acceleration has occurred in respect of any Obligations Secured on or before the Guarantee Payment Date, the amount that would be available to be paid to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation under the applicable payment provisions of the Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with such applicable payment provisions of the Trust Indenture in respect of each relevant month during each Reference Period is equal to the estimated Finance Amount determined in respect of such Reference Period for purposes of section 15(1) of the Act (in effect on the date hereof), including section 6.1 of the General Regulation (in effect on the date hereof), divided by the number of months in such Reference Period.

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Beneficiary Payee**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Certified Primary Obligations**" means Primary Obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest, including any Refinancing, other than a Post-Suspension Refinancing or a Pre-Approved Refinancing, of such a Primary Obligation (for greater certainty, including, in the case of any Certified Primary Obligation permitting funding transactions pursuant to a Funding Obligation Agreement applicable to the Certified Primary Obligation, each individual borrowing or funding utilization thereunder), (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not any individual trade confirmation other than a trade confirmation that modifies or purports to override the express terms or conditions of the related Master Agreement, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and expected (as determined by the Manager, acting reasonably) aggregate payments by the Financing Entity thereunder during the term of such contract are or would be in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).

"**Change of Law Protection Agreement**" means this Agreement.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Determination Date**" has the meaning ascribed thereto in clause 2.01(a)iv.

"**Executive Officer**" has the meaning ascribed to the term "executive officer" in National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators.

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the first paragraph of this Agreement until a successor Financing Entity Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and the Declaration of Trust, and thereafter "Financing Entity Trustee" means and includes such Person.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Guarantee Payment**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Guarantee Payment Date**" has the meaning ascribed thereto in Section 2.01(a)i.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(a).

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity, as amended, supplemented, restated or otherwise modified from time to time.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Agreement**" means an agreement in the form of a Master Agreement as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, as amended, supplemented, restated or otherwise modified from time to time.

"**Material Effect**" means any change that could affect the timing of or circumstances under which Primary Obligations would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that could affect the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of this Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Payable Approved Amounts**" has the meaning ascribed thereto in 2.01(a).

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, unlimited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Post-Suspension Refinancing**" means a Primary Obligation proposed to be incurred on or after the occurrence of a Suspension Event, as a Refinancing of one or more Series of Approved Obligations or one or more such Refinancings.

"**Pre-Approved Refinancing**" means a Refinancing of a Certified Primary Obligation in respect of which the Province has, prior to the issuance of such Certified Primary Obligation, waived its right to object to such Refinancing being an Approved Obligation.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account or Finance Reserve Account; and (ii) any obligation to pay the Financing Entity or on the Financing Entity's direction any remaining amounts in the Collection Account pursuant to the Trust Indenture.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that adversely affects (X) the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured taking into account any funds available (i) in any Finance Reserve Account at such time and (ii) after collecting the True-up Amount in the Reference Period immediately following the occurrence of an event described in a(i) to a(v), or (Y) this Agreement or any of the agreements under which Obligations Secured arise; or

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Obligations Secured that have become due and payable.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency Condition" in

the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Reference Period**" has the meaning ascribed to the term "reference period" in the Act.

"**Refinancing**" has the meaning ascribed to the term "refinancing" in the Act as of the date hereof, as more particularly described and given meaning in the General Regulation as of the date hereof.

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(B).

"**Subrogation Payment Date**" has the meaning ascribed thereto in clause 2.01(a)iv.

"**Suspension Event**" has the meaning ascribed thereto in Section 7.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 7.01.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**True-up Amount**" has the meaning ascribed to the term "true up amount" in the Act.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

EXHIBIT A
FORM OF PAYMENT DEMAND

TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Pursuant to and in accordance with section 2.01(a) of the Change of the Law Protection Agreement, the Indenture Trustee hereby demands payment from the Province in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in the Change of Law Protection Agreement.

DATED as of the [■] day of [■], [■].

BNY TRUST COMPANY OF CANADA

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT B-1
FORM OF ADHERENCE COMPLIANCE CERTIFICATE UNDER SECTION 4.02(a)

TO: **BNY TRUST COMPANY OF CANADA**, in its capacity as Indenture Trustee (the "**Indenture Trustee**") under the Master Trust Indenture dated as of December ●, 2017 between Fair Hydro Trust and the Indenture Trustee (the "**Master Trust Indenture**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province of Ontario, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust, Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Each of the undersigned, being the ● and ● of OPG acting in its capacity as FSM and holding the offices set forth under their names and signatures below, pursuant to and accordance with clause 4.02(a)ii of the Change of Law Protection Agreement, hereby certifies for and on behalf of OPG, in its capacity as Financial Services Manager, and not in such officer's personal capacity and intending that this certificate may be relied on by the addressees hereof without independent inquiry, that:

1. I have read and understand the provisions of the Change of Law Protection Agreement, the Master Trust Indenture and all other documents and materials necessary to enable me to deliver this certificate.
2. If the Certified Primary Obligation is a Refinancing, the proceeds of the Refinancing will be used solely for the purpose of repaying one or more Certified Primary Obligations in respect of which the Adherence Conditions in Subsection 4.02(a) of the Change of Law Protection Agreement had been satisfied, including one or more other Refinancings in respect of which the Adherence Conditions in Subsection 4.02(a) of the Change of Law Protection Agreement had been satisfied.
3. OPG has delivered to the Province a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate was provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation.

DATED as of the [■] day of [■], [■].

Name: [1]	Name:
Office:	Office:

[1] This certificate must be signed by two officers of OPG being either (i) the Chief Financial Officer and the Treasurer, or (ii) any two Executive Officers (as defined in the Change of Law Protection Agreement) of OPG.

EXHIBIT C
SUSPENSION NOTICE

TO: Ontario Power Generation Inc., in its capacity as Financial Services Manager

AND TO: Fair Hydro Trust

AND TO: Computershare Trust Company of Canada, in its capacity as trustee of Fair Hydro Trust

AND TO: BNY Trust Company of Canada, as Indenture Trustee

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement. All references in this Suspension Notice to "Articles" or "Sections" refer to Articles or Sections of the Change of Law Protection Agreement.

The Province has a reasonable basis for concluding that an event described in clauses (a) to (d) of Section 7.01 has occurred. Pursuant to Section 7.01, the Province hereby declares that the Limited Guarantee shall hereby not apply in respect of (i) any Primary Obligation incurred, excluding Post-Suspension Refinancings or Pre-Approved Refinancings or (ii) any amendment of any Primary Obligation that has a Material Effect, unless otherwise agreed to by the Province, in each case, on or after delivery of this Suspension Notice.

This Suspension Notice is hereby delivered to the FSM, the Financing Entity and the Indenture Trustee in accordance with Section 8.02 of the Change of Law Protection Agreement.

* * * *

DATED as of the [■] day of [■], [■].

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust organized under the laws of the Province of Ontario (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council 1981/2017 (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Primary Obligations that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred. This Agreement sets out the terms and conditions of such protections and assurances.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A**, and any other capitalized terms** not defined herein shall have the meanings **assigned to them in the Trust Indenture**;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this

Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 Proof of Approved Obligations

The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Manager deems to be sufficient.

Each statement delivered by the Manager under Section 2.01(a)i shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and each of the parties hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Manager shall act diligently in the preparation of each such statement and shall provide the Indenture Trustee and the Province with all supporting computations and calculations used by the Manager to prepare each such statement promptly following a request therefor made by the Indenture Trustee or the Province.

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture as of the date of this Agreement.

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 2.01 or Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a

related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee, the Financing Entity, the Financing Entity Trustee, the Manager or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day~~; provided, however, that if under the terms of an Approved Obligation an amount is stated to be due, a period of time would begin or end, a calculation is to be made or any other action to be taken thereunder shall be stated to be required to be taken, on a day other than a Business Day, any amount payable hereunder that is to be determined by reference to such Approved Obligation shall be determined by reference to such terms~~.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee may deliver a written demand, substantially in the form attached as **[Exhibit A]** (a "**Payment Demand**"), to the Province requiring the Province to make payments in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in this Agreement. From and after such delivery of a Payment Demand, the Province shall make the following payments in respect of the Approved Obligations (the "**Limited Guarantee**"), ~~and~~ the Financing Entity shall pay, and the Province shall be entitled to be paid, the Subrogation ~~Entitlements~~**Amounts** specified below**, and the following terms shall apply**:

i. Not less than **three (**3**)** Business Days prior to each day when any payment or payments are to be made in respect of one or more Approved Obligations occurring after such delivery of a Payment Demand (each such day, a "**Guarantee Payment Date**"), the Manager shall deliver a written statement setting forth the Aggregate Approved Obligations Amount, if any, in respect of the Approved Obligations that are due and payable on such Guarantee Payment Date, together with a detailed description identifying such Approved Obligations and the nature and amount of payments due and payable thereunder on the Guarantee Payment Date, the aggregate outstanding amount payable by the Financing Entity under such Approved Obligations as of the date of such written statement, and details regarding any default in performance by any party obligated thereunder.

ii. On each such Guarantee Payment Date, the Province shall deposit the Aggregate Approved Obligations Amount into the Protection Account.

iii. On each such Guarantee Payment Date, the Financing Entity and the Indenture Trustee shall ensure that the amounts on deposit in the Protection Account are applied to pay each Beneficiary to whom an amount is due and payable under an Approved Obligation on the Guarantee Payment Date the Approved Obligation Amount for such Beneficiary in respect of such Approved Obligation on such Guarantee Payment Date; provided that if the amount deposited pursuant to clause 2.01(a)ii is insufficient to pay all such Approved Obligation Amounts in full, the amount on deposit in the Protection Account on the Guarantee

Payment Date shall be applied to pay Beneficiaries in the order of priority in which such Approved Obligations are payable under the payment provisions of the Trust Indenture applicable to the making of such payments on the Guarantee Payment Date (each, a "**Beneficiary Payee**" and each payment made to a Beneficiary Payee on a Guarantee Payment Date, a "**Guarantee Payment**").

iv. On ~~any~~**the first** Guarantee Payment Date**, and on each subsequent Guarantee Payment Date, Payment Date or other day** on which ~~an amount is paid by the Province pursuant to clause 2.01(a)ii~~**any amount is required to be paid in respect of any Obligations Secured under the Trust Indenture (a "Subrogation Payment Date"), the Issuer and the Indenture Trustee shall ensure that** the applicable payment provisions of the Trust Indenture shall~~, notwithstanding any express terms of such provisions set forth in the Trust Indenture to the contrary,~~ be applied and operate on the following basis:

(A) ~~the amount payable to a Beneficiary Payee in respect of an~~**If such day is a Guarantee Payment Date, then for each** Approved Obligation ~~from amounts available under such payment provisions on such Guarantee Payment Date shall be reduced by the amount of the Guarantee Payment paid to the Beneficiary Payee~~ pursuant to clause 2.01(a)~~iii in respect of such Approved Obligation on such Guarantee Payment Date;(B) the Province shall be paid the amount payable to a Beneficiary Payee in respect of an Approved Obligation~~**for which amounts are paid to a Beneficiary Payee on such day** pursuant to clause 2.01(a)**iii in respect of principal, interest or any other amounts ("Payable Approved Amounts"), the amounts payable by the Issuer in respect of such amounts for such Approved Obligation** shall be reduced by the **respective amounts of such payments to the Beneficiary Payee, and equivalent amounts shall be payable by the Issuer to the Province as "Subrogation Amounts" in respect of such Approved Obligations, such Subrogation Amounts being payable in the same order of priority and with the same entitlements accruing to the Province as applied in respect of the related Payable Approved Amounts which were previously owing to the Beneficiary Payee, and to reflect this**

subrogation the payments set out in clause 2.01(a)iv(B) below shall be made by the Issuer.

(B) **If the Province has made all deposits required to be made by it on each Guarantee Payment Date occurring on or before such day in accordance with clause 2.01(a)ii (or the related Approved Obligation Amounts have otherwise all been paid in full), then in respect of each Approved Obligation for which any related Subrogation Amounts have not yet been paid in full to the Province, the Issuer shall pay to the Province** from amounts available to pay the Beneficiary Payee under such payment provisions on the Guarantee Payment Date,**the Trust Indenture payment provisions and in accordance with the applicable Payment Waterfalls the amount that would be payable on such date in satisfaction of the relevant Payable Approved Amounts as** determined without regard to the**any** Guarantee Payment paid on such**any** Guarantee Payment Date and **also without regard to** the corresponding reduction of the amount**amounts** owing to the**present and former** Beneficiary Payee**Payees** pursuant to subclause 2.01(a)iv(A) (each such**up to the** amount payable to**of** the Province being a "**unpaid related** Subrogation **Amount**"); and**Amounts.**

(C) no**No** Beneficiary having a right to be paid an amount in respect of an Approved Obligation, and no other Person entitled under an Obligation Secured, in each case that ranks equal with or subordinate to an**the Payable** Approved Obligation**Amount** in respect of which a Subrogation Amount is payable to the Province under subclause 2.01(a)iv(B), shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under such subclause (including any right of set-off, offset, reimbursement, contribution or indemnity) and no such Beneficiary or other Person shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of any such Subrogation Amount.

~~v.~~ ~~On the first day on which a payment is required to be made in respect of any Obligations Secured under the Trust Indenture that occurs after the day on which all amounts payable under all Approved Obligations have been paid in full (whether pursuant to Guarantee Payments, payments made pursuant to the payment provisions of the Trust Indenture, any combination thereof or otherwise) (the "**Determination Date**"), the applicable payment provisions of the Trust Indenture shall, notwithstanding any express terms of such provisions set forth in the Trust Indenture to the contrary, be applied and operate on the following basis:~~

~~(A)~~ ~~the Manager shall calculate each of the following amounts as of and by reference to the Determination Date:~~

~~(I)~~ ~~the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including the Determination Date in respect of Approved Obligations that at the time of payment ranked equally with or prior to interest amounts payable on Senior Funding Obligations in accordance with the applicable payment provisions of the Trust Indenture at such time, plus (y) an amount determined to reflect interest accruing on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount was paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture[1] and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of all Subrogation Amounts paid to the Province up to and including such day (such amount, the "**Senior Interest Final Subrogation Amount**");~~

~~(II)~~ ~~the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including the Determination Date in respect of Approved Obligations that at~~

[1] ~~Methodology to be confirmed.~~

the time of payment ranked equally with or prior to principal amounts payable on Senior Funding Obligations in accordance with the applicable payment provisions of the Trust Indenture at such time, plus (y) an amount determined to reflect interest accruing on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount was paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of (x) all Subrogation Amounts paid to the Province up to and including such day, plus (y) the amount determined under (I), above (such amount, the "**Senior Principal Final Subrogation Amount**");

(III) the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including the Determination Date in respect of Approved Obligations that at the time of payment ranked equally with or prior to interest amounts payable on Subordinate Funding Obligations in accordance with the applicable payment provisions of the Trust Indenture at such time, plus (y) an amount determined to reflect interest accruing on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount was paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of (x) all Subrogation Amounts paid to the Province up to and including such

day, plus (y) the sum of the amounts determined under (I) and (II), above (such amount, the "**Subordinated Interest Final Subrogation Amount**");

(IV) the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including the Determination Date in respect of Approved Obligations that at the time of payment ranked equally with or prior to principal amounts payable on Subordinated Funding Obligations in accordance with the applicable payment provisions of the Trust Indenture at such time, plus (y) an amount determined to reflect interest accruing on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount is paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of (x) all Subrogation Amounts paid to the Province up to and including such day, plus (y) the sum of the amounts determined under (I), (II) and (III) (such amount, the "**Subordinated Principal Final Subrogation Amount**");

(V) the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including the Determination Date in respect of Approved Obligations that at the time of payment ranked equally with or prior to interest amounts payable on Junior Subordinated Funding Obligations in accordance with the applicable payment provisions of the Trust Indenture at such time, plus (y) an amount determined to reflect interest accruing on each such Guarantee Payment from and including the date of its payment by the Province to but

excluding the date a Subrogation Amount was paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of (x) all Subrogation Amounts paid to the Province up to and including such day, plus (y) the sum of the amounts determined under (I), (II), (III) and (IV), above (such amount, the "**Junior Subordinated Interest Final Subrogation Amount**");

(VI) the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including the Determination Date in respect of Approved Obligations that at the time of payment ranked equally with or prior to principal amounts payable on Junior Subordinated Funding Obligations in accordance with the applicable payment provisions of the Trust Indenture at such time, plus (y) an amount determined to reflect interest accruing on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount is paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of (x) all Subrogation Amounts paid to the Province up to and including such day, plus (y) the sum of the amounts determined under (I), (II), (III), (IV) and (V) (such amount, the "**Junior Subordinated Principal Final Subrogation Amount**"); and

(VII) the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including the Determination Date in respect of all Approved Obligations, plus (y) an amount determined to reflect interest accruing on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount is paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of (x) all Subrogation Amounts paid to the Province up to and including such day, plus (y) the sum of the amounts determined under (I), (II), (III), (IV), (V) and (VI) (such amount, the "**Residual Final Subrogation Amount**" and, together with the Senior Interest Final Subrogation Amount, the Senior Principal Final Subrogation Amount, the Subordinated Interest Final Subrogation Amount, the Subordinated Principal Final Subrogation Amount, the Junior Subordinated Interest Final Subrogation Amount, the Junior Subordinated Principal Final Subrogation Amount, collectively, the "**Final Subrogation Amounts**");

(B) as of the Determination Date (and thereafter on each subsequent day when any payment or payments are to be made in respect of Obligations Secured, until paid in full), the Province shall be entitled to be paid by the Financing Entity, and the Financing Entity shall be obligated to pay the Province in accordance with the applicable payment provisions of the Trust Indenture, the following amounts in the priorities set forth below:

(I) as an amount ranking equally with interest amounts payable on Senior Funding Obligations in accordance with the

applicable payment provisions of the Trust Indenture, the Senior Interest Final Subrogation Amount;

(II) as an amount ranking equally with principal amounts payable on Senior Funding Obligations in accordance with the applicable payment provisions of the Trust Indenture, the Senior Principal Final Subrogation Amount;

(III) as an amount ranking equally with interest amounts payable on Subordinated Funding Obligations in accordance with the applicable payment provisions of the Trust Indenture, the Subordinated Interest Final Subrogation Amount;

(IV) as an amount ranking equally with principal amounts payable on Subordinated Funding Obligations in accordance with the applicable payment provisions of the Trust Indenture, the Subordinated Principal Final Subrogation Amount;

(V) as an amount ranking equally with interest amounts payable on Junior Subordinated Funding Obligations in accordance with the applicable payment provisions of the Trust Indenture, the Junior Subordinated Interest Final Subrogation Amount;

(VI) as an amount ranking equally with principal amounts payable on Junior Subordinated Funding Obligations in accordance with the applicable payment provisions of the Trust Indenture, the Junior Subordinated Principal Final Subrogation Amount; and

(VII) as an amount ranking equally with amounts payable on the Obligations Secured having the lowest payment ranking in accordance with the applicable payment provisions of the Trust Indenture to Persons other than OPG, the Residual Final Subrogation Amount;

~~(C)~~ ~~the payment entitlements of the Province described in subclause 2.01(a)v(B) shall, on and after the Determination Date, be treated for all purposes of the Trust Indenture as follows:~~

~~(I)~~ ~~the payment entitlements described in sub-subclauses 2.01(a)v(B)(I) and (II) shall constitute and be treated as interest and principal obligations, as the context requires, arising under a [Series of Notes] constituting Senior Funding Obligations issued by the Financing Entity to the Province on the Determination Date and conferring upon the Province (and any successor, assignee or transferee of such entitlements), all of the rights, entitlements, interests and privileges of a [Holder] of such a [Series of Notes]~~[2] ~~in accordance with the Trust Indenture, as supplemented by *[Describe applicable Senior Series Supplemental Indenture]*;~~

~~(II)~~ ~~the payment entitlements described in sub-subclauses 2.01(a)v(B)(III) and (IV) shall constitute and be treated as interest and principal obligations, as the context requires, arising under a Series of Notes constituting Subordinated Funding Obligations issued by the Financing Entity to the Province on the Determination Date and conferring upon the Province (and any successor, assignee or transferee of such entitlements), all of the rights, entitlements, interests and privileges of a Holder of such a Series of Notes in accordance with the Trust Indenture, as supplemented by *[Describe applicable Subordinated Series Supplemental Indenture]*;~~

~~(III)~~ ~~the payment entitlements described in sub-subclauses 2.01(a)v(B)(V) and (VI) shall constitute and be treated as interest and principal obligations, as the context requires, arising under a Series of Notes constituting Junior Subordinated Funding Obligations issued by the Financing Entity to the~~

~~[2] Conform defined terms to the Trust Indenture.~~

Province on the Determination Date and conferring upon the Province (and any successor, assignee or transferee of such entitlements), all of the rights, entitlements, interests and privileges of a Holder of such a Series of Notes in accordance with the Trust Indenture, as supplemented by *[Describe applicable Junior Subordinated Series Supplemental Indenture]*;

(IV) and the payment entitlements described in sub-subclause 2.01(a)v(B)(VII) shall constitute and be treated as a payment obligation without any additional rights, entitlements, interests or privileges, other than the right to receive payment in accordance with the applicable payment provisions of the Trust Indenture applicable to Obligations Secured ranking equally with amounts payable on the Obligations Secured having the lowest payment ranking in accordance with the applicable payment provisions of the Trust Indenture to any Person other than OPG; and

(D) no Person entitled under an Obligation Secured that ranks equal with or subordinate to a Final Subrogation Amount shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province in respect of such Final Subrogation Amount and no such Person shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of any such Final Subrogation Amount. **For greater certainty, the entitlements of the Province in respect of Subrogation Amounts arising in respect of Payable Approved Obligations that are interest and principal obligations on Notes shall** be treated for all purposes of the Trust Indenture as **interest and principal obligations, respectively, arising under Notes having the same priority as the related Approved Obligations, and accordingly the Province (and any successor, assignee or transferee of such entitlements) shall be entitled to all of the rights, entitlements, interests and privileges of a Holder of such a**

Notes in accordance with the Trust Indenture, as supplemented by the Supplemental Indenture or other indenture document under which the related Approved Obligations were issued.

v. vi. On any**each** Guarantee Payment Date and on**upon demand by** the Determination Date**Province**, the Indenture Trustee shall release and pay to the Province free and clear of any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay Guarantee Payments to Beneficiary Payees on the Guarantee Payment Date in accordance with clause 2.01(a)iii or that otherwise remains on deposit in the Protection Account on the Determination Date. **relevant date.**

vi. vii. In preparing any payment instructions under the Trust Indenture, the Manager shall reflect the amounts payable under Section 2.01(a)**, if applicable**.

vii. **The Province shall, as a payee of Subrogation Amounts under clause 2.01(a)iv(B) and as a payee of any amounts payable under clause 2.01(a)v, be a "Specified Creditor" under the Trust Indenture and have the benefit of the Collateral thereunder.**

viii. **For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the Approved Obligation Amounts, if any, for payment to Beneficiary Payees and will be subject to the priorities and to the Province's rights to Subrogation Amounts, set forth in Section 2.01(a).**

ix. **Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.**

x. **Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation by their terms.**

xi. **Any amount payable to the Province in respect of a Subrogation Amount shall bear interest from and including the date of payment by the Province of the related Guarantee Payment to but excluding the date of payment of the**

Subrogation Amount to the Province, such interest to accrue at the rate equivalent to the applicable interest rate borne by the related Approved Obligation, and such interest amounts shall be added to their respective Subrogated Amounts and shall consequently be payable in the same priority as the relevant Subrogated Amount under clause 2.01(a)iv(B), all such accruing interest amounts to be calculated and added to the Subrogation Amounts by the Manager in its discretion acting in a commercially reasonable fashion.

xii. **The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under and in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any amount due and payable to a Beneficiary Payee under the Limited Guarantee.**

(b) The Province shall, as a payee of Subrogation Amounts under clause 2.01(a)iv(B), ~~as a payee of each Final Subrogation Amount under clause 2.01(a)v~~ and as a payee of any amounts payable under clause 2.01(a)vi, be a "Specified Creditor" under the Trust Indenture and have the benefit of the Collateral thereunder.

(c) For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the Approved Obligation Amounts, if any, for payment to Beneficiary Payees and will be subject to the priorities and to the Province's rights to Subrogation ~~Entitlements~~**Amounts**, set forth in Section 2.01(a).

(d) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(e) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation by their terms.

(f) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under and in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any amount due and payable to a Beneficiary Payee under the Limited Guarantee.

2.02 Intentionally Deleted.

2.03 Absence of Set-off

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 Payment into Protection Account in Satisfaction

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account" for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section **[7.03]** of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Financing Entity and the Indenture Trustee shall ensure that all amounts paid by the Province into the Protection Account on a Guarantee Payment Date in respect of an Approved Obligation are applied to pay the amounts due and payable to the ~~Beneficiaries~~**Beneficiary Payee** as and to the extent provided for in Section

2.01(a). Upon a payment having been made by or on behalf of the Province into the Protection Account, the amounts so paid shall for all purposes be considered to have been applied to pay the applicable ~~Beneficiaries~~**Beneficiary Payee** as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such ~~Beneficiaries~~**Beneficiary Payee** in respect of the applicable Approved Obligations, whereupon an affected Beneficiary **Payee** shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid. For greater certainty, the obligations arising in respect of an applicable Approved Obligation shall not be reduced by such payment as the Province shall become entitled to be paid related Subrogation ~~Entitlements~~**Amounts** and the rights contemplated under Section 2.01(a) and Section 5.01 in relation to such continuing obligations.

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing

Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations in accordance with Section 8.01.

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

A Primary Obligation shall constitute an Approved Obligation if (i) the Adherence Conditions applicable thereto have been satisfied at the time the Primary Obligation was incurred, ~~or~~ (ii) the Province, in its sole discretion, designates in writing that it is an Approved Obligation **or (iii) the Primary Obligation is a Post-Suspension Refinancing or a Pre-Approved Refinancing**.

4.02 Adherence Conditions

(a) The following shall be the Adherence Conditions applicable in relation to each Certified Primary Obligation:

i. the Certified Primary Obligation when incurred is an Obligation Secured under the Trust Indenture; and

ii. OPG, as FSM, delivers an Adherence Compliance Certificate in the form attached hereto as Exhibit B-1 signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee, on or before the incurrence of a Certified Primary Obligation (provided that delivery may not be more than 5 Business Days before the incurrence of the Certified Primary Obligation); and

iii. the Province has not provided a Suspension Notice to the Indenture Trustee, OPG and the Financing Entity.

~~(b) The following shall be the Adherence Conditions applicable in relation to each Approved Refinancing:~~

~~i. such Approved Refinancing when incurred is an Obligation Secured under the Trust Indenture; and~~

~~ii. OPG, as FSM, delivers an Adherence Compliance Certificate in the form attached hereto as Exhibit B-2 signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers~~

in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee and the Province, on or before the incurrence of the Approved Refinancing (provided that delivery may not be more than 5 Business Days before the incurrence of such Approved Refinancing).

(b) (c) For greater certainty, satisfaction of the Adherence Conditions for a Certified Primary Obligation or an Approved Refinancing shall be deemed satisfaction of the Adherence Conditions in respect of all principal, interest and other amounts owing under the Certified Primary Obligation or the Approved Refinancing, as applicable. (d) Without limiting any obligations of OPG to the Province arising other than pursuant to this Agreement, a**as such** Certified Primary Obligation may be amended, restated, supplemented or otherwise modified from time to time. (e)

An Approved Refinancing may not be amended, restated, supplemented or otherwise modified without the consent of**, without** limiting any obligations of OPG to the Province arising other than pursuant to this Agreement.

(c) (f) For greater certainty, there shall be no Adherence Conditions applicable in relation to a Primary Obligation that is not a Certified Primary Obligation or an Approved Refinancing.

4.03 Evidence of Satisfaction

An Adherence Compliance Certificate delivered in accordance with clause 4.02(a)ii or in accordance with clause 4.02(b)ii, as the case may be, shall be determinative as to whether the applicable Adherence Conditions with respect thereto have been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same. An Adherence Compliance Certificate that purports on its face to be signed by officers specified in clause 4.02(a)ii or clause 4.02(b)ii, as applicable, may be relied upon by any addressee without further enquiry or evidence as to the incumbency or signatures of such officers. If an Adherence Compliance Certificate is not delivered in accordance with the timing requirements of clause 4.02(a)ii or clause 4.02(b)ii, as applicable, such certificate may be delivered at a later date, and be effective as if it had been delivered in accordance with the timing requirement of clause 4.02(a)ii or clause 4.02(b)ii, as applicable, if at the time such certificate was required to be delivered OPG had delivered to the Province all certifications required by the Province in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation or the Approved Refinancing.

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, ~~including~~**and shall be entitled to** (i) the right and entitlement to be paid and receive the related Subrogation ~~Entitlements~~**Amounts**, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including Sections **[7.04]** through **[7.11]** and **[8.13]** (Payment Priorities), Section **[7.12]** (Payments Held in Trust), Section **[8.11]** (Control by Controlling Class Creditors), Section **[8.12]** (Limitation on Suits), Section **[8.14]** (Limited Recourse), Article IX (The Indenture Trustee), including all limitations of liability thereunder, Section **[9.14]** (Communications to Specified Creditors) and

Section **[16.01]** (No Petition); (ii) consents, requests and authorizes the Issuer and the Indenture Trustee to (x) add the Province to the register of Specified Creditors described in subsection **[13.13(b)]** of the Trust Indenture and (y) disseminate the notice details of the Province to other Specified Creditors for the purposes set out in subsection **[9.14(b)]** of the Trust Indenture, and (iii) confirms that it will execute and deliver, or cause to be executed and delivered, all such further agreements, documents and instruments in connection with this Section 5.01 as the Indenture Trustee may request from time to time for the purpose of giving effect to the terms of this Section 5.01.

5.02 Priorities

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation **and the Payable Approved Amounts thereunder** shall rank equally with the rights, interests and entitlements of a Beneficiary to whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture in the manner and to the extent contemplated in Section **[7.10]** of the Trust Indenture.

5.03 Intentionally Deleted

5.04 Representations and Warranties

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
INDENTURE TRUSTEE MATTERS

6.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary,

agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

6.02 Not Responsible for Recitals

The recitals contained herein will be taken as the statements of the Province, the Financing Entity and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

6.03 Representations and Covenants of the Indenture Trustee

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Agreement and has taken all necessary action to authorize the execution, delivery and performance by it of this Agreement;

(c) this Agreement has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada. If, notwithstanding the provisions of this subsection 6.03(d), the Indenture Trustee ceases to be so authorized to carry on business, the validity and enforceability of this Agreement shall not be affected in any manner whatsoever by reason only of such event.

ARTICLE VII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

7.01 Suspension Notice

Upon:

(a) a Program Breach;

(b) a default in the performance, or breach, of any covenants of OPG, as FSM, or OPG, in its corporate capacity, in each case to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in

respect of any Certified Primary Obligation and the expiration of any applicable cure period;

(c) a representation or warranty made by OPG or a certification made by one or more officers of OPG, in each case whether as FSM or in its corporate capacity, to the Province in connection with its obligations to the Province and its internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligations, proves to be incorrect in any material respect on the date made and the expiration of any applicable cure period; or

(d) the FSM no longer being the Manager or actions having been taken by or on behalf of the Indenture Trustee to remove the FSM as the Manager~~,~~**;**

the Province may declare that the Limited Guarantee under this Agreement shall not apply to any Primary Obligations incurred on or after such declaration, ~~other than any~~ **excluding Post-Suspension Refinancings or Pre-**Approved ~~Refinancing~~**Refinancings**, by delivering a written notice in the form of Exhibit C (a "**Suspension Notice**") to the Indenture Trustee, the FSM and the Financing Entity.

7.02 Suspension

If a Suspension Notice has been provided under Section 7.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of: (i) any Primary Obligation incurred~~ or amended~~**, excluding Post-Suspension Refinancings or Pre-Approved Refinancings, or (ii) any amendment of any Primary Obligation that has a Material Effect, unless otherwise agreed to by the Province, in each case,** on or after the time such Suspension Notice is delivered~~, other than any Approved Refinancing~~.

7.03 Additional Right of the Province Regarding Post-Suspension Refinancings

Following the occurrence of a Suspension Event, the Limited Guarantee shall continue to apply in respect of any Post-Suspension Refinancing (for greater certainty, without regard to the satisfaction of any Adherence Conditions thereto); provided that prior to the Financing Entity incurring any Primary Obligation constituting a Post-Suspension Refinancing, the Manager shall provide the Province with at least 30 days' notice of its intention to seek a Post-Suspension Refinancing, which notice shall include a summary of the material covenants, events of default, representations and warranties and indemnities of the Financing Entity and other material terms, excluding financial terms, rates and levels (the "Proposal"), and during such 30 day period the Province may, but is not obligated to, offer to provide such Post-Suspension Refinancing or arrange for another Person to provide such Post-Suspension Refinancing on the same, or better, terms as set out in the Proposal. If, within such 30-day period, the Province elects to provide such Post-Suspension Refinancing as provided in the preceding sentence, the Manager shall accept such Proposal; however, if the Province does not elect to provide such Post-Suspension Refinancing, the Manager shall cause the Financing Entity to incur Primary Obligations constituting such a Post-Suspension Refinancing on the same or less

onerous terms than those set out in the Proposal; provided that such Post-Suspension Refinancing is available on such terms.

7.04 ~~7.03~~ No Impact on Adherence

For greater certainty, the occurrence of a Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event or in respect of any ~~Approved~~**Post-Suspension** Refinancing.

ARTICLE VIII
MISCELLANEOUS

8.01 Term of Agreement

This Agreement will continue until the later of: (a) the date that no amount is or may become due and payable by the Province under the Limited Guarantee and (b) the date that no amount is or may become due and payable to the Province in respect of any Subrogation ~~Entitlement~~**Amount**.

8.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust

700 University Avenue

Toronto, Ontario M5G 1X6
Attention: General Counsel

Fax: (416) 592-4189

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: Manager, Corporate Trust
Fax: (416) 981-9777
Email: corporatetrust.toronto@computershare.com

(b) if to the FSM:

Ontario Power Generation Inc.

700 University Avenue

Toronto, Ontario M5G 1X6

Attention: General Counsel
Fax: (416) 592-4189

(c) if to the Province:

Minister of Finance

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

and

Minister of Energy

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

With copies to:

Deputy Minister of Finance

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

and

Deputy Minister of Energy

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 8.02.

8.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

~~(b) The rights, entitlements and interests of the Province described under subclause 2.01(a)(v) shall be freely assignable and transferrable without any requirement for notice to or the consent of any of the other parties, subject to any limitations or restrictions as may be prescribed with respect to such an assignment or transfer pursuant to the Trust Indenture.~~

(b) ~~(c)~~ Any purported assignment of this Agreement in violation of this Section 8.03 shall be null and void.

8.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

8.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

8.07 Notice to Rating Agencies

OPG, as FSM, shall deliver prompt written notice to the Rating Agencies of the occurrence of (i) a Protection Event; (ii) receipt of a Suspension Notice delivered by the Province pursuant to Section 7.01; and (iii) an assignment of this Agreement by any party pursuant to Section 8.03.

8.08 Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their benefits hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

8.09 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, IN ITS CAPACITY AS TRUSTEE OF FAIR HYDRO TRUST, AS ISSUER, BY ONTARIO POWER GENERATION INC., NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration of a funding obligation" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

~~"**Action**" has the meaning ascribed thereto under the Trust Indenture.~~

"**Adherence Compliance Certificate**" means a certificate in the form attached hereto as Exhibit B-1 ~~or Exhibit B-2, as applicable,~~ delivered by the FSM in accordance with Section 4.02(a)ii ~~or Section 4.02(b)ii~~.

"**Adherence Conditions**", means, in respect of a Certified Primary Obligation, the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of a Guarantee Payment Date, the aggregate of the Approved Obligation Amounts for such Guarantee Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, for a Beneficiary in respect of an Approved Obligation under which an amount is due and payable on a Guarantee Payment Date:

(a) if no Acceleration has occurred in respect of any Obligation Secured on or before the Guarantee Payment Date, the amount due and payable to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation (for greater certainty, determined on the assumption that there are adequate amounts available under the applicable payment provisions of the Trust Indenture to pay in full all amounts referred to in such payment provisions that are due and payable on the Guarantee Payment Date); and

(b) if an Acceleration has occurred in respect of any Obligations Secured on or before the Guarantee Payment Date, the amount that would be available to be paid to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation under the applicable payment provisions of the Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with such applicable payment provisions of the Trust Indenture in respect of each relevant month during each Reference Period is equal to the estimated Finance Amount determined in respect of such Reference Period for purposes of section 15(1) of the Act (in effect on the date hereof), including section 6.1 of the General Regulation (in effect on the date hereof), divided by the number of months in such Reference Period.

~~"**Approved Refinancing**" means a Certified Primary Obligation proposed to be incurred on or after the occurrence of a Suspension Event, as a Refinancing of an existing Certified Primary Obligation in respect of which the Adherence Conditions set forth in Subsection 4.02(a) had been satisfied on the date such existing Certified Primary Obligation was incurred, that, at the time of incurrence, satisfies each of each of the Adherence Conditions set forth in Subsection 4.02(b).~~

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Beneficiary Payee**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Certified Primary Obligations**" means Primary Obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest, including any Refinancing**, other than a Post-Suspension Refinancing or a Pre-Approved Refinancing,** of such a Primary Obligation (for greater certainty, including, in the case of any Certified Primary Obligation permitting funding transactions pursuant to a Funding Obligation Agreement applicable to the Certified Primary Obligation, each individual borrowing or funding utilization thereunder), (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not any individual trade confirmation other than a trade confirmation that modifies or purports to override the express terms or conditions of the related Master Agreement, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and expected (as determined by the Manager, acting reasonably) aggregate payments by the Financing Entity thereunder during the term of such contract are or would be in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).

"**Change of Law Protection Agreement**" means this Agreement.

~~"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.~~

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency

option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Determination Date**" has the meaning ascribed thereto in clause 2.01(a)~~v~~**iv**.

~~"**Eligible Deposit Account**" has the meaning ascribed thereto in the Trust Indenture.~~

~~"**Eligible Institution**" has the meaning ascribed thereto in the Trust Indenture.~~

"**Executive Officer**" has the meaning ascribed to the term "executive officer" in National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators.

~~"**Final Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(D).~~

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the first paragraph of this Agreement until a successor Financing Entity Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and the Declaration of Trust, and thereafter "Financing Entity Trustee" means and includes such Person.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

~~"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.~~

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Guarantee Payment**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Guarantee Payment Date**" has the meaning ascribed thereto in Section 2.01(a)i.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

~~"**Issuer Account**" has the meaning ascribed thereto in the Trust Indenture.~~

~~"**Issuer Funding Obligation**" has the meaning ascribed thereto in the Trust Indenture.~~

~~"**Junior Subordinated Interest Final Subrogation Amount**" has the meaning ascribed thereto in clause 2.01(a)v.~~

~~"**Junior Subordinated Principal Final Subrogation Amount**" has the meaning ascribed thereto in clause 2.01(a)v.~~

"**Legislature**" means the Legislature of the Province of Ontario.

~~"**Lien**" has the meaning ascribed thereto in the Trust Indenture.~~

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(a).

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity, as amended, supplemented, restated or otherwise modified from time to time.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Agreement**" means an agreement in the form of a Master Agreement as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, as amended, supplemented, restated or otherwise modified from time to time.

"~~**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.~~**Material Effect" means any change that could affect the timing of or circumstances under which Primary Obligations would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that could affect the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of this Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation.**

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"Payable Approved Amounts" has the meaning ascribed thereto in 2.01(a).

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, unlimited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"Post-Suspension Refinancing" means a Primary Obligation proposed to be incurred on or after the occurrence of a Suspension Event, as a Refinancing of one or more Series of Approved Obligations or one or more such Refinancings.

"Pre-Approved Refinancing" means a Refinancing of a Certified Primary Obligation in respect of which the Province has, prior to the issuance of such Certified Primary Obligation, waived its right to object to such Refinancing being an Approved Obligation.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account or Finance Reserve Account; and (ii) any obligation to pay the Financing Entity or on the Financing Entity's direction any remaining amounts in the Collection Account pursuant to the Trust Indenture.

~~"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.~~

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that~~ materially and~~ adversely affects[3] (~~a~~**X**) the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured **taking into account any funds available (i) in any Finance Reserve Account at such time and (ii) after collecting the True-up Amount in the Reference Period immediately following the occurrence of an event described in a(i) to a(v)**, or (~~b~~**Y**) this Agreement or any of the agreements under which Obligations Secured arise; or

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that~~ materially and~~ adversely affects[4] the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Obligations Secured that have become due and payable.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency Condition" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Reference Period**" has the meaning ascribed ~~thereto~~**to the term "reference period"** in the Act.

[3] ~~Explanatory Note: This is required by the Province, without qualification.~~
[4] ~~Explanatory Note: This is required by the Province, without qualification.~~

"**Refinancing**" has the meaning ascribed to the term "refinancing" in the Act as of the date hereof, as more particularly described and given meaning in the General Regulation as of the date hereof.

~~"**Residual Final Subrogation Amount**" has the meaning ascribed thereto in clause 2.01(a)v.~~

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

~~"**Senior Interest Final Subrogation Amount**" has the meaning ascribed thereto in clause 2.01(a)v.~~

~~"**Senior Principal Final Subrogation Amount**" has the meaning ascribed thereto in clause 2.01(a)v.~~

~~"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.~~

~~"**Subordinated Interest Final Subrogation Amount**" has the meaning ascribed thereto in clause 2.01(a)v.~~

~~"**Subordinated Principal Final Subrogation Amount**" has the meaning ascribed thereto in clause 2.01(a)v.~~

~~"**Subrogation Entitlement**" means each Subrogation Amount and each Final Subrogation Amount.~~

"**Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(B).

"~~**Supplemental Indenture**~~**Subrogation Payment Date**" has the meaning ascribed ~~in the Trust Indenture.~~**thereto in clause 2.01(a)iv.**

~~"**Supplemental Reserve Account**" has the meaning ascribed in the Trust Indenture.~~

"**Suspension Event**" has the meaning ascribed thereto in Section 7.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 7.01.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"True-up Amount" has the meaning ascribed to the term "true up amount" in the Act.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

EXHIBIT A
FORM OF PAYMENT DEMAND

TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Pursuant to and in accordance with section 2.01(a) of the Change of the Law Protection Agreement, the Indenture Trustee hereby demands payment from the Province in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in the Change of Law Protection Agreement.

DATED as of the [■] day of [■], [■].

BNY TRUST COMPANY OF CANADA

By:
Name:
Title:

By:
Name:
Title:

EXHIBIT B-1
FORM OF ADHERENCE COMPLIANCE CERTIFICATE UNDER SECTION 4.02(a)

TO: **BNY TRUST COMPANY OF CANADA**, in its capacity as Indenture Trustee (the "**Indenture Trustee**") under the Master Trust Indenture dated as of December ●, 2017 between Fair Hydro Trust and the Indenture Trustee (the "**Master Trust Indenture**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province of Ontario, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust, Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Each of the undersigned, being the ● and ● of OPG acting in its capacity as FSM and holding the offices set forth under their names and signatures below, pursuant to and accordance with clause 4.02(a)ii of the Change of Law Protection Agreement, hereby certifies for and on behalf of OPG, in its capacity as Financial Services Manager, and not in such officer's personal capacity and intending that this certificate may be relied on by the addressees hereof without independent inquiry, that:

1. I have read and understand the provisions of the Change of Law Protection Agreement, the Master Trust Indenture and all other documents and materials necessary to enable me to deliver this certificate.
2. If the Certified Primary Obligation is a Refinancing, the proceeds of the Refinancing will be used solely for the purpose of repaying one or more Certified Primary Obligations in respect of which the Adherence Conditions in Subsection 4.02(a) of the Change of Law Protection Agreement had been satisfied, including one or more other Refinancings in respect of which the Adherence Conditions in Subsection 4.02(a) of the Change of Law Protection Agreement had been satisfied.
3. OPG has delivered to the Province a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate was provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation.

DATED as of the [■] day of [■], [■].

Name: [~~5~~1]	Name:
Office:	Office:

[~~5~~1] This certificate must be signed by two officers of OPG being either (i) the Chief Financial Officer and the Treasurer, or (ii) any two Executive Officers (as defined in the Change of Law Protection Agreement) of OPG.

EXHIBIT B-2
FORM OF ADHERENCE COMPLIANCE CERTIFICATE UNDER SECTION 4.02(b)

TO:	**BNY TRUST COMPANY OF CANADA**, in its capacity as Indenture Trustee (the "**Indenture Trustee**") under the Master Trust Indenture dated as of December ●, 2017 between Fair Hydro Trust and the Indenture Trustee (the "**Master Trust Indenture**")
AND TO:	Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust, Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Each of the undersigned, being the ● and ● of OPG acting in its capacity as FSM and holding the offices set forth under their names and signatures below, pursuant to and accordance with clause 4.02(b)ii of the Change of Law Protection Agreement, hereby certifies for and on behalf of OPG, in its capacity as Financial Services Manager, and not in such officer's personal capacity and intending that this certificate may be relied on by the addressees hereof without independent inquiry, that:

1. I have read and understand the provisions of the Change of Law Protection Agreement, the Master Trust Indenture and all other documents and materials necessary to enable me to deliver this certificate.
2. The proceeds of the Approved Refinancing will be used solely for the purpose of repaying one or more Certified Primary Obligations (including any Refinancing) in respect of which the Adherence Conditions in Subsection 4.02(a) of the Change of Law Protection Agreement had been satisfied, or one or more Approved Refinancings in respect of which the Adherence Conditions in Subsection 4.02(b) of the Change of Law Protection Agreement had been satisfied.
3. OPG has delivered to the Province a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate was provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) confirming that OPG would be in compliance with all obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the proposed Certified Primary Obligation that applied as between the Province and OPG on the date of issuance of the Certified Primary Obligation subject to repayment using the proceeds of the Approved Refinancing.

DATED as of the [■] day of [■], [■].

~~Name:~~ [6]	~~Name:~~
~~Office:~~	~~Office:~~

EXHIBIT C
SUSPENSION NOTICE

TO: Ontario Power Generation Inc., in its capacity as Financial Services Manager

AND TO: Fair Hydro Trust

AND TO: Computershare Trust Company of Canada, in its capacity as trustee of Fair Hydro Trust

BNY Trust Company of Canada, as Indenture Trustee

AND TO:

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement. All references in this Suspension Notice to "Articles" or "Sections" refer to Articles or Sections of the Change of Law Protection Agreement.

The Province has a reasonable basis for concluding that an event described in clauses (a) to (d) of Section 7.01 has occurred. Pursuant to Section 7.01, the Province hereby declares that the Limited Guarantee shall ~~not apply in respect of any Primary Obligation incurred or amended on or after the delivery of this Suspension Notice, other than an Approved Refinancing in respect of which the Adherence Conditions set forth in Subsection 4.02(b) have been satisfied.The Limited Guarantee shall~~ hereby not apply in respect of (i) any Primary Obligation incurred**, excluding Post-Suspension Refinancings or Pre-Approved Refinancings** or (ii) any amendment of any Primary Obligation that ~~results in an increase to the principal amount of such Primary Obligation~~**has a Material Effect, unless otherwise agreed to by the Province**, in each case, on or after delivery of this Suspension Notice~~, other than any Approved Refinancing in respect of which the Adherence Conditions set forth in Subsection 4.02(b) have been satisfied~~.

[6] ~~This certificate must be signed by two officers of OPG being either (i) the Chief Financial Officer and the Treasurer, or (ii) any two Executive Officers (as defined in the Change of Law Protection Agreement) of OPG.~~

This Suspension Notice is hereby delivered to the FSM, the Financing Entity and the Indenture Trustee in accordance with Section 8.02 of the Change of Law Protection Agreement.

* * * *

DATED as of the [■] day of [■], [■].

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

Document comparison by Workshare Compare on December-11-17 11:28:54 PM

Input:	
Document 1 ID	interwovenSite://INVENTORYS1/TorysAtWork/24621171/1
Description	#24621171v1<TorysAtWork> - 23239360-v26-Change of Law Protection Agreement (Dec 11)
Document 2 ID	C:\NRPortbl\TorysAtWork\BSAULNIE\24621171_2.docx
Description	C:\NRPortbl\TorysAtWork\BSAULNIE\24621171_2.docx
Rendering set	Firm_Standard

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

Statistics:	
	Count
Insertions	108
Deletions	194
Moved from	7
Moved to	7
Style change	0
Format changed	0
Total changes	316

From:	ASHBOURNE, STEPHEN
To:	Milligan, Peter; Sebastiano, Rocco; Mansoori, Nina
Cc:	Ken Kandeepan; "LADAK Lubna -TREASURY"; Anna Strathy; "Veinot, Cindy (TBS)"; Tom McKinlay (MAG); Mark Donaldson (MOF); Daniel Cayley (ENERGY); "Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)"; Ramchandani, Rima; "LEE John -TREASURY"; "RYFA Ken -TREASURY"; "HAHN PARKER Janet -TREASURY"; "MAUTI John -FIN & C CTRL"; "LAURETA LAPIRA May -TREASURY"; Feldman, Michael; "WONG Leslie -LAWDIV"; Fullerton, Rick; Gadi Mayman; Mike Manning; Malle Hanslep (MOF); "ian.benaiah@rbccm.com"; "Khan, Nur (nur.khan@rbccm.com)"; "brent.r.taylor@rbccm.com"; "katrina.niehaus@gs.com"; "brian.delaney@gs.com"; "Maciel, Andrew"; "Adalja, Sunil"; "Persad, Nicole"; "Persaud, Donnie - Debt Capital Markets"; Steen Hume (CAB); Saulnier, Brett; Olusoga, Yinka; Tobias P. Whitfield (MOF); PALMER, AARON; VINER, JON; PRESTAGE, JA
Subject:	RE: Fair Hydro - Change of Law Protection Agreement
Date:	Friday, December 08, 2017 3:16:24 PM
Attachments:	23239360-v26-Change of Law Protection Agreement.DOCX 23239360-vpdf-Change of Law Protection Agreement.PDF 23239361-v24-Change of Law - Process Agreement.DOCX 23239361-vpdf-Change of Law - Process Agreement.PDF

Hi,
Attached is a revised version of the Change of Law Protection Agreement. I believe that most of the changes reflected from last night's Osler version (blackline is attached) are of a drafting or conforming nature, other than: (1) the Province disagrees that Approved Refinancing terms should be unfettered by adherence conditions post-Suspension Event and (2) the proposed rating-based "materially and adversely" qualification in the definition of Protection Event (and in fact any such qualification) is not acceptable to the Province. With regard to (1), this version comes into line with the proposed approach (i.e., using a modified adherence condition) that was incorporated into the version of the Change of Law Process Agreement I circulated yesterday. A further turn of that Agreement, to conform the open item identified in section 3.02 to the revised Change of Law Protection Agreement, is also included here for your reference.
Please note that the Province is working through the drafting concurrently and so further drafting comments may be provided.
As mentioned yesterday, the Province would like to proceed with the Ministers sign-off briefing early next week, on the basis that these versions (minus the explanatory notes) are now in substantially final form. Please identify if you believe there are other 'must have' points (other than the 2 mentioned above).
Regards, Steve
Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From: Milligan, Peter [mailto:PMilligan@osler.com]
Sent: Thursday, December 07, 2017 6:44 PM
To: ASHBOURNE, STEPHEN; Sebastiano, Rocco; Mansoori, Nina
Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Saulnier, Brett; Olusoga, Yinka; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca); PALMER, AARON; VINER, JON; PRESTAGE, JA
Subject: Fair Hydro - Change of Law Protection Agreement
All,
Attached is a revised comment draft of the Change of Low Protection Agreement reflecting comments from Torys and Osler. In order to meet this transaction's timeline, this comment draft has not been reviewed by OPG or the Dealers and is delivered subject to any comments they may have.
Peter

OSLER

Peter Milligan
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416.862.6666FACSIMILE
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Osler, Hoskin & Harcourt LLP
Box 50, 1 First Canadian Place
Toronto, Ontario, Canada M5X 1B8

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From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: Thursday, December 07, 2017 4:27 PM
To: Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro -- Change of Law Process Agreement

Hi,

Please find (attached) a further turn of the Change of Law Process Agreement, reflecting the Province's comments on the mark-up of the Agreement circulated yesterday afternoon by Torys. The attached blackline shows changes made to yesterday's Torys mark-up.

This version addresses concerns Rocco raised last night, to the extent the Province feels that the issues can be accommodated. For your information, I have set out below responses to Rocco's comments/observations (in CAPs).

The Province would like to proceed with the Ministers briefing early next week, on the basis that this version (minus the explanatory notes) is now in final form. If there are any critical revisions that the other parties believe reflect 'must have' priority, then the Province would like to have a call to discuss them as soon as possible.

Responses to Rocco's Points:

1. The change of the definition of Breach Event in Section 6.01 (i.e., the change to clause (a) and the

addition of clause (b)) will result in an inconsistency with section 7.01(b) of the Change of Law Protection Agreement. This will require further consideration. [AGREED. 7.01(b) and 7.01(c) WILL NEED TO MIRROR THE CURE LANGUAGE WE SETTLE ON IN THE PROCESS AGREEMENT (SEE MY EARLIER COMMENTS). PERHAPS THE "which continues …" LANGUAGE IN 7.01(B) CAN BE REVISED TO READ: "to the extent that the Province would be entitled to provide a Suspension Notice in accordance with the terms of the agreement or agreements between the Province and OPG under which such obligations, requirements and processes arise". SIMILAR CHANGE FOR 7.01(C).

2. The right of the Province to issue an objection notice under Section 3.04(b) in connection with a Transaction Document provided to the Province which is required for a Refinancing of an Approved Obligation remains an outstanding issue. Clearly, this will depend upon what Adherence Conditions will be required under Section 4.02 of the Change of Law Protection Agreement in order to permit such Refinancing to become an Approved Obligation. If the Adherence Conditions set out in Section 4.02(a) of the Province's draft of the Change of Law Protection Agreement of December 4 were to apply to such Refinancing, to the extent that such refinancing required a change to a Transaction Document (e.g., as a result of a change to some rating agency condition or criteria), the Province's ability to issue an objection notice and thereby prevent the issuance of a Process Certificate under Section 3.01 (by virtue of Section 3.04) would have the effect of preventing a Refinancing. We trust that this was an unintended outcome of the drafting of Section 3.04 and/or the Adherence Conditions applicable to Refinancings. [THAT IS THE INTENDED EFFECT. THE ADHERENCE CONDITIONS WOULD APPLY TO THE REFINANCING, SO IF THE REFINANCING TERMS DEVIATED MATERIALLY (BASED ON THE SUBSTANTIALLY IN THE FORM" THRESHOLD"), THEN OPG WOULD REQUIRE THE PROVINCE NOT TO OBJECT IN ORDER TO PROCEED WITH THOSE NEW TERMS. OTHERWISE, THE REFINANCING COULD INCORPORATE TERMS AND CONDITIONS, WHICH WOULD BIND THE PROVINCE UNDER THE LIMITED GUARANTEE, THAT WOULD BE UNCONSTRAINED AND WITHOUT ANY ACCOUNTABILITY TO THE PROVINCE. IN ROCCO'S EXAMPLE, THAT MIGHT MEAN THAT OPG WOULD NEED TO RESORT TO UNRATED DEBT, IF THE PROVINCE WAS UNWILLING TO ACCEPT THE NEW TERMS. PRESUMABLY EVERYONE WOULD ACT RATIONALLY. HOWEVER, AS A FAILSAFE, OPG COULD OFFER INCREASED PRICING IN ORDER TO ATTRACT INVESTORS TO ACCEPT THE EARLIER VETTED TERMS (BASED ON THE THEN ACCEPTED REVIEWED DOCUMENTATION).]

3. Given that the Indenture Trustee is not a party to the Change of Law Process Agreement, the Province and OPG can amend the terms and conditions of this agreement without the consent of the indenture Trustee. Specified Creditors under an Approved Obligation need to be assured that the Province cannot prevent a Refinancing of an Approved Obligation either by virtue of the objection notice discussed in point #2 above or as a result of a future amendment to the agreement. There are a couple of ways to deal with this point. The first is to a add a beneficiary/third party rights clause in the Change of Law Process Agreement which acknowledges that the Indenture Trustee is a beneficiary of certain provisions of this agreement and as a result, the agreement cannot be amended without the consent of the Indenture Trustee. The second is to ensure that the Adherence Conditions relating to Refinancings under the Change of Law Protection Agreement are not dependent upon the terms of the Change of Law Process Agreement. In light of the desire to not disclose the terms and conditions of the Change of Law Process Agreement to the rating agencies, especially at this late stage in the process, we would expect that the latter approach would be preferable. [THE SUGGESTION REGARDING THE PROVINCE PREVENTING A REFINANCING IS ADDRESSED IN #2. IF THE REFINANCING TERMS WOULD EXCEED THE SCOPE OF THE TRANSACTION DOCUMENTS REVIEWED AND NOT OBJECTED TO BY THE PROVINCE, THEN THAT SUGGESTS THERE IS A MATERIAL EFFECT ON THE PROVINCE AND SO THE PROVINCE WOULD NEED THE ABILITY TO REVIEW AND CONSIDER THE PROPRIETY OF THOSE NEW TERMS FROM ITS PERSPECTIVE. AS FOR THE STANDALONE NATURE OF THE PROCESS AGREEMENT, THE INTENTION IS THAT THE PROCESS AGREEMENT BE UNCOUPLED AND NOT PART OF THE COLLATERAL, AND

AS MICHAEL FELDMAN HAS EXPLAINED, LEAVE FUTURE FLEXIBILITY FOR THIS LONG-TERM STRUCTURE. TO ADDRESS ROCCO'S CONCERN THAT THE PROVINCE AND OPG COULD CHANGE THE UNDERLYING OBLIGATIONS APPLICABLE TO ADHERENCE IN RELATION TO A NEW OBLIGATION, REQUIREMENT OR PROCESS IN THE PROCESS AGREEMENT THAT WOULD MAKE A REFINANCING LESS LIKELY TO OCCUR, WE HAVE ADDED AND USED IN THE ATTACHED VERSION A NEW DEFFINTION:

> "Approved Refinancing" means a Certified Primary Obligation proposed to be incurred as a Refinancing of an existing Certified Primary Obligation in respect of which the Adherence Conditions had been satisfied on the date such existing Certified Primary Obligation was incurred, that, at the time of incurrence, satisfies each of each of the Adherence Conditions except that the certificate contemplated to be delivered under Section 4.02(b) shall instead confirm that OPG has delivered to the Province a certificate by its applicable officers confirming that OPG would be in compliance with all obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the proposed Certified Primary Obligation that applied as between the Province and OPG on the date of issuance of such existing Certified Primary Obligation." Various references to "Refinancing" in the Protection Agreement can also be revised to refer to "Approved Refinancing", as required.

Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

Blake, Cassels & Graydon LLP
199 Bay Street, Suite 4000, Toronto ON M5L 1A9
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Blake, Cassels & Graydon LLP | Barristers & Solicitors | Patent & Trade-mark Agents
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From: Sebastiano, Rocco [mailto:RSebastiano@osler.com]
Sent: Wednesday, December 06, 2017 7:45 PM
To: Mansoori, Nina; ASHBOURNE, STEPHEN; VINER, JON; PRESTAGE, JA
Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Milligan, Peter; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Saulnier, Brett; Olusoga, Yinka
Subject: RE: Fair Hydro -- Change of Law Process Agreement

I have reviewed the revised draft of the Change of Law Process Agreement that Torys has prepared and would like to pass along the following comments/observations:

1. The change of the definition of Breach Event in Section 6.01 (i.e., the change to clause (a) and the addition of clause (b)) will result in an inconsistency with section 7.01(b) of the Change of Law Protection Agreement. This will require further consideration.

2. The right of the Province to issue an objection notice under Section 3.04(b) in connection with a Transaction Document provided to the Province which is required for a Refinancing of an Approved Obligation remains an outstanding issue. Clearly, this will depend upon what Adherence Conditions will be required under Section 4.02 of the Change of Law Protection Agreement in order to permit such Refinancing to become an Approved Obligation. If the Adherence Conditions set out in Section 4.02(a) of the Province's draft of the Change of Law Protection Agreement of December 4 were to apply to such Refinancing, to the extent that such refinancing required a change to a Transaction Document (e.g., as a result of a change to some rating agency condition or criteria), the Province's ability to issue an objection notice and thereby prevent the issuance of a Process Certificate under Section 3.01 (by virtue of Section 3.04) would have the effect of preventing a Refinancing. We trust that this was an unintended outcome of the drafting of Section 3.04 and/or the Adherence Conditions applicable to Refinancings.

3. Given that the Indenture Trustee is not a party to the Change of Law Process Agreement, the Province and OPG can amend the terms and conditions of this agreement without the consent of the indenture Trustee. Specified Creditors under an Approved Obligation need to be assured that the Province cannot prevent a Refinancing of an Approved Obligation either by virtue of the objection notice discussed in point #2 above or as a result of a future amendment to the agreement. There are a couple of ways to deal with this point. The first is to a add a beneficiary/third party rights clause in the Change of Law Process Agreement which acknowledges that the Indenture Trustee is a beneficiary of certain provisions of this agreement and as a result, the agreement cannot be amended without the consent of the Indenture Trustee. The second is to ensure that the Adherence Conditions relating to Refinancings under the Change of Law Protection Agreement are not dependent upon the terms of the Change of Law Process Agreement. In light of the desire to not disclose the terms and conditions of the Change of Law Process Agreement to the rating agencies, especially at this late stage in the process, we would expect that the latter approach would be preferable.

Regards, Rocco

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: Wednesday, December 06, 2017 4:38 PM
To: 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>; 'JON.VINER@blakes.com' <JON.VINER@blakes.com>; 'JA.PRESTAGE@blakes.com' <JA.PRESTAGE@blakes.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com'

<brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Mansoori, Nina <nmansoori@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>
Subject: Fair Hydro -- Change of Law Process Agreement

Blakes team,

Please find attached OPG and Torys' comments on the Process Agreement reflecting our discussions from yesterday's call. Please note that this draft is subject to continuing review and comment by Osler and the dealers. As discussed at the tail end of our call yesterday, the section in the Process Agreement that gives the Province the right to object to new and material changes to transaction documents dovetails with the Protection Agreement so additional comments from Oslers may be forthcoming on this draft.

We are working on getting you a revised draft of the Protection Agreement either later today or tomorrow. In the meantime, please let us know if you have any comments or questions on the Process Agreement.

Best Regards,

Nina

Nina Mansoori
P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679
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****

Draft: December 8, 2017

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust organized under the laws of the Province of Ontario (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council 1981/2017 (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Primary Obligations that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred. This Agreement sets out the terms and conditions of such protections and assurances.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 Proof of Approved Obligations

The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Manager deems to be sufficient.

Each statement delivered by the Manager under Section 2.01(a)i shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and each of the parties hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Manager shall act diligently in the preparation of each such statement and shall provide the Indenture Trustee and the Province with all supporting computations and calculations used by the Manager to prepare each such statement promptly following a request therefor made by the Indenture Trustee or the Province.

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture as of the date of this Agreement.

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 2.01 or Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee, the Financing Entity, the Financing Entity Trustee, the Manager or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by

electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day; provided, however, that if under the terms of an Approved Obligation an amount is stated to be due, a period of time would begin or end, a calculation is to be made or any other action to be taken thereunder shall be stated to be required to be taken, on a day other than a Business Day, any amount payable hereunder that is to be determined by reference to such Approved Obligation shall be determined by reference to such terms.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee may deliver a written demand, substantially in the form attached as Exhibit A (a "**Payment Demand**"), to the Province requiring the Province to make payments in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in this Agreement. From and after such delivery of a Payment Demand, the Province shall make the following payments in respect of the Approved Obligations (the "**Limited Guarantee**"), and the Financing Entity shall pay, and the Province shall be entitled to be paid, the Subrogation Entitlements specified below:

i. Not less than 3 Business Days prior to each day when any payment or payments are to be made in respect of one or more Approved Obligations occurring after such delivery of a Payment Demand (each such day, a "**Guarantee Payment Date**"), the Manager shall deliver a written statement setting forth the Aggregate Approved Obligations Amount, if any, in respect of the Approved Obligations that are due and payable on such Guarantee Payment Date, together with a detailed description identifying such Approved Obligations and the nature and amount of payments due and payable thereunder on the Guarantee Payment Date, the aggregate outstanding amount payable by the Financing Entity under such Approved Obligations as of the date of such written statement, and details regarding any default in performance by any party obligated thereunder.

ii. On each such Guarantee Payment Date, the Province shall deposit the Aggregate Approved Obligations Amount into the Protection Account.

iii. On each such Guarantee Payment Date, the Financing Entity and the Indenture Trustee shall ensure that the amounts on deposit in the Protection Account are applied to pay each Beneficiary to whom an amount is due and payable under an Approved Obligation on the Guarantee Payment Date the Approved Obligation Amount for such Beneficiary in respect of such Approved Obligation on such Guarantee Payment Date; provided that if the amount deposited pursuant to clause 2.01(a)ii is insufficient to pay all such Approved Obligation Amounts in full, the amount on deposit in the Protection Account on the Guarantee Payment Date shall be applied to pay Beneficiaries in the order of priority in which such Approved Obligations are payable under the payment provisions of the Trust Indenture applicable to the making of such payments on the Guarantee Payment Date (each, a "**Beneficiary Payee**" and each payment made to a Beneficiary Payee on a Guarantee Payment Date, a "**Guarantee Payment**").

iv. On any Guarantee Payment Date on which an amount is paid by the Province pursuant to clause 2.01(a)ii, the applicable payment provisions of the Trust Indenture shall, notwithstanding any express terms of such provisions set forth in the Trust Indenture to the contrary, be applied and operate on the following basis:

(A) the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available under such payment provisions on such Guarantee Payment Date shall be reduced by the amount of the Guarantee Payment paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on such Guarantee Payment Date;

(B) the Province shall be paid the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available to pay the Beneficiary Payee under such payment provisions on the Guarantee Payment Date, determined without regard to the Guarantee Payment paid on such Guarantee Payment Date and the corresponding reduction of the amount owing to the Beneficiary Payee pursuant to subclause 2.01(a)iv(A) (each such amount payable to the Province being a "**Subrogation Amount**"); and

(C) no Beneficiary having a right to be paid an amount in respect of an Approved Obligation, and no other Person entitled under an Obligation Secured, in each case that ranks equal with or subordinate to an Approved Obligation in respect of which a Subrogation Amount is payable to the Province under subclause 2.01(a)iv(B), shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under such subclause (including any right of set-off, offset, reimbursement, contribution or indemnity) and no such Beneficiary or other Person shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of any such Subrogation Amount.

v. On the first day on which a payment is required to be made in respect of any Obligations Secured under the Trust Indenture that occurs after the day on which all amounts payable under all Approved Obligations have been paid in full (whether pursuant to Guarantee Payments, payments made pursuant to the payment provisions of the Trust Indenture, any combination thereof or otherwise) (the "**Determination Date**"), the applicable payment provisions of the Trust Indenture shall,

notwithstanding any express terms of such provisions set forth in the Trust Indenture to the contrary, be applied and operate on the following basis:

(A) the Manager shall calculate each of the following amounts as of and by reference to the Determination Date:

(I) the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including the Determination Date in respect of Approved Obligations that at the time of payment ranked equally with or prior to interest amounts payable on Senior Funding Obligations in accordance with the applicable payment provisions of the Trust Indenture at such time, plus (y) an amount determined to reflect interest accruing on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount was paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture[1] and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of all Subrogation Amounts paid to the Province up to and including such day (such amount, the "**Senior Interest Final Subrogation Amount**");

(II) the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including the Determination Date in respect of Approved Obligations that at the time of payment ranked equally with or prior to principal amounts payable on Senior Funding Obligations in accordance with the applicable payment provisions of the Trust Indenture at such time, plus (y) an amount determined to reflect interest accruing on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount was paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust

[1] Methodology to be confirmed.

Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of (x) all Subrogation Amounts paid to the Province up to and including such day, plus (y) the amount determined under (I), above (such amount, the "**Senior Principal Final Subrogation Amount**");

(III) the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including the Determination Date in respect of Approved Obligations that at the time of payment ranked equally with or prior to interest amounts payable on Subordinate Funding Obligations in accordance with the applicable payment provisions of the Trust Indenture at such time, plus (y) an amount determined to reflect interest accruing on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount was paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of (x) all Subrogation Amounts paid to the Province up to and including such day, plus (y) the sum of the amounts determined under (I) and (II), above (such amount, the "**Subordinated Interest Final Subrogation Amount**");

(IV) the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including the Determination Date in respect of Approved Obligations that at the time of payment ranked equally with or prior to principal amounts payable on Subordinated Funding Obligations in accordance with the applicable payment provisions of the Trust Indenture at such time, plus (y) an amount determined to reflect interest accruing on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the

date a Subrogation Amount is paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of (x) all Subrogation Amounts paid to the Province up to and including such day, plus (y) the sum of the amounts determined under (I), (II) and (III) (such amount, the "**Subordinated Principal Final Subrogation Amount**");

(V) the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including the Determination Date in respect of Approved Obligations that at the time of payment ranked equally with or prior to interest amounts payable on Junior Subordinated Funding Obligations in accordance with the applicable payment provisions of the Trust Indenture at such time, plus (y) an amount determined to reflect interest accruing on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount was paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of (x) all Subrogation Amounts paid to the Province up to and including such day, plus (y) the sum of the amounts determined under (I), (II), (III) and (IV), above (such amount, the "**Junior Subordinated Interest Final Subrogation Amount**");

(VI) the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including the Determination Date in respect of Approved Obligations that at the time of payment ranked equally with or prior to principal amounts payable on Junior Subordinated Funding Obligations in accordance with the

applicable payment provisions of the Trust Indenture at such time, plus (y) an amount determined to reflect interest accruing on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount is paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of (x) all Subrogation Amounts paid to the Province up to and including such day, plus (y) the sum of the amounts determined under (I), (II), (III), (IV) and (V) (such amount, the "**Junior Subordinated Principal Final Subrogation Amount**"); and

(VII) the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including the Determination Date in respect of all Approved Obligations, plus (y) an amount determined to reflect interest accruing on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount is paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of (x) all Subrogation Amounts paid to the Province up to and including such day, plus (y) the sum of the amounts determined under (I), (II), (III), (IV), (V) and (VI) (such amount, the "**Residual Final Subrogation Amount**" and, together with the Senior Interest Final Subrogation Amount, the Senior Principal Final Subrogation Amount, the Subordinated Interest Final Subrogation Amount, the Subordinated Principal Final Subrogation Amount, the Junior Subordinated Interest Final Subrogation Amount, the Junior Subordinated Principal Final

Subrogation Amount, collectively, the "**Final Subrogation Amounts**");

(B) as of the Determination Date (and thereafter on each subsequent day when any payment or payments are to be made in respect of Obligations Secured, until paid in full), the Province shall be entitled to be paid by the Financing Entity, and the Financing Entity shall be obligated to pay the Province in accordance with the applicable payment provisions of the Trust Indenture, the following amounts in the priorities set forth below:

(I) as an amount ranking equally with interest amounts payable on Senior Funding Obligations in accordance with the applicable payment provisions of the Trust Indenture, the Senior Interest Final Subrogation Amount;

(II) as an amount ranking equally with principal amounts payable on Senior Funding Obligations in accordance with the applicable payment provisions of the Trust Indenture, the Senior Principal Final Subrogation Amount;

(III) as an amount ranking equally with interest amounts payable on Subordinated Funding Obligations in accordance with the applicable payment provisions of the Trust Indenture, the Subordinated Interest Final Subrogation Amount;

(IV) as an amount ranking equally with principal amounts payable on Subordinated Funding Obligations in accordance with the applicable payment provisions of the Trust Indenture, the Subordinated Principal Final Subrogation Amount;

(V) as an amount ranking equally with interest amounts payable on Junior Subordinated Funding Obligations in accordance with the applicable payment provisions of the Trust Indenture, the Junior Subordinated Interest Final Subrogation Amount;

(VI) as an amount ranking equally with principal amounts payable on Junior Subordinated

Funding Obligations in accordance with the applicable payment provisions of the Trust Indenture, the Junior Subordinated Principal Final Subrogation Amount; and

(VII) as an amount ranking equally with amounts payable on the Obligations Secured having the lowest payment ranking in accordance with the applicable payment provisions of the Trust Indenture to Persons other than OPG, the Residual Final Subrogation Amount;

(C) the payment entitlements of the Province described in subclause 2.01(a)v(B) shall, on and after the Determination Date, be treated for all purposes of the Trust Indenture as follows:

(I) the payment entitlements described in sub-subclauses 2.01(a)v(B)(I) and (II) shall constitute and be treated as interest and principal obligations, as the context requires, arising under a [Series of Notes] constituting Senior Funding Obligations issued by the Financing Entity to the Province on the Determination Date and conferring upon the Province (and any successor, assignee or transferee of such entitlements), all of the rights, entitlements, interests and privileges of a [Holder] of such a [Series of Notes][2] in accordance with the Trust Indenture, as supplemented by *[Describe applicable Senior Series Supplemental Indenture]*;

(II) the payment entitlements described in sub-subclauses 2.01(a)v(B)(III) and (IV) shall constitute and be treated as interest and principal obligations, as the context requires, arising under a Series of Notes constituting Subordinated Funding Obligations issued by the Financing Entity to the Province on the Determination Date and conferring upon the Province (and any successor, assignee or transferee of such entitlements), all of the rights, entitlements, interests and privileges of a Holder of such a Series of Notes in accordance with the Trust

[2] Conform defined terms to the Trust Indenture.

Indenture, as supplemented by *[Describe applicable Subordinated Series Supplemental Indenture]*;

(III) the payment entitlements described in sub-subclauses 2.01(a)v(B)(V) and (VI) shall constitute and be treated as interest and principal obligations, as the context requires, arising under a Series of Notes constituting Junior Subordinated Funding Obligations issued by the Financing Entity to the Province on the Determination Date and conferring upon the Province (and any successor, assignee or transferee of such entitlements), all of the rights, entitlements, interests and privileges of a Holder of such a Series of Notes in accordance with the Trust Indenture, as supplemented by *[Describe applicable Junior Subordinated Series Supplemental Indenture]*;

(IV) and the payment entitlements described in sub-subclause 2.01(a)v(B)(VII) shall constitute and be treated as a payment obligation without any additional rights, entitlements, interests or privileges, other than the right to receive payment in accordance with the applicable payment provisions of the Trust Indenture applicable to Obligations Secured ranking equally with amounts payable on the Obligations Secured having the lowest payment ranking in accordance with the applicable payment provisions of the Trust Indenture to any Person other than OPG; and

(D) no Person entitled under an Obligation Secured that ranks equal with or subordinate to a Final Subrogation Amount shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province in respect of such Final Subrogation Amount and no such Person shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of any such Final Subrogation Amount.

vi. On any Guarantee Payment Date and on the Determination Date, the Indenture Trustee shall release and pay to the Province free and clear of any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay Guarantee Payments to Beneficiary Payees on

the Guarantee Payment Date in accordance with clause 2.01(a)iii or that otherwise remains on deposit in the Protection Account on the Determination Date.

vii. In preparing any payment instructions under the Trust Indenture, the Manager shall reflect the amounts payable under Section 2.01(a).

(b) The Province shall, as a payee of Subrogation Amounts under clause 2.01(a)iv(B), as a payee of each Final Subrogation Amount under clause 2.01(a)v and as a payee of any amounts payable under clause 2.01(a)vi, be a "Specified Creditor" under the Trust Indenture and have the benefit of the Collateral thereunder.

(c) For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the Approved Obligation Amounts, if any, for payment to Beneficiary Payees and will be subject to the priorities and to the Province's rights to Subrogation Entitlements, set forth in Section 2.01(a).

(d) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(e) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation by their terms.

(f) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under and in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any amount due and payable to a Beneficiary Payee under the Limited Guarantee.

2.02 Intentionally Deleted.

2.03 <u>Absence of Set-off</u>

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 Payment into Protection Account in Satisfaction

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account" for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section **[7.03]** of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Financing Entity and the Indenture Trustee shall ensure that all amounts paid by the Province into the Protection Account on a Guarantee Payment Date in respect of an Approved Obligation are applied to pay the amounts due and payable to the Beneficiaries as and to the extent provided for in Section 2.01(a). Upon a payment having been made by or on behalf of the Province into the Protection Account, the amounts so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiaries as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such Beneficiaries in respect of the applicable Approved Obligations, whereupon an affected Beneficiary shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid. For greater certainty, the obligations arising in respect of an applicable Approved Obligation shall not be reduced by such payment as the Province shall become entitled to be paid related Subrogation Entitlements and the rights contemplated under Section 2.01(a) and Section 5.01 in relation to such continuing obligations.

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations in accordance with Section 8.01.

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

A Primary Obligation shall constitute an Approved Obligation if (i) the Adherence Conditions applicable thereto have been satisfied at the time the Primary Obligation was incurred, or (ii) the Province, in its sole discretion, designates in writing that it is an Approved Obligation.

4.02 Adherence Conditions

(a) The following shall be the Adherence Conditions applicable in relation to each Certified Primary Obligation:

i. the Certified Primary Obligation when incurred is an Obligation Secured under the Trust Indenture; and

ii. OPG, as FSM, delivers an Adherence Compliance Certificate in the form attached hereto as Exhibit B-1 signed by the Chief Financial Officer and

the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee, on or before the incurrence of a Certified Primary Obligation (provided that delivery may not be more than 5 Business Days before the incurrence of the Certified Primary Obligation); and

iii. the Province has not provided a Suspension Notice to the Indenture Trustee, OPG and the Financing Entity.

(b) The following shall be the Adherence Conditions applicable in relation to each Approved Refinancing:

i. such Approved Refinancing when incurred is an Obligation Secured under the Trust Indenture; and

ii. OPG, as FSM, delivers an Adherence Compliance Certificate in the form attached hereto as Exhibit B-2 signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee and the Province, on or before the incurrence of the Approved Refinancing (provided that delivery may not be more than 5 Business Days before the incurrence of such Approved Refinancing).

(c) For greater certainty, satisfaction of the Adherence Conditions for a Certified Primary Obligation or an Approved Refinancing shall be deemed satisfaction of the Adherence Conditions in respect of all principal, interest and other amounts owing under the Certified Primary Obligation or the Approved Refinancing, as applicable.

(d) Without limiting any obligations of OPG to the Province arising other than pursuant to this Agreement, a Certified Primary Obligation may be amended, restated, supplemented or otherwise modified from time to time.

(e) An Approved Refinancing may not be amended, restated, supplemented or otherwise modified without the consent of the Province.

(f) For greater certainty, there shall be no Adherence Conditions applicable in relation to a Primary Obligation that is not a Certified Primary Obligation or an Approved Refinancing.

4.03 <u>Evidence of Satisfaction</u>

An Adherence Compliance Certificate delivered in accordance with clause 4.02(a)ii or in accordance with clause 4.02(b)ii, as the case may be, shall be determinative as to whether the applicable Adherence Conditions with respect thereto have been satisfied, notwithstanding that

such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same. An Adherence Compliance Certificate that purports on its face to be signed by officers specified in clause 4.02(a)ii or clause 4.02(b)ii, as applicable, may be relied upon by any addressee without further enquiry or evidence as to the incumbency or signatures of such officers. If an Adherence Compliance Certificate is not delivered in accordance with the timing requirements of clause 4.02(a)ii or clause 4.02(b)ii, as applicable, such certificate may be delivered at a later date, and be effective as if it had been delivered in accordance with the timing requirement of clause 4.02(a)ii or clause 4.02(b)ii, as applicable, if at the time such certificate was required to be delivered OPG had delivered to the Province all certifications required by the Province in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation or the Approved Refinancing.

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, including (i) the right and entitlement to be paid and receive the related Subrogation Entitlements, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with

Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including Sections **[7.04]** through **[7.11]** and **[8.13]** (Payment Priorities), Section **[7.12]** (Payments Held in Trust), Section **[8.11]** (Control by Controlling Class Creditors), Section **[8.12]** (Limitation on Suits), Section **[8.14]** (Limited Recourse), Article IX (The Indenture Trustee), including all limitations of liability thereunder, Section **[9.14]** (Communications to Specified Creditors) and Section **[16.01]** (No Petition); (ii) consents, requests and authorizes the Issuer and the Indenture Trustee to (x) add the Province to the register of Specified Creditors described in subsection **[13.13(b)]** of the Trust Indenture and (y) disseminate the notice details of the Province to other Specified Creditors for the purposes set out in subsection **[9.14(b)]** of the Trust Indenture, and (iii) confirms that it will execute and deliver, or cause to be executed and delivered, all such further agreements, documents and instruments in connection with this Section 5.01 as the Indenture Trustee may request from time to time for the purpose of giving effect to the terms of this Section 5.01.

5.02 <u>Priorities</u>

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation shall rank equally with the rights, interests and entitlements of a Beneficiary to whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture in the manner and to the extent contemplated in Section **[7.10]** of the Trust Indenture.

5.03 Intentionally Deleted

5.04 <u>Representations and Warranties</u>

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
INDENTURE TRUSTEE MATTERS

6.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

6.02 Not Responsible for Recitals

The recitals contained herein will be taken as the statements of the Province, the Financing Entity and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

6.03 Representations and Covenants of the Indenture Trustee

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Agreement and has taken all necessary action to authorize the execution, delivery and performance by it of this Agreement;

(c) this Agreement has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada. If, notwithstanding the provisions of this subsection 6.03(d), the Indenture Trustee ceases to be so authorized to carry on business, the validity and enforceability of this Agreement shall not be affected in any manner whatsoever by reason only of such event.

ARTICLE VII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

7.01 Suspension Notice

Upon:

(a) a Program Breach;

(b) a default in the performance, or breach, of any covenants of OPG, as FSM, or OPG, in its corporate capacity, in each case to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligation and the expiration of any applicable cure period;

(c) a representation or warranty made by OPG or a certification made by one or more officers of OPG, in each case whether as FSM or in its corporate capacity, to the Province in connection with its obligations to the Province and its internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligations, proves to be incorrect in any material respect on the date made and the expiration of any applicable cure period; or

(d) the FSM no longer being the Manager or actions having been taken by or on behalf of the Indenture Trustee to remove the FSM as the Manager,

the Province may declare that the Limited Guarantee under this Agreement shall not apply to any Primary Obligations incurred on or after such declaration, other than any Approved Refinancing, by delivering a written notice in the form of Exhibit C (a "**Suspension Notice**") to the Indenture Trustee, the FSM and the Financing Entity.

7.02 Suspension

If a Suspension Notice has been provided under Section 7.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of: (i) any Primary Obligation incurred or amended on or after the time such Suspension Notice is delivered, other than any Approved Refinancing.

7.03 No Impact on Adherence

For greater certainty, the occurrence of a Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event or in respect of any Approved Refinancing.

ARTICLE VIII
MISCELLANEOUS

8.01 Term of Agreement

This Agreement will continue until the later of: (a) the date that no amount is or may become due and payable by the Province under the Limited Guarantee and (b) the date that no amount is or may become due and payable to the Province in respect of any Subrogation Entitlement.

8.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: Manager, Corporate Trust
Fax: (416) 981-9777
Email: corporatetrust.toronto@computershare.com

(b) if to the FSM:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

(c) if to the Province:

Minister of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Minister of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

With copies to:

Deputy Minister of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Deputy Minister of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 8.02.

8.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) The rights, entitlements and interests of the Province described under subclause 2.01(a)(v) shall be freely assignable and transferrable without any requirement for notice to or the consent of any of the other parties, subject to any limitations or restrictions as may be prescribed with respect to such an assignment or transfer pursuant to the Trust Indenture.

(c) Any purported assignment of this Agreement in violation of this Section 8.03 shall be null and void.

8.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

8.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

8.07 Notice to Rating Agencies

OPG, as FSM, shall deliver prompt written notice to the Rating Agencies of the occurrence of (i) a Protection Event; (ii) receipt of a Suspension Notice delivered by the Province pursuant to Section 7.01; and (iii) an assignment of this Agreement by any party pursuant to Section 8.03.

8.08 Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their benefits hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

8.09 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, IN ITS CAPACITY AS TRUSTEE OF FAIR HYDRO TRUST, AS ISSUER, BY ONTARIO POWER GENERATION INC., NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration of a funding obligation" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Action**" has the meaning ascribed thereto under the Trust Indenture.

"**Adherence Compliance Certificate**" means a certificate in the form attached hereto as Exhibit B-1 or Exhibit B-2, as applicable, delivered by the FSM in accordance with Section 4.02(a)ii or Section 4.02(b)ii.

"**Adherence Conditions**", means, in respect of a Certified Primary Obligation, the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of a Guarantee Payment Date, the aggregate of the Approved Obligation Amounts for such Guarantee Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, for a Beneficiary in respect of an Approved Obligation under which an amount is due and payable on a Guarantee Payment Date:

(a) if no Acceleration has occurred in respect of any Obligation Secured on or before the Guarantee Payment Date, the amount due and payable to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation (for greater certainty, determined on the assumption that there are adequate amounts available under the applicable payment provisions of the Trust Indenture to pay in full all amounts referred to in such payment provisions that are due and payable on the Guarantee Payment Date); and

(b) if an Acceleration has occurred in respect of any Obligations Secured on or before the Guarantee Payment Date, the amount that would be available to be paid to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation under the applicable payment provisions of the Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with such applicable payment provisions of the Trust Indenture in respect of each relevant month during each Reference Period is equal to the estimated Finance Amount determined in respect of such Reference Period for purposes of section 15(1) of the Act (in effect on the date hereof), including section 6.1 of the General Regulation (in effect on the date hereof), divided by the number of months in such Reference Period.

"**Approved Refinancing**" means a Certified Primary Obligation proposed to be incurred on or after the occurrence of a Suspension Event, as a Refinancing of an existing Certified Primary Obligation in respect of which the Adherence Conditions set forth in Subsection 4.02(a) had been satisfied on the date such existing Certified Primary Obligation was incurred, that, at the time of incurrence, satisfies each of each of the Adherence Conditions set forth in Subsection 4.02(b).

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Beneficiary Payee**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Certified Primary Obligations**" means Primary Obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest, including any Refinancing of such a Primary Obligation (for greater certainty, including, in the case of any Certified Primary Obligation permitting funding transactions pursuant to a Funding Obligation Agreement applicable to the Certified Primary Obligation, each individual borrowing or funding utilization thereunder), (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not any individual trade confirmation other than a trade confirmation that modifies or purports to override the express terms or conditions of the related Master Agreement, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and expected (as determined by the Manager, acting reasonably) aggregate payments by the Financing Entity thereunder during the term of such contract are or would be in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).

"**Change of Law Protection Agreement**" means this Agreement.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of

these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Determination Date**" has the meaning ascribed thereto in clause 2.01(a)v.

"**Eligible Deposit Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Eligible Institution**" has the meaning ascribed thereto in the Trust Indenture.

"**Executive Officer**" has the meaning ascribed to the term "executive officer" in National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators.

"**Final Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(D).

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the first paragraph of this Agreement until a successor Financing Entity Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and the Declaration of Trust, and thereafter "Financing Entity Trustee" means and includes such Person.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Guarantee Payment**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Guarantee Payment Date**" has the meaning ascribed thereto in Section 2.01(a)i.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Issuer Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Issuer Funding Obligation**" has the meaning ascribed thereto in the Trust Indenture.

"**Junior Subordinated Interest Final Subrogation Amount**" has the meaning ascribed thereto in clause 2.01(a)v.

"**Junior Subordinated Principal Final Subrogation Amount**" has the meaning ascribed thereto in clause 2.01(a)v.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Lien**" has the meaning ascribed thereto in the Trust Indenture.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(a).

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity, as amended, supplemented, restated or otherwise modified from time to time.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Agreement**" means an agreement in the form of a Master Agreement as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, as amended, supplemented, restated or otherwise modified from time to time.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, unlimited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account or Finance Reserve Account; and (ii) any obligation to pay the Financing Entity or on the Financing Entity's direction any remaining amounts in the Collection Account pursuant to the Trust Indenture.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that materially and adversely affects[3] (a) the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured, or (b) this Agreement or any of the agreements under which Obligations Secured arise; or

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that materially and adversely affects[4] the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Obligations Secured that have become due and payable.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency Condition" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Reference Period**" has the meaning ascribed thereto in the Act.

"**Refinancing**" has the meaning ascribed to the term "refinancing" in the Act as of the date hereof, as more particularly described and given meaning in the General Regulation as of the date hereof.

"**Residual Final Subrogation Amount**" has the meaning ascribed thereto in clause 2.01(a)v.

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Senior Interest Final Subrogation Amount**" has the meaning ascribed thereto in clause 2.01(a)v.

"**Senior Principal Final Subrogation Amount**" has the meaning ascribed thereto in clause 2.01(a)v.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

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[3] Explanatory Note: This is required by the Province, without qualification.

[4] Explanatory Note: This is required by the Province, without qualification.

"**Subordinated Interest Final Subrogation Amount**" has the meaning ascribed thereto in clause 2.01(a)v.

"**Subordinated Principal Final Subrogation Amount**" has the meaning ascribed thereto in clause 2.01(a)v.

"**Subrogation Entitlement**" means each Subrogation Amount and each Final Subrogation Amount.

"**Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(B).

"**Supplemental Indenture**" has the meaning ascribed in the Trust Indenture.

"**Supplemental Reserve Account**" has the meaning ascribed in the Trust Indenture.

"**Suspension Event**" has the meaning ascribed thereto in Section 7.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 7.01.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

EXHIBIT A
FORM OF PAYMENT DEMAND

TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Pursuant to and in accordance with section 2.01(a) of the Change of the Law Protection Agreement, the Indenture Trustee hereby demands payment from the Province in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in the Change of Law Protection Agreement.

DATED as of the [■] day of [■], [■].

BNY TRUST COMPANY OF CANADA

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT B-1
FORM OF ADHERENCE COMPLIANCE CERTIFICATE UNDER SECTION 4.02(a)

TO: **BNY TRUST COMPANY OF CANADA**, in its capacity as Indenture Trustee (the "**Indenture Trustee**") under the Master Trust Indenture dated as of December ●, 2017 between Fair Hydro Trust and the Indenture Trustee (the "**Master Trust Indenture**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province of Ontario, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust, Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Each of the undersigned, being the ● and ● of OPG acting in its capacity as FSM and holding the offices set forth under their names and signatures below, pursuant to and accordance with clause 4.02(a)ii of the Change of Law Protection Agreement, hereby certifies for and on behalf of OPG, in its capacity as Financial Services Manager, and not in such officer's personal capacity and intending that this certificate may be relied on by the addressees hereof without independent inquiry, that:

1. I have read and understand the provisions of the Change of Law Protection Agreement, the Master Trust Indenture and all other documents and materials necessary to enable me to deliver this certificate.
2. If the Certified Primary Obligation is a Refinancing, the proceeds of the Refinancing will be used solely for the purpose of repaying one or more Certified Primary Obligations in respect of which the Adherence Conditions in Subsection 4.02(a) of the Change of Law Protection Agreement had been satisfied, including one or more other Refinancings in respect of which the Adherence Conditions in Subsection 4.02(a) of the Change of Law Protection Agreement had been satisfied.
3. OPG has delivered to the Province a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate was provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation.

DATED as of the [■] day of [■], [■].

Name: [5]	Name:
Office:	Office:

[5] This certificate must be signed by two officers of OPG being either (i) the Chief Financial Officer and the Treasurer, or (ii) any two Executive Officers (as defined in the Change of Law Protection Agreement) of OPG.

EXHIBIT B-2
FORM OF ADHERENCE COMPLIANCE CERTIFICATE UNDER SECTION 4.02(b)

TO: **BNY TRUST COMPANY OF CANADA**, in its capacity as Indenture Trustee (the "**Indenture Trustee**") under the Master Trust Indenture dated as of December ●, 2017 between Fair Hydro Trust and the Indenture Trustee (the "**Master Trust Indenture**")

AND TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust, Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Each of the undersigned, being the ● and ● of OPG acting in its capacity as FSM and holding the offices set forth under their names and signatures below, pursuant to and accordance with clause 4.02(b)ii of the Change of Law Protection Agreement, hereby certifies for and on behalf of OPG, in its capacity as Financial Services Manager, and not in such officer's personal capacity and intending that this certificate may be relied on by the addressees hereof without independent inquiry, that:

1. I have read and understand the provisions of the Change of Law Protection Agreement, the Master Trust Indenture and all other documents and materials necessary to enable me to deliver this certificate.
2. The proceeds of the Approved Refinancing will be used solely for the purpose of repaying one or more Certified Primary Obligations (including any Refinancing) in respect of which the Adherence Conditions in Subsection 4.02(a) of the Change of Law Protection Agreement had been satisfied, or one or more Approved Refinancings in respect of which the Adherence Conditions in Subsection 4.02(b) of the Change of Law Protection Agreement had been satisfied.
3. OPG has delivered to the Province a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate was provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) confirming that OPG would be in compliance with all obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the proposed Certified Primary Obligation that applied as between the Province and OPG on the date of issuance of the Certified Primary Obligation subject to repayment using the proceeds of the Approved Refinancing.

DATED as of the [■] day of [■], [■].

Name: [6]	Name:
Office:	Office:

[6] This certificate must be signed by two officers of OPG being either (i) the Chief Financial Officer and the Treasurer, or (ii) any two Executive Officers (as defined in the Change of Law Protection Agreement) of OPG.

EXHIBIT C
SUSPENSION NOTICE

TO: Ontario Power Generation Inc., in its capacity as Financial Services Manager

AND TO: Fair Hydro Trust

AND TO: Computershare Trust Company of Canada, in its capacity as trustee of Fair Hydro Trust

AND TO: BNY Trust Company of Canada, as Indenture Trustee

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement. All references in this Suspension Notice to "Articles" or "Sections" refer to Articles or Sections of the Change of Law Protection Agreement.

The Province has a reasonable basis for concluding that an event described in clauses (a) to (d) of Section 7.01 has occurred. Pursuant to Section 7.01, the Province hereby declares that the Limited Guarantee shall not apply in respect of any Primary Obligation incurred or amended on or after the delivery of this Suspension Notice, other than an Approved Refinancing in respect of which the Adherence Conditions set forth in Subsection 4.02(b) have been satisfied.

The Limited Guarantee shall hereby not apply in respect of (i) any Primary Obligation incurred or (ii) any amendment of any Primary Obligation that results in an increase to the principal amount of such Primary Obligation, in each case, on or after delivery of this Suspension Notice, other than any Approved Refinancing in respect of which the Adherence Conditions set forth in Subsection 4.02(b) have been satisfied.

This Suspension Notice is hereby delivered to the FSM, the Financing Entity and the Indenture Trustee in accordance with Section 8.02 of the Change of Law Protection Agreement.

* * * *

DATED as of the [■] day of [■], [■].

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE[1]

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

[1] ~~Explanatory Note: Logistics of closing are under consideration by the Province.~~

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust organized under the laws of the Province of Ontario (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council 1981/2017 (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Primary Obligations that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred. This Agreement sets out the terms and conditions of such protections and assurances.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this

Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 Proof of Approved Obligations

The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Manager deems to be sufficient.

Each statement delivered by the Manager under Section 2.01(a)i shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and each of the ~~Province~~parties hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Manager ~~agrees to~~shall act diligently in the preparation of each such statement and shall provide the Indenture Trustee and the Province with ~~the~~all supporting computations and calculations used by the Manager to prepare each such statement promptly following a request therefor made by the Indenture Trustee or the Province.[2]

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture as of the date of this Agreement.

[2] ~~This language was reinserted as the guarantee statements required to be delivered by the Manager should be binding on the Province.~~

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 2.01 or Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee, the Financing Entity, the Financing Entity Trustee, the Manager or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

~~Unless otherwise provided for under the terms of any Approved Obligation, whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.~~Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day; provided, however, that if under the terms of an Approved Obligation an amount is stated to be due, a period of time would begin or end, a calculation is to be made or any other action to be taken thereunder shall be stated to be required to be taken, on a day other than a Business Day, any amount payable hereunder that is to be determined by reference to such Approved Obligation shall be determined by reference to such terms.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No

waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in

accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee may deliver a written demand, substantially in the form attached as Exhibit A (a "**Payment Demand**"), to the Province requiring the Province to make payments in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in this Agreement. From and after such delivery of a Payment Demand, the Province shall make the following payments in respect of the Approved Obligations (the "**Limited Guarantee**"), and the Financing Entity shall pay, and the Province shall be entitled to be paid, the Subrogation Entitlements specified below:

i. Not less than 3 Business Days prior to each day when any payment or payments are to be made in respect of one or more Approved Obligations occurring after such delivery of a Payment Demand (each such day, a "**Guarantee Payment Date**"), the Manager shall deliver a written statement setting forth the Aggregate Approved Obligations Amount, if any, in respect of the Approved Obligations that are due and payable on such Guarantee Payment Date, together with a detailed description identifying such

Approved Obligations and the nature and amount of payments due and payable thereunder on the Guarantee Payment Date, the aggregate outstanding amount payable by the Financing Entity under such Approved Obligations as of the date of such written statement, and details regarding any default in performance by any party obligated thereunder.

ii. On each such Guarantee Payment Date, the Province shall deposit the Aggregate Approved Obligations Amount into the Protection Account.

iii. On each such Guarantee Payment Date, the Financing Entity and the Indenture Trustee shall ensure that the amounts on deposit in the Protection Account are applied to pay each Beneficiary to whom an amount is due and payable under an Approved Obligation on the Guarantee Payment Date the Approved Obligation Amount for such Beneficiary in respect of such Approved Obligation on such Guarantee Payment Date; provided that if the amount deposited pursuant to clause 2.01(a)ii is insufficient to pay all such Approved Obligation Amounts in full, the amount on deposit in the Protection Account on the Guarantee Payment Date shall be applied to pay Beneficiaries in the order of priority in which such Approved Obligations are payable under the payment provisions of the Trust Indenture applicable to the making of such payments on the Guarantee Payment Date (each, a "**Beneficiary Payee**" and each payment made to a Beneficiary Payee on a Guarantee Payment Date, a "**Guarantee Payment**").

iv. On any Guarantee Payment Date on which an amount is paid by the Province pursuant to clause 2.01(a)ii, the applicable payment provisions of the Trust Indenture shall, notwithstanding ~~the~~any express terms of such provisions set forth in the Trust Indenture to the contrary, be applied and operate on the following basis:

(A) the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available under such payment provisions on such Guarantee Payment Date shall be reduced by the amount of the Guarantee Payment paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on such Guarantee Payment Date;

(B) the Province shall be paid the amount payable to a Beneficiary Payee in respect of an Approved

Obligation from amounts available to pay the Beneficiary Payee under such payment provisions on the Guarantee Payment Date, determined without regard to the Guarantee Payment paid on such Guarantee Payment Date and the corresponding reduction of the amount owing to the Beneficiary Payee pursuant to subclause 2.01(a)iv(A) (each such amount payable to the Province being a "**Subrogation Amount**"); and

(C) no Beneficiary having a right to be paid an amount in respect of an Approved Obligation, and no other Person entitled under an Obligation Secured, in each case that ranks equal with or subordinate to an Approved Obligation in respect of which a Subrogation Amount is payable to the Province under subclause 2.01(a)iv(B), shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under such subclause (including any right of set-off, offset, reimbursement, contribution or indemnity) and no such Beneficiary or other Person shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of any such Subrogation Amount;.

v. (D) onOn the first day when anyon which a payment or payments areis required to be made in respect of any Obligations Secured under the Trust Indenture that occurs after the dateday on which all amounts payable under all Approved Obligations have been paid in full, (whether pursuant to Guarantee Payments or, payments made pursuant to the payment provisions of the Trust Indenture or any combination thereof, the Province shall be entitled to be paid from amounts available to pay Obligations Secured on such day (and thereafter on each subsequent day when any payment or payments are to be made in respect of Obligations Secured, until paid in full), in each case in accordance with, any combination thereof or otherwise) (the "**Determination Date**"), the applicable payment provisions of the Trust Indenture on such day, the following amounts, in each case in the priorities specified below:shall, notwithstanding any express terms of such provisions set forth in the Trust Indenture to the contrary, be applied and operate on the following basis:

(A) the Manager shall calculate each of the following amounts as of and by reference to the Determination Date:

(I) ~~as an amount ranking equally with principal amounts of Senior Funding Obligations,~~ the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including ~~such day~~the Determination Date in respect of Approved Obligations ~~ranking~~that at the time of payment ranked equally with or prior to ~~principal~~interest amounts ~~of~~payable on Senior Funding Obligations~~, plus (y) the sum of amounts determined in respect of~~ in accordance with the applicable payment provisions of the Trust Indenture at such time, plus (y) an amount determined to reflect interest accruing on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount ~~is~~was paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture[1] and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of all Subrogation Amounts paid to the Province up to and including such day (such amount, the "**Senior Interest Final Subrogation Amount**");

(II) ~~as an amount ranking equally with principal amounts of Subordinated Funding Obligations,~~ the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including ~~such day~~the Determination Date in respect of Approved Obligations ~~ranking~~that at the time of payment ranked equally with or prior to principal amounts ~~of Subordinated~~payable

[1] Methodology to be confirmed.

on Senior Funding Obligations, plus (y) the sum of amounts determined in respect of in accordance with the applicable payment provisions of the Trust Indenture at such time, plus (y) an amount determined to reflect interest accruing on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount iswas paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of (x) all Subrogation Amounts paid to the Province up to and including such day, plus (y) the amount determined under (I), above (such amount, the "**Subordinated Final Subrogation Amount**"); and**Senior Principal Final Subrogation Amount**");

(III) the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including the Determination Date in respect of Approved Obligations that at the time of payment ranked equally with or prior to interest amounts payable on Subordinate Funding Obligations in accordance with the applicable payment provisions of the Trust Indenture at such time, plus (y) an amount determined to reflect interest accruing on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount was paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of (x) all Subrogation Amounts paid

to the Province up to and including such day, plus (y) the sum of the amounts determined under (I) and (II), above (such amount, the "**Subordinated Interest Final Subrogation Amount**");

(IV) the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including the Determination Date in respect of Approved Obligations that at the time of payment ranked equally with or prior to principal amounts payable on Subordinated Funding Obligations in accordance with the applicable payment provisions of the Trust Indenture at such time, plus (y) an amount determined to reflect interest accruing on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount is paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of (x) all Subrogation Amounts paid to the Province up to and including such day, plus (y) the sum of the amounts determined under (I), (II) and (III) (such amount, the "**Subordinated Principal Final Subrogation Amount**");

(V) the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including the Determination Date in respect of Approved Obligations that at the time of payment ranked equally with or prior to interest amounts payable on Junior Subordinated Funding Obligations in accordance with the applicable payment provisions of the Trust Indenture at such time, plus (y) an amount determined to reflect interest accruing on each such

Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount was paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of (x) all Subrogation Amounts paid to the Province up to and including such day, plus (y) the sum of the amounts determined under (I), (II), (III) and (IV), above (such amount, the "**Junior Subordinated Interest Final Subrogation Amount**");

(VI) the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including the Determination Date in respect of Approved Obligations that at the time of payment ranked equally with or prior to principal amounts payable on Junior Subordinated Funding Obligations in accordance with the applicable payment provisions of the Trust Indenture at such time, plus (y) an amount determined to reflect interest accruing on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount is paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of (x) all Subrogation Amounts paid to the Province up to and including such day, plus (y) the sum of the amounts determined under (I), (II), (III), (IV) and (V) (such amount, the "**Junior Subordinated**

Principal Final Subrogation Amount"); and

(VII) ~~(III) as an amount ranking equally with principal amounts of Junior Subordinated Obligations,~~ the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including ~~such day~~the Determination Date in respect of all Approved Obligations ~~ranking equally with or prior to principal amounts of Junior Subordinated Funding Obligations, plus (y) the sum of amounts~~, plus (y) an amount determined ~~in respect of~~to reflect interest accruing on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount is paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of (x) all Subrogation Amounts paid to the Province up to and including such day, plus (y) the sum of the amounts determined under (I) ~~plus (z) the sum of the amounts determined under (II~~, (II), (III), (IV), (V) and (VI) (such amount, the "~~**Junior Subordinated**~~**Residual Final Subrogation Amount**" and, together with the Senior ~~Final Subrogation Amount and the Subordinated~~Interest Final Subrogation Amount, the Senior Principal Final Subrogation Amount, the Subordinated Interest Final Subrogation Amount, the Subordinated Principal Final Subrogation Amount, the Junior Subordinated Interest Final Subrogation Amount, the Junior Subordinated Principal Final Subrogation

Amount, collectively, the "**Final Subrogation Amounts**")[3];

(B) as of the Determination Date (and thereafter on each subsequent day when any payment or payments are to be made in respect of Obligations Secured, until paid in full), the Province shall be entitled to be paid by the Financing Entity, and the Financing Entity shall be obligated to pay the Province in accordance with the applicable payment provisions of the Trust Indenture, the following amounts in the priorities set forth below:

(I) as an amount ranking equally with interest amounts payable on Senior Funding Obligations in accordance with the applicable payment provisions of the Trust Indenture, the Senior Interest Final Subrogation Amount;

(II) as an amount ranking equally with principal amounts payable on Senior Funding Obligations in accordance with the applicable payment provisions of the Trust Indenture, the Senior Principal Final Subrogation Amount;

(III) as an amount ranking equally with interest amounts payable on Subordinated Funding Obligations in accordance with the applicable payment provisions of the Trust Indenture, the Subordinated Interest Final Subrogation Amount;

(IV) as an amount ranking equally with principal amounts payable on Subordinated Funding Obligations in accordance with the applicable payment provisions of the Trust Indenture, the Subordinated Principal Final Subrogation Amount;

(V) as an amount ranking equally with interest amounts payable on Junior Subordinated

[3] Separate definitions were included to facilitate inserting these amounts into Trust Indenture priority of payment provisions.

Funding Obligations in accordance with the applicable payment provisions of the Trust Indenture, the Junior Subordinated Interest Final Subrogation Amount;

(VI) as an amount ranking equally with principal amounts payable on Junior Subordinated Funding Obligations in accordance with the applicable payment provisions of the Trust Indenture, the Junior Subordinated Principal Final Subrogation Amount; and

(VII) as an amount ranking equally with amounts payable on the Obligations Secured having the lowest payment ranking in accordance with the applicable payment provisions of the Trust Indenture to Persons other than OPG, the Residual Final Subrogation Amount;

(C) the payment entitlements of the Province described in subclause 2.01(a)v(B) shall, on and after the Determination Date, be treated for all purposes of the Trust Indenture as follows:

(I) the payment entitlements described in sub-subclauses 2.01(a)v(B)(I) and (II) shall constitute and be treated as interest and principal obligations, as the context requires, arising under a [Series of Notes] constituting Senior Funding Obligations issued by the Financing Entity to the Province on the Determination Date and conferring upon the Province (and any successor, assignee or transferee of such entitlements), all of the rights, entitlements, interests and privileges of a [Holder] of such a [Series of Notes][2] in accordance with the Trust Indenture, as supplemented by *[Describe applicable Senior Series Supplemental Indenture]*;

(II) the payment entitlements described in sub-subclauses 2.01(a)v(B)(III) and (IV) shall constitute and be treated as interest

[2] Conform defined terms to the Trust Indenture.

and principal obligations, as the context requires, arising under a Series of Notes constituting Subordinated Funding Obligations issued by the Financing Entity to the Province on the Determination Date and conferring upon the Province (and any successor, assignee or transferee of such entitlements), all of the rights, entitlements, interests and privileges of a Holder of such a Series of Notes in accordance with the Trust Indenture, as supplemented by *[Describe applicable Subordinated Series Supplemental Indenture]*;

(III) the payment entitlements described in sub-subclauses 2.01(a)v(B)(V) and (VI) shall constitute and be treated as interest and principal obligations, as the context requires, arising under a Series of Notes constituting Junior Subordinated Funding Obligations issued by the Financing Entity to the Province on the Determination Date and conferring upon the Province (and any successor, assignee or transferee of such entitlements), all of the rights, entitlements, interests and privileges of a Holder of such a Series of Notes in accordance with the Trust Indenture, as supplemented by *[Describe applicable Junior Subordinated Series Supplemental Indenture]*;

(IV) and the payment entitlements described in sub-subclause 2.01(a)v(B)(VII) shall constitute and be treated as a payment obligation without any additional rights, entitlements, interests or privileges, other than the right to receive payment in accordance with the applicable payment provisions of the Trust Indenture applicable to Obligations Secured ranking equally with amounts payable on the Obligations Secured having the lowest payment ranking in accordance with the applicable payment provisions of the Trust Indenture to any Person other than OPG; and

(D) ~~(E)~~ no Person entitled under an Obligation Secured that ranks equal with or subordinate to a Final Subrogation Amount shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province in respect of such Final Subrogation Amount and no such Person shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of any such Final Subrogation Amount.

vi. ~~v.~~ On any Guarantee Payment Date and on the Determination Date, the Indenture Trustee shall release and pay to the Province free and clear of any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay Guarantee Payments to Beneficiary Payees on the Guarantee Payment Date in accordance with clause 2.01(a)iii or that otherwise remains on deposit in the Protection Account on the Determination Date.

vii. ~~vi.~~ In preparing any payment instructions under the Trust Indenture, the Manager shall reflect the amounts payable under Section 2.01(a).

(b) The Province shall, as a payee of Subrogation Amounts under clause 2.01(a)iv(B), as a payee of each Final Subrogation Amount under clause 2.01(a)~~(iv)(D)~~v and as a payee of any amounts payable under clause 2.01(a)vi, be a "Specified Creditor" under the Trust Indenture and have the benefit of the Collateral thereunder.

(c) For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the Approved Obligation Amounts, if any, for payment to Beneficiary Payees and will be subject to the priorities and to the Province's rights to Subrogation Entitlements, set forth in Section 2.01(a).

(d) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(e) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation by their terms.

(f) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under and in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any amount due and payable to a Beneficiary Payee under the Limited Guarantee.

2.02 Intentionally Deleted.

2.03 Absence of Set-off

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 Payment into Protection Account in Satisfaction

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account" for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section **[7.03]** of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Financing Entity and the Indenture Trustee shall ensure that all amounts paid by the Province into the Protection Account on a Guarantee Payment Date in respect of an

Approved Obligation are applied to pay the amounts due and payable to the Beneficiaries as and to the extent provided for in Section 2.01(a). Upon a payment having been made by or on behalf of the Province into the Protection Account, the amounts so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiaries as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such Beneficiaries in respect of the applicable Approved Obligations, whereupon an affected Beneficiary shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid. For greater certainty, the obligations arising in respect of an applicable Approved Obligation shall not be reduced by such payment as the Province shall become entitled to be paid related Subrogation Entitlements and the rights contemplated under Section 2.01(a) and Section 5.01 in relation to such continuing obligations.

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations in accordance with Section 8.01.

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but

nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

A Primary Obligation shall constitute an Approved Obligation if (i) the Adherence Conditions applicable thereto have been satisfied at the time the Primary Obligation was incurred, or (ii) the Province, in its sole discretion, designates in writing that it is an Approved Obligation.

4.02 Adherence Conditions

(a) The following shall be the Adherence Conditions applicable in relation to each Certified Primary Obligation:

i. the Certified Primary Obligation when incurred is an Obligation Secured under the Trust Indenture; and

ii. OPG, as FSM, delivers an Adherence Compliance Certificate in the form attached hereto as Exhibit B-1 signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee, on or before the incurrence of a Certified Primary Obligation (provided that delivery may not be more than 5 Business Days before the incurrence of the Certified Primary Obligation);[4] and

iii. the Province has not provided a Suspension Notice to the Indenture Trustee, OPG and the Financing Entity.

[4] ~~Given the importance of this certificate, the form of the Adherence Compliance Certificate is set out in Exhibit B-1 to this Agreement and accordingly this language has been deleted from this para (ii) and is reproduced in the form of certificate attached as Exhibit B-1.~~

(b) The following shall be the Adherence Conditions applicable in relation to each Approved Refinancing:

i. such Approved Refinancing when incurred is an Obligation Secured under the Trust Indenture; and

ii. OPG, as FSM, delivers an Adherence Compliance Certificate in the form attached hereto as Exhibit B-2 signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee and the Province, on or before the incurrence of the Approved Refinancing (provided that delivery may not be more than 5 Business Days before the incurrence of such Approved Refinancing).[5]

(c) For greater certainty, (y) satisfaction of the Adherence Conditions for a Certified Primary Obligation or aan Approved Refinancing shall be deemed satisfaction of the Adherence Conditions in respect of all principal, interest and other amounts owing under the Certified Primary Obligation or the Approved Refinancing, as applicable, as such Certified Primary Obligation or Refinancing may be amended, restated, supplemented or otherwise modified from time to time, and (z) there shall be no Adherence Conditions applicable in relation to a Primary Obligation that is not a Certified Primary Obligation or a Refinancing.

(d) Without limiting any obligations of OPG to the Province arising other than pursuant to this Agreement, a Certified Primary Obligation may be amended, restated, supplemented or otherwise modified from time to time.

(e) An Approved Refinancing may not be amended, restated, supplemented or otherwise modified without the consent of the Province.

(f) For greater certainty, there shall be no Adherence Conditions applicable in relation to a Primary Obligation that is not a Certified Primary Obligation or an Approved Refinancing.

4.03 Evidence of Satisfaction

An Adherence Compliance Certificate delivered in accordance with Sectionclause 4.02(a)ii or in accordance with Sectionclause 4.02(b)ii, as the case may be, shall be determinative as to whether the applicable Adherence Conditions with respect thereto have been satisfied,

[5] Given the importance of this certificate, the form of the Adherence Compliance Certificate is set out in Exhibit B-2 to this Agreement.

notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same. An Adherence Compliance Certificate that purports on its face to be signed by officers specified in ~~Section~~clause 4.02(a)ii or ~~Section~~clause 4.02(b)ii, as applicable, may be relied upon by any addressee without further enquiry or evidence as to the incumbency or signatures of such officers. If an Adherence Compliance Certificate is not delivered in accordance with the timing requirements of ~~Section~~clause 4.02(a)ii or ~~Section~~clause 4.02(b)ii, as applicable, such certificate may be delivered at a later date, and be effective as if it had been delivered in accordance with the timing requirement of ~~Section~~clause 4.02(a)ii or ~~Section~~clause 4.02(b)ii, as applicable, if at the time such certificate was required to be delivered OPG had delivered to the Province all certifications required by the Province in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation or the Approved Refinancing.

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, including (i) the right and entitlement to be paid and receive the related Subrogation Entitlements, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor

in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including Sections **[7.04]** through **[7.11]** and **[8.13]** (Payment Priorities), Section **[7.12]** (Payments Held in Trust), Section **[8.11]** (Control by Controlling Class Creditors), Section **[8.12]** (Limitation on Suits), Section **[8.14]** (Limited Recourse), Article IX (The Indenture Trustee), including all limitations of liability thereunder, Section **[9.14]** (Communications to Specified Creditors) and Section **[16.01]** (No Petition); (ii) consents, requests and authorizes the Issuer and the Indenture Trustee to (x) add the Province to the register of Specified Creditors described in subsection **[13.13(b)]** of the Trust Indenture and (y) disseminate the notice details of the Province to other Specified Creditors for the purposes set out in subsection **[9.14(b)]** of the Trust Indenture, and (iii) confirms that it will execute and deliver, or cause to be executed and delivered, all such further agreements, documents and instruments in connection with this Section 5.01 as the Indenture Trustee may request from time to time for the purpose of giving effect to the terms of this Section 5.01.

5.02 Priorities

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation shall rank equally with the rights, interests and entitlements of a Beneficiary to whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture in the manner and to the extent contemplated in Section **[7.10]** of the Trust Indenture.

5.03 Intentionally Deleted

5.04 Representations and Warranties

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
INDENTURE TRUSTEE MATTERS

6.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

6.02 Not Responsible for Recitals

The recitals contained herein will be taken as the statements of the Province, the Financing Entity and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

6.03 Representations and Covenants of the Indenture Trustee[6]

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Agreement and has taken all necessary action to authorize the execution, delivery and performance by it of this Agreement;

(c) this Agreement has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

[6] ~~Explanatory Note: Indenture Trustee representations have been conformed to the MTI and are subject to review and sign off by the Indenture Trustee.~~

(d) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada. If, notwithstanding the provisions of this subsection 6.03(d), the Indenture Trustee ceases to be so authorized to carry on business, the validity and enforceability of this Agreement shall not be affected in any manner whatsoever by reason only of such event.

ARTICLE VII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

7.01 Suspension Notice

Upon:

(a) a Program Breach;

(b) a default in the performance, or breach, of any covenants of OPG, as FSM, or OPG, in its corporate capacity, in each case to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to ~~the~~or in respect of any Certified Primary ~~Obligations~~Obligation and the expiration of any applicable cure period;

(c) a representation or warranty made by OPG or a certification made by one or more officers of OPG, in each case whether as FSM or in its corporate capacity, to the Province in connection with its obligations to the Province ~~pursuant to~~and its internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to ~~the~~or in respect of any Certified Primary Obligations, proves to be incorrect in any material respect on the date made and~~, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation~~ the expiration of any applicable cure period; or

(d) the FSM no longer being the Manager or actions having been taken by or on behalf of the Indenture Trustee to remove the FSM as the Manager,

the Province may declare that the Limited Guarantee under this Agreement shall not apply to any Primary Obligations incurred on or after such declaration, other than any Approved Refinancing~~ of an Approved Obligation in respect of which the Adherence Conditions had previously been satisfied or if such Refinancing is otherwise an Approved Obligation~~, by delivering a written notice in the form of Exhibit C (a "**Suspension Notice**") to the Indenture Trustee, the FSM and the Financing Entity.~~[7]~~

~~[7] The paragraph that was deleted from Section 7.01 was modified slightly and moved to the form of the Adherence Compliance Certificate set out in Exhibit B-2 as the Adherence Condition for the Refinancing so that it is clear what conditions have to be satisfied for a Refinancing to be an Approved Obligation. As discussed in our meeting with the principals and in response to the DBRS comments, debt issued on a refinancing of protected debt should continue to be protected debt.~~

7.02 Suspension

If a Suspension Notice has been provided under Section 7.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of: (i) any Primary Obligation incurred or ~~(ii) any amendment of any Primary Obligation that results in an increase to the principal amount of such Primary Obligation, in each case,~~amended on or after the time such Suspension Notice is delivered, other than any Approved Refinancing~~ of an Approved Obligation in respect of which the Adherence Conditions had previously been satisfied or if such Refinancing is otherwise an Approved Obligation~~.

7.03 No Impact on Adherence

For greater certainty, the occurrence of a Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event or in respect of any Approved Refinancing~~ of an Approved Obligation in respect of which the Adherence Conditions had previously been satisfied or if such Refinancing is otherwise an Approved Obligation~~.

ARTICLE VIII
MISCELLANEOUS

8.01 Term of Agreement

This Agreement will continue until the later of: (a) the date that no amount is or may become due and payable by the Province under the Limited Guarantee and (b) the date that no amount is or may become due and payable to the Province in respect of any Subrogation Entitlement.

8.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic

communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust

700 University Avenue

Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: Manager, Corporate Trust
Fax: (416) 981-9777
Email: corporatetrust.toronto@computershare.com

(b) if to the FSM:

Ontario Power Generation Inc.

700 University Avenue

Toronto, Ontario M5G 1X6

Attention: General Counsel
Fax: (416) 592-4189

(c) if to the Province:

~~Ministry~~Minister of Finance

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

and

~~Ministry~~Minister of Energy

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

With copies to:

Deputy Minister of Finance

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

and

Deputy Minister of Energy

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 8.02.

8.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) The rights, entitlements and interests of the Province described under subclause 2.01(a)(v) shall be freely assignable and transferrable without any requirement for notice to or the consent of any of the other parties, subject to any limitations or restrictions as may be prescribed with respect to such an assignment or transfer pursuant to the Trust Indenture.

(c) ~~(b)~~ Any purported assignment of this Agreement in violation of this Section 8.03 shall be null and void.

8.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

8.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

8.07 Notice to Rating Agencies

OPG, as FSM, shall deliver prompt written notice to the Rating Agencies of the occurrence of (i) a Protection Event; (ii) receipt of a Suspension Notice delivered by the Province pursuant to Section 7.01; and (iii) an assignment of this Agreement by any party pursuant to Section 8.03.

8.08 Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their benefits hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

8.09 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, IN ITS CAPACITY AS TRUSTEE OF FAIR HYDRO TRUST, AS ISSUER, BY ONTARIO POWER GENERATION INC., NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration of a funding obligation" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Action**" has the meaning ascribed thereto under the Trust Indenture.

"**Adherence Compliance Certificate**" means a certificate in the form attached hereto as Exhibit B-1 or Exhibit B-2, as applicable, delivered by the FSM in accordance with Section 4.02(a)ii or Section 4.02(b)ii.

"**Adherence Conditions**", means, in respect of a Certified Primary Obligation, the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of a Guarantee Payment Date, the aggregate of the Approved Obligation Amounts for such Guarantee Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, for a Beneficiary in respect of an Approved Obligation under which an amount is due and payable on a Guarantee Payment Date:

(a) if no Acceleration has occurred in respect of any Obligation Secured on or before the Guarantee Payment Date, the amount due and payable to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation (for greater certainty, determined on the assumption that there are adequate amounts available under the applicable payment provisions of the Trust Indenture to pay in full all amounts referred to in such payment provisions that are due and payable on the Guarantee Payment Date); and

(b) if an Acceleration has occurred in respect of any Obligations Secured on or before the Guarantee Payment Date, the amount that would be available to be paid to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation under the applicable payment provisions of the Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with such applicable payment provisions of the Trust Indenture in respect of each relevant month during each Reference Period is equal to the estimated Finance Amount determined in respect of such Reference Period for purposes of section 15(1) of the Act (in effect on the date hereof), including section 6.1 of the General Regulation (in effect on the date hereof), divided by the number of months in such Reference Period.

"**Approved Refinancing**" means a Certified Primary Obligation proposed to be incurred on or after the occurrence of a Suspension Event, as a Refinancing of an existing Certified Primary Obligation in respect of which the Adherence Conditions set forth in Subsection 4.02(a) had been satisfied on the date such existing Certified Primary Obligation was incurred, that, at the time of incurrence, satisfies each of each of the Adherence Conditions set forth in Subsection 4.02(b).

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Beneficiary Payee**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Certified Primary Obligations**" means Primary Obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest, ~~in which~~including any Refinancing of such a Primary Obligation (for greater certainty, including, in the case ~~the~~of any Certified Primary Obligation ~~therefor shall be the~~permitting funding transactions pursuant to a Funding Obligation Agreement applicable to ~~such Funding~~the Certified Primary Obligation~~ and not~~, each individual borrowing or funding utilization thereunder), (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not ~~each~~any individual trade confirmation other than a trade confirmation that modifies or purports to override the express terms or conditions of the related Master Agreement, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and expected (as determined by the Manager, acting reasonably) aggregate ~~minimum~~ payments by the Financing Entity thereunder during the term of such contract ~~is~~are or would be in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above)~~; provided that "**Certified Primary Obligations**" shall not include any Refinancing~~.

"**Change of Law Protection Agreement**" means this Agreement.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Determination Date**" has the meaning ascribed thereto in clause 2.01(a)v.

"**Eligible Deposit Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Eligible Institution**" has the meaning ascribed thereto in the Trust Indenture.

"**Executive Officer**" has the meaning ascribed to the term "executive officer" in National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators.

"**Final Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(D).

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the first paragraph of this Agreement until a successor Financing Entity Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and the Declaration of Trust, and thereafter "Financing Entity Trustee" means and includes such Person.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Guarantee Payment**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Guarantee Payment Date**" has the meaning ascribed thereto in Section 2.01(a)i.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Issuer Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Issuer Funding Obligation**" has the meaning ascribed thereto in the Trust Indenture.

"**Junior Subordinated Interest Final Subrogation Amount**" has the meaning ascribed thereto in ~~subclause 2.01(a)iv(D).~~ clause 2.01(a)v.

"**Junior Subordinated Principal Final Subrogation Amount**" has the meaning ascribed thereto in clause 2.01(a)v.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Lien**" has the meaning ascribed thereto in the Trust Indenture.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(a).

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity, as amended, supplemented, restated or otherwise modified from time to time.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Agreement**" means an agreement in the form of a Master Agreement as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, as amended, supplemented, restated or otherwise modified from time to time.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, unlimited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account or Finance Reserve Account; and (ii) any obligation to pay the Financing Entity or on the Financing Entity's direction any remaining amounts in the Collection Account pursuant to the Trust Indenture.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event[8], termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

[8] ~~Explanatory Note: Early amortization events may be included in a supplemental indenture, so retaining that concept makes sense.~~

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that materially and adversely affects[3] (a) the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured, or (b) this Agreement or any of the agreements under which Obligations Secured arise; or

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that materially and adversely affects[4] the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Obligations Secured that have become due and payable.

~~For clarity, for purposes of the definition of "Protection Event", the occurrence of an event described in any of clauses (i) to (v) of paragraph (a) or a determination by a court of competent jurisdiction described in paragraph (b) which (x) results, or could reasonably be expected to result, in a rating downgrade or withdrawal of a rating by a Rating Agency, or (y) results in a Rating Agency publicly announcing that it has placed under surveillance or review, with possible negative implications, its rating of any Approved Obligation in effect prior to the occurrence of such event or court determination shall be sufficient to establish the required "materially and adversely" threshold.~~

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency Condition" in

[3] Explanatory Note: This is required by the Province, without qualification.
[4] Explanatory Note: This is required by the Province, without qualification.

the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Reference Period**" has the meaning ascribed thereto in the Act.

"**Refinancing**"[9] has the meaning ascribed to the term "refinancing" in the Act as of the date hereof, as more particularly described and given meaning in the General Regulation as of the date hereof.[10]

"**Residual Final Subrogation Amount**" has the meaning ascribed thereto in clause 2.01(a)v.

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Senior Interest Final Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(D). clause 2.01(a)v.

"**Senior Principal Final Subrogation Amount**" has the meaning ascribed thereto in clause 2.01(a)v.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Subordinated Interest Final Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(D). clause 2.01(a)v.

"**Subordinated Principal Final Subrogation Amount**" has the meaning ascribed thereto in clause 2.01(a)v.

"**Subrogation Entitlement**" means each Subrogation Amount and each Final Subrogation Amount.

"**Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(B).

"**Supplemental Indenture**" has the meaning ascribed in the Trust Indenture.

"**Supplemental Reserve Account**" has the meaning ascribed in the Trust Indenture.

"**Suspension Event**" has the meaning ascribed thereto in Section 7.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 7.01.

[9] Explanatory Note: This relates to a refinancing of an existing debt obligation; not an undrawn commitment to fund.

[10] Explanatory Note: The General Regulation provides that debt can be considered a "Refinancing" when incurred within the 6 months prior to the maturity date of a funding obligation. The Act/Regulation's definition doesn't require that "Refinancings" be simultaneous with the repayment of existing Approved Obligations. We have added a certificate mechanic in 7.01 by which there can be certainty when an obligation is incurred that if the obligation is intended to be a refinancing, it will be covered by the guarantee.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

EXHIBIT A
FORM OF PAYMENT DEMAND

TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Pursuant to and in accordance with section 2.01(a) of the Change of the Law Protection Agreement, the Indenture Trustee hereby demands payment from the Province in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in the Change of Law Protection Agreement.

DATED as of the [■] day of [■], [■].

BNY TRUST COMPANY OF CANADA

By:
Name:
Title:

By:
Name:
Title:

EXHIBIT B-1
FORM OF ADHERENCE COMPLIANCE CERTIFICATE UNDER SECTION 4.02(a)

TO: **BNY TRUST COMPANY OF CANADA**, in its capacity as Indenture Trustee (the "**Indenture Trustee**") under the Master Trust Indenture dated as of December ●, 2017 between Fair Hydro Trust and the Indenture Trustee (the "**Master Trust Indenture**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province of Ontario, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust, Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Each of the undersigned, being the ● and ● of OPG acting in its capacity as FSM and holding the offices set forth under their names and signatures below, pursuant to and accordance with ~~section~~clause 4.02(a)ii of the Change of Law Protection Agreement, hereby certifies for and on behalf of OPG, in its capacity as Financial Services Manager, and not in such officer's personal capacity and intending that this certificate may be relied on by the addressees hereof without independent inquiry, that:

1. I have read and understand the provisions of the Change of Law Protection Agreement, the Master Trust Indenture and all other documents and materials necessary to enable me to deliver this certificate.
2. If the Certified Primary Obligation is a Refinancing, the proceeds of the Refinancing will be used solely for the purpose of repaying one or more Certified Primary Obligations in respect of which the Adherence Conditions in Subsection 4.02(a) of the Change of Law Protection Agreement had been satisfied, including one or more other Refinancings in respect of which the Adherence Conditions in Subsection 4.02(a) of the Change of Law Protection Agreement had been satisfied.
3. ~~2.~~ OPG has delivered to the Province a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate was provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation.

DATED as of the [■] day of [■], [■].

Name: [11][5]	Name:
Office:	Office:

[11][5] This certificate must be signed by two officers of OPG being either (i) the Chief Financial Officer and the Treasurer, or (ii) any two Executive Officers (as defined in the Change of Law Protection Agreement) of OPG.

EXHIBIT B-2
FORM OF ADHERENCE COMPLIANCE CERTIFICATE UNDER SECTION 4.02(b)

TO: **BNY TRUST COMPANY OF CANADA**, in its capacity as Indenture Trustee (the "**Indenture Trustee**") under the Master Trust Indenture dated as of December ●, 2017 between Fair Hydro Trust and the Indenture Trustee (the "**Master Trust Indenture**")

AND TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust, Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Each of the undersigned, being the ● and ● of OPG acting in its capacity as FSM and holding the offices set forth under their names and signatures below, pursuant to and accordance with ~~section~~clause 4.02(b)ii of the Change of Law Protection Agreement, hereby certifies for and on behalf of OPG, in its capacity as Financial Services Manager, and not in such officer's personal capacity and intending that this certificate may be relied on by the addressees hereof without independent inquiry, that:

1. I have read and understand the provisions of the Change of Law Protection Agreement, the Master Trust Indenture and all other documents and materials necessary to enable me to deliver this certificate.
2. The proceeds of the Approved Refinancing will be used solely for the purpose of repaying one or more Certified Primary Obligations (including any Refinancing) in respect of which the Adherence Conditions in ~~Section~~Subsection 4.02(a) of the Change of Law Protection Agreement had been satisfied, or one or more Approved Refinancings in respect of which the Adherence Conditions in ~~section~~Subsection 4.02(b) of the Change of Law Protection Agreement had been satisfied.
3. OPG has delivered to the Province a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate was provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) confirming that OPG would be in compliance with all obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the proposed Certified Primary Obligation that applied as between the Province and OPG on the date of issuance of the Certified Primary Obligation subject to repayment using the proceeds of the Approved Refinancing.

DATED as of the [■] day of [■], [■].

Name: [126]	Name:
Office:	Office:

[126] This certificate must be signed by two officers of OPG being either (i) the Chief Financial Officer and the Treasurer, or (ii) any two Executive Officers (as defined in the Change of Law Protection Agreement) of OPG.

EXHIBIT C
SUSPENSION NOTICE

TO: Ontario Power Generation Inc., in its capacity as Financial Services Manager

AND TO: Fair Hydro Trust

AND TO: Computershare Trust Company of Canada, in its capacity as trustee of Fair Hydro Trust

AND TO: BNY Trust Company of Canada, as Indenture Trustee

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement. All references in this Suspension Notice to "Articles" or "Sections" refer to Articles or Sections of the Change of Law Protection Agreement.

The Province has a reasonable basis for concluding that an event described in clauses (a) to (d) of Section 7.01 has occurred. Pursuant to Section 7.01, the Province hereby declares that the Limited Guarantee shall not apply in respect of any Primary Obligation incurred or amended on or after the delivery of this Suspension Notice, other than ~~any~~an Approved Refinancing in respect of which the Adherence Conditions ~~had previously~~set forth in Subsection 4.02(b) have been satisfied~~, in accordance with the terms and conditions in Article VII~~.

The Limited Guarantee shall hereby not apply in respect of (i) any Primary Obligation incurred or (ii) any amendment of any Primary Obligation that results in an increase to the principal amount of such Primary Obligation, in each case, on or after delivery of this Suspension Notice, other than any Approved Refinancing~~ of an Approved Obligation~~ in respect of which the Adherence Conditions ~~had previously~~set forth in Subsection 4.02(b) have been satisfied~~ of if such Refinancing is otherwise an Approved Obligation~~.

This Suspension Notice is hereby delivered to the FSM, the Financing Entity and the Indenture Trustee in accordance with Section 8.02 of the Change of Law Protection Agreement.

* * * *

DATED as of the [■] day of [■], [■].

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

Document comparison by Workshare Compare on Friday, December 08, 2017 2:56:40 PM

Input:	
Document 1 ID	PowerDocs://TOR_2528/23239360/24
Description	TOR_2528-#23239360-v24-Change_of_Law_Protection_Agreement
Document 2 ID	PowerDocs://TOR_2528/23239360/26
Description	TOR_2528-#23239360-v26-Change_of_Law_Protection_Agreement
Rendering set	Standard

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

Statistics:	
	Count
Insertions	215
Deletions	153
Moved from	10
Moved to	10
Style change	0
Format changed	0
Total changes	388

Draft: December 8, 2017

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.

CHANGE OF LAW PROCESS AGREEMENT

Dated as of [■], 2017

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**") is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.

Pursuant to a Declaration of Trust dated as of [■], 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the applicable Adherence Conditions.

Prior to entering into this Agreement, OPG provided the Province with the final forms of certain of the Transaction Documents, as described on Exhibit "A", and the Province has not objected to such forms and hereby confirms to OPG that such Transaction Documents will constitute "Reference Documentation" for purposes of this Agreement.

Prior to entering into this Agreement, OPG, as the FSM, provided the Minister of Energy, in compliance with the Act, with the initial Financing Plan, which includes the initial forecast (the "**Initial Forecast**") setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Obligations Secured to be incurred during the 24 month period from December 1, 2017 to November 30, 2019 (the "**Initial Forecast Period**"). Prior to entering into this Agreement, OPG provided the Province with the initial Protection Agreement Maximum (the "**Initial Protection Agreement Maximum**"). The Province has received the initial Financing Plan and has not disagreed with the Initial Forecast or the Initial Protection Agreement Maximum on the basis of an apparent inaccuracy in the Initial Forecast, an inconsistency between the Initial Forecast and the initial Financing Plan, or as a result of the Initial Protection Agreement Maximum being more than the Initial Forecast.

This Agreement sets out the obligations OPG has agreed to perform and assurances OPG has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the

applicable Adherence Conditions have been satisfied and maintaining information related to the Program Agreements and the Approved Obligations.

All things necessary to make this Agreement a valid and legally binding agreement of OPG and the Province, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall"; the word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed; the words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 <u>References to the Financing Entity</u>

For greater certainty, each reference to the Financing Entity shall be construed as a reference to the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 <u>Effect of Headings</u>

The Article and Section headings herein and are for convenience only and will not affect the construction hereof.

1.04 <u>Successors and Assigns</u>

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 <u>Severability</u>

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.06 <u>Governing Law</u>

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF OPG

2.01 Deliveries to the Province

(a) OPG shall promptly deliver to the Province a copy of any proposed change to or replacement of the Financing Plan.

(b) Not less than 10 Business Days, or such lesser period as the Province may agree to in writing, prior to:

(i) any proposed change in the terms or conditions applicable to a Primary Obligation in a previously provided Transaction Document becoming effective or otherwise being used that could reasonably be expected to have a Material Effect[1]; provided, however, that a proposed change in particular financial terms, rates and levels would not be such a material change other than a proposed change to any specific requirements, limitations or parameters with respect to such financial terms, rates and levels that were set forth in the previously provided Transaction Document and that would have a Material Effect, and

(ii) any additional, supplemental[2] or replacement Transaction Document becoming effective or otherwise being used,

OPG shall deliver to the Province a copy of such proposed change to the Transaction Document and any such additional, supplemental or replacement Transaction Document.

(c) Without limiting Subsection 2.01(b), promptly following (i) any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor being made, (ii) any new, additional, supplemental or replacement instruments, documents, agreements or security being used or granted in connection with all or any part of the Approved Obligations, or (iii) any waiver, release, reconveyance, termination, abandonment, subordination, exchange, substitution, transfer, compound, compromise, liquidation or enforcement of all or any part of the Approved Obligations or any security or guarantee therefor being effected, OPG shall deliver to the Province a detailed description of such event and the reasons for it together with any related documents, agreements and instruments.

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[1] Explanatory Note: New term to encapsulate and consistently use the materiality language previously incorporated in the "Substantially in the Form" provision.

[2] Explanatory Note: Supplement (e.g., indenture supplement) needs to be captured. Supplement concept has been reinserted.

(d) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, OPG shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations (including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(e) Promptly upon request, OPG shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

2.02 <u>Covenants</u>

(a) OPG shall use commercially reasonable efforts to cause the Financing Entity to:

(i) punctually perform and observe all of the Financing Entity's obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not (unless waived in writing by the Province):

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement, replacement, waiver or consent could reasonably be considered to have a Material Effect; provided, however, that the foregoing does not apply to any supplementation, amendment, modification, restatement, replacement, waiver or consent of, to or in respect of particular financial terms, rates and levels other than a supplementation, amendment, modification, restatement, replacement, waiver or consent to or in respect of any specific requirements, limitations or parameters with respect to such financial terms, rates and levels that were set forth in the applicable Program Agreement and that would have a Material Effect;

(B) extend, renew, compromise, novate, replace, suspend, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, liquidate or enforce the terms of all or any part of the Approved Obligations or any Collateral, if any such action could reasonably be considered to have a Material Effect; provided, however, that the foregoing does not apply to any such action taken in respect of particular financial terms, rates and levels other than such an action taken in respect of any specific requirements, limitations or parameters with respect to such financial terms, rates and levels that were set forth in the applicable Program Agreement and that would have a Material Effect; or

(C) permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired.

(b) OPG shall:

(i) comply, and shall use commercially reasonable efforts to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

(ii) punctually perform and observe all of its (including as the FSM and as Manager) obligations and agreements contained in the Program Agreements;

(iii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation; and

(iv) notify the Province of (1) the occurrence of any Breach Event and any Program Breach, in each case within 2 Business Days of any such occurrence, and (2) any event or circumstance known to OPG that with the passage of time or the giving of notice would be a Breach Event or a Program Breach, in each case within 1 Business Day of OPG first becoming aware of such event or circumstance; and[3]

(v) after the occurrence of any Protection Event (or any event or circumstance known to OPG that with the passage of time or the giving of notice would be a Protection Event), not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.

[3] Explanatory Note: This is especially needed in light of Province's passive role and reliance on OPG.

(c) The Province and OPG acknowledge that their obligations to each other under the Indemnity Agreement between the Province and OPG dated June 1, 2017 (as amended, the "**Indemnity Agreement**") are not amended by this Agreement and continue in full force and effect, notwithstanding that this Agreement is entered into subsequent to the Indemnity Agreement.

(d) The Province and OPG acknowledge that their obligations to each other under the Indemnity Agreement are not amended by the Change of Law Protection Agreement and continue in full force and effect, notwithstanding that the Change of Law Protection Agreement was entered into subsequent to the Indemnity Agreement.

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate

OPG shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Province, on or before the incurrence or any amendment of a Funding Obligation, other than any Funding Obligation under which not more than $5,000,000 in the aggregate may become payable by the Financing Entity (provided that delivery may not be more than 5 Business Days before the incurrence or amendment of the Funding Obligation), setting out the following with respect to such Funding Obligation:

(a) the material terms of the Funding Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a Derivative Agreement, OPG's best estimate of the expected notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

(b) if an existing Funding Obligation is proposed to be amended, material details respecting such amendment, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

(c) a statement to the effect that: (i) the Funding Obligation to be incurred or amended (1) will arise under terms and conditions that are Substantially in the Form of the Reference Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering

and sale of notes, bonds or other securities is Substantially in the Form of the Reference Documentation;

(d) a statement confirming that any disclosure made in respect of the Funding Obligation (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to the Funding Obligation) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement has been made available to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made;

(e) a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and

(f) confirmation that, at the time the Funding Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Funding Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the Protection Agreement Maximum applicable on the date that the Process Certificate is delivered; for clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be determined on the date the Process Certificate is delivered hereunder in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

3.02 Acknowledgement regarding delivery of certificate under Change of Law Protection Agreement

The Province acknowledges and agrees that, concurrent with the delivery of the Process Certificate pursuant to Section 3.01 of this Agreement, the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) are authorized to deliver the certificate referred to in Subsection 4.02(a)(ii) of the Change of Law Protection Agreement to the Indenture Trustee confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with adherence of the Limited Guarantee to the incurrence of the Certified Primary Obligations in respect of which the certificate in Subsection 4.02(a)(ii) of the Change of Law Protection Agreement is being delivered; provided that, upon receipt of a Suspension Notice under the Change of Law

Protection Agreement, OPG covenants not to deliver any further certificates to the Indenture Trustee under Subsection 4.02(a)(ii) of the Change of Law Protection Agreement but, for greater certainty, OPG, as FSM, may deliver a certificate referred to in Subsection 4.02(b)(ii) of the Change of Law Protection Agreement to the Indenture Trustee and the Province in connection with an Approved Refinancing.

3.03 Acknowledgement regarding delivery of Suspension Notice

The parties acknowledge and agree that the Province is entitled to deliver a Suspension Notice under Section 7.01 of the Change of Law Protection Agreement if a Program Breach or Breach Event has occurred. The Province agrees not to deliver a Suspension Notice pursuant to Section 7.01 of the Change of Law Protection Agreement unless a Program Breach or a Breach Event has occurred.

3.04 Meaning of "Reference Documentation"

For the purposes of Subsection 3.01(c), the term "Reference Documentation" shall mean each Transaction Document that, at the relevant time:

(a) is a Transaction Document listed on Exhibit "A"; or

(b) is a Transaction Document (including any amended or amended and restated Transaction Document) provided to the Province in accordance with Subsection 2.01(b) that has not been objected to by the Province, by delivery of an objection notice in writing delivered to OPG, within 10 Business Days after it is provided to the Province.

3.05 Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(c), the term "Substantially in the Form" shall mean:

(a) with respect to the Reference Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such Reference Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation that could have a Material Effect; provided, however, that the foregoing does not apply to any particular financial terms, rates and levels set forth in the proposed documents other than to the extent that the forms of Reference Documentation themselves specify specific requirements, limitations or parameters with respect to such financial terms, rates, levels and parameters; and

(b) with respect to the Reference Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum

(a) Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Approved Obligations that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast shall be further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum, which may not exceed such Forecast.

(b) Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of any further Forecast and notice of the revised Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province may disagree with such further Forecast or revised Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in such further Forecast, (ii) the further Forecast is inconsistent with the Financing Plan, or (iii) the revised Protection Agreement Maximum is more than the further Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the revised Protection Agreement Maximum will be further revised accordingly and confirmed by an amended notice to the Province.

(c) For clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be valued at the time to be determined for the purposes of this Section 4.01 in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of OPG

OPG represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, may cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario and has the power and authority to enter into and perform its obligations under this Agreement and all instruments and agreements delivered pursuant hereto.

(c) OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Financing Entity or in the ability of the Financing Entity to perform its obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

5.02 Representations and Warranties of the Province

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
BREACH EVENTS

6.01 Breach Events

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

(a) a default in the performance, or breach, by OPG of Section 2.01(b)(i), Section 2.02(b)(iv)[4] or Section 3.01[5];

(b) a default in the performance, or breach, of any other covenants of OPG under this Agreement (excluding Section 2.01(b)(i), Section 2.02(b)(iv) and Section 3.01), which, if curable in a way such that the default or breach would not have or have had a Material Effect[6], is not so cured within thirty (30) days;

(c) any representation or warranty made by OPG in this Agreement, any certification made in a Process Certificate, or any certification made in a certificate contemplated by Subsection 4.02 of the Change of Law Protection Agreement, proves to be incorrect on the date made and which, if curable in a way such that the incorrect representation or warranty may be remedied without any Material Effect[7] having occurred as a result of the Province's reliance thereon, is not so cured within thirty (30) days; or

(d) OPG is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the Manager.

ARTICLE VII
MISCELLANEOUS

7.01 Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

7.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated

[4] Explanatory Note: This recognizes that a failure to notify the Province of an event that would allow it to deliver a Suspension Notice cannot itself be cured since that would create a self-defeating loop from the Province's standpoint.

[5] Explanatory Note: This recognizes that a failure to deliver a Process Certificate when required cannot be cured, as this goes to the workability of the corresponding provisions in the Protection Agreement. It would defeat the structure to allow a Protection Agreement certificate to be delivered to satisfy the adherence conditions based on the idea that a default cure period had not yet lapsed in connection with a failure to deliver a Process Certificate.

[6] Explanatory Note: This recognizes that a cure period will only be reasonable if the consequence of a possible cure would be that no Material Effect would be/have been created.

[7] Explanatory Note: Same.

below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to OPG:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

(b) if to the Province:

Deputy Minister of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Deputy Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 7.02.

7.03 <u>Assignment</u>

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 7.03 shall be null and void.

7.04 <u>Enurement</u>

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

7.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

7.06 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

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

By: _____

Name:
Title:

By: _____

Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Conditions**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Approved Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement, and, for greater certainty, will include any Approved Refinancing.

"**Approved Refinancing**" means a Certified Primary Obligation proposed to be incurred on or after the occurrence of a Suspension Event, as a Refinancing of an existing Certified Primary Obligation in respect of which the Adherence Conditions had been satisfied on the date such existing Certified Primary Obligation was incurred, that, at the time of incurrence, satisfies each of each of the Adherence Conditions except that the certificate contemplated to be delivered under Section 4.02(b) shall instead confirm that OPG has delivered to the Province a certificate by its applicable officers confirming that OPG would be in compliance with all obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the proposed Certified Primary Obligation that applied as between the Province and OPG on the date of issuance of such existing Certified Primary Obligation.

"**Beneficiaries**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Breach Event**" has the meaning ascribed thereto in Section 6.01.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Certified Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the Financing Entity, OPG (as the FSM and the Manager) and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

"**Executive Officer**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Financing Entity**" means Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(a).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**IESO Security Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**Indenture Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Initial Forecast**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Initial Forecast Period**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Initial Protection Agreement Maximum**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Limited Guarantee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Management Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Manager**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO.

"**Material Effect**" means a material effect on the obligations (including as a result of a change in the nature, scope or extent of the Primary Obligation and the effect on the Province's obligations therefor under the Limited Guarantee) or rights of the Province under the Limited Guarantee, the Change of Law Protection Agreement or this Agreement, including any proposed change that could affect the timing of or circumstances under which related payments would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that could affect the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Program Breach**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Protection Agreement Maximum**" means the dollar amount referenced as the Program Agreement Maximum and determined in accordance with Section 4.01.

"**Protection Event**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture.

"**Reference Documentation**" has the meaning ascribed thereto in Section 3.04.

"**Repayment**" has the meaning ascribed to the term "repayment" in the General Regulation as of the date of this Agreement.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Substantially in the Form**" has the meaning ascribed thereto in Section 3.05.

"**Suspension Notice**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement; (vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial

obligation or that could affect the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

EXHIBIT "A"
INITIAL REFERENCE DOCUMENTATION[8]

- Declaration of Trust;
- Management Agreement;
- Master Transfer and Servicing Agreement;
- Acknowledgement and indemnity agreement dated as of [■], 2017 made by IESO in favour of the Indenture Trustee;
- IESO Security Agreement;
- Trust Indenture;
- Warehouse Senior Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;
- Warehouse Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017; and
- [Warehouse Junior Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.][9]

[8] Explanatory Note: The Province is limiting this to the documents required to complete the warehouse financing. Term issuance related documents will be considered by the Province once received under 2.01(b)(ii) and become part of the Reviewed Documentation in accordance with 3.04(b).

[9] Explanatory Note: This should be deleted unless it will be used in the initial transaction.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.

CHANGE OF LAW PROCESS AGREEMENT

Dated as of [■], 2017

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**") is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.

Pursuant to a Declaration of Trust dated as of [■], 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the applicable Adherence Conditions.

Prior to entering into this Agreement, OPG provided the Province with the final forms of certain of the Transaction Documents, as described on Exhibit "A", and the Province has not objected to such forms and hereby confirms to OPG that such Transaction Documents will constitute "Reference Documentation" for purposes of this Agreement.

Prior to entering into this Agreement, OPG, as the FSM, provided the Minister of Energy, in compliance with the Act, with the initial Financing Plan, which includes the initial forecast (the "**Initial Forecast**") setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Obligations Secured to be incurred during the 24 month period from December 1, 2017 to November 30, 2019 (the "**Initial Forecast Period**"). Prior to entering into this Agreement, OPG provided the Province with the initial Protection Agreement Maximum (the "**Initial Protection Agreement Maximum**"). The Province has received the initial Financing Plan and has not disagreed with the Initial Forecast or the Initial Protection Agreement Maximum on the basis of an apparent inaccuracy in the Initial Forecast, an inconsistency between the Initial Forecast and the initial Financing Plan, or as a result of the Initial Protection Agreement Maximum being more than the Initial Forecast.

This Agreement sets out the obligations OPG has agreed to perform and assurances OPG has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the

applicable Adherence Conditions have been satisfied and maintaining information related to the Program Agreements and the Approved Obligations.

All things necessary to make this Agreement a valid and legally binding agreement of OPG and the Province, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall"; the word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed; the words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 References to the Financing Entity

For greater certainty, each reference to the Financing Entity shall be construed as a reference to the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 Effect of Headings

The Article and Section headings herein and are for convenience only and will not affect the construction hereof.

1.04 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.06 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF OPG

2.01 Deliveries to the Province

(a) OPG shall promptly deliver to the Province a copy of any proposed change to or replacement of the Financing Plan.

(b) Not less than 10 Business Days, or such lesser period as the Province may agree to in writing, prior to:

(i) any proposed change in the terms or conditions applicable to a Primary Obligation in a previously provided Transaction Document becoming effective or otherwise being used that could reasonably be expected to have a Material Effect[1]; provided, however, that a proposed change in particular financial terms, rates and levels would not be such a material change other than a proposed change to any specific requirements, limitations or parameters with respect to such financial terms, rates and levels that were set forth in the previously provided Transaction Document and that would have a Material Effect, and

(ii) any additional, supplemental[2] or replacement Transaction Document becoming effective or otherwise being used,

OPG shall deliver to the Province a copy of such proposed change to the Transaction Document and any such additional, supplemental or replacement Transaction Document.

(c) Without limiting Subsection 2.01(b), promptly following (i) any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor being made, (ii) any new, additional, supplemental or replacement instruments, documents, agreements or security being used or granted in connection with all or any part of the Approved Obligations, or (iii) any waiver, release, reconveyance, termination, abandonment, subordination, exchange, substitution, transfer, compound, compromise, liquidation or enforcement of all or any part of the Approved Obligations or any security or guarantee therefor being effected, OPG shall deliver

[1] Explanatory Note: New term to encapsulate and consistently use the materiality language previously incorporated in the "Substantially in the Form" provision.

[2] Explanatory Note: Supplement (e.g., indenture supplement) needs to be captured. Supplement concept has been reinserted.

to the Province a detailed description of such event and the reasons for it together with any related documents, agreements and instruments.

(d) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, OPG shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations (including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(e) Promptly upon request, OPG shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

2.02 <u>Covenants</u>

(a) OPG shall use commercially reasonable efforts to cause the Financing Entity to:

(i) punctually perform and observe all of the Financing Entity's obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not (unless waived in writing by the Province):

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement, replacement, waiver or consent could reasonably be considered to have a Material Effect; provided, however, that the foregoing does not apply to any supplementation, amendment, modification, restatement, replacement, waiver or consent of, to or in respect of particular financial terms, rates and levels other than a supplementation, amendment, modification, restatement, replacement, waiver or consent to or in respect of any specific requirements, limitations or parameters with respect to such

financial terms, rates and levels that were set forth in the applicable Program Agreement and that would have a Material Effect;

(B) extend, renew, compromise, novate, replace, suspend, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, liquidate or enforce the terms of all or any part of the Approved Obligations or any Collateral, if any such action could reasonably be considered to have a Material Effect; provided, however, that the foregoing does not apply to any such action taken in respect of particular financial terms, rates and levels other than such an action taken in respect of any specific requirements, limitations or parameters with respect to such financial terms, rates and levels that were set forth in the applicable Program Agreement and that would have a Material Effect; or

(C) permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired.

(b) OPG shall:

(i) comply, and shall use commercially reasonable efforts to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

(ii) punctually perform and observe all of its (including as the FSM and as Manager) obligations and agreements contained in the Program Agreements;

(iii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation; and

(iv) notify the Province of (1) the occurrence of any Breach Event and any Program Breach, in each case within 2 Business Days of any such occurrence, and (2) any event or circumstance known to OPG that with the passage of time or the giving of notice would be a Breach Event or a Program Breach, in each case within 1 Business Day of OPG first becoming aware of such event or circumstance; and[3]

(v) after the occurrence of any Protection Event (or any event or circumstance known to OPG that with the passage of time or the giving of notice would be a Protection Event), not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the

[3] Explanatory Note: This is especially needed in light of Province's passive role and reliance on OPG.

Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.

(c) The Province and OPG acknowledge that their obligations to each other under the Indemnity Agreement between the Province and OPG dated June 1, 2017 (as amended, the "**Indemnity Agreement**") are not amended by this Agreement and continue in full force and effect, notwithstanding that this Agreement is entered into subsequent to the Indemnity Agreement.

(d) The Province and OPG acknowledge that their obligations to each other under the Indemnity Agreement are not amended by the Change of Law Protection Agreement and continue in full force and effect, notwithstanding that the Change of Law Protection Agreement was entered into subsequent to the Indemnity Agreement.

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate

OPG shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Province, on or before the incurrence or any amendment of a Funding Obligation, other than any Funding Obligation under which not more than $5,000,000 in the aggregate may become payable by the Financing Entity (provided that delivery may not be more than 5 Business Days before the incurrence or amendment of the Funding Obligation), setting out the following with respect to such Funding Obligation:

(a) the material terms of the Funding Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a Derivative Agreement, OPG's best estimate of the expected notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

(b) if an existing Funding Obligation is proposed to be amended, material details respecting such amendment, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

(c) a statement to the effect that: (i) the Funding Obligation to be incurred or amended (1) will arise under terms and conditions that are Substantially in the Form of the Reference Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar

circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reference Documentation;

(d) a statement confirming that any disclosure made in respect of the Funding Obligation (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to the Funding Obligation) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement has been made available to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made;

(e) a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and

(f) confirmation that, at the time the Funding Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Funding Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the Protection Agreement Maximum applicable on the date that the Process Certificate is delivered; for clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be determined on the date the Process Certificate is delivered hereunder in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

3.02 Acknowledgement regarding delivery of certificate under Change of Law Protection Agreement

The Province acknowledges and agrees that, concurrent with the delivery of the Process Certificate pursuant to Section 3.01 of this Agreement, the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) are authorized to deliver the certificate referred to in Subsection ~~[~~4.02(a)(ii)~~]~~[4] of the Change of Law Protection Agreement to the Indenture Trustee confirming that OPG has complied with all of its

[4] ~~Section change to be confirmed once Protection Agreement is recirculated.~~

obligations to the Province and internal requirements and processes in connection with adherence of the Limited Guarantee to the incurrence of the Certified Primary Obligations in respect of which the certificate in Subsection ~~[~~4.02(a)(ii)~~]~~ of the Change of Law Protection Agreement is being delivered; provided that, upon receipt of a Suspension Notice under the Change of Law Protection Agreement, OPG covenants not to deliver any further certificates to the Indenture Trustee under Subsection ~~[~~4.02(a)(ii)~~]~~ of the Change of Law Protection Agreement ~~[~~but, for greater certainty, OPG, as FSM, may deliver a certificate referred to in Subsection ~~[~~4.02(b)(ii)~~]~~ of the Change of Law Protection Agreement to the Indenture Trustee and the Province in connection with an Approved Refinancing~~ of a Primary Obligation in respect of which the Adherence Conditions in Subsection 4.02(a) of the Change of Law Protection Agreement had been satisfied at the time such Primary Obligation was incurred.]~~[5].

3.03 Acknowledgement regarding delivery of Suspension Notice

The parties acknowledge and agree that the Province is entitled to deliver a Suspension Notice under Section 7.01 of the Change of Law Protection Agreement if a Program Breach or Breach Event has occurred. The Province agrees not to deliver a Suspension Notice pursuant to Section 7.01 of the Change of Law Protection Agreement unless a Program Breach or a Breach Event has occurred.

3.04 Meaning of "Reference Documentation"

For the purposes of Subsection 3.01(c), the term "Reference Documentation" shall mean each Transaction Document that, at the relevant time:

(a) is a Transaction Document listed on Exhibit "A"; or

(b) is a Transaction Document (including any amended or amended and restated Transaction Document) provided to the Province in accordance with Subsection 2.01(b) that has not been objected to by the Province, by delivery of an objection notice in writing delivered to OPG, within 10 Business Days after it is provided to the Province.

3.05 Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(c), the term "Substantially in the Form" shall mean:

(a) with respect to the Reference Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such Reference Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation that could have a Material Effect; provided, however, that the foregoing does not apply to any particular financial terms, rates and levels set forth in the proposed documents other than to the extent that the forms of

[5] ~~Explanatory Note: The changes proposed to be made to the Protection Agreement have not yet been circulated to the Province, so we are unable to understand the nature of the changes made to this provision.~~

Reference Documentation themselves specify specific requirements, limitations or parameters with respect to such financial terms, rates, levels and parameters; and

(b) with respect to the Reference Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum

(a) Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Approved Obligations that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast shall be further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum, which may not exceed such Forecast.

(b) Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of any further Forecast and notice of the revised Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province may disagree with such further Forecast or revised Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in such further Forecast, (ii) the further Forecast is inconsistent with the Financing Plan, or (iii) the revised Protection Agreement Maximum is more than the further Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the revised Protection Agreement Maximum will be further revised accordingly and confirmed by an amended notice to the Province.

(c) For clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be valued at the time to be determined for the purposes of this Section 4.01 in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of OPG

OPG represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, may cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario and has the power and authority to enter into and perform its obligations under this Agreement and all instruments and agreements delivered pursuant hereto.

(c) OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Financing Entity or in

the ability of the Financing Entity to perform its obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

5.02 <u>Representations and Warranties of the Province</u>

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
BREACH EVENTS

6.01 Breach Events

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

(a) a default in the performance, or breach, by OPG of Section 2.01(b)(i), Section 2.02(b)(iv)[64] or Section 3.01[75];

(b) a default in the performance, or breach, of any other covenants of OPG under this Agreement (excluding Section 2.01(b)(i), Section 2.02(b)(iv) and Section 3.01), which, if curable in a way such that the default or breach would not have or have had a Material Effect[86], is not so cured within thirty (30) days;

(c) any representation or warranty made by OPG in this Agreement, any certification made in a Process Certificate, or any certification made in a certificate contemplated by Subsection 4.02 of the Change of Law Protection Agreement, proves to be incorrect on the date made and which, if curable in a way such that the incorrect representation or warranty may be remedied without any Material Effect[97] having occurred as a result of the Province's reliance thereon, is not so cured within thirty (30) days; or

(d) OPG is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the Manager.

ARTICLE VII
MISCELLANEOUS

7.01 Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

[64] Explanatory Note: This recognizes that a failure to notify the Province of an event that would allow it to deliver a Suspension Notice cannot itself be cured since that would create a self-defeating loop from the Province's standpoint.

[75] Explanatory Note: This recognizes that a failure to deliver a Process Certificate when required cannot be cured, as this goes to the workability of the corresponding provisions in the Protection Agreement. It would defeat the structure to allow a Protection Agreement certificate to be delivered to satisfy the adherence conditions based on the idea that a default cure period had not yet lapsed in connection with a failure to deliver a Process Certificate.

[86] Explanatory Note: This recognizes that a cure period will only be reasonable if the consequence of a possible cure would be that no Material Effect would be/have been created.

[97] Explanatory Note: Same.

7.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to OPG:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

(b) if to the Province:

Deputy Minister of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Deputy Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 7.02.

7.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 7.03 shall be null and void.

7.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

7.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

7.06 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

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

By: _____

Name:
Title:

By: _____

Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Conditions**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Approved Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement, and, for greater certainty, will include any Approved Refinancing.

"**Approved Refinancing**" means a Certified Primary Obligation proposed to be incurred on or after the occurrence of a Suspension Event, as a Refinancing of an existing Certified Primary Obligation in respect of which the Adherence Conditions had been satisfied on the date such existing Certified Primary Obligation was incurred, that, at the time of incurrence, satisfies each of each of the Adherence Conditions except that the certificate contemplated to be delivered under Section 4.02(b) shall instead confirm that OPG has delivered to the Province a certificate by its applicable officers confirming that OPG would be in compliance with all obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the proposed Certified Primary Obligation that applied as between the Province and OPG on the date of issuance of such existing Certified Primary Obligation.

"**Beneficiaries**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Breach Event**" has the meaning ascribed thereto in Section 6.01.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Certified Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the Financing Entity, OPG (as the FSM and the Manager) and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

"**Executive Officer**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Financing Entity**" means Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(a).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**IESO Security Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**Indenture Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Initial Forecast**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Initial Forecast Period**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Initial Protection Agreement Maximum**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Limited Guarantee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Management Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Manager**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO.

"**Material Effect**" means a material effect on the obligations (including as a result of a change in the nature, scope or extent of the Primary Obligation and the effect on the Province's obligations therefor under the Limited Guarantee) or rights of the Province under the Limited Guarantee, the Change of Law Protection Agreement or this Agreement, including any proposed change that could affect the timing of or circumstances under which related payments would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that could affect the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Program Breach**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Protection Agreement Maximum**" means the dollar amount referenced as the Program Agreement Maximum and determined in accordance with Section 4.01.

"**Protection Event**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture.

"**Reference Documentation**" has the meaning ascribed thereto in Section 3.04.

"**Repayment**" has the meaning ascribed to the term "repayment" in the General Regulation as of the date of this Agreement.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Substantially in the Form**" has the meaning ascribed thereto in Section 3.05.

"**Suspension Notice**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement; (vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial

obligation or that could affect the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

EXHIBIT "A"
INITIAL REFERENCE DOCUMENTATION[~~10~~8]

- Declaration of Trust;
- Management Agreement;
- Master Transfer and Servicing Agreement;
- Acknowledgement and indemnity agreement dated as of [■], 2017 made by IESO in favour of the Indenture Trustee;
- IESO Security Agreement;
- Trust Indenture;
- Warehouse Senior Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;
- Warehouse Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017; and
- [Warehouse Junior Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.][~~11~~9]

[~~10~~8] Explanatory Note: The Province is limiting this to the documents required to complete the warehouse financing. Term issuance related documents will be considered by the Province once received under 2.01(b)(ii) and become part of the Reviewed Documentation in accordance with 3.04(b).

[~~11~~9] Explanatory Note: This should be deleted unless it will be used in the initial transaction.

Document comparison by Workshare Compare on Friday, December 08, 2017 2:55:14 PM

Input:	
Document 1 ID	PowerDocs://TOR_2528/23239361/23
Description	TOR_2528-#23239361-v23-Change_of_Law_-_Process_Agreement
Document 2 ID	PowerDocs://TOR_2528/23239361/24
Description	TOR_2528-#23239361-v24-Change_of_Law_-_Process_Agreement
Rendering set	Standard

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

Statistics:	
	Count
Insertions	24
Deletions	35
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	59

From:	ASHBOURNE, STEPHEN
To:	Thouin, Alena (ENERGY); Malle Hanslep (MOF); Anna Strathy; Ken Kandeepan; Mike Manning; Ronald Kwan
Cc:	Tobias P. Whitfield (MOF); Huang, Jackson (MEDG/MRIS)
Subject:	RE: Fair Hydro - Change of Law Protection Agreement
Date:	Friday, December 08, 2017 1:01:24 PM
Attachments:	23239360-vs0!-Change of Law Protection Agreement.DOCX 23239360-vpdf-Change of Law Protection Agreement.PDF

Please see attached. For our discussion in a few minutes.

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

-----Original Message-----
From: Thouin, Alena (ENERGY) [mailto:Alena.Thouin@ontario.ca]
Sent: Friday, December 08, 2017 11:59 AM
To: Hanslep, Malle (MOF); Strathy, Anna (OFA); ASHBOURNE, STEPHEN; Kandeepan, Ken (OFA); Manning, Mike (OFA); Kwan, Ronald (OFA)
Cc: Whitfield, Tobias P. (MOF); Huang, Jackson (MEDG/MRIS)
Subject: RE: Fair Hydro - Change of Law Protection Agreement

Hi Malle/Anna
We will have someone attend
Tom is on vacation and I'm in meetings which can't be moved. Jackson will attend and relay any items.

Keep us posted.

Sent with BlackBerry Work
(www.blackberry.com)

From: Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>
Date: Friday, Dec 08, 2017, 11:52 AM
To: Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>, 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com<mailto:STEPHEN.ASHBOURNE@blakes.com>>, Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>, Manning, Mike (OFA) <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>, Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca<mailto:Ronald.Kwan@ofina.on.ca>>, Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>, McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca<mailto:Tom.McKinlay@ontario.ca>>
Cc: Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>
Subject: RE: Fair Hydro - Change of Law Protection Agreement

Perhaps Energy legal could let you know who should be invited on their end. Thanks.

From: Anna Strathy [mailto:Anna.Strathy@ofina.on.ca]
Sent: December 8, 2017 11:50 AM
To: 'ASHBOURNE, STEPHEN'; Hanslep, Malle (MOF); Kandeepan, Ken (OFA); Manning, Mike (OFA); Kwan, Ronald (OFA); Thouin, Alena (ENERGY); McKinlay, Tom (MAG)
Cc: Whitfield, Tobias P. (MOF)
Subject: RE: Fair Hydro - Change of Law Protection Agreement

I'll send the invite shortly. Is it just for the group on this email?

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: Friday, December 08, 2017 11:02 AM
To: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>; Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>; Ronald Kwan <Ronald.Kwan@ofina.on.ca<mailto:Ronald.Kwan@ofina.on.ca>>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca<mailto:Tom.McKinlay@ontario.ca>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>
Subject: RE: Fair Hydro - Change of Law Protection Agreement

That's fine for me, thanks.

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com>
Dir: 416-863-3086

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Friday, December 08, 2017 10:35 AM
To: ASHBOURNE, STEPHEN; Kandeepan, Ken (OFA); Manning, Mike (OFA); Kwan, Ronald (OFA); Thouin, Alena (ENERGY); McKinlay, Tom (MAG); Strathy, Anna (OFA)
Cc: Whitfield, Tobias P. (MOF)
Subject: FW: Fair Hydro - Change of Law Protection Agreement

Hi all,

We have now received a revised version of the Protection Agreement. Should we schedule a call for about 1pm to go through this draft? I don't think that I will be available before 1pm. Perhaps Anna can arrange the call?

Thanks

Malle

From: Milligan, Peter [mailto:PMilligan@osler.com]
Sent: December 7, 2017 6:44 PM
To: ASHBOURNE, STEPHEN; Sebastiano, Rocco; Mansoori, Nina
Cc: Kandeepan, Ken (OFA); 'LADAK Lubna -TREASURY'; Strathy, Anna (OFA); Veinot, Cindy (TBS); McKinlay, Tom (MAG); Donaldson, Mark (TBS); Cayley, Daniel (ENERGY); Thouin, Alena (ENERGY); Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Fullerton, Rick; Mayman, Gadi (OFA); Manning, Mike (OFA); Hanslep, Malle (MOF); 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com<mailto:nur.khan@rbccm.com>)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; Hume, Steen (ENERGY); Saulnier, Brett; Olusoga, Yinka; Whitfield, Tobias P. (MOF); PALMER, AARON; VINER, JON; PRESTAGE, JA
Subject: Fair Hydro - Change of Law Protection Agreement

All,

Attached is a revised comment draft of the Change of Low Protection Agreement reflecting comments from Torys and Osler. In order to meet this transaction's timeline, this comment draft has not been reviewed by OPG or the Dealers and is delivered subject to any comments they may have.

Peter
[cid:image001.gif@01D3701B.036B54F0]

Peter Milligan

416.862.6634

DIRECT

416.862.6666

FACSIMILE

pmilligan@osler.com<mailto:pmilligan@osler.com>

Osler, Hoskin & Harcourt LLP
Box 50, 1 First Canadian Place
Toronto, Ontario, Canada M5X 1B8

[cid:image002.gif@01D3701B.036B54F0][osler.com]<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.osler.com_&d=DwMCaQ&c=qG_YuzLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FiQ&r=E55YDgQdC8HbBuqOnlsuMRVMfI8a3rKXrCOxHVUCzpQ&m=c_iL20oFQm2M4sXFNkQcP14rypv8hgCjFnIYQudpRys&s=CtrHaq6yQIen1U9Zmc3WQEw9XoTd9UwU04z-ueeYxc0&e=>

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: Thursday, December 07, 2017 4:27 PM
To: Sebastiano, Rocco <RSebastiano@osler.com<mailto:RSebastiano@osler.com>>; Mansoori, Nina <nmansoori@torys.com<mailto:nmansoori@torys.com>>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca<mailto:Cindy.Veinot@ontario.ca>>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca<mailto:Tom.McKinlay@ontario.ca>>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca<mailto:Mark.Donaldson@ontario.ca>>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca<mailto:Daniel.Cayley@ontario.ca>)' <Daniel.Cayley@ontario.ca<mailto:Daniel.Cayley@ontario.ca>>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>)' <Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>; Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com>>; 'LEE John -TREASURY' <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com<mailto:john.mauti@opg.com>>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com<mailto:may.lapira@opg.com>>; Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; Milligan, Peter <PMilligan@osler.com<mailto:PMilligan@osler.com>>; Fullerton, Rick <RFullerton@osler.com<mailto:RFullerton@osler.com>>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca<mailto:Gadi.Mayman@ofina.on.ca>>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com<mailto:ian.benaiah@rbccm.com>>; 'Khan, Nur (nur.khan@rbccm.com<mailto:nur.khan@rbccm.com>)' <nur.khan@rbccm.com<mailto:nur.khan@rbccm.com>>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com<mailto:brent.r.taylor@rbccm.com>>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com<mailto:katrina.niehaus@gs.com>>; 'brian.delaney@gs.com' <brian.delaney@gs.com<mailto:brian.delaney@gs.com>>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com<mailto:Andrew.Maciel@cibc.com>>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com<mailto:Sunil.Adalja@cibc.com>>; 'Persad, Nicole' <Nicole.Persad@cibc.com<mailto:Nicole.Persad@cibc.com>>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com<mailto:Donnie.Persaud@cibc.com>>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca<mailto:Steen.Hume@ontario.ca>>; Saulnier, Brett <bsaulnier@torys.com<mailto:bsaulnier@torys.com>>; Olusoga, Yinka <yolusoga@torys.com<mailto:yolusoga@torys.com>>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>) <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>; PALMER, AARON <AARON.PALMER@blakes.com<mailto:AARON.PALMER@blakes.com>>; VINER, JON <JON.VINER@blakes.com<mailto:JON.VINER@blakes.com>>; PRESTAGE, JA <JA.PRESTAGE@blakes.com<mailto:JA.PRESTAGE@blakes.com>>
Subject: RE: Fair Hydro -- Change of Law Process Agreement

Hi,

Please find (attached) a further turn of the Change of Law Process Agreement, reflecting the Province's comments on the mark-up of the Agreement circulated yesterday afternoon by Torys. The attached blackline shows changes made to yesterday's Torys mark-up.

This version addresses concerns Rocco raised last night, to the extent the Province feels that the issues can be accommodated. For your information, I have set out below responses to Rocco's comments/observations (in CAPs).

The Province would like to proceed with the Ministers briefing early next week, on the basis that this version (minus the explanatory notes) is now in final form. If there are any critical revisions that the other parties believe reflect 'must have' priority, then the Province would like to have a call to discuss them as soon as possible.

Responses to Rocco's Points:

1. The change of the definition of Breach Event in Section 6.01 (i.e., the change to clause (a) and the addition of clause (b)) will result in an inconsistency with section 7.01(b) of the Change of Law Protection Agreement. This will require further consideration. [AGREED. 7.01(b) and 7.01(c) will need to mirror the cure language we settle on in the Process Agreement (see my earlier comments). Perhaps the "which continues ..." language in 7.01(B) can be revised to read: "to the extent that the Province would be entitled to provide a Suspension Notice in accordance with the terms of the agreement or agreements between the Province and OPG under which such obligations, requirements and processes arise". SIMILAR CHANGE FOR 7.01(C).

2. The right of the Province to issue an objection notice under Section 3.04(b) in connection with a Transaction Document provided to the Province which is required for a Refinancing of an Approved Obligation remains an outstanding issue. Clearly, this will depend upon what Adherence Conditions will be required under Section 4.02 of the Change of Law Protection Agreement in order to permit such Refinancing to become an Approved Obligation. If the Adherence Conditions set out in Section 4.02(a) of the Province's draft of the Change of Law Protection Agreement of December 4 were to apply to such Refinancing, to the extent that such refinancing required a change to a Transaction Document (e.g., as a result of a change to some rating agency condition or criteria), the Province's ability to issue an objection notice and thereby prevent the issuance of a Process Certificate under Section 3.01 (by virtue of Section 3.04) would have the effect of preventing a Refinancing. We trust that this was an unintended outcome of the drafting of Section 3.04 and/or the Adherence Conditions applicable to Refinancings. [THAT IS THE INTENDED EFFECT. THE ADHERENCE CONDITIONS WOULD APPLY TO THE REFINANCING, SO IF THE REFINANCING TERMS DEVIATED MATERIALLY (BASED ON THE SUBSTANTIALLY IN THE FORM' THRESHOLD'), THEN OPG WOULD REQUIRE THE PROVINCE NOT TO OBJECT IN ORDER TO PROCEED WITH THOSE NEW TERMS. OTHERWISE, THE REFINANCING COULD INCORPORATE TERMS AND CONDITIONS, WHICH WOULD BIND THE PROVINCE UNDER THE LIMITED GUARANTEE, THAT WOULD BE UNCONSTRAINED AND WITHOUT ANY ACCOUNTABILITY TO THE PROVINCE. IN ROCCO'S EXAMPLE, THAT MIGHT MEAN THAT OPG WOULD NEED TO RESORT TO UNRATED DEBT, IF THE PROVINCE WAS UNWILLING TO ACCEPT THE NEW TERMS. PRESUMABLY EVERYONE WOULD ACT RATIONALLY. HOWEVER, AS A FAILSAFE, OPG COULD OFFER INCREASED PRICING IN ORDER TO ATTRACT INVESTORS TO ACCEPT THE EARLIER VETTED TERMS (BASED ON THE THEN ACCEPTED REVIEWED DOCUMENTATION).]

3. Given that the Indenture Trustee is not a party to the Change of Law Process Agreement, the Province and OPG can amend the terms and conditions of this agreement without the consent of the indenture Trustee. Specified Creditors under an Approved Obligation need to be assured that the Province cannot prevent a Refinancing of an Approved Obligation either by virtue of the objection notice discussed in point #2 above or as a result of a future amendment to the agreement. There are a couple of ways to deal with this point. The first is to a add a beneficiary/third party rights clause in the Change of Law Process Agreement which acknowledges that the Indenture Trustee is a beneficiary of certain provisions of this agreement and as a result, the agreement cannot be amended without the consent of the Indenture Trustee. The second is to ensure that the Adherence Conditions relating to Refinancings under the Change of Law Protection Agreement are not dependent upon the terms of the Change of Law Process Agreement. In light of the desire to not disclose the terms and conditions of the Change of Law Process Agreement to the rating agencies, especially at this late stage in the process, we would expect that the latter approach would be preferable. [THE SUGGESTION REGARDING THE PROVINCE PREVENTING A REFINANCING IS ADDRESSED IN #2. IF THE REFINANCING TERMS WOULD EXCEED THE SCOPE OF THE TRANSACTION DOCUMENTS REVIEWED AND NOT OBJECTED TO BY THE PROVINCE, THEN THAT SUGGESTS THERE IS A MATERIAL EFFECT ON THE PROVINCE AND SO THE PROVINCE WOULD NEED THE ABILITY TO REVIEW AND CONSIDER THE PROPRIETY OF THOSE NEW TERMS FROM ITS PERSPECTIVE. AS FOR THE STANDALONE NATURE OF THE PROCESS AGREEMENT, THE INTENTION IS THAT THE PROCESS AGREEMENT BE UNCOUPLED AND NOT PART OF THE COLLATERAL, AND AS MICHAEL FELDMAN HAS EXPLAINED, LEAVE FUTURE FLEXIBILITY FOR THIS LONG-TERM STRUCTURE. TO ADDRESS ROCCO'S CONCERN THAT THE PROVINCE AND OPG COULD CHANGE THE UNDERLYING OBLIGATIONS APPLICABLE TO ADHERENCE IN RELATION TO A NEW OBLIGATION, REQUIREMENT OR PROCESS IN THE PROCESS AGREEMENT THAT WOULD MAKE A REFINANCING LESS LIKELY TO OCCUR, WE HAVE ADDED AND USED IN THE ATTACHED VERSION A NEW DEFFINITION:

"Approved Refinancing" means a Certified Primary Obligation proposed to be incurred as a Refinancing of an existing Certified Primary Obligation in respect of which the Adherence Conditions had been satisfied on the date such existing Certified Primary Obligation was incurred, that, at the time of incurrence, satisfies each of each of the Adherence Conditions except that the certificate contemplated to be delivered under Section 4.02(b) shall instead confirm that OPG has delivered to the Province a certificate by its applicable officers confirming that OPG would be in compliance with all obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the proposed Certified Primary Obligation that applied as between the Province and OPG on the date of issuance of such existing Certified Primary Obligation." Various references to "Refinancing" in the Protection Agreement can also be revised to refer to "Approved Refinancing", as required.

Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com>
Dir: 416-863-3086

_____

[cid:image003.gif@01D3701B.036B54F0]

Blake, Cassels & Graydon LLP
199 Bay Street, Suite 4000, Toronto ON M5L 1A9
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blakes.com[blakes.com]<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.blakes.com&d=DwMGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=E55YDgQdC8HbBuqOnlsuMRVMfI8a3rKXrCOxHVUCzpQ&m=c_iL20oFQm2M4sXFNkQcP14rypv8hgCjFnIYQudpRys&s=pKF0pbnU75giJ3qpqidvRq28iPBnmIGEurxmijFgKpc&e=> | Twitter[twitter.com]<https://urldefense.proofpoint.com/v2/url?u=http-3A__twitter.com_BlakesLaw_&d=DwMGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=E55YDgQdC8HbBuqOnlsuMRVMfI8a3rKXrCOxHVUCzpQ&m=c_iL20oFQm2M4sXFNkQcP14rypv8hgCjFnIYQudpRys&s=fiOgQ0pjB18UGUOhkF0HCFmj3gkxNGzVRv5oJfED5is&e=> | Unsubscribe[blakes.com]<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.blakes.com_English_Resources_Bulletins_Pages_unsubscribe.aspx&d=DwMGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=E55YDgQdC8HbBuqOnlsuMRVMfI8a3rKXrCOxHVUCzpQ&m=c_iL20oFQm2M4sXFNkQcP14rypv8hgCjFnIYQudpRys&s=yQRODW46rhSJH7H9A_sNYB90kwaibHhix-oBilqG51M&e=>

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From: Sebastiano, Rocco [mailto:RSebastiano@osler.com]
Sent: Wednesday, December 06, 2017 7:45 PM
To: Mansoori, Nina; ASHBOURNE, STEPHEN; VINER, JON; PRESTAGE, JA
Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca<mailto:Daniel.Cayley@ontario.ca>)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Milligan, Peter; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com<mailto:nur.khan@rbccm.com>)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Saulnier, Brett; Olusoga, Yinka
Subject: RE: Fair Hydro -- Change of Law Process Agreement

I have reviewed the revised draft of the Change of Law Process Agreement that Torys has prepared and would like to pass along the following comments/observations:

1. The change of the definition of Breach Event in Section 6.01 (i.e., the change to clause (a) and the addition of clause (b)) will result in an inconsistency with section 7.01(b) of the Change of Law Protection Agreement. This will require further consideration.

2. The right of the Province to issue an objection notice under Section 3.04(b) in connection with a Transaction Document provided to the Province which is required for a Refinancing of an Approved Obligation remains an outstanding issue. Clearly, this will depend upon what Adherence Conditions will be required under Section 4.02 of the Change of Law Protection Agreement in order to permit such Refinancing to become an Approved Obligation. If the Adherence Conditions set out in Section 4.02(a) of the Province's draft of the Change of Law Protection Agreement of December 4 were to apply to such Refinancing, to the extent that such refinancing required a change to a Transaction Document (e.g., as a result of a change to some rating agency condition or criteria), the Province's ability to issue an objection notice and thereby prevent the issuance of a Process Certificate under Section 3.01 (by virtue of Section 3.04) would have the effect of preventing a Refinancing. We trust that this was an unintended outcome of the drafting of Section 3.04 and/or the Adherence Conditions applicable to Refinancings.

3. Given that the Indenture Trustee is not a party to the Change of Law Process Agreement, the Province and OPG can amend the terms and conditions of this agreement without the consent of the indenture Trustee. Specified Creditors under an Approved Obligation need to be assured that the Province cannot prevent a Refinancing of an Approved Obligation either by virtue of the objection notice discussed in point #2 above or as a result of a future amendment to the agreement. There are a couple of ways to deal with this point. The first is to a add a beneficiary/third party rights clause in the Change of Law Process Agreement which acknowledges that the Indenture Trustee is a beneficiary of certain provisions of this agreement and as a result, the agreement cannot be amended without the consent of the Indenture Trustee. The second is to ensure that the Adherence Conditions relating to Refinancings under the Change of Law Protection Agreement are not dependent upon the terms of the Change of Law Process Agreement. In light of the desire to not disclose the terms and conditions of the Change of Law Process Agreement to the rating agencies, especially at this late stage in the process, we would expect that the latter approach would be preferable.

Regards, Rocco

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: Wednesday, December 06, 2017 4:38 PM
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Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca<mailto:Cindy.Veinot@ontario.ca>>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca<mailto:Tom.McKinlay@ontario.ca>>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca<mailto:Mark.Donaldson@ontario.ca>>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca<mailto:Daniel.Cayley@ontario.ca>)' <Daniel.Cayley@ontario.ca<mailto:Daniel.Cayley@ontario.ca>>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>)' <Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>; Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com>>; 'LEE John -TREASURY' <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com<mailto:john.mauti@opg.com>>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com<mailto:may.lapira@opg.com>>; Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; Sebastiano, Rocco <RSebastiano@osler.com<mailto:RSebastiano@osler.com>>; Milligan, Peter <PMilligan@osler.com<mailto:PMilligan@osler.com>>; Fullerton, Rick <RFullerton@osler.com<mailto:RFullerton@osler.com>>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca<mailto:Gadi.Mayman@ofina.on.ca>>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com<mailto:ian.benaiah@rbccm.com>>; 'Khan, Nur (nur.khan@rbccm.com<mailto:nur.khan@rbccm.com>)' <nur.khan@rbccm.com<mailto:nur.khan@rbccm.com>>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com<mailto:brent.r.taylor@rbccm.com>>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com<mailto:katrina.niehaus@gs.com>>; 'brian.delaney@gs.com' <brian.delaney@gs.com<mailto:brian.delaney@gs.com>>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com<mailto:Andrew.Maciel@cibc.com>>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com<mailto:Sunil.Adalja@cibc.com>>; 'Persad, Nicole' <Nicole.Persad@cibc.com<mailto:Nicole.Persad@cibc.com>>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com<mailto:Donnie.Persaud@cibc.com>>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca<mailto:Steen.Hume@ontario.ca>>; Mansoori, Nina <nmansoori@torys.com<mailto:nmansoori@torys.com>>; Saulnier, Brett <bsaulnier@torys.com<mailto:bsaulnier@torys.com>>; Olusoga, Yinka <yolusoga@torys.com<mailto:yolusoga@torys.com>>
Subject: Fair Hydro -- Change of Law Process Agreement

Blakes team,

Please find attached OPG and Torys' comments on the Process Agreement reflecting our discussions from yesterday's call. Please note that this draft is subject to continuing review and comment by Osler and the dealers. As discussed at the tail end of our call yesterday, the section in the Process Agreement that gives the Province the right to object to new and material changes to transaction documents dovetails with the Protection Agreement so additional comments from Oslers may be forthcoming on this draft.

We are working on getting you a revised draft of the Protection Agreement either later today or tomorrow. In the meantime, please let us know if you have any comments or questions on the Process Agreement.

Best Regards,
Nina

Nina Mansoori
P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679
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HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust organized under the laws of the Province of Ontario (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council 1981/2017 (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Primary Obligations that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred. This Agreement sets out the terms and conditions of such protections and assurances.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 Proof of Approved Obligations

The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Manager deems to be sufficient.

Each statement delivered by the Manager under Section 2.01(a)i shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and each of the parties hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Manager shall act diligently in the preparation of each such statement and shall provide the Indenture Trustee and the Province with all supporting computations and calculations used by the Manager to prepare each such statement promptly following a request therefor made by the Indenture Trustee or the Province.[1]

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture as of the date of this Agreement.

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 2.01 or Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a

[1] Note to Province: The Manager (as distinct from the FSM) may be replaced in certain cases by bondholders. In that case, the Manager would be a third party other than OPG, and this provision will compel the Province to accept the calculations of that third party, absent a "manifest error". Province to advise if this is acceptable in the circumstances (assuming the changes reflected by Blakes).

related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee, the Financing Entity, the Financing Entity Trustee, the Manager or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day; provided, however, that if under the terms of an Approved Obligation an amount is stated to be due, a period of time would begin or end, a calculation is to be made or any other action to be taken thereunder shall be stated to be required to be taken, on a day other than a Business Day, any amount payable hereunder that is to be determined by reference to such Approved Obligation shall be determined by reference to such terms.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest

calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee may deliver a written demand, substantially in the form attached as Exhibit A (a "**Payment Demand**"), to the Province requiring the Province to make payments in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in this Agreement. From and after such delivery of a Payment Demand, the Province shall make the following payments in respect of the Approved Obligations (the "**Limited Guarantee**"), and the Financing Entity shall pay, and the Province shall be entitled to be paid, the Subrogation Entitlements specified below:

i. Not less than 3 Business Days prior to each day when any payment or payments are to be made in respect of one or more Approved Obligations occurring after such delivery of a Payment Demand (each such day, a "**Guarantee Payment Date**"), the Manager shall deliver a written statement setting forth the Aggregate Approved Obligations Amount, if any, in respect of the Approved Obligations that are due and payable on such Guarantee Payment Date, together with a detailed description identifying such Approved Obligations and the nature and amount of payments due and payable thereunder on the Guarantee Payment Date, the aggregate outstanding amount payable by the Financing Entity under such Approved Obligations as of the date of such written statement, and details regarding any default in performance by any party obligated thereunder.

ii. On each such Guarantee Payment Date, the Province shall deposit the Aggregate Approved Obligations Amount into the Protection Account.

iii. On each such Guarantee Payment Date, the Financing Entity and the Indenture Trustee shall ensure that the amounts on deposit in the Protection Account are applied to pay each Beneficiary to whom an amount is due and payable under an Approved Obligation on the Guarantee Payment Date the Approved Obligation Amount for such Beneficiary in respect of such Approved Obligation on such Guarantee Payment Date; provided that if the amount deposited pursuant to clause 2.01(a)ii is insufficient to pay all such Approved Obligation Amounts in full, the amount on deposit in the Protection Account on the Guarantee Payment Date shall be applied to pay Beneficiaries in the order of priority in which such Approved Obligations are payable under the payment provisions of the Trust Indenture applicable to the making of such payments on the Guarantee Payment Date (each, a "**Beneficiary Payee**" and each payment made to a Beneficiary Payee on a Guarantee Payment Date, a "**Guarantee Payment**").

iv. On any Guarantee Payment Date on which an amount is paid by the Province pursuant to clause 2.01(a)ii, the applicable payment provisions of the Trust Indenture shall, notwithstanding any express terms of such provisions set forth in the Trust Indenture to the contrary, be applied and operate on the following basis:

(A) the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available under such payment provisions on such Guarantee Payment Date shall be reduced by the amount of the Guarantee Payment paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on such Guarantee Payment Date;

(B) the Province shall be paid the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available to pay the Beneficiary Payee under such payment provisions on the Guarantee Payment Date, determined without regard to the Guarantee Payment paid on such Guarantee Payment Date and the corresponding reduction of the amount owing to the Beneficiary Payee pursuant to subclause 2.01(a)iv(A) (each such amount payable to the Province being a "**Subrogation Amount**"); and

(C) no Beneficiary having a right to be paid an amount in respect of an Approved Obligation, and no other Person entitled under an Obligation Secured, in each case that ranks equal with or subordinate to an Approved Obligation in respect of which a Subrogation Amount is payable to the Province under subclause 2.01(a)iv(B), shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under such subclause (including any right of set-off, offset, reimbursement, contribution or indemnity) and no such Beneficiary or other Person shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of any such Subrogation Amount.

v. On the first day on which a payment is required to be made in respect of any Obligations Secured that occurs after the date on which all amounts payable under all Approved Obligations have been paid in full (whether pursuant to Guarantee Payments, payments made pursuant to the payment provisions of the Trust Indenture, any combination thereof or otherwise) (the "**Determination Date**"), the applicable payment provisions of the Trust Indenture shall, notwithstanding any express terms of such

provisions set forth in the Trust Indenture to the contrary, be applied and operate on the following basis:

(A) the Manager shall calculate each of the following amounts as of and by reference to the Determination Date:

(I) the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including the Determination Date in respect of Approved Obligations that at the time of payment ranked equally with or prior to interest amounts payable on Senior Funding Obligations in accordance with the applicable payment provisions of the Trust Indenture at such time, plus (y) an amount determined to reflect interest accruing on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount was paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture[2] and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of all Subrogation Amounts paid to the Province up to and including such day (such amount, the "**Senior Interest Final Subrogation Amount**");

(II) the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including the Determination Date in respect of Approved Obligations that at the time of payment ranked equally with or prior to principal amounts payable on Senior Funding Obligations in accordance with the applicable payment provisions of the Trust Indenture at such time, plus (y) an amount determined to reflect interest accruing on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount was paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust

[2] Methodology to be confirmed.

Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of (x) all Subrogation Amounts paid to the Province up to and including such day, plus (y) the amount determined under (I), above (such amount, the "**Senior Principal Final Subrogation Amount**");

(III) the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including the Determination Date in respect of Approved Obligations that at the time of payment ranked equally with or prior to interest amounts payable on Subordinate Funding Obligations in accordance with the applicable payment provisions of the Trust Indenture at such time, plus (y) an amount determined to reflect interest accruing on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount was paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of (x) all Subrogation Amounts paid to the Province up to and including such day, plus (y) the sum of the amounts determined under (I) and (II), above (such amount, the "**Subordinated Interest Final Subrogation Amount**");

(IV) the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including the Determination Date in respect of Approved Obligations that at the time of payment ranked equally with or prior to principal amounts payable on Subordinated Funding Obligations in accordance with the applicable payment provisions of the Trust Indenture at such time, plus (y) an amount determined to reflect interest accruing on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the

date a Subrogation Amount is paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of (x) all Subrogation Amounts paid to the Province up to and including such day, plus (y) the sum of the amounts determined under (I), (II) and (III) (such amount, the "**Subordinated Principal Final Subrogation Amount**");

(V) the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including the Determination Date in respect of Approved Obligations that at the time of payment ranked equally with or prior to interest amounts payable on Junior Subordinated Funding Obligations in accordance with the applicable payment provisions of the Trust Indenture at such time, plus (y) an amount determined to reflect interest accruing on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount was paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of (x) all Subrogation Amounts paid to the Province up to and including such day, plus (y) the sum of the amounts determined under (I), (II), (III) and (IV), above (such amount, the "**Junior Subordinated Interest Final Subrogation Amount**");

(VI) the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including the Determination Date in respect of Approved Obligations that at the time of payment ranked equally with or prior to principal amounts payable on Junior Subordinated Funding Obligations in accordance with the

applicable payment provisions of the Trust Indenture at such time, plus (y) an amount determined to reflect interest accruing on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount is paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of (x) all Subrogation Amounts paid to the Province up to and including such day, plus (y) the sum of the amounts determined under (I), (II), (III), (IV) and (V) (such amount, the "**Junior Subordinated Principal Final Subrogation Amount**"); and

(VII) the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including the Determination Date in respect of Approved Obligations, plus (y) an amount determined to reflect interest accruing on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount is paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of (x) all Subrogation Amounts paid to the Province up to and including such day, plus (y) the sum of the amounts determined under (I), (II), (III), (IV), (V) and (VI) (such amount, the "**Residual Final Subrogation Amount**" and, together with the Senior Interest Final Subrogation Amount, the Senior Principal Final Subrogation Amount, the Subordinated Interest Final Subrogation Amount, the Subordinated Principal Final Subrogation Amount, the Junior Subordinated Interest Final Subrogation Amount, the Junior Subordinated Principal Final

Subrogation Amount, collectively, the "**Final Subrogation Amounts**"));

(B) as of the Determination Date, the Province shall be entitled to be paid by the Financing Entity, and the Financing Entity shall be obligated to pay the Province in accordance with the applicable payment provisions of the Trust Indenture, the following amounts in the priorities set forth below:

(I) as an amount ranking equally with interest amounts payable on Senior Funding Obligations in accordance with the applicable payment provisions of the Trust Indenture, the Senior Interest Final Subrogation Amount;

(II) as an amount ranking equally with principal amounts payable on Senior Funding Obligations in accordance with the applicable payment provisions of the Trust Indenture, the Senior Principal Final Subrogation Amount;

(III) as an amount ranking equally with interest amounts payable on Subordinated Funding Obligations in accordance with the applicable payment provisions of the Trust Indenture, the Subordinated Interest Final Subrogation Amount;

(IV) as an amount ranking equally with principal amounts payable on Subordinated Funding Obligations in accordance with the applicable payment provisions of the Trust Indenture, the Subordinated Principal Final Subrogation Amount;

(V) as an amount ranking equally with interest amounts payable on Junior Subordinated Funding Obligations in accordance with the applicable payment provisions of the Trust Indenture, the Junior Subordinated Interest Final Subrogation Amount;

(VI) as an amount ranking equally with principal amounts payable on Junior Subordinated Funding Obligations in accordance with the applicable payment provisions of the Trust

Indenture, the Junior Subordinated Principal Final Subrogation Amount; and

(VII) as an amount ranking equally with amounts payable on the Obligations Secured having the lowest payment ranking in accordance with the applicable payment provisions of the Trust Indenture, the Residual Final Subrogation Amount;

(C) the payment entitlements of the Province described in subclause 2.01(a)v(B) shall, on and after the Determination Date, be treated for all purposes of the Trust Indenture as follows:

(I) the payment entitlements described in sub-subclauses 2.01(a)v(B)(I) and (II) shall constitute and be treated as interest and principal obligations, as the context requires, arising under a Series of Notes constituting Senior Funding Obligations issued by the Financing Entity to the Province on the Determination Date and conferring upon the Province (and any successor, assignee or transferee of such entitlements), all of the rights, entitlements, interests and privileges of a Holder of such a Series of Notes in accordance with the Trust Indenture, as supplemented by *[Describe applicable Senior Series Supplemental Indenture]*;

(II) the payment entitlements described in sub-subclauses 2.01(a)v(B)(III) and (IV) shall constitute and be treated as interest and principal obligations, as the context requires, arising under a Series of Notes constituting Subordinated Funding Obligations issued by the Financing Entity to the Province on the Determination Date and conferring upon the Province (and any successor, assignee or transferee of such entitlements), all of the rights, entitlements, interests and privileges of a Holder of such a Series of Notes in accordance with the Trust Indenture, as supplemented by *[Describe applicable Subordinated Series Supplemental Indenture]*;

(III) the payment entitlements described in sub-subclauses 2.01(a)v(B)(V) and (VI) shall constitute and be treated as interest and principal obligations, as the context requires, arising under a Series of Notes constituting Junior Subordinated Funding Obligations issued by the Financing Entity to the Province on the Determination Date and conferring upon the Province (and any successor, assignee or transferee of such entitlements), all of the rights, entitlements, interests and privileges of a Holder of such a Series of Notes in accordance with the Trust Indenture, as supplemented by *[Describe applicable Junior Subordinated Series Supplemental Indenture]*;

(IV) and the payment entitlements described in sub-subclause 2.01(a)v(B)(VII) shall constitute and be treated as a payment obligation without any additional rights, entitlements, interests or privileges, other than the right to receive payment in accordance with the applicable payment provisions of the Trust Indenture applicable to Obligations Secured ranking equally with amounts payable on the Obligations Secured having the lowest payment ranking in accordance with the applicable payment provisions of the Trust Indenture; and

(D) no Person entitled under an Obligation Secured that ranks equal with or subordinate to a Final Subrogation Amount shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province in respect of such Final Subrogation Amount and no such Person shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of any such Final Subrogation Amount.

vi. On any Guarantee Payment Date and on the Determination Date, the Indenture Trustee shall release and pay to the Province free and clear of any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay Guarantee Payments to Beneficiary Payees on the Guarantee Payment Date in accordance with clause 2.01(a)iii or that otherwise remains on deposit in the Protection Account on the Determination Date.

vii. In preparing any payment instructions under the Trust Indenture, the Manager shall reflect the amounts payable under Section 2.01(a).

(b) The Province shall, as a payee of Subrogation Amounts under clause 2.01(a)iv(B), as a payee of each Final Subrogation Amount under clause 2.01(a)v and as a payee of any amounts payable under clause 2.01(a)vi, be a "Specified Creditor" under the Trust Indenture and have the benefit of the Collateral thereunder.

(c) For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the Approved Obligation Amounts, if any, for payment to Beneficiary Payees and will be subject to the priorities and to the Province's rights to Subrogation Entitlements, set forth in Section 2.01(a).

(d) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(e) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation by their terms.

(f) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under and in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any amount due and payable to a Beneficiary Payee under the Limited Guarantee.

2.02 Intentionally Deleted.

2.03 <u>Absence of Set-off</u>

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 <u>Payment into Protection Account in Satisfaction</u>

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit

Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account" for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section **[7.03]** of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Financing Entity and the Indenture Trustee shall ensure that all amounts paid by the Province into the Protection Account on a Guarantee Payment Date in respect of an Approved Obligation are applied to pay the amounts due and payable to the Beneficiaries as and to the extent provided for in Section 2.01(a). Upon a payment having been made by or on behalf of the Province into the Protection Account, the amounts so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiaries as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such Beneficiaries in respect of the applicable Approved Obligations, whereupon an affected Beneficiary shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid. For greater certainty, the obligations arising in respect of an applicable Approved Obligation shall not be reduced by such payment as the Province shall become entitled to be paid related Subrogation Entitlements and the rights contemplated under Section 2.01(a) and Section 5.01 in relation to such continuing obligations.

2.05 <u>Certain Waivers</u>

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations in accordance with Section 8.01.

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such

security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

A Primary Obligation shall constitute an Approved Obligation if (i) the Adherence Conditions applicable thereto have been satisfied at the time the Primary Obligation was incurred, or (ii) the Province, in its sole discretion, designates in writing that it is an Approved Obligation.

4.02 Adherence Conditions

(a) The following shall be the Adherence Conditions applicable in relation to each Certified Primary Obligation:

i. the Certified Primary Obligation when incurred is an Obligation Secured under the Trust Indenture; and

ii. OPG, as FSM, delivers an Adherence Compliance Certificate in the form attached hereto as Exhibit B-1 signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee, on or before the incurrence of a Certified Primary

Obligation (provided that delivery may not be more than 5 Business Days before the incurrence of the Certified Primary Obligation);[3] and

iii. the Province has not provided a Suspension Notice to the Indenture Trustee, OPG and the Financing Entity.

(b) The following shall be the Adherence Conditions applicable in relation to each Approved Refinancing:

i. such Approved Refinancing when incurred is an Obligation Secured under the Trust Indenture; and

ii. OPG, as FSM, delivers an Adherence Compliance Certificate in the form attached hereto as Exhibit B-2 signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee and the Province, on or before the incurrence of the Approved Refinancing (provided that delivery may not be more than 5 Business Days before the incurrence of such Approved Refinancing).[4]

(c) For greater certainty, satisfaction of the Adherence Conditions for a Certified Primary Obligation or an Approved Refinancing shall be deemed satisfaction of the Adherence Conditions in respect of all principal, interest and other amounts owing under the Certified Primary Obligation or the Approved Refinancing, as applicable.

(d) Without limiting any obligations of OPG to the Province arising other than pursuant to this Agreement, a Certified Primary Obligation may be amended, restated, supplemented or otherwise modified from time to time.

(e) An Approved Refinancing may not be amended, restated, supplemented or otherwise modified without the consent of the Province.

(f) For greater certainty, there shall be no Adherence Conditions applicable in relation to a Primary Obligation that is not a Certified Primary Obligation or an Approved Refinancing.

4.03 <u>Evidence of Satisfaction</u>

An Adherence Compliance Certificate delivered in accordance with clause 4.02(a)ii or in accordance with clause 4.02(b)ii, as the case may be, shall be determinative as to whether the

[3] Given the importance of this certificate, the form of the Adherence Compliance Certificate is set out in Exhibit B-1 to this Agreement and accordingly this language has been deleted from this para (ii) and is reproduced in the form of certificate attached as Exhibit B-1.

[4] Given the importance of this certificate, the form of the Adherence Compliance Certificate is set out in Exhibit B-2 to this Agreement.

applicable Adherence Conditions with respect thereto have been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same. An Adherence Compliance Certificate that purports on its face to be signed by officers specified in clause 4.02(a)ii or clause 4.02(b)ii, as applicable, may be relied upon by any addressee without further enquiry or evidence as to the incumbency or signatures of such officers. If an Adherence Compliance Certificate is not delivered in accordance with the timing requirements of clause 4.02(a)ii or clause 4.02(b)ii, as applicable, such certificate may be delivered at a later date, and be effective as if it had been delivered in accordance with the timing requirement of clause 4.02(a)ii or clause 4.02(b)ii, as applicable, if at the time such certificate was required to be delivered OPG had delivered to the Province all certifications required by the Province in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation or the Approved Refinancing.

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, including (i) the right and entitlement to be paid and receive the related Subrogation Entitlements, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and

interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including Sections **[7.04]** through **[7.11]** and **[8.13]** (Payment Priorities), Section **[7.12]** (Payments Held in Trust), Section **[8.11]** (Control by Controlling Class Creditors), Section **[8.12]** (Limitation on Suits), Section **[8.14]** (Limited Recourse), Article IX (The Indenture Trustee), including all limitations of liability thereunder, Section **[9.14]** (Communications to Specified Creditors) and Section **[16.01]** (No Petition); (ii) consents, requests and authorizes the Issuer and the Indenture Trustee to (x) add the Province to the register of Specified Creditors described in subsection **[13.13(b)]** of the Trust Indenture and (y) disseminate the notice details of the Province to other Specified Creditors for the purposes set out in subsection **[9.14(b)]** of the Trust Indenture, and (iii) confirms that it will execute and deliver, or cause to be executed and delivered, all such further agreements, documents and instruments in connection with this Section 5.01 as the Indenture Trustee may request from time to time for the purpose of giving effect to the terms of this Section 5.01.

5.02 <u>Priorities</u>

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation shall rank equally with the rights, interests and entitlements of a Beneficiary to whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture in the manner and to the extent contemplated in Section **[7.10]** of the Trust Indenture.

5.03 Intentionally Deleted

5.04 <u>Representations and Warranties</u>

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
INDENTURE TRUSTEE MATTERS

6.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

6.02 Not Responsible for Recitals

The recitals contained herein will be taken as the statements of the Province, the Financing Entity and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

6.03 Representations and Covenants of the Indenture Trustee[5]

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Agreement and has taken all necessary action to authorize the execution, delivery and performance by it of this Agreement;

(c) this Agreement has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada. If, notwithstanding the provisions of this subsection 6.03(d), the Indenture Trustee ceases to be so authorized to carry on business, the validity and enforceability of this Agreement shall not be affected in any manner whatsoever by reason only of such event.

[5] Explanatory Note: Indenture Trustee representations have been conformed to the MTI and are subject to review and sign off by the Indenture Trustee.

ARTICLE VII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

7.01 Suspension Notice

Upon:

(a) a Program Breach;

(b) a default in the performance, or breach, of any covenants of OPG, as FSM, or OPG, in its corporate capacity, in each case to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligation and the expiration of any applicable cure period;

(c) a representation or warranty made by OPG or a certification made by one or more officers of OPG, in each case whether as FSM or in its corporate capacity, to the Province in connection with its obligations to the Province and its internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligations, proves to be incorrect in any material respect on the date made and the expiration of any applicable cure period; or

(d) the FSM no longer being the Manager or actions having been taken by or on behalf of the Indenture Trustee to remove the FSM as the Manager,

the Province may declare that the Limited Guarantee under this Agreement shall not apply to any Primary Obligations incurred on or after such declaration, other than any Approved Refinancing, by delivering a written notice in the form of Exhibit C (a "**Suspension Notice**") to the Indenture Trustee, the FSM and the Financing Entity.[6]

7.02 Suspension

If a Suspension Notice has been provided under Section 7.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of: (i) any Primary Obligation incurred or amended on or after the time such Suspension Notice is delivered, other than any Approved Refinancing.

[6] The paragraph that was deleted from Section 7.01 was modified slightly and moved to the form of the Adherence Compliance Certificate set out in Exhibit B-2 as the Adherence Condition for the Refinancing so that it is clear what conditions have to be satisfied for a Refinancing to be an Approved Obligation. As discussed in our meeting with the principals and in response to the DBRS comments, debt issued on a refinancing of protected debt should continue to be protected debt.

7.03 No Impact on Adherence

For greater certainty, the occurrence of a Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event or in respect of any Approved Refinancing.

ARTICLE VIII
MISCELLANEOUS

8.01 Term of Agreement

This Agreement will continue until the latter of: (a) the date that no amount is or may become due and payable by the Province under the Limited Guarantee and (b) the date that no amount is or may become due and payable to the Province in respect of any Subrogation Entitlement.

8.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: Manager, Corporate Trust
Fax: (416) 981-9777
Email: corporatetrust.toronto@computershare.com

(b) if to the FSM:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

(c) if to the Province:

Minister of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Minister of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

With copies to:

Deputy Minister of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Deputy Minister of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 8.02.

8.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) The rights, entitlements and interests of the Province described under subclause 2.01(a)(v) shall be freely assignable and transferrable without any requirement for notice to or the consent of any of the other parties, subject to any limitations or restrictions as may be prescribed with respect to such an assignment or transfer pursuant to the Trust Indenture.

(c) Any purported assignment of this Agreement in violation of this Section 8.03 shall be null and void.

8.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

8.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

8.07 Notice to Rating Agencies

OPG, as FSM, shall deliver prompt written notice to the Rating Agencies of the occurrence of (i) a Protection Event; (ii) receipt of a Suspension Notice delivered by the Province pursuant to Section 7.01; and (iii) an assignment of this Agreement by any party pursuant to Section 8.03.

8.08 Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their benefits hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

8.09 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, IN ITS CAPACITY AS TRUSTEE OF FAIR HYDRO TRUST, AS ISSUER, BY ONTARIO POWER GENERATION INC., NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration of a funding obligation" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Action**" has the meaning ascribed thereto under the Trust Indenture.

"**Adherence Compliance Certificate**" means a certificate in the form attached hereto as Exhibit B-1 or Exhibit B-2, as applicable, delivered by the FSM in accordance with Section 4.02(a)ii or Section 4.02(b)ii.

"**Adherence Conditions**", means, in respect of a Certified Primary Obligation, the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of a Guarantee Payment Date, the aggregate of the Approved Obligation Amounts for such Guarantee Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, for a Beneficiary in respect of an Approved Obligation under which an amount is due and payable on a Guarantee Payment Date:

(a) if no Acceleration has occurred in respect of any Obligation Secured on or before the Guarantee Payment Date, the amount due and payable to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation (for greater certainty, determined on the assumption that there are adequate amounts available under the applicable payment provisions of the Trust Indenture to pay in full all amounts referred to in such payment provisions that are due and payable on the Guarantee Payment Date); and

(b) if an Acceleration has occurred in respect of any Obligations Secured on or before the Guarantee Payment Date, the amount that would be available to be paid to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation under the applicable payment provisions of the Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with such applicable payment provisions of the Trust Indenture in respect of each relevant month during each Reference Period is equal to the estimated Finance Amount determined in respect of such Reference Period for purposes of section 15(1) of the Act (in effect on the date hereof), including section 6.1 of the General Regulation (in effect on the date hereof), divided by the number of months in such Reference Period.

"**Approved Refinancing**" means a Certified Primary Obligation proposed to be incurred on or after the occurrence of a Suspension Event, as a Refinancing of an existing Certified Primary Obligation in respect of which the Adherence Conditions set forth in Subsection 4.02(a) had been satisfied on the date such existing Certified Primary Obligation was incurred, that, at the time of incurrence, satisfies each of each of the Adherence Conditions set forth in Subsection 4.02(b).

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Beneficiary Payee**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Certified Primary Obligations**" means Primary Obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest, including any Refinancing of such a Primary Obligation (for greater certainty, including, in the case of any Certified Primary Obligation permitting funding transactions pursuant to a Funding Obligation Agreement applicable to the Certified Primary Obligation, each individual borrowing or funding utilization thereunder), (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not any individual trade confirmation other than a trade confirmation that modifies or purports to override the express terms or conditions of the related Master Agreement, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and expected (as determined by the Manager, acting reasonably) aggregate payments by the Financing Entity thereunder during the term of such contract are or would be in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).

"**Change of Law Protection Agreement**" means this Agreement.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of

these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Determination Date**" has the meaning ascribed thereto in clause 2.01(a)v.

"**Eligible Deposit Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Eligible Institution**" has the meaning ascribed thereto in the Trust Indenture.

"**Executive Officer**" has the meaning ascribed to the term "executive officer" in National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators.

"**Final Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(D).

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the first paragraph of this Agreement until a successor Financing Entity Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and the Declaration of Trust, and thereafter "Financing Entity Trustee" means and includes such Person.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Guarantee Payment**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Guarantee Payment Date**" has the meaning ascribed thereto in Section 2.01(a)i.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Issuer Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Issuer Funding Obligation**" has the meaning ascribed thereto in the Trust Indenture.

"**Junior Subordinated Interest Final Subrogation Amount**" has the meaning ascribed thereto in clause 2.01(a)v.

"**Junior Subordinated Principal Final Subrogation Amount**" has the meaning ascribed thereto in clause 2.01(a)v.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Lien**" has the meaning ascribed thereto in the Trust Indenture.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(a).

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity, as amended, supplemented, restated or otherwise modified from time to time.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Agreement**" means an agreement in the form of a Master Agreement as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, as amended, supplemented, restated or otherwise modified from time to time.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, unlimited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account or Finance Reserve Account; and (ii) any obligation to pay the Financing Entity or on the Financing Entity's direction any remaining amounts in the Collection Account pursuant to the Trust Indenture.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event[7], termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

[7] Explanatory Note: Early amortization events may be included in a supplemental indenture, so retaining that concept makes sense.

in each case, that materially and adversely affects (a) the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured, or (b) this Agreement or any of the agreements under which Obligations Secured arise; or

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that materially and adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Obligations Secured that have become due and payable.

[For purposes of determining whether a material and adverse effect has occurred for the foregoing purposes, a public announcement by any Rating Agency that is then rating any Senior Funding Obligation to the effect that, as a result of the circumstances described above by reference to the words "materially and adversely affects" having occurred, such Rating Agency intends to withdraw its rating of such Approved Obligation or intends to reduce its rating of such Approved Obligation by at least two notches, unless a Payment Demand is delivered to the Province in accordance with Subsection 2.01, shall be sufficient evidence to establish the required "materially and adversely" threshold has been reached.] [PROVINCE TO CONFIRM IF SOMETHING LIKE THIS IS USEFUL TO BRIDGE THE MOODY'S GAP, OR WHETHER THIS IS JUST WELCOMING A SLIPPERY SLOPE DISCUSSION]

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency Condition" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Reference Period**" has the meaning ascribed thereto in the Act.

"**Refinancing**"[8] has the meaning ascribed to the term "refinancing" in the Act as of the date hereof, as more particularly described and given meaning in the General Regulation as of the date hereof.[9]

[8] Explanatory Note: This relates to a refinancing of an existing debt obligation; not an undrawn commitment to fund.

"**Residual Final Subrogation Amount**" has the meaning ascribed thereto in clause 2.01(a)v.

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Senior Interest Final Subrogation Amount**" has the meaning ascribed thereto in clause 2.01(a)v.

"**Senior Principal Final Subrogation Amount**" has the meaning ascribed thereto in clause 2.01(a)v.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Subordinated Interest Final Subrogation Amount**" has the meaning ascribed thereto in clause 2.01(a)v.

"**Subordinated Principal Final Subrogation Amount**" has the meaning ascribed thereto in clause 2.01(a)v.

"**Subrogation Entitlement**" means each Subrogation Amount and each Final Subrogation Amount.

"**Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(B).

"**Supplemental Indenture**" has the meaning ascribed in the Trust Indenture.

"**Supplemental Reserve Account**" has the meaning ascribed in the Trust Indenture.

"**Suspension Event**" has the meaning ascribed thereto in Section 7.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 7.01.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

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[9] Explanatory Note: The General Regulation provides that debt can be considered a "Refinancing" when incurred within the 6 months prior to the maturity date of a funding obligation. The Act/Regulation's definition doesn't require that "Refinancings" be simultaneous with the repayment of existing Approved Obligations. We have added a certificate mechanic in 7.01 by which there can be certainty when an obligation is incurred that if the obligation is intended to be a refinancing, it will be covered by the guarantee.

EXHIBIT A
FORM OF PAYMENT DEMAND

TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Pursuant to and in accordance with section 2.01(a) of the Change of the Law Protection Agreement, the Indenture Trustee hereby demands payment from the Province in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in the Change of Law Protection Agreement.

DATED as of the [■] day of [■], [■].

BNY TRUST COMPANY OF CANADA

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT B-1
FORM OF ADHERENCE COMPLIANCE CERTIFICATE UNDER SECTION 4.02(a)

TO: **BNY TRUST COMPANY OF CANADA**, in its capacity as Indenture Trustee (the "**Indenture Trustee**") under the Master Trust Indenture dated as of December ●, 2017 between Fair Hydro Trust and the Indenture Trustee (the "**Master Trust Indenture**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province of Ontario, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust, Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Each of the undersigned, being the ● and ● of OPG acting in its capacity as FSM and holding the offices set forth under their names and signatures below, pursuant to and accordance with clause 4.02(a)ii of the Change of Law Protection Agreement, hereby certifies for and on behalf of OPG, in its capacity as Financial Services Manager, and not in such officer's personal capacity and intending that this certificate may be relied on by the addressees hereof without independent inquiry, that:

1. I have read and understand the provisions of the Change of Law Protection Agreement, the Master Trust Indenture and all other documents and materials necessary to enable me to deliver this certificate.
2. If the Certified Primary Obligation is a Refinancing, the proceeds of the Refinancing will be used solely for the purpose of repaying one or more Certified Primary Obligations in respect of which the Adherence Conditions in Subsection 4.02(a) of the Change of Law Protection Agreement had been satisfied, including one or more other Refinancings in respect of which the Adherence Conditions in Subsection 4.02(a) of the Change of Law Protection Agreement had been satisfied.

3. OPG has delivered to the Province a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate was provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation.

DATED as of the [■] day of [■], [■].

Name: [10]	Name:
Office:	Office:

[10] This certificate must be signed by two officers of OPG being either (i) the Chief Financial Officer and the Treasurer, or (ii) any two Executive Officers (as defined in the Change of Law Protection Agreement) of OPG.

EXHIBIT B-2
FORM OF ADHERENCE COMPLIANCE CERTIFICATE UNDER SECTION 4.02(b)

TO: **BNY TRUST COMPANY OF CANADA**, in its capacity as Indenture Trustee (the "**Indenture Trustee**") under the Master Trust Indenture dated as of December ●, 2017 between Fair Hydro Trust and the Indenture Trustee (the "**Master Trust Indenture**")

AND TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust, Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Each of the undersigned, being the ● and ● of OPG acting in its capacity as FSM and holding the offices set forth under their names and signatures below, pursuant to and accordance with clause 4.02(b)ii of the Change of Law Protection Agreement, hereby certifies for and on behalf of OPG, in its capacity as Financial Services Manager, and not in such officer's personal capacity and intending that this certificate may be relied on by the addressees hereof without independent inquiry, that:

1. I have read and understand the provisions of the Change of Law Protection Agreement, the Master Trust Indenture and all other documents and materials necessary to enable me to deliver this certificate.
2. The proceeds of the Approved Refinancing will be used solely for the purpose of repaying one or more Certified Primary Obligations (including any Refinancing) in respect of which the Adherence Conditions in Subsection 4.02(a) of the Change of Law Protection Agreement had been satisfied, or one or more Approved Refinancings in respect of which the Adherence Conditions in Subsection 4.02(b) of the Change of Law Protection Agreement had been satisfied.
3. OPG has delivered to the Province a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate was provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) confirming that OPG would be in compliance with all obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the proposed Certified Primary Obligation that applied as between the Province and OPG on the date of issuance of the Certified Primary Obligation subject to repayment using the proceeds of the Approved Refinancing.

DATED as of the [■] day of [■], [■].

Name: [11]	Name:
Office:	Office:

[11] This certificate must be signed by two officers of OPG being either (i) the Chief Financial Officer and the Treasurer, or (ii) any two Executive Officers (as defined in the Change of Law Protection Agreement) of OPG.

EXHIBIT C
SUSPENSION NOTICE

TO: Ontario Power Generation Inc., in its capacity as Financial Services Manager

AND TO: Fair Hydro Trust

AND TO: Computershare Trust Company of Canada, in its capacity as trustee of Fair Hydro Trust

AND TO: BNY Trust Company of Canada, as Indenture Trustee

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement. All references in this Suspension Notice to "Articles" or "Sections" refer to Articles or Sections of the Change of Law Protection Agreement.

The Province has a reasonable basis for concluding that an event described in clauses (a) to (d) of Section 7.01 has occurred. Pursuant to Section 7.01, the Province hereby declares that the Limited Guarantee shall not apply in respect of any Primary Obligation incurred or amended on or after the delivery of this Suspension Notice, other than an Approved Refinancing in respect of which the Adherence Conditions set forth in Subsection 4.02(b) have been satisfied.

The Limited Guarantee shall hereby not apply in respect of (i) any Primary Obligation incurred or (ii) any amendment of any Primary Obligation that results in an increase to the principal amount of such Primary Obligation, in each case, on or after delivery of this Suspension Notice, other than any Approved Refinancing in respect of which the Adherence Conditions set forth in Subsection 4.02(b) have been satisfied.

This Suspension Notice is hereby delivered to the FSM, the Financing Entity and the Indenture Trustee in accordance with Section 8.02 of the Change of Law Protection Agreement.

* * * *

DATED as of the [■] day of [■], [■].

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE[1]

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

[1] ~~Explanatory Note: Logistics of closing are under consideration by the Province.~~

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust organized under the laws of the Province of Ontario (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council 1981/2017 (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Primary Obligations that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred. This Agreement sets out the terms and conditions of such protections and assurances.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the

designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 Proof of Approved Obligations

The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Manager deems to be sufficient.

Each statement delivered by the Manager under Section 2.01(a)i shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and each of the ~~Province~~parties hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Manager ~~agrees to~~shall act diligently in the preparation of each such statement and shall provide the Indenture Trustee and the Province with ~~the~~all supporting computations and calculations used by the Manager to prepare each such statement promptly following a request therefor~~.~~[2] made by the Indenture Trustee or the Province.[1]

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected

~~[2] This language was reinserted as the guarantee statements required to be delivered by the Manager should be binding on the Province~~[1] Note to Province: The Manager (as distinct from the FSM) may be replaced in certain cases by bondholders. In that case, the Manager would be a third party other than OPG, and this provision will compel the Province to accept the calculations of that third party, absent a "manifest error". Province to advise if this is acceptable in the circumstances (assuming the changes reflected by Blakes).

and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture as of the date of this Agreement.

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 2.01 or Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee, the Financing Entity, the Financing Entity Trustee, the Manager or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

~~Unless otherwise provided for under the terms of any Approved Obligation, whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.~~Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day; provided, however, that if under the terms of an Approved Obligation an amount is stated to be due, a period of time would begin or end, a calculation is to be made or any other action to be taken thereunder shall be stated to be required to be taken, on a day other than a Business Day, any amount payable hereunder that is to be determined by reference to such Approved Obligation shall be determined by reference to such terms.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No

waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in

accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee may deliver a written demand, substantially in the form attached as Exhibit A (a "**Payment Demand**"), to the Province requiring the Province to make payments in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in this Agreement. From and after such delivery of a Payment Demand, the Province shall make the following payments in respect of the Approved Obligations (the "**Limited Guarantee**"), and the Financing Entity shall pay, and the Province shall be entitled to be paid, the Subrogation Entitlements specified below:

i. Not less than 3 Business Days prior to each day when any payment or payments are to be made in respect of one or more Approved Obligations occurring after such delivery of a Payment Demand (each such day, a "**Guarantee Payment Date**"), the Manager shall deliver a written statement setting forth the Aggregate Approved Obligations Amount, if any, in respect of the Approved Obligations that are due and payable on such Guarantee Payment Date, together with a detailed description identifying such

Approved Obligations and the nature and amount of payments due and payable thereunder on the Guarantee Payment Date, the aggregate outstanding amount payable by the Financing Entity under such Approved Obligations as of the date of such written statement, and details regarding any default in performance by any party obligated thereunder.

ii. On each such Guarantee Payment Date, the Province shall deposit the Aggregate Approved Obligations Amount into the Protection Account.

iii. On each such Guarantee Payment Date, the Financing Entity and the Indenture Trustee shall ensure that the amounts on deposit in the Protection Account are applied to pay each Beneficiary to whom an amount is due and payable under an Approved Obligation on the Guarantee Payment Date the Approved Obligation Amount for such Beneficiary in respect of such Approved Obligation on such Guarantee Payment Date; provided that if the amount deposited pursuant to clause 2.01(a)ii is insufficient to pay all such Approved Obligation Amounts in full, the amount on deposit in the Protection Account on the Guarantee Payment Date shall be applied to pay Beneficiaries in the order of priority in which such Approved Obligations are payable under the payment provisions of the Trust Indenture applicable to the making of such payments on the Guarantee Payment Date (each, a "**Beneficiary Payee**" and each payment made to a Beneficiary Payee on a Guarantee Payment Date, a "**Guarantee Payment**").

iv. On any Guarantee Payment Date on which an amount is paid by the Province pursuant to clause 2.01(a)ii, the applicable payment provisions of the Trust Indenture shall, notwithstanding ~~the~~any express terms of such provisions set forth in the Trust Indenture to the contrary, be applied and operate on the following basis:

(A) the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available under such payment provisions on such Guarantee Payment Date shall be reduced by the amount of the Guarantee Payment paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on such Guarantee Payment Date;

(B) the Province shall be paid the amount payable to a Beneficiary Payee in respect of an Approved

Obligation from amounts available to pay the Beneficiary Payee under such payment provisions on the Guarantee Payment Date, determined without regard to the Guarantee Payment paid on such Guarantee Payment Date and the corresponding reduction of the amount owing to the Beneficiary Payee pursuant to subclause 2.01(a)iv(A) (each such amount payable to the Province being a "**Subrogation Amount**"); and

(C) no Beneficiary having a right to be paid an amount in respect of an Approved Obligation, and no other Person entitled under an Obligation Secured, in each case that ranks equal with or subordinate to an Approved Obligation in respect of which a Subrogation Amount is payable to the Province under subclause 2.01(a)iv(B), shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under such subclause (including any right of set-off, offset, reimbursement, contribution or indemnity) and no such Beneficiary or other Person shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of any such Subrogation Amount;.

v. (D) onOn the first day when anyon which a payment or payments areis required to be made in respect of any Obligations Secured that occurs after the date on which all amounts payable under all Approved Obligations have been paid in full, (whether pursuant to Guarantee Payments or, payments made pursuant to the payment provisions of the Trust Indenture or any combination thereof, the Province shall be entitled to be paid from amounts available to pay Obligations Secured on such day (and thereafter on each subsequent day when any payment or payments are to be made in respect of Obligations Secured, until paid in full), in each case in accordance with, any combination thereof or otherwise) (the "**Determination Date**"), the applicable payment provisions of the Trust Indenture on such day, the following amounts, in each case in the priorities specified below:shall, notwithstanding any express terms of such provisions set forth in the Trust Indenture to the contrary, be applied and operate on the following basis:

(A) the Manager shall calculate each of the following amounts as of and by reference to the Determination Date:

(I) ~~as an amount ranking equally with principal amounts of Senior Funding Obligations,~~ the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including ~~such day~~the Determination Date in respect of Approved Obligations ~~ranking~~that at the time of payment ranked equally with or prior to ~~principal~~interest amounts ~~of~~payable on Senior Funding Obligations~~, plus (y) the sum of amounts determined in respect of~~ in accordance with the applicable payment provisions of the Trust Indenture at such time, plus (y) an amount determined to reflect interest accruing on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount ~~is~~was paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture[2] and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of all Subrogation Amounts paid to the Province up to and including such day (such amount, the "**Senior Interest Final Subrogation Amount**");

(II) ~~as an amount ranking equally with principal amounts of Subordinated Funding Obligations,~~ the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including ~~such day~~the Determination Date in respect of Approved Obligations ~~ranking~~that at the time of payment ranked equally with or prior to principal amounts ~~of Subordinated~~payable

[2] Methodology to be confirmed.

on Senior Funding Obligations~~, plus (y) the sum of amounts determined in respect of~~ in accordance with the applicable payment provisions of the Trust Indenture at such time, plus (y) an amount determined to reflect interest accruing on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount ~~is~~was paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of (x) all Subrogation Amounts paid to the Province up to and including such day, plus (y) the amount determined under (I), above (such amount, the "~~**Subordinated Final Subrogation Amount**~~"); and**Senior Principal Final Subrogation Amount**");

(III) the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including the Determination Date in respect of Approved Obligations that at the time of payment ranked equally with or prior to interest amounts payable on Subordinate Funding Obligations in accordance with the applicable payment provisions of the Trust Indenture at such time, plus (y) an amount determined to reflect interest accruing on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount was paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of (x) all Subrogation Amounts paid

to the Province up to and including such day, plus (y) the sum of the amounts determined under (I) and (II), above (such amount, the "**Subordinated Interest Final Subrogation Amount**");

(IV) the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including the Determination Date in respect of Approved Obligations that at the time of payment ranked equally with or prior to principal amounts payable on Subordinated Funding Obligations in accordance with the applicable payment provisions of the Trust Indenture at such time, plus (y) an amount determined to reflect interest accruing on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount is paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of (x) all Subrogation Amounts paid to the Province up to and including such day, plus (y) the sum of the amounts determined under (I), (II) and (III) (such amount, the "**Subordinated Principal Final Subrogation Amount**");

(V) the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including the Determination Date in respect of Approved Obligations that at the time of payment ranked equally with or prior to interest amounts payable on Junior Subordinated Funding Obligations in accordance with the applicable payment provisions of the Trust Indenture at such time, plus (y) an amount determined to reflect interest accruing on each such

Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount was paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of (x) all Subrogation Amounts paid to the Province up to and including such day, plus (y) the sum of the amounts determined under (I), (II), (III) and (IV), above (such amount, the "**Junior Subordinated Interest Final Subrogation Amount**");

(VI) the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including the Determination Date in respect of Approved Obligations that at the time of payment ranked equally with or prior to principal amounts payable on Junior Subordinated Funding Obligations in accordance with the applicable payment provisions of the Trust Indenture at such time, plus (y) an amount determined to reflect interest accruing on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount is paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of (x) all Subrogation Amounts paid to the Province up to and including such day, plus (y) the sum of the amounts determined under (I), (II), (III), (IV) and (V) (such amount, the "**Junior Subordinated**

Principal Final Subrogation Amount"); and

(VII) ~~(III) as an amount ranking equally with principal amounts of Junior Subordinated Obligations,~~ the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including ~~such day~~the Determination Date in respect of Approved Obligations ~~ranking equally with or prior to principal amounts of Junior Subordinated Funding Obligations, plus (y) the sum of amounts~~, plus (y) an amount determined ~~in respect of~~to reflect interest accruing on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount is paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of (x) all Subrogation Amounts paid to the Province up to and including such day, plus (y) the sum of the amounts determined under (I) ~~plus (z) the sum of the amounts determined under (II~~, (II), (III), (IV), (V) and (VI) (such amount, the "~~**Junior Subordinated**~~**Residual Final Subrogation Amount**" and, together with the Senior ~~Final Subrogation Amount and the Subordinated~~Interest Final Subrogation Amount, the Senior Principal Final Subrogation Amount, the Subordinated Interest Final Subrogation Amount, the Subordinated Principal Final Subrogation Amount, the Junior Subordinated Interest Final Subrogation Amount, the Junior Subordinated Principal Final Subrogation

Amount, collectively, the "**Final Subrogation Amounts**")[3]);

(B) as of the Determination Date, the Province shall be entitled to be paid by the Financing Entity, and the Financing Entity shall be obligated to pay the Province in accordance with the applicable payment provisions of the Trust Indenture, the following amounts in the priorities set forth below:

(I) as an amount ranking equally with interest amounts payable on Senior Funding Obligations in accordance with the applicable payment provisions of the Trust Indenture, the Senior Interest Final Subrogation Amount;

(II) as an amount ranking equally with principal amounts payable on Senior Funding Obligations in accordance with the applicable payment provisions of the Trust Indenture, the Senior Principal Final Subrogation Amount;

(III) as an amount ranking equally with interest amounts payable on Subordinated Funding Obligations in accordance with the applicable payment provisions of the Trust Indenture, the Subordinated Interest Final Subrogation Amount;

(IV) as an amount ranking equally with principal amounts payable on Subordinated Funding Obligations in accordance with the applicable payment provisions of the Trust Indenture, the Subordinated Principal Final Subrogation Amount;

(V) as an amount ranking equally with interest amounts payable on Junior Subordinated Funding Obligations in accordance with the applicable payment provisions of the Trust

[3] ~~Separate definitions were included to facilitate inserting these amounts into Trust Indenture priority of payment provisions.~~

Indenture, the Junior Subordinated Interest Final Subrogation Amount;

(VI) as an amount ranking equally with principal amounts payable on Junior Subordinated Funding Obligations in accordance with the applicable payment provisions of the Trust Indenture, the Junior Subordinated Principal Final Subrogation Amount; and

(VII) as an amount ranking equally with amounts payable on the Obligations Secured having the lowest payment ranking in accordance with the applicable payment provisions of the Trust Indenture, the Residual Final Subrogation Amount;

(C) the payment entitlements of the Province described in subclause 2.01(a)v(B) shall, on and after the Determination Date, be treated for all purposes of the Trust Indenture as follows:

(I) the payment entitlements described in sub-subclauses 2.01(a)v(B)(I) and (II) shall constitute and be treated as interest and principal obligations, as the context requires, arising under a Series of Notes constituting Senior Funding Obligations issued by the Financing Entity to the Province on the Determination Date and conferring upon the Province (and any successor, assignee or transferee of such entitlements), all of the rights, entitlements, interests and privileges of a Holder of such a Series of Notes in accordance with the Trust Indenture, as supplemented by *[Describe applicable Senior Series Supplemental Indenture]*;

(II) the payment entitlements described in sub-subclauses 2.01(a)v(B)(III) and (IV) shall constitute and be treated as interest and principal obligations, as the context requires, arising under a Series of Notes constituting Subordinated Funding Obligations issued by the Financing Entity to

the Province on the Determination Date and conferring upon the Province (and any successor, assignee or transferee of such entitlements), all of the rights, entitlements, interests and privileges of a Holder of such a Series of Notes in accordance with the Trust Indenture, as supplemented by *[Describe applicable Subordinated Series Supplemental Indenture]*;

(III) the payment entitlements described in sub-subclauses 2.01(a)v(B)(V) and (VI) shall constitute and be treated as interest and principal obligations, as the context requires, arising under a Series of Notes constituting Junior Subordinated Funding Obligations issued by the Financing Entity to the Province on the Determination Date and conferring upon the Province (and any successor, assignee or transferee of such entitlements), all of the rights, entitlements, interests and privileges of a Holder of such a Series of Notes in accordance with the Trust Indenture, as supplemented by *[Describe applicable Junior Subordinated Series Supplemental Indenture]*;

(IV) and the payment entitlements described in sub-subclause 2.01(a)v(B)(VII) shall constitute and be treated as a payment obligation without any additional rights, entitlements, interests or privileges, other than the right to receive payment in accordance with the applicable payment provisions of the Trust Indenture applicable to Obligations Secured ranking equally with amounts payable on the Obligations Secured having the lowest payment ranking in accordance with the applicable payment provisions of the Trust Indenture; and

(D) ~~(E)~~ no Person entitled under an Obligation Secured that ranks equal with or subordinate to a Final Subrogation Amount shall be entitled to make any claim or assert any right in or to the amounts paid or

payable to the Province in respect of such Final Subrogation Amount and no such Person shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of any such Final Subrogation Amount.

vi. ~~v.~~ On any Guarantee Payment Date and on the Determination Date, the Indenture Trustee shall release and pay to the Province free and clear of any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay Guarantee Payments to Beneficiary Payees on the Guarantee Payment Date in accordance with clause 2.01(a)iii or that otherwise remains on deposit in the Protection Account on the Determination Date.

vii. ~~vi.~~ In preparing any payment instructions under the Trust Indenture, the Manager shall reflect the amounts payable under Section 2.01(a).

(b) The Province shall, as a payee of Subrogation Amounts under clause 2.01(a)iv(B), as a payee of each Final Subrogation Amount under clause 2.01(a)~~(iv)(D)~~v and as a payee of any amounts payable under clause 2.01(a)vi, be a "Specified Creditor" under the Trust Indenture and have the benefit of the Collateral thereunder.

(c) For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the Approved Obligation Amounts, if any, for payment to Beneficiary Payees and will be subject to the priorities and to the Province's rights to Subrogation Entitlements, set forth in Section 2.01(a).

(d) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(e) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation by their terms.

(f) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under and in

accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any amount due and payable to a Beneficiary Payee under the Limited Guarantee.

2.02 Intentionally Deleted.

2.03 Absence of Set-off

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 Payment into Protection Account in Satisfaction

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account" for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section **[7.03]** of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Financing Entity and the Indenture Trustee shall ensure that all amounts paid by the Province into the Protection Account on a Guarantee Payment Date in respect of an Approved Obligation are applied to pay the amounts due and payable to the Beneficiaries as and to the extent provided for in Section 2.01(a). Upon a payment having been made by or on behalf of the Province into the Protection Account, the amounts so paid shall for all purposes be considered to have been applied to pay

the applicable Beneficiaries as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such Beneficiaries in respect of the applicable Approved Obligations, whereupon an affected Beneficiary shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid. For greater certainty, the obligations arising in respect of an applicable Approved Obligation shall not be reduced by such payment as the Province shall become entitled to be paid related Subrogation Entitlements and the rights contemplated under Section 2.01(a) and Section 5.01 in relation to such continuing obligations.

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer

or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations in accordance with Section 8.01.

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

A Primary Obligation shall constitute an Approved Obligation if (i) the Adherence Conditions applicable thereto have been satisfied at the time the Primary Obligation was incurred, or (ii) the Province, in its sole discretion, designates in writing that it is an Approved Obligation.

4.02 Adherence Conditions

(a) The following shall be the Adherence Conditions applicable in relation to each Certified Primary Obligation:

i. the Certified Primary Obligation when incurred is an Obligation Secured under the Trust Indenture; and

ii. OPG, as FSM, delivers an Adherence Compliance Certificate in the form attached hereto as Exhibit B-1 signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee, on or before the incurrence of a Certified Primary Obligation (provided that delivery may not be more than 5 Business Days before the incurrence of the Certified Primary Obligation);[43] and

iii. the Province has not provided a Suspension Notice to the Indenture Trustee, OPG and the Financing Entity.

(b) The following shall be the Adherence Conditions applicable in relation to each Approved Refinancing:

i. such Approved Refinancing when incurred is an Obligation Secured under the Trust Indenture; and

[43] Given the importance of this certificate, the form of the Adherence Compliance Certificate is set out in Exhibit B-1 to this Agreement and accordingly this language has been deleted from this para (ii) and is reproduced in the form of certificate attached as Exhibit B-1.

ii. OPG, as FSM, delivers an Adherence Compliance Certificate in the form attached hereto as Exhibit B-2 signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee and the Province, on or before the incurrence of the Approved Refinancing (provided that delivery may not be more than 5 Business Days before the incurrence of such Approved Refinancing).[54]

(c) For greater certainty, (y) satisfaction of the Adherence Conditions for a Certified Primary Obligation or aan Approved Refinancing shall be deemed satisfaction of the Adherence Conditions in respect of all principal, interest and other amounts owing under the Certified Primary Obligation or the Approved Refinancing, as applicable, as such Certified Primary Obligation or Refinancing may be amended, restated, supplemented or otherwise modified from time to time, and (z) there shall be no Adherence Conditions applicable in relation to a Primary Obligation that is not a Certified Primary Obligation or a Refinancing.

(d) Without limiting any obligations of OPG to the Province arising other than pursuant to this Agreement, a Certified Primary Obligation may be amended, restated, supplemented or otherwise modified from time to time.

(e) An Approved Refinancing may not be amended, restated, supplemented or otherwise modified without the consent of the Province.

(f) For greater certainty, there shall be no Adherence Conditions applicable in relation to a Primary Obligation that is not a Certified Primary Obligation or an Approved Refinancing.

4.03 Evidence of Satisfaction

An Adherence Compliance Certificate delivered in accordance with Sectionclause 4.02(a)ii or in accordance with Sectionclause 4.02(b)ii, as the case may be, shall be determinative as to whether the applicable Adherence Conditions with respect thereto have been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same. An Adherence Compliance Certificate that purports on its face to be signed by officers specified in Sectionclause 4.02(a)ii or Sectionclause 4.02(b)ii, as applicable, may be relied upon by any addressee without further enquiry or evidence as to the incumbency or signatures of such officers. If an Adherence Compliance Certificate is not

[54] Given the importance of this certificate, the form of the Adherence Compliance Certificate is set out in Exhibit B-2 to this Agreement.

delivered in accordance with the timing requirements of ~~Section~~clause 4.02(a)ii or ~~Section~~clause 4.02(b)ii, as applicable, such certificate may be delivered at a later date, and be effective as if it had been delivered in accordance with the timing requirement of ~~Section~~clause 4.02(a)ii or ~~Section~~clause 4.02(b)ii, as applicable, if at the time such certificate was required to be delivered OPG had delivered to the Province all certifications required by the Province in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation or the Approved Refinancing.

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, including (i) the right and entitlement to be paid and receive the related Subrogation Entitlements, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved

Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including Sections **[7.04]** through **[7.11]** and **[8.13]** (Payment Priorities), Section **[7.12]** (Payments Held in Trust), Section **[8.11]** (Control by Controlling Class Creditors), Section **[8.12]** (Limitation on Suits), Section **[8.14]** (Limited Recourse), Article IX (The Indenture Trustee), including all limitations of liability thereunder, Section **[9.14]** (Communications to Specified Creditors) and Section **[16.01]** (No Petition); (ii) consents, requests and authorizes the Issuer and the Indenture Trustee to (x) add the Province to the register of Specified Creditors described in subsection **[13.13(b)]** of the Trust Indenture and (y) disseminate the notice details of the Province to other Specified Creditors for the purposes set out in subsection **[9.14(b)]** of the Trust Indenture, and (iii) confirms that it will execute and deliver, or cause to be executed and delivered, all such further agreements, documents and instruments in connection with this Section 5.01 as the Indenture Trustee may request from time to time for the purpose of giving effect to the terms of this Section 5.01.

5.02 Priorities

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation shall rank equally with the rights, interests and entitlements of a Beneficiary to whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture in the manner and to the extent contemplated in Section **[7.10]** of the Trust Indenture.

5.03 Intentionally Deleted

5.04 Representations and Warranties

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
INDENTURE TRUSTEE MATTERS

6.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

6.02 Not Responsible for Recitals

The recitals contained herein will be taken as the statements of the Province, the Financing Entity and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

6.03 Representations and Covenants of the Indenture Trustee[65]

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Agreement and has taken all necessary action to authorize the execution, delivery and performance by it of this Agreement;

(c) this Agreement has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada. If, notwithstanding the provisions of this subsection 6.03(d), the Indenture Trustee ceases to be so authorized to carry on business, the validity and enforceability of this Agreement shall not be affected in any manner whatsoever by reason only of such event.

[65] Explanatory Note: Indenture Trustee representations have been conformed to the MTI and are subject to review and sign off by the Indenture Trustee.

ARTICLE VII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

7.01 Suspension Notice

Upon:

(a) a Program Breach;

(b) a default in the performance, or breach, of any covenants of OPG, as FSM, or OPG, in its corporate capacity, in each case to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to ~~the~~or in respect of any Certified Primary ~~Obligations~~Obligation and the expiration of any applicable cure period;

(c) a representation or warranty made by OPG or a certification made by one or more officers of OPG, in each case whether as FSM or in its corporate capacity, to the Province in connection with its obligations to the Province ~~pursuant to~~and its internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to ~~the~~or in respect of any Certified Primary Obligations, proves to be incorrect in any material respect on the date made and~~, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation~~ the expiration of any applicable cure period; or

(d) the FSM no longer being the Manager or actions having been taken by or on behalf of the Indenture Trustee to remove the FSM as the Manager,

the Province may declare that the Limited Guarantee under this Agreement shall not apply to any Primary Obligations incurred on or after such declaration, other than any Approved Refinancing~~ of an Approved Obligation in respect of which the Adherence Conditions had previously been satisfied or if such Refinancing is otherwise an Approved Obligation~~, by delivering a written notice in the form of Exhibit C (a "**Suspension Notice**") to the Indenture Trustee, the FSM and the Financing Entity.[~~7~~6]

7.02 Suspension

If a Suspension Notice has been provided under Section 7.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of: (i) any Primary Obligation incurred or ~~(ii) any amendment of any Primary Obligation that results in an increase to the principal amount of such Primary Obligation, in each case,~~amended on or after the

[~~7~~6] The paragraph that was deleted from Section 7.01 was modified slightly and moved to the form of the Adherence Compliance Certificate set out in Exhibit B-2 as the Adherence Condition for the Refinancing so that it is clear what conditions have to be satisfied for a Refinancing to be an Approved Obligation. As discussed in our meeting with the principals and in response to the DBRS comments, debt issued on a refinancing of protected debt should continue to be protected debt.

time such Suspension Notice is delivered, other than any Approved Refinancing ~~of an Approved Obligation in respect of which the Adherence Conditions had previously been satisfied or if such Refinancing is otherwise an Approved Obligation~~.

7.03 No Impact on Adherence

For greater certainty, the occurrence of a Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event or in respect of any Approved Refinancing ~~of an Approved Obligation in respect of which the Adherence Conditions had previously been satisfied or if such Refinancing is otherwise an Approved Obligation~~.

ARTICLE VIII
MISCELLANEOUS

8.01 Term of Agreement

This Agreement will continue until the latter of: (a) the date that no amount is or may become due and payable by the Province under the Limited Guarantee and (b) the date that no amount is or may become due and payable to the Province in respect of any Subrogation Entitlement.

8.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust

700 University Avenue

Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: Manager, Corporate Trust
Fax: (416) 981-9777
Email: corporatetrust.toronto@computershare.com

(b) if to the FSM:

Ontario Power Generation Inc.

700 University Avenue

Toronto, Ontario M5G 1X6

Attention: General Counsel
Fax: (416) 592-4189

(c) if to the Province:

~~Ministry~~Minister of Finance

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

and

~~Ministry~~Minister of Energy

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

With copies to:

Deputy Minister of Finance

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

and

Deputy Minister of Energy

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 8.02.

8.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) The rights, entitlements and interests of the Province described under subclause 2.01(a)(v) shall be freely assignable and transferrable without any requirement for notice to or the consent of any of the other parties, subject to any limitations or restrictions as may be prescribed with respect to such an assignment or transfer pursuant to the Trust Indenture.

(c) ~~(b)~~ Any purported assignment of this Agreement in violation of this Section 8.03 shall be null and void.

8.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

8.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

8.07 Notice to Rating Agencies

OPG, as FSM, shall deliver prompt written notice to the Rating Agencies of the occurrence of (i) a Protection Event; (ii) receipt of a Suspension Notice delivered by the Province pursuant to Section 7.01; and (iii) an assignment of this Agreement by any party pursuant to Section 8.03.

8.08 Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their benefits hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

8.09 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, IN ITS CAPACITY AS TRUSTEE OF FAIR HYDRO TRUST, AS ISSUER, BY ONTARIO POWER GENERATION INC., NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration of a funding obligation" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Action**" has the meaning ascribed thereto under the Trust Indenture.

"**Adherence Compliance Certificate**" means a certificate in the form attached hereto as Exhibit B-1 or Exhibit B-2, as applicable, delivered by the FSM in accordance with Section 4.02(a)ii or Section 4.02(b)ii.

"**Adherence Conditions**", means, in respect of a Certified Primary Obligation, the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of a Guarantee Payment Date, the aggregate of the Approved Obligation Amounts for such Guarantee Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, for a Beneficiary in respect of an Approved Obligation under which an amount is due and payable on a Guarantee Payment Date:

(a) if no Acceleration has occurred in respect of any Obligation Secured on or before the Guarantee Payment Date, the amount due and payable to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation (for greater certainty, determined on the assumption that there are adequate amounts available under the applicable payment provisions of the Trust Indenture to pay in full all amounts referred to in such payment provisions that are due and payable on the Guarantee Payment Date); and

(b) if an Acceleration has occurred in respect of any Obligations Secured on or before the Guarantee Payment Date, the amount that would be available to be paid to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation under the applicable payment provisions of the Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with such applicable payment provisions of the Trust Indenture in respect of each relevant month during each Reference Period is equal to the estimated Finance Amount determined in respect of such Reference Period for purposes of section 15(1) of the Act (in effect on the date hereof), including section 6.1 of the General Regulation (in effect on the date hereof), divided by the number of months in such Reference Period.

"**Approved Refinancing**" means a Certified Primary Obligation proposed to be incurred on or after the occurrence of a Suspension Event, as a Refinancing of an existing Certified Primary Obligation in respect of which the Adherence Conditions set forth in Subsection 4.02(a) had been satisfied on the date such existing Certified Primary Obligation was incurred, that, at the time of incurrence, satisfies each of each of the Adherence Conditions set forth in Subsection 4.02(b).

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Beneficiary Payee**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Certified Primary Obligations**" means Primary Obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest, ~~in which~~including any Refinancing of such a Primary Obligation (for greater certainty, including, in the case ~~the~~of any Certified Primary Obligation ~~therefor shall be the~~permitting funding transactions pursuant to a Funding Obligation Agreement applicable to ~~such Funding~~the Certified Primary Obligation~~ and not~~, each individual borrowing or funding utilization thereunder), (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not ~~each~~any individual trade confirmation other than a trade confirmation that modifies or purports to override the express terms or conditions of the related Master Agreement, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and expected (as determined by the Manager, acting reasonably) aggregate ~~minimum~~ payments by the Financing Entity thereunder during the term of such contract ~~is~~are or would be in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above)~~; provided that "**Certified Primary Obligations**" shall not include any Refinancing~~.

"**Change of Law Protection Agreement**" means this Agreement.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Determination Date**" has the meaning ascribed thereto in clause 2.01(a)v.

"**Eligible Deposit Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Eligible Institution**" has the meaning ascribed thereto in the Trust Indenture.

"**Executive Officer**" has the meaning ascribed to the term "executive officer" in National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators.

"**Final Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(D).

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the first paragraph of this Agreement until a successor Financing Entity Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and the Declaration of Trust, and thereafter "Financing Entity Trustee" means and includes such Person.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Guarantee Payment**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Guarantee Payment Date**" has the meaning ascribed thereto in Section 2.01(a)i.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Issuer Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Issuer Funding Obligation**" has the meaning ascribed thereto in the Trust Indenture.

"**Junior Subordinated Interest Final Subrogation Amount**" has the meaning ascribed thereto in ~~subclause 2.01(a)iv(D).~~ clause 2.01(a)v.

"**Junior Subordinated Principal Final Subrogation Amount**" has the meaning ascribed thereto in clause 2.01(a)v.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Lien**" has the meaning ascribed thereto in the Trust Indenture.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(a).

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity, as amended, supplemented, restated or otherwise modified from time to time.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Agreement**" means an agreement in the form of a Master Agreement as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, as amended, supplemented, restated or otherwise modified from time to time.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, unlimited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account or Finance Reserve Account; and (ii) any obligation to pay the Financing Entity or on the Financing Entity's direction any remaining amounts in the Collection Account pursuant to the Trust Indenture.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event[87], termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

[87] Explanatory Note: Early amortization events may be included in a supplemental indenture, so retaining that concept makes sense.

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that materially and adversely affects (a) the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured, or (b) this Agreement or any of the agreements under which Obligations Secured arise; or

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that materially and adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Obligations Secured that have become due and payable.

~~For clarity, for purposes of the definition of "Protection Event", the occurrence of an event described in any of clauses (i) to (v) of paragraph (a) or a determination by a court of competent jurisdiction described in paragraph (b) which (x) results, or could reasonably be expected to result, in a rating downgrade or withdrawal of a rating by a Rating Agency, or (y) results in a Rating Agency publicly announcing that it has placed under surveillance or review, with possible negative implications, its rating of any Approved Obligation in effect prior to the occurrence of such event or court determination shall be sufficient~~[For purposes of determining whether a material and adverse effect has occurred for the foregoing purposes, a public announcement by any Rating Agency that is then rating any Senior Funding Obligation to the effect that, as a result of the circumstances described above by reference to the words "materially and adversely affects" having occurred, such Rating Agency intends to withdraw its rating of such Approved Obligation or intends to reduce its rating of such Approved Obligation by at least two notches, unless a Payment Demand is delivered to the Province in accordance with Subsection 2.01, shall be sufficient evidence to establish the required "materially and adversely" threshold~~.~~ has been reached.] [PROVINCE TO CONFIRM IF SOMETHING LIKE THIS IS USEFUL TO BRIDGE THE MOODY'S GAP, OR WHETHER THIS IS JUST WELCOMING A SLIPPERY SLOPE DISCUSSION]

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency Condition" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Reference Period**" has the meaning ascribed thereto in the Act.

"**Refinancing**"[98] has the meaning ascribed to the term "refinancing" in the Act as of the date hereof, as more particularly described and given meaning in the General Regulation as of the date hereof.[109]

"**Residual Final Subrogation Amount**" has the meaning ascribed thereto in clause 2.01(a)v.

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Senior Interest Final Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(D). clause 2.01(a)v.

"**Senior Principal Final Subrogation Amount**" has the meaning ascribed thereto in clause 2.01(a)v.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Subordinated Interest Final Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(D). clause 2.01(a)v.

"**Subordinated Principal Final Subrogation Amount**" has the meaning ascribed thereto in clause 2.01(a)v.

"**Subrogation Entitlement**" means each Subrogation Amount and each Final Subrogation Amount.

"**Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(B).

"**Supplemental Indenture**" has the meaning ascribed in the Trust Indenture.

[98] Explanatory Note: This relates to a refinancing of an existing debt obligation; not an undrawn commitment to fund.

[109] Explanatory Note: The General Regulation provides that debt can be considered a "Refinancing" when incurred within the 6 months prior to the maturity date of a funding obligation. The Act/Regulation's definition doesn't require that "Refinancings" be simultaneous with the repayment of existing Approved Obligations. We have added a certificate mechanic in 7.01 by which there can be certainty when an obligation is incurred that if the obligation is intended to be a refinancing, it will be covered by the guarantee.

"**Supplemental Reserve Account**" has the meaning ascribed in the Trust Indenture.

"**Suspension Event**" has the meaning ascribed thereto in Section 7.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 7.01.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

EXHIBIT A
FORM OF PAYMENT DEMAND

TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Pursuant to and in accordance with section 2.01(a) of the Change of the Law Protection Agreement, the Indenture Trustee hereby demands payment from the Province in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in the Change of Law Protection Agreement.

DATED as of the [■] day of [■], [■].

BNY TRUST COMPANY OF CANADA

By:
Name:
Title:

By:
Name:
Title:

EXHIBIT B-1
FORM OF ADHERENCE COMPLIANCE CERTIFICATE UNDER SECTION 4.02(a)

TO: **BNY TRUST COMPANY OF CANADA**, in its capacity as Indenture Trustee (the "**Indenture Trustee**") under the Master Trust Indenture dated as of December ●, 2017 between Fair Hydro Trust and the Indenture Trustee (the "**Master Trust Indenture**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province of Ontario, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust, Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Each of the undersigned, being the ● and ● of OPG acting in its capacity as FSM and holding the offices set forth under their names and signatures below, pursuant to and accordance with ~~section~~clause 4.02(a)ii of the Change of Law Protection Agreement, hereby certifies for and on behalf of OPG, in its capacity as Financial Services Manager, and not in such officer's personal capacity and intending that this certificate may be relied on by the addressees hereof without independent inquiry, that:

1. I have read and understand the provisions of the Change of Law Protection Agreement, the Master Trust Indenture and all other documents and materials necessary to enable me to deliver this certificate.
2. If the Certified Primary Obligation is a Refinancing, the proceeds of the Refinancing will be used solely for the purpose of repaying one or more Certified Primary Obligations in respect of which the Adherence Conditions in Subsection 4.02(a) of the Change of Law Protection Agreement had been satisfied, including one or more other Refinancings in respect of which the Adherence Conditions in Subsection 4.02(a) of the Change of Law Protection Agreement had been satisfied.

3. ~~2.~~ OPG has delivered to the Province a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate was provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation.

DATED as of the [■] day of [■], [■].

Name: [11][10]	Name:
Office:	Office:

[11][10] This certificate must be signed by two officers of OPG being either (i) the Chief Financial Officer and the Treasurer, or (ii) any two Executive Officers (as defined in the Change of Law Protection Agreement) of OPG.

EXHIBIT B-2
FORM OF ADHERENCE COMPLIANCE CERTIFICATE UNDER SECTION 4.02(b)

TO: **BNY TRUST COMPANY OF CANADA**, in its capacity as Indenture Trustee (the "**Indenture Trustee**") under the Master Trust Indenture dated as of December ●, 2017 between Fair Hydro Trust and the Indenture Trustee (the "**Master Trust Indenture**")

AND TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust, Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Each of the undersigned, being the ● and ● of OPG acting in its capacity as FSM and holding the offices set forth under their names and signatures below, pursuant to and accordance with ~~section~~clause 4.02(b)ii of the Change of Law Protection Agreement, hereby certifies for and on behalf of OPG, in its capacity as Financial Services Manager, and not in such officer's personal capacity and intending that this certificate may be relied on by the addressees hereof without independent inquiry, that:

1. I have read and understand the provisions of the Change of Law Protection Agreement, the Master Trust Indenture and all other documents and materials necessary to enable me to deliver this certificate.
2. The proceeds of the Approved Refinancing will be used solely for the purpose of repaying one or more Certified Primary Obligations (including any Refinancing) in respect of which the Adherence Conditions in ~~Section~~Subsection 4.02(a) of the Change of Law Protection Agreement had been satisfied, or one or more Approved Refinancings in respect of which the Adherence Conditions in ~~section~~Subsection 4.02(b) of the Change of Law Protection Agreement had been satisfied.

3. OPG has delivered to the Province a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate was provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) confirming that OPG would be in compliance with all obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the proposed Certified Primary Obligation that applied as between the Province and OPG on the date of issuance of the Certified Primary Obligation subject to repayment using the proceeds of the Approved Refinancing.

DATED as of the [■] day of [■], [■].

Name: [12][11]	Name:
Office:	Office:

[12][11] This certificate must be signed by two officers of OPG being either (i) the Chief Financial Officer and the Treasurer, or (ii) any two Executive Officers (as defined in the Change of Law Protection Agreement) of OPG.

EXHIBIT C
SUSPENSION NOTICE

TO: Ontario Power Generation Inc., in its capacity as Financial Services Manager

AND TO: Fair Hydro Trust

AND TO: Computershare Trust Company of Canada, in its capacity as trustee of Fair Hydro Trust

AND TO: BNY Trust Company of Canada, as Indenture Trustee

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement. All references in this Suspension Notice to "Articles" or "Sections" refer to Articles or Sections of the Change of Law Protection Agreement.

The Province has a reasonable basis for concluding that an event described in clauses (a) to (d) of Section 7.01 has occurred. Pursuant to Section 7.01, the Province hereby declares that the Limited Guarantee shall not apply in respect of any Primary Obligation incurred or amended on or after the delivery of this Suspension Notice, other than ~~any~~an Approved Refinancing in respect of which the Adherence Conditions ~~had previously~~set forth in Subsection 4.02(b) have been satisfied~~, in accordance with the terms and conditions in Article VII~~.

The Limited Guarantee shall hereby not apply in respect of (i) any Primary Obligation incurred or (ii) any amendment of any Primary Obligation that results in an increase to the principal amount of such Primary Obligation, in each case, on or after delivery of this Suspension Notice, other than any Approved Refinancing~~ of an Approved Obligation~~ in respect of which the Adherence Conditions ~~had previously~~set forth in Subsection 4.02(b) have been satisfied~~ of if such Refinancing is otherwise an Approved Obligation~~.

This Suspension Notice is hereby delivered to the FSM, the Financing Entity and the Indenture Trustee in accordance with Section 8.02 of the Change of Law Protection Agreement.

* * * *

DATED as of the [■] day of [■], [■].

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

Document comparison by Workshare Compare on Friday, December 08, 2017 12:58:52 PM

Input:	
Document 1 ID	PowerDocs://TOR_2528/23239360/24
Description	TOR_2528-#23239360-v24-Change_of_Law_Protection_Agreement
Document 2 ID	PowerDocs://TOR_2528/23239360/25
Description	TOR_2528-#23239360-v25-Change_of_Law_Protection_Agreement
Rendering set	Standard

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

Statistics:	
	Count
Insertions	222
Deletions	141
Moved from	10
Moved to	10
Style change	0
Format changed	0
Total changes	383

From: Thouin, Alena (ENERGY)
To: Malle Hanslep (MOF); Anna Strathy; "ASHBOURNE, STEPHEN"; Ken Kandeepan; Mike Manning; Ronald Kwan
Cc: Tobias P. Whitfield (MOF); Huang, Jackson (MEDG/MRIS)
Subject: RE: Fair Hydro - Change of Law Protection Agreement
Date: Friday, December 08, 2017 11:59:26 AM

Hi Malle/Anna
We will have someone attend
Tom is on vacation and I'm in meetings which can't be moved. Jackson will attend and relay any items.

Keep us posted.

Sent with BlackBerry Work
(www.blackberry.com)

From: Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>
Date: Friday, Dec 08, 2017, 11:52 AM
To: Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>, 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com<mailto:STEPHEN.ASHBOURNE@blakes.com>>, Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>, Manning, Mike (OFA) <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>, Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca<mailto:Ronald.Kwan@ofina.on.ca>>, Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>, McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca<mailto:Tom.McKinlay@ontario.ca>>
Cc: Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>
Subject: RE: Fair Hydro - Change of Law Protection Agreement

Perhaps Energy legal could let you know who should be invited on their end. Thanks.

From: Anna Strathy [mailto:Anna.Strathy@ofina.on.ca]
Sent: December 8, 2017 11:50 AM
To: 'ASHBOURNE, STEPHEN'; Hanslep, Malle (MOF); Kandeepan, Ken (OFA); Manning, Mike (OFA); Kwan, Ronald (OFA); Thouin, Alena (ENERGY); McKinlay, Tom (MAG)
Cc: Whitfield, Tobias P. (MOF)
Subject: RE: Fair Hydro - Change of Law Protection Agreement

I'll send the invite shortly. Is it just for the group on this email?

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: Friday, December 08, 2017 11:02 AM
To: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>; Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>; Ronald Kwan <Ronald.Kwan@ofina.on.ca<mailto:Ronald.Kwan@ofina.on.ca>>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca<mailto:Tom.McKinlay@ontario.ca>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>
Subject: RE: Fair Hydro - Change of Law Protection Agreement

That's fine for me, thanks.

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com>
Dir: 416-863-3086

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Friday, December 08, 2017 10:35 AM
To: ASHBOURNE, STEPHEN; Kandeepan, Ken (OFA); Manning, Mike (OFA); Kwan, Ronald (OFA); Thouin, Alena (ENERGY); McKinlay, Tom (MAG); Strathy, Anna (OFA)
Cc: Whitfield, Tobias P. (MOF)
Subject: FW: Fair Hydro - Change of Law Protection Agreement

Hi all,

We have now received a revised version of the Protection Agreement. Should we schedule a call for about 1pm to go through this draft? I don't think that I will be available before 1pm. Perhaps Anna can arrange the call?

Thanks

Malle

From: Milligan, Peter [mailto:PMilligan@osler.com]
Sent: December 7, 2017 6:44 PM
To: ASHBOURNE, STEPHEN; Sebastiano, Rocco; Mansoori, Nina
Cc: Kandeepan, Ken (OFA); 'LADAK Lubna -TREASURY'; Strathy, Anna (OFA); Veinot, Cindy (TBS); McKinlay, Tom (MAG); Donaldson, Mark (TBS); Cayley, Daniel (ENERGY); Thouin, Alena (ENERGY); Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Fullerton, Rick; Mayman, Gadi (OFA); Manning, Mike (OFA); Hanslep, Malle (MOF); 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com<mailto:nur.khan@rbccm.com>)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; Hume, Steen (ENERGY); Saulnier, Brett; Olusoga, Yinka; Whitfield, Tobias P. (MOF); PALMER, AARON; VINER, JON; PRESTAGE, JA
Subject: Fair Hydro - Change of Law Protection Agreement

All,

Attached is a revised comment draft of the Change of Low Protection Agreement reflecting comments from Torys and Osler. In order to meet this transaction's timeline, this comment draft has not been reviewed by OPG or the Dealers and is delivered subject to any comments they may have.

Peter
[cid:image001.gif@01D3701B.036B54F0]

Peter Milligan

416.862.6634

DIRECT

416.862.6666

FACSIMILE

pmilligan@osler.com<mailto:pmilligan@osler.com>

Osler, Hoskin & Harcourt LLP
Box 50, 1 First Canadian Place
Toronto, Ontario, Canada M5X 1B8

[cid:image002.gif@01D3701B.036B54F0][osler.com]<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.osler.com_&d=DwMGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FiiQ&r=E55YDgQdC8HbBuqOnlsuMRVMfI8a3rKXrCOxHVUCzpQ&m=c_iL20oFQm2M4sXFNkQcP14rypv8hgCjFnIYQudpRys&s=CtrHaq6yQEn1U9Zmc3WQEw9XoTd9UwU04z-ueeYxc0&e=>

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: Thursday, December 07, 2017 4:27 PM
To: Sebastiano, Rocco <RSebastiano@osler.com<mailto:RSebastiano@osler.com>>; Mansoori, Nina <nmansoori@torys.com<mailto:nmansoori@torys.com>>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca<mailto:Cindy.Veinot@ontario.ca>>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca<mailto:Tom.McKinlay@ontario.ca>>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca<mailto:Mark.Donaldson@ontario.ca>>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca<mailto:Daniel.Cayley@ontario.ca>)' <Daniel.Cayley@ontario.ca<mailto:Daniel.Cayley@ontario.ca>>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>)' <Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>; Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com>>; 'LEE John -TREASURY' <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com<mailto:john.mauti@opg.com>>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com<mailto:may.lapira@opg.com>>; Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; Milligan, Peter <PMilligan@osler.com<mailto:PMilligan@osler.com>>; Fullerton, Rick <RFullerton@osler.com<mailto:RFullerton@osler.com>>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca<mailto:Gadi.Mayman@ofina.on.ca>>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com<mailto:ian.benaiah@rbccm.com>>; 'Khan, Nur (nur.khan@rbccm.com<mailto:nur.khan@rbccm.com>)' <nur.khan@rbccm.com<mailto:nur.khan@rbccm.com>>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com<mailto:brent.r.taylor@rbccm.com>>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com<mailto:katrina.niehaus@gs.com>>; 'brian.delaney@gs.com' <brian.delaney@gs.com<mailto:brian.delaney@gs.com>>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com<mailto:Andrew.Maciel@cibc.com>>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com<mailto:Sunil.Adalja@cibc.com>>; 'Persad, Nicole' <Nicole.Persad@cibc.com<mailto:Nicole.Persad@cibc.com>>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com<mailto:Donnie.Persaud@cibc.com>>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca<mailto:Steen.Hume@ontario.ca>>; Saulnier, Brett <bsaulnier@torys.com<mailto:bsaulnier@torys.com>>; Olusoga, Yinka <yolusoga@torys.com<mailto:yolusoga@torys.com>>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>) <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>; PALMER, AARON <AARON.PALMER@blakes.com<mailto:AARON.PALMER@blakes.com>>; VINER, JON <JON.VINER@blakes.com<mailto:JON.VINER@blakes.com>>; PRESTAGE, JA <JA.PRESTAGE@blakes.com<mailto:JA.PRESTAGE@blakes.com>>
Subject: RE: Fair Hydro -- Change of Law Process Agreement

Hi,

Please find (attached) a further turn of the Change of Law Process Agreement, reflecting the Province's comments on the mark-up of the Agreement circulated yesterday afternoon by Torys. The attached blackline shows changes made to yesterday's Torys mark-up.

This version addresses concerns Rocco raised last night, to the extent the Province feels that the issues can be accommodated. For your information, I have set out below responses to Rocco's comments/observations (in CAPs).

The Province would like to proceed with the Ministers briefing early next week, on the basis that this version (minus the explanatory notes) is now in final form. If there are any critical revisions that the other parties believe reflect 'must have' priority, then the Province would like to have a call to discuss them as soon as possible.

Responses to Rocco's Points:

1. The change of the definition of Breach Event in Section 6.01 (i.e., the change to clause (a) and the addition of clause (b)) will result in an inconsistency with section 7.01(b) of the Change of Law Protection Agreement. This will require further consideration. [AGREED. 7.01(b) and 7.01(c) will need to mirror the cure language we settle on in the Process Agreement (see my earlier comments). Perhaps the "which continues …" language in 7.01(B) can be revised to read: "to the extent that the Province would be entitled to provide a Suspension Notice in accordance with the terms of the agreement or agreements between the Province and OPG under which such obligations, requirements and processes arise". SIMILAR CHANGE FOR 7.01(C).

2. The right of the Province to issue an objection notice under Section 3.04(b) in connection with a Transaction Document provided to the Province which is required for a Refinancing of an Approved Obligation remains an outstanding issue. Clearly, this will depend upon what Adherence Conditions will be required under Section 4.02 of the Change of Law Protection Agreement in order to permit such Refinancing to become an Approved Obligation. If the Adherence Conditions set out in Section 4.02(a) of the Province's draft of the Change of Law Protection Agreement of December 4 were to apply to such Refinancing, to the extent that such refinancing required a change to a Transaction Document (e.g., as a result of a change to some rating agency condition or criteria), the Province's ability to issue an objection notice and thereby prevent the issuance of a Process Certificate under Section 3.01 (by virtue of Section 3.04) would have the effect of preventing a Refinancing. We trust that this was an unintended outcome of the drafting of Section 3.04 and/or the Adherence Conditions applicable to Refinancings. [THAT IS THE INTENDED EFFECT. THE ADHERENCE CONDITIONS WOULD APPLY TO THE REFINANCING, SO IF THE REFINANCING TERMS DEVIATED MATERIALLY (BASED ON THE SUBSTANTIALLY IN THE FORM" THRESHOLD"), THEN OPG WOULD REQUIRE THE PROVINCE NOT TO OBJECT IN ORDER TO PROCEED WITH THOSE NEW TERMS. OTHERWISE, THE REFINANCING COULD INCORPORATE TERMS AND CONDITIONS, WHICH WOULD BIND THE PROVINCE UNDER THE LIMITED GUARANTEE, THAT WOULD BE UNCONSTRAINED AND WITHOUT ANY ACCOUNTABILITY TO THE PROVINCE. IN ROCCO'S EXAMPLE, THAT MIGHT MEAN THAT OPG WOULD NEED TO RESORT TO UNRATED DEBT, IF THE PROVINCE WAS UNWILLING TO ACCEPT THE NEW TERMS. PRESUMABLY EVERYONE WOULD ACT RATIONALLY. HOWEVER, AS A FAILSAFE, OPG COULD OFFER INCREASED PRICING IN ORDER TO ATTRACT INVESTORS TO ACCEPT THE EARLIER VETTED TERMS (BASED ON THE THEN ACCEPTED REVIEWED DOCUMENTATION).]

3. Given that the Indenture Trustee is not a party to the Change of Law Process Agreement, the Province and OPG can amend the terms and conditions of this agreement without the consent of the indenture Trustee. Specified Creditors under an Approved Obligation need to be assured that the Province cannot prevent a Refinancing of an Approved Obligation either by virtue of the objection notice discussed in point #2 above or as a result of a future amendment to the agreement. There are a couple of ways to deal with this point. The first is to a add a beneficiary/third party rights clause in the Change of Law Process Agreement which acknowledges that the Indenture Trustee is a beneficiary of certain provisions of this agreement and as a result, the agreement cannot be amended without the consent of the Indenture Trustee. The second is to ensure that the Adherence Conditions relating to Refinancings under the Change of Law Protection Agreement are not dependent upon the terms of the Change of Law Process Agreement. In light of the desire to not disclose the terms and conditions of the Change of Law Process Agreement to the rating agencies, especially at this late stage in the process, we would expect that the latter approach would be preferable. [THE SUGGESTION REGARDING THE PROVINCE PREVENTING A REFINANCING IS ADDRESSED IN #2. IF THE REFINANCING TERMS WOULD EXCEED THE SCOPE OF THE TRANSACTION DOCUMENTS REVIEWED AND NOT OBJECTED TO BY THE PROVINCE, THEN THAT SUGGESTS THERE IS A MATERIAL EFFECT ON THE PROVINCE AND SO THE PROVINCE WOULD NEED THE ABILITY TO REVIEW AND CONSIDER THE PROPRIETY OF THOSE NEW TERMS FROM ITS PERSPECTIVE. AS FOR THE STANDALONE NATURE OF THE PROCESS AGREEMENT, THE INTENTION IS THAT THE PROCESS AGREEMENT BE UNCOUPLED AND NOT PART OF THE COLLATERAL, AND AS MICHAEL FELDMAN HAS EXPLAINED, LEAVE FUTURE FLEXIBILITY FOR THIS LONG-TERM STRUCTURE. TO ADDRESS ROCCO'S CONCERN THAT THE PROVINCE AND OPG COULD CHANGE THE UNDERLYING OBLIGATIONS APPLICABLE TO ADHERENCE IN RELATION TO A NEW OBLIGATION, REQUIREMENT OR PROCESS IN THE PROCESS AGREEMENT THAT WOULD MAKE A REFINANCING LESS LIKELY TO OCCUR, WE HAVE ADDED AND USED IN THE ATTACHED VERSION A NEW DEFFINITION:

"Approved Refinancing" means a Certified Primary Obligation proposed to be incurred as a Refinancing of an existing Certified Primary Obligation in respect of which the Adherence Conditions had been satisfied on the date such existing Certified Primary Obligation was incurred, that, at the time of incurrence, satisfies each of each of the Adherence Conditions except that the certificate contemplated to be delivered under Section 4.02(b) shall instead confirm that OPG has delivered to the Province a certificate by its applicable officers confirming that OPG would be in compliance with all obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the proposed Certified Primary Obligation that applied as between the Province and OPG on the date of issuance of such existing Certified Primary Obligation." Various references to "Refinancing" in the Protection Agreement can also be revised to refer to "Approved Refinancing", as required.

Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com>
Dir: 416-863-3086

_____

[cid:image003.gif@01D3701B.036B54F0]

Blake, Cassels & Graydon LLP
199 Bay Street, Suite 4000, Toronto ON M5L 1A9
Tel: 416-863-2400 Fax: 416-863-2653
blakes.com[blakes.com]<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.blakes.com&d=DwMGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=E55YDgQdC8HbBuqOnlsuMRVMfI8a3rKXrCOxHVUCzpQ&m=c_iL20oFQm2M4sXFNkQcP14rypv8hgCjFnIYQudpRys&s=pKF0pbnU75gjJ3qpqidvRq28iPBnmIGEurxmijFgKpc&e=> | Twitter[twitter.com]<https://urldefense.proofpoint.com/v2/url?u=http-3A__twitter.com_BlakesLaw_&d=DwMGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=E55YDgQdC8HbBuqOnlsuMRVMfI8a3rKXrCOxHVUCzpQ&m=c_iL20oFQm2M4sXFNkQcP14rypv8hgCjFnIYQudpRys&s=fiOgQipjB18UGUOhkF0HCFmj3gkxNGzVRv5oJfED5is&e=> | Unsubscribe[blakes.com]<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.blakes.com_English_Resources_Bulletins_Pages_unsubscribe.aspx&d=DwMGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=E55YDgQdC8HbBuqOnlsuMRVMfI8a3rKXrCOxHVUCzpQ&m=c_iL20oFQm2M4sXFNkQcP14rypv8hgCjFnIYQudpRys&s=yQRODW46rhSJH7H9A_sNYB90kwaihHhix-oBilqG51M&e=>

Blake, Cassels & Graydon LLP | Barristers & Solicitors | Patent & Trade-mark Agents
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L'information paraissant dans ce message électronique est CONFIDENTIELLE. Si ce message vous est parvenu par erreur, veuillez immédiatement m'en aviser par téléphone ou par courriel et en détruire toute copie. Merci.

From: Sebastiano, Rocco [mailto:RSebastiano@osler.com]
Sent: Wednesday, December 06, 2017 7:45 PM
To: Mansoori, Nina; ASHBOURNE, STEPHEN; VINER, JON; PRESTAGE, JA
Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca<mailto:Daniel.Cayley@ontario.ca>)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Milligan, Peter; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com<mailto:nur.khan@rbccm.com>)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Saulnier, Brett; Olusoga, Yinka
Subject: RE: Fair Hydro -- Change of Law Process Agreement

I have reviewed the revised draft of the Change of Law Process Agreement that Torys has prepared and would like to pass along the following comments/observations:

1. The change of the definition of Breach Event in Section 6.01 (i.e., the change to clause (a) and the addition of clause (b)) will result in an inconsistency with section 7.01(b) of the Change of Law Protection Agreement. This will require further consideration.

2. The right of the Province to issue an objection notice under Section 3.04(b) in connection with a Transaction Document provided to the Province which is required for a Refinancing of an Approved Obligation remains an outstanding issue. Clearly, this will depend upon what Adherence Conditions will be required under Section 4.02 of the Change of Law Protection Agreement in order to permit such Refinancing to become an Approved Obligation. If the Adherence Conditions set out in Section 4.02(a) of the Province's draft of the Change of Law Protection Agreement of December 4 were to apply to such Refinancing, to the extent that such refinancing required a change to a Transaction Document (e.g., as a result of a change to some rating agency condition or criteria), the Province's ability to issue an objection notice and thereby prevent the issuance of a Process Certificate under Section 3.01 (by virtue of Section 3.04) would have the effect of preventing a Refinancing. We trust that this was an unintended outcome of the drafting of Section 3.04 and/or the Adherence Conditions applicable to Refinancings.

3. Given that the Indenture Trustee is not a party to the Change of Law Process Agreement, the Province and OPG can amend the terms and conditions of this agreement without the consent of the indenture Trustee. Specified Creditors under an Approved Obligation need to be assured that the Province cannot prevent a Refinancing of an Approved Obligation either by virtue of the objection notice discussed in point #2 above or as a result of a future amendment to the agreement. There are a couple of ways to deal with this point. The first is to add a beneficiary/third party rights clause in the Change of Law Process Agreement which acknowledges that the Indenture Trustee is a beneficiary of certain provisions of this agreement and as a result, the agreement cannot be amended without the consent of the Indenture Trustee. The second is to ensure that the Adherence Conditions relating to Refinancings under the Change of Law Protection Agreement are not dependent upon the terms of the Change of Law Process Agreement. In light of the desire to not disclose the terms and conditions of the Change of Law Process Agreement to the rating agencies, especially at this late stage in the process, we would expect that the latter approach would be preferable.

Regards, Rocco

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: Wednesday, December 06, 2017 4:38 PM
To: 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com<mailto:STEPHEN.ASHBOURNE@blakes.com>>; 'JON.VINER@blakes.com' <JON.VINER@blakes.com<mailto:JON.VINER@blakes.com>>; 'JA.PRESTAGE@blakes.com' <JA.PRESTAGE@blakes.com<mailto:JA.PRESTAGE@blakes.com>>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca<mailto:Cindy.Veinot@ontario.ca>>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca<mailto:Tom.McKinlay@ontario.ca>>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca<mailto:Mark.Donaldson@ontario.ca>>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca<mailto:Daniel.Cayley@ontario.ca>)' <Daniel.Cayley@ontario.ca<mailto:Daniel.Cayley@ontario.ca>>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>)' <Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>; Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com>>; 'LEE John -TREASURY' <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com<mailto:john.mauti@opg.com>>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com<mailto:may.lapira@opg.com>>; Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; Sebastiano, Rocco <RSebastiano@osler.com<mailto:RSebastiano@osler.com>>; Milligan, Peter <PMilligan@osler.com<mailto:PMilligan@osler.com>>; Fullerton, Rick <RFullerton@osler.com<mailto:RFullerton@osler.com>>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca<mailto:Gadi.Mayman@ofina.on.ca>>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com<mailto:ian.benaiah@rbccm.com>>; 'Khan, Nur (nur.khan@rbccm.com<mailto:nur.khan@rbccm.com>)' <nur.khan@rbccm.com<mailto:nur.khan@rbccm.com>>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com<mailto:brent.r.taylor@rbccm.com>>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com<mailto:katrina.niehaus@gs.com>>; 'brian.delaney@gs.com' <brian.delaney@gs.com<mailto:brian.delaney@gs.com>>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com<mailto:Andrew.Maciel@cibc.com>>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com<mailto:Sunil.Adalja@cibc.com>>; 'Persad, Nicole' <Nicole.Persad@cibc.com<mailto:Nicole.Persad@cibc.com>>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com<mailto:Donnie.Persaud@cibc.com>>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca<mailto:Steen.Hume@ontario.ca>>; Mansoori, Nina <nmansoori@torys.com<mailto:nmansoori@torys.com>>; Saulnier, Brett <bsaulnier@torys.com<mailto:bsaulnier@torys.com>>; Olusoga, Yinka <yolusoga@torys.com<mailto:yolusoga@torys.com>>
Subject: Fair Hydro -- Change of Law Process Agreement

Blakes team,

Please find attached OPG and Torys' comments on the Process Agreement reflecting our discussions from yesterday's call. Please note that this draft is subject to continuing review and comment by Osler and the dealers. As discussed at the tail end of our call yesterday, the section in the Process Agreement that gives the Province the right to object to new and material changes to transaction documents dovetails with the Protection Agreement so additional comments from Oslers may be forthcoming on this draft.

We are working on getting you a revised draft of the Protection Agreement either later today or tomorrow. In the meantime, please let us know if you have any comments or questions on the Process Agreement.

Best Regards,
Nina

Nina Mansoori
P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com[torys.com]<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.torys.com&d=DwMGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=E55YDgQdC8HbBuqOnlsuMRVMfI8a3rKXrCOxHVUCzpQ&m=c_iL20oFQm2M4sXFNkQcP14rypv8hgCjFnIYQudpRys&s=zDDLM0t-JvLAswpX5zN6Npo6jnoVCLBQJVJ9IomcLBZE&e=>

[Torys LLP][torys.com]<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.torys.com_&d=DwMGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=E55YDgQdC8HbBuqOnlsuMRVMfI8a3rKXrCOxHVUCzpQ&m=c_iL20oFQm2M4sXFNkQcP14rypv8hgCjFnIYQudpRys&s=YOM2QJOOJ35Fn-JFy_hF2uaMOSQtU1IOfxBmgeI6RoQ&e=>

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From: Ken Kandeepan
To: Mike Manning; Gadi Mayman
Cc: Ronald Kwan; Anna Strathy
Subject: RE: Fair Hydro - Change of Law Protection Agreement
Date: Tuesday, December 12, 2017 3:39:46 PM

And I am on that very call right now with OPCD

From: Mike Manning
Sent: Tuesday, December 12, 2017 3:38 PM
To: Gadi Mayman
Cc: Ken Kandeepan ; Ronald Kwan ; Anna Strathy
Subject: RE: Fair Hydro - Change of Law Protection Agreement

I think meeting was very successful, only outstanding is material effect and waiting for accounting feedback.

Mike

From: Gadi Mayman
Sent: Tuesday, December 12, 2017 3:37 PM
To: Mike Manning <Mike.Manning@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: Fwd: Fair Hydro - Change of Law Protection Agreement

Hi Mike, am I reading too much into assuming that the 2:30 meeting was successful?

Begin forwarded message:

> **From:** "Ramchandani, Rima" <rramchandani@torys.com>
> **Date:** December 12, 2017 at 3:28:33 PM EST
> **To:** "'ASHBOURNE, STEPHEN'" <STEPHEN.ASHBOURNE@blakes.com>, "Milligan, Peter" <PMilligan@osler.com>, "Saulnier, Brett" <bsaulnier@torys.com>, "Sebastiano, Rocco" <RSebastiano@osler.com>, "Mansoori, Nina" <nmansoori@torys.com>
> **Cc:** 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>, 'LADAK Lubna - TREASURY' <lubna.ladak@opg.com>, 'Anna Strathy' <Anna.Strathy@ofina.on.ca>, "'Veinot, Cindy (TBS)'" <Cindy.Veinot@ontario.ca>, "'McKinlay, Tom (MAG)'" <Tom.McKinlay@ontario.ca>, "'Donaldson, Mark (TBS)'" <Mark.Donaldson@ontario.ca>, "'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'" <Daniel.Cayley@ontario.ca>, "'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'" <Alena.Thouin@ontario.ca>, "'LEE John -TREASURY'" <john.s.lee@opg.com>, 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>, 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>, "'MAUTI John -FIN & C CTRL'" <john.mauti@opg.com>, 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>, "Feldman, Michael" <mfeldman@torys.com>, "'WONG Leslie -LAWDIV'" <leslie.wong@opg.com>, "Fullerton, Rick" <RFullerton@osler.com>, "'Mayman, Gadi (OFA)'" <Gadi.Mayman@ofina.on.ca>, "'Manning, Mike (OFA)'" <Mike.Manning@ofina.on.ca>, "'Hanslep, Malle (MOF)'"

<Malle.Hanslep@ontario.ca>, "'ian.benaiah@rbccm.com'" <ian.benaiah@rbccm.com>, "'Khan, Nur (nur.khan@rbccm.com)'" <nur.khan@rbccm.com>, "'brent.r.taylor@rbccm.com'" <brent.r.taylor@rbccm.com>, "'katrina.niehaus@gs.com'" <katrina.niehaus@gs.com>, "'brian.delaney@gs.com'" <brian.delaney@gs.com>, "'Maciel, Andrew'" <Andrew.Maciel@cibc.com>, "'Adalja, Sunil'" <Sunil.Adalja@cibc.com>, "'Persad, Nicole'" <Nicole.Persad@cibc.com>, "'Persaud, Donnie - Debt Capital Markets'" <Donnie.Persaud@cibc.com>, "'Steen Hume (CAB)'" <Steen.Hume@ontario.ca>, "Olusoga, Yinka" <yolusoga@torys.com>, "Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca)" <Tobias.Whitfield@ontario.ca>, "PALMER, AARON" <AARON.PALMER@blakes.com>, "VINER, JON" <JON.VINER@blakes.com>, "PRESTAGE, JA" <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro - Change of Law Protection Agreement

Attached is a revised draft of the Change of Law Protection Agreement, clean and blacklined to the Blakes draft circulated below. Except for the definition of "Material Effect", we believe this draft to be in final form and would ask that each of Blakes and Osler please confirm their sign off as soon as possible.
Rima

Rima Ramchandani
P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: December-12-17 2:09 PM
To: Milligan, Peter <PMilligan@osler.com>; Saulnier, Brett <bsaulnier@torys.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets'

<Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>

Subject: RE: Fair Hydro - Change of Law Protection Agreement

Here is my mark-up of the matters raised by Oslers, in today's mark-ups of during our call this morning. Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From: Milligan, Peter [mailto:PMilligan@osler.com]
Sent: Tuesday, December 12, 2017 1:43 PM
To: Saulnier, Brett; ASHBOURNE, STEPHEN; Sebastiano, Rocco; Mansoori, Nina
Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Olusoga, Yinka; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca); PALMER, AARON; VINER, JON; PRESTAGE, JA
Subject: RE: Fair Hydro - Change of Law Protection Agreement

All,

Further to our call this morning, attached is a comparison document showing our comments on "Post-Suspension Refinancing" and "Protection Event".

We will comment on Material Effect after we see what comes back from the accountants.

Peter

From: Milligan, Peter
Sent: Tuesday, December 12, 2017 9:09 AM
To: 'Saulnier, Brett' <bsaulnier@torys.com>; ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi

(OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>

Subject: RE: Fair Hydro - Change of Law Protection Agreement

All,

Attached are changed pages with my comments on the Change of Law Protection Agreement. This does not represent input from any dealer. I will follow up to see if the dealers have any additional comments but given the plan to have a call at 10, I pass along these comments now.

Peter

From: Saulnier, Brett [mailto:bsaulnier@torys.com]

Sent: Monday, December 11, 2017 11:35 PM

To: ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; Milligan, Peter <PMilligan@osler.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>

Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets'

<Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>

Subject: RE: Fair Hydro - Change of Law Protection Agreement

All,

Attached for your review is a revised draft of the Change of Law Protection Agreement, clean and blacklined to the last version circulated by Blakes and reflecting the meetings held earlier today. As discussed, we need to provide the attached to the rating agencies **by no later than noon tomorrow** in order to meet our end of year financing deadline. Accordingly, we will be circulating a calendar invite to this group for 10 a.m. tomorrow morning to confirm the parties are signed off. If Osler or Blakes have any comments on the attached, we would ask that they be circulated to this group prior to the 10 a.m. call.

Kind regards,

Brett

Brett Saulnier

P. 416.865.8148 | F. 416.865.7380 | 1.800.505.8679

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]

Sent: December-08-17 3:16 PM

To: Milligan, Peter <PMilligan@osler.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>

Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca)

<Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>

Subject: RE: Fair Hydro - Change of Law Protection Agreement

Hi,

Attached is a revised version of the Change of Law Protection Agreement. I believe that most of the changes reflected from last night's Osler version (blackline is attached) are of a drafting or conforming nature, other than: (1) the Province disagrees that Approved Refinancing terms should be unfettered by adherence conditions post-Suspension Event and (2) the proposed rating-based "materially and adversely" qualification in the definition of Protection Event (and in fact any such qualification) is not acceptable to the Province. With regard to (1), this version comes into line with the proposed approach (i.e., using a modified adherence condition) that was incorporated into the version of the Change of Law Process Agreement I circulated yesterday. A further turn of that Agreement, to conform the open item identified in section 3.02 to the revised Change of Law Protection Agreement, is also included here for your reference.

Please note that the Province is working through the drafting concurrently and so further drafting comments may be provided.

As mentioned yesterday, the Province would like to proceed with the Ministers sign-off briefing early next week, on the basis that these versions (minus the explanatory notes) are now in substantially final form. Please identify if you believe there are other 'must have' points (other than the 2 mentioned above).

Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From: Milligan, Peter [mailto:PMilligan@osler.com]
Sent: Thursday, December 07, 2017 6:44 PM
To: ASHBOURNE, STEPHEN; Sebastiano, Rocco; Mansoori, Nina
Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Saulnier, Brett; Olusoga, Yinka; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca); PALMER, AARON; VINER, JON; PRESTAGE, JA
Subject: Fair Hydro - Change of Law Protection Agreement

All,

Attached is a revised comment draft of the Change of Low Protection Agreement reflecting comments from Torys and Osler. In order to meet this transaction's timeline, this comment draft has not been reviewed by OPG or the Dealers and is delivered subject to any comments they may have.

Peter

From:	Hanslep, Malle (MOF)
To:	Anna Strathy; "ASHBOURNE, STEPHEN"; Ken Kandeepan; Mike Manning; Ronald Kwan; Thouin, Alena (ENERGY); Tom McKinlay (MAG)
Cc:	Tobias P. Whitfield (MOF)
Subject:	RE: Fair Hydro - Change of Law Protection Agreement
Date:	Friday, December 08, 2017 11:52:34 AM

Perhaps Energy legal could let you know who should be invited on their end. Thanks.

From: Anna Strathy [mailto:Anna.Strathy@ofina.on.ca]
Sent: December 8, 2017 11:50 AM
To: 'ASHBOURNE, STEPHEN'; Hanslep, Malle (MOF); Kandeepan, Ken (OFA); Manning, Mike (OFA); Kwan, Ronald (OFA); Thouin, Alena (ENERGY); McKinlay, Tom (MAG)
Cc: Whitfield, Tobias P. (MOF)
Subject: RE: Fair Hydro - Change of Law Protection Agreement

I'll send the invite shortly. Is it just for the group on this email?

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: Friday, December 08, 2017 11:02 AM
To: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: Fair Hydro - Change of Law Protection Agreement

That's fine for me, thanks.
Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Friday, December 08, 2017 10:35 AM
To: ASHBOURNE, STEPHEN; Kandeepan, Ken (OFA); Manning, Mike (OFA); Kwan, Ronald (OFA); Thouin, Alena (ENERGY); McKinlay, Tom (MAG); Strathy, Anna (OFA)
Cc: Whitfield, Tobias P. (MOF)
Subject: FW: Fair Hydro - Change of Law Protection Agreement

Hi all,
We have now received a revised version of the Protection Agreement. Should we schedule a call for about 1pm to go through this draft? I don't think that I will be available before 1pm. Perhaps Anna can arrange the call?
Thanks
Malle

From: Milligan, Peter [mailto:PMilligan@osler.com]
Sent: December 7, 2017 6:44 PM
To: ASHBOURNE, STEPHEN; Sebastiano, Rocco; Mansoori, Nina
Cc: Kandeepan, Ken (OFA); 'LADAK Lubna -TREASURY'; Strathy, Anna (OFA); Veinot, Cindy (TBS); McKinlay, Tom (MAG); Donaldson, Mark (TBS); Cayley, Daniel (ENERGY); Thouin, Alena (ENERGY); Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie - LAWDIV'; Fullerton, Rick; Mayman, Gadi (OFA); Manning, Mike (OFA); Hanslep, Malle (MOF); 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; Hume, Steen (ENERGY); Saulnier, Brett; Olusoga, Yinka; Whitfield, Tobias P. (MOF); PALMER, AARON; VINER, JON; PRESTAGE, JA
Subject: Fair Hydro - Change of Law Protection Agreement

All,

Attached is a revised comment draft of the Change of Low Protection Agreement reflecting comments from Torys and Osler. In order to meet this transaction's timeline, this comment draft has not been reviewed by OPG or the Dealers and is delivered subject to any comments they may have.
Peter

OSLER

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From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: Thursday, December 07, 2017 4:27 PM
To: Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro -- Change of Law Process Agreement

Hi,
Please find (attached) a further turn of the Change of Law Process Agreement, reflecting the Province's comments on the mark-up of the Agreement circulated yesterday afternoon by Torys. The attached blackline shows changes made to yesterday's Torys mark-up.
This version addresses concerns Rocco raised last night, to the extent the Province feels that the issues can be accommodated. For your information, I have set out below responses to Rocco's comments/observations (in CAPs).
The Province would like to proceed with the Ministers briefing early next week, on the basis that this version (minus the explanatory notes) is now in final form. If there are any critical revisions that the other parties believe reflect 'must have' priority, then the Province would like to have a call to

discuss them as soon as possible.

Responses to Rocco's Points:

1. The change of the definition of Breach Event in Section 6.01 (i.e., the change to clause (a) and the addition of clause (b)) will result in an inconsistency with section 7.01(b) of the Change of Law Protection Agreement. This will require further consideration. [AGREED. 7.01(b) and 7.01(c) WILL NEED TO MIRROR THE CURE LANGUAGE WE SETTLE ON IN THE PROCESS AGREEMENT (SEE MY EARLIER COMMENTS). PERHAPS THE "which continues …" LANGUAGE IN 7.01(B) CAN BE REVISED TO READ: "to the extent that the Province would be entitled to provide a Suspension Notice in accordance with the terms of the agreement or agreements between the Province and OPG under which such obligations, requirements and processes arise". SIMILAR CHANGE FOR 7.01(C).

2. The right of the Province to issue an objection notice under Section 3.04(b) in connection with a Transaction Document provided to the Province which is required for a Refinancing of an Approved Obligation remains an outstanding issue. Clearly, this will depend upon what Adherence Conditions will be required under Section 4.02 of the Change of Law Protection Agreement in order to permit such Refinancing to become an Approved Obligation. If the Adherence Conditions set out in Section 4.02(a) of the Province's draft of the Change of Law Protection Agreement of December 4 were to apply to such Refinancing, to the extent that such refinancing required a change to a Transaction Document (e.g., as a result of a change to some rating agency condition or criteria), the Province's ability to issue an objection notice and thereby prevent the issuance of a Process Certificate under Section 3.01 (by virtue of Section 3.04) would have the effect of preventing a Refinancing. We trust that this was an unintended outcome of the drafting of Section 3.04 and/or the Adherence Conditions applicable to Refinancings. [THAT IS THE INTENDED EFFECT. THE ADHERENCE CONDITIONS WOULD APPLY TO THE REFINANCING, SO IF THE REFINANCING TERMS DEVIATED MATERIALLY (BASED ON THE SUBSTANTIALLY IN THE FORM" THRESHOLD"), THEN OPG WOULD REQUIRE THE PROVINCE NOT TO OBJECT IN ORDER TO PROCEED WITH THOSE NEW TERMS. OTHERWISE, THE REFINANCING COULD INCORPORATE TERMS AND CONDITIONS, WHICH WOULD BIND THE PROVINCE UNDER THE LIMITED GUARANTEE, THAT WOULD BE UNCONSTRAINED AND WITHOUT ANY ACCOUNTABILITY TO THE PROVINCE. IN ROCCO'S EXAMPLE, THAT MIGHT MEAN THAT OPG WOULD NEED TO RESORT TO UNRATED DEBT, IF THE PROVINCE WAS UNWILLING TO ACCEPT THE NEW TERMS. PRESUMABLY EVERYONE WOULD ACT RATIONALLY. HOWEVER, AS A FAILSAFE, OPG COULD OFFER INCREASED PRICING IN ORDER TO ATTRACT INVESTORS TO ACCEPT THE EARLIER VETTED TERMS (BASED ON THE THEN ACCEPTED REVIEWED DOCUMENTATION).]

3. Given that the Indenture Trustee is not a party to the Change of Law Process Agreement, the Province and OPG can amend the terms and conditions of this agreement without the consent of the indenture Trustee. Specified Creditors under an Approved Obligation need to be assured that the Province cannot prevent a Refinancing of an Approved Obligation either by virtue of the objection notice discussed in point #2 above or as a result of a future amendment to the agreement. There are a couple of ways to deal with this point. The first is to a add a beneficiary/third party rights clause in the Change of Law Process Agreement which acknowledges that the Indenture Trustee is a beneficiary of certain provisions of this agreement and as a result, the agreement cannot be amended without the consent of the Indenture Trustee. The second is to ensure that the Adherence Conditions relating to Refinancings under the Change of Law Protection Agreement are not dependent upon the terms of the Change of Law Process Agreement. In light of the desire to not disclose the terms and conditions of the Change of Law Process Agreement to the rating agencies, especially at this late stage in the process, we would expect that the latter approach would be preferable. [THE SUGGESTION REGARDING THE PROVINCE PREVENTING A REFINANCING IS ADDRESSED IN #2. IF THE REFINANCING TERMS WOULD EXCEED THE SCOPE OF THE TRANSACTION DOCUMENTS REVIEWED AND NOT OBJECTED TO BY THE PROVINCE, THEN THAT SUGGESTS THERE IS A MATERIAL EFFECT ON THE PROVINCE AND SO THE PROVINCE WOULD NEED THE ABILITY TO REVIEW AND CONSIDER THE

PROPRIETY OF THOSE NEW TERMS FROM ITS PERSPECTIVE. AS FOR THE STANDALONE NATURE OF THE PROCESS AGREEMENT, THE INTENTION IS THAT THE PROCESS AGREEMENT BE UNCOUPLED AND NOT PART OF THE COLLATERAL, AND AS MICHAEL FELDMAN HAS EXPLAINED, LEAVE FUTURE FLEXIBILITY FOR THIS LONG-TERM STRUCTURE. TO ADDRESS ROCCO'S CONCERN THAT THE PROVINCE AND OPG COULD CHANGE THE UNDERLYING OBLIGATIONS APPLICABLE TO ADHERENCE IN RELATION TO A NEW OBLIGATION, REQUIREMENT OR PROCESS IN THE PROCESS AGREEMENT THAT WOULD MAKE A REFINANCING LESS LIKELY TO OCCUR, WE HAVE ADDED AND USED IN THE ATTACHED VERSION A NEW DEFFINTION:

> "Approved Refinancing" means a Certified Primary Obligation proposed to be incurred as a Refinancing of an existing Certified Primary Obligation in respect of which the Adherence Conditions had been satisfied on the date such existing Certified Primary Obligation was incurred, that, at the time of incurrence, satisfies each of each of the Adherence Conditions except that the certificate contemplated to be delivered under Section 4.02(b) shall instead confirm that OPG has delivered to the Province a certificate by its applicable officers confirming that OPG would be in compliance with all obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the proposed Certified Primary Obligation that applied as between the Province and OPG on the date of issuance of such existing Certified Primary Obligation." Various references to "Refinancing" in the Protection Agreement can also be revised to refer to "Approved Refinancing", as required.

Regards, Steve

Stephen R. Ashbourne
Partner
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Blake, Cassels & Graydon LLP | Barristers & Solicitors | Patent & Trade-mark Agents
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From: Sebastiano, Rocco [mailto:RSebastiano@osler.com]
Sent: Wednesday, December 06, 2017 7:45 PM
To: Mansoori, Nina; ASHBOURNE, STEPHEN; VINER, JON; PRESTAGE, JA
Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Milligan, Peter; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel,

Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Saulnier, Brett; Olusoga, Yinka
Subject: RE: Fair Hydro -- Change of Law Process Agreement
I have reviewed the revised draft of the Change of Law Process Agreement that Torys has prepared and would like to pass along the following comments/observations:
1. The change of the definition of Breach Event in Section 6.01 (i.e., the change to clause (a) and the addition of clause (b)) will result in an inconsistency with section 7.01(b) of the Change of Law Protection Agreement. This will require further consideration.
2. The right of the Province to issue an objection notice under Section 3.04(b) in connection with a Transaction Document provided to the Province which is required for a Refinancing of an Approved Obligation remains an outstanding issue. Clearly, this will depend upon what Adherence Conditions will be required under Section 4.02 of the Change of Law Protection Agreement in order to permit such Refinancing to become an Approved Obligation. If the Adherence Conditions set out in Section 4.02(a) of the Province's draft of the Change of Law Protection Agreement of December 4 were to apply to such Refinancing, to the extent that such refinancing required a change to a Transaction Document (e.g., as a result of a change to some rating agency condition or criteria), the Province's ability to issue an objection notice and thereby prevent the issuance of a Process Certificate under Section 3.01 (by virtue of Section 3.04) would have the effect of preventing a Refinancing. We trust that this was an unintended outcome of the drafting of Section 3.04 and/or the Adherence Conditions applicable to Refinancings.
3. Given that the Indenture Trustee is not a party to the Change of Law Process Agreement, the Province and OPG can amend the terms and conditions of this agreement without the consent of the indenture Trustee. Specified Creditors under an Approved Obligation need to be assured that the Province cannot prevent a Refinancing of an Approved Obligation either by virtue of the objection notice discussed in point #2 above or as a result of a future amendment to the agreement. There are a couple of ways to deal with this point. The first is to a add a beneficiary/third party rights clause in the Change of Law Process Agreement which acknowledges that the Indenture Trustee is a beneficiary of certain provisions of this agreement and as a result, the agreement cannot be amended without the consent of the Indenture Trustee. The second is to ensure that the Adherence Conditions relating to Refinancings under the Change of Law Protection Agreement are not dependent upon the terms of the Change of Law Process Agreement. In light of the desire to not disclose the terms and conditions of the Change of Law Process Agreement to the rating agencies, especially at this late stage in the process, we would expect that the latter approach would be preferable.
Regards, Rocco

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: Wednesday, December 06, 2017 4:38 PM
To: 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>; 'JON.VINER@blakes.com' <JON.VINER@blakes.com>; 'JA.PRESTAGE@blakes.com' <JA.PRESTAGE@blakes.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>;

'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Mansoori, Nina <nmansoori@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>
Subject: Fair Hydro -- Change of Law Process Agreement

Blakes team,

Please find attached OPG and Torys' comments on the Process Agreement reflecting our discussions from yesterday's call. Please note that this draft is subject to continuing review and comment by Osler and the dealers. As discussed at the tail end of our call yesterday, the section in the Process Agreement that gives the Province the right to object to new and material changes to transaction documents dovetails with the Protection Agreement so additional comments from Oslers may be forthcoming on this draft.

We are working on getting you a revised draft of the Protection Agreement either later today or tomorrow. In the meantime, please let us know if you have any comments or questions on the Process Agreement.

Best Regards,

Nina

Nina Mansoori
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From:	Anna Strathy
To:	"ASHBOURNE, STEPHEN"; Malle Hanslep (MOF); Ken Kandeepan; Mike Manning; Ronald Kwan; Thouin, Alena (ENERGY); Tom McKinlay (MAG)
Cc:	Tobias P. Whitfield (MOF)
Subject:	RE: Fair Hydro - Change of Law Protection Agreement
Date:	Friday, December 08, 2017 11:50:26 AM

I'll send the invite shortly. Is it just for the group on this email?

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]

Sent: Friday, December 08, 2017 11:02 AM

To: Malle Hanslep (MOF) ; Ken Kandeepan ; Mike Manning ; Ronald Kwan ; Thouin, Alena (ENERGY) ; Tom McKinlay (MAG) ; Anna Strathy

Cc: Tobias P. Whitfield (MOF)

Subject: RE: Fair Hydro - Change of Law Protection Agreement

That's fine for me, thanks.

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Friday, December 08, 2017 10:35 AM
To: ASHBOURNE, STEPHEN; Kandeepan, Ken (OFA); Manning, Mike (OFA); Kwan, Ronald (OFA); Thouin, Alena (ENERGY); McKinlay, Tom (MAG); Strathy, Anna (OFA)
Cc: Whitfield, Tobias P. (MOF)
Subject: FW: Fair Hydro - Change of Law Protection Agreement

Hi all,

We have now received a revised version of the Protection Agreement. Should we schedule a call for about 1pm to go through this draft? I don't think that I will be available before 1pm. Perhaps Anna can arrange the call?

Thanks

Malle

From: Milligan, Peter [mailto:PMilligan@osler.com]
Sent: December 7, 2017 6:44 PM
To: ASHBOURNE, STEPHEN; Sebastiano, Rocco; Mansoori, Nina
Cc: Kandeepan, Ken (OFA); 'LADAK Lubna -TREASURY'; Strathy, Anna (OFA); Veinot, Cindy (TBS); McKinlay, Tom (MAG); Donaldson, Mark (TBS); Cayley, Daniel (ENERGY); Thouin, Alena (ENERGY); Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie - LAWDIV'; Fullerton, Rick; Mayman, Gadi (OFA); Manning, Mike (OFA); Hanslep, Malle (MOF); 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; Hume, Steen (ENERGY); Saulnier, Brett; Olusoga, Yinka; Whitfield, Tobias P. (MOF); PALMER, AARON; VINER, JON; PRESTAGE, JA
Subject: Fair Hydro - Change of Law Protection Agreement

All,

Attached is a revised comment draft of the Change of Low Protection Agreement reflecting comments from Torys and Osler. In order to meet this transaction's timeline, this comment draft has not been reviewed by OPG or the Dealers and is delivered subject to any comments they may have.

Peter

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From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: Thursday, December 07, 2017 4:27 PM
To: Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro -- Change of Law Process Agreement

Hi,

Please find (attached) a further turn of the Change of Law Process Agreement, reflecting the Province's comments on the mark-up of the Agreement circulated yesterday afternoon by Torys. The attached blackline shows changes made to yesterday's Torys mark-up.

This version addresses concerns Rocco raised last night, to the extent the Province feels that the issues can be accommodated. For your information, I have set out below responses to Rocco's comments/observations (in CAPs).

The Province would like to proceed with the Ministers briefing early next week, on the basis that this version (minus the explanatory notes) is now in final form. If there are any critical revisions that the other parties believe reflect 'must have' priority, then the Province would like to have a call to discuss them as soon as possible.

Responses to Rocco's Points:

1. The change of the definition of Breach Event in Section 6.01 (i.e., the change to clause (a) and the addition of clause (b)) will result in an inconsistency with section 7.01(b) of the Change of Law Protection Agreement. This will require further consideration. [AGREED. 7.01(b) and 7.01(c) WILL NEED TO MIRROR THE CURE LANGUAGE WE SETTLE ON IN THE PROCESS AGREEMENT (SEE MY EARLIER COMMENTS). PERHAPS THE "which continues …" LANGUAGE IN 7.01(B) CAN BE REVISED TO READ: "to the extent that the Province would be entitled to provide a Suspension Notice in accordance with the terms of the agreement or agreements between the Province and OPG under which such obligations, requirements and processes arise". SIMILAR CHANGE FOR 7.01(C).

2. The right of the Province to issue an objection notice under Section 3.04(b) in connection with a Transaction Document provided to the Province which is required for a Refinancing of an Approved Obligation remains an outstanding issue. Clearly, this will depend upon what Adherence Conditions will be required under Section 4.02 of the Change of Law Protection Agreement in order to permit such Refinancing to become an Approved Obligation. If the Adherence Conditions set out in Section 4.02(a) of the Province's draft of the Change of Law Protection Agreement of December 4 were to apply to such Refinancing, to the extent that such refinancing required a change to a Transaction Document (e.g., as a result of a change to some rating agency condition or criteria), the Province's ability to issue an objection notice and thereby prevent the issuance of a Process Certificate under Section 3.01 (by virtue of Section 3.04) would have the effect of preventing a Refinancing. We trust that this was an unintended outcome of the drafting of Section 3.04 and/or the Adherence Conditions applicable to Refinancings. [THAT IS THE INTENDED EFFECT. THE ADHERENCE CONDITIONS WOULD APPLY TO THE REFINANCING, SO IF THE REFINANCING TERMS DEVIATED MATERIALLY (BASED ON THE SUBSTANTIALLY IN THE FORM" THRESHOLD"), THEN OPG WOULD REQUIRE THE PROVINCE NOT TO OBJECT IN ORDER TO PROCEED WITH THOSE NEW TERMS. OTHERWISE, THE REFINANCING COULD INCORPORATE TERMS AND CONDITIONS, WHICH WOULD BIND THE PROVINCE UNDER THE LIMITED GUARANTEE, THAT WOULD BE UNCONSTRAINED AND WITHOUT ANY ACCOUNTABILITY TO THE PROVINCE. IN ROCCO'S EXAMPLE, THAT MIGHT MEAN THAT OPG WOULD NEED TO RESORT TO UNRATED DEBT, IF THE PROVINCE WAS UNWILLING TO ACCEPT THE NEW TERMS. PRESUMABLY EVERYONE WOULD ACT RATIONALLY. HOWEVER, AS A FAILSAFE, OPG COULD OFFER INCREASED PRICING IN ORDER TO ATTRACT INVESTORS TO ACCEPT THE EARLIER VETTED TERMS (BASED ON THE THEN ACCEPTED REVIEWED DOCUMENTATION).]

3. Given that the Indenture Trustee is not a party to the Change of Law Process Agreement, the Province and OPG can amend the terms and conditions of this agreement without the consent of the indenture Trustee. Specified Creditors under an Approved Obligation need to be assured that the Province cannot prevent a Refinancing of an Approved Obligation either by virtue of the objection notice discussed in point #2 above or as a result of a future amendment to the agreement. There are a couple of ways to deal with this point. The first is to a add a beneficiary/third party rights clause in the Change of Law Process Agreement which acknowledges that the Indenture Trustee is a beneficiary of certain provisions of this agreement and as a result, the agreement cannot be amended without the consent of the Indenture Trustee. The second is to ensure that the Adherence Conditions relating to Refinancings under the Change of Law Protection Agreement are not dependent upon the terms of the Change of Law Process Agreement. In light of the desire to not disclose the terms and conditions of the Change of Law Process Agreement to the rating agencies, especially at this late stage in the process, we would expect that the latter approach would be preferable. [THE SUGGESTION REGARDING THE PROVINCE PREVENTING A REFINANCING IS

ADDRESSED IN #2. IF THE REFINANCING TERMS WOULD EXCEED THE SCOPE OF THE TRANSACTION DOCUMENTS REVIEWED AND NOT OBJECTED TO BY THE PROVINCE, THEN THAT SUGGESTS THERE IS A MATERIAL EFFECT ON THE PROVINCE AND SO THE PROVINCE WOULD NEED THE ABILITY TO REVIEW AND CONSIDER THE PROPRIETY OF THOSE NEW TERMS FROM ITS PERSPECTIVE. AS FOR THE STANDALONE NATURE OF THE PROCESS AGREEMENT, THE INTENTION IS THAT THE PROCESS AGREEMENT BE UNCOUPLED AND NOT PART OF THE COLLATERAL, AND AS MICHAEL FELDMAN HAS EXPLAINED, LEAVE FUTURE FLEXIBILITY FOR THIS LONG-TERM STRUCTURE. TO ADDRESS ROCCO'S CONCERN THAT THE PROVINCE AND OPG COULD CHANGE THE UNDERLYING OBLIGATIONS APPLICABLE TO ADHERENCE IN RELATION TO A NEW OBLIGATION, REQUIREMENT OR PROCESS IN THE PROCESS AGREEMENT THAT WOULD MAKE A REFINANCING LESS LIKELY TO OCCUR, WE HAVE ADDED AND USED IN THE ATTACHED VERSION A NEW DEFFINTION:

> "Approved Refinancing" means a Certified Primary Obligation proposed to be incurred as a Refinancing of an existing Certified Primary Obligation in respect of which the Adherence Conditions had been satisfied on the date such existing Certified Primary Obligation was incurred, that, at the time of incurrence, satisfies each of each of the Adherence Conditions except that the certificate contemplated to be delivered under Section 4.02(b) shall instead confirm that OPG has delivered to the Province a certificate by its applicable officers confirming that OPG would be in compliance with all obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the proposed Certified Primary Obligation that applied as between the Province and OPG on the date of issuance of such existing Certified Primary Obligation." Various references to "Refinancing" in the Protection Agreement can also be revised to refer to "Approved Refinancing", as required.

Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

———————————————

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From: Sebastiano, Rocco [mailto:RSebastiano@osler.com]
Sent: Wednesday, December 06, 2017 7:45 PM
To: Mansoori, Nina; ASHBOURNE, STEPHEN; VINER, JON; PRESTAGE, JA
Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom

(MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Milligan, Peter; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Saulnier, Brett; Olusoga, Yinka

Subject: RE: Fair Hydro -- Change of Law Process Agreement

I have reviewed the revised draft of the Change of Law Process Agreement that Torys has prepared and would like to pass along the following comments/observations:

1. The change of the definition of Breach Event in Section 6.01 (i.e., the change to clause (a) and the addition of clause (b)) will result in an inconsistency with section 7.01(b) of the Change of Law Protection Agreement. This will require further consideration.

2. The right of the Province to issue an objection notice under Section 3.04(b) in connection with a Transaction Document provided to the Province which is required for a Refinancing of an Approved Obligation remains an outstanding issue. Clearly, this will depend upon what Adherence Conditions will be required under Section 4.02 of the Change of Law Protection Agreement in order to permit such Refinancing to become an Approved Obligation. If the Adherence Conditions set out in Section 4.02(a) of the Province's draft of the Change of Law Protection Agreement of December 4 were to apply to such Refinancing, to the extent that such refinancing required a change to a Transaction Document (e.g., as a result of a change to some rating agency condition or criteria), the Province's ability to issue an objection notice and thereby prevent the issuance of a Process Certificate under Section 3.01 (by virtue of Section 3.04) would have the effect of preventing a Refinancing. We trust that this was an unintended outcome of the drafting of Section 3.04 and/or the Adherence Conditions applicable to Refinancings.

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Regards, Rocco

From: Mansoori, Nina [mailto:nmansoori@torys.com]

Sent: Wednesday, December 06, 2017 4:38 PM

To: 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>; 'JON.VINER@blakes.com' <JON.VINER@blakes.com>; 'JA.PRESTAGE@blakes.com' <JA.PRESTAGE@blakes.com>

Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)'

<Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Mansoori, Nina <nmansoori@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>

Subject: Fair Hydro -- Change of Law Process Agreement

Blakes team,

Please find attached OPG and Torys' comments on the Process Agreement reflecting our discussions from yesterday's call. Please note that this draft is subject to continuing review and comment by Osler and the dealers. As discussed at the tail end of our call yesterday, the section in the Process Agreement that gives the Province the right to object to new and material changes to transaction documents dovetails with the Protection Agreement so additional comments from Oslers may be forthcoming on this draft.

We are working on getting you a revised draft of the Protection Agreement either later today or tomorrow. In the meantime, please let us know if you have any comments or questions on the Process Agreement.

Best Regards,

Nina

Nina Mansoori

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679

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From:	ASHBOURNE, STEPHEN
To:	Malle Hanslep (MOF); Ken Kandeepan; Mike Manning; Ronald Kwan; Thouin, Alena (ENERGY); Tom McKinlay (MAG); Anna Strathy
Cc:	Tobias P. Whitfield (MOF)
Subject:	RE: Fair Hydro - Change of Law Protection Agreement
Date:	Friday, December 08, 2017 11:01:57 AM

That's fine for me, thanks.
Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

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Sent: Friday, December 08, 2017 10:35 AM
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Cc: Whitfield, Tobias P. (MOF)
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Hi all,
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Subject: Fair Hydro - Change of Law Protection Agreement

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Peter

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Sent: Thursday, December 07, 2017 4:27 PM
To: Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro -- Change of Law Process Agreement

Hi,

Please find (attached) a further turn of the Change of Law Process Agreement, reflecting the Province's comments on the mark-up of the Agreement circulated yesterday afternoon by Torys. The attached blackline shows changes made to yesterday's Torys mark-up.

This version addresses concerns Rocco raised last night, to the extent the Province feels that the issues can be accommodated. For your information, I have set out below responses to Rocco's comments/observations (in CAPs).

The Province would like to proceed with the Ministers briefing early next week, on the basis that this version (minus the explanatory notes) is now in final form. If there are any critical revisions that the other parties believe reflect 'must have' priority, then the Province would like to have a call to discuss them as soon as possible.

Responses to Rocco's Points:

1. The change of the definition of Breach Event in Section 6.01 (i.e., the change to clause (a) and the addition of clause (b)) will result in an inconsistency with section 7.01(b) of the Change of Law Protection Agreement. This will require further consideration. [AGREED. 7.01(b) and 7.01(c) WILL NEED TO MIRROR THE CURE LANGUAGE WE SETTLE ON IN THE PROCESS AGREEMENT (SEE MY EARLIER COMMENTS). PERHAPS THE "which continues …" LANGUAGE IN 7.01(B) CAN BE REVISED TO READ: "to the extent that the Province would be entitled to provide a Suspension Notice in accordance with the terms of the agreement or agreements between the Province and OPG under which such obligations, requirements and processes arise". SIMILAR CHANGE FOR 7.01(C).

2. The right of the Province to issue an objection notice under Section 3.04(b) in connection with a Transaction Document provided to the Province which is required for a Refinancing of an Approved Obligation remains an outstanding issue. Clearly, this will depend upon what Adherence Conditions will be required under Section 4.02 of the Change of Law Protection Agreement in order to permit such Refinancing to become an Approved Obligation. If the Adherence Conditions set out in Section

4.02(a) of the Province's draft of the Change of Law Protection Agreement of December 4 were to apply to such Refinancing, to the extent that such refinancing required a change to a Transaction Document (e.g., as a result of a change to some rating agency condition or criteria), the Province's ability to issue an objection notice and thereby prevent the issuance of a Process Certificate under Section 3.01 (by virtue of Section 3.04) would have the effect of preventing a Refinancing. We trust that this was an unintended outcome of the drafting of Section 3.04 and/or the Adherence Conditions applicable to Refinancings. [THAT IS THE INTENDED EFFECT. THE ADHERENCE CONDITIONS WOULD APPLY TO THE REFINANCING, SO IF THE REFINANCING TERMS DEVIATED MATERIALLY (BASED ON THE SUBSTANTIALLY IN THE FORM" THRESHOLD"), THEN OPG WOULD REQUIRE THE PROVINCE NOT TO OBJECT IN ORDER TO PROCEED WITH THOSE NEW TERMS. OTHERWISE, THE REFINANCING COULD INCORPORATE TERMS AND CONDITIONS, WHICH WOULD BIND THE PROVINCE UNDER THE LIMITED GUARANTEE, THAT WOULD BE UNCONSTRAINED AND WITHOUT ANY ACCOUNTABILITY TO THE PROVINCE. IN ROCCO'S EXAMPLE, THAT MIGHT MEAN THAT OPG WOULD NEED TO RESORT TO UNRATED DEBT, IF THE PROVINCE WAS UNWILLING TO ACCEPT THE NEW TERMS. PRESUMABLY EVERYONE WOULD ACT RATIONALLY. HOWEVER, AS A FAILSAFE, OPG COULD OFFER INCREASED PRICING IN ORDER TO ATTRACT INVESTORS TO ACCEPT THE EARLIER VETTED TERMS (BASED ON THE THEN ACCEPTED REVIEWED DOCUMENTATION).]

3. Given that the Indenture Trustee is not a party to the Change of Law Process Agreement, the Province and OPG can amend the terms and conditions of this agreement without the consent of the indenture Trustee. Specified Creditors under an Approved Obligation need to be assured that the Province cannot prevent a Refinancing of an Approved Obligation either by virtue of the objection notice discussed in point #2 above or as a result of a future amendment to the agreement. There are a couple of ways to deal with this point. The first is to a add a beneficiary/third party rights clause in the Change of Law Process Agreement which acknowledges that the Indenture Trustee is a beneficiary of certain provisions of this agreement and as a result, the agreement cannot be amended without the consent of the Indenture Trustee. The second is to ensure that the Adherence Conditions relating to Refinancings under the Change of Law Protection Agreement are not dependent upon the terms of the Change of Law Process Agreement. In light of the desire to not disclose the terms and conditions of the Change of Law Process Agreement to the rating agencies, especially at this late stage in the process, we would expect that the latter approach would be preferable. [THE SUGGESTION REGARDING THE PROVINCE PREVENTING A REFINANCING IS ADDRESSED IN #2. IF THE REFINANCING TERMS WOULD EXCEED THE SCOPE OF THE TRANSACTION DOCUMENTS REVIEWED AND NOT OBJECTED TO BY THE PROVINCE, THEN THAT SUGGESTS THERE IS A MATERIAL EFFECT ON THE PROVINCE AND SO THE PROVINCE WOULD NEED THE ABILITY TO REVIEW AND CONSIDER THE PROPRIETY OF THOSE NEW TERMS FROM ITS PERSPECTIVE. AS FOR THE STANDALONE NATURE OF THE PROCESS AGREEMENT, THE INTENTION IS THAT THE PROCESS AGREEMENT BE UNCOUPLED AND NOT PART OF THE COLLATERAL, AND AS MICHAEL FELDMAN HAS EXPLAINED, LEAVE FUTURE FLEXIBILITY FOR THIS LONG-TERM STRUCTURE. TO ADDRESS ROCCO'S CONCERN THAT THE PROVINCE AND OPG COULD CHANGE THE UNDERLYING OBLIGATIONS APPLICABLE TO ADHERENCE IN RELATION TO A NEW OBLIGATION, REQUIREMENT OR PROCESS IN THE PROCESS AGREEMENT THAT WOULD MAKE A REFINANCING LESS LIKELY TO OCCUR, WE HAVE ADDED AND USED IN THE ATTACHED VERSION A NEW DEFFINTION:

> "Approved Refinancing" means a Certified Primary Obligation proposed to be incurred as a Refinancing of an existing Certified Primary Obligation in respect of which the Adherence Conditions had been satisfied on the date such existing Certified Primary Obligation was incurred, that, at the time of incurrence, satisfies each of each of the Adherence Conditions except that the certificate contemplated to be delivered under Section 4.02(b) shall instead confirm that OPG has delivered to the Province a certificate by its applicable officers

confirming that OPG would be in compliance with all obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the proposed Certified Primary Obligation that applied as between the Province and OPG on the date of issuance of such existing Certified Primary Obligation." Various references to "Refinancing" in the Protection Agreement can also be revised to refer to "Approved Refinancing", as required.

Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

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Blake, Cassels & Graydon LLP | Barristers & Solicitors | Patent & Trade-mark Agents
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From: Sebastiano, Rocco [mailto:RSebastiano@osler.com]
Sent: Wednesday, December 06, 2017 7:45 PM
To: Mansoori, Nina; ASHBOURNE, STEPHEN; VINER, JON; PRESTAGE, JA
Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Milligan, Peter; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Saulnier, Brett; Olusoga, Yinka
Subject: RE: Fair Hydro -- Change of Law Process Agreement

I have reviewed the revised draft of the Change of Law Process Agreement that Torys has prepared and would like to pass along the following comments/observations:

1. The change of the definition of Breach Event in Section 6.01 (i.e., the change to clause (a) and the addition of clause (b)) will result in an inconsistency with section 7.01(b) of the Change of Law Protection Agreement. This will require further consideration.

2. The right of the Province to issue an objection notice under Section 3.04(b) in connection with a Transaction Document provided to the Province which is required for a Refinancing of an Approved Obligation remains an outstanding issue. Clearly, this will depend upon what Adherence Conditions will be required under Section 4.02 of the Change of Law Protection Agreement in order to permit such Refinancing to become an Approved Obligation. If the Adherence Conditions set out in Section 4.02(a) of the Province's draft of the Change of Law Protection Agreement of December 4 were to apply to such Refinancing, to the extent that such refinancing required a change to a Transaction Document (e.g., as a result of a change to some rating agency condition or criteria), the Province's

ability to issue an objection notice and thereby prevent the issuance of a Process Certificate under Section 3.01 (by virtue of Section 3.04) would have the effect of preventing a Refinancing. We trust that this was an unintended outcome of the drafting of Section 3.04 and/or the Adherence Conditions applicable to Refinancings.
3. Given that the Indenture Trustee is not a party to the Change of Law Process Agreement, the Province and OPG can amend the terms and conditions of this agreement without the consent of the indenture Trustee. Specified Creditors under an Approved Obligation need to be assured that the Province cannot prevent a Refinancing of an Approved Obligation either by virtue of the objection notice discussed in point #2 above or as a result of a future amendment to the agreement. There are a couple of ways to deal with this point. The first is to a add a beneficiary/third party rights clause in the Change of Law Process Agreement which acknowledges that the Indenture Trustee is a beneficiary of certain provisions of this agreement and as a result, the agreement cannot be amended without the consent of the Indenture Trustee. The second is to ensure that the Adherence Conditions relating to Refinancings under the Change of Law Protection Agreement are not dependent upon the terms of the Change of Law Process Agreement. In light of the desire to not disclose the terms and conditions of the Change of Law Process Agreement to the rating agencies, especially at this late stage in the process, we would expect that the latter approach would be preferable.
Regards, Rocco

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: Wednesday, December 06, 2017 4:38 PM
To: 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>; 'JON.VINER@blakes.com' <JON.VINER@blakes.com>; 'JA.PRESTAGE@blakes.com' <JA.PRESTAGE@blakes.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Mansoori, Nina <nmansoori@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>
Subject: Fair Hydro -- Change of Law Process Agreement
Blakes team,
Please find attached OPG and Torys' comments on the Process Agreement reflecting our discussions from yesterday's call. Please note that this draft is subject to continuing review and comment by Osler and the dealers. As discussed at the tail end of our call yesterday, the section in the Process Agreement that gives the Province the right to object to new and material changes to transaction documents dovetails with the Protection Agreement so additional comments from Oslers may be forthcoming on this draft.

We are working on getting you a revised draft of the Protection Agreement either later today or tomorrow. In the meantime, please let us know if you have any comments or questions on the Process Agreement.
Best Regards,
Nina

Nina Mansoori
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****

From:	Mike Manning
To:	Gadi Mayman
Cc:	Ken Kandeepan; Ronald Kwan; Anna Strathy
Subject:	RE: Fair Hydro - Change of Law Protection Agreement
Date:	Tuesday, December 12, 2017 3:38:27 PM

I think meeting was very successful, only outstanding is material effect and waiting for accounting feedback.

Mike

From: Gadi Mayman
Sent: Tuesday, December 12, 2017 3:37 PM
To: Mike Manning <Mike.Manning@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: Fwd: Fair Hydro - Change of Law Protection Agreement

Hi Mike, am I reading too much into assuming that the 2:30 meeting was successful?

Begin forwarded message:

> **From:** "Ramchandani, Rima" <rramchandani@torys.com>
> **Date:** December 12, 2017 at 3:28:33 PM EST
> **To:** "'ASHBOURNE, STEPHEN'" <STEPHEN.ASHBOURNE@blakes.com>, "Milligan, Peter" <PMilligan@osler.com>, "Saulnier, Brett" <bsaulnier@torys.com>, "Sebastiano, Rocco" <RSebastiano@osler.com>, "Mansoori, Nina" <nmansoori@torys.com>
> **Cc:** 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>, 'LADAK Lubna - TREASURY' <lubna.ladak@opg.com>, 'Anna Strathy' <Anna.Strathy@ofina.on.ca>, "'Veinot, Cindy (TBS)'" <Cindy.Veinot@ontario.ca>, "'McKinlay, Tom (MAG)'" <Tom.McKinlay@ontario.ca>, "'Donaldson, Mark (TBS)'" <Mark.Donaldson@ontario.ca>, "'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'" <Daniel.Cayley@ontario.ca>, "'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'" <Alena.Thouin@ontario.ca>, "'LEE John -TREASURY'" <john.s.lee@opg.com>, 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>, 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>, "'MAUTI John -FIN & C CTRL'" <john.mauti@opg.com>, 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>, "Feldman, Michael" <mfeldman@torys.com>, "'WONG Leslie -LAWDIV'" <leslie.wong@opg.com>, "Fullerton, Rick" <RFullerton@osler.com>, "'Mayman, Gadi (OFA)'" <Gadi.Mayman@ofina.on.ca>, "'Manning, Mike (OFA)'" <Mike.Manning@ofina.on.ca>, "'Hanslep, Malle (MOF)'" <Malle.Hanslep@ontario.ca>, "'ian.benaiah@rbccm.com'" <ian.benaiah@rbccm.com>, "'Khan, Nur (nur.khan@rbccm.com)'" <nur.khan@rbccm.com>, "'brent.r.taylor@rbccm.com'"

<brent.r.taylor@rbccm.com>, "'katrina.niehaus@gs.com'" <katrina.niehaus@gs.com>, "'brian.delaney@gs.com'" <brian.delaney@gs.com>, "'Maciel, Andrew'" <Andrew.Maciel@cibc.com>, "'Adalja, Sunil'" <Sunil.Adalja@cibc.com>, "'Persad, Nicole'" <Nicole.Persad@cibc.com>, "'Persaud, Donnie - Debt Capital Markets'" <Donnie.Persaud@cibc.com>, "'Steen Hume (CAB)'" <Steen.Hume@ontario.ca>, "Olusoga, Yinka" <yolusoga@torys.com>, "Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca)" <Tobias.Whitfield@ontario.ca>, "PALMER, AARON" <AARON.PALMER@blakes.com>, "VINER, JON" <JON.VINER@blakes.com>, "PRESTAGE, JA" <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro - Change of Law Protection Agreement

Attached is a revised draft of the Change of Law Protection Agreement, clean and blacklined to the Blakes draft circulated below. Except for the definition of "Material Effect", we believe this draft to be in final form and would ask that each of Blakes and Osler please confirm their sign off as soon as possible.

Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: December-12-17 2:09 PM
To: Milligan, Peter <PMilligan@osler.com>; Saulnier, Brett <bsaulnier@torys.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets'

<Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro - Change of Law Protection Agreement

Here is my mark-up of the matters raised by Oslers, in today's mark-ups of during our call this morning. Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From: Milligan, Peter [mailto:PMilligan@osler.com]
Sent: Tuesday, December 12, 2017 1:43 PM
To: Saulnier, Brett; ASHBOURNE, STEPHEN; Sebastiano, Rocco; Mansoori, Nina
Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Olusoga, Yinka; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca); PALMER, AARON; VINER, JON; PRESTAGE, JA
Subject: RE: Fair Hydro - Change of Law Protection Agreement

All,

Further to our call this morning, attached is a comparison document showing our comments on "Post-Suspension Refinancing" and "Protection Event".

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Sent: Tuesday, December 12, 2017 9:09 AM
To: 'Saulnier, Brett' <bsaulnier@torys.com>; ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
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Subject: RE: Fair Hydro - Change of Law Protection Agreement

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Attached are changed pages with my comments on the Change of Law Protection Agreement. This does not represent input from any dealer. I will follow up to see if the dealers have any additional comments but given the plan to have a call at 10, I pass along these comments now.

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Sent: Monday, December 11, 2017 11:35 PM
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Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
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Kind regards,
Brett

Brett Saulnier

P. 416.865.8148 | F. 416.865.7380 | 1.800.505.8679

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: December-08-17 3:16 PM
To: Milligan, Peter <PMilligan@osler.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY'

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Subject: RE: Fair Hydro - Change of Law Protection Agreement

Hi,

Attached is a revised version of the Change of Law Protection Agreement. I believe that most of the changes reflected from last night's Osler version (blackline is attached) are of a drafting or conforming nature, other than: (1) the Province disagrees that Approved Refinancing terms should be unfettered by adherence conditions post-Suspension Event and (2) the proposed rating-based "materially and adversely" qualification in the definition of Protection Event (and in fact any such qualification) is not acceptable to the Province. With regard to (1), this version comes into line with the proposed approach (i.e., using a modified adherence condition) that was incorporated into the version of the Change of Law Process Agreement I circulated yesterday. A further turn of that Agreement, to conform the open item identified in section 3.02 to the revised Change of Law Protection Agreement, is also included here for your reference.

Please note that the Province is working through the drafting concurrently and so further drafting comments may be provided.

As mentioned yesterday, the Province would like to proceed with the Ministers sign-off briefing early next week, on the basis that these versions (minus the explanatory notes) are now in substantially final form. Please identify if you believe there are other 'must have' points (other than the 2 mentioned above).

Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From: Milligan, Peter [mailto:PMilligan@osler.com]
Sent: Thursday, December 07, 2017 6:44 PM

To: ASHBOURNE, STEPHEN; Sebastiano, Rocco; Mansoori, Nina
Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Saulnier, Brett; Olusoga, Yinka; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca); PALMER, AARON; VINER, JON; PRESTAGE, JA
Subject: Fair Hydro - Change of Law Protection Agreement

All,

Attached is a revised comment draft of the Change of Low Protection Agreement reflecting comments from Torys and Osler. In order to meet this transaction's timeline, this comment draft has not been reviewed by OPG or the Dealers and is delivered subject to any comments they may have.

Peter

From:	Ramchandani, Rima
To:	"ASHBOURNE, STEPHEN"; Milligan, Peter; Saulnier, Brett; Sebastiano, Rocco; Mansoori, Nina
Cc:	Ken Kandeepan; "LADAK Lubna -TREASURY"; Anna Strathy; "Veinot, Cindy (TBS)"; Tom McKinlay (MAG); Mark Donaldson (MOF); Daniel Cayley (ENERGY); "Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)"; "LEE John -TREASURY"; "RYFA Ken -TREASURY"; "HAHN PARKER Janet -TREASURY"; "MAUTI John -FIN & C CTRL"; "LAURETA LAPIRA May -TREASURY"; Feldman, Michael; "WONG Leslie -LAWDIV"; Fullerton, Rick; Gadi Mayman; Mike Manning; Malle Hanslep (MOF); "ian.benaiah@rbccm.com"; "Khan, Nur (nur.khan@rbccm.com)"; "brent.r.taylor@rbccm.com"; "katrina.niehaus@gs.com"; "brian.delaney@gs.com"; "Maciel, Andrew"; "Adalja, Sunil"; "Persad, Nicole"; "Persaud, Donnie - Debt Capital Markets"; Steen Hume (CAB); Olusoga, Yinka; Tobias P. Whitfield (MOF); PALMER, AARON; VINER, JON; PRESTAGE, JA
Subject:	RE: Fair Hydro - Change of Law Protection Agreement
Date:	Tuesday, December 12, 2017 3:30:18 PM
Attachments:	#24626868v1_TorysAtWork_ - Change of Law Protection Agreement.docx Blackline_Ashbourne Draft - 24626868v1.pdf

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Attached is a revised draft of the Change of Law Protection Agreement, clean and blacklined to the Blakes draft circulated below. Except for the definition of "Material Effect", we believe this draft to be in final form and would ask that each of Blakes and Osler please confirm their sign off as soon as possible.

Rima

Rima Ramchandani
P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: December-12-17 2:09 PM
To: Milligan, Peter ; Saulnier, Brett ; Sebastiano, Rocco ; Mansoori, Nina
Cc: 'Ken Kandeepan' ; 'LADAK Lubna -TREASURY' ; 'Anna Strathy' ; 'Veinot, Cindy (TBS)' ; 'McKinlay, Tom (MAG)' ; 'Donaldson, Mark (TBS)' ; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' ; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' ; Ramchandani, Rima ; 'LEE John -TREASURY' ; 'RYFA Ken -TREASURY' ; 'HAHN PARKER Janet -TREASURY' ; 'MAUTI John -FIN & C CTRL' ; 'LAURETA LAPIRA May -TREASURY' ; Feldman, Michael ; 'WONG Leslie -LAWDIV' ; Fullerton, Rick ; 'Mayman, Gadi (OFA)' ; 'Manning, Mike (OFA)' ; 'Hanslep, Malle (MOF)' ; 'ian.benaiah@rbccm.com' ; 'Khan, Nur (nur.khan@rbccm.com)' ; 'brent.r.taylor@rbccm.com' ; 'katrina.niehaus@gs.com' ; 'brian.delaney@gs.com' ; 'Maciel, Andrew' ; 'Adalja, Sunil' ; 'Persad, Nicole' ; 'Persaud, Donnie - Debt Capital Markets' ; 'Steen Hume (CAB)' ; Olusoga, Yinka ; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) ; PALMER, AARON ; VINER, JON ; PRESTAGE, JA
Subject: RE: Fair Hydro - Change of Law Protection Agreement

Here is my mark-up of the matters raised by Oslers, in today's mark-ups of during our call this morning. Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

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Sent: December-08-17 3:16 PM
To: Milligan, Peter <PMilligan@osler.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>

Subject: RE: Fair Hydro - Change of Law Protection Agreement

Hi,

Attached is a revised version of the Change of Law Protection Agreement. I believe that most of the changes reflected from last night's Osler version (blackline is attached) are of a drafting or conforming nature, other than: (1) the Province disagrees that Approved Refinancing terms should be unfettered by adherence conditions post-Suspension Event and (2) the proposed rating-based "materially and adversely" qualification in the definition of Protection Event (and in fact any such qualification) is not acceptable to the Province. With regard to (1), this version comes into line with the proposed approach (i.e., using a modified adherence condition) that was incorporated into the version of the Change of Law Process Agreement I circulated yesterday. A further turn of that Agreement, to conform the open item identified in section 3.02 to the revised Change of Law Protection Agreement, is also included here for your reference.

Please note that the Province is working through the drafting concurrently and so further drafting comments may be provided.

As mentioned yesterday, the Province would like to proceed with the Ministers sign-off briefing early next week, on the basis that these versions (minus the explanatory notes) are now in substantially final form. Please identify if you believe there are other 'must have' points (other than the 2 mentioned above).

Regards, Steve

Stephen R. Ashbourne
Partner
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Dir: 416-863-3086

From: Milligan, Peter [mailto:PMilligan@osler.com]
Sent: Thursday, December 07, 2017 6:44 PM
To: ASHBOURNE, STEPHEN; Sebastiano, Rocco; Mansoori, Nina
Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Saulnier, Brett; Olusoga, Yinka; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca); PALMER, AARON; VINER, JON; PRESTAGE, JA
Subject: Fair Hydro - Change of Law Protection Agreement

All,

Attached is a revised comment draft of the Change of Low Protection Agreement reflecting comments from Torys and Osler. In order to meet this transaction's timeline, this comment draft has not been reviewed by OPG or the Dealers and is delivered subject to any comments they may have.

Peter

OSLER

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From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: Thursday, December 07, 2017 4:27 PM
To: Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>

Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro -- Change of Law Process Agreement

Hi,

Please find (attached) a further turn of the Change of Law Process Agreement, reflecting the Province's comments on the mark-up of the Agreement circulated yesterday afternoon by Torys. The attached blackline shows changes made to yesterday's Torys mark-up.

This version addresses concerns Rocco raised last night, to the extent the Province feels that the issues can be accommodated. For your information, I have set out below responses to Rocco's comments/observations (in CAPs).

The Province would like to proceed with the Ministers briefing early next week, on the basis that this version (minus the explanatory notes) is now in final form. If there are any critical revisions that the other parties believe reflect 'must have' priority, then the Province would like to have a call to discuss them as soon as possible.

Responses to Rocco's Points:

1. The change of the definition of Breach Event in Section 6.01 (i.e., the change to clause (a) and the addition of clause (b)) will result in an inconsistency with section 7.01(b) of the Change of Law Protection Agreement. This will require further consideration. [AGREED. 7.01(b) and 7.01(c) WILL NEED TO MIRROR THE CURE LANGUAGE WE SETTLE ON IN THE PROCESS AGREEMENT (SEE MY EARLIER COMMENTS). PERHAPS THE "which continues …" LANGUAGE IN 7.01(B) CAN BE REVISED TO READ: "to the extent that the Province would be entitled to provide a Suspension Notice in accordance with the terms of the agreement or agreements between the Province and OPG under which such obligations, requirements and processes arise". SIMILAR CHANGE FOR 7.01(C).

2. The right of the Province to issue an objection notice under Section 3.04(b) in connection with a Transaction Document provided to the Province which is required for a Refinancing of an Approved Obligation remains an outstanding issue. Clearly, this will depend upon what Adherence Conditions will be required under Section 4.02 of the Change of Law Protection Agreement in order to permit such Refinancing to become an Approved Obligation. If the Adherence Conditions set out in Section 4.02(a) of the Province's draft of the Change of Law Protection Agreement of December 4 were to apply to such Refinancing, to the extent that such refinancing required a change to a Transaction Document (e.g., as a result of a change to some rating agency condition or criteria), the Province's

ability to issue an objection notice and thereby prevent the issuance of a Process Certificate under Section 3.01 (by virtue of Section 3.04) would have the effect of preventing a Refinancing. We trust that this was an unintended outcome of the drafting of Section 3.04 and/or the Adherence Conditions applicable to Refinancings. [THAT IS THE INTENDED EFFECT. THE ADHERENCE CONDITIONS WOULD APPLY TO THE REFINANCING, SO IF THE REFINANCING TERMS DEVIATED MATERIALLY (BASED ON THE SUBSTANTIALLY IN THE FORM" THRESHOLD"), THEN OPG WOULD REQUIRE THE PROVINCE NOT TO OBJECT IN ORDER TO PROCEED WITH THOSE NEW TERMS. OTHERWISE, THE REFINANCING COULD INCORPORATE TERMS AND CONDITIONS, WHICH WOULD BIND THE PROVINCE UNDER THE LIMITED GUARANTEE, THAT WOULD BE UNCONSTRAINED AND WITHOUT ANY ACCOUNTABILITY TO THE PROVINCE. IN ROCCO'S EXAMPLE, THAT MIGHT MEAN THAT OPG WOULD NEED TO RESORT TO UNRATED DEBT, IF THE PROVINCE WAS UNWILLING TO ACCEPT THE NEW TERMS. PRESUMABLY EVERYONE WOULD ACT RATIONALLY. HOWEVER, AS A FAILSAFE, OPG COULD OFFER INCREASED PRICING IN ORDER TO ATTRACT INVESTORS TO ACCEPT THE EARLIER VETTED TERMS (BASED ON THE THEN ACCEPTED REVIEWED DOCUMENTATION).]

3. Given that the Indenture Trustee is not a party to the Change of Law Process Agreement, the Province and OPG can amend the terms and conditions of this agreement without the consent of the indenture Trustee. Specified Creditors under an Approved Obligation need to be assured that the Province cannot prevent a Refinancing of an Approved Obligation either by virtue of the objection notice discussed in point #2 above or as a result of a future amendment to the agreement. There are a couple of ways to deal with this point. The first is to a add a beneficiary/third party rights clause in the Change of Law Process Agreement which acknowledges that the Indenture Trustee is a beneficiary of certain provisions of this agreement and as a result, the agreement cannot be amended without the consent of the Indenture Trustee. The second is to ensure that the Adherence Conditions relating to Refinancings under the Change of Law Protection Agreement are not dependent upon the terms of the Change of Law Process Agreement. In light of the desire to not disclose the terms and conditions of the Change of Law Process Agreement to the rating agencies, especially at this late stage in the process, we would expect that the latter approach would be preferable. [THE SUGGESTION REGARDING THE PROVINCE PREVENTING A REFINANCING IS ADDRESSED IN #2. IF THE REFINANCING TERMS WOULD EXCEED THE SCOPE OF THE TRANSACTION DOCUMENTS REVIEWED AND NOT OBJECTED TO BY THE PROVINCE, THEN THAT SUGGESTS THERE IS A MATERIAL EFFECT ON THE PROVINCE AND SO THE PROVINCE WOULD NEED THE ABILITY TO REVIEW AND CONSIDER THE PROPRIETY OF THOSE NEW TERMS FROM ITS PERSPECTIVE. AS FOR THE STANDALONE NATURE OF THE PROCESS AGREEMENT, THE INTENTION IS THAT THE PROCESS AGREEMENT BE UNCOUPLED AND NOT PART OF THE COLLATERAL, AND AS MICHAEL FELDMAN HAS EXPLAINED, LEAVE FUTURE FLEXIBILITY FOR THIS LONG-TERM STRUCTURE. TO ADDRESS ROCCO'S CONCERN THAT THE PROVINCE AND OPG COULD CHANGE THE UNDERLYING OBLIGATIONS APPLICABLE TO ADHERENCE IN RELATION TO A NEW OBLIGATION, REQUIREMENT OR PROCESS IN THE PROCESS AGREEMENT THAT WOULD MAKE A REFINANCING LESS LIKELY TO OCCUR, WE HAVE ADDED AND USED IN THE ATTACHED VERSION A NEW DEFFINTION:

> "Approved Refinancing" means a Certified Primary Obligation proposed to be incurred as a Refinancing of an existing Certified Primary Obligation in respect of which the Adherence Conditions had been satisfied on the date such existing Certified Primary Obligation was incurred, that, at the time of incurrence, satisfies each of each of the Adherence Conditions except that the certificate contemplated to be delivered under Section 4.02(b) shall instead confirm that OPG has delivered to the Province a certificate by its applicable officers confirming that OPG would be in compliance with all obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the proposed Certified Primary Obligation that applied as between the Province

and OPG on the date of issuance of such existing Certified Primary Obligation." Various references to "Refinancing" in the Protection Agreement can also be revised to refer to "Approved Refinancing", as required.

Regards, Steve

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From: Sebastiano, Rocco [mailto:RSebastiano@osler.com]
Sent: Wednesday, December 06, 2017 7:45 PM
To: Mansoori, Nina; ASHBOURNE, STEPHEN; VINER, JON; PRESTAGE, JA
Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Milligan, Peter; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Saulnier, Brett; Olusoga, Yinka
Subject: RE: Fair Hydro -- Change of Law Process Agreement

I have reviewed the revised draft of the Change of Law Process Agreement that Torys has prepared and would like to pass along the following comments/observations:

1. The change of the definition of Breach Event in Section 6.01 (i.e., the change to clause (a) and the addition of clause (b)) will result in an inconsistency with section 7.01(b) of the Change of Law Protection Agreement. This will require further consideration.

2. The right of the Province to issue an objection notice under Section 3.04(b) in connection with a Transaction Document provided to the Province which is required for a Refinancing of an Approved Obligation remains an outstanding issue. Clearly, this will depend upon what Adherence Conditions will be required under Section 4.02 of the Change of Law Protection Agreement in order to permit such Refinancing to become an Approved Obligation. If the Adherence Conditions set out in Section 4.02(a) of the Province's draft of the Change of Law Protection Agreement of December 4 were to apply to such Refinancing, to the extent that such refinancing required a change to a Transaction Document (e.g., as a result of a change to some rating agency condition or criteria), the Province's ability to issue an objection notice and thereby prevent the issuance of a Process Certificate under Section 3.01 (by virtue of Section 3.04) would have the effect of preventing a Refinancing. We trust that this was an unintended outcome of the drafting of Section 3.04 and/or the Adherence Conditions

applicable to Refinancings.
3. Given that the Indenture Trustee is not a party to the Change of Law Process Agreement, the Province and OPG can amend the terms and conditions of this agreement without the consent of the indenture Trustee. Specified Creditors under an Approved Obligation need to be assured that the Province cannot prevent a Refinancing of an Approved Obligation either by virtue of the objection notice discussed in point #2 above or as a result of a future amendment to the agreement. There are a couple of ways to deal with this point. The first is to a add a beneficiary/third party rights clause in the Change of Law Process Agreement which acknowledges that the Indenture Trustee is a beneficiary of certain provisions of this agreement and as a result, the agreement cannot be amended without the consent of the Indenture Trustee. The second is to ensure that the Adherence Conditions relating to Refinancings under the Change of Law Protection Agreement are not dependent upon the terms of the Change of Law Process Agreement. In light of the desire to not disclose the terms and conditions of the Change of Law Process Agreement to the rating agencies, especially at this late stage in the process, we would expect that the latter approach would be preferable.
Regards, Rocco

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: Wednesday, December 06, 2017 4:38 PM
To: 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>; 'JON.VINER@blakes.com' <JON.VINER@blakes.com>; 'JA.PRESTAGE@blakes.com' <JA.PRESTAGE@blakes.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Mansoori, Nina <nmansoori@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>
Subject: Fair Hydro -- Change of Law Process Agreement
Blakes team,
Please find attached OPG and Torys' comments on the Process Agreement reflecting our discussions from yesterday's call. Please note that this draft is subject to continuing review and comment by Osler and the dealers. As discussed at the tail end of our call yesterday, the section in the Process Agreement that gives the Province the right to object to new and material changes to transaction documents dovetails with the Protection Agreement so additional comments from Oslers may be forthcoming on this draft.
We are working on getting you a revised draft of the Protection Agreement either later today or tomorrow. In the meantime, please let us know if you have any comments or questions on

the Process Agreement.
Best Regards,
Nina

Nina Mansoori
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Draft: December 12, 2017

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust organized under the laws of the Province of Ontario (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council 1981/2017 (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Primary Obligations that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred. This Agreement sets out the terms and conditions of such protections and assurances.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A, and any other capitalized terms not defined herein shall have the meanings assigned to them in the Trust Indenture;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 Proof of Approved Obligations

The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Manager deems to be sufficient.

Each statement delivered by the Manager under Section 2.01(a)i shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and each of the parties hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Manager shall act diligently in the preparation of each such statement and shall provide the Indenture Trustee and the Province with all supporting computations and calculations used by the Manager to prepare each such statement promptly following a request therefor made by the Indenture Trustee or the Province.

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture as of the date of this Agreement.

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 2.01 or Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee, the Financing Entity, the Financing Entity Trustee, the Manager or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one

and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee may deliver a written demand, substantially in the form attached as **[Exhibit A]** (a "**Payment Demand**"), to the Province requiring the Province to make payments in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in this Agreement. From and after such delivery of a Payment Demand, the Province shall make the following payments in respect of the Approved Obligations (the "**Limited Guarantee**"), the Financing Entity shall pay, and the Province shall be entitled to be paid, the Subrogation Amounts specified below, and the following terms shall apply:

i. Not less than three (3) Business Days prior to each day when any payment or payments are to be made in respect of one or more Approved Obligations occurring after such delivery of a Payment Demand (each such day, a "**Guarantee Payment Date**"), the Manager shall deliver a written statement setting forth the Aggregate Approved Obligations Amount, if any, in respect of the Approved Obligations that are due and payable on such Guarantee Payment Date, together with a detailed description identifying such Approved Obligations and the nature and amount of payments due and payable thereunder on the Guarantee Payment Date, the aggregate outstanding amount payable by the Financing Entity under such Approved Obligations as of the date of such written statement, and details regarding any default in performance by any party obligated thereunder.

ii. On each such Guarantee Payment Date, the Province shall deposit the Aggregate Approved Obligations Amount into the Protection Account.

iii. On each such Guarantee Payment Date, the Financing Entity and the Indenture Trustee shall ensure that the amounts on deposit in the Protection Account are applied to pay each Beneficiary to whom an amount is due and payable under an Approved Obligation on the Guarantee Payment Date the Approved Obligation Amount for such Beneficiary in respect of such Approved Obligation on such Guarantee Payment Date; provided that if the amount deposited pursuant to clause 2.01(a)ii is insufficient to pay all such Approved Obligation Amounts in full, the amount on deposit in the Protection Account on the Guarantee Payment Date shall be applied to pay Beneficiaries in the order of priority in which such Approved Obligations are payable under the payment provisions of the Trust Indenture applicable to the making of such payments on the Guarantee Payment Date (each, a "**Beneficiary Payee**"

and each payment made to a Beneficiary Payee on a Guarantee Payment Date, a "**Guarantee Payment**").

iv. On the first Guarantee Payment Date and on each subsequent Guarantee Payment Date, Payment Date or other day on which any amount is required to be paid in respect of any Obligations Secured under the Trust Indenture (a "**Subrogation Payment Date**"), the Issuer and the Indenture Trustee shall ensure that the applicable payment provisions of the Trust Indenture shall be applied and operate on the following basis:

(A) If such day is a Guarantee Payment Date, then for each Approved Obligation for which amounts are paid to a Beneficiary Payee on such day pursuant to clause 2.01(a)iii in respect of principal, interest or any other amounts ("**Payable Approved Amounts**"), the amounts payable by the Financing Entity in respect of such amounts for such Approved Obligation shall be reduced by the respective amounts of such payments to the Beneficiary Payee, and equivalent amounts shall be payable by the Financing Entity to the Province as "**Subrogation Amounts**" in respect of such Approved Obligations, such Subrogation Amounts being payable in the same order of priority and with the same entitlements accruing to the Province as applied in respect of the related Payable Approved Amounts which were previously owing to the Beneficiary Payee, and to reflect this subrogation the payments set out in clause 2.01(a)iv(B) below shall be made by the Financing Entity.

(B) If the Province has made all deposits required to be made by it on each Guarantee Payment Date occurring on or before such day in accordance with clause 2.01(a)ii (or the related Approved Obligation Amounts have otherwise all been paid in full), then in respect of each Approved Obligation for which any related Subrogation Amounts have not yet been paid in full to the Province, the Financing Entity shall pay to the Province from amounts available under the Trust Indenture payment provisions and in accordance with the priority of payment provisions in the Trust Indenture the amount that would be payable on such date in satisfaction of the relevant Payable Approved Amounts, as determined without regard to any Guarantee Payment paid on any Guarantee Payment Date and also without regard to the corresponding reduction of the amounts owing to present and former Beneficiary

Payees pursuant to subclause 2.01(a)iv(A) up to the amount of the unpaid related Subrogation Amounts.

(C) No Beneficiary having a right to be paid an amount in respect of an Approved Obligation, and no other Person entitled under an Obligation Secured, in each case that ranks equal with or subordinate to the Payable Approved Amount in respect of which a Subrogation Amount is payable to the Province under subclause 2.01(a)iv(B), shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under such subclause (including any right of set-off, offset, reimbursement, contribution or indemnity) and no such Beneficiary or other Person shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of any such Subrogation Amount.

(D) For greater certainty, the entitlements of the Province in respect of Subrogation Amounts arising in respect of Payable Approved Obligations that are interest and principal obligations on Notes shall be treated for all purposes of the Trust Indenture as interest and principal obligations, respectively, arising under Notes having the same priority as and any applicable voting rights under the related Approved Obligations, and accordingly the Province (and any successor, assignee or transferee of such entitlements) shall be entitled to all of the rights, entitlements, interests and privileges of a Holder of such a Notes in accordance with the Trust Indenture, as supplemented by the Supplemental Indenture or other indenture document under which the related Approved Obligations were issued.

(b) On each Guarantee Payment Date and upon demand by the Province, the Indenture Trustee shall release and pay to the Province free and clear of any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay Guarantee Payments to Beneficiary Payees on the Guarantee Payment Date in accordance with clause 2.01(a)iii or that otherwise remains on deposit in the Protection Account on the relevant date.

(c) In preparing any payment instructions under the Trust Indenture, the Manager shall reflect the amounts payable under Section 2.01(a), if applicable.

(d) The Province shall, as a payee of Subrogation Amounts under clause 2.01(a)iv(B) and as a payee of any amounts payable under clause 2.01(b), be a “Specified

Creditor" under the Trust Indenture and have the benefit of the Collateral thereunder.

(e) For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the Approved Obligation Amounts, if any, for payment to Beneficiary Payees and will be subject to the priorities and to the Province's rights to Subrogation Amounts, set forth in Section 2.01(a).

(f) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(g) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation by their terms.

(h) Any amount payable to the Province in respect of a Subrogation Amount shall bear interest from and including the date of payment by the Province of the related Guarantee Payment to but excluding the date of payment of the Subrogation Amount to the Province, such interest to accrue at the rate equivalent to the applicable interest rate borne by the related Approved Obligation, and such interest amounts shall be added to their respective Subrogated Amounts and shall consequently be payable in the same priority as the relevant Subrogated Amount under clause 2.01(a)iv(B), all such accruing interest amounts to be calculated and added to the Subrogation Amounts by the Manager in its discretion acting in a commercially reasonable fashion.

(i) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under and in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any amount due and payable to a Beneficiary Payee under the Limited Guarantee.

2.02 Intentionally Deleted.

2.03 <u>Absence of Set-off</u>

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required

in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 Payment into Protection Account in Satisfaction

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account" for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section **[7.03]** of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Financing Entity and the Indenture Trustee shall ensure that all amounts paid by the Province into the Protection Account on a Guarantee Payment Date in respect of an Approved Obligation are applied to pay the amounts due and payable to the Beneficiary Payee as and to the extent provided for in Section 2.01(a). Upon a payment having been made by or on behalf of the Province into the Protection Account, the amounts so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiary Payee as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such Beneficiary Payee in respect of the applicable Approved Obligations, whereupon an affected Beneficiary Payee shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid. For greater certainty, the obligations arising in respect of an applicable Approved Obligation shall not be reduced by such payment as the Province shall become entitled to be paid related Subrogation Amounts and the rights contemplated under Section 2.01(a) and Section 5.01 in relation to such continuing obligations.

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations in accordance with Section 8.01.

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

Except in respect of any Primary Obligation to which the Limited Guarantee will not apply on or after a Suspension Notice is delivered in accordance with Section 7.02, a Primary Obligation that is not a Certified Primary Obligation shall be an Approved Obligation. A Certified Primary Obligation shall constitute an Approved Obligation if (i) the Adherence

Conditions applicable thereto have been satisfied at the time the Primary Obligation was incurred or (ii) the Province, in its sole discretion, designates in writing that it is an Approved Obligation.

4.02 <u>Adherence Conditions</u>

(a) The following shall be the Adherence Conditions applicable in relation to each Certified Primary Obligation:

i. the Certified Primary Obligation when incurred is an Obligation Secured under the Trust Indenture; and

ii. OPG, as FSM, delivers an Adherence Compliance Certificate in the form attached hereto as Exhibit B signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee, on or before the incurrence of the Certified Primary Obligation (provided that delivery may not be more than 5 Business Days before the incurrence of the Certified Primary Obligation); and

iii. the Province has not provided a Suspension Notice to the Indenture Trustee, OPG and the Financing Entity.

(b) Without limiting any obligations of OPG to the Province arising other than pursuant to this Agreement, satisfaction of the Adherence Conditions for a Certified Primary Obligation shall be deemed satisfaction of the Adherence Conditions in respect of all principal, interest and other amounts owing under the Certified Primary Obligation, as such Certified Primary Obligation may be amended, restated, supplemented or modified from time to time.

(c) For greater certainty, there shall be no Adherence Conditions applicable in relation to a Primary Obligation that is not a Certified Primary Obligation.

4.03 <u>Evidence of Satisfaction</u>

An Adherence Compliance Certificate delivered in accordance with clause 4.02(a)ii shall be determinative as to whether the applicable Adherence Condition with respect thereto has been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same. An Adherence Compliance Certificate that purports on its face to be signed by officers specified in clause 4.02(a)ii may be relied upon by any addressee without further enquiry or evidence as to the incumbency or signatures of such officers. If an Adherence Compliance Certificate is not delivered in accordance with the timing requirements of clause 4.02(a)ii such certificate may be delivered at a later date, and be effective as if it had been delivered in accordance with the timing requirement of clause 4.02(a)ii if at the time such certificate was otherwise required to be delivered OPG had delivered to the Province

all certifications required by the Province in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation.

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, and shall be entitled to (i) the right and entitlement to be paid and receive the related Subrogation Amounts, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including Sections **[7.04]** through **[7.11]** and **[8.13]** (Payment Priorities), Section **[7.12]** (Payments Held in Trust), Section **[8.11]** (Control by Controlling Class Creditors), Section **[8.12]** (Limitation on Suits), Section **[8.14]** (Limited Recourse), Article IX (The Indenture Trustee), including all limitations of liability thereunder, Section **[9.14]** (Communications to Specified Creditors) and Section **[16.01]** (No Petition); (ii) consents, requests and authorizes the Issuer

and the Indenture Trustee to (x) add the Province to the register of Specified Creditors described in subsection **[13.13(b)]** of the Trust Indenture and (y) disseminate the notice details of the Province to other Specified Creditors for the purposes set out in subsection **[9.14(b)]** of the Trust Indenture, and (iii) confirms that it will execute and deliver, or cause to be executed and delivered, all such further agreements, documents and instruments in connection with this Section 5.01 as the Indenture Trustee may request from time to time for the purpose of giving effect to the terms of this Section 5.01.

5.02 Priorities

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation and the Payable Approved Amounts thereunder shall rank equally with the rights, interests and entitlements of a Beneficiary to whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture in the manner and to the extent contemplated in Section **[7.10]** of the Trust Indenture.

5.03 Intentionally Deleted

5.04 Representations and Warranties

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
INDENTURE TRUSTEE MATTERS

6.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing

Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

6.02 Not Responsible for Recitals

The recitals contained herein will be taken as the statements of the Province, the Financing Entity and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

6.03 Representations and Covenants of the Indenture Trustee

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Agreement and has taken all necessary action to authorize the execution, delivery and performance by it of this Agreement;

(c) this Agreement has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada. If, notwithstanding the provisions of this subsection 6.03(d), the Indenture Trustee ceases to be so authorized to carry on business, the validity and enforceability of this Agreement shall not be affected in any manner whatsoever by reason only of such event.

ARTICLE VII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

7.01 Suspension Notice

Upon:

(a) a Program Breach;

(b) a default in the performance, or breach, of any covenants of OPG, as FSM, or OPG, in its corporate capacity, in each case to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligation and the expiration of any applicable cure period;

(c) a representation or warranty made by OPG or a certification made by one or more officers of OPG, in each case whether as FSM or in its corporate capacity, to the Province in connection with its obligations to the Province and its internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligations, proves to be incorrect in any material respect on the date made and the expiration of any applicable cure period; or

(d) the FSM no longer being the Manager or actions having been taken by or on behalf of the Indenture Trustee to remove the FSM as the Manager;

the Province may deliver a written notice in the form of Exhibit C (a "**Suspension Notice**") to the Indenture Trustee, the FSM and the Financing Entity.

7.02 Suspension

If a Suspension Notice has been provided under Section 7.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of: (i) any Primary Obligation incurred, excluding Post-Suspension Refinancings, or (ii) any amendment of any Primary Obligation that has a Material Effect, unless otherwise agreed to by the Province, in each case, on or after the time such Suspension Notice is delivered.

7.03 Additional Right of the Province Regarding Post-Suspension Refinancings

Following the occurrence of a Suspension Event, the Limited Guarantee shall continue to apply in respect of any Post-Suspension Refinancing (for greater certainty, without regard to the satisfaction of any Adherence Conditions); provided that prior to the Financing Entity incurring any Primary Obligation constituting a Post-Suspension Refinancing, the Manager shall provide the Province with at least 30 days' notice of its intention to seek a Post-Suspension Refinancing and prior to incurrence, which notice shall describe the material covenants, events of default, representations and warranties and indemnities of the Financing Entity and other material terms, excluding financial terms, rates and levels, and that shall be in respect of the full amount of the amount becoming due and payable in respect of the applicable Primary Obligation less amounts otherwise available to the Financing Entity from other available or committed sources (the "**Proposal**"), and during such 30 day period the Province may, but is not obligated to, offer to fund such Post-Suspension Refinancing or arrange for another Person to fund such Post-Suspension Refinancing on the same terms as set out in the Proposal or on such other terms as may be considered by the Province to be not more onerous on the Financing Entity and that are acceptable on that basis to the Financing Entity, acting reasonably. If, within such 30-day period, the Province elects to offer to fund such Post-Suspension Refinancing as provided in the preceding sentence, the Manager shall accept such offer; however, if the Province does not elect to offer to fund such Post-Suspension Refinancing, the Manager shall cause the Financing Entity to incur Primary Obligations constituting such a Post-Suspension Refinancing on substantially the same terms (excluding, for greater certainty, any financial terms, rates or levels) as those set out in the Proposal if the Post-Suspension Refinancing can be completed by the Financing Entity

in compliance with the Act, or on such other terms as would not have a Material Effect, without taking into account any financial terms, rates or levels.

7.04 No Impact on Adherence

For greater certainty, the occurrence of a Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event or in respect of any Post-Suspension Refinancing.

ARTICLE VIII
MISCELLANEOUS

8.01 Term of Agreement

This Agreement will continue until the later of: (a) the date that no amount is or may become due and payable by the Province under the Limited Guarantee and (b) the date that no amount is or may become due and payable to the Province in respect of any Subrogation Amount.

8.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: Manager, Corporate Trust
Fax: (416) 981-9777
Email: corporatetrust.toronto@computershare.com

(b) if to the FSM:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

(c) if to the Province:

Minister of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Minister of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

With copies to:

Deputy Minister of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Deputy Minister of Energy
[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 8.02.

8.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section 8.03 shall be null and void.

8.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

8.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

8.07 Notice to Rating Agencies

OPG, as FSM, shall deliver prompt written notice to the Rating Agencies of the occurrence of (i) a Protection Event; (ii) receipt of a Suspension Notice delivered by the Province pursuant to Section 7.01; and (iii) an assignment of this Agreement by any party pursuant to Section 8.03.

8.08 Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their benefits hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

8.09 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, IN ITS CAPACITY AS TRUSTEE OF FAIR HYDRO TRUST, AS ISSUER, BY ONTARIO POWER GENERATION INC., NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration of a funding obligation" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Compliance Certificate**" means a certificate in the form attached hereto as Exhibit B delivered by the FSM in accordance with Section 4.02(a)ii.

"**Adherence Conditions**", means, in respect of a Certified Primary Obligation, the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of a Guarantee Payment Date, the aggregate of the Approved Obligation Amounts for such Guarantee Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, for a Beneficiary in respect of an Approved Obligation under which an amount is due and payable on a Guarantee Payment Date:

(a) if no Acceleration has occurred in respect of any Obligation Secured on or before the Guarantee Payment Date, the amount due and payable to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation (for greater certainty, determined on the assumption that there are adequate amounts available under the applicable payment provisions of the Trust Indenture to pay in full all amounts referred to in such payment provisions that are due and payable on the Guarantee Payment Date); and

(b) if an Acceleration has occurred in respect of any Obligations Secured on or before the Guarantee Payment Date, the amount that would be available to be paid to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation under the applicable payment provisions of the Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with such applicable payment provisions of the Trust Indenture in respect of each relevant month during each Reference Period is equal to the estimated Finance Amount determined in respect of such Reference Period for purposes of section 15(1) of the Act (in effect on the date hereof), including section 6.1 of the General Regulation (in effect on the date hereof), divided by the number of months in such Reference Period.

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Beneficiary Payee**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Certified Primary Obligations**" means Primary Obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest, including any Refinancing, other than a Post-Suspension Refinancing or a Pre-Approved Refinancing, of such a Primary Obligation (for greater certainty, including, in the case of any Certified Primary Obligation permitting funding transactions pursuant to a Funding Obligation Agreement applicable to the Certified Primary Obligation, each individual borrowing or funding utilization thereunder), (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not any individual trade confirmation other than a trade confirmation that modifies or purports to override the express terms or conditions of the related Master Agreement, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and expected (as determined by the Manager, acting reasonably) aggregate payments by the Financing Entity thereunder during the term of such contract are or would be in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).

"**Change of Law Protection Agreement**" means this Agreement.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Executive Officer**" has the meaning ascribed to the term "executive officer" in National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators.

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the first paragraph of this Agreement until a successor Financing Entity Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and the Declaration of Trust, and thereafter "Financing Entity Trustee" means and includes such Person.

"**Financing Plan**" has the meaning ascribed to the term "Financing Plan" in the Act as of the date of this Agreement.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Guarantee Payment**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Guarantee Payment Date**" has the meaning ascribed thereto in Section 2.01(a)i.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**Holder**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Liens**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(a).

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity, as amended, supplemented, restated or otherwise modified from time to time.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Agreement**" means an agreement in the form of a Master Agreement as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, as amended, supplemented, restated or otherwise modified from time to time.

["**Material Effect**" means a material effect on the obligations (including as a result of a change in the nature, scope or extent of the Primary Obligation and the effect on the Province's obligations therefor under the Limited Guarantee) or the rights of the Province under the Limited Guarantee that could reasonably be expected to affect (i) the timing of or circumstances under which Primary Obligations would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization); (ii) the appointment, obligations or duties of OPG as the Manager; (iii) the existence, powers or authority of the Financing Entity or the Financing Entity Trustee; (iv) the obligations of the Indenture Trustee to or in respect of the Province as a Specified Creditor; (v) the limitations and requirements otherwise applicable to the capital structure of the Financing Entity under any existing Program Agreement; (vi) the payment provisions and associated priorities set forth in the Trust Indenture; (vii) the obligations or liability of the Financing Entity to pay any tax, (viii) compliance by the FSM with the then applicable Financing Plan; (ix) the circumstances in which a Protection Event could arise; (x) compliance by the FSM, the Financing Entity or IESO with the Act or the General Regulation; (xi) the nature or character of the payment obligations (but, subject to compliance with the Financing Plan, irrespective of the amount payable thereunder) that could become payable under the Limited Guarantee; or (xii) the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of this Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation.] **[NTD: Under review by accountants and subject to sign off by all parties.]**

"**Notes**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Payable Approved Amounts**" has the meaning ascribed thereto in 2.01(a).

"**Payment Date**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, unlimited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Post-Suspension Refinancing**" means a Funding Obligation that is an Obligation Secured and that is incurred on or after the occurrence of a Suspension Event in compliance with the requirements of Section 7.03, as a Refinancing of one or more Series of Approved Obligations (including any Pre-Approved Refinancing incurred on or after the occurrence of a Suspension Event), in each case the proceeds of which, together with any other funds that may be available, are used solely for the purpose of paying in full such Series of Approved Obligations.

"**Pre-Approved Refinancing**" means a Refinancing of a Certified Primary Obligation in respect of which the Province has, prior to the incurrence of such Certified Primary Obligation, agreed shall be an Approved Obligation, subject to compliance with such conditions and requirements as may be specified in such agreement.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account or Finance Reserve Account; and (ii) any obligation to pay the Financing Entity or on the Financing Entity's direction any remaining amounts in the Collection Account pursuant to the Trust Indenture.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that (X) adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any Finance Reserve Account, Capital Account or collateral posting account applicable under a Derivative Agreement, (ii) the availability of any credit enhancement agreement to which the Financing Entity is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in any of clauses (i) to (v) of this paragraph (a), or (Y) adversely affects the enforceability of, or adversely changes, the terms and conditions of this Agreement or of any of the agreements under which Approved Obligations arise; or

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Approved Obligations that have become due and payable, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any Finance Reserve Account, Capital Account or collateral posting account applicable under a Derivative Agreement, (ii) the availability of any credit enhancement agreement to which the Financing Entity is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in paragraph (b).

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency Condition" in

the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Reference Period**" has the meaning ascribed to the term "reference period" in the Act as of the date of this Agreement.

"**Refinancing**" has the meaning ascribed to the term "refinancing" in the Act as of the date of this Agreement, as more particularly described and given meaning in the General Regulation as of the date of this Agreement.

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Specified Creditor**" has the meaning ascribed thereto in the Trust Indenture on the date hereof.

"**Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(B).

"**Subrogation Payment Date**" has the meaning ascribed thereto in clause 2.01(a)iv.

"**Suspension Event**" has the meaning ascribed thereto in Section 7.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 7.01.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**True-up Amount**" has the meaning ascribed to the term "true up amount" in the Act as of the date of this Agreement.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

EXHIBIT A
FORM OF PAYMENT DEMAND

TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Pursuant to and in accordance with section 2.01(a) of the Change of the Law Protection Agreement, the Indenture Trustee hereby demands payment from the Province in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in the Change of Law Protection Agreement.

DATED as of the [■] day of [■], [■].

BNY TRUST COMPANY OF CANADA

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT B
FORM OF ADHERENCE COMPLIANCE CERTIFICATE UNDER SECTION 4.02(a)

TO: **BNY TRUST COMPANY OF CANADA**, in its capacity as Indenture Trustee (the "**Indenture Trustee**") under the Master Trust Indenture dated as of December ●, 2017 between Fair Hydro Trust and the Indenture Trustee (the "**Master Trust Indenture**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province of Ontario, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust, Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Each of the undersigned, being the ● and ● of OPG acting in its capacity as FSM and holding the offices set forth under their names and signatures below, pursuant to and accordance with clause 4.02(a)ii of the Change of Law Protection Agreement, hereby certifies for and on behalf of OPG, in its capacity as Financial Services Manager, and not in such officer's personal capacity and intending that this certificate may be relied on by the addressees hereof without independent inquiry, that:

1. I have read and understand the provisions of the Change of Law Protection Agreement, the Master Trust Indenture and all other documents and materials necessary to enable me to deliver this certificate.
2. If the Certified Primary Obligation is a Refinancing, the proceeds of the Refinancing will be used solely for the purpose of repaying one or more Certified Primary Obligations in respect of which the Adherence Conditions in Subsection 4.02(a) of the Change of Law Protection Agreement had been satisfied, including one or more other Refinancings in respect of which the Adherence Conditions in Subsection 4.02(a) of the Change of Law Protection Agreement had been satisfied.
3. OPG has delivered to the Province a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate was provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation.

DATED as of the [■] day of [■], [■].

Name: [1]	Name:
Office:	Office:

[1] This certificate must be signed by two officers of OPG being either (i) the Chief Financial Officer and the Treasurer, or (ii) any two Executive Officers (as defined in the Change of Law Protection Agreement) of OPG.

EXHIBIT C
SUSPENSION NOTICE

TO: Ontario Power Generation Inc., in its capacity as Financial Services Manager

AND TO: Fair Hydro Trust

AND TO: Computershare Trust Company of Canada, in its capacity as trustee of Fair Hydro Trust

AND TO: BNY Trust Company of Canada, as Indenture Trustee

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement. All references in this Suspension Notice to "Articles" or "Sections" refer to Articles or Sections of the Change of Law Protection Agreement.

The Province has a reasonable basis for concluding that an event described in clauses (a) to (d) of Section 7.01 has occurred. Pursuant to Section 7.01, the Province hereby declares that the Limited Guarantee shall hereby not apply in respect of (i) any Primary Obligation incurred, excluding Post-Suspension Refinancings or Pre-Approved Refinancings or (ii) any amendment of any Primary Obligation that has a Material Effect, unless otherwise agreed to by the Province, in each case, on or after delivery of this Suspension Notice.

This Suspension Notice is hereby delivered to the FSM, the Financing Entity and the Indenture Trustee in accordance with Section 8.02 of the Change of Law Protection Agreement.

* * * *

DATED as of the [■] day of [■], [■].

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

Draft: December 12, 2017

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust organized under the laws of the Province of Ontario (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council 1981/2017 (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Primary Obligations that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred. This Agreement sets out the terms and conditions of such protections and assurances.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A, and any other capitalized terms not defined herein shall have the meanings assigned to them in the Trust Indenture;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this

Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 Proof of Approved Obligations

The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Manager deems to be sufficient.

Each statement delivered by the Manager under Section 2.01(a)i shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and each of the parties hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Manager shall act diligently in the preparation of each such statement and shall provide the Indenture Trustee and the Province with all supporting computations and calculations used by the Manager to prepare each such statement promptly following a request therefor made by the Indenture Trustee or the Province.

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture as of the date of this Agreement.

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 2.01 or Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a

related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee, the Financing Entity, the Financing Entity Trustee, the Manager or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee may deliver a written demand, substantially in the form attached as **[Exhibit A]** (a "**Payment Demand**"), to the Province requiring the Province to make payments in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in this Agreement. From and after such delivery of a Payment Demand, the Province shall make the following payments in respect of the Approved Obligations (the "**Limited Guarantee**"), the Financing Entity shall pay, and the Province shall be entitled to be paid, the Subrogation Amounts specified below, and the following terms shall apply:

i. Not less than three (3) Business Days prior to each day when any payment or payments are to be made in respect of one or more Approved Obligations occurring after such delivery of a Payment Demand (each such day, a "**Guarantee Payment Date**"), the Manager shall deliver a written statement setting forth the Aggregate Approved Obligations Amount, if any, in respect of the Approved Obligations that are due and payable on such Guarantee Payment Date, together with a detailed description identifying such Approved Obligations and the nature and amount of payments due and payable thereunder on the Guarantee Payment Date, the aggregate outstanding amount payable by the Financing Entity under such Approved Obligations as of the date of such written statement, and details regarding any default in performance by any party obligated thereunder.

ii. On each such Guarantee Payment Date, the Province shall deposit the Aggregate Approved Obligations Amount into the Protection Account.

iii. On each such Guarantee Payment Date, the Financing Entity and the Indenture Trustee shall ensure that the amounts on deposit in the Protection Account are applied to pay each Beneficiary to whom an amount is due and payable under an Approved Obligation on the Guarantee Payment Date the Approved Obligation Amount for such Beneficiary in respect of such Approved Obligation on such Guarantee Payment Date; provided that if the amount deposited pursuant to clause 2.01(a)ii is insufficient to pay all such Approved Obligation Amounts in full, the amount on deposit in the Protection Account on the Guarantee Payment Date shall be applied to pay Beneficiaries in the order of

priority in which such Approved Obligations are payable under the payment provisions of the Trust Indenture applicable to the making of such payments on the Guarantee Payment Date (each, a "**Beneficiary Payee**" and each payment made to a Beneficiary Payee on a Guarantee Payment Date, a "**Guarantee Payment**").

iv. On the first Guarantee Payment Date and on each subsequent Guarantee Payment Date, Payment Date or other day on which any amount is required to be paid in respect of any Obligations Secured under the Trust Indenture (a "**Subrogation Payment Date**"), the Issuer and the Indenture Trustee shall ensure that the applicable payment provisions of the Trust Indenture shall be applied and operate on the following basis[1]:

(A) If such day is a Guarantee Payment Date, then for each Approved Obligation for which amounts are paid to a Beneficiary Payee on such day pursuant to clause 2.01(a)iii in respect of principal, interest or any other amounts ("**Payable Approved Amounts**"), the amounts payable by the Financing Entity in respect of such amounts for such Approved Obligation shall be reduced by the respective amounts of such payments to the Beneficiary Payee, and equivalent amounts shall be payable by the Financing Entity to the Province as "**Subrogation Amounts**" in respect of such Approved Obligations, such Subrogation Amounts being payable in the same order of priority and with the same entitlements accruing to the Province as applied in respect of the related Payable Approved Amounts which were previously owing to the Beneficiary Payee, and to reflect this subrogation the payments set out in clause 2.01(a)iv(B) below shall be made by the Financing Entity.

(B) If the Province has made all deposits required to be made by it on each Guarantee Payment Date occurring on or before such day in accordance with clause 2.01(a)ii (or the related Approved Obligation Amounts have otherwise all been paid in full), then in respect of each Approved Obligation for which any related Subrogation Amounts have not yet been paid in full to the Province, the Financing Entity shall pay to the Province from amounts available under

[1] ~~Explanatory Note: The deletion of the paramountcy provision is acceptable as long as section 2.01 if fully reflected in the Trust Indenture. To be confirmed.~~

the Trust Indenture payment provisions and in accordance with the priority of payment provisions in the Trust Indenture the amount that would be payable on such date in satisfaction of the relevant Payable Approved Amounts, as determined without regard to any Guarantee Payment paid on any Guarantee Payment Date and also without regard to the corresponding reduction of the amounts owing to present and former Beneficiary Payees pursuant to subclause 2.01(a)iv(A) up to the amount of the unpaid related Subrogation Amounts.

(C) No Beneficiary having a right to be paid an amount in respect of an Approved Obligation, and no other Person entitled under an Obligation Secured, in each case that ranks equal with or subordinate to the Payable Approved Amount in respect of which a Subrogation Amount is payable to the Province under subclause 2.01(a)iv(B), shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under such subclause (including any right of set-off, offset, reimbursement, contribution or indemnity) and no such Beneficiary or other Person shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of any such Subrogation Amount.

(D) For greater certainty, the entitlements of the Province in respect of Subrogation Amounts arising in respect of Payable Approved Obligations that are interest and principal obligations on Notes shall be treated for all purposes of the Trust Indenture as interest and principal obligations, respectively, arising under Notes having the same priority as and any applicable voting rights[2] under the related Approved Obligations, and accordingly the Province (and any successor, assignee or transferee of such entitlements) shall be entitled to all of the rights, entitlements, interests and privileges of a Holder of such a Notes in accordance with the Trust Indenture, as supplemented by the Supplemental

[2] ~~Explanatory Note: As discussed, the Province understands that voting rights may be muted by the "outstanding" language in the Trust Indenture. Nevertheless, if voting rights would arise under the Trust Indenture they should be available to the Province.~~

Indenture or other indenture document under which the related Approved Obligations were issued.

(b) On each Guarantee Payment Date and upon demand by the Province, the Indenture Trustee shall release and pay to the Province free and clear of any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay Guarantee Payments to Beneficiary Payees on the Guarantee Payment Date in accordance with clause 2.01(a)iii or that otherwise remains on deposit in the Protection Account on the relevant date.

(c) In preparing any payment instructions under the Trust Indenture, the Manager shall reflect the amounts payable under Section 2.01(a), if applicable.

(d) The Province shall, as a payee of Subrogation Amounts under clause 2.01(a)iv(B) and as a payee of any amounts payable under clause 2.01(~~a~~**b**)~~v~~, be a "Specified Creditor" under the Trust Indenture and have the benefit of the Collateral thereunder.

(e) For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the Approved Obligation Amounts, if any, for payment to Beneficiary Payees and will be subject to the priorities and to the Province's rights to Subrogation Amounts, set forth in Section 2.01(a).

(f) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(g) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation by their terms.

(h) Any amount payable to the Province in respect of a Subrogation Amount shall bear interest from and including the date of payment by the Province of the related Guarantee Payment to but excluding the date of payment of the Subrogation Amount to the Province, such interest to accrue at the rate equivalent to the applicable interest rate borne by the related Approved Obligation, and such interest amounts shall be added to their respective Subrogated Amounts and shall consequently be payable in the same priority as the relevant Subrogated Amount under clause 2.01(a)iv(B), all such accruing interest amounts to be calculated and

added to the Subrogation Amounts by the Manager in its discretion acting in a commercially reasonable fashion.

(i) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under and in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any amount due and payable to a Beneficiary Payee under the Limited Guarantee.

2.02 Intentionally Deleted.

2.03 Absence of Set-off

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 Payment into Protection Account in Satisfaction

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account" for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section **[7.03]** of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Financing Entity and the Indenture Trustee shall ensure that all amounts paid by the Province

into the Protection Account on a Guarantee Payment Date in respect of an Approved Obligation are applied to pay the amounts due and payable to the Beneficiary Payee as and to the extent provided for in Section 2.01(a). Upon a payment having been made by or on behalf of the Province into the Protection Account, the amounts so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiary Payee as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such Beneficiary Payee in respect of the applicable Approved Obligations, whereupon an affected Beneficiary Payee shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid. For greater certainty, the obligations arising in respect of an applicable Approved Obligation shall not be reduced by such payment as the Province shall become entitled to be paid related Subrogation Amounts and the rights contemplated under Section 2.01(a) and Section 5.01 in relation to such continuing obligations.

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations in accordance with Section 8.01.

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new

trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

Except ~~as provided in Section 7.02,~~**in respect of any Primary Obligation to which the Limited Guarantee will not apply on or after a Suspension Notice is delivered in accordance with Section 7.02,** a Primary Obligation that is not a Certified Primary Obligation shall be an Approved Obligation. A Certified Primary Obligation shall constitute an Approved Obligation if (i) the Adherence Conditions applicable thereto have been satisfied at the time the Primary Obligation was incurred or (ii) the Province, in its sole discretion, designates in writing that it is an Approved Obligation.

4.02 Adherence Conditions

(a) The following shall be the Adherence Conditions applicable in relation to each Certified Primary Obligation:

i. the Certified Primary Obligation when incurred is an Obligation Secured under the Trust Indenture; and

ii. OPG, as FSM, delivers an Adherence Compliance Certificate in the form attached hereto as Exhibit B signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee, on or before the incurrence of the Certified Primary Obligation (provided that delivery may not be more than 5 Business Days before the incurrence of the Certified Primary Obligation); and

iii. the Province has not provided a Suspension Notice to the Indenture Trustee, OPG and the Financing Entity.

(b) Without limiting any obligations of OPG to the Province arising other than pursuant to this Agreement, satisfaction of the Adherence Conditions for a

Certified Primary Obligation shall be deemed satisfaction of the Adherence Conditions in respect of all principal, interest and other amounts owing under the Certified Primary Obligation, as such Certified Primary Obligation may be amended, restated, supplemented or modified from time to time.

(c) For greater certainty, there shall be no Adherence Conditions applicable in relation to a Primary Obligation that is not a Certified Primary Obligation.

4.03 Evidence of Satisfaction

An Adherence Compliance Certificate delivered in accordance with clause 4.02(a)ii shall be determinative as to whether the applicable Adherence Condition with respect thereto has been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same. An Adherence Compliance Certificate that purports on its face to be signed by officers specified in clause 4.02(a)ii may be relied upon by any addressee without further enquiry or evidence as to the incumbency or signatures of such officers. If an Adherence Compliance Certificate is not delivered in accordance with the timing requirements of clause 4.02(a)ii such certificate may be delivered at a later date, and be effective as if it had been delivered in accordance with the timing requirement of clause 4.02(a)ii if at the time such certificate was otherwise required to be delivered OPG had delivered to the Province all certifications required by the Province in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation.

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, and shall be entitled to (i) the right and entitlement to be paid and receive the related Subrogation Amounts, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by

the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including Sections **[7.04]** through **[7.11]** and **[8.13]** (Payment Priorities), Section **[7.12]** (Payments Held in Trust), Section **[8.11]** (Control by Controlling Class Creditors), Section **[8.12]** (Limitation on Suits), Section **[8.14]** (Limited Recourse), Article IX (The Indenture Trustee), including all limitations of liability thereunder, Section **[9.14]** (Communications to Specified Creditors) and Section **[16.01]** (No Petition); (ii) consents, requests and authorizes the Issuer and the Indenture Trustee to (x) add the Province to the register of Specified Creditors described in subsection **[13.13(b)]** of the Trust Indenture and (y) disseminate the notice details of the Province to other Specified Creditors for the purposes set out in subsection **[9.14(b)]** of the Trust Indenture, and (iii) confirms that it will execute and deliver, or cause to be executed and delivered, all such further agreements, documents and instruments in connection with this Section 5.01 as the Indenture Trustee may request from time to time for the purpose of giving effect to the terms of this Section 5.01.

5.02 Priorities

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation and the Payable Approved Amounts thereunder shall rank equally with the rights, interests and entitlements of a Beneficiary to whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture in the manner and to the extent contemplated in Section **[7.10]** of the Trust Indenture.

5.03 Intentionally Deleted

5.04 Representations and Warranties

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
INDENTURE TRUSTEE MATTERS

6.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

6.02 Not Responsible for Recitals

The recitals contained herein will be taken as the statements of the Province, the Financing Entity and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

6.03 Representations and Covenants of the Indenture Trustee

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Agreement and has taken all necessary action to authorize the execution, delivery and performance by it of this Agreement;

(c) this Agreement has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada. If, notwithstanding the provisions of this subsection 6.03(d), the Indenture Trustee ceases to be so authorized to carry on business, the validity and enforceability of this Agreement shall not be affected in any manner whatsoever by reason only of such event.

ARTICLE VII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

7.01 Suspension Notice

Upon:

(a) a Program Breach;

(b) a default in the performance, or breach, of any covenants of OPG, as FSM, or OPG, in its corporate capacity, in each case to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligation and the expiration of any applicable cure period;

(c) a representation or warranty made by OPG or a certification made by one or more officers of OPG, in each case whether as FSM or in its corporate capacity, to the Province in connection with its obligations to the Province and its internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligations, proves to be incorrect in any material respect on the date made and the expiration of any applicable cure period; or

(d) the FSM no longer being the Manager or actions having been taken by or on behalf of the Indenture Trustee to remove the FSM as the Manager;

the Province may ~~declare that the Limited Guarantee under this Agreement shall not apply to any Primary Obligations incurred on or after such declaration, excluding Post-Suspension Refinancings or Pre-Approved Refinancings, by delivering~~**deliver** a written notice in the form of Exhibit C (a "**Suspension Notice**") to the Indenture Trustee, the FSM and the Financing Entity.

7.02 Suspension

If a Suspension Notice has been provided under Section 7.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of: (i) any Primary Obligation incurred, excluding Post-Suspension Refinancings, or (ii) any amendment of any Primary Obligation that has a Material Effect, unless otherwise agreed to by the Province, in each case, on or after the time such Suspension Notice is delivered.

7.03 Additional Right of the Province Regarding Post-Suspension Refinancings

Following the occurrence of a Suspension Event, the Limited Guarantee shall continue to apply in respect of any Post-Suspension Refinancing (for greater certainty, without regard to the satisfaction of any Adherence Conditions); provided that prior to the Financing Entity incurring any Primary Obligation constituting a Post-Suspension Refinancing, the Manager shall provide the Province with at least 30 days' notice of its intention to seek a Post-Suspension Refinancing and prior to incurrence, which notice shall describe the material covenants, events of default, representations and warranties and indemnities of the Financing Entity and other material terms, excluding financial terms, rates and levels, and that shall be in respect of the full amount of the amount becoming due and payable in respect of the applicable Primary Obligation less amounts otherwise available to the Financing Entity from other available or committed sources (the "**Proposal**"), and during such 30 day period the Province may, but is not obligated to, offer to fund such Post-Suspension Refinancing or arrange for another Person to fund such Post-Suspension Refinancing on the same terms as set out in the Proposal or on such other terms as may be considered by the Province to be not more onerous on the Financing Entity and that are acceptable on that basis to the Financing Entity, acting reasonably. If, within such 30-day period, the Province elects to offer to fund such Post-Suspension Refinancing as provided in the preceding sentence, the Manager shall accept such offer; however, if the Province does not elect to offer to fund such Post-Suspension Refinancing, the Manager shall cause the Financing Entity to incur Primary Obligations constituting such a Post-Suspension Refinancing on substantially the same terms **(excluding, for greater certainty, any financial terms, rates or levels)** as ~~than~~ those set out in the Proposal if the Post-Suspension Refinancing can be completed by the Financing Entity in compliance with the Act, or on such other terms as would not have a Material Effect**, without taking into account any financial terms, rates or levels**.

7.04 No Impact on Adherence

For greater certainty, the occurrence of a Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event or in respect of any Post-Suspension Refinancing.

ARTICLE VIII
MISCELLANEOUS

8.01 Term of Agreement

This Agreement will continue until the later of: (a) the date that no amount is or may become due and payable by the Province under the Limited Guarantee and (b) the date that no amount is or may become due and payable to the Province in respect of any Subrogation Amount.

8.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust

700 University Avenue

Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity
Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: Manager, Corporate Trust

Fax: (416) 981-9777
Email: corporatetrust.toronto@computershare.com

(b) if to the FSM:

Ontario Power Generation Inc.

700 University Avenue

Toronto, Ontario M5G 1X6

Attention: General Counsel
Fax: (416) 592-4189

(c) if to the Province:

Minister of Finance

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

and

Minister of Energy

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

With copies to:

Deputy Minister of Finance

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

and

Deputy Minister of Energy

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 8.02.

8.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section 8.03 shall be null and void.

8.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

8.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

8.07 Notice to Rating Agencies

OPG, as FSM, shall deliver prompt written notice to the Rating Agencies of the occurrence of (i) a Protection Event; (ii) receipt of a Suspension Notice delivered by the Province pursuant to Section 7.01; and (iii) an assignment of this Agreement by any party pursuant to Section 8.03.

8.08 Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their benefits hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

8.09 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, IN ITS CAPACITY AS TRUSTEE OF FAIR HYDRO TRUST, AS ISSUER, BY ONTARIO POWER GENERATION INC., NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration of a funding obligation" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Compliance Certificate**" means a certificate in the form attached hereto as Exhibit B delivered by the FSM in accordance with Section 4.02(a)ii.

"**Adherence Conditions**", means, in respect of a Certified Primary Obligation, the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of a Guarantee Payment Date, the aggregate of the Approved Obligation Amounts for such Guarantee Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, for a Beneficiary in respect of an Approved Obligation under which an amount is due and payable on a Guarantee Payment Date:

(a) if no Acceleration has occurred in respect of any Obligation Secured on or before the Guarantee Payment Date, the amount due and payable to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation (for greater certainty, determined on the assumption that there are adequate amounts available under the applicable payment provisions of the Trust Indenture to pay in full all amounts referred to in such payment provisions that are due and payable on the Guarantee Payment Date); and

(b) if an Acceleration has occurred in respect of any Obligations Secured on or before the Guarantee Payment Date, the amount that would be available to be paid to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation under the applicable payment provisions of the Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with such applicable payment provisions of the Trust Indenture in respect of each relevant month during each Reference Period is equal to the estimated Finance Amount determined in respect of such Reference Period for purposes of section 15(1) of the Act (in effect on the date hereof), including section 6.1 of the General Regulation (in effect on the date hereof), divided by the number of months in such Reference Period.

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Beneficiary Payee**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Certified Primary Obligations**" means Primary Obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest, including any Refinancing, other than a Post-Suspension Refinancing or a Pre-Approved Refinancing, of such a Primary Obligation (for greater certainty, including, in the case of any Certified Primary Obligation permitting funding transactions pursuant to a Funding Obligation Agreement applicable to the Certified Primary Obligation, each individual borrowing or funding utilization thereunder), (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not any individual trade confirmation other than a trade confirmation that modifies or purports to override the express terms or conditions of the related Master Agreement, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and expected (as determined by the Manager, acting reasonably) aggregate payments by the Financing Entity thereunder during the term of such contract are or would be in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).

"**Change of Law Protection Agreement**" means this Agreement.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Executive Officer**" has the meaning ascribed to the term "executive officer" in National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators.

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the first paragraph of this Agreement until a successor Financing Entity Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and the Declaration of Trust, and thereafter "Financing Entity Trustee" means and includes such Person.

"**Financing Plan**" has the meaning ascribed to the term "Financing Plan" in the Act **as of the date of this Agreement**.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Guarantee Payment**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Guarantee Payment Date**" has the meaning ascribed thereto in Section 2.01(a)i.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**Holder**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**IESO**" has the meaning ascribed thereto in the Act **as of the date of this Agreement**.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Liens**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(a).

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity, as amended, supplemented, restated or otherwise modified from time to time.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Agreement**" means an agreement in the form of a Master Agreement as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, as amended, supplemented, restated or otherwise modified from time to time.

[**[**"**Material Effect**" means a material effect on the obligations (including as a result of a change in the nature, scope or extent of the Primary Obligation and the effect on the Province's obligations therefor under the Limited Guarantee)**[or the rights of the Province under the Limited Guarantee]** that could reasonably be expected to affect (i) the timing of or circumstances under which Primary Obligations would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization); (ii) the appointment, obligations or duties of OPG as the Manager; (iii) the existence, powers or authority of the Financing Entity or the Financing Entity Trustee; (iv) the obligations of the Indenture Trustee to or in respect of the Province as a Specified Creditor; (v) the limitations and requirements otherwise applicable to the capital structure of the Financing Entity under any existing Program Agreement; (vi) the payment provisions and associated priorities set forth in the Trust Indenture; (vii) the obligations or liability of the Financing Entity to pay any tax, (viii) compliance by the FSM with the then applicable Financing Plan; (ix) the circumstances in which a Protection Event could arise; (x) compliance by the FSM, the Financing Entity or IESO with the Act or the General Regulation; (xi) the nature or character of the payment obligations (but, subject to compliance with the Financing Plan, irrespective of the amount payable thereunder) that could become payable under the Limited Guarantee; or (xii) the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of this Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation.**] [NTD: Under review by accountants and subject to sign off by all parties.]**

"**Notes**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Payable Approved Amounts**" has the meaning ascribed thereto in 2.01(a).

"**Payment Date**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, unlimited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Post-Suspension Refinancing**" means a Funding Obligation that is an Obligation Secured and that is incurred on or after the occurrence of a Suspension Event in compliance with the requirements of Section 7.03, as a Refinancing of one or more Series of Approved Obligations (including any Pre-Approved Refinancing~~ that is authorized to be~~ incurred on or after the occurrence of a Suspension Event), in each case the proceeds of which, together with any other funds that may be available, **are used solely for the purpose of paying** in full such Series of Approved Obligations.

"**Pre-Approved Refinancing**" means a Refinancing of a Certified Primary Obligation in respect of which the Province has, prior to the incurrence of such Certified Primary Obligation, ~~further~~ agreed shall ~~not be a Certified Primary~~**be an Approved** Obligation, subject to compliance with such conditions and requirements as may be specified in such~~ further~~ agreement.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account or Finance Reserve Account; and (ii) any obligation to pay the Financing Entity or on the Financing Entity's direction any remaining amounts in the Collection Account pursuant to the Trust Indenture.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that (X) adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any Finance Reserve Account, Capital Account or collateral posting account applicable under a Derivative Agreement, (ii) the availability of any credit enhancement agreement to which the Financing Entity is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in any of clauses (i) to (v) of this paragraph (a), or (Y) adversely affects the enforceability of, or adversely changes, the terms and conditions of this Agreement or of any of the agreements under which Approved Obligations arise; or

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Approved Obligations that have become due and payable, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any Finance Reserve Account, Capital Account or collateral posting account applicable under a Derivative Agreement, (ii) the availability of any credit enhancement agreement to which the Financing Entity is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in paragraph (b).

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency Condition" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Reference Period**" has the meaning ascribed to the term "reference period" in the Act **as of the date of this Agreement**.

"**Refinancing**" has the meaning ascribed to the term "refinancing" in the Act as of the date ~~hereof~~**of this Agreement**, as more particularly described and given meaning in the General Regulation as of the date ~~hereof~~**of this Agreement**.

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Specified Creditor**" has the meaning ascribed thereto in the Trust Indenture on the date hereof.

"**Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(B).

"**Subrogation Payment Date**" has the meaning ascribed thereto in clause 2.01(a)iv.

"**Suspension Event**" has the meaning ascribed thereto in Section 7.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 7.01.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**True-up Amount**" has the meaning ascribed to the term "true up amount" in the Act as of the date ~~hereof~~**of this Agreement**.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

EXHIBIT A
FORM OF PAYMENT DEMAND

TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Pursuant to and in accordance with section 2.01(a) of the Change of the Law Protection Agreement, the Indenture Trustee hereby demands payment from the Province in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in the Change of Law Protection Agreement.

DATED as of the [■] day of [■], [■].

BNY TRUST COMPANY OF CANADA

By:
Name:
Title:

By:
Name:
Title:

EXHIBIT B
FORM OF ADHERENCE COMPLIANCE CERTIFICATE UNDER SECTION 4.02(a)

TO: **BNY TRUST COMPANY OF CANADA**, in its capacity as Indenture Trustee (the "**Indenture Trustee**") under the Master Trust Indenture dated as of December ●, 2017 between Fair Hydro Trust and the Indenture Trustee (the "**Master Trust Indenture**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province of Ontario, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust, Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Each of the undersigned, being the ● and ● of OPG acting in its capacity as FSM and holding the offices set forth under their names and signatures below, pursuant to and accordance with clause 4.02(a)ii of the Change of Law Protection Agreement, hereby certifies for and on behalf of OPG, in its capacity as Financial Services Manager, and not in such officer's personal capacity and intending that this certificate may be relied on by the addressees hereof without independent inquiry, that:

1. I have read and understand the provisions of the Change of Law Protection Agreement, the Master Trust Indenture and all other documents and materials necessary to enable me to deliver this certificate.
2. If the Certified Primary Obligation is a Refinancing, the proceeds of the Refinancing will be used solely for the purpose of repaying one or more Certified Primary Obligations in respect of which the Adherence Conditions in Subsection 4.02(a) of the Change of Law Protection Agreement had been satisfied, including one or more other Refinancings in respect of which the Adherence Conditions in Subsection 4.02(a) of the Change of Law Protection Agreement had been satisfied.
3. OPG has delivered to the Province a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate was provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation.

DATED as of the [■] day of [■], [■].

Name: [31]	Name:
Office:	Office:

[31] This certificate must be signed by two officers of OPG being either (i) the Chief Financial Officer and the Treasurer, or (ii) any two Executive Officers (as defined in the Change of Law Protection Agreement) of OPG.

EXHIBIT C
SUSPENSION NOTICE

TO: Ontario Power Generation Inc., in its capacity as Financial Services Manager

AND TO: Fair Hydro Trust

AND TO: Computershare Trust Company of Canada, in its capacity as trustee of Fair Hydro Trust

BNY Trust Company of Canada, as Indenture Trustee

AND TO:

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement. All references in this Suspension Notice to "Articles" or "Sections" refer to Articles or Sections of the Change of Law Protection Agreement.

The Province has a reasonable basis for concluding that an event described in clauses (a) to (d) of Section 7.01 has occurred. Pursuant to Section 7.01, the Province hereby declares that the Limited Guarantee shall hereby not apply in respect of (i) any Primary Obligation incurred, excluding Post-Suspension Refinancings or Pre-Approved Refinancings or (ii) any amendment of any Primary Obligation that has a Material Effect, unless otherwise agreed to by the Province, in each case, on or after delivery of this Suspension Notice.

This Suspension Notice is hereby delivered to the FSM, the Financing Entity and the Indenture Trustee in accordance with Section 8.02 of the Change of Law Protection Agreement.

* * * *

DATED as of the [■] day of [■], [■].

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

Document comparison by Workshare Compare on December-12-17 3:25:23 PM

Input:	
Document 1 ID	file://C:\Users\rramchan\Desktop\Ashbourne Draft.docx
Description	Ashbourne Draft
Document 2 ID	interwovenSite://INVENTORYS1/TorysAtWork/24626868/1
Description	#24626868v1<TorysAtWork> - Change of Law Protection Agreement
Rendering set	Firm_Standard

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

Statistics:	
	Count
Insertions	54
Deletions	44
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	98

From:	Ken Kandeepan
To:	Gadi Mayman; Mike Manning
Cc:	Anna Strathy
Subject:	RE: Fair Hydro - Change of Law Protection Agreement
Date:	Tuesday, December 12, 2017 2:25:52 PM

Based on a quick scrutiny, it looks pretty close Gadi.
Thanks and I will be having my accounting call at 2.30 so wont be joing the bigger group.
Thanks
Ken k

From: Gadi Mayman
Sent: Tuesday, December 12, 2017 2:16 PM
To: Mike Manning ; Ken Kandeepan
Cc: Anna Strathy
Subject: Fwd: Fair Hydro - Change of Law Protection Agreement

Other than the material effect and the accounting input into that definition, are Osler's and Blake's pretty much in agreement?

Begin forwarded message:

> **From:** "ASHBOURNE, STEPHEN" <STEPHEN.ASHBOURNE@blakes.com>
> **Date:** December 12, 2017 at 2:09:11 PM EST
> **To:** "Milligan, Peter" <PMilligan@osler.com>, "Saulnier, Brett" <bsaulnier@torys.com>, "Sebastiano, Rocco" <RSebastiano@osler.com>, "Mansoori, Nina" <nmansoori@torys.com>
> **Cc:** 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>, 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>, 'Anna Strathy' <Anna.Strathy@ofina.on.ca>, '"Veinot, Cindy (TBS)"' <Cindy.Veinot@ontario.ca>, '"McKinlay, Tom (MAG)"' <Tom.McKinlay@ontario.ca>, '"Donaldson, Mark (TBS)"' <Mark.Donaldson@ontario.ca>, '"Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)"' <Daniel.Cayley@ontario.ca>, '"Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)"' <Alena.Thouin@ontario.ca>, "Ramchandani, Rima" <rramchandani@torys.com>, 'LEE John -TREASURY' <john.s.lee@opg.com>, 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>, 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>, 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>, 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>, "Feldman, Michael" <mfeldman@torys.com>, 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>, "Fullerton, Rick" <RFullerton@osler.com>, '"Mayman, Gadi (OFA)"' <Gadi.Mayman@ofina.on.ca>, '"Manning, Mike (OFA)"' <Mike.Manning@ofina.on.ca>, '"Hanslep, Malle (MOF)"' <Malle.Hanslep@ontario.ca>, '"ian.benaiah@rbccm.com"' <ian.benaiah@rbccm.com>, '"Khan, Nur (nur.khan@rbccm.com)"' <nur.khan@rbccm.com>, '"brent.r.taylor@rbccm.com"' <brent.r.taylor@rbccm.com>, '"katrina.niehaus@gs.com"' <katrina.niehaus@gs.com>, '"brian.delaney@gs.com"' <brian.delaney@gs.com>, '"Maciel, Andrew"' <Andrew.Maciel@cibc.com>, '"Adalja, Sunil"' <Sunil.Adalja@cibc.com>, '"Persad, Nicole"' <Nicole.Persad@cibc.com>,

"'Persaud, Donnie - Debt Capital Markets'" <Donnie.Persaud@cibc.com>, "'Steen Hume (CAB)'" <Steen.Hume@ontario.ca>, "Olusoga, Yinka" <yolusoga@torys.com>, "Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca)" <Tobias.Whitfield@ontario.ca>, "PALMER, AARON" <AARON.PALMER@blakes.com>, "VINER, JON" <JON.VINER@blakes.com>, "PRESTAGE, JA" <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro - Change of Law Protection Agreement

Here is my mark-up of the matters raised by Oslers, in today's mark-ups of during our call this morning. Regards, Steve
Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From: Milligan, Peter [mailto:PMilligan@osler.com]
Sent: Tuesday, December 12, 2017 1:43 PM
To: Saulnier, Brett; ASHBOURNE, STEPHEN; Sebastiano, Rocco; Mansoori, Nina
Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Olusoga, Yinka; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca); PALMER, AARON; VINER, JON; PRESTAGE, JA
Subject: RE: Fair Hydro - Change of Law Protection Agreement

All,
Further to our call this morning, attached is a comparison document showing our comments on "Post-Suspension Refinancing" and "Protection Event".
We will comment on Material Effect after we see what comes back from the accountants.
Peter

From: Milligan, Peter
Sent: Tuesday, December 12, 2017 9:09 AM
To: 'Saulnier, Brett' <bsaulnier@torys.com>; ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV'

<leslie.wong@opg.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>

Subject: RE: Fair Hydro - Change of Law Protection Agreement

All,

Attached are changed pages with my comments on the Change of Law Protection Agreement. This does not represent input from any dealer. I will follow up to see if the dealers have any additional comments but given the plan to have a call at 10, I pass along these comments now.

Peter

From: Saulnier, Brett [mailto:bsaulnier@torys.com]

Sent: Monday, December 11, 2017 11:35 PM

To: ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; Milligan, Peter <PMilligan@osler.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>

Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole'

<Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>

Subject: RE: Fair Hydro - Change of Law Protection Agreement

All,

Attached for your review is a revised draft of the Change of Law Protection Agreement, clean and blacklined to the last version circulated by Blakes and reflecting the meetings held earlier today. As discussed, we need to provide the attached to the rating agencies **by no later than noon tomorrow** in order to meet our end of year financing deadline. Accordingly, we will be circulating a calendar invite to this group for 10 a.m. tomorrow morning to confirm the parties are signed off. If Osler or Blakes have any comments on the attached, we would ask that they be circulated to this group prior to the 10 a.m. call.

Kind regards,

Brett

Brett Saulnier

P. 416.865.8148 | F. 416.865.7380 | 1.800.505.8679

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]

Sent: December-08-17 3:16 PM

To: Milligan, Peter <PMilligan@osler.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>

Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>;

Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>

Subject: RE: Fair Hydro - Change of Law Protection Agreement

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Please note that the Province is working through the drafting concurrently and so further drafting comments may be provided.

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Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

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Sent: Thursday, December 07, 2017 6:44 PM
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Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Saulnier, Brett; Olusoga, Yinka; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca); PALMER, AARON; VINER, JON; PRESTAGE, JA
Subject: Fair Hydro - Change of Law Protection Agreement

All,

Attached is a revised comment draft of the Change of Low Protection Agreement reflecting comments from Torys and Osler. In order to meet this transaction's timeline, this comment draft has not been reviewed by OPG or the Dealers and is delivered subject to any comments they may have.

Peter

From: Niehaus, Katrina
To: "ASHBOURNE, STEPHEN"; Milligan, Peter; Saulnier, Brett; Sebastiano, Rocco; Mansoori, Nina
Cc: Ken Kandeepan; "LADAK Lubna -TREASURY"; Anna Strathy; "Veinot, Cindy (TBS)"; Tom McKinlay (MAG); Mark Donaldson (MOF); Daniel Cayley (ENERGY); "Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)"; Ramchandani, Rima; "LEE John -TREASURY"; "RYFA Ken -TREASURY"; "HAHN PARKER Janet -TREASURY"; "MAUTI John -FIN & C CTRL"; "LAURETA LAPIRA May -TREASURY"; Feldman, Michael; "WONG Leslie -LAWDIV"; Fullerton, Rick; Gadi Mayman; Mike Manning; Malle Hanslep (MOF); "ian.benaiah@rbccm.com"; "Khan, Nur (nur.khan@rbccm.com)"; "brent.r.taylor@rbccm.com"; Delaney, Brian; "Maciel, Andrew"; "Adalja, Sunil"; "Persad, Nicole"; "Persaud, Donnie - Debt Capital Markets"; Steen Hume (CAB); Olusoga, Yinka; Tobias P. Whitfield (MOF); PALMER, AARON; VINER, JON; PRESTAGE, JA; Wadhwani, Tejal; Conner, Robbin; Sabri, Salina; Delaney, Brian
Subject: RE: Fair Hydro - Change of Law Protection Agreement
Date: Tuesday, December 12, 2017 2:17:21 PM

Rima,
Are you guys sending a dial-in for 2:30 or should we?

Goldman Sachs
200 West Street | 7th Floor | New York, New York 10282-2198
Tel: 212-357-8161 | Fax: 212-256-5491
Katrina.Niehaus@gs.com
Katrina T. Niehaus
Managing Director
Investment Banking Division

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: Tuesday, December 12, 2017 2:09 PM
To: Milligan, Peter; Saulnier, Brett; Sebastiano, Rocco; Mansoori, Nina
Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; Niehaus, Katrina [IBD]; Delaney, Brian [IBD]; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Olusoga, Yinka; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca); PALMER, AARON; VINER, JON; PRESTAGE, JA
Subject: RE: Fair Hydro - Change of Law Protection Agreement
Here is my mark-up of the matters raised by Oslers, in today's mark-ups of during our call this morning. Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From: Milligan, Peter [mailto:PMilligan@osler.com]
Sent: Tuesday, December 12, 2017 1:43 PM
To: Saulnier, Brett; ASHBOURNE, STEPHEN; Sebastiano, Rocco; Mansoori, Nina
Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Olusoga, Yinka; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca); PALMER, AARON; VINER, JON; PRESTAGE, JA
Subject: RE: Fair Hydro - Change of Law Protection Agreement
All,
Further to our call this morning, attached is a comparison document showing our comments on "Post-Suspension Refinancing" and "Protection Event".
We will comment on Material Effect after we see what comes back from the accountants.
Peter

From: Milligan, Peter
Sent: Tuesday, December 12, 2017 9:09 AM
To: 'Saulnier, Brett' <bsaulnier@torys.com>; ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; Sebastiano, Rocco <RSebastiano@osler.com>;

Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro - Change of Law Protection Agreement
All,
Attached are changed pages with my comments on the Change of Law Protection Agreement. This does not represent input from any dealer. I will follow up to see if the dealers have any additional comments but given the plan to have a call at 10, I pass along these comments now.
Peter

From: Saulnier, Brett [mailto:bsaulnier@torys.com]
Sent: Monday, December 11, 2017 11:35 PM
To: ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; Milligan, Peter <PMilligan@osler.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
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Peter

OSLER

Peter Milligan
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416.862.6666FACSIMILE
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Osler, Hoskin & Harcourt LLP
Box 50, 1 First Canadian Place
Toronto, Ontario, Canada M5X 1B8

osler.com

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: Thursday, December 07, 2017 4:27 PM
To: Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro -- Change of Law Process Agreement

Hi,

Please find (attached) a further turn of the Change of Law Process Agreement, reflecting the

Province's comments on the mark-up of the Agreement circulated yesterday afternoon by Torys. The attached blackline shows changes made to yesterday's Torys mark-up.
This version addresses concerns Rocco raised last night, to the extent the Province feels that the issues can be accommodated. For your information, I have set out below responses to Rocco's comments/observations (in CAPs).
The Province would like to proceed with the Ministers briefing early next week, on the basis that this version (minus the explanatory notes) is now in final form. If there are any critical revisions that the other parties believe reflect 'must have' priority, then the Province would like to have a call to discuss them as soon as possible.
Responses to Rocco's Points:
1. The change of the definition of Breach Event in Section 6.01 (i.e., the change to clause (a) and the addition of clause (b)) will result in an inconsistency with section 7.01(b) of the Change of Law Protection Agreement. This will require further consideration. [AGREED. 7.01(b) and 7.01(c) WILL NEED TO MIRROR THE CURE LANGUAGE WE SETTLE ON IN THE PROCESS AGREEMENT (SEE MY EARLIER COMMENTS). PERHAPS THE "which continues …" LANGUAGE IN 7.01(B) CAN BE REVISED TO READ: "to the extent that the Province would be entitled to provide a Suspension Notice in accordance with the terms of the agreement or agreements between the Province and OPG under which such obligations, requirements and processes arise". SIMILAR CHANGE FOR 7.01(C).
2. The right of the Province to issue an objection notice under Section 3.04(b) in connection with a Transaction Document provided to the Province which is required for a Refinancing of an Approved Obligation remains an outstanding issue. Clearly, this will depend upon what Adherence Conditions will be required under Section 4.02 of the Change of Law Protection Agreement in order to permit such Refinancing to become an Approved Obligation. If the Adherence Conditions set out in Section 4.02(a) of the Province's draft of the Change of Law Protection Agreement of December 4 were to apply to such Refinancing, to the extent that such refinancing required a change to a Transaction Document (e.g., as a result of a change to some rating agency condition or criteria), the Province's ability to issue an objection notice and thereby prevent the issuance of a Process Certificate under Section 3.01 (by virtue of Section 3.04) would have the effect of preventing a Refinancing. We trust that this was an unintended outcome of the drafting of Section 3.04 and/or the Adherence Conditions applicable to Refinancings. [THAT IS THE INTENDED EFFECT. THE ADHERENCE CONDITIONS WOULD APPLY TO THE REFINANCING, SO IF THE REFINANCING TERMS DEVIATED MATERIALLY (BASED ON THE SUBSTANTIALLY IN THE FORM" THRESHOLD"), THEN OPG WOULD REQUIRE THE PROVINCE NOT TO OBJECT IN ORDER TO PROCEED WITH THOSE NEW TERMS. OTHERWISE, THE REFINANCING COULD INCORPORATE TERMS AND CONDITIONS, WHICH WOULD BIND THE PROVINCE UNDER THE LIMITED GUARANTEE, THAT WOULD BE UNCONSTRAINED AND WITHOUT ANY ACCOUNTABILITY TO THE PROVINCE. IN ROCCO'S EXAMPLE, THAT MIGHT MEAN THAT OPG WOULD NEED TO RESORT TO UNRATED DEBT, IF THE PROVINCE WAS UNWILLING TO ACCEPT THE NEW TERMS. PRESUMABLY EVERYONE WOULD ACT RATIONALLY. HOWEVER, AS A FAILSAFE, OPG COULD OFFER INCREASED PRICING IN ORDER TO ATTRACT INVESTORS TO ACCEPT THE EARLIER VETTED TERMS (BASED ON THE THEN ACCEPTED REVIEWED DOCUMENTATION).]
3. Given that the Indenture Trustee is not a party to the Change of Law Process Agreement, the Province and OPG can amend the terms and conditions of this agreement without the consent of the indenture Trustee. Specified Creditors under an Approved Obligation need to be assured that the Province cannot prevent a Refinancing of an Approved Obligation either by virtue of the objection notice discussed in point #2 above or as a result of a future amendment to the agreement. There are a couple of ways to deal with this point. The first is to a add a beneficiary/third party rights clause in the Change of Law Process Agreement which acknowledges that the Indenture Trustee is a beneficiary of certain provisions of this agreement and as a result, the agreement cannot be amended without the consent of the Indenture Trustee. The second is to ensure that the Adherence Conditions relating to Refinancings under the Change of Law Protection Agreement are not dependent upon the terms of the Change of Law Process Agreement. In light of the desire to not disclose the terms and conditions of the Change of Law Process Agreement to the rating agencies, especially at this late stage in the process, we would expect that the latter approach would be preferable. [THE SUGGESTION REGARDING THE PROVINCE PREVENTING A REFINANCING IS ADDRESSED IN #2. IF THE REFINANCING TERMS WOULD EXCEED THE SCOPE OF THE TRANSACTION DOCUMENTS REVIEWED AND NOT OBJECTED TO

BY THE PROVINCE, THEN THAT SUGGESTS THERE IS A MATERIAL EFFECT ON THE PROVINCE AND SO THE PROVINCE WOULD NEED THE ABILITY TO REVIEW AND CONSIDER THE PROPRIETY OF THOSE NEW TERMS FROM ITS PERSPECTIVE. AS FOR THE STANDALONE NATURE OF THE PROCESS AGREEMENT, THE INTENTION IS THAT THE PROCESS AGREEMENT BE UNCOUPLED AND NOT PART OF THE COLLATERAL, AND AS MICHAEL FELDMAN HAS EXPLAINED, LEAVE FUTURE FLEXIBILITY FOR THIS LONG-TERM STRUCTURE. TO ADDRESS ROCCO'S CONCERN THAT THE PROVINCE AND OPG COULD CHANGE THE UNDERLYING OBLIGATIONS APPLICABLE TO ADHERENCE IN RELATION TO A NEW OBLIGATION, REQUIREMENT OR PROCESS IN THE PROCESS AGREEMENT THAT WOULD MAKE A REFINANCING LESS LIKELY TO OCCUR, WE HAVE ADDED AND USED IN THE ATTACHED VERSION A NEW DEFFINTION:

> "Approved Refinancing" means a Certified Primary Obligation proposed to be incurred as a Refinancing of an existing Certified Primary Obligation in respect of which the Adherence Conditions had been satisfied on the date such existing Certified Primary Obligation was incurred, that, at the time of incurrence, satisfies each of each of the Adherence Conditions except that the certificate contemplated to be delivered under Section 4.02(b) shall instead confirm that OPG has delivered to the Province a certificate by its applicable officers confirming that OPG would be in compliance with all obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the proposed Certified Primary Obligation that applied as between the Province and OPG on the date of issuance of such existing Certified Primary Obligation." Various references to "Refinancing" in the Protection Agreement can also be revised to refer to "Approved Refinancing", as required.

Regards, Steve

Stephen R. Ashbourne
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From: Sebastiano, Rocco [mailto:RSebastiano@osler.com]
Sent: Wednesday, December 06, 2017 7:45 PM
To: Mansoori, Nina; ASHBOURNE, STEPHEN; VINER, JON; PRESTAGE, JA
Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Milligan, Peter; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Saulnier, Brett; Olusoga, Yinka
Subject: RE: Fair Hydro -- Change of Law Process Agreement

I have reviewed the revised draft of the Change of Law Process Agreement that Torys has prepared and would like to pass along the following comments/observations:

1. The change of the definition of Breach Event in Section 6.01 (i.e., the change to clause (a) and the addition of clause (b)) will result in an inconsistency with section 7.01(b) of the Change of Law Protection Agreement. This will require further consideration.
2. The right of the Province to issue an objection notice under Section 3.04(b) in connection with a Transaction Document provided to the Province which is required for a Refinancing of an Approved Obligation remains an outstanding issue. Clearly, this will depend upon what Adherence Conditions will be required under Section 4.02 of the Change of Law Protection Agreement in order to permit such Refinancing to become an Approved Obligation. If the Adherence Conditions set out in Section 4.02(a) of the Province's draft of the Change of Law Protection Agreement of December 4 were to apply to such Refinancing, to the extent that such refinancing required a change to a Transaction Document (e.g., as a result of a change to some rating agency condition or criteria), the Province's ability to issue an objection notice and thereby prevent the issuance of a Process Certificate under Section 3.01 (by virtue of Section 3.04) would have the effect of preventing a Refinancing. We trust that this was an unintended outcome of the drafting of Section 3.04 and/or the Adherence Conditions applicable to Refinancings.
3. Given that the Indenture Trustee is not a party to the Change of Law Process Agreement, the Province and OPG can amend the terms and conditions of this agreement without the consent of the indenture Trustee. Specified Creditors under an Approved Obligation need to be assured that the Province cannot prevent a Refinancing of an Approved Obligation either by virtue of the objection notice discussed in point #2 above or as a result of a future amendment to the agreement. There are a couple of ways to deal with this point. The first is to a add a beneficiary/third party rights clause in the Change of Law Process Agreement which acknowledges that the Indenture Trustee is a beneficiary of certain provisions of this agreement and as a result, the agreement cannot be amended without the consent of the Indenture Trustee. The second is to ensure that the Adherence Conditions relating to Refinancings under the Change of Law Protection Agreement are not dependent upon the terms of the Change of Law Process Agreement. In light of the desire to not disclose the terms and conditions of the Change of Law Process Agreement to the rating agencies, especially at this late stage in the process, we would expect that the latter approach would be preferable.
Regards, Rocco

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: Wednesday, December 06, 2017 4:38 PM
To: 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>; 'JON.VINER@blakes.com' <JON.VINER@blakes.com>; 'JA.PRESTAGE@blakes.com' <JA.PRESTAGE@blakes.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Mansoori, Nina <nmansoori@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>
Subject: Fair Hydro -- Change of Law Process Agreement
Blakes team,
Please find attached OPG and Torys' comments on the Process Agreement reflecting our

discussions from yesterday's call. Please note that this draft is subject to continuing review and comment by Osler and the dealers. As discussed at the tail end of our call yesterday, the section in the Process Agreement that gives the Province the right to object to new and material changes to transaction documents dovetails with the Protection Agreement so additional comments from Oslers may be forthcoming on this draft.
We are working on getting you a revised draft of the Protection Agreement either later today or tomorrow. In the meantime, please let us know if you have any comments or questions on the Process Agreement.
Best Regards,
Nina

Nina Mansoori
P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679
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From:	ASHBOURNE, STEPHEN
To:	Milligan, Peter; Saulnier, Brett; Sebastiano, Rocco; Mansoori, Nina
Cc:	Ken Kandeepan; "LADAK Lubna -TREASURY"; Anna Strathy; "Veinot, Cindy (TBS)"; Tom McKinlay (MAG); Mark Donaldson (MOF); Daniel Cayley (ENERGY); "Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)"; Ramchandani, Rima; "LEE John -TREASURY"; "RYFA Ken -TREASURY"; "HAHN PARKER Janet -TREASURY"; "MAUTI John -FIN & C CTRL"; "LAURETA LAPIRA May -TREASURY"; Feldman, Michael; "WONG Leslie -LAWDIV"; Fullerton, Rick; Gadi Mayman; Mike Manning; Malle Hanslep (MOF); "ian.benaiah@rbccm.com"; "Khan, Nur (nur.khan@rbccm.com)"; "brent.r.taylor@rbccm.com"; "katrina.niehaus@gs.com"; "brian.delaney@gs.com"; "Maciel, Andrew"; "Adalja, Sunil"; "Persad, Nicole"; "Persaud, Donnie - Debt Capital Markets"; Steen Hume (CAB); Olusoga, Yinka; Tobias P. Whitfield (MOF); PALMER, AARON; VINER, JON; PRESTAGE, JA
Subject:	RE: Fair Hydro - Change of Law Protection Agreement
Date:	Tuesday, December 12, 2017 2:09:29 PM
Attachments:	23239360-v30-Change of Law Protection Agreement.DOCX 23239360-vpdf-Change of Law Protection Agreement.PDF

Here is my mark-up of the matters raised by Oslers, in today's mark-ups of during our call this morning. Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From: Milligan, Peter [mailto:PMilligan@osler.com]
Sent: Tuesday, December 12, 2017 1:43 PM
To: Saulnier, Brett; ASHBOURNE, STEPHEN; Sebastiano, Rocco; Mansoori, Nina
Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Olusoga, Yinka; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca); PALMER, AARON; VINER, JON; PRESTAGE, JA
Subject: RE: Fair Hydro - Change of Law Protection Agreement

All,
Further to our call this morning, attached is a comparison document showing our comments on "Post-Suspension Refinancing" and "Protection Event".
We will comment on Material Effect after we see what comes back from the accountants.
Peter

From: Milligan, Peter
Sent: Tuesday, December 12, 2017 9:09 AM
To: 'Saulnier, Brett' <bsaulnier@torys.com>; ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)'

<Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro - Change of Law Protection Agreement
All,
Attached are changed pages with my comments on the Change of Law Protection Agreement. This does not represent input from any dealer. I will follow up to see if the dealers have any additional comments but given the plan to have a call at 10, I pass along these comments now.
Peter

From: Saulnier, Brett [mailto:bsaulnier@torys.com]
Sent: Monday, December 11, 2017 11:35 PM
To: ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; Milligan, Peter <PMilligan@osler.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro - Change of Law Protection Agreement
All,
Attached for your review is a revised draft of the Change of Law Protection Agreement, clean and blacklined to the last version circulated by Blakes and reflecting the meetings held earlier today. As discussed, we need to provide the attached to the rating agencies **by no later than noon tomorrow** in order to meet our end of year financing deadline. Accordingly, we will be circulating a calendar invite to this group for 10 a.m. tomorrow morning to confirm the parties are signed off. If Osler or Blakes have any comments on the attached, we would ask that they be circulated to this group prior to the 10 a.m. call.

Kind regards,
Brett
Brett Saulnier
P. 416.865.8148 | F. 416.865.7380 | 1.800.505.8679

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: December-08-17 3:16 PM
To: Milligan, Peter <PMilligan@osler.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro - Change of Law Protection Agreement

Hi,
Attached is a revised version of the Change of Law Protection Agreement. I believe that most of the changes reflected from last night's Osler version (blackline is attached) are of a drafting or conforming nature, other than: (1) the Province disagrees that Approved Refinancing terms should be unfettered by adherence conditions post-Suspension Event and (2) the proposed rating-based "materially and adversely" qualification in the definition of Protection Event (and in fact any such qualification) is not acceptable to the Province. With regard to (1), this version comes into line with the proposed approach (i.e., using a modified adherence condition) that was incorporated into the version of the Change of Law Process Agreement I circulated yesterday. A further turn of that Agreement, to conform the open item identified in section 3.02 to the revised Change of Law Protection Agreement, is also included here for your reference.
Please note that the Province is working through the drafting concurrently and so further drafting comments may be provided.
As mentioned yesterday, the Province would like to proceed with the Ministers sign-off briefing early next week, on the basis that these versions (minus the explanatory notes) are now in substantially final form. Please identify if you believe there are other 'must have' points (other than the 2 mentioned above).
Regards, Steve
Stephen R. Ashbourne
Partner
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Dir: 416-863-3086

From: Milligan, Peter [mailto:PMilligan@osler.com]
Sent: Thursday, December 07, 2017 6:44 PM

To: ASHBOURNE, STEPHEN; Sebastiano, Rocco; Mansoori, Nina
Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Saulnier, Brett; Olusoga, Yinka; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca); PALMER, AARON; VINER, JON; PRESTAGE, JA
Subject: Fair Hydro - Change of Law Protection Agreement

All,

Attached is a revised comment draft of the Change of Low Protection Agreement reflecting comments from Torys and Osler. In order to meet this transaction's timeline, this comment draft has not been reviewed by OPG or the Dealers and is delivered subject to any comments they may have.

Peter

OSLER

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From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: Thursday, December 07, 2017 4:27 PM
To: Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER,

JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro -- Change of Law Process Agreement
Hi,
Please find (attached) a further turn of the Change of Law Process Agreement, reflecting the Province's comments on the mark-up of the Agreement circulated yesterday afternoon by Torys. The attached blackline shows changes made to yesterday's Torys mark-up.
This version addresses concerns Rocco raised last night, to the extent the Province feels that the issues can be accommodated. For your information, I have set out below responses to Rocco's comments/observations (in CAPs).
The Province would like to proceed with the Ministers briefing early next week, on the basis that this version (minus the explanatory notes) is now in final form. If there are any critical revisions that the other parties believe reflect 'must have' priority, then the Province would like to have a call to discuss them as soon as possible.
Responses to Rocco's Points:
1. The change of the definition of Breach Event in Section 6.01 (i.e., the change to clause (a) and the addition of clause (b)) will result in an inconsistency with section 7.01(b) of the Change of Law Protection Agreement. This will require further consideration. [AGREED. 7.01(b) and 7.01(c) WILL NEED TO MIRROR THE CURE LANGUAGE WE SETTLE ON IN THE PROCESS AGREEMENT (SEE MY EARLIER COMMENTS). PERHAPS THE "which continues …" LANGUAGE IN 7.01(B) CAN BE REVISED TO READ: "to the extent that the Province would be entitled to provide a Suspension Notice in accordance with the terms of the agreement or agreements between the Province and OPG under which such obligations, requirements and processes arise". SIMILAR CHANGE FOR 7.01(C).
2. The right of the Province to issue an objection notice under Section 3.04(b) in connection with a Transaction Document provided to the Province which is required for a Refinancing of an Approved Obligation remains an outstanding issue. Clearly, this will depend upon what Adherence Conditions will be required under Section 4.02 of the Change of Law Protection Agreement in order to permit such Refinancing to become an Approved Obligation. If the Adherence Conditions set out in Section 4.02(a) of the Province's draft of the Change of Law Protection Agreement of December 4 were to apply to such Refinancing, to the extent that such refinancing required a change to a Transaction Document (e.g., as a result of a change to some rating agency condition or criteria), the Province's ability to issue an objection notice and thereby prevent the issuance of a Process Certificate under Section 3.01 (by virtue of Section 3.04) would have the effect of preventing a Refinancing. We trust that this was an unintended outcome of the drafting of Section 3.04 and/or the Adherence Conditions applicable to Refinancings. [THAT IS THE INTENDED EFFECT. THE ADHERENCE CONDITIONS WOULD APPLY TO THE REFINANCING, SO IF THE REFINANCING TERMS DEVIATED MATERIALLY (BASED ON THE SUBSTANTIALLY IN THE FORM" THRESHOLD"), THEN OPG WOULD REQUIRE THE PROVINCE NOT TO OBJECT IN ORDER TO PROCEED WITH THOSE NEW TERMS. OTHERWISE, THE REFINANCING COULD INCORPORATE TERMS AND CONDITIONS, WHICH WOULD BIND THE PROVINCE UNDER THE LIMITED GUARANTEE, THAT WOULD BE UNCONSTRAINED AND WITHOUT ANY ACCOUNTABILITY TO THE PROVINCE. IN ROCCO'S EXAMPLE, THAT MIGHT MEAN THAT OPG WOULD NEED TO RESORT TO UNRATED DEBT, IF THE PROVINCE WAS UNWILLING TO ACCEPT THE NEW TERMS. PRESUMABLY EVERYONE WOULD ACT RATIONALLY. HOWEVER, AS A FAILSAFE, OPG COULD OFFER INCREASED PRICING IN ORDER TO ATTRACT INVESTORS TO ACCEPT THE EARLIER VETTED TERMS (BASED ON THE THEN ACCEPTED REVIEWED DOCUMENTATION).]
3. Given that the Indenture Trustee is not a party to the Change of Law Process Agreement, the Province and OPG can amend the terms and conditions of this agreement without the consent of the indenture Trustee. Specified Creditors under an Approved Obligation need to be assured that the Province cannot prevent a Refinancing of an Approved Obligation either by virtue of the objection notice discussed in point #2 above or as a result of a future amendment to the agreement. There are a couple of ways to deal with this point. The first is to a add a beneficiary/third party rights clause in

the Change of Law Process Agreement which acknowledges that the Indenture Trustee is a beneficiary of certain provisions of this agreement and as a result, the agreement cannot be amended without the consent of the Indenture Trustee. The second is to ensure that the Adherence Conditions relating to Refinancings under the Change of Law Protection Agreement are not dependent upon the terms of the Change of Law Process Agreement. In light of the desire to not disclose the terms and conditions of the Change of Law Process Agreement to the rating agencies, especially at this late stage in the process, we would expect that the latter approach would be preferable. [THE SUGGESTION REGARDING THE PROVINCE PREVENTING A REFINANCING IS ADDRESSED IN #2. IF THE REFINANCING TERMS WOULD EXCEED THE SCOPE OF THE TRANSACTION DOCUMENTS REVIEWED AND NOT OBJECTED TO BY THE PROVINCE, THEN THAT SUGGESTS THERE IS A MATERIAL EFFECT ON THE PROVINCE AND SO THE PROVINCE WOULD NEED THE ABILITY TO REVIEW AND CONSIDER THE PROPRIETY OF THOSE NEW TERMS FROM ITS PERSPECTIVE. AS FOR THE STANDALONE NATURE OF THE PROCESS AGREEMENT, THE INTENTION IS THAT THE PROCESS AGREEMENT BE UNCOUPLED AND NOT PART OF THE COLLATERAL, AND AS MICHAEL FELDMAN HAS EXPLAINED, LEAVE FUTURE FLEXIBILITY FOR THIS LONG-TERM STRUCTURE. TO ADDRESS ROCCO'S CONCERN THAT THE PROVINCE AND OPG COULD CHANGE THE UNDERLYING OBLIGATIONS APPLICABLE TO ADHERENCE IN RELATION TO A NEW OBLIGATION, REQUIREMENT OR PROCESS IN THE PROCESS AGREEMENT THAT WOULD MAKE A REFINANCING LESS LIKELY TO OCCUR, WE HAVE ADDED AND USED IN THE ATTACHED VERSION A NEW DEFFINTION:

> "Approved Refinancing" means a Certified Primary Obligation proposed to be incurred as a Refinancing of an existing Certified Primary Obligation in respect of which the Adherence Conditions had been satisfied on the date such existing Certified Primary Obligation was incurred, that, at the time of incurrence, satisfies each of each of the Adherence Conditions except that the certificate contemplated to be delivered under Section 4.02(b) shall instead confirm that OPG has delivered to the Province a certificate by its applicable officers confirming that OPG would be in compliance with all obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the proposed Certified Primary Obligation that applied as between the Province and OPG on the date of issuance of such existing Certified Primary Obligation." Various references to "Refinancing" in the Protection Agreement can also be revised to refer to "Approved Refinancing", as required.

Regards, Steve

Stephen R. Ashbourne
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From: Sebastiano, Rocco [mailto:RSebastiano@osler.com]
Sent: Wednesday, December 06, 2017 7:45 PM
To: Mansoori, Nina; ASHBOURNE, STEPHEN; VINER, JON; PRESTAGE, JA
Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Milligan, Peter; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Saulnier, Brett; Olusoga, Yinka
Subject: RE: Fair Hydro -- Change of Law Process Agreement

I have reviewed the revised draft of the Change of Law Process Agreement that Torys has prepared and would like to pass along the following comments/observations:

1. The change of the definition of Breach Event in Section 6.01 (i.e., the change to clause (a) and the addition of clause (b)) will result in an inconsistency with section 7.01(b) of the Change of Law Protection Agreement. This will require further consideration.
2. The right of the Province to issue an objection notice under Section 3.04(b) in connection with a Transaction Document provided to the Province which is required for a Refinancing of an Approved Obligation remains an outstanding issue. Clearly, this will depend upon what Adherence Conditions will be required under Section 4.02 of the Change of Law Protection Agreement in order to permit such Refinancing to become an Approved Obligation. If the Adherence Conditions set out in Section 4.02(a) of the Province's draft of the Change of Law Protection Agreement of December 4 were to apply to such Refinancing, to the extent that such refinancing required a change to a Transaction Document (e.g., as a result of a change to some rating agency condition or criteria), the Province's ability to issue an objection notice and thereby prevent the issuance of a Process Certificate under Section 3.01 (by virtue of Section 3.04) would have the effect of preventing a Refinancing. We trust that this was an unintended outcome of the drafting of Section 3.04 and/or the Adherence Conditions applicable to Refinancings.
3. Given that the Indenture Trustee is not a party to the Change of Law Process Agreement, the Province and OPG can amend the terms and conditions of this agreement without the consent of the indenture Trustee. Specified Creditors under an Approved Obligation need to be assured that the Province cannot prevent a Refinancing of an Approved Obligation either by virtue of the objection notice discussed in point #2 above or as a result of a future amendment to the agreement. There are a couple of ways to deal with this point. The first is to a add a beneficiary/third party rights clause in the Change of Law Process Agreement which acknowledges that the Indenture Trustee is a beneficiary of certain provisions of this agreement and as a result, the agreement cannot be amended without the consent of the Indenture Trustee. The second is to ensure that the Adherence Conditions relating to Refinancings under the Change of Law Protection Agreement are not dependent upon the terms of the Change of Law Process Agreement. In light of the desire to not disclose the terms and conditions of the Change of Law Process Agreement to the rating agencies, especially at this late stage in the process, we would expect that the latter approach would be preferable.

Regards, Rocco

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: Wednesday, December 06, 2017 4:38 PM
To: 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>; 'JON.VINER@blakes.com' <JON.VINER@blakes.com>; 'JA.PRESTAGE@blakes.com' <JA.PRESTAGE@blakes.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)'

<Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Mansoori, Nina <nmansoori@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>

Subject: Fair Hydro -- Change of Law Process Agreement

Blakes team,

Please find attached OPG and Torys' comments on the Process Agreement reflecting our discussions from yesterday's call. Please note that this draft is subject to continuing review and comment by Osler and the dealers. As discussed at the tail end of our call yesterday, the section in the Process Agreement that gives the Province the right to object to new and material changes to transaction documents dovetails with the Protection Agreement so additional comments from Oslers may be forthcoming on this draft.

We are working on getting you a revised draft of the Protection Agreement either later today or tomorrow. In the meantime, please let us know if you have any comments or questions on the Process Agreement.

Best Regards,

Nina

Nina Mansoori

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Draft: December 12, 2017

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust organized under the laws of the Province of Ontario (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council 1981/2017 (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Primary Obligations that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred. This Agreement sets out the terms and conditions of such protections and assurances.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A, and any other capitalized terms not defined herein shall have the meanings assigned to them in the Trust Indenture;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 Proof of Approved Obligations

The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Manager deems to be sufficient.

Each statement delivered by the Manager under Section 2.01(a)i shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and each of the parties hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Manager shall act diligently in the preparation of each such statement and shall provide the Indenture Trustee and the Province with all supporting computations and calculations used by the Manager to prepare each such statement promptly following a request therefor made by the Indenture Trustee or the Province.

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture as of the date of this Agreement.

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 2.01 or Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee, the Financing Entity, the Financing Entity Trustee, the Manager or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by

electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the

Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 <u>Judgment Currency</u>

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 <u>Limited Guarantee</u>

(a) Upon the occurrence of a Protection Event, the Indenture Trustee may deliver a written demand, substantially in the form attached as **[Exhibit A]** (a "**Payment Demand**"), to the Province requiring the Province to make payments in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in this Agreement. From and after such delivery of a

Payment Demand, the Province shall make the following payments in respect of the Approved Obligations (the "**Limited Guarantee**"), the Financing Entity shall pay, and the Province shall be entitled to be paid, the Subrogation Amounts specified below, and the following terms shall apply:

i. Not less than three (3) Business Days prior to each day when any payment or payments are to be made in respect of one or more Approved Obligations occurring after such delivery of a Payment Demand (each such day, a "**Guarantee Payment Date**"), the Manager shall deliver a written statement setting forth the Aggregate Approved Obligations Amount, if any, in respect of the Approved Obligations that are due and payable on such Guarantee Payment Date, together with a detailed description identifying such Approved Obligations and the nature and amount of payments due and payable thereunder on the Guarantee Payment Date, the aggregate outstanding amount payable by the Financing Entity under such Approved Obligations as of the date of such written statement, and details regarding any default in performance by any party obligated thereunder.

ii. On each such Guarantee Payment Date, the Province shall deposit the Aggregate Approved Obligations Amount into the Protection Account.

iii. On each such Guarantee Payment Date, the Financing Entity and the Indenture Trustee shall ensure that the amounts on deposit in the Protection Account are applied to pay each Beneficiary to whom an amount is due and payable under an Approved Obligation on the Guarantee Payment Date the Approved Obligation Amount for such Beneficiary in respect of such Approved Obligation on such Guarantee Payment Date; provided that if the amount deposited pursuant to clause 2.01(a)ii is insufficient to pay all such Approved Obligation Amounts in full, the amount on deposit in the Protection Account on the Guarantee Payment Date shall be applied to pay Beneficiaries in the order of priority in which such Approved Obligations are payable under the payment provisions of the Trust Indenture applicable to the making of such payments on the Guarantee Payment Date (each, a "**Beneficiary Payee**" and each payment made to a Beneficiary Payee on a Guarantee Payment Date, a "**Guarantee Payment**").

iv. On the first Guarantee Payment Date and on each subsequent Guarantee Payment Date, Payment Date or other day on which any amount is required to be paid in respect of any Obligations Secured under the Trust Indenture (a "**Subrogation Payment Date**"), the Issuer and the Indenture

Trustee shall ensure that the applicable payment provisions of the Trust Indenture shall be applied and operate on the following basis[1]:

(A) If such day is a Guarantee Payment Date, then for each Approved Obligation for which amounts are paid to a Beneficiary Payee on such day pursuant to clause 2.01(a)iii in respect of principal, interest or any other amounts ("**Payable Approved Amounts**"), the amounts payable by the Financing Entity in respect of such amounts for such Approved Obligation shall be reduced by the respective amounts of such payments to the Beneficiary Payee, and equivalent amounts shall be payable by the Financing Entity to the Province as "**Subrogation Amounts**" in respect of such Approved Obligations, such Subrogation Amounts being payable in the same order of priority and with the same entitlements accruing to the Province as applied in respect of the related Payable Approved Amounts which were previously owing to the Beneficiary Payee, and to reflect this subrogation the payments set out in clause 2.01(a)iv(B) below shall be made by the Financing Entity.

(B) If the Province has made all deposits required to be made by it on each Guarantee Payment Date occurring on or before such day in accordance with clause 2.01(a)ii (or the related Approved Obligation Amounts have otherwise all been paid in full), then in respect of each Approved Obligation for which any related Subrogation Amounts have not yet been paid in full to the Province, the Financing Entity shall pay to the Province from amounts available under the Trust Indenture payment provisions and in accordance with the priority of payment provisions in the Trust Indenture the amount that would be payable on such date in satisfaction of the relevant Payable Approved Amounts, as determined without regard to any Guarantee Payment paid on any Guarantee Payment Date and also without regard to the corresponding reduction of the amounts owing to present and former Beneficiary Payees pursuant to subclause 2.01(a)iv(A) up to the amount of the unpaid related Subrogation Amounts.

(C) No Beneficiary having a right to be paid an amount in respect of an Approved Obligation, and no other Person entitled under an Obligation Secured, in each case that

[1] Explanatory Note: The deletion of the paramountcy provision is acceptable as long as section 2.01 if fully reflected in the Trust Indenture. To be confirmed.

ranks equal with or subordinate to the Payable Approved Amount in respect of which a Subrogation Amount is payable to the Province under subclause 2.01(a)iv(B), shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under such subclause (including any right of set-off, offset, reimbursement, contribution or indemnity) and no such Beneficiary or other Person shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of any such Subrogation Amount.

(D) For greater certainty, the entitlements of the Province in respect of Subrogation Amounts arising in respect of Payable Approved Obligations that are interest and principal obligations on Notes shall be treated for all purposes of the Trust Indenture as interest and principal obligations, respectively, arising under Notes having the same priority as and any applicable voting rights[2] under the related Approved Obligations, and accordingly the Province (and any successor, assignee or transferee of such entitlements) shall be entitled to all of the rights, entitlements, interests and privileges of a Holder of such a Notes in accordance with the Trust Indenture, as supplemented by the Supplemental Indenture or other indenture document under which the related Approved Obligations were issued.

(b) On each Guarantee Payment Date and upon demand by the Province, the Indenture Trustee shall release and pay to the Province free and clear of any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay Guarantee Payments to Beneficiary Payees on the Guarantee Payment Date in accordance with clause 2.01(a)iii or that otherwise remains on deposit in the Protection Account on the relevant date.

(c) In preparing any payment instructions under the Trust Indenture, the Manager shall reflect the amounts payable under Section 2.01(a), if applicable.

(d) The Province shall, as a payee of Subrogation Amounts under clause 2.01(a)iv(B) and as a payee of any amounts payable under clause 2.01(a)v, be a "Specified Creditor" under the Trust Indenture and have the benefit of the Collateral thereunder.

[2] Explanatory Note: As discussed, the Province understands that voting rights may be muted by the "outstanding" language in the Trust Indenture. Nevertheless, if voting rights would arise under the Trust Indenture they should be available to the Province.

(e) For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the Approved Obligation Amounts, if any, for payment to Beneficiary Payees and will be subject to the priorities and to the Province's rights to Subrogation Amounts, set forth in Section 2.01(a).

(f) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(g) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation by their terms.

(h) Any amount payable to the Province in respect of a Subrogation Amount shall bear interest from and including the date of payment by the Province of the related Guarantee Payment to but excluding the date of payment of the Subrogation Amount to the Province, such interest to accrue at the rate equivalent to the applicable interest rate borne by the related Approved Obligation, and such interest amounts shall be added to their respective Subrogated Amounts and shall consequently be payable in the same priority as the relevant Subrogated Amount under clause 2.01(a)iv(B), all such accruing interest amounts to be calculated and added to the Subrogation Amounts by the Manager in its discretion acting in a commercially reasonable fashion.

(i) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under and in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any amount due and payable to a Beneficiary Payee under the Limited Guarantee.

2.02 Intentionally Deleted.

2.03 <u>Absence of Set-off</u>

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 Payment into Protection Account in Satisfaction

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account" for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section **[7.03]** of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Financing Entity and the Indenture Trustee shall ensure that all amounts paid by the Province into the Protection Account on a Guarantee Payment Date in respect of an Approved Obligation are applied to pay the amounts due and payable to the Beneficiary Payee as and to the extent provided for in Section 2.01(a). Upon a payment having been made by or on behalf of the Province into the Protection Account, the amounts so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiary Payee as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such Beneficiary Payee in respect of the applicable Approved Obligations, whereupon an affected Beneficiary Payee shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid. For greater certainty, the obligations arising in respect of an applicable Approved Obligation shall not be reduced by such payment as the Province shall become entitled to be paid related Subrogation Amounts and the rights contemplated under Section 2.01(a) and Section 5.01 in relation to such continuing obligations.

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations in accordance with Section 8.01.

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

Except as provided in Section 7.02, a Primary Obligation that is not a Certified Primary Obligation shall be an Approved Obligation. A Certified Primary Obligation shall constitute an Approved Obligation if (i) the Adherence Conditions applicable thereto have been satisfied at the time the Primary Obligation was incurred or (ii) the Province, in its sole discretion, designates in writing that it is an Approved Obligation.

4.02 Adherence Conditions

(a) The following shall be the Adherence Conditions applicable in relation to each Certified Primary Obligation:

i. the Certified Primary Obligation when incurred is an Obligation Secured under the Trust Indenture; and

ii. OPG, as FSM, delivers an Adherence Compliance Certificate in the form attached hereto as Exhibit B signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee, on or before the incurrence of the Certified Primary Obligation (provided that delivery may not be more than 5 Business Days before the incurrence of the Certified Primary Obligation); and

iii. the Province has not provided a Suspension Notice to the Indenture Trustee, OPG and the Financing Entity.

(b) Without limiting any obligations of OPG to the Province arising other than pursuant to this Agreement, satisfaction of the Adherence Conditions for a Certified Primary Obligation shall be deemed satisfaction of the Adherence Conditions in respect of all principal, interest and other amounts owing under the Certified Primary Obligation, as such Certified Primary Obligation may be amended, restated, supplemented or modified from time to time.

(c) For greater certainty, there shall be no Adherence Conditions applicable in relation to a Primary Obligation that is not a Certified Primary Obligation.

4.03 <u>Evidence of Satisfaction</u>

An Adherence Compliance Certificate delivered in accordance with clause 4.02(a)ii shall be determinative as to whether the applicable Adherence Condition with respect thereto has been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same. An Adherence Compliance Certificate that purports on its face to be signed by officers specified in clause 4.02(a)ii may be relied upon by any addressee without further enquiry or evidence as to the incumbency or signatures of such officers. If an Adherence Compliance Certificate is not delivered in accordance with the timing requirements of clause 4.02(a)ii such certificate may be delivered at a later date, and be effective as if it had been delivered in accordance with the timing requirement of clause 4.02(a)ii if at the time such certificate was otherwise required to be delivered OPG had delivered to the Province all certifications required by the Province in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation.

ARTICLE V
PROVINCE MATTERS

5.01 <u>Assignment and Subrogation</u>

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's

rights and interests under and in respect of the Approved Obligation to the extent of such payment, and shall be entitled to (i) the right and entitlement to be paid and receive the related Subrogation Amounts, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including Sections **[7.04]** through **[7.11]** and **[8.13]** (Payment Priorities), Section **[7.12]** (Payments Held in Trust), Section **[8.11]** (Control by Controlling Class Creditors), Section **[8.12]** (Limitation on Suits), Section **[8.14]** (Limited Recourse), Article IX (The Indenture Trustee), including all limitations of liability thereunder, Section **[9.14]** (Communications to Specified Creditors) and Section **[16.01]** (No Petition); (ii) consents, requests and authorizes the Issuer and the Indenture Trustee to (x) add the Province to the register of Specified Creditors described in subsection **[13.13(b)]** of the Trust Indenture and (y) disseminate the notice details of the Province to other Specified Creditors for the purposes set out in subsection **[9.14(b)]** of the Trust Indenture, and (iii) confirms that it will execute and deliver, or cause to be executed and delivered, all such further agreements, documents and instruments in connection with this Section 5.01 as the Indenture Trustee may request from time to time for the purpose of giving effect to the terms of this Section 5.01.

5.02 <u>Priorities</u>

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation and the Payable Approved Amounts

thereunder shall rank equally with the rights, interests and entitlements of a Beneficiary to whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture in the manner and to the extent contemplated in Section **[7.10]** of the Trust Indenture.

5.03 Intentionally Deleted

5.04 Representations and Warranties

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
INDENTURE TRUSTEE MATTERS

6.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

6.02 Not Responsible for Recitals

The recitals contained herein will be taken as the statements of the Province, the Financing Entity and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

6.03 Representations and Covenants of the Indenture Trustee

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Agreement and has taken all necessary action to authorize the execution, delivery and performance by it of this Agreement;

(c) this Agreement has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada. If, notwithstanding the provisions of this subsection 6.03(d), the Indenture Trustee ceases to be so authorized to carry on business, the validity and enforceability of this Agreement shall not be affected in any manner whatsoever by reason only of such event.

ARTICLE VII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

7.01 Suspension Notice

Upon:

(a) a Program Breach;

(b) a default in the performance, or breach, of any covenants of OPG, as FSM, or OPG, in its corporate capacity, in each case to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligation and the expiration of any applicable cure period;

(c) a representation or warranty made by OPG or a certification made by one or more officers of OPG, in each case whether as FSM or in its corporate capacity, to the Province in connection with its obligations to the Province and its internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligations, proves to be incorrect in any material respect on the date made and the expiration of any applicable cure period; or

(d) the FSM no longer being the Manager or actions having been taken by or on behalf of the Indenture Trustee to remove the FSM as the Manager;

the Province may declare that the Limited Guarantee under this Agreement shall not apply to any Primary Obligations incurred on or after such declaration, excluding Post-Suspension Refinancings or Pre-Approved Refinancings, by delivering a written notice in

the form of Exhibit C (a "**Suspension Notice**") to the Indenture Trustee, the FSM and the Financing Entity.

7.02 Suspension

If a Suspension Notice has been provided under Section 7.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of: (i) any Primary Obligation incurred, excluding Post-Suspension Refinancings, or (ii) any amendment of any Primary Obligation that has a Material Effect, unless otherwise agreed to by the Province, in each case, on or after the time such Suspension Notice is delivered.

7.03 Additional Right of the Province Regarding Post-Suspension Refinancings

Following the occurrence of a Suspension Event, the Limited Guarantee shall continue to apply in respect of any Post-Suspension Refinancing (for greater certainty, without regard to the satisfaction of any Adherence Conditions); provided that prior to the Financing Entity incurring any Primary Obligation constituting a Post-Suspension Refinancing, the Manager shall provide the Province with at least 30 days' notice of its intention to seek a Post-Suspension Refinancing and prior to incurrence, which notice shall describe the material covenants, events of default, representations and warranties and indemnities of the Financing Entity and other material terms, excluding financial terms, rates and levels, and that shall be in respect of the full amount of the amount becoming due and payable in respect of the applicable Primary Obligation less amounts otherwise available to the Financing Entity from other available or committed sources (the "**Proposal**"), and during such 30 day period the Province may, but is not obligated to, offer to fund such Post-Suspension Refinancing or arrange for another Person to fund such Post-Suspension Refinancing on the same terms as set out in the Proposal or on such other terms as may be considered by the Province to be not more onerous on the Financing Entity and that are acceptable on that basis to the Financing Entity, acting reasonably. If, within such 30-day period, the Province elects to offer to fund such Post-Suspension Refinancing as provided in the preceding sentence, the Manager shall accept such offer; however, if the Province does not elect to offer to fund such Post-Suspension Refinancing, the Manager shall cause the Financing Entity to incur Primary Obligations constituting such a Post-Suspension Refinancing on substantially the same terms as than those set out in the Proposal if the Post-Suspension Refinancing can be completed by the Financing Entity in compliance with the Act, or on such other terms as would not have a Material Effect.

7.04 No Impact on Adherence

For greater certainty, the occurrence of a Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event or in respect of any Post-Suspension Refinancing.

ARTICLE VIII
MISCELLANEOUS

8.01 Term of Agreement

This Agreement will continue until the later of: (a) the date that no amount is or may become due and payable by the Province under the Limited Guarantee and (b) the date that no amount is or may become due and payable to the Province in respect of any Subrogation Amount.

8.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: Manager, Corporate Trust
Fax: (416) 981-9777
Email: corporatetrust.toronto@computershare.com

(b) if to the FSM:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

(c) if to the Province:

Minister of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Minister of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

With copies to:

Deputy Minister of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Deputy Minister of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 8.02.

8.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section 8.03 shall be null and void.

8.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

8.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

8.07 Notice to Rating Agencies

OPG, as FSM, shall deliver prompt written notice to the Rating Agencies of the occurrence of (i) a Protection Event; (ii) receipt of a Suspension Notice delivered by the Province pursuant to Section 7.01; and (iii) an assignment of this Agreement by any party pursuant to Section 8.03.

8.08 Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their benefits hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

8.09 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, IN ITS CAPACITY AS TRUSTEE OF FAIR HYDRO TRUST, AS ISSUER, BY ONTARIO POWER GENERATION INC., NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration of a funding obligation" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Compliance Certificate**" means a certificate in the form attached hereto as Exhibit B delivered by the FSM in accordance with Section 4.02(a)ii.

"**Adherence Conditions**", means, in respect of a Certified Primary Obligation, the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of a Guarantee Payment Date, the aggregate of the Approved Obligation Amounts for such Guarantee Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, for a Beneficiary in respect of an Approved Obligation under which an amount is due and payable on a Guarantee Payment Date:

(a) if no Acceleration has occurred in respect of any Obligation Secured on or before the Guarantee Payment Date, the amount due and payable to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation (for greater certainty, determined on the assumption that there are adequate amounts available under the applicable payment provisions of the Trust Indenture to pay in full all amounts referred to in such payment provisions that are due and payable on the Guarantee Payment Date); and

(b) if an Acceleration has occurred in respect of any Obligations Secured on or before the Guarantee Payment Date, the amount that would be available to be paid to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation under the applicable payment provisions of the Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with such applicable payment provisions of the Trust Indenture in respect of each relevant month during each Reference Period is equal to the estimated Finance Amount determined in respect of such Reference Period for purposes of section 15(1) of the Act (in effect on the date hereof), including section 6.1 of the General Regulation (in effect on the date hereof), divided by the number of months in such Reference Period.

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Beneficiary Payee**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Certified Primary Obligations**" means Primary Obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest, including any Refinancing, other than a Post-Suspension Refinancing or a Pre-Approved Refinancing, of such a Primary Obligation (for greater certainty, including, in the case of any Certified Primary Obligation permitting funding transactions pursuant to a Funding Obligation Agreement applicable to the Certified Primary Obligation, each individual borrowing or funding utilization thereunder), (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not any individual trade confirmation other than a trade confirmation that modifies or purports to override the express terms or conditions of the related Master Agreement, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and expected (as determined by the Manager, acting reasonably) aggregate payments by the Financing Entity thereunder during the term of such contract are or would be in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).

"**Change of Law Protection Agreement**" means this Agreement.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Executive Officer**" has the meaning ascribed to the term "executive officer" in National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators.

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the first paragraph of this Agreement until a successor Financing Entity Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and the Declaration of Trust, and thereafter "Financing Entity Trustee" means and includes such Person.

"**Financing Plan**" has the meaning ascribed to the term "Financing Plan" in the Act.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Guarantee Payment**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Guarantee Payment Date**" has the meaning ascribed thereto in Section 2.01(a)i.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**Holder**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Liens**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(a).

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity, as amended, supplemented, restated or otherwise modified from time to time.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Agreement**" means an agreement in the form of a Master Agreement as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, as amended, supplemented, restated or otherwise modified from time to time.

"**Material Effect**" means a material effect on the obligations (including as a result of a change in the nature, scope or extent of the Primary Obligation and the effect on the Province's obligations therefor under the Limited Guarantee) that could reasonably be expected to affect (i) the timing of or circumstances under which Primary Obligations would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization); (ii) the appointment, obligations or duties of OPG as the Manager; (iii) the existence, powers or authority of the Financing Entity or the Financing Entity Trustee; (iv) the obligations of the Indenture Trustee to or in respect of the Province as a Specified Creditor; (v) the limitations and requirements otherwise applicable to the capital structure of the Financing Entity under any existing Program Agreement; (vi) the payment provisions and associated priorities set forth in the Trust Indenture; (vii) the obligations or liability of the Financing Entity to pay any tax, (viii) compliance by the FSM with the then applicable Financing Plan; (ix) the circumstances in which a Protection Event could arise; (x) compliance by the FSM, the Financing Entity or IESO with the Act or the General Regulation; (xi) the nature or character of the payment obligations (but, subject to compliance with the Financing Plan, irrespective of the amount payable thereunder) that could become payable under the Limited Guarantee; or (xii) the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of this Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation.

"**Notes**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Payable Approved Amounts**" has the meaning ascribed thereto in 2.01(a).

"**Payment Date**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, unlimited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Post-Suspension Refinancing**" means a Funding Obligation that is an Obligation Secured and that is incurred on or after the occurrence of a Suspension Event in compliance with the requirements of Section 7.03, as a Refinancing of one or more Series of Approved Obligations (including any Pre-Approved Refinancing that is authorized to be incurred on or after the occurrence of a Suspension Event), in each case the proceeds of which, together with any other funds that may be available, in full such Series of Approved Obligations.

"**Pre-Approved Refinancing**" means a Refinancing of a Certified Primary Obligation in respect of which the Province has, prior to the incurrence of such Certified Primary Obligation, further agreed shall not be a Certified Primary Obligation, subject to compliance with such conditions and requirements as may be specified in such further agreement.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account or Finance Reserve Account; and (ii) any obligation to pay the Financing Entity or on the Financing Entity's direction any remaining amounts in the Collection Account pursuant to the Trust Indenture.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that (X) adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any Finance Reserve Account, Capital Account or collateral posting account applicable under a Derivative Agreement, (ii) the availability of any credit enhancement agreement to which the Financing Entity is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in any of clauses (i) to (v) of this paragraph (a), or (Y) adversely affects the enforceability of, or adversely changes, the terms and conditions of this Agreement or of any of the agreements under which Approved Obligations arise; or

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Approved Obligations that have become due and payable, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any Finance Reserve Account, Capital Account or collateral posting account applicable under a Derivative Agreement, (ii) the availability of any credit enhancement agreement to which the Financing Entity is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in paragraph (b).

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency Condition" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Reference Period**" has the meaning ascribed to the term "reference period" in the Act.

"**Refinancing**" has the meaning ascribed to the term "refinancing" in the Act as of the date hereof, as more particularly described and given meaning in the General Regulation as of the date hereof.

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Specified Creditor**" has the meaning ascribed thereto in the Trust Indenture on the date hereof.

"**Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(B).

"**Subrogation Payment Date**" has the meaning ascribed thereto in clause 2.01(a)iv.

"**Suspension Event**" has the meaning ascribed thereto in Section 7.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 7.01.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**True-up Amount**" has the meaning ascribed to the term "true up amount" in the Act as of the date hereof.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

EXHIBIT A
FORM OF PAYMENT DEMAND

TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Pursuant to and in accordance with section 2.01(a) of the Change of the Law Protection Agreement, the Indenture Trustee hereby demands payment from the Province in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in the Change of Law Protection Agreement.

DATED as of the [■] day of [■], [■].

BNY TRUST COMPANY OF CANADA

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT B
FORM OF ADHERENCE COMPLIANCE CERTIFICATE UNDER SECTION 4.02(a)

TO: **BNY TRUST COMPANY OF CANADA**, in its capacity as Indenture Trustee (the "**Indenture Trustee**") under the Master Trust Indenture dated as of December ●, 2017 between Fair Hydro Trust and the Indenture Trustee (the "**Master Trust Indenture**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province of Ontario, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust, Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Each of the undersigned, being the ● and ● of OPG acting in its capacity as FSM and holding the offices set forth under their names and signatures below, pursuant to and accordance with clause 4.02(a)ii of the Change of Law Protection Agreement, hereby certifies for and on behalf of OPG, in its capacity as Financial Services Manager, and not in such officer's personal capacity and intending that this certificate may be relied on by the addressees hereof without independent inquiry, that:

1. I have read and understand the provisions of the Change of Law Protection Agreement, the Master Trust Indenture and all other documents and materials necessary to enable me to deliver this certificate.
2. If the Certified Primary Obligation is a Refinancing, the proceeds of the Refinancing will be used solely for the purpose of repaying one or more Certified Primary Obligations in respect of which the Adherence Conditions in Subsection 4.02(a) of the Change of Law Protection Agreement had been satisfied, including one or more other Refinancings in respect of which the Adherence Conditions in Subsection 4.02(a) of the Change of Law Protection Agreement had been satisfied.
3. OPG has delivered to the Province a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate was provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation.

DATED as of the [■] day of [■], [■].

Name: [3]	Name:
Office:	Office:

[3] This certificate must be signed by two officers of OPG being either (i) the Chief Financial Officer and the Treasurer, or (ii) any two Executive Officers (as defined in the Change of Law Protection Agreement) of OPG.

EXHIBIT C
SUSPENSION NOTICE

TO: Ontario Power Generation Inc., in its capacity as Financial Services Manager

AND TO: Fair Hydro Trust

AND TO: Computershare Trust Company of Canada, in its capacity as trustee of Fair Hydro Trust

AND TO: BNY Trust Company of Canada, as Indenture Trustee

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement. All references in this Suspension Notice to "Articles" or "Sections" refer to Articles or Sections of the Change of Law Protection Agreement.

The Province has a reasonable basis for concluding that an event described in clauses (a) to (d) of Section 7.01 has occurred. Pursuant to Section 7.01, the Province hereby declares that the Limited Guarantee shall hereby not apply in respect of (i) any Primary Obligation incurred, excluding Post-Suspension Refinancings or Pre-Approved Refinancings or (ii) any amendment of any Primary Obligation that has a Material Effect, unless otherwise agreed to by the Province, in each case, on or after delivery of this Suspension Notice.

This Suspension Notice is hereby delivered to the FSM, the Financing Entity and the Indenture Trustee in accordance with Section 8.02 of the Change of Law Protection Agreement.

* * * *

DATED as of the [■] day of [■], [■].

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

Draft: December 12, 2017

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust organized under the laws of the Province of Ontario (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council 1981/2017 (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Primary Obligations that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred. This Agreement sets out the terms and conditions of such protections and assurances.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A, and any other capitalized terms not defined herein shall have the meanings assigned to them in the Trust Indenture;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this

Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 Proof of Approved Obligations

The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Manager deems to be sufficient.

Each statement delivered by the Manager under Section 2.01(a)i shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and each of the parties hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Manager shall act diligently in the preparation of each such statement and shall provide the Indenture Trustee and the Province with all supporting computations and calculations used by the Manager to prepare each such statement promptly following a request therefor made by the Indenture Trustee or the Province.

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture as of the date of this Agreement.

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 2.01 or Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a

related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee, the Financing Entity, the Financing Entity Trustee, the Manager or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee may deliver a written demand, substantially in the form attached as **[Exhibit A]** (a "**Payment Demand**"), to the Province requiring the Province to make payments in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in this Agreement. From and after such delivery of a Payment Demand, the Province shall make the following payments in respect of the Approved Obligations (the "**Limited Guarantee**"), the Financing Entity shall pay, and the Province shall be entitled to be paid, the Subrogation Amounts specified below, and the following terms shall apply:

i. Not less than three (3) Business Days prior to each day when any payment or payments are to be made in respect of one or more Approved Obligations occurring after such delivery of a Payment Demand (each such day, a "**Guarantee Payment Date**"), the Manager shall deliver a written statement setting forth the Aggregate Approved Obligations Amount, if any, in respect of the Approved Obligations that are due and payable on such Guarantee Payment Date, together with a detailed description identifying such Approved Obligations and the nature and amount of payments due and payable thereunder on the Guarantee Payment Date, the aggregate outstanding amount payable by the Financing Entity under such Approved Obligations as of the date of such written statement, and details regarding any default in performance by any party obligated thereunder.

ii. On each such Guarantee Payment Date, the Province shall deposit the Aggregate Approved Obligations Amount into the Protection Account.

iii. On each such Guarantee Payment Date, the Financing Entity and the Indenture Trustee shall ensure that the amounts on deposit in the Protection Account are applied to pay each Beneficiary to whom an amount is due and payable under an Approved Obligation on the Guarantee Payment Date the Approved Obligation Amount for such Beneficiary in respect of such Approved Obligation on such Guarantee Payment Date; provided that if the amount deposited pursuant to clause 2.01(a)ii is insufficient to pay all such Approved Obligation Amounts in full, the amount on deposit in the Protection Account on the Guarantee Payment Date shall be applied to pay Beneficiaries in the order of priority in which such Approved Obligations are payable under the

payment provisions of the Trust Indenture applicable to the making of such payments on the Guarantee Payment Date (each, a "**Beneficiary Payee**" and each payment made to a Beneficiary Payee on a Guarantee Payment Date, a "**Guarantee Payment**").

iv. On the first Guarantee Payment Date and on each subsequent Guarantee Payment Date, Payment Date or other day on which any amount is required to be paid in respect of any Obligations Secured under the Trust Indenture (a "**Subrogation Payment Date**"), the Issuer and the Indenture Trustee shall ensure that the applicable payment provisions of the Trust Indenture shall be applied and operate on the following basis[1]:

(A) If such day is a Guarantee Payment Date, then for each Approved Obligation for which amounts are paid to a Beneficiary Payee on such day pursuant to clause 2.01(a)iii in respect of principal, interest or any other amounts ("**Payable Approved Amounts**"), the amounts payable by the Financing Entity in respect of such amounts for such Approved Obligation shall be reduced by the respective amounts of such payments to the Beneficiary Payee, and equivalent amounts shall be payable by the Financing Entity to the Province as "**Subrogation Amounts**" in respect of such Approved Obligations, such Subrogation Amounts being payable in the same order of priority and with the same entitlements accruing to the Province as applied in respect of the related Payable Approved Amounts which were previously owing to the Beneficiary Payee, and to reflect this subrogation the payments set out in clause 2.01(a)iv(B) below shall be made by the Financing Entity.

(B) If the Province has made all deposits required to be made by it on each Guarantee Payment Date occurring on or before such day in accordance with clause 2.01(a)ii (or the related Approved Obligation Amounts have otherwise all been paid in full), then in respect of each Approved Obligation for which any related Subrogation Amounts have not yet been paid in full to the Province, the Financing Entity shall pay to the Province from amounts available under the Trust Indenture payment provisions and in accordance with the priority of payment provisions in

[1] Explanatory Note: The deletion of the paramountcy provision is acceptable as long as section 2.01 if fully reflected in the Trust Indenture. To be confirmed.

the Trust Indenture the amount that would be payable on such date in satisfaction of the relevant Payable Approved Amounts, as determined without regard to any Guarantee Payment paid on any Guarantee Payment Date and also without regard to the corresponding reduction of the amounts owing to present and former Beneficiary Payees pursuant to subclause 2.01(a)iv(A) up to the amount of the unpaid related Subrogation Amounts.

(C) No Beneficiary having a right to be paid an amount in respect of an Approved Obligation, and no other Person entitled under an Obligation Secured, in each case that ranks equal with or subordinate to the Payable Approved Amount in respect of which a Subrogation Amount is payable to the Province under subclause 2.01(a)iv(B), shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under such subclause (including any right of set-off, offset, reimbursement, contribution or indemnity) and no such Beneficiary or other Person shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of any such Subrogation Amount.

(D) For greater certainty, the entitlements of the Province in respect of Subrogation Amounts arising in respect of Payable Approved Obligations that are interest and principal obligations on Notes shall be treated for all purposes of the Trust Indenture as interest and principal obligations, respectively, arising under Notes having the same priority as and any applicable voting rights[2] under the related Approved Obligations, and accordingly the Province (and any successor, assignee or transferee of such entitlements) shall be entitled to all of the rights, entitlements, interests and privileges of a Holder of such a Notes in accordance with the Trust Indenture, as supplemented by the Supplemental Indenture or other indenture document under which the related Approved Obligations were issued.

[2] Explanatory Note: As discussed, the Province understands that voting rights may be muted by the "outstanding" language in the Trust Indenture. Nevertheless, if voting rights would arise under the Trust Indenture they should be available to the Province.

(b) On each Guarantee Payment Date and upon demand by the Province, the Indenture Trustee shall release and pay to the Province free and clear of any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay Guarantee Payments to Beneficiary Payees on the Guarantee Payment Date in accordance with clause 2.01(a)iii or that otherwise remains on deposit in the Protection Account on the relevant date.

(c) In preparing any payment instructions under the Trust Indenture, the Manager shall reflect the amounts payable under Section 2.01(a), if applicable.

(d) The Province shall, as a payee of Subrogation Amounts under clause 2.01(a)iv(B) and as a payee of any amounts payable under clause 2.01(a)v, be a "Specified Creditor" under the Trust Indenture and have the benefit of the Collateral thereunder.

(e) For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the Approved Obligation Amounts, if any, for payment to Beneficiary Payees and will be subject to the priorities and to the Province's rights to Subrogation Amounts, set forth in Section 2.01(a).

(f) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(g) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation by their terms.

(h) Any amount payable to the Province in respect of a Subrogation Amount shall bear interest from and including the date of payment by the Province of the related Guarantee Payment to but excluding the date of payment of the Subrogation Amount to the Province, such interest to accrue at the rate equivalent to the applicable interest rate borne by the related Approved Obligation, and such interest amounts shall be added to their respective Subrogated Amounts and shall consequently be payable in the same priority as the relevant Subrogated Amount under clause 2.01(a)iv(B), all such accruing interest amounts to be calculated and added to the Subrogation Amounts by the Manager in its discretion acting in a commercially reasonable fashion.

(i) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under and in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any amount due and payable to a Beneficiary Payee under the Limited Guarantee.

2.02 Intentionally Deleted.

2.03 Absence of Set-off

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 Payment into Protection Account in Satisfaction

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account" for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section **[7.03]** of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Financing Entity and the Indenture Trustee shall ensure that all amounts paid by the Province into the Protection Account on a Guarantee Payment Date in respect of an Approved Obligation are applied to pay the amounts due and payable to the Beneficiary Payee as and to the extent provided for in Section 2.01(a). Upon a

payment having been made by or on behalf of the Province into the Protection Account, the amounts so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiary Payee as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such Beneficiary Payee in respect of the applicable Approved Obligations, whereupon an affected Beneficiary Payee shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid. For greater certainty, the obligations arising in respect of an applicable Approved Obligation shall not be reduced by such payment as the Province shall become entitled to be paid related Subrogation Amounts and the rights contemplated under Section 2.01(a) and Section 5.01 in relation to such continuing obligations.

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the

account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations in accordance with Section 8.01.

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

~~A~~Except as provided in Section 7.02, a Primary Obligation that is not a Certified Primary Obligation shall be an Approved Obligation. A Certified Primary Obligation shall constitute an Approved Obligation if (i) the Adherence Conditions applicable thereto have been satisfied at the time the Primary Obligation was incurred~~,~~ or (ii) the Province, in its sole discretion, designates in writing that it is an Approved Obligation~~ or (iii) the Primary Obligation is a Post-Suspension Refinancing or a Pre-Approved Refinancing~~.

4.02 Adherence Conditions

(a) The following shall be the Adherence Conditions applicable in relation to each Certified Primary Obligation:

i. the Certified Primary Obligation when incurred is an Obligation Secured under the Trust Indenture; and

ii. OPG, as FSM, delivers an Adherence Compliance Certificate in the form attached hereto as Exhibit B signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee, on or before the incurrence of the Certified Primary Obligation (provided that delivery may not be more than 5 Business Days before the incurrence of the Certified Primary Obligation); and

iii. the Province has not provided a Suspension Notice to the Indenture Trustee, OPG and the Financing Entity.

(b) Without limiting any obligations of OPG to the Province arising other than pursuant to this Agreement, satisfaction of the Adherence Conditions for a Certified Primary Obligation shall be deemed satisfaction of the Adherence Conditions in respect of all principal, interest and other amounts owing under the Certified Primary Obligation, as such Certified Primary Obligation may be amended, restated, supplemented or modified from time to time.

(c) For greater certainty, there shall be no Adherence Conditions applicable in relation to a Primary Obligation that is not a Certified Primary Obligation.

4.03 Evidence of Satisfaction

An Adherence Compliance Certificate delivered in accordance with clause 4.02(a)ii shall be determinative as to whether the applicable Adherence Condition with respect thereto has been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same. An Adherence Compliance Certificate that purports on its face to be signed by officers specified in clause 4.02(a)ii may be relied upon by any addressee without further enquiry or evidence as to the incumbency or signatures of such officers. If an Adherence Compliance Certificate is not delivered in accordance with the timing requirements of clause 4.02(a)ii such certificate may be delivered at a later date, and be effective as if it had been delivered in accordance with the timing requirement of clause 4.02(a)ii if at the time such certificate was otherwise required to be delivered OPG had delivered to the Province all certifications required by the Province in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation.

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, and shall be entitled to (i) the right and entitlement to be paid and receive the related Subrogation Amounts, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a

Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including Sections **[7.04]** through **[7.11]** and **[8.13]** (Payment Priorities), Section **[7.12]** (Payments Held in Trust), Section **[8.11]** (Control by Controlling Class Creditors), Section **[8.12]** (Limitation on Suits), Section **[8.14]** (Limited Recourse), Article IX (The Indenture Trustee), including all limitations of liability thereunder, Section **[9.14]** (Communications to Specified Creditors) and Section **[16.01]** (No Petition); (ii) consents, requests and authorizes the Issuer and the Indenture Trustee to (x) add the Province to the register of Specified Creditors described in subsection **[13.13(b)]** of the Trust Indenture and (y) disseminate the notice details of the Province to other Specified Creditors for the purposes set out in subsection **[9.14(b)]** of the Trust Indenture, and (iii) confirms that it will execute and deliver, or cause to be executed and delivered, all such further agreements, documents and instruments in connection with this Section 5.01 as the Indenture Trustee may request from time to time for the purpose of giving effect to the terms of this Section 5.01.

5.02 Priorities

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation and the Payable Approved Amounts thereunder shall rank equally with the rights, interests and entitlements of a Beneficiary to whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture in the manner and to the extent contemplated in Section **[7.10]** of the Trust Indenture.

5.03 Intentionally Deleted

5.04 Representations and Warranties

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
INDENTURE TRUSTEE MATTERS

6.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

6.02 Not Responsible for Recitals

The recitals contained herein will be taken as the statements of the Province, the Financing Entity and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

6.03 Representations and Covenants of the Indenture Trustee

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Agreement and has taken all necessary action to authorize the execution, delivery and performance by it of this Agreement;

(c) this Agreement has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada. If, notwithstanding the provisions of this subsection 6.03(d), the Indenture Trustee ceases to be so authorized to carry on business, the validity and enforceability of this Agreement shall not be affected in any manner whatsoever by reason only of such event.

ARTICLE VII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

7.01 Suspension Notice

Upon:

(a) a Program Breach;

(b) a default in the performance, or breach, of any covenants of OPG, as FSM, or OPG, in its corporate capacity, in each case to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligation and the expiration of any applicable cure period;

(c) a representation or warranty made by OPG or a certification made by one or more officers of OPG, in each case whether as FSM or in its corporate capacity, to the Province in connection with its obligations to the Province and its internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligations, proves to be incorrect in any material respect on the date made and the expiration of any applicable cure period; or

(d) the FSM no longer being the Manager or actions having been taken by or on behalf of the Indenture Trustee to remove the FSM as the Manager;

the Province may declare that the Limited Guarantee under this Agreement shall not apply to any Primary Obligations incurred on or after such declaration, excluding Post-Suspension Refinancings or Pre-Approved Refinancings, by delivering a written notice in the form of Exhibit C (a "**Suspension Notice**") to the Indenture Trustee, the FSM and the Financing Entity.

7.02 Suspension

If a Suspension Notice has been provided under Section 7.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of: (i) any Primary Obligation incurred, excluding Post-Suspension Refinancings~~ or Pre-Approved Refinancings~~, or (ii) any amendment of any Primary Obligation that has a Material Effect, unless otherwise agreed to by the Province, in each case, on or after the time such Suspension Notice is delivered.

7.03 Additional Right of the Province Regarding Post-Suspension Refinancings

Following the occurrence of a Suspension Event, the Limited Guarantee shall continue to apply in respect of any Post-Suspension Refinancing (for greater certainty, without regard to the satisfaction of any Adherence Conditions~~ thereto~~); provided that prior to the Financing Entity incurring any Primary Obligation constituting a Post-Suspension Refinancing, the Manager shall provide the Province with at least 30 days' notice of its intention to seek a Post-Suspension Refinancing and prior to incurrence, which notice shall describe the material covenants, events of default, representations and warranties and indemnities of the Financing Entity and other material terms, excluding financial terms, rates and levels, and that shall be in respect of the full amount of the amount becoming due and payable in respect of the applicable Primary Obligation less amounts otherwise available to the Financing Entity from other available or committed sources (the "**Proposal**"), and during such 30 day period the Province may, but is not obligated to, offer to fund such Post-Suspension Refinancing or arrange for another Person to fund such Post-Suspension Refinancing on the same terms as set out in the Proposal or on such other terms as may be considered by the Province to be not more onerous on the Financing Entity and that are acceptable on that basis to the Financing Entity, acting reasonably. If, within such 30-day period, the Province elects to offer to fund such Post-Suspension Refinancing as provided in the preceding sentence, the Manager shall accept such offer; however, if the Province does not elect to offer to fund such Post-Suspension Refinancing, the Manager shall cause the Financing Entity to incur Primary Obligations constituting such a Post-Suspension Refinancing on substantially the same terms as than those set out in the Proposal if the Post-Suspension Refinancing can be completed by the Financing Entity in compliance with the Act, or on such other terms as ~~may be considered by the Financing Entity to be not more onerous on the Province and that are acceptable on that basis to the Province, acting reasonably~~would not have a Material Effect.

7.04 No Impact on Adherence

For greater certainty, the occurrence of a Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event or in respect of any Post-Suspension Refinancing.

ARTICLE VIII
MISCELLANEOUS

8.01 Term of Agreement

This Agreement will continue until the later of: (a) the date that no amount is or may become due and payable by the Province under the Limited Guarantee and (b) the date that no amount is or may become due and payable to the Province in respect of any Subrogation Amount.

8.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust

700 University Avenue

Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: Manager, Corporate Trust
Fax: (416) 981-9777
Email: corporatetrust.toronto@computershare.com

(b) if to the FSM:

Ontario Power Generation Inc.

700 University Avenue

Toronto, Ontario M5G 1X6

Attention: General Counsel
Fax: (416) 592-4189

(c) if to the Province:

Minister of Finance

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

and

Minister of Energy

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

With copies to:

Deputy Minister of Finance

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

and

Deputy Minister of Energy

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 8.02.

8.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section 8.03 shall be null and void.

8.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

8.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

8.07 Notice to Rating Agencies

OPG, as FSM, shall deliver prompt written notice to the Rating Agencies of the occurrence of (i) a Protection Event; (ii) receipt of a Suspension Notice delivered by the Province pursuant to Section 7.01; and (iii) an assignment of this Agreement by any party pursuant to Section 8.03.

8.08 Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their benefits hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

8.09 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, IN ITS CAPACITY AS TRUSTEE OF FAIR HYDRO TRUST, AS ISSUER, BY ONTARIO POWER GENERATION INC., NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration of a funding obligation" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Compliance Certificate**" means a certificate in the form attached hereto as Exhibit B delivered by the FSM in accordance with Section 4.02(a)ii.

"**Adherence Conditions**", means, in respect of a Certified Primary Obligation, the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of a Guarantee Payment Date, the aggregate of the Approved Obligation Amounts for such Guarantee Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, for a Beneficiary in respect of an Approved Obligation under which an amount is due and payable on a Guarantee Payment Date:

(a) if no Acceleration has occurred in respect of any Obligation Secured on or before the Guarantee Payment Date, the amount due and payable to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation (for greater certainty, determined on the assumption that there are adequate amounts available under the applicable payment provisions of the Trust Indenture to pay in full all amounts referred to in such payment provisions that are due and payable on the Guarantee Payment Date); and

(b) if an Acceleration has occurred in respect of any Obligations Secured on or before the Guarantee Payment Date, the amount that would be available to be paid to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation under the applicable payment provisions of the Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with such applicable payment provisions of the Trust Indenture in respect of each relevant month during each Reference Period is equal to the estimated Finance Amount determined in respect of such Reference Period for purposes of section 15(1) of the Act (in effect on the date hereof), including section 6.1 of the General Regulation (in effect on the date hereof), divided by the number of months in such Reference Period.

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Beneficiary Payee**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Certified Primary Obligations**" means Primary Obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest, including any Refinancing, other than a Post-Suspension Refinancing or a Pre-Approved Refinancing, of such a Primary Obligation (for greater certainty, including, in the case of any Certified Primary Obligation permitting funding transactions pursuant to a Funding Obligation Agreement applicable to the Certified Primary Obligation, each individual borrowing or funding utilization thereunder), (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not any individual trade confirmation other than a trade confirmation that modifies or purports to override the express terms or conditions of the related Master Agreement, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and expected (as determined by the Manager, acting reasonably) aggregate payments by the Financing Entity thereunder during the term of such contract are or would be in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).

"**Change of Law Protection Agreement**" means this Agreement.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

~~"**Determination Date**" has the meaning ascribed thereto in clause 2.01(a)iv.~~

"**Executive Officer**" has the meaning ascribed to the term "executive officer" in National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators.

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the first paragraph of this Agreement until a successor Financing Entity Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and the Declaration of Trust, and thereafter "Financing Entity Trustee" means and includes such Person.

"**Financing Plan**" has the meaning ascribed to the term "Financing Plan" in the Act.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Guarantee Payment**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Guarantee Payment Date**" has the meaning ascribed thereto in Section 2.01(a)i.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**Holder**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Liens**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(a).

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity, as amended, supplemented, restated or otherwise modified from time to time.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Agreement**" means an agreement in the form of a Master Agreement as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, as amended, supplemented, restated or otherwise modified from time to time.

"**Material Effect**" means ~~any change that could~~a material effect on the obligations (including as a result of a change in the nature, scope or extent of the Primary Obligation and the effect on the Province's obligations therefor under the Limited Guarantee) that could reasonably be expected to affect (i) the timing of or circumstances under which Primary Obligations would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization); (ii) the appointment, obligations or duties of OPG as the Manager; (iii) the existence, powers or authority of the Financing Entity or the Financing Entity Trustee; (iv) the obligations of the Indenture Trustee to or in respect of the Province as a Specified Creditor; (v) the limitations and requirements otherwise applicable to the capital structure of the Financing Entity under any existing Program Agreement; (vi) the payment provisions and associated priorities set forth in the Trust Indenture; (vii) the obligations or liability of the Financing Entity to pay any tax, (viii) compliance by the FSM with the then applicable Financing Plan; (ix) the circumstances in which a Protection Event could arise; (x) compliance by the FSM, the Financing Entity or IESO with the Act or the General Regulation; (xi) the nature or character of the payment obligations (but, subject to compliance with the Financing Plan, irrespective of the amount payable thereunder) that could become payable under the Limited Guarantee; or (xii) the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of this Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation.

"**Notes**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Payable Approved Amounts**" has the meaning ascribed thereto in 2.01(a).

"**Payment Date**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, unlimited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Post-Suspension Refinancing**" means a Funding Obligation that is an Obligation Secured and that is incurred on or after the occurrence of a Suspension Event in compliance with the requirements of Section 7.03, as a Refinancing of one or more Series of Approved Obligations (including any Pre-Approved Refinancing that is authorized to be incurred on or after the occurrence of a Suspension Event), in each case the proceeds of which ~~are used solely for the purpose of repaying one or more Funding Obligations that are~~, together with any other funds that may be available, in full such Series of Approved Obligations.

"**Pre-Approved Refinancing**" means a Refinancing of a Certified Primary Obligation in respect of which the Province has, prior to the ~~issuance~~incurrence of such Certified Primary Obligation, ~~consented to such Refinancing not being~~further agreed shall not be a Certified Primary Obligation ~~to which the Adherence Conditions would otherwise apply~~, subject to compliance with such conditions and requirements as may be specified in such further agreement.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account or Finance Reserve Account; and (ii) any obligation to pay the Financing Entity or on the Financing Entity's direction any remaining amounts in the Collection Account pursuant to the Trust Indenture.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that (X) adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including ~~(i)~~ in any Finance Reserve Account, Capital Account or collateral posting account applicable under a Derivative Agreement, (ii) ~~under~~ the availability of any credit enhancement agreement to which the Financing Entity is a party and (iii) ~~after collecting the~~any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the ~~Reference Period during which~~occurrence of an event described in any of ~~subclauses (a)~~clauses (i) to ~~a~~(v) ~~occurs~~of this paragraph (a), or (Y) adversely ~~changes or adversely~~ affects the enforceability of, or adversely changes, the terms and conditions of this Agreement or of any of the agreements under which Approved Obligations arise; or

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Approved Obligations that have become due and payable, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including ~~(i)~~ in any Finance Reserve Account, Capital Account or collateral posting account applicable under a Derivative Agreement, (ii) ~~under~~ the availability of any credit enhancement agreement to which the Financing Entity is a party and (iii) ~~after collecting the~~any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the ~~Reference Period during which~~occurrence of an event described in ~~this clause~~paragraph (b) ~~occurs~~.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency" in the Trust

Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency Condition" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Reference Period**" has the meaning ascribed to the term "reference period" in the Act.

"**Refinancing**" has the meaning ascribed to the term "refinancing" in the Act as of the date hereof, as more particularly described and given meaning in the General Regulation as of the date hereof.

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Specified Creditor**" has the meaning ascribed thereto in the Trust Indenture on the date hereof.

"**Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(B).

"**Subrogation Payment Date**" has the meaning ascribed thereto in clause 2.01(a)iv.

"**Suspension Event**" has the meaning ascribed thereto in Section 7.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 7.01.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**True-up Amount**" has the meaning ascribed to the term "true up amount" in the Act as of the date hereof.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

EXHIBIT A
FORM OF PAYMENT DEMAND

TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Pursuant to and in accordance with section 2.01(a) of the Change of the Law Protection Agreement, the Indenture Trustee hereby demands payment from the Province in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in the Change of Law Protection Agreement.

DATED as of the [■] day of [■], [■].

BNY TRUST COMPANY OF CANADA

By:
Name:
Title:

By:
Name:
Title:

EXHIBIT B
FORM OF ADHERENCE COMPLIANCE CERTIFICATE UNDER SECTION 4.02(a)

TO: **BNY TRUST COMPANY OF CANADA**, in its capacity as Indenture Trustee (the "**Indenture Trustee**") under the Master Trust Indenture dated as of December ●, 2017 between Fair Hydro Trust and the Indenture Trustee (the "**Master Trust Indenture**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province of Ontario, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust, Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Each of the undersigned, being the ● and ● of OPG acting in its capacity as FSM and holding the offices set forth under their names and signatures below, pursuant to and accordance with clause 4.02(a)ii of the Change of Law Protection Agreement, hereby certifies for and on behalf of OPG, in its capacity as Financial Services Manager, and not in such officer's personal capacity and intending that this certificate may be relied on by the addressees hereof without independent inquiry, that:

1. I have read and understand the provisions of the Change of Law Protection Agreement, the Master Trust Indenture and all other documents and materials necessary to enable me to deliver this certificate.
2. If the Certified Primary Obligation is a Refinancing, the proceeds of the Refinancing will be used solely for the purpose of repaying one or more Certified Primary Obligations in respect of which the Adherence Conditions in Subsection 4.02(a) of the Change of Law Protection Agreement had been satisfied, including one or more other Refinancings in respect of which the Adherence Conditions in Subsection 4.02(a) of the Change of Law Protection Agreement had been satisfied.
3. OPG has delivered to the Province a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate was provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation.

DATED as of the [■] day of [■], [■].

Name: [3]	Name:
Office:	Office:

[3] This certificate must be signed by two officers of OPG being either (i) the Chief Financial Officer and the Treasurer, or (ii) any two Executive Officers (as defined in the Change of Law Protection Agreement) of OPG.

EXHIBIT C
SUSPENSION NOTICE

TO: Ontario Power Generation Inc., in its capacity as Financial Services Manager

AND TO: Fair Hydro Trust

AND TO: Computershare Trust Company of Canada, in its capacity as trustee of Fair Hydro Trust

AND TO: BNY Trust Company of Canada, as Indenture Trustee

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement. All references in this Suspension Notice to "Articles" or "Sections" refer to Articles or Sections of the Change of Law Protection Agreement.

The Province has a reasonable basis for concluding that an event described in clauses (a) to (d) of Section 7.01 has occurred. Pursuant to Section 7.01, the Province hereby declares that the Limited Guarantee shall hereby not apply in respect of (i) any Primary Obligation incurred, excluding Post-Suspension Refinancings or Pre-Approved Refinancings or (ii) any amendment of any Primary Obligation that has a Material Effect, unless otherwise agreed to by the Province, in each case, on or after delivery of this Suspension Notice.

This Suspension Notice is hereby delivered to the FSM, the Financing Entity and the Indenture Trustee in accordance with Section 8.02 of the Change of Law Protection Agreement.

* * * *

DATED as of the [■] day of [■], [■].

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

Document comparison by Workshare Compare on Tuesday, December 12, 2017 2:01:10 PM

Input:	
Document 1 ID	PowerDocs://TOR_2528/23239360/29
Description	TOR_2528-#23239360-v29-Change_of_Law_Protection_Agreement
Document 2 ID	PowerDocs://TOR_2528/23239360/30
Description	TOR_2528-#23239360-v30-Change_of_Law_Protection_Agreement
Rendering set	Standard

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

Statistics:	
	Count
Insertions	45
Deletions	45
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	90

From:	Milligan, Peter
To:	Saulnier, Brett; ASHBOURNE, STEPHEN; Sebastiano, Rocco; Mansoori, Nina
Cc:	Ken Kandeepan; "LADAK Lubna -TREASURY"; Anna Strathy; "Veinot, Cindy (TBS)"; Tom McKinlay (MAG); Mark Donaldson (MOF); Daniel Cayley (ENERGY); "Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)"; Ramchandani, Rima; "LEE John -TREASURY"; "RYFA Ken -TREASURY"; "HAHN PARKER Janet -TREASURY"; "MAUTI John -FIN & C CTRL"; "LAURETA LAPIRA May -TREASURY"; Feldman, Michael; "WONG Leslie -LAWDIV"; Fullerton, Rick; Gadi Mayman; Mike Manning; Malle Hanslep (MOF); "ian.benaiah@rbccm.com"; "Khan, Nur (nur.khan@rbccm.com)"; "brent.r.taylor@rbccm.com"; "katrina.niehaus@gs.com"; "brian.delaney@gs.com"; "Maciel, Andrew"; "Adalja, Sunil"; "Persad, Nicole"; "Persaud, Donnie - Debt Capital Markets"; Steen Hume (CAB); Olusoga, Yinka; Tobias P. Whitfield (MOF); PALMER, AARON; VINER, JON; PRESTAGE, JA
Subject:	RE: Fair Hydro - Change of Law Protection Agreement
Date:	Tuesday, December 12, 2017 1:43:20 PM
Attachments:	Osler_Dealer Protection Agr Comments - Dec 12.PDF

All,
Further to our call this morning, attached is a comparison document showing our comments on "Post-Suspension Refinancing" and "Protection Event".
We will comment on Material Effect after we see what comes back from the accountants.
Peter

From: Milligan, Peter
Sent: Tuesday, December 12, 2017 9:09 AM
To: 'Saulnier, Brett' ; ASHBOURNE, STEPHEN ; Sebastiano, Rocco ; Mansoori, Nina
Cc: 'Ken Kandeepan' ; 'LADAK Lubna -TREASURY' ; 'Anna Strathy' ; 'Veinot, Cindy (TBS)' ; 'McKinlay, Tom (MAG)' ; 'Donaldson, Mark (TBS)' ; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' ; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' ; Ramchandani, Rima ; 'LEE John -TREASURY' ; 'RYFA Ken -TREASURY' ; 'HAHN PARKER Janet -TREASURY' ; 'MAUTI John -FIN & C CTRL' ; 'LAURETA LAPIRA May -TREASURY' ; Feldman, Michael ; 'WONG Leslie -LAWDIV' ; Fullerton, Rick ; 'Mayman, Gadi (OFA)' ; 'Manning, Mike (OFA)' ; 'Hanslep, Malle (MOF)' ; 'ian.benaiah@rbccm.com' ; 'Khan, Nur (nur.khan@rbccm.com)' ; 'brent.r.taylor@rbccm.com' ; 'katrina.niehaus@gs.com' ; 'brian.delaney@gs.com' ; 'Maciel, Andrew' ; 'Adalja, Sunil' ; 'Persad, Nicole' ; 'Persaud, Donnie - Debt Capital Markets' ; 'Steen Hume (CAB)' ; Olusoga, Yinka ; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) ; PALMER, AARON ; VINER, JON ; PRESTAGE, JA
Subject: RE: Fair Hydro - Change of Law Protection Agreement
All,
Attached are changed pages with my comments on the Change of Law Protection Agreement. This does not represent input from any dealer. I will follow up to see if the dealers have any additional comments but given the plan to have a call at 10, I pass along these comments now.
Peter

From: Saulnier, Brett [mailto:bsaulnier@torys.com]
Sent: Monday, December 11, 2017 11:35 PM
To: ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; Milligan, Peter <PMilligan@osler.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Fullerton, Rick <RFullerton@osler.com>;

'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro - Change of Law Protection Agreement
All,
Attached for your review is a revised draft of the Change of Law Protection Agreement, clean and blacklined to the last version circulated by Blakes and reflecting the meetings held earlier today. As discussed, we need to provide the attached to the rating agencies **by no later than noon tomorrow** in order to meet our end of year financing deadline. Accordingly, we will be circulating a calendar invite to this group for 10 a.m. tomorrow morning to confirm the parties are signed off. If Osler or Blakes have any comments on the attached, we would ask that they be circulated to this group prior to the 10 a.m. call.
Kind regards,
Brett
Brett Saulnier
P. 416.865.8148 | F. 416.865.7380 | 1.800.505.8679

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: December-08-17 3:16 PM
To: Milligan, Peter <PMilligan@osler.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro - Change of Law Protection Agreement

Hi,
Attached is a revised version of the Change of Law Protection Agreement. I believe that most of the changes reflected from last night's Osler version (blackline is attached) are of a drafting or conforming nature, other than: (1) the Province disagrees that Approved Refinancing terms should be unfettered by adherence conditions post-Suspension Event and (2) the proposed rating-based "materially and adversely" qualification in the definition of Protection Event (and in fact any such qualification) is not acceptable to the Province. With regard to (1), this version comes into line with the proposed approach (i.e., using a modified adherence condition) that was incorporated into the version of the Change of Law Process Agreement I circulated yesterday. A further turn of that Agreement, to conform the open item identified in section 3.02 to the revised Change of Law Protection Agreement, is also included here for your reference.
Please note that the Province is working through the drafting concurrently and so further drafting comments may be provided.
As mentioned yesterday, the Province would like to proceed with the Ministers sign-off briefing early next week, on the basis that these versions (minus the explanatory notes) are now in substantially final form. Please identify if you believe there are other 'must have' points (other than the 2 mentioned above).
Regards, Steve
Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From: Milligan, Peter [mailto:PMilligan@osler.com]
Sent: Thursday, December 07, 2017 6:44 PM
To: ASHBOURNE, STEPHEN; Sebastiano, Rocco; Mansoori, Nina
Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Saulnier, Brett; Olusoga, Yinka; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca); PALMER, AARON; VINER, JON; PRESTAGE, JA
Subject: Fair Hydro - Change of Law Protection Agreement
All,
Attached is a revised comment draft of the Change of Low Protection Agreement reflecting comments from Torys and Osler. In order to meet this transaction's timeline, this comment draft has not been reviewed by OPG or the Dealers and is delivered subject to any comments they may have.
Peter

OSLER

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From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: Thursday, December 07, 2017 4:27 PM
To: Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY'

<lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro -- Change of Law Process Agreement
Hi,
Please find (attached) a further turn of the Change of Law Process Agreement, reflecting the Province's comments on the mark-up of the Agreement circulated yesterday afternoon by Torys. The attached blackline shows changes made to yesterday's Torys mark-up.
This version addresses concerns Rocco raised last night, to the extent the Province feels that the issues can be accommodated. For your information, I have set out below responses to Rocco's comments/observations (in CAPs).
The Province would like to proceed with the Ministers briefing early next week, on the basis that this version (minus the explanatory notes) is now in final form. If there are any critical revisions that the other parties believe reflect 'must have' priority, then the Province would like to have a call to discuss them as soon as possible.
Responses to Rocco's Points:
1. The change of the definition of Breach Event in Section 6.01 (i.e., the change to clause (a) and the addition of clause (b)) will result in an inconsistency with section 7.01(b) of the Change of Law Protection Agreement. This will require further consideration. [AGREED. 7.01(b) and 7.01(c) WILL NEED TO MIRROR THE CURE LANGUAGE WE SETTLE ON IN THE PROCESS AGREEMENT (SEE MY EARLIER COMMENTS). PERHAPS THE "which continues …" LANGUAGE IN 7.01(B) CAN BE REVISED TO READ: "to the extent that the Province would be entitled to provide a Suspension Notice in accordance with the terms of the agreement or agreements between the Province and OPG under which such obligations, requirements and processes arise". SIMILAR CHANGE FOR 7.01(C).
2. The right of the Province to issue an objection notice under Section 3.04(b) in connection with a Transaction Document provided to the Province which is required for a Refinancing of an Approved Obligation remains an outstanding issue. Clearly, this will depend upon what Adherence Conditions will be required under Section 4.02 of the Change of Law Protection Agreement in order to permit such Refinancing to become an Approved Obligation. If the Adherence Conditions set out in Section 4.02(a) of the Province's draft of the Change of Law Protection Agreement of December 4 were to apply to such Refinancing, to the extent that such refinancing required a change to a Transaction Document (e.g., as a result of a change to some rating agency condition or criteria), the Province's ability to issue an objection notice and thereby prevent the issuance of a Process Certificate under

Section 3.01 (by virtue of Section 3.04) would have the effect of preventing a Refinancing. We trust that this was an unintended outcome of the drafting of Section 3.04 and/or the Adherence Conditions applicable to Refinancings. [THAT IS THE INTENDED EFFECT. THE ADHERENCE CONDITIONS WOULD APPLY TO THE REFINANCING, SO IF THE REFINANCING TERMS DEVIATED MATERIALLY (BASED ON THE SUBSTANTIALLY IN THE FORM" THRESHOLD"), THEN OPG WOULD REQUIRE THE PROVINCE NOT TO OBJECT IN ORDER TO PROCEED WITH THOSE NEW TERMS. OTHERWISE, THE REFINANCING COULD INCORPORATE TERMS AND CONDITIONS, WHICH WOULD BIND THE PROVINCE UNDER THE LIMITED GUARANTEE, THAT WOULD BE UNCONSTRAINED AND WITHOUT ANY ACCOUNTABILITY TO THE PROVINCE. IN ROCCO'S EXAMPLE, THAT MIGHT MEAN THAT OPG WOULD NEED TO RESORT TO UNRATED DEBT, IF THE PROVINCE WAS UNWILLING TO ACCEPT THE NEW TERMS. PRESUMABLY EVERYONE WOULD ACT RATIONALLY. HOWEVER, AS A FAILSAFE, OPG COULD OFFER INCREASED PRICING IN ORDER TO ATTRACT INVESTORS TO ACCEPT THE EARLIER VETTED TERMS (BASED ON THE THEN ACCEPTED REVIEWED DOCUMENTATION).]

3. Given that the Indenture Trustee is not a party to the Change of Law Process Agreement, the Province and OPG can amend the terms and conditions of this agreement without the consent of the indenture Trustee. Specified Creditors under an Approved Obligation need to be assured that the Province cannot prevent a Refinancing of an Approved Obligation either by virtue of the objection notice discussed in point #2 above or as a result of a future amendment to the agreement. There are a couple of ways to deal with this point. The first is to a add a beneficiary/third party rights clause in the Change of Law Process Agreement which acknowledges that the Indenture Trustee is a beneficiary of certain provisions of this agreement and as a result, the agreement cannot be amended without the consent of the Indenture Trustee. The second is to ensure that the Adherence Conditions relating to Refinancings under the Change of Law Protection Agreement are not dependent upon the terms of the Change of Law Process Agreement. In light of the desire to not disclose the terms and conditions of the Change of Law Process Agreement to the rating agencies, especially at this late stage in the process, we would expect that the latter approach would be preferable. [THE SUGGESTION REGARDING THE PROVINCE PREVENTING A REFINANCING IS ADDRESSED IN #2. IF THE REFINANCING TERMS WOULD EXCEED THE SCOPE OF THE TRANSACTION DOCUMENTS REVIEWED AND NOT OBJECTED TO BY THE PROVINCE, THEN THAT SUGGESTS THERE IS A MATERIAL EFFECT ON THE PROVINCE AND SO THE PROVINCE WOULD NEED THE ABILITY TO REVIEW AND CONSIDER THE PROPRIETY OF THOSE NEW TERMS FROM ITS PERSPECTIVE. AS FOR THE STANDALONE NATURE OF THE PROCESS AGREEMENT, THE INTENTION IS THAT THE PROCESS AGREEMENT BE UNCOUPLED AND NOT PART OF THE COLLATERAL, AND AS MICHAEL FELDMAN HAS EXPLAINED, LEAVE FUTURE FLEXIBILITY FOR THIS LONG-TERM STRUCTURE. TO ADDRESS ROCCO'S CONCERN THAT THE PROVINCE AND OPG COULD CHANGE THE UNDERLYING OBLIGATIONS APPLICABLE TO ADHERENCE IN RELATION TO A NEW OBLIGATION, REQUIREMENT OR PROCESS IN THE PROCESS AGREEMENT THAT WOULD MAKE A REFINANCING LESS LIKELY TO OCCUR, WE HAVE ADDED AND USED IN THE ATTACHED VERSION A NEW DEFFINTION:

> "Approved Refinancing" means a Certified Primary Obligation proposed to be incurred as a Refinancing of an existing Certified Primary Obligation in respect of which the Adherence Conditions had been satisfied on the date such existing Certified Primary Obligation was incurred, that, at the time of incurrence, satisfies each of each of the Adherence Conditions except that the certificate contemplated to be delivered under Section 4.02(b) shall instead confirm that OPG has delivered to the Province a certificate by its applicable officers confirming that OPG would be in compliance with all obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the proposed Certified Primary Obligation that applied as between the Province and OPG on the date of issuance of such existing Certified Primary Obligation." Various

references to “Refinancing” in the Protection Agreement can also be revised to refer to “Approved Refinancing”, as required.

Regards, Steve

Stephen R. Ashbourne
Partner
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Blake, Cassels & Graydon LLP | Barristers & Solicitors | Patent & Trade-mark Agents
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From: Sebastiano, Rocco [mailto:RSebastiano@osler.com]
Sent: Wednesday, December 06, 2017 7:45 PM
To: Mansoori, Nina; ASHBOURNE, STEPHEN; VINER, JON; PRESTAGE, JA
Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Milligan, Peter; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Saulnier, Brett; Olusoga, Yinka
Subject: RE: Fair Hydro -- Change of Law Process Agreement

I have reviewed the revised draft of the Change of Law Process Agreement that Torys has prepared and would like to pass along the following comments/observations:

1. The change of the definition of Breach Event in Section 6.01 (i.e., the change to clause (a) and the addition of clause (b)) will result in an inconsistency with section 7.01(b) of the Change of Law Protection Agreement. This will require further consideration.

2. The right of the Province to issue an objection notice under Section 3.04(b) in connection with a Transaction Document provided to the Province which is required for a Refinancing of an Approved Obligation remains an outstanding issue. Clearly, this will depend upon what Adherence Conditions will be required under Section 4.02 of the Change of Law Protection Agreement in order to permit such Refinancing to become an Approved Obligation. If the Adherence Conditions set out in Section 4.02(a) of the Province’s draft of the Change of Law Protection Agreement of December 4 were to apply to such Refinancing, to the extent that such refinancing required a change to a Transaction Document (e.g., as a result of a change to some rating agency condition or criteria), the Province’s ability to issue an objection notice and thereby prevent the issuance of a Process Certificate under Section 3.01 (by virtue of Section 3.04) would have the effect of preventing a Refinancing. We trust that this was an unintended outcome of the drafting of Section 3.04 and/or the Adherence Conditions applicable to Refinancings.

3. Given that the Indenture Trustee is not a party to the Change of Law Process Agreement, the Province and OPG can amend the terms and conditions of this agreement without the consent of the indenture Trustee. Specified Creditors under an Approved Obligation need to be assured that the Province cannot prevent a Refinancing of an Approved Obligation either by virtue of the objection notice discussed in point #2 above or as a result of a future amendment to the agreement. There are a couple of ways to deal with this point. The first is to a add a beneficiary/third party rights clause in the Change of Law Process Agreement which acknowledges that the Indenture Trustee is a beneficiary of certain provisions of this agreement and as a result, the agreement cannot be amended without the consent of the Indenture Trustee. The second is to ensure that the Adherence Conditions relating to Refinancings under the Change of Law Protection Agreement are not dependent upon the terms of the Change of Law Process Agreement. In light of the desire to not disclose the terms and conditions of the Change of Law Process Agreement to the rating agencies, especially at this late stage in the process, we would expect that the latter approach would be preferable.
Regards, Rocco

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: Wednesday, December 06, 2017 4:38 PM
To: 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>; 'JON.VINER@blakes.com' <JON.VINER@blakes.com>; 'JA.PRESTAGE@blakes.com' <JA.PRESTAGE@blakes.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Mansoori, Nina <nmansoori@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>
Subject: Fair Hydro -- Change of Law Process Agreement

Blakes team,

Please find attached OPG and Torys' comments on the Process Agreement reflecting our discussions from yesterday's call. Please note that this draft is subject to continuing review and comment by Osler and the dealers. As discussed at the tail end of our call yesterday, the section in the Process Agreement that gives the Province the right to object to new and material changes to transaction documents dovetails with the Protection Agreement so additional comments from Oslers may be forthcoming on this draft.

We are working on getting you a revised draft of the Protection Agreement either later today or tomorrow. In the meantime, please let us know if you have any comments or questions on the Process Agreement.

Best Regards,
Nina

Nina Mansoori
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"**Post-Suspension Refinancing**" means a Funding Obligation that is an Obligation Secured and that is incurred on or after the occurrence of a Suspension Event in compliance with the requirements of Section 7.03, as a Refinancing of one or more Series of Approved Obligations, in each case the proceeds of which are used solely for the purpose of repaying~~ one or more Funding Obligations that are~~, together with any other funds that may be available, in full such Series of Approved Obligations.

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the Legislation Act, 2006) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that (X) adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations, in each case determined after taking into account and having regard to any funds available at such time to apply to such Approved Obligations, including (i) in any Finance Reserve Account, Capital Account or collateral posting account applicable under a Derivative Agreement, (ii) under any credit enhancement agreement to which the Financing Entity is a party and (iii) ~~after collecting the~~any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the Reference Period during which an event described in any of subclauses (a)(i) to a(v) occurs, or (Y) adversely ~~changes or adversely~~ affects the enforceability of, or adversely changes, the terms and conditions of this Agreement or of any of the agreements under which Approved Obligations arise; or

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is ultra vires or invalid in a way that adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Approved Obligations that have become due and payable, in each case determined after taking into account and having regard to any funds available at such time to apply to such Approved Obligations, including (i) in any Finance Reserve Account, Capital Account or collateral posting account applicable under a Derivative Agreement, (ii) under any credit

enhancement agreement to which the Financing Entity is a party and (iii) ~~after collecting the~~any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the Reference Period during which an event described in this clause (b) occurs.

From:	Feldman, Michael
To:	ASHBOURNE, STEPHEN
Cc:	Ken Kandeepan; Malle Hanslep (MOF); Tobias P. Whitfield (MOF); Mike Manning; Ramchandani, Rima
Subject:	RE: Fair Hydro - Change of Law Protection Agreement
Date:	Tuesday, December 12, 2017 4:54:10 PM

Thanks Stephen. I think that is sufficient for now. I will let you know if we need to discuss further.
Michael K. Feldman
P. 416.865.7513 | F. 416.865.7380 | 1.800.505.8679

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: December-12-17 4:47 PM
To: Feldman, Michael
Cc: Ken Kandeepan (Ken.Kandeepan@ofina.on.ca) ; Hanslep, Malle (MOF) (Malle.Hanslep@ontario.ca) ; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) ; 'Manning, Mike (OFA)'
Subject: RE: Fair Hydro - Change of Law Protection Agreement
I'm in a meeting, sorry.
e.g., "character" = debt vs. equity
e.g., "nature" = make-whole premiums; option premiums; third party indemnities
If such items are new and a change would impact character or nature, Province (being liable) would want to understand these sorts of impacts.
Hope that helps. I should be free around 5.
Steve
Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From: Feldman, Michael [mailto:mfeldman@torys.com]
Sent: Tuesday, December 12, 2017 4:38 PM
To: ASHBOURNE, STEPHEN
Cc: Feldman, Michael; Ramchandani, Rima
Subject: RE: Fair Hydro - Change of Law Protection Agreement
Stephen,
OPG and the Province are having calls with the accountants to settle your definition of Material Effect. They don't know what you are getting at in your clause (xi) (nature or character of payment obligations) so they asked us and we weren't confident that we knew either.
Can you please give me a quick call. They would like to settle this by 5:00 today.
Michael K. Feldman
P. 416.865.7513 | F. 416.865.7380 | 1.800.505.8679

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: December-12-17 2:09 PM
To: Milligan, Peter <PMilligan@osler.com>; Saulnier, Brett <bsaulnier@torys.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY'

<j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro - Change of Law Protection Agreement

Here is my mark-up of the matters raised by Oslers, in today's mark-ups of during our call this morning. Regards, Steve

Stephen R. Ashbourne
Partner
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From: Milligan, Peter [mailto:PMilligan@osler.com]
Sent: Tuesday, December 12, 2017 1:43 PM
To: Saulnier, Brett; ASHBOURNE, STEPHEN; Sebastiano, Rocco; Mansoori, Nina
Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Olusoga, Yinka; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca); PALMER, AARON; VINER, JON; PRESTAGE, JA
Subject: RE: Fair Hydro - Change of Law Protection Agreement

All,
Further to our call this morning, attached is a comparison document showing our comments on "Post-Suspension Refinancing" and "Protection Event".
We will comment on Material Effect after we see what comes back from the accountants.
Peter

From: Milligan, Peter
Sent: Tuesday, December 12, 2017 9:09 AM
To: 'Saulnier, Brett' <bsaulnier@torys.com>; ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>;

'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro - Change of Law Protection Agreement
All,
Attached are changed pages with my comments on the Change of Law Protection Agreement. This does not represent input from any dealer. I will follow up to see if the dealers have any additional comments but given the plan to have a call at 10, I pass along these comments now.
Peter

From: Saulnier, Brett [mailto:bsaulnier@torys.com]
Sent: Monday, December 11, 2017 11:35 PM
To: ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; Milligan, Peter <PMilligan@osler.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro - Change of Law Protection Agreement
All,
Attached for your review is a revised draft of the Change of Law Protection Agreement, clean and blacklined to the last version circulated by Blakes and reflecting the meetings held earlier today. As discussed, we need to provide the attached to the rating agencies **by no later than noon tomorrow** in order to meet our end of year financing deadline. Accordingly, we will be circulating a calendar invite to this group for 10 a.m. tomorrow morning to confirm the parties are signed off. If Osler or Blakes have any comments on the attached, we would ask that they

be circulated to this group prior to the 10 a.m. call.
Kind regards,
Brett
Brett Saulnier
P. 416.865.8148 | F. 416.865.7380 | 1.800.505.8679

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: December-08-17 3:16 PM
To: Milligan, Peter <PMilligan@osler.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro - Change of Law Protection Agreement

Hi,
Attached is a revised version of the Change of Law Protection Agreement. I believe that most of the changes reflected from last night's Osler version (blackline is attached) are of a drafting or conforming nature, other than: (1) the Province disagrees that Approved Refinancing terms should be unfettered by adherence conditions post-Suspension Event and (2) the proposed rating-based "materially and adversely" qualification in the definition of Protection Event (and in fact any such qualification) is not acceptable to the Province. With regard to (1), this version comes into line with the proposed approach (i.e., using a modified adherence condition) that was incorporated into the version of the Change of Law Process Agreement I circulated yesterday. A further turn of that Agreement, to conform the open item identified in section 3.02 to the revised Change of Law Protection Agreement, is also included here for your reference.
Please note that the Province is working through the drafting concurrently and so further drafting comments may be provided.
As mentioned yesterday, the Province would like to proceed with the Ministers sign-off briefing early next week, on the basis that these versions (minus the explanatory notes) are now in substantially final form. Please identify if you believe there are other 'must have' points (other than the 2 mentioned above).
Regards, Steve
Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
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From: Milligan, Peter [mailto:PMilligan@osler.com]

Sent: Thursday, December 07, 2017 6:44 PM
To: ASHBOURNE, STEPHEN; Sebastiano, Rocco; Mansoori, Nina
Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Saulnier, Brett; Olusoga, Yinka; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca); PALMER, AARON; VINER, JON; PRESTAGE, JA
Subject: Fair Hydro - Change of Law Protection Agreement

All,

Attached is a revised comment draft of the Change of Low Protection Agreement reflecting comments from Torys and Osler. In order to meet this transaction's timeline, this comment draft has not been reviewed by OPG or the Dealers and is delivered subject to any comments they may have.

Peter

OSLER

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From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: Thursday, December 07, 2017 4:27 PM
To: Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca)

<Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro -- Change of Law Process Agreement
Hi,
Please find (attached) a further turn of the Change of Law Process Agreement, reflecting the Province's comments on the mark-up of the Agreement circulated yesterday afternoon by Torys. The attached blackline shows changes made to yesterday's Torys mark-up.
This version addresses concerns Rocco raised last night, to the extent the Province feels that the issues can be accommodated. For your information, I have set out below responses to Rocco's comments/observations (in CAPs).
The Province would like to proceed with the Ministers briefing early next week, on the basis that this version (minus the explanatory notes) is now in final form. If there are any critical revisions that the other parties believe reflect 'must have' priority, then the Province would like to have a call to discuss them as soon as possible.
Responses to Rocco's Points:
1. The change of the definition of Breach Event in Section 6.01 (i.e., the change to clause (a) and the addition of clause (b)) will result in an inconsistency with section 7.01(b) of the Change of Law Protection Agreement. This will require further consideration. [AGREED. 7.01(b) and 7.01(c) WILL NEED TO MIRROR THE CURE LANGUAGE WE SETTLE ON IN THE PROCESS AGREEMENT (SEE MY EARLIER COMMENTS). PERHAPS THE "which continues …" LANGUAGE IN 7.01(B) CAN BE REVISED TO READ: "to the extent that the Province would be entitled to provide a Suspension Notice in accordance with the terms of the agreement or agreements between the Province and OPG under which such obligations, requirements and processes arise". SIMILAR CHANGE FOR 7.01(C).
2. The right of the Province to issue an objection notice under Section 3.04(b) in connection with a Transaction Document provided to the Province which is required for a Refinancing of an Approved Obligation remains an outstanding issue. Clearly, this will depend upon what Adherence Conditions will be required under Section 4.02 of the Change of Law Protection Agreement in order to permit such Refinancing to become an Approved Obligation. If the Adherence Conditions set out in Section 4.02(a) of the Province's draft of the Change of Law Protection Agreement of December 4 were to apply to such Refinancing, to the extent that such refinancing required a change to a Transaction Document (e.g., as a result of a change to some rating agency condition or criteria), the Province's ability to issue an objection notice and thereby prevent the issuance of a Process Certificate under Section 3.01 (by virtue of Section 3.04) would have the effect of preventing a Refinancing. We trust that this was an unintended outcome of the drafting of Section 3.04 and/or the Adherence Conditions applicable to Refinancings. [THAT IS THE INTENDED EFFECT. THE ADHERENCE CONDITIONS WOULD APPLY TO THE REFINANCING, SO IF THE REFINANCING TERMS DEVIATED MATERIALLY (BASED ON THE SUBSTANTIALLY IN THE FORM" THRESHOLD"), THEN OPG WOULD REQUIRE THE PROVINCE NOT TO OBJECT IN ORDER TO PROCEED WITH THOSE NEW TERMS. OTHERWISE, THE REFINANCING COULD INCORPORATE TERMS AND CONDITIONS, WHICH WOULD BIND THE PROVINCE UNDER THE LIMITED GUARANTEE, THAT WOULD BE UNCONSTRAINED AND WITHOUT ANY ACCOUNTABILITY TO THE PROVINCE. IN ROCCO'S EXAMPLE, THAT MIGHT MEAN THAT OPG WOULD NEED TO RESORT TO UNRATED DEBT, IF THE PROVINCE WAS UNWILLING TO ACCEPT THE NEW TERMS. PRESUMABLY EVERYONE WOULD ACT RATIONALLY. HOWEVER, AS A FAILSAFE, OPG COULD OFFER INCREASED PRICING IN ORDER TO ATTRACT INVESTORS TO ACCEPT THE EARLIER VETTED TERMS (BASED ON THE THEN ACCEPTED REVIEWED DOCUMENTATION).]
3. Given that the Indenture Trustee is not a party to the Change of Law Process Agreement, the Province and OPG can amend the terms and conditions of this agreement without the consent of the indenture Trustee. Specified Creditors under an Approved Obligation need to be assured that the Province cannot prevent a Refinancing of an Approved Obligation either by virtue of the objection notice discussed in point #2 above or as a result of a future amendment to the agreement. There are a

couple of ways to deal with this point. The first is to a add a beneficiary/third party rights clause in the Change of Law Process Agreement which acknowledges that the Indenture Trustee is a beneficiary of certain provisions of this agreement and as a result, the agreement cannot be amended without the consent of the Indenture Trustee. The second is to ensure that the Adherence Conditions relating to Refinancings under the Change of Law Protection Agreement are not dependent upon the terms of the Change of Law Process Agreement. In light of the desire to not disclose the terms and conditions of the Change of Law Process Agreement to the rating agencies, especially at this late stage in the process, we would expect that the latter approach would be preferable. [THE SUGGESTION REGARDING THE PROVINCE PREVENTING A REFINANCING IS ADDRESSED IN #2. IF THE REFINANCING TERMS WOULD EXCEED THE SCOPE OF THE TRANSACTION DOCUMENTS REVIEWED AND NOT OBJECTED TO BY THE PROVINCE, THEN THAT SUGGESTS THERE IS A MATERIAL EFFECT ON THE PROVINCE AND SO THE PROVINCE WOULD NEED THE ABILITY TO REVIEW AND CONSIDER THE PROPRIETY OF THOSE NEW TERMS FROM ITS PERSPECTIVE. AS FOR THE STANDALONE NATURE OF THE PROCESS AGREEMENT, THE INTENTION IS THAT THE PROCESS AGREEMENT BE UNCOUPLED AND NOT PART OF THE COLLATERAL, AND AS MICHAEL FELDMAN HAS EXPLAINED, LEAVE FUTURE FLEXIBILITY FOR THIS LONG-TERM STRUCTURE. TO ADDRESS ROCCO'S CONCERN THAT THE PROVINCE AND OPG COULD CHANGE THE UNDERLYING OBLIGATIONS APPLICABLE TO ADHERENCE IN RELATION TO A NEW OBLIGATION, REQUIREMENT OR PROCESS IN THE PROCESS AGREEMENT THAT WOULD MAKE A REFINANCING LESS LIKELY TO OCCUR, WE HAVE ADDED AND USED IN THE ATTACHED VERSION A NEW DEFFINTION:

> "Approved Refinancing" means a Certified Primary Obligation proposed to be incurred as a Refinancing of an existing Certified Primary Obligation in respect of which the Adherence Conditions had been satisfied on the date such existing Certified Primary Obligation was incurred, that, at the time of incurrence, satisfies each of each of the Adherence Conditions except that the certificate contemplated to be delivered under Section 4.02(b) shall instead confirm that OPG has delivered to the Province a certificate by its applicable officers confirming that OPG would be in compliance with all obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the proposed Certified Primary Obligation that applied as between the Province and OPG on the date of issuance of such existing Certified Primary Obligation." Various references to "Refinancing" in the Protection Agreement can also be revised to refer to "Approved Refinancing", as required.

Regards, Steve

Stephen R. Ashbourne
Partner
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From: Sebastiano, Rocco [mailto:RSebastiano@osler.com]
Sent: Wednesday, December 06, 2017 7:45 PM
To: Mansoori, Nina; ASHBOURNE, STEPHEN; VINER, JON; PRESTAGE, JA
Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Milligan, Peter; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Saulnier, Brett; Olusoga, Yinka
Subject: RE: Fair Hydro -- Change of Law Process Agreement

I have reviewed the revised draft of the Change of Law Process Agreement that Torys has prepared and would like to pass along the following comments/observations:

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2. The right of the Province to issue an objection notice under Section 3.04(b) in connection with a Transaction Document provided to the Province which is required for a Refinancing of an Approved Obligation remains an outstanding issue. Clearly, this will depend upon what Adherence Conditions will be required under Section 4.02 of the Change of Law Protection Agreement in order to permit such Refinancing to become an Approved Obligation. If the Adherence Conditions set out in Section 4.02(a) of the Province's draft of the Change of Law Protection Agreement of December 4 were to apply to such Refinancing, to the extent that such refinancing required a change to a Transaction Document (e.g., as a result of a change to some rating agency condition or criteria), the Province's ability to issue an objection notice and thereby prevent the issuance of a Process Certificate under Section 3.01 (by virtue of Section 3.04) would have the effect of preventing a Refinancing. We trust that this was an unintended outcome of the drafting of Section 3.04 and/or the Adherence Conditions applicable to Refinancings.
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Regards, Rocco

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: Wednesday, December 06, 2017 4:38 PM
To: 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>; 'JON.VINER@blakes.com' <JON.VINER@blakes.com>; 'JA.PRESTAGE@blakes.com' <JA.PRESTAGE@blakes.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY'

<lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Mansoori, Nina <nmansoori@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>

Subject: Fair Hydro -- Change of Law Process Agreement

Blakes team,

Please find attached OPG and Torys' comments on the Process Agreement reflecting our discussions from yesterday's call. Please note that this draft is subject to continuing review and comment by Osler and the dealers. As discussed at the tail end of our call yesterday, the section in the Process Agreement that gives the Province the right to object to new and material changes to transaction documents dovetails with the Protection Agreement so additional comments from Oslers may be forthcoming on this draft.

We are working on getting you a revised draft of the Protection Agreement either later today or tomorrow. In the meantime, please let us know if you have any comments or questions on the Process Agreement.

Best Regards,

Nina

Nina Mansoori

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679

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From:	ASHBOURNE, STEPHEN
To:	Sebastiano, Rocco; Mansoori, Nina
Cc:	Ken Kandeepan; "LADAK Lubna -TREASURY"; Anna Strathy; "Veinot, Cindy (TBS)"; Tom McKinlay (MAG); Mark Donaldson (MOF); Daniel Cayley (ENERGY); "Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)"; Ramchandani, Rima; "LEE John -TREASURY"; "RYFA Ken -TREASURY"; "HAHN PARKER Janet -TREASURY"; "MAUTI John -FIN & C CTRL"; "LAURETA LAPIRA May -TREASURY"; Feldman, Michael; "WONG Leslie -LAWDIV"; Milligan, Peter; Fullerton, Rick; Gadi Mayman; Mike Manning; Malle Hanslep (MOF); "ian.benaiah@rbccm.com"; "Khan, Nur (nur.khan@rbccm.com)"; "brent.r.taylor@rbccm.com"; "katrina.niehaus@gs.com"; "brian.delaney@gs.com"; "Maciel, Andrew"; "Adalja, Sunil"; "Persad, Nicole"; "Persaud, Donnie - Debt Capital Markets"; Steen Hume (CAB); Saulnier, Brett; Olusoga, Yinka; Tobias P. Whitfield (MOF); PALMER, AARON; VINER, JON; PRESTAGE, JA
Subject:	RE: Fair Hydro -- Change of Law Process Agreement
Date:	Thursday, December 07, 2017 4:26:46 PM
Attachments:	23239361-v23-Change of Law - Process Agreement.DOCX 23239361-vpdf-Change of Law - Process Agreement.PDF

Hi,
Please find (attached) a further turn of the Change of Law Process Agreement, reflecting the Province's comments on the mark-up of the Agreement circulated yesterday afternoon by Torys. The attached blackline shows changes made to yesterday's Torys mark-up.
This version addresses concerns Rocco raised last night, to the extent the Province feels that the issues can be accommodated. For your information, I have set out below responses to Rocco's comments/observations (in CAPs).
The Province would like to proceed with the Ministers briefing early next week, on the basis that this version (minus the explanatory notes) is now in final form. If there are any critical revisions that the other parties believe reflect 'must have' priority, then the Province would like to have a call to discuss them as soon as possible.
Responses to Rocco's Points:
1. The change of the definition of Breach Event in Section 6.01 (i.e., the change to clause (a) and the addition of clause (b)) will result in an inconsistency with section 7.01(b) of the Change of Law Protection Agreement. This will require further consideration. [AGREED. 7.01(b) and 7.01(c) WILL NEED TO MIRROR THE CURE LANGUAGE WE SETTLE ON IN THE PROCESS AGREEMENT (SEE MY EARLIER COMMENTS). PERHAPS THE "which continues …" LANGUAGE IN 7.01(B) CAN BE REVISED TO READ: "to the extent that the Province would be entitled to provide a Suspension Notice in accordance with the terms of the agreement or agreements between the Province and OPG under which such obligations, requirements and processes arise". SIMILAR CHANGE FOR 7.01(C).
2. The right of the Province to issue an objection notice under Section 3.04(b) in connection with a Transaction Document provided to the Province which is required for a Refinancing of an Approved Obligation remains an outstanding issue. Clearly, this will depend upon what Adherence Conditions will be required under Section 4.02 of the Change of Law Protection Agreement in order to permit such Refinancing to become an Approved Obligation. If the Adherence Conditions set out in Section 4.02(a) of the Province's draft of the Change of Law Protection Agreement of December 4 were to apply to such Refinancing, to the extent that such refinancing required a change to a Transaction Document (e.g., as a result of a change to some rating agency condition or criteria), the Province's ability to issue an objection notice and thereby prevent the issuance of a Process Certificate under Section 3.01 (by virtue of Section 3.04) would have the effect of preventing a Refinancing. We trust that this was an unintended outcome of the drafting of Section 3.04 and/or the Adherence Conditions applicable to Refinancings. [THAT IS THE INTENDED EFFECT. THE ADHERENCE CONDITIONS WOULD APPLY TO THE REFINANCING, SO IF THE REFINANCING TERMS DEVIATED MATERIALLY (BASED ON THE SUBSTANTIALLY IN THE FORM" THRESHOLD"), THEN OPG WOULD REQUIRE THE PROVINCE NOT TO OBJECT IN ORDER TO PROCEED WITH THOSE NEW TERMS. OTHERWISE, THE REFINANCING COULD INCORPORATE TERMS AND CONDITIONS, WHICH WOULD BIND THE PROVINCE UNDER THE LIMITED GUARANTEE, THAT WOULD BE UNCONSTRAINED

AND WITHOUT ANY ACCOUNTABILITY TO THE PROVINCE. IN ROCCO'S EXAMPLE, THAT MIGHT MEAN THAT OPG WOULD NEED TO RESORT TO UNRATED DEBT, IF THE PROVINCE WAS UNWILLING TO ACCEPT THE NEW TERMS. PRESUMABLY EVERYONE WOULD ACT RATIONALLY. HOWEVER, AS A FAILSAFE, OPG COULD OFFER INCREASED PRICING IN ORDER TO ATTRACT INVESTORS TO ACCEPT THE EARLIER VETTED TERMS (BASED ON THE THEN ACCEPTED REVIEWED DOCUMENTATION).]

3. Given that the Indenture Trustee is not a party to the Change of Law Process Agreement, the Province and OPG can amend the terms and conditions of this agreement without the consent of the indenture Trustee. Specified Creditors under an Approved Obligation need to be assured that the Province cannot prevent a Refinancing of an Approved Obligation either by virtue of the objection notice discussed in point #2 above or as a result of a future amendment to the agreement. There are a couple of ways to deal with this point. The first is to a add a beneficiary/third party rights clause in the Change of Law Process Agreement which acknowledges that the Indenture Trustee is a beneficiary of certain provisions of this agreement and as a result, the agreement cannot be amended without the consent of the Indenture Trustee. The second is to ensure that the Adherence Conditions relating to Refinancings under the Change of Law Protection Agreement are not dependent upon the terms of the Change of Law Process Agreement. In light of the desire to not disclose the terms and conditions of the Change of Law Process Agreement to the rating agencies, especially at this late stage in the process, we would expect that the latter approach would be preferable. [THE SUGGESTION REGARDING THE PROVINCE PREVENTING A REFINANCING IS ADDRESSED IN #2. IF THE REFINANCING TERMS WOULD EXCEED THE SCOPE OF THE TRANSACTION DOCUMENTS REVIEWED AND NOT OBJECTED TO BY THE PROVINCE, THEN THAT SUGGESTS THERE IS A MATERIAL EFFECT ON THE PROVINCE AND SO THE PROVINCE WOULD NEED THE ABILITY TO REVIEW AND CONSIDER THE PROPRIETY OF THOSE NEW TERMS FROM ITS PERSPECTIVE. AS FOR THE STANDALONE NATURE OF THE PROCESS AGREEMENT, THE INTENTION IS THAT THE PROCESS AGREEMENT BE UNCOUPLED AND NOT PART OF THE COLLATERAL, AND AS MICHAEL FELDMAN HAS EXPLAINED, LEAVE FUTURE FLEXIBILITY FOR THIS LONG-TERM STRUCTURE. TO ADDRESS ROCCO'S CONCERN THAT THE PROVINCE AND OPG COULD CHANGE THE UNDERLYING OBLIGATIONS APPLICABLE TO ADHERENCE IN RELATION TO A NEW OBLIGATION, REQUIREMENT OR PROCESS IN THE PROCESS AGREEMENT THAT WOULD MAKE A REFINANCING LESS LIKELY TO OCCUR, WE HAVE ADDED AND USED IN THE ATTACHED VERSION A NEW DEFFINTION:

> "Approved Refinancing" means a Certified Primary Obligation proposed to be incurred as a Refinancing of an existing Certified Primary Obligation in respect of which the Adherence Conditions had been satisfied on the date such existing Certified Primary Obligation was incurred, that, at the time of incurrence, satisfies each of each of the Adherence Conditions except that the certificate contemplated to be delivered under Section 4.02(b) shall instead confirm that OPG has delivered to the Province a certificate by its applicable officers confirming that OPG would be in compliance with all obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the proposed Certified Primary Obligation that applied as between the Province and OPG on the date of issuance of such existing Certified Primary Obligation." Various references to "Refinancing" in the Protection Agreement can also be revised to refer to "Approved Refinancing", as required.

Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

———————————————

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Best Regards,
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Nina Mansoori
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****

Draft: December 7, 2017

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.

CHANGE OF LAW PROCESS AGREEMENT

Dated as of [■], 2017

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**") is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.

Pursuant to a Declaration of Trust dated as of [■], 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the applicable Adherence Conditions.

Prior to entering into this Agreement, OPG provided the Province with the final forms of certain of the Transaction Documents, as described on Exhibit "A", and the Province has not objected to such forms and hereby confirms to OPG that such Transaction Documents will constitute "Reference Documentation" for purposes of this Agreement.

Prior to entering into this Agreement, OPG, as the FSM, provided the Minister of Energy, in compliance with the Act, with the initial Financing Plan, which includes the initial forecast (the "**Initial Forecast**") setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Obligations Secured to be incurred during the 24 month period from December 1, 2017 to November 30, 2019 (the "**Initial Forecast Period**"). Prior to entering into this Agreement, OPG provided the Province with the initial Protection Agreement Maximum (the "**Initial Protection Agreement Maximum**"). The Province has received the initial Financing Plan and has not disagreed with the Initial Forecast or the Initial Protection Agreement Maximum on the basis of an apparent inaccuracy in the Initial Forecast, an inconsistency between the Initial Forecast and the initial Financing Plan, or as a result of the Initial Protection Agreement Maximum being more than the Initial Forecast.

This Agreement sets out the obligations OPG has agreed to perform and assurances OPG has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the

applicable Adherence Conditions have been satisfied and maintaining information related to the Program Agreements and the Approved Obligations.

All things necessary to make this Agreement a valid and legally binding agreement of OPG and the Province, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall"; the word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed; the words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 <u>References to the Financing Entity</u>

For greater certainty, each reference to the Financing Entity shall be construed as a reference to the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 <u>Effect of Headings</u>

The Article and Section headings herein and are for convenience only and will not affect the construction hereof.

1.04 <u>Successors and Assigns</u>

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 <u>Severability</u>

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.06 <u>Governing Law</u>

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF OPG

2.01 Deliveries to the Province

(a) OPG shall promptly deliver to the Province a copy of any proposed change to or replacement of the Financing Plan.

(b) Not less than 10 Business Days, or such lesser period as the Province may agree to in writing, prior to:

(i) any proposed change in the terms or conditions applicable to a Primary Obligation in a previously provided Transaction Document becoming effective or otherwise being used that could reasonably be expected to have a Material Effect[1]; provided, however, that a proposed change in particular financial terms, rates and levels would not be such a material change other than a proposed change to any specific requirements, limitations or parameters with respect to such financial terms, rates and levels that were set forth in the previously provided Transaction Document and that would have a Material Effect, and

(ii) any additional, supplemental[2] or replacement Transaction Document becoming effective or otherwise being used,

OPG shall deliver to the Province a copy of such proposed change to the Transaction Document and any such additional, supplemental or replacement Transaction Document.

(c) Without limiting Subsection 2.01(b), promptly following (i) any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor being made, (ii) any new, additional, supplemental or replacement instruments, documents, agreements or security being used or granted in connection with all or any part of the Approved Obligations, or (iii) any waiver, release, reconveyance, termination, abandonment, subordination, exchange, substitution, transfer, compound, compromise, liquidation or enforcement of all or any part of the Approved Obligations or any security or guarantee therefor being effected, OPG shall deliver to the Province a detailed description of such event and the reasons for it together with any related documents, agreements and instruments.

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[1] Explanatory Note: New term to encapsulate and consistently use the materiality language previously incorporated in the "Substantially in the Form" provision.

[2] Explanatory Note: Supplement (e.g., indenture supplement) needs to be captured. Supplement concept has been reinserted.

(d) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, OPG shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations (including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(e) Promptly upon request, OPG shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

2.02 <u>Covenants</u>

(a) OPG shall use commercially reasonable efforts to cause the Financing Entity to:

(i) punctually perform and observe all of the Financing Entity's obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not (unless waived in writing by the Province):

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement, replacement, waiver or consent could reasonably be considered to have a Material Effect; provided, however, that the foregoing does not apply to any supplementation, amendment, modification, restatement, replacement, waiver or consent of, to or in respect of particular financial terms, rates and levels other than a supplementation, amendment, modification, restatement, replacement, waiver or consent to or in respect of any specific requirements, limitations or parameters with respect to such financial terms, rates and levels that were set forth in the applicable Program Agreement and that would have a Material Effect;

(B) extend, renew, compromise, novate, replace, suspend, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, liquidate or enforce the terms of all or any part of the Approved Obligations or any Collateral, if any such action could reasonably be considered to have a Material Effect; provided, however, that the foregoing does not apply to any such action taken in respect of particular financial terms, rates and levels other than such an action taken in respect of any specific requirements, limitations or parameters with respect to such financial terms, rates and levels that were set forth in the applicable Program Agreement and that would have a Material Effect; or

(C) permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired.

(b) OPG shall:

(i) comply, and shall use commercially reasonable efforts to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

(ii) punctually perform and observe all of its (including as the FSM and as Manager) obligations and agreements contained in the Program Agreements;

(iii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation; and

(iv) notify the Province of (1) the occurrence of any Breach Event and any Program Breach, in each case within 2 Business Days of any such occurrence, and (2) any event or circumstance known to OPG that with the passage of time or the giving of notice would be a Breach Event or a Program Breach, in each case within 1 Business Day of OPG first becoming aware of such event or circumstance; and[3]

(v) after the occurrence of any Protection Event (or any event or circumstance known to OPG that with the passage of time or the giving of notice would be a Protection Event), not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.

[3] Explanatory Note: This is especially needed in light of Province's passive role and reliance on OPG.

(c) The Province and OPG acknowledge that their obligations to each other under the Indemnity Agreement between the Province and OPG dated June 1, 2017 (as amended, the "**Indemnity Agreement**") are not amended by this Agreement and continue in full force and effect, notwithstanding that this Agreement is entered into subsequent to the Indemnity Agreement.

(d) The Province and OPG acknowledge that their obligations to each other under the Indemnity Agreement are not amended by the Change of Law Protection Agreement and continue in full force and effect, notwithstanding that the Change of Law Protection Agreement was entered into subsequent to the Indemnity Agreement.

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate

OPG shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Province, on or before the incurrence or any amendment of a Funding Obligation, other than any Funding Obligation under which not more than $5,000,000 in the aggregate may become payable by the Financing Entity (provided that delivery may not be more than 5 Business Days before the incurrence or amendment of the Funding Obligation), setting out the following with respect to such Funding Obligation:

(a) the material terms of the Funding Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a Derivative Agreement, OPG's best estimate of the expected notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

(b) if an existing Funding Obligation is proposed to be amended, material details respecting such amendment, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

(c) a statement to the effect that: (i) the Funding Obligation to be incurred or amended (1) will arise under terms and conditions that are Substantially in the Form of the Reference Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering

and sale of notes, bonds or other securities is Substantially in the Form of the Reference Documentation;

(d) a statement confirming that any disclosure made in respect of the Funding Obligation (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to the Funding Obligation) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement has been made available to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made;

(e) a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and

(f) confirmation that, at the time the Funding Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Funding Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the Protection Agreement Maximum applicable on the date that the Process Certificate is delivered; for clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be determined on the date the Process Certificate is delivered hereunder in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

3.02 Acknowledgement regarding delivery of certificate under Change of Law Protection Agreement

The Province acknowledges and agrees that, concurrent with the delivery of the Process Certificate pursuant to Section 3.01 of this Agreement, the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) are authorized to deliver the certificate referred to in Subsection [4.02(a)(ii)][4] of the Change of Law Protection Agreement to the Indenture Trustee confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with adherence of the Limited Guarantee to the incurrence of the Certified Primary Obligations in respect of

[4] Section change to be confirmed once Protection Agreement is recirculated.

which the certificate in Subsection [4.02(a)(ii)] of the Change of Law Protection Agreement is being delivered; provided that, upon receipt of a Suspension Notice under the Change of Law Protection Agreement, OPG covenants not to deliver any further certificates to the Indenture Trustee under Subsection [4.02(a)(ii)] of the Change of Law Protection Agreement [but, for greater certainty, OPG, as FSM, may deliver a certificate referred to in Subsection [4.02(b)(ii)] of the Change of Law Protection Agreement to the Indenture Trustee and the Province in connection with an Approved Refinancing of a Primary Obligation in respect of which the Adherence Conditions in Subsection 4.02(a) of the Change of Law Protection Agreement had been satisfied at the time such Primary Obligation was incurred.][5]

3.03 Acknowledgement regarding delivery of Suspension Notice

The parties acknowledge and agree that the Province is entitled to deliver a Suspension Notice under Section 7.01 of the Change of Law Protection Agreement if a Program Breach or Breach Event has occurred. The Province agrees not to deliver a Suspension Notice pursuant to Section 7.01 of the Change of Law Protection Agreement unless a Program Breach or a Breach Event has occurred.

3.04 <u>Meaning of "Reference Documentation"</u>

For the purposes of Subsection 3.01(c), the term "Reference Documentation" shall mean each Transaction Document that, at the relevant time:

(a) is a Transaction Document listed on Exhibit "A"; or

(b) is a Transaction Document (including any amended or amended and restated Transaction Document) provided to the Province in accordance with Subsection 2.01(b) that has not been objected to by the Province, by delivery of an objection notice in writing delivered to OPG, within 10 Business Days after it is provided to the Province.

3.05 <u>Meaning of "Substantially in the Form"</u>

For the purposes of Subsection 3.01(c), the term "Substantially in the Form" shall mean:

(a) with respect to the Reference Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such Reference Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation that could have a Material Effect; provided, however, that the foregoing does not apply to any particular financial terms, rates and levels set forth in the proposed documents other than to the extent that the forms of Reference Documentation themselves specify specific requirements, limitations or parameters with respect to such financial terms, rates, levels and parameters; and

[5] <u>Explanatory Note</u>: The changes proposed to be made to the Protection Agreement have not yet been circulated to the Province, so we are unable to understand the nature of the changes made to this provision.

(b) with respect to the Reference Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum

(a) Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Approved Obligations that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast shall be further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum, which may not exceed such Forecast.

(b) Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of any further Forecast and notice of the revised Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province may disagree with such further Forecast or revised Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in such further Forecast, (ii) the further Forecast is inconsistent with the Financing Plan, or (iii) the revised Protection Agreement Maximum is more than the further Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the revised Protection Agreement Maximum will be further revised accordingly and confirmed by an amended notice to the Province.

(c) For clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be valued at the time to be determined for the purposes of this Section 4.01 in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of OPG

OPG represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, may cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario and has the power and authority to enter into and perform its obligations under this Agreement and all instruments and agreements delivered pursuant hereto.

(c) OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Financing Entity or in the ability of the Financing Entity to perform its obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

5.02 <u>Representations and Warranties of the Province</u>

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
BREACH EVENTS

6.01 Breach Events

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

(a) a default in the performance, or breach, by OPG of Section 2.01(b)(i), Section 2.02(b)(iv)[6] or Section 3.01[7];

(b) a default in the performance, or breach, of any other covenants of OPG under this Agreement (excluding Section 2.01(b)(i), Section 2.02(b)(iv) and Section 3.01), which, if curable in a way such that the default or breach would not have or have had a Material Effect[8], is not so cured within thirty (30) days;

(c) any representation or warranty made by OPG in this Agreement, any certification made in a Process Certificate, or any certification made in a certificate contemplated by Subsection 4.02 of the Change of Law Protection Agreement, proves to be incorrect on the date made and which, if curable in a way such that the incorrect representation or warranty may be remedied without any Material Effect[9] having occurred as a result of the Province's reliance thereon, is not so cured within thirty (30) days; or

(d) OPG is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the Manager.

ARTICLE VII
MISCELLANEOUS

7.01 Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

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[6] Explanatory Note: This recognizes that a failure to notify the Province of an event that would allow it to deliver a Suspension Notice cannot itself be cured since that would create a self-defeating loop from the Province's standpoint.

[7] Explanatory Note: This recognizes that a failure to deliver a Process Certificate when required cannot be cured, as this goes to the workability of the corresponding provisions in the Protection Agreement. It would defeat the structure to allow a Protection Agreement certificate to be delivered to satisfy the adherence conditions based on the idea that a default cure period had not yet lapsed in connection with a failure to deliver a Process Certificate.

[8] Explanatory Note: This recognizes that a cure period will only be reasonable if the consequence of a possible cure would be that no Material Effect would be/have been created.

[9] Explanatory Note: Same.

7.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to OPG:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

(b) if to the Province:

Deputy Minister of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Deputy Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 7.02.

7.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 7.03 shall be null and void.

7.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

7.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

7.06 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

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

By: _____

Name:
Title:

By: _____

Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Conditions**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Approved Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement, and, for greater certainty, will include any Approved Refinancing.

"**Approved Refinancing**" means a Certified Primary Obligation proposed to be incurred on or after the occurrence of a Suspension Event, as a Refinancing of an existing Certified Primary Obligation in respect of which the Adherence Conditions had been satisfied on the date such existing Certified Primary Obligation was incurred, that, at the time of incurrence, satisfies each of each of the Adherence Conditions except that the certificate contemplated to be delivered under Section 4.02(b) shall instead confirm that OPG has delivered to the Province a certificate by its applicable officers confirming that OPG would be in compliance with all obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the proposed Certified Primary Obligation that applied as between the Province and OPG on the date of issuance of such existing Certified Primary Obligation.

"**Beneficiaries**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Breach Event**" has the meaning ascribed thereto in Section 6.01.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Certified Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the Financing Entity, OPG (as the FSM and the Manager) and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

"**Executive Officer**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Financing Entity**" means Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(a).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**IESO Security Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**Indenture Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Initial Forecast**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Initial Forecast Period**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Initial Protection Agreement Maximum**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Limited Guarantee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Management Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Manager**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO.

"**Material Effect**" means a material effect on the obligations (including as a result of a change in the nature, scope or extent of the Primary Obligation and the effect on the Province's obligations therefor under the Limited Guarantee) or rights of the Province under the Limited Guarantee, the Change of Law Protection Agreement or this Agreement, including any proposed change that could affect the timing of or circumstances under which related payments would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that could affect the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Program Breach**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Protection Agreement Maximum**" means the dollar amount referenced as the Program Agreement Maximum and determined in accordance with Section 4.01.

"**Protection Event**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture.

"**Reference Documentation**" has the meaning ascribed thereto in Section 3.04.

"**Repayment**" has the meaning ascribed to the term "repayment" in the General Regulation as of the date of this Agreement.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Substantially in the Form**" has the meaning ascribed thereto in Section 3.05.

"**Suspension Notice**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement; (vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial

obligation or that could affect the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

EXHIBIT "A"
INITIAL REFERENCE DOCUMENTATION[10]

- Declaration of Trust;
- Management Agreement;
- Master Transfer and Servicing Agreement;
- Acknowledgement and indemnity agreement dated as of [■], 2017 made by IESO in favour of the Indenture Trustee;
- IESO Security Agreement;
- Trust Indenture;
- Warehouse Senior Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;
- Warehouse Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017; and
- [Warehouse Junior Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.][11]

[10] Explanatory Note: The Province is limiting this to the documents required to complete the warehouse financing. Term issuance related documents will be considered by the Province once received under 2.01(b)(ii) and become part of the Reviewed Documentation in accordance with 3.04(b).

[11] Explanatory Note: This should be deleted unless it will be used in the initial transaction.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.

CHANGE OF LAW PROCESS AGREEMENT[1]

Dated as of [■], 2017

[1] ~~Explanatory Note: Closing mechanics under consideration by the Province. Province to advise what is under consideration.~~

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**") is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.

Pursuant to a Declaration of Trust dated as of [■], 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the applicable Adherence Conditions.

Prior to entering into this Agreement, OPG provided the Province with the ~~proposed~~final forms of certain of the Transaction Documents~~ listed~~, as described on Exhibit "A", and the Province has not objected to such forms and ~~has confirmed~~hereby confirms to OPG that such Transaction Documents will constitute "Reference Documentation" for purposes of this Agreement.

Prior to entering into this Agreement, OPG, as the FSM, provided the ~~Province~~Minister of Energy, in compliance with the Act, with the initial Financing Plan, which includes the initial forecast (the "**Initial Forecast**") setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under ~~Approved~~ Obligations Secured to be incurred during the 24 month period from December 1, 2017 to November 30, 2019 (the "**Initial Forecast Period**")~~ and~~. Prior to entering into this Agreement, OPG provided the Province with the initial Protection Agreement Maximum (the "**Initial Protection Agreement Maximum**"). The Province has ~~acknowledged receipt of~~received the initial Financing Plan and has not ~~objected to~~disagreed with the Initial Forecast or the Initial Protection Agreement Maximum on the basis of an apparent inaccuracy in the Initial Forecast, an inconsistency between the Initial Forecast and the initial Financing Plan, or as a result of the Initial Protection Agreement Maximum being more than the Initial Forecast.

This Agreement sets out the obligations OPG has agreed to perform and assurances OPG has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the applicable Adherence Conditions have been satisfied and maintaining information related to the Program Agreements and the Approved Obligations.

All things necessary to make this Agreement a valid and legally binding agreement of OPG and the Province, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall"; the word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such

other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed; the words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 References to the Financing Entity

For greater certainty, each reference to the Financing Entity shall be construed as a reference to the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 Effect of Headings

The Article and Section headings herein and are for convenience only and will not affect the construction hereof.

1.04 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.06 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND

REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF OPG

2.01 Deliveries to the Province

(a) OPG shall promptly deliver to the Province a copy of any proposed change to or replacement of the Financing Plan.

(b) Not less than 10 Business Days, or such lesser period as the Province may agree to in writing, prior to:

(i) any proposed change in the ~~material~~ terms or conditions applicable to a Primary Obligation in a previously provided Transaction Document becoming effective or otherwise being used~~, including regarding the timing of or circumstances under which related payments are or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that would affect the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation~~ that could reasonably be expected to have a Material Effect[1]; provided, however, that ~~the foregoing does not apply to any~~a proposed change in particular financial terms, rates and levels would not be such a material change other than a proposed change to any specific requirements, limitations or parameters with respect to such financial terms, rates and levels that were set forth in the previously provided Transaction Document and that would have a Material Effect, and

(ii) any additional, supplemental[2] or replacement Transaction Document becoming effective or otherwise being used,

OPG shall deliver to the Province a copy of such proposed change to the Transaction Document and any such additional, supplemental or replacement Transaction Document.

(c) ~~Promptly~~Without limiting Subsection 2.01(b), promptly following (i) any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or

[1] Explanatory Note: New term to encapsulate and consistently use the materiality language previously incorporated in the "Substantially in the Form" provision.

[2] Explanatory Note: Supplement (e.g., indenture supplement) needs to be captured. Supplement concept has been reinserted.

any part of the Approved Obligations or any Collateral therefor being made, (ii) any new, additional, supplemental or replacement instruments, documents, agreements or security being used or granted in connection with all or any part of the Approved Obligations, or (iii) any waiver, release, reconveyance, termination, abandonment, subordination, exchange, substitution, transfer, compound, compromise, liquidation or enforcement of all or any part of the Approved Obligations or any security or guarantee therefor being effected, OPG shall deliver to the Province a detailed description of such event and the reasons for it together with any related documents, agreements and instruments.

(d) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, OPG shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations (including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(e) Promptly upon request, OPG shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

2.02 Covenants

(a) OPG shall use commercially reasonable efforts to cause the Financing Entity to:

(i) punctually perform and observe all of the Financing Entity's obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not (unless waived in writing by the Province):

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement or, replacement or, waiver or consent could reasonably be

considered to ~~be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement~~have a Material Effect; provided, however, that the foregoing does not apply to any ~~change in~~supplementation, amendment, modification, restatement, replacement, waiver or consent of, to or in respect of particular financial terms, rates and levels~~;~~ other than a supplementation, amendment, modification, restatement, replacement, waiver or consent to or in respect of any specific requirements, limitations or parameters with respect to such financial terms, rates and levels that were set forth in the applicable Program Agreement and that would have a Material Effect;

(B) extend, renew, compromise, novate, replace, suspend, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, liquidate or enforce the terms of all or any part of the Approved Obligations or any Collateral, if any such action could reasonably be considered to ~~be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement~~have a Material Effect; provided, however, that the foregoing does not apply to ~~the extent that only~~any such action taken in respect of particular financial terms, rates and levels ~~are affected~~other than such an action taken in respect of any specific requirements, limitations or parameters with respect to such financial terms, rates and levels that were set forth in the applicable Program Agreement and that would have a Material Effect; or

(C) permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired.

~~***[NTD: As discussed, para (D) was deleted as a consequence of the Province's assumption right being deleted.]***~~

(b) OPG shall:

(i) comply, and shall use commercially reasonable efforts to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

(ii) punctually perform and observe all of its (including as the FSM and as Manager) obligations and agreements contained in the Program Agreements;

(iii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation; and

(iv) notify the Province of (1) the occurrence of any Breach Event and any Program Breach, in each case within 2 Business Days of any such

occurrence, and (2) any event or circumstance known to OPG that with the passage of time or the giving of notice would be a Breach Event or a Program Breach, in each case within 1 Business Day of OPG first becoming aware of such event or circumstance; and[3]

(v) ~~(iv)~~ after the occurrence of any Protection Event (or any event or circumstance known to OPG that with the passage of time or the giving of notice would be a Protection Event), not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.

(c) The Province and OPG acknowledge that their obligations to each other under the Indemnity Agreement between the Province and OPG dated June 1, 2017 (as amended, the "**Indemnity Agreement**") are not amended by this Agreement and continue in full force and effect, notwithstanding that this Agreement is entered into subsequent to the Indemnity Agreement. ~~***[NTD: Torys and Blakes have mutually agreed to this language.]***~~

(d) The Province and OPG acknowledge that their obligations to each other under the Indemnity Agreement are not amended by the Change of Law Protection Agreement and continue in full force and effect, notwithstanding that the Change of Law Protection Agreement was entered into subsequent to the Indemnity Agreement. ~~***[NTD: Torys and Blakes have mutually agreed to this language.]***~~

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate

OPG shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Province, on or before the incurrence or any amendment of a Funding Obligation, other than any Funding Obligation under which not more than $5,000,000 in the aggregate may become payable by the Financing Entity (provided that delivery may not be more than 5 Business Days before the incurrence or amendment of the Funding Obligation), setting out the following with respect to such Funding Obligation:

(a) the material terms of the Funding Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features,

[3] Explanatory Note: This is especially needed in light of Province's passive role and reliance on OPG.

structure and coupon frequency, as applicable, and (ii) in the case of a Derivative Agreement, OPG's best estimate of the expected notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights; ~~***[NTD: OPG can only provide an estimate of these matters and the actual pricing may be different than what is provided in the certificate since the price is based on the spot market and subject to change.]***~~

(b) if an existing Funding Obligation is proposed to be amended, material details respecting such amendment, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

(c) a statement to the effect that: (i) the Funding Obligation to be incurred or amended (1) will arise under terms and conditions that are Substantially in the Form of the Reference Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reference Documentation;

(d) a statement confirming that any disclosure made in respect of the Funding Obligation (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to the Funding Obligation) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement has been made available to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made;

(e) a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and

(f) confirmation that, at the time the Funding Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Funding Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the Protection Agreement Maximum applicable on the date that the Process Certificate is delivered; for clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be determined on the date the Process Certificate is delivered hereunder in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

3.02 Acknowledgement regarding delivery of certificate under Change of Law Protection Agreement

The Province acknowledges and agrees that, concurrent with the delivery of the Process Certificate pursuant to Section 3.01 of this Agreement, the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) are authorized to deliver the certificate referred to in Subsection [4.02(a)(ii)][4] of the Change of Law Protection Agreement to the Indenture Trustee confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with adherence of the Limited Guarantee to the incurrence of the Certified Primary Obligations in respect of which the certificate in Subsection [4.02(a)(ii)] of the Change of Law Protection Agreement is being delivered; provided that, upon receipt of a Suspension Notice under the Change of Law Protection Agreement, OPG covenants not to deliver any further certificates to the Indenture Trustee under Subsection [4.02(a)(ii)] of the Change of Law Protection Agreement [but, for greater certainty, OPG, as FSM, may deliver a certificate referred to in Subsection [4.02(b)(ii)] of the Change of Law Protection Agreement to the Indenture Trustee and the Province in connection with ~~a~~an Approved Refinancing of a Primary Obligation in respect of which the Adherence Conditions in Subsection 4.02(a) of the Change of Law Protection Agreement had been satisfied at the time such Primary Obligation was incurred.~~ *[NTD: Conforming changes made to line up with Change of Law Protection Agreement.*~~][5]

3.03 Acknowledgement regarding delivery of Suspension Notice

The parties acknowledge and agree that the Province is entitled to deliver a Suspension Notice under Section 7.01 of the Change of Law Protection Agreement if a Program Breach or Breach Event has occurred. The Province agrees not to deliver a Suspension Notice pursuant to Section 7.01 of the Change of Law Protection Agreement unless a Program Breach or a Breach Event has occurred.

3.04 Meaning of "Reference Documentation"

For the purposes of Subsection 3.01(c), the term "Reference Documentation" shall mean each Transaction Document that, at the relevant time:

[4] Section change to be confirmed once Protection Agreement is recirculated.

[5] Explanatory Note: The changes proposed to be made to the Protection Agreement have not yet been circulated to the Province, so we are unable to understand the nature of the changes made to this provision.

(a) is a Transaction Document listed on Exhibit "A"; or

(b) is a Transaction Document (including any amended or amended and restated Transaction Document) provided to the Province in accordance with Subsection 2.01(b) that has not been objected to by the Province, by delivery of an objection notice in writing delivered to OPG, within 10 Business Days after it is provided to the Province.

3.05 Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(c), the term "Substantially in the Form" shall mean:

(a) with respect to the Reference Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such Reference Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation~~, including regarding the timing of or circumstances under which related payments are or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that would affect the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation~~ that could have a Material Effect; provided, however, that the foregoing does not apply to any~~ variable terms to be set forth in the proposed documents as are reasonably contemplated in the Reference Documentation, including the~~ particular financial terms, rates and levels set forth in the proposed documents other than to the extent that the forms of Reference Documentation themselves specify specific requirements, limitations or parameters with respect to such financial terms, rates, levels and parameters; and

(b) with respect to the Reference Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum

(a) Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Approved Obligations that are then outstanding and (2) OPG's

expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast shall be further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum, which may not exceed such Forecast.

(b) Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of any further Forecast and notice of the revised Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province may disagree with such further Forecast or revised Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in ~~the Financing Plan or~~ such further Forecast, (ii) the further Forecast is inconsistent with the Financing Plan, or (iii) the revised Protection Agreement Maximum is more than the further Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the revised Protection Agreement Maximum will be further revised accordingly and confirmed by an amended notice to the Province.

(c) For clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be valued at the time to be determined for the purposes of this Section 4.01 in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of OPG

OPG represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to

perform the acts that OPG, as the FSM, may cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario and has the power and authority to enter into and perform its obligations under this Agreement and all instruments and agreements delivered pursuant hereto.

(c) OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Financing Entity or in the ability of the Financing Entity to perform its obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict

with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

5.02 Representations and Warranties of the Province

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
BREACH EVENTS

6.01 Breach Events

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

(a) a default in the performance, or breach, by OPG of Section 2.01(b)(i), Section 2.02(b)(iv)[6] or Section 3.01[7];

[6] Explanatory Note: This recognizes that a failure to notify the Province of an event that would allow it to deliver a Suspension Notice cannot itself be cured since that would create a self-defeating loop from the Province's standpoint.

[7] Explanatory Note: This recognizes that a failure to deliver a Process Certificate when required cannot be cured, as this goes to the workability of the corresponding provisions in the Protection Agreement. It would defeat the structure to allow a Protection Agreement certificate to be delivered to satisfy the adherence conditions based on the idea that a default cure period had not yet lapsed in connection with a failure to deliver a Process Certificate.

(b) ~~(a)~~ a default in the performance, or breach, of any other covenants of OPG under this Agreement~~,~~ (excluding Section 2.01(b)(i), ~~which continues for thirty (30) days after written notice by the Province to OPG of such default or breach;~~

~~(b)~~ ~~a default in the performance, or breach, by OPG of Section 2.01(b)(i)~~Section 2.02(b)(iv) and Section 3.01), which, if curable in a way such that the default or breach would not have or have had a Material Effect[8], is not so cured within thirty (30) days;

(c) any representation or warranty made by OPG in this Agreement, any certification made in a Process Certificate, or any certification made in a certificate contemplated by Subsection 4.02 of the Change of Law Protection Agreement, proves to be incorrect on the date made and~~, if curable, is not~~ which, if curable in a way such that the incorrect representation or warranty may be remedied without any Material Effect[9] having occurred as a result of the Province's reliance thereon, is not so cured within thirty (30) days~~ after written notice by the Province to OPG of such misrepresentation~~; or

(d) OPG is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the Manager.

ARTICLE VII
MISCELLANEOUS

7.01 Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

7.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic

[8] Explanatory Note: This recognizes that a cure period will only be reasonable if the consequence of a possible cure would be that no Material Effect would be/have been created.
[9] Explanatory Note: Same.

communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to OPG:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

(b) if to the Province:

~~Ministry~~Deputy Minister of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Deputy Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 7.02.

7.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 7.03 shall be null and void.

7.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

7.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or

any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

7.06 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

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

By: _____

Name:
Title:

By: _____

Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Conditions**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Approved Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement, and, for greater certainty, will include any Approved Refinancing.

"**Approved Refinancing**" means a Certified Primary Obligation proposed to be incurred on or after the occurrence of a Suspension Event, as a Refinancing of an existing Certified Primary Obligation in respect of which the Adherence Conditions had been satisfied on the date such existing Certified Primary Obligation was incurred, that, at the time of incurrence, satisfies each of each of the Adherence Conditions except that the certificate contemplated to be delivered under Section 4.02(b) shall instead confirm that OPG has delivered to the Province a certificate by its applicable officers confirming that OPG would be in compliance with all obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the proposed Certified Primary Obligation that applied as between the Province and OPG on the date of issuance of such existing Certified Primary Obligation.

"**Beneficiaries**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Breach Event**" has the meaning ascribed thereto in Section 6.01.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Certified Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, ~~the FSM on behalf of~~ the Financing Entity, OPG (as the FSM and the Manager) and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

"**Executive Officer**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Financing Entity**" means Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(a).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**IESO Security Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**Indenture Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Initial Forecast**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Initial Forecast Period**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Initial Protection Agreement Maximum**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Limited Guarantee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Management Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Manager**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO.

"**Material Effect**" means a material effect on the obligations (including as a result of a change in the nature, scope or extent of the Primary Obligation and the effect on the Province's obligations therefor under the Limited Guarantee) or rights of the Province under the Limited Guarantee, the Change of Law Protection Agreement or this Agreement, including any proposed change that could affect the timing of or circumstances under which related payments would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that could affect the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Program Breach**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Protection Agreement Maximum**" means the dollar amount referenced as the Program Agreement Maximum and determined in accordance with ~~Article IV.~~ Section 4.01.

"**Protection Event**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture.

"**Reference Documentation**" has the meaning ascribed thereto in Section 3.04.

"**Repayment**" has the meaning ascribed to the term "repayment" in the General Regulation as of the date of this Agreement.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Substantially in the Form**" has the meaning ascribed thereto in Section 3.05.

"**Suspension Notice**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement; (vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial

obligation or that affectscould affect the Province's rights of subrogation rights and/or subrogee interestsor assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

EXHIBIT "A"
INITIAL REFERENCE DOCUMENTATION[10]

- Declaration of Trust;
- Management Agreement;
- Master Transfer and Servicing Agreement;
- Acknowledgement and indemnity agreement dated as of [■], 2017 made by IESO in favour of the Indenture Trustee;
- IESO Security Agreement;
- Trust Indenture;
- Warehouse Senior Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;
- Warehouse Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017; and
- [Warehouse Junior Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.][11]
- ~~Term Senior Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;~~
- ~~Term Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;~~
- ~~Term Junior Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;~~
- ~~[Confidential shelf offering memorandum of the Financing Entity dated as of [■], 2017, including the term sheet incorporated by reference therein; and~~
- ~~Agency agreement between the Financing Entity, CIBC World Markets Inc., RBC Dominion Securities Inc., Goldman Sachs Canada Inc. and the other agents named therein dated as of [■], 2017.]~~ ~~***[NTD: OM and Agency Agreement will be removed from Schedule A if not provided to the Province sufficiently in advance of execution of the Process Agreement.]***~~

[10] Explanatory Note: The Province is limiting this to the documents required to complete the warehouse financing. Term issuance related documents will be considered by the Province once received under 2.01(b)(ii) and become part of the Reviewed Documentation in accordance with 3.04(b).

[11] Explanatory Note: This should be deleted unless it will be used in the initial transaction.

Document comparison by Workshare Compare on Thursday, December 07, 2017 4:02:16 PM

Input:	
Document 1 ID	PowerDocs://TOR_2528/23239361/20
Description	TOR_2528-#23239361-v20-Change_of_Law_-_Process_Agreement
Document 2 ID	PowerDocs://TOR_2528/23239361/23
Description	TOR_2528-#23239361-v23-Change_of_Law_-_Process_Agreement
Rendering set	Standard

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

Statistics:	
	Count
Insertions	89
Deletions	61
Moved from	2
Moved to	2
Style change	0
Format changed	0
Total changes	154

From:	Hanslep, Malle (MOF)
To:	Sebastiano, Rocco; Mansoori, Nina; "ASHBOURNE, STEPHEN"; "JON.VINER@blakes.com"; "JA.PRESTAGE@blakes.com"
Cc:	Ken Kandeepan; "LADAK Lubna -TREASURY"; Anna Strathy; Veinot, Cindy (TBS); Tom McKinlay (MAG); Mark Donaldson (MOF); Daniel Cayley (ENERGY); Thouin, Alena (ENERGY); Ramchandani, Rima; "LEE John -TREASURY"; "RYFA Ken -TREASURY"; "HAHN PARKER Janet -TREASURY"; "MAUTI John -FIN & C CTRL"; "LAURETA LAPIRA May -TREASURY"; Feldman, Michael; "WONG Leslie -LAWDIV"; Tobias P. Whitfield (MOF); Milligan, Peter; Fullerton, Rick; Gadi Mayman; Mike Manning; "ian.benaiah@rbccm.com"; "Khan, Nur (nur.khan@rbccm.com)"; "brent.r.taylor@rbccm.com"; "katrina.niehaus@gs.com"; "brian.delaney@gs.com"; "Maciel, Andrew"; "Adalja, Sunil"; "Persad, Nicole"; "Persaud, Donnie - Debt Capital Markets"; Steen Hume (CAB); Saulnier, Brett; Olusoga, Yinka
Subject:	RE: Fair Hydro -- Change of Law Process Agreement
Date:	Thursday, December 07, 2017 10:29:07 AM

Please include Toby Whitfield on these emails too. Thanks.

From: Sebastiano, Rocco [mailto:RSebastiano@osler.com]
Sent: December 6, 2017 7:45 PM
To: Mansoori, Nina; 'ASHBOURNE, STEPHEN'; 'JON.VINER@blakes.com'; 'JA.PRESTAGE@blakes.com'
Cc: Kandeepan, Ken (OFA); 'LADAK Lubna -TREASURY'; Strathy, Anna (OFA); Veinot, Cindy (TBS); McKinlay, Tom (MAG); Donaldson, Mark (TBS); Cayley, Daniel (ENERGY); Thouin, Alena (ENERGY); Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Milligan, Peter; Fullerton, Rick; Mayman, Gadi (OFA); Manning, Mike (OFA); Hanslep, Malle (MOF); 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; Hume, Steen (ENERGY); Saulnier, Brett; Olusoga, Yinka
Subject: RE: Fair Hydro -- Change of Law Process Agreement

I have reviewed the revised draft of the Change of Law Process Agreement that Torys has prepared and would like to pass along the following comments/observations:

1. The change of the definition of Breach Event in Section 6.01 (i.e., the change to clause (a) and the addition of clause (b)) will result in an inconsistency with section 7.01(b) of the Change of Law Protection Agreement. This will require further consideration.

2. The right of the Province to issue an objection notice under Section 3.04(b) in connection with a Transaction Document provided to the Province which is required for a Refinancing of an Approved Obligation remains an outstanding issue. Clearly, this will depend upon what Adherence Conditions will be required under Section 4.02 of the Change of Law Protection Agreement in order to permit such Refinancing to become an Approved Obligation. If the Adherence Conditions set out in Section 4.02(a) of the Province's draft of the Change of Law Protection Agreement of December 4 were to apply to such Refinancing, to the extent that such refinancing required a change to a Transaction Document (e.g., as a result of a change to some rating agency condition or criteria), the Province's ability to issue an objection notice and thereby prevent the issuance of a Process Certificate under Section 3.01 (by virtue of Section 3.04) would have the effect of preventing a Refinancing. We trust that this was an unintended outcome of the drafting of Section 3.04 and/or the Adherence Conditions applicable to Refinancings.

3. Given that the Indenture Trustee is not a party to the Change of Law Process Agreement, the Province and OPG can amend the terms and conditions of this agreement without the consent of the indenture Trustee. Specified Creditors under an Approved Obligation need to be assured that the Province cannot prevent a Refinancing of an Approved Obligation either by virtue of the objection notice discussed in point #2 above or as a result of a future amendment to the agreement. There are a couple of ways to deal with this point. The first is to a add a beneficiary/third party rights clause in the Change of Law Process Agreement which acknowledges that the Indenture Trustee is a beneficiary of certain provisions of this agreement and as a result, the agreement cannot be amended without the consent of the Indenture Trustee. The second is to ensure that the Adherence Conditions relating to Refinancings under the Change of Law Protection Agreement are not dependent upon the terms of the Change of Law Process Agreement. In light of the desire to not disclose the terms and conditions of the Change of Law Process Agreement to the rating agencies, especially at this late

stage in the process, we would expect that the latter approach would be preferable.
Regards, Rocco

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: Wednesday, December 06, 2017 4:38 PM
To: 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>; 'JON.VINER@blakes.com' <JON.VINER@blakes.com>; 'JA.PRESTAGE@blakes.com' <JA.PRESTAGE@blakes.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Mansoori, Nina <nmansoori@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>
Subject: Fair Hydro -- Change of Law Process Agreement

Blakes team,

Please find attached OPG and Torys' comments on the Process Agreement reflecting our discussions from yesterday's call. Please note that this draft is subject to continuing review and comment by Osler and the dealers. As discussed at the tail end of our call yesterday, the section in the Process Agreement that gives the Province the right to object to new and material changes to transaction documents dovetails with the Protection Agreement so additional comments from Oslers may be forthcoming on this draft.

We are working on getting you a revised draft of the Protection Agreement either later today or tomorrow. In the meantime, please let us know if you have any comments or questions on the Process Agreement.

Best Regards,
Nina

Nina Mansoori
P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com[torys.com]

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****

From:	Hanslep, Malle (MOF)
To:	Mansoori, Nina; "ASHBOURNE, STEPHEN"; "JON.VINER@blakes.com"; "JA.PRESTAGE@blakes.com"
Cc:	Ken Kandeepan; "LADAK Lubna -TREASURY"; Anna Strathy; Veinot, Cindy (TBS); Tom McKinlay (MAG); Mark Donaldson (MOF); Daniel Cayley (ENERGY); Thouin, Alena (ENERGY); Ramchandani, Rima; "LEE John -TREASURY"; "RYFA Ken -TREASURY"; "HAHN PARKER Janet -TREASURY"; "MAUTI John -FIN & C CTRL"; "LAURETA LAPIRA May -TREASURY"; Feldman, Michael; "WONG Leslie -LAWDIV"; Tobias P. Whitfield (MOF); "Sebastiano, Rocco"; "Milligan, Peter"; "Fullerton, Rick"; Gadi Mayman; Mike Manning; "ian.benaiah@rbccm.com"; "Khan, Nur (nur.khan@rbccm.com)"; "brent.r.taylor@rbccm.com"; "katrina.niehaus@gs.com"; "brian.delaney@gs.com"; "Maciel, Andrew"; "Adalja, Sunil"; "Persad, Nicole"; "Persaud, Donnie - Debt Capital Markets"; Steen Hume (CAB); Saulnier, Brett; Olusoga, Yinka
Subject:	RE: Fair Hydro -- Change of Law Process Agreement
Date:	Thursday, December 07, 2017 10:28:31 AM

Hi all,
I have added Toby Whitfield to this group email. Please include him on future emails – for some reason his name dropped off. Thanks.
Malle

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: December 6, 2017 4:38 PM
To: 'ASHBOURNE, STEPHEN'; 'JON.VINER@blakes.com'; 'JA.PRESTAGE@blakes.com'
Cc: Kandeepan, Ken (OFA); 'LADAK Lubna -TREASURY'; Strathy, Anna (OFA); Veinot, Cindy (TBS); McKinlay, Tom (MAG); Donaldson, Mark (TBS); Cayley, Daniel (ENERGY); Thouin, Alena (ENERGY); Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; 'Sebastiano, Rocco'; 'Milligan, Peter'; 'Fullerton, Rick'; Mayman, Gadi (OFA); Manning, Mike (OFA); Hanslep, Malle (MOF); 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; Hume, Steen (ENERGY); Mansoori, Nina; Saulnier, Brett; Olusoga, Yinka
Subject: Fair Hydro -- Change of Law Process Agreement

Blakes team,
Please find attached OPG and Torys' comments on the Process Agreement reflecting our discussions from yesterday's call. Please note that this draft is subject to continuing review and comment by Osler and the dealers. As discussed at the tail end of our call yesterday, the section in the Process Agreement that gives the Province the right to object to new and material changes to transaction documents dovetails with the Protection Agreement so additional comments from Oslers may be forthcoming on this draft.
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Best Regards,
Nina

Nina Mansoori
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From:	Sebastiano, Rocco
To:	Mansoori, Nina; "ASHBOURNE, STEPHEN"; "JON.VINER@blakes.com"; "JA.PRESTAGE@blakes.com"
Cc:	Ken Kandeepan; "LADAK Lubna -TREASURY"; Anna Strathy; "Veinot, Cindy (TBS)"; Tom McKinlay (MAG); Mark Donaldson (MOF); Daniel Cayley (ENERGY); "Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)"; Ramchandani, Rima; "LEE John -TREASURY"; "RYFA Ken -TREASURY"; "HAHN PARKER Janet -TREASURY"; "MAUTI John -FIN & C CTRL"; "LAURETA LAPIRA May -TREASURY"; Feldman, Michael; "WONG Leslie -LAWDIV"; Milligan, Peter; Fullerton, Rick; Gadi Mayman; Mike Manning; Malle Hanslep (MOF); "ian.benaiah@rbccm.com"; "Khan, Nur (nur.khan@rbccm.com)"; "brent.r.taylor@rbccm.com"; "katrina.niehaus@gs.com"; "brian.delaney@gs.com"; "Maciel, Andrew"; "Adalja, Sunil"; "Persad, Nicole"; "Persaud, Donnie - Debt Capital Markets"; Steen Hume (CAB); Saulnier, Brett; Olusoga, Yinka
Subject:	RE: Fair Hydro -- Change of Law Process Agreement
Date:	Wednesday, December 06, 2017 7:44:54 PM

I have reviewed the revised draft of the Change of Law Process Agreement that Torys has prepared and would like to pass along the following comments/observations:

1. The change of the definition of Breach Event in Section 6.01 (i.e., the change to clause (a) and the addition of clause (b)) will result in an inconsistency with section 7.01(b) of the Change of Law Protection Agreement. This will require further consideration.

2. The right of the Province to issue an objection notice under Section 3.04(b) in connection with a Transaction Document provided to the Province which is required for a Refinancing of an Approved Obligation remains an outstanding issue. Clearly, this will depend upon what Adherence Conditions will be required under Section 4.02 of the Change of Law Protection Agreement in order to permit such Refinancing to become an Approved Obligation. If the Adherence Conditions set out in Section 4.02(a) of the Province's draft of the Change of Law Protection Agreement of December 4 were to apply to such Refinancing, to the extent that such refinancing required a change to a Transaction Document (e.g., as a result of a change to some rating agency condition or criteria), the Province's ability to issue an objection notice and thereby prevent the issuance of a Process Certificate under Section 3.01 (by virtue of Section 3.04) would have the effect of preventing a Refinancing. We trust that this was an unintended outcome of the drafting of Section 3.04 and/or the Adherence Conditions applicable to Refinancings.

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Regards, Rocco

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: Wednesday, December 06, 2017 4:38 PM
To: 'ASHBOURNE, STEPHEN' ; 'JON.VINER@blakes.com' ; 'JA.PRESTAGE@blakes.com'
Cc: 'Ken Kandeepan' ; 'LADAK Lubna -TREASURY' ; 'Anna Strathy' ; 'Veinot, Cindy (TBS)' ; 'McKinlay, Tom (MAG)' ; 'Donaldson, Mark (TBS)' ; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' ; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' ; Ramchandani, Rima ; 'LEE John -TREASURY' ; 'RYFA Ken -TREASURY' ; 'HAHN PARKER Janet -TREASURY' ; 'MAUTI John -FIN & C CTRL' ; 'LAURETA LAPIRA May -TREASURY' ; Feldman, Michael ; 'WONG Leslie -LAWDIV' ; Sebastiano, Rocco ; Milligan, Peter ; Fullerton, Rick ; 'Mayman, Gadi (OFA)' ; 'Manning, Mike (OFA)' ; 'Hanslep, Malle (MOF)' ; 'ian.benaiah@rbccm.com' ; 'Khan, Nur (nur.khan@rbccm.com)' ; 'brent.r.taylor@rbccm.com' ;

'katrina.niehaus@gs.com' ; 'brian.delaney@gs.com' ; 'Maciel, Andrew' ; 'Adalja, Sunil' ; 'Persad, Nicole' ; 'Persaud, Donnie - Debt Capital Markets' ; 'Steen Hume (CAB)' ; Mansoori, Nina ; Saulnier, Brett ; Olusoga, Yinka
Subject: Fair Hydro -- Change of Law Process Agreement
Blakes team,
Please find attached OPG and Torys' comments on the Process Agreement reflecting our discussions from yesterday's call. Please note that this draft is subject to continuing review and comment by Osler and the dealers. As discussed at the tail end of our call yesterday, the section in the Process Agreement that gives the Province the right to object to new and material changes to transaction documents dovetails with the Protection Agreement so additional comments from Oslers may be forthcoming on this draft.
We are working on getting you a revised draft of the Protection Agreement either later today or tomorrow. In the meantime, please let us know if you have any comments or questions on the Process Agreement.
Best Regards,
Nina
Nina Mansoori
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Toronto, Ontario M5K 1N2 Canada | www.torys.com[torys.com]

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****

From:	Sebastiano, Rocco
To:	ASHBOURNE, STEPHEN; Mansoori, Nina
Cc:	Ken Kandeepan; "LADAK Lubna -TREASURY"; Anna Strathy; "Veinot, Cindy (TBS)"; Tom McKinlay (MAG); Mark Donaldson (MOF); Daniel Cayley (ENERGY); "Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)"; Ramchandani, Rima; "LEE John -TREASURY"; "RYFA Ken -TREASURY"; "HAHN PARKER Janet -TREASURY"; "MAUTI John -FIN & C CTRL"; "LAURETA LAPIRA May -TREASURY"; Feldman, Michael; "WONG Leslie -LAWDIV"; Milligan, Peter; Fullerton, Rick; Gadi Mayman; Mike Manning; Malle Hanslep (MOF); "ian.benaiah@rbccm.com"; "Khan, Nur (nur.khan@rbccm.com)"; "brent.r.taylor@rbccm.com"; "katrina.niehaus@gs.com"; "brian.delaney@gs.com"; "Maciel, Andrew"; "Adalja, Sunil"; "Persad, Nicole"; "Persaud, Donnie - Debt Capital Markets"; Steen Hume (CAB); Saulnier, Brett; Olusoga, Yinka; Tobias P. Whitfield (MOF); PALMER, AARON; VINER, JON; PRESTAGE, JA
Subject:	RE: Fair Hydro -- Change of Law Process Agreement
Date:	Friday, December 08, 2017 1:01:38 PM

We will need to schedule a meeting to discuss the revisions and outstanding issues under the Change of Law Process Agreement. While we appreciate the desire to get this agreement and the Change of Law Protection Agreement finalized as quickly as possible, on behalf of the Dealers, we are not signed off on this revised draft of the Change of Law Process Agreement. In particular, subject to the resolution of the issue of the Adherence Conditions applicable to a Refinancing, we are not in agreement with the language in Section 3.04(b) relating to the Province's right to object to Reference Documentation as this right to object is not qualified in any way (for example, it is not even qualified by reference to the change to the Transaction Document(s) having a Material Effect as set out in revised section 2.01(b)(i)).
Regards, Rocco

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: Thursday, December 07, 2017 4:27 PM
To: Sebastiano, Rocco ; Mansoori, Nina
Cc: 'Ken Kandeepan' ; 'LADAK Lubna -TREASURY' ; 'Anna Strathy' ; 'Veinot, Cindy (TBS)' ; 'McKinlay, Tom (MAG)' ; 'Donaldson, Mark (TBS)' ; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' ; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' ; Ramchandani, Rima ; 'LEE John -TREASURY' ; 'RYFA Ken -TREASURY' ; 'HAHN PARKER Janet -TREASURY' ; 'MAUTI John -FIN & C CTRL' ; 'LAURETA LAPIRA May -TREASURY' ; Feldman, Michael ; 'WONG Leslie -LAWDIV' ; Milligan, Peter ; Fullerton, Rick ; 'Mayman, Gadi (OFA)' ; 'Manning, Mike (OFA)' ; 'Hanslep, Malle (MOF)' ; 'ian.benaiah@rbccm.com' ; 'Khan, Nur (nur.khan@rbccm.com)' ; 'brent.r.taylor@rbccm.com' ; 'katrina.niehaus@gs.com' ; 'brian.delaney@gs.com' ; 'Maciel, Andrew' ; 'Adalja, Sunil' ; 'Persad, Nicole' ; 'Persaud, Donnie - Debt Capital Markets' ; 'Steen Hume (CAB)' ; Saulnier, Brett ; Olusoga, Yinka ; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) ; PALMER, AARON ; VINER, JON ; PRESTAGE, JA
Subject: RE: Fair Hydro -- Change of Law Process Agreement
Hi,
Please find (attached) a further turn of the Change of Law Process Agreement, reflecting the Province's comments on the mark-up of the Agreement circulated yesterday afternoon by Torys. The attached blackline shows changes made to yesterday's Torys mark-up.
This version addresses concerns Rocco raised last night, to the extent the Province feels that the issues can be accommodated. For your information, I have set out below responses to Rocco's comments/observations (in CAPs).
The Province would like to proceed with the Ministers briefing early next week, on the basis that this version (minus the explanatory notes) is now in final form. If there are any critical revisions that the other parties believe reflect 'must have' priority, then the Province would like to have a call to discuss them as soon as possible.
Responses to Rocco's Points:
1. The change of the definition of Breach Event in Section 6.01 (i.e., the change to clause (a) and the addition of clause (b)) will result in an inconsistency with section 7.01(b) of the Change of Law Protection Agreement. This will require further consideration. [AGREED. 7.01(b) and 7.01(c) WILL NEED TO MIRROR THE CURE LANGUAGE WE SETTLE ON IN THE PROCESS

AGREEMENT (SEE MY EARLIER COMMENTS). PERHAPS THE “which continues …” LANGUAGE IN 7.01(B) CAN BE REVISED TO READ: “to the extent that the Province would be entitled to provide a Suspension Notice in accordance with the terms of the agreement or agreements between the Province and OPG under which such obligations, requirements and processes arise”. SIMILAR CHANGE FOR 7.01(C).

2. The right of the Province to issue an objection notice under Section 3.04(b) in connection with a Transaction Document provided to the Province which is required for a Refinancing of an Approved Obligation remains an outstanding issue. Clearly, this will depend upon what Adherence Conditions will be required under Section 4.02 of the Change of Law Protection Agreement in order to permit such Refinancing to become an Approved Obligation. If the Adherence Conditions set out in Section 4.02(a) of the Province’s draft of the Change of Law Protection Agreement of December 4 were to apply to such Refinancing, to the extent that such refinancing required a change to a Transaction Document (e.g., as a result of a change to some rating agency condition or criteria), the Province’s ability to issue an objection notice and thereby prevent the issuance of a Process Certificate under Section 3.01 (by virtue of Section 3.04) would have the effect of preventing a Refinancing. We trust that this was an unintended outcome of the drafting of Section 3.04 and/or the Adherence Conditions applicable to Refinancings. [THAT IS THE INTENDED EFFECT. THE ADHERENCE CONDITIONS WOULD APPLY TO THE REFINANCING, SO IF THE REFINANCING TERMS DEVIATED MATERIALLY (BASED ON THE SUBSTANTIALLY IN THE FORM” THRESHOLD”), THEN OPG WOULD REQUIRE THE PROVINCE NOT TO OBJECT IN ORDER TO PROCEED WITH THOSE NEW TERMS. OTHERWISE, THE REFINANCING COULD INCORPORATE TERMS AND CONDITIONS, WHICH WOULD BIND THE PROVINCE UNDER THE LIMITED GUARANTEE, THAT WOULD BE UNCONSTRAINED AND WITHOUT ANY ACCOUNTABILITY TO THE PROVINCE. IN ROCCO’S EXAMPLE, THAT MIGHT MEAN THAT OPG WOULD NEED TO RESORT TO UNRATED DEBT, IF THE PROVINCE WAS UNWILLING TO ACCEPT THE NEW TERMS. PRESUMABLY EVERYONE WOULD ACT RATIONALLY. HOWEVER, AS A FAILSAFE, OPG COULD OFFER INCREASED PRICING IN ORDER TO ATTRACT INVESTORS TO ACCEPT THE EARLIER VETTED TERMS (BASED ON THE THEN ACCEPTED REVIEWED DOCUMENTATION).]

3. Given that the Indenture Trustee is not a party to the Change of Law Process Agreement, the Province and OPG can amend the terms and conditions of this agreement without the consent of the indenture Trustee. Specified Creditors under an Approved Obligation need to be assured that the Province cannot prevent a Refinancing of an Approved Obligation either by virtue of the objection notice discussed in point #2 above or as a result of a future amendment to the agreement. There are a couple of ways to deal with this point. The first is to a add a beneficiary/third party rights clause in the Change of Law Process Agreement which acknowledges that the Indenture Trustee is a beneficiary of certain provisions of this agreement and as a result, the agreement cannot be amended without the consent of the Indenture Trustee. The second is to ensure that the Adherence Conditions relating to Refinancings under the Change of Law Protection Agreement are not dependent upon the terms of the Change of Law Process Agreement. In light of the desire to not disclose the terms and conditions of the Change of Law Process Agreement to the rating agencies, especially at this late stage in the process, we would expect that the latter approach would be preferable. [THE SUGGESTION REGARDING THE PROVINCE PREVENTING A REFINANCING IS ADDRESSED IN #2. IF THE REFINANCING TERMS WOULD EXCEED THE SCOPE OF THE TRANSACTION DOCUMENTS REVIEWED AND NOT OBJECTED TO BY THE PROVINCE, THEN THAT SUGGESTS THERE IS A MATERIAL EFFECT ON THE PROVINCE AND SO THE PROVINCE WOULD NEED THE ABILITY TO REVIEW AND CONSIDER THE PROPRIETY OF THOSE NEW TERMS FROM ITS PERSPECTIVE. AS FOR THE STANDALONE NATURE OF THE PROCESS AGREEMENT, THE INTENTION IS THAT THE PROCESS AGREEMENT BE UNCOUPLED AND NOT PART OF THE COLLATERAL, AND AS MICHAEL FELDMAN HAS EXPLAINED, LEAVE FUTURE FLEXIBILITY FOR THIS LONG-TERM STRUCTURE. TO ADDRESS ROCCO’S CONCERN THAT THE PROVINCE AND OPG COULD CHANGE THE UNDERLYING OBLIGATIONS APPLICABLE TO

ADHERENCE IN RELATION TO A NEW OBLIGATION, REQUIREMENT OR PROCESS IN THE PROCESS AGREEMENT THAT WOULD MAKE A REFINANCING LESS LIKELY TO OCCUR, WE HAVE ADDED AND USED IN THE ATTACHED VERSION A NEW DEFFINTION:

> "Approved Refinancing" means a Certified Primary Obligation proposed to be incurred as a Refinancing of an existing Certified Primary Obligation in respect of which the Adherence Conditions had been satisfied on the date such existing Certified Primary Obligation was incurred, that, at the time of incurrence, satisfies each of each of the Adherence Conditions except that the certificate contemplated to be delivered under Section 4.02(b) shall instead confirm that OPG has delivered to the Province a certificate by its applicable officers confirming that OPG would be in compliance with all obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the proposed Certified Primary Obligation that applied as between the Province and OPG on the date of issuance of such existing Certified Primary Obligation." Various references to "Refinancing" in the Protection Agreement can also be revised to refer to "Approved Refinancing", as required.

Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

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From: Sebastiano, Rocco [mailto:RSebastiano@osler.com]
Sent: Wednesday, December 06, 2017 7:45 PM
To: Mansoori, Nina; ASHBOURNE, STEPHEN; VINER, JON; PRESTAGE, JA
Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Milligan, Peter; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Saulnier, Brett; Olusoga, Yinka
Subject: RE: Fair Hydro -- Change of Law Process Agreement

I have reviewed the revised draft of the Change of Law Process Agreement that Torys has prepared and would like to pass along the following comments/observations:

1. The change of the definition of Breach Event in Section 6.01 (i.e., the change to clause (a) and the

addition of clause (b)) will result in an inconsistency with section 7.01(b) of the Change of Law Protection Agreement. This will require further consideration.
2. The right of the Province to issue an objection notice under Section 3.04(b) in connection with a Transaction Document provided to the Province which is required for a Refinancing of an Approved Obligation remains an outstanding issue. Clearly, this will depend upon what Adherence Conditions will be required under Section 4.02 of the Change of Law Protection Agreement in order to permit such Refinancing to become an Approved Obligation. If the Adherence Conditions set out in Section 4.02(a) of the Province's draft of the Change of Law Protection Agreement of December 4 were to apply to such Refinancing, to the extent that such refinancing required a change to a Transaction Document (e.g., as a result of a change to some rating agency condition or criteria), the Province's ability to issue an objection notice and thereby prevent the issuance of a Process Certificate under Section 3.01 (by virtue of Section 3.04) would have the effect of preventing a Refinancing. We trust that this was an unintended outcome of the drafting of Section 3.04 and/or the Adherence Conditions applicable to Refinancings.
3. Given that the Indenture Trustee is not a party to the Change of Law Process Agreement, the Province and OPG can amend the terms and conditions of this agreement without the consent of the indenture Trustee. Specified Creditors under an Approved Obligation need to be assured that the Province cannot prevent a Refinancing of an Approved Obligation either by virtue of the objection notice discussed in point #2 above or as a result of a future amendment to the agreement. There are a couple of ways to deal with this point. The first is to a add a beneficiary/third party rights clause in the Change of Law Process Agreement which acknowledges that the Indenture Trustee is a beneficiary of certain provisions of this agreement and as a result, the agreement cannot be amended without the consent of the Indenture Trustee. The second is to ensure that the Adherence Conditions relating to Refinancings under the Change of Law Protection Agreement are not dependent upon the terms of the Change of Law Process Agreement. In light of the desire to not disclose the terms and conditions of the Change of Law Process Agreement to the rating agencies, especially at this late stage in the process, we would expect that the latter approach would be preferable.
Regards, Rocco

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: Wednesday, December 06, 2017 4:38 PM
To: 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>; 'JON.VINER@blakes.com' <JON.VINER@blakes.com>; 'JA.PRESTAGE@blakes.com' <JA.PRESTAGE@blakes.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>;

Mansoori, Nina <nmansoori@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>
Subject: Fair Hydro -- Change of Law Process Agreement
Blakes team,
Please find attached OPG and Torys' comments on the Process Agreement reflecting our discussions from yesterday's call. Please note that this draft is subject to continuing review and comment by Osler and the dealers. As discussed at the tail end of our call yesterday, the section in the Process Agreement that gives the Province the right to object to new and material changes to transaction documents dovetails with the Protection Agreement so additional comments from Oslers may be forthcoming on this draft.
We are working on getting you a revised draft of the Protection Agreement either later today or tomorrow. In the meantime, please let us know if you have any comments or questions on the Process Agreement.
Best Regards,
Nina
Nina Mansoori
P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
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TORYS LLP[torys.com]

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****

From: Ken Kandeepan
To: Gadi Mayman
Cc: Anna Strathy; Mike Manning
Subject: RE: Fair Hydro -- Revised Program Agreements
Date: Wednesday, December 20, 2017 9:00:05 AM

I am limiting this email to just us in the OFA, do note that this is post protection event, so not sure how an individual note holder can blow up the program given that the protection event has already occurred and wouldn't the Province be taking over the debt in any event.
From Stephen's email: my highlight
" A recent proposed change to the Trust Indenture would have the effect of allowing any senior noteholder to require the indenture trustee to issue a demand under the Limited Guarantee, following a Protection Event".
Thanks
Ken K
-----Original Message-----
From: Gadi Mayman
Sent: Wednesday, December 20, 2017 8:56 AM
To: ASHBOURNE, STEPHEN
Cc: Malle Hanslep (MOF) ; Anna Strathy ; Mike Manning ; Ken Kandeepan ; Tobias P. Whitfield (MOF) ; Thouin, Alena (ENERGY) ; Tom McKinlay (MAG) ; PALMER, AARON
Subject: Re: Fair Hydro -- Revised Program Agreements
I just spoke to Ken H. He is meeting with Lee at 9 and will raise this with him, and now well aware of my considerable concern on potentially giving the power to a hedge fund to unilaterally blow this up. He was surprised that something of this nature would come up at such a late point in the process.
> On Dec 20, 2017, at 8:49 AM, Gadi Mayman <Gadi.Mayman@ofina.on.ca> wrote:
>
> Given the timing, let's do it both ways. I'll call Ken Hartwick right now. In case I don't get him, Mike or Ken, could you please call John.
>
>> On Dec 20, 2017, at 8:47 AM, ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com> wrote:
>>
>> Do you want me to take that forward, or would you prefer to raise it
>> with OPG at a business level? I sent a marker to Torys earlier to
>> say that this could be an issue. I suspect that you will get more
>> traction making this a business point. Thanks for the feedback.
>> Steve
>>
>> Stephen R. Ashbourne
>> Partner
>> stephen.ashbourne@blakes.com
>> Dir: 416-863-3086
>>
>>
>> -----Original Message-----

>> From: Gadi Mayman [mailto:Gadi.Mayman@ofina.on.ca]
>> Sent: Wednesday, December 20, 2017 8:44 AM
>> To: Malle Hanslep (MOF)
>> Cc: ASHBOURNE, STEPHEN; Anna Strathy; Mike Manning; Ken Kandeepan;
>> Tobias P. Whitfield (MOF); Thouin, Alena (ENERGY); Tom McKinlay
>> (MAG); PALMER, AARON
>> Subject: Re: Fair Hydro -- Revised Program Agreements
>>
>> My preference would be option 3, although I could live with option 2. I'm not worried about the banks trying to undermine the program as they have too great a financial interest in keeping it going, but the idea that an individual investor could trigger this is parallel to what my concern was when we were arguing about using the word material.
>>
>>> On Dec 20, 2017, at 8:32 AM, Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca> wrote:
>>>
>>> Steve
>>>
>>> Thanks for identifying this important issue
>>>
>>> Malle
>>>
>>> Sent from my BlackBerry 10 smartphone on the Rogers network.
>>> From: ASHBOURNE, STEPHEN
>>> Sent: Wednesday, December 20, 2017 08:21
>>> To: Mayman, Gadi (OFA); Strathy, Anna (OFA); Manning, Mike (OFA);
>>> Kandeepan, Ken (OFA)
>>> Cc: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Thouin, Alena
>>> (ENERGY); McKinlay, Tom (MAG); PALMER, AARON
>>> Subject: Fair Hydro -- Revised Program Agreements
>>>
>>>
>>> Gadi, Anna, Mike and Ken,
>>>
>>> A recent proposed change to the Trust Indenture would have the effect of allowing any senior noteholder to require the indenture trustee to issue a demand under the Limited Guarantee, following a Protection Event.
>>>
>>> Currently, the Trust Indenture generally allows the "Controlling Class Creditors" by ordinary resolution (>50%) to direct the Indenture Trustee to act (see s.8.11 of the Trust Indenture).
>>>
>>> Allowing any senior noteholder to trigger the Limited Guarantee obviously weakens the buffer and introduces more potential for games and investor opportunism. It could also muddle the incentives of the investors themselves, since any one senior noteholder could trigger the Limited Guarantee despite not being supported by the others.
>>>

>>> I suppose an exception could be made for a warehouse bank prior to term issues being completed, but I think it would be an error to extend this individual right to the broadest class of potential individual senior noteholders.
>>>
>>> FYI, the proposed change to the Trust Indenture (s. 13.12(c)) provides as follows:
>>>
>>> Upon the occurrence of a Protection Event, if a request has been made by the Issuer or any Controlling Class Creditor, the Indenture Trustee shall deliver a written demand to the Province requiring the Province to make payments on Obligations Secured pursuant to and in accordance with the Change of Law Protection Agreement. If, following such request, the Indenture Trustee does not deliver such written demand to the Province within 10 days of such request, any Controlling Class Creditor shall be entitled to deliver such written demand to the Province.
>>>
>>> Given the timing, I think you should take this forward at a business level, if you are troubled. The alternatives are:
>>>
>>>
>>> 1. Reject - leaving it that >50% support would be required to trigger the Limited Guarantee
>>>
>>> 2. Senior Warehouse only - allow for the individual right in the Warehouse Supplement (not the Trust Indenture), so it would apply only to the warehouse banks
>>>
>>> 3. Limited Senior Warehouse - same as 2, except only provide the right to warehouse banks only prior to the issuance of any non-warehouse senior debt
>>>
>>> 4. Concede.
>>>
>>> Torys is pushing for documents to be settled and signed by midday today, so we will need to act quickly.
>>>
>>> Please let me know what you think.
>>>
>>> Regards, Steve
>>>
>>>
>>> _____
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>>> [cid:imagef8ea61.GIF@871fc513.45bcba6f]
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>>>
>>>
>>> Blake, Cassels & Graydon LLP
>>> 199 Bay Street, Suite 4000, Toronto ON M5L 1A9
>>> Tel: 416-863-2400 Fax: 416-863-2653
>>> blakes.com

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>>>
>>>
>>> From: Saulnier, Brett [mailto:bsaulnier@torys.com]
>>> Sent: Tuesday, December 19, 2017 6:32 PM
>>> To: Alena.Thouin@ontario.ca>;
>>> Malle.Hanslep@ontario.ca>;
>>> Tobias.Whitfield@ontario.ca>;
>>> Tom.McKinlay@ontario.ca>; ASHBOURNE,
>>> STEPHEN; VINER, JON; PRESTAGE, JA; PALMER, AARON

>>> Cc: 'leslie.wong@opg.com';
>>> dup-john.s.lee@opg.com>;
>>> 'ken.ryfa@opg.com'; Feldman, Michael; Ramchandani, Rima; Mansoori,
>>> Nina; Olusoga, Yinka
>>> Subject: Fair Hydro -- Revised Program Agreements
>>>
>>> All,
>>>
>>> Please find attached the latest drafts of the following documents, together with blacklines against the versions last circulated:
>>>
>>>
>>> 1. Management Agreement
>>>
>>> 2. Declaration of Trust
>>>
>>> 3. MTSA
>>>
>>> 4. IESO Security Agreement
>>>
>>> 5. OPG Indemnity
>>>
>>> 6. IESO Indemnity
>>>
>>> 7. Change of Law Protection Agreement
>>>
>>> 8. Change of Law Process Agreement
>>>
>>> 9. Master Trust Indenture
>>>
>>> 10. Warehouse Senior Supplemental Indenture
>>>
>>> 11. Warehouse Subordinated Supplemental Indenture
>>>
>>> 12. Warehouse Junior Subordinated Supplemental Indenture
>>>
>>> Thanks,
>>> Brett
>>>
>>> Brett Saulnier
>>> P. 416.865.8148 | F. 416.865.7380 | 1.800.505.8679
>>> 79 Wellington St. W., 30th Floor, Box 270, TD South Tower Toronto,
>>> Ontario M5K 1N2 Canada |
>>> www.torys.com.
>>> torys.com&d=DwIF-g&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=O

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>>> LLP]
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>>>
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>> _____
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>>
>>

From:	ASHBOURNE, STEPHEN
To:	Gadi Mayman; Malle Hanslep (MOF)
Cc:	Anna Strathy; Mike Manning; Ken Kandeepan; Tobias P. Whitfield (MOF); Thouin, Alena (ENERGY); Tom McKinlay (MAG); PALMER, AARON
Subject:	RE: Fair Hydro -- Revised Program Agreements
Date:	Wednesday, December 20, 2017 8:47:55 AM

Do you want me to take that forward, or would you prefer to raise it with OPG at a business level? I sent a marker to Torys earlier to say that this could be an issue. I suspect that you will get more traction making this a business point. Thanks for the feedback. Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

-----Original Message-----
From: Gadi Mayman [mailto:Gadi.Mayman@ofina.on.ca]
Sent: Wednesday, December 20, 2017 8:44 AM
To: Malle Hanslep (MOF)
Cc: ASHBOURNE, STEPHEN; Anna Strathy; Mike Manning; Ken Kandeepan; Tobias P. Whitfield (MOF); Thouin, Alena (ENERGY); Tom McKinlay (MAG); PALMER, AARON
Subject: Re: Fair Hydro -- Revised Program Agreements

My preference would be option 3, although I could live with option 2. I'm not worried about the banks trying to undermine the program as they have too great a financial interest in keeping it going, but the idea that an individual investor could trigger this is parallel to what my concern was when we were arguing about using the word material.

> On Dec 20, 2017, at 8:32 AM, Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca> wrote:
>
> Steve
>
> Thanks for identifying this important issue
>
> Malle
>
> Sent from my BlackBerry 10 smartphone on the Rogers network.
> From: ASHBOURNE, STEPHEN
> Sent: Wednesday, December 20, 2017 08:21
> To: Mayman, Gadi (OFA); Strathy, Anna (OFA); Manning, Mike (OFA);
> Kandeepan, Ken (OFA)
> Cc: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Thouin, Alena
> (ENERGY); McKinlay, Tom (MAG); PALMER, AARON
> Subject: Fair Hydro -- Revised Program Agreements
>
>
> Gadi, Anna, Mike and Ken,
>
> A recent proposed change to the Trust Indenture would have the effect of allowing any senior noteholder to require the indenture trustee to issue a demand under the Limited Guarantee, following a Protection Event.
>
> Currently, the Trust Indenture generally allows the "Controlling Class Creditors" by ordinary resolution (>50%) to direct the Indenture Trustee to act (see s.8.11 of the Trust Indenture).
>
> Allowing any senior noteholder to trigger the Limited Guarantee obviously weakens the buffer and introduces

more potential for games and investor opportunism. It could also muddle the incentives of the investors themselves, since any one senior noteholder could trigger the Limited Guarantee despite not being supported by the others.
>
> I suppose an exception could be made for a warehouse bank prior to term issues being completed, but I think it would be an error to extend this individual right to the broadest class of potential individual senior noteholders.
>
> FYI, the proposed change to the Trust Indenture (s. 13.12(c)) provides as follows:
>
> Upon the occurrence of a Protection Event, if a request has been made by the Issuer or any Controlling Class Creditor, the Indenture Trustee shall deliver a written demand to the Province requiring the Province to make payments on Obligations Secured pursuant to and in accordance with the Change of Law Protection Agreement. If, following such request, the Indenture Trustee does not deliver such written demand to the Province within 10 days of such request, any Controlling Class Creditor shall be entitled to deliver such written demand to the Province.
>
> Given the timing, I think you should take this forward at a business level, if you are troubled. The alternatives are:
>
>
> 1. Reject - leaving it that >50% support would be required to trigger the Limited Guarantee
>
> 2. Senior Warehouse only - allow for the individual right in the Warehouse Supplement (not the Trust Indenture), so it would apply only to the warehouse banks
>
> 3. Limited Senior Warehouse - same as 2, except only provide the right to warehouse banks only prior to the issuance of any non-warehouse senior debt
>
> 4. Concede.
>
> Torys is pushing for documents to be settled and signed by midday today, so we will need to act quickly.
>
> Please let me know what you think.
>
> Regards, Steve
>
>
> _____
>
> [cid:imagef8ea61.GIF@871fc513.45bcba6f]
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>
>
> Blake, Cassels & Graydon LLP
> 199 Bay Street, Suite 4000, Toronto ON M5L 1A9
> Tel: 416-863-2400 Fax: 416-863-2653
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> akes.com_English_Resources_Bulletins_Pages_unsubscribe.aspx&d=DwIF-g&c
> =qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=OdoCVLs6i-6reBTUJh9PAGS
> fpmSjeJXGKKb9SzvJOII&m=Eq_7f3nKTBhP_OqKXQN5dHxEueZ_X1SJuDQ7BdgY034&s=E
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>
>
> From: Saulnier, Brett [mailto:bsaulnier@torys.com]
> Sent: Tuesday, December 19, 2017 6:32 PM
> To: Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>;
> Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>;
> Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>;
> Tom.McKinlay@ontario.ca<mailto:Tom.McKinlay@ontario.ca>; ASHBOURNE,
> STEPHEN; VINER, JON; PRESTAGE, JA; PALMER, AARON
> Cc: 'leslie.wong@opg.com';
> dup-john.s.lee@opg.com<mailto:dup-john.s.lee@opg.com>;
> 'ken.ryfa@opg.com'; Feldman, Michael; Ramchandani, Rima; Mansoori,
> Nina; Olusoga, Yinka
> Subject: Fair Hydro -- Revised Program Agreements
>
> All,
>
> Please find attached the latest drafts of the following documents, together with blacklines against the versions last circulated:
>
>
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> 2. Declaration of Trust
>
> 3. MTSA
>
> 4. IESO Security Agreement
>
> 5. OPG Indemnity
>
> 6. IESO Indemnity
>
> 7. Change of Law Protection Agreement
>
> 8. Change of Law Process Agreement
>
> 9. Master Trust Indenture
>
> 10. Warehouse Senior Supplemental Indenture
>
> 11. Warehouse Subordinated Supplemental Indenture
>
> 12. Warehouse Junior Subordinated Supplemental Indenture
>

> Thanks,
> Brett
>
> Brett Saulnier
> P. 416.865.8148 | F. 416.865.7380 | 1.800.505.8679
> 79 Wellington St. W., 30th Floor, Box 270, TD South Tower Toronto,
> Ontario M5K 1N2 Canada |
> www.torys.com<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.
> torys.com&d=DwIF-g&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=Odo
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> _X1SJuDQ7BdgY034&s=QoYo3yKzQZZsIqO8TeIlrb4z5HknXlbqFD_68fELbto&e= >
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> LLP]<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.torys.com
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>

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From: Mike Manning
To: Tobias P. Whitfield (MOF); Malle Hanslep (MOF); Ken Kandeepan; Gadi Mayman; Anna Strathy
Subject: RE: Fair Hydro -- Revised Program Agreements
Date: Monday, December 18, 2017 1:39:54 PM

Hi Toby:
Available for a call if you schedule.

Regards, Mike

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Monday, December 18, 2017 12:01 PM
To: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: RE: Fair Hydro -- Revised Program Agreements

I am reviewing these items, and wonder if people are available to schedule a call with Stephen this afternoon to discuss.

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Hanslep, Malle (MOF)
Sent: December 18, 2017 11:18 AM
To: Kandeepan, Ken (OFA); Manning, Mike (OFA); Mayman, Gadi (OFA); Strathy, Anna (OFA)
Cc: Whitfield, Tobias P. (MOF)
Subject: Fw: Fair Hydro -- Revised Program Agreements

Unfortunately I'm not in today but it does seem that some of these points need to be worked through.

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>
Sent: Monday, December 18, 2017 11:00
To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); McKinlay, Tom (MAG); Thouin, Alena (ENERGY)
Cc: PALMER, AARON
Subject: Fair Hydro -- Revised Program Agreements

Hi,

Based on our limited review of the changes to the attached financing documents (circulated by Torys), we thought the following points may be of interest to the Province:

- Several new Events of Default have been introduced in the Trust Indenture, which will give senior noteholders an acceleration right, including:

    - the Trust fails to maintain its existence or its status as a "financing entity" under the Act (as you will recall, we had some technical concerns regarding whether a "trust" fits the Act's description – and since this point was not specifically addressed, someone could make that technical argument to try to cause an acceleration of the Trust's obligations)

    - a Suspension Notice being delivered by the Province (this will significantly raise the stakes for the Province if it wishes to address OPG issues through the suspension mechanics of the Process Agreement – and it is not clear to us why this circumstance should be considered to be an event that necessarily accelerates the obligations of the Trust) – see 2017-1 Warehouse Supplemental, definition of Series 2017-1 Event of Default

    - any "Servicer Default" (e.g., an OPG or IESO insolvency event, or OPG failing to remit Clean Energy Adjustment collections to the Trust for 3 days after notice is given)

    - a provision in respect of aggregate drawings from the cash reserve account (if you are interested to understand this one, we will need Torys to explain because the drafting and intention is unclear (see Section 8.01(i)).

  There are also several instances where prior terms have been tightened or cure periods have been removed in the most recent drafting.

- The Protection Agreement subrogation provisions are now adequately reflected in the Trust Indenture, subject to a couple of technical points where the drafting does not precisely track Protection Agreement s. 2.01. We will provide Torys those clean-ups.

- A deeming provision has been added (Trust Indenture s. 12.02) that provides that if the Trust fails to deliver adherence certificates under the Protection Agreement, the Trust will be deemed to represent to the Indenture Trustee that the obligations incurred not to be Certified Primary Obligations (i.e., no adherence conditions to apply). It is unclear what this provision is meant to do generally, but its effect from the Province's standpoint may be that the Indenture Trustee may be less likely to enquire as to the requirements for adherence since they will have a safe harbour if no adherence certificate is in fact delivered. You will recall that we had worked to incorporate a failsafe mechanic so that the Indenture Trustee would know to ask for confirmation of adherence conditions. On the plus side, the conditions precedent in the Trust Indenture have now been revised so that new issuances by the Trust will pick-up the corresponding deliveries related to adherence under the Protection Agreement.

- There are a number of changes that reflect the relative composition of the Senior, Subordinated and Junior debt and related requirements (described below). These are beyond the scope of our review, but may be of interest to the Province to the extent that these changes relate to internal arrangements struck with OPG or impact accounting considerations.

- Several changes introduce an "IESO Cash Reserve Account" and related mechanics. These are beyond the scope of our review, but may be of interest to the Province to the extent that these changes may impact anticipated internal arrangements between IESO and OPG or impact accounting considerations.

- There is now (see Trust Indenture s. 13.08) a prohibition on incurring debt other than pursuant to the warehouse, where a refinancing would be needed to repay principal. During our Monday meeting, the suggestion had been that this sort of prohibition would be lifted upon satisfaction of the Rating Agency Condition – which practically would let OPG issue shorter maturities so long as the rating agencies were satisfied that the prospects for refinancing were sufficient. That opportunity is not reflected in the drafting, with the result that OPG will be effectively prevented from issuing shorter maturity debt – even if that would be the economically efficient outcome for the Trust. This is also self-benefiting for the warehouse banks since the prohibition exempts mismatch financings through the warehouse – entrenching the warehouse's singular importance in the funding scheme.

- The Process Agreement is now baked into some of the financing terms (e.g., 2017-1 Warehouse Supplemental Indenture, s.4.1(c) and 6.1(f)), making it more likely that the Process Agreement will be viewed at the relevant time as a "Program Agreement" – with the result that the Province's ability to agree to changes with OPG behind the scenes will be materially curtailed (see my notes on this point from last Thursday). Any change to a Program Agreement will require (pursuant to 2017-1 Warehouse Supplemental Indenture, s.6.01(e)), the consent of all of the warehouse banks (and in the future, possibly some % of Noteholders to be specified in the applicable future supplemental indenture).

Also, FYI, some additional colour on the Warehouse Financing has now been provided as a result of some blanks being completed in the Supplemental Indentures and Trust Indenture:

- Issuance could occur as soon as December 21. (Issuance may close two days after signing unless the note purchasers waive the two day notice requirement.)

- The Warehouse revolving period will run through December 2019, with principal repayment due Oct. 2021 if not prepaid and not extended

- No commitment size for the facility has yet been indicated and there is no indication who is in the lending syndicate (except that RBC is Admin Agent)

- The fee letter (which has not been provided) will specify the commitment fees and applicable margins above the BA Rate that will apply on Senior Warehouse Notes.

- Subordinated Warehouse Notes to be purchased by OPG will earn the average rate earned on Senior Warehouse Notes plus 0.10% per annum. Junior Subordinated Warehouse Notes to be purchased by OPG will earn the average rate earned on Senior Warehouse Notes plus [1.10%] per annum.

- The Trust Indenture now specifies that the required level of Subordinated Notes (subordinated plus junior subordinated) is 35% of the aggregate amount of Notes outstanding, and at least 10% of outstanding Notes must be Junior Subordinated

Notes. Based on the specified increase ratios in the Warehouse supplements, it appears that the actual breakdown will be approximately 50:39:10 (Senior:Subordinated:Junior).

- It appears that the intention is that there will be no cash reserve amounts required for the warehouse notes until May 2021. However, there appears to be unclear drafting in the Supplements s. 4.2(f)(ii) which could be read as suggesting that following any additional drawing on the warehouse facility (after Dec 2017) (an "Increase") all additional interest amounts arising from such Increase date out to May 2021 shall be pre-funded in a reserve account

- IESO will fund a reserve account in April 2021 with a reserve amount equal to 0.5% of outstanding Note principal.

We hope this high-level summary is useful for you. Please let us know if you would like to discuss any of these items or if you would like us to follow up directly with Torys on any of these points.

Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

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From: Saulnier, Brett [mailto:bsaulnier@torys.com]
Sent: Thursday, December 14, 2017 9:11 PM
To: Alena.Thouin@ontario.ca; Malle.Hanslep@ontario.ca; Tobias.Whitfield@ontario.ca;

Tom.McKinlay@ontario.ca; ASHBOURNE, STEPHEN; VINER, JON; PRESTAGE, JA; PALMER, AARON
Cc: 'leslie.wong@opg.com'; dup-john.s.lee@opg.com; 'ken.ryfa@opg.com'; Feldman, Michael; Ramchandani, Rima; Mansoori, Nina; Olusoga, Yinka
Subject: RE: Fair Hydro -- Revised Program Agreements

All,

Please find attached the latest drafts of the following documents:

1. Declaration of Trust
2. Management Agreement
3. Master Transfer and Servicing Agreement
4. IESO Security Agreement
5. IESO Acknowledgement and Indemnity Agreement
6. OPG Indemnity Agreement
7. Master Trust Indenture
8. Change of Law Protection Agreement
9. Change of Law Process Agreement
10. Warehouse Senior Supplemental Indenture
11. Warehouse Junior Supplemental Indenture
12. Warehouse Junior Subordinated Supplemental Indenture

Thanks,
Brett

Brett Saulnier
P. 416.865.8148 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com[torys.com]

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From: Whitfield, Tobias P. (MOF)
To: Malle Hanslep (MOF); Ken Kandeepan; Mike Manning; Gadi Mayman; Anna Strathy
Subject: RE: Fair Hydro -- Revised Program Agreements
Date: Monday, December 18, 2017 12:01:31 PM

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Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

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Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

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199 Bay Street, Suite 4000, Toronto ON M5L 1A9
Tel: 416-863-2400 Fax: 416-863-2653
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Blake, Cassels & Graydon LLP | Barristers & Solicitors | Patent & Trade-mark Agents
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From: Saulnier, Brett [mailto:bsaulnier@torys.com]
Sent: Thursday, December 14, 2017 9:11 PM
To: Alena.Thouin@ontario.ca; Malle.Hanslep@ontario.ca; Tobias.Whitfield@ontario.ca; Tom.McKinlay@ontario.ca; ASHBOURNE, STEPHEN; VINER, JON; PRESTAGE, JA; PALMER, AARON
Cc: 'leslie.wong@opg.com'; dup-john.s.lee@opg.com; 'ken.ryfa@opg.com'; Feldman, Michael; Ramchandani, Rima; Mansoori, Nina; Olusoga, Yinka
Subject: RE: Fair Hydro -- Revised Program Agreements

All,

Please find attached the latest drafts of the following documents:

1. Declaration of Trust
2. Management Agreement
3. Master Transfer and Servicing Agreement
4. IESO Security Agreement
5. IESO Acknowledgement and Indemnity Agreement
6. OPG Indemnity Agreement
7. Master Trust Indenture
8. Change of Law Protection Agreement
9. Change of Law Process Agreement
10. Warehouse Senior Supplemental Indenture
11. Warehouse Junior Supplemental Indenture
12. Warehouse Junior Subordinated Supplemental Indenture

Thanks,
Brett

Brett Saulnier
P. 416.865.8148 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com[torys.com]

TORYS LLP[torys.com]

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From:	ASHBOURNE, STEPHEN
To:	Feldman, Michael
Cc:	PALMER, AARON; Gadi Mayman; Mike Manning; Ken Kandeepan; Malle Hanslep (MOF); Tobias P. Whitfield (MOF)
Subject:	RE: Fair Hydro -- Revised Program Agreements
Date:	Wednesday, December 20, 2017 2:28:30 PM

Thanks for the update, Michael. I understand from the Province that this approach is fine to close the warehouse. Before term notes are issued, the Province may want to revisit whether individual warehouse banks ought to have these rights. Please forward the proposed language when it's ready. Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

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From: Feldman, Michael [mailto:mfeldman@torys.com]
Sent: Wednesday, December 20, 2017 1:26 PM
To: ASHBOURNE, STEPHEN
Cc: Feldman, Michael; PALMER, AARON
Subject: FW: Fair Hydro -- Revised Program Agreements

Stephen,
This proposal has been discussed with OPG and John Lee has discussed with Mike manning and it looks like this is the way we are going to go in order to close today.
I hope to be able to send you drafting specifics shortly.

Michael K. Feldman
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Toronto, Ontario M5K 1N2 Canada | www.torys.com[torys.com]

TORYS LLP[torys.com]

From: Sebastiano, Rocco [mailto:RSebastiano@osler.com]
Sent: December-20-17 12:29 PM
To: Feldman, Michael <mfeldman@torys.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>
Cc: Ramchandani, Rima <rramchandani@torys.com>; Mansoori, Nina <nmansoori@torys.com>;

Olusoga, Yinka <yolusoga@torys.com>
Subject: RE: Fair Hydro -- Revised Program Agreements
I just got off the phone with the Dealers. Here is our compromise position which has been discussed with John.
In the first instance, any warehouse lender can instruct the Indenture Trustee. With all of other Controlling Class Creditors, they would require an Ordinary Resolution to instruct the Indenture Trustee. If the indenture Trustee does not act per the instructions, any warehouse lender or any Controlling Class Creditor can take action to enforce.
Even if the Province were to agree, we need to run this down with the Rating Agencies.
And yes, I agree that we should add a notwithstanding clause in the lead-in to section 13.12.
Regards, Rocco

From: Feldman, Michael [mailto:mfeldman@torys.com]
Sent: Wednesday, December 20, 2017 11:12 AM
To: Sebastiano, Rocco <RSebastiano@osler.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>
Cc: Ramchandani, Rima <rramchandani@torys.com>; Mansoori, Nina <nmansoori@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Feldman, Michael <mfeldman@torys.com>
Subject: RE: Fair Hydro -- Revised Program Agreements
Rocco, Peter and Rick,
A couple of technical observations:
1. Section 13.12(c) does not dovetail well with section 8.12 (the section that limits the rights of Specified Creditors to take their own actions). I think the second sentence of 13.12(c) should have added to it a “notwithstanding section 8.12”, whether the first sentence of 13.12(c) requires an Ordinary Resolution or not. Once the required authorization is obtained under the first sentence of 13.12(c), in order to permit any Controlling Class Creditor to act if the indenture Trustee does not (for example, if the Indenture Trustee does not receive an acceptable indemnity as per 8.12(c)), if the intention is that the Controlling Class Creditor can make the demand without waiting the 60 days required by 8.12(d) then we need the “notwithstanding” clause.
2. It may be worth noting that certain Events of Default require (those in 8.01 (c), (d) and (g)) require approval by holders of at least 25% of the Controlling Class Obligations. It is impossible to tell if this is better or worse for individual Controlling Class Creditors than an Ordinary Resolution would be. It would be a much lower threshold if the desire is to act by written instrument (as a written instrument for an Ordinary Resolution requires 50%) but whether it ends up being a higher or lower threshold if the question goes to a meeting depends on how many creditors show up at the meeting or send proxies.
3. The Province has made it clear that there will be no deal if any individual Controlling Class Creditor is to have the right to assert that a Protection Event has occurred so in order to go forward some form of compromise will be needed. Where do things stand with the Dealers right now ?
Michael K. Feldman
P. 416.865.7513 | F. 416.865.7380 | 1.800.505.8679

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From:	Hanslep, Malle (MOF)
To:	Mansoori, Nina; Ramchandani, Rima; "ASHBOURNE, STEPHEN"; Feldman, Michael; PALMER, AARON
Cc:	Olusoga, Yinka; Saulnier, Brett; Thouin, Alena (ENERGY); John Lee (john.s.lee@opg.com); Ken Ryfa (ken.ryfa@opg.com); WONG Leslie -LAWDIV; Ken Kandeepan; Mike Manning; Tobias P. Whitfield (MOF)
Subject:	RE: Fair Hydro -- Trust Indenture drafting clean-ups and questions
Date:	Wednesday, December 20, 2017 5:29:16 PM
Attachments:	image002.png

Thanks Nina. This revised version of the process certificate is fine.
Malle

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: December 20, 2017 5:08 PM
To: Hanslep, Malle (MOF); Ramchandani, Rima; 'ASHBOURNE, STEPHEN'; Feldman, Michael; PALMER, AARON
Cc: Olusoga, Yinka; Saulnier, Brett; Thouin, Alena (ENERGY); John Lee (john.s.lee@opg.com); Ken Ryfa (ken.ryfa@opg.com); WONG Leslie -LAWDIV
Subject: RE: Fair Hydro -- Trust Indenture drafting clean-ups and questions
Here it is. Thanks,
Nina Mansoori
P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: December-20-17 5:03 PM
To: Mansoori, Nina <nmansoori@torys.com>; Ramchandani, Rima <rramchandani@torys.com>; 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>; Feldman, Michael <mfeldman@torys.com>; PALMER, AARON <AARON.PALMER@blakes.com>
Cc: Olusoga, Yinka <yolusoga@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; John Lee (john.s.lee@opg.com) <john.s.lee@opg.com>; Ken Ryfa (ken.ryfa@opg.com) <ken.ryfa@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>
Subject: RE: Fair Hydro -- Trust Indenture drafting clean-ups and questions
Thanks Nina. I will wait for that to review.

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: December 20, 2017 5:02 PM
To: Hanslep, Malle (MOF); Ramchandani, Rima; 'ASHBOURNE, STEPHEN'; Feldman, Michael; PALMER, AARON
Cc: Olusoga, Yinka; Saulnier, Brett; Thouin, Alena (ENERGY); John Lee (john.s.lee@opg.com); Ken Ryfa (ken.ryfa@opg.com); WONG Leslie -LAWDIV
Subject: RE: Fair Hydro -- Trust Indenture drafting clean-ups and questions
Malle – I will send that out in the next 15 minutes. Thanks,
Nina Mansoori
P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: December-20-17 5:00 PM
To: Ramchandani, Rima <rramchandani@torys.com>; 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>; Feldman, Michael <mfeldman@torys.com>; PALMER, AARON <AARON.PALMER@blakes.com>
Cc: Mansoori, Nina <nmansoori@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; John Lee (john.s.lee@opg.com) <john.s.lee@opg.com>; Ken Ryfa (ken.ryfa@opg.com) <ken.ryfa@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>
Subject: RE: Fair Hydro -- Trust Indenture drafting clean-ups and questions
Hi Rima,
Do we have a revised version of the process certificate that we can review?

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: December 20, 2017 4:54 PM
To: 'ASHBOURNE, STEPHEN'; Feldman, Michael; PALMER, AARON
Cc: Mansoori, Nina; Olusoga, Yinka; Saulnier, Brett; Thouin, Alena (ENERGY); Hanslep, Malle (MOF); John Lee (john.s.lee@opg.com); Ken Ryfa (ken.ryfa@opg.com); WONG Leslie -LAWDIV
Subject: RE: Fair Hydro -- Trust Indenture drafting clean-ups and questions
Great, we have the email ready and are just compiling the execution versions, together with the signed process certificate (and for completeness we are also going to include the Financing Plan that was delivered to the Minister of Energy and which includes the Initial Protection Agreement Maximum). We were planning on sending you PDFs of the docs so we could include the signatures – does that work for you or do you need Word versions so you can run blacklines on your end to confirm no changes to whatever you last reviewed?
Rima Ramchandani
P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: December-20-17 4:51 PM
To: Ramchandani, Rima <rramchandani@torys.com>; Feldman, Michael <mfeldman@torys.com>; PALMER, AARON <AARON.PALMER@blakes.com>

Cc: Mansoori, Nina <nmansoori@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca) <Alena.Thouin@ontario.ca>; Hanslep, Malle (MOF) (Malle.Hanslep@ontario.ca) <Malle.Hanslep@ontario.ca>; John Lee (john.s.lee@opg.com) <john.s.lee@opg.com>; Ken Ryfa (ken.ryfa@opg.com) <ken.ryfa@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>
Subject: RE: Fair Hydro -- Trust Indenture drafting clean-ups and questions

I think the only thing left is the Torys email that attaches the "Reference Documentation" contemplated by the Process Agreement. Assuming there are no differences in those from the ones we have previously received from Torys, I think we will be able to sign off today. Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: Wednesday, December 20, 2017 4:43 PM
To: ASHBOURNE, STEPHEN; Feldman, Michael; PALMER, AARON
Cc: Mansoori, Nina; Olusoga, Yinka; Saulnier, Brett; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca); Hanslep, Malle (MOF) (Malle.Hanslep@ontario.ca); John Lee (john.s.lee@opg.com); Ken Ryfa (ken.ryfa@opg.com); WONG Leslie -LAWDIV
Subject: RE: Fair Hydro -- Trust Indenture drafting clean-ups and questions

OK. OPG has been having email issues today so they may not be able to reply to this email chain quickly – however, we understand that there is an interest protocol agreement that has been settled with the Province that sets out how the interest on the sub debt is supposed to be calculated. Steve, can you also please confirm that Blakes will be able to sign off today instead of at 9 am tomorrow (the dealers are asking)?

Rima Ramchandani
P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: December-20-17 4:25 PM
To: Ramchandani, Rima <rramchandani@torys.com>; Feldman, Michael <mfeldman@torys.com>; PALMER, AARON <AARON.PALMER@blakes.com>
Cc: Mansoori, Nina <nmansoori@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca) <Alena.Thouin@ontario.ca>; Hanslep, Malle (MOF) (Malle.Hanslep@ontario.ca) <Malle.Hanslep@ontario.ca>; John Lee (john.s.lee@opg.com) <john.s.lee@opg.com>; Ken Ryfa (ken.ryfa@opg.com) <ken.ryfa@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>
Subject: RE: Fair Hydro -- Trust Indenture drafting clean-ups and questions

Rima, I think we have provided all of our comments and have seen responses on all but the new Base Rate definition, which Aaron just exchanged with Michael on. We are following up with the Province on Michael's response, which anticipated that some more background on the point will be provided. I think that's where this stands. Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: Wednesday, December 20, 2017 4:18 PM
To: Feldman, Michael; PALMER, AARON
Cc: Mansoori, Nina; Olusoga, Yinka; Saulnier, Brett; ASHBOURNE, STEPHEN; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca); Hanslep, Malle (MOF) (Malle.Hanslep@ontario.ca); John Lee (john.s.lee@opg.com); Ken Ryfa (ken.ryfa@opg.com); WONG Leslie -LAWDIV; Ramchandani, Rima
Subject: RE: Fair Hydro -- Trust Indenture drafting clean-ups and questions

Hi Aaron, can you please advise whether we should expect additional comments from Blakes on the documents? Since we are closing in the morning and the rating agencies have already signed off on everything, we are going to have trouble managing any additional changes. Also, FYI, in order to avoid any delays in the wires tomorrow morning, the dealers have asked that all counsel sign off on the closing documents as soon as possible today, with all parties to agree that everything is to be automatically released from escrow first this in the morning (i.e. without the need for having a 9 am closing call). Please let us know if you will be in a position to do that today – we will obviously send you any final signed docs by email that you need to sign off.

Thanks,
Rima

Rima Ramchandani
P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com[torys.com]

TORYS LLP[torys.com]

From: Feldman, Michael
Sent: December-20-17 4:00 PM
To: PALMER, AARON <AARON.PALMER@blakes.com>
Cc: Ramchandani, Rima <rramchandani@torys.com>; Mansoori, Nina <nmansoori@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; ASHBOURNE, STEPHEN

<STEPHEN.ASHBOURNE@blakes.com>; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca) <Alena.Thouin@ontario.ca>; Hanslep, Malle (MOF) (Malle.Hanslep@ontario.ca) <Malle.Hanslep@ontario.ca>; Feldman, Michael <mfeldman@torys.com>; John Lee (john.s.lee@opg.com) <john.s.lee@opg.com>; Ken Ryfa (ken.ryfa@opg.com) <ken.ryfa@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>
Subject: RE: Fair Hydro -- Trust Indenture drafting clean-ups and questions

Aaron,

It was intended. OPG has a certain protocol for calculating the interest rate it should charge on its subordinated and junior subordinated notes. Until such time as these classes of notes obtain a rating, the pricing of these notes is to be measured off the "all-in funding costs" of the senior notes.

I am looping in OPG as they are in a better position to explain why its protocol is what it is.

Michael K. Feldman
P. 416.865.7513

From: PALMER, AARON [mailto:AARON.PALMER@blakes.com]
Sent: December-20-17 3:53 PM
To: Feldman, Michael <mfeldman@torys.com>
Cc: Ramchandani, Rima <rramchandani@torys.com>; Mansoori, Nina <nmansoori@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca) <Alena.Thouin@ontario.ca>; Hanslep, Malle (MOF) (Malle.Hanslep@ontario.ca) <Malle.Hanslep@ontario.ca>
Subject: RE: Fair Hydro -- Trust Indenture drafting clean-ups and questions
Importance: High

Hi Michael,

The Sub Note supplements include a change to the Base Rate definition that is surprising and I'm not sure if it was intended:

> "**Base Rate**" means ~~the weighted average interest rate applicable to the~~ for any Payment Date, the amount of interest and fees payable to the holders of Series 2017-1 Senior Notes on such Payment Date, expressed as a rate per annum on the weighted average outstanding principal amount of Series 2017-1 Senior Notes from the preceding Payment Date to such Payment Date.

Would this addition of "and fees" catch Commitment Fees or any other fees?
That would of course be a significant change to the deal documents.
I am copying Alena and Malle as well in the interests of timing here.
Best regards, Aaron

Aaron Palmer
aaron.palmer@blakes.com
Dir: 416.863.4227

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"**Base Rate**" means ~~the weighted average interest rate applicable to the~~ for any Payment Date, the amount of interest and fees payable to the holders of Series 2017-1 Senior Notes on such Payment Date, expressed as a rate per annum on the weighted average outstanding principal amount of Series 2017-1 Senior Notes from the preceding Payment Date to such Payment Date.

From:	Hanslep, Malle (MOF)
To:	Ken Kandeepan
Cc:	Mike Manning; Tobias P. Whitfield (MOF); ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com); Thouin, Alena (ENERGY); PALMER, AARON (AARON.PALMER@blakes.com)
Subject:	RE: Fair Hydro -- Trust Indenture drafting clean-ups and questions
Date:	Wednesday, December 20, 2017 5:40:48 PM

Thanks Ken.

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: December 20, 2017 5:40 PM
To: Hanslep, Malle (MOF)
Cc: Manning, Mike (OFA); Whitfield, Tobias P. (MOF); ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com); Thouin, Alena (ENERGY); PALMER, AARON (AARON.PALMER@blakes.com)
Subject: Re: Fair Hydro -- Trust Indenture drafting clean-ups and questions

Agreed
Thanks
Ken k

On Dec 20, 2017, at 5:22 PM, Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca> wrote:

> The changes I requested have been made and I am going to sign off on this version.
>
> **From:** Mansoori, Nina [mailto:nmansoori@torys.com]
> **Sent:** December 20, 2017 5:08 PM
> **To:** Hanslep, Malle (MOF); Ramchandani, Rima; 'ASHBOURNE, STEPHEN'; Feldman, Michael; PALMER, AARON
> **Cc:** Olusoga, Yinka; Saulnier, Brett; Thouin, Alena (ENERGY); John Lee (john.s.lee@opg.com); Ken Ryfa (ken.ryfa@opg.com); WONG Leslie -LAWDIV
> **Subject:** RE: Fair Hydro -- Trust Indenture drafting clean-ups and questions
>
> Here it is. Thanks,
> Nina Mansoori
> P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679
>
> **From:** Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
> **Sent:** December-20-17 5:03 PM
> **To:** Mansoori, Nina <nmansoori@torys.com>; Ramchandani, Rima <rramchandani@torys.com>; 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>; Feldman, Michael <mfeldman@torys.com>; PALMER, AARON <AARON.PALMER@blakes.com>
> **Cc:** Olusoga, Yinka <yolusoga@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; John Lee (john.s.lee@opg.com) <john.s.lee@opg.com>; Ken Ryfa (ken.ryfa@opg.com) <ken.ryfa@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>
> **Subject:** RE: Fair Hydro -- Trust Indenture drafting clean-ups and questions
>
> Thanks Nina. I will wait for that to review.
>
> **From:** Mansoori, Nina [mailto:nmansoori@torys.com]
> **Sent:** December 20, 2017 5:02 PM
> **To:** Hanslep, Malle (MOF); Ramchandani, Rima; 'ASHBOURNE, STEPHEN'; Feldman, Michael; PALMER, AARON
> **Cc:** Olusoga, Yinka; Saulnier, Brett; Thouin, Alena (ENERGY); John Lee (john.s.lee@opg.com); Ken Ryfa (ken.ryfa@opg.com); WONG Leslie -LAWDIV
> **Subject:** RE: Fair Hydro -- Trust Indenture drafting clean-ups and questions
>
> Malle – I will send that out in the next 15 minutes. Thanks,
> Nina Mansoori

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: December-20-17 5:00 PM
To: Ramchandani, Rima <rramchandani@torys.com>; 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>; Feldman, Michael <mfeldman@torys.com>; PALMER, AARON <AARON.PALMER@blakes.com>
Cc: Mansoori, Nina <nmansoori@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; John Lee (john.s.lee@opg.com) <john.s.lee@opg.com>; Ken Ryfa (ken.ryfa@opg.com) <ken.ryfa@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>
Subject: RE: Fair Hydro -- Trust Indenture drafting clean-ups and questions
Hi Rima,
Do we have a revised version of the process certificate that we can review?

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: December 20, 2017 4:54 PM
To: 'ASHBOURNE, STEPHEN'; Feldman, Michael; PALMER, AARON
Cc: Mansoori, Nina; Olusoga, Yinka; Saulnier, Brett; Thouin, Alena (ENERGY); Hanslep, Malle (MOF); John Lee (john.s.lee@opg.com); Ken Ryfa (ken.ryfa@opg.com); WONG Leslie -LAWDIV
Subject: RE: Fair Hydro -- Trust Indenture drafting clean-ups and questions
Great, we have the email ready and are just compiling the execution versions, together with the signed process certificate (and for completeness we are also going to include the Financing Plan that was delivered to the Minister of Energy and which includes the Initial Protection Agreement Maximum). We were planning on sending you PDFs of the docs so we could include the signatures – does that work for you or do you need Word versions so you can run blacklines on your end to confirm no changes to whatever you last reviewed?
Rima Ramchandani
P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: December-20-17 4:51 PM
To: Ramchandani, Rima <rramchandani@torys.com>; Feldman, Michael <mfeldman@torys.com>; PALMER, AARON <AARON.PALMER@blakes.com>
Cc: Mansoori, Nina <nmansoori@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca) <Alena.Thouin@ontario.ca>; Hanslep, Malle (MOF) (Malle.Hanslep@ontario.ca) <Malle.Hanslep@ontario.ca>; John Lee (john.s.lee@opg.com) <john.s.lee@opg.com>; Ken Ryfa (ken.ryfa@opg.com) <ken.ryfa@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>
Subject: RE: Fair Hydro -- Trust Indenture drafting clean-ups and questions
I think the only thing left is the Torys email that attaches the "Reference Documentation" contemplated by the Process Agreement. Assuming there are no differences in those from the ones we have previously received from Torys, I think we will be able to sign off today. Steve
Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: Wednesday, December 20, 2017 4:43 PM
To: ASHBOURNE, STEPHEN; Feldman, Michael; PALMER, AARON
Cc: Mansoori, Nina; Olusoga, Yinka; Saulnier, Brett; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca); Hanslep, Malle (MOF) (Malle.Hanslep@ontario.ca); John Lee (john.s.lee@opg.com); Ken Ryfa (ken.ryfa@opg.com); WONG Leslie -LAWDIV

Subject: RE: Fair Hydro -- Trust Indenture drafting clean-ups and questions

OK. OPG has been having email issues today so they may not be able to reply to this email chain quickly – however, we understand that there is an interest protocol agreement that has been settled with the Province that sets out how the interest on the sub debt is supposed to be calculated. Steve, can you also please confirm that Blakes will be able to sign off today instead of at 9 am tomorrow (the dealers are asking)?

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: December-20-17 4:25 PM
To: Ramchandani, Rima <rramchandani@torys.com>; Feldman, Michael <mfeldman@torys.com>; PALMER, AARON <AARON.PALMER@blakes.com>
Cc: Mansoori, Nina <nmansoori@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca) <Alena.Thouin@ontario.ca>; Hanslep, Malle (MOF) (Malle.Hanslep@ontario.ca) <Malle.Hanslep@ontario.ca>; John Lee (john.s.lee@opg.com) <john.s.lee@opg.com>; Ken Ryfa (ken.ryfa@opg.com) <ken.ryfa@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>
Subject: RE: Fair Hydro -- Trust Indenture drafting clean-ups and questions

Rima, I think we have provided all of our comments and have seen responses on all but the new Base Rate definition, which Aaron just exchanged with Michael on. We are following up with the Province on Michael's response, which anticipated that some more background on the point will be provided. I think that's where this stands. Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: Wednesday, December 20, 2017 4:18 PM
To: Feldman, Michael; PALMER, AARON
Cc: Mansoori, Nina; Olusoga, Yinka; Saulnier, Brett; ASHBOURNE, STEPHEN; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca); Hanslep, Malle (MOF) (Malle.Hanslep@ontario.ca); John Lee (john.s.lee@opg.com); Ken Ryfa (ken.ryfa@opg.com); WONG Leslie -LAWDIV; Ramchandani, Rima
Subject: RE: Fair Hydro -- Trust Indenture drafting clean-ups and questions

Hi Aaron, can you please advise whether we should expect additional comments from Blakes on the documents? Since we are closing in the morning and the rating agencies have already signed off on everything, we are going to have trouble managing any additional changes. Also, FYI, in order to avoid any delays in the wires tomorrow morning, the dealers have asked that all counsel sign off on the closing documents as soon as possible today, with all parties to agree that everything is to be automatically released from escrow first this in the morning (i.e. without the need for having a 9 am closing call). Please let us know if you will be in a position to do that today – we will obviously send you any final signed docs by email that you need to sign off.

Thanks,
Rima

Rima Ramchandani
P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com[torys.com]

[torys.com]

From: Feldman, Michael
Sent: December-20-17 4:00 PM
To: PALMER, AARON <AARON.PALMER@blakes.com>
Cc: Ramchandani, Rima <rramchandani@torys.com>; Mansoori, Nina <nmansoori@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca) <Alena.Thouin@ontario.ca>; Hanslep, Malle (MOF) (Malle.Hanslep@ontario.ca) <Malle.Hanslep@ontario.ca>; Feldman, Michael <mfeldman@torys.com>; John Lee (john.s.lee@opg.com) <john.s.lee@opg.com>; Ken Ryfa (ken.ryfa@opg.com) <ken.ryfa@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>
Subject: RE: Fair Hydro -- Trust Indenture drafting clean-ups and questions

Aaron,

It was intended. OPG has a certain protocol for calculating the interest rate it should charge on its subordinated and junior subordinated notes. Until such time as these classes of notes obtain a rating, the pricing of these notes is to be measured off the "all-in funding costs" of the senior notes.

I am looping in OPG as they are in a better position to explain why its protocol is what it is.

Michael K. Feldman
P. 416.865.7513

From: PALMER, AARON [mailto:AARON.PALMER@blakes.com]
Sent: December-20-17 3:53 PM
To: Feldman, Michael <mfeldman@torys.com>
Cc: Ramchandani, Rima <rramchandani@torys.com>; Mansoori, Nina <nmansoori@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca) <Alena.Thouin@ontario.ca>; Hanslep, Malle (MOF) (Malle.Hanslep@ontario.ca) <Malle.Hanslep@ontario.ca>
Subject: RE: Fair Hydro -- Trust Indenture drafting clean-ups and questions
Importance: High

Hi Michael,

The Sub Note supplements include a change to the Base Rate definition that is surprising and I'm not sure if it was intended:

Would this addition of "and fees" catch Commitment Fees or any other fees?

That would of course be a significant change to the deal documents.

I am copying Alena and Malle as well in the interests of timing here.

Best regards, Aaron

Aaron Palmer
aaron.palmer@blakes.com
Dir: 416.863.4227

Blake, Cassels & Graydon LLP
199 Bay Street, Suite 4000, Toronto ON M5L 1A9
Tel: 416-863-2400 Fax: 416-863-2653
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Blake, Cassels & Graydon LLP | Barristers & Solicitors | Patent & Trade-mark Agents
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From:	Hanslep, Malle (MOF)
To:	ASHBOURNE, STEPHEN
Cc:	Tobias P. Whitfield (MOF); Mike Manning; Gadi Mayman
Subject:	RE: Fair Hydro Protection Agreement
Date:	Tuesday, December 05, 2017 12:40:48 PM

Hi – Thanks Steve. We were trying to accommodate them by changing the "may" to "shall" with a qualification. If the dealers think this is unnecessary then I think we would want to change it back to "may" Regarding the non-guaranteed obligations, please go ahead and have the call with dealers counsel and then we can assess. I am copying Toby, Mike and Gadi on this as they have been most involved.

Thanks.

Malle

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]

Sent: December 5, 2017 12:36 PM

To: Hanslep, Malle (MOF)

Subject: FW: Fair Hydro Protection Agreement

FYI

Stephen R. Ashbourne

Partner

stephen.ashbourne@blakes.com

Dir: 416-863-3086

Blake, Cassels & Graydon LLP

199 Bay Street, Suite 4000, Toronto ON M5L 1A9

Tel: 416-863-2400 Fax: 416-863-2653

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From: ASHBOURNE, STEPHEN

Sent: Tuesday, December 05, 2017 12:35 PM

To: 'Feldman, Michael'

Cc: Milligan, Peter

Subject: RE: Fair Hydro Protection Agreement

Thanks. I'm free now if that works for you.

Stephen R. Ashbourne

Partner

stephen.ashbourne@blakes.com

Dir: 416-863-3086

From: Feldman, Michael [mailto:mfeldman@torys.com]

Sent: Tuesday, December 05, 2017 11:42 AM

To: ASHBOURNE, STEPHEN

Cc: Milligan, Peter; Feldman, Michael

Subject: Fair Hydro Protection Agreement

Steve,

We are aiming to send the Protection Agreement that was circulated yesterday to the rating agencies today (in its current form).
However, before we do we would like to get clarification from you on a couple of points:
1. In the lead in language in 2.01(a) there is a new stipulation that the rating agencies may agree to satisfy a RAC so as to prevent the Indenture Trustee (or Specified Creditors in accordance with the Trust Indenture) from making a Payment Demand. We are pretty sure that the rating agencies will not agree to take upon themselves making these decisions and anticipate they will want this changed. We expect that the language in this section should go back to the old language ("the Indenture Trustee may deliver a written demand"). We were wondering where this change came from. If it was a reaction to the Moodys email suggesting the language should be that the Indenture Trustee "shall" deliver a written demand, then we think the path of least resistance will be to advise Moodys that Specified Creditors can rely on the Trust Indenture that gives them the power to act when the Indenture Trustee will not. But if the change is coming from somewhere else we would like to understand where it is coming from in case it represents a bigger issue. In a best case scenario, we would like to change the lead in language back to the original "may" before we send it in but we would need to know if the Province would be in a position to sign off on that one change today. If that is unlikely then we would send it in as is.
2. We believe that the new section 2.01(a)(iv)(D) is unnecessary. OPG covenants in the Management Agreement that it will ensure that the Trust does not incur non-guaranteed Obligations Secured. We therefore think you may be trying to solve a problem that will not occur. However, in order to get the agreement in to the rating agencies today we would like to be able to indicate in a cover email that the rating agencies do not have to be concerned about this new section because it will have no impact on any rated debt and only comes into effect after all rated debt has been repaid. We wanted clarification from you that you agree with this assessment.
Please let us know if we can discuss sometime today before close of business.
Michael K. Feldman
P. 416.865.7513 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com[torys.com]

TORYS LLP[torys.com]

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immédiatement l'expéditeur, ainsi que supprimer ce courriel et les documents joints de manière permanente.

From:	John Kim
To:	Ken Kandeepan
Cc:	Ronald Kwan; Mike Manning; Malle Hanslep (MOF); John Psinas; Tobias P. Whitfield (MOF); Bruno Amara
Subject:	RE: Financing Plan
Date:	Wednesday, December 06, 2017 4:05:19 PM
Attachments:	Equity Injection Determination v7.pptx

Hi Ken,
We can share a deck with you which we based off of the FAA numbers from Energy earlier. This is not quite the financing plan but our understanding is that the plan was based on this underlying info. I will caveat in a big way as I am continually told by Energy that numbers have shifted.
I was about to share it earlier but following a call with OPG, understood OPG was to provide detailed tables which never came.
Thanks,
John
P.S. I will be off as of Friday for two weeks and Bruno will be acting for me during this time.

From: Ken Kandeepan
Sent: Wednesday, December 06, 2017 12:03 PM
To: John Kim ; Ronald Kwan
Cc: Mike Manning ; Malle Hanslep (MOF) ; John Psinas ; Tobias P. Whitfield (MOF)
Subject: Financing Plan
Hi Ron and John
Is it possible to obtain the latest version of the Financing Plan from MOE, which hopefully has numbers including the program maximum for the next two years.
Thanks
Ken k

DRAFT

Preliminary Assessment – OPG Equity Injection

On September 28, 2017, the Minister of Energy provided Fair Allocation Amount and Readjustment Amount estimates over the FHP Reference Periods to OPG, the Financial Services Manager for the Fair Hydro Plan.

The following analysis is based on a preliminary assessment of annual OPG Equity Injection requirements using the information from the September 28, 2017 Ministry of Energy letter.

Energy staff indicate that scenarios involving the Fair Allocation Adjustment and Readjustment Amount continue to evolve in discussions with investment community and financial advisors. Information beyond 2021 is to be determined, as such CEFD is unable to make an assessment beyond 2021.

Subject to update and refinement.

DRAFT

Preliminary Assessment – OPG Equity Injection – Calendar Year (5 year period)

- The table below outlines a preliminary assessment for the estimated annual equity injection amounts from the Province to OPG.

$M nominal	2017	2018	2019	2020	2021
Fair Allocation Amount[1]	(1191)	(1336)	(1064)	(855)	(621)
Readjustment Amount[1]	(188)	(885)	(1233)	(1523)	(1551)
Total Annual Borrowing Requirement[1]	(1378)	(2221)	(2297)	(2378)	(2172)
OPG Equity Injection (44%)	**(606)**	**(977)**	**(1011)**	**(1046)**	**(956)**

NOTE: Letter from Minister of Energy provided OPG information based on Reference Periods (generally aligning with RPP periods). Converted to calendar years by assuming equal distribution of amounts across months in the reference period.

1. Assumes sum of the Fair Allocation Amount, and Readjustment Amount represents amount to be financed annually including interest costs.

DRAFT

Preliminary Assessment – OPG Equity Injection – Calendar Year

- Due to the uncertain amounts of Clean Energy Adjustments expected to begin May 2021, longer term forecasts are less accurate (*italicized below*).
- Based on these forecasts, funding requirements (equity injections) are expected to end in 2024.

$M nominal	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Fair Allocation Amount[1]	(1191)	(1336)	(1064)	(855)	(621)	*(396)*	*(201)*	*(53)*	*91*	*231*	*321*	*537*	*892*	*1340*	*1365*	*1486*
Readjustment Amount[1]	(188)	(885)	(1233)	(1523)	(1551)	*(1289)*	*(859)*	*(436)*	*(49)*	-	-	-	-	-	-	-
Total Annual borrowing requirement/repayment[1]	(1378)	(2221)	(2297)	(2378)	(2172)	*(1684)*	*(1060)*	*(489)*	*42*	*231*	*321*	*537*	*892*	*1340*	*1365*	*1486*
OPG Equity Injection (44%)	**(606)**	**(977)**	**(1011)**	**(1046)**	**(956)**	***(741)***	***(466)***	***(215)***								

$M nominal	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047
Fair Allocation Amount[1]	*1609*	*2007*	*2201*	*2237*	*2185*	*2163*	*1892*	*1626*	*1484*	*1444*	*1385*	*1395*	*1421*	*1603*	*2006*
Readjustment Amount[1]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Annual borrowing requirement/repayment[1]	*1609*	*2007*	*2201*	*2237*	*2185*	*2163*	*1892*	*1626*	*1484*	*1444*	*1385*	*1395*	*1421*	*1603*	*2006*

NOTE: Letter from Minister of Energy provided OPG information based on Reference Periods (generally aligning with RPP periods). Converted to calendar years by assuming equal distribution of amounts across months in the reference period.

1. Assumes sum of the Fair Allocation Amount, and Readjustment Amount represents amount to be financed annually including interest costs.

DRAFT

Preliminary Assessment – OPG Equity Injection – Calendar Year

- OPG equity injections forecasted to end in ~2024 to ~2025 (subject to updates).
- OPG share-buy back process yet to be determined.

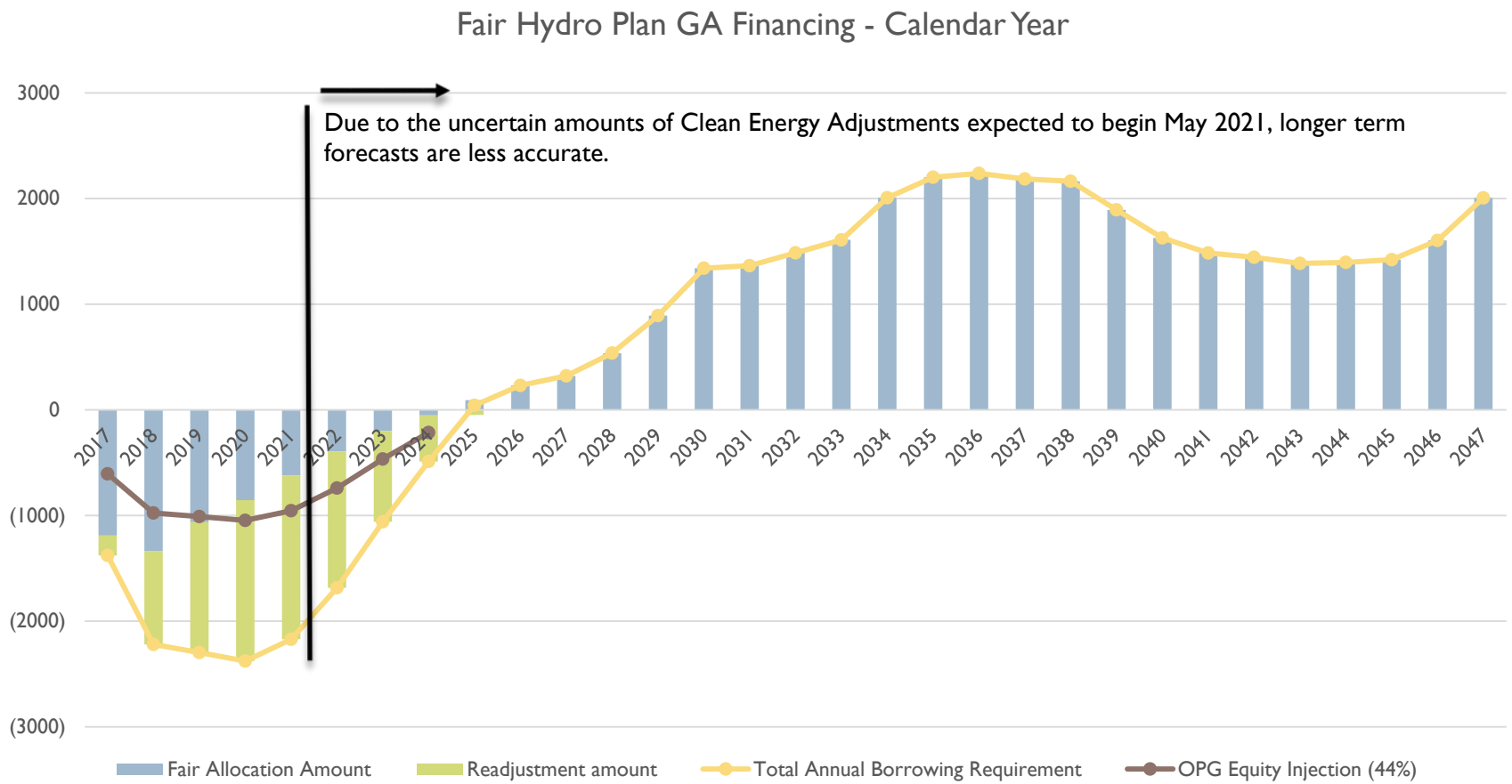

From: Hanslep, Malle (MOF)
To: John Kim; Ken Kandeepan
Cc: Ronald Kwan; Mike Manning; John Psinas; Tobias P. Whitfield (MOF); Bruno Amara
Subject: RE: Financing Plan
Date: Thursday, December 07, 2017 10:38:30 AM

Hi all,
Do we think that the final Financing Plan will have been delivered to the Minister of Energy by the time the 2 Ministers are to be briefed on and requested to sign the 2 agreements? Do you think the briefing on the 2 agreements is going to include a briefing regarding the Financing Plan and what is included as the Initial Forecast and the Protection Agreement maximum as the applicable numbers? Please note the recital that is being requested to be inserted on this point in the Process Agreement that the "Province has acknowledged receipt of the initial Financing Plan and has not disagreed with the Initial Forecast or the Initial Protection Agreement Maximum". Who would do this on behalf of the Province and when would it be done? We are trying to figure out the logistics.
Thanks,
Malle

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: December 6, 2017 4:05 PM
To: Kandeepan, Ken (OFA)
Cc: Kwan, Ronald (OFA); Manning, Mike (OFA); Hanslep, Malle (MOF); John Psinas; Whitfield, Tobias P. (MOF); Bruno Amara
Subject: RE: Financing Plan

Hi Ken,
We can share a deck with you which we based off of the FAA numbers from Energy earlier. This is not quite the financing plan but our understanding is that the plan was based on this underlying info. I will caveat in a big way as I am continually told by Energy that numbers have shifted.
I was about to share it earlier but following a call with OPG, understood OPG was to provide detailed tables which never came.
Thanks,
John
P.S. I will be off as of Friday for two weeks and Bruno will be acting for me during this time.

From: Ken Kandeepan
Sent: Wednesday, December 06, 2017 12:03 PM
To: John Kim <John.Kim@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; John Psinas <John.Psinas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: Financing Plan

Hi Ron and John
Is it possible to obtain the latest version of the Financing Plan from MOE, which hopefully has numbers including the program maximum for the next two years.
Thanks
Ken k

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is

privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From:	Opal Kandelas
To:	John Kim
Cc:	Mike Manning
Subject:	RE: IESO-OEFC Note_v3Clean_Markup.docx
Date:	Tuesday, November 21, 2017 3:48:51 PM
Attachments:	IESO-OEFC Note_v7_Markup.docx

Hi John,
The note looks good. I've made a couple of tweaks.
Thanks,
Opal

From: John Kim
Sent: Tuesday, November 21, 2017 2:47 PM
To: Opal Kandelas
Cc: Mike Manning
Subject: RE: IESO-OEFC Note_v3Clean_Markup.docx
Hi Mike, Opal,
I've updated the note further, as discussed with Mike, to clarify. I have comments in two areas. Pls. let me know if you have any comments on them or if I am mistaken.
Thanks,
John

From: John Kim
Sent: Monday, November 20, 2017 4:02 PM
To: Opal Kandelas <Opal.Kandelas@ofina.on.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>
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Thanks Opal…reflected some of Ron's comments but stayed with your edits where there were conflicts.
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Thanks,
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Hi John,

I'm reviewing the note. Be back to you shortly.

Thanks,

Opal

From: John Kim
Sent: Monday, November 20, 2017 12:42 PM
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Subject: IESO-OEFC Note_v3Clean_Markup.docx

Hi Opal,

Let me know if you're OK with this version. I put CMD – Operations in square bracket pending your review.

Thanks,

John

OEFC -- IESO CREDIT FACILITY AGREEMENT & THE PERMITTED LIENS

The Independent Electricity System Operator ("IESO") has requested that OEFC amend the existing credit facility agreements between OEFC and IESO (for $160M and $120M) to address the additional obligations IESO is taking on under Ontario's Fair Hydro Plan. IESO has indicated that OEFC credit facilities will not be used for Ontario Fair Hydro Plan (FHP) purposes.

IESO'S REQUEST

- Under the FHP, the IESO and Ontario Power Generation (OPG) are interacting to refinance a portion of the Global Adjustment over a longer period of time.

- IESO and OPG are in a discussion to grant a security/priority interest on IESO's assets to OPG Trust for the period of the first 4 years of the GA deferral.

- The IESO is planning to seek its Board's approval on Nov 22, 2017 to enter into a security agreement with OPG Trust. The security agreement is currently in draft form. Without amending the existing OEFC $160M and $120M credit facility agreements (the "OEFC Agreements"), IESO could potentially be considered to be in default of the terms of the various agreements. IESO staff wrote:

  "…it likely is best to add to the definition of "Permitted Liens" in the two OEFC facilities to address a) IESO granting security to the OPG Trust during the first 4 years of fair hydro program and b) the possibility that the Clean Energy Adjustment funds collected by IESO might be considered to be subject to a lien. The IESO does not want to be inadvertently in default."

- The IESO provided a draft Security Agreement, dated November 7th, 2017, between them and the OPG Trust to OFA. According to the draft Security Agreement, in the unlikely event that the IESO runs into ~~a~~ financial difficulty, the IESO would give OPG Trust a priority in the IESO's assets, including all accounts of the IESO and all cash and proceeds from LDCs, that would put OPG Trust ahead of unsecured creditors, including the OFA and the OEFC.
  - The security agreement is not limited to the Clean Energy Adjustment funds collected by the IESO only.

Commented [JK1]: Opal, pls. confirm that this is the purpose of the "Permitted Liens" section of the credit agreement. This is more Documentation expertise.

- In order to address this issue, the IESO has requested to amend the definition of the "permitted liens" in both existing OEFC Agreements to include any liens related to the FHP. Specifically, adding a clause in the existing OEFC Agreements that any lien related to OFHP will not be viewed as negative pledge by OEFC, so those liens can be used to secure the performance of IESO's obligations to OPG under the FHP. This would allow IESO to grant security to the OPG Trust during the first 4 years of implementing the GA deferral and also avoid breaching the terms of the existing agreements with OEFC.

- To support IESO's role in the implementation and participation under the Ontario Fair Hydro Plan Act, 2017 ("OFHP Act"), in July 2017 the IESO had requested that the OFA make similar changes to the credit facility agreements with OFA in October.
  - On November 6, 2017, the OFA amended the $475M facility to amend the definition of "permitted liens" and also included same for the new $2B credit facility agreement between OFA and the IESO , as requested by the IESO.

CONSIDERATIONS

- -With the proposed new security agreement between OPG Trust and the IESO, OPG Trust would have a priority claim against ~~potentially the Clean Energy Adjustment funds collected by or flowing through~~ the IESO's assets, the OEFC could find itself unable to collect payments due from the IESO. The likelihood of this scenario could be assessed as low.

- The extent of this risk is uncertain at this time, given that the regulations that determine the Fair Allocation Amount payable in each period, and how that relates to the obligations to the Financing Entity are still under development.

- IESO is an agency of the government consolidated line-by-line in the Province's accounts.

- The OFA agreed to IESO's requested changes to the OFA credit facilities.

- OFA'S Capital Markets Operations staff have commented that the legislation governing OEFC, the *Electricity Act, 1998*, may provide differing context from the OFA's objects and mandate under the *Capital Investment Plan Act, 1993*~~.~~ and any changes to the OEFC agreements should take this into account.

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Commented [JK2]: I believe amending the OFA agreements were done under this view. Pls. correct if not the case.

RECOMMENDATIONS

- In order to support IESO's request in relation to its obligation with respect to FHP, OFA staff are of the view that the exisiting OEFC Agreements can be amended to include liens related to FHP under the definition of the "permitted liens".

BACKGROUND

- In order to support IESO's role with the implementation of the OFHP Act, OFA staff made similar changes to the definition of 'permitted liens" in existing OFA-IESO credit facility agreements on November 6, 2017.

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Electricity Finance Branch / Corporate and Electricity Finance Division &
Capital Markets Operations, Capital Markets Division
Ontario Financing Authority
November 21~~0~~, 2017

From:	John Kim
To:	Opal Kandelas
Cc:	Mike Manning
Subject:	RE: IESO-OEFC Note_v3Clean_Markup.docx
Date:	Tuesday, November 21, 2017 2:46:51 PM
Attachments:	IESO-OEFC Note_v7_Markup.docx

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- Under the FHP, the IESO and Ontario Power Generation (OPG) are interacting to refinance a portion of the Global Adjustment over a longer period of time.

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- The IESO is planning to seek its Board's approval on Nov 22, 2017 to enter into a security agreement with OPG Trust. The security agreement is currently in draft form. Without amending the existing OEFC $160M and $120M credit facility agreements (the "OEFC Agreements"), IESO could potentially be considered to be in default of the terms of the various agreements. IESO staff wrote:

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Commented [JK1]: Opal, pls. confirm that this is the purpose of the "Permitted Liens" section of the credit agreement. This is more Documentation expertise.

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CONSIDERATIONS

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Electricity Finance Branch / Corporate and Electricity Finance Division &
Capital Markets Operations, Capital Markets Division
Ontario Financing Authority
November 21~~0~~, 2017

From:	John Kim
To:	Opal Kandelas
Cc:	Mike Manning
Subject:	RE: IESO-OEFC Note_v3Clean_Markup.docx
Date:	Monday, November 20, 2017 4:01:52 PM
Attachments:	IESO-OEFC Note_v4.docx

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~~CONTEXT~~ IESO'S REQUEST

- Under t~~T~~he FHP, ~~requires~~ the IESO and Ontario Power Generation (OPG) are interacting~~to work together~~ to refinance ~~Ontario's clean energy investments~~a portion of the Global Adjustment over a longer period of time.

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CONSIDERATIONS

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Commented [JK1]: Or vice versa, their agreements with the OEFC but this is fine.

Commented [JK2]: Unless Documentation can provide specific differences that are significant, I suggest we delete.

Commented [OK3R2]: The fact that OFA's objects/mandate are detailed under CIPA is a distinct differentiation from OEFC. This is relevant as it goes to the reach of OFA, which OEFC does not share.

Formatted: Indent: Left: 0", Bulleted + Level: 1 + Aligned at: 0.25" + Indent at: 0.5"

Formatted: Font: +Body (Calibri), 11 pt

Formatted: Indent: Left: 0.5", No bullets or numbering

- ~~and~~ IESO is an agency of the government consolidated line-by-line in the Province's accounts. ~~[This was a bullet inserted by CMD – Operations.]~~

- The OFA agreed to IESO's requested changes to ~~included the requested changes in~~ the OFA credit facilities.~~,~~

- OFA'S Capital Markets~~—~~ Operations staff have commented that the legislation governing OEFC, the *Electricity Act, 1998*, may provide differing context from the OFA's objects and mandate under the *Capital Investment Plan Act, 1993*, and any changes to the OEFC agreements should take this into account. ~~providing a precedent of having considered the changes/inclusion of the same request. Treating the current request differently by seeking either a Minister's directive or not granting the IESO its request would mean having to take steps on the OFA credit facilities which were either signed recently or amended recently.~~

RECOMMENDATIONS

- In order to support IESO's request in relation to its obligation with respect to FHP~~remain consistent with the language recently incorporated in existing IESO-OFA agreements~~, OFA staff are of the view that the exisiting OEFC Agreements can be amended to include liens related to FHP under the definition of the "permitted liens".

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Electricity Finance Branch / Corporate and Electricity Finance Division &
Capital Markets Operations, Capital Markets Division
Ontario Financing Authority
November ~~15~~20, 2017

Commented [JK4]: Given that we are moving towards a consensus, the rest of the sentence is moot.

Commented [JK5]: Unless Documentation can provide specific differences that are significant, I suggest we delete.

Commented [OK6R5]: The fact that OFA's objects/mandate are detailed under CIPA is a distinct differentiation from OEFC. This is only relevant as it goes to the reach of OFA. Not fussed if you wish to delete.

Commented [OK7]: The OFA and OEFC are different corporate entities, so treatment of each may be different depending on the circumstances, even when dealing with the same borrower.

Commented [OK8]: The OFA credit facility was provided pursuant to the minister's directive, so seeking a minister's directive wrt OEFC would be consistent with how OFA was treated. Not suggesting this is necessary.

From:	Opal Kandelas
To:	John Kim
Cc:	Mike Manning
Subject:	RE: IESO-OEFC Note_v3Clean_Markup.docx
Date:	Monday, November 20, 2017 3:43:23 PM
Attachments:	IESO-OEFC Note_v3Clean_Markup.docx

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- The IESO is planning to seek its Board's approval on Nov 22, 2017 to enter into a ~~for the~~ security agreement with OPG Trust. The security agreement is currently in draft form. Without amending the existing OEFC $160M and $120M credit facility agreements (the "OEFC Agreements"), IESO could potentially be considered to be in default of the terms of the security agreement~~s~~. IESO staff wrote:

  > *"…it likely is best to add to the definition of "Permitted Liens" in the two OEFC facilities to address a) IESO granting security to the OPG Trust during the first 4 years of fair hydro program and b) the possibility that the Clean Energy Adjustment funds collected by IESO might be considered to be subject to a lien. The IESO does not want to be inadvertently in default."*

- In order to address this issue, the IESO has requested to amend the definition of the "permitted liens" in both existing OEFC Agreements to include any liens related to the FHP. Specifically, adding a clause in the existing OEFC Agreements that any lien related to OFHP will not be viewed as negative pledge by OEFC, so those liens can be used to secure the performance of IESO's obligations to OPG under the FHP. This would allow IESO to grant security to the OPG Trust during the first 4 years of implementing the GA deferral and also avoid ~~of~~ breaching the terms of existing agreements.

- To support IESO's role in the implementation and participation under the Ontario Fair Hydro Plan Act, 2017 ("OFHP Act"), in July 2017~~,~~ the IESO had requested that the OFA ~~to~~ make ~~the same~~similar ~~request~~ changes to the credit facility agreements with OFA in October.
  - On November 6, 2017, the OFA amended the $475M facility to amend the definition of ~~the~~ "permitted liens" and also included same for the new $2B credit facility agreement between OFA and the IESO , as requested by the IESO.

CONSIDERATIONS

- ~~OFA'S Capital Markets – Operations staff have commented that the legislation governing OEFC, the *Electricity Act, 1998*, may provide differing context from the OFA's objects and mandate under the *Capital Investment Plan Act, 1993*.~~ [This was a bullet suggested by CMD – Operations.]

- With the proposed new security agreement between OPG Trust and IESO, OPG Trust would have a priority claim against potentially the Clean Energy Adjustment funds collected by or flowing~~n~~ through the IESO, the OEFC could find itself unable to collect payments due from the IESO. The likelihood of this scenario could be assessed as low and IESO is an agency of the government consolidated line-by-line in the Province's accounts. [This was a bullet inserted by CMD – Operations.]

Commented [JK1]: Unless Documentation can provide specific differences that are significant, I suggest we delete.

Commented [OK2R1]: The fact that OFA's objects/mandate are detailed under CIPA is a distinct differentiation from OEFC. This is relevant as it goes to the reach of OFA, which OEFC does not share.

- The OFA agreed to IESO's requested changes to ~~included the requested changes in~~ the OFA credit facilities, OFA'S Capital Markets~~—~~ Operations staff have commented that the legislation governing OEFC, the *Electricity Act, 1998*, may provide differing context from the OFA's objects and mandate under the *Capital Investment Plan Act, 1993*, and any changes to the OEFC agreements should take this into account. ~~providing a precedent of having considered the changes/inclusion of the same request. Treating the current request differently by seeking either a Minister's directive or not granting the IESO its request would mean having to take steps on the OFA credit facilities which were either signed recently or amended recently.~~

RECOMMENDATIONS

- In order to support IESO's request in relation to its obligation with respect to FHP~~remain consistent with the language recently incorporated in existing IESO-OFA agreements~~, OFA staff are of the view that the exisiting OEFC Agreements can be amended to include liens related to FHP under the definition of the "permitted liens". [TBD]

BACKGROUND

- In order to support IESO's role with the implementation of the OFHP Act, OFA staff made similar changes to the definition of 'permitted liens" in existing OFA-IESO credit facility agreements on November 6, 2017.

- Currently, under the existing credit facility agreements between OEFC and the IESO, the definition of "permitted liens" does not include any lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP.

Electricity Finance Branch / Corporate and Electricity Finance Division [&
Capital Markets Operations, Capital Markets Division]
Ontario Financing Authority
November ~~15~~20, 2017

Commented [JK3]: Unless Documentation can provide specific differences that are significant, I suggest we delete.

Commented [OK4R3]: The fact that OFA's objects/mandate are detailed under CIPA is a distinct differentiation from OEFC. This is only relevant as it goes to the reach of OFA. Not fussed if you wish to delete.

Commented [OK5]: The OFA and OEFC are different corporate entities, so treatment of each may be different depending on the circumstances, even when dealing with the same borrower.

Commented [OK6]: The OFA credit facility was provided pursuant to the minister's directive, so seeking a minister's directive wrt OEFC would be consistent with how OFA was treated. Not suggesting this is necessary.

Commented [JK7]: There have been some changes since last week so put CMD – Operations in square brackets.

From:	John Kim
To:	Opal Kandelas
Cc:	Mike Manning
Subject:	RE: IESO-OEFC Note_v3Clean_Markup.docx
Date:	Wednesday, November 22, 2017 7:51:16 AM
Attachments:	IESO-OEFC Note_v7_Markup2Clean.docx IESO-OEFC Note_v7_Markup2.docx

---

Thanks Opal. Ron took a look last night, as attached.

From: Opal Kandelas
Sent: Tuesday, November 21, 2017 3:49 PM
To: John Kim
Cc: Mike Manning
Subject: RE: IESO-OEFC Note_v3Clean_Markup.docx

Hi John,

The note looks good. I've made a couple of tweaks.

Thanks,

Opal

From: John Kim
Sent: Tuesday, November 21, 2017 2:47 PM
To: Opal Kandelas <Opal.Kandelas@ofina.on.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: IESO-OEFC Note_v3Clean_Markup.docx

Hi Mike, Opal,

I've updated the note further, as discussed with Mike, to clarify. I have comments in two areas. Pls. let me know if you have any comments on them or if I am mistaken.

Thanks,

John

From: John Kim
Sent: Monday, November 20, 2017 4:02 PM
To: Opal Kandelas <Opal.Kandelas@ofina.on.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: IESO-OEFC Note_v3Clean_Markup.docx

Thanks Opal…reflected some of Ron's comments but stayed with your edits where there were conflicts.

Mike, let me know pls. if you're okay with the note and the recommendation.

Thanks,

John

From: Opal Kandelas
Sent: Monday, November 20, 2017 3:43 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: IESO-OEFC Note_v3Clean_Markup.docx

Hi John, Mike,

In the interest of time, I'm sending comments on the note to you both.

Thanks,

Opal.

From: John Kim
Sent: Monday, November 20, 2017 2:39 PM
To: Opal Kandelas <Opal.Kandelas@ofina.on.ca>
Subject: RE: IESO-OEFC Note_v3Clean_Markup.docx

Thanks Opal. Ron hasn't reviewed it yet. Hoping to build a consensus.

From: Opal Kandelas
Sent: Monday, November 20, 2017 2:20 PM
To: John Kim <John.Kim@ofina.on.ca>
Subject: RE: IESO-OEFC Note_v3Clean_Markup.docx

Hi John,

I'm reviewing the note. Be back to you shortly.

Thanks,

Opal

From: John Kim
Sent: Monday, November 20, 2017 12:42 PM
To: Opal Kandelas <Opal.Kandelas@ofina.on.ca>
Subject: IESO-OEFC Note_v3Clean_Markup.docx

Hi Opal,

Let me know if you're OK with this version. I put CMD – Operations in square bracket pending your review.

Thanks,

John

OEFC -- IESO CREDIT FACILITY AGREEMENT & THE PERMITTED LIENS

The Independent Electricity System Operator ("IESO") has requested that OEFC amend the existing credit facility agreements between OEFC and IESO (for $160M and $120M) to address the additional obligations IESO is taking on under Ontario's Fair Hydro Plan. IESO has indicated that OEFC credit facilities will not be used for Ontario Fair Hydro Plan (FHP) purposes.

IESO'S REQUEST

- Under the FHP, the IESO and Ontario Power Generation (OPG) are interacting to refinance a portion of the Global Adjustment over a longer period of time.

- IESO and OPG are in a discussion to grant a security/priority interest on IESO's assets to OPG Trust for the period of the first 4 years of the GA deferral.

- The IESO is planning to seek its Board's approval on Nov 22, 2017 to enter into a security agreement with OPG Trust. The security agreement is currently in draft form. Without amending the existing OEFC $160M and $120M credit facility agreements (the "OEFC Agreements"), IESO could potentially be considered to be in default of the terms of the various agreements. IESO staff wrote:

  "…it likely is best to add to the definition of "Permitted Liens" in the two OEFC facilities to address a) IESO granting security to the OPG Trust during the first 4 years of fair hydro program and b) the possibility that the Clean Energy Adjustment funds collected by IESO might be considered to be subject to a lien. The IESO does not want to be inadvertently in default."

- The IESO provided a draft Security Agreement, dated November 7th, 2017, between them and the OPG Trust to OFA. According to the draft Security Agreement, in the unlikely event that the IESO runs into financial difficulty, the IESO would give OPG Trust a priority in the IESO's assets, including all accounts of the IESO and all cash and proceeds from LDCs, that would put OPG Trust ahead of unsecured creditors, including the OFA and the OEFC.
  - The security agreement is not limited to the Clean Energy Adjustment funds collected by the IESO only.

- In order to address this issue, the IESO has requested to amend the definition of the "permitted liens" in both existing OEFC Agreements to include any liens related to the FHP. Specifically, adding a clause in the existing OEFC Agreements that any lien related to OFHP will not be viewed as negative pledge by OEFC, so those liens can be used to secure the performance of IESO's obligations to OPG under the FHP. This would allow IESO to grant security to the OPG Trust during the first 4 years of implementing the GA deferral and also avoid breaching the terms of the existing agreements with OEFC.

- To support IESO's role in the implementation and participation under the Ontario Fair Hydro Plan Act, 2017 ("OFHP Act"), in July 2017 the IESO had requested that the OFA make similar changes to the credit facility agreements with OFA in October.
  - On November 6, 2017, the OFA amended the $475M facility to amend the definition of "permitted liens" and also included same for the new $2B credit facility agreement between OFA and the IESO , as requested by the IESO.

CONSIDERATIONS

- With the proposed new security agreement between OPG Trust and the IESO, OPG Trust would have a priority claim against the IESO's assets, the OEFC could find itself unable to collect payments due from the IESO. The likelihood of this scenario could be assessed as low.

- The extent of this risk is subject to uncertainty at this time, given that the regulations that govern the payments related to the Fair Allocation Amount in each period, and how that relates to the obligations to the Financing Entity, are still under development.

- IESO is an agency of the government consolidated line-by-line in the Province's accounts.

- The OFA agreed to IESO's requested changes to the OFA credit facilities.

- OFA'S Capital Markets Operations staff have commented that the legislation governing OEFC, the *Electricity Act, 1998*, may provide differing context from the OFA's objects and mandate under the *Capital Investment Plan Act, 1993* and any changes to the OEFC agreements should take this into account.

- According to the Minister's Directives associated with the OEFC Agreements, the loan and the credit facilities are "subject to such other terms as OEFC deams appropriate Therefore, an amendment for permitted liens can be done under the existing directives, and a new or revised directives from the Minister of Finance are not deemed necessary. This would be consistent with the approach when the pre-existing OFA-IESO credit facility agreement was amended for permited liens on November 6, 2017.

RECOMMENDATIONS

- In order to support IESO's request in relation to its obligation with respect to FHP, OFA staff are of the view that the exisiting OEFC Agreements can be amended to include liens related to FHP under the definition of the "permitted liens".

BACKGROUND

- In order to support IESO's role with the implementation of the OFHP Act, OFA staff made similar changes to the definition of 'permitted liens" in existing OFA-IESO credit facility agreements on November 6, 2017.

- Currently, under the existing credit facility agreements between OEFC and the IESO, the definition of "permitted liens" does not include any lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP.

Electricity Finance Branch / Corporate and Electricity Finance Division &
Capital Markets Operations, Capital Markets Division
Ontario Financing Authority
November 21, 2017

OEFC -- IESO CREDIT FACILITY AGREEMENT & THE PERMITTED LIENS

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  "…it likely is best to add to the definition of "Permitted Liens" in the two OEFC facilities to address a) IESO granting security to the OPG Trust during the first 4 years of fair hydro program and b) the possibility that the Clean Energy Adjustment funds collected by IESO might be considered to be subject to a lien. The IESO does not want to be inadvertently in default."

- The IESO provided a draft Security Agreement, dated November 7th, 2017, between them and the OPG Trust to OFA. According to the draft Security Agreement, in the unlikely event that the IESO runs into ~~a~~ financial difficulty, the IESO would give OPG Trust a priority in the IESO's assets, including all accounts of the IESO and all cash and proceeds from LDCs, that would put OPG Trust ahead of unsecured creditors, including the OFA and the OEFC.
  - The security agreement is not limited to the Clean Energy Adjustment funds collected by the IESO only.

Commented [JK1]: Opal, pls. confirm that this is the purpose of the "Permitted Liens" section of the credit agreement. This is more Documentation expertise.

- In order to address this issue, the IESO has requested to amend the definition of the "permitted liens" in both existing OEFC Agreements to include any liens related to the FHP. Specifically, adding a clause in the existing OEFC Agreements that any lien related to OFHP will not be viewed as negative pledge by OEFC, so those liens can be used to secure the performance of IESO's obligations to OPG under the FHP. This would allow IESO to grant security to the OPG Trust during the first 4 years of implementing the GA deferral and also avoid breaching the terms of the existing agreements with OEFC.

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  - On November 6, 2017, the OFA amended the $475M facility to amend the definition of "permitted liens" and also included same for the new $2B credit facility agreement between OFA and the IESO , as requested by the IESO.

CONSIDERATIONS

- -With the proposed new security agreement between OPG Trust and the IESO, OPG Trust would have a priority claim against ~~potentially the Clean Energy Adjustment funds collected by or flowing through~~ the IESO's assets, the OEFC could find itself unable to collect payments due from the IESO. The likelihood of this scenario could be assessed as low.

- The extent of this risk is subject to uncertainty at this time, given that the regulations that ~~determine~~govern the payments related to the Fair Allocation Amount ~~payable~~ in each period, and how that relates to the obligations to the Financing Entity, are still under development.

- IESO is an agency of the government consolidated line-by-line in the Province's accounts.

- The OFA agreed to IESO's requested changes to the OFA credit facilities.

- OFA'S Capital Markets Operations staff have commented that the legislation governing OEFC, the *Electricity Act, 1998*, may provide differing context from the OFA's objects and mandate under the *Capital Investment Plan Act, 1993*~~.~~ and any changes to the OEFC agreements should take this into account.

- According to the Minister's Directives associated with the OEFC Agreements, ~~it states that~~ the loan and the credit facilities~~y~~ are "subject to such other terms as OEFC deams appropriate~~the terms set out in the OEFC Agreements.~~ Therefore, an amendment for permitted liens can be done under the existing ~~this is not seen as a change to the~~ directives, and a new or revised directives from the Minister of Finance are not deemed necessary. This would be~~was~~ consistent with the approach when ~~amending~~ the pre-existing OFA-IESO credit facility agreement was amended~~s~~ for permited liens on November 6, 2017.

Commented [RK2]: Are they? Or "have not yet been put into practice"?

Commented [JK3]: I believe amending the OFA agreements were done under this view. Pls. correct if not the case.

RECOMMENDATIONS

- In order to support IESO's request in relation to its obligation with respect to FHP, OFA staff are of the view that the exisiting OEFC Agreements can be amended to include liens related to FHP under the definition of the "permitted liens".

BACKGROUND

- In order to support IESO's role with the implementation of the OFHP Act, OFA staff made similar changes to the definition of 'permitted liens" in existing OFA-IESO credit facility agreements on November 6, 2017.

- Currently, under the existing credit facility agreements between OEFC and the IESO, the definition of "permitted liens" does not include any lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP.

Electricity Finance Branch / Corporate and Electricity Finance Division &
Capital Markets Operations, Capital Markets Division
Ontario Financing Authority
November 21~~0~~, 2017

From:	Hanslep, Malle (MOF)
To:	ASHBOURNE, STEPHEN; Tobias P. Whitfield (MOF); Mike Manning; Ken Kandeepan; Ronald Kwan; Thouin, Alena (ENERGY); Tom McKinlay (MAG)
Cc:	Gadi Mayman
Subject:	RE: Interim Mark-up of the new Torys version of the Process Agreement
Date:	Thursday, December 07, 2017 11:34:44 AM

Hi Steve,
Are you available for a call at 2pm today to go through the points?
Thanks
Malle
Malle Hanslep
Deputy Director
Ministry of the Attorney General
Ministry of Finance Legal Services Branch
Telephone: 416-325-1457
Notice: This communication may be solicitor/client privileged and contain confidential information intended only for the person(s) to whom it is addressed. If you have received this message in error please notify the writer and permanently delete the message and all attachments. Thank you.

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: December 7, 2017 10:21 AM
To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Manning, Mike (OFA); Kandeepan, Ken (OFA); Kwan, Ronald (OFA); Thouin, Alena (ENERGY); McKinlay, Tom (MAG)
Cc: Mayman, Gadi (OFA)
Subject: RE: Interim Mark-up of the new Torys version of the Process Agreement
Hi again. Here is my further mark-up of the Process Agreement. We have now received comments on the Protection Agreement from Osler, so we should be able to address some of the open issues I had highlighted last night. We will circulate comments on the Protection Agreement to this group later in the day, but in the meantime please let me have your feedback on the Process Agreement mark-up. Regards, Steve
Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

Blake, Cassels & Graydon LLP
199 Bay Street, Suite 4000, Toronto ON M5L 1A9
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From: ASHBOURNE, STEPHEN
Sent: Wednesday, December 06, 2017 6:16 PM
To: Hanslep, Malle (MOF) (Malle.Hanslep@ontario.ca); Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca); Mike Manning; Ken Kandeepan (Ken.Kandeepan@ofina.on.ca); Kwan, Ronald (OFA) (Ronald.Kwan@ofina.on.ca); Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca); tom.mckinlay@ontario.ca

Cc: Gadi Mayman (Gadi.Mayman@ofina.on.ca)
Subject: Interim Mark-up of the new Torys version of the Process Agreement
Hi. In the interest of time, here are my preliminary comments on the version of the Process Agreement just circulated by Torys (at 4:39 this afternoon). You will see that there are several provisions that tie-in to what appear to be new proposed changes to the Protection Agreement – although we won't be able to understand them until that other document is circulated by Torys. I have highlighted those and a few other points for you to specifically consider, in yellow or in new footnotes. It would be helpful if you could review my interim mark-up, as you look over the blackline forwarded by Torys this afternoon (also attached here for your convenience), and let me know if you agree with my suggested revisions. Thanks, Steve
Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From:	Hanslep, Malle (MOF)
To:	ASHBOURNE, STEPHEN; Tobias P. Whitfield (MOF); Mike Manning; Ken Kandeepan; Ronald Kwan; Thouin, Alena (ENERGY); Tom McKinlay (MAG)
Cc:	Gadi Mayman
Subject:	RE: Interim Mark-up of the new Torys version of the Process Agreement
Date:	Thursday, December 07, 2017 10:26:38 AM

Hi Steve,
We are reviewing. Perhaps we might need to have a call to discuss this. Thanks.
Malle

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: December 7, 2017 10:21 AM
To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Manning, Mike (OFA); Kandeepan, Ken (OFA); Kwan, Ronald (OFA); Thouin, Alena (ENERGY); McKinlay, Tom (MAG)
Cc: Mayman, Gadi (OFA)
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Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

Blakes
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199 Bay Street, Suite 4000, Toronto ON M5L 1A9
Tel: 416-863-2400 Fax: 416-863-2653
blakes.com[blakes.com] | **Twitter**[twitter.com] | **Unsubscribe**[blakes.com]
Blake, Cassels & Graydon LLP | Barristers & Solicitors | Patent & Trade-mark Agents
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To: Hanslep, Malle (MOF) (Malle.Hanslep@ontario.ca); Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca); Mike Manning; Ken Kandeepan (Ken.Kandeepan@ofina.on.ca); Kwan, Ronald (OFA) (Ronald.Kwan@ofina.on.ca); Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca); tom.mckinlay@ontario.ca
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Stephen R. Ashbourne

Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From:	ASHBOURNE, STEPHEN
To:	Malle Hanslep (MOF); Tobias P. Whitfield (MOF); Mike Manning; Ken Kandeepan; Ronald Kwan; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca); Tom McKinlay (MAG)
Cc:	Gadi Mayman
Subject:	RE: Interim Mark-up of the new Torys version of the Process Agreement
Date:	Thursday, December 07, 2017 10:21:32 AM
Attachments:	23239361-v22-Change of Law - Process Agreement.DOCX 23239361-vpdf-Change of Law - Process Agreement.PDF

Hi again. Here is my further mark-up of the Process Agreement. We have now received comments on the Protection Agreement from Osler, so we should be able to address some of the open issues I had highlighted last night. We will circulate comments on the Protection Agreement to this group later in the day, but in the meantime please let me have your feedback on the Process Agreement mark-up. Regards, Steve

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Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

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Blake, Cassels & Graydon LLP | Barristers & Solicitors | Patent & Trade-mark Agents
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Cc: Gadi Mayman (Gadi.Mayman@ofina.on.ca)
Subject: Interim Mark-up of the new Torys version of the Process Agreement

Hi. In the interest of time, here are my preliminary comments on the version of the Process Agreement just circulated by Torys (at 4:39 this afternoon). You will see that there are several provisions that tie-in to what appear to be new proposed changes to the Protection Agreement – although we won't be able to understand them until that other document is circulated by Torys. I have highlighted those and a few other points for you to specifically consider, in yellow or in new footnotes. It would be helpful if you could review my interim mark-up, as you look over the blackline forwarded by Torys this afternoon (also attached here for your convenience), and let me know if you agree with my suggested revisions. Thanks, Steve

Stephen R. Ashbourne
Partner
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Dir: 416-863-3086

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.

CHANGE OF LAW PROCESS AGREEMENT

Dated as of [■], 2017

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**") is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.

Pursuant to a Declaration of Trust dated as of [■], 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions.

Prior to entering into this Agreement, OPG provided the Province with the final forms of certain of the Transaction Documents, as described on Exhibit "A", and the Province has not objected to such forms and has confirmed to OPG that such Transaction Documents will constitute "Reference Documentation" for purposes of this Agreement.

Prior to entering into this Agreement, OPG, as the FSM, provided the Province with the initial Financing Plan, which includes the initial forecast (the "**Initial Forecast**") setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Obligations Secured to be incurred during the 24 month period from December 1, 2017 to November 30, 2019 (the "**Initial Forecast Period**") and the initial Protection Agreement Maximum (the "**Initial Protection Agreement Maximum**"). The Province has acknowledged receipt of the initial Financing Plan and has not disagreed with the Initial Forecast or the Initial Protection Agreement Maximum on the basis of an apparent inaccuracy in the Initial Forecast, an inconsistency between the Initial Forecast and the initial Financing Plan, or as a result of the Initial Protection Agreement Maximum being more than the Initial Forecast.

This Agreement sets out the obligations OPG has agreed to perform and assurances OPG has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the Adherence Conditions have been satisfied and maintaining information related to the Program Agreements and the Approved Obligations.

All things necessary to make this Agreement a valid and legally binding agreement of OPG and the Province, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall"; the word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the

designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed; the words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 <u>References to the Financing Entity</u>

For greater certainty, each reference to the Financing Entity shall be construed as a reference to the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 <u>Effect of Headings</u>

The Article and Section headings herein and are for convenience only and will not affect the construction hereof.

1.04 <u>Successors and Assigns</u>

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 <u>Severability</u>

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.06 <u>Governing Law</u>

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF OPG

2.01 Deliveries to the Province

(a) OPG shall promptly deliver to the Province a copy of any proposed change to or replacement of the Financing Plan.

(b) Not less than 10 Business Days, or such lesser period as the Province may agree to in writing, prior to:

(i) any proposed change in the terms or conditions applicable to a Primary Obligation in a previously provided Transaction Document becoming effective or otherwise being used that could reasonably be expected to have a Material Effect; provided, however, that a proposed change in particular financial terms, rates and levels would not be such a material change other than a proposed change to any specific requirements, limitations or parameters with respect to such financial terms, rates and levels that were set forth in the previously provided Transaction Document and that would have a Material Effect, and

(ii) any additional, supplemental or replacement Transaction Document becoming effective or otherwise being used,

OPG shall deliver to the Province a copy of such proposed change to the Transaction Document and any such additional, supplemental or replacement Transaction Document.

(c) Without limiting Subsection 2.01(b), promptly following (i) any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor being made, (ii) any new, additional, supplemental or replacement instruments, documents, agreements or security being used or granted in connection with all or any part of the Approved Obligations, or (iii) any waiver, release, reconveyance, termination, abandonment, subordination, exchange, substitution, transfer, compound, compromise, liquidation or enforcement of all or any part of the Approved Obligations or any security or guarantee therefor being effected, OPG shall deliver to the Province a detailed description of such event and the reasons for it together with any related documents, agreements and instruments.

(d) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, OPG shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations (including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(e) Promptly upon request, OPG shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

2.02 <u>Covenants</u>

(a) OPG shall use commercially reasonable efforts to cause the Financing Entity to:

(i) punctually perform and observe all of the Financing Entity's obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not (unless waived in writing by the Province):

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement, replacement, waiver or consent could reasonably be considered to have a Material Effect; provided, however, that the foregoing does not apply to any supplementation, amendment, modification, restatement, replacement, waiver or consent of, to or in respect of particular financial terms, rates and levels other than a supplementation, amendment, modification, restatement, replacement, waiver or consent to or in respect of any specific requirements, limitations or parameters with respect to such financial terms, rates and levels that were set forth in the applicable Program Agreement and that would have a Material Effect;

(B) extend, renew, compromise, novate, replace, suspend, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, liquidate or enforce the terms of all or any part of the Approved Obligations or any Collateral, if any such action could reasonably be considered to have a Material Effect; provided, however, that the foregoing does not apply to any such action taken in respect of particular financial terms, rates and levels other than such an action taken in respect of any specific requirements,

limitations or parameters with respect to such financial terms, rates and levels that were set forth in the applicable Program Agreement and that would have a Material Effect; or

(C) permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired.

(b) OPG shall:

(i) comply, and shall use commercially reasonable efforts to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

(ii) punctually perform and observe all of its (including as the FSM and as Manager) obligations and agreements contained in the Program Agreements;

(iii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation; and

(iv) notify the Province of (1) the occurrence of any Breach Event and any Program Breach, in each case within 2 Business Days of any such occurrence, and (2) any event or circumstance known to OPG that with the passage of time or the giving of notice would be a Breach Event or a Program Breach, in each case within 1 Business Day of OPG first becoming aware of such event or circumstance; and

(v) after the occurrence of any Protection Event (or any event or circumstance known to OPG that with the passage of time or the giving of notice would be a Protection Event), not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.

(c) The Province and OPG acknowledge that their obligations to each other under the Indemnity Agreement between the Province and OPG dated June 1, 2017 (as amended, the "**Indemnity Agreement**") are not amended by this Agreement and continue in full force and effect, notwithstanding that this Agreement is entered into subsequent to the Indemnity Agreement. ***[NTD: Torys and Blakes have mutually agreed to this language.]***

(d) The Province and OPG acknowledge that their obligations to each other under the Indemnity Agreement are not amended by the Change of Law Protection Agreement and continue in full force and effect, notwithstanding that the Change

of Law Protection Agreement was entered into subsequent to the Indemnity Agreement. ***[NTD: Torys and Blakes have mutually agreed to this language.]***

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate

OPG shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Province, on or before the incurrence or any amendment of a Funding Obligation, other than any Funding Obligation under which not more than $5,000,000 in the aggregate may become payable by the Financing Entity (provided that delivery may not be more than 5 Business Days before the incurrence or amendment of the Funding Obligation), setting out the following with respect to such Funding Obligation:

(a) the material terms of the Funding Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a Derivative Agreement, OPG's best estimate of the expected notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights; ***[NTD: OPG can only provide an estimate of these matters and the actual pricing may be different than what is provided in the certificate since the price is based on the spot market and subject to change.]***

(b) if an existing Funding Obligation is proposed to be amended, material details respecting such amendment, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

(c) a statement to the effect that: (i) the Funding Obligation to be incurred or amended (1) will arise under terms and conditions that are Substantially in the Form of the Reference Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reference Documentation;

(d) a statement confirming that any disclosure made in respect of the Funding Obligation (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to the Funding Obligation) that refers to or describes the terms, effect or adherence of or

to this Agreement or the Change of Law Protection Agreement has been made available to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made;

(e) a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and

(f) confirmation that, at the time the Funding Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Funding Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the Protection Agreement Maximum applicable on the date that the Process Certificate is delivered; for clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be determined on the date the Process Certificate is delivered hereunder in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

3.02 Acknowledgement regarding delivery of certificate under Change of Law Protection Agreement

The Province acknowledges and agrees that, concurrent with the delivery of the Process Certificate pursuant to Section 3.01 of this Agreement, the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) are authorized to deliver the certificate referred to in Subsection [4.02(a)(ii)][1] of the Change of Law Protection Agreement to the Indenture Trustee confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with adherence of the Limited Guarantee to the incurrence of the Certified Primary Obligations in respect of which the certificate in Subsection [4.02(a)(ii)] of the Change of Law Protection Agreement is being delivered; provided that, upon receipt of a Suspension Notice under the Change of Law Protection Agreement, OPG covenants not to deliver any further certificates to the Indenture Trustee under Subsection [4.02(a)(ii)] of the Change of Law Protection Agreement [but, for greater certainty, OPG, as FSM, may deliver a certificate referred to in Subsection [4.02(b)(ii)] of the Change of Law Protection Agreement to the Indenture Trustee and the Province in

[1] Section change to be confirmed once Protection Agreement is recirculated.

connection with a Refinancing of a Primary Obligation in respect of which the Adherence Conditions in Subsection 4.02(a) of the Change of Law Protection Agreement had been satisfied at the time such Primary Obligation was incurred.][2] ***[NTD: Conforming changes made to line up with Change of Law Protection Agreement.]***

3.03 Acknowledgement regarding delivery of Suspension Notice

The parties acknowledge and agree that the Province is entitled to deliver a Suspension Notice under Section 7.01 of the Change of Law Protection Agreement if a Program Breach or Breach Event has occurred. The Province agrees not to deliver a Suspension Notice pursuant to Section 7.01 of the Change of Law Protection Agreement unless a Program Breach or a Breach Event has occurred.

3.04 Meaning of "Reference Documentation"

For the purposes of Subsection 3.01(c), the term "Reference Documentation" shall mean each Transaction Document that, at the relevant time:

(a) is a Transaction Document listed on Exhibit "A"; or

(b) is a Transaction Document (including any amended Transaction Document) provided to the Province in accordance with Subsection 2.01(b) that has not been objected to by the Province, by delivery of an objection notice in writing delivered to OPG, within 10 Business Days after it is provided to the Province.

3.05 Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(c), the term "Substantially in the Form" shall mean:

(a) with respect to the Reference Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such Reference Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary

[2] Note to Province: Changes have been made to the Protection Agreement that have not been circulated, so we are unable to understand the nature of this change. Torys gave Province a heads up on the 12/5 call that dealers would want any post-Suspension Refinancing not to itself be subject to the Adherence Conditions otherwise applying. This would be a new point and would significantly undermine the internal structure developed to allow the Province to know the scope of its potential obligations. In the absence of the Refinancing transaction being subject to the agreed Adherence Conditions, OPG would have no constraints on the nature and documentation of that Refinancing, and the Province would become subject to those Refinancing terms, whatever they are – without any ability to object or mitigate its exposure. Based on the current Protection Agreement requirements, any Refinancing would be subject to the "substantially in the form" requirements, which would mean that the key Refinancing terms would be unchanged, but the replacement financial terms would be unconstrained (e.g., to achieve a Refinancing, OPG could reprice the debt at a significantly higher interest rate to attract investors, and the Province would have no right to object). Blakes suggests that, if this in fact what is to be contemplated in the next Tory version of the Protection Agreement, OFA should reject this sort of significant weakening of the internal protections now contemplated and tell the dealers that unconstrained repricing flexibility will need to be sufficient to be assured that a Refinancing will be possible.

Obligation that could have a Material Effect; provided, however, that the foregoing does not apply to any particular financial terms, rates and levels set forth in the proposed documents other than to the extent that the forms of Reference Documentation themselves specify specific requirements, limitations or parameters with respect to such financial terms, rates, levels and parameters; and

(b) with respect to the Reference Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum

(a) Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Approved Obligations that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast shall be further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum, which may not exceed such Forecast.

(b) Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of any further Forecast and notice of the revised Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province may disagree with such further Forecast or revised Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in such further Forecast, (ii) the further Forecast is inconsistent with the Financing Plan, or (iii) the revised Protection Agreement Maximum is more than the further Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the revised Protection Agreement Maximum will be further revised accordingly and confirmed by an amended notice to the Province.

(c) For clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be valued at the time to be determined for the purposes of this Section 4.01 in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of OPG

OPG represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, may cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario and has the power and authority to enter into and perform its obligations under this Agreement and all instruments and agreements delivered pursuant hereto.

(c) OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Financing Entity or in the ability of the Financing Entity to perform its obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

5.02 <u>Representations and Warranties of the Province</u>

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
BREACH EVENTS

6.01 Breach Events

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

(a) a default in the performance, or breach, by OPG of Section 2.01(b)(i), Section 2.02(b)(iv) or Section 3.01;

(b) a default in the performance, or breach, of any other covenants of OPG under this Agreement (excluding Section 2.01(b)(i), Section 2.02(b)(iv) and Section 3.01), which, if curable in a way such that the default or breach would not have or have had a Material Effect, is not so cured within thirty (30) days;

(c) any representation or warranty made by OPG in this Agreement, any certification made in a Process Certificate, or any certification made in a certificate contemplated by Subsection 4.02 of the Change of Law Protection Agreement, proves to be incorrect on the date made and which, if curable in a way such that the incorrect representation or warranty may be remedied without any Material Effect having occurred as a result of the Province's reliance thereon, is not so cured within thirty (30) days; or

(d) OPG is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the Manager.

ARTICLE VII
MISCELLANEOUS

7.01 Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

7.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been

received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to OPG:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

(b) if to the Province:

Deputy Minister of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Deputy Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 7.02.

7.03 <u>Assignment</u>

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 7.03 shall be null and void.

7.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

7.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

7.06 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

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

By: _____

Name:
Title:

By: _____

Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Conditions**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Approved Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Beneficiaries**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Breach Event**" has the meaning ascribed thereto in Section 6.01.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Certified Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the Financing Entity, OPG (as the FSM and the Manager) and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

"**Executive Officer**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Financing Entity**" means Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(a).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**IESO Security Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**Indenture Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Initial Forecast**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Initial Forecast Period**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Initial Protection Agreement Maximum**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Limited Guarantee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Management Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Manager**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO.

"**Material Effect**" means a material effect on the obligations (including as a result of a change in the nature, scope or extent of the Primary Obligation and the effect on the Province's obligations therefor under the Limited Guarantee) or rights of the Province under the Limited Guarantee, the Change of Law Protection Agreement or this Agreement, including any proposed change that could affect the timing of or circumstances under which related payments would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that could affect the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Program Breach**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Protection Agreement Maximum**" means the dollar amount referenced as the Program Agreement Maximum and determined in accordance with Section 4.01.

"**Protection Event**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture.

"**Reference Documentation**" has the meaning ascribed thereto in Section 3.04.

"**Repayment**" has the meaning ascribed to the term "repayment" in the General Regulation as of the date of this Agreement.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Substantially in the Form**" has the meaning ascribed thereto in Section 3.05.

"**Suspension Notice**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement; (vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that could affect the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

EXHIBIT "A"
INITIAL REFERENCE DOCUMENTATION[3]

- Declaration of Trust;
- Management Agreement;
- Master Transfer and Servicing Agreement;
- Acknowledgement and indemnity agreement dated as of [■], 2017 made by IESO in favour of the Indenture Trustee;
- IESO Security Agreement;
- Trust Indenture;
- Warehouse Senior Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;
- Warehouse Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017; and
- [Warehouse Junior Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.]

[3] Explanatory Note: The Province is limiting this to the documents required to complete the warehouse financing. Term issuance related documents will be considered by the Province once received under 2.01(b)(ii) and become part of the Reviewed Documentation in accordance with 3.04(b).

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.

CHANGE OF LAW PROCESS AGREEMENT[1]

Dated as of [■], 2017

[1] ~~Explanatory Note: Closing mechanics under consideration by the Province. Province to advise what is under consideration.~~

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**") is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.

Pursuant to a Declaration of Trust dated as of [■], 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions.

Prior to entering into this Agreement, OPG provided the Province with the ~~proposed~~final forms of certain of the Transaction Documents~~ listed~~, as described on Exhibit "A", and the Province has not objected to such forms and has confirmed to OPG that such Transaction Documents will constitute "Reference Documentation" for purposes of this Agreement.

Prior to entering into this Agreement, OPG, as the FSM, provided the Province with the initial Financing Plan, which includes the initial forecast (the "**Initial Forecast**") setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under~~ Approved~~ Obligations Secured to be incurred during the 24 month period from December 1, 2017 to November 30, 2019 (the "**Initial Forecast Period**") and the initial Protection Agreement Maximum (the "**Initial Protection Agreement Maximum**"). The Province has acknowledged receipt of the initial Financing Plan and has not ~~objected to~~disagreed with the Initial Forecast or the Initial Protection Agreement Maximum on the basis of an apparent inaccuracy in the Initial Forecast, an inconsistency between the Initial Forecast and the initial Financing Plan, or as a result of the Initial Protection Agreement Maximum being more than the Initial Forecast.

This Agreement sets out the obligations OPG has agreed to perform and assurances OPG has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the

Adherence Conditions have been satisfied and maintaining information related to the Program Agreements and the Approved Obligations.

All things necessary to make this Agreement a valid and legally binding agreement of OPG and the Province, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall"; the word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed; the words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 References to the Financing Entity

For greater certainty, each reference to the Financing Entity shall be construed as a reference to the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 Effect of Headings

The Article and Section headings herein and are for convenience only and will not affect the construction hereof.

1.04 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.06 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF OPG

2.01 Deliveries to the Province

(a) OPG shall promptly deliver to the Province a copy of any proposed change to or replacement of the Financing Plan.

(b) Not less than 10 Business Days, or such lesser period as the Province may agree to in writing, prior to:

(i) any proposed change in the ~~material~~ terms or conditions applicable to a Primary Obligation in a previously provided Transaction Document becoming effective or otherwise being used~~, including regarding the timing of or circumstances under which related payments are or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that would affect the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation~~ that could reasonably be expected to have a Material Effect; provided, however, that ~~the foregoing does not apply to any~~a proposed change in particular financial terms, rates and levels would not be such a material change other than a proposed change to any specific requirements, limitations or parameters with respect to such financial terms, rates and levels that were set forth in the previously provided Transaction Document and that would have a Material Effect, and

(ii) any additional, supplemental or replacement Transaction Document becoming effective or otherwise being used,

OPG shall deliver to the Province a copy of such proposed change to the Transaction Document and any such additional, supplemental or replacement Transaction Document.

(c) ~~Promptly~~Without limiting Subsection 2.01(b), promptly following (i) any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor being made, (ii) any new, additional, supplemental or replacement instruments, documents, agreements or security being used or granted in connection with all or any part of the Approved Obligations, or (iii) any waiver, release, reconveyance, termination, abandonment, subordination, exchange, substitution, transfer, compound, compromise, liquidation or enforcement of all or any part of the Approved Obligations or any security or guarantee therefor being effected, OPG shall deliver to the Province a detailed description of such event and the reasons for it together with any related documents, agreements and instruments.

(d) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, OPG shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations (including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(e) Promptly upon request, OPG shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

2.02 Covenants

(a) OPG shall use commercially reasonable efforts to cause the Financing Entity to:

(i) punctually perform and observe all of the Financing Entity's obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not (unless waived in writing by the Province):

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement~~-or~~, replacement~~ or~~, waiver or consent could reasonably be considered to ~~be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement~~have a Material Effect; provided, however, that the foregoing does not apply to any ~~change in~~supplementation, amendment, modification, restatement, replacement, waiver or consent of, to or in respect of particular financial terms, rates and levels~~;~~ other than a supplementation, amendment, modification, restatement, replacement, waiver or consent to or in respect of any specific requirements, limitations or parameters with respect to such

financial terms, rates and levels that were set forth in the applicable Program Agreement and that would have a Material Effect;

(B) extend, renew, compromise, novate, replace, suspend, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, liquidate or enforce the terms of all or any part of the Approved Obligations or any Collateral, if any such action could reasonably be considered to ~~be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement~~have a Material Effect; provided, however, that the foregoing does not apply to ~~the extent that only~~any such action taken in respect of particular financial terms, rates and levels ~~are affected~~other than such an action taken in respect of any specific requirements, limitations or parameters with respect to such financial terms, rates and levels that were set forth in the applicable Program Agreement and that would have a Material Effect; or

(C) permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired.

~~***[NTD: As discussed, para (D) was deleted as a consequence of the Province's assumption right being deleted.]***~~

(b) OPG shall:

(i) comply, and shall use commercially reasonable efforts to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

(ii) punctually perform and observe all of its (including as the FSM and as Manager) obligations and agreements contained in the Program Agreements;

(iii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation; and

(iv) notify the Province of (1) the occurrence of any Breach Event and any Program Breach, in each case within 2 Business Days of any such occurrence, and (2) any event or circumstance known to OPG that with the passage of time or the giving of notice would be a Breach Event or a Program Breach, in each case within 1 Business Day of OPG first becoming aware of such event or circumstance; and

(v) ~~(iv)~~ after the occurrence of any Protection Event (or any event or circumstance known to OPG that with the passage of time or the giving of notice would be a Protection Event), not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption,

pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.

(c) The Province and OPG acknowledge that their obligations to each other under the Indemnity Agreement between the Province and OPG dated June 1, 2017 (as amended, the "**Indemnity Agreement**") are not amended by this Agreement and continue in full force and effect, notwithstanding that this Agreement is entered into subsequent to the Indemnity Agreement. ***[NTD: Torys and Blakes have mutually agreed to this language.]***

(d) The Province and OPG acknowledge that their obligations to each other under the Indemnity Agreement are not amended by the Change of Law Protection Agreement and continue in full force and effect, notwithstanding that the Change of Law Protection Agreement was entered into subsequent to the Indemnity Agreement. ***[NTD: Torys and Blakes have mutually agreed to this language.]***

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate

OPG shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Province, on or before the incurrence or any amendment of a Funding Obligation, other than any Funding Obligation under which not more than $5,000,000 in the aggregate may become payable by the Financing Entity (provided that delivery may not be more than 5 Business Days before the incurrence or amendment of the Funding Obligation), setting out the following with respect to such Funding Obligation:

(a) the material terms of the Funding Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a Derivative Agreement, OPG's best estimate of the expected notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights; ***[NTD: OPG can only provide an estimate of these matters and the actual pricing may be different than what is provided in the certificate since the price is based on the spot market and subject to change.]***

(b) if an existing Funding Obligation is proposed to be amended, material details respecting such amendment, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

(c) a statement to the effect that: (i) the Funding Obligation to be incurred or amended (1) will arise under terms and conditions that are Substantially in the Form of the Reference Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reference Documentation;

(d) a statement confirming that any disclosure made in respect of the Funding Obligation (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to the Funding Obligation) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement has been made available to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made;

(e) a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and

(f) confirmation that, at the time the Funding Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Funding Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the Protection Agreement Maximum applicable on the date that the Process Certificate is delivered; for clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be determined on the date the Process Certificate is delivered hereunder in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

3.02 Acknowledgement regarding delivery of certificate under Change of Law Protection Agreement

The Province acknowledges and agrees that, concurrent with the delivery of the Process Certificate pursuant to Section 3.01 of this Agreement, the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) are authorized to deliver the certificate referred to in Subsection [4.02(a)(ii)][1] of the Change of Law Protection Agreement to the Indenture Trustee confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with adherence of the Limited Guarantee to the incurrence of the Certified Primary Obligations in respect of which the certificate in Subsection [4.02(a)(ii)] of the Change of Law Protection Agreement is being delivered; provided that, upon receipt of a Suspension Notice under the Change of Law Protection Agreement, OPG covenants not to deliver any further certificates to the Indenture Trustee under Subsection [4.02(a)(ii)] of the Change of Law Protection Agreement [but, for greater certainty, OPG, as FSM, may deliver a certificate referred to in Subsection [4.02(b)(ii)] of the Change of Law Protection Agreement to the Indenture Trustee and the Province in connection with a Refinancing of a Primary Obligation in respect of which the Adherence Conditions in Subsection 4.02(a) of the Change of Law Protection Agreement had been satisfied at the time such Primary Obligation was incurred.][2] ***[NTD: Conforming changes made to line up with Change of Law Protection Agreement.]***

3.03 Acknowledgement regarding delivery of Suspension Notice

The parties acknowledge and agree that the Province is entitled to deliver a Suspension Notice under Section 7.01 of the Change of Law Protection Agreement if a Program Breach or Breach Event has occurred. The Province agrees not to deliver a Suspension Notice pursuant to Section 7.01 of the Change of Law Protection Agreement unless a Program Breach or a Breach Event has occurred.

[1] Section change to be confirmed once Protection Agreement is recirculated.

[2] Note to Province: Changes have been made to the Protection Agreement that have not been circulated, so we are unable to understand the nature of this change. Torys gave Province a heads up on the 12/5 call that dealers would want any post-Suspension Refinancing not to itself be subject to the Adherence Conditions otherwise applying. This would be a new point and would significantly undermine the internal structure developed to allow the Province to know the scope of its potential obligations. In the absence of the Refinancing transaction being subject to the agreed Adherence Conditions, OPG would have no constraints on the nature and documentation of that Refinancing, and the Province would become subject to those Refinancing terms, whatever they are – without any ability to object or mitigate its exposure. Based on the current Protection Agreement requirements, any Refinancing would be subject to the "substantially in the form" requirements, which would mean that the key Refinancing terms would be unchanged, but the replacement financial terms would be unconstrained (e.g., to achieve a Refinancing, OPG could reprice the debt at a significantly higher interest rate to attract investors, and the Province would have no right to object). Blakes suggests that, if this in fact what is to be contemplated in the next Tory version of the Protection Agreement, OFA should reject this sort of significant weakening of the internal protections now contemplated and tell the dealers that unconstrained repricing flexibility will need to be sufficient to be assured that a Refinancing will be possible.

3.04 Meaning of "Reference Documentation"

For the purposes of Subsection 3.01(c), the term "Reference Documentation" shall mean each Transaction Document that, at the relevant time:

(a) is a Transaction Document listed on Exhibit "A"; or

(b) is a Transaction Document (including any amended Transaction Document) provided to the Province in accordance with Subsection 2.01(b) that has not been objected to by the Province, by delivery of an objection notice in writing delivered to OPG, within 10 Business Days after it is provided to the Province.

3.05 Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(c), the term "Substantially in the Form" shall mean:

(a) with respect to the Reference Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such Reference Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation~~, including regarding the timing of or circumstances under which related payments are or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that would affect the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation~~ that could have a Material Effect; provided, however, that the foregoing does not apply to any~~ variable terms to be set forth in the proposed documents as are reasonably contemplated in the Reference Documentation, including the~~ particular financial terms, rates and levels set forth in the proposed documents other than to the extent that the forms of Reference Documentation themselves specify specific requirements, limitations or parameters with respect to such financial terms, rates, levels and parameters; and

(b) with respect to the Reference Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum

(a) Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Approved Obligations that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast shall be further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum, which may not exceed such Forecast.

(b) Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of any further Forecast and notice of the revised Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province may disagree with such further Forecast or revised Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in ~~the Financing Plan or~~ such further Forecast, (ii) the further Forecast is inconsistent with the Financing Plan, or (iii) the revised Protection Agreement Maximum is more than the further Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the revised Protection Agreement Maximum will be further revised accordingly and confirmed by an amended notice to the Province.

(c) For clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be valued at the time to be determined for the purposes of this Section 4.01 in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of OPG

OPG represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, may cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario and has the power and authority to enter into and perform its obligations under this Agreement and all instruments and agreements delivered pursuant hereto.

(c) OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Financing Entity or in the ability of the Financing Entity to perform its obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

5.02 Representations and Warranties of the Province

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
BREACH EVENTS

6.01 Breach Events

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

(a) a default in the performance, or breach, by OPG of Section 2.01(b)(i), Section 2.02(b)(iv) or Section 3.01;

(b) (a) a default in the performance, or breach, of any other covenants of OPG under this Agreement, (excluding Section 2.01(b)(i), which continues for thirty (30) days after written notice by the Province to OPG of such default or breach;

(b) a default in the performance, or breach, by OPG of Section 2.01(b)(i)Section 2.02(b)(iv) and Section 3.01), which, if curable in a way such that the default or breach would not have or have had a Material Effect, is not so cured within thirty (30) days;

(c) any representation or warranty made by OPG in this Agreement, any certification made in a Process Certificate, or any certification made in a certificate contemplated by Subsection 4.02 of the Change of Law Protection Agreement, proves to be incorrect on the date made and, if curable, is not which, if curable in a way such that the incorrect representation or warranty may be remedied without any Material Effect having occurred as a result of the Province's reliance thereon, is not so cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation; or

(d) OPG is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the Manager.

ARTICLE VII
MISCELLANEOUS

7.01 Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

7.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic

communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to OPG:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

(b) if to the Province:

~~Ministry~~Deputy Minister of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Deputy Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 7.02.

7.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 7.03 shall be null and void.

7.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

7.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or

any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

7.06 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

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

By: _____

Name:
Title:

By: _____

Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Conditions**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Approved Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Beneficiaries**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Breach Event**" has the meaning ascribed thereto in Section 6.01.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Certified Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the ~~FSM on behalf of the~~ Financing Entity, OPG (as the FSM and the Manager) and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes,

bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

"**Executive Officer**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Financing Entity**" means Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(a).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**IESO Security Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**Indenture Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Initial Forecast**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Initial Forecast Period**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Initial Protection Agreement Maximum**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Limited Guarantee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Management Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Manager**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO.

"**Material Effect**" means a material effect on the obligations (including as a result of a change in the nature, scope or extent of the Primary Obligation and the effect on the Province's obligations therefor under the Limited Guarantee) or rights of the Province under the Limited Guarantee, the Change of Law Protection Agreement or this Agreement, including any proposed change that could affect the timing of or circumstances under which related payments would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that could affect the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Program Breach**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Protection Agreement Maximum**" means the dollar amount referenced as the Program Agreement Maximum and determined in accordance with ~~Article IV.~~Section 4.01.

"**Protection Event**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture.

"**Reference Documentation**" has the meaning ascribed thereto in Section 3.04.

"**Repayment**" has the meaning ascribed to the term "repayment" in the General Regulation as of the date of this Agreement.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Substantially in the Form**" has the meaning ascribed thereto in Section 3.05.

"**Suspension Notice**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement; (vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that ~~affects~~could affect the Province's rights of subrogation ~~rights and/or subrogee interests~~or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

EXHIBIT "A"
INITIAL REFERENCE DOCUMENTATION[3]

- Declaration of Trust;
- Management Agreement;
- Master Transfer and Servicing Agreement;
- Acknowledgement and indemnity agreement dated as of [■], 2017 made by IESO in favour of the Indenture Trustee;
- IESO Security Agreement;
- Trust Indenture;
- Warehouse Senior Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;
- Warehouse Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017; and
- [Warehouse Junior Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■]~~], 2017.~~], 2017.]
- ~~Term Senior Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;~~
- ~~Term Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;~~
- ~~Term Junior Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;~~
- ~~[Confidential shelf offering memorandum of the Financing Entity dated as of [■], 2017, including the term sheet incorporated by reference therein; and~~
- ~~Agency agreement between the Financing Entity, CIBC World Markets Inc., RBC Dominion Securities Inc., Goldman Sachs Canada Inc. and the other agents named therein dated as of [■], 2017.] *[NTD: OM and Agency Agreement will be removed from Schedule A if not provided to the Province sufficiently in advance of execution of the Process Agreement.]*~~

[3] Explanatory Note: The Province is limiting this to the documents required to complete the warehouse financing. Term issuance related documents will be considered by the Province once received under 2.01(b)(ii) and become part of the Reviewed Documentation in accordance with 3.04(b).

Document comparison by Workshare Compare on Thursday, December 07, 2017 10:15:37 AM

Input:	
Document 1 ID	PowerDocs://TOR_2528/23239361/20
Description	TOR_2528-#23239361-v20-Change_of_Law_-_Process_Agreement
Document 2 ID	PowerDocs://TOR_2528/23239361/22
Description	TOR_2528-#23239361-v22-Change_of_Law_-_Process_Agreement
Rendering set	Standard

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

Statistics:	
	Count
Insertions	68
Deletions	52
Moved from	2
Moved to	2
Style change	0
Format changed	0
Total changes	124

From:	ASHBOURNE, STEPHEN
To:	Malle Hanslep (MOF); Tobias P. Whitfield (MOF); Mike Manning; Ken Kandeepan; Ronald Kwan; Thouin, Alena (ENERGY); Tom McKinlay (MAG)
Cc:	Gadi Mayman
Subject:	RE: Interim Mark-up of the new Torys version of the Process Agreement
Date:	Thursday, December 07, 2017 12:16:10 PM

Yes, that's fine. Thanks.

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Thursday, December 07, 2017 11:34 AM
To: ASHBOURNE, STEPHEN; Whitfield, Tobias P. (MOF); Manning, Mike (OFA); Kandeepan, Ken (OFA); Kwan, Ronald (OFA); Thouin, Alena (ENERGY); McKinlay, Tom (MAG)
Cc: Mayman, Gadi (OFA)
Subject: RE: Interim Mark-up of the new Torys version of the Process Agreement

Hi Steve,

Are you available for a call at 2pm today to go through the points?

Thanks

Malle

Malle Hanslep
Deputy Director
Ministry of the Attorney General
Ministry of Finance Legal Services Branch
Telephone: 416-325-1457

Notice: This communication may be solicitor/client privileged and contain confidential information intended only for the person(s) to whom it is addressed. If you have received this message in error please notify the writer and permanently delete the message and all attachments. Thank you.

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: December 7, 2017 10:21 AM
To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Manning, Mike (OFA); Kandeepan, Ken (OFA); Kwan, Ronald (OFA); Thouin, Alena (ENERGY); McKinlay, Tom (MAG)
Cc: Mayman, Gadi (OFA)
Subject: RE: Interim Mark-up of the new Torys version of the Process Agreement

Hi again. Here is my further mark-up of the Process Agreement. We have now received comments on the Protection Agreement from Osler, so we should be able to address some of the open issues I had highlighted last night. We will circulate comments on the Protection Agreement to this group later in the day, but in the meantime please let me have your feedback on the Process Agreement mark-up. Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

Blakes
Blake, Cassels & Graydon LLP

199 Bay Street, Suite 4000, Toronto ON M5L 1A9
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L'information paraissant dans ce message électronique est CONFIDENTIELLE. Si ce message vous est parvenu par erreur, veuillez immédiatement m'en aviser par téléphone ou par courriel et en détruire toute copie. Merci.

From: ASHBOURNE, STEPHEN
Sent: Wednesday, December 06, 2017 6:16 PM
To: Hanslep, Malle (MOF) (Malle.Hanslep@ontario.ca); Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca); Mike Manning; Ken Kandeepan (Ken.Kandeepan@ofina.on.ca); Kwan, Ronald (OFA) (Ronald.Kwan@ofina.on.ca); Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca); tom.mckinlay@ontario.ca
Cc: Gadi Mayman (Gadi.Mayman@ofina.on.ca)
Subject: Interim Mark-up of the new Torys version of the Process Agreement

Hi. In the interest of time, here are my preliminary comments on the version of the Process Agreement just circulated by Torys (at 4:39 this afternoon). You will see that there are several provisions that tie-in to what appear to be new proposed changes to the Protection Agreement – although we won't be able to understand them until that other document is circulated by Torys. I have highlighted those and a few other points for you to specifically consider, in yellow or in new footnotes. It would be helpful if you could review my interim mark-up, as you look over the blackline forwarded by Torys this afternoon (also attached here for your convenience), and let me know if you agree with my suggested revisions. Thanks, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From:	Anna Strathy
To:	Mike Manning; Ronald Kwan; John Kim; Gadi Mayman
Cc:	Usman Zahid
Subject:	RE: Internal Discussion | Protection and Process Agreements | Blakes, OFA, MOF, Energy, OPCD
Date:	Tuesday, November 21, 2017 11:27:38 AM

For those of you that would like to take the call altogether, we'll be in the Executive Boardroom.

-----Original Appointment-----
From: Anna Strathy
Sent: Tuesday, November 21, 2017 10:41 AM
To: Malle Hanslep (MOF); Tobias P. Whitfield (MOF); ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com); Tom McKinlay (MAG); Thouin, Alena (ENERGY); Ken Kandeepan; Mike Manning; Ronald Kwan; John Kim; Veinot, Cindy (TBS); Steen Hume (CAB); Tim Christie (ENERGY); Gadi Mayman; Mark Donaldson (MOF); Daniel Cayley (ENERGY)
Cc: Usman Zahid; Hilary Cox (ENE); 'Hosick, Sarah (TBS)'
Subject: Internal Discussion | Protection and Process Agreements | Blakes, OFA, MOF, Energy, OPCD
When: Tuesday, November 21, 2017 11:30 AM-12:00 PM (UTC-05:00) Eastern Time (US & Canada).
Where: Teleconference 1-866-602-5461 or 416-212-8011 | Conference ID: 4717656

Purpose: to discuss proposed dealer changes, received yesterday afternoon.

Toll-free dial-in number: 1-866-602-5461

Local dial-in number: 416-212-8011

Conference ID: 4717656

OFA to Moderate

From:	Hanslep, Malle (MOF)
To:	VINER, JON; Mike Manning; ASHBOURNE, STEPHEN; Tobias P. Whitfield (MOF)
Subject:	RE: John, I just picked up your message ...
Date:	Tuesday, November 28, 2017 1:27:10 PM

Please include Toby too.

-----Original Message-----
From: VINER, JON [mailto:JON.VINER@blakes.com]
Sent: November 28, 2017 1:22 PM
To: Manning, Mike (OFA); Hanslep, Malle (MOF); ASHBOURNE, STEPHEN
Subject: RE: John, I just picked up your message ...

Thanks. I'll circulate a dial-in once Steve confirms his availability.

Best,
Jon

Jon Viner
Associate
jon.viner@blakes.com
Dir: 416-863-2499

-----Original Message-----
From: Mike Manning [mailto:Mike.Manning@ofina.on.ca]
Sent: Tuesday, November 28, 2017 1:19 PM
To: Malle Hanslep (MOF); ASHBOURNE, STEPHEN
Cc: VINER, JON
Subject: RE: John, I just picked up your message ...

I'm fine now too.
Mike

-----Original Message-----
From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Tuesday, November 28, 2017 1:15 PM
To: ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; Mike Manning <Mike.Manning@ofina.on.ca>
Cc: VINER, JON <JON.VINER@blakes.com>
Subject: RE: John, I just picked up your message ...

Hi - I'm free now so please let me know when.

-----Original Message-----

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]

Sent: November 28, 2017 12:22 PM

To: Manning, Mike (OFA); Hanslep, Malle (MOF)

Cc: VINER, JON

Subject: Re: John, I just picked up your message ...

Mike, Malle's tied up T 1230 so let's talk when she's available later in the afternoon.

Malle, is there a time that works for you this afternoon?

Jon will set up a call-in, once we have a time that works for both of you.

Thanks, Steve

Stephen R. Ashbourne

Partner

stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com>

Dir: 416-863-3086<tel:416-863-3086>

On Nov 28, 2017, at 6:16 PM, Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>> wrote:

Hi Stephen:

Do you still want to talk at 12:30?

Mike

-----Original Message-----

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]

Sent: Tuesday, November 28, 2017 12:15 PM

To: Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>

Cc: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>

Subject: Re: John, I just picked up your message ...

Thanks Mike. Let's push off our call. Malle sent me the feedback from Moody's, and I agree that we should not get cross-threaded having individual calls with OPG. I'm going to refrain from taking John Lee's call. Steve

Stephen R. Ashbourne

Partner

stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com><mailto:stephen.ashbourne@blakes.com>

Dir: 416-863-3086<tel:416-863-3086>

On Nov 28, 2017, at 6:00 PM, Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca> <mailto:Mike.Manning@ofina.on.ca>> wrote:

416 325 8930

Thanks, Mike

-----Original Message-----

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]

Sent: Tuesday, November 28, 2017 11:58 AM

To: Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca><mailto:Mike.Manning@ofina.on.ca>>

Subject: Re: John, I just picked up your message ...

Mike, what # should I try you at, at 1230? Steve

Stephen R. Ashbourne

Partner

stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com><mailto:stephen.ashbourne@blakes.com> <mailto:stephen.ashbourne@blakes.com>

Dir: 416-863-3086<tel:416-863-3086>

On Nov 28, 2017, at 5:47 PM, Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca> <mailto:Mike.Manning@ofina.on.ca><mailto:Mike.Manning@ofina.on.ca>> wrote:

For sure.

Mike

-----Original Message-----

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]

Sent: Tuesday, November 28, 2017 11:46 AM

To: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca><mailto:Malle.Hanslep@ontario.ca> <mailto:Malle.Hanslep@ontario.ca>>

Cc: Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca><mailto:Mike.Manning@ofina.on.ca> <mailto:Mike.Manning@ofina.on.ca>>

Subject: Re: John, I just picked up your message ...

Hi Mike. Are you free for a call around 1230. Just looking for an update on the "materiality" point Malle is referring to, below. Steve

Stephen R. Ashbourne

Partner

stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com><mailto:stephen.ashbourne@blakes.com>
<mailto:stephen.ashbourne@blakes.com><mailto:stephen.ashbourne@blakes.com>

Dir: 416-863-3086<tel:416-863-3086>

On Nov 28, 2017, at 5:39 PM, Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>
<mailto:Malle.Hanslep@ontario.ca><mailto:Malle.Hanslep@ontario.ca><mailto:Malle.Hanslep@ontario.ca>> wrote:

Hi Steve,

I think this is about the "materiality" point. It would be best if you called Mike first about this because John Lee has been speaking to Mike about it.

Thanks.

Malle

-----Original Message-----

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]

Sent: November 28, 2017 11:33 AM

To: LEE John -TREASURY

Subject: John, I just picked up your message ...

I'm tied up until 1230 ET. I can call you then if that suits you. Steve

Stephen R. Ashbourne

Partner

stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com><mailto:stephen.ashbourne@blakes.com>
<mailto:stephen.ashbourne@blakes.com><mailto:stephen.ashbourne@blakes.com><mailto:stephen.ashbourne@blakes.com>

Dir: 416-863-3086<tel:416-863-3086>

_____

[cid:image0b2e8e.GIF@685c28b2.4b96aec5]

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From: VINER, JON
To: Mike Manning; Malle Hanslep (MOF); ASHBOURNE, STEPHEN
Subject: RE: John, I just picked up your message ...
Date: Tuesday, November 28, 2017 1:21:48 PM

Thanks. I'll circulate a dial-in once Steve confirms his availability.

Best,
Jon

Jon Viner
Associate
jon.viner@blakes.com
Dir: 416-863-2499

-----Original Message-----
From: Mike Manning [mailto:Mike.Manning@ofina.on.ca]
Sent: Tuesday, November 28, 2017 1:19 PM
To: Malle Hanslep (MOF); ASHBOURNE, STEPHEN
Cc: VINER, JON
Subject: RE: John, I just picked up your message ...

I'm fine now too.
Mike

-----Original Message-----
From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Tuesday, November 28, 2017 1:15 PM
To: ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; Mike Manning <Mike.Manning@ofina.on.ca>
Cc: VINER, JON <JON.VINER@blakes.com>
Subject: RE: John, I just picked up your message ...

Hi - I'm free now so please let me know when.

-----Original Message-----

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]

Sent: November 28, 2017 12:22 PM

To: Manning, Mike (OFA); Hanslep, Malle (MOF)

Cc: VINER, JON

Subject: Re: John, I just picked up your message ...

Mike, Malle's tied up T 1230 so let's talk when she's available later in the afternoon.

Malle, is there a time that works for you this afternoon?

Jon will set up a call-in, once we have a time that works for both of you.

Thanks, Steve

Stephen R. Ashbourne

Partner

stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com>

Dir: 416-863-3086<tel:416-863-3086>

On Nov 28, 2017, at 6:16 PM, Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>> wrote:

Hi Stephen:

Do you still want to talk at 12:30?

Mike

-----Original Message-----

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]

Sent: Tuesday, November 28, 2017 12:15 PM

To: Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>

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Stephen R. Ashbourne

Partner

stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com><mailto:stephen.ashbourne@blakes.com>

Dir: 416-863-3086<tel:416-863-3086>

On Nov 28, 2017, at 6:00 PM, Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>
<mailto:Mike.Manning@ofina.on.ca>> wrote:

416 325 8930

Thanks, Mike

-----Original Message-----

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]

Sent: Tuesday, November 28, 2017 11:58 AM

To: Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca><mailto:Mike.Manning@ofina.on.ca>>

Subject: Re: John, I just picked up your message ...

Mike, what # should I try you at, at 1230? Steve

Stephen R. Ashbourne

Partner

stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com><mailto:stephen.ashbourne@blakes.com>
<mailto:stephen.ashbourne@blakes.com>

Dir: 416-863-3086<tel:416-863-3086>

On Nov 28, 2017, at 5:47 PM, Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>
<mailto:Mike.Manning@ofina.on.ca><mailto:Mike.Manning@ofina.on.ca>> wrote:

For sure.

Mike

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From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]

Sent: Tuesday, November 28, 2017 11:46 AM

To: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca><mailto:Malle.Hanslep@ontario.ca>
<mailto:Malle.Hanslep@ontario.ca>>

Cc: Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca><mailto:Mike.Manning@ofina.on.ca>
<mailto:Mike.Manning@ofina.on.ca>>

Subject: Re: John, I just picked up your message ...

Hi Mike. Are you free for a call around 1230. Just looking for an update on the "materiality" point Malle is referring to, below. Steve

Stephen R. Ashbourne

Partner

stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com><mailto:stephen.ashbourne@blakes.com>
<mailto:stephen.ashbourne@blakes.com><mailto:stephen.ashbourne@blakes.com>

Dir: 416-863-3086<tel:416-863-3086>

On Nov 28, 2017, at 5:39 PM, Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>
<mailto:Malle.Hanslep@ontario.ca><mailto:Malle.Hanslep@ontario.ca><mailto:Malle.Hanslep@ontario.ca>> wrote:

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I think this is about the "materiality" point. It would be best if you called Mike first about this because John Lee has been speaking to Mike about it.

Thanks.

Malle

-----Original Message-----

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]

Sent: November 28, 2017 11:33 AM

To: LEE John -TREASURY

Subject: John, I just picked up your message ...

I'm tied up until 1230 ET. I can call you then if that suits you. Steve

Stephen R. Ashbourne

Partner

stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com><mailto:stephen.ashbourne@blakes.com>
<mailto:stephen.ashbourne@blakes.com><mailto:stephen.ashbourne@blakes.com><mailto:stephen.ashbourne@blakes.com>

Dir: 416-863-3086<tel:416-863-3086>

_____

[cid:image0b2e8e.GIF@685c28b2.4b96aec5]

Blake, Cassels & Graydon LLP

199 Bay Street, Suite 4000, Toronto ON M5L 1A9

Tel: 416-863-2400 Fax: 416-863-2653

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From:	Mike Manning
To:	Malle Hanslep (MOF); ASHBOURNE, STEPHEN
Cc:	VINER, JON
Subject:	RE: John, I just picked up your message ...
Date:	Tuesday, November 28, 2017 1:19:25 PM

I'm fine now too.
Mike

-----Original Message-----
From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Tuesday, November 28, 2017 1:15 PM
To: ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; Mike Manning <Mike.Manning@ofina.on.ca>
Cc: VINER, JON <JON.VINER@blakes.com>
Subject: RE: John, I just picked up your message ...

Hi - I'm free now so please let me know when.

-----Original Message-----

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]

Sent: November 28, 2017 12:22 PM

To: Manning, Mike (OFA); Hanslep, Malle (MOF)

Cc: VINER, JON

Subject: Re: John, I just picked up your message ...

Mike, Malle's tied up T 1230 so let's talk when she's available later in the afternoon.

Malle, is there a time that works for you this afternoon?

Jon will set up a call-in, once we have a time that works for both of you.

Thanks, Steve

Stephen R. Ashbourne

Partner

stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com>

Dir: 416-863-3086<tel:416-863-3086>

On Nov 28, 2017, at 6:16 PM, Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>> wrote:

Hi Stephen:

Do you still want to talk at 12:30?

Mike

-----Original Message-----

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]

Sent: Tuesday, November 28, 2017 12:15 PM

To: Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>

Cc: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>

Subject: Re: John, I just picked up your message ...

Thanks Mike. Let's push off our call. Malle sent me the feedback from Moody's, and I agree that we should not get cross-threaded having individual calls with OPG. I'm going to refrain from taking John Lee's call. Steve

Stephen R. Ashbourne

Partner

stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com><mailto:stephen.ashbourne@blakes.com>

Dir: 416-863-3086<tel:416-863-3086>

On Nov 28, 2017, at 6:00 PM, Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca> <mailto:Mike.Manning@ofina.on.ca>> wrote:

416 325 8930

Thanks, Mike

-----Original Message-----

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]

Sent: Tuesday, November 28, 2017 11:58 AM

To: Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca><mailto:Mike.Manning@ofina.on.ca>>

Subject: Re: John, I just picked up your message ...

Mike, what # should I try you at, at 1230? Steve

Stephen R. Ashbourne

Partner

stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com><mailto:stephen.ashbourne@blakes.com>
<mailto:stephen.ashbourne@blakes.com>

Dir: 416-863-3086<tel:416-863-3086>

On Nov 28, 2017, at 5:47 PM, Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>
<mailto:Mike.Manning@ofina.on.ca><mailto:Mike.Manning@ofina.on.ca>> wrote:

For sure.

Mike

-----Original Message-----

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]

Sent: Tuesday, November 28, 2017 11:46 AM

To: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca><mailto:Malle.Hanslep@ontario.ca>
<mailto:Malle.Hanslep@ontario.ca>>

Cc: Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca><mailto:Mike.Manning@ofina.on.ca>
<mailto:Mike.Manning@ofina.on.ca>>

Subject: Re: John, I just picked up your message ...

Hi Mike. Are you free for a call around 1230. Just looking for an update on the "materiality" point Malle is referring to, below. Steve

Stephen R. Ashbourne

Partner

stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com><mailto:stephen.ashbourne@blakes.com>
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Dir: 416-863-3086<tel:416-863-3086>

On Nov 28, 2017, at 5:39 PM, Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>
<mailto:Malle.Hanslep@ontario.ca><mailto:Malle.Hanslep@ontario.ca><mailto:Malle.Hanslep@ontario.ca>> wrote:

Hi Steve,

I think this is about the "materiality" point. It would be best if you called Mike first about this because John Lee has been speaking to Mike about it.

Thanks.

Malle

-----Original Message-----

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]

Sent: November 28, 2017 11:33 AM

To: LEE John -TREASURY

Subject: John, I just picked up your message ...

I'm tied up until 1230 ET. I can call you then if that suits you. Steve

Stephen R. Ashbourne

Partner

stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com><mailto:stephen.ashbourne@blakes.com>
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[cid:image0b2e8e.GIF@685c28b2.4b96aec5]

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From: Hanslep, Malle (MOF)
To: ASHBOURNE, STEPHEN; Mike Manning
Cc: VINER, JON
Subject: RE: John, I just picked up your message ...
Date: Tuesday, November 28, 2017 1:14:45 PM

Hi - I'm free now so please let me know when.

-----Original Message-----

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]

Sent: November 28, 2017 12:22 PM

To: Manning, Mike (OFA); Hanslep, Malle (MOF)

Cc: VINER, JON

Subject: Re: John, I just picked up your message ...

Mike, Malle's tied up T 1230 so let's talk when she's available later in the afternoon.

Malle, is there a time that works for you this afternoon?

Jon will set up a call-in, once we have a time that works for both of you.

Thanks, Steve

Stephen R. Ashbourne

Partner

stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com>

Dir: 416-863-3086<tel:416-863-3086>

On Nov 28, 2017, at 6:16 PM, Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>> wrote:

Hi Stephen:

Do you still want to talk at 12:30?

Mike

-----Original Message-----

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]

Sent: Tuesday, November 28, 2017 12:15 PM

To: Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>

Cc: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>

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Mike

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Cc: Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca><mailto:Mike.Manning@ofina.on.ca> <mailto:Mike.Manning@ofina.on.ca>>

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Malle

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Sent: November 28, 2017 11:33 AM

To: LEE John -TREASURY

Subject: John, I just picked up your message ...

I'm tied up until 1230 ET. I can call you then if that suits you. Steve

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From: Mike Manning
To: "ASHBOURNE, STEPHEN"
Subject: RE: John, I just picked up your message ...
Date: Tuesday, November 28, 2017 12:23:12 PM

Sounds good.
Mike

-----Original Message-----
From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: Tuesday, November 28, 2017 12:22 PM
To: Mike Manning <Mike.Manning@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>
Cc: VINER, JON <JON.VINER@blakes.com>
Subject: Re: John, I just picked up your message ...

Mike, Malle's tied up T 1230 so let's talk when she's available later in the afternoon.

Malle, is there a time that works for you this afternoon?

Jon will set up a call-in, once we have a time that works for both of you.

Thanks, Steve

Stephen R. Ashbourne

Partner

stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com>

Dir: 416-863-3086<tel:416-863-3086>

On Nov 28, 2017, at 6:16 PM, Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>> wrote:

Hi Stephen:

Do you still want to talk at 12:30?

Mike

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From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]

Sent: Tuesday, November 28, 2017 12:15 PM

To: Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>

Cc: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>

Subject: Re: John, I just picked up your message ...

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416 325 8930

Thanks, Mike

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From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]

Sent: Tuesday, November 28, 2017 11:58 AM

To: Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca><mailto:Mike.Manning@ofina.on.ca>>

Subject: Re: John, I just picked up your message ...

Mike, what # should I try you at, at 1230? Steve

Stephen R. Ashbourne

Partner

stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com><mailto:stephen.ashbourne@blakes.com> <mailto:stephen.ashbourne@blakes.com>

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On Nov 28, 2017, at 5:47 PM, Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca> <mailto:Mike.Manning@ofina.on.ca><mailto:Mike.Manning@ofina.on.ca>> wrote:

For sure.

Mike

-----Original Message-----

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]

Sent: Tuesday, November 28, 2017 11:46 AM

To: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca><mailto:Malle.Hanslep@ontario.ca> <mailto:Malle.Hanslep@ontario.ca>>

Cc: Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca><mailto:Mike.Manning@ofina.on.ca> <mailto:Mike.Manning@ofina.on.ca>>

Subject: Re: John, I just picked up your message ...

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Thanks.

Malle

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Sent: November 28, 2017 11:33 AM

To: LEE John -TREASURY

Subject: John, I just picked up your message ...

I'm tied up until 1230 ET. I can call you then if that suits you. Steve

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[cid:image0b2e8e.GIF@685c28b2.4b96aec5]

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Tel: 416-863-2400 Fax: 416-863-2653

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From: Mike Manning
To: "ASHBOURNE, STEPHEN"
Cc: Malle Hanslep (MOF)
Subject: RE: John, I just picked up your message ...
Date: Tuesday, November 28, 2017 12:16:38 PM

Hi Stephen:
Do you still want to talk at 12:30?

Mike

-----Original Message-----
From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: Tuesday, November 28, 2017 12:15 PM
To: Mike Manning <Mike.Manning@ofina.on.ca>
Cc: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>
Subject: Re: John, I just picked up your message ...

Thanks Mike. Let's push off our call. Malle sent me the feedback from Moody's, and I agree that we should not get cross-threaded having individual calls with OPG. I'm going to refrain from taking John Lee's call. Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com>
Dir: 416-863-3086<tel:416-863-3086>

On Nov 28, 2017, at 6:00 PM, Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>> wrote:

416 325 8930

Thanks, Mike

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From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: Tuesday, November 28, 2017 11:58 AM
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Subject: Re: John, I just picked up your message ...

Mike, what # should I try you at, at 1230? Steve

Stephen R. Ashbourne
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stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com><mailto:stephen.ashbourne@blakes.com>
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Mike

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Sent: Tuesday, November 28, 2017 11:46 AM
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Cc: Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca><mailto:Mike.Manning@ofina.on.ca>>
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stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com><mailto:stephen.ashbourne@blakes.com>

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Malle

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To: LEE John -TREASURY
Subject: John, I just picked up your message ...

I'm tied up until 1230 ET. I can call you then if that suits you. Steve

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Subject: RE: John, I just picked up your message ...
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Stephen R. Ashbourne

Partner
stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com><mailto:stephen.ashbourne@blakes.com>
<mailto:stephen.ashbourne@blakes.com>
Dir: 416-863-3086<tel:416-863-3086>

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[cid:image0b2e8e.GIF@685c28b2.4b96aec5]

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From: Mike Manning
To: "ASHBOURNE, STEPHEN"; Malle Hanslep (MOF)
Subject: RE: John, I just picked up your message ...
Date: Tuesday, November 28, 2017 11:47:04 AM

For sure.
Mike

-----Original Message-----
From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: Tuesday, November 28, 2017 11:46 AM
To: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>
Subject: Re: John, I just picked up your message ...

Hi Mike. Are you free for a call around 1230. Just looking for an update on the "materiality" point Malle is referring to, below.
Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com>
Dir: 416-863-3086<tel:416-863-3086>

On Nov 28, 2017, at 5:39 PM, Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>> wrote:

Hi Steve,

I think this is about the "materiality" point. It would be best if you called Mike first about this because John Lee has been speaking to Mike about it.

Thanks.

Malle

-----Original Message-----
From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: November 28, 2017 11:33 AM
To: LEE John -TREASURY
Subject: John, I just picked up your message ...

I'm tied up until 1230 ET. I can call you then if that suits you. Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com><mailto:stephen.ashbourne@blakes.com>
Dir: 416-863-3086<tel:416-863-3086>

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From: Hanslep, Malle (MOF)
To: ASHBOURNE, STEPHEN
Cc: Mike Manning
Subject: RE: John, I just picked up your message ...
Date: Tuesday, November 28, 2017 11:39:37 AM

Hi Steve,

I think this is about the "materiality" point. It would be best if you called Mike first about this because John Lee has been speaking to Mike about it.

Thanks.

Malle

-----Original Message-----

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]

Sent: November 28, 2017 11:33 AM

To: LEE John -TREASURY

Subject: John, I just picked up your message ...

I'm tied up until 1230 ET. I can call you then if that suits you. Steve

Stephen R. Ashbourne

Partner

stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com>

Dir: 416-863-3086<tel:416-863-3086>

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[cid:image0b2e8e.GIF@685c28b2.4b96aec5]

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XXUdbQjs&s=5WIfKUnu3HmibY8CbMUMQqAwpBlzzRAfNczB9L2c4l8&e= >

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From: Ken Kandeepan
To: Mike Manning
Cc: Anna Strathy
Subject: RE: John, I just picked up your message ...
Date: Tuesday, November 28, 2017 1:53:29 PM

Ok thanks will do

-----Original Message-----
From: Mike Manning
Sent: Tuesday, November 28, 2017 1:24 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: FW: John, I just picked up your message ...

Not sure your availability, but you are welcome to join the call when it is set up.
Thanks, Mike

-----Original Message-----
From: VINER, JON [mailto:JON.VINER@blakes.com]
Sent: Tuesday, November 28, 2017 1:22 PM
To: Mike Manning <Mike.Manning@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>
Subject: RE: John, I just picked up your message ...

Thanks. I'll circulate a dial-in once Steve confirms his availability.

Best,
Jon

Jon Viner
Associate
jon.viner@blakes.com
Dir: 416-863-2499

-----Original Message-----
From: Mike Manning [mailto:Mike.Manning@ofina.on.ca]
Sent: Tuesday, November 28, 2017 1:19 PM
To: Malle Hanslep (MOF); ASHBOURNE, STEPHEN
Cc: VINER, JON
Subject: RE: John, I just picked up your message ...

I'm fine now too.
Mike

-----Original Message-----
From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Tuesday, November 28, 2017 1:15 PM
To: ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; Mike Manning <Mike.Manning@ofina.on.ca>
Cc: VINER, JON <JON.VINER@blakes.com>
Subject: RE: John, I just picked up your message ...

Hi - I'm free now so please let me know when.

-----Original Message-----

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]

Sent: November 28, 2017 12:22 PM

To: Manning, Mike (OFA); Hanslep, Malle (MOF)

Cc: VINER, JON

Subject: Re: John, I just picked up your message ...

Mike, Malle's tied up T 1230 so let's talk when she's available later in the afternoon.

Malle, is there a time that works for you this afternoon?

Jon will set up a call-in, once we have a time that works for both of you.

Thanks, Steve

Stephen R. Ashbourne

Partner

stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com>

Dir: 416-863-3086<tel:416-863-3086>

On Nov 28, 2017, at 6:16 PM, Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>> wrote:

Hi Stephen:

Do you still want to talk at 12:30?

Mike

-----Original Message-----

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]

Sent: Tuesday, November 28, 2017 12:15 PM

To: Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>

Cc: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>

Subject: Re: John, I just picked up your message ...

Thanks Mike. Let's push off our call. Malle sent me the feedback from Moody's, and I agree that we should not get cross-threaded having individual calls with OPG. I'm going to refrain from taking John Lee's call. Steve

Stephen R. Ashbourne

Partner

stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com><mailto:stephen.ashbourne@blakes.com>

Dir: 416-863-3086<tel:416-863-3086>

On Nov 28, 2017, at 6:00 PM, Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>
<mailto:Mike.Manning@ofina.on.ca>> wrote:

416 325 8930

Thanks, Mike

-----Original Message-----

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]

Sent: Tuesday, November 28, 2017 11:58 AM

To: Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca><mailto:Mike.Manning@ofina.on.ca>>

Subject: Re: John, I just picked up your message ...

Mike, what # should I try you at, at 1230? Steve

Stephen R. Ashbourne

Partner

stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com><mailto:stephen.ashbourne@blakes.com>
<mailto:stephen.ashbourne@blakes.com>

Dir: 416-863-3086<tel:416-863-3086>

On Nov 28, 2017, at 5:47 PM, Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>
<mailto:Mike.Manning@ofina.on.ca><mailto:Mike.Manning@ofina.on.ca>> wrote:

For sure.

Mike

-----Original Message-----

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]

Sent: Tuesday, November 28, 2017 11:46 AM

To: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca><mailto:Malle.Hanslep@ontario.ca> <mailto:Malle.Hanslep@ontario.ca>>

Cc: Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca><mailto:Mike.Manning@ofina.on.ca> <mailto:Mike.Manning@ofina.on.ca>>

Subject: Re: John, I just picked up your message ...

Hi Mike. Are you free for a call around 1230. Just looking for an update on the "materiality" point Malle is referring to, below. Steve

Stephen R. Ashbourne

Partner

stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com><mailto:stephen.ashbourne@blakes.com> <mailto:stephen.ashbourne@blakes.com><mailto:stephen.ashbourne@blakes.com>

Dir: 416-863-3086<tel:416-863-3086>

On Nov 28, 2017, at 5:39 PM, Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca> <mailto:Malle.Hanslep@ontario.ca><mailto:Malle.Hanslep@ontario.ca><mailto:Malle.Hanslep@ontario.ca>> wrote:

Hi Steve,

I think this is about the "materiality" point. It would be best if you called Mike first about this because John Lee has been speaking to Mike about it.

Thanks.

Malle

-----Original Message-----

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]

Sent: November 28, 2017 11:33 AM

To: LEE John -TREASURY

Subject: John, I just picked up your message ...

I'm tied up until 1230 ET. I can call you then if that suits you. Steve

Stephen R. Ashbourne

Partner

stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com><mailto:stephen.ashbourne@blakes.com>
<mailto:stephen.ashbourne@blakes.com><mailto:stephen.ashbourne@blakes.com><mailto:stephen.ashbourne@blakes.com>

Dir: 416-863-3086<tel:416-863-3086>

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From:	Anna Strathy
To:	Jonathan Tekle (CAB)
Cc:	David McLean (MOF); Patrick Laughton (MOF); Gadi Mayman; Ronald Kwan; Ken Kandeepan; Mike Manning; Usman Zahid; Tobias P. Whitfield (MOF); Mark Donaldson (MOF); Tim Christie (ENERGY); "Thouin, Alena (ENERGY)"; "Hosick, Sarah (TBS)"; Malle Hanslep (MOF); Hilary Cox (ENE); Tom McKinlay (MAG)
Subject:	RE: Materials | Joint Ministers Briefing | OFHP
Date:	Wednesday, November 29, 2017 9:31:00 AM
Attachments:	23254960-v8-Province Limited Guarantee - Briefing Deck.pptx

Good morning, Jonathan,

MOF Legal provided some minor, but important, edits to slides 5 and 6. They are indicated in red text in the attached version. We'd like this version to be considered the final version. I will bring clean, hard copies to the noon briefing.

Anna

From: Anna Strathy
Sent: Tuesday, November 28, 2017 5:21 PM
To: Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca>
Cc: David McLean (MOF) <David.McLean@ontario.ca>; Patrick Laughton (MOF) <Patrick.Laughton@ontario.ca>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca>; Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Usman Zahid <Usman.Zahid@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Mark Donaldson (MOF) <Mark.Donaldson@ontario.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Hosick, Sarah (TBS) <Sarah.Hosick@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Hilary Cox (ENE) <Hilary.Cox@ontario.ca>; Gadi Mayman <Gadi.Mayman@ofina.on.ca>
Subject: Materials | Joint Ministers Briefing | OFHP

Hi Jonathan,

Please find attached, a proposed deck for use at the Joint Ministers briefing on the Protection Agreement, tomorrow at noon. Could you please share with the Energy and TBS DMOs?

I'm copying the rest of the group here that provided input, including OPCD and Energy. And my apologies to the group – our timelines did not allow for me to send this latest draft around for additional comments.

Thanks everyone,

Anna

<< File: 23254960-v7-Province Limited Guarantee - Briefing Deck.pptx >>

-----Original Appointment-----
From: Imbrogno, Serge (ENERGY) [mailto:Serge.Imbrogno@ontario.ca]
Sent: Monday, November 27, 2017 1:32 PM
To: Imbrogno, Serge (ENERGY); Martin Schlaepfer (MOF); Francesca Bungaro-Yemec (ENERGY); Steen Hume (CAB); Hilary Cox (ENE); HARTWICK Ken -FINANCE; 'LEE John - TREASURY'; 'jeffrey.lyash@opg.com'; catriona.king@opg.com; 'HOILETT Rosemarie - PRESIDENT'; Scott Thompson (CAB); Gadi Mayman; Anna Strathy; David McLean (MOF); Helen Angus (MOHLTC); Kyle MacIntyre (MOF)
Subject: Joint Ministers Briefing | OFHP
When: Wednesday, November 29, 2017 12:00 PM-1:00 PM (UTC-05:00) Eastern Time (US & Canada).
Where: Room 263, Main Legislative Building

Ontario’s Fair Hydro Plan

Limited Guarantee from the Province – Overview

Joint Ministers Briefing
November 29, 2017

Purpose

- Provide Ministers with an update of the work being done to prepare two provincial agreements to support the implementation of Ontario's Fair Hydro Plan.

- Provide an overview of the two provincial agreements, including key details of the agreements.

- Outline next steps.

Context

- On March 2, 2017, the government announced its proposed Ontario's Fair Hydro Plan (OFHP), which would lower bills by 25% for a typical residential consumer, starting in the summer of 2017.

- Ontario Power Generation (OPG) has indicated that it requires some level of guarantee from province to be able to secure the financing for the OFHP.

- On September 25, 2017, TB/MBC approved a "term sheet" that set out the broad parameters of this guarantee.

- Ministries have been working with OPG, external lawyers and underwriters to finalize the provincial agreements.

- The provincial agreements must be signed by OPG and the Ministers of Energy and Finance well in advance of December 31st, to allow the Financing Entity to purchase the regulatory asset from the IESO before its year-end.

Overview of Provincial Approvals Already Completed

- Authorization under Section 5(3) of OFHPA
  - Section 5(3) provides that LGIC may by order authorize the Minister of Energy and Minister of Finance, acting together on behalf of the Province, to agree to guarantee or indemnify obligations associated with an Investment Interest

- Order in Council 1981/2017 made pursuant to subsection 5(3) of the OFHPA
  - The OIC, approved by Cabinet on September 27, 2017, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of a financing entity established under the OFHPA associated with investment interests acquired by a financing entity.

Overview of Proposed Agreements

- There are two agreements which set out the terms of the limited guarantee:
  1. Change of Law Protection Agreement **("Protection Agreement")**
  2. Change of Law Process Agreement ("**Process Agreement**")

- The **Protection Agreement** describes the circumstances that would trigger the guarantee:
  - A change of law (i.e., repeal or amendment of the *Ontario Fair Hydro Plan Act, 2017*); court decision; or a change in the electricity market structure or operations that adversely affects the ability of the Financing Entity to recover amounts related to funding obligations.

- Should the guarantee be triggered, the Province would be required to pay the financial obligations of the Financing Entity, which would have an immediate impact on the Province's fiscal plan and debt.

- The Protection Agreement also describes "adherence conditions" which must be fulfilled before the guarantee covers debt obligations:
  - For example, OPG must certify that it has complied with internal process requirements with Province (i.e. in Process Agreement)

Overview of Proposed Agreements Cont'd

- The **Process Agreement** sets out the information and necessary documentation that has to be provided by OPG to the Province in connection with the application of the limited guarantee .

- A breach of the Process Agreement allows the Province to suspend the limited guarantee for any new obligations, other than for refinancings. Suspension does not affect obligations already covered by limited guarantee.

Accounting Implications

- Reporting structure of the Financing Entity, as determined by OPG, will be a subsidiary of OPG, reporting as a government business enterprise in the Public Accounts on a modified equity, one-line basis (no change from current presentation)

- Reporting under IFRS 10, the ability for OPG to consolidate the Financing Entity is determined by way of its power to direct and access returns from the subsidiary (as set out in the agreements)

- Province can set the terms and conditions without exercising direct control

Risks

- Accounting
  - Any actions taken by the Province to direct the activities of the Financing Entity may result in the Financing Entity being controlled directly by the Province and not consolidated under OPG
  - No assessment has been undertaken as to whether the Financing Entity would be considered a government business enterprise

- Province dependent on OPG for key matters relating to the limited guarantee
  - Less power/information than would typically be afforded to a guarantor
  - Significant reliance on OPG to deliver timely, accurate information
  - Province has no say on financing decisions if permitted by the Financing Plan

- Even without a change of law by the Legislature, a court determination may trigger a Protection Event

- Possible criticism for wholesale delegation to OPG; although accounting considerations and the Act itself lead to this outcome

- Potential for opportunistic litigation by Financing Entity creditors to trigger a Protection Event

Next Steps

- Ministries are working to finalize the two agreements, incorporating recent input from the credit rating agencies and continued input from the underwriters.

- Final agreements will come forward for signature by the Ministers of Energy and Finance in the coming weeks. The Minister of Finance will be asked to provide s.28 approval at the same time as the agreements are signed.

- Upon execution of the agreements, and completion of the rating agency process, the Financing Entity will enter into a short-term borrowing facility (the warehouse) in order to purchase the regulatory asset from the IESO before December 31st.

- In January 2018, the Financing Entity plans to issue long-term notes (bond issue) to empty the warehouse. Going forward, the Financing Entity will make monthly purchases of the regulatory asset. These purchases will be financed through the warehouse, provincial equity injection and OPG borrowing. It is expected that the Financing Entity will enter into approximately three bond issues per year in order to regularly pay down the warehouse.

Appendix

General Background

- Ontario Fair Hydro Plan Act ("**Act**") permits debt financings through one or more [special purpose] financing entities, to be managed by OPG
  - Proceeds of financings are used to acquire portions of the Fair Hydro regulatory asset ("**Investment Interests**") from IESO
  - Amounts owing will be serviced from "clean energy adjustments" ("**CEAs**") collected from "specified consumers"

- Hydro Trust [will be] established to facilitate the first financing transactions
  - Some combination of short-term "warehouse financings" and long-term notes will be issued
  - OPG, funded by the Province, will acquire subordinated debt issued by Hydro Trust
  - Proceeds raised before December 31st are expected to be $•M ($•M from external investors)
  - Future issuances will follow the same pattern (51% external/senior; 49% OPG/subordinated)

- Payment obligations will be owed to noteholders, lenders, credit enhancers, derivative counterparties, service providers, etc.
  - Payment obligations will be governed under a Trust Indenture
  - Hydro Trust payment obligations under the Trust Indenture are "Obligations Secured"

- Limited Guarantee from the Province of obligations payable by Hydro Trust when due
  - Province pays only upon a "Protection Event"
  - Limited Guarantee applies to almost all Obligations Secured
  - Certain "**Adherence Conditions**" to be satisfied before Limited Guarantee willy apply to material obligations

- Two relevant agreements:
  i. Change of Law Protection Agreement ("**Protection Agreement**")
  ii. Change of Law Process Agreement ("**Process Agreement**")

Technical Details – Limited Guarantee from the Province

- Triggered by a "**Protection Event**": Either:
  - There is a change of law (by the Legislature, LGIC, Ministers, government officials, government appointed boards, etc.) or implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or and entity controlled by the Province that materially and adversely affects either (1) the ability of Hydro Trust to receive CEA cash flows or (2) the Protection Agreement or any Obligation Secured
  - A court of competent jurisdiction determines that any part of the OFHPA or the related regulations are *ultra vires* or invalid in a way that materially and adversely affects the ability of Hydro Trust to receive CEA cash flows and that in fact results in a deficiency such that Hydro Trust cannot pay Obligations Secured when they become due

- **Not covered by the Limited Guarantee:**
  - Amounts required to be deposited into collateral or reserve accounts established under the Hydro Trust program to credit enhance or provide liquidity for ultimate payment of Obligations Secured
  - Certain residual payments to OPG under the "payment waterfall"

- **Term:** Until all applicable Obligations Secured are paid in full

Technical Details – Adherence Conditions

- Certain minimal conditions will apply before the Limited Guarantee will attach to applicable Obligations Secured:
  - Incurrence of indebtedness to fund ownership of an Investment Interest
  - Entry into ISDA master agreements
  - Entry into service contracts with term > 3 years and aggregate payments >$5M that are not terminable on giving 3 years notice or less

- Those conditions are:
  - Must be an Obligation Secured under the Trust Indenture
  - Delivery of officer's certificate by OPG to Indenture Trustee confirming compliance with internal processes as between OPG and the Province in connection the Limited Guarantee (under the Process Agreement)
  - Province has not delivered a "Suspension Notice"

Technical Details – Process between Province and OPG

- Process Agreement between Province and OPG
  - Sets out informational requirements and supporting affirmations regarding incurrence or amendment of Obligations Secured
  - Contemplates some (limited) rights of Province to comment on disclosure and terms of Obligations Secured
  - Provides for OPG executive officer affirmation regarding certain matters (in a "**Process Certificate**")

- Delivery of Process Certificate by OPG executive officers to the Province setting out:
  - Material terms of obligations (incurrence or amendment)
  - Confirmation that terms are "**Substantially in the Form**" of the "**Reference Documentation**"
  - Confirmation that the offering document is "**Substantially in the Form**" of the "**Reference Documentation**"
  - Confirmation that no breach of the Process Agreement has occurred
  - Confirmation that the maximum payment amounts due in the future under the obligation plus other outstanding amounts will not exceed the "**Protection Agreement Maximum**"
  - Confirmation that any disclosure referring to the Protection Agreement or Process Agreement was made available to the Province
  - Confirmation as to reasonableness, arm's length terms and conditions, and compliance with the Act and the Financing Plan

- Suspension Right
  - Uncured breach of Process Agreement or breach by any party of other program agreements allows Province to suspend Limited Guarantee for new obligations, other than for refinancings
  - Exercise of suspension right does not impact prior Hydro Trust obligations covered under the Limited Guarantee

Technical Details – Obligation of Province on Protection Event

- Make payments on Limited Guarantee
- Payments replicate stream of CEAs to pay amounts due and payable by Hydro Trust
- In event of an acceleration of any Obligation Secured, Province would pay acceleration amounts, capped at scheduled payment amounts (without acceleration) plus an additional amount up to the “fair allocation” in the aggregate
- Province will be subrogated to rights of the creditors of Hydro Trust to the extent of performance under the Limited Guarantee

Technical Details – Obligations of OPG

- Process Agreement obligates OPG, but without limiting protections under existing indemnity agreement
  - Province has indemnified OPG, its subsidiaries, and each of their respective directors, officers and employees from liability resulting from activities under the Act and activities of Hydro Trust pursuant to an Indemnity Agreement

- If there is any conflict between the Process Agreement, the Protection Agreement and the existing Indemnity Agreement in respect of any matter relating to the Province's indemnification obligations in favour of OPG, the Indemnity Agreement is paramount

From:	Tekle, Jonathan (MOF)
To:	Anna Strathy
Cc:	David McLean (MOF); Patrick Laughton (MOF); Gadi Mayman; Ronald Kwan; Ken Kandeepan; Mike Manning; Usman Zahid; Tobias P. Whitfield (MOF); Mark Donaldson (MOF); Tim Christie (ENERGY); Thouin, Alena (ENERGY); Hosick, Sarah (TBS); Malle Hanslep (MOF); Hilary Cox (ENE); Gadi Mayman
Subject:	RE: Materials | Joint Ministers Briefing | OFHP
Date:	Tuesday, November 28, 2017 5:24:27 PM

Thanks, Anna. We will share this with TBS and ENERGY.

From: Anna Strathy [mailto:Anna.Strathy@ofina.on.ca]
Sent: November 28, 2017 5:21 PM
To: Tekle, Jonathan (MOF)
Cc: McLean, David (MOF); Laughton, Patrick (TBS); Tekle, Jonathan (MOF); Mayman, Gadi (OFA); Kwan, Ronald (OFA); Kandeepan, Ken (OFA); Manning, Mike (OFA); Zahid, Usman (OFA); Whitfield, Tobias P. (MOF); Donaldson, Mark (TBS); Christie, Tim (ENERGY); Thouin, Alena (ENERGY); Hosick, Sarah (TBS); Hanslep, Malle (MOF); Cox, Hilary (ENERGY); Mayman, Gadi (OFA)
Subject: Materials | Joint Ministers Briefing | OFHP

Hi Jonathan,

Please find attached, a proposed deck for use at the Joint Ministers briefing on the Protection Agreement, tomorrow at noon. Could you please share with the Energy and TBS DMOs?

I'm copying the rest of the group here that provided input, including OPCD and Energy. And my apologies to the group – our timelines did not allow for me to send this latest draft around for additional comments.

Thanks everyone,

Anna

<< File: 23254960-v7-Province Limited Guarantee - Briefing Deck.pptx >>

-----Original Appointment-----
From: Imbrogno, Serge (ENERGY) [mailto:Serge.Imbrogno@ontario.ca]
Sent: Monday, November 27, 2017 1:32 PM
To: Imbrogno, Serge (ENERGY); Martin Schlaepfer (MOF); Francesca Bungaro-Yemec (ENERGY); Steen Hume (CAB); Hilary Cox (ENE); HARTWICK Ken -FINANCE; 'LEE John -TREASURY'; 'jeffrey.lyash@opg.com'; catriona.king@opg.com; 'HOILETT Rosemarie -PRESIDENT'; Scott Thompson (CAB); Gadi Mayman; Anna Strathy; David McLean (MOF); Helen Angus (MOHLTC); Kyle MacIntyre (MOF)
Subject: Joint Ministers Briefing | OFHP
When: Wednesday, November 29, 2017 12:00 PM-1:00 PM (UTC-05:00) Eastern Time (US & Canada).
Where: Room 263, Main Legislative Building

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From:	Tekle, Jonathan (MOF)
To:	Gadi Mayman
Cc:	Patrick Laughton (MOF); Ronald Kwan; Ken Kandeepan; Mike Manning; Usman Zahid; Tobias P. Whitfield (MOF); Mark Donaldson (MOF); Tim Christie (ENERGY); Thouin, Alena (ENERGY); Hosick, Sarah (TBS); Malle Hanslep (MOF); Hilary Cox (ENE); Tom McKinlay (MAG); Anna Strathy; David McLean (MOF)
Subject:	RE: Materials | Joint Ministers Briefing | OFHP
Date:	Wednesday, November 29, 2017 11:47:18 AM

Thanks, Gadi. I'll suggest this prior to the start of the meeting. See you shortly.

From: Gadi Mayman [mailto:Gadi.Mayman@ofina.on.ca]
Sent: November 29, 2017 11:36 AM
To: Tekle, Jonathan (MOF)
Cc: Laughton, Patrick (TBS); Kwan, Ronald (OFA); Kandeepan, Ken (OFA); Manning, Mike (OFA); Zahid, Usman (OFA); Whitfield, Tobias P. (MOF); Donaldson, Mark (TBS); Christie, Tim (ENERGY); Thouin, Alena (ENERGY); Hosick, Sarah (TBS); Hanslep, Malle (MOF); Cox, Hilary (ENERGY); McKinlay, Tom (MAG); Strathy, Anna (OFA); McLean, David (MOF)
Subject: Re: Materials | Joint Ministers Briefing | OFHP
Having read OPG's deck, I wonder if the meeting would flow better if we went from Andrew's introduction to their deck, and then finish with the guarantee deck? That way Ministers could see how the financing of the OFHP will be done, and then, with that in their minds, we'd be able to take them through what they'll need to sign to allow the financing to take place and meet OPG's proposed timelines.
Gadi

On Nov 29, 2017, at 11:21 AM, Tekle, Jonathan (MOF) <Jonathan.Tekle@ontario.ca> wrote:

> Hi all,
> Attached is additional material for the joint Minister's briefing at noon. ENERGY will bring copies of this deck to the meeting.
> As far as stage management for the meeting:
> - Andrew will provide opening remarks
> - Overview of the Limited Guarantee from the Province
> - OPG Update on Financing Program
>
> Thanks,
>
> **Jonathan Tekle**
> Senior Policy Advisor, Deputy Minister's Office, Ministry of Finance
> Frost Building South, 7th Floor
> 7 Queen's Park Crescent
> Toronto, Ontario M7A 1Y7

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From:	Anna Strathy
To:	Tom McKinlay (MAG); Steen Hume (CAB); "Thouin, Alena (ENERGY)"
Cc:	Hilary Cox (ENE); "Hosick, Sarah (TBS)"; Ken Kandeepan; Mike Manning; Tim Christie (ENERGY); Daniel Cayley (ENERGY)
Subject:	RE: Meeting with OPG this evening | Protection and Process Agreements
Date:	Tuesday, November 21, 2017 4:35:55 PM

Hi Steen, Tom, Alena,

Stephen Ashbourne is trying to resolve one of the outstanding business issues directly with the lawyer from Osler. We are going to delay the start of the 5pm meeting until Stephen has had that conversation. Mike or Ken will email you when they are heading over to Torys.

Thanks, Anna

From: Anna Strathy
Sent: Tuesday, November 21, 2017 3:21 PM
To: Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>
Cc: Hilary Cox (ENE) <Hilary.Cox@ontario.ca>; 'Hosick, Sarah (TBS)' <Sarah.Hosick@ontario.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>; Daniel Cayley (ENERGY) <Daniel.Cayley@ontario.ca>; Mark Donaldson (MOF) <Mark.Donaldson@ontario.ca>; Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>
Subject: Meeting with OPG this evening | Protection and Process Agreements

Cindy, Steen, Tom,

After some back and forth today, we'll be meeting OPG at Toys this evening at 5pm to discuss the remaining business issues in the protection and process agreements. Could you please advise who from your respective Ministries will be attending? Happy to discuss.

Thanks, Anna

-----Original Appointment-----
From: Anna Strathy
Sent: Tuesday, November 21, 2017 10:41 AM
To: Anna Strathy; Malle Hanslep (MOF); Tobias P. Whitfield (MOF); ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com); Tom McKinlay (MAG); Thouin, Alena (ENERGY); Ken Kandeepan; Mike Manning; Ronald Kwan; John Kim; Veinot, Cindy (TBS); Steen Hume (CAB); Tim Christie (ENERGY); Gadi Mayman; Mark Donaldson (MOF); Daniel Cayley (ENERGY)

Cc: Usman Zahid; Hilary Cox (ENE); 'Hosick, Sarah (TBS)'
Subject: Internal Discussion | Protection and Process Agreements | Blakes, OFA, MOF, Energy, OPCD
When: Tuesday, November 21, 2017 11:30 AM-12:00 PM (UTC-05:00) Eastern Time (US & Canada).
Where: Teleconference 1-866-602-5461 or 416-212-8011 | Conference ID: 4717656

Purpose: to discuss proposed dealer changes, received yesterday afternoon.

Toll-free dial-in number: 1-866-602-5461

Local dial-in number: 416-212-8011

Conference ID: 4717656

OFA to Moderate

From:	Thouin, Alena (ENERGY)
To:	Anna Strathy; Tom McKinlay (MAG); Veinot, Cindy (TBS); Steen Hume (CAB)
Cc:	Hilary Cox (ENE); Hosick, Sarah (TBS); Ken Kandeepan; Mike Manning; Tim Christie (ENERGY); Daniel Cayley (ENERGY); Mark Donaldson (MOF); Gadi Mayman
Subject:	RE: Meeting with OPG this evening | Protection and Process Agreements
Date:	Tuesday, November 21, 2017 3:37:13 PM

Thanks Anna
I didn't see a dial in number, perhaps worth flagging to Rima.

Alena Thouin
Deputy Director, Legal Services Branch
Ministries of Energy / Infrastructure / Economic Development & Growth /
Research, Innovation & Science / Accessibility
56 Wellesley St. W. 18th Floor, Toronto, ON M7A 2E7
Tel: 416-325-1834 **Email:** alena.thouin@ontario.ca

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Sent: November 21, 2017 3:35 PM
To: Thouin, Alena (ENERGY); McKinlay, Tom (MAG); Veinot, Cindy (TBS); Hume, Steen (ENERGY)
Cc: Cox, Hilary (ENERGY); Hosick, Sarah (TBS); Kandeepan, Ken (OFA); Manning, Mike (OFA); Christie, Tim (ENERGY); Cayley, Daniel (ENERGY); Donaldson, Mark (TBS); Mayman, Gadi (OFA)
Subject: RE: Meeting with OPG this evening | Protection and Process Agreements
Thank you, Alena. I believe the invite is a hold from 2pm-7pm. I'm hearing it's likely to start at 5pm. I've just sent you the invite.

From: Thouin, Alena (ENERGY) [mailto:Alena.Thouin@ontario.ca]
Sent: Tuesday, November 21, 2017 3:33 PM
To: Anna Strathy <Anna.Strathy@ofina.on.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>
Cc: Hilary Cox (ENE) <Hilary.Cox@ontario.ca>; Hosick, Sarah (TBS) <Sarah.Hosick@ontario.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>; Daniel Cayley (ENERGY) <Daniel.Cayley@ontario.ca>; Mark Donaldson (MOF) <Mark.Donaldson@ontario.ca>; Gadi Mayman <Gadi.Mayman@ofina.on.ca>
Subject: RE: Meeting with OPG this evening | Protection and Process Agreements
Tom and I will attend via phone.
I didn't see an invite though?

Alena Thouin
Deputy Director, Legal Services Branch
Ministries of Energy / Infrastructure / Economic Development & Growth /
Research, Innovation & Science / Accessibility
56 Wellesley St. W. 18th Floor, Toronto, ON M7A 2E7
Tel: 416-325-1834 **Email:** alena.thouin@ontario.ca

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Cc: Cox, Hilary (ENERGY); Hosick, Sarah (TBS); Kandeepan, Ken (OFA); Manning, Mike (OFA); Christie, Tim (ENERGY); Cayley, Daniel (ENERGY); Donaldson, Mark (TBS); Mayman, Gadi (OFA); Thouin, Alena (ENERGY)
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OFA to Moderate

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Cc:	Hilary Cox (ENE); Hosick, Sarah (TBS); Ken Kandeepan; Mike Manning; Tim Christie (ENERGY); Daniel Cayley (ENERGY); Mark Donaldson (MOF); Gadi Mayman
Subject:	RE: Meeting with OPG this evening | Protection and Process Agreements
Date:	Tuesday, November 21, 2017 3:34:57 PM

Thank you, Alena. I believe the invite is a hold from 2pm-7pm. I'm hearing it's likely to start at 5pm. I've just sent you the invite.

From: Thouin, Alena (ENERGY) [mailto:Alena.Thouin@ontario.ca]
Sent: Tuesday, November 21, 2017 3:33 PM
To: Anna Strathy ; Tom McKinlay (MAG) ; Veinot, Cindy (TBS) ; Steen Hume (CAB)
Cc: Hilary Cox (ENE) ; Hosick, Sarah (TBS) ; Ken Kandeepan ; Mike Manning ; Tim Christie (ENERGY) ; Daniel Cayley (ENERGY) ; Mark Donaldson (MOF) ; Gadi Mayman
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56 Wellesley St. W. 18th Floor, Toronto, ON M7A 2E7
Tel: 416-325-1834 **Email:** alena.thouin@ontario.ca

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From: Anna Strathy [mailto:Anna.Strathy@ofina.on.ca]
Sent: November 21, 2017 3:21 PM
To: McKinlay, Tom (MAG); Veinot, Cindy (TBS); Hume, Steen (ENERGY)
Cc: Cox, Hilary (ENERGY); Hosick, Sarah (TBS); Kandeepan, Ken (OFA); Manning, Mike (OFA); Christie, Tim (ENERGY); Cayley, Daniel (ENERGY); Donaldson, Mark (TBS); Mayman, Gadi (OFA); Thouin, Alena (ENERGY)
Subject: Meeting with OPG this evening | Protection and Process Agreements

Cindy, Steen, Tom,
After some back and forth today, we'll be meeting OPG at Toys this evening at 5pm to discuss the remaining business issues in the protection and process agreements. Could you please advise who from your respective Ministries will be attending? Happy to discuss.
Thanks, Anna

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From: Anna Strathy
Sent: Tuesday, November 21, 2017 10:41 AM
To: Anna Strathy; Malle Hanslep (MOF); Tobias P. Whitfield (MOF); ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com); Tom McKinlay (MAG); Thouin, Alena (ENERGY); Ken

Kandeepan; Mike Manning; Ronald Kwan; John Kim; Veinot, Cindy (TBS); Steen Hume (CAB); Tim Christie (ENERGY); Gadi Mayman; Mark Donaldson (MOF); Daniel Cayley (ENERGY)
Cc: Usman Zahid; Hilary Cox (ENE); 'Hosick, Sarah (TBS)'
Subject: Internal Discussion | Protection and Process Agreements | Blakes, OFA, MOF, Energy, OPCD

When: Tuesday, November 21, 2017 11:30 AM-12:00 PM (UTC-05:00) Eastern Time (US & Canada).
Where: Teleconference 1-866-602-5461 or 416-212-8011 | Conference ID: 4717656
Purpose: to discuss proposed dealer changes, received yesterday afternoon.
Toll-free dial-in number: 1-866-602-5461
Local dial-in number: 416-212-8011
Conference ID: 4717656
OFA to Moderate

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From:	Thouin, Alena (ENERGY)
To:	Anna Strathy; Tom McKinlay (MAG); Veinot, Cindy (TBS); Steen Hume (CAB)
Cc:	Hilary Cox (ENE); Hosick, Sarah (TBS); Ken Kandeepan; Mike Manning; Tim Christie (ENERGY); Daniel Cayley (ENERGY); Mark Donaldson (MOF); Gadi Mayman
Subject:	RE: Meeting with OPG this evening | Protection and Process Agreements
Date:	Tuesday, November 21, 2017 3:33:02 PM

Tom and I will attend via phone.
I didn't see an invite though?

Alena Thouin
Deputy Director, Legal Services Branch
Ministries of Energy / Infrastructure / Economic Development & Growth /
Research, Innovation & Science / Accessibility
56 Wellesley St. W. 18th Floor, Toronto, ON M7A 2E7
Tel: 416-325-1834 **Email:** alena.thouin@ontario.ca

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From:	Ken Kandeepan
To:	Tom McKinlay (MAG); Steen Hume (CAB); Thouin, Alena (ENERGY); Hilary Cox (ENE); Daniel Cayley (ENERGY); Tim Christie (ENERGY)
Cc:	Hosick, Sarah (TBS); Mike Manning; Anna Strathy
Subject:	RE: Meeting with OPG this evening | Protection and Process Agreements
Date:	Tuesday, November 21, 2017 5:10:13 PM

Start time of 5.45.
Thanks
Ken k

From: Ken Kandeepan
Sent: Tuesday, November 21, 2017 5:05 PM
To: Anna Strathy
Cc: Tom McKinlay (MAG) ; Steen Hume (CAB) ; Thouin, Alena (ENERGY) ; Hilary Cox (ENE) ; Hosick, Sarah (TBS) ; Mike Manning ; Tim Christie (ENERGY) ; Daniel Cayley (ENERGY)
Subject: Re: Meeting with OPG this evening | Protection and Process Agreements

My apologies looks like a 30 minutes delay, will keep you posted
Thanks
Ken k

On Nov 21, 2017, at 4:57 PM, Ken Kandeepan <Ken.Kandeepan@ofina.on.ca> wrote:

> We are leaving right now and should be there in 15 minutes
> Thanks
> Ken k
>
> On Nov 21, 2017, at 4:35 PM, Anna Strathy <Anna.Strathy@ofina.on.ca> wrote:
>
> > Hi Steen, Tom, Alena,
> > Stephen Ashbourne is trying to resolve one of the outstanding business issues directly with the lawyer from Osler. We are going to delay the start of the 5pm meeting until Stephen has had that conversation. Mike or Ken will email you when they are heading over to Torys.
> > Thanks, Anna
> >
> > _____
> > **From:** Anna Strathy
> > **Sent:** Tuesday, November 21, 2017 3:21 PM
> > **To:** Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>
> > **Cc:** Hilary Cox (ENE) <Hilary.Cox@ontario.ca>; 'Hosick, Sarah (TBS)' <Sarah.Hosick@ontario.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>; Daniel Cayley (ENERGY) <Daniel.Cayley@ontario.ca>; Mark Donaldson (MOF) <Mark.Donaldson@ontario.ca>; Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Thouin, Alena (ENERGY)

<Alena.Thouin@ontario.ca>
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From:	Mike Manning
To:	Gavin He
Subject:	RE: OFA/Energy MOU - Follow up from Nov 9 meeting
Date:	Thursday, November 23, 2017 3:01:28 PM

Hi Gavin:
No issues on my side.

Thanks, Mike

From: Gavin He
Sent: Thursday, November 23, 2017 2:09 PM
To: Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Mike,

Sorry for the multiple emails. We need to move the MOU forward as soon as possible, so I just want to check in with you to see if you are good with the attached final draft version.

Thanks,
Gavin He

From: Gavin He
Sent: Thursday, November 23, 2017 9:40 AM
To: Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Mike,

Just want to check in with you to see if you have any concerns/comments on the MOU?

Thanks,
Gavin He

From: Gavin He
Sent: Tuesday, November 21, 2017 5:11 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; Risa Thau <Risa.Thau@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Ken,

Attached is updated draft version of the MOU with edits from Energy. Could you please take a look and let me know if you have any comments/concerns? Also, could you please review the contacts information on section 7 and 8 to make the proper contacts from OFA are included?

It would be great if you could provide me with your comments by noon tomorrow, as Energy would like to hear back from us tomorrow.

Thanks,
Gavin He

From: Ken Kandeepan
Sent: Wednesday, November 15, 2017 9:37 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; Risa Thau <Risa.Thau@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Gavin

We have no comments on the MOU and the certificate, my previous suggestions have been incorporated by Ken R. With regard to Energy's questions pls see below in red.

From a cash management perspective Alfonso would like to have a contact in energy who can provide on a monthly basis the cash outflow with regard to this payment. Much appreciated if you can follow up with Energy and provide him with the contact details.

Thanks

Ken k

From: Gavin He
Sent: Tuesday, November 14, 2017 9:04 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Subject: FW: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Ken and Mike,

Last week, we attended a meeting with Energy and OPG to discuss the Master Subscription Agreement for the equity injection process. Ken Russell drafted a MOU between OFA and Energy before about making the equity injection payments on Energy's behalf. Also, Ken R. drafted a FAA section 11.4 certificate form as well. After the meeting, Ken R. has updated both document, see attached, based on the discussion.

Could you please kindly review and let us know if you have any comments/concerns by **noon tomorrow, Wednesday, November 15th, 2017**? In addition, could you please review and confirm questions 2&3 from Energy in below email?

Please let me know if you would like to discuss this in person, and we can set up a brief meeting. Thanks in advance for your cooperation.

Thanks,
Gavin He

From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
Sent: Friday, November 10, 2017 11:29 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Graham Young (MOI) <Graham.Young@ontario.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Ogunrinde, Deni (ENERGY) <Deni.Ogunrinde@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
Subject: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi John,

Thanks for meeting with us yesterday on the equity injection process. It was helpful to have everyone together in one place.

I hope to get the ENERGY-OFA MOU completed and ready for approvals by the end of next week. In order to do that, these are the following outstanding pieces. Right now, the OFA is holding the pen on the document, so it makes sense for you to include these items in the version you are working off and we can review next week:

1. Template for the FAA Section 11.4 certificate. I propose we include this as a schedule to the MOU. Also, please confirm the timing of when the certificate should be provided to OFA each month i.e., alongside the share subscription form, or after the payments have been made. Settlements would like updated wire transfer information from OPG and adding it as a separate schedule is a good idea.
2.
3. Identify how ENERGY should confirm that there is sufficient Appropriated Amount for the payments each month. The need for this is identified in 2b of the draft MOU. As discussed

yesterday, it would be ideal if this could be done in the same certificate mentioned above. Agreed, the certificate as it stands does provide for this.

4. Confirm the following:
    - OFA has OPG's wire transfer information (suggest including this information as a separate schedule)
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    - Every month, the OFA will inform the Ministry of Energy via email once the payments have been made. Yes, Settlements can do that.

Let us know if you have any questions. We are working with our legal on the delegation memos. Also as discussed at yesterday's meeting, we will update the flowchart and circulate.
Thanks,
Shruti

Shruti Talwar
Director, Strategic Policy and Analytics Branch
Strategic, Network and Agency Policy Division
Ontario Ministry of Energy
416.325-8698
shruti.talwar@ontario.ca

From:	Gavin He
To:	Ken Kandeepan
Cc:	John Kim; Kenneth Russell; Alfonso Soriano; John Psinas; Risa Thau; George Sakura; Mike Manning
Subject:	RE: OFA/Energy MOU - Follow up from Nov 9 meeting
Date:	Tuesday, November 21, 2017 5:10:55 PM
Attachments:	OFA - MoE MOU Fair Hydro Plan_v11.docx

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Shruti

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Director, Strategic Policy and Analytics Branch
Strategic, Network and Agency Policy Division
Ontario Ministry of Energy
416.325-8698
shruti.talwar@ontario.ca

Memorandum of Understanding
Relating to the Fair Hydro Plan

Dated: ~~XXXXXXX~~**November , 2017**

Between:

Her Majesty the Queen in right of Ontario
as represented by the Minister of Energy (the "**Ministry**")

And:

Ontario Financing Authority
an agency of the Province of Ontario (the "**OFA**")

Whereas:

1. The Government of Ontario enacted the *Ontario Fair Hydro Plan Act, 2017* (the "Act") to implement its Fair Hydro Plan (the "FHP").

2. The Act and the regulations promulgated under the Act (the "Regulations") provides the right for the Independent Electricity System Operator ("IESO") to create certain assets related to the deferral of electricity charges (the "Assets"), which Assets may be acquired from the ~~Independent Electricity System Operator ("~~IESO~~")~~ by one or more special purpose financing entities, under the Act established by ~~the~~ Ontario Power Generation Inc. ("OPG") to implement the FHP (each an "OPG Financing Entity"), which are expected to include a Fair Hydro Trust.

3. An OPG Financing Entity is expected to acquire the Assets monthly from the IESO and will finance the Assets in accordance with the financing plan, which includes both senior debt (minimum of 51%) from external sources and subordinated debt (up to 49%) from OPG.

4. The Ministry has agreed to provide up to 44% of the total funding requirement for the Assets through equity injections in OPG and OPG has agreed to use the equity injections solely for funding the~~an~~ OPG Financing Entity's subordinated debt (the "Equity Injection Plan").

5. For purposes of the Equity Injection Plan, OPG has amended its articles to create a new class of non-voting, redeemable shares (the "Class A Shares").

6. The Ministry will subscribe for Class A Shares monthly.

7. Each month OPG will deliver to the Ministry a share subscription form (the "Share Subscription") setting out the amount of equity injection required (the "Subscription

Payment") and the corresponding number of Class A Shares to be issued by OPG and subscribed for by the Ministry.

8. The Ministry is required to pay the Subscription Payments out of amounts appropriated by the Legislature for that purpose for the fiscal year in which the payment is made ("Appropriated Amount").

9. The Ministry has advised the OFA that the Ministry is required to make the Subscription Payments within [*] business days of the receipt by the Ministry of the Share Subscription (the "Share Subscription Payment Date").

10. The Ministry considers it advisable for the OFA to make the Subscription Payments on behalf of the Ministry and the OFA has agreed to make the Subscription Payments on behalf of the Ministry.

11. The Ministry and the OFA wish to enter into this Memorandum of Understanding ("MOU") to confirm their agreement regarding the terms on which the OFA will make the Subscription Payments.

Therefore:

The Ministry and the OFA agree as follows:

1) Payment Authorization

a) The Ministry authorizes the OFA to make the Subscription Payments on behalf of the Ministry and the OFA agrees to make the Subscription Payments on behalf of the Ministry.

b) It is agreed by the Ministry and the OFA that the OFA is acting as an agent, on behalf of the Ministry, for the purposes of:

i) t~~T~~ransacting with the Ontario Shared Services "IFIS" system in order to access funds appropriated for the Ministry in respect of the Fair Hydro Plan, and

ii) m~~M~~aking the required Subscription Payments on behalf of the Ministry as further described in this MOU.

2) Payment Process

a) The Ministry will take all necessary steps to provide the OFA with a clear and legible ~~good quality~~ unapproved electronic copy of each Share Subscription, on the same day

the Ministry receives the Share Subscription from OPG to allow the OFA to begin the procedures for making the Subscription Payment.

b) The Ministry will deliver to the OFA at least three business days before the Share Subscription Payment Date, electronic copies of the following:

   a. a clear and legible electronic ~~good quality~~ copy of each Share Subscription executed and approved for payment by the Minister of Energy or a delegate ~~Energy~~ ~~**[insert appropriate MoE official]**~~, and
   b. a clear and legible electronic copy of a certificate (the "Certificate" ~~confirming~~) confirming that there is a sufficient Appropriated Amount from which to make the Subscription Payment and, under Section 11.4 of the *Financial* Administration *Act*, that OPG is entitled to receive the Subscription Payment. ~~(the "Certificate").~~ The form of the Certificate is attached as Schedule A to this MOU. Upon receipt of the executed and approved Share Subscription and the Certificate, the OFA will make the Subscription Payment on behalf of the Ministry, in the amount of the Share Subscription.

c) The OFA shall not be required to make any Subscription Payment on behalf of the Ministry if the Ministry has not delivered to the OFA an executed and approved Share Subscription and the Certificate as provided in paragraph b) above.

d) The Subscription Payments will be made from the Consolidated Revenue Fund and the amount of each Subscription Payment will be entered by the OFA via a journal entry into the Province's IFIS system under a pre-defined Ministry account immediately upon the completion of the Subscription Payment or shortly thereafter.

e) The OPG wire transfer information for the Subscription Payments is attached as Schedule B to this MOU.

3) Reporting Requirements and Records

a) The OFA will deliver a notice by e-mail to the Ministry's contact person to confirm the completion of each Subscription Payment in the amount of the Share Subscription.

b) The OFA will keep and maintain all records related to the Share Subscriptions for a period of seven (7) years.

c) The requirements under this section shall survive the ~~any~~ termination of this~~he~~ MOU.

~~d) The Public Accounts, Volume 3 reporting related to the Subscription Payments will be performed by the Ministry.~~

4) Limited Role of the OFA

The OFA will only be responsible for making the Subscription Payments in accordance with section 2 of this MOU and reporting and record keeping in accordance with section 3 of this MOU. For greater clarity, the OFA will not be responsible for auditing or otherwise verifying the correctness of the Share Subscriptions; monitoring the OPG's application of the Subscription Payments; monitoring the balance from time to time of the Appropriated Amount; or ensuring the Appropriated Amount is sufficient.

Commented [Kamala1]: Transactions recorded through inter-ministry journals are not captured for Public Accounts Volume 3 reporting.
Please note that these subscription payments will be recorded in Energy books through OFA's inter-ministry journals.

Commented [GH2R1]: Deleted.

5) Review and Termination

a) The Ministry and the OFA will review this MOU as necessary.

b) This MOU may be terminated by either party at any time, on ninety (90) days' notice.

c) Upon termination of this MOU, provided the OFA has the power and authority to make such Subscription Payments, the OFA will make Subscription Payments in respect of executed and approved Share Subscriptions delivered by the Ministry to the OFA on or before the date of termination in accordance with subsection 2(c) of this MOU, but will not be obligated to make any further Subscription Payments on any executed and approved Share Subscriptions delivered by the Ministry to the OFA after the date of termination of this MOU. All provisions of this MOU relating to Subscription Payments made by the OFA will continue to apply with respect to such Subscription Payments made by the OFA after the termination date, notwithstanding termination of this MOU.

d) The parties will cooperate to help to ensure a smooth transition of the payment function upon termination.

6) No Service Charges

The OFA will not charge the Ministry for the OFA's services or for its disbursements or other expenses incurred under this MOU.

7) Contacts

a) Each party shall designate a member of its staff to be a contact person for the purposes of administering this MOU.

b) As of the date of this MOU the OFA's contact persons are:

Name: John Kim
Title: Director, Electricity Finance Branch
Address: 1 Dundas Street West, Suite 300, Toronto, Ontario M5G 1Z3
Tel: (416) 212-6996
Eemail: John.Kim@ofina.on.ca

Name: Gavin He
Title: Senior Financial and Economic Advisor
Address: 1 Dundas Street West, Suite 300, Toronto, Ontario M5G 1Z3
Tel: (416) 325-1580
Eemail: Gavin.He@ofina.on.ca

Sshould also be sent to:

Name: John Psinas
Title: Senior Manager, Accounting and Reporting, Finance and Treasury Division
Address: 1 Dundas Street West, Suite 1400, Toronto, Ontario M5G 1Z3
Tel: (416) 325-8072
Eemail: John.Psinas@ofina.on.ca
& email:

Name: Shruti Talwar
Title: Director, Strategic Policy and Analytics
Address: 77 Grenville Street, 6th Floor, Toronto, ON, M7A, 2C1
Tel: (416) 325-8698
Eemail: shruti.talwar@ontario.ca

Name: Pratima GoundenAsokan Sadasivan
Title: Manager (A), Business Planning and Fiscal ManagementController
Address: 56 Wellesley Street West, 4th Floor, Toronto ON M7A 2E7
Tel: (416) 416 902--2649 647) 289-4932
Eemail: asokan.sadasivan@ontario.capratima.gounden@ontario.ca

c) Either party may designate a different member of its staff as its contact person by providing thirty (30) noticedays notice to the other party in accordance with section 7.

8) Notice

a) Any notice under this MOU shall be in writing and shall be deemed given when delivered by hand or email, and addressed to the party's contact person.Any notice given under this MOU shall be in writing and shall be deemed effective on the date personally delivered to the party's contact person or on the date transmitted by electronic transmission with a confirmation of receipt in all cases, addressed as follows:

a)
c) the addresses for notice are:

Name: Ken Kandeepan
Title: Chief Financial and Risk Officer, Ontario Financing Authority
Address: 1 Dundas Street West, Suite 1400, Toronto, Ontario M5G 1Z3
Tel: (416) 325-9814
Email: Ken.Kandeepan@ofina.on.ca

Name: John Kim
Title: Director, Electricity Finance Branch
Address: 1 Dundas Street West, Suite 300, Toronto, Ontario M5G 1Z3
Tel: (416) 212-6996
Email: John.Kim@ofina.on.ca

Name: Gavin He
Title: Senior Financial and Economic Advisor
Address: 1 Dundas Street West, Suite 300, Toronto, Ontario M5G 1Z3
Tel: (416) 325-1580

Email: Gavin.He@ofina.on.ca

Name: John Psinas
Title: Senior Manager, Accounting and Reporting, Finance and Treasury Division
Address: 1 Dundas Street West, Suite 1400, Toronto, Ontario M5G 1Z3
Tel: (416) 325-8072
Email: John.Psinas@ofina.on.ca

In the case of the Ministry:, the addresses for notice are:
Hand Delivery:
Name: Shruti Talwar
Title: Director, Strategic Policy and Analytics
Address: 77 Grenville Street, 6th Floor, Toronto, ON, M7A, 2C1
Tel: (416)325-8698
Eemail: shruti.talwar@ontario.ca

Name: Asokan Sadasivan
Pratima Gounden
Manager (A), Business Planning and Fiscal Management
Tel: (416) 416 902 2649(647) 289-4932
Eemail: asokan.sadasivan@ontario.ca pratima.gounden@ontario.ca
XXXX

Conflict between MOU and Master Share Subscription Agreement

The parties have executed this MOU, effective as of the date first above written.

Her Majesty the Queen in right of Ontario
as represented by the Minister of Energy

by:_____

name:
title:

Ontario Financing Authority

by:_____

name:
title:

SCHEDULE A

CERTIFICATE

Ministry of Energy Subscription for Class A Shares of ~~OPG~~Ontario Power Generation Inc.

Ontario Power Generation Inc. ("OPG ") has delivered to the Ministry of Energy (the "Ministry") a share subscription form dated **[date]** (the "Share Subscription Form") pursuant to the Master Share Subscription Agreement between the Ministry and OPG dated **[date]**.

The Share Subscription Form requests payment by the Ministry to OPG ~~of~~ in the amount of **[amount]** as consideration for the subscription for **[number]** Class A shares of OPG (the "Subscription Payment").

The Ministry is required to pay the Subscription Payment out of amounts appropriated by the Legislature for that purpose for the fiscal year in which the payment is made (the "Appropriated Amount").

Section 11.4 (1)(c) of the *Financial Administration Act* provides that the Subscription Payment shall not be made unless a person authorized under that section certifies that OPG is eligible for or entitled to the Subscription Payment.

I **[Minister of Energy, or Deputy Minister of Energy, or a person authorized by either of them under FAA s. 11.4**] hereby certify that

i) There is a sufficient Appropriated Amount from which to make the Subscription Payment, and
ii) OPG is entitled to the Subscription Payment.

Dated:

_____

name:

title:

SCHEDULE B

OPG's wire transfer information

Bank: Bank of Nova Scotia
Address: 44 King Street West Toronto, Ontario MSH 1H1
SWIFT Code: NOSCCATT
Branch Transit: 47696
Bank Code: 002
Account Number: 476960302716

Ontario Power Generation Inc.
Treasury
700 University Avenue
Toronto, Ontario
M5G 1X6

~~[Energy/OPG to provide the updated OPG's wire transfer information here.]~~

From:	Gavin He
To:	Mike Manning
Subject:	RE: OFA/Energy MOU - Follow up from Nov 9 meeting
Date:	Thursday, November 23, 2017 2:09:16 PM
Attachments:	OFA - MoE MOU Fair Hydro Plan_v11.docx

Hi Mike,
Sorry for the multiple emails. We need to move the MOU forward as soon as possible, so I just want to check in with you to see if you are good with the attached final draft version.
Thanks,
Gavin He

From: Gavin He
Sent: Thursday, November 23, 2017 9:40 AM
To: Mike Manning
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting
Hi Mike,
Just want to check in with you to see if you have any concerns/comments on the MOU?
Thanks,
Gavin He

From: Gavin He
Sent: Tuesday, November 21, 2017 5:11 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; Risa Thau <Risa.Thau@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting
Hi Ken,
Attached is updated draft version of the MOU with edits from Energy. Could you please take a look and let me know if you have any comments/concerns? Also, could you please review the contacts information on section 7 and 8 to make the proper contacts from OFA are included?
It would be great if you could provide me with your comments by noon tomorrow, as Energy would like to hear back from us tomorrow.
Thanks,
Gavin He

From: Ken Kandeepan
Sent: Wednesday, November 15, 2017 9:37 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; Risa Thau <Risa.Thau@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
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Hi Gavin
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incorporated by Ken R. With regard to Energy's questions pls see below in red.
From a cash management perspective Alfonso would like to have a contact in energy who can provide on a monthly basis the cash outflow with regard to this payment. Much appreciated if you can follow up with Energy and provide him with the contact details.
Thanks
Ken k

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Cc: John Kim <John.Kim@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>
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Hi Ken and Mike,
Last week, we attended a meeting with Energy and OPG to discuss the Master Subscription Agreement for the equity injection process. Ken Russell drafted a MOU between OFA and Energy before about making the equity injection payments on Energy's behalf. Also, Ken R. drafted a FAA section 11.4 certificate form as well. After the meeting, Ken R. has updated both document, see attached, based on the discussion.
Could you please kindly review and let us know if you have any comments/concerns by **noon tomorrow, Wednesday, November 15th, 2017**? In addition, could you please review and confirm questions 2&3 from Energy in below email?
Please let me know if you would like to discuss this in person, and we can set up a brief meeting.
Thanks in advance for your cooperation.
Thanks,
Gavin He

From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
Sent: Friday, November 10, 2017 11:29 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Graham Young (MOI) <Graham.Young@ontario.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Ogunrinde, Deni (ENERGY) <Deni.Ogunrinde@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
Subject: OFA/Energy MOU - Follow up from Nov 9 meeting
Hi John,
Thanks for meeting with us yesterday on the equity injection process. It was helpful to have everyone together in one place.

I hope to get the ENERGY-OFA MOU completed and ready for approvals by the end of next week. In order to do that, these are the following outstanding pieces. Right now, the OFA is holding the pen on the document, so it makes sense for you to include these items in the version you are working off and we can review next week:

1. Template for the FAA Section 11.4 certificate. I propose we include this as a schedule to the MOU. Also, please confirm the timing of when the certificate should be provided to OFA each month i.e., alongside the share subscription form, or after the payments have been made. Settlements would like updated wire transfer information from OPG and adding it as a separate schedule is a good idea.

2.

3. Identify how ENERGY should confirm that there is sufficient Appropriated Amount for the payments each month. The need for this is identified in 2b of the draft MOU. As discussed yesterday, it would be ideal if this could be done in the same certificate mentioned above. Agreed, the certificate as it stands does provide for this.
4. Confirm the following:
    - OFA has OPG's wire transfer information (suggest including this information as a separate schedule)
    - Scanned electronic copies for the share subscription form & FAA certificate are acceptable
    - Every month, the OFA will inform the Ministry of Energy via email once the payments have been made. Yes, Settlements can do that.

Let us know if you have any questions. We are working with our legal on the delegation memos. Also as discussed at yesterday's meeting, we will update the flowchart and circulate.

Thanks,

Shruti

Shruti Talwar

Director, Strategic Policy and Analytics Branch

Strategic, Network and Agency Policy Division

Ontario Ministry of Energy

416.325-8698

shruti.talwar@ontario.ca

Memorandum of Understanding
Relating to the Fair Hydro Plan

Dated: ~~XXXXXXX~~**November , 2017**

Between:

Her Majesty the Queen in right of Ontario
as represented by the Minister of Energy (the "**Ministry**")

And:

Ontario Financing Authority
an agency of the Province of Ontario (the "**OFA**")

Whereas:

1. The Government of Ontario enacted the *Ontario Fair Hydro Plan Act, 2017* (the "Act") to implement its Fair Hydro Plan (the "FHP").

2. The Act and the regulations promulgated under the Act (the "Regulations") provides the right for the Independent Electricity System Operator ("IESO") to create certain assets related to the deferral of electricity charges (the "Assets"), which Assets may be acquired from the ~~Independent Electricity System Operator ("~~IESO~~")~~ by one or more special purpose financing entities, under the Act established by ~~the~~ Ontario Power Generation Inc. ("OPG") to implement the FHP (each an "OPG Financing Entity"), which are expected to include a Fair Hydro Trust.

3. An OPG Financing Entity is expected to acquire the Assets monthly from the IESO and will finance the Assets in accordance with the financing plan, which includes both senior debt (minimum of 51%) from external sources and subordinated debt (up to 49%) from OPG.

4. The Ministry has agreed to provide up to 44% of the total funding requirement for the Assets through equity injections in OPG and OPG has agreed to use the equity injections solely for funding the~~an~~ OPG Financing Entity's subordinated debt (the "Equity Injection Plan").

5. For purposes of the Equity Injection Plan, OPG has amended its articles to create a new class of non-voting, redeemable shares (the "Class A Shares").

6. The Ministry will subscribe for Class A Shares monthly.

7. Each month OPG will deliver to the Ministry a share subscription form (the "Share Subscription") setting out the amount of equity injection required (the "Subscription

Payment") and the corresponding number of Class A Shares to be issued by OPG and subscribed for by the Ministry.

8. The Ministry is required to pay the Subscription Payments out of amounts appropriated by the Legislature for that purpose for the fiscal year in which the payment is made ("Appropriated Amount").

9. The Ministry has advised the OFA that the Ministry is required to make the Subscription Payments within [*] business days of the receipt by the Ministry of the Share Subscription (the "Share Subscription Payment Date").

10. The Ministry considers it advisable for the OFA to make the Subscription Payments on behalf of the Ministry and the OFA has agreed to make the Subscription Payments on behalf of the Ministry.

11. The Ministry and the OFA wish to enter into this Memorandum of Understanding ("MOU") to confirm their agreement regarding the terms on which the OFA will make the Subscription Payments.

Therefore:

The Ministry and the OFA agree as follows:

1) Payment Authorization

a) The Ministry authorizes the OFA to make the Subscription Payments on behalf of the Ministry and the OFA agrees to make the Subscription Payments on behalf of the Ministry.

b) It is agreed by the Ministry and the OFA that the OFA is acting as an agent, on behalf of the Ministry, for the purposes of:

i) t~~T~~ransacting with the Ontario Shared Services "IFIS" system in order to access funds appropriated for the Ministry in respect of the Fair Hydro Plan, and

ii) m~~M~~aking the required Subscription Payments on behalf of the Ministry as further described in this MOU.

2) Payment Process

a) The Ministry will take all necessary steps to provide the OFA with a clear and legible ~~good quality~~ unapproved electronic copy of each Share Subscription, on the same day

the Ministry receives the Share Subscription from OPG to allow the OFA to begin the procedures for making the Subscription Payment.

b) The Ministry will deliver to the OFA at least three business days before the Share Subscription Payment Date, electronic copies of the following:

   a. a clear and legible electronic ~~good quality~~ copy of each Share Subscription executed and approved for payment by the Minister of Energy or a delegate ~~Energy~~ ~~**[insert appropriate MoE official]**~~, and
   b. a clear and legible electronic copy of a certificate (the "Certificate" ~~confirming~~) confirming that there is a sufficient Appropriated Amount from which to make the Subscription Payment and, under Section 11.4 of the *Financial* Administration *Act*, that OPG is entitled to receive the Subscription Payment. ~~(the "Certificate").~~ The form of the Certificate is attached as Schedule A to this MOU. Upon receipt of the executed and approved Share Subscription and the Certificate, the OFA will make the Subscription Payment on behalf of the Ministry, in the amount of the Share Subscription.

c) The OFA shall not be required to make any Subscription Payment on behalf of the Ministry if the Ministry has not delivered to the OFA an executed and approved Share Subscription and the Certificate as provided in paragraph b) above.

d) The Subscription Payments will be made from the Consolidated Revenue Fund and the amount of each Subscription Payment will be entered by the OFA via a journal entry into the Province's IFIS system under a pre-defined Ministry account immediately upon the completion of the Subscription Payment or shortly thereafter.

e) The OPG wire transfer information for the Subscription Payments is attached as Schedule B to this MOU.

3) Reporting Requirements and Records

a) The OFA will deliver a notice by e-mail to the Ministry's contact person to confirm the completion of each Subscription Payment in the amount of the Share Subscription.

b) The OFA will keep and maintain all records related to the Share Subscriptions for a period of seven (7) years.

c) The requirements under this section shall survive the ~~any~~ termination of this~~he~~ MOU.

~~d) The Public Accounts, Volume 3 reporting related to the Subscription Payments will be performed by the Ministry.~~

4) Limited Role of the OFA

The OFA will only be responsible for making the Subscription Payments in accordance with section 2 of this MOU and reporting and record keeping in accordance with section 3 of this MOU. For greater clarity, the OFA will not be responsible for auditing or otherwise verifying the correctness of the Share Subscriptions; monitoring the OPG's application of the Subscription Payments; monitoring the balance from time to time of the Appropriated Amount; or ensuring the Appropriated Amount is sufficient.

Commented [Kamala1]: Transactions recorded through inter-ministry journals are not captured for Public Accounts Volume 3 reporting.
Please note that these subscription payments will be recorded in Energy books through OFA's inter-ministry journals.

Commented [GH2R1]: Deleted.

5) Review and Termination

a) The Ministry and the OFA will review this MOU as necessary.

b) This MOU may be terminated by either party at any time, on ninety (90) days' notice.

c) Upon termination of this MOU, provided the OFA has the power and authority to make such Subscription Payments, the OFA will make Subscription Payments in respect of executed and approved Share Subscriptions delivered by the Ministry to the OFA on or before the date of termination in accordance with subsection 2(c) of this MOU, but will not be obligated to make any further Subscription Payments on any executed and approved Share Subscriptions delivered by the Ministry to the OFA after the date of termination of this MOU. All provisions of this MOU relating to Subscription Payments made by the OFA will continue to apply with respect to such Subscription Payments made by the OFA after the termination date, notwithstanding termination of this MOU.

d) The parties will cooperate to help to ensure a smooth transition of the payment function upon termination.

6) No Service Charges

The OFA will not charge the Ministry for the OFA's services or for its disbursements or other expenses incurred under this MOU.

7) Contacts

a) Each party shall designate a member of its staff to be a contact person for the purposes of administering this MOU.

b) As of the date of this MOU the OFA's contact persons are:

Name: John Kim
Title: Director, Electricity Finance Branch
Address: 1 Dundas Street West, Suite 300, Toronto, Ontario M5G 1Z3
Tel: (416) 212-6996
Eemail: John.Kim@ofina.on.ca

Name: Gavin He
Title: Senior Financial and Economic Advisor
Address: 1 Dundas Street West, Suite 300, Toronto, Ontario M5G 1Z3
Tel: (416) 325-1580
Eemail: Gavin.He@ofina.on.ca

Sshould also be sent to:

Name: John Psinas
Title: Senior Manager, Accounting and Reporting, Finance and Treasury Division
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Name: Shruti Talwar
Title: Director, Strategic Policy and Analytics
Address: 77 Grenville Street, 6th Floor, Toronto, ON, M7A, 2C1
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Title: Chief Financial and Risk Officer, Ontario Financing Authority
Address: 1 Dundas Street West, Suite 1400, Toronto, Ontario M5G 1Z3
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Name: Gavin He
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Address: 1 Dundas Street West, Suite 300, Toronto, Ontario M5G 1Z3
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Email: John.Psinas@ofina.on.ca

In the case of the Ministry:, the addresses for notice are:
Hand Delivery:
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Tel: (416) 416 902 2649(647) 289-4932
Eemail: asokan.sadasivan@ontario.ca pratima.gounden@ontario.ca
XXXX

Conflict between MOU and Master Share Subscription Agreement

The parties have executed this MOU, effective as of the date first above written.

Her Majesty the Queen in right of Ontario
as represented by the Minister of Energy

by:_____

name:
title:

Ontario Financing Authority

by:_____

name:
title:

SCHEDULE A

CERTIFICATE

Ministry of Energy Subscription for Class A Shares of ~~OPG~~Ontario Power Generation Inc.

Ontario Power Generation Inc. ("OPG ") has delivered to the Ministry of Energy (the "Ministry") a share subscription form dated **[date]** (the "Share Subscription Form") pursuant to the Master Share Subscription Agreement between the Ministry and OPG dated **[date]**.

The Share Subscription Form requests payment by the Ministry to OPG ~~of~~ in the amount of **[amount]** as consideration for the subscription for **[number]** Class A shares of OPG (the "Subscription Payment").

The Ministry is required to pay the Subscription Payment out of amounts appropriated by the Legislature for that purpose for the fiscal year in which the payment is made (the "Appropriated Amount").

Section 11.4 (1)(c) of the *Financial Administration Act* provides that the Subscription Payment shall not be made unless a person authorized under that section certifies that OPG is eligible for or entitled to the Subscription Payment.

I **[Minister of Energy, or Deputy Minister of Energy, or a person authorized by either of them under FAA s. 11.4**] hereby certify that

i) There is a sufficient Appropriated Amount from which to make the Subscription Payment, and
ii) OPG is entitled to the Subscription Payment.

Dated:

_____

name:

title:

SCHEDULE B

OPG's wire transfer information

Bank: Bank of Nova Scotia
Address: 44 King Street West Toronto, Ontario MSH 1H1
SWIFT Code: NOSCCATT
Branch Transit: 47696
Bank Code: 002
Account Number: 476960302716

Ontario Power Generation Inc.
Treasury
700 University Avenue
Toronto, Ontario
M5G 1X6

~~[Energy/OPG to provide the updated OPG's wire transfer information here.]~~

From:	Ken Kandeepan
To:	Gavin He
Cc:	John Kim; Kenneth Russell; Alfonso Soriano; John Psinas; Risa Thau; George Sakura; Mike Manning
Subject:	RE: OFA/Energy MOU - Follow up from Nov 9 meeting
Date:	Thursday, November 23, 2017 9:39:41 AM

Sure, I will leave this in the capable hands of John and George so no need to include me.
Thanks
Ken k

From: Gavin He
Sent: Thursday, November 23, 2017 9:39 AM
To: Ken Kandeepan
Cc: John Kim ; Kenneth Russell ; Alfonso Soriano ; John Psinas ; Risa Thau ; George Sakura ; Mike Manning
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting
Hi Ken,
Sure, no problem. I will reach out to Energy and set up a conference call, if that works.
Thanks,
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Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting
Gavin
We are ok with the MOU with the exception of the deletion of 3 (d). Both John and George would like to have quick discussion with Energy's accounting folk before agreeing. Much appreciated if you can let them know.
Thanks
Ken k

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<Tom.McKinlay@ontario.ca>
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Ontario Ministry of Energy
416.325-8698
shruti.talwar@ontario.ca

From: Gavin He
To: Mike Manning
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting
Date: Thursday, November 23, 2017 9:39:32 AM

Hi Mike,
Just want to check in with you to see if you have any concerns/comments on the MOU?
Thanks,
Gavin He

From: Gavin He
Sent: Tuesday, November 21, 2017 5:11 PM
To: Ken Kandeepan
Cc: John Kim ; Kenneth Russell ; Alfonso Soriano ; John Psinas ; Risa Thau ; George Sakura ; Mike Manning
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Cc: John Kim; Kenneth Russell; Alfonso Soriano; Risa Thau; George Sakura; Mike Manning
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting
Date: Thursday, November 23, 2017 9:39:31 AM

Gavin,
I would like to invite OPCD – Mark Donaldson- as they control Volume 3 as well.
Thanks.
John

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Date:	Thursday, November 23, 2017 9:38:35 AM

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To:	Gavin He; Ken Kandeepan
Cc:	John Kim; Kenneth Russell; Alfonso Soriano; John Psinas; George Sakura; Mike Manning
Subject:	RE: OFA/Energy MOU - Follow up from Nov 9 meeting
Date:	Wednesday, November 22, 2017 11:31:39 AM

Hi Gavin,
Settlements does not require any additional documents. We will act on the instructions provided by the Ministry referenced in Schedule A and OPG's wire transfer information in Schedule B. The only time we will need wire transfer instructions is if OPG changes their payment details.
Thanks,
Risa Thau
Manager, Settlements, Payments & Fiscal Agency
Finance and Treasury Division
Ontario Financing Authority
Email Address: risa.thau@ofina.on.ca
Telephone number: 416-325-6879

From: Gavin He
Sent: Wednesday, November 22, 2017 10:22 AM
To: Ken Kandeepan
Cc: John Kim ; Kenneth Russell ; Alfonso Soriano ; John Psinas ; Risa Thau ; George Sakura ; Mike Manning
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting
Hi Ken,
In addition, Energy has asked if there are any additional documents that OFA Settlements may need on a monthly basis e.g., a payment request memo? This was raised by their Corporate given their experience on some other files.
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Ken k

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Sent: Tuesday, November 14, 2017 9:04 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>
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Could you please kindly review and let us know if you have any comments/concerns by **noon tomorrow, Wednesday, November 15th, 2017**? In addition, could you please review and confirm questions 2&3 from Energy in below email?

Please let me know if you would like to discuss this in person, and we can set up a brief meeting.

Thanks in advance for your cooperation.

Thanks,

Gavin He

From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
Sent: Friday, November 10, 2017 11:29 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Graham Young (MOI) <Graham.Young@ontario.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Ogunrinde, Deni (ENERGY) <Deni.Ogunrinde@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
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Let us know if you have any questions. We are working with our legal on the delegation memos. Also as discussed at yesterday's meeting, we will update the flowchart and circulate.

Thanks,

Shruti

Shruti Talwar

Director, Strategic Policy and Analytics Branch

Strategic, Network and Agency Policy Division

Ontario Ministry of Energy

416.325-8698

shruti.talwar@ontario.ca

From:	Gavin He
To:	Ken Kandeepan
Cc:	John Kim; Kenneth Russell; Alfonso Soriano; John Psinas; Risa Thau; George Sakura; Mike Manning
Subject:	RE: OFA/Energy MOU - Follow up from Nov 9 meeting
Date:	Wednesday, November 22, 2017 10:21:39 AM

Hi Ken,
In addition, Energy has asked if there are any additional documents that OFA Settlements may need on a monthly basis e.g., a payment request memo? This was raised by their Corporate given their experience on some other files.
Regards,
Gavin He

From: Gavin He
Sent: Tuesday, November 21, 2017 5:11 PM
To: Ken Kandeepan
Cc: John Kim ; Kenneth Russell ; Alfonso Soriano ; John Psinas ; Risa Thau ; George Sakura ; Mike Manning
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting
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It would be great if you could provide me with your comments by noon tomorrow, as Energy would like to hear back from us tomorrow.
Thanks,
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To: Gavin He <Gavin.He@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; Risa Thau <Risa.Thau@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
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Shruti

Shruti Talwar
Director, Strategic Policy and Analytics Branch
Strategic, Network and Agency Policy Division
Ontario Ministry of Energy
416.325-8698
shruti.talwar@ontario.ca

From:	Gavin He
To:	Mike Manning
Subject:	RE: OFA/Energy MOU - Follow up from Nov 9 meeting
Date:	Thursday, November 23, 2017 3:18:23 PM

Hi Mike,
Thank you very much for reviewing this.
Regards,
Gavin He

From: Mike Manning
Sent: Thursday, November 23, 2017 3:01 PM
To: Gavin He
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting
Hi Gavin:
No issues on my side.
Thanks, Mike

From: Gavin He
Sent: Thursday, November 23, 2017 2:09 PM
To: Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting
Hi Mike,
Sorry for the multiple emails. We need to move the MOU forward as soon as possible, so I just want to check in with you to see if you are good with the attached final draft version.
Thanks,
Gavin He

From: Gavin He
Sent: Thursday, November 23, 2017 9:40 AM
To: Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting
Hi Mike,
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Thanks,
Gavin He

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To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; Risa Thau <Risa.Thau@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
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Strategic, Network and Agency Policy Division
Ontario Ministry of Energy
416.325-8698
shruti.talwar@ontario.ca

From: Mike Manning
To: "Thom, Trevor"
Subject: RE: Ontario Fair Hydro deal
Date: Friday, December 08, 2017 11:21:56 AM

Hi Trevor:
OPG and the Province are still working on documents, and if there was a role for TD or other Financial institutions, I'm sure you would have heard about it already. Obviously, handling of the deal is confidential. Can discus if you like.
Mike

From: Thom, Trevor [mailto:Trevor.Thom@tdsecurities.com]
Sent: Friday, December 08, 2017 11:02 AM
To: Mike Manning <Mike.Manning@ofina.on.ca>
Subject: FW: Ontario Fair Hydro deal

I guess I have to ask……

From: Purkis, Brad
Sent: Friday, December 08, 2017 11:01 AM
To: Thom, Trevor
Cc: Scace, Patrick; Hilloowala, Maharukh
Subject: Ontario Fair Hydro deal

I understand talking to DBRS that the Fair Hydro deal is getting funded in some bank sponsored conduits next week. Do you know if there a role for TD?

Brad Purkis I Managing Director, Group Head Asset Securitization Group
TD Securities Ernst & Young Tower, 7th Floor, 222 Bay Street, Toronto, Ontario M5K 1A2
T: 416 982 2515 I M: 416 727 8541

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From: Thom, Trevor
To: Mike Manning
Subject: RE: Ontario Fair Hydro deal
Date: Friday, December 08, 2017 11:23:52 AM

We can chat about it next week – no issue from my perspective. Thx for getting back to me.

From: Mike Manning [mailto:Mike.Manning@ofina.on.ca]
Sent: Friday, December 08, 2017 11:22 AM
To: Thom, Trevor
Subject: RE: Ontario Fair Hydro deal
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From: Hanslep, Malle (MOF)
To: ASHBOURNE, STEPHEN; Gadi Mayman; Mike Manning; Anna Strathy; Tobias P. Whitfield (MOF); Ken Kandeepan; Ronald Kwan
Subject: RE: Passcode is 5801207#
Date: Tuesday, November 21, 2017 5:08:21 PM

Hi all,

Steve is going to circulate the mark up to the meeting attendees and suggest a start time of 5:45.

Does that work?

Malle

-----Original Message-----
From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: November 21, 2017 4:57 PM
To: Mayman, Gadi (OFA); Hanslep, Malle (MOF); Manning, Mike (OFA); Strathy, Anna (OFA); Whitfield, Tobias P. (MOF); Kandeepan, Ken (OFA); Kwan, Ronald (OFA)
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Just off a call with Peter Milligan. I think there are answers to the concerns, as he expressed them to me. Basically, he's focused on the "refinancing" scenario, and I walked him through our intention on the point. On "adherence conditions", he's focused on a minimum $ amount being issued to avoid small issuances that fall through the "adherence" cracks. I said I think the documentation process will not be that fluid and that the documents are very disciplined, so that even small incurrences will involve a process - but that we would here the point out with the group when we meet. Let's delay the Torys meeting, or do it by phone. I think it would be most productive if we could get our mark-up done before, which will take another 30 minutes or so. Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

-----Original Message-----
From: Gadi Mayman [mailto:Gadi.Mayman@ofina.on.ca]
Sent: Tuesday, November 21, 2017 4:36 PM
To: ASHBOURNE, STEPHEN; Malle Hanslep (MOF); Mike Manning; Anna Strathy; Tobias P. Whitfield (MOF); Ken Kandeepan; Ronald Kwan
Subject: Re: Passcode is 5801207#

That's fine with me, but the only constraint is that I have a very hard deadline of 8 pm that I have to leave by, so hopefully let's not delay this for too long. At worst, maybe you and Peter could have a side meeting at Tory's office before the bigger group convenes.

_____
From: ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>
Sent: Tuesday, November 21, 2017 4:33:48 PM
To: Malle Hanslep (MOF); Gadi Mayman; Mike Manning; Anna Strathy; Tobias P. Whitfield (MOF); Ken Kandeepan; Ronald Kwan
Cc: Ken Kandeepan
Subject: RE: Passcode is 5801207#

I left Peter Milligan a voicemail on the subject and asked him to call back. I suggest postponing the 5 meeting until we are ready and understand the issues. Let's give Peter 10 minutes to call back before moving on?

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com>
Dir: 416-863-3086

_____

[cid:imagef99212.GIF@6ddfd300.4fb8bf2e]

Blake, Cassels & Graydon LLP
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From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Tuesday, November 21, 2017 4:04 PM
To: Mayman, Gadi (OFA); Manning, Mike (OFA); Strathy, Anna (OFA); Whitfield, Tobias P. (MOF); ASHBOURNE, STEPHEN; Kandeepan, Ken (OFA); Kwan, Ronald (OFA)
Cc: Kandeepan, Ken (OFA)
Subject: Passcode is 5801207#

Malle Hanslep
Deputy Director
Ministry of the Attorney General
Ministry of Finance Legal Services Branch
Telephone: 416-325-1457

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Sent: Tuesday, November 21, 2017 4:33:48 PM
To: Malle Hanslep (MOF); Gadi Mayman; Mike Manning; Anna Strathy; Tobias P. Whitfield (MOF); Ken Kandeepan; Ronald Kwan
Cc: Ken Kandeepan
Subject: RE: Passcode is 5801207#

I left Peter Milligan a voicemail on the subject and asked him to call back. I suggest postponing the 5 meeting until we are ready and understand the issues. Let's give Peter 10 minutes to call back before moving on?

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com>
Dir: 416-863-3086

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[cid:imagef99212.GIF@6ddfd300.4fb8bf2e]

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From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Tuesday, November 21, 2017 4:04 PM
To: Mayman, Gadi (OFA); Manning, Mike (OFA); Strathy, Anna (OFA); Whitfield, Tobias P. (MOF); ASHBOURNE, STEPHEN; Kandeepan, Ken (OFA); Kwan, Ronald (OFA)
Cc: Kandeepan, Ken (OFA)
Subject: Passcode is 5801207#

Malle Hanslep
Deputy Director
Ministry of the Attorney General
Ministry of Finance Legal Services Branch
Telephone: 416-325-1457

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From:	ASHBOURNE, STEPHEN
To:	Malle Hanslep (MOF); Gadi Mayman; Mike Manning; Anna Strathy; Tobias P. Whitfield (MOF); Ken Kandeepan; Ronald Kwan
Cc:	Ken Kandeepan
Subject:	RE: Passcode is 5801207#
Date:	Tuesday, November 21, 2017 4:33:54 PM

I left Peter Milligan a voicemail on the subject and asked him to call back. I suggest postponing the 5 meeting until we are ready and understand the issues. Let's give Peter 10 minutes to call back before moving on?

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
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From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Tuesday, November 21, 2017 4:04 PM
To: Mayman, Gadi (OFA); Manning, Mike (OFA); Strathy, Anna (OFA); Whitfield, Tobias P. (MOF); ASHBOURNE, STEPHEN; Kandeepan, Ken (OFA); Kwan, Ronald (OFA)
Cc: Kandeepan, Ken (OFA)
Subject: Passcode is 5801207#

Malle Hanslep
Deputy Director
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From: Ken Kandeepan
To: Gadi Mayman; Malle Hanslep (MOF); Anna Strathy
Cc: Mike Manning; Ronald Kwan
Subject: RE: Passcode is 5801207#
Date: Tuesday, November 21, 2017 5:13:35 PM

I have
Thanks
Ken k

From: Gadi Mayman
Sent: Tuesday, November 21, 2017 5:13 PM
To: Malle Hanslep (MOF) ; Anna Strathy
Cc: Mike Manning ; Ken Kandeepan ; Ronald Kwan
Subject: Re: Passcode is 5801207#

Malle or Anna, has someone let the people from Energy that are calling into the meeting that it's delayed to 5:45?

On Nov 21, 2017, at 5:08 PM, Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca> wrote:

Hi all,

Steve is going to circulate the mark up to the meeting attendees and suggest a start time of 5:45.

Does that work?

Malle

-----Original Message-----
From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: November 21, 2017 4:57 PM
To: Mayman, Gadi (OFA); Hanslep, Malle (MOF); Manning, Mike (OFA); Strathy, Anna (OFA); Whitfield, Tobias P. (MOF); Kandeepan, Ken (OFA); Kwan, Ronald (OFA)
Subject: RE: Passcode is 5801207#

Just off a call with Peter Milligan. I think there are answers to the concerns, as he expressed them to me. Basically, he's focused on the "refinancing" scenario, and I walked him through our intention on the point. On "adherence conditions", he's focused on a minimum $ amount being issued to avoid small issuances that fall through the "adherence" cracks. I said I think the documentation process will not be that fluid and that the documents are very disciplined, so that even small incurrences will involve a process - but that we would here the point out with the group when we meet. Let's delay the Torys meeting, or do it by phone. I think it would be most productive if we could get our mark-up done before, which will take another 30 minutes or so. Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

-----Original Message-----
From: Gadi Mayman [mailto:Gadi.Mayman@ofina.on.ca]
Sent: Tuesday, November 21, 2017 4:36 PM
To: ASHBOURNE, STEPHEN; Malle Hanslep (MOF); Mike Manning; Anna Strathy; Tobias P. Whitfield (MOF); Ken Kandeepan; Ronald Kwan
Subject: Re: Passcode is 5801207#

That's fine with me, but the only constraint is that I have a very hard deadline of 8 pm that I have to leave by, so hopefully let's not delay this for too long. At worst, maybe you and Peter could have a side meeting at Tory's office before the bigger group convenes.

_____
From: ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>
Sent: Tuesday, November 21, 2017 4:33:48 PM
To: Malle Hanslep (MOF); Gadi Mayman; Mike Manning; Anna Strathy; Tobias P. Whitfield (MOF); Ken Kandeepan; Ronald Kwan
Cc: Ken Kandeepan
Subject: RE: Passcode is 5801207#

I left Peter Milligan a voicemail on the subject and asked him to call back. I suggest postponing the 5 meeting until we are ready and understand the issues. Let's give Peter 10 minutes to call back before moving on?

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From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Tuesday, November 21, 2017 4:04 PM
To: Mayman, Gadi (OFA); Manning, Mike (OFA); Strathy, Anna (OFA); Whitfield, Tobias P. (MOF); ASHBOURNE, STEPHEN; Kandeepan, Ken (OFA); Kwan, Ronald (OFA)
Cc: Kandeepan, Ken (OFA)
Subject: Passcode is 5801207#

Malle Hanslep
Deputy Director
Ministry of the Attorney General
Ministry of Finance Legal Services Branch
Telephone: 416-325-1457

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From: Whitfield, Tobias P. (MOF)
To: Anna Strathy; ASHBOURNE, STEPHEN; Mike Manning
Cc: Gadi Mayman; Ken Kandeepan; Malle Hanslep (MOF); VINER, JON
Subject: RE: Possible Alternative to the "Assumption" Option under the current Change of Law Protection Agreement
Date: Thursday, November 23, 2017 10:53:03 AM

I spoke with Stephen to get a bit more colour on the defeasance option.

I am happy to discuss internally further, and we can also/or otherwise have a call with Stephen at 2:30 this afternoon.

Please let me know who is available to discuss, and if you want to have an internal discussion before a call with Stephen this afternoon.

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

-----Original Message-----
From: Anna Strathy [mailto:Anna.Strathy@ofina.on.ca]
Sent: November 23, 2017 10:30 AM
To: Whitfield, Tobias P. (MOF); ASHBOURNE, STEPHEN; Manning, Mike (OFA)
Cc: Mayman, Gadi (OFA); Kandeepan, Ken (OFA); Hanslep, Malle (MOF); VINER, JON
Subject: RE: Possible Alternative to the "Assumption" Option under the current Change of Law Protection Agreement

Hi Toby, unfortunately, neither Gadi nor Ken are available to join the call at 10:30am and Gadi is in meetings all afternoon. Could you please reschedule for a time when Mike is available?

Thanks, Anna

-----Original Message-----
From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Thursday, November 23, 2017 10:07 AM
To: ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; Mike Manning <Mike.Manning@ofina.on.ca>
Cc: Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; VINER, JON <JON.VINER@blakes.com>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: RE: Possible Alternative to the "Assumption" Option under the current Change of Law Protection Agreement

Perhaps we can have a call this morning to discuss the defeasance option and Stephen, maybe you can explain a little bit more about how you think it would work in this context.

Stephen, I think you are available until 11:30.

If anyone else has any conflicts, please let me know. Otherwise, I will send a meeting invitation for 10:30.

If nobody else can be on the call, I can discuss with Stephen and we can discuss internally later today.

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

-----Original Message-----
From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: November 23, 2017 7:37 AM
To: Manning, Mike (OFA)
Cc: Mayman, Gadi (OFA); Kandeepan, Ken (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); VINER, JON; Strathy, Anna (OFA)
Subject: RE: Possible Alternative to the "Assumption" Option under the current Change of Law Protection Agreement

Thanks Mike. I think that the Trust would be the owner of the new underlying bonds (i.e., Province would issue (primary) or transfer (secondary) to the Trust), and the defeasance account would be the collateral for the defeased Trust notes. Do you think this scenario is different from the Province issuing bonds directly to existing Trust note holders (based on off-market terms at the time of the exchange)? Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

-----Original Message-----
From: Mike Manning [mailto:Mike.Manning@ofina.on.ca]
Sent: Thursday, November 23, 2017 7:08 AM
To: ASHBOURNE, STEPHEN
Cc: Gadi Mayman; Ken Kandeepan; Malle Hanslep (MOF); Tobias P. Whitfield (MOF); VINER, JON; Anna Strathy
Subject: Re: Possible Alternative to the "Assumption" Option under the current Change of Law Protection Agreement

Interesting concept but wondering how it would work. Would the Province issue the bonds to itself for the deposit into the defeasance account? Issuing into the public market would have its own challenges as Gadi has outlined. Looks like the potential for significant accounting/fiscal challenges under a range of interest rate scenarios.
Regards Mike

On Nov 22, 2017, at 10:58 PM, ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com<mailto:STEPHEN.ASHBOURNE@blakes.com>> wrote:

Thanks for these thoughts, Gadi.

I was thinking that the Province would end up, from a fiscal perspective, in the same place in each scenario - assumption, exchange or defeasance. In each case the Province effectively becomes a primary obligor for the same amount, at a time when the debt that is on-boarded is off-market.

I think that they actual economics for the Province should be identical too - as the Province trades away the "pay through" obligation (under the Limited Guarantee) in consideration for the direct issuance of equivalent, matching obligations.

In each case I expect that the Government of the day would only elect on the option if it saw an opportunity to get rid of significant costs and complexity of the Trust, recognizing the burden of the Province issuing / recognizing a large amount of "new" debt and the odd accounting resulting from directly incurring off-market obligations.

I'm happy to jump on a call tomorrow if you or others think it would be useful to hash this out live.

Regards, Steve

Stephen R. Ashbourne
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Dir: 416-863-3086<tel:416-863-3086>

On Nov 22, 2017, at 10:32 PM, Gadi Mayman <Gadi.Mayman@ofina.on.ca<mailto:Gadi.Mayman@ofina.on.ca><mailto:Gadi.Mayman@ofina.on.ca>> wrote:

Thanks, Steve, it's an interesting idea, but my concern would be that if we were at peak debt on the Trust, and it had $10 billion outstanding, we'd have to go to the market and issue $10 billion in debt in non-benchmark terms to complete the defeasance.

I realize that this could be done over time, not all at once, but it strikes me as a complex undertaking that might be hard to explain the advantages of to the government of the day, rather than just continuing to pay the obligations that would be assumed.

We also might end up with a strange accounting outcome in terms of net debt depending on whether interest rates at the time of defeasance are significantly higher, or lower, than those at the time the bonds were issued, as $10 billion in debt may be defeased by $9 billion, or $11 billion (I'm just making up a number) in debt issued with the same coupons as the original debt at the then current market value.

I'm open to others thoughts on this.

Gafi

On Nov 22, 2017, at 7:57 PM, ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com<mailto:STEPHEN.ASHBOURNE@blakes.com>
<mailto:STEPHEN.ASHBOURNE@blakes.com><mailto:STEPHEN.ASHBOURNE@blakes.com>> wrote:

Gadi, Mike and Ken,

Please see the attached Word document, which describes a possible alternative to the "assumption" option (or "exchange") we have been contemplating. This has not been previously shared with anyone else at this stage (including Malle or Toby), as I thought it best to start with your views as to whether it would accomplish the Province's overall economic objectives.

The zip file contains market precedents (Canadian dollar offerings with strictly Canadian trust indenture: Alimentation Couche-Tarde; Fortis; John Deere), in case you are interested to see how defeasance techniques, akin to those contemplated in the alternative proposal, have been used in other Canadian transactions.

Please let us know your thoughts.

Regards, Steve

Stephen R. Ashbourne
Partner
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From: Anna Strathy
To: Tobias P. Whitfield (MOF); ASHBOURNE, STEPHEN; Mike Manning
Cc: Gadi Mayman; Ken Kandeepan; Malle Hanslep (MOF); VINER, JON
Subject: RE: Possible Alternative to the "Assumption" Option under the current Change of Law Protection Agreement
Date: Thursday, November 23, 2017 10:30:11 AM

Hi Toby, unfortunately, neither Gadi nor Ken are available to join the call at 10:30am and Gadi is in meetings all afternoon. Could you please reschedule for a time when Mike is available?

Thanks, Anna

-----Original Message-----
From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Thursday, November 23, 2017 10:07 AM
To: ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; Mike Manning <Mike.Manning@ofina.on.ca>
Cc: Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; VINER, JON <JON.VINER@blakes.com>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: RE: Possible Alternative to the "Assumption" Option under the current Change of Law Protection Agreement

Perhaps we can have a call this morning to discuss the defeasance option and Stephen, maybe you can explain a little bit more about how you think it would work in this context.

Stephen, I think you are available until 11:30.

If anyone else has any conflicts, please let me know. Otherwise, I will send a meeting invitation for 10:30.

If nobody else can be on the call, I can discuss with Stephen and we can discuss internally later today.

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

-----Original Message-----
From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: November 23, 2017 7:37 AM
To: Manning, Mike (OFA)
Cc: Mayman, Gadi (OFA); Kandeepan, Ken (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); VINER, JON; Strathy, Anna (OFA)
Subject: RE: Possible Alternative to the "Assumption" Option under the current Change of Law Protection Agreement

Thanks Mike. I think that the Trust would be the owner of the new underlying bonds (i.e., Province would issue (primary) or transfer (secondary) to the Trust), and the defeasance account would be the collateral for the defeased Trust notes. Do you think this scenario is different from the Province issuing bonds directly to existing Trust note holders (based on off-market terms at the time of the exchange)? Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

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From: Mike Manning [mailto:Mike.Manning@ofina.on.ca]
Sent: Thursday, November 23, 2017 7:08 AM
To: ASHBOURNE, STEPHEN
Cc: Gadi Mayman; Ken Kandeepan; Malle Hanslep (MOF); Tobias P. Whitfield (MOF); VINER, JON; Anna Strathy
Subject: Re: Possible Alternative to the "Assumption" Option under the current Change of Law Protection Agreement

Interesting concept but wondering how it would work. Would the Province issue the bonds to itself for the deposit into the defeasance account? Issuing into the public market would have its own challenges as Gadi has outlined. Looks like the potential for significant accounting/fiscal challenges under a range of interest rate scenarios.
Regards Mike

On Nov 22, 2017, at 10:58 PM, ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com<mailto:STEPHEN.ASHBOURNE@blakes.com>> wrote:

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I was thinking that the Province would end up, from a fiscal perspective, in the same place in each scenario - assumption, exchange or defeasance. In each case the Province effectively becomes a primary obligor for the same amount, at a time when the debt that is on-boarded is off-market.

I think that they actual economics for the Province should be identical too - as the Province trades away the "pay through" obligation (under the Limited Guarantee) in consideration for the direct issuance of equivalent, matching obligations.

In each case I expect that the Government of the day would only elect on the option if it saw an opportunity to get rid of significant costs and complexity of the Trust, recognizing the burden of the Province issuing / recognizing a large amount of "new" debt and the odd accounting resulting from directly incurring off-market obligations.

I'm happy to jump on a call tomorrow if you or others think it would be useful to hash this out live.

Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com><mailto:stephen.ashbourne@blakes.com>
Dir: 416-863-3086<tel:416-863-3086>

On Nov 22, 2017, at 10:32 PM, Gadi Mayman <Gadi.Mayman@ofina.on.ca<mailto:Gadi.Mayman@ofina.on.ca><mailto:Gadi.Mayman@ofina.on.ca>> wrote:

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I realize that this could be done over time, not all at once, but it strikes me as a complex undertaking that might be hard to explain the advantages of to the government of the day, rather than just continuing to pay the obligations that would be assumed.

We also might end up with a strange accounting outcome in terms of net debt depending on whether interest rates at the time of defeasance are significantly higher, or lower, than those at the time the bonds were issued, as $10 billion in debt may be defeased by $9 billion, or $11 billion (I'm just making up a number) in debt issued with the same coupons as the original debt at the then current market value.

I'm open to others thoughts on this.

Gafi

On Nov 22, 2017, at 7:57 PM, ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com<mailto:STEPHEN.ASHBOURNE@blakes.com>
<mailto:STEPHEN.ASHBOURNE@blakes.com><mailto:STEPHEN.ASHBOURNE@blakes.com>> wrote:

Gadi, Mike and Ken,

Please see the attached Word document, which describes a possible alternative to the "assumption" option (or "exchange") we have been contemplating. This has not been previously shared with anyone else at this stage (including Malle or Toby), as I thought it best to start with your views as to whether it would accomplish the Province's overall economic objectives.

The zip file contains market precedents (Canadian dollar offerings with strictly Canadian trust indenture: Alimentation Couche-Tarde; Fortis; John Deere), in case you are interested to see how defeasance techniques, akin to those contemplated in the alternative proposal, have been used in other Canadian transactions.

Please let us know your thoughts.

Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com><mailto:stephen.ashbourne@blakes.com><mailto:stephen.ashbourne@blakes.com>
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From: Whitfield, Tobias P. (MOF)
To: ASHBOURNE, STEPHEN; Mike Manning
Cc: Gadi Mayman; Ken Kandeepan; Malle Hanslep (MOF); VINER, JON; Anna Strathy
Subject: RE: Possible Alternative to the "Assumption" Option under the current Change of Law Protection Agreement
Date: Thursday, November 23, 2017 10:06:41 AM

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Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

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Sent: November 23, 2017 7:37 AM
To: Manning, Mike (OFA)
Cc: Mayman, Gadi (OFA); Kandeepan, Ken (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); VINER, JON; Strathy, Anna (OFA)
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From: Ken Kandeepan
To: Mike Manning; "ASHBOURNE, STEPHEN"
Cc: Gadi Mayman; Malle Hanslep (MOF); Tobias P. Whitfield (MOF); VINER, JON; Anna Strathy
Subject: RE: Possible Alternative to the "Assumption" Option under the current Change of Law Protection Agreement
Date: Thursday, November 23, 2017 8:33:31 AM

Agree with Mike regarding the latter point re " have to buy bonds back in the secondary market", there are unwelcome accounting implications that impact the Province's bottom line when this happens so should be avoided wherever possible.

Thanks

Ken k

-----Original Message-----
From: Mike Manning
Sent: Thursday, November 23, 2017 8:24 AM
To: 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>
Cc: Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; VINER, JON <JON.VINER@blakes.com>; Anna Strathy <Anna.Strathy@ofina.on.ca>
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Stephen R. Ashbourne
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Gafi

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Gadi, Mike and Ken,

Please see the attached Word document, which describes a possible alternative to the "assumption" option (or "exchange") we have been contemplating. This has not been previously shared with anyone else at this stage (including Malle or Toby), as I thought it best to start with your views as to whether it would accomplish the Province's overall economic objectives.

The zip file contains market precedents (Canadian dollar offerings with strictly Canadian trust indenture: Alimentation Couche-Tarde; Fortis; John Deere), in case you are interested to see how defeasance techniques, akin to those contemplated in the alternative proposal, have been used in other Canadian transactions.

Please let us know your thoughts.

Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com><mailto:stephen.ashbourne@blakes.com><mailto:stephen.ashbourne@blakes.com>
Dir: 416-863-3086

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From:	Mike Manning
To:	"ASHBOURNE, STEPHEN"
Cc:	Gadi Mayman; Ken Kandeepan; Malle Hanslep (MOF); Tobias P. Whitfield (MOF); VINER, JON; Anna Strathy
Subject:	RE: Possible Alternative to the "Assumption" Option under the current Change of Law Protection Agreement
Date:	Thursday, November 23, 2017 8:23:59 AM

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The zip file contains market precedents (Canadian dollar offerings with strictly Canadian trust indenture: Alimentation Couche-Tarde; Fortis; John Deere), in case you are interested to see how defeasance techniques, akin to those contemplated in the alternative proposal, have been used in other Canadian transactions.

Please let us know your thoughts.

Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com><mailto:stephen.ashbourne@blakes.com><mailto:stephen.ashbourne@blakes.com>
Dir: 416-863-3086

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From: ASHBOURNE, STEPHEN
To: Mike Manning
Cc: Gadi Mayman; Ken Kandeepan; Malle Hanslep (MOF); Tobias P. Whitfield (MOF); VINER, JON; Anna Strathy
Subject: RE: Possible Alternative to the "Assumption" Option under the current Change of Law Protection Agreement
Date: Thursday, November 23, 2017 7:37:35 AM

Thanks Mike. I think that the Trust would be the owner of the new underlying bonds (i.e., Province would issue (primary) or transfer (secondary) to the Trust), and the defeasance account would be the collateral for the defeased Trust notes. Do you think this scenario is different from the Province issuing bonds directly to existing Trust note holders (based on off-market terms at the time of the exchange)? Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

-----Original Message-----
From: Mike Manning [mailto:Mike.Manning@ofina.on.ca]
Sent: Thursday, November 23, 2017 7:08 AM
To: ASHBOURNE, STEPHEN
Cc: Gadi Mayman; Ken Kandeepan; Malle Hanslep (MOF); Tobias P. Whitfield (MOF); VINER, JON; Anna Strathy
Subject: Re: Possible Alternative to the "Assumption" Option under the current Change of Law Protection Agreement

Interesting concept but wondering how it would work. Would the Province issue the bonds to itself for the deposit into the defeasance account? Issuing into the public market would have its own challenges as Gadi has outlined. Looks like the potential for significant accounting/fiscal challenges under a range of interest rate scenarios.
Regards Mike

On Nov 22, 2017, at 10:58 PM, ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com<mailto:STEPHEN.ASHBOURNE@blakes.com>> wrote:

Thanks for these thoughts, Gadi.

I was thinking that the Province would end up, from a fiscal perspective, in the same place in each scenario - assumption, exchange or defeasance. In each case the Province effectively becomes a primary obligor for the same amount, at a time when the debt that is on-boarded is off-market.

I think that they actual economics for the Province should be identical too - as the Province trades away the "pay through" obligation (under the Limited Guarantee) in consideration for the direct issuance of equivalent, matching obligations.

In each case I expect that the Government of the day would only elect on the option if it saw an opportunity to get rid of significant costs and complexity of the Trust, recognizing the burden of the Province issuing / recognizing a large amount of "new" debt and the odd accounting resulting from directly incurring off-market obligations.

I'm happy to jump on a call tomorrow if you or others think it would be useful to hash this out live.

Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com><mailto:stephen.ashbourne@blakes.com>
Dir: 416-863-3086<tel:416-863-3086>

On Nov 22, 2017, at 10:32 PM, Gadi Mayman <Gadi.Mayman@ofina.on.ca<mailto:Gadi.Mayman@ofina.on.ca><mailto:Gadi.Mayman@ofina.on.ca>> wrote:

Thanks, Steve, it's an interesting idea, but my concern would be that if we were at peak debt on the Trust, and it had $10 billion outstanding, we'd have to go to the market and issue $10 billion in debt in non-benchmark terms to complete the defeasance.

I realize that this could be done over time, not all at once, but it strikes me as a complex undertaking that might be hard to explain the advantages of to the government of the day, rather than just continuing to pay the obligations that would be assumed.

We also might end up with a strange accounting outcome in terms of net debt depending on whether interest rates at the time of defeasance are significantly higher, or lower, than those at the time the bonds were issued, as $10 billion in debt may be defeased by $9 billion, or $11 billion (I'm just making up a number) in debt issued with the same coupons as the original debt at the then current market value.

I'm open to others thoughts on this.

Gafi

On Nov 22, 2017, at 7:57 PM, ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com<mailto:STEPHEN.ASHBOURNE@blakes.com>
<mailto:STEPHEN.ASHBOURNE@blakes.com><mailto:STEPHEN.ASHBOURNE@blakes.com>> wrote:

Gadi, Mike and Ken,

Please see the attached Word document, which describes a possible alternative to the "assumption" option (or "exchange") we have been contemplating. This has not been previously shared with anyone else at this stage (including Malle or Toby), as I thought it best to start with your views as to whether it would accomplish the Province's overall economic objectives.

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Regards, Steve

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Dir: 416-863-3086

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From: Hanslep, Malle (MOF)
To: Anna Strathy; Tobias P. Whitfield (MOF)
Cc: ASHBOURNE, STEPHEN; Mike Manning; Gadi Mayman; Ken Kandeepan; VINER, JON
Subject: RE: Possible Alternative to the "Assumption" Option under the current Change of Law Protection Agreement
Date: Thursday, November 23, 2017 12:27:06 PM

Hi Toby,
Can you send out a call-in number for 2:30. Think that Mike will be available for the call.
Thanks.
Malle

From: Anna Strathy [mailto:Anna.Strathy@ofina.on.ca]
Sent: November 23, 2017 11:54 AM
To: Whitfield, Tobias P. (MOF)
Cc: ASHBOURNE, STEPHEN; Manning, Mike (OFA); Mayman, Gadi (OFA); Kandeepan, Ken (OFA); Hanslep, Malle (MOF); VINER, JON
Subject: Re: Possible Alternative to the "Assumption" Option under the current Change of Law Protection Agreement

Hi Toby,
Gadi won't be able to call in at 2:30pm but if that works for Mike please go ahead. Gadi's in meetings most of the the afternoon.
Anna

--
Anna Strathy
Special Policy Advisor to the CEO
Ontario Financing Authority
416.325.8032

On Nov 23, 2017, at 10:53 AM, Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca> wrote:

> I spoke with Stephen to get a bit more colour on the defeasance option.
>
> I am happy to discuss internally further, and we can also/or otherwise have a call with Stephen at 2:30 this afternoon.
>
> Please let me know who is available to discuss, and if you want to have an internal discussion before a call with Stephen this afternoon.
>
> Toby
>
> Tobias Whitfield
> Counsel, Legal Services Branch
> Ministry of Finance
> tobias.whitfield@ontario.ca
> Phone: 416-325-1456
>
> -----Original Message-----
> From: Anna Strathy [mailto:Anna.Strathy@ofina.on.ca]
> Sent: November 23, 2017 10:30 AM
> To: Whitfield, Tobias P. (MOF); ASHBOURNE, STEPHEN; Manning, Mike (OFA)
> Cc: Mayman, Gadi (OFA); Kandeepan, Ken (OFA); Hanslep, Malle (MOF); VINER, JON
> Subject: RE: Possible Alternative to the "Assumption" Option under the current Change of Law Protection Agreement
>
> Hi Toby, unfortunately, neither Gadi nor Ken are available to join the call at 10:30am and Gadi is in meetings all afternoon. Could you please reschedule for a time when Mike is available?
>
> Thanks, Anna
>
> -----Original Message-----
> From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
> Sent: Thursday, November 23, 2017 10:07 AM
> To: ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; Mike Manning <Mike.Manning@ofina.on.ca>
> Cc: Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; VINER, JON <JON.VINER@blakes.com>; Anna Strathy <Anna.Strathy@ofina.on.ca>
> Subject: RE: Possible Alternative to the "Assumption" Option under the current Change of Law Protection Agreement
>
> Perhaps we can have a call this morning to discuss the defeasance option and Stephen, maybe you can explain a little bit more about how you think it would work in this context.
>
> Stephen, I think you are available until 11:30.
>
> If anyone else has any conflicts, please let me know. Otherwise, I will send a meeting invitation for 10:30.
>
> If nobody else can be on the call, I can discuss with Stephen and we can discuss internally later today.
>
> Toby
>
> Tobias Whitfield
> Counsel, Legal Services Branch
> Ministry of Finance
> tobias.whitfield@ontario.ca
> Phone: 416-325-1456
>
> -----Original Message-----
> From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
> Sent: November 23, 2017 7:37 AM
> To: Manning, Mike (OFA)
> Cc: Mayman, Gadi (OFA); Kandeepan, Ken (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); VINER, JON; Strathy, Anna (OFA)
> Subject: RE: Possible Alternative to the "Assumption" Option under the current Change of Law Protection Agreement
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> Thanks Mike. I think that the Trust would be the owner of the new underlying bonds (i.e., Province would issue (primary) or transfer (secondary) to the Trust), and the defeasance account would be the collateral for the defeased Trust notes. Do you think this scenario is different from the Province issuing bonds directly to existing Trust note holders (based on off-market terms at the time of the exchange)? Regards, Steve
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> Stephen R. Ashbourne
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> stephen.ashbourne@blakes.com
> Dir: 416-863-3086
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> -----Original Message-----
> From: Mike Manning [mailto:Mike.Manning@ofina.on.ca]
> Sent: Thursday, November 23, 2017 7:08 AM

To: ASHBOURNE, STEPHEN
Cc: Gadi Mayman; Ken Kandeepan; Malle Hanslep (MOF); Tobias P. Whitfield (MOF); VINER, JON; Anna Strathy
Subject: Re: Possible Alternative to the "Assumption" Option under the current Change of Law Protection Agreement

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I was thinking that the Province would end up, from a fiscal perspective, in the same place in each scenario - assumption, exchange or defeasance. In each case the Province effectively becomes a primary obligor for the same amount, at a time when the debt that is on-boarded is off-market.

I think that they actual economics for the Province should be identical too - as the Province trades away the "pay through" obligation (under the Limited Guarantee) in consideration for the direct issuance of equivalent, matching obligations.

In each case I expect that the Government of the day would only elect on the option if it saw an opportunity to get rid of significant costs and complexity of the Trust, recognizing the burden of the Province issuing / recognizing a large amount of "new" debt and the odd accounting resulting from directly incurring off-market obligations.

I'm happy to jump on a call tomorrow if you or others think it would be useful to hash this out live.

Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com><mailto:stephen.ashbourne@blakes.com>
Dir: 416-863-3086<tel:416-863-3086>

On Nov 22, 2017, at 10:32 PM, Gadi Mayman <Gadi.Mayman@ofina.on.ca<mailto:Gadi.Mayman@ofina.on.ca><mailto:Gadi.Mayman@ofina.on.ca>> wrote:

Thanks, Steve, it's an interesting idea, but my concern would be that if we were at peak debt on the Trust, and it had $10 billion outstanding, we'd have to go to the market and issue $10 billion in debt in non-benchmark terms to complete the defeasance.

I realize that this could be done over time, not all at once, but it strikes me as a complex undertaking that might be hard to explain the advantages of to the government of the day, rather than just continuing to pay the obligations that would be assumed.

We also might end up with a strange accounting outcome in terms of net debt depending on whether interest rates at the time of defeasance are significantly higher, or lower, than those at the time the bonds were issued, as $10 billion in debt may be defeased by $9 billion, or $11 billion (I'm just making up a number) in debt issued with the same coupons as the original debt at the then current market value.

I'm open to others thoughts on this.

Gafi

On Nov 22, 2017, at 7:57 PM, ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com<mailto:STEPHEN.ASHBOURNE@blakes.com>
<mailto:STEPHEN.ASHBOURNE@blakes.com><mailto:STEPHEN.ASHBOURNE@blakes.com>> wrote:

Gadi, Mike and Ken,

Please see the attached Word document, which describes a possible alternative to the "assumption" option (or "exchange") we have been contemplating. This has not been previously shared with anyone else at this stage (including Malle or Toby), as I thought it best to start with your views as to whether it would accomplish the Province's overall economic objectives.

The zip file contains market precedents (Canadian dollar offerings with strictly Canadian trust indenture: Alimentation Couche-Tarde; Fortis; John Deere), in case you are interested to see how defeasance techniques, akin to those contemplated in the alternative proposal, have been used in other Canadian transactions.

Please let us know your thoughts.

Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com><mailto:stephen.ashbourne@blakes.com><mailto:stephen.ashbourne@blakes.com>
Dir: 416-863-3086

_____

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blakes.com[blakes.com]<http://blakes.com[blakes.com]><https://urldefense.proofpoint.com/v2/url?u=http-3A__blakes.com&d=DwIFAg&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=gV-xgZHI0tggSwOPXBdMOr4DyITzOyaIKJLqH9Oy-40&m=GP9VJcMiBLGSG2ndDt9tT6oniRhjmXwlhoCrHziY8Vg&s=pNdhj9FaHN7r_SuW9GlSjRynpEM7ng3P3mEofFL7o5s&e= >
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<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.blakes.com_English_Resources_Bulletins_Pages_unsubscribe.aspx&d=DwMGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=OdoCVLs6i-6reBTUJh9PAGSfpmSjeJXGKKb9SzvJOII&m=Dfgmnhb97UMBu4mGshCzBBMZnX6lPolT8Nth0gh2t5A&s=roRmPaodrvwlXlZiwbnbUUYsMO5oW4m12G3NT4BTmy0&e=>

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<12922051-v1-Defeasance Scenario (OPG Trust).DOCX>

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From:	Mike Manning
To:	Anna Strathy; Malle Hanslep (MOF); ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com); Tobias P. Whitfield (MOF)
Cc:	Ken Kandeepan; Ronald Kwan; Gadi Mayman
Subject:	RE: Possible DM Briefing on Monday
Date:	Monday, November 20, 2017 10:27:23 AM

Hi Anna:
I talked to John Lee this morning. OPG had their meeting as planned. OPG indicated that all principles had been properly reflected in the agreements. They indicated that there were still drafting issues to be resolved. They are shooting for Board approval on Wednesday and thus will have to scramble to get things resolved by Tuesday.

Regards, Mike

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Sent: Monday, November 20, 2017 9:44 AM
To: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com) <STEPHEN.ASHBOURNE@blakes.com>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
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Cc: Kandeepan, Ken (OFA); Kwan, Ronald (OFA); Manning, Mike (OFA)
Subject: RE: Possible DM Briefing on Monday

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Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: Possible DM Briefing on Monday

Hi Anna,

Do you think the proposed meeting will be taking place today?

Malle

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Sent: November 17, 2017 4:13 PM
To: ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Cc: Kandeepan, Ken (OFA); Kwan, Ronald (OFA); Manning, Mike (OFA)
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From:	Ken Kandeepan
To:	Anna Strathy
Cc:	Ronald Kwan; Mike Manning; Malle Hanslep (MOF); ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com); Tobias P. Whitfield (MOF)
Subject:	RE: Possible DM Briefing on Monday
Date:	Monday, November 20, 2017 10:23:58 AM

Hi Anna
Mike and I will call in together
Thanks
Ken k

From: Anna Strathy
Sent: Monday, November 20, 2017 10:21 AM
To: Malle Hanslep (MOF) ; ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com) ; Tobias P. Whitfield (MOF)
Cc: Ken Kandeepan ; Ronald Kwan ; Mike Manning
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Please let me know if anyone plans to call in so that I can let the room know who is on the phone.

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Date: Monday, November 20, 2017 10:21:16 AM

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Special Policy Advisor to CEO
Ontario Financing Authority
1 Dundas Street West, 14th Floor
416.325.8032 | anna.strathy@ofina.on.ca

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From: Anna Strathy
To: Malle Hanslep (MOF); ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com); Tobias P. Whitfield (MOF)
Cc: Ken Kandeepan; Ronald Kwan; Mike Manning
Subject: RE: Possible DM Briefing on Monday
Date: Monday, November 20, 2017 9:44:08 AM

Hi Malle, I'm not aware if that's been arranged. Perhaps Mike or Ken could weigh in – did John Lee indicate that he would provide an update?

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Monday, November 20, 2017 9:43 AM
To: Anna Strathy ; ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com) ; Tobias P. Whitfield (MOF)
Cc: Ken Kandeepan ; Ronald Kwan ; Mike Manning
Subject: RE: Possible DM Briefing on Monday

Thanks Anna. Is it expected that we will receive feedback from OPG after their committee meeting?

From: Anna Strathy [mailto:Anna.Strathy@ofina.on.ca]
Sent: November 20, 2017 9:31 AM
To: Hanslep, Malle (MOF); ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com); Whitfield, Tobias P. (MOF)
Cc: Kandeepan, Ken (OFA); Kwan, Ronald (OFA); Manning, Mike (OFA)
Subject: RE: Possible DM Briefing on Monday

Yes, we are waiting for the invite to be sent by the DMO. Likely to be arranged for 12pm today.

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Monday, November 20, 2017 9:30 AM
To: Anna Strathy <Anna.Strathy@ofina.on.ca>; ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com) <STEPHEN.ASHBOURNE@blakes.com>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: Possible DM Briefing on Monday

Hi Anna,
Do you think the proposed meeting will be taking place today?
Malle

From: Anna Strathy [mailto:Anna.Strathy@ofina.on.ca]
Sent: November 17, 2017 4:13 PM
To: ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Cc: Kandeepan, Ken (OFA); Kwan, Ronald (OFA); Manning, Mike (OFA)
Subject: Possible DM Briefing on Monday

Stephen, Malle, Toby,

Just a head's up, our DMO will likely be organizing another meeting with the three Deputies (Finance, TBS, Energy), on Monday, November 20, likely sometime between 11am and 12:30pm and likely somewhere in Macdonald Block (900 Bay Street). The purpose of Monday's meeting will be to bring everyone up to speed on the outstanding issues on the Protection/Process Agreements. I expect an invite to follow, but you may want to hold that time in your calendars for now.

Thank you,

Anna

Anna Strathy

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416.325.8032 | anna.strathy@ofina.on.ca

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From: Hanslep, Malle (MOF)
To: Anna Strathy; ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com); Tobias P. Whitfield (MOF)
Cc: Ken Kandeepan; Ronald Kwan; Mike Manning
Subject: RE: Possible DM Briefing on Monday
Date: Monday, November 20, 2017 9:43:15 AM

Thanks Anna. Is it expected that we will receive feedback from OPG after their committee meeting?

From: Anna Strathy [mailto:Anna.Strathy@ofina.on.ca]
Sent: November 20, 2017 9:31 AM
To: Hanslep, Malle (MOF); ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com); Whitfield, Tobias P. (MOF)
Cc: Kandeepan, Ken (OFA); Kwan, Ronald (OFA); Manning, Mike (OFA)
Subject: RE: Possible DM Briefing on Monday

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From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Monday, November 20, 2017 9:30 AM
To: Anna Strathy <Anna.Strathy@ofina.on.ca>; ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com) <STEPHEN.ASHBOURNE@blakes.com>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: Possible DM Briefing on Monday

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Malle

From: Anna Strathy [mailto:Anna.Strathy@ofina.on.ca]
Sent: November 17, 2017 4:13 PM
To: ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Cc: Kandeepan, Ken (OFA); Kwan, Ronald (OFA); Manning, Mike (OFA)
Subject: Possible DM Briefing on Monday

Stephen, Malle, Toby,

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Thank you,

Anna

Anna Strathy
Special Policy Advisor to CEO
Ontario Financing Authority
1 Dundas Street West, 14th Floor
416.325.8032 | anna.strathy@ofina.on.ca

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From:	Anna Strathy
To:	Malle Hanslep (MOF); ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com); Tobias P. Whitfield (MOF)
Cc:	Ken Kandeepan; Ronald Kwan; Mike Manning
Subject:	RE: Possible DM Briefing on Monday
Date:	Monday, November 20, 2017 9:30:45 AM

Yes, we are waiting for the invite to be sent by the DMO. Likely to be arranged for 12pm today.

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: Monday, November 20, 2017 9:30 AM

To: Anna Strathy ; ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com) ; Tobias P. Whitfield (MOF)

Cc: Ken Kandeepan ; Ronald Kwan ; Mike Manning

Subject: RE: Possible DM Briefing on Monday

Hi Anna,

Do you think the proposed meeting will be taking place today?

Malle

From: Anna Strathy [mailto:Anna.Strathy@ofina.on.ca]
Sent: November 17, 2017 4:13 PM
To: ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Cc: Kandeepan, Ken (OFA); Kwan, Ronald (OFA); Manning, Mike (OFA)
Subject: Possible DM Briefing on Monday

Stephen, Malle, Toby,

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Thank you,

Anna

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From: Hanslep, Malle (MOF)
To: Anna Strathy; ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com); Tobias P. Whitfield (MOF)
Cc: Ken Kandeepan; Ronald Kwan; Mike Manning
Subject: RE: Possible DM Briefing on Monday
Date: Monday, November 20, 2017 9:30:16 AM

Hi Anna,
Do you think the proposed meeting will be taking place today?
Malle

From: Anna Strathy [mailto:Anna.Strathy@ofina.on.ca]
Sent: November 17, 2017 4:13 PM
To: ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Cc: Kandeepan, Ken (OFA); Kwan, Ronald (OFA); Manning, Mike (OFA)
Subject: Possible DM Briefing on Monday

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From:	Anna Strathy
To:	ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com)
Cc:	Ken Kandeepan; Ronald Kwan; Mike Manning; Malle Hanslep (MOF); Tobias P. Whitfield (MOF)
Subject:	RE: Possible DM Briefing on Monday
Date:	Monday, November 20, 2017 10:47:27 AM

Stephen, are you able to join us, in person or by phone?
Anna

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Monday, November 20, 2017 10:20 AM
To: Anna Strathy ; ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com) ; Tobias P. Whitfield (MOF)
Cc: Ken Kandeepan ; Ronald Kwan ; Mike Manning
Subject: RE: Possible DM Briefing on Monday

Hi – I accepted the meeting for noon and will be attending in person.

From: Anna Strathy [mailto:Anna.Strathy@ofina.on.ca]
Sent: November 20, 2017 9:44 AM
To: Hanslep, Malle (MOF); ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com); Whitfield, Tobias P. (MOF)
Cc: Kandeepan, Ken (OFA); Kwan, Ronald (OFA); Manning, Mike (OFA)
Subject: RE: Possible DM Briefing on Monday

Hi Malle, I'm not aware if that's been arranged. Perhaps Mike or Ken could weigh in – did John Lee indicate that he would provide an update?

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Monday, November 20, 2017 9:43 AM
To: Anna Strathy <Anna.Strathy@ofina.on.ca>; ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com) <STEPHEN.ASHBOURNE@blakes.com>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: Possible DM Briefing on Monday

Thanks Anna. Is it expected that we will receive feedback from OPG after their committee meeting?

From: Anna Strathy [mailto:Anna.Strathy@ofina.on.ca]
Sent: November 20, 2017 9:31 AM
To: Hanslep, Malle (MOF); ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com); Whitfield, Tobias P. (MOF)
Cc: Kandeepan, Ken (OFA); Kwan, Ronald (OFA); Manning, Mike (OFA)
Subject: RE: Possible DM Briefing on Monday

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Sent: Monday, November 20, 2017 9:30 AM
To: Anna Strathy <Anna.Strathy@ofina.on.ca>; ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com) <STEPHEN.ASHBOURNE@blakes.com>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: Possible DM Briefing on Monday

Hi Anna,
Do you think the proposed meeting will be taking place today?
Malle

From: Anna Strathy [mailto:Anna.Strathy@ofina.on.ca]
Sent: November 17, 2017 4:13 PM
To: ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Cc: Kandeepan, Ken (OFA); Kwan, Ronald (OFA); Manning, Mike (OFA)
Subject: Possible DM Briefing on Monday

Stephen, Malle, Toby,

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Thank you,

Anna

Anna Strathy
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Ontario Financing Authority
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From:	Talwar, Shruti (ENERGY)
To:	RYFA Ken -TREASURY; Mike Manning; Ken Kandeepan
Cc:	LEE John -TREASURY; GRECO Clara -LAWDIV; LADAK Lubna -TREASURY; GO Matthew -TREASURY; LIU Sheen -TREASURY; WONG Leslie -LAWDIV; Thouin, Alena (ENERGY); Sawwaf, Khareem (ENERGY); Sud, Manu (ENERGY); Graham Young (MOI)
Subject:	RE: Preliminary notice of first asset purchase and debt issuance under Fair Hydro Program
Date:	Tuesday, November 28, 2017 10:10:17 AM

Ken R.,
Thanks for your email, and the chat last Friday morning to clarify the proposed process for the first transaction. As you know it is important to Ministry to ensure that we follow the proper process at all times, particularly for the first transaction. Here is the proposed process as I understand it from our chat.

1) IESO asset to be transferred is the balance as of November 30. I understand the projected balance is ~$1.2B of which 44 per cent which will covered by the request for the equity injection.
2) On Dec 7 or 8, IESO will get confirmation of the November 30 balance and relay to OPG
3) On Dec 7 or 8, OPG to send Ministry of Energy an unofficial, unsigned Transfer Notice indicating the balance, and the amount requested for equity injection along with the Share Subscription form. This notice will be missing the closing date but all other information will be complete and accurate.
4) Ministry of Energy to commence reviewing the request on the assumption that a formal signed Transfer notice will be provided between Dec 12 –15.
5) Ministry of Energy to make formal request to the OFA under an MOU, once the formal signed Transfer Notice is received by the Ministry from OPG. Only once the formal signed Transfer Notice is received by the Ministry of Energy from OPG, will the 5 day period starts, but we will endeavour to expedite, although only 2 of the 5 days are under our control.
6) OFA staff to process the payment within three business days as per the terms of the MOU and wire funds to the appropriate account as per the MOU

From a Ministry of Energy perspective, we are ok with the above approach for this transaction. Our main concern, legal and policy, is ensuring that we have the formal signed Transfer Notice in hand before making any request to the OFA.
I understand that the closing date of the equity injection is the same as the closing date for the external financing which makes it challenging to provide the formal Transfer Notice within the 5 days. Going forward, you mentioned the warehousing facility may help with this timing issue.
Mike M and Ken K may have additional comments from an OFA perspective.
Shruti

Shruti Talwar
Director, Strategic Policy and Analytics Branch
Strategic, Network and Agency Policy Division
Ontario Ministry of Energy
416.325-8698
shruti.talwar@ontario.ca

From: RYFA Ken -TREASURY [mailto:ken.ryfa@opg.com]
Sent: November 23, 2017 1:26 PM
To: Talwar, Shruti (ENERGY); Manning, Mike (OFA); Kandeepan, Ken (OFA)
Cc: LEE John -TREASURY; GRECO Clara -LAWDIV; LADAK Lubna -TREASURY; GO Matthew -TREASURY; LIU Sheen -TREASURY; WONG Leslie -LAWDIV
Subject: Preliminary notice of first asset purchase and debt issuance under Fair Hydro Program

Shruti / Mike / Ken K,
Just wanted to give you a preliminary notice of expected funding requirements over the next month to facilitate the first purchase of the asset from the IESO and corresponding debt issued by the Trust, a part of which is supported by the equity injection from the Province. A formal notice will be provided in accordance with the relevant processes but given that this is the first transaction during a month when many people are away then we are providing this preliminary notice to help with lining up the relevant approvals.
The timing of the asset purchase will correspond to the debt issuance by the Trust. The exact timing will depend on completing the items required to market to investors – program documents and credit rating are the key elements.
In terms of dollar amount we anticipate the Trust purchasing the entire variance account balance. This is expected to be about $1.2 billion. As of the end of October, the account is just over $1 billion. It is expected that the senior debt for this first transaction will be both term debt and warehouse debt.
Since this is the first transaction in this structure and there are a number of moving parts at the current time then we will need to have some flexibility on the 5 business day requirement between notification and funding. One of the challenges is to include the Transfer Notice as part of the request for the equity since there is a similar 5 business day notice requirement. We may need to issue the equity request without the Transfer Notice attachment which would follow shortly after.
At the current time the expected dates are:
Pricing of term debt issuance – current target is sometime between Dec 12 to 15
Closing of debt issuance – Dec 19 to 22 (standard for securitization is T+5)
Closing date would correspond to the date for OPG to issue Class A shares to the Province in exchange for the corresponding funding from the Province.
Thanks,
Ken R

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From: Anna Strathy
To: Ken Kandeepan; Gadi Mayman; Mike Manning
Cc: Malle Hanslep (MOF); Tobias P. Whitfield (MOF)
Subject: RE: Process Agreement
Date: Thursday, December 14, 2017 11:31:28 AM

Hi Gadi, Ken, Mike,

Toby and I spoke and went through Stephen's highlighted comments. There are two important edits on pages 14 and 15:

6.01 Breach Events

- Section 2.02(b)(iv) should be updated to 2.02(c)(iv) – there is no (b)(iv) – merely a drafting edit; and
- The word Material Effect should be struck from 6.01 (b) and (c) because the revised definition of Material Effect no longer applies appropriately to Breach Events and renders section 6.01 incoherent. I would describe this edit as merely a drafting issue, wherein the drafting hasn't caught up with the revised definition of Material Effect.

I propose that we move OPG's version of the Process Agreement forward for the Ministers' signature, while separately inquiring with OPG whether they would accept these drafting changes. If so, we can replace the updated pages in the Ministers' signed version of the Process Agreement at a later date, flagging for their staff the change that has been made.

Happy for everyone's thoughts.

Anna

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Thursday, December 14, 2017 9:55 AM
To: Ken Kandeepan ; Gadi Mayman ; Mike Manning ; Anna Strathy
Cc: Malle Hanslep (MOF)
Subject: FW: Process Agreement

Please see the below email and attached comments on the Process Agreement from Stephen.

There are a few technical issues and consequential changes that significantly affect the Province's rights, and some drafting errors that need to be addressed. We need to consider how to communicate those to OPG and the Dealers, and how much we need to address in order to get comfortable with the current agreement.

We are available to discuss at your convenience.

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: December 14, 2017 8:47 AM
To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); McKinlay, Tom (MAG); Thouin, Alena (ENERGY)
Subject: Process Agreement

Hi. I understand from Malle that the Province has now accepted the last Tory version of the Process Agreement, in order to lock down the accounting treatment issue. Some of the changes I had highlighted in my mark-up yesterday morning addressed technical issues of potential consequence to the Province, and which I expect are non-accounting items. The attached version of my mark-up identifies and explains those points, in case there is room for reconsideration. There are other corrections that I expect would be happily made by OPG (such as the revision to the current requirement to deliver a Process Certificate in

respect of a Post-Suspension Refinancing, which will not in fact be possible for OPG to do – see 3.02).
Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

———————————————

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L'information paraissant dans ce message électronique est CONFIDENTIELLE. Si ce message vous est parvenu par erreur, veuillez immédiatement m'en aviser par téléphone ou par courriel et en détruire toute copie. Merci.

From: Anna Strathy
To: Mike Manning; Gadi Mayman; Ken Kandeepan; Ronald Kwan
Subject: RE: Protection Agreement revised drafts comments/questions
Date: Thursday, November 30, 2017 12:23:17 PM

Thank you both. I'll try to set something up for the morning.

From: Mike Manning
Sent: Thursday, November 30, 2017 12:12 PM
To: Anna Strathy ; Gadi Mayman ; Ken Kandeepan ; Ronald Kwan
Subject: RE: Protection Agreement revised drafts comments/questions
Flexible either way.
Mike

From: Anna Strathy
Sent: Thursday, November 30, 2017 12:04 PM
To: Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Subject: RE: Protection Agreement revised drafts comments/questions
I'm happy to set up a meeting for tomorrow with a dial-in option. I know Ken is out of the office tomorrow- but Ron, Mike, any preference for morning or afternoon?
Anna

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Thursday, November 30, 2017 11:54 AM
To: Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>; ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; JACKSON, ADAM <ADAM.JACKSON@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>; VINER, JON (JON.VINER@blakes.com) <JON.VINER@blakes.com>
Cc: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>
Subject: Protection Agreement revised drafts comments/questions
Please find attached a documents setting out MOF Legal's summary and questions from our review of the revised drafts of the Protection Agreement and Process Agreement.
We have reviewed Torys' Nov. 24 markup and also Blakes' Nov 28 markup and based the questions and comments on those drafts. The numbering of the sections is from the Blakes Nov 28 markup. I have attached our comments, as well as the relevant blacklines to this email.
Please review these comments, including the questions and decision points.
Perhaps we should have a meeting tomorrow with this group (including the appropriate Energy clients) to discuss this draft. Can the OFA can set up the meeting/call?
Best
Toby
Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
777 Bay Street, 11th Floor
Toronto, ON, M5G 2C8

tobias.whitfield@ontario.ca
Phone: 416-325-1456

From:	Mike Manning
To:	Anna Strathy; Gadi Mayman; Ken Kandeepan; Ronald Kwan
Subject:	RE: Protection Agreement revised drafts comments/questions
Date:	Thursday, November 30, 2017 12:12:23 PM

Flexible either way.
Mike

From: Anna Strathy
Sent: Thursday, November 30, 2017 12:04 PM
To: Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Subject: RE: Protection Agreement revised drafts comments/questions

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Anna

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Thursday, November 30, 2017 11:54 AM
To: Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>; ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; JACKSON, ADAM <ADAM.JACKSON@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>; VINER, JON (JON.VINER@blakes.com) <JON.VINER@blakes.com>
Cc: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>
Subject: Protection Agreement revised drafts comments/questions

Please find attached a documents setting out MOF Legal's summary and questions from our review of the revised drafts of the Protection Agreement and Process Agreement.

We have reviewed Torys' Nov. 24 markup and also Blakes' Nov 28 markup and based the questions and comments on those drafts. The numbering of the sections is from the Blakes Nov 28 markup. I have attached our comments, as well as the relevant blacklines to this email.

Please review these comments, including the questions and decision points.

Perhaps we should have a meeting tomorrow with this group (including the appropriate Energy clients) to discuss this draft. Can the OFA can set up the meeting/call?

Best
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
777 Bay Street, 11th Floor
Toronto, ON, M5G 2C8
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Gadi Mayman
To: Anna Strathy; Mike Manning; Ken Kandeepan; Ronald Kwan
Subject: RE: Protection Agreement revised drafts comments/questions
Date: Thursday, November 30, 2017 12:05:11 PM

Given that Ken isn't here tomorrow, we'll definitely need someone from OPCD on the call, not just the Energy representatives.
Thanks,
Gadi

From: Anna Strathy
Sent: Thursday, November 30, 2017 12:04 PM
To: Gadi Mayman ; Mike Manning ; Ken Kandeepan ; Ronald Kwan
Subject: RE: Protection Agreement revised drafts comments/questions
I'm happy to set up a meeting for tomorrow with a dial-in option. I know Ken is out of the office tomorrow- but Ron, Mike, any preference for morning or afternoon?
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Phone: 416-325-1456

From:	Anna Strathy
To:	Gadi Mayman; Mike Manning; Ken Kandeepan; Ronald Kwan
Subject:	RE: Protection Agreement revised drafts comments/questions
Date:	Thursday, November 30, 2017 12:03:52 PM

I'm happy to set up a meeting for tomorrow with a dial-in option. I know Ken is out of the office tomorrow- but Ron, Mike, any preference for morning or afternoon?
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Sent: Thursday, November 30, 2017 11:54 AM
To: Gadi Mayman ; Ken Kandeepan ; Ronald Kwan ; Mike Manning ; Anna Strathy ; John Kim ; Thouin, Alena (ENERGY) ; Tom McKinlay (MAG) ; ASHBOURNE, STEPHEN ; JACKSON, ADAM ; PRESTAGE, JA ; VINER, JON (JON.VINER@blakes.com)
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From:	Anna Strathy
To:	Tobias P. Whitfield (MOF); Gadi Mayman; Ken Kandeepan; Ronald Kwan; Mike Manning; John Kim; Thouin, Alena (ENERGY); Tom McKinlay (MAG); ASHBOURNE, STEPHEN; JACKSON, ADAM; PRESTAGE, JA; VINER, JON (JON.VINER@blakes.com)
Cc:	Malle Hanslep (MOF)
Subject:	RE: Protection Agreement revised drafts comments/questions
Date:	Thursday, November 30, 2017 12:24:14 PM

Hi Toby,

Happy to set up a meeting with a teleconference option. Will include Energy and OPCD in the invite.

Anna

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]

Sent: Thursday, November 30, 2017 11:54 AM

To: Gadi Mayman ; Ken Kandeepan ; Ronald Kwan ; Mike Manning ; Anna Strathy ; John Kim ; Thouin, Alena (ENERGY) ; Tom McKinlay (MAG) ; ASHBOURNE, STEPHEN ; JACKSON, ADAM ; PRESTAGE, JA ; VINER, JON (JON.VINER@blakes.com)

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Counsel, Legal Services Branch
Ministry of Finance
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Toronto, ON, M5G 2C8
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Anna Strathy
To: Tobias P. Whitfield (MOF); Malle Hanslep (MOF); Gadi Mayman
Cc: Mike Manning; Ken Kandeepan; David McLean (MOF); Jonathan Tekle (CAB)
Subject: RE: Provincial Agreements
Date: Thursday, December 14, 2017 11:14:32 AM

Thank you, Toby.

-----Original Message-----
From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Thursday, December 14, 2017 11:14 AM
To: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Gadi Mayman <Gadi.Mayman@ofina.on.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; David McLean (MOF) <David.McLean@ontario.ca>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca>
Subject: RE: Provincial Agreements

Please find attached signing versions of the s. 28 approval forms.

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

-----Original Message-----
From: Hanslep, Malle (MOF)
Sent: December 14, 2017 10:55 AM
To: Strathy, Anna (OFA); Mayman, Gadi (OFA); Hume, Steen (ENERGY)
Cc: Cox, Hilary (ENERGY); Manning, Mike (OFA); Kandeepan, Ken (OFA); Schlaepfer, Martin (ENERGY); McLean, David (MOF); Tekle, Jonathan (MOF); Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF)
Subject: RE: Provincial Agreements

Toby has it and can send it. Also, will there be some other briefing materials provided (i.e. slide deck).

-----Original Message-----
From: Anna Strathy [mailto:Anna.Strathy@ofina.on.ca]
Sent: December 14, 2017 10:39 AM
To: Hanslep, Malle (MOF); Mayman, Gadi (OFA); Hume, Steen (ENERGY)
Cc: Cox, Hilary (ENERGY); Manning, Mike (OFA); Kandeepan, Ken (OFA); Schlaepfer, Martin (ENERGY); McLean, David (MOF); Tekle, Jonathan (MOF); Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF)
Subject: RE: Provincial Agreements

Thanks Malle, that sounds good. Would you be able to send me a copy of the s. 28 that our Minister will sign? I'll be including it in his signing package.

-----Original Message-----
From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Thursday, December 14, 2017 9:50 AM
To: Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>
Cc: Hilary Cox (ENE) <Hilary.Cox@ontario.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Martin Schlaepfer (MOF) <Martin.Schlaepfer@ontario.ca>; David McLean (MOF) <David.McLean@ontario.ca>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: Provincial Agreements

Hi all,

Regarding the logistics of signing the agreements, I think that they would all be signed separately in counterparts and the Province would hold the pages executed by the Ministers in escrow until the closing of the warehouse facility.

There are a number of items that would have to be finished before the executed agreements are delivered and come into effect on the closing including:
- finalization of the reference documents listed on Schedule A of the Process Agreement (these are the master trust indenture, warehouse supplement,)
- OPG must expressly send to the Province the final versions identifying them as such so that both parties know which version of the reference document is the final one to be used as a base (see recital 5 of the Process Agreement)
- final version of financing plan to be delivered to the Minister of Energy pursuant to the Act and which includes the initial forecast (see recital 6 of the Process Agreement)
- OPG provides to the Province the Initial Protection Agreement Maximum (see recital 6 of the Process Agreement)

Thanks,

Malle

----Original Message-----
From: Gadi Mayman [mailto:Gadi.Mayman@ofina.on.ca]
Sent: December 13, 2017 9:57 PM
To: Hume, Steen (ENERGY)
Cc: Cox, Hilary (ENERGY); Manning, Mike (OFA); Kandeepan, Ken (OFA); Strathy, Anna (OFA); Schlaepfer, Martin (ENERGY); Hanslep, Malle (MOF); McLean, David (MOF); Tekle, Jonathan (MOF)
Subject: Re: Provincial Agreements

I spoke to our Minister and his staff member responsible for this file this afternoon and gave them a heads up that this would be coming tomorrow afternoon or Friday, so they won't be surprised if this comes their way tomorrow if it's ready. I'm adding my DMO and Malle to this email.

Gadi

> On Dec 13, 2017, at 9:32 PM, Hume, Steen (ENERGY) <Steen.Hume@ontario.ca> wrote:
>
> Thank you Gadi. This is really helpful. Almost there.
>
> We might want to try and line up Ministers' signatures for sometime tomorrow (before OPG). Worried we might lose my Minister after tomorrow.
>
> Perhaps Anna, Hilary and Martin can discuss timing options for signatures tomorrow.
>
> Have a good evening. Steen
>
>
> Sent with BlackBerry Work
> (www.blackberry.com)
>
> From: Gadi Mayman <Gadi.Mayman@ofina.on.ca<mailto:Gadi.Mayman@ofina.on.ca>>
> Date: Wednesday, Dec 13, 2017, 8:33 PM
> To: Hume, Steen (ENERGY) <Steen.Hume@ontario.ca<mailto:Steen.Hume@ontario.ca>>
> Cc: Cox, Hilary (ENERGY) <Hilary.Cox@ontario.ca<mailto:Hilary.Cox@ontario.ca>>, Manning, Mike (OFA) <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>, Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>, Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>
> Subject: Re: Provincial Agreements
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> I'm copying Mike and Ken, as they may have a more recent update than where we were went I left at the end of the day today, but my understanding is that the Protection Agreement is done and with the Rating Agencies in what OPG is calling the final form, the s28 is ready, and the Process Agreement was all done except for a little bickering over the language around materiality, which shouldn't, theoretically, be too hard to solve given that there is agreed language on that subject in the Protection Agreement.
>
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> I'm hoping to have copies ready for signing by late tomorrow, or early Friday, subject to that final wording on the Process Agreement, and how we want to handle the order of signatures - i.e., do we need to have OPG sign the two agreements first, or are we comfortable having the Ministers go first if the logistics don't allow OPG to sign prior to Ministers' availability?
>
>
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> From: Hume, Steen (ENERGY) <Steen.Hume@ontario.ca>
> Sent: Wednesday, December 13, 2017 7:22:11 PM
> To: Gadi Mayman
> Cc: Hilary Cox (ENE)
> Subject: Provincial Agreements
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> Hi Gadi. Can we fine some time tomorrow to check in on the status of the agreements. Briefing my minister at the end of the day and would like to grive him an update on progress.
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> This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all

copies. Thank you.

From:	Whitfield, Tobias P. (MOF)
To:	Malle Hanslep (MOF); Anna Strathy; Gadi Mayman
Cc:	Mike Manning; Ken Kandeepan; David McLean (MOF); Jonathan Tekle (CAB)
Subject:	RE: Provincial Agreements
Date:	Thursday, December 14, 2017 11:13:50 AM
Attachments:	Fair Hydro Plan Process Agreement s. 28 Approval - Execution Version.doc Fair Hydro Plan Protection Agreement s. 28 Approval - Execution Version.doc

---

Please find attached signing versions of the s. 28 approval forms.

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

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Sent: December 14, 2017 10:55 AM
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Cc: Cox, Hilary (ENERGY); Manning, Mike (OFA); Kandeepan, Ken (OFA); Schlaepfer, Martin (ENERGY); McLean, David (MOF); Tekle, Jonathan (MOF); Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF)
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>
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>
> This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

Ministry of Finance
Office of the Minister

Ministère des Finances
Bureau du ministre

Ontario

7th Floor, Frost Building South
7 Queen's Park Crescent
Toronto ON M7A 1Y7
Telephone: 416-325-0400
Facsimile: 416-325-0374

7e étage, Édifice Frost Sud
7 Queen's Park Crescent
Toronto ON M7A 1Y7
Téléphone: 416-325-0400
Télécopieur: 416-325-0374

December , 2017

TO: **Minister of Energy**

Approval pursuant to section 28 of the
Financial Administration Act

For the purpose of section 28(1) of the *Financial Administration Act*, I hereby approve the entry into by Her Majesty the Queen in right of Ontario, as represented by the Minister of Energy and the Minister of Finance acting together, of the financial arrangements, financial commitments, guarantees, indemnities and similar transactions that would increase, directly or indirectly, the indebtedness or contingent liabilities of Ontario substantially in the attached form of Change of Law Process Agreement.

Charles Sousa
Minister of Finance

Attachment

Ministry of Finance
Office of the Minister

Ministère des Finances
Bureau du ministre

Ontario

7th Floor, Frost Building South
7 Queen's Park Crescent
Toronto ON M7A 1Y7
Telephone: 416-325-0400
Facsimile: 416-325-0374

7e étage, Édifice Frost Sud
7 Queen's Park Crescent
Toronto ON M7A 1Y7
Téléphone: 416-325-0400
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December , 2017

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Charles Sousa
Minister of Finance

Attachment

From:	Anna Strathy
To:	Malle Hanslep (MOF); Gadi Mayman; Steen Hume (CAB)
Cc:	Hilary Cox (ENE); Mike Manning; Ken Kandeepan; Martin Schlaepfer (MOF); David McLean (MOF); Jonathan Tekle (CAB); Thouin, Alena (ENERGY); Tobias P. Whitfield (MOF)
Subject:	RE: Provincial Agreements
Date:	Thursday, December 14, 2017 11:08:03 AM

Hi Malle,

I was planning on a simple package with transmittal memos and the slide deck from our joint ministers briefing on November 29 - I'm going through the deck now and will add in red text anything that has changed or been updated since our Nov 29 briefing. I'll send to you and Toby for input.

Anna

-----Original Message-----
From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Thursday, December 14, 2017 10:55 AM
To: Anna Strathy <Anna.Strathy@ofina.on.ca>; Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>
Cc: Hilary Cox (ENE) <Hilary.Cox@ontario.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Martin Schlaepfer (MOF) <Martin.Schlaepfer@ontario.ca>; David McLean (MOF) <David.McLean@ontario.ca>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: Provincial Agreements

Toby has it and can send it. Also, will there be some other briefing materials provided (i.e. slide deck).

-----Original Message-----
From: Anna Strathy [mailto:Anna.Strathy@ofina.on.ca]
Sent: December 14, 2017 10:39 AM
To: Hanslep, Malle (MOF); Mayman, Gadi (OFA); Hume, Steen (ENERGY)
Cc: Cox, Hilary (ENERGY); Manning, Mike (OFA); Kandeepan, Ken (OFA); Schlaepfer, Martin (ENERGY); McLean, David (MOF); Tekle, Jonathan (MOF); Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF)
Subject: RE: Provincial Agreements

Thanks Malle, that sounds good. Would you be able to send me a copy of the s. 28 that our Minister will sign? I'll be including it in his signing package.

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From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Thursday, December 14, 2017 9:50 AM
To: Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>
Cc: Hilary Cox (ENE) <Hilary.Cox@ontario.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Martin Schlaepfer (MOF) <Martin.Schlaepfer@ontario.ca>; David McLean (MOF) <David.McLean@ontario.ca>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
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Thanks,

Malle

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Cc: Cox, Hilary (ENERGY); Manning, Mike (OFA); Kandeepan, Ken (OFA); Strathy, Anna (OFA); Schlaepfer, Martin (ENERGY); Hanslep, Malle (MOF); McLean, David (MOF); Tekle, Jonathan (MOF)
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Date:	Thursday, December 14, 2017 10:55:11 AM

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To:	Malle Hanslep (MOF); Gadi Mayman; Steen Hume (CAB)
Cc:	Hilary Cox (ENE); Mike Manning; Ken Kandeepan; Martin Schlaepfer (MOF); David McLean (MOF); Jonathan Tekle (CAB); Thouin, Alena (ENERGY); Tobias P. Whitfield (MOF)
Subject:	RE: Provincial Agreements
Date:	Thursday, December 14, 2017 10:39:18 AM

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Subject:	RE: Provincial Agreements
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Perhaps Anna, Hilary and Martin can discuss timing options for signatures tomorrow.

Have a good evening. Steen

Sent with BlackBerry Work
(www.blackberry.com)

From: Gadi Mayman <Gadi.Mayman@ofina.on.ca<mailto:Gadi.Mayman@ofina.on.ca>>
Date: Wednesday, Dec 13, 2017, 8:33 PM
To: Hume, Steen (ENERGY) <Steen.Hume@ontario.ca<mailto:Steen.Hume@ontario.ca>>
Cc: Cox, Hilary (ENERGY) <Hilary.Cox@ontario.ca<mailto:Hilary.Cox@ontario.ca>>, Manning, Mike (OFA) <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>, Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>, Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>
Subject: Re: Provincial Agreements

I'm copying Mike and Ken, as they may have a more recent update than where we were went I left at the end of the day today, but my understanding is that the Protection Agreement is done and with the Rating Agencies in what OPG is calling the final form, the s28 is ready, and the Process Agreement was all done except for a little bickering over the language around materiality, which shouldn't, theoretically, be too hard to solve given that there is agreed language on that subject in the Protection Agreement.

I'm hoping to have copies ready for signing by late tomorrow, or early Friday, subject to that final wording on the Process Agreement, and how we want to handle the order of signatures - i.e., do we need to have OPG sign the two agreements first, or are we comfortable having the Ministers go first if the logistics don't allow OPG to sign prior to Ministers' availability?

Regards,

Gadi

From: Hume, Steen (ENERGY) <Steen.Hume@ontario.ca>
Sent: Wednesday, December 13, 2017 7:22:11 PM
To: Gadi Mayman
Cc: Hilary Cox (ENE)
Subject: Provincial Agreements

Hi Gadi. Can we fine some time tomorrow to check in on the status of the agreements. Briefing my minister at the end of the day and would like to grive him an update on progress.

Thank you, Steen

Sent with BlackBerry Work
(www.blackberry.com<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.blackberry.com&d=DwIF-g&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=gV-xgZHI0tggSwOPXBdMOr4DyITzOyaIKJLqH9Oy-40&m=Hk8hSJtfT3_aTEkVdrKqdUbb78yrAg2ou-OpTRud-RA&s=SEYl2tNr1LD6gDmBPMxQ7JpwqJvhGdBxtqDgxcnQWcw&e= >)

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From:	Anna Strathy
To:	Malle Hanslep (MOF); Gadi Mayman; Steen Hume (CAB)
Cc:	Hilary Cox (ENE); Mike Manning; Ken Kandeepan; Martin Schlaepfer (MOF); David McLean (MOF); Jonathan Tekle (CAB); "Thouin, Alena (ENERGY)"; Tobias P. Whitfield (MOF)
Subject:	RE: Provincial Agreements
Date:	Thursday, December 14, 2017 1:11:49 PM

I have a signing package prepared which I'm bringing up now to Frost. I'm hoping we can secure our Minister's signature before the Minister of Energy's briefing this afternoon at 3:45pm.

Anna

-----Original Message-----
From: Anna Strathy
Sent: Thursday, December 14, 2017 11:08 AM
To: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>
Cc: Hilary Cox (ENE) <Hilary.Cox@ontario.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Martin Schlaepfer (MOF) <Martin.Schlaepfer@ontario.ca>; David McLean (MOF) <David.McLean@ontario.ca>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: Provincial Agreements

Hi Malle,

I was planning on a simple package with transmittal memos and the slide deck from our joint ministers briefing on November 29 - I'm going through the deck now and will add in red text anything that has changed or been updated since our Nov 29 briefing. I'll send to you and Toby for input.

Anna

-----Original Message-----
From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Thursday, December 14, 2017 10:55 AM
To: Anna Strathy <Anna.Strathy@ofina.on.ca>; Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>
Cc: Hilary Cox (ENE) <Hilary.Cox@ontario.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Martin Schlaepfer (MOF) <Martin.Schlaepfer@ontario.ca>; David McLean (MOF) <David.McLean@ontario.ca>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: Provincial Agreements

Toby has it and can send it. Also, will there be some other briefing materials provided (i.e. slide deck).

-----Original Message-----
From: Anna Strathy [mailto:Anna.Strathy@ofina.on.ca]
Sent: December 14, 2017 10:39 AM
To: Hanslep, Malle (MOF); Mayman, Gadi (OFA); Hume, Steen (ENERGY)
Cc: Cox, Hilary (ENERGY); Manning, Mike (OFA); Kandeepan, Ken (OFA); Schlaepfer, Martin (ENERGY); McLean, David (MOF); Tekle, Jonathan (MOF); Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF)
Subject: RE: Provincial Agreements

Thanks Malle, that sounds good. Would you be able to send me a copy of the s. 28 that our Minister will sign? I'll be including it in his signing package.

-----Original Message-----
From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Thursday, December 14, 2017 9:50 AM
To: Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>
Cc: Hilary Cox (ENE) <Hilary.Cox@ontario.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Martin Schlaepfer (MOF) <Martin.Schlaepfer@ontario.ca>; David McLean (MOF) <David.McLean@ontario.ca>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: Provincial Agreements

Hi all,

Regarding the logistics of signing the agreements, I think that they would all be signed separately in counterparts and the Province would hold the pages executed by the Ministers in escrow until the closing of the warehouse facility.

There are a number of items that would have to be finished before the executed agreements are delivered and come into effect on the closing including:
- finalization of the reference documents listed on Schedule A of the Process Agreement (these are the master trust indenture, warehouse supplement,)
- OPG must expressly send to the Province the final versions identifying them as such so that both parties know which version of the reference document is the final one to be used as a base (see recital 5 of the Process Agreement)
- final version of financing plan to be delivered to the Minister of Energy pursuant to the Act and which includes the initial forecast (see recital 6 of the Process Agreement)
- OPG provides to the Province the Initial Protection Agreement Maximum (see recital 6 of the Process Agreement)

Thanks,

Malle

----Original Message-----
From: Gadi Mayman [mailto:Gadi.Mayman@ofina.on.ca]
Sent: December 13, 2017 9:57 PM
To: Hume, Steen (ENERGY)
Cc: Cox, Hilary (ENERGY); Manning, Mike (OFA); Kandeepan, Ken (OFA); Strathy, Anna (OFA); Schlaepfer, Martin (ENERGY); Hanslep, Malle (MOF); McLean, David (MOF); Tekle, Jonathan (MOF)
Subject: Re: Provincial Agreements

I spoke to our Minister and his staff member responsible for this file this afternoon and gave them a heads up that this would be coming tomorrow afternoon or Friday, so they won't be surprised if this comes their way tomorrow if it's ready. I'm adding my DMO and Malle to this email.

Gadi

> On Dec 13, 2017, at 9:32 PM, Hume, Steen (ENERGY) <Steen.Hume@ontario.ca> wrote:
>
> Thank you Gadi. This is really helpful. Almost there.
>
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From:	Anna Strathy
To:	Mike Manning; Ken Kandeepan; Ronald Kwan; John Kim
Cc:	Anis Hirani
Subject:	RE: Provincial Protection Agreement, Review | OFA, Energy, Legal Counsel, Blakes
Date:	Friday, December 08, 2017 12:06:53 PM

I thought we could take the call in the Capital Markets Boardroom.

-----Original Appointment-----
From: Anna Strathy
Sent: Friday, December 08, 2017 11:56 AM
To: Anna Strathy; ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com); Tobias P. Whitfield (MOF); Mike Manning; Ken Kandeepan; Ronald Kwan; Thouin, Alena (ENERGY); Tom McKinlay (MAG); Gadi Mayman; Malle Hanslep (MOF); Hresa Gavaris; John Kim; Hilary Cox (ENE); Steen Hume (CAB); Tim Christie (ENERGY); Daniel Cayley (ENERGY)
Subject: Provincial Protection Agreement, Review | OFA, Energy, Legal Counsel, Blakes
When: Friday, December 08, 2017 1:00 PM-2:00 PM (UTC-05:00) Eastern Time (US & Canada).
Where: Teleconference 1-866-602-5461 or 416-212-8011 | Conference ID: 4717656

Toll-free dial-in number: 1-866-602-5461

Local dial-in number: 416-212-8011

Conference ID: 4717656

OFA to Moderate

From: Hanslep, Malle (MOF)
To: Gadi Mayman
Cc: Anna Strathy; Tobias P. Whitfield (MOF); Mike Manning; Ronald Kwan; Ken Kandeepan
Subject: RE: Prtection Agreement briefings
Date: Wednesday, November 22, 2017 3:01:08 PM

Thanks Gadi. I think this is fine for now and I will contact Steve to let him know we don't' yet know what the briefing time is.

From: Gadi Mayman [mailto:Gadi.Mayman@ofina.on.ca]
Sent: November 22, 2017 1:34 PM
To: Hanslep, Malle (MOF)
Cc: Strathy, Anna (OFA); Whitfield, Tobias P. (MOF); Manning, Mike (OFA); Kwan, Ronald (OFA); Kandeepan, Ken (OFA)
Subject: Re: Prtection Agreement briefings

Hi Malle, I'd originally thought that we'd be briefing the Ministers soon, but I'm not sure given where the discussions have gone over the past couple of days whether that's the case anymore.
We have our regular working group meeting including the Deputies and all of the electricity agencies tomorrow morning where timing may become clearer, but I realize that doesn't help with your questions given Steve's travel schedule. Away from the timing, I think that your suggestions on content make sense.
I've added my colleagues at the OFA, as they may have heard more from Energy or OPG today. Anna could also check in with our DMO to see whether they have expectations around timing, but my feeling is that they're waiting to hear from us on recommendations.
Thanks,
Gadi

On Nov 22, 2017, at 12:28 PM, Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca> wrote:

> Hi Gadi,
> Do you know when the Ministers are expected to be briefed on the protection and process agreements? It might have been mentioned yesterday that it might happen next Monday or sometime next week.
> I had mentioned Steve that there would be a briefing at some point and asked him to prepare some slides describing a legal summary of the agreements which could be attached to any briefing materials being prepared for the briefing. One of the other items that would have to be signed by the Minister of Finance is a 28 approval of the 2 Ministers entering into the other agreements so there should be some briefing material on this point as well.
> Steve is going to be out of the country beginning tomorrow for a week or so and he is preparing these materials and lining up counsel who will be covering for him during this period. At this point, we don't know who will be at the briefing and whether we would like Blakes' to attend but he will line up someone and possibly be available by telephone if we would like.
> If you have any more information on the timing and content of the briefing and who would be expected to be there it would be appreciated so I can pass this on to Steve today.
> Thanks.

Malle
I
Malle Hanslep
Deputy Director
Ministry of the Attorney General
Ministry of Finance Legal Services Branch
Telephone: 416-325-1457
Notice: This communication may be solicitor/client privileged and contain confidential information intended only for the person(s) to whom it is addressed. If you have received this message in error please notify the writer and permanently delete the message and all attachments. Thank you.

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From: Hanslep, Malle (MOF)
To: Gadi Mayman
Cc: Anna Strathy; Tobias P. Whitfield (MOF); Mike Manning; Ronald Kwan; Ken Kandeepan
Subject: RE: Prtection Agreement briefings
Date: Thursday, November 23, 2017 9:15:10 AM

Thanks Gadi.

From: Gadi Mayman [mailto:Gadi.Mayman@ofina.on.ca]
Sent: November 23, 2017 9:14 AM
To: Hanslep, Malle (MOF)
Cc: Strathy, Anna (OFA); Whitfield, Tobias P. (MOF); Manning, Mike (OFA); Kwan, Ronald (OFA); Kandeepan, Ken (OFA)
Subject: Re: Prtection Agreement briefings

At our morning meeting it was decided that the target date for the tri-Minister meeting would be next Thursday the 30th. If Andrew can't get the three Ministers together for the 30th, which is the preferred date, the fallback would be Monday the 4th.
Gadi

On Nov 22, 2017, at 3:01 PM, Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca> wrote:

> Thanks Gadi. I think this is fine for now and I will contact Steve to let him know we don't' yet know what the briefing time is.
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> **From:** Gadi Mayman [mailto:Gadi.Mayman@ofina.on.ca]
> **Sent:** November 22, 2017 1:34 PM
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> **Cc:** Strathy, Anna (OFA); Whitfield, Tobias P. (MOF); Manning, Mike (OFA); Kwan, Ronald (OFA); Kandeepan, Ken (OFA)
> **Subject:** Re: Prtection Agreement briefings
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> I've added my colleagues at the OFA, as they may have heard more from Energy or OPG today. Anna could also check in with our DMO to see whether they have expectations around timing, but my feeling is that they're waiting to hear from us on recommendations.
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Thanks.
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Deputy Director
Ministry of the Attorney General
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From:	Hanslep, Malle (MOF)
To:	Hresa Gavaris; Gadi Mayman; Anna Strathy; Tobias P. Whitfield (MOF); Mike Manning; Ken Kandeepan; Ronald Kwan; Usman Zahid
Subject:	RE: Regroup | Protection Agreement
Date:	Monday, November 27, 2017 2:58:49 PM
Attachments:	Draft Documents Nov 27 2017.docx

Here is a draft setting out some of the outstanding points for our discussion at 3:30.

-----Original Appointment-----
From: Hresa Gavaris [mailto:Hresa.Gavaris@ofina.on.ca]
Sent: November 27, 2017 2:23 PM
To: Mayman, Gadi (OFA); Strathy, Anna (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Manning, Mike (OFA); Kandeepan, Ken (OFA); Kwan, Ronald (OFA); Zahid, Usman (OFA)
Subject: Regroup | Protection Agreement
When: November 27, 2017 3:30 PM-4:00 PM (UTC-05:00) Eastern Time (US & Canada).
Where: Teleconference #416-212-8011 ID: 4717656

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CONFIDENTIAL AND PRIVILEGED LEGAL ADVICE – Nov 27, 2017

Process Agreement

1. OPG has moved the provisions respecting delivery of the Initial Financing Plan, Initial Forecast and Initial Protection Agreement Maximum into the recitals as actions that have taken place prior the Ministers executing the Process Agreement and Protection Agreement. They would like to add a list of the "reference" agreements, the Initial Financing Plan and Initial Forecast as exhibits to the Process Agreement. This doesn't work for a number of reasons including:
   - The authority for provincial staff to "not object to" and "confirm" these documents flows from the Ministers' power to determine the terms and conditions of the limited guarantee.
   - The agreements and financing plan will not be in final form at the time that OPG is hoping that the Ministers sign the Process Agreement and Protection Agreement so it is not possible to attach the final form then
   - This reduces flexibility for the Province in reviewing these documents and revises the approach that has already been agreed to through negotiation to date on numerous iterations of the process agreement .
   - The recitals are inaccurate as the Province doesn't have a role to "not object to the financing plan" in any case so it seems like OPG is trying to obtain some agreement on a point outside the parameters of the process agreement.
   - The Province's role as set out in 4.01(b) of the process agreement concerns how the Protection Agreement Maximum can be established: "the Province may disagree with the Initial Forecast and the initial Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or the Initial Forecast, (ii) the Initial Forecast is inconsistent with the Financing Plan or (iii) the initial Protection Agreement Maximum is not less than the Initial Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the province, address any inaccuracies and inconsistencies so the reasonable satisfaction of the province and OPG and the initial Protection Agreement Maximum will be revised accordingly and confirmed by an amended notice to the Province.
   - Also, most likely the previously existing reference to the "no objection" to the Reference Agreements should be moved into the body of the agreement because it is not likely that these agreements will be in final form prior to the requested date for execution. This would be an amendment to 3.03 (a).

2. In general, would like to discuss the point whether the approach that certain documents (Reference (Reviewed) Agreements and the delivery of the Initial Forecast and subsequent Forecasts and Protection Agreement Maximum)

are delivered to the Province and will be accepted unless the Province objects or disagrees with them. Right now there is a 10 day period for disagreeing in writing with forecast and Maximum Protection Agreement Maximums. There is in 3.03(b) a 10 day period for Province to object to amendments to Reference Agreements. Is this an acceptable approach? The original approach was for the Province to positively confirm in writing acceptance or approval but this was revised a few drafts ago. The reason for the revision was based to a certain degree on the limited time that the Province has to review any of the Reference Agreements and as a result the defined term was changed as well. Do we need a bit more certainty around process here? To whom at the Province will these documents and who will make the decision that the province does not object?

3. 3.01 Process Certificate: OPG has significantly reduced the amount of information and its responsibilities under the process agreement and is proposing to only provide the Province with a certificate under 3.01 in the same circumstances that OPG is giving one to the dealers. The Province agreed to limit delivery of OPG's certificate under the Protection Agreement because dealers' counsel refused to agree to provision of a certificate in the case where funding obligations were amended (and the province agreed to a compromise position where notice of amendments is given to the province under the trustee indenture amendment provisions). OPG has now deleted delivery of that certificate to the Province under the process agreement too, which was never discussed or agreed to by the Province. In addition, it has narrowed the obligations for which a certificate is provided under the process agreement to the narrower category of Certified Primary Obligations – borrowing, master ISDA and other agreements above a $5million thresholds, etc. The Province agreed to a narrower circumstance in the Protection Agreement on the insistence of dealers counsel that there was too much uncertainty associated with when the guarantee applied and so these categories were delineated. Again, there was no discussion about so restricting the delivery of certificates under the Process agreement. The principle is quite different and the Process Agreement is about the province and OPG. In particular, think that the point about whether delivery of a certificate on an ISDA under the protection agreement was left open – if this is carried over to the process agreement too, then the Province will receive no information about swap transactions as part of a certificate.

4. 3.02 Acknowledgement – OPG added a provision in which Province acknowledges that OPG will provide a certificate to Indenture Trustee and that if there is a Suspension Notice, OPG agrees not to deliver any further certificates. In general, this provision seems ok, but OPG deleted the Suspension Notice Delivery provision which should be re-inserted with the specific range of suspension events.

5. 6.01 Election to Assume – Province needs to make decision as to whether to retain the right. Blakes has described the options as follows; include a defeasance right (which reduces costs of continued structure but requires additional issuance by Province to offset the financial entity's obligations) plus the obligation on OPG to include termination rights in other agreements. OR not pursue this assumption right further given the complexities and time pressures associated with it and entirely deleted the assumption right from the agreements or leave in the modified right in the knowledge that it is not likely effective or of any use because it is reliant upon any specific funding obligation including rights of assumption in the terms. There does not appears to be sufficient time to include an assumption right into the warehouse and current proposed term loan and exactly how it would work would be difficult to draft given that the Province wouldn't expect to sign up to all of the same covenants. Note deletion of obligation on OPG to cause Financing Entity to use commercially reasonable efforts to include assignment provisions in funding obligations

6. 2.02(c) – OPG inserted that its obligations are subject to OPG's obligation as FSM and as Manager. We had asked them to narrow this wording so that it identified any points at which their fiduciary or other obligation under those agreements might conflict with this agreement, but they didn't so the effect is that they could rely on this to say that in any particular case there is a conflict with their other role so they can't comply with their obligation to the province

7. 2.02(c) – OPG wants to reference that nothing in the Protection Agreement limits the obligations of the Province under the Indemnity Agreement to indemnify OPG. [If OPG breaches an agreement with the Province, then why should the Province indemnify OPG for any claim the Province has against it.]

8. 2.02(b)(iv) – OPG says they will not be aware of any event that with the passage of time or the giving of notice would be a Protection Event – we proposed adding "known to OPG" as if they do know something they should not go ahead and exercise redemption etc. rights.

Protection Agreement

1) **Process and Logistics**: Province would like to have time to review and settle agreements before executing any agreements.
2) **2.04 Protection Account**: Mechanics to be settled between Torys and Blakes.
3) **2**.08: This deletion is related to the deletion of the termination and suspension rights. The deletion is probably fine if the Province cannot eliminate the structure by assumption of the obligations upon a Protection Event.
4) **Article IV**: Approved Obligations: There are several major changes to this section:

a) **Introduction of the concept of "Certified Primary Obligations".** This is a new defined term that narrows the scope of when a certificate would need to be issued in order for the Limited Guarantee to attach to a particular obligation of the Financing Entity.
b) Certificate has only to be delivered "before the incurrence of a Certified Primary Obligation" which means that it could be almost simultaneous.
c) They have changed reference to content of certificate to Indenture Trustee (on behalf of bondholders, etc, other parties secured under trust indenture) to confirm that all certifications required by the Province have been provided instead of OPG confirming that all of its obligations to Province and internal requirements and processes in connection with adherence of Limited Guarantee have been done.
d) This is linked to another major change they have proposed to the Process Agreement – looks like they are reducing OPG's obligations to provide certificates to the Province to mirror those that OPG is providing to the Indenture Trustee. This is a significant point and reduces OPG's obligations under the Process Agreement quite a bit and was not discussed at last Tuesday's meeting.

5) **Article VI: Assumption**.
   a) Assumption right to be considered generally. Given the changes that have been made and the reality that OPG is not building this right into the initial documents means that there is limited prospect for the assumption right to be meaningful. Even if exercised with respect to some obligations, does not remove the structure in the event of a Protection Event because there will still be outstanding obligations that are not capable of being assumed, except where the Province is subject to negotiations with certain creditors who may not allow assumption without compensation.
   b) Subrogation rights have been deleted, but this is important to the Province to be able to subordinate to the rights in the collateral if the obligations are assumed under the Protection Agreement.
6) **Article VII: Indenture Trustee Matters**.
   a) The reps and warranties of the Indenture Trustee should conform to those in the Trust Indenture.
7) **Article VIII – Suspension of Adherence**. Tory's has significantly reduced the rights of the Province with respect to the Province's rights to suspend the adherence of the Limited Guarantee to new obligations. This relates to the Process Agreement. In previous versions the Province had a right to suspend based on a breach of the Process Agreement, and this has been carved back to a narrower right to suspend based on a breach in connection with an incurrence of a Primary Obligation. This needs to be revised to provide a link so that a breach of the Process Agreement can result in a suspension of the Limited Guarantee for new obligations going forward.

8) **Definition of “Refinancing”**. This should be linked to the Act and Regulations. The General Regulation allows for a Refinancing to include amounts incurred within 6 months prior to the maturity date of a funding obligation. Need to consider whether this could lead to any problems with amounts that are intended for a refinancing but then are not used to refinance such debt.

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To:	Malle Hanslep (MOF); Hosick, Sarah (TBS); Hilary Cox (ENE)
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Date:	Tuesday, November 28, 2017 3:07:01 PM

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Date:	Tuesday, November 28, 2017 2:23:03 PM

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Date:	Tuesday, November 28, 2017 3:42:57 PM

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To: Hosick, Sarah (TBS); Cox, Hilary (ENERGY)
Cc: Laughton, Patrick (TBS); Tekle, Jonathan (MOF); Hanslep, Malle (MOF); Mayman, Gadi (OFA); Kwan, Ronald (OFA); Kandeepan, Ken (OFA); Manning, Mike (OFA); Whitfield, Tobias P. (MOF); Donaldson, Mark (TBS); Christie, Tim (ENERGY)
Subject: Request for input by 2PM: Deck to support tri-Ministers briefing tomorrow
Importance: High
Hi Sarah, Hilary,
Apologies for the urgent email, but we are seeking your input on a very short timeline. The attached deck was prepared by Blakes, with input from MOF Legal (in red text), for use at the Ministers' briefing tomorrow at noon re: the Provincial Protection Agreement for the OFHP. I'd like to have this track to each of our DMOs by 3pm today, for transmittal to MOs before eod.
Hilary – Energy's input is required on the context slide as well as third bullet on slide 6 (re: regulation that caps acceleration) – as well as throughout as you deem necessary. Furthermore, since OPG will be at the briefing, we should think about framing the risks slide (10) from both the Province's and OPG's perspectives.
Sarah – we have left a placeholder for accounting implications/risks on slides 9 and 10; however, we defer to OPCD on whether these slides are necessary. We are open to deleting them altogether and just having OPCD/TBS to speak to these issues at the briefing if questions are raised.
Please provide your input by 2:00pm today, for me to consolidate. If you could please highlight your changes, that will assist me in consolidating. I'll copy each of you on the final product as it tracks up to MOF's DMO. I'll have our DMO share with TBS and Energy DMOs.
Thanks very much and happy to discuss.

Anna
Anna Strathy
Special Policy Advisor to CEO
Ontario Financing Authority
1 Dundas Street West, 14th Floor
416.325.8032 | anna.strathy@ofina.on.ca

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From: Thouin, Alena (ENERGY)
To: Ken Kandeepan; ASHBOURNE, STEPHEN
Cc: Malle Hanslep (MOF); Tobias P. Whitfield (MOF); Mike Manning; Ronald Kwan; Tom McKinlay (MAG); Daniel Cayley (ENERGY); VINER, JON; Veinot, Cindy (TBS); Mark Donaldson (MOF)
Subject: RE: SRA Comments on the Process Agreement
Date: Saturday, November 18, 2017 10:28:13 AM

Energy is fine with below

Thank you.

From: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>
Date: Friday, Nov 17, 2017, 7:52 PM
To: ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com<mailto:STEPHEN.ASHBOURNE@blakes.com>>
Cc: Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>, Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>, Manning, Mike (OFA) <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>, Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca<mailto:Ronald.Kwan@ofina.on.ca>>, Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>, McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca<mailto:Tom.McKinlay@ontario.ca>>, Cayley, Daniel (ENERGY) <Daniel.Cayley@ontario.ca<mailto:Daniel.Cayley@ontario.ca>>, VINER, JON <JON.VINER@blakes.com<mailto:JON.VINER@blakes.com>>, Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca<mailto:Cindy.Veinot@ontario.ca>>, Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca<mailto:Mark.Donaldson@ontario.ca>>
Subject: Re: SRA Comments on the Process Agreement

Hi Stephen

I can see the issue from an accounting perspective and have no objection to the change assuming my colleagues have no objection as well.

To be on the safe side I am cc'ing Cindy and Mark in case they wish to provide additional input.

Thanks

Ken k

On Nov 17, 2017, at 6:46 PM, ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com<mailto:STEPHEN.ASHBOURNE@blakes.com>> wrote:

FYI, regarding the addition of the reporting requirement in 2.01(c) of the Process Agreement (re waivers, etc. – previously in 2.09 of the Protection Agreement), OPG asked that we change it from 10BD advance notice to promptly after implementation. They are concerned with the accounting/control implications as currently written. I said that I would pass this concern on to you with my recommendation that we can live with it (based on the context of our 'after the fact review approach' generally). John was happy with that but asked if he could tell his Board that the Province would be okay with that change. I told him he could say that he spoke to external counsel for the Province who understood the point and thought that it should probably be okay. If you want to talk about the point with me, I'm happy to discuss. Hope that all makes sense. Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com>
Dir: 416-863-3086

_____

[cid:image682c67.GIF@7c93e073.41b892c8]

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199 Bay Street, Suite 4000, Toronto ON M5L 1A9
Tel: 416-863-2400 Fax: 416-863-2653
blakes.com[blakes.com]<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.blakes.com&d=DwMGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=sDTjf9tVmfT9K92u269doOHn6NwIN5Soa0mhVrZmimM&m=VaVeir49nSVxxFJ74K28yoqLQrVtwLDKbOjok1Sdz5c&s=AgvbxOAVk3KiicUzd5fMIEkQJwHA4oU55TqhwYEOf5o&e=> | Twitter[twitter.com]<https://urldefense.proofpoint.com/v2/url?u=http-3A__twitter.com_BlakesLaw_&d=DwMGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=sDTjf9tVmfT9K92u269doOHn6NwIN5Soa0mhVrZmimM&m=VaVeir49nSVxxFJ74K28yoqLQrVtwLDKbOjok1Sdz5c&s=ktNgwOsirQN_dEZPhEYk_lLm92w2MHKozvJpbqm_Pvl&e=> | Unsubscribe[blakes.com]<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.blakes.com_English_Resources_Bulletins_Pages_unsubscribe.aspx&d=DwMGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=sDTjf9tVmfT9K92u269doOHn6NwIN5Soa0mhVrZmimM&m=VaVeir49nSVxxFJ74K28yoqLQrVtwLDKbOjok1Sdz5c&s=qke7W4H91EJ8ozt38ZQdrqJuNnWt6-PEdpvz8fg6tHc&e=>

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From: ASHBOURNE, STEPHEN
Sent: Friday, November 17, 2017 2:28 PM
To: Hanslep, Malle (MOF) (Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>); Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>); 'Mike Manning'; Ken Kandeepan (Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>); Kwan, Ronald (OFA) (Ronald.Kwan@ofina.on.ca<mailto:Ronald.Kwan@ofina.on.ca>); Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>); tom.mckinlay@ontario.ca<mailto:tom.mckinlay@ontario.ca>
Cc: VINER, JON
Subject: SRA Comments on the Process Agreement

Please see attached.

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com>
Dir: 416-863-3086

_____

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From:	ASHBOURNE, STEPHEN
To:	Malle Hanslep (MOF); Tobias P. Whitfield (MOF); Mike Manning; Ken Kandeepan; Ronald Kwan; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca); Tom McKinlay (MAG); Daniel Cayley (ENERGY)
Cc:	VINER, JON
Subject:	RE: SRA Comments on the Process Agreement
Date:	Friday, November 17, 2017 6:46:08 PM

FYI, regarding the addition of the reporting requirement in 2.01(c) of the Process Agreement (re waivers, etc. – previously in 2.09 of the Protection Agreement), OPG asked that we change it from 10BD advance notice to promptly after implementation. They are concerned with the accounting/control implications as currently written. I said that I would pass this concern on to you with my recommendation that we can live with it (based on the context of our 'after the fact review approach' generally). John was happy with that but asked if he could tell his Board that the Province would be okay with that change. I told him he could say that he spoke to external counsel for the Province who understood the point and thought that it should probably be okay. If you want to talk about the point with me, I'm happy to discuss. Hope that all makes sense. Steve

Stephen R. Ashbourne
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From: ASHBOURNE, STEPHEN
Sent: Friday, November 17, 2017 2:28 PM
To: Hanslep, Malle (MOF) (Malle.Hanslep@ontario.ca); Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca); 'Mike Manning'; Ken Kandeepan (Ken.Kandeepan@ofina.on.ca); Kwan, Ronald (OFA) (Ronald.Kwan@ofina.on.ca); Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca); tom.mckinlay@ontario.ca
Cc: VINER, JON
Subject: SRA Comments on the Process Agreement
Please see attached.

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From:	Ken Kandeepan
To:	LEE John -TREASURY
Cc:	VINER, JON; ASHBOURNE, STEPHEN; Malle Hanslep (MOF); Tobias P. Whitfield (MOF); Mike Manning; Ronald Kwan; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca); Tom McKinlay (MAG); Daniel Cayley (ENERGY)
Subject:	RE: SRA Comments on the Process Agreement
Date:	Saturday, November 18, 2017 9:24:33 PM

Hi John
We are ok with this revision.
Thanks
Ken k

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: Friday, November 17, 2017 6:46 PM
To: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca) <Alena.Thouin@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>; Daniel Cayley (ENERGY) <Daniel.Cayley@ontario.ca>
Cc: VINER, JON <JON.VINER@blakes.com>
Subject: RE: SRA Comments on the Process Agreement

FYI, regarding the addition of the reporting requirement in 2.01(c) of the Process Agreement (re waivers, etc. – previously in 2.09 of the Protection Agreement), OPG asked that we change it from 10BD advance notice to promptly after implementation. They are concerned with the accounting/control implications as currently written. I said that I would pass this concern on to you with my recommendation that we can live with it (based on the context of our 'after the fact review approach' generally). John was happy with that but asked if he could tell his Board that the Province would be okay with that change. I told him he could say that he spoke to external counsel for the Province who understood the point and thought that it should probably be okay. If you want to talk about the point with me, I'm happy to discuss. Hope that all makes sense. Steve

Stephen R. Ashbourne
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Blakes

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From: ASHBOURNE, STEPHEN

Sent: Friday, November 17, 2017 2:28 PM
To: Hanslep, Malle (MOF) (Malle.Hanslep@ontario.ca); Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca); 'Mike Manning'; Ken Kandeepan (Ken.Kandeepan@ofina.on.ca); Kwan, Ronald (OFA) (Ronald.Kwan@ofina.on.ca); Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca); tom.mckinlay@ontario.ca
Cc: VINER, JON
Subject: SRA Comments on the Process Agreement
Please see attached.
Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From: Hanslep, Malle (MOF)
To: Gadi Mayman
Cc: Mike Manning; Ken Kandeepan; Ronald Kwan; Anna Strathy; Tobias P. Whitfield (MOF)
Subject: RE: UPDATED - Fair Hydro -- Change of Law Agreements
Date: Monday, November 27, 2017 1:03:05 PM

Hi Gadi,
We just finished our call with Blakes and Energy Legal. There are a number of points that we would like to discuss with you.
If you are still free at 3:30 we could speak to you then?
Thanks.
Malle

From: Gadi Mayman [mailto:Gadi.Mayman@ofina.on.ca]
Sent: November 26, 2017 1:53 PM
To: Hanslep, Malle (MOF)
Cc: Manning, Mike (OFA); Kandeepan, Ken (OFA); Kwan, Ronald (OFA); Strathy, Anna (OFA); Whitfield, Tobias P. (MOF)
Subject: Re: UPDATED - Fair Hydro -- Change of Law Agreements

Thanks, Malle. It looks like they took more of a hatchet than a scalpel to the agreements again, which is unfortunate, but I suppose we should expect that by now.
I don't want to hold this up at all, so please don't let my schedule get in the way of a call if it doesn't match the needs of others. My available times tomorrow are from 11-12, 3:30-4 and 4:30 onwards, but please proceed with the call whenever it best suits everyone else.
Regards,
Gadi

On Nov 26, 2017, at 11:47 AM, Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca> wrote:

> Hi all,
> Please see my email to the provincial legal group after my preliminary review of the mark-ups. There do seem to be a number of points to discuss and I'm sure that Blakes will be able to better identify others. Perhaps an internal provincial call sometime on Monday could be arranged.
> Thanks.
> Malle
>
> ---
>
> **From:** Hanslep, Malle (MOF)
> **Sent:** November-26-17 11:41 AM
> **To:** ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com); VINER, JON (JON.VINER@blakes.com); Whitfield, Tobias P. (MOF); Thouin, Alena (ENERGY); McKinlay, Tom (ENERGY); PRESTAGE, JA (JA.PRESTAGE@blakes.com)
> **Subject:** FW: UPDATED - Fair Hydro -- Change of Law Agreements
>
> Hi all,
> I have reviewed the agreements and think there are quite a few issues to discuss as a result of the mark-up. I wonder if it would work best to have a provincial legal call on Monday morning to go over the revised drafts and then have a call with our clients at the OFA and Energy afterwards? Below are some of the issues I have identified on a preliminary basis for discussion. There may be additional issues and perhaps some of these points can be worked through with more detail review.
> Protection Agreement
>
> - 2.01 (a)(iv)(B) – does revised wording work – would be good to work through this wording.

- 2.08 – change to wording re continuance of guarantee
- 4.01 – they have added back ability of Province to specifically agree that a particular Approved Obligation is covered – wonder why? And it should be in writing – not sure what our original wording on this point was
- 4.02 (b) – they have changed reference to content of certificate to Indenture Trustee (on behalf of bondholders, etc, other parties secured under trust indenture) to confirm that all certifications required by the Province have been provided instead of OPG confirming that all of its obligations to Province and internal requirements and processes in connection with adherence of Limited Guarantee have been done. This is linked to another major change they have proposed to the Process Agreement – looks like they are reducing OPG's obligations to provide certificates to the Province to mirror those that OPG is providing to the Indenture Trustee. This is a significant point and reduces OPG's obligations under the Process Agreement quite a bit and was not discussed at last Tuesday's meeting.
- 4.02(c) – Why delete in respect of which Adherence Conditions have been satisfied – not sure that concept is picked up elsewhere.
- 6.01 – Assumption is changed to case by case which means the right has to be built into the proposed warehouse and term loan documents now if it is to be available. They also deleted OPG's obligation to make efforts to include this in funding obligations in general from the Process Agreement.
- 6.05 – If the Province did assume on a case by case, then doesn't Province get rights to collateral or atleast part?
- 7.03 – What reps does the Indenture Trustee give in the Master Trust Indenture and Supplementals? If Trustee gives them there, why not here? Perhaps we should require them to get a legal opinion.
- 8.01 – Have not reviewed against previous wording but it looks like the suspension right is being reduced because it is limited to incurrence o amendment of Primary Obligations rather than breach of the Process Agreement more generally.
- 9.01 - Do the comments about the Termination notice make sense?
- Defined Term Approved Obligation Amount, Certified Primary Obligations, and others – needs to be reviewed

Process Agreement

- Have moved delivery of initial financing plan and forecast amount and Province's failure to object to recitals for timing reasons – agree that there are timing logistics that need to be worked out, but the ability of Provincial representatives to take such actions flows from Ministers power to provide the guarantee – Province needs to develop the best way to deal with these timing issues that works with our authorities and rewrite these provisions. This also applies to "Reference Documents" concept.
- 3.01 – OPG has revised so it will only provide a certificate to Province if it is required to provide a certificate under Protection Agreement to Trustee – This is a significant change that Province needs to consider. The reason that we agreed to provide a certificate in more limited circumstances to Indenture Trustee (on behalf of beneficiaries) was to assist dealers on "certainty" issues. The same principle does not apply to the Province and OPG relationship which is a separate process.
- 3.02 – Not sure what OPG is proposing here.
- 6.05 – delete obligation on OPG to cause Financing Entity to use

commercially reasonable efforts to include assignment provisions in funding obligations – why?

- 7.01 – deleted suspension right in process agreement on basis that it is now in protection agreement but it is more limited.

Please let me know what time would work for you on Monday morning. I am going to pass on this email to OFA staff as well so they get a preliminary sense of the mark-up.
Thanks.
Malle

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: November-24-17 2:04 PM
To: 'ASHBOURNE, STEPHEN'; 'JON.VINER@blakes.com'; 'JA.PRESTAGE@blakes.com'
Cc: Kandeepan, Ken (OFA); LADAK Lubna -TREASURY; Strathy, Anna (OFA); Veinot, Cindy (TBS); McKinlay, Tom (MAG); Donaldson, Mark (TBS); Cayley, Daniel (ENERGY); Thouin, Alena (ENERGY); Ramchandani, Rima; LEE John -TREASURY; RYFA Ken -TREASURY; 'HAHN PARKER Janet -TREASURY'; MAUTI John -FIN & C CTRL; LAURETA LAPIRA May -TREASURY; Feldman, Michael; WONG Leslie -LAWDIV; 'Sebastiano, Rocco'; Milligan, Peter; Fullerton, Rick; Mayman, Gadi (OFA); Manning, Mike (OFA); Hanslep, Malle (MOF); 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; Maciel, Andrew; Adalja, Sunil; Persad, Nicole; Persaud, Donnie - Debt Capital Markets; Hume, Steen (ENERGY); Mansoori, Nina
Subject: RE: UPDATED - Fair Hydro -- Change of Law Agreements

Blakes team,
Please find attached consolidated comments from the dealers and OPG (and their counsels) on the draft documents circulated below. These changes are drafting changes and clean up changes that reflect our discussions from earlier this week where we addressed all the open business points. Where we changed a concept or revised the drafting, we provided an explanation in the footnote to assist in your review.
The one substantive point we think requires further discussion is on the assumption mechanics; we understand that the Province is no longer seeking an exchange right. Once you have digested these new drafts, we'd like to schedule a lawyers call early next week to finalize them.
Best Regards,
Nina

Nina Mansoori
P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com[torys.com]

[torys.com]

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: November-21-17 5:17 PM
To: Ramchandani, Rima <rramchandani@torys.com>; LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; MAUTI John -FIN & C CTRL <john.mauti@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; Mansoori, Nina <nmansoori@torys.com>; Feldman, Michael <mfeldman@torys.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; 'Sebastiano, Rocco' <RSebastiano@osler.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; Manning, Mike (OFA)

<Mike.Manning@ofina.on.ca>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; Maciel, Andrew <Andrew.Maciel@cibc.com>; Adalja, Sunil <Sunil.Adalja@cibc.com>; Persad, Nicole <Nicole.Persad@cibc.com>; Persaud, Donnie - Debt Capital Markets <Donnie.Persaud@cibc.com>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca>; Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca) <Daniel.Cayley@ontario.ca>; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca) <Alena.Thouin@ontario.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>
Subject: RE: UPDATED - Fair Hydro -- Change of Law Agreements
Hi Rima. Here are my mark-ups of the agreements Torys circulated yesterday afternoon. These versions have not been reviewed by the Province, but are being circulated to this group to facilitate a discussion shortly at your office. They are/remain subject to Province input, etc. We propose to gather at your office at 5:45, if that makes sense to you. Regards, Steve
Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086
-----Original Appointment-----
From: bwood@torys.com [mailto:bwood@torys.com] **On Behalf Of** Ramchandani, Rima
Sent: Tuesday, November 21, 2017 3:43 PM
To: Ramchandani, Rima; LEE John -TREASURY; RYFA Ken -TREASURY; 'HAHN PARKER Janet -TREASURY'; MAUTI John -FIN & C CTRL; LAURETA LAPIRA May -TREASURY; Mansoori, Nina; Feldman, Michael; WONG Leslie -LAWDIV; 'Sebastiano, Rocco'; Milligan, Peter; Fullerton, Rick; Mayman, Gadi (OFA); Manning, Mike (OFA); Hanslep, Malle (MOF); ASHBOURNE, STEPHEN; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; Maciel, Andrew; Adalja, Sunil; Persad, Nicole; Persaud, Donnie - Debt Capital Markets
Cc: Ken Kandeepan; LADAK Lubna -TREASURY; Anna Strathy; Veinot, Cindy (TBS); McKinlay, Tom (MAG); Donaldson, Mark (TBS)
Subject: UPDATED - Fair Hydro -- Change of Law Agreements
When: Tuesday, November 21, 2017 5:00 PM-9:00 PM (UTC-05:00) Eastern Time (US & Canada).
Where: Torys - 79 Wellington 33rd Floor
For those unable to participate in person, here's the dial-in:
Dial-in: 1-800-600-0998
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From:	Hanslep, Malle (MOF)
To:	Gadi Mayman
Cc:	Mike Manning; Ken Kandeepan; Ronald Kwan; Anna Strathy; Tobias P. Whitfield (MOF)
Subject:	RE: UPDATED - Fair Hydro -- Change of Law Agreements
Date:	Monday, November 27, 2017 9:35:11 AM

Hi Gadi,
We are having an 11 call with Energy Legal and Blakes, after which we should be able to see what the main issues here are. Blakes has done comments on the Torys version for review.
Malle

From: Gadi Mayman [mailto:Gadi.Mayman@ofina.on.ca]
Sent: November 26, 2017 1:53 PM
To: Hanslep, Malle (MOF)
Cc: Manning, Mike (OFA); Kandeepan, Ken (OFA); Kwan, Ronald (OFA); Strathy, Anna (OFA); Whitfield, Tobias P. (MOF)
Subject: Re: UPDATED - Fair Hydro -- Change of Law Agreements

Thanks, Malle. It looks like they took more of a hatchet than a scalpel to the agreements again, which is unfortunate, but I suppose we should expect that by now.
I don't want to hold this up at all, so please don't let my schedule get in the way of a call if it doesn't match the needs of others. My available times tomorrow are from 11-12, 3:30-4 and 4:30 onwards, but please proceed with the call whenever it best suits everyone else.
Regards,
Gadi

On Nov 26, 2017, at 11:47 AM, Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca> wrote:

> Hi all,
> Please see my email to the provincial legal group after my preliminary review of the mark-ups. There do seem to be a number of points to discuss and I'm sure that Blakes will be able to better identify others. Perhaps an internal provincial call sometime on Monday could be arranged.
> Thanks.
> Malle
>
> **From:** Hanslep, Malle (MOF)
> **Sent:** November-26-17 11:41 AM
> **To:** ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com); VINER, JON (JON.VINER@blakes.com); Whitfield, Tobias P. (MOF); Thouin, Alena (ENERGY); McKinlay, Tom (ENERGY); PRESTAGE, JA (JA.PRESTAGE@blakes.com)
> **Subject:** FW: UPDATED - Fair Hydro -- Change of Law Agreements
>
> Hi all,
> I have reviewed the agreements and think there are quite a few issues to discuss as a result of the mark-up. I wonder if it would work best to have a provincial legal call on Monday morning to go over the revised drafts and then have a call with our clients at the OFA and Energy afterwards? Below are some of the issues I have identified on a preliminary basis for discussion. There may be additional issues and perhaps some of these points can be worked through with more detail review.
> Protection Agreement
> - 2.01 (a)(iv)(B) – does revised wording work – would be good to work through this wording.
> - 2.08 – change to wording re continuance of guarantee
> - 4.01 – they have added back ability of Province to specifically agree that a

particular Approved Obligation is covered – wonder why? And it should be in writing – not sure what our original wording on this point was

- 4.02 (b) – they have changed reference to content of certificate to Indenture Trustee (on behalf of bondholders, etc, other parties secured under trust indenture) to confirm that all certifications required by the Province have been provided instead of OPG confirming that all of its obligations to Province and internal requirements and processes in connection with adherence of Limited Guarantee have been done. This is linked to another major change they have proposed to the Process Agreement – looks like they are reducing OPG's obligations to provide certificates to the Province to mirror those that OPG is providing to the Indenture Trustee. This is a significant point and reduces OPG's obligations under the Process Agreement quite a bit and was not discussed at last Tuesday's meeting.
- 4.02(c) – Why delete in respect of which Adherence Conditions have been satisfied – not sure that concept is picked up elsewhere.
- 6.01 – Assumption is changed to case by case which means the right has to be built into the proposed warehouse and term loan documents now if it is to be available. They also deleted OPG's obligation to make efforts to include this in funding obligations in general from the Process Agreement.
- 6.05 – If the Province did assume on a case by case, then doesn't Province get rights to collateral or atleast part?
- 7.03 – What reps does the Indenture Trustee give in the Master Trust Indenture and Supplementals? If Trustee gives them there, why not here? Perhaps we should require them to get a legal opinion.
- 8.01 – Have not reviewed against previous wording but it looks like the suspension right is being reduced because it is limited to incurrence o amendment of Primary Obligations rather than breach of the Process Agreement more generally.
- 9.01 - Do the comments about the Termination notice make sense?
- Defined Term Approved Obligation Amount, Certified Primary Obligations, and others – needs to be reviewed

Process Agreement

- Have moved delivery of initial financing plan and forecast amount and Province's failure to object to recitals for timing reasons – agree that there are timing logistics that need to be worked out, but the ability of Provincial representatives to take such actions flows from Ministers power to provide the guarantee – Province needs to develop the best way to deal with these timing issues that works with our authorities and rewrite these provisions. This also applies to "Reference Documents" concept.
- 3.01 – OPG has revised so it will only provide a certificate to Province if it is required to provide a certificate under Protection Agreement to Trustee – This is a significant change that Province needs to consider. The reason that we agreed to provide a certificate in more limited circumstances to Indenture Trustee (on behalf of beneficiaries) was to assist dealers on "certainty" issues. The same principle does not apply to the Province and OPG relationship which is a separate process.
- 3.02 – Not sure what OPG is proposing here.
- 6.05 – delete obligation on OPG to cause Financing Entity to use commercially reasonable efforts to include assignment provisions in funding obligations – why?

- 7.01 – deleted suspension right in process agreement on basis that it is now in protection agreement but it is more limited.

Please let me know what time would work for you on Monday morning. I am going to pass on this email to OFA staff as well so they get a preliminary sense of the mark-up.

Thanks.

Malle

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: November-24-17 2:04 PM
To: 'ASHBOURNE, STEPHEN'; 'JON.VINER@blakes.com'; 'JA.PRESTAGE@blakes.com'
Cc: Kandeepan, Ken (OFA); LADAK Lubna -TREASURY; Strathy, Anna (OFA); Veinot, Cindy (TBS); McKinlay, Tom (MAG); Donaldson, Mark (TBS); Cayley, Daniel (ENERGY); Thouin, Alena (ENERGY); Ramchandani, Rima; LEE John -TREASURY; RYFA Ken -TREASURY; 'HAHN PARKER Janet -TREASURY'; MAUTI John -FIN & C CTRL; LAURETA LAPIRA May -TREASURY; Feldman, Michael; WONG Leslie -LAWDIV; 'Sebastiano, Rocco'; Milligan, Peter; Fullerton, Rick; Mayman, Gadi (OFA); Manning, Mike (OFA); Hanslep, Malle (MOF); 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; Maciel, Andrew; Adalja, Sunil; Persad, Nicole; Persaud, Donnie - Debt Capital Markets; Hume, Steen (ENERGY); Mansoori, Nina
Subject: RE: UPDATED - Fair Hydro -- Change of Law Agreements

Blakes team,

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The one substantive point we think requires further discussion is on the assumption mechanics; we understand that the Province is no longer seeking an exchange right. Once you have digested these new drafts, we'd like to schedule a lawyers call early next week to finalize them.

Best Regards,

Nina

Nina Mansoori
P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com[torys.com]

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From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: November-21-17 5:17 PM
To: Ramchandani, Rima <rramchandani@torys.com>; LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; MAUTI John -FIN & C CTRL <john.mauti@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; Mansoori, Nina <nmansoori@torys.com>; Feldman, Michael <mfeldman@torys.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; 'Sebastiano, Rocco' <RSebastiano@osler.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur

(nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; Maciel, Andrew <Andrew.Maciel@cibc.com>; Adalja, Sunil <Sunil.Adalja@cibc.com>; Persad, Nicole <Nicole.Persad@cibc.com>; Persaud, Donnie - Debt Capital Markets <Donnie.Persaud@cibc.com>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca>; Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca) <Daniel.Cayley@ontario.ca>; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca) <Alena.Thouin@ontario.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>
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Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086
-----Original Appointment-----
From: bwood@torys.com [mailto:bwood@torys.com] **On Behalf Of** Ramchandani, Rima
Sent: Tuesday, November 21, 2017 3:43 PM
To: Ramchandani, Rima; LEE John -TREASURY; RYFA Ken -TREASURY; 'HAHN PARKER Janet -TREASURY'; MAUTI John -FIN & C CTRL; LAURETA LAPIRA May -TREASURY; Mansoori, Nina; Feldman, Michael; WONG Leslie -LAWDIV; 'Sebastiano, Rocco'; Milligan, Peter; Fullerton, Rick; Mayman, Gadi (OFA); Manning, Mike (OFA); Hanslep, Malle (MOF); ASHBOURNE, STEPHEN; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; Maciel, Andrew; Adalja, Sunil; Persad, Nicole; Persaud, Donnie - Debt Capital Markets
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To:	"ASHBOURNE, STEPHEN"; "JON.VINER@blakes.com"; "JA.PRESTAGE@blakes.com"
Cc:	Ken Kandeepan; LADAK Lubna -TREASURY; Anna Strathy; Veinot, Cindy (TBS); Tom McKinlay (MAG); Mark Donaldson (MOF); Daniel Cayley (ENERGY); Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca); Ramchandani, Rima; LEE John -TREASURY; RYFA Ken -TREASURY; "HAHN PARKER Janet -TREASURY"; MAUTI John -FIN & C CTRL; LAURETA LAPIRA May -TREASURY; Feldman, Michael; WONG Leslie -LAWDIV; "Sebastiano, Rocco"; Milligan, Peter; Fullerton, Rick; Gadi Mayman; Mike Manning; Malle Hanslep (MOF); "ian.benaiah@rbccm.com"; "Khan, Nur (nur.khan@rbccm.com)"; "brent.r.taylor@rbccm.com"; "katrina.niehaus@gs.com"; "brian.delaney@gs.com"; Maciel, Andrew; Adalja, Sunil; Persad, Nicole; Persaud, Donnie - Debt Capital Markets; Steen Hume (CAB)
Subject:	RE: UPDATED - Fair Hydro -- Change of Law Agreements
Date:	Friday, November 24, 2017 2:15:54 PM
Attachments:	Blackline_ProcessAgreement.pdf

All – apologies, my email below did not have a blackline for the Process Agreement. It is attached. Thank you.

Nina Mansoori
P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com[torys.com]

TORYS LLP[torys.com]

From: Mansoori, Nina
Sent: November-24-17 2:04 PM
To: 'ASHBOURNE, STEPHEN' ; 'JON.VINER@blakes.com' ; 'JA.PRESTAGE@blakes.com'
Cc: Ken Kandeepan ; LADAK Lubna -TREASURY ; Anna Strathy ; Veinot, Cindy (TBS) ; McKinlay, Tom (MAG) ; Donaldson, Mark (TBS) ; Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca) ; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca) ; Ramchandani, Rima ; LEE John -TREASURY ; RYFA Ken -TREASURY ; 'HAHN PARKER Janet -TREASURY' ; MAUTI John -FIN & C CTRL ; LAURETA LAPIRA May -TREASURY ; Feldman, Michael ; WONG Leslie -LAWDIV ; 'Sebastiano, Rocco' ; Milligan, Peter ; Fullerton, Rick ; Mayman, Gadi (OFA) ; Manning, Mike (OFA) ; Hanslep, Malle (MOF) ; 'ian.benaiah@rbccm.com' ; 'Khan, Nur (nur.khan@rbccm.com)' ; 'brent.r.taylor@rbccm.com' ; 'katrina.niehaus@gs.com' ; 'brian.delaney@gs.com' ; Maciel, Andrew ; Adalja, Sunil ; Persad, Nicole ; Persaud, Donnie - Debt Capital Markets ; Steen Hume (CAB) ; Mansoori, Nina
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Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086
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Sent: Tuesday, November 21, 2017 3:43 PM
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HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.

CHANGE OF LAW PROCESS AGREEMENT[1]

Dated as of [■], 2017

[1] This Agreement and the Protection Agreement will need to be effective on closing but signed and held in escrow as soon as they are settled and prior to pricing of the term deal.

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**") is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.[1]

Pursuant to a Declaration of Trust dated as of [■], 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.[2]

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of **Primary** Obligations ~~Secured~~ that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions.

Prior to entering into this Agreement, OPG provided the Province with the proposed forms of ~~certain of~~ the Transaction Documents **listed on Exhibit "A"**, and the Province has not objected to such forms **and has confirmed to OPG that such Transaction Documents constitute "Reference Documentation" for purposes of this Agreement**.

Prior to entering into this Agreement, OPG, as the FSM, provided the Province with the initial Financing Plan attached hereto as Exhibit "B" (the "Initial Financing Plan"), and the Province has not objected to such Initial Financing Plan.

Prior to entering into this Agreement, OPG, as the FSM, provided to the Province (i) the initial forecast attached hereto as Exhibit "C" (the "Initial Forecast")> *setting out OPG's expectations regarding the aggregate maximum amount of Repayments* <>*that would arise in the future under Approved Obligations to be incurred during the* <**24 month period**

[1] ~~Blakes suggests that it be made clear in the Declaration of Trust that OPG is establishing the Trust. Blakes would appreciate the benefit of Torys analysis as to how the Trust is an "entity" under the OFHPA, as opposed to the trustee. Clearly OPG has not established Computershare. Blakes and Torys to discuss.~~

[2] ~~Lawyers to discuss~~**We are comfortable on this point because OPG has retained Computershare as issuer trustee. The recitals of the Declaration of Trust provide that Computershare has established the Trust at the request of the FSM. We can also provide you with a copy of the Computershare engagement letter upon request**.

following the date hereof> *(the "**Initial Forecast Period**")*<**; and (ii) notice of the initial Protection Agreement Maximum of C$■ (the "Initial Protection Agreement Maximum").**[3]

The Province has not objected to the Initial Forecast and the Initial> *Protection Agreement Maximum on the basis that (i) there*< **does not appear to be inaccuracies in the Initial Financing Plan or the Initial Forecast, (ii) the Initial Forecast is consistent with the Initial Financing Plan, and (iii) the Initial Protection Agreement Maximum is less than the Initial Forecast.**

This Agreement sets out the obligations OPG has agreed to perform and assurances OPG has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the Adherence Conditions have been satisfied, maintaining information related to the Program Agreements and the Approved Obligations, and ensuring that the Province's assumption rights pursuant to Article VI of the Change of Law Protection Agreement may be exercised without impediment on the terms and conditions contemplated in this Agreement and the Change of Law Protection Agreement.

All things necessary to make this Agreement a valid and legally binding agreement of OPG and the Province, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

[3] **Given that this Agreement would now be delivered on or immediately prior to closing, we thought it would be acceptable to reference these initial items as delivered versus as future deliverables. Please note that OPG is working with the Province to deliver the initial financing plan and the initial forecast and to confirm the initial protection agreement maximum.**

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 References to the Financing Entity

For greater certainty, each reference to the Financing Entity shall be construed as a reference to the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 Effect of Headings

The Article and Section headings herein and are for convenience only and will not affect the construction hereof.

1.04 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.06 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT **(ONTARIO)**.

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF OPG

2.01 Deliveries to the Province

(a) ~~Not less than 15 Business Days, or such lesser period as the Province may agree to in writing, prior to the initial issuance of any Funding Obligation by the Financing Entity, OPG shall deliver to the Province a copy of the initial Financing Plan. Thereafter,~~ OPG shall promptly deliver to the Province a copy of any proposed change to or replacement of the **Initial** Financing Plan.

(b) Not less than 10 Business Days, or such lesser period as the Province may agree to in writing, prior to (i) any proposed change or supplement to a previously provided Transaction Document becoming effective or otherwise being used, (ii) any additional or replacement Transaction Document becoming effective or otherwise being used, OPG shall deliver to the Province a copy of such proposed change or supplement to the Transaction Document and any such additional or replacement Transaction Document.

(c) Promptly following (i) any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor being made, (ii) any new, additional or replacement instruments, documents, agreements or security being used or granted in connection with all or any part of the Approved Obligations, or (iii) any waiver, release, reconveyance, termination, abandonment, subordination, exchange, substitution, transfer, compound, compromise, liquidation or enforcement of all or any part of the Approved Obligations or any security or guarantee therefor being

effected, OPG shall deliver to the Province a detailed description of such event and the reasons for it together with any related documents, agreements and instruments.

(d) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, OPG shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations (including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(e) Promptly upon request, OPG shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

2.02 Covenants

(a) OPG shall use commercially reasonable efforts to cause the Financing Entity to:

(i) punctually perform and observe all of the Financing Entity's obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not **(unless waived by the Province)**:

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement or replacement or waiver or consent could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any change in particular financial terms, rates and levels;

(B) extend, renew, compromise, novate, replace, suspend, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, liquidate or enforce the terms of all or any part of the Approved Obligations or any Collateral, if any such action could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to the extent that only particular financial terms, rates and levels are affected[3];

(C) permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired.**; or**

(D) allow the Financing Entity to enter into any Supplemental Indenture or Loan Agreement where> *any penalty or make-whole payment, or any requirement for further consent, approval or agreement,* <**of the Specified Creditor party thereto would be required for**> *the Province to assume the Obligations Secured* <**thereunder.**[4]

(b) OPG shall:

(i) comply, and shall use commercially reasonable efforts to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

(ii) punctually perform and observe all of its (including as the FSM and as Manager) obligations and agreements contained in the Program Agreements;

(iii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation; and

(iv) after the occurrence of any Protection Event (or any event that with the passage of time or the giving of notice would be a Protection Event)[5], not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.

[3] Added to address the scenarios contemplated in 2.01(c).

[4] Please see our cover note regarding the proposed assumption by the Province. Lawyers to discuss if appropriate mechanics for the first two deals are possible given timing.

[5] OPG is not in a position to be aware of events that may lead to a Protection Event.

(c) **For greater certainty, the parties hereto acknowledge and agree that OPG's obligations under this Agreement are subject to (i) OPG's obligations as FSM under the Act, and (ii) OPG's obligations under the Management Agreement.**[6]

(d) ~~(c)~~ Nothing in this Agreement ~~[~~nor in the Change of Law Protection Agreement~~]~~[47] shall limit the obligations of the Province under the Indemnity Agreement by the Province in favour of OPG dated June 1, 2017 (as amended, the "**Indemnity Agreement**") and to the extent of any conflict between this Agreement, the Change of Law Protection Agreement and such Indemnity Agreement, in respect of any matter relating to the Province's obligations to indemnify OPG, the Indemnity Agreement shall prevail.

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate[58]

OPG shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of OPG ~~(or their respective designees, provided that such designees are also executive~~**or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as** officers of OPG **acting in its capacity as FSM**) and addressed to the Province, on ~~the earlier of (i) one Business Day prior to~~**or before** the incurrence ~~or any amendment~~ of a ~~Funding~~**Certified Primary** Obligation (~~other than any Funding Obligation under which not more than $■ in the aggregate may become payable by the Financing Entity), and (ii) on the Business Day on which the financial terms of such Funding Obligation are definitively determined (including the interest or discount rate applicable to any notes, bonds or other securities~~**provided that delivery may not be more than 5 Business Days before the incurrence of the Certified Primary Obligation**), setting out the following with respect to such ~~Funding~~**Certified Primary** Obligation:

[6] **We would like to ensure that there is an acknowledgement that OPG has certain obligations under the Act and the Management Agreement.**

[47] This language has extra-contractual implications and so its meaning as between only 2 of the parties to the Protection Agreement is uncertain. Torys to explain intention. **Torys: This provision is intended to clarify that neither the Protection Agreement nor the Process Agreement supersedes or otherwise amends the Province's obligations under the Provincial Indemnity Agreement. It is effectively an acknowledgment by the Province in favour of OPG and does not involve the other parties to the Protection Agreement and so we are comfortable including it here only. However, we do not have an issue with putting an equivalent clause in the Protection Agreement if that is preferable from your perspective.**

[5] ~~OPG/Dealers have indicated that "The current structure requiring satisfaction of~~< ~~*the adherence conditions*~~ >~~in~~[8] **The Process Certificate conforms to the certificate delivered under the Change of Law Protection Agreement including the changes to ensure that the Process Certificate is only provided here when a concurrent certificate is required to be delivered by OPG under** the Protection Agreement ~~impacts the marketability of the transaction and creates uncertainty for investors. Province has asked Dealers to explain how the current structure requiring satisfaction of the adherence conditions in the Protection Agreement is more onerous than ordinary adherence conditions applicable to government guaranteed bonds and to estimate the quantum impact on the marketability of the transaction and explain what uncertainty an ordinary closing condition of this type poses for investors~~**. Without this consistency, the obligations can become confusing and the intent of the parties of when Primary Obligations are subject to**> *the adherence conditions* <**may not be clear**.

(a) the material terms of the ~~Funding~~**Certified Primary** Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a ~~Derivative~~**Master** Agreement[9]**, events of default**~~, the notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights~~ **termination events and any amendment to the standard terms of the Master Agreement relating to the calculation of termination amounts (and, for greater certainty, it shall not be necessary to set out the terms of any trade confirmation)**;

~~(b) if an existing Funding Obligation is proposed to be amended, material details respecting such amendment, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;~~

(b) ~~(c)~~ a statement to the effect that: (i) the ~~Funding~~**Certified Primary** Obligation to be incurred~~ or amended~~ (1) will arise under terms and conditions that are Substantially in the Form of the Reference Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reference Documentation;

(c) ~~(d)~~ a statement confirming that any disclosure made in respect of the ~~Funding~~**Certified Primary** Obligation (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to the ~~Funding~~**Certified Primary** Obligation) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement has been made available to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made;

(d) ~~(e)~~ a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and

(e) ~~(f)~~ confirmation that, at the time the ~~Funding~~**Certified Primary** Obligation is incurred~~ or amended~~, the maximum aggregate payment amounts due or becoming

[9] **Since we agreed at our meeting that OPG only needs to provide a certificate under section 4.02 of the Change of Law Protection Agreement when they enter into a Master Agreement (and not the broader concept of the Derivative Agreement), we had to revise the language here to conform to what would be expected to be found in a Master Agreement.**

due in the future in respect of Repayments under the ~~Funding~~**Certified Primary** Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the **then applicable** Protection Agreement Maximum; for clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be determined on the date the Process Certificate is delivered hereunder in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

3.02 ~~**Delivery of a Suspension Notice**~~ **Acknowledgement**[10]

The Province acknowledges and agrees that, concurrent with the delivery of the Process Certificate pursuant to Section ~~8.01~~<~~*of the Change of Law Protection Agreement*~~>~~, the Province is entitled to deliver a Suspension Notice. The Province agrees not to deliver a Suspension Notice pursuant to Section 8.01~~**3.01 of this Agreement, the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) are authorized to deliver the certificate referred to in Subsection [4.02(b)] of the** Change of Law Protection Agreement ~~unless any of the following circumstances has occurred:~~**to the Indenture Trustee confirming that OPG has delivered all required certifications to the Province in connection with the incurrence of the Certified Primary Obligations in respect of which the certificate in Subsection [4.02(b)]**> *of the Change of Law Protection Agreement*< **is being delivered; provided that, upon receipt of a Suspension Notice under the Change of Law Protection Agreement, OPG covenants not to deliver any further certificates to the Indenture Trustee under Subsection [4.02(b)] of the Change of Law Protection Agreement other than in connection with a Refinancing.**[11]

~~(a) a Program Breach; and~~

~~(b) a Breach Event.~~

[10] **OPG needs certainty on the conditions in which it is permitted to deliver the certificate under the Change of Law adherence conditions.**

[11] **Since OPG receives a Suspension Notice under the Change of Law Protection Agreement, we removed the concept of such notice here other than to provide the covenant above.**

3.03 Meaning of "Reference Documentation"

For the purposes of Subsection 3.01(~~c~~**b**), the term "Reference Documentation" shall mean each Transaction Document (including any change, addition or supplement thereto) that, at the relevant time:

(a) is a Transaction Document provided to, and not objected to by, the Province prior to the making of this Agreement, as contemplated in the fifth recital to this Agreement; or

(b) is a Transaction Document provided to the Province in accordance with Subsection 2.01(b) that has not been objected to by the Province, by delivery of an objection notice in writing delivered to OPG, within 10 Business Days after it is provided to the Province.

3.04 Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(~~c~~**b**), the term "Substantially in the Form" shall mean:

(a) with respect to the Reference Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such Reference Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation, including regarding the timing of or circumstances under which related payments are or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that would affect the Province's rights of subrogation or assignment (including pursuant to **[Section 5.01 or Article VI]** of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation or upon the assumption of obligations in accordance with **[Article VI]** of the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any variable terms to be set forth in the proposed documents as are reasonably contemplated in the Reference Documentation, including the particular financial terms, rates and levels set forth in the proposed documents other than to the extent that the forms of Reference Documentation themselves specify specific requirements, limitations or parameters with respect to such financial terms, rates, levels and parameters; and

(b) with respect to the Reference Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum[12]

~~(a) Not less than 15 Business Days, or such lesser period as the Province may agree to in writing, prior to the proposed incurrence of the first Funding Obligation, OPG shall, as the FSM, deliver to the Province: (i) a forecast< *setting out OPG's expectations regarding the aggregate maximum amount of Repayments* >< *that would arise in the future under Approved Obligations to be incurred during the* >next following 24 month period< *(the "**Initial Forecast Period**")*>, which expectations shall be consistent with the Financing Plan (the "**Initial Forecast**"); and (ii) notice of the initial Protection Agreement Maximum, which may not exceed the Initial Forecast.~~

~~(b) Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of the Initial Forecast and notice of the initial Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province may disagree with the Initial Forecast and the initial< *Protection Agreement Maximum on the basis that (i) there*> appears to be inaccuracies in the Financing Plan or the Initial Forecast, (ii) the Initial Forecast is inconsistent with the Financing Plan, or (iii) the initial Protection Agreement Maximum is not less than the Initial Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the initial Protection Agreement Maximum will be revised accordingly and confirmed by an amended notice to the Province.~~

(a) ~~(c)~~ Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Approved Obligations that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast shall be further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum, which may not exceed such Forecast.

(b) ~~(d)~~ Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of any further Forecast and notice of the

[12] **Per an earlier footnote, the items in previous draft (a) and (b) were moved to the recitals.**

revised Protection Agreement Maximum from OPG pursuant to Section 4.01(~~e~~**a**), the Province may disagree with such further Forecast or revised Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or such further Forecast, (ii) the further Forecast is inconsistent with the Financing Plan, or (iii) the revised Protection Agreement Maximum is ~~not less~~**more** than the further Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the revised Protection Agreement Maximum will be further revised accordingly and confirmed by an amended notice to the Province.

(c) ~~(e)~~ For clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be valued at the time to be determined for the purposes of this Section 4.01 in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of OPG

OPG represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, may cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario and has the power and authority to enter into and perform its obligations under this Agreement and all instruments and agreements delivered pursuant hereto.

(c) OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Financing Entity or in the ability of the Financing Entity to perform its obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or

any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

5.02 Representations and Warranties of the Province

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
PROCESS FOR ELECTION TO ASSUME APPROVED OBLIGATIONS[6][13]

6.01 Election by the Province

Pursuant to Section 6.01 of the Change of Law Protection Agreement, at any time following the occurrence of a Protection Event, the Province may (but shall not be obligated) elect to assume the Financing Entity's obligations in respect of all Obligations Secured, **permitted to be assumed by their terms** as obligor and debtor by giving notice to the Indenture Trustee. Prior to determining whether or not to exercise its election, the Province may deliver to OPG a notice in the form of Exhibit A**"D"** (an "**Election Information Notice**"). The Election Information Notice shall, among other things, specify the date **or dates** on which the Province proposes to assume the Obligations Secured **referred to in this Section 6.01**, which date **or dates** shall be no earlier than 20 Business Days**60 days**[14] following delivery of the Election Information Notice to OPG (**with respect to each such Obligation Secured,** the "**Proposed Assumption Date**").

6.02 Details regarding Obligations Secured

Promptly**Within 10 Business Days** following the delivery of the Election Information Notice to OPG, OPG shall provide the following information and documentation to the Province:

(a) a summary of the amounts that will be owing under all**the** Obligations Secured **referred to in Section 6.01** as of the Proposed Assumption Date, together with a

[6] Note: Lawyers to discuss assumption mechanics[13] **Please see Torys' cover email to explain changes made in this Article and the related Article in the Protection Agreement. Section 6.05 was deleted and moved up as a covenant in section 2.02(a)(v)(D).**

[14] **This process will take time and require appropriate notice to holders of the applicable Obligations Secured.**

detailed schedule setting out the dates on which such amounts will become due and payable under ~~the~~**such** Obligations Secured;

(b) a summary of the rights arising under the Obligations Secured **referred to in Section 6.01** that permit the ~~Financing Entity to assign the~~**Province to assume such** Obligations Secured~~ to the Province~~, including details regarding any conditions precedent to such assignment and the related assumption becoming effective and any notices, filings, consents or other actions that will be required in order to implement and effect such assignment and assumption;

(c) current versions of all documentation under which the Obligations Secured **referred to in Section 6.01** arise;

(d) copies of all correspondence exchanged between OPG, as the FSM, or the Financing Entity, on the one hand, and any Specified Creditor, Rating Agency or the Indenture Trustee, on the other hand, in each case that may reasonably be considered to be material to the assumption and performance of the Obligations Secured **referred to in Section 6.01** by the Province; and

(e) all income tax returns and assessments, financial statements and notices of proceedings of or pertaining to the Financing Entity or its business and any documentation related thereto, including any pleadings, appeals, objections, qualifications or other similar materials in respect of the Financing Entity or any Program Agreement.

6.03 Settlement of Terms

Following receipt and consideration by the Province of the information and documentation to be provided under Section 6.02, the Province shall confirm in writing whether or not it expects to proceed with the assignment and assumption of the Obligations Secured **referred to in Section 6.01** and, if it will be proceeding with the assignment and assumption, the date on which the Province expects that assignment and assumption will be effected. If it will be proceeding with such assignment and assumption, the Province will deliver an Assumption Notice as contemplated under Section **[6.01]** of the Change of Law Protection Agreement. A decision not to proceed with an election at any time will not limit the Province from proceeding with an election at a later date, including by issuing a further Election Information Notice, and Article VI of this Agreement shall continue to apply unaffected.

6.04 Cooperation to Implement the Assignment and Assumption

OPG shall cooperate with the Province and, as FSM, shall use commercially reasonable efforts to cause the Financing Entity to cooperate, and shall use its commercially reasonable efforts, to complete the assignment and assumption of the Obligations Secured **referred to in Section 6.01** by and from the Financing Entity to and by the Province, by the applicable Assumption Closing Date.

~~6.05~~ ~~Terms of Obligations Secured~~

ARTICLE VII~~In order to permit~~<~~ *the Province to assume the Obligations Secured* ~~>~~~~in the circumstances contemplated herein, OPG, as FSM, shall cause the Financing Entity to use commercially reasonable efforts to ensure that all Obligations Secured permit such an assignment to and assumption by the Province substantially in accordance with the terms and on the basis contemplated in the Assumption Agreement, without~~<~~ *any penalty or make-whole payment, or any requirement for further consent, approval or agreement,* ~~>~~~~or alternatively, in the case of any Obligations Secured entered into by or on behalf of the Financing Entity for the provision of on-going services to the Financing Entity permitting the satisfaction and termination of such Obligations Secured on or prior to the effective time of such assumption without any acceleration of future fees, profits or other like amounts, other than to the extent of payment obligations that arise under market standard mark-to-market payment terms and conditions included on a commercially reasonable basis under a Derivative Agreement.~~[~~7~~][15]

~~ARTICLE VII~~
~~BREACH EVENTS~~

~~7.01~~ ~~Breach Events~~

~~"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:~~

~~(a)~~ ~~a default in the performance, or breach, of any covenants of OPG under this Agreement, which continues for thirty (30) days after written notice by the Province to OPG of such default or breach;~~

~~(b)~~ ~~any representation or warranty made by OPG in this Agreement, any certification made in a Process Certificate, or any certification made in a certificate contemplated by Section **[4.02]** of the Change of Law Protection Agreement, proves to be incorrect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation; or~~

~~(c)~~ ~~OPG is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the Manager.~~ ~~**ARTICLE VIII**~~

~~[7] The Trust Indenture will need to be revised to ensure that the Province's assignment and assumption right is fully contemplated and may be implemented without any requirement for further Specified Creditor or other third party consents. Among other changes, it is contemplated that Torys will add the following to the MTI to address this requirement: (i) Specified Creditors (including in the applicable Funding Obligation Agreement) will be required to acknowledge the rights of the Province to assume the Obligations Secured on the basis contemplated in the form of assumption agreement, and (ii) the Indenture Trustee will be permitted to enter into and give effect to the global Assumption Agreement without the consent of Specified Creditors or any other third parties~~[15] **Breach events not required to be listed since OPG receives a Suspension Notice under the Change of Law Protection Agreement. See also the proviso in section 3.02.**

~~MISCELLANEOUS~~
MISCELLANEOUS

7.01 ~~8.01~~ Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

7.02 ~~8.02~~ Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to OPG:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: ~~[■]~~General Counsel
Fax: (416) ~~[■]~~592-4189
~~Email: [■]~~

(b) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section ~~8.02~~**7.02**.

7.03 ~~**8.03**~~ **Assignment**

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section ~~8.03~~**7.03** shall be null and void.

7.04 ~~**8.04**~~ **Enurement**

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

7.05 ~~**8.05**~~ **FIPPA**

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

7.06 ~~**8.06**~~ **Delivery of Executed Copies**

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

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

By: _____

Name:
Title:

By: _____

Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Conditions**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Approved Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Assumption Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.03.

"**Beneficiaries**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Breach Event**" means the occurrence ~~or existence of any one or more of the following: (a) a default in the performance, or breach, of any covenants of the FSM under this Agreement; or (b) any representation or warranty made by the FSM, any certification made by the FSM under this Agreement, or any certification made by the FSM in a certificate contemplated by Section 4.03~~**of an event described in Section [8.01(b) or (c)]** of the Change of Law Protection Agreement~~, proves to be incorrect in any material respect on the date made; or (c) OPG is no longer the FSM or the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the FSM or the Manager~~.

~~has the meaning ascribed thereto in Section 7.01.~~

~~"**Breach Event Suspension Notice**" has the meaning ascribed thereto in Section 7.02.~~

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"Certified Primary Obligations" means Primary Obligations that are payment obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest or to repay payment obligations that were incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest,[16] (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not each individual trade confirmation, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and aggregate payments by the

[16] Query: For a warehouse facility, does the Province want a Certificate for each monthly draw?

Financing Entity thereunder during the term of such contract is in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).[17]

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the FSM on behalf of the Financing Entity and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

"**Election Information Notice**" has the meaning ascribed thereto in Section 6.01.

"Executive Officer" has the meaning ascribed thereto in the *Securities Act* (Ontario).

"**Financing Entity**" means Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Entity Trustee**" ~~means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Financing Entity at such time~~**has the meaning ascribed thereto in the Change of Law Protection Agreement**.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(~~e~~**a**).

[17] **This concept reflects what Primary Obligations the parties agreed to be subject to the adherence conditions.**

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Indenture Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"Initial Financing Plan" has the meaning ascribed thereto in the recitals of this Agreement.

"**Initial Forecast**" has the meaning ascribed thereto in ~~Section 4.01(a)~~**the recitals of this Agreement**.

"**Initial Forecast Period**" has the meaning ascribed thereto in ~~Section 4.01(a)~~**the recitals of this Agreement.**

"Initial Protection Agreement Maximum" has the meaning ascribed thereto in the recitals of this Agreement.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

~~"**Legislature**" means the Legislature of the Province of Ontario.~~

[18]

"**Limited Guarantee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"Loan Agreement" has the meaning ascribed thereto in the Trust Indenture.

"**Management Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

[18] Definition of Legislature not used here.

"**Manager**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"Master Agreement" means an agreement in the form of a 1992 ISDA Master Agreement (Multi-Currency – Cross Border) as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

~~"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.~~

"**Proposed Assumption Date**" has the meaning ascribed thereto in Section 6.01.

"**Protection Agreement Maximum**" means the dollar amount referenced as the Program Agreement Maximum and determined in accordance with Article IV.

"**Protection Event**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture.

"**Reference Documentation**" has the meaning ascribed thereto in Section ~~3.03.~~**3.03.**

"**Repayment**" has the meaning ascribed to the term "repayment" in the General Regulation as of the date of this Agreement.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Substantially in the Form**" has the meaning ascribed thereto in Section ~~3.04.~~**3.04.**

"**Suspension Notice**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement; (vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to ~~an ISDA~~**a** Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that affects the Province's subrogation rights and/or subrogee interests, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

EXHIBIT "A<
~~FORM OF ELECTION INFORMATION NOTICE~~>"
INITIAL REFERENCE DOCUMENTATION

- **Declaration of Trust;**
- **Management Agreement;**
- **Master Transfer and Servicing Agreement;**
- **Acknowledgement and indemnity agreement dated as of [■], 2017 made by IESO in favour of the Indenture Trustee;**
- **Security agreement made by IESO in favour of the Financing Entity to secure certain of its obligations under the Master Transfer and Servicing Agreement;**
- **Trust Indenture;**
- **Term Senior Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;**
- **Term Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;**
- **Term Junior Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;**
- **Warehouse Senior Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;**
- **Warehouse Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;**
- **Warehouse Junior Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;**
- **Schedule to the ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time;**
- **Confidential shelf offering memorandum of the Financing Entity dated as of [■], 2017, including the term sheet incorporated by reference therein; and**
- **Agency agreement between the Financing Entity, CIBC World Markets Inc., RBC Dominion Securities Inc., Goldman Sachs Canada Inc. and the other agents named therein dated as of [■], 2017.**

[NTD: List above to be confirmed.]

EXHIBIT "B"
INITIAL FINANCING PLAN

(see attached)

EXHIBIT "C"
INITIAL FORECAST

(see attached)

EXHIBIT "D">
FORM OF ELECTION INFORMATION NOTICE<

[NTD: Blakes to provide draft.]

~~EXHIBIT B~~
~~FORM OF BREACH EVENT SUSPENSION NOTICE~~

Document comparison by Workshare Compare on November-24-17 1:50:23 PM

Input:	
Document 1 ID	interwovenSite://INVENTORYS1/TorysAtWork/24529785/1
Description	#24529785v1<TorysAtWork> - -CLPA - Process Agreement(November 22/17)
Document 2 ID	interwovenSite://INVENTORYS1/TorysAtWork/24529785/2
Description	#24529785v2<TorysAtWork> - -CLPA - Process Agreement(November 22/17)
Rendering set	strikeout-colour

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

Statistics:	
	Count
Insertions	166
Deletions	124
Moved from	9
Moved to	9
Style change	0
Format changed	0
Total changes	308

From: Mansoori, Nina
To: "ASHBOURNE, STEPHEN"; "JON.VINER@blakes.com"; "JA.PRESTAGE@blakes.com"
Cc: Ken Kandeepan; LADAK Lubna -TREASURY; Anna Strathy; Veinot, Cindy (TBS); Tom McKinlay (MAG); Mark Donaldson (MOF); Daniel Cayley (ENERGY); Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca); Ramchandani, Rima; LEE John -TREASURY; RYFA Ken -TREASURY; "HAHN PARKER Janet -TREASURY"; MAUTI John -FIN & C CTRL; LAURETA LAPIRA May -TREASURY; Feldman, Michael; WONG Leslie -LAWDIV; "Sebastiano, Rocco"; Milligan, Peter; Fullerton, Rick; Gadi Mayman; Mike Manning; Malle Hanslep (MOF); "ian.benaiah@rbccm.com"; "Khan, Nur (nur.khan@rbccm.com)"; "brent.r.taylor@rbccm.com"; "katrina.niehaus@gs.com"; "brian.delaney@gs.com"; Maciel, Andrew; Adalja, Sunil; Persad, Nicole; Persaud, Donnie - Debt Capital Markets; Steen Hume (CAB); Mansoori, Nina
Subject: RE: UPDATED - Fair Hydro -- Change of Law Agreements
Date: Friday, November 24, 2017 2:05:43 PM
Attachments: -CLPA - Process Agreement(November 22_17).pdf
Blackline_ProtectionAgreement.pdf
CLPA - Protection Agreement.docx
-CLPA - Process Agreement(November 22_17).docx

Blakes team,
Please find attached consolidated comments from the dealers and OPG (and their counsels) on the draft documents circulated below. These changes are drafting changes and clean up changes that reflect our discussions from earlier this week where we addressed all the open business points. Where we changed a concept or revised the drafting, we provided an explanation in the footnote to assist in your review.
The one substantive point we think requires further discussion is on the assumption mechanics; we understand that the Province is no longer seeking an exchange right. Once you have digested these new drafts, we'd like to schedule a lawyers call early next week to finalize them.
Best Regards,
Nina
Nina Mansoori
P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com[torys.com]

TORYS LLP[torys.com]

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: November-21-17 5:17 PM
To: Ramchandani, Rima ; LEE John -TREASURY ; RYFA Ken -TREASURY ; 'HAHN PARKER Janet -TREASURY' ; MAUTI John -FIN & C CTRL ; LAURETA LAPIRA May -TREASURY ; Mansoori, Nina ; Feldman, Michael ; WONG Leslie -LAWDIV ; 'Sebastiano, Rocco' ; Milligan, Peter ; Fullerton, Rick ; Mayman, Gadi (OFA) ; Manning, Mike (OFA) ; Hanslep, Malle (MOF) ; 'ian.benaiah@rbccm.com' ; 'Khan, Nur (nur.khan@rbccm.com)' ; 'brent.r.taylor@rbccm.com' ; 'katrina.niehaus@gs.com' ; 'brian.delaney@gs.com' ; Maciel, Andrew ; Adalja, Sunil ; Persad, Nicole ; Persaud, Donnie - Debt Capital Markets
Cc: Ken Kandeepan ; LADAK Lubna -TREASURY ; Anna Strathy ; Veinot, Cindy (TBS) ; McKinlay, Tom (MAG) ; Donaldson, Mark (TBS) ; Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca) ; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca) ; Steen Hume (CAB)
Subject: RE: UPDATED - Fair Hydro -- Change of Law Agreements
Hi Rima. Here are my mark-ups of the agreements Torys circulated yesterday afternoon. These versions have not been reviewed by the Province, but are being circulated to this group to facilitate a discussion shortly at your office. They are/remain subject to Province input, etc. We propose to gather at your office at 5:45, if that makes sense to you. Regards, Steve
Stephen R. Ashbourne

Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086
-----Original Appointment-----
From: bwood@torys.com [mailto:bwood@torys.com] **On Behalf Of** Ramchandani, Rima
Sent: Tuesday, November 21, 2017 3:43 PM
To: Ramchandani, Rima; LEE John -TREASURY; RYFA Ken -TREASURY; 'HAHN PARKER Janet - TREASURY'; MAUTI John -FIN & C CTRL; LAURETA LAPIRA May -TREASURY; Mansoori, Nina; Feldman, Michael; WONG Leslie -LAWDIV; 'Sebastiano, Rocco'; Milligan, Peter; Fullerton, Rick; Mayman, Gadi (OFA); Manning, Mike (OFA); Hanslep, Malle (MOF); ASHBOURNE, STEPHEN; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; Maciel, Andrew; Adalja, Sunil; Persad, Nicole; Persaud, Donnie - Debt Capital Markets
Cc: Ken Kandeepan; LADAK Lubna -TREASURY; Anna Strathy; Veinot, Cindy (TBS); McKinlay, Tom (MAG); Donaldson, Mark (TBS)
Subject: UPDATED - Fair Hydro -- Change of Law Agreements
When: Tuesday, November 21, 2017 5:00 PM-9:00 PM (UTC-05:00) Eastern Time (US & Canada).
Where: Torys - 79 Wellington 33rd Floor

For those unable to participate in person, here's the dial-in:
Dial-in: 1-800-600-0998
Access Code: 8657666#

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joints de manière permanente.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.

CHANGE OF LAW PROCESS AGREEMENT[1]

Dated as of [■], 2017

[1] This Agreement and the Protection Agreement will need to be effective on closing but signed and held in escrow as soon as they are settled and prior to pricing of the term deal.

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**") is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.[1]

Pursuant to a Declaration of Trust dated as of [■], 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.[2]

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of **Primary** Obligations ~~Secured~~ that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions.

Prior to entering into this Agreement, OPG provided the Province with the proposed forms of ~~certain of~~ the Transaction Documents **listed on Exhibit "A"**, and the Province has not objected to such forms **and has confirmed to OPG that such Transaction Documents constitute "Reference Documentation" for purposes of this Agreement**.

Prior to entering into this Agreement, OPG, as the FSM, provided the Province with the initial Financing Plan attached hereto as Exhibit "B" (the "Initial Financing Plan"), and the Province has not objected to such Initial Financing Plan.

Prior to entering into this Agreement, OPG, as the FSM, provided to the Province (i) the initial forecast attached hereto as Exhibit "C" (the "Initial Forecast")> *setting out OPG's expectations regarding the aggregate maximum amount of Repayments* <>*that would arise in the future under Approved Obligations to be incurred during the* <**24 month period**

[1] ~~Blakes suggests that it be made clear in the Declaration of Trust that OPG is establishing the Trust. Blakes would appreciate the benefit of Torys analysis as to how the Trust is an "entity" under the OFHPA, as opposed to the trustee. Clearly OPG has not established Computershare. Blakes and Torys to discuss.~~

[2] ~~Lawyers to discuss~~**We are comfortable on this point because OPG has retained Computershare as issuer trustee. The recitals of the Declaration of Trust provide that Computershare has established the Trust at the request of the FSM. We can also provide you with a copy of the Computershare engagement letter upon request**.

following the date hereof> *(the "**Initial Forecast Period**")*<**; and (ii) notice of the initial Protection Agreement Maximum of C$■ (the "Initial Protection Agreement Maximum").**[3]

The Province has not objected to the Initial Forecast and the Initial> *Protection Agreement Maximum on the basis that (i) there*< **does not appear to be inaccuracies in the Initial Financing Plan or the Initial Forecast, (ii) the Initial Forecast is consistent with the Initial Financing Plan, and (iii) the Initial Protection Agreement Maximum is less than the Initial Forecast.**

This Agreement sets out the obligations OPG has agreed to perform and assurances OPG has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the Adherence Conditions have been satisfied, maintaining information related to the Program Agreements and the Approved Obligations, and ensuring that the Province's assumption rights pursuant to Article VI of the Change of Law Protection Agreement may be exercised without impediment on the terms and conditions contemplated in this Agreement and the Change of Law Protection Agreement.

All things necessary to make this Agreement a valid and legally binding agreement of OPG and the Province, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

[3] **Given that this Agreement would now be delivered on or immediately prior to closing, we thought it would be acceptable to reference these initial items as delivered versus as future deliverables. Please note that OPG is working with the Province to deliver the initial financing plan and the initial forecast and to confirm the initial protection agreement maximum.**

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 References to the Financing Entity

For greater certainty, each reference to the Financing Entity shall be construed as a reference to the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 Effect of Headings

The Article and Section headings herein and are for convenience only and will not affect the construction hereof.

1.04 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.06 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT **(ONTARIO)**.

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF OPG

2.01 Deliveries to the Province

(a) ~~Not less than 15 Business Days, or such lesser period as the Province may agree to in writing, prior to the initial issuance of any Funding Obligation by the Financing Entity, OPG shall deliver to the Province a copy of the initial Financing Plan. Thereafter,~~ OPG shall promptly deliver to the Province a copy of any proposed change to or replacement of the **Initial** Financing Plan.

(b) Not less than 10 Business Days, or such lesser period as the Province may agree to in writing, prior to (i) any proposed change or supplement to a previously provided Transaction Document becoming effective or otherwise being used, (ii) any additional or replacement Transaction Document becoming effective or otherwise being used, OPG shall deliver to the Province a copy of such proposed change or supplement to the Transaction Document and any such additional or replacement Transaction Document.

(c) Promptly following (i) any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor being made, (ii) any new, additional or replacement instruments, documents, agreements or security being used or granted in connection with all or any part of the Approved Obligations, or (iii) any waiver, release, reconveyance, termination, abandonment, subordination, exchange, substitution, transfer, compound, compromise, liquidation or enforcement of all or any part of the Approved Obligations or any security or guarantee therefor being

effected, OPG shall deliver to the Province a detailed description of such event and the reasons for it together with any related documents, agreements and instruments.

(d) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, OPG shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations (including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(e) Promptly upon request, OPG shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

2.02 Covenants

(a) OPG shall use commercially reasonable efforts to cause the Financing Entity to:

(i) punctually perform and observe all of the Financing Entity's obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not **(unless waived by the Province)**:

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement or replacement or waiver or consent could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any change in particular financial terms, rates and levels;

(B) extend, renew, compromise, novate, replace, suspend, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, liquidate or enforce the terms of all or any part of the Approved Obligations or any Collateral, if any such action could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to the extent that only particular financial terms, rates and levels are affected[3];

(C) permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired.**; or**

(D) allow the Financing Entity to enter into any Supplemental Indenture or Loan Agreement where> *any penalty or make-whole payment, or any requirement for further consent, approval or agreement,* <**of the Specified Creditor party thereto would be required for**> *the Province to assume the Obligations Secured* <**thereunder.**[4]

(b) OPG shall:

(i) comply, and shall use commercially reasonable efforts to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

(ii) punctually perform and observe all of its (including as the FSM and as Manager) obligations and agreements contained in the Program Agreements;

(iii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation; and

(iv) after the occurrence of any Protection Event (or any event that with the passage of time or the giving of notice would be a Protection Event)[5], not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.

[3] Added to address the scenarios contemplated in 2.01(c).

[4] Please see our cover note regarding the proposed assumption by the Province. Lawyers to discuss if appropriate mechanics for the first two deals are possible given timing.

[5] OPG is not in a position to be aware of events that may lead to a Protection Event.

(c) **For greater certainty, the parties hereto acknowledge and agree that OPG's obligations under this Agreement are subject to (i) OPG's obligations as FSM under the Act, and (ii) OPG's obligations under the Management Agreement.**[6]

(d) ~~(c)~~ Nothing in this Agreement ~~[~~nor in the Change of Law Protection Agreement~~]~~[47] shall limit the obligations of the Province under the Indemnity Agreement by the Province in favour of OPG dated June 1, 2017 (as amended, the "**Indemnity Agreement**") and to the extent of any conflict between this Agreement, the Change of Law Protection Agreement and such Indemnity Agreement, in respect of any matter relating to the Province's obligations to indemnify OPG, the Indemnity Agreement shall prevail.

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate[58]

OPG shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of OPG ~~(or their respective designees, provided that such designees are also executive~~**or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as** officers of OPG **acting in its capacity as FSM**) and addressed to the Province, on ~~the earlier of (i) one Business Day prior to~~**or before** the incurrence ~~or any amendment~~ of a ~~Funding~~**Certified Primary** Obligation (~~other than any Funding Obligation under which not more than $■ in the aggregate may become payable by the Financing Entity), and (ii) on the Business Day on which the financial terms of such Funding Obligation are definitively determined (including the interest or discount rate applicable to any notes, bonds or other securities~~**provided that delivery may not be more than 5 Business Days before the incurrence of the Certified Primary Obligation**), setting out the following with respect to such ~~Funding~~**Certified Primary** Obligation:

[6] **We would like to ensure that there is an acknowledgement that OPG has certain obligations under the Act and the Management Agreement.**

[47] This language has extra-contractual implications and so its meaning as between only 2 of the parties to the Protection Agreement is uncertain. Torys to explain intention. **Torys: This provision is intended to clarify that neither the Protection Agreement nor the Process Agreement supersedes or otherwise amends the Province's obligations under the Provincial Indemnity Agreement. It is effectively an acknowledgment by the Province in favour of OPG and does not involve the other parties to the Protection Agreement and so we are comfortable including it here only. However, we do not have an issue with putting an equivalent clause in the Protection Agreement if that is preferable from your perspective.**

[5] ~~OPG/Dealers have indicated that "The current structure requiring satisfaction of~~< ~~*the adherence conditions*~~ >~~in~~[8] **The Process Certificate conforms to the certificate delivered under the Change of Law Protection Agreement including the changes to ensure that the Process Certificate is only provided here when a concurrent certificate is required to be delivered by OPG under** the Protection Agreement ~~impacts the marketability of the transaction and creates uncertainty for investors. Province has asked Dealers to explain how the current structure requiring satisfaction of the adherence conditions in the Protection Agreement is more onerous than ordinary adherence conditions applicable to government guaranteed bonds and to estimate the quantum impact on the marketability of the transaction and explain what uncertainty an ordinary closing condition of this type poses for investors~~**. Without this consistency, the obligations can become confusing and the intent of the parties of when Primary Obligations are subject to**> *the adherence conditions* <**may not be clear**.

(a) the material terms of the ~~Funding~~**Certified Primary** Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a ~~Derivative~~**Master** Agreement[9]**, events of default**~~, the notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights~~ **termination events and any amendment to the standard terms of the Master Agreement relating to the calculation of termination amounts (and, for greater certainty, it shall not be necessary to set out the terms of any trade confirmation)**;

~~(b) if an existing Funding Obligation is proposed to be amended, material details respecting such amendment, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;~~

(b) ~~(c)~~ a statement to the effect that: (i) the ~~Funding~~**Certified Primary** Obligation to be incurred~~ or amended~~ (1) will arise under terms and conditions that are Substantially in the Form of the Reference Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reference Documentation;

(c) ~~(d)~~ a statement confirming that any disclosure made in respect of the ~~Funding~~**Certified Primary** Obligation (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to the ~~Funding~~**Certified Primary** Obligation) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement has been made available to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made;

(d) ~~(e)~~ a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and

(e) ~~(f)~~ confirmation that, at the time the ~~Funding~~**Certified Primary** Obligation is incurred~~ or amended~~, the maximum aggregate payment amounts due or becoming

[9] **Since we agreed at our meeting that OPG only needs to provide a certificate under section 4.02 of the Change of Law Protection Agreement when they enter into a Master Agreement (and not the broader concept of the Derivative Agreement), we had to revise the language here to conform to what would be expected to be found in a Master Agreement.**

due in the future in respect of Repayments under the ~~Funding~~**Certified Primary** Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the **then applicable** Protection Agreement Maximum; for clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be determined on the date the Process Certificate is delivered hereunder in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

3.02 ~~**Delivery of a Suspension Notice**~~ **Acknowledgement**[10]

The Province acknowledges and agrees that, concurrent with the delivery of the Process Certificate pursuant to Section ~~8.01~~<~~*of the Change of Law Protection Agreement*~~>~~, the Province is entitled to deliver a Suspension Notice. The Province agrees not to deliver a Suspension Notice pursuant to Section 8.01~~**3.01 of this Agreement, the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) are authorized to deliver the certificate referred to in Subsection [4.02(b)] of the** Change of Law Protection Agreement ~~unless any of the following circumstances has occurred:~~**to the Indenture Trustee confirming that OPG has delivered all required certifications to the Province in connection with the incurrence of the Certified Primary Obligations in respect of which the certificate in Subsection [4.02(b)]**> *of the Change of Law Protection Agreement*< **is being delivered; provided that, upon receipt of a Suspension Notice under the Change of Law Protection Agreement, OPG covenants not to deliver any further certificates to the Indenture Trustee under Subsection [4.02(b)] of the Change of Law Protection Agreement other than in connection with a Refinancing.**[11]

~~(a) a Program Breach; and~~

~~(b) a Breach Event.~~

[10] **OPG needs certainty on the conditions in which it is permitted to deliver the certificate under the Change of Law adherence conditions.**

[11] **Since OPG receives a Suspension Notice under the Change of Law Protection Agreement, we removed the concept of such notice here other than to provide the covenant above.**

3.03 Meaning of "Reference Documentation"

For the purposes of Subsection 3.01(~~c~~**b**), the term "Reference Documentation" shall mean each Transaction Document (including any change, addition or supplement thereto) that, at the relevant time:

(a) is a Transaction Document provided to, and not objected to by, the Province prior to the making of this Agreement, as contemplated in the fifth recital to this Agreement; or

(b) is a Transaction Document provided to the Province in accordance with Subsection 2.01(b) that has not been objected to by the Province, by delivery of an objection notice in writing delivered to OPG, within 10 Business Days after it is provided to the Province.

3.04 Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(~~c~~**b**), the term "Substantially in the Form" shall mean:

(a) with respect to the Reference Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such Reference Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation, including regarding the timing of or circumstances under which related payments are or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that would affect the Province's rights of subrogation or assignment (including pursuant to **[Section 5.01 or Article VI]** of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation or upon the assumption of obligations in accordance with **[Article VI]** of the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any variable terms to be set forth in the proposed documents as are reasonably contemplated in the Reference Documentation, including the particular financial terms, rates and levels set forth in the proposed documents other than to the extent that the forms of Reference Documentation themselves specify specific requirements, limitations or parameters with respect to such financial terms, rates, levels and parameters; and

(b) with respect to the Reference Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum[12]

~~(a) Not less than 15 Business Days, or such lesser period as the Province may agree to in writing, prior to the proposed incurrence of the first Funding Obligation, OPG shall, as the FSM, deliver to the Province: (i) a forecast< *setting out OPG's expectations regarding the aggregate maximum amount of Repayments* >< *that would arise in the future under Approved Obligations to be incurred during the* >next following 24 month period< *(the "**Initial Forecast Period**")*>, which expectations shall be consistent with the Financing Plan (the "**Initial Forecast**"); and (ii) notice of the initial Protection Agreement Maximum, which may not exceed the Initial Forecast.~~

~~(b) Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of the Initial Forecast and notice of the initial Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province may disagree with the Initial Forecast and the initial< *Protection Agreement Maximum on the basis that (i) there*> appears to be inaccuracies in the Financing Plan or the Initial Forecast, (ii) the Initial Forecast is inconsistent with the Financing Plan, or (iii) the initial Protection Agreement Maximum is not less than the Initial Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the initial Protection Agreement Maximum will be revised accordingly and confirmed by an amended notice to the Province.~~

(a) ~~(c)~~ Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Approved Obligations that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast shall be further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum, which may not exceed such Forecast.

(b) ~~(d)~~ Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of any further Forecast and notice of the

[12] **Per an earlier footnote, the items in previous draft (a) and (b) were moved to the recitals.**

revised Protection Agreement Maximum from OPG pursuant to Section 4.01(~~e~~**a**), the Province may disagree with such further Forecast or revised Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or such further Forecast, (ii) the further Forecast is inconsistent with the Financing Plan, or (iii) the revised Protection Agreement Maximum is ~~not less~~**more** than the further Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the revised Protection Agreement Maximum will be further revised accordingly and confirmed by an amended notice to the Province.

(c) ~~(e)~~ For clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be valued at the time to be determined for the purposes of this Section 4.01 in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of OPG

OPG represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, may cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario and has the power and authority to enter into and perform its obligations under this Agreement and all instruments and agreements delivered pursuant hereto.

(c) OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Financing Entity or in the ability of the Financing Entity to perform its obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or

any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

5.02 Representations and Warranties of the Province

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
PROCESS FOR ELECTION TO ASSUME APPROVED OBLIGATIONS[6][13]

6.01 Election by the Province

Pursuant to Section 6.01 of the Change of Law Protection Agreement, at any time following the occurrence of a Protection Event, the Province may (but shall not be obligated) elect to assume the Financing Entity's obligations in respect of all Obligations Secured, **permitted to be assumed by their terms** as obligor and debtor by giving notice to the Indenture Trustee. Prior to determining whether or not to exercise its election, the Province may deliver to OPG a notice in the form of Exhibit A**"D"** (an "**Election Information Notice**"). The Election Information Notice shall, among other things, specify the date **or dates** on which the Province proposes to assume the Obligations Secured **referred to in this Section 6.01**, which date **or dates** shall be no earlier than 20 Business Days**60 days**[14] following delivery of the Election Information Notice to OPG (**with respect to each such Obligation Secured,** the "**Proposed Assumption Date**").

6.02 Details regarding Obligations Secured

Promptly**Within 10 Business Days** following the delivery of the Election Information Notice to OPG, OPG shall provide the following information and documentation to the Province:

(a) a summary of the amounts that will be owing under all**the** Obligations Secured **referred to in Section 6.01** as of the Proposed Assumption Date, together with a

[6] Note: Lawyers to discuss assumption mechanics[13] **Please see Torys' cover email to explain changes made in this Article and the related Article in the Protection Agreement. Section 6.05 was deleted and moved up as a covenant in section 2.02(a)(v)(D).**

[14] **This process will take time and require appropriate notice to holders of the applicable Obligations Secured.**

detailed schedule setting out the dates on which such amounts will become due and payable under ~~the~~**such** Obligations Secured;

(b) a summary of the rights arising under the Obligations Secured **referred to in Section 6.01** that permit the ~~Financing Entity to assign the~~**Province to assume such** Obligations Secured~~ to the Province~~, including details regarding any conditions precedent to such assignment and the related assumption becoming effective and any notices, filings, consents or other actions that will be required in order to implement and effect such assignment and assumption;

(c) current versions of all documentation under which the Obligations Secured **referred to in Section 6.01** arise;

(d) copies of all correspondence exchanged between OPG, as the FSM, or the Financing Entity, on the one hand, and any Specified Creditor, Rating Agency or the Indenture Trustee, on the other hand, in each case that may reasonably be considered to be material to the assumption and performance of the Obligations Secured **referred to in Section 6.01** by the Province; and

(e) all income tax returns and assessments, financial statements and notices of proceedings of or pertaining to the Financing Entity or its business and any documentation related thereto, including any pleadings, appeals, objections, qualifications or other similar materials in respect of the Financing Entity or any Program Agreement.

6.03 Settlement of Terms

Following receipt and consideration by the Province of the information and documentation to be provided under Section 6.02, the Province shall confirm in writing whether or not it expects to proceed with the assignment and assumption of the Obligations Secured **referred to in Section 6.01** and, if it will be proceeding with the assignment and assumption, the date on which the Province expects that assignment and assumption will be effected. If it will be proceeding with such assignment and assumption, the Province will deliver an Assumption Notice as contemplated under Section **[6.01]** of the Change of Law Protection Agreement. A decision not to proceed with an election at any time will not limit the Province from proceeding with an election at a later date, including by issuing a further Election Information Notice, and Article VI of this Agreement shall continue to apply unaffected.

6.04 Cooperation to Implement the Assignment and Assumption

OPG shall cooperate with the Province and, as FSM, shall use commercially reasonable efforts to cause the Financing Entity to cooperate, and shall use its commercially reasonable efforts, to complete the assignment and assumption of the Obligations Secured **referred to in Section 6.01** by and from the Financing Entity to and by the Province, by the applicable Assumption Closing Date.

~~6.05~~ ~~Terms of Obligations Secured~~

ARTICLE VII~~In order to permit~~<~~ *the Province to assume the Obligations Secured* ~~>~~~~in the circumstances contemplated herein, OPG, as FSM, shall cause the Financing Entity to use commercially reasonable efforts to ensure that all Obligations Secured permit such an assignment to and assumption by the Province substantially in accordance with the terms and on the basis contemplated in the Assumption Agreement, without~~<~~ *any penalty or make-whole payment, or any requirement for further consent, approval or agreement,* ~~>~~~~or alternatively, in the case of any Obligations Secured entered into by or on behalf of the Financing Entity for the provision of on-going services to the Financing Entity permitting the satisfaction and termination of such Obligations Secured on or prior to the effective time of such assumption without any acceleration of future fees, profits or other like amounts, other than to the extent of payment obligations that arise under market standard mark-to-market payment terms and conditions included on a commercially reasonable basis under a Derivative Agreement.~~[~~7~~][15]

~~ARTICLE VII~~
~~BREACH EVENTS~~

~~7.01~~ ~~Breach Events~~

~~"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:~~

~~(a)~~ ~~a default in the performance, or breach, of any covenants of OPG under this Agreement, which continues for thirty (30) days after written notice by the Province to OPG of such default or breach;~~

~~(b)~~ ~~any representation or warranty made by OPG in this Agreement, any certification made in a Process Certificate, or any certification made in a certificate contemplated by Section **[4.02]** of the Change of Law Protection Agreement, proves to be incorrect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation; or~~

~~(c)~~ ~~OPG is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the Manager.~~ ~~**ARTICLE VIII**~~

~~[7] The Trust Indenture will need to be revised to ensure that the Province's assignment and assumption right is fully contemplated and may be implemented without any requirement for further Specified Creditor or other third party consents. Among other changes, it is contemplated that Torys will add the following to the MTI to address this requirement: (i) Specified Creditors (including in the applicable Funding Obligation Agreement) will be required to acknowledge the rights of the Province to assume the Obligations Secured on the basis contemplated in the form of assumption agreement, and (ii) the Indenture Trustee will be permitted to enter into and give effect to the global Assumption Agreement without the consent of Specified Creditors or any other third parties~~[15] **Breach events not required to be listed since OPG receives a Suspension Notice under the Change of Law Protection Agreement. See also the proviso in section 3.02.**

~~MISCELLANEOUS~~
MISCELLANEOUS

7.01 ~~8.01~~ Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

7.02 ~~8.02~~ Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to OPG:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: ~~[■]~~General Counsel
Fax: (416) ~~[■]~~592-4189
~~Email: [■]~~

(b) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section ~~8.02~~**7.02**.

7.03 ~~**8.03**~~ **Assignment**

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section ~~8.03~~**7.03** shall be null and void.

7.04 ~~**8.04**~~ **Enurement**

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

7.05 ~~**8.05**~~ **FIPPA**

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

7.06 ~~**8.06**~~ **Delivery of Executed Copies**

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

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

By: _____

Name:
Title:

By: _____

Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Conditions**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Approved Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Assumption Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.03.

"**Beneficiaries**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Breach Event**" means the occurrence ~~or existence of any one or more of the following: (a) a default in the performance, or breach, of any covenants of the FSM under this Agreement; or (b) any representation or warranty made by the FSM, any certification made by the FSM under this Agreement, or any certification made by the FSM in a certificate contemplated by Section 4.03~~**of an event described in Section [8.01(b) or (c)]** of the Change of Law Protection Agreement~~, proves to be incorrect in any material respect on the date made; or (c) OPG is no longer the FSM or the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the FSM or the Manager~~.

~~has the meaning ascribed thereto in Section 7.01.~~

~~"**Breach Event Suspension Notice**" has the meaning ascribed thereto in Section 7.02.~~

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"Certified Primary Obligations" means Primary Obligations that are payment obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest or to repay payment obligations that were incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest,[16] (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not each individual trade confirmation, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and aggregate payments by the

[16] Query: For a warehouse facility, does the Province want a Certificate for each monthly draw?

Financing Entity thereunder during the term of such contract is in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).[17]

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the FSM on behalf of the Financing Entity and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

"**Election Information Notice**" has the meaning ascribed thereto in Section 6.01.

"Executive Officer" has the meaning ascribed thereto in the *Securities Act* (Ontario).

"**Financing Entity**" means Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Entity Trustee**" ~~means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Financing Entity at such time~~**has the meaning ascribed thereto in the Change of Law Protection Agreement**.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(~~e~~**a**).

[17] **This concept reflects what Primary Obligations the parties agreed to be subject to the adherence conditions.**

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Indenture Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"Initial Financing Plan" has the meaning ascribed thereto in the recitals of this Agreement.

"**Initial Forecast**" has the meaning ascribed thereto in ~~Section 4.01(a)~~**the recitals of this Agreement**.

"**Initial Forecast Period**" has the meaning ascribed thereto in ~~Section 4.01(a)~~**the recitals of this Agreement.**

"Initial Protection Agreement Maximum" has the meaning ascribed thereto in the recitals of this Agreement.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

~~"**Legislature**" means the Legislature of the Province of Ontario.~~

[18]

"**Limited Guarantee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"Loan Agreement" has the meaning ascribed thereto in the Trust Indenture.

"**Management Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

[18] Definition of Legislature not used here.

"**Manager**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"Master Agreement" means an agreement in the form of a 1992 ISDA Master Agreement (Multi-Currency – Cross Border) as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

~~"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.~~

"**Proposed Assumption Date**" has the meaning ascribed thereto in Section 6.01.

"**Protection Agreement Maximum**" means the dollar amount referenced as the Program Agreement Maximum and determined in accordance with Article IV.

"**Protection Event**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture.

"**Reference Documentation**" has the meaning ascribed thereto in Section ~~3.03.~~**3.03.**

"**Repayment**" has the meaning ascribed to the term "repayment" in the General Regulation as of the date of this Agreement.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Substantially in the Form**" has the meaning ascribed thereto in Section ~~3.04.~~**3.04.**

"**Suspension Notice**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement; (vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to ~~an ISDA~~**a** Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that affects the Province's subrogation rights and/or subrogee interests, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

EXHIBIT "A<
~~FORM OF ELECTION INFORMATION NOTICE~~>"
INITIAL REFERENCE DOCUMENTATION

- **Declaration of Trust;**
- **Management Agreement;**
- **Master Transfer and Servicing Agreement;**
- **Acknowledgement and indemnity agreement dated as of [■], 2017 made by IESO in favour of the Indenture Trustee;**
- **Security agreement made by IESO in favour of the Financing Entity to secure certain of its obligations under the Master Transfer and Servicing Agreement;**
- **Trust Indenture;**
- **Term Senior Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;**
- **Term Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;**
- **Term Junior Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;**
- **Warehouse Senior Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;**
- **Warehouse Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;**
- **Warehouse Junior Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;**
- **Schedule to the ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time;**
- **Confidential shelf offering memorandum of the Financing Entity dated as of [■], 2017, including the term sheet incorporated by reference therein; and**
- **Agency agreement between the Financing Entity, CIBC World Markets Inc., RBC Dominion Securities Inc., Goldman Sachs Canada Inc. and the other agents named therein dated as of [■], 2017.**

[NTD: List above to be confirmed.]

EXHIBIT "B"
INITIAL FINANCING PLAN

(see attached)

EXHIBIT "C"
INITIAL FORECAST

(see attached)

EXHIBIT "D">
FORM OF ELECTION INFORMATION NOTICE<

[NTD: Blakes to provide draft.]

~~EXHIBIT B~~
~~FORM OF BREACH EVENT SUSPENSION NOTICE~~

Document comparison by Workshare Compare on November-24-17 1:50:23 PM

Input:	
Document 1 ID	interwovenSite://INVENTORYS1/TorysAtWork/24529785/1
Description	#24529785v1<TorysAtWork> - -CLPA - Process Agreement(November 22/17)
Document 2 ID	interwovenSite://INVENTORYS1/TorysAtWork/24529785/2
Description	#24529785v2<TorysAtWork> - -CLPA - Process Agreement(November 22/17)
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Padding cell	

Statistics:	
	Count
Insertions	166
Deletions	124
Moved from	9
Moved to	9
Style change	0
Format changed	0
Total changes	308

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE[1]

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST~~[1]~~[2]

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

[1] **This Agreement and the Process Agreement will need to be effective on closing but signed and held in escrow as soon as they are settled and prior to pricing of the term deal.**

~~[1] Torys and Blakes to discuss signatory~~[2] **Please advise if there are any further issues with the Manager signing the Protection Agreement** on behalf of the Trust**? If so, can you please explain the issue**. The Manager is currently signing all Program Agreements on behalf of the Trust and has authority to do so. We would ~~propose to do the same on the change of law agreement~~**like the Manager to sign this Agreement on behalf of the Trust**.

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust under the laws of the Province of Ontario (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council dated as of ■ (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust[2][3] dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of **Primary** Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence

[2] Torys to confirm that Trust is a "financing entity" under OFHPA. Under definition, FSM to establish or cause to be established. DofT indicates Computershare declares trust. Need to have this confirmed for purposes of authority under OFHPA 5(3), among other things[3] **We are comfortable on this point because OPG has retained Computershare as issuer trustee. The recitals of the Declaration of Trust provide that Computershare has established the Trust at the request of the FSM. We can also provide you with a copy of the Computershare engagement letter upon request**.

Conditions at the time the Approved Obligation is incurred~~ or amended~~. This Agreement sets out the terms and conditions of such protections and assurances.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 Proof of Approved Obligations

The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Indenture Trustee deems to be sufficient.

Any statement of account prepared by the Indenture Trustee as regards the Primary Obligations shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and the Province hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Indenture Trustee agrees to provide the Province with the computations and calculations used by the Indenture Trustee to prepare each such statement of account promptly following a request therefor.

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture as of the date of this Agreement.

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 2.01 or Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee, the Financing Entity, the Financing Entity Trustee, the Manager or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT **(ONTARIO)**.

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR

OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest

calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able

on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee may deliver a written demand, substantially in the form attached as Exhibit A (a "**Payment Demand**"), to the Province requiring the Province to make payments in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in this Agreement. From and after such delivery of a Payment Demand, the Province shall make the following payments in respect of the Approved Obligations (the "**Limited Guarantee**"), and the Financing Entity shall pay, and the Province shall be entitled to be paid, the Subrogation Amounts specified below, on the specified **Guarantee** Payment Date:

i. Not less than ~~[~~3~~]~~ Business Days prior to each day when any payment or payments are to be made in respect of one or more Approved Obligations occurring after such delivery of a Payment Demand and prior to the Assumption Effective Date, if any, (a "**Guarantee Payment Date**"), the Manager shall deliver a written statement~~, substantially in the form attached as Exhibit A.1~~< ~~*(a "**Guarantor Settlement Statement**")*~~> setting forth the Aggregate Approved Obligations Amount, if any, in respect of the Approved Obligations that are due and payable on such Guarantee Payment Date, together with a detailed description identifying such Approved Obligations and the nature and amount of payments due and payable thereunder on the Guarantee Payment Date, the aggregate outstanding amount payable by the Financing Entity under such Approved Obligations as of the date of the Guarantor Settlement Statement, and details regarding any default in performance by any party obligated thereunder> *(a "**Guarantor Settlement Statement**")*<[4].

ii. On each such Guarantee Payment Date, the Province shall deposit the Aggregate Approved Obligations Amount into the Protection Account.

iii. On each such Guarantee Payment Date, the Financing Entity and the Indenture Trustee shall ensure that the amounts on deposit in the Protection Account are applied to pay each Beneficiary to

[4] Given timing, we would appreciate if the parties did not negotiate this form now.

whom an amount is due and payable under an Approved Obligation on the Guarantee Payment Date the Approved Obligation Amount for such Beneficiary in respect of such Approved Obligation on such Guarantee Payment Date; provided that if the amount deposited pursuant to clause 2.01(a)ii is insufficient to pay all such Approved Obligation Amounts in full, the amount on deposit in the Protection Account on the Guarantee Payment Date shall be applied to pay Beneficiaries in the order of priority in which such Approved Obligations are payable under the payment provisions of the Trust Indenture applicable to the making of such payments on the Guarantee Payment Date (each, a "**Beneficiary Payee**").

iv. On any Guarantee Payment Date on which an amount is paid by the Province pursuant to clause 2.01(a)ii, the applicable payment provisions of the Trust Indenture shall, notwithstanding the express terms of such provisions set forth in the Trust Indenture, be applied and operate on the following basis:

(A) ~~(i)~~ the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available under such payment provisions on such Guarantee Payment Date shall be reduced by the amount paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on such Guarantee Payment Date;

(B) ~~(ii)~~ the Province shall be paid the ~~amount by which~~**lesser of** (x) the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available to pay the Beneficiary Payee under such payment provisions on the Guarantee Payment Date, determined without regard to subclause 2.01(a)iv(~~i~~**A**), ~~exceeds~~**and (y)** the amount paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on the Guarantee Payment Date (such payments to the Province being "**Subrogation Amounts**"); and[5]

(C) ~~(iii)~~ no Beneficiary having a right to be paid an amount in respect of an Approved Obligation that ranks equal with or subordinate to an Approved Obligation in respect of which an amount is payable to the Province under subclause 2.01(a)iv(~~ii~~**B**) shall

[5] We thought this section required tweaking to reflect the intention of the parties.

be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under such subclause (including any right or reimbursement, contribution or indemnity) and no such Beneficiary shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of such amounts.

v. On any Guarantee Payment Date, the Indenture Trustee shall release and pay to the Province free and clear of any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay Beneficiary Payees on the Guarantee Payment Date in accordance with clause 2.01(a)iii.

vi. In preparing any payment instructions under the Trust Indenture, the Manager shall reflect the amounts payable for the Guarantee Payment Date under Section 2.01(a).

(b) The Province shall, as a payee of Subrogation Amounts and any amounts payable under clause 2.01(a)~~v~~**(iv)(B)**, be a "Specified Creditor" under the Trust Indenture and have the benefit of the Collateral thereunder.

(c) For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the Approved Obligation Amounts, if any, for payment to Beneficiary Payees and will be subject to the priorities and to the Province's rights to Subrogation Amounts, set forth in Section 2.01(a).

(d) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(e) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation **by their terms**.

(f) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under **and** in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive

damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any amount due and payable to a Beneficiary Payee under the Limited Guarantee.

2.02 Intentionally Deleted.

2.03 Absence of Set-off

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 Payment into Protection Account[3] in Satisfaction

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account" for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section **[7.03]** of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Financing Entity and the Indenture Trustee shall ensure that all amounts paid by the Province into the Protection Account on a Guarantee Payment Date in respect of an Approved Obligation are applied to pay the amounts due and payable to the Beneficiaries as and to the extent provided for in Section 2.01(a). Upon a payment having been made by or on behalf of the Province into the Protection Account, the amounts so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiaries as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such Beneficiaries in respect of the applicable

[3] ~~Mechanics of Protection Account to be considered by Province after required modifications to Trust Indenture have been provided.~~

Approved Obligations, whereupon an affected Beneficiary shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid[4]. For greater certainty, the obligations arising in respect of an applicable Approved Obligation shall not be reduced by such payment as the Province shall become entitled to be paid related Subrogation Amounts and the rights contemplated under Section 2.01(a) and Section 5.01 in relation to such continuing obligations.

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer

[4] ~~A corresponding provision needs to be added to the Trust Indenture and each other Funding Obligation Agreement under which the Obligation Secured arises, so that the Beneficiaries are bound by these applications and the agreement of the Indenture Trustee under this Agreement.~~

or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations~~, or until the Province is no longer required to provide and perform the Limited Guarantee~~ in accordance with Section ~~6.03 or Section 8.02.~~**9.01.**[6]

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

[6] **We made this change to be consistent with the termination clause in section 9.01.**

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

A Primary Obligation shall constitute an Approved Obligation if **(i)** the Adherence Conditions applicable thereto have been satisfied at the time the Primary Obligation was incurred**, or (ii) the Province, in its sole discretion, agrees it is an Approved Obligation**.

4.02 Adherence Conditions[5][7]

The following shall be the Adherence Conditions applicable in relation to each **Certified** Primary Obligation~~ other than any Funding Obligation under which not more than $■ in the aggregate may become payable by the Financing Entity~~:

(a) the **Certified** Primary Obligation when incurred is an Obligation Secured under the Trust Indenture; and

(b) OPG, as FSM, delivers a certificate signed by the Chief Financial Officer and the Treasurer of OPG~~ (or their respective designees, provided that such designees are executive officers of OPG and,~~ **, or any two Executive Officers of OPG (**for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee, ~~one Business Day prior to the Financing Entity entering into or becoming bound by the related Funding Obligation Agreement~~**on or before the incurrence of a Certified Primary Obligation[8] (provided that delivery may not be more than 5 Business Days before the incurrence of the Certified Primary Obligation)**, confirming that OPG has ~~delivered to the Province a certificate signed by the Chief Financial Officer and the Treasurer of OPG~~

[5] ~~Dealers to explain how the current structure requiring satisfaction of the adherence conditions in~~[7] **We would propose that the certification in section 4.02(b) of** the Protection Agreement ~~is more onerous than ordinary adherence conditions applicable to government guaranteed bonds and to estimate the quantum impact on the marketability of the transaction and explain what uncertainty an ordinary closing condition of this type poses for investors~~**track the requirements of section 3.01 of the Process Agreement to ensure that the two sections are consistent. Accordingly, we have revised section 4.02(b) of the Protection Agreement to state the certificate delivered to the Indenture Trustee under this section should confirm that all certifications to the Province required in connection with the incurrence of such Certified Primary Obligations have been delivered to the Province**.

[8] **We tried to address all parties concerns expressed at our last meeting by this language. The Province can be assured that no certificate earlier than 5 Business Days prior to incurring the Certified Primary Obligation is delivered and the dealers have comfort that the clause is not too prescriptive.**

~~(or their respective designees, provided that such designees are executive officers of OPG and, for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) confirming that OPG has complied with all of its obligations to~~**provided to the Province all certifications required by** the Province~~ and internal requirements and processes~~ in connection with the ~~adherence of the Limited Guarantee to the~~**incurrence of such Certified** Primary Obligation; and

(c) in respect of a **Certified** Primary Obligation other than a Refinancing~~ of a Primary Obligation in respect of which the Adherence Conditions had been satisfied~~, the Province has not provided **a** Suspension Notice to the Indenture Trustee, OPG and the Financing Entity.

For greater certainty, **(y)** satisfaction of the Adherence Conditions for a ~~Funding~~**Certified Primary** Obligation shall be deemed satisfaction of the Adherence Conditions in respect of all principal, interest and other amounts owing under the ~~Funding~~**Certified Primary** Obligation, as such ~~Funding~~**Certified Primary** Obligation may be amended, restated, supplemented or otherwise modified from time to time**, and (z) there shall be no Adherence Conditions applicable in relation to a Primary Obligation that is not a Certified Primary Obligation**.

4.03 Evidence of Satisfaction

A closing certificate delivered in accordance with Section 4.02(b)~~(x)~~ in connection with an incurrence of a **Certified** Primary Obligation shall be determinative as to whether the applicable Adherence Conditions with respect thereto have been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same. **A closing certificate that purports on its face to be signed by officers specified in Section 4.02(b) may be relied upon by any addressee without further enquiry or evidence as to the incumbency or signatures of such officers. If a closing certificate is not delivered in accordance with the timing requirements of Section 4.02(b), such certificate may be delivered at a later date, and be effective as if it had been delivered in accordance with the timing requirement of Section 4.02(b), if at the time such certificate was required to be delivered OPG had delivered to the Province all certifications required by the Province in connection with the incurrence of a Certified Primary Obligation.**[9]

[9] **This additional language was added to address the concerns of the dealers and Oslers discussed at our last meeting.**

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, including (i) the right and entitlement to be paid and receive the related Subrogation Amounts, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including **[Sections 7.04 through 7.11> *and 8.13 (Payment Priorities),* <Section ~~7.11~~7.12 (Payments Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), ~~Sections 7.04~~< ~~*and 8.13 (Payment Priorities),*~~ >Section 8.14 (Limited Recourse), Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition)~~ thereof]~~ ~~and (ii~~]; (ii) consents, requests and authorizes the**

Issuer and the Indenture Trustee to (x) add the Province to the register of Specified Creditors described in subsection [13.13(b)] of the Trust Indenture and (y) disseminate the notice details of the Province to other Specified Creditors for the purposes set out in subsection [9.14(b)] of the Trust Indenture, and (iii) confirms that the Indenture Trustee shall send notices to the Province, in its capacity as a Specified Creditor, in accordance with Section 9.02.[6][10]

5.02 Priorities

For greater certainty, the rights, interests and entitlements of the Province as an assignee ~~and~~**or** subrogee**, as applicable,** of and with respect to an Approved Obligation shall rank equally with the rights, interests and entitlements of a Beneficiary to whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture in the manner and to the extent contemplated in Section 2.01.

5.03 Intentionally Deleted

5.04 Representations and Warranties

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
NOTICE OF ASSUMPTION OF CERTAIN OBLIGATIONS SECURED[11]

6.01 Delivery of Assumption Notice

Following the occurrence of a Protection Event, the Province may (but shall not be obligated to) provide notice (in the form of Exhibit B) to the Indenture Trustee that the Province has elected to assume the Financing Entity's obligations in respect of all Obligations Secured~~, as~~

[6] ~~Section to be updated~~[10] **These changes were made** to conform ~~with section in~~**to the latest draft of** the Trust Indenture ~~once settled~~**, a copy of which will be circulated soon**.

[11] **Please see Torys' cover email to explain changes made in this Article and the related Article in the Process Agreement. Section 6.05 was deleted since it was not applicable in a context where only some of the Obligations Secured would be assumed.**

~~obligor and debtor~~ **permitted to be assumed by their terms** (the "**Assumption Notice**"). The Assumption Notice shall specify the date on which the assignment and assumption of ~~the~~**such** Obligations Secured will be effective (~~the~~**each such date being an** "**Assumption Closing Date**").[12]

6.02 Cooperation to Implement the Assignment and Assumption

The Indenture Trustee, the FSM, the Financing Entity and the Province will cooperate and use best efforts to complete the assignment and assumption of the Obligations Secured **referenced in Section 6.01** by and from the Financing Entity to and by the Province~~,~~ by the **applicable** Assumption Closing Date.[7]

6.03 Effect of Assignment and Assumption

On the date that the assignment and assumption of the Obligations Secured **referenced in Section 6.01** by and from the Financing Entity to and by the Province becomes effective (the "**Assumption Effective Date**"), the Province shall no longer be required to provide and perform the Limited Guarantee but will instead become a primary obligor under ~~the~~**such** Obligations Secured assumed pursuant to and in accordance with an applicable Assumption Agreement. For greater certainty, the obligations of the Province so assumed will not be secured obligations of the Province and the obligees thereof will have no right, interest or claim to or in respect of the Collateral or any proceeds therefrom. ~~**[NTD: the forms of assumption agreement(s) need to be settled before this agreement is finalized.]**~~

6.04 Interim Period

Until the effective time of the assignment and assumption of the Obligations Secured **referenced in Section 6.01** by and from the Financing Entity to and by the Province on the Assumption Effective Date, the Province shall continue to perform and be obligated under the Limited Guarantee **with respect to those Obligations Secured**.

~~6.05 Rights in respect of the Assets Comprising the Collateral~~

~~Upon assuming the Financing Entity's obligations in respect of all Obligations Secured under Article VI, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the Financing Entity's rights and interests under and in respect of the assets, property and undertaking comprising the Collateral and all proceeds therefrom, free and clear of any liens, encumbrances or restrictions arising under or as a result of the Trust Indenture. The Province shall have and be entitled to enforce all such rights and interests as an absolute assignee of the Financing Entity, with effect from and after the time of such assumption, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing to the~~

[12] **It is not realistic to think that the assumptions of Secured Obligations will all occur on one day. We think it has to happen on a contract by contract basis. As a Secured Obligation is assumed, the Limited Guarantee falls away with respect to it (it becomes a "zero" item in the waterfalls).**

~~[7] Further details regarding obtaining of third party consents and rating agency approvals to be provided by OPG.~~

~~Financing Entity and unaffected by any other rights, interests or equities that arise thereafter in respect of the assets, property and undertaking comprising the Collateral as between the Beneficiaries and the Financing Entity. The Indenture Trustee and the Beneficiaries shall thereupon recognize the Province as the absolute owner of the assets, property and undertaking comprising the Collateral.~~

ARTICLE VII
INDENTURE TRUSTEE MATTERS

7.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

7.02 Not Responsible for Recitals ~~or Issuance of Notes~~

The recitals contained herein will be taken as the statements of the Province, the Financing Entity and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

7.03 Representations and Covenants of the Indenture Trustee[13]

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada; **and**

~~(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Agreement and has taken all necessary action to authorize the execution, delivery and performance by it of this Agreement and other documents to which it is a party;~~

~~(c) each of this Agreement and the other documents to which it is a party has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and~~

[13] **The Indenture Trustee asked us to delete these representations. They will not provide these types of representations without attaining a legal opinion from outside counsel. To avoid delay, we would ask that the parties agree to this deletion.**

(b) ~~(d)~~ the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada.

ARTICLE VIII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

8.01 Suspension Notice

Upon:

(a) **a Program Breach; or**

(b) **a default in the performance, or breach, of any covenants or representations of the FSM to the Province in connection with an incurrence or amendment of Primary Obligations, which continues for thirty (30) days after written notice by the Province to the FSM of such default or breach; or**

(c) **the FSM no longer being the Manager or actions having been taken by or on behalf of the Indenture Trustee to remove the FSM as the Manager,**

~~The~~**the** Province may~~, at any time and for any reason,~~ declare that the Limited Guarantee under this Agreement shall not apply to any ~~Obligation Secured~~**Primary Obligations** incurred[14] on or after such declaration, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied, by delivering a written notice in the form of Exhibit C (a "**Suspension Notice**") to the Province to the Indenture Trustee, the FSM and the Financing Entity.[15]

8.02 Suspension

If a Suspension Notice has been provided under Section 8.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of any **Primary** Obligation ~~Secured~~ incurred~~ or amended~~[16] on or after the time such Suspension Notice is delivered, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied. For greater certainty, the rights of the Province under Article VI shall apply in respect of ~~all~~**the** Obligations Secured **referenced in Section 6.01**, including if incurred ~~or amended~~ on or after the time such Suspension Notice is delivered.

[14] **We will need the ability to amend the Primary Obligations after a Suspension Notice to deal with the Suspension Notice itself.**

[15] **OPG has confirmed that it is problematic from an accounting perspective to give the Province a broad right to suspend at any time. As discussed in the meeting, we therefore reintroduced the concept of the Program Breach and Breach Event but we made the breach event generic to ensure we do not have to reference the Process Agreement in this document.**

[16] **We will need the ability to amend the Primary Obligations after a Suspension Notice to deal with the Suspension Notice itself.**

~~**8.03** **Termination Notice**On (a) the occurrence of a Suspension Event or (b) the Assumption Effective Date, the Province may provide to the Indenture Trustee, the FSM and the Financing Entity a notice in the form of Exhibit D (a "**Termination Notice**").~~[17]

8.03 ~~8.04~~ No Impact on Adherence

For greater certainty, the occurrence of Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event or in respect of any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied, nor will it in any way impact the Obligations Secured which are assumed by the Province in accordance with ~~Article~~**ARTICLE** VI.

ARTICLE IX
MISCELLANEOUS

9.01 Term of Agreement

This Agreement will continue until the ~~later of:(a)~~ ~~the~~ date that no amount is or may become due and payable by the Province under the Limited Guarantee~~; and(b) the date that a Termination Notice delivered in accordance with Section 8.03 is received by the Indenture Trustee, the FSM and the Financing Entity~~.

9.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust

[17] **We have deleted the concept of the termination notice since it no longer serves a purpose and is potentially confusing to the reader.**

700 University Avenue

Toronto, Ontario M5G 1X6
Attention: ~~[■]~~**General Counsel**
Fax: (416) ~~[■]~~
~~Email: [■]~~**592-4189**

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: ~~[■]~~**Manager, Corporate Trust**
Fax: (416) ~~[■]~~**981-9777**
Email: ~~[■]~~**corporatetrust.toronto@computershare.com**

~~[■]~~

(b) if to the FSM:

Ontario Power Generation Inc.

700 University Avenue

Toronto, Ontario M5G 1X6

Attention: ~~[■]~~**General Counsel**
Fax: (416) ~~[■]~~**592-4189**

~~Email: [■]~~

(c) if to the Province:

Ministry of Finance

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 9.02.

9.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section 9.03 shall be null and void.

9.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

9.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

9.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

9.07 Intentionally Deleted

9.08 Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their benefits hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

9.09 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, IN ITS CAPACITY AS TRUSTEE OF FAIR HYDRO TRUST, AS ISSUER, ~~[~~BY ONTARIO POWER GENERATION INC., NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS MANAGER~~]~~[8]

By: _____
Name:
Title:
By: _____
Name:
Title:

[8] ~~To be discussed.~~

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Action**" has the meaning ascribed thereto under the Trust Indenture.

"**Adherence Conditions**", **means,** in respect of ~~a~~**the Certified** Primary ~~Obligation, means~~**Obligations,** the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of a Guarantee Payment Date, the aggregate of the Approved Obligation Amounts for such Guarantee Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, for a Beneficiary in respect of an Approved Obligation under which an amount is due and payable on a Guarantee Payment Date:

(a) if no Acceleration has occurred in respect of any Obligation Secured on or before the Guarantee Payment Date, the amount due and payable to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation (for greater certainty, determined on the assumption that there are adequate amounts available under the applicable payment provisions of the Trust Indenture to pay in full all amounts referred to in such payment provisions that are due and payable on the Guarantee Payment Date); and

(b) if an Acceleration has occurred in respect of any Obligations Secured on or before the Guarantee Payment Date, the amount that would be available to be paid to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation under the applicable payment provisions of the Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with such applicable payment provisions of the Trust Indenture in respect of each relevant month ~~[~~during each Reference Period~~ from and after May, 2021]~~[9] is equal to the ~~[~~estimated ~~finance amount~~**Finance Amount** determined in respect of such Reference Period ~~pursuant to~~**for purposes of** section ~~•~~**15(1)** of the ~~General Regulation (as set forth~~**Act (in effect** on

[9] ~~What about earlier periods? Are the earlier periods covered at all, or is the intention that they would be determined without regard to the acceleration mechanics of the Regulation?~~

the date hereof)]~~[10~~ divided by the number of months in such Reference Period.

"**Assumption Agreement**" means the agreement among the Province, the Indenture Trustee, the Financing Entity and any other person that is party to the ~~Funding Obligation~~**applicable Supplemental Indenture or Loan** Agreement affected by the assignment and assumption contemplated under Article VI, which agreement shall be in substantially the form of ~~the form of~~ assumption agreement set forth in ~~Exhibit E.~~<~~*"**Assumption Closing Date**" has the meaning ascribed thereto in Section* ~~><~~*6.01*>**the applicable Supplemental Indenture or Loan Agreement**.

"**Assumption Effective Date**" has the meaning ascribed thereto in Section 6.03.

>*"**Assumption Closing Date**" has the meaning ascribed thereto in Section* <>*6.01*<**.**

"**Assumption Notice**" has the meaning ascribed thereto in Section ~~6.01."**Available Collections**" has the meaning ascribed thereto in the Trust Indenture~~**6.01**.

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Beneficiary Payee**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"Certified Primary Obligations" means Primary Obligations that are payment obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest or to repay payment obligations that were incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest,[18] (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not each individual trade confirmation, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and aggregate payments by the Financing Entity thereunder during the term of such contract is in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).[19]

~~[10] This needs to tie into the "estimated finance amount" determined under the General Regulation applicable during the Reference Period.~~

[18] Query: For a warehouse facility, does the Province want a Certificate for each monthly draw?

[19] This concept reflects what Primary Obligations the parties agreed to be subject to the adherence conditions.

"**Change of Law Protection Agreement**" means this Agreement.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Eligible Deposit Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Eligible Institution**" has the meaning ascribed thereto in the Trust Indenture.

"Executive Officer" has the meaning ascribed thereto in the *Securities Act* (Ontario).

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" ~~means, at any time, the Person who is, in accordance with~~**has the meaning ascribed thereto in the first paragraph of this Agreement until a successor Financing Entity Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and** the Declaration of Trust, ~~the trustee of the~~ **and thereafter "**Financing Entity ~~at~~**Trustee" means and includes** such ~~time.~~**Person.**[20]

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

>*"**General Regulation**" means O. Reg. 206/17 made under the Act.*<

"**Guarantee Payment Date**" has the meaning ascribed thereto in Section 2.01(a).

[20] **We are merely conforming this definition to the definition of Indenture Trustee.**

"**Guarantor Settlement Statement**" has the meaning ascribed thereto in Section 2.01(a).

<~~"***General Regulation***" *means O. Reg. 206/17 made under the Act.*~~>

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Issuer Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Legislature**" means the Legislature of the Province of Ontario.

"Lien" has the meaning ascribed thereto in the Trust Indenture.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(a).

"Loan Agreement" has the meaning ascribed thereto in the Trust Indenture.

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity, as amended, supplemented, restated or otherwise modified from time to time.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"Master Agreement" means an agreement in the form of a 1992 ISDA Master Agreement (Multi-Currency – Cross Border) as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, as amended, supplemented, restated or otherwise modified from time to time.

~~"**Note**" or "**Notes**" has the meaning ascribed thereto under the Trust Indenture.~~

[21]

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

~~"**Paying Agent**" has the meaning ascribed thereto in the Trust Indenture.~~

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account~~,~~ **or** Finance Reserve Account~~, or Supplemental Reserve Account~~; **and** (ii) any ~~amounts that would be remaining amounts of Available Collections required by the to be held~~ <~~*in the Collection Account*~~> ~~for distribution on a succeeding Payment Date~~<~~ *pursuant to the Trust Indenture*~~>~~; and (iii) any obligation to pay the Trust~~**obligation to pay the Financing Entity** or on the ~~Trust~~**Financing Entity**'s direction any remaining amounts ~~of Available Collections.~~>*in the Collection Account*<> *pursuant to the Trust Indenture*<.[22]

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, ~~early amortization event,~~ termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.[23]

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

[21] **The definition of Notes is not used in the Agreement.**

[22] **These changes were made to conform to the most current version of the Trust Indenture, a copy of which will be circulated soon. Additionally, money in the Collection Account is required to flow through the water fall and is not required to be held in the Collection Account otherwise.**

[23] **We deleted early amortization events because that is no longer a concept used in the Trust Indenture.**

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the ~~[~~Crown~~]~~, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that materially and adversely affects (a) the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured, or (b) this Agreement or any of the agreements under which Obligations Secured arise; or

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that materially and adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Obligations Secured that have become due and payable.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture.

"~~**Refinancing**" has the meaning ascribed to the term "refinancing" in the Act as of the date hereof, as more particularly described and given meaning in in the General Regulation as of the date hereof."~~~~**Repayment**~~**Reference Period**" has the meaning ascribed thereto in the ~~General Regulation~~**Act**.

"Refinancing" means the incurrence of debt where at the time of issuance the use of the proceeds thereof are identified by the Issuer as to be used to repay an existing Approved Obligation.[24]

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Subrogation Amounts**" has the meaning ascribed thereto in subclause 2.01(a)iv(ii).

"Supplemental Indenture" has the meaning ascribed in the Trust Indenture.

"**Supplemental Reserve Account**" has the meaning ascribed in the Trust Indenture.

"**Suspension Event**" has the meaning ascribed thereto in Section 8.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 8.01.

~~"**Termination Notice**" has the meaning ascribed thereto in Section 8.03.~~

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

[24] **Refinancings can occur up to six months prior to the application of the refinancing proceeds to the existing obligation. The regulations provide that if the refinancing proceeds are not applied to repay the intended funding obligation, then it is not a Refinancing. Accordingly, we have revised the definition to ensure that Refinancings do not have to be simultaneous with repayment of the existing Approved Obligation (we understand from the dealers that in most circumstances they will not be).**

EXHIBIT A
FORM OF PAYMENT DEMAND

TO: **Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "Province")**

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "Financing Entity"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "Change of Law Protection Agreement"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Pursuant to section 2.01(a) of the Change of the Law Protection Agreement, the Indenture Trustee hereby demands payment from the Province in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in the Change of Law Protection Agreement.

DATED as of the [■] day of [■], [■].

BNY TRUST COMPANY OF CANADA

By:
Name:
Title:

By:
Name:
Title:

~~EXHIBIT A.1~~
~~FORM OF GUARANTOR SETTLEMENT STATEMENT~~

EXHIBIT B
ASSUMPTION NOTICE

[NTD: Blakes to provide draft]

EXHIBIT C
SUSPENSION NOTICE

~~EXHIBIT D~~
~~TERMINATION NOTICE~~

~~EXHIBIT E~~

~~FORM OF ASSUMPTION AGREEMENT~~

[NTD: Blakes to provide draft]

Document comparison by Workshare Compare on November-24-17 1:52:11 PM

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Document 2 ID	interwovenSite://INVENTORYS1/TorysAtWork/24533583/2
Description	#24533583v2<TorysAtWork> - CLPA - Protection Agreement
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Split/Merged cell	
Padding cell	

Statistics:	
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Insertions	180
Deletions	148
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Moved to	7
Style change	0
Format changed	0
Total changes	342

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE[1]

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST[2]

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

[1] This Agreement and the Process Agreement will need to be effective on closing but signed and held in escrow as soon as they are settled and prior to pricing of the term deal.

[2] Please advise if there are any further issues with the Manager signing the Protection Agreement on behalf of the Trust? If so, can you please explain the issue. The Manager is currently signing all Program Agreements on behalf of the Trust and has authority to do so. We would like the Manager to sign this Agreement on behalf of the Trust.

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust under the laws of the Province of Ontario (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council dated as of ■ (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust[3] dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Primary Obligations that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred. This Agreement sets out the terms and conditions of such protections and assurances.

[3] We are comfortable on this point because OPG has retained Computershare as issuer trustee. The recitals of the Declaration of Trust provide that Computershare has established the Trust at the request of the FSM. We can also provide you with a copy of the Computershare engagement letter upon request.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder"

and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 Proof of Approved Obligations

The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Indenture Trustee deems to be sufficient.

Any statement of account prepared by the Indenture Trustee as regards the Primary Obligations shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and the Province hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Indenture Trustee agrees to provide the Province with the computations and calculations used by the Indenture Trustee to prepare each such statement of account promptly following a request therefor.

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture as of the date of this Agreement.

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 2.01 or Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a

related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee, the Financing Entity, the Financing Entity Trustee, the Manager or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee may deliver a written demand, substantially in the form attached as Exhibit A (a "**Payment Demand**"), to the Province requiring the Province to make payments in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in this Agreement. From and after such delivery of a Payment Demand, the Province shall make the following payments in respect of the Approved Obligations (the "**Limited Guarantee**"), and the Financing Entity shall pay, and the Province shall be entitled to be paid, the Subrogation Amounts specified below, on the specified Guarantee Payment Date:

i. Not less than 3 Business Days prior to each day when any payment or payments are to be made in respect of one or more Approved Obligations occurring after such delivery of a Payment Demand and prior to the Assumption Effective Date, if any, (a "**Guarantee Payment Date**"), the Manager shall deliver a written statement setting forth the Aggregate Approved Obligations Amount, if any, in respect of the Approved Obligations that are due and payable on such Guarantee Payment Date, together with a detailed description identifying such Approved Obligations and the nature and amount of payments due and payable thereunder on the Guarantee Payment Date, the aggregate outstanding amount payable by the Financing Entity under such Approved Obligations as of the date of the Guarantor Settlement Statement, and details regarding any default in performance by any party obligated thereunder (a "**Guarantor Settlement Statement**")[4].

ii. On each such Guarantee Payment Date, the Province shall deposit the Aggregate Approved Obligations Amount into the Protection Account.

iii. On each such Guarantee Payment Date, the Financing Entity and the Indenture Trustee shall ensure that the amounts on deposit in the Protection Account are applied to pay each Beneficiary to whom an amount is due and payable under an Approved Obligation on the Guarantee Payment Date the Approved Obligation Amount for such Beneficiary in respect of such Approved Obligation on such Guarantee Payment Date; provided that if the amount deposited pursuant to clause 2.01(a)ii is insufficient to pay all such Approved Obligation Amounts in full, the amount on deposit in the Protection Account on the Guarantee Payment Date shall be applied to pay Beneficiaries in the order of priority in which such Approved Obligations are payable under the payment

[4] Given timing, we would appreciate if the parties did not negotiate this form now.

provisions of the Trust Indenture applicable to the making of such payments on the Guarantee Payment Date (each, a "**Beneficiary Payee**").

iv. On any Guarantee Payment Date on which an amount is paid by the Province pursuant to clause 2.01(a)ii, the applicable payment provisions of the Trust Indenture shall, notwithstanding the express terms of such provisions set forth in the Trust Indenture, be applied and operate on the following basis:

(A) the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available under such payment provisions on such Guarantee Payment Date shall be reduced by the amount paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on such Guarantee Payment Date;

(B) the Province shall be paid the lesser of (x) the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available to pay the Beneficiary Payee under such payment provisions on the Guarantee Payment Date, determined without regard to subclause 2.01(a)iv(A), and (y) the amount paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on the Guarantee Payment Date (such payments to the Province being "**Subrogation Amounts**"); and[5]

(C) no Beneficiary having a right to be paid an amount in respect of an Approved Obligation that ranks equal with or subordinate to an Approved Obligation in respect of which an amount is payable to the Province under subclause 2.01(a)iv(B) shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under such subclause (including any right or reimbursement, contribution or indemnity) and no such Beneficiary shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of such amounts.

v. On any Guarantee Payment Date, the Indenture Trustee shall release and pay to the Province free and clear of any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay

[5] We thought this section required tweaking to reflect the intention of the parties.

Beneficiary Payees on the Guarantee Payment Date in accordance with clause 2.01(a)iii.

vi. In preparing any payment instructions under the Trust Indenture, the Manager shall reflect the amounts payable for the Guarantee Payment Date under Section 2.01(a).

(b) The Province shall, as a payee of Subrogation Amounts and any amounts payable under clause 2.01(a)(iv)(B)**,** be a "Specified Creditor" under the Trust Indenture and have the benefit of the Collateral thereunder.

(c) For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the Approved Obligation Amounts, if any, for payment to Beneficiary Payees and will be subject to the priorities and to the Province's rights to Subrogation Amounts, set forth in Section 2.01(a).

(d) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(e) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation by their terms.

(f) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under and in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any amount due and payable to a Beneficiary Payee under the Limited Guarantee.

2.02 Intentionally Deleted.

2.03 <u>Absence of Set-off</u>

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 Payment into Protection Account in Satisfaction

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account" for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section **[7.03]** of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Financing Entity and the Indenture Trustee shall ensure that all amounts paid by the Province into the Protection Account on a Guarantee Payment Date in respect of an Approved Obligation are applied to pay the amounts due and payable to the Beneficiaries as and to the extent provided for in Section 2.01(a). Upon a payment having been made by or on behalf of the Province into the Protection Account, the amounts so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiaries as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such Beneficiaries in respect of the applicable Approved Obligations, whereupon an affected Beneficiary shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid. For greater certainty, the obligations arising in respect of an applicable Approved Obligation shall not be reduced by such payment as the Province shall become entitled to be paid related Subrogation Amounts and the rights contemplated under Section 2.01(a) and Section 5.01 in relation to such continuing obligations.

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations in accordance with Section 9.01.[6]

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements and this Agreement, to:

[6] We made this change to be consistent with the termination clause in section 9.01.

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

A Primary Obligation shall constitute an Approved Obligation if (i) the Adherence Conditions applicable thereto have been satisfied at the time the Primary Obligation was incurred, or (ii) the Province, in its sole discretion, agrees it is an Approved Obligation.

4.02 Adherence Conditions[7]

The following shall be the Adherence Conditions applicable in relation to each Certified Primary Obligation:

(a) the Certified Primary Obligation when incurred is an Obligation Secured under the Trust Indenture; and

(b) OPG, as FSM, delivers a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee, on or before the incurrence of a Certified Primary Obligation[8] (provided that delivery may not be more than 5 Business Days before the incurrence of the Certified Primary Obligation), confirming that OPG has provided to the Province all certifications required by the Province in connection with the incurrence of such Certified Primary Obligation; and

(c) in respect of a Certified Primary Obligation other than a Refinancing, the Province has not provided a Suspension Notice to the Indenture Trustee, OPG and the Financing Entity.

For greater certainty, (y) satisfaction of the Adherence Conditions for a Certified Primary Obligation shall be deemed satisfaction of the Adherence Conditions in respect of all principal, interest and other amounts owing under the Certified Primary Obligation, as such Certified Primary Obligation may be amended, restated, supplemented or otherwise modified from time to time, and (z) there shall be no Adherence Conditions applicable in relation to a Primary Obligation that is not a Certified Primary Obligation.

4.03 Evidence of Satisfaction

A closing certificate delivered in accordance with Section 4.02(b) in connection with an incurrence of a Certified Primary Obligation shall be determinative as to whether the applicable Adherence Conditions with respect thereto have been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same. A closing certificate that purports on its face to be signed by officers specified in Section 4.02(b) may be relied upon by any addressee without further enquiry or evidence as to the incumbency

[7] We would propose that the certification in section 4.02(b) of the Protection Agreement track the requirements of section 3.01 of the Process Agreement to ensure that the two sections are consistent. Accordingly, we have revised section 4.02(b) of the Protection Agreement to state the certificate delivered to the Indenture Trustee under this section should confirm that all certifications to the Province required in connection with the incurrence of such Certified Primary Obligations have been delivered to the Province.

[8] We tried to address all parties concerns expressed at our last meeting by this language. The Province can be assured that no certificate earlier than 5 Business Days prior to incurring the Certified Primary Obligation is delivered and the dealers have comfort that the clause is not too prescriptive.

or signatures of such officers. If a closing certificate is not delivered in accordance with the timing requirements of Section 4.02(b), such certificate may be delivered at a later date, and be effective as if it had been delivered in accordance with the timing requirement of Section 4.02(b), if at the time such certificate was required to be delivered OPG had delivered to the Province all certifications required by the Province in connection with the incurrence of a Certified Primary Obligation.[9]

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, including (i) the right and entitlement to be paid and receive the related Subrogation Amounts, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including **[Sections 7.04 through 7.11 and 8.13 (Payment Priorities),**

[9] This additional language was added to address the concerns of the dealers and Oslers discussed at our last meeting.

Section 7.12 (Payments Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Section 8.14 (Limited Recourse), Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition)]; (ii) consents, requests and authorizes the Issuer and the Indenture Trustee to (x) add the Province to the register of Specified Creditors described in subsection **[13.13(b)]** of the Trust Indenture and (y) disseminate the notice details of the Province to other Specified Creditors for the purposes set out in subsection **[9.14(b)]** of the Trust Indenture, and (iii) confirms that the Indenture Trustee shall send notices to the Province, in its capacity as a Specified Creditor, in accordance with Section 9.02.[10]

5.02 <u>Priorities</u>

For greater certainty, the rights, interests and entitlements of the Province as an assignee or subrogee, as applicable, of and with respect to an Approved Obligation shall rank equally with the rights, interests and entitlements of a Beneficiary to whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture in the manner and to the extent contemplated in Section 2.01.

5.03 Intentionally Deleted

5.04 <u>Representations and Warranties</u>

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

[10] These changes were made to conform to the latest draft of the Trust Indenture, a copy of which will be circulated soon.

ARTICLE VI
NOTICE OF ASSUMPTION OF CERTAIN OBLIGATIONS SECURED[11]

6.01 Delivery of Assumption Notice

Following the occurrence of a Protection Event, the Province may (but shall not be obligated to) provide notice (in the form of Exhibit B) to the Indenture Trustee that the Province has elected to assume the Financing Entity's obligations in respect of all Obligations Secured permitted to be assumed by their terms (the "**Assumption Notice**"). The Assumption Notice shall specify the date on which the assignment and assumption of such Obligations Secured will be effective (each such date being an "**Assumption Closing Date**").[12]

6.02 Cooperation to Implement the Assignment and Assumption

The Indenture Trustee, the FSM, the Financing Entity and the Province will cooperate and use best efforts to complete the assignment and assumption of the Obligations Secured referenced in Section 6.01 by and from the Financing Entity to and by the Province by the applicable Assumption Closing Date.

6.03 Effect of Assignment and Assumption

On the date that the assignment and assumption of the Obligations Secured referenced in Section 6.01 by and from the Financing Entity to and by the Province becomes effective (the "**Assumption Effective Date**"), the Province shall no longer be required to provide and perform the Limited Guarantee but will instead become a primary obligor under such Obligations Secured assumed pursuant to and in accordance with an applicable Assumption Agreement. For greater certainty, the obligations of the Province so assumed will not be secured obligations of the Province and the obligees thereof will have no right, interest or claim to or in respect of the Collateral or any proceeds therefrom.

6.04 Interim Period

Until the effective time of the assignment and assumption of the Obligations Secured referenced in Section 6.01 by and from the Financing Entity to and by the Province on the Assumption Effective Date, the Province shall continue to perform and be obligated under the Limited Guarantee with respect to those Obligations Secured.

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[11] Please see Torys' cover email to explain changes made in this Article and the related Article in the Process Agreement. Section 6.05 was deleted since it was not applicable in a context where only some of the Obligations Secured would be assumed.

[12] It is not realistic to think that the assumptions of Secured Obligations will all occur on one day. We think it has to happen on a contract by contract basis. As a Secured Obligation is assumed, the Limited Guarantee falls away with respect to it (it becomes a "zero" item in the waterfalls).

ARTICLE VII
INDENTURE TRUSTEE MATTERS

7.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

7.02 Not Responsible for Recitals

The recitals contained herein will be taken as the statements of the Province, the Financing Entity and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

7.03 Representations and Covenants of the Indenture Trustee[13]

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada; and

(b) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada.

ARTICLE VIII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

8.01 Suspension Notice

Upon:

(a) a Program Breach; or

(b) a default in the performance, or breach, of any covenants or representations of the FSM to the Province in connection with an incurrence or amendment of Primary

[13] The Indenture Trustee asked us to delete these representations. They will not provide these types of representations without attaining a legal opinion from outside counsel. To avoid delay, we would ask that the parties agree to this deletion.

Obligations, which continues for thirty (30) days after written notice by the Province to the FSM of such default or breach; or

(c) the FSM no longer being the Manager or actions having been taken by or on behalf of the Indenture Trustee to remove the FSM as the Manager,

the Province may declare that the Limited Guarantee under this Agreement shall not apply to any Primary Obligations incurred[14] on or after such declaration, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied, by delivering a written notice in the form of Exhibit C (a "**Suspension Notice**") to the Province to the Indenture Trustee, the FSM and the Financing Entity.[15]

8.02 <u>Suspension</u>

If a Suspension Notice has been provided under Section 8.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of any Primary Obligation incurred[16] on or after the time such Suspension Notice is delivered, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied. For greater certainty, the rights of the Province under Article VI shall apply in respect of the Obligations Secured referenced in Section 6.01, including if incurred on or after the time such Suspension Notice is delivered.[17]

8.03 <u>No Impact on Adherence</u>

For greater certainty, the occurrence of Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event or in respect of any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied, nor will it in any way impact the Obligations Secured which are assumed by the Province in accordance with ARTICLE VI.

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[14] We will need the ability to amend the Primary Obligations after a Suspension Notice to deal with the Suspension Notice itself.

[15] OPG has confirmed that it is problematic from an accounting perspective to give the Province a broad right to suspend at any time. As discussed in the meeting, we therefore reintroduced the concept of the Program Breach and Breach Event but we made the breach event generic to ensure we do not have to reference the Process Agreement in this document.

[16] We will need the ability to amend the Primary Obligations after a Suspension Notice to deal with the Suspension Notice itself.

[17] We have deleted the concept of the termination notice since it no longer serves a purpose and is potentially confusing to the reader.

ARTICLE IX
MISCELLANEOUS

9.01 Term of Agreement

This Agreement will continue until the date that no amount is or may become due and payable by the Province under the Limited Guarantee.

9.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity
Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: Manager, Corporate Trust
Fax: (416) 981-9777
Email: corporatetrust.toronto@computershare.com

(b) if to the FSM:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

(c) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 9.02.

9.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section 9.03 shall be null and void.

9.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

9.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

9.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

9.07 Intentionally Deleted

9.08 Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their benefits hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

9.09 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, IN ITS CAPACITY AS TRUSTEE OF FAIR HYDRO TRUST, AS ISSUER, BY ONTARIO POWER GENERATION INC., NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Action**" has the meaning ascribed thereto under the Trust Indenture.

"**Adherence Conditions**", means, in respect of the Certified Primary Obligations, the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of a Guarantee Payment Date, the aggregate of the Approved Obligation Amounts for such Guarantee Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, for a Beneficiary in respect of an Approved Obligation under which an amount is due and payable on a Guarantee Payment Date:

(a) if no Acceleration has occurred in respect of any Obligation Secured on or before the Guarantee Payment Date, the amount due and payable to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation (for greater certainty, determined on the assumption that there are adequate amounts available under the applicable payment provisions of the Trust Indenture to pay in full all amounts referred to in such payment provisions that are due and payable on the Guarantee Payment Date); and

(b) if an Acceleration has occurred in respect of any Obligations Secured on or before the Guarantee Payment Date, the amount that would be available to be paid to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation under the applicable payment provisions of the Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with such applicable payment provisions of the Trust Indenture in respect of each relevant month during each Reference Period is equal to the estimated Finance Amount determined in respect of such Reference Period for purposes of section 15(1) of the Act (in effect on the date hereof) divided by the number of months in such Reference Period.

"**Assumption Agreement**" means the agreement among the Province, the Indenture Trustee, the Financing Entity and any other person that is party to the applicable Supplemental Indenture or Loan Agreement affected by the assignment and assumption contemplated under Article VI, which agreement shall be in substantially the form of assumption agreement set forth in the applicable Supplemental Indenture or Loan Agreement.

"**Assumption Effective Date**" has the meaning ascribed thereto in Section 6.03.

"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.01.

"**Assumption Notice**" has the meaning ascribed thereto in Section 6.01.

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Beneficiary Payee**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Certified Primary Obligations**" means Primary Obligations that are payment obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest or to repay payment obligations that were incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest,[18] (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not each individual trade confirmation, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and aggregate payments by the Financing Entity thereunder during the term of such contract is in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).[19]

"**Change of Law Protection Agreement**" means this Agreement.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of

[18] Query: For a warehouse facility, does the Province want a Certificate for each monthly draw?

[19] This concept reflects what Primary Obligations the parties agreed to be subject to the adherence conditions.

these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Eligible Deposit Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Eligible Institution**" has the meaning ascribed thereto in the Trust Indenture.

"**Executive Officer**" has the meaning ascribed thereto in the *Securities Act* (Ontario).

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the first paragraph of this Agreement until a successor Financing Entity Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and the Declaration of Trust, and thereafter "Financing Entity Trustee" means and includes such Person.[20]

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Guarantee Payment Date**" has the meaning ascribed thereto in Section 2.01(a).

"**Guarantor Settlement Statement**" has the meaning ascribed thereto in Section 2.01(a).

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

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[20] We are merely conforming this definition to the definition of Indenture Trustee.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Issuer Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Lien**" has the meaning ascribed thereto in the Trust Indenture.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(a).

"**Loan Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity, as amended, supplemented, restated or otherwise modified from time to time.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Agreement**" means an agreement in the form of a 1992 ISDA Master Agreement (Multi-Currency – Cross Border) as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, as amended, supplemented, restated or otherwise modified from time to time.

[21]

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

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[21] The definition of Notes is not used in the Agreement.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account or Finance Reserve Account; and (ii) any obligation to pay the Financing Entity or on the Financing Entity's direction any remaining amounts in the Collection Account pursuant to the Trust Indenture.[22]

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.[23]

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that materially and adversely affects (a) the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay

[22] These changes were made to conform to the most current version of the Trust Indenture, a copy of which will be circulated soon. Additionally, money in the Collection Account is required to flow through the waterfall and is not required to be held in the Collection Account otherwise.

[23] We deleted early amortization events because that is no longer a concept used in the Trust Indenture.

Obligations Secured, or (b) this Agreement or any of the agreements under which Obligations Secured arise; or

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that materially and adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Obligations Secured that have become due and payable.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture.

"**Reference Period**" has the meaning ascribed thereto in the Act.

"**Refinancing**" means the incurrence of debt where at the time of issuance the use of the proceeds thereof are identified by the Issuer as to be used to repay an existing Approved Obligation.[24]

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Subrogation Amounts**" has the meaning ascribed thereto in subclause 2.01(a)iv(ii).

"**Supplemental Indenture**" has the meaning ascribed in the Trust Indenture.

"**Supplemental Reserve Account**" has the meaning ascribed in the Trust Indenture.

"**Suspension Event**" has the meaning ascribed thereto in Section 8.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 8.01.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

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[24] Refinancings can occur up to six months prior to the application of the refinancing proceeds to the existing obligation. The regulations provide that if the refinancing proceeds are not applied to repay the intended funding obligation, then it is not a Refinancing. Accordingly, we have revised the definition to ensure that Refinancings do not have to be simultaneous with repayment of the existing Approved Obligation (we understand from the dealers that in most circumstances they will not be).

EXHIBIT A
FORM OF PAYMENT DEMAND

TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Pursuant to section 2.01(a) of the Change of the Law Protection Agreement, the Indenture Trustee hereby demands payment from the Province in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in the Change of Law Protection Agreement.

DATED as of the [■] day of [■], [■].

BNY TRUST COMPANY OF CANADA

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT B
ASSUMPTION NOTICE

[NTD: Blakes to provide draft]

EXHIBIT C
SUSPENSION NOTICE

[NTD: Blakes to provide draft]

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.

CHANGE OF LAW PROCESS AGREEMENT[1]

Dated as of [■], 2017

[1] This Agreement and the Protection Agreement will need to be effective on closing but signed and held in escrow as soon as they are settled and prior to pricing of the term deal.

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**") is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.

Pursuant to a Declaration of Trust dated as of [■], 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.[2]

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Primary Obligations that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions.

Prior to entering into this Agreement, OPG provided the Province with the proposed forms of the Transaction Documents listed on Exhibit "A", and the Province has not objected to such forms and has confirmed to OPG that such Transaction Documents constitute "Reference Documentation" for purposes of this Agreement.

Prior to entering into this Agreement, OPG, as the FSM, provided the Province with the initial Financing Plan attached hereto as Exhibit "B" (the "**Initial Financing Plan**"), and the Province has not objected to such Initial Financing Plan.

Prior to entering into this Agreement, OPG, as the FSM, provided to the Province (i) the initial forecast attached hereto as Exhibit "C" (the "**Initial Forecast**") setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the 24 month period following the date hereof (the "**Initial Forecast Period**"); and (ii) notice of the initial Protection Agreement Maximum of C$■ (the "**Initial Protection Agreement Maximum**").[3]

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[2] We are comfortable on this point because OPG has retained Computershare as issuer trustee. The recitals of the Declaration of Trust provide that Computershare has established the Trust at the request of the FSM. We can also provide you with a copy of the Computershare engagement letter upon request.

[3] Given that this Agreement would now be delivered on or immediately prior to closing, we thought it would be acceptable to reference these initial items as delivered versus as future deliverables. Please note that OPG is working

The Province has not objected to the Initial Forecast and the Initial Protection Agreement Maximum on the basis that (i) there does not appear to be inaccuracies in the Initial Financing Plan or the Initial Forecast, (ii) the Initial Forecast is consistent with the Initial Financing Plan, and (iii) the Initial Protection Agreement Maximum is less than the Initial Forecast.

This Agreement sets out the obligations OPG has agreed to perform and assurances OPG has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the Adherence Conditions have been satisfied, maintaining information related to the Program Agreements and the Approved Obligations, and ensuring that the Province's assumption rights pursuant to Article VI of the Change of Law Protection Agreement may be exercised without impediment on the terms and conditions contemplated in this Agreement and the Change of Law Protection Agreement.

All things necessary to make this Agreement a valid and legally binding agreement of OPG and the Province, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

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with the Province to deliver the initial financing plan and the initial forecast and to confirm the initial protection agreement maximum.

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 <u>References to the Financing Entity</u>

For greater certainty, each reference to the Financing Entity shall be construed as a reference to the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 <u>Effect of Headings</u>

The Article and Section headings herein and are for convenience only and will not affect the construction hereof.

1.04 <u>Successors and Assigns</u>

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.06 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF OPG

2.01 Deliveries to the Province

(a) OPG shall promptly deliver to the Province a copy of any proposed change to or replacement of the Initial Financing Plan.

(b) Not less than 10 Business Days, or such lesser period as the Province may agree to in writing, prior to (i) any proposed change or supplement to a previously provided Transaction Document becoming effective or otherwise being used, (ii) any additional or replacement Transaction Document becoming effective or otherwise being used, OPG shall deliver to the Province a copy of such proposed change or supplement to the Transaction Document and any such additional or replacement Transaction Document.

(c) Promptly following (i) any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor being made, (ii) any new, additional or replacement instruments, documents, agreements or security being used or granted in connection with all or any part of the Approved Obligations, or (iii) any waiver, release, reconveyance, termination, abandonment, subordination, exchange, substitution, transfer, compound, compromise, liquidation or enforcement of all or any part of the Approved Obligations or any security or guarantee therefor being effected, OPG shall deliver to the Province a detailed description of such event and the reasons for it together with any related documents, agreements and instruments.

(d) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, OPG shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations

(including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(e) Promptly upon request, OPG shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

2.02 <u>Covenants</u>

(a) OPG shall use commercially reasonable efforts to cause the Financing Entity to:

(i) punctually perform and observe all of the Financing Entity's obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not (unless waived by the Province):

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement or replacement or waiver or consent could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any change in particular financial terms, rates and levels;

(B) extend, renew, compromise, novate, replace, suspend, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, liquidate or enforce the terms of all or any part of the Approved Obligations or any Collateral, if any such action could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to the extent that only particular financial terms, rates and levels are affected;

(C) permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired; or

(D) allow the Financing Entity to enter into any Supplemental Indenture or Loan Agreement where any penalty or make-whole payment, or any requirement for further consent, approval or agreement, of the Specified Creditor party thereto would be required for the Province to assume the Obligations Secured thereunder.[4]

(b) OPG shall:

(i) comply, and shall use commercially reasonable efforts to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

(ii) punctually perform and observe all of its (including as the FSM and as Manager) obligations and agreements contained in the Program Agreements;

(iii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation; and

(iv) after the occurrence of any Protection Event[5], not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.

(c) For greater certainty, the parties hereto acknowledge and agree that OPG's obligations under this Agreement are subject to (i) OPG's obligations as FSM under the Act, and (ii) OPG's obligations under the Management Agreement.[6]

(d) Nothing in this Agreement nor in the Change of Law Protection Agreement[7] shall limit the obligations of the Province under the Indemnity Agreement by the

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[4] Please see our cover note regarding the proposed assumption by the Province. Lawyers to discuss if appropriate mechanics for the first two deals are possible given timing.

[5] OPG is not in a position to be aware of events that may lead to a Protection Event.

[6] We would like to ensure that there is an acknowledgement that OPG has certain obligations under the Act and the Management Agreement.

[7] This language has extra-contractual implications and so its meaning as between only 2 of the parties to the Protection Agreement is uncertain. Torys to explain intention. Torys: This provision is intended to clarify that neither the Protection Agreement nor the Process Agreement supersedes or otherwise amends the Province's obligations under the Provincial Indemnity Agreement. It is effectively an acknowledgment by the Province in

Province in favour of OPG dated June 1, 2017 (as amended, the "**Indemnity Agreement**") and to the extent of any conflict between this Agreement, the Change of Law Protection Agreement and such Indemnity Agreement, in respect of any matter relating to the Province's obligations to indemnify OPG, the Indemnity Agreement shall prevail.

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate[8]

OPG shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Province, on or before the incurrence of a Certified Primary Obligation (provided that delivery may not be more than 5 Business Days before the incurrence of the Certified Primary Obligation), setting out the following with respect to such Certified Primary Obligation:

(a) the material terms of the Certified Primary Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a Master Agreement[9], events of default, termination events and any amendment to the standard terms of the Master Agreement relating to the calculation of termination amounts (and, for greater certainty, it shall not be necessary to set out the terms of any trade confirmation);

(b) a statement to the effect that: (i) the Certified Primary Obligation to be incurred (1) will arise under terms and conditions that are Substantially in the Form of the Reference Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and

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favour of OPG and does not involve the other parties to the Protection Agreement and so we are comfortable including it here only. However, we do not have an issue with putting an equivalent clause in the Protection Agreement if that is preferable from your perspective.

[8] The Process Certificate conforms to the certificate delivered under the Change of Law Protection Agreement including the changes to ensure that the Process Certificate is only provided here when a concurrent certificate is required to be delivered by OPG under the Protection Agreement. Without this consistency, the obligations can become confusing and the intent of the parties of when Primary Obligations are subject to the adherence conditions may not be clear.

[9] Since we agreed at our meeting that OPG only needs to provide a certificate under section 4.02 of the Change of Law Protection Agreement when they enter into a Master Agreement (and not the broader concept of the Derivative Agreement), we had to revise the language here to conform to what would be expected to be found in a Master Agreement.

(4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reference Documentation;

(c) a statement confirming that any disclosure made in respect of the Certified Primary Obligation (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to the Certified Primary Obligation) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement has been made available to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made;

(d) a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and

(e) confirmation that, at the time the Certified Primary Obligation is incurred, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Certified Primary Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the then applicable Protection Agreement Maximum; for clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be determined on the date the Process Certificate is delivered hereunder in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

3.02 Acknowledgement[10]

The Province acknowledges and agrees that, concurrent with the delivery of the Process Certificate pursuant to Section 3.01 of this Agreement, the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) are authorized to deliver the certificate referred to in Subsection **[4.02(b)]** of the Change of Law Protection Agreement to the Indenture Trustee confirming that OPG has delivered all required

[10] OPG needs certainty on the conditions in which it is permitted to deliver the certificate under the Change of Law adherence conditions.

certifications to the Province in connection with the incurrence of the Certified Primary Obligations in respect of which the certificate in Subsection **[4.02(b)]** of the Change of Law Protection Agreement is being delivered; provided that, upon receipt of a Suspension Notice under the Change of Law Protection Agreement, OPG covenants not to deliver any further certificates to the Indenture Trustee under Subsection **[4.02(b)]** of the Change of Law Protection Agreement other than in connection with a Refinancing.[11]

3.03 Meaning of "Reference Documentation"

For the purposes of Subsection 3.01(b), the term "Reference Documentation" shall mean each Transaction Document (including any change, addition or supplement thereto) that, at the relevant time:

(a) is a Transaction Document provided to, and not objected to by, the Province prior to the making of this Agreement, as contemplated in the fifth recital to this Agreement; or

(b) is a Transaction Document provided to the Province in accordance with Subsection 2.01(b) that has not been objected to by the Province, by delivery of an objection notice in writing delivered to OPG, within 10 Business Days after it is provided to the Province.

3.04 Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(b), the term "Substantially in the Form" shall mean:

(a) with respect to the Reference Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such Reference Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation, including regarding the timing of or circumstances under which related payments are or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that would affect the Province's rights of subrogation or assignment (including pursuant to **[Section 5.01 or Article VI]** of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation or upon the assumption of obligations in accordance with **[Article VI]** of the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any variable terms to be set forth in the proposed documents as are reasonably contemplated in the Reference Documentation, including the particular financial terms, rates and levels set forth in the proposed documents other than to the extent that the forms of Reference Documentation

[11] Since OPG receives a Suspension Notice under the Change of Law Protection Agreement, we removed the concept of such notice here other than to provide the covenant above.

themselves specify specific requirements, limitations or parameters with respect to such financial terms, rates, levels and parameters; and

(b) with respect to the Reference Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum[12]

(a) Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Approved Obligations that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast shall be further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum, which may not exceed such Forecast.

(b) Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of any further Forecast and notice of the revised Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province may disagree with such further Forecast or revised Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or such further Forecast, (ii) the further Forecast is inconsistent with the Financing Plan, or (iii) the revised Protection Agreement Maximum is more than the further Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the revised Protection Agreement Maximum will be further revised accordingly and confirmed by an amended notice to the Province.

[12] Per an earlier footnote, the items in previous draft (a) and (b) were moved to the recitals.

(c) For clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be valued at the time to be determined for the purposes of this Section 4.01 in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of OPG

OPG represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, may cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario and has the power and authority to enter into and perform its obligations under this Agreement and all instruments and agreements delivered pursuant hereto.

(c) OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Financing Entity or in the ability of the Financing Entity to perform its obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

5.02 Representations and Warranties of the Province

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
PROCESS FOR ELECTION TO ASSUME APPROVED OBLIGATIONS[13]

6.01 Election by the Province

Pursuant to Section 6.01 of the Change of Law Protection Agreement, at any time following the occurrence of a Protection Event, the Province may (but shall not be obligated) elect to assume the Financing Entity's obligations in respect of all Obligations Secured permitted to be assumed by their terms as obligor and debtor by giving notice to the Indenture Trustee. Prior to determining whether or not to exercise its election, the Province may deliver to OPG a notice in the form of Exhibit "D" (an "**Election Information Notice**"). The Election Information Notice shall, among other things, specify the date or dates on which the Province proposes to assume the Obligations Secured referred to in this Section 6.01, which date or dates shall be no earlier than 60 days[14] following delivery of the Election Information Notice to OPG (with respect to each such Obligation Secured, the "**Proposed Assumption Date**").

6.02 Details regarding Obligations Secured

Within 10 Business Days following the delivery of the Election Information Notice to OPG, OPG shall provide the following information and documentation to the Province:

(a) a summary of the amounts that will be owing under the Obligations Secured referred to in Section 6.01 as of the Proposed Assumption Date, together with a detailed schedule setting out the dates on which such amounts will become due and payable under such Obligations Secured;

(b) a summary of the rights arising under the Obligations Secured referred to in Section 6.01 that permit the Province to assume such Obligations Secured, including details regarding any conditions precedent to such assignment and the related assumption becoming effective and any notices, filings, consents or other actions that will be required in order to implement and effect such assignment and assumption;

(c) current versions of all documentation under which the Obligations Secured referred to in Section 6.01 arise;

[13] Please see Torys' cover email to explain changes made in this Article and the related Article in the Protection Agreement. Section 6.05 was deleted and moved up as a covenant in section 2.02(a)(v)(D).

[14] This process will take time and require appropriate notice to holders of the applicable Obligations Secured.

(d) copies of all correspondence exchanged between OPG, as the FSM, or the Financing Entity, on the one hand, and any Specified Creditor, Rating Agency or the Indenture Trustee, on the other hand, in each case that may reasonably be considered to be material to the assumption and performance of the Obligations Secured referred to in Section 6.01 by the Province; and

(e) all income tax returns and assessments, financial statements and notices of proceedings of or pertaining to the Financing Entity or its business and any documentation related thereto, including any pleadings, appeals, objections, qualifications or other similar materials in respect of the Financing Entity or any Program Agreement.

6.03 Settlement of Terms

Following receipt and consideration by the Province of the information and documentation to be provided under Section 6.02, the Province shall confirm in writing whether or not it expects to proceed with the assignment and assumption of the Obligations Secured referred to in Section 6.01 and, if it will be proceeding with the assignment and assumption, the date on which the Province expects that assignment and assumption will be effected. If it will be proceeding with such assignment and assumption, the Province will deliver an Assumption Notice as contemplated under Section **[6.01]** of the Change of Law Protection Agreement. A decision not to proceed with an election at any time will not limit the Province from proceeding with an election at a later date, including by issuing a further Election Information Notice, and Article VI of this Agreement shall continue to apply unaffected.

6.04 Cooperation to Implement the Assignment and Assumption

OPG shall cooperate with the Province and, as FSM, shall use commercially reasonable efforts to cause the Financing Entity to cooperate, and shall use its commercially reasonable efforts, to complete the assignment and assumption of the Obligations Secured referred to in Section 6.01 by and from the Financing Entity to and by the Province, by the applicable Assumption Closing Date.

ARTICLE VII[15]
MISCELLANEOUS

7.01 Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

[15] Breach events not required to be listed since OPG receives a Suspension Notice under the Change of Law Protection Agreement. See also the proviso in section 3.02.

7.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to OPG:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

(b) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 7.02.

7.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 7.03 shall be null and void.

7.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

7.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

7.06 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

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

By: _____

Name:
Title:

By: _____

Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Conditions**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Approved Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Assumption Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.03.

"**Beneficiaries**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Breach Event**" means the occurrence of an event described in Section **[8.01(b) or (c)]** of the Change of Law Protection Agreement.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Certified Primary Obligations**" means Primary Obligations that are payment obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest or to repay payment obligations that were incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest,[16] (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not each individual trade confirmation, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and aggregate payments by the Financing Entity thereunder during the term of such contract is in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).[17]

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the FSM on behalf of the Financing Entity and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

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[16] Query: For a warehouse facility, does the Province want a Certificate for each monthly draw?

[17] This concept reflects what Primary Obligations the parties agreed to be subject to the adherence conditions.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

"**Election Information Notice**" has the meaning ascribed thereto in Section 6.01.

"**Executive Officer**" has the meaning ascribed thereto in the *Securities Act* (Ontario).

"**Financing Entity**" means Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(a).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other

instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Indenture Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Initial Financing Plan**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Initial Forecast**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Initial Forecast Period**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Initial Protection Agreement Maximum**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

[18]

"**Limited Guarantee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Loan Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**Management Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Manager**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Master Agreement**" means an agreement in the form of a 1992 ISDA Master Agreement (Multi-Currency – Cross Border) as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

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[18] Definition of Legislature not used here.

"**Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Proposed Assumption Date**" has the meaning ascribed thereto in Section 6.01.

"**Protection Agreement Maximum**" means the dollar amount referenced as the Program Agreement Maximum and determined in accordance with Article IV.

"**Protection Event**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture.

"**Reference Documentation**" has the meaning ascribed thereto in Section 3.03.

"**Repayment**" has the meaning ascribed to the term "repayment" in the General Regulation as of the date of this Agreement.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Substantially in the Form**" has the meaning ascribed thereto in Section 3.04.

"**Suspension Notice**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement; (vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the

Financing Entity; (ix) the form of schedule to a Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that affects the Province's subrogation rights and/or subrogee interests, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

EXHIBIT "A"
INITIAL REFERENCE DOCUMENTATION

- Declaration of Trust;
- Management Agreement;
- Master Transfer and Servicing Agreement;
- Acknowledgement and indemnity agreement dated as of [■], 2017 made by IESO in favour of the Indenture Trustee;
- Security agreement made by IESO in favour of the Financing Entity to secure certain of its obligations under the Master Transfer and Servicing Agreement;
- Trust Indenture;
- Term Senior Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;
- Term Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;
- Term Junior Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;
- Warehouse Senior Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;
- Warehouse Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;
- Warehouse Junior Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;
- Schedule to the ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time;
- Confidential shelf offering memorandum of the Financing Entity dated as of [■], 2017, including the term sheet incorporated by reference therein; and
- Agency agreement between the Financing Entity, CIBC World Markets Inc., RBC Dominion Securities Inc., Goldman Sachs Canada Inc. and the other agents named therein dated as of [■], 2017.

[NTD: List above to be confirmed.]

EXHIBIT "B"
INITIAL FINANCING PLAN

(see attached)

EXHIBIT "C"
INITIAL FORECAST

(see attached)

EXHIBIT "D"
FORM OF ELECTION INFORMATION NOTICE

[NTD: Blakes to provide draft.]

From:	Ramchandani, Rima
To:	Malle Hanslep (MOF); LEE John -TREASURY; RYFA Ken -TREASURY; "HAHN PARKER Janet -TREASURY"; MAUTI John -FIN & C CTRL; LAURETA LAPIRA May -TREASURY; Mansoori, Nina; Feldman, Michael; WONG Leslie -LAWDIV; "Sebastiano, Rocco"; Milligan, Peter; Fullerton, Rick; Gadi Mayman; Mike Manning; "ASHBOURNE, STEPHEN"; "ian.benaiah@rbccm.com"; "Khan, Nur (nur.khan@rbccm.com)"; "brent.r.taylor@rbccm.com"; "katrina.niehaus@gs.com"; "brian.delaney@gs.com"; Maciel, Andrew; Adalja, Sunil; Persad, Nicole; Persaud, Donnie - Debt Capital Markets; Tobias P. Whitfield (MOF)
Cc:	Ken Kandeepan; LADAK Lubna -TREASURY; Anna Strathy; Veinot, Cindy (TBS); Tom McKinlay (MAG); Mark Donaldson (MOF); Ramchandani, Rima
Subject:	RE: UPDATED - Fair Hydro -- Change of Law Agreements
Date:	Thursday, November 23, 2017 2:02:17 PM

Hi Malle, we would like the next circulation of both agreements to be in final form (subject to the Province's sign off), so we are working on getting the drafting right and want to make sure that what we send you reflects both Torys' and Oslers' collective view. We expect to be in a position to send you the revised drafts tomorrow (by mid-day or earlier if possible). The good news is that I think we settled all of the open business points at our last meeting so I am hopeful that the rest is just getting the drafting right. And while we need to finalize the drafts soon, I think you should have time to digest what we send across and then perhaps we can schedule a lawyers call early next week to finalize (Monday or Tuesday, whenever you are ready to discuss the revised drafts with us).
Thanks,
Rima

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com[torys.com]

TORYS LLP[torys.com]

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: November-23-17 9:28 AM
To: Ramchandani, Rima ; LEE John -TREASURY ; RYFA Ken -TREASURY ; 'HAHN PARKER Janet -TREASURY' ; MAUTI John -FIN & C CTRL ; LAURETA LAPIRA May -TREASURY ; Mansoori, Nina ; Feldman, Michael ; WONG Leslie -LAWDIV ; 'Sebastiano, Rocco' ; Milligan, Peter ; Fullerton, Rick ; Mayman, Gadi (OFA) ; Manning, Mike (OFA) ; 'ASHBOURNE, STEPHEN' ; 'ian.benaiah@rbccm.com' ; 'Khan, Nur (nur.khan@rbccm.com)' ; 'brent.r.taylor@rbccm.com' ; 'katrina.niehaus@gs.com' ; 'brian.delaney@gs.com' ; Maciel, Andrew ; Adalja, Sunil ; Persad, Nicole ; Persaud, Donnie - Debt Capital Markets ; Whitfield, Tobias P. (MOF)
Cc: Kandeepan, Ken (OFA) ; LADAK Lubna -TREASURY ; Strathy, Anna (OFA) ; Veinot, Cindy (TBS) ; McKinlay, Tom (MAG) ; Donaldson, Mark (TBS)
Subject: RE: UPDATED - Fair Hydro -- Change of Law Agreements
Further to our discussion on Tuesday evening, I understand that Torys and Oslers were going to revise the agreements to reflect the discussion. Given the timing on this, the Province would like to receive the revised drafts today so that it has time to review them.
Thank you.

Malle Hanslep
Deputy Director
Ministry of the Attorney General
Ministry of Finance Legal Services Branch
Telephone: 416-325-1457

Notice: This communication may be solicitor/client privileged and contain confidential information intended only for the person(s) to whom it is addressed. If you have received this message in error please notify the writer and permanently delete the message and all attachments. Thank you.

-----Original Appointment-----
From: bwood@torys.com [mailto:bwood@torys.com] **On Behalf Of** Ramchandani, Rima
Sent: November 21, 2017 3:43 PM
To: Ramchandani, Rima; LEE John -TREASURY; RYFA Ken -TREASURY; 'HAHN PARKER Janet -TREASURY'; MAUTI John -FIN & C CTRL; LAURETA LAPIRA May -TREASURY; Mansoori, Nina; Feldman, Michael; WONG Leslie -LAWDIV; 'Sebastiano, Rocco'; Milligan, Peter; Fullerton, Rick; Mayman, Gadi (OFA); Manning, Mike (OFA); Hanslep, Malle (MOF); 'ASHBOURNE, STEPHEN'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; Maciel, Andrew; Adalja, Sunil; Persad, Nicole; Persaud, Donnie - Debt Capital Markets; Whitfield, Tobias P. (MOF)
Cc: Kandeepan, Ken (OFA); LADAK Lubna -TREASURY; Strathy, Anna (OFA); Veinot, Cindy (TBS); McKinlay, Tom (MAG); Donaldson, Mark (TBS)
Subject: UPDATED - Fair Hydro -- Change of Law Agreements
When: November 21, 2017 5:00 PM-9:00 PM (UTC-05:00) Eastern Time (US & Canada).
Where: Torys - 79 Wellington 33rd Floor

For those unable to participate in person, here's the dial-in:
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From:	Hanslep, Malle (MOF)
To:	Ramchandani, Rima; LEE John -TREASURY; RYFA Ken -TREASURY; "HAHN PARKER Janet -TREASURY"; MAUTI John -FIN & C CTRL; LAURETA LAPIRA May -TREASURY; Mansoori, Nina; Feldman, Michael; WONG Leslie -LAWDIV; "Sebastiano, Rocco"; Milligan, Peter; Fullerton, Rick; Gadi Mayman; Mike Manning; "ASHBOURNE, STEPHEN"; "ian.benaiah@rbccm.com"; "Khan, Nur (nur.khan@rbccm.com)"; "brent.r.taylor@rbccm.com"; "katrina.niehaus@gs.com"; "brian.delaney@gs.com"; Maciel, Andrew; Adalja, Sunil; Persad, Nicole; Persaud, Donnie - Debt Capital Markets; Tobias P. Whitfield (MOF)
Cc:	Ken Kandeepan; LADAK Lubna -TREASURY; Anna Strathy; Veinot, Cindy (TBS); Tom McKinlay (MAG); Mark Donaldson (MOF)
Subject:	RE: UPDATED - Fair Hydro -- Change of Law Agreements
Date:	Thursday, November 23, 2017 9:28:01 AM

Further to our discussion on Tuesday evening, I understand that Torys and Oslers were going to revise the agreements to reflect the discussion. Given the timing on this, the Province would like to receive the revised drafts today so that it has time to review them. Thank you.

Malle Hanslep
Deputy Director
Ministry of the Attorney General
Ministry of Finance Legal Services Branch
Telephone: 416-325-1457

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-----Original Appointment-----
From: bwood@torys.com [mailto:bwood@torys.com] **On Behalf Of** Ramchandani, Rima
Sent: November 21, 2017 3:43 PM
To: Ramchandani, Rima; LEE John -TREASURY; RYFA Ken -TREASURY; 'HAHN PARKER Janet -TREASURY'; MAUTI John -FIN & C CTRL; LAURETA LAPIRA May -TREASURY; Mansoori, Nina; Feldman, Michael; WONG Leslie -LAWDIV; 'Sebastiano, Rocco'; Milligan, Peter; Fullerton, Rick; Mayman, Gadi (OFA); Manning, Mike (OFA); Hanslep, Malle (MOF); 'ASHBOURNE, STEPHEN'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; Maciel, Andrew; Adalja, Sunil; Persad, Nicole; Persaud, Donnie - Debt Capital Markets; Whitfield, Tobias P. (MOF)
Cc: Kandeepan, Ken (OFA); LADAK Lubna -TREASURY; Strathy, Anna (OFA); Veinot, Cindy (TBS); McKinlay, Tom (MAG); Donaldson, Mark (TBS)
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From:	ASHBOURNE, STEPHEN
To:	Ramchandani, Rima; LEE John -TREASURY; RYFA Ken -TREASURY; "HAHN PARKER Janet -TREASURY"; MAUTI John -FIN & C CTRL; LAURETA LAPIRA May -TREASURY; Mansoori, Nina; Feldman, Michael; WONG Leslie -LAWDIV; "Sebastiano, Rocco"; Milligan, Peter; Fullerton, Rick; Gadi Mayman; Mike Manning; Malle Hanslep (MOF); "ian.benaiah@rbccm.com"; "Khan, Nur (nur.khan@rbccm.com)"; "brent.r.taylor@rbccm.com"; "katrina.niehaus@gs.com"; "brian.delaney@gs.com"; Maciel, Andrew; Adalja, Sunil; Persad, Nicole; Persaud, Donnie - Debt Capital Markets
Cc:	Ken Kandeepan; LADAK Lubna -TREASURY; Anna Strathy; Veinot, Cindy (TBS); Tom McKinlay (MAG); Mark Donaldson (MOF); Daniel Cayley (ENERGY); Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca); Steen Hume (CAB)
Subject:	RE: UPDATED - Fair Hydro -- Change of Law Agreements
Date:	Tuesday, November 21, 2017 5:17:34 PM
Attachments:	23239360-vpdf-CLPA - Protection Agreement.PDF 23239360-v17-CLPA - Protection Agreement.DOCX 23239361-vpdf-CLPA - Process Agreement.PDF 23239361-v14-CLPA - Process Agreement.DOCX

Hi Rima. Here are my mark-ups of the agreements Torys circulated yesterday afternoon. These versions have not been reviewed by the Province, but are being circulated to this group to facilitate a discussion shortly at your office. They are/remain subject to Province input, etc. We propose to gather at your office at 5:45, if that makes sense to you. Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

-----Original Appointment-----
From: bwood@torys.com [mailto:bwood@torys.com] **On Behalf Of** Ramchandani, Rima
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Blake, Cassels & Graydon LLP

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HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST[1]

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

[1] Torys and Blakes to discuss signatory on behalf of the Trust. The Manager is currently signing all Program Agreements on behalf of the Trust and has authority to do so. We would propose to do the same on the change of law agreement.

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust under the laws of the Province of Ontario (the "**Financing Entity**")[2], Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council dated as of ■ (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust[32] dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred or amended. This Agreement sets out the terms and conditions of such protections and assurances.

[2] ~~Province needs the Trust as a party to be assured of its rights of subrogation, step-in, etc.~~

[32] Torys to confirm that Trust is a "financing entity" under OFHPA. Under definition, FSM to establish or cause to be established. DofT indicates Computershare declares trust. Need to have this confirmed for purposes of authority under OFHPA 5(3), among other things.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein",

"hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 Proof of Approved Obligations

The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Indenture Trustee deems to be sufficient.

Any statement of account prepared by the Indenture Trustee as regards the Primary Obligations shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and the Province hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Indenture Trustee agrees to provide the Province with the computations and calculations used by the Indenture Trustee to prepare each such statement of account promptly following a request therefor.

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture[4] as of the date of this Agreement.

[4] ~~With respect to the possibility of unsanctioned amendments, the OPG proposal would allow amendments to be made in favour of bondholders to permit individual bondholders to sue the Province under this agreement. This is one circumstance that demonstrates why the Province needs the right to know about and consider all underlying amendments.~~

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 2.01 or Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of ~~the Province,~~ the Indenture Trustee, the Financing Entity, the Financing Entity Trustee, the Manager or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect. ~~**[The parties will engage in good faith negotiations to replace any provision which is declared invalid or unenforceable with a valid and enforceable provision, the economic effect of which comes as close as possible to that of the invalid or unenforceable provision which it replaces.]**~~ ~~**[NTD: this is unusual. Why is it necessary in this Agreement?]**~~

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT.

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days

comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee may deliver a written demand, substantially in the form attached as Exhibit A (a "**Payment Demand**"), to the Province requiring the Province to make payments in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in this Agreement. From and after such delivery of a Payment Demand, the Province shall make the following payments in respect of the Approved Obligations (the "**Limited Guarantee**"), and the Financing Entity shall pay, and the Province shall be entitled to be paid, the Subrogation Amounts specified below, on the specified Payment Date:

i. Not less than [3] Business Days prior to each day when any payment or payments are to be made in respect of one or more Approved Obligations occurring after such delivery of a Payment Demand and prior to the Assumption Effective Date, if any, (a "**Guarantee Payment Date**")[5]~~, if any~~, the Manager shall deliver a written statement, substantially in the form attached as Exhibit A.1 (a "**Guarantor Settlement Statement**") setting forth the Aggregate Approved Obligations Amount, if any, in respect of the Approved Obligations that are due and payable on such Guarantee Payment Date, together with a detailed description identifying such Approved Obligations and the nature and amount of payments due and payable thereunder on the Guarantee Payment Date, the aggregate outstanding amount payable by the Financing Entity under such Approved Obligations as of the date of the Guarantor Settlement Statement, and details regarding any default in performance by any party obligated thereunder.

ii. On each such Guarantee Payment Date, the Province shall ~~pay~~deposit the Aggregate Approved Obligations Amount ~~to the Indenture Trustee and the Indenture Trustee shall deposit such amount to~~into the Protection Account.

[5] ~~PM: Interest Payment Dates and Principal Payment Dates are set in the supplements. While the present intention is to set them on Payment Dates, there is no guarantee that will always be the case.~~

iii. On each such Guarantee Payment Date, the Financing Entity and the Indenture Trustee shall ~~apply all~~ensure that the amounts on deposit in the Protection Account are applied to pay each Beneficiary to whom an amount is due and payable under an Approved Obligation on the Guarantee Payment Date the Approved Obligation Amount for such Beneficiary in respect of such Approved Obligation on such Guarantee Payment Date; provided that if the amount deposited pursuant to clause 2.01(a)ii is insufficient to pay all such Approved Obligation Amounts in full, the amount on deposit in the Protection Account on the Guarantee Payment Date shall be applied to pay Beneficiaries in the order of priority in which such Approved Obligations are payable under the payment provisions of the Trust Indenture applicable to the making of such payments on the Guarantee Payment Date (each, a "**Beneficiary Payee**")[6].

iv. On any Guarantee Payment Date on which an amount is paid by the Province pursuant to clause 2.01(a)ii, the applicable payment provisions of the Trust Indenture shall, notwithstanding the express terms of such provisions set forth in the Trust Indenture, be applied and operate on the following basis:

(i) the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available under such payment provisions on such Guarantee Payment Date shall be reduced by the amount paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on such Guarantee Payment Date;

(ii) the Province shall be paid the amount by which (x) the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available to pay the Beneficiary Payee under such payment provisions on the Guarantee Payment Date, determined without regard to subclause 2.01(a)iv(i), exceeds the amount paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on the Guarantee Payment Date (such payments to the Province being "**Subrogation Amounts**"); and

(iii) no Beneficiary having a right to be paid an amount in respect of an Approved Obligation that ranks equal with or subordinate to an Approved Obligation in respect of which an amount is payable to the Province under subclause 2.01(a)iv(ii) shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under such subclause (including any right or

[6] ~~For example, the effect of this is that senior notes will receive cash earmarked for sub notes based on the scheduled amounts payable for sub notes. Confirm that is the intention.~~

reimbursement, contribution or indemnity) and no such Beneficiary shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of such amounts.

v. On any Guarantee Payment Date, the Indenture Trustee shall release and pay to the Province free and clear of any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay Beneficiary Payees on the Guarantee Payment Date in accordance with clause 2.01(a)iii.

vi. In preparing any payment instructions under the Trust Indenture, the Manager shall reflect the amounts payable for the Guarantee Payment Date under Section 2.01(a).

(b) The Province shall, as a payee of Subrogation Amounts and any amounts payable under clause 2.01(a)v, be a "Specified Creditor" under the Trust Indenture and have the benefit of the Collateral thereunder.

(c) For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the Approved Obligation Amounts, if any, for payment to Beneficiary Payees and will be subject to the priorities and to the Province's rights to Subrogation Amounts, set forth in Section 2.01(a).

(d) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(e) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation.

(f) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any amount due and payable to a Beneficiary Payee under the Limited Guarantee.

2.02 Intentionally Deleted.

2.03 Absence of Set-off

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 Payment into Protection Account[7][3] in Satisfaction

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account" for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section 7.03 of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the [Financing Entity and the Indenture Trustee][8] shall applyensure that all amounts paid by the Province into the Protection Account on a Guarantee Payment Date in respect of an Approved Obligation are applied to pay the amounts due and payable to the Beneficiaries as and to the extent provided for in Section 2.01(a)[9]. Upon a payment having been made by or on behalf of the Province into the Protection Account, the amounts so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiaries as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such Beneficiaries in respect of the applicable Approved Obligations, whereupon an affected Beneficiary shall have no continuing rights, interests or entitlements (including rights as a secured party)

[7] Use[3] Mechanics of Protection Account to be considered by Province after required modifications to Trust Indenture have been provided.

[8] Conform.

[9] For example, amounts payable in respect of subnotes will not get the amounts payable to them based on scheduled payments since senior notes will preempt them under the acceleration waterfall.

in respect of the Approved Obligation to the extent so paid[~~10~~4]. For greater certainty, the obligations arising in respect of an applicable Approved Obligation shall not be reduced by such payment as the Province shall become entitled to be paid related Subrogation Amounts and the rights contemplated under Section 2.01(a) and Section 5.01 in relation to such continuing obligations.

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by

[~~10~~4] A corresponding provision needs to be added to the Trust Indenture and each other ~~contract~~Funding Obligation Agreement under which the Obligation Secured arises, so that the Beneficiaries are bound by these applications and the agreement of the Indenture Trustee under this Agreement.

settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations, or until the Province is no longer required to provide and perform the Limited Guarantee in accordance with Section 6.03 or Section 8.02.

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements[11] and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

[11] ~~The deletion of the earlier proviso in this draft is based on the understanding that the Province will receive adequate notices of these event under the Trust Indenture. OPG will agree not to allow any of these events without confirming to the Province under the Process Certificate that the changes are within the agreed scope of the Reviewed Documents, etc.~~

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

A Primary Obligation shall constitute an Approved Obligation if the Adherence Conditions applicable thereto have been satisfied at the time the Primary Obligation was incurred.

4.02 Adherence Conditions[12][5]

There shall be no Adherence Conditions applicable in relation to: (i) a Primary Obligation that is not a Funding Obligation or (ii) a Primary Obligation that (x) arises under a Derivative Agreement, or (x) is a Funding Obligation that does not provide for the advance of more than $■ to the Financing Entity. The following shall be the Adherence Conditions applicable in relation to aeach Primary Obligation that is aother than any Funding Obligation that does provide for the advance ofunder which not more than $■ toin the aggregate may become payable by the Financing Entity:

(a) the Primary Obligation when incurred will beis an Obligation Secured under the Trust Indenture; and

(b) either (x) OPG, as FSM, delivers an officer's certificatea certificate signed by the Chief Financial Officer and the Treasurer of OPG (or their respective designees, provided that such designees are executive officers of OPG and, for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee, one Business Day prior to the Financing Entity entering into ofor becoming bound by the related Funding Obligation Agreement, confirming that OPG has complied with its obligations to the Province in connection with the Primary Obligation, or (y) OPG has in factdelivered to the Province a certificate signed by the Chief Financial Officer and the Treasurer of OPG (or their respective designees, provided that such designees are executive officers of OPG and, for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) confirming that

[12] The[5] Dealers to explain how the current structure requiring satisfaction of the adherence conditions in the Protection Agreement impactsis more onerous than ordinary adherence conditions applicable to government guaranteed bonds and to estimate the quantum impact on the marketability of the transaction and createsexplain what uncertainty an ordinary closing condition of this type poses for investors. Province/OPG/Dealers to discuss moving the adherence conditions to the Process Agreement while preserving Province's oversight of its obligations under the Protection Agreement.

OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Primary Obligation; and

(c) in respect of a Primary Obligation other than a Refinancing of a Primary Obligation in respect of which the Adherence Conditions had been satisfied, the Province has not provided ~~a~~ Suspension Notice to the Indenture Trustee, ~~the FSM~~OPG and the Financing Entity~~ in accordance with the terms of this Agreement~~.

For greater certainty, satisfaction of the Adherence Conditions for ~~any~~a Funding Obligation shall be deemed satisfaction of the Adherence Conditions in respect of all principal, interest and other amounts owing under~~, or in respect of,~~ the Funding Obligation~~ and the related~~, as such Funding Obligation~~ Agreement as such agreement~~ may be amended, restated, supplemented or otherwise modified from time to time.[13]

4.03 Evidence of Satisfaction

A closing certificate delivered in accordance with Section 4.02(b)(x) in connection with an incurrence of a Primary Obligation shall be determinative as to whether the applicable Adherence Conditions with respect thereto have been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same.

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, including (i) the right and entitlement to be paid and receive the related Subrogation Amounts, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without

[13] ~~This language was added to track Section 2(2) of the regs and ensure that there is no obligation to satisfy the Adherence Conditions every time interest is incurred in respect of a Funding Obligation for which the Adherence Conditions have already been satisfied.~~

any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including **[Section 7.11 (Payments Held in Trust), Section 8.12 (Limitation on Suits), Sections 7.04 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse) and Section 16.01 (No Petition) thereof]** and (ii) confirms that the Indenture Trustee shall send notices to the Province, in its capacity as a Specified Creditor, in accordance with Section 9.02.[14][6]

5.02 Priorities

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation shall rank equally with the rights, interests and entitlements of a Beneficiary to whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture in the manner and to the extent contemplated in Section 2.01.

5.03 ~~Province May Perform Other Program Agreement Covenants.~~[15]Intentionally Deleted

~~If the Financing Entity fails to perform any covenant under any Program Agreement, the Province may (but, except as expressly provided for under this Agreement, shall not be obligated to) perform such covenant on behalf of the Financing Entity. If the Province performs such a covenant on behalf of the Financing Entity, all sums expended or advanced by the Province in so~~

[14][6] Section to be updated to conform with section in the Trust Indenture once settled.

[15] ~~To be confirmed this covenant is only meant to apply following a Payment Demand? Note that once the Province exercises this right, ,the desired accounting treatment will be lost.~~

~~performing the covenant will bear interest at the rate of interest determined by the Province to reflect market terms and conditions for a borrowing made by the Province at the relevant time from the date of expenditure until repayment by the Financing Entity and will (together with such interest) be paid by the Financing Entity upon demand and will until paid form part of the Obligations Secured subject to Sections **[7.04 and 8.13]** of the Trust Indenture and constitute a Finance Amount.~~[16]

5.04 Representations and Warranties

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
NOTICE OF ASSUMPTION OF OBLIGATIONS SECURED

6.01 Delivery of Assumption Notice

Following the occurrence of a Protection Event, the Province may (but shall not be obligated to) provide notice (in the form of Exhibit B) to the Indenture Trustee that the Province has elected to assume the Financing Entity's obligations in respect of all Obligations Secured, as obligor and debtor (the "**Assumption Notice**"). The Assumption Notice shall specify the date on which the assignment and assumption of the Obligations Secured will be effective (the "**Assumption Closing Date**").

6.02 Cooperation to Implement the Assignment and Assumption

The Indenture Trustee, the FSM, the Financing Entity and the Province will cooperate and use best efforts to complete the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province, by the Assumption Closing Date.[17]7

6.03 Effect of Assumption

On the date that the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province becomes effective (the "**Assumption Effective Date**"), the Province shall no longer be required to provide and perform the Limited Guarantee but will instead become a primary obligor under the Obligations Secured assumed pursuant to and in accordance with an applicable Assumption Agreement. For greater certainty, the

[16] ~~Payments to be addressed in the Trust Indenture like servicer advances under the waterfall provisions.~~

[17]7 Further details regarding obtaining of third party consents and rating agency approvals to be provided by OPG.

obligations of the Province so assumed will not be secured obligations of the Province and the obligees thereof will have no right, interest or claim to or in respect of the Collateral or any proceeds therefrom. **[NTD: the forms of assumption agreement(s) need to be settled before this agreement is finalized.]**

6.04 Interim Period

Until the effective time of the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province on the Assumption Effective Date, the Province shall continue to perform and be obligated under the Limited Guarantee.

6.05 Rights in respect of the Assets Comprising the Collateral

Upon assuming the Financing Entity's obligations in respect of all Obligations Secured under Article VI, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the Financing Entity's rights and interests under and in respect of the assets, property and undertaking comprising the Collateral and all proceeds therefrom, free and clear of any liens, encumbrances or restrictions arising under or as a result of the Trust Indenture. The Province shall have and be entitled to enforce all such rights and interests as an absolute assignee of the Financing Entity, with effect from and after the time of such assumption, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing to the Financing Entity and unaffected by any other rights, interests or equities that arise thereafter in respect of the assets, property and undertaking comprising the Collateral as between the Beneficiaries and the Financing Entity. The Indenture Trustee and the Beneficiaries shall thereupon recognize the Province as the absolute owner of the assets, property and undertaking comprising the Collateral.

ARTICLE VII
INDENTURE TRUSTEE MATTERS

7.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

7.02 Not Responsible for Recitals or Issuance of Notes

The recitals contained herein will be taken as the statements of the Province, the Financing Entity and the FSM, and the Indenture Trustee assumes no responsibility for their

correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

7.03 Representations and Covenants of the Indenture Trustee

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Agreement and has taken all necessary action to authorize the execution, delivery and performance by it of this Agreement and other documents to which it is a party;

(c) each of this Agreement and the other documents to which it is a party has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada.

ARTICLE VIII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

8.01 Suspension Notice

~~A~~The Province may, at any time and for any reason, declare that the Limited Guarantee under this Agreement shall not apply to any Obligation Secured incurred on or after such declaration, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied, by delivering a written notice in the form of Exhibit C (a "**Suspension Notice**") ~~may be provided by~~to the Province to the Indenture Trustee, the FSM and the Financing Entity~~ following the Province becoming aware of the occurrence of a Program Breach~~.

~~**[NTD: the concept of Breach Event has been removed from Protection Agreement and replaced by provisions in the Process Agreement providing that upon notice of a Breach Event to OPG in the Process Agreement, OPG will not be permitted to deliver the certificate required to satisfy the Adherence Conditions. This was done to cleanse the Protection Agreement of any references to the Process Agreement but leave the Province in the same position of being able to (indirectly) suspend application of the change of law agreement to future issuances upon a Breach Event.]**~~

8.02 Suspension

If a Suspension Notice has been provided under Section 8.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of any Obligation Secured incurred or amended on or after the time such Suspension Notice is delivered, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied. For greater certainty, the rights of the Province under Article VI shall apply in respect of all Obligations Secured, including if incurred or amended on or after the time such Suspension Notice is delivered[18].

8.03 Termination Notice

On (a) the occurrence of a Suspension Event or (b) the Assumption Effective Date, the Province may provide to the Indenture Trustee, the FSM and the Financing Entity a notice in the form of Exhibit D (a "**Termination Notice**").

8.04 No Impact on Adherence

For greater certainty, the occurrence of Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event or in respect of any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied, nor will it in any way impact the Obligations Secured which are assumed by the Province in accordance with Article VI.

ARTICLE IX
MISCELLANEOUS

9.01 Term of Agreement

This Agreement will continue until the later of:

(a) the date that no amount is or may become due and payable by the Province under the Limited Guarantee; and

(b) the date that a Termination Notice delivered in accordance with Section 8.03 is received by the Indenture Trustee, the FSM and the Financing Entity.

9.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been

[18] This will be affected by the resolution of the "amendments" point.

received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust

700 University Avenue

Toronto, Ontario M5G 1X6
Attention: [■]
Fax: (416) [■]
Email: [■]

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: [■]
Fax: (416) [■]
Email: [■]

[■]

(b) if to the FSM:

Ontario Power Generation Inc.

700 University Avenue

Toronto, Ontario M5G 1X6

Attention: [■]

Fax: (416) [■]

Email: [■]

(c) if to the Province:

Ministry of Finance

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 9.02.

9.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section 9.03 shall be null and void.

~~(c) Notwithstanding Section 9.03(a), assignments and participations of the rights and obligations of the Indenture Trustee and Specified Creditors (other than the Province) in accordance with the terms of the Trust Indenture may also assign the rights and obligations of the Indenture Trustee and Specified Creditors under this Agreement.~~

9.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

9.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

9.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

9.07 Intentionally Deleted

9.08 Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their benefits hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

9.09 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, IN ITS CAPACITY AS TRUSTEE OF FAIR HYDRO TRUST, AS ISSUER, [BY ONTARIO POWER GENERATION INC., NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS MANAGER][8]

By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

[8] To be discussed.

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS[19]

"**Acceleration**" has the meaning ascribed to the term "acceleration" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Action**" has the meaning ascribed thereto under the Trust Indenture.

"**Adherence Conditions**", in respect of a Primary Obligation, means the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of a Guarantee Payment Date, the aggregate of the Approved Obligation Amounts for such Guarantee Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, for a Beneficiary in respect of an Approved Obligation under which an amount is due and payable on a Guarantee Payment Date:

(a) if no Acceleration has occurred in respect of any Obligation Secured on or before the Guarantee Payment Date, the amount due and payable to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation (for greater certainty, determined on the assumption that there are adequate amounts available under the applicable payment provisions of the Trust Indenture to pay in full all amounts referred to in such payment provisions that are due and payable on the Guarantee Payment Date); and

(b) if an Acceleration has occurred in respect of any Obligations Secured on or before the Guarantee Payment Date, the amount that would be available to be paid to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation under the applicable payment provisions of the Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with the termssuch applicable payment provisions of the Trust Indenture in respect of each relevant month [during each Reference Period from and after May, 2021][9] is equal to the Finance Amount[estimated finance amount determined in respect of such Reference Period pursuant to

[19] If Province is satisfied that it will receive notice of any amendments, waivers, etc. under the various agreements, and corresponding rights under the trust indenture, Province will not require veto rights over changes to the defined terms in the MTI. All of this is predicated on Province receiving comfort from OPG that no changes, amendments, waivers, etc. will be made if outside the pre-agreed scope of the reviewed documents.

[9] What about earlier periods? Are the earlier periods covered at all, or is the intention that they would be determined without regard to the acceleration mechanics of the Regulation?

section • of the General Regulation (as set forth on the date hereof)][10] divided by the number of months in such Reference Period.[20]

"**Assumption Agreement**" means the agreement among the Province, the Indenture Trustee, the Financing Entity and any other person that is party to the Funding Obligation Agreement affected by the assignment and assumption contemplated under Article VI, which agreement shall be in substantially the form of the form of assumption agreement set forth in Exhibit E.

"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.01.

"**Assumption Effective Date**" has the meaning ascribed thereto in Section 6.03.

"**Assumption Notice**" has the meaning ascribed thereto in Section 6.01.

"**Available Collections**" has the meaning ascribed thereto in the Trust Indenture.

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Beneficiary Payee**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Change of Law Protection Agreement**" means this Agreement.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

[10] This needs to tie into the "estimated finance amount" determined under the General Regulation applicable during the Reference Period.

[20] ~~PM: the challenge is that the permitted acceleration amount is determined under the Regulations but in a post-change of law environment, we don't know what provisions of the Regulation remain. By going to "Finance Amount", we are using a defined term that is frozen at the date of this agreement.~~

"**Eligible Deposit Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Eligible Institution**" has the meaning ascribed thereto in the Trust Indenture.

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Financing Entity at such time.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**Guarantee Payment Date**" has the meaning ascribed thereto in Section 2.01(a).

"**Guarantor Settlement Statement**" has the meaning ascribed thereto in Section 2.01(a).

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Issuer Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(a).

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity, as amended, supplemented, restated or otherwise modified from time to time.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, as amended, supplemented, restated or otherwise modified from time to time.

"**Note**" or "**Notes**" has the meaning ascribed thereto under the Trust Indenture.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Paying Agent**" has the meaning ascribed thereto in the Trust Indenture.

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account, Finance Reserve Account, or Supplemental Reserve Account; (ii) any amounts that would be remaining amounts of Available Collections required by the to be held in the Collection Account for distribution on a succeeding Payment Date pursuant to the Trust Indenture; and (iii) any obligation to pay the Trust or on the Trust's direction any remaining amounts of Available Collections.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the [Crown], an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that materially and adversely affects (a) the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured, or (b) this Agreement or any of the agreements under which Obligations Secured arise~~, other than if the Indenture Trustee has confirmed in writing that the effect under such agreements is otherwise acceptable~~; or

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that materially and adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Obligations Secured that have become due and payable.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture.

"**Refinancing**" has the meaning ascribed to the term "refinancing" in the Act as of the date hereof, as more particularly described and given meaning in in the General Regulation as of the date hereof.

"**Repayment**" has the meaning ascribed thereto in the General Regulation.

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Subrogation Amounts**" has the meaning ascribed thereto in subclause 2.01(a)iv(ii).

"**Supplemental Reserve Account**" has the meaning ascribed in the Trust Indenture.

"**Suspension Event**" has the meaning ascribed thereto in Section 8.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 8.01.

"**Termination Notice**" has the meaning ascribed thereto in Section 8.03.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

EXHIBIT A
FORM OF PAYMENT DEMAND

EXHIBIT A.1
FORM OF GUARANTOR SETTLEMENT STATEMENT

EXHIBIT B
ASSUMPTION NOTICE

EXHIBIT C
SUSPENSION NOTICE

EXHIBIT D
TERMINATION NOTICE

EXHIBIT E

FORM OF ASSUMPTION AGREEMENT

Document comparison by Workshare Compare on Tuesday, November 21, 2017 5:02:28 PM

Input:	
Document 1 ID	PowerDocs://TOR_2528/23239360/16
Description	TOR_2528-#23239360-v16-CLPA_-_Protection_Agreement
Document 2 ID	PowerDocs://TOR_2528/23239360/17
Description	TOR_2528-#23239360-v17-CLPA_-_Protection_Agreement
Rendering set	Standard

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

Statistics:	
	Count
Insertions	79
Deletions	93
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	172

Draft: November 21, 2017

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST[1]

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

[1] Torys and Blakes to discuss signatory on behalf of the Trust. The Manager is currently signing all Program Agreements on behalf of the Trust and has authority to do so. We would propose to do the same on the change of law agreement.

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust under the laws of the Province of Ontario (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council dated as of ■ (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust[2] dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred or amended. This Agreement sets out the terms and conditions of such protections and assurances.

[2] Torys to confirm that Trust is a "financing entity" under OFHPA. Under definition, FSM to establish or cause to be established. DofT indicates Computershare declares trust. Need to have this confirmed for purposes of authority under OFHPA 5(3), among other things.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to

any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 Proof of Approved Obligations

The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Indenture Trustee deems to be sufficient.

Any statement of account prepared by the Indenture Trustee as regards the Primary Obligations shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and the Province hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Indenture Trustee agrees to provide the Province with the computations and calculations used by the Indenture Trustee to prepare each such statement of account promptly following a request therefor.

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture as of the date of this Agreement.

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 2.01 or Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee, the Financing Entity, the Financing Entity Trustee, the Manager or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT.

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by

electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the

Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 <u>Judgment Currency</u>

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 <u>Limited Guarantee</u>

(a) Upon the occurrence of a Protection Event, the Indenture Trustee may deliver a written demand, substantially in the form attached as Exhibit A (a "**Payment Demand**"), to the Province requiring the Province to make payments in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in this Agreement. From and after such delivery of a

Payment Demand, the Province shall make the following payments in respect of the Approved Obligations (the "**Limited Guarantee**"), and the Financing Entity shall pay, and the Province shall be entitled to be paid, the Subrogation Amounts specified below, on the specified Payment Date:

i. Not less than [3] Business Days prior to each day when any payment or payments are to be made in respect of one or more Approved Obligations occurring after such delivery of a Payment Demand and prior to the Assumption Effective Date, if any, (a "**Guarantee Payment Date**"), the Manager shall deliver a written statement, substantially in the form attached as Exhibit A.1 (a "**Guarantor Settlement Statement**") setting forth the Aggregate Approved Obligations Amount, if any, in respect of the Approved Obligations that are due and payable on such Guarantee Payment Date, together with a detailed description identifying such Approved Obligations and the nature and amount of payments due and payable thereunder on the Guarantee Payment Date, the aggregate outstanding amount payable by the Financing Entity under such Approved Obligations as of the date of the Guarantor Settlement Statement, and details regarding any default in performance by any party obligated thereunder.

ii. On each such Guarantee Payment Date, the Province shall deposit the Aggregate Approved Obligations Amount into the Protection Account.

iii. On each such Guarantee Payment Date, the Financing Entity and the Indenture Trustee shall ensure that the amounts on deposit in the Protection Account are applied to pay each Beneficiary to whom an amount is due and payable under an Approved Obligation on the Guarantee Payment Date the Approved Obligation Amount for such Beneficiary in respect of such Approved Obligation on such Guarantee Payment Date; provided that if the amount deposited pursuant to clause 2.01(a)ii is insufficient to pay all such Approved Obligation Amounts in full, the amount on deposit in the Protection Account on the Guarantee Payment Date shall be applied to pay Beneficiaries in the order of priority in which such Approved Obligations are payable under the payment provisions of the Trust Indenture applicable to the making of such payments on the Guarantee Payment Date (each, a "**Beneficiary Payee**").

iv. On any Guarantee Payment Date on which an amount is paid by the Province pursuant to clause 2.01(a)ii, the applicable payment provisions of the Trust Indenture shall, notwithstanding the express terms of such provisions set forth in the Trust Indenture, be applied and operate on the following basis:

(i) the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available under such payment provisions on such Guarantee Payment Date shall be reduced by the amount paid to the

Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on such Guarantee Payment Date;

(ii) the Province shall be paid the amount by which (x) the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available to pay the Beneficiary Payee under such payment provisions on the Guarantee Payment Date, determined without regard to subclause 2.01(a)iv(i), exceeds the amount paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on the Guarantee Payment Date (such payments to the Province being "**Subrogation Amounts**"); and

(iii) no Beneficiary having a right to be paid an amount in respect of an Approved Obligation that ranks equal with or subordinate to an Approved Obligation in respect of which an amount is payable to the Province under subclause 2.01(a)iv(ii) shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under such subclause (including any right or reimbursement, contribution or indemnity) and no such Beneficiary shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of such amounts.

v. On any Guarantee Payment Date, the Indenture Trustee shall release and pay to the Province free and clear of any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay Beneficiary Payees on the Guarantee Payment Date in accordance with clause 2.01(a)iii.

vi. In preparing any payment instructions under the Trust Indenture, the Manager shall reflect the amounts payable for the Guarantee Payment Date under Section 2.01(a).

(b) The Province shall, as a payee of Subrogation Amounts and any amounts payable under clause 2.01(a)v, be a "Specified Creditor" under the Trust Indenture and have the benefit of the Collateral thereunder.

(c) For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the Approved Obligation Amounts, if any, for payment to Beneficiary Payees and will be subject to the priorities and to the Province's rights to Subrogation Amounts, set forth in Section 2.01(a).

(d) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(e) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation.

(f) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any amount due and payable to a Beneficiary Payee under the Limited Guarantee.

2.02 Intentionally Deleted.

2.03 <u>Absence of Set-off</u>

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 <u>Payment into Protection Account[3] in Satisfaction</u>

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account" for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section 7.03 of the Trust Indenture on the basis that it is an Issuer Account.

[3] Mechanics of Protection Account to be considered by Province after required modifications to Trust Indenture have been provided.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Financing Entity and the Indenture Trustee shall ensure that all amounts paid by the Province into the Protection Account on a Guarantee Payment Date in respect of an Approved Obligation are applied to pay the amounts due and payable to the Beneficiaries as and to the extent provided for in Section 2.01(a). Upon a payment having been made by or on behalf of the Province into the Protection Account, the amounts so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiaries as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such Beneficiaries in respect of the applicable Approved Obligations, whereupon an affected Beneficiary shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid[4]. For greater certainty, the obligations arising in respect of an applicable Approved Obligation shall not be reduced by such payment as the Province shall become entitled to be paid related Subrogation Amounts and the rights contemplated under Section 2.01(a) and Section 5.01 in relation to such continuing obligations.

2.05 <u>Certain Waivers</u>

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

[4] A corresponding provision needs to be added to the Trust Indenture and each other Funding Obligation Agreement under which the Obligation Secured arises, so that the Beneficiaries are bound by these applications and the agreement of the Indenture Trustee under this Agreement.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations, or until the Province is no longer required to provide and perform the Limited Guarantee in accordance with Section 6.03 or Section 8.02.

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

A Primary Obligation shall constitute an Approved Obligation if the Adherence Conditions applicable thereto have been satisfied at the time the Primary Obligation was incurred.

4.02 Adherence Conditions[5]

The following shall be the Adherence Conditions applicable in relation to each Primary Obligation other than any Funding Obligation under which not more than $■ in the aggregate may become payable by the Financing Entity:

(a) the Primary Obligation when incurred is an Obligation Secured under the Trust Indenture; and

(b) OPG, as FSM, delivers a certificate signed by the Chief Financial Officer and the Treasurer of OPG (or their respective designees, provided that such designees are executive officers of OPG and, for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee, one Business Day prior to the Financing

[5] Dealers to explain how the current structure requiring satisfaction of the adherence conditions in the Protection Agreement is more onerous than ordinary adherence conditions applicable to government guaranteed bonds and to estimate the quantum impact on the marketability of the transaction and explain what uncertainty an ordinary closing condition of this type poses for investors.

Entity entering into or becoming bound by the related Funding Obligation Agreement, confirming that OPG has delivered to the Province a certificate signed by the Chief Financial Officer and the Treasurer of OPG (or their respective designees, provided that such designees are executive officers of OPG and, for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Primary Obligation; and

(c) in respect of a Primary Obligation other than a Refinancing of a Primary Obligation in respect of which the Adherence Conditions had been satisfied, the Province has not provided Suspension Notice to the Indenture Trustee, OPG and the Financing Entity.

For greater certainty, satisfaction of the Adherence Conditions for a Funding Obligation shall be deemed satisfaction of the Adherence Conditions in respect of all principal, interest and other amounts owing under the Funding Obligation, as such Funding Obligation may be amended, restated, supplemented or otherwise modified from time to time.

4.03 <u>Evidence of Satisfaction</u>

A closing certificate delivered in accordance with Section 4.02(b)(x) in connection with an incurrence of a Primary Obligation shall be determinative as to whether the applicable Adherence Conditions with respect thereto have been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same.

ARTICLE V
PROVINCE MATTERS

5.01 <u>Assignment and Subrogation</u>

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, including (i) the right and entitlement to be paid and receive the related Subrogation Amounts, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement

for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including **[Section 7.11 (Payments Held in Trust), Section 8.12 (Limitation on Suits), Sections 7.04 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse) and Section 16.01 (No Petition) thereof]** and (ii) confirms that the Indenture Trustee shall send notices to the Province, in its capacity as a Specified Creditor, in accordance with Section 9.02.[6]

5.02 <u>Priorities</u>

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation shall rank equally with the rights, interests and entitlements of a Beneficiary to whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture in the manner and to the extent contemplated in Section 2.01.

5.03 Intentionally Deleted

5.04 <u>Representations and Warranties</u>

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

[6] Section to be updated to conform with section in the Trust Indenture once settled.

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
NOTICE OF ASSUMPTION OF OBLIGATIONS SECURED

6.01 Delivery of Assumption Notice

Following the occurrence of a Protection Event, the Province may (but shall not be obligated to) provide notice (in the form of Exhibit B) to the Indenture Trustee that the Province has elected to assume the Financing Entity's obligations in respect of all Obligations Secured, as obligor and debtor (the "**Assumption Notice**"). The Assumption Notice shall specify the date on which the assignment and assumption of the Obligations Secured will be effective (the "**Assumption Closing Date**").

6.02 Cooperation to Implement the Assignment and Assumption

The Indenture Trustee, the FSM, the Financing Entity and the Province will cooperate and use best efforts to complete the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province, by the Assumption Closing Date.[7]

6.03 Effect of Assumption

On the date that the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province becomes effective (the "**Assumption Effective Date**"), the Province shall no longer be required to provide and perform the Limited Guarantee but will instead become a primary obligor under the Obligations Secured assumed pursuant to and in accordance with an applicable Assumption Agreement. For greater certainty, the obligations of the Province so assumed will not be secured obligations of the Province and the obligees thereof will have no right, interest or claim to or in respect of the Collateral or any proceeds therefrom. **[NTD: the forms of assumption agreement(s) need to be settled before this agreement is finalized.]**

6.04 Interim Period

Until the effective time of the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province on the Assumption Effective Date, the Province shall continue to perform and be obligated under the Limited Guarantee.

6.05 Rights in respect of the Assets Comprising the Collateral

Upon assuming the Financing Entity's obligations in respect of all Obligations Secured under Article VI, the Province (in addition to and without prejudice to any rights it otherwise has

[7] Further details regarding obtaining of third party consents and rating agency approvals to be provided by OPG.

in law or equity) shall be subrogated and entitled to all of the Financing Entity's rights and interests under and in respect of the assets, property and undertaking comprising the Collateral and all proceeds therefrom, free and clear of any liens, encumbrances or restrictions arising under or as a result of the Trust Indenture. The Province shall have and be entitled to enforce all such rights and interests as an absolute assignee of the Financing Entity, with effect from and after the time of such assumption, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing to the Financing Entity and unaffected by any other rights, interests or equities that arise thereafter in respect of the assets, property and undertaking comprising the Collateral as between the Beneficiaries and the Financing Entity. The Indenture Trustee and the Beneficiaries shall thereupon recognize the Province as the absolute owner of the assets, property and undertaking comprising the Collateral.

ARTICLE VII
INDENTURE TRUSTEE MATTERS

7.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

7.02 Not Responsible for Recitals or Issuance of Notes

The recitals contained herein will be taken as the statements of the Province, the Financing Entity and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

7.03 Representations and Covenants of the Indenture Trustee

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Agreement and has taken all necessary action to authorize the execution, delivery and performance by it of this Agreement and other documents to which it is a party;

(c) each of this Agreement and the other documents to which it is a party has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada.

ARTICLE VIII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

8.01 Suspension Notice

The Province may, at any time and for any reason, declare that the Limited Guarantee under this Agreement shall not apply to any Obligation Secured incurred on or after such declaration, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied, by delivering a written notice in the form of Exhibit C (a "**Suspension Notice**") to the Province to the Indenture Trustee, the FSM and the Financing Entity.

8.02 Suspension

If a Suspension Notice has been provided under Section 8.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of any Obligation Secured incurred or amended on or after the time such Suspension Notice is delivered, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied. For greater certainty, the rights of the Province under Article VI shall apply in respect of all Obligations Secured, including if incurred or amended on or after the time such Suspension Notice is delivered.

8.03 Termination Notice

On (a) the occurrence of a Suspension Event or (b) the Assumption Effective Date, the Province may provide to the Indenture Trustee, the FSM and the Financing Entity a notice in the form of Exhibit D (a "**Termination Notice**").

8.04 No Impact on Adherence

For greater certainty, the occurrence of Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event or in respect of any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied, nor will it in any way impact the Obligations Secured which are assumed by the Province in accordance with Article VI.

ARTICLE IX
MISCELLANEOUS

9.01 Term of Agreement

This Agreement will continue until the later of:

(a) the date that no amount is or may become due and payable by the Province under the Limited Guarantee; and

(b) the date that a Termination Notice delivered in accordance with Section 8.03 is received by the Indenture Trustee, the FSM and the Financing Entity.

9.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: [■]
Fax: (416) [■]
Email: [■]

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: [■]

Fax: (416) [■]
Email: [■]

[■]

(b) if to the FSM:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: [■]
Fax: (416) [■]
Email: [■]

(c) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 9.02.

9.03 <u>Assignment</u>

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section 9.03 shall be null and void.

9.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

9.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

9.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

9.07 Intentionally Deleted

9.08 Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their benefits hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

9.09 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, IN ITS CAPACITY AS TRUSTEE OF FAIR HYDRO TRUST, AS ISSUER, [BY ONTARIO POWER GENERATION INC., NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS MANAGER][8]

By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS

[8] To be discussed.

INDIVIDUAL CAPACITY

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Action**" has the meaning ascribed thereto under the Trust Indenture.

"**Adherence Conditions**", in respect of a Primary Obligation, means the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of a Guarantee Payment Date, the aggregate of the Approved Obligation Amounts for such Guarantee Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, for a Beneficiary in respect of an Approved Obligation under which an amount is due and payable on a Guarantee Payment Date:

(a) if no Acceleration has occurred in respect of any Obligation Secured on or before the Guarantee Payment Date, the amount due and payable to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation (for greater certainty, determined on the assumption that there are adequate amounts available under the applicable payment provisions of the Trust Indenture to pay in full all amounts referred to in such payment provisions that are due and payable on the Guarantee Payment Date); and

(b) if an Acceleration has occurred in respect of any Obligations Secured on or before the Guarantee Payment Date, the amount that would be available to be paid to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation under the applicable payment provisions of the Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with such applicable payment provisions of the Trust Indenture in respect of each relevant month [during each Reference Period from and after May, 2021][9] is equal to the [estimated finance amount determined in respect of such Reference Period pursuant to section • of the General Regulation (as set forth on the date hereof)][10] divided by the number of months in such Reference Period.

[9] What about earlier periods? Are the earlier periods covered at all, or is the intention that they would be determined without regard to the acceleration mechanics of the Regulation?

[10] This needs to tie into the "estimated finance amount" determined under the General Regulation applicable during the Reference Period.

"**Assumption Agreement**" means the agreement among the Province, the Indenture Trustee, the Financing Entity and any other person that is party to the Funding Obligation Agreement affected by the assignment and assumption contemplated under Article VI, which agreement shall be in substantially the form of the form of assumption agreement set forth in Exhibit E.

"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.01.

"**Assumption Effective Date**" has the meaning ascribed thereto in Section 6.03.

"**Assumption Notice**" has the meaning ascribed thereto in Section 6.01.

"**Available Collections**" has the meaning ascribed thereto in the Trust Indenture.

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Beneficiary Payee**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Change of Law Protection Agreement**" means this Agreement.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Eligible Deposit Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Eligible Institution**" has the meaning ascribed thereto in the Trust Indenture.

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Financing Entity at such time.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**Guarantee Payment Date**" has the meaning ascribed thereto in Section 2.01(a).

"**Guarantor Settlement Statement**" has the meaning ascribed thereto in Section 2.01(a).

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Issuer Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(a).

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity, as amended, supplemented, restated or otherwise modified from time to time.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, as amended, supplemented, restated or otherwise modified from time to time.

"**Note**" or "**Notes**" has the meaning ascribed thereto under the Trust Indenture.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Paying Agent**" has the meaning ascribed thereto in the Trust Indenture.

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account, Finance Reserve Account, or Supplemental Reserve Account; (ii) any amounts that would be remaining amounts of Available Collections required by the to be held in the Collection Account for distribution on a succeeding Payment Date pursuant to the Trust Indenture; and (iii) any obligation to pay the Trust or on the Trust's direction any remaining amounts of Available Collections.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the [Crown], an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that materially and adversely affects (a) the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured, or (b) this Agreement or any of the agreements under which Obligations Secured arise; or

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that materially and adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Obligations Secured that have become due and payable.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture.

"**Refinancing**" has the meaning ascribed to the term "refinancing" in the Act as of the date hereof, as more particularly described and given meaning in in the General Regulation as of the date hereof.

"**Repayment**" has the meaning ascribed thereto in the General Regulation.

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Subrogation Amounts**" has the meaning ascribed thereto in subclause 2.01(a)iv(ii).

"**Supplemental Reserve Account**" has the meaning ascribed in the Trust Indenture.

"**Suspension Event**" has the meaning ascribed thereto in Section 8.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 8.01.

"**Termination Notice**" has the meaning ascribed thereto in Section 8.03.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

EXHIBIT A
FORM OF PAYMENT DEMAND

EXHIBIT A.1
FORM OF GUARANTOR SETTLEMENT STATEMENT

EXHIBIT B
ASSUMPTION NOTICE

EXHIBIT C
SUSPENSION NOTICE

EXHIBIT D
TERMINATION NOTICE

EXHIBIT E

FORM OF ASSUMPTION AGREEMENT

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.

CHANGE OF LAW PROCESS AGREEMENT

Dated as of [■], 2017

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**") is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.[1]

Pursuant to a Declaration of Trust dated as of [■], 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.[2]

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions.

Prior to entering into this Agreement, OPG provided the Province with ~~copies~~the proposed forms of certain of the Transaction Documents, and the Province has ~~confirmed by a notice delivered to OPG that the reviewed forms (as further described in such notice) shall be Reviewed Documentation for the purposes of this Agreement.~~[2]not objected to such forms.

This Agreement sets out the obligations OPG has agreed to perform and assurances OPG has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the Adherence Conditions have been satisfied, maintaining information related to the Program Agreements and the Approved Obligations, and ensuring that the Province's assumption rights pursuant to Article VI of the Change of Law Protection Agreement may be exercised without impediment on the terms and conditions contemplated in this Agreement and the Change of Law Protection Agreement.

All things necessary to make this Agreement a valid and legally binding agreement of OPG and the Province, have been done.

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[1] Blakes suggests that it be made clear in the Declaration of Trust that OPG is establishing the Trust. Blakes would appreciate the benefit of Torys analysis as to how the Trust is an "entity" under the OFHPA, as opposed to the trustee. Clearly OPG has not established Computershare. Blakes and Torys to discuss.

[2] Lawyers to discuss.

[2] ~~Once agreements are settled, Province to provide draft notice.~~

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this

Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 References to the Financing Entity

For greater certainty, each reference to the Financing Entity shall be construed as a reference to the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 Effect of Headings

The Article and Section headings herein and are for convenience only and will not affect the construction hereof.

1.04 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect. ~~The parties will engage in good faith negotiations to replace any provision which is declared invalid or unenforceable with a valid and enforceable provision, the economic effect of which comes as close as possible to that of the invalid or unenforceable provision which it replaces.~~

1.06 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT.

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF OPG

2.01 Deliveries to the Province

(a) Not less than [15 Business Days], or such lesser period as the Province may agree to in writing, prior to the initial issuance of any Funding Obligation by the Financing Entity, OPG shall deliver to the Province a copy of the initial Financing Plan. Thereafter, OPG shall promptly deliver to the Province a copy of any proposed change to or replacement of the Financing Plan.

(b) Not less than 10 Business Days, or such lesser period as the Province may agree to in writing, prior to (i) any proposed change or supplement to a previously provided Transaction Document becoming effective or otherwise being used, (ii) any additional or replacement Transaction Document becoming effective or otherwise being used, OPG shall deliver to the Province a copy of such proposed change or supplement to the Transaction Document and any such additional or replacement Transaction Document.

(c) Promptly following[3] (i) any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor being made, (ii) any new, additional or replacement instruments, documents, agreements or security being used or granted in connection with all or any part of the Approved Obligations, or (iii) any waiver, release, reconveyance, termination, abandonment, subordination, exchange, substitution, transfer, compound, compromise, liquidation or enforcement of all or any part of the Approved Obligations or any security or guarantee therefor being effected, OPG shall deliver to the Province a detailed description of such event and the reasons for it together with any related documents, agreements and instruments.

(d) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, OPG shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations (including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(e) Promptly upon request, OPG shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

2.02 Covenants

(a) OPG shall use commercially reasonable efforts to cause the Financing Entity to:

[3] This change was made due to accounting.

(i) punctually perform and observe all of the Financing Entity's obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not:

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement or replacement or waiver or consent could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any change in particular financial terms, rates and levels; ~~or~~

(B) [4]extend, renew, compromise, novate, replace, suspend, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, liquidate or enforce the terms of all or any part of the Approved Obligations or any Collateral, if any such action could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to the extent that only particular financial terms, rates and levels are affected[3];

(C) permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired.

(b) OPG shall:

(i) comply, and shall use commercially reasonable efforts to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

[4] ~~As discussed in the meeting, this causes an accounting issue. Additionally, OPG is not permitted to resign under the Management Agreement~~[3] Added to address the scenarios contemplated in 2.01(c).

(ii) punctually perform and observe all of its (including as the FSM and as Manager) obligations and agreements contained in the Program Agreements;

(iii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation; and

(iv) after the ~~delivery of a Payment Demand~~[5]occurrence of any Protection Event (or any event that with the passage of time or the giving of notice would be a Protection Event), not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.

~~(e) For greater certainty, nothing in this Agreement is intended to derogate from OPG's obligations as FSM and Manager.~~

(c) ~~(d)~~ Nothing in this Agreement [nor in the Change of Law Protection Agreement][4] shall limit the obligations of the Province under the Indemnity Agreement by the Province in favour of OPG dated June 1, 2017 (as amended, the "**Indemnity Agreement**") and to the extent of any conflict between this Agreement, the Change of Law Protection Agreement and such Indemnity Agreement, in respect of any matter relating to the Province's obligations to indemnify OPG, the Indemnity Agreement shall prevail.

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate[6][5]

OPG shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of OPG (or their respective designees, provided that such designees are also executive officers of OPG) and addressed to the Province, on the earlier of (i) one Business Day prior to the incurrence or any amendment of a Funding Obligation[7] (other than ~~a~~any Funding

[5] ~~Given that delivery of a Payment Demand is the trigger for the Limited Guarantee, the delivery of the Payment Demand is the more appropriate milestone.~~

[4] This language has extra-contractual implications and so its meaning as between only 2 of the parties to the Protection Agreement is uncertain. Torys to explain intention.

[6] [5] OPG/Dealers have indicated that "The current structure requiring satisfaction of the adherence conditions in the Protection Agreement impacts the marketability of the transaction and creates uncertainty for investors. Province~~/OPG/~~ has asked Dealers to ~~discuss moving~~explain how the current structure requiring satisfaction of the adherence conditions ~~to the Process Agreement while preserving Province's oversight of its obligations under~~in the Protection Agreement is more onerous than ordinary adherence conditions applicable to government guaranteed bonds and to estimate the quantum impact on the marketability of the transaction and explain what uncertainty an ordinary closing condition of this type poses for investors.

[7] ~~OPG/Province to discuss circumstances in which a certificate will be required under this Section.~~

Obligation ~~that (x) arises under a Derivative Agreement, or (y) is a Funding Obligation that does not provide for the advance of~~under which not more than $■ ~~to~~in the aggregate may become payable by the Financing Entity), and (ii) on the Business Day on which the financial terms of such Funding Obligation are definitively determined (including the interest or discount rate applicable to any notes, bonds or other securities), setting out the following with respect to such Funding Obligation:[8]

(a) the material terms of the Funding Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a Derivative Agreement, the notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

(b) if an existing Funding Obligation is proposed to be amended, material details respecting such amendment, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

(c) a statement to the effect that: (i) the Funding Obligation to be incurred or amended (1) will arise under terms and conditions that are Substantially in the Form of the ~~Reviewed~~Reference Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the ~~Reviewed~~Reference Documentation;

(d) a statement confirming that any disclosure made in respect of the Funding Obligation (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to the Funding Obligation) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement has been made available~~ for review~~ to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made;

(e) a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and[9]

[8] ~~Note to Province: We have revised this section so as to allow the Process Agreement to be cleansed from the Change of Law Protection Agreement. In addition to all the deliverables under section 2.01 of this Agreement, the Province will receive the certifications in section 3.01 in the case of an incurrence of funding obligations and an amendment to funding obligations.~~

[9] ~~We have cleansed the Protection Agreement of the concept of the Process Agreement and the related concept of the Breach Event. The process certificate already contemplates that a breach event has not occurred at the time of delivery of the certificate but we have also provided the added comfort of the covenant below in section 3.02.~~

(f) confirmation that, at the time the Funding Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Funding Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the Protection Agreement Maximum; for clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be determined on the date the Process Certificate is delivered hereunder in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

3.02 ~~Acknowledgement~~ Delivery of a Suspension Notice

The Province acknowledges and agrees that, concurrent with the delivery of the Process Certificate pursuant to Section ~~3.01~~8.01 of ~~this Agreement, any two senior officers of OPG are authorized to deliver the certificate referred to in Subsection 4.02(b) of the Change of Law Protection Agreement to the Indenture Trustee confirming that OPG has complied with its obligations to the Province in connection with the incurrence of the Funding Obligations in respect of which such certificate is delivered; provided that, upon receipt of a Breach Event~~the Change of Law Protection Agreement, the Province is entitled to deliver a Suspension Notice~~, OPG covenants~~. The Province agrees not to deliver ~~the certificate referred to in Subsection 4.02(b) of the~~a Suspension Notice pursuant to Section 8.01 Change of Law Protection Agreement ~~to the Indenture Trustee.~~ [10]unless any of the following circumstances has occurred:

(a) a Program Breach; and

(b) a Breach Event.

3.03 Meaning of "~~Reviewed~~Reference Documentation"

For the purposes of Subsection 3.01(c), the term "~~Reviewed~~Reference Documentation" shall mean each Transaction Document (including any change, addition or supplement thereto) that, at the relevant time:

(a) is a Transaction Document provided to, and not objected to by, the Province prior to the making of this Agreement~~ and in respect of which the notice~~, as contemplated in the fifth recital to this Agreement~~ has been delivered by the Province to OPG~~; or

~~[10] OPG needs the authority to provide this certification.~~

(b) is a Transaction Document provided to the Province in accordance with Subsection 2.01(b) that has not been ~~accepted~~objected to by the Province, ~~as confirmed~~ by ~~way~~delivery of ~~a written~~an objection notice ~~of acceptance from the Province~~in writing delivered to OPG, within 10 Business Days after it is provided to the Province.

3.04 Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(c), the term "Substantially in the Form" shall mean:

(a) with respect to the ~~Reviewed~~Reference Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such ~~Reviewed~~Reference Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation, including regarding the timing of or circumstances under which related payments are or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that would affect the Province's rights of subrogation or assignment (including pursuant to **[Section 5.01 or Article VI]** of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation or upon the assumption of obligations in accordance with **[Article VI]** of the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any variable terms to be set forth in the proposed documents as are reasonably contemplated in the ~~Reviewed~~Reference Documentation, including the particular financial terms, rates and levels set forth in the proposed documents other than to the extent that the forms of ~~Reviewed~~Reference Documentation themselves specify specific requirements, limitations or parameters with respect to such financial terms, rates, levels and parameters; and

(b) with respect to the ~~Reviewed~~Reference Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum

(a) Not less than 15 Business Days, or such lesser period as the Province may agree to in writing, prior to the proposed incurrence of the first Funding Obligation, OPG shall, as the FSM, deliver to the Province: (i) a forecast setting out OPG's

expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the next following 24 month period (the "**Initial Forecast Period**"), which expectations shall be consistent with the Financing Plan (the "**Initial Forecast**"); and (ii) notice of the initial Protection Agreement Maximum, which may not exceed the Initial Forecast.

(b) Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of the Initial Forecast and notice of the initial Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province may disagree with the Initial Forecast and the initial Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or the Initial Forecast, (ii) the Initial Forecast is inconsistent with the Financing Plan, or (iii) the initial Protection Agreement Maximum is not less than the Initial Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG,[11] and the initial Protection Agreement Maximum will be revised accordingly and confirmed by an amended notice to the Province.

(c) Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Approved Obligations that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast shall be further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum, which may not exceed such Forecast.

(d) Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of any further Forecast and notice of the revised Protection Agreement Maximum from OPG pursuant to Section 4.01(c), the Province may disagree with such further Forecast or revised Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or such further Forecast, (ii) the further Forecast is inconsistent with the Financing Plan, or (iii) the revised Protection Agreement Maximum is not less than the further Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG,[12] and the revised Protection

[11] This is an accounting comment.
[12] This is an accounting comment.

Agreement Maximum will be further revised accordingly and confirmed by an amended notice to the Province.

(e) For clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be valued at the time to be determined for the purposes of this Section 4.01 in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of OPG

OPG represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, may cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario and has the power and authority to enter into and perform its obligations under this Agreement and all instruments and agreements delivered pursuant hereto.

(c) OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Financing Entity or in the ability of the Financing Entity to perform its obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

5.02 <u>Representations and Warranties of the Province</u>

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
PROCESS FOR ELECTION TO ASSUME APPROVED OBLIGATIONS[136]

6.01 Election by the Province

Pursuant to Section 6.01 of the Change of Law Protection Agreement, at any time following the occurrence of a Protection Event, the Province may (but shall not be obligated) elect to assume the Financing Entity's obligations in respect of all Obligations Secured, as obligor and debtor by giving notice to the Indenture Trustee. Prior to determining whether or not to exercise its election, the Province may deliver to OPG a notice in the form of Exhibit A (an "**Election Information Notice**"). The Election Information Notice shall, among other things, specify the date on which the Province proposes to assume the Obligations Secured, which date shall be no earlier than 20 Business Days following delivery of the Election Information Notice to OPG (the "**Proposed Assumption Date**").

6.02 Details regarding Obligations Secured

Promptly following the delivery of the Election Information Notice to OPG, OPG shall provide the following information and documentation to the Province:

(a) a summary of the amounts that will be owing under all Obligations Secured as of the Proposed Assumption Date, together with a detailed schedule setting out the dates on which such amounts will become due and payable under the Obligations Secured;

(b) a summary of the rights arising under the Obligations Secured that permit the Financing Entity to assign the Obligations Secured to the Province, including details regarding any conditions precedent to such assignment and the related assumption becoming effective and any notices, filings, consents or other actions that will be required in order to implement and effect such assignment and assumption;

(c) current versions of all documentation under which the Obligations Secured arise;

(d) copies of all correspondence exchanged between OPG, as the FSM, or the Financing Entity, on the one hand, and any Specified Creditor, Rating Agency or the Indenture Trustee, on the other hand, in each case that may reasonably be considered to be material to the assumption and performance of the Obligations Secured by the Province; and

[136] Note: Lawyers to discuss assumption mechanics.

(e) all income tax returns and assessments, financial statements and notices of proceedings of or pertaining to the Financing Entity or its business and any documentation related thereto, including any pleadings, appeals, objections, qualifications or other similar materials in respect of the Financing Entity or any Program Agreement.

6.03 Settlement of Terms

Following receipt and ~~review~~consideration by the Province of the information and documentation to be provided under Section 6.02, the Province shall confirm in writing whether or not it expects to proceed with the assignment and assumption of the Obligations Secured and, if it will be proceeding with the assignment and assumption, the date on which the Province expects that assignment and assumption will be effected. If it will be proceeding with such assignment and assumption, the Province will deliver an Assumption Notice as contemplated under Section 6.01 of the Change of Law Protection Agreement. A decision not to proceed with an election at any time will not limit the Province from proceeding with an election at a later date, including by issuing a further Election Information Notice, and Article VI of this Agreement shall ~~continues~~continue to apply unaffected.

6.04 Cooperation to Implement the Assignment and Assumption

OPG shall cooperate with the Province and, as FSM, ~~will~~shall use commercially reasonable efforts to cause the Financing Entity to cooperate, and shall use its commercially reasonable efforts, to complete the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province, by the applicable Assumption Closing Date.

6.05 Terms of Obligations Secured

In order to permit the Province to assume the Obligations Secured in the circumstances contemplated herein, OPG, as FSM, shall cause the Financing Entity to use commercially reasonable efforts to ensure that all Obligations Secured permit such an assignment to and assumption by the Province substantially in accordance with the terms and on the basis contemplated in the Assumption Agreement, without any penalty or make-whole payment, or any requirement for further consent, approval or agreement, or alternatively, in the case of any Obligations Secured entered into by or on behalf of the Financing Entity for the provision of on-going services to the Financing Entity permitting the satisfaction and termination of such Obligations Secured on or prior to the effective time of such assumption without any acceleration of future fees, profits or other like amounts, other than to the extent of payment obligations that arise under market standard mark-to-market payment terms and conditions included on a commercially reasonable basis under a Derivative Agreement.[~~14~~7]

[~~14~~7] The Trust Indenture will need to be revised to ensure that the Province's assignment and assumption right is fully contemplated and may be implemented without any requirement for further Specified Creditor or other third party consents. Among other changes, it is contemplated that Torys will add the following to the MTI to address this requirement: (i) Specified Creditors (including in the applicable Funding Obligation Agreement) will be required to acknowledge the rights of the Province to assume the Obligations Secured on the basis contemplated in the form of assumption agreement, and (ii) the Indenture Trustee will be permitted to enter into and give effect to the global Assumption Agreement without the consent of Specified Creditors or any other third parties.

ARTICLE VII
BREACH EVENTS

7.01 Breach Events

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

(a) a default in the performance, or breach, of any covenants of OPG under this Agreement, which continues for thirty (30) days after written notice by the Province to OPG of such default or breach;

(b) any representation or warranty made by OPG in this Agreement, any certification made in a Process Certificate, or any certification made in a certificate contemplated by Section **[4.02]** of the Change of Law Protection Agreement, proves to be incorrect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation; or

(c) OPG is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the Manager.

~~7.02 Notice on Breach Event~~

~~If any Breach Event shall have occurred and not been waived in writing by the Province, the Province shall have the right at its option, and in addition to and not in substitution for any other remedies available hereunder at law or equity, to provide a written notice in the form of Exhibit ■ (a "Breach Event Suspension Notice") to OPG.~~

ARTICLE VIII
MISCELLANEOUS

8.01 Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

8.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf

of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to OPG:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: [■]
Fax: (416) [■]
Email: [■]

(b) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 8.02.

8.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 8.03 shall be null and void.

8.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

8.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

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

By: _____

Name:
Title:

By: _____

Name:
Title:

SCHEDULE A
DEFINED TERMS[15]

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Conditions**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Approved Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Assumption Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.03.

"**Beneficiaries**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Breach Event**" means the occurrence or existence of any one or more of the following: (a) a default in the performance, or breach, of any covenants of the FSM under this Agreement; or (b) any representation or warranty made by the FSM, any certification made by the FSM under this Agreement, or any certification made by the FSM in a certificate contemplated by Section 4.03 of the Change of Law Protection Agreement, proves to be incorrect in any material respect on the date made; or (c) OPG is no longer the FSM or the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the FSM or the Manager.

has the meaning ascribed thereto in Section 7.01.

"**Breach Event Suspension Notice**" has the meaning ascribed thereto in Section 7.02.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the FSM on behalf of the Financing Entity and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

[15] If Province is satisfied that it will receive notice of any amendments, waivers, etc. under the various agreements, and corresponding rights under the trust indenture as a secured creditor, Province will not require veto rights over changes to the defined terms in the MTI. All of this is predicated on Province receiving comfort from OPG that no changes, amendments, waivers, etc. will be made if outside the pre-agreed scope of the reviewed documents.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

"**Election Information Notice**" has the meaning ascribed thereto in Section 6.01.

"**Financing Entity**" means Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Entity Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Financing Entity at such time.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(c).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Indenture Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Initial Forecast**" has the meaning ascribed thereto in Section 4.01(a).

"**Initial Forecast Period**" has the meaning ascribed thereto in Section 4.01(a).

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Limited Guarantee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Management Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Manager**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.

"**Proposed Assumption Date**" has the meaning ascribed thereto in Section 6.01.

"**Protection Agreement Maximum**" means the dollar amount referenced as the Program Agreement Maximum and determined in accordance with Article IV.

"**Protection Event**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture.

"~~**Reviewed**~~**Reference Documentation**" has the meaning ascribed thereto in Section 3.03.

"**Repayment**" has the meaning ascribed to the term "repayment" in the General Regulation as of the date of this Agreement.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Substantially in the Form**" has the meaning ascribed thereto in Section 3.04.

"**Suspension Notice**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement; (vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that affects the Province's subrogation rights and/or subrogee interests, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture

Trustee dated as of [■], 2017.

EXHIBIT A
FORM OF ELECTION INFORMATION NOTICE

EXHIBIT B
FORM OF BREACH EVENT SUSPENSION NOTICE

Document comparison by Workshare Compare on Tuesday, November 21, 2017 5:14:34 PM

Input:	
Document 1 ID	PowerDocs://TOR_2528/23239361/13
Description	TOR_2528-#23239361-v13-CLPA_-_Process_Agreement
Document 2 ID	PowerDocs://TOR_2528/23239361/14
Description	TOR_2528-#23239361-v14-CLPA_-_Process_Agreement
Rendering set	Standard

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

Statistics:	
	Count
Insertions	80
Deletions	82
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	162

Draft: November 21, 2017

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.

CHANGE OF LAW PROCESS AGREEMENT

Dated as of [■], 2017

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**") is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.[1]

Pursuant to a Declaration of Trust dated as of [■], 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.[2]

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions.

Prior to entering into this Agreement, OPG provided the Province with the proposed forms of certain of the Transaction Documents, and the Province has not objected to such forms.

This Agreement sets out the obligations OPG has agreed to perform and assurances OPG has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the Adherence Conditions have been satisfied, maintaining information related to the Program Agreements and the Approved Obligations, and ensuring that the Province's assumption rights pursuant to Article VI of the Change of Law Protection Agreement may be exercised without impediment on the terms and conditions contemplated in this Agreement and the Change of Law Protection Agreement.

All things necessary to make this Agreement a valid and legally binding agreement of OPG and the Province, have been done.

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[1] Blakes suggests that it be made clear in the Declaration of Trust that OPG is establishing the Trust. Blakes would appreciate the benefit of Torys analysis as to how the Trust is an "entity" under the OFHPA, as opposed to the trustee. Clearly OPG has not established Computershare. Blakes and Torys to discuss.

[2] Lawyers to discuss.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this

Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 References to the Financing Entity

For greater certainty, each reference to the Financing Entity shall be construed as a reference to the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 Effect of Headings

The Article and Section headings herein and are for convenience only and will not affect the construction hereof.

1.04 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.06 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT.

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF OPG

2.01 Deliveries to the Province

(a) Not less than 15 Business Days, or such lesser period as the Province may agree to in writing, prior to the initial issuance of any Funding Obligation by the Financing Entity, OPG shall deliver to the Province a copy of the initial Financing Plan. Thereafter, OPG shall promptly deliver to the Province a copy of any proposed change to or replacement of the Financing Plan.

(b) Not less than 10 Business Days, or such lesser period as the Province may agree to in writing, prior to (i) any proposed change or supplement to a previously provided Transaction Document becoming effective or otherwise being used, (ii) any additional or replacement Transaction Document becoming effective or otherwise being used, OPG shall deliver to the Province a copy of such proposed change or supplement to the Transaction Document and any such additional or replacement Transaction Document.

(c) Promptly following (i) any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor being made, (ii) any new, additional or replacement instruments, documents, agreements or security being used or granted in connection with all or any part of the Approved Obligations, or (iii) any waiver, release, reconveyance, termination, abandonment, subordination, exchange, substitution, transfer, compound, compromise, liquidation or enforcement of all or any part of the Approved Obligations or any security or guarantee therefor being effected, OPG shall deliver to the Province a detailed description of such event and the reasons for it together with any related documents, agreements and instruments.

(d) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, OPG shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations (including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(e) Promptly upon request, OPG shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

2.02 <u>Covenants</u>

(a) OPG shall use commercially reasonable efforts to cause the Financing Entity to:

(i) punctually perform and observe all of the Financing Entity's obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not:

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement or replacement or waiver or consent could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any change in particular financial terms, rates and levels;

(B) extend, renew, compromise, novate, replace, suspend, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, liquidate or enforce the terms of all or any part of the Approved Obligations or any Collateral, if any such action could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to the extent that only particular financial terms, rates and levels are affected[3];

(C) permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired.

(b) OPG shall:

(i) comply, and shall use commercially reasonable efforts to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

(ii) punctually perform and observe all of its (including as the FSM and as Manager) obligations and agreements contained in the Program Agreements;

(iii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation; and

(iv) after the occurrence of any Protection Event (or any event that with the passage of time or the giving of notice would be a Protection Event), not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension

[3] Added to address the scenarios contemplated in 2.01(c).

right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.

(c) Nothing in this Agreement [nor in the Change of Law Protection Agreement][4] shall limit the obligations of the Province under the Indemnity Agreement by the Province in favour of OPG dated June 1, 2017 (as amended, the "**Indemnity Agreement**") and to the extent of any conflict between this Agreement, the Change of Law Protection Agreement and such Indemnity Agreement, in respect of any matter relating to the Province's obligations to indemnify OPG, the Indemnity Agreement shall prevail.

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate[5]

OPG shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of OPG (or their respective designees, provided that such designees are also executive officers of OPG) and addressed to the Province, on the earlier of (i) one Business Day prior to the incurrence or any amendment of a Funding Obligation (other than any Funding Obligation under which not more than $■ in the aggregate may become payable by the Financing Entity), and (ii) on the Business Day on which the financial terms of such Funding Obligation are definitively determined (including the interest or discount rate applicable to any notes, bonds or other securities), setting out the following with respect to such Funding Obligation:

(a) the material terms of the Funding Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a Derivative Agreement, the notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

(b) if an existing Funding Obligation is proposed to be amended, material details respecting such amendment, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

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[4] This language has extra-contractual implications and so its meaning as between only 2 of the parties to the Protection Agreement is uncertain. Torys to explain intention.

[5] OPG/Dealers have indicated that "The current structure requiring satisfaction of the adherence conditions in the Protection Agreement impacts the marketability of the transaction and creates uncertainty for investors. Province has asked Dealers to explain how the current structure requiring satisfaction of the adherence conditions in the Protection Agreement is more onerous than ordinary adherence conditions applicable to government guaranteed bonds and to estimate the quantum impact on the marketability of the transaction and explain what uncertainty an ordinary closing condition of this type poses for investors.

(c) a statement to the effect that: (i) the Funding Obligation to be incurred or amended (1) will arise under terms and conditions that are Substantially in the Form of the Reference Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reference Documentation;

(d) a statement confirming that any disclosure made in respect of the Funding Obligation (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to the Funding Obligation) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement has been made available to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made;

(e) a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and

(f) confirmation that, at the time the Funding Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Funding Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the Protection Agreement Maximum; for clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be determined on the date the Process Certificate is delivered hereunder in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

3.02 Delivery of a Suspension Notice

The Province acknowledges and agrees that, concurrent with the delivery of the Process Certificate pursuant to Section 8.01 of the Change of Law Protection Agreement, the Province is entitled to deliver a Suspension Notice. The Province agrees not to deliver a Suspension Notice

pursuant to Section 8.01 Change of Law Protection Agreement unless any of the following circumstances has occurred:

(a) a Program Breach; and

(b) a Breach Event.

3.03 <u>Meaning of "Reference Documentation"</u>

For the purposes of Subsection 3.01(c), the term "Reference Documentation" shall mean each Transaction Document (including any change, addition or supplement thereto) that, at the relevant time:

(a) is a Transaction Document provided to, and not objected to by, the Province prior to the making of this Agreement, as contemplated in the fifth recital to this Agreement; or

(b) is a Transaction Document provided to the Province in accordance with Subsection 2.01(b) that has not been objected to by the Province, by delivery of an objection notice in writing delivered to OPG, within 10 Business Days after it is provided to the Province.

3.04 <u>Meaning of "Substantially in the Form"</u>

For the purposes of Subsection 3.01(c), the term "Substantially in the Form" shall mean:

(a) with respect to the Reference Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such Reference Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation, including regarding the timing of or circumstances under which related payments are or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that would affect the Province's rights of subrogation or assignment (including pursuant to **[Section 5.01 or Article VI]** of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation or upon the assumption of obligations in accordance with **[Article VI]** of the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any variable terms to be set forth in the proposed documents as are reasonably contemplated in the Reference Documentation, including the particular financial terms, rates and levels set forth in the proposed documents other than to the extent that the forms of Reference Documentation themselves specify specific requirements, limitations or parameters with respect to such financial terms, rates, levels and parameters; and

(b) with respect to the Reference Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences

between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum

(a) Not less than 15 Business Days, or such lesser period as the Province may agree to in writing, prior to the proposed incurrence of the first Funding Obligation, OPG shall, as the FSM, deliver to the Province: (i) a forecast setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the next following 24 month period (the "**Initial Forecast Period**"), which expectations shall be consistent with the Financing Plan (the "**Initial Forecast**"); and (ii) notice of the initial Protection Agreement Maximum, which may not exceed the Initial Forecast.

(b) Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of the Initial Forecast and notice of the initial Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province may disagree with the Initial Forecast and the initial Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or the Initial Forecast, (ii) the Initial Forecast is inconsistent with the Financing Plan, or (iii) the initial Protection Agreement Maximum is not less than the Initial Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the initial Protection Agreement Maximum will be revised accordingly and confirmed by an amended notice to the Province.

(c) Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Approved Obligations that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast shall be further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum, which may not exceed such Forecast.

(d) Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of any further Forecast and notice of the revised Protection Agreement Maximum from OPG pursuant to Section 4.01(c), the Province may disagree with such further Forecast or revised Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or such further Forecast, (ii) the further Forecast is inconsistent with the Financing Plan, or (iii) the revised Protection Agreement Maximum is not less than the further Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the revised Protection Agreement Maximum will be further revised accordingly and confirmed by an amended notice to the Province.

(e) For clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be valued at the time to be determined for the purposes of this Section 4.01 in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of OPG

OPG represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, may cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario and has the power and authority to enter into and perform its obligations under this Agreement and all instruments and agreements delivered pursuant hereto.

(c) OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Financing Entity or in the ability of the Financing Entity to perform its obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any

agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

5.02 Representations and Warranties of the Province

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
PROCESS FOR ELECTION TO ASSUME APPROVED OBLIGATIONS[6]

6.01 Election by the Province

Pursuant to Section 6.01 of the Change of Law Protection Agreement, at any time following the occurrence of a Protection Event, the Province may (but shall not be obligated) elect to assume the Financing Entity's obligations in respect of all Obligations Secured, as obligor and debtor by giving notice to the Indenture Trustee. Prior to determining whether or not to exercise its election, the Province may deliver to OPG a notice in the form of Exhibit A (an "**Election Information Notice**"). The Election Information Notice shall, among other things, specify the date on which the Province proposes to assume the Obligations Secured, which date shall be no earlier than 20 Business Days following delivery of the Election Information Notice to OPG (the "**Proposed Assumption Date**").

6.02 Details regarding Obligations Secured

Promptly following the delivery of the Election Information Notice to OPG, OPG shall provide the following information and documentation to the Province:

(a) a summary of the amounts that will be owing under all Obligations Secured as of the Proposed Assumption Date, together with a detailed schedule setting out the dates on which such amounts will become due and payable under the Obligations Secured;

[6] Note: Lawyers to discuss assumption mechanics.

(b) a summary of the rights arising under the Obligations Secured that permit the Financing Entity to assign the Obligations Secured to the Province, including details regarding any conditions precedent to such assignment and the related assumption becoming effective and any notices, filings, consents or other actions that will be required in order to implement and effect such assignment and assumption;

(c) current versions of all documentation under which the Obligations Secured arise;

(d) copies of all correspondence exchanged between OPG, as the FSM, or the Financing Entity, on the one hand, and any Specified Creditor, Rating Agency or the Indenture Trustee, on the other hand, in each case that may reasonably be considered to be material to the assumption and performance of the Obligations Secured by the Province; and

(e) all income tax returns and assessments, financial statements and notices of proceedings of or pertaining to the Financing Entity or its business and any documentation related thereto, including any pleadings, appeals, objections, qualifications or other similar materials in respect of the Financing Entity or any Program Agreement.

6.03 <u>Settlement of Terms</u>

Following receipt and consideration by the Province of the information and documentation to be provided under Section 6.02, the Province shall confirm in writing whether or not it expects to proceed with the assignment and assumption of the Obligations Secured and, if it will be proceeding with the assignment and assumption, the date on which the Province expects that assignment and assumption will be effected. If it will be proceeding with such assignment and assumption, the Province will deliver an Assumption Notice as contemplated under Section 6.01 of the Change of Law Protection Agreement. A decision not to proceed with an election at any time will not limit the Province from proceeding with an election at a later date, including by issuing a further Election Information Notice, and Article VI of this Agreement shall continue to apply unaffected.

6.04 <u>Cooperation to Implement the Assignment and Assumption</u>

OPG shall cooperate with the Province and, as FSM, shall use commercially reasonable efforts to cause the Financing Entity to cooperate, and shall use its commercially reasonable efforts, to complete the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province, by the applicable Assumption Closing Date.

6.05 <u>Terms of Obligations Secured</u>

In order to permit the Province to assume the Obligations Secured in the circumstances contemplated herein, OPG, as FSM, shall cause the Financing Entity to use commercially reasonable efforts to ensure that all Obligations Secured permit such an assignment to and assumption by the Province substantially in accordance with the terms and on the basis contemplated in the Assumption Agreement, without any penalty or make-whole payment, or

any requirement for further consent, approval or agreement, or alternatively, in the case of any Obligations Secured entered into by or on behalf of the Financing Entity for the provision of on-going services to the Financing Entity permitting the satisfaction and termination of such Obligations Secured on or prior to the effective time of such assumption without any acceleration of future fees, profits or other like amounts, other than to the extent of payment obligations that arise under market standard mark-to-market payment terms and conditions included on a commercially reasonable basis under a Derivative Agreement.[7]

ARTICLE VII
BREACH EVENTS

7.01 Breach Events

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

(a) a default in the performance, or breach, of any covenants of OPG under this Agreement, which continues for thirty (30) days after written notice by the Province to OPG of such default or breach;

(b) any representation or warranty made by OPG in this Agreement, any certification made in a Process Certificate, or any certification made in a certificate contemplated by Section **[4.02]** of the Change of Law Protection Agreement, proves to be incorrect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation; or

(c) OPG is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the Manager.

ARTICLE VIII
MISCELLANEOUS

8.01 Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

8.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic

[7] The Trust Indenture will need to be revised to ensure that the Province's assignment and assumption right is fully contemplated and may be implemented without any requirement for further Specified Creditor or other third party consents. Among other changes, it is contemplated that Torys will add the following to the MTI to address this requirement: (i) Specified Creditors (including in the applicable Funding Obligation Agreement) will be required to acknowledge the rights of the Province to assume the Obligations Secured on the basis contemplated in the form of assumption agreement, and (ii) the Indenture Trustee will be permitted to enter into and give effect to the global Assumption Agreement without the consent of Specified Creditors or any other third parties.

communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to OPG:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: [■]
Fax: (416) [■]
Email: [■]

(b) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 8.02.

8.03 <u>Assignment</u>

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 8.03 shall be null and void.

8.04 Enurement

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

8.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

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

By: _____

Name:
Title:

By: _____

Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Conditions**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Approved Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Assumption Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.03.

"**Beneficiaries**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Breach Event**" means the occurrence or existence of any one or more of the following: (a) a default in the performance, or breach, of any covenants of the FSM under this Agreement; or (b) any representation or warranty made by the FSM, any certification made by the FSM under this Agreement, or any certification made by the FSM in a certificate contemplated by Section 4.03 of the Change of Law Protection Agreement, proves to be incorrect in any material respect on the date made; or (c) OPG is no longer the FSM or the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the FSM or the Manager.

has the meaning ascribed thereto in Section 7.01.

"**Breach Event Suspension Notice**" has the meaning ascribed thereto in Section 7.02.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the FSM on behalf of the Financing Entity and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

"**Election Information Notice**" has the meaning ascribed thereto in Section 6.01.

"**Financing Entity**" means Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Entity Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Financing Entity at such time.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(c).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Indenture Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Initial Forecast**" has the meaning ascribed thereto in Section 4.01(a).

"**Initial Forecast Period**" has the meaning ascribed thereto in Section 4.01(a).

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Limited Guarantee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Management Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Manager**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.

"**Proposed Assumption Date**" has the meaning ascribed thereto in Section 6.01.

"**Protection Agreement Maximum**" means the dollar amount referenced as the Program Agreement Maximum and determined in accordance with Article IV.

"**Protection Event**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture.

"**Reference Documentation**" has the meaning ascribed thereto in Section 3.03.

"**Repayment**" has the meaning ascribed to the term "repayment" in the General Regulation as of the date of this Agreement.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Substantially in the Form**" has the meaning ascribed thereto in Section 3.04.

"**Suspension Notice**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement; (vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that affects the Province's subrogation rights and/or subrogee interests, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

EXHIBIT A
FORM OF ELECTION INFORMATION NOTICE

EXHIBIT B
FORM OF BREACH EVENT SUSPENSION NOTICE

From: Hanslep, Malle (MOF)
To: Anna Strathy; Gadi Mayman
Cc: Mike Manning; Ken Kandeepan; Ronald Kwan; Tobias P. Whitfield (MOF)
Subject: RE: UPDATED - Fair Hydro -- Change of Law Agreements
Date: Monday, November 27, 2017 1:48:21 PM

Yes please.

From: Anna Strathy [mailto:Anna.Strathy@ofina.on.ca]
Sent: November 27, 2017 1:48 PM
To: Mayman, Gadi (OFA)
Cc: Hanslep, Malle (MOF); Manning, Mike (OFA); Kandeepan, Ken (OFA); Kwan, Ronald (OFA); Whitfield, Tobias P. (MOF)
Subject: Re: UPDATED - Fair Hydro -- Change of Law Agreements

Hi Malle, would you like me to set this meeting up?
Anna

--
Anna Strathy
Special Policy Advisor to the CEO
Ontario Financing Authority
416.325.8032

On Nov 27, 2017, at 1:24 PM, Gadi Mayman <Gadi.Mayman@ofina.on.ca> wrote:

> Yes, thanks, Malle, that timing works for me.
> Regards,
> Gadi
>
> On Nov 27, 2017, at 1:03 PM, Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca> wrote:
>
> > Hi Gadi,
> > We just finished our call with Blakes and Energy Legal. There are a number of points that we would like to discuss with you.
> > If you are still free at 3:30 we could speak to you then?
> > Thanks.
> > Malle
> >
> > **From:** Gadi Mayman [mailto:Gadi.Mayman@ofina.on.ca]
> > **Sent:** November 26, 2017 1:53 PM
> > **To:** Hanslep, Malle (MOF)
> > **Cc:** Manning, Mike (OFA); Kandeepan, Ken (OFA); Kwan, Ronald (OFA); Strathy, Anna (OFA); Whitfield, Tobias P. (MOF)
> > **Subject:** Re: UPDATED - Fair Hydro -- Change of Law Agreements
> >
> > Thanks, Malle. It looks like they took more of a hatchet than a scalpel to the agreements again, which is unfortunate, but I suppose we should expect that by now.
> > I don't want to hold this up at all, so please don't let my schedule get in the way of a call if it doesn't match the needs of others. My available times tomorrow are from 11-12, 3:30-4 and 4:30 onwards, but please proceed with the call whenever it best suits everyone else.
> > Regards,
> > Gadi

On Nov 26, 2017, at 11:47 AM, Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca> wrote:

Hi all,
Please see my email to the provincial legal group after my preliminary review of the mark-ups. There do seem to be a number of points to discuss and I'm sure that Blakes will be able to better identify others. Perhaps an internal provincial call sometime on Monday could be arranged.
Thanks.
Malle

From: Hanslep, Malle (MOF)
Sent: November-26-17 11:41 AM
To: ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com); VINER, JON (JON.VINER@blakes.com); Whitfield, Tobias P. (MOF); Thouin, Alena (ENERGY); McKinlay, Tom (ENERGY); PRESTAGE, JA (JA.PRESTAGE@blakes.com)
Subject: FW: UPDATED - Fair Hydro -- Change of Law Agreements

Hi all,
I have reviewed the agreements and think there are quite a few issues to discuss as a result of the mark-up. I wonder if it would work best to have a provincial legal call on Monday morning to go over the revised drafts and then have a call with our clients at the OFA and Energy afterwards? Below are some of the issues I have identified on a preliminary basis for discussion. There may be additional issues and perhaps some of these points can be worked through with more detail review.
Protection Agreement

- 2.01 (a)(iv)(B) – does revised wording work – would be good to work through this wording.
- 2.08 – change to wording re continuance of guarantee
- 4.01 – they have added back ability of Province to specifically agree that a particular Approved Obligation is covered – wonder why? And it should be in writing – not sure what our original wording on this point was
- 4.02 (b) – they have changed reference to content of certificate to Indenture Trustee (on behalf of bondholders, etc, other parties secured under trust indenture) to confirm that all certifications required by the Province have been provided instead of OPG confirming that all of its obligations to Province and internal requirements and processes in connection with adherence of Limited Guarantee have been done. This is linked to another major change they have proposed to the Process Agreement – looks like they are

reducing OPG's obligations to provide certificates to the Province to mirror those that OPG is providing to the Indenture Trustee. This is a significant point and reduces OPG's obligations under the Process Agreement quite a bit and was not discussed at last Tuesday's meeting.

- 4.02(c) – Why delete in respect of which Adherence Conditions have been satisfied – not sure that concept is picked up elsewhere.
- 6.01 – Assumption is changed to case by case which means the right has to be built into the proposed warehouse and term loan documents now if it is to be available. They also deleted OPG's obligation to make efforts to include this in funding obligations in general from the Process Agreement.
- 6.05 – If the Province did assume on a case by case, then doesn't Province get rights to collateral or atleast part?
- 7.03 – What reps does the Indenture Trustee give in the Master Trust Indenture and Supplementals? If Trustee gives them there, why not here? Perhaps we should require them to get a legal opinion.
- 8.01 – Have not reviewed against previous wording but it looks like the suspension right is being reduced because it is limited to incurrence o amendment of Primary Obligations rather than breach of the Process Agreement more generally.
- 9.01 - Do the comments about the Termination notice make sense?
- Defined Term Approved Obligation Amount, Certified Primary Obligations, and others – needs to be reviewed

Process Agreement

- Have moved delivery of initial financing plan and forecast amount and Province's failure to object to recitals for timing reasons – agree that there are timing logistics that need to be worked out, but the ability of Provincial representatives to take such actions flows from Ministers power to provide the guarantee – Province needs to develop the best way to deal with these timing issues that works with our authorities and rewrite these provisions. This also applies to "Reference Documents" concept.
- 3.01 – OPG has revised so it will only provide a certificate to Province if it is required to provide a certificate under Protection Agreement to Trustee – This is a significant change that

Province needs to consider. The reason that we agreed to provide a certificate in more limited circumstances to Indenture Trustee (on behalf of beneficiaries) was to assist dealers on “certainty” issues. The same principle does not apply to the Province and OPG relationship which is a separate process.

- 3.02 – Not sure what OPG is proposing here.
- 6.05 – delete obligation on OPG to cause Financing Entity to use commercially reasonable efforts to include assignment provisions in funding obligations – why?
- 7.01 – deleted suspension right in process agreement on basis that it is now in protection agreement but it is more limited.

Please let me know what time would work for you on Monday morning. I am going to pass on this email to OFA staff as well so they get a preliminary sense of the mark-up.
Thanks.
Malle

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: November-24-17 2:04 PM
To: 'ASHBOURNE, STEPHEN'; 'JON.VINER@blakes.com'; 'JA.PRESTAGE@blakes.com'
Cc: Kandeepan, Ken (OFA); LADAK Lubna -TREASURY; Strathy, Anna (OFA); Veinot, Cindy (TBS); McKinlay, Tom (MAG); Donaldson, Mark (TBS); Cayley, Daniel (ENERGY); Thouin, Alena (ENERGY); Ramchandani, Rima; LEE John -TREASURY; RYFA Ken -TREASURY; 'HAHN PARKER Janet -TREASURY'; MAUTI John -FIN & C CTRL; LAURETA LAPIRA May -TREASURY; Feldman, Michael; WONG Leslie -LAWDIV; 'Sebastiano, Rocco'; Milligan, Peter; Fullerton, Rick; Mayman, Gadi (OFA); Manning, Mike (OFA); Hanslep, Malle (MOF); 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; Maciel, Andrew; Adalja, Sunil; Persad, Nicole; Persaud, Donnie - Debt Capital Markets; Hume, Steen (ENERGY); Mansoori, Nina
Subject: RE: UPDATED - Fair Hydro -- Change of Law Agreements

Blakes team,
Please find attached consolidated comments from the dealers and OPG (and their counsels) on the draft documents circulated below. These changes are drafting changes and clean up changes that reflect our discussions from earlier this week where we addressed all the open business points. Where we changed a concept or revised the drafting, we provided an explanation in the footnote to assist in your review.
The one substantive point we think requires further discussion is on the assumption mechanics; we understand that the Province is no longer seeking an exchange right. Once you have digested these new drafts,

we'd like to schedule a lawyers call early next week to finalize them.
Best Regards,
Nina
Nina Mansoori
P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com[torys.com]

[torys.com]

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: November-21-17 5:17 PM
To: Ramchandani, Rima <rramchandani@torys.com>; LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; MAUTI John -FIN & C CTRL <john.mauti@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; Mansoori, Nina <nmansoori@torys.com>; Feldman, Michael <mfeldman@torys.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; 'Sebastiano, Rocco' <RSebastiano@osler.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; Maciel, Andrew <Andrew.Maciel@cibc.com>; Adalja, Sunil <Sunil.Adalja@cibc.com>; Persad, Nicole <Nicole.Persad@cibc.com>; Persaud, Donnie - Debt Capital Markets <Donnie.Persaud@cibc.com>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca>; Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca) <Daniel.Cayley@ontario.ca>; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca) <Alena.Thouin@ontario.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>
Subject: RE: UPDATED - Fair Hydro -- Change of Law Agreements
Hi Rima. Here are my mark-ups of the agreements Torys circulated yesterday afternoon. These versions have not been reviewed by the Province, but are being circulated to this group to facilitate a discussion shortly at your office. They are/remain subject to Province

input, etc. We propose to gather at your office at 5:45, if that makes sense to you. Regards, Steve
Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086
-----Original Appointment-----
From: bwood@torys.com [mailto:bwood@torys.com] **On Behalf Of** Ramchandani, Rima
Sent: Tuesday, November 21, 2017 3:43 PM
To: Ramchandani, Rima; LEE John -TREASURY; RYFA Ken -TREASURY; 'HAHN PARKER Janet -TREASURY'; MAUTI John -FIN & C CTRL; LAURETA LAPIRA May -TREASURY; Mansoori, Nina; Feldman, Michael; WONG Leslie -LAWDIV; 'Sebastiano, Rocco'; Milligan, Peter; Fullerton, Rick; Mayman, Gadi (OFA); Manning, Mike (OFA); Hanslep, Malle (MOF); ASHBOURNE, STEPHEN; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; Maciel, Andrew; Adalja, Sunil; Persad, Nicole; Persaud, Donnie - Debt Capital Markets
Cc: Ken Kandeepan; LADAK Lubna -TREASURY; Anna Strathy; Veinot, Cindy (TBS); McKinlay, Tom (MAG); Donaldson, Mark (TBS)
Subject: UPDATED - Fair Hydro -- Change of Law Agreements
When: Tuesday, November 21, 2017 5:00 PM-9:00 PM (UTC-05:00) Eastern Time (US & Canada).
Where: Torys - 79 Wellington 33rd Floor

For those unable to participate in person, here's the dial-in:
Dial-in: 1-800-600-0998
Access Code: 8657666#

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Blake, Cassels & Graydon LLP
199 Bay Street, Suite 4000, Toronto ON M5L 1A9
Tel: 416-863-2400 Fax: 416-863-2653

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<-CLPA - Process Agreement(November 22_17).pdf>

<-CLPA - Process Agreement(November 22_17).docx>

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From:	Feldman, Michael
To:	ASHBOURNE, STEPHEN
Cc:	Ramchandani, Rima; Saulnier, Brett; Gadi Mayman; Mike Manning; Anna Strathy; Ken Kandeepan; Malle Hanslep (MOF); Tobias P. Whitfield (MOF); Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca); Tom McKinlay (MAG); PALMER, AARON; Feldman, Michael
Subject:	RE: Urgent - Follow-up regarding proposed changes to TI 13.12(c)
Date:	Wednesday, December 20, 2017 2:30:44 PM
Attachments:	MTI - changed pages.pdf Warehouse Supp Change Pages.pdf

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Stephen,
I am attaching changed pages from the Master Trust Indenture and the Supplemental Indenture that reflects the Dealer's response to this issue (as well as a couple of other minor issues raised by DBRS). I understand that OPG has discussed this approach with the Province this morning. We would like to forward these changed pages to the rating agencies as soon as possible so would appreciate receiving any comments from you by no later than 3:30 pm.
Michael K. Feldman
P. 416.865.7513 | F. 416.865.7380 | 1.800.505.8679

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: December-20-17 9:09 AM
To: Feldman, Michael
Cc: Ramchandani, Rima ; Saulnier, Brett ; Gadi Mayman (Gadi.Mayman@ofina.on.ca) ; Mike Manning ; Anna Strathy (Anna.Strathy@ofina.on.ca) ; Ken Kandeepan (Ken.Kandeepan@ofina.on.ca) ; Hanslep, Malle (MOF) (Malle.Hanslep@ontario.ca) ; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) ; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca) ; tom.mckinlay@ontario.ca; PALMER, AARON
Subject: Urgent - Follow-up regarding proposed changes to TI 13.12(c)
Michael. Gadi has confirmed that the proposed change (below) is not acceptable to the Province. He has now spoken directly to OPG about his concerns.
If it helps to bridge the gap today, the Province would be prepared to extend this sort of right to individual senior warehouse banks, but only until non-warehouse senior obligations are issued. Once senior notes exist, TI 8.11 must govern the process by which a payment demand can be given. Individual senior noteholders should not have the ability to cause the Limited Guarantee to be triggered, without the processes otherwise applicable under the Trust Indenture being applied.
Given today's timing, we will standby if a discussion is needed.
Regards, Steve
Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

Blake, Cassels & Graydon LLP
199 Bay Street, Suite 4000, Toronto ON M5L 1A9
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From: ASHBOURNE, STEPHEN
Sent: Wednesday, December 20, 2017 8:32 AM
To: Feldman, Michael

Cc: PALMER, AARON
Subject: FW: Fair Hydro -- Revised Program Agreements
Michael, FYI, I am seeking instructions from the Province as to whether the following proposed change is acceptable:
Trust Indenture (s. 13.12(c)):

> Upon the occurrence of a Protection Event, if a request has been made by the Issuer or any Controlling Class Creditor, the Indenture Trustee shall deliver a written demand to the Province requiring the Province to make payments on Obligations Secured pursuant to and in accordance with the Change of Law Protection Agreement. If, following such request, the Indenture Trustee does not deliver such written demand to the Province within 10 days of such request, any Controlling Class Creditor shall be entitled to deliver such written demand to the Province.

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I will let you know once I have had a chance to discuss this with the Province. In the meantime, any color you can share regarding why this is being raised now (and by whom) would be helpful.
Among other issues, I think this could muddle the incentives among the senior investors themselves, since the change would allow any one senior noteholder to trigger the Limited Guarantee despite not being supported by the others.
Regards, Steve

From: Saulnier, Brett [mailto:bsaulnier@torys.com]
Sent: Tuesday, December 19, 2017 6:32 PM
To: Alena.Thouin@ontario.ca; Malle.Hanslep@ontario.ca; Tobias.Whitfield@ontario.ca; Tom.McKinlay@ontario.ca; ASHBOURNE, STEPHEN; VINER, JON; PRESTAGE, JA; PALMER, AARON
Cc: 'leslie.wong@opg.com'; dup-john.s.lee@opg.com; 'ken.ryfa@opg.com'; Feldman, Michael; Ramchandani, Rima; Mansoori, Nina; Olusoga, Yinka
Subject: Fair Hydro -- Revised Program Agreements

All,
Please find attached the latest drafts of the following documents, together with blacklines against the versions last circulated:

1. Management Agreement
2. Declaration of Trust
3. MTSA
4. IESO Security Agreement
5. OPG Indemnity
6. IESO Indemnity
7. Change of Law Protection Agreement
8. Change of Law Process Agreement
9. Master Trust Indenture
10. Warehouse Senior Supplemental Indenture
11. Warehouse Subordinated Supplemental Indenture
12. Warehouse Junior Subordinated Supplemental Indenture

Thanks,
Brett

Brett Saulnier
P. 416.865.8148 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com[torys.com]

TORYS LLP [torys.com]

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FAIR HYDRO TRUST

as Issuer

AND

BNY TRUST COMPANY OF CANADA

as Indenture Trustee

TRUST INDENTURE

DATED AS OF DECEMBER 21, 2017

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occurred, specifying each such Default or Event of Default known to such Responsible Officer and the nature and status thereof.

13.11 Payment Instructions

Promptly after the receipt by the Issuer of each Monthly Report under the Master Transfer and Servicing Agreement, the Issuer will, in cooperation with the Manager, complete the Payment Instruction in respect of the Collection Account and deliver a copy thereof to the Indenture Trustee and the Paying Agent (if the Paying Agent is not the Indenture Trustee) at least two (2) Business Days prior to the applicable Payment Date. At least two (2) Business Days prior to any date on which payments are to be made pursuant to Sections 7.05 to 7.11, the Issuer will, in cooperation with the Manager, complete and deliver to the Indenture Trustee and the Paying Agent (if the Paying Agent is not the Indenture Trustee) a copy of the Payment Instruction in respect of the Interest Accumulation Account, the Principal Accumulation Account, the IESO Cash Reserve Account, the Program Cash Reserve Account, the Protection Account or any Series Account, as applicable.

13.12 Notice of Certain Events; Protection Event

(a) The Issuer agrees to give the Indenture Trustee and the Rating Agencies prompt written notice of: (i) each Event of Default; (ii) each breach on the part of the Issuer or the Servicer of its respective obligations under the Master Transfer and Servicing Agreement, including any Servicer Default (notice of which Servicer Default shall state that it is a "Notice of Servicer Default"); (iii) each breach on the part of the Manager of its obligations under the Management Agreement; (iv) any default of the Issuer or a Derivative Counterparty under a Derivative Agreement; and (v) any Protection Event and the nature thereof.

(b) Within 10 Business Days after receipt by the Indenture Trustee of notice of any Servicer Default or Protection Event, the Indenture Trustee shall provide notice thereof to each Specified Creditor; provided, however, that the Indenture Trustee shall not be liable for failing to distribute any written notice pursuant to this subsection 13.12(b) to any party that is at the time of delivery a Specified Creditor but is not on the lists of Specified Creditors held by the Indenture Trustee pursuant to subsection 9.14(a).

(c) Upon the occurrence of a Protection Event, ~~if a~~**at the** request ~~has been made by~~**of** the Issuer or ~~any~~ Controlling Class ~~Creditor~~**Creditors, by Ordinary Resolution**, the Indenture Trustee shall deliver a written demand to the Province requiring the Province to make payments on Obligations Secured pursuant to and in accordance with the Change of Law Protection Agreement. ~~If~~**Notwithstanding Section 8.12, if**, following such request, the Indenture Trustee does not deliver such written demand to the Province within 10 days of such request, any Controlling Class Creditor shall be entitled to deliver such written demand to the Province.

13.17 No Other Business

The Issuer will not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto.

13.18 Amendments to Program Agreements

(a) Unless the Rating Agency Condition is satisfied, the Issuer will not make any material amendments to any Program Agreement (other than this Indenture and individual trade confirmations under Derivative Agreements) **or enter into any Co-Owner Agreement**.

(b) Without in any way limiting clause (a), the Issuer will not:

(i) enter into any Co-Owner Agreement without the consent of Controlling Class Creditors, acting pursuant to an Ordinary Resolution;

(ii) amend, supplement, modify, restate or replace, or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to, any of the Program Agreements (other than this Indenture, Derivative Agreements and the Declaration of Trust), if any such supplementation, amendment, modification, restatement or replacement, or waiver or consent, could reasonably be considered to be materially prejudicial to the rights or interests of any Specified Creditor(s), except as expressly permitted by such Specified Creditor(s) and subject to the Province having been given 10 Business Days' prior notice; provided that failure to provide such notice shall not invalidate such amendment, supplementation, modification, restatement or replacement, or waiver or consent; or

(iii) consent, if consent is required, to the resignation of the Manager under the Management Agreement.

(c) Without in any way limiting clause (a), the Issuer will not amend the Declaration of Trust if such amendment would have an Adverse Effect or would reasonably be expected to have an Adverse Effect at any time in the future; provided that if an amendment would have, or would reasonably be expected to have, an Adverse Effect, such amendment may only be made if the Issuer has obtained the consent of the Debtholders affected thereby, acting pursuant to an Ordinary Resolution.

(d) Upon receipt of an Issuer Certificate directing it to do so (provided that the Issuer has certified that the conditions set forth in Section 13.18(b) or 13.18(c), as applicable, have been satisfied), the Indenture Trustee shall execute any amendment, supplementation, modification, restatement or replacement of any Program Agreement to which it is a party (by acknowledgment or otherwise).

WAREHOUSE

SENIOR SERIES 2017-1

SUPPLEMENTAL INDENTURE

between

FAIR HYDRO TRUST

by

COMPUTERSHARE TRUST COMPANY OF CANADA
as Issuer Trustee

and

BNY TRUST COMPANY OF CANADA
as Indenture Trustee

and

ROYAL BANK OF CANADA
as Administrative Agent

and

CERTAIN CP CONDUIT PURCHASERS,
CERTAIN NON-CONDUIT PURCHASERS
CERTAIN FUNDING AGENTS
and CERTAIN GROUP BANKS

Made as of December 21, 2017

(viii) such additional documents, instruments, certificates or letters as the Administrative Agent or any Funding Agent may reasonably request.

(d) The representations and warranties set forth in Section 12.01 of the Trust Indenture and Section 5.1 of this Supplemental Indenture shall be true and correct in all material respects, the Issuer shall be compliance in all material respects with all of its covenants and obligations under the Program Agreements to which it is a party and no Termination Event shall have occurred.

(e) The Series 2017-1 Senior Notes shall have been duly issued in accordance with the Trust Indenture and each Funding Agent and Non-Conduit Purchaser shall have received its Series 2017-1 Senior Note registered in its name or a nominee in a face amount equal to its Maximum Purchaser Group Principal Amount.

(f) All fees payable on or before the Closing Date pursuant to the Fee Letter shall have been paid in full (or arrangements satisfactory to the Administrative Agent and the Funding Agents have been made).

(g) The Rating Agency Condition shall have been satisfied in respect of the initial purchase.

4.2 Conditions Precedent to each Increase under Series 2017-1 Senior Notes

On or prior to each Increase, the following conditions precedent shall be satisfied:

(a) the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser shall have received an Increase Notice;

(b) no Termination Event shall have occurred or would occur after giving effect to such Increase;

(c) the Increase Date in respect of the Increase is prior to the Commitment Expiry Date;

(d) if the Increase is identified as a Transfer Increase in the Increase Notice, then the related Transfer under the Master Transfer and Servicing Agreement shall have been completed or contemporaneously completed and the Administrative Agent and each of the Funding Agents, the Non-Conduit Purchasers and the Rating Agencies shall have received an opinion of external counsel to the IESO in form and substance satisfactory to the Administrative Agent, the Non-Conduit Purchasers and the Funding Agents;

(e) after giving effect the Increase, the aggregate of the amounts on deposit in the Program Cash Reserve Account and the IESO Cash Reserve Account shall be equal to or greater than the sum of:

(i) the Program Cash Reserve Required Amount,

(b) the Issuer Trustee and the Issuer are not Non-residents;

(c) all tax returns (federal, provincial and local) required to be filed with respect to the Issuer have been filed and there has been paid or adequate provision made for the payment of all material Taxes in respect of the Issuer;

(d) the Issuer has complied in all material respects with all laws in respect of the conduct of its business and ownership of its property including the Issuer Investment Interest;

(e) all information provided to the Administrative Agent and the Purchaser Groups by or on behalf of the Issuer in respect of the Issuer Investment Interest is and will be true and accurate in all material respects;

(f) to its knowledge, there is no set of circumstances existing at such time that will have an Adverse Effect or will reasonably be expected to have an Adverse Effect; and

(g) the Issuer is structured so as not to be a "covered fund" under the regulations adopted to implement Section 619 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, commonly known as the "Volcker Rule."

5.2 Representations and Warranties of the Purchasers

Each Purchaser Group member represents and warrants to the Issuer as of the Closing Date, and shall be deemed to represent and warrant to the Issuer on each Increase Date, that:

(a) if such Purchaser Group is resident in Canada,

(i) it is resident in Ontario or is otherwise subject to the securities legislation of the Province of Ontario;

(ii) it is purchasing the applicable Series 2017-1 Senior Notes (i) as principal for its own account and not for the benefit of any other "person" (as defined in the *Securities Act* (Ontario)) or company; and (ii) for cash consideration in excess of $150,000; and

(iii) it was not created and is not being used solely to purchase or hold securities in reliance on the exemption from the prospectus and dealer registration requirements contained in Section 2.10 of National Instrument 45-106 – Prospectus and Registration Exemptions; or

(b) if such Purchaser Group is resident in the United States,

(i) it is an institutional "accredited investor" within the meaning of Rule 501(a)(1),(2),(3) or (7) of the U.S. Securities Act, and (ii) is acquiring the applicable Series 2017-1 Senior Notes for its own account or for one or more separate accounts maintained by such Purchaser Group, in each case,

for investment, and not with a view to offer, transfer, assign, participate, pledge or otherwise dispose of the Series 2017-1 Senior Notes.

5.3 Survival

The representations and warranties set out in this Article 5 shall survive the execution hereof.

ARTICLE 6
COVENANTS

6.1 Covenants of the Issuer

(a) The Issuer shall promptly provide to the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser (in multiple copies if requested) copies of all material reports, notices, financial statements and other documents delivered by the IESO to the Issuer with respect to the Issuer Investment Interest or pursuant to the Master Transfer and Servicing Agreement.

(b) The Issuer shall provide to the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser (in multiple copies, if requested) such other information, documents, records or reports respecting the Issuer Investment Interest, the Issuer or the IESO which is in the possession or under the control of the Issuer or the Manager, as the Administrative Agent, a Funding Agent or a Non-Conduit Purchaser may from time to time reasonably request, including any correspondence with a Rating Agency.

(c) The Issuer shall furnish to the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser promptly after known to the Issuer or the Manager, information with respect to any action, suit or proceeding involving the Manager, the Issuer or the IESO or any of their respective Affiliates by or before any court or any Governmental Authority which, if adversely determined, would have an Adverse Effect.

(d) The Issuer will not make any amendments to the Funding Obligation Agreements governing any outstanding Subordinated Funding Obligations or Junior Subordinated Funding Obligations without the prior written consent of the Requisite Series 2017-1 Noteholders.

(e) The Issuer will not enter into any Co-Owner Agreement or make any amendments to any of the Program Agreements without the prior written consent of all of the Series 2017-1 Noteholders.

(f) The Issuer will provide prompt notice to the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser of any amendments to the Change of Law Process Agreement dated December 21, 2017 between the Province and OPG.

(g) The Issuer will not hold or own, directly or indirectly, any share or equity security of, or any equity interest in, any Person.

(h) The Issuer confirms that this Supplemental Indenture is a Warehouse Facility Agreement. The Issuer will not enter into any other Warehouse Facility Agreement creating Senior Funding Obligations without the prior written consent of the Requisite Series 2017-1 Noteholders unless the Commitment Expiry Date has occurred.

(i) The Issuer will not enter into any Funding Obligation Agreement (other than a Credit Enhancement Agreement or Derivative Agreement or a Warehouse Facility Agreement for Subordinated Funding Obligations or Junior Subordinated Funding Obligations) in respect of any Funding Obligation that has a Principal Payment Date prior to May 1, 2022.

(j) Each issuance of Senior Funding Obligations completed on or after the Commitment Expiry Date shall be treated by the Issuer as a Refinancing with the proceeds thereof (net of expenses incurred in connection with such issuance and amounts required to be deposited in Issuer Accounts in accordance with the Program Agreements) applied to effect Decreases hereunder until such time as the Series 2017-1 Principal Amount has been reduced to zero.

(k) Upon the request of the Administrative Agent or any Funding Agent at any time after January 1, 2022, the Issuer shall request, not more than once per year (except following and during the continuance of a Termination Event, when the Administrative Agent or any Funding Agent may request as frequently as once per month), the Issuer will, at its expense, appoint Ernst &Young LLP, or another independent public accounting firm selected by the Issuer with the consent of such the Administrative Agent or such Funding Agent (such consent not to be unreasonably withheld), to prepare and deliver to each Funding Agent a written report, on a scope and in a form reasonably requested by the Administrative Agent or the Funding Agent making such request, to provide assurances to the Funding Agents that the information certified on each Monthly Report is accurate in all material respects.

(l) Notwithstanding section 13.12(c) of the Trust Indenture, upon the occurrence of a Protection Event, if a request has been made by the Issuer or any Non-Conduit Purchaser or Funding Agent, the Indenture Trustee shall deliver a written demand to the Province requiring the Province to make payments on Obligations Secured pursuant to and in accordance with the Change of Law Protection Agreement. Notwithstanding section 8.12 of the Trust Indenture, if, following such request, the Indenture Trustee does not deliver such written demand to the Province within 10 days of such request, any Funding Agent or Non-Conduit Purchaser shall be entitled to deliver such written demand to the Province.

From:	Feldman, Michael
To:	ASHBOURNE, STEPHEN
Cc:	Ramchandani, Rima; Saulnier, Brett; Gadi Mayman; Mike Manning; Anna Strathy; Ken Kandeepan; Malle Hanslep (MOF); Tobias P. Whitfield (MOF); Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca); Tom McKinlay (MAG); PALMER, AARON; Feldman, Michael
Subject:	RE: Urgent - Follow-up regarding proposed changes to TI 13.12(c)
Date:	Wednesday, December 20, 2017 9:14:03 AM

Stephen,
Confirming I got both of your emails and I am working on it.
Michael K. Feldman
P. 416.865.7513 | F. 416.865.7380 | 1.800.505.8679

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: December-20-17 9:09 AM
To: Feldman, Michael
Cc: Ramchandani, Rima ; Saulnier, Brett ; Gadi Mayman (Gadi.Mayman@ofina.on.ca) ; Mike Manning ; Anna Strathy (Anna.Strathy@ofina.on.ca) ; Ken Kandeepan (Ken.Kandeepan@ofina.on.ca) ; Hanslep, Malle (MOF) (Malle.Hanslep@ontario.ca) ; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) ; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca) ; tom.mckinlay@ontario.ca; PALMER, AARON
Subject: Urgent - Follow-up regarding proposed changes to TI 13.12(c)

Michael. Gadi has confirmed that the proposed change (below) is not acceptable to the Province. He has now spoken directly to OPG about his concerns.

If it helps to bridge the gap today, the Province would be prepared to extend this sort of right to individual senior warehouse banks, but only until non-warehouse senior obligations are issued. Once senior notes exist, TI 8.11 must govern the process by which a payment demand can be given. Individual senior noteholders should not have the ability to cause the Limited Guarantee to be triggered, without the processes otherwise applicable under the Trust Indenture being applied.

Given today's timing, we will standby if a discussion is needed.

Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

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From: ASHBOURNE, STEPHEN
Sent: Wednesday, December 20, 2017 8:32 AM
To: Feldman, Michael
Cc: PALMER, AARON
Subject: FW: Fair Hydro -- Revised Program Agreements

Michael, FYI, I am seeking instructions from the Province as to whether the following proposed change is acceptable:

Trust Indenture (s. 13.12(c)):

> Upon the occurrence of a Protection Event, if a request has been made by the Issuer or

any Controlling Class Creditor, the Indenture Trustee shall deliver a written demand to the Province requiring the Province to make payments on Obligations Secured pursuant to and in accordance with the Change of Law Protection Agreement. If, following such request, the Indenture Trustee does not deliver such written demand to the Province within 10 days of such request, any Controlling Class Creditor shall be entitled to deliver such written demand to the Province.

I see this as an exception to the general approach in the Trust Indenture, which allows the "Controlling Class Creditors" by ordinary resolution (>50%) to direct the Indenture Trustee to act (see s.8.11 of the Trust Indenture). Allowing any senior noteholder to trigger the Limited Guarantee represents a significant change from the Province's standpoint.

I will let you know once I have had a chance to discuss this with the Province. In the meantime, any color you can share regarding why this is being raised now (and by whom) would be helpful.

Among other issues, I think this could muddle the incentives among the senior investors themselves, since the change would allow any one senior noteholder to trigger the Limited Guarantee despite not being supported by the others.

Regards, Steve

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Sent: Tuesday, December 19, 2017 6:32 PM
To: Alena.Thouin@ontario.ca; Malle.Hanslep@ontario.ca; Tobias.Whitfield@ontario.ca; Tom.McKinlay@ontario.ca; ASHBOURNE, STEPHEN; VINER, JON; PRESTAGE, JA; PALMER, AARON
Cc: 'leslie.wong@opg.com'; dup-john.s.lee@opg.com; 'ken.ryfa@opg.com'; Feldman, Michael; Ramchandani, Rima; Mansoori, Nina; Olusoga, Yinka
Subject: Fair Hydro -- Revised Program Agreements

All,

Please find attached the latest drafts of the following documents, together with blacklines against the versions last circulated:

1. Management Agreement
2. Declaration of Trust
3. MTSA
4. IESO Security Agreement
5. OPG Indemnity
6. IESO Indemnity
7. Change of Law Protection Agreement
8. Change of Law Process Agreement
9. Master Trust Indenture
10. Warehouse Senior Supplemental Indenture
11. Warehouse Subordinated Supplemental Indenture
12. Warehouse Junior Subordinated Supplemental Indenture

Thanks,
Brett

Brett Saulnier
P. 416.865.8148 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com[torys.com]

TORYS LLP[torys.com]

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To:	Feldman, Michael
Cc:	Ramchandani, Rima; Saulnier, Brett; Gadi Mayman; Mike Manning; Anna Strathy; Ken Kandeepan; Malle Hanslep (MOF); Tobias P. Whitfield (MOF); Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca); Tom McKinlay (MAG); PALMER, AARON
Subject:	RE: Urgent - Follow-up regarding proposed changes to TI 13.12(c)
Date:	Wednesday, December 20, 2017 3:13:58 PM

Looks fine, thanks. Steve
Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From: Feldman, Michael [mailto:mfeldman@torys.com]
Sent: Wednesday, December 20, 2017 2:30 PM
To: ASHBOURNE, STEPHEN
Cc: Ramchandani, Rima; Saulnier, Brett; Gadi Mayman (Gadi.Mayman@ofina.on.ca); Mike Manning; Anna Strathy (Anna.Strathy@ofina.on.ca); Ken Kandeepan (Ken.Kandeepan@ofina.on.ca); Hanslep, Malle (MOF) (Malle.Hanslep@ontario.ca); Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca); Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca); tom.mckinlay@ontario.ca; PALMER, AARON; Feldman, Michael
Subject: RE: Urgent - Follow-up regarding proposed changes to TI 13.12(c)

Stephen,
I am attaching changed pages from the Master Trust Indenture and the Supplemental Indenture that reflects the Dealer's response to this issue (as well as a couple of other minor issues raised by DBRS). I understand that OPG has discussed this approach with the Province this morning. We would like to forward these changed pages to the rating agencies as soon as possible so would appreciate receiving any comments from you by no later than 3:30 pm.
Michael K. Feldman
P. 416.865.7513 | F. 416.865.7380 | 1.800.505.8679

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: December-20-17 9:09 AM
To: Feldman, Michael <mfeldman@torys.com>
Cc: Ramchandani, Rima <rramchandani@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Gadi Mayman (Gadi.Mayman@ofina.on.ca) <Gadi.Mayman@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Anna Strathy (Anna.Strathy@ofina.on.ca) <Anna.Strathy@ofina.on.ca>; Ken Kandeepan (Ken.Kandeepan@ofina.on.ca) <Ken.Kandeepan@ofina.on.ca>; Hanslep, Malle (MOF) (Malle.Hanslep@ontario.ca) <Malle.Hanslep@ontario.ca>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca) <Alena.Thouin@ontario.ca>; tom.mckinlay@ontario.ca; PALMER, AARON <AARON.PALMER@blakes.com>
Subject: Urgent - Follow-up regarding proposed changes to TI 13.12(c)

Michael. Gadi has confirmed that the proposed change (below) is not acceptable to the Province. He has now spoken directly to OPG about his concerns.
If it helps to bridge the gap today, the Province would be prepared to extend this sort of right to individual senior warehouse banks, but only until non-warehouse senior obligations are issued. Once senior notes exist, TI 8.11 must govern the process by which a payment demand can be given. Individual senior noteholders should not have the ability to cause the Limited Guarantee to be triggered, without the processes otherwise applicable under the Trust Indenture being applied.
Given today's timing, we will standby if a discussion is needed.
Regards, Steve
Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

Blake, Cassels & Graydon LLP
199 Bay Street, Suite 4000, Toronto ON M5L 1A9
Tel: 416-863-2400 Fax: 416-863-2653
blakes.com[blakes.com] | **Twitter**[twitter.com] | **Unsubscribe**[blakes.com]
Blake, Cassels & Graydon LLP | Barristers & Solicitors | Patent & Trade-mark Agents
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From: ASHBOURNE, STEPHEN
Sent: Wednesday, December 20, 2017 8:32 AM
To: Feldman, Michael
Cc: PALMER, AARON
Subject: FW: Fair Hydro -- Revised Program Agreements

Michael, FYI, I am seeking instructions from the Province as to whether the following proposed change is acceptable:

Trust Indenture (s. 13.12(c)):

> Upon the occurrence of a Protection Event, if a request has been made by the Issuer or any Controlling Class Creditor, the Indenture Trustee shall deliver a written demand to the Province requiring the Province to make payments on Obligations Secured pursuant to and in accordance with the Change of Law Protection Agreement. If, following such request, the Indenture Trustee does not deliver such written demand to the Province within 10 days of such request, any Controlling Class Creditor shall be entitled to deliver such written demand to the Province.

I see this as an exception to the general approach in the Trust Indenture, which allows the "Controlling Class Creditors" by ordinary resolution (>50%) to direct the Indenture Trustee to act (see s.8.11 of the Trust Indenture). Allowing any senior noteholder to trigger the Limited Guarantee represents a significant change from the Province's standpoint.

I will let you know once I have had a chance to discuss this with the Province. In the meantime, any color you can share regarding why this is being raised now (and by whom) would be helpful.

Among other issues, I think this could muddle the incentives among the senior investors themselves, since the change would allow any one senior noteholder to trigger the Limited Guarantee despite not being supported by the others.

Regards, Steve

From: Saulnier, Brett [mailto:bsaulnier@torys.com]
Sent: Tuesday, December 19, 2017 6:32 PM
To: Alena.Thouin@ontario.ca; Malle.Hanslep@ontario.ca; Tobias.Whitfield@ontario.ca; Tom.McKinlay@ontario.ca; ASHBOURNE, STEPHEN; VINER, JON; PRESTAGE, JA; PALMER, AARON
Cc: 'leslie.wong@opg.com'; dup-john.s.lee@opg.com; 'ken.ryfa@opg.com'; Feldman, Michael; Ramchandani, Rima; Mansoori, Nina; Olusoga, Yinka
Subject: Fair Hydro -- Revised Program Agreements

All,

Please find attached the latest drafts of the following documents, together with blacklines against the versions last circulated:

1. Management Agreement
2. Declaration of Trust
3. MTSA
4. IESO Security Agreement
5. OPG Indemnity

6. IESO Indemnity
7. Change of Law Protection Agreement
8. Change of Law Process Agreement
9. Master Trust Indenture
10. Warehouse Senior Supplemental Indenture
11. Warehouse Subordinated Supplemental Indenture
12. Warehouse Junior Subordinated Supplemental Indenture

Thanks,
Brett

Brett Saulnier
P. 416.865.8148 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com[torys.com]

TORYS LLP[torys.com]

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From:	Anna Strathy
To:	Malle Hanslep (MOF); Ken Kandeepan
Cc:	Ronald Kwan; Gadi Mayman; Usman Zahid; Tobias P. Whitfield (MOF); Mike Manning
Subject:	RE: Urgent Request: Status Update- Provincial Guarantee Agreement related to OFHP
Date:	Tuesday, November 21, 2017 9:55:30 AM

Thanks very much, Malle. How about this?

- The Province is continuing to negotiate the terms of the Change of Law Protection Agreement and related Process Agreement with OPG and the dealers.
- A number of new points and proposed revisions have been raised by OPG and the dealers this morning on the draft that the Province sent last Friday Nov 17.
- The Province and OPG are looking to resolve as many outstanding issues as possible before OPG's Board reviews the Agreements tomorrow morning.

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: Tuesday, November 21, 2017 9:49 AM

To: Anna Strathy ; Ken Kandeepan

Cc: Ronald Kwan ; Gadi Mayman ; Usman Zahid ; Tobias P. Whitfield (MOF) ; Mike Manning

Subject: RE: Urgent Request: Status Update- Provincial Guarantee Agreement related to OFHP

Hi Anna,

I am not sure what should be included about current status in terms of the response we received from Torys/OPG today setting out a new proposal and the ability to resolve those issues before OPG's board meeting tomorrow. Although yesterday at noon it seemed that we were not too far away from finalization, a number of new points and proposed revisions have been raised by OPG and the dealers on the draft that the Province sent last Friday Nov 17th. .

The Province is continuing to negotiate the terms of the Change of Law Protection Agreement and related Process Agreement with OPG and the dealers.

Malle

From: Anna Strathy [mailto:Anna.Strathy@ofina.on.ca]
Sent: November 21, 2017 9:36 AM
To: Kandeepan, Ken (OFA); Hanslep, Malle (MOF)
Cc: Kwan, Ronald (OFA); Mayman, Gadi (OFA); Zahid, Usman (OFA); Whitfield, Tobias P. (MOF); Manning, Mike (OFA)
Subject: FW: Urgent Request: Status Update- Provincial Guarantee Agreement related to OFHP
Importance: High

Hi Ken, Malle,

CO is asking for a few bullets on the status of the provincial guarantee and any issues/concerns – for their internal briefing purposes only. **Request is for 10am.**

Could you please provide a few bullets on the status and issues?

Thanks, Anna

From: Tekle, Jonathan (MOF) [mailto:Jonathan.Tekle@ontario.ca]

Sent: Tuesday, November 21, 2017 9:29 AM

To: Anna Strathy <Anna.Strathy@ofina.on.ca>

Cc: David McLean (MOF) <David.McLean@ontario.ca>

Subject: FW: Urgent Request: Status Update- Provincial Guarantee Agreement related to OFHP

Importance: High

Hi Anna,

Can you flag this for Gadi and legal? We need to pull together a few bullets for CO on

status\issues.
See below. Please let me know if there are any issues.
Thanks,
Jonathan

From: Tekle, Jonathan (MOF)
Sent: November 21, 2017 9:27 AM
To: Johnson, Maureen (CAB)
Cc: McLean, David (MOF); Rankin, Christine (CAB)
Subject: RE: Urgent Request: Status Update- Provincial Guarantee Agreement related to OFHP

Hi Maureen,
Welcome! I just need to circle back with OFA and Legal as there have been on-going conversations daily on this. Will send asap.
Looking forward to working with you as well. We'll have to find time for a coffee when you're all settled.
Cheers,
Jonathan

From: Johnson, Maureen (CAB)
Sent: November 21, 2017 9:18 AM
To: Tekle, Jonathan (MOF)
Cc: McLean, David (MOF); Rankin, Christine (CAB)
Subject: Urgent Request: Status Update- Provincial Guarantee Agreement related to OFHP
Importance: High

Hi Jonathan,
I'm the new CO advisor for MOF (everything except cannabis). Looking forward to working with you.
Would it be possible to get a brief status update on the Provincial Guarantee Agreement related to Ontario's Fair Hydro Plan by 10 am? A few bullets on current status and any issues or concerns would be appreciated.
Thank you,
Maureen

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From: Hanslep, Malle (MOF)
To: Anna Strathy; Ken Kandeepan
Cc: Ronald Kwan; Gadi Mayman; Usman Zahid; Tobias P. Whitfield (MOF); Mike Manning
Subject: RE: Urgent Request: Status Update- Provincial Guarantee Agreement related to OFHP
Date: Tuesday, November 21, 2017 9:48:46 AM

Hi Anna,
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Cc: Kwan, Ronald (OFA); Mayman, Gadi (OFA); Zahid, Usman (OFA); Whitfield, Tobias P. (MOF); Manning, Mike (OFA)
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Cc: David McLean (MOF) <David.McLean@ontario.ca>
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See below. Please let me know if there are any issues.
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From: Hanslep, Malle (MOF)
To: Anna Strathy; Ken Kandeepan
Cc: Ronald Kwan; Gadi Mayman; Usman Zahid; Tobias P. Whitfield (MOF); Mike Manning
Subject: RE: Urgent Request: Status Update- Provincial Guarantee Agreement related to OFHP
Date: Tuesday, November 21, 2017 9:56:37 AM

This is ok from my perspective – just want to ensure others agree as well.

From: Anna Strathy [mailto:Anna.Strathy@ofina.on.ca]
Sent: November 21, 2017 9:55 AM
To: Hanslep, Malle (MOF); Kandeepan, Ken (OFA)
Cc: Kwan, Ronald (OFA); Mayman, Gadi (OFA); Zahid, Usman (OFA); Whitfield, Tobias P. (MOF); Manning, Mike (OFA)
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Cc: Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Usman Zahid <Usman.Zahid@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
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Could you please provide a few bullets on the status and issues?

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Cc: David McLean (MOF) <David.McLean@ontario.ca>
Subject: FW: Urgent Request: Status Update- Provincial Guarantee Agreement related to OFHP
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See below. Please let me know if there are any issues.

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Jonathan

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Cc: McLean, David (MOF); Rankin, Christine (CAB)
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From:	Hanslep, Malle (MOF)
To:	John Kim; Tobias P. Whitfield (MOF)
Cc:	Mike Manning; Ken Kandeepan
Subject:	RE: protection agreement
Date:	Thursday, December 07, 2017 1:50:27 PM

Please ask Tim to send you the version he is referring to.

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: December 7, 2017 1:39 PM
To: Whitfield, Tobias P. (MOF)
Cc: Hanslep, Malle (MOF); Manning, Mike (OFA); Kandeepan, Ken (OFA)
Subject: FW: protection agreement

Hi Toby,

Would you know what Tim is referring to?

Thanks,

John

From: Christie, Tim (ENERGY) [mailto:Tim.Christie@ontario.ca]
Sent: Thursday, December 07, 2017 1:23 PM
To: John Kim <John.Kim@ofina.on.ca>
Subject: protection agreement

John, have you seen the proposed change to the protection agreement dealing with the swap settlement? Wondering what the OFA's comments are on this provision.

Tim

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From:	Gadi Mayman
To:	Malle Hanslep (MOF)
Cc:	Ken Kandeepan; Mike Manning; Ronald Kwan; Tobias P. Whitfield (MOF); Michael Waterston (MOF); Anna Strathy
Subject:	Re: Change of Law Protection Agreement and Change of Law Process Agreement - Fair Hydro
Date:	Tuesday, November 21, 2017 8:12:46 AM

As I may not be able to join the call this morning, I thought I'd share my view: if this truly is an issue for marketing the bonds to investors, it would be significant from their perspective. Mike and I don't yet understand why it would be, so it is up to the underwriters, or their counsel, to provide us with a written, not oral, explanation as to why it would be. If they are not prepared to put their reasons in a short, plain English, form, I'm not prepared to accept their request.

Gadi

On Nov 21, 2017, at 8:04 AM, Gadi Mayman <Gadi.Mayman@ofina.on.ca> wrote:

> Energy (both policy and legal) staff and OPCD should be on any call to discuss this, as well.
>
> Thanks,
> Gadi
>
> On Nov 21, 2017, at 8:00 AM, Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca> wrote:
>
>> I think that it would be useful to discuss next steps here given Torys email below. According to Torys some of this reflects discussions they had with dealers counsel on the weekend and contacted me to have call to give more context. However I would like to discuss this with you as this seems to be quite a significant change to what we were discussing on Monday and our most recent draft. If we have a call maybe it should be the whole group and include Blakes.
>>
>> Malle
>>
>> Sent from my BlackBerry 10 smartphone on the Rogers network.
>> From: Mansoori, Nina <nmansoori@torys.com>
>> Sent: Monday, November 20, 2017 14:06
>> To: Mayman, Gadi (OFA); Hanslep, Malle (MOF); ASHBOURNE, STEPHEN; Whitfield, Tobias P. (MOF); Kandeepan, Ken (OFA); Manning, Mike (OFA); Kwan, Ronald (OFA); Thouin, Alena (ENERGY); McKinlay, Tom (MAG); VINER, JON; PRESTAGE, JA; Cayley, Daniel (ENERGY)
>> Cc: 'dup-john.s.lee@opg.com'; 'leslie.wong@opg.com'; 'sheen.liu@opg.com'; 'tyler.mcauley@opg.com'; 'clara.greco@opg.com'; 'matthew.go@opg.com'; 'anthea.yao@opg.com'; 'jenny.jorda@opg.com';

'stuart.preston@opg.com'; 'john.drewniak@opg.com'; 'j.hahnparker@opg.com'; Feldman, Michael; Ramchandani, Rima; Emes, Aaron; Hunter, Rosalind; 'Alvi, Shariq'; Innes, Michael; 'Stoddart, Jesse - Debt Capital Markets'; 'Rix, Lindsey - Legal'; 'Hume, Tyler'; 'Daou, Hadi'; 'Persad, Nicole'; Olusoga, Yinka; Saulnier, Brett; 'mfitzpatrick@hunton.com'; 'aobrian@hunton.com'; Watson, Gwen; Johnson, Richard; Smith, Elliot; King, Richard; Royer, Kate; Hughes, Timothy; 'Adalja, Sunil'; 'Persaud, Donnie - Debt Capital Markets'; Sebastiano, Rocco; 'Maciel, Andrew'; 'Benaiah, Ian'; 'Khan, Nur'; ''Niehaus, Katrina' (Katrina.Niehaus@gs.com)'; 'Delaney, Brian (Brian.Delaney@gs.com)'; 'Conner, Robbin'; 'Milligan, Peter'; Sebastiano, Rocco; Fullerton, Rick; Olusoga, Yinka; Emes, Aaron; Saulnier, Brett; Mansoori, Nina
Subject: RE: Change of Law Protection Agreement and Change of Law Process Agreement - Fair Hydro

All – please find attached consolidated comments on the Process Agreement and the Protection Agreement blacklined to the drafts circulated by Blakes on Friday. We understand that the current structure requiring satisfaction of the adherence conditions in the Protection Agreement impacts the marketability of the transaction and creates uncertainty for investors. Accordingly, the dealers and OPG would like to discuss with the Province the possibility of moving the adherence conditions to the Process Agreement while preserving the Province's oversight of its obligations under the Protection Agreement. We will provide a proposal on that basis to discuss with the Province. Please note that the attached remains subject to the comments of the working group and the rating agencies.

Best Regards,
Nina
P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada |
www.torys.com<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.torys.com&d=DwIF-g&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=OdoCVLs6i-6reBTUJh9PAGSfpmSjeJXGKKb9SzvJOII&m=MrpUmWD3dcc7aBZwZo-vo7ltU4uMqH-66WunWE2l7Qg&s=eEbg_tyY-YaKY4yvrCFty-qqJo_QZcAOJl_j_LWV4EA&e= >
[Torys LLP]<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.torys.com&d=DwIF-g&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=OdoCVLs6i-6reBTUJh9PAGSfpmSjeJXGKKb9SzvJOII&m=MrpUmWD3dcc7aBZwZo-vo7ltU4uMqH-66WunWE2l7Qg&s=eEbg_tyY-YaKY4yvrCFty-qqJo_QZcAOJl_j_LWV4EA&e= >

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From:	Gadi Mayman
To:	Malle Hanslep (MOF)
Cc:	Ken Kandeepan; Mike Manning; Ronald Kwan; Tobias P. Whitfield (MOF); Michael Waterston (MOF); Anna Strathy
Subject:	Re: Change of Law Protection Agreement and Change of Law Process Agreement - Fair Hydro
Date:	Tuesday, November 21, 2017 8:04:23 AM

Energy (both policy and legal) staff and OPCD should be on any call to discuss this, as well.

Thanks,
Gadi

On Nov 21, 2017, at 8:00 AM, Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca> wrote:

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> From: Mansoori, Nina <nmansoori@torys.com>
> Sent: Monday, November 20, 2017 14:06
> To: Mayman, Gadi (OFA); Hanslep, Malle (MOF); ASHBOURNE, STEPHEN; Whitfield, Tobias P. (MOF); Kandeepan, Ken (OFA); Manning, Mike (OFA); Kwan, Ronald (OFA); Thouin, Alena (ENERGY); McKinlay, Tom (MAG); VINER, JON; PRESTAGE, JA; Cayley, Daniel (ENERGY)
> Cc: 'dup-john.s.lee@opg.com'; 'leslie.wong@opg.com'; 'sheen.liu@opg.com'; 'tyler.mcauley@opg.com'; 'clara.greco@opg.com'; 'matthew.go@opg.com'; 'anthea.yao@opg.com'; 'jenny.jorda@opg.com'; 'stuart.preston@opg.com'; 'john.drewniak@opg.com'; 'j.hahnparker@opg.com'; Feldman, Michael; Ramchandani, Rima; Emes, Aaron; Hunter, Rosalind; 'Alvi, Shariq'; Innes, Michael; 'Stoddart, Jesse - Debt Capital Markets'; 'Rix, Lindsey - Legal'; 'Hume, Tyler'; 'Daou, Hadi'; 'Persad, Nicole'; Olusoga, Yinka; Saulnier, Brett; 'mfitzpatrick@hunton.com'; 'aobrian@hunton.com'; Watson, Gwen; Johnson, Richard; Smith, Elliot; King, Richard; Royer, Kate; Hughes, Timothy; 'Adalja, Sunil'; 'Persaud, Donnie - Debt Capital Markets'; Sebastiano, Rocco; 'Maciel, Andrew'; 'Benaiah, Ian'; 'Khan, Nur'; "Niehaus, Katrina' (Katrina.Niehaus@gs.com)'; 'Delaney, Brian (Brian.Delaney@gs.com)'; 'Conner, Robbin'; 'Milligan, Peter'; Sebastiano, Rocco; Fullerton, Rick; Olusoga, Yinka; Emes, Aaron; Saulnier, Brett; Mansoori, Nina
> Subject: RE: Change of Law Protection Agreement and Change of Law Process Agreement - Fair Hydro
>
> All – please find attached consolidated comments on the Process Agreement and the Protection Agreement blacklined to the drafts circulated by Blakes on Friday.

We understand that the current structure requiring satisfaction of the adherence conditions in the Protection Agreement impacts the marketability of the transaction and creates uncertainty for investors. Accordingly, the dealers and OPG would like to discuss with the Province the possibility of moving the adherence conditions to the Process Agreement while preserving the Province's oversight of its obligations under the Protection Agreement. We will provide a proposal on that basis to discuss with the Province. Please note that the attached remains subject to the comments of the working group and the rating agencies.

Best Regards,

Nina
P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada |
www.torys.com<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.torys.com&d=DwIF-g&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=OdoCVLs6i-6reBTUJh9PAGSfpmSjeJXGKKb9SzvJOII&m=MrpUmWD3dcc7aBZwZo-vo7ltU4uMqH-66WunWE2l7Qg&s=eEbg_tyY-YaKY4yvrCFty-qqJo_QZcAOJl_j_LWV4EA&e= >
[Torys LLP]<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.torys.com&d=DwIF-g&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=OdoCVLs6i-6reBTUJh9PAGSfpmSjeJXGKKb9SzvJOII&m=MrpUmWD3dcc7aBZwZo-vo7ltU4uMqH-66WunWE2l7Qg&s=eEbg_tyY-YaKY4yvrCFty-qqJo_QZcAOJl_j_LWV4EA&e= >

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From: Ronald Kwan
To: Mike Manning
Cc: Ken Kandeepan; Gadi Mayman
Subject: Re: Change of Law Protection Agreement and Change of Law Process Agreement - Fair Hydro
Date: Monday, November 20, 2017 11:22:46 PM

Thanks Mike. I hope it is resolvable. I recall that last week that our lawyers had strong views on what should be in the protection agreement and the nature of the relationship and interactions between the two agreements.

Ron

On Nov 20, 2017, at 10:05 PM, Mike Manning <Mike.Manning@ofina.on.ca> wrote:

> Good question: at the end of the day the lawyers had agreed to attempt to work out the drafting issues and hopefully land on a solution tomorrow. Our lawyers want to stick to the substantive issues in the November 17 (Friday version) of the agreements that we were comfortable with. OPG indicated at the end of the day that the differences in today's version were meant to be of the win-win variety and be to our benefit. Obviously some lawyer to lawyer discussion required. Hoping that these drafting issues get resolved tomorrow morning without more business intervention. So we don't have a clear resolution right now, and may have to get involved tomorrow, but John Lee was hopeful that wouldn't be required. Obviously will keep you in the loop as it evolves tomorrow.
> Regards, Mike
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> On Nov 20, 2017, at 7:35 PM, Ronald Kwan <Ronald.Kwan@ofina.on.ca> wrote:
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>> Hi Mike,
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>> Has this been resolved, or a position taken?
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>> Thanks,
>> Ron
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>>> Looking & talking to lawyers, could be a problem. Will get back.
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>>> **From:** Gadi Mayman
>>> **Sent:** Monday, November 20, 2017 2:16 PM
>>> **To:** Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
>>> **Cc:** Anna Strathy <Anna.Strathy@ofina.on.ca>

Subject: Fwd: Change of Law Protection Agreement and Change of Law Process Agreement - Fair Hydro
Is this a small ask, or does it undermine the progress that we'd thought we'd made when we met at noon?
Gadi

Begin forwarded message:

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> **Date:** November 20, 2017 at 2:05:34 PM EST
> **To:** "Mayman, Gadi (OFA)" <Gadi.Mayman@ofina.on.ca>, "'Hanslep, Malle (MOF)'" <Malle.Hanslep@ontario.ca>, "ASHBOURNE, STEPHEN" <STEPHEN.ASHBOURNE@blakes.com>, "Whitfield, Tobias P. (MOF)" <Tobias.Whitfield@ontario.ca>, "Kandeepan, Ken (OFA)" <Ken.Kandeepan@ofina.on.ca>, "Manning, Mike (OFA)" <Mike.Manning@ofina.on.ca>, "Kwan, Ronald (OFA)" <Ronald.Kwan@ofina.on.ca>, "Thouin, Alena (ENERGY)" <Alena.Thouin@ontario.ca>, "McKinlay, Tom (MAG)" <Tom.McKinlay@ontario.ca>, "VINER, JON" <JON.VINER@blakes.com>, "PRESTAGE, JA" <JA.PRESTAGE@blakes.com>, "Cayley, Daniel (ENERGY)" <Daniel.Cayley@ontario.ca>
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"'j.hahnparker@opg.com'"
<j.hahnparker@opg.com>, "Feldman, Michael"
<mfeldman@torys.com>, "Ramchandani, Rima"
<rramchandani@torys.com>, "Emes, Aaron"
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<RHunter@osler.com>, "'Alvi, Shariq'"
<Shariq.Alvi@cibc.com>, "Innes, Michael"
<MInnes@osler.com>, "'Stoddart, Jesse - Debt
Capital Markets'" <Jesse.Stoddart@cibc.com>,
"'Rix, Lindsey - Legal'" <Lindsey.Rix@cibc.com>,
"'Hume, Tyler'" <Tyler.Hume@cibc.com>,
"'Daou, Hadi'" <Hadi.Daou@cibc.com>,
"'Persad, Nicole'" <Nicole.Persad@cibc.com>,
"Olusoga, Yinka" <yolusoga@torys.com>,
"Saulnier, Brett" <bsaulnier@torys.com>,
"'mfitzpatrick@hunton.com'"
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<yolusoga@torys.com>, "Emes, Aaron"
<aemes@torys.com>, "Saulnier, Brett"

<bsaulnier@torys.com>, "Mansoori, Nina" <nmansoori@torys.com>

Subject: RE: Change of Law Protection Agreement and Change of Law Process Agreement - Fair Hydro

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www.torys.com[torys.com]

From: Mike Manning
To: Ronald Kwan; Ken Kandeepan; Gadi Mayman
Subject: Re: Change of Law Protection Agreement and Change of Law Process Agreement - Fair Hydro
Date: Monday, November 20, 2017 10:05:44 PM

Good question: at the end of the day the lawyers had agreed to attempt to work out the drafting issues and hopefully land on a solution tomorrow. Our lawyers want to stick to the substantive issues in the November 17 (Friday version) of the agreements that we were comfortable with. OPG indicated at the end of the day that the differences in today's version were meant to be of the win-win variety and be to our benefit. Obviously some lawyer to lawyer discussion required. Hoping that these drafting issues get resolved tomorrow morning without more business intervention. So we don't have a clear resolution right now, and may have to get involved tomorrow, but John Lee was hopeful that wouldn't be required. Obviously will keep you in the loop as it evolves tomorrow.
Regards, Mike

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>
> Has this been resolved, or a position taken?
>
> Thanks,
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> >
> > ---
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> > **From:** Gadi Mayman
> > **Sent:** Monday, November 20, 2017 2:16 PM
> > **To:** Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
> > **Cc:** Anna Strathy <Anna.Strathy@ofina.on.ca>
> > **Subject:** Fwd: Change of Law Protection Agreement and Change of Law Process Agreement - Fair Hydro
> >
> > Is this a small ask, or does it undermine the progress that we'd thought we'd made when we met at noon?
> >
> > Gadi

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Date: November 20, 2017 at 2:05:34 PM EST
To: "Mayman, Gadi (OFA)" <Gadi.Mayman@ofina.on.ca>, "'Hanslep, Malle (MOF)'" <Malle.Hanslep@ontario.ca>, "ASHBOURNE, STEPHEN" <STEPHEN.ASHBOURNE@blakes.com>, "Whitfield, Tobias P. (MOF)" <Tobias.Whitfield@ontario.ca>, "Kandeepan, Ken (OFA)" <Ken.Kandeepan@ofina.on.ca>, "Manning, Mike (OFA)" <Mike.Manning@ofina.on.ca>, "Kwan, Ronald (OFA)" <Ronald.Kwan@ofina.on.ca>, "Thouin, Alena (ENERGY)" <Alena.Thouin@ontario.ca>, "McKinlay, Tom (MAG)" <Tom.McKinlay@ontario.ca>, "VINER, JON" <JON.VINER@blakes.com>, "PRESTAGE, JA" <JA.PRESTAGE@blakes.com>, "Cayley, Daniel (ENERGY)" <Daniel.Cayley@ontario.ca>
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Subject: RE: Change of Law Protection Agreement and Change of Law Process Agreement - Fair Hydro

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From: Ronald Kwan
To: Mike Manning
Subject: Re: Change of Law Protection Agreement and Change of Law Process Agreement - Fair Hydro
Date: Monday, November 20, 2017 7:35:16 PM

Hi Mike,

Has this been resolved, or a position taken?

Thanks,
Ron

On Nov 20, 2017, at 2:31 PM, Mike Manning <Mike.Manning@ofina.on.ca> wrote:

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> **Cc:** Anna Strathy <Anna.Strathy@ofina.on.ca>
> **Subject:** Fwd: Change of Law Protection Agreement and Change of Law Process Agreement - Fair Hydro
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Subject: RE: Change of Law Protection Agreement and Change of Law Process Agreement - Fair Hydro

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From: Gadi Mayman
To: Malle Hanslep (MOF)
Cc: Ken Kandeepan; Mike Manning; Ronald Kwan; Tobias P. Whitfield (MOF); Michael Waterston (MOF); Anna Strathy
Subject: Re: Change of Law Protection Agreement and Change of Law Process Agreement - Fair Hydro
Date: Tuesday, November 21, 2017 10:07:20 AM

I think that Mike may have asked John Lee late yesterday for that, and I'm guessing that the preamble in what Nina sent is trying to address that request from us. The point that is critical from my perspective is ensuring that we know why our proposed placement is problematic for marketing the transaction. I think that Tory's preamble addresses that, as much as it can before the dealers have actually gone out to market, but I'd want Mike's viewpoint on that.

Gadi

On Nov 21, 2017, at 10:01 AM, Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca> wrote:

> Given the follow up email from Torys proposing changes to the structure of the agreements and the other comments on the agreements, have the dealers been asked to provide their written explanation as set out below as all the requested changes seem predicated on this point.
>
> **From:** Gadi Mayman [mailto:Gadi.Mayman@ofina.on.ca]
> **Sent:** November 21, 2017 8:13 AM
> **To:** Hanslep, Malle (MOF)
> **Cc:** Kandeepan, Ken (OFA); Manning, Mike (OFA); Kwan, Ronald (OFA); Whitfield, Tobias P. (MOF); Waterston, Michael (MOF); Strathy, Anna (OFA)
> **Subject:** Re: Change of Law Protection Agreement and Change of Law Process Agreement - Fair Hydro
> As I may not be able to join the call this morning, I thought I'd share my view: if this truly is an issue for marketing the bonds to investors, it would be significant from their perspective. Mike and I don't yet understand why it would be, so it is up to the underwriters, or their counsel, to provide us with a written, not oral, explanation as to why it would be. If they are not prepared to put their reasons in a short, plain English, form, I'm not prepared to accept their request.
> Gadi
>
> On Nov 21, 2017, at 8:04 AM, Gadi Mayman <Gadi.Mayman@ofina.on.ca> wrote:
>
>> Energy (both policy and legal) staff and OPCD should be on any call to discuss this, as well.
>> Thanks,
>> Gadi
>>
>> On Nov 21, 2017, at 8:00 AM, Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca> wrote:
>>
>>> I think that it would be useful to discuss next steps here given Torys email below. According to Torys some of this reflects discussions they had with dealers counsel on the weekend and contacted me to have call to give more context. However I would like to discuss this with you as this seems to be quite a significant change to what we were discussing on Monday and our most recent draft. If we have a call maybe it should be the whole group and include Blakes.

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.
From: Mansoori, Nina <nmansoori@torys.com>
Sent: Monday, November 20, 2017 14:06
To: Mayman, Gadi (OFA); Hanslep, Malle (MOF); ASHBOURNE, STEPHEN; Whitfield, Tobias P. (MOF); Kandeepan, Ken (OFA); Manning, Mike (OFA); Kwan, Ronald (OFA); Thouin, Alena (ENERGY); McKinlay, Tom (MAG); VINER, JON; PRESTAGE, JA; Cayley, Daniel (ENERGY)
Cc: 'dup-john.s.lee@opg.com'; 'leslie.wong@opg.com'; 'sheen.liu@opg.com'; 'tyler.mcauley@opg.com'; 'clara.greco@opg.com'; 'matthew.go@opg.com'; 'anthea.yao@opg.com'; 'jenny.jorda@opg.com'; 'stuart.preston@opg.com'; 'john.drewniak@opg.com'; 'j.hahnparker@opg.com'; Feldman, Michael; Ramchandani, Rima; Emes, Aaron; Hunter, Rosalind; 'Alvi, Shariq'; Innes, Michael; 'Stoddart, Jesse - Debt Capital Markets'; 'Rix, Lindsey - Legal'; 'Hume, Tyler'; 'Daou, Hadi'; 'Persad, Nicole'; Olusoga, Yinka; Saulnier, Brett; 'mfitzpatrick@hunton.com'; 'aobrian@hunton.com'; Watson, Gwen; Johnson, Richard; Smith, Elliot; King, Richard; Royer, Kate; Hughes, Timothy; 'Adalja, Sunil'; 'Persaud, Donnie - Debt Capital Markets'; Sebastiano, Rocco; 'Maciel, Andrew'; 'Benaiah, Ian'; 'Khan, Nur'; "Niehaus, Katrina' (Katrina.Niehaus@gs.com)'; 'Delaney, Brian (Brian.Delaney@gs.com)'; 'Conner, Robbin'; 'Milligan, Peter'; Sebastiano, Rocco; Fullerton, Rick; Olusoga, Yinka; Emes, Aaron; Saulnier, Brett; Mansoori, Nina
Subject: RE: Change of Law Protection Agreement and Change of Law Process Agreement - Fair Hydro

All – please find attached consolidated comments on the Process Agreement and the Protection Agreement blacklined to the drafts circulated by Blakes on Friday. We understand that the current structure requiring satisfaction of the adherence conditions in the Protection Agreement impacts the marketability of the transaction and creates uncertainty for investors. Accordingly, the dealers and OPG would like to discuss with the Province the possibility of moving the adherence conditions to the Process Agreement while preserving the Province's oversight of its obligations under the Protection Agreement. We will provide a proposal on that basis to discuss with the Province. Please note that the attached remains subject to the comments of the working group and the rating agencies.

Best Regards,
Nina

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679
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Toronto, Ontario M5K 1N2 Canada |
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From: Gadi Mayman
To: Malle Hanslep (MOF)
Cc: Anna Strathy; Ken Kandeepan; Mike Manning; Tobias P. Whitfield (MOF)
Subject: Re: Change of Law Protection Agreement
Date: Tuesday, December 12, 2017 5:48:24 PM

Thanks, Malle. Please let me know when this gets resolved.

Gadi

On Dec 12, 2017, at 5:31 PM, Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca> wrote:

> Some of you were already copied but making sure everyone is in the loop on this.
>
> **From:** Hanslep, Malle (MOF)
> **Sent:** December-12-17 5:29 PM
> **To:** 'ASHBOURNE, STEPHEN'; Sebastiano, Rocco; Ramchandani, Rima (rramchandani@torys.com); Milligan, Peter
> **Cc:** Mansoori, Nina (nmansoori@torys.com); Manning, Mike (OFA); Whitfield, Tobias P. (MOF)
> **Subject:** RE: Change of Law Protection Agreement
> Hi all
> This is to confirm that the Province agrees with Steve's email and we do not agree to any change on this point. It is an important one for the Province and we do not agree to any modifications on this.
> Malle
>
> **From:** ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
> **Sent:** December-12-17 5:03 PM
> **To:** Sebastiano, Rocco; Ramchandani, Rima (rramchandani@torys.com); Milligan, Peter
> **Cc:** Mansoori, Nina (nmansoori@torys.com); Hanslep, Malle (MOF); Manning, Mike (OFA); Whitfield, Tobias P. (MOF)
> **Subject:** RE: Change of Law Protection Agreement
> No, that is not how we left it. The Province can suspend if OPG fails in relation to any matter contemplated in the Process Agreement. The "provision" is to cover items that do not directly relate to adherence conditions, such as notice of changes to documents, etc.
> Stephen R. Ashbourne
> Partner
> stephen.ashbourne@blakes.com
> Dir: 416-863-3086
>
> **From:** Sebastiano, Rocco [mailto:RSebastiano@osler.com]
> **Sent:** Tuesday, December 12, 2017 4:59 PM
> **To:** ASHBOURNE, STEPHEN; Ramchandani, Rima (rramchandani@torys.com); Milligan, Peter
> **Cc:** Mansoori, Nina (nmansoori@torys.com); Hanslep, Malle (MOF) (Malle.Hanslep@ontario.ca); 'Manning, Mike (OFA)'; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca)
> **Subject:** RE: Change of Law Protection Agreement
> In section 7.01(b) and 7.01(b), I thought that we agreed last night to delete the words "provision of" such that it would read in both instances:
> "in connection with the adherence of the Limited Guarantee to the Certified Primary Obligations"
> Please make that change and it can go to the rating agencies on the understanding that it remains subject to final review by the Dealers.
> Thanks, Rocco
>
> **From:** ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
> **Sent:** Tuesday, December 12, 2017 3:16 PM

To: Sebastiano, Rocco <RSebastiano@osler.com>; Ramchandani, Rima (rramchandani@torys.com) <rramchandani@torys.com>; Milligan, Peter <PMilligan@osler.com>
Cc: Mansoori, Nina (nmansoori@torys.com) <nmansoori@torys.com>; Hanslep, Malle (MOF) (Malle.Hanslep@ontario.ca) <Malle.Hanslep@ontario.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>
Subject: RE: Change of Law Protection Agreement
Agreed, that's better. Thanks.
Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

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Cc: Mansoori, Nina (nmansoori@torys.com); Hanslep, Malle (MOF) (Malle.Hanslep@ontario.ca); 'Manning, Mike (OFA)'; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca)
Subject: RE: Change of Law Protection Agreement
May I suggest a slight modification to the lead-in language to section 4.01 as follows:
Except ~~as provided in Section 7.02,~~7.02 in respect of any Primary Obligation to which the Limited Guarantee will not apply on or after a Suspension Notice is delivered in accordance with Section 7.02,

---

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: Tuesday, December 12, 2017 3:01 PM
To: Ramchandani, Rima (rramchandani@torys.com) <rramchandani@torys.com>; Milligan, Peter <PMilligan@osler.com>; Sebastiano, Rocco <RSebastiano@osler.com>
Cc: Mansoori, Nina (nmansoori@torys.com) <nmansoori@torys.com>; Hanslep, Malle (MOF) (Malle.Hanslep@ontario.ca) <Malle.Hanslep@ontario.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>
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Here are the clean-ups I just described.
Stephen R. Ashbourne
Partner
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****

From: Hanslep, Malle (MOF)
To: Gadi Mayman
Cc: Anna Strathy; Ken Kandeepan; Mike Manning; Tobias P. Whitfield (MOF)
Subject: Re: Change of Law Protection Agreement
Date: Tuesday, December 12, 2017 5:59:04 PM

I do hope that it is resolved as is.

Sent from my BlackBerry 10 smartphone on the Rogers network.
From: Gadi Mayman
Sent: Tuesday, December 12, 2017 17:48
To: Hanslep, Malle (MOF)
Cc: Strathy, Anna (OFA); Kandeepan, Ken (OFA); Manning, Mike (OFA); Whitfield, Tobias P. (MOF)
Subject: Re: Change of Law Protection Agreement

Thanks, Malle. Please let me know when this gets resolved.

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On Dec 12, 2017, at 5:31 PM, Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>> wrote:

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Hi all

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Malle

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Subject: RE: Change of Law Protection Agreement

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Subject: FW: Change of Law Protection Agreement

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Stephen R. Ashbourne
Partner
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Dir: 416-863-3086

_____

<image001.gif>

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by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From:	Whitfield, Tobias P. (MOF)
To:	ASHBOURNE, STEPHEN; Malle Hanslep (MOF); Ken Kandeepan; Mike Manning
Cc:	Gadi Mayman; Anna Strathy
Subject:	Re: Conference Call
Date:	Tuesday, December 05, 2017 2:08:52 PM

I can also do 2:30

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
777 Bay Street, 11th Floor
Toronto, ON, M5G 2C8
tobias.whitfield@ontario.ca
Phone: 416-325-1456
From: ASHBOURNE, STEPHEN
Sent: Tuesday, December 5, 2017 1:58 PM
To: Hanslep, Malle (MOF); Kandeepan, Ken (OFA); Manning, Mike (OFA); Whitfield, Tobias P. (MOF)
Cc: Mayman, Gadi (OFA); Strathy, Anna (OFA)
Subject: RE: Conference Call

I can do a call at 2:30.

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com>
Dir: 416-863-3086

_____

[cid:image5bef42.GIF@4bd7735c.4e960c0d]

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Tel: 416-863-2400 Fax: 416-863-2653
blakes.com<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.blakes.com&d=DwIF-g&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=gV-xgZHI0tggSwOPXBdMOr4DyITzOyaIKJLqH9Oy-40&m=cDH3wJWja9UI1z7RBAULyOwFY7_zn9GewfBgMl_YxYM&s=mMJwNKpLVd4W57Qd_vRrUpXmL3iP8Ij7gcwR6gJIkmY&e= > | Twitter<https://urldefense.proofpoint.com/v2/url?u=http-3A__twitter.com_BlakesLaw_&d=DwIF-g&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=gV-xgZHI0tggSwOPXBdMOr4DyITzOyaIKJLqH9Oy-40&m=cDH3wJWja9UI1z7RBAULyOwFY7_zn9GewfBgMl_YxYM&s=icvFu0LPoHoRML1oTxUCIbEDqfdNkV2pdQmQWKYEGJU&e= > | Unsubscribe<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.blakes.com_English_Resources_Bulletins_Pages_unsubscribe.aspx&d=DwIF-g&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=gV-xgZHI0tggSwOPXBdMOr4DyITzOyaIKJLqH9Oy-40&m=cDH3wJWja9UI1z7RBAULyOwFY7_zn9GewfBgMl_YxYM&s=1FyNj8TGzkfoCKFsNF1d9AsKpo7Lfz1m8XfgtAeWxHs&e= >

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From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Tuesday, December 05, 2017 1:52 PM
To: Kandeepan, Ken (OFA); ASHBOURNE, STEPHEN; Manning, Mike (OFA); Whitfield, Tobias P. (MOF)
Cc: Mayman, Gadi (OFA); Strathy, Anna (OFA)
Subject: RE: Conference Call

Thanks. We'll wait to hear from Steve and Toby but hopefully 2:30 will work.

Once we are confirmed then we should send John Lee/Les Wong and email confirming the time.

I asked if they could please identify the specific sections that might be problematic to us, rather than they taking back and rewriting.

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: December 5, 2017 1:38 PM
To: Hanslep, Malle (MOF); ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com<mailto:STEPHEN.ASHBOURNE@blakes.com>); Manning, Mike (OFA); Whitfield, Tobias P. (MOF)
Cc: Mayman, Gadi (OFA); Strathy, Anna (OFA)
Subject: RE: Conference Call

I am ok as well

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Tuesday, December 05, 2017 1:36 PM
To: ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com<mailto:STEPHEN.ASHBOURNE@blakes.com>) <STEPHEN.ASHBOURNE@blakes.com<mailto:STEPHEN.ASHBOURNE@blakes.com>>; Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>
Cc: Gadi Mayman <Gadi.Mayman@ofina.on.ca<mailto:Gadi.Mayman@ofina.on.ca>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>
Subject: Conference Call

I understand from OPG that there are some accounting concerns about certain provisions of the process agreement. Possibly the "object to" wording. OPG would like to have a call with us to identify those provisions to us. Please let us know if you are available for call at 2:30 or later. I think Mike is available from 2:30 on.

Thanks,

Malle

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From:	Gadi Mayman
To:	VINER, JON
Cc:	Mike Manning; Ken Kandeepan; Anna Strathy; Malle Hanslep (MOF); Tobias P. Whitfield (MOF); ASHBOURNE, STEPHEN
Subject:	Re: Defeasance Scenario
Date:	Thursday, November 23, 2017 3:42:45 PM

Thanks Jon. I wasn't able to join the call today about defeasance, and appreciate the effort being put into this option, but I think that it's too early to send this to OPG, as I'm not yet convinced that it achieves the business goal of a clean exit from the trust debt if the assumption were to be exercised.

Thanks,
Gadi

On Nov 23, 2017, at 3:32 PM, VINER, JON <JON.VINER@blakes.com> wrote:

All,
Please find attached a revised copy of the Defeasance Proposal to send to OPG and the dealers for their consideration. As discussed this afternoon, we believe the Province should send this proposal and request that OPG and the dealers provide their thoughts/comments as soon as possible.
Kind regards,
Jon
Jon Viner
Associate
jon.viner@blakes.com
Dir: 416-863-2499

Blake, Cassels & Graydon LLP
199 Bay Street, Suite 4000, Toronto ON M5L 1A9
Tel: 416-863-2400 Fax: 416-863-2653
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<12922051-v2-Defeasance Scenario (OPG Trust).DOCX>

From: ASHBOURNE, STEPHEN
To: Mike Manning
Cc: Malle Hanslep (MOF); Tobias P. Whitfield (MOF)
Subject: Re: EXTERNAL – Change of Law Protection Agreement
Date: Monday, December 11, 2017 7:30:18 AM

Thanks Mike. I had not received this. It seems over dramatic and intended to try to bully the Province. It also misstated various things. Perhaps we should schedule a meeting this morning where we can come up with a response. Regards, Steve

Stephen R. Ashbourne

Partner

stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com>

Dir: 416-863-3086<tel:416-863-3086>

On Dec 11, 2017, at 6:53 AM, Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>> wrote:

In case you haven't seen.

Mike

_____

[cid:image84b194.GIF@0678c7d3.4aab8bd1]

Blake, Cassels & Graydon LLP

199 Bay Street, Suite 4000, Toronto ON M5L 1A9

Tel: 416-863-2400 Fax: 416-863-2653

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Begin forwarded message:

From: LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com><mailto:john.s.lee@opg.com>>

Date: December 10, 2017 at 10:44:47 PM EST

To: Mike Manning <mmanning@ofina.on.ca<mailto:mmanning@ofina.on.ca><mailto:mmanning@ofina.on.ca>>, Ken Kandeepan <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca><mailto:Ken.Kandeepan@ofina.on.ca>>

Cc: LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com><mailto:lubna.ladak@opg.com>>

Subject: Fwd: EXTERNAL – Change of Law Protection Agreement

See Dealers comments

Sent with BlackBerry Work (www.blackberry.com<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.blackberry.com&d=DwIGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=gV-xgZHI0tggSwOPXBdMOr4DyITzOyaIKJLqH9Oy-40&m=cADbxUgkcOhiUC-dmcIfZJjMZ9uboH9j0hGb6T9kTjg&s=laeUNNtXr7JbBrTVcEGtLDg5IaDdR38cLnCsIOORvaE&e= ><https://urldefense.proofpoint.com/v2/url?u=http-3A__www.blackberry.com&d=DwIGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=gV-xgZHI0tggSwOPXBdMOr4DyITzOyaIKJLqH9Oy-40&m=cADbxUgkcOhiUC-dmcIfZJjMZ9uboH9j0hGb6T9kTjg&s=laeUNNtXr7JbBrTVcEGtLDg5IaDdR38cLnCsIOORvaE&e= >)

_____

From: "Niehaus, Katrina" <Katrina.Niehaus@gs.com<mailto:Katrina.Niehaus@gs.com><mailto:Katrina.Niehaus@gs.com>>

Sent: Dec 10, 2017 8:02 PM

To: LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com><mailto:john.s.lee@opg.com>>

Cc: '"David Dal Bello (david.dalbello@rbccm.com<mailto:david.dalbello@rbccm.com><mailto:david.dalbello@rbccm.com>)"' <david.dalbello@rbccm.com<mailto:david.dalbello@rbccm.com><mailto:david.dalbello@rbccm.com>>; '"Benaiah, Ian"' <ian.benaiah@rbccm.com<mailto:ian.benaiah@rbccm.com><mailto:ian.benaiah@rbccm.com>>; '"geoffrey.reeves@cibc.com<mailto:geoffrey.reeves@cibc.com><mailto:geoffrey.reeves@cibc.com>"' <geoffrey.reeves@cibc.com<mailto:geoffrey.reeves@cibc.com><mailto:geoffrey.reeves@cibc.com>>; '"Persaud, Donnie - Debt Capital Markets" <Donnie.Persaud@cibc.com<mailto:Donnie.Persaud@cibc.com><mailto:Donnie.Persaud@cibc.com>>; '"Maciel, Andrew"' <Andrew.Maciel@cibc.com<mailto:Andrew.Maciel@cibc.com><mailto:Andrew.Maciel@cibc.com>>; '"Adalja, Sunil"' <Sunil.Adalja@cibc.com<mailto:Sunil.Adalja@cibc.com><mailto:Sunil.Adalja@cibc.com>>; "Bolster, Brian" <brian.bolster@gs.com<mailto:brian.bolster@gs.com><mailto:brian.bolster@gs.com>>; "Sabri, Salina" <Salina.Sabri@gs.com<mailto:Salina.Sabri@gs.com><mailto:Salina.Sabri@gs.com>>; "Delaney, Brian" <Brian.Delaney@gs.com<mailto:Brian.Delaney@gs.com><mailto:Brian.Delaney@gs.com>>

Subject: EXTERNAL – Change of Law Protection Agreement

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John,

We plan to discuss the below on the call with you at 8:30, but wanted to formalize our thoughts in email for your reference. The Friday draft with the changes to Section 2.01 and to the Adherence Conditions was materially worse from our perspective than the draft which we received from the Province last Monday. The document as is does not work, and we are at the point that continuing iterations around the agreement endangers the closing of the warehouse facility prior to year-end.

More complete thoughts below, but in summary: in order for the rating agencies to rate a deal and the Dealers to be able to close the warehouse financing, the Change of Law Protection Agreement will need to be in the form proposed by Osler/Torys in the draft of December 7 (with the exception that section 2.01(a)iv(D) be entirely deleted (or revised as noted below) as the concepts in section 2.01(a)(iv)(D) in any form will require material changes to the MTI).

Best,

Katrina

****

With respect to the Adherence Conditions, the Dealers have been consistent with our concerns that there should not be trips or traps that could prevent the ability of a Primary Obligation to become an Approved Obligation. Furthermore, we have stressed the importance of the Adherence Conditions not preventing the ability to effect a Refinancing of an Approved Obligation. Our strong preference has been all along that there be no Adherence Conditions; however, in light of the Province's insistence that it needed a level of control that went beyond the protections set out in the Change of Law Process Agreement, we agreed to consider the existence of straightforward Adherence Conditions. The draft of the Adherence Conditions and Adherence Compliance Certificates which were reflect in our draft of the Change of Law Protection Agreement of Thursday evening is as far as the Dealers are prepared to accept under the circumstances.

As relates to the Province's right to object to a Transaction Document under the Process Agreement in connection with a Refinancing, that should remain an issue as between the Province and the FSM and should not be a risk passed on to the Dealers under the Change or Law Protection Agreement. To be clear, the concern with the Province's ability to object to a Refinancing is not simply one which arises following the occurrence of a suspension event. The Dealers have included a step-up in market pricing to deal with a market disruption event which causes a delay in the timing of the Refinancing, but the Dealers are not in a position to accept the risk that a Refinancing cannot proceed, for example, because the rating agencies have determined that there needs to be a change to the Program Agreements. Furthermore, the requirements relating to a Refinancing need to apply equally to any Refinancing, including the refinancing of any term debt.

As relates to Protection Events, we need a clear and objective standard to determine what would satisfy a "materially and adversely" threshold. To be clear, this is not simply an issue raised by the rating agencies. The Dealers have been concerned with this issue dating back to our review of the Province's term sheet. This was included as one of the specific items that the Dealers were concerned about as summarized in the email from Osler to the Province back in September and we expressly asked that it be deleted from the term sheet. Notwithstanding our stated position on this issue, we agreed to permit the "materially and adversely" threshold to remain in the definition provided that there is an objective standard to be able to satisfy this threshold condition which is reflected in our draft "for clarity" language in the definition. Without an objective standard, we would be faced with the potential of a drawn out dispute with the Province before the Province would be obligated to honor its obligations under the Limited Guarantee; for example, would a $10 million impact of the warehouse or another tranche of debt be "material" in the context of $8 to $10 billion in debt at the end of the moratorium period? This is not a risk which the Dealers can take in the face of a Protection Event. The Province must stand behind the Limited Guarantee if there is a downgrade or other negative impact on the rating of such debt which arises because of an event contemplated in the definition of Protection Event.

As relates to section 2.01 of the Friday draft (or the Monday draft), we do not understand why the Limited Guarantee has to include any provisions to deal with the "theoretical" possibility that the Province's subrogation rights to collect on amounts paid under Approved Obligations would compete with then-existing Primary Obligations which are not Approved Obligations. The Program Agreements already contemplate a restriction on the FSM issuing Certified Primary Obligations which are not Approved Obligations. The changes to section 2.01 (as set out in Section 2.01 (a)iv(D) and then further expended by the Province in Friday's draft under Section 2.01(a)v) proposed by the Province to address this "theoretical" possibility would undermine this approach and would require us to explain to the Rating Agencies why the MTI needs extensive revisions to address something which is not supposed to happen. The implications of this would most certainly result in a delay in the rating agency process and would jeopardize the ability to close the warehouse financing before December 31. This is not acceptable and we require that these concepts be abandoned.

As a side note, we have been advised that Blakes today proposed a revised draft of Section 2.01(a) which is somewhat consistent with a proposed draft of Section 2.01(a) which Torys and Osler jointly prepared last Tuesday/Wednesday which Blakes completely dismissed at that time. If this revised draft can be implemented with minimal revisions to the MTI, then we may be prepared to move forward on that basis; however, given that we no longer have any luxury of time, we need Torys and Osler to advise us by the latest midday on Monday as to whether this alternate approach is feasible under the current constraints.

Goldman Sachs

200 West Street | 7th Floor | New York, New York 10282-2198

Tel: 212-357-8161 | Fax: 212-256-5491

Katrina.Niehaus@gs.com<mailto:Katrina.Niehaus@gs.com><mailto:Katrina.Niehaus@gs.com><mailto:Katrina.Niehaus@gs.com>

Katrina T. Niehaus

Managing Director

Investment Banking Division

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From: LEE John -TREASURY
To: Mike Manning; Ken Kandeepan
Cc: LADAK Lubna -TREASURY
Subject: Re: EXTERNAL – Change of Law Protection Agreement
Date: Monday, December 11, 2017 7:45:36 AM

Was not successful getting them to agree to the compromise proposal last night. They want face to face with Gadi and/or yourselves on their position.

On way in. Will call you closer to 830

Sent with BlackBerry Work (www.blackberry.com)

From: LEE John -TREASURY <john.s.lee@opg.com>
Sent: Dec 10, 2017 10:44 PM
To: Mike Manning <mmanning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: LADAK Lubna -TREASURY <lubna.ladak@opg.com>
Subject: Fwd: EXTERNAL – Change of Law Protection Agreement

See Dealers comments

Sent with BlackBerry Work (www.blackberry.com)

From: "Niehaus, Katrina" <Katrina.Niehaus@gs.com>
Sent: Dec 10, 2017 8:02 PM
To: LEE John -TREASURY <john.s.lee@opg.com>
Cc: '"David Dal Bello (david.dalbello@rbccm.com)"' <david.dalbello@rbccm.com>; '"Benaiah, Ian"' <ian.benaiah@rbccm.com>; '"geoffrey.reeves@cibc.com"' <geoffrey.reeves@cibc.com>; '"Persaud, Donnie - Debt Capital Markets"' <Donnie.Persaud@cibc.com>; '"Maciel, Andrew"' <Andrew.Maciel@cibc.com>; '"Adalja, Sunil"' <Sunil.Adalja@cibc.com>; "Bolster, Brian" <brian.bolster@gs.com>; "Sabri, Salina" <Salina.Sabri@gs.com>; "Delaney, Brian" <Brian.Delaney@gs.com>
Subject: EXTERNAL – Change of Law Protection Agreement

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John,

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More complete thoughts below, but in summary: in order for the rating agencies to rate a deal and the Dealers to be able to close the warehouse financing, the Change of Law Protection Agreement will need to be in the form proposed by Osler/Torys in the draft of December 7 (with the exception that section 2.01(a)iv(D) be entirely deleted (or revised as noted below) as the concepts in section 2.01(a)(iv)(D) in any form will require material changes to the MTI).
Best,
Katrina

****

With respect to the Adherence Conditions, the Dealers have been consistent with our concerns that there should not be trips or traps that could prevent the ability of a Primary Obligation to become an Approved Obligation. Furthermore, we have stressed the importance of the Adherence Conditions not preventing the ability to effect a Refinancing of an Approved Obligation. Our strong preference has been all along that there be no Adherence Conditions; however, in light of the Province's insistence that it needed a level of control that went beyond the protections set out in the Change of Law Process Agreement, we agreed to consider the existence of straightforward Adherence Conditions. The draft of the Adherence Conditions and Adherence Compliance Certificates which were reflect in our draft of the Change of Law Protection Agreement of Thursday evening is as far as the Dealers are prepared to accept under the circumstances.
As relates to the Province's right to object to a Transaction Document under the Process Agreement in connection with a Refinancing, that should remain an issue as between the Province and the FSM and should not be a risk passed on to the Dealers under the Change or Law Protection Agreement. To be clear, the concern with the Province's ability to object to a Refinancing is not simply one which arises following the occurrence of a suspension event. The Dealers have included a step-up in market pricing to deal with a market disruption event which causes a delay in the timing of the Refinancing, but the Dealers are not in a position to accept the risk that a Refinancing cannot proceed, for example, because the rating agencies have determined that there needs to be a change to the Program Agreements. Furthermore, the requirements relating to a Refinancing need to apply equally to any Refinancing, including the refinancing of any term debt.
As relates to Protection Events, we need a clear and objective standard to determine what would satisfy a "materially and adversely" threshold. To be clear, this is not simply an issue raised by the rating agencies. The Dealers have been concerned with this issue dating back to our review of the Province's term sheet. This was included as one of the specific items that the Dealers were concerned about as summarized in the email from Osler to the Province back in September and we expressly asked that it be deleted from the term sheet. Notwithstanding our stated position on this issue, we agreed to permit the "materially and adversely" threshold to remain in the definition provided that there is an objective standard to be able to satisfy this threshold condition which is reflected in our draft "for clarity" language in the definition. Without an objective standard, we would be faced with the potential of a drawn out dispute with the Province before the Province would be obligated to honor its obligations under the Limited Guarantee; for example, would a $10 million impact of the warehouse or another tranche of debt be "material" in the context of $8 to $10 billion in debt at the end of the moratorium period? This is not a risk which the Dealers can take in the face of a Protection Event. The Province must stand behind the Limited Guarantee if there is a downgrade or other negative impact on the rating of such debt which arises because of an event contemplated in the definition of Protection Event.
As relates to section 2.01 of the Friday draft (or the Monday draft), we do not understand why the Limited Guarantee has to include any provisions to deal with the "theoretical" possibility that the Province's subrogation rights to collect on amounts paid under Approved Obligations would compete with then-existing Primary Obligations which are not Approved Obligations. The Program Agreements already contemplate a restriction on the FSM issuing Certified Primary Obligations which are not Approved Obligations. The changes to section 2.01 (as set out in Section 2.01 (a)iv(D) and then further expended by the Province in Friday's draft under Section 2.01(a)v) proposed by the Province to address this "theoretical" possibility would undermine this approach and would require us to explain to the Rating Agencies why the MTI needs extensive revisions to address something which is not supposed to happen. The implications of this would most certainly result in a delay in the rating agency process and would jeopardize the ability to close the warehouse financing before December 31. This is not acceptable and we require that these concepts be abandoned.
As a side note, we have been advised that Blakes today proposed a revised draft of Section 2.01(a) which is somewhat consistent with a proposed draft of Section 2.01(a) which Torys and Osler jointly prepared last Tuesday/Wednesday which Blakes completely dismissed at that time. If this revised draft can be implemented with minimal revisions to the MTI, then we may be prepared to move forward on that basis; however, given that we no longer have any luxury of time, we need Torys and Osler to advise us by the latest midday on Monday as to whether this alternate approach is feasible under the current constraints.

Goldman Sachs

200 West Street | 7th Floor | New York, New York 10282-2198
Tel: 212-357-8161 | Fax: 212-256-5491
Katrina.Niehaus@gs.com<mailto:Katrina.Niehaus@gs.com>

Katrina T. Niehaus
Managing Director
Investment Banking Division

See the https://urldefense.proofpoint.com/v2/url?u=http-3A__www.gs.com_disclaimer_afg_&d=DwIF-g&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=faVQc6owhmqW1Epsm1IgKtKdOr6WxW_KgjwibSrG7Ns&m=L4o81Ir6kUYsrtSMtCbRI8sU67UZ4qsI8I6rtL0jV2k&s=fdA0d_a7MyefehuJ0uTg6jyMKLVCddj4yA9Qo-AUlFs&e= <https://urldefense.proofpoint.com/v2/url?u=https-3A__na01.safelinks.protection.outlook.com_-3Furl-3Dhttp-253A-252F-252Fwww.gs.com-252Fdisclaimer-252Fafg-252F-26data-3D02-257C01-257Cjohn.s.lee-2540opg.com-257Cccf66a30290b4ab24a6408d54032dea7-257C962f21cf93ea449f99bf402e2b2987b2-257C0-257C0-257C636485509596712979-26sdata-3Dhi-252F-252FtccYfISUHDsC6VbynkZKGH4bIJt47uttdronUcg-253D-26reserved-3D0&d=DwIF-g&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=faVQc6owhmqW1Epsm1IgKtKdOr6WxW_KgjwibSrG7Ns&m=L4o81Ir6kUYsrtSMtCbRI8sU67UZ4qsI8I6rtL0jV2k&s=vFqk4vFyUy1ZoAXIw93qPo4ISwtd9C2rqqJTGfNW9Js&e= > for important information regarding this message and your reliance on information contained in it. This message may contain information that is confidential or privileged. If you are not the intended recipient, please advise the sender immediately and delete this message. See the https://urldefense.proofpoint.com/v2/url?u=http-3A__www.gs.com_disclaimer_email_&d=DwIF-g&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=faVQc6owhmqW1Epsm1IgKtKdOr6WxW_KgjwibSrG7Ns&m=L4o81Ir6kUYsrtSMtCbRI8sU67UZ4qsI8I6rtL0jV2k&s=rkRJaguXh0fp42ChelQPwrrrS-D2HQF-JTFE6bg4vv8&e= <https://urldefense.proofpoint.com/v2/url?u=https-3A__na01.safelinks.protection.outlook.com_-3Furl-3Dhttp-253A-252F-252Fwww.gs.com-252Fdisclaimer-252Femail-252F-26data-3D02-257C01-257Cjohn.s.lee-2540opg.com-257Cccf66a30290b4ab24a6408d54032dea7-257C962f21cf93ea449f99bf402e2b2987b2-257C0-257C0-257C636485509596712979-26sdata-3Dz7BDCLAMXmQo3NJB6Sx-252BqmFWcAPU6ztDoXW-252BSfoS4vE-253D-26reserved-3D0&d=DwIF-g&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=faVQc6owhmqW1Epsm1IgKtKdOr6WxW_KgjwibSrG7Ns&m=L4o81Ir6kUYsrtSMtCbRI8sU67UZ4qsI8I6rtL0jV2k&s=5t-_gpXDCjN5QYTkck0VomoOTIQkPCXpaOA80aevanY&e= > for further information on confidentiality and the risks inherent in electronic communication.

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From:	LEE John -TREASURY
To:	Ken Kandeepan; Malle Hanslep (MOF); WONG Leslie -LAWDIV; HAHN PARKER Janet -TREASURY
Cc:	STEPHEN.ASHBOURNE@blakes.com; Mike Manning; Anna Strathy; Rima Ramchandani; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; HAHN PARKER Janet -TREASURY; WONG Leslie -LAWDIV
Subject:	Re: EXTERNAL – Conference Call
Date:	Tuesday, December 05, 2017 2:19:08 PM

Ok
I will have Janet send out a call in invite for 3 pm

Sent with BlackBerry Work (www.blackberry.com)

From: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Sent: Dec 5, 2017 2:14 PM
To: "Malle Hanslep (MOF)" <Malle.Hanslep@ontario.ca>; LEE John -TREASURY <john.s.lee@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com>
Cc: "Tobias P. Whitfield (MOF)" <Tobias.Whitfield@ontario.ca>; STEPHEN.ASHBOURNE@blakes.com; Mike Manning <Mike.Manning@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: RE: EXTERNAL – Conference Call

Ok by me as well

Ken k

-----Original Message-----
From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Tuesday, December 05, 2017 2:11 PM
To: LEE John -TREASURY <john.s.lee@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; STEPHEN.ASHBOURNE@blakes.com; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: RE: EXTERNAL – Conference Call

Fine with me. I will let others confirm for themselves. Thanks.

-----Original Message-----
From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: December 5, 2017 2:10 PM
To: Hanslep, Malle (MOF); WONG Leslie -LAWDIV; HAHN PARKER Janet -TREASURY
Cc: Whitfield, Tobias P. (MOF); STEPHEN.ASHBOURNE@blakes.com; Kandeepan, Ken (OFA); Manning, Mike (OFA); Strathy, Anna (OFA)
Subject: Re: EXTERNAL – Conference Call

Can you make it 3 pm

Sent with BlackBerry Work (https://urldefense.proofpoint.com/v2/url?u=https-3A__na01.safelinks.protection.outlook.com_-3Furl-3Dwww.blackberry.com-26data-3D02-257C01-257Cjohn.s.lee-2540opg.com-257C393cac6e0bd14fea8af308d53c145cfe-257C962f21cf93ea449f99bf402e2b2987b2-257C0-257C0-257C636480980511201353-26sdata-3DFnxsnLXYaGL-252FPEW0ST2-252BWNh7jQk3smcM-252FagDn-252Fnj1qs-253D-26reserved-3D0&d=DwIF-g&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=gV-xgZHI0tggSwOPXBdMOr4DyITzOyaIKJLqH9Oy-

40&m=SL0Y1vCQYqomnrHgDoRL1cf7pcgNXE8B8avvlDYMjEc&s=3OsoaHxBVoLEGHw7-1dTrgCSg0Zuy7ZR-GgBHGskgto&e=) _____
From: "Hanslep, Malle (MOF)" <Malle.Hanslep@ontario.ca>
Sent: Dec 5, 2017 2:01 PM
To: LEE John -TREASURY <john.s.lee@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>
Cc: "Whitfield, Tobias P. (MOF)" <Tobias.Whitfield@ontario.ca>; "ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com)" <STEPHEN.ASHBOURNE@blakes.com>; "Kandeepan, Ken (OFA)" <Ken.Kandeepan@ofina.on.ca>; "Manning, Mike (OFA)" <Mike.Manning@ofina.on.ca>; "Strathy, Anna (OFA)" <Anna.Strathy@ofina.on.ca>
Subject: EXTERNAL – Conference Call

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Hi John, Les,

A call at 2:30 works for us. Would you be able to send a conference call number?

Thanks,

Malle

Malle Hanslep
Deputy Director
Ministry of the Attorney General
Ministry of Finance Legal Services Branch
Telephone: 416-325-1457

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From: LEE John -TREASURY
To: Malle Hanslep (MOF); WONG Leslie -LAWDIV; HAHN PARKER Janet -TREASURY
Cc: Tobias P. Whitfield (MOF); STEPHEN.ASHBOURNE@blakes.com; Ken Kandeepan; Mike Manning; Anna Strathy
Subject: Re: EXTERNAL – Conference Call
Date: Tuesday, December 05, 2017 2:09:41 PM

Can you make it 3 pm

Sent with BlackBerry Work (www.blackberry.com)

From: "Hanslep, Malle (MOF)" <Malle.Hanslep@ontario.ca>
Sent: Dec 5, 2017 2:01 PM
To: LEE John -TREASURY <john.s.lee@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>
Cc: "Whitfield, Tobias P. (MOF)" <Tobias.Whitfield@ontario.ca>; "ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com)" <STEPHEN.ASHBOURNE@blakes.com>; "Kandeepan, Ken (OFA)" <Ken.Kandeepan@ofina.on.ca>; "Manning, Mike (OFA)" <Mike.Manning@ofina.on.ca>; "Strathy, Anna (OFA)" <Anna.Strathy@ofina.on.ca>
Subject: EXTERNAL – Conference Call

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Hi John, Les,

A call at 2:30 works for us. Would you be able to send a conference call number?

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Malle

Malle Hanslep
Deputy Director
Ministry of the Attorney General
Ministry of Finance Legal Services Branch
Telephone: 416-325-1457

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From:	Whitfield, Tobias P. (MOF)
To:	Malle Hanslep (MOF); LEE John -TREASURY; WONG Leslie -LAWDIV; HAHN PARKER Janet -TREASURY
Cc:	STEPHEN.ASHBOURNE@blakes.com; Ken Kandeepan; Mike Manning; Anna Strathy
Subject:	Re: EXTERNAL – Conference Call
Date:	Tuesday, December 05, 2017 2:19:51 PM

Fine for me.

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
777 Bay Street, 11th Floor
Toronto, ON, M5G 2C8
tobias.whitfield@ontario.ca
Phone: 416-325-1456
Original Message
From: Hanslep, Malle (MOF)
Sent: Tuesday, December 5, 2017 2:11 PM
To: LEE John -TREASURY; WONG Leslie -LAWDIV; HAHN PARKER Janet -TREASURY
Cc: Whitfield, Tobias P. (MOF); STEPHEN.ASHBOURNE@blakes.com; Kandeepan, Ken (OFA); Manning, Mike (OFA); Strathy, Anna (OFA)
Subject: RE: EXTERNAL – Conference Call

Fine with me. I will let others confirm for themselves. Thanks.

-----Original Message-----
From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: December 5, 2017 2:10 PM
To: Hanslep, Malle (MOF); WONG Leslie -LAWDIV; HAHN PARKER Janet -TREASURY
Cc: Whitfield, Tobias P. (MOF); STEPHEN.ASHBOURNE@blakes.com; Kandeepan, Ken (OFA); Manning, Mike (OFA); Strathy, Anna (OFA)
Subject: Re: EXTERNAL – Conference Call

Can you make it 3 pm

Sent with BlackBerry Work (www.blackberry.com) _____
From: "Hanslep, Malle (MOF)" <Malle.Hanslep@ontario.ca>
Sent: Dec 5, 2017 2:01 PM
To: LEE John -TREASURY <john.s.lee@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>
Cc: "Whitfield, Tobias P. (MOF)" <Tobias.Whitfield@ontario.ca>; "ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com)" <STEPHEN.ASHBOURNE@blakes.com>; "Kandeepan, Ken (OFA)" <Ken.Kandeepan@ofina.on.ca>; "Manning, Mike (OFA)" <Mike.Manning@ofina.on.ca>; "Strathy, Anna (OFA)" <Anna.Strathy@ofina.on.ca>
Subject: EXTERNAL – Conference Call

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Thanks,

Malle

Malle Hanslep
Deputy Director
Ministry of the Attorney General
Ministry of Finance Legal Services Branch
Telephone: 416-325-1457

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From:	WONG Leslie -LAWDIV
To:	rramchandani@torys.com; Andrew.Maciel@cibc.com; brian.bolster@gs.com; Brian.Delaney@gs.com; david.dalbello@rbccm.com; Donnie.Persaud@cibc.com; Gadi Mayman; geoffrey.reeves@cibc.com; ian.benaiah@rbccm.com; LEE John -TREASURY; Katrina.Niehaus@gs.com; HARTWICK Ken -FINANCE; Ken Kandeepan; Malle Hanslep (MOF); mfeldman@torys.com; Mike Manning; nmansoori@torys.com; PMilligan@osler.com; RSebastiano@osler.com; Salina.Sabri@gs.com; STEPHEN.ASHBOURNE@blakes.com; Sunil.Adalja@cibc.com; Tobias P. Whitfield (MOF)
Subject:	Re: EXTERNAL – Fair Hydro -- Change of Law Agreements (All Hands Meeting with Counsel)
Date:	Monday, December 11, 2017 1:45:39 PM

Th business discussion has now concluded. We are ready for the all hands call/meeting. Could you please now join by call or in person at Torys' offices.

Sent from my BlackBerry 10 smartphone on the Bell network.
From: WONG Leslie -LAWDIV
Sent: Monday, December 11, 2017 12:14 PM
To: rramchandani@torys.com; Andrew.Maciel@cibc.com; brian.bolster@gs.com; Brian.Delaney@gs.com; david.dalbello@rbccm.com; Donnie.Persaud@cibc.com; Gadi.Mayman@ofina.on.ca; geoffrey.reeves@cibc.com; ian.benaiah@rbccm.com; LEE John -TREASURY; Katrina.Niehaus@gs.com; HARTWICK Ken -FINANCE; Ken.Kandeepan@ofina.on.ca; Malle.Hanslep@ontario.ca; mfeldman@torys.com; Mike.Manning@ofina.on.ca; nmansoori@torys.com; PMilligan@osler.com; RSebastiano@osler.com; Salina.Sabri@gs.com; STEPHEN.ASHBOURNE@blakes.com; Sunil.Adalja@cibc.com; Tobias.Whitfield@ontario.ca
Subject: EXTERNAL – Fair Hydro -- Change of Law Agreements (All Hands Meeting with Counsel)

For the external counsel, can you please hold off calling in. The business discussion is still ongoing. We will send out an email noting when that discussion is over and the all hands discussion will happen.

Organizer: Ramchandani, Rima
When: 12:15 PM - 2:00 PM December 11, 2017
Subject: EXTERNAL – Fair Hydro -- Change of Law Agreements (All Hands Meeting with Counsel)
Location: 79 Wellington Street West, 33rd Floor

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From:	Hanslep, Malle (MOF)
To:	WONG Leslie -LAWDIV; LEE John -TREASURY; Ramchandani, Rima; "nmansoori@torys.com"
Cc:	Mike Manning; ASHBOURNE, STEPHEN; LAURETA LAPIRA May -TREASURY; LADAK Lubna -TREASURY; Ken Kandeepan
Subject:	Re: EXTERNAL – RE: Change of Law Protection Agreement and Change of Law Process Agreement
Date:	Friday, November 17, 2017 6:07:06 PM

Thanks Les

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: WONG Leslie -LAWDIV

Sent: Friday, November 17, 2017 17:48

To: Hanslep, Malle (MOF); LEE John -TREASURY; Ramchandani, Rima; 'nmansoori@torys.com'

Cc: Manning, Mike (OFA); ASHBOURNE, STEPHEN; LAURETA LAPIRA May -TREASURY; LADAK Lubna -TREASURY; Kandeepan, Ken (OFA)

Subject: RE: EXTERNAL – RE: Change of Law Protection Agreement and Change of Law Process Agreement

Dear Malle,

We have provided instructions to Torys to reflect your request below in the MTI. They will need to run the changes by the Dealers' counsel, and will circulate the changed pages of the MTI to the group as soon as they have received sign-off from Dealers' counsel.

Regards,

Les

Leslie Wong

Senior Counsel

Ontario Power Generation Inc.

700 University Avenue, H18 G26.1, Toronto, ON M5G 1X6

T: (416) 592-3110 | E: leslie.wong@opg.com<mailto:leslie.wong@opg.com>

-----Original Message-----

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: Friday, November 17, 2017 5:38 PM

To: LEE John -TREASURY <john.s.lee@opg.com>; Ramchandani, Rima <rramchandani@torys.com>; 'nmansoori@torys.com' <nmansoori@torys.com>

Cc: Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>

Subject: Re: EXTERNAL – RE: Change of Law Protection Agreement and Change of Law Process Agreement

Hi John

As a follow up here the province is requesting that this be in the master trust indenture. That it be an obligation of the Trust and Indenture Trustee and that it be included in the amendment provisions of the trust indenture s 11,01 11'02 and 13.18 and acknowledge the point about the point that failure to reliever the notice does not invalidate. As noted we are requesting inclusion in the Trust Indenture not protection agreement

Thanks

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: LEE John -TREASURY

Sent: Friday, November 17, 2017 16:56

To: Ramchandani, Rima; 'nmansoori@torys.com'

Cc: Manning, Mike (OFA); ASHBOURNE, STEPHEN; Hanslep, Malle (MOF); WONG Leslie -LAWDIV; LAURETA LAPIRA May -TREASURY; LADAK Lubna -TREASURY; Kandeepan, Ken (OFA)

Subject: RE: EXTERNAL – RE: Change of Law Protection Agreement and Change of Law Process Agreement

Rima:

Further to our early discussion I have confirmed with Mike the approach to the amendments, can you draft something that reflect the following points:

- Province gets a copy of all the notices regarding amendments that OPG sends to the Indenture Trustee under the MTI;

- Province gets a copy of all of the notices regarding amendments that the Indenture Trustee under the MTI sends out to bondholders;

- This could be put in the Change of Law Protection Agreement, where the Indenture Trustee is a party. However, if it is in the MTI, the Province would not be a party to the MTI as this may trip accounting test. Please note the Province request below that it be in the MTI.

- The failure by OPG or the Indenture Trustee to deliver a notice to the Province does not invalidate the amendments or the Province's guarantee which is the key point from the Dealers.

We will need Torys (in consultation with Oslers) to prepare the specific language and confirm where it will go.

If you could expedite this request that would be appreciated.

Thanks

John

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: Friday, November 17, 2017 4:41 PM

To: LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>; ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com<mailto:STEPHEN.ASHBOURNE@blakes.com>>

Cc: Manning, Mike (OFA) <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>

Subject: RE: EXTERNAL – RE: Change of Law Protection Agreement and Change of Law Process Agreement

Thanks John.

Regarding the other item that you discussed with Mike on the approach to amendments to the master trust indenture respecting notice to the Province, we would appreciate receive a mark-up of the master trust indenture of OPG's proposal for the Province's review as soon as possible for our review as this is an important item for the Province.

Thank you.

Malle

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]

Sent: November 17, 2017 4:37 PM

To: ASHBOURNE, STEPHEN

Cc: Hanslep, Malle (MOF); Manning, Mike (OFA)

Subject: RE: EXTERNAL – RE: Change of Law Protection Agreement and Change of Law Process Agreement

Thanks for turning this around quickly.

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]

Sent: Friday, November 17, 2017 4:24 PM

To: Mansoori, Nina <nmansoori@torys.com<mailto:nmansoori@torys.com>>>; Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>>; Saulnier, Brett <bsaulnier@torys.com<mailto:bsaulnier@torys.com>>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>>; LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>>; Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com>>>

Cc: Hanslep, Malle (MOF) (Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>) <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>>; Ken Kandeepan (Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>) <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>>; Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>>; Kwan, Ronald (OFA) (Ronald.Kwan@ofina.on.ca<mailto:Ronald.Kwan@ofina.on.ca>>) <Ronald.Kwan@ofina.on.ca<mailto:Ronald.Kwan@ofina.on.ca>>>; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>) <Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>>; tom.mckinlay@ontario.ca<mailto:tom.mckinlay@ontario.ca>>; VINER, JON <JON.VINER@blakes.com<mailto:JON.VINER@blakes.com>>>; PRESTAGE, JA <JA.PRESTAGE@blakes.com<mailto:JA.PRESTAGE@blakes.com>>>; Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca<mailto:Daniel.Cayley@ontario.ca>>) <Daniel.Cayley@ontario.ca<mailto:Daniel.Cayley@ontario.ca>>>; Gadi Mayman (Gadi.Mayman@ofina.on.ca<mailto:Gadi.Mayman@ofina.on.ca>>) <Gadi.Mayman@ofina.on.ca<mailto:Gadi.Mayman@ofina.on.ca>>>

Subject: EXTERNAL – RE: Change of Law Protection Agreement and Change of Law Process Agreement

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Attached are comments on your drafts from 8:30 last night. The attached blacklines are to those versions. These remain subject to review and comment by the Province, but we hope will give you a version (with several open items identified in Notes) OPG can feel comfortable sharing with its Board for their information purposes. Regards, Steve

Stephen R. Ashbourne

Partner

stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com>>

Dir: 416-863-3086

From: Mansoori, Nina [mailto:nmansoori@torys.com]

Sent: Thursday, November 16, 2017 8:29 PM

To: ASHBOURNE, STEPHEN; Feldman, Michael; Saulnier, Brett; 'WONG Leslie -LAWDIV'; LEE John - TREASURY; RYFA Ken -TREASURY; Milligan, Peter; Fullerton, Rick; 'Persaud, Donnie - Debt Capital Markets'; Adalja, Sunil; Maciel, Andrew; 'Benaiah, Ian'; 'Khan, Nur (nur.khan@rbccm.com<mailto:nur.khan@rbccm.com>>)'; 'brent.r.taylor@rbccm.com'; Niehaus, Katrina; Delaney, Brian; Conner, Robbin; Sebastiano, Rocco; Ramchandani, Rima; VINER, JON; PRESTAGE, JA; Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>; Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>;

tom.mckinlay@ontario.ca<mailto:tom.mckinlay@ontario.ca>>;
Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>

Cc: Mansoori, Nina

Subject: RE: Change of Law Protection Agreement and Change of Law Process Agreement

All – please find attached consolidated comments from OPG and the Dealers on the Change of Law Agreements. Please note that the attached remains subject to the review of the working group. There are a few drafting points to confirm amongst the lawyers but please let us know if there are any remaining business points to be discussed on these documents tomorrow. Many thanks.

Nina Mansoori

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679

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u=https-3A__na01.safelinks.protection.outlook.com_-3Furl-3Dwww.torys.com-26data-3D02-257C01-257Cleslie.wong-2540opg.com-257Cd05d6686cf564b70d2db08d52e0bdb78-257C962f21cf93ea449f99bf402e2b2987b2-257C0-257C0-257C636465550837198145-26sdata-3DoNpQDdAkKp-252BukwKaeVZH8aDoGB-252FVBmiJ6IOlqHwhZ-252BA-253D-26reserved-3D0-253chttps-3A__na01.safelinks.protection.outlook.com_-3Furl-3Dhttp-253A-252F-252Fwww.torys.com-26data-3D02-257C01-257Cjohn.s.lee-2540opg.com-257C4399c6d6b4c946b2e0c708d52e019a22-257C962f21cf93ea449f99bf402e2b2987b2-257C0-257C0-257C636465507755337662-26sdata-3DtUkbK4vg5JZat-252BKbMZJ3oslyb84BsMMsjIi5Bsl5A2c-253D-26reserved-3D0&d=DwIGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=gV-xgZHI0tggSwOPXBdMOr4DyITzOyaIKJLqH9Oy-40&m=Rcw9NdiRQWodTR3qxvHB_GaCUNhtH2D7PDzmqhPL-T0&s=368xjJRWpBPUgCZiiQnG4SyTR9MPepyBxOPJoBV2MkY&e= >>

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From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]

Sent: November-14-17 8:30 PM

To: Sebastiano, Rocco <RSebastiano@osler.com<mailto:RSebastiano@osler.com>>>; Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com>>>; VINER, JON <JON.VINER@blakes.com<mailto:JON.VINER@blakes.com>>>; PRESTAGE, JA <JA.PRESTAGE@blakes.com<mailto:JA.PRESTAGE@blakes.com>>>; Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>; Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>; tom.mckinlay@ontario.ca<mailto:tom.mckinlay@ontario.ca>>;

Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>

Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>>; Mansoori, Nina <nmansoori@torys.com<mailto:nmansoori@torys.com>>>; Saulnier, Brett <bsaulnier@torys.com<mailto:bsaulnier@torys.com>>>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>>; LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>>; Milligan, Peter <PMilligan@osler.com<mailto:PMilligan@osler.com>>>; Fullerton, Rick <RFullerton@osler.com<mailto:RFullerton@osler.com>>>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com<mailto:Donnie.Persaud@cibc.com>>>; Adalja, Sunil <Sunil.Adalja@cibc.com<mailto:Sunil.Adalja@cibc.com>>>; Maciel, Andrew <Andrew.Maciel@cibc.com<mailto:Andrew.Maciel@cibc.com>>>; 'Benaiah, Ian' <ian.benaiah@rbccm.com<mailto:ian.benaiah@rbccm.com>>>; 'Khan, Nur (nur.khan@rbccm.com<mailto:nur.khan@rbccm.com>>)' <nur.khan@rbccm.com<mailto:nur.khan@rbccm.com>>>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com<mailto:brent.r.taylor@rbccm.com>>>; Niehaus, Katrina <Katrina.Niehaus@gs.com<mailto:Katrina.Niehaus@gs.com>>>; Delaney, Brian <Brian.Delaney@gs.com<mailto:Brian.Delaney@gs.com>>>; Conner, Robbin <Robbin.Conner@gs.com<mailto:Robbin.Conner@gs.com>>>

Subject: RE: Change of Law Protection Agreement and Change of Law Process Agreement

Please find attached revised versions of the Protection and Process Agreements. The blacklines show changes to the November 2nd (Province/Blakes) and November 8th (OPG/Dealers/Osler/Torys) circulated versions. In the interest of time, these versions are being circulated at the same time to the Province and so remain subject to comment. Please let us know if you have any comments or concerns. Regards, Steve

Stephen R. Ashbourne

Partner

stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com>>

Dir: 416-863-3086

From: Sebastiano, Rocco [mailto:RSebastiano@osler.com]

Sent: Thursday, November 09, 2017 2:11 AM

To: Ramchandani, Rima; ASHBOURNE, STEPHEN; VINER, JON; PRESTAGE, JA; Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>; Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>; tom.mckinlay@ontario.ca<mailto:tom.mckinlay@ontario.ca>>; Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>

Cc: Feldman, Michael; Mansoori, Nina; Saulnier, Brett; 'WONG Leslie -LAWDIV'; LEE John -TREASURY; RYFA Ken -TREASURY; Milligan, Peter; Fullerton, Rick; 'Persaud, Donnie - Debt Capital Markets'; Adalja, Sunil; Maciel, Andrew; 'Benaiah, Ian'; 'Khan, Nur (nur.khan@rbccm.com<mailto:nur.khan@rbccm.com>>)'; 'brent.r.taylor@rbccm.com'; Niehaus, Katrina; Delaney, Brian; Conner, Robbin

Subject: RE: Change of Law Protection Agreement and Change of Law Process Agreement

Please find enclosed revised drafts of the Change of Law Protection Agreement and the Change of Law Process Agreement. I have also enclosed redlines to the drafts which Stephen circulated on November 2nd. The revised drafts and comments contained in these two agreements are a consolidation of comments from Osler and Torys. Please note that we have not had an opportunity to discuss all of the revisions and comments contained in these revised drafts with OPG and the Dealers and therefore, are subject to any further comments which the Dealers and OPG may have.

The initial drafts of these two agreement have not been provided to the rating agencies for their review and therefore, further revisions may be required following their review and comment once drafts have been provided to them to review.

Regards, Rocco

[cid:image001.gif@01D35D84.2A5D7330]

Rocco Sebastiano

Partner

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From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]

Sent: November-02-17 9:02 PM

To: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>>; Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com>>>; Mansoori, Nina <nmansoori@torys.com<mailto:nmansoori@torys.com>>>; Hill, Krista <khill@torys.com<mailto:khill@torys.com>>>

Cc: Hanslep, Malle (MOF) (Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>) <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>>; tom.mckinlay@ontario.ca<mailto:tom.mckinlay@ontario.ca>>; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>) <Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>>; VINER, JON <JON.VINER@blakes.com<mailto:JON.VINER@blakes.com>>>; PRESTAGE, JA <JA.PRESTAGE@blakes.com<mailto:JA.PRESTAGE@blakes.com>>>

Subject: Change of Law Protection Agreement and Change of Law Process Agreement

Rima, Krista, Nina and Michael,

Here are drafts of the Change of Law Protection Agreement and Change of Law Process Agreement. Please note that while various people at the Province have provided considerable thought and input into these drafts, they remain subject to on-going review, comment and consideration (including where indicated in the drafts) by the Province, and of course remain subject to ultimate consideration and approval by the Ministers. This circulation is for discussion purposes only. Please feel free to circulate these drafts to OPG, E&Y, Osler and the Dealers, reflecting that understanding.

We propose that a consolidated mark-up be prepared that reflects all of the issues that you or those others may have, and ideally reflects input from the rating agencies. Once that mark-up is available, we propose that a meeting of interested parties be held to resolve any outstanding issues.

In the meantime, please feel free to call Malle, Toby, Tom, Alena or me if you have questions or concerns.

Regards, Steve

Stephen R. Ashbourne

Partner

stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com>>

Dir: 416-863-3086

[cid:imageb23443.GIF@edc8812c.40a5c483]

Blake, Cassels & Graydon LLP

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T0&s=72fRLZpklL7NHy4AC6XO5BaTNyuir40Egb2qAWDnXlQ&e= > |
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From: Milligan, Peter
To: Malle.Hanslep@MOF
Cc: Ramchandani, Rima; WONG Leslie -LAWDIV; LEE John -TREASURY; Mansoori, Nina; Mike.Manning; ASHBOURNE, STEPHEN; LAURETA LAPIRA May -TREASURY; LADAK Lubna -TREASURY; Ken.Kandeepan; Sebastiano, Rocco; Feldman, Michael; Tobias P. Whitfield (MOF); Thouin, Alena (ENERGY)
Subject: Re: EXTERNAL – RE: Change of Law Protection Agreement and Change of Law Process Agreement
Date: Monday, November 20, 2017 2:46:52 PM

Osler is fine with the changes to the Trust Indenture.

Peter

Sent from my iPhone

On Nov 20, 2017, at 1:24 PM, Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca> wrote:

Hi all,
Just checking into see whether Oslers' has reviewed and signed off on the attached?
Thank you.
Malle
Malle Hanslep
Deputy Director
Ministry of the Attorney General
Ministry of Finance Legal Services Branch
Telephone: 416-325-1457
Notice: This communication may be solicitor/client privileged and contain confidential information intended only for the person(s) to whom it is addressed. If you have received this message in error please notify the writer and permanently delete the message and all attachments. Thank you.

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: November 17, 2017 8:20 PM
To: 'WONG Leslie -LAWDIV'; Hanslep, Malle (MOF); LEE John -TREASURY; Mansoori, Nina
Cc: Manning, Mike (OFA); ASHBOURNE, STEPHEN; LAURETA LAPIRA May -TREASURY; LADAK Lubna -TREASURY; Kandeepan, Ken (OFA); 'Sebastiano, Rocco'; Milligan, Peter; Feldman, Michael; Ramchandani, Rima
Subject: RE: EXTERNAL – RE: Change of Law Protection Agreement and Change of Law Process Agreement
Malle, attached are the changed pages of the Master Trust Indenture reflecting the changes agreed upon between OPG and the Province as set out below. We are cc'ing the Osler Team and note that the attached remains subject to their review and sign off.
Regards,
Rima
Rima Ramchandani
P. 416.865.7646 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com[torys.com]

[torys.com]

From: WONG Leslie -LAWDIV [mailto:leslie.wong@opg.com]
Sent: November-17-17 5:48 PM
To: Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; LEE John -TREASURY <john.s.lee@opg.com>; Ramchandani, Rima <rramchandani@torys.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>
Subject: RE: EXTERNAL – RE: Change of Law Protection Agreement and Change of Law Process Agreement
Dear Malle,
We have provided instructions to Torys to reflect your request below in the MTI. They will need to run the changes by the Dealers' counsel, and will circulate the changed pages of the MTI to the group as soon as they have received sign-off from Dealers' counsel.
Regards,
Les
Leslie Wong
Senior Counsel
Ontario Power Generation Inc.
700 University Avenue, H18 G26.1, Toronto, ON M5G 1X6
T: (416) 592-3110 | E: leslie.wong@opg.com
-----Original Message-----
From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Friday, November 17, 2017 5:38 PM
To: LEE John -TREASURY <john.s.lee@opg.com>; Ramchandani, Rima <rramchandani@torys.com>; 'nmansoori@torys.com' <nmansoori@torys.com>
Cc: Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>
Subject: Re: EXTERNAL – RE: Change of Law Protection Agreement and Change of Law Process Agreement
Hi John
As a follow up here the province is requesting that this be in the master trust indenture. That it be an obligation of the Trust and Indenture Trustee and that it be included in the amendment provisions of the trust indenture s 11,01 11'02 and 13.18 and acknowledge the point about the point that failure to reliever the notice does not invalidate. As noted we are requesting inclusion in the Trust Indenture not protection agreement
Thanks
Malle
Sent from my BlackBerry 10 smartphone on the Rogers network.
From: LEE John -TREASURY
Sent: Friday, November 17, 2017 16:56
To: Ramchandani, Rima; 'nmansoori@torys.com'
Cc: Manning, Mike (OFA); ASHBOURNE, STEPHEN; Hanslep, Malle (MOF); WONG Leslie -LAWDIV; LAURETA LAPIRA May -TREASURY; LADAK Lubna -TREASURY; Kandeepan, Ken (OFA)
Subject: RE: EXTERNAL – RE: Change of Law Protection Agreement and Change of Law Process Agreement
Rima:
Further to our early discussion I have confirmed with Mike the approach to the amendments, can you draft something that reflect the following points:
- Province gets a copy of all the notices regarding amendments that OPG sends to the Indenture Trustee under the MTI;
- Province gets a copy of all of the notices regarding amendments that the Indenture Trustee under the MTI sends out to bondholders;
- This could be put in the Change of Law Protection Agreement, where the Indenture Trustee is a party. However, if it is in the MTI, the Province would not be a party to the MTI as this may trip accounting test. Please note the Province request below that it be in the MTI.
- The failure by OPG or the Indenture Trustee to deliver a notice to the Province does not invalidate the amendments or the Province's guarantee which is the key point from the Dealers.
We will need Torys (in consultation with Oslers) to prepare the specific language and confirm where it will go.
If you could expedite this request that would be appreciated.
Thanks
John
From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Friday, November 17, 2017 4:41 PM
To: LEE John -TREASURY <john.s.lee@opg.com>; ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>
Cc: Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>
Subject: RE: EXTERNAL – RE: Change of Law Protection Agreement and Change of Law Process Agreement
Thanks John.
Regarding the other item that you discussed with Mike on the approach to amendments to the master trust indenture respecting notice to the Province, we would appreciate receive a mark-up of the master trust indenture of OPG's proposal for the Province's review as soon as possible for our review as this is an important item for the Province.
Thank you.
Malle
From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: November 17, 2017 4:37 PM
To: ASHBOURNE, STEPHEN
Cc: Hanslep, Malle (MOF); Manning, Mike (OFA)
Subject: RE: EXTERNAL – RE: Change of Law Protection Agreement and Change of Law Process Agreement
Thanks for turning this around quickly.
From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: Friday, November 17, 2017 4:24 PM
To: Mansoori, Nina <nmansoori@torys.com>>; Feldman, Michael <mfeldman@torys.com>>; Saulnier, Brett <bsaulnier@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com>>; LEE John -TREASURY <john.s.lee@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com>>; Ramchandani, Rima <rramchandani@torys.com>>
Cc: Hanslep, Malle (MOF) (Malle.Hanslep@ontario.ca) <Malle.Hanslep@ontario.ca>>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>>; Ken Kandeepan (Ken.Kandeepan@ofina.on.ca) <Ken.Kandeepan@ofina.on.ca>>; Mike Manning <Mike.Manning@ofina.on.ca>>; Kwan, Ronald (OFA) [Ronald.Kwan@ofina.on.ca>] <Ronald.Kwan@ofina.on.ca>>; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca) <Alena.Thouin@ontario.ca>>; tom.mckinlay@ontario.ca>; VINER, JON <JON.VINER@blakes.com>>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>>; Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca) <Daniel.Cayley@ontario.ca>>; Gadi Mayman (Gadi.Mayman@ofina.on.ca) <Gadi.Mayman@ofina.on.ca>>
Subject: EXTERNAL – RE: Change of Law Protection Agreement and Change of Law Process Agreement
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Attached are comments on your drafts from 8:30 last night. The attached blacklines are to those versions. These remain subject to review and comment by the Province, but we hope will give you a version (with several open items identified in Notes) OPG can feel comfortable sharing with its Board for their information purposes. Regards, Steve
Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com>
Dir: 416-863-3086
From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: Thursday, November 16, 2017 8:29 PM
To: ASHBOURNE, STEPHEN; Feldman, Michael; Saulnier, Brett; 'WONG Leslie -LAWDIV'; LEE John -TREASURY; RYFA Ken -TREASURY; Milligan, Peter; Fullerton, Rick; 'Persaud, Donnie - Debt Capital Markets'; Adalja, Sunil; Maciel, Andrew; 'Benaiah, Ian'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; Niehaus, Katrina; Delaney, Brian; Conner, Robbin; Sebastiano, Rocco; Ramchandani, Rima; VINER, JON; PRESTAGE, JA; Malle.Hanslep@ontario.ca>; Tobias.Whitfield@ontario.ca>; tom.mckinlay@ontario.ca>; Alena.Thouin@ontario.ca>
Cc: Mansoori, Nina
Subject: RE: Change of Law Protection Agreement and Change of Law Process Agreement
All – please find attached consolidated comments from OPG and the Dealers on the Change of Law Agreements. Please note that the attached remains subject to the review of the working group. There are a few drafting points to confirm amongst the lawyers but please let us know if there are any remaining business points to be discussed on these documents tomorrow. Many thanks,
Nina Mansoori
P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower Toronto, Ontario M5K 1N2 Canada | https://na01.safelinks.protection.outlook.com/?
url=www.torys.com&data=02%7C01%7Cleslie.wong%40opg.com%7C405d6686cf564b70d2db08d52e0bdb78%7C962f21cf93ea449f99bf402e2b2987b2%7C0%7C0%7C636465550837198145&sdata=oNjoODdAkKo%2BukwEapVZHBaDnGB%2FVBmJi6IOIqHwh2%2BA%3D&reserved=0[na01.safelinks.protection.outlook.com]>
[Torys LLP]<https://na01.safelinks.protection.outlook.com/?
url=http%3A%2F%2Fwww.torys.com%2F&data=02%7C01%7Cjohn.s.lee%40opg.com%7C4399c6d6b4c946b2e0c708d52e019a22%7C962f21cf93ea449f99bf402e2b2987b2%7C0%7C0%7C636465507755337662&sdata=Wo7Fvv%2FhQn6NmYnZL5mDtHLc%2FgsDH6nSoWE8oesb7%2BO%3D&reserved=0[na01.safelinks.protection.outlook.com]>
From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: November-14-17 8:30 PM
To: Sebastiano, Rocco <RSebastiano@osler.com>>; Ramchandani, Rima <rramchandani@torys.com>>; VINER, JON <JON.VINER@blakes.com>>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>>; Malle.Hanslep@ontario.ca>; Tobias.Whitfield@ontario.ca>; tom.mckinlay@ontario.ca>; Alena.Thouin@ontario.ca>
Cc: Feldman, Michael <mfeldman@torys.com>>; Mansoori, Nina <nmansoori@torys.com>>; Saulnier, Brett <bsaulnier@torys.com>>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>>; LEE John -TREASURY <john.s.lee@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com>>; Milligan, Peter <PMilligan@osler.com>>; Fullerton, Rick <RFullerton@osler.com>>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>>; Adalja, Sunil <Sunil.Adalja@cibc.com>>; Maciel, Andrew <Andrew.Maciel@cibc.com>>; 'Benaiah, Ian' <ian.benaiah@rbccm.com>>; 'Khan, Nur (nur.khan@rbccm.com)'; <nur.khan@rbccm.com>>; 'brent.r.taylor@rbccm.com' <Brent.r.taylor@rbccm.com>>; Niehaus, Katrina <Katrina.Niehaus@gs.com>>; Delaney, Brian <Brian.Delaney@gs.com>>; Conner, Robbin <Robbin.Conner@gs.com>>
Subject: RE: Change of Law Protection Agreement and Change of Law Process Agreement
Please find attached revised versions of the Protection and Process Agreements. The blacklines show changes to the November 2nd (Province/Blakes) and November 8th (OPG/Dealers/Osler/Torys) circulated versions. In the interest of time, these versions are being circulated at the same time to the Province and so remain subject to comment. Please let us know if you have any comments or concerns. Regards, Steve
Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com>
Dir: 416-863-3086
From: Sebastiano, Rocco [mailto:RSebastiano@osler.com]
Sent: Thursday, November 09, 2017 2:31 AM
To: Ramchandani, Rima; ASHBOURNE, STEPHEN; VINER, JON; PRESTAGE, JA; Malle.Hanslep@ontario.ca>; Tobias.Whitfield@ontario.ca>; tom.mckinlay@ontario.ca>; Alena.Thouin@ontario.ca>
Cc: Feldman, Michael; Mansoori, Nina; Saulnier, Brett; 'WONG Leslie -LAWDIV'; LEE John -TREASURY; RYFA Ken -TREASURY; Milligan, Peter; Fullerton, Rick; 'Persaud, Donnie - Debt Capital Markets'; Adalja, Sunil; Maciel, Andrew; 'Benaiah, Ian'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; Niehaus, Katrina; Delaney, Brian; Conner, Robbin
Subject: RE: Change of Law Protection Agreement and Change of Law Process Agreement
Please find enclosed revised drafts of the Change of Law Protection Agreement and the Change of Law Process Agreement. I have also enclosed redlines to the drafts which Stephen circulated on November 2nd. The revised drafts and comments contained in these two agreements are a consolidation of comments from Osler and Torys. Please note that we have not had an opportunity to discuss all of the revisions and comments contained in these revised drafts with OPG and the Dealers and therefore, are subject to any further comments which the Dealers and OPG may have.
The initial drafts of these two agreement have not been provided to the rating agencies for their review and therefore, further revisions may be required following their review and comment once drafts have been provided to them to review.
Regards, Rocco
[cid:image001.gif@01D35D84.2A5D7330]
Rocco Sebastiano
Partner
416.862.5859
DIRECT
416.862.6666
FACSIMILE
rsebastiano@osler.com>
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[cid:image002.gif@01D35D84.2A5D7330]<https://na01.safelinks.protection.outlook.com/?
url=http%3A%2F%2Fwww.osler.com%2F&data=02%7C01%7CJohn.s.lee%40opg.com%7C4399c6d6b4c946b2e0c708d52e019a22%7C962f21cf93ea449f99bf402e2b2987b2%7C0%7C0%7C636465507755337662&sdata=0Pc7uHm4J8yJUttp6Sapw2TJkTc5w2or6s%2B7FxYq0%3D&reserved=0[na01.safelinks.protection.outlook.com]>
From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: November-02-17 9:02 PM
To: Feldman, Michael <mfeldman@torys.com>>; Ramchandani, Rima <rramchandani@torys.com>>; Mansoori, Nina <nmansoori@torys.com>>; Hill, Krista <khill@torys.com>>
Cc: Hanslep, Malle (MOF) (Malle.Hanslep@ontario.ca) <Malle.Hanslep@ontario.ca>>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>>; tom.mckinlay@ontario.ca>; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca) <Alena.Thouin@ontario.ca>>; VINER, JON <JON.VINER@blakes.com>>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>>
Subject: Change of Law Protection Agreement and Change of Law Process Agreement
Rima, Krista, Nina and Michael,
Here are drafts of the Change of Law Protection Agreement and Change of Law Process Agreement. Please note that while various people at the Province have provided considerable thought and input into these drafts, they remain subject to on-going review, comment and consideration (including where indicated in the drafts) by the Province, and of course remain subject to ultimate consideration and approval by the Ministers. This circulation is for discussion purposes only. Please feel free to circulate these drafts to OPG, E&Y, Osler and the Dealers, reflecting that understanding.
We propose that a consolidated mark-up be prepared that reflects all of the issues that you or those others may have, and ideally reflects input from the rating agencies. Once that mark-up is available, we propose that a meeting of interested parties be held to resolve any outstanding issues.
In the meantime, please feel free to call Malle, Toby, Tom, Alena or me if you have questions or concerns.
Regards, Steve
Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com>
Dir: 416-863-3086

[cid:image023443.GIF@4ed08812c40a5c483]
Blake, Cassels & Graydon LLP
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url=http%3A%2F%2Fwww.blakes.com&data=02%7C01%7CJohn.s.lee%40opg.com%7C4399c6d6b4c946b2e0c708d52e019a22%7C962f21cf93ea449f99bf402e2b2987b2%7C0%7C0%7C636465507755337662&sdata=k59YKfUpJpn%2FC9BDGMRiJ1uaTzGuCQbxbvd83NOEAc%3D&reserved=0[na01.safelinks.protection.outlook.com]> | Twitter<https://na01.safelinks.protection.outlook.com/?
url=http%3A%2F%2Ftwitter.com%2FBlakesLaw%2F&data=02%7C01%7CJohn.s.lee%40opg.com%7C4399c6d6b4c946b2e0c708d52e019a22%7C962f21cf93ea449f99bf402e2b2987b2%7C0%7C0%7C636465507755337662&sdata=3%2FvBgqMcoACGKvJ0HbVK2FJeQN2EAPzOxVTo9dfd6c%3D&reserved=0[na01.safelinks.protection.outlook.com]> |
Unsubscribe<https://na01.safelinks.protection.outlook.com/?
url=http%3A%2F%2Fwww.blakes.com%2FEnglish%2FResources%2FBulletins%2FPages%2Funsubscribe.aspx&data=02%7C01%7CJohn.s.lee%40opg.com%7C4399c6d6b4c946b2e0c708d52e019a22%7C962f21cf93ea449f99bf402e2b2987b2%7C0%7C0%7C636465507755337662&sdata=MGcAcyKprZoq%2B4THWvPMJPB8iA15BLYWi6MN1a7i8E%3D&reserved=0[na01.safelinks.protection.outlook.com]>
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From: ASHBOURNE, STEPHEN
To: Gadi Mayman
Cc: Malle Hanslep (MOF); Tobias P. Whitfield (MOF); Mike Manning; Ken Kandeepan; Anna Strathy
Subject: Re: Enforcement of Protection event
Date: Wednesday, December 20, 2017 1:51:45 PM

Gadi, I think this is the second alternative I had outlined earlier. It is really more of a business point. The difficulty (mostly for OPG) is explaining the different treatment to investors. To avoid entrenching the warehouse lenders on this point, you could agree to revisit (to treat the warehouse lenders like other investors) prior to the ultimate term deal - but include their proposal in the documents now and leave it to the Province to convince the dealers that direct right is not useful/needed. Let me know and I will follow up with Torys. Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com>
Dir: 416-863-3086<tel:416-863-3086>

On Dec 20, 2017, at 1:33 PM, Gadi Mayman <Gadi.Mayman@ofina.on.ca<mailto:Gadi.Mayman@ofina.on.ca>> wrote:

Does this work from a legal perspective? I have to admit that I find Rocco's earlier comment before his compromise language that "This is not a negotiable position from the Dealer's perspective, especially not the day before closing" and his assertion that this isn't new a little rich, but I'll swallow that, along with the seemingly every-present need to check with the rating agencies, in an effort to get this done.

Thanks,
Gadi

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: Wednesday, December 20, 2017 1:14 PM
To: Gadi Mayman <Gadi.Mayman@ofina.on.ca<mailto:Gadi.Mayman@ofina.on.ca>>
Cc: Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>
Subject: Enforcement of Protection event

Gadi:

See compromise solution from Dealers below:
- Any warehouse lender can instruct the Indenture trustee to enforcement a protection event
- All other bondholders would be required to have an ordinary resolution (>50%) to instruct the Indenture trustee to enforce a protection event.

I believe this addresses the primary concern of leaving the Province exposed to individual bond holders "tripping" the structure. In the interest of time I will instruct the Dealers to run this by the rating agencies to confirm that this does not change their rating assessment.

If you have any concerns please let me know or if you would like to discuss.

John

From: Sebastiano, Rocco [mailto:RSebastiano@osler.com<mailto:RSebastiano@osler.com>]
Sent: December-20-17 12:33 PM
To: 'john.s.lee@opg.com<mailto:john.s.lee@opg.com>' <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>
Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; Mansoori, Nina <nmansoori@torys.com<mailto:nmansoori@torys.com>>
Subject: FW: Fair Hydro -- Revised Program Agreements

John, as requested, here is the email that I just sent to Michael.

From: Sebastiano, Rocco
Sent: Wednesday, December 20, 2017 12:29 PM
To: 'Feldman, Michael' <mfeldman@torys.com<mailto:mfeldman@torys.com>>; Milligan, Peter <PMilligan@osler.com<mailto:PMilligan@osler.com>>; Fullerton, Rick <RFullerton@osler.com<mailto:RFullerton@osler.com>>
Cc: Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com>>; Mansoori, Nina <nmansoori@torys.com<mailto:nmansoori@torys.com>>; Olusoga, Yinka <yolusoga@torys.com<mailto:yolusoga@torys.com>>
Subject: RE: Fair Hydro -- Revised Program Agreements

I just got off the phone with the Dealers. Here is our compromise position which has been discussed with John.

In the first instance, any warehouse lender can instruct the Indenture Trustee. With all of other Controlling Class Creditors, they would require an Ordinary Resolution to instruct the Indenture Trustee. If the indenture Trustee does not act per the instructions, any warehouse lender or any Controlling Class Creditor can take action to enforce.

Even if the Province were to agree, we need to run this down with the Rating Agencies.

And yes, I agree that we should add a notwithstanding clause in the lead-in to section 13.12.

Regards, Rocco

From: Feldman, Michael [mailto:mfeldman@torys.com]
Sent: Wednesday, December 20, 2017 11:12 AM
To: Sebastiano, Rocco <RSebastiano@osler.com<mailto:RSebastiano@osler.com>>; Milligan, Peter <PMilligan@osler.com<mailto:PMilligan@osler.com>>; Fullerton, Rick <RFullerton@osler.com<mailto:RFullerton@osler.com>>
Cc: Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com>>; Mansoori, Nina <nmansoori@torys.com<mailto:nmansoori@torys.com>>; Olusoga, Yinka <yolusoga@torys.com<mailto:yolusoga@torys.com>>; Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>
Subject: RE: Fair Hydro -- Revised Program Agreements

Rocco, Peter and Rick,

A couple of technical observations:

1. Section 13.12(c) does not dovetail well with section 8.12 (the section that limits the rights of Specified Creditors to take their own actions). I think the second sentence of 13.12(c) should have added to it a "notwithstanding section 8.12", whether the first sentence of 13.12(c) requires an Ordinary Resolution or not. Once the required authorization is obtained under the first sentence of 13.12(c), in order to permit any Controlling Class Creditor to act if the indenture Trustee does not (for example, if the Indenture Trustee does not receive an acceptable indemnity as per 8.12(c)), if the intention is that the Controlling Class Creditor can make the demand without waiting the 60 days required by 8.12(d) then we need the "notwithstanding" clause.

2. It may be worth noting that certain Events of Default require (those in 8.01 (c), (d) and (g)) require approval by holders of at least 25% of the Controlling Class Obligations. It is impossible to tell if this is better or worse for individual Controlling Class Creditors than an Ordinary Resolution would be. It would be a much lower threshold if the desire is to act by written instrument (as a written instrument for an Ordinary Resolution requires 50%) but whether it ends up being a higher or lower threshold if the question goes to a meeting depends on how many creditors show up at the meeting or send proxies.

3. The Province has made it clear that there will be no deal if any individual Controlling Class Creditor is to have the right to assert that a Protection Event has occurred so in order to go forward some form of compromise will be needed. Where do things stand with the Dealers right now ?

Michael K. Feldman

P. 416.865.7513<tel:(416)%20865-7513> | F. 416.865.7380<tel:(416)%20865-7380> | 1.800.505.8679<tel:(800)%20505-8679>
From: Feldman, Michael
Sent: December-20-17 9:18 AM
To: Sebastiano, Rocco <RSebastiano@osler.com<mailto:RSebastiano@osler.com>>; Milligan, Peter <PMilligan@osler.com<mailto:PMilligan@osler.com>>; Fullerton, Rick <RFullerton@osler.com<mailto:RFullerton@osler.com>>
Cc: John Lee <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; Leslie Wong <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com>>; Mansoori, Nina <nmansoori@torys.com<mailto:nmansoori@torys.com>>; Olusoga, Yinka <yolusoga@torys.com<mailto:yolusoga@torys.com>>; Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>
Subject: RE: Fair Hydro -- Revised Program Agreements

Rocco,

I completely understand the Dealer's position but we have this issue to deal with today.

See Ashbourne's email from a few minutes ago (attached). He does make a suggestion that I hope will be acceptable to the Dealers or at least some variation of it that we can go back to the Province with. Even if we can get the Dealers and the Province to reach an agreement we need to advise the Rating Agencies.

I think next step would be for you to convene a call with the Dealers to get instructions.

Michael K. Feldman

P. 416.865.7513<tel:(416)%20865-7513>

From: Sebastiano, Rocco [mailto:RSebastiano@osler.com]
Sent: December-20-17 9:12 AM
To: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; Milligan, Peter <PMilligan@osler.com<mailto:PMilligan@osler.com>>; Fullerton, Rick <RFullerton@osler.com<mailto:RFullerton@osler.com>>
Cc: John Lee <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; Leslie Wong <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com>>; Mansoori, Nina <nmansoori@torys.com<mailto:nmansoori@torys.com>>; Olusoga, Yinka <yolusoga@torys.com<mailto:yolusoga@torys.com>>; Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>
Subject: Re: Fair Hydro -- Revised Program Agreements

To be clear, this is not a new issues raised a concern quite some time ago about the rights of creditors to require the Indenture Trustee to enforce the Limited Guarantee given that the Change of Law Protection Agreement restricts the rights of beneficiaries to e action against the Province. We discussed this with the Dealers and received instructions to amend section 13.12(c) as we did. We did discuss this with Nina. This is not a negotiable position from the Dealer's perspective, especially not the day before closing.

Rocco

Sent from my BlackBerry - the most secure mobile device - via the Rogers Network
From: mfeldman@torys.com<mailto:mfeldman@torys.com>
Sent: December 20, 2017 8:46 AM
To: PMilligan@osler.com<mailto:PMilligan@osler.com>; RSebastiano@osler.com<mailto:RSebastiano@osler.com>; RFullerton@osler.com<mailto:RFullerton@osler.com>
Cc: john.s.lee@opg.com<mailto:john.s.lee@opg.com>; ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>; leslie.wong@opg.com<mailto:leslie.wong@opg.com>; rramchandani@torys.com<mailto:rramchandani@torys.com>; nmansoori@torys.com<mailto:nmansoori@torys.com>; yolusoga@torys.com<mailto:yolusoga@torys.com>; mfeldman@torys.com<mailto:mfeldman@torys.com>
Subject: FW: Fair Hydro -- Revised Program Agreements

Peter, Rocco and Rick,

Please see below from Stephen Ashbourne.

As I read this email, he does not yet have instructions from the Province on this point but I think we need to be ready in case he does.

This change came from Oslers and so I do not know whether or not this is a lawyer's comment or a Dealer's comment. Having said that, it did not strike me as unreasonable given the importance of the Protection Agreement to each investor, but I do understand Stephen's perspective that, until this change all actions in the Trust Indenture required at least Ordinary Resolution of Controlling Class Creditors. And I do think that Stephen has accurately characterized the incentives.

This may go away but in case it doesn't I think it would be helpful to get instructions in advance from the Dealers. I think this is strictly an issue between the Dealers and the Province but we will do whatever we can to help resolve.

Michael K. Feldman

P. 416.865.7513<tel:(416)%20865-7513> | F. 416.865.7380<tel:(416)%20865-7380> | 1.800.505.8679<tel:(800)%20505-8679>
From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: December-20-17 8:32 AM
To: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>
Cc: PALMER, AARON <AARON.PALMER@blakes.com<mailto:AARON.PALMER@blakes.com>>

Subject: FW: Fair Hydro -- Revised Program Agreements

Michael, FYI, I am seeking instructions from the Province as to whether the following proposed change is acceptable:

Trust Indenture (s. 13.12(c)):

Upon the occurrence of a Protection Event, if a request has been made by the Issuer or any Controlling Class Creditor, the Indenture Trustee shall deliver a written demand to the Province requiring the Province to make payments on Obligations Secured pursuant to and in accordance with the Change of Law Protection Agreement. If, following such request, the Indenture Trustee does not deliver such written demand to the Province within 10 days of such request, any Controlling Class Creditor shall be entitled to deliver such written demand to the Province.

I see this as an exception to the general approach in the Trust Indenture, which allows the "Controlling Class Creditors" by ordinary resolution (>50%) to direct the Indenture Trustee to act (see s.8.11 of the Trust Indenture). Allowing any senior noteholder to trigger the Limited Guarantee represents a significant change from the Province's standpoint.

I will let you know once I have had a chance to discuss this with the Province. In the meantime, any color you can share regarding why this is being raised now (and by whom) would be helpful.

Among other issues, I think this could muddle the incentives among the senior investors themselves, since the change would allow any one senior noteholder to trigger the Limited Guarantee despite not being supported by the others.

Regards, Steve

_____

Blake, Cassels & Graydon LLP
199 Bay Street, Suite 4000, Toronto ON M5L 1A9[maps.google.com]<https://urldefense.proofpoint.com/v2/url?u=https-3A__maps.google.com_-3Fq-3D199-2BBay-2BStreet-2C-2BSuite-2B4000-2C-2BToronto-2BON-2BM5L-2B1A9-26entry-3Dgmail-26source-3Dg&d=DwMFAw&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=OdoCVLs6i-6reBTUJh9PAGSfpmSjeJXGKKb9SzvJOII&m=EUwBJ2a_UORgqxyQN53A_5W57PzFhlO01iDA0ypuuIQ&s=A6woRtZxNiUSelK57btRay1uSN_eAIdKKJOtz1EZbdY&e=>
Tel: 416-863-2400<tel:(416)%20863-2400> Fax: 416-863-2653<tel:(416)%20863-2653>
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Blake, Cassels & Graydon LLP | Barristers & Solicitors | Patent & Trade-mark Agents
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From: Saulnier, Brett [mailto:bsaulnier@torys.com]
Sent: Tuesday, December 19, 2017 6:32 PM
To: Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>; Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>; Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>; Tom.McKinlay@ontario.ca<mailto:Tom.McKinlay@ontario.ca>; ASHBOURNE, STEPHEN; VINER, JON; PRESTAGE, JA; PALMER, AARON
Cc: 'leslie.wong@opg.com<mailto:leslie.wong@opg.com>'; dup-john.s.lee@opg.com<mailto:dup-john.s.lee@opg.com>; 'ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>'; Feldman, Michael; Ramchandani, Rima; Mansoori, Nina; Olusoga, Yinka
Subject: Fair Hydro -- Revised Program Agreements

All,

Please find attached the latest drafts of the following documents, together with blacklines against the versions last circulated:

1. Management Agreement
2. Declaration of Trust
3. MTSA
4. IESO Security Agreement
5. OPG Indemnity
6. IESO Indemnity
7. Change of Law Protection Agreement
8. Change of Law Process Agreement
9. Master Trust Indenture
10. Warehouse Senior Supplemental Indenture
11. Warehouse Subordinated Supplemental Indenture
12. Warehouse Junior Subordinated Supplemental Indenture

Thanks,
Brett

Brett Saulnier
P. 416.865.8148<tel:(416)%20865-8148> | F. 416.865.7380 | 1.800.505.8679
79 Wellington[maps.google.com]<https://urldefense.proofpoint.com/v2/url?u=https-3A__maps.google.com_-3Fq-3D79-25C2-25A0Wellington-25C2-25A0St.-25C2-25A0W.-2C-25C2-25A030th-25C2-25A0Floor-26entry-3Dgmail-26source-3Dg&d=DwMFAw&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=OdoCVLs6i-6reBTUJh9PAGSfpmSjeJXGKKb9SzvJOII&m=EUwBJ2a_UORgqxyQN53A_5W57PzFhlO01iDA0ypuuIQ&s=pXL0i0tNXS6IKlQK33l6a1SFIXVQzjXIvyqd3mIZfzg&e=> St.[maps.google.com]<https://urldefense.proofpoint.com/v2/url?u=https-3A__maps.google.com_-3Fq-3D79-25C2-25A0Wellington-25C2-25A0St.-25C2-25A0W.-2C-25C2-25A030th-25C2-25A0Floor-26entry-3Dgmail-26source-3Dg&d=DwMFAw&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=OdoCVLs6i-6reBTUJh9PAGSfpmSjeJXGKKb9SzvJOII&m=EUwBJ2a_UORgqxyQN53A_5W57PzFhlO01iDA0ypuuIQ&s=pXL0i0tNXS6IKlQK33l6a1SFIXVQzjXIvyqd3mIZfzg&e=>
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25A030th-25C2-25A0Floor-26entry-3Dgmail-26source-3Dg&d=DwMFAw&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=OdoCVLs6i-6reBTUJh9PAGSfpmSjeJXGKKb9SzvJOII&m=EUwBJ2a_UORgqxyQN53A_5W57PzFhlO01iDA0ypuuIQ&s=pXL0i0tNXS6IKlQK33l6a1SFIXVQzjXIvyqd3mIZfzg&e=>
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Floor[maps.google.com]<https://urldefense.proofpoint.com/v2/url?u=https-3A__maps.google.com_-3Fq-3D79-25C2-25A0Wellington-25C2-25A0St.-25C2-25A0W.-2C-25C2-25A030th-25C2-25A0Floor-26entry-3Dgmail-26source-3Dg&d=DwMFAw&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=OdoCVLs6i-6reBTUJh9PAGSfpmSjeJXGKKb9SzvJOII&m=EUwBJ2a_UORgqxyQN53A_5W57PzFhlO01iDA0ypuuIQ&s=pXL0i0tNXS6IKlQK33l6a1SFIXVQzjXIvyqd3mIZfzg&e=>,
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From:	Sebastiano, Rocco
To:	Saulnier, Brett
Cc:	Ken Kandeepan; Malle Hanslep (MOF); Tobias P. Whitfield (MOF); Anna Strathy; Mark Donaldson (MOF); Mike Manning; John Psinas; dup-john.s.lee@opg.com; ken.ryfa@opg.com; WONG Leslie -LAWDIV; LADAK Lubna - TREASURY; LAURETA LAPIRA May -TREASURY; Fullerton, Rick; Milligan, Peter; Benaiah, Ian; Khan, Nur (nur.khan@rbccm.com); Taylor, Brent R; "Niehaus, Katrina" (Katrina.Niehaus@gs.com); Delaney, Brian (Brian.Delaney@gs.com); tejal.wadhwani@gs.com; Conner, Robbin; Maciel, Andrew; Persaud, Donnie - Debt Capital Markets; Adalja, Sunil; ASHBOURNE, STEPHEN; PRESTAGE, JA; VINER, JON; PALMER, AARON; Feldman, Michael; Ramchandani, Rima; Mansoori, Nina
Subject:	Re: Fair Hydro - Change of Law - Protection and Process Agreements
Date:	Wednesday, December 13, 2017 7:46:26 PM

These revisions look fine. We are OK with the Process Agreement and Protection Agreement to go over to the rating agencies with these changes.

Regards, Rocco

Sent from my iPad

On Dec 13, 2017, at 7:36 PM, Saulnier, Brett <bsaulnier@torys.com> wrote:

> All,
> Attached are revised drafts of the Protection Agreement and Process Agreement, including blacklines of the changed pages, reflecting minor clarifications and cleanups, including a comment from Moody's on the definition of "Protection Event".
> We note that there may be additional comments from the rating agencies to follow. We understand the attached documents will be circulated to the rating agencies this evening.
> Thanks,
> Brett
> Brett Saulnier
>
> P. 416.865.8148 | F. 416.865.7380 | 1.800.505.8679
> 79 Wellington St. W., 30th Floor, Box 270, TD South Tower
> Toronto, Ontario M5K 1N2 Canada | www.torys.com[torys.com]
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> [torys.com]

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<_Fair Hydro -- Change of Law Process Agreement.DOCX>

<_Fair Hydro -- Change of Law Protection Agreement.DOCX>

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****

From:	Sebastiano, Rocco
To:	Saulnier, Brett
Cc:	Ken Kandeepan; Malle Hanslep (MOF); Tobias P. Whitfield (MOF); Anna Strathy; Mark Donaldson (MOF); Mike Manning; John Psinas; dup-john.s.lee@opg.com; ken.ryfa@opg.com; WONG Leslie -LAWDIV; LADAK Lubna - TREASURY; LAURETA LAPIRA May -TREASURY; Fullerton, Rick; Milligan, Peter; Benaiah, Ian; Khan, Nur (nur.khan@rbccm.com); Taylor, Brent R; "Niehaus, Katrina" (Katrina.Niehaus@gs.com); Delaney, Brian (Brian.Delaney@gs.com); tejal.wadhwani@gs.com; Conner, Robbin; Maciel, Andrew; Persaud, Donnie - Debt Capital Markets; Adalja, Sunil; ASHBOURNE, STEPHEN; PRESTAGE, JA; VINER, JON; PALMER, AARON; Feldman, Michael; Ramchandani, Rima; Mansoori, Nina
Subject:	Re: Fair Hydro - Change of Law - Protection and Process Agreements
Date:	Wednesday, December 13, 2017 7:54:50 PM

One minor point, the term “Reference Documentation” is defined and used in the Process Agreement, but is not a defined term in the Protection Agreement. We’ll need to clean that up in the next draft.

Sent from my iPad

On Dec 13, 2017, at 7:46 PM, Sebastiano, Rocco <RSebastiano@osler.com> wrote:

> These revisions look fine. We are OK with the Process Agreement and Protection Agreement to go over to the rating agencies with these changes.
>
> Regards, Rocco
>
> Sent from my iPad
>
> On Dec 13, 2017, at 7:36 PM, Saulnier, Brett <bsaulnier@torys.com> wrote:
>
>> All,
>> Attached are revised drafts of the Protection Agreement and Process Agreement, including blacklines of the changed pages, reflecting minor clarifications and cleanups, including a comment from Moody’s on the definition of “Protection Event”.
>> We note that there may be additional comments from the rating agencies to follow. We understand the attached documents will be circulated to the rating agencies this evening.
>> Thanks,
>> Brett
>> Brett Saulnier
>>
>> P. 416.865.8148 | F. 416.865.7380 | 1.800.505.8679
>> 79 Wellington St. W., 30th Floor, Box 270, TD South Tower
>> Toronto, Ontario M5K 1N2 Canada | www.torys.com[torys.com]
>>
>> [torys.com]
>>
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printing or other use by anyone else is prohibited. If you are not an intended recipient, please contact the sender immediately, and permanently delete this email and attachments.

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<_Fair Hydro -- Change of Law Process Agreement.DOCX>

<_Fair Hydro -- Change of Law Protection Agreement.DOCX>

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****

From: Ronald Kwan
To: Mike Manning
Subject: Re: Fair Hydro - Change of Law Protection Agreement
Date: Tuesday, December 12, 2017 2:40:44 PM

Thanks Mike. Once a listed is created, it likely gets reused.

Ron

On Dec 12, 2017, at 2:32 PM, Mike Manning <Mike.Manning@ofina.on.ca> wrote:

> Hi Ron:
> As requested, not sure why you were not on the list.
> Mike
>
> **From:** ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
> **Sent:** Tuesday, December 12, 2017 9:45 AM
> **To:** Sebastiano, Rocco <RSebastiano@osler.com>; Saulnier, Brett <bsaulnier@torys.com>; Milligan, Peter <PMilligan@osler.com>; Mansoori, Nina <nmansoori@torys.com>
> **Cc:** Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; Anna Strathy <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>; Mark Donaldson (MOF) <Mark.Donaldson@ontario.ca>; Daniel Cayley (ENERGY) <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Fullerton, Rick <RFullerton@osler.com>; Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; Steen Hume (CAB) <Steen.Hume@ontario.ca>; Olusoga, Yinka <yolusoga@torys.com>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>; Conner, Robbin <Robbin.Conner@gs.com>
> **Subject:** RE: Fair Hydro - Change of Law Protection Agreement
> Here is my mark-up of the Protection Agreement. It remains subject to input from the Province.
> Regards, Steve
> Stephen R. Ashbourne
> Partner
> stephen.ashbourne@blakes.com
> Dir: 416-863-3086

From: Sebastiano, Rocco [mailto:RSebastiano@osler.com]
Sent: Tuesday, December 12, 2017 9:37 AM
To: Saulnier, Brett; ASHBOURNE, STEPHEN; Milligan, Peter; Mansoori, Nina
Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Olusoga, Yinka; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca); PALMER, AARON; VINER, JON; PRESTAGE, JA; Conner, Robbin
Subject: RE: Fair Hydro - Change of Law Protection Agreement

A bit rushed, but here are my comments on the revised Change of Law Protection Agreement:

- In section 4.02(c), add “a Post-Suspension Obligation or a Pre-Approved Refinancing” after “a Certified Primary Obligation”.
- In section 7.03, should this apply to both Post-Suspension Refinancings and Pre-Approved Refinancings”? Also, need to change the clause “the Manager shall accept such Proposal” as it was the Manage that submitted the Proposal to the Province. It should read “the Manager shall accept the Province’s proposal to provide such Post-Suspension Refinancing”. And change the final “;” to a comma before “provided that such Post-Suspension…”
- In section 7.04, add “or Pre-Approved Refinancing” to the end of the sentence.
- In the definition of “Post-Suspension Refinancing”, why is the term “one or more Series of Approved Obligations” being used? Why not simply “one or more Approved Obligations”?
- In the definition of “Pre-Approved Refinancing”, revise to read “… waived its right to object under the Change of Law Process Agreement or otherwise to such Refinancing being an Approved Obligation.”
- In the definition of “Protection Event”, in paragraph (a), change “an event described in a(i) to a(v)” to “an event described in any of clauses (i) to (v) of this paragraph (a)”. Also, it is not correct to say “after collecting the True-up Amount” because this would suggest having collected the True-up Amount”. It should say, “and (ii) in respect of the True-up Amount for the Reference Period immediately following the occurrence of an event described in any of clauses (i) to (v) of this paragraph (a)”.
- In the new definitions added which refer to “in the Act”, change to “in the Act as of the date hereof” (e.g., “True-up Amount”).

From: Saulnier, Brett [mailto:bsaulnier@torys.com]
Sent: Monday, December 11, 2017 11:35 PM
To: ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; Milligan, Peter <PMilligan@osler.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>;

'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet - TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie - LAWDIV' <leslie.wong@opg.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro - Change of Law Protection Agreement
All,
Attached for your review is a revised draft of the Change of Law Protection Agreement, clean and blacklined to the last version circulated by Blakes and reflecting the meetings held earlier today. As discussed, we need to provide the attached to the rating agencies **by no later than noon tomorrow** in order to meet our end of year financing deadline. Accordingly, we will be circulating a calendar invite to this group for 10 a.m. tomorrow morning to confirm the parties are signed off. If Osler or Blakes have any comments on the attached, we would ask that they be circulated to this group prior to the 10 a.m. call.
Kind regards,
Brett
Brett Saulnier
P. 416.865.8148 | F. 416.865.7380 | 1.800.505.8679

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: December-08-17 3:16 PM
To: Milligan, Peter <PMilligan@osler.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet - TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie - LAWDIV' <leslie.wong@opg.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur

(nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro - Change of Law Protection Agreement

Hi,

Attached is a revised version of the Change of Law Protection Agreement. I believe that most of the changes reflected from last night's Osler version (blackline is attached) are of a drafting or conforming nature, other than: (1) the Province disagrees that Approved Refinancing terms should be unfettered by adherence conditions post-Suspension Event and (2) the proposed rating-based "materially and adversely" qualification in the definition of Protection Event (and in fact any such qualification) is not acceptable to the Province. With regard to (1), this version comes into line with the proposed approach (i.e., using a modified adherence condition) that was incorporated into the version of the Change of Law Process Agreement I circulated yesterday. A further turn of that Agreement, to conform the open item identified in section 3.02 to the revised Change of Law Protection Agreement, is also included here for your reference.

Please note that the Province is working through the drafting concurrently and so further drafting comments may be provided.

As mentioned yesterday, the Province would like to proceed with the Ministers sign-off briefing early next week, on the basis that these versions (minus the explanatory notes) are now in substantially final form. Please identify if you believe there are other 'must have' points (other than the 2 mentioned above).

Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From: Milligan, Peter [mailto:PMilligan@osler.com]
Sent: Thursday, December 07, 2017 6:44 PM
To: ASHBOURNE, STEPHEN; Sebastiano, Rocco; Mansoori, Nina
Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Saulnier, Brett; Olusoga, Yinka; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca); PALMER, AARON; VINER, JON; PRESTAGE, JA
Subject: Fair Hydro - Change of Law Protection Agreement

All,

Attached is a revised comment draft of the Change of Low Protection Agreement reflecting comments from Torys and Osler. In order to meet this transaction's timeline, this comment draft has not been reviewed by OPG or the Dealers and is delivered subject to any comments they may have.

Peter

Peter Milligan
416.862.6634DIRECT
416.862.6666FACSIMILE
pmilligan@osler.com
Osler, Hoskin & Harcourt LLP
Box 50, 1 First Canadian Place
Toronto, Ontario, Canada M5X 1B8
[osler.com]

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: Thursday, December 07, 2017 4:27 PM
To: Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro -- Change of Law Process Agreement

Hi,

Please find (attached) a further turn of the Change of Law Process Agreement, reflecting the Province's comments on the mark-up of the Agreement circulated yesterday afternoon by Torys. The attached blackline shows changes made to yesterday's Torys mark-up.

This version addresses concerns Rocco raised last night, to the extent the Province feels that the issues can be accommodated. For your information, I have set out below responses to Rocco's comments/observations (in CAPs).

The Province would like to proceed with the Ministers briefing early next week, on the basis that this version (minus the explanatory notes) is now in final form. If there are any critical revisions that the other parties believe reflect 'must have' priority, then the Province would like to have a call to discuss them as soon as possible.

Responses to Rocco's Points:

1. The change of the definition of Breach Event in Section 6.01 (i.e., the change to clause (a) and the addition of clause (b)) will result in an inconsistency with section 7.01(b) of the Change of Law Protection Agreement. This will require further consideration. [AGREED. 7.01(b) and 7.01(c) WILL NEED TO MIRROR THE CURE LANGUAGE WE SETTLE ON IN THE PROCESS AGREEMENT (SEE MY EARLIER COMMENTS). PERHAPS THE "which continues …" LANGUAGE IN 7.01(B) CAN BE REVISED TO READ: "to the extent that the Province would be entitled to provide a Suspension Notice in accordance with the terms of the agreement or agreements between the Province and OPG under which such obligations, requirements and processes arise". SIMILAR CHANGE FOR 7.01(C).
2. The right of the Province to issue an objection notice under Section 3.04(b) in connection with a Transaction Document provided to the Province which is required for a Refinancing of an Approved Obligation remains an outstanding issue. Clearly, this will depend upon what Adherence Conditions will be required under Section 4.02 of the Change of Law Protection Agreement in order to permit such Refinancing to become an Approved Obligation. If the Adherence Conditions set out in Section 4.02(a) of the Province's draft of the Change of Law Protection Agreement of December 4 were to apply to such Refinancing, to the extent that such refinancing required a change to a Transaction Document (e.g., as a result of a change to some rating agency condition or criteria), the Province's ability to issue an objection notice and thereby prevent the issuance of a Process Certificate under Section 3.01 (by virtue of Section 3.04) would have the effect of preventing a Refinancing. We trust that this was an unintended outcome of the drafting of Section 3.04 and/or the Adherence Conditions applicable to Refinancings. [THAT IS THE INTENDED EFFECT. THE ADHERENCE CONDITIONS WOULD APPLY TO THE REFINANCING, SO IF THE REFINANCING TERMS DEVIATED MATERIALLY (BASED ON THE SUBSTANTIALLY IN THE FORM" THRESHOLD"), THEN OPG WOULD REQUIRE THE PROVINCE NOT TO OBJECT IN ORDER TO PROCEED WITH THOSE NEW TERMS. OTHERWISE, THE REFINANCING COULD INCORPORATE TERMS AND CONDITIONS, WHICH WOULD BIND THE PROVINCE UNDER THE LIMITED GUARANTEE, THAT WOULD BE UNCONSTRAINED AND WITHOUT ANY ACCOUNTABILITY TO THE PROVINCE. IN ROCCO'S EXAMPLE, THAT MIGHT MEAN THAT OPG WOULD NEED TO RESORT TO UNRATED DEBT, IF THE PROVINCE WAS UNWILLING TO ACCEPT THE NEW TERMS. PRESUMABLY EVERYONE WOULD ACT RATIONALLY. HOWEVER, AS A FAILSAFE, OPG COULD OFFER INCREASED PRICING IN ORDER TO ATTRACT INVESTORS TO ACCEPT THE EARLIER VETTED TERMS (BASED ON THE THEN ACCEPTED REVIEWED DOCUMENTATION).]
3. Given that the Indenture Trustee is not a party to the Change of Law Process Agreement, the Province and OPG can amend the terms and conditions of this agreement without the consent of the indenture Trustee. Specified Creditors under an Approved Obligation need to be assured that the Province cannot prevent a Refinancing of an Approved Obligation either by virtue of the objection notice discussed in point #2 above or as a result of a future amendment to the agreement. There are a couple of ways to deal with this point. The first is to a add a beneficiary/third party rights clause in the Change of Law Process Agreement which acknowledges that the Indenture Trustee is a beneficiary of certain provisions of this agreement and as a result, the agreement cannot be amended without the consent of the Indenture Trustee. The second is to ensure that the Adherence Conditions relating to Refinancings under the Change of Law Protection Agreement are not dependent upon the terms of the Change of Law Process Agreement. In light of the desire to not disclose the terms and conditions of the Change of Law Process Agreement to the rating agencies, especially at this late stage in

the process, we would expect that the latter approach would be preferable. [THE SUGGESTION REGARDING THE PROVINCE PREVENTING A REFINANCING IS ADDRESSED IN #2. IF THE REFINANCING TERMS WOULD EXCEED THE SCOPE OF THE TRANSACTION DOCUMENTS REVIEWED AND NOT OBJECTED TO BY THE PROVINCE, THEN THAT SUGGESTS THERE IS A MATERIAL EFFECT ON THE PROVINCE AND SO THE PROVINCE WOULD NEED THE ABILITY TO REVIEW AND CONSIDER THE PROPRIETY OF THOSE NEW TERMS FROM ITS PERSPECTIVE. AS FOR THE STANDALONE NATURE OF THE PROCESS AGREEMENT, THE INTENTION IS THAT THE PROCESS AGREEMENT BE UNCOUPLED AND NOT PART OF THE COLLATERAL, AND AS MICHAEL FELDMAN HAS EXPLAINED, LEAVE FUTURE FLEXIBILITY FOR THIS LONG-TERM STRUCTURE. TO ADDRESS ROCCO'S CONCERN THAT THE PROVINCE AND OPG COULD CHANGE THE UNDERLYING OBLIGATIONS APPLICABLE TO ADHERENCE IN RELATION TO A NEW OBLIGATION, REQUIREMENT OR PROCESS IN THE PROCESS AGREEMENT THAT WOULD MAKE A REFINANCING LESS LIKELY TO OCCUR, WE HAVE ADDED AND USED IN THE ATTACHED VERSION A NEW DEFFINTION:

> "Approved Refinancing" means a Certified Primary Obligation proposed to be incurred as a Refinancing of an existing Certified Primary Obligation in respect of which the Adherence Conditions had been satisfied on the date such existing Certified Primary Obligation was incurred, that, at the time of incurrence, satisfies each of each of the Adherence Conditions except that the certificate contemplated to be delivered under Section 4.02(b) shall instead confirm that OPG has delivered to the Province a certificate by its applicable officers confirming that OPG would be in compliance with all obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the proposed Certified Primary Obligation that applied as between the Province and OPG on the date of issuance of such existing Certified Primary Obligation." Various references to "Refinancing" in the Protection Agreement can also be revised to refer to "Approved Refinancing", as required.

Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

Blake, Cassels & Graydon LLP
199 Bay Street, Suite 4000, Toronto ON M5L 1A9
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Blake, Cassels & Graydon LLP | Barristers & Solicitors | Patent & Trade-mark Agents
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From: Sebastiano, Rocco [mailto:RSebastiano@osler.com]
Sent: Wednesday, December 06, 2017 7:45 PM

To: Mansoori, Nina; ASHBOURNE, STEPHEN; VINER, JON; PRESTAGE, JA
Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Milligan, Peter; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Saulnier, Brett; Olusoga, Yinka
Subject: RE: Fair Hydro -- Change of Law Process Agreement

I have reviewed the revised draft of the Change of Law Process Agreement that Torys has prepared and would like to pass along the following comments/observations:

1. The change of the definition of Breach Event in Section 6.01 (i.e., the change to clause (a) and the addition of clause (b)) will result in an inconsistency with section 7.01(b) of the Change of Law Protection Agreement. This will require further consideration.

2. The right of the Province to issue an objection notice under Section 3.04(b) in connection with a Transaction Document provided to the Province which is required for a Refinancing of an Approved Obligation remains an outstanding issue. Clearly, this will depend upon what Adherence Conditions will be required under Section 4.02 of the Change of Law Protection Agreement in order to permit such Refinancing to become an Approved Obligation. If the Adherence Conditions set out in Section 4.02(a) of the Province's draft of the Change of Law Protection Agreement of December 4 were to apply to such Refinancing, to the extent that such refinancing required a change to a Transaction Document (e.g., as a result of a change to some rating agency condition or criteria), the Province's ability to issue an objection notice and thereby prevent the issuance of a Process Certificate under Section 3.01 (by virtue of Section 3.04) would have the effect of preventing a Refinancing. We trust that this was an unintended outcome of the drafting of Section 3.04 and/or the Adherence Conditions applicable to Refinancings.

3. Given that the Indenture Trustee is not a party to the Change of Law Process Agreement, the Province and OPG can amend the terms and conditions of this agreement without the consent of the indenture Trustee. Specified Creditors under an Approved Obligation need to be assured that the Province cannot prevent a Refinancing of an Approved Obligation either by virtue of the objection notice discussed in point #2 above or as a result of a future amendment to the agreement. There are a couple of ways to deal with this point. The first is to a add a beneficiary/third party rights clause in the Change of Law Process Agreement which acknowledges that the Indenture Trustee is a beneficiary of certain provisions of this agreement and as a result, the agreement cannot be amended without the consent of the Indenture Trustee. The second is to ensure that the Adherence Conditions relating to Refinancings under the Change of Law Protection Agreement are not dependent upon the terms of the Change of Law Process Agreement. In light of the desire to not disclose the terms and conditions of the Change of Law Process Agreement to the rating agencies, especially at this late stage in the process, we would expect that the latter approach would be preferable.

Regards, Rocco

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: Wednesday, December 06, 2017 4:38 PM
To: 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>; 'JON.VINER@blakes.com' <JON.VINER@blakes.com>; 'JA.PRESTAGE@blakes.com' <JA.PRESTAGE@blakes.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY'

<lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Mansoori, Nina <nmansoori@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>

Subject: Fair Hydro -- Change of Law Process Agreement

Blakes team,

Please find attached OPG and Torys' comments on the Process Agreement reflecting our discussions from yesterday's call. Please note that this draft is subject to continuing review and comment by Osler and the dealers. As discussed at the tail end of our call yesterday, the section in the Process Agreement that gives the Province the right to object to new and material changes to transaction documents dovetails with the Protection Agreement so additional comments from Oslers may be forthcoming on this draft.

We are working on getting you a revised draft of the Protection Agreement either later today or tomorrow. In the meantime, please let us know if you have any comments or questions on the Process Agreement.

Best Regards,

Nina

Nina Mansoori

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679

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<23239360-vpdf-Change of Law Protection Agreement.PDF>

From: Gadi Mayman
To: Mike Manning
Cc: Ken Kandeepan; Ronald Kwan; Anna Strathy
Subject: Re: Fair Hydro - Change of Law Protection Agreement
Date: Tuesday, December 12, 2017 3:41:19 PM

Congratulations. Ken, any update on that? Also, I assume the same thing has to be done with the process agreement to get it in a place where it can get signed by the Ministers at the same time as the protection agreement?

On Dec 12, 2017, at 3:38 PM, Mike Manning <Mike.Manning@ofina.on.ca> wrote:

> I think meeting was very successful, only outstanding is material effect and waiting for accounting feedback.
> Mike
>
> **From:** Gadi Mayman
> **Sent:** Tuesday, December 12, 2017 3:37 PM
> **To:** Mike Manning <Mike.Manning@ofina.on.ca>
> **Cc:** Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
> **Subject:** Fwd: Fair Hydro - Change of Law Protection Agreement
> Hi Mike, am I reading too much into assuming that the 2:30 meeting was successful?
>
> Begin forwarded message:
>
> > **From:** "Ramchandani, Rima" <rramchandani@torys.com>
> > **Date:** December 12, 2017 at 3:28:33 PM EST
> > **To:** "'ASHBOURNE, STEPHEN'" <STEPHEN.ASHBOURNE@blakes.com>, "Milligan, Peter" <PMilligan@osler.com>, "Saulnier, Brett" <bsaulnier@torys.com>, "Sebastiano, Rocco" <RSebastiano@osler.com>, "Mansoori, Nina" <nmansoori@torys.com>
> > **Cc:** 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>, 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>, 'Anna Strathy' <Anna.Strathy@ofina.on.ca>, "'Veinot, Cindy (TBS)'" <Cindy.Veinot@ontario.ca>, "'McKinlay, Tom (MAG)'" <Tom.McKinlay@ontario.ca>, "'Donaldson, Mark (TBS)'" <Mark.Donaldson@ontario.ca>, "'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'" <Daniel.Cayley@ontario.ca>, "'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'" <Alena.Thouin@ontario.ca>, "'LEE John -TREASURY'" <john.s.lee@opg.com>, 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>, 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>, "'MAUTI John -FIN & C CTRL'" <john.mauti@opg.com>, 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>, "Feldman, Michael" <mfeldman@torys.com>, "'WONG Leslie -LAWDIV'" <leslie.wong@opg.com>, "Fullerton, Rick"

<RFullerton@osler.com>, "'Mayman, Gadi (OFA)'" <Gadi.Mayman@ofina.on.ca>, "'Manning, Mike (OFA)'" <Mike.Manning@ofina.on.ca>, "'Hanslep, Malle (MOF)'" <Malle.Hanslep@ontario.ca>, "'ian.benaiah@rbccm.com'" <ian.benaiah@rbccm.com>, "'Khan, Nur (nur.khan@rbccm.com)'" <nur.khan@rbccm.com>, "'brent.r.taylor@rbccm.com'" <brent.r.taylor@rbccm.com>, "'katrina.niehaus@gs.com'" <katrina.niehaus@gs.com>, "'brian.delaney@gs.com'" <brian.delaney@gs.com>, "'Maciel, Andrew'" <Andrew.Maciel@cibc.com>, "'Adalja, Sunil'" <Sunil.Adalja@cibc.com>, "'Persad, Nicole'" <Nicole.Persad@cibc.com>, "'Persaud, Donnie - Debt Capital Markets'" <Donnie.Persaud@cibc.com>, "'Steen Hume (CAB)'" <Steen.Hume@ontario.ca>, "Olusoga, Yinka" <yolusoga@torys.com>, "Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca)" <Tobias.Whitfield@ontario.ca>, "PALMER, AARON" <AARON.PALMER@blakes.com>, "VINER, JON" <JON.VINER@blakes.com>, "PRESTAGE, JA" <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro - Change of Law Protection Agreement

Attached is a revised draft of the Change of Law Protection Agreement, clean and blacklined to the Blakes draft circulated below. Except for the definition of "Material Effect", we believe this draft to be in final form and would ask that each of Blakes and Osler please confirm their sign off as soon as possible.
Rima
Rima Ramchandani
P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: December-12-17 2:09 PM
To: Milligan, Peter <PMilligan@osler.com>; Saulnier, Brett <bsaulnier@torys.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna - TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)'

<Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro - Change of Law Protection Agreement
Here is my mark-up of the matters raised by Oslers, in today's mark-ups of during our call this morning. Regards, Steve
Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From: Milligan, Peter [mailto:PMilligan@osler.com]
Sent: Tuesday, December 12, 2017 1:43 PM
To: Saulnier, Brett; ASHBOURNE, STEPHEN; Sebastiano, Rocco; Mansoori, Nina
Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Olusoga, Yinka; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca); PALMER, AARON; VINER, JON; PRESTAGE, JA
Subject: RE: Fair Hydro - Change of Law Protection Agreement
All,
Further to our call this morning, attached is a comparison document showing our comments on "Post-Suspension Refinancing" and "Protection Event".
We will comment on Material Effect after we see what comes back from the accountants.
Peter

From: Milligan, Peter
Sent: Tuesday, December 12, 2017 9:09 AM
To: 'Saulnier, Brett' <bsaulnier@torys.com>; ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -

TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro - Change of Law Protection Agreement
All,
Attached are changed pages with my comments on the Change of Law Protection Agreement. This does not represent input from any dealer. I will follow up to see if the dealers have any additional comments but given the plan to have a call at 10, I pass along these comments now.
Peter

From: Saulnier, Brett [mailto:bsaulnier@torys.com]
Sent: Monday, December 11, 2017 11:35 PM
To: ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; Milligan, Peter <PMilligan@osler.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna - TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin,

Alena (ENERGY) (Alena.Thouin@ontario.ca)'
<Alena.Thouin@ontario.ca>; Ramchandani, Rima
<rramchandani@torys.com>; 'LEE John -TREASURY'
<john.s.lee@opg.com>; 'RYFA Ken -TREASURY'
<ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY'
<j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL'
<john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY'
<may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>;
'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Fullerton, Rick
<RFullerton@osler.com>; 'Mayman, Gadi (OFA)'
<Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)'
<Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)'
<Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com'
<ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)'
<nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com'
<brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com'
<katrina.niehaus@gs.com>; 'brian.delaney@gs.com'
<brian.delaney@gs.com>; 'Maciel, Andrew'
<Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>;
'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt
Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)'
<Steen.Hume@ontario.ca>; Olusoga, Yinka <yolusoga@torys.com>;
Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca)
<Tobias.Whitfield@ontario.ca>; PALMER, AARON
<AARON.PALMER@blakes.com>; VINER, JON
<JON.VINER@blakes.com>; PRESTAGE, JA
<JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro - Change of Law Protection Agreement
All,
Attached for your review is a revised draft of the Change of Law Protection Agreement, clean and blacklined to the last version circulated by Blakes and reflecting the meetings held earlier today. As discussed, we need to provide the attached to the rating agencies **by no later than noon tomorrow** in order to meet our end of year financing deadline. Accordingly, we will be circulating a calendar invite to this group for 10 a.m. tomorrow morning to confirm the parties are signed off. If Osler or Blakes have any comments on the attached, we would ask that they be circulated to this group prior to the 10 a.m. call.
Kind regards,
Brett
Brett Saulnier
P. 416.865.8148 | F. 416.865.7380 | 1.800.505.8679

From: ASHBOURNE, STEPHEN
[mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: December-08-17 3:16 PM
To: Milligan, Peter <PMilligan@osler.com>; Sebastiano, Rocco
<RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -
TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy'
<Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)'
<Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)'

<Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>

Subject: RE: Fair Hydro - Change of Law Protection Agreement

Hi,

Attached is a revised version of the Change of Law Protection Agreement. I believe that most of the changes reflected from last night's Osler version (blackline is attached) are of a drafting or conforming nature, other than: (1) the Province disagrees that Approved Refinancing terms should be unfettered by adherence conditions post-Suspension Event and (2) the proposed rating-based "materially and adversely" qualification in the definition of Protection Event (and in fact any such qualification) is not acceptable to the Province. With regard to (1), this version comes into line with the proposed approach (i.e., using a modified adherence condition) that was incorporated into the version of the Change of Law Process Agreement I circulated yesterday. A further turn of that Agreement, to conform the open item identified in section 3.02 to the revised Change of Law Protection Agreement, is also included here for your reference.

Please note that the Province is working through the drafting concurrently and so further drafting comments may be provided.

As mentioned yesterday, the Province would like to proceed with the Ministers sign-off briefing early next week, on the basis that these versions (minus the explanatory notes) are now in substantially final form. Please identify if you believe there are other 'must have' points (other than the 2 mentioned above).

Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From: Milligan, Peter [mailto:PMilligan@osler.com]
Sent: Thursday, December 07, 2017 6:44 PM
To: ASHBOURNE, STEPHEN; Sebastiano, Rocco; Mansoori, Nina
Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Saulnier, Brett; Olusoga, Yinka; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca); PALMER, AARON; VINER, JON; PRESTAGE, JA
Subject: Fair Hydro - Change of Law Protection Agreement

All,

Attached is a revised comment draft of the Change of Low Protection Agreement reflecting comments from Torys and Osler. In order to meet this transaction's timeline, this comment draft has not been reviewed by OPG or the Dealers and is delivered subject to any comments they may have.

Peter

From:	Gadi Mayman
To:	ASHBOURNE, STEPHEN
Cc:	Malle Hanslep (MOF); Anna Strathy; Mike Manning; Ken Kandeepan; Tobias P. Whitfield (MOF); Thouin, Alena (ENERGY); Tom McKinlay (MAG); PALMER, AARON
Subject:	Re: Fair Hydro -- Revised Program Agreements
Date:	Wednesday, December 20, 2017 8:49:31 AM

Given the timing, let's do it both ways. I'll call Ken Hartwick right now. In case I don't get him, Mike or Ken, could you please call John.

> On Dec 20, 2017, at 8:47 AM, ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com> wrote:
>
> Do you want me to take that forward, or would you prefer to raise it with OPG at a business level? I sent a marker to Torys earlier to say that this could be an issue. I suspect that you will get more traction making this a business point. Thanks for the feedback. Steve
>
> Stephen R. Ashbourne
> Partner
> stephen.ashbourne@blakes.com
> Dir: 416-863-3086
>
>
> -----Original Message-----
> From: Gadi Mayman [mailto:Gadi.Mayman@ofina.on.ca]
> Sent: Wednesday, December 20, 2017 8:44 AM
> To: Malle Hanslep (MOF)
> Cc: ASHBOURNE, STEPHEN; Anna Strathy; Mike Manning; Ken Kandeepan; Tobias P. Whitfield (MOF); Thouin, Alena (ENERGY); Tom McKinlay (MAG); PALMER, AARON
> Subject: Re: Fair Hydro -- Revised Program Agreements
>
> My preference would be option 3, although I could live with option 2. I'm not worried about the banks trying to undermine the program as they have too great a financial interest in keeping it going, but the idea that an individual investor could trigger this is parallel to what my concern was when we were arguing about using the word material.
>
>> On Dec 20, 2017, at 8:32 AM, Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca> wrote:
>>
>> Steve
>>
>> Thanks for identifying this important issue
>>
>> Malle
>>
>> Sent from my BlackBerry 10 smartphone on the Rogers network.
>> From: ASHBOURNE, STEPHEN
>> Sent: Wednesday, December 20, 2017 08:21
>> To: Mayman, Gadi (OFA); Strathy, Anna (OFA); Manning, Mike (OFA);
>> Kandeepan, Ken (OFA)
>> Cc: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Thouin, Alena
>> (ENERGY); McKinlay, Tom (MAG); PALMER, AARON
>> Subject: Fair Hydro -- Revised Program Agreements
>>
>>
>> Gadi, Anna, Mike and Ken,
>>
>> A recent proposed change to the Trust Indenture would have the effect of allowing any senior noteholder to require the indenture trustee to issue a demand under the Limited Guarantee, following a Protection Event.

>>
>> Currently, the Trust Indenture generally allows the "Controlling Class Creditors" by ordinary resolution (>50%) to direct the Indenture Trustee to act (see s.8.11 of the Trust Indenture).
>>
>> Allowing any senior noteholder to trigger the Limited Guarantee obviously weakens the buffer and introduces more potential for games and investor opportunism. It could also muddle the incentives of the investors themselves, since any one senior noteholder could trigger the Limited Guarantee despite not being supported by the others.
>>
>> I suppose an exception could be made for a warehouse bank prior to term issues being completed, but I think it would be an error to extend this individual right to the broadest class of potential individual senior noteholders.
>>
>> FYI, the proposed change to the Trust Indenture (s. 13.12(c)) provides as follows:
>>
>> Upon the occurrence of a Protection Event, if a request has been made by the Issuer or any Controlling Class Creditor, the Indenture Trustee shall deliver a written demand to the Province requiring the Province to make payments on Obligations Secured pursuant to and in accordance with the Change of Law Protection Agreement. If, following such request, the Indenture Trustee does not deliver such written demand to the Province within 10 days of such request, any Controlling Class Creditor shall be entitled to deliver such written demand to the Province.
>>
>> Given the timing, I think you should take this forward at a business level, if you are troubled. The alternatives are:
>>
>>
>> 1. Reject - leaving it that >50% support would be required to trigger the Limited Guarantee
>>
>> 2. Senior Warehouse only - allow for the individual right in the Warehouse Supplement (not the Trust Indenture), so it would apply only to the warehouse banks
>>
>> 3. Limited Senior Warehouse - same as 2, except only provide the right to warehouse banks only prior to the issuance of any non-warehouse senior debt
>>
>> 4. Concede.
>>
>> Torys is pushing for documents to be settled and signed by midday today, so we will need to act quickly.
>>
>> Please let me know what you think.
>>
>> Regards, Steve
>>
>>
>> _____
>>
>> [cid:imagef8ea61.GIF@871fc513.45bcba6f]
>>
>>
>>
>> Blake, Cassels & Graydon LLP
>> 199 Bay Street, Suite 4000, Toronto ON M5L 1A9
>> Tel: 416-863-2400 Fax: 416-863-2653
>> blakes.com<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.bla
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>> fpmSjeJXGKKb9SzvJOII&m=Eq_7f3nKTBhP_OqKXQN5dHxEueZ_X1SJuDQ7BdgY034&s=E
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>>
>>
>> From: Saulnier, Brett [mailto:bsaulnier@torys.com]
>> Sent: Tuesday, December 19, 2017 6:32 PM
>> To: Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>;
>> Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>;
>> Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>;
>> Tom.McKinlay@ontario.ca<mailto:Tom.McKinlay@ontario.ca>; ASHBOURNE,
>> STEPHEN; VINER, JON; PRESTAGE, JA; PALMER, AARON
>> Cc: 'leslie.wong@opg.com';
>> dup-john.s.lee@opg.com<mailto:dup-john.s.lee@opg.com>;
>> 'ken.ryfa@opg.com'; Feldman, Michael; Ramchandani, Rima; Mansoori,
>> Nina; Olusoga, Yinka
>> Subject: Fair Hydro -- Revised Program Agreements
>>
>> All,
>>
>> Please find attached the latest drafts of the following documents, together with blacklines against the versions last circulated:
>>
>>
>> 1. Management Agreement
>>
>> 2. Declaration of Trust
>>
>> 3. MTSA
>>
>> 4. IESO Security Agreement
>>
>> 5. OPG Indemnity
>>
>> 6. IESO Indemnity
>>
>> 7. Change of Law Protection Agreement
>>
>> 8. Change of Law Process Agreement
>>
>> 9. Master Trust Indenture
>>

>> 10. Warehouse Senior Supplemental Indenture
>>
>> 11. Warehouse Subordinated Supplemental Indenture
>>
>> 12. Warehouse Junior Subordinated Supplemental Indenture
>>
>> Thanks,
>> Brett
>>
>> Brett Saulnier
>> P. 416.865.8148 | F. 416.865.7380 | 1.800.505.8679
>> 79 Wellington St. W., 30th Floor, Box 270, TD South Tower Toronto,
>> Ontario M5K 1N2 Canada |
>> www.torys.com<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.
>> torys.com&d=DwIF-g&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=Odo
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>> _X1SJuDQ7BdgY034&s=QoYo3yKzQZZsIqO8TeIlrb4z5HknXlbqFD_68fELbto&e= >
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>> LLP]<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.torys.com
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>
>

From: Gadi Mayman
To: Malle Hanslep (MOF)
Cc: ASHBOURNE, STEPHEN; Anna Strathy; Mike Manning; Ken Kandeepan; Tobias P. Whitfield (MOF); Thouin, Alena (ENERGY); Tom McKinlay (MAG); PALMER, AARON
Subject: Re: Fair Hydro -- Revised Program Agreements
Date: Wednesday, December 20, 2017 8:44:23 AM

My preference would be option 3, although I could live with option 2. I'm not worried about the banks trying to undermine the program as they have too great a financial interest in keeping it going, but the idea that an individual investor could trigger this is parallel to what my concern was when we were arguing about using the word material.

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> Steve
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> Thanks for identifying this important issue
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> Sent: Wednesday, December 20, 2017 08:21
> To: Mayman, Gadi (OFA); Strathy, Anna (OFA); Manning, Mike (OFA); Kandeepan, Ken (OFA)
> Cc: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Thouin, Alena (ENERGY); McKinlay, Tom (MAG); PALMER, AARON
> Subject: Fair Hydro -- Revised Program Agreements
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> Gadi, Anna, Mike and Ken,
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> Regards, Steve
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> [cid:imagef8ea61.GIF@871fc513.45bcba6f]
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>
> Blake, Cassels & Graydon LLP
> 199 Bay Street, Suite 4000, Toronto ON M5L 1A9
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> blakes.com<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.blakes.com&d=DwIF-g&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=OdoCVLs6i-6reBTUJh9PAGSfpmSjeJXGKKb9SzvJOII&m=Eq_7f3nKTBhP_OqKXQN5dHxEueZ_X1SJuDQ7BdgY034&s=D-YN1ZTeDTNfnhfFIR9gAo895w0tr6J1tpWyYCT46VU&e= > | Twitter<https://urldefense.proofpoint.com/v2/url?u=http-3A__twitter.com_BlakesLaw_&d=DwIF-g&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=OdoCVLs6i-6reBTUJh9PAGSfpmSjeJXGKKb9SzvJOII&m=Eq_7f3nKTBhP_OqKXQN5dHxEueZ_X1SJuDQ7BdgY034&s=KOwdRcI2r9Pen0KNY5DzDdzzYhsLnqLGnZD1PNV-qoo&e= > | Unsubscribe<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.blakes.com_English_Resources_Bulletins_Pages_unsubscribe.aspx&d=DwIF-g&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=OdoCVLs6i-

6reBTUJh9PAGSfpmSjeJXGKKb9SzvJOII&m=Eq_7f3nKTBhP_OqKXQN5dHxEueZ_X1SJuDQ7BdgY034&s=EFwnfMJ2HyckfpjP7fzQxHY_wSgDdof-7wilJ-k3H1k&e= >
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> Sent: Tuesday, December 19, 2017 6:32 PM
> To: Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>; Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>; Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>; Tom.McKinlay@ontario.ca<mailto:Tom.McKinlay@ontario.ca>; ASHBOURNE, STEPHEN; VINER, JON; PRESTAGE, JA; PALMER, AARON
> Cc: 'leslie.wong@opg.com'; dup-john.s.lee@opg.com<mailto:dup-john.s.lee@opg.com>; 'ken.ryfa@opg.com'; Feldman, Michael; Ramchandani, Rima; Mansoori, Nina; Olusoga, Yinka
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From:	Hanslep, Malle (MOF)
To:	ASHBOURNE, STEPHEN; Gadi Mayman; Anna Strathy; Mike Manning; Ken Kandeepan
Cc:	Tobias P. Whitfield (MOF); Thouin, Alena (ENERGY); Tom McKinlay (MAG); PALMER, AARON
Subject:	Re: Fair Hydro -- Revised Program Agreements
Date:	Wednesday, December 20, 2017 8:32:08 AM

Steve

Thanks for identifying this important issue

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.
From: ASHBOURNE, STEPHEN
Sent: Wednesday, December 20, 2017 08:21
To: Mayman, Gadi (OFA); Strathy, Anna (OFA); Manning, Mike (OFA); Kandeepan, Ken (OFA)
Cc: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Thouin, Alena (ENERGY); McKinlay, Tom (MAG); PALMER, AARON
Subject: Fair Hydro -- Revised Program Agreements

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Please let me know what you think.

Regards, Steve

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Subject: Fair Hydro -- Revised Program Agreements

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From:	Gadi Mayman
To:	ASHBOURNE, STEPHEN
Cc:	Malle Hanslep (MOF); Anna Strathy; Mike Manning; Ken Kandeepan; Tobias P. Whitfield (MOF); Thouin, Alena (ENERGY); Tom McKinlay (MAG); PALMER, AARON
Subject:	Re: Fair Hydro -- Revised Program Agreements
Date:	Wednesday, December 20, 2017 8:56:01 AM

I just spoke to Ken H. He is meeting with Lee at 9 and will raise this with him, and now well aware of my considerable concern on potentially giving the power to a hedge fund to unilaterally blow this up. He was surprised that something of this nature would come up at such a late point in the process.

> On Dec 20, 2017, at 8:49 AM, Gadi Mayman <Gadi.Mayman@ofina.on.ca> wrote:
>
> Given the timing, let's do it both ways. I'll call Ken Hartwick right now. In case I don't get him, Mike or Ken, could you please call John.
>
>> On Dec 20, 2017, at 8:47 AM, ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com> wrote:
>>
>> Do you want me to take that forward, or would you prefer to raise it with OPG at a business level? I sent a marker to Torys earlier to say that this could be an issue. I suspect that you will get more traction making this a business point. Thanks for the feedback. Steve
>>
>> Stephen R. Ashbourne
>> Partner
>> stephen.ashbourne@blakes.com
>> Dir: 416-863-3086
>>
>>
>> -----Original Message-----
>> From: Gadi Mayman [mailto:Gadi.Mayman@ofina.on.ca]
>> Sent: Wednesday, December 20, 2017 8:44 AM
>> To: Malle Hanslep (MOF)
>> Cc: ASHBOURNE, STEPHEN; Anna Strathy; Mike Manning; Ken Kandeepan; Tobias P. Whitfield (MOF); Thouin, Alena (ENERGY); Tom McKinlay (MAG); PALMER, AARON
>> Subject: Re: Fair Hydro -- Revised Program Agreements
>>
>> My preference would be option 3, although I could live with option 2. I'm not worried about the banks trying to undermine the program as they have too great a financial interest in keeping it going, but the idea that an individual investor could trigger this is parallel to what my concern was when we were arguing about using the word material.
>>
>>> On Dec 20, 2017, at 8:32 AM, Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca> wrote:
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>>> Thanks for identifying this important issue
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>>> Sent from my BlackBerry 10 smartphone on the Rogers network.
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>>> Cc: 'leslie.wong@opg.com';
>>> dup-john.s.lee@opg.com<mailto:dup-john.s.lee@opg.com>;
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>>> LLP]<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.torys.com
>>> &d=DwIF-g&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=OdoCVLs6i-6r
>>> eBTUJh9PAGSfpmSjeJXGKKb9SzvJOII&m=Eq_7f3nKTBhP_OqKXQN5dHxEueZ_X1SJuDQ7
>>> BdgY034&s=QoYo3yKzQZZsIqO8TeIlrb4z5HknXlbqFD_68fELbto&e= >
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>>>
>>>
>>
>> _____
>>
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>>
>>

From: Ken Kandeepan
To: Malle Hanslep (MOF)
Cc: Mike Manning; Tobias P. Whitfield (MOF); ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com); Thouin, Alena (ENERGY); PALMER, AARON (AARON.PALMER@blakes.com)
Subject: Re: Fair Hydro -- Trust Indenture drafting clean-ups and questions
Date: Wednesday, December 20, 2017 5:39:52 PM

Agreed

Thanks

Ken k

On Dec 20, 2017, at 5:22 PM, Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca> wrote:

> The changes I requested have been made and I am going to sign off on this version.
>
> **From:** Mansoori, Nina [mailto:nmansoori@torys.com]
> **Sent:** December 20, 2017 5:08 PM
> **To:** Hanslep, Malle (MOF); Ramchandani, Rima; 'ASHBOURNE, STEPHEN'; Feldman, Michael; PALMER, AARON
> **Cc:** Olusoga, Yinka; Saulnier, Brett; Thouin, Alena (ENERGY); John Lee (john.s.lee@opg.com); Ken Ryfa (ken.ryfa@opg.com); WONG Leslie -LAWDIV
> **Subject:** RE: Fair Hydro -- Trust Indenture drafting clean-ups and questions
> Here it is. Thanks,
> Nina Mansoori
> P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679
>
> **From:** Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
> **Sent:** December-20-17 5:03 PM
> **To:** Mansoori, Nina <nmansoori@torys.com>; Ramchandani, Rima <rramchandani@torys.com>; 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>; Feldman, Michael <mfeldman@torys.com>; PALMER, AARON <AARON.PALMER@blakes.com>
> **Cc:** Olusoga, Yinka <yolusoga@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; John Lee (john.s.lee@opg.com) <john.s.lee@opg.com>; Ken Ryfa (ken.ryfa@opg.com) <ken.ryfa@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>
> **Subject:** RE: Fair Hydro -- Trust Indenture drafting clean-ups and questions
> Thanks Nina. I will wait for that to review.
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> **From:** Mansoori, Nina [mailto:nmansoori@torys.com]
> **Sent:** December 20, 2017 5:02 PM
> **To:** Hanslep, Malle (MOF); Ramchandani, Rima; 'ASHBOURNE, STEPHEN'; Feldman, Michael; PALMER, AARON
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> **Subject:** RE: Fair Hydro -- Trust Indenture drafting clean-ups and questions
> Malle – I will send that out in the next 15 minutes. Thanks,
> Nina Mansoori
> P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679
>
> **From:** Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
> **Sent:** December-20-17 5:00 PM
> **To:** Ramchandani, Rima <rramchandani@torys.com>; 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>; Feldman, Michael

<mfeldman@torys.com>; PALMER, AARON <AARON.PALMER@blakes.com>
Cc: Mansoori, Nina <nmansoori@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; John Lee (john.s.lee@opg.com) <john.s.lee@opg.com>; Ken Ryfa (ken.ryfa@opg.com) <ken.ryfa@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>
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Hi Rima,
Do we have a revised version of the process certificate that we can review?

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: December 20, 2017 4:54 PM
To: 'ASHBOURNE, STEPHEN'; Feldman, Michael; PALMER, AARON
Cc: Mansoori, Nina; Olusoga, Yinka; Saulnier, Brett; Thouin, Alena (ENERGY); Hanslep, Malle (MOF); John Lee (john.s.lee@opg.com); Ken Ryfa (ken.ryfa@opg.com); WONG Leslie -LAWDIV
Subject: RE: Fair Hydro -- Trust Indenture drafting clean-ups and questions
Great, we have the email ready and are just compiling the execution versions, together with the signed process certificate (and for completeness we are also going to include the Financing Plan that was delivered to the Minister of Energy and which includes the Initial Protection Agreement Maximum). We were planning on sending you PDFs of the docs so we could include the signatures – does that work for you or do you need Word versions so you can run blacklines on your end to confirm no changes to whatever you last reviewed?
Rima Ramchandani
P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: December-20-17 4:51 PM
To: Ramchandani, Rima <rramchandani@torys.com>; Feldman, Michael <mfeldman@torys.com>; PALMER, AARON <AARON.PALMER@blakes.com>
Cc: Mansoori, Nina <nmansoori@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca) <Alena.Thouin@ontario.ca>; Hanslep, Malle (MOF) (Malle.Hanslep@ontario.ca) <Malle.Hanslep@ontario.ca>; John Lee (john.s.lee@opg.com) <john.s.lee@opg.com>; Ken Ryfa (ken.ryfa@opg.com) <ken.ryfa@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>
Subject: RE: Fair Hydro -- Trust Indenture drafting clean-ups and questions
I think the only thing left is the Torys email that attaches the "Reference Documentation" contemplated by the Process Agreement. Assuming there are no differences in those from the ones we have previously received from Torys, I think we will be able to sign off today. Steve
Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

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To: ASHBOURNE, STEPHEN; Feldman, Michael; PALMER, AARON
Cc: Mansoori, Nina; Olusoga, Yinka; Saulnier, Brett; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca); Hanslep, Malle (MOF) (Malle.Hanslep@ontario.ca); John Lee (john.s.lee@opg.com); Ken Ryfa (ken.ryfa@opg.com); WONG Leslie -LAWDIV
Subject: RE: Fair Hydro -- Trust Indenture drafting clean-ups and questions
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confirm that Blakes will be able to sign off today instead of at 9 am tomorrow (the dealers are asking)?
Rima Ramchandani
P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: December-20-17 4:25 PM
To: Ramchandani, Rima <rramchandani@torys.com>; Feldman, Michael <mfeldman@torys.com>; PALMER, AARON <AARON.PALMER@blakes.com>
Cc: Mansoori, Nina <nmansoori@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca) <Alena.Thouin@ontario.ca>; Hanslep, Malle (MOF) (Malle.Hanslep@ontario.ca) <Malle.Hanslep@ontario.ca>; John Lee (john.s.lee@opg.com) <john.s.lee@opg.com>; Ken Ryfa (ken.ryfa@opg.com) <ken.ryfa@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>
Subject: RE: Fair Hydro -- Trust Indenture drafting clean-ups and questions
Rima, I think we have provided all of our comments and have seen responses on all but the new Base Rate definition, which Aaron just exchanged with Michael on. We are following up with the Province on Michael's response, which anticipated that some more background on the point will be provided. I think that's where this stands. Regards, Steve
Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: Wednesday, December 20, 2017 4:18 PM
To: Feldman, Michael; PALMER, AARON
Cc: Mansoori, Nina; Olusoga, Yinka; Saulnier, Brett; ASHBOURNE, STEPHEN; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca); Hanslep, Malle (MOF) (Malle.Hanslep@ontario.ca); John Lee (john.s.lee@opg.com); Ken Ryfa (ken.ryfa@opg.com); WONG Leslie -LAWDIV; Ramchandani, Rima
Subject: RE: Fair Hydro -- Trust Indenture drafting clean-ups and questions
Hi Aaron, can you please advise whether we should expect additional comments from Blakes on the documents? Since we are closing in the morning and the rating agencies have already signed off on everything, we are going to have trouble managing any additional changes. Also, FYI, in order to avoid any delays in the wires tomorrow morning, the dealers have asked that all counsel sign off on the closing documents as soon as possible today, with all parties to agree that everything is to be automatically released from escrow first this in the morning (i.e. without the need for having a 9 am closing call). Please let us know if you will be in a position to do that today – we will obviously send you any final signed docs by email that you need to sign off.
Thanks,
Rima
Rima Ramchandani
P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com[torys.com]

[torys.com]

From: Feldman, Michael
Sent: December-20-17 4:00 PM
To: PALMER, AARON <AARON.PALMER@blakes.com>

Cc: Ramchandani, Rima <rramchandani@torys.com>; Mansoori, Nina <nmansoori@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca) <Alena.Thouin@ontario.ca>; Hanslep, Malle (MOF) (Malle.Hanslep@ontario.ca) <Malle.Hanslep@ontario.ca>; Feldman, Michael <mfeldman@torys.com>; John Lee (john.s.lee@opg.com) <john.s.lee@opg.com>; Ken Ryfa (ken.ryfa@opg.com) <ken.ryfa@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>
Subject: RE: Fair Hydro -- Trust Indenture drafting clean-ups and questions

Aaron,

It was intended. OPG has a certain protocol for calculating the interest rate it should charge on its subordinated and junior subordinated notes. Until such time as these classes of notes obtain a rating, the pricing of these notes is to be measured off the "all-in funding costs" of the senior notes.

I am looping in OPG as they are in a better position to explain why its protocol is what it is.

Michael K. Feldman
P. 416.865.7513

From: PALMER, AARON [mailto:AARON.PALMER@blakes.com]
Sent: December-20-17 3:53 PM
To: Feldman, Michael <mfeldman@torys.com>
Cc: Ramchandani, Rima <rramchandani@torys.com>; Mansoori, Nina <nmansoori@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca) <Alena.Thouin@ontario.ca>; Hanslep, Malle (MOF) (Malle.Hanslep@ontario.ca) <Malle.Hanslep@ontario.ca>
Subject: RE: Fair Hydro -- Trust Indenture drafting clean-ups and questions
Importance: High

Hi Michael,

The Sub Note supplements include a change to the Base Rate definition that is surprising and I'm not sure if it was intended:

Would this addition of "and fees" catch Commitment Fees or any other fees?

That would of course be a significant change to the deal documents.

I am copying Alena and Malle as well in the interests of timing here.

Best regards, Aaron

Aaron Palmer
aaron.palmer@blakes.com
Dir: 416.863.4227

Blake, Cassels & Graydon LLP
199 Bay Street, Suite 4000, Toronto ON M5L 1A9
Tel: 416-863-2400 Fax: 416-863-2653
blakes.com[blakes.com] | **Twitter**[twitter.com] | **Unsubscribe**[blakes.com]
Blake, Cassels & Graydon LLP | Barristers & Solicitors | Patent & Trade-mark Agents
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From: Ken Kandeepan
To: Malle Hanslep (MOF)
Cc: Mike Manning; Tobias P. Whitfield (MOF)
Subject: Re: Fair Hydro -- Trust Indenture drafting clean-ups and questions
Date: Wednesday, December 20, 2017 9:53:12 PM

Hi Malle

I don't intend to participate in the closing call tomorrow and unless there's a very strong reason I suggest that you, Toby and Stephen stay out of it as well.

I am recommending this from the accounting perspective; our lack of presence at the call bolsters the concept of the Province not exercising any control over the Financing Entity's operations especially its debt issuance.

Happy to discuss tomorrow, I am usually in by 8 AM.
Thanks

Ken k

On Dec 20, 2017, at 5:40 PM, Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca> wrote:

> Thanks Ken.
>
> **From:** Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
> **Sent:** December 20, 2017 5:40 PM
> **To:** Hanslep, Malle (MOF)
> **Cc:** Manning, Mike (OFA); Whitfield, Tobias P. (MOF); ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com); Thouin, Alena (ENERGY); PALMER, AARON (AARON.PALMER@blakes.com)
> **Subject:** Re: Fair Hydro -- Trust Indenture drafting clean-ups and questions
> Agreed
> Thanks
> Ken k
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Nina Mansoori
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Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

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Cc: Mansoori, Nina; Olusoga, Yinka; Saulnier, Brett; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca); Hanslep, Malle (MOF) (Malle.Hanslep@ontario.ca); John Lee (john.s.lee@opg.com); Ken Ryfa (ken.ryfa@opg.com); WONG Leslie -LAWDIV
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OK. OPG has been having email issues today so they may not be able to reply to this email chain quickly – however, we understand that there is an interest protocol agreement that has been settled with the Province that sets out how the interest on the sub debt is supposed to be calculated. Steve, can you also please confirm that Blakes will be able to sign off today instead of at 9 am tomorrow (the dealers are asking)?
Rima Ramchandani
P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: December-20-17 4:25 PM
To: Ramchandani, Rima <rramchandani@torys.com>; Feldman, Michael <mfeldman@torys.com>; PALMER, AARON <AARON.PALMER@blakes.com>

Cc: Mansoori, Nina <nmansoori@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca) <Alena.Thouin@ontario.ca>; Hanslep, Malle (MOF) (Malle.Hanslep@ontario.ca) <Malle.Hanslep@ontario.ca>; John Lee (john.s.lee@opg.com) <john.s.lee@opg.com>; Ken Ryfa (ken.ryfa@opg.com) <ken.ryfa@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>
Subject: RE: Fair Hydro -- Trust Indenture drafting clean-ups and questions

Rima, I think we have provided all of our comments and have seen responses on all but the new Base Rate definition, which Aaron just exchanged with Michael on. We are following up with the Province on Michael's response, which anticipated that some more background on the point will be provided. I think that's where this stands.
Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: Wednesday, December 20, 2017 4:18 PM
To: Feldman, Michael; PALMER, AARON
Cc: Mansoori, Nina; Olusoga, Yinka; Saulnier, Brett; ASHBOURNE, STEPHEN; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca); Hanslep, Malle (MOF) (Malle.Hanslep@ontario.ca); John Lee (john.s.lee@opg.com); Ken Ryfa (ken.ryfa@opg.com); WONG Leslie -LAWDIV; Ramchandani, Rima
Subject: RE: Fair Hydro -- Trust Indenture drafting clean-ups and questions

Hi Aaron, can you please advise whether we should expect additional comments from Blakes on the documents? Since we are closing in the morning and the rating agencies have already signed off on everything, we are going to have trouble managing any additional changes. Also, FYI, in order to avoid any delays in the wires tomorrow morning, the dealers have asked that all counsel sign off on the closing documents as soon as possible today, with all parties to agree that everything is to be automatically released from escrow first this in the morning (i.e. without the need for having a 9 am closing call). Please let us know if you will be in a position to do that today – we will obviously send you any final signed docs by email that you need to sign off.
Thanks,
Rima

Rima Ramchandani
P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com[torys.com]

[torys.com]

From: Feldman, Michael
Sent: December-20-17 4:00 PM
To: PALMER, AARON <AARON.PALMER@blakes.com>
Cc: Ramchandani, Rima <rramchandani@torys.com>; Mansoori, Nina <nmansoori@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; ASHBOURNE, STEPHEN

<STEPHEN.ASHBOURNE@blakes.com>; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca) <Alena.Thouin@ontario.ca>; Hanslep, Malle (MOF) (Malle.Hanslep@ontario.ca) <Malle.Hanslep@ontario.ca>; Feldman, Michael <mfeldman@torys.com>; John Lee (john.s.lee@opg.com) <john.s.lee@opg.com>; Ken Ryfa (ken.ryfa@opg.com) <ken.ryfa@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>
Subject: RE: Fair Hydro -- Trust Indenture drafting clean-ups and questions

Aaron,

It was intended. OPG has a certain protocol for calculating the interest rate it should charge on its subordinated and junior subordinated notes. Until such time as these classes of notes obtain a rating, the pricing of these notes is to be measured off the "all-in funding costs" of the senior notes.

I am looping in OPG as they are in a better position to explain why its protocol is what it is.

Michael K. Feldman
P. 416.865.7513

From: PALMER, AARON [mailto:AARON.PALMER@blakes.com]
Sent: December-20-17 3:53 PM
To: Feldman, Michael <mfeldman@torys.com>
Cc: Ramchandani, Rima <rramchandani@torys.com>; Mansoori, Nina <nmansoori@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca) <Alena.Thouin@ontario.ca>; Hanslep, Malle (MOF) (Malle.Hanslep@ontario.ca) <Malle.Hanslep@ontario.ca>
Subject: RE: Fair Hydro -- Trust Indenture drafting clean-ups and questions
Importance: High

Hi Michael,

The Sub Note supplements include a change to the Base Rate definition that is surprising and I'm not sure if it was intended:

Would this addition of "and fees" catch Commitment Fees or any other fees?

That would of course be a significant change to the deal documents.

I am copying Alena and Malle as well in the interests of timing here.

Best regards, Aaron

Aaron Palmer
aaron.palmer@blakes.com
Dir: 416.863.4227

Blake, Cassels & Graydon LLP
199 Bay Street, Suite 4000, Toronto ON M5L 1A9
Tel: 416-863-2400 Fax: 416-863-2653
blakes.com[blakes.com] | **Twitter**[twitter.com] | **Unsubscribe**[blakes.com]
Blake, Cassels & Graydon LLP | Barristers & Solicitors | Patent & Trade-mark Agents
This email communication is CONFIDENTIAL AND LEGALLY PRIVILEGED. If you are not the intended recipient, please notify me at the telephone number shown above or by return email and delete this communication and any copy immediately. Thank you.
L'information paraissant dans ce message électronique est CONFIDENTIELLE. Si ce message vous est parvenu par erreur, veuillez immédiatement m'en aviser par téléphone ou par courriel et en détruire toute copie. Merci.

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This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From: Ken Kandeepan
To: Carlos Yep
Cc: Mike Manning; John Kim
Subject: Re: Financing Plan - Protection Agreement Maximum
Date: Friday, November 17, 2017 5:47:05 PM
Attachments: image001.png

That works and in any event MOE needs to convert these into fiscal year numbers in order to obtain the appropriations for the equity injection.

Thanks

Ken k

On Nov 17, 2017, at 4:17 PM, Carlos Yep <Carlos.Yep@ofina.on.ca> wrote:

> Hi
> I spoke to Sheen at OPG. The initial protection agreement maximum is best if it covers 25 months ie 01Dec2017 to 31Dec2019 since the MoE estimates are per calendar year. The next protection agreement maximum would then be calculated by adding the estimated issuance in the following 2 more calendar years.
> Carlos
>
> ---
>
> **From:** Carlos Yep
> **Sent:** Friday, November 17, 2017 10:38 AM
> **To:** 'LIU Sheen -TREASURY' <sheen.liu@opg.com>
> **Subject:** Financing Plan - Protection Agreement Maximum
> Hi Sheen,
> Attached is an example of the Protection Agreement Maximum
> Call if you would like to discuss
> Thanks
> Carlos

Protection Agreement Maximum				**$4,375,000,000**
(based on Financing Plan dated November XX, 2017)				
Forecast Period:		from	to	
	Expected issuance	1-Dec-17	31-Dec-17	$ 175,000,000
	Expected issuance	1-Jan-18	31-Dec-18	$ 2,100,000,000
	Expected issuance	1-Jan-19	30-Nov-19	$ 1,925,000,000
	Expected issuance	1-Dec-19	31-Dec-19	$ 175,000,000

From: Gadi Mayman
To: Ken Kandeepan
Cc: Mike Manning; Ronald Kwan; Anna Strathy
Subject: Re: Hi can you pls call me
Date: Monday, December 11, 2017 9:46:09 PM

Excellent. I'm very sorry that this has ruined your day and evening well into the night. I'm sure your families will appreciate it if you take a day off later this week or next week in exchange for your work tonight.

On Dec 11, 2017, at 9:41 PM, Ken Kandeepan <Ken.Kandeepan@ofina.on.ca> wrote:

> Yes we appear to have a solution but I need to run that by Cindy tomorrow and given that it will finalize the process agreement he is ok.
>
> Ken k
>
> On Dec 11, 2017, at 9:15 PM, Gadi Mayman <Gadi.Mayman@ofina.on.ca> wrote:
>
>> Is John Lee OK - will this meet his timelines for the rating agencies and getting the warehouse done?
>>
>> On Dec 11, 2017, at 9:08 PM, Ken Kandeepan <Ken.Kandeepan@ofina.on.ca> wrote:
>>
>>> Not really, there's an accounting issue that I need to discuss with Cindy which is the last item on the process agreement.
>>>
>>> If I can't get to her tonight will do so tomorrow and finalize that agreement thereafter.
>>>
>>> Thanks
>>>
>>> Ken k
>>>
>>> On Dec 11, 2017, at 8:25 PM, Gadi Mayman <Gadi.Mayman@ofina.on.ca> wrote:
>>>
>>>> Good work, thanks very much. Is there anything that you need me for, or would I just be an irritant at this point? Feel free to call my cell; I'm not driving anymore.
>>>>
>>>> On Dec 11, 2017, at 8:19 PM, Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>

wrote:

> The protection agreement is almost done. We should start the process agreement shortly, I expect that should hopefully go faster.
>
> Ken k
>
> On Dec 11, 2017, at 8:09 PM, Gadi Mayman <Gadi.Mayman@ofina.on.ca> wrote:
>
>> How's it going? Are you done, or close to it?
>>
>>> On Dec 11, 2017, at 5:40 PM, Ken Kandeepan <Ken.Kandeepan@ofina.on.ca> wrote:
>>>
>>> We are caucusing so the others also want to talk to you
>>>
>>> 647-202-4373

From:	Ken Kandeepan
To:	Gadi Mayman
Cc:	Mike Manning; Ronald Kwan; Anna Strathy
Subject:	Re: Hi can you pls call me
Date:	Monday, December 11, 2017 9:41:09 PM

Yes we appear to have a solution but I need to run that by Cindy tomorrow and given that it will finalize the process agreement he is ok.

Ken k

On Dec 11, 2017, at 9:15 PM, Gadi Mayman <Gadi.Mayman@ofina.on.ca> wrote:

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>>>> On Dec 11, 2017, at 8:09 PM, Gadi

Mayman <Gadi.Mayman@ofina.on.ca>
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> On Dec 11, 2017,
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> Kandeepan
> <Ken.Kandeepan@ofina.on.ca>
> wrote:

> We are caucusing
> so the others also
> want to talk to you

> 647-202-4373

From: Gadi Mayman
To: Ken Kandeepan
Cc: Mike Manning; Ronald Kwan; Anna Strathy
Subject: Re: Hi can you pls call me
Date: Monday, December 11, 2017 9:15:07 PM

Is John Lee OK - will this meet his timelines for the rating agencies and getting the warehouse done?

On Dec 11, 2017, at 9:08 PM, Ken Kandeepan <Ken.Kandeepan@ofina.on.ca> wrote:

> Not really, there's an accounting issue that I need to discuss with Cindy which is the last item on the process agreement.
>
> If I can't get to her tonight will do so tomorrow and finalize that agreement thereafter.
>
> Thanks
>
> Ken k
>
> On Dec 11, 2017, at 8:25 PM, Gadi Mayman <Gadi.Mayman@ofina.on.ca> wrote:
>
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>>>
>>> On Dec 11, 2017, at 8:09 PM, Gadi Mayman <Gadi.Mayman@ofina.on.ca> wrote:
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>>>> How's it going? Are you done, or close to it?
>>>>
>>>>> On Dec 11, 2017, at 5:40 PM, Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>

wrote:

We are caucusing so the others
also want to talk to you

647-202-4373

From: Ken Kandeepan
To: Gadi Mayman
Cc: Mike Manning; Ronald Kwan; Anna Strathy
Subject: Re: Hi can you pls call me
Date: Monday, December 11, 2017 9:08:44 PM

Not really, there's an accounting issue that I need to discuss with Cindy which is the last item on the process agreement.

If I can't get to her tonight will do so tomorrow and finalize that agreement thereafter.

Thanks

Ken k

On Dec 11, 2017, at 8:25 PM, Gadi Mayman <Gadi.Mayman@ofina.on.ca> wrote:

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>
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>>> On Dec 11, 2017, at 5:40 PM, Ken Kandeepan <Ken.Kandeepan@ofina.on.ca> wrote:
>>>
>>> We are caucusing so the others also want to talk to you
>>>
>>> 647-202-4373

From: Gadi Mayman
To: Ken Kandeepan
Cc: Mike Manning; Ronald Kwan; Anna Strathy
Subject: Re: Hi can you pls call me
Date: Monday, December 11, 2017 8:25:28 PM

Good work, thanks very much. Is there anything that you need me for, or would I just be an irritant at this point? Feel free to call my cell; I'm not driving anymore.

On Dec 11, 2017, at 8:19 PM, Ken Kandeepan <Ken.Kandeepan@ofina.on.ca> wrote:

> The protection agreement is almost done. We should start the process agreement shortly, I expect that should hopefully go faster.
>
> Ken k
>
> On Dec 11, 2017, at 8:09 PM, Gadi Mayman <Gadi.Mayman@ofina.on.ca> wrote:
>
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>>
>>> On Dec 11, 2017, at 5:40 PM, Ken Kandeepan <Ken.Kandeepan@ofina.on.ca> wrote:
>>>
>>> We are caucusing so the others also want to talk to you
>>>
>>> 647-202-4373

From:	Ken Kandeepan
To:	Gadi Mayman
Cc:	Mike Manning; Ronald Kwan; Anna Strathy
Subject:	Re: Hi can you pls call me
Date:	Monday, December 11, 2017 8:19:49 PM

The protection agreement is almost done. We should start the process agreement shortly, I expect that should hopefully go faster.

Ken k

On Dec 11, 2017, at 8:09 PM, Gadi Mayman <Gadi.Mayman@ofina.on.ca> wrote:

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>
> > On Dec 11, 2017, at 5:40 PM, Ken Kandeepan <Ken.Kandeepan@ofina.on.ca> wrote:
> >
> > We are caucusing so the others also want to talk to you
> >
> > 647-202-4373

From: Ken Kandeepan
To: Gadi Mayman
Cc: Mike Manning; Ronald Kwan; Anna Strathy
Subject: Re: Hi can you pls call me
Date: Monday, December 11, 2017 10:30:24 PM

NP Gadi, so Torys' expects to turn around the protection agreement tomorrow morning and assuming our counsel are ok with the revised version, OPG is expecting our sign off in the morning as well.

With regard to the process agreement, I have requested the OPG accountants to run the language that we came up tonight by E&Y to ensure we are all on the same page.

Cindy will also get back to me tomorrow AM and brief me on her discussion with John Mauti and if necessary E&Y as well. This will ensure that what we are doing is confirmed independently as well.

Thanks

Ken k

On Dec 11, 2017, at 9:46 PM, Gadi Mayman <Gadi.Mayman@ofina.on.ca> wrote:

> Excellent. I'm very sorry that this has ruined your day and evening well into the night. I'm sure your families will appreciate it if you take a day off later this week or next week in exchange for your work tonight.
>
> On Dec 11, 2017, at 9:41 PM, Ken Kandeepan <Ken.Kandeepan@ofina.on.ca> wrote:
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>>>> Not really, there's an accounting issue that I need to discuss with Cindy which is the last

item on the process agreement.

If I can't get to her tonight will do so tomorrow and finalize that agreement thereafter.

Thanks

Ken k

On Dec 11, 2017, at 8:25 PM, Gadi Mayman <Gadi.Mayman@ofina.on.ca> wrote:

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>>> How's it going? Are you done,

or
close
to it?

On
Dec
11,
2017,
at
5:40
PM,
Ken
Kandeepan
<Ken.Kandeepan@ofina.on.ca>
wrote:

We
are
caucusing
so
the
others
also
want
to
talk
to
you

647-
202-
4373

From: ASHBOURNE, STEPHEN
To: Mike Manning; Malle Hanslep (MOF)
Cc: VINER, JON
Subject: Re: John, I just picked up your message ...
Date: Tuesday, November 28, 2017 12:21:56 PM

Mike, Malle's tied up T 1230 so let's talk when she's available later in the afternoon.

Malle, is there a time that works for you this afternoon?

Jon will set up a call-in, once we have a time that works for both of you.

Thanks, Steve

Stephen R. Ashbourne

Partner

stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com>

Dir: 416-863-3086<tel:416-863-3086>

On Nov 28, 2017, at 6:16 PM, Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>> wrote:

Hi Stephen:

Do you still want to talk at 12:30?

Mike

-----Original Message-----

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]

Sent: Tuesday, November 28, 2017 12:15 PM

To: Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>

Cc: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>

Subject: Re: John, I just picked up your message ...

Thanks Mike. Let's push off our call. Malle sent me the feedback from Moody's, and I agree that we should not get cross-threaded having individual calls with OPG. I'm going to refrain from taking John Lee's call. Steve

Stephen R. Ashbourne

Partner

stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com><mailto:stephen.ashbourne@blakes.com>

Dir: 416-863-3086<tel:416-863-3086>

On Nov 28, 2017, at 6:00 PM, Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>
<mailto:Mike.Manning@ofina.on.ca>> wrote:

416 325 8930

Thanks, Mike

-----Original Message-----

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]

Sent: Tuesday, November 28, 2017 11:58 AM

To: Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca><mailto:Mike.Manning@ofina.on.ca>>

Subject: Re: John, I just picked up your message ...

Mike, what # should I try you at, at 1230? Steve

Stephen R. Ashbourne

Partner

stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com><mailto:stephen.ashbourne@blakes.com>
<mailto:stephen.ashbourne@blakes.com>

Dir: 416-863-3086<tel:416-863-3086>

On Nov 28, 2017, at 5:47 PM, Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>
<mailto:Mike.Manning@ofina.on.ca><mailto:Mike.Manning@ofina.on.ca>> wrote:

For sure.

Mike

-----Original Message-----

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]

Sent: Tuesday, November 28, 2017 11:46 AM

To: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca><mailto:Malle.Hanslep@ontario.ca> <mailto:Malle.Hanslep@ontario.ca>>

Cc: Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca><mailto:Mike.Manning@ofina.on.ca> <mailto:Mike.Manning@ofina.on.ca>>

Subject: Re: John, I just picked up your message ...

Hi Mike. Are you free for a call around 1230. Just looking for an update on the "materiality" point Malle is referring to, below. Steve

Stephen R. Ashbourne

Partner

stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com><mailto:stephen.ashbourne@blakes.com> <mailto:stephen.ashbourne@blakes.com><mailto:stephen.ashbourne@blakes.com>

Dir: 416-863-3086<tel:416-863-3086>

On Nov 28, 2017, at 5:39 PM, Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca> <mailto:Malle.Hanslep@ontario.ca><mailto:Malle.Hanslep@ontario.ca><mailto:Malle.Hanslep@ontario.ca>> wrote:

Hi Steve,

I think this is about the "materiality" point. It would be best if you called Mike first about this because John Lee has been speaking to Mike about it.

Thanks.

Malle

-----Original Message-----

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]

Sent: November 28, 2017 11:33 AM

To: LEE John -TREASURY

Subject: John, I just picked up your message ...

I'm tied up until 1230 ET. I can call you then if that suits you. Steve

Stephen R. Ashbourne

Partner

stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com><mailto:stephen.ashbourne@blakes.com>
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From:	ASHBOURNE, STEPHEN
To:	Mike Manning
Cc:	Malle Hanslep (MOF)
Subject:	Re: John, I just picked up your message ...
Date:	Tuesday, November 28, 2017 12:15:00 PM

Thanks Mike. Let's push off our call. Malle sent me the feedback from Moody's, and I agree that we should not get cross-threaded having individual calls with OPG. I'm going to refrain from taking John Lee's call. Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com>
Dir: 416-863-3086<tel:416-863-3086>

On Nov 28, 2017, at 6:00 PM, Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>> wrote:

416 325 8930

Thanks, Mike

-----Original Message-----
From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: Tuesday, November 28, 2017 11:58 AM
To: Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>
Subject: Re: John, I just picked up your message ...

Mike, what # should I try you at, at 1230? Steve

Stephen R. Ashbourne
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stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com><mailto:stephen.ashbourne@blakes.com>
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On Nov 28, 2017, at 5:47 PM, Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>
<mailto:Mike.Manning@ofina.on.ca>> wrote:

For sure.
Mike

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From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
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Cc: Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca><mailto:Mike.Manning@ofina.on.ca>>
Subject: Re: John, I just picked up your message ...

Hi Mike. Are you free for a call around 1230. Just looking for an update on the "materiality" point Malle is referring to, below. Steve

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stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com><mailto:stephen.ashbourne@blakes.com>
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To: Mike Manning
Subject: Re: John, I just picked up your message ...
Date: Tuesday, November 28, 2017 11:58:22 AM

Mike, what # should I try you at, at 1230? Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com>
Dir: 416-863-3086<tel:416-863-3086>

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For sure.
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To: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>
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Cc:	Mike Manning
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Cc: VINER, JON; Mike Manning; Tobias P. Whitfield (MOF)
Subject: Re: John, I just picked up your message ...
Date: Tuesday, November 28, 2017 1:28:34 PM

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145 please

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Partner
stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com>
Dir: 416-863-3086<tel:416-863-3086>

On Nov 28, 2017, at 7:26 PM, Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>> wrote:

Please include Toby too.

-----Original Message-----
From: VINER, JON [mailto:JON.VINER@blakes.com]
Sent: November 28, 2017 1:22 PM
To: Manning, Mike (OFA); Hanslep, Malle (MOF); ASHBOURNE, STEPHEN
Subject: RE: John, I just picked up your message ...

Thanks. I'll circulate a dial-in once Steve confirms his availability.

Best,
Jon

Jon Viner
Associate
jon.viner@blakes.com<mailto:jon.viner@blakes.com>
Dir: 416-863-2499

-----Original Message-----
From: Mike Manning [mailto:Mike.Manning@ofina.on.ca]
Sent: Tuesday, November 28, 2017 1:19 PM
To: Malle Hanslep (MOF); ASHBOURNE, STEPHEN
Cc: VINER, JON
Subject: RE: John, I just picked up your message ...

I'm fine now too.
Mike

-----Original Message-----
From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Tuesday, November 28, 2017 1:15 PM
To: ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com<mailto:STEPHEN.ASHBOURNE@blakes.com>>; Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>
Cc: VINER, JON <JON.VINER@blakes.com<mailto:JON.VINER@blakes.com>>
Subject: RE: John, I just picked up your message ...

Hi - I'm free now so please let me know when.

-----Original Message-----

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]

Sent: November 28, 2017 12:22 PM

To: Manning, Mike (OFA); Hanslep, Malle (MOF)

Cc: VINER, JON

Subject: Re: John, I just picked up your message ...

Mike, Malle's tied up T 1230 so let's talk when she's available later in the afternoon.

Malle, is there a time that works for you this afternoon?

Jon will set up a call-in, once we have a time that works for both of you.

Thanks, Steve

Stephen R. Ashbourne

Partner

stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com><mailto:stephen.ashbourne@blakes.com>

Dir: 416-863-3086<tel:416-863-3086>

On Nov 28, 2017, at 6:16 PM, Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca> <mailto:Mike.Manning@ofina.on.ca>> wrote:

Hi Stephen:

Do you still want to talk at 12:30?

Mike

-----Original Message-----

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]

Sent: Tuesday, November 28, 2017 12:15 PM

To: Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca><mailto:Mike.Manning@ofina.on.ca>>

Cc: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca><mailto:Malle.Hanslep@ontario.ca>>

Subject: Re: John, I just picked up your message ...

Thanks Mike. Let's push off our call. Malle sent me the feedback from Moody's, and I agree that we should not get cross-threaded having individual calls with OPG. I'm going to refrain from taking John Lee's call. Steve

Stephen R. Ashbourne

Partner

stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com><mailto:stephen.ashbourne@blakes.com>
<mailto:stephen.ashbourne@blakes.com>

Dir: 416-863-3086<tel:416-863-3086>

On Nov 28, 2017, at 6:00 PM, Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>
<mailto:Mike.Manning@ofina.on.ca><mailto:Mike.Manning@ofina.on.ca>> wrote:

416 325 8930

Thanks, Mike

-----Original Message-----

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]

Sent: Tuesday, November 28, 2017 11:58 AM

To: Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca><mailto:Mike.Manning@ofina.on.ca>
<mailto:Mike.Manning@ofina.on.ca>>

Subject: Re: John, I just picked up your message ...

Mike, what # should I try you at, at 1230? Steve

Stephen R. Ashbourne

Partner

stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com><mailto:stephen.ashbourne@blakes.com>
<mailto:stephen.ashbourne@blakes.com><mailto:stephen.ashbourne@blakes.com>

Dir: 416-863-3086<tel:416-863-3086>

On Nov 28, 2017, at 5:47 PM, Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>
<mailto:Mike.Manning@ofina.on.ca><mailto:Mike.Manning@ofina.on.ca><mailto:Mike.Manning@ofina.on.ca>> wrote:

For sure.

Mike

-----Original Message-----

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]

Sent: Tuesday, November 28, 2017 11:46 AM

To: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca><mailto:Malle.Hanslep@ontario.ca>
<mailto:Malle.Hanslep@ontario.ca><mailto:Malle.Hanslep@ontario.ca>>

Cc: Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca><mailto:Mike.Manning@ofina.on.ca>
<mailto:Mike.Manning@ofina.on.ca><mailto:Mike.Manning@ofina.on.ca>>

Subject: Re: John, I just picked up your message ...

Hi Mike. Are you free for a call around 1230. Just looking for an update on the "materiality" point Malle is referring to, below. Steve

Stephen R. Ashbourne

Partner

stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com><mailto:stephen.ashbourne@blakes.com>
<mailto:stephen.ashbourne@blakes.com><mailto:stephen.ashbourne@blakes.com><mailto:stephen.ashbourne@blakes.com>

Dir: 416-863-3086<tel:416-863-3086>

On Nov 28, 2017, at 5:39 PM, Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>
<mailto:Malle.Hanslep@ontario.ca><mailto:Malle.Hanslep@ontario.ca><mailto:Malle.Hanslep@ontario.ca>
<mailto:Malle.Hanslep@ontario.ca>> wrote:

Hi Steve,

I think this is about the "materiality" point. It would be best if you called Mike first about this because John Lee has been speaking to Mike about it.

Thanks.

Malle

-----Original Message-----

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]

Sent: November 28, 2017 11:33 AM

To: LEE John -TREASURY

Subject: John, I just picked up your message ...

I'm tied up until 1230 ET. I can call you then if that suits you. Steve

Stephen R. Ashbourne

Partner

stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com><mailto:stephen.ashbourne@blakes.com>
<mailto:stephen.ashbourne@blakes.com><mailto:stephen.ashbourne@blakes.com><mailto:stephen.ashbourne@blakes.com>
<mailto:stephen.ashbourne@blakes.com>

Dir: 416-863-3086<tel:416-863-3086>

_____

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Blake, Cassels & Graydon LLP

199 Bay Street, Suite 4000, Toronto ON M5L 1A9

Tel: 416-863-2400 Fax: 416-863-2653

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From:	Gadi Mayman
To:	Jonathan Tekle (CAB)
Cc:	Patrick Laughton (MOF); Ronald Kwan; Ken Kandeepan; Mike Manning; Usman Zahid; Tobias P. Whitfield (MOF); Mark Donaldson (MOF); Tim Christie (ENERGY); Thouin, Alena (ENERGY); Hosick, Sarah (TBS); Malle Hanslep (MOF); Hilary Cox (ENE); Tom McKinlay (MAG); Anna Strathy; David McLean (MOF)
Subject:	Re: Materials | Joint Ministers Briefing | OFHP
Date:	Wednesday, November 29, 2017 11:36:29 AM

Having read OPG's deck, I wonder if the meeting would flow better if we went from Andrew's introduction to their deck, and then finish with the guarantee deck? That way Ministers could see how the financing of the OFHP will be done, and then, with that in their minds, we'd be able to take them through what they'll need to sign to allow the financing to take place and meet OPG's proposed timelines.

Gadi

On Nov 29, 2017, at 11:21 AM, Tekle, Jonathan (MOF) <Jonathan.Tekle@ontario.ca> wrote:

> Hi all,
> Attached is additional material for the joint Minister's briefing at noon. ENERGY will bring copies of this deck to the meeting.
> As far as stage management for the meeting:
> <!--[if !supportLists]-->● <!--[endif]-->Andrew will provide opening remarks
> <!--[if !supportLists]-->● <!--[endif]-->Overview of the Limited Guarantee from the Province
> <!--[if !supportLists]-->● <!--[endif]-->OPG Update on Financing Program
> Thanks,
>
> **Jonathan Tekle**
> Senior Policy Advisor, Deputy Minister's Office, Ministry of Finance
> Frost Building South, 7th Floor
> 7 Queen's Park Crescent
> Toronto, Ontario M7A 1Y7

From: Ken Kandeepan
To: Anna Strathy
Cc: Tom McKinlay (MAG); Steen Hume (CAB); Thouin, Alena (ENERGY); Hilary Cox (ENE); Hosick, Sarah (TBS); Mike Manning; Tim Christie (ENERGY); Daniel Cayley (ENERGY)
Subject: Re: Meeting with OPG this evening | Protection and Process Agreements
Date: Tuesday, November 21, 2017 4:57:07 PM

We are leaving right now and should be there in 15 minutes

Thanks
Ken k

On Nov 21, 2017, at 4:35 PM, Anna Strathy <Anna.Strathy@ofina.on.ca> wrote:

> Hi Steen, Tom, Alena,
> Stephen Ashbourne is trying to resolve one of the outstanding business issues directly with the lawyer from Osler. We are going to delay the start of the 5pm meeting until Stephen has had that conversation. Mike or Ken will email you when they are heading over to Torys.
> Thanks, Anna
>
> _____
>
> **From:** Anna Strathy
> **Sent:** Tuesday, November 21, 2017 3:21 PM
> **To:** Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>
> **Cc:** Hilary Cox (ENE) <Hilary.Cox@ontario.ca>; 'Hosick, Sarah (TBS)' <Sarah.Hosick@ontario.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>; Daniel Cayley (ENERGY) <Daniel.Cayley@ontario.ca>; Mark Donaldson (MOF) <Mark.Donaldson@ontario.ca>; Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>
> **Subject:** Meeting with OPG this evening | Protection and Process Agreements
> Cindy, Steen, Tom,
> After some back and forth today, we'll be meeting OPG at Toys this evening at 5pm to discuss the remaining business issues in the protection and process agreements. Could you please advise who from your respective Ministries will be attending? Happy to discuss.
> Thanks, Anna
> -----Original Appointment-----
> **From:** Anna Strathy
> **Sent:** Tuesday, November 21, 2017 10:41 AM
> **To:** Anna Strathy; Malle Hanslep (MOF); Tobias P. Whitfield (MOF); ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com); Tom McKinlay (MAG); Thouin, Alena (ENERGY); Ken Kandeepan; Mike Manning; Ronald Kwan; John Kim; Veinot, Cindy (TBS); Steen Hume (CAB); Tim Christie (ENERGY); Gadi Mayman; Mark Donaldson (MOF); Daniel Cayley (ENERGY)
> **Cc:** Usman Zahid; Hilary Cox (ENE); 'Hosick, Sarah (TBS)'

Subject: Internal Discussion | Protection and Process Agreements | Blakes, OFA, MOF, Energy, OPCD
When: Tuesday, November 21, 2017 11:30 AM-12:00 PM (UTC-05:00) Eastern Time (US & Canada).
Where: Teleconference 1-866-602-5461 or 416-212-8011 | Conference ID: 4717656
Purpose: to discuss proposed dealer changes, received yesterday afternoon.
Toll-free dial-in number: 1-866-602-5461
Local dial-in number: 416-212-8011
Conference ID: 4717656
OFA to Moderate

From: Ken Kandeepan
To: Anna Strathy
Cc: Tom McKinlay (MAG); Steen Hume (CAB); Thouin, Alena (ENERGY); Hilary Cox (ENE); Hosick, Sarah (TBS); Mike Manning; Tim Christie (ENERGY); Daniel Cayley (ENERGY)
Subject: Re: Meeting with OPG this evening | Protection and Process Agreements
Date: Tuesday, November 21, 2017 5:04:47 PM

My apologies looks like a 30 minutes delay, will keep you posted

Thanks

Ken k

On Nov 21, 2017, at 4:57 PM, Ken Kandeepan <Ken.Kandeepan@ofina.on.ca> wrote:

> We are leaving right now and should be there in 15 minutes
>
> Thanks
> Ken k
>
> On Nov 21, 2017, at 4:35 PM, Anna Strathy <Anna.Strathy@ofina.on.ca> wrote:
>
> > Hi Steen, Tom, Alena,
> > Stephen Ashbourne is trying to resolve one of the outstanding business issues directly with the lawyer from Osler. We are going to delay the start of the 5pm meeting until Stephen has had that conversation. Mike or Ken will email you when they are heading over to Torys.
> > Thanks, Anna
> >
> > _____
> > **From:** Anna Strathy
> > **Sent:** Tuesday, November 21, 2017 3:21 PM
> > **To:** Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>
> > **Cc:** Hilary Cox (ENE) <Hilary.Cox@ontario.ca>; 'Hosick, Sarah (TBS)' <Sarah.Hosick@ontario.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>; Daniel Cayley (ENERGY) <Daniel.Cayley@ontario.ca>; Mark Donaldson (MOF) <Mark.Donaldson@ontario.ca>; Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>
> > **Subject:** Meeting with OPG this evening | Protection and Process Agreements
> > Cindy, Steen, Tom,
> > After some back and forth today, we'll be meeting OPG at Toys this

evening at 5pm to discuss the remaining business issues in the protection and process agreements. Could you please advise who from your respective Ministries will be attending? Happy to discuss.
Thanks, Anna
-----Original Appointment-----
From: Anna Strathy
Sent: Tuesday, November 21, 2017 10:41 AM
To: Anna Strathy; Malle Hanslep (MOF); Tobias P. Whitfield (MOF); ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com); Tom McKinlay (MAG); Thouin, Alena (ENERGY); Ken Kandeepan; Mike Manning; Ronald Kwan; John Kim; Veinot, Cindy (TBS); Steen Hume (CAB); Tim Christie (ENERGY); Gadi Mayman; Mark Donaldson (MOF); Daniel Cayley (ENERGY)
Cc: Usman Zahid; Hilary Cox (ENE); 'Hosick, Sarah (TBS)'
Subject: Internal Discussion | Protection and Process Agreements | Blakes, OFA, MOF, Energy, OPCD
When: Tuesday, November 21, 2017 11:30 AM-12:00 PM (UTC-05:00) Eastern Time (US & Canada).
Where: Teleconference 1-866-602-5461 or 416-212-8011 | Conference ID: 4717656
Purpose: to discuss proposed dealer changes, received yesterday afternoon.
Toll-free dial-in number: 1-866-602-5461
Local dial-in number: 416-212-8011
Conference ID: 4717656
OFA to Moderate

From: Gadi Mayman
To: Malle Hanslep (MOF)
Cc: ASHBOURNE, STEPHEN; Mike Manning; Anna Strathy; Tobias P. Whitfield (MOF); Ken Kandeepan; Ronald Kwan
Subject: Re: Passcode is 5801207#
Date: Tuesday, November 21, 2017 5:09:07 PM

Yes, thanks.

On Nov 21, 2017, at 5:08 PM, Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca> wrote:

Hi all,

Steve is going to circulate the mark up to the meeting attendees and suggest a start time of 5:45.

Does that work?

Malle

-----Original Message-----
From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: November 21, 2017 4:57 PM
To: Mayman, Gadi (OFA); Hanslep, Malle (MOF); Manning, Mike (OFA); Strathy, Anna (OFA); Whitfield, Tobias P. (MOF); Kandeepan, Ken (OFA); Kwan, Ronald (OFA)
Subject: RE: Passcode is 5801207#

Just off a call with Peter Milligan. I think there are answers to the concerns, as he expressed them to me. Basically, he's focused on the "refinancing" scenario, and I walked him through our intention on the point. On "adherence conditions", he's focused on a minimum $ amount being issued to avoid small issuances that fall through the "adherence" cracks. I said I think the documentation process will not be that fluid and that the documents are very disciplined, so that even small incurrences will involve a process - but that we would here the point out with the group when we meet. Let's delay the Torys meeting, or do it by phone. I think it would be most productive if we could get our mark-up done before, which will take another 30 minutes or so. Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

-----Original Message-----
From: Gadi Mayman [mailto:Gadi.Mayman@ofina.on.ca]
Sent: Tuesday, November 21, 2017 4:36 PM
To: ASHBOURNE, STEPHEN; Malle Hanslep (MOF); Mike Manning; Anna Strathy; Tobias P. Whitfield (MOF); Ken Kandeepan; Ronald Kwan
Subject: Re: Passcode is 5801207#

That's fine with me, but the only constraint is that I have a very hard deadline of 8 pm that I have to leave by, so hopefully let's not delay this for too long. At worst, maybe you and Peter could have a side meeting at Tory's office before the bigger group convenes.

_____
From: ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>
Sent: Tuesday, November 21, 2017 4:33:48 PM
To: Malle Hanslep (MOF); Gadi Mayman; Mike Manning; Anna Strathy; Tobias P. Whitfield (MOF); Ken Kandeepan; Ronald Kwan
Cc: Ken Kandeepan
Subject: RE: Passcode is 5801207#

I left Peter Milligan a voicemail on the subject and asked him to call back. I suggest postponing the 5 meeting until we are ready and understand the issues. Let's give Peter 10 minutes to call back before moving on?

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com>
Dir: 416-863-3086

_____

[cid:imagef99212.GIF@6ddfd300.4fb8bf2e]

Blake, Cassels & Graydon LLP
199 Bay Street, Suite 4000, Toronto ON M5L 1A9
Tel: 416-863-2400 Fax: 416-863-2653
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From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: Tuesday, November 21, 2017 4:04 PM
To: Mayman, Gadi (OFA); Manning, Mike (OFA); Strathy, Anna (OFA); Whitfield, Tobias P. (MOF); ASHBOURNE, STEPHEN; Kandeepan, Ken (OFA); Kwan, Ronald (OFA)
Cc: Kandeepan, Ken (OFA)
Subject: Passcode is 5801207#

Malle Hanslep
Deputy Director
Ministry of the Attorney General
Ministry of Finance Legal Services Branch
Telephone: 416-325-1457

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From: Gadi Mayman
To: ASHBOURNE, STEPHEN; Malle Hanslep (MOF); Mike Manning; Anna Strathy; Tobias P. Whitfield (MOF); Ken Kandeepan; Ronald Kwan
Subject: Re: Passcode is 5801207#
Date: Tuesday, November 21, 2017 4:36:24 PM

That's fine with me, but the only constraint is that I have a very hard deadline of 8 pm that I have to leave by, so hopefully let's not delay this for too long. At worst, maybe you and Peter could have a side meeting at Tory's office before the bigger group convenes.

From: ASHBOURNE, STEPHEN
Sent: Tuesday, November 21, 2017 4:33:48 PM
To: Malle Hanslep (MOF); Gadi Mayman; Mike Manning; Anna Strathy; Tobias P. Whitfield (MOF); Ken Kandeepan; Ronald Kwan
Cc: Ken Kandeepan
Subject: RE: Passcode is 5801207#

I left Peter Milligan a voicemail on the subject and asked him to call back. I suggest postponing the 5 meeting until we are ready and understand the issues. Let's give Peter 10 minutes to call back before moving on?

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

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Sent: Tuesday, November 21, 2017 4:04 PM
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Cc: Kandeepan, Ken (OFA)
Subject: Passcode is 5801207#

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From: Gadi Mayman
To: Malle Hanslep (MOF); Anna Strathy
Cc: Mike Manning; Ken Kandeepan; Ronald Kwan
Subject: Re: Passcode is 5801207#
Date: Tuesday, November 21, 2017 5:13:10 PM

Malle or Anna, has someone let the people from Energy that are calling into the meeting that it's delayed to 5:45?

On Nov 21, 2017, at 5:08 PM, Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca> wrote:

Hi all,

Steve is going to circulate the mark up to the meeting attendees and suggest a start time of 5:45.

Does that work?

Malle

-----Original Message-----
From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: November 21, 2017 4:57 PM
To: Mayman, Gadi (OFA); Hanslep, Malle (MOF); Manning, Mike (OFA); Strathy, Anna (OFA); Whitfield, Tobias P. (MOF); Kandeepan, Ken (OFA); Kwan, Ronald (OFA)
Subject: RE: Passcode is 5801207#

Just off a call with Peter Milligan. I think there are answers to the concerns, as he expressed them to me. Basically, he's focused on the "refinancing" scenario, and I walked him through our intention on the point. On "adherence conditions", he's focused on a minimum $ amount being issued to avoid small issuances that fall through the "adherence" cracks. I said I think the documentation process will not be that fluid and that the documents are very disciplined, so that even small incurrences will involve a process - but that we would here the point out with the group when we meet. Let's delay the Torys meeting, or do it by phone. I think it would be most productive if we could get our mark-up done before, which will take another 30 minutes or so. Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

-----Original Message-----
From: Gadi Mayman [mailto:Gadi.Mayman@ofina.on.ca]
Sent: Tuesday, November 21, 2017 4:36 PM
To: ASHBOURNE, STEPHEN; Malle Hanslep (MOF); Mike Manning; Anna Strathy; Tobias P. Whitfield (MOF); Ken Kandeepan; Ronald Kwan
Subject: Re: Passcode is 5801207#

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Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com>
Dir: 416-863-3086

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From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: Tuesday, November 21, 2017 4:04 PM
To: Mayman, Gadi (OFA); Manning, Mike (OFA); Strathy, Anna (OFA); Whitfield, Tobias P. (MOF); ASHBOURNE, STEPHEN; Kandeepan, Ken (OFA); Kwan, Ronald (OFA)
Cc: Kandeepan, Ken (OFA)
Subject: Passcode is 5801207#

Malle Hanslep
Deputy Director
Ministry of the Attorney General
Ministry of Finance Legal Services Branch
Telephone: 416-325-1457

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From: Mike Manning
To: Tobias P. Whitfield (MOF)
Cc: ASHBOURNE, STEPHEN; Gadi Mayman; Ken Kandeepan; Malle Hanslep (MOF); VINER, JON; Anna Strathy
Subject: Re: Possible Alternative to the "Assumption" Option under the current Change of Law Protection Agreement
Date: Thursday, November 23, 2017 10:18:46 AM

Busy myself until 12:00.
Mike

Sent from my iPhone

On Nov 23, 2017, at 10:06 AM, Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca> wrote:

Perhaps we can have a call this morning to discuss the defeasance option and Stephen, maybe you can explain a little bit more about how you think it would work in this context.

Stephen, I think you are available until 11:30.

If anyone else has any conflicts, please let me know. Otherwise, I will send a meeting invitation for 10:30.

If nobody else can be on the call, I can discuss with Stephen and we can discuss internally later today.

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

-----Original Message-----
From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: November 23, 2017 7:37 AM
To: Manning, Mike (OFA)
Cc: Mayman, Gadi (OFA); Kandeepan, Ken (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); VINER, JON; Strathy, Anna (OFA)
Subject: RE: Possible Alternative to the "Assumption" Option under the current Change of Law Protection Agreement

Thanks Mike. I think that the Trust would be the owner of the new underlying bonds (i.e., Province would issue (primary) or transfer (secondary) to the Trust), and the defeasance account would be the collateral for the defeased Trust notes. Do you think this scenario is different from the Province issuing bonds directly to existing Trust note holders (based on off-market terms at the time of the exchange)? Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

-----Original Message-----
From: Mike Manning [mailto:Mike.Manning@ofina.on.ca]
Sent: Thursday, November 23, 2017 7:08 AM
To: ASHBOURNE, STEPHEN
Cc: Gadi Mayman; Ken Kandeepan; Malle Hanslep (MOF); Tobias P. Whitfield (MOF); VINER, JON; Anna Strathy
Subject: Re: Possible Alternative to the "Assumption" Option under the current Change of Law Protection Agreement

Interesting concept but wondering how it would work. Would the Province issue the bonds to itself for the deposit into the defeasance account? Issuing into the public market would have its own challenges as Gadi has outlined. Looks like the potential for significant accounting/fiscal challenges under a range of interest rate scenarios.
Regards Mike

On Nov 22, 2017, at 10:58 PM, ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com<mailto:STEPHEN.ASHBOURNE@blakes.com>> wrote:

Thanks for these thoughts, Gadi.

I was thinking that the Province would end up, from a fiscal perspective, in the same place in each scenario - assumption, exchange or defeasance. In each case the Province effectively becomes a primary obligor for the same amount, at a time when the debt that is on-boarded is off-market.

I think that they actual economics for the Province should be identical too - as the Province trades away the "pay through" obligation (under the Limited Guarantee) in consideration for the direct issuance of equivalent, matching obligations.

In each case I expect that the Government of the day would only elect on the option if it saw an opportunity to get rid of significant costs and complexity of the Trust, recognizing the burden of the Province issuing / recognizing a large amount of "new" debt and the odd accounting resulting from directly incurring off-market obligations.

I'm happy to jump on a call tomorrow if you or others think it would be useful to hash this out live.

Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com><mailto:stephen.ashbourne@blakes.com>
Dir: 416-863-3086<tel:416-863-3086>

On Nov 22, 2017, at 10:32 PM, Gadi Mayman <Gadi.Mayman@ofina.on.ca<mailto:Gadi.Mayman@ofina.on.ca><mailto:Gadi.Mayman@ofina.on.ca>> wrote:

Thanks, Steve, it's an interesting idea, but my concern would be that if we were at peak debt on the Trust, and it had $10 billion outstanding, we'd have to go to the market and issue $10 billion in debt in non-benchmark terms to complete the defeasance.

I realize that this could be done over time, not all at once, but it strikes me as a complex undertaking that might be hard to explain the advantages of to the government of the day, rather than just continuing to pay the obligations that would be assumed.

We also might end up with a strange accounting outcome in terms of net debt depending on whether interest rates at the time of defeasance are significantly higher, or lower, than those at the time the bonds were issued, as $10 billion in debt may be defeased by $9 billion, or $11 billion (I'm just making up a number) in debt issued with the same coupons as the original debt at the then current market value.

I'm open to others thoughts on this.

Gafi

On Nov 22, 2017, at 7:57 PM, ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com<mailto:STEPHEN.ASHBOURNE@blakes.com> <mailto:STEPHEN.ASHBOURNE@blakes.com><mailto:STEPHEN.ASHBOURNE@blakes.com>> wrote:

Gadi, Mike and Ken,

Please see the attached Word document, which describes a possible alternative to the "assumption" option (or "exchange") we have been contemplating. This has not been previously shared with anyone else at this stage (including Malle or Toby), as I thought it best to start with your views as to whether it would accomplish the Province's overall economic objectives.

The zip file contains market precedents (Canadian dollar offerings with strictly Canadian trust indenture: Alimentation Couche-Tarde; Fortis; John Deere), in case you are interested to see how defeasance techniques, akin to those contemplated in the alternative proposal, have been used in other Canadian transactions.

Please let us know your thoughts.

Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com><mailto:stephen.ashbourne@blakes.com><mailto:stephen.ashbourne@blakes.com>
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From: Mike Manning
To: ASHBOURNE, STEPHEN
Cc: Gadi Mayman; Ken Kandeepan; Malle Hanslep (MOF); Tobias P. Whitfield (MOF); VINER, JON; Anna Strathy
Subject: Re: Possible Alternative to the "Assumption" Option under the current Change of Law Protection Agreement
Date: Thursday, November 23, 2017 7:08:11 AM

Interesting concept but wondering how it would work. Would the Province issue the bonds to itself for the deposit into the defeasance account? Issuing into the public market would have its own challenges as Gadi has outlined. Looks like the potential for significant accounting/fiscal challenges under a range of interest rate scenarios.
Regards Mike

On Nov 22, 2017, at 10:58 PM, ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com> wrote:

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I'm happy to jump on a call tomorrow if you or others think it would be useful to hash this out live.

Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com>
Dir: 416-863-3086<tel:416-863-3086>

On Nov 22, 2017, at 10:32 PM, Gadi Mayman <Gadi.Mayman@ofina.on.ca<mailto:Gadi.Mayman@ofina.on.ca>> wrote:

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I'm open to others thoughts on this.

Gafi

On Nov 22, 2017, at 7:57 PM, ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com<mailto:STEPHEN.ASHBOURNE@blakes.com>
<mailto:STEPHEN.ASHBOURNE@blakes.com>> wrote:

Gadi, Mike and Ken,

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Please let us know your thoughts.

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From: ASHBOURNE, STEPHEN
To: Gadi Mayman
Cc: Mike Manning; Ken Kandeepan; Malle Hanslep (MOF); Tobias P. Whitfield (MOF); VINER, JON; Anna Strathy
Subject: Re: Possible Alternative to the "Assumption" Option under the current Change of Law Protection Agreement
Date: Wednesday, November 22, 2017 10:58:22 PM

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From:	Gadi Mayman
To:	ASHBOURNE, STEPHEN
Cc:	Mike Manning; Ken Kandeepan; Malle Hanslep (MOF); Tobias P. Whitfield (MOF); VINER, JON; Anna Strathy
Subject:	Re: Possible Alternative to the "Assumption" Option under the current Change of Law Protection Agreement
Date:	Wednesday, November 22, 2017 10:32:02 PM

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> Regards, Steve
> Stephen R. Ashbourne
> Partner
> stephen.ashbourne@blakes.com
> Dir: 416-863-3086
>
> ————————————
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From: Anna Strathy
To: Tobias P. Whitfield (MOF)
Cc: ASHBOURNE, STEPHEN; Mike Manning; Gadi Mayman; Ken Kandeepan; Malle Hanslep (MOF); VINER, JON
Subject: Re: Possible Alternative to the "Assumption" Option under the current Change of Law Protection Agreement
Date: Thursday, November 23, 2017 11:53:50 AM

Hi Toby,

Gadi won't be able to call in at 2:30pm but if that works for Mike please go ahead. Gadi's in meetings most of the the afternoon.

Anna

--
Anna Strathy
Special Policy Advisor to the CEO
Ontario Financing Authority
416.325.8032

On Nov 23, 2017, at 10:53 AM, Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca> wrote:

> I spoke with Stephen to get a bit more colour on the defeasance option.
>
> I am happy to discuss internally further, and we can also/or otherwise have a call with Stephen at 2:30 this afternoon.
>
> Please let me know who is available to discuss, and if you want to have an internal discussion before a call with Stephen this afternoon.
>
> Toby
>
> Tobias Whitfield
> Counsel, Legal Services Branch
> Ministry of Finance
> tobias.whitfield@ontario.ca
> Phone: 416-325-1456
>
> -----Original Message-----
> From: Anna Strathy [mailto:Anna.Strathy@ofina.on.ca]
> Sent: November 23, 2017 10:30 AM
> To: Whitfield, Tobias P. (MOF); ASHBOURNE, STEPHEN; Manning, Mike (OFA)
> Cc: Mayman, Gadi (OFA); Kandeepan, Ken (OFA); Hanslep, Malle (MOF); VINER, JON
> Subject: RE: Possible Alternative to the "Assumption" Option under the current Change of Law Protection Agreement
>
> Hi Toby, unfortunately, neither Gadi nor Ken are available to join the call at 10:30am and Gadi is in meetings all afternoon. Could you please reschedule for a time when Mike is available?
>
> Thanks, Anna
>
> -----Original Message-----
> From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
> Sent: Thursday, November 23, 2017 10:07 AM
> To: ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; Mike Manning <Mike.Manning@ofina.on.ca>
> Cc: Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; VINER, JON <JON.VINER@blakes.com>; Anna Strathy <Anna.Strathy@ofina.on.ca>
> Subject: RE: Possible Alternative to the "Assumption" Option under the current Change of Law Protection Agreement
>
> Perhaps we can have a call this morning to discuss the defeasance option and Stephen, maybe you can explain a little bit more about how you think it would work in this context.
>
> Stephen, I think you are available until 11:30.
>
> If anyone else has any conflicts, please let me know. Otherwise, I will send a meeting invitation for 10:30.
>
> If nobody else can be on the call, I can discuss with Stephen and we can discuss internally later today.
>
> Toby
>
> Tobias Whitfield
> Counsel, Legal Services Branch
> Ministry of Finance
> tobias.whitfield@ontario.ca
> Phone: 416-325-1456
>
> -----Original Message-----
> From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
> Sent: November 23, 2017 7:37 AM
> To: Manning, Mike (OFA)
> Cc: Mayman, Gadi (OFA); Kandeepan, Ken (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); VINER, JON; Strathy, Anna (OFA)
> Subject: RE: Possible Alternative to the "Assumption" Option under the current Change of Law Protection Agreement
>
> Thanks Mike. I think that the Trust would be the owner of the new underlying bonds (i.e., Province would issue (primary) or transfer (secondary) to the Trust), and the defeasance account would be the collateral for the defeased Trust notes. Do you think this scenario is different from the Province issuing bonds directly to existing Trust note holders (based on off-market terms at the time of the exchange)? Regards, Steve
>
> Stephen R. Ashbourne
> Partner
> stephen.ashbourne@blakes.com
> Dir: 416-863-3086
>
> -----Original Message-----
> From: Mike Manning [mailto:Mike.Manning@ofina.on.ca]
> Sent: Thursday, November 23, 2017 7:08 AM
> To: ASHBOURNE, STEPHEN
> Cc: Gadi Mayman; Ken Kandeepan; Malle Hanslep (MOF); Tobias P. Whitfield (MOF); VINER, JON; Anna Strathy
> Subject: Re: Possible Alternative to the "Assumption" Option under the current Change of Law Protection Agreement
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Thanks, Steve, it's an interesting idea, but my concern would be that if we were at peak debt on the Trust, and it had $10 billion outstanding, we'd have to go to the market and issue $10 billion in debt in non-benchmark terms to complete the defeasance.

I realize that this could be done over time, not all at once, but it strikes me as a complex undertaking that might be hard to explain the advantages of to the government of the day, rather than just continuing to pay the obligations that would be assumed.

We also might end up with a strange accounting outcome in terms of net debt depending on whether interest rates at the time of defeasance are significantly higher, or lower, than those at the time the bonds were issued, as $10 billion in debt may be defeased by $9 billion, or $11 billion (I'm just making up a number) in debt issued with the same coupons as the original debt at the then current market value.

I'm open to others thoughts on this.

Gafi

On Nov 22, 2017, at 7:57 PM, ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com<mailto:STEPHEN.ASHBOURNE@blakes.com>
<mailto:STEPHEN.ASHBOURNE@blakes.com><mailto:STEPHEN.ASHBOURNE@blakes.com>> wrote:

Gadi, Mike and Ken,

Please see the attached Word document, which describes a possible alternative to the "assumption" option (or "exchange") we have been contemplating. This has not been previously shared with anyone else at this stage (including Malle or Toby), as I thought it best to start with your views as to whether it would accomplish the Province's overall economic objectives.

The zip file contains market precedents (Canadian dollar offerings with strictly Canadian trust indenture: Alimentation Couche-Tarde; Fortis; John Deere), in case you are interested to see how defeasance techniques, akin to those contemplated in the alternative proposal, have been used in other Canadian transactions.

Please let us know your thoughts.

Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com><mailto:stephen.ashbourne@blakes.com><mailto:stephen.ashbourne@blakes.com>
Dir: 416-863-3086

_____

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| Unsubscribe[blakes.com<http://blakes.com><https://urldefense.proofpoint.com/v2/url?u=http-3A__blakes.com&d=DwIFAg&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=gV-xgZHI0tggSwOPXBdMOr4DyITzOyaIKJLqH9Oy-40&m=GP9VJcMiBLGSG2ndDt9tT6oniRhjmXwlhoCrHziY8Vg&s=pNdhj9FaHN7r_SuW9GlSjRynpEM7ng3P3mEofFL7o5s&e= >]
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<12922051-v1-Defeasance Scenario (OPG Trust).DOCX>

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From: Ken Kandeepan
To: Gadi Mayman
Cc: Steen Hume (CAB); Hilary Cox (ENE); Mike Manning; Anna Strathy
Subject: Re: Provincial Agreements
Date: Wednesday, December 13, 2017 9:30:47 PM

Hi Gadi

Process Agreement is done and with the Rating Agencies as well.

Thanks

Ken k

On Dec 13, 2017, at 8:33 PM, Gadi Mayman <Gadi.Mayman@ofina.on.ca> wrote:

> I'm copying Mike and Ken, as they may have a more recent update than where we were went I left at the end of the day today, but my understanding is that the Protection Agreement is done and with the Rating Agencies in what OPG is calling the final form, the s28 is ready, and the Process Agreement was all done except for a little bickering over the language around materiality, which shouldn't, theoretically, be too hard to solve given that there is agreed language on that subject in the Protection Agreement.
>
> I'm hoping to have copies ready for signing by late tomorrow, or early Friday, subject to that final wording on the Process Agreement, and how we want to handle the order of signatures - i.e., do we need to have OPG sign the two agreements first, or are we comfortable having the Ministers go first if the logistics don't allow OPG to sign prior to Ministers' availability?
>
> Regards,
>
> Gadi
>
> ---
>
> **From:** Hume, Steen (ENERGY) <Steen.Hume@ontario.ca>
> **Sent:** Wednesday, December 13, 2017 7:22:11 PM
> **To:** Gadi Mayman
> **Cc:** Hilary Cox (ENE)
> **Subject:** Provincial Agreements
> Hi Gadi. Can we fine some time tomorrow to check in on the status of the agreements. Briefing my minister at the end of the day and would like to grive him an update on progress.

Thank you, Steen

Sent with BlackBerry Work
(www.blackberry.com)

From: Gadi Mayman
To: Steen Hume (CAB)
Cc: Hilary Cox (ENE); Mike Manning; Ken Kandeepan; Anna Strathy
Subject: Re: Provincial Agreements
Date: Wednesday, December 13, 2017 8:33:30 PM

I'm copying Mike and Ken, as they may have a more recent update than where we were went I left at the end of the day today, but my understanding is that the Protection Agreement is done and with the Rating Agencies in what OPG is calling the final form, the s28 is ready, and the Process Agreement was all done except for a little bickering over the language around materiality, which shouldn't, theoretically, be too hard to solve given that there is agreed language on that subject in the Protection Agreement.

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Regards,
Gadi

From: Hume, Steen (ENERGY)
Sent: Wednesday, December 13, 2017 7:22:11 PM
To: Gadi Mayman
Cc: Hilary Cox (ENE)
Subject: Provincial Agreements

Hi Gadi. Can we fine some time tomorrow to check in on the status of the agreements. Briefing my minister at the end of the day and would like to grive him an update on progress.

Thank you, Steen

Sent with BlackBerry Work
(www.blackberry.com)

From: Gadi Mayman
To: Steen Hume (CAB)
Cc: Hilary Cox (ENE); Mike Manning; Ken Kandeepan; Anna Strathy; Martin Schlaepfer (MOF); Malle Hanslep (MOF); David McLean (MOF); Jonathan Tekle (CAB)
Subject: Re: Provincial Agreements
Date: Wednesday, December 13, 2017 9:56:37 PM

I spoke to our Minister and his staff member responsible for this file this afternoon and gave them a heads up that this would be coming tomorrow afternoon or Friday, so they won't be surprised if this comes their way tomorrow if it's ready. I'm adding my DMO and Malle to this email.

Gadi

> On Dec 13, 2017, at 9:32 PM, Hume, Steen (ENERGY) <Steen.Hume@ontario.ca> wrote:
>
> Thank you Gadi. This is really helpful. Almost there.
>
> We might want to try and line up Ministers' signatures for sometime tomorrow (before OPG). Worried we might lose my Minister after tomorrow.
>
> Perhaps Anna, Hilary and Martin can discuss timing options for signatures tomorrow.
>
> Have a good evening. Steen
>
>
> Sent with BlackBerry Work
> (www.blackberry.com)
>
> From: Gadi Mayman <Gadi.Mayman@ofina.on.ca<mailto:Gadi.Mayman@ofina.on.ca>>
> Date: Wednesday, Dec 13, 2017, 8:33 PM
> To: Hume, Steen (ENERGY) <Steen.Hume@ontario.ca<mailto:Steen.Hume@ontario.ca>>
> Cc: Cox, Hilary (ENERGY) <Hilary.Cox@ontario.ca<mailto:Hilary.Cox@ontario.ca>>, Manning, Mike (OFA) <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>, Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>, Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>
> Subject: Re: Provincial Agreements
>
>
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> Sent with BlackBerry Work
> (www.blackberry.com<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.blackberry.com&d=DwIF-g&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=OdoCVLs6i-6reBTUJh9PAGSfpmSjeJXGKKb9SzvJOII&m=xDxIhnSaBTMr4n34XamnqTZD6OsON4t9Nq1DZHuI72s&s=qpxhsZU0dnnQ8zVcqVv0RT8wacI8MyvlQ-gmrfr2NTE&e= >)
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copies. Thank you.

From: Gadi Mayman
To: Malle Hanslep (MOF)
Cc: Anna Strathy; Tobias P. Whitfield (MOF); Mike Manning; Ronald Kwan; Ken Kandeepan
Subject: Re: Prtection Agreement briefings
Date: Wednesday, November 22, 2017 1:33:54 PM

Hi Malle, I'd originally thought that we'd be briefing the Ministers soon, but I'm not sure given where the discussions have gone over the past couple of days whether that's the case anymore.

We have our regular working group meeting including the Deputies and all of the electricity agencies tomorrow morning where timing may become clearer, but I realize that doesn't help with your questions given Steve's travel schedule. Away from the timing, I think that your suggestions on content make sense.

I've added my colleagues at the OFA, as they may have heard more from Energy or OPG today. Anna could also check in with our DMO to see whether they have expectations around timing, but my feeling is that they're waiting to hear from us on recommendations.

Thanks,
Gadi

On Nov 22, 2017, at 12:28 PM, Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca> wrote:

> Hi Gadi,
> Do you know when the Ministers are expected to be briefed on the protection and process agreements? It might have been mentioned yesterday that it might happen next Monday or sometime next week.
> I had mentioned Steve that there would be a briefing at some point and asked him to prepare some slides describing a legal summary of the agreements which could be attached to any briefing materials being prepared for the briefing. One of the other items that would have to be signed by the Minister of Finance is a 28 approval of the 2 Ministers entering into the other agreements so there should be some briefing material on this point as well.
> Steve is going to be out of the country beginning tomorrow for a week or so and he is preparing these materials and lining up counsel who will be covering for him during this period. At this point, we don't know who will be at the briefing and whether we would like Blakes' to attend but he will line up someone and possibly be available by telephone if we would like.
> If you have any more information on the timing and content of the briefing and who would be expected to be there it would be appreciated so I can pass this on to Steve today.
> Thanks.
> Malle
> I
> Malle Hanslep
> Deputy Director

Ministry of the Attorney General
Ministry of Finance Legal Services Branch
Telephone: 416-325-1457
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From: Gadi Mayman
To: Malle Hanslep (MOF)
Cc: Anna Strathy; Tobias P. Whitfield (MOF); Mike Manning; Ronald Kwan; Ken Kandeepan
Subject: Re: Prtection Agreement briefings
Date: Thursday, November 23, 2017 9:14:03 AM

At our morning meeting it was decided that the target date for the tri-Minister meeting would be next Thursday the 30th. If Andrew can't get the three Ministers together for the 30th, which is the preferred date, the fallback would be Monday the 4th.

Gadi

On Nov 22, 2017, at 3:01 PM, Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca> wrote:

> Thanks Gadi. I think this is fine for now and I will contact Steve to let him know we don't' yet know what the briefing time is.
>
> **From:** Gadi Mayman [mailto:Gadi.Mayman@ofina.on.ca]
> **Sent:** November 22, 2017 1:34 PM
> **To:** Hanslep, Malle (MOF)
> **Cc:** Strathy, Anna (OFA); Whitfield, Tobias P. (MOF); Manning, Mike (OFA); Kwan, Ronald (OFA); Kandeepan, Ken (OFA)
> **Subject:** Re: Prtection Agreement briefings
> Hi Malle, I'd originally thought that we'd be briefing the Ministers soon, but I'm not sure given where the discussions have gone over the past couple of days whether that's the case anymore.
> We have our regular working group meeting including the Deputies and all of the electricity agencies tomorrow morning where timing may become clearer, but I realize that doesn't help with your questions given Steve's travel schedule. Away from the timing, I think that your suggestions on content make sense.
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> Gadi
>
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Thanks.
Malle
I
Malle Hanslep
Deputy Director
Ministry of the Attorney General
Ministry of Finance Legal Services Branch
Telephone: 416-325-1457
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From: Ronald Kwan
To: Gadi Mayman
Cc: Mike Manning; Ken Kandeepan; Anna Strathy; Usman Zahid
Subject: Re: Rate Mitigation Implementation Meeting - December 7, 2017
Date: Wednesday, December 06, 2017 9:08:41 PM

And similarly different than what was stated at the Ministers' briefing last week.

Ron

On Dec 6, 2017, at 8:20 PM, Gadi Mayman <Gadi.Mayman@ofina.on.ca> wrote:

> The timing if the bond issues is quite different than what I'd been told last week. The first issue is a week or two later than what I'd been told, and the second is a month or two earlier. I guess they'll explain the rationale at the 8:30 meeting tomorrow morning. Had you heard his from John, or is it new to you as well?
>
> Begin forwarded message:
>
> > **From:** "Schlaepfer, Martin (ENERGY)" <Martin.Schlaepfer@ontario.ca>
> > **Date:** December 6, 2017 at 8:13:05 PM EST
> > **To:** "Hume, Steen (ENERGY)" <Steen.Hume@ontario.ca>, "Sermat-Harding, Kaili (ENERGY)" <Kaili.Sermat-Harding@ontario.ca>, "Calwell, Carolyn (ENERGY)" <Carolyn.Calwell@ontario.ca>, ""jeffrey.lyash@opg.com' (jeffrey.lyash@opg.com)'" <jeffrey.lyash@opg.com>, "'HARTWICK Ken -FINANCE (ken.hartwick@opg.com)'" <ken.hartwick@opg.com>, "'Kim Marshall (Kim.Marshall@ieso.ca)'" <Kim.Marshall@ieso.ca>, "Thompson, Scott (MOF)" <Scott.Thompson@ontario.ca>, "Angus, Helen (TBS)" <Helen.Angus@ontario.ca>, "Davidson, Steven (CAB)" <Steven.Davidson@ontario.ca>, "'CROZZOLI Carlo - CBUSDEV&STRT'" <carlo.crozzoli@opg.com>, "Mayman, Gadi (OFA)" <Gadi.Mayman@ofina.on.ca>, 'LEE John -TREASURY' <john.s.lee@opg.com>, "Hughes, Karen (TBS)" <Karen.Hughes@ontario.ca>, "Veinot, Cindy (TBS)" <Cindy.Veinot@ontario.ca>, Michael Boll <Michael.Boll@ieso.ca>, "'peter.gregg@ieso.ca'" <peter.gregg@ieso.ca>, 'ROWE Jennifer - CORPAFFAIRS' <jennifer.rowe@opg.com>
> > **Cc:** "Imbrogno, Serge (ENERGY)" <Serge.Imbrogno@ontario.ca>, "Teliszewsky, Andrew (ENERGY)" <Andrew.Teliszewsky@ontario.ca>, "Whittington, Matt (ENERGY)" <Matt.Whittington@ontario.ca>, "Baker, Carys (ENERGY)" <Carys.Baker@ontario.ca>, "McLean, David (MOF)" <David.McLean@ontario.ca>, "Foster, Robert (CAB)" <Robert.Foster@ontario.ca>, "'jordan.penic@ieso.ca'" <jordan.penic@ieso.ca>, "'catriona.king@opg.com'" <catriona.king@opg.com>, "Bungaro-Yemec, Francesca

(ENERGY)" <Francesca.Bungaro-Yemec@ontario.ca>, "Yordi, Samer (ENERGY)" <Samer.Yordi@ontario.ca>, "Cox, Hilary (ENERGY)" <Hilary.Cox@ontario.ca>, "Edwards, Matthew (ENERGY)" <Matthew.Edwards@ontario.ca>, "Laughton, Patrick (TBS)" <Patrick.Laughton@ontario.ca>, David Barrett <david.barrett@ieso.ca>, "HAHN PARKER Janet -TREASURY" <j.hahnparker@opg.com>, "Christie, Tim (ENERGY)" <Tim.Christie@ontario.ca>, "Thouin, Alena (ENERGY)" <Alena.Thouin@ontario.ca>, "Murray, Maud (ENERGY/MEDG/MRIS/MOI)" <Maud.Murray3@ontario.ca>
Subject: Re: Rate Mitigation Implementation Meeting - December 7, 2017

Hi everyone,

Attached is a timeline from OPG for tomorrow's briefing.

Thanks,
Martin

From: Schlaepfer, Martin (ENERGY)
Sent: Wednesday, December 6, 2017 5:27 PM
To: Hume, Steen (ENERGY); Sermat-Harding, Kaili (ENERGY); Calwell, Carolyn (ENERGY); "jeffrey.lyash@opg.com' (jeffrey.lyash@opg.com)'; 'HARTWICK Ken -FINANCE (ken.hartwick@opg.com)'; 'Kim Marshall (Kim.Marshall@ieso.ca)'; Thompson, Scott (MOF); Angus, Helen (TBS); Davidson, Steven (CAB); 'CROZZOLI Carlo -CBUSDEV&STRT'; Mayman, Gadi (OFA); 'LEE John -TREASURY'; Hughes, Karen (TBS); Veinot, Cindy (TBS); Michael Boll; 'peter.gregg@ieso.ca'; 'ROWE Jennifer - CORPAFFAIRS'
Cc: Imbrogno, Serge (ENERGY); Teliszewsky, Andrew (ENERGY); Whittington, Matt (ENERGY); Baker, Carys (ENERGY); McLean, David (MOF); Foster, Robert (CAB); 'jordan.penic@ieso.ca'; 'catriona.king@opg.com'; Bungaro-Yemec, Francesca (ENERGY); Yordi, Samer (ENERGY); Cox, Hilary (ENERGY); Edwards, Matthew (ENERGY); Laughton, Patrick (TBS); David Barrett; HAHN PARKER Janet -TREASURY; Christie, Tim (ENERGY); Thouin, Alena (ENERGY); Murray, Maud (ENERGY/MEDG/MRIS/MOI)
Subject: Rate Mitigation Implementation Meeting - December 7, 2017

Hi everyone,

Please find attached the material for discussion tomorrow.

Thanks,

Martin

From: Ken Kandeepan
To: Gadi Mayman
Cc: Mike Manning; Ronald Kwan; Anna Strathy; Usman Zahid
Subject: Re: Rate Mitigation Implementation Meeting - December 7, 2017
Date: Wednesday, December 06, 2017 8:37:10 PM

Gadi

My discussion with John today didn't address this issue.

Thanks

Ken k

On Dec 6, 2017, at 8:20 PM, Gadi Mayman <Gadi.Mayman@ofina.on.ca> wrote:

> The timing if the bond issues is quite different than what I'd been told last week. The first issue is a week or two later than what I'd been told, and the second is a month or two earlier. I guess they'll explain the rationale at the 8:30 meeting tomorrow morning. Had you heard his from John, or is it new to you as well?
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> > **From:** "Schlaepfer, Martin (ENERGY)" <Martin.Schlaepfer@ontario.ca>
> > **Date:** December 6, 2017 at 8:13:05 PM EST
> > **To:** "Hume, Steen (ENERGY)" <Steen.Hume@ontario.ca>, "Sermat-Harding, Kaili (ENERGY)" <Kaili.Sermat-Harding@ontario.ca>, "Calwell, Carolyn (ENERGY)" <Carolyn.Calwell@ontario.ca>, ""jeffrey.lyash@opg.com' (jeffrey.lyash@opg.com)'" <jeffrey.lyash@opg.com>, "'HARTWICK Ken -FINANCE (ken.hartwick@opg.com)'" <ken.hartwick@opg.com>, "'Kim Marshall (Kim.Marshall@ieso.ca)'" <Kim.Marshall@ieso.ca>, "Thompson, Scott (MOF)" <Scott.Thompson@ontario.ca>, "Angus, Helen (TBS)" <Helen.Angus@ontario.ca>, "Davidson, Steven (CAB)" <Steven.Davidson@ontario.ca>, "'CROZZOLI Carlo - CBUSDEV&STRT'" <carlo.crozzoli@opg.com>, "Mayman, Gadi (OFA)" <Gadi.Mayman@ofina.on.ca>, 'LEE John -TREASURY' <john.s.lee@opg.com>, "Hughes, Karen (TBS)" <Karen.Hughes@ontario.ca>, "Veinot, Cindy (TBS)" <Cindy.Veinot@ontario.ca>, Michael Boll <Michael.Boll@ieso.ca>, "'peter.gregg@ieso.ca'" <peter.gregg@ieso.ca>, 'ROWE Jennifer - CORPAFFAIRS' <jennifer.rowe@opg.com>
> > **Cc:** "Imbrogno, Serge (ENERGY)" <Serge.Imbrogno@ontario.ca>, "Teliszewsky, Andrew (ENERGY)" <Andrew.Teliszewsky@ontario.ca>, "Whittington, Matt (ENERGY)" <Matt.Whittington@ontario.ca>, "Baker, Carys (ENERGY)" <Carys.Baker@ontario.ca>, "McLean, David (MOF)"

<David.McLean@ontario.ca>, "Foster, Robert (CAB)" <Robert.Foster@ontario.ca>, '"jordan.penic@ieso.ca"' <jordan.penic@ieso.ca>, '"catriona.king@opg.com"' <catriona.king@opg.com>, "Bungaro-Yemec, Francesca (ENERGY)" <Francesca.Bungaro-Yemec@ontario.ca>, "Yordi, Samer (ENERGY)" <Samer.Yordi@ontario.ca>, "Cox, Hilary (ENERGY)" <Hilary.Cox@ontario.ca>, "Edwards, Matthew (ENERGY)" <Matthew.Edwards@ontario.ca>, "Laughton, Patrick (TBS)" <Patrick.Laughton@ontario.ca>, David Barrett <david.barrett@ieso.ca>, "HAHN PARKER Janet -TREASURY" <j.hahnparker@opg.com>, "Christie, Tim (ENERGY)" <Tim.Christie@ontario.ca>, "Thouin, Alena (ENERGY)" <Alena.Thouin@ontario.ca>, "Murray, Maud (ENERGY/MEDG/MRIS/MOI)" <Maud.Murray3@ontario.ca>
Subject: Re: Rate Mitigation Implementation Meeting - December 7, 2017

Hi everyone,

Attached is a timeline from OPG for tomorrow's briefing.

Thanks,
Martin

From: Schlaepfer, Martin (ENERGY)
Sent: Wednesday, December 6, 2017 5:27 PM
To: Hume, Steen (ENERGY); Sermat-Harding, Kaili (ENERGY); Calwell, Carolyn (ENERGY); "jeffrey.lyash@opg.com' (jeffrey.lyash@opg.com)'; 'HARTWICK Ken -FINANCE (ken.hartwick@opg.com)'; 'Kim Marshall (Kim.Marshall@ieso.ca)'; Thompson, Scott (MOF); Angus, Helen (TBS); Davidson, Steven (CAB); 'CROZZOLI Carlo -CBUSDEV&STRT'; Mayman, Gadi (OFA); 'LEE John -TREASURY'; Hughes, Karen (TBS); Veinot, Cindy (TBS); Michael Boll; 'peter.gregg@ieso.ca'; 'ROWE Jennifer -CORPAFFAIRS'
Cc: Imbrogno, Serge (ENERGY); Teliszewsky, Andrew (ENERGY); Whittington, Matt (ENERGY); Baker, Carys (ENERGY); McLean, David (MOF); Foster, Robert (CAB); 'jordan.penic@ieso.ca'; 'catriona.king@opg.com'; Bungaro-Yemec, Francesca (ENERGY); Yordi, Samer (ENERGY); Cox, Hilary (ENERGY); Edwards, Matthew (ENERGY); Laughton, Patrick (TBS); David Barrett; HAHN PARKER Janet -TREASURY; Christie, Tim (ENERGY); Thouin, Alena (ENERGY); Murray, Maud (ENERGY/MEDG/MRIS/MOI)
Subject: Rate Mitigation Implementation Meeting - December 7, 2017

Hi everyone,

Please find attached the material for discussion tomorrow.

Thanks,
Martin

From: Mike Manning
To: Ken Kandeepan
Cc: Gadi Mayman; Ronald Kwan; Anna Strathy; Usman Zahid
Subject: Re: Rate Mitigation Implementation Meeting - December 7, 2017
Date: Wednesday, December 06, 2017 9:37:57 PM

John shared the Financing Plan with me today. It has term debt pricing the week of January 22, 2018 and is silent on follow on issuance. We didn't discuss issuance plans as big concern is the change of law agreements. Not sure why they are moving out initial borrowing plans. Mike

On Dec 6, 2017, at 8:37 PM, Ken Kandeepan <Ken.Kandeepan@ofina.on.ca> wrote:

> Gadi
>
> My discussion with John today didn't address this issue.
>
> Thanks
>
> Ken k
>
> On Dec 6, 2017, at 8:20 PM, Gadi Mayman <Gadi.Mayman@ofina.on.ca> wrote:
>
>> The timing if the bond issues is quite different than what I'd been told last week. The first issue is a week or two later than what I'd been told, and the second is a month or two earlier. I guess they'll explain the rationale at the 8:30 meeting tomorrow morning. Had you heard his from John, or is it new to you as well?
>>
>> Begin forwarded message:
>>
>>> **From:** "Schlaepfer, Martin (ENERGY)" <Martin.Schlaepfer@ontario.ca>
>>> **Date:** December 6, 2017 at 8:13:05 PM EST
>>> **To:** "Hume, Steen (ENERGY)" <Steen.Hume@ontario.ca>, "Sermat-Harding, Kaili (ENERGY)" <Kaili.Sermat-Harding@ontario.ca>, "Calwell, Carolyn (ENERGY)" <Carolyn.Calwell@ontario.ca>, ""jeffrey.lyash@opg.com' (jeffrey.lyash@opg.com)'" <jeffrey.lyash@opg.com>, "'HARTWICK Ken - FINANCE (ken.hartwick@opg.com)'" <ken.hartwick@opg.com>, "'Kim Marshall (Kim.Marshall@ieso.ca)'" <Kim.Marshall@ieso.ca>, "Thompson, Scott (MOF)" <Scott.Thompson@ontario.ca>, "Angus, Helen (TBS)" <Helen.Angus@ontario.ca>, "Davidson, Steven (CAB)"

<Steven.Davidson@ontario.ca>, "'CROZZOLI Carlo - CBUSDEV&STRT'" <carlo.crozzoli@opg.com>, "Mayman, Gadi (OFA)" <Gadi.Mayman@ofina.on.ca>, 'LEE John -TREASURY' <john.s.lee@opg.com>, "Hughes, Karen (TBS)" <Karen.Hughes@ontario.ca>, "Veinot, Cindy (TBS)" <Cindy.Veinot@ontario.ca>, Michael Boll <Michael.Boll@ieso.ca>, "'peter.gregg@ieso.ca'" <peter.gregg@ieso.ca>, 'ROWE Jennifer -CORPAFFAIRS' <jennifer.rowe@opg.com>
Cc: "Imbrogno, Serge (ENERGY)" <Serge.Imbrogno@ontario.ca>, "Teliszewsky, Andrew (ENERGY)" <Andrew.Teliszewsky@ontario.ca>, "Whittington, Matt (ENERGY)" <Matt.Whittington@ontario.ca>, "Baker, Carys (ENERGY)" <Carys.Baker@ontario.ca>, "McLean, David (MOF)" <David.McLean@ontario.ca>, "Foster, Robert (CAB)" <Robert.Foster@ontario.ca>, "'jordan.penic@ieso.ca'" <jordan.penic@ieso.ca>, "'catriona.king@opg.com'" <catriona.king@opg.com>, "Bungaro-Yemec, Francesca (ENERGY)" <Francesca.Bungaro-Yemec@ontario.ca>, "Yordi, Samer (ENERGY)" <Samer.Yordi@ontario.ca>, "Cox, Hilary (ENERGY)" <Hilary.Cox@ontario.ca>, "Edwards, Matthew (ENERGY)" <Matthew.Edwards@ontario.ca>, "Laughton, Patrick (TBS)" <Patrick.Laughton@ontario.ca>, David Barrett <david.barrett@ieso.ca>, "HAHN PARKER Janet - TREASURY" <j.hahnparker@opg.com>, "Christie, Tim (ENERGY)" <Tim.Christie@ontario.ca>, "Thouin, Alena (ENERGY)" <Alena.Thouin@ontario.ca>, "Murray, Maud (ENERGY/MEDG/MRIS/MOI)" <Maud.Murray3@ontario.ca>
Subject: Re: Rate Mitigation Implementation Meeting - December 7, 2017

Hi everyone,

Attached is a timeline from OPG for tomorrow's briefing.

Thanks,
Martin

From: Schlaepfer, Martin (ENERGY)
Sent: Wednesday, December 6, 2017 5:27 PM
To: Hume, Steen (ENERGY); Sermat-Harding, Kaili (ENERGY); Calwell, Carolyn (ENERGY); "jeffrey.lyash@opg.com' (jeffrey.lyash@opg.com)'; 'HARTWICK Ken -FINANCE

(ken.hartwick@opg.com)'; 'Kim Marshall (Kim.Marshall@ieso.ca)'; Thompson, Scott (MOF); Angus, Helen (TBS); Davidson, Steven (CAB); 'CROZZOLI Carlo -CBUSDEV&STRT'; Mayman, Gadi (OFA); 'LEE John -TREASURY'; Hughes, Karen (TBS); Veinot, Cindy (TBS); Michael Boll; 'peter.gregg@ieso.ca'; 'ROWE Jennifer - CORPAFFAIRS'
Cc: Imbrogno, Serge (ENERGY); Teliszewsky, Andrew (ENERGY); Whittington, Matt (ENERGY); Baker, Carys (ENERGY); McLean, David (MOF); Foster, Robert (CAB); 'jordan.penic@ieso.ca'; 'catriona.king@opg.com'; Bungaro-Yemec, Francesca (ENERGY); Yordi, Samer (ENERGY); Cox, Hilary (ENERGY); Edwards, Matthew (ENERGY); Laughton, Patrick (TBS); David Barrett; HAHN PARKER Janet - TREASURY; Christie, Tim (ENERGY); Thouin, Alena (ENERGY); Murray, Maud (ENERGY/MEDG/MRIS/MOI)
Subject: Rate Mitigation Implementation Meeting - December 7, 2017

Hi everyone,

Please find attached the material for discussion tomorrow.

Thanks,
Martin

<Fair Hydro Plan Summary Timeline R3.docx>

From:	Hanslep, Malle (MOF)
To:	ASHBOURNE, STEPHEN; Tobias P. Whitfield (MOF); Mike Manning; Ken Kandeepan; Ronald Kwan; Thouin, Alena (ENERGY); Tom McKinlay (MAG); Daniel Cayley (ENERGY)
Cc:	VINER, JON
Subject:	Re: SRA Comments on the Process Agreement
Date:	Friday, November 17, 2017 7:16:53 PM

Thanks Steve. I think that as you have left it withh John right now is ok.

Sent from my BlackBerry 10 smartphone on the Rogers network.
From: ASHBOURNE, STEPHEN
Sent: Friday, November 17, 2017 18:46
To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Manning, Mike (OFA); Kandeepan, Ken (OFA); Kwan, Ronald (OFA); Thouin, Alena (ENERGY); McKinlay, Tom (MAG); Cayley, Daniel (ENERGY)
Cc: VINER, JON
Subject: RE: SRA Comments on the Process Agreement

FYI, regarding the addition of the reporting requirement in 2.01(c) of the Process Agreement (re waivers, etc. – previously in 2.09 of the Protection Agreement), OPG asked that we change it from 10BD advance notice to promptly after implementation. They are concerned with the accounting/control implications as currently written. I said that I would pass this concern on to you with my recommendation that we can live with it (based on the context of our 'after the fact review approach' generally). John was happy with that but asked if he could tell his Board that the Province would be okay with that change. I told him he could say that he spoke to external counsel for the Province who understood the point and thought that it should probably be okay. If you want to talk about the point with me, I'm happy to discuss. Hope that all makes sense. Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com>
Dir: 416-863-3086

_____

[cid:image682c67.GIF@7c93e073.41b892c8]

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199 Bay Street, Suite 4000, Toronto ON M5L 1A9
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blakes.com<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.blakes.com&d=DwIF-g&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=gV-xgZHI0tggSwOPXBdMOr4DyITzOyaIKJLqH9Oy-40&m=DZAjXcMd1MKu5ZgVdA3nykPbTFzjZJi_Ai_BgGM_4_g&s=O4WPghH8imeLU0fPqfpmFh5gfLg4sNp0vYiUq2GBQPY&e= > | Twitter<https://urldefense.proofpoint.com/v2/url?u=http-3A__twitter.com_BlakesLaw_&d=DwIF-g&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=gV-xgZHI0tggSwOPXBdMOr4DyITzOyaIKJLqH9Oy-40&m=DZAjXcMd1MKu5ZgVdA3nykPbTFzjZJi_Ai_BgGM_4_g&s=8DM5IMhzN4UzXnoHnhFDlWmAtQqQP_WaLppgUnIoXbw&e= > | Unsubscribe<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.blakes.com_English_Resources_Bulletins_Pages_unsubscribe.aspx&d=DwIF-g&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=gV-xgZHI0tggSwOPXBdMOr4DyITzOyaIKJLqH9Oy-40&m=DZAjXcMd1MKu5ZgVdA3nykPbTFzjZJi_Ai_BgGM_4_g&s=q5BC_1OejLFUZAOgRADHEUaDFb87Wv6FM1jTBDc6Rhs&e= >

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From: ASHBOURNE, STEPHEN

Sent: Friday, November 17, 2017 2:28 PM
To: Hanslep, Malle (MOF) (Malle.Hanslep@ontario.ca); Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca); 'Mike Manning'; Ken Kandeepan (Ken.Kandeepan@ofina.on.ca); Kwan, Ronald (OFA) (Ronald.Kwan@ofina.on.ca); Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca); tom.mckinlay@ontario.ca
Cc: VINER, JON
Subject: SRA Comments on the Process Agreement

Please see attached.

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com>
Dir: 416-863-3086

From:	Ken Kandeepan
To:	ASHBOURNE, STEPHEN
Cc:	Malle Hanslep (MOF); Tobias P. Whitfield (MOF); Mike Manning; Ronald Kwan; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca); Tom McKinlay (MAG); Daniel Cayley (ENERGY); VINER, JON; Cindy.Veinot@ontario.ca; Mark Donaldson (MOF)
Subject:	Re: SRA Comments on the Process Agreement
Date:	Friday, November 17, 2017 7:52:47 PM

Hi Stephen

I can see the issue from an accounting perspective and have no objection to the change assuming my colleagues have no objection as well.

To be on the safe side I am cc'ing Cindy and Mark in case they wish to provide additional input.

Thanks

Ken k

On Nov 17, 2017, at 6:46 PM, ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com> wrote:

> FYI, regarding the addition of the reporting requirement in 2.01(c) of the Process Agreement (re waivers, etc. – previously in 2.09 of the Protection Agreement), OPG asked that we change it from 10BD advance notice to promptly after implementation. They are concerned with the accounting/control implications as currently written. I said that I would pass this concern on to you with my recommendation that we can live with it (based on the context of our 'after the fact review approach' generally). John was happy with that but asked if he could tell his Board that the Province would be okay with that change. I told him he could say that he spoke to external counsel for the Province who understood the point and thought that it should probably be okay. If you want to talk about the point with me, I'm happy to discuss. Hope that all makes sense. Steve
> Stephen R. Ashbourne
> Partner
> stephen.ashbourne@blakes.com
> Dir: 416-863-3086
>
> ———————————————
>
> Blakes
>
> **Blake, Cassels & Graydon LLP**
> 199 Bay Street, Suite 4000, Toronto ON M5L 1A9
> Tel: 416-863-2400 Fax: 416-863-2653
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From: ASHBOURNE, STEPHEN
Sent: Friday, November 17, 2017 2:28 PM
To: Hanslep, Malle (MOF) (Malle.Hanslep@ontario.ca); Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca); 'Mike Manning'; Ken Kandeepan (Ken.Kandeepan@ofina.on.ca); Kwan, Ronald (OFA) (Ronald.Kwan@ofina.on.ca); Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca); tom.mckinlay@ontario.ca
Cc: VINER, JON
Subject: SRA Comments on the Process Agreement

Please see attached.

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From:	Gadi Mayman
To:	Opal Kandelas
Cc:	Mike Manning; Erica Wieder; Anna Strathy
Subject:	Re: TD Securities Official Institutions Conference - Week of July 9, 2018
Date:	Wednesday, December 13, 2017 8:38:59 PM

Thanks, Opal. Trevor happened to be coming by this afternoon to meet with Mike, so I dropped in on the meeting and told him that we wouldn't likely be attending, given the proximity to the conference and the election. He told me, as Mike had, that Quebec wasn't keen on the timing either, as one of their key people is going to be on vacation, and the other didn't want to be out of the office on Tuesday given that he was planning to head to New Brunswick on Tuesday evening. Sounds like TD made this decision at a high level without listening to input from their Government Finance people.

From: Opal Kandelas
Sent: Wednesday, December 13, 2017 5:05:21 PM
To: Gadi Mayman
Cc: Mike Manning; Erica Wieder; Anna Strathy
Subject: Re: TD Securities Official Institutions Conference - Week of July 9, 2018

It may not conflict depending on whether or not additional workshops are planned for the 12th. Typically the conference is full day on Wednesday & Thursday (so July 11-12 this year), followed by the Casgrain conference on the Friday (July 13th this year).

Opal.

Sent from my iPad

On Dec 13, 2017, at 2:03 PM, Gadi Mayman <Gadi.Mayman@ofina.on.ca> wrote:

> The timing of this looks like it's at, or very close to, the same time as the Provincial borrowers conference, isn't it?
>
> Begin forwarded message:
>
> Trevor.Thom@tdsecurities.com
>
> > **From:** "Thom, Trevor" <Trevor.Thom@tdsecurities.com>
> > **Date:** December 13, 2017 at 10:18:03 AM EST
> > **To:** Gadi Mayman <Gadi.Mayman@ofina.on.ca>, "Mike Manning (mike.manning@ofina.on.ca)" <mike.manning@ofina.on.ca>, Erica Wieder <Erica.Wieder@ofina.on.ca>
> > **Cc:** "Thom, Trevor" <Trevor.Thom@tdsecurities.com>, "Castle, Steven" <Steven.Castle@tdsecurities.com>
> > **Subject: TD Securities Official Institutions Conference - Week of July 9, 2018**

Good morning,
We are in the early stages of planning our inaugural OI/CB event scheduled for the week of July 9th in Montreal.
We are hoping to host a Canadian Provincial Issuer roundtable during the morning of July 10th. At this stage, we are hoping for 3-4 issuers, and expect that it would take place from ~ 9:30-10:30am.
We are hoping to have a formal invitation out in the next couple of weeks. We just want to get on your radar for now. Hopefully you will be able to attend.
Trevor
Regards,
Trevor

Trevor Thom
Managing Director and Group Head, Government Finance | TD Securities
Ernst & Young Tower, 222 Bay Street - 7th Floor
Toronto, ON, Canada M5K 1A2
P: (416) 982-2788 | C: (647) 262-8584
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From: Gadi Mayman
To: Malle Hanslep (MOF)
Cc: Mike Manning; Ken Kandeepan; Ronald Kwan; Anna Strathy; Tobias P. Whitfield (MOF)
Subject: Re: UPDATED - Fair Hydro -- Change of Law Agreements
Date: Monday, November 27, 2017 1:24:13 PM

Yes, thanks, Malle, that timing works for me.

Regards,
Gadi

On Nov 27, 2017, at 1:03 PM, Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca> wrote:

> Hi Gadi,
> We just finished our call with Blakes and Energy Legal. There are a number of points that we would like to discuss with you.
> If you are still free at 3:30 we could speak to you then?
> Thanks.
> Malle
>
> **From:** Gadi Mayman [mailto:Gadi.Mayman@ofina.on.ca]
> **Sent:** November 26, 2017 1:53 PM
> **To:** Hanslep, Malle (MOF)
> **Cc:** Manning, Mike (OFA); Kandeepan, Ken (OFA); Kwan, Ronald (OFA); Strathy, Anna (OFA); Whitfield, Tobias P. (MOF)
> **Subject:** Re: UPDATED - Fair Hydro -- Change of Law Agreements
> Thanks, Malle. It looks like they took more of a hatchet than a scalpel to the agreements again, which is unfortunate, but I suppose we should expect that by now.
> I don't want to hold this up at all, so please don't let my schedule get in the way of a call if it doesn't match the needs of others. My available times tomorrow are from 11-12, 3:30-4 and 4:30 onwards, but please proceed with the call whenever it best suits everyone else.
> Regards,
> Gadi
>
> On Nov 26, 2017, at 11:47 AM, Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca> wrote:
>
>> Hi all,
>> Please see my email to the provincial legal group after my preliminary review of the mark-ups. There do seem to be a number of points to discuss and I'm sure that Blakes will be able to better identify others. Perhaps an internal provincial call sometime on Monday could be arranged.
>> Thanks.
>> Malle
>>
>> **From:** Hanslep, Malle (MOF)
>> **Sent:** November-26-17 11:41 AM
>> **To:** ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com); VINER, JON (JON.VINER@blakes.com); Whitfield, Tobias P. (MOF); Thouin, Alena (ENERGY); McKinlay, Tom (ENERGY); PRESTAGE, JA

(JA.PRESTAGE@blakes.com)
Subject: FW: UPDATED - Fair Hydro -- Change of Law Agreements

Hi all,

I have reviewed the agreements and think there are quite a few issues to discuss as a result of the mark-up. I wonder if it would work best to have a provincial legal call on Monday morning to go over the revised drafts and then have a call with our clients at the OFA and Energy afterwards? Below are some of the issues I have identified on a preliminary basis for discussion. There may be additional issues and perhaps some of these points can be worked through with more detail review.

Protection Agreement

- <!--[if !supportLists]-->- <!--[endif]-->2.01 (a)(iv)(B) – does revised wording work – would be good to work through this wording.
- <!--[if !supportLists]-->- <!--[endif]-->2.08 – change to wording re continuance of guarantee
- <!--[if !supportLists]-->- <!--[endif]-->4.01 – they have added back ability of Province to specifically agree that a particular Approved Obligation is covered – wonder why? And it should be in writing – not sure what our original wording on this point was
- <!--[if !supportLists]-->- <!--[endif]-->4.02 (b) – they have changed reference to content of certificate to Indenture Trustee (on behalf of bondholders, etc, other parties secured under trust indenture) to confirm that all certifications required by the Province have been provided instead of OPG confirming that all of its obligations to Province and internal requirements and processes in connection with adherence of Limited Guarantee have been done. This is linked to another major change they have proposed to the Process Agreement – looks like they are reducing OPG's obligations to provide certificates to the Province to mirror those that OPG is providing to the Indenture Trustee. This is a significant point and reduces OPG's obligations under the Process Agreement quite a bit and was not discussed at last Tuesday's meeting.
- <!--[if !supportLists]-->- <!--[endif]-->4.02(c) – Why delete in respect of which Adherence Conditions have been satisfied – not sure that concept is picked up elsewhere.
- <!--[if !supportLists]-->- <!--[endif]-->6.01 – Assumption is changed to case by case which means the right has to be built into the proposed warehouse and term loan documents now if it is to be available. They also deleted OPG's obligation to make efforts to include this in funding obligations in general from the Process Agreement.
- <!--[if !supportLists]-->- <!--[endif]-->6.05 – If the Province did assume on a case by case, then doesn't Province get rights to collateral or atleast part?
- <!--[if !supportLists]-->- <!--[endif]-->7.03 – What reps does the Indenture Trustee give in the Master Trust Indenture and

Supplementals? If Trustee gives them there, why not here? Perhaps we should require them to get a legal opinion.

<!--[if !supportLists]-->- <!--[endif]-->8.01 – Have not reviewed against previous wording but it looks like the suspension right is being reduced because it is limited to incurrence o amendment of Primary Obligations rather than breach of the Process Agreement more generally.

<!--[if !supportLists]-->- <!--[endif]-->9.01 - Do the comments about the Termination notice make sense?

<!--[if !supportLists]-->- <!--[endif]-->Defined Term Approved Obligation Amount, Certified Primary Obligations, and others – needs to be reviewed

Process Agreement

<!--[if !supportLists]-->- <!--[endif]-->Have moved delivery of initial financing plan and forecast amount and Province's failure to object to recitals for timing reasons – agree that there are timing logistics that need to be worked out, but the ability of Provincial representatives to take such actions flows from Ministers power to provide the guarantee – Province needs to develop the best way to deal with these timing issues that works with our authorities and rewrite these provisions. This also applies to "Reference Documents" concept.

<!--[if !supportLists]-->- <!--[endif]-->3.01 – OPG has revised so it will only provide a certificate to Province if it is required to provide a certificate under Protection Agreement to Trustee – This is a significant change that Province needs to consider. The reason that we agreed to provide a certificate in more limited circumstances to Indenture Trustee (on behalf of beneficiaries) was to assist dealers on "certainty" issues. The same principle does not apply to the Province and OPG relationship which is a separate process.

<!--[if !supportLists]-->- <!--[endif]-->3.02 – Not sure what OPG is proposing here.

<!--[if !supportLists]-->- <!--[endif]-->6.05 – delete obligation on OPG to cause Financing Entity to use commercially reasonable efforts to include assignment provisions in funding obligations – why?

<!--[if !supportLists]-->- <!--[endif]-->7.01 – deleted suspension right in process agreement on basis that it is now in protection agreement but it is more limited.

Please let me know what time would work for you on Monday morning. I am going to pass on this email to OFA staff as well so they get a preliminary sense of the mark-up.

Thanks.

Malle

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: November-24-17 2:04 PM
To: 'ASHBOURNE, STEPHEN'; 'JON.VINER@blakes.com'; 'JA.PRESTAGE@blakes.com'
Cc: Kandeepan, Ken (OFA); LADAK Lubna -TREASURY; Strathy, Anna (OFA); Veinot, Cindy (TBS); McKinlay, Tom (MAG); Donaldson, Mark (TBS); Cayley,

Daniel (ENERGY); Thouin, Alena (ENERGY); Ramchandani, Rima; LEE John -TREASURY; RYFA Ken -TREASURY; 'HAHN PARKER Janet -TREASURY'; MAUTI John -FIN & C CTRL; LAURETA LAPIRA May -TREASURY; Feldman, Michael; WONG Leslie -LAWDIV; 'Sebastiano, Rocco'; Milligan, Peter; Fullerton, Rick; Mayman, Gadi (OFA); Manning, Mike (OFA); Hanslep, Malle (MOF); 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; Maciel, Andrew; Adalja, Sunil; Persad, Nicole; Persaud, Donnie - Debt Capital Markets; Hume, Steen (ENERGY); Mansoori, Nina
Subject: RE: UPDATED - Fair Hydro -- Change of Law Agreements

Blakes team,

Please find attached consolidated comments from the dealers and OPG (and their counsels) on the draft documents circulated below. These changes are drafting changes and clean up changes that reflect our discussions from earlier this week where we addressed all the open business points. Where we changed a concept or revised the drafting, we provided an explanation in the footnote to assist in your review.

The one substantive point we think requires further discussion is on the assumption mechanics; we understand that the Province is no longer seeking an exchange right. Once you have digested these new drafts, we'd like to schedule a lawyers call early next week to finalize them.

Best Regards,

Nina

Nina Mansoori
P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com[torys.com]

[torys.com]

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: November-21-17 5:17 PM
To: Ramchandani, Rima <rramchandani@torys.com>; LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; MAUTI John -FIN & C CTRL <john.mauti@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; Mansoori, Nina <nmansoori@torys.com>; Feldman, Michael <mfeldman@torys.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; 'Sebastiano, Rocco' <RSebastiano@osler.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; Maciel, Andrew <Andrew.Maciel@cibc.com>; Adalja, Sunil <Sunil.Adalja@cibc.com>; Persad, Nicole

<Nicole.Persad@cibc.com>; Persaud, Donnie - Debt Capital Markets <Donnie.Persaud@cibc.com>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; LADAK Lubna - TREASURY <lubna.ladak@opg.com>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca>; Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca) <Daniel.Cayley@ontario.ca>; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca) <Alena.Thouin@ontario.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>
Subject: RE: UPDATED - Fair Hydro -- Change of Law Agreements
Hi Rima. Here are my mark-ups of the agreements Torys circulated yesterday afternoon. These versions have not been reviewed by the Province, but are being circulated to this group to facilitate a discussion shortly at your office. They are/remain subject to Province input, etc. We propose to gather at your office at 5:45, if that makes sense to you. Regards, Steve
Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086
-----Original Appointment-----
From: bwood@torys.com [mailto:bwood@torys.com] **On Behalf Of** Ramchandani, Rima
Sent: Tuesday, November 21, 2017 3:43 PM
To: Ramchandani, Rima; LEE John -TREASURY; RYFA Ken -TREASURY; 'HAHN PARKER Janet -TREASURY'; MAUTI John -FIN & C CTRL; LAURETA LAPIRA May -TREASURY; Mansoori, Nina; Feldman, Michael; WONG Leslie - LAWDIV; 'Sebastiano, Rocco'; Milligan, Peter; Fullerton, Rick; Mayman, Gadi (OFA); Manning, Mike (OFA); Hanslep, Malle (MOF); ASHBOURNE, STEPHEN; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; Maciel, Andrew; Adalja, Sunil; Persad, Nicole; Persaud, Donnie - Debt Capital Markets
Cc: Ken Kandeepan; LADAK Lubna -TREASURY; Anna Strathy; Veinot, Cindy (TBS); McKinlay, Tom (MAG); Donaldson, Mark (TBS)
Subject: UPDATED - Fair Hydro -- Change of Law Agreements
When: Tuesday, November 21, 2017 5:00 PM-9:00 PM (UTC-05:00) Eastern Time (US & Canada).
Where: Torys - 79 Wellington 33rd Floor
For those unable to participate in person, here's the dial-in:
Dial-in: 1-800-600-0998
Access Code: 8657666#

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Blake, Cassels & Graydon LLP
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<-CLPA - Process Agreement(November 22_17).pdf>

<-CLPA - Process Agreement(November 22_17).docx>

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From: Anna Strathy
To: Gadi Mayman
Cc: Malle Hanslep (MOF); Mike Manning; Ken Kandeepan; Ronald Kwan; Tobias P. Whitfield (MOF); Michael Waterston (MOF)
Subject: Re: UPDATED - Fair Hydro -- Change of Law Agreements Briefing Time
Date: Sunday, November 26, 2017 3:05:11 PM

Of course, will do.

--
Anna Strathy
Special Policy Advisor to the CEO
Ontario Financing Authority
416.325.8032

On Nov 24, 2017, at 5:42 PM, Gadi Mayman <Gadi.Mayman@ofina.on.ca> wrote:

> Monday the 4th is much better for me, too, and Anna and I have let the DMO know (I've also spoken to Brigid in the MO. Anna, would you mind letting the DMO know about Malle's reasons, as well?
>
> Thanks,
> Gadi
>
> On Nov 24, 2017, at 5:05 PM, Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca> wrote:
>
>> Hi all
>>
>> If there is flexibility at all on the Ministers briefing Monday Dec 4th would be better than Nov 30th because Steve will be back and also it will allow us more time to finalize these agreements.
>>
>> Thanks
>>
>> Malle
>>
>> Sent from my BlackBerry 10 smartphone on the Rogers network.
>> From: Hanslep, Malle (MOF)
>> Sent: Friday, November 24, 2017 16:34
>> To: Mayman, Gadi (OFA); Manning, Mike (OFA); Kandeepan, Ken (OFA); Strathy, Anna (OFA); Kwan, Ronald (OFA)
>> Cc: Whitfield, Tobias P. (MOF); Waterston, Michael (MOF)
>> Subject: Fw: UPDATED - Fair Hydro -- Change of Law Agreements
>>
>>
>> Fyi
>>
>> Sent from my BlackBerry 10 smartphone on the Rogers network.
>> From: Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>
>> Sent: Friday, November 24, 2017 16:32
>> To: Mansoori, Nina; Whitfield, Tobias P. (MOF); 'ASHBOURNE, STEPHEN'; 'JON.VINER@blakes.com'; 'JA.PRESTAGE@blakes.com'; 'Milligan, Peter'; 'Sebastiano, Rocco'; 'Fullerton, Rick'
>> Cc: Ramchandani, Rima; Feldman, Michael; Saulnier, Brett; Thouin, Alena (ENERGY); McKinlay, Tom (MAG)
>> Subject: Re: UPDATED - Fair Hydro -- Change of Law Agreements
>>
>>
>> Hi Nina
>>
>> I'm not sure that this timeframe is doable as we have to review and consult with clients before having this call . I think Tuesday is probably more reasonable to give us time to review the draft that we received late this afternoon coming out of comments at a meeting last Tuesday evening
>>
>> Thanks
>>
>> Malle
>>
>> Sent from my BlackBerry 10 smartphone on the Rogers network.
>> From: Mansoori, Nina
>> Sent: Friday, November 24, 2017 15:58
>> To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); 'ASHBOURNE, STEPHEN'; 'JON.VINER@blakes.com'; 'JA.PRESTAGE@blakes.com'; 'Milligan, Peter'; 'Sebastiano, Rocco'; 'Fullerton, Rick'
>> Cc: Ramchandani, Rima; Feldman, Michael; Saulnier, Brett
>> Subject: RE: UPDATED - Fair Hydro -- Change of Law Agreements
>>
>>
>> Provincial legal/Blakes/Oslers teams,
>>
>> As a follow up to my email below and given the challenges with all our schedules, we thought it prudent to block off some time on Monday to discuss the revised Change of Law Agreements. I can confirm that Torys is available for a call between 9:30 am and 2 pm on Monday. Please let us know what times work for you in that window and we will circulate a dial-in.
>>
>> Best Regards,
>> Nina
>>
>> Nina Mansoori
>>
>> P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679
>> 79 Wellington St. W., 30th Floor, Box 270, TD South Tower
>> Toronto, Ontario M5K 1N2 Canada | www.torys.com<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.torys.com&d=DwIF-g&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=OdoCVLs6i-6reBTUJh9PAGSfpmSjeJXGKKb9SzvJOII&m=9HkYFgiT5ZNrJM2wLKVGhkqXJBVCjDaTgfVEfZhQBOY&s=oCkSvHqapd7f63S_g8MwTiA0hR1kYAX0tI-THRG8olk&e= >
>> [Torys LLP]<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.torys.com&d=DwIF-g&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=OdoCVLs6i-6reBTUJh9PAGSfpmSjeJXGKKb9SzvJOII&m=9HkYFgiT5ZNrJM2wLKVGhkqXJBVCjDaTgfVEfZhQBOY&s=oCkSvHqapd7f63S_g8MwTiA0hR1kYAX0tI-THRG8olk&e= >
>>
>>
>> From: Mansoori, Nina
>> Sent: November-24-17 2:15 PM
>> To: 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>; 'JON.VINER@blakes.com' <JON.VINER@blakes.com>; 'JA.PRESTAGE@blakes.com' <JA.PRESTAGE@blakes.com>
>> Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca>; Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca) <Daniel.Cayley@ontario.ca>; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca) <Alena.Thouin@ontario.ca>;

Ramchandani, Rima <rramchandani@torys.com>; LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; MAUTI John -FIN & C CTRL <john.mauti@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; 'Sebastiano, Rocco' <RSebastiano@osler.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; Maciel, Andrew <Andrew.Maciel@cibc.com>; Adalja, Sunil <Sunil.Adalja@cibc.com>; Persad, Nicole <Nicole.Persad@cibc.com>; Persaud, Donnie - Debt Capital Markets <Donnie.Persaud@cibc.com>; Steen Hume (CAB) <Steen.Hume@ontario.ca>
Subject: RE: UPDATED - Fair Hydro -- Change of Law Agreements

All – apologies, my email below did not have a blackline for the Process Agreement. It is attached. Thank you.

Nina Mansoori

From: Mansoori, Nina
Sent: November-24-17 2:04 PM
To: 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com<mailto:STEPHEN.ASHBOURNE@blakes.com>>; 'JON.VINER@blakes.com' <JON.VINER@blakes.com<mailto:JON.VINER@blakes.com>>; 'JA.PRESTAGE@blakes.com' <JA.PRESTAGE@blakes.com<mailto:JA.PRESTAGE@blakes.com>>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca<mailto:Cindy.Veinot@ontario.ca>>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca<mailto:Tom.McKinlay@ontario.ca>>; Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca<mailto:Mark.Donaldson@ontario.ca>>; Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca<mailto:Daniel.Cayley@ontario.ca>) <Daniel.Cayley@ontario.ca<mailto:Daniel.Cayley@ontario.ca>>; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>) <Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>; Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com>>; LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>; MAUTI John -FIN & C CTRL <john.mauti@opg.com<mailto:john.mauti@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; 'Sebastiano, Rocco' <RSebastiano@osler.com<mailto:RSebastiano@osler.com>>; Milligan, Peter <PMilligan@osler.com<mailto:PMilligan@osler.com>>; Fullerton, Rick <RFullerton@osler.com<mailto:RFullerton@osler.com>>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca<mailto:Gadi.Mayman@ofina.on.ca>>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com<mailto:ian.benaiah@rbccm.com>>; 'Khan, Nur (nur.khan@rbccm.com<mailto:nur.khan@rbccm.com>)' <nur.khan@rbccm.com<mailto:nur.khan@rbccm.com>>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com<mailto:brent.r.taylor@rbccm.com>>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com<mailto:katrina.niehaus@gs.com>>; 'brian.delaney@gs.com' <brian.delaney@gs.com<mailto:brian.delaney@gs.com>>; Maciel, Andrew <Andrew.Maciel@cibc.com<mailto:Andrew.Maciel@cibc.com>>; Adalja, Sunil <Sunil.Adalja@cibc.com<mailto:Sunil.Adalja@cibc.com>>; Persad, Nicole <Nicole.Persad@cibc.com<mailto:Nicole.Persad@cibc.com>>; Persaud, Donnie - Debt Capital Markets <Donnie.Persaud@cibc.com<mailto:Donnie.Persaud@cibc.com>>; Steen Hume (CAB) <Steen.Hume@ontario.ca<mailto:Steen.Hume@ontario.ca>>; Mansoori, Nina <nmansoori@torys.com<mailto:nmansoori@torys.com>>
Subject: RE: UPDATED - Fair Hydro -- Change of Law Agreements

Blakes team,

Please find attached consolidated comments from the dealers and OPG (and their counsels) on the draft documents circulated below. These changes are drafting changes and clean up changes that reflect our discussions from earlier this week where we addressed all the open business points. Where we changed a concept or revised the drafting, we provided an explanation in the footnote to assist in your review.

The one substantive point we think requires further discussion is on the assumption mechanics; we understand that the Province is no longer seeking an exchange right. Once you have digested these new drafts, we'd like to schedule a lawyers call early next week to finalize them.

Best Regards,
Nina

Nina Mansoori

P. 416.865.7332

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: November-21-17 5:17 PM
To: Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com>>; LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>; MAUTI John -FIN & C CTRL <john.mauti@opg.com<mailto:john.mauti@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; Mansoori, Nina <nmansoori@torys.com<mailto:nmansoori@torys.com>>; Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; 'Sebastiano, Rocco' <RSebastiano@osler.com<mailto:RSebastiano@osler.com>>; Milligan, Peter <PMilligan@osler.com<mailto:PMilligan@osler.com>>; Fullerton, Rick <RFullerton@osler.com<mailto:RFullerton@osler.com>>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca<mailto:Gadi.Mayman@ofina.on.ca>>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com<mailto:ian.benaiah@rbccm.com>>; 'Khan, Nur (nur.khan@rbccm.com<mailto:nur.khan@rbccm.com>)' <nur.khan@rbccm.com<mailto:nur.khan@rbccm.com>>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com<mailto:brent.r.taylor@rbccm.com>>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com<mailto:katrina.niehaus@gs.com>>; 'brian.delaney@gs.com' <brian.delaney@gs.com<mailto:brian.delaney@gs.com>>; Maciel, Andrew <Andrew.Maciel@cibc.com<mailto:Andrew.Maciel@cibc.com>>; Adalja, Sunil <Sunil.Adalja@cibc.com<mailto:Sunil.Adalja@cibc.com>>; Persad, Nicole <Nicole.Persad@cibc.com<mailto:Nicole.Persad@cibc.com>>; Persaud, Donnie - Debt Capital Markets <Donnie.Persaud@cibc.com<mailto:Donnie.Persaud@cibc.com>>
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Subject: RE: UPDATED - Fair Hydro -- Change of Law Agreements

Hi Rima. Here are my mark-ups of the agreements Torys circulated yesterday afternoon. These versions have not been reviewed by the Province, but are being circulated to this group to facilitate a discussion shortly at your office. They are/remain subject to Province input, etc. We propose to gather at your office at 5:45, if that makes sense to you. Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com>
Dir: 416-863-3086

-----Original Appointment-----
From: bwood@torys.com<mailto:bwood@torys.com> [mailto:bwood@torys.com] On Behalf Of Ramchandani, Rima
Sent: Tuesday, November 21, 2017 3:43 PM
To: Ramchandani, Rima; LEE John -TREASURY; RYFA Ken -TREASURY; 'HAHN PARKER Janet -TREASURY'; MAUTI John -FIN & C CTRL; LAURETA

LAPIRA May -TREASURY; Mansoori, Nina; Feldman, Michael; WONG Leslie -LAWDIV; 'Sebastiano, Rocco'; Milligan, Peter; Fullerton, Rick; Mayman, Gadi (OFA); Manning, Mike (OFA); Hanslep, Malle (MOF); ASHBOURNE, STEPHEN; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com<mailto:nur.khan@rbccm.com>)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; Maciel, Andrew; Adalja, Sunil; Persad, Nicole; Persaud, Donnie - Debt Capital Markets
Cc: Ken Kandeepan; LADAK Lubna -TREASURY; Anna Strathy; Veinot, Cindy (TBS); McKinlay, Tom (MAG); Donaldson, Mark (TBS)
Subject: UPDATED - Fair Hydro -- Change of Law Agreements
When: Tuesday, November 21, 2017 5:00 PM-9:00 PM (UTC-05:00) Eastern Time (US & Canada).
Where: Torys - 79 Wellington 33rd Floor

For those unable to participate in person, here's the dial-in:

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Access Code: 8657666#

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From: Hanslep, Malle (MOF)
To: Gadi Mayman
Cc: Mike Manning; Ken Kandeepan; Ronald Kwan; Anna Strathy; Tobias P. Whitfield (MOF)
Subject: Re: UPDATED - Fair Hydro -- Change of Law Agreements
Date: Sunday, November 26, 2017 2:29:26 PM

Thanks Gadi. Will let you know what the timing might be.

Sent from my BlackBerry 10 smartphone on the Rogers network.
From: Gadi Mayman
Sent: Sunday, November 26, 2017 13:52
To: Hanslep, Malle (MOF)
Cc: Manning, Mike (OFA); Kandeepan, Ken (OFA); Kwan, Ronald (OFA); Strathy, Anna (OFA); Whitfield, Tobias P. (MOF)
Subject: Re: UPDATED - Fair Hydro -- Change of Law Agreements

Thanks, Malle. It looks like they took more of a hatchet than a scalpel to the agreements again, which is unfortunate, but I suppose we should expect that by now.

I don't want to hold this up at all, so please don't let my schedule get in the way of a call if it doesn't match the needs of others. My available times tomorrow are from 11-12, 3:30-4 and 4:30 onwards, but please proceed with the call whenever it best suits everyone else.

Regards,
Gadi

On Nov 26, 2017, at 11:47 AM, Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>> wrote:

Hi all,

Please see my email to the provincial legal group after my preliminary review of the mark-ups. There do seem to be a number of points to discuss and I'm sure that Blakes will be able to better identify others. Perhaps an internal provincial call sometime on Monday could be arranged.

Thanks.

Malle

From: Hanslep, Malle (MOF)
Sent: November-26-17 11:41 AM
To: ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com<mailto:STEPHEN.ASHBOURNE@blakes.com>); VINER, JON (JON.VINER@blakes.com<mailto:JON.VINER@blakes.com>); Whitfield, Tobias P. (MOF); Thouin, Alena (ENERGY); McKinlay, Tom (ENERGY); PRESTAGE, JA (JA.PRESTAGE@blakes.com<mailto:JA.PRESTAGE@blakes.com>)
Subject: FW: UPDATED - Fair Hydro -- Change of Law Agreements

Hi all,

I have reviewed the agreements and think there are quite a few issues to discuss as a result of the mark-up. I wonder if it would work best to have a provincial legal call on Monday morning to go over the revised drafts and then have a call with our clients at the OFA and Energy afterwards? Below are some of the issues I have identified on a preliminary basis for discussion. There may be additional issues and perhaps some of these points can be worked through with more detail review.

Protection Agreement

- 2.01 (a)(iv)(B) – does revised wording work – would be good to work through this wording.

- 2.08 – change to wording re continuance of guarantee

- 4.01 – they have added back ability of Province to specifically agree that a particular Approved Obligation is covered – wonder why? And it should be in writing – not sure what our original wording on this point was

- 4.02 (b) – they have changed reference to content of certificate to Indenture Trustee (on behalf of bondholders, etc, other parties secured under trust indenture) to confirm that all certifications required by the Province have been provided instead of OPG confirming that all of its obligations to Province and internal requirements and processes in connection with adherence of Limited Guarantee have been done. This is linked to another major change they have proposed to the Process Agreement – looks like they are reducing OPG's obligations to provide certificates to the Province to mirror those that OPG is providing to the Indenture Trustee. This is a significant point and reduces OPG's obligations under the Process Agreement quite a bit and was not discussed at last Tuesday's meeting.

- 4.02(c) – Why delete in respect of which Adherence Conditions have been satisfied – not sure that concept is picked up elsewhere.

- 6.01 – Assumption is changed to case by case which means the right has to be built into the proposed warehouse and term loan documents now if it is to be available. They also deleted OPG's obligation to make efforts to include this in funding obligations in general from the Process Agreement.

- 6.05 – If the Province did assume on a case by case, then doesn't Province get rights to collateral or atleast part?

- 7.03 – What reps does the Indenture Trustee give in the Master Trust Indenture and Supplementals? If Trustee gives them there, why not here? Perhaps we should require them to get a legal opinion.

- 8.01 – Have not reviewed against previous wording but it looks like the suspension right is being reduced because it is limited to incurrence o amendment of Primary Obligations rather than breach of the Process Agreement more generally.

- 9.01 - Do the comments about the Termination notice make sense?

- Defined Term Approved Obligation Amount, Certified Primary Obligations, and others – needs to be reviewed

Process Agreement

- Have moved delivery of initial financing plan and forecast amount and Province's failure to object to recitals for timing reasons – agree that there are timing logistics that need to be worked out, but the ability of Provincial representatives to take such actions flows from Ministers power to provide the guarantee – Province needs to develop the best way to deal with these timing issues that works with our authorities and rewrite these provisions. This also applies to "Reference Documents" concept.

- 3.01 – OPG has revised so it will only provide a certificate to Province if it is required to provide a certificate under Protection Agreement to Trustee – This is a significant change that Province needs to consider. The reason that we agreed to provide a certificate in more limited circumstances to Indenture Trustee (on behalf of beneficiaries) was to assist dealers on "certainty" issues. The same principle does not apply to the Province and OPG relationship which is a separate process.

- 3.02 – Not sure what OPG is proposing here.

- 6.05 – delete obligation on OPG to cause Financing Entity to use commercially reasonable efforts to include assignment provisions in funding obligations – why?

- 7.01 – deleted suspension right in process agreement on basis that it is now in protection agreement but it is more limited.

Please let me know what time would work for you on Monday morning. I am going to pass on this email to OFA staff as well so they get a preliminary sense of the mark-up.

Thanks.

Malle
From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: November-24-17 2:04 PM
To: 'ASHBOURNE, STEPHEN'; 'JON.VINER@blakes.com<mailto:JON.VINER@blakes.com>'; 'JA.PRESTAGE@blakes.com<mailto:JA.PRESTAGE@blakes.com>'
Cc: Kandeepan, Ken (OFA); LADAK Lubna -TREASURY; Strathy, Anna (OFA); Veinot, Cindy (TBS); McKinlay, Tom (MAG); Donaldson, Mark (TBS); Cayley, Daniel (ENERGY); Thouin, Alena (ENERGY); Ramchandani, Rima; LEE John -TREASURY; RYFA Ken -TREASURY; 'HAHN PARKER Janet -TREASURY'; MAUTI John -FIN & C CTRL; LAURETA LAPIRA May -TREASURY; Feldman, Michael; WONG Leslie -LAWDIV; 'Sebastiano, Rocco'; Milligan, Peter; Fullerton, Rick; Mayman, Gadi (OFA); Manning, Mike (OFA); Hanslep, Malle (MOF); 'ian.benaiah@rbccm.com<mailto:ian.benaiah@rbccm.com>'; 'Khan, Nur (nur.khan@rbccm.com<mailto:nur.khan@rbccm.com>)'; 'brent.r.taylor@rbccm.com<mailto:brent.r.taylor@rbccm.com>'; 'katrina.niehaus@gs.com<mailto:katrina.niehaus@gs.com>'; 'brian.delaney@gs.com<mailto:brian.delaney@gs.com>'; Maciel, Andrew; Adalja, Sunil; Persad, Nicole; Persaud, Donnie - Debt Capital Markets; Hume, Steen (ENERGY); Mansoori, Nina
Subject: RE: UPDATED - Fair Hydro -- Change of Law Agreements

Blakes team,

Please find attached consolidated comments from the dealers and OPG (and their counsels) on the draft documents circulated below. These changes are drafting changes and clean up changes that reflect our discussions from earlier this week where we addressed all the open business points. Where we changed a concept or revised the drafting, we provided an explanation in the footnote to assist in your review.

The one substantive point we think requires further discussion is on the assumption mechanics; we understand that the Province is no longer seeking an exchange right. Once you have digested these new drafts, we'd like to schedule a lawyers call early next week to finalize them.

Best Regards,
Nina

Nina Mansoori

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<imagecdbedf.JPG>[torys.com]<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.torys.com&d=DwMGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=OdoCVLs6i-6reBTUJh9PAGSfpmSjeJXGKKb9SzvJOII&m=uNW8WZXShU26LtNehaOUzdr-hbnWKd1YihEGlC8Wn9I&s=te3hR7cvpoqYe8TuwTH6T3_2cSP8vrD9P53z8KR8NQ8&e=>

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: November-21-17 5:17 PM
To: Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com>>; LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>; MAUTI John -FIN & C CTRL <john.mauti@opg.com<mailto:john.mauti@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; Mansoori, Nina <nmansoori@torys.com<mailto:nmansoori@torys.com>>; Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; 'Sebastiano, Rocco' <RSebastiano@osler.com<mailto:RSebastiano@osler.com>>; Milligan, Peter <PMilligan@osler.com<mailto:PMilligan@osler.com>>; Fullerton, Rick <RFullerton@osler.com<mailto:RFullerton@osler.com>>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca<mailto:Gadi.Mayman@ofina.on.ca>>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>; 'ian.benaiah@rbccm.com<mailto:ian.benaiah@rbccm.com>' <ian.benaiah@rbccm.com<mailto:ian.benaiah@rbccm.com>>; 'Khan, Nur (nur.khan@rbccm.com<mailto:nur.khan@rbccm.com>)' <nur.khan@rbccm.com<mailto:nur.khan@rbccm.com>>; 'brent.r.taylor@rbccm.com<mailto:brent.r.taylor@rbccm.com>' <brent.r.taylor@rbccm.com<mailto:brent.r.taylor@rbccm.com>>; 'katrina.niehaus@gs.com<mailto:katrina.niehaus@gs.com>' <katrina.niehaus@gs.com<mailto:katrina.niehaus@gs.com>>; 'brian.delaney@gs.com<mailto:brian.delaney@gs.com>' <brian.delaney@gs.com<mailto:brian.delaney@gs.com>>; Maciel, Andrew <Andrew.Maciel@cibc.com<mailto:Andrew.Maciel@cibc.com>>; Adalja, Sunil <Sunil.Adalja@cibc.com<mailto:Sunil.Adalja@cibc.com>>; Persad, Nicole <Nicole.Persad@cibc.com<mailto:Nicole.Persad@cibc.com>>; Persaud, Donnie - Debt Capital Markets <Donnie.Persaud@cibc.com<mailto:Donnie.Persaud@cibc.com>>
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<Steen.Hume@ontario.ca<mailto:Steen.Hume@ontario.ca>>
Subject: RE: UPDATED - Fair Hydro -- Change of Law Agreements

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Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com>
Dir: 416-863-3086

-----Original Appointment-----
From: bwood@torys.com<mailto:bwood@torys.com> [mailto:bwood@torys.com] On Behalf Of Ramchandani, Rima
Sent: Tuesday, November 21, 2017 3:43 PM
To: Ramchandani, Rima; LEE John -TREASURY; RYFA Ken -TREASURY; 'HAHN PARKER Janet -TREASURY'; MAUTI John -FIN & C CTRL; LAURETA LAPIRA May -TREASURY; Mansoori, Nina; Feldman, Michael; WONG Leslie -LAWDIV; 'Sebastiano, Rocco'; Milligan, Peter; Fullerton, Rick; Mayman, Gadi (OFA); Manning, Mike (OFA); Hanslep, Malle (MOF); ASHBOURNE, STEPHEN; 'ian.benaiah@rbccm.com<mailto:ian.benaiah@rbccm.com>'; 'Khan, Nur (nur.khan@rbccm.com<mailto:nur.khan@rbccm.com>)'; 'brent.r.taylor@rbccm.com<mailto:brent.r.taylor@rbccm.com>'; 'katrina.niehaus@gs.com<mailto:katrina.niehaus@gs.com>'; 'brian.delaney@gs.com<mailto:brian.delaney@gs.com>'; Maciel, Andrew; Adalja, Sunil; Persad, Nicole; Persaud, Donnie - Debt Capital Markets
Cc: Ken Kandeepan; LADAK Lubna -TREASURY; Anna Strathy; Veinot, Cindy (TBS); McKinlay, Tom (MAG); Donaldson, Mark (TBS)
Subject: UPDATED - Fair Hydro -- Change of Law Agreements
When: Tuesday, November 21, 2017 5:00 PM-9:00 PM (UTC-05:00) Eastern Time (US & Canada).
Where: Torys - 79 Wellington 33rd Floor

For those unable to participate in person, here's the dial-in:

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blakes.com[blakes.com]<https://urldefense.proofpoint.com/v2/url?u=http-3A__blakes.com&d=DwMGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=OdoCVLs6i-6reBTUJh9PAGSfpmSjeJXGKKb9SzvJOII&m=uNW8WZXShU26LtNehaOUzdr-hbnWKd1YihEGlC8Wn9I&s=iz7QjbUpkvLlFFu9vLAIyVyrFjegdk4lUGySe1QWkto&e=> | Twitter[twitter.com]<https://urldefense.proofpoint.com/v2/url?u=http-3A__twitter.com_BlakesLaw&d=DwMGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=OdoCVLs6i-6reBTUJh9PAGSfpmSjeJXGKKb9SzvJOII&m=uNW8WZXShU26LtNehaOUzdr-hbnWKd1YihEGlC8Wn9I&s=S6qvAIF4EQtuM9prLtr7JduefKZfeqPMkrqB8wIGLDo&e=> | Unsubscribe[blakes.com]<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.blakes.com_English_Resources_Bulletins_Pages_unsubscribe.aspx&d=DwMGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=OdoCVLs6i-6reBTUJh9PAGSfpmSjeJXGKKb9SzvJOII&m=uNW8WZXShU26LtNehaOUzdr-hbnWKd1YihEGlC8Wn9I&s=kuZs22GcMW3Zl9VsblfJ3l3vQr81xyc-L5BbAI7M9T8&e=>

Blake, Cassels & Graydon LLP | Barristers & Solicitors | Patent & Trade-mark Agents
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<-CLPA - Process Agreement(November 22_17).pdf>
<Blackline_ProtectionAgreement.pdf>
<CLPA - Protection Agreement.docx>
<-CLPA - Process Agreement(November 22_17).docx>

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From: Gadi Mayman
To: Malle Hanslep (MOF)
Cc: Mike Manning; Ken Kandeepan; Ronald Kwan; Anna Strathy; Tobias P. Whitfield (MOF)
Subject: Re: UPDATED - Fair Hydro -- Change of Law Agreements
Date: Sunday, November 26, 2017 1:52:34 PM

Thanks, Malle. It looks like they took more of a hatchet than a scalpel to the agreements again, which is unfortunate, but I suppose we should expect that by now.

I don't want to hold this up at all, so please don't let my schedule get in the way of a call if it doesn't match the needs of others. My available times tomorrow are from 11-12, 3:30-4 and 4:30 onwards, but please proceed with the call whenever it best suits everyone else.

Regards,
Gadi

On Nov 26, 2017, at 11:47 AM, Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca> wrote:

> Hi all,
> Please see my email to the provincial legal group after my preliminary review of the mark-ups. There do seem to be a number of points to discuss and I'm sure that Blakes will be able to better identify others. Perhaps an internal provincial call sometime on Monday could be arranged.
> Thanks.
> Malle
>
> ---
>
> **From:** Hanslep, Malle (MOF)
> **Sent:** November-26-17 11:41 AM
> **To:** ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com); VINER, JON (JON.VINER@blakes.com); Whitfield, Tobias P. (MOF); Thouin, Alena (ENERGY); McKinlay, Tom (ENERGY); PRESTAGE, JA (JA.PRESTAGE@blakes.com)
> **Subject:** FW: UPDATED - Fair Hydro -- Change of Law Agreements
> Hi all,
> I have reviewed the agreements and think there are quite a few issues to discuss as a result of the mark-up. I wonder if it would work best to have a provincial legal call on Monday morning to go over the revised drafts and then have a call with our clients at the OFA and Energy afterwards? Below are some of the issues I have identified on a preliminary basis for discussion. There may be additional issues and perhaps some of these points can be worked through with more detail review.
> Protection Agreement
>
> - <!--[if !supportLists]-->- <!--[endif]-->2.01 (a)(iv)(B) – does revised wording work – would be good to work through this wording.
> - <!--[if !supportLists]-->- <!--[endif]-->2.08 – change to wording re continuance of guarantee
> - <!--[if !supportLists]-->- <!--[endif]-->4.01 – they have added back ability of Province to specifically agree that a particular Approved Obligation is covered – wonder why? And it should be in writing – not sure what our original wording on this point was
> - <!--[if !supportLists]-->- <!--[endif]-->4.02 (b) – they have changed reference to content of certificate to Indenture Trustee (on behalf of bondholders,

etc, other parties secured under trust indenture) to confirm that all certifications required by the Province have been provided instead of OPG confirming that all of its obligations to Province and internal requirements and processes in connection with adherence of Limited Guarantee have been done. This is linked to another major change they have proposed to the Process Agreement – looks like they are reducing OPG's obligations to provide certificates to the Province to mirror those that OPG is providing to the Indenture Trustee. This is a significant point and reduces OPG's obligations under the Process Agreement quite a bit and was not discussed at last Tuesday's meeting.

<!--[if !supportLists]-->- <!--[endif]-->4.02(c) – Why delete in respect of which Adherence Conditions have been satisfied – not sure that concept is picked up elsewhere.

<!--[if !supportLists]-->- <!--[endif]-->6.01 – Assumption is changed to case by case which means the right has to be built into the proposed warehouse and term loan documents now if it is to be available. They also deleted OPG's obligation to make efforts to include this in funding obligations in general from the Process Agreement.

<!--[if !supportLists]-->- <!--[endif]-->6.05 – If the Province did assume on a case by case, then doesn't Province get rights to collateral or atleast part?

<!--[if !supportLists]-->- <!--[endif]-->7.03 – What reps does the Indenture Trustee give in the Master Trust Indenture and Supplementals? If Trustee gives them there, why not here? Perhaps we should require them to get a legal opinion.

<!--[if !supportLists]-->- <!--[endif]-->8.01 – Have not reviewed against previous wording but it looks like the suspension right is being reduced because it is limited to incurrence o amendment of Primary Obligations rather than breach of the Process Agreement more generally.

<!--[if !supportLists]-->- <!--[endif]-->9.01 - Do the comments about the Termination notice make sense?

<!--[if !supportLists]-->- <!--[endif]-->Defined Term Approved Obligation Amount, Certified Primary Obligations, and others – needs to be reviewed

Process Agreement

<!--[if !supportLists]-->- <!--[endif]-->Have moved delivery of initial financing plan and forecast amount and Province's failure to object to recitals for timing reasons – agree that there are timing logistics that need to be worked out, but the ability of Provincial representatives to take such actions flows from Ministers power to provide the guarantee – Province needs to develop the best way to deal with these timing issues that works with our authorities and rewrite these provisions. This also applies to "Reference Documents" concept.

<!--[if !supportLists]-->- <!--[endif]-->3.01 – OPG has revised so it will only provide a certificate to Province if it is required to provide a certificate under Protection Agreement to Trustee – This is a significant change that Province needs to consider. The reason that we agreed to provide a certificate in more limited circumstances to Indenture Trustee (on behalf of beneficiaries) was to assist dealers on "certainty" issues. The same principle does not apply to the Province and OPG relationship which is a separate process.

<!--[if !supportLists]-->- <!--[endif]-->3.02 – Not sure what OPG is proposing

here.

<!--[if !supportLists]-->- <!--[endif]-->6.05 – delete obligation on OPG to cause Financing Entity to use commercially reasonable efforts to include assignment provisions in funding obligations – why?

<!--[if !supportLists]-->- <!--[endif]-->7.01 – deleted suspension right in process agreement on basis that it is now in protection agreement but it is more limited.

Please let me know what time would work for you on Monday morning. I am going to pass on this email to OFA staff as well so they get a preliminary sense of the mark-up.

Thanks.

Malle

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: November-24-17 2:04 PM
To: 'ASHBOURNE, STEPHEN'; 'JON.VINER@blakes.com'; 'JA.PRESTAGE@blakes.com'
Cc: Kandeepan, Ken (OFA); LADAK Lubna -TREASURY; Strathy, Anna (OFA); Veinot, Cindy (TBS); McKinlay, Tom (MAG); Donaldson, Mark (TBS); Cayley, Daniel (ENERGY); Thouin, Alena (ENERGY); Ramchandani, Rima; LEE John -TREASURY; RYFA Ken -TREASURY; 'HAHN PARKER Janet -TREASURY'; MAUTI John -FIN & C CTRL; LAURETA LAPIRA May -TREASURY; Feldman, Michael; WONG Leslie -LAWDIV; 'Sebastiano, Rocco'; Milligan, Peter; Fullerton, Rick; Mayman, Gadi (OFA); Manning, Mike (OFA); Hanslep, Malle (MOF); 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; Maciel, Andrew; Adalja, Sunil; Persad, Nicole; Persaud, Donnie - Debt Capital Markets; Hume, Steen (ENERGY); Mansoori, Nina
Subject: RE: UPDATED - Fair Hydro -- Change of Law Agreements

Blakes team,

Please find attached consolidated comments from the dealers and OPG (and their counsels) on the draft documents circulated below. These changes are drafting changes and clean up changes that reflect our discussions from earlier this week where we addressed all the open business points. Where we changed a concept or revised the drafting, we provided an explanation in the footnote to assist in your review.

The one substantive point we think requires further discussion is on the assumption mechanics; we understand that the Province is no longer seeking an exchange right. Once you have digested these new drafts, we'd like to schedule a lawyers call early next week to finalize them.

Best Regards,

Nina

Nina Mansoori
P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com[torys.com]

[torys.com]

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: November-21-17 5:17 PM
To: Ramchandani, Rima <rramchandani@torys.com>; LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; MAUTI John -FIN & C CTRL <john.mauti@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; Mansoori, Nina <nmansoori@torys.com>; Feldman, Michael <mfeldman@torys.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>;

'Sebastiano, Rocco' <RSebastiano@osler.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; Maciel, Andrew <Andrew.Maciel@cibc.com>; Adalja, Sunil <Sunil.Adalja@cibc.com>; Persad, Nicole <Nicole.Persad@cibc.com>; Persaud, Donnie - Debt Capital Markets <Donnie.Persaud@cibc.com>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca>; Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca) <Daniel.Cayley@ontario.ca>; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca) <Alena.Thouin@ontario.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>
Subject: RE: UPDATED - Fair Hydro -- Change of Law Agreements
Hi Rima. Here are my mark-ups of the agreements Torys circulated yesterday afternoon. These versions have not been reviewed by the Province, but are being circulated to this group to facilitate a discussion shortly at your office. They are/remain subject to Province input, etc. We propose to gather at your office at 5:45, if that makes sense to you. Regards, Steve
Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086
-----Original Appointment-----
From: bwood@torys.com [mailto:bwood@torys.com] **On Behalf Of** Ramchandani, Rima
Sent: Tuesday, November 21, 2017 3:43 PM
To: Ramchandani, Rima; LEE John -TREASURY; RYFA Ken -TREASURY; 'HAHN PARKER Janet -TREASURY'; MAUTI John -FIN & C CTRL; LAURETA LAPIRA May -TREASURY; Mansoori, Nina; Feldman, Michael; WONG Leslie -LAWDIV; 'Sebastiano, Rocco'; Milligan, Peter; Fullerton, Rick; Mayman, Gadi (OFA); Manning, Mike (OFA); Hanslep, Malle (MOF); ASHBOURNE, STEPHEN; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; Maciel, Andrew; Adalja, Sunil; Persad, Nicole; Persaud, Donnie - Debt Capital Markets
Cc: Ken Kandeepan; LADAK Lubna -TREASURY; Anna Strathy; Veinot, Cindy (TBS); McKinlay, Tom (MAG); Donaldson, Mark (TBS)
Subject: UPDATED - Fair Hydro -- Change of Law Agreements
When: Tuesday, November 21, 2017 5:00 PM-9:00 PM (UTC-05:00) Eastern Time (US & Canada).
Where: Torys - 79 Wellington 33rd Floor
For those unable to participate in person, here's the dial-in:
Dial-in: 1-800-600-0998
Access Code: 8657666#

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<-CLPA - Process Agreement(November 22_17).pdf>

<-CLPA - Process Agreement(November 22_17).docx>

From: Gadi Mayman
To: Malle Hanslep (MOF)
Cc: Mike Manning; Ken Kandeepan; Anna Strathy; Ronald Kwan; Tobias P. Whitfield (MOF); Michael Waterston (MOF)
Subject: Re: UPDATED - Fair Hydro -- Change of Law Agreements Briefing Time
Date: Friday, November 24, 2017 5:42:16 PM

Monday the 4th is much better for me, too, and Anna and I have let the DMO know (I've also spoken to Brigid in the MO. Anna, would you mind letting the DMO know about Malle's reasons, as well?

Thanks,
Gadi

On Nov 24, 2017, at 5:05 PM, Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca> wrote:

Hi all

If there is flexibility at all on the Ministers briefing Monday Dec 4th would be better than Nov 30th because Steve will be back and also it will allow us more time to finalize these agreements.

Thanks

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.
From: Hanslep, Malle (MOF)
Sent: Friday, November 24, 2017 16:34
To: Mayman, Gadi (OFA); Manning, Mike (OFA); Kandeepan, Ken (OFA); Strathy, Anna (OFA); Kwan, Ronald (OFA)
Cc: Whitfield, Tobias P. (MOF); Waterston, Michael (MOF)
Subject: Fw: UPDATED - Fair Hydro -- Change of Law Agreements

Fyi

Sent from my BlackBerry 10 smartphone on the Rogers network.
From: Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>
Sent: Friday, November 24, 2017 16:32
To: Mansoori, Nina; Whitfield, Tobias P. (MOF); 'ASHBOURNE, STEPHEN'; 'JON.VINER@blakes.com'; 'JA.PRESTAGE@blakes.com'; 'Milligan, Peter'; 'Sebastiano, Rocco'; 'Fullerton, Rick'
Cc: Ramchandani, Rima; Feldman, Michael; Saulnier, Brett; Thouin, Alena (ENERGY); McKinlay, Tom (MAG)
Subject: Re: UPDATED - Fair Hydro -- Change of Law Agreements

Hi Nina

I'm not sure that this timeframe is doable as we have to review and consult with clients before having this call . I think Tuesday is probably more reasonable to give us time to review the draft that we received late this afternoon coming out of comments at a meeting last Tuesday evening

Thanks

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.
From: Mansoori, Nina
Sent: Friday, November 24, 2017 15:58
To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); 'ASHBOURNE, STEPHEN'; 'JON.VINER@blakes.com'; 'JA.PRESTAGE@blakes.com'; 'Milligan, Peter'; 'Sebastiano, Rocco'; 'Fullerton, Rick'
Cc: Ramchandani, Rima; Feldman, Michael; Saulnier, Brett
Subject: RE: UPDATED - Fair Hydro -- Change of Law Agreements

Provincial legal/Blakes/Oslers teams,

As a follow up to my email below and given the challenges with all our schedules, we thought it prudent to block off some time on Monday to discuss the revised Change of Law Agreements. I can confirm that Torys is available for a call between 9:30 am and 2 pm on Monday. Please let us know what times work for you in that window and we will circulate a dial-in.

Best Regards,
Nina

Nina Mansoori

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From: Mansoori, Nina
Sent: November-24-17 2:15 PM
To: 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>; 'JON.VINER@blakes.com' <JON.VINER@blakes.com>; 'JA.PRESTAGE@blakes.com' <JA.PRESTAGE@blakes.com>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca>; Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca) <Daniel.Cayley@ontario.ca>; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca) <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; MAUTI John -FIN & C CTRL <john.mauti@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; 'Sebastiano, Rocco' <RSebastiano@osler.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; Maciel, Andrew <Andrew.Maciel@cibc.com>; Adalja, Sunil <Sunil.Adalja@cibc.com>; Persad, Nicole

<Nicole.Persad@cibc.com>; Persaud, Donnie - Debt Capital Markets <Donnie.Persaud@cibc.com>; Steen Hume (CAB) <Steen.Hume@ontario.ca>
Subject: RE: UPDATED - Fair Hydro -- Change of Law Agreements

All – apologies, my email below did not have a blackline for the Process Agreement. It is attached. Thank you.

Nina Mansoori

From: Mansoori, Nina
Sent: November-24-17 2:04 PM
To: 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com<mailto:STEPHEN.ASHBOURNE@blakes.com>>; 'JON.VINER@blakes.com' <JON.VINER@blakes.com<mailto:JON.VINER@blakes.com>>; 'JA.PRESTAGE@blakes.com' <JA.PRESTAGE@blakes.com<mailto:JA.PRESTAGE@blakes.com>>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca<mailto:Cindy.Veinot@ontario.ca>>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca<mailto:Tom.McKinlay@ontario.ca>>; Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca<mailto:Mark.Donaldson@ontario.ca>>; Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca<mailto:Daniel.Cayley@ontario.ca>) <Daniel.Cayley@ontario.ca<mailto:Daniel.Cayley@ontario.ca>>; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>) <Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>; Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com>>; LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>; MAUTI John -FIN & C CTRL <john.mauti@opg.com<mailto:john.mauti@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; 'Sebastiano, Rocco' <RSebastiano@osler.com<mailto:RSebastiano@osler.com>>; Milligan, Peter <PMilligan@osler.com<mailto:PMilligan@osler.com>>; Fullerton, Rick <RFullerton@osler.com<mailto:RFullerton@osler.com>>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca<mailto:Gadi.Mayman@ofina.on.ca>>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com<mailto:ian.benaiah@rbccm.com>>; 'Khan, Nur (nur.khan@rbccm.com<mailto:nur.khan@rbccm.com>)' <nur.khan@rbccm.com<mailto:nur.khan@rbccm.com>>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com<mailto:brent.r.taylor@rbccm.com>>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com<mailto:katrina.niehaus@gs.com>>; 'brian.delaney@gs.com' <brian.delaney@gs.com<mailto:brian.delaney@gs.com>>; Maciel, Andrew <Andrew.Maciel@cibc.com<mailto:Andrew.Maciel@cibc.com>>; Adalja, Sunil <Sunil.Adalja@cibc.com<mailto:Sunil.Adalja@cibc.com>>; Persad, Nicole <Nicole.Persad@cibc.com<mailto:Nicole.Persad@cibc.com>>; Persaud, Donnie - Debt Capital Markets <Donnie.Persaud@cibc.com<mailto:Donnie.Persaud@cibc.com>>; Steen Hume (CAB) <Steen.Hume@ontario.ca<mailto:Steen.Hume@ontario.ca>>; Mansoori, Nina <nmansoori@torys.com<mailto:nmansoori@torys.com>>
Subject: RE: UPDATED - Fair Hydro -- Change of Law Agreements

Blakes team,

Please find attached consolidated comments from the dealers and OPG (and their counsels) on the draft documents circulated below. These changes are drafting changes and clean up changes that reflect our discussions from earlier this week where we addressed all the open business points. Where we changed a concept or revised the drafting, we provided an explanation in the footnote to assist in your review.

The one substantive point we think requires further discussion is on the assumption mechanics; we understand that the Province is no longer seeking an exchange right. Once you have digested these new drafts, we'd like to schedule a lawyers call early next week to finalize them.

Best Regards,
Nina

Nina Mansoori

P. 416.865.7332

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: November-21-17 5:17 PM
To: Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com>>; LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>; MAUTI John -FIN & C CTRL <john.mauti@opg.com<mailto:john.mauti@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; Mansoori, Nina <nmansoori@torys.com<mailto:nmansoori@torys.com>>; Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; 'Sebastiano, Rocco' <RSebastiano@osler.com<mailto:RSebastiano@osler.com>>; Milligan, Peter <PMilligan@osler.com<mailto:PMilligan@osler.com>>; Fullerton, Rick <RFullerton@osler.com<mailto:RFullerton@osler.com>>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca<mailto:Gadi.Mayman@ofina.on.ca>>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com<mailto:ian.benaiah@rbccm.com>>; 'Khan, Nur (nur.khan@rbccm.com<mailto:nur.khan@rbccm.com>)' <nur.khan@rbccm.com<mailto:nur.khan@rbccm.com>>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com<mailto:brent.r.taylor@rbccm.com>>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com<mailto:katrina.niehaus@gs.com>>; 'brian.delaney@gs.com' <brian.delaney@gs.com<mailto:brian.delaney@gs.com>>; Maciel, Andrew <Andrew.Maciel@cibc.com<mailto:Andrew.Maciel@cibc.com>>; Adalja, Sunil <Sunil.Adalja@cibc.com<mailto:Sunil.Adalja@cibc.com>>; Persad, Nicole <Nicole.Persad@cibc.com<mailto:Nicole.Persad@cibc.com>>; Persaud, Donnie - Debt Capital Markets <Donnie.Persaud@cibc.com<mailto:Donnie.Persaud@cibc.com>>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca<mailto:Cindy.Veinot@ontario.ca>>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca<mailto:Tom.McKinlay@ontario.ca>>; Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca<mailto:Mark.Donaldson@ontario.ca>>; Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca<mailto:Daniel.Cayley@ontario.ca>) <Daniel.Cayley@ontario.ca<mailto:Daniel.Cayley@ontario.ca>>; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>) <Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>; Steen Hume (CAB) <Steen.Hume@ontario.ca<mailto:Steen.Hume@ontario.ca>>
Subject: RE: UPDATED - Fair Hydro -- Change of Law Agreements

Hi Rima. Here are my mark-ups of the agreements Torys circulated yesterday afternoon. These versions have not been reviewed by the Province, but are being circulated to this group to facilitate a discussion shortly at your office. They are/remain subject to Province input, etc. We propose to gather at your office at 5:45, if that makes sense to you. Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com>
Dir: 416-863-3086

-----Original Appointment-----
From: bwood@torys.com<mailto:bwood@torys.com> [mailto:bwood@torys.com] On Behalf Of Ramchandani, Rima
Sent: Tuesday, November 21, 2017 3:43 PM
To: Ramchandani, Rima; LEE John -TREASURY; RYFA Ken -TREASURY; 'HAHN PARKER Janet -TREASURY'; MAUTI John -FIN & C CTRL; LAURETA LAPIRA May -TREASURY; Mansoori, Nina; Feldman, Michael; WONG Leslie -LAWDIV; 'Sebastiano, Rocco'; Milligan, Peter; Fullerton, Rick; Mayman, Gadi (OFA); Manning, Mike (OFA); Hanslep, Malle (MOF); ASHBOURNE, STEPHEN; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com<mailto:nur.khan@rbccm.com>)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; Maciel, Andrew; Adalja, Sunil; Persad, Nicole; Persaud, Donnie - Debt Capital Markets
Cc: Ken Kandeepan; LADAK Lubna -TREASURY; Anna Strathy; Veinot, Cindy (TBS); McKinlay, Tom (MAG); Donaldson, Mark (TBS)
Subject: UPDATED - Fair Hydro -- Change of Law Agreements
When: Tuesday, November 21, 2017 5:00 PM-9:00 PM (UTC-05:00) Eastern Time (US & Canada).
Where: Torys - 79 Wellington 33rd Floor

For those unable to participate in person, here's the dial-in:

Dial-in: 1-800-600-0998
Access Code: 8657666#

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From:	Hanslep, Malle (MOF)
To:	Gadi Mayman; Mike Manning; Ken Kandeepan; Anna Strathy; Ronald Kwan
Cc:	Tobias P. Whitfield (MOF); Michael Waterston (MOF)
Subject:	Re: UPDATED - Fair Hydro -- Change of Law Agreements Briefing Time
Date:	Friday, November 24, 2017 5:05:42 PM

Hi all

If there is flexibility at all on the Ministers briefing Monday Dec 4th would be better than Nov 30th because Steve will be back and also it will allow us more time to finalize these agreements.

Thanks

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.
From: Hanslep, Malle (MOF)
Sent: Friday, November 24, 2017 16:34
To: Mayman, Gadi (OFA); Manning, Mike (OFA); Kandeepan, Ken (OFA); Strathy, Anna (OFA); Kwan, Ronald (OFA)
Cc: Whitfield, Tobias P. (MOF); Waterston, Michael (MOF)
Subject: Fw: UPDATED - Fair Hydro -- Change of Law Agreements

Fyi

Sent from my BlackBerry 10 smartphone on the Rogers network.
From: Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>
Sent: Friday, November 24, 2017 16:32
To: Mansoori, Nina; Whitfield, Tobias P. (MOF); 'ASHBOURNE, STEPHEN'; 'JON.VINER@blakes.com'; 'JA.PRESTAGE@blakes.com'; 'Milligan, Peter'; 'Sebastiano, Rocco'; 'Fullerton, Rick'
Cc: Ramchandani, Rima; Feldman, Michael; Saulnier, Brett; Thouin, Alena (ENERGY); McKinlay, Tom (MAG)
Subject: Re: UPDATED - Fair Hydro -- Change of Law Agreements

Hi Nina

I'm not sure that this timeframe is doable as we have to review and consult with clients before having this call . I think Tuesday is probably more reasonable to give us time to review the draft that we received late this afternoon coming out of comments at a meeting last Tuesday evening

Thanks

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.
From: Mansoori, Nina
Sent: Friday, November 24, 2017 15:58
To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); 'ASHBOURNE, STEPHEN'; 'JON.VINER@blakes.com'; 'JA.PRESTAGE@blakes.com'; 'Milligan, Peter'; 'Sebastiano, Rocco'; 'Fullerton, Rick'
Cc: Ramchandani, Rima; Feldman, Michael; Saulnier, Brett
Subject: RE: UPDATED - Fair Hydro -- Change of Law Agreements

Provincial legal/Blakes/Oslers teams,

As a follow up to my email below and given the challenges with all our schedules, we thought it prudent to block off some time on Monday to discuss the revised Change of Law Agreements. I can confirm that Torys is available for a call between 9:30 am and 2 pm on Monday. Please let us know what times work for you in that window and we will circulate a dial-in.

Best Regards,
Nina

Nina Mansoori

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From: Mansoori, Nina
Sent: November-24-17 2:15 PM
To: 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>; 'JON.VINER@blakes.com' <JON.VINER@blakes.com>; 'JA.PRESTAGE@blakes.com' <JA.PRESTAGE@blakes.com>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca>; Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca) <Daniel.Cayley@ontario.ca>; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca) <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; MAUTI John -FIN & C CTRL <john.mauti@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; 'Sebastiano, Rocco' <RSebastiano@osler.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; Maciel, Andrew <Andrew.Maciel@cibc.com>; Adalja, Sunil <Sunil.Adalja@cibc.com>; Persad, Nicole <Nicole.Persad@cibc.com>; Persaud, Donnie - Debt Capital Markets <Donnie.Persaud@cibc.com>; Steen Hume (CAB) <Steen.Hume@ontario.ca>
Subject: RE: UPDATED - Fair Hydro -- Change of Law Agreements

All – apologies, my email below did not have a blackline for the Process Agreement. It is attached. Thank you.

Nina Mansoori

From: Mansoori, Nina
Sent: November-24-17 2:04 PM
To: 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com<mailto:STEPHEN.ASHBOURNE@blakes.com>>; 'JON.VINER@blakes.com' <JON.VINER@blakes.com<mailto:JON.VINER@blakes.com>>;

'JA.PRESTAGE@blakes.com' <JA.PRESTAGE@blakes.com<mailto:JA.PRESTAGE@blakes.com>>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>; LADAK Lubna - TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca<mailto:Cindy.Veinot@ontario.ca>>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca<mailto:Tom.McKinlay@ontario.ca>>; Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca<mailto:Mark.Donaldson@ontario.ca>>; Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca<mailto:Daniel.Cayley@ontario.ca>) <Daniel.Cayley@ontario.ca<mailto:Daniel.Cayley@ontario.ca>>; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>) <Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>; Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com>>; LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>; MAUTI John -FIN & C CTRL <john.mauti@opg.com<mailto:john.mauti@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; 'Sebastiano, Rocco' <RSebastiano@osler.com<mailto:RSebastiano@osler.com>>; Milligan, Peter <PMilligan@osler.com<mailto:PMilligan@osler.com>>; Fullerton, Rick <RFullerton@osler.com<mailto:RFullerton@osler.com>>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca<mailto:Gadi.Mayman@ofina.on.ca>>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com<mailto:ian.benaiah@rbccm.com>>; 'Khan, Nur (nur.khan@rbccm.com<mailto:nur.khan@rbccm.com>)' <nur.khan@rbccm.com<mailto:nur.khan@rbccm.com>>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com<mailto:brent.r.taylor@rbccm.com>>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com<mailto:katrina.niehaus@gs.com>>; 'brian.delaney@gs.com' <brian.delaney@gs.com<mailto:brian.delaney@gs.com>>; Maciel, Andrew <Andrew.Maciel@cibc.com<mailto:Andrew.Maciel@cibc.com>>; Adalja, Sunil <Sunil.Adalja@cibc.com<mailto:Sunil.Adalja@cibc.com>>; Persad, Nicole <Nicole.Persad@cibc.com<mailto:Nicole.Persad@cibc.com>>; Persaud, Donnie - Debt Capital Markets <Donnie.Persaud@cibc.com<mailto:Donnie.Persaud@cibc.com>>; Steen Hume (CAB) <Steen.Hume@ontario.ca<mailto:Steen.Hume@ontario.ca>>; Mansoori, Nina <nmansoori@torys.com<mailto:nmansoori@torys.com>>
Subject: RE: UPDATED - Fair Hydro -- Change of Law Agreements

Blakes team,

Please find attached consolidated comments from the dealers and OPG (and their counsels) on the draft documents circulated below. These changes are drafting changes and clean up changes that reflect our discussions from earlier this week where we addressed all the open business points. Where we changed a concept or revised the drafting, we provided an explanation in the footnote to assist in your review.

The one substantive point we think requires further discussion is on the assumption mechanics; we understand that the Province is no longer seeking an exchange right. Once you have digested these new drafts, we'd like to schedule a lawyers call early next week to finalize them.

Best Regards,
Nina

Nina Mansoori

P. 416.865.7332

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]

Sent: November-21-17 5:17 PM
To: Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com>>; LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>; MAUTI John -FIN & C CTRL <john.mauti@opg.com<mailto:john.mauti@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; Mansoori, Nina <nmansoori@torys.com<mailto:nmansoori@torys.com>>; Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; 'Sebastiano, Rocco' <RSebastiano@osler.com<mailto:RSebastiano@osler.com>>; Milligan, Peter <PMilligan@osler.com<mailto:PMilligan@osler.com>>; Fullerton, Rick <RFullerton@osler.com<mailto:RFullerton@osler.com>>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca<mailto:Gadi.Mayman@ofina.on.ca>>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com<mailto:ian.benaiah@rbccm.com>>; 'Khan, Nur (nur.khan@rbccm.com<mailto:nur.khan@rbccm.com>)' <nur.khan@rbccm.com<mailto:nur.khan@rbccm.com>>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com<mailto:brent.r.taylor@rbccm.com>>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com<mailto:katrina.niehaus@gs.com>>; 'brian.delaney@gs.com' <brian.delaney@gs.com<mailto:brian.delaney@gs.com>>; Maciel, Andrew <Andrew.Maciel@cibc.com<mailto:Andrew.Maciel@cibc.com>>; Adalja, Sunil <Sunil.Adalja@cibc.com<mailto:Sunil.Adalja@cibc.com>>; Persad, Nicole <Nicole.Persad@cibc.com<mailto:Nicole.Persad@cibc.com>>; Persaud, Donnie - Debt Capital Markets <Donnie.Persaud@cibc.com<mailto:Donnie.Persaud@cibc.com>>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>; LADAK Lubna - TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca<mailto:Cindy.Veinot@ontario.ca>>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca<mailto:Tom.McKinlay@ontario.ca>>; Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca<mailto:Mark.Donaldson@ontario.ca>>; Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca<mailto:Daniel.Cayley@ontario.ca>) <Daniel.Cayley@ontario.ca<mailto:Daniel.Cayley@ontario.ca>>; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>) <Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>; Steen Hume (CAB) <Steen.Hume@ontario.ca<mailto:Steen.Hume@ontario.ca>>
Subject: RE: UPDATED - Fair Hydro -- Change of Law Agreements

Hi Rima. Here are my mark-ups of the agreements Torys circulated yesterday afternoon. These versions have not been reviewed by the Province, but are being circulated to this group to facilitate a discussion shortly at your office. They are/remain subject to Province input, etc. We propose to gather at your office at 5:45, if that makes sense to you. Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com>
Dir: 416-863-3086

-----Original Appointment-----
From: bwood@torys.com<mailto:bwood@torys.com> [mailto:bwood@torys.com] On Behalf Of Ramchandani, Rima
Sent: Tuesday, November 21, 2017 3:43 PM
To: Ramchandani, Rima; LEE John -TREASURY; RYFA Ken -TREASURY; 'HAHN PARKER Janet -TREASURY'; MAUTI John -FIN & C CTRL; LAURETA LAPIRA May -TREASURY; Mansoori, Nina; Feldman,

Michael; WONG Leslie -LAWDIV; 'Sebastiano, Rocco'; Milligan, Peter; Fullerton, Rick; Mayman, Gadi (OFA); Manning, Mike (OFA); Hanslep, Malle (MOF); ASHBOURNE, STEPHEN; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com<mailto:nur.khan@rbccm.com>)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; Maciel, Andrew; Adalja, Sunil; Persad, Nicole; Persaud, Donnie - Debt Capital Markets
Cc: Ken Kandeepan; LADAK Lubna -TREASURY; Anna Strathy; Veinot, Cindy (TBS); McKinlay, Tom (MAG); Donaldson, Mark (TBS)
Subject: UPDATED - Fair Hydro -- Change of Law Agreements
When: Tuesday, November 21, 2017 5:00 PM-9:00 PM (UTC-05:00) Eastern Time (US & Canada).
Where: Torys - 79 Wellington 33rd Floor

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From: Ramchandani, Rima
To: ASHBOURNE, STEPHEN
Cc: LEE John -TREASURY; RYFA Ken -TREASURY; HAHN PARKER Janet -TREASURY; MAUTI John -FIN & C CTRL; LAURETA LAPIRA May -TREASURY; Mansoori, Nina; Feldman, Michael; WONG Leslie -LAWDIV; Sebastiano, Rocco; Milligan, Peter; Fullerton, Rick; Gadi Mayman; Mike Manning; Malle Hanslep (MOF); ian.benaiah@rbccm.com; Khan, Nur (nur.khan@rbccm.com); brent.r.taylor@rbccm.com; katrina.niehaus@gs.com; brian.delaney@gs.com; Maciel, Andrew; Adalja, Sunil; Persad, Nicole; Persaud, Donnie - Debt Capital Markets; Ken Kandeepan; LADAK Lubna -TREASURY; Anna Strathy; Veinot, Cindy (TBS); Tom McKinlay (MAG); Mark Donaldson (MOF); Daniel Cayley (ENERGY); Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca); Steen Hume (CAB)
Subject: Re: UPDATED - Fair Hydro -- Change of Law Agreements
Date: Tuesday, November 21, 2017 5:21:56 PM

Yes 5:45 works. We are already gathered and are printing copies of your mark-ups for the group.

Sent from my iPhone

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On Nov 21, 2017, at 5:17 PM, ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com<mailto:STEPHEN.ASHBOURNE@blakes.com>> wrote:

Hi Rima. Here are my mark-ups of the agreements Torys circulated yesterday afternoon. These versions have not been reviewed by the Province, but are being circulated to this group to facilitate a discussion shortly at your office. They are/remain subject to Province input, etc. We propose to gather at your office at 5:45, if that makes sense to you. Regards, Steve

Stephen R. Ashbourne

Partner

stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com>

Dir: 416-863-3086

-----Original Appointment-----

From: bwood@torys.com<mailto:bwood@torys.com> [mailto:bwood@torys.com] On Behalf Of Ramchandani, Rima

Sent: Tuesday, November 21, 2017 3:43 PM

To: Ramchandani, Rima; LEE John -TREASURY; RYFA Ken -TREASURY; 'HAHN PARKER Janet -TREASURY'; MAUTI John -FIN & C CTRL; LAURETA LAPIRA May -TREASURY; Mansoori, Nina; Feldman, Michael; WONG Leslie -LAWDIV; 'Sebastiano, Rocco'; Milligan, Peter; Fullerton, Rick; Mayman, Gadi (OFA); Manning, Mike (OFA); Hanslep, Malle (MOF); ASHBOURNE, STEPHEN; 'ian.benaiah@rbccm.com<mailto:ian.benaiah@rbccm.com>'; 'Khan, Nur (nur.khan@rbccm.com<mailto:nur.khan@rbccm.com>)'; 'brent.r.taylor@rbccm.com<mailto:brent.r.taylor@rbccm.com>'; 'katrina.niehaus@gs.com<mailto:katrina.niehaus@gs.com>'; 'brian.delaney@gs.com<mailto:brian.delaney@gs.com>'; Maciel, Andrew; Adalja, Sunil; Persad, Nicole; Persaud, Donnie - Debt Capital Markets

Cc: Ken Kandeepan; LADAK Lubna -TREASURY; Anna Strathy; Veinot, Cindy (TBS); McKinlay, Tom (MAG); Donaldson, Mark (TBS)

Subject: UPDATED - Fair Hydro -- Change of Law Agreements

When: Tuesday, November 21, 2017 5:00 PM-9:00 PM (UTC-05:00) Eastern Time (US & Canada).

Where: Torys - 79 Wellington 33rd Floor

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From: Anna Strathy
To: Gadi Mayman
Cc: Malle Hanslep (MOF); Mike Manning; Ken Kandeepan; Ronald Kwan; Tobias P. Whitfield (MOF)
Subject: Re: UPDATED - Fair Hydro -- Change of Law Agreements
Date: Monday, November 27, 2017 1:47:50 PM

Hi Malle, would you like me to set this meeting up?

Anna

--
Anna Strathy
Special Policy Advisor to the CEO
Ontario Financing Authority
416.325.8032

On Nov 27, 2017, at 1:24 PM, Gadi Mayman <Gadi.Mayman@ofina.on.ca> wrote:

> Yes, thanks, Malle, that timing works for me.
>
> Regards,
> Gadi
>
> On Nov 27, 2017, at 1:03 PM, Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca> wrote:
>
>> Hi Gadi,
>> We just finished our call with Blakes and Energy Legal. There are a number of points that we would like to discuss with you.
>> If you are still free at 3:30 we could speak to you then?
>> Thanks.
>> Malle
>>
>> **From:** Gadi Mayman [mailto:Gadi.Mayman@ofina.on.ca]
>> **Sent:** November 26, 2017 1:53 PM
>> **To:** Hanslep, Malle (MOF)
>> **Cc:** Manning, Mike (OFA); Kandeepan, Ken (OFA); Kwan, Ronald (OFA); Strathy, Anna (OFA); Whitfield, Tobias P. (MOF)
>> **Subject:** Re: UPDATED - Fair Hydro -- Change of Law Agreements
>> Thanks, Malle. It looks like they took more of a hatchet than a scalpel to the agreements again, which is unfortunate, but I suppose we should expect that by now.
>> I don't want to hold this up at all, so please don't let my schedule get in the way of a call if it doesn't match the needs of others. My available times tomorrow are from 11-12, 3:30-4 and 4:30 onwards, but please proceed with the call whenever it best suits everyone else.
>> Regards,
>> Gadi
>>
>> On Nov 26, 2017, at 11:47 AM, Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca> wrote:

Hi all,
Please see my email to the provincial legal group after my preliminary review of the mark-ups. There do seem to be a number of points to discuss and I'm sure that Blakes will be able to better identify others. Perhaps an internal provincial call sometime on Monday could be arranged.
Thanks.
Malle

From: Hanslep, Malle (MOF)
Sent: November-26-17 11:41 AM
To: ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com); VINER, JON (JON.VINER@blakes.com); Whitfield, Tobias P. (MOF); Thouin, Alena (ENERGY); McKinlay, Tom (ENERGY); PRESTAGE, JA (JA.PRESTAGE@blakes.com)
Subject: FW: UPDATED - Fair Hydro -- Change of Law Agreements

Hi all,
I have reviewed the agreements and think there are quite a few issues to discuss as a result of the mark-up. I wonder if it would work best to have a provincial legal call on Monday morning to go over the revised drafts and then have a call with our clients at the OFA and Energy afterwards? Below are some of the issues I have identified on a preliminary basis for discussion. There may be additional issues and perhaps some of these points can be worked through with more detail review.
Protection Agreement

- <!--[if !supportLists]-->- <!--[endif]-->2.01 (a)(iv)(B) – does revised wording work – would be good to work through this wording.
- <!--[if !supportLists]-->- <!--[endif]-->2.08 – change to wording re continuance of guarantee
- <!--[if !supportLists]-->- <!--[endif]-->4.01 – they have added back ability of Province to specifically agree that a particular Approved Obligation is covered – wonder why? And it should be in writing – not sure what our original wording on this point was
- <!--[if !supportLists]-->- <!--[endif]-->4.02 (b) – they have changed reference to content of certificate to Indenture Trustee (on behalf of bondholders, etc, other parties secured under trust indenture) to confirm that all certifications required by the Province have been provided instead of OPG confirming that all of its obligations to Province and internal requirements and processes in connection with adherence of Limited Guarantee have been done. This is linked to another major change they have proposed to the Process

Agreement – looks like they are reducing OPG's obligations to provide certificates to the Province to mirror those that OPG is providing to the Indenture Trustee. This is a significant point and reduces OPG's obligations under the Process Agreement quite a bit and was not discussed at last Tuesday's meeting.

<!--[if !supportLists]-->- <!--[endif]-->4.02(c) – Why delete in respect of which Adherence Conditions have been satisfied – not sure that concept is picked up elsewhere.

<!--[if !supportLists]-->- <!--[endif]-->6.01 – Assumption is changed to case by case which means the right has to be built into the proposed warehouse and term loan documents now if it is to be available. They also deleted OPG's obligation to make efforts to include this in funding obligations in general from the Process Agreement.

<!--[if !supportLists]-->- <!--[endif]-->6.05 – If the Province did assume on a case by case, then doesn't Province get rights to collateral or atleast part?

<!--[if !supportLists]-->- <!--[endif]-->7.03 – What reps does the Indenture Trustee give in the Master Trust Indenture and Supplementals? If Trustee gives them there, why not here? Perhaps we should require them to get a legal opinion.

<!--[if !supportLists]-->- <!--[endif]-->8.01 – Have not reviewed against previous wording but it looks like the suspension right is being reduced because it is limited to incurrence o amendment of Primary Obligations rather than breach of the Process Agreement more generally.

<!--[if !supportLists]-->- <!--[endif]-->9.01 - Do the comments about the Termination notice make sense?

<!--[if !supportLists]-->- <!--[endif]-->Defined Term Approved Obligation Amount, Certified Primary Obligations, and others – needs to be reviewed

Process Agreement

<!--[if !supportLists]-->- <!--[endif]-->Have moved delivery of initial financing plan and forecast amount and Province's failure to object to recitals for timing reasons – agree that there are timing logistics that need to be worked out, but the ability of Provincial representatives to take such actions flows from Ministers power to provide the guarantee – Province needs to develop the best way to deal with these timing issues that

works with our authorities and rewrite these provisions. This also applies to “Reference Documents” concept.

<!--[if !supportLists]-->- <!--[endif]-->3.01 – OPG has revised so it will only provide a certificate to Province if it is required to provide a certificate under Protection Agreement to Trustee – This is a significant change that Province needs to consider. The reason that we agreed to provide a certificate in more limited circumstances to Indenture Trustee (on behalf of beneficiaries) was to assist dealers on “certainty” issues. The same principle does not apply to the Province and OPG relationship which is a separate process.

<!--[if !supportLists]-->- <!--[endif]-->3.02 – Not sure what OPG is proposing here.

<!--[if !supportLists]-->- <!--[endif]-->6.05 – delete obligation on OPG to cause Financing Entity to use commercially reasonable efforts to include assignment provisions in funding obligations – why?

<!--[if !supportLists]-->- <!--[endif]-->7.01 – deleted suspension right in process agreement on basis that it is now in protection agreement but it is more limited.

Please let me know what time would work for you on Monday morning. I am going to pass on this email to OFA staff as well so they get a preliminary sense of the mark-up.

Thanks.

Malle

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: November-24-17 2:04 PM
To: 'ASHBOURNE, STEPHEN'; 'JON.VINER@blakes.com'; 'JA.PRESTAGE@blakes.com'
Cc: Kandeepan, Ken (OFA); LADAK Lubna -TREASURY; Strathy, Anna (OFA); Veinot, Cindy (TBS); McKinlay, Tom (MAG); Donaldson, Mark (TBS); Cayley, Daniel (ENERGY); Thouin, Alena (ENERGY); Ramchandani, Rima; LEE John -TREASURY; RYFA Ken -TREASURY; 'HAHN PARKER Janet -TREASURY'; MAUTI John -FIN & C CTRL; LAURETA LAPIRA May -TREASURY; Feldman, Michael; WONG Leslie -LAWDIV; 'Sebastiano, Rocco'; Milligan, Peter; Fullerton, Rick; Mayman, Gadi (OFA); Manning, Mike (OFA); Hanslep, Malle (MOF); 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; Maciel, Andrew; Adalja, Sunil; Persad, Nicole; Persaud, Donnie - Debt Capital Markets; Hume, Steen (ENERGY); Mansoori, Nina
Subject: RE: UPDATED - Fair Hydro -- Change of Law Agreements

Blakes team,

Please find attached consolidated comments from the dealers and OPG (and their counsels) on the draft

documents circulated below. These changes are drafting changes and clean up changes that reflect our discussions from earlier this week where we addressed all the open business points. Where we changed a concept or revised the drafting, we provided an explanation in the footnote to assist in your review.

The one substantive point we think requires further discussion is on the assumption mechanics; we understand that the Province is no longer seeking an exchange right. Once you have digested these new drafts, we'd like to schedule a lawyers call early next week to finalize them.

Best Regards,

Nina

Nina Mansoori
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From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: November-21-17 5:17 PM
To: Ramchandani, Rima <rramchandani@torys.com>; LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; MAUTI John -FIN & C CTRL <john.mauti@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; Mansoori, Nina <nmansoori@torys.com>; Feldman, Michael <mfeldman@torys.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; 'Sebastiano, Rocco' <RSebastiano@osler.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; Maciel, Andrew <Andrew.Maciel@cibc.com>; Adalja, Sunil <Sunil.Adalja@cibc.com>; Persad, Nicole <Nicole.Persad@cibc.com>; Persaud, Donnie - Debt Capital Markets <Donnie.Persaud@cibc.com>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; Donaldson, Mark (TBS)

<Mark.Donaldson@ontario.ca>; Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca) <Daniel.Cayley@ontario.ca>; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca) <Alena.Thouin@ontario.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>
Subject: RE: UPDATED - Fair Hydro -- Change of Law Agreements
Hi Rima. Here are my mark-ups of the agreements Torys circulated yesterday afternoon. These versions have not been reviewed by the Province, but are being circulated to this group to facilitate a discussion shortly at your office. They are/remain subject to Province input, etc. We propose to gather at your office at 5:45, if that makes sense to you. Regards, Steve
Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086
-----Original Appointment-----
From: bwood@torys.com [mailto:bwood@torys.com] **On Behalf Of** Ramchandani, Rima
Sent: Tuesday, November 21, 2017 3:43 PM
To: Ramchandani, Rima; LEE John -TREASURY; RYFA Ken -TREASURY; 'HAHN PARKER Janet -TREASURY'; MAUTI John -FIN & C CTRL; LAURETA LAPIRA May -TREASURY; Mansoori, Nina; Feldman, Michael; WONG Leslie -LAWDIV; 'Sebastiano, Rocco'; Milligan, Peter; Fullerton, Rick; Mayman, Gadi (OFA); Manning, Mike (OFA); Hanslep, Malle (MOF); ASHBOURNE, STEPHEN; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; Maciel, Andrew; Adalja, Sunil; Persad, Nicole; Persaud, Donnie - Debt Capital Markets
Cc: Ken Kandeepan; LADAK Lubna -TREASURY; Anna Strathy; Veinot, Cindy (TBS); McKinlay, Tom (MAG); Donaldson, Mark (TBS)
Subject: UPDATED - Fair Hydro -- Change of Law Agreements
When: Tuesday, November 21, 2017 5:00 PM-9:00 PM (UTC-05:00) Eastern Time (US & Canada).
Where: Torys - 79 Wellington 33rd Floor
For those unable to participate in person, here's the dial-in:
Dial-in: 1-800-600-0998
Access Code: 8657666#

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<-CLPA - Process Agreement(November 22_17).pdf>

<-CLPA - Process Agreement(November 22_17).docx>

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From:	Anna Strathy
To:	Hosick, Sarah (TBS); Hilary Cox (ENE)
Cc:	Patrick Laughton (MOF); Jonathan Tekle (CAB); Malle Hanslep (MOF); Gadi Mayman; Ronald Kwan; Ken Kandeepan; Mike Manning; Tobias P. Whitfield (MOF); Mark Donaldson (MOF); Tim Christie (ENERGY)
Subject:	Request for input by 2PM: Deck to support tri-Ministers briefing tomorrow
Date:	Tuesday, November 28, 2017 11:46:59 AM
Attachments:	23254960-v4-Province Limited Guarantee - Briefing Deck.pptx
Importance:	High

Hi Sarah, Hilary,

Apologies for the urgent email, but we are seeking your input on a very short timeline. The attached deck was prepared by Blakes, with input from MOF Legal (in red text), for use at the Ministers' briefing tomorrow at noon re: the Provincial Protection Agreement for the OFHP. I'd like to have this track to each of our DMOs by 3pm today, for transmittal to MOs before eod.

Hilary – Energy's input is required on the context slide as well as third bullet on slide 6 (re: regulation that caps acceleration) – as well as throughout as you deem necessary. Furthermore, since OPG will be at the briefing, we should think about framing the risks slide (10) from both the Province's and OPG's perspectives.

Sarah – we have left a placeholder for accounting implications/risks on slides 9 and 10; however, we defer to OPCD on whether these slides are necessary. We are open to deleting them altogether and just having OPCD/TBS to speak to these issues at the briefing if questions are raised.

Please provide your input by 2:00pm today, for me to consolidate. If you could please highlight your changes, that will assist me in consolidating. I'll copy each of you on the final product as it tracks up to MOF's DMO. I'll have our DMO share with TBS and Energy DMOs.

Thanks very much and happy to discuss.

Anna

Anna Strathy
Special Policy Advisor to CEO
Ontario Financing Authority
1 Dundas Street West, 14th Floor
416.325.8032 | anna.strathy@ofina.on.ca

Ontario Fair Hydro Plan

Limited Guarantee from the Province

[Date]Appropriate cover page to be inserted

Context – should be reviewed and updated as required

- Ontario Fair Hydro Plan Act ("**Act**") permits debt financings through one or more [special purpose] financing entities, to be managed by OPG
  - Proceeds of financings are used to acquire portions of the Fair Hydro regulatory asset ("**Investment Interests**") from IESO
  - Amounts owing will be serviced from "clean energy adjustments" ("**CEAs**") collected from "specified consumers"
- Hydro Trust [will be] established to facilitate the first financing transactions
  - Some combination of short-term "warehouse financings" and long-term notes will be issued
  - OPG, funded by the Province, will acquire subordinated debt issued by Hydro Trust
  - Proceeds raised before December 31st are expected to be $•M ($•M from external investors)
  - Future issuances will follow the same pattern (51% external/senior; 49% OPG/subordinated)
- Payment obligations will be owed to noteholders, lenders, credit enhancers, derivative counterparties, service providers, etc.
  - Payment obligations will be governed under a Trust Indenture
  - Hydro Trust payment obligations under the Trust Indenture are "Obligations Secured"
- Limited Guarantee from the Province of obligations payable by Hydro Trust when due
  - Province pays only upon a "Protection Event"
  - Limited Guarantee applies to almost all Obligations Secured
  - Certain "**Adherence Conditions**" to be satisfied before Limited Guarantee willy apply to material obligations
- Two relevant agreements:
  i. Change of Law Protection Agreement ("**Protection Agreement**")
  ii. Change of Law Process Agreement ("**Process Agreement**")

Limited Guarantee from the Province

- Triggered by a "**Protection Event**": Either:
  - There is a change of law (by the Legislature, LGIC, Ministers, government officials, government appointed boards, etc.) or implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or and entity controlled by the Province that materially and adversely affects either (1) the ability of Hydro Trust to receive CEA cash flows or (2) the Protection Agreement or any Obligation Secured
  - A court of competent jurisdiction determines that any part of the OFHPA or the related regulations are *ultra vires* or invalid in a way that materially and adversely affects the ability of Hydro Trust to receive CEA cash flows and that in fact results in a deficiency such that Hydro Trust cannot pay Obligations Secured when they become due

- **Not covered by the Limited Guarantee:**
  - Amounts required to be deposited into collateral or reserve accounts established under the Hydro Trust program to credit enhance or provide liquidity for ultimate payment of Obligations Secured
  - Certain residual payments to OPG under the "payment waterfall"

- **Term:** Until all applicable Obligations Secured are paid in full

Adherence Conditions

- Certain minimal conditions will apply before the Limited Guarantee will attach to applicable Obligations Secured:
  - **Incurrence of indebtedness to fund ownership of an Investment Interest**
  - **Entry into ISDA master agreements**
  - **Entry into service contracts with term > 3 years and aggregate payments >$5M that are not terminable on giving 3 years notice or less**

- Those conditions are:
  - Must be an Obligation Secured under the Trust Indenture
  - Delivery of officer's certificate by OPG to Indenture Trustee confirming compliance with internal processes as between OPG and the Province in connection the Limited Guarantee (under the Process Agreement)
  - Province has not delivered a "Suspension Notice"

Process between Province and OPG

- Process Agreement between Province and OPG
  - Sets out informational requirements and supporting affirmations regarding incurrence or amendment of Obligations Secured
  - Contemplates some (limited) rights of Province to comment on disclosure and terms of Obligations Secured
  - Provides for OPG executive officer affirmation regarding certain matters (in a "**Process Certificate**")

- Delivery of Process Certificate by OPG executive officers to the Province setting out:
  - Material terms of obligations (incurrence or amendment)
  - Confirmation that terms are "**Substantially in the Form**" of the "**Reference Documentation**"
  - Confirmation that the offering document is "**Substantially in the Form**" of the "**Reference Documentation**"
  - Confirmation that no breach of the Process Agreement has occurred
  - Confirmation that the maximum payment amounts due in the future under the obligation plus other outstanding amounts will not exceed the "**Protection Agreement Maximum**"
  - Confirmation that any disclosure referring to the Protection Agreement or Process Agreement was made available to the Province
  - Confirmation as to reasonableness, arm's length terms and conditions, and compliance with the Act and the Financing Plan

- Suspension Right
  - Uncured breach of Process Agreement or breach by any party of other program agreements allows Province to suspend Limited Guarantee for new obligations, other than for refinancings
  - Exercise of suspension right does not impact prior Hydro Trust obligations covered under the Limited Guarantee

Obligation of Province on Protection Event

- Make payments on Limited Guarantee
- Payments replicate stream of CEAs to pay amounts due and payable by Hydro Trust
- In event of an acceleration of any Obligation Secured, Province would pay acceleration amounts, capped at scheduled payment amounts (without acceleration) plus an additional amount up to the “fair allocation” in the aggregate [should this reference regulation?]
- Province will be subrogated to rights of the creditors of Hydro Trust to the extent of performance under the Limited Guarantee

Obligations of OPG

- Process Agreement obligates OPG, but without limiting protections under existing indemnity agreement
  - Province has indemnified OPG, its subsidiaries, and each of their respective directors, officers and employees from liability resulting from activities under the Act and activities of Hydro Trust pursuant to an Indemnity Agreement
- If there is any conflict between the Process Agreement, the Protection Agreement and the existing Indemnity Agreement in respect of any matter relating to the Province's indemnification obligations in favour of OPG, the Indemnity Agreement is paramount

Provincial Approval Process

- Authorization under Section 5(3) of OFHPA
  - Section 5(3) provides that LGIC may by order authorize the Minister of Energy and Minister of Finance, acting together on behalf of the Province, to agree to guarantee or indemnify obligations associated with an Investment Interest
- Order in Council 1981/2017 made pursuant to subsection 5(3) of the OFHPA
  - The OIC authorizes the Minister of Energy and the Minister of Finance, acting together on behalf of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of a financing entity established under the OFHPA associated with investment interests acquired by a financing entity.
- [Should TB approval be included here?]
- Approval under section 28 of *Financial Administration Act* will be required prior to entry into the Protection Agreement and the Process Agreement by the Minister of Finance and the Minister of Energy.

Accounting Implications

- [Please complete. Please describe absence of lump-sum recognition and other disclosure/notes that would be required in Province's financial statements.]

- [Please also complete following slide in respect of accounting risks.]

Risks

- Accounting
  - [Please add a sub-bullet on accounting risks (e.g., control limitations; loss of off-balance sheet treatment if a Protection Event occurs)]
- Province dependent on OPG in relation to most key matters relating to the Limited Guarantee
  - Less power/information than would typically be afforded to a guarantor
  - Significant reliance on OPG to deliver timely, accurate information
  - Province has no say on financing decisions if permitted by the Financing Plan **[, except in narrow circumstances]**
- Even without a change of law by the Legislature, a court determination may trigger a Protection Event
- Possible criticism for wholesale delegation to OPG; although accounting considerations and the Act itself lead to this outcome
- Possible opportunistic litigation by Hydro Trust creditors incentivized by spread differentials to trigger a Protection Event

From:	bwood@torys.com on behalf of Ramchandani, Rima
To:	LEE John -TREASURY; RYFA Ken -TREASURY; "HAHN PARKER Janet -TREASURY"; MAUTI John -FIN & C CTRL; LAURETA LAPIRA May -TREASURY; Mansoori, Nina; Feldman, Michael; WONG Leslie -LAWDIV; "Sebastiano, Rocco"; Milligan, Peter; Fullerton, Rick; Gadi Mayman; Mike Manning; Malle Hanslep (MOF); "ASHBOURNE, STEPHEN"; "ian.benaiah@rbccm.com"; "Khan, Nur (nur.khan@rbccm.com)"; "brent.r.taylor@rbccm.com"; "katrina.niehaus@gs.com"; "brian.delaney@gs.com"; Maciel, Andrew; Adalja, Sunil; Persad, Nicole; Persaud, Donnie - Debt Capital Markets
Cc:	Ken Kandeepan; LADAK Lubna -TREASURY; Anna Strathy; Veinot, Cindy (TBS); Tom McKinlay (MAG); Mark Donaldson (MOF)
Subject:	UPDATED - Fair Hydro -- Change of Law Agreements
Start:	Tuesday, November 21, 2017 5:00:00 PM
End:	Tuesday, November 21, 2017 10:00:00 PM
Location:	Torys - 79 Wellington 33rd Floor

For those unable to participate in person, here's the dial-in:

Dial-in: 1-800-600-0998
Access Code: 8657666#

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From:	ASHBOURNE, STEPHEN
To:	Feldman, Michael
Cc:	Ramchandani, Rima (rramchandani@torys.com); Saulnier, Brett (bsaulnier@torys.com); Gadi Mayman; Mike Manning; Anna Strathy; Ken Kandeepan; Malle Hanslep (MOF); Tobias P. Whitfield (MOF); Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca); Tom McKinlay (MAG); PALMER, AARON
Subject:	Urgent - Follow-up regarding proposed changes to TI 13.12(c)
Date:	Wednesday, December 20, 2017 9:09:23 AM

Michael. Gadi has confirmed that the proposed change (below) is not acceptable to the Province. He has now spoken directly to OPG about his concerns.
If it helps to bridge the gap today, the Province would be prepared to extend this sort of right to individual senior warehouse banks, but only until non-warehouse senior obligations are issued. Once senior notes exist, TI 8.11 must govern the process by which a payment demand can be given. Individual senior noteholders should not have the ability to cause the Limited Guarantee to be triggered, without the processes otherwise applicable under the Trust Indenture being applied.
Given today's timing, we will standby if a discussion is needed.
Regards, Steve
Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

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From: ASHBOURNE, STEPHEN
Sent: Wednesday, December 20, 2017 8:32 AM
To: Feldman, Michael
Cc: PALMER, AARON
Subject: FW: Fair Hydro -- Revised Program Agreements
Michael, FYI, I am seeking instructions from the Province as to whether the following proposed change is acceptable:
Trust Indenture (s. 13.12(c)):

> Upon the occurrence of a Protection Event, if a request has been made by the Issuer or any Controlling Class Creditor, the Indenture Trustee shall deliver a written demand to the Province requiring the Province to make payments on Obligations Secured pursuant to and in accordance with the Change of Law Protection Agreement. If, following such request, the Indenture Trustee does not deliver such written demand to the Province within 10 days of such request, any Controlling Class Creditor shall be entitled to deliver such written demand to the Province.

I see this as an exception to the general approach in the Trust Indenture, which allows the "Controlling Class Creditors" by ordinary resolution (>50%) to direct the Indenture Trustee to act (see s.8.11 of the Trust Indenture). Allowing any senior noteholder to trigger the Limited Guarantee represents a significant change from the Province's standpoint.
I will let you know once I have had a chance to discuss this with the Province. In the meantime, any color you can share regarding why this is being raised now (and by whom) would be helpful.

Among other issues, I think this could muddle the incentives among the senior investors themselves, since the change would allow any one senior noteholder to trigger the Limited Guarantee despite not being supported by the others.
Regards, Steve

From: Saulnier, Brett [mailto:bsaulnier@torys.com]
Sent: Tuesday, December 19, 2017 6:32 PM
To: Alena.Thouin@ontario.ca; Malle.Hanslep@ontario.ca; Tobias.Whitfield@ontario.ca; Tom.McKinlay@ontario.ca; ASHBOURNE, STEPHEN; VINER, JON; PRESTAGE, JA; PALMER, AARON
Cc: 'leslie.wong@opg.com'; dup-john.s.lee@opg.com; 'ken.ryfa@opg.com'; Feldman, Michael; Ramchandani, Rima; Mansoori, Nina; Olusoga, Yinka
Subject: Fair Hydro -- Revised Program Agreements

All,
Please find attached the latest drafts of the following documents, together with blacklines against the versions last circulated:

1. Management Agreement
2. Declaration of Trust
3. MTSA
4. IESO Security Agreement
5. OPG Indemnity
6. IESO Indemnity
7. Change of Law Protection Agreement
8. Change of Law Process Agreement
9. Master Trust Indenture
10. Warehouse Senior Supplemental Indenture
11. Warehouse Subordinated Supplemental Indenture
12. Warehouse Junior Subordinated Supplemental Indenture

Thanks,
Brett

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From:	TD DCM
To:	Brett Kichiy; "John Lee"; Linda Smith; Mike Manning; "Sheen Liu"; "Ken Ryfa"; "Janet Hahnparker"; ken.ryfa@opg.com; Kevin Shvarts; Ricky Lai
Cc:	Scace, Patrick; McDonald, Greg; Wolff, Michael; Begg, Graeme; Holloway, Harold; Becker, Andrew; Brennan, Emma; Hynes, Gordon; Pong, Brian; Laing, Mark
Subject:	Weekly Canadian Indicative New Issue Pricing | Ontario Power Generation (12.04.17)
Date:	Monday, December 04, 2017 12:36:49 PM
Attachments:	OPG 12.04.17.pdf OPG 12.04.17.xlsx

Please find attached updated new issue indications.

Theresa Mosley | Associate | Debt Capital Markets | **TD Securities Inc.**

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Bank Name	TD
Date	12/4/2017

Indicative OPG New Issue Spreads	**Current**						
	30-year	**10-year**	**5-year**	**2-year**			
Benchmark Canada Bond Maturity	1-Dec-48	1-Jun-27	1-Sep-22	1-Jun-19			
Benchmark Canada Bond Coupon	2.75%	1.00%	1.00%	3.75%			
Benchmark Yield	2.24%	1.95%	1.73%	1.38%			
Curve Adjustment (bp)	0	2.1	1.4	10.7			
Spread to GoC Curve (bp)	156	113	80	47			
Re-Offered Yield	3.80%	3.10%	2.55%	1.96%			
Commission (bp)	2.3	4.4	7.4	10.2			
All-in Yield	**3.82%**	**3.14%**	**2.62%**	**2.06%**			

Primary Comparable (S&P/Moody's/ DBRS)	**Current**						
Spread to GoC Curve (bp)	**30-year**	**10-year**	**5-year**	**2-year**			
Hydro One (A/A)	130.0	92.0	66.0	40.0			

Other Comparables (S&P/Moody's/ DBRS)	**Current**						
Spread to GoC Curve (bp)	**30-year**	**10-year**	**5-year**	**2-year**			
Nova Scotia Power (BBB+ / A(low))	137.0	100.0	80.0	60.5			
EPCOR Utilities (BBB+ / A(low))	128.0	91.0	72.0	52.5			

Bank Name	TD
Date	12/4/2017

Indicative OPG New Issue Spreads	Current				Week over Week							
	30-year	10-year	5-year	2-year	30-year	10-year	5-year	2-year				
Benchmark Canada Bond Maturity	1-Dec-48	1-Jun-27	1-Jun-22	1-Jun-19	1-Dec-48	1-Jun-27	1-Jun-22	1-Jun-19	1-Dec-48	1-Jun-27	1-Jun-22	1-Jun-19
Benchmark Canada Bond Coupon	2.75%	1.00%	2.75%	3.75%	2.75%	1.00%	2.75%	3.75%	2.75%	1.00%	2.75%	3.75%
Benchmark Yield	2.24%	1.95%	1.73%	1.38%	0.02%	0.08%	0.12%	0.00%	2.22%	1.87%	1.62%	1.38%
Curve Adjustment (bp)	0	2.1	1.4	10.7	0.0	0.0	0.0	6.4	0	2.1	1.5	4.3
Spread to GoC Curve (bp)	156	113	80	47	3	3	0	0	153	110	80	47
Re-Offered Yield	3.80%	3.10%	2.55%	1.96%	0.05%	0.11%	0.12%	0.06%	3.75%	2.99%	2.43%	1.90%
Commission (bp)	2.3	4.4	7.4	10.2	0.0	0.0	0.0	0.0	2.3	4.4	7.3	10.2
All-in Yield	**3.82%**	**3.14%**	**2.62%**	**2.06%**	**0.05%**	**0.11%**	**0.12%**	**0.06%**	**3.77%**	**3.03%**	**2.50%**	**2.00%**

Primary Comparable (S&P/Moody's/ DBRS)	Current				Week over Week				Current			
Spread to GoC Curve (bp)	30-year	10-year	5-year	2-year	30-year	10-year	5-year	2-year	30-year	10-year	5-year	2-year
Hydro One (A/A)	130.0	92.0	66.0	40.0	3.0	3.0	-	(3.0)	127.0	89.0	66.0	43.0

Other Comparables (S&P/Moody's/ DBRS)	Current				Week over Week				Current			
Spread to GoC Curve (bp)	30-year	10-year	5-year	2-year	30-year	10-year	5-year	2-year	30-year	10-year	5-year	2-year
Nova Scotia Power (BBB+ / A(low))	137.0	100.0	80.0	60.5	2.0	-	-	-	135.0	100.0	80.0	60.5
EPCOR Utilities (BBB+ / A(low))	128.0	91.0	72.0	52.5	2.0	-	-	-	126.0	91.0	72.0	52.5

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